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INSIGHTS
Worldwide Business Research



Social Advertising Trends 2022; NORAM

See how world's biggest brands plan their social advertising for the upcoming year.



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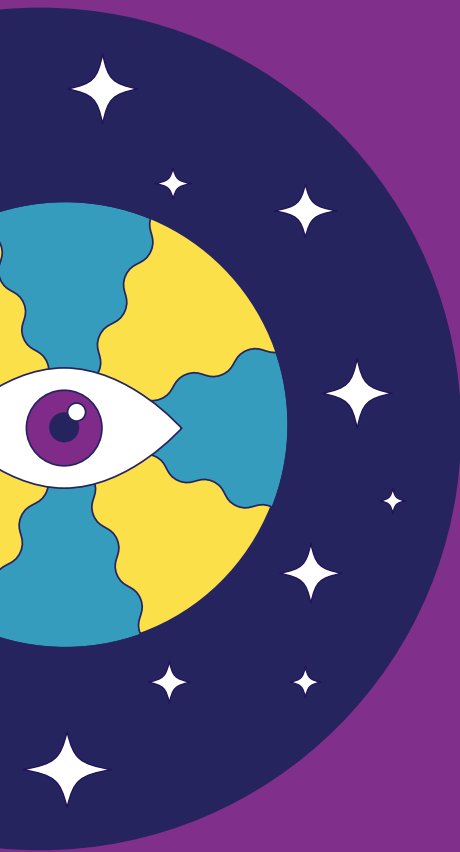
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Executive Summary



Businesses in consumer-facing industries like retail, consumer packaged goods, and eCommerce have made strides to adapt to recent disruptions and changes in consumer behavior. Although many consumers are now shopping for products and services in brick-and-mortar business locations, much of their business remains online, and the digital trend is showing few signs of slowing down.

This has raised the stakes for companies that depend on their eCommerce businesses and those that adopted new, digital-first fulfillment methods during the COVID-19 pandemic. Not surprisingly, digital advertising has become more important than ever, and social media is one of

the primary spaces in which B2C companies are competing for customer attention and loyalty.

This report presents an analysis of how B2C advertisers in North America are adapting their social media advertising to the current market. Here, readers will find comparisons with last year's numbers, demonstrating important trends in social media advertising.

The report will also present actionable suggestions on how to optimize readers' social media advertising strategies moving forward.

Key Insights

1

Percentage of Budget on Social Advertising

51% spend 50%-70%
1% spend 76%-90%

2

Platforms Used for Advertising

Facebook 98%
Instagram 94%
YouTube 88%
Twitter 71% (down 12% from last year)
LinkedIn 43% (down 20% from last year)

3

Biggest Investments

44% spend the most on Instagram while only 19% are spending the most on Facebook. This represents a significant shift compared to last year which only saw 29% spending the most on Instagram.

4

Best ROAS

46% of advertisers are seeing the best ROAS from Instagram (close to last year's 42%.)

5

Increasing Spend

87% of advertisers will increase their advertising spend on Facebook in 2022 compared to 76% in 2021. However, significantly more (73%) will increase spend on Instagram this year compared to 38% in 2021.

6

Automating Advertising

73% claim social creation and delivery involves manual processes that are often time-consuming.
Up 1% from last year.

7

Automation

31% of respondents report using automation for social media advertising compared to just 13% last year. 73% automate at least part of their social media campaign creation process.

8

Motion Creative

47% will increase use of animations and videos in 2022. Meanwhile 35% fewer respondents will increase usage of static creative compared to last year.

9

Collaboration

55% feel their social media advertising and creative teams collaborate effectively through all their marketing stages.

10

Lack of Talent

36% report lack of talent and 33% report difficulty running campaigns in multiple social channels are their biggest hurdles in their social advertising process.

11

Rising Costs

34% rising costs of social advertising
29% amount of new social channels

12

Future Goals

41% will spend more on social media advertising
32% will use more creative automation

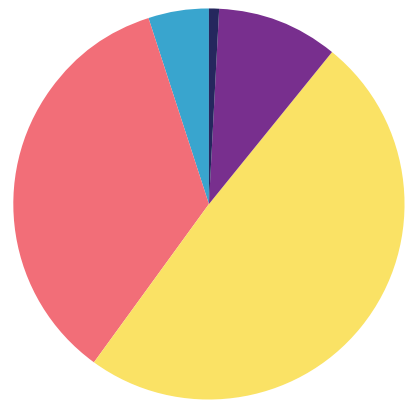


About the Respondents

Smartly.io and the WBR Insights research team surveyed 100 respondents across North America to generate the results featured in this report. All the respondents are business leaders with director-level seniority or higher at their organizations. They occupy roles in media, digital advertising, social advertising, performance marketing, brand marketing, and eCommerce.

The companies represented in this report are B2C companies in eCommerce, CPG, retail, gaming, travel, and financial services. All the companies make roughly \$500 million or more in annual revenue and spend more than \$100,000 annually on social media advertising.

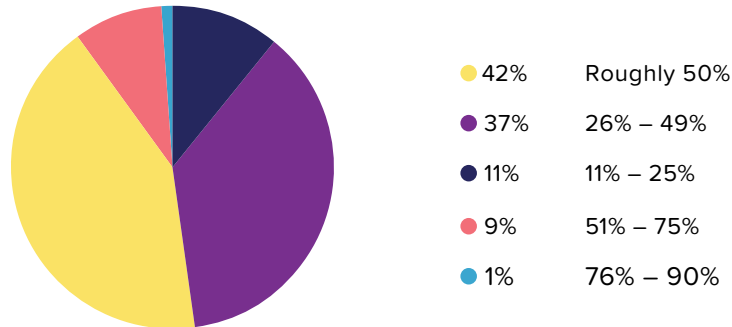
How much does your company spend on social media advertising annually?



49%	\$1 million – \$5 million
35%	\$5 million – \$10 million
10%	\$500,000 – \$1 million
5%	\$10 million +
1%	\$100,000 – \$500,000

Advertisers Will Devote More Spend to Instagram Ads

What percentage of your overall marketing budget is currently dedicated to social media advertising?



Consumer-facing companies already spend a sizable portion of their marketing budgets on social media initiatives. These initiatives range from branding activities to organic content campaigns and paid advertising.

Social media advertising has been a successful way for companies to generate business directly. Social media ads are optimized to target users based on their activity on specific platforms, such as Facebook and Instagram, which makes them more likely to click on an ad and make a purchase.

But just like other markets, the market for social media ads changes based on consumer interests and behaviors. Channels that were once a primary driver of business five years ago may not be as popular today. The demographics of certain platforms also change over time.

Nonetheless, based on the results of this report, social media advertising hasn't waned as a priority since last year—it has increased as a priority substantially.

At 51%, most of the respondents currently dedicate roughly 50% to 75% of their overall marketing budget to social media advertising. Another 1% dedicate 76% to 90% of their marketing budget to social media advertising.

These numbers are significantly higher than those from last year's study, which found that only 32% of the respondents dedicated 41% to 50% of their marketing budgets to social media advertising and 11% dedicated 51% to 75%.

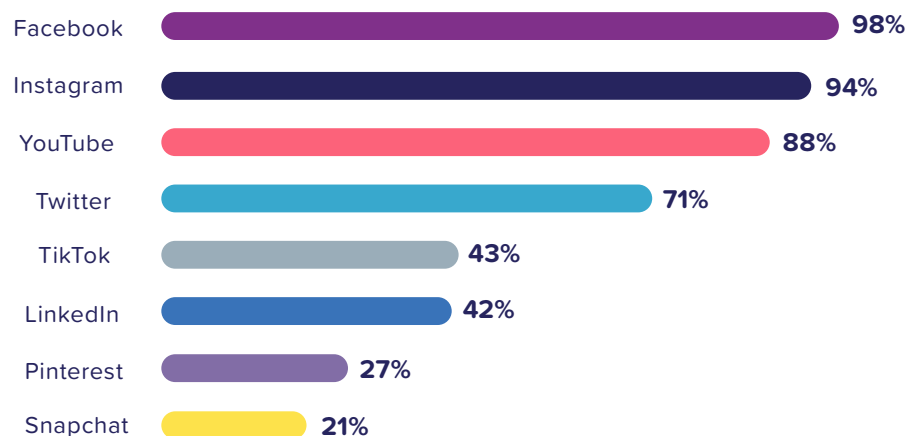


Advertisers appear to be prioritizing different social media platforms compared to last year as well.

This year, most are buying ads on Facebook (98%), Instagram (94%), YouTube (88%), and Twitter (71%). Far fewer respondents are buying LinkedIn ads (42%) and Twitter ads (71%) compared to last year (63% and 83%, respectively).

As we will learn, Instagram has emerged as a clear favorite among advertisers. Although the percentage of advertisers buying ads on the platform only rose by 4% since last year, advertisers are devoting substantially more of their social media advertising budgets to Instagram in response to high returns on their investments over the years.

On which platforms are you currently buying social media ads?



LINKEDIN

19%

of the respondents last year said LinkedIn was their most important platform for ad spending, compared to no respondents this year.

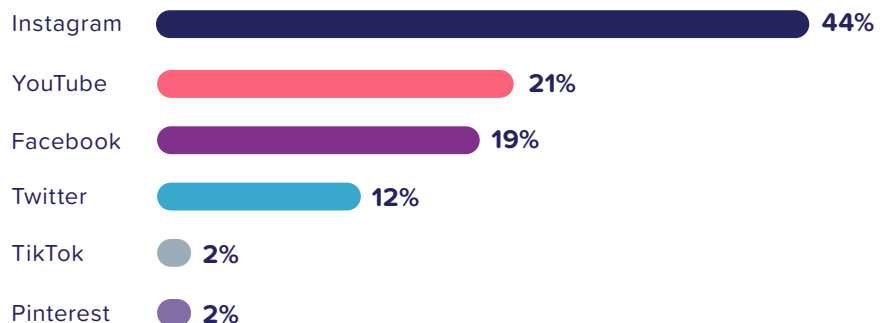
Indeed, 44% of the respondents say they are spending the most on social media ads for Instagram. That's compared to just 29% last year. There was also a massive shift in spending from Facebook and LinkedIn to Instagram over the past 12 months.

Last year, a plurality of respondents (36%) said Facebook was their most important platform, compared to just 19% this year. Interestingly, 19% of the respondents last year said LinkedIn was their most important platform for ad spending, compared to no respondents this year.

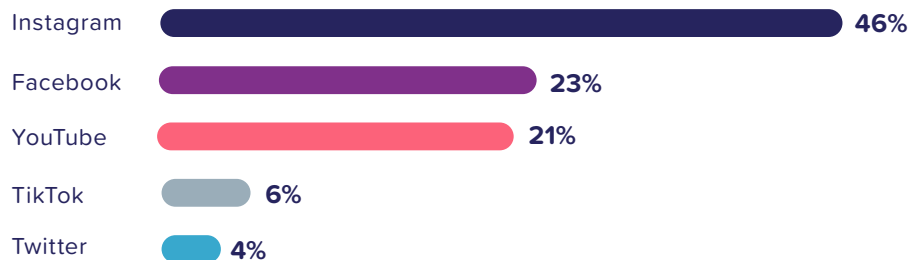
It should come as no surprise then, that almost half of the respondents (46%) consider Instagram the platform with the best "return on ad spend" (ROAS) from their social media advertising campaigns. This was the case last year as well.

We can surmise that most advertisers are following returns when it comes to which platforms to prioritize. Instagram is a clear winner. Shifts in ad spending indicate that most companies have moved more of their spending towards the platform over the past 12 months.

On which single platform are you spending the most on social media ads?



From which single platform are you seeing the best 'return on ad spend' (ROAS) from your social media advertising?



DID YOU KNOW?

62%
of Instagram users
worldwide were
between the ages of
18 and 34

Instagram is popular among consumers of various age groups. However, by October 2021, about 62% of Instagram users worldwide were between the ages of 18 and 34.¹ This represents a primary age demographic for many advertisers, as this is when young adults typically develop in their careers and begin to gain real buying power.

Instagram is also widely regarded for its featured images and videos, which makes it an ideal platform for companies that sell products to consumers. Consumer

packaged goods companies use the platform widely to market goods to buyers, for example.

There is also a considerably large community of creators and influencers on the platform. Companies that partner with these users can commission ad creative, launch influencer campaigns, and feature their products and services on some of the most popular channels among their target demographics.

On which of the following platforms do you plan to increase or decrease your advertising spend in 2022?

	<i>increase spending</i>	<i>decrease spending</i>	<i>do neither/ this doesn't apply</i>
Facebook	87%	9%	4%
Instagram	73%	9%	18%
Youtube	51%	12%	37%
Twitter	20%	14%	66%
TikTok	18%	14%	68%
Linkedin	6%	18%	76%
Snapchat	2%	7%	91%
Pinterest	1%	10%	89%

¹ Statista Research Department. "Distribution of Instagram users worldwide as of October 2021, by age group." Statista. Nov. 23rd, 2021. <https://www.statista.com/statistics/325587/instagram-global-age-group/>

Nonetheless, advertisers still see platforms like Facebook and YouTube as high priorities for their spending. Most of the respondents will increase spending on Facebook (87%) and YouTube (51%) in 2022.

Facebook (now Meta) owns Instagram, but the platform has a decidedly different user base. Although Facebook still leads social media platforms in user count, there tend to be more older consumers on the platform—specifically, about 53% of Facebook users in the U.S. are 35 years old or older.² This makes it an optimal platform for companies that market to these

demographics or who need to reach a larger base of social media users.

However, Instagram still shows the most significant signs of improvement year over year.

Only 38% of the respondents last year said they would increase spending on Instagram ads. In 2022, 73% of the respondents will increase their ad spend on Instagram.

INSTAGRAM

73%

of respondents expect to increase their advertising spend on Instagram in 2022.



Companies Show a Heightened Interest in Automating Social Media ad Creation

Manual processes have posed a significant challenge for advertisers over the years. Some processes, such as generating ad creative, have seemingly been impossible to automate. However, advertisers have discovered that partnering with creative agencies and individuals can optimize the ad creation process and streamline their efforts.

Automation tools, including artificial intelligence (AI), have also enabled advertisers to remove some steps from their processes. For example, AI can automatically optimize advertising spend, targeting, and ad deployment to produce the best results possible for an ad campaign. This frees up valuable time from marketers, who otherwise would have had to make calculations and publish advertisements manually.

Nonetheless, 73% of the respondents still say their social media advertising creation and delivery involves manual processes that are often time-consuming. This

result is consistent with the result from last year's report, in which 72% of the respondents said the same thing.

In verbal responses, the respondents say several manual processes hold them back. For example, multiple respondents cite "strategy formation" as a key struggle when launching their advertising campaigns.

However, content creation is the challenge mentioned most often in their responses. Content creation is difficult to automate. As one senior director of marketing at a major retailer puts it:

"There currently are no alternatives for content creation, and that is a major pain point."

SENIOR DIRECTOR OF MARKETING AT
A MAJOR RETAILER

Do you agree with the following statement?

"Our social media advertising creation and delivery involves manual processes that are often time consuming."



Other responses mirror this sentiment:

“We have a lot of creative ideas but not all of them align to the campaigns that we set”

- HEAD OF ECOMMERCE AT A BANK

“Managing this overload of ideas is the pain point that we currently face.”

- HEAD OF ECOMMERCE AT A BANK

Some say the process of creating content that is unique and makes their brand stand out is a particular challenge:

“Developing campaigns that are unique and attractive is something that takes a lot of time and effort,”

-PERFORMANCE MARKETING DIRECTOR

Other respondents say manual processes like “posting,” “managing,” and “aligning content to the campaign” are also difficult manual processes.

Aligning with these results, 69% of the respondents say that they do not currently use automation technology for social media advertising creation. This represents a significant drop from last year’s study, which found that 81% of the respondents were not using automation technology for this purpose.

It’s also notable that both the respondents this year and last year show interest in automating at least parts of this process. Based on previous responses, these companies would likely be interested in automating as many aspects of the content design and creation process as possible, but they’d also be interested in tools that help them post and manage their social media ad content.

Doing so could help them reduce the indirect costs of their social media advertising campaigns.

Does your team currently use automation technology for its social media advertising creation?

Yes—we automate the creative production of social media advertising sufficiently and successfully

 17%

Yes —we automate at least part of this process, but it needs improvement

 14%

No—but we are interested in automating at least parts of this process

 69%

It could also help them free up staff so they can focus on other strategic objectives. This is often a primary driver behind the adoption of automation tools among many businesses.

Respondents who aren't currently using automation for social media ad creation but are interested in it say they would have their teams engage in other meaningful activities with their extra time. For example, a vice president of brand marketing at a subscription eCommerce company says they'd have their teams developing new campaigns and strategies:

“Develop new campaigns and strategies, which is an important activity we would work on collectively.”

VICE PRESIDENT OF BRAND MARKETING AT A SUBSCRIPTION ECOMMERCE COMPANY

Other respondents say they would keep some aspects of their social media advertising operation, such as execution and monitoring, close to home.

“The probability of managing execution internally is higher with automated content development”

DIRECTOR OF PERFORMANCE MARKETING AT A FINANCIAL ORGANIZATION.

“Monitoring the automated content and aligning them to execution and timing is what the team will handle,”

MEDIA DIRECTOR AT A TRAVEL COMPANY

Although only 31% of the respondents automate at least some part of the social media advertising creation process, the results from this year and last year present a trend: Not only are consumer-facing organizations interested in automating the social media ad creation process, but they are also actively adopting automation tools. After all, most of these respondents are already familiar with the benefits of automation technology for other aspects of their advertising operation. Specifically, 73% currently automate at least part of their social media campaign creation process. Another 25% are interested in automating at least part of this process.

Does your team currently use automation technology for its social media campaign creation and optimization?

Yes—we automate campaign creation and optimization sufficiently and successfully



Yes —we automate at least part of this process, but it needs improvement



No—but we are interested in automating at least part of this process



No—and we are not interested in automating any part of this process



Branding Campaigns and Video Ads Will Be Prioritized in 2022

As we've learned, advertisers are shifting their advertising dollars to specific platforms, like Instagram, to take advantage of high rates on returns. They're also interested in automating more of their social media advertising processes to free up their teams' time and make their campaigns more effective.

Other trends in social media advertising relate to the content of the ads themselves—specifically, whether companies will continue to use static images or prioritize motion creative to carry their campaigns.

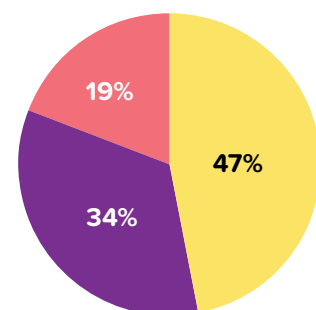
Last year, 54% of the respondents said their advertising teams would increase usage of static creative, such as photos. That was compared to motion creative, such as animations and videos, which 44% said they would increase usage of.

This year, only 19% of the respondents say that they'll increase usage of static creative. Instead, they will prioritize motion creative (47%) and data-driven creative (34%), a new category in the study. Data-driven creative refers to assets like images and videos that are produced through automation and designed based on data inputs, such as user or customer data.

In the past, some companies have been reluctant to leverage data-driven creative for their advertising campaigns. This was due in part to concerns about compliance and whether the creative assets would align with the brand. Advertisers will also focus more of their budget on branding campaigns instead of performance campaigns in 2022. Specifically, 54% of the respondents say they will devote more of their ad spend to branding campaigns.

Which type of visual asset does your social media advertising team plan to increase usage of THE MOST in 2022?

- Motion creative (e.g., animations, videos)
- Data-driven creative (e.g. creative automation)
- Static creative (e.g., photos, images)



In this context, brand campaigning focuses on creative storytelling and the development of the company's brand identity, whereas performance advertising is driven almost entirely by metrics and acquisition.

Performance campaigns are often focused on clicks and conversions. Brand campaigns are sometimes more difficult to quantify, but they can produce long-term results and help the company create stronger bonds with customers.

When asked which channels they will prioritize for their branding campaigns, several respondents say social media will be essential.

"We gain a lot of opportunities on social media channels because of the level of participation"

BRAND MANAGER OF A GAMING COMPANY

"Social media is the best location to connect with people"

SENIOR DIRECTOR OF ECOMMERCE.

"That is where most of our campaigns will air"

SENIOR DIRECTOR OF ECOMMERCE

Other respondents say they will focus on a range of channels, including their physical retail channels. However, several of these respondents also cite social media as a key priority for their brand strategy.

For example, one eCommerce director of a pharmacy chain says:

"We will try and achieve a balance between physical and virtual channels."

ECOMMERCE DIRECTOR OF A PHARMACY CHAIN

This may be due, in part, to the importance of physical retail for the company's business.

Regardless, social media represents the ideal channel for branding campaigns. Multiple respondents note that social media is "the preferred location," for branding, as one respondent puts it.

Do you agree with the following statement?

"We plan to allocate more budget into branding campaigns vs. performance campaigns in 2022."

54% YES

46% NO

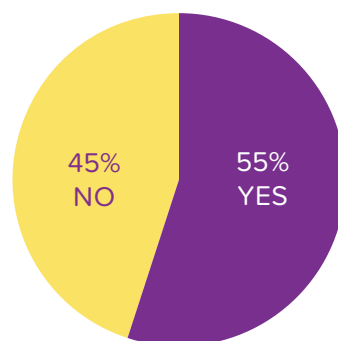
Companies Struggle with Talent, Cost, and Competition

Social media advertising requires multiple teams to work in tandem. Often, producing and executing an ad campaign involves the efforts of marketing management, a creative team, and an analytics team, as well as third-party vendors.

To gain a better understanding of how consumer-facing companies are fairing in their social media advertising processes, researchers asked the respondents about their most common challenges. They also asked them how well their current teams work together.

Significantly, only 55% of the respondents say their social media advertising and creative teams collaborate effectively in all stages of the marketing process. That's compared to 71% last year—a drop of 16%.

Do you feel your social media advertising and creative teams collaborate effectively in all stages of the marketing process?



Some of this drop could be attributed to challenges associated with changes in consumer behaviors and expectations. Many B2C companies faced challenges adapting their messaging when consumers switched to online channels and alternative modes of fulfillment, such as ship-to-home and buy-online-pick-up-in-store (BOPIS). Coordinating changes in advertising efforts between multiple parties is often a challenge when the market changes so quickly.

However, it could also be a response to changes in consumer preferences for advertising content in general. Consumers are more empowered than ever, and they tend to be dismissive of advertising content that doesn't align with their wants, needs, or values.

What do you consider to be the biggest internal challenge to your social media advertising process at the moment?

Lack of talent (i.e., inability to expand teams through hiring)

36%

Difficulty running campaigns in multiple social channels successfully

33%

Insufficient design resources to produce ads

20%

Difficulty integrating social media advertising into overall marketing mix

11%

IN 2022
41%
 of marketing teams
 will spend more on
 social advertising
 than they did in 2021.

Similarly, 36% of the respondents say that a lack of talent is their biggest challenge to the social media advertising process. Thirty-three percent say they have been challenged by running campaigns on multiple social media channels successfully.

Externally, over one-third of the respondents (34%) say the rising cost of social media advertising and increased competition in the market have been their biggest challenges. A significant portion of the respondents (29%) say adapting to new social channels and shifting consumer behaviors are their top challenges.

Nonetheless, many of these respondents are fully invested in their social media advertising

programs. At 41%, a plurality of respondents says they will spend more on social media advertising in general in 2022 than they did in 2021. This aligns with last year's respondents, 45% of whom said they'd spend more on social media advertising in 2021 than they did in 2020.

Almost one-third of the respondents (32%) also say that they will use more creative automation for their social media advertising campaigns in the future. Given the ROAS of channels like Instagram, these investments are likely to pay dividends in the coming months, especially as these companies refocus their efforts on branding campaigns and building long-term connections with customers.

What do you consider the biggest external challenge to your social media advertising process at the moment?

The rising cost of social media advertising and increased competition



Adapting to new social channels and shifting consumer behavior



Measurement and attribution



New privacy regulations and their impact on targeting and personalization (e.g., iOS14, "Cookieless Future")



Please indicate which the following statements are true in terms of your plans for 2022.

We will spend more on social media advertising in general than we did in 2021



We will use more creative automation in the future



We will expand our in-house marketing team to better manage social media advertising



We will outsource social media advertising more



We will invest more in social media advertising tools and technology



Conclusion: Blending Automation with Creativity

Consumer-facing organizations in North America demonstrate that advertising on social media is still one of the most important methods for building their brands and connecting with customers. Not only are companies still dedicating significant portions of their marketing budgets to social media advertising, but they are also devoting more resources to social media channels that have yielded strong returns.

Instagram is perhaps the most sought-after platform for social media advertising among consumer-facing companies. Organizations that intend to compete for both attention and loyalty can't afford to ignore this channel.

However, the results featured in this report also indicate that consumer-facing businesses are still struggling with certain aspects of their advertising. The process of developing

and creating advertisements themselves is still mired by manual processes. Many companies also say they struggle to coordinate with their creative teams to develop meaningful creative assets that align with their campaigns.

Moving forward, companies must adopt automation tools that streamline the processes of developing, creating, and managing their social media advertising campaigns. Ideally, they'll be able to identify and leverage turn-key services that use both data and human creativity to produce compelling ads.

This represents the future of social media advertising, and it will provide companies with the edge they need to stand out in a noisy marketplace.



Key Suggestions

1

Focus more of your resources on Instagram advertising if this platform is relevant to your business. Instagram is the platform most likely to produce a significant ROAS compared to other platforms. A plurality of the respondents intends to spend more on Instagram ads in 2022.

2

If you aren't doing so already, use automation tools to streamline efforts for campaign creation and optimization. Most of the respondents are already using automation for this purpose.

3

Include automation tools in your advertisement creation process as well. Most companies aren't currently using this capability but are interested in it.



4

Make motion creative, such as videos and animations, a priority for your advertisements in 2022, but focus on data-driven creative assets as well. These assets are created through automated and AI-based processes that leverage customer data. They have the potential to make ad development much more efficient and ensure ads are developed to appeal to consumers based on their interests.

6

If you are having trouble maintaining an internal creative team, partner with an external provider that can automate part of the creative process. This will make launching campaigns both faster and more effective, and it will prevent you from struggling due to a lack of talent.

About the Authors



Smartly.io automates every step of social advertising, empowering teams to deliver beautifully effective brand experiences across social platforms. A cross-platform approach enables marketers to reach audiences across all stages of the buyer's journey, from finding new brands to making a purchase — all while delivering an exceptional, consistent customer experience.

For more information, please visit **www.smartly.io**



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