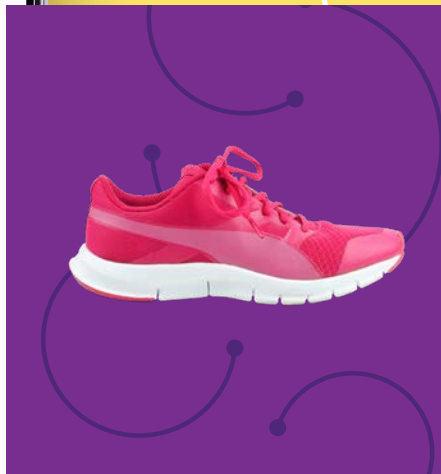
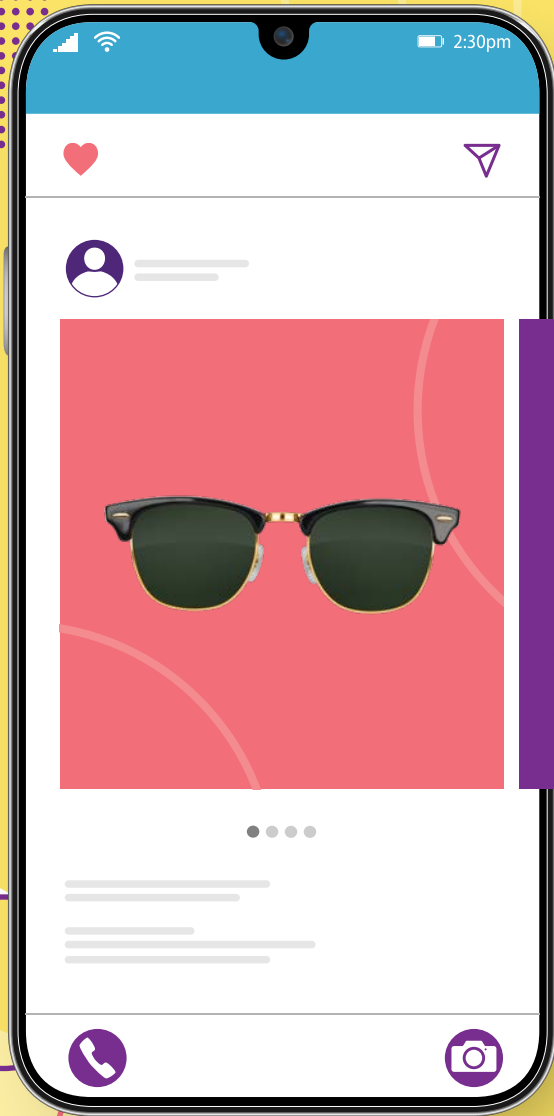


Global Social Media Advertising Trends Among Retailers in 2021



How Retail Brands Are Adapting to Disruption and Changing Consumer Habits in the Next Year

Social Media Advertising Trends Among Global Retailers in 2021

How Retail Organizations are Adapting to Disruption
and Changing Consumer Habits in the Next Year



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Executive Summary

Amid the COVID-19 pandemic, consumers shifted rapidly to digital channels as brick and mortar stores closed their doors for safety purposes. This signaled a massive deployment of digital assets by retail companies, including spending on advertising.

However, the shift to online selling and advertising among retailers has already been accelerating. Retailers have had several years to refine their social media advertising strategies and adapt to changes in the market.

Some industries and regions have matured their media advertising strategies to the point that they are already highly effective. Still, plenty of opportunities remain to improve return on ad spend (ROAS) and build connections in almost every industry.

According to the Interactive Advertising Bureau (IAB), **digital ad spending for 2020 is expected to end with a 6% increase** versus 2019.¹ Deloitte also notes that shoppers have been using a mix of digital touchpoints to make purchases, with **14% of shoppers making purchases through social media.**²

In 2019, Smartly and the eTail conference series launched a study to determine how retail organizations were spending their marketing dollars on social media advertising. This year, the study highlights more specific verticals and regions, including respondents from every corner of the world. The study also emphasizes what's changed over the past year with retail organizations' social media advertising initiatives.

In this report, we'll explore what those differences mean for the retail industry and how they can help your organization plan its social media advertising strategy in the future.

¹ <https://www.iab.com/insights/covid-ad-spend-impact-2020-2021-light-at-the-end-of-the-tunnel/>

² <https://www2.deloitte.com/si/en/pages/strategy-operations/articles/changing-consumer-digital-marketing-impact-Covid-19.html>

Key Findings



Most companies (66%) have an annual **marketing budget of USD \$20 million** or more.



Most companies (74%) allocate **one third or more of their marketing budget to social media advertising** of which 12% allocate at least half or more.



Most companies are buying social media ads on **Facebook (93%), Instagram (90%), Twitter (83%), and LinkedIn (63%)**.



Among the platforms, **over one-third of companies in the study (36%) spend more on Facebook than other platforms**; over one-quarter (29%) spend more on Instagram, the two highest-grossing platforms in the study.



Instagram yields the best ROAS among the platforms for 42% of companies.



Most companies will **increase social advertising spend on Facebook** (76%), nearly half (44%) will increase spend on Twitter, and over one-third (38%) will increase spend on Instagram in 2021.



Most respondents (72%) agree their **social media advertising creation** and delivery involves manual processes that are often **time-consuming**.



Similarly, 81% of brands in the study **do not use automation technology** for their social media advertising creation and delivery, but they are interested in automating at least part of this process.



Most respondents (85%) are **not struggling with personalization** on social media advertising. They are optimizing ad delivery with first- or third-party data (56%) or integrating personalization in their campaign concepts (55%) instead.



Over one-quarter of respondents (29%) claim their social media advertising and creative teams **do not collaborate effectively at all stages of the marketing process**. Similarly, 56% of respondents claim having social media advertising and creative teams work together more closely is among their plans for 2021—the only majority among six initiatives listed.

Facebook Remains the Most Popular Advertising Platform, But Instagram Provides the Best ROAS

Social Advertising is Important for Most Retail Brands, But It Varies

Social advertising is still an important marketing strategy for most retail organizations, whether they are based in the U.S, Europe, Asia, or elsewhere. However, not every organization devotes as much of its marketing spend to social media advertising as others.

Social Advertising Budgets Increase from Last Year

At 62%, most organizations spend between 31% and 50% of their overall marketing budget on social media advertising. These results represent a slight increase from last year's study, which found that 53% of organizations spend between 26% and 50% of their overall marketing budgets on social media advertising.

Most of the European respondents say they invest 40% or less of their marketing spend on social media advertising—that's compared to last year's data, in which most respondents said they invested more than 40%. [Exhibit A]

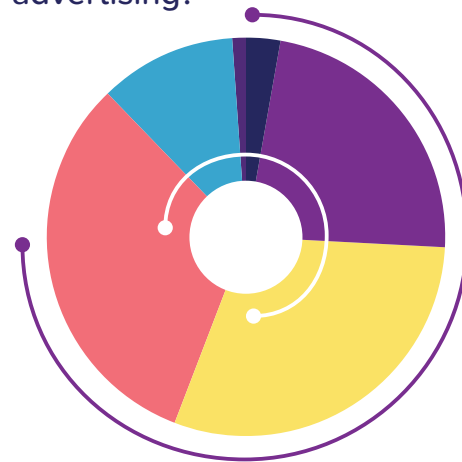
Americans use social media more than other countries, including countries in Europe. For example, a Pew Research Center study found that consumers in France, Greece, Hungary, Italy, and Germany use social media far less often than their American counterparts.³ Some of these numbers have changed due to the pandemic, but consumers in most Eastern European countries still only use social media occasionally.⁴

Many organizations have likely matured their social media advertising strategies since last year's study, but some areas still require refinement.

This study also includes a wider sampling of respondents from around the world than the one previous, and this could contribute to the slight increase in ad spend among respondents.

Of course, the COVID-19 pandemic could have also played a role. As consumers switched to digital shopping channels to protect themselves from the virus, social media advertising became more important for many retail organizations as a tool for engagement.

What percentage of your overall marketing budget is currently dedicated to social media advertising?



● 3%	11%-20%
● 23%	21%-30%
● 30%	31%-40%
● 32%	41%-50%
● 11%	51%-75%
● 1%	76%-100%

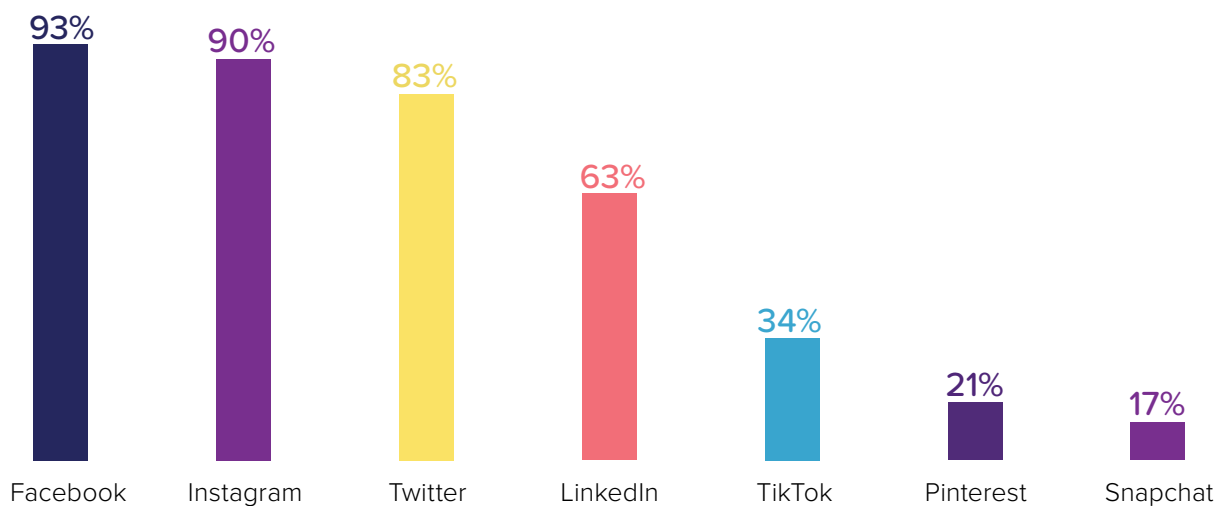
Facebook Still Dominates But Instagram Shows Promise

Facebook is still the most popular platform among retailers worldwide, with 93% of retailers currently buying social media ads on the platform. Not surprisingly, a plurality of respondents (36%) say they spend most of their social media advertising dollars on Facebook.

[Exhibit B] In 2019, 96% were buying ads on the platform and 36% said they spent the most money on it.

In addition, Instagram is gaining popularity among retailers. Although only 56% of last year's respondents said they buy ads on the platform, 90% of the retailers surveyed this year use it. As we will see, Instagram is also becoming popular due to its significant return as well.

On which platforms are you currently buying social media ads?



Almost half of the respondents to this year's survey (42%) say they see the best return on ad spend (ROAS) from Instagram. That's compared to just 21% in 2019. Organizations in both Europe and the United States spend heavily on Instagram ads. However, organizations in Asia—including Japan—spend far less.

Although about 25% of Asian organizations prioritize Instagram, most others prioritize Facebook and LinkedIn for their ad budget.

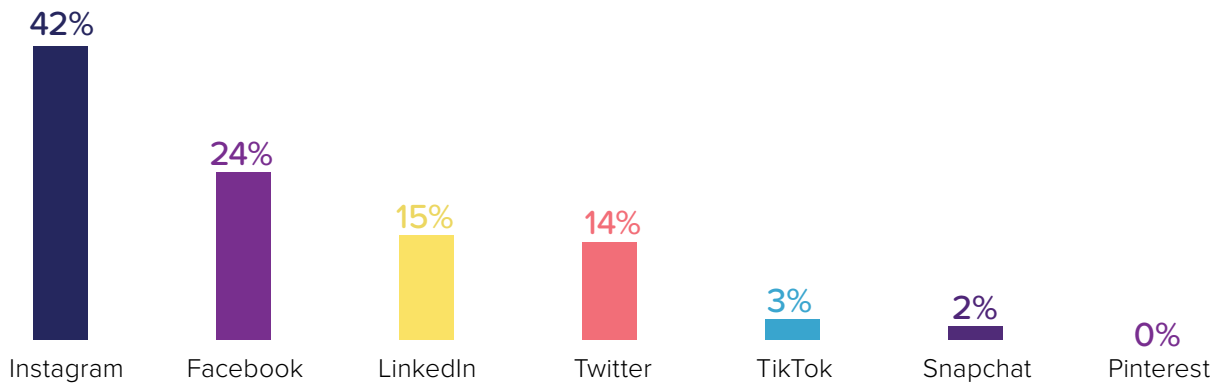
[Exhibit C]

According to Statista, Indonesia is the Asian nation with the largest population of Instagram users, at 73 million.⁵ Although significant numbers of users are on the platform in other parts of Asia, their numbers still pale in comparison to those of the United States and Europe. China, one of the largest markets on the continent, is still closed off to many outside social media platforms—Instagram is blocked in the country.

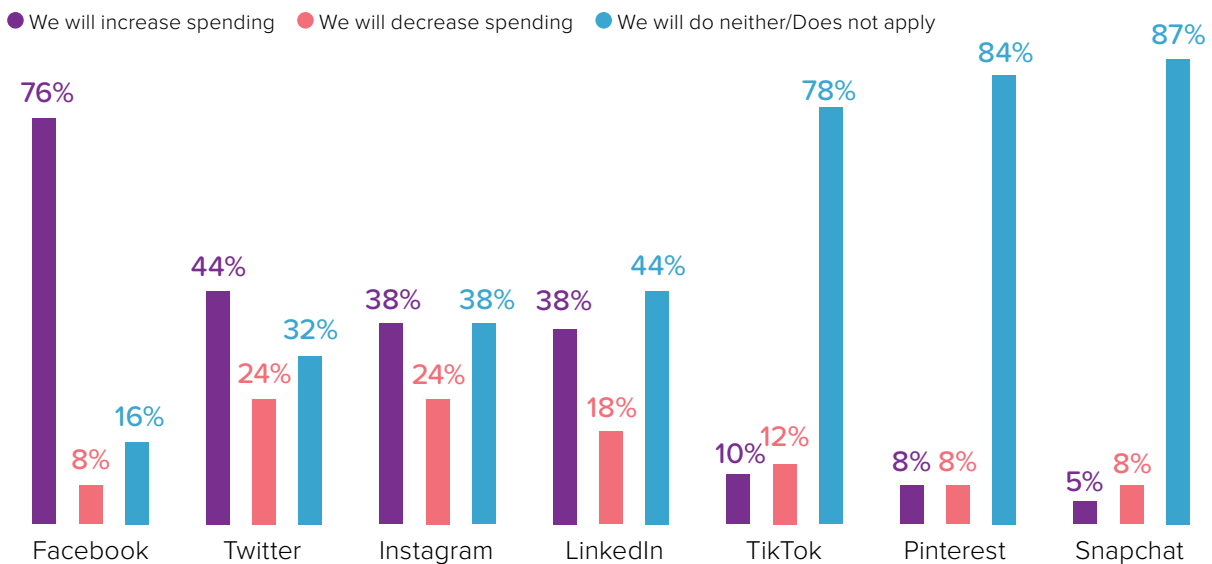
³ <https://www.pewresearch.org/fact-tank/2017/04/20/not-everyone-in-advanced-economies-is-using-social-media/>

⁴ <https://www.pewresearch.org/fact-tank/2020/04/02/8-charts-on-internet-use-around-the-world-as-countries-grapple-with-covid-19>

From which single platform are you seeing the best 'return on ad spend' (ROAS) from your social media advertising?



On which of the following platforms do you plan to increase or decrease your advertising spend in 2021?



Brands will Increase Spending on Facebook and Twitter Advertising

Not surprisingly, 76% of the respondents say their organizations will increase their ad spending on Facebook. Even when segmented by region and retail segment, organizations are determined to pursue Facebook advertising.

However, only 38% of organizations plan to increase spending on Instagram while 24% plan to decrease spending, despite it being the most stated platform for ROAS. Notably, almost half of apparel retailers plan to increase their spending on Instagram in 2021—as an image-centric social media platform, apparel retailers may have an edge on Instagram that other types of retailers don't. ^[Exhibit D]

⁵ <https://www.statista.com/statistics/578364/countries-with-most-instagram-users/>

Retail Brands Still Struggle with Manual Processes and Lack of Automation

Struggling with Manual Processes in 2019 vs. 2020

In 2019, researchers asked whether retail organizations were still struggling with manual processes in the creation and delivery of their social media advertising campaigns. At the time, 61% said they struggled with such processes.

Unfortunately, at 72%, most organizations still struggle with manual processes in social media advertising. ^[Exhibit E] The increase could be attributable to the fact that this study has a larger sample size, but it's also indicative of the increasing complexity of social media advertising.

Retailers can use more channels to advertise than ever, and social media ads face a significant amount of scrutiny by consumers once they go live.

Most Content Requires Some Scrutiny

In written responses, respondents note that most content requires at least some scrutiny from a human before it can go live. One Vice President of Digital Advertising at a bank says candidly: **“Original content is a pain point.”**

A Director of Brand & Category Marketing at an art supply retailer says, **“Some content comes from customers, but the content that is developed by us needs a lot of attention to detail. That is a pain point because social media is more of a platform where most of the publications are scrutinized and criticized.”**

Content Creation is Challenging

Several other respondents say they are bogged down by manual processes because the creation of advertising content itself is challenging. **“Creation of organic and engaging content is one of the most time-consuming acts,”** says a Head of Brand Marketing at an Australian Supermarket chain.

Other Manual Challenges

Other manual challenges include differentiating ads from competitors, creating a cohesive ad strategy, generating ideas, and sourcing effective content.

Indeed, most original content can't be created without some manual processes. However, solutions do exist that can automatically create ads and videos from product images, automate targeting and budget allocation, and even select when and on what platform organizations should buy advertisements.

Does your team currently use automation technology for its social media advertising creation and delivery?

Yes — we automate this process sufficiently and successfully

 6%

Yes — we automate at least part of this process, but it needs improvement

 7%

No — but we are interested in automating at least part of this process

 81%

No — and we are not interested in automating any part of this process

 6%

Brands Are More Open to Automation in 2020

And although 87% of respondents don't currently use automation technology for social media advertising creation and delivery, 81% of respondents are interested in such a solution. This is a significant increase from last year's study, which indicated that 65% of organizations were interested in such a solution.

Automation Can Reduce Manual Processes and Save Time

Automating the creation and delivery of advertising content can reduce manual processes in the advertising process and save teams significant amounts of time. Researchers asked the respondents what they'd do with their extra time if they successfully deployed a solution that automated at least part of their advertising process.

Most respondents say they would never be able to fully automate their social media advertising process, but they recognize that their team members could play a significant role in tracking their campaigns. Several respondents also say that their teams could engage more directly with customers on social media.

“Once the content has been delivered, there will be specific tasks left to monitor the response and track performance over a period of time. Teams can be involved in organizing and managing customer relationships through social media,” says a Director of Global Media at a Canadian Financial Service firm. Engaging customers on social media with personalized messages is one of the most effective ways to improve the customer experience, but it does require a significant time investment.

Similarly, a Vice President of eCommerce at a Thai grocery retailer says their team could improve their campaigns in real-time if their marketers weren't burdened by manual processes: **“Tracking the success of our social media campaigns is a continuous process. Teams will be constantly engaged in re-modeling content that does not generate enough leads for us.”**

Other respondents would conduct more **“strategy and trend analysis,”** engage in more story creation, develop more robust advertising strategies, and generate **“more personalized content.”**

How is your team using personalization on social media advertising?

Optimizing ad delivery with first- or third-party data



Integrating personalization in our campaign concepts



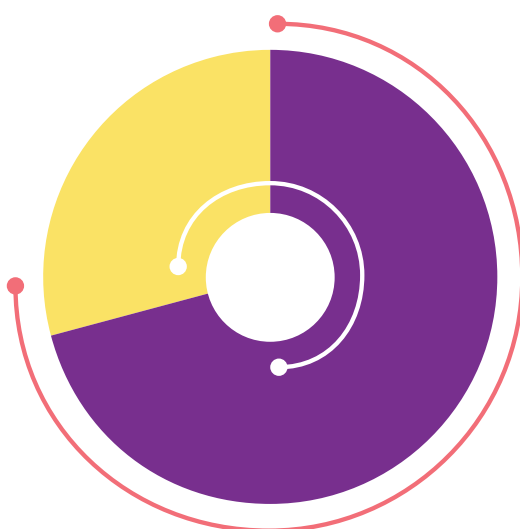
We are struggling with personalization



Personalization

Only 15% of organizations say they struggle with personalization. This is likely due to the overabundance of consumer data on the market, in part thanks to data collection activities by social media platforms themselves. Most organizations plan to optimize ad delivery with first- or third-party data (56%) and integrate personalization into their campaign concepts (55%).

Do you feel your social media advertising and creative teams collaborate effectively in all stages of the marketing process?



● 71% Yes

● 29% No

What Brands Can Do When They Free Up Resources with Automation

Still, by freeing up resources with automation, retailers could improve their ROAS by delivering hand-tailored messages to key customer segments. They could allocate more time to strategic work, enabling them to create more personalized ads at scale.

They could also take the time to pursue creative testing. Brands need the ability to see which concepts and creatives resonate with consumers. By finding the best creatives, brands can connect with consumers more effectively while they're on their shopping journeys.

Automation Can Break Silos

Automation also breaks silos and thus enables better collaboration between marketing and creative teams. At present, 71% of respondents say these two teams collaborate effectively in all stages of the marketing process. This is a stark increase from the results of last year, in which about half of respondents (52%) said this was true.

Regionally, respondents from Asia are the least likely to have social media advertising and creative teams that collaborate effectively in all stages of the marketing process—40% of Asian organizations are struggling in this area. ^[Exhibit F]

In 2021, Retailers Will Foster More Effective Collaboration Between Teams

Opportunities to Improve Collaboration Between Advertising and Creative Teams

As we have learned, retailers around the world are interested in exploring new opportunities for their social media advertising. Automation, personalization, and improving the ROAS on Facebook are among the key goals for retailers in the coming year.

But fostering collaboration between social media advertising and creative teams is still going to be an essential strategy moving forward. By bringing these two teams together, retailers have the potential to generate social media advertisements that speak to their customer segments on a personal level, improving ROAS and generating more opportunities to optimize social as a channel.

Please indicate which of the following statements are true in terms of your plans for 2021.

Our social media advertising and creative teams will work together more closely **56%**

We will spend more on social media advertising in general than we did in 2020 **45%**

We will expand our marketing team to better manage social media advertising **40%**

We will manage social media advertising in-house **39%**

Our marketing team's KPIs will change **33%**

We will invest in more robust social media advertising tools **30%**

At 56%, most organizations plan to encourage their social media advertising and creative teams to work together more closely in the future. This is the only plan that a majority of respondents are dedicated to.

Last year, 51% of respondents said they were prioritizing collaboration. Although this increase is small, it is still significant.

Retailers are discovering that linking these two teams is paramount to deploying a successful advertising strategy. At many companies, these teams may be separated by departments or even by entire companies—it's not uncommon for retailers to outsource ad creative to an agency. Retailers may need to onboard more collaborative tools to link their teams together.

Regional Differences Between Spending and Collaboration

At 45%, fewer respondents say they will increase their ad spend next year compared to 2020. Fewer respondents plan to expand their marketing teams (40%), manage social media advertising in-house (39%), change their marketing KPIs (33%), or invest in more robust social media advertising tools (30%).

Regionally, there are some outliers in organizations' plans for 2021. In the United States, for example, over 62% of U.S. respondents say they will increase their spend on social media advertising. ^[Exhibit G] Fewer than half of European retailers plan to improve collaboration between their teams—the European respondents were also the most likely to say that their social media advertising and creative teams collaborate effectively. ^[Exhibit H]

Brands Still Prioritize Static Creative Assets

Finally, retail organizations will focus on a mixture of media types for their social media advertisements. At 54%, most organizations will increase their use of static creative assets, such as photos and images. Meanwhile, 44% will increase their use of dynamic creative assets, including animations and videos. ^[Exhibit I]

These results are close to those of last year, although more respondents in 2019 said they would increase their use of dynamic creative at the time.

It appears that static images are still a powerful advertising tool on most platforms. Given most of the respondents' affinity for photo-heavy Instagram's return on investment, this finding aligns with previous results.

Conclusion: Retailers Have Opportunities to Improve Collaboration and ROAS in 2021

Regional Differences Exist in Social Media Advertising

Across the world, retailers share many of the same social media advertising goals, but they do deviate in some areas.

Although Facebook still maintains its dominance as an essential consumer advertising platform, Instagram has shown significant promise in the U.S. and European markets, even though most retailers don't plan to increase their spending on it.

Ad Spending to Increase by a Significant Amount

Although most respondents say they won't increase their spending on social media advertising next year, a significant number of U.S. brands plan to increase their budgets. Advertisers in the U.S. will also increase their spending on platforms like LinkedIn and Twitter.

Most Brands Are Interested in Automation and Workflows

Most respondents also demonstrated a willingness to introduce automation and workflows into their social media advertising process. Although most organizations believe it's impossible to break free from manual processes when generating ad creative, they are also open to the idea of automated technologies both creating and delivering their ads.

Automated ad delivery has the potential to free up a significant number of work hours per year. This would allow teams to collaborate more effectively and focus more on strategic planning. As a result, marketers could engage their customers on a person-to-person basis, delivering advertisements that speak directly to specific types of customers on their favorite platforms.

Brands Pursue Better Collaboration for Better Results

Given the dramatic impact of the COVID-19 crisis on global work habits, retail marketing teams of all stripes may be physically separated for the foreseeable future, especially considering the cost savings of work-from-home operational models and outsourcing.

In the coming year, retailers will need to align their social media advertising and creative development teams to maintain dominance on social media. This may require them to implement new processes or onboard new tools, especially if both teams are far removed.

Evolving in a New Economy

In the coming months, retailers must adapt their strategies to the realities of a post-COVID-19 economy. Even as in-person shopping begins to trickle back into consumers' daily lives, social media will still play a significant role in how they find, follow, and shop for their favorite brands.

Key Suggestions



Diversify your social media advertising channels. Facebook remains the biggest platform by far, but Instagram is delivering significant returns in the United States and Europe.



Whether they intend to increase their ad budget as a whole, **most retailers will increase their spending on Facebook ads in 2021.** If Facebook is a competitive environment for your organization, it may be wise to follow suit.



Most retailers still struggle with manual processes as part of their social media advertising strategy. Developing more efficient processes for creating and deploying ads could give you an edge in the marketplace. Adding automation could also provide your teams with more time to collaborate, develop personalized creative assets, and engage customers socially.



Most respondents are optimizing their ad delivery with first- or third-party data and integrating personalization into their campaign concepts. If possible, leverage consumer data tools beyond what's provided by social media companies to target your ads more effectively and integrate more personalized messages.



If your social media advertising and creative teams aren't collaborating effectively, **fixing this problem could help deliver a much higher ROAS.** Most organizations are prioritizing this in 2021.

Appendix A: About the Respondents

To generate data for this report, researchers polled 300 leaders from retail organizations around the world.

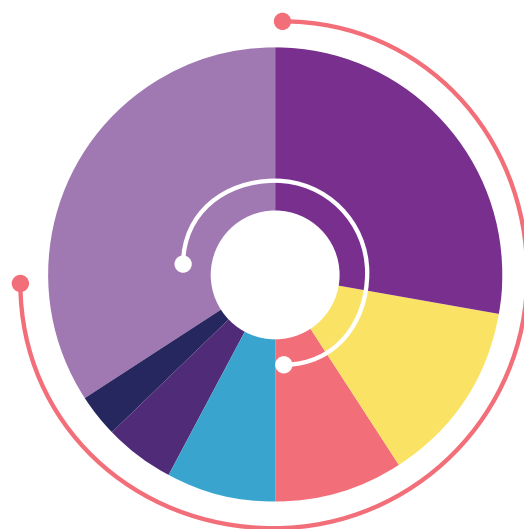
Exactly half of the respondents are in the United States (28%), the United Kingdom (13%), and India (9%). Meanwhile, 8% of respondents are in Australia and 5% are in Indonesia. The remaining respondents represent various other countries in Europe, Asia, and North America (Mexico and Canada).

At 49%, about half of the respondents represent the financial services industry. Another 19% represents the apparel industry. Significant numbers of respondents also represent specialty retail (8%), department stores (6%), home furnishing (5%), and supermarkets (4%).

Most respondents occupy a role in brand marketing (41%), eCommerce (25%), or media (12%).

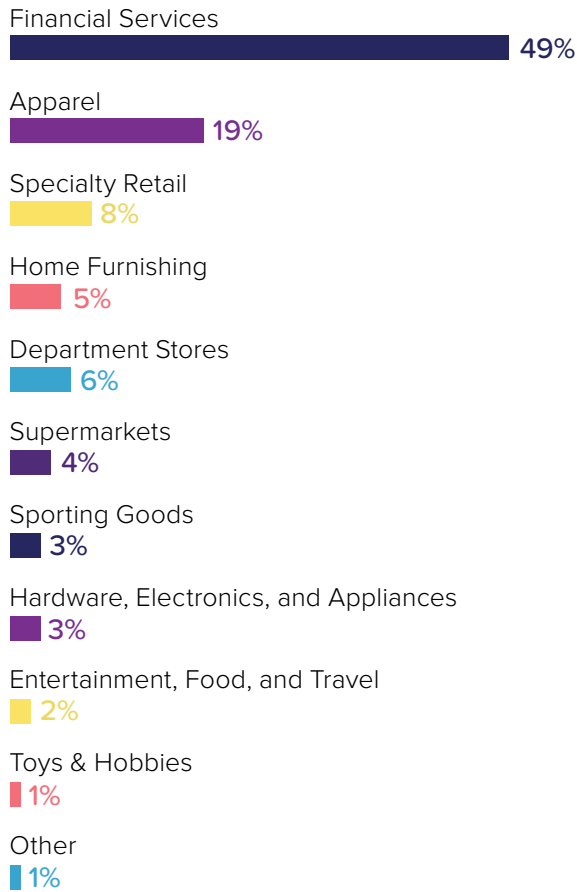
At 65%, most respondents represent an organization with over \$20 million in annual marketing spend. Another 16% are from an organization that spends between \$5 million and \$10 million each year on marketing.

In which country are you located?

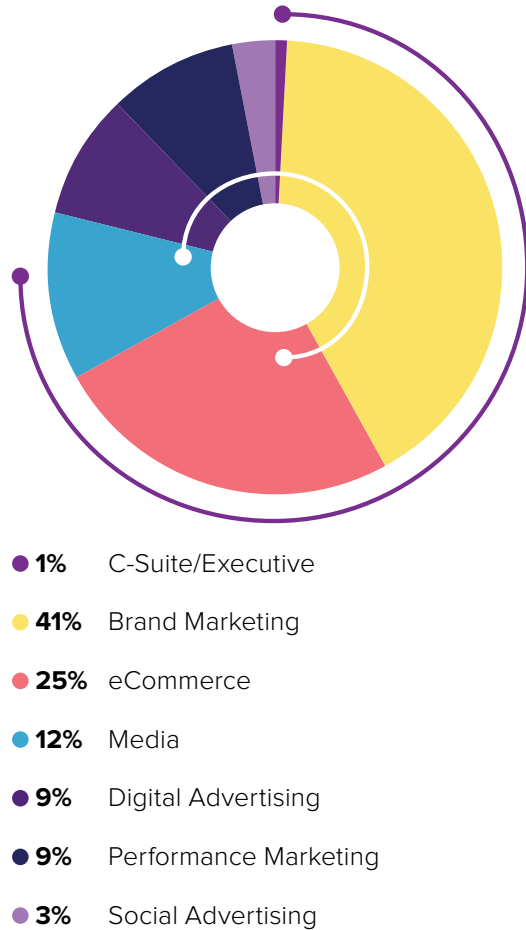


- **28%** United States
- **13%** United Kingdom
- **9%** India
- **8%** Australia
- **5%** Indonesia
- **3%** Canada
- **34%** Other

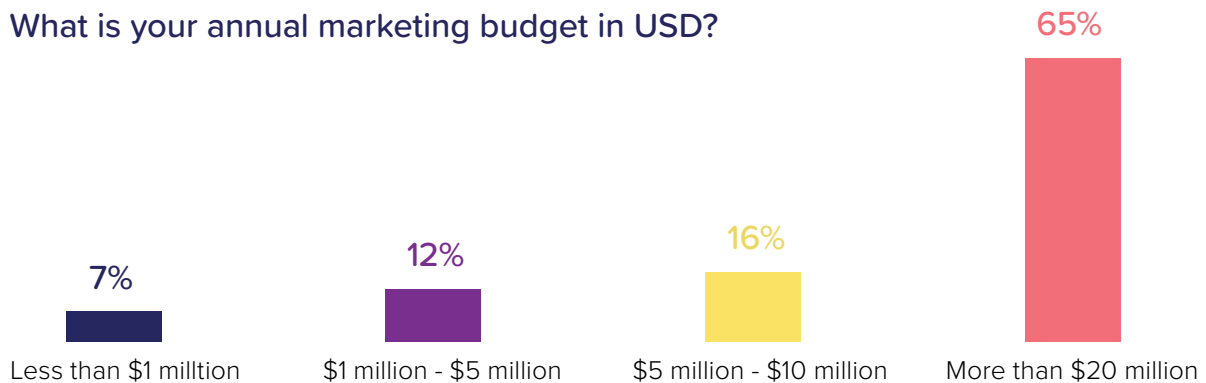
In which sector or industry is your company?



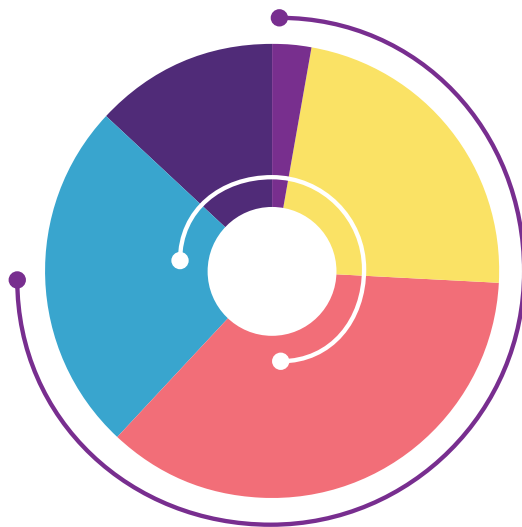
What is your role?



What is your annual marketing budget in USD?



Appendix B: Other Data Referenced in This Report



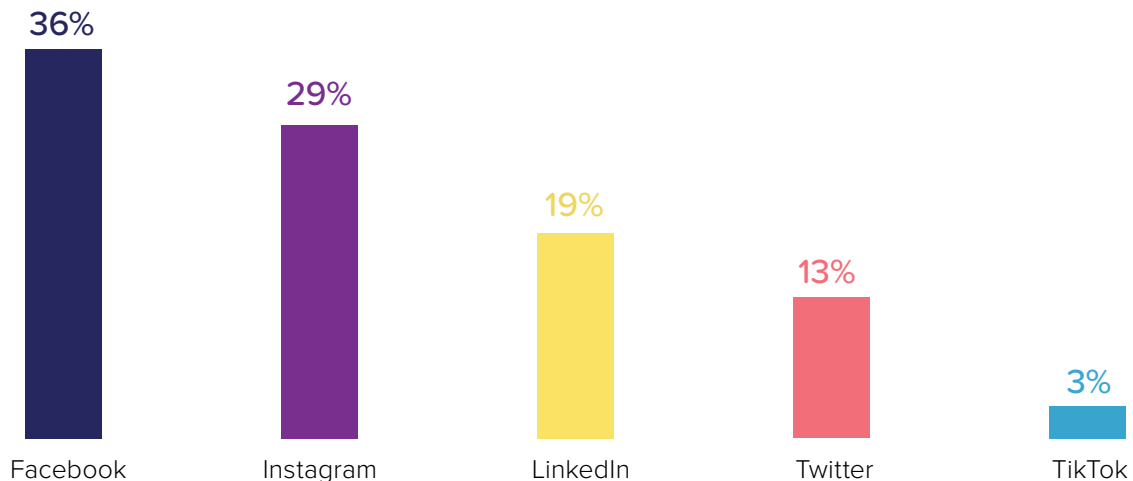
[EXHIBIT A]

[Europe] What percentage of your overall marketing budget is currently dedicated to social media advertising?

- 3% 11%-20%
- 23% 21%-30%
- 36% 31%-40%
- 25% 41%-50%
- 12% 51%-75%

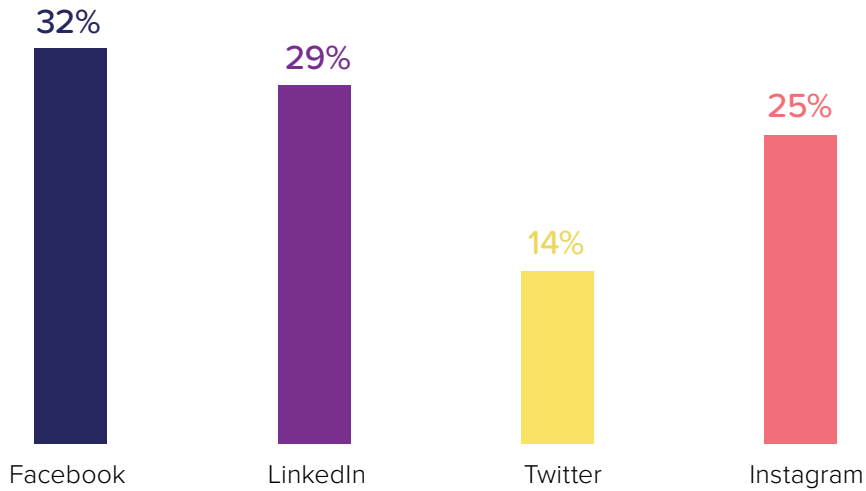
[EXHIBIT B]

On which single platform are you spending the most on social media ads?



[EXHIBIT C]

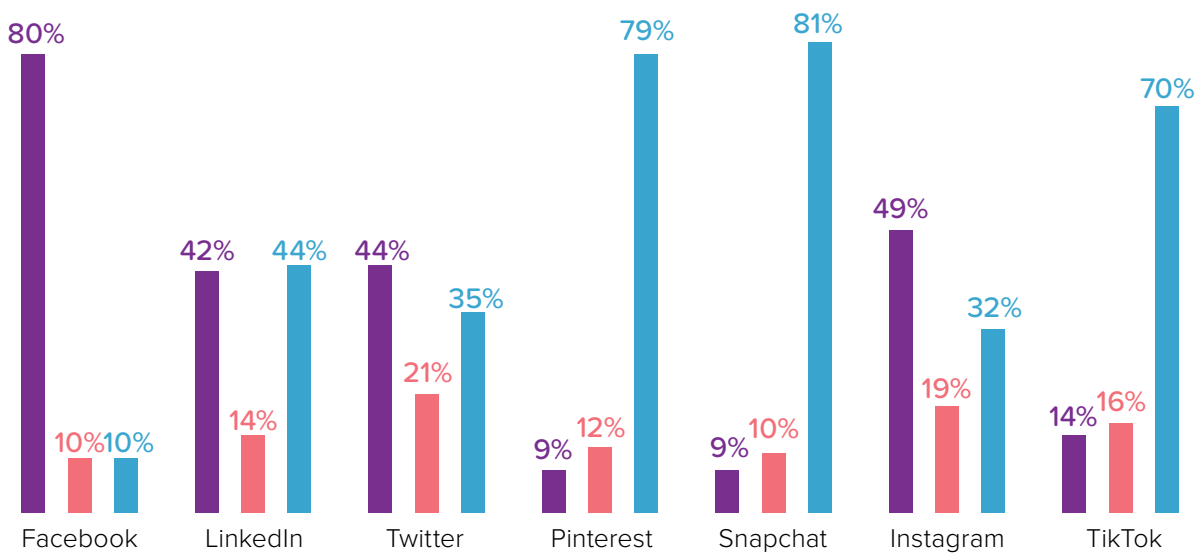
[Asia] On which single platform are you spending the most on social media ads?

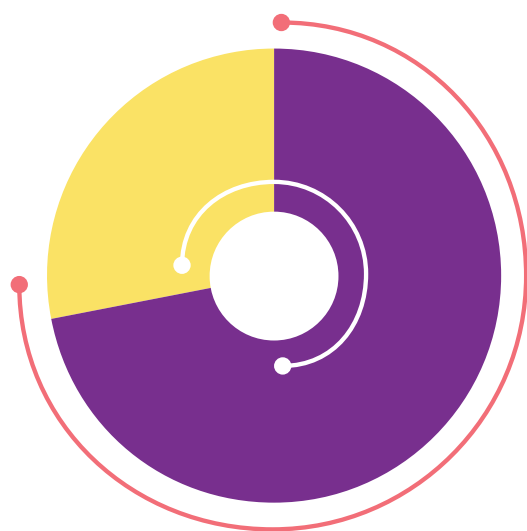


[EXHIBIT D]

[Apparel] On which of the following platforms do you plan to increase or decrease your advertising spend in 2021?

● We will increase spending ● We will decrease spending ● We will do neither/Does not apply





[EXHIBIT E]

Do you agree with the following statement? “Our social media advertising creation and delivery involves manual processes that are often time consuming.”

- **72%** Yes
- **28%** No



[EXHIBIT F]

[Asia] Do you feel your social media advertising and creative teams collaborate effectively in all stages of the marketing process?

- **60%** Yes
- **40%** No

[EXHIBIT G]

[United States] Please indicate which the following statements are true in terms of your plans for 2021.

Our social media advertising and creative teams will work together more closely



We will spend more on social media advertising in general than we did in 2020



Our marketing team's KPIs will change



We will expand our marketing team to better manage social media advertising



We will manage social media advertising in-house



We will invest in more robust social media advertising tools



[EXHIBIT H]

[Europe] Please indicate which the following statements are true in terms of your plans for 2021.

Our social media advertising and creative teams will work together more closely



We will spend more on social media advertising in general than we did in 2020



Our marketing team's KPIs will change



We will expand our marketing team to better manage social media advertising



We will manage social media advertising in-house



We will invest in more robust social media advertising tools



[EXHIBIT I]

Which type of visual asset does your social media advertising team plan to increase usage on THE MOST in 2021?

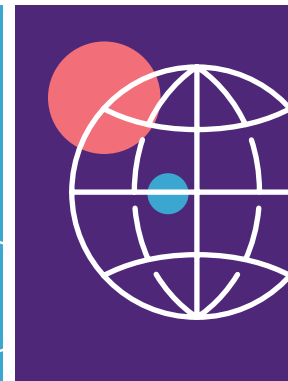
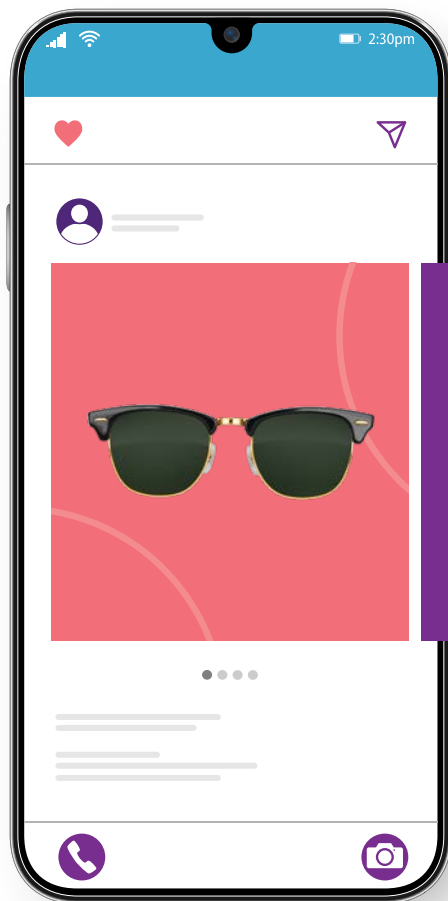
Static creative (e.g. photos, images)



Dynamic creative (e.g. animations, videos)



Neither/Does not apply



About the Authors

eTail

We launched eTail in 1999, and have been dedicated to supporting the growth of the retail industry ever since. What started off as 100 people in a room discussing where this sector is headed, has led to 2,000 senior-level eCommerce executives being inspired whilst learning and developing their company as well as their careers.

For more information, please visit <https://etaileast.wbresearch.com>



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