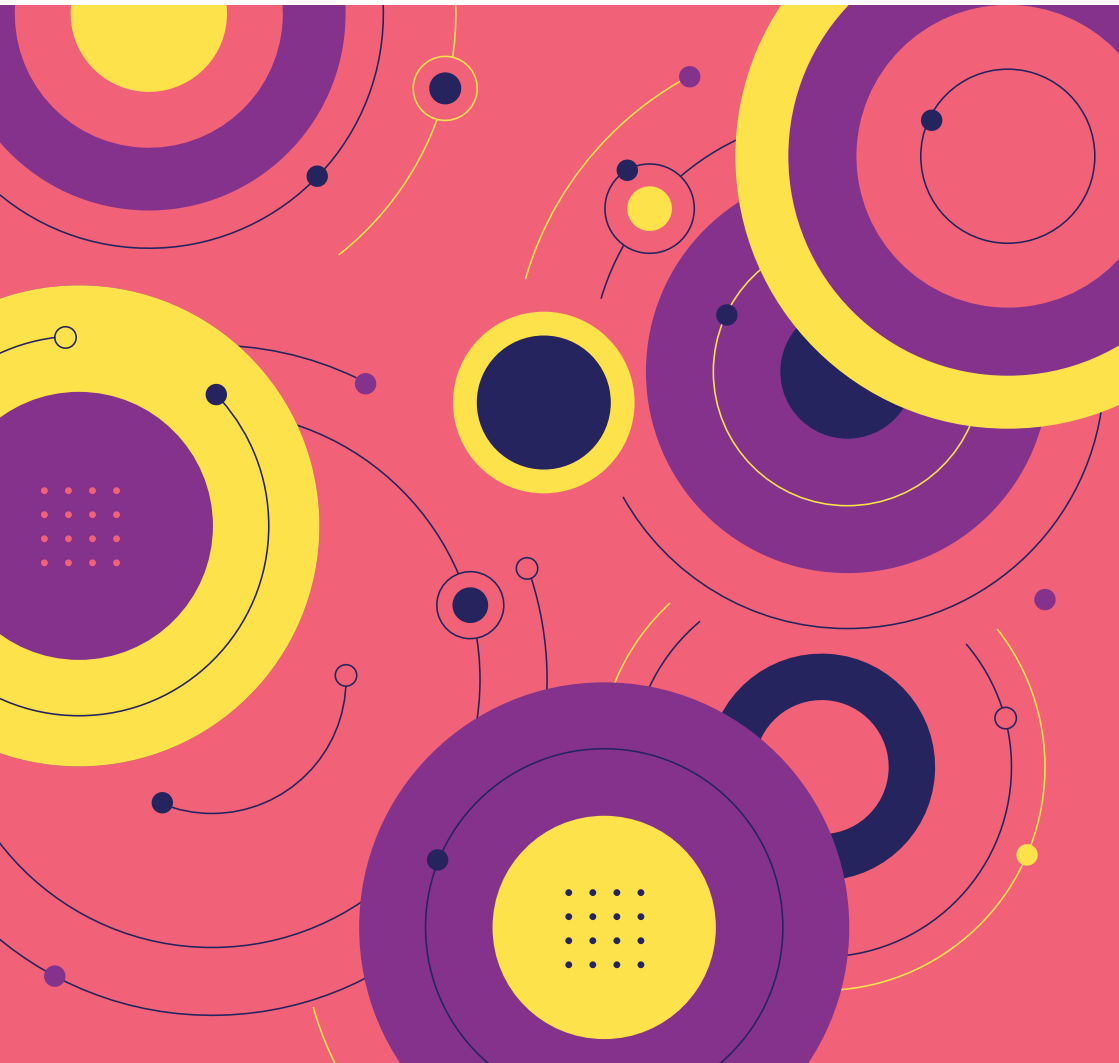
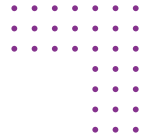


The Evolution of Social Advertising in 2020

Global Report - September 2020





Intro- duction

Over the past several months, brands reevaluated their current workflows, budgets, and strategies to adapt to changes brought on by the pandemic. While some brands were more successful than others in accelerating their transition to digital channels, marketers will now need to be prepared for every possible scenario as they face potential reopenings and shutdowns that vary based on geography.

To help brands prepare and keep up with changes in consumer preferences, Smartly.io surveyed over 2,000 consumers globally for the second time this year to better understand how social advertising impacts the way they view brands during the global pandemic. The first report published in May 2020 can be found [here](#). In this report, we will dive into the most recent findings from August 2020, uncovering trends over time; what has changed in six months and what has remained the same as businesses and consumers continue to navigate COVID-19? We hope that our findings help brands gain a deeper understanding of the global social advertising landscape, empowering them to more thoughtfully connect with consumers.



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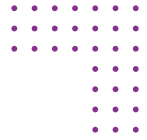
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Executive Summary

It's clear that COVID-19 had an immediate impact on consumer behavior — but it's important to recognize that change is still happening. Understanding and anticipating these changes will be key to succeeding in social advertising through the rest of the year and beyond.

In regions that were hit early on, like parts of Europe and Asia, consumer behavior has begun to settle although new habits started during pandemic life remain. In areas still hard hit, like the U.S., Mexico, and Brazil, we are seeing similar levels of consumer engagement with social media ads as in early May. The good news for advertisers is that globally, consumers are still looking to buy products and services directly from social media channels. Between July and August, 51% of global consumers purchased something from a social ad — up from 48% in May.

One takeaway that holds true is that consumers have different wants and expectations, meaning personalization is vital — especially as regions reach different stages of the pandemic and lockdown.

Winning advertisers will continue monitoring consumer behavior closely and adapt their advertising channels and messages accordingly. This new normal for social advertising provides opportunities for brands that are fast to adapt, but also opens doors to new advertisers that are only now beginning to reach consumers via social media.



1

The Social Advertising Landscape In Turmoil

Earlier in the pandemic, some advertisers brought their campaigns to a grinding halt while the world figured out what came next. Many advertisers who at the time felt the best option was to pause completely, have returned to the fold.

From consumer behavior to ad spend and ad cost, several variables in the social ad landscape have begun to level out. That said, there is still a great degree of uncertainty and fluctuation and advertisers should be prepared for different regional priorities, unknown economic scenarios, and varied consumer reactions.



1

The Social Advertising Landscape In Turmoil

Cost of Advertising Continues to Fluctuate

When advertisers first pulled back on spend and decreased competition on auction-based ad platforms, the metrics traditionally used to measure advertising efficiency were suddenly responding as erratically as the stock market.

Cost per Mille (CPM), the most common way to measure advertising prices, fell in concert with the decreased ad spend and increased ad usage. Since then, the industry has been plagued by extreme volatility. In fact, fluctuation of U.S. retail CPM rates over the past 6 months indicates major potential for U.S. retailers to adopt social advertising into their marketing mix and experience immediate benefits. Many advertisers saw major improvement in ad performance during spring

and early summer as a result of temporary decrease in competition and consumers spending more time on social. Now competition is back and many brands are even shifting budgets from more traditional offline media to social. So more than ever before, advertisers need to find ways to be relevant in their ad creatives to keep performance levels consistent.

Looking back, the brands that maintained social advertising during the pandemic saw periods of cost savings early on. This effort proved to be valuable, as 48% of global consumers say the pandemic has made them more open to engaging with ads from brands on social media. Further, 32% of global consumers are using social media to uncover new products or services to consider purchasing.

Different Countries Face Different Scenarios

Consumers continue to engage with social media differently in different parts of the world. As the pandemic first swept through Asian countries, it had little effect on social advertising. Once it was clear that Europe and the U.S. would soon be affected too, CPM dropped as advertisers started to freeze budgets.

The travel industry is the one exception to the rule. As an early indicator, CPM for travel brands began trending down in Asia at the end of January. Europe followed in early February and then the U.S. a month later.

Consumers Are Less Engaged, But Still Turning to Social

Using social media and spending more time online in general caused consumers to be more open to engaging with social ads at the outset of the COVID-19, as compared to before the pandemic.

However, as the pandemic continued on and businesses began to re-open, consumers have found themselves less receptive to engaging with social media ads compared to early on in the pandemic. In May, during the height of their lockdown, 63% of Italian consumers said they were open to engaging with social ads during the pandemic. In August? Only 33% say

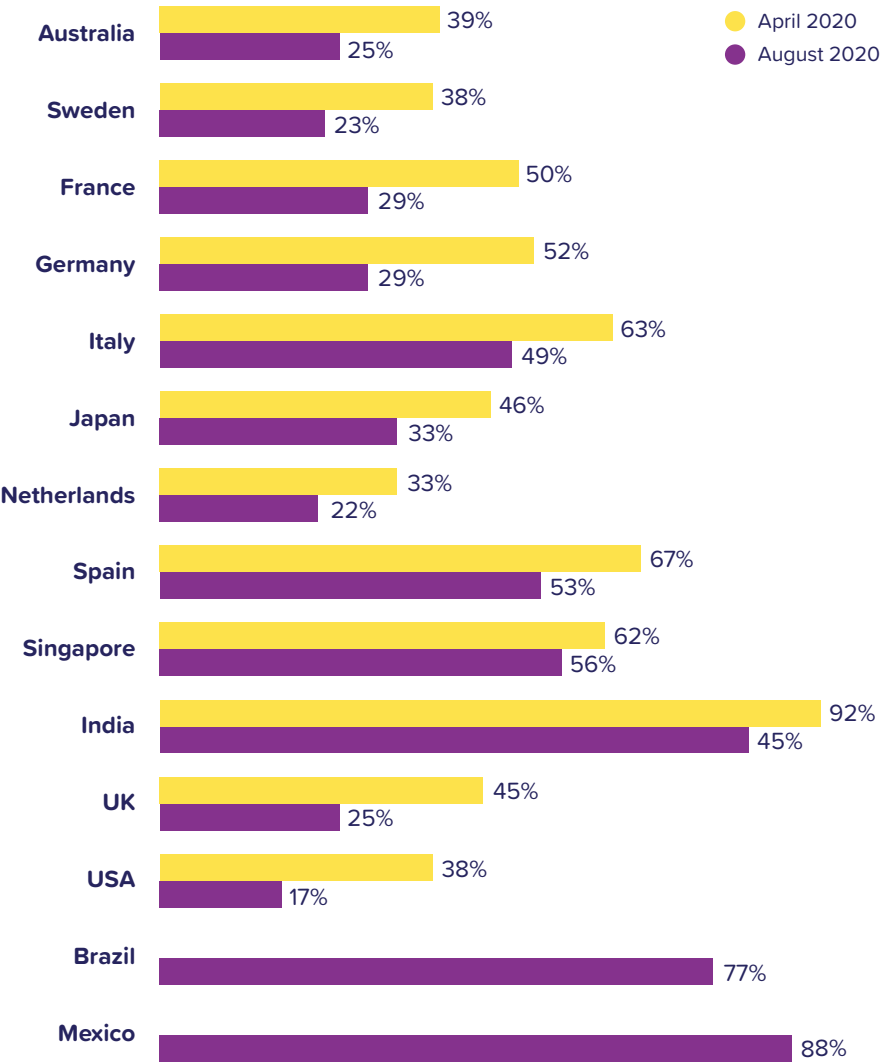
the same. The same trend holds true in other hard hit countries — in the U.S. interest dropped from 38% to 17%, and in Spain only 17% are more open to engaging compared to 67% in May.

However, in Sweden, where the country stayed relatively open, we saw a less significant drop between May (38%) and August (23%) of consumers reporting that they are more likely to engage with social media ads now than before the pandemic.

For brands, this means that ads will need to be even more personalized and relevant to break through and capture consumer attention. Although consumers might be less overtly engaged, social media still defines the majority of their daily touchpoints so there is still an opportunity to reach this large, captive audience.



The pandemic has made me more open to engaging with ads on social media

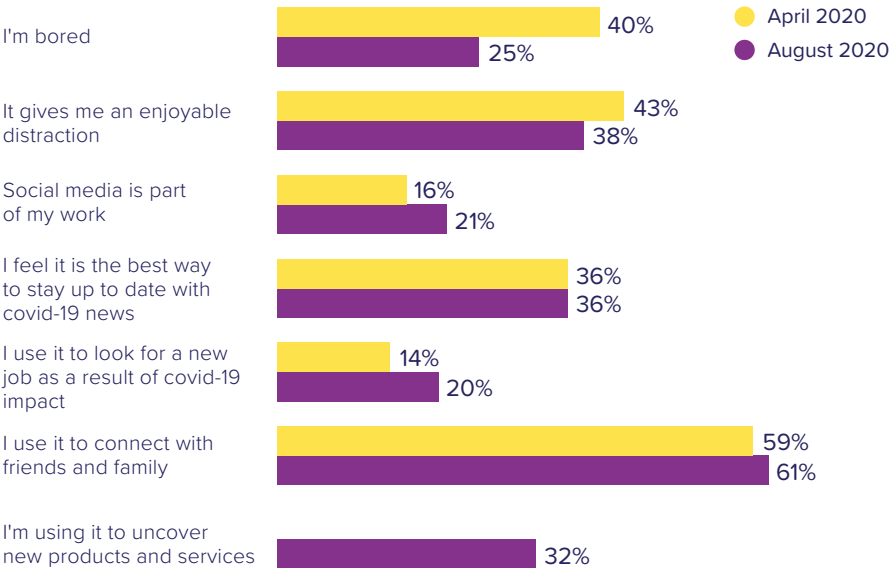


61%

of consumers globally say that spending time with family and friends is the no. 1 reason for using social media now (up slightly from 59% in May)



Why have you used social media during the pandemic?



Ad Performance Has Improved For Digital Services

From an advertiser's point of view, the crisis has been difficult to navigate. Market and industry-specific nuances and changes in consumer behavior affect social advertising performance.

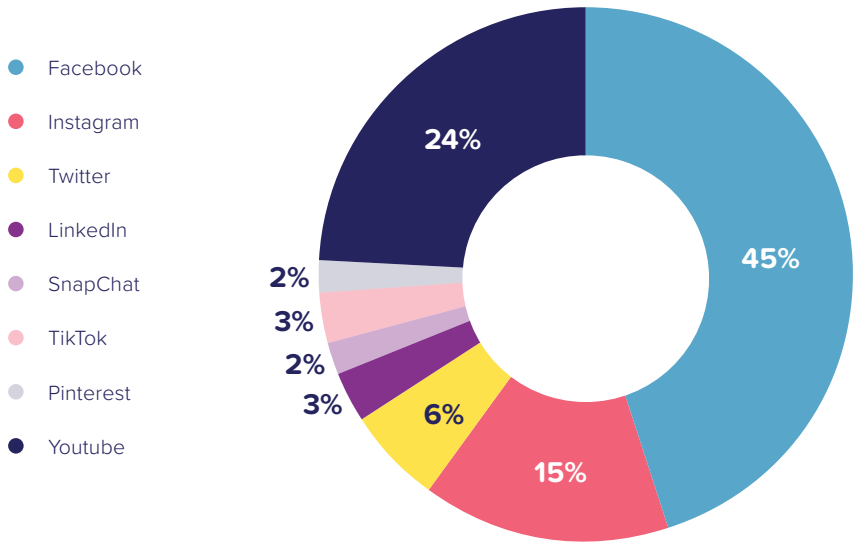
Surprisingly, the most significant changes in performance have been positive. Many digital disruptor brands — like apps, online entertainment services, and e-commerce providers that were able to pivot to an offering relevant in a new world — saw their ad efficiency skyrocket in March, continuing through April. Cost Per

Action (CPA) for site visits, store conversions, or app installs were also suddenly more affordable than ever.

The situation normalized quickly as brands came back from their covid-pause and realized consumers are in need of digital services more than ever. This has led to an even more competitive environment than pre-covid, where most digital service providers are already paying more for views and clicks in social than before due to increased competition.



Social Media Platform of Choice



Facebook Remains Consumers' First Choice Globally

Facebook [reported a surge](#) in the use of its messaging tools, especially in countries during lockdown. Additionally, Pinterest shared that [engagement on its platform was record-high](#). Following suit, emerging platforms like [Snap](#) and [TikTok](#) also saw growth during this time.

When we asked consumers what their number one go-to platform on social media during the pandemic was Facebook dominated the field in all countries. In fact, 45% of global consumers select Facebook as their top platform during the pandemic — YouTube (24%) and Instagram (15%) followed.

Ad Types That Consumers Want to See Vary All Around The World

While consumers in many markets don't have a strong preference between video and static images in their social ads, this is not the case in Germany, where 31% of consumers prefer video ads and only 19% would choose photo carousels. Examining consumer responses globally, video (34%) takes the edge over carousels (22%).

Interestingly, in Brazil, the appetite for Story ads is exceptionally high, with 25% of local respondents selecting that as the format they are most open to receiving on social media — other countries hovered around the low teens. Across the board, messaging apps or chatbots were the least popular among consumers.

It is, however, important to remember that the format consumers say they prefer does not necessarily drive the best performance. For optimal results, balance consumer preferences with platform usage habits to inform ad creatives.

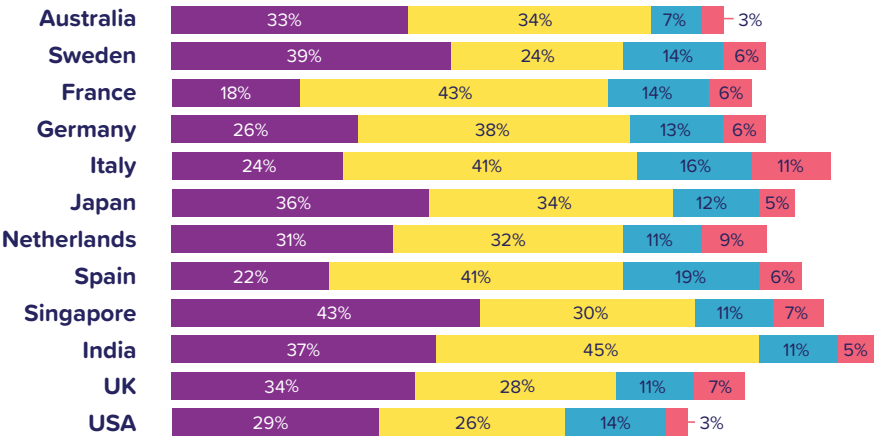


51%

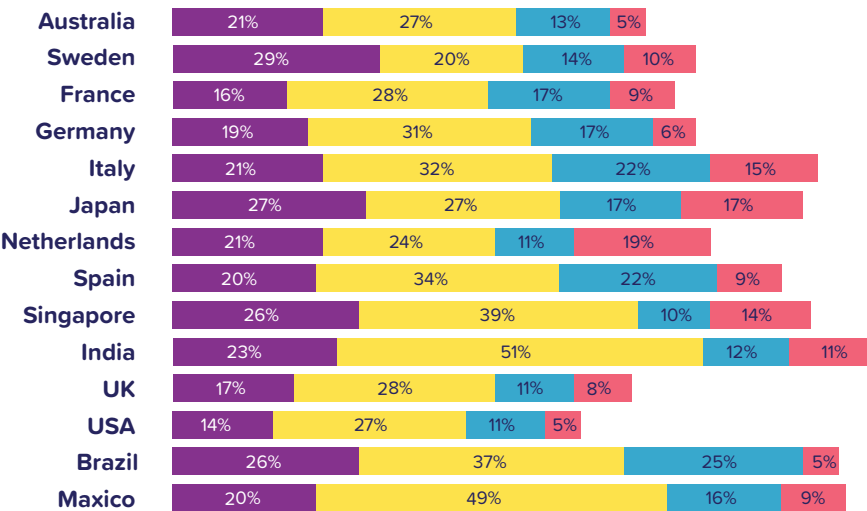
of Indian consumers
prefer to see video ads
instead of still images

What type of ad are you most open to receiving right now?

April 2020



August 2020



● Photo Carousel ● Video ● Stories Ad ● Messaging Ad



1 The Social Advertising Landscape In Turmoil

Preparing for Any Situation

We always recommend that advertisers tailor their ads to specific regions and locales, but with a potential second wave of the pandemic coming, this level of localization is a necessity. Areas reopening now could be forced to close back down in the coming weeks or months. Given this uncertainty, plan for 1-2 alternative messages and visuals for your marketing campaigns to avoid a situation where you have one version that may no longer cut it.

Advertisers should have a plan A, B, and C to be ready for whatever happens today, tomorrow, or the next. By focusing on testing and having a contingency plan, especially for brands with local or audience specific creatives, you'll be more likely to have the

right creative and messaging for every possible scenario. You also won't get caught off guard and be left scrambling to develop something new.





2

Consumers Call For Tailored Messaging

The pandemic has proved that saying nothing at all is not the answer when faced with adversity. Brands that continued advertising with thoughtful and tailored messaging reaped the benefits at a time of high consumer engagement. In many industries, like grocery and retail, the brands that stopped advertising completely lost out on a large window of opportunity to acquire new customers.

Since then, brands have picked up their advertising campaigns again, but the call from consumers to have personalized and relevant ads has only increased.





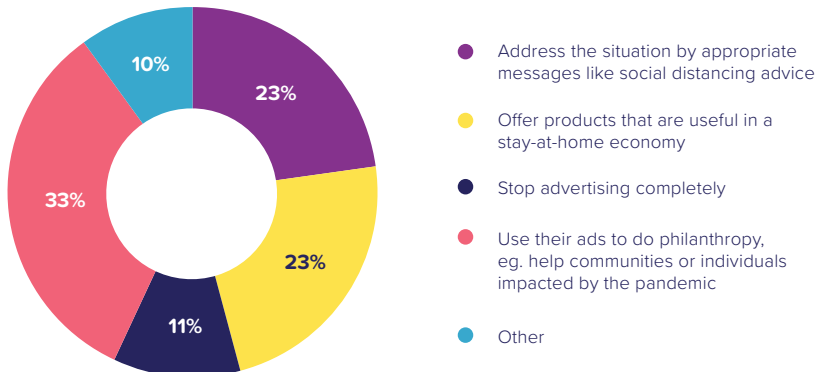
2

Consumers Call For Tailored Messaging

Brands Must Meet Competing Consumer Priorities

Overall, consumers' preferences for brands to stop advertising has decreased since May. When looking at other options, consumer opinion is split. Almost a quarter (23%) are looking for safety advice like wearing masks in stores, and one third (33%) are looking at brands to use their social ads for good. This may include promoting positive messages or donating to causes unrelated to their own brands to help communities or individuals impacted by the pandemic.

How would you like to see brands react to the pandemic in their social ads?



Considering that 23% are also looking for brands to offer products that are useful in stay-at-home or social distance environments, consumers are divided in terms of what they expect brands to prioritize during this time. This

means there is not a single catch-all option for advertisers. To be successful, they need to prioritize creative and testing for different regions and demographics to ensure that consumer desires are being met.



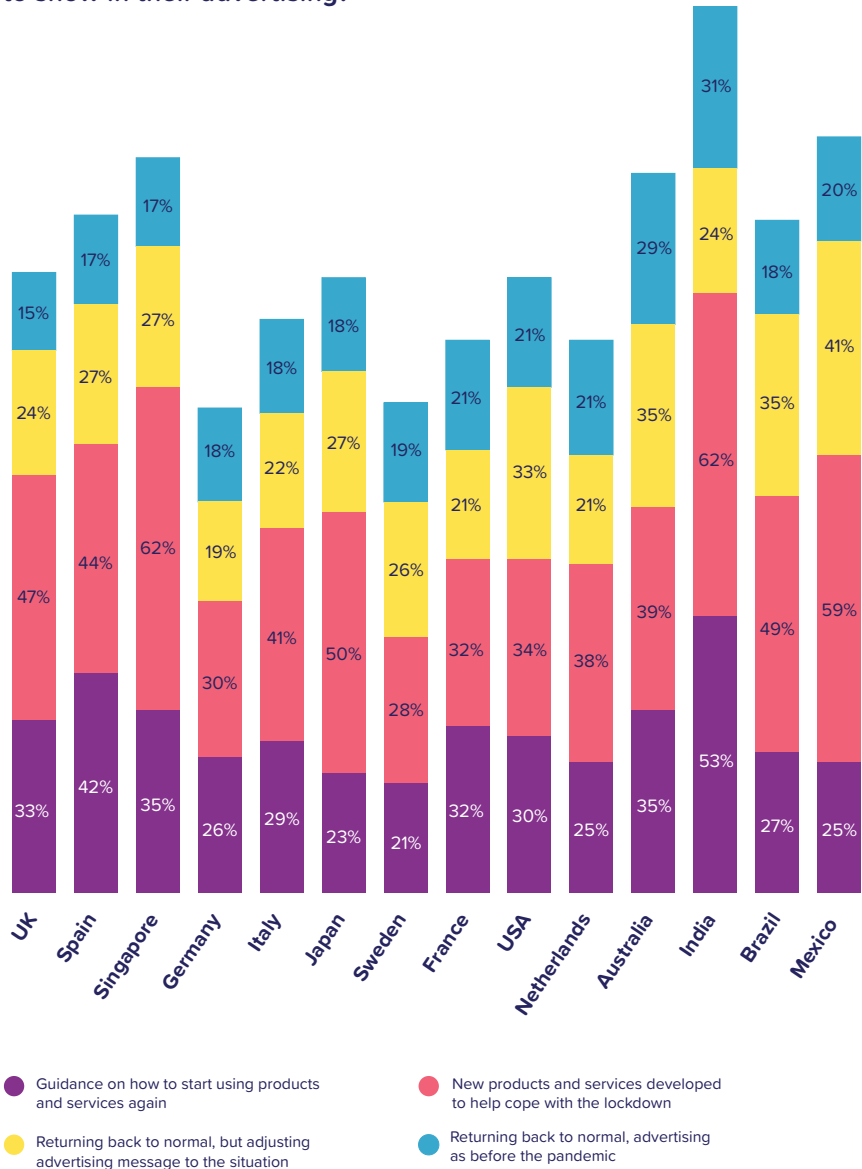
The World is Looking For The New Normal

Just over a quarter (26%) of global consumers want advertising to return to how it was pre-pandemic, meaning a vast majority of consumers expect brands to still address the current situation or adapt to a new normal rather than looking back. And while consumers don't expect brands to ignore the pandemic, there is still a desire for normalcy in many markets — 33% of consumers would like to see ads revert to normal if messages are adjusted to acknowledge the situation.

Globally, there is still a large appetite for ads to share helpful information about social distancing and public health — this is especially true in hard hit regions like India, Mexico, and the U.S. Additionally, as many kick off the school year from home, 37% of consumers are looking for new products and services to help cope with remote work and online learning.



In the next 30 days, what do you expect brands to show in their advertising?



3

Not All Industries Look The Same

More than half (51%) of global consumers have made purchases based on social ads over the past 30 day (July to August) — up from 48% in May. These purchases have been heavily skewed towards fashion, retail, wellness, and entertainment. Similar to May, industries that rely on freedom to move such as travel and tourism are still feeling the negative impacts of the pandemic.

While travel and tourism haven't bounced back yet, others are starting to pick back up. Consumers are starting to venture outside more, giving new life to local restaurants and ride-sharing brands. As such, there has been a push to highlight in-person offerings, safety procedures, and purchasing options.

Ahead of the holiday shopping season, we are seeing digital brands adjust supply chain infrastructure to cope with increased e-commerce activity. Fully digital industries like gaming and entertainment are seeing regional success, while mainstays like fashion continue to lead the pack.

3 Not All Industries Look The Same



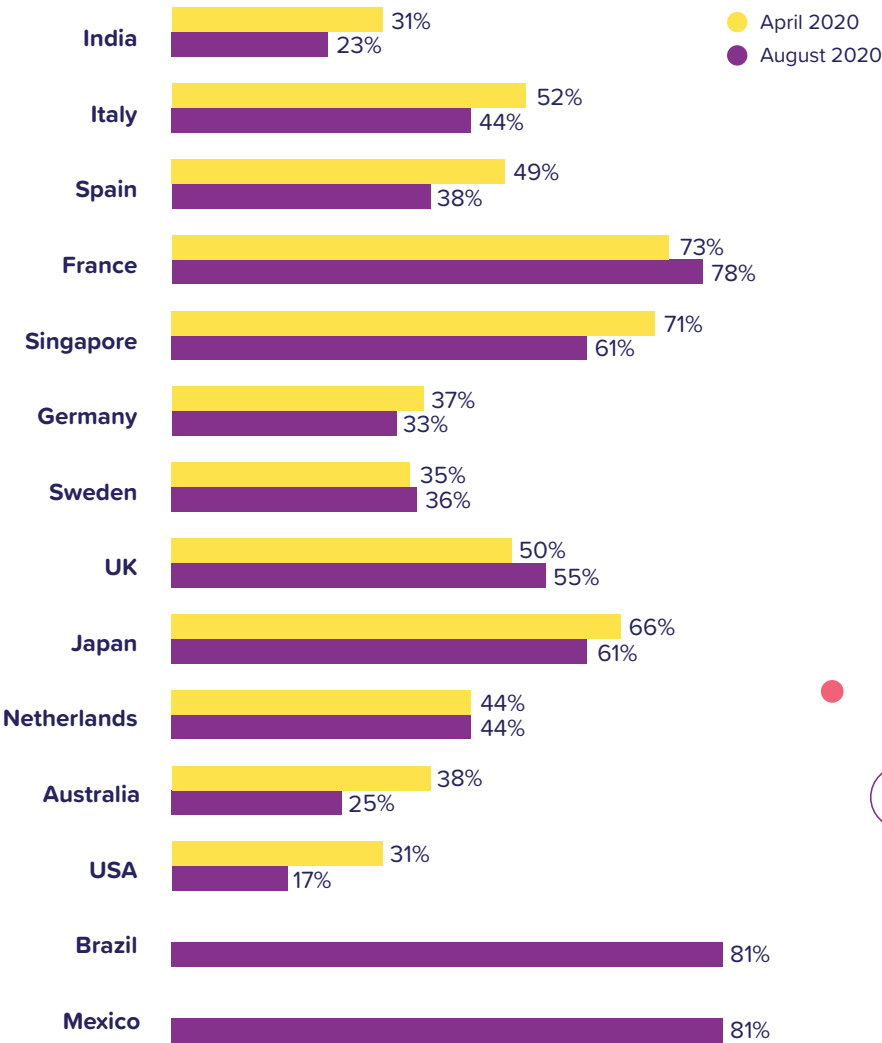
Consumers Are Making More Purchases Through Social Than Ever Before

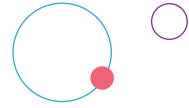
In May, 48% global consumers said they made purchases through social ads over the last 30 days, now up to 51% in August. However, patterns vary per country. In May, Italy and Spain were clearly ahead, with 71%, and 66% of consumers respectively reporting they have made purchases through social ads within the past month in each market. These areas were hard hit in the beginning of the pandemic, but as time goes on, these numbers

have decreased. Additionally, in August, 38% of Italian consumers said they made a purchase from a social ad in the last 30 days, and in Spain only 17%. That said, in areas still under lockdown, like India, numbers are increasing — India jumped from 73% in May to 78% in August. Similarly, 81% of Mexican and Brazilian consumers said they have made a purchase of social media in the past 30 days.



I have purchased something based on social ads in the past 30 days.





3 Not All Industries Look The Same

Spending Limits For Social Purchases Are More Clearly Defined in Digital Societies

Hovering right around 9% each in both May and August, Singapore and India continue to have by far the lowest amount of consumers who did not place a limit on spending through social advertising. In more digital

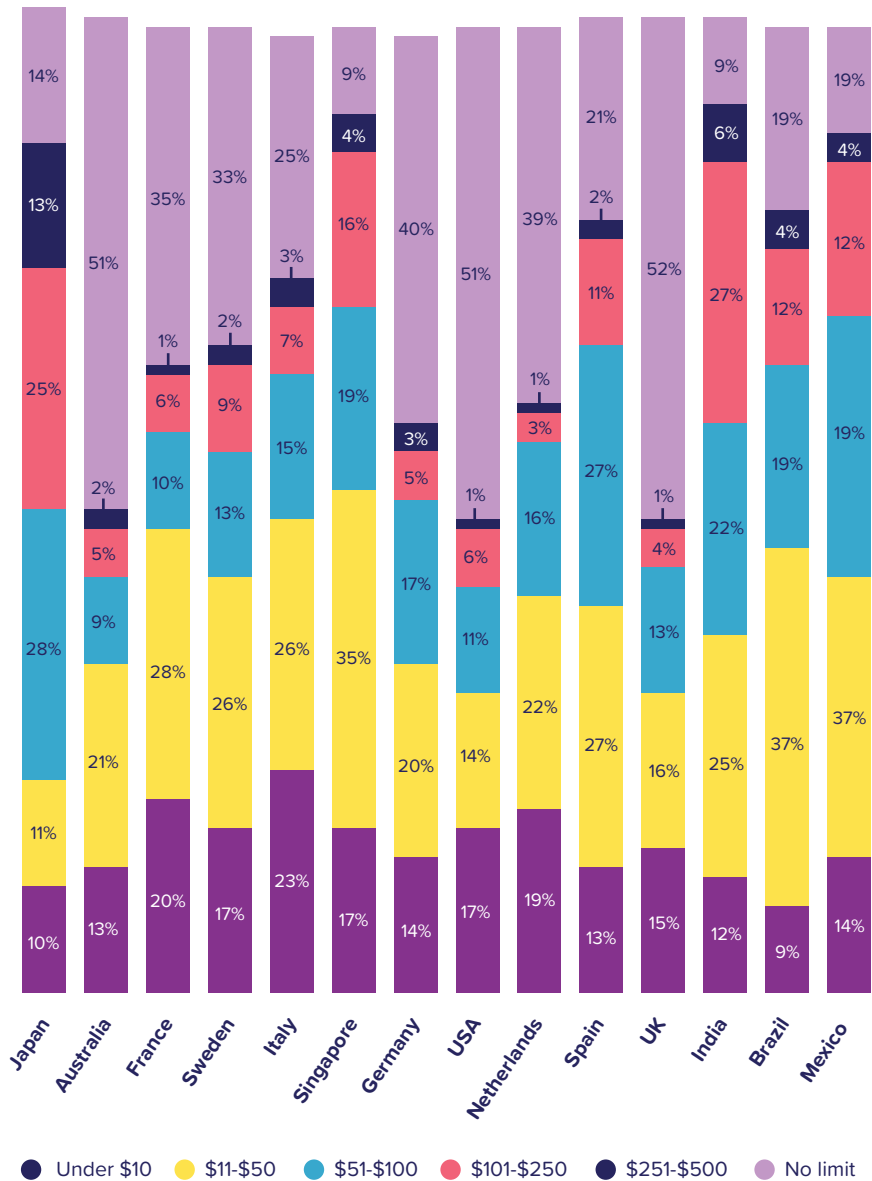
societies, we see more than half of consumers say they do not have a spending limit for items bought through social media ads. The U.S. and Australia come in at 51%, with the UK having 52% of consumers saying as such.



51%

have no spending limit
for items bought from
social media ads

What is your spending limit to purchasing items seen in social ads?



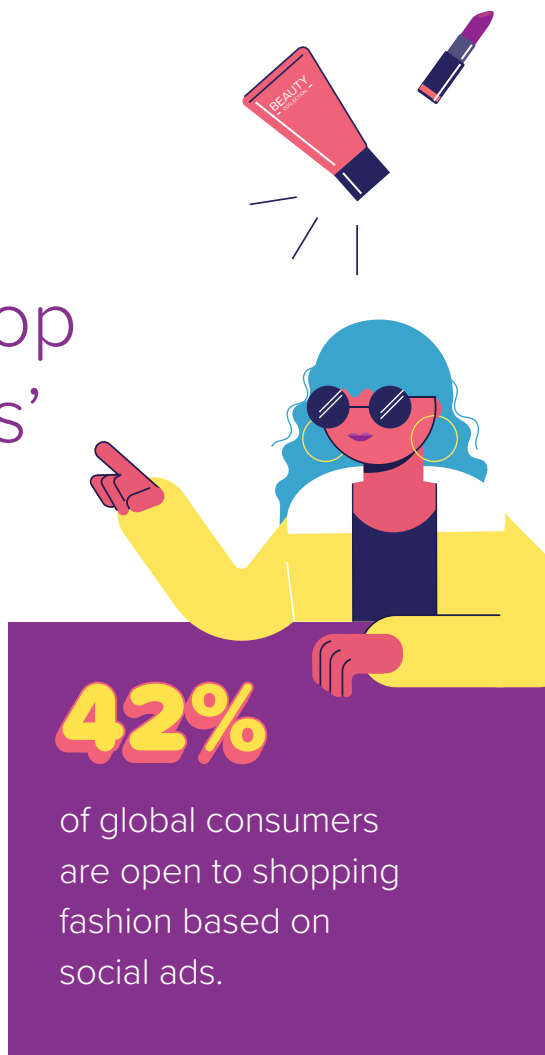
3 Not All Industries Look The Same

Fashion And Beauty Are Top of Consumers' Minds

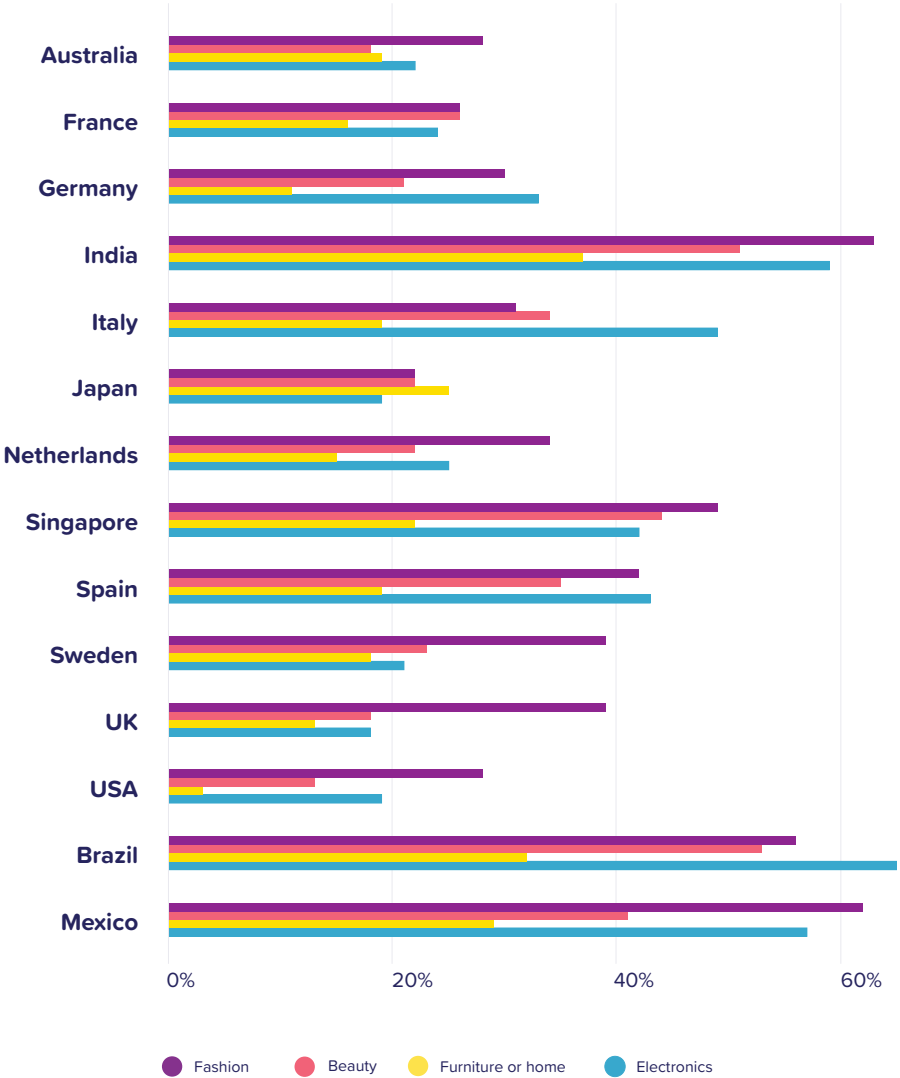
In nearly every market, fashion products take priority as the items consumers are most prepared to purchase over the next 30 days (August to September). Mexico (62%), India (63%), and Brazil (56%) stand out as markets with consumers primed for fashion purchases — while these markets also rank high for groceries, electronics, and digital services, as they are still hard hit by the pandemic.

While fashion remains dominant, other industries have been impacted too. In May, Italy and India were the only two markets where more than 20% of consumers said

they were open to making furniture and home decor purchases. Now, 22% of global consumers are open to purchasing products within this industry.



What type of product would you be most open to purchasing via social media in the next 30 days?



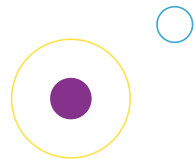
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Not All Industries Look The Same

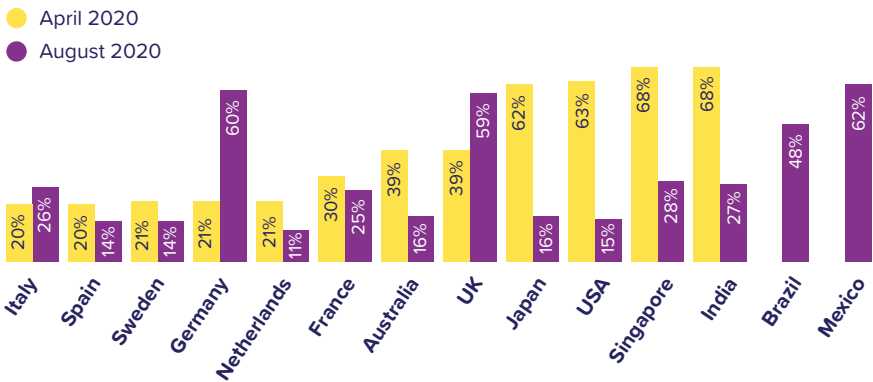
Shopping For Groceries Through Social Varies Widely

Around two-thirds of consumers in Singapore, Mexico, and India would be most open to making grocery purchases through social ads over the next 30 days (August to September). France, Australia, Spain, the U.S., and the UK fall in the 20-30% range, while around 15% of consumers in Germany, Sweden, and the Netherlands are most open to purchasing groceries through social advertising. Overall, we noticed a dip in Europe as conditions have improved there, but in Asia and the Americas there is still a large appetite from grocery ads.

In the countries where consumers are most receptive to grocery ads, the majority want details about pricing offers. And in those same countries, only 2% to 3% of consumers say grocery brands shouldn't advertise at all — indicating that 97% to 98% are seeking these ads on their social media feeds.



Most open to purchasing groceries via social media over the next 30 days.



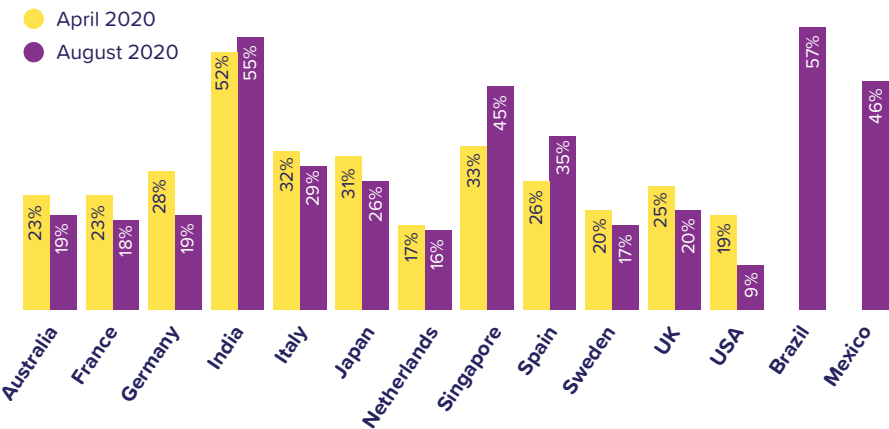
3 Not All Industries Look The Same

Certain Markets Turning to Digital Goods and Services

Less than one-third of consumers in most markets would prioritize the purchasing of digital goods and services through social media. Brazil, India, Mexico, and Singapore are the only exceptions, where

40% to 50% of polled consumers would be most open to making digital goods and services purchases in the next 30 days (August to September).

Most open to purchasing digital goods and services via social media over the next 30 days?

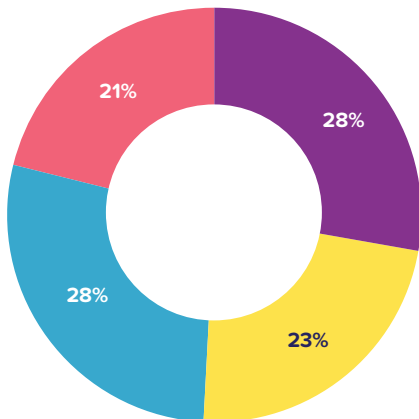


3 Not All Industries Look The Same

Gamers Open to Ads With Special Offers

Similar to May, consumer preferences for gaming ads in August are evenly spread across price offers, special offers related to the coronavirus situation, and new content and ideas. There is no clear preference for the types of ads they want to see, as long as they bring value through lower pricing, new content, and new offers.

What type of ads would you like to see from gaming and online entertainment?



- Price offers and sale items on regular inventory
- Special offers related to the coronavirus situation
- Ideas what to do now, new product and service launches and titles
- I think gaming and online entertainment sites shouldn't advertise right now



3 Not All Industries Look The Same

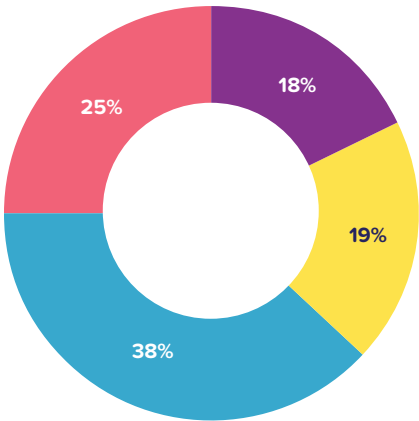
Consumers Are Looking Forward to Future Travel

In Germany, Sweden, and the Netherlands, upwards of 30% of consumers do not think travel companies should be advertising right now. In other countries, particularly Italy (41%), Spain (43%) the UK (45%), and the U.S. (43%), consumers are seeking flexible rates and cancellation terms for

future trips. In Japan, 30% of consumers are looking for feel-good reminiscence of past trips. As we found in May, countries that were heavily impacted by the disruption to tourism are also more open as consumers to receive travel-related ads.

What type of ads would you like to see from travel brands?

- Customer service announcements
- Feel-good reminiscence of past trips
- Flexible rates and cancellation terms for future trips
- I think travel brands shouldn't advertise right now



4

The Accelerated Path to Digital

The COVID-19 pandemic has permanently changed how consumers behave on digital channels and engage with social advertising. While some of the extreme shifts from May have begun to settle, many consumers will continue to leverage more digital services in their day-to-day lives. Hence, the larger shift to e-commerce that was expected to occur over the next decade is now arriving much sooner.

The convergence of social and commerce seems to be the one inflection point that is seeing some of the most rapid changes - as retailers are forced to adapt to the new normal, innovation around the area is speeding up and consumers are happy to participate.

4 The Accelerated Path to Digital

Consumers Seek Deals and Offers

Across industries, consumers are looking for deals and information about pricing offers. This is especially true for online groceries. While some consumers have ventured back to stores, many are still ordering their groceries and will continue to do so past the pandemic.

Searching for good deals continues to be a top priority for consumers as many are experiencing a tougher economic climate and job uncertainty. Not too far behind price, consumers are looking for info on relevant and seasonal products and also information regarding safety procedures and hours of operation.

What type of ads would you like to see from grocery stores?



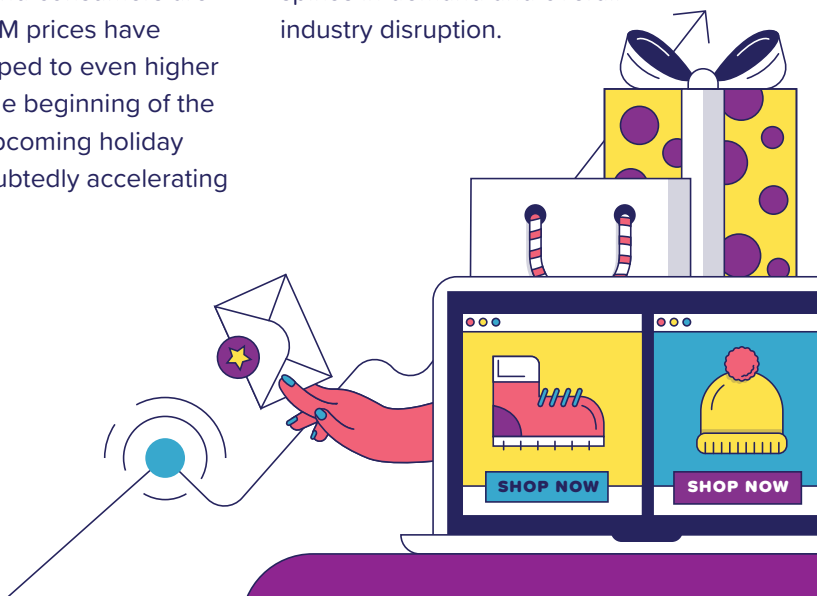


4 The Accelerated Path to Digital

Where Social Ad Spend And Performance is Heading

Declining CPMs have plateaued and began to rise in late March. Since then, there has been fluctuation across markets, with overall upward momentum. As summer turns to fall, it seems that advertisers are spending as much and more than they were prior to the pandemic and consumers are receptive — CPM prices have hence now jumped to even higher levels than in the beginning of the year, and the upcoming holiday season is undoubtedly accelerating the rise.

It's important to recognize that not all industries are in the same boat. Online entertainment, gaming, and other COVID-19-proof sectors have remained relatively stable. Other industries, like retail and especially groceries are seeing great fluctuation in CPM rates due to the spikes in demand and overall industry disruption.

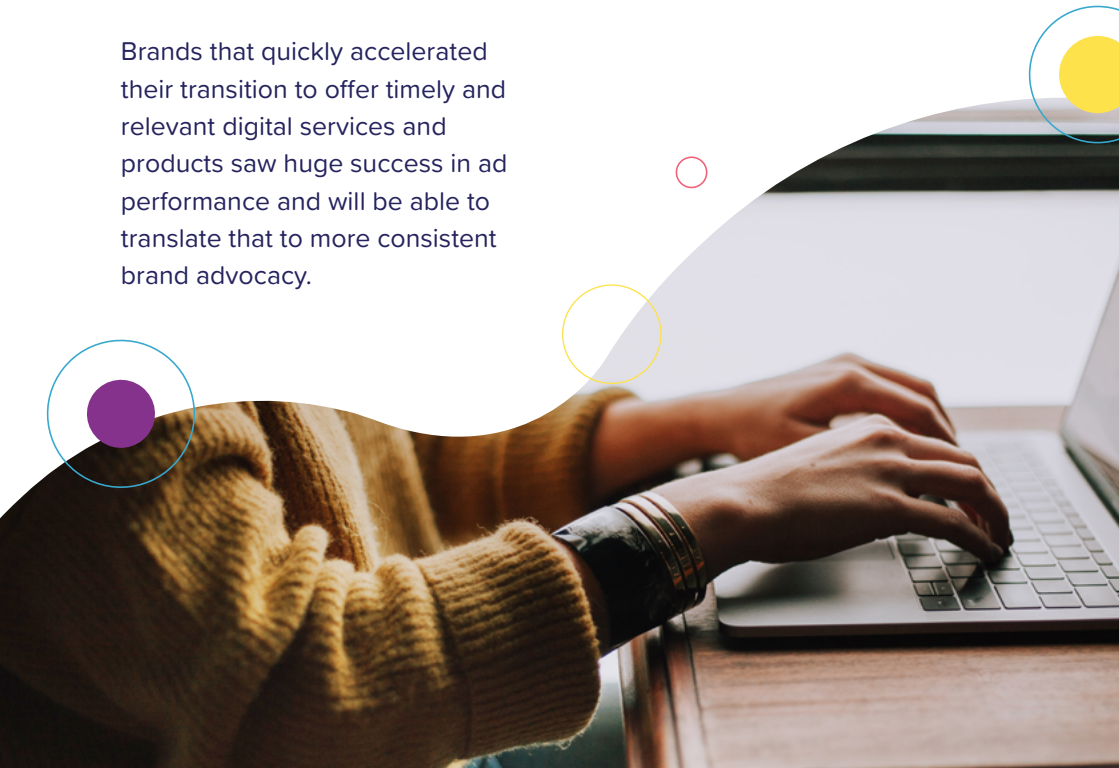


New Brands and Categories Emerging

Digital disruptors are already changing the way consumers shop, but now many traditional companies are pivoting to digitized service models that are redefining how they approach consumer engagement and user acquisition.

Going forward, even past the pandemic, the ability to adapt to changing consumer demands and find ways to reach consumers in a targeted, personalized way will decide what brands come out on top.

Brands that quickly accelerated their transition to offer timely and relevant digital services and products saw huge success in ad performance and will be able to translate that to more consistent brand advocacy.



Why Partner With Smartly.io?

Smartly.io automates every step of your social advertising to unlock greater performance and creativity. We combine creative automation, ad operations, and outstanding customer service to help 600+ brands scale their results – not headcount.



INNOVATE FASTER

Access what's new before the competition.



MEASURABLE RESULTS AT SCALE

Watch your ROI soar.



EFFICIENCY THROUGH AUTOMATION

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speak with your Customer Success
Manager.