

RETAIL

55pc of all search now begins on Amazon

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Mobile search and digital advertising have both outpaced all estimations last year. Image credit: Amazon

By DANNY PARISI

NEW YORK While the overall shift away from offline marketing to digital has long been anticipated, new data reveals that marketers may have underestimated how rapidly the evolution would occur.

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Speaking at DMCNY's annual luncheon, What to Expect in Direct & Digital Marketing in 2018, on Jan. 10, an executive from the WinterberryGroup spoke about the ways that digital marketing vastly overshadowed all other forms in 2017. One of the main drivers of this shift was mobile.

"Mobile is 70 percent of digital ad spend," said Bruce Biegel, senior managing director of WinterberryGroup, New York. "It's \$60 billion out of \$89 billion.

"That's huge," he said. "For years, we always talked about mobile first, and now it's here."

Digital reality

It is no secret that digital advertising is the biggest avenue for connecting with customers today, but data from WinterberryGroup shows that in many ways, forecasts actually underestimated just how quickly all forms of non-digital advertisements would fall to the wayside.

In every major category tracked by WinterberryGroup, such as newspaper advertising, direct mail and out-of-home, projected spending was routinely \$2 or \$3 billion more for 2017 than actual spend.

Overall, spend on digital advertising in 2017 was \$301 billion opposed to the estimated \$307 billion.

	2017 Estimated Spend (\$BB)	2017 Actual Spend (\$BB)
Traditional Media/Advertising	\$126.2	\$118.3
<i>Newspapers</i>	\$14.5	\$12.2
Offline Media/Marketing*	\$96.3	\$94.0
<i>Direct Mail</i>	\$45.2	\$42.8
Digital Advertising/Marketing	\$83.5	\$89.2
<i>Display</i>	\$38.3	\$41.3
Total	\$307.5	\$301.4

Overall non-digital ad spend was down. Image credit: WinterberryGroup

One of the reasons for that is omnichannel commerce. Omnichannel has totally restructured the relationship between advertising and commerce as customers are increasingly connecting digital advertising to in-store shopping.

Ecommerce is also playing a massive role, in no surprise due to the presence of Amazon.

"Ecommerce is only about 9 percent of retail, but Amazon is 43 percent of that 9 percent," Mr. Biegel said.

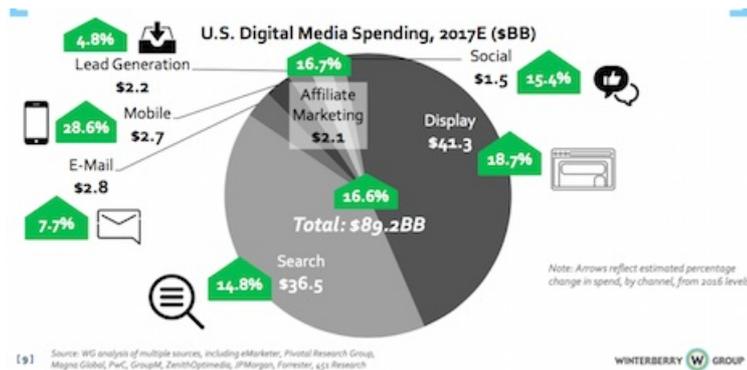
Search supremacy

The new digital landscape has paved the way for online retailers such as The RealReal to make their mark in the luxury world.

The RealReal is transforming its commerce platform for a more comprehensible view of its audience.

Data is so abundant in today's business that many retailers have trouble wading through it all to get an accurate view of their customers, but a new platform will allow The RealReal to harness insights more effectively. Already a pioneer in anticipating the needs of the modern customer, The RealReal is launching a new solution that will not only give a 360-view of each individual customer, but also allow for seamless inventory management more fitting for today's retail environment (see story).

But easily one of the most important, yet little discussed aspect of the new advertising world, is the importance of search.



Digital media spend is booming. Image credit: WinterberryGroup

Over the next five years, mobile will contribute 69 percent of the projected \$19 billion in revenue that comes from paid search advertising.

While the overall share of advertising revenue from search will decrease, it will remain the biggest driver of digital advertising, according Forrester's "Search Marketing Forecast, 2017 to 2022" report. This presents an opportunity for luxury brands to capitalize on mobile advertising and the unique capabilities afforded by the channel (see story).

Once again, this is a point where Amazon already holds a strong grasp on the market, but there is still a room for luxury brands and marketers to capitalize on the rise in digital search.

"Amazon expects 128 million Alexa and Echo devices to be in use by 2020," Mr. Biegel said. "Fifty-five percent of all searches start on Amazon now."

"That's a big change and is forcing retailers to move to Amazon," he said.

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