

# What About Media Planning & Buying?

## Industry Report

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Quad 



## Media Planners are buying ads in channels that didn't exist a decade ago

**Technology** changes everything. Each time a person reaches for an electronic device is an opportunity for a brand to connect with that consumer. The sheer number of media channels has turbo-charged the complexity of media planning and buying. Then greater market fragmentation creates more choices for advertisers. And expanded

opportunities for gathering and using consumer data add another layer of complexity.

This report looks at how technology transformed the media landscape, how the advertising industry is adapting and what it all means for media planners and buyers.

## What happened in the last decade?

# Media Services

**Smartphones.** They're everywhere and have changed the way people consume media messages. Between 2010 and 2019, smartphone use in the U.S. increased from 62.6 million people to 265.9 million<sup>1</sup>. In 2020, experts estimate that globally 4.78 billion people will use smartphones or feature phones (talk and text only), and there are 5.17 billion unique mobile subscribers.<sup>2</sup>

**Print.** According to the most recent figures, fewer than 20% of U.S. advertisers planned to increase their budgets for magazine and newspapers in 2019. Instead, most wanted to up their spend for video ads (67%) and for digital audio ads (61%).<sup>5</sup>

**Programmatic.** Is your media buyer a robot? In the Mad Men days, a lot of advertising was sold over lunch, with or without a martini. Now most digital display ads in the U.S. are sold via software, with no interaction by a human media buyer. By 2021, 88% of digital display ads will be sold this way, and the technology will expand to include video, social and native advertising, according to emarketer.<sup>7</sup>

**Social media.** It's a communication powerhouse. Facebook and Google are now the largest advertising companies in the world. In 2017, 90% of the growth in the digital ad business went to those two companies. Estimates are those two platforms grabbed 59% of U.S. net digital ad revenue in 2019.<sup>4</sup>

**Digital advertising.** Digital channels are driving growth in global advertising. Digital ads are expected to total \$384.9 billion worldwide in 2020. In the U.S., digital ad spending is projected to rise to \$135 billion, and to account for more than half—53%—of total ad spending.<sup>6</sup>

**Connected TV.** About a third of U.S. households now own a smart TV that receive streaming content directly from the internet (aka, over-the-top TV). About half of households use adapters such as Roku and Apple TV that let regular TVs do the same. And the number of streaming services is exploding. Netflix, Amazon and Hulu are being joined by so many new services, it's hard to keep up—presenting yet another advertising and data-gathering frontier for media buyers/planners.

The volume of software programs and apps available to media planners is head-spinning. A survey of experts in 2019 put the number at just over 7,000.<sup>9</sup>

Despite the increased complexity, these advances create new opportunities for media planners and buyers.

Digital channels make it possible for advertisers to monitor media engagement, shopping behavior, online interests and the physical movements of consumers.

Various software programs help media buyers evaluate inventory from multiple advertising companies, look at pricing, handle billing and workflow, create and execute media plans, research audiences, target audiences for in-app ads in specific geographic areas, measure brand popularity and make ad purchases.

Powerful data tools provide faster, and more detailed, analysis of audience behavior. This makes it possible for advertisers to make changes during campaigns, adjusting spend and targets, rather than waiting for after-the-fact reports.



The marketing technology landscape



New technologies created a multifaceted channel—digital media—different both in how and what it delivers (think extreme personalized content.) Banner ads, display ads and pop-ups became almost instantly popular with advertisers because they were relatively inexpensive, effective and measurable (compared to traditional print and broadcast media.)

But in the late 2010s data started to show that this form of media, just like all the ones before, has its limitations.



**A 2017 survey by Adobe Digital Insights of 1,000 consumers and 300 digital marketers found that:**

- Internet adoption has flattened in the U.S.
- Total visits to U.S. websites declined 0.4% from 2015 to 2017
- The cost of digital advertising rose 12% on average across channels, and continues to rise five times faster than inflation
- Advertisers have increased spend on search by 42% but only experienced an 11% increase in site visits
- 58% of brands said they believe they are doing better at serving valuable ads; only 38% of consumers agreed

Rise Interactive, a leading digital agency agrees that costs have gone up because the landscape is more competitive. But, that data quality has improved so much over the past several years, marketers can be much more targeted with their budget. So, return on advertising spend (ROAS) has stayed relatively consistent.



New platforms and rising adoption rates attract advertisers

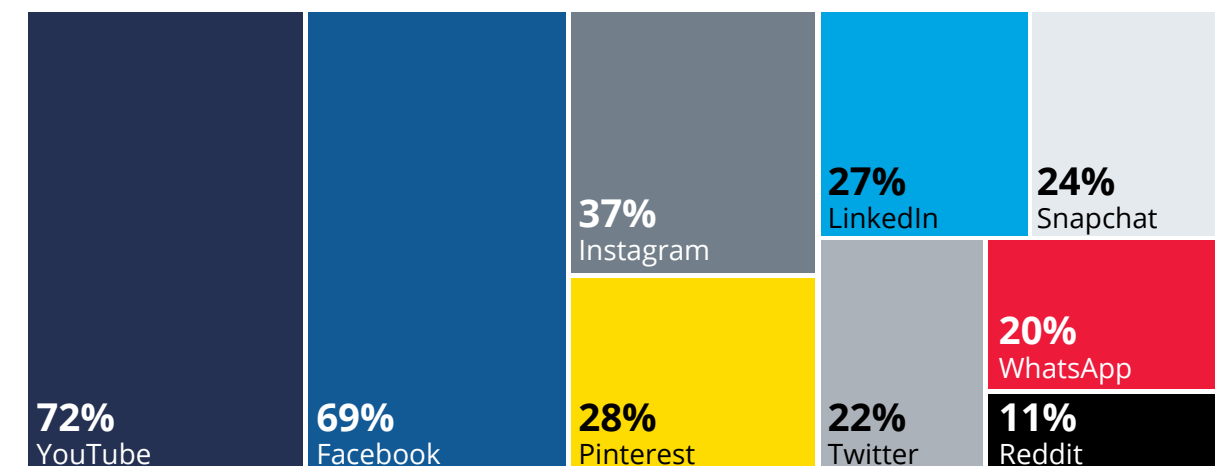
% U.S. adults who use at least one social media site



Adults 18 years and older. Source: Pew Research Center, 2019

But once there, they find an audience fragmented by age, gender, education, income and ethnicity. And while social media use grew from 5% in 2005 to 72% in 2019, the Pew Research Center noted that growth seemed to be slowing.

Facebook and YouTube are holding onto their position as the most popular platforms with U.S. adults



Source: Pew Research Center, 2019

45% of teens say they are online "almost constantly"

What happens next with social media is unknown. Use of Facebook and almost all the other major channels flattened or even dipped slightly between 2018 and 2019, according to Pew Research. Instagram was the exception. Its user group grew more between 2016 and 2019 than any other platform.

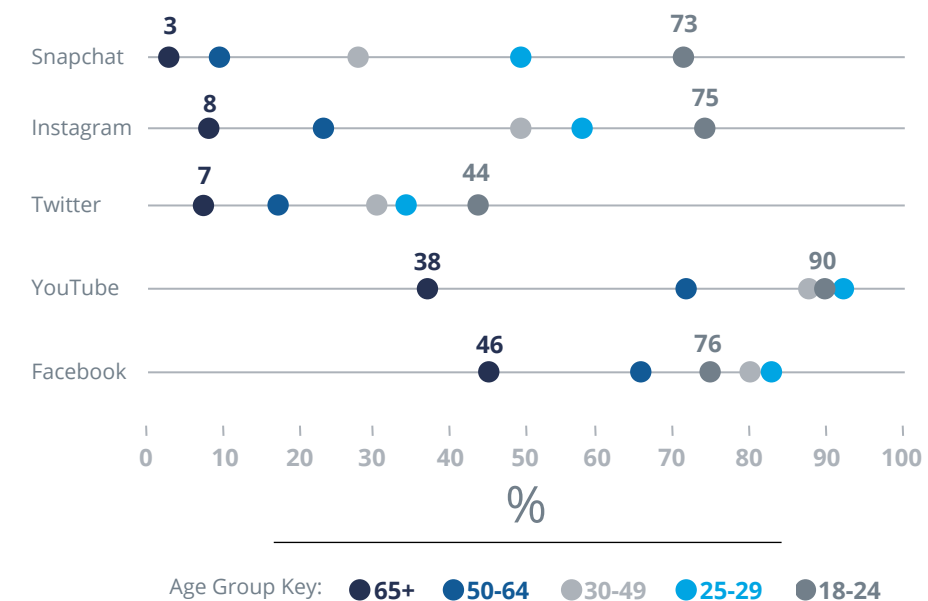
The social media universe looks more like America as a whole than it used to. But preference for one social media platform over another varies widely according to a range of demographic factors, especially age. Instagram and Snapchat skew young. Facebook remains popular across age groups, until it comes to teens.

Teens 13 to 17 years old seem to be losing the Facebook habit. Seventy-one percent of teens in 2014-15 told Pew Research they used Facebook. By 2018 that had dropped to 51%. Brands and media planners will have to wait and see whether they pick the habit back up since this is the future premier audience.

Teens have replaced Facebook with YouTube, Instagram and Snapchat. And 45% say they're online "almost constantly."

## Snapchat and Instagram are especially popular among 18 to 24-year olds

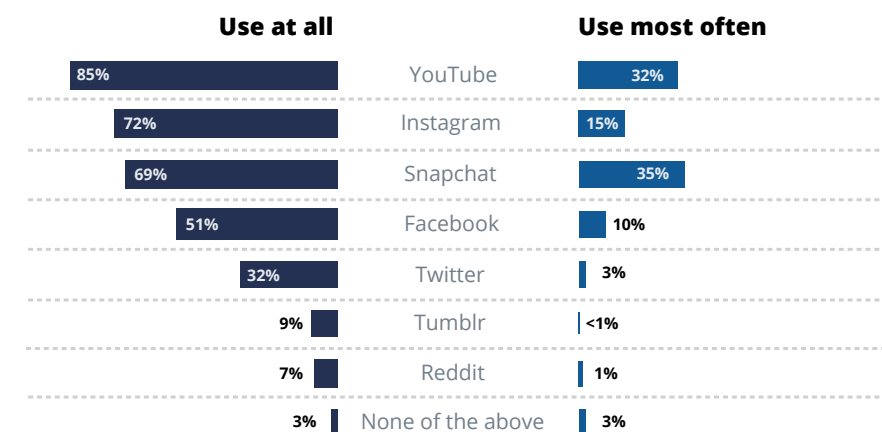
% of U.S. adults in each age group who say they ever use...



Note: Respondents who did not give an answer are not shown. Source: Survey conducted Jan. 8 - Feb. 7, 2019. PEW RESEARCH CENTER

## YouTube, Instagram and Snapchat are the most popular online platforms among teens

The channels % of U.S. teens say they...



Note: Figures in first column add to more than 100% because multiple responses were allowed. Question about most used site was asked only of respondents who use multiple sites; results have been recalculated to include those who use only one site. Respondents who did not give an answer are not shown. Source: Survey conducted March 7 - April 10, 2018 "Teens, Social Media & Technology 2018" PEW RESEARCH CENTER



Traditionally media buying agencies were paid a percentage of their clients' ad buy spend. That used to be a standard 15%. But in the past couple decades, that percentage has been negotiated down, or up, especially by big advertisers.

Digital campaigns operate on a different standard. The new technologies that make digital media possible also allow better tracking and measurement of results. The digital media universe includes payments based on one or more specific measures of performance. The most common are:

- CPM** | **Cost per mille (thousand)** - when the advertiser's ad is shown 1,000 times
- CPC** | **Cost per click** - every user click of an ad
- CPA** | **Cost per acquisition** - based on each specific action linked to an ad, like registering for something
- CPE** | **Cost per engagement** - really a combination of CPC and CPA, based on a user interaction with the ad, such as expanding a 3D ad
- CPCV** | **Cost per completed view** - typically only for video ads and based on the user watching the entire video



Who's advertising the most?

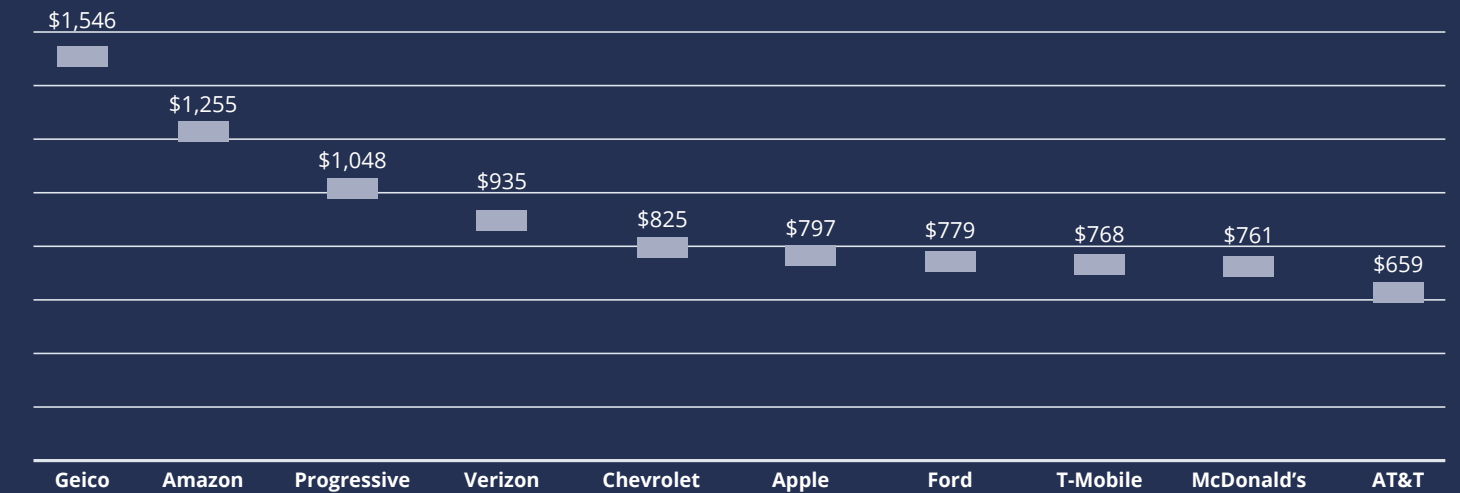
# Media Services



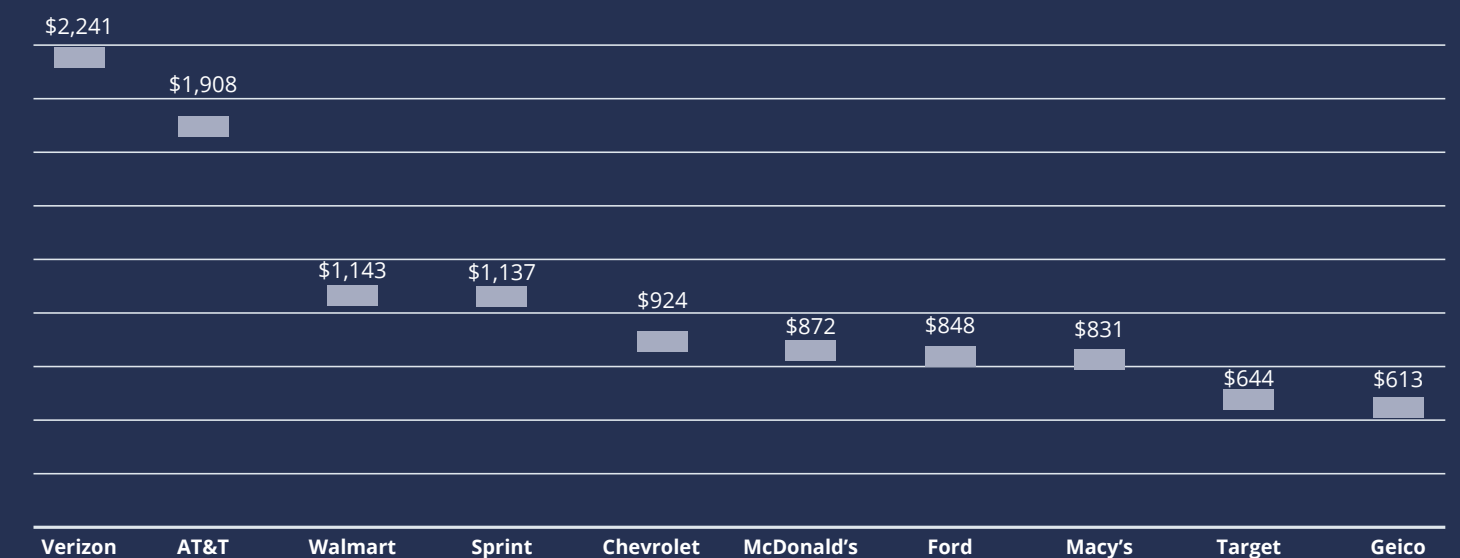
The World Advertising and Research Center (WARC) estimated that global spending on advertising across all media in 2019 was \$618.7 billion. It predicted global advertising spending would grow to \$656 billion in 2020.<sup>13</sup>

## 10 most advertised brands 2019 vs 2009

### 2019



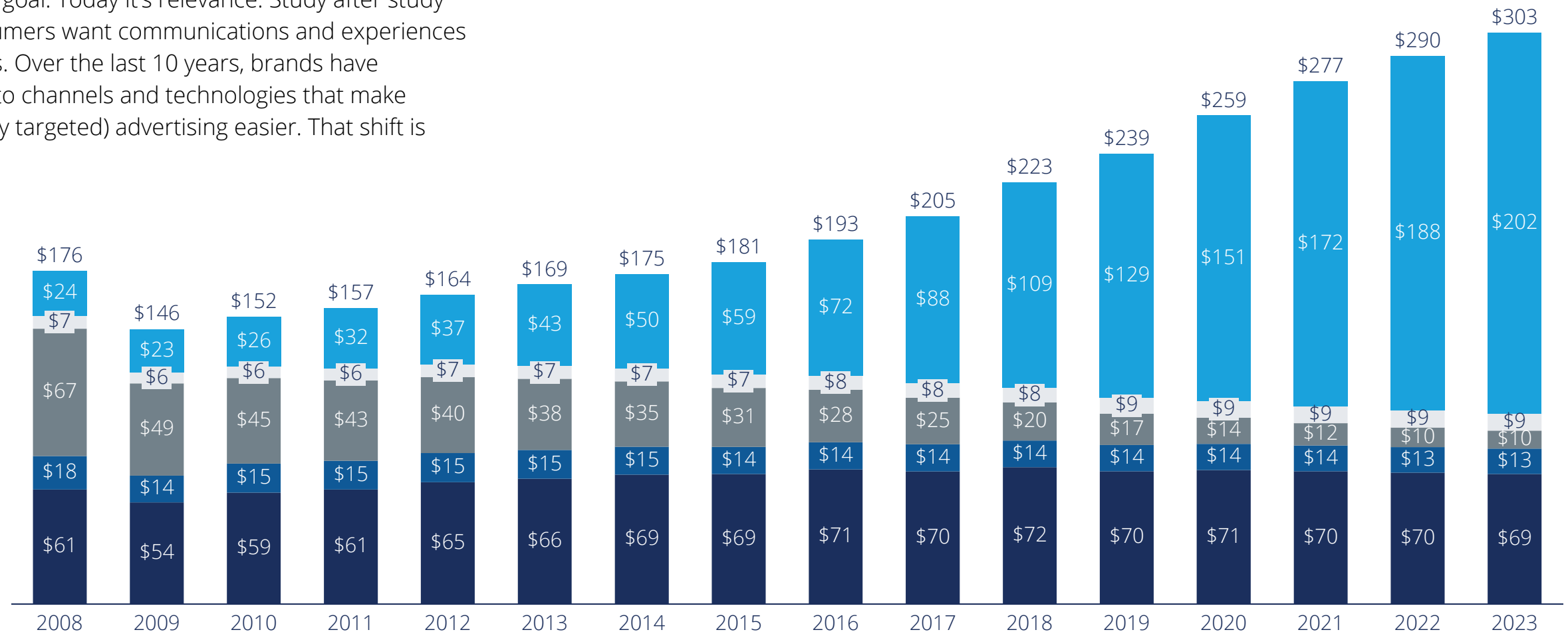
### 2009





Historically, reach—the number of people exposed to an ad at least once during a campaign—was the most important goal. Today it's relevance. Study after study shows that growing numbers of consumers want communications and experiences that reflect their interests/preferences. Over the last 10 years, brands have responded by shifting their spending to channels and technologies that make personalized, hyper-local (that is tightly targeted) advertising easier. That shift is projected to continue.

Advertising spend in billions



Source: eMarketer

Digital Out-of-home Print Radio TV

## Who's doing what for brands & retailers?

# Media Services

Brands are moving away from assigning media planning and buying to their agencies of record. Instead, many are bringing the process in-house. Or they're using multiple agencies for different projects.

The digital media era has spawned the need for sub-specialties such as email marketing, social media marketing, content marketing, inbound marketing, digital advertising and e-commerce. It's hard to find people with expertise in all of these areas, so agencies often farm out work to sub-contractors.<sup>16</sup>

A 2018 survey by the CMO Club found only 46% of global brands were using the traditional agency-of-record model. The trend was to replace AORs with several small-to-mid-size agencies that have specialized knowledge.

Between 2008 and 2018, the percentage of ANA members with an in-house agency increased to 78% from 42%, with nearly half of those established within the five years preceding the study. The in-house agency services that grew in those years include content marketing, creative strategy, data/marketing analytics, media strategy, programmatic media and social media.

A chief attraction of in-house agencies is that they can speed up the buying and planning process. They cut the time it takes to set up meetings and confer with agencies. Keeping the work in-house also gives brands direct access to the data they gather. In-house staff may have better knowledge of the brand and institutional memory.

Gartner Research ranked the effectiveness of global digital marketing agencies in 2018. They looked at a range of factors including marketplace understanding, delivery of next gen marketing technology, and client growth. Then they plotted their analysis in a quadrant: Leaders, Niche Players, Visionaries and Challengers.

Each group placed in the quadrant according to the agencies' ability to execute, compared to their completeness of vision (how well did agencies understand and take advantage of digital's opportunities/possibilities.)



More choices = more challenges

# Media Services

Nothing stands still in the media planning/buying industry. Advances in technology have produced an avalanche of information about consumers and the effectiveness of new advertising channels. So, brands need resources with specialized knowledge who understand these capabilities and how to use them. And brands need someone to coordinate media buys with all other marketing activities and channels.



With so much information about consumers available, the quality of the data is still an issue. Brands need to be able to evaluate it to run effective advertising campaigns. But Nielsen found that brands ranked data quality a distant fourth, behind audience targeting, ad creative and audience reach, as a priority.<sup>14</sup>

Programmatic ad buys, without human supervision, can sometimes result in a brand placement next to low-quality or offensive content.<sup>15</sup>

## More content-led campaigns

Brands want to set themselves apart as trusted experts. They need to give people a reason to keep coming back, and then convert those visitors to customers.<sup>19</sup> This takes a lot of great content, and companies must prioritize that.

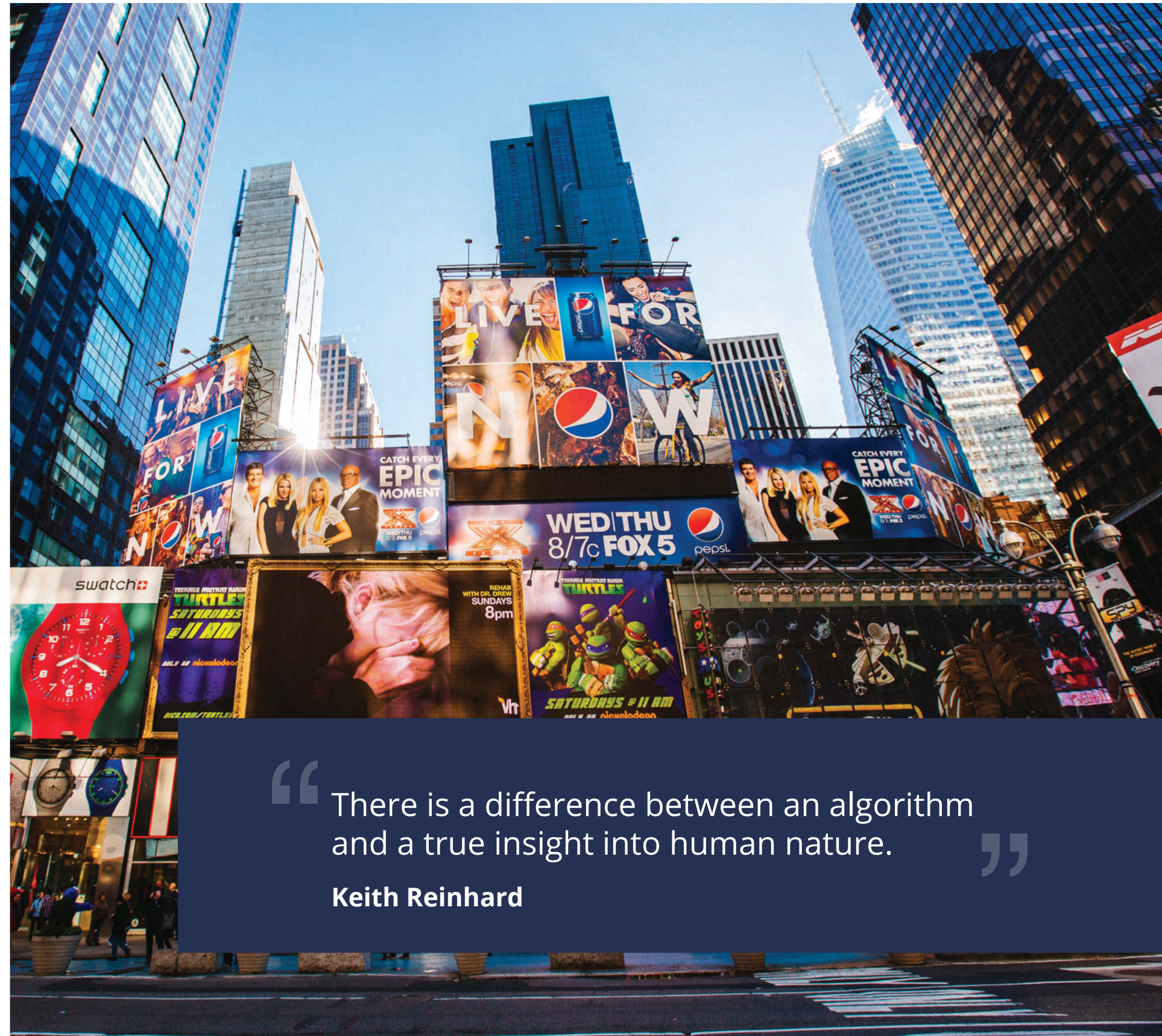
## More in-house media buying and planning

By 2022, 62% of marketers plan to bring programmatic media in-house according to Adobe research. People who responded to their survey cited cost savings, building in-house knowledge, data security and usage as reasons.<sup>20</sup> But this can be difficult because it requires additional overhead and specialized talent.

## More love for the basics

Keith Reinhard, chairman emeritus of the venerable DDB advertising agency, believes that the digital disruption of the past decade caused the advertising industry to become obsessed with the new technology tools.

“We forgot some of the basics. We did things just because we could,” Reinhard said in an Adage.com podcast. There is a difference between an algorithm and a true insight into human nature, Reinhard said. The biggest change he has ever seen in the ad industry is the separation of the idea from the media, Reinhard said. Reinhard believes that the industry is in a “New Revolution,” where advertisers are ready to combine the basics of the past—making an emotional connection with consumers—with the advanced capabilities of the new technology.



“ There is a difference between an algorithm and a true insight into human nature. ”

Keith Reinhard

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## WHO IS QUAD

Quad is a worldwide marketing solutions partner dedicated to creating a better way for its clients. Our data-driven, integrated marketing platform helps clients reduce complexity, increase efficiencies and enhance marketing spend effectiveness. With a client-centric approach, leading-edge technology and single-source simplicity, Quad has the resources and knowledge to help a wide variety of clients in multiple vertical industries, including retail, publishing and healthcare.

### Citations

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- <sup>2</sup> GSMA, January/2020
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- <sup>4</sup> emarketer.com, February 2019
- <sup>5</sup> emarketer.com, survey from Borrell Associates
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