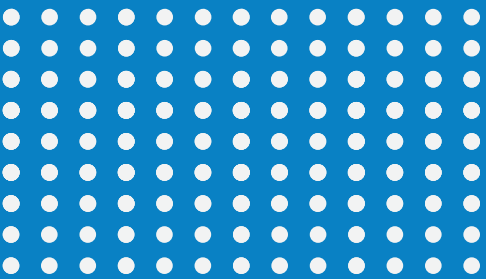The Small & Mid-Size
Business Perspective On

The State of Programmatic Advertising

Research Series Conducted in Partnership with Ascend2

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Methodology

Ascend2 benchmarks the performance of marketing strategies, tactics and the technology that drives them with a standardized online questionnaire and a proprietary 3-Minute Survey format.

This survey was fielded to a panel of marketing professionals and marketing research subscribers.

Survey Respondents

Primary Marketing Channel

B2B	31%
B2C	44%
B2B and B2C equally	25%

Primary role in company

Owner / Partner / C-Level	52%
Vice President / Director / Manager	34%
Non-Management Professional	14%

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The State of Programmatic Advertising
FROM THE SMALL AND MID-SIZE BUSINESS PERSPECTIVE

With advancements in the online ad-buying process, small and mid-size businesses now have access to tools that give them the ability to harness the power of data and apply it systematically to increase conversions from online ads.

But what are the strategies and tactics behind how small and mid-size businesses are using programmatic advertising?

To help you answer this question, Ascend2 and Perfect Audience fielded the State of Programmatic Advertising Survey.

This report, titled *The State of Programmatic Advertising from the Small and Mid-Size Business Perspective*, represents the opinions of 213 marketing professionals from businesses with fewer than 500 employees responding to the survey.
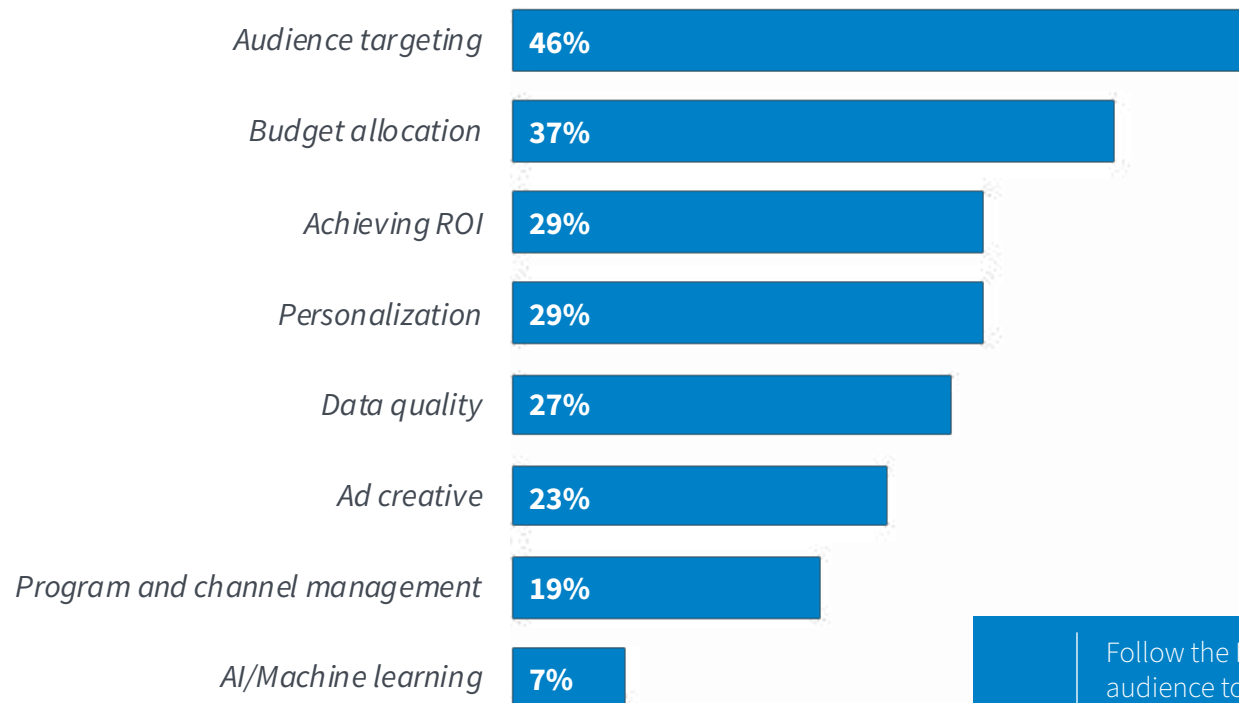
This research has been produced for your use. Put it to work in your own marketing strategy. Clip the charts and write about them in your blog or post them on social media. Please share this research credited as published.

Top Challenges

Serving the right ad, to the right person, at the right time requires an enormous amount of data and tracking and technology. That is why 46% of small and mid-size businesses report that **audience targeting** is a top challenge when it comes to programmatic advertising. **Allocating enough budget** to execute their strategy is also an obstacle for 37% of those surveyed.

What are the TOP CHALLENGES when executing a programmatic advertising strategy?

Challenge	%
Audience targeting	46%
Budget allocation	37%
Achieving ROI	29%
Personalization	29%
Data quality	27%
Ad creative	23%
Program and channel management	19%
AI/Machine learning	7%

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The State of Programmatic Advertising Survey
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Published June, 2020

TIP Follow the ROI and data to find your best audience to target. Facebook and Google allow you to reach half of your audience. Perfect Audience will help you reach the other half. Get more tips when you listen to the webinar replay, Retargeting Beyond Facebook and Google.

ROI and Data Should Drive the Audience

Experts we talked to were surprised that 'achieving ROI' was not #1 on the list of top challenges when executing a programmatic advertising strategy. Yes, audience targeting is important, but everything you do needs to be driven by ROI, even audience targeting. The more data you have, the better you will be able to target your audience and drive higher ROI.

Example of how ROI and data should drive audience targeting

You may be shocked where you find your best audience is not an easy and direct choice. Follow the data and you may discover hidden audiences that your competitors ignore. A pool company may discover that the direct choice of those interested in swimming may not be your best audience (highest ROI), instead, it may be those that have an interest in certain types of cruises because of their demographics (disposable income, age, etc.), interest in relaxation, and that they are not being targeted by your competitors. This is just one example, each business needs to follow the ROI and data to determine their best audience.

Perfect Audience is set-up to help follow the ROI and data to find and reach your best audience. If you want to discuss your audience targeting, the Perfect Audience team is available to meet with you. [Click here](#) to schedule a meeting.
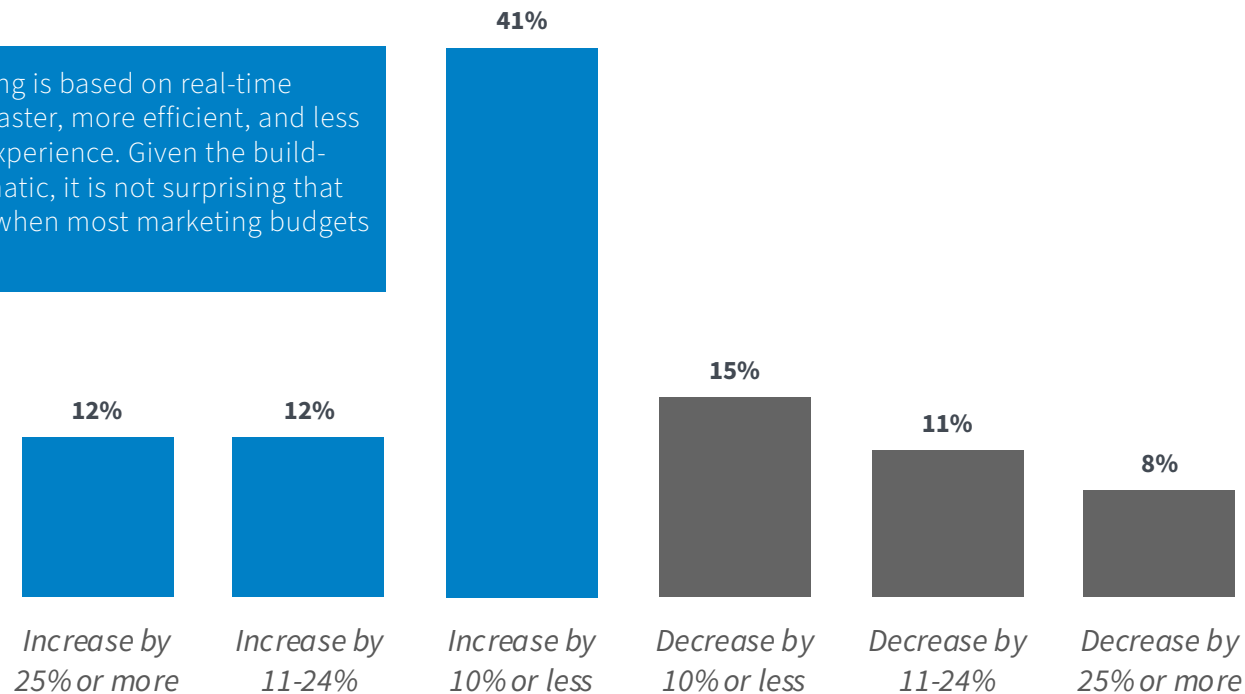
Short-Term Budget Trends

Small and mid-size business marketers are seeing the value in adding more programmatic advertising to their overall strategy. Over the next six months, nearly two-thirds (65%) of small and mid-size businesses expect to **increase their budget** for programmatic advertising to some extent. About one-quarter (24%) say this increase will be a jump of **over 10%**.

How do you expect your programmatic advertising BUDGET to change in the next 6 months?
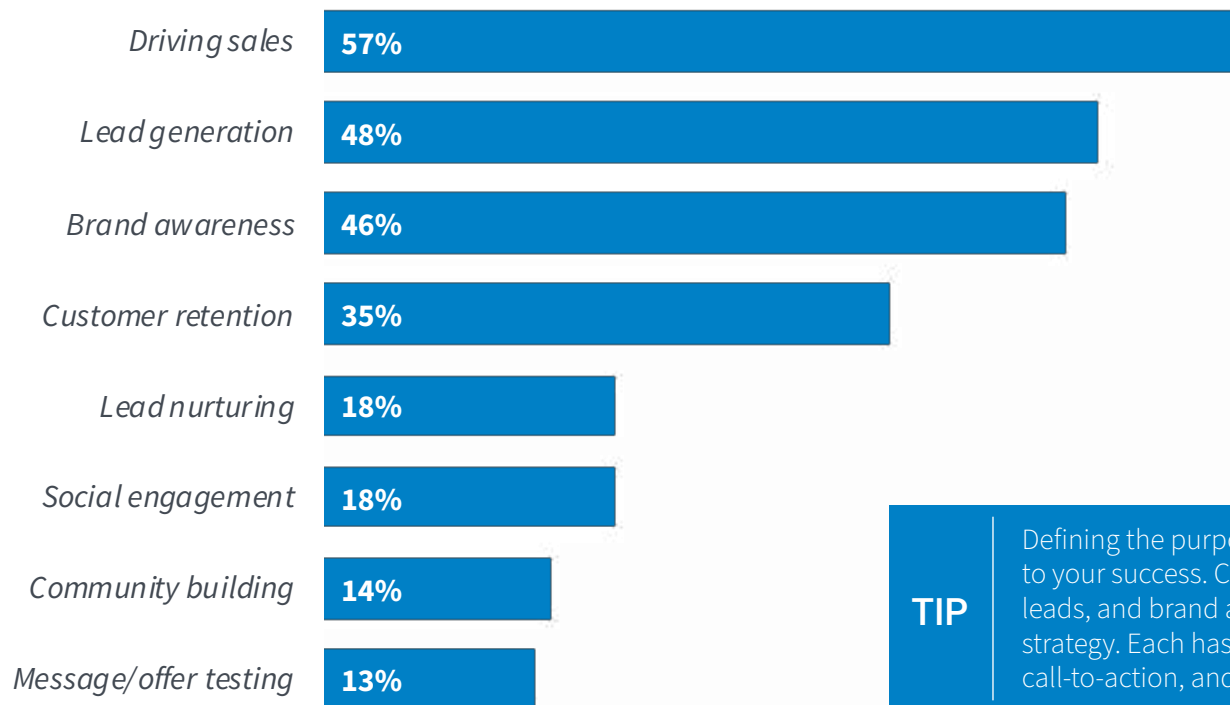
TIP
Programmatic advertising is based on real-time bidding, allowing for a faster, more efficient, and less expensive advertising experience. Given the build-in benefits of programmatic, it is not surprising that budgets are increasing when most marketing budgets are decreasing.

Increase by 25% or more	Increase by 11-24%	Increase by 10% or less	Decrease by 10% or less	Decrease by 11-24%	Decrease by 25% or more
12%	12%	41%	15%	11%	8%

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Primary Objectives

For results-driven small and mid-size businesses, a well-executed programmatic advertising program provides a channel for increasing their bottom line with maximum efficiency. **Driving sales** and **generating leads** are top priorities when executing an online ad-buying program for 57% and 48% of small and mid-size business marketers surveyed, respectively.

What are the PRIMARY OBJECTIVES of a programmatic advertising program?

Objective	Percentage
Driving sales	57%
Lead generation	48%
Brand awareness	46%
Customer retention	35%
Lead nurturing	18%
Social engagement	18%
Community building	14%
Message/offer testing	13%

TIP
Defining the purpose of your campaigns is critical to your success. Campaigns to drive sales, generate leads, and brand awareness all require a specific strategy. Each has a unique ad set, landing page, call-to-action, and metrics to measure success.

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Focus on the Primary Objective

An advertising campaign can only serve one purpose, so make sure you identify what the purpose is for your campaign. Is it driving sales? Lead generation? Brand awareness? Social engagement? Something else? Whatever it is, make sure you and your team are laser-focused on the purpose before you start creating ads, building landing pages, targeting audiences, setting-up the campaign, and launching the campaign.

Here is a brief description of the top three objectives from the survey:

Sales

For a sales campaign, you must have a compelling offer and call-to-action. Create a landing page that matches the ad. Use retargeting to reengage with prospects. And always be testing. Test the offer, product, etc.

Lead Generation

Lead generation campaigns are designed to attract new customers who are interested in your product or services. These campaigns will take individuals from an ad to a landing page with a single purpose: collect information that can be used to nurture a lead to a sales opportunity. Your conversion is when an individual takes action on your landing page. For example, that action may be to download an ebook. You will want high-quality content as your magnet to get a conversion.
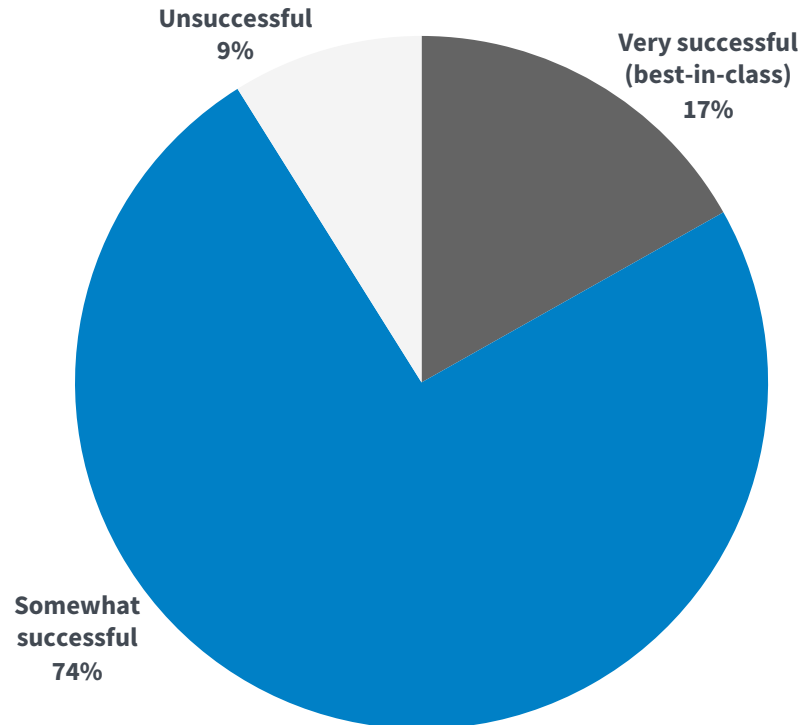
Brand Awareness

The *American Marketing Association* (AMA) defines a brand as, "A name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers." A brand awareness campaign can build trust, make your company recognizable, and associate your brand with a daily routine action (quench thirst = Coke). Like lead generation campaigns, quality content is critical for brand awareness campaigns.

Strategic Success

According to those surveyed, programmatic advertising is largely successful at achieving strategic objectives. Nearly three-quarters (74%) of small and mid-size business marketing professionals report seeing **some success** from programmatic implementation while another 17% describe their success as **"best-in-class"** when compared to the competition.
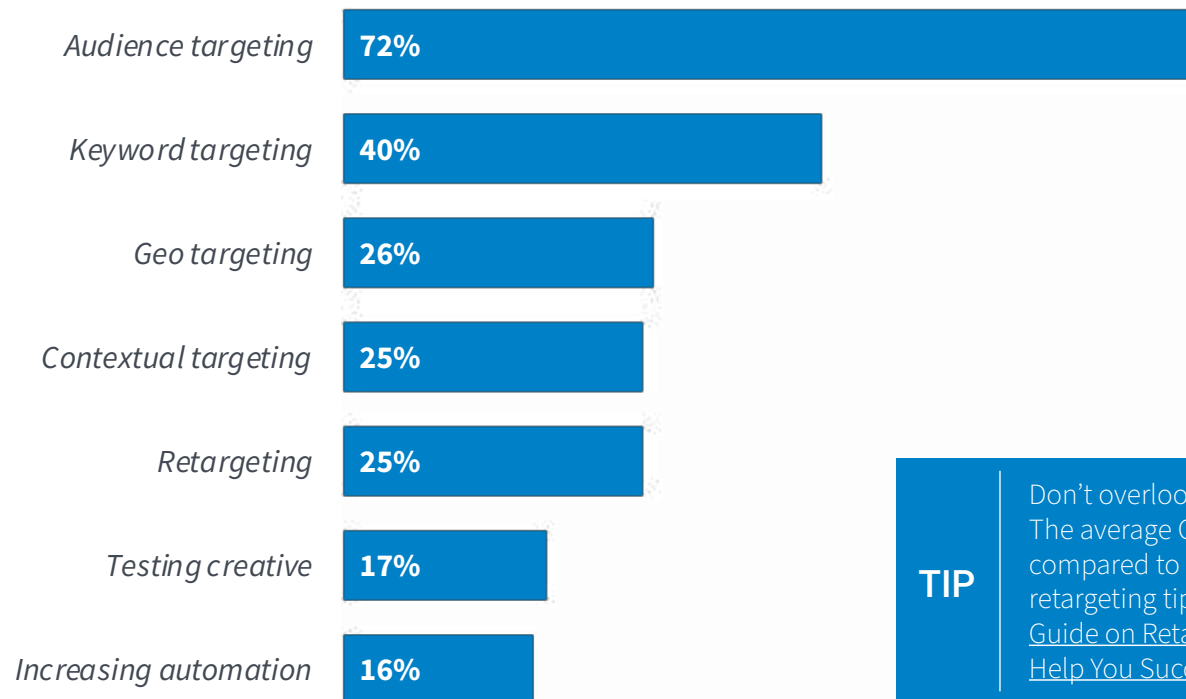
TIP How can you be best-in-class? One secret to always be testing. Develop a DNA of testing to take your program from 'good' to 'great.'

Which best describes the SUCCESS of achieving the objectives of programmatic advertising?

Unsuccessful
9%

Very successful
(best-in-class)
17%

Somewhat
successful
74%

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Most Effective Tactics

A powerful targeting solution is critical to the success of a programmatic advertising strategy. **Audience targeting** is considered a most effective tactic for a programmatic advertising program to a 72% majority of small and mid-size business marketers. **Keyword targeting** is also a tactic that 40% of those surveyed have experienced success with.

What are the most EFFECTIVE TACTICS for a programmatic advertising program?

Tactic	Percentage
Audience targeting	72%
Keyword targeting	40%
Geo targeting	26%
Contextual targeting	25%
Retargeting	25%
Testing creative	17%
Increasing automation	16%

TIP

Don't overlook the success of retargeting. The average CTR for retargeting ads is 0.7% compared to 0.007% for display ads. Get more retargeting tips by downloading the Research Guide on Retargeting in 2020 – Key Insights to Help You Succeed.

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Benefits and Impact of Retargeting

Why are businesses investing heavily in retargeting? Only about two percent of customers make a purchase their first time visiting a site—retargeting provides a way to get to the other 98% of visitors you'd otherwise miss out on.

Here are a few positive benefits that illustrate the impact of retargeting:

Higher brand lift

Four weeks after implementing a retargeting campaign, marketers found an average increase of 1046% in searches for branded terms. The performance was more than twice as effective as audience targeting without retargeting.

Improved click-through and conversion rates

Three out of five viewers notice and consider ads they've previously seen at another source (eMarketer). Retargeting has a click-through rate that's 10 times higher than a typical ad (Wishpond). Visitors who are retargeted are also 43% more likely to convert than those who aren't. (Criteo)

## Better value for money than other advertising methods

91% of marketers who've used retargeting find it to perform same or better than search, email or display, (IAB)

Resource Allocation

Small and mid-sized businesses have increased access to more user-friendly and cost-effective solutions for online ad-buying. Just over half (52%) are utilizing a **combination of outsourced expertise and in-house resources** to implement their programmatic advertising tactics. About one-third (32%) report keeping the work **exclusively in-house**.

Which best describes the RESOURCES USED to implement programmatic advertising tactics?

**Outsource to a specialist
16%**

**In-house resources only
32%**

**Combination of outsourced and in-house resources
52%**
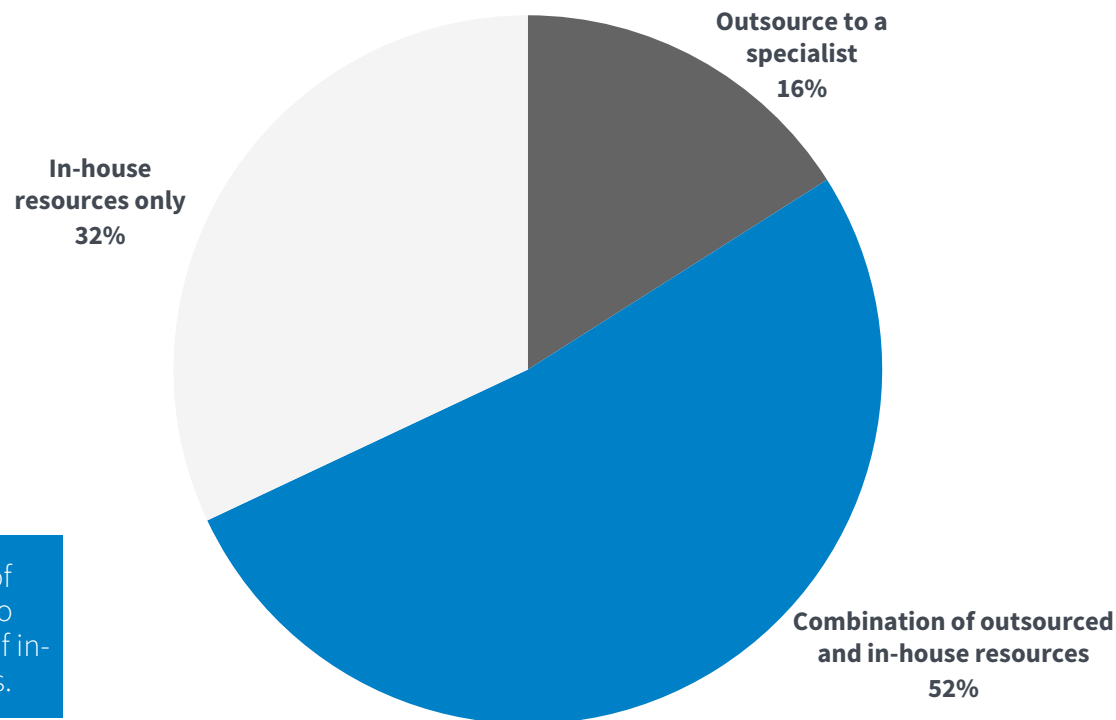
TIP Perform an honest assessment of experience in your department to determine the appropriate mix of in-house and outsourced resources.
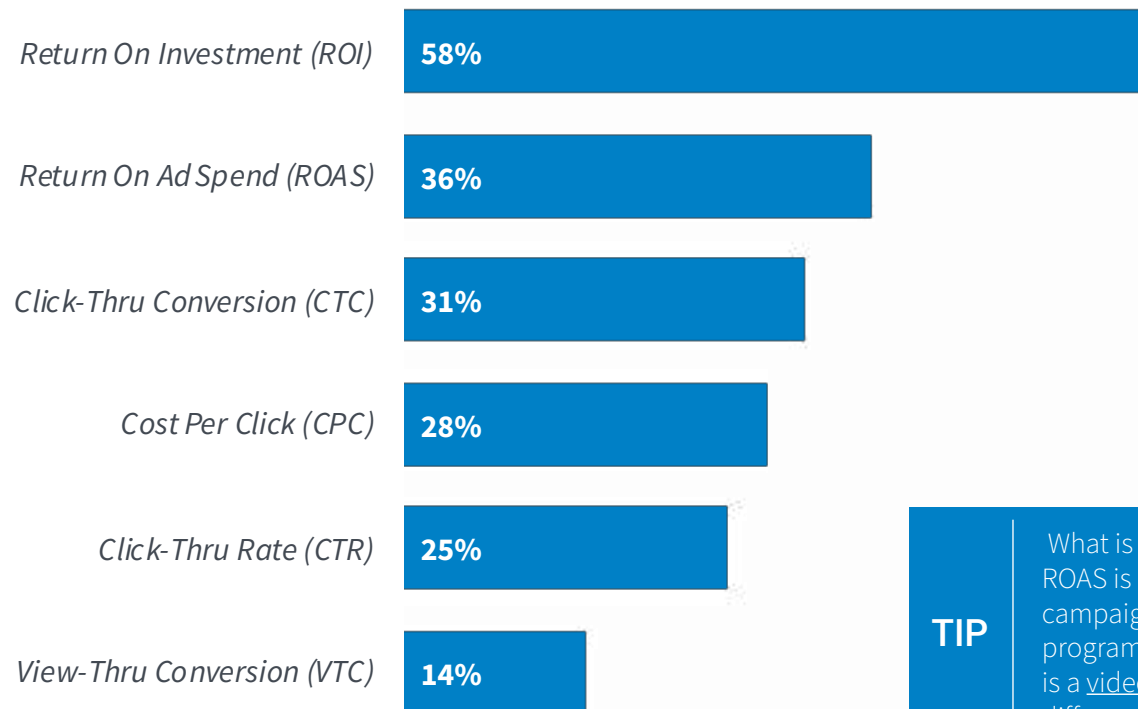
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Meaningful Metrics

Measuring the impact of advertising campaigns is critical to optimizing a programmatic strategy. **Return On Investment (ROI)** and **Return On Ad Spend (ROAS)** are the most meaningful metrics for tracking success according to 58% and 36% of those marketers working with small and mid-size businesses, respectively.

What are the most MEANINGFUL METRICS used in programmatic advertising?

Metric	%
Return On Investment (ROI)	58%
Return On Ad Spend (ROAS)	36%
Click-Thru Conversion (CTC)	31%
Cost Per Click (CPC)	28%
Click-Thru Rate (CTR)	25%
View-Thru Conversion (VTC)	14%

TIP — What is the difference between ROI and ROAS? ROAS is a subset of ROI and tells you if an ad campaign is working. ROI tells you if your entire program or department is profitable. Here is a video that provides more detail on the differences between ROI and ROAS.

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Definitions of 7 Key Programmatic Metrics

Click-Through Conversion (CTC)

CTC is when a visitor is shown your ad, they click on it, and then convert. The calculation as a percentage is (number of clicks that have converted/total number of clicks your ad received).

Click-Through Rate (CTR)

CTR is a metric that measures the number of clicks your ad(s) receive per number of impressions. The calculation is (clicks/impressions).

Cost Per Click (CPC)

CPC is calculated by taking the total money spent divided by the number of clicks received for a campaign.

Cost-Per-Thousand Impressions (CPM)

Also called cost per mille, is the price of 1,000 advertising impressions on one webpage. The calculation is (cost to the advertiser/number of impressions) x 1000.

Return on Investment (ROI)

ROI is a ratio between net profit and cost. ROI is used to evaluate the overall effectiveness of your advertising program. The calculation is (net profit/cost).

Return of Ad Spend (ROAS)

ROAS is a measurement of how many dollars you will receive for every dollar you spend on an advertising campaign. ROAS will tell you if an ad is working or not. The calculation is (revenue/cost).

View-Through Conversion (VTC)

VTC is when a visitor is shown your ad, they do not click on it, but later return to your site and convert. The calculation as a percentage is (number of VTC/total number of impressions).

Programmatic Use

Though marketers are seeing success with programmatic programs, only 13% of small and mid-size businesses are including it in their overall strategy on a regular basis. A 60% majority report using programmatic advertising some of the time, while more than one-quarter (27%) say programmatic is rarely, if ever used.

To what extent is PROGRAMMATIC ADVERTISING used?

Programmatic
is always used
13%

Programmatic is
rarely if ever used
27%

Programmatic is
sometimes used
60%
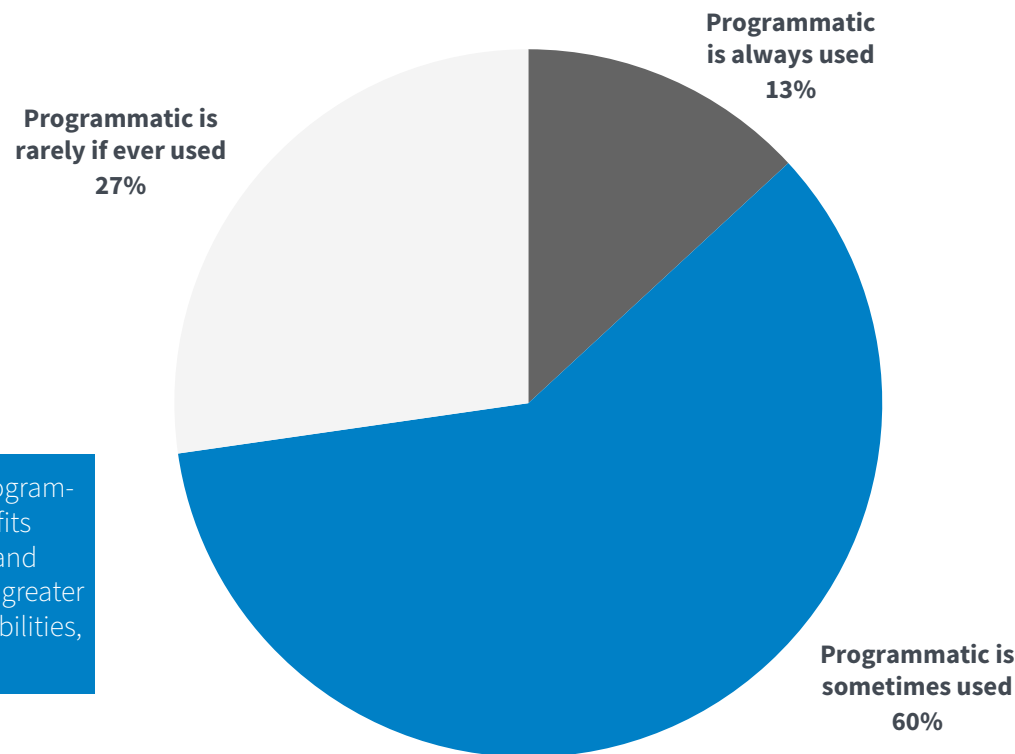
TIP Why are marketers turning to programmatic advertising? Primary benefits include increased transparency and control, real time measurement, greater efficiency, greater targeting capabilities, and increased audience reach.

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Special Offer: $5,000 Match Program

GET A FREE ADVERTISING ANALYSIS AND UP TO $5,000 IN MATCHING AD CREDIT WHEN YOU JOIN THE PERFECT AUDIENCE ARTIFICIAL INTELLIGENCE LAB

7 Reasons to Choose Perfect Audience:

Easy-to-Use Platform to get up and running in 1 day.

One Platform and Dashboard for Facebook & Google retargeting. Streamline programs, improve attribution and maximize your ROI.

Smart Decisions with machine learning, large data sets, and expert testing.

Increase Reach of your retargeting program to 90%+ of the web.

Customer Support that is fast, reliable, courteous, and useful. Support via email, chat, or phone.

Exclusive Access to PA's AI Algorithms for conversion, reach, and budget optimization.

Ad Spend Match of up to $5,000 for new accounts. It pays to move!

Create Account
$100 Instant Ad Credit with Each Account

About the Research Partners

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Our vision is a world where every business, large or small, can easily and effectively personalize its marketing. Our simple and powerful online tools give marketers everything they need to gather visitor data and use it to power advertising campaigns that show the right ad to the right person at the right time. Perfect Audience was built to be easy. Building a business is hard enough. When it comes to your advertising, you shouldn't have to choose between burning money while you struggle to decode arcane tools or paying through the nose for an expert to step in. We're building another way: marketing software humans can actually use.

Learn more about Perfect Audience.

Ascend2

Marketing technology companies and digital marketing agencies partner with Ascend2 to supplement their marketing content, generate leads, and engage prospects to drive demand through the middle of the funnel.

Learn more about Ascend2.