



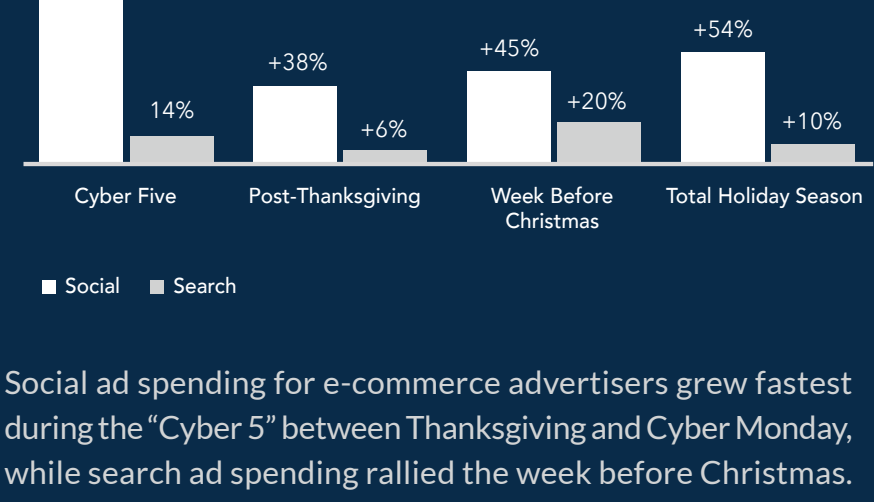
# Visuals and Engagement Drive Q4 Online Ad Growth

Marketers invested more heavily in mobile product ads, social video and Instagram than other ad formats compared to Q4 of last year, with the common thread being a more immersive, visual experience that drives engagement with users, particularly during the holiday shopping season.

## WHAT YOU NEED TO KNOW

### HOLIDAY

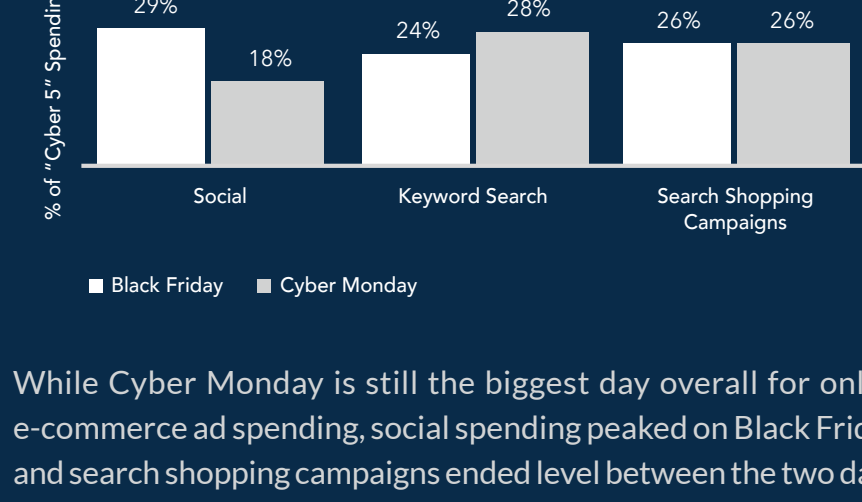
Retail Spending Growth by Holiday Period



Social ad spending for e-commerce advertisers grew fastest during the "Cyber 5" between Thanksgiving and Cyber Monday, while search ad spending rallied the week before Christmas.

### HOLIDAY

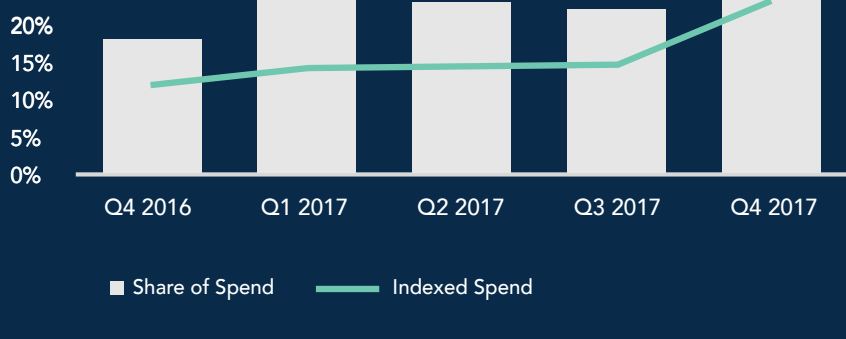
Black Friday vs. Cyber Monday (Retail)



While Cyber Monday is still the biggest day overall for online e-commerce ad spending, social spending peaked on Black Friday, and search shopping campaigns ended level between the two days.

### SOCIAL

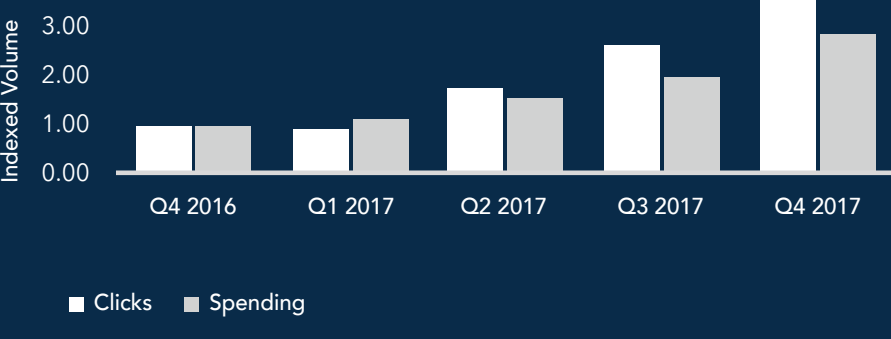
Video Share and Growth



Social video ad spending shot up 57% compared to last quarter, and 93% compared to Q4 of last year, matching its high point of 25% of total social spending.

### SOCIAL

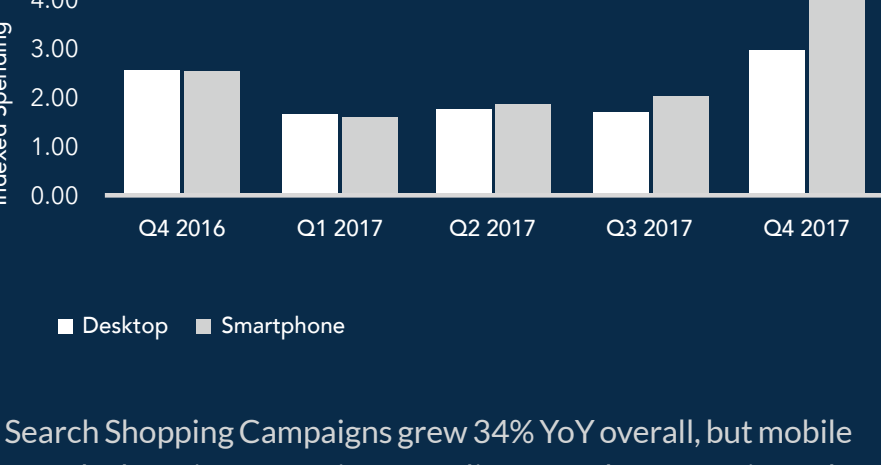
Instagram Growth



Instagram ad spending grew 183% YoY, but even that was eclipsed by a nearly 4X growth in clicks.

### SEARCH

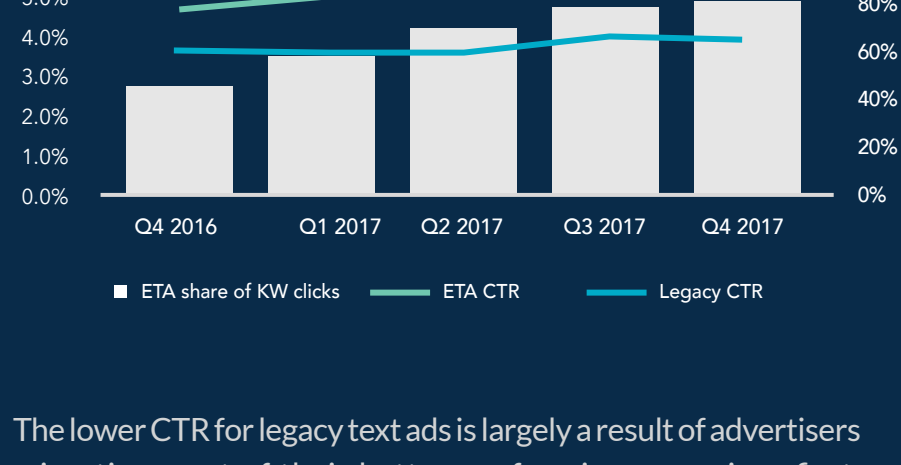
Shopping Campaigns by Device



Search Shopping Campaigns grew 34% YoY overall, but mobile search shopping campaign spending grew by approximately \$3 for every one dollar of growth on the desktop.

### SEARCH

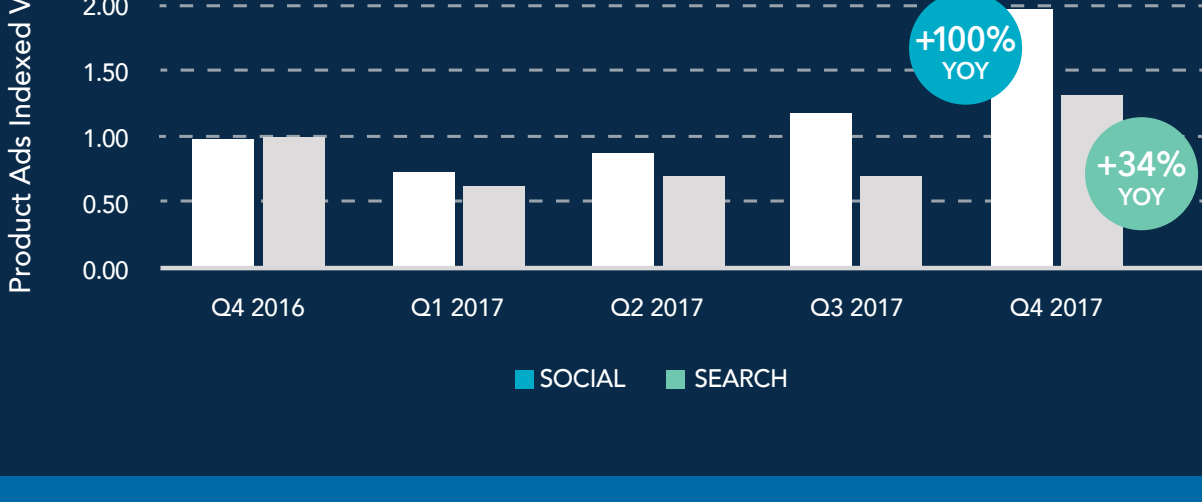
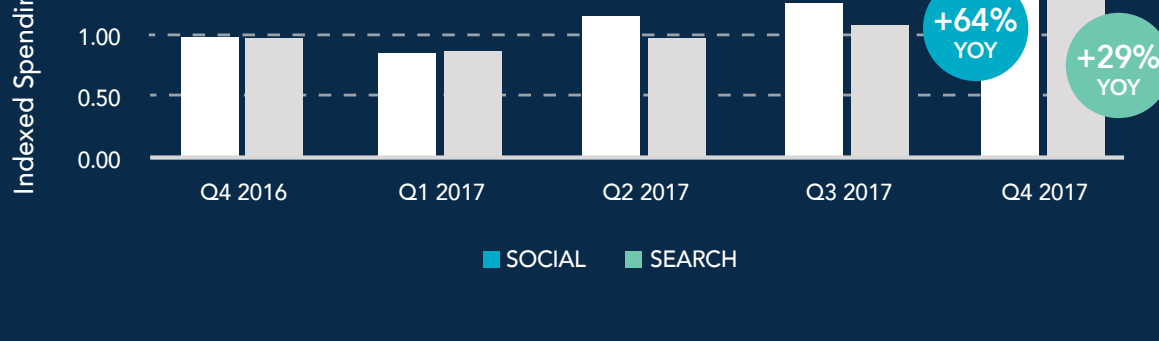
Expanded Text Ads Migration



The lower CTR for legacy text ads is largely a result of advertisers migrating most of their better-performing campaigns first, with a boost from the new format itself.

### MOBILE SPOTLIGHT

Smartphone advertising now comprises 76% of total social ad spending, and 44% of total search ad spending. Share of spending by device for search actually did not change from Q3 to Q4, as both mobile and desktop search spending increased by just under 20% in that time.



### PRODUCT AD SPOTLIGHT

Dynamic Ads for Products saw both increased investment and increased adoption compared to Q4 of 2016, and spending for the social ad type doubled as a result.

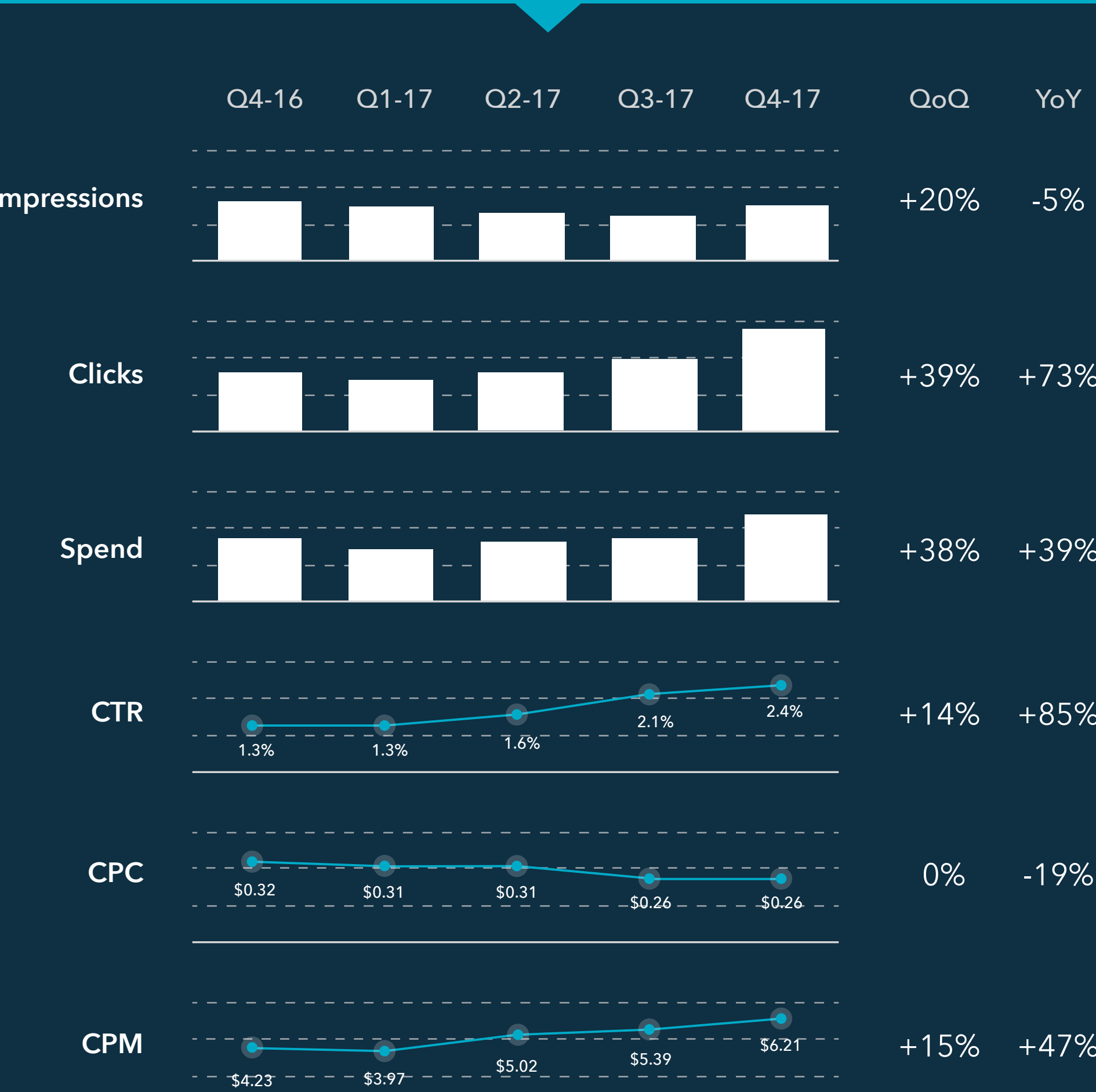
## TRENDS & HIGHLIGHTS

### SOCIAL

The drop in Social impressions was once again fueled by a sharp decrease in low-CPM, low-CTR desktop ad units.

Removing low-CTR ads, coupled with increasing adoption of high-engagement Carousel ads, helped drive both click volume and click-through rate to their highest levels over the last five quarters.

The decrease in low-cost impressions is a big influence on the YoY change in CPM, which would only increase by a more modest 13% if that desktop inventory was left out.

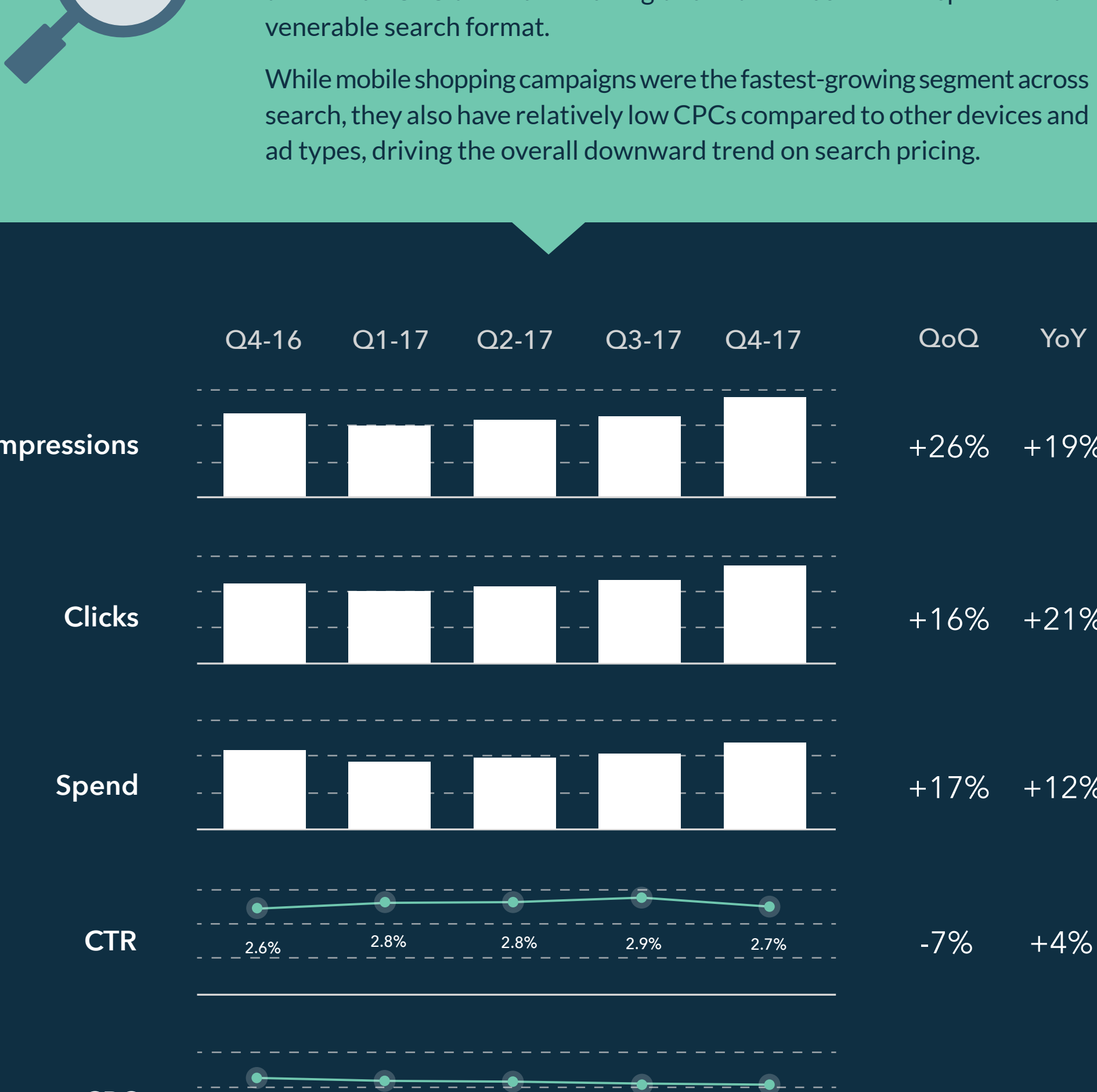


### SEARCH

Mobile Shopping Campaigns were the biggest driver of both impression and click growth, and now make up the largest share of impressions across all of paid search.

Desktop keyword search CPCs grew by 5% compared to last year, bucking the overall CPC trend and leading to a 1% increase in YoY spend for the venerable search format.

While mobile shopping campaigns were the fastest-growing segment across search, they also have relatively low CPCs compared to other devices and ad types, driving the overall downward trend on search pricing.



[Kenshoo.com/Digital-Marketing-Snapshot](https://www.kenshoo.com/Digital-Marketing-Snapshot)

### METHODOLOGY

Search and social results are based on accounts across 15 consecutive months of performance data taken from a population of over 3,000 advertiser and agency accounts across 20 vertical industries and over 60 countries, spanning Google, Bing, Baidu, Yandex, Yahoo!, Yahoo! Japan, Pinterest, Facebook, Instagram and the Facebook® Audience Network. Some outliers have been excluded. The resulting sample includes more than 500 billion impressions, 14 billion clicks and \$6.5 billion (USD) in advertiser spend.

For charts showing spend and impressions/clicks, volume metrics have been normalized to a factor of 1 based on the initial volume for the first quarter of data. Data points from subsequent quarters are based on a multiplier from the first quarter. For example, 1.6 means that volume is 60% greater than volume on the initial quarter measured.

Ad spending and CPC are measured using Ex-FX or "Constant Currency" adjustments, where results are based on native currency, and only translated to common currency after aggregation.

**Note:** There may be variation in numbers for past or future research published by Kenshoo as the rolling data set is dynamic for each new quarter.

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