

DIGITAL MARKETING QUARTERLY TRENDS REPORT



Q1 2019

April 23, 2019



Your Host

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- @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 lily.rotter@kenshoo.com if you are experiencing any issues



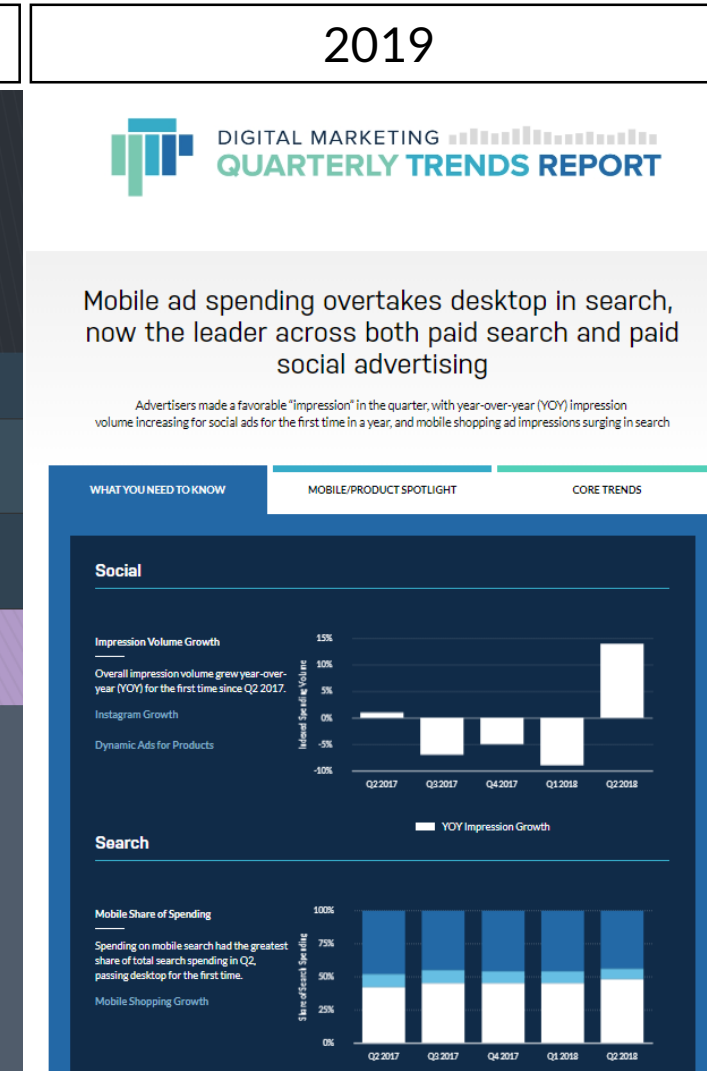
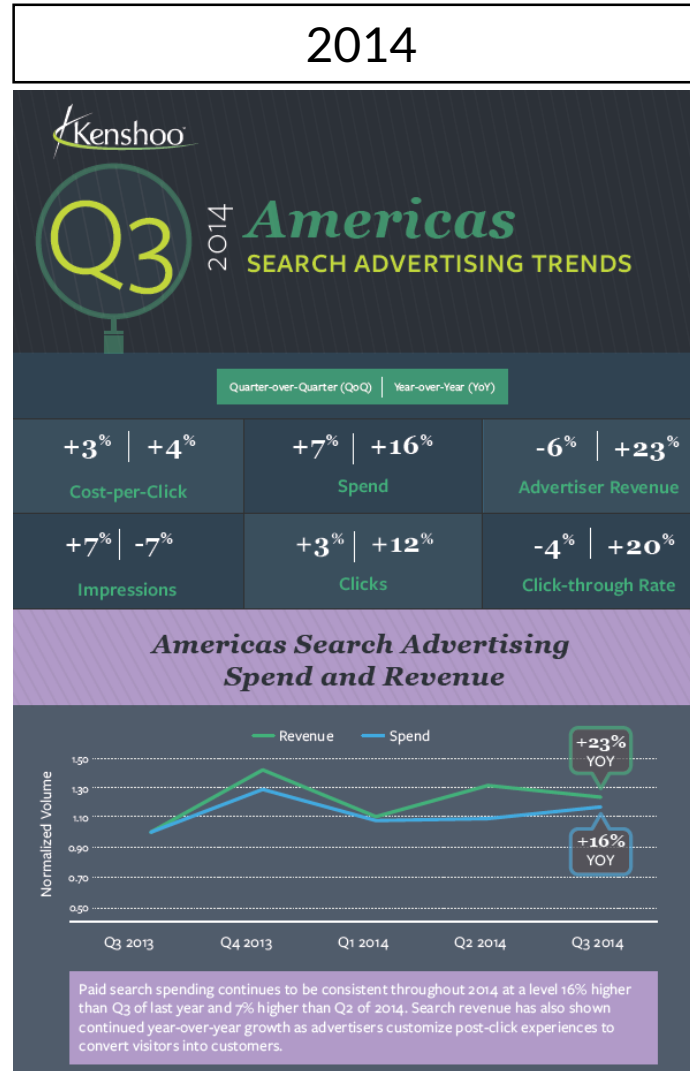
Introduction

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
- Market Trends
- Emerging Channels
- In The News
- 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”

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Industry Insights

The Big Picture

Key digital marketing channels continued overall growth trends after holiday spike

Social, search and ecommerce ad spending all increased year-over-year on a same-store basis

Newer properties like Pinterest and Apple Search Ads are gaining traction with marketers

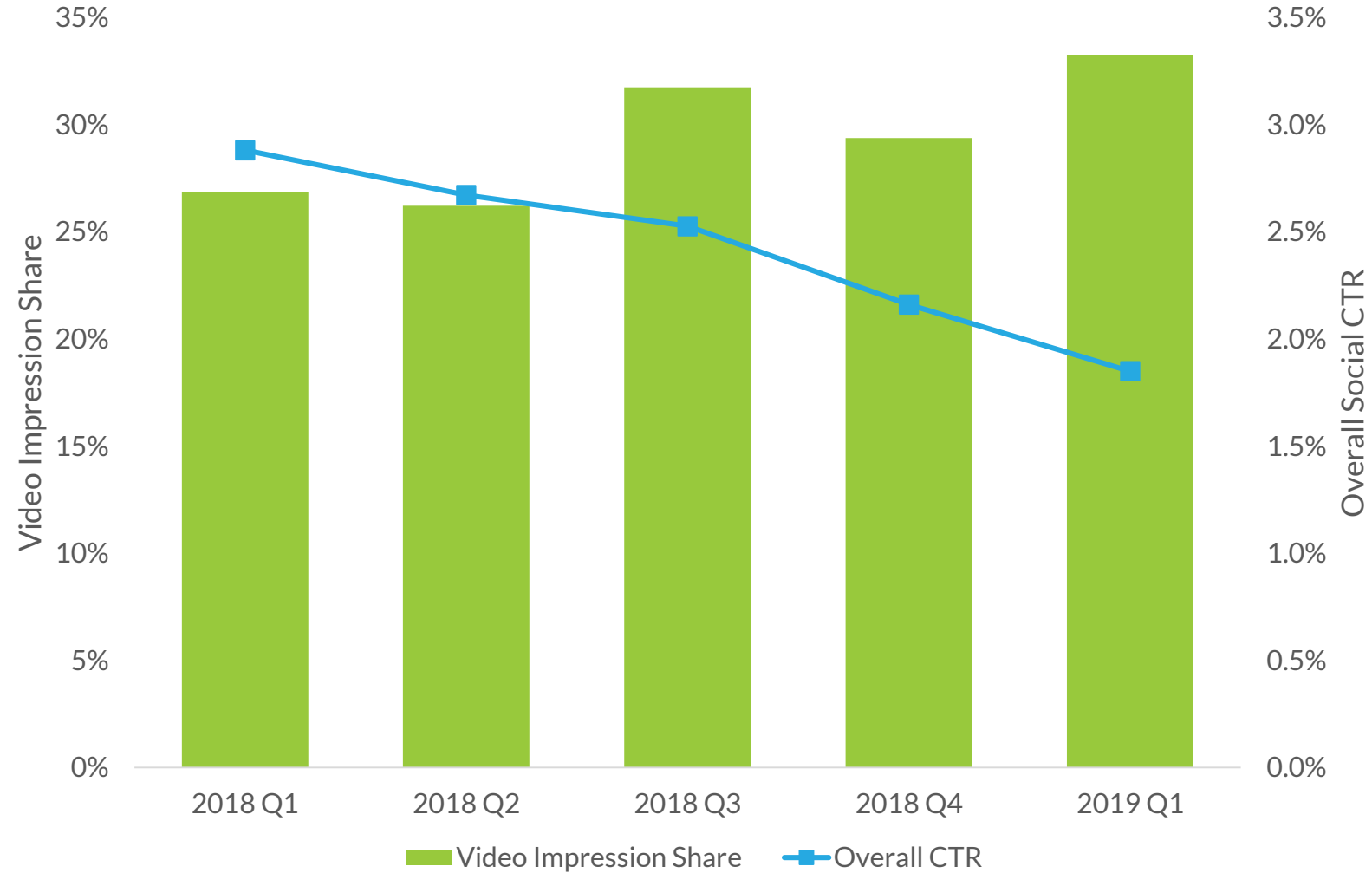


SOCIAL

More Video Ads=Fewer Clicks?

As both the volume and the share of video ads has been growing, click-through rate has been declining

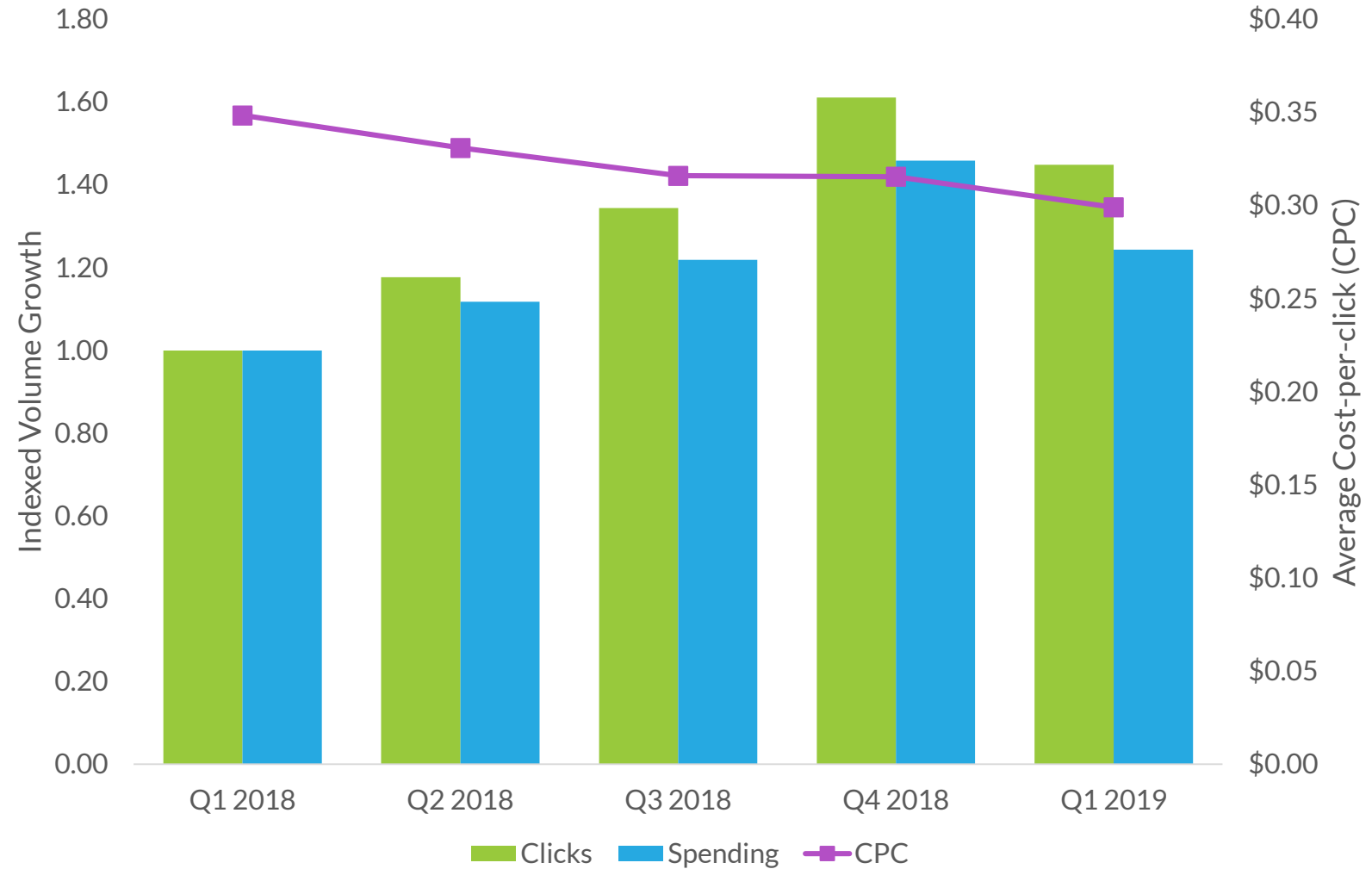
With increased emphasis on more effective branding ad units, CTR may be less relevant as a KPI across all social ads



SEARCH

Mobile ads help maintain overall growth

Even as mobile CPC declines, click volume is growing fast enough to where mobile search continues to outpace spending growth across all devices

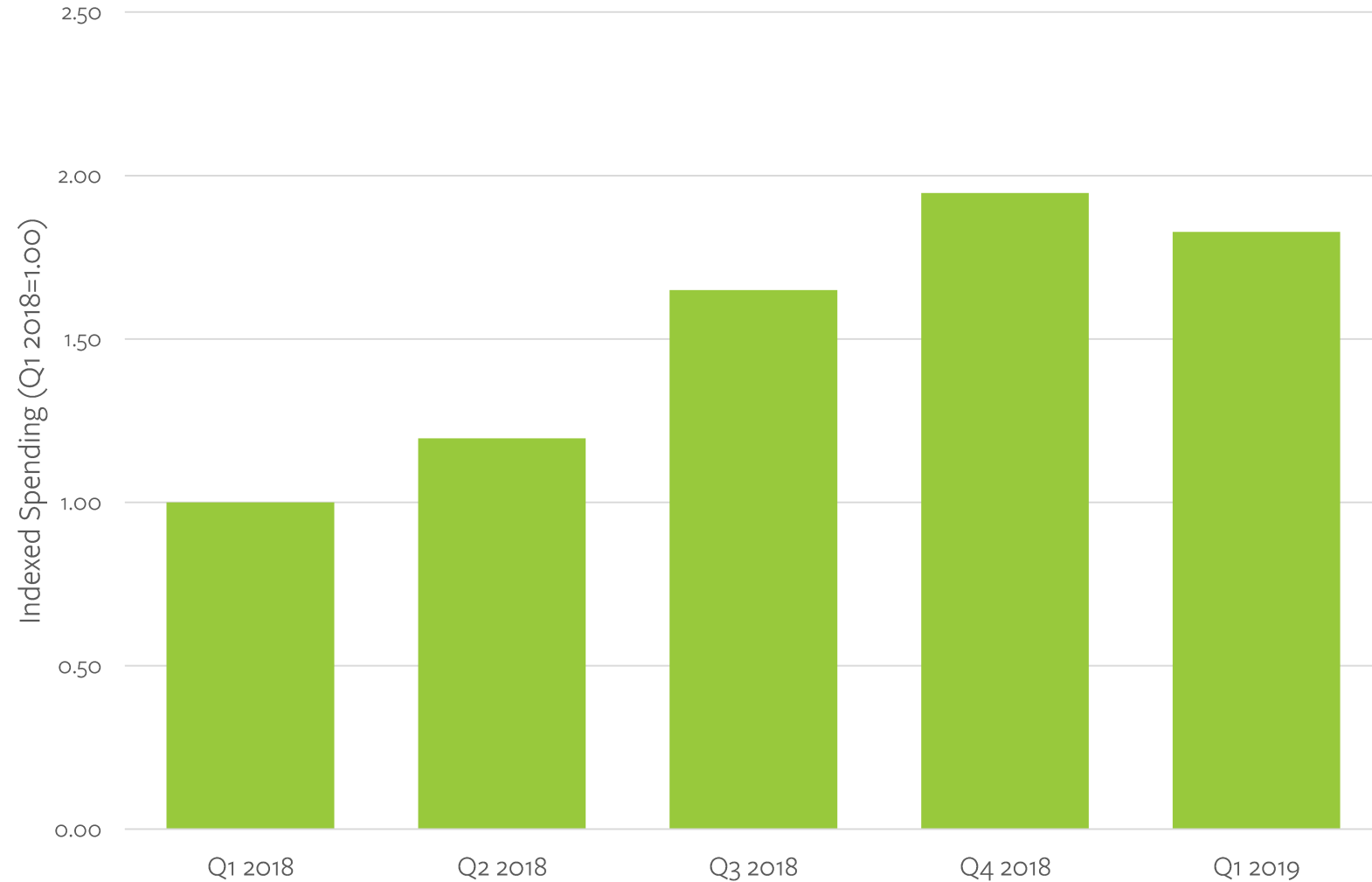


ECOMMERCE

Ecommerce Channel Ads continue growth trend

On a same-advertiser basis, Ecommerce Channel Ads grew faster than both search and social

Advertisers in categories like CPG and Consumer Electronics are seeing considerable value in the online retail channel



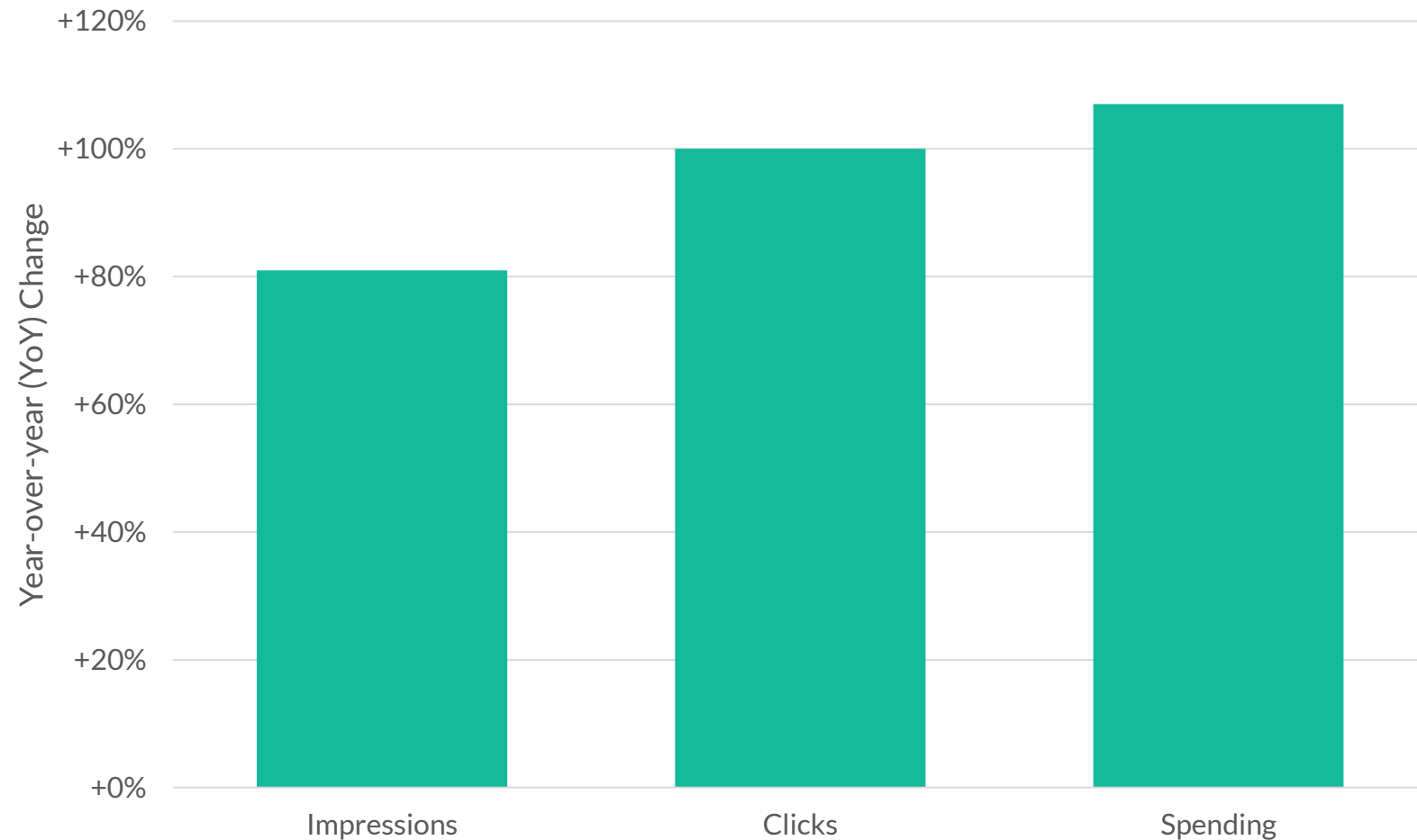
PINTEREST

Volume increases year-over-year

Across ALL advertisers, Pinterest clicks and spend increased 2X or more compared to last year

Clicks grew faster than impressions, which translates to higher engagement with Pinterest ads

Across all Kenshoo advertiser on Pinterest



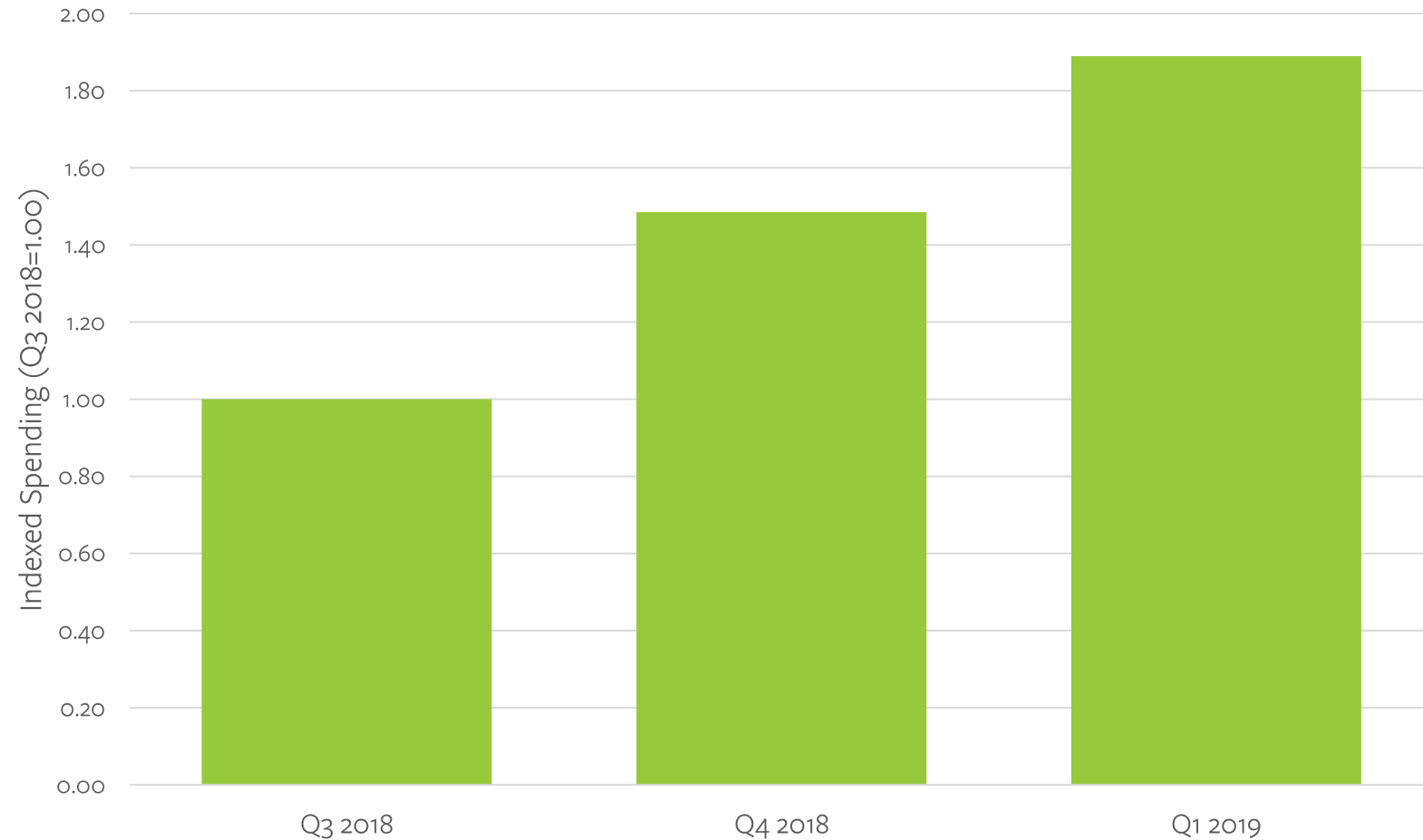
APPLE SEARCH ADS

New opportunities for app advertisers

Across all Kenshoo advertisers on Apple Search Ads

Since launching on Kenshoo in Q3 2018, spending growth on Apple Search Ads has increased rapidly across all Kenshoo clients

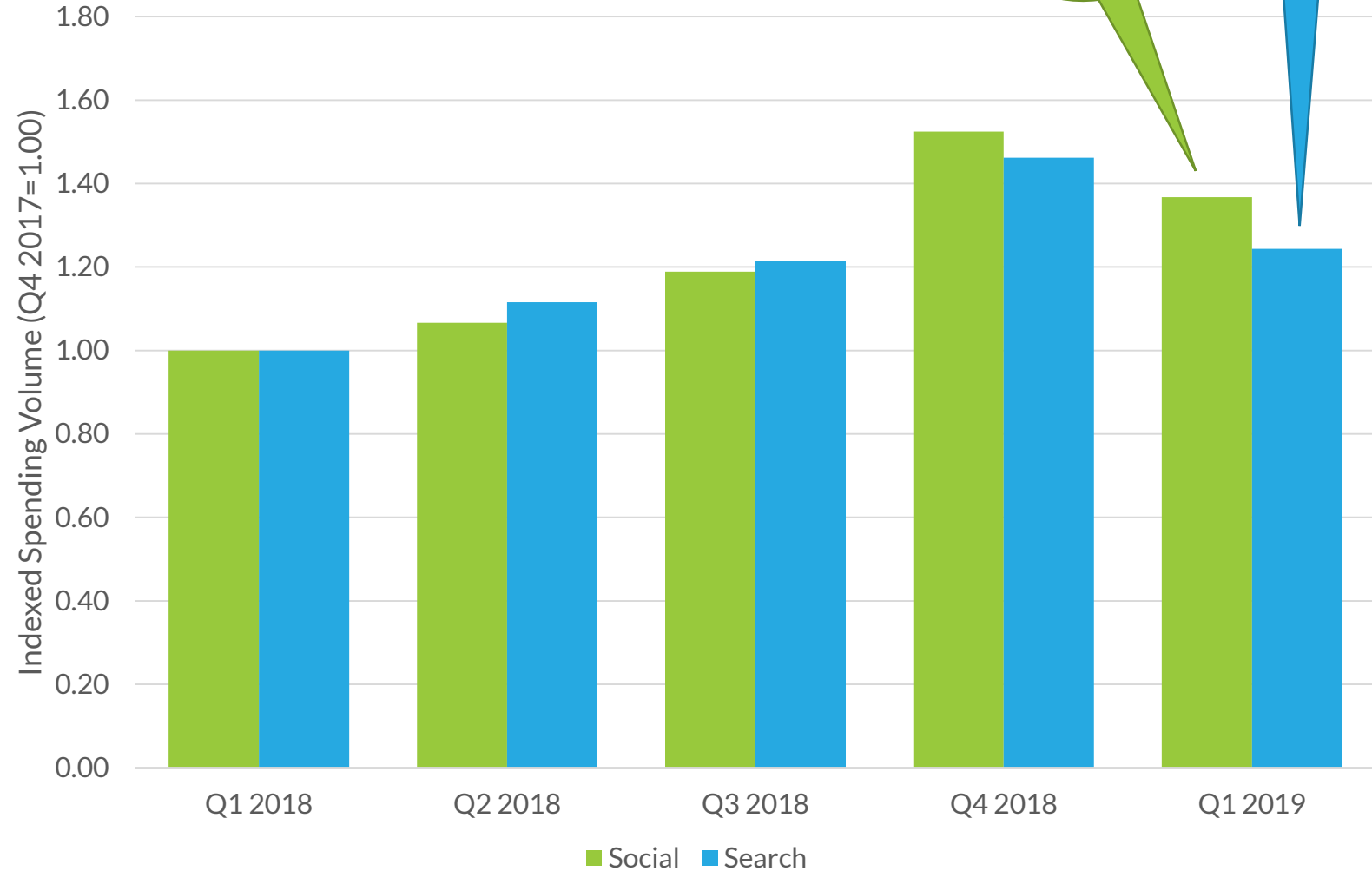
As with Ecommerce Channel Ads, these ads get in front of customers close to the moment of purchase



CROSS-CHANNEL Mobile Trends

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

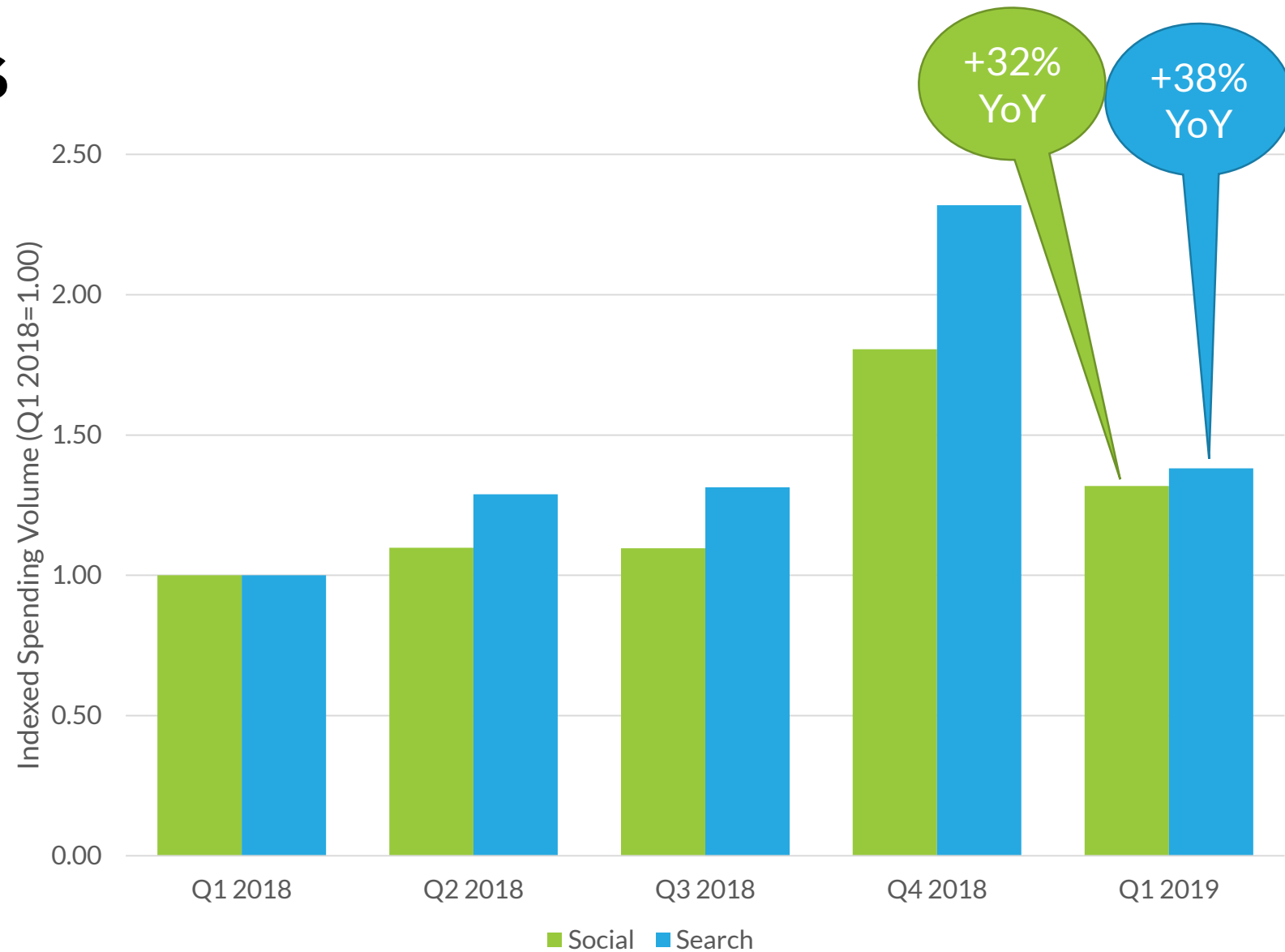
These smartphone ads comprised 84% of all social spending and 50% of all search spending in Q1



CROSS-CHANNEL Product Ad Trends

Search Shopping Campaigns and Social Dynamic Product Ads continue to grow YoY at similar rates

Both channels “landed” higher in Q1 than their investment levels in Q3, before the holiday spike



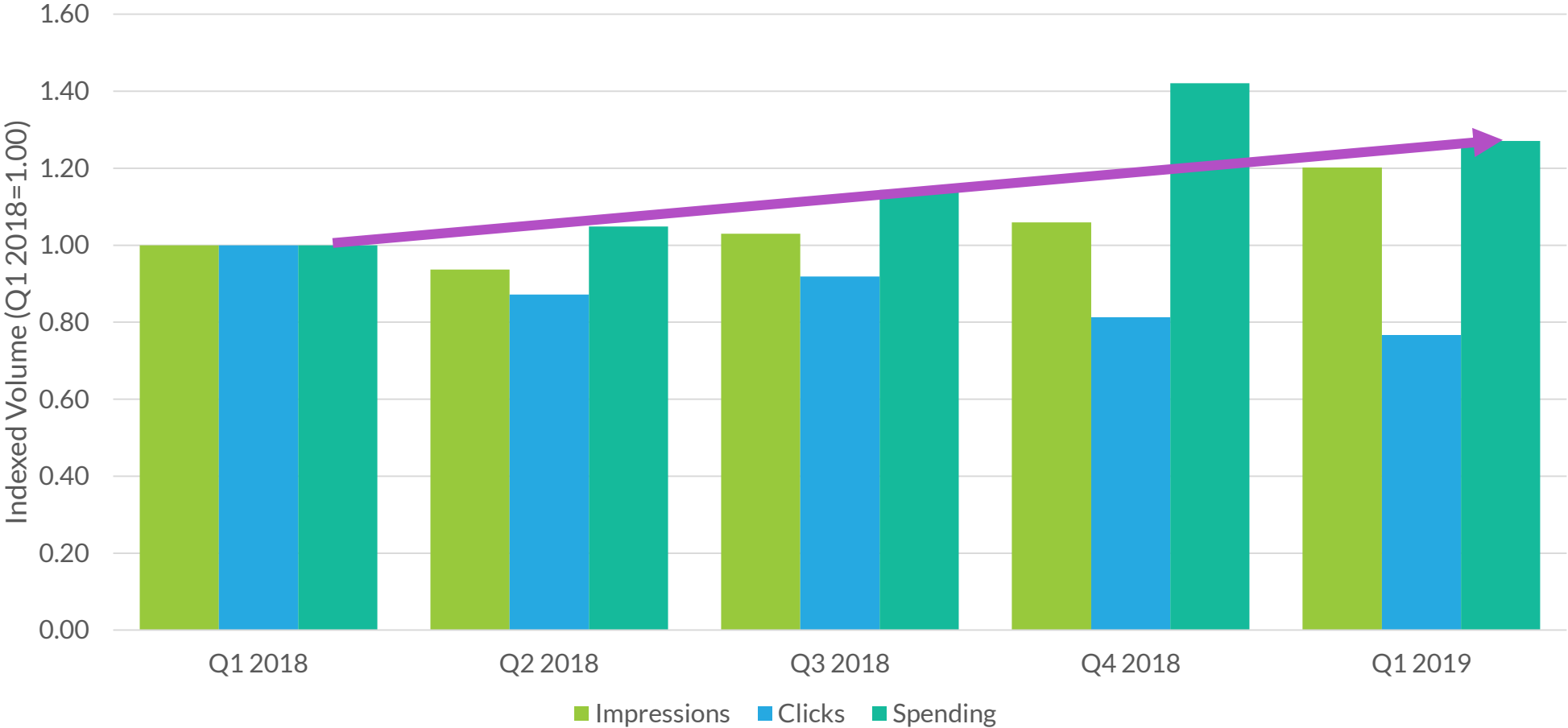


Market Trends

Social
Q1 2019

Social Trends

Social Volume Growth

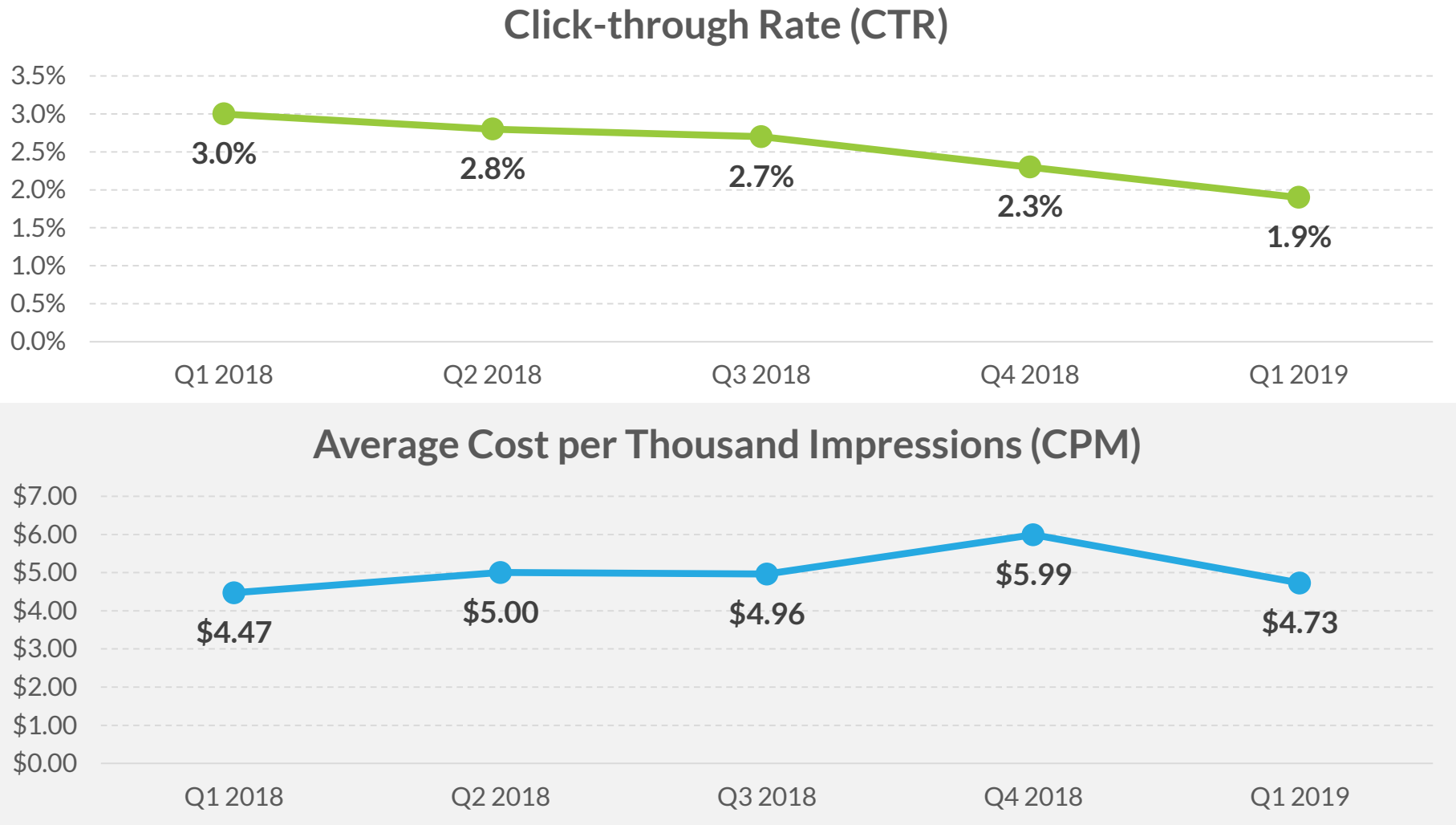


QoQ	YoY
Impressions	
+13%	+20%
Clicks	
-6%	-23%
Spending	
-11%	+27%

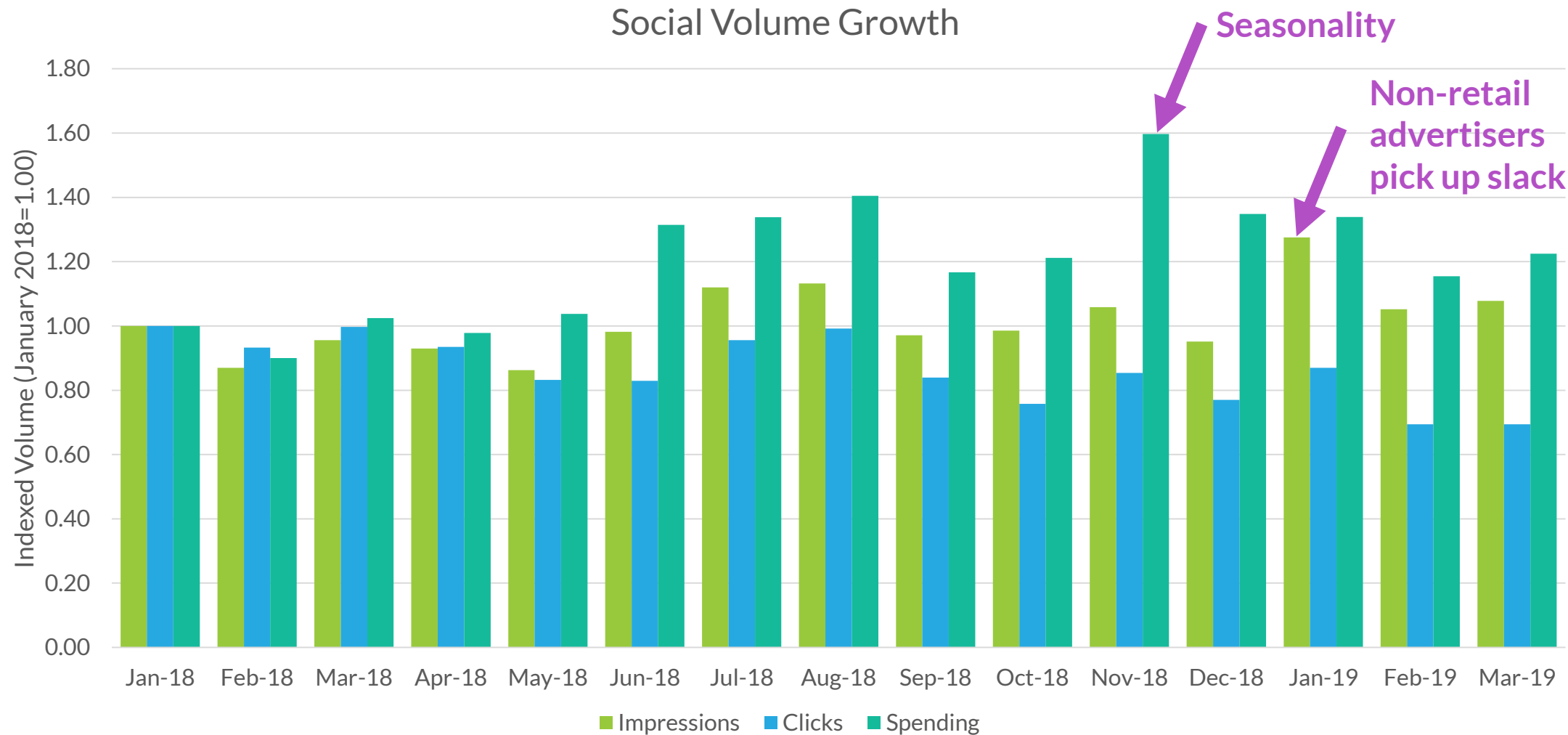


Social Trends

QoQ	YoY
Click-through Rate	
-17%	-37%
CPM	
-21%	+6%



Social Trends (Monthly)



Social Summary

Social spending grew 27% compared to Q1 of 2018, with faster growth in key segments like Instagram, video and mobile

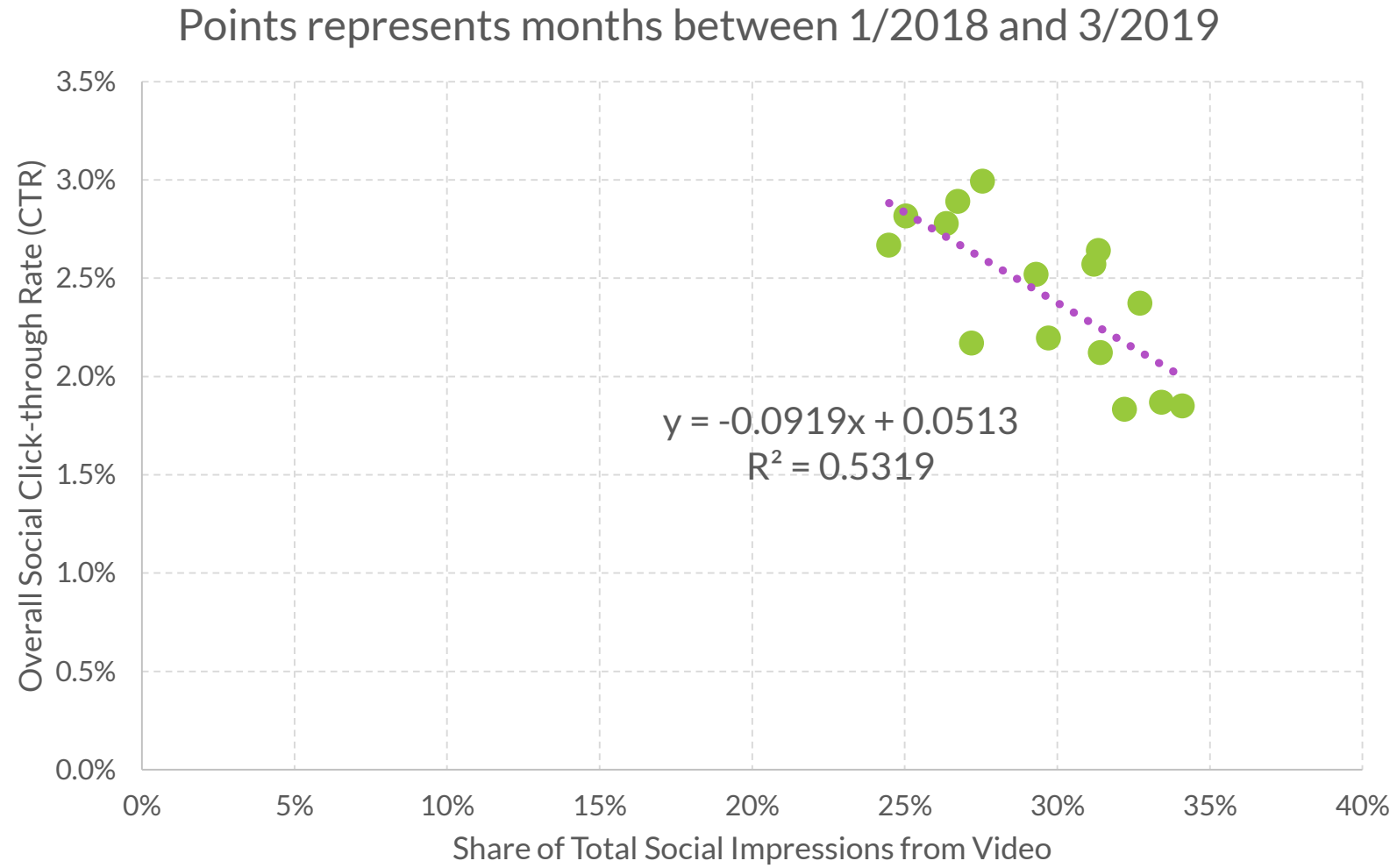
More passive ad units such as video and the Stories format may be factors in the overall decline of clicks and click-through rate



Video Impact on Click-through Rate

In statistical terms, the share of impressions from video ads roughly “explains” over half of the variation in click-through rate

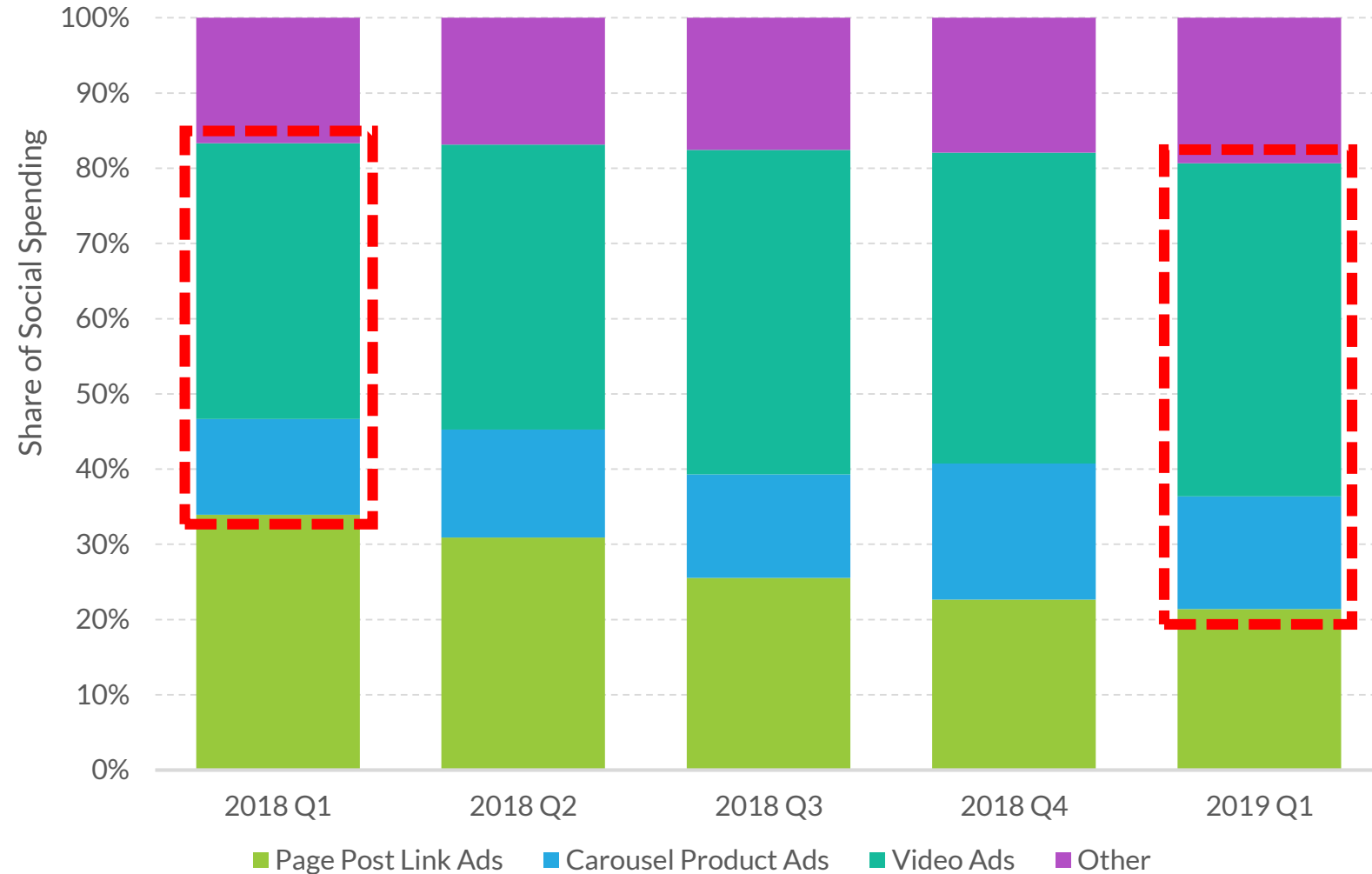
This implies that video share *may* be a factor in the overall decline of social CTR, although correlation is not causation



Increasing Diversity in Social Ad Inventory

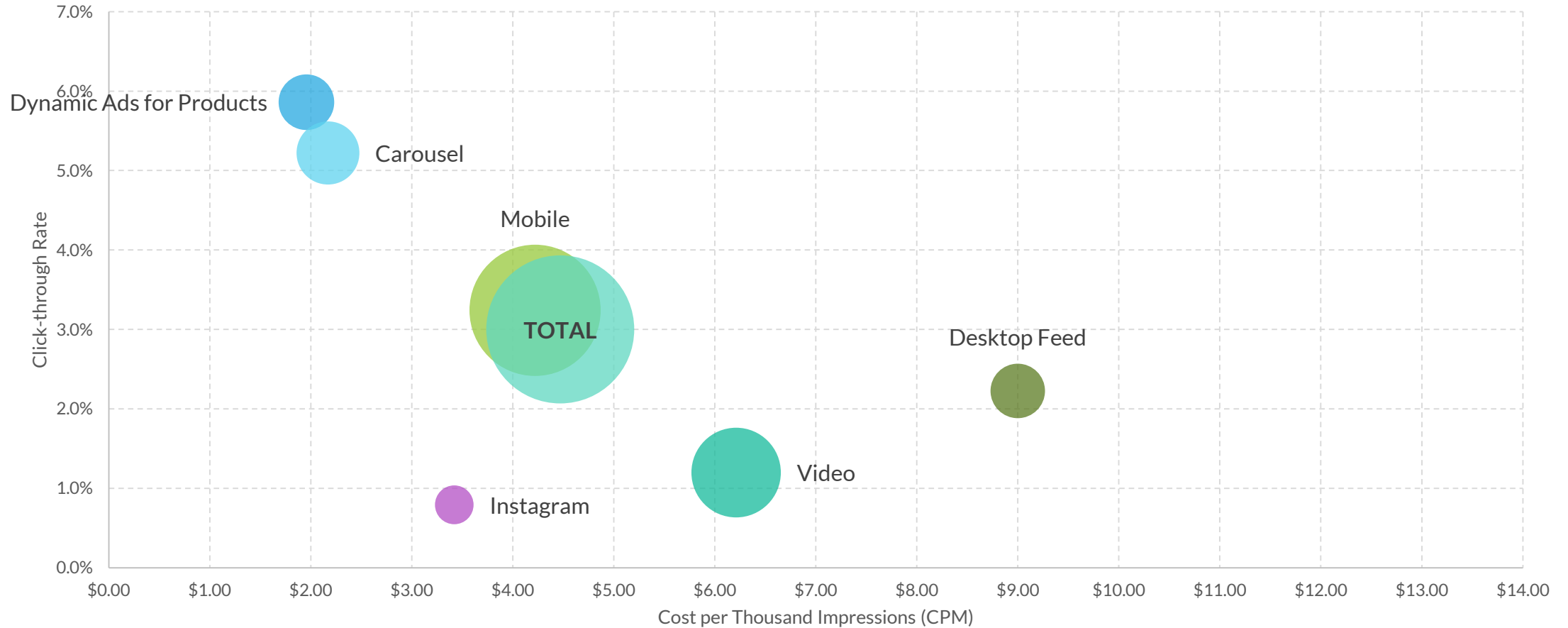
Carousel Product Ads and Video Ads now make up 59% of total social spending, up from 49% one year ago

This growth comes as Page Post Link Ads lose share to more dynamic, more specialized ad types



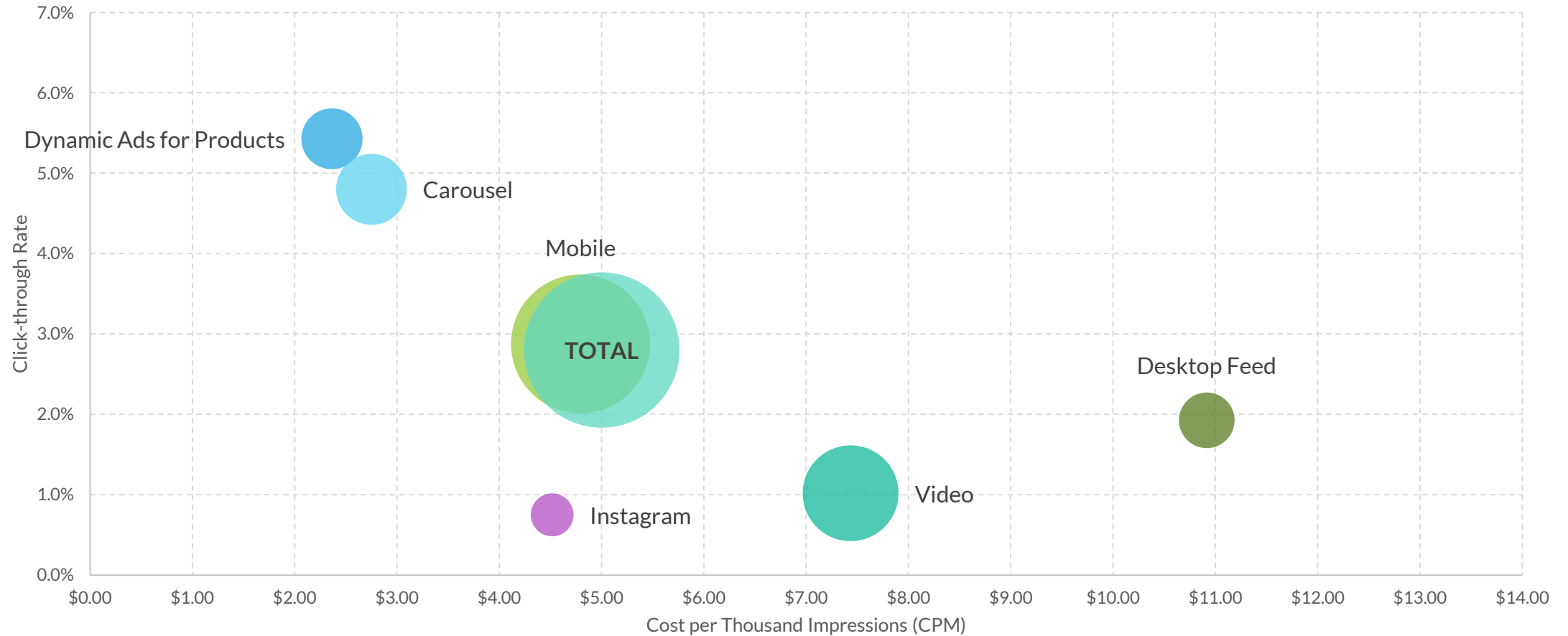
Key Social Segments by Quarter

Q1 2018 Q2 2018 Q3 2018 Q4 2018 Q1 2019
(Bubble size = Spending Volume. Bubbles are not mutually exclusive.)



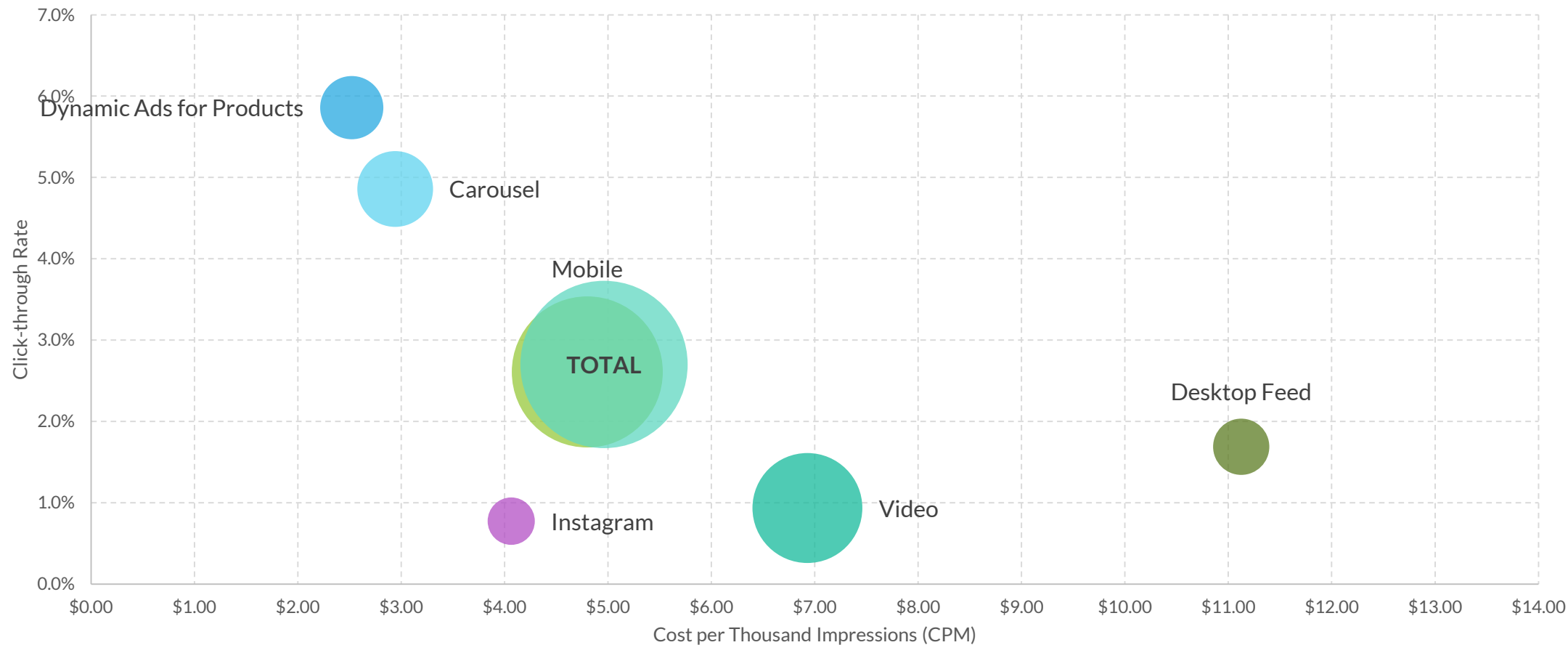
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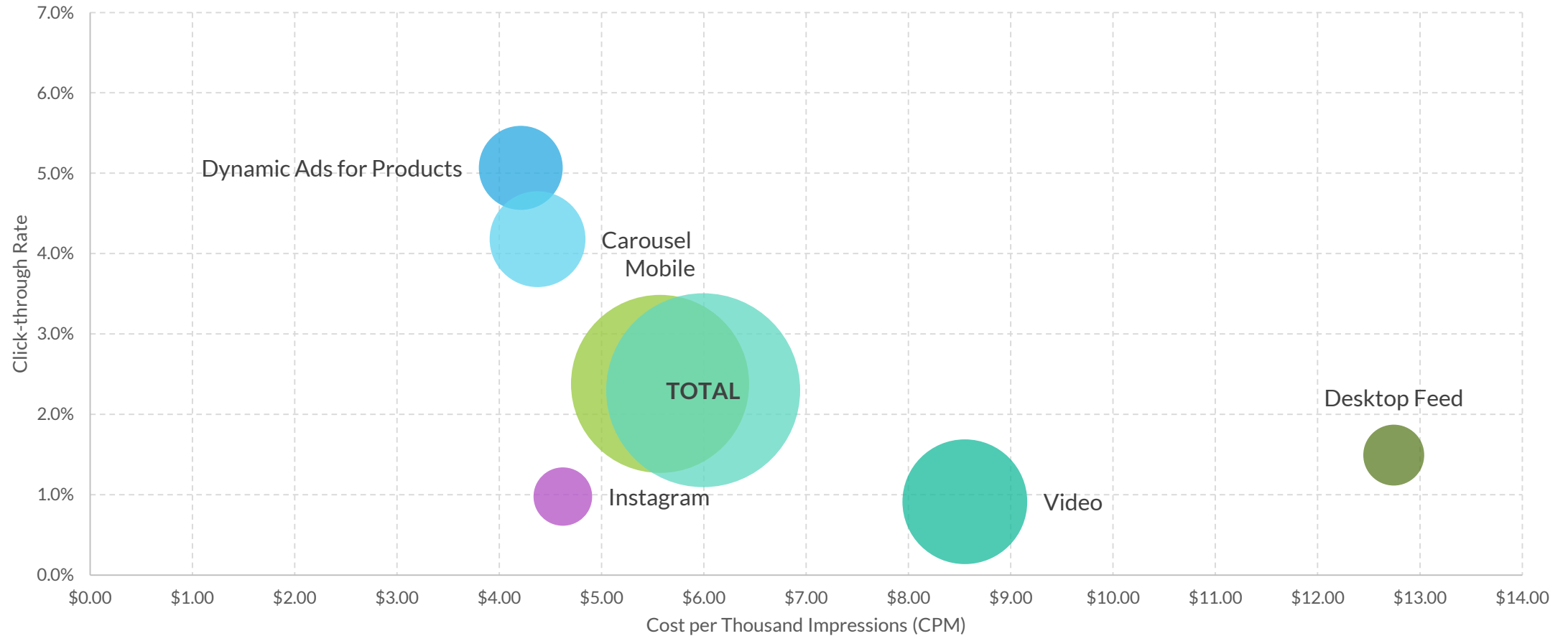
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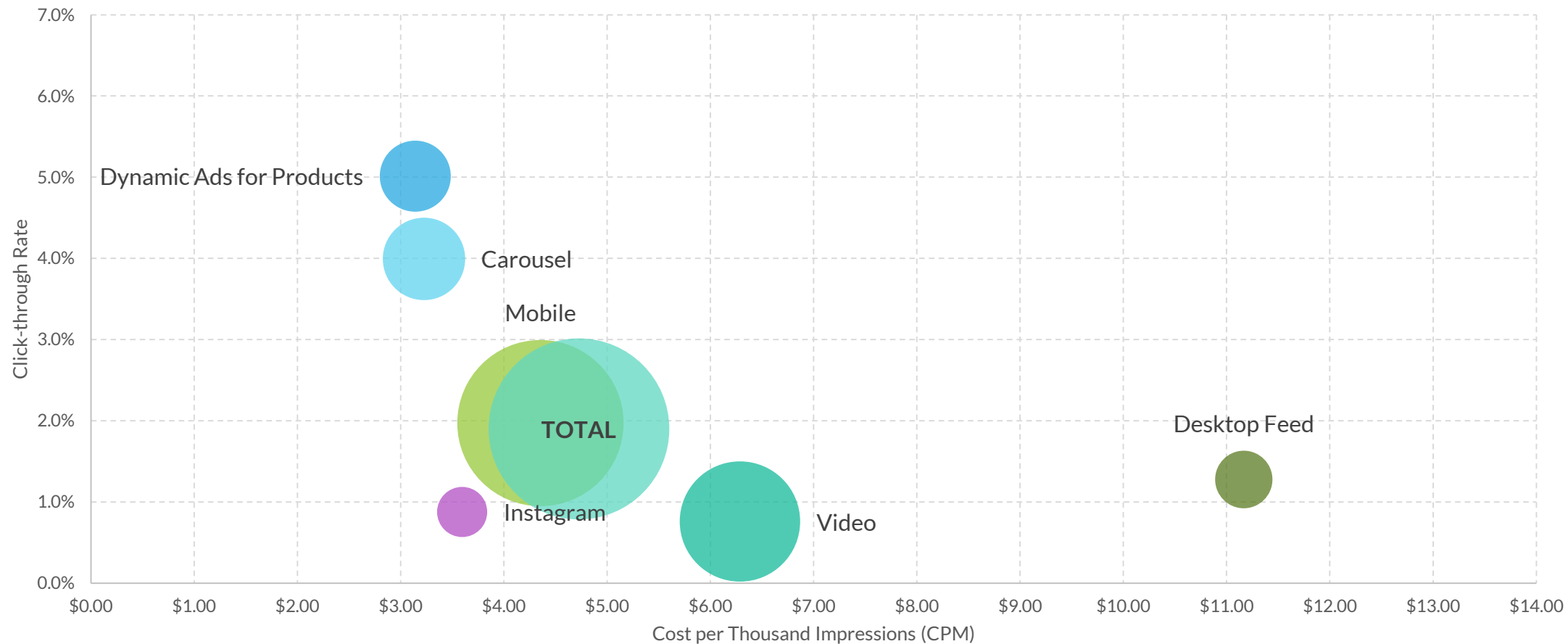
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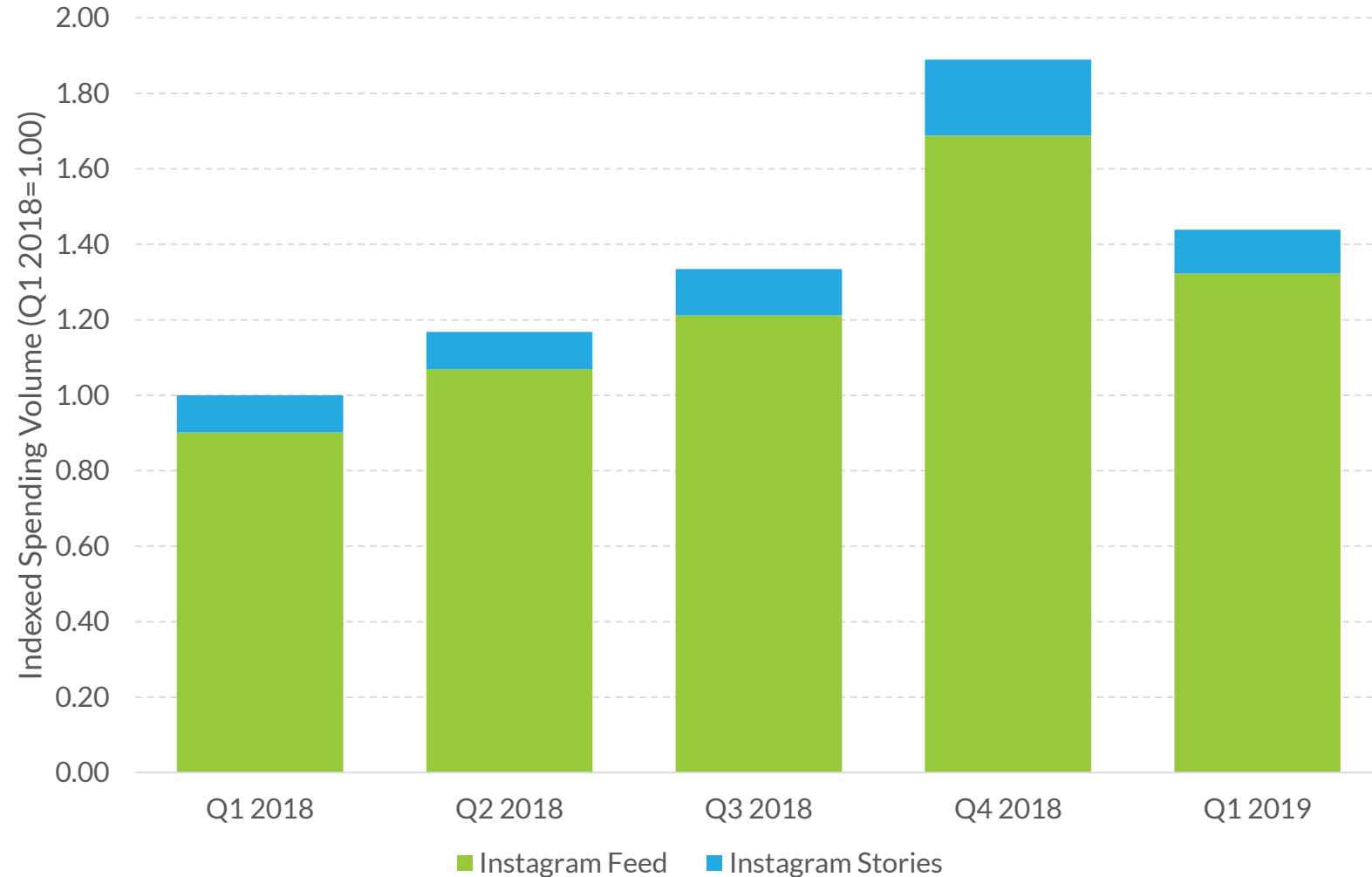


Focus On: Instagram

Instagram spending continues to grow faster than overall social

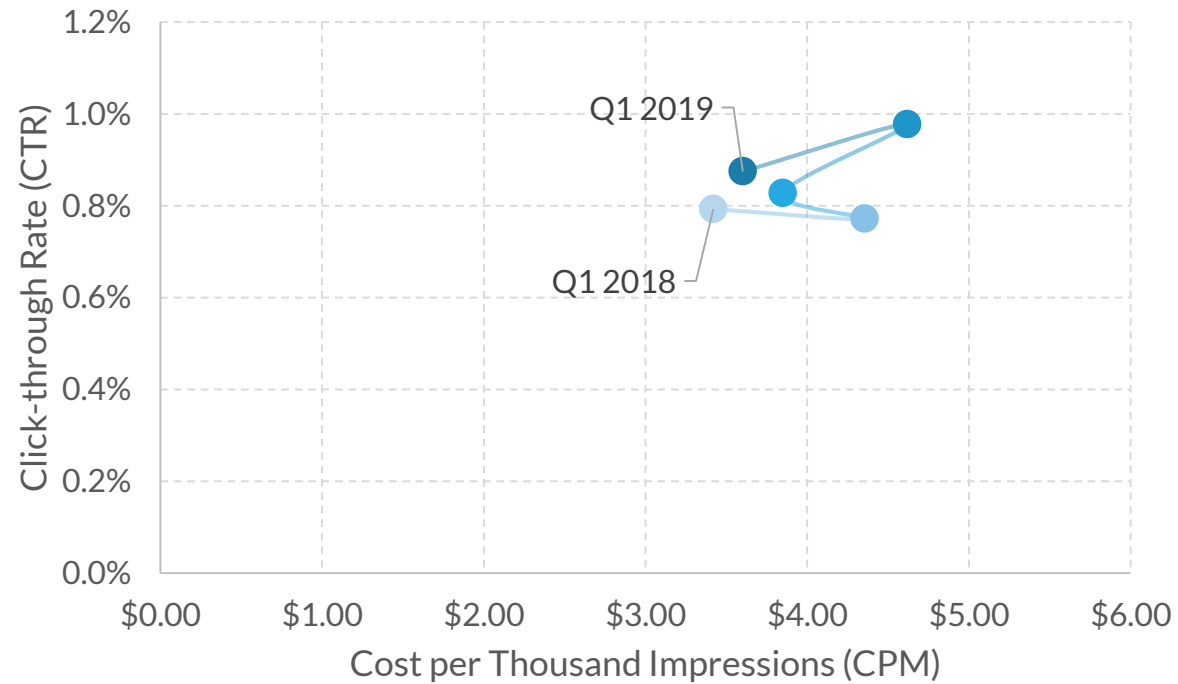
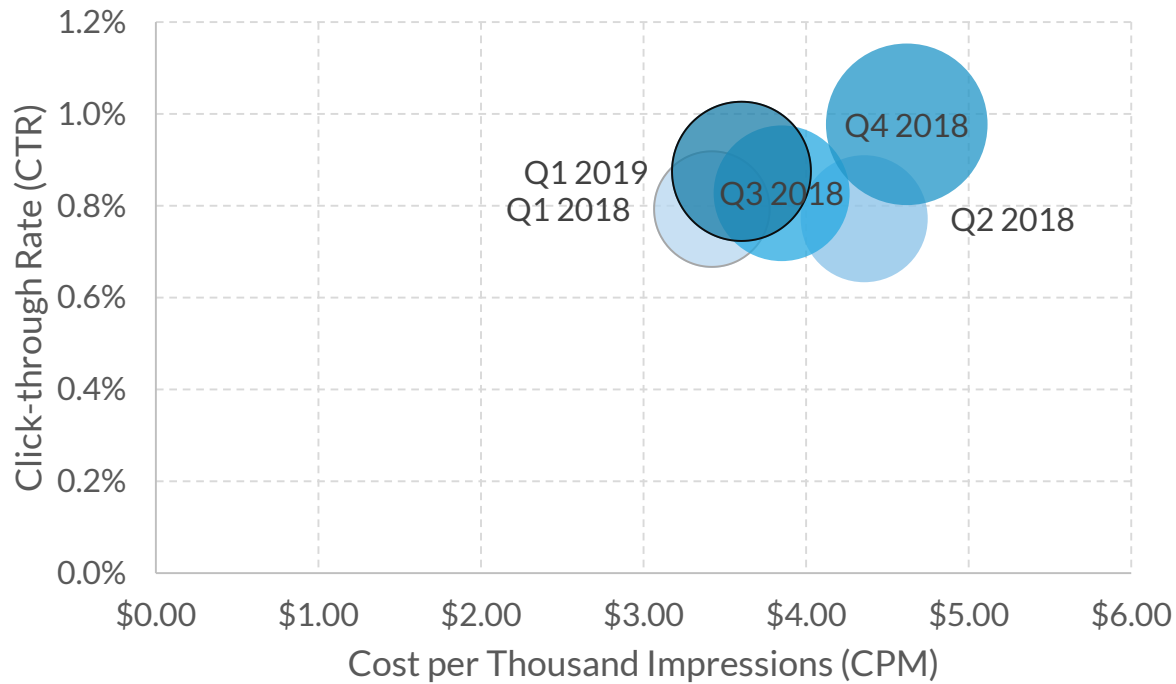
YoY spending grew 44% compared to Q1 of last year

Instagram Stories is still very new, very small, and very volatile



Focus On: Instagram

Bubble size=spending volume

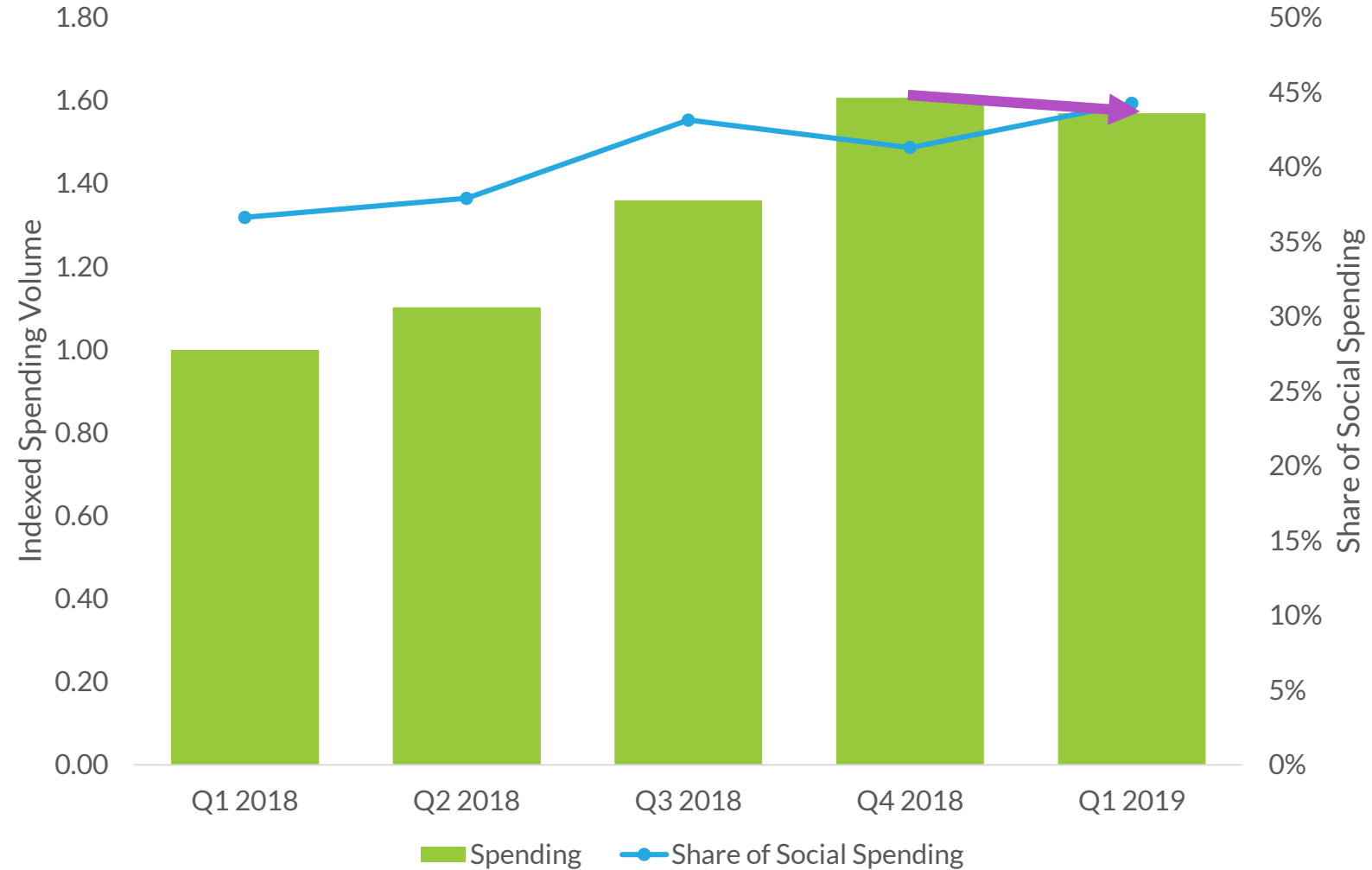


Instagram ad spending increased 44% YoY and declined 24% QoQ, while CPM has shown no clear trend over the past five quarters

Focus on: Social Video

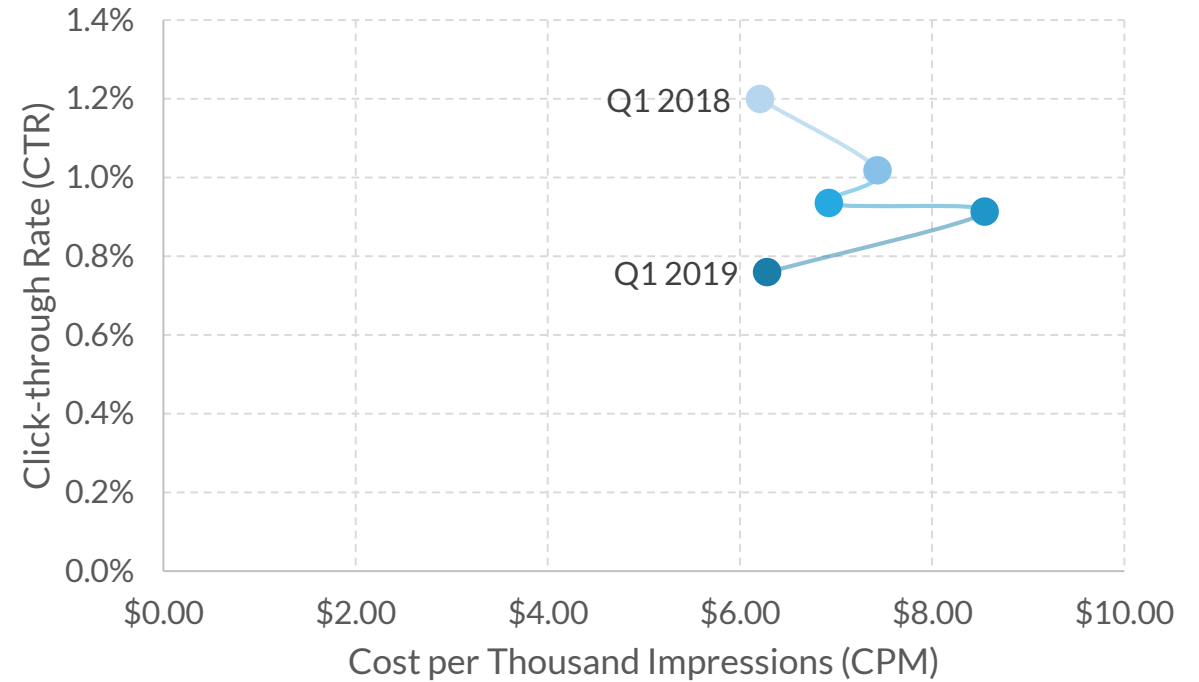
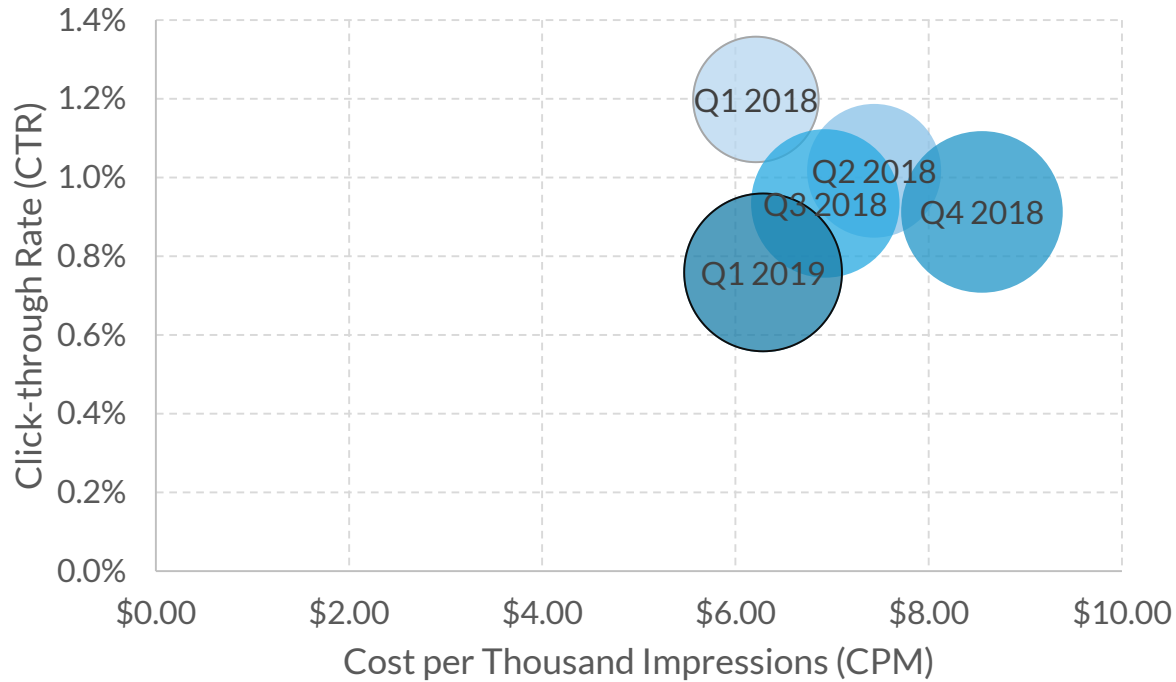
Social video ad spending only declined 2% in Q1 vs. the previous quarter

At 44% of Q1 spending, video ads outspent single-link (31%) and multi-link (21%) posts



Focus On: Social Video

Bubble size=spending volume



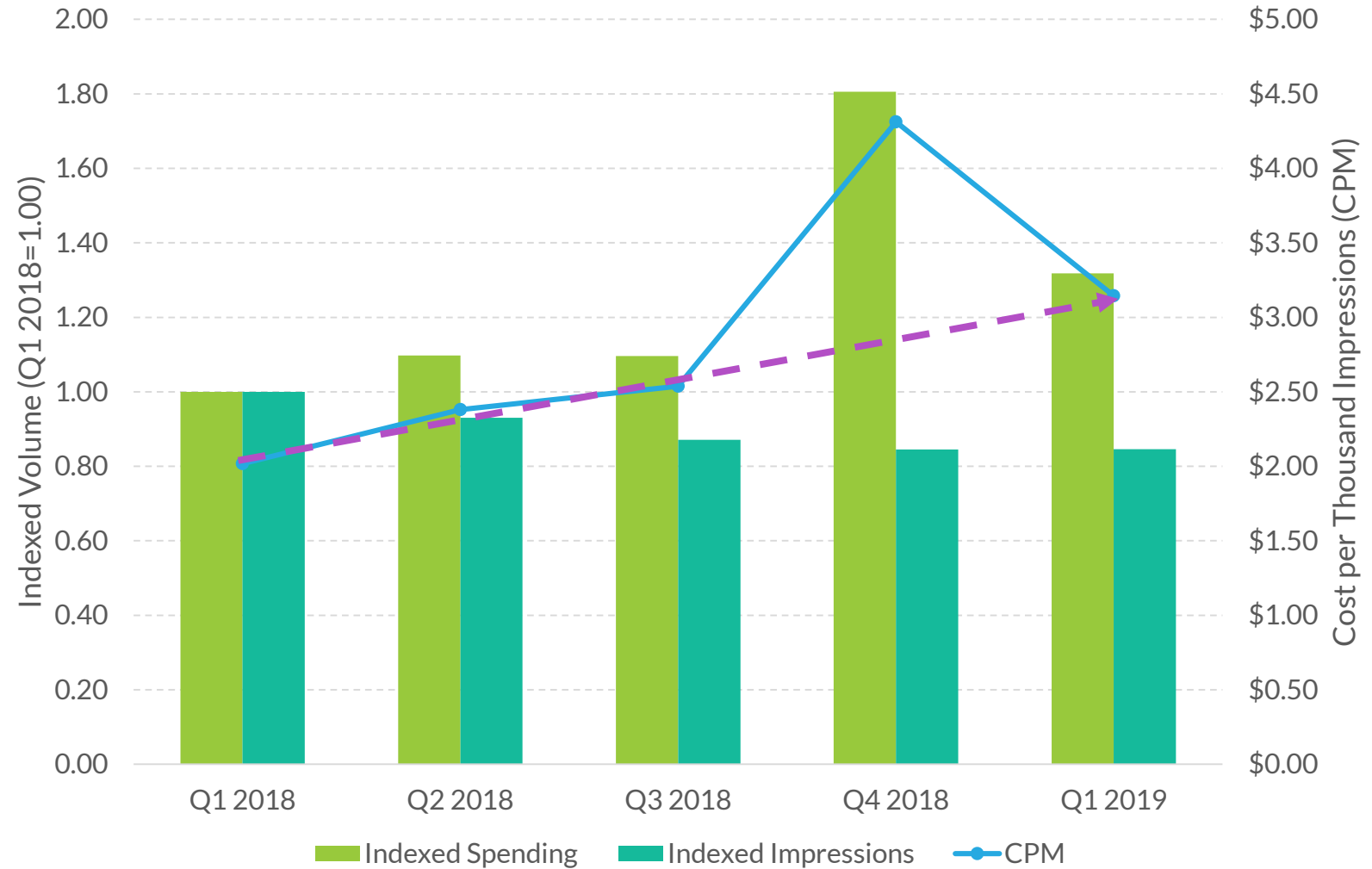
Social Video ad spending grew 57% YoY and only dropped 2% QoQ. Direct engagement with these ads via user clicks is declining, but that may not be the best measure



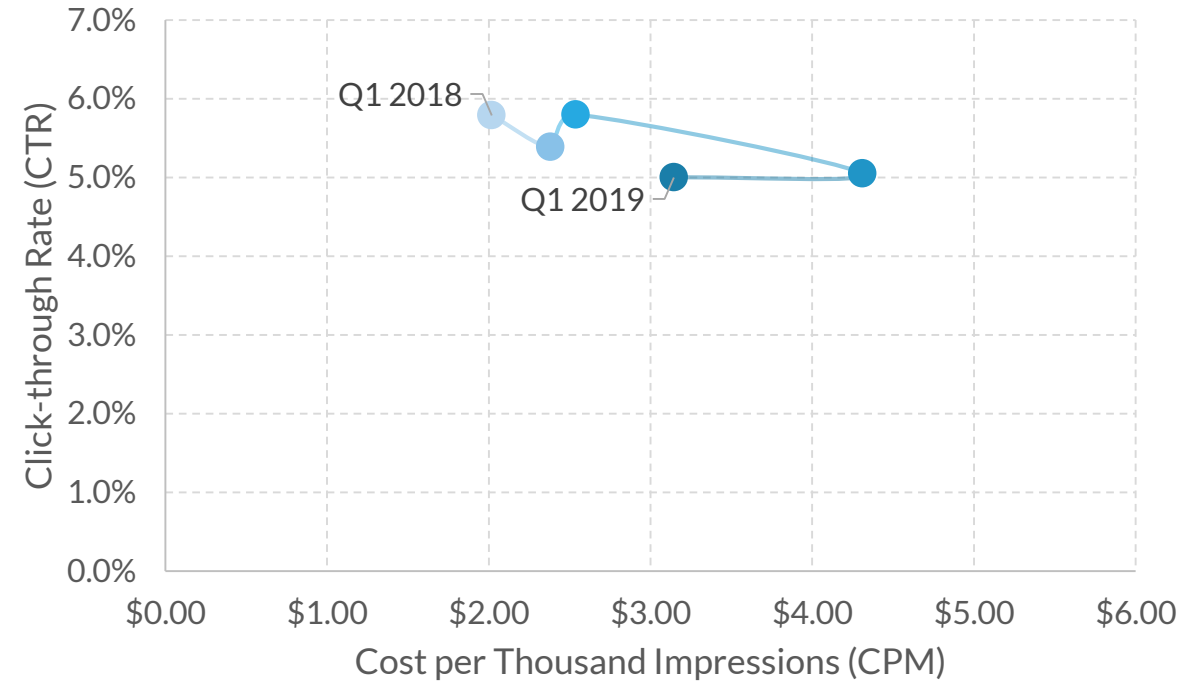
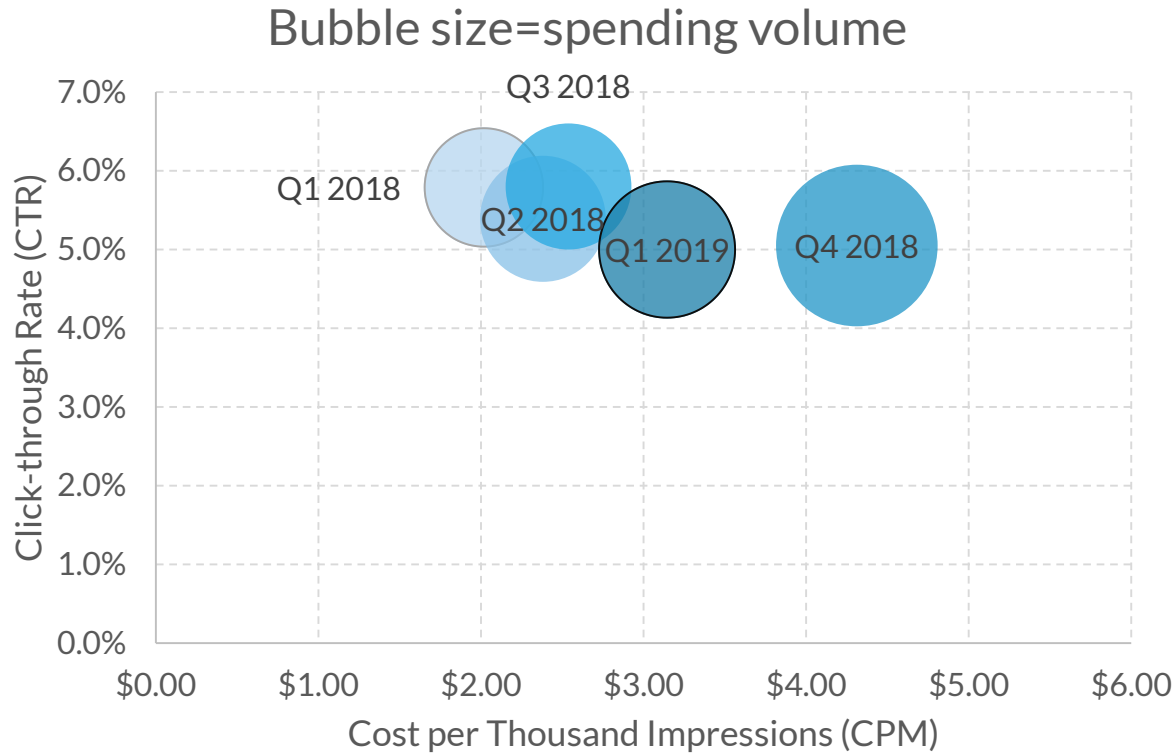
Focus On: Product Ads

Pricing of Dynamic Ads for Products (DPA) has shown near-linear price growth if you exclude the seasonal spike in Q4

More precise targeting is one possible explanation of the diverging impression and CPM trends



Focus On: Product Ads



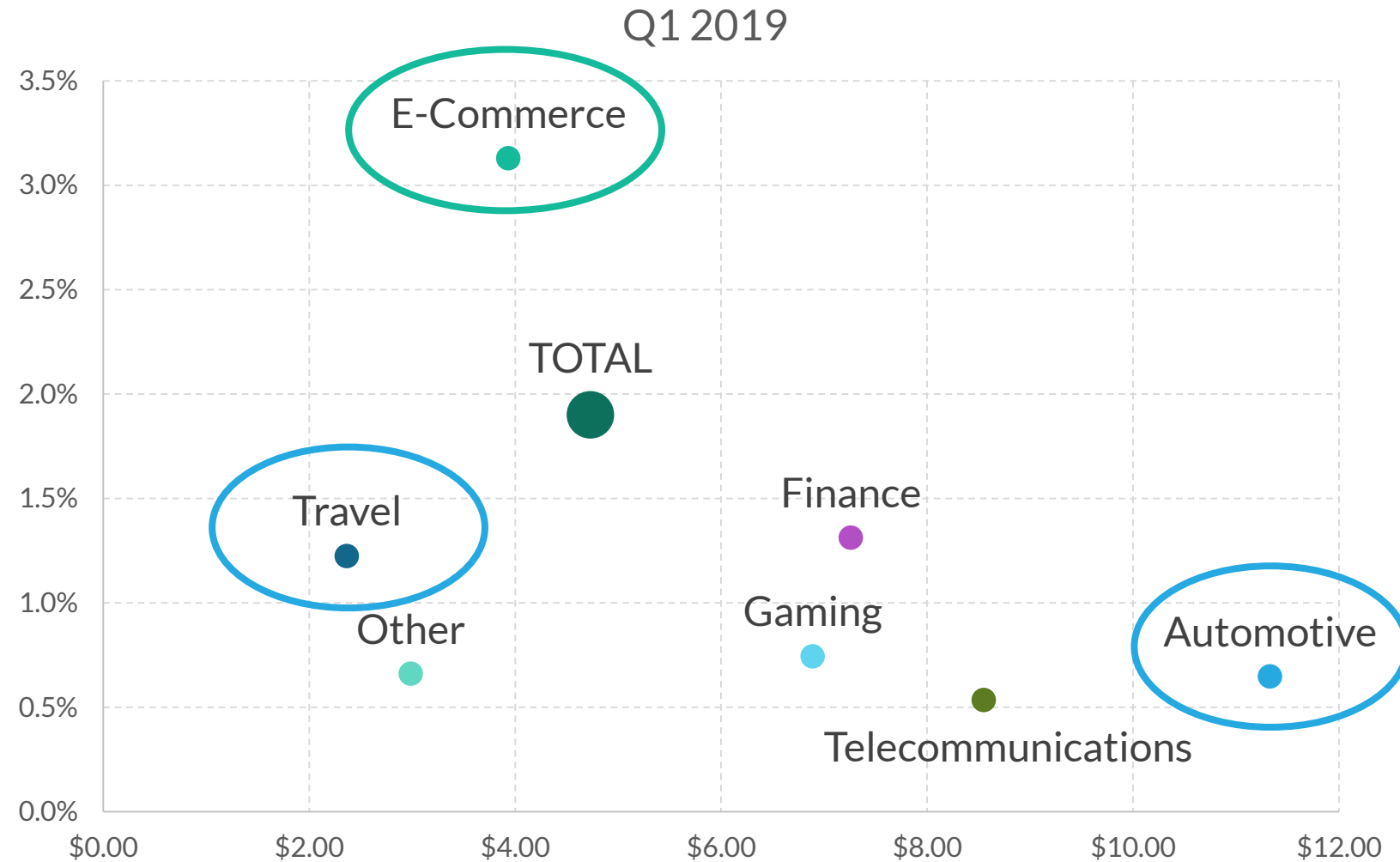
Dynamic Ads for Products grew 32% YOY, slightly faster than the overall social channel. CPMs saw a big spike in Q4, then returned slightly higher than pre-holiday.



Social CPM and CTR by Industry

Automotive advertisers have some of the highest CPMs, while Travel advertisers have the lowest

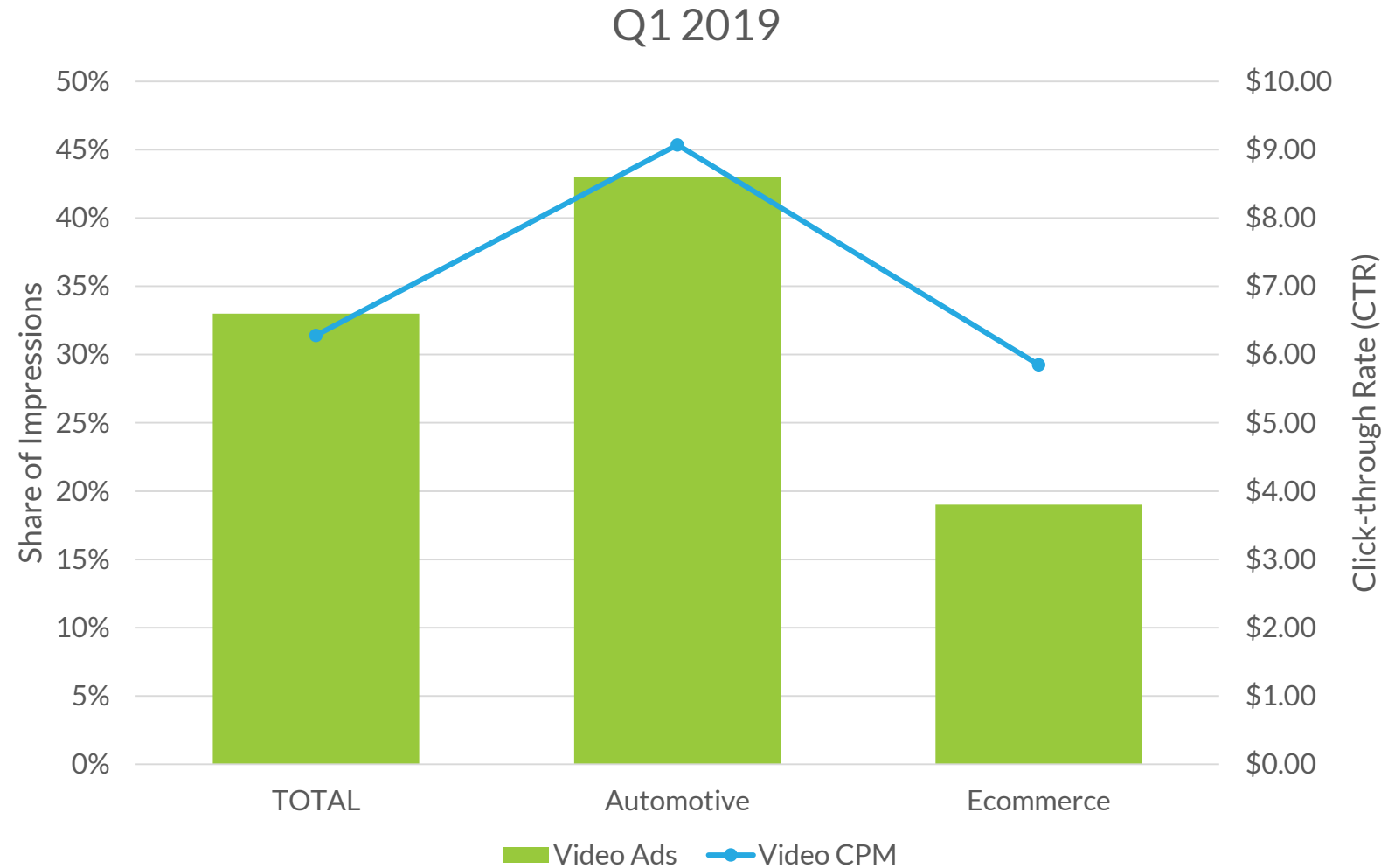
E-Commerce advertisers are heavily leveraged on Product Carousel ads, which have high click-through rates



Video ads and CPM by Industry

Relative use of video ads helps explain some of the differences in CPM by vertical

Auto has both a higher share of video ad impressions, and higher prices for those impressions, while Ecommerce has the opposite



Marketer Summary: Social

Changes in CPM or CTR could trace back to your mix of placements, ad formats and/or industry

As the social ad ecosystem continues to evolve, tools like Kenshoo Bid Multipliers and Facebook Placement Optimization are evolving in parallel to help manage that complexity at scale

Marketers need to look beyond traditional metrics like click-through rate to assess the impact of more branding-focus social ad units





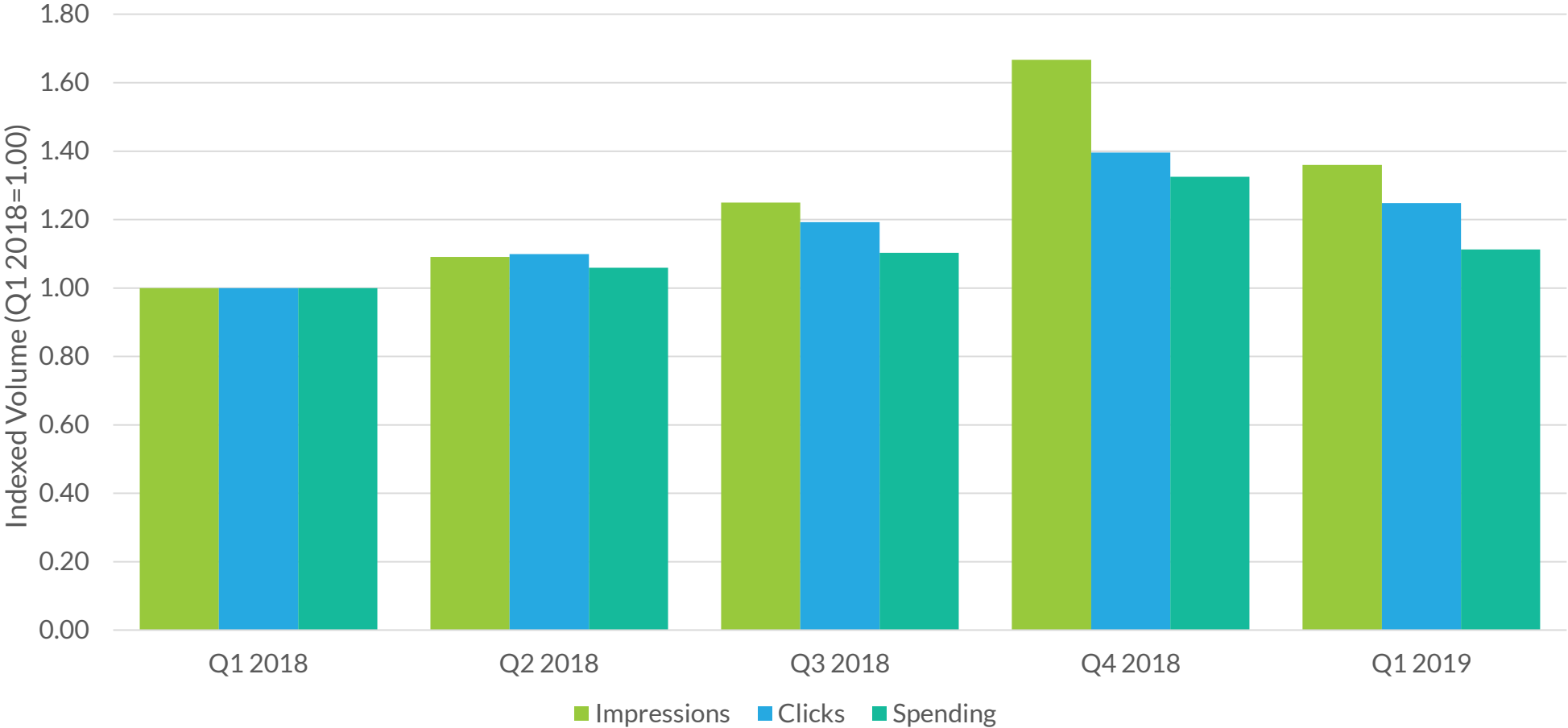
Market Trends

Search

Q1 2019

Search Trends

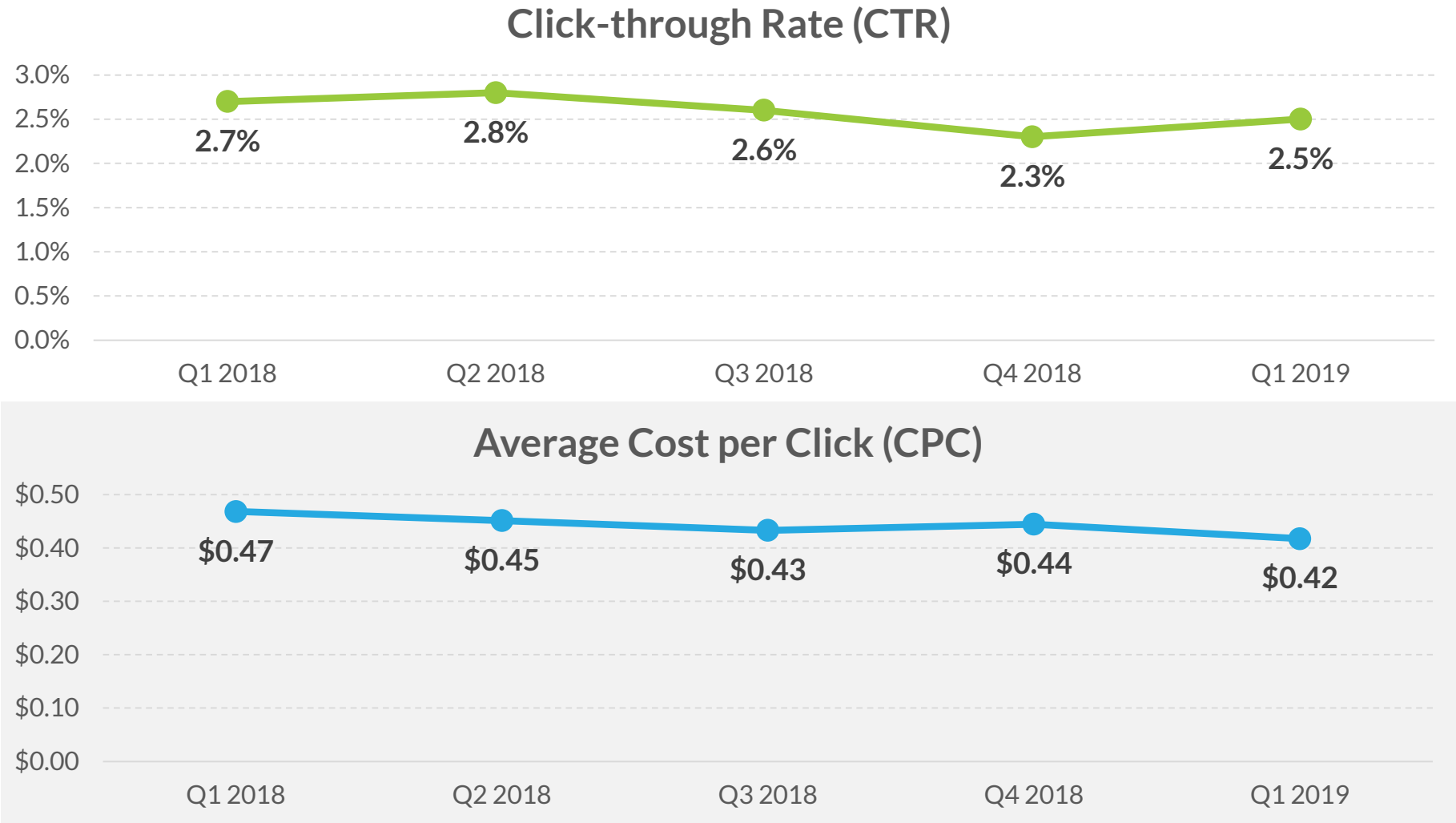
Search Volume Growth



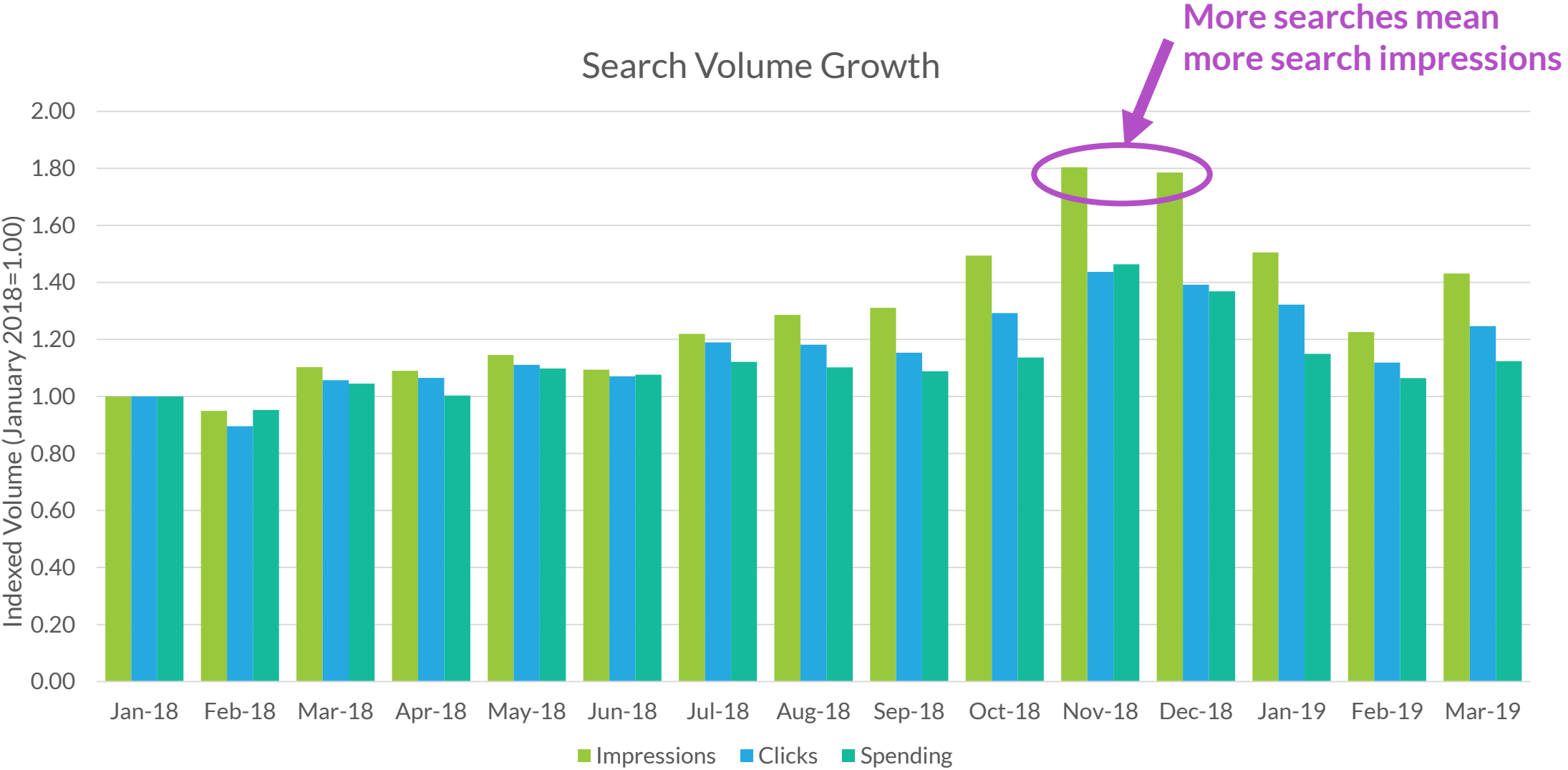
QoQ	YoY
Impressions	
-18%	+36%
Clicks	
-11%	+25%
Spending	
-16%	+11%

Search Trends

QoQ	YoY
Click-through Rate	
+9%	-7%
CPC	
-6%	-11%



Search Trends (Monthly)



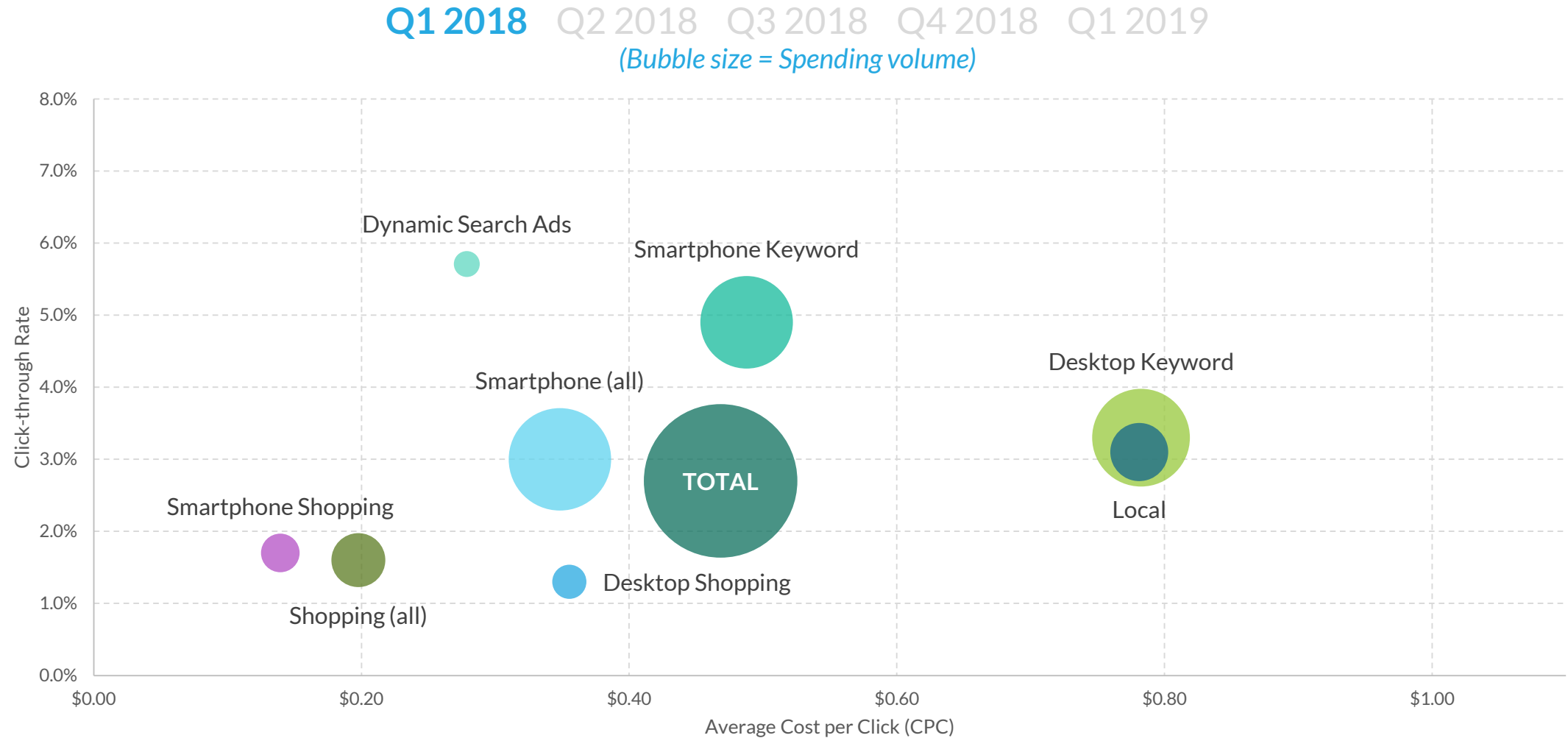
Search Highlights

As the seasonal spending boost receded, search spending increased 11% over Q1 of 2018, and saw a modest increase over pre-holiday levels in Q3

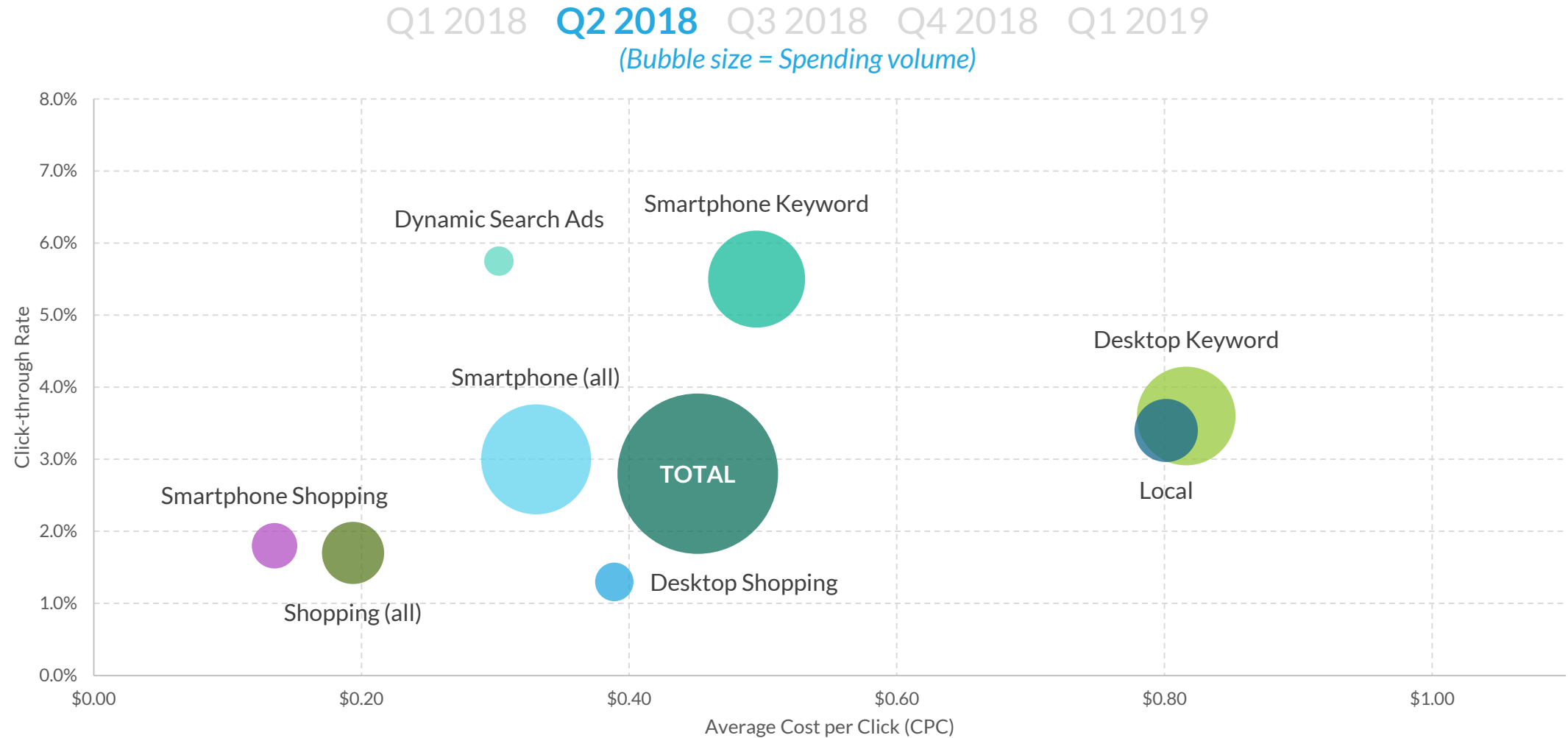
Mobile search ads continue to grow more than twice as fast as the overall average, across both keywords and shopping campaigns



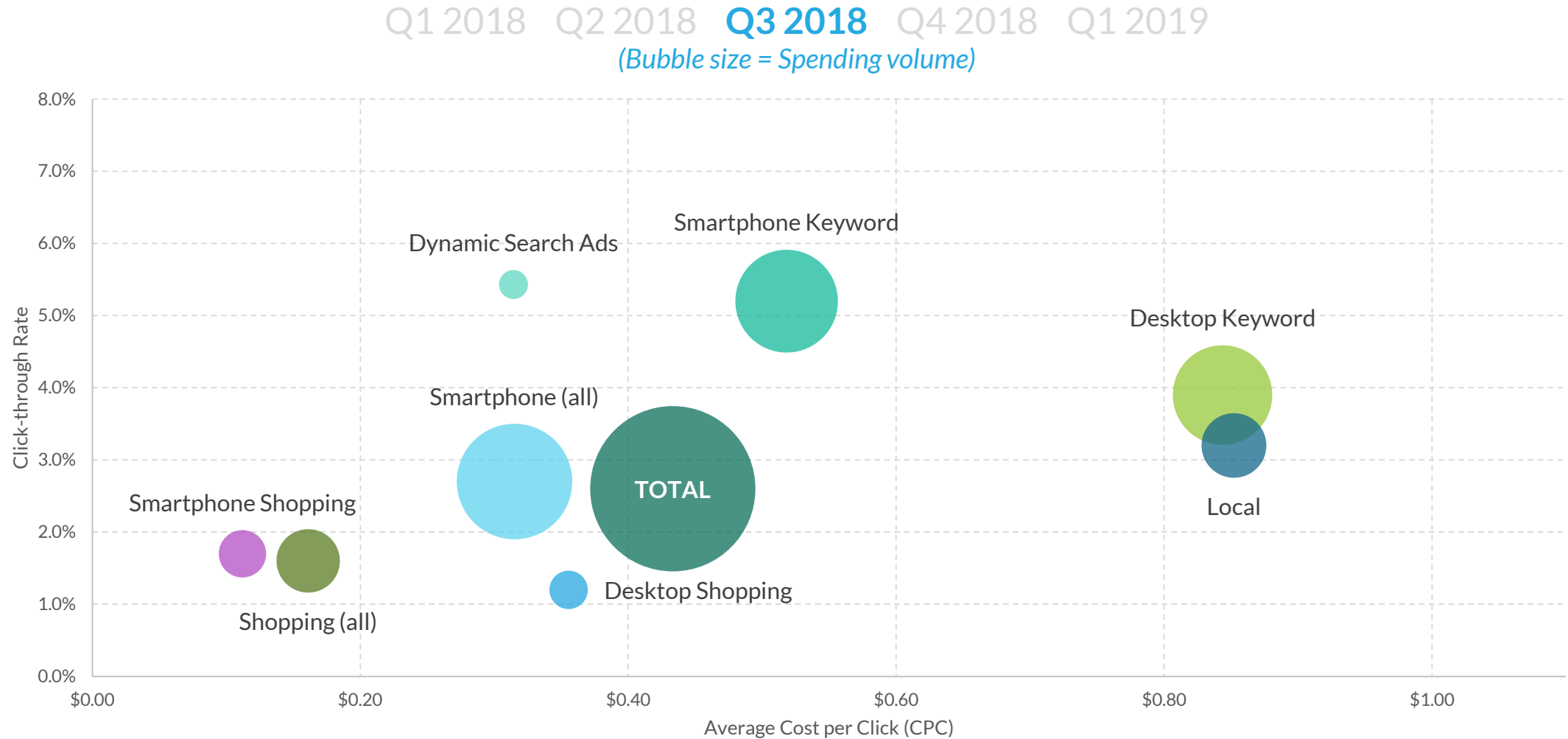
Key Search Segments by Quarter



Key Search Segments by Quarter

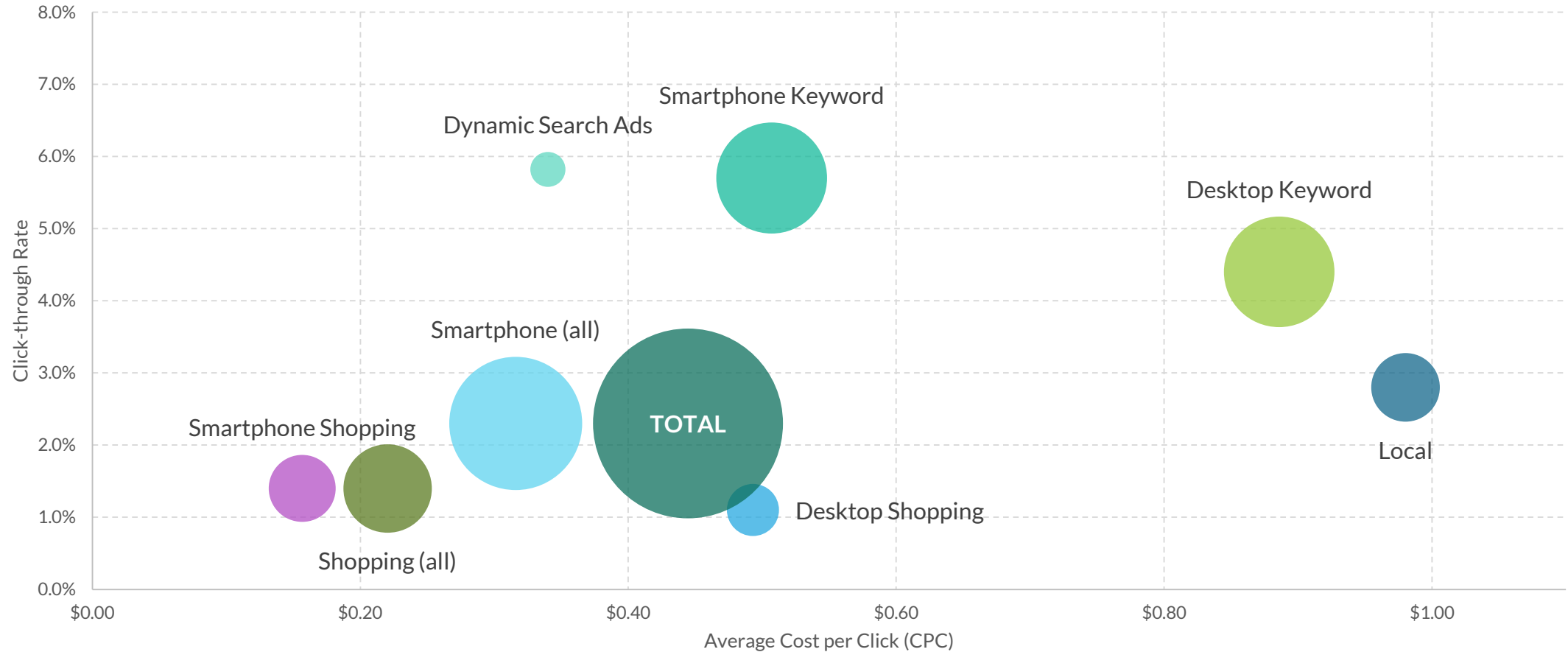


Key Search Segments by Quarter



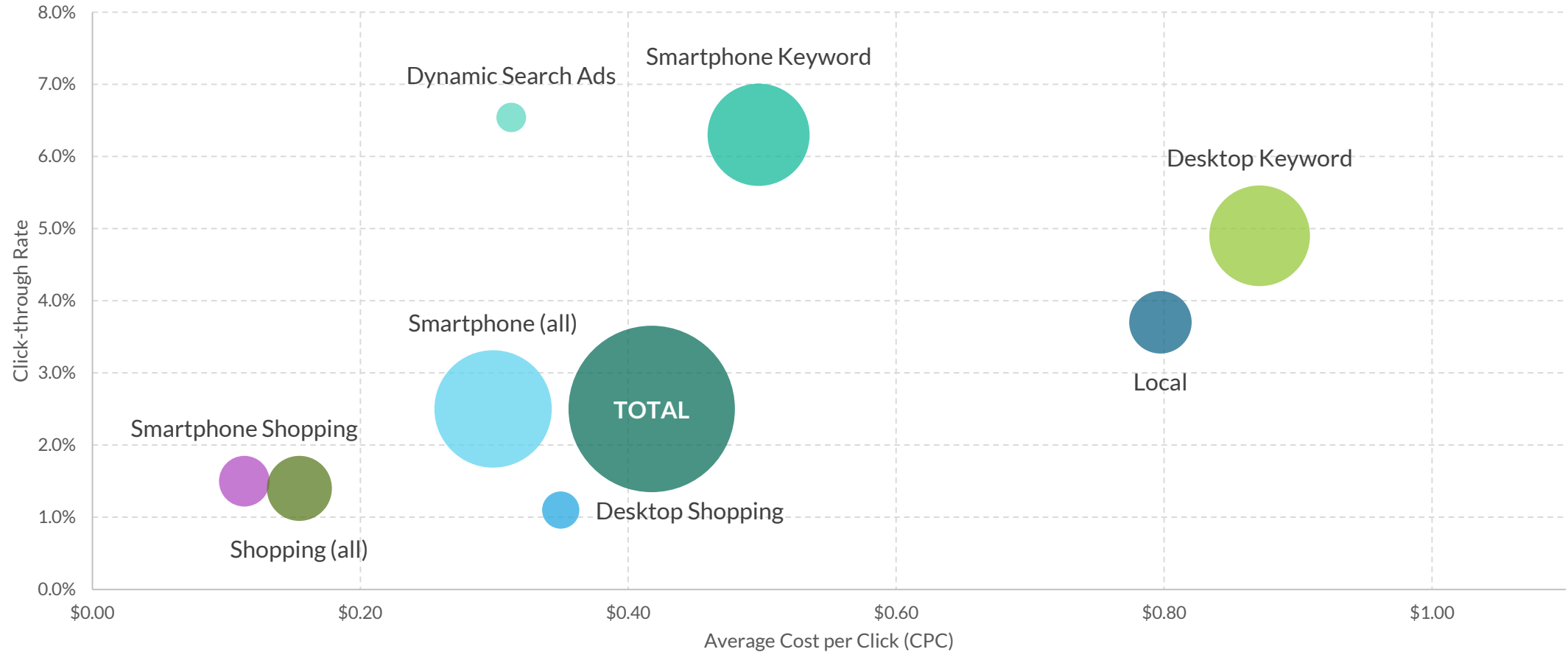
Key Search Segments by Quarter

Q1 2018 Q2 2018 Q3 2018 **Q4 2018** Q1 2019
(Bubble size = Spending volume)



Key Search Segments by Quarter

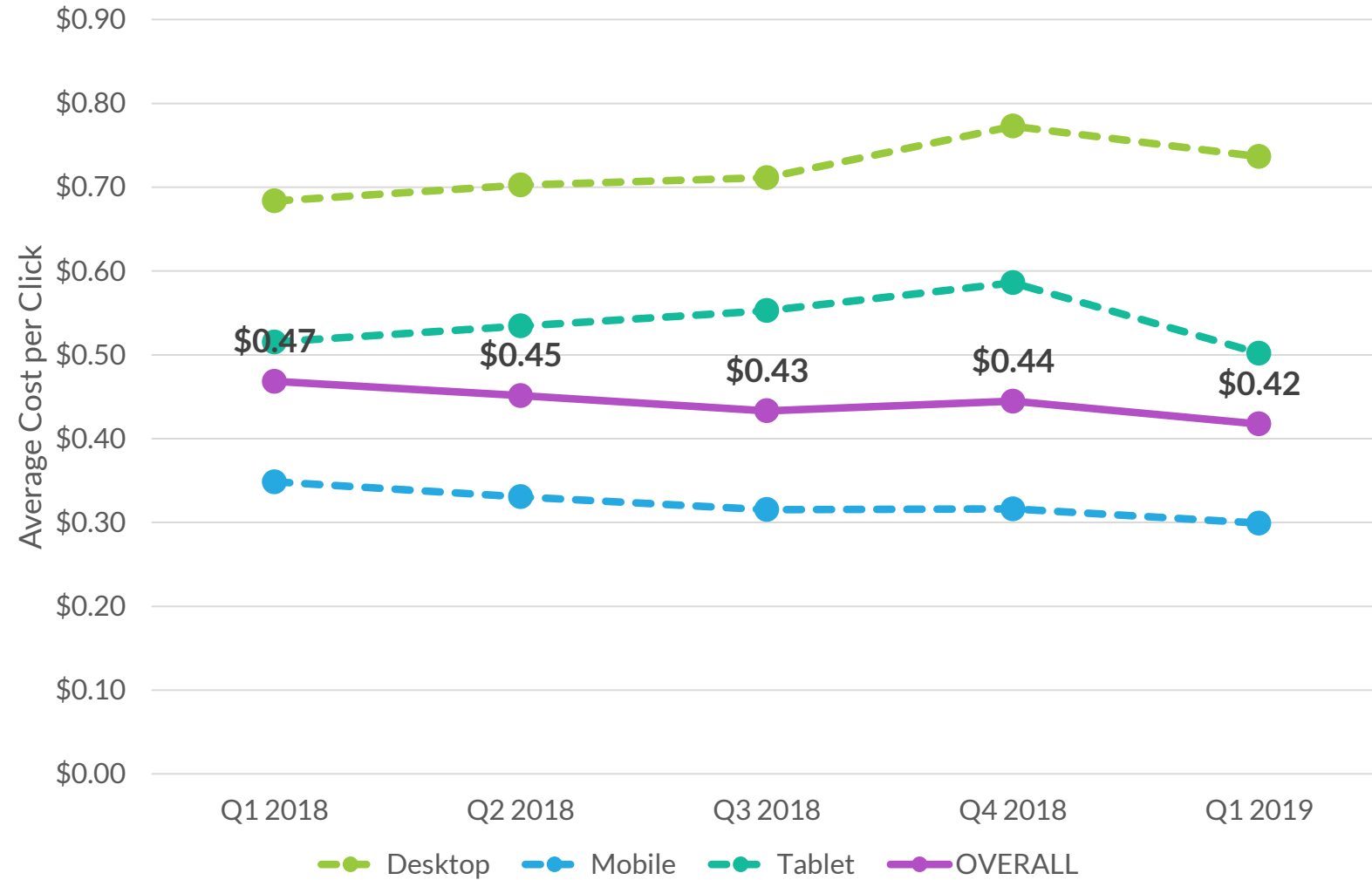
Q1 2018 Q2 2018 Q3 2018 Q4 2018 **Q1 2019**
(Bubble size = Spending volume)



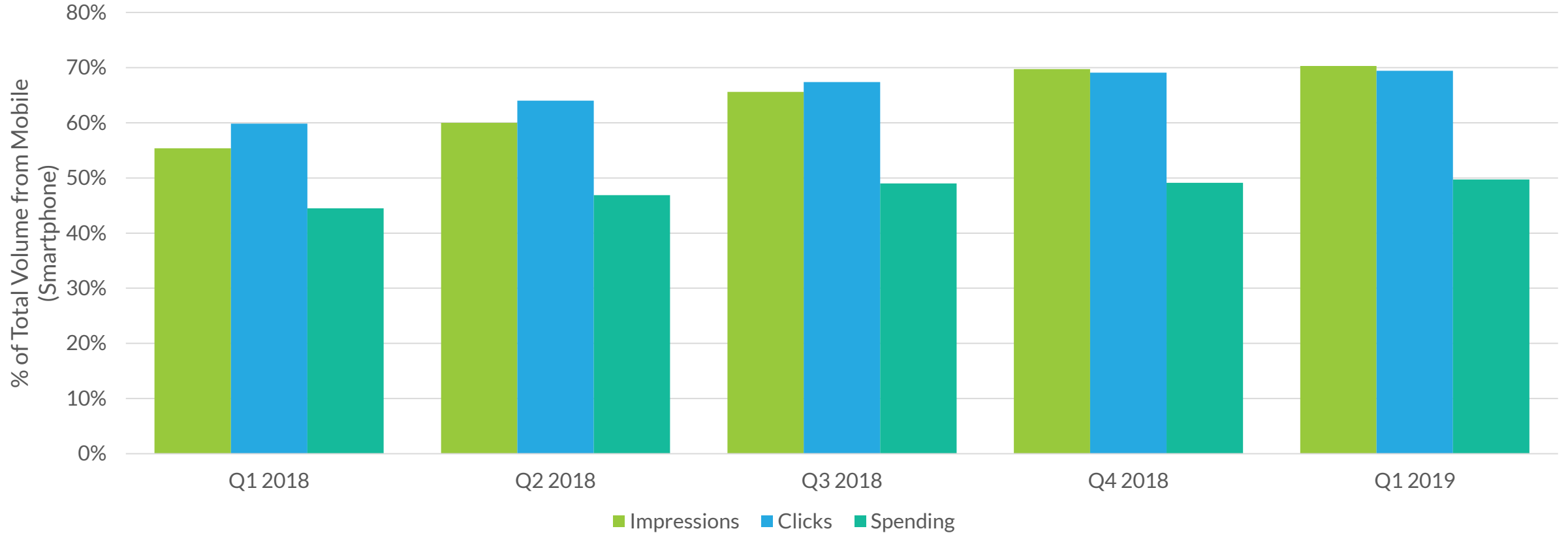
CPC by Device

Holiday price premiums receded across all devices, driven primarily by shopping campaign seasonality

Desktop search ads continue to show an overall upward price trajectory



Focus On: Mobile Search

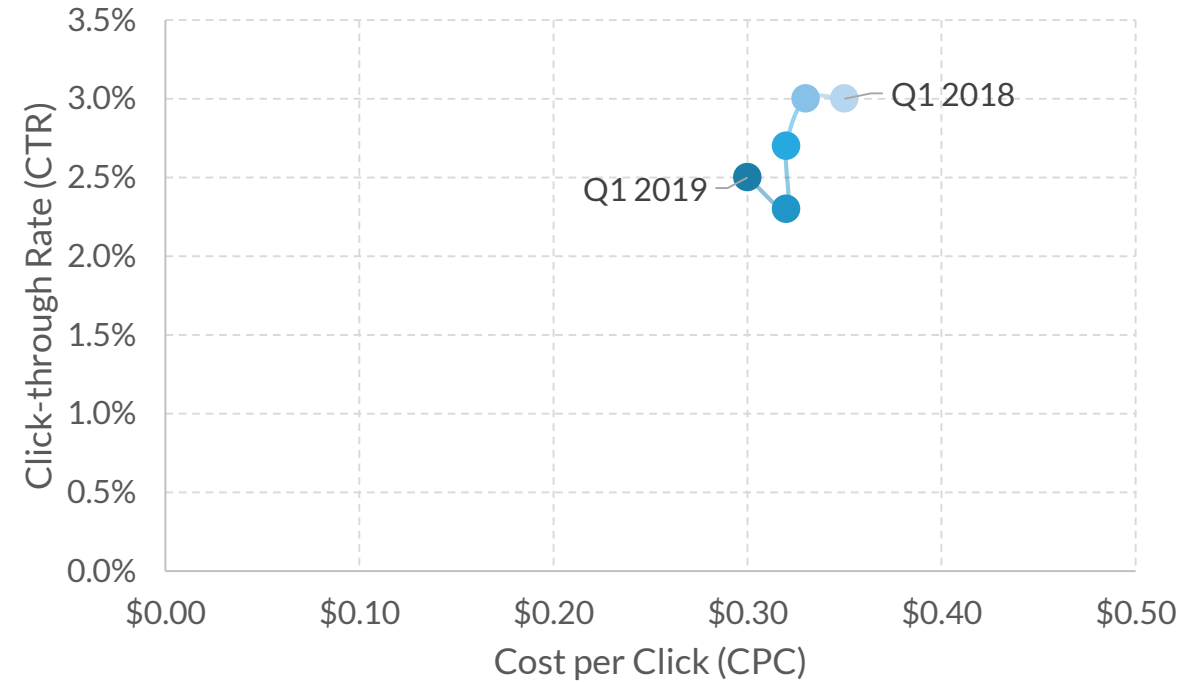
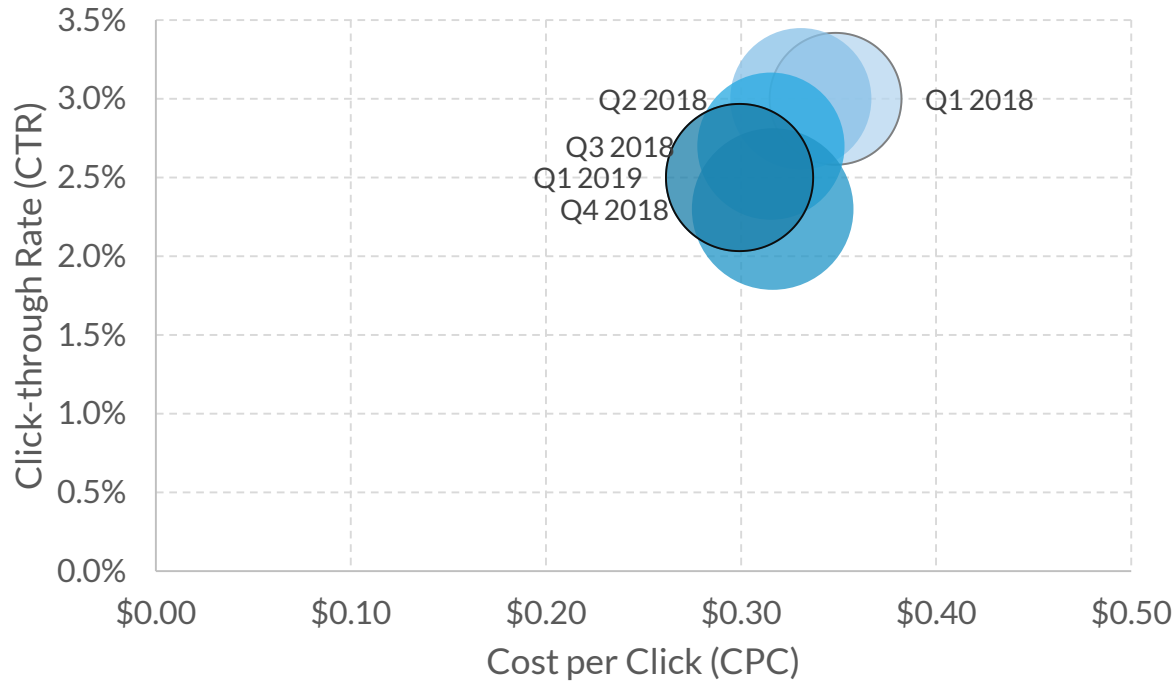


Mobile share remained mostly steady from Q4 to Q1, and has comprised approximately half of all search spending for three consecutive quarters



Focus On: Mobile Search

Bubble size=spending volume

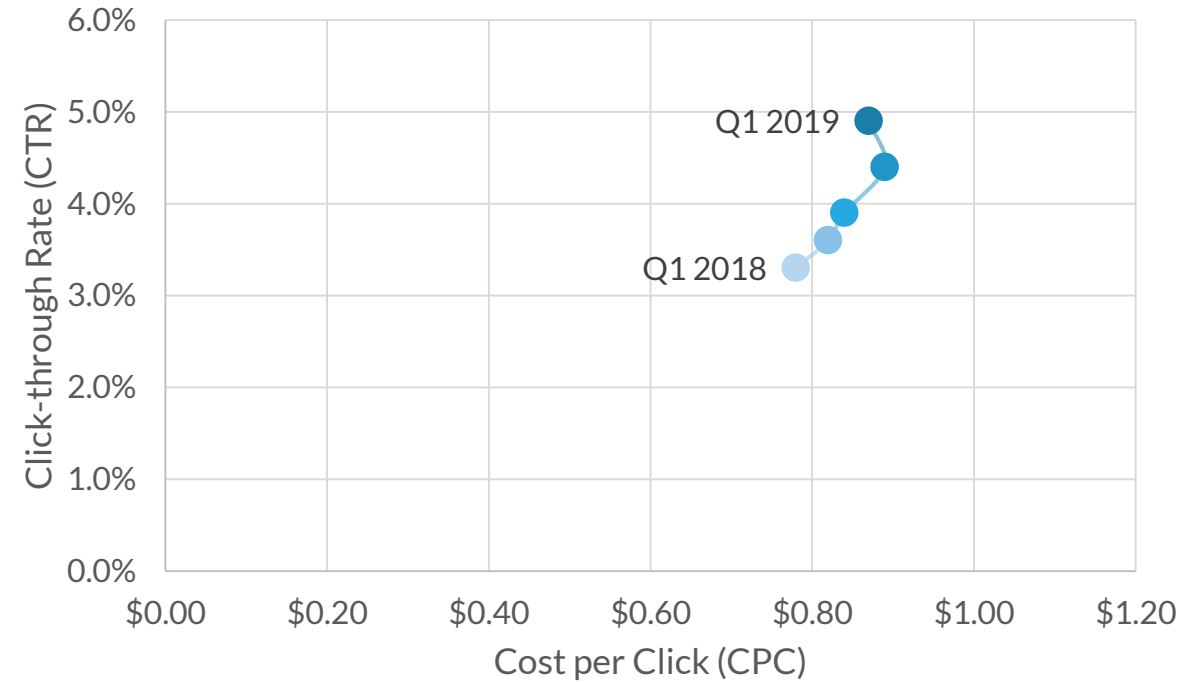
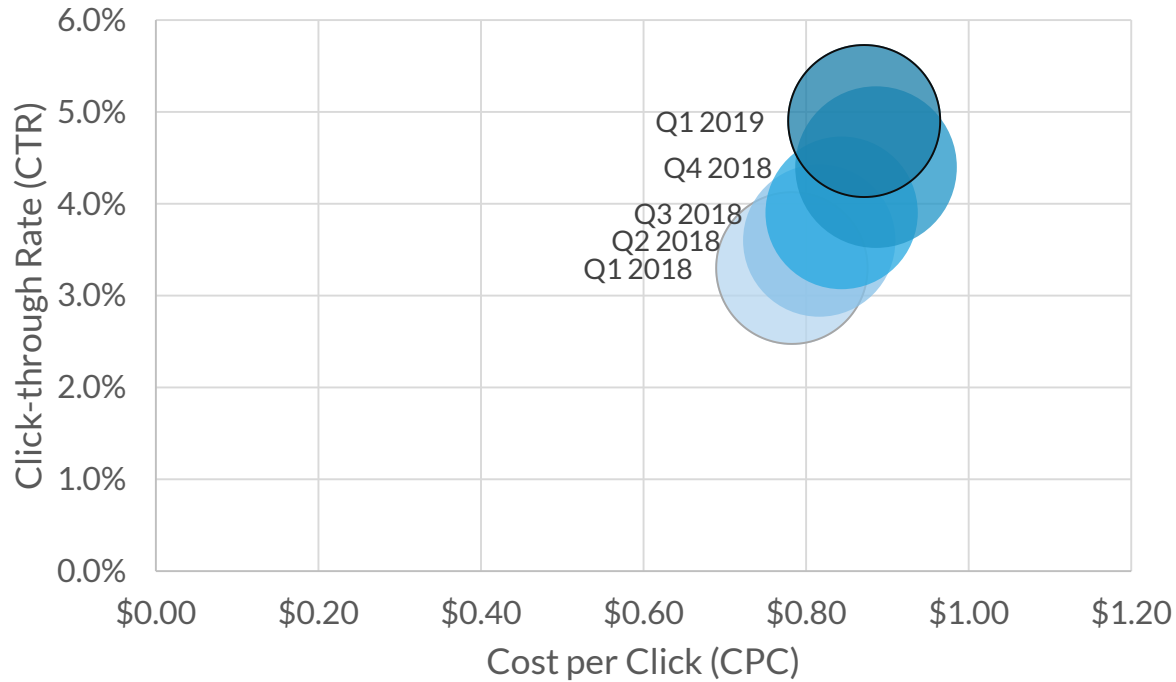


Across keywords and shopping campaigns, mobile search spending grew 24% YoY, more than double the rate of the overall channel



Focus On: Desktop Keywords

Bubble size=spending volume



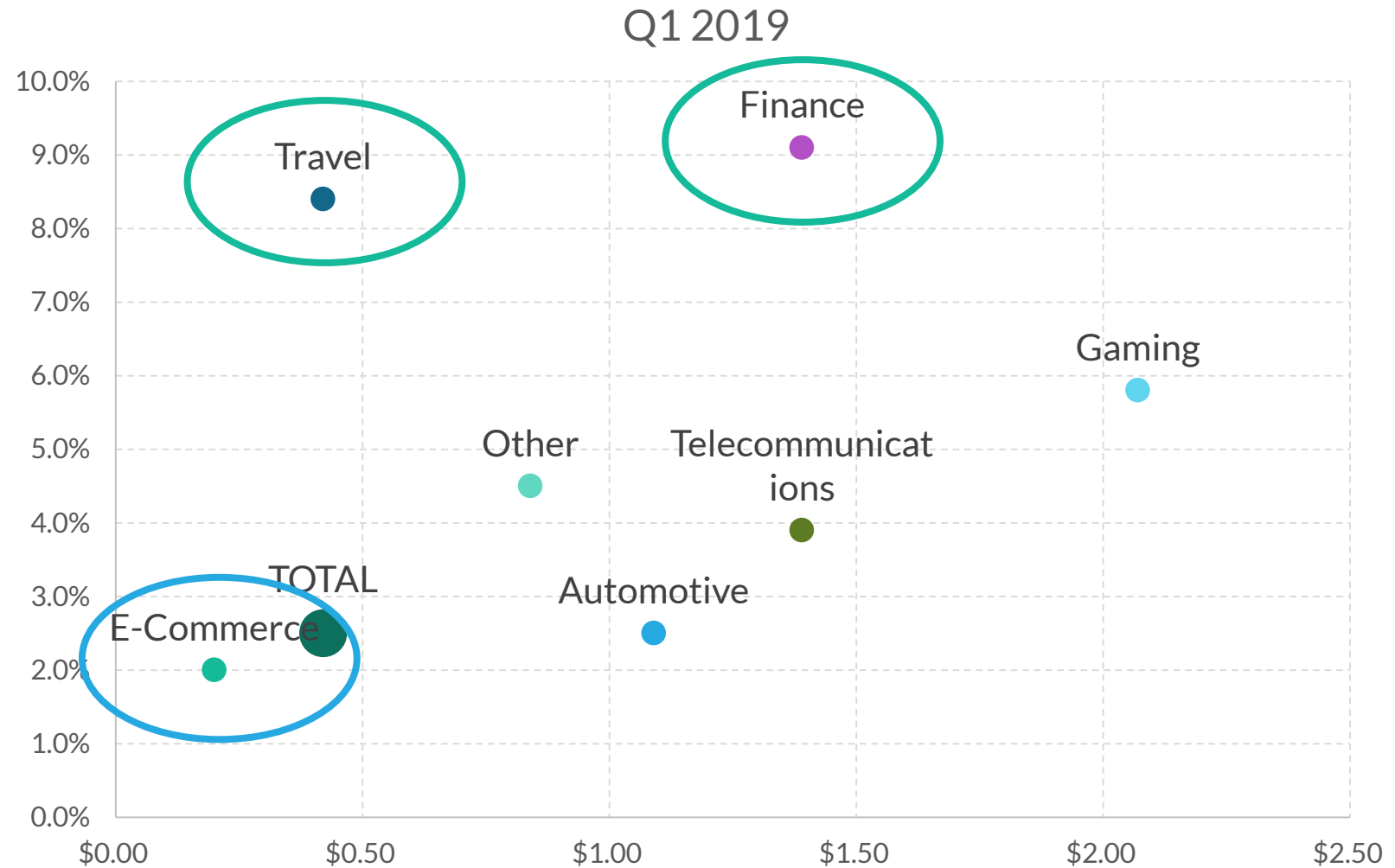
Overall spending on desktop keywords has changed very little, but CPC and CTR for these ads have been steadily increasing



Search CPC and CTR by Industry

The prevalence of mobile shopping ads among E-Commerce advertiser drives them down and to the left

Travel and Finance both have very high levels of engagement with paid search ads

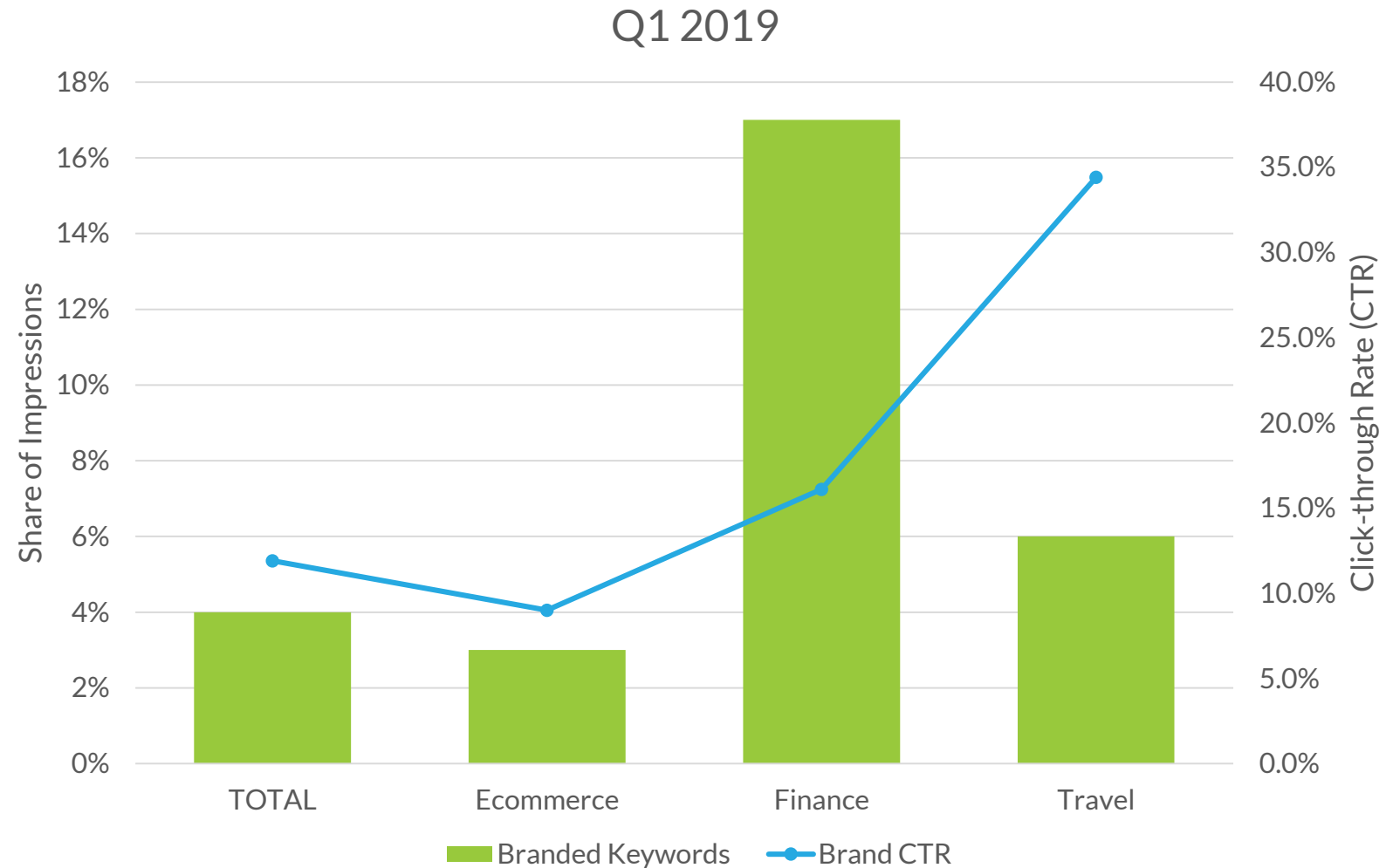


Brand Keywords and Industry

What happens if we isolate search campaigns with the word “brand” in them?

Using even this rudimentary definition of brand terms, we see the role brand vs. non-brand plays in CTR by industry

Both the relative volume of impressions and the click-through rate for brand terms are notably higher for Finance and Travel



Marketer Summary: Search

Your base level of consumer engagement for your paid search program (i.e., CTR) may depend on your industry vertical

- More specifically, the mix of brand vs. non-brand keywords tends to vary by industry—at least across Kenshoo clients—and this has a direct impact on CTR
- This is in addition to other factors like mobile vs desktop that also exert influence over search CPC and CTR

Smart Tags from Kenshoo and Smart Bidding from Google are two examples of machine learning-based tools that can help marketers navigate these segments within paid search

Layering of audience targeting over the strong intent signals of paid search continues to be fertile ground for more advanced campaign management



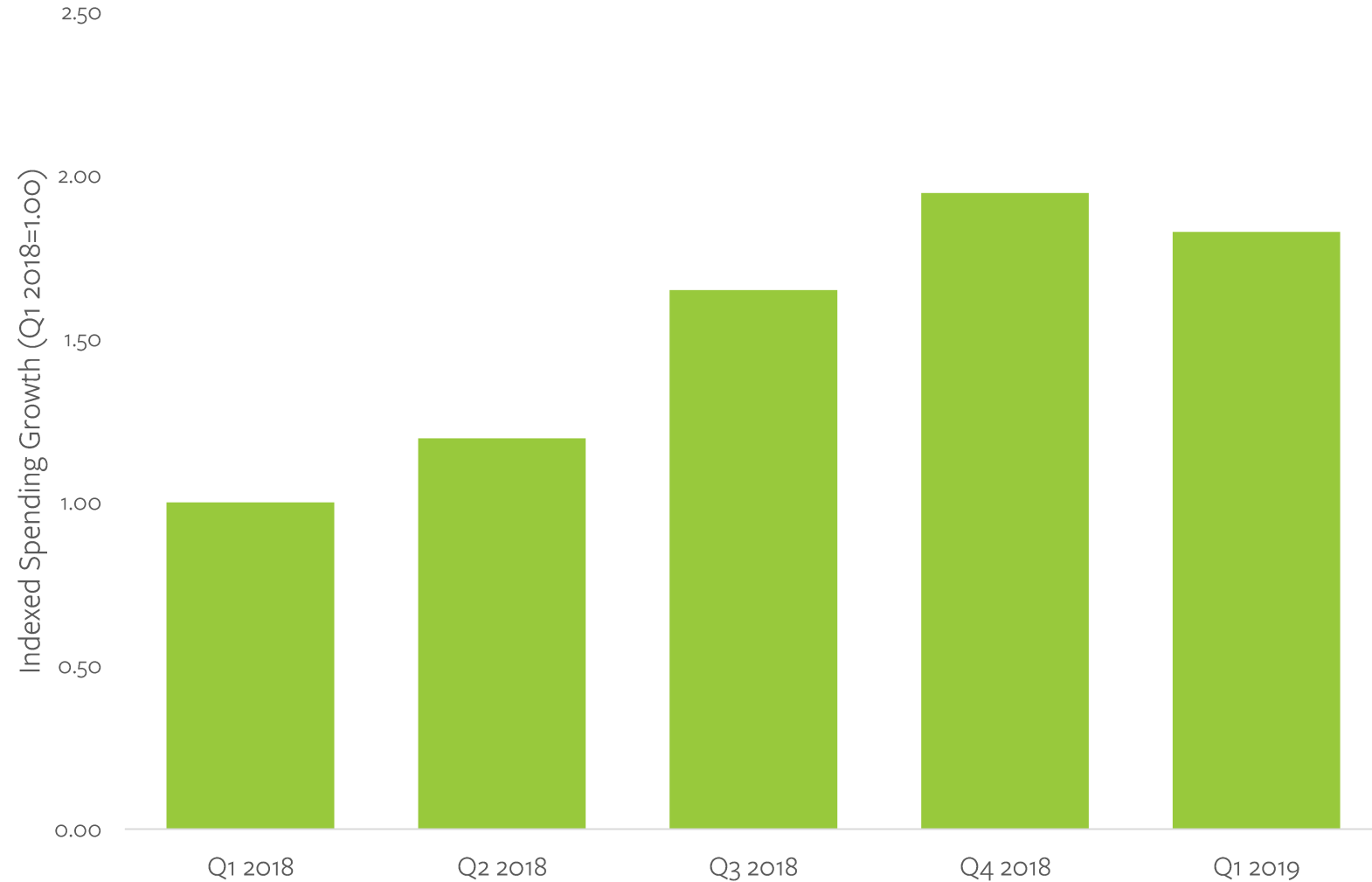


Emerging Channels

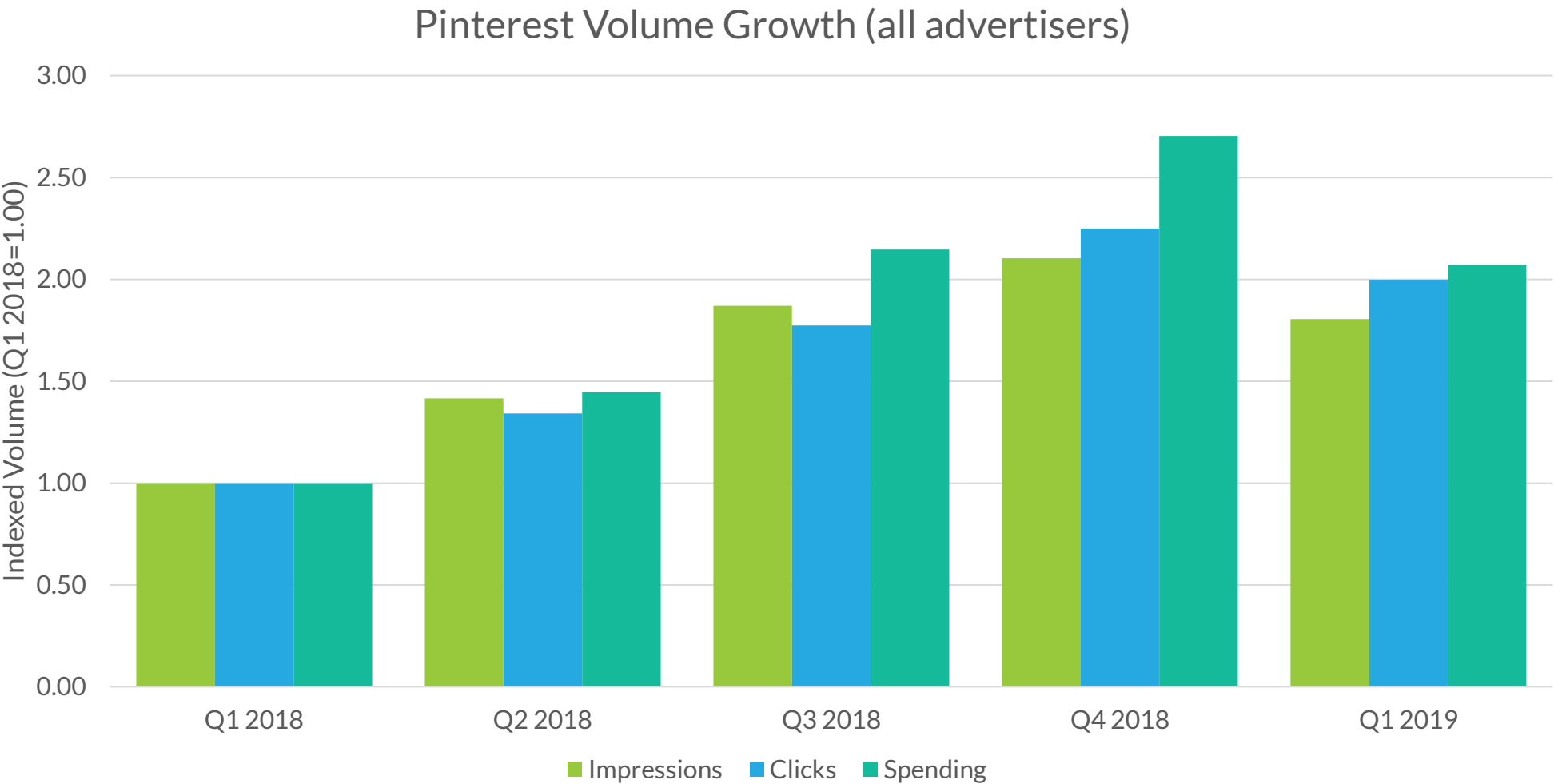
Ecommerce Channel Advertising Trends

Same-advertiser spending on Ecommerce Channel Ads (ECA) has grown 83% year-over-year

Spending only declined 6% compared to the holiday-fueled fourth quarter, and improved 11% over pre-holiday Q3 levels



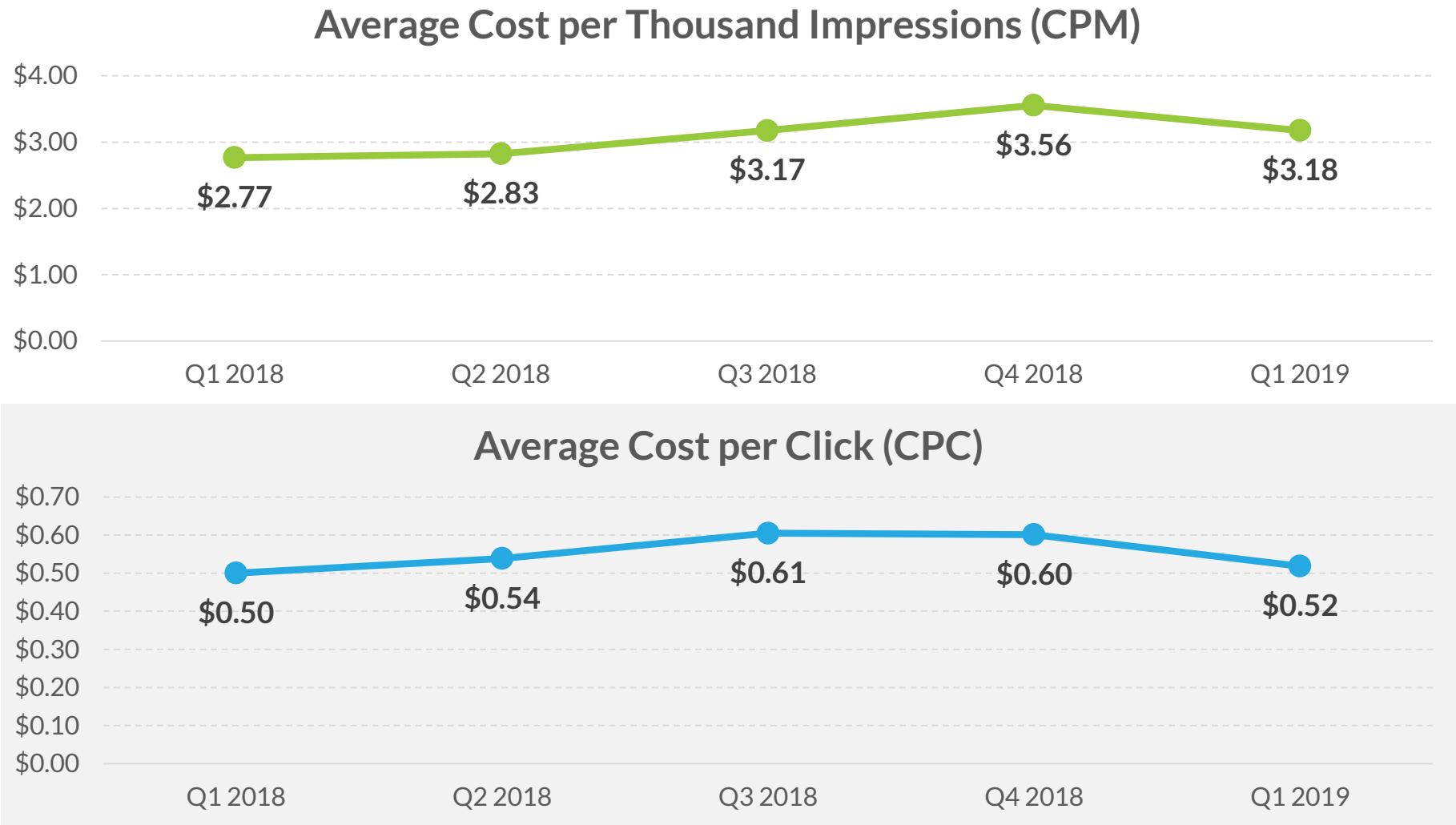
Pinterest Growth (unfiltered)



QoQ	YoY
Impressions	
-14%	+81%
Clicks	
-11%	+100%
Spending	
-23%	+107%

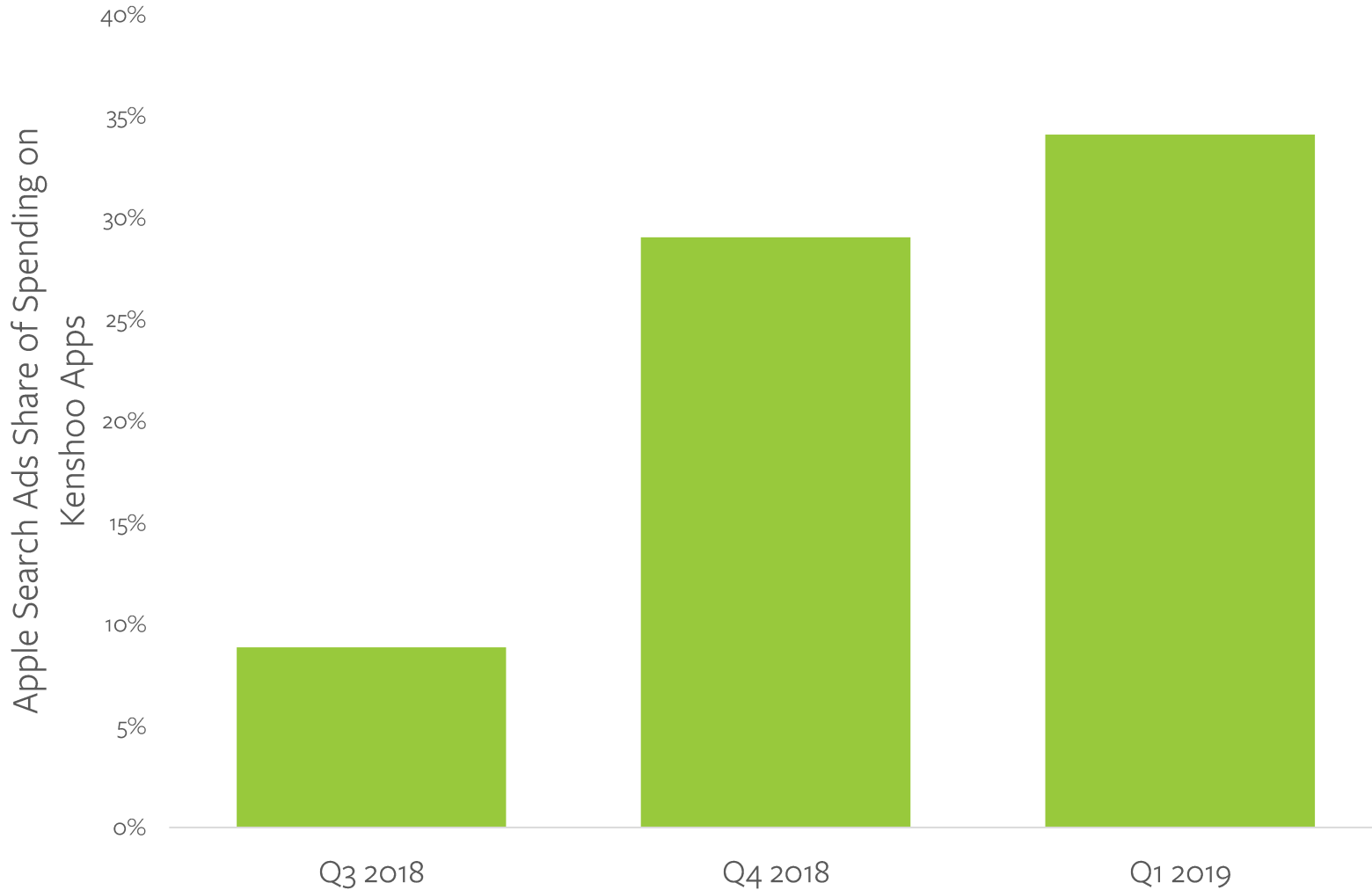
Pinterest Trends (unfiltered)

QoQ	YoY
CPM	
-11%	+15%
CPC	
-14%	+4%



Apple Search Ads (unfiltered)

Since launching in Q3, Apple Search Ads spending has already grown to comprise 1/3 of app advertiser spending on the Kenshoo Apps platform



Marketer Summary: Emerging Channels

Both Ecommerce and Apple Search Ads provide marketers the opportunity to get closer to shoppers at the point of purchase

- Ecommerce, in particular, allow branded manufacturers and CPG companies to expand beyond branding campaigns and into direct response

Pinterest exists in a unique space between Search and Social

- The platform emphasizes both discovery and sharing, which marketers can bring to bear across multiple points of the customer journey





In The News



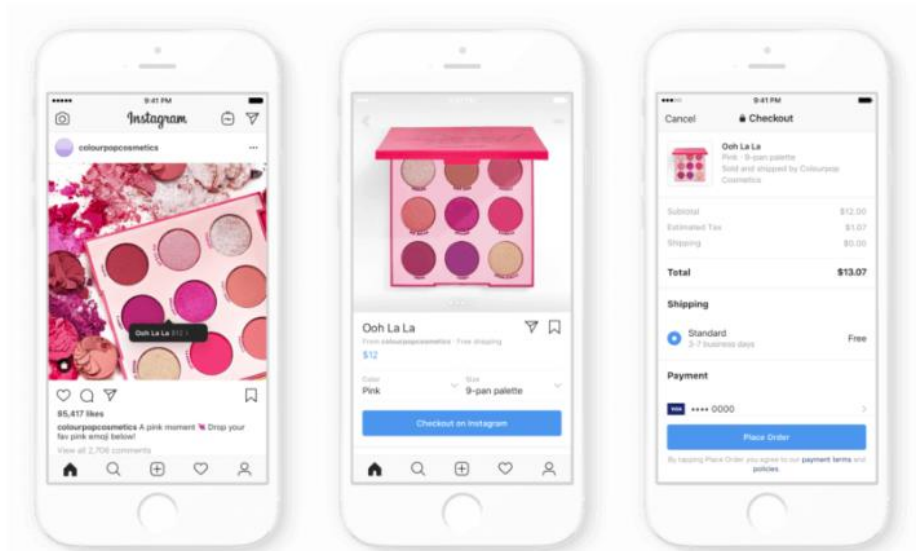
Instagram Checkout

Marketing Land SECTIONS

Instagram debuts in-app checkout for e-commerce brands

The feature allows users to make purchases without leaving the app.

Amy Gesenhues on March 19, 2019 at 9:41 am



What it Means and Why it Matters:

- Keeps customers in the funnel who might have otherwise have fallen out because they didn't want to leave the app
- Offers more direct attribution of sales to Instagram as a Channel
- Currently a limited rollout to shoppable posts (not ads)

Google Considers Targeting Restrictions



PROGRAMMATIC

Google Mulls Third-Party Ad-Targeting Restrictions

Experts warn of sweeping changes in Google Chrome and Marketing Platform

By Ronan Shields | March 22, 2019



Google's internal debates could result in targeting restrictions at the browser level.

Getty Images

What It Means And Why It Matters:

- Industry moving towards a post-cookie world since Apple started talking about ITP
- Marketers are starting to evolve their thinking around multi-publisher analytics (incrementality vs. attribution)
- Less impact on walled gardens?

Google Focuses on Assistant SERP

What it means and why it matters:

- Voice search is rising
- As goes the results page for voice searches, so goes the ad inventory

Search Engine Land

SECTIONS

Ads come to Assistant. Google [started testing ads in search results in Assistant](#) in February. Now, it is making it official. If Assistant shows links to sources on the web, “When relevant, these results may include the existing ads that you’d see on Search today,” the company announced Monday. That means your search campaigns can extend to Assistant results — on Android devices.

SEJ

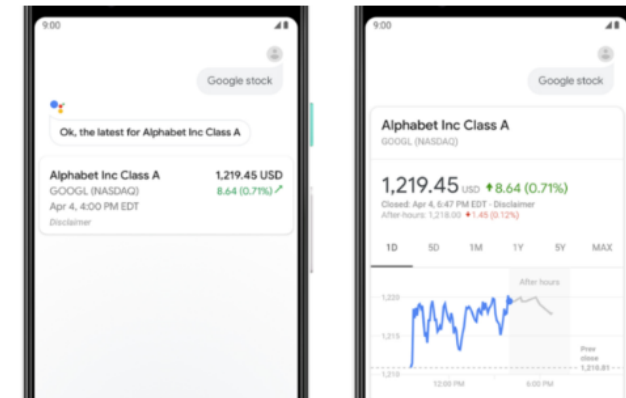
SEO ▾ PPC ▾ CONTENT SOCIAL ▾ NEWS ▾ ADVERTISE MORE ▾

Google Assistant to Return More Detailed Search Results on Android



Matt Southern / April 5, 2019

362 1.1K
SHARES READS



Local Business Profiles on Instagram

What it means and why it matters:

- Better hooks between Instagram and local businesses could facilitate more online and real-world traffic to those businesses



SEO ▾ PPC ▾ CONTENT SOCIAL ▾ NEWS ▾ ADVERTISE MORE ▾

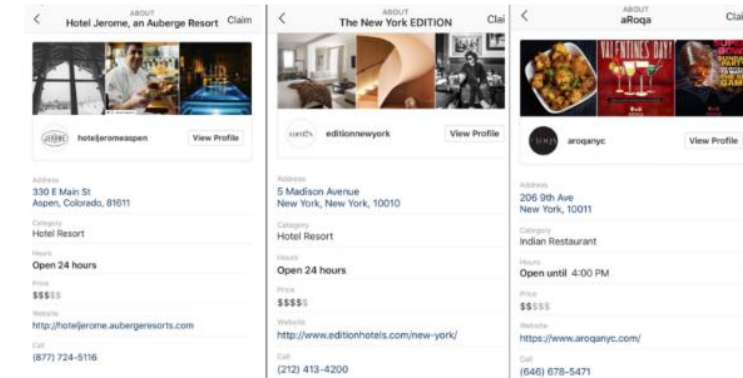
SEJ » News

Instagram Rolls Out In-App Local Business Profile Pages



Matt Southern / March 3, 2019


1.9K 13K
SHARES READS



Google Adds Third-Party Sitelinks

TotalRetail Topics ▾ Events ▾ Podcasts Videos Blogs ▾ Resources ▾

A Brave New Retail World: New Options for Brands to Drive Traffic to Amazon



Credit: Getty Images by abluecup

By [Margo Kahnrose](#)

Facebook
Twitter
LinkedIn

Last month, Google changed its sitelink extensions policy, officially allowing brands to link product ads to select store pages they don't own, starting with Amazon.com and Best Buy. This news represents another milestone in the transformation of e-commerce; another puzzle piece clicking into place for brands building a holistic,

What it means and why it matters:

- Ability to drive traffic to their products on Amazon and Best Buy allows brands that don't sell direct to do more with paid search ads
- This could open the door to increased search spending from verticals like CPG that don't typically invest in paid search

Optimizing Pinterest for Conversions



SEO ▾ PPC ▾ CONTENT SOCIAL ▾ NEWS ▾ ADVERTISE MORE ▾

Pinterest Ad Campaigns Can Now Be Optimized for Conversions



[Matt Southern](#) / April 13, 2019

386 769
SHARES READS



What it means and why it matters:

- Marketers are empowered to see the impact of Pinterest across the full conversion funnel, and act on that impact by allocating budget to campaigns and ads that convert

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.

January 2018 through March 2019.

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



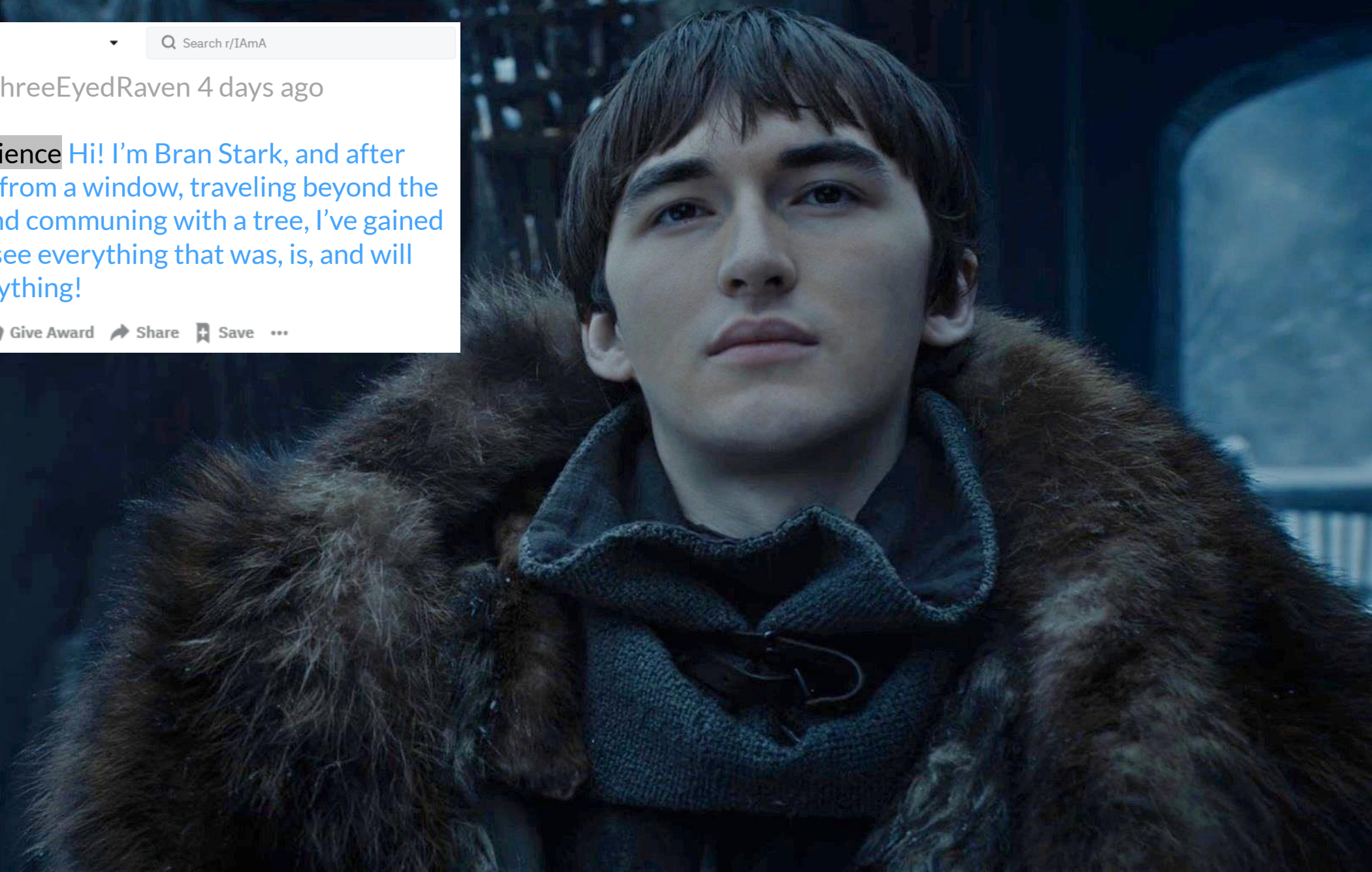
reddit r/IAmA

Posted by u/ThreeEyedRaven 4 days ago

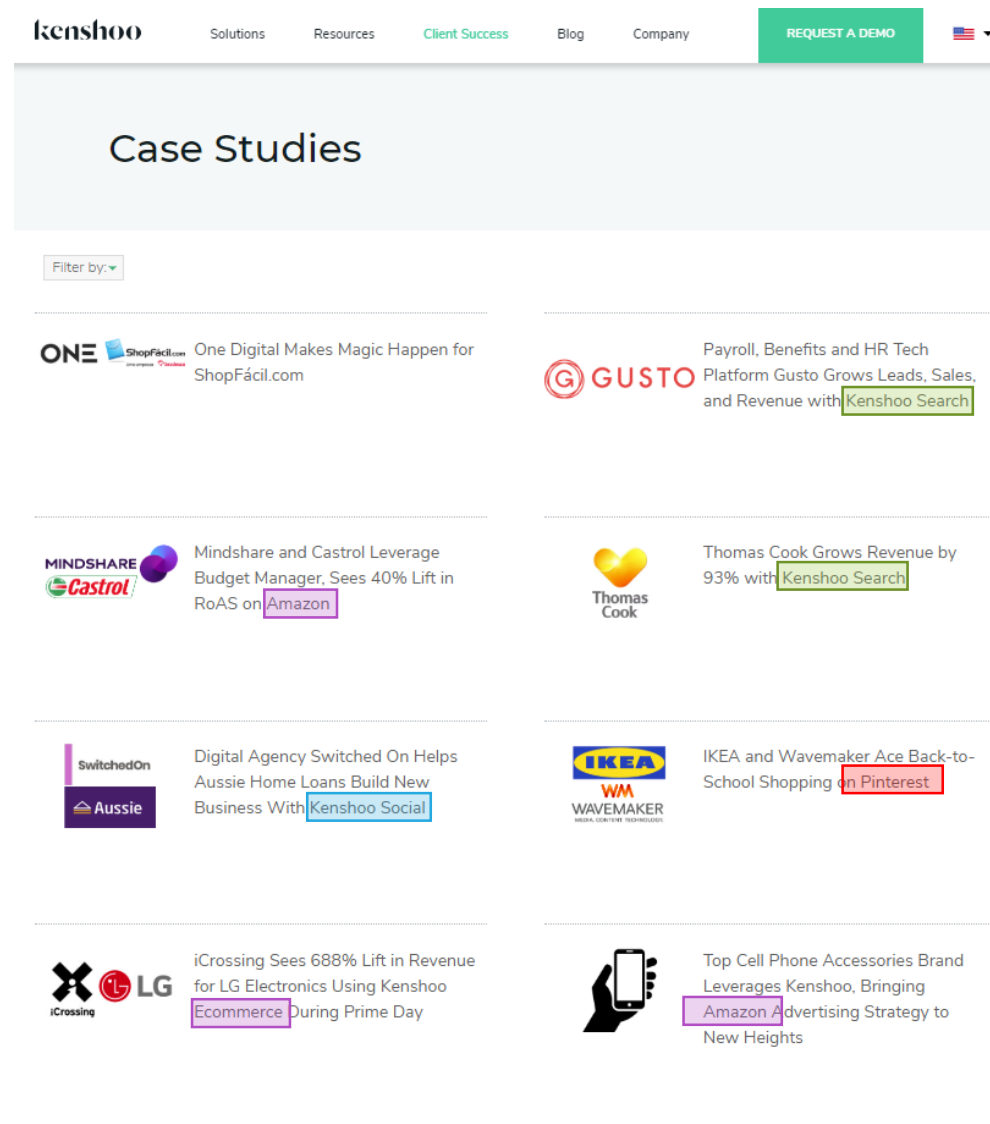
19.0k

Unique Experience Hi! I'm Bran Stark, and after being pushed from a window, traveling beyond the Great Wall, and communing with a tree, I've gained the ability to see everything that was, is, and will be. Ask me anything!

1.6k Comments Give Award Share Save ...



Case Studies



The screenshot shows the 'Case Studies' page on the Kenshoo website. The navigation bar at the top includes links for Solutions, Resources, Client Success (highlighted in green), Blog, and Company, along with a 'REQUEST A DEMO' button and a US flag. The main heading 'Case Studies' is centered in a light blue box. Below this is a 'Filter by:' dropdown menu. The page displays a grid of ten case study cards, each featuring a client logo, a brief description of the success, and a highlighted keyword in a colored box. The cases are as follows:

- ONE ShopFácil.com:** One Digital Makes Magic Happen for ShopFácil.com. Keyword: **Kenshoo Search** (green box).
- GUSTO:** Payroll, Benefits and HR Tech Platform Gusto Grows Leads, Sales, and Revenue with **Kenshoo Search** (green box).
- MINDSHARE Castrol:** Mindshare and Castrol Leverage Budget Manager, Sees 40% Lift in RoAS on **Amazon** (purple box).
- Thomas Cook:** Thomas Cook Grows Revenue by 93% with **Kenshoo Search** (green box).
- SwitchedOn Aussie:** Digital Agency Switched On Helps Aussie Home Loans Build New Business With **Kenshoo Social** (blue box).
- IKEA WAVEMAKER:** IKEA and Wavemaker Ace Back-to-School Shopping on **Pinterest** (red box).
- iCrossing LG:** iCrossing Sees 688% Lift in Revenue for LG Electronics Using Kenshoo **Ecommerce** (purple box) During Prime Day.
- Top Cell Phone Accessories Brand:** Top Cell Phone Accessories Brand Leverages Kenshoo, Bringing **Amazon Advertising** (purple box) Strategy to New Heights.

<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!