

wave 3 | august 2025

data
state of the nation report

iab.
australia

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adoption of AI, use cases and challenges

IAB resources

Digital media and tech innovation, privacy law reform and signal deprecation, has led to increased focus and change in the data used for digital advertising. And now, with the rapid evolution of AI, the industry is on the brink of an even larger shift.

This report outlines the findings from an industry survey designed by the IAB Australia Data Council. The aim of this survey is to help the IAB prioritise industry education and training as well as **to develop initiatives to help marketers safely and ethically capitalise on the usage of data for digital advertising.**

The online survey was conducted in July 2025 amongst **103 advertising decision makers or influencers** across agencies, marketers, trading desks, media owners and technology vendors. Responses were 50% buy-side, 50% sell-side.

A similar survey was conducted by IAB Australia in April 2024 and October 2022. Full reports can be found on the IAB Australia website.

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As the digital advertising industry navigates the deprecation of data signals, new privacy regulations, and rapid AI advancements, [data for digital advertising continues to be viewed as critical for commercial success](#).

[First-party data, geographic/location data, and behavioral signals](#) remain highly valued to inform targeting and creative for digital advertising. The importance [transaction data](#) for digital advertising has increased over the last year.

Confidence in leveraging [contextual targeting](#) has grown substantially over the last year and confidence is high in having [direct customer relationships and identity solutions](#) in place to tackle data related opportunities, while confidence in AI knowledge lags behind.

Industry awareness of Australia's Tranche 1 Privacy Act Reforms is moderate. The most reported impacts of these changes are on the choice of [data mix, measurement approaches](#) and [personalisation tactics](#). Two-thirds say they are at least somewhat prepared for these changes with the most common preparations being increasing the use of [first-party data](#) and increasing the use of [AI or machine learning solutions](#).

Tools such as [contextual targeting and data clean rooms](#) are seeing increased uptake to manage the changes from new privacy legislation with significant exploration of [modelling approaches such as MMM for measurement](#).

[AI adoption](#) across the media campaign lifecycle for media planning, strategy, media activation and optimisation is nascent. Most AI adoption is of tools that are easy to access such as ChatGPT or usage of AI features within platforms already being used.

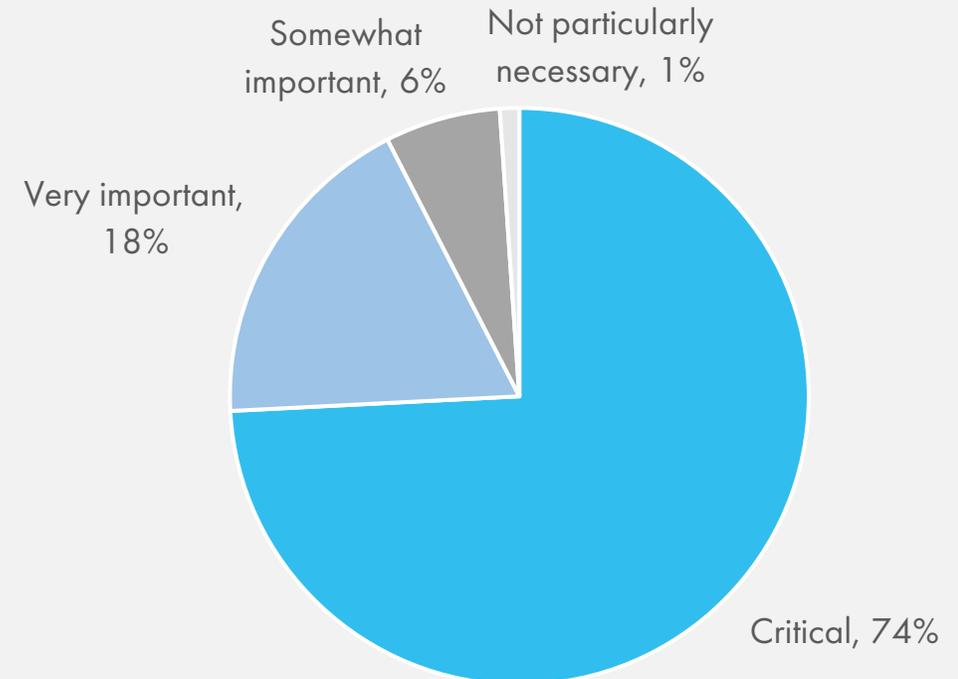
While AI so far meets efficiency expectations, concerns persist around [data security, accuracy, and transparency](#). Industry stakeholders highlight the need for [clearer standards and frameworks](#)—particularly around AI governance and privacy compliance—to ensure ethical, effective, and scalable AI adoption in the media campaign lifecycle in a shifting regulatory and technological environment.

importance of data for commercial success

92%

of advertising decisions makers/
influencers surveyed rated the usage of
data as critical or very important for
commercial success in digital advertising
and driving business growth.

importance of the usage of data for commercial success in digital advertising and driving business growth



importance of data signals for digital advertising

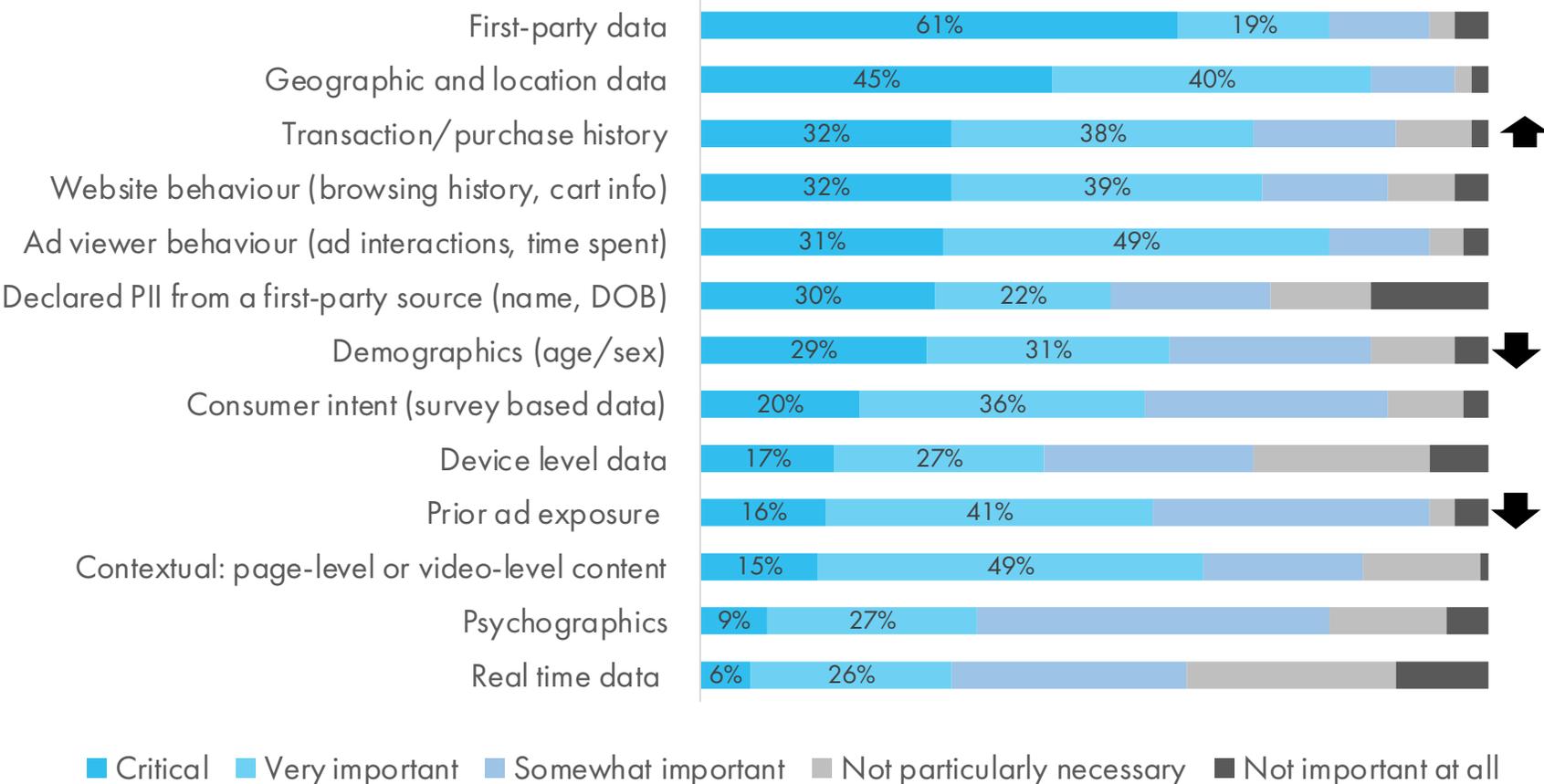
A range of data signals are considered important to inform targeting and creative for digital advertising.

First-party data is rated as critical or very important for 80% of respondents (61% critical) and geographic and location data is rated as critical or very important for 85 (45% critical).

Ad view behaviour signals, website behaviour signals and transaction data are also rated highly.

Usage of transaction data has increased in importance on last year, while usage of demographics and prior ad exposure have declined.

importance of data signals to inform targeting and creative for digital advertising



confidence in data-related business capabilities

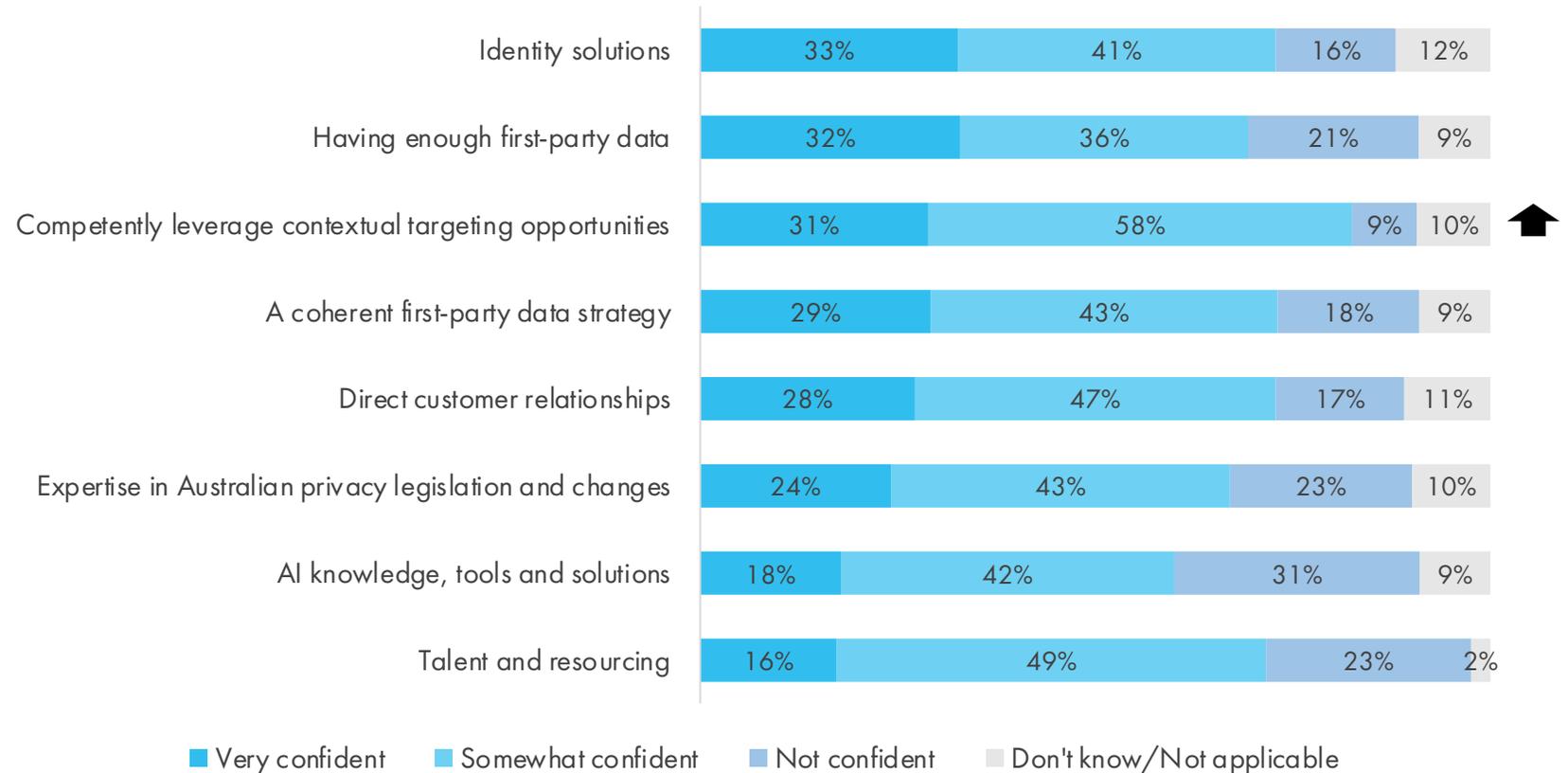
There are a range of business capabilities that could be suitable for businesses to tackle data related opportunities and challenges.

9 in 10 (89%) respondents are at least somewhat confident that they will have the capabilities to competently leverage contextual targeting opportunities over the next year. Competencies in contextual targeting have increased significantly year on year.

75% are at least somewhat confident in having direct customer relationships and 74% in having identity solutions to tackle data related opportunities and challenges.

Lowest confidence is in AI knowledge (60% at least somewhat confident).

confidence in having business capabilities in place to tackle data-related opportunities and challenges over the next year



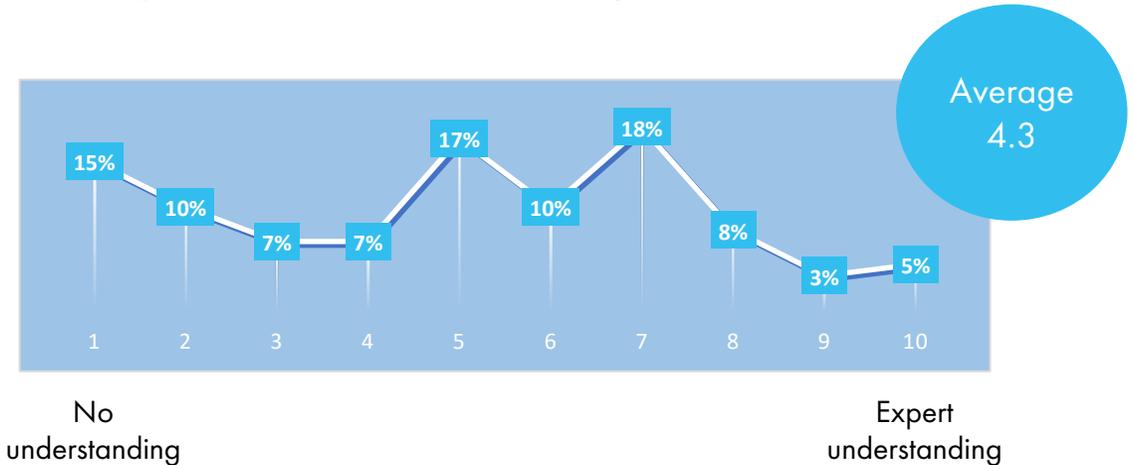
understanding and preparation for Tranche 1 Privacy Act changes

There is **mid level understanding of Tranche 1 Australian Privacy Act Reforms** (that include Children’s Online Privacy Code, transparency for automated decision-making, cross-border data transfers, tort for serious invasions of privacy), amongst our survey sample of digital advertising decision makers/influencers.

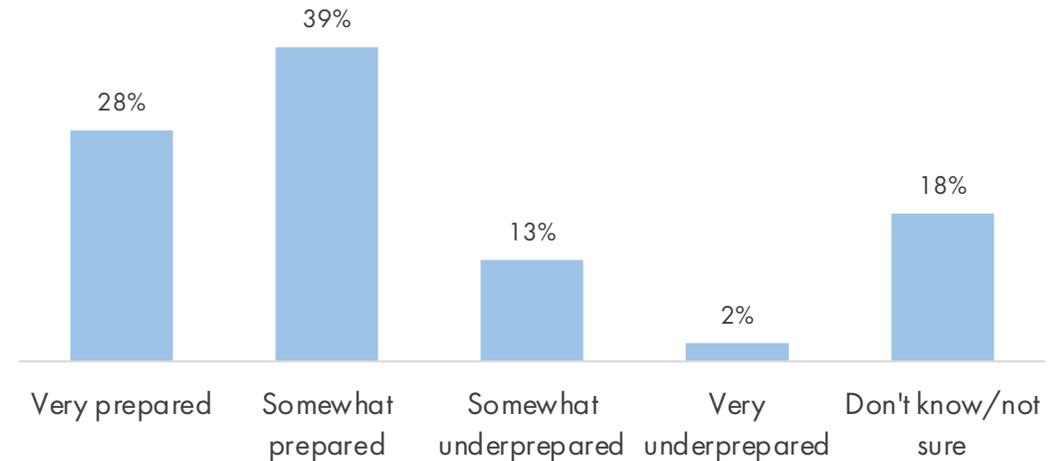
On a scale from 1 to 10 (where 1 means no understanding at all, and 10 means an expert level of understanding), 44% gave themselves a score of 6 or more for their understanding of Tranche 1 Australian Privacy Act Reforms.

67% say they are at least somewhat prepared for these changes.

Understanding of Tranche 1 Australian Privacy Act Reforms



Preparation for Tranche 1 Australian Privacy Act changes

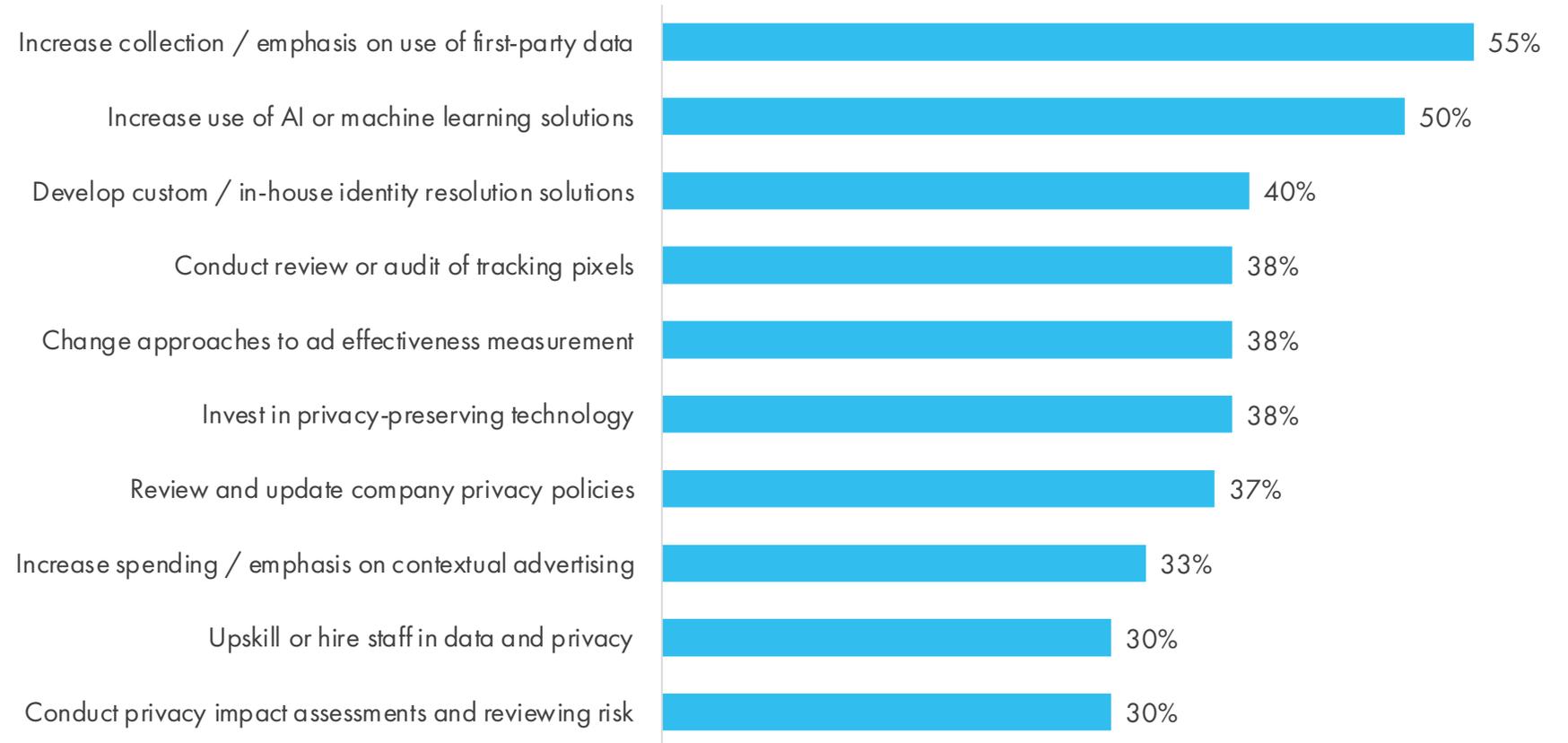


preparations for new or further changes to privacy law

There are a range of changes companies are making because of the new or impending further changes to privacy legislation.

The most common change respondents are making is increasing the emphasis on the use of first-party data and increasing the use of AI or machine learning solutions.

changes companies are making because of new or impending further changes to privacy legislation



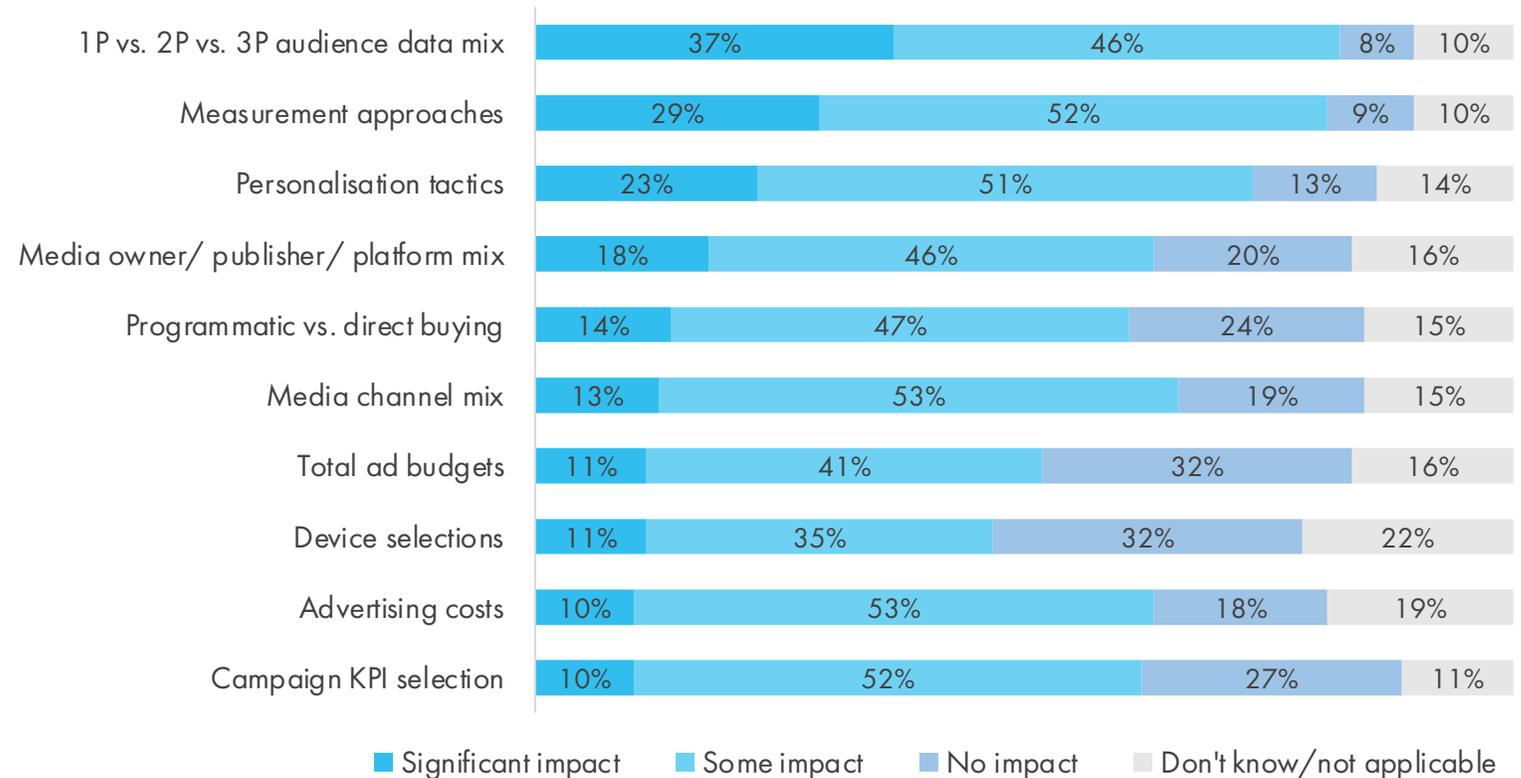
impact of new privacy law changes on media plans

Survey respondents from across ad buy and sell sides see new privacy legislation impacting some key aspects of advertiser media plans.

Over 80% say the **data mix** and **measurement approaches** are aspects where there is at least some impact. 74% say these changes are having at least some impact on **personalisation tactics**.

“ the industry needs a unified, regularly updated playbook that translates privacy laws into plain easy to understand language. Including real word ad-tech examples , compliance checklists and AI guardrails.”
- media owner respondent

the degree of impact of new privacy legislation on aspects of client media plans



adoption of tools, tech and partnerships to manage new privacy legislation

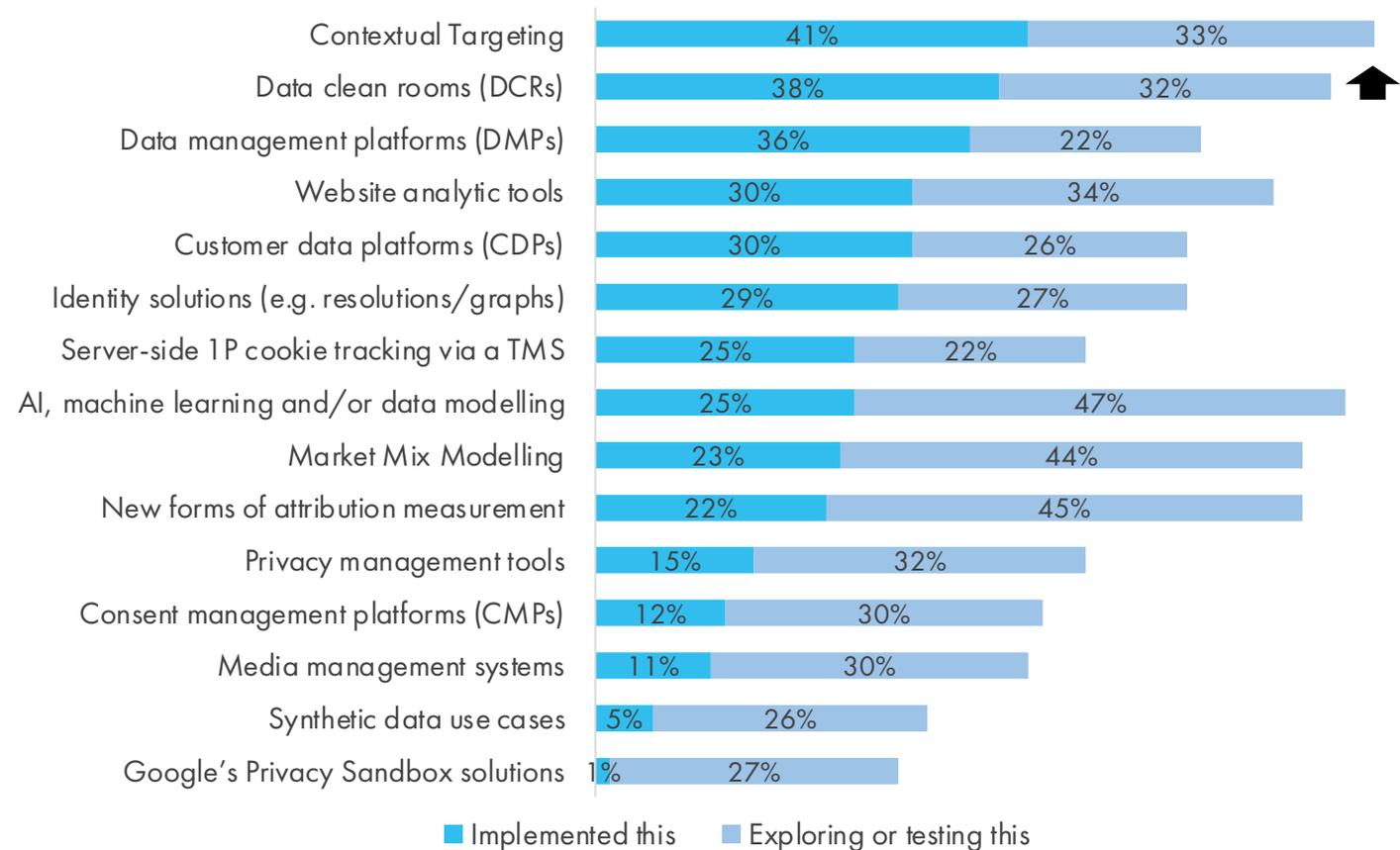
There are a range of business tools, software and partnerships that could be suitable for businesses to pursue data related opportunities.

Not all of these maybe be suitable for every business, each business should carefully consider suitability for their needs.

Contextual targeting, data clean rooms and DMPs are the most adopted tools already implemented to manage the changes from new privacy legislation. The implementation of data cleans rooms has increased significantly on last year.

AI/machine learning/modelling, Market Mix Modelling and new forms of attribution measurement are the most common tools currently being explored or tested to managed these changes.

adoption of tools, software and/or third-party partnerships as a result of new privacy legislation



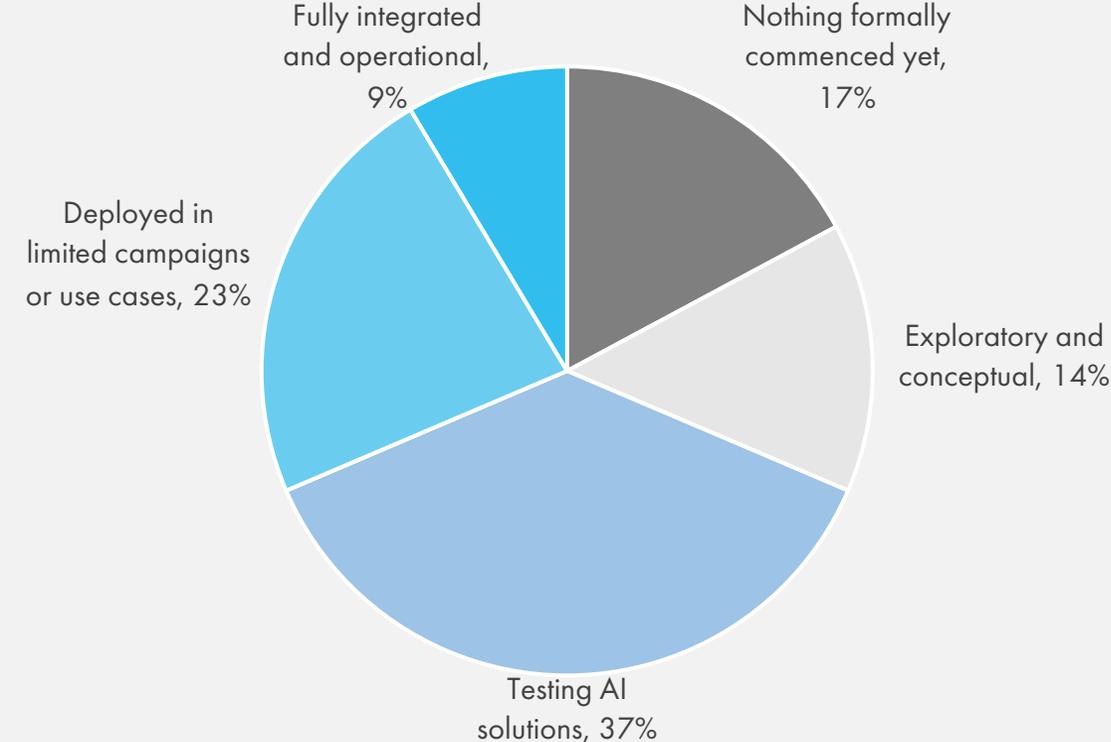
AI adoption across the media campaign lifecycle

32%

of advertising decisions makers/ influencers surveyed have deployed AI in some use cases or have it fully operational. A further 51% are in exploratory or testing phase.

Although AI has been a key part of digital advertising for years, and new forms of AI are on the rise, 91% of respondents have yet to fully scale it across the media campaign lifecycle. In comparison, according to IAB US, 30% of US agencies, brands, and publishers have fully integrated and operational AI*.

current AI adoption across the media campaign lifecycle for media planning, strategy, media activation and optimisation



AI tools and platforms being used

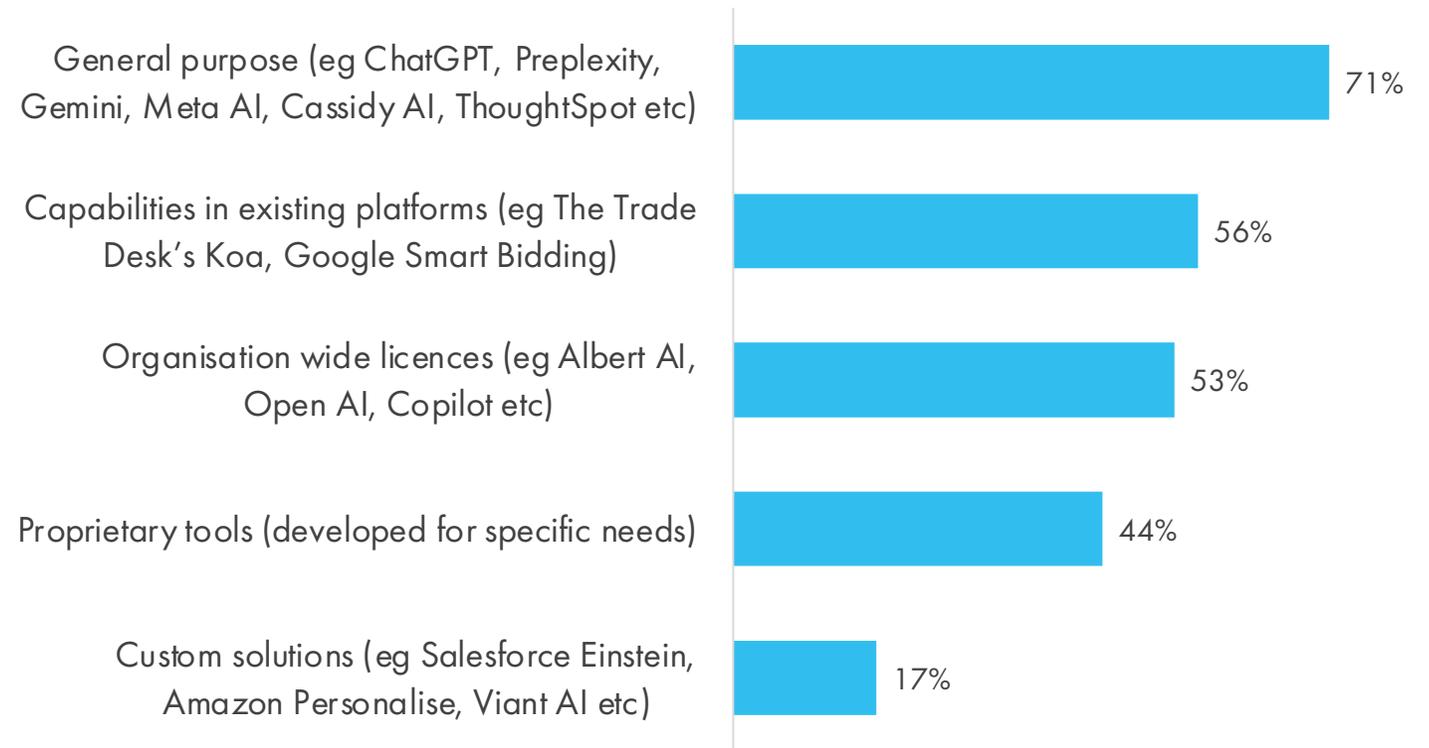
7 in 10

respondents are using general purpose AI tools such as ChatGPT within their company.

71% of respondents are using AI tools that are easy to access via general purpose tools, such as ChatGPT and 56% are using AI features within platforms they're already using, such as The Trade Desk's Koa.

According to IAB US, experience is similar in the US where 90% of US agencies, brands, and publishers are using general purpose AI and 63% are using AI features in existing platforms*. Fewer are using tools that would enable broader integration such as organisation-wide licenses and custom solutions.

AI tools and platforms being used within respondent's companies



AI use cases exploring or have deployed

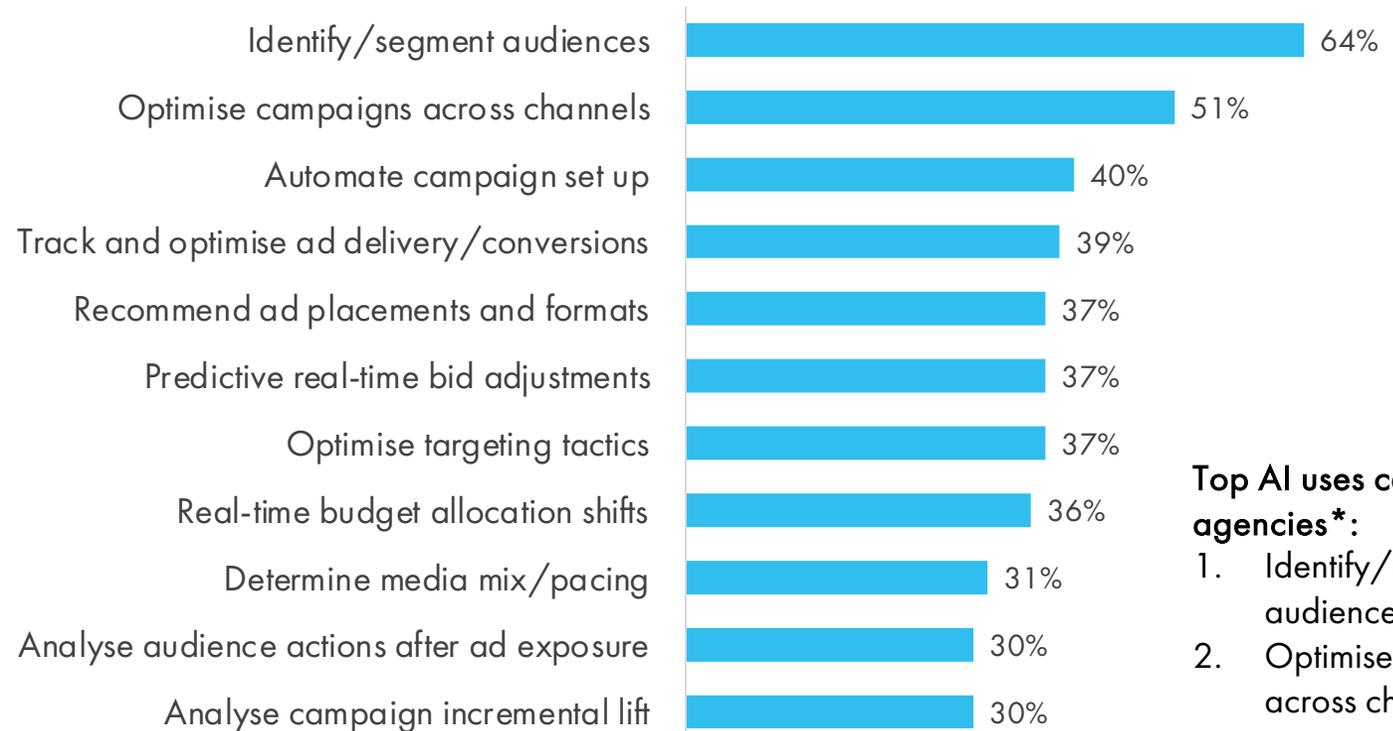
There are a range of AI use cases in the media campaign lifecycle that respondents are exploring for deployment or have deployed. **Most commonly AI is being used to identify or segment audiences.**

Over half of respondents are also exploring or have deployed AI to **optimise campaigns across channels.**

“the industry needs transparent, open-source frameworks powered by AI governance, offering plug-and-play compliance blueprints and real-time ethical risk scoring. It’s not just about playing safe—it’s about leading boldly, with data that respects people and drives performance.”

- agency respondent

top AI use cases exploring or have deployed



Top AI uses cases for US agencies*:

1. Identify/segment audiences
2. Optimise campaigns across channels

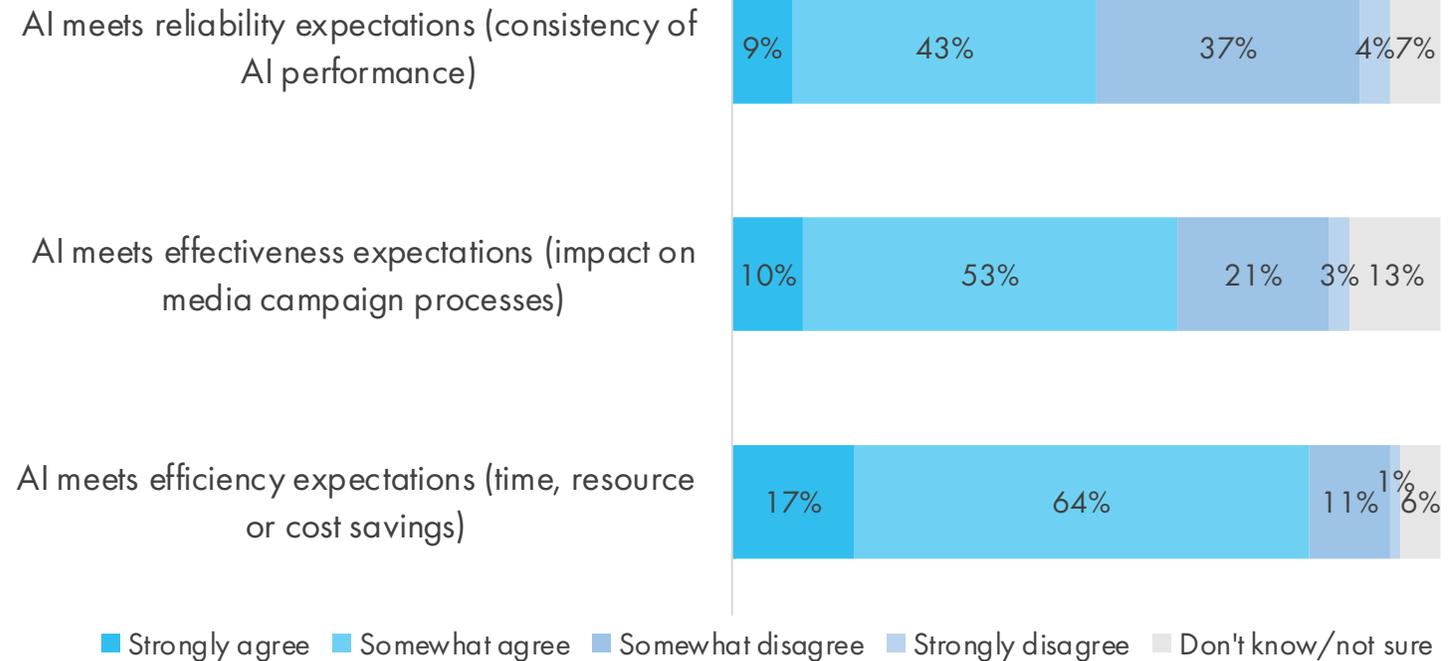
AI delivery on expectations

81% of respondents agreed that so far AI is delivering on **efficiency expectations** (time, resource or cost savings).

There is lower agreement on AI currently meeting **reliability expectations** (52% agree) and **effectiveness expectations** (63% agree).

According to IAB US*, efficiency is also the area where AI is delivering on its promise in the US market, with 76% saying AI generally or consistently meets efficiency expectations. 71% of US agencies, brands, and publishers say AI generally or consistently meets effectiveness expectations and 69% for reliability (both higher ratings than in Australia).

AI current delivery on expectations of reliability, effectiveness and efficiency



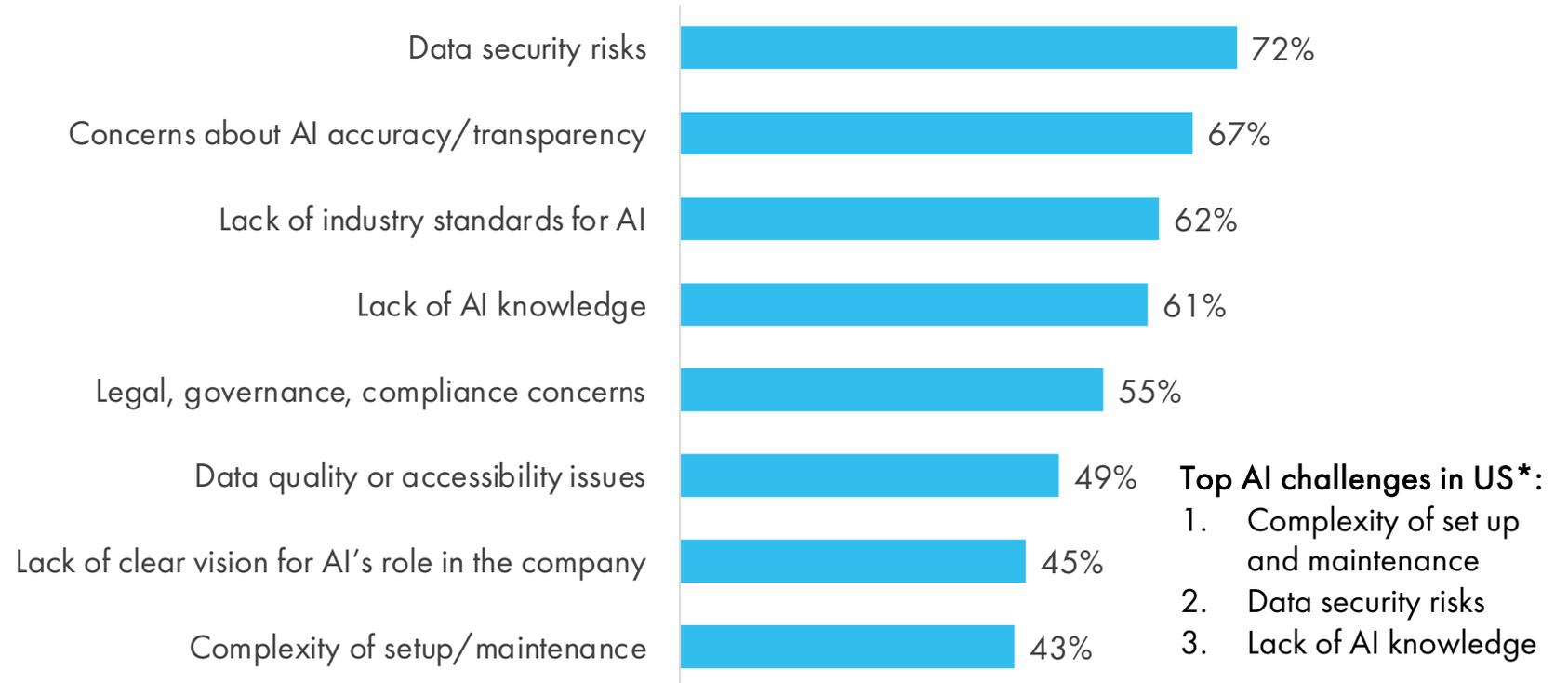
concerns or challenges for AI adoption

There are a range of concerns and challenges with AI adoption that need to be managed. Data security risks are at the top of the list of concerns or challenges for AI adoption.

This top concern is compounded by high levels of concern around AI accuracy/transparency, lack of industry standards and lack of AI knowledge.

“ as AI adoption grows in our industry we should ensure it is used responsibly to keep our consumer and first-party data safe. Updates and education is limited and these sessions would benefit media owners, agencies and clients to prepare ”
- media owner respondent

top concerns or challenges for AI adoption



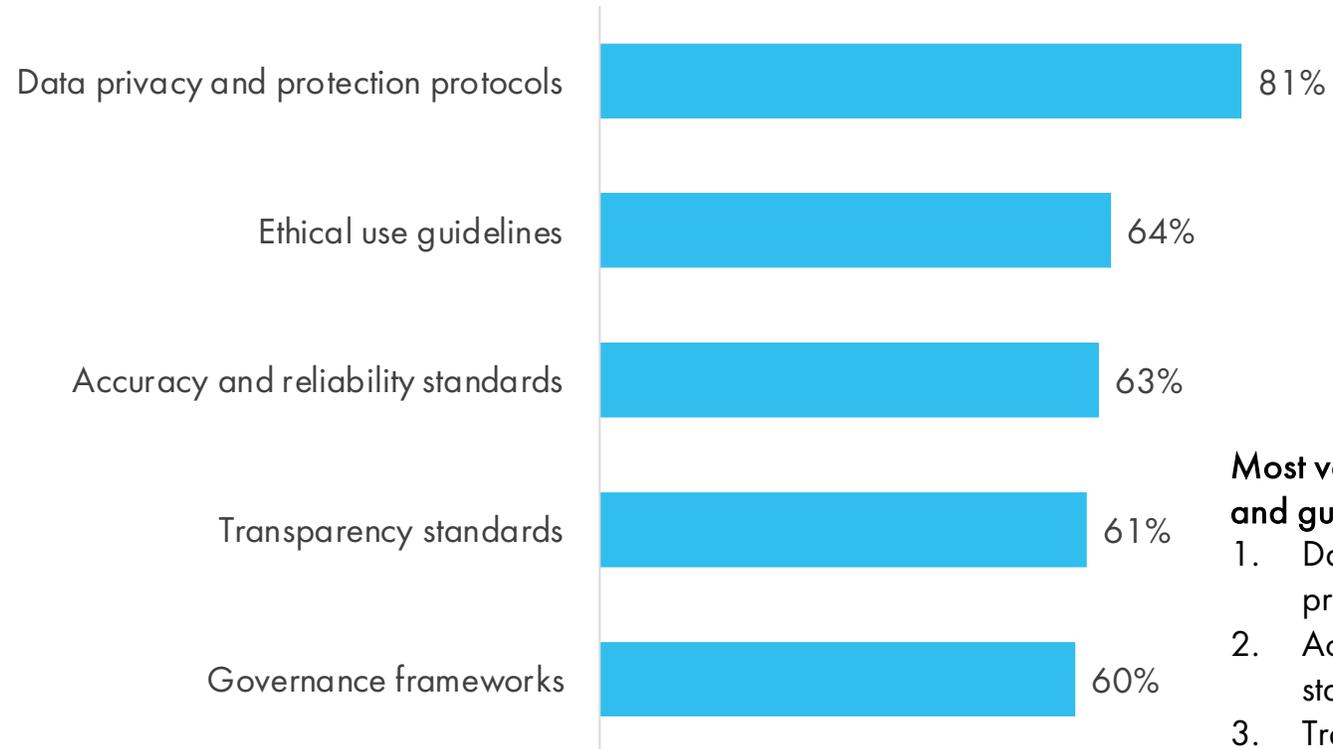
valuable industry standards and guidance for AI

The industry recognises the need for standards to help mitigate risks as AI rapidly evolves.

8 in 10 respondents say that AI data privacy and protection protocols would be valuable for the industry, this is also the number 1 need in the US market recognising that without them, businesses face the greatest threats.

“The biggest concern for use of AI is always the lack of control for clients that have stringent QA's and legal processes. Any insight into how we can utilise AI without losing control will be the best way to start the client on this journey”
- agency respondent

industry standards and guidance for AI that would be most valuable



Most valuable standards and guidance for US*:

1. Data privacy and protection protocols
2. Accuracy and reliability standards
3. Transparency standards

IAB resources

2023

**data collaboration
platforms explainer**



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document release

2024
edition

**identifiers explainer
guide and matrix**



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**ad tech
matters.**

guiding the use of
**artificial intelligence
in advertising**



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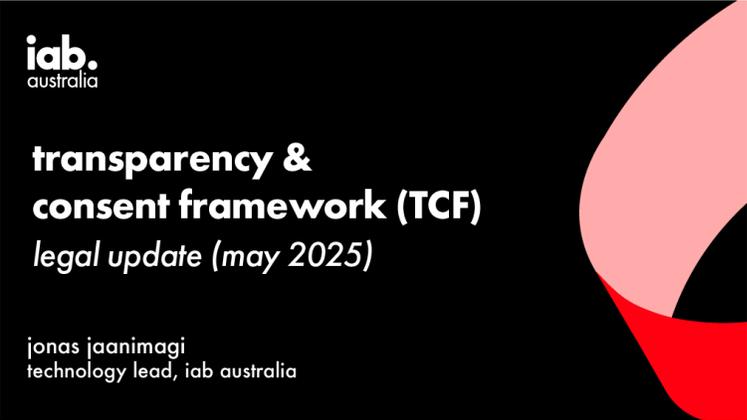
**synthetic data
an explainer**

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digital advertising
& ad tech industry
talent review.



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**transparency &
consent framework (TCF)**
legal update (may 2025)

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