

2017 - 2018

A close-up photograph of a hand pointing at a tablet screen. The screen displays a document with text and a table. The background is dark and blurred.

THE STATE OF
PPC

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The PPC Agency of Experts

At Hanapin Marketing we're widely recognized as experts in the PPC industry, and we make it our responsibility to use this expertise to build the PPC Community. We publish several thought leadership pieces annually, including the State of PPC, State of Paid Social, Search Marketplace Reports, and the popular Top 25 Most Influential PPC Experts list.

We produce PPC Hero, and an all-PPC conference series, Hero Conf, that provides the digital advertising industry—and our clients—with cutting edge advice and leadership every step of the way.

PPC HERO



The State of PPC is an annual digital ad industry survey developed and maintained by Hanapin Marketing. We collect anonymous, industry-forecasting opinions from leaders in the digital ad space and deliver it to the industry. It serves as a resource, guide, and predictive analysis of the industry's general attitude, plans and outlook for the next year.

ABOUT THIS REPORT

Search has been and will probably always be the keystone of PPC.

No matter the simplicities of other platforms and channels, Google AdWords continues to dominate the marketplace. Additional sophisticated capabilities, including the options to strategize a user's experience by device and location, better reporting, and ad features, has offered a much more personalized experience for the user than ever before.

However, the marketplace is getting smarter, more competitive, and the lure of better targeting and ROI in other platforms is hard to ignore. While happening very slowly, channels like programmatic, native, social, and mobile continue to grow and will not stop trying for a better share in the PPC industry.

With the State of PPC, Hanapin Marketing's annual survey of the pay per click (PPC) advertising industry, we look under the hood of advertising's fastest-growing industry and find out what makes it tick, year by year.

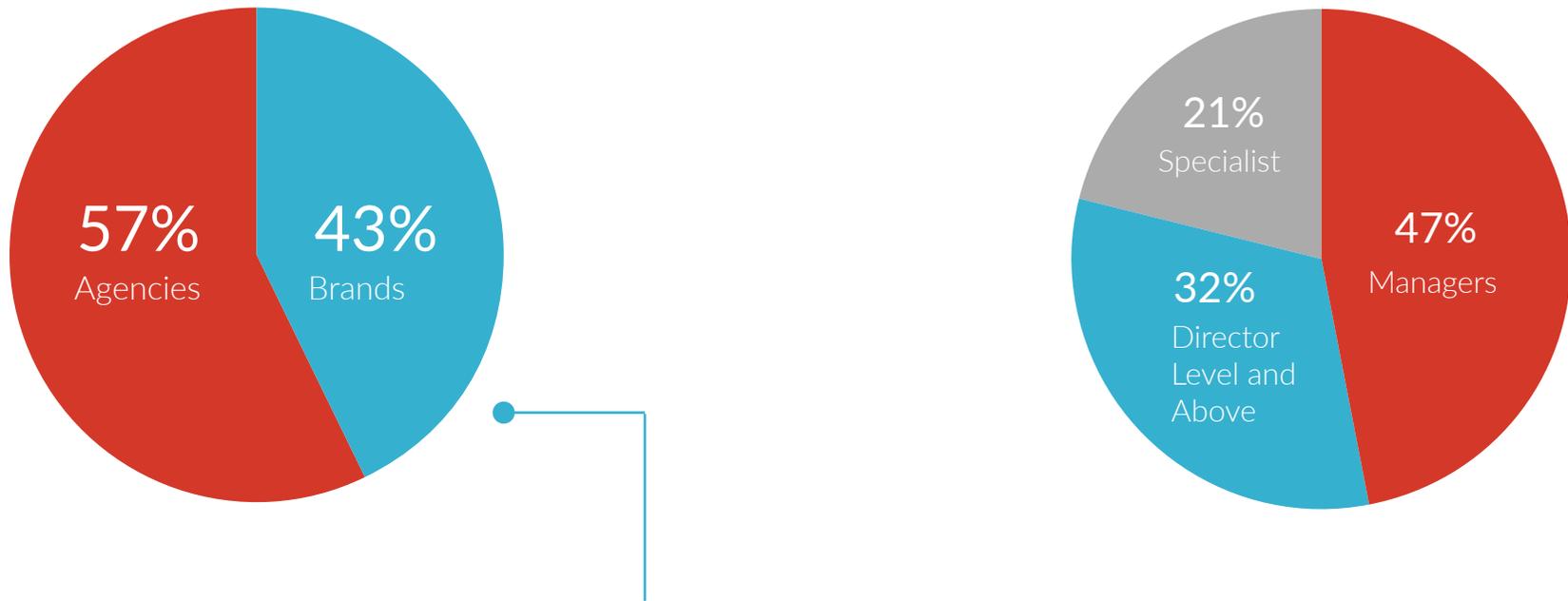
This year, hundreds of search marketing professionals—both influencers and decision makers from a variety of brands and digital marketing agencies —completed our survey and collectively reached some very clear conclusions, including:

- Proven platforms Google and Facebook, continue to dominate digital dollars, with Bing Ads, Mobile, and Instagram trailing closely behind.
- Despite the effectiveness of social being on a slow incline, majority of companies are investing more of their PPC budgets on social ads, in comparison to year's past. This emphasizes the importance digital leaders see in social networks, even if performance hasn't reached a desirable success rate yet.
- Mobile was seen as the most important aspect of the digital marketing industry over the last 12 months.

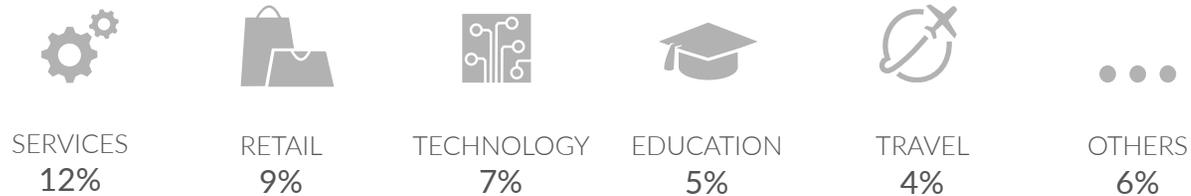
Keep reading for the most comprehensive statistical breakdown of the digital ad industry to date—and to draw your own conclusions about where we're headed.

WHO PARTICIPATED

This year, we saw a big uptick in agencies that filled out the survey - 57% compared to 33% from last year. As the PPC marketplace has become even more complicated, the role of a PPC specialist that knows the ins and outs of the industry and its updates, is even more important these days. We took special steps to make sure we were not only reaching brands, but those whose roles are heavily immersed in PPC.



BRANDS BREAKDOWN BY INDUSTRY



“

Over the last year or so, we've seen a small **shift of more brands bringing PPC in-house.**

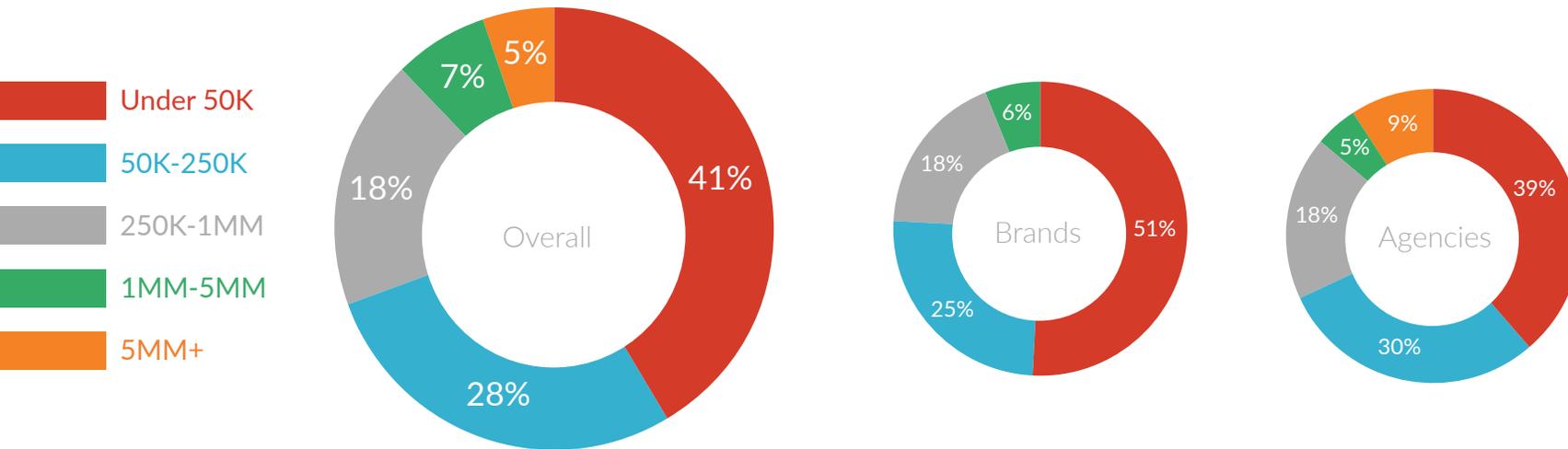
To adapt to this new trend as an agency, we created our in-house partnership program last year. Not only does it help brands make sure they don't lose touch with what's happening in the industry, but it offers support for urgent projects that spring up that they don't necessarily have the staff for. This new solution has helped us better understand what brands need to be successful in the PPC marketplace.”



Jeff Allen
President of Hanapin Marketing

MONTHLY PPC SPEND

Overall, there weren't any big changes between last year and this year in spend. Any differences are probably more due to a difference in respondents.



When you compare Brands and Agencies side by side, you can see that **49% of brands** are spending more than 50K per month in PPC compared to **62% of agencies**.

VERTICALS SPENDING THE MOST



Retail | Education | Travel | Publishing

VERTICALS SPENDING THE LEAST



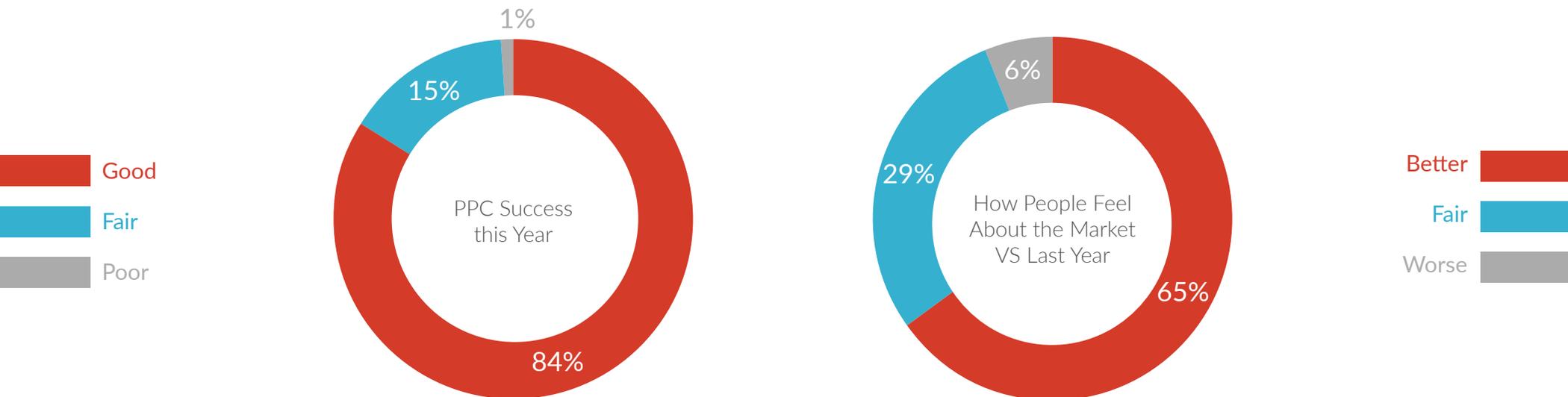
Automotive | Home Improvement | Consumer Packaged Goods

**Of all the verticals, Services had the most respondents.*

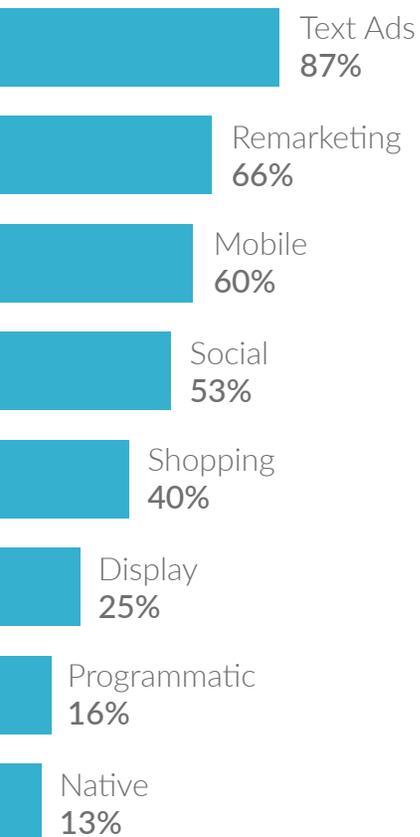
HOW ADVERTISERS FEEL ABOUT THE CURRENT PPC MARKET

84% *of respondents feel good about the PPC market.*

Out of all the respondents, only 1 (a brand) said that they felt poor about the market, compared to last year's 7% response rate.



THE MOST EFFECTIVE PPC CHANNELS



These figures are relatively the same in comparison to the past couple years, with regards to a couple percentage points up and down, here or there, so there's no big surprises on a channel's effectiveness.

The most surprising part is the lack of a major increase in mobile and social effectiveness. With the inclusion of new features in Search and Social platforms and more emphasis placed on both channels over the past year, it would seem reasonable to think that advertisers would see more improvement in performance by now.

Some reasons that could be affecting performance:

- Advertisers aren't understanding how to put together effective strategies (not enough time or resources available possibly?)
- Advertisers are only doing the minimum amount of work to implement (like only boosting posts on Facebook and not planning a complete strategy around a social campaign)

Whatever the reason, these two channels have lucrative opportunities available and will only grow in importance with time. If you're not finding much success at the moment, keep testing, keep learning, and take advantage of the many resources and people available in the PPC industry!



Mobile and social features have come a long way,

especially over the last year, but advertisers are finding it challenging to define goals and effective strategies for these entities. Without a correct framework in place, investment in mobile and social will remain stalled. Advertisers should be thinking first about the endgame and then moving backwards. For example, if the goal is for mobile users to call, the ad and landing page should clearly emphasize the phone call. Or, if the goal is more Facebook likes, the brand should put out engaging and relevant content. These entities can show positive returns as long as the process is clearly defined.”



Matt Umbro

Associate Director of Search | Hanapin Marketing

WHAT ADVERTISERS ARE INVESTING IN COMPARED TO LAST YEAR

Overall, budgets continue to expand and companies are proving how valuable the PPC channel is to a company's bottom line.



72%

are spending more or significantly more on **Social Ads** this year, compared to last year.



over

60%

are spending more or significantly more in **Text Ads** and **Mobile Ads**.



18%

Display Network ads saw the biggest decreases in investments

Native, Programmatic, and Shopping all had the biggest percentages of staying within the same budgets. Below shows how spend has increased.



Text



Display



Social



Remarketing



Mobile



Native



Programmatic



Shopping

BUDGETS: **PAST**

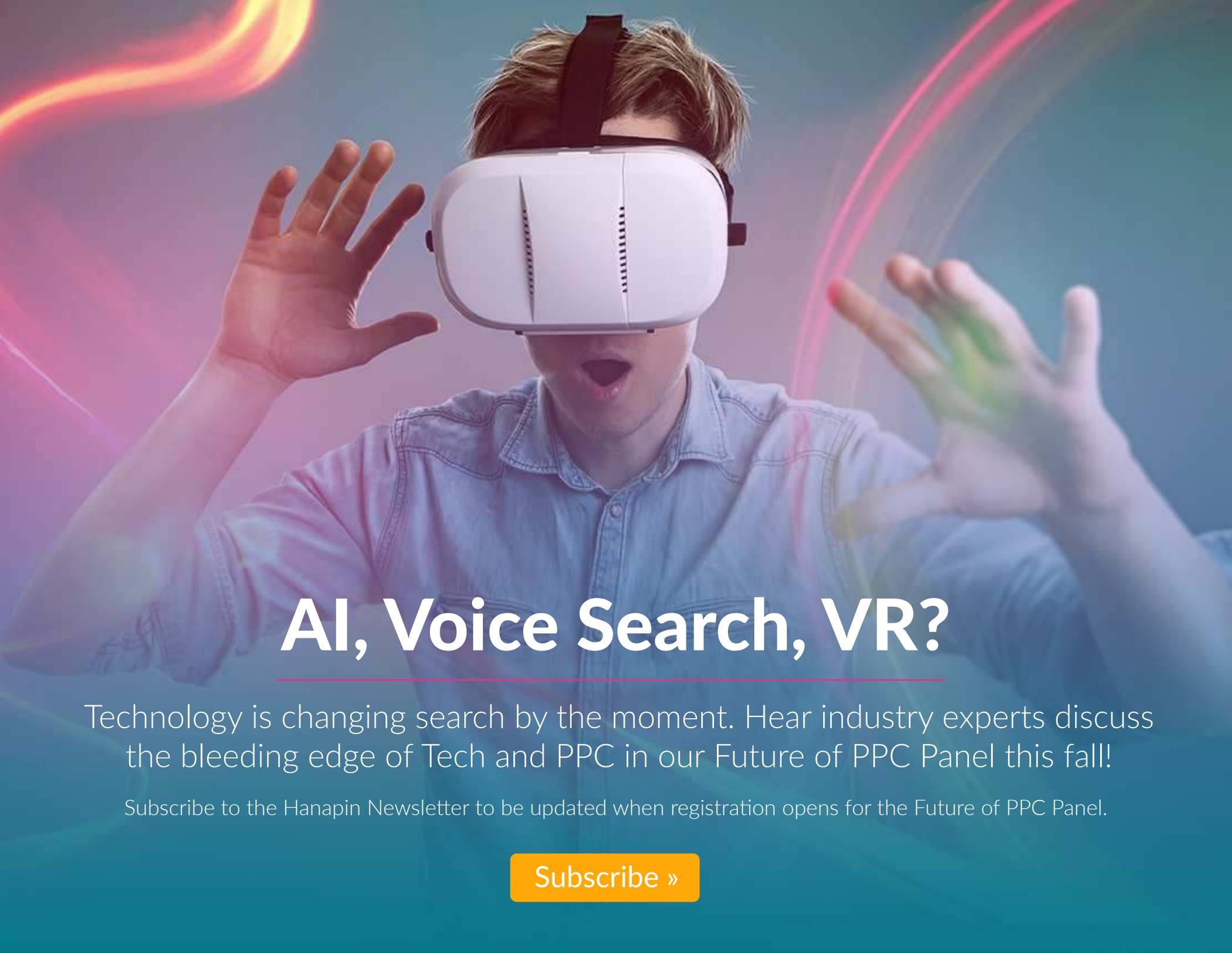
Back in 2014, only 10% of industry leaders surveyed said they planned to increase their budget in 2015. However, over 70% of leaders surveyed reported an increase in their PPC Budgets during 2015. In 2014, the PPC industry was still making the case for why paid ads even needed to be included into a company's marketing mix.

BUDGETS: **FUTURE**

It's clear in this comparison that in the last several years, the PPC industry has done a better job of proving why **paid ads are a vital part to a company's marketing mix**, as well as showcase the various opportunities there are available to expand a brand's presence in the marketplace. An overhaul of more friendly platform features across Search and Social have helped in this regard. The next step is to increase effectiveness and better strategize campaigns in a multitude of channels for a true omnichannel experience for the user.

79%

of respondents say they have a higher PPC budget this year than in 2016 AND will have an even higher budget in 2018.



AI, Voice Search, VR?

Technology is changing search by the moment. Hear industry experts discuss the bleeding edge of Tech and PPC in our Future of PPC Panel this fall!

Subscribe to the Hanapin Newsletter to be updated when registration opens for the Future of PPC Panel.

[Subscribe »](#)

THE MOST IMPORTANT ASPECT OF THE DIGITAL
MARKETING INDUSTRY OVER THE LAST 12 MONTHS

4 OUT OF **5** AMERICANS
own and use a smartphone.



So it's no surprise that mobile was chosen as the most important aspect of the digital marketing industry over the last 12 months.

Now with more savvy features available in both search and social platforms mobile is and will continue to be a popular aspect of the digital marketing industry.



There's been a huge shift in how the industry approaches mobile.

It's no longer about creating a mobile presence if you have to. It's about unifying and optimizing the user experience regardless of device, but we also need to focus on curating a unique experience for each device. Since we spent a while ignoring mobile, we're now hyper-focused on optimizing it, because it needs to catch up!"



Kate Wilcox
CRO Manager | Hanapin Marketing

THE MOST IMPORTANT ASPECT OF THE DIGITAL MARKETING INDUSTRY OVER THE LAST 12 MONTHS

If you break it down by brands versus agencies, agencies favored the utilization of Conversion Rate Optimization, while brands concentrated heavily on Mobile.



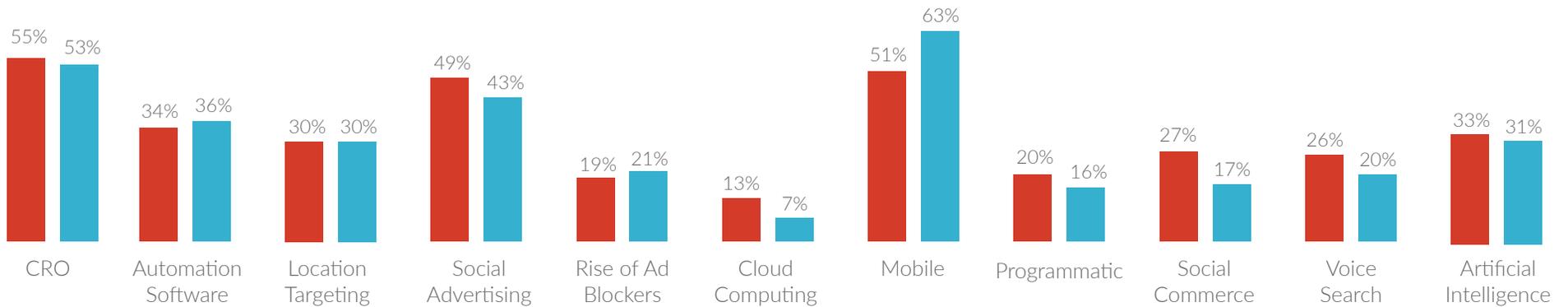
It's important to point out, that while these two aspects of the digital marketing industry are different in vocabulary, the trend of optimizing the user experience incorporates both. To unify and optimize the user experience, regardless of device, you need to be utilizing CRO. Because most people have multiple devices operating at once, you need to make sure users will have an engaged and unified experience, as well as a great perception of your brand. Users are also growing more and more willing to convert on various devices rather than the steadfast and "safe" desktop device so you should also be optimizing for conversions.

THE MOST IMPORTANT ASPECT OF THE DIGITAL MARKETING INDUSTRY OVER THE LAST 12 MONTHS

For agencies in particular, a client's users are their lifeblood. Optimizing their experiences means their optimizing their client's ROI. Good CRO is built on science and data, but the treatments used to address pain points aren't as formulaic, so there's more room to personalize the experience for the brand and for the users.

Agency
Brand

% RATED MOST IMPORTANT

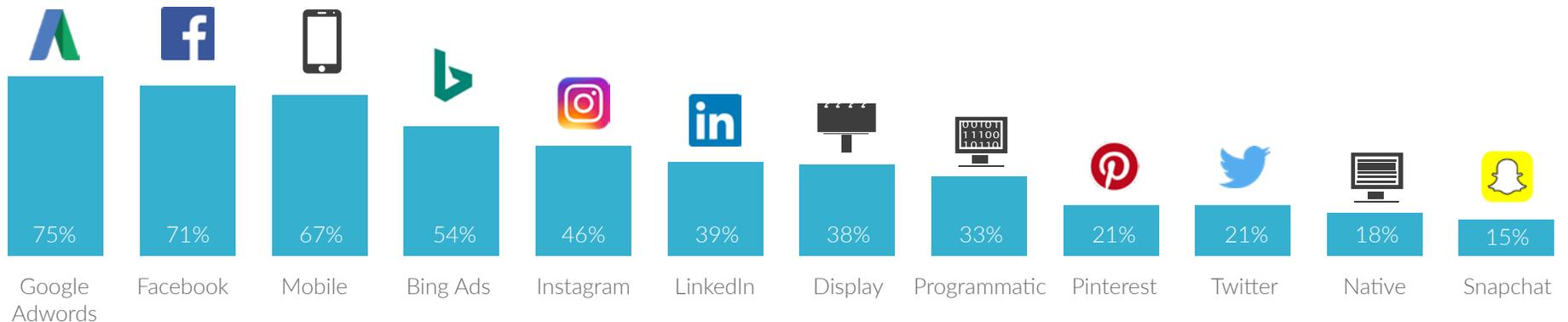


HOW WILL BUDGETS CHANGE IN THE NEXT 12 MONTHS?

Overall, the changing of budgets is very comparable to last year and there weren't any major surprises.

Google AdWords and Facebook have and will continue to dominate digital spending, however that doesn't mean you should pour all your money into these two platforms.

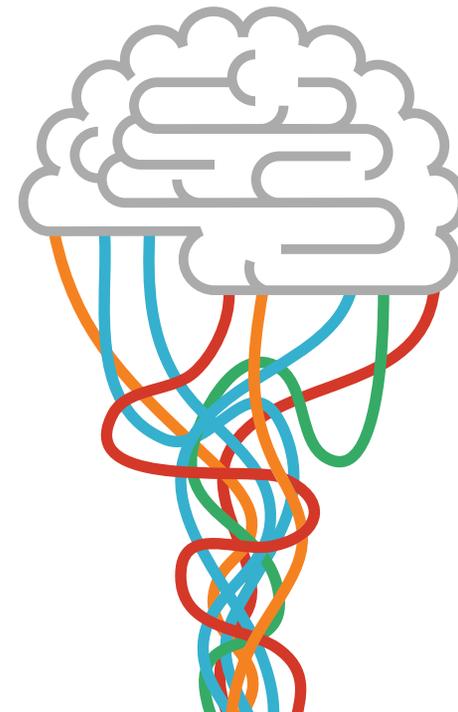
Though it may not happen for several years, inventory or price will eventually cause advertisers to flee Google and Facebook. To learn how to win on other platforms before they become as competitive as Facebook or Google, you need to start testing them now. Instagram, LinkedIn, and Pinterest are all good platforms to expand your presence and test new audiences on.



PLAN FOR BUDGETS TO INCREASE

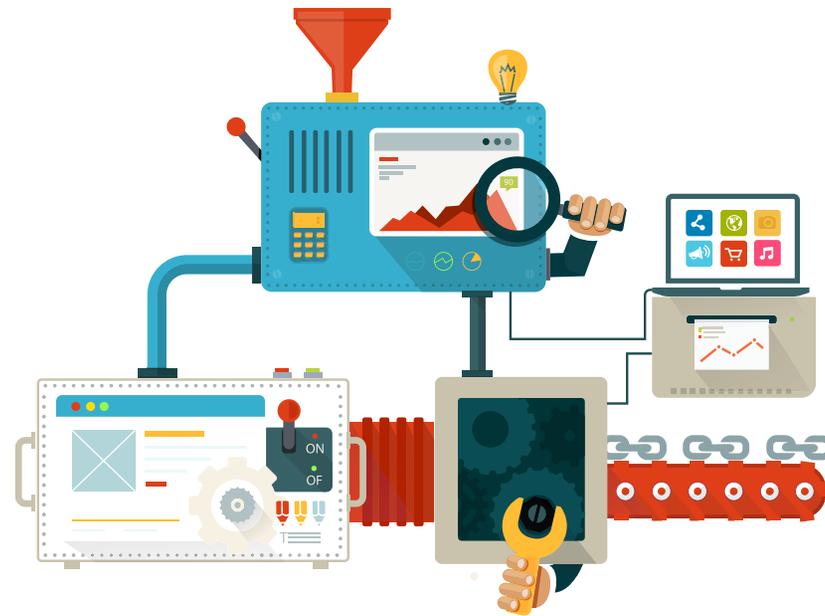
ARTIFICIAL INTELLIGENCE

AI is an increasingly growing hot topic these days with **80% OF RESPONDENTS SAYING THAT IT HAS BEEN AN IMPORTANT ASPECT IN THE DIGITAL INDUSTRY THIS YEAR.** We think many advertisers are debating on how to take advantage of this new trend and what kind of impact it could have on PPC campaigns. We expect to see more conversations and more resources available for this area in the next year.



PROGRAMMATIC

Programmatic remains on the radar for many advertisers. **65% SAID THAT IT WAS A SOMEWHAT IMPORTANT ASPECT OF THE DIGITAL AD INDUSTRY OVER THE LAST 12 MONTHS.** However, we've yet to see much growth in this area in budgets, despite the addition of resources and conferences available to get started. Programmatic vendors are going to need to offer more resources and advice to struggling advertisers wanting to jump into the channel to make a significant dent in growth.



BUDGETS

40% OF BRANDS AND AGENCIES ALIKE REPORTED THAT THEIR BUDGET IS LOWER THAN WHERE THEY ACTUALLY WANT IT TO BE. As PPC teams and their leadership learn to have better conversations on the benefits of putting more digital dollars into paid advertising channels, we're bound to see an even bigger increase in the years to come for higher PPC budgets.



INSTAGRAM

While Facebook currently dominates the social ad space, Instagram is making leaps and bounds in features and effectiveness to compete with Facebook's massive lead in the PPC industry. **67% OF ADVERTISERS ARE INVESTING AT LEAST SOME OF THEIR BUDGET ONTO THIS PLATFORM** and we wouldn't be surprised if that rapidly increased in 2018, especially if Instagram keeps adding unique formats like Instagram Stories and Mobile App installs.



| THE STATE OF PPC



To learn more about Hanapin Marketing and our services, contact us online, by phone, or by email.

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