

GLOBAL

State of Digital Advertising 2021:

Marketing Budgets &
Priorities in a New World

criteo.





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Advertising for a new paradigm

If ever there was a year of rapid disruption and transformation, 2020 was it. We didn't just spend more time online, we completely changed the way we manage our day-to-day existence.

Lifestyles changed dramatically, and out-of-home activities like working, learning, and shopping became the domain of the household. For businesses, being consumer-centric today means thinking about people who consume primarily from home.

Companies know that success moving forward means rethinking the ways they reach out to consumers, how they keep them, and how they upsell them. This will impact the way marketers spend and invest in the future.

Thankfully, the day when we'll be able to re-enter stores without real or existential threat is on the horizon. And while that moment will be very welcome, consumers will still use the hybrid purchasing options they adapted to during the pandemic, like buy online, pick up in-store and curbside pickup. And they'll still enjoy shopping online.

As COVID-19 vaccines become widely available and the global economy gets back on its feet, look for innovative products, marketing, and distribution models to come to the fore.

In 2020 consumers were pushed to embrace what was available and what was possible. Now, they are ready for anything.

Digital Marketing Plans to Remain Robust in the Wake of COVID-19

We surveyed 1,000 senior marketing executives across different industries around the world to learn about their plans for 2021.

Top findings from the study include:

- Online sales increases are mitigating total sales decreases.
- Digital campaigns are the least impacted marketing activity.
- Website sales are the #1 metric influencing marketing plans.
- Over dependence on walled gardens is a top concern.
- Omnichannel strategies and integrations remain important.

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Impact of COVID-19 on Businesses



Revenues dropped, but online sales rose in 2020.

Sixty-one percent of the marketers from the various industries we surveyed reported a decline in revenues compared to 2019. However, the top cited positive outcome of the pandemic was increased website sales.

For retail specifically, Criteo data shows that despite a tumultuous year, ecommerce sales were up +14% globally in December 2020, compared to one year prior.*

*Criteo data, Retail, December 2020 compared to December 2019.

All eyes are on marketers in 2021.

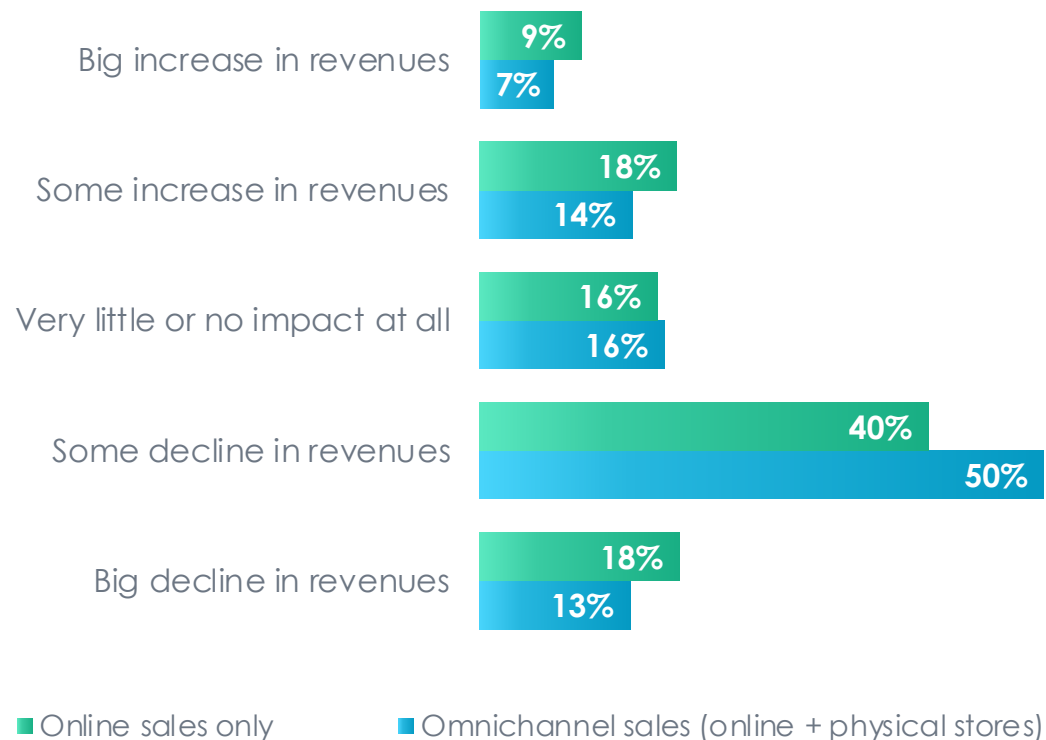
Seven out of 10 respondents in our study agreed that the marketing function in their organization became more important during the pandemic. Now more than ever, the pressure is on for marketing teams to drive results across every stage of the consumer journey, from customer acquisition all the way through sales and retention.

Marketers confirm revenue losses, but many online-only businesses report an increase in revenues

61%

said their business has seen a drop in revenue in 2020 vs. 2019.

How much has COVID-19 impacted the revenue of your business in 2020?



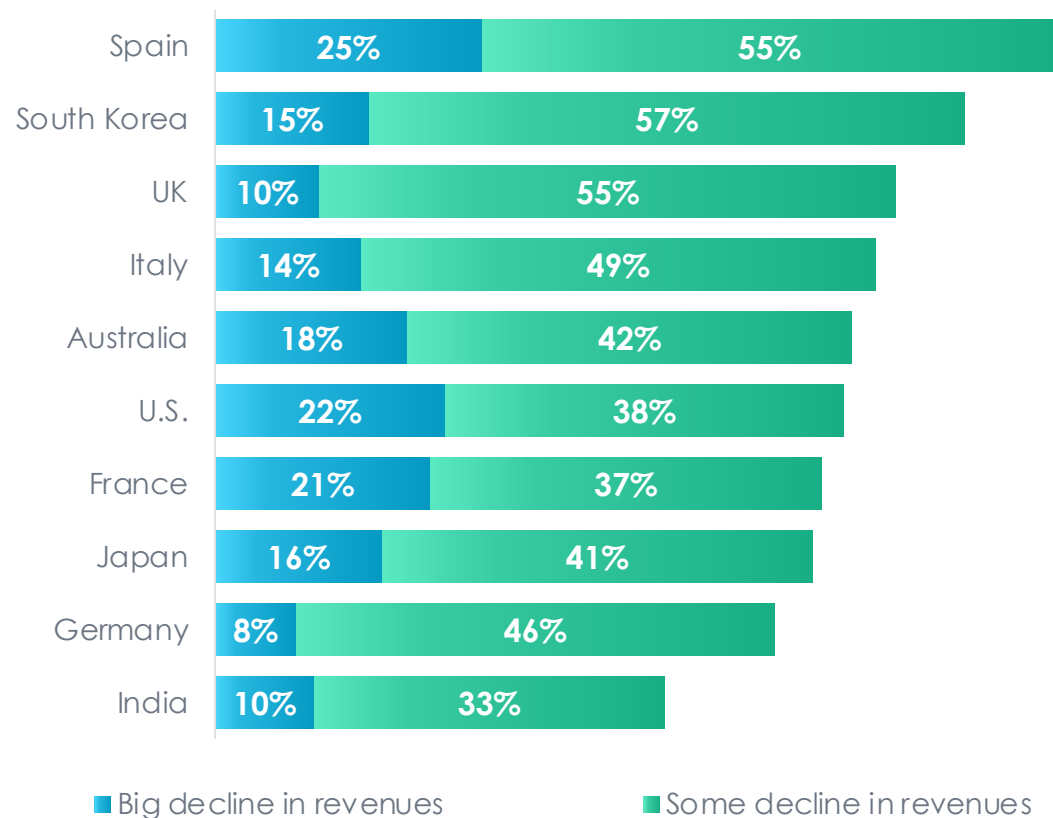
Source: Criteo COVID-19 Impact on Marketing Survey, Global, Online and Omnichannel Businesses Combined, October 2020, n=1039.

In most markets,
a majority of
respondents saw a
decline in revenues

1 in 5

marketers in the US,
Spain, and France
say COVID-19 has
resulted in a big
decline in revenues.

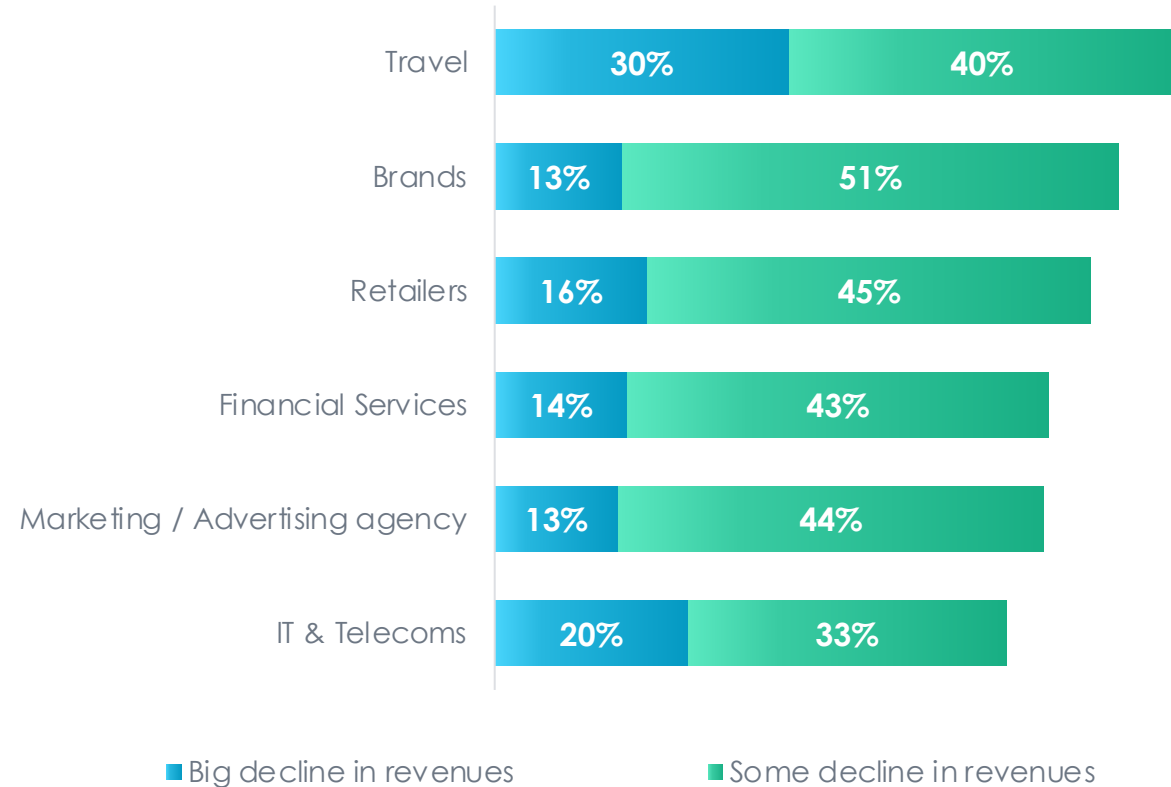
How much has COVID-19 impacted the revenue of your business in 2020?



Source: Criteo COVID-19 Impact on Marketing Survey, Global, Online and Omnichannel Businesses Combined, October 2020, n=1039.

Across industries, total revenue has largely declined

How much has COVID-19 impacted the revenue of your business in 2020?



Source: Criteo COVID-19 Impact on Marketing Survey, Global, Online and Omnichannel Businesses Combined, October 2020, n=1013.

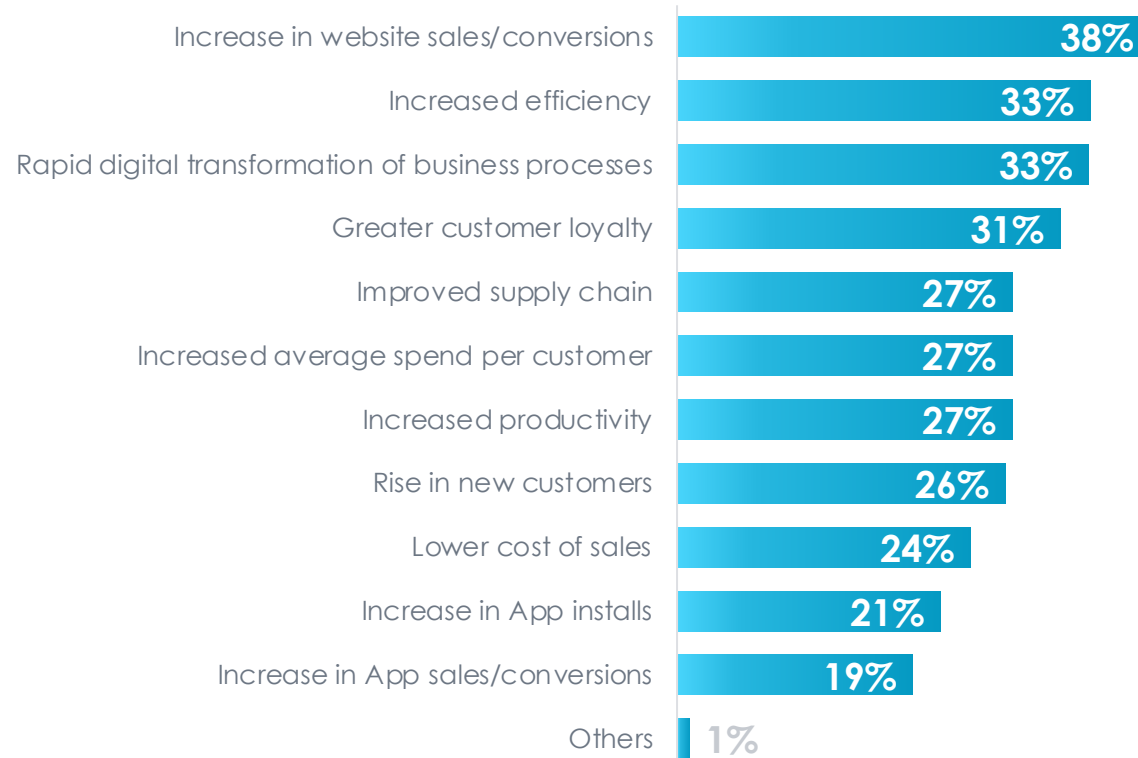
Increased web sales were the top positive outcome of 2020

38%

saw more website sales/conversions.

1 in 3 say it has resulted in rapid digital transformation of business processes.

Have there been any positive outcomes for your business during COVID-19?



Source: Criteo COVID-19 Impact on Marketing Survey, Global, October 2020, n=1013.

Marketing's role has become more important to drive full-funnel results

1 in 2

cite a greater need for performance marketing campaigns to drive sales.

Why did the marketing function at your company increase in importance during COVID-19?



Source: Criteo COVID-19 Impact on Marketing Survey, Global, October 2020, n=745.

Digital Marketing Spend, Re-allocated



A rebalanced marketing mix for 2021.

Despite a rapidly changing landscape, 87% of marketers plan to spend the same or more on a proven performance driver - paid display / retargeting on publisher sites and apps - in 2021.

At the same time, many marketers also intend to diversify their hard-won budgets across the open internet: 43% plan to spend more on retail media in this year than they did in 2020.

More attention on more channels.

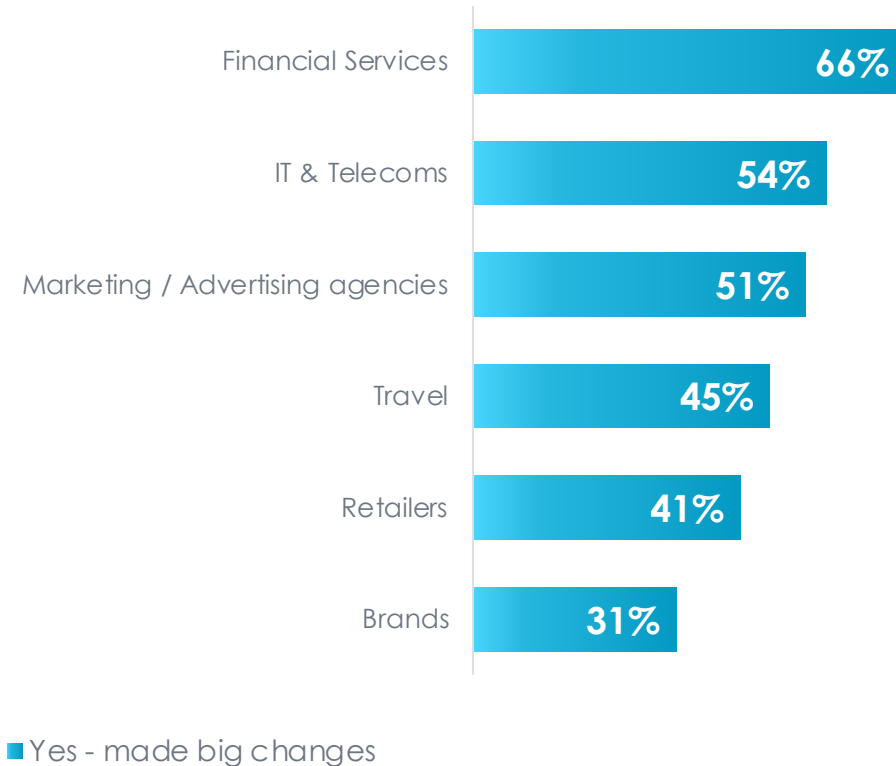
The need to connect all touchpoints where consumers discover, evaluate, and buy became even more pronounced in 2020, and businesses are responding. More than one-third of marketers plan to increase spend on omnichannel and paid video in 2021.

Marketing strategies have shifted across all types of businesses

9 in 10

marketers across all verticals say they have made changes to their strategy due to COVID-19.

Did you make changes to your marketing strategy due to COVID-19?



Source: Criteo COVID-19 Impact on Marketing Survey, Global, October 2020, n=1039.

Digital marketing campaigns are seeing the least disruption

59%

say digital marketing campaigns are going ahead as planned.

More than half said the same about marketing budget commitments and co-marketing campaigns.

What is the current status of the following activities at your business?

Activity	Going ahead as planned	Being reviewed	Delayed
Digital marketing campaigns	59%	25%	16%
Marketing budget commitments	53%	32%	15%
Co-marketing campaigns	51%	29%	20%
Launch of new products/services	49%	29%	22%
In-store marketing campaigns	46%	30%	24%
Outdoor marketing campaigns	45%	30%	25%
Hiring for new positions	42%	30%	28%
Hiring for backfill	41%	31%	28%
Events and exhibitions	35%	31%	34%
Total	100%	100%	100%

Source: Criteo COVID-19 Impact on Marketing Survey, Global, October 2020, n=1039.

Marketing budgets are increasing across digital channels in 2021

4 in 10

say their budgets will increase for retargeting/paid display and advertising on retail websites/apps in 2021.

Will your digital marketing budget increase for the following channels in 2021?

Marketing Channel	Likely to increase	Likely to stay the same	Likely to decrease
Social Media	47%	40%	13%
Website/Content Marketing	44%	44%	12%
Advertising on Retail websites/apps	43%	44%	12%
Retargeting/Paid Display on Publisher websites/apps	38%	49%	13%
Paid Search	36%	50%	13%
Email Marketing	36%	47%	17%
Omnichannel Strategy	36%	51%	13%
Paid Video	34%	49%	17%

Source: Criteo COVID-19 Impact on Marketing Survey, Global, October 2020, n=1026.

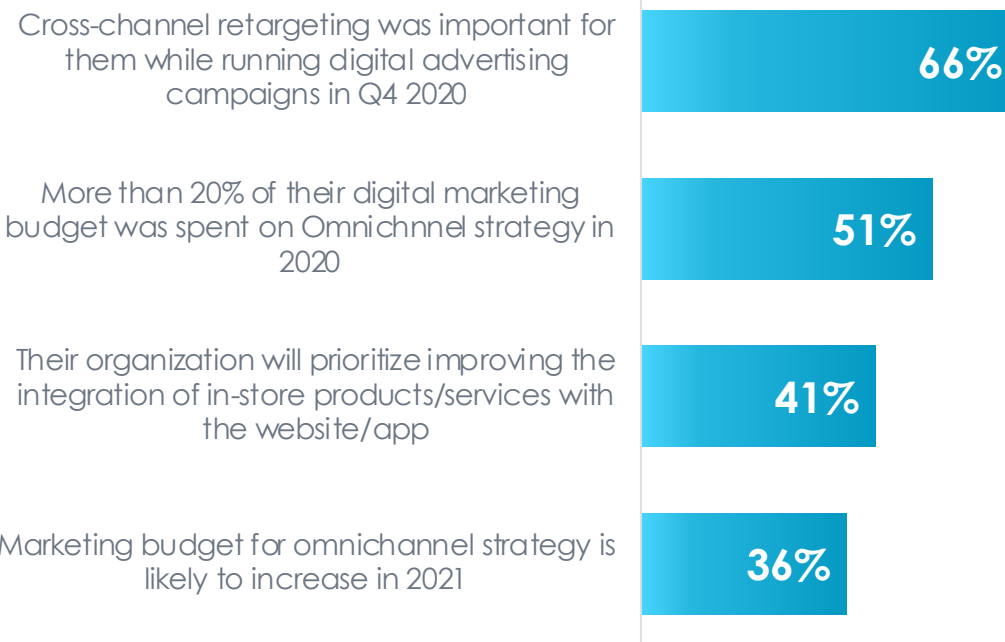
Omnichannel strategies and integrations remain important in 2021

41%

are prioritizing in-store/digital integration.

More than one-third plan to increase their omnichannel strategy budgets in 2021.

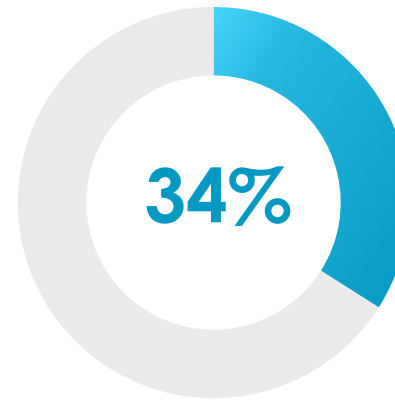
Marketers' omnichannel priorities and 2021 plans:



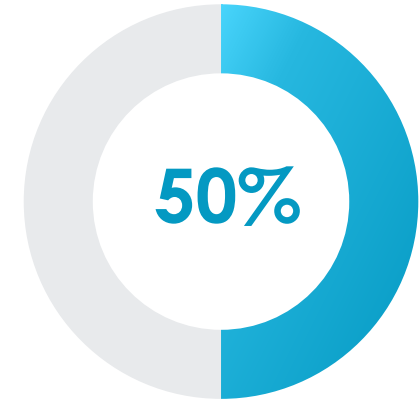
Source: Criteo COVID-19 Impact on Marketing Survey, Global, October 2020, n=974.

Paid video is taking a growing slice of digital marketing budgets

What marketers are saying about paid video:



Say their marketing budget for Paid Video is likely to increase in 2021



Confirm that more than 20% of their digital marketing budget was spent on Paid Video in 2020

Source: Criteo COVID-19 Impact on Marketing Survey, Global, October 2020, n=982.

Priorities & Challenges Moving Forward



Protecting and expanding the business in 2021.

Not surprisingly, marketers cite gaining new customers and keeping current ones as their top objectives in 2021. But product and operational innovation is also top of mind: 45% say expanding into new offerings is a core objective, and about four in 10 are keen to explore new business models.

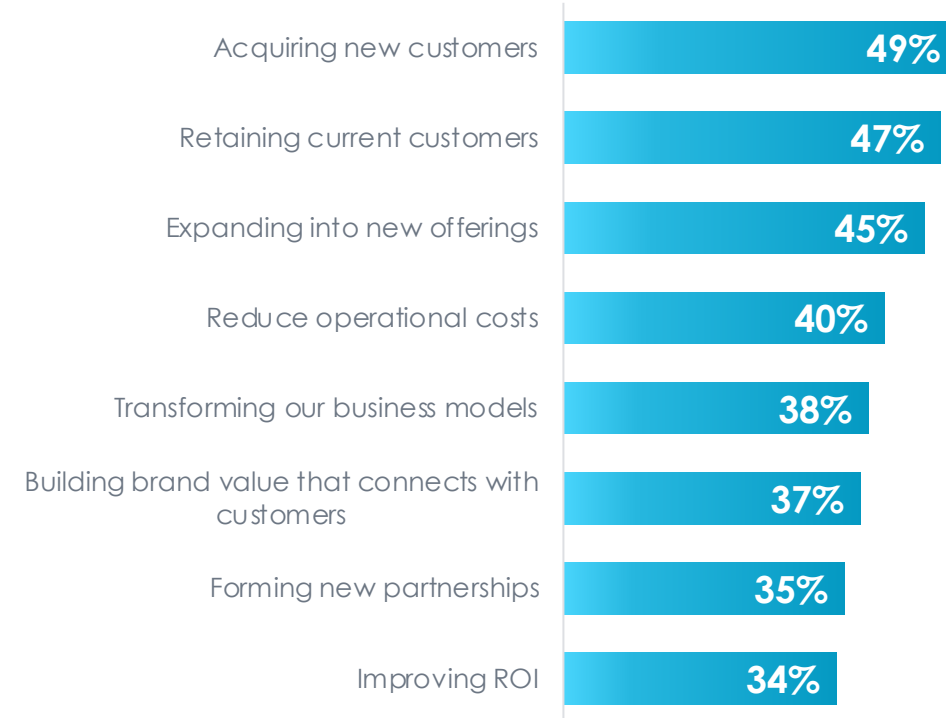
Louder calls for brand-safe alternatives.

Businesses are more tuned in than ever to how they're being perceived in a non-stop news cycle. A full 64% of marketers say that not showing up next to hateful or fake content is a top concern. One third say their campaigns are too dependent on Facebook, Amazon, and Google.

A separate Criteo survey found that many consumers also have reservations about social media, from seeing posts with fake news and misinformation to worrying about how their privacy and personal information is handled.

Acquisition, retention, and new offerings are top objectives in 2021

What are your company's core objectives to bounce back from COVID-19?



Source: Criteo COVID-19 Impact on Marketing Survey, Global, October 2020, n=999.

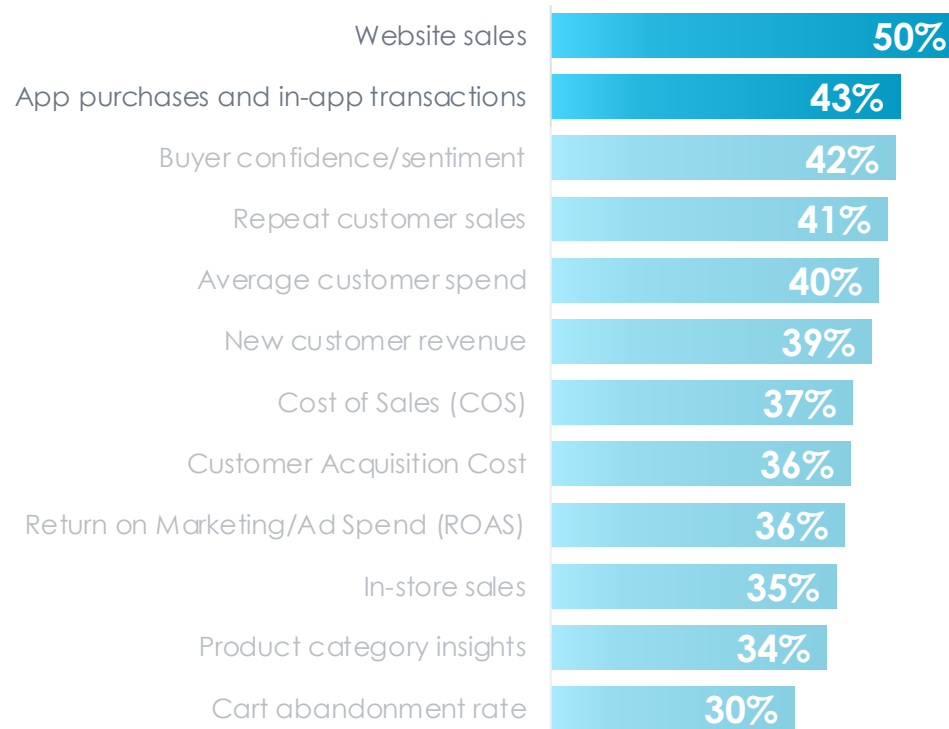
The #1 metric influencing marketing plans in 2021 is online sales

50%

say their most influential metric in 2021 will be website sales.

4 in 10 also cited app purchases and transactions.

Considering the impact of COVID-19, what data/metrics are most influential for your marketing plans?

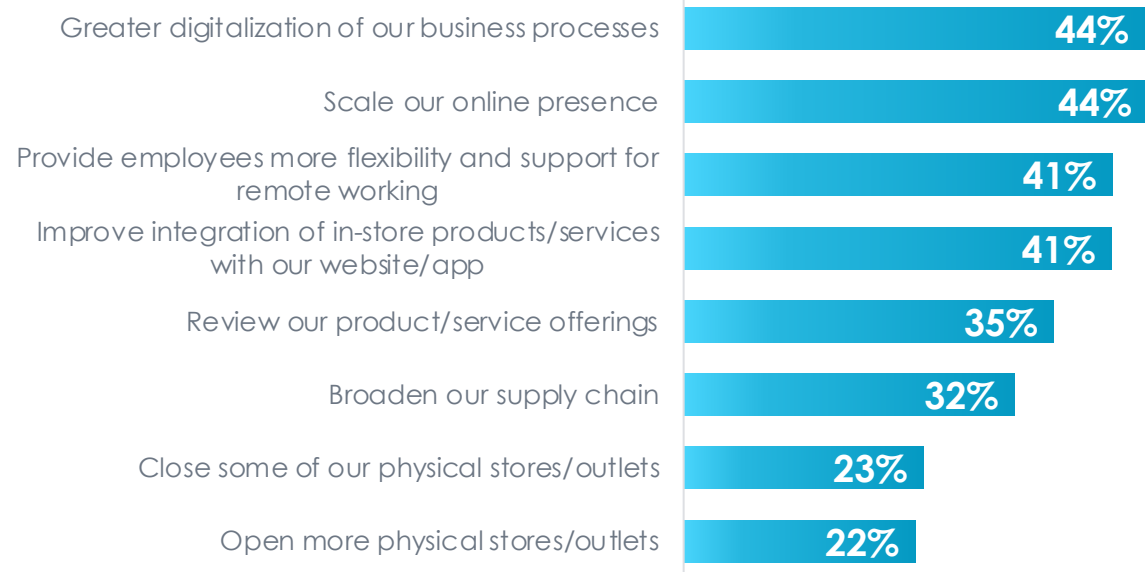


■ Most Influential

Source: Criteo COVID-19 Impact on Marketing Survey, Global, October 2020, n=1039.

Digitalizing operations and scaling online are top priorities

Which of the following will you prioritize to become better at facing COVID-19-type situations in the future?



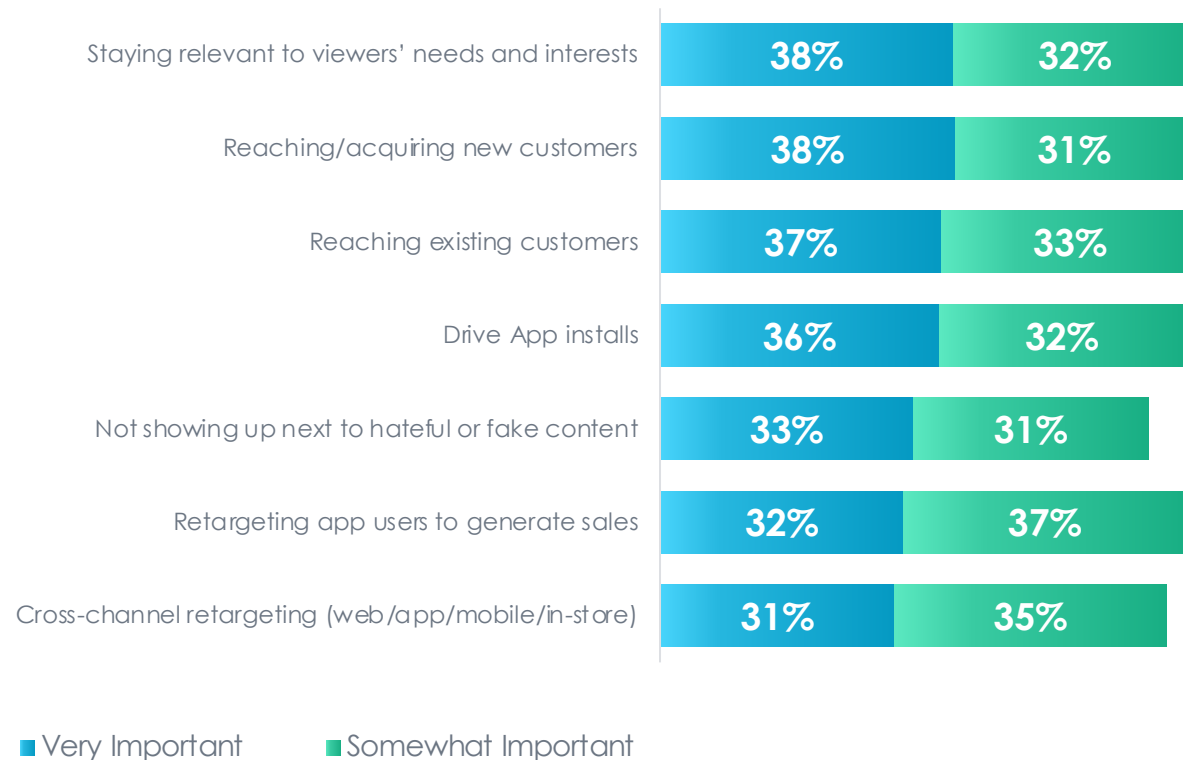
Source: Criteo COVID-19 Impact on Marketing Survey, Global, October 2020, n=1004.

Staying relevant to viewers' needs and interests is hugely important for marketers

64%

said that not showing up next to hateful or fake content was also important—a sentiment that is likely to continue in 2021.

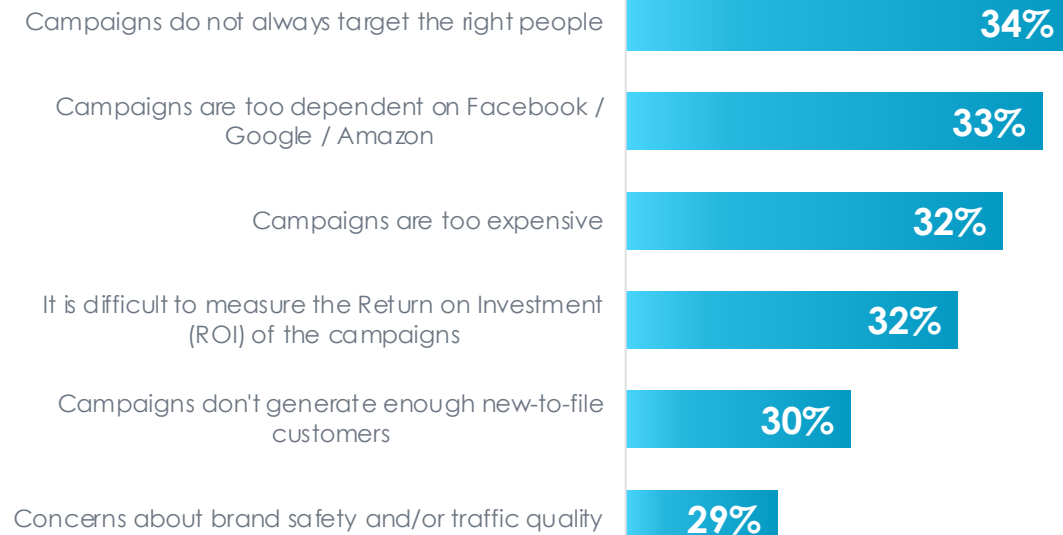
How important is the following when running digital ad campaigns in Q4 2020?



Source: Criteo COVID-19 Impact on Marketing Survey, Global, October 2020, n=1037.

1 in 3
marketers say their
campaigns are too
dependent on
Facebook, Google,
and Amazon

What issues do you experience most frequently with digital marketing campaigns?

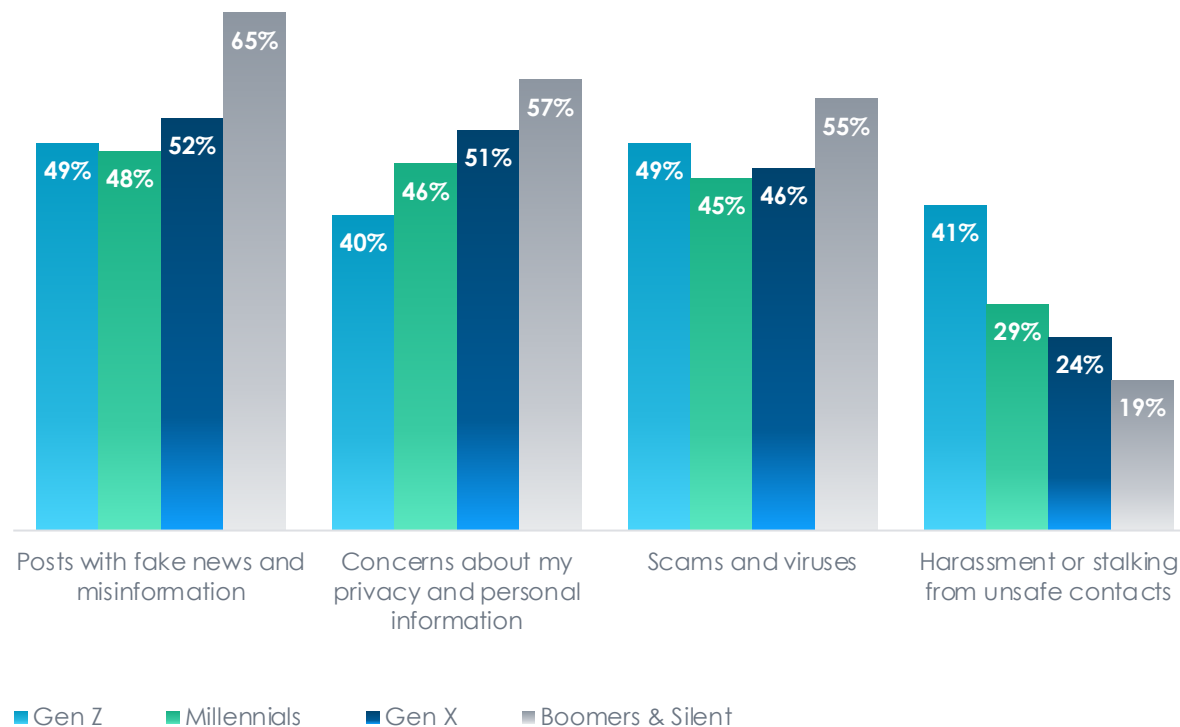


Source: Criteo COVID-19 Impact on Marketing Survey, Global, October 2020, n=1039.

Consumers themselves have significant concerns about social networks

While Gen Zers have concerns about harassment and stalking, for all generations in the US, **fake news is the main concern.**

What are your main concerns while using social networks?



Source: Criteo State of Social Media Survey, US, Q4 2020, n=1440.

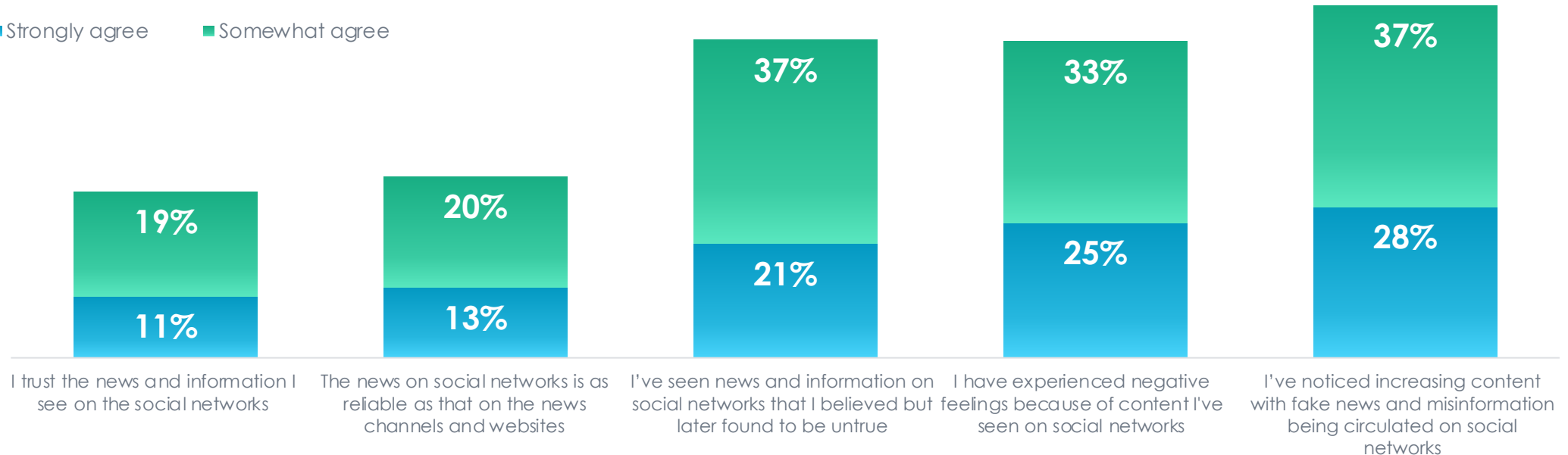
In the US, only 30% of users trust the news/information on social networks

65% of Americans have noticed fake news and misinformation being circulated on social networks.

Please tick how much you agree or disagree with the following statements:

■ Strongly agree

■ Somewhat agree



Source: Criteo State of Social Media Survey, US, Q4 2020, n=1440

Get More From Your 2021 Marketing Budget

3 Ways to Increase ROI

Businesses are now bracing for a year of recovery or more. In 2021, marketers will be focused on driving tangible results in a world where more consumers than ever are online, and the economic and health impact of COVID-19 is still a concern.

While some things remain difficult to predict, like what seasonal sales will look like during specific moments of the year, there are still several actionable strategies that marketers can implement today to start seeing results tomorrow.



1 Make up for lost 2020 revenue with a big sales push

The people who already know and love your company are the most powerful audiences to target as your business bounces back.



Drive Sales From New Customers

Reconnect with people who showed interest in your business—such as recent website visitors and people who put items in their cart but didn't purchase.



Help Recent Buyers Discover What to Purchase Next

Show them products that are in stock and services available where they live and drive their next purchase with a discount or free shipping just for them.



Re-engage Lapsed Online & Offline Customers

Now that consumers know what they want and need for their new lifestyles, re-engage all your inactive customers, remind them about your selection of products and services, and invite them to shop online or in-store.

2 Keep the momentum going by reaching new audiences

There are endless opportunities to connect with new audiences online as more people want the convenience of delivery or buy online, pick up in-store.



Reach More of the Right People

Reserve enough budget for campaigns focused on reaching a large pool of people who are new to your brand.



Connect with Lookalike Audiences

Engage consumers who have similar browsing behaviors or interests to your current website visitors and recent buyers.



Reach People Who Are Already Shopping

Launch retail media campaigns to target online audiences that are actively browsing retailer websites and marketplaces.

3 Give your ads the right content and the right context

Spend your marketing dollars to drive your exact goals without putting your brand at risk.



Align Your Creative with Your Objective

Your marketing objectives span the entire customer journey, from inviting new audiences to get to know your company to increasing sales and building loyalty. Tailor your ad creative so it drives the right actions at each stage.



Reduce Risks to Brand Safety

The user-generated content on social media platforms makes them a risky place to spend a large portion of your ad budget. Get access to inventory on premium publishers and apps and allow or deny specific content categories and domains and apps as needed.



Reach People When They're in the Mood to Shop

Use real-time data to understand purchase intent and serve ads when and where consumers are most likely to engage with your business. In addition, reach people who show purchase intent by browsing retailer websites.

Engage consumers at the right moments and influence their purchase decisions

CRITEO MARKETING SOLUTIONS

Connect with consumers as they discover and explore your business. Then help them find the perfect products and services to buy.

Reach shoppers at the digital point-of-sale

RETAIL MEDIA BY CRITEO

Influence consumers as they browse retailer websites and ecommerce marketplaces, promote your products in relevant ways, and tie media spend directly to sales.



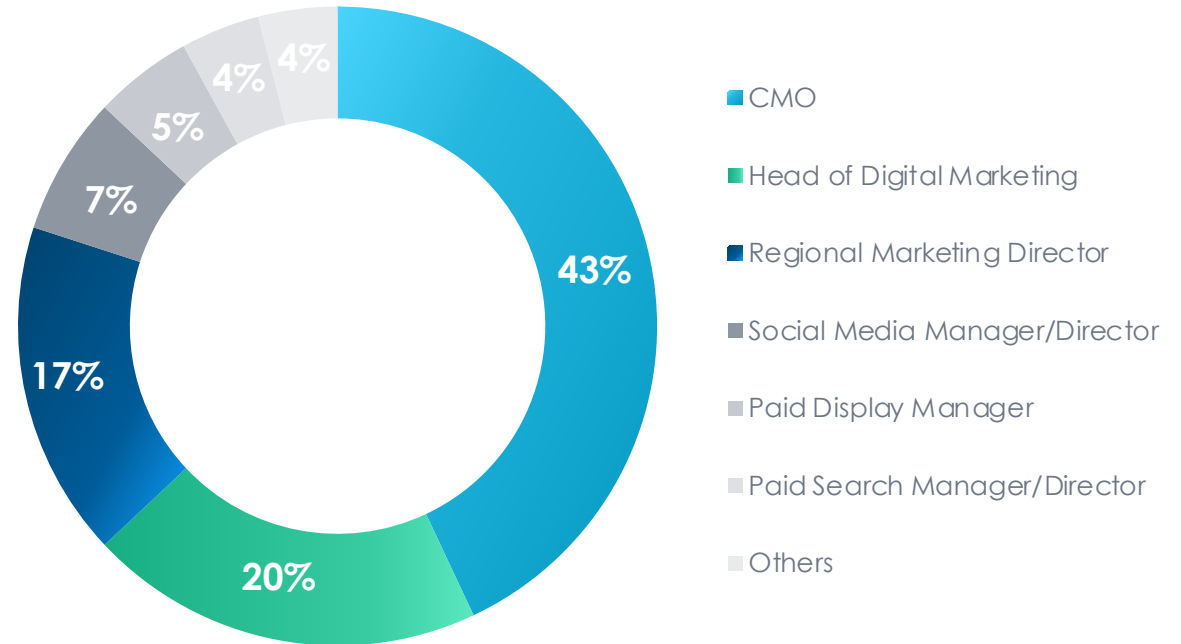
Appendix



4 out of 5 respondents are marketing budget decision-makers

80%+

of survey responses globally came from CMOs, Heads of Digital, and Regional Marketing Directors.

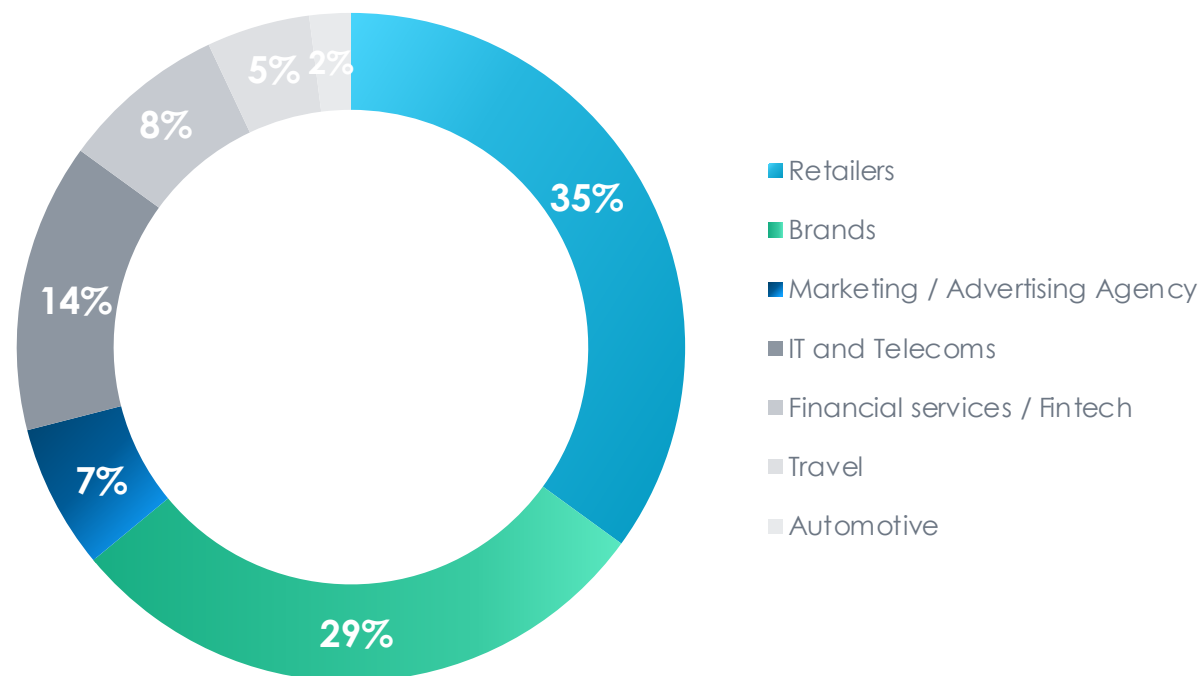


Source: Criteo COVID-19 Impact on Marketing Survey, Global, October 2020, n=1039.

Survey respondents are from a diverse mix of industries and sectors

64%

of responses are from retailers and brands. A majority of responses are from companies using multiple sales channels—including both online and physical stores.



Source: Criteo COVID-19 Impact on Marketing Survey, Global, October 2020, n=1039. Companies with no online presence (website or app) were excluded from this study.

Survey Sample Breakdown

By country

U.S.	N=100
UK	N=100
France	N=102
Germany	N=103
Italy	N=100
Spain	N=102
Australia	N=125
Japan	N=100
South Korea	N=102
India	N=105
Grand Total	N=1039

By Industry

Retailers	N=363 (35)
Brands	N=297 (29%)
IT & Telecoms	N=141 (14%)
Financial Services	N=88 (8%)
Marketing/Advertising Agencies	N=71 (7%)
Travel	N=53 (5%)
Automotive	N=26 (3%)
Grand Total	N=1039 (100%)

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About Criteo

Criteo (NASDAQ: CRYPTO) is the global technology company powering the world's marketers with trusted and impactful advertising. 2,700 Criteo team members partner with over 20,000 customers and thousands of publishers around the globe to deliver effective advertising across all channels, by applying advanced machine learning to unparalleled data sets.

Criteo empowers companies of all sizes with the technology they need to better know and serve their customers.

