

ASIA PACIFIC

# The Industry Pulse Report:

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## A look into the digital media industry of today and tomorrow.

We take a look at the trends, challenges, and technologies that will propel the digital ecosystem into the new frontier of advertising. Our goal was to discover how industry professionals perceived transparency and innovation in 2019, and the resulting impact it will have on their marketing trajectories in the upcoming year.

We invite you to explore our findings.



## Who took part?

### Dates in field:

06/11/19 – 02/12/19

### Sample:

168 digital media professionals across:

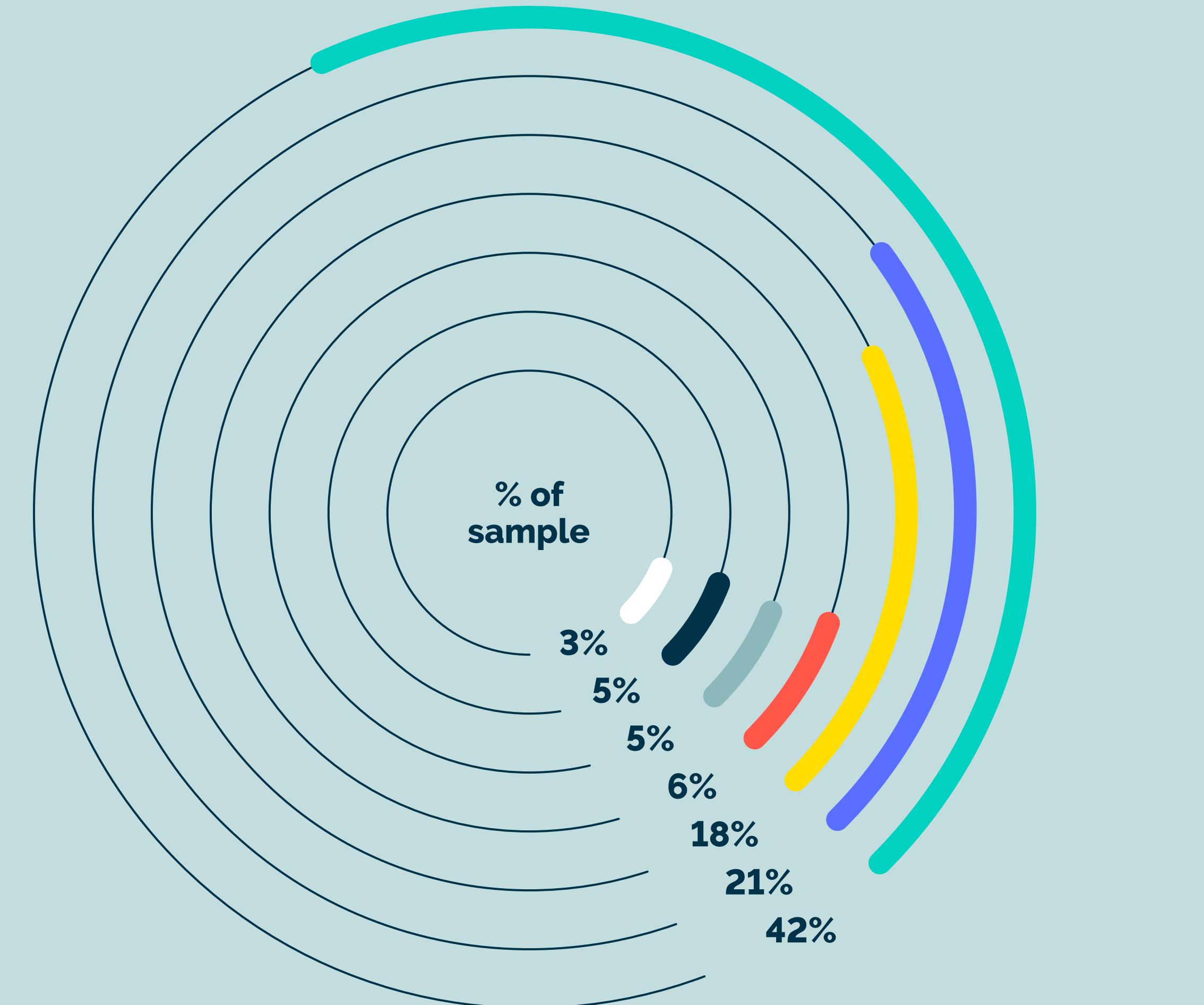
- Australia
- Japan
- New Zealand
- Singapore

### Methodology:

Online survey of IAS database

### Sample breakout:

- Agency
- Publisher
- Advertiser / Brand
- Ad Network / Ad Exchange
- Trading Desk
- Demand Side Platform
- Supply Side Platform



# The digital world of tomorrow

Advancing today's digital channels in a new decade



## Video and mobile are the top priorities for 2020

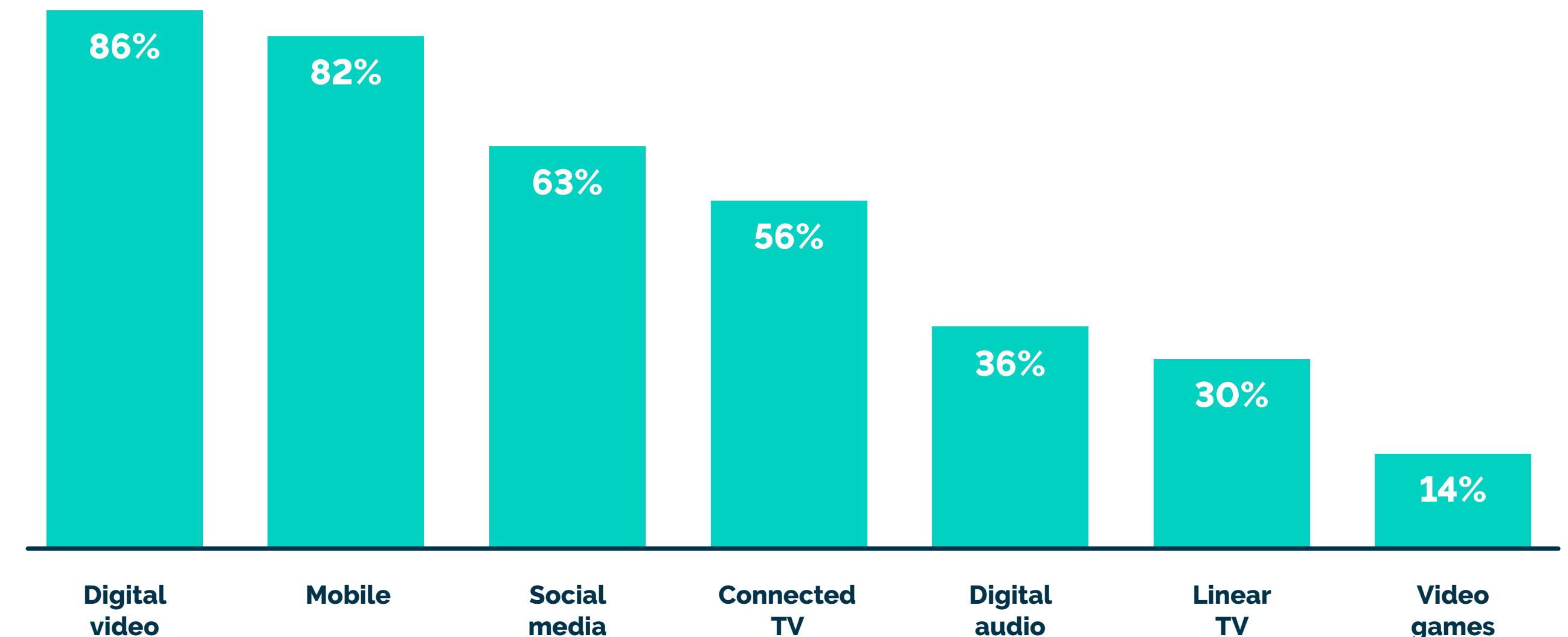
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Digital video viewership continues to grow in Asia Pacific (APAC), rising from 1.43 billion in 2019 to a projected 1.54 billion in 2020.<sup>1</sup> APAC will be home to more than half the digital viewership worldwide this year.

Media professionals are matching their company's priorities to consumer wants, highlighting digital video as their top priority in 2020. Respondents in Australia and New Zealand (ANZ) were most likely to cite digital video (92%) as a top focus this year.

Mobile came in a close second, driven by 86% of respondents in Japan who said handheld devices will be a key component of their media strategy in the year ahead. APAC's mobile user base will surpass 2 billion to take a 58% share of mobile internet users worldwide in 2020.<sup>2</sup>

**Industry Priorities in 2020**  
(% of respondents)



<sup>1</sup> eMarketer, August 2019

<sup>2</sup> eMarketer, October 2019



Please indicate the level of priority your organization will assign to the following media opportunities in the next 12 months

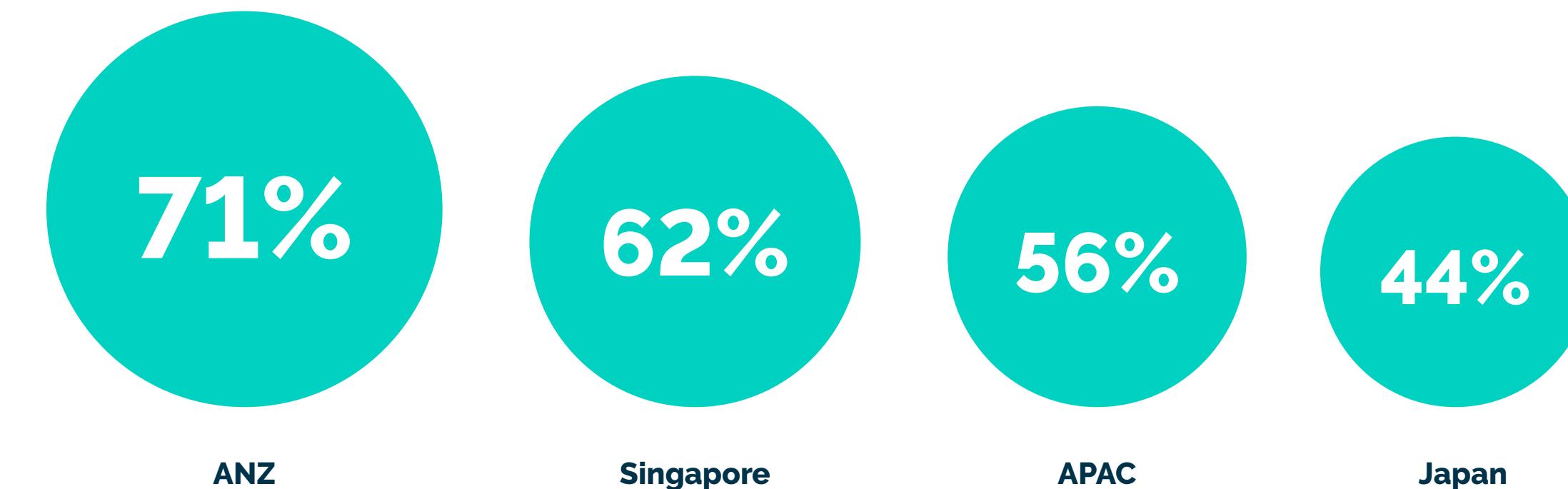
## Nascent opportunity in Connected TV and Over-the-top video

Over-the-top (OTT) video adoption is still growing across APAC, with the pan-regional penetration rate rising from 30% to 37% of internet users between 2019 and 2020.

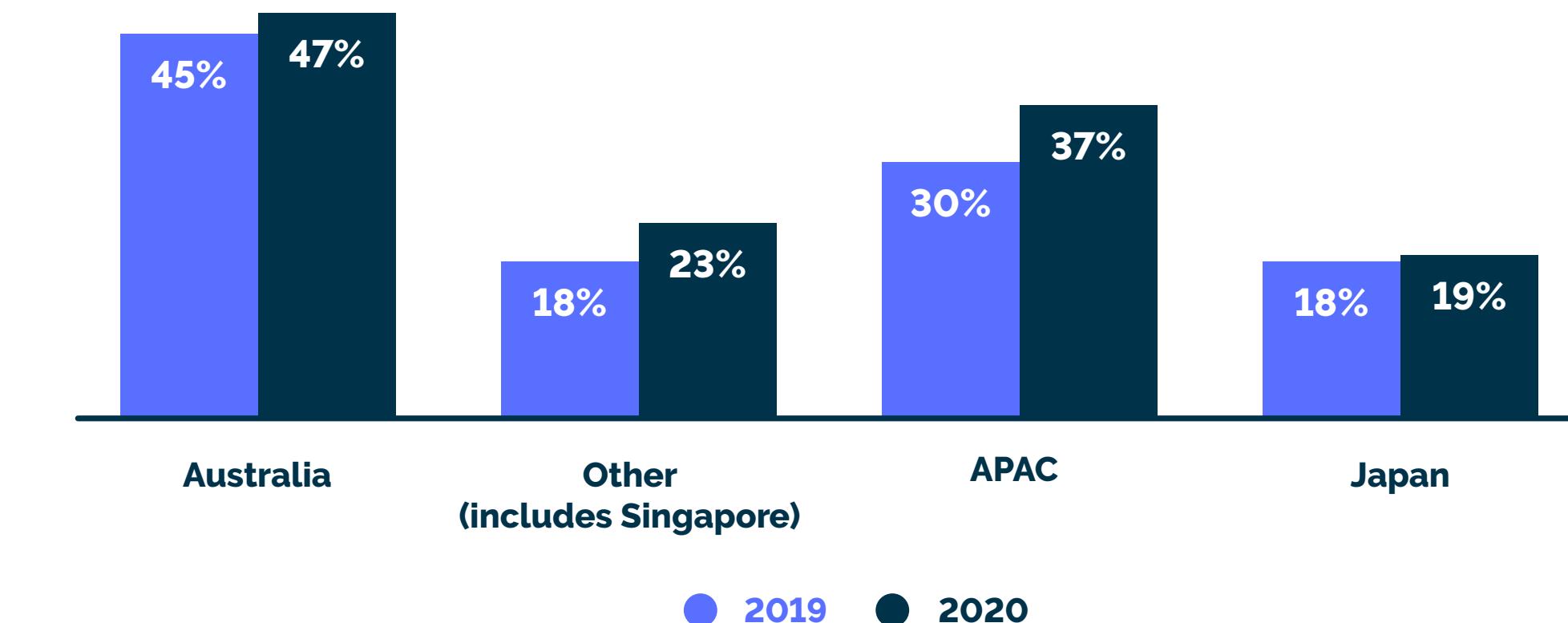
Nearly half of internet users in Australia will subscribe to an OTT video service this year, with Japan reaching 19% penetration and “other” markets, including Singapore, averaging 23% during the same period.<sup>1</sup>

Industry experts see opportunity already and plan to prioritise connected TV and OTT video advertising. Respondents in ANZ (71%) and Singapore (62%) expressed the most interest in the channel. About four in ten respondents in Japan also see CTV/OTT as a priority, noting that “Connected TV still has limited advertising opportunities in Japan.”

**Industry Experts Who Will Prioritise Connected TV and OTT Video in 2020, by Location**  
(% of Respondents)



**Over-the-top Video Users in Select Asia Pacific Markets, 2020<sup>1</sup>**  
(% of Internet Users)



<sup>1</sup> eMarketer, August 2019



Please indicate the level of priority your organization will assign to the following media opportunities in the next 12 months

VIDEO AND MOBILE

## Mobile and Connected TV

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**"Our clients are changing the way they look at the mobile channel and using more of these brand focused formats to drive engagement and instead of the more traditional click and impression focus."**

- Manager, Publisher in New Zealand

**"Connected TV still has few placements available for advertisements in Japan."**

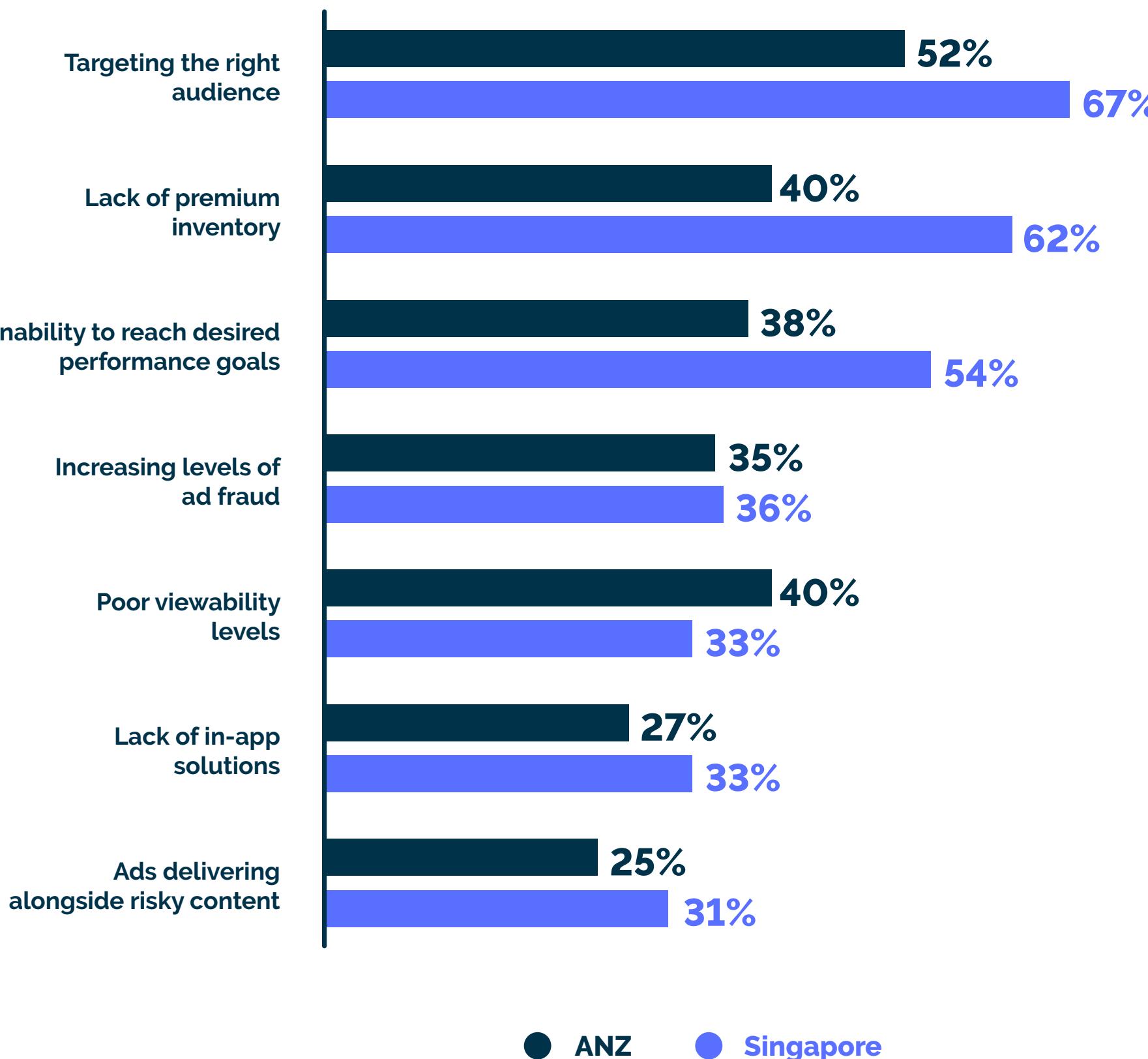
- Manager, Agency in Japan

## Programmatic advertising challenges reflect the shift toward brand suitability

Targeting relevant audiences and the availability of premium inventory are top concerns regarding programmatic advertising in ANZ and Singapore, among experts in the latter market.

Furthermore, media experts pointed out that measuring business outcomes should be the basis of a robust digital media strategy. Measuring viewability levels is one of these measures and was one of the top three concerns in ANZ, where 40% of respondents said poor viewability levels remain a challenge for programmatic transactions.

### Programmatic Advertising Challenges in 2020



Which three of the following will represent the most significant challenge within programmatic advertising over the next 12 months? (Select up to three) Note: this question was not asked to media experts in Japan

## The conversation around transparency on social media platforms continues

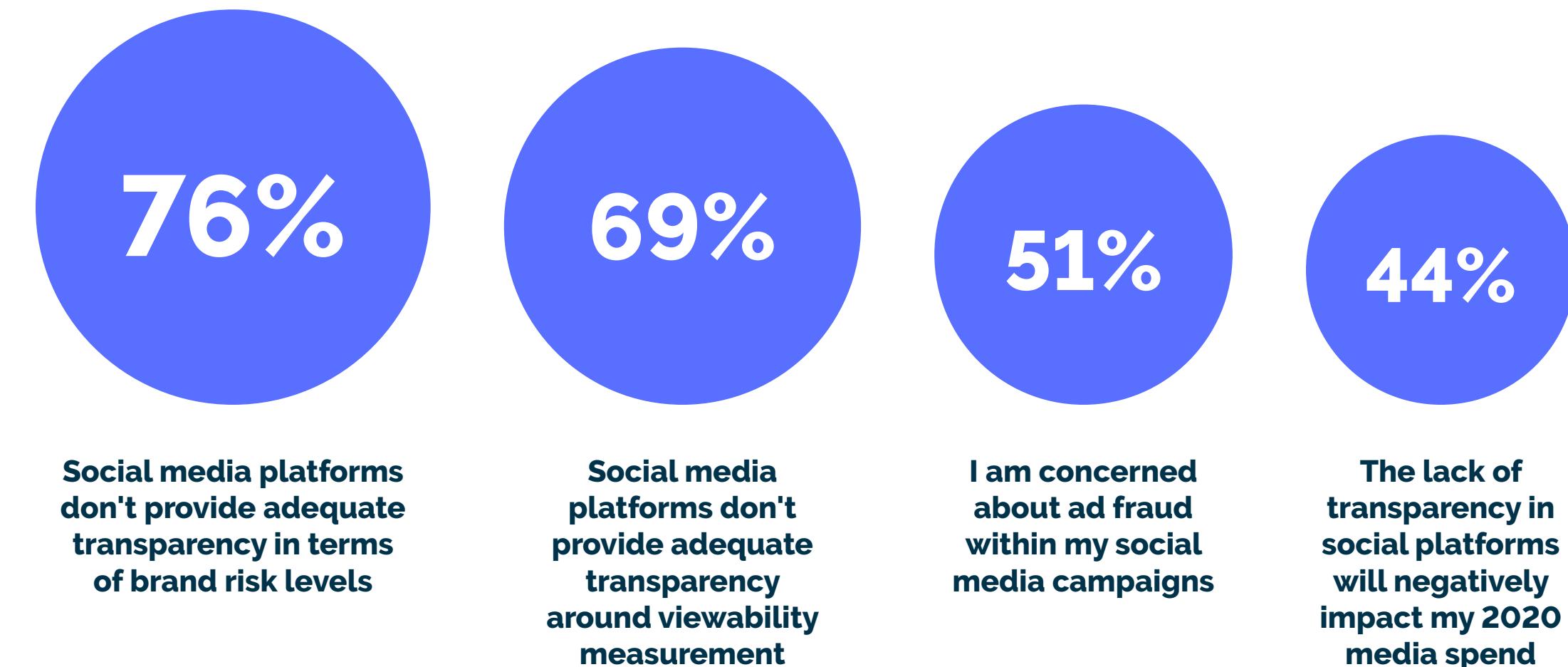
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Conversations about social media transparency remain top of mind in Australia, New Zealand, and Singapore. Respondents across these markets agreed that brand safety and viewability measurement could be more transparent within social platforms.

Social network user bases continue to expand in Australia and Singapore, with respective annual growth rates of 1.5% and 3.3% in 2020.<sup>1</sup> Increasing reach and sophisticated targeting capabilities remain core benefits of social media platforms that outweigh drawbacks.

Although social media will likely remain an essential component of advertising campaigns, close to half of respondents said the lack of transparency will negatively impact their 2020 social media spend.

**Agreement with Statements About Social Media Platforms  
(% of Respondents)**



<sup>1</sup>eMarketer, November 2019



Thinking about social media campaigns, please indicate whether you agree or disagree with the following statements  
Note: this question was not asked to media experts in Japan

**When asked about social media**

**44% of media experts**

**agreed with the statement:**

**"The lack of transparency in social**

**platforms will negatively impact**

**my 2020 media spend."**



Thinking about social media campaigns, please indicate whether you agree or disagree with the following statements  
Note: this question was not asked to media experts in Japan

SOCIAL

# Fighting fraud in the new frontier

Protection against evolving ad fraud  
requires industry innovation



## Desktop ad fraud rates are perceived to be lower

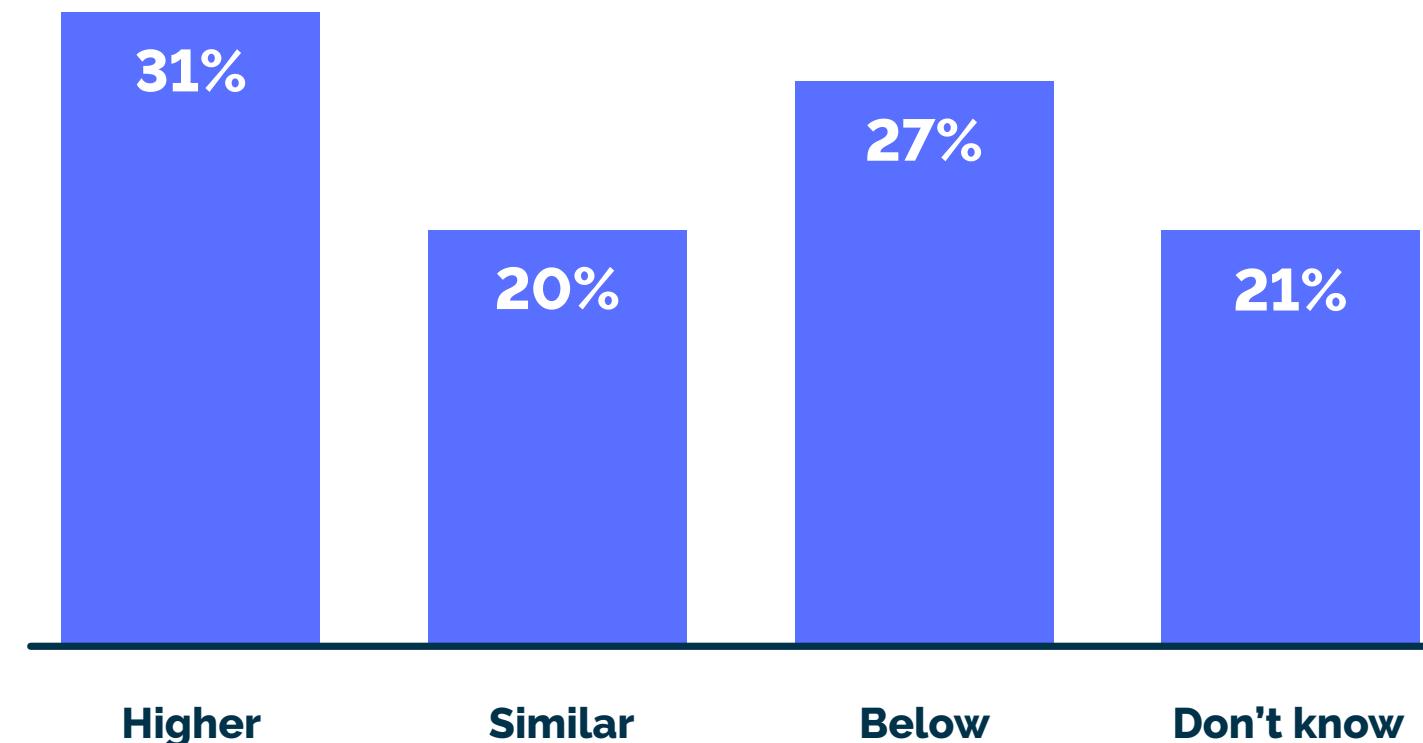
Respondents were asked to compare their typical campaign or inventory against the average desktop display non-optimized ad fraud rate worldwide (11.7%).

A third of respondents believed their campaigns had lower exposure to ad fraud. One-in-five did not know whether their campaigns fell above or below the global ad fraud benchmark.

That means that half of media professionals were at risk of losing at least \$117 per \$1,000 of their media budget or revenue stream to fraud.

Minimizing ad fraud exposure requires a mitigation strategy. This should be inclusive of anti-fraud technology backed by science and scale to support campaigns around the world and across devices.

**Self Reported Comparison Between Own Campaigns vs Non-Optimized Desktop Display Ad Fraud Average Worldwide (% of Total)**



According to the H1 2019 Media Quality Report, an average 11.7% of desktop display impressions worldwide were exposed to fraud when left unprotected – i.e. neither verification technology nor anti-fraud strategy were in place. To the best of your knowledge, is this worldwide average above or below the typical ad fraud rate in your campaigns? (Select one)

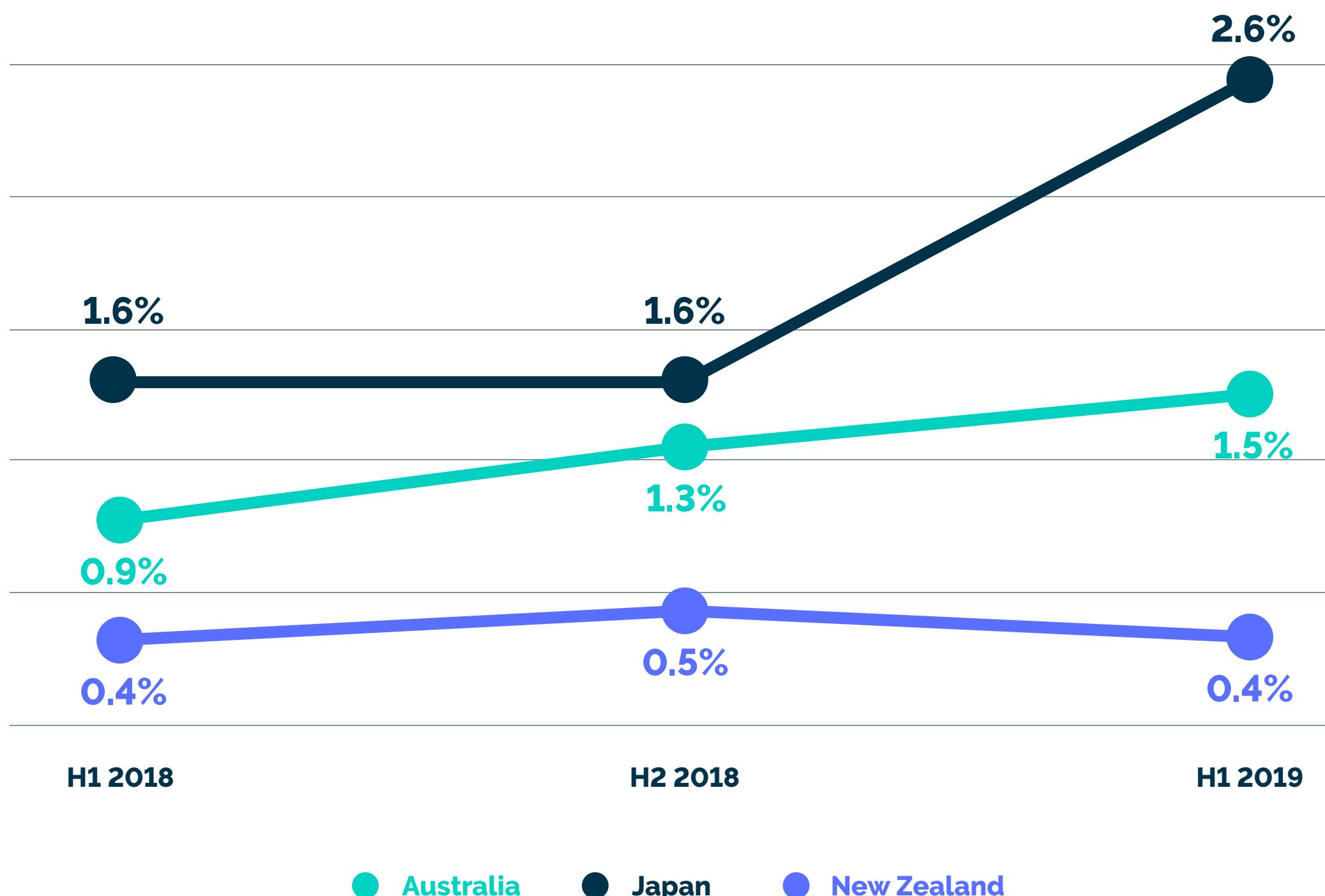
## Optimization against ad fraud remains key to protecting media spend

Ad fraud is a challenge that never ceases to evolve. Fraudsters continuously develop new schemes to evade detection and extract value from the advertising ecosystem.

Although ad fraud detection and protection is increasingly considered vital, the importance of keeping ad fraud mitigation strategies and tools updated cannot be overstated.

Campaigns optimized against fraud across the APAC region are at least five times less likely to be exposed to malicious activity. Typical ad fraud rates in Australia (1.5%), Japan (2.6%) and New Zealand (0.4%) were up to 28 times lower than the worldwide average (11.7%) for unprotected campaigns in H1 2019.<sup>1</sup>

Desktop Display Optimized-Against-Ad-Fraud Benchmarks,  
by Country, H1 2018-H1 2019  
(% of Impressions)



<sup>1</sup>"Media Quality Report," Integral Ad Science, September 2019

## Commonly-known forms of ad fraud

Bots, malware, falsely represented impressions (i.e., spoofing) and hidden/stacked ad serving are the most recognizable forms of ad fraud. Lesser known types of ad fraud are just as detrimental to digital campaigns and include:

**Proxy traffic:** Often fraudulent traffic that interacts with digital ads

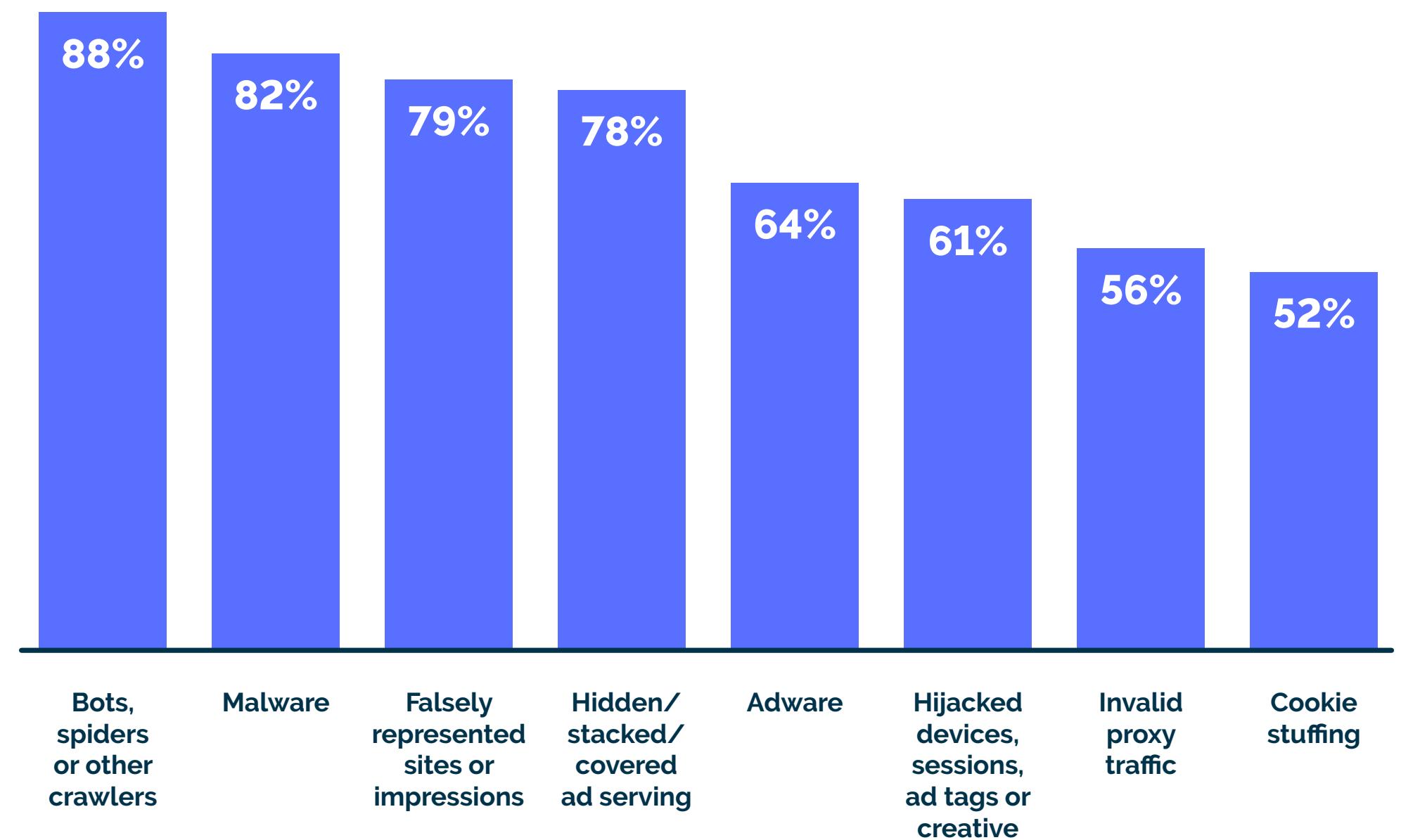
**Cookie stuffing:** Clients provided with cookies from other domains as if the user had visited those sites.

**Hijacking:** Hijacked devices, sessions, ad tags or creatives, modified to make ad requests without user consent

For more information about ad fraud and its different forms,

[download the complete ad fraud essentials guide here.](#)

**Familiarity with Forms of Ad Fraud  
(% of Respondents)**



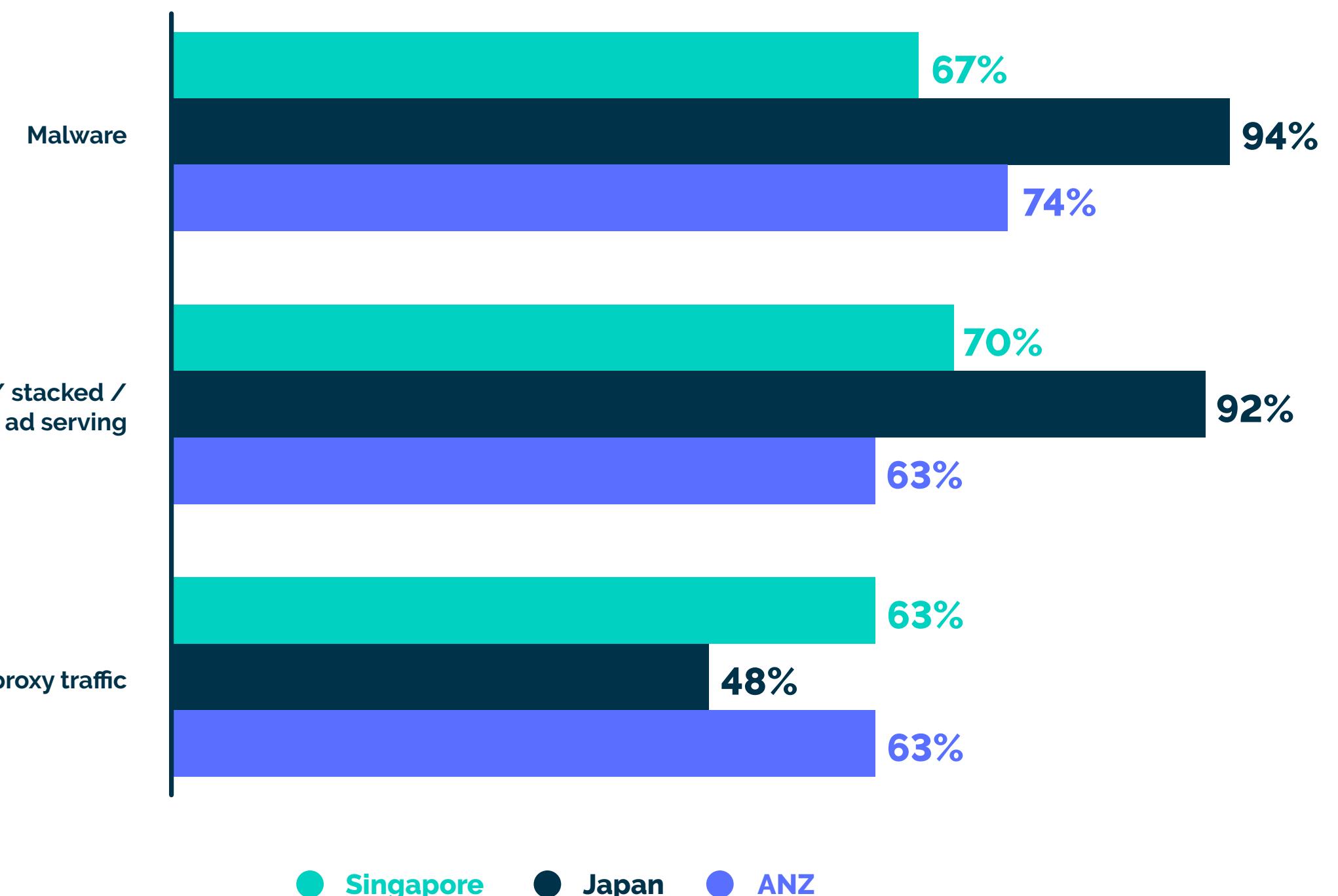
Which of the following forms of ad fraud are you familiar with? (Select all that apply)

## Regional variations in ad fraud familiarity

Familiarity with different forms of ad fraud is consistent across Asia Pacific markets, however a larger portion of industry experts in Japan were familiar with malware and hidden/stacked ad serving.

By contrast, media professionals in Japan were less familiar with proxy traffic than peers in Australia, New Zealand and Singapore. Invalid proxy traffic is a scheme consisting of often fraudulent traffic that interacts with ads.

**Familiarity with Forms of Ad Fraud, by Market (% of Respondents)**



Which of the following forms of ad fraud are you familiar with? (Select all that apply)

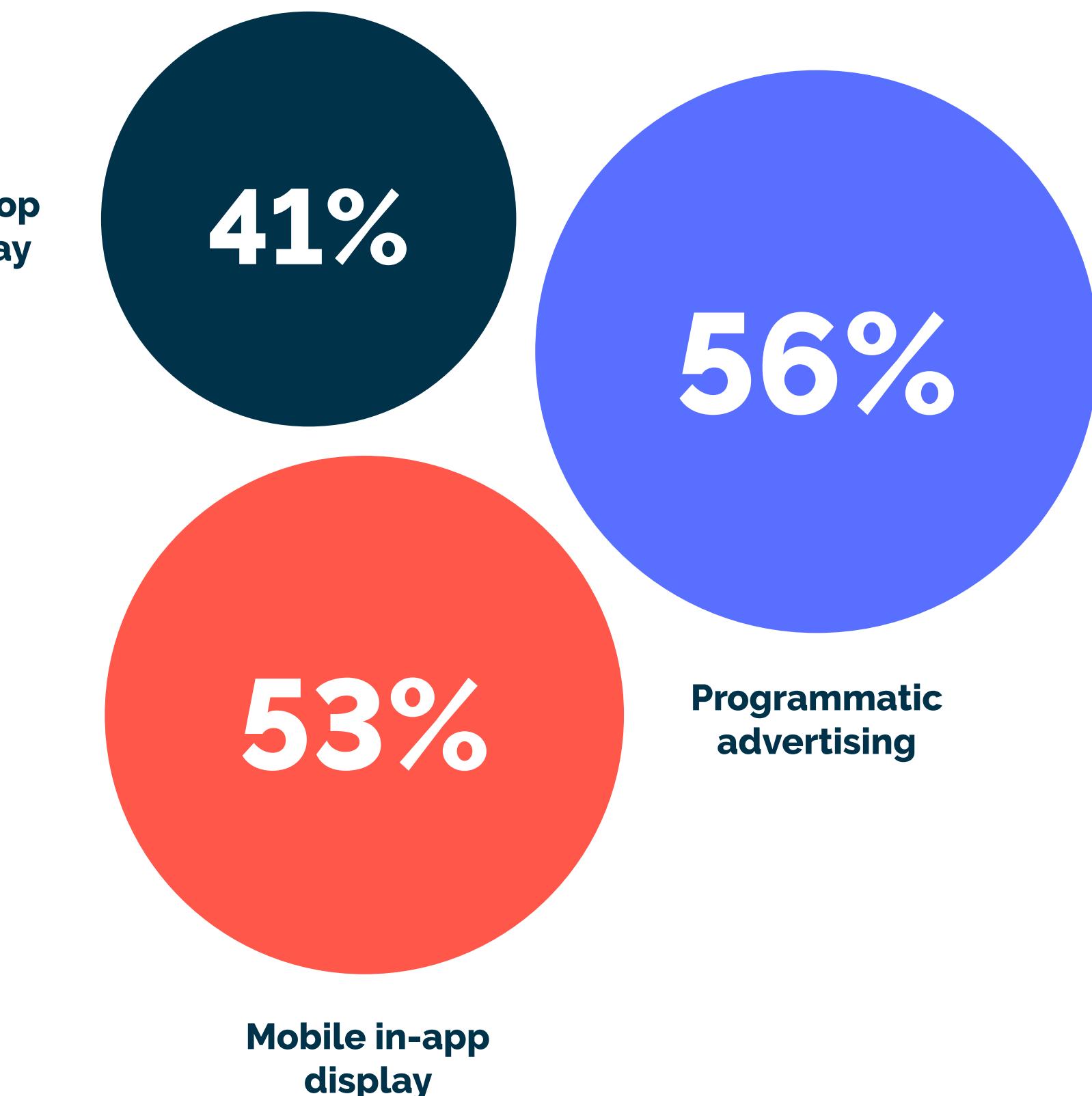
## Environments vulnerable to ad fraud

Programmatic advertising continues to gain traction across the APAC region. Programmatic ad spending will rise at double-digit annual rates in Japan (+18%) and Australia (+20%) in 2020.<sup>1</sup>

Japan and Australia will also be the fourth and sixth largest mobile ad spending markets worldwide, with respective expenditures reaching \$11.3 billion and \$4.9 billion this year.<sup>2</sup>

Likely due to the increasing prominence of automation and mobile advertising, over half of respondents anticipate these high value areas of digital advertising will be the largest targets for ad fraud in the year ahead.

Digital Environments Perceived to be Most Vulnerable to Ad Fraud in 2020  
(% of Respondents)



<sup>1</sup> Magna Global as cited by PubMatic, December 2019

<sup>2</sup> eMarketer as cited by PubMatic, December 2019



Which of the following environments and formats do you anticipate will be most vulnerable to ad fraud in 2020? (Select up to three)

# The new age of media quality

Adapting digital strategies to address emerging challenges



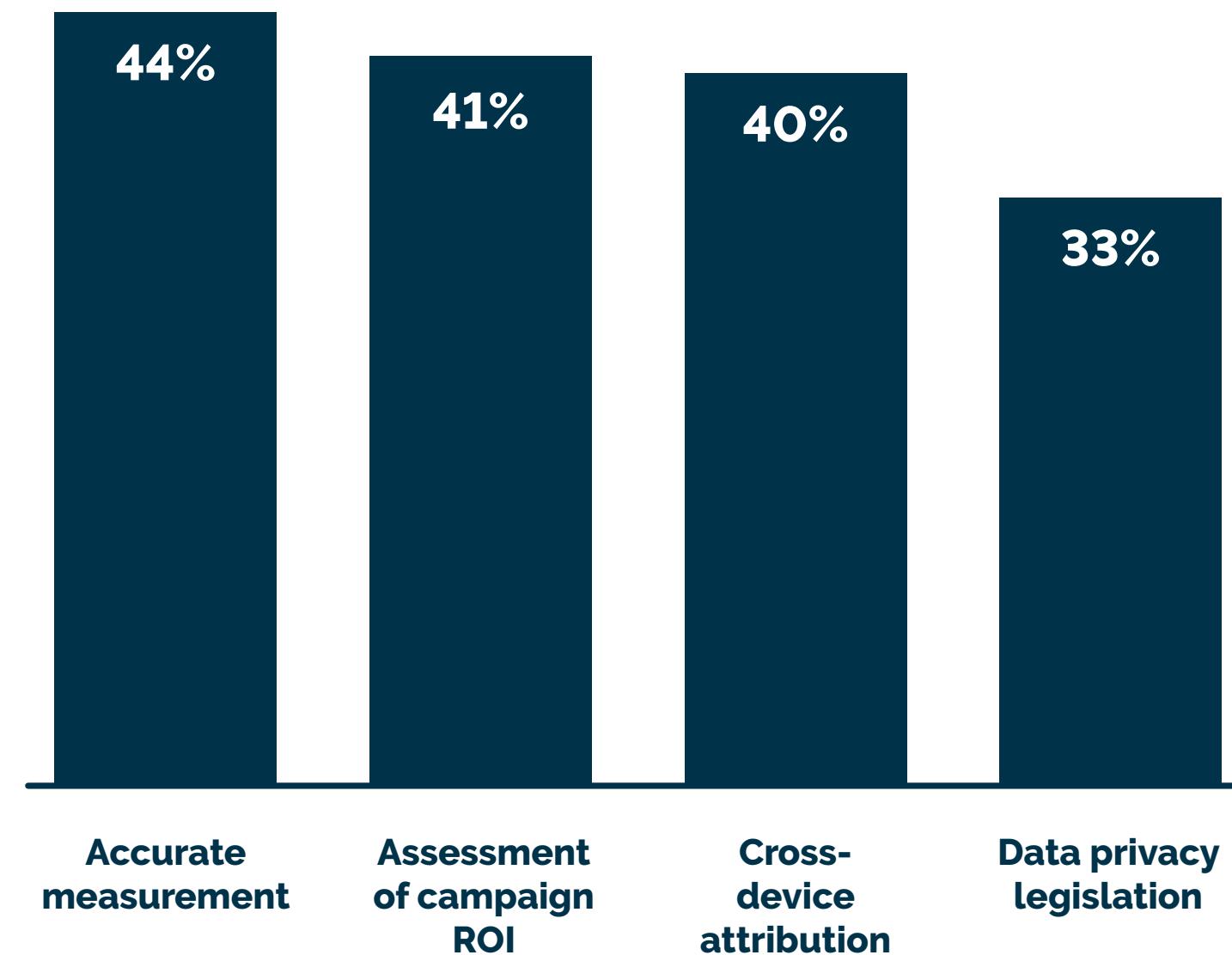
## Top media challenges in 2020

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Measuring business outcomes is by far the most pressing challenge across the Asia Pacific region. Media experts emphasized the difficulties behind measuring campaigns that run across multiple devices and assessment of the ROI digital campaign's bring.

Data privacy legislation remains a more distant concern in APAC likely due to the lack of pan-regional laws similar to in Europe.

**Top Digital Media Challenges in the Next 12 Months**  
(% of Respondents)



Choose the top three digital media challenges your organization expects to face in the next 12 months. (Select up to three)

CHALLENGES

## Accurate measurement

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**"Measuring business outcomes must be the key factor in digital media strategy to support the next generation of CMOs and marketers. True ROI measurement rather than vanity metrics [will] demonstrate the value of digital/programmatic media buying."**

- C-level executive, Agency in New Zealand

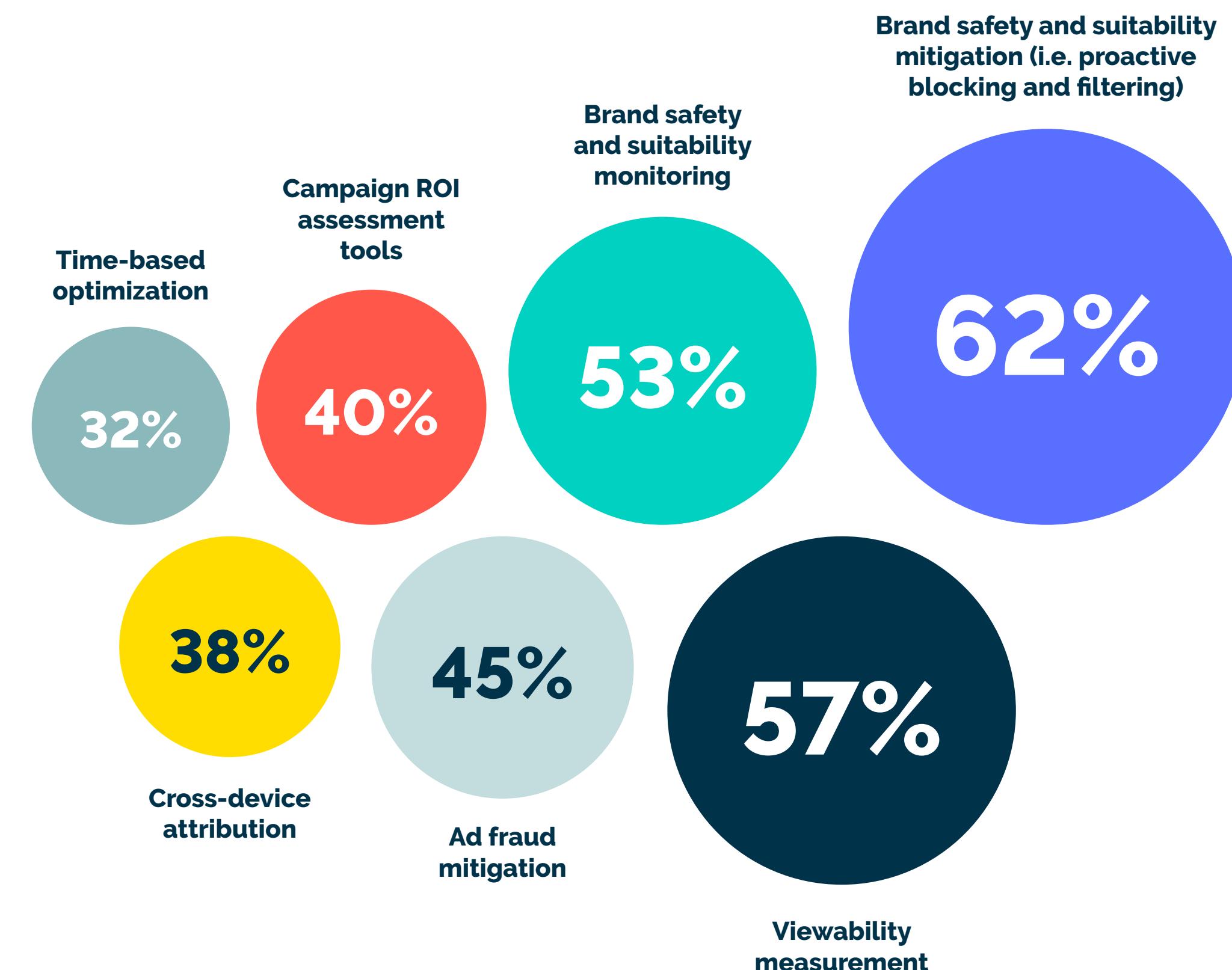
## Tactics to ensure media quality

Minimising risk will be the primary focus of media quality assurance tactics across Asia Pacific this year, rather than solving for measurement challenges also cited by industry experts in the region.

Nearly two-thirds of respondents said their company will take proactive steps to block and filter content considered unsuitable for their brand. Viewability measurement and brand suitability monitoring remain popular tactics with more than half of respondents citing each. Ad fraud mitigation rounds out the top four tactics to minimise media quality risks this year.

Four in ten media experts said they will use cross-device attribution and ROI assessment tools, directly addressing measurement challenges media professionals expect to tackle in 2020.

## Tactics to Minimise Media Quality Challenges in 2020 (% of Respondents)



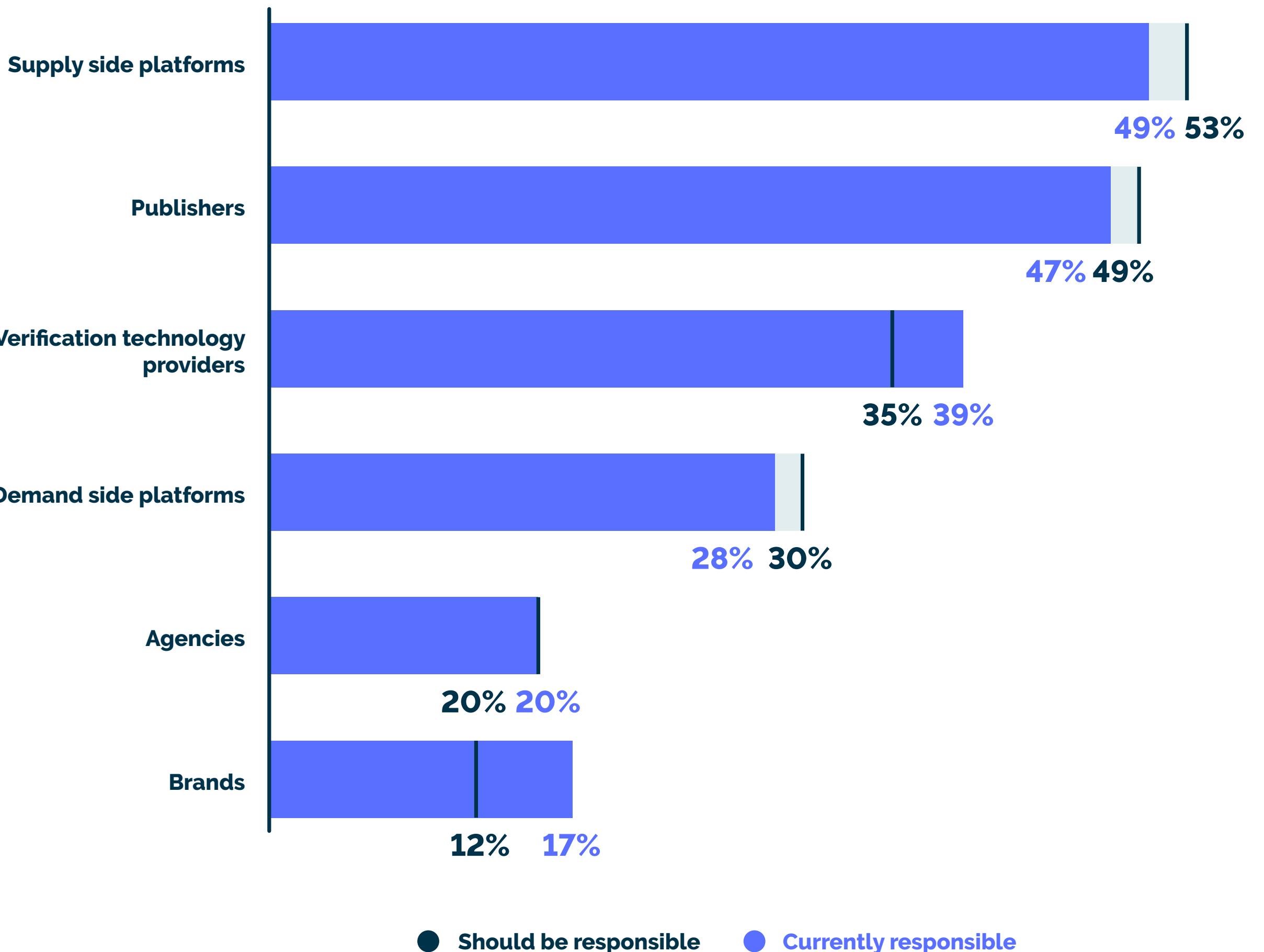
Which of the following tactics will your organization employ to minimise media quality challenges in the next 12 months? (Select all that apply)

## Accountability for ad fraud protection

In APAC, supply side platforms and publishers are currently regarded as the primary gatekeepers against ad fraud and are expected to take greater responsibility in 2020, whereas expectation will be lower for brands.

Ad fraud will remain the responsibility of the entire industry and every player is expected to play a part in the fight to mitigate its impact.

**Who is Most Responsible for Ad Fraud Mitigation?**  
(% of Respondents)



As things stand now, who is most responsible for ad fraud mitigation efforts across the digital advertising industry? - Thinking ahead to 2020, who should be most responsible for ad fraud mitigation efforts across the digital advertising industry?

# The era of innovation awaits

Key trends shaping the digital landscape



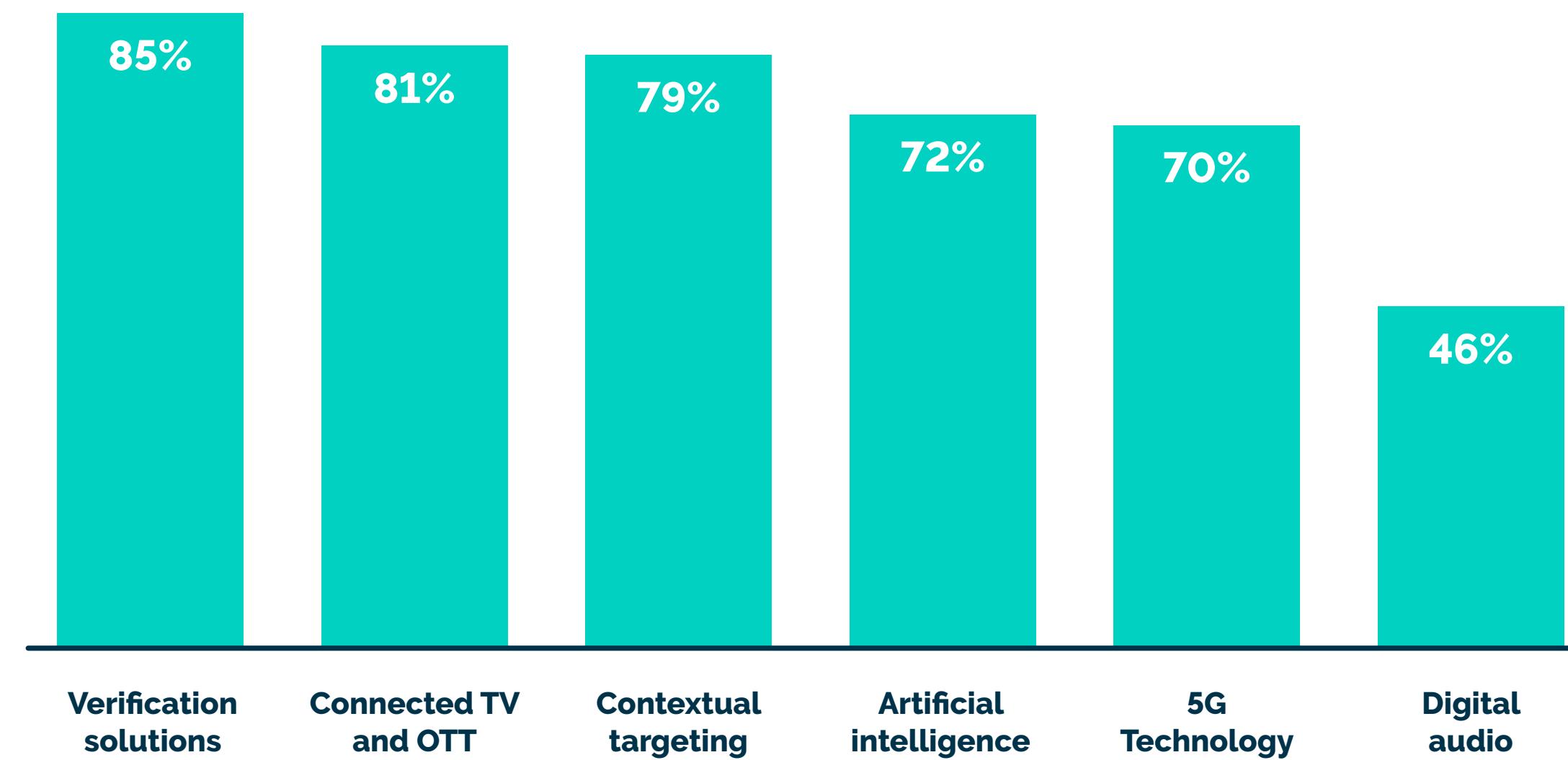
## Key industry trends

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Key trends for 2020 include rising interest in verification solutions, an emerging channel, and resurgence of familiar technology.

1. Media professionals said leveraging verification solutions will be key to improving overall media quality and will see greater adoption across the APAC region in 2020.
2. Advancements in connected TV (CTV) and over-the-top (OTT) technology are expected to further accelerate the shift in media consumption and ad spending from linear TV to digital.
3. Contextual targeting will gain favor as expanding data privacy legislation give individuals more control over their personal data and limiting cookie-based targeting techniques.

**Key Industry Trends in 2020**  
(% of Respondents)



Thinking ahead to 2020, please indicate whether you agree or disagree with the following statements about digital media and advertising

## **Increasing digital media complexity and risk aversion will increase demand for Verification solutions.**

—  
What do you say?

**“With further maturity, the vision of measuring customer lifetime value rather than pure media metrics will come to the fore. In the meantime, there is still a lot of education, training, and implementation of these practices across people and partners, processes and platforms.”**

- Executive, Agency in Australia

**User acquisition in areas that are not affected by ITP/GDPR will become more important, and higher impact formats will increase due to the overall shift from TV and the effects of 5G.”**

- Executive, Agency in Japan

## What this means for 2020



### Growing OTT video opportunity

Six of ten OTT video viewers worldwide will live in APAC in 2020. Industry experts see opportunity and believe advancements in CTV technology will accelerate the shift in both media consumption and ad spending from linear TV to digital in the year ahead. Accordingly, half of respondents said their companies are prioritising connected TV and OTT video in 2020.



### Programmatic focus is on targeting

Programmatic technology continues to gain traction across the region and so too its perceived challenges. Industry experts anticipate challenges to programmatic technology will focus on aspects of audience targeting and identifying premium inventory. Over half of respondents also think programmatic transactions are vulnerable to ad fraud.



### Key advertising channels

Driven by mass audiences across APAC, video, mobile, and social will remain at the center of media strategies and will take the lion's share of digital ad spending in 2020.



### Transparency and social media ad spending

Industry professionals highlighted opportunities to improve transparency in social media platforms. Half of respondents also expressed concern about exposure to ad fraud on their social media campaigns. A significant 44% of industry experts said these concerns may negatively impact their social media budgets this year.

# About IAS

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Integral Ad Science (IAS) is the global market leader in digital ad verification, offering technologies that drive high-quality advertising media. IAS equips advertisers and publishers with both the insight and technology to protect their advertising investments from fraud and unsafe environments as well as to capture consumer attention, and drive business outcomes. Founded in 2009, IAS is headquartered in New York with global operations in 18 offices across 13 countries. IAS is part of the Vista Equity Partners portfolio of software companies. For more on how IAS is powering great impressions for top publishers and advertisers around the world, visit [integralads.com](http://integralads.com)

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