

# Digital Marketing Quarterly Trends Report

Q3 2021

**skai**

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# Executive Summary

## Top Line:

- Spending growth has moderated across channels, which was inevitable given the state of the recovery from COVID-19 across ad channels
- In aggregate, spending and pricing across paid social advertisers were stable despite the changes required by Apple iOS privacy policies

## Other Highlights:

- Paid social advertisers continue migrating towards more branding- and traffic-related objectives, which also carry a lower price
- The average CPC of a paid search ad has risen 30% year-over-year, with mobile keywords searches increasing in price by 41%
- Algorithmic bidding and optimization tools dominate paid search, but are also making inroads in retail media

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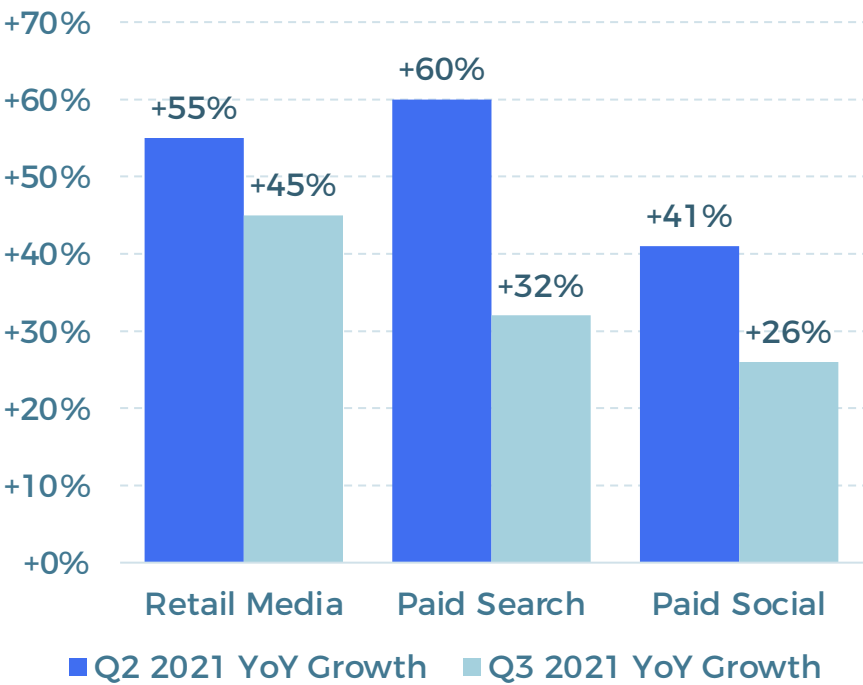
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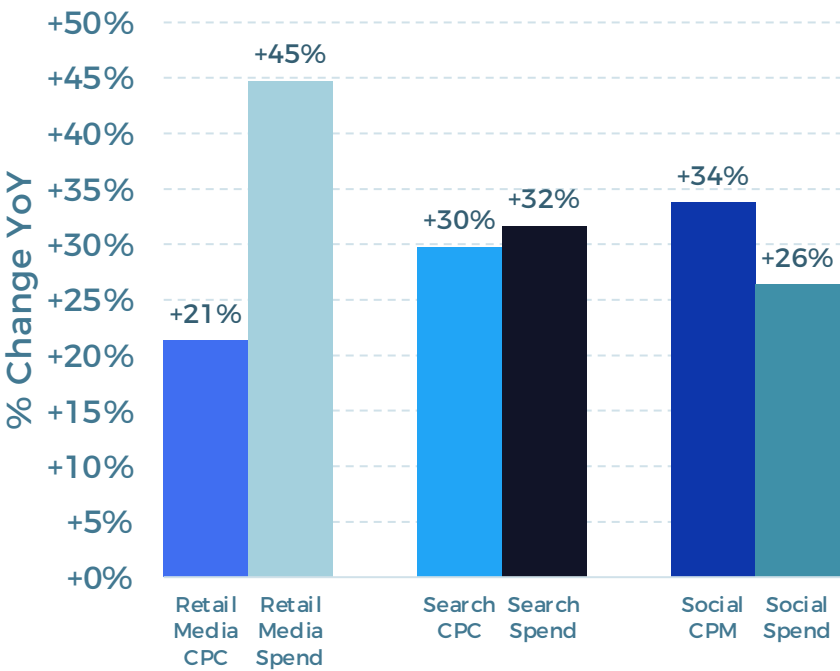
# Channel growth continues in Q3



After the abnormally high, pandemic-driven growth across all channels in Q2, spending increases continued in Q3 at more moderate rates.

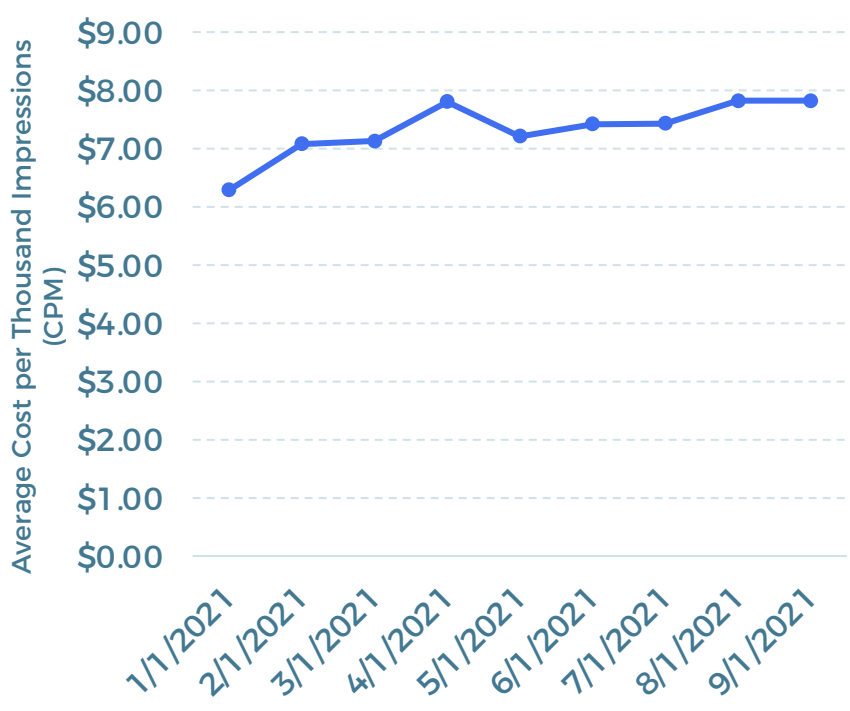
## Price vs spending increases

Year-over-year price increases were a major component of spending growth for paid search and paid social, but less so for retail media, where click volume also contributed.





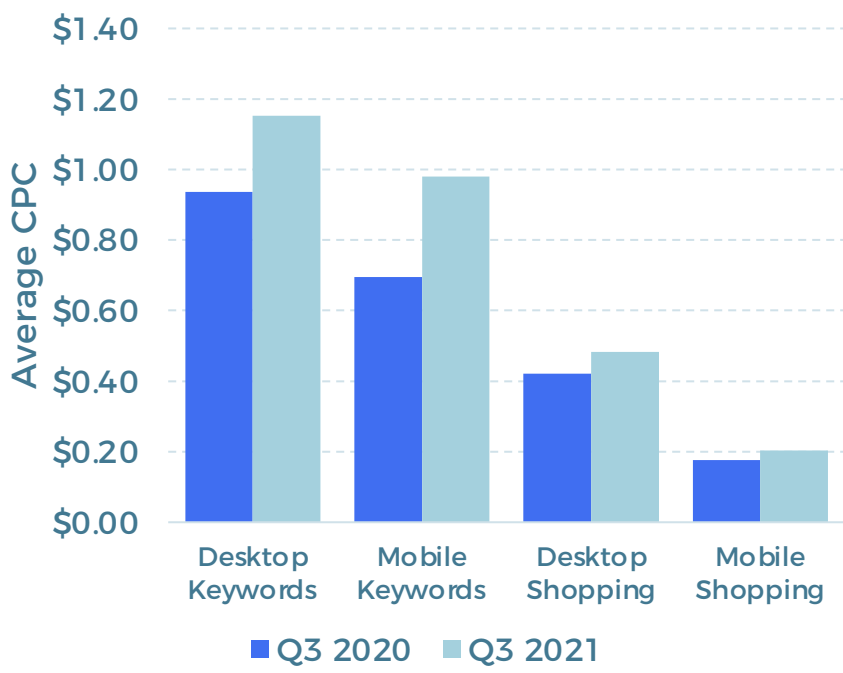
## Social CPMs begin leveling off



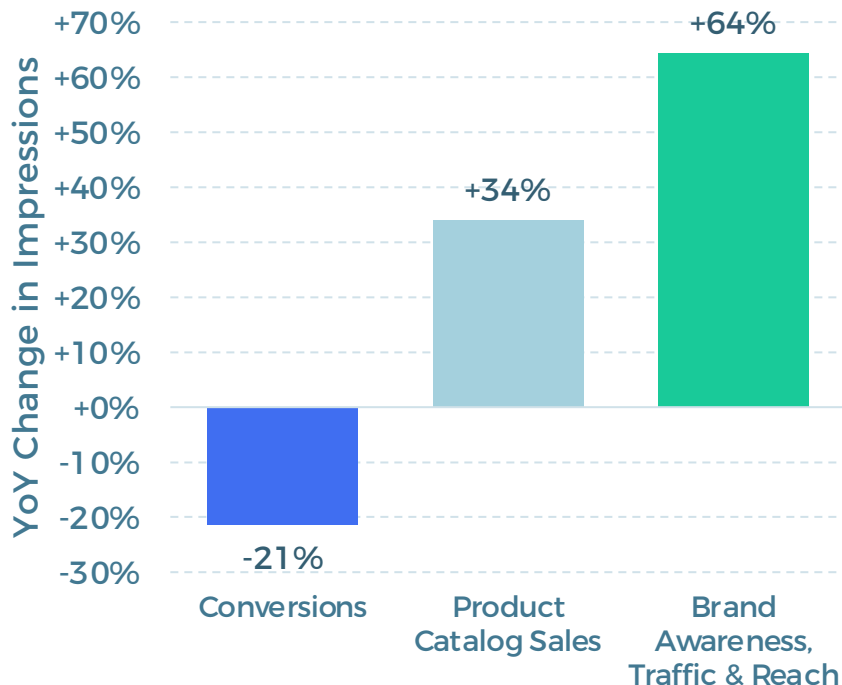
While social ad prices are up sharply year-over-year, there does not appear to be a major inflection point that coincides with the release of Apple iOS 14.5 in late April.

## Mobile search keywords close the price gap

Mobile keywords have closed the pricing gap with desktop keywords in many industry categories and are now more expensive than desktop keywords were last year.



## Facebook advertising objectives are changing

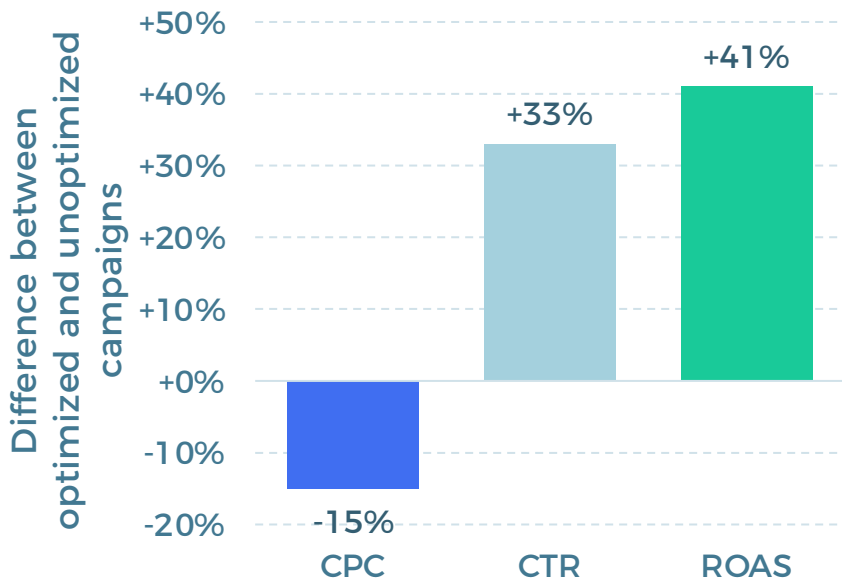


Impression share for Facebook advertisers has shifted away from the Conversions objective to Product Catalog Sales and several branding-related objectives, all of which have lower CPMs.

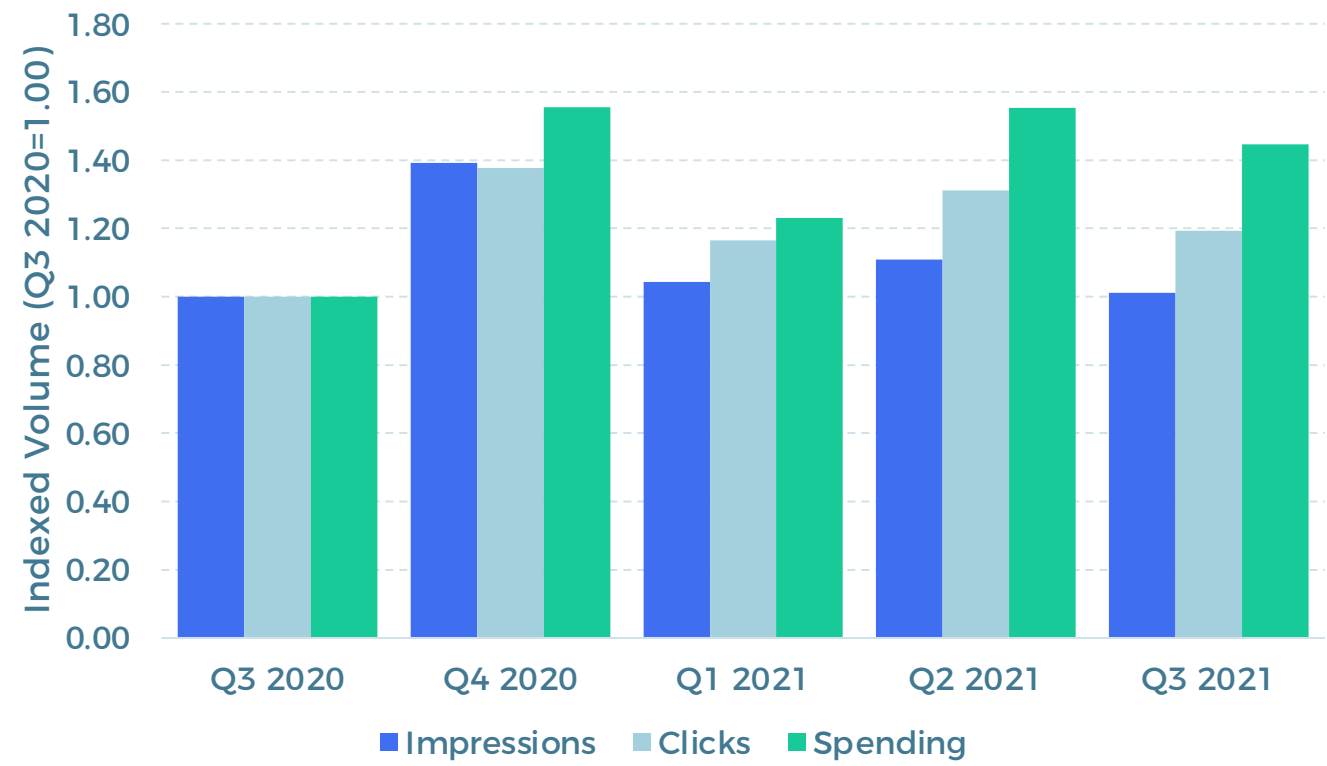
## Retail media sees results from bid optimization

### Retail Media :: Q3 2021

Retail media campaigns using algorithmic optimization showed better performance in aggregate last quarter than unoptimized campaigns.



# Retail Media Trends

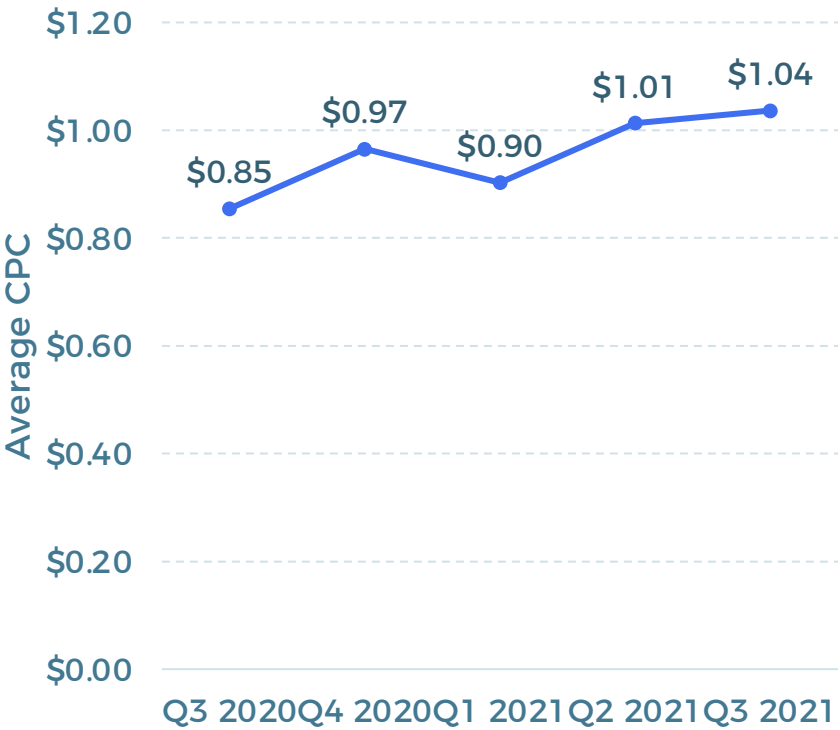


With a 45% spending increase over last year, Retail media growth continues to outpace the other channels.

As Amazon matures, new retailers add additional breadth and more inventory for brands to reach active shoppers.

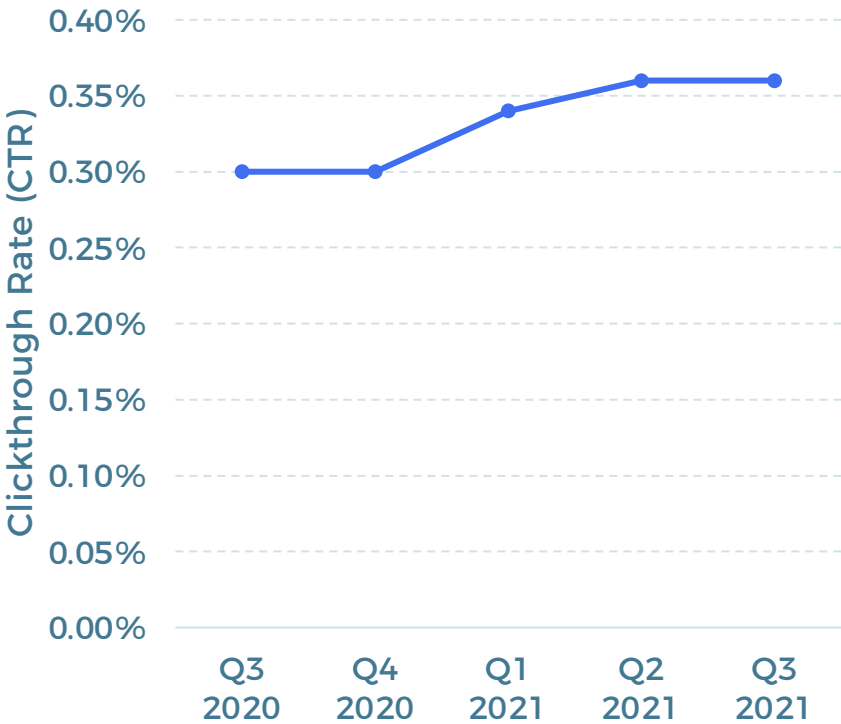
QoQ	YoY
Impressions	
-9%	+1%
Clicks	
-9%	+19%
Spending	
-7%	+45%

# Retail Media CPC and CTR Trends



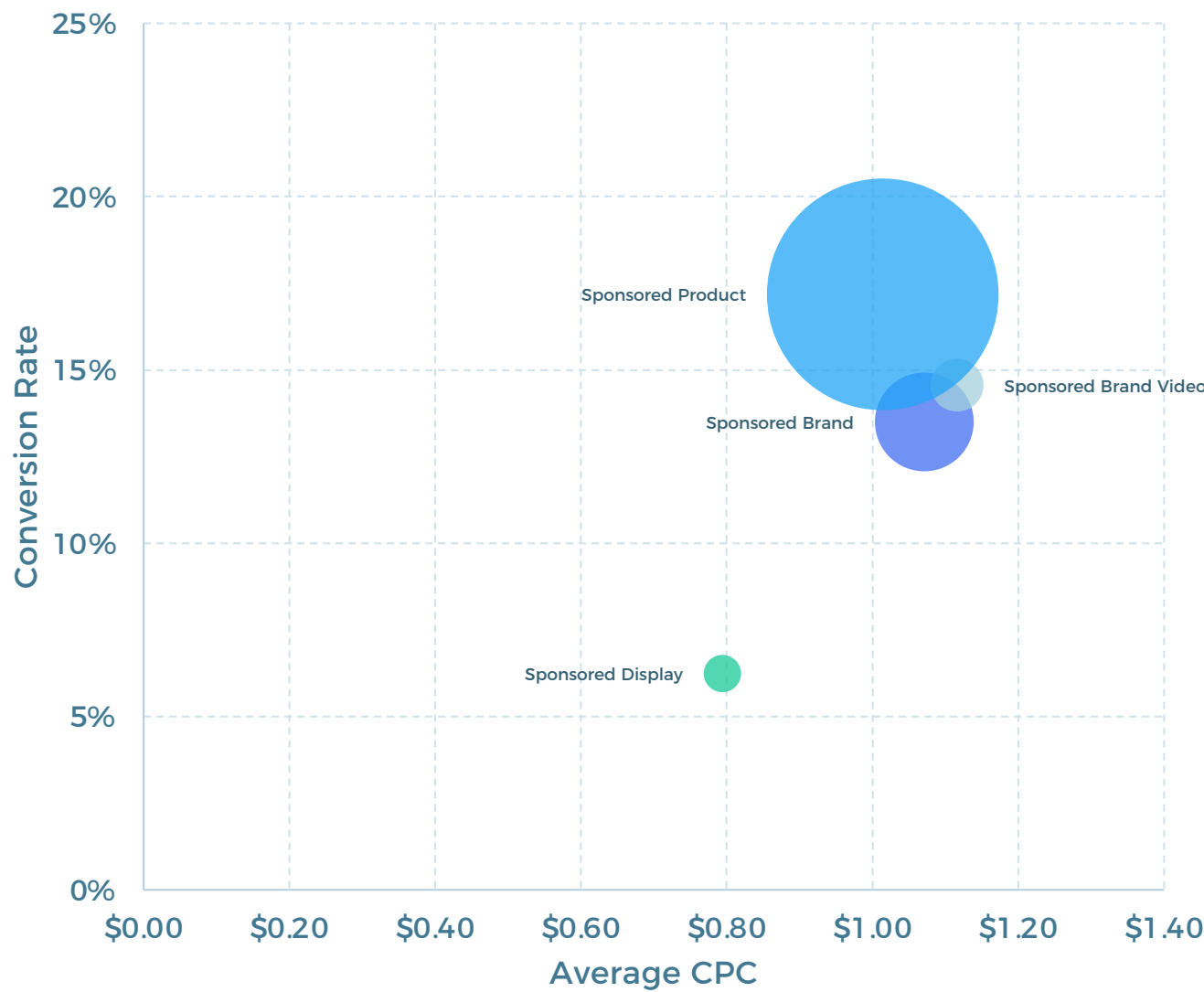
Both cost-per-click (CPC) and clickthrough rate (CTR) increased by roughly 20% year-over-year for retail media advertisers.

QoQ	YoY
CPC	
+2%	+21%
CTR	
0%	+20%



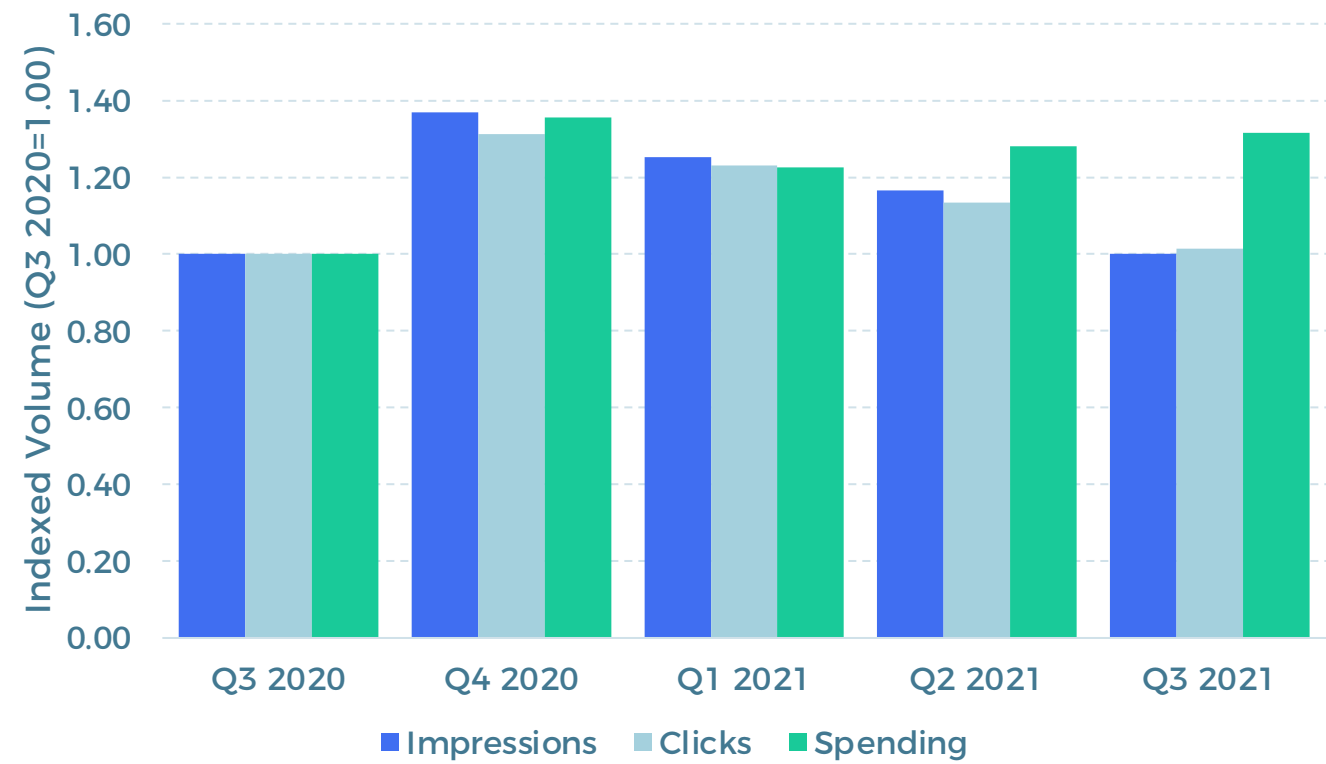
# Retail Media Ad Type Snapshot

Retail Media :: Q3 2021  
*Bubble Size Represents Share of Spend*



Sponsored Product ads comprised the majority of ad spend in Q3, with a slightly lower CPC and a slightly higher Conversion Rate than the other primary retail media ad types.

# Paid Search Trends

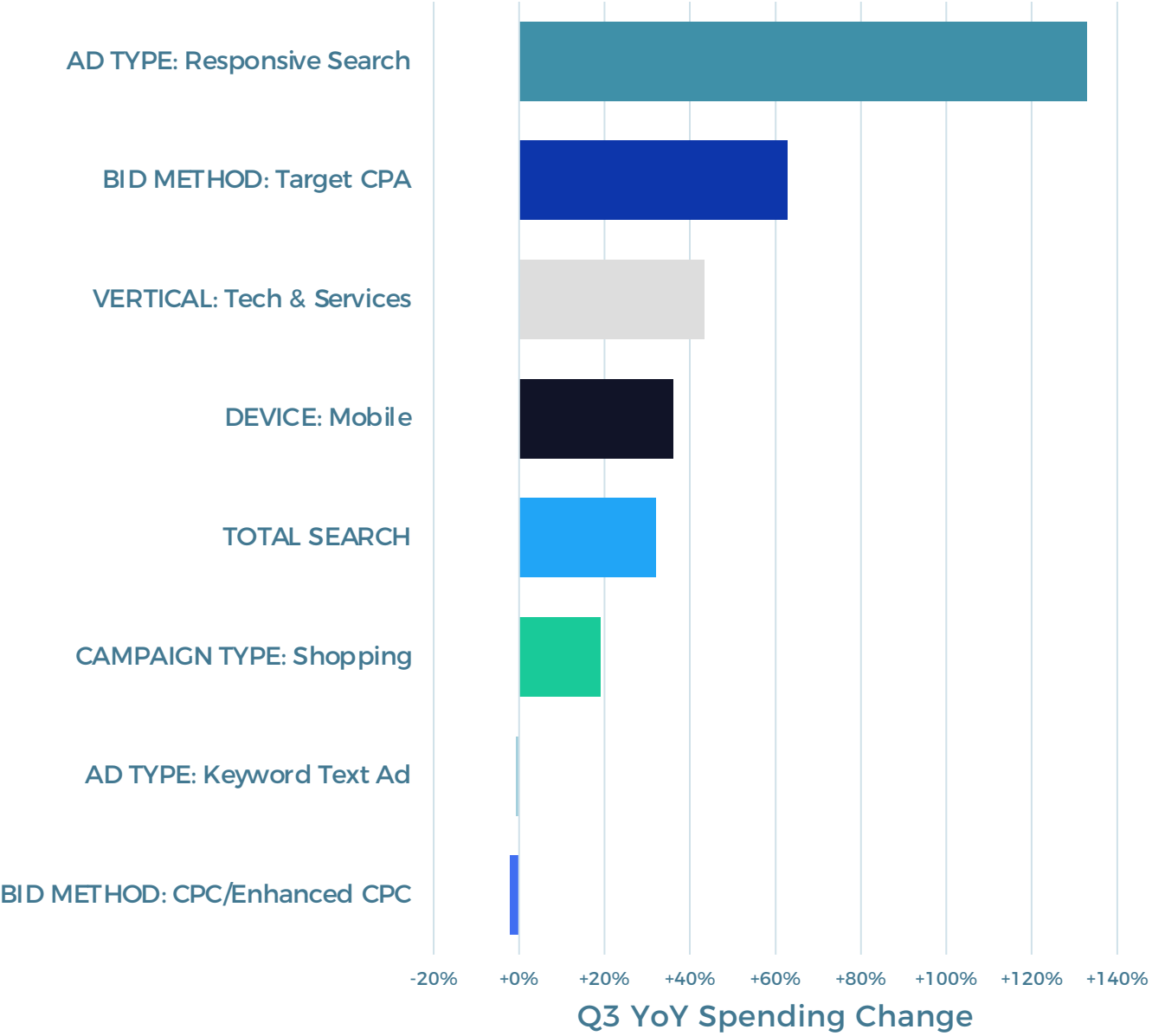


Spending on paid search ads increased 32% over last year and 3% over last quarter.

Higher prices for keyword ads compensated for a drop in search shopping campaign volume.

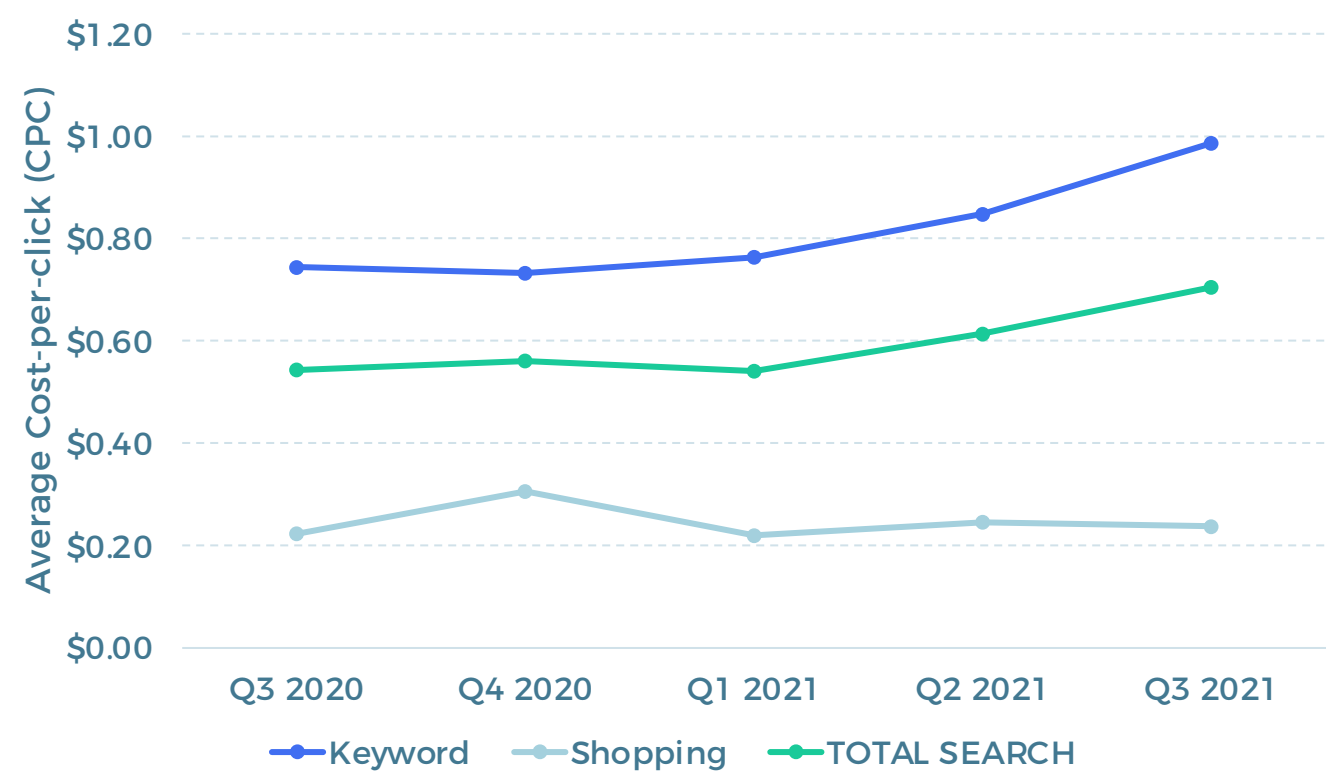
QoQ	YoY
Impressions	
-14%	+0%
Clicks	
-11%	+1%
Spending	
+3%	+32%

# Key Search Spending Drivers



Growth in Responsive Search Ads comes largely at the expense of Keyword Text Ads. The rise of Target CPA as a bidding method may reflect increasing sophistication from non-commerce advertisers who are starting to evolve beyond traditional CPC bidding.

# Search CPC by Quarter by Type



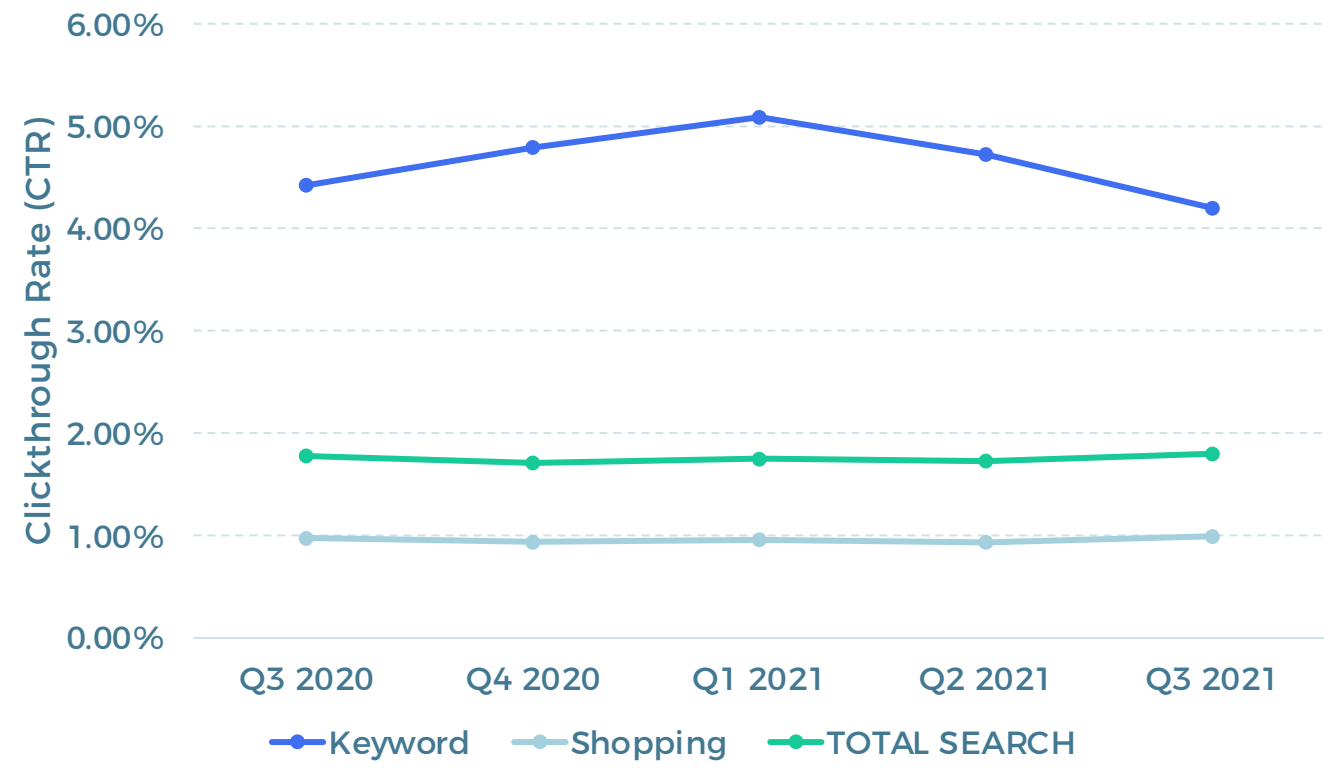
Keyword CPC has grown by more than 25% YTD, although the three months of the third quarter have been more stable. Mobile keywords, in particular, have driven this increase.

Shopping campaign CPC is highly seasonal and is expected to spike again in Q4.

QoQ	YoY
Keyword	
+16%	+33%
Shopping	
-3%	+7%
Total Search	
+15%	+30%



# Search CTR by Type

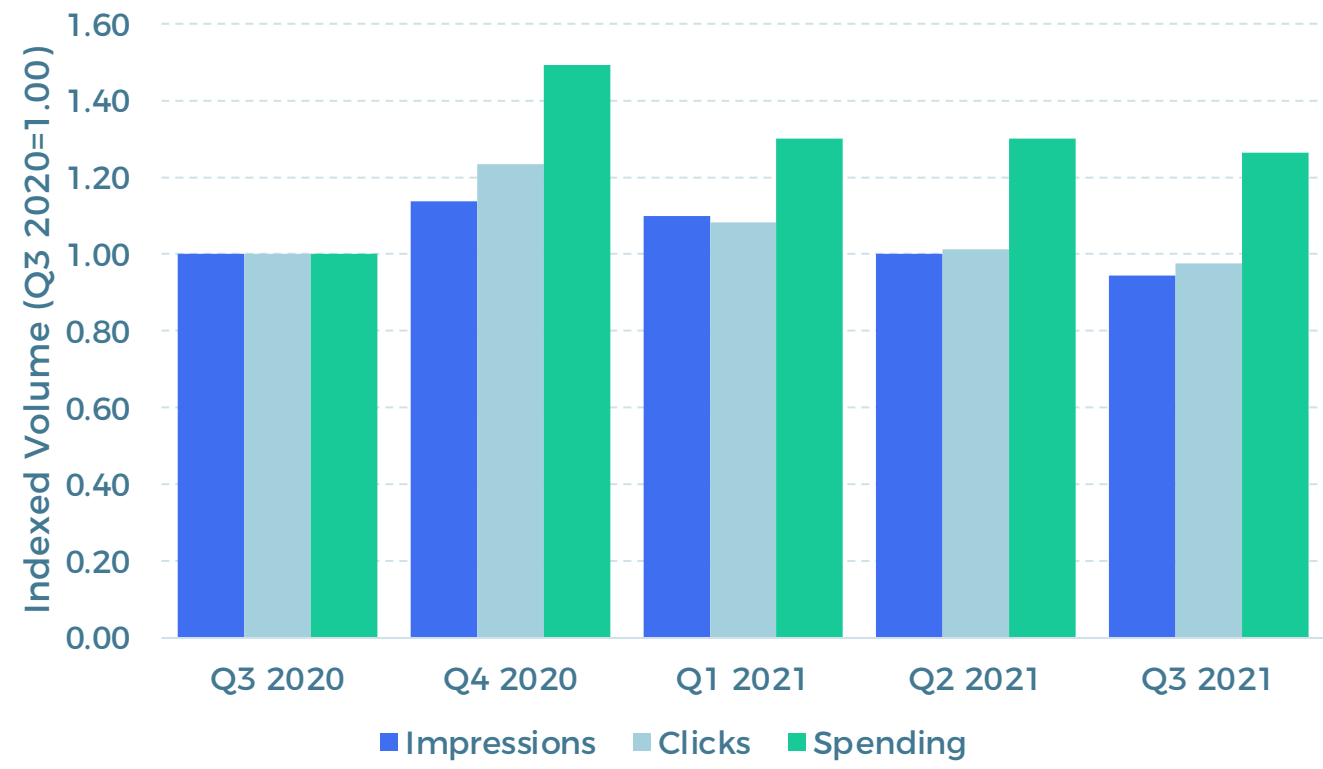


The “elevated throughput” of search keyword ads that characterized the second half of 2020 has mostly receded, which points to the pandemic as perhaps the main driver of that higher clickthrough rate.

The variance of keyword clickthrough rate does not have much effect on overall CTR due to the dominant share of impressions from shopping ads.

QoQ	YoY
Keyword	
-11%	-5%
Shopping	
+6%	+2%
Total Search	
+4%	+1%

# Paid Social Trends

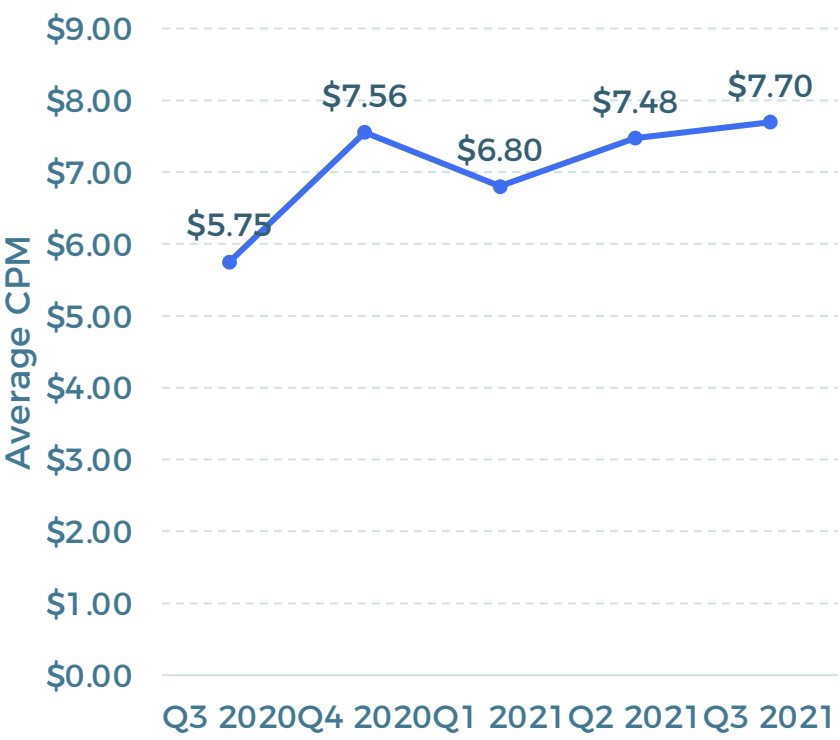


Social spending grew 26% over Q3 of last year and was mostly flat compared to last quarter.

Slight decreases in YoY impressions and clicks emphasize the impact of higher ad prices.

QoQ	YoY
Impressions	
-6%	-6%
Clicks	
-4%	-2%
Spending	
-3%	+26%

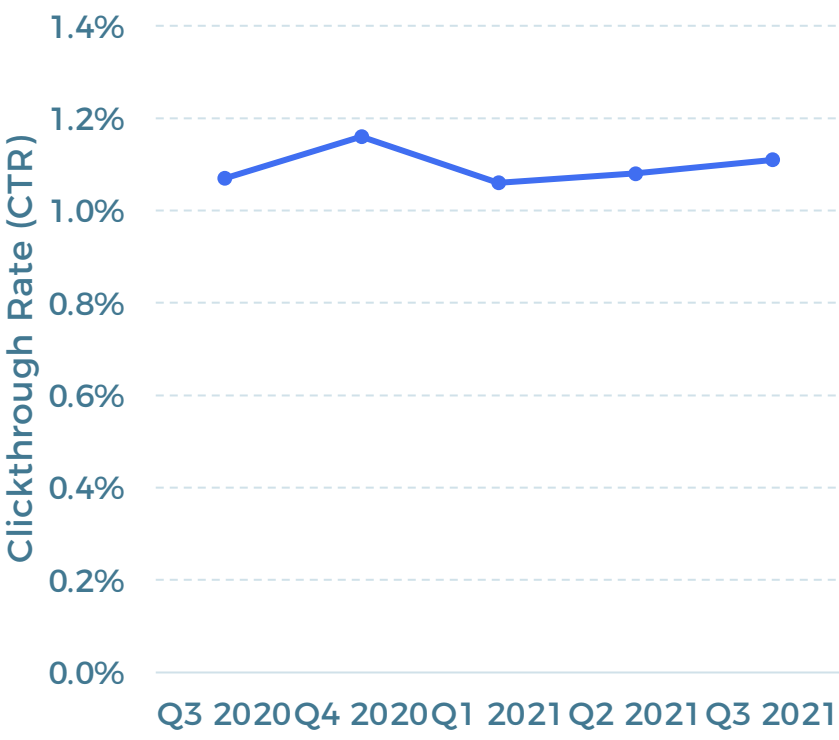
# Paid Social CPM and CTR Trends



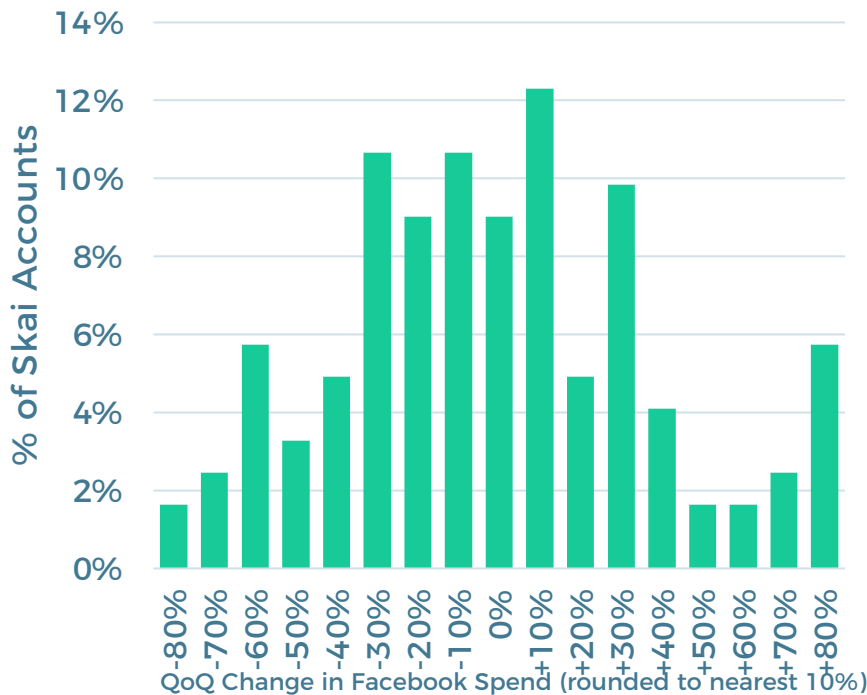
The CPM story in Paid Social depends heavily on where that story begins.

Prices are up since Q1, way up since a year ago, and relatively flat since last quarter.

QoQ	YoY
CPM	
+3%	+34%
CTR	
+3%	+4%

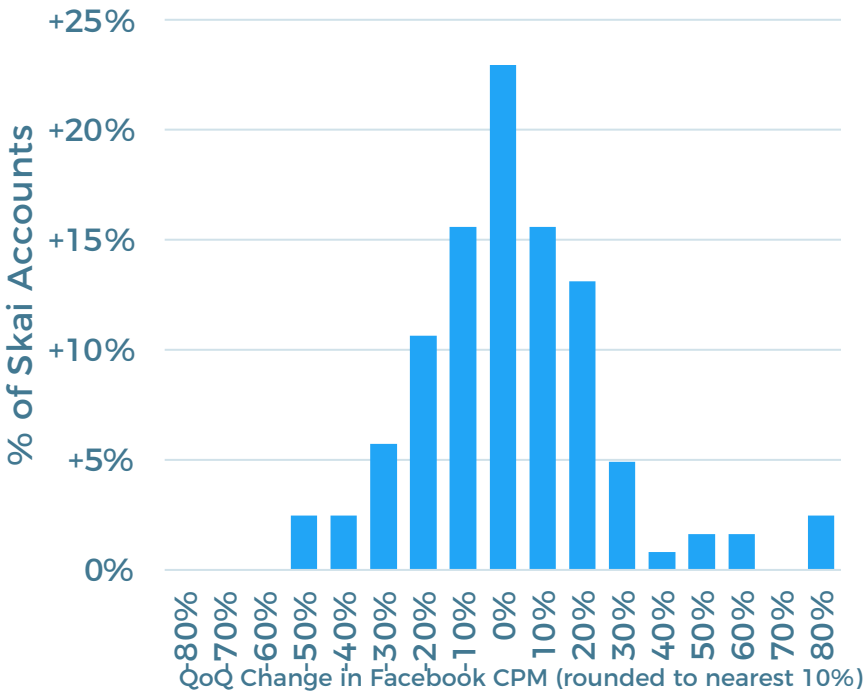


# No Unified Response to iOS 14.5

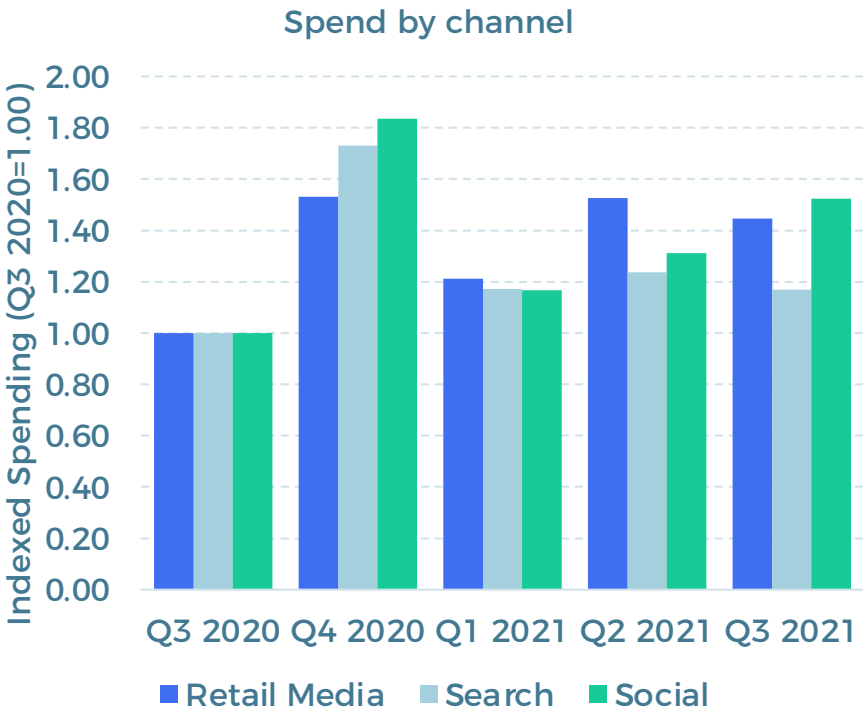


With the rollout of iOS 14.5 in late April, the impact on spending in Q3 was split almost straight down the middle, with 48% up and 52% down, emphasizing that Facebook advertisers are not a homogenous group.

Compared to Q2, ad prices held mostly steady in Q3, with more than half of Skai accounts holding between 10% and +10%.



# Consumer Goods & Retail Trends

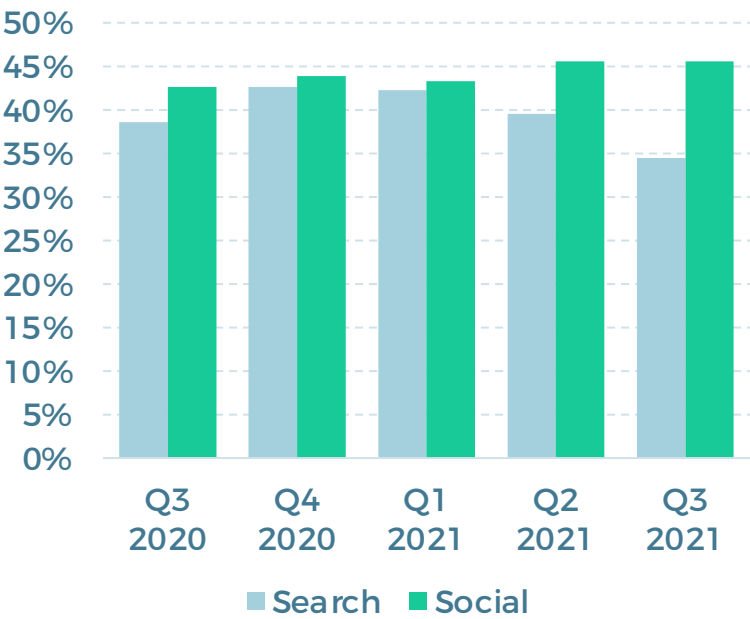


QoQ	YoY
Retail Media	
-5%	+45%
Search	
-6%	+17%
Social	
+16%	+52%

If we look only at **Consumer Goods & Retail** accounts, Paid social spending continued to lead growth heading into the all-important fourth quarter with a year-over-year increase of 50%.

The share of Consumer Goods & Retail spending from shopping ads has dropped for paid search, while it has inched up for paid social.

Shopping Ad share of total Consumer Goods & Retail spend

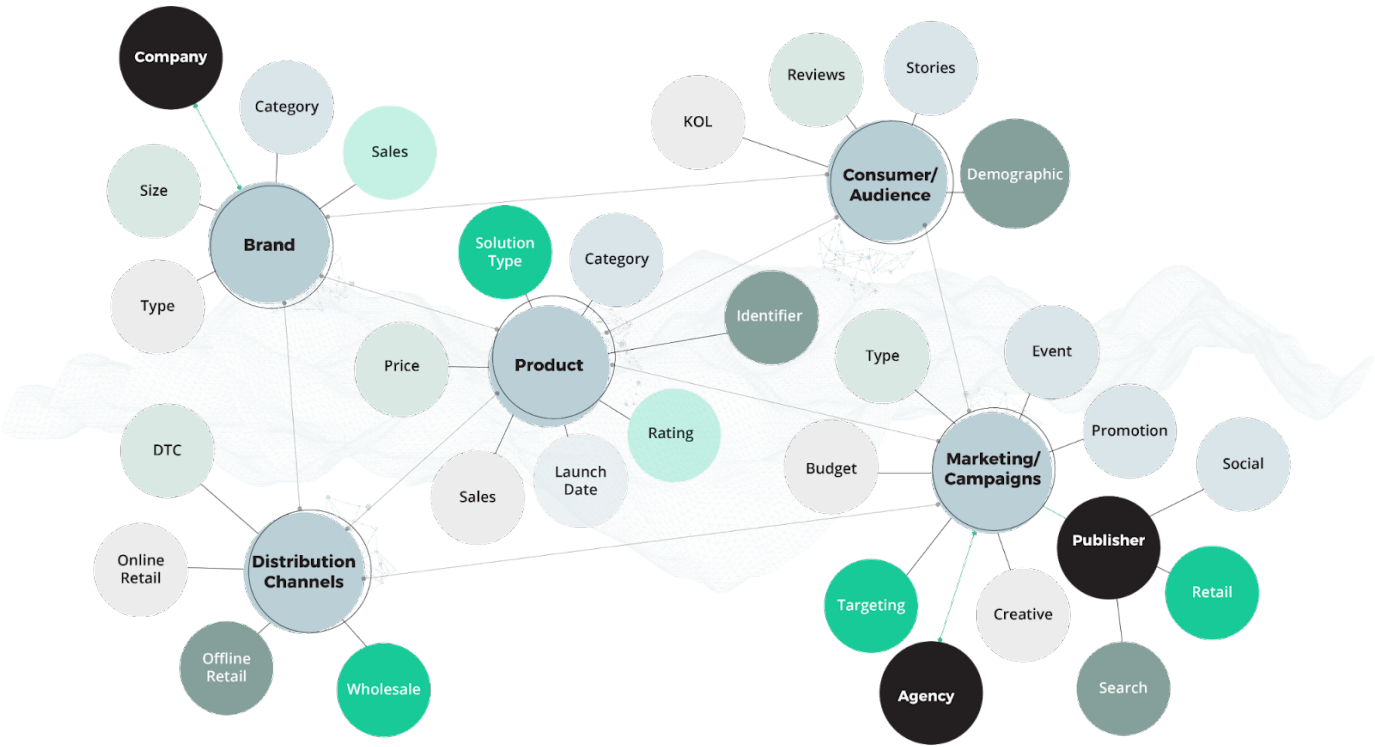


# Intro to Market Intelligence Data

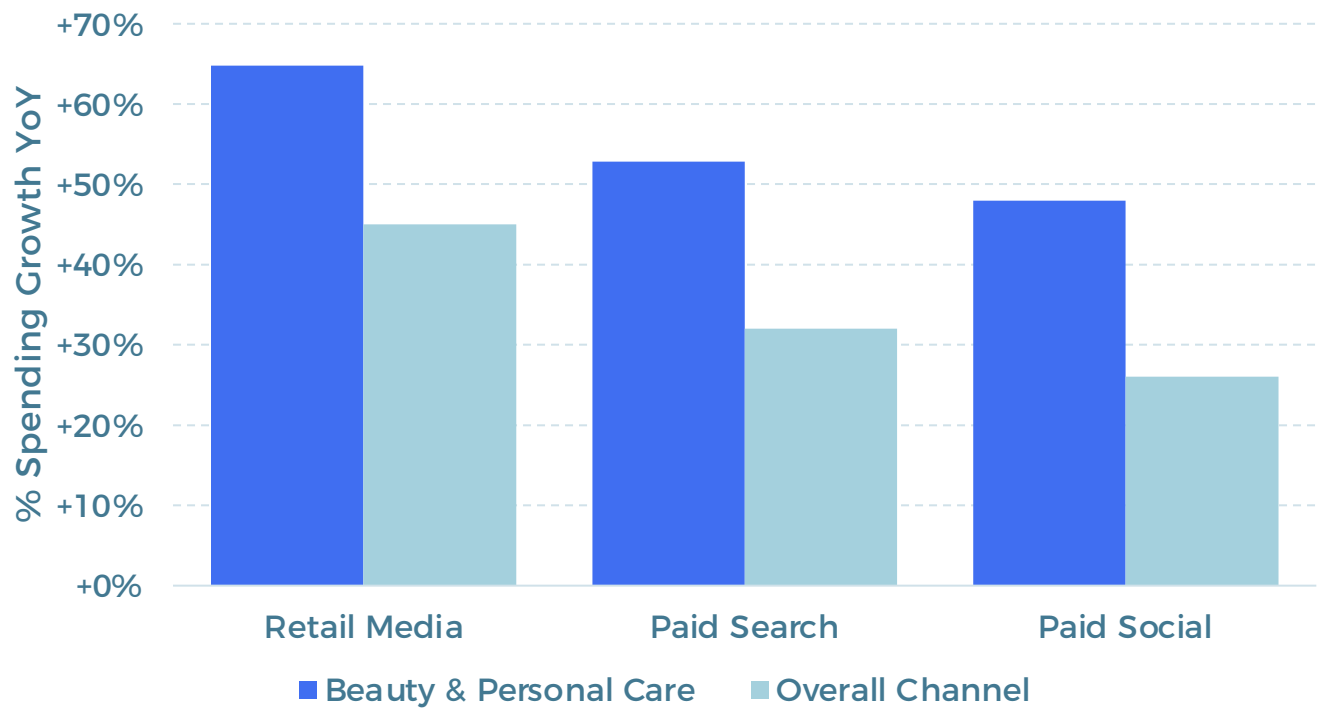
Skai now collects millions of data points across customer discussions, reviews, key opinion leaders and R&D.

The end goal is a comprehensive, data-driven engine to help brands go to market with more confidence, from product development to strategy and planning, to marketing, measurement, and back again.

Ultimately, this will help unlock more the “why” behind the “what” of recent trends.



# Beauty & Personal Care Across Channels



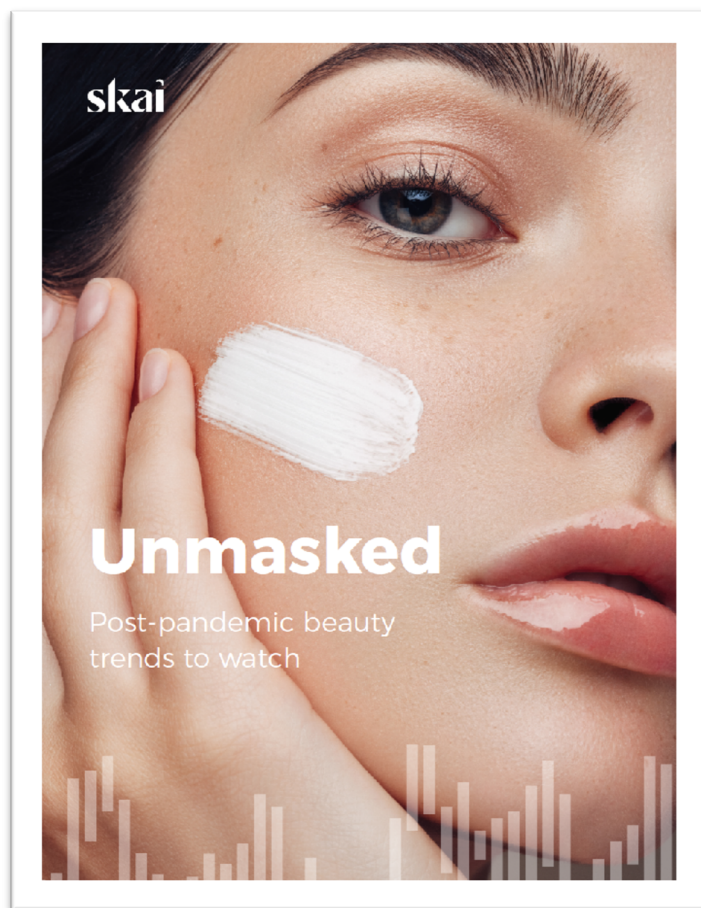
Across all paid media channels, the Beauty & Personal Care category outperformed the overall channel in terms of same-advertiser spending growth.

# Market Intelligence for Beauty & Personal Care

Learn about key consumer trends in this category, like how:

- Consumers use skincare products to combat stress
- High coverage products are rising in popularity
- Bright, cheerful colors are trending

All based on a universe of data covering consumer discussions and posts, product listings and reviews, key opinion leaders and research & development.



Download the report at <https://skai.io/reports-and-whitepapers/unmasked/>



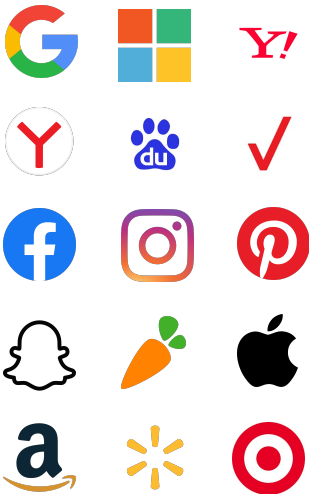
# About the Data

Analysis is based on advertiser campaign data managed through the Skai platform on Google, Microsoft Advertising, Yahoo!, Yahoo Japan, Baidu, Yandex, Facebook, Instagram, Pinterest, Snapchat, Apple, Amazon, Walmart, Instacart and Criteo.

Sample is drawn from a total population of over 1 trillion impressions, 12 billion clicks and \$7 billion in spending across multiple countries and industry categories.

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 analysis may use different filters, and are labeled accordingly.

Ad spending and CPC are translated to common currency before aggregation, and do NOT use Ex-FX or "Constant Currency" adjustments.



# Additional Resources

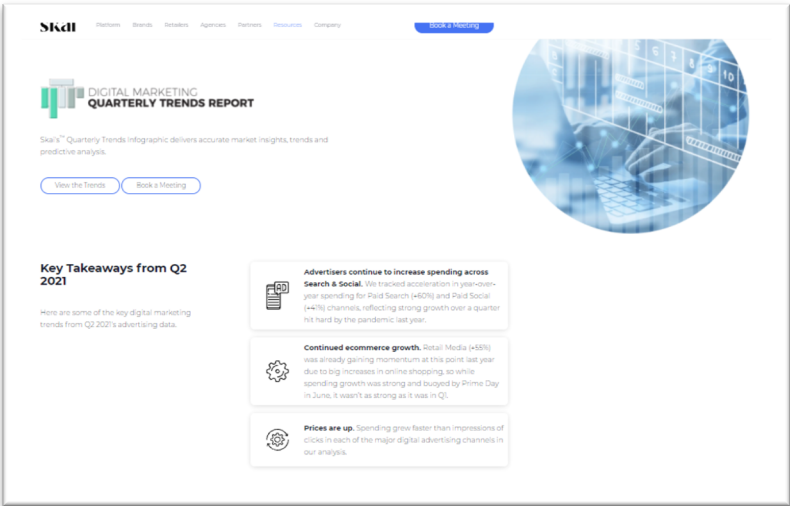
## Quarterly Trends Hub

[skai.io/digital-marketing-trends](https://skai.io/digital-marketing-trends)

View the current infographic, long-form report and highlights, along with previous quarters, all in one place.

Other insights are posted regularly to

- [skai.io/blog](https://skai.io/blog)
- [skai.io/case-studies](https://skai.io/case-studies)
- @skaicommerce



### About Skai

Skai is a commerce intelligence platform that powers brand insights, decisions and execution for faster, more predictable go-to-market outcomes. Skai's platform includes a suite of data-driven products for market intelligence, omnichannel media activation, testing and measurement, enabling product, insights and marketing teams to accurately plan strategies and benefit from connected omnichannel launches. Skai merges the former Kenshoo and Signals Analytics capabilities and for more than a decade, has been trusted by an impressive roster of global brands including Procter & Gamble, PepsiCo, Estée Lauder, Nestle, Johnson & Johnson, Mars and others. With its expanded product suite, Skai is unifying data and helping companies better understand their consumers in real-time. It has seven international locations and is backed by Sequoia Capital, Arts Alliance, Tenaya Capital, Bain Capital Ventures, Pitango and Qumra Capital. For more information visit <https://skai.io>.

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