Introduction

The onset of the COVID-19 pandemic in 2020 was a major and unpredictable disruption to SMB fortunes. Two years later, SMB recovery and growth have been strong, and the mood is optimistic. Studies show that 2021 saw record-breaking levels of business growth in the US, with 5.4 million new businesses created.¹ This is having a significant impact on the digital media and marketing ecosystem, as new and existing businesses are seeking out reliable ways to attract new customers.

At the same time, the SMB segment also faces continued headwinds, primarily in the form of high levels of inflation in recent months and the possibility of a recession ahead. In this environment, a major struggle for SMB companies is to gain mindspace from larger rivals. While 56% of consumers want to prioritize making purchases from small businesses, 42% cited remembering to seek out small businesses as one of the top three barriers to doing so.² Thus, it comes as no surprise that the top two digital marketing priorities for small business owners and managers are increasing web traffic and building brand awareness (Figure 1).³
In such a scenario, it’s important to take note of the major trends in digital advertising and advertising technologies that are driving SMB business growth and revenue expansion. We discuss some key emerging trends in this guide.
Thanks to the rise of social media and an explosion in the methods and capabilities of digital outreach, the martech space has received outsize attention and grown prolifically to over 8,000 tools in recent years.\(^4\) In the process, however, the specific benefits of paid advertising are getting ignored, as advertising is dismissed as too complex and costly for SMBs to leverage.

Though the boundaries may sometimes feel blurry between martech and adtech, the two sets of technologies serve very different functions and target different kinds of audiences. Martech is often focused on nurturing prospects who have had some kind of interaction or nascent relationship with the brand. These prospects are typically engaged through unpaid media and are identified through first-party data collected by the brand. Adtech, on the other hand, is focused on one-to-many interactions with those who typically haven’t yet interacted with the brand and are not as yet known to it. Thus, adtech leverages paid media and third-party data to reach its audiences. In the simplest terms, adtech is focused centrally on the various processes involved in creating, launching, and managing advertising campaigns.
For small business marketers already pouring effort into SEO, content marketing, email marketing, and other organic outreach methods, paid digital advertising may seem unnecessarily complex and irrelevant. Studies show that 55% of SMBs do not invest in paid advertising and a majority of these organizations claim complexity, lack of value, and irrelevance for not doing so (Figure 2). However, as the graphic shows, 93% of those SMBs who pay for digital advertising plan to maintain or increase their digital advertising spending over the next 12 months, and 47% of them have a consistent weekly spend, suggesting that SMBs who currently spend on digital advertising have realized benefits from it.

Figure-2

Small Business Social Advertising Forecast

Many will spend more, few understand how to benefit
There are several distinct advantages to paid digital advertising that leverage adtech.

a. **Access to niche audiences**
   While the spread of cloud and SaaS technologies has democratized marketing to a certain extent, online exposure is not a level playing field. Most industries’ audiences are primarily dominated by enterprise-level players, and gaining attention in oversaturated markets is hard work. However, adtech allows for highly specific targeting using sophisticated audience insights, which helps SMB advertisers focus on particular audience niches that show the best fit for a product or brand.

b. **More efficient spending**
   Given the high levels of targeting afforded by adtech, it also means that companies don’t have to resort to a spray-and-pray approach of drawing in new customers. Rather, companies are able to control their inventory and budgets more tightly. Thus, even a small advertising budget can go a long way.

c. **Optimization on the go**
   For small businesses, time is money, and they cannot often wait for the end of long campaigns to gain actionable insights into what worked and what didn’t for their audiences. The wealth of data and metrics that adtech tools provide allows advertisers to rapidly and dynamically analyze and optimize their ad content, placement, and inventory, ensuring maximum effectiveness is achieved with a faster turnaround.

Adtech allows for highly specific targeting using sophisticated audience insights, which helps SMB advertisers focus on particular audience niches that show the best fit for a product or brand.
Rather than seeing martech and adtech as competing or siloed activities, a growing trend in recent years has been greater coordination and convergence between these two types of technologies and processes. Such convergence is significant because it provides a more comprehensive understanding of customer behavior, multiplies the data points based on which advertising and marketing processes can be optimized, and enables a higher degree of personalization and improved customer experience.
Social dominates, but SMB advertising is decidedly becoming omnichannel

When we think of SMB advertising, social media advertising immediately comes to mind as the primary channel. A 2022 study found that 70% of small business owners and managers planned to invest primarily in social media for their digital advertising.⁶
Such headline figures might suggest that online advertising for SMBs is highly focused in the direction of social media. Yet, when we break down the direction of planned spending more granularly, we can see a much more multi-dimensional picture. According to one recent survey, for instance, alongside social media, a greater proportion of local advertisers are increasing spending on search engine marketing, banner ads, and streaming video/OTT. In addition, there is also growing interest among advertisers in streaming audio and mobile in-app advertising (Figure 3).7

Figure-3

What local Ad buyers are increasing, decreasing

<table>
<thead>
<tr>
<th>Planing to Trim or Eliminate</th>
<th>Planing to Increase or Start Buying</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Media</td>
<td>-5%</td>
</tr>
<tr>
<td>SEM</td>
<td>-3%</td>
</tr>
<tr>
<td>Event</td>
<td>-5%</td>
</tr>
<tr>
<td>Banner Ads</td>
<td>-4%</td>
</tr>
<tr>
<td>Streaming Video/OTT</td>
<td>-3%</td>
</tr>
<tr>
<td>Radio</td>
<td>-11%</td>
</tr>
<tr>
<td>Direct Mail</td>
<td>-8%</td>
</tr>
<tr>
<td>Out-of-Home</td>
<td>-6%</td>
</tr>
<tr>
<td>Broadcast TV</td>
<td>-6%</td>
</tr>
<tr>
<td>Streaming Audio</td>
<td>-11%</td>
</tr>
<tr>
<td>Mobile SMS</td>
<td>-11%</td>
</tr>
<tr>
<td>Content Marketing</td>
<td>-2%</td>
</tr>
<tr>
<td>Mobile App</td>
<td>-2%</td>
</tr>
<tr>
<td>Magazine</td>
<td>-9%</td>
</tr>
<tr>
<td>Newspaper</td>
<td>-14%</td>
</tr>
<tr>
<td>Cable TV</td>
<td>-4%</td>
</tr>
<tr>
<td>Online Directory Listing</td>
<td>-4%</td>
</tr>
<tr>
<td>Email</td>
<td>-2%</td>
</tr>
<tr>
<td>Printed Directory</td>
<td>-5%</td>
</tr>
</tbody>
</table>

BORRELL’S TAKE

The pandemic taught local businesses the value of their “owned media” channels. In 2022 they continue to invest in search and social to drive traffic to their sites, with a renewed interest in events. On the downside, print media and radio face the biggest challenge from budget cuts, though radio’s pain is mitigated by an influx of new buyers (4%) and increasers (8%).
Let’s look at some of the various channels in greater detail:

a. **Social media ads**: Social media has grown prolifically as channels for advertising thanks to the volumes of data that they are readily able to collect from their millions or even billions of users. This makes their targeting capabilities highly lucrative for advertisers. Social media advertising typically takes the form of native advertising (more on this below), with ads appearing in formats similar to user-created posts.

b. **Display/banner ads**: The oldest form of digital advertising, the first display ads, appeared back in the early 1990s, in the infancy of the internet. Display ads typically appear at the top, bottom, side, or between sections of content on various websites. They can also take the form of interstitial ads, served up to users in transitions from one webpage to the next. While display ads are typically combinations of text and images, they can also include rich media and video. Display ads are often helpful in building brand awareness, lead generation, and attracting abandoned customers through retargeting (displaying ads for a product or service that customers browsed but did not purchase).

c. **Streaming video ads**: Advertising on linear TV (traditional television services provided through cable or satellite) is on a decided decline. Research shows that 95% of linear ad impressions only reached half of American television viewers during the second quarter of 2022. At the same time, streaming video services are seeing a major growth in demand. For instance, Amazon reports that 90% of its ad-supported streaming TV audience watches nearly 2 hours per day of streaming TV content. Such consumption provides data on content preferences that create rich targeting possibilities. Streaming video ads can play before, after, or in the middle of streaming content.

Display ads are often helpful in building brand awareness, lead generation, and attracting abandoned customers through retargeting (displaying ads for a product or service that customers browsed but did not purchase).
d. **Audio streaming ads:** Audio streaming is another medium gaining steam, with estimates suggesting that there were 523.9 million music subscribers globally in 2021 and 82.1 million in the US alone. Audio streaming ads offer certain unique benefits. Firstly, audio ads are more cost-effective than video advertising. Secondly, audio ads can reach customers on occasions that make text, image, or video advertising unfeasible, as audio lends itself to multitasking. Thirdly, audio streaming services attract a younger population and are thus ideal for products aimed at younger consumers. Finally, podcast ads, have been found to be highly effective with listeners. One survey estimated that 54% of podcast listeners are likely to consider a brand after hearing it advertised on a podcast.

e. **Native ads:** Native advertising refers to advertising content that mimics the form and function of the site or app on which it is placed. In so doing, native advertising creates a more organic and contextual feel and avoids the perception of intrusion that many other forms of advertising struggle with. Estimates suggest that 68% of consumers trust native ads seen in an editorial context, as against 55% who trust social media ads. Native ads can take a variety of forms, such as in–feed content on social media or publisher sites, paid search, recommendation widgets, promoted listings, native display ads, and custom app content.

f. **Digital out-of-home:** In keeping with the shift toward phygital experiences, out-of-home advertising, such as billboards, street furniture, public transport, and so on, is also integrating digital elements. While there are still difficulties in accurately measuring the impact of such advertising, it is a significant advance over traditional OOH thanks to targeting tools such as Geofencing.

The proliferation of digital advertising channels offers unprecedented opportunities for SMBs to reach customers. However, it also presents new challenges, as brands must find ways to cost-effectively and efficiently manage advertising across multiple channels so that they can engage their target customers where they are. This is where adtech becomes highly beneficial, as such technologies allow companies to automate campaign processes that would be too time-consuming, cumbersome, and complex to carry out manually.
While marketers have largely treated gaming as a niche market, this could not be further from the truth in the post-pandemic world. According to a 2021 study, 55% of video game players in the US played more games during the COVID-19 pandemic. It also found that 74% of parents now play games at least weekly with their children. Games are also being recognized not only for entertainment but also learning opportunities, with 63% of parents finding educational games to be “very” or “extremely” effective. Finally, games were also found to play an important social role, with 77% of respondents playing online or with others on a weekly basis.13

This growth in gaming also translates into advertising revenue, with in-game ad revenue forecasted to grow to $56 billion in 2024.14 Such revenue potential arises because gaming is now seeing widespread adoption across ages, gender identities, professions, and so on. According to studies, for instance, 45% of mobile gaming audiences and 50% of those playing on tablets are women.15 Similarly, reports state that the proportion of gamers in the age group of 55–64 has increased by 32% since 2018.16 What this translates to is a much wider and more diverse set of audiences for marketers to target through games.

Gaming advertising can take the form of banner ads, interstitial ads (ads between levels), rewarded ads (where in-game rewards are earned by watching ads), in-game ad placements, and merchandised in-app purchases. While the big stories of gaming advertising focus on large brands, smaller pieces of advertising real estate offer key opportunities for small and midsize brands, particularly in targeting the varied populations of casual gamers.

In-game advertising is emerging as a high-potential channel
Video is king but in a short format

Irrespective of the channel, video is increasingly the preferred content type for advertisers and consumers alike. According to a 2021 study, for instance, 86% of businesses use video as an advertising tool (Figure 4)\(^7\), while 92% of marketers consider it an important part of their marketing strategy.

Figure 4

**Video usage over time**

But the video format is also rapidly evolving thanks to the growth of the mobile as the preferred viewing device and the rise of content platforms such as TikTok. Today, customers decidedly prefer micro-ads with more than half of adults saying they will close a video after just 20 seconds.\(^8\) Thus, advertisers face a significant challenge of creating impactful and relevant content that engages the customer within seconds.

Another significant trend to note in video ads is that consumers often watch them without sound. For example, statistics show that 85% of Facebook users watch videos without sound.\(^9\) Thus, advertisers must find innovative ways of creating impact, such as animation or graphics, to tell the story without relying on accompanying audio.
Programmatic advertising is the preferred solution for fragmented digital ad markets

Programmatic advertising arose as a solution to the more fragmented nature of digital publishing compared to traditional media. In simple terms, programmatic advertising involves automating the various processes involved in buying and selling digital advertising space, with algorithms deciding in real time which ads to buy and how much to pay based on data regarding users accessing various websites or digital content.

As the multiple processes and decisions involved in such processes are automated, programmatic advertising saves advertisers and publishers the time and cost of negotiating each individual purchase. As a result, a varied range of ad inventory across multiple publishers can be accessed by advertisers based on the specific audience/user niche the latter are targeting, rather than having to pick up blocks of inventory from one or a few publishers.

Programmatic advertising continues to grow strongly in comparison to non-programmatic ad placement. According to IAB research, programmatic revenues grew by $27.8 billion last year, representing a 39% year-on-year growth (Figure 5).

Figure-5

Programmatic (excluding search), full-year results (2000–2021)

<table>
<thead>
<tr>
<th>Year</th>
<th>Programmatic</th>
<th>Non-Programmatic</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>88.0% $71.2 bn</td>
<td>12.0% $9.7 bn</td>
</tr>
<tr>
<td>2021</td>
<td>89.2% $99.0 bn</td>
<td>10.8% $12.0 bn</td>
</tr>
</tbody>
</table>

▲ 39.0% YoY
Among the many advantages offered by programmatic advertising are effective targeting and optimization, scalability or flexibility, increased ROI, improved efficiency and reduced costs, better use of data, and greater control over the advertising process (Figure 6).\textsuperscript{21}

What do you regard as the greatest benefits of programmatic advertising?

Respondents could check up to three options

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to target and optimise effectively</td>
<td>61%</td>
</tr>
<tr>
<td>Ability to scale campaigns</td>
<td>54%</td>
</tr>
<tr>
<td>Better return on ad spend / ROI</td>
<td>42%</td>
</tr>
<tr>
<td>Increased efficiency / reduced costs</td>
<td>38%</td>
</tr>
<tr>
<td>Opportunity to use first-party data</td>
<td>21%</td>
</tr>
<tr>
<td>Opportunity to use third-party data</td>
<td>20%</td>
</tr>
<tr>
<td>Greater control</td>
<td>11%</td>
</tr>
</tbody>
</table>
SMB advertising is moving beyond walled gardens

Traditionally, SMB digital advertising has largely been channeled through digital giants such as Google (for search advertising) and Facebook (for social media advertising).

The outsize advantage these organizations were able to offer was the wealth of user data that could be used for effective audience targeting. Facebook, for instance, boasts of 2.7 billion monthly active users and offers granular targeting based not only on demographics but also interests, behaviors, and life events. Google, on the other hand, has been able to capitalize on the high rate of immediacy and interest in search by ensuring that the most relevant ads are shown to users with high purchase intent.

At the same time, both companies also developed effective advertising services aimed at small businesses. With user-friendly interfaces, accessible analytics, and budget-friendly campaigns, these companies could maximize the benefits delivered to SMB advertisers.

In recent years, SMB advertisers have recognized the disadvantages of staying exclusively within “walled gardens” that retain control over user data, technology, and information. First, creating a unified outreach strategy becomes difficult as each advertising environment has to be handled separately. Second, creating a unified picture of customers is difficult owing to differences in metrics and analytics among different walled gardens. Third, advertisers’ strategies and results are at the mercy of these organizations, whose policies and algorithms are oriented toward the growth of the platform rather than individual advertisers’ needs.
However, for long, SMB advertisers felt they had nowhere to go, as traditional programmatic advertising providers were focused on large companies and premium deals. The long tail of SMB advertisers was seen as economically unviable for programmatic advertising because deal sizes were too small.

In recent years, this has been changing. Firstly, there is a growing range of self-service tech that cuts down on the processing needs of publishers and helps make ad buying more efficient for advertiser teams. This means that even smaller ad deals of SMB advertisers can be profitable at scale for publishers.

Moreover, while many publishers may not have the reach of Google and Facebook, the formation of publisher alliances and networks, which multiply the ad inventory and reach on offer, are also making programmatic direct advertising with these publishers more lucrative for SMBs.

Given these shifts, it is not surprising that a majority of marketers today believe that programmatic adtech can provide important benefits for SMB advertisers (Figure 7). 

**Figure 7**

**Programmatic advertising can work for small and mid-sized brands**

77% Agree
What a typical adtech stack would look like in 2023

Adtech is an umbrella term for a range of technologies required to automate and optimize the complex processes involved in digital advertising. Some of the common tools and technologies included within this term are:

a. **Social media ad automation tools:** While social media platforms come with on-site ad managers, managing campaigns manually on different social platforms is a cumbersome task. Automation tools allow advertisers to manage campaigns on different platforms using a single tool. This enables them to measure a range of metrics to gain actionable insights into which campaigns are working and why, and to automate and optimize campaign management using artificial intelligence and machine learning.

b. **Paid search automation tools:** Manually managing and evaluating pay-per-click or paid search campaigns is a tedious, repetitive, and time-consuming task. Automation tools allow advertisers to manage and optimize their bidding activity, pull together and analyze campaign data from multiple sources, test and optimize ad content, and focus on campaign strategy by reducing the time consumed on mundane management tasks. Such tools can provide strong, actionable insights into advertisers’ and competitors’ traffic to optimize strategies.

c. **Creative management platforms:** While digital advertising offers the advantages of omnichannel and personalized advertising, this requires modifications to ad content at a scale effectively impossible through manual operations. When advertising has to be displayed across multiple channels, for instance, this involves hundreds or thousands of changes to creatives to match the formats and sizes relevant to each. Similarly, effective testing, optimization, and personalization of ad content relies on being able to evolve multiple variations of ad content. Creative management platforms allow advertisers to automate many of the processes involved in creating and managing ad content and can even be used to dynamically assess and optimize content in real time using algorithmic inputs.
d. Demand-side platforms (DSPs): DSPs allow advertisers to submit ad creative and purchase impressions across a variety of publishers. They allow advertisers to set targeting factors, such as user demographics, online behavior, location, or context. They also interface with multiple supply-side platforms (SSPs) to give advertisers access to a wider network of publishers.

e. Supply-side platforms (SSPs): SSPs are effectively the opposite of DSPs since publishers are the ones using them. They enable publishers to sell ad inventory to advertisers across different ad exchanges. By making their ad inventory available to bigger demand, an SSP helps to maximize the publisher’s ad revenue. SSPs connect publishers’ ad inventory to multiple ad exchanges and DSPs.

f. Ad exchanges/private marketplaces: These are the interfaces that bring together advertisers’ and publishers’ tools to facilitate the ad buying process. While there are several major tech firms providing public ad exchanges, providers also enable companies to create their own private exchanges.

g. Data management platforms: Digital advertising depends vitally on data for correctly and efficiently running campaigns, as the effectiveness of digital campaigns rests on the quality of data used for manual or automated decision-making. Hence, data management platforms are vital, as they help collect, store, manage, and analyze data in order to create comprehensive user profiles to target with advertising. Choosing the right data management platform is becoming a more important question as growing consumer privacy regimes are creating the need for a shift toward identifying and targeting customers without easily available third-party data.

h. Targeting tools: Targeting tools allow advertisers different ways to segment audiences using demographic, contextual, geographical, and other factors.

i. Brand safety solutions: Advertisers use these tools to ensure that ads are displayed only on appropriate websites that match the messaging context of the brand being advertised.

j. Analytics and reporting tools: To ensure the effectiveness of their advertising and secure sufficient ROI, advertisers require rich data and clear insights into how their target audiences interact with their advertising. Thus, sophisticated analytics and reporting is a vital component of adtech.
As advantageous as digital advertising can be for SMBs, the specificity of adtech and the steep learning curve involved can make it unfeasible for small organizations to run it in-house. Indeed, many medium and large organizations often depend on a hybrid strategy combining outsourced and in-house resources. Studies show that less than 30% of companies rely entirely on in-house resources to manage their programmatic advertising, while 53% rely on a hybrid model.24

Instead, small businesses can reap several important benefits by outsourcing these processes to a partner organization. Some of these advantages include the following:

a. Cutting down on the cost of hiring, training, and managing in-house teams to handle the specificities of adtech.

b. Time savings and improved focus on other marketing activities by placing adtech tools and processes in the hands of specialized personnel.

c. Leveraging the technical expertise and focused experience of partner organizations to keep pace with the technologies and process intricacies of a rapidly evolving advertising landscape. This would also include the ability to translate those intricacies into actionable insights that organizations can leverage without requiring to be continually immersed in the world of adtech.

d. Technology partnerships with a range of providers involved in the different aspects of the adtech industry.

e. Gaining expert inputs on how to craft an advertising strategy based on specific goals, needs, product contexts, and capabilities of each organization.

f. Improved visibility and control provided by partner organizations who take accountability for their responsibilities with a clear sense of the necessary documentation, analytics, and reporting required to maintain a fruitful outsourcing relationship.
A hybrid model may serve as a good middle option that overcomes the disadvantages of both in-house and outsourced approaches. On the one hand, outsourced partners can provide the ready talent, specialized experience, and technological familiarity that in-house teams may not readily possess. Moreover, the outsourced partners can help overcome the learning curve that in-house teams may require by filling crucial gaps in terms of channels or technologies. At the same time, in-house resources and personnel can be focused on the big picture and building a stronger advertising and marketing strategy. Thus, the business is able to scale up its advertising efforts without having to necessarily cede control entirely to an external agency. However, for hybrid models to work effectively, it is important to develop clear processes of collaboration with specified ownership and management of the processes by a point person within the business.

However, not all adtech partners would equally provide all of the above advantages. Therefore, SMBs need to evaluate adtech partners on the various factors involved in the effectiveness and efficiency of their advertising processes. Some of the critical factors valued by marketers include targeting, privacy, cost, advanced KPIs, and ease of use (Figure 8).

**What companies look for in programmatic vendors**

**Q.** What are the most important factors taken into account when choosing a programmatic partner? (Weighted rank, high [5] to low [1].)
Here are some of the factors to be considered in identifying an adtech partner:

1. **Targeting capabilities:** As we’ve repeatedly said, effective digital advertising depends on high-quality targeting to provide sufficient ROI. This, in turn, requires access to quality data as well as effective technical processes and personnel for building and maintaining a system of data-driven decision-making.

2. **Inventory options and media mix:** Theoretically, every adtech partner should be able to guarantee the desired mix of media and ad inventory that an organization seeks out. However, factors such as prior experience and the range of partnerships maintained by the adtech partner do impact the kind of media mix and inventory options they are optimally able to provide. Hence, it is vital to check that the chosen partner can provide the type of inventory that matches the specific goals and strategies of the advertiser.

3. **Pricing structures:** Cost-effectiveness is an inevitable consideration in any partnership, particularly for SMBs who do not have bloated budgets to play around with. Thus, it is essential to ensure that the partnership does not stretch the organization’s finances too thin. Alongside costs, it is also helpful to consider other investments, such as the time and resources needed to maintain the effectiveness of the partnership.
4. **Quality metrics and KPIs:** The value of adtech depends largely on the measurements and data points by which success and failure are defined. The more clearly metrics are specified and tracked, the more effectively advertising processes can be optimized. It is also important to investigate the depth of capabilities for optimization based on these metrics and KPIs.

5. **Transparency:** Programmatic advertising can become a black hole with little information on how your advertising budget is being spent and what value is being generated if the adtech partner does not take care to ensure transparency. One helpful way to check for transparency is to examine how much trackable data the partner organization is willing to provide and the specificity with which performance is measured.

6. **Privacy, security, and compliance:** We are currently in the midst of a period of rapidly evolving privacy regimes, technology changes, and consumer expectations regarding digital surveillance. Hence, it is vital that all data utilized for the campaign is collected legally through above-board practices. Moreover, it is also important that the partner is able to provide sufficiently secure processes and technologies to ensure that brand reputation is protected and fraud is successfully avoided.

7. **Ease of use:** Since SMBs must rely on self-serve options to make adtech affordable, ease of use is a significant factor to consider. After all, many SMBs do not have the time and resources for a high learning curve.

8. **Integrations:** As one piece of the marketing puzzle, it is important that adtech tools integrate well with other systems in the organization’s tech stack. Without such integration, companies risk falling into siloes and working with incomplete information.
Best practices for leveraging adtech in 2023

Effective digital advertising is not simply a question of investing in the latest tools in adtech. Instead, it is about strategic and well-planned leveraging of appropriate tools. Here are some key best practices to adopt to derive maximum value from adtech:
Digital advertising today has to be mobile-first: 2021 was a year of record growth for ad revenues across devices. Thanks to widespread shifts to hybrid and remote work, both mobile and desktops benefited from increased use by consumers. Further, increasing levels of digitization of entertainment and media consumption have also contributed significantly to such growth.

At the same time, when we compare mobile and desktop, we see that they boast drastically different CAGRs, with mobile CAGR between 2011 and 2021 standing at 55.8% as against 6.1% for desktop growth (Figure 9).

![Desktop vs. mobile internet ad revenues (2011–2021) ($billions)](image)

Such data emphasizes the need to develop a mobile-first advertising strategy. This means, first, building an audience experience tailored to mobile devices. Second, it means building creative content that is more visual and less textual. Third, it means faster message delivery to keep up with the speed at which users scroll through content. Next, it means taking further account of usage contexts, including location, mobility, and modality. Building a more comprehensive approach to context allows for better personalization of the advertising experience. Finally, it also means prioritizing speed while also taking account of variations in bandwidth and so on.
b. **Customer expectations for relevance and timeliness are high:**

One major trend that continues to affect the digital advertising ecosystem is the use of ad blocker software by users. Estimates suggest that globally 42.7% of users deploy ad blockers, with 38.8% of users doing so in the US.27 The most common reasons supplied by such users include excessive, irrelevant, and intrusive advertising.

While the use of ad blockers is often thought of as a rejection of all advertising, it is most often a demand for better advertising. This means abandoning a one-size-fits-all approach and focus on greater personalization. This begins with better segmenting and targeting with a more comprehensive picture of the best-fit audiences for the product. Further, advertising can be tailored to the informational needs, motivations, and messaging preferences of different kinds of buyers at various stages of the purchase journey. This requires building useful buyer personas and effectively mapping different types of customer journeys.

c. **Consumer privacy is drastically changing how audiences are tracked and targeted:** With Apple transforming the privacy environment on its web browser and mobile operating systems and Google set to follow suit with the end of third-party cookies next year, consumer privacy is the hot topic of the season. While there has been worry about a cookie-less future being a catastrophe for advertising, there are already multiple approaches using alternative tracking signals being developed.

In this regard, companies’ first-party data (data gathered from direct interactions with a brand) becomes much more important, as this becomes the basis for serving customers with relevant advertising based on their preferences and user behavior. Beyond first-party data, another key effort is to improve contextual targeting, where users are targeted based on what they do online rather than who they are. Some approaches also rely on anonymizing and aggregating data into addressable groups or cohorts to maintain individual privacy.

All of these changes imply the emergence of subtler approaches to digital advertising, which SMB advertisers will soon have to adapt to.
Conclusion

While SMB investment into adtech has been growing steadily in recent years, small businesses still have a lot of room to grow in this space. While adtech has begun to prove its value for early adopters, many small businesses have not ventured in this direction due to misconceptions regarding the complexity, cost, relevance, and usefulness of such tools. This trend, as we have seen, is changing. **Adtech provides a data-driven approach to advertising that helps companies ensure that their brand message matches the right audiences.** There are several technologies that help automate this process, but adopting these technologies may involve a steep learning curve. To overcome this difficulty in situations of constrained resources and budgets, SMBs can turn to adtech partners who bring in focused expertise and experience that can contribute significantly to advertising success.
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About Regalix

Founded in 2005 in the heart of Silicon Valley by a team of passionate entrepreneurs, Regalix has a footprint in six countries, delivering solutions in 18 languages. Regalix, with its roots in data-driven and ROI-focused marketing, works with technology leaders in the areas of sales enablement, revenue operations, and thought leadership. Having worked with the best in the industry—Google, VMware, Dell EMC, SAP, Amazon, among many others—Regalix delivers value at scale and speed, to the leaders in the industry.

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