



# STATE *OF* THE INDUSTRY



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

UNITED STATES 2016

REPORT BASED ON A SURVEY OF A THOUSAND MARKETERS



# CONTENTS

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- P.03 EXECUTIVE SUMMARY
- P.04 PROGRAMMATIC ADVERTISING
- P.05 RETARGETING
- P.06 MOBILE RETARGETING
- P.07 EMAIL MARKETING
- P.08 ATTRIBUTION
- P.09 MARKETING TO THE CUSTOMER LIFE CYCLE
- P.10 CREDITS
- P.11 APPENDIX: METHODOLOGY





# EXECUTIVE SUMMARY

By Adam Berke, President and CMO, Founding Team, AdRoll

Programmatic advertising: it's easy to forget just how new it really is. The earliest seeds of this industry were planted less than nine years ago and matured only within the last five years. As in all industries driven by disruptive technology, programmatic advertising has changed quickly. This year, we surveyed a thousand US marketers across industries to uncover how businesses are thinking about—and adopting—the new marketing opportunities brought forth by programmatic advertising.

## Mobile Dominates the News

This year, marketers are thinking mobile first, despite persistent challenges. In 2015, the percentage of marketers retargeting on mobile jumped from 54% to 82%. This huge increase 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, 34% of businesses still don't have a mobile app and 27% still don't have a mobile-optimized site. Some advertisers find that the user experience of mobile advertising continues to be a hindrance, and 41% of marketers say that their greatest stumbling block is mobile attribution. 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: 84% assert that solving for attribution is critical to success in marketing. The number of marketers who've now adopted an attribution model that tracks multiple customer touch points—rather than a single-click model—has spiked to 40% from just 24% in 2014. And, compared to only 14% in 2014, an impressive third of marketers now attribute over 50% of conversions to view-throughs.

## The Programmatic Era

Marketers have enthusiastically embraced the programmatic era: an incredible 98% of marketers are planning to maintain or increase the coming year's budget for programmatic ads. Across all channels, marketers are investing heavily in programmatic strategies, with 32% spending over 50% of their online-advertising budgets on programmatic. It should come as no surprise, then, that a solid 87% of marketers believe that programmatic ads provide a greater return on investment than traditional media.

With a strong grasp on social—and more ambitious investment in mobile—which channels are programmatic marketers eying? How does traditional media, like email, TV, and video, come into play? And how are marketers tracking success across such different platforms? We've got answers to these questions and more in our State of the Industry 2016.

# 98%

of marketers surveyed plan for programmatic ad budgets to increase or stay the same in the coming year

# 87%

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



# PROGRAMMATIC ADVERTISING

Programmatic, or automated, ad buying has experienced remarkable growth in the relatively short time that it's been around. We wanted to better understand how performance marketers view this space. In 2013, only 7% of marketers spent more than half of their budgets on programmatic advertising. That number quickly grew to 14% in 2014. By 2015, 22% of marketers had dedicated the lion's share of their budgets to programmatic ads.

Given its time-saving optimizations, programmatic advertising continues to be adopted rapidly, and marketers are still spending more on programmatic ads than on other media types. Looking ahead to 2016, 66% of marketers expect to increase their programmatic advertising budgets.

## YEAR-OVER-YEAR INVESTMENT IN PROGRAMMATIC ADVERTISING

2013 Marketers



2014 Marketers



2015 Marketers



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

## 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 companies, programmatic for social media is now 50% more popular than programmatic display—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. A third of marketers are now buying programmatically on mobile; a quarter on TV; and a fifth on video. 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.

## B2C MARKETERS LEAD THE WAY IN PROGRAMMATIC AD BUYING ON SOCIAL MEDIA

	B2B	B2C	TOTAL
Social Media	57%	75%	63%
Display	37%	50%	42%
Mobile	25%	47%	32%
Video	14%	32%	20%
TV	22%	32%	26%
I don't know	01%	06%	03%

# 98%

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

# 1/3

of marketers spend over 50% of total budget on programmatic advertising



## RETARGETING

An indispensable tool for driving conversions, retargeting can be employed at every stage of the marketing funnel. Although retargeting is primarily known as a performance marketing tactic, survey respondents reported using it to fulfill a variety of objectives, including brand awareness, lead generation, and sales growth. In nearly all marketers' digital strategies, retargeting continues to be a fundamental piece.

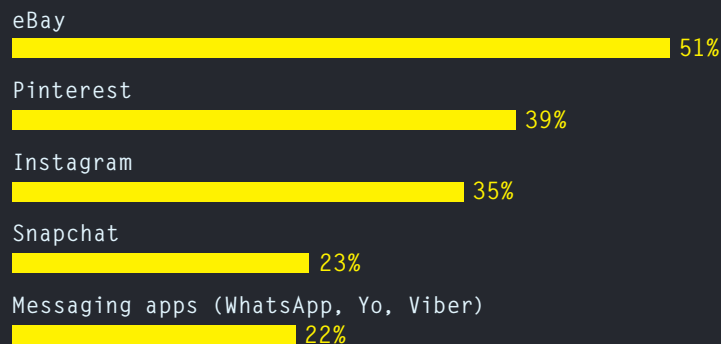
Social media and mobile still dominate as the hottest categories for retargeting. However, more marketers are beginning to see the value—and new opportunities—that customer relationship management (CRM) integrations can provide to email retargeting.

Many marketers are starting to consider the retargeting potential of other platforms, particularly those with massive, built-in audiences who've shown plenty of shopping and sharing intent.

### THE MOST POPULAR CHANNELS FOR RETARGETING



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



# 64%

average increase in click-through rate (CTR) for AdRoll advertisers who add Facebook in addition to desktop web campaigns

### WHICH OBJECTIVES DOES RETARGETING FULFILL?

- Brand awareness
- Lead generation
- Social engagement
- Sales growth
- Customer retention

# 83%

average increase in conversions for AdRoll advertisers who add Facebook in addition to desktop web campaigns



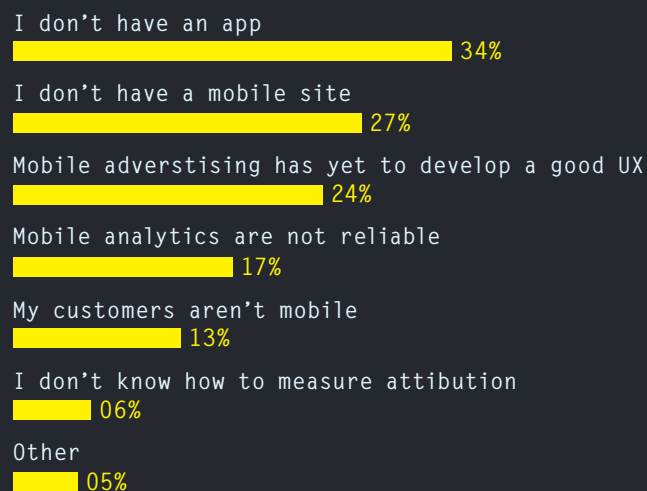
# MOBILE RETARGETING

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 sites.

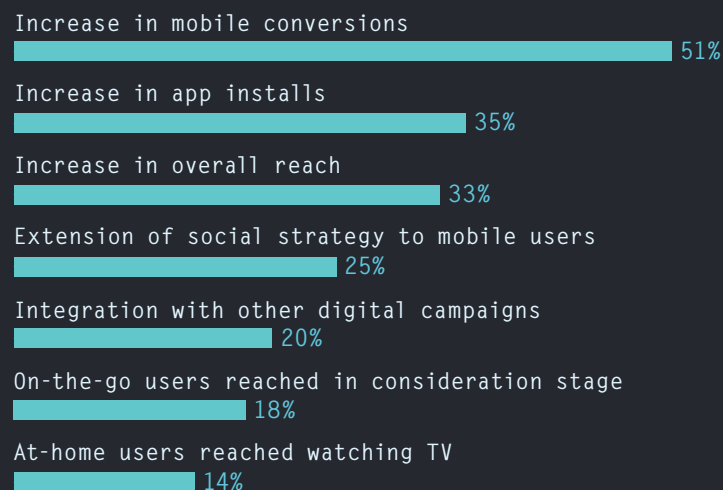
In general, mobile continues to be a top priority for marketers. The vast majority of marketers surveyed are already retargeting on mobile—and 87% plan to increase this investment in 2016. Marketers are turning to mobile retargeting to drive on-the-go conversions, increase overall reach, and further develop their social strategy.

Of the few marketers who aren't yet retargeting on mobile, 61% report that it's because they simply don't have a mobile app or mobile site. The remainder find that mobile advertising's user experience (UX) is still a hindrance. Another sticking point for mobile retargeting is attribution: marketers consider it to be the greatest challenge facing mobile advertising.

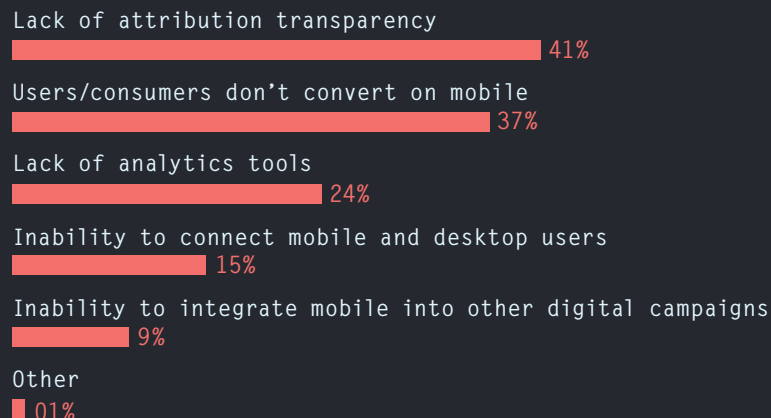
## WHY AREN'T YOU RETARGETING ON MOBILE?



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



## WHAT ARE THE BIGGEST CHALLENGES IN MOBILE ADVERTISING?



# 87%

of marketers plan to increase their investment in mobile in 2016

# 82%

of marketers are currently retargeting on mobile, up from 54% in 2014



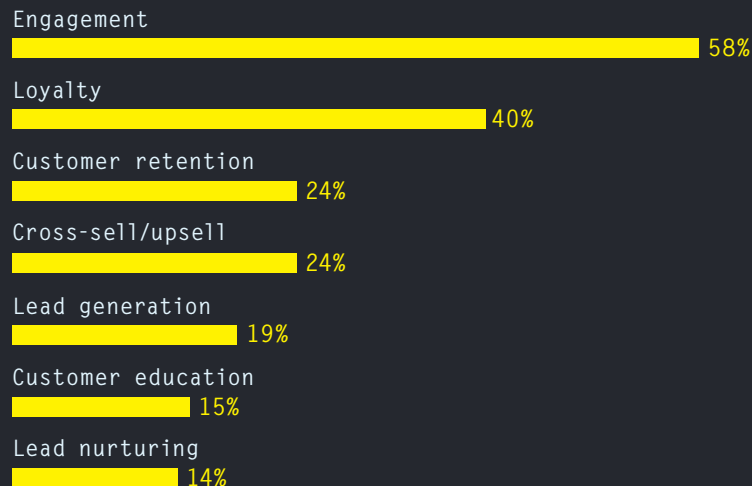
## EMAIL MARKETING

We're seeing advertising-technology vendors 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 display ads.

Email is still one of the most popular channels used by B2C and B2B marketers alike, and our survey showed that 58% of marketers say that engagement is their primary objective. Following that, 40% use email marketing to run loyalty campaigns. Other popular goals include customer retention, along with cross-selling and upselling.

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

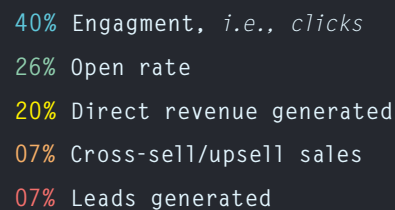
### WHAT ARE THE PRIMARY OBJECTIVES FOR YOUR EMAIL CAMPAIGNS?



# 84%

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?



# 58%

of marketers say their primary objective for email is to increase engagement





# ATTRIBUTION

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

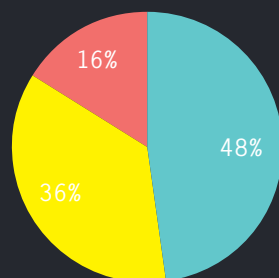
Nevertheless, marketers are generally getting a better handle on attribution. Last year, only 24% of marketers were tracking campaigns using an attribution model with multiple touch points; this year, that number nearly doubled to 40%. Conversely, the number of marketers who report being unsure about how to approach attribution has fallen considerably, from 16% to just 7%.

Interestingly, more marketers are attributing greater weight to view-through conversions (VTCs) for display campaigns. In just one year, there’s been a 107% increase in the number of marketers who attribute more than 75% of conversions to view-throughs. Meanwhile, the number of marketers attributing fewer than 25% to view-throughs has fallen significantly.

Clearly, marketers are recognizing the importance of VTCs. Still, there are areas of attribution that need more attention, such as viewability tracking and attribution of multiple touches.

## WHAT IS THE FUTURE OF ATTRIBUTION?

- 48% Viewability tracking  
*i.e., confirming that ads have been seen*
- 36% Better multitouch attribution tracking
- 16% Better technology for solving “fractured user” problem across devices



## HOW KNOWLEDGEABLE DO YOU FEEL ABOUT MARKETING ATTRIBUTION AND ANALYTICS?

### 2015 Marketers



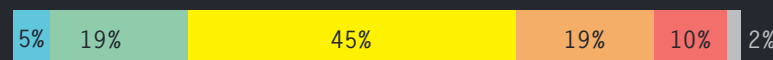
### 2014 Marketers



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

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

### 2015 Marketers



### 2014 Marketers



- 0%-9%
- 10%-24%
- 25%-49%
- 50%-74%
- 75%-100%
- We don't count VTCs

# 84%

of marketers believe attribution is critical to or very important to marketing success, compared to just 35% in 2014—a 140% increase

# 99%

of marketers acknowledge the importance of attribution



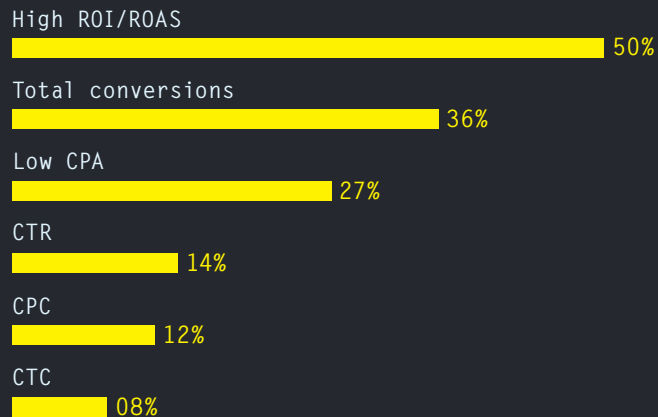


# MARKETING TO THE CUSTOMER LIFE CYCLE

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. Nearly a third of marketers 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, ROI is the most heavily used metric.

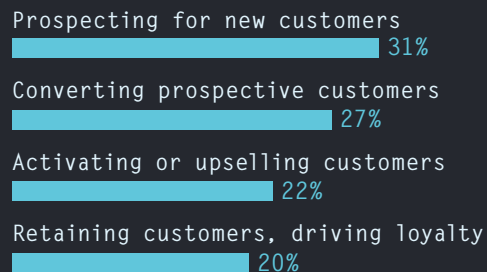
## WHICH MEASUREMENTS DO YOU USE TO DETERMINE A DIGITAL CAMPAIGN'S SUCCESS?



# 1/3

of a marketing budget is allocated to prospecting for new leads and another 1/3 goes to converting them into spending customers

## HOW DO YOU ALLOCATE BUDGET ACROSS THE CUSTOMER LIFE CYCLE?



# 46%

of marketers cite paid social media as a top-performing channel for acquiring new customers



# CREDITS

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## Sources

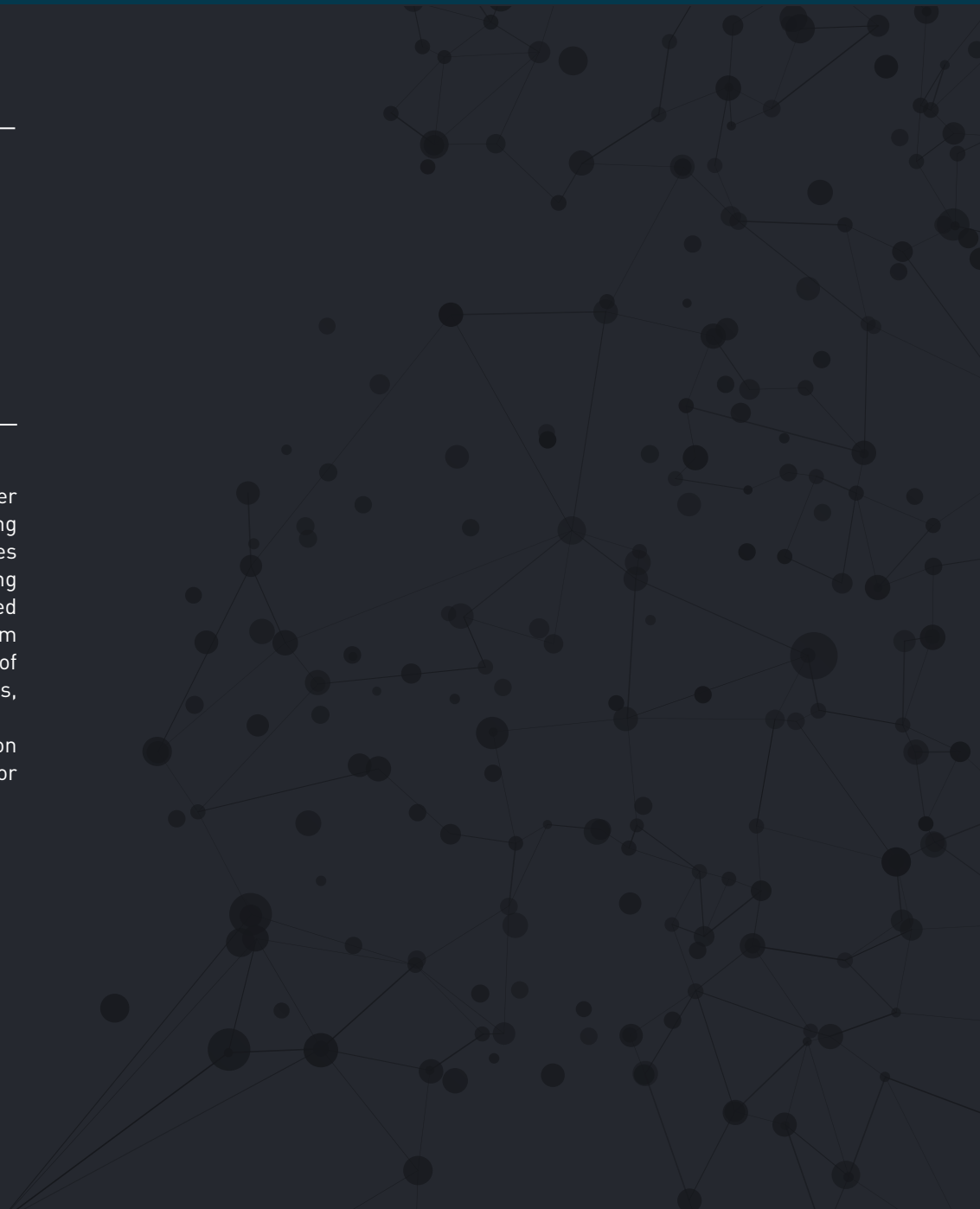
We surveyed 1,050 individuals in marketing and advertising or in executive roles. All year-over-year data is from the AdRoll “State of the Industry: A close look at retargeting and the programmatic marketer” report from December 2014 [<http://bit.ly/1NtQGNm>].

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## About AdRoll

AdRoll is a leading performance advertising platform with over 20,000 active advertisers worldwide. To reach beyond existing audiences, we’ve introduced AdRoll Prospecting to help businesses attract new customers. Our innovative and easy-to-use marketing platform enables businesses of all sizes to create personalized ad campaigns based on their own website data, 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](http://www.adroll.com).

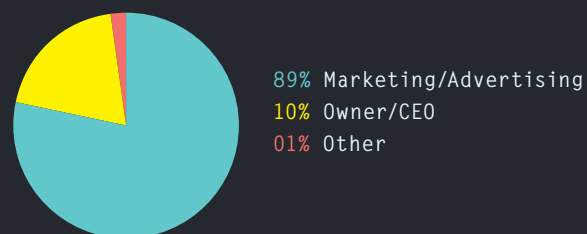




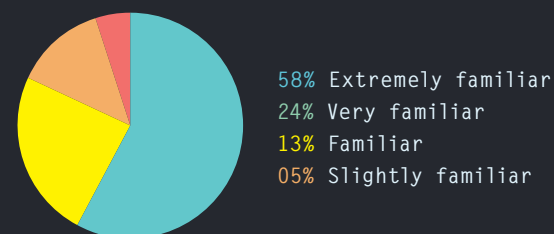
## APPENDIX: METHODOLOGY

AdRoll partnered with third-party research firm Qualtrics to survey a diverse group of 1,050 individuals in the United States who are in marketing and advertising positions or in executive roles. The people we surveyed represent a cross-section of B2B and B2C marketing professions, and 71% are at the manager level or higher. The majority of marketers surveyed are either “very familiar” or “extremely familiar” with digital display and paid social advertising.

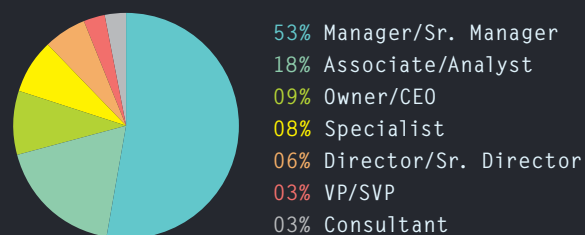
WHICH OF THESE BEST DESCRIBES YOUR DEPARTMENT'S ROLE WITHIN YOUR ORGANIZATION?



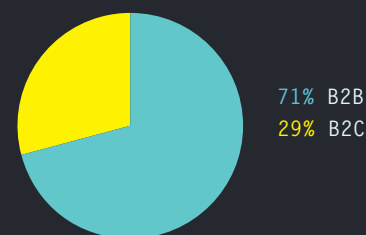
HOW FAMILIAR ARE YOU WITH DIGITAL DISPLAY AND PAID SOCIAL ADVERTISING



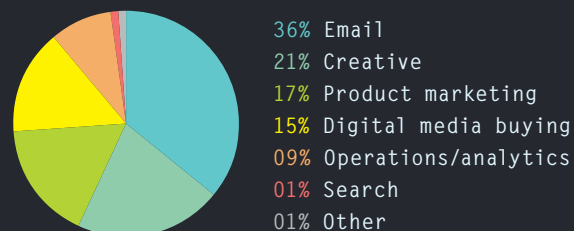
HOW WOULD YOU BEST DESCRIBE YOUR ROLE?



IS YOUR COMPANY PRIMARILY B2B OR B2C?



WHAT BEST DESCRIBES YOUR AREA OF SPECIALIZATION WITHIN MARKETING?



WHAT IS THE SIZE OF YOUR COMPANY?

