

INSIGHT
SERIES

THE STATE OF Digital Advertising 2019


SOFTWARE

State of Digital Advertising 2019

Although advertisers continue to pursue the longstanding goals of driving brand awareness and growing their business, they face constant challenges: new and evolving technologies, knowledge gaps, gaining a full view of the customer journey—and that's just the tip of the marketing iceberg.

We've compiled the top priorities and challenges that global digital advertisers are tackling in 2019, including trends and shifts you should be aware of to formulate the most effective and revenue-oriented advertising programs possible.

Contents:

- Top Priorities for Digital Advertisers in 2019
 - How Are Advertisers Spending Their Budgets?
 - The Biggest Challenges Facing Advertisers
 - Where Does Amazon Fit?
 - What's Trending in 2019
 - Methodology
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Top Priorities for Digital Advertisers in 2019



Top Strategic & Tactical Advertising Goals

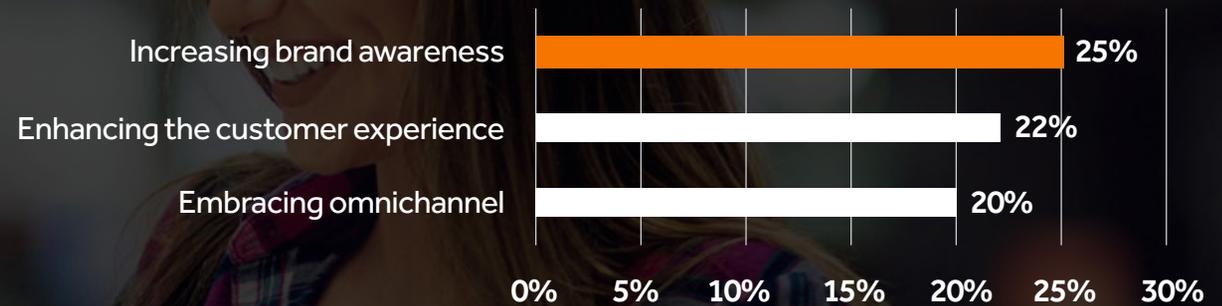
Advertisers are working hard on key strategic goals like increasing brand awareness and reducing friction for their clients.

They're also eager to win new business by adopting more tactical plays like running omnichannel campaigns and optimizing performance.

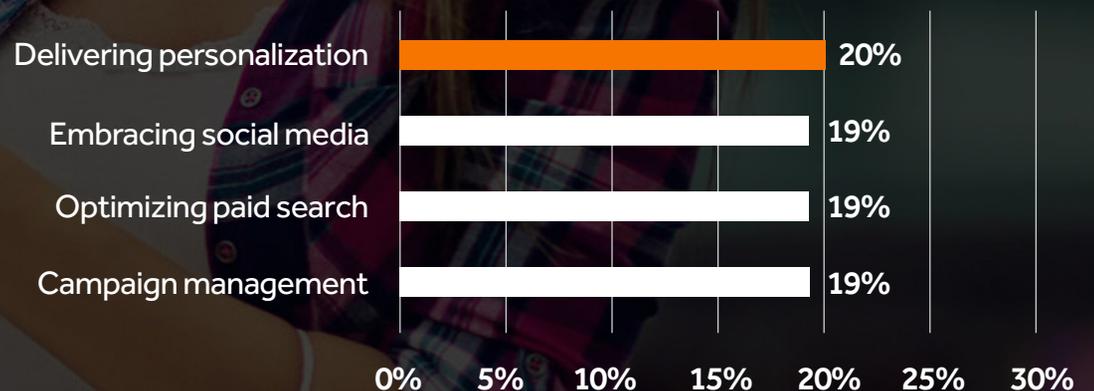
Brands who deliver on both strategic and tactical goals will outpace the competition.

What are the top priorities for your business marketing function in 2019?

Strategic



Tactical



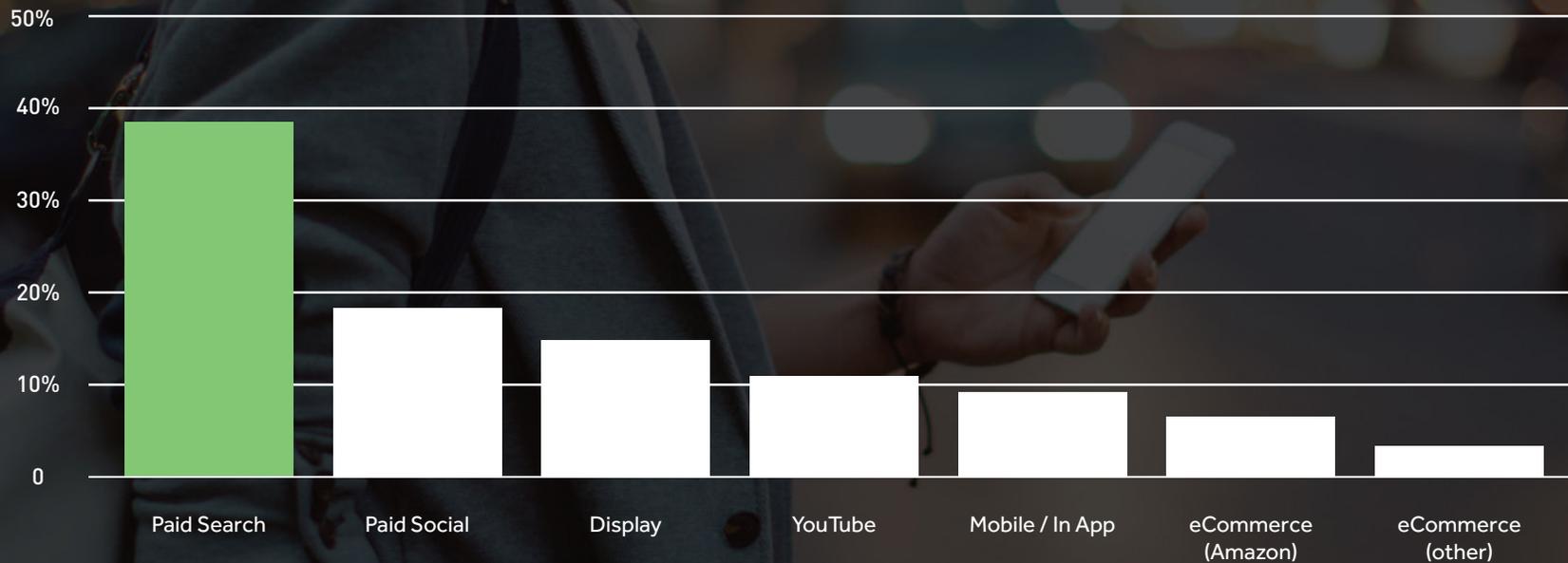
How Are Advertisers Spending Their Budgets?



Ad Budget Allocation by Channel

Paid search still dominates digital advertising, but other channels are taking their share. Despite ongoing controversies and people leaving for greener (Instagram) pastures, advertisers should stay in front of their massive Facebook audience—and take advantage of surging video and eCommerce advertising opportunities.

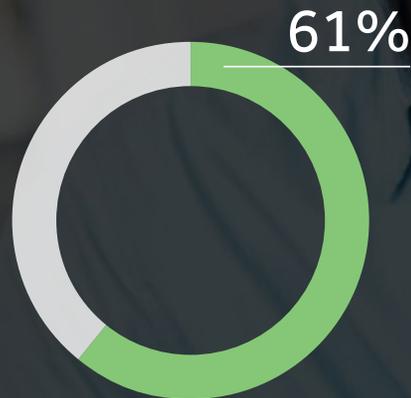
What percentage of your digital budget do you allocate to the following channels?



Is Instagram Eating FB Spend?

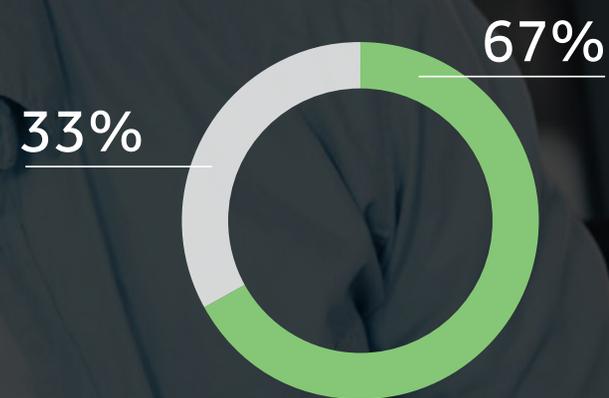
As advertisers increase their Instagram spend, everyone is wondering if this comes at the expense of Facebook ad dollars. As our findings show, many advertisers are using incremental budgets to diversify their social advertising on Instagram.

Do you expect your Instagram budget to increase in 2019?



61% of respondents think their budget on Instagram will increase in 2019.

Where do you expect your Instagram budget to come from?



The majority of respondents (67%) think it will come from incremental budget.

33% believe it will transfer from Facebook.

The Biggest Challenges Facing Advertisers



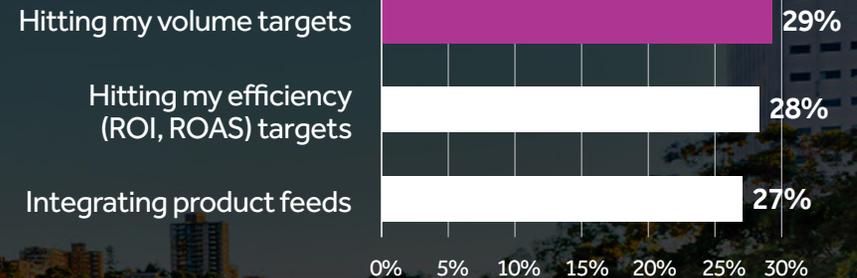
Many Challenges, Different Channels

We asked digital advertisers to share their top three challenges on each channel. The results clearly show that advertisers have very different goals and expectations for each channel.

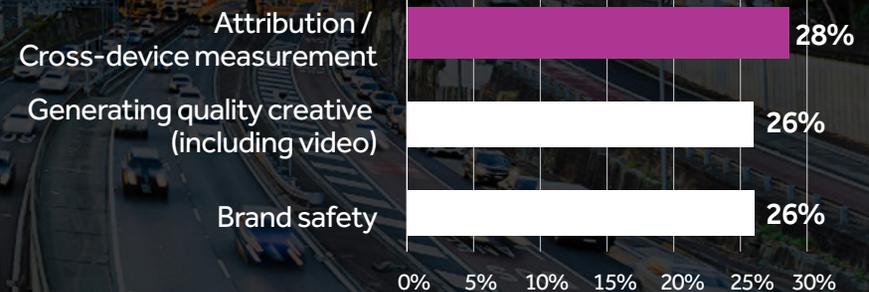
Given Amazon's recent entry into the space, it's not surprising to see that many advertisers are struggling with a substantial knowledge gap when it comes to understanding how to run successful campaigns.

What are your top 3 challenges as a digital advertiser?

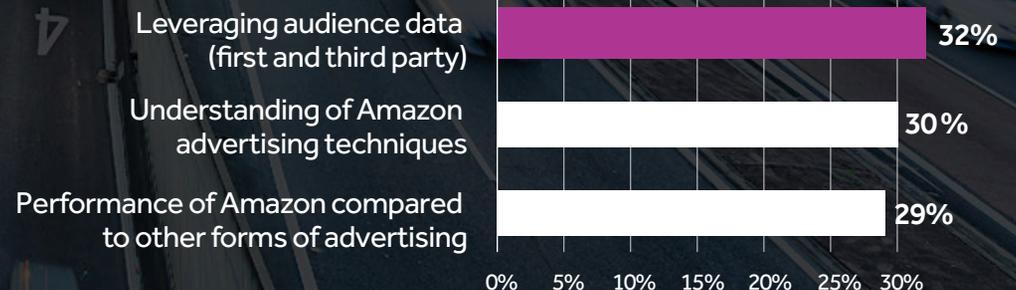
Search



Social



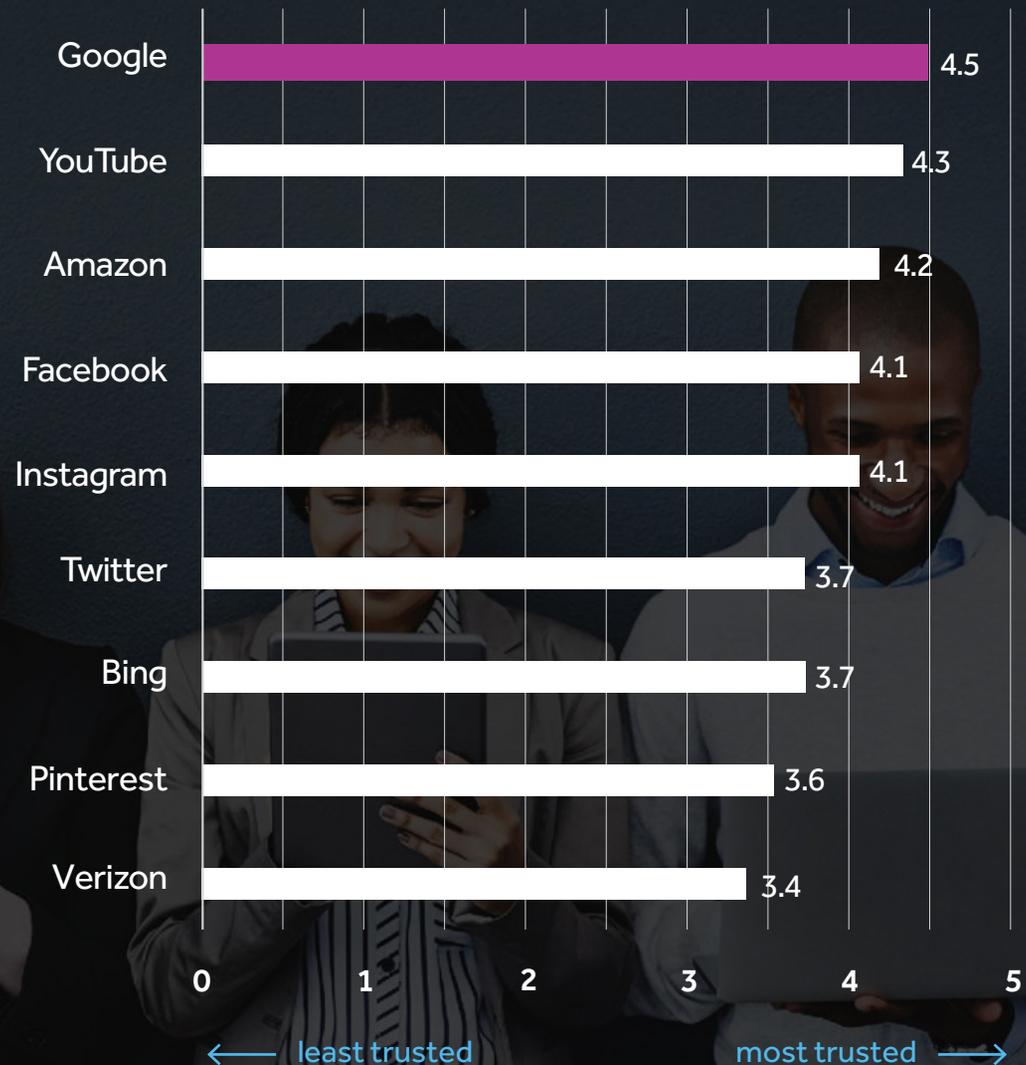
Amazon



Building and Maintaining Trust

Google wins the “most trusted” publisher prize among advertisers for 2019. With regulations like the GDPR and the upcoming CCPA requiring advertisers to implement entirely new strategies for ensuring data privacy, publishers have continued work to do to win and keep public—and advertiser—confidence.

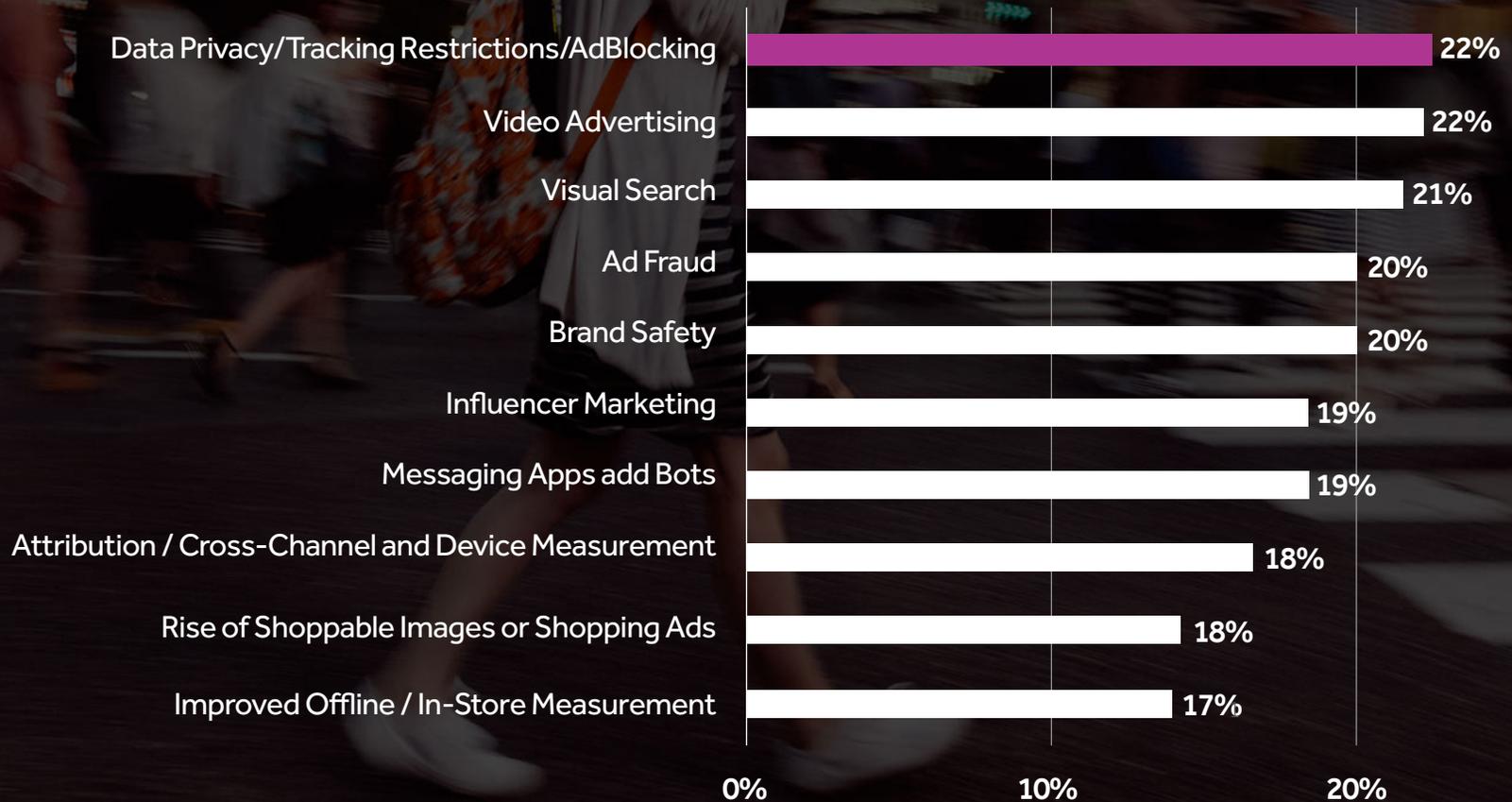
Rate the following publishers based on a trust index.

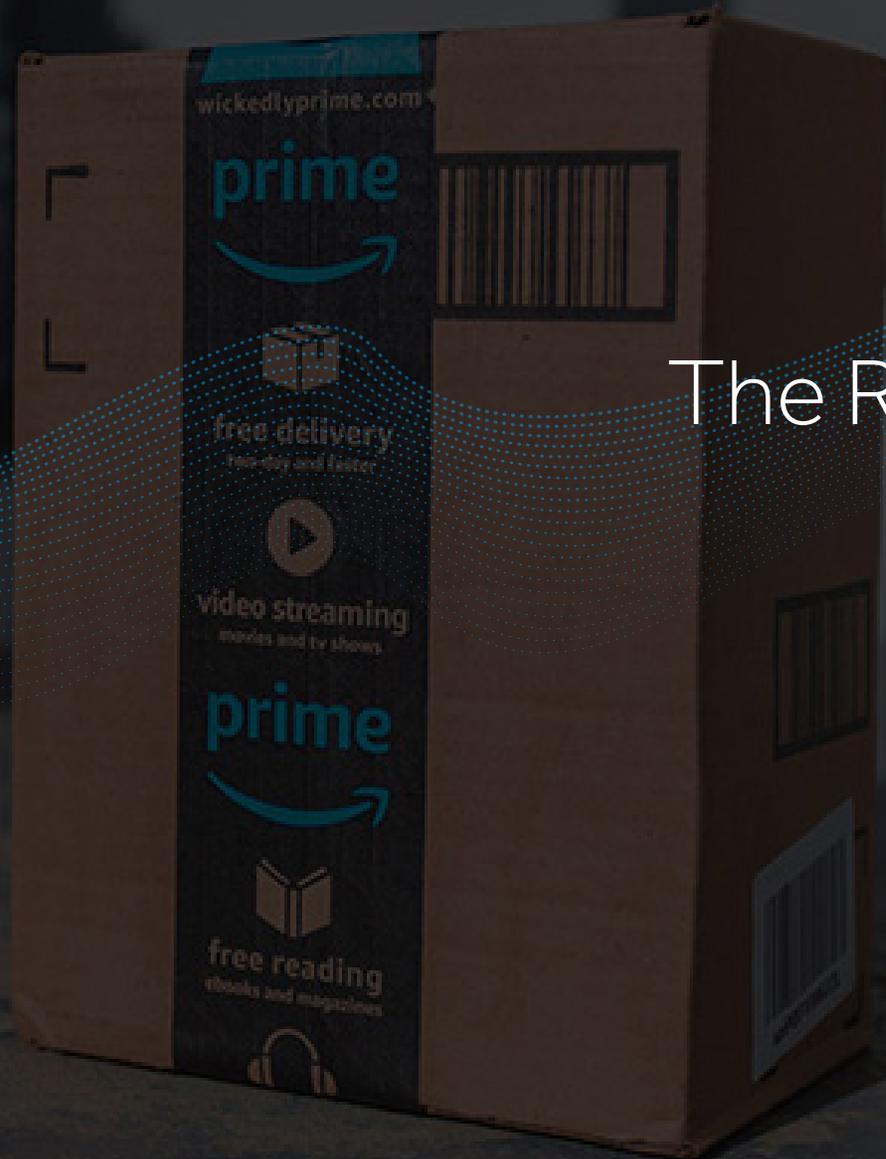


Data Privacy is Top of Mind

It's hardly surprising that data privacy tops the list for digital advertisers, given all the news coverage and publisher woes around this topic lately. This is just one of many conversation starters among advertisers, which include data privacy, brand safety, visual search, and video advertising to name a few.

Which of the following industry trends / challenges will most impact your business in 2019?





The Rise of Amazon

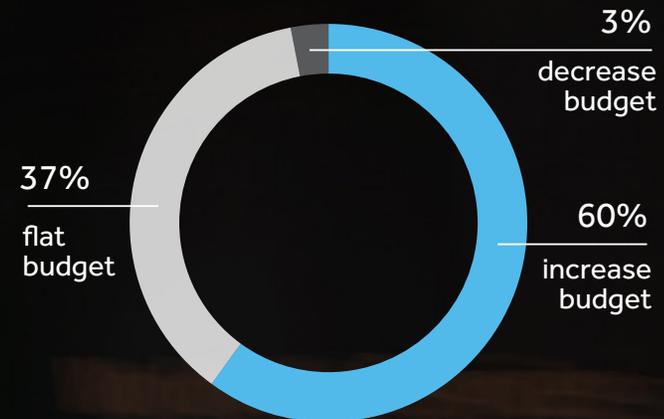


Amazon Goes Big (Again)

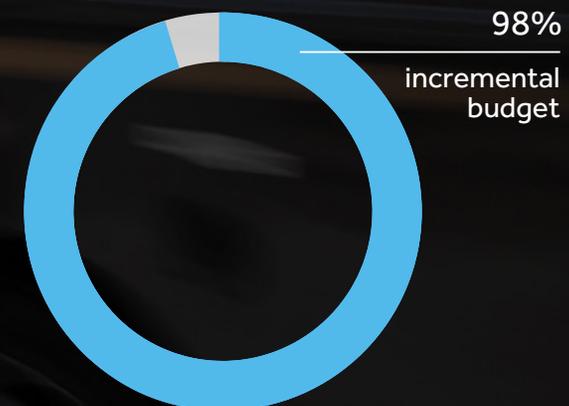
A whopping 60% of digital advertisers are increasing their Amazon budget in 2019 and beyond, as they experiment with Amazon ad formats and get more familiar with the Amazon advertising ecosystem.

Where is this Amazon budget coming from? Almost entirely from incremental sources.

How will your Amazon budget change this year?



You expect your Amazon budget to increase in 2019. Where do you expect this budget to come from?

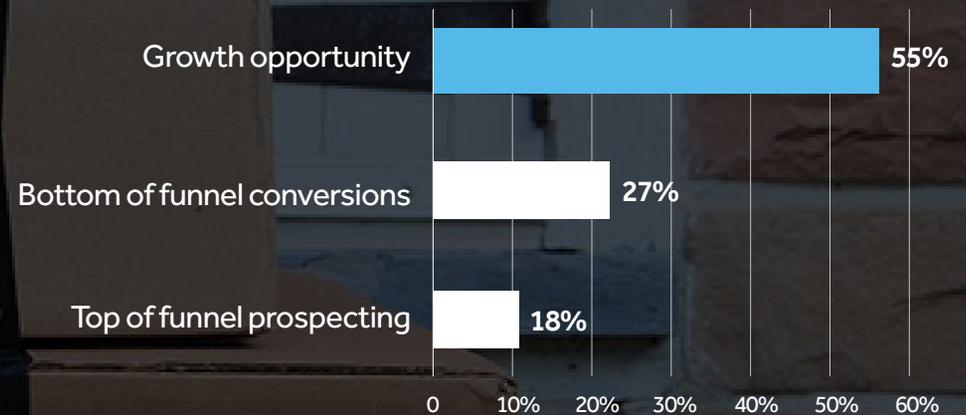


Why Advertisers Like Amazon

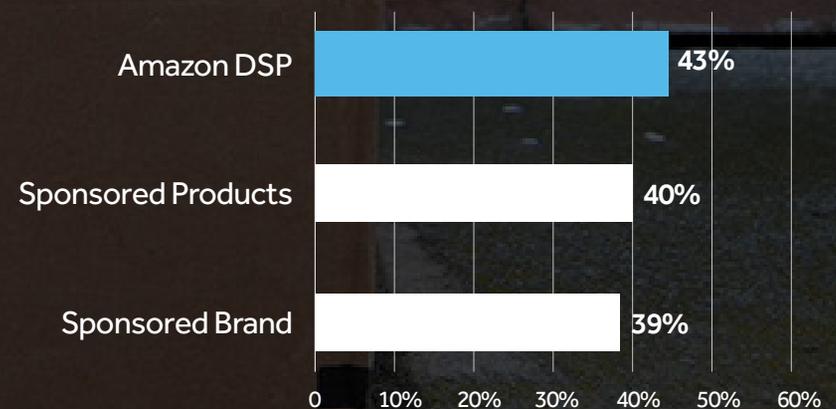
Over half of all advertisers started using Amazon because they see it as a significant growth opportunity, whereas 1 in 4 are looking to increase purchases at the lower end of the funnel.

In terms of favored ad formats on Amazon, the spread is quite even with a slight lead for display advertising.

What was the primary reason you started using Amazon for digital advertising last year?



Which Amazon ad formats are you currently using / planning on using?

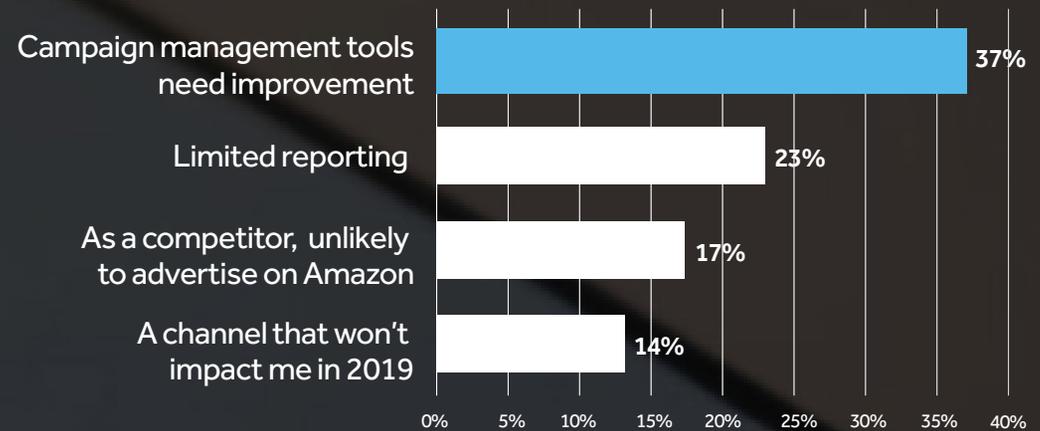


Amazon Headwinds

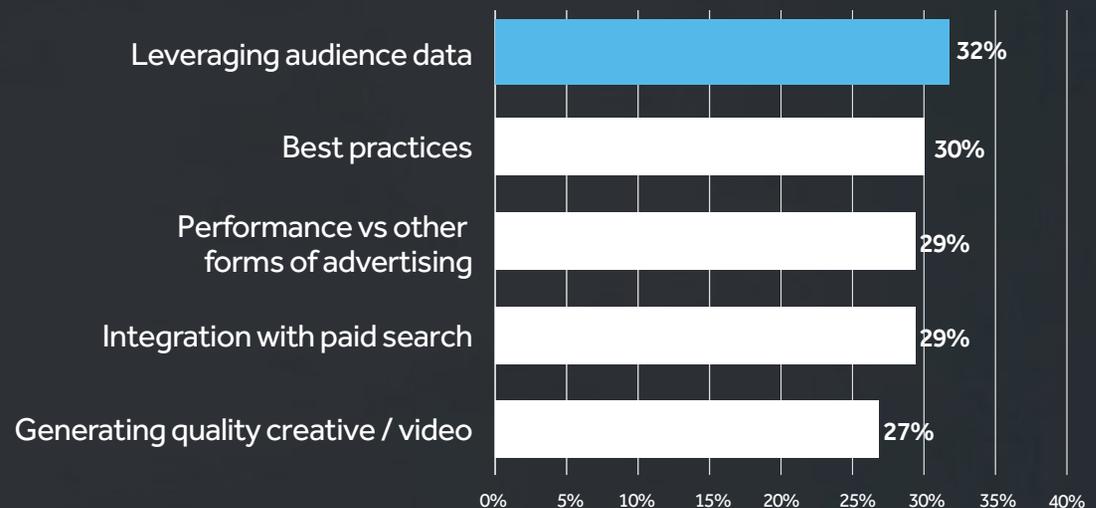
It's not all plain sailing for Amazon as a late entrant to the ad platform race. It clearly has some ground to make up on the more established players like Google and Facebook.

Our findings show that both campaign management and reporting tools are not yet optimal for digital advertisers and that may hinder future ad spend. Third party ad management tools (like Marin) can help to smooth this transition for advertisers.

How do you view Amazon's digital advertising options?



What are your organization's biggest challenges around Amazon advertising in 2019?



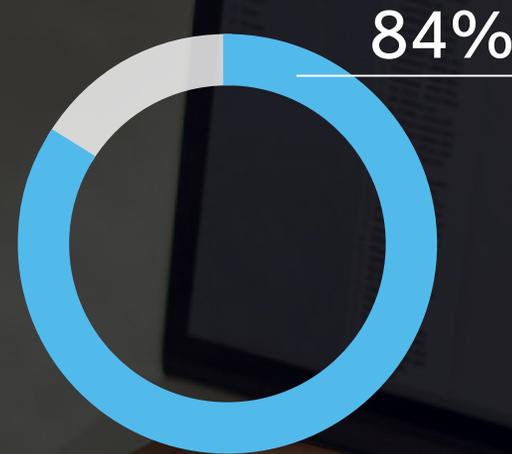
A rocket is shown ascending from the bottom left towards the top right against a dark blue sky with wispy clouds. The rocket is white with orange and black accents. A large, glowing blue dotted wave graphic flows across the middle of the image, partially obscuring the rocket's plume. The text "What's Trending in 2019?" is written in white, sans-serif font across the right side of the wave. A solid blue square is located at the end of the wave on the right edge.

What's Trending in 2019?



RSAs Are All the Rage

With the bulk of advertisers already using or planning to use Google's responsive search ads, we expect usage will only continue to increase in 2020—especially since initial tests¹ align with Google's stated target of up to 10% more clicks and conversions when using RSAs alongside Expanded Text Ads.

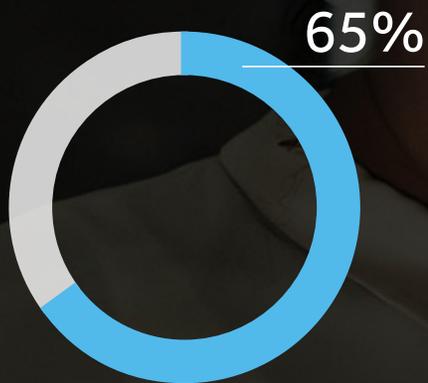


84% of respondents who use paid search (SEM) are currently using or planning to use Google's new responsive search ads format in 2019.

1. Will Cozart, 3Q Digital, "Responsive Search Ads: The Latest Data Insights," Marketing Insights.

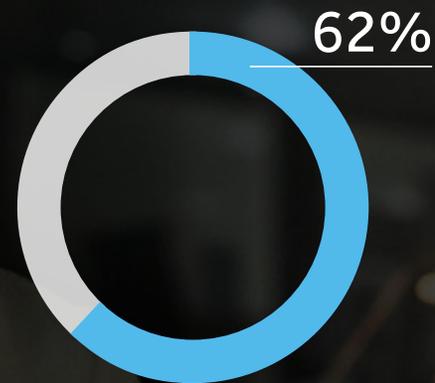
Shoppable Ads Go Mainstream

Ad spend on shopping ad formats is rising fast. 2019 is an important year for these burgeoning ad types, with shoppable images becoming the Google norm and many advertisers getting their feet wet with shopping ads on paid social channels.



Paid Search

65% of respondents believe that their company's use of shoppable images or Shopping ads within paid search will increase in 2019 in comparison to 2018.



Paid Social

62% of respondents currently using paid social think their company's use of Shoppable Images or Shopping Ads within social will increase in 2019 compared to 2018.

Video Takes the Lead

With Facebook, YouTube, mobile, and OTT prevailing in the ever-expanding video advertising space—and people spending more and more time in front of small screens—it's no wonder advertisers are funneling their dollars to where the “eyes” have it.

What do you think is the most effective social ad format?

Stories

23%

Image

26%

Video

32%

Carousel
Ads

19%



Methodology

We surveyed 460 digital marketers (managers and above). They represent decision makers—or stakeholders in the final decision making process—in search, social, eCommerce, display, and programmatic advertising.

We started the fieldwork in May 2019 and ended in June of the same year. All of our data collection happened online.

Our survey respondents came from a diverse set of industries:

- Automotive
- Consumer Goods
- Financial Services and Insurance
- Healthcare and Pharmaceuticals
- Manufacturing and Engineering
- Media and Entertainment
- Print/Publishing
- Professional Services
- Retail/eCommerce
- Technology
- Telecoms
- Travel and Hospitality

They also spanned different company types:

- 44% B2B
- 44% B2C
- 12% B2C and B2B

69% of the respondents have an estimated annual expenditure in digital advertising of \$1M - \$9M, and 31% spend between \$10M - \$49M each year.



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