

DIGITAL ADVERTISING Trends in 2017



The increasing proliferation of the internet and online channels in our modern society has given birth to a more complex and effective digital platform that many businesses are starting to leverage nowadays- digital advertising.

And as digital advertising continues to grow at a break-neck speed, more and more companies are starting to realize its potential against the other traditional marketing efforts today.

However, digital advertising also faced some serious challenges in 2016. The number of people installing ad blockers on their mobile devices continues to grow at an unprecedented rate of **100% year-over-year**.



This rise in adoption of ad blockers is also blamed for costing the advertising industry a whopping **\$22 billion in 2016**.



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But despite these challenges and threats, the IMB/PwC Internet Advertising Report notes that...

45% year-to-date revenues through June 2016 totaled **\$32.7 BILLION**

up 70% percent from the **\$27.5 BILLION** reported in 2015.



With this ups and downs in the digital advertising plane, how are you planning to improve in 2017? To help you with that, Digital Marketing Philippines presents this infographic that contains the shifts and trends that will shape the world of digital advertising landscape in 2017 and beyond.

1 INCREASED USAGE OF MOBILE AD BLOCKERS

Ad blocking is one the hottest topics that circulated the world of digital marketing these past recent years.

As of 2016, more than **15%** of internet users in the US were using an-blocking software, and is expected to rise by **20%** by the end of 2016.



And as more and more people find online ads as intrusive and irritating, it is expected that almost half of all internet users will be using ad blockers on their device in 2017.

With this rise in usage, it is important to note that mobile internet users are more likely to install ad blocking software on their device than desktop users.

A finding from PageFair revealed that more than

400 MILLION users globally block ads served on the mobile web.

compared with **200 MILLION** desktop users.



This trend poses a threat for many marketers as it put so much money at stake. Many subscription services like YouTube Red and premium models like Spotify have already reacted to this issue by giving their customers loyalty for an ad-free experience.



In 2017, digital advertisers are not only tasked to create relevant advertising experience but also convince the users to pay to avoid ads.

2 MONETIZATION OF GOOGLE AMP AND FACEBOOK INSTANT ARTICLES

The number of mobile users is growing at a staggering rate, and so is the demand for faster loading speed and better UI.

To address this, Google and Facebook recently unveiled their own platforms that seek to reduce latency on mobile web- Google AMP and Facebook Instant Articles.



Both solutions have gained an much traction among the public, yet they have not been able to match rates of monetization for publishers.

Despite that, the adoption of these platforms will continue to increase in 2017, as Facebook and Google are being more open with the possibility of releasing lightweight advertising solutions within these platforms to cater for monetization.

3 FLAT GROWTH RATE FOR DESKTOP AD REVENUE; EXPLODING MOBILE AD REVENUE

The shift towards mobile devices is one of the biggest factors that affected the digital advertising industry today.

For the first six months of 2016, the internet advertising revenue reached an all-time high, totaling to **\$32.7 BILLION** according to the latest IMB Internet Advertising Report.

Mobile ad revenue grew by over **69%**, representing **47%** of total internet advertising revenue, while desktop fell **13%** between Q2 2016 and Q3 2016.

This trend is expected to continue in the years to as more and more consumers would rather consume information using their mobile device than a desktop.

For digital advertisers, this growing importance of mobile means creating ads that are optimized for mobile devices first and work conveniently across all devices the user might use.

4 GOOGLE AND FACEBOOK CONTINUES TO REIGN

The latest 2016 Mary Meeker's Kleiner Perkins Internet Trends report revealed that **76%** of growth in digital ad revenue went to Facebook and Google.

This was further supported by the latest analysis of the new IMB / PwC Internet Ad Revenue report which shows that

103% of the industry growth in the US in the first half of 2016 came from Google and Facebook.



As this growth trend continues, it is expected that Google and Facebook combined revenue will account for **61%** of the total digital ad revenue by 2019.

5 THE RISE PROGRAMMATIC ADVERTISING

Programmatic Advertising is one of the newest buzzwords we've heard this year, and it will continue to gain more popularity in the industry this coming 2017.

For uninitiated, Programmatic Advertising refers to the use of automated systems and data to make media buying decisions without human interference.

This is how Programmatic Advertising works:

- Brands and advertisers bid for an ad space
- These brands/advertisers set variables based on the price and the market segment they are targeting.
- While a web page with an ad space is being loaded, the information that's been gathered about the visitor is sent back and forth to an ad exchange.
- This space gets auctioned off to the highest bidder and the ad is placed in the space- all taking place within a fraction of a second.

This strategy is a cost-effective way for advertisers to promote their brand online with extreme precision.

The IMB estimates that programmatic spending will grow to over **80%** by 2016.

As there is no reason for digital advertisers not to use this technique in their marketing strategy this year.

6 MORE OUTSTREAM VIDEOS

Outstream videos might not ring a bell to you right now, but **77%** of digital advertising agencies have already reported that it is my bet to be critical to their client's success in the years to come.

Its sudden rise in popularity is because of the increasing internet users being annoyed with obstructive videos on the sites they're visiting.

So, what exactly are Outstream videos?

Outstream video is a new type of ad format that allows publishers to show video ads outside of actual players i.e. in text line breaks or on the corners of a web page.

This provides better user experience for the user as they are no longer forced to watch ads before or during they can access the main content.

This ad format can also blend very well within the website and is more responsive i.e. a video ad will only play when it comes into view, and will pause automatically if only 50% of the ad is visible, ensuring only after the ad is fully visible on the screen again.

7 CHATBOTS INVASION

WhatsApp, WeChat, and Facebook Messenger are three of the leading messaging platforms today that are subjecting even some of the biggest social networks in terms of monthly active users.

Even some experts say that with little improvement, these platforms could even do a head-to-head match with search engines.

That little improvement pertains to chatbots. Earlier this year, Facebook rolled out bots on its messaging platform, allowing anyone to build their own chatbots and submit it to them for approval.

As of now, there are already **18,000 BOTS** that have been developed to help brands offer streamlined, individualized service through chat.

And now that Facebook have already loosened their restrictions on sending promotional content via chatbot, it is now a good time for digital advertisers to rethink how chatbots fit in their marketing strategy.

These are the trends that are likely to gain prominence in the digital advertising world in 2017. If the year 2016 has not been a particularly significant year for you, learning how you can take advantage of these coming trends can help you expand your brand prominence on the web, and eventually attract more customers and leads in 2017 and forward.

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Sources: <http://www.campaignmonitor.com/blog/2016/10/18/programmatic-advertising-2016/>, <http://www.technologyadvertising.com/news/2016/10/20/10-20-16-trends-in-digital-advertising/>, <http://www.technologyadvertising.com/news/2016/10/20/10-20-16-trends-in-digital-advertising/>

