

STATE of the INDUSTRY

A close look at retargeting and the programmatic marketer

Survey responses from 1,000 marketers

EXECUTIVE SUMMARY

A changing industry

Today's marketers are becoming more like analysts, using technology to understand and react to always-on consumers in real time. It's only natural that they've begun to demand tools that support their vision for a full-funnel, multi-platform, data-driven marketing strategy.

Retargeting has been a breakout tactic since marketing made the shift from traditional trial and error programs to real-time programmatic campaigns. With retargeting, marketers could directly target the most promising individual consumers. It introduced a simple, practical way to put programmatic ambitions and valuable customer intent data into action, and drove clearly measurable ROI.

In 2014, US programmatic digital display ad spend grew 137.1%, accounting for 45.0% of the US digital display advertising market.¹ CPMs have continued to increase significantly year over year, which means the cost of buying the wrong impression has also gone up. Retargeting was one of the first tools to help solve this problem, and marketers adopted it at a rapid rate.

Retargeting may have started as a bottom-of-the-funnel solution, but what else can it do? Is it just a conversion tactic or does it have staying power and growth potential? What drives marketers to invest time and resources in retargeting?

To find out, AdRoll partnered with third-party research firm Qualtrics to survey a diverse group of 1,000 professional marketers in the US across a variety of industries, and examined AdRoll retargeting campaign data from over 11,000 US advertisers serving more than 3.7 billion ad impressions a month.

Key findings

Increased investment

- 71% of marketers spend 10–50% of their entire online ad budget on retargeting (up 34% from 2013).
- Over 90% of marketers report that retargeting performs as well as or better than search, email, and other display.

Expanding the definition of retargeting

- Retargeting has taken on expanded functions. 70% of marketers use retargeting for brand awareness, 60% for social engagement, and 58% for customer retention.
- Understanding customer insights ties with driving conversions as marketers' #1 success metric.

Matching modern media consumption

- 54% of marketers are retargeting on mobile, indicating strong confidence in retargeting's cross-device performance.
- For both B2B and B2C, 1 in every 2 marketers say social media is the single hottest topic in retargeting—mobile retargeting comes in at #2.

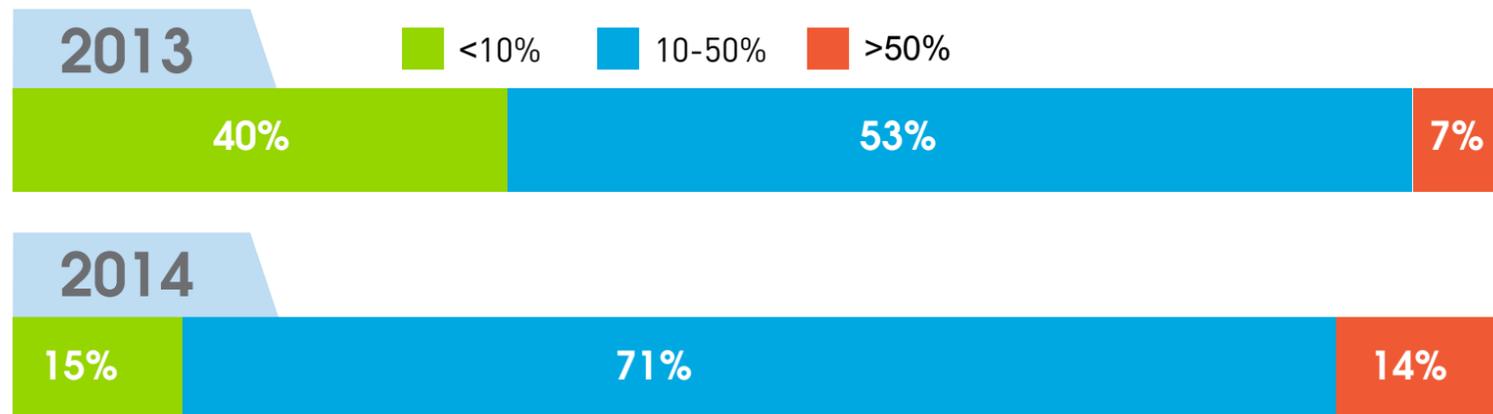
Addressing the attribution gap

- 90% of marketers consider attribution important or critical to success, but 1 in 3 aren't clear on how to track it.
- Consumers are multi-device and multi-platform—yet 58% of marketers still use single-touch attribution.
- 47% of marketers think viewability tracking is the future of attribution.

VITAL STATS RETARGETING IS REALLY SHAPING UP

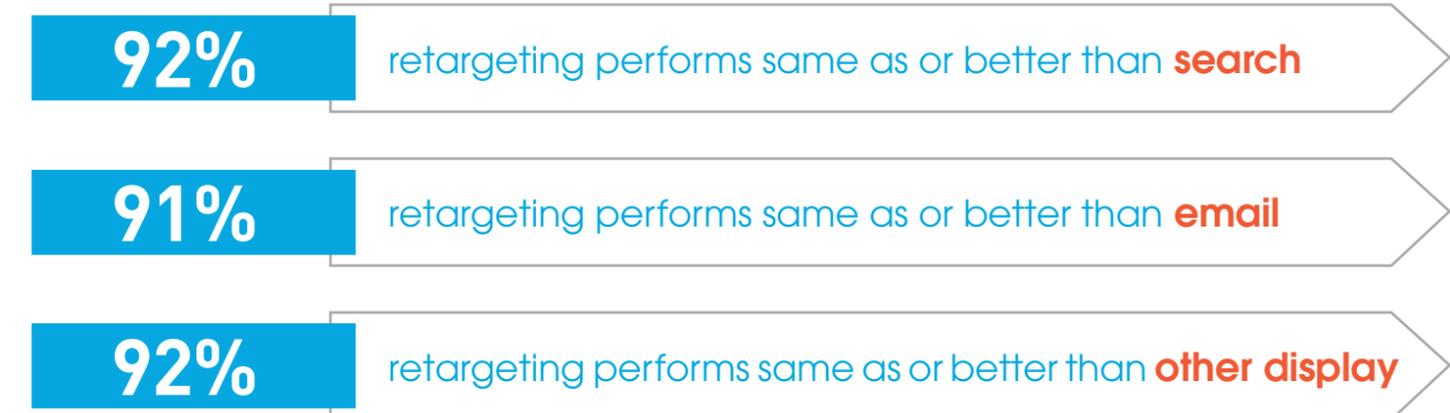
Investment in retargeting goes up year over year

How much of your budget goes to retargeting?



Of companies with over 1,000 employees, 24% spend at least half of their online ad budget on retargeting.

Retargeting stands its ground against the titans of performance



Marketers are using retargeting in new and interesting ways:

- Brand awareness
- Social engagement
- Customer retention
- Driving sales

f **Social Trending** **54%**
of marketers say social media is the hottest topic in retargeting

Measurable success goes cross-device
54% of marketers are currently retargeting on mobile

How do you measure campaign success?

It's a tie! Success means sales *plus* understanding the customer.

Insights into customer behavior	55%	
Total conversions	55%	
High ROI/ROAS	43%	
CPC	20%	
Low CPA	20%	
CTR	15%	
CTC	9%	

RETARGETING FLEXIBILITY AND THE FULL FUNNEL



Meet intent, marketing's MVP

As a user browses the web, sites they visit, pages they scroll through, and search terms they enter provide clues about what they're looking for and what their preferences are.

Search gave marketers one of the easiest ways to act on customer intent, but it doesn't give brands direct access to the data or the flexibility to analyze and act on each customer interaction.

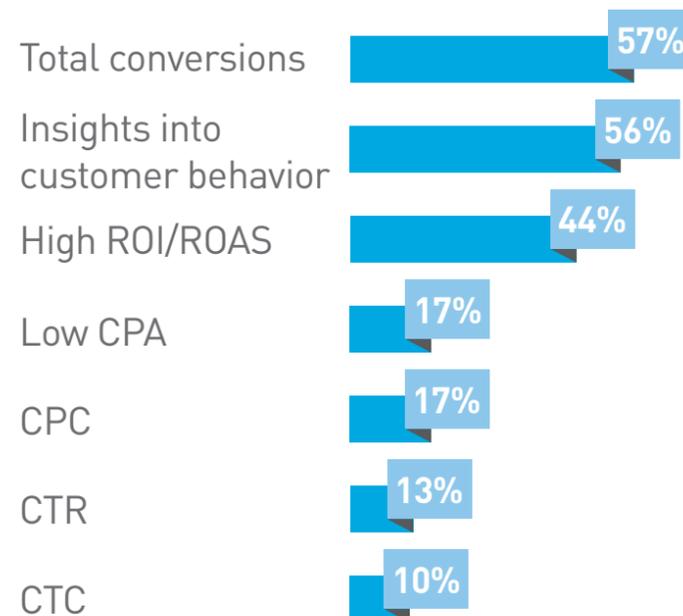
Unlike search, retargeting gives brands direct access to their own customer intent data. With retargeting, marketers can see how a customer interacts with their site, identify that customer's intent, and use programmatic ad buying to respond to it in real time.

Retargeting, originally billed as the best way to win back cart abandoners, has recently been drafted into other functions: B2B brands use retargeting to promote content and brand affinity. Educational organizations use it to build awareness among potential recruits. Retail brands use retargeting to increase customer lifetime value with loyalty campaigns.

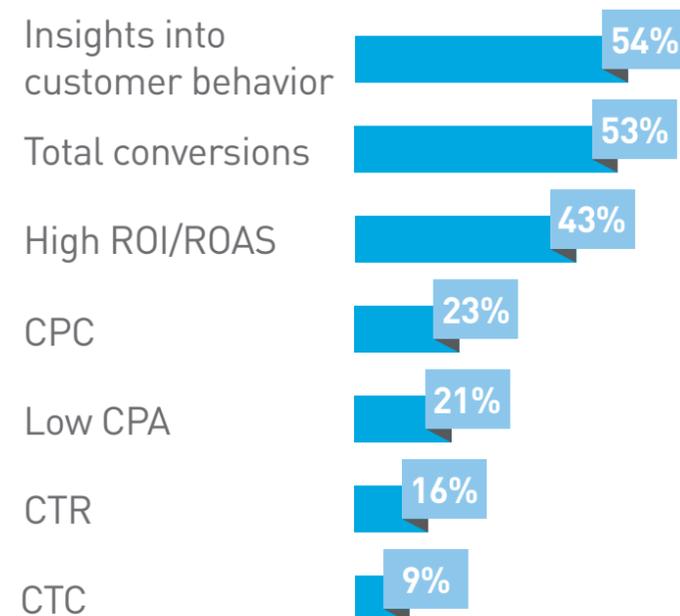
Marketers have spoken: retargeting helps meet almost every marketing goal

How do you measure campaign success?

B2C Marketers



B2B Marketers



The possibilities of personalization

Matt Gittleman, digital marketing specialist at Yesware, Inc.

"Personalization allows Yesware to more effectively target our largest audiences based on their online and offline preferences, so we can reach more quality prospects."

"In our current world, we are retargeting users at every stage. If a visitor bounces from Yesware.com, we retarget them differently than if they signed up for our free product but have yet to try our premium features. We can customize our retargeting response based on any action a visitor, user, or customer has taken."

"The possibilities of retargeting have turned it into one of the most cost-efficient and effective ways to attract new users and customers to Yesware."

What marketing objectives does retargeting fill?

B2C	69% Brand awareness	64% Social engagement	60% Driving sales	56% Customer retention	39% Lead generation	39% Community building	33% Product cross-sell/upsell	27% Lead nurturing
B2B	71% Brand awareness	59% Customer retention	58% Social engagement	55% Driving sales	39% Lead generation	38% Community building	32% Product cross-sell/upsell	29% Lead nurturing

SOCIAL PERFORMANCE PLUS ENGAGEMENT

The big benefits of social engagement

Social media advertising is growing faster than any other digital (or traditional) ad format—so fast that social media ad revenue is projected to reach \$14 billion by 2018.²

What is it that's got marketers so psyched about advertising in a space where they have to compete with selfies and bacon gifs? It's simple: social networks give brands a direct line to extremely engaged consumers.

When advertising broke into the social game—quickly followed by programmatic ad buying and retargeting with native ad units—social got really profitable for brands. Today, some of the highest-performing ad campaigns out there are running on social platforms.

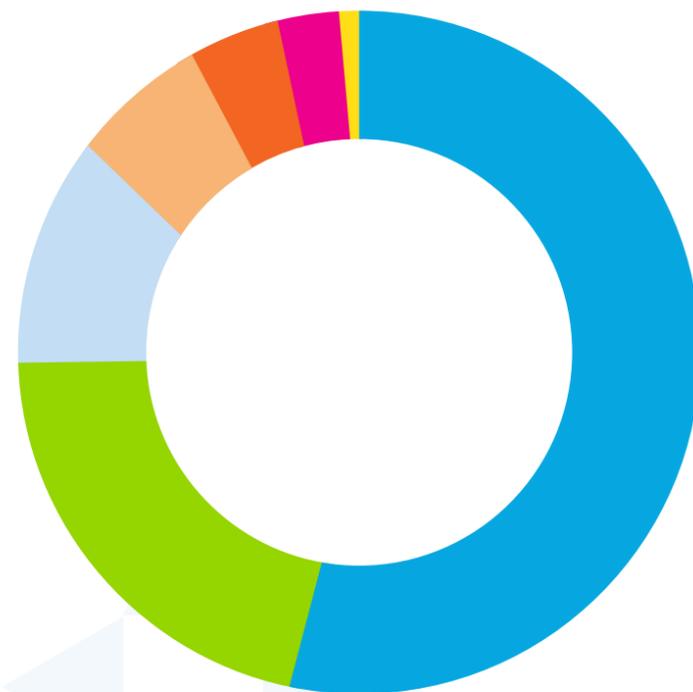
Higher performance at a lower cost



1 in 3 marketers list paid social media as one of their best-performing advertising channels



What's the hottest topic in retargeting?



54%

Social media retargeting

20%

Mobile and cross-device

11%

Data-driven marketing

7%

Search retargeting

4%

Email retargeting

3%

Strategies for online and offline data

1%

Other

Social media retargeting won 54% of votes for both B2B and B2C. This lower-CPM ad space offers two-way consumer engagement.

Social media drives performance

On average, AdRoll clients see a performance lift when they add Facebook to their retargeting mix:

2.84x

more impressions

3.05x

more clicks

2.18x

more conversions

MOBILE THE NEW FRONTIER

Small screens prove profitable

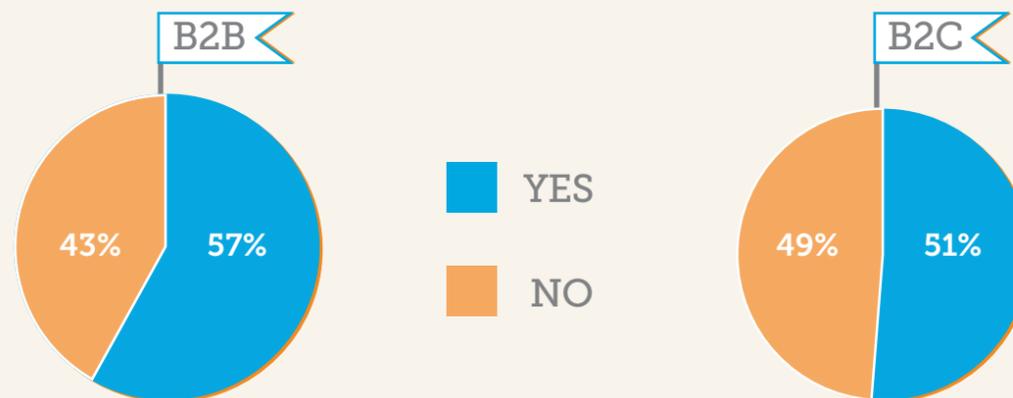
Smartphones, tablets, and phablets are an everyday part of our lives. In 2014, people in the US spent more time on smartphones than they spent on desktop computers, whether you're talking about total minutes spent or the percent of total time.³

Meanwhile, marketers struggle to get returns from such a mysterious medium. When 67% of consumers start shopping on one device (or in a store) and move to another device or location before they purchase, how do we measure the impact of mobile?⁴

Retargeting was one of the few early methods for success on mobile. It continues to perform, filling the mobile gap, boosting brand awareness, and showing incremental lift for the marketers who run retargeting campaigns on mobile.

Mobile retargeting is popular for brands of all sizes, across all industries

Are you currently retargeting on mobile?



Why aren't you retargeting on mobile?

Of the 46% of marketers who haven't jumped on mobile retargeting, most report that they don't yet have a supporting mobile presence.

- 39%** I don't have an app
- 30%** I don't have a mobile site
- 17%** My customers aren't mobile
- 7%** I don't know how to measure attribution
- 20%** Mobile advertising has yet to develop a good UX

Mobile boosts performance

On average, AdRoll clients see a performance lift when they add retargeting on mobile to an existing mix of web and Facebook:

1.05x
more impressions

1.23x
more clicks

1.08x
more conversions

MOBILE AND SOCIAL AMERICA'S NEW PASTIME

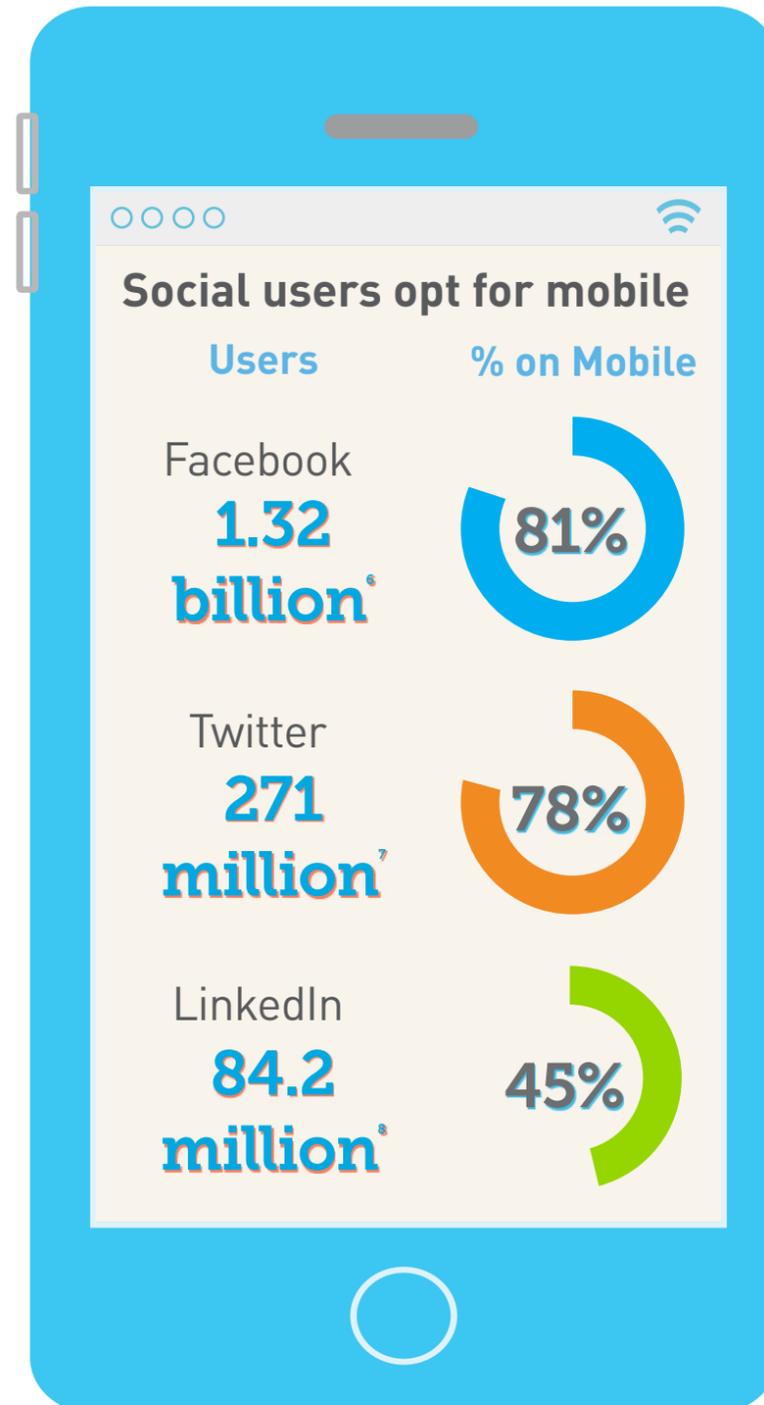
Social and mobile: the ultimate in teamwork

Even though marketers tend to discuss social and mobile as separate things, customers are less likely to distinguish between them. People are far more likely to check their favorite social platform from a mobile device, and social media apps are some of the most popular ways to use mobile devices. In the US, the average consumer spends over an hour on social networks every day, more than half of it on mobile devices.⁵

What does that mean for advertisers? It means that you should be considering the mobile experience every time you launch a social campaign, and that paid social media needs to be part of your larger mobile strategy.

Retargeting is the convergence of these two worlds. A brand can pair intent data gathered from its website with everything Facebook knows about the customer, buy quality ad space at an affordable price, and serve relevant, personalized ads that engage and convert users on the devices consumers use every day.

Social media and mobile are channels that marketers have traditionally struggled to master, but an integrated retargeting strategy makes it possible to reap the benefits of both without breaking the bank.



Facebook News Feed on Mobile

A recent AdRoll study found that when marketers added mobile ad sizes to their Facebook News Feed campaigns, average performance increased:⁹

4%
More impressions

29%
More clicks

15%
More conversions

ALEX AND ANI

The missing link

Ryan Bonifacino, VP of digital strategy at Alex and Ani

“The first place we—and others—will look to value mobile the right way is, of course, social. Social engagement was always the missing link, the glue that holds it all together, a critical component to any successful marketing effort.”

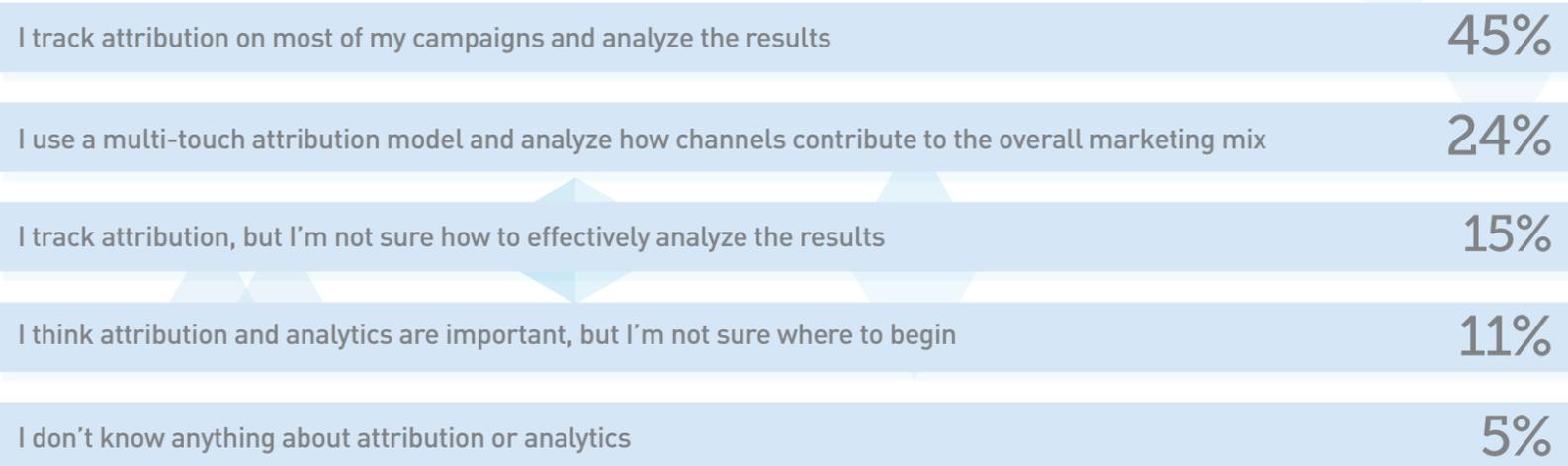
“Social becomes exponentially more powerful every month. We only need a little taste of performance, and we’re ready to roll the model out across our customers and take on the risk of the relatively unknown.”

“As the industry pulls together all sorts of wonderful tools, mobile measurement becomes less opaque. Three years from today, we expect to see plenty of innovative newcomers. Proximity marketing should catch a nice wave—think an in-store hit leading to a sequence of “come back we miss you” messaging across platforms, with suppression rules in place in case they bought online. Certainly an exciting time!”

ATTRIBUTION THE QUANTIFIED SELF

1 in 3 marketers are still rookies at tracking attribution

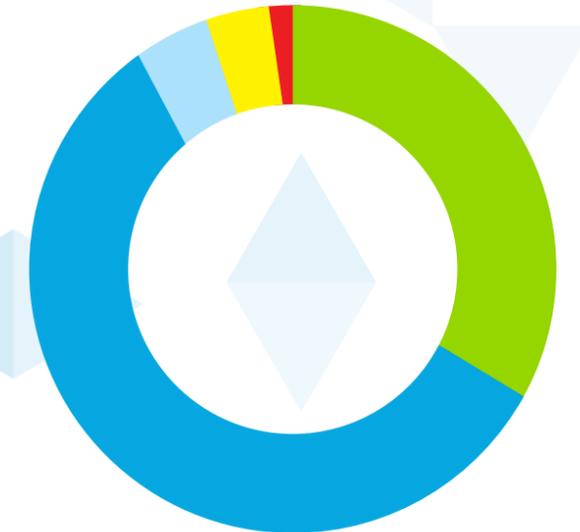
How knowledgeable do you feel about marketing attribution and analytics?



Retargeting has become a tool for content marketing, lead generation, and lead nurturing. These new use cases make it more important than ever to have an attribution model that accounts for every brand interaction, and even the best model needs constant monitoring so it can be refined over time.

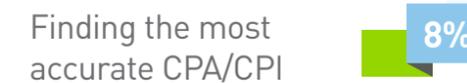
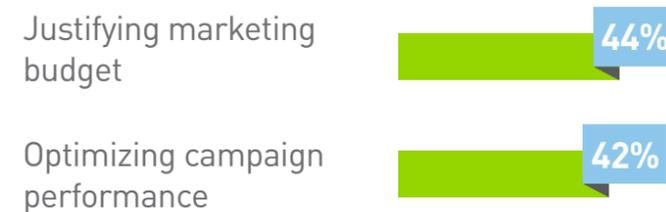
How important is attribution?

91% of marketers recognize the importance of attribution



Marketers are under even more scrutiny these days to justify spend, show results, and design more insightful campaigns. Attribution plays a key role in all those goals.

Why does attribution matter to your team?



Do you track audiences by device?

63% Yes
37% No



ATTRIBUTION THE QUANTIFIED SELF

Point of view challenges point of sale

Either a customer bought something, or they didn't. Early attribution models relied on this binary certainty to measure how successful a campaign had been, and, for a long time, counting last-touch conversions was the only way to measure success.

But the path the customer takes to a purchase isn't binary. People are exposed to ads and marketing messages from three, four, 10 sources every day—phones, tablets, computers, TVs, and on and on.

It's still early days for this kind of multi-faceted, cross-platform/cross-device attribution, but retargeting is one of the few technologies that works across platforms and follows the customer through their journey. Retargeting allows you to look at the entire customer path and assign the right amount of credit to each interaction.

92% of marketers track view-through conversions, but how do they count them?

When it comes to online display advertising, what weight do you attribute to view-through conversions?

Less than 10% of view-through conversions	7%
10–25% of view-through conversions	38%
25–50% of view-through conversions	33%
50–75% of view-through conversions	10%
75–100% of view-through conversions	4%
We don't track view-through conversions	8%

Whether they act now or later, every ad customers see moves them that much closer to purchase. View-through conversion tracking is the first step to a 360-degree view of the customer journey.

Consumers move between devices and platforms, yet 58% of marketers still turn to single-touch attribution

What is your primary attribution model for digital marketing?

First touch/ last touch	58%
Multi-touch	34%
Algorithmic/ custom	5%
Other	3%



Interconnected attribution

Divya Dutt, senior program manager, PPC and paid social
Mike Tomita, senior manager, web marketing

“Retargeting lets us capture people we might have missed: it gives us another opportunity to reach them with different and more relevant offers. Over time, it also helps us move them down the funnel. This ability to present an evolving message, in conjunction with other marketing programs, is a big part of our strategy. Marketo was built around attributing different sources, so for us, we can't just take one program and look at it in isolation. Each touch has an effect on the overall customer journey.”

“Still, there's a long way to go to attributing the contribution of each touch across multiple channels from social to web, email, live events, offline, radio—what is the value of each step? This is the Holy Grail, the big challenge for every marketer. Everyone in the online marketing team needs to work together to figure out the best attribution model to use or else they could end up eliminating program(s) that might be playing an important part in capturing leads through their entire buying cycle.”

THE FUTURE BIGGER, FASTER, STRONGER

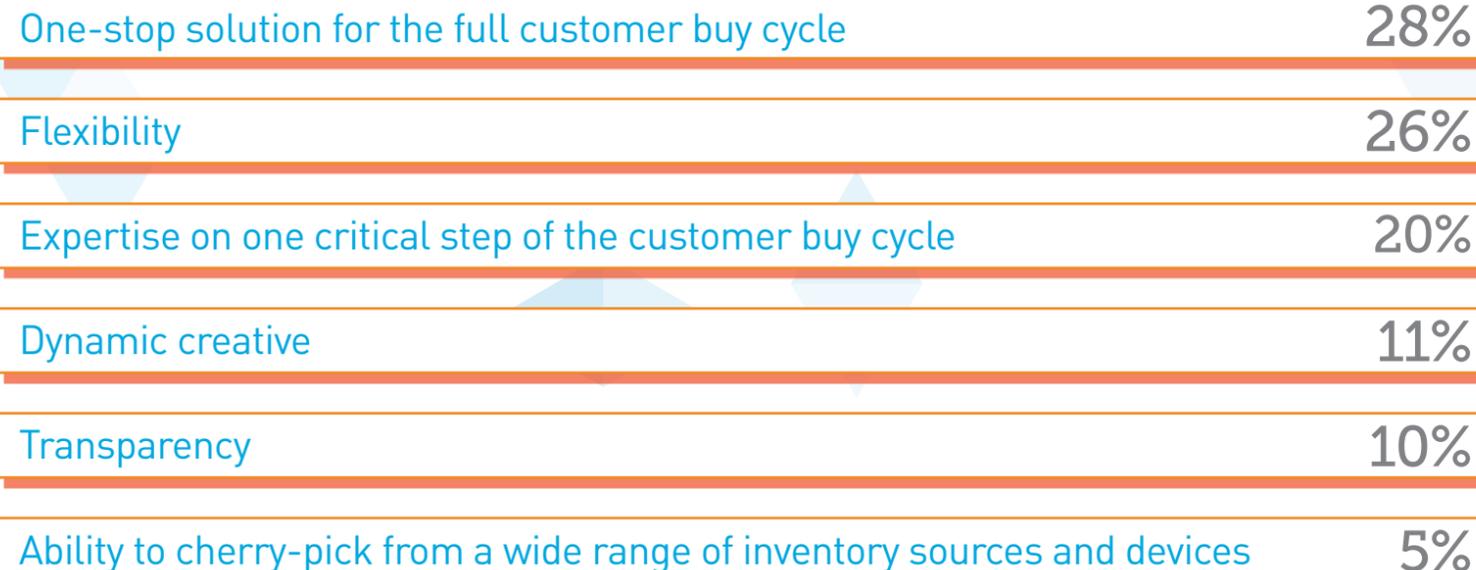
The coming age of bionic marketers

The best marketers supplement their human insight and industry expertise with split-second machine learning and programmatic bidding. So what's next?

Marketers' visions for the future run to a common theme: intent and the ability to use it. When marketers dream, they see a well-documented customer journey, a clear understanding of the digital footprints users leave along the way, and tools and technologies to help them walk that path.

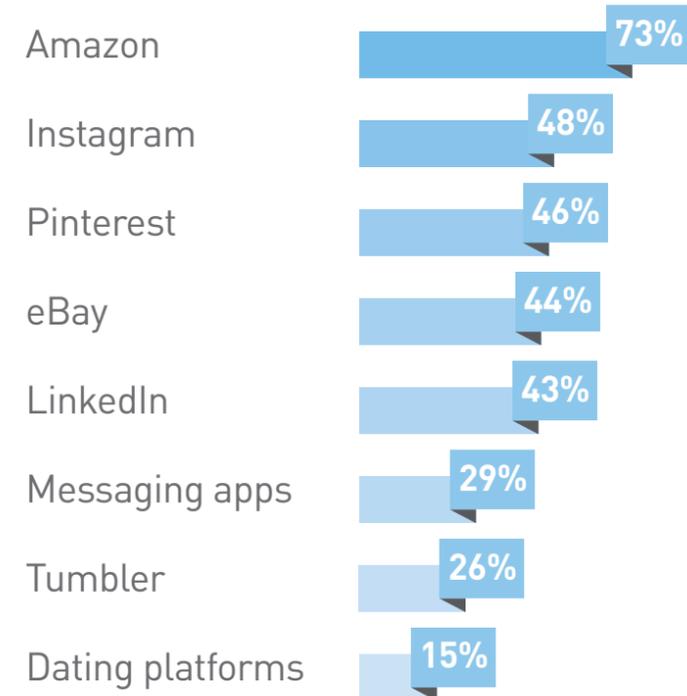
Marketers are tired of too many tools. They want solutions that encompass the entire buyer journey

What is your top priority in choosing an acquisition marketing vendor?



Marketers are drawn to properties that offer massive audiences with a clear intent to shop or share

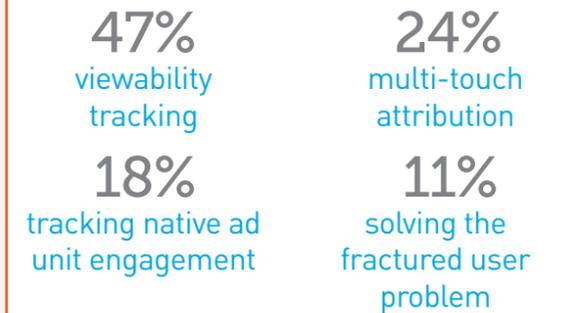
Over the next **three** years, where would you like to see retargeting?



Amazon was the clear winner in both B2C (69%) and, surprisingly, B2B (76%). This year, Amazon, Instagram, Pinterest, eBay, and LinkedIn have all made announcements hinting at advertising features that complement programmatic buying.^{10,11,12,13,14}

Marketers want to know which ads are working—and how

What is the future of attribution?



Every ad impression represents time and money, and marketers need to know what works. We are slowly seeing marketers move from last-click to more sophisticated approaches for the multi-touch, -platform, and -device customer lifecycle.

CONCLUSION

So is retargeting a fad, or does it have staying power?

Retargeting was one of the first tools that brought the power of programmatic buying to the masses. It introduced marketers to a new form of data-driven personalization that converted browsers into buyers.

By simply placing a pixel of code, marketers could turn the valuable customer data they were collecting into actionable advertising strategies—all in real time. Marketers quickly adopted retargeting as bottom-of-the-funnel tool that drove conversions, especially in traditionally low-performing channels like social media platforms and mobile.

But retargeting didn't stop at reinvigorating abandoned shopping carts. It's become an integrated part of the entire customer journey. In our survey, we found that marketers have shifted the way they think about retargeting, showing that the technology has staying power and justified budget.

Retargeting has moved beyond a niche direct-response tactic, becoming an intuitive toolset for turning customer intent data into successful ad strategies. It has proved that it has staying power by serving the right ad to the right person at the right time, throughout the funnel.

Retargeting helps marketers meet non-conversion goals, gives advertisers a back-door alternative to convoluted and imperfect attribution models, and turns mobile and social media into a money-making machine.

- **Marketers are heavily increasing investment in retargeting based on its high performance.**
- **The definition of retargeting has expanded to include all kinds of personalized marketing based on user intent.**
- **Use cases have widened to include content marketing, lead nurture, awareness, and loyalty and retention campaigns.**
- **Retargeting drives measurable ROI across social media channels and mobile devices.**
- **The attribution tools that retargeting provides allow marketers to take the first steps in developing a 360-degree view of the customer journey.**

Today, retargeting isn't just keeping pace. It's leading the charge in programmatic advertising and paving the way for a deeper understanding of customer intent.

About AdRoll

AdRoll is the world's most widely used retargeting platform, with over 15,000 active advertisers worldwide. The AdRoll platform helps businesses in every industry use their customer data to execute high-performance campaigns across platforms and devices. AdRoll provides unmatched transparency and reach across the largest ad inventory sources, including Google, Facebook, Twitter, mobile, and the web. The company has offices in San Francisco, New York, London, Dublin, and Sydney and is backed by leading investors such as Foundation Capital, Institutional Venture Partners, Northgate Capital, GlenMede, Accel Partners, Merus Capital, and Peter Thiel.

WHERE WE GET OUR DATA

Survey of marketers like you

What do hands-on marketers think about retargeting and performance marketing? We surveyed 1,000 US marketers in a range of roles from companies of all sizes in all sorts of industries to find out. The people who took the survey were day-to-day marketers who regularly plan and run campaigns. We excluded respondents who were in non-marketing roles or who identified as being “not at all familiar” with display and paid social advertising.

This survey was conducted by Qualtrics, a private research software company that specializes in online data collection.

Stats from live AdRoll retargeting campaigns

AdRoll processes over 130TB of data every day, which means we run more data in three days than the US Stock Exchange generates in a year. That much data gives us a lot of insight on current advertising trends.

For this report, we looked at high-level data from active AdRoll retargeting campaigns run by over 11,000 US advertisers between 01/01/14 and 06/30/14. Together, these advertisers serve over 3.7 billion ad impressions a month and reach over 16 million individual customers every day.

Survey respondent breakdown:

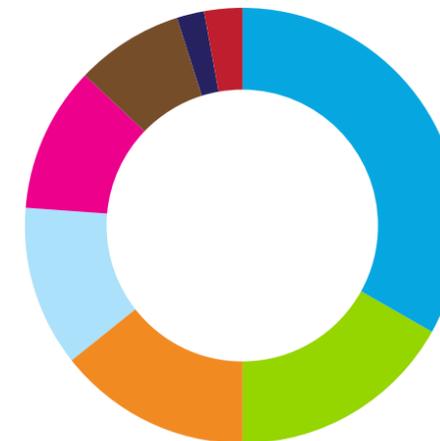
Polling a diverse group of marketers

Industries



- 27% Retail
- 17% Media
- 10% Tech
- 10% Healthcare
- 9% Finance
- 8% Education/Gov.
- 5% Travel
- 4% Agency
- 10% Other

Roles



- 33% Manager/Sr. Mgr.
- 17% Specialist
- 14% Associate/Analyst
- 12% Director/ Sr. Dir.
- 11% Owner/Founder
- 8% Consultant
- 2% VP/SVP
- 3% Other

B2B vs. B2C



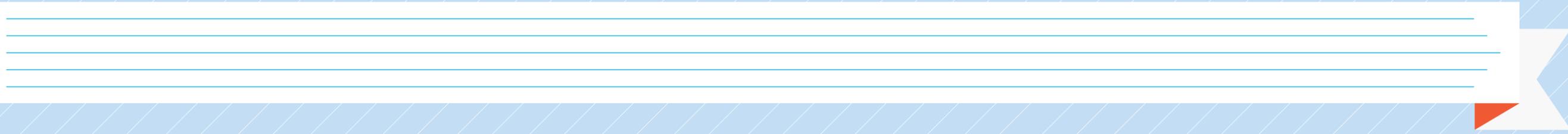
- 56% B2B
- 44% B2C

Company size



- 23% less than 50
- 17% 50 - 100
- 24% 100 - 500
- 14% 500 - 1,000
- 13% 1,000 - 5,000
- 9% 5,000

SOURCES



1. eMarketer, [US Programmatic Ad Spend Tops \\$10 Billion This Year, to Double by 2016](#)
2. Business Insider, [FORECAST: Mobile, Social, and Video Will Drive U.S. Advertising Revenue](#)
3. Millennial Media, [Cross-Screen Consumer Behavior Decoded](#)
4. comScore, [The Multi-screen Path to Purchasing](#)
5. eMarketer, [Mobile Continues to Steal Share of US Adults' Daily Time Spent with Media](#)
6. Facebook, [Facebook Reports Second Quarter 2014 Results](#)
7. Twitter, [Twitter Reports Second Quarter 2014 Results](#)
8. LinkedIn, [Selected Company Metrics and Financials](#)
9. AdRoll, [Retargeting on Facebook by the Numbers 2014](#)
10. Wall Street Journal, [Amazon Prepares Online Advertising Program](#)
11. AdWeek, [Instagram Brings Ads to U.K., Canada and Australia](#)
12. TechCrunch, [Pinterest Launches Paid Ads With Select Brands In Form Of Promoted Pins](#)
13. Position, [eBay Set to Offer New In-app Mobile Advertising](#)
14. LinkedIn, [LinkedIn to Acquire Bizo](#)