

DIGITAL MARKETING QUARTERLY TRENDS REPORT



Q4 2018

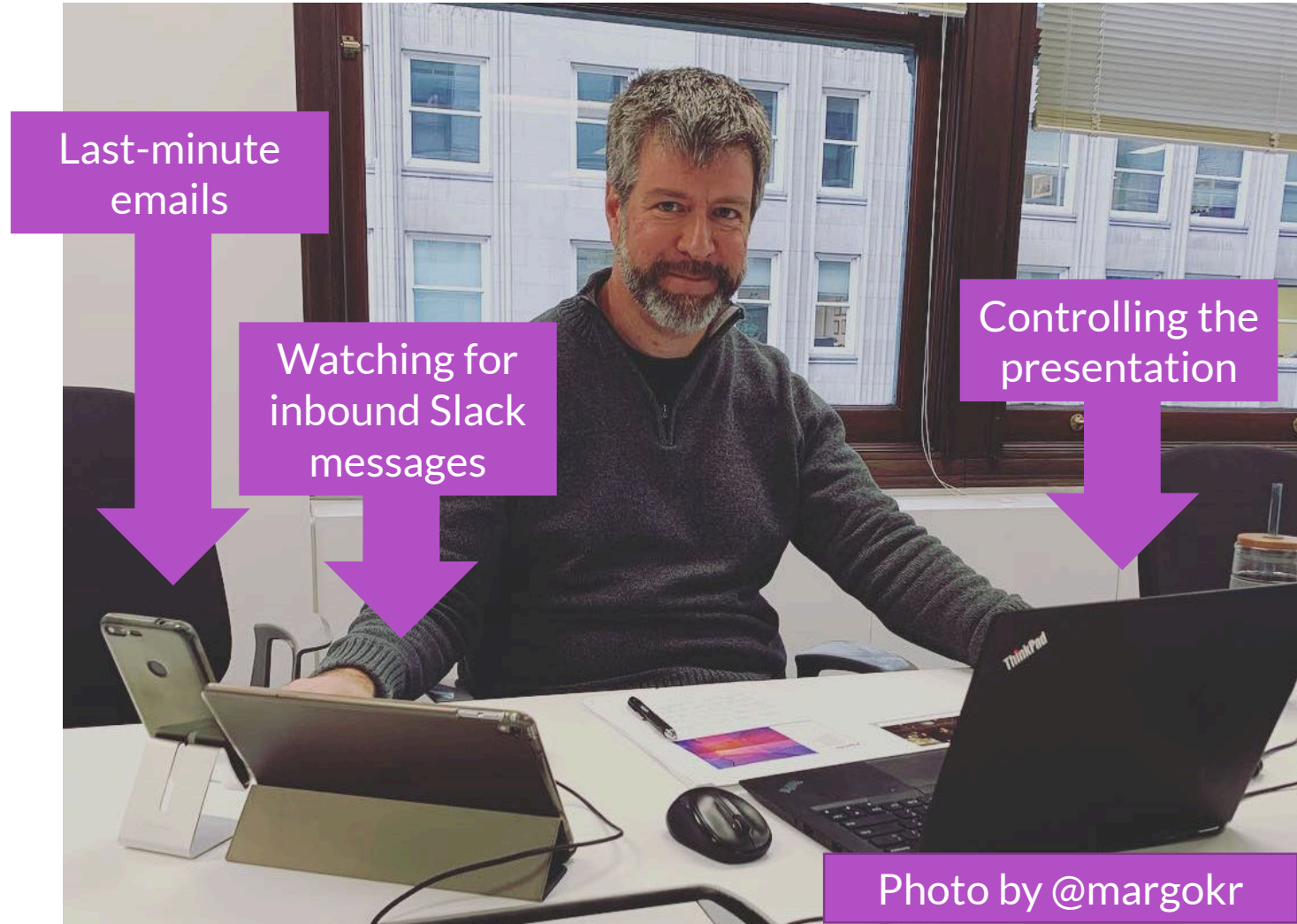
January 24, 2019



Your Host

Chris 'Coz' Costello

- Senior Director of Marketing Research
- chris.costello@kenshoo.com
- [linkedin.com/in/notabbott](https://www.linkedin.com/in/notabbott)
- @notabbott



Webinar Information

- All attendees are in listen-only mode
- Please submit any questions via the Q&A button on the panel at the bottom
- Sound issues? Participants can access audio via the telephone of computer mic & speakers
- Please email michelle.urwin@kenshoo.com if you are experiencing any issues



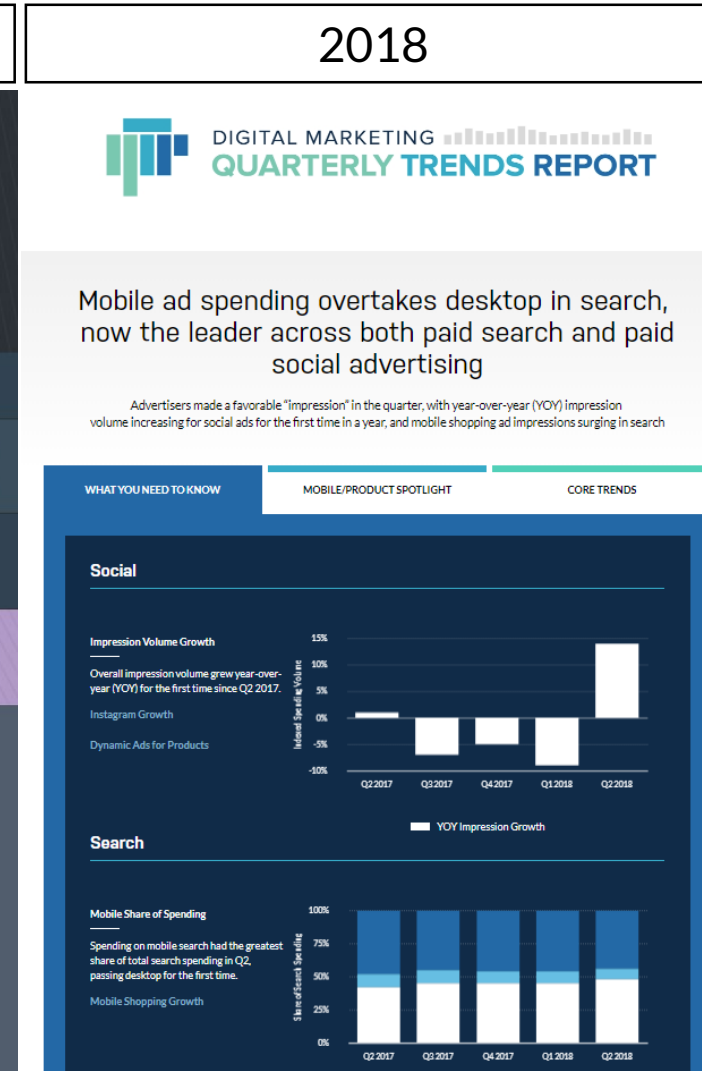
Introduction

Kenshoo has published infographics of key digital marketing trends for years

In the past, there has also been a trends webinar that served a primarily financial audience

After sharing this webinar content with marketers over time, it became obvious that a marketer-focused webinar should be the main event

This presentation will be accompanied by our regularly-scheduled quarterly infographic and a longform report that delves into the topics in this presentation



Agenda

- Industry Insights
- Holiday Recap
- Market Trends
- Emerging Channels
- Methodology
- Q&A



Always Remember as a Marketer

You may zig when everyone else zags, and you may have a very good reason for that

These trends provide context for your performance, not judgment that any individual marketer is doing things “right” or “wrong”

Y

our

M

ileage

M

ay

V

ary



Industry Insights

The Big Picture

Visual ads on mobile devices drove growth across digital marketing channels

Instagram, video and image-focused product ads pushed social ad spending higher in Q4

Mobile search shopping campaigns continued to be the fastest-growing segment across search advertising

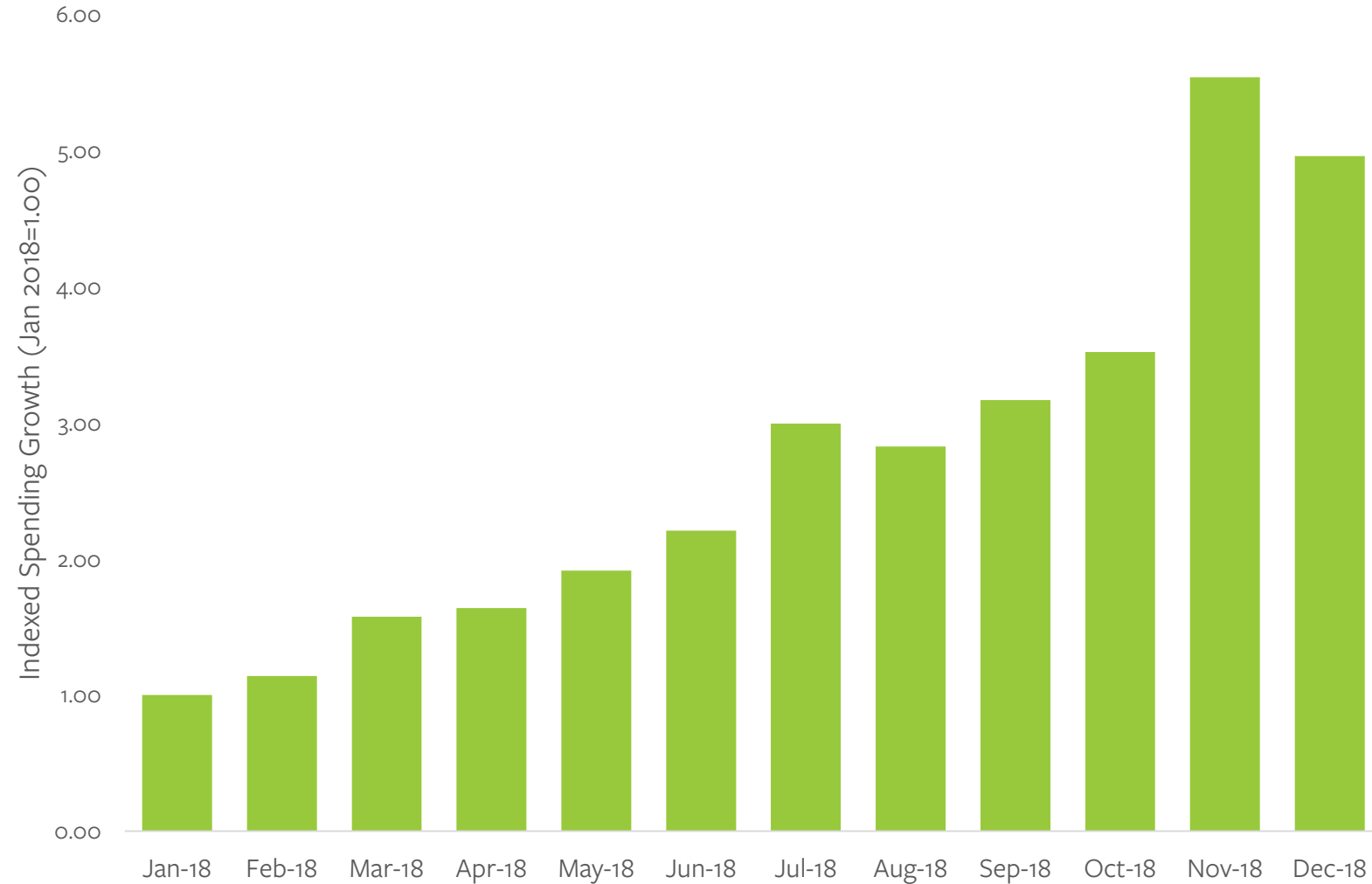


ECOMMERCE

Overall 2018 Picture is Growth

Monthly spending on Ecommerce Channel Ads (ECA) has increased by 5X since January

This includes all advertisers managing Ecommerce Ads on the Kenshoo platform

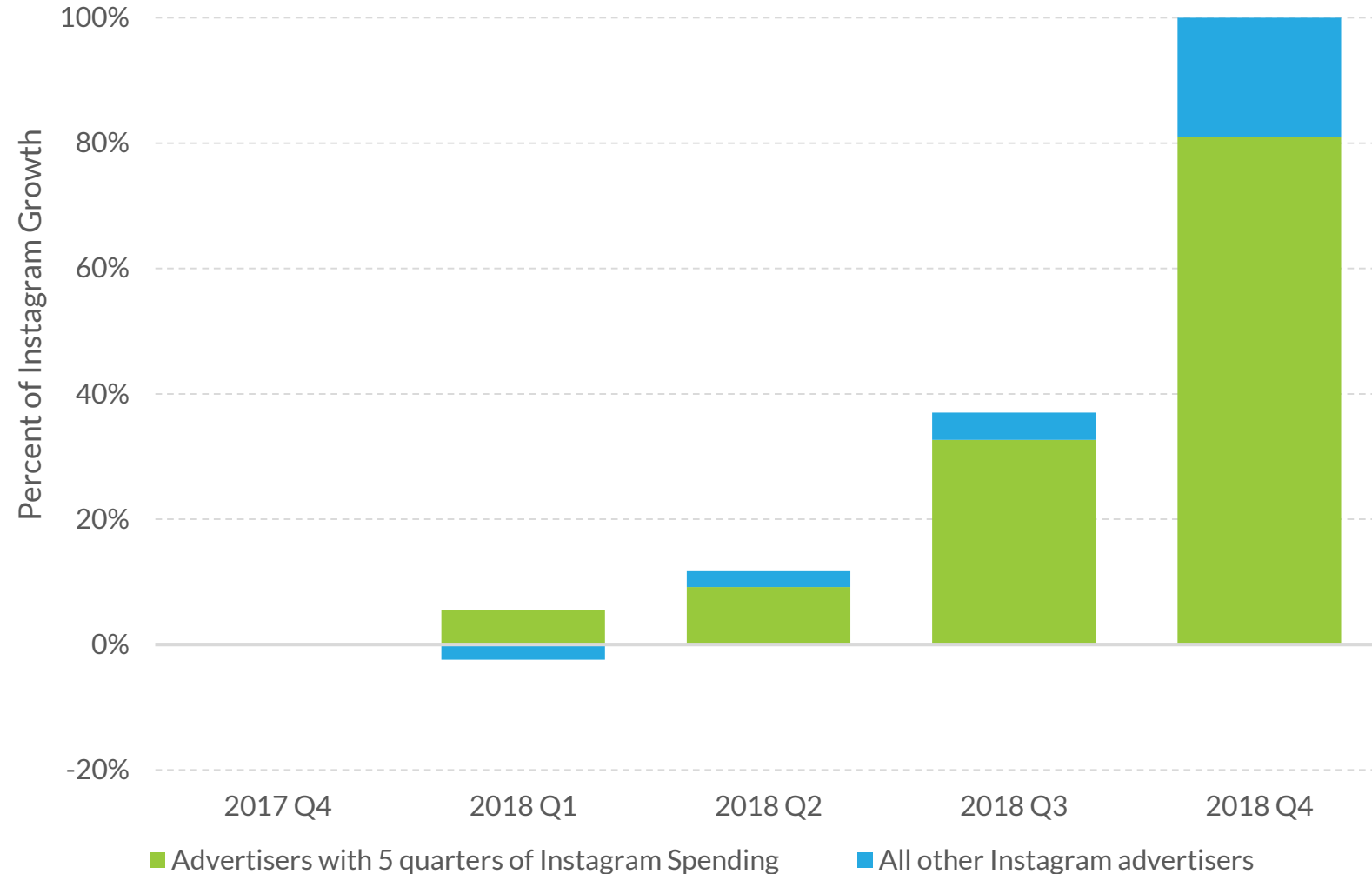


SOCIAL

Existing Advertisers Drove Instagram Growth

The majority of Instagram spending growth is coming from advertisers who have been on Instagram for at least five quarters

For every dollar spent on Instagram from a new IG advertiser in 2018, existing IG advertisers increased their spend by \$4

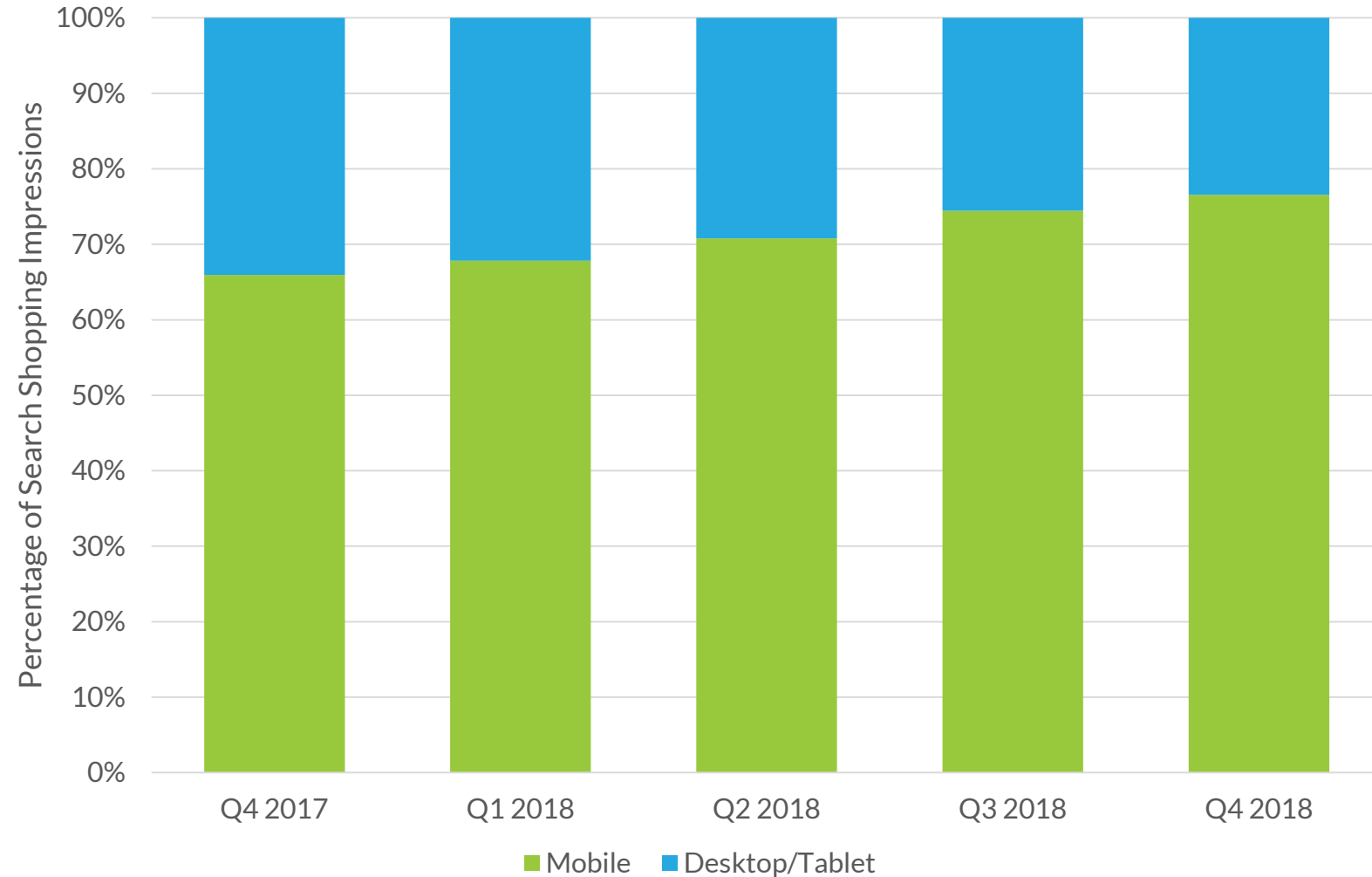


SEARCH

Search Shopping is Mostly Mobile

3 out of every 4 search shopping impressions is on a mobile phone

Advertisers are able to leverage more searches for products AND searches for more products on mobile devices

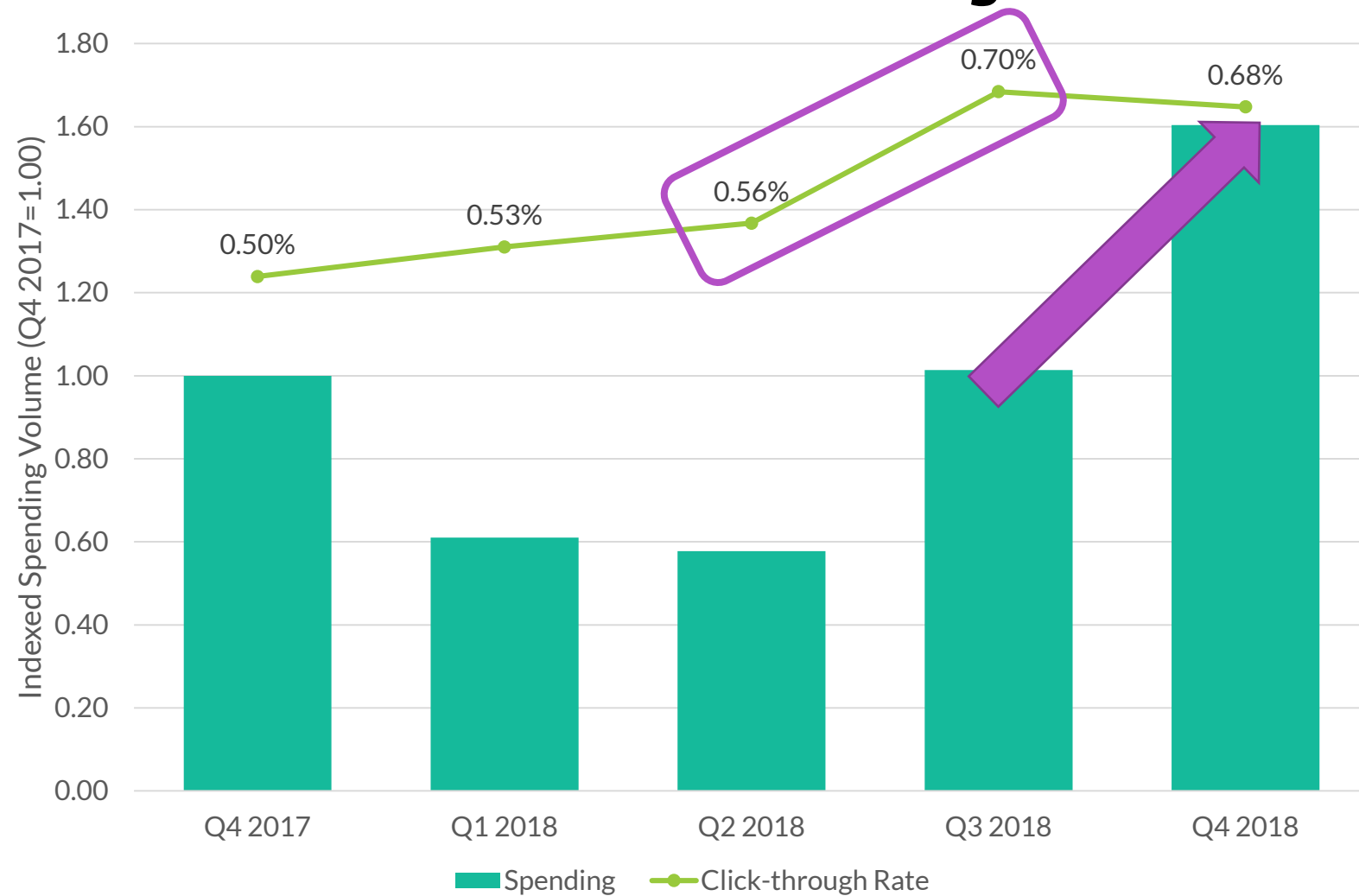


PINTEREST

Engagement Grows Ahead of the Holidays

Pinterest spending spiked by 58% in Q4 compared to the previous quarter

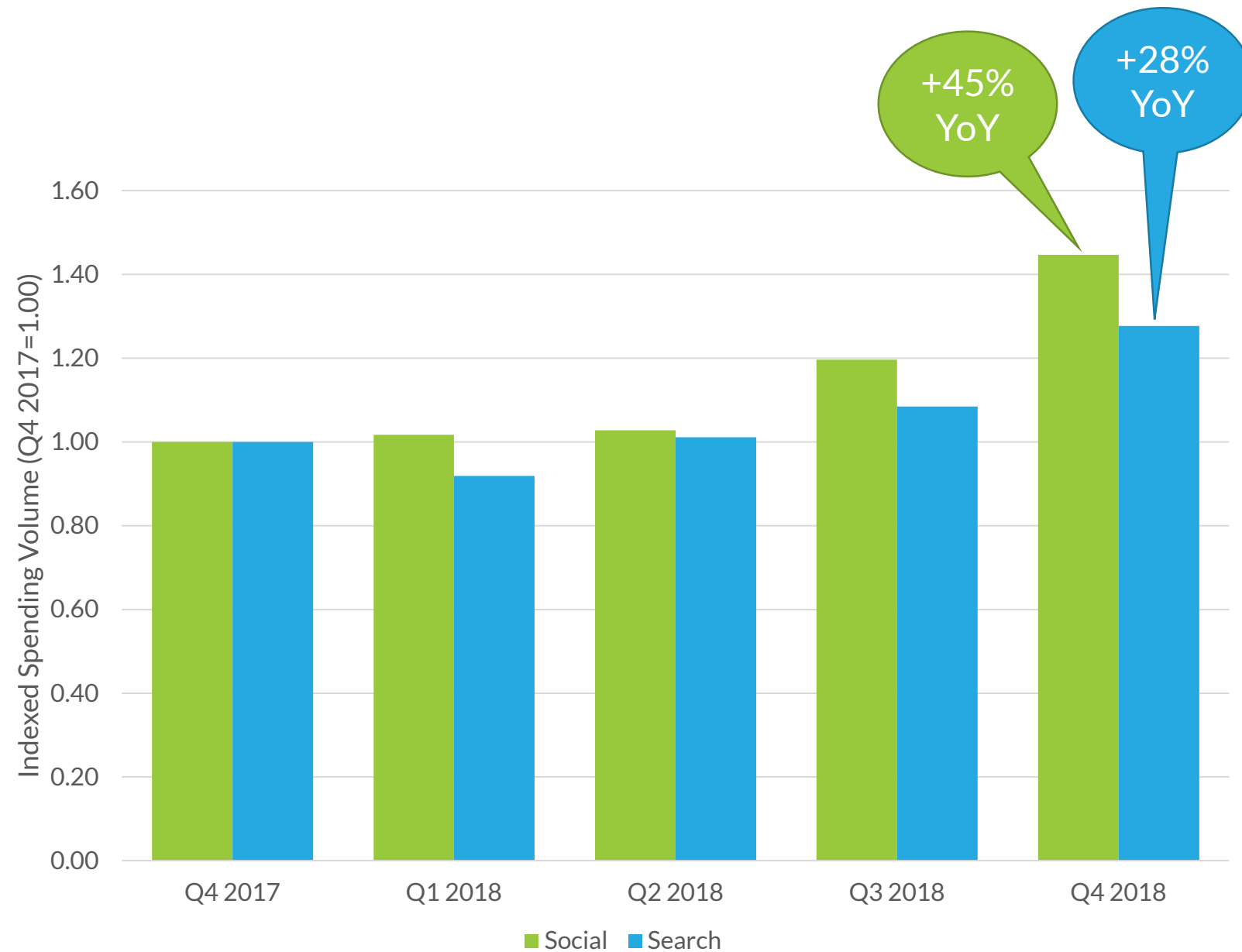
Engagement with Pinterest ads increased well ahead of the holiday season, leading to the planning nature of the channel



CROSS-CHANNEL Mobile Trends

Mobile ads continue to grow faster than their desktop counterparts across channels

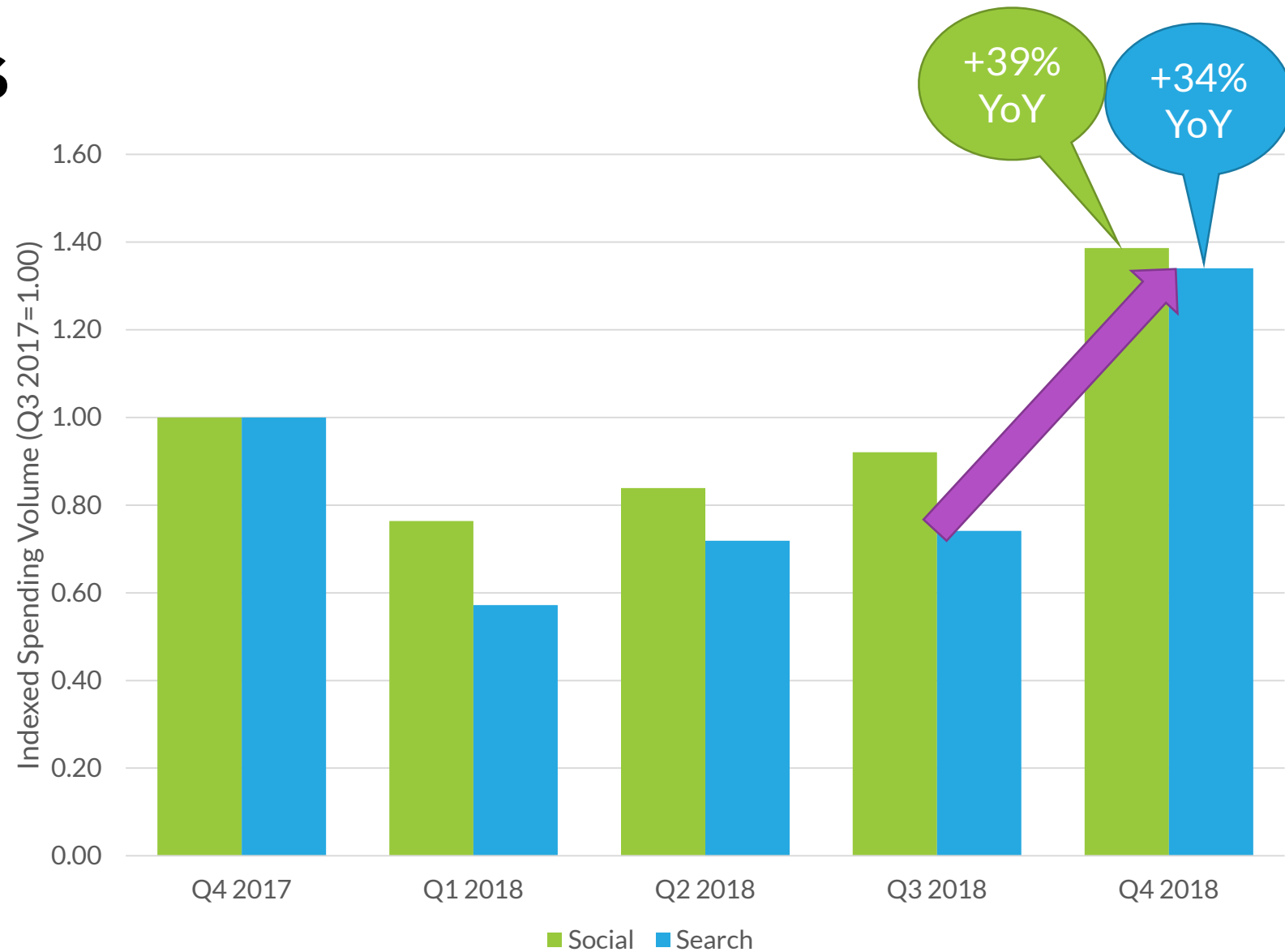
As a result, the total share of mobile spending continues to increase as well



CROSS-CHANNEL Product Ad Trends

Spending on Search Shopping Campaigns and Social Dynamic Product Ads increased sharply over the previous quarter

Increased shopping intent around the holidays drove both the volume and the pricing of these ads higher



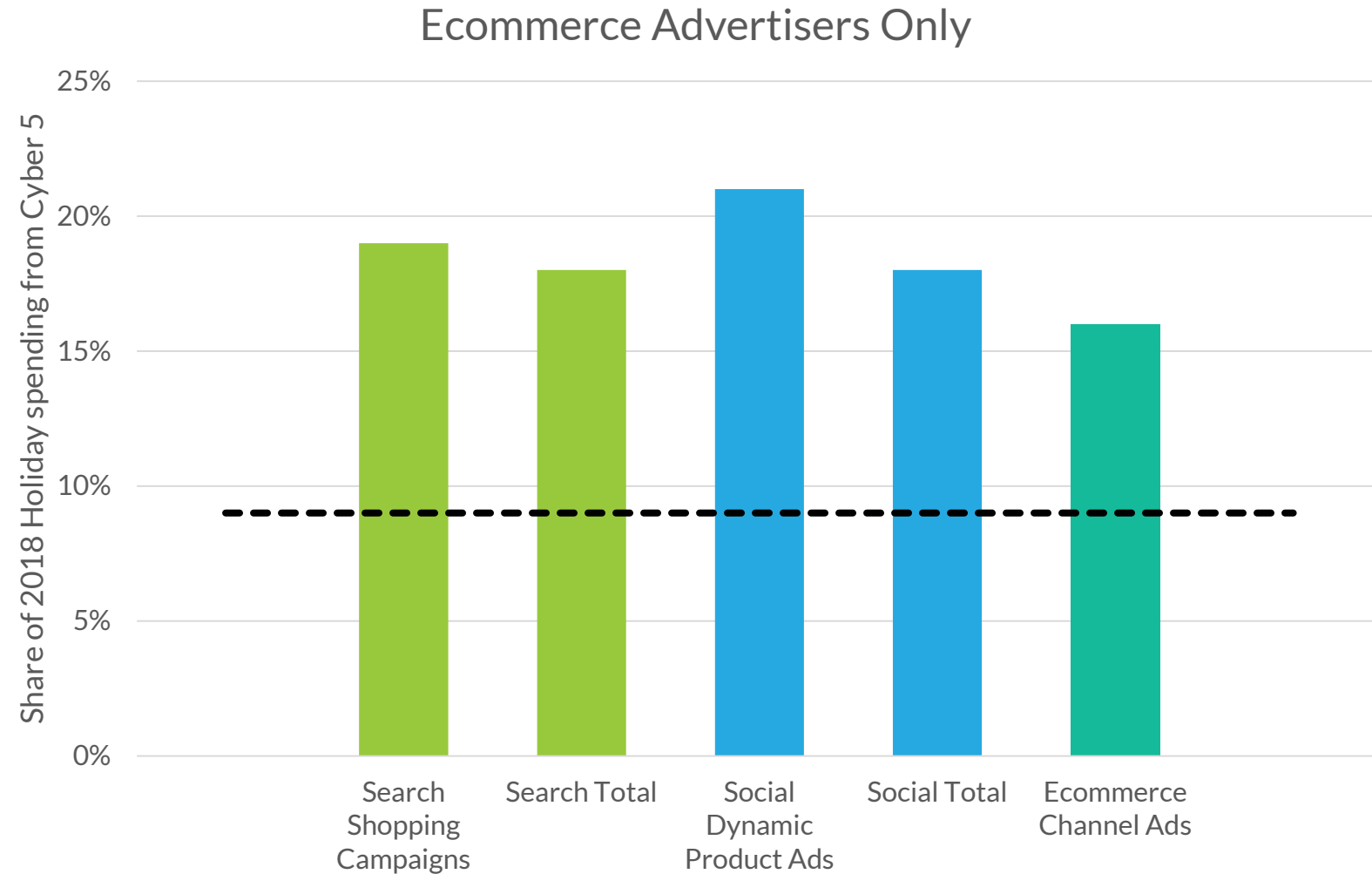


Holiday Wrap-Up

Advertiser Focus on the "Cyber 5"

The five days between Thanksgiving and Cyber Monday are only 9% of the total days between November 1 and December 25

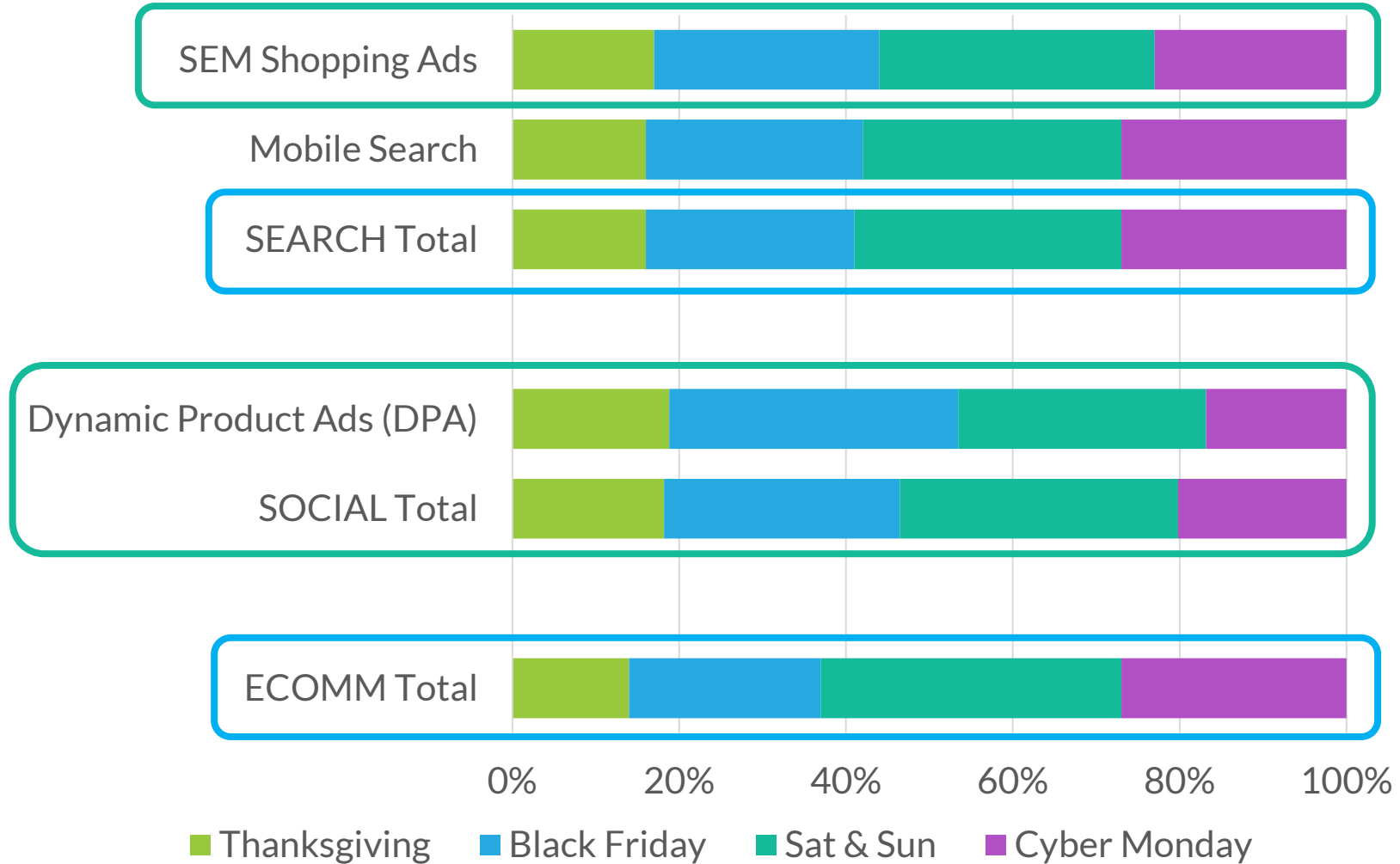
As a share of holiday spending, these five days constitute a much bigger share



Share of Spending during Cyber 5

Cyber Monday was a bigger share of total spending for the Cyber 5 for overall Search and Ecommerce Ad spending

Search shopping ads, Dynamic Product Ads across Facebook and Instagram, and overall Social spending favored Black Friday



YOY Holiday Growth for Product Ads

Product-focused ad types for both Search and Social were key drivers for YOY spending growth

Growth for the entire holiday season was very close to “Cyber 5” growth across both channels

This implies that Cyber 5 growth is a good indicator of overall seasonal performance of these ad types



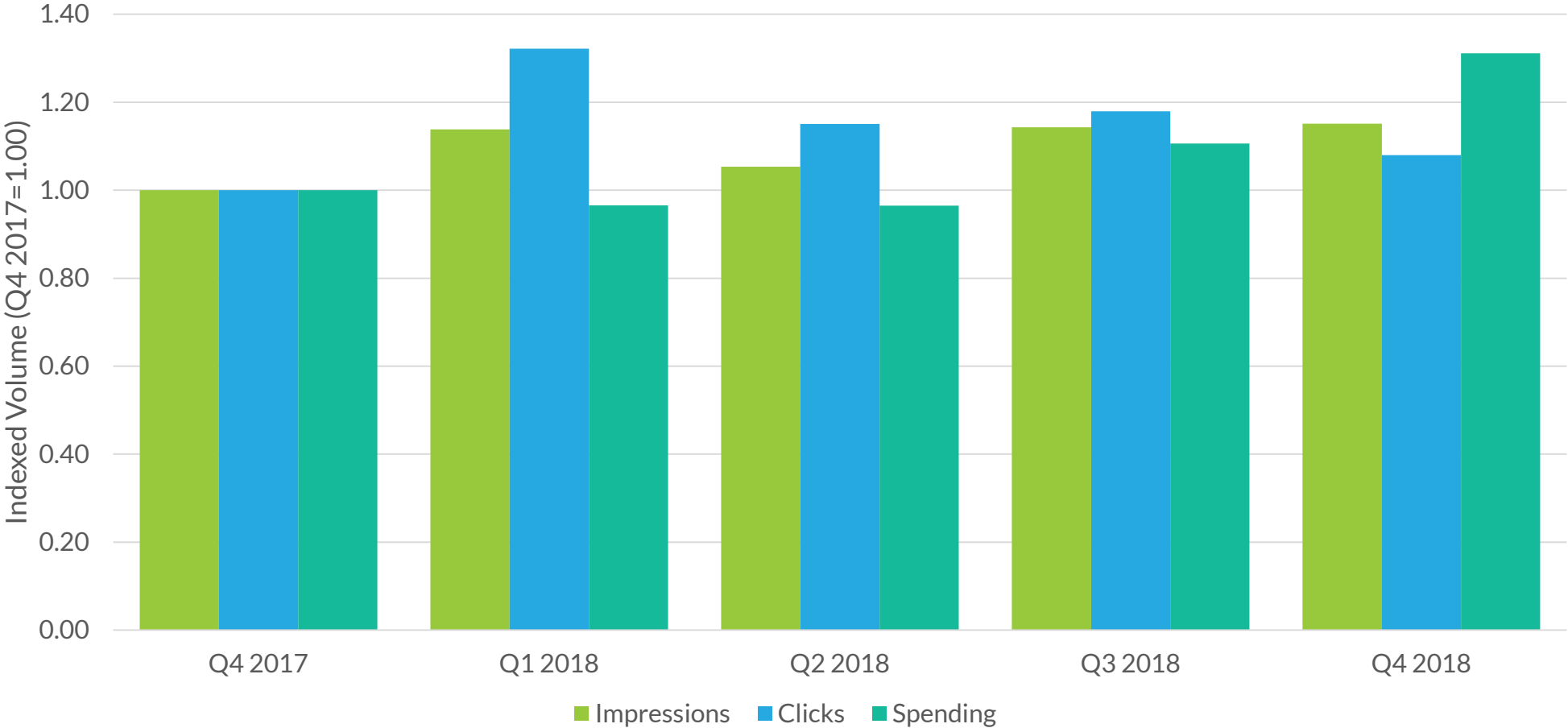


Market Trends

Social
Q4 2018

Social Trends

Social Volume Growth

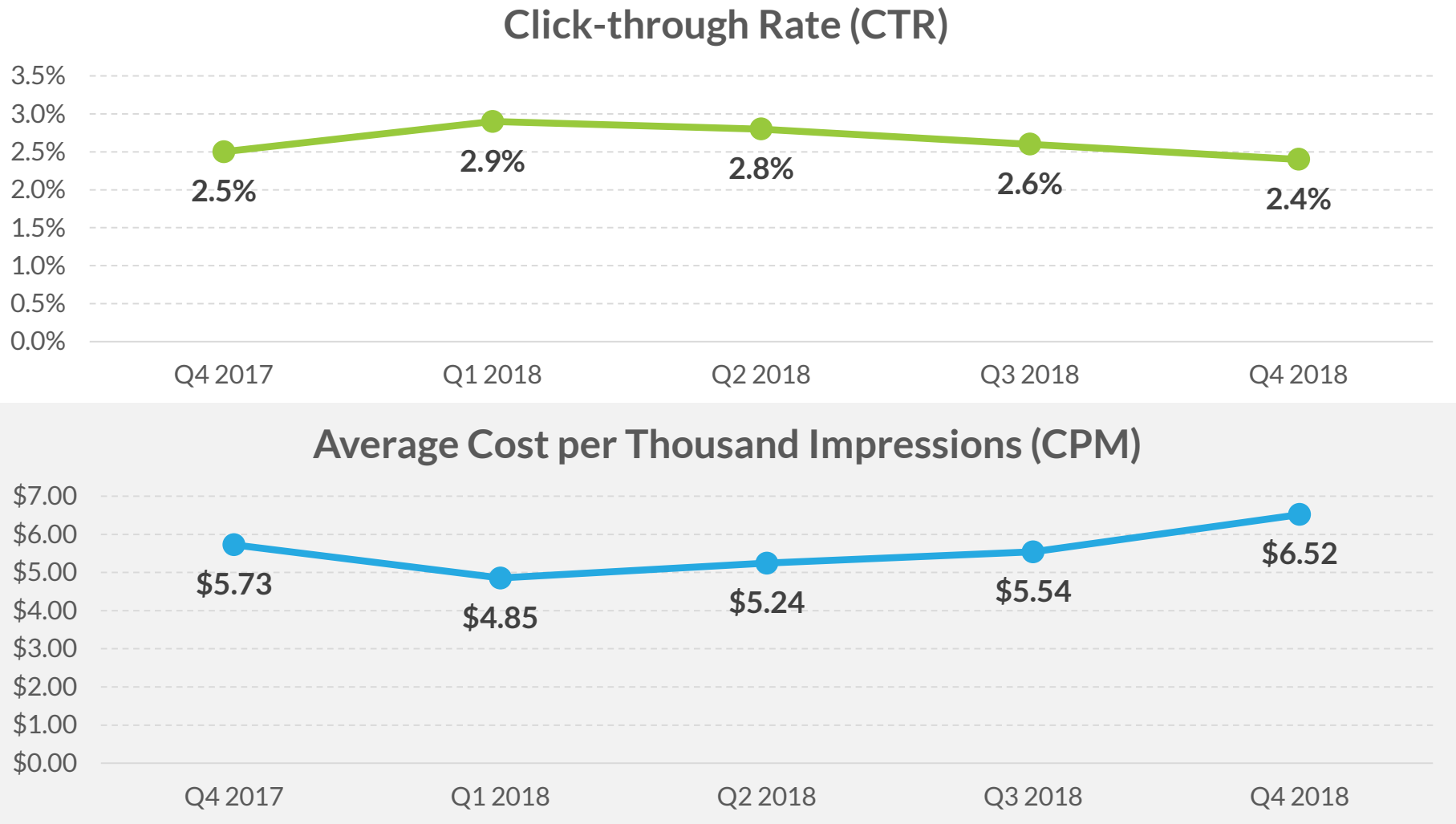


QoQ	YoY
Impressions	
+1%	+15%
Clicks	
-8%	+8%
Spending	
+19%	+31%



Social Trends

QoQ	YoY
Click-through Rate	
-8%	-4%
CPM	
+18%	+14%



Social Summary

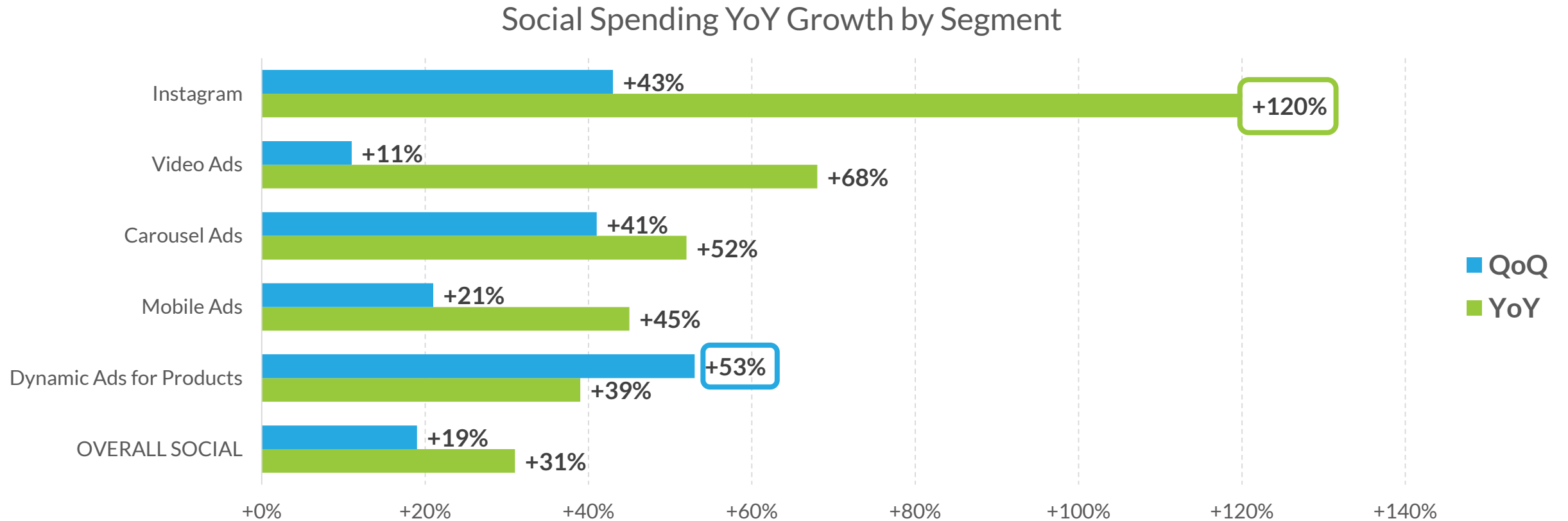
Social spending grew 31% compared to Q4 of 2017 as advertisers increased investment in Instagram, video and product-focused ads

Impressions grew faster year-over-year than clicks, bringing click-through rate lower, as video and Instagram growth increased the share of more passive ad units

Social product ad pricing increased faster than other ad types in Q4, as the holiday season put a premium on reaching customers with those ads



Key Drivers for Social Growth

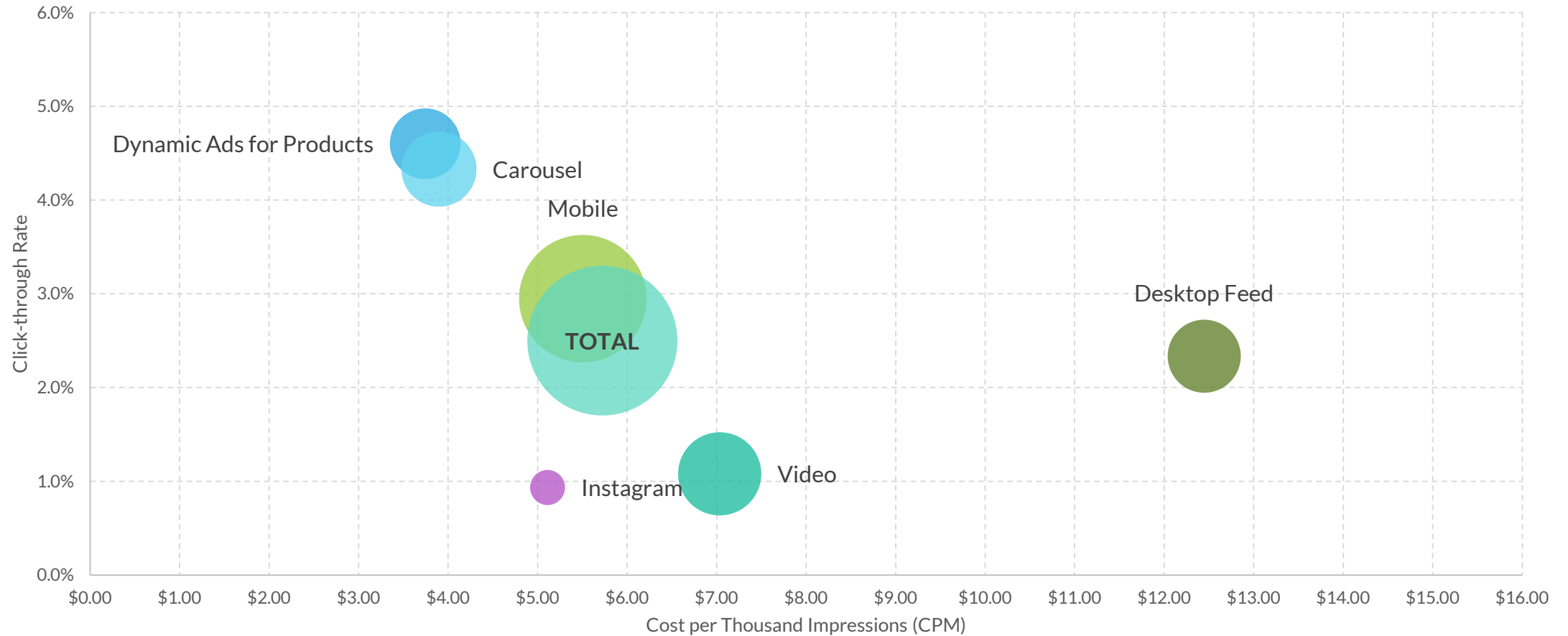


Instagram has passed Video Ads as the fastest growing segment compared to last year, while seasonality has driven Dynamic Ads for Products up compared to last quarter



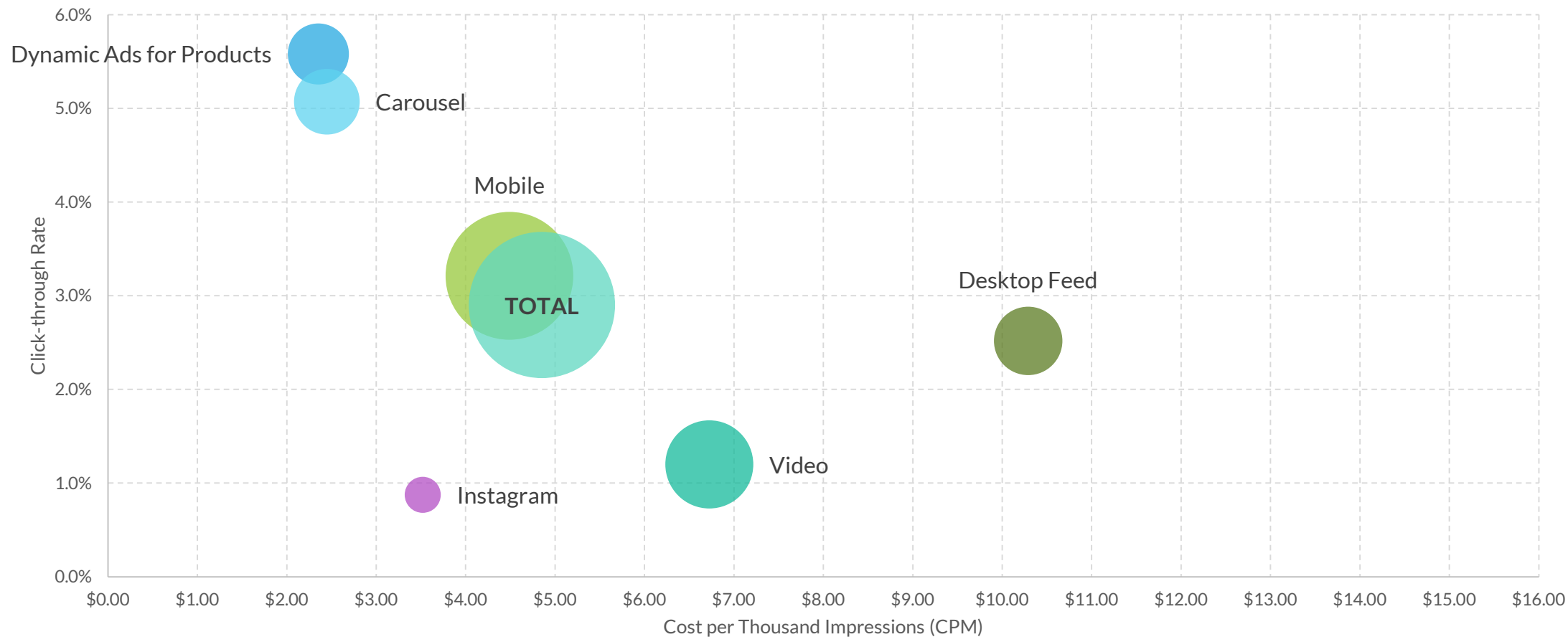
Key Social Segments by Quarter

Q4 2017 Q1 2018 Q2 2018 Q3 2018 Q4 2018
(Bubble size = Spending Volume)

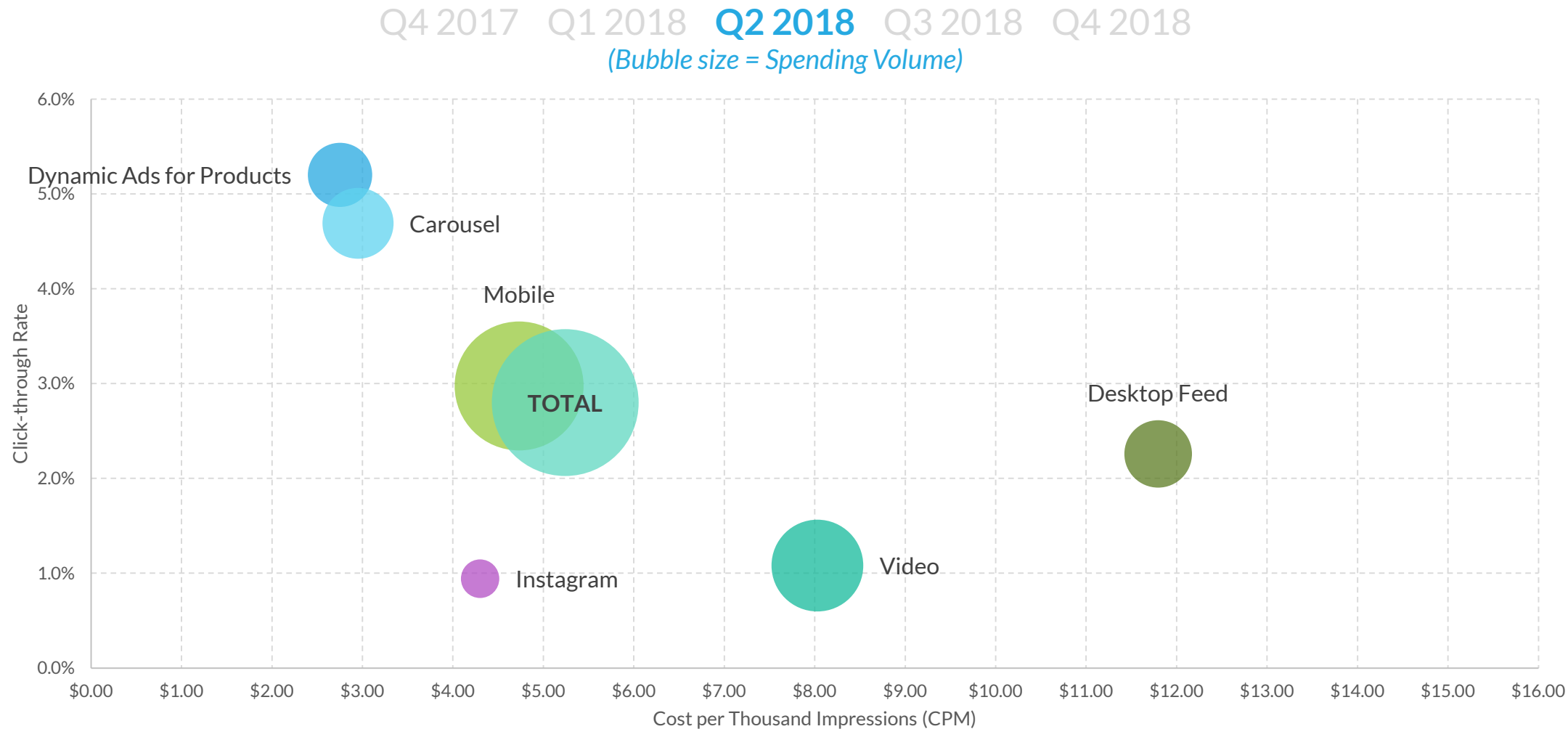


Key Social Segments by Quarter

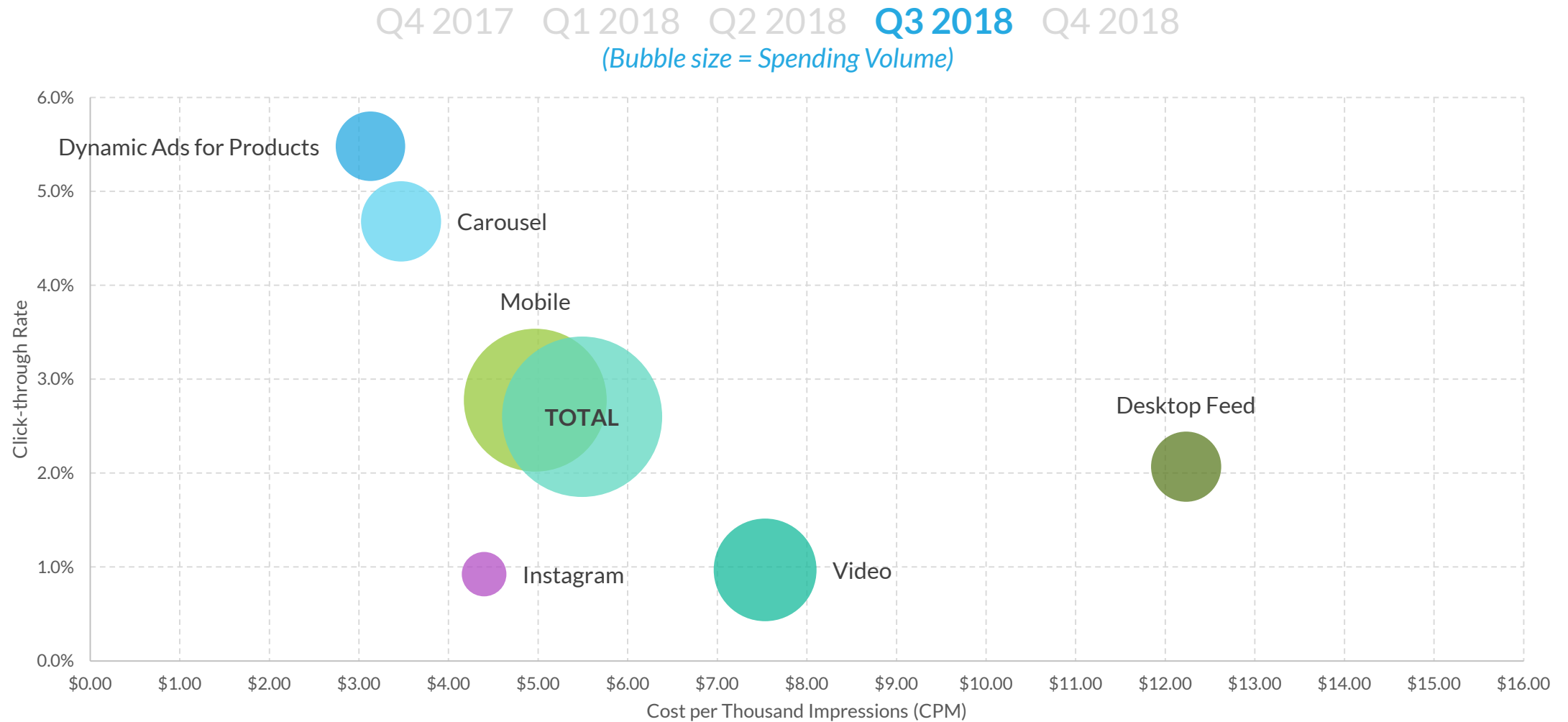
Q4 2017 Q1 2018 Q2 2018 Q3 2018 Q4 2018
(Bubble size = Spending Volume)



Key Social Segments by Quarter

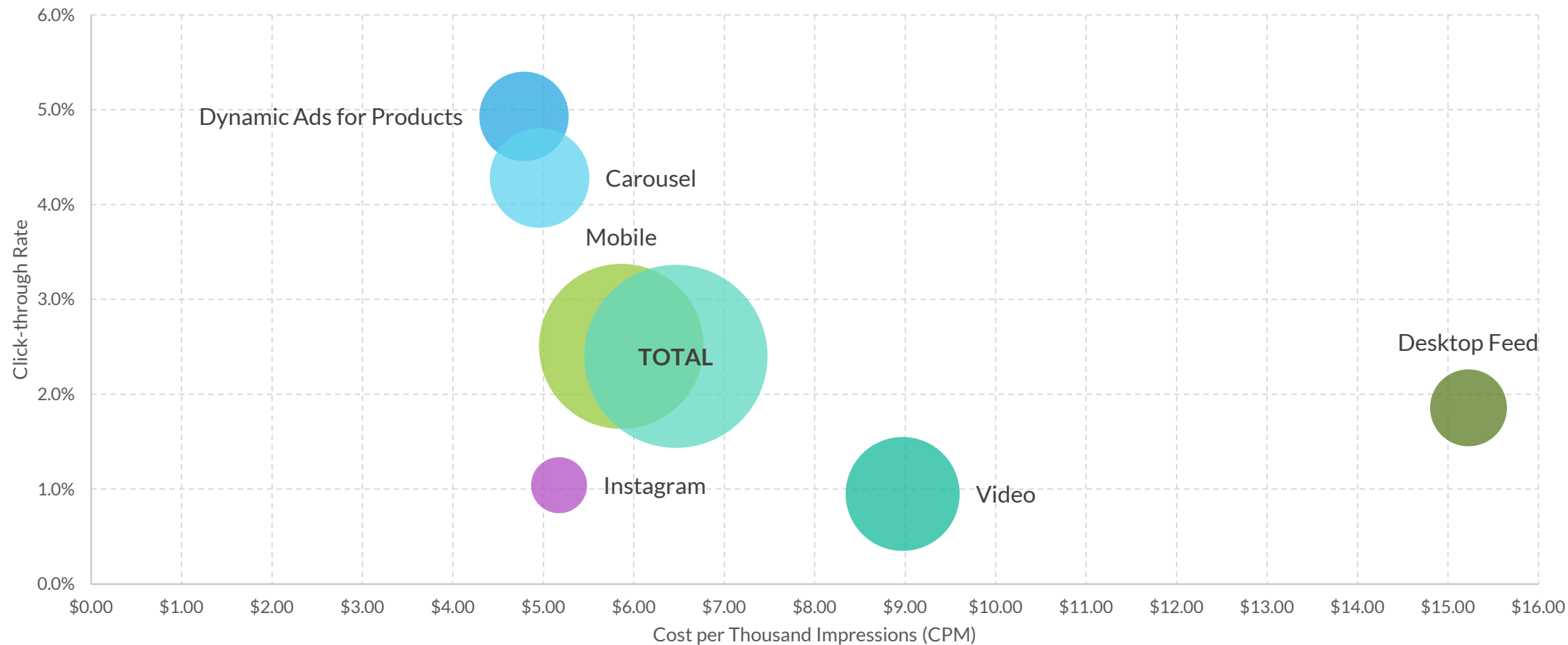


Key Social Segments by Quarter



Key Social Segments by Quarter

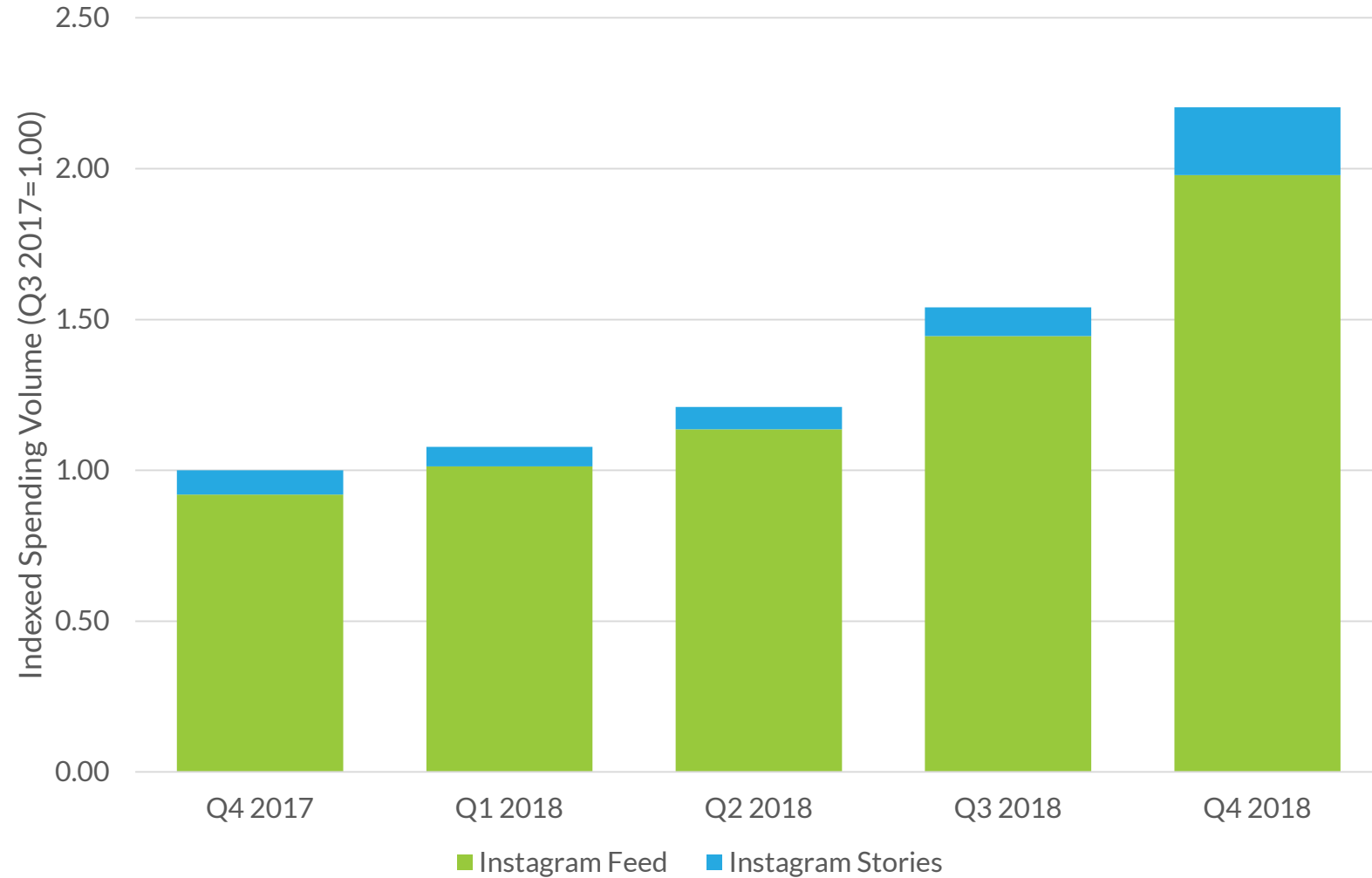
Q4 2017 Q1 2018 Q2 2018 Q3 2018 **Q4 2018**
(Bubble size = Spending Volume)



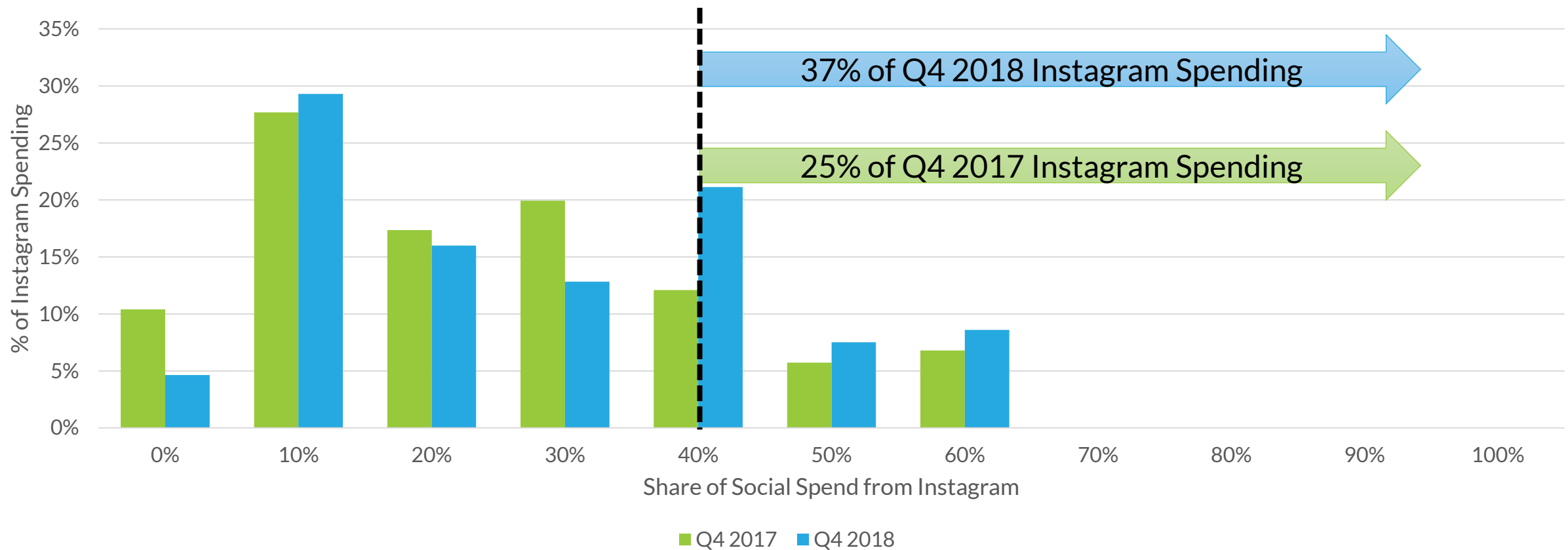
Instagram Growth

Instagram spending more than doubled compared to Q4 of 2017, and increased 43% over the previous quarter

Instagram Stories grew faster than Instagram feed, increasing its share from 8% of total Instagram spending to 10%



Instagram by Advertiser, Year-over-year



37% of Q4 2018 Instagram spending came from advertisers with at least 40% of their total Facebook spending on Instagram, up from 25% last year



Marketer Tips: Instagram

Facebook offers multiple levels of control over Instagram and Instagram Stories

- Automatic Placements and Multiple Placements extend reach of existing campaigns
- Standalone Placements allow for targeted testing and strategy

Kenshoo can help you run the right creative specifications on the right platform

Looking for tips on Instagram Stories ads? Check out our eBook

- <https://kenshoo.com/stories-ads-creative-best-practices/>

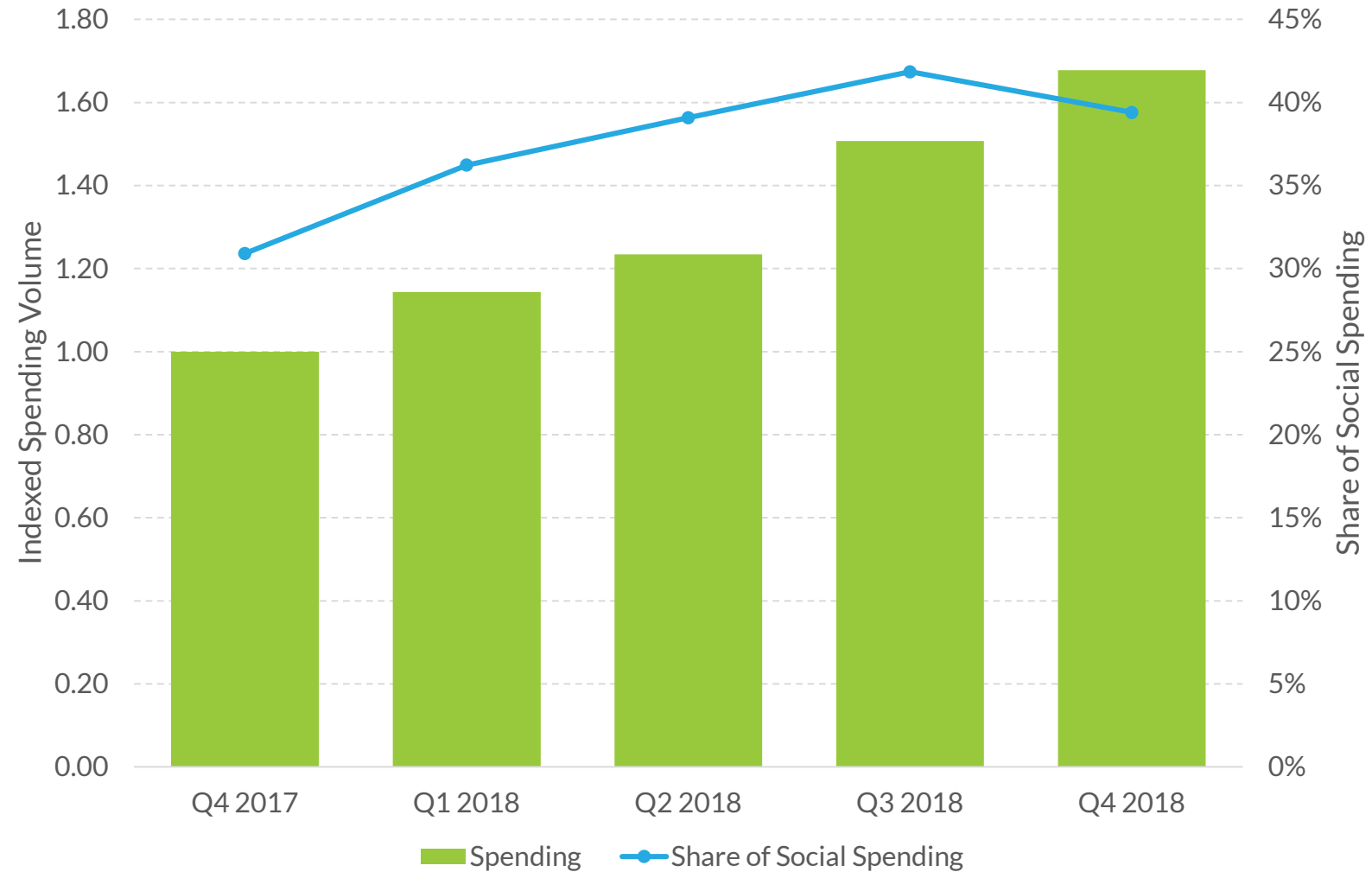


Social Video Growth

Spending on social video ads has grown consistently over the past five quarters

As a share of total social spending, video has centered around 40% since Q2

33% of social advertisers had a majority of social spending on Video in Q4, and were responsible for 80% of social video spending in the quarter



Marketer Tips: Social Video

The first 5-15s of your video is critical for capturing your audience's attention

Including bright, bold text is important for getting your message across, especially when sound may be off by default

Creative bottlenecks? Consider using video templates from Facebook to animate static images and add text.

Using the Kenshoo Analysis Grid, you can create a custom audience of customers who watched a video that you can then use for retargeting

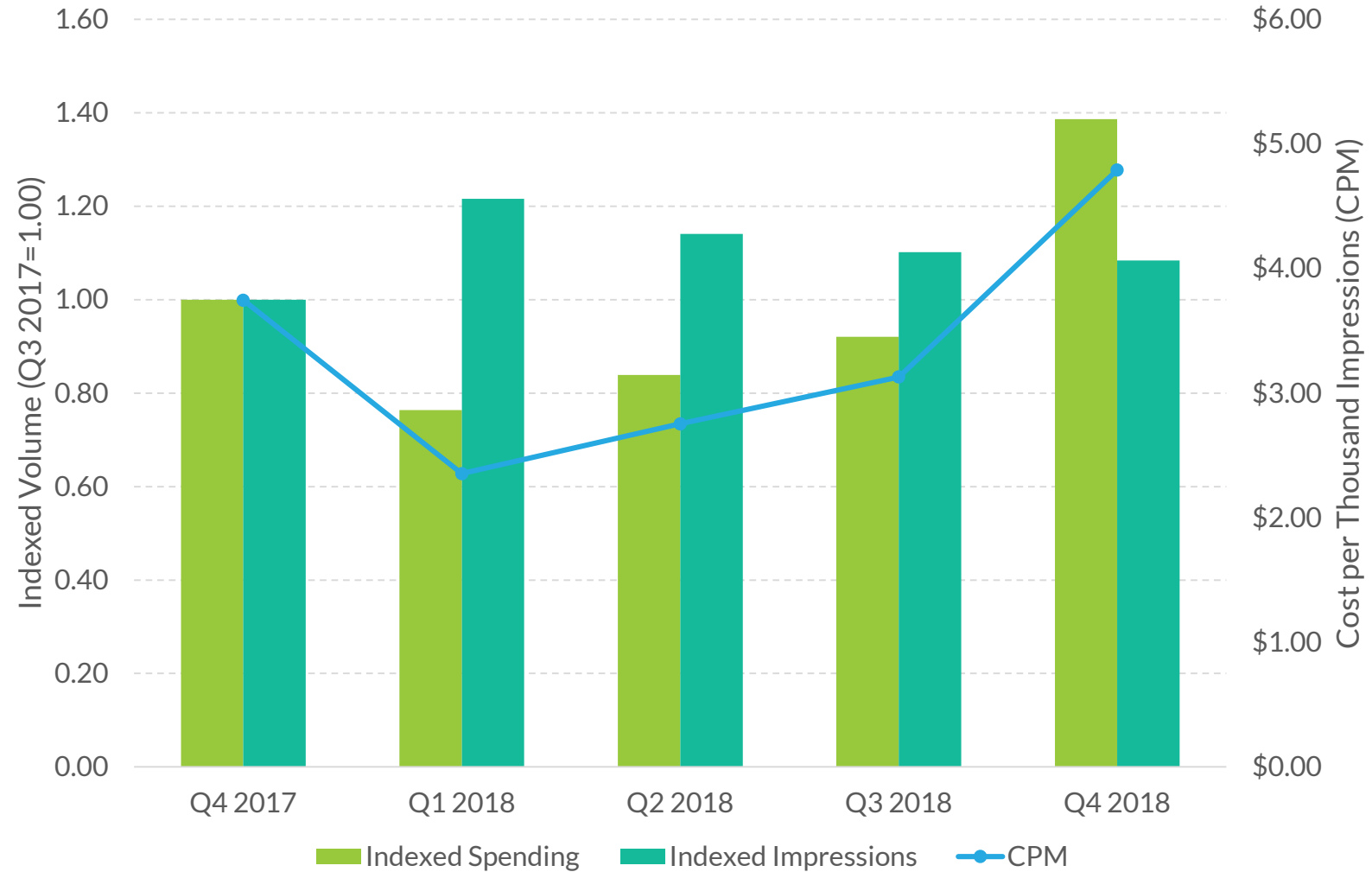


Social Product Ad Trends

A gradual shift of Dynamic Ads for Products from Facebook to Instagram could explain the downward trend in impression volume

As expected, CPM for product ads spiked sharply in Q4

80% of Q4 spending on DPA came from advertisers who spent a majority of social dollars on the ad type



Marketer Summary: Social

If you see changes in CPM or CTR over time, check your mix

- Greater share of Instagram and Video ads can result in lower click-through rates, while DPA and Carousel Ads will drive CTR higher

Instagram can help you extend your social reach, as well as satisfy specific objectives around the more visual format

Ecommerce advertisers who aren't investing in Dynamic Product Ads may be missing a big growth opportunity





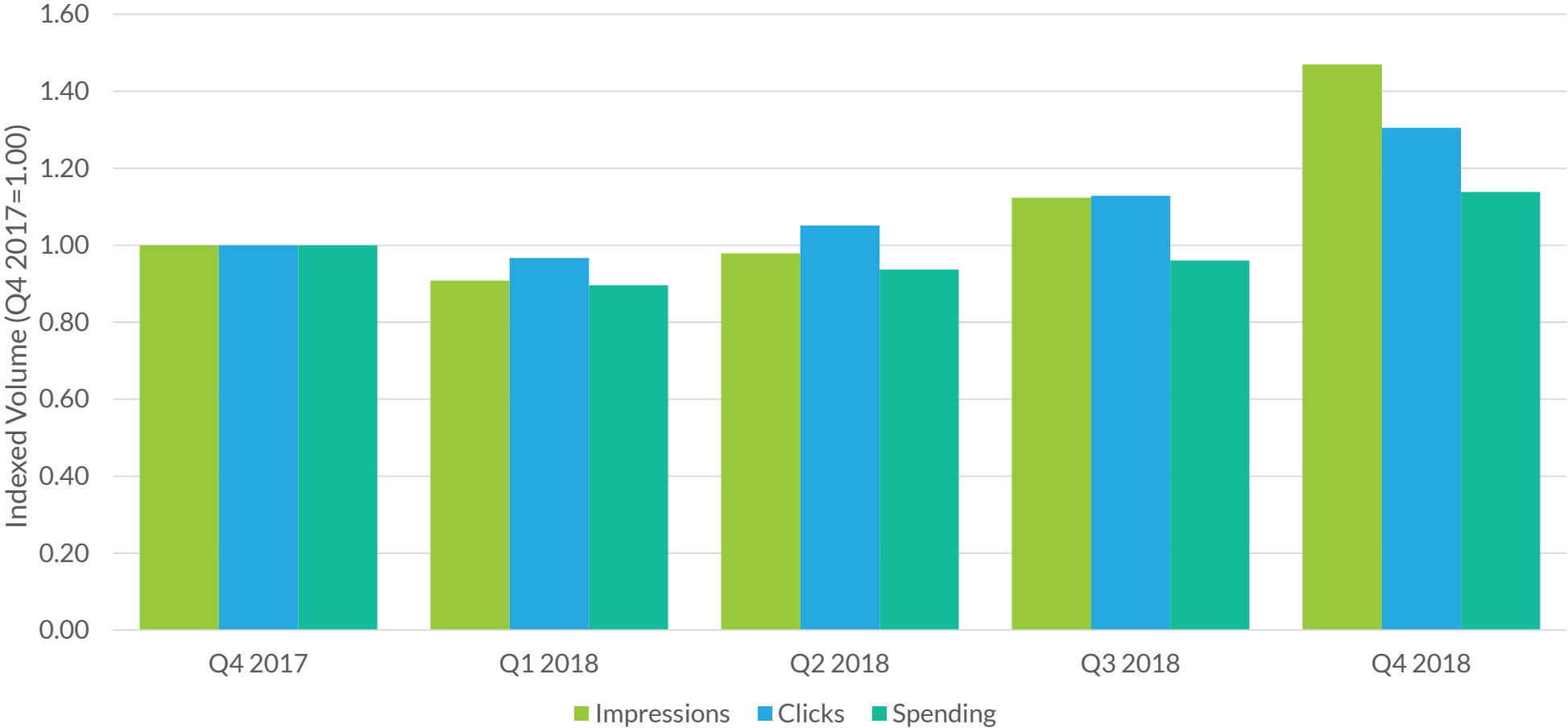
Market Trends

Search

Q4 2018

Search Trends

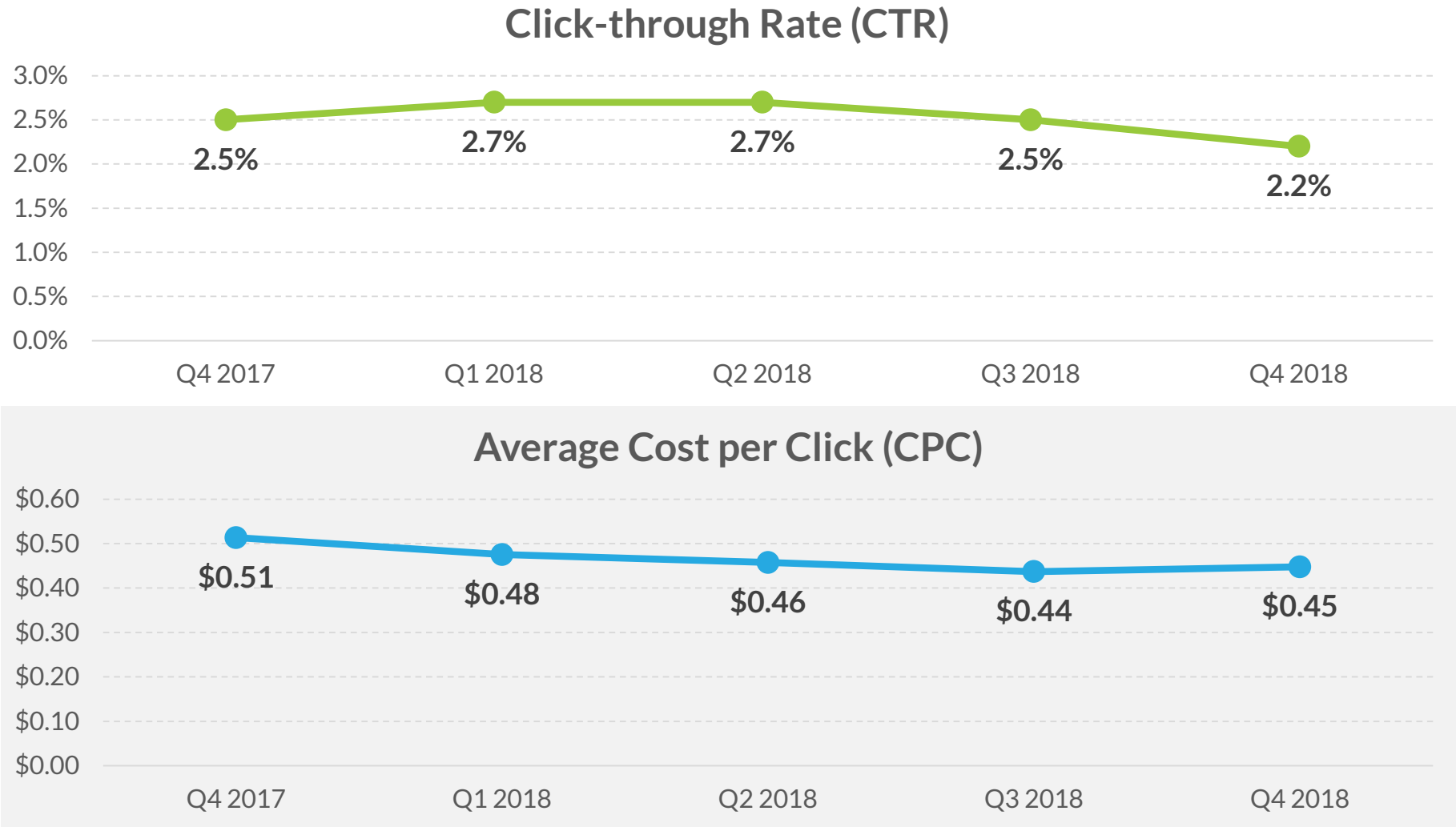
Search Volume Growth



QoQ	YoY
Impressions	
+31%	+47%
Clicks	
+16%	+31%
Spending	
+19%	+14%

Search Trends

QoQ	YoY
Click-through Rate	
-12%	-12%
CPC	
+2%	-13%



Search Highlights

Seasonal increases in volume and pricing for shopping campaigns helped drive robust year-over-year growth for search ads

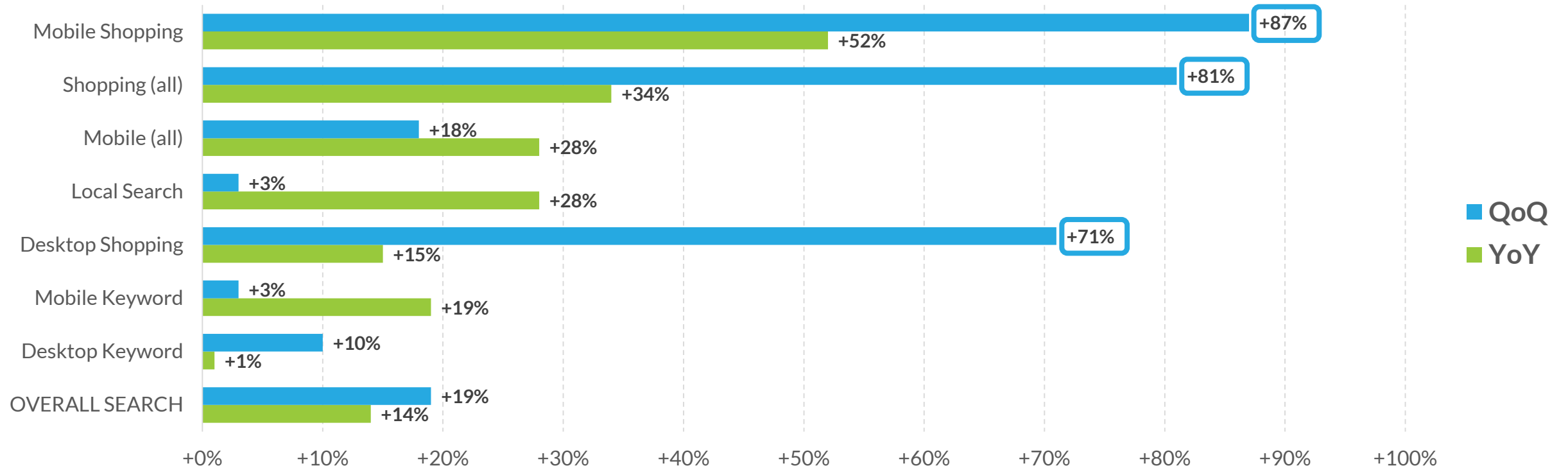
Investment on mobile search ads, across both keywords and shopping campaigns, grew twice as fast as the overall rate

Search shopping campaigns have lower click-through rates than keyword campaigns, so as share of impressions has shifted toward shopping, overall CTR has declined



Key Drivers for Search Growth

Search Spending YoY Growth by Segment

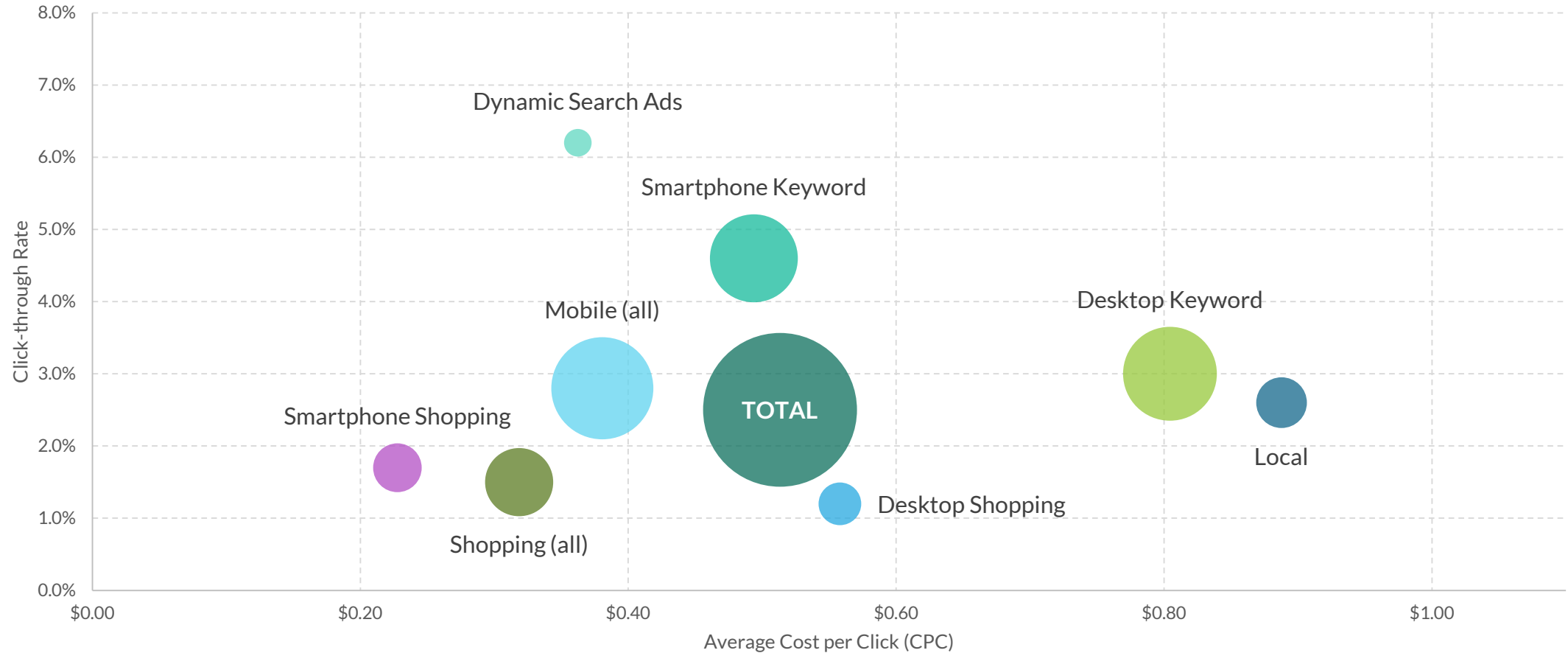


Advertisers ramped up spending on Search Shopping Campaigns to the tune of an 81% increase compared to Q3

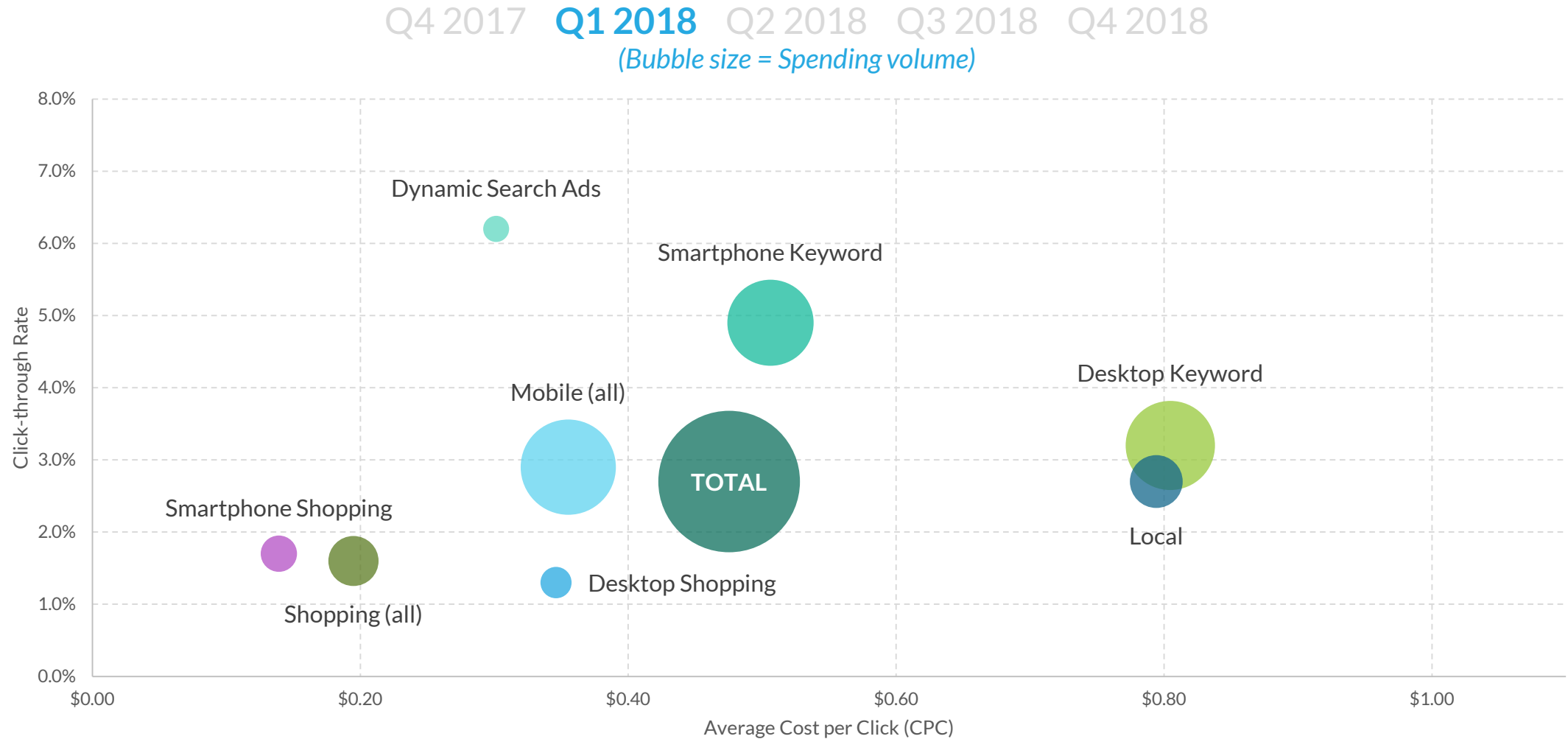


Key Search Segments by Quarter

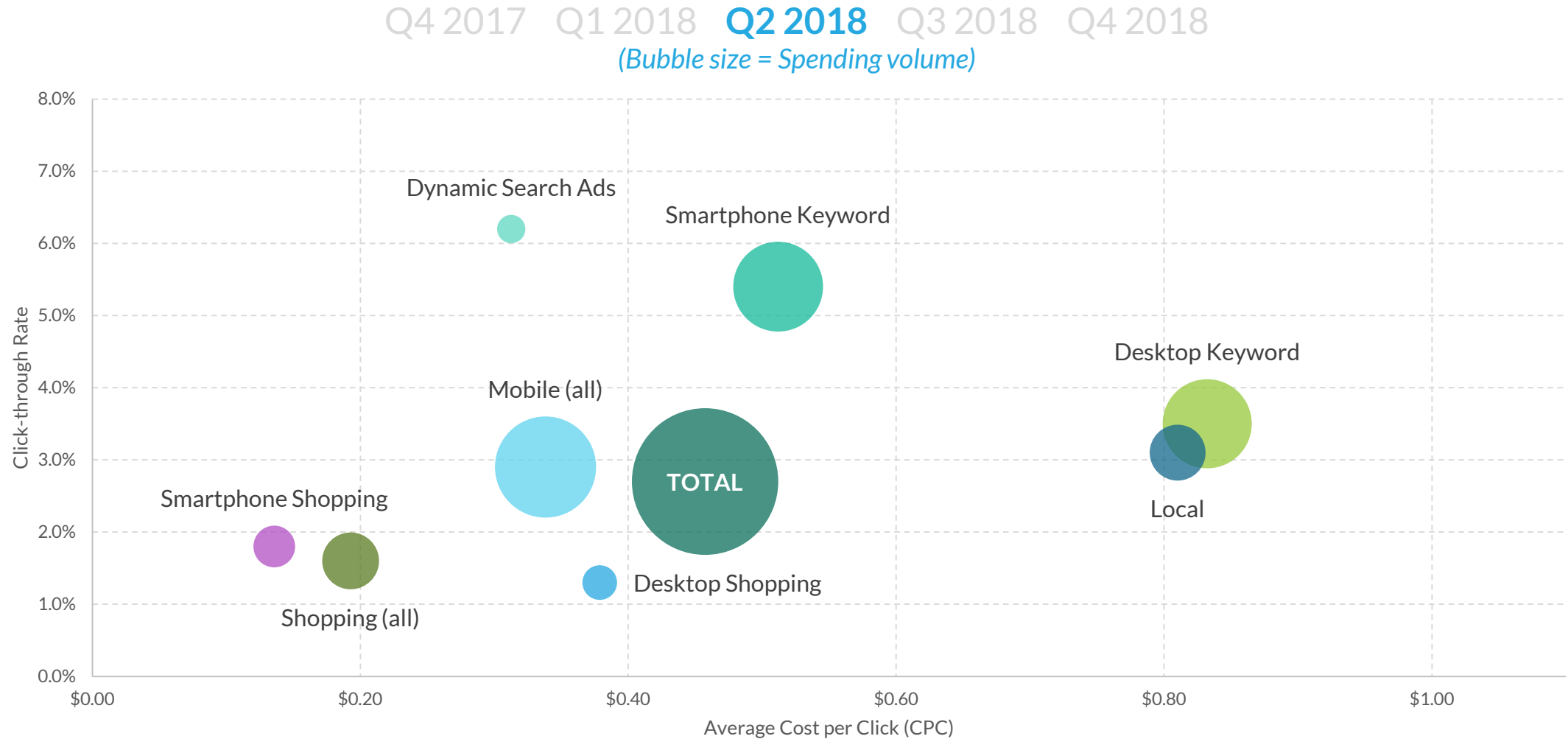
Q4 2017 Q1 2018 Q2 2018 Q3 2018 Q4 2018
(Bubble size = Spending volume)



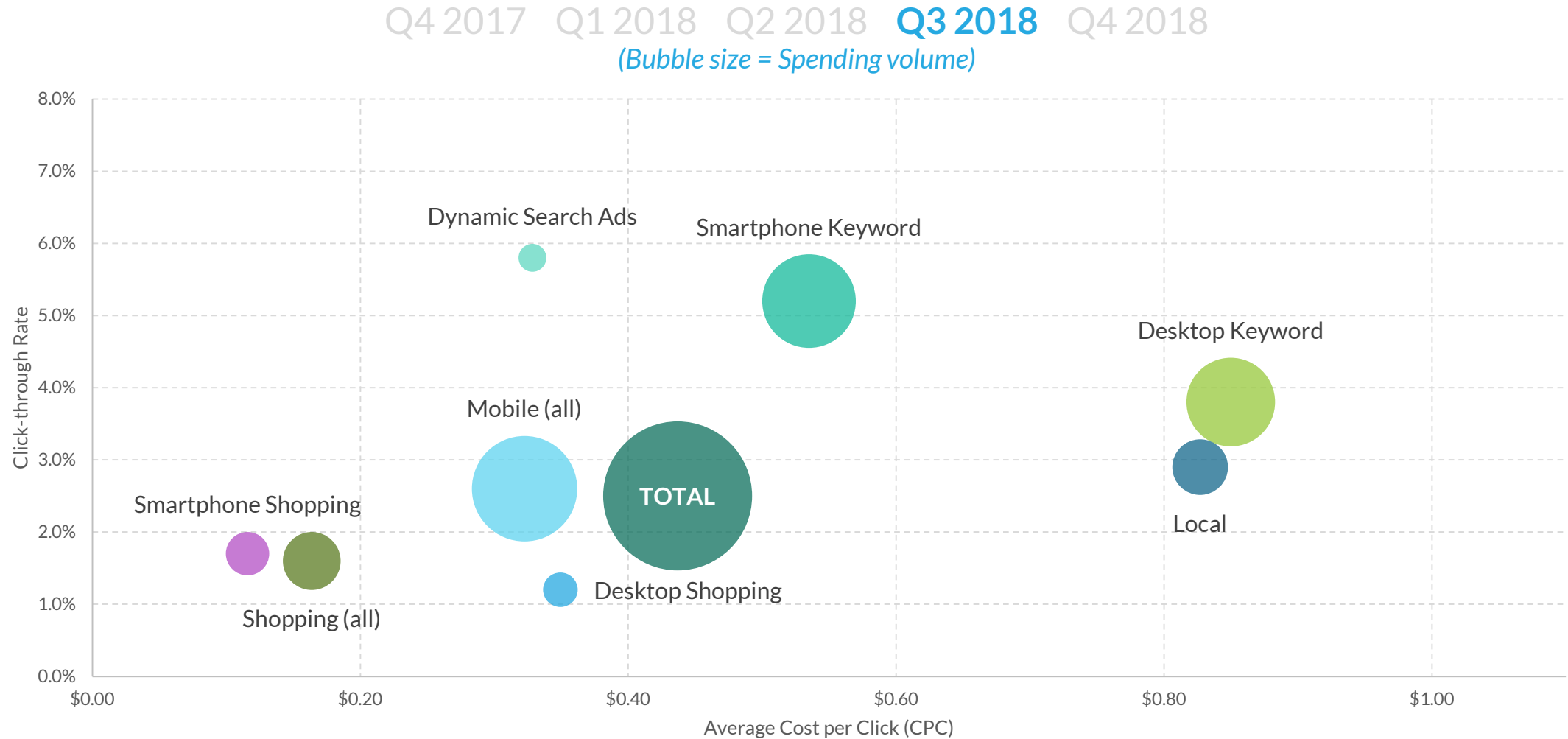
Key Search Segments by Quarter



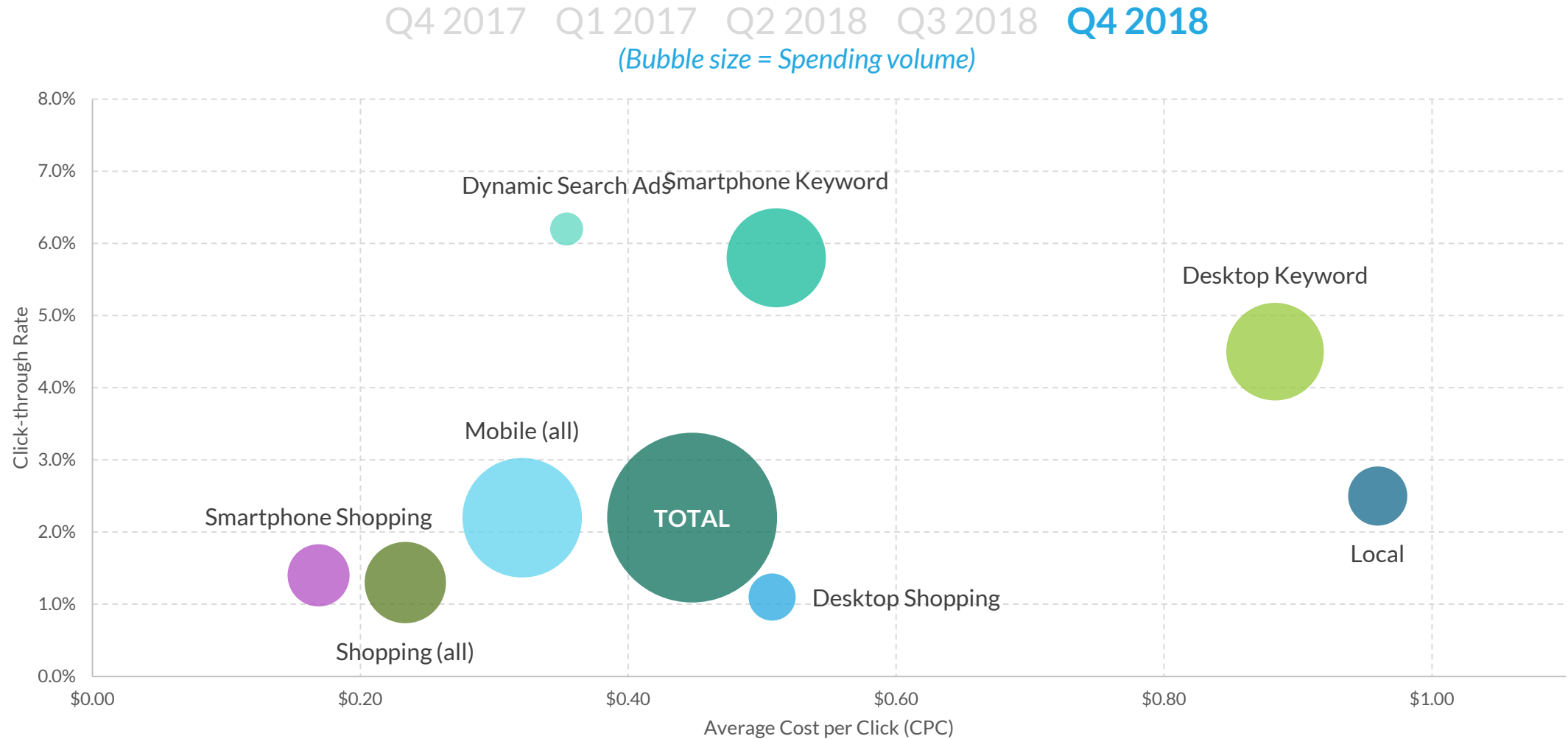
Key Search Segments by Quarter



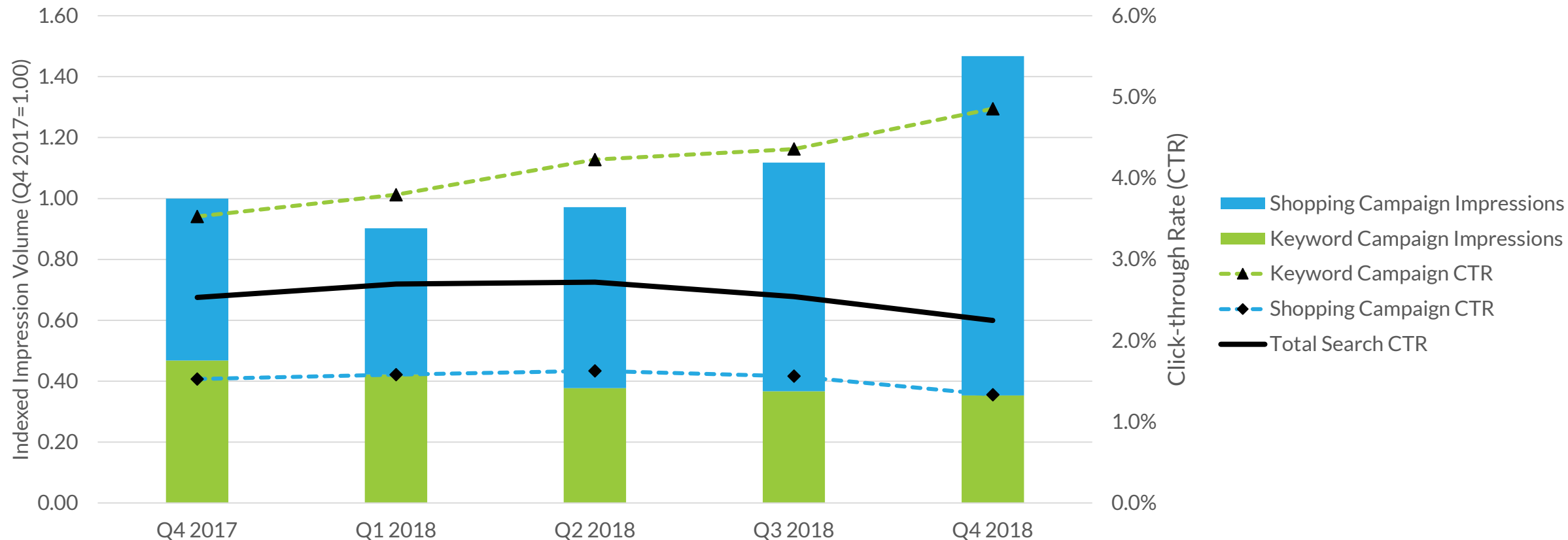
Key Search Segments by Quarter



Key Search Segments by Quarter



Search Shopping Campaign Impact



As Shopping Campaign impressions increase dramatically and keyword impressions decline, the lower shopping CTR has more influence on overall search CTR



Marketer Tips: Shopping Campaigns

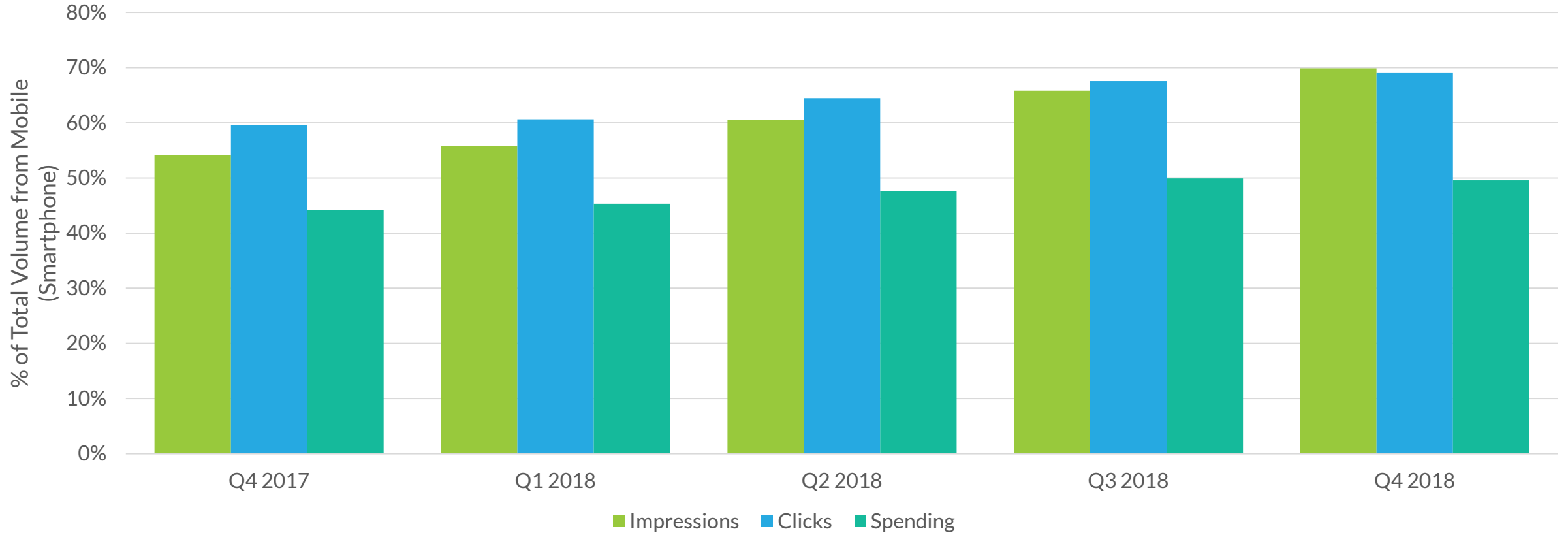
Maximize Google Shopping campaign performance by bidding separately on products based on traffic, or on traffic and performance

With Structure Optimization, Kenshoo automatically breaks out high activity products into their own product groups so you can bid more accurately

Combining Structure Optimization with Campaign Mirroring will automatically optimize your structure across publishers



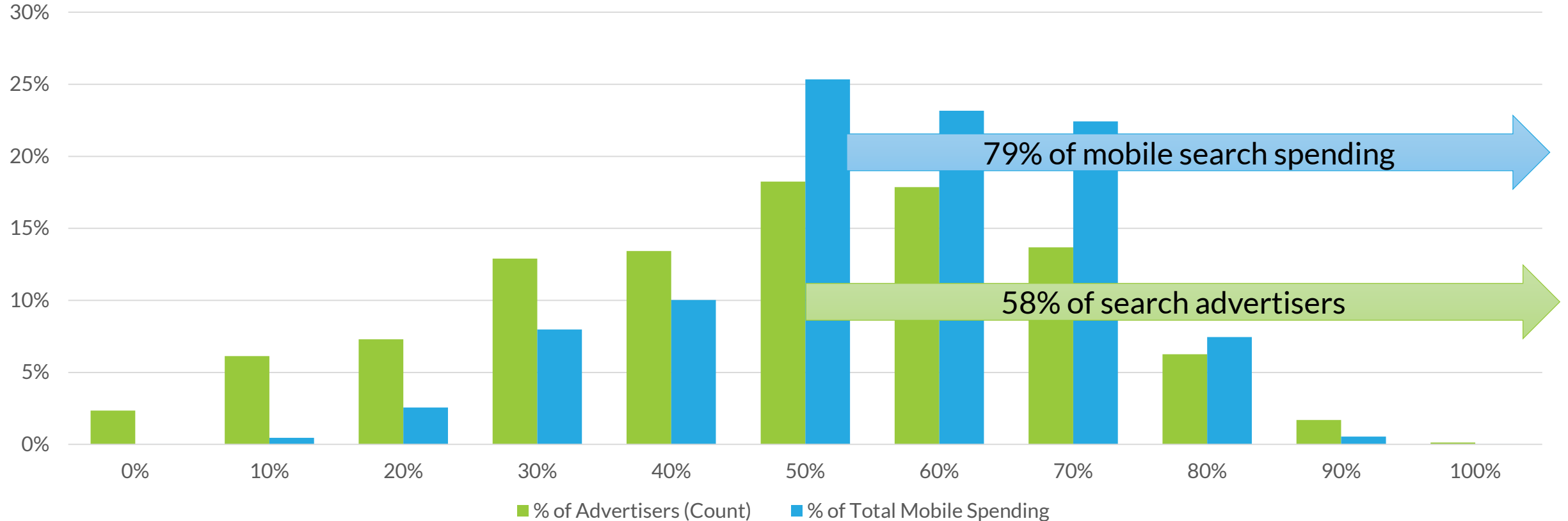
Mobile Share of Search



Mobile search has accounted for half of total search spending for two consecutive quarters, while the share of mobile search impressions and clicks have both increased slightly



Mobile Share by Advertiser



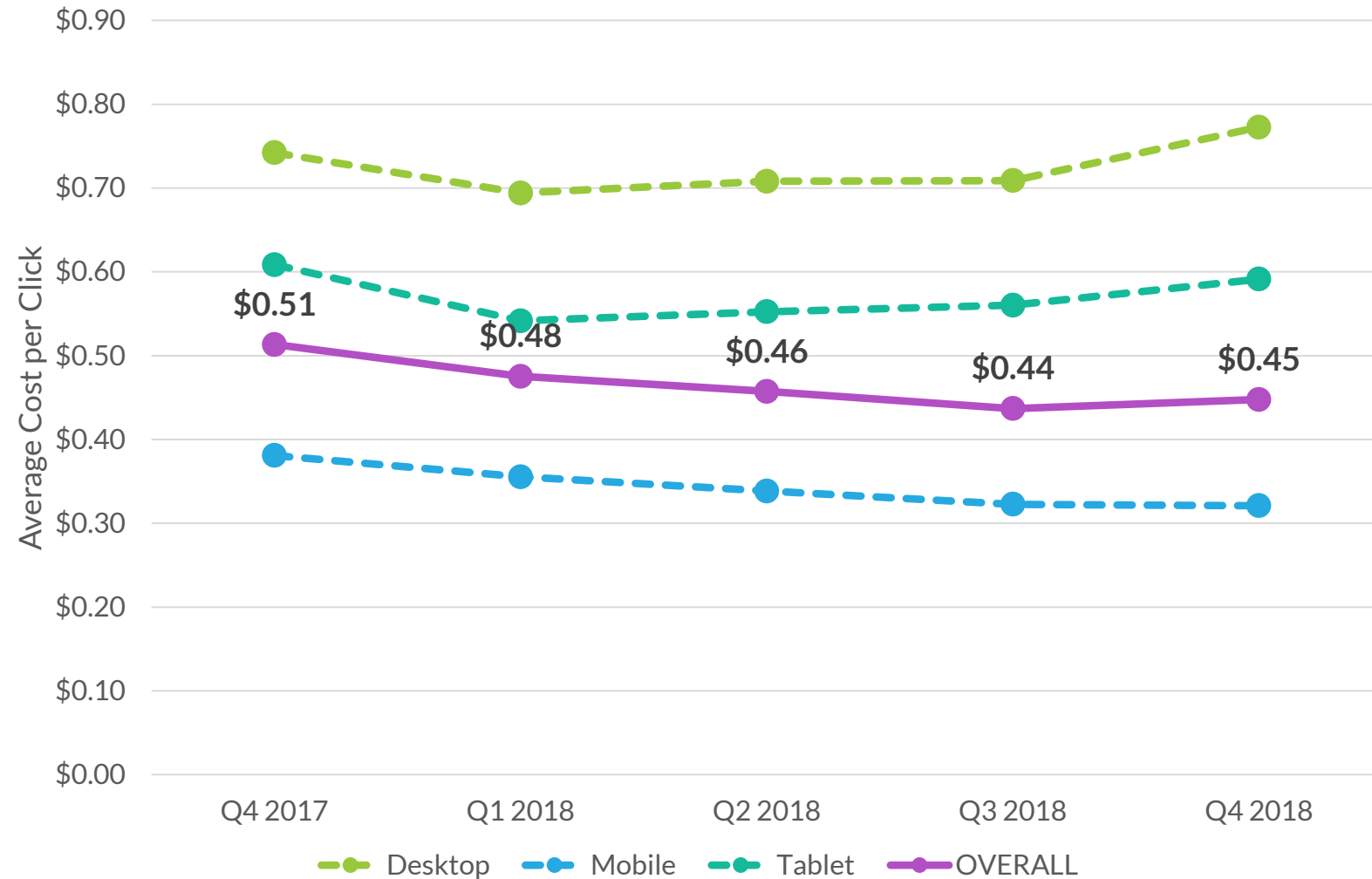
58% of Kenshoo advertisers have at least 50% of search spending on mobile, and 79% of mobile search spending comes from those advertisers



CPC by Device

Holiday price premiums stopped the overall downward trend for search click prices

Mobile CPC was flat, while Desktop and Tablet prices picked up in Q4



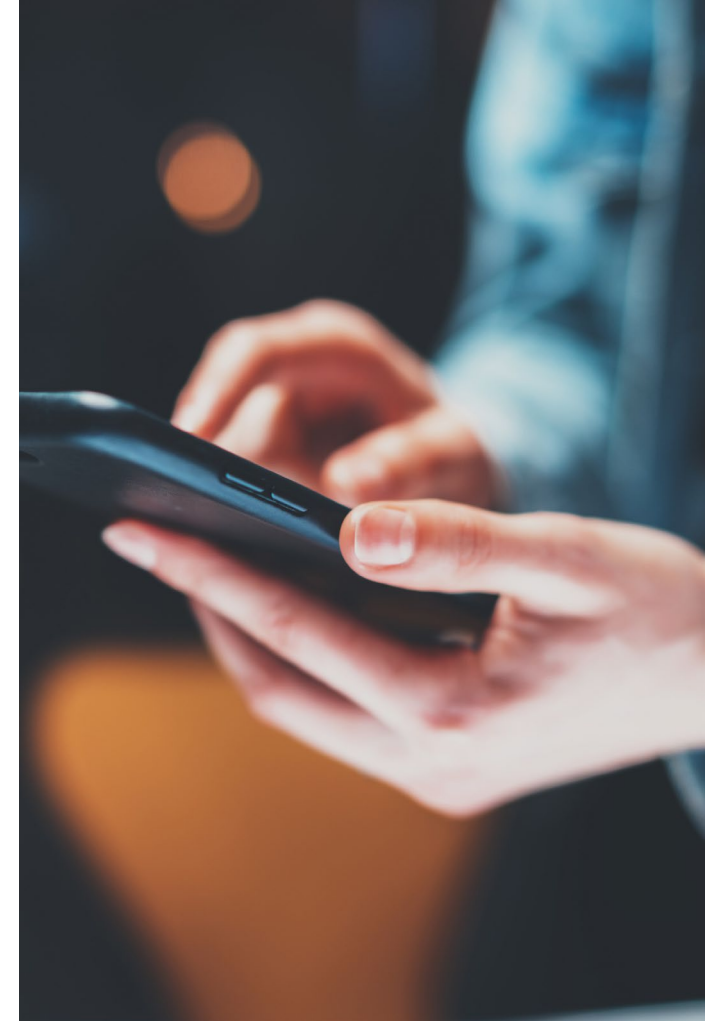
Marketer Tips: Mobile Search

Searches on mobile devices conveys context for intent—
"mobile moments" can change how you want to reach the consumer

Device-based bid modifiers allow marketers to target certain devices without separate campaigns

When combined with algorithmic optimization tools, marketers can tune their bids across devices based on their goals

Kenshoo Portfolio Optimization (KPO) works with bid adjustment modifiers to optimize each device towards ROAS, CPA or Traffic goals



Marketer Summary: Search

Your share of search from mobile can have a big impact on changes in CPC

- For most advertisers, mobile search clicks are less expensive than desktop, so if your mobile volumes are increasing, your CPC may be going down, and vice versa

Shopping campaigns aren't just for your high-volume products

- Consumers are looking for more products more often, and not just for the holidays
- Expanding programs across large and unique product lines is easier than ever



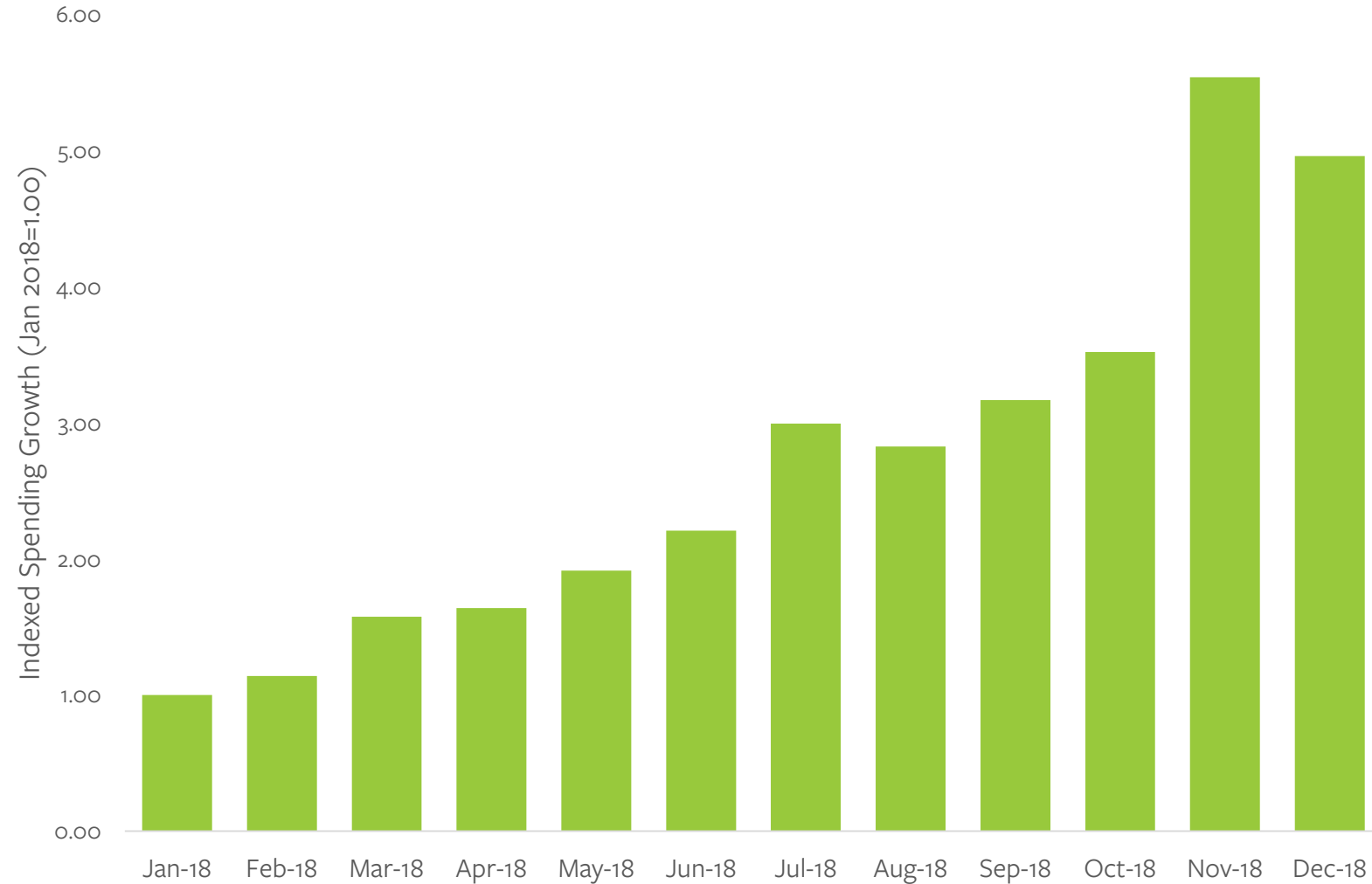


Emerging Channels

Ecommerce Channel Advertising Trends

Monthly spending on Ecommerce Channel Ads (ECA) has increased by 5X since January

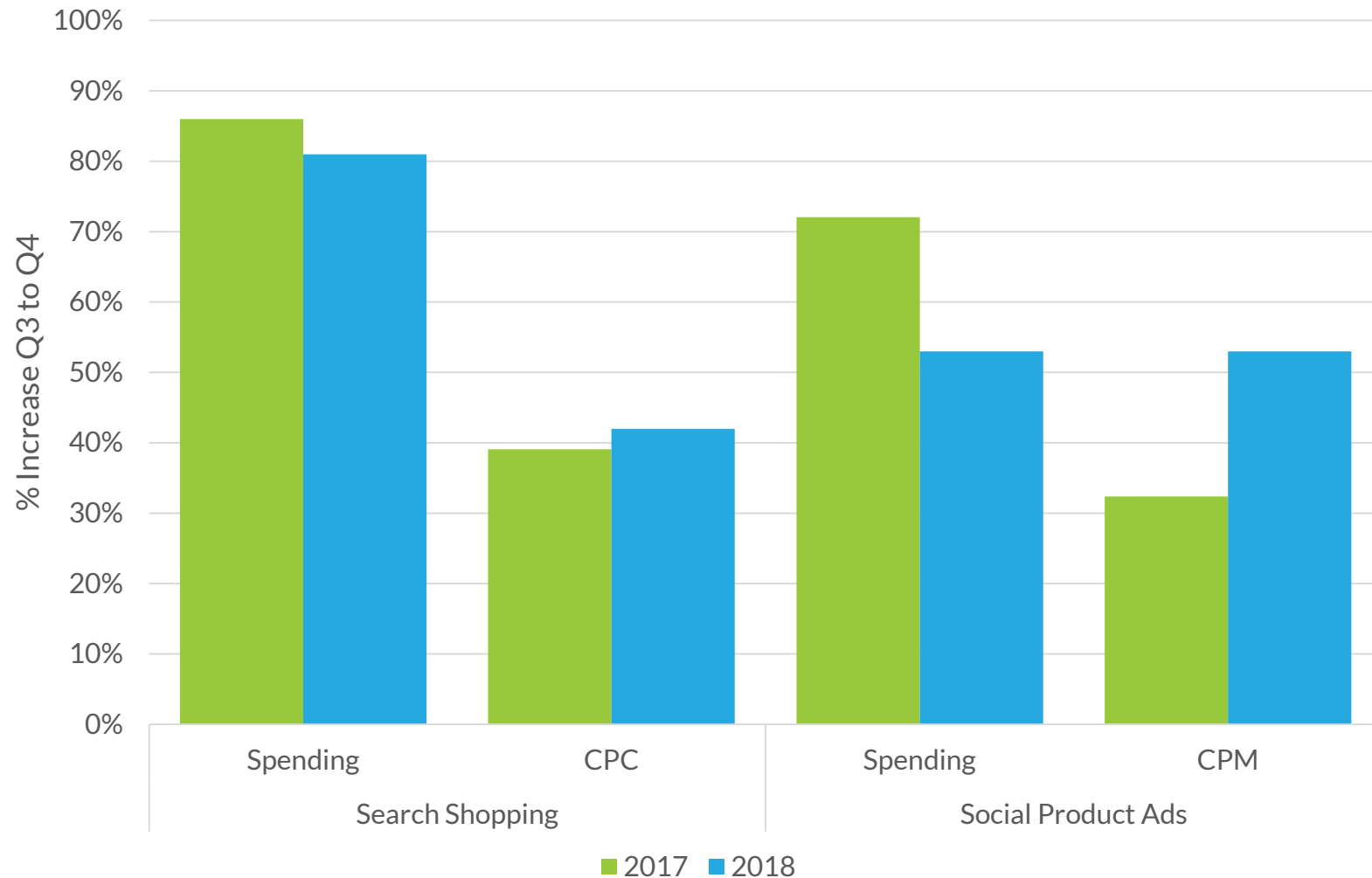
This includes all advertisers managing Ecommerce Ads on the Kenshoo platform



Is Ecommerce Affecting Other Channels?

Quarter-over-quarter increases in spending and cost per click for search shopping campaigns were very similar to last year

This implies that, despite the rapid growth of the Ecommerce channel, this new spending did not come at the expense of product-focused ads in Search or Social



Marketer Tips: Ecommerce

Amazon offers various tools to help manage bids within your advertising campaigns

Bidding Controls

- Raise or lower your bids dynamically when your ad is more or less likely to convert to a sale, or set fixed bids based on your campaign needs
- Bid by ad placement as well, increasing bids by up to 900%

Kenshoo can help you forecast, monitor, pace and auto-manage your bids with the right algorithms on the right platform

Want to learn more? See how others manage bidding and budgets on Amazon with our newest budget management case study

[40% Lift in Amazon RoAS achieved with Budget Manager for Ecomm](#)



More Ecommerce News & Analysis

[BLOG](#) » [CATEGORIES](#) » [NEW AND NOTEWORTHY](#) »

Amazon's Advertising Platform Enables Brands to Drive Record-Breaking 2018 Key Holiday Shopping Days



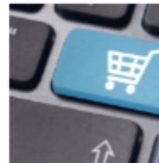
The 5 Best Tips to Make Your Ecommerce Holiday Marketing Campaigns a Major Success

By [Nich Weinheimer](#) // On November 13, 2018

kenshoo.com/blog



Case Study: Cell Phone Accessories Brand Dials Up Results With Kenshoo Ecommerce

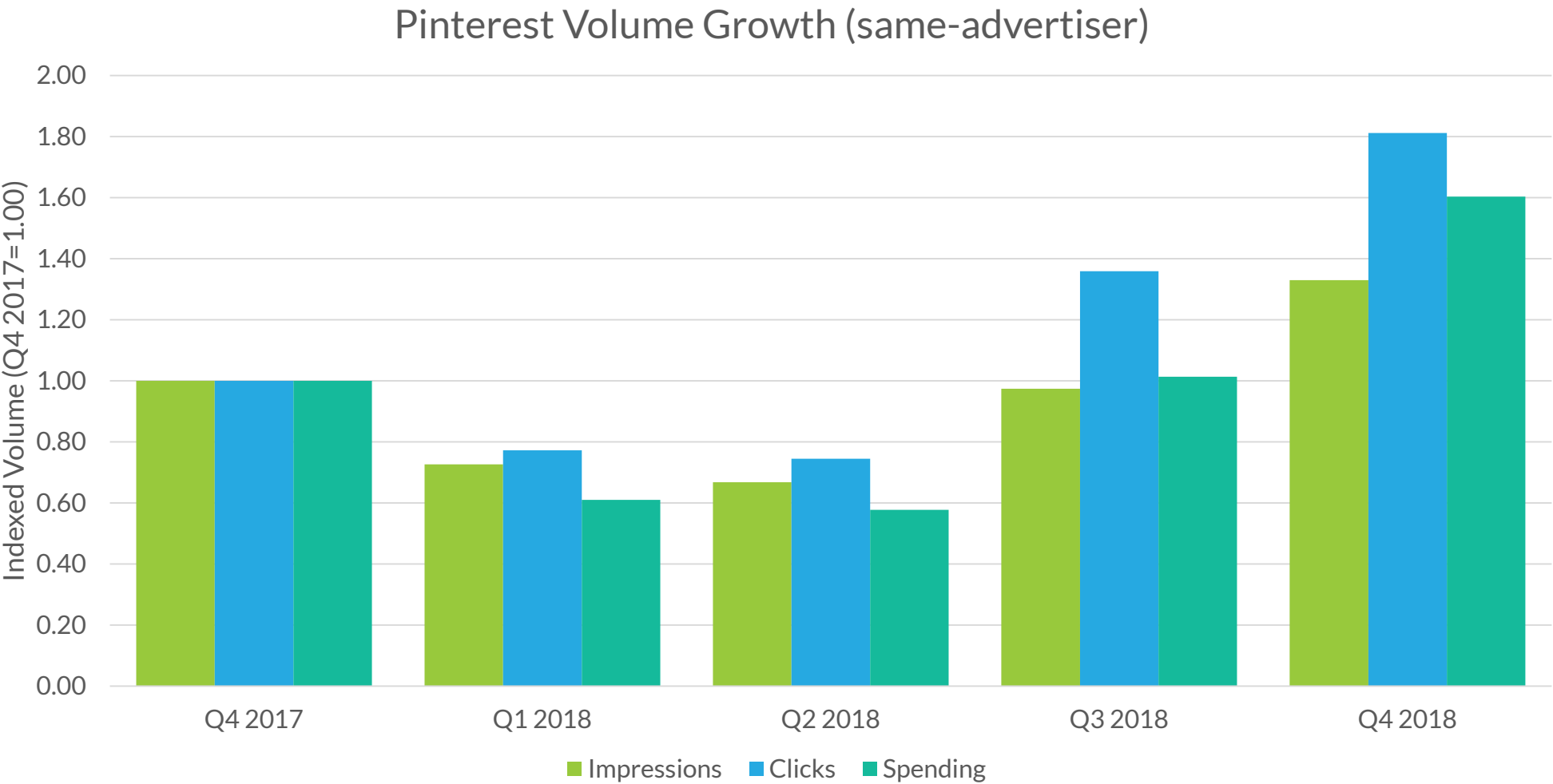


Amazon Tests Search Retargeting to Scare Up More Purchase Intent

By [Chris Costello](#) // On October 30, 2018



Pinterest Growth

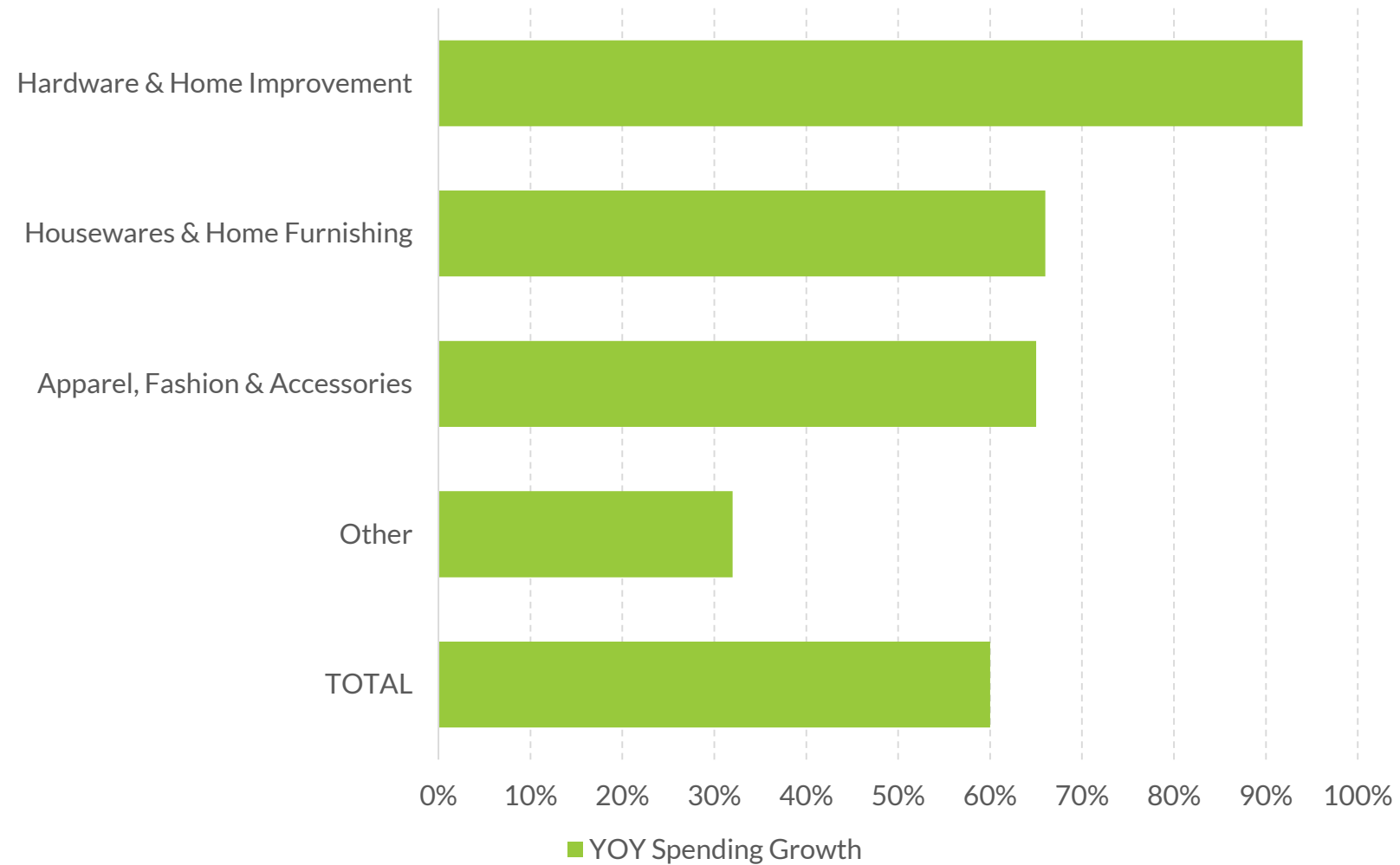


QoQ	YoY
Impressions	
+33%	+81%
Clicks	
+37%	+33%
Spending	
+58%	+60%

Pinterest Growth by Category

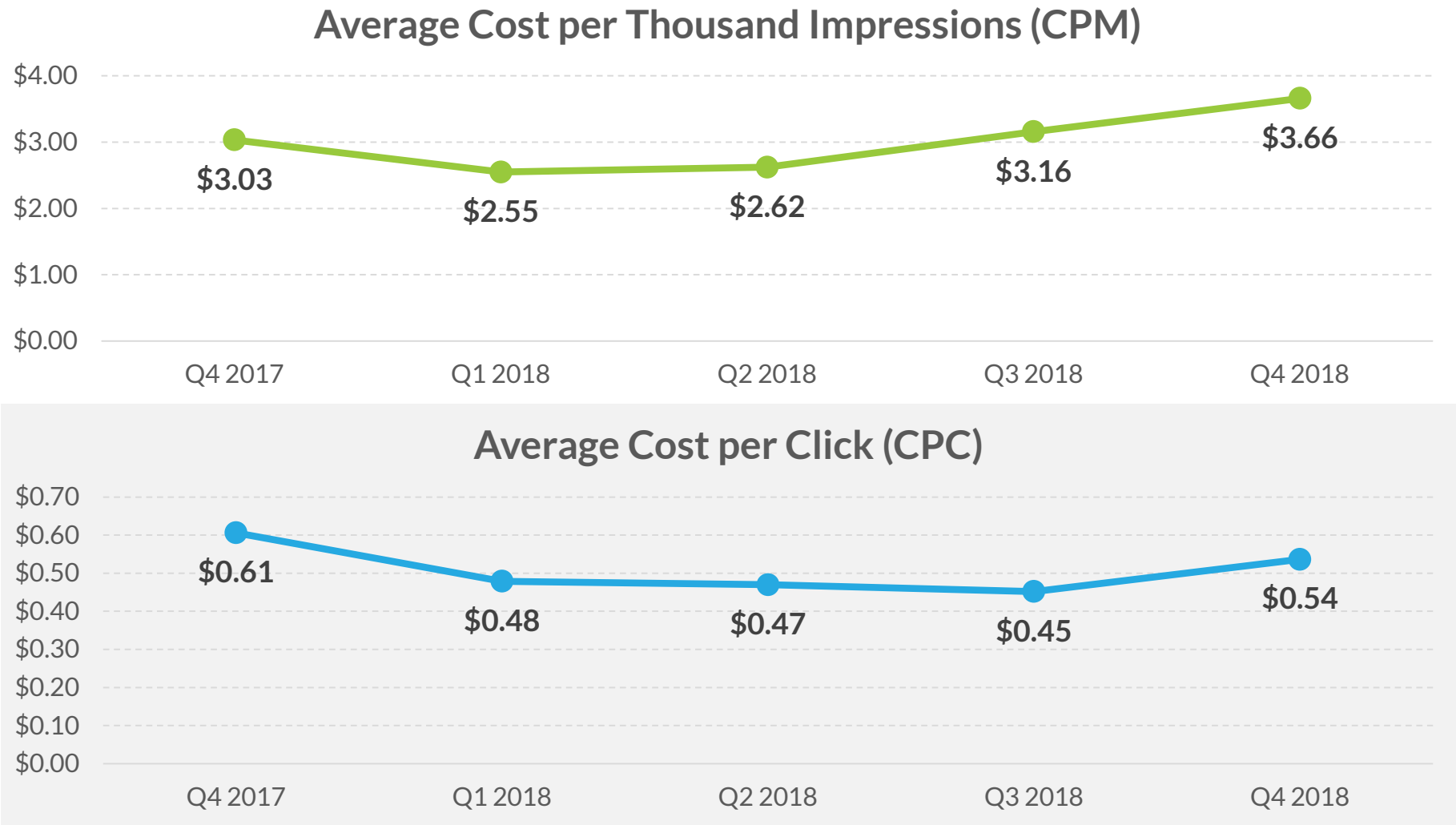
On a same-advertiser basis, Hardware, Housewares and Apparel grew faster than other categories on Pinterest

Collectively, these three segments comprised 75% of Q4 Pinterest spending



Pinterest Trends

QoQ	YoY
CPM	
+16%	+21%
CPC	
+19%	-11%

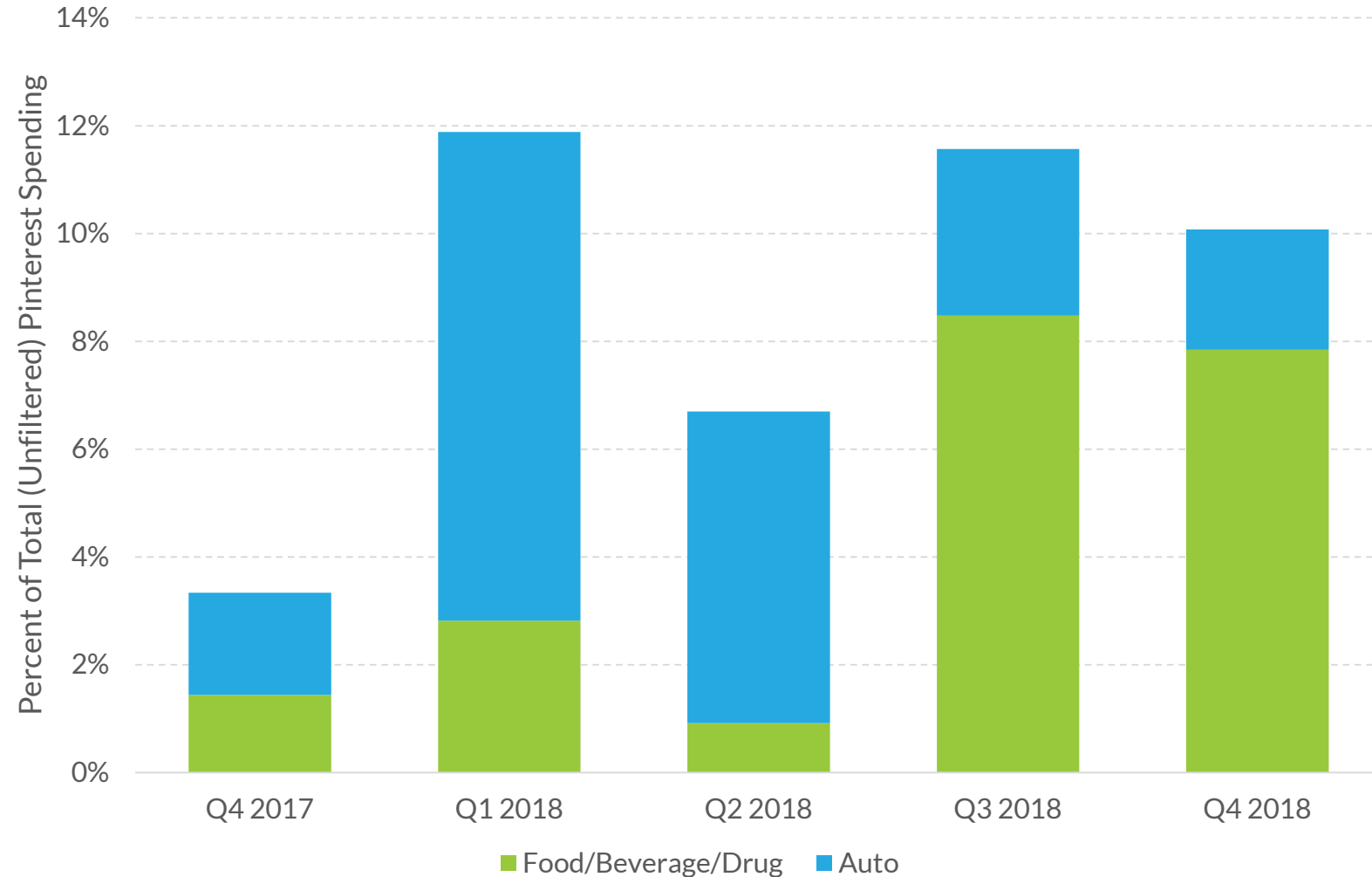


Rising Pinterest Categories

Based on unfiltered data, Auto and Food categories captured another 10% of total Q4 Pinterest spending

This was an increase from just 3% in Q4 of last year's

Spending across all advertisers in these two categories increased nearly 5X



Marketer Tips: Pinterest

Pinterest has expanded campaign objectives so advertisers can scale programs within certain target goals

- Conversion Optimization allows Pinterest to “bid on your behalf to drive conversions at target average cost-per-action (CPA)”

Kenshoo can help you manage complexity in your campaign creation that can also unlock program scale

The screenshot shows the 'Create Campaign' interface on Pinterest. The left sidebar has tabs for 'General', 'Targeting', 'Creatives', and 'Review & naming'. The 'Targeting' tab is selected. The main content area is titled 'Targeting' and includes the instruction 'Create new campaigns for each of the following keyword match types or targeting method'. Below this, there is a section for 'Targeting segment 1' with several targeting options:

Targeting segment 1	
Placements	Where do you want your ads to be viewed?
	<input checked="" type="radio"/> Show everywhere <input type="radio"/> Show on search placements <input type="radio"/> Show on browse placements
Keywords	No keywords targeted
Interests	No interests targeted
Audiences	No audiences targeted
Excluded Audiences	No audiences excluded from targeting
Locations	No locations targeted
Devices	All targeted

Apple Search Ads

Ads for apps based on searches in the App Store

Launched beta program in October

Entirely search/keyword-driven programs

Gaming is the obvious vertical, but also finding interest in ecommerce, finance and travel

Data and performance to follow in future reports



About the Data

Analysis is based on advertiser campaign data managed through the Kenshoo platform on Google, Bing, Yahoo!, Yahoo Japan, Baidu, Yandex, Pinterest, Apple, Facebook, Instagram, Snapchat and Amazon.

October 2017 through December 2018.

Sample contains over 500 billion impressions, 14 billion clicks and \$6 billion in advertiser spending.

For charts showing spending and impressions/clicks, volume metrics have been normalized to a factor of one based on the initial volume for the first quarter of data. Data points from subsequent quarters are based on a multiplier from the first quarter. For example, 1.6 Means that volume is 60% greater than volume on the initial quarter measured.

Ad spending and CPC are measured using Ex-FX or “Constant Currency” adjustments, where results are based on native currency and only translated to common currency after aggregation.



Methodology

Starting in Q4 of 2017, our filtering methodology is as follows:

- Advertisers must have 15 consecutive months above a minimum spending threshold in the channel to be included in the analysis
- Additional outliers will be removed as necessary

Some channels/publishers (Ecommerce, Pinterest) may be shown on an unfiltered basis to show dynamic of newer advertising platforms, and are labeled accordingly





Q&A






world_record_egg  • [Follow](#)

world_record_egg Let's set a world record together and get the most liked post on Instagram. Beating the current world record held by Kylie Jenner (18 million)! We got this 🙌

#LikeTheEgg #EggSoldiers #EggGang

[Load more comments](#)

queen_sweets_babbbby Gajshshxbhs 

mfauzi.og 100M      

xxridaxx  

eduardasanchs @larevillar te marquei para ver esse ovo caipira mais curtido que a Kylie 😂 

diptasenadjomi_ L EGG ENDARY 

mr.sheikhali @mr.sheikhali
@pevmaniafari00 



Liked by  and
41,635,141 others

JANUARY 4

[Add a comment...](#)



Case Studies



Mindshare and Castrol Leverage Budget Manager, Sees 40% Lift in RoAS on Amazon



Thomas Cook Grows Revenue by 93% with Kenshoo Search



Digital Agency Switched On Helps Aussie Home Loans Build New Business With Kenshoo Social



IKEA and Wavemaker Ace Back-to-School Shopping on Pinterest



iCrossing Sees 688% Lift in Revenue for LG Electronics Using Kenshoo Ecommerce During Prime Day



Top Cell Phone Accessories Brand Leverages Kenshoo, Bringing Amazon Advertising Strategy to New Heights



iFood Makes It to Dinner on Time Thanks to Kenshoo's Weather-Triggered Automated Actions



Fashion-forward Amaro Finds Success with Kenshoo Social



Craghoppers Peak Performance on Amazon Advertising with ClickThrough Marketing and Kenshoo E-Commerce



Baidu SEM Reseller Merkle Helps Global Brands Break Through in the Chinese Market with Kenshoo

<https://kenshoo.com/client-success/case-studies/>



Marketing Research and Analysis @ Kenshoo

Quarterly Trends Report Snapshot

kenshoo.com/digital-marketing-snapshot

AVAILABLE NOW!

Quarterly Trends Report (long form)

AVAILABLE NOW!

Other insights are posted regularly to

kenshoo.com/blog



Visual ads on mobile devices drove growth across digital marketing channels

Instagram, video and image-focused product ads pushed social ad spending higher in Q4
Mobile search shopping campaigns continued to be the fastest-growing segment across search advertising





THANK YOU!