



ClickZ

Digital Advertising Trends

2018 Holiday Season

Today's Speakers



Clark Boyd
Research Lead

ClickZ



Chris Costello
Senior Director of
Marketing Research

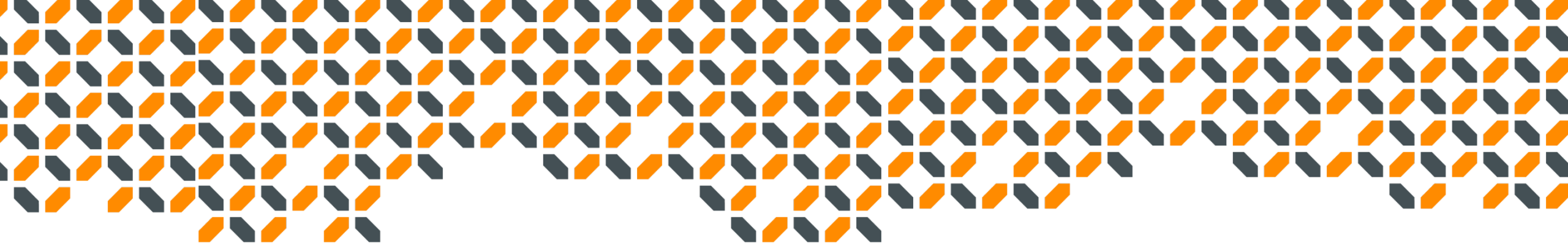
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Today's Agenda

- **About the Report**
- **Key Advertiser Trends for the 2018 Holidays**
 - Advertisers Value Size and Scale
 - The Facebook/Instagram Combination
 - How Search/Social Will Work Together
 - The Role of Amazon Ads
 - Social Media “Stories” Gather Support
 - Where do Pinterest and Snapchat Fit?
 - Mobile Takes the Lead for Awareness and Sales
- **Key Takeaways and Tips**
- **Q&A**



About the Report



About the Report

- Survey of over 300 marketers to find out where they plan to spend their advertising budget this holiday season.
- This took into account their budget from last year, enabling us to identify any shifts in emphasis from 2017.
- Survey supplemented by in-depth interviews with leaders from Google, Microsoft, UPS, and many more.
- The aim of the report is therefore to shed light on the collective plans of leading advertisers over the holidays.
- We hope this will allow brands to learn from each other as we move into such a crucial period.

DIGITAL
ADVERTISING
TRENDS 2018 HOLIDAY
SEASON

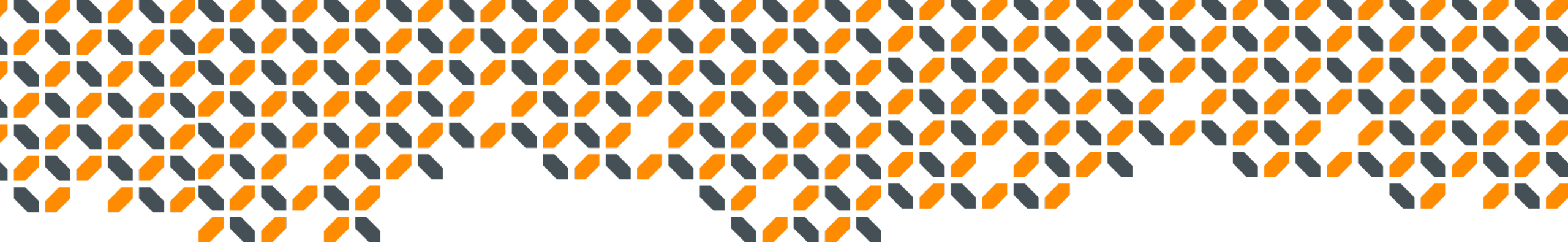
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Ecommerce has blurred the boundaries between landmark dates; the holiday season now spans a period of months.

ANDREW SPIKES

HEAD OF GLOBAL PAID SEARCH

UPS



Key Trends



Key Findings



- Marketers continue to reward size and scale



- The Facebook / Instagram combination is compelling for advertisers.



- Social and search work together toward advertisers' goals.



- Amazon ads are growing in importance for retailers.



- Social media “Stories” matter and advertisers are listening.



- Pinterest and Snapchat offer expanded reach.



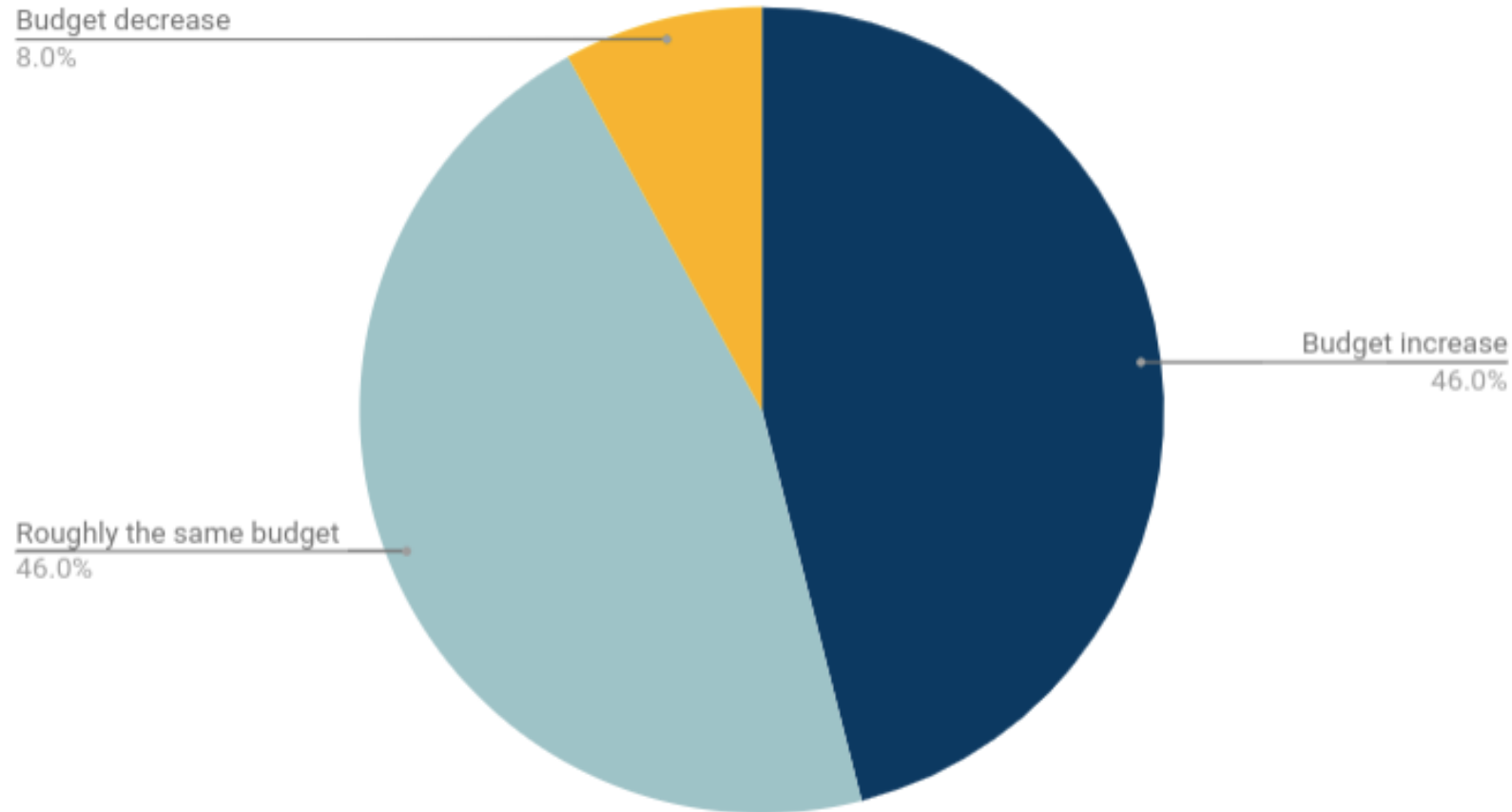
- Mobile leads the way.



The Digital Advertising Market is Growing Rapidly

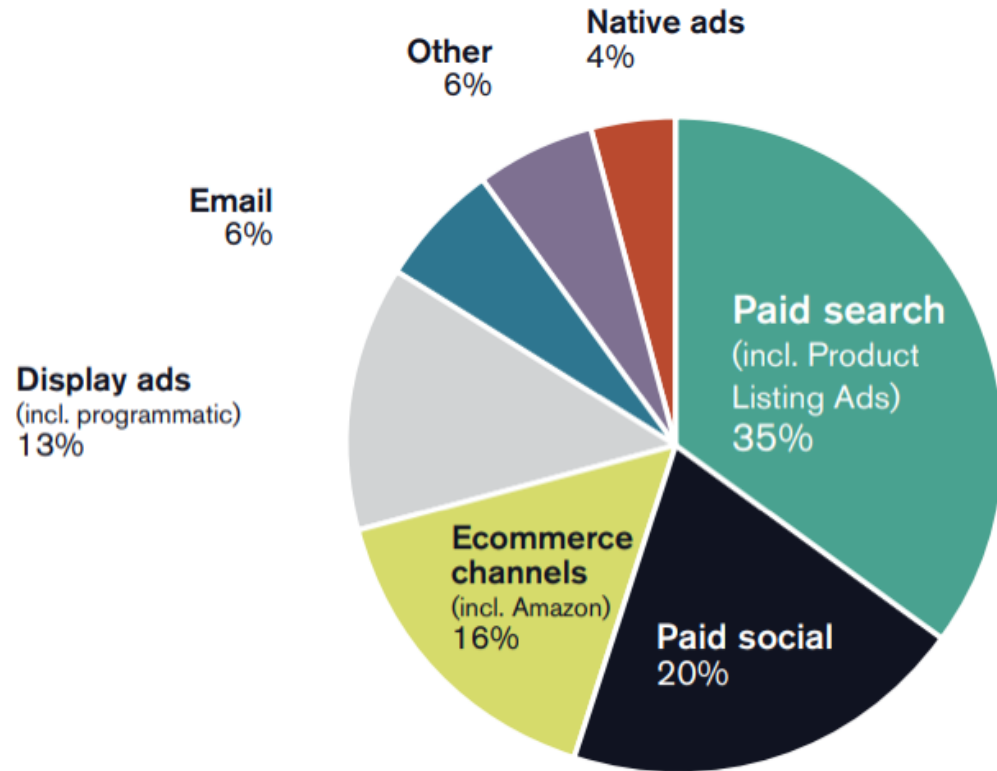
Compared to 2017, the vast majority of advertisers will maintain or increase their holiday spending.

How will your budget change compared to the same period last year?



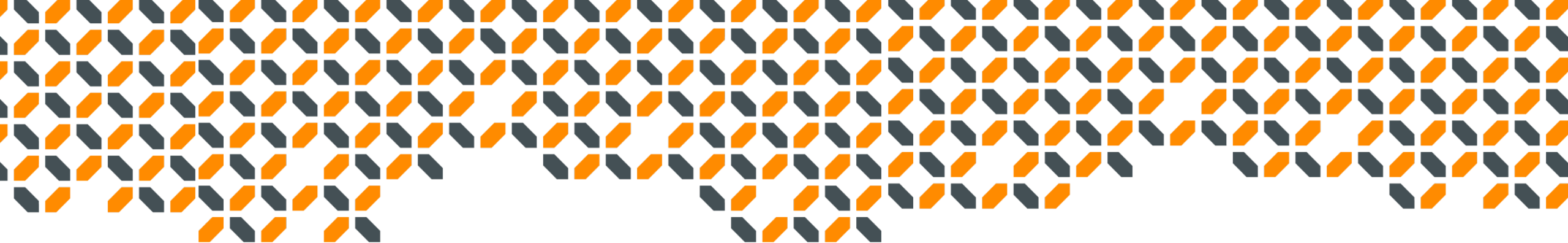
Paid Search and Paid Social Lead the Way

How will your holiday advertising budget be split across the following channels?



- 35% of advertising budget, across all responding brands, will be earmarked for paid search and Shopping.
- Paid social follows with 20% - Facebook and Instagram are the main beneficiaries here.
- Ecommerce channels (of which, Amazon plays a central role) will take 16% of all advertising dollars.
- B2B brands are engaging with LinkedIn ads, but this channel still only takes up 3% of the total.





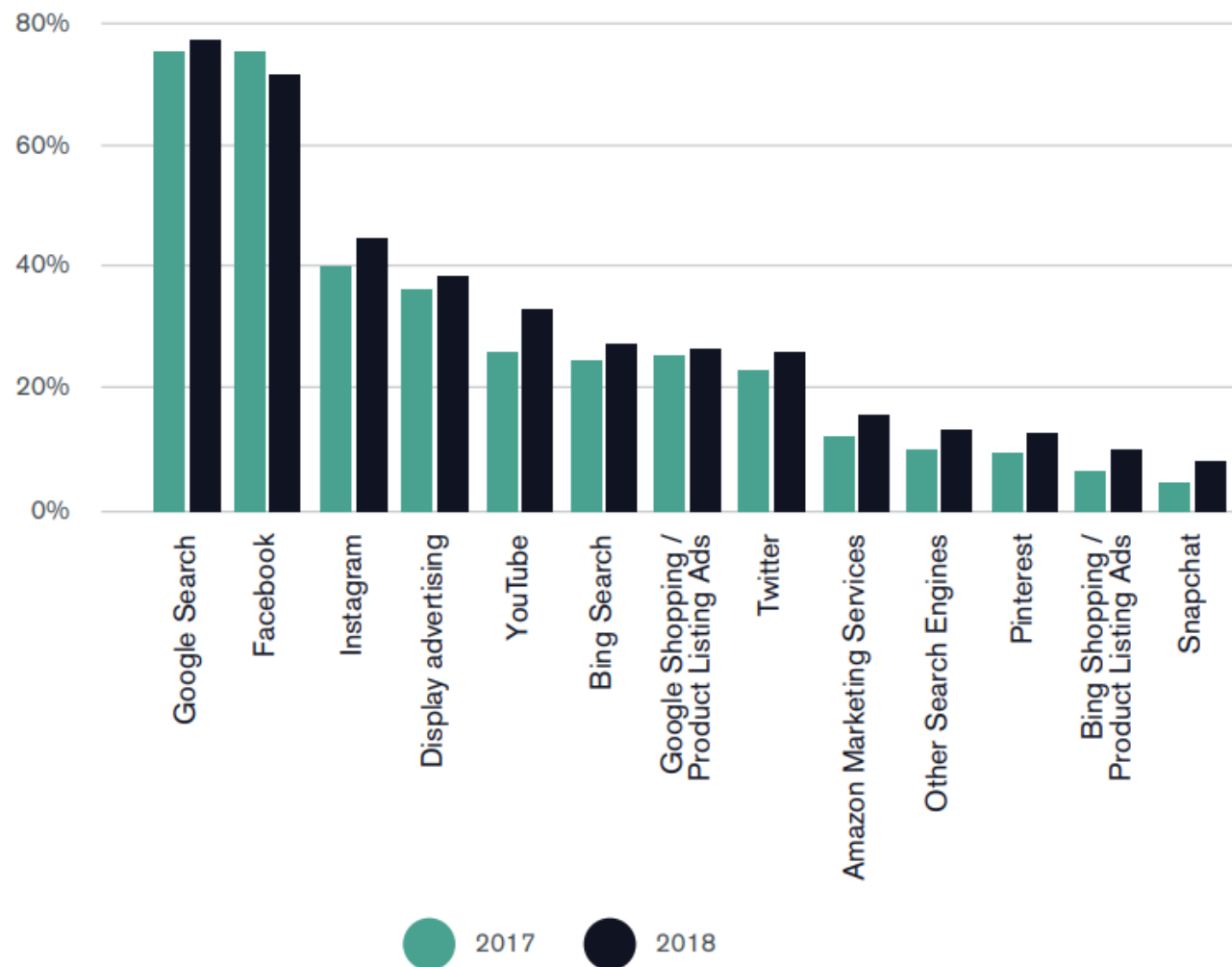
Advertisers Value Size and Scale

Google Search and Facebook will be the main players once more



Google and Facebook Maintain a Healthy Lead

Instagram and YouTube will see the biggest % growth from last year, bolstering the duopoly.



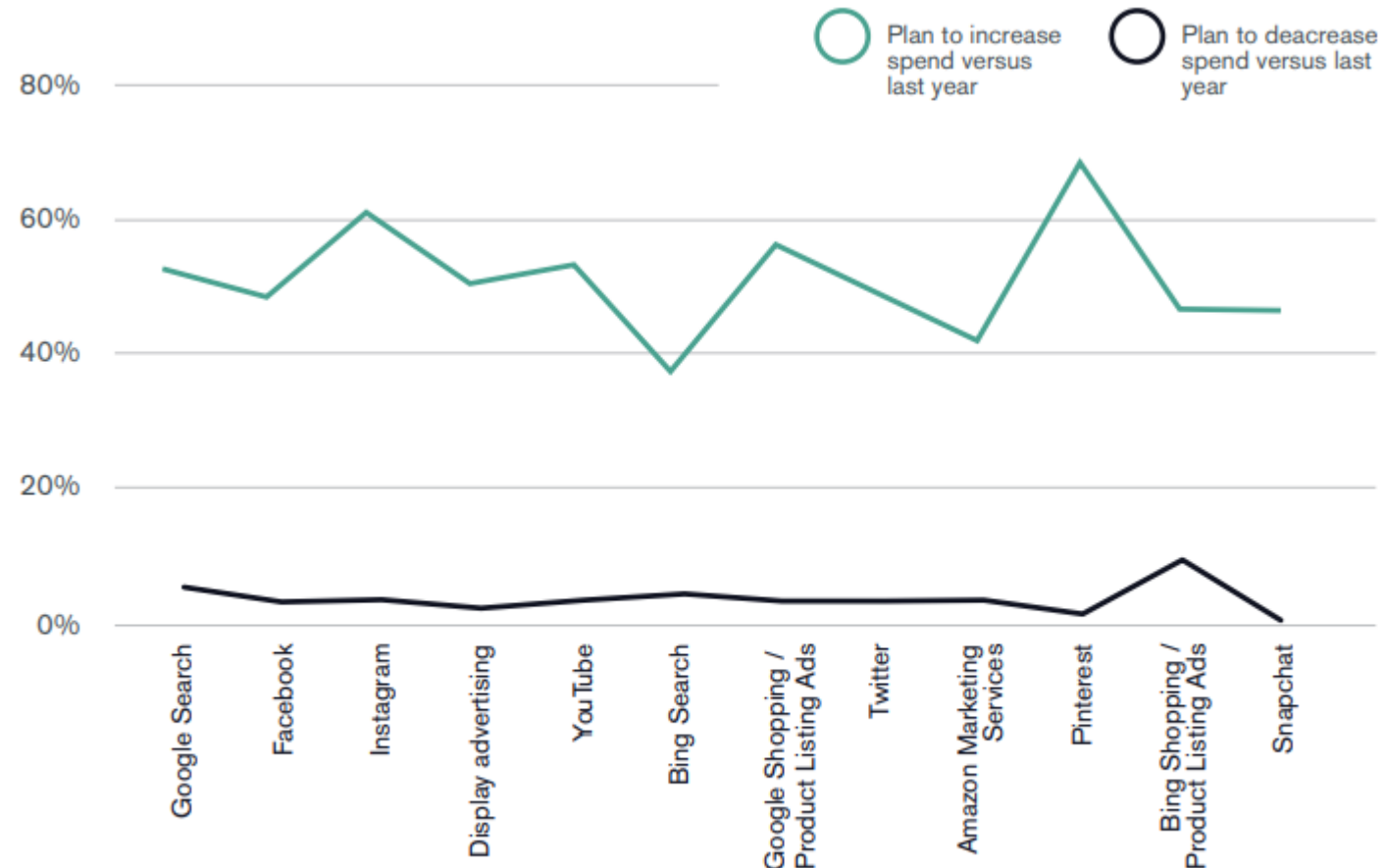
CHANNEL	2017	2018	YOY CHANGE
Google Search	75.5%	77.6%	2.1%
Facebook	75.2%	71.8%	-3.4%
Instagram	42.3%	44.8%	4.6%
Display advertising	36.6%	38.7%	2.1%
YouTube	26.3%	33.4%	7.1%
Bing Search	24.8%	27.3%	2.5%
Google Shopping / Product Listing Ads	25.7%	26.4%	0.7%
Twitter	23%	25.8%	2.8%
Amazon Marketing Services	11.8%	15.6%	3.8%
Other Search Engines	10.6%	13.2%	2.6%
Pinterest	9.4%	12.9%	3.5%
Bing Shopping / Product Listing Ads	6.6%	9.8%	3.2%
Snapchat	4.8%	8.3%	3.5%

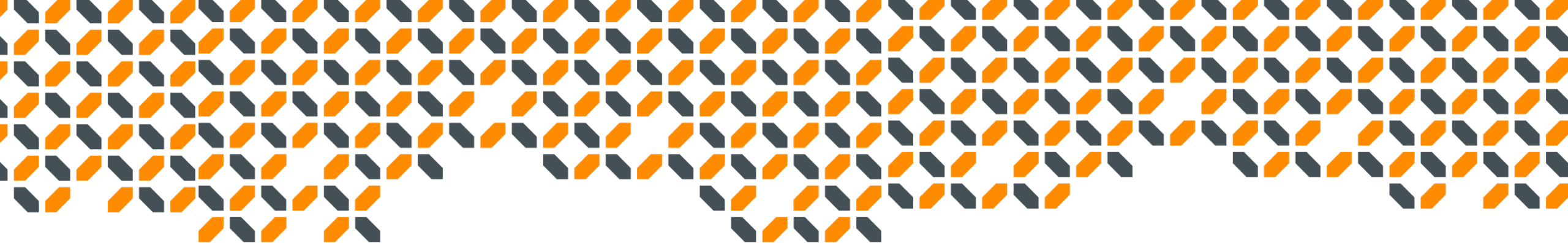
Spending is Rising Across the Board

All major channels and publishers will see increased investment versus 2017 holiday season.

Not only are advertisers investing in these core channels en masse, they are also planning to spend a lot more than they did last year.

By way of contrast, only a very small minority will spend less than last year - across all channels and publishers.



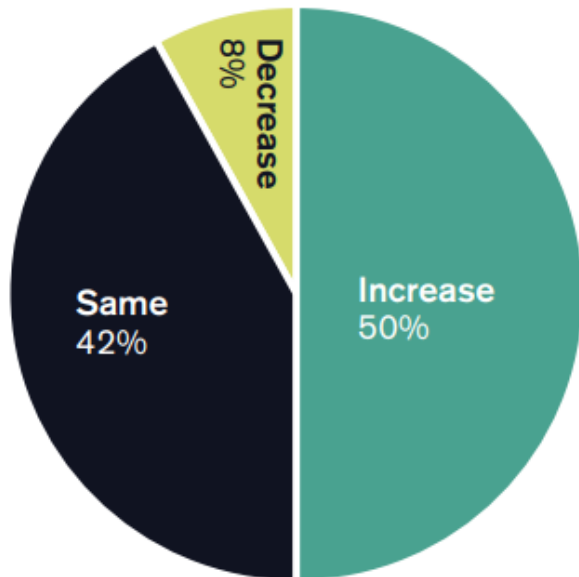


The Facebook/Instagram Combination Attracts Advertisers



Facebook is a Giant - and it's Still Growing

Figure 7. Is your company planning to increase, maintain, or decrease its Facebook advertising budget this holiday season, compared with 2017?



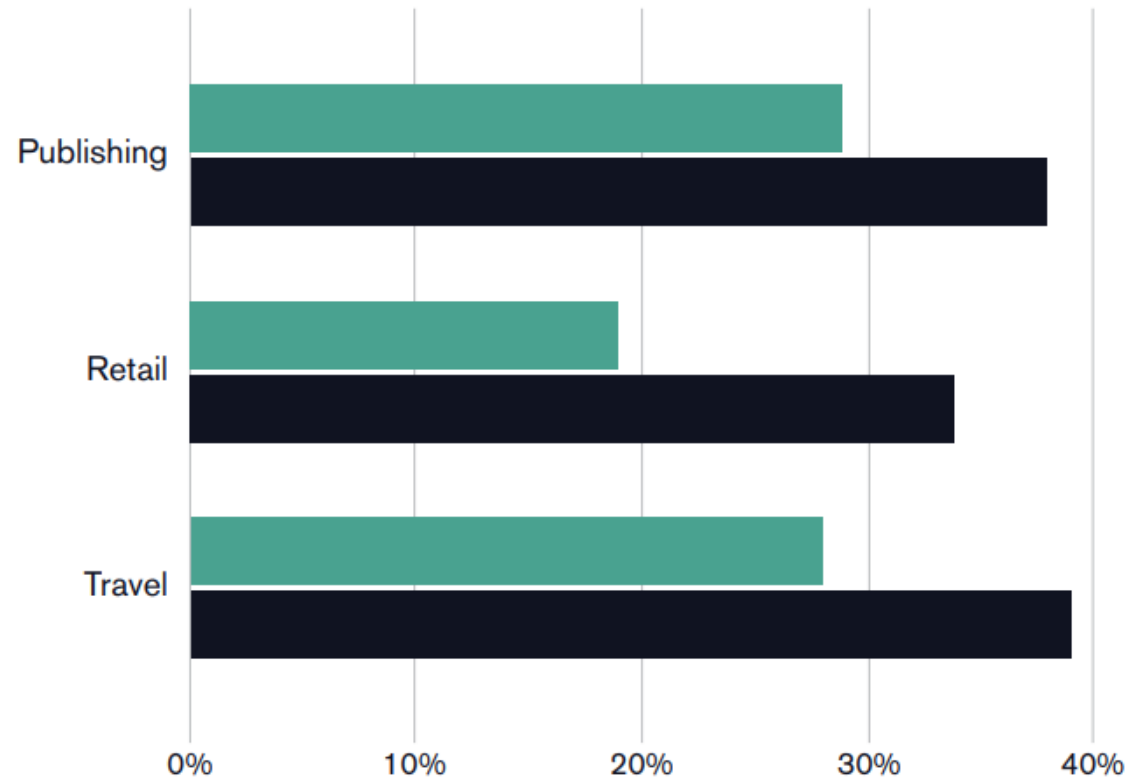
- 72% of all brands will run Facebook ads this holiday season.
- Within this sizeable group, 50% will increase their spend from last year.
- 82% of retail brands and 91% of travel companies plan to advertise on Facebook this year, making it the number one advertising channel for these two industries in the 2018 holiday season.



45% of Brands Will Run Instagram Ads

Publishing, Retail, and Travel brands are finding success through Instagram ads.

- Instagram will be the third-largest platform for advertisers this holiday season.
- There is still a notable gap to Google/Facebook, but Instagram's influence is clearly on the rise.
- With certain industries (such as publishing, retail, and travel) Instagram will take on particular significance.



The Facebook/Instagram Relationship

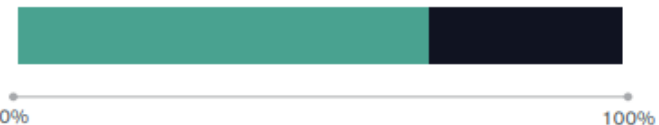
If brands run Instagram ads, chances are they'll spend on Facebook ads too

Figure 10. Will you run ads on Facebook this holiday season?

94% of Instagram advertisers will advertise on Facebook

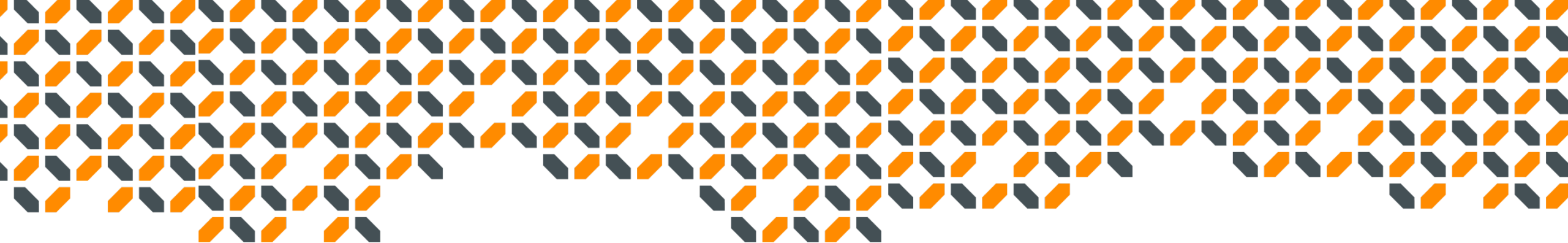


68% of non-Instagram advertisers will advertise on Facebook



- 94% of Instagram advertisers will also invest in Facebook ads over the holidays - compared with an average of 68% across all other advertisers.
- 59% of advertisers on Facebook say they will also run Instagram ads (versus an overall average of 45%).
- This mutually reinforcing relationship will see the overall Facebook business sustain (and in many cases, entrench) its social media dominance.





The Search/Social Dynamic is Key for Sales and Awareness



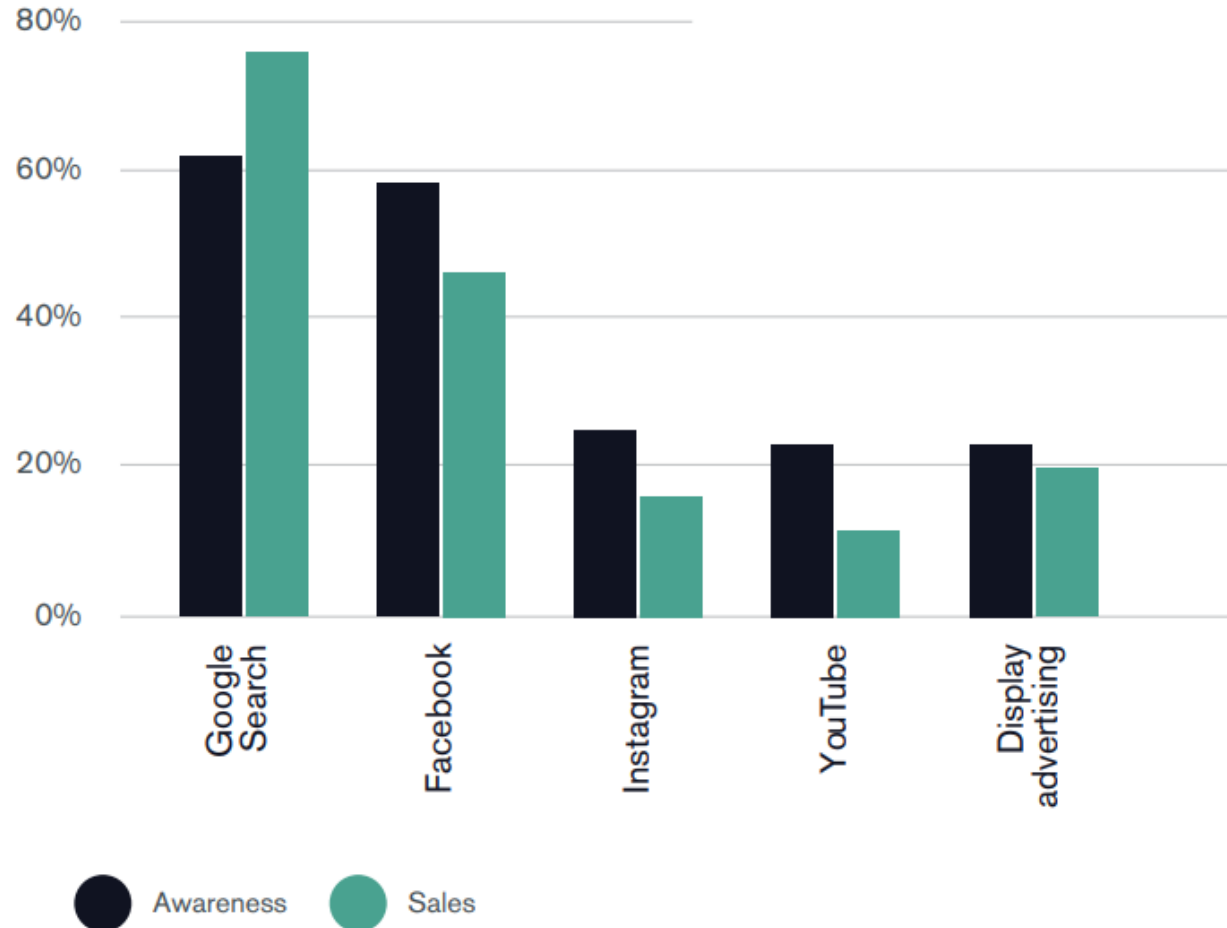
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Search and social need to work together, but advertisers also need to bear in mind that consumer expectations are different on each channel.

CHRISTI OLSON
HEAD OF EVANGELISM
MICROSOFT

Google Search is Vital for Sales

Both Google and Facebook are leaders for awareness and sales - but Google is the clear winner for sales



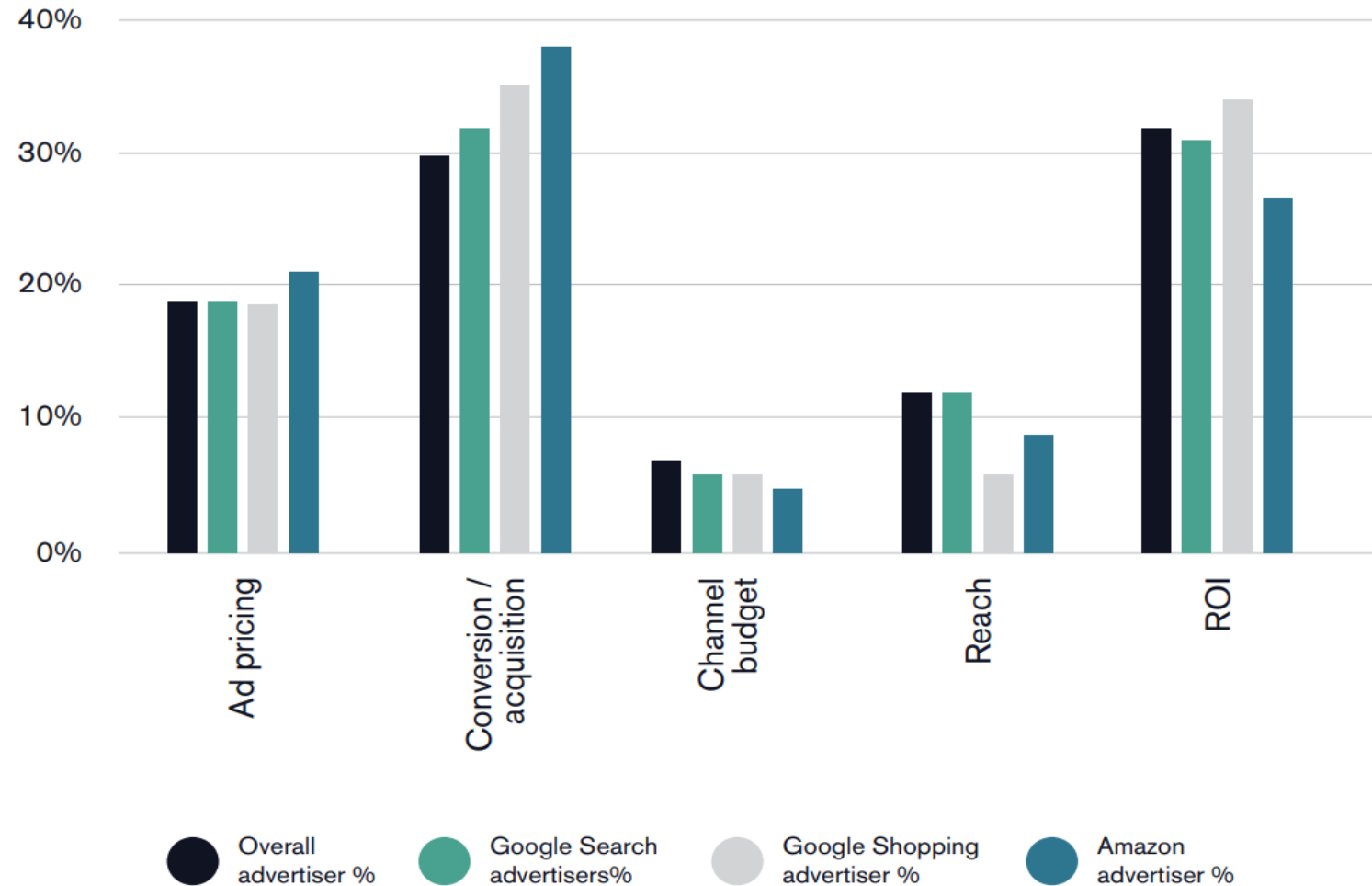
- This represents a landscape that has been changing for some time.
- Social is increasingly viewed as a very important sales channel.
- Meanwhile, Google Search is the most important channel for both sales and awareness - just nudging out Facebook on the latter count.



Search Advertisers Prize Acquisitions Over Reach

The commercial appeal of Amazon Advertising is particularly notable

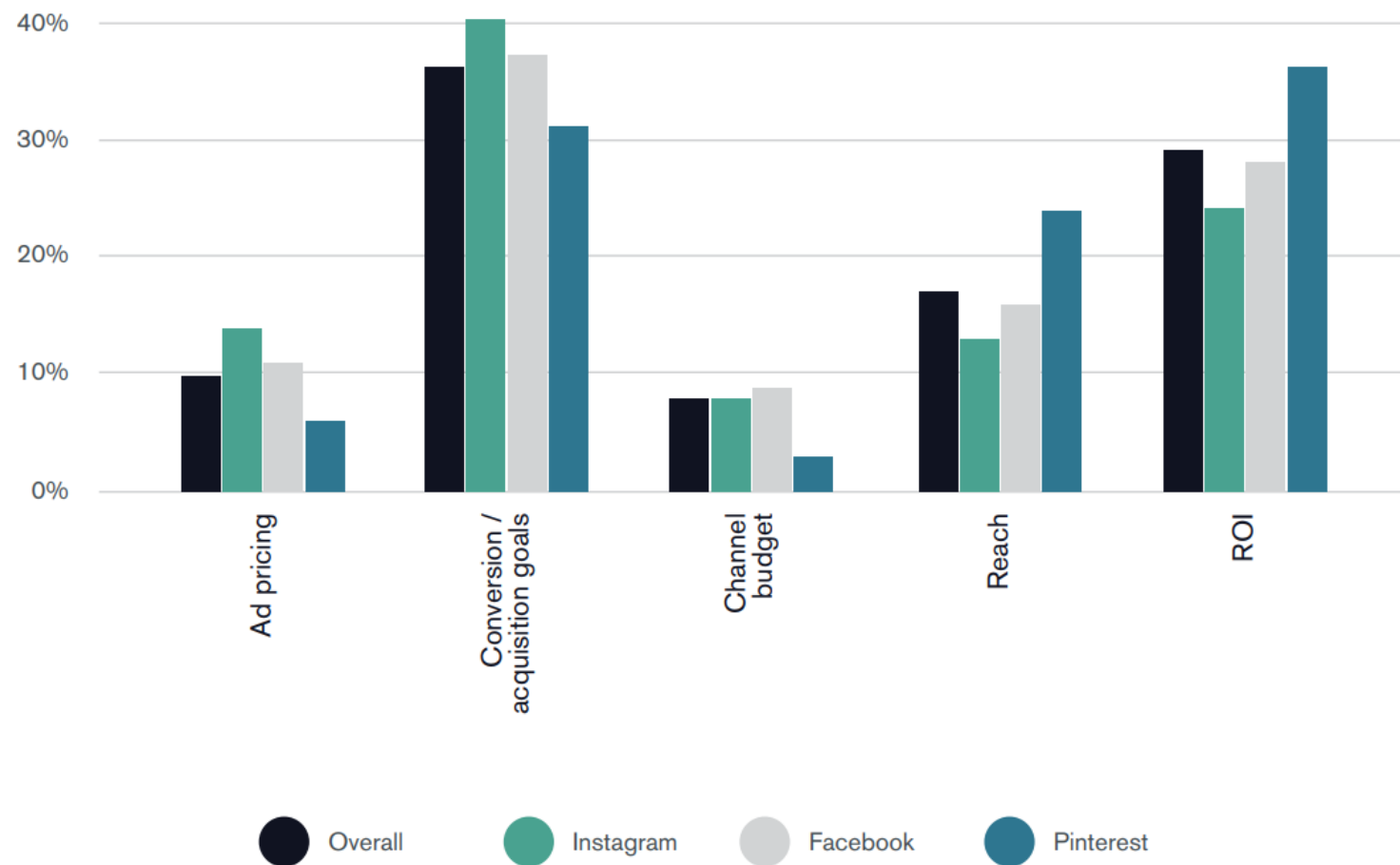
Which of the following will most influence your SEARCH advertising plan for the holiday season? (Segmented by individual search engines)



Social Follows A Similar Pattern

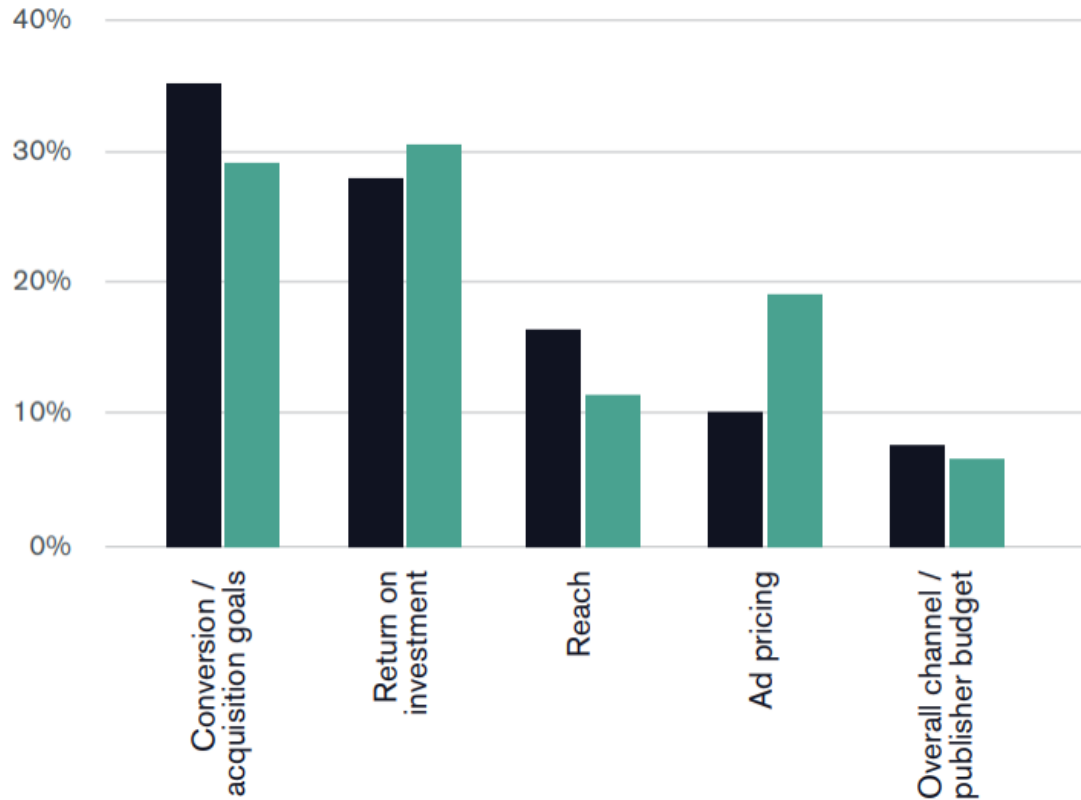
However, reach is more important than on Search channels - especially for Pinterest advertisers

Which of the following will most influence your **SEARCH** advertising plan for the holiday season? (Segmented by individual search engines)



Search and Social Converge on Similar Goals

Which of the following will most affect your advertising budget this holiday season? Social vs. search

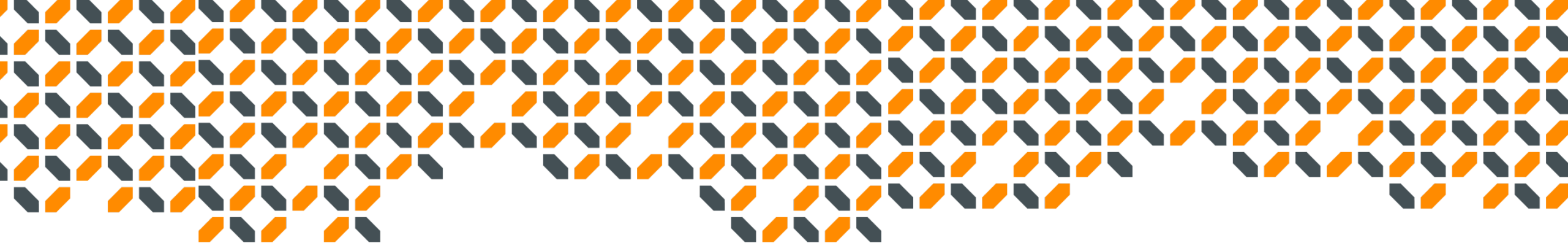


● Social ● Search

Acquisition goals and ROI are core concerns for advertisers across search and social.

Some distinctions remain, however - reach and ad pricing show some noteworthy variations.





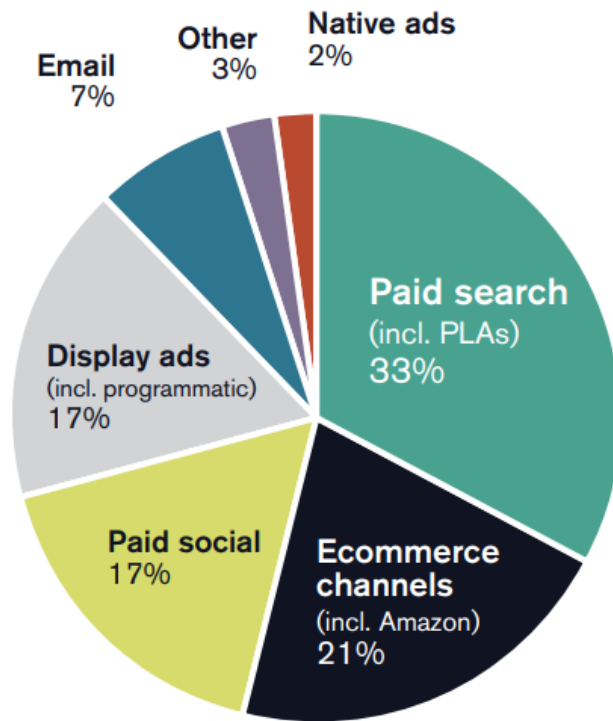
The Role of Amazon Ads



Ecommerce Brands Are Keen on Amazon Ads

Investment is notable, but not enough to alter the landscape completely - yet.

Figure 16. How will your holiday advertising budget be split across the following channels? (Amazon advertisers only)



- Of those who will spend on Amazon, an average of 21% of budget will be dedicated to the channel.
- This compares with an average of 16% ecommerce channel spend across all advertisers.
- 50% of marketers planning to advertise on Amazon will run local ads this holiday season (compared to 41% of all advertisers), in an effort to connect offline and online stores.



Amazon Activity Grows on Landmark Dates

The retail holidays will see a spike in Amazon ad activity

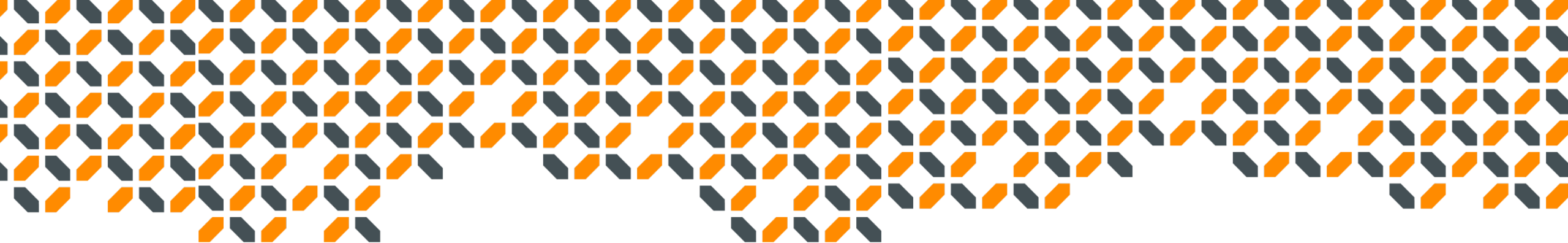
Figure 14. For which of the following occasions will you run specific advertising campaigns this holiday season? (Amazon vs. survey average)



Amazon ad spend will be particularly focused around the landmark retail holidays:

- 82% of Amazon advertisers will run specific Christmas campaigns.
- 63% will run Cyber Monday campaigns
- 67% have planned activity specifically to target Black Friday.
- (Interestingly, UK advertisers are more likely than their US counterparts to run specific Black Friday ad campaigns (57% versus 52%))

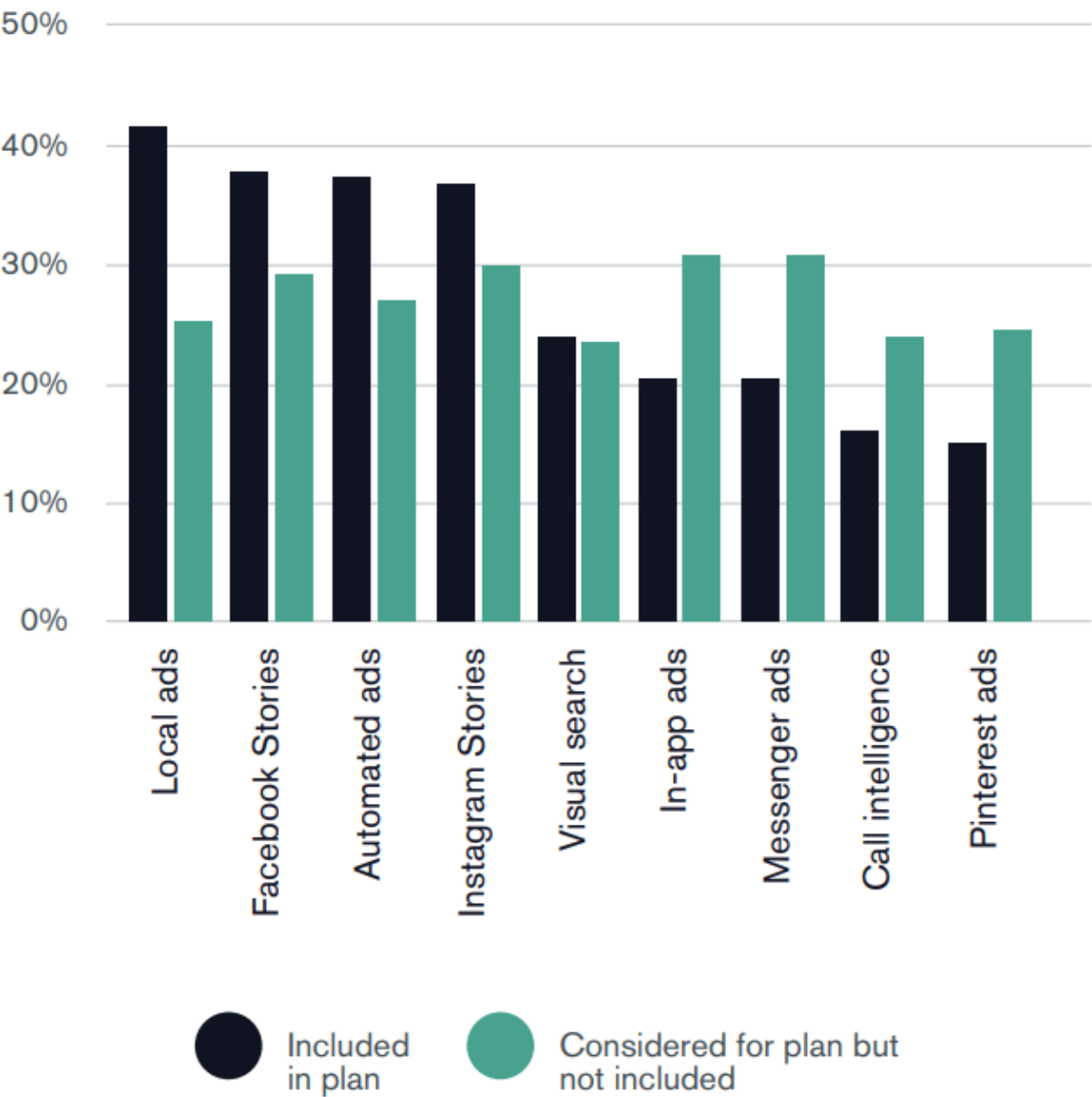




Social Media “Stories” Are Increasingly Popular



Figure 17. Which of the following new opportunities are you including in your advertising for the 2018 holiday season?

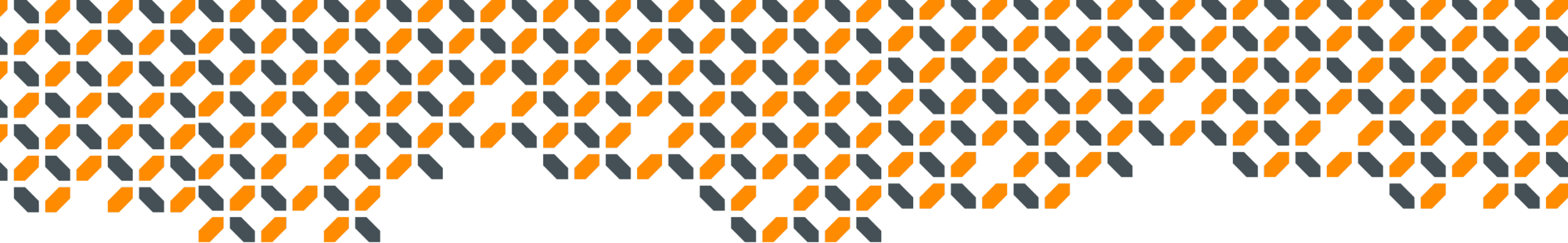


38% of all brands will include Facebook Stories in the holiday advertising plan, while a further 29% considered doing so.

37% will invest in Instagram Stories, too.

It is worth considering the role these ad formats can play - for awareness, lead nurturing, app installs, and potentially conversions too. Their flexibility can open up new avenues for engagement.

ADVERTISING OPPORTUNITY	INCLUDED IN PLAN	CONSIDERED FOR PLAN BUT NOT INCLUDED
Local ads	41.6%	25.3%
Facebook Stories	37.8%	29.4%
Automated ads	37.5%	27.2%
Instagram Stories	36.9%	30%
Visual search	24.1%	23.7%
In-app ads	20.5%	30.8%
Messenger ads	20.3%	20.8%
Call intelligence	16.4%	23.7%
Pinterest ads	15.1%	24.6%



Pinterest and Snapchat Offer Expanded Reach



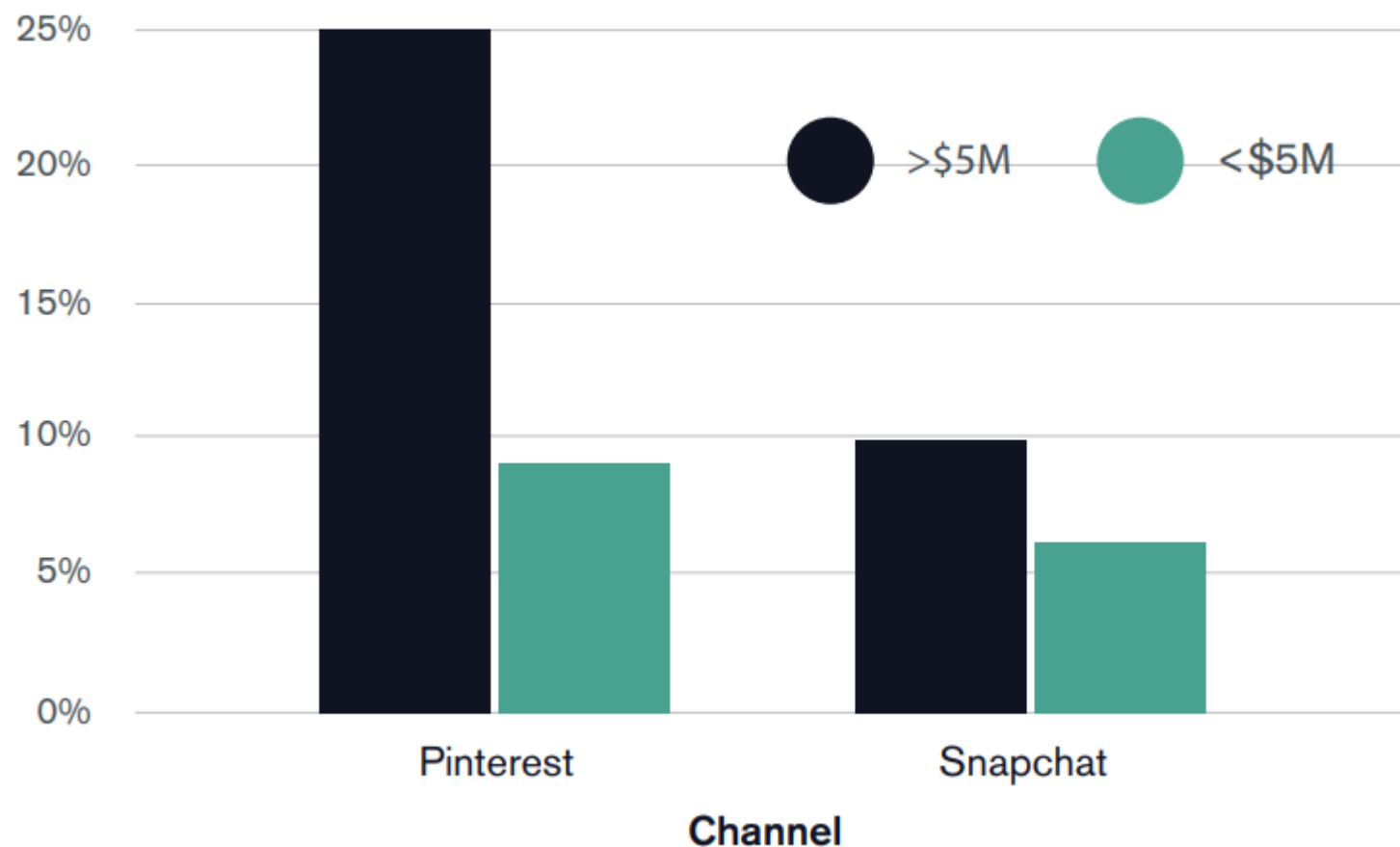
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**Visual search will be
a real growth area
this holiday season.
Advertisers should be
building their brand on
Pinterest if they want to
take advantage.**

NIKOLAI ZEINOKOV
ECOMMERCE DIRECTOR
HEINEKEN

Advertisers with Big Budgets Look to Pinterest/Snapchat

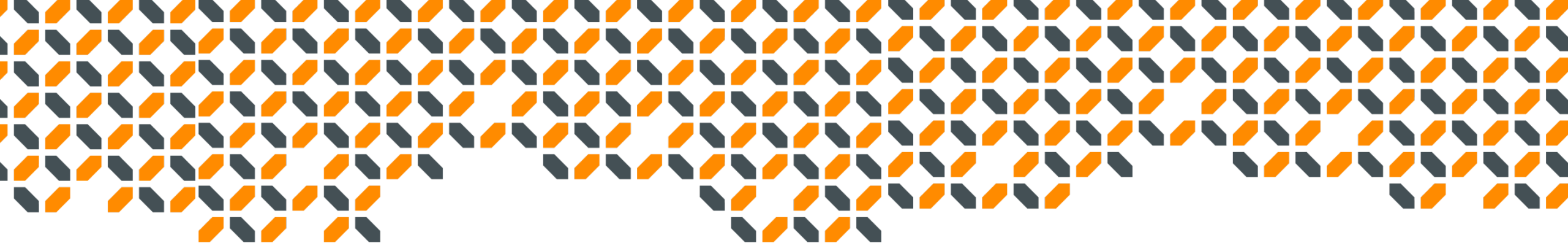
Via which advertising channels/publishers will your company run ads this year for the holiday season?



It would appear that advertisers with larger budgets are willing to invest in emerging channels.

Pinterest is particularly popular with advertisers who spend \$5M+ per annum.





Mobile Leads the Way



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Mobile set the stage for consumer expectations, and advances in data and machine learning are enabling a world where technology is all around us – not just a physical device that we carry.

SISSIE HSIAO

VP OF PRODUCT

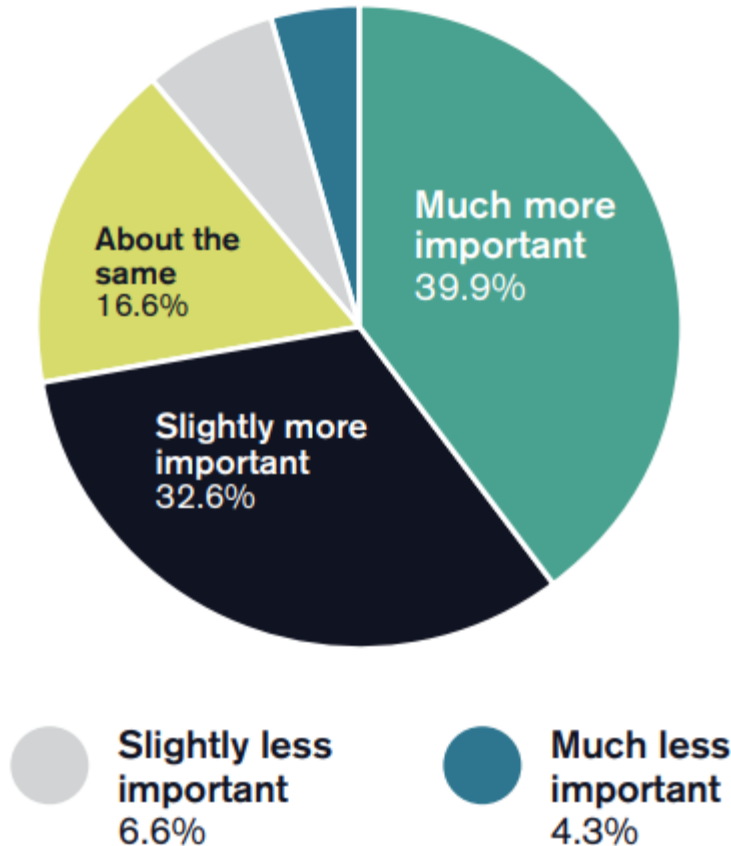
MOBILE APP ADVERTISING

GOOGLE

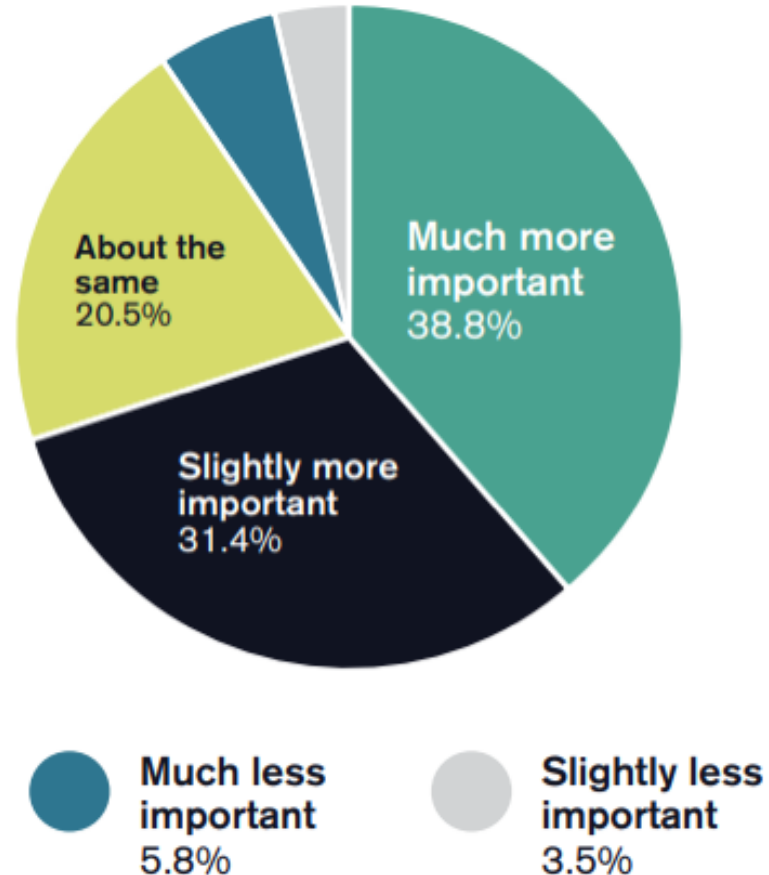
Mobile Versus Desktop

Will mobile be MORE or LESS important than desktop for your brand this holiday season?

SALES

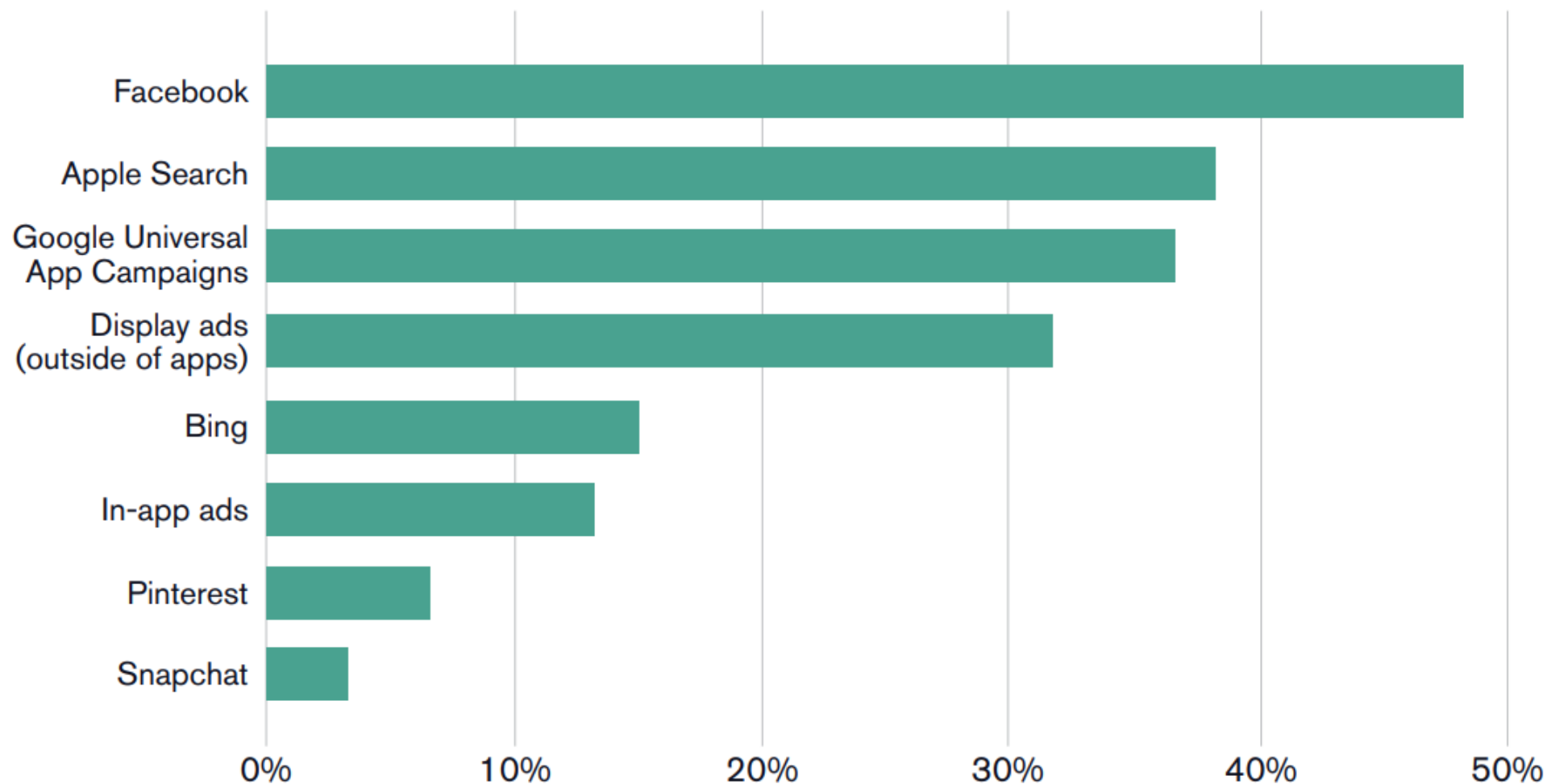


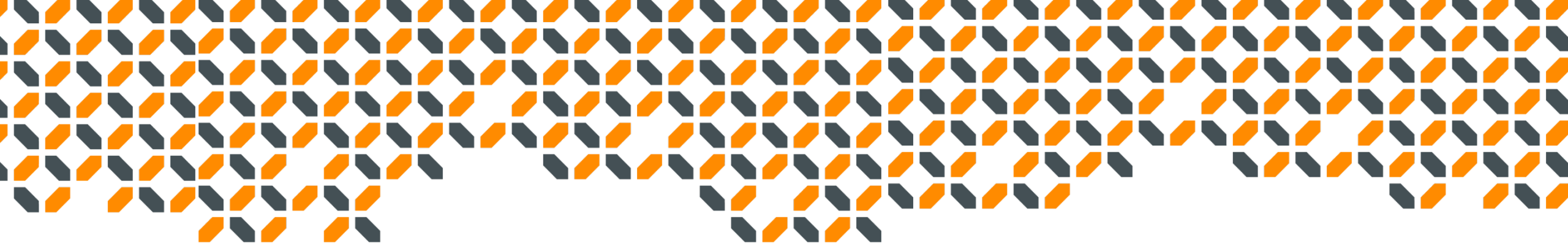
BRAND AWARENESS



Facebook, Apple, and Google Lead App Ads

In which of the following digital channels do you advertise for your mobile app? Please select all that apply.





Key Takeaways



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Today's consumer can get exactly what they want, whenever they want it, instantly and effortlessly—which is changing how they expect brands to engage them.

SISSIE HSIAO

VP OF PRODUCT, MOBILE APP ADVERTISING
GOOGLE



The big players will maintain their positions

At a time that can make or break a company's year, advertisers are understandably standing by what worked for them last year. 78% of responding brands will run ads via Google Search, while 72% will invest in Facebook ads. That said, new opportunities still arise within these platforms. Search advertisers are shifting more budget towards remarketing and audience-based targeting, while visual search continues to emerge.



The Facebook / Instagram combination is compelling for advertisers

50% of brands advertising on Facebook over the holidays will increase their budget from 2017, and just 8% plan to spend less. 45% of all responding brands will spend on Instagram ads. Of those who spend on Instagram, an overwhelming 94% will also run ads on Facebook. The Facebook / Instagram coverage of the social landscape is compelling for both users and advertisers.



Search and social will work together to deliver on conversion goals

Where search may once have been viewed as the core sales driver and social the queen of engagement, advertisers now see both as vital components of an acquisition strategy. 36% say their conversion goals will be the driving force behind their social strategy this holiday season, compared to 30% for search strategies. The interplay between the two will help advertisers both create and capture demand.



Amazon Advertising means big business for retailers

Brands who plan to run Amazon ads will dedicate 21% of overall budget to this channel, second only to Google Search at 33%. Moreover, 82% of these advertisers will create Christmas-specific campaigns, and 67% will run dedicated campaigns for Black Friday. For retailers in particular, holiday advertising means investing in Amazon this year.



Stories formats point to a new potential future

Of the new advertising opportunities available in 2018, advertisers are gravitating towards Facebook Stories (38% will invest in this format) and Instagram Stories (37%). Facebook has long extolled the virtues of Stories and advertisers appear to be listening. The possibilities are not lost on our survey respondents, many of whom view new ways to tell stories as the key to connecting with consumers in the coming months and years.



The holidays still provide room for experimentation

Although advertisers may be drawn to conservatism at such a pivotal time of year, many are still leaving room in their plans to try something completely new. This is notable among brands with annual digital marketing budgets of \$5 million or more. 19% of this subset will spend on Pinterest, compared to 9% of brands in the full survey set. Nonetheless, some smaller advertisers say they will set aside "roughly 10%" of their budget to try to go where their audience is active and their competitors are not.



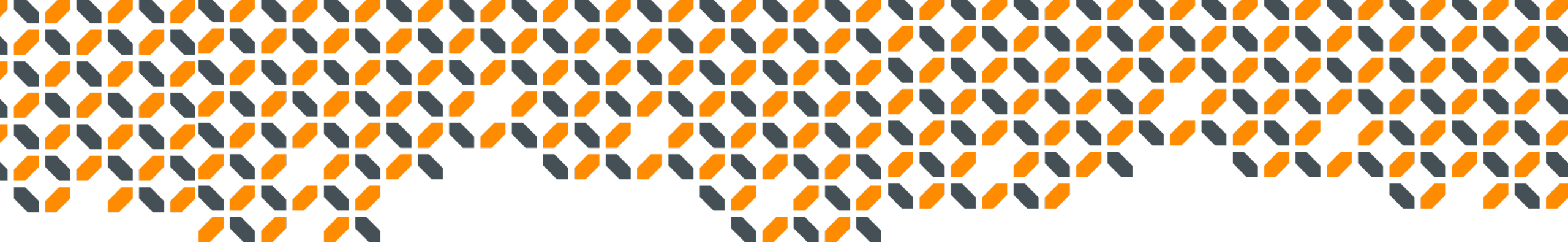
Mobile is huge—but desktop isn't going away

73% of responding brands believe mobile will be "more important" or "much more important" than desktop for sales this holiday season. Just 10% believe desktop will be the primary device for sales. However, these purchasing patterns are affected by numerous factors including time of day, item price, and product category. Savvy advertisers will pace their budgets accordingly and look into their data before prioritizing one device over another.



Real-time optimization is essential for success

Last year's performance data offers vital insight into how this year will go, but it offers no guarantees that the same series of events will occur. Advertisers need to look beyond their analytics dashboards to understand the current climate and project how it will affect consumers. Next, they must use the right technology to respond to real-time increases in impressions across platforms and devices. This precise and agile approach will allow brands to maximize the sales potential of such a crucial period.



Q&A





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2018 Holiday Trends