

COLUMNS

Social and search holiday advertising: Boom or bust?

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This year will wrap up as one of contrasts for the largest technology companies.

On one hand, media consumption rose 2.1 percent in 2018, which has led to advertisers to increase their marketing spend in these channels.

On the other hand, the media continues to report a seemingly never-ending stream of one privacy or security breach after the next, with calls for more regulation, transparency, responsible product usage and consumer control over data.

The question for marketers then becomes: How will these competing forces impact the digital advertising ecosystem?

Let's face it

We conducted a survey in August to gauge how advertisers planned to spend the ad budget during this holiday season.

The survey reached 260 owners of small-to-medium business owners, and their answers give us some insight into how things might play out for the remainder of the year.

One of the most telling statistics to emerge was that 42 percent of respondents stated that Facebook would take the majority of their ad spend this season, while Google claimed 28 percent of the vote.

Instagram received 18 percent of responses, which puts Facebook's overall share at 60 percent.

What we are witnessing here is that the once-dominant Google is quickly losing ground to Facebook when it comes to capturing mid-market budget.

As Amazon becomes the destination for product search and ramps up its suite of advertising products, we may also see the advertising duopoly of Facebook and Google become a triopoly with the addition of Amazon.

Post and beam

We believe the reason that Facebook products capture more spend is due to two primary reasons.

First, Instagram and Facebook remain two of the most dominant platforms for capturing any time spent while online. As a result, advertisers follow the audience.

Second, they have made advertising on their platforms simple, allowing a wide range of sophistication and targeting.

With a few clicks, a business owner or entrepreneur can boost a post for a few extra dollars. Within minutes, they can create highly segmented audiences to reach their target market.

The more sophisticated users can drill in further and create custom segments from their own data sets, such as customer email address and mobile ad IDs, to hone in to tighter segments.

Indeed, our survey results bear this trend out.

Eighty-four percent of advertisers view location-based marketing, or reaching their audience based upon real-time or historical location, with some degree of importance, with 28 percent saying they use it on every campaign.

This levels the marketing playing field as smaller marketing teams utilize the same advanced marketing strategies once reserved for the largest brands and agencies.

If one takes our survey results at face value, we expect Facebook and Google to post excellent financial results for the fourth quarter.

Numbers game

However, there remain two wild cards that could impact their numbers. The first being the ongoing privacy and security breaches.

If the gains in ad spending are offset by losses in consumer usage and adoption, we would expect to see results that miss expectations.

The second unknown is what impact new tariffs will have on consumer behavior.

With a 25 percent price hike on most goods coming out of China, there may be no level of ad spend that can make up reduced demand due to higher prices.

PEOPLE LOVE SPENDING time online, regardless of the platform.

Data firm eMarketer **forecasts** that mobile ad spending will overtake the combined ad spend on television, print and radio by 2020. And where the audience goes, so goes the marketing budget.

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