

# Digital Advertising Trends in 2023

See how the world's leading brands plan their digital advertising for the upcoming year





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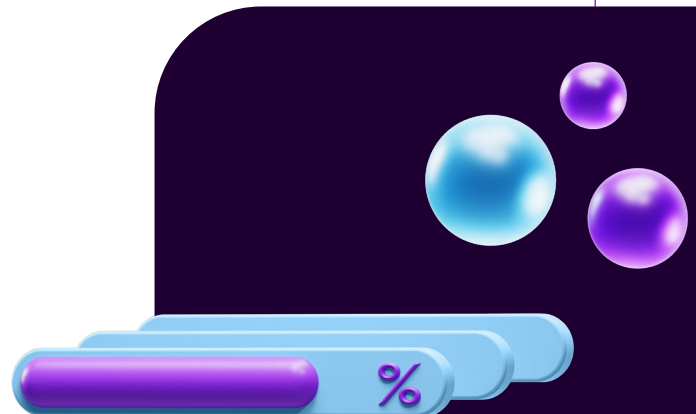
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# Executive Summary

Digital advertising continues to be a key driver of new business, customer loyalty, and revenue for B2C businesses. Consumer buying behavior has shifted significantly toward digital purchasing in recent years, and that shift has shown no sign of slowing down.

As a result, companies that can generate masterful creative, targeted ads, and personalized offers are in the best position to capture market share and build customer loyalty.

This report explores what opportunities and challenges B2C companies are facing in their digital advertising processes. It identifies the key digital marketing channels companies are targeting in 2023 and reveals how they are using capabilities like automation, campaign optimization, and ad creation.



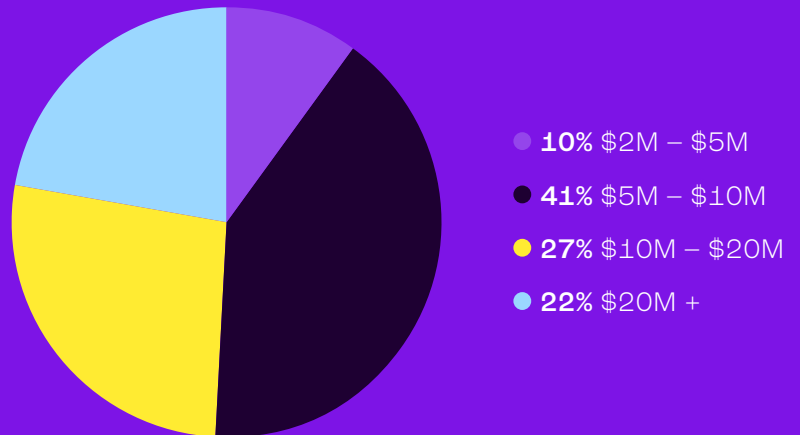
# About the Respondents

The WBR Insights research team surveyed 100 respondents from across the U.S. and Canada to generate the results featured in this report. All the respondents are director-level or above, including the C-suite.

The respondents occupy roles in digital marketing, digital advertising, performance marketing, and ecommerce. They represent B2C companies in ecommerce, including CPG, retail, gaming, and travel. The companies represented make roughly \$1 billion to \$10 billion or more in annual revenue.

At 41%, a significant number of respondents spend \$5 million to \$10 million on digital advertising each year. Over one-quarter (27%) spend \$10 million to \$20 million, and 22% spend more than \$20 million.

**How much does your company spend on digital advertising annually?**



# Key Insights

Amongst the respondents:

## 37%

spend 26% to 49% of their overall marketing budget on social media advertising, while 9% spend roughly 50% of their budgets.

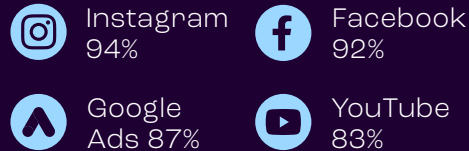
## 48%

say they receive the best ROAS from YouTube, while 35% say they receive the best ROAS from Instagram.

## 77%

feel their digital advertising and creative teams collaborate effectively in all stages of the marketing process.

### THE FOUR MOST WIDELY USED ADVERTISING PLATFORMS ARE:



## 32%

say their digital advertisement creation involves manual processes that are often time-consuming.

## 26%

say their digital advertising campaign delivery involves manual processes that are often time-consuming.

### THEIR FIVE BIGGEST PAIN POINTS FOR DIGITAL ADVERTISING IN 2023 ARE:

- Macroeconomic factors (50%)
- Increased competition (49%)
- Maximizing efficiency and ROI (48%)
- Producing enough creative (48%)
- Measurement and attribution (47%)

**55%**

say their team currently automates part of their digital advertising campaign creation and optimization process, but it needs improvement.

**54%**

say their team currently uses automation technology for at least part of their digital ad creation process, but it needs improvement.

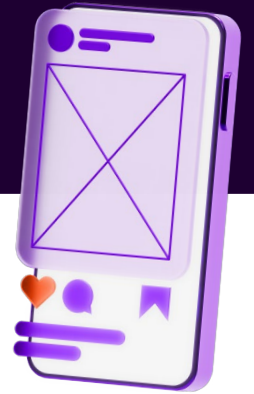
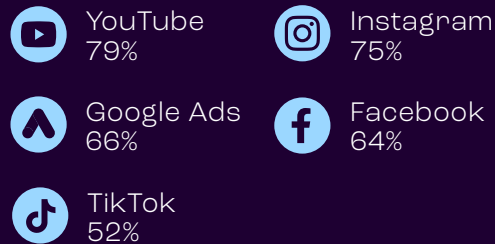
**33%**

plan to increase usage of motion creative in 2023. In each case, 24% plan to increase the usage of static creative and innovative creative.

**60%**

say they will invest more in digital advertising tools and technology in 2023.

**MOST OF THE RESPONDENTS PLAN TO INCREASE ADVERTISING SPEND ON THE FOLLOWING FIVE CHANNELS IN 2023:**



**49%**

say they will spend more on programmatic advertising in general in 2023.

**52%**

always conduct formal testing as part of the creative process, but 42% only do so sometimes and 6% do so rarely.

**→ THE THREE MOST-NOTED MAIN CHALLENGES WHEN PRODUCING CREATIVE ASSETS ARE:**

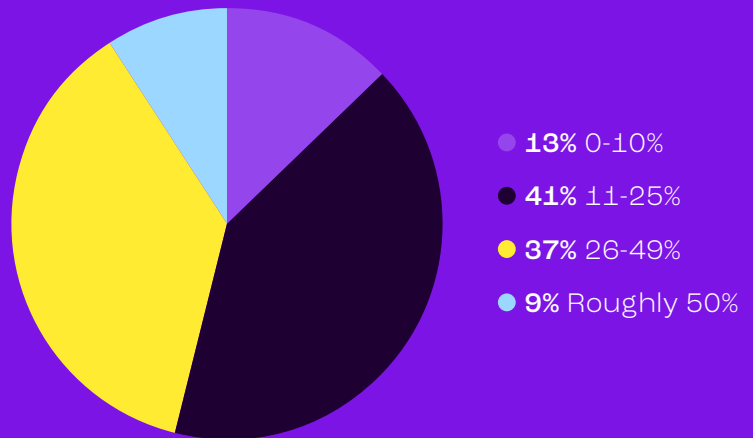
- Personalizing creative and making sure each variation adheres to each platform (38%)
- Time for creativity and finding new ideas (38%)
- Creating assets based on historical performance data (33%)

# YouTube and Instagram Emerge as Most Popular Advertising Platforms

Consumer-facing companies like CPG brands, retailers, and gaming companies spend a significant amount of their marketing dollars on digital advertising. Much of that is spent on social media ads, although not exclusively. Furthermore, the platforms that these companies spend on the most can shift year by year depending on consumer spending habits, usage trends, and generational changes.

The respondents this year are spending significant portions of their marketing budgets on social media advertising. Over one-third (37%) spend 26% to 49% of their marketing budgets on social media advertising. Another 9% spend roughly 50% of their marketing budgets on social media ads.

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



Instagram (94%) and Facebook (92%) appear to be the frontrunners in terms of the platforms advertisers prefer. However, most of the respondents are advertising on several other platforms, including Google Ads (87%), YouTube (83%), TikTok (68%), and connected television (65%).

Few respondents are buying ads on LinkedIn (25%) and Pinterest (23%). However, about half of the respondents are buying ads on Twitter.

### On which channels and platforms are you currently advertising?

- 94% Instagram
- 92% Facebook
- 87% Google Ads
- 83% YouTube
- 68% TikTok
- 65% Connected TV (CTV)
- 63% Digital Out-of-Home (DOOH)
- 51% Twitter
- 25% LinkedIn
- 23% Pinterest



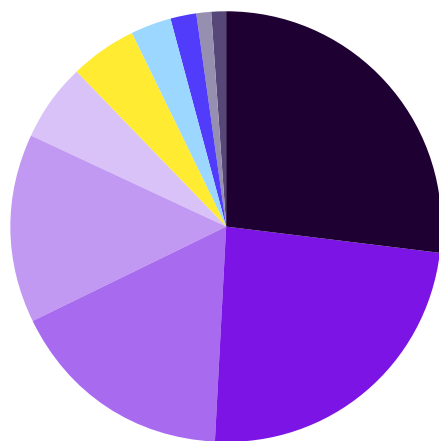


These results align somewhat with the results from last year's report, which found that 98% of the respondents were buying ads on Facebook and 94% were buying ads on Instagram. However, there was a significant drop in the number of respondents buying ads on Twitter year-over-year (71% to 51%, respectively).

There was also a 25% increase in the number of respondents buying ads on TikTok. Brands likely recognized the popularity of that platform with younger consumers, who tend to favor it and Instagram over platforms like Facebook and Twitter.

Over one-quarter of the respondents (27%) say they are spending the most on digital ads through Google Ads. Meanwhile, 24% say they are spending the most on Instagram ads. These results are slightly different from those of last year, which found 44% of brands spending the most on Instagram ads.

However, the scope of the survey has broadened since last year to include channels other than social media, such as connected TV, which 6% spend the most on, and digital out-of-home (DOOH), which 3% spend the most on.

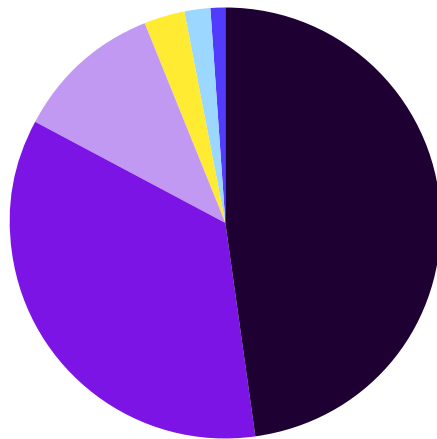


**On which single channel or platform are you spending the most on digital ads?**

- 27% Google Ads
- 24% Instagram
- 17% Facebook
- 14% YouTube
- 6% Connected TV (CTV)
- 5% TikTok
- 3% Digital Out-of-Home (DOOH)
- 2% Snapchat
- 1% LinkedIn
- 1% Twitter

There has also been a significant shift in return on ad spend (ROAS) across the platforms compared to last year's report. Almost half of the respondents from last year (46%) said they received the best ROAS from Instagram.

This year, 48% of the respondents say they receive the best ROAS from YouTube, and only 35% say they receive the best ROAS from Instagram.



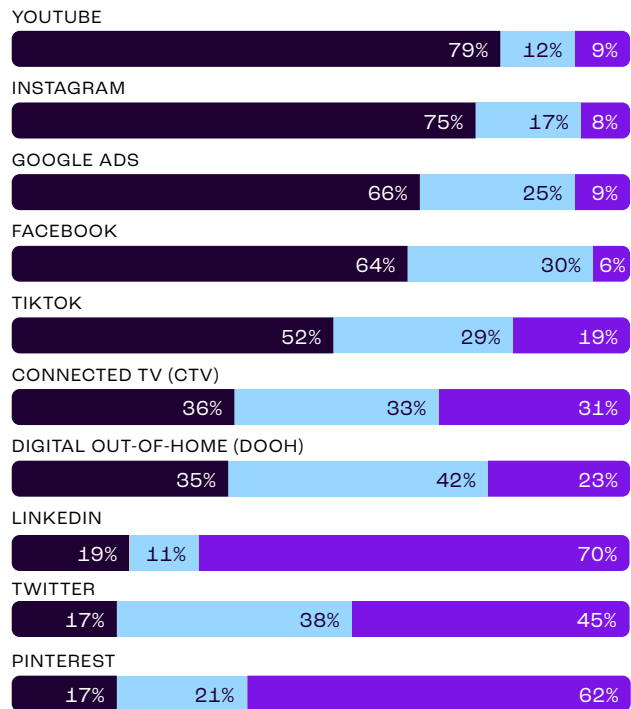
**For social advertising specifically, which platform is giving you the best ROAS?**

- 48% Youtube
- 35% Instagram
- 11% Facebook
- 3% TikTok
- 2% Snapchat
- 1% Twitter

This has led most of the respondents (79%) to plan to increase their advertising spending on YouTube. The respondents are also investing more of their spend in other platforms that have proven promising, such as Instagram (75%) and Google Ads (66%).

These results are significant when compared to those of last year. In the previous study, 87% of the respondents planned to increase spending on Facebook, compared to only 64% this year. Most notably, only 51% of last year's respondents planned to increase spending on YouTube, and 37% planned to decrease spending. YouTube has since emerged as the digital advertising channel with the most potential among B2C companies.

**On which of the following channels and platforms do you plan to increase or decrease your advertising spend in 2023**



- We will increase spending
- We will decrease spending
- We will do neither/this doesn't apply

# Digital Advertising is Becoming More Streamlined and Automated

Digital advertising and creative teams must work together to develop promising ad creative and optimize campaigns across various digital platforms. This has been a difficult task for consumer-facing organizations in previous years, especially when those teams were separated by departments or even companies—many organizations rely on agencies and other providers for creative development and other types of services.

Achieving alignment, streamlining collaboration, and removing manual processes are the most important steps to improving collaboration and optimizing campaigns. These steps can be achieved with technology, but organizations must implement the necessary solutions and achieve buy-in from every party for them to be effective.

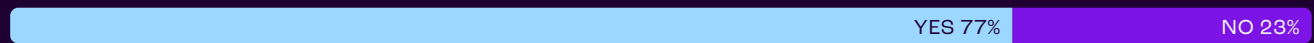
Visual assets are often the most challenging to create. Generating creative like animations and videos can involve multiple teams working in tandem. About one-third of the respondents (33%) say they are planning to increase their use of motion creative in 2023. Accomplishing this may require new processes, as well as tools that enable teams to collaborate more effectively.



**Which type of visual asset does your digital advertising team plan to increase usage of THE MOST in 2023?**

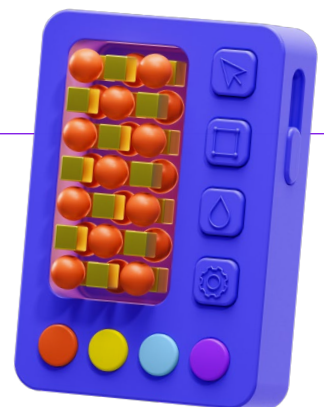
- 33% Motion creative (e.g., animations, videos, reels)
- 24% Static creative (e.g., photos, images)
- 24% Innovative creative (e.g., 3D/AR/Lens, Dall-e)
- 14% Creator content / influencer content
- 5% Neither / this does not apply

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



Thankfully, compared to last year, there has been a significant increase in the collaborative effectiveness between companies' creative and digital advertising teams.

In the previous study, 55% of the respondents said their advertising and creative teams collaborated effectively. This year 77% of the respondents say their teams collaborate effectively



**Do you agree with the following statement:  
“Our digital advertisement creation  
involves manual processes that are  
often time consuming.”?**

YES 68% NO 32%

Likely, many organizations have implemented new solutions and processes in that time to streamline collaboration between these two departments. They may also have increased investments in their digital advertising programs considering consumers' ongoing shift toward digital purchasing.

There has also been a dramatic shift in the number of respondents who say they still rely on manual processes for advertising creation.

Although the scope of the study has expanded since last year from social media advertising to digital advertising as a whole, only 27% of the respondents last year said their digital ad creation process didn't involve manual processes that were often time-consuming. This year, most of the respondents (68%) say this process doesn't involve cumbersome manual processes.

Less than one-third (32%) are struggling with manual processes.

In verbal responses, these respondents say these manual processes remove personnel from other important tasks and that they don't have the solutions in place to fully automate processes like the hand-off of

**Do you agree with the following statement:  
“Our digital advertising campaign delivery  
involves manual processes that are often  
time consuming.”?**

YES 74% NO 26%

creative assets. Multiple respondents say that “collecting images” is significantly time-consuming, as is aligning creative with the brand.

Most (74%) also say they don't contend with manual processes in the digital advertising campaign delivery process. However, 26% say this process does involve time-consuming manual processes.

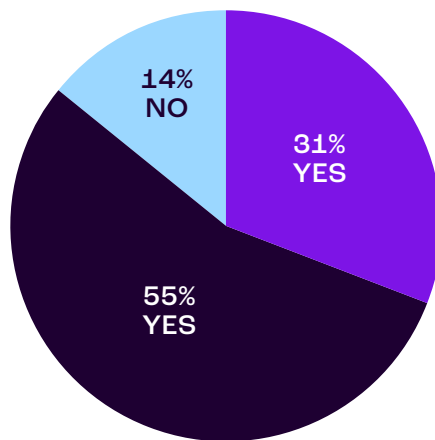
Among these respondents, many say they struggle because they don't see a way of verifying their campaigns without at least some “manual interference from time to time,” according to one head of performance marketing.

Other respondents say they must still engage in manual processes to “generate in-depth insights,” “build a story around each campaign,” and “measure performance.”

These tasks can be difficult to automate. However, with the right platform, these organizations could be generating insights from their campaigns automatically. They could also automate some of the processes relating to campaign generation, such as media delivery.

Based on these results, it shouldn't be surprising that most of the respondents say they use automation technology for digital advertising campaign creation and optimization. Specifically, 31% of the recipients use automation successfully for this purpose, while 55% say they automate at least part of their process but need to make improvements.

Only 14% of the respondents say they don't automate parts of the digital advertising campaign creation and optimization process.



**Does your team currently use automation technology for its digital advertising campaign creation and optimization?**

- **31% Yes** – we automate campaign creation and optimization sufficiently and successfully.
- **55% Yes** – we automate at least part of this process, but it needs improvement.
- **14% No** – but we are interested in automating at least part of this process.

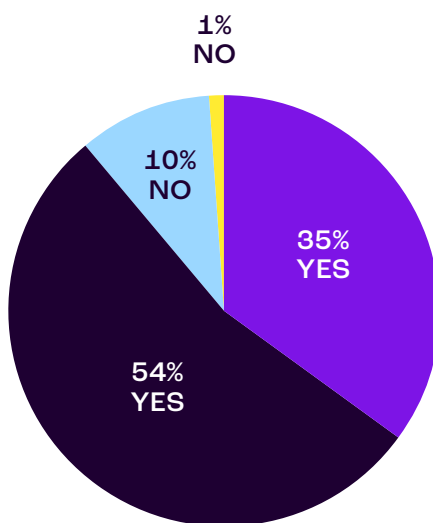
Furthermore, most of the respondents also use automation technology for digital ad creation. Over one-third of the respondents (35%) say they do so successfully, while 54% say they automate at least part of the process but need to make improvements.

Only 11% of the respondents don't automate this process, and 10% are interested in doing so.

Researchers asked the respondents who are interested in digital ad creation automation to describe what they'd have their teams do with the additional time they could free up thanks to the technology. Many of the respondents say their teams would have more time to "verify" and "monitor" content, taking on a much more editorial role.

The teams would also have more opportunities to "analyze the quality of content," says one ecommerce head.

Enabling teams to take a less "hands-on" role in creative development could help to streamline these companies' ad creation processes. As noted in previous responses, manual tasks like gathering and creating images are especially time-consuming. This process, and others, can be automated using the right advertising platform.



### Does your team currently use automation technology for its digital ad creation?

- **35% Yes** – we automate the creative production of digital ads sufficiently and successfully.
- **54% Yes** – we automate at least part of this process, but it needs improvement.
- **10% No** – but we are interested in automating at least part of this process.
- **1% No** – and we are not interested in automating any part of this process.



# B2C Companies Will Use Technology to Overcome Advertising Challenges in 2023

The results of the study so far indicate that most companies will continue to invest heavily in digital advertising. Moving into 2023, consumer-facing companies must take steps to reduce inefficiencies in their advertising and creative development processes if they hope to stay competitive. That means overcoming the challenges and pain points they've struggled with in 2022.

Some of these challenges can be overcome with process and technology changes, whereas others, such as economic factors, are outside of companies' control.

At 50%, one of the biggest pain points of digital advertising facing companies in 2023 is the economy. Macroeconomic factors like inflation and supply chain disruptions can significantly impact the effectiveness of advertising campaigns. Inflation alone has led to drops in consumer spending, which means less ROAS for individual campaigns.

In each case, about half of the respondents also cite increased competition (49%), maximizing efficiency and ROI (48%), producing enough creative (48%), and measurement and attribution (47%) as their biggest pain points. As we will learn, brands will likely turn to technology investments to help alleviate some of these pain points.

Specifically, they are likely to address issues arising from the acquisition and generation of creative assets. The respondents previously stated that generating creative, such as images, animations, and 3D renderings, can be a painstaking manual process. Finalizing these assets also requires hand-offs and verifications between creative teams, campaign teams, and brand leaders to ensure they align with the brand's strategy.

## What are your biggest pain points for digital advertising in 2023?

- 50%** Macroeconomic factors
- 49%** Increased competition
- 48%** Maximizing efficiency & ROI
- 48%** Producing enough creative
- 47%** Measurement and attribution
- 38%** Managing a growing number of channels and platforms
- 37%** Privacy / targeting changes
- 35%** Securing sufficient budget
- 29%** Ensuring we have the right tools in place to execute our strategies successfully
- 11%** Lack of talent / the need to expand teams through hiring

Any efforts to streamline these processes could reduce cost and delays considerably. This will become more important in 2023 if macroeconomic factors continue to work against brands. Automation, for example, could enable digital advertisers to launch campaigns quickly and at scale, with less overhead.

The respondents are split on which challenges are most pressing when it comes to producing creative assets. However, there are some noteworthy trends in the survey results.

For example, 38% of the respondents say personalizing creative and making sure each variation adheres to the platform is a challenge. The same percentage of respondents also say finding time for creativity and idea generation is a significant challenge.

Automation could speed up these processes considerably. Personalization can be accomplished by feeding demographic and firmographic data into a digital advertising platform. A platform could also enable advertisers to generate multiple versions of ads, so they can deliver personalized versions to different target audiences.

Some of the challenges brands face in asset generation are directly related to data. In each case, about one-third of the respondents say creating assets based on historical performance data (33%) and receiving data on creative performance (32%) are challenges.

Using data in this way is often difficult because brands are using multiple platforms to post and report on advertisements.

They may not have a centralized location to monitor ad performance across all channels, such as Google, Facebook, and even connected TV. Platformization may be crucial in this respect, as it would enable advertisers to pull data from disparate sources into a single location for attribution, analysis, and creative development.

### What are your top three challenges when producing creative assets?

- 38%** Personalizing creative and making sure each variation adheres to each platform
- 38%** Time for creativity and finding new ideas
- 33%** Creating assets based on historical performance data
- 32%** Receiving data on creative performance
- 32%** The review and approval process happening in many different places
- 31%** Testing creative concepts and variations
- 27%** Sourcing assets to produce the ads (UGC, stock image, sounds, etc.)
- 23%** Number of assets needed, and the manual work involved
- 21%** Ad rejected by the platforms and time to fix the assets
- 16%** Finding the best practices for each channel or platform
- 9%** Ensuring I'm following guidelines on each asset

Ad testing could also be a considerable help in improving ROAS for specific campaigns and making them more cost-effective. Although 52% of the respondents say they always conduct formal testing as part of the creative process, 42% do so only sometimes and 6% do so rarely.

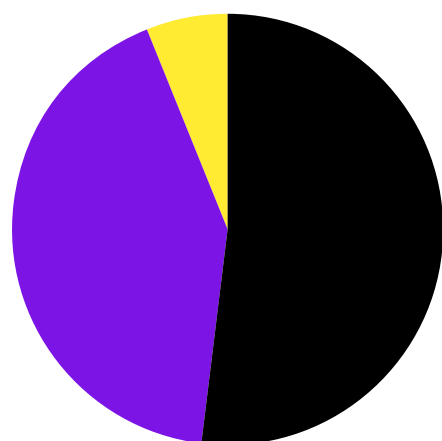
Respondents who say they always conduct formal testing say it is “vital.” As one digital marketing director puts it, testing helps them “remove any flaws from our creative thought-process. We will reach more customers when we encourage testing.”

Other reasons cited for rigorous testing include, “consistency,” “stability in the process,” and “to maintain quality.”

Respondents who only test occasionally say they do so because they are more concerned about “procedures working properly,” as one digital marketing director says, rather than determining the effectiveness of individual campaigns.

Other respondents who test only occasionally say they have leveraged automation for some aspects of their testing, which “reduces any major requirement of testing at every stage of the creative process,” says a digital advertising head.

Brands will likely continue to only test their creative as much as they deem necessary, but automation is an important component of their processes. With the right technology, companies that only test occasionally could gain more effective means to maintain quality and consistency across their campaigns.



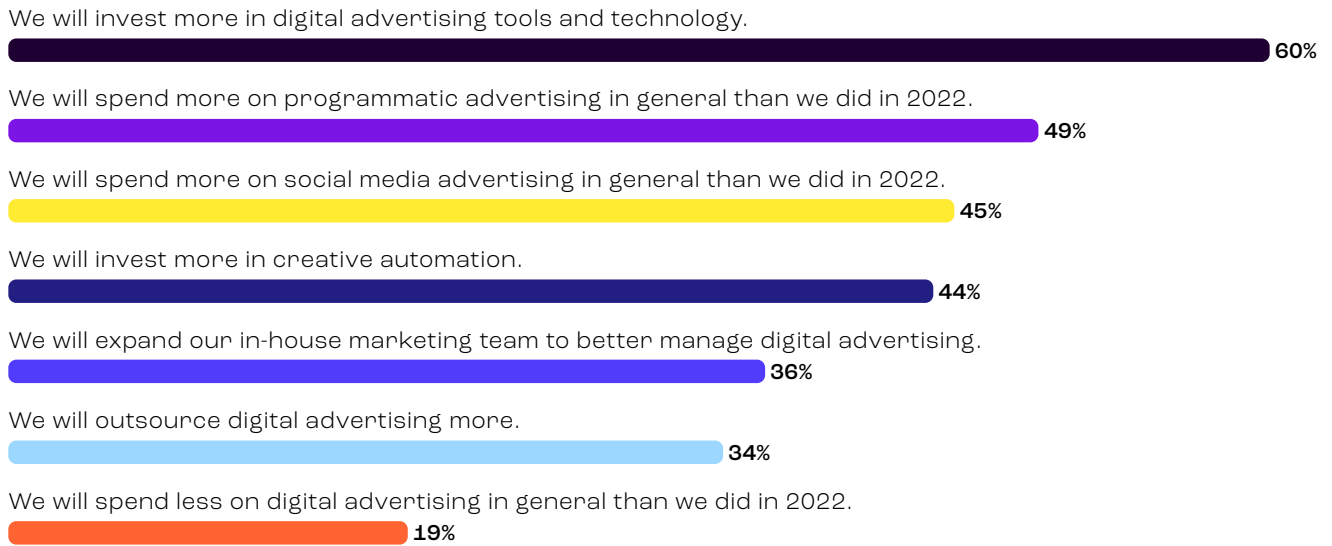
### How often do you conduct formal testing as part the creative process when producing a digital ad?

- 52% We always conduct formal testing as part of the creative process
- 42% We sometimes conduct formal testing as part of the creative process
- 6% We rarely conduct formal testing as part of the creative process.

Indeed, most of the respondents (60%) say they plan to invest more in digital advertising tools and technology in 2023 compared to 2022. This is the only statement presented in the question with which a majority of the respondents agreed. Notably, 44% of the respondents also say they plan to invest more in creative automation.

About half of the respondents (49%) say they plan to spend more on programmatic advertising, while 45% say they plan to spend more on social media advertising.

**Please indicate which the following statements are true in terms of your plans for 2023.**





# Conclusion: A Year for Technology Enablement

The results of the study show that most brands are planning to invest more in digital advertising tools and technology in 2023 to streamline their creative development and campaign optimization processes. This will be key to bridging the gaps between teams and delivering effective creative at scale.

Additionally, a significant portion of respondents is still struggling with manual processes or a lack of collaboration between teams, despite considerable improvement from last year's results. These new investments will be necessary to make the most of every advertising dollar spent.

Brands are favoring some advertising channels over others in 2023, especially YouTube and Instagram. This is likely a reaction to consumer usage trends, especially among younger generations.

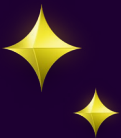
However, most of the companies surveyed will spread their advertising spend over a variety of channels. This type of board strategy can't be conducted through disparate technology solutions. By utilizing a digital advertising platform, these companies can generate and deliver creative assets more effectively, align their teams, gain better attribution from their campaigns, and obtain cleaner insights about their customers.





# Key Suggestions

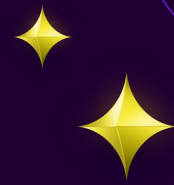
- 1. Use a digital advertising platform to generate and deliver creative assets more effectively.** Automation will be key to delivering creative at scale. Generating effective creative continues to be one of the most pressing pain points among digital advertisers.
- 2. Align your teams to bridge the gaps between them and enable better collaboration.** This is a crucial step for overcoming barriers between the brand and creative teams.
- 3. Invest in technology that can provide attribution and insights about your customers.** The right platform can also provide a holistic view of your entire digital advertising operation.
- 4. Consider prioritizing channels like YouTube and Instagram.** These are two of the most popular channels among the respondents, and they are important avenues for reaching younger generations of consumers.





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