The 2021 Digital Advertising Trends Report
Executive summary

As we approach 2021, it’s clear: Digital advertising is now the most critical channel at marketers’ disposal.

The coronavirus pandemic fundamentally altered the digital advertising landscape. Marketers not only shifted their budgets from traditional to digital channels, but they also significantly increased their digital spend. They expect the resulting spike in demand to increase prices and spur competition, leading to a cutthroat environment in which only the most advanced strategies prevail.

Three of those strategies are online video, personalization, and artificial intelligence, which marketers named the next big things in digital advertising. Whereas online video and personalization help marketers cut through the noise, artificial intelligence automates everything from ad personalization and landing page creation to performance optimization, leading to highly efficient and profitable programs. To remain competitive in 2021, it’s crucial that marketers invest in these areas.
Another key to success will be investing in the right platforms. Surveyed marketers named Google, Facebook, and Instagram as their top three digital advertising platforms, in terms of both usage and performance. Next year, they’re betting on TikTok, the 15-second viral video app that has surpassed social media giant Facebook in monthly downloads.

High-performing marketers are ahead of the pack, having already invested in apps like TikTok and Snapchat. One of the ways they differentiate themselves is by leveraging more platforms. Rather than relying solely on giants like Google and Facebook, they spread their investment across a variety of niche platforms—meeting consumers wherever they go.

Their laser focus on increasing conversions is another distinguishing factor. Unlike marketers with the “get-more-clicks” mindset, high performers don’t allow vanity metrics to distract them. They recognize that getting more clicks is only valuable if it results in more conversions. Instead of accepting average conversion rates, which results in wasting a significant chunk of ad budgets, they shoot for the stars—weaving a personalized narrative across the pre- and post-click stages of the advertising conversion funnel.

This strategy appears to have paid off, as high-performing marketers report reaping the rewards of higher returns from Facebook and larger budget increases from their companies. With more resources at their disposal, they’re set to win in 2021.
Methodology

In October 2020, Postclick partnered with a market research firm to conduct a survey. Our goal was to find out what’s trending in digital advertising, what marketers plan to prioritize in 2021, and where they plan to invest.

Respondents (N=1,440) ranged from marketing specialists and managers (67%) to directors, VPs, and chief executives (33%) across a variety of industries, business types, and company sizes.
Key finding #1:

Against the backdrop of the pandemic, digital advertising will continue to grow in 2021.
As the novel coronavirus spread across the globe in 2020, it forced us to adapt to pandemic conditions. To protect ourselves and others, we began sanitizing our environments, wearing face coverings, and practicing social distancing. But we also made fundamental changes to the way we live, work, and interact with one another:

- We took our relationships online, leveraging video conferencing software and social media platforms to stay connected to family and friends.
- We gave up packed offices and transient co-working spaces for the comfort and safety of working from home, often next to our loved ones.
- We stopped shopping in person and began purchasing products from ecommerce websites, relying heavily on delivery services for sustenance.

How long these changes will last is pure speculation. Nonetheless, we asked marketers to share their predictions. One in three (33%) say they believe the pandemic’s impact will last beyond 2021. Therefore, our findings must be viewed in this context.
When asked about how the market for digital advertising would evolve in 2021, surveyed marketers collectively showed optimism. Amid the pandemic, they predicted digital advertising would continue to grow. In line with this prediction, two in three surveyed marketers (68%) said they expect their digital advertising budget to increase next year.

How do you expect your digital advertising budget to change in 2021?

- Significant increase in budget (48%)
- Slight increase in budget (20%)
- No change in budget (20%)
- Slight decrease in budget (10%)
- Significant decrease in budget (2%)
The pandemic has significantly influenced where marketers plan to invest in 2021. To help prevent the spread of the novel coronavirus and adapt to changes in consumer behavior, marketers plan to cut funding for traditional channels, such as direct mail and in-person events. Unsurprisingly, they plan to redirect those resources toward digital channels, such as paid social, paid search, and online video.
Unfortunately, with rising demand comes rising prices. Around half of surveyed marketers expect their Google and Facebook advertising costs to increase in 2021. To maximize their return on ad spend, marketers will thus need to prioritize optimization efforts. Fortunately, these efforts have proven to drive results. In a VentureBeat study\(^1\) of 3,000 CRO software users, the average return on investment was 223%.

\(^1\) https://venturebeat.com/2015/04/17/brands-increase-roi-by-223-using-this-one-tactic/
Prediction #1:

“Costs will rise due to more brands shifting budgets to digital, which will increase the need for efficiency in every step of the process from creation to delivery.”

— Anonymous Director of Marketing
Key finding #2:

Google and Facebook continue to reign supreme, Instagram is growing in importance, and TikTok is making an entrance in 2021.
Surveyed marketers named Google and Facebook as their top digital advertising platforms, in terms of both usage and performance. Eighty-seven percent of respondents use both Google and Facebook. A whopping 44% of marketers identified Google as their top-performing platform, saying it delivers a higher return on ad spend than any other platform. Facebook came in second, with 25% of marketers saying it drives the highest ROAS. Both platforms are thus pivotal to marketers’ success.

What makes Facebook and Google so special? Both platforms are contextual, empowering advertisers to reach potential customers during high-intent moments. To keep users engaged, they prioritize highly relevant content that ensures an excellent user experience. For these reasons, they’re well-positioned to remain in top spots.
Regarding both platform usage and performance, Instagram followed closely on the heels of Google and Facebook. Eighty percent of respondents use Instagram, and 9% say it’s their top-performing platform. With the same targeting abilities as Facebook, it makes sense that Instagram would be nearly as popular and effective.

When asked which digital advertising channels they planned to start using in 2021, one-quarter said TikTok, demonstrating once again that online video is increasing in importance. In an open-ended question, 116 marketers also identified TikTok as the “next big thing in digital advertising.”

![Which advertising platform delivered the most ROAS for you in 2020?](image-url)
What’s TikTok’s secret sauce? “TikTok is more machine than man,” wrote John Herrman of the *New York Times*. “It is constantly learning from you and, over time, builds a presumably complex but opaque model of what you tend to watch, and shows you more of that.”

In other words, the platform keeps users engaged by curating a personalized video feed. Where other social media platforms have tried and failed to implement this strategy, TikTok has succeeded. The advanced machine learning system behind TikTok allows advertisers to reach the platform’s billion users with content that truly resonates with them.

**Prediction #2:**

“Video is going to get even bigger than it is now, and companies will start using platforms like Instagram and TikTok more than they have.”

—Anonymous Marketing Manager
Key finding #3:

Regarding the success of their digital advertising programs, most marketers feel there’s room for improvement.
Only one in five marketers believes their digital advertising programs are very successful. The other 80% aren’t as satisfied with their current performance.

Our survey data could reveal why.

The vast majority of surveyed marketers (95%) recognize a problem with their average conversion rates: They’re unacceptably low.
Over half of respondents reported rates between 0% and 6% across Google and Facebook, with more than one-third saying they convert below 3%. In other words, these marketers are wasting a significant chunk of their ad budgets on traffic that doesn’t convert.

The “get-more-clicks” mentality could be to blame. Nearly one-quarter of surveyed marketers continue to optimize their ad campaigns for clicks—a fundamentally flawed strategy. Optimizing the pre-click stage helps drive more traffic to your post-click landing pages, but it doesn’t help you convert that traffic into paying customers. To grow your bottom line, you must also optimize your post-click experience.

What's your average conversion rate on Google, Facebook, and LinkedIn?

<table>
<thead>
<tr>
<th>Google (n=1250)</th>
<th>Facebook (n=1255)</th>
<th>Linkedin (n=725)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1%</td>
<td>6%</td>
<td>11%</td>
</tr>
<tr>
<td>1-3%</td>
<td>33%</td>
<td>30%</td>
</tr>
<tr>
<td>4-6%</td>
<td>22%</td>
<td>21%</td>
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<tr>
<td>7-9%</td>
<td>8%</td>
<td>10%</td>
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<tr>
<td>10-15%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>&gt;15%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Not sure</td>
<td>25%</td>
<td>21%</td>
</tr>
</tbody>
</table>

| AVG.            | 3.8%              | 3.9%            |
|                 |                   | 2.2%            |

Do you optimize your ad campaigns for clicks or conversions?

- 45% Clicks
- 32% Conversions
- 23% Both Equally

= significantly higher at 95% confidence
Prediction #3:

In 2021, there will be improvements in mobile ad units and landing page experiences that reduce bounce rates and increase conversions.

—Jason Berman, Managing Director, Digital & Media Strategy, NYC & Company
Key finding #4:

Both in-house teams and external partners will be vital to digital advertising success in 2021.
Today, both in-house teams and external partners play an important role in digital advertising. For 57% of surveyed marketers, in-house teams are largely responsible for the execution of digital advertising work. The other 43% rely heavily on agencies or tech-enabled service providers to accomplish their goals.

In-house teams will remain essential in 2021. After all, they understand the ins and outs of their companies and are closest to their brands. But, while over half of marketers (54%) expect to welcome more team members in 2021, only 12% said hiring new staff was in their top three priorities. The thing is, keeping everything in-house can be expensive. Instead of accessing specialists when needed, you must hire them full-time.

Perhaps for this reason, external partners are growing in importance. Before 2020, companies had already begun relying more on specialized agencies, tech-enabled services, and independent contractors to get work done. The pandemic accelerated this trend. As a result, over half of surveyed marketers (55%) now plan to increase their investment in agencies or tech-enabled services in 2021.
Prediction #4:

“As advertisers are pressed to refine or reduce budgets and ensure maximum ROAS and conversion, there will be an increased focus on campaign optimization.”

—Anonymous Marketing Director
Key finding #5:

Marketers who leverage tech-enabled services are more satisfied with their conversion rates than their in-house and agency counterparts.
In our survey, marketers using tech-enabled services to accomplish their digital advertising objectives were 4.4 times more likely to say they’re very satisfied with their conversion rates.

Alone, software and service companies are only capable of so much. Seeking to combine the best of both categories is an emerging class of business known as a “tech-enabled service company.” These hybrids offer the scalability of software with the expertise of seasoned personnel.

How satisfied are you with your average conversion rates?

**TOTAL (n=1440)**

- Very satisfied: 5%
- Somewhat satisfied: 50%
- Neither satisfied nor dissatisfied: 25%
- Somewhat dissatisfied: 17%
- Very dissatisfied: 3%

**In-House Team (n=822)**

- Very satisfied: 4%
- Somewhat satisfied: 52%
- Neither satisfied nor dissatisfied: 23%
- Somewhat dissatisfied: 18%
- Very dissatisfied: 3%

**Agency (n=582)**

- Very satisfied: 5%
- Somewhat satisfied: 49%
- Neither satisfied nor dissatisfied: 27%
- Somewhat dissatisfied: 17%
- Very dissatisfied: 2%

**Tech-Enabled Service (n=36)**

- Very satisfied: 22%
- Somewhat satisfied: 36%
- Neither satisfied nor dissatisfied: 28%
- Somewhat dissatisfied: 11%
- Very dissatisfied: 3%

= significantly higher at 95% confidence
With powerful technology and dedicated experts, tech-enabled services appeal to brands for these five reasons:

- **More affordable than premium service providers.** By relying on automation over traditional human processes, tech-enabled services curb operational costs. They can serve more clients with fewer resources, and the benefit is affordability to the client.

- **Experts in their technology.** Tech-enabled services haven’t merely invested in tech; they’ve made it the heart of their business. They’re experts in the technology that can help you achieve your business goal, and they know how to use it to its potential to get you the best results possible.

- **Faster results than premium software.** The time it takes to train an employee is more costly than it seems. The obvious cost to businesses is the time spent on learning software, that can be spent performing higher-priority tasks. Less obvious are the results of business sacrifices during a new employee’s learning phase. Outsourcing to a tech-enabled company means investing in immediate results and eliminating the time it takes to learn the software.

- **Knowledge security.** With traditional software, employees train to become efficient over time. If these employees leave, get promoted, or are unavailable, their knowledge of the software goes with them. At best, you sacrifice short-term efficiency. At worst, you have to re-invest in new employee training. With a tech-enabled service, you can be confident that your experts’ knowledge base isn’t going anywhere.

- **Completely hands-off.** Even beyond the cost of training, there is the cost of maintaining and using the software. Clients of tech-enabled services eliminate the long-term cost of time spent using a tool that can quickly add up. Even 15 minutes a day using a tool adds up to around 60 hours over the year.
Prediction #5:

“More marketers will partner with tech-enabled services companies, which deliver superior results at a lower cost.”

—Tyson Quick, CEO, Postclick
Prediction #6:

Marketers’ top three digital advertising priorities are increasing their conversion rates, growing their return on ad spend, and enhancing their targeting/segmentation.
Surveyed marketers identified three priorities for 2021:

**Their first priority is to increase their conversion rates.** This fact demonstrates that marketers are increasing their focus on the post-click stage of advertising conversion. It also signals the decline of the “get-more-clicks” mentality. By taking a holistic approach to digital advertising and designing campaigns with the entire customer experience in mind, marketers are well-positioned to grow their bottom line.

**Their second priority is to grow their return on ad spend.** As demand for digital advertising products increases, costs will rise and returns will diminish. Fortunately, marketers are already focused on optimizing their conversion rates. As a result, they’re more likely to achieve their goal of maximizing their return on ad spend.

**Their third priority is to enhance their targeting and segmentation.** Given the impending death of third-party cookies, it’s not surprising that marketers are focused on finding new ways to reach targeted audiences. After all, some of their most effective strategies—like retargeting past visitors with personalized offers that drive them to convert—are about to expire.

Taken together, it’s clear that marketers have their priorities straight.
Prediction #6:

"In 2021, the challenge will be to overcome the death of third-party cookies and still deliver a personalized advertising experience."

—Carlos Lopez, SVP, GD, Brand Planning, Digitas Health
Key finding #7:

High-performing marketers leverage more platforms, optimize for conversions, and earn larger budget increases.
Defined as those who declare their digital advertising programs “very successful” or have average conversion rates are over 15%, high-performing marketers differ from their underperforming peers in five essential ways:

1. They’re more likely to use a wide variety of digital advertising platforms.

Instead of restricting themselves to the most popular platforms, like Facebook and Google, high-performing marketers invest in a large number of platforms—effectively reducing their risk by limiting the impact of any one platform.

### Which advertising platforms do you currently use?

<table>
<thead>
<tr>
<th>Platform</th>
<th>Successful DA Programs</th>
<th>Non-Successful DA Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>89%</td>
<td>79%</td>
</tr>
<tr>
<td>Google</td>
<td>89%</td>
<td>75%</td>
</tr>
<tr>
<td>Instagram</td>
<td>83%</td>
<td>66%</td>
</tr>
<tr>
<td>YouTube</td>
<td>60%</td>
<td>41%</td>
</tr>
<tr>
<td>LinkedIn</td>
<td>52%</td>
<td>43%</td>
</tr>
<tr>
<td>Twitter</td>
<td>47%</td>
<td>39%</td>
</tr>
<tr>
<td>Amazon</td>
<td>31%</td>
<td>23%</td>
</tr>
<tr>
<td>Pinterest</td>
<td>26%</td>
<td>17%</td>
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<tr>
<td>Bing</td>
<td>26%</td>
<td>16%</td>
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<tr>
<td>Snapchat</td>
<td>16%</td>
<td>11%</td>
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<tr>
<td>Microsoft</td>
<td>17%</td>
<td>13%</td>
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<tr>
<td>Tiktok</td>
<td>15%</td>
<td>7%</td>
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<tr>
<td>Reddit</td>
<td>8%</td>
<td>5%</td>
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<tr>
<td>Outbrain</td>
<td>3%</td>
<td>4%</td>
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<tr>
<td>Taboola</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Quora</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>8%</td>
<td>5%</td>
</tr>
</tbody>
</table>

= significantly higher at 95% confidence
2. They’re more likely to see returns from Facebook.

While high-performing marketers still report the most ROAS from Google, they’re far more likely than their underperforming peers to name Facebook as their top-performing platform.

Which advertising platform delivered the most ROAS for you in 2020?

Facebook: 27% (Successful DA Programs)
Google: 44% (Successful DA Programs)
LinkedIn: 12% (Non-Successful DA Programs)
Twitter: 2% (Successful DA Programs)
Amazon: 3% (Non-Successful DA Programs)
Bing: 1% (Successful DA Programs)
Snapchat: 1% (Non-Successful DA Programs)
Microsoft: 1% (Non-Successful DA Programs)
Tiktok: 1% (Non-Successful DA Programs)
Reddit: 0% (Non-Successful DA Programs)
Outbrain: 0% (Non-Successful DA Programs)
Taboola: 0% (Non-Successful DA Programs)
Quora: 0% (Non-Successful DA Programs)
Other: 1% (Non-Successful DA Programs)

= significantly higher at 95% confidence
3. They’re more likely to optimize their ad campaigns for conversions, instead of clicks.

Unlike marketers with the “get-more-clicks” mentality, high-performing marketers are laser-focused on increasing their post-click conversions.
4. They’re more likely to prioritize increasing their conversion rates and growing their return on ad spend.

Unlike their underperforming peers, who focus on vanity metrics like reducing their bounce rates, high-performing marketers prioritize metrics that impact their bottom line.

5. They’re more likely to report a significant increase in budget.

Perhaps because they’re so successful, high-performing marketers are more likely to be rewarded with substantial budget increases. In fact, 39% of high-performers expect a significant budget increase compared to just 20% of average performers.
Prediction #7:

“Niche platforms will gain visibility and share of ad spend.”

—Anonymous Business Unit Executive
Key finding #8:

Marketers think video, personalization, and artificial intelligence are the next big things in digital advertising.
When asked about the next big things in digital advertising, surveyed marketers identified video, personalization, and artificial intelligence.

**Video came in first with 114 mentions.**

The rise of online video has been well-documented in recent years. Consumers not only prefer online video to television, according to Google and comScore, but also prefer YouTube to Facebook, according to Pew Research. Moreover, Zenith forecasts that people will spend an average of 100 minutes per day, or 12 hours per week, watching videos online in 2021—up from 67 minutes a day in 2018.

Throughout history, any medium that kept an audience’s attention meant a valuable advertising opportunity. Online video is no exception. Indeed, 84% of consumers say watching a brand video has inspired them to make a purchase, according to Wyzowl. The company also found that the vast majority of marketers saw a decent return on their investment in online video.

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4 https://www.zenithmedia.com/online-video-viewing-to-reach-100-minutes-a-day-in-2021/
5 https://www.wyzowl.com/video-marketing-statistics-2020/
Personalization came in second with 113 mentions.

Personalization has long been touted as the key to achieving advertising nirvana. Backing up this claim, Google found that, in nine out of ten cases, personalization delivers profits. In fact, early adopters have seen up to 15% more revenue, according to McKinsey. It’s no doubt why: Consumers respond to timely and relevant offers, something that’s only achievable through advanced personalization.

But, despite the clear advantages of personalizing your ad journeys, it isn’t easy to pull off. Three in four marketers “struggle to scale their personalization efforts,” and 65% find the process overwhelming, according to Gartner. The most significant challenge, according to multiple studies, is a lack of internal resources. To effectively personalize your messaging at scale, you need the right data, the right talent, and the right tools.

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Artificial intelligence came in third with 80 mentions.

As we’ve seen, personalization and optimization are key to delivering higher conversion rates and return on ad spend, yet both are very labor-intensive. Fortunately, artificial intelligence has a wide assortment of capabilities, including automatic ad and landing page creation, better targeting, content personalization, and performance optimization. AI is thus the only logical way forward.

With eight in ten early adopters reporting a positive return on investment, according to Deloitte, it’s no wonder advertisers are champing at the bit. After all, those who invest in technologies that leverage AI will have a clear competitive advantage over those who don’t, as they will require fewer resources to achieve superior performance.

Prediction #8:

"Businesses will adopt machine learning that enables personalization at scale along the consumer journey."

—Jon Hinderliter, Director of Marketing & Communications for University College, Washington University in St. Louis
2021 Outlook: Success Is Now Within Reach

Against the backdrop of the pandemic, digital advertising is experiencing unprecedented growth. Now more than ever before, it’s vital that marketers stay ahead of the curve. The months and years following the pandemic will not only bring increased competition but also new trends in consumer behavior, technological advances, and regulatory changes. To excel at digital advertising, marketers will need to remain agile and adapt quickly to anything that comes their way.

Early adopters of emerging advertising platforms, advanced personalization techniques, and tools powered by artificial intelligence will gain a competitive edge over those who are satisfied with the status quo. They will be joined by marketers who spread their investments across many advertising platforms, focus on key metrics like return on ad spend, and optimize their campaigns for conversions—lessons learned from their high-performing peers.
We want to offer you a complimentary analysis of your ad campaigns. We will review your campaigns to analyze your post-click health, compare your site against industry and competitive benchmarks, and identify the most comprehensive opportunities to increase your ROAS. Our team will share insights on how we can increase your conversion rates, in addition to a comprehensive competitive analysis.

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