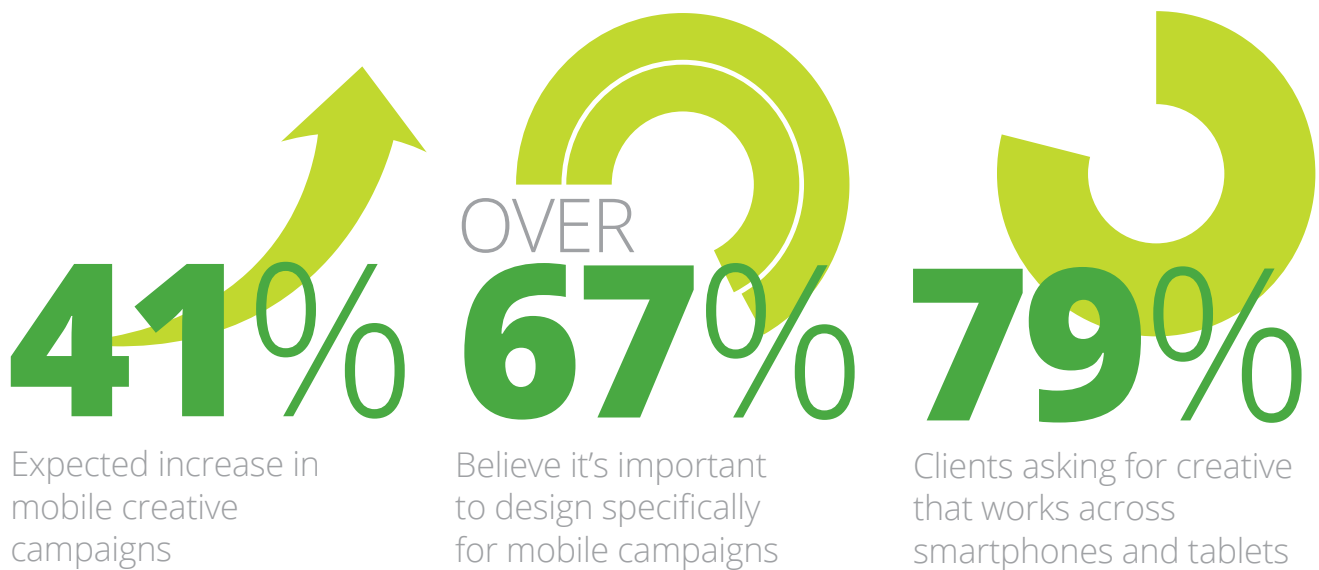


UNLOCKING THE HTML5 OPPORTUNITY:
WHAT'S THE HOLDUP?



88%

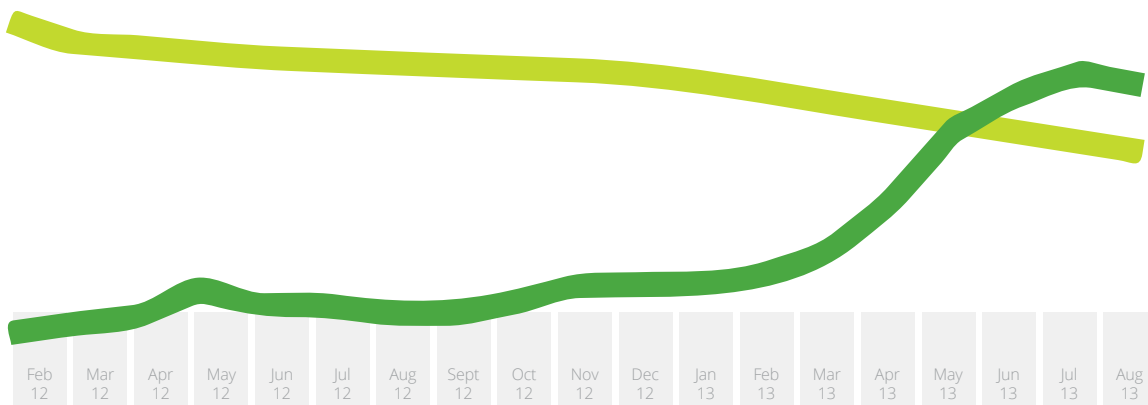
Advertising professionals believe HTML5 will have a positive impact on the advertising industry

Unlocking The HTML5 Opportunity: What's The Holdup?

HTML5 is emerging as the new standard for web content and digital advertising because it's more flexible than Flash, which isn't supported on every browser and device. While a lot of buzz surrounds HTML5, there are still barriers keeping it back from full-fledged adoption. We uncovered four obstacles for considering mobile advertising and offer two opportunities for clearing the way for more mobile.

During the past three years, mobile advertising has grown 90 percent each quarter¹, and its share of the overall advertising pie continues to grow quickly. Consumers are increasingly accessing content across all kinds of devices, providing opportunities for digital advertisers to reach them in new ways. Moving ads across all those screens is a challenging prospect, but there is a solution: HTML5.

Users in HTML5 vs Flash Compatible Environments



SOURCE StatCounter, Browser Versions & Device Types in North America February 2012 to August 2013.

HTML 5 FLASH

Since its debut four years ago, HTML5 has become a popular choice for advertisers and just about everyone developing for the web. As of May 2013, we've already entered a world where there are more end-users in HTML5 compatible environments versus Flash compatible environments.²

Part of the reason for this adoption is the simplicity it offers digital content creators making ads for many different browsers and consumer devices. Nearly nine out of 10 advertising professionals believe HTML5 will have a positive impact on the advertising industry.

Impact of HTML5 on Advertising Industry



88% believe HTML5 will have a positive impact on advertising industry

SOURCE DoubleClick Mobile Survey, Q55. Which of the following best describes the type of impact you think HTML5 will have on the advertising industry? (n = 270)

DoubleClick and research agency Illuminas sponsored a recent survey of 270 advertising professionals across the US, which revealed that about half of their digital ads created in the last year were built using HTML5.

Why HTML5?

One of the biggest reasons HTML5 has become so popular is the proliferation of mobile devices in the U.S. and around the world. The penetration of smartphones in the U.S. is now at more than 50%, and it grew by more than 20% in the past year alone. Tablet adoption is growing even faster, with 89% more U.S. adults owning tablets in 2012 than in 2011.³

The market growth for smartphones and tablets represents new opportunities for marketers and advertisers. Advertising pros expect the amount of smartphone and tablet work at their agencies to increase by more than 40% during the next 12 months.

With this explosion in smartphone and tablet sales, the breadth of devices, and the demands of the ad industry, developers need a universal platform that lets them create content that can be synced across browsers and devices. HTML5 does exactly that.

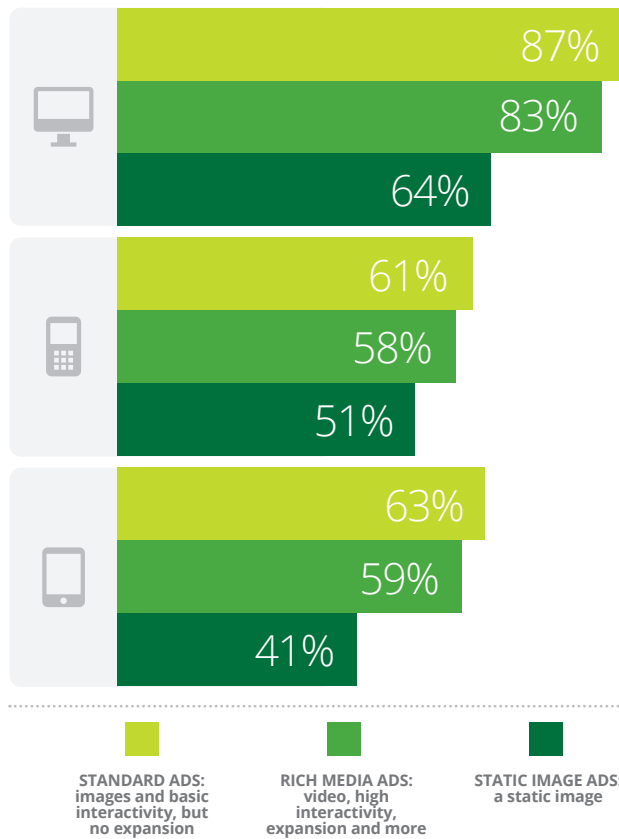
Expected Increase of Smartphone and Tablet Work in Next 12 Months 41%



SOURCE DoubleClick Mobile Survey, Q49. By what percent do you expect the amount of mobile phone and tablet work your agency/organization is doing to increase in the next 12 months? (n = 164-170)

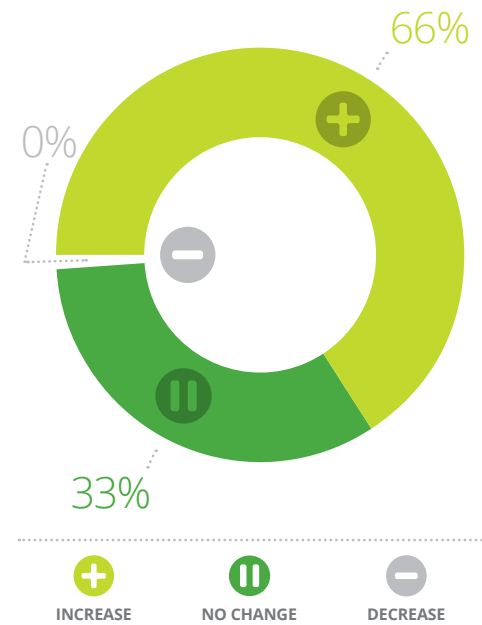
HTML5 not only provides the benefit of device-agnostic creative; it also offers a platform for designing beautiful and interactive creative that can run on all screens. We're seeing the move from standard banners to rich media ads on desktop already, as interactive ads provide more compelling user experiences. HTML5 allows us to continue that movement toward engaging formats for smartphones and tablets as well.

Types of Digital Ads Currently Used



SOURCE DoubleClick Mobile Survey. S9. Is your organization currently creating, producing or buying display ads for any of the following devices? (n = 270)

Future Growth of Rich Media



SOURCE DoubleClick Mobile Survey. Q52. Do you expect the amount of interactive rich media work your agency/ organization works on to increase or decrease? (n = 270)

Ads that include interactive elements such as expandable content, videos, and other activities that require user input are expected to increase in usage. Two-thirds of advertising professionals surveyed say they expect the amount of rich media ads they create to increase during the next 12 months, and HTML5 is viewed as the key to developing more appealing (46%) and interactive (44%) creative.



The obstacles: What's holding up adoption?

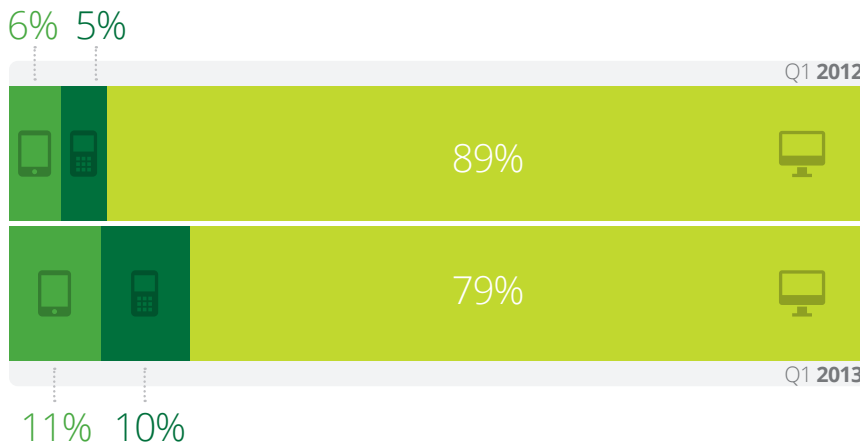
Despite all these new opportunities for HTML5 in digital advertising, some advertisers are not adopting mobile ads in full force. We see four key challenges holding advertisers back from leaping into the HTML5 world.

1. Desktop's continued prevalence leads to complacency

Desktop PCs are still the top platform for digital advertising, with more than half of digital ad campaigns being designed specifically for them, compared to one in four that are developed for smartphones and one in five for tablets.

According to a recent Internet traffic study conducted by Monetate, 79% of website traffic in the first quarter of 2013 came from desktops.⁴ This dominance of the desktop in digital ads has kept some advertisers complacent; two out of five advertising professionals surveyed are simply re-using the ads they developed for the desktop on smartphones and tablets.

Device Share of Website Traffic

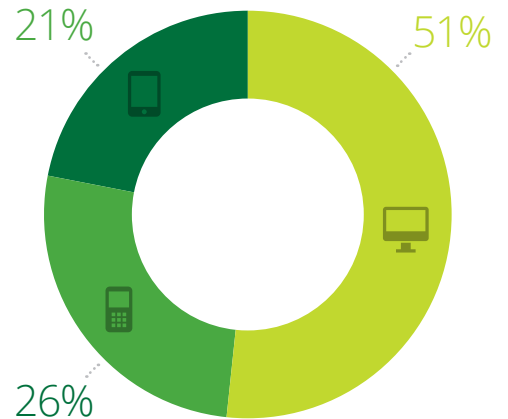


SOURCE Monetate's 2013 Ecommerce Quarterly Report

Four obstacles to mobile advertising:

- 1 Complacency
- 2 Too many options
- 3 Insufficient client demand
- 4 Outsourced mobile production

Digital Marketing Campaigns by Device



DESKTOP SMARTPHONE TABLET

SOURCE DoubleClick Mobile Survey, Q10. Thinking about the digital marketing campaigns your agency/organization designed and developed over the past 12 months, what percent of the campaigns included ad creative developed specifically for/ what percent of your digital impressions where each of the following devices [Desktop, Mobile Phone/Tablet]? (n = 270)

2. Too many options to choose from

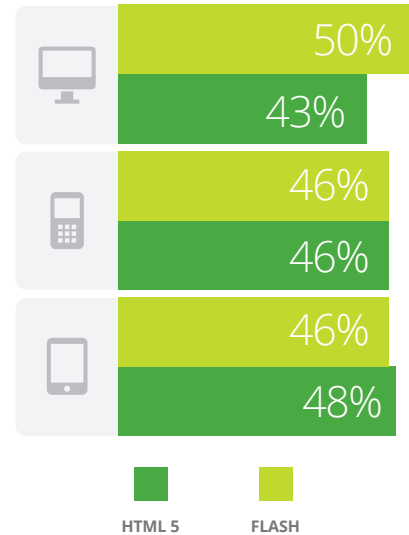
The digital ad industry is a fragmented, diverse market that leaves advertisers facing many decisions: Which devices will best reach my intended audience? What platform should I use? What tools and resources can I rely on to develop these formats?

In the absence of an industry standard, ad professionals are making decisions on a case-by-case basis, and there's a strong incentive to stick with the legacy standards they know.

Flash is still the dominant developing platform for advertising professionals. About half of the rich media ads created for the desktop are still in Flash.

Even so, respondents of the survey surprisingly said HTML5 now represents 40% of their rich media ads developed for the desktop market. Similarly, the use of HTML5 for smartphone and tablet rich media ad development is already on par with Flash.

Platform Used to Develop Ads



% rich media ads developed for Desktop, Mobile Phone and Tablet

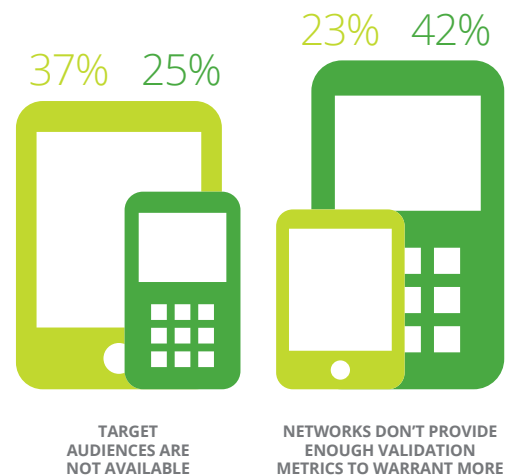
SOURCE DoubleClick Mobile Survey. Q10. Thinking specifically about rich media ads developed for desktop/mobile phone/tablet, what percent are Flash/HTML5? (n = 146-162)

3. Insufficient client demand

In some cases, clients simply aren't expressing enough interest in mobile advertising, as it's a much newer market than desktop advertising. Those involved in selling and developing ads indicate this is one of the biggest barriers to doing more smartphone and tablet advertising.

On the buying side, some media professionals say ad networks are not providing them with enough validation metrics to warrant purchasing more impressions. As a result, these media pros don't have the proof points necessary to convince their clients that mobile is worth the time and money—or to prove they are actually reaching the target audience.

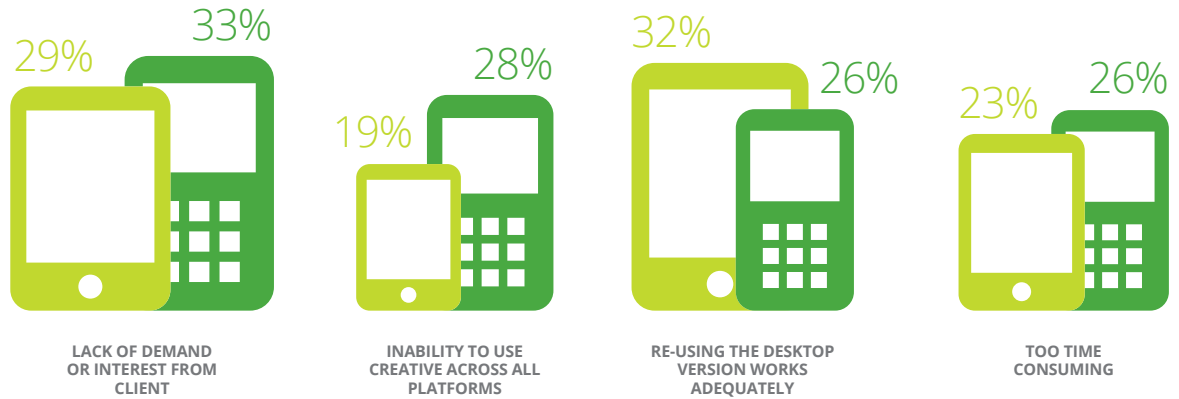
Top Barriers to Purchasing Smartphone and Tablet Impressions



SOURCE DoubleClick Mobile Survey. Q25. What are the top three reasons your agency is not currently purchasing <mobile or tablet impressions today / more mobile or tablet impressions than you already do>? (n = 57)

This situation forms a negative feedback loop: The lack of validation from ad networks creates an inability to prove value to clients, resulting in a lack of demand for more smartphone and tablet campaigns.

Top Barriers to Developing Smartphone and Tablet Creative



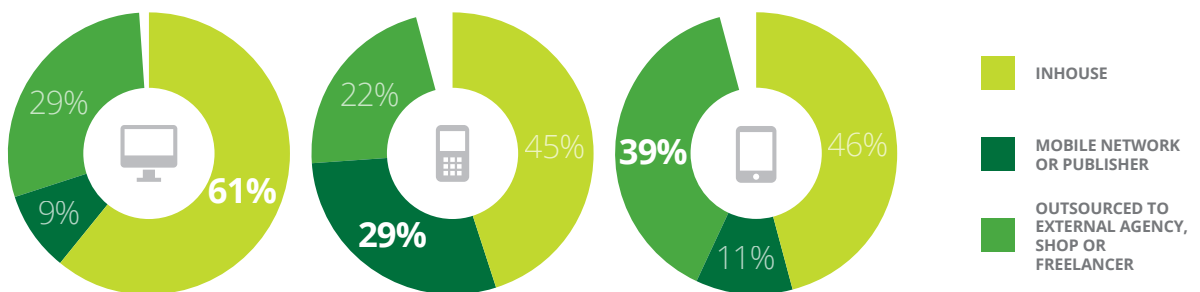
SOURCE DoubleClick Mobile Survey. Q13. What are the top three reasons your organization is not currently developing or designing mobile phone and tablet creative today? (n = 168)

4. Outsourced mobile production

The prevalence of desktop ads, use of legacy platforms and lack of client demand have kept advertisers from investing in the resources and knowledge to support HTML5 ad development in-house. More than 60% of the advertising professionals in our study admit their experience with developing HTML5 ads is limited to non-existent. Instead, they are outsourcing digital ad production at a much higher rate for smartphones and tablets than for desktops. Mobile ad development is outsourced about half of the time, primarily to mobile-focused networks and publishers. Similarly, half of agencies surveyed outsource tablet ad development, but primarily to production agencies or freelancers.

As such, production and creative professionals believe the amount of time needed to develop ads for smartphones and tablets is the single biggest challenge they have faced in HTML5 ad development.

Party Responsible for Developing Creative

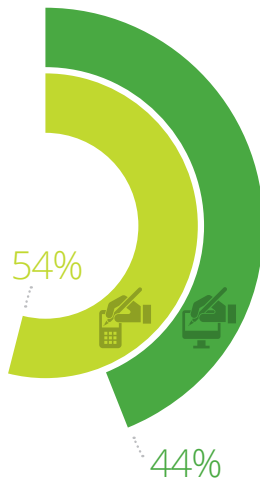


SOURCE DoubleClick Mobile Survey. Q12. When working on a digital marketing campaign, who typically builds or develops the creative on the following devices? (n = 166-186)

The opportunities: How can you get ahead of the trend?

The results of the survey suggest agencies are not fully prepared for the shift to HTML5 despite the growth digital advertising has experienced in recent years. While only half of agencies are designing digital advertisements specifically for mobile devices today, two-thirds are likely to include smartphone and tablet components in their campaigns in the next 12 months. And advertising professionals believe it is important to design ads specifically tailored for these mobile devices.

Mobile Design Strategy

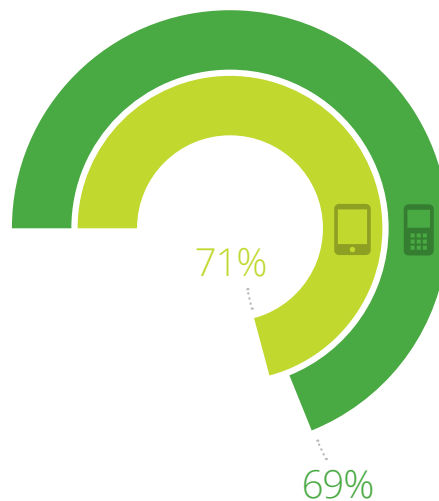


**WE DESIGN/
THINK ABOUT
SMARTPHONE
SEPARATE FROM
DESKTOP**

**WE RE-USE THE
AD CREATIVE/
THINK ABOUT
SMARTPHONE AT
THE SAME TIME AS
DESKTOP**

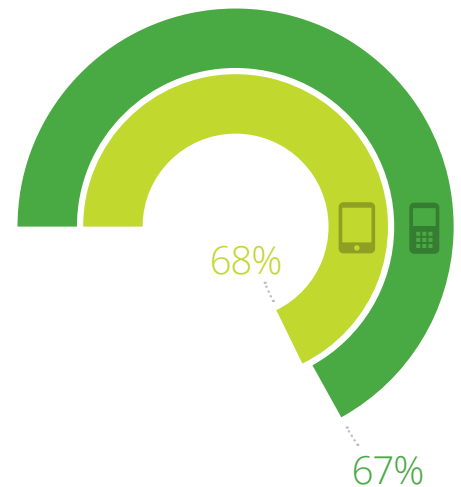
SOURCE DoubleClick Mobile Survey. Q4/Q16. Which of the following best describes your agency/organization's typical approach to the design and development of ads delivered on mobile devices? (n = 270)

Likelihood to Include Smartphones & Tablets in Future Ad Campaigns



SOURCE DoubleClick Mobile Survey. Q47. How likely is your agency/organization to include mobile phone or tablet as an aspect of your ad campaigns within the next 12 months? (Top two box, 'very' or 'extremely likely', on a five point scale reported; n = 270)

Importance of Smartphones & Tablets in Ad Campaigns



SOURCE DoubleClick Mobile Survey. Q53. How important do you think it will be to develop and design creative specifically for mobile phones and tablets in your digital ad campaigns in the next 12 months? (Top two box, 'very' or 'extremely important', on a five point scale reported; n = 270)

There are two important steps agencies can take now to jump the hurdles and make the most of HTML5.

1. Invest in HTML5 resources

While clients aren't explicitly demanding HTML5 versus Flash, some are asking to reach consumers via smartphones and tablets. And when they ask for smartphone and tablet, they want the brand experience to be the same across all screens. HTML5, once standardized, will address this need for cross-screen creative, so agencies should invest in the resources to provide HTML5 ad development in-house.

2. Track mobile metrics

Tracking the success of your mobile campaigns and requesting metrics from your mobile networks and publishers can demonstrate the effectiveness of your mobile campaigns, and will help increase client adoption. The data will help clients justify spending on smartphone and tablet advertising.

One interview from the study with an advertising professional in a media-buying role suggested metrics reporting was hugely important. The ad professional noted publishers are often reluctant to say how many people downloaded digital media like magazines and how many people saw and clicked on an ad. Ideally, that should change because advertisers need these metrics and the relationship would be smoother if publishers gave more information to their advertisers.

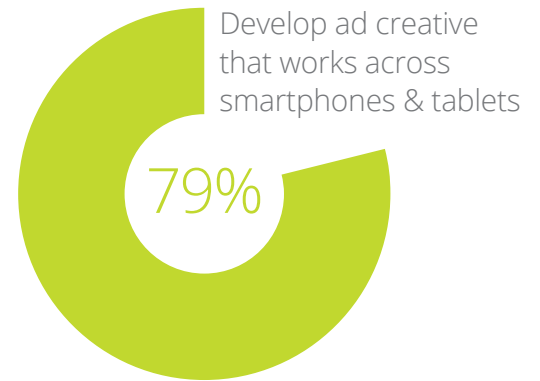
"The publishers are reluctant to tell you how many people downloaded that magazine, and how many people then saw your ad, and how many people clicked on your ad," the advertising professional said. "Which to me means that maybe it's not that great because otherwise why wouldn't you want to be screaming it from a rooftop, right? Reporting and metrics are a huge deal because [for] anything digital, the client wants to know every detail about it."

The next step forward

Gaining expertise in building HTML5 ads will allow advertisers to overcome some of the biggest barriers they face today and to focus the conversation on the benefits of HTML5. Couple this with being able to provide proof points that demonstrate the success of campaigns on mobile devices, and advertising professionals will be poised to reverse the negative cycle that is holding HTML5 back.

HTML5 alone will not solve all of the problems in the fragmented advertising industry, but the standardization of it is an important step in simplifying what is now a complex set of decisions. As one account executive put it, HTML5 is "the next logical step in moving our clients and industry forward."

Client Asks of Creative Agencies



SOURCE DoubleClick Mobile Survey. Q29. Have your end-clients tasked you with executing any of the following? (n = 270)

Methodology

Unless cited otherwise, data points in this article are from an online survey conducted in June of 2013 among a national sample of 270 advertising professionals across the U.S.

The margin of sampling error at 95% confidence for aggregate results is +/- 6%. Sampling error is larger for subgroups of the data. As with any survey, sampling error is only one source of possible bias. While non-sampling biases cannot be accurately calculated, precautionary steps were taken in all phases of the survey design, data collection and data processing to identify and minimize their influence.

The bases shown on all charts and tables are unweighted bases and all percentages in the text, charts and tables included in this report are based on unweighted data.

The research effort was sponsored by DoubleClick by Google, and conducted in partnership with Illuminas. Illuminas is a global research consultancy that delivers strategic marketing intelligence across B2B and consumer markets worldwide. Illuminas is a member of the Marketing Research Association (MRA) and Council of American Survey research Organizations (CASRO) and adheres to their codes of conduct and ethics for market research.

Google's DoubleClick™ products provide ad management and ad serving solutions to companies that buy, create or sell online advertising. DoubleClick products help customers execute their digital media strategy more effectively and Marketers, publishers, ad networks and agencies use DoubleClick products as the foundation for their online advertising businesses.

Sources

- 1 Interactive Advertising Bureau, IAB Internet Advertising Revenue Report, April 2013
 - 2 StatCounter, Browser Versions & Device Types in North America February 2012 to August 2013
 - 3 Pew Research Center, Tablet Ownership 2013, June 10, 2013
 - 4 Monetate, Ecommerce Quarterly, EQ1 2013, May 21, 2013
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