Opportunities from the last five years' digital buying trends

POWERED BY THE KITE FACTORY

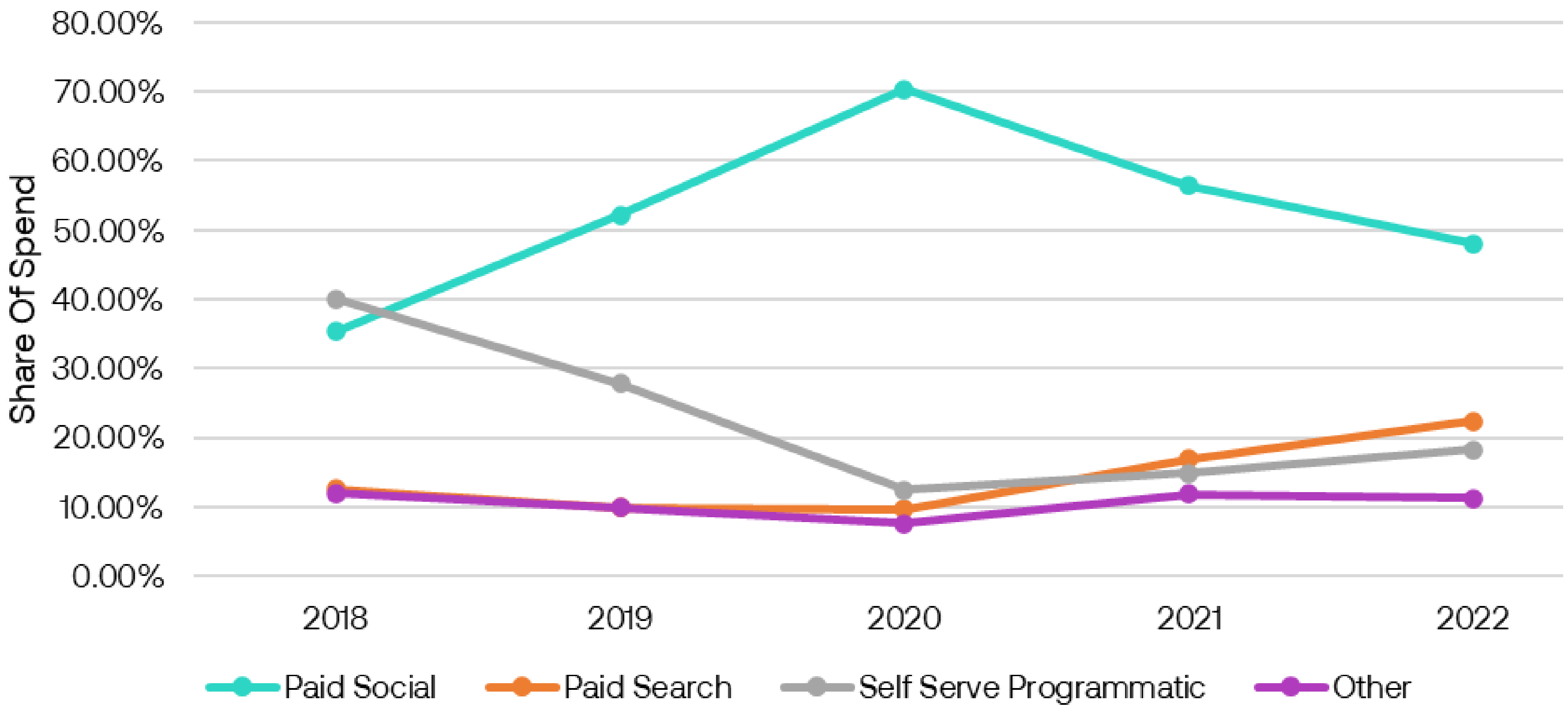
THE KITE FACTORY

The media industry has always been guilty of the emperor's new clothes syndrome; marketers are like magpies, constantly seeking the next shiny new thing. Back in 1996, Bill Gates wisely said, "We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten", and 26 years later, that still stands true.

We have decided to look back at the last five years of aggregated client digital investment data to identify trends and opportunities. As it's aggregated data for the agency, the clients spending with us each year have changed in terms of sectors, campaign objectives and marketing approach; however, these haven't distorted the data to a point where macro-level insights are lost.

CHANNEL LEVEL INSIGHTS: ANNUAL INVESTMENT DISTRIBUTION BY CHANNEL

	2018	2019	2020	2021	2022
Paid Search	12.61%	9.96%	9.68%	16.88%	22.43%
Self-Serve Display	40.12%	27.86%	12.40%	14.87%	18.24%
Paid Social	35.29%	52.22%	70.34%	56.37%	48.09%
Other	11.98%	9.97%	7.59%	11.87%	11.24%



When we visualise the annual data, we can see that there are 2 clear phases:

- → 2018-2020 - Paid Social took investment away from Programmatic
- → 2020-2022 - Paid Social investment has declined and been spread across other channels with Paid Search being the biggest winner

SO, WHAT CAUSED PAID SOCIAL TO PEAK IN 2020?

Programmatic was hit by new GDPR legislation in 2018 and Apple stepping up its attack on the cookie in 2019. This reduced trust in the channel, nervous DPOs began vetoing DSPs, and marketeers began questioning measurement methodology.

At the same time, Meta continued to roll out new formats and reporting that provided strong instant linear results. Seeing performance against business KPIs so clearly in a channel that provided scale made it the backbone for plans heading into 2020.

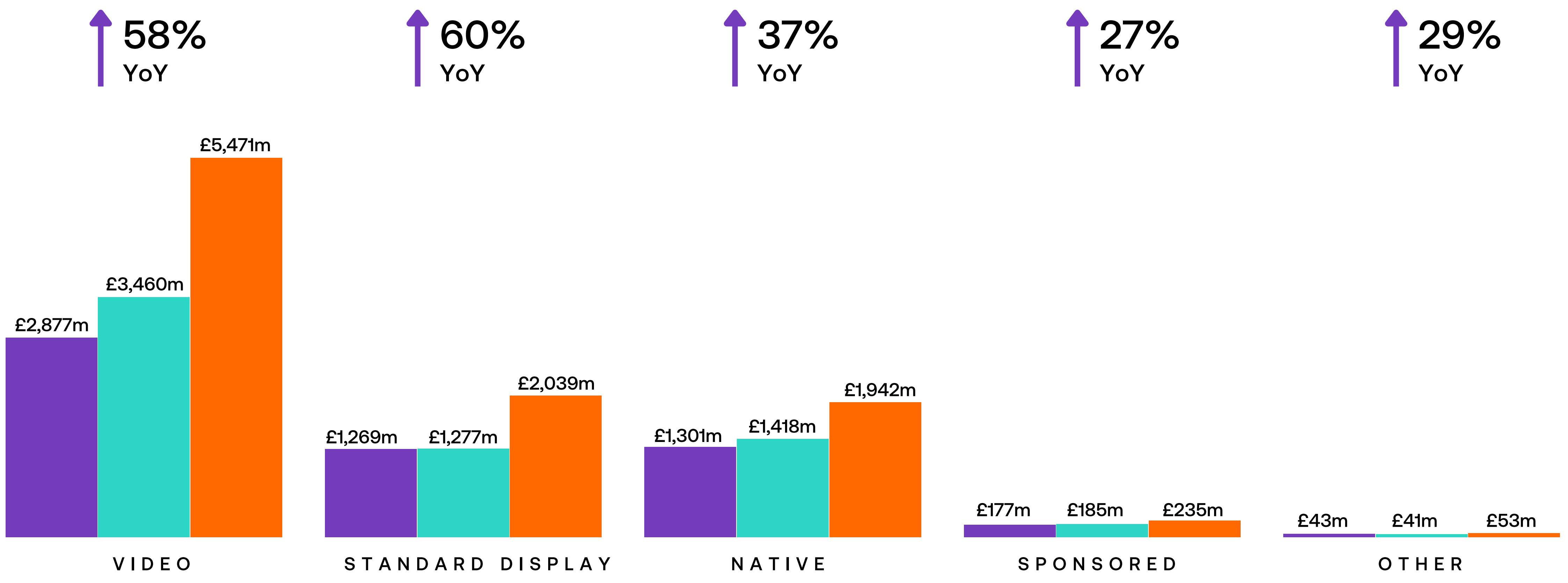
In 2020 the pandemic and a full lockdown meant that already high social media usage reached record highs as people scrambled for UGC and ran out of TV series. Social platforms' role in our lives changed; they became even more integrated and pivotal but by the time restrictions eased, people had reached social media burnout. They could return to real-life experiences, and when they were ready to return, Meta wasn't the winner. TikTok took over and had all the momentum (we will come onto why media investment didn't simply switch from Meta to TikTok later).

Meta performance wasn't just impacted by dwindling user dwell times. The updates from Apple had a significant negative impact caused by a reduction in data to power the conversion maximising AI and incomplete tracking, causing underreporting. It still hasn't been able to provide solutions to either challenge, so spend has been redistributed to better-performing channels to maximise performance.

WHAT HAS LED TO PROGRAMMATIC RECOVERY SINCE 2020?

Programmatic isn't a channel; it's a buying methodology that can be applied to multiple channels. Buying DOOH, digital audio and even Connected TV using traditional ATL methods would always be challenged at some point. The barriers have been infrastructure and media ownership models, but the programmatically available inventory has been growing since 2020 and owner attitudes towards automated buying are changing. Most of the growth hasn't come from traditional Display Banners but from other formats and channels.

R&D departments at programmatic tech companies had been solely focussed on cookieless solutions until 2021. They had to ensure their product was futureproofed for industry legislation and planned Chrome browser updates. After significant progress, it became apparent Google would delay their plans for Chrome and these departments could re-allocate resource back to improving their product. We saw huge increases in the performance of Display Banner campaigns across platforms such as Quantcast and Hybrid Theory. For the first time in many years, account managers were re-distributing spend from Social to Display in weekly optimisation cycles.

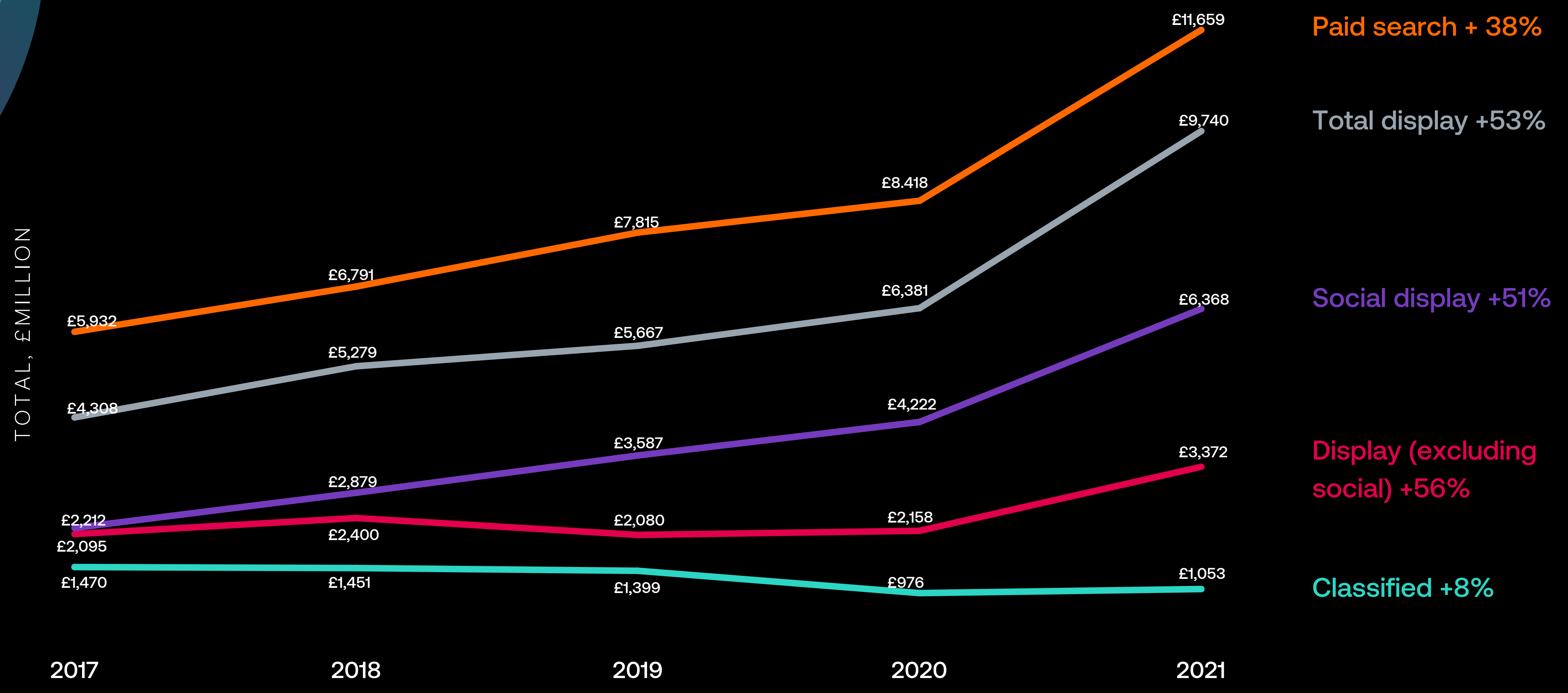


SOURCE: IAB SPEND REPORT 2021

WHAT WERE THE DRIVERS BEHIND 2.3X PAID SEARCH GROWTH?

Google has focussed its attention and considerable resource on the most profitable areas of the business, i.e., Search and YouTube and neglecting display. Greater automation in how AdWords worked meant greater exploitation of the optimisation AI. Features such as performance max, dynamic search ads, responsive search ads, universal apps campaigns and many more all took reliance on manual setup and optimisation away and replaced it with AI which would make continuous data driven decisions. The results have been greater ad engagement and site conversions hence more investment.

E-commerce has been steadily growing, but lockdown drove a huge step change, and although numbers dipped as the restrictions reduced, it fast-tracked behaviours by several years. The youngest generations use social media to discover new products to purchase, but most of the UK audience still uses search either by text or voice. Overall, search and especially shopping have seen volumes continuously increase as even the technology laggard sections of society have embraced e-commerce.



SOURCE: IAB SPEND REPORT 2021

PAID SOCIAL DEEP DIVE – ANNUAL INVESTMENT DISTRIBUTION BY PLATFORM

When we review our annual data, we can see that change in investment is much slower than you would expect given the changes in the market and users behaviour.

	2018	2019	2020	2021	2022
Meta	88.47%	95.29%	95.83%	90.28%	88.25%
TikTok	0.00%	0.00%	1.37%	2.51%	3.69%
Twitter	4.55%	2.20%	0.76%	3.08%	3.18%
LinkedIn	3.29%	2.44%	1.99%	1.62%	2.48%
Twitch	0.00%	0.00%	0.00%	1.57%	1.44%

When we drill into 2022 to date and compare it to TGi platform dwell time data, is shows the scale of discrepancy where the UK audience spends its time and where we are investing our media budgets.

Platform	TKF 2022 Spend Share	UK Population 2022 Dwell Share
Meta	88.25%	31.7%
TikTok	3.69%	12.7%
Twitter	3.18%	14.3%
LinkedIn	2.48%	4.8%
Twitch	1.44%	12.7%

FIVE REASONS WHY CLIENT SPEND IS SO MIS-ALIGNED VERSUS AVERAGE DWELL TIME

1.
FORMATS
The Meta platforms have supported paid advertising at scale much longer than the likes of TikTok and Twitter, and over time they have expanded the creative formats available to support multiple objectives and refined them for maximum response rates.

2.
FUNCTIONALITY
Alongside established formats, Meta also has a comprehensive offering for campaign setups using AI to optimise towards objectives and detailed audience targeting options, even post GDP. These factors drive a higher propensity for client sign-off initially and in future campaigns.

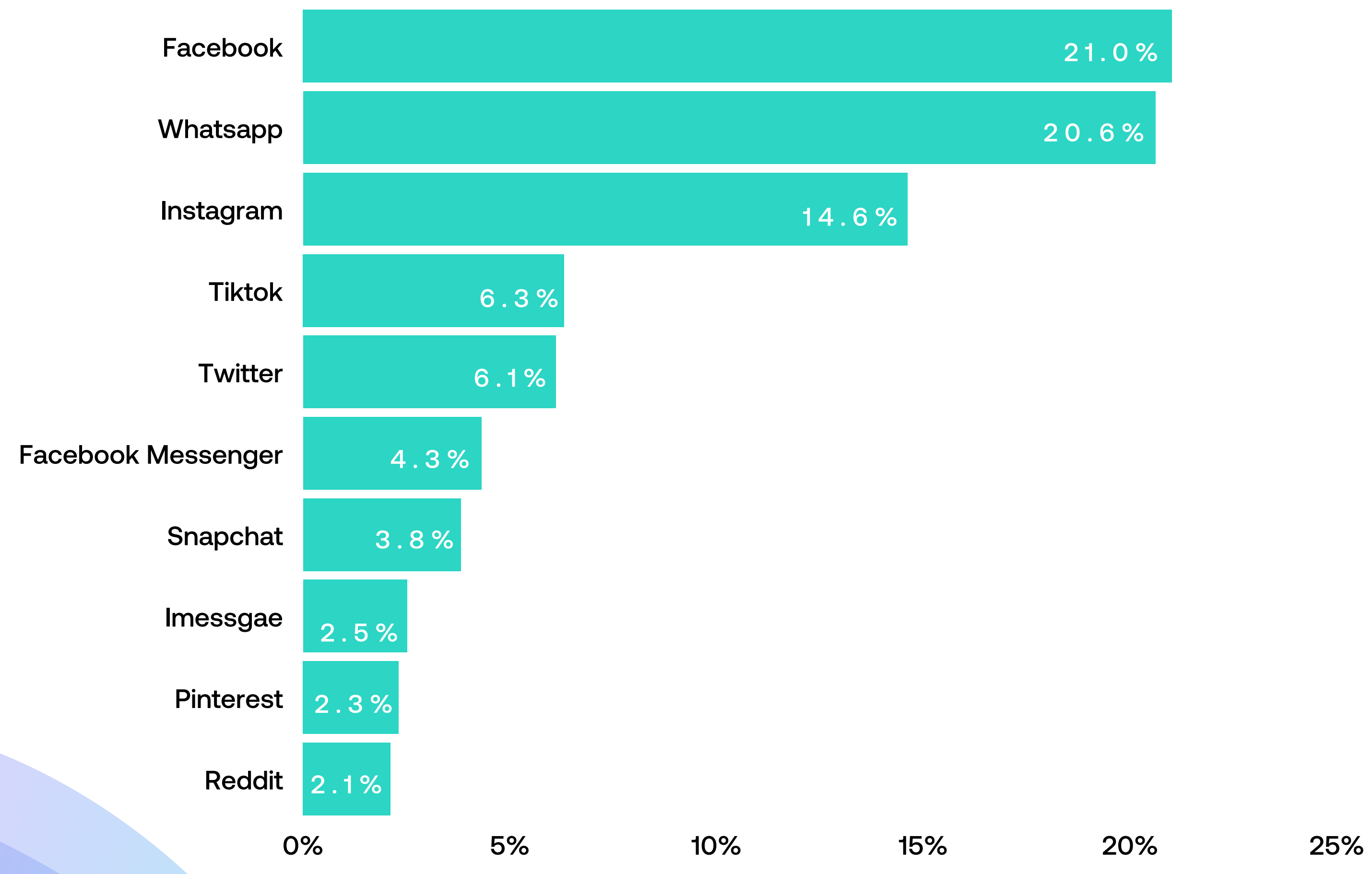
3.
MEASUREMENT
Facebook has the most robust measurement setup versus core KPIs throughout the funnel and supplies broader insights invaluable for campaign optimisation. Apple updates and GDPR legislation have affected data accuracy and granularity, but it is still ahead of other social platforms.

4.
TARGET AUDIENCE
The data above compares agency spend versus the UK average person, and none of our clients targets the whole UK population; they have specific persona profiles they target. While we have clients covering a vast array of sectors, we have more targeting an older audience than a youth demographic, so this will skew spend into Meta platforms versus TikTok and Twitch.

5.
DISPOSABLE INCOME & RESPONSE RATES
For clients running acquisition or direct response campaigns older audiences engage with ads more and have a higher conversion rate due to their higher disposable income and online behaviours.

Favourite social media platforms

% of internet users aged 16 to 64 who say that each option is their 'favourite' social media platform



SOURCE: GWI FEB 2022

FIVE ACTIONS TO ENSURE CLIENT SPEND FOLLOWS CUSTOMER EYEBALLS

1.

CHALLENGE THE STATUS QUO MORE

We try to ensure there is constant testing with our 70:20:10 planning approach, but too often the decisions made are too risk averse. If we stick with what we are comfortable with, the 10% is dropped which makes our plans a management of slow decline rather than future proofed. By constantly testing new media channels you can both scale your activity and futureproof your marketing strategy.

2.

STOP USING A DATA SAMPLE OF 1 AND BE MORE DATA-DRIVEN

We still hear decision-makers saying things like “I don’t use those platforms” and “I don’t know anyone that uses those platforms”. Media plans are too often impacted by personal experiences and perceptions of platforms rather than being data-driven using the likes of TGi and YouGov. If decisions are led by robust data sources then their propensity for success increases significantly.

3.

EMBRACE NEW MEASUREMENT FRAMEWORKS AND KPIS

As digital marketers, we have been used to accurate, granular performance reporting but with impacts from GDPR, Apple and Chrome, we need to embrace more modelled and holistic reporting for campaign plan impact on key metrics. This would unlock spend in channels and across strategies that don’t support linear measurement.

4.

INVEST IN CONTENT PRODUCTION / MANAGEMENT

Adding more social media channels to your marketing plan increases the requirement for more content production. You cannot simply re-purpose the same assets across all social platforms, so new platforms increase workload significantly and can therefore be blocked. Content production requires more focus, more investment and more resource. Greater content origination and versioning will drive substantially more engagement increases ad recall and site traffic.

5.

LET GO OF CONTENT CONTROL

Brands currently demand too much creative control across social platforms. There are very few brands people actually want to hear from, so collaborations with content producers, from ambassadors to micro-influencers, should grow. While there needs to be a sign-off process for brand protection, we need to empower those our audience listens to, to promote our brands in an engaging and relevant way.

16.1
Hours / Month
YoY change
-4%

15.5
Hours / Month
YoY change
-6%

8.8
Hours / Month
YoY change
-5%

27.3
Hours / Month
YoY change
+37%

7.9
Hours / Month
YoY change
-1%

SOURCE: GWI FEB 2022

Get in touch...

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