Digital Advertising 2020

Insights into a new era of advertising and media buying

Introduction

Technology Unites Advertisers and Marketers in Creating Personalized Experiences

Consumers and business buyers receive more messages, through more channels, than ever before. Cutting through the noise requires advertisers to deliver hyperpersonalized messages that resonate at the individual level. Now, advertising is undergoing a transformation – the biggest revolution since the launch of digital ads in the 1990s – driven by data.

To effectively reach audiences and interact with them in a smarter, 1-to-1 manner, advertisers must connect and make sense of a myriad of data sources. Of course, achieving this requires a shift in dynamics; advertising and marketing can't live in vacuums. Technology can't be an afterthought. The winners in this new era will coalesce the right teams and technologies to harness data, more precisely track their efforts, and measure progress to evolve their strategies at the pace of the consumer.

Dominant channels – and thus budgets – are shifting, too. Increasingly, advertisers will rely on major platforms under the Google and Facebook umbrellas to deliver their messages. And success isn't measured only by clicks and impressions, but also lifetime customer value.

Based on a global survey of 900 advertising leaders across North America, Europe, and the Asia-Pacific region, this research illustrates new priorities, strategies, and tactics that signify the dawn of a new era in advertising.
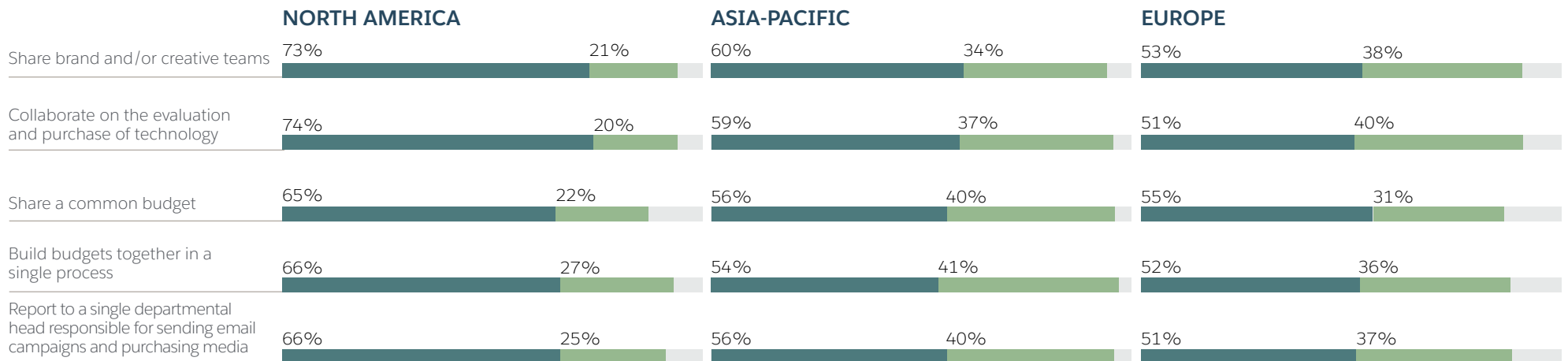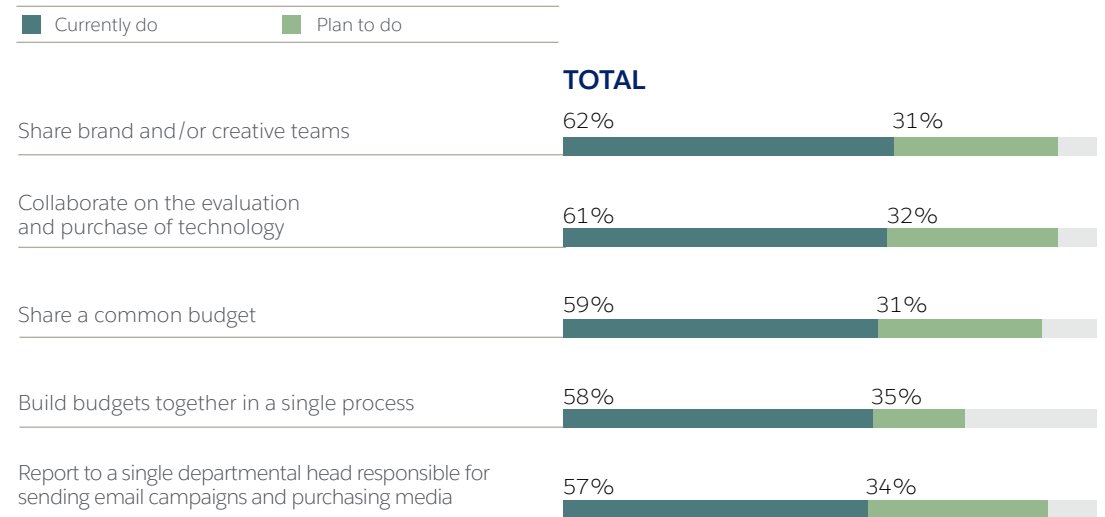
Advertising is breaking free from its silo after being an autonomous part of companies for many years.

THE MAJORITY OF ADVERTISING AND MARKETING ORGANIZATIONS NOW SHARE COMMON BUDGETS AND USE THE SAME TEAM TO SEND EMAILS AND TO BUILD AD CAMPAIGNS.

North American teams lead the pack in this evolution, but advertisers across the globe are poised to catch up. Only a small minority of global advertising teams lack plans to integrate themselves within the broader marketing organization.

ADVERTISING AND MARKETING TEAMS' SHARED ACTIVITIES

Percentage of advertisers whose advertising and marketing teams do the following

■ Currently do   ■ Plan to do

TOTAL

Activity	Currently do	Plan to do
Share brand and/or creative teams	62%	31%
Collaborate on the evaluation and purchase of technology	61%	32%
Share a common budget	59%	31%
Build budgets together in a single process	58%	35%
Report to a single departmental head responsible for sending email campaigns and purchasing media	57%	34%

NORTH AMERICA

Activity	Currently do	Plan to do
Share brand and/or creative teams	73%	21%
Collaborate on the evaluation and purchase of technology	74%	20%
Share a common budget	65%	22%
Build budgets together in a single process	66%	27%
Report to a single departmental head responsible for sending email campaigns and purchasing media	66%	25%

ASIA-PACIFIC

Activity	Currently do	Plan to do
Share brand and/or creative teams	60%	34%
Collaborate on the evaluation and purchase of technology	59%	37%
Share a common budget	56%	40%
Build budgets together in a single process	54%	41%
Report to a single departmental head responsible for sending email campaigns and purchasing media	56%	40%

EUROPE

Activity	Currently do	Plan to do
Share brand and/or creative teams	53%	38%
Collaborate on the evaluation and purchase of technology	51%	40%
Share a common budget	55%	31%
Build budgets together in a single process	52%	36%
Report to a single departmental head responsible for sending email campaigns and purchasing media	51%	37%

Many advertisers are relying less on agencies to do the work; instead they're orchestrating their own creative design and campaign plans in-house. This trend is possibly due to a desire among teams to gain control over their digital advertising, while also fostering alignment with the rest of their marketing. **At least half of companies rely entirely on internal staff to optimize ad spend across any given digital channel**.
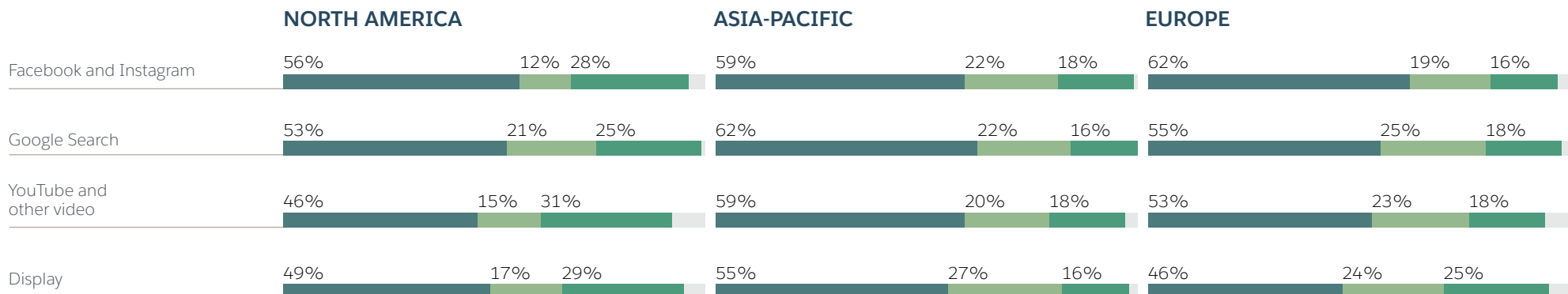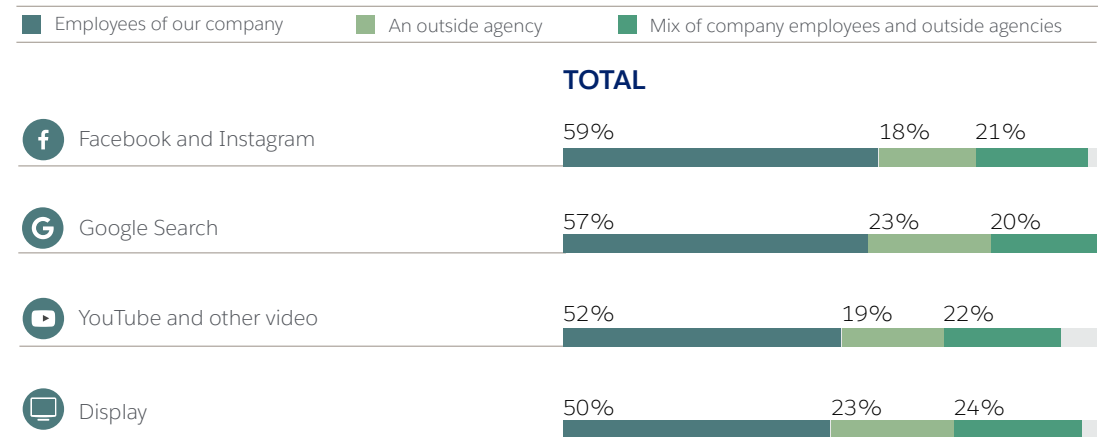
59%
rely entirely on internal staff to optimize ad spend for Facebook and Instagram.

57%
rely entirely on internal staff to optimize ad spend for Google Search.

Around one-fifth to one-quarter of companies choose to blend advertising efforts between employees and outside agencies. The appeal of greater control is clear enough, but cost and efficiency may factor in, too. While some companies may prefer to save money by orchestrating advertising in-house, others are highly resourced companies that choose to staff their own top-tier in-house team to foster better alignment with marketing.

DIGITAL AD CAMPAIGN MANAGEMENT

Distribution of responsibility for various types of advertising between internal employees and outside agencies

■ Employees of our company　　■ An outside agency　　■ Mix of company employees and outside agencies

TOTAL

	Employees of our company	An outside agency	Mix of company employees and outside agencies
Facebook and Instagram	59%	18%	21%
Google Search	57%	23%	20%
YouTube and other video	52%	19%	22%
Display	50%	23%	24%

NORTH AMERICA

	Employees of our company	An outside agency	Mix of company employees and outside agencies
Facebook and Instagram	56%	12%	28%
Google Search	53%	21%	25%
YouTube and other video	46%	15%	31%
Display	49%	17%	29%

ASIA-PACIFIC

	Employees of our company	An outside agency	Mix of company employees and outside agencies
Facebook and Instagram	59%	22%	18%
Google Search	62%	22%	16%
YouTube and other video	59%	20%	18%
Display	55%	27%	16%

EUROPE

	Employees of our company	An outside agency	Mix of company employees and outside agencies
Facebook and Instagram	62%	19%	16%
Google Search	55%	25%	18%
YouTube and other video	53%	23%	18%
Display	46%	24%	25%

The number of data sources available to inform digital advertising continues to grow. Yet, each contributes to a single objective: targeting the right audience, with the right message, at the right time.

There are three primary categories of data available: customer relationship management (CRM) data, online data, and demographic data. The vast majority of advertisers use all three categories, and the number of individual data sources advertisers use is on the rise.

LAST YEAR, ADVERTISERS USED AN AVERAGE OF 5.4 DATA SOURCES, AND NEXT YEAR THEY'RE PLANNING TO USE AN AVERAGE OF 6.2.

DATA TYPES USED FOR DIGITAL ADVERTISING

Percentage of advertisers using the following types of data

■ Last fiscal year   ■ Current fiscal year   ■ Planned or continued use next fiscal year

CRM-BASED DATA
(email addresses, phone numbers, or other CRM-based data)

92%
94%
92%

ONLINE DATA
(first-party anonymous, second-party, or third-party)

85%
90%
89%

DEMOGRAPHIC DATA
(personal, location info, or interests)

92%
95%
93%

94% OF ADVERTISERS NOW USE CRM DATA — SUCH AS EMAIL ADDRESSES, PHONE NUMBERS, AND OTHER BRAND INTERACTIONS — TO TARGET ADVERTISING.

As platforms – including Google and Facebook – have made it easier to use known customer data to target advertising, more companies are using CRM-based data beyond email addresses and phone numbers. The percentage of companies targeting based on CRM data such as purchase transactions, postal address, and customer service information will rise from **56%** last year to an estimated **69%** next year.

+27% projected growth in the use of other CRM data beyond email addresses and phone numbers is particularly strong in North America.

CRM DATA USAGE

Percentage of advertisers using or planning to use CRM-based data to target digital ads

- Last fiscal year
- Current fiscal year
- Planned or continued use next fiscal year

ANTICIPATED TWO-YEAR GROWTH*

CRM-BASED DATA
(email addresses, phone numbers, or other CRM-based data)

92%
94%
92%

0%

Email addresses

75%
76%
76%

+2%

Phone numbers

61%
66%
64%

+5%

CRM-based data other than email addresses and phone numbers
(transactions, postal address, customer service information, etc.)

56%
68%
69%

+23%

* Anticipated two-year growth is calculated using the difference of "planned or continued use next fiscal year" and "last fiscal year" divided by "last fiscal year."

See the appendix for regional data cuts.

As prospects browse digital properties – including advertisers' own websites and those of other companies or publishers – **90% of advertisers use some type of online data to target their ads**. First-party anonymous data is the most-used type of online data (**71%**) but with an anticipated two-year growth rate of only **5%**. In the Asia-Pacific region, use of first-party anonymous data is expected to shrink by **9%**.

Second- and third-party partnerships that allow advertisers to tap into data sources they don't own, thereby providing new inputs for decision-making and targeting, will see particularly large growth. Over the next two years, **advertisers' use of second- and third-party data will grow by 26% and 30%, respectively.**

+32% projected growth in the use of second-party data over the next two years across Europe is particularly strong.

+47% of advertisers in North America will increase their use of third-party data, the largest increase among regions.

ONLINE DATA USAGE

Percentage of advertisers using or planning to use online data

■ Last fiscal year ■ Current fiscal year ■ Planned or continued use next fiscal year

ANTICIPATED
TWO-YEAR GROWTH*

ONLINE DATA
(first-party anonymous, second-party, or third-party)
- 85%
- 90%
- 89%

+5%

First-party anonymous data
(devices and cookies collected from your own digital content)
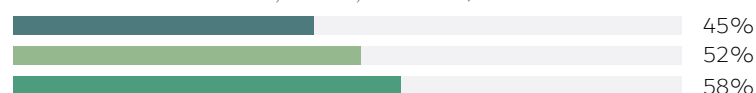- 67%
- 71%
- 70%

+5%

Second-party data *(devices and cookies from a direct relationship with another marketer or publisher)*
- 50%
- 63%
- 64%

+26%

Third-party data *(devices and cookies from an aggregator or data broker such as Acxiom, Nielsen, or Neustar)*
- 45%
- 52%
- 58%

+30%

* Anticipated two-year growth is calculated using the difference of "planned or continued use next fiscal year" and "last fiscal year" divided by "last fiscal year."

See the appendix for regional data cuts.

95% OF ADVERTISERS USE DEMOGRAPHIC DATA, INCLUDING PERSONAL DATA, LOCATION INFORMATION, AND INTERESTS, TO TARGET PROSPECTS THEY KNOW ALMOST NOTHING ABOUT.

Use of newer types of data – like mobile-derived location information – will grow **14%** over the next two years. Use of interests-based data (based on factors like personality and preferences) will see the biggest growth, expanding by **26%** as it becomes more widely available to brands.

+24% of European advertisers will increase their use of interests-based data, representing the highest increase among regions.
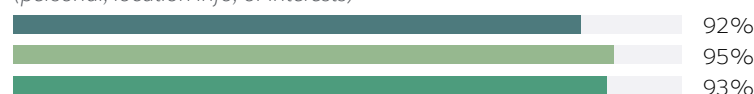
DEMOGRAPHIC DATA USAGE

Percentage of advertisers using or planning to use online data

Last fiscal year   Current fiscal year   Planned or continued use next fiscal year

ANTICIPATED TWO-YEAR GROWTH*

DEMOGRAPHIC DATA
(personal, location info, or interests)

92%
95%
93%

+1%

Personal data
(age, gender, etc.)

70%
73%
72%
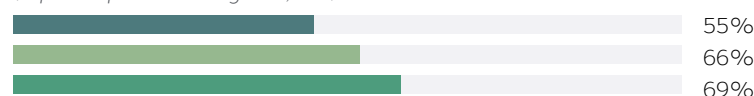
+3%

Location information
(country, state, province, etc.)

65%
75%
74%

+14%

Interests-based data
(topics or product categories, etc.)

55%
66%
69%

+26%

*   Anticipated two-year growth is calculated using the difference of "planned or continued use next fiscal year" and "last fiscal year" divided by "last fiscal year."

See the appendix for regional data cuts.

As brands leverage multiple data sources to target audiences, they're increasingly turning to data management platforms (DMPs) to import that data, find segments to target, and send instructions to networks and websites. Adoption has reached a tipping point; while **just 20% of companies have been using a DMP for more than three years, an additional 21% are either currently implementing a DMP or have done so in the past year**.

91% OF ADVERTISERS HAVE OR PLAN TO ADOPT A DATA MANAGEMENT PLATFORM.

ADVERTISERS' DMP USAGE

Percentage of advertisers who describe their company's use of DMPs as follows

9% No planned use/don't know

11% Plan to purchase in next fiscal year

20% Used for over 3 years

21% Used for less than 1 year or currently implementing

38% Used for 1–3 years

03. Facebook and Google Dominate as Video Rises in Importance

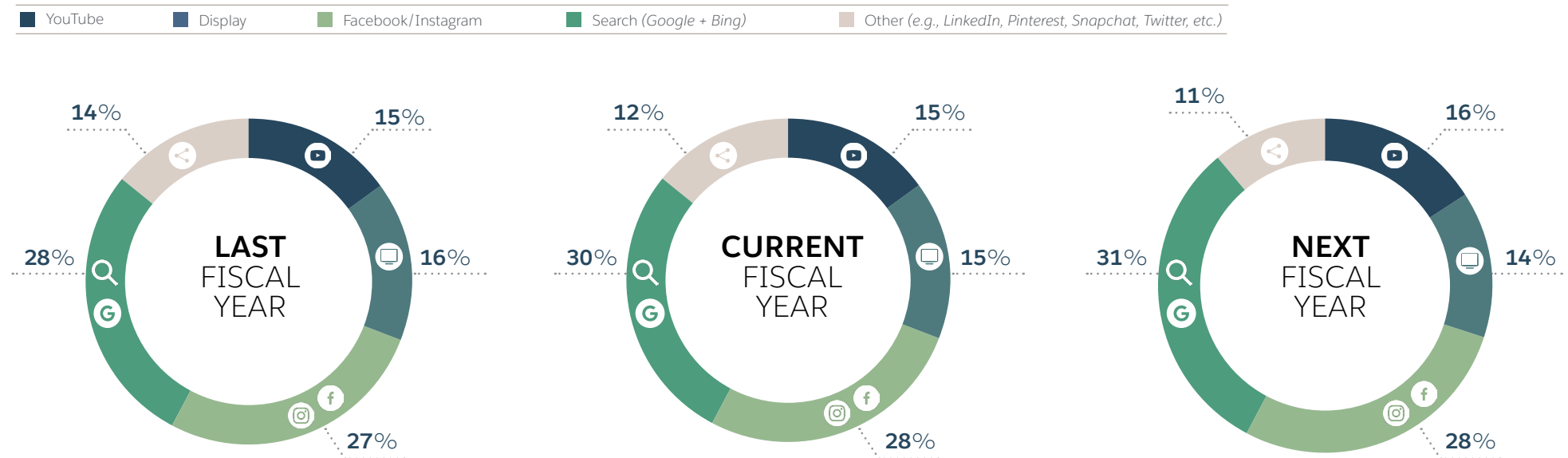The dominance of Facebook and Google in the digital advertising ecosystem shows no signs of slowing.

Next year, **66% of digital advertising spend will go to Google Search, YouTube, Facebook, and Instagram** – figures that don't even include additional platforms or display advertising exchanges owned by their parent companies. This stronghold is universal; **these channels represent 63% of total spend in North America, 67% in the Asia-Pacific region, and 69% in Europe.**

Beyond their massive audiences, both Facebook and Google are particularly appealing to advertisers for their ability to target consumers based on real identities. Display advertising is still an important part of this mix, though it shrank from **16%** to **14%** of digital ad spend.

Not including Facebook, social channels like LinkedIn, Pinterest, Snapchat, and Twitter account for an additional **11%** of planned spend across surveyed regions. But their collective share of advertising budgets is on the decline.

DIGITAL ADVERTISING BUDGETS
Percentage of ad spend allocated to the following channels

■ YouTube   ■ Display   ■ Facebook/Instagram   ■ Search (Google + Bing)   ■ Other (e.g., LinkedIn, Pinterest, Snapchat, Twitter, etc.)

LAST FISCAL YEAR
- 14%
- 15%
- 16%
- 27%
- 28%

CURRENT FISCAL YEAR
- 12%
- 15%
- 15%
- 28%
- 30%

NEXT FISCAL YEAR
- 11%
- 16%
- 14%
- 28%
- 31%

See the appendix for regional data cuts.

Video content is becoming more prevalent across platforms.

OVER THE PAST YEAR, 65% OF COMPANIES INCREASED THEIR VIDEO ADVERTISING.

This budget boost – and the relative importance of video it suggests – could help explain why **52% of advertisers choose to maintain control of their video advertising by producing it in-house**.

B2C companies' year-over-year growth in video advertising (**59%**) trails slightly behind B2B companies' aggressive adoption (**65%** growth). Why the surge? B2B advertisers' use of video could be due to the convergence of consumer- and business-buyer preferences in media consumption.

As seen on the previous page, YouTube ad spending is inching upward (**15%** to **16%**) at about the same rate that display ad spending is creeping downward (**15%** to **14%**).

CHANGE IN DIGITAL VIDEO AD SPENDING

Change in spending on digital video advertising in the past year

	Increased substantially	Increased somewhat	Stayed about the same	Decreased somewhat	Decreased significantly
Total	8%	57%	28%	6%	
North America	9%	57%	31%	3%	
Asia-Pacific	6%	58%	33%	3%	
Europe	8%	57%	21%	13%	1%

- ■ Increased substantially (+25% or more)
- ■ Increased somewhat (+2% to +24%)
- ■ Stayed about the same (±1%)
- ■ Decreased somewhat (–2% to –24%)
- ■ Decreased significantly (–25% or more)
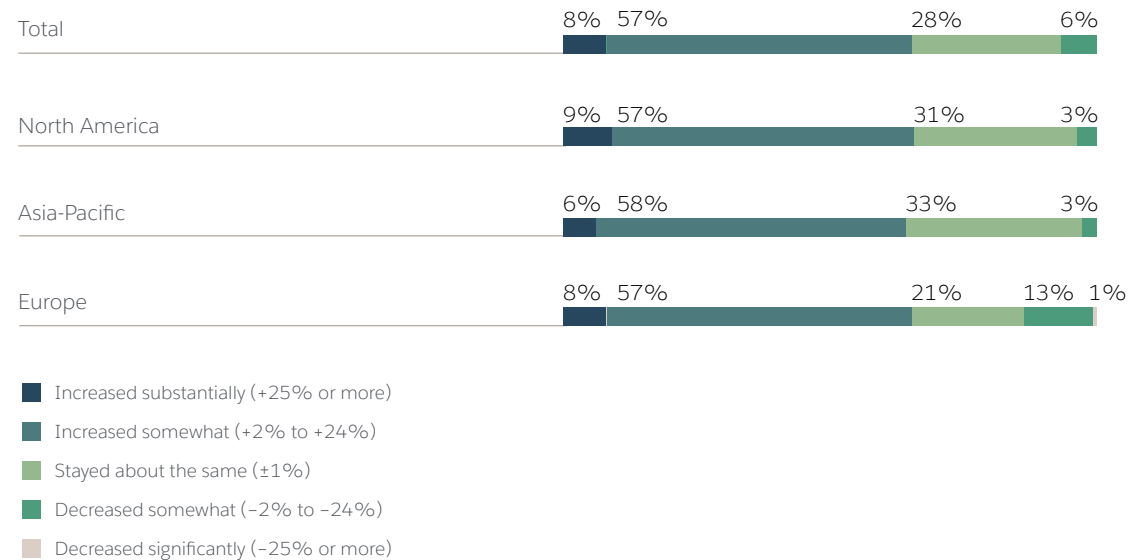
See the appendix for business type data cuts.

More data at advertisers' fingertips means more opportunities to measure progress. But first, brands need to focus on what their goals are. Natural variation by industry and region is to be expected, but even within a single industry, the spectrum of tools and KPIs can be vast. Brands today vary widely in what they consider most important, with almost equal weight given to four of the five objectives surveyed. Digital optimization, however, seems top of mind. The sophistication of advertising metrics varies across brands.

27%
of advertisers cite lifetime value of a customer as their top success metric.

19%
of advertisers cite impressions or web traffic as their next most important success metric.

While advertising's priorities are increasingly focused on long-term customer relationships, the value of impressions and web traffic indicates that advertisers also remain dedicated to acquiring new business. In the process, they're complementing historically simple KPIs such as last-click attribution with more holistic assessments of customer value.

ADVERTISING SUCCESS METRICS

Percentage of advertisers who say the following metrics are important to optimize their advertising

Metric	
Lifetime value of a customer	27%
Impressions or web traffic from digital advertising	19%
Brand recognition and lift	18%
Closed-won business	15%
Last-click attribution	13%
Multitouch attribution	8%
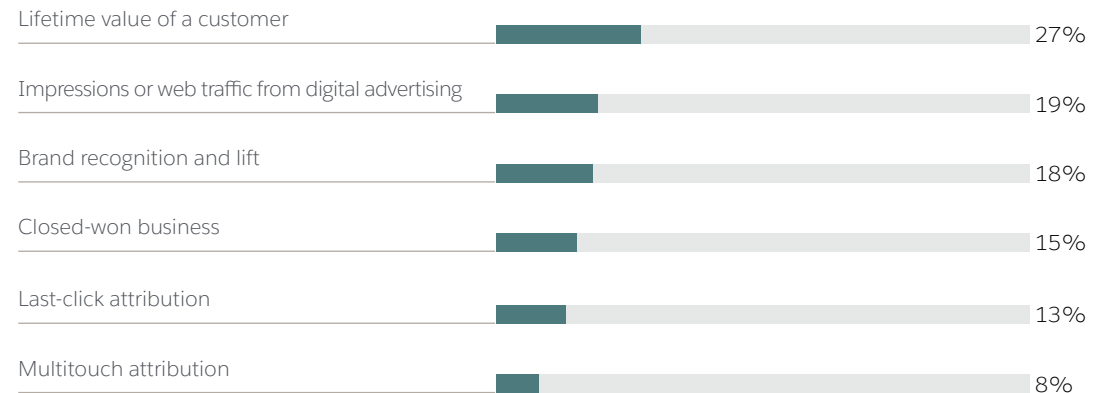
DIGITAL ADVERTISING OBJECTIVES

Percentage of advertisers who say the following objectives are most important for their digital advertising spend

Objective	
Ecommerce sales (web or mobile)	22%
Driving traffic to my digital properties	21%
Brand awareness	21%
Lead generation	21%
Brick-and-mortar sales	18%
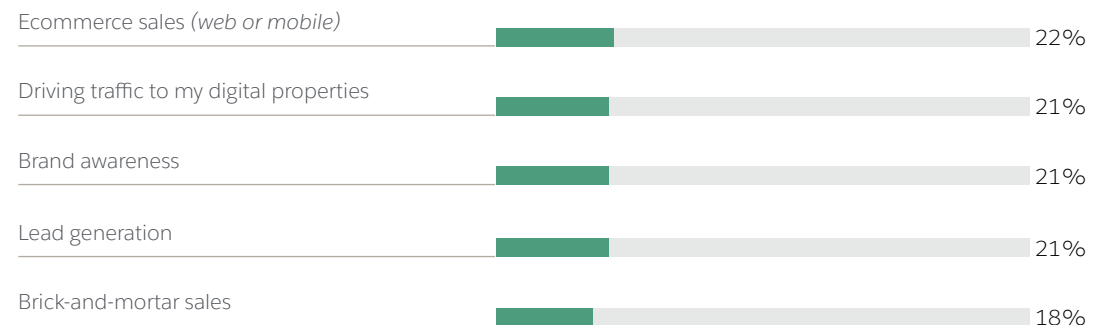
New Metrics Signal Success in a Data-Driven World

Advertisers are using a wide variety of methods to measure results. Traditional tools such as spreadsheets (**42%**) and website analytics platforms (**50%**) are still popular. But more wide-ranging solutions like DMPs (**55%**), marketing attribution (**47%**), and marketing automation platforms (**30%**) have gained ground.

More teams are now using DMPs and web analytics than spreadsheets, indicating a critical turning point for advertisers' sophistication in assessing performance, measurement, and attribution.

B2B BRANDS ARE 1.4X MORE LIKELY THAN B2C BRANDS TO USE CRM REPORTS OR MARKETING AUTOMATION PLATFORMS TO MEASURE THE EFFECTIVENESS OF THEIR ADVERTISING SPEND.

On the other hand, B2B brands are 1.4x *less* likely than B2C brands to consider brand recognition an important measure of advertising success. These results represent some of the more extreme differences in approaches to advertising between the segments. Yet overall, the strategies and values of B2B and B2C brands are converging. What matters in advertising – and what doesn't – is becoming universal.

See page 17 for business type data cuts.

MEASURING AD EFFECTIVENESS

Percentage of advertisers using the following technologies to measure digital advertising effectiveness

Technology	Percentage
Data management platform (DMP)	55%
Website analytics platforms	50%
Marketing attribution platform	47%
CRM report or dashboard	46%
Reporting provided within my advertising platform	44%
Spreadsheets	42%
In-house/homegrown solution	39%
Marketing automation platform	30%
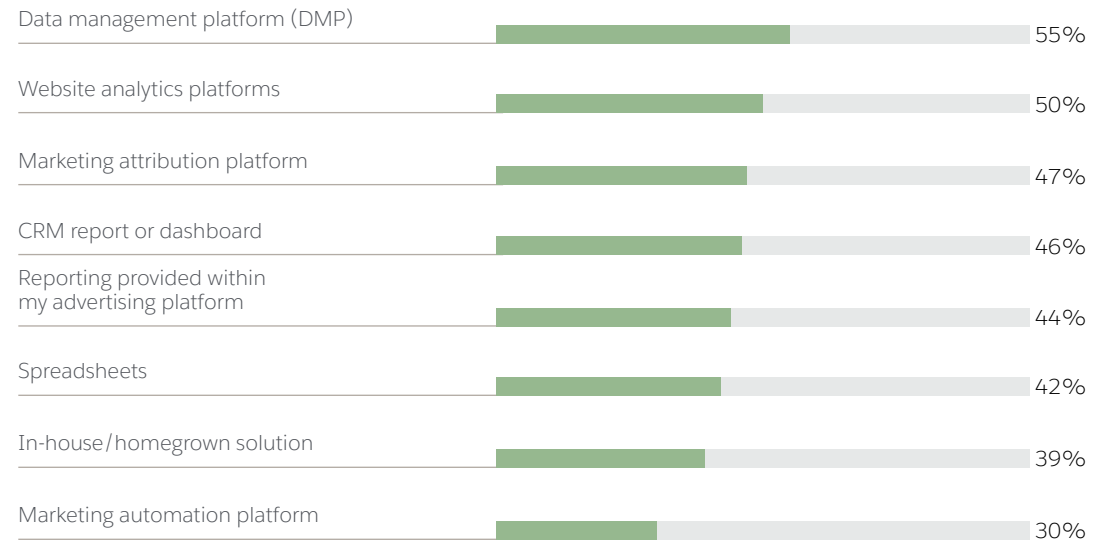
New technologies already in our homes (like smart TVs, voice-activated digital assistants, and wearable devices) and those on the horizon (like augmented and virtual reality) present advertisers with exciting opportunities to reach audiences in new ways.

ADVERTISERS EXPECT THESE NEW TECHNOLOGIES WILL CAPTURE MORE OF THEIR AUDIENCES' PERSONAL AND PROFESSIONAL HOURS.

As such, they have big plans to leverage them in delivering personalized messages to the right prospects at just the right moment.

NEW TECH ADOPTION
Percentage of advertisers using the following technologies to advertise

■ Currently use   ■ Plan to use in the next 12 months   ■ No plans to use in the next 12 months

Smart TVs
44%   29%   24%

Voice-activated digital assistants powered by artificial intelligence
39%   35%   24%

Wearable devices
36%   31%   29%

Augmented or virtual reality
32%   36%   29%

Last fiscal year / **Current fiscal year** / **Planned or continued use next fiscal year**

CRM DATA USAGE

Percentage of advertisers using or planning to use CRM-based data to target digital ads

	NORTH AMERICA	ANTICIPATED TWO-YEAR GROWTH*	ASIA-PACIFIC	ANTICIPATED TWO-YEAR GROWTH*	EUROPE	ANTICIPATED TWO-YEAR GROWTH*
CRM-BASED DATA	91% / 93% / 94%	+3%	97% / 99% / 94%	−3%	88% / 91% / 89%	+1%
Email addresses	76% / 79% / 80%	+5%	71% / 72% / 71%	0%	77% / 78% / 78%	+1%
Phone numbers	56% / 59% / 62%	+10%	63% / 77% / 70%	+11%	63% / 63% / 60%	−4%
CRM-based data other than email addresses and phone numbers**	55% / 65% / 70%	+27%	58% / 72% / 71%	+22%	55% / 67% / 65%	+20%

ONLINE DATA USAGE***

Percentage of advertisers using or planning to use online data sources to target digital ads

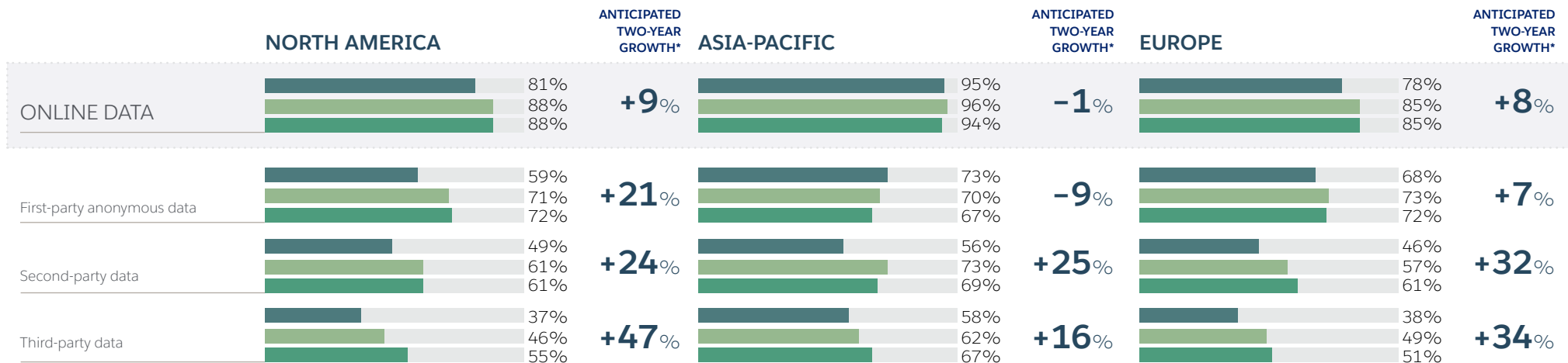|	NORTH AMERICA	ANTICIPATED TWO-YEAR GROWTH*	ASIA-PACIFIC	ANTICIPATED TWO-YEAR GROWTH*	EUROPE	ANTICIPATED TWO-YEAR GROWTH*
ONLINE DATA	81% / 88% / 88%	+9%	95% / 96% / 94%	−1%	78% / 85% / 85%	+8%
First-party anonymous data	59% / 71% / 72%	+21%	73% / 70% / 67%	−9%	68% / 73% / 72%	+7%
Second-party data	49% / 61% / 61%	+24%	56% / 73% / 69%	+25%	46% / 57% / 61%	+32%
Third-party data	37% / 46% / 55%	+47%	58% / 62% / 67%	+16%	38% / 49% / 51%	+34%

*Anticipated two-year growth is calculated using the difference of "planned or continued use next fiscal year" and "last fiscal year" divided by "last fiscal year."
** CRM-based data other than email addresses and phone numbers includes transactions, postal address, customer service information, etc.

*** First-party anonymous data includes devices and cookies collected from your own digital content; second-party data includes devices and cookies from a direct relationship with another marketer or publisher; and third-party data includes devices and cookies from an aggregator or data broker such as Acxiom, Nielsen, or Neustar.

DEMOGRAPHIC DATA USAGE

Percentage of advertisers using or planning to use demographic data sources to target digital ads

- Last fiscal year
- Current fiscal year
- Planned or continued use next fiscal year

	NORTH AMERICA	ANTICIPATED TWO-YEAR GROWTH*	ASIA-PACIFIC	ANTICIPATED TWO-YEAR GROWTH*	EUROPE	ANTICIPATED TWO-YEAR GROWTH*
DEMOGRAPHIC DATA	92% / 95% / 93%	+1%	96% / 97% / 96%	+1%	90% / 91% / 90%	0%
Personal data (age, gender, etc.)	70% / 73% / 72%	+3%	64% / 72% / 72%	+12%	76% / 74% / 73%	−4%
Location information (country, state, province, etc.)	67% / 77% / 77%	+15%	63% / 74% / 72%	+14%	65% / 74% / 73%	+13%
Interests-based data (topics or product categories, etc.)	58% / 67% / 69%	+20%	52% / 68% / 71%	+36%	55% / 64% / 68%	+24%

DIGITAL ADVERTISING BUDGETS

Percentage of ad spend allocated to the following channels

- YouTube
- Display
- Facebook/Instagram
- Search (Google + Bing)
- Other (e.g., LinkedIn, Pinterest, Snapchat, Twitter, etc.)

NORTH AMERICA

	YouTube	Display	Facebook/Instagram	Search	Other
Last fiscal year	10%	17%	24%	33%	16%
Current fiscal year	10%	17%	25%	33%	14%
Planned or continued use next fiscal year	11%	16%	26%	34%	14%

ASIA-PACIFIC

	YouTube	Display	Facebook/Instagram	Search	Other
Last fiscal year	18%	14%	28%	26%	14%
Current fiscal year	18%	14%	30%	28%	11%
Planned or continued use next fiscal year	18%	14%	29%	29%	10%

EUROPE

	YouTube	Display	Facebook/Instagram	Search	Other
Last fiscal year	17%	16%	28%	26%	13%
Current fiscal year	18%	15%	27%	29%	11%
Planned or continued use next fiscal year	19%	14%	28%	29%	11%

* Anticipated two-year growth is calculated using the difference of "planned or continued use next fiscal year" and "last fiscal year" divided by "last fiscal year."
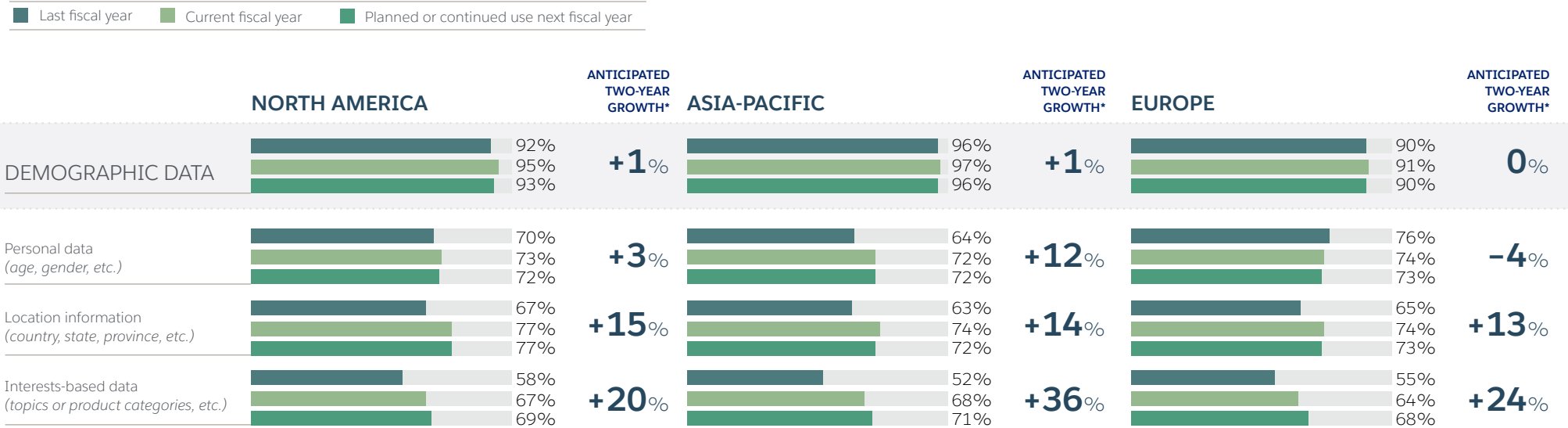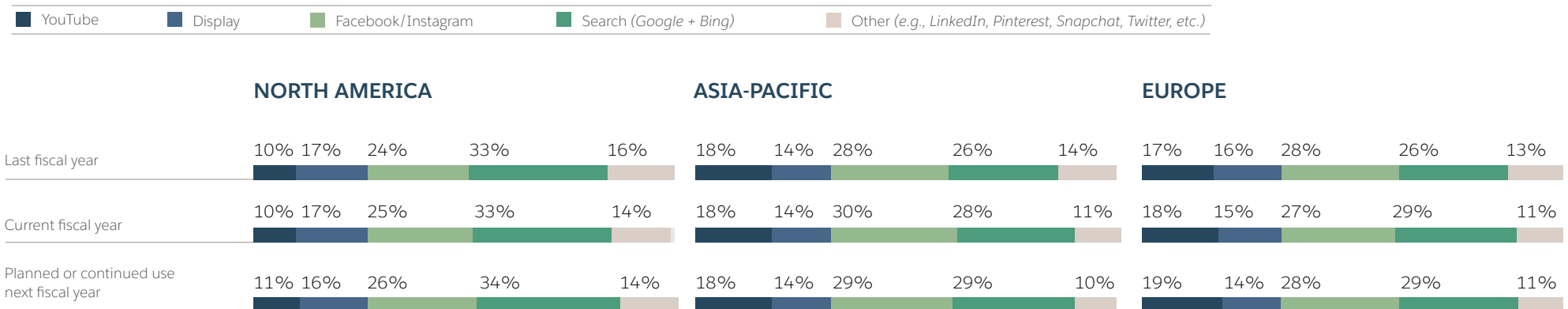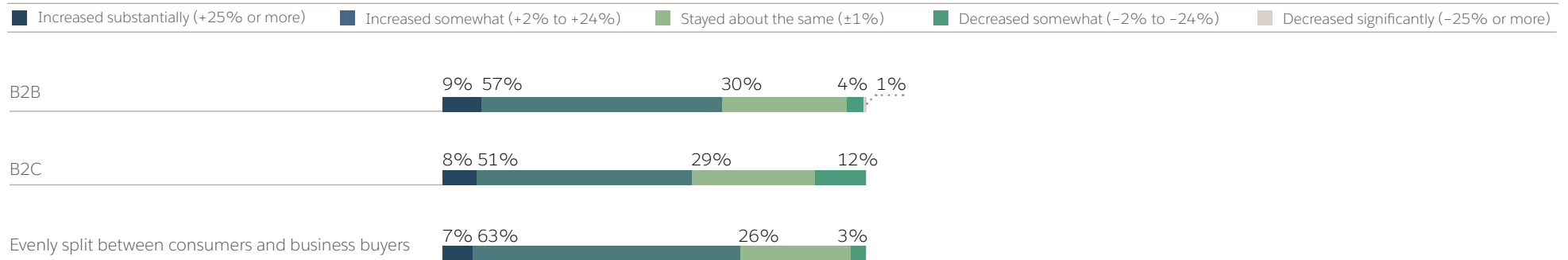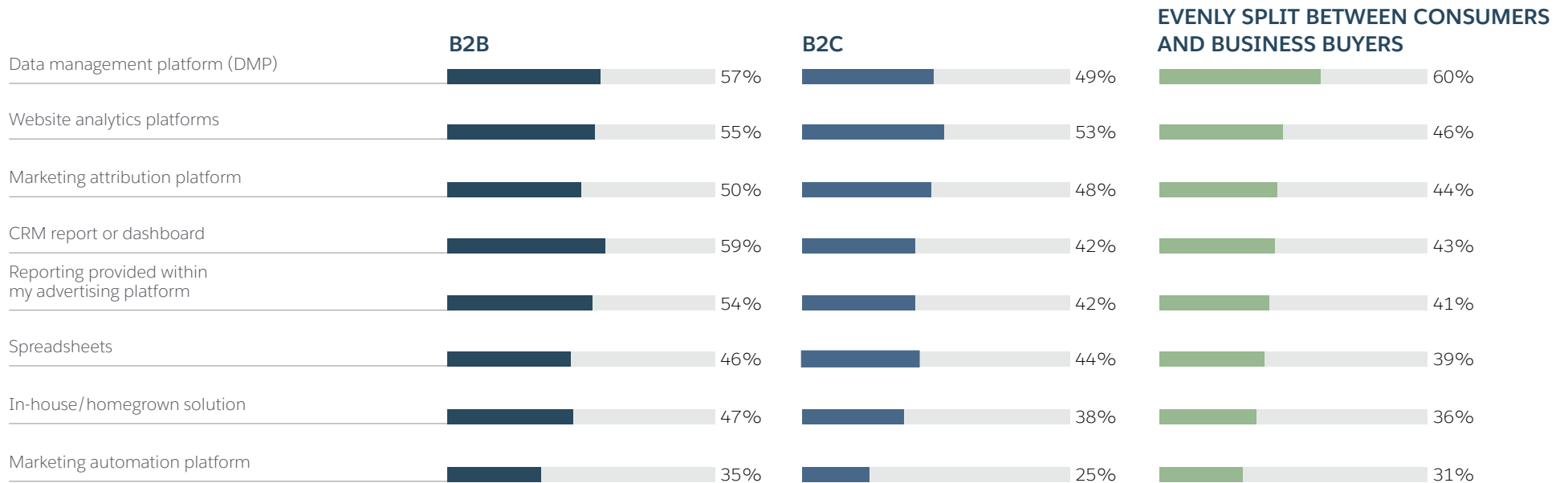
CHANGE IN DIGITAL VIDEO AD SPENDING

Change in spending on digital video advertising in the past year

■ Increased substantially (+25% or more)　■ Increased somewhat (+2% to +24%)　■ Stayed about the same (±1%)　■ Decreased somewhat (−2% to −24%)　■ Decreased significantly (−25% or more)

B2B　9%　57%　30%　4%　1%

B2C　8%　51%　29%　12%

Evenly split between consumers and business buyers　7%　63%　26%　3%

MEASURING AD EFFECTIVENESS

Percentage of advertisers using the following technologies to measure digital advertising effectiveness

	B2B	B2C	EVENLY SPLIT BETWEEN CONSUMERS AND BUSINESS BUYERS
Data management platform (DMP)	57%	49%	60%
Website analytics platforms	55%	53%	46%
Marketing attribution platform	50%	48%	44%
CRM report or dashboard	59%	42%	43%
Reporting provided within my advertising platform	54%	42%	41%
Spreadsheets	46%	44%	39%
In-house / homegrown solution	47%	38%	36%
Marketing automation platform	35%	25%	31%

Data in this study is based on responses from 900 full-time advertisers, media buyers, and marketers with titles of manager and above. Respondents were required to have decision-making responsibility for advertising and/or media buying at their company, as well as decision-making authority or influence over their companies' digital marketing databases.

Respondents are from companies in North America (United States, Canada), Europe (France, Germany, the Netherlands, United Kingdom/Ireland), and the Asia-Pacific region (Japan, Australia/New Zealand). Each region is represented by a sample size of 300.

The research was conducted online via FocusVision in November 2017. Respondents for this survey were selected from those who have agreed to participate in online surveys.

Due to rounding, not all percentage totals in this report equal 100%.