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Adadyn Academy

The SMB Guide to Digital Advertising for the Holidays

A white paper from Adadyn featuring new consumer research
and programmatic insights for midsize retail marketers.

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THE CHANGING RETAIL LANDSCAPE

Whether you're a big box retailer, mom-and-pop shop, or entrepreneur selling items from your own website, the holiday season is a key sales opportunity for businesses of any size.

Long gone are the days when Thanksgiving kicked off the holiday retail season. Every year, the shopping seems to start earlier and earlier. Christmas decorations are out well before Halloween, encouraging consumers to think about holiday shopping as soon as summer comes to a close. While this may seem out of place for some, for retailers, it has helped extend the shopping season so holiday sales are not relegated to one or a few "event shopping" days.

With an earlier start time and an increasing number of people buying gifts online, the National Retail Federation says it expects sales in November and December to increase a solid 3.7% to \$630.5 billion – significantly higher than the 10-year average of 2.5%. In addition, 83% of the more than 170 million digital shoppers in the US will do so via their mobile devices in 2015.

This presents a clear opportunity for anyone selling online – but how can smaller retailers and e-commerce sites grab consumer attention when they don't have the big budgets of their big-box brand counterparts? That's where having the right programmatic strategy comes into play.

This paper presents new data about consumer attitudes toward various forms of digital advertising retailers will deploy this holiday season. It includes recommendations retailers of all sizes can deploy to amplify their current initiatives with advanced programmatic technologies, which are becoming increasingly more accessible to marketers through self-service platforms like Adadyn.

DATA INSIGHTS

What our research told us

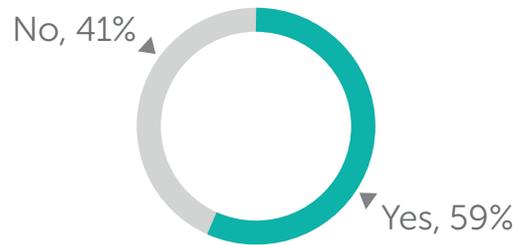
Here at Adadyn, we believe the best decisions are those which are well-informed by data. After all, advertisers can't act until they know what their end users want. How are we supposed to create successful online advertising until we know what resonates with those whom we're ultimately trying to reach – the customers?

We polled 1,000 American consumers to find out how they plan to shop this holiday season. Here's what they told us about their approach to shopping online for the holidays:

Ads that resonate

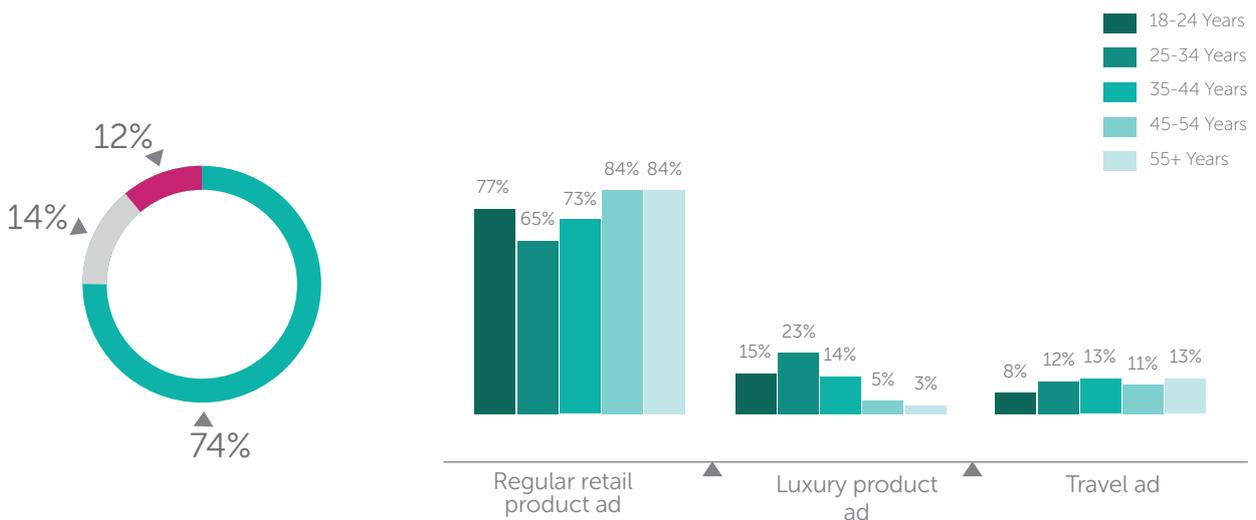
While a boutique selling bespoke high-end goods may often sell to Baby Boomers and middle-aged professionals with more disposable income, they may not realize their ads resonate most with a younger crowd. Likewise, merchants looking to take advantage of an influx of locals returning home for the holidays may want to gear creative toward millennials who are more likely to act on a regional ad.

Q. Are you more likely to click on ads that are related to seasonal events (e.g. holiday shopping, back to school, father's day)?

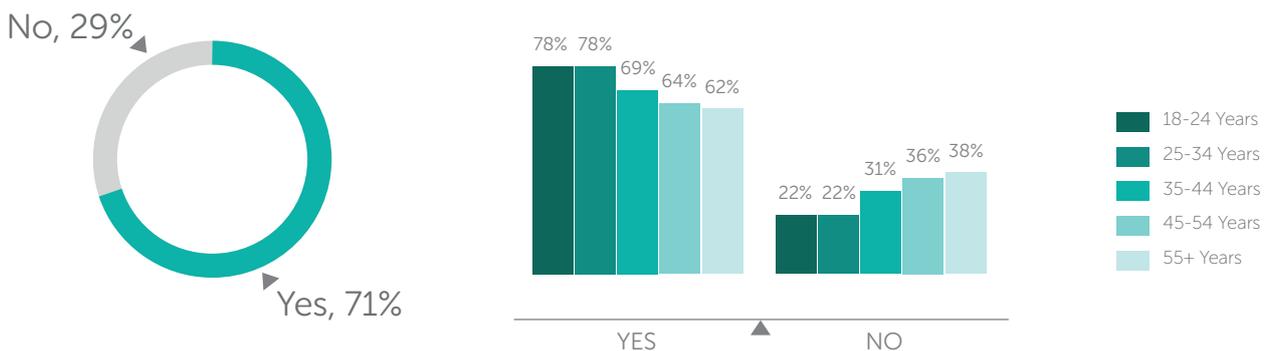


Q. Which type of ad are you most likely to click on:

- Regular retail product ad
- Luxury product ad
- Travel ad



Q. Are you more likely to notice and respond to ads delivered from businesses in your area, rather from those of national advertisers?



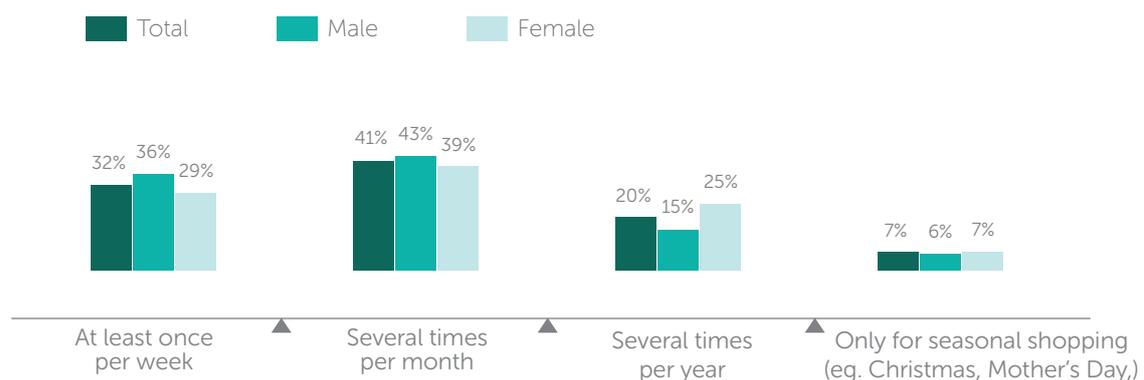
Highlights from our findings include:

- 59% are likely to click on ads that relate to seasonal events
- Three quarters of respondents (74%) are likely to click on an ad for a regular retail product. When compared to other age groups, respondents between 25 and 34 are more likely to click on ads for luxury products
- If ads are from businesses in a respondent's local area, then 71% are more likely to notice and respond to them; respondents over 45 are less surprised to see online ads, but respondents under 35 are most likely to respond to local ads

Frequency and affinity of online shopping

Whoever says women shop more than men are mistaken. Our survey findings reveal men shop online more than women. With 1 in 3 respondents shopping online for consumer goods once a week or more, small businesses shouldn't undermine the Y chromosome with their online holiday ad campaigns.

Q. How often do you shop online for consumer goods?



Highlights from our findings include:

- A third of respondents (32%) shop online for consumer goods at least once a week
- 41% shop online several times a month
- Men are more likely than women to shop online for consumer goods at least once a week, at 36% and 29% respectively
- Men are 11% more likely than women to feel that online advertising makes shopping easier

What else did consumers tell us about digital marketers' approach to advertising?

Ads are useful

Not all holiday online ads are created equal. We can all recall really annoying ads, and likewise, really clever ads. Despite dramatized headlines in the media regarding ad blocking technology, our data shows consumers welcome ads and genuinely believe relevant ads make their shopping experience easier.

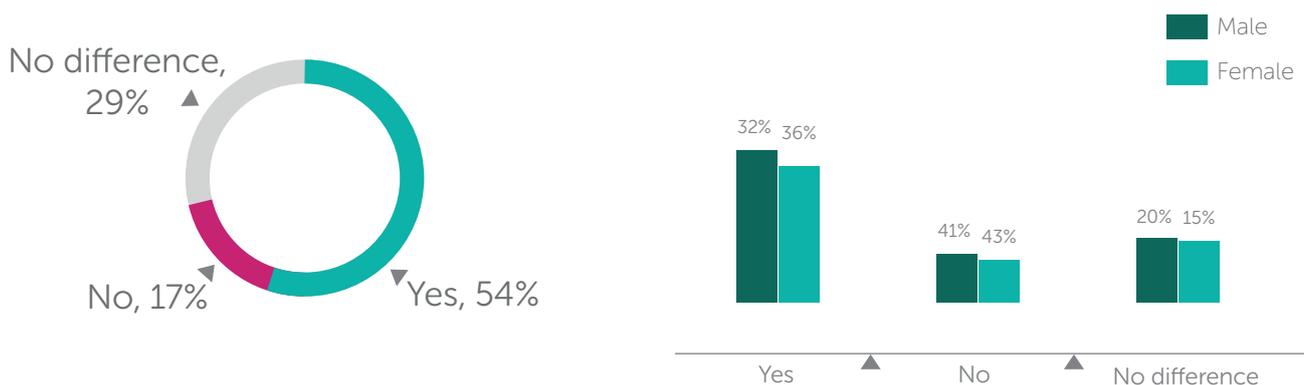
Q. Do you find that receiving ads for sites you visited recently is useful in completing a purchase you were thinking about?



Q. Are you more likely to click on an ad if it contains the image of an advertiser's product you had viewed previously?



Q. Do you feel that online advertising can make shopping easier?



Highlights from our findings include:

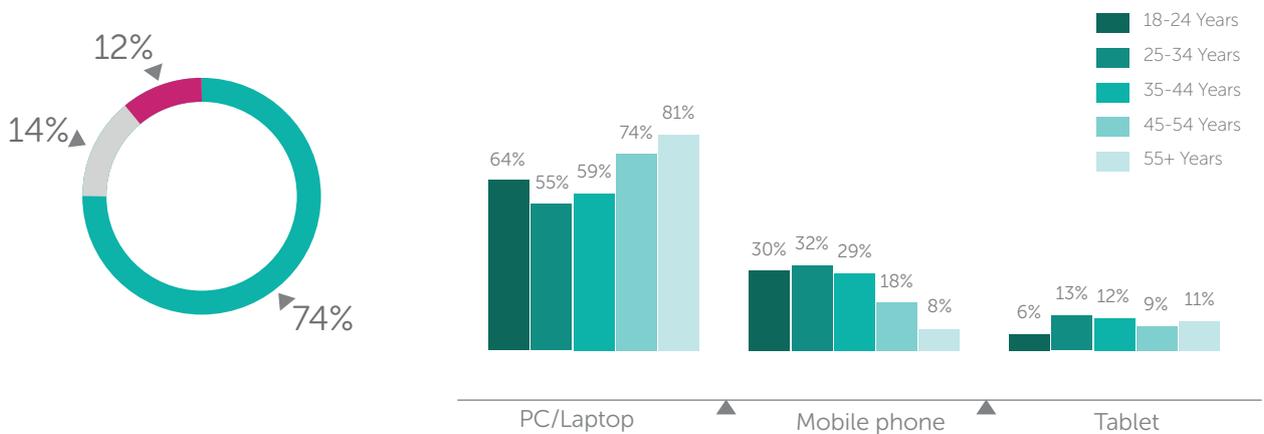
- 69% find receiving ads for recently visited sites useful when deciding whether to complete a purchase
- 63% are more likely to click on an ad if there is an image of a previously viewed product from the advertiser
- Just over half of respondents (54%) feel that online advertising makes shopping easier

Screen of choice

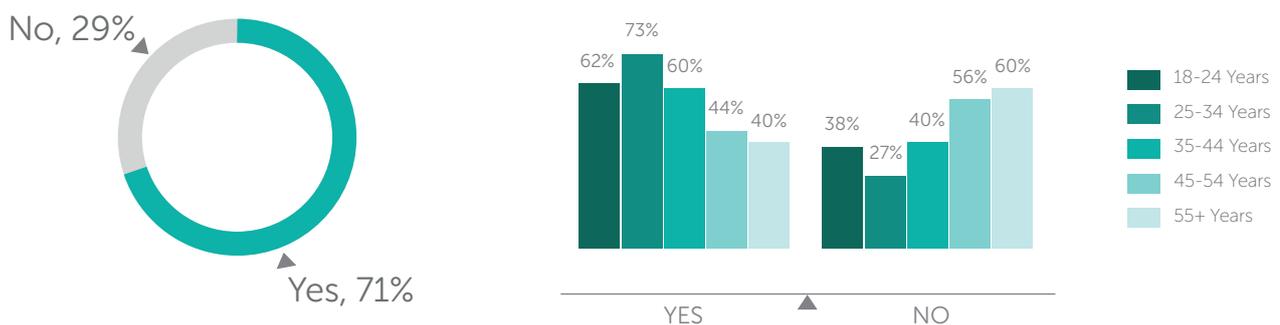
For many small and midsize advertisers, the holiday season is a fiercely competitive, noisy and costly time of year when it comes to using up one's annual marketing budget. While taking an omni-channel approach to any campaign is critical, some may struggle to figure out the right balance. Our data may help with this balancing act. Despite no one leaving home without their mobile device, our survey finds the larger screen still prevails when it comes to generating clicks.

Q. Which type of ad are you most likely to click on:

● PC/Laptop ● Mobile phone ● Tablet



Q. Have you ever clicked on a mobile ad?



Highlights from our findings include:

- The most common device used to click on an ad is a PC/Laptop (64%), whereas one quarter (25%) will use a mobile phone
- 59% of all respondents say they have ever clicked on a mobile ad
- Respondents aged between 18 and 34 are most likely to click on a mobile ad

TAKING ACTION

How SMBs can leverage programmatic advertising

Around the holidays, small and midsize marketers find themselves in one of two places in their effort to maximize ad spend and grab the attention of another pair of eyeballs.

Either, this year's seasonal campaign is locked and loaded – and, “all I have left to deal with are my in-laws and getting ahead of next year's holiday campaign.” Or, “I have a little extra in the budget – but I need to get a lot more oomph out of this year's holiday spend.”

In either scenario, programmatic advertising solutions can be a powerful way to hit more of your marketing goals. Especially when it means delivering an ad consumers are open to receiving.

Create Value

Perhaps most telling from our research, is that consumers genuinely find ads beneficial. Particularly when they are relevant and useful. Create ads that add value and consumers will respond in kind.

Manage Risk

Marketers should think of digital advertising like any investment. Deploy strategies and tactics that provide the highest return and the lowest amount of risk.

Start with Retargeting

Your most likely new customers are those who have already expressed interest in your brand, product or service, making programmatic retargeting one of the best ways to augment your campaigns.

The majority of consumers find ads for sites they previously visited useful in deciding to complete a purchase and conduct research online before buying a product in-store. Retargeting is one of the best-performing display advertising strategies and one that provides value for consumers.

Progress to Prospecting

As you find success with retargeting, consider expanding your programmatic investment into prospecting, which builds upon audience buying to include consumers similar to those who have visited your site or meet other targeting criteria.

Explore Personalized Creative

Personalized creative involves the dynamic display of images or words within the banner that pertain directly to the product a user last viewed on your site, or any information that is known about them (e.g. displaying flights from the city where they live).

CONCLUSION

For small and midsize businesses, the holidays can be anything but joyful when marketing budgets are pushed to their max and bidding on search terms becomes more competitive than a fight for the shortest check-out line at the mall.

More often than not, those with the largest budgets bid the highest on popular terms. Instead of overspending on existing search budgets, or feeling like you can't compete with the big guys, redeploy a portion of campaign resources to test retargeting, prospecting and personalized dynamic creative tactics, all of which can be purchased programmatically.

Not only can programmatic advertising help achieve a 15-20% yield on ad budget and conversions, it's easy to manage through the support teams of platform providers and it bears many similarities to the search engine marketing discipline. The result is a new set of powerful advertising tools that will help SMB retail marketers achieve greater performance this holiday season and throughout 2016.

About Adadyn

Adadyn removes the barrier of entry into programmatic advertising, making it simple and affordable for travel marketers and agencies of all sizes to get started without up-front fees or minimum spend requirements. By unifying media buying, dynamic creative and audience management into one easy-to-use platform, now anyone can launch a campaign and achieve programmatic display advertising performance on both a self-service or managed services basis. With offices in California, New York, India and Singapore, Adadyn offers around-the-clock customer support and global reach. For more information, visit www.adadyn.com or follow @adadyn on Twitter.

About Adadyn Academy

Adadyn Academy is an education program designed to teach midsize marketers about digital advertising tools, technologies and best practices. In addition to research papers like this one, Adadyn Academy includes webinars and live events to help marketers better understand advertising technology and to make the industry's most sophisticated digital marketing tools more accessible to them. For more information, please contact info@adadyn.com.

