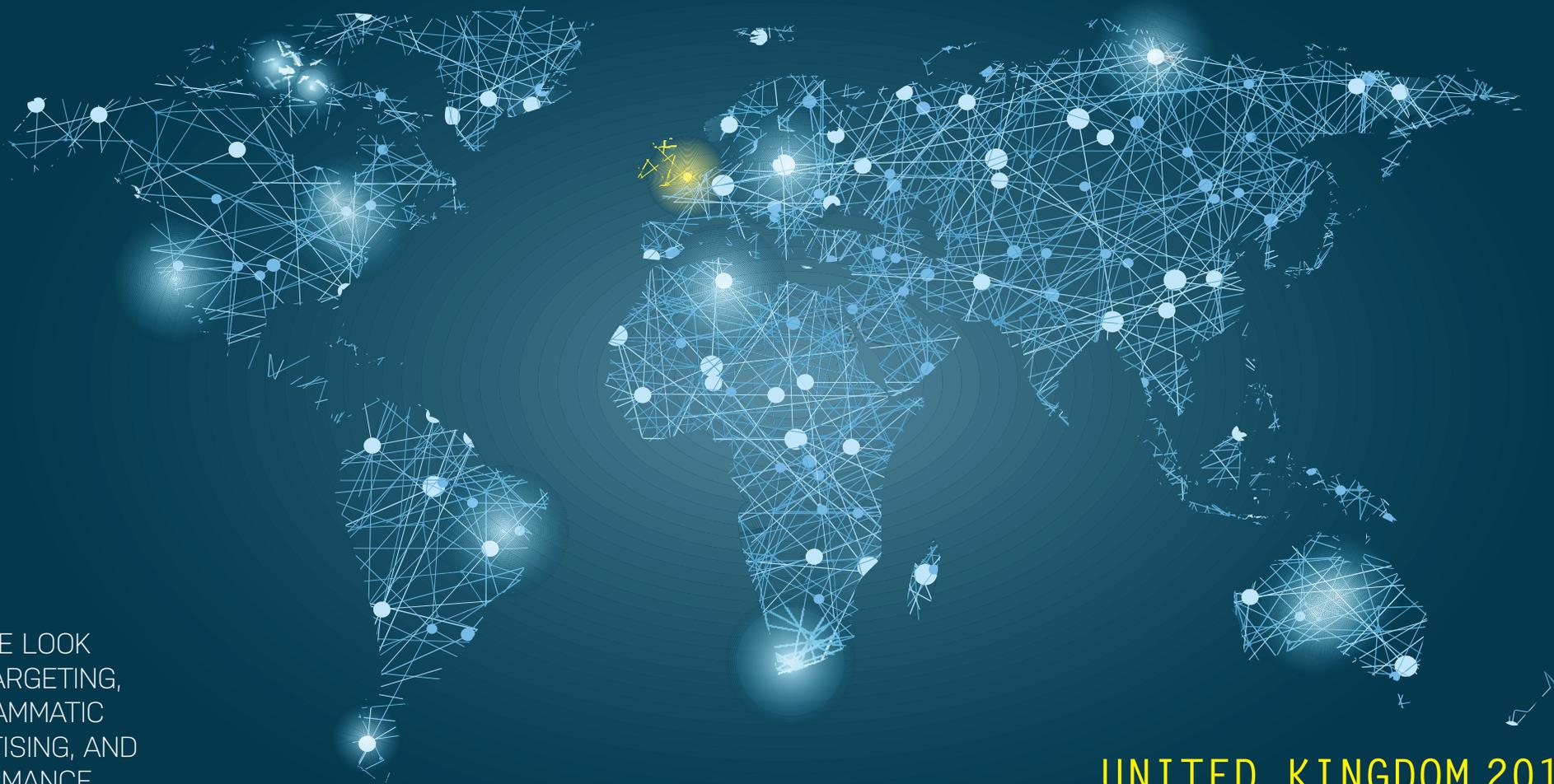




STATE *OF* *THE* INDUSTRY



A CLOSE LOOK
AT RETARGETING,
PROGRAMMATIC
ADVERTISING, AND
PERFORMANCE
MARKETING

UNITED KINGDOM 2016

#AdRollSOTI



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EXECUTIVE SUMMARY

By Marius Smyth, Managing Director EMEA, AdRoll

Introduction

Programmatic advertising: it's easy to forget just how new it really is. The earliest seeds of this industry were planted less than a decade ago and, in recent years, mainstream businesses and media have been the primary adopters. As in all industries driven by disruptive technology, programmatic advertising has changed quickly. This year, we surveyed more than two hundred UK marketers across industries to discover how businesses are thinking about—and adopting—the new marketing opportunities brought forth by programmatic advertising.

Mobile and Social Dominate the News

This year, UK marketers are thinking mobile first, despite persistent challenges, and keeping social media in the mix. For 42% of marketers, social media is the hottest topic in retargeting, and 54% of marketers are already retargeting on mobile. Further, 58% plan to increase their mobile-advertising budget in 2016, which speaks to the importance of reaching people where they're spending more and more time: on mobile devices. In many ways, marketers are outpacing the business realities. For example, 25% still don't have a mobile app and 14% still don't have a mobile-optimised site. Some marketers feel that consumers don't convert on mobile, with 37% saying that it's mobile advertising's biggest stumbling block. Yet there's plenty of opportunity to make mobile work better, transforming it into exactly what marketers want.

More Than Ever, Measurement Matters

Attribution continues to be a hot topic: 75% of marketers assert that solving attribution is critical or very important to success in marketing. Although many marketers have now adopted an attribution model that tracks multiple customer touch points, there are still 17% who turn to a single-click method. Disconcertingly, 39% of marketers are now attributing only 10–24% of conversions to view-throughs; the number of marketers attributing over 50% of their conversions to view-throughs is a mere 9%.

The Programmatic Era

Marketers have enthusiastically embraced the programmatic era: an incredible 95% of marketers surveyed plan for programmatic-ad budgets to increase or stay the same this year. Further proof of this shift, a solid 61% of marketers believe that programmatic ads provide a greater return on investment than traditional media.

Conclusion

With a strong grasp on social—and more ambitious investment in mobile—which channels are programmatic marketers focusing on? How does traditional media, like email, TV, and video, come into play and how are marketers tracking success across such different platforms? AdRoll sheds some light on these areas and reveals the opportunities, as well as the challenges, marketers are facing in its State of the Industry UK 2016 report.

95%

of marketers expect budgets for programmatic ads to increase or stay the same

42%

of marketers say social media is the hottest subject in retargeting



KEY FINDINGS

Investment in retargeting is increasing

- 42% spend 10-24% of their entire online ad budget on retargeting
- 36% intend to increase their retargeting budgets over the next 12 months

Retargeting is performing as well as or better than alternatives

- 86% agree, when it's compared to other display ads
- 86% agree, when it's compared to email
- 87% agree, when it's compared to search

Retargeting is being redefined throughout the funnel

- 57% say the top objective for retargeting is brand awareness
- 52% say it's lead generation
- 41% say it's customer retention
- 40% say it's sales growth
- #1 campaign-success metric among UK marketers is total conversions

Media buys are matching modern, mobile media consumption

- 40% of marketers are buying programmatic ads on mobile
- 66% of marketers are buying programmatic ads on social media
- 42% say social media is the hottest topic in retargeting, with email retargeting placing second
- 40% of marketers want to see retargeting on Instagram within the next three years

The attribution gap is on marketers' minds

- 75% consider attribution to be important or critical to success
- 47% feel that the future of attribution is better multi-touch tracking
- 41% aren't sure how to effectively implement or analyse attribution tracking



PROGRAMMATIC ADVERTISING

Programmatic, or automated, ad buying has experienced remarkable growth in the relatively short time that it has been around. AdRoll wanted to better understand how performance marketers view this space.

Given its time-saving optimisations, programmatic advertising continues to be adopted rapidly. For 2016, 45% of marketers expect to increase their programmatic-advertising budgets.

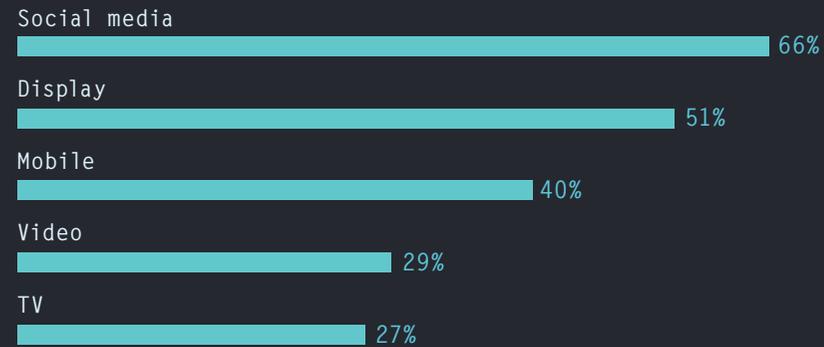
Programmatic Advertising Outdoes Even Itself

Standard display is where programmatic advertising began. However, once programmatic became available on social media, it overtook all other categories. Most marketers have adopted programmatic buying for social media and, for B2C, programmatic for social media is 15 percentage points more popular than programmatic for display advertising—a considerable accomplishment.

As programmatic buying continues to evolve past the web, cross-platform marketers have taken to it just as readily on other channels. Some 40% of marketers are now buying programmatically on mobile; on video, it's 29%; and on TV, it's 27%. This rapid, broad adoption across channels is an extremely strong indicator of its inherent ability to drive performance.

Across all channels, B2C marketers are leading the way in the adoption of programmatic ad buying at scale, but B2B marketers are also making great strides, showing surprising rates of adoption within various channels.

MARKETERS BUY PROGRAMMATIC ADS ACROSS A RANGE OF CHANNELS



61%

of marketers believe programmatic ads provide a greater return on investment than traditional media

INVESTMENT IN PROGRAMMATIC ADVERTISING

2015 UK Marketers



● <10% of Budget ● 10-50% of Budget ● >50% of Budget

51%

of marketers now buy display ads programmatically

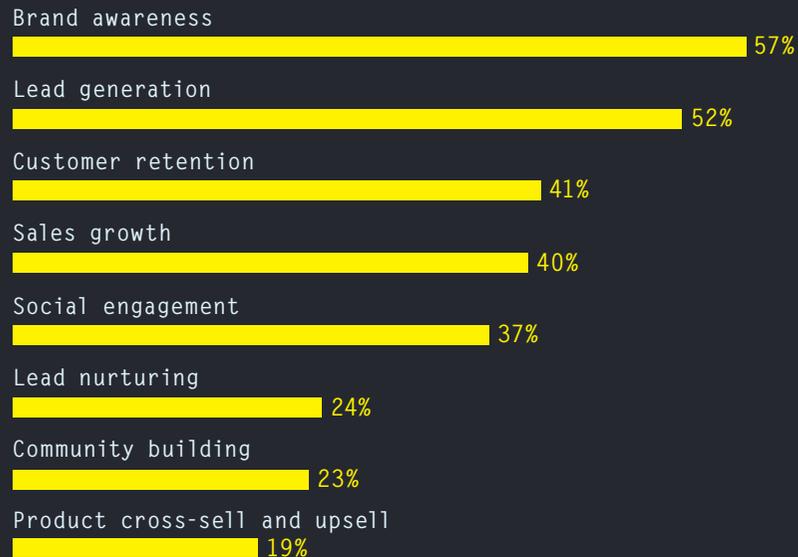


RETARGETING

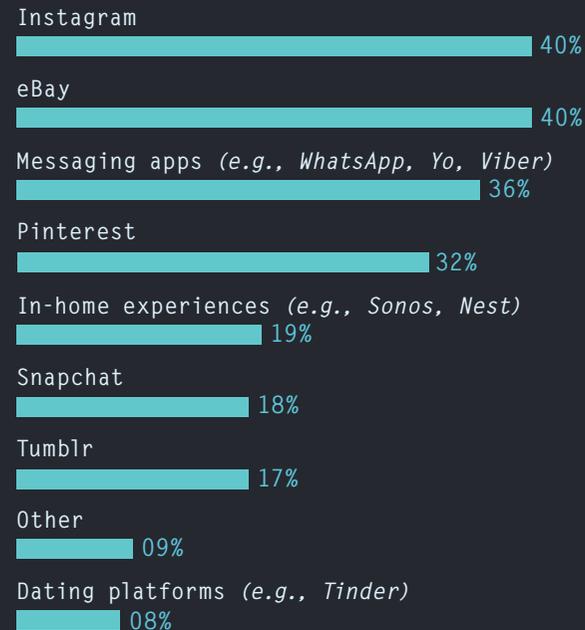
An indispensable tool for driving conversions, retargeting can be employed at every stage of the marketing funnel. Although retargeting is known primarily as a performance marketing tactic, survey respondents reported using it to fulfil a variety of objectives, including brand awareness, lead generation, and sales growth. Retargeting continues to be a fundamental component in nearly every marketer's digital strategy.

Social media and mobile still dominate as the hottest categories for retargeting. However, more marketers are beginning to see the value and new opportunities that customer relationship management (CRM) integrations can provide to email retargeting, with 69% saying that their email campaigns are either 'integrated' or 'very integrated'.

WHICH OBJECTIVES DOES RETARGETING FULFIL?



OVER THE NEXT THREE YEARS, WHERE WOULD YOU LIKE TO SEE RETARGETING?



57%

of marketers say brand awareness is the main objective for retargeting

36%

of marketers plan to increase their retargeting budget in 2016



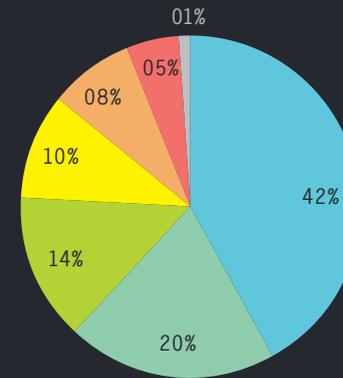
SOCIAL RETARGETING

Social is still the leader of the pack. Social networks allow brands to have a two-way conversation with extremely engaged consumers—like the ones found in the UK.

Social media earned a 42% vote from marketers, who said it was the hottest topic in retargeting. With its low costs per thousand impressions (CPMs), social media advertising offers a highly engaging and effective form of communication for advertisers when it's combined with retargeting data.

WHAT'S THE HOTTEST TOPIC IN RETARGETING?

- 42% Social media retargeting
- 20% Email retargeting
- 14% Mobile and cross-device retargeting
- 10% CRM integrations
- 08% Viewability
- 05% Attribution
- 01% Other



66%

of marketers now buy social-media space programmatically

THE MOST POPULAR CHANNELS FOR RETARGETING



86%

of marketers say retargeting performs as well as or better than email



MOBILE RETARGETING

Marketers are turning to mobile retargeting to drive on-the-go conversions, increase overall reach, and further develop their social strategy.

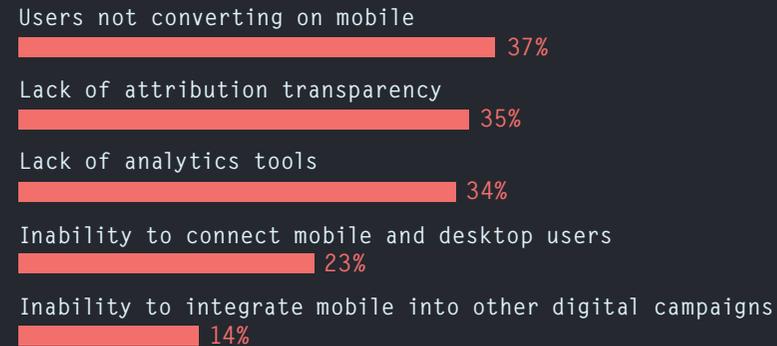
Retargeting offers many cross-device advantages, such as the ability to re-engage desktop visitors as they move to their mobile devices, or vice versa. There's even device-to-device retargeting for mobile, bringing users back to popular shopping apps and mobile-friendly sites.

Unsurprisingly, mobile continues to be a top priority for marketers. Some 54% are retargeting on mobile—and 58% of those marketers plan to increase their investment for 2016. However, of the remaining marketers who aren't yet retargeting on mobile, 27% report that the user experience (UX) of mobile advertising is still a hindrance.

WHAT ARE YOUR KEY PERFORMANCE INDICATORS (KPIs) FOR MOBILE RETARGETING?



WHAT ARE THE BIGGEST CHALLENGES IN MOBILE ADVERTISING?



54%
of marketers are currently retargeting on mobile

WHY AREN'T YOU RETARGETING ON MOBILE?



58%
of marketers plan to increase their investment in mobile in 2016



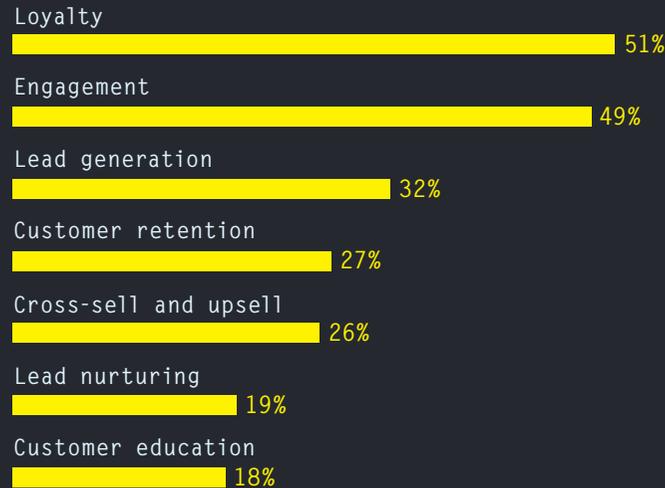
EMAIL MARKETING

Ad tech vendors are offering a number of new email-marketing solutions —ones that, until 2015, were traditionally associated with marketing technology. For example, AdRoll released customer relationship management (CRM) retargeting, allowing marketers to use email lists and CRM data to target valuable customers across social.

Email is still one of the most popular channels used by UK marketers. The primary objective for using email marketing is almost too close to call: 51% say loyalty and 49% say engagement. Other popular goals include lead generation, customer retention, and cross-selling and upselling.

The primary measure of success for email campaigns is clicks, with revenue generated following not far behind.

WHAT ARE YOUR PRIMARY OBJECTIVES FOR EMAIL CAMPAIGNS?

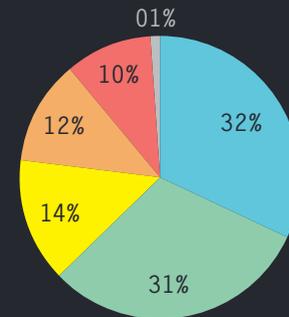


69%

of marketers feel their email campaigns are well integrated with efforts across other digital channels— but that there’s still room for improvement

HOW DO YOU MEASURE THE SUCCESS OF EMAIL CAMPAIGNS?

- 32% Engagement, *i.e.*, clicks
- 31% Direct revenue generated
- 14% Leads generated
- 12% Cross-sell and upsell
- 10% Open rate
- 01% Other



20%

of marketers say email retargeting is the hottest topic in retargeting

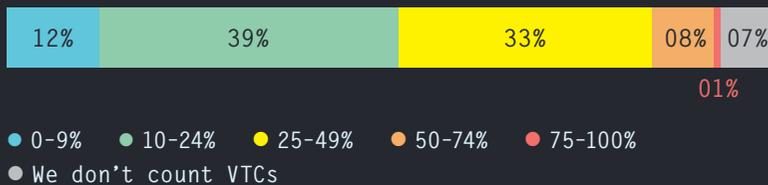


ATTRIBUTION

The 'right' way to approach attribution is becoming increasingly complex. Marketers are finding more sophisticated approaches to—and more ways to use—programmatic advertising. The unintended consequence of these clever solutions is fragmentation across devices and platforms, making it trickier to measure campaign success and to give credit where it's due.

Marketers are still struggling to get a handle on attribution. Only 17% of marketers are tracking campaigns using an attribution model with multiple touch points, and the number of marketers attributing over 50% of their conversions to view-throughs is a mere 9%. This typically taboo topic is finally coming into the open and becoming more important than ever.

WHAT WEIGHT DO YOU ATTRIBUTE TO VIEW-THROUGH CONVERSIONS FOR YOUR ONLINE DISPLAY CAMPAIGNS?



HOW KNOWLEDGEABLE DO YOU FEEL ABOUT MARKETING ATTRIBUTION AND ANALYTICS?



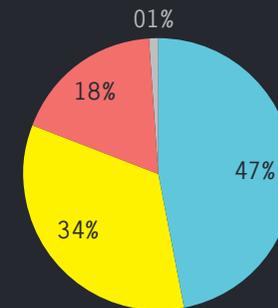
- Track attribution on most campaigns; analyse results
- Track attribution; not sure how to effectively analyse results
- Use multi-touch attribution model; analyse how channels contribute to overall marketing mix
- Think attribution and analytics are important; not sure where to begin
- Don't know anything about attribution or analytics
- Other

75%

of marketers believe attribution is critical or very important to marketing success

WHAT IS THE FUTURE OF ATTRIBUTION?

- 47% Better multi-touch attribution modelling
- 34% Viewability tracking *i.e., confirming that ads have been seen*
- 18% Better technology for solving 'fractured user' problem across devices
- 01% Other



96%

of marketers acknowledge the importance of attribution

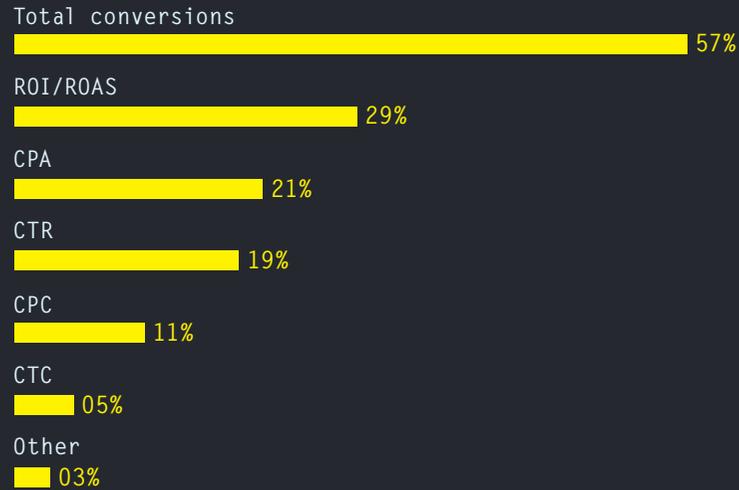


MARKETING TO THE CUSTOMER LIFE CYCLE

When it comes to finding new customers, converting prospects, cross-selling, and retaining converted customers, our survey finds that marketers tend to spend fairly evenly.

Marketers cite paid social media, programmatic display advertising, and paid search as top-performing channels for achieving various marketing objectives. Over a third of marketers—42%—report that programmatic display ads are particularly excellent for acquiring new customers, while also driving overall return on investment (ROI) for their business. When determining campaign success, total conversions is the most heavily used metric.

WHICH MEASUREMENTS DO YOU USE TO DETERMINE A DIGITAL CAMPAIGN'S SUCCESS?

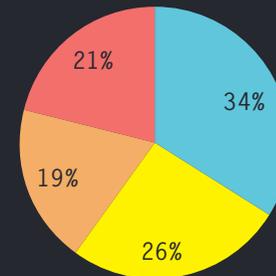


42%

of marketers feel that organic social media is the best-performing channel for acquiring new customers

HOW DO YOU ALLOCATE BUDGET ACROSS THE CUSTOMER LIFE CYCLE?

- 34% Prospecting for new customers
- 26% Converting prospective customers
- 19% Activating or upselling customers
- 21% Retaining customers, driving loyalty



57%

of marketers rely on total conversions to measure campaign success



CREDITS

Statistics

We use statistics from live AdRoll retargeting campaigns. AdRoll processes over 150 terabytes of data every day, which translates to 30 times more data than the New York Stock Exchange processes in the same amount of time; that much data gives us a lot of insight into current advertising trends.

About AdRoll

AdRoll is a leading performance advertising technology company. It offers the most widely used retargeting platform, with over 25,000 active advertisers worldwide. To reach beyond existing audiences, the introduction of AdRoll Prospecting helps businesses attract new customers. This innovative and easy-to-use marketing platform enables businesses of all sizes to create personalised ad campaigns based on data from their websites, driving maximum return on online advertising spend. AdRoll provides a high degree of transparency and reach across the largest display inventory sources, including Google AdX and Facebook Exchange.

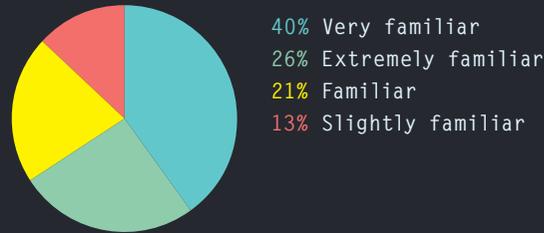
The company is backed by leading investors such as Foundation Capital, IVP, Accel Partners, Merus Capital, and Peter Thiel. For more information, please visit www.adroll.com.



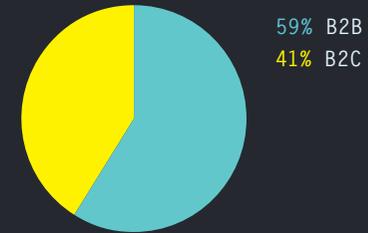
APPENDIX: METHODOLOGY

AdRoll partnered with third-party research firm Qualtrics to survey a diverse group of 220 individuals in the UK who are in marketing and advertising positions or in executive roles, and they represent a cross-section of company sizes and industries. The surveyed marketers regularly plan and run day-to-day campaigns, and over 60% are at manager level or higher. We excluded respondents who were in non-marketing roles or who identified as being 'not at all familiar' with digital display and paid social advertising.

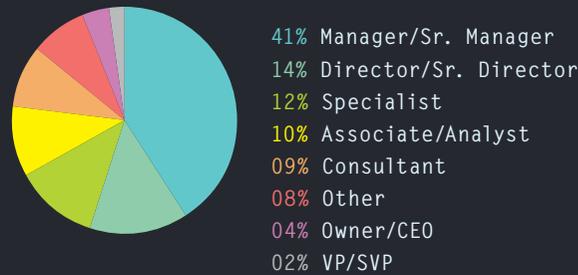
HOW FAMILIAR ARE YOU WITH DIGITAL DISPLAY AND PAID SOCIAL ADVERTISING?



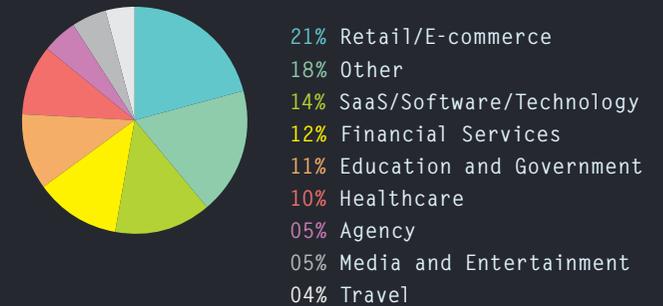
IS YOUR COMPANY PRIMARILY B2B OR B2C?



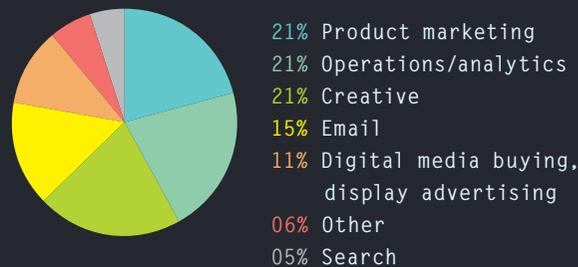
HOW WOULD YOU BEST DESCRIBE YOUR ROLE?



TO WHICH INDUSTRY DO YOU BELONG?



WHAT BEST DESCRIBES YOUR AREA OF SPECIALISATION WITHIN MARKETING?



WHAT IS THE SIZE OF YOUR COMPANY?

