

# The Q2 2016 Performance Marketer's Benchmark Report

Vital Search, Social, and Display  
Performance Data by Device





## Introduction

The first quarter of the year saw a return to normalcy after the Q4 2015 shopping season. Indeed, Q1 2016 was a chance to reset and readjust for the new year.

We looked at the Marin Global Online Advertising Index to see how the first quarter of 2016 shaped up for advertisers and to understand device and platform performance.

## Methodology

We sampled the Marin Global Online Advertising Index, which looks at over \$7.8 billion worth of spend in the Marin platform. The Index primarily consists of enterprise-class marketers – larger advertisers and agencies that spend in excess of \$1 million annually on paid-search, display, social, and mobile. As such, our data sample and findings skew towards the behavior of larger organizations and more sophisticated advertisers.

We kept the study longitudinal by focusing on a representative set of global advertisers who've been active on Marin for the previous five quarters, and measuring key performance indicators (KPIs) on a year over year (YoY) and quarter over quarter (QoQ) basis. This could result in slight variations in prior quarter data that we've reported previously, but will make the analysis and findings more representative as we move forward.

## Findings

The past quarter has proven to be “more of the same” for marketers everywhere. The direction of consumer and advertiser trends has largely stabilized over the past few quarters. Mobile device share increased across the board, but was mostly centered on smartphone at the expense of desktop and tablet. eMarketer predicts that digital ad revenue for Google, the largest publisher, will be half mobile this year.<sup>1</sup> Digital advertising budgets continue to grow at a steady pace, increasing 17% last year, with mobile ad spend growing over 50% during 2015.<sup>2</sup> For 2016, budgets are predicted to rise around 16%.

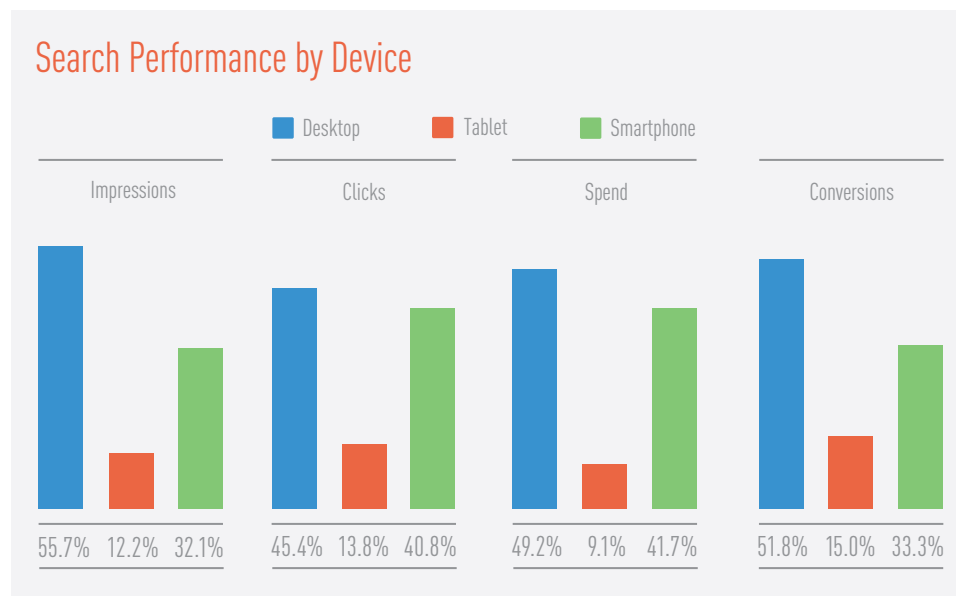
1. <http://www.emarketer.com/Article/Googles-Gains-Slow-Big-Mobile-Growth-Continues/1013531>

2. Magna Global

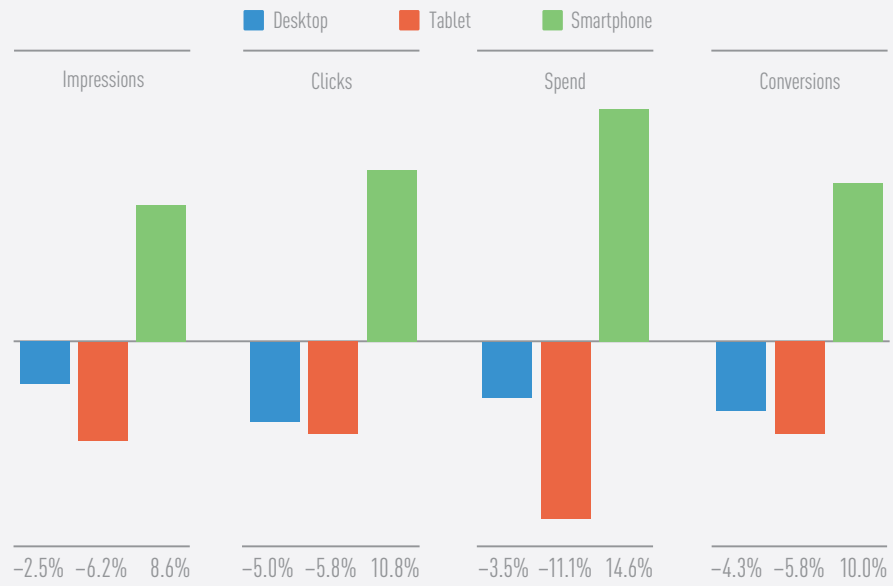
## Search

For search advertisers, we saw more of the same. One notable shift was that smartphone gains were no longer mainly from desktop. Instead, there was cannibalization from the tablet side. Perhaps this is a sign of stabilization in the mobile-desktop split and slowdown in the growth of mobile (tablet and smartphone).

Desktop did see some attrition, however, with minor shifts across the board away from desktop towards smartphone. Clicks and spend are now majority mobile, with impressions and conversions close behind. Desktop share still retains the plurality, but the lead is a narrow one.



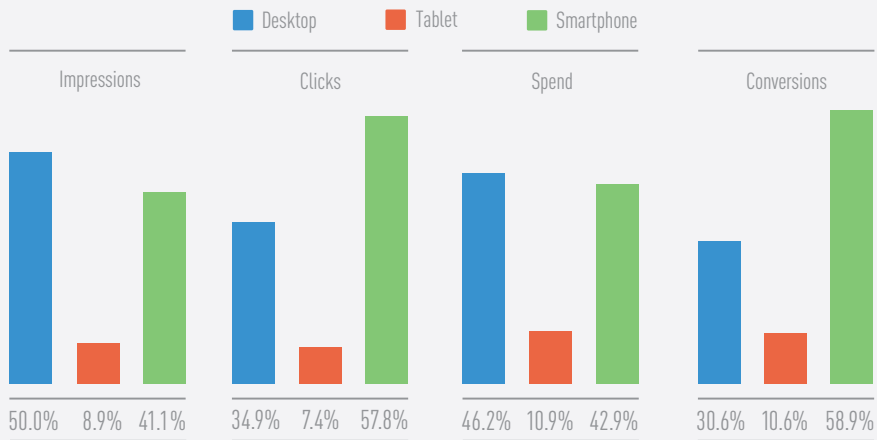
## Search YoY Change by Device



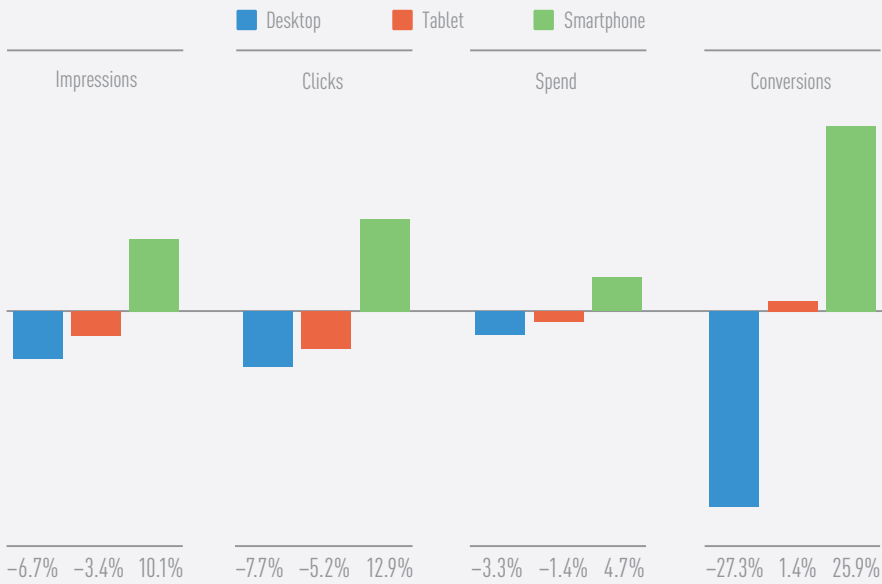
## Display

For display, we continued to see more of what we saw in Q4 2015. Mobile share continued to eat away at desktop share across all metrics. One difference between search and display – the majority of smartphone share gain is still coming from desktop, rather than tablet. The differences between metric device share are more varied in display than in search, but we saw similar directional trends towards more and more mobile. We didn't quite see the same amount of YoY shift towards mobile as we did last quarter, but it's still quite significant.

## Display Performance by Device



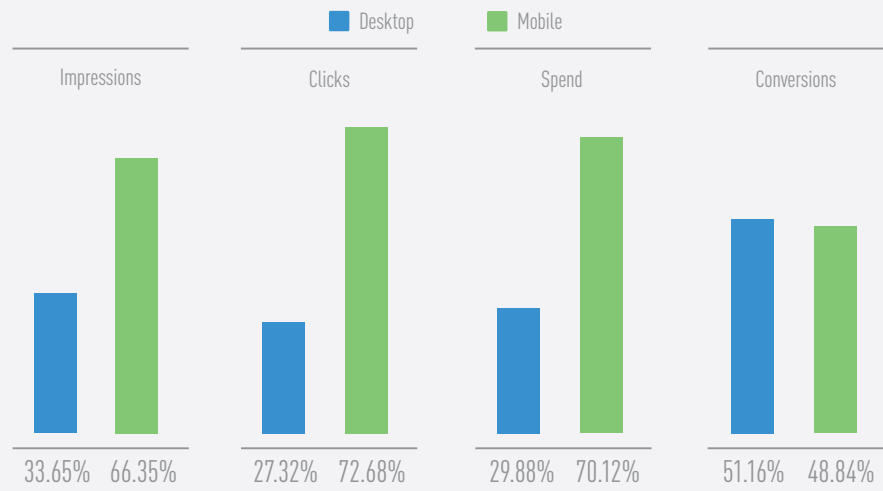
## Display YoY Change by Device



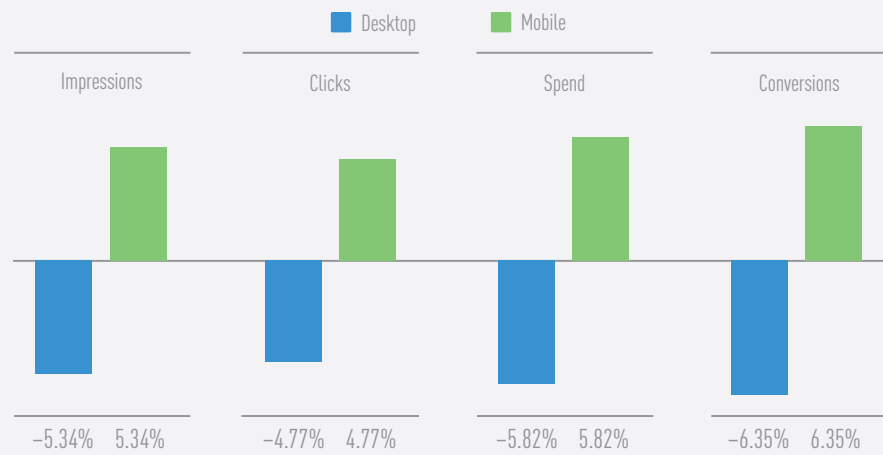
## Social

For social advertisers, there were also small gains towards mobile. Social is still the most mobile of all three channels, and conversions are also becoming more mobile on this channel. We expect this trend to continue, eventually crossing the 50% mark this year.

### Social Performance: Desktop vs. Mobile



### Social YoY Change

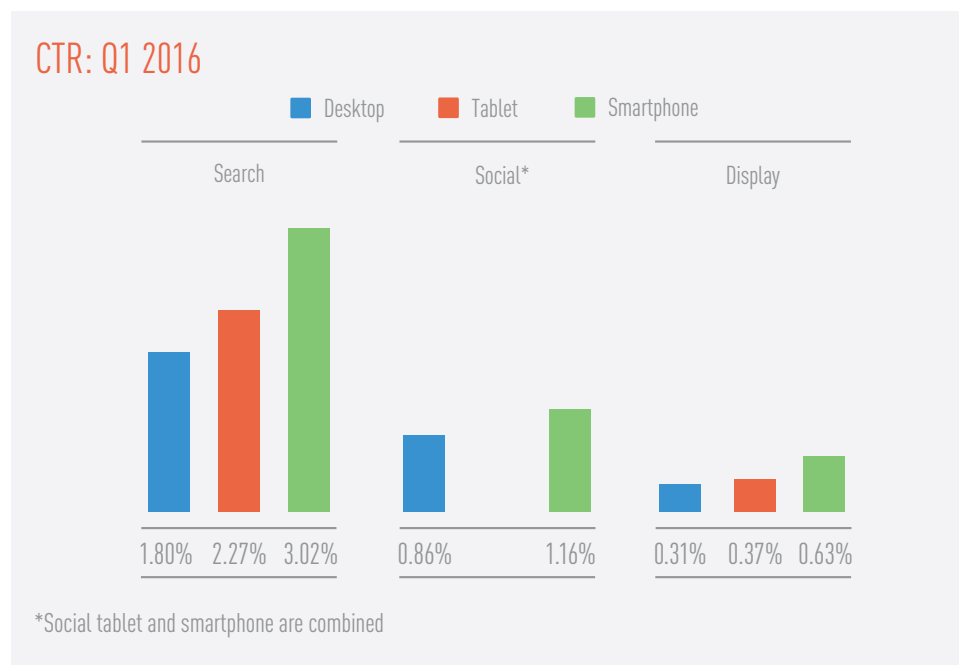


## CTR, CPC, and Conversion Rates

We also took a look at benchmarking customer engagement and interaction during Q1, looking at CTR, CPC, and conversion rates for any unusual changes and shifts over the past year.

### Click-Through Rates

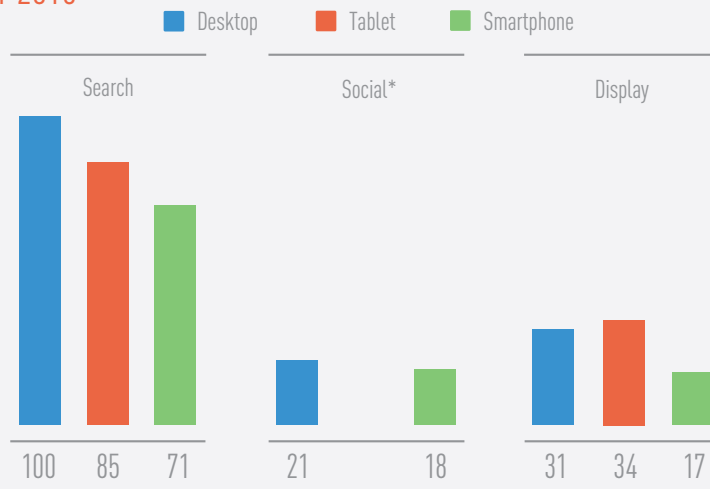
Click-through rates were very similar to what we saw in Q4 2015. There were a few drops across all devices for search, but CTRs for social and display remained very similar to the previous quarter. This signals that the shopping season affects search more than the other two channels.



## Cost Per Click

Cost-per-click behavior was very similar to what we saw in Q4 2015. However, smartphone search CPC remained behind tablet, which was an unusual occurrence in Q4. Perhaps this is the new normal for search, with tablet CPCs being second behind desktop, and smartphone being the cheapest for search. Across other channels, the gap remains narrow, with the exception of smartphone display CPCs.

### CPC: Q1 2016

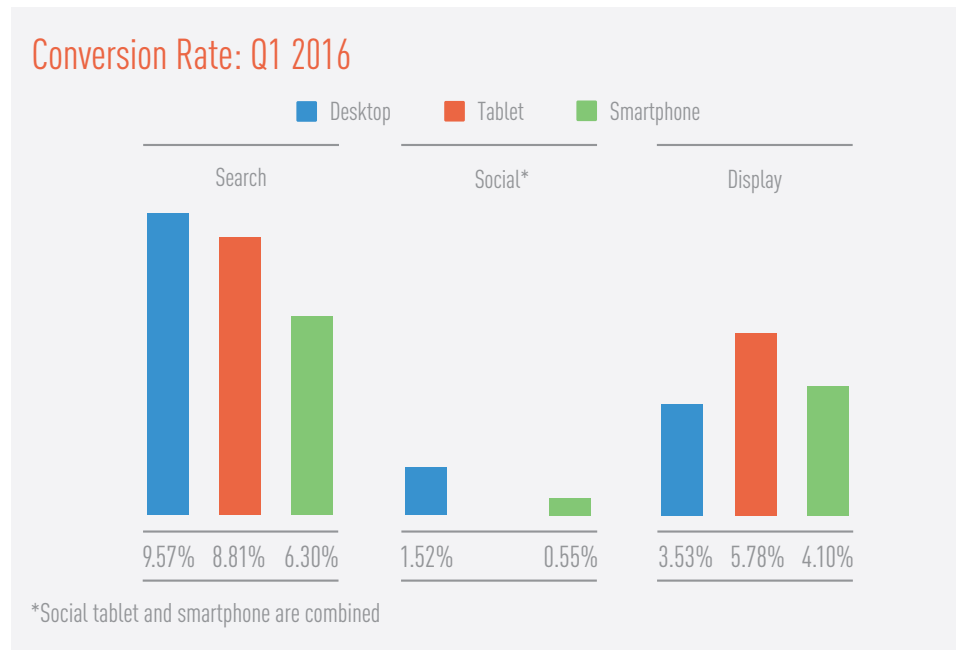


\*Social tablet and smartphone are combined



## Conversions

Conversion rates for social fell when compared to Q4 2015, but overall trends remain the same. Display advertising conversion rates dramatically rose over the past year, for all three devices.



## Conclusions and Recommendations

- 1. No dramatic changes this quarter.** Advertisers and consumers continued to shift slowly towards a more mobile ecosystem. It's important for marketers to continue keeping this in mind in order to reach and engage their audiences. The end of the 2015 shopping season meant a return to a period of relative normalcy, and many metrics shifted slightly to reflect this.
- 2. Cross-channel and cross-device targeting remain important.** Each channel has its strengths and weaknesses, and it's important for advertisers to at least begin utilizing all three channels and devices to their best strengths. For a search advertiser who's seeing diminishing returns on their campaigns, it makes sense to shift funds towards either social or display platforms. This provides a bigger bang for the buck, with a more holistic and complete approach to digital marketing that targets across all channels and devices. Many marketers still have a web-centric mindset for their campaigns, but as mobile grows in importance, this needs to shift to be more app-centric.



## About Marin Software

Marin Software Incorporated (NYSE: MRIN) provides a leading Revenue Acquisition Management platform used by advertisers and agencies to measure, manage and optimize more than \$7.8 billion in annualized ad spend. Offering an integrated platform for search, social and display advertising, Marin helps advertisers and agencies improve financial performance, save time, and make better decisions. Marin's technology powers marketing campaigns in more than 160 countries. For more information about Marin's products, please visit: <http://www.marinsoftware.com/solutions/overview>.