

# 2021 Holiday Trends Report: Programmatic Campaign Strategies for Q4

## Introduction

The 2020 holiday shopping season saw retail sales grow more than 8% year-over-year, amounting to almost \$790 billion (NRF). E-commerce sales took off last year, as consumers chose to shop from the comfort of their homes, and we expect this trend to continue. However, this holiday season will also see an uptick in foot traffic with more shoppers returning to stores in-person compared to last year.

With all signs indicating that holiday spending will continue to increase in 2021, experts predict that retail sales will reach \$1.093 trillion in the U.S. (eMarketer). Between e-commerce and brick-and-mortar sales, there are plenty of opportunities for advertisers to generate revenue during the holidays this year.

As we head into the 2021 holiday season, what can advertisers take away from last year? How can they best prepare for Q4 2021 and allocate budget to various programmatic tactics to drive performance? In order to help advertisers capitalize on the massive opportunity that's projected for holiday retail sales, we analyzed thousands of campaigns from the Simplifi platform during the fourth quarter of 2020 to identify trends worth noting for 2021. Based on these key findings, we put together strategic recommendations for programmatic advertisers to assist in their planning for the upcoming holiday season.

Historical Holiday Sales (in billions)



## Q4 2020 Platform-Level Trends Worth Noting for 2021

### Addressable Geo-Fencing Achieves Solid Growth in Q4 2020

Both the number of advertisers and campaigns using Addressable Geo-Fencing grew significantly in Q4 2020. The number of campaigns peaked the day before Thanksgiving, rising 25% from the beginning of the quarter. This was followed by a 24% surge in growth the week before Christmas.

Addressable Geo-Fencing Campaign Count Q4 '20



Although we saw an influx of Addressable Geo-Fencing advertisers at the end of October—likely due to an increase in political campaigns leading up to the 2020 election—the second-largest advertiser growth for this solution came in November and December. November peaked at 16% growth the day before Thanksgiving, and December peaked at 14% growth in the final weekend before Christmas. The former was likely the result of advertisers promoting grocery specials, Black Friday sales, and Cyber Monday deals, while the latter was likely the result of advertisers attempting to reach consumers as they finalized their holiday preparations.

Addressable Geo-Fencing Advertiser Count Q4 '20



## Holiday Advertisers Propel OTT/CTV Growth

OTT/CTV advertising also saw a significant uptick in adoption during Q4 2020, with the number of campaigns targeting large-screen devices growing more than 30%. Its largest campaign growth occurred during the week of Thanksgiving, while its second-largest week of growth occurred the week before Christmas.

OTT/CTV Campaign Count Q4 '20



The number of advertisers utilizing OTT/CTV advertising also rose almost 30% during the week of Thanksgiving, while advertiser growth remained above 20% in the second half of December. This was most likely the result of advertisers highlighting last-minute deals and post-holiday sales.

OTT/CTV Advertiser Count Q4 '20



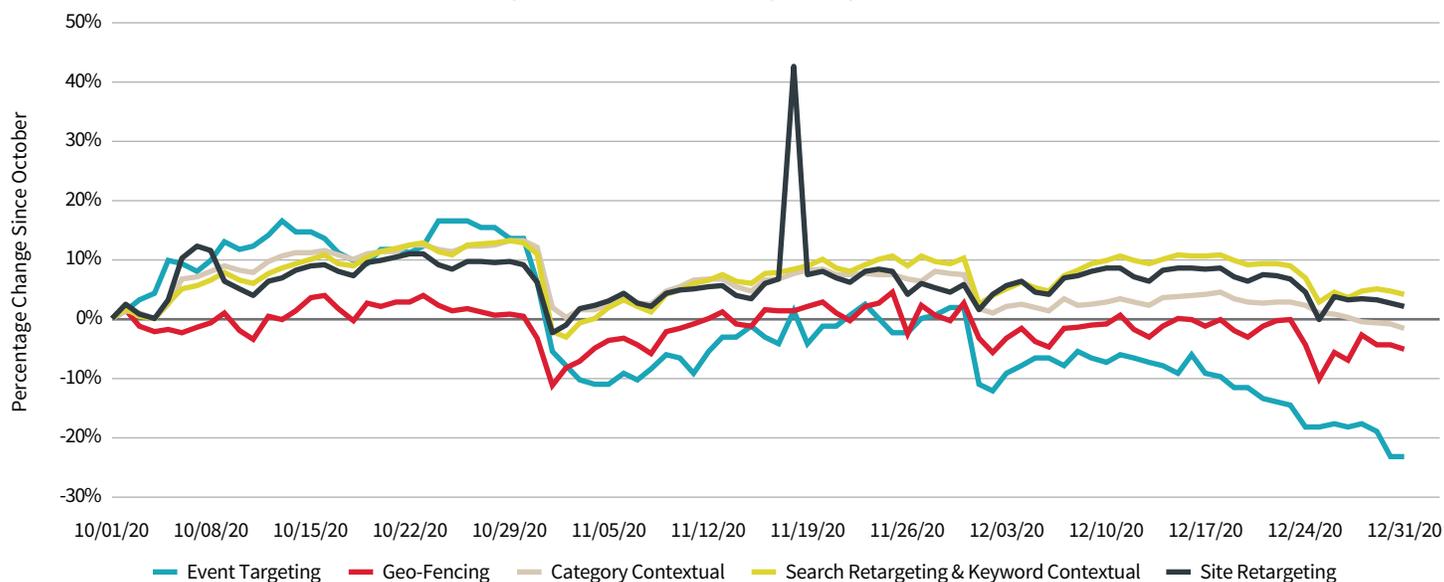
## Additional Targeting Tactics Remain Stable with a Few Outliers Worth Noting

Campaign and advertiser counts remained fairly steady throughout the quarter for nearly all additional Simplifi targeting tactics, with the exceptions of Site Retargeting and Event Targeting.

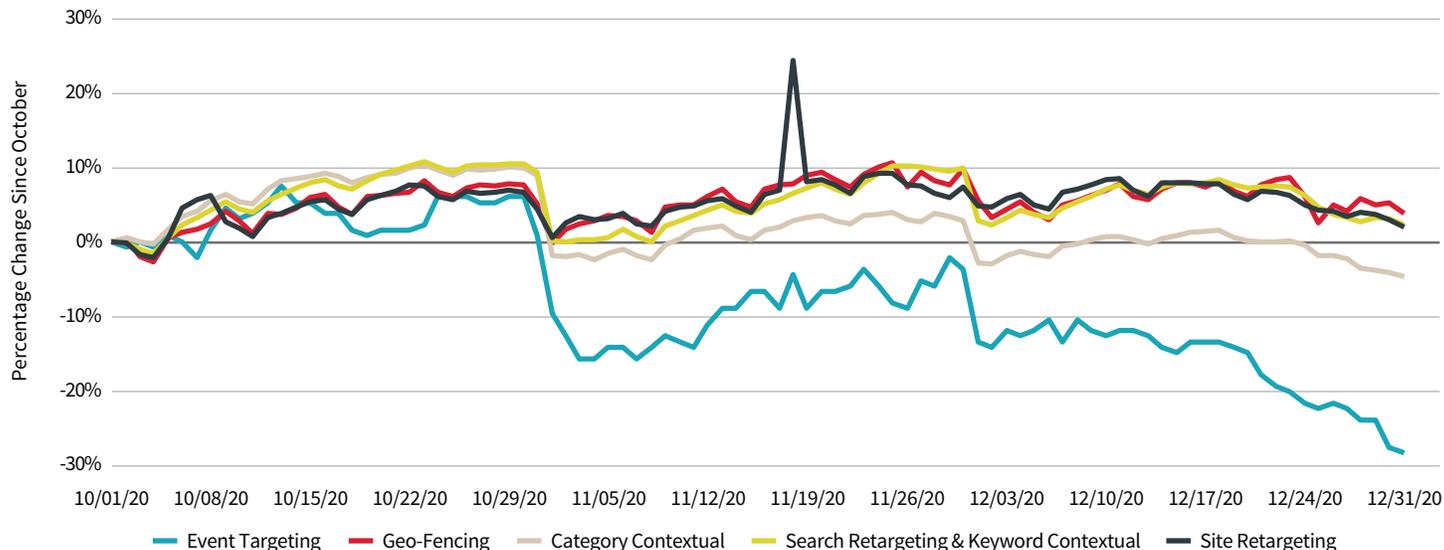
Site Retargeting's campaign and advertiser growth hovered between 5% and 10% for most of Q4 2020. However, both figures spiked the week before Thanksgiving, suggesting that advertisers were retargeting users as they prepared for Thanksgiving, Black Friday, and Cyber Monday.

Due to event cancellations coinciding with the pandemic, Event Targeting saw a significant drop in the number of campaigns and advertisers.

### Campaign Counts by Targeting Tactic Q4 '20



### Advertiser Counts by Targeting Tactic Q4 '20

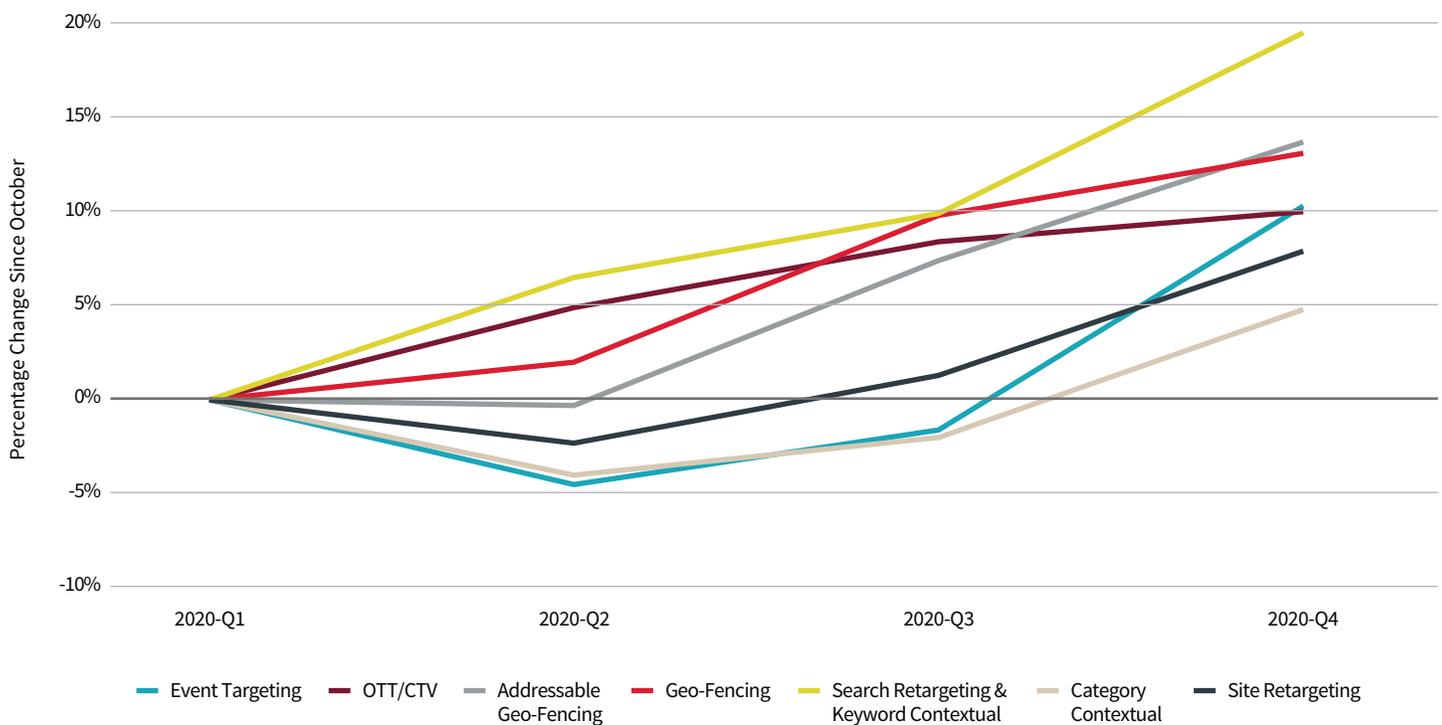


## Increased Competition Leads to Higher CPMs

The cost per mille (CPM) tends to rise during Q4 as a result of the increase in advertising competition that surrounds the holidays. In Q4 2020, each Simplifi.fi solution saw at least a 5% rise in its CPM when compared to the first quarter of the year. Moreover, Addressable Geo-Fencing, OTT/CTV, Geo-Fencing, Event Targeting, and Search Retargeting saw their CPMs rise by at least 10%, with Search Retargeting seeing the largest rise at 19%.

Despite the appearance of large CPM increases, all solutions—with the exception of OTT/CTV ads, which are inherently much pricier than display ads—saw their CPMs rise less than one dollar.

### CPM Changes by Targeting Tactic QoQ



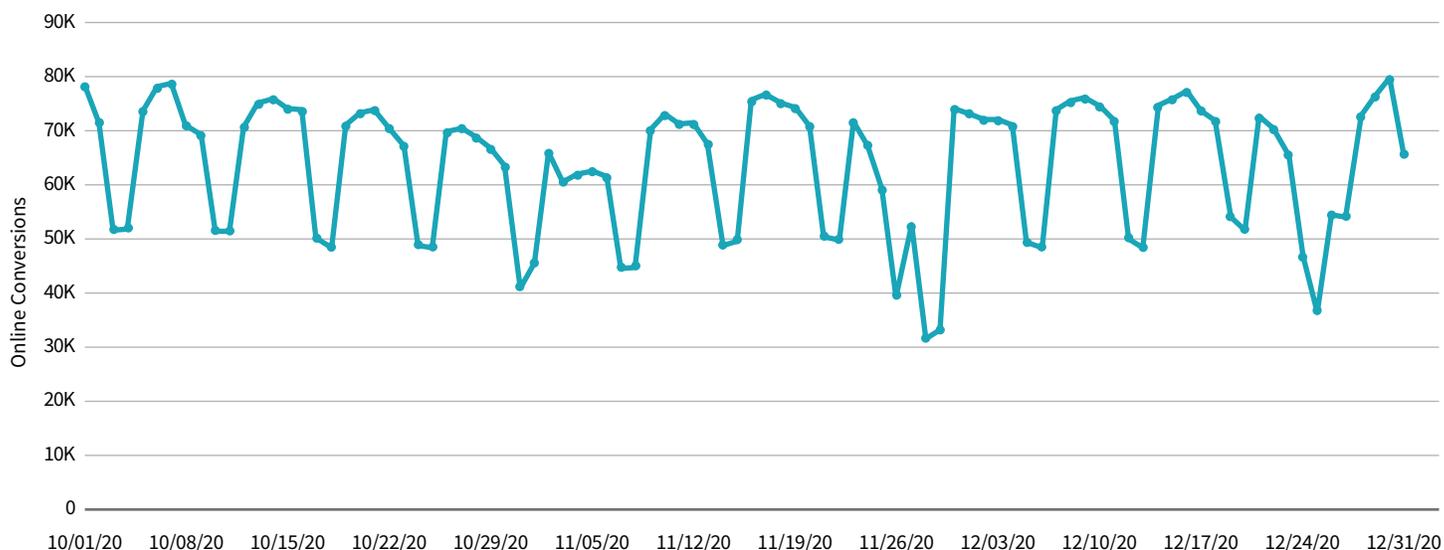
## Online Conversions Fluctuate Significantly

As many consumers shifted to e-commerce shopping in 2020, tracking online conversions was crucial for advertisers to measure the performance of their holiday campaigns. In Q4 2020, online conversions fluctuated quite a bit. Each weekend saw a decrease in conversions compared to weekdays, suggesting that people shop more during the work week. The weekend with the lowest number of online conversions occurred during the weekend heading into Cyber Monday. This was likely the result of users waiting to see if the items they planned to purchase would go on sale.

Surprisingly, though, Cyber Monday did not achieve the largest spike in online conversions. Instead, online conversions peaked on December 30, indicating that users were taking advantage of year-end sales to purchase items that they didn't receive during the holidays.

Halloween, Thanksgiving, and Christmas saw significant dips in conversions, suggesting that people were too busy celebrating to shop online.

## Online Actions for Q4 '20

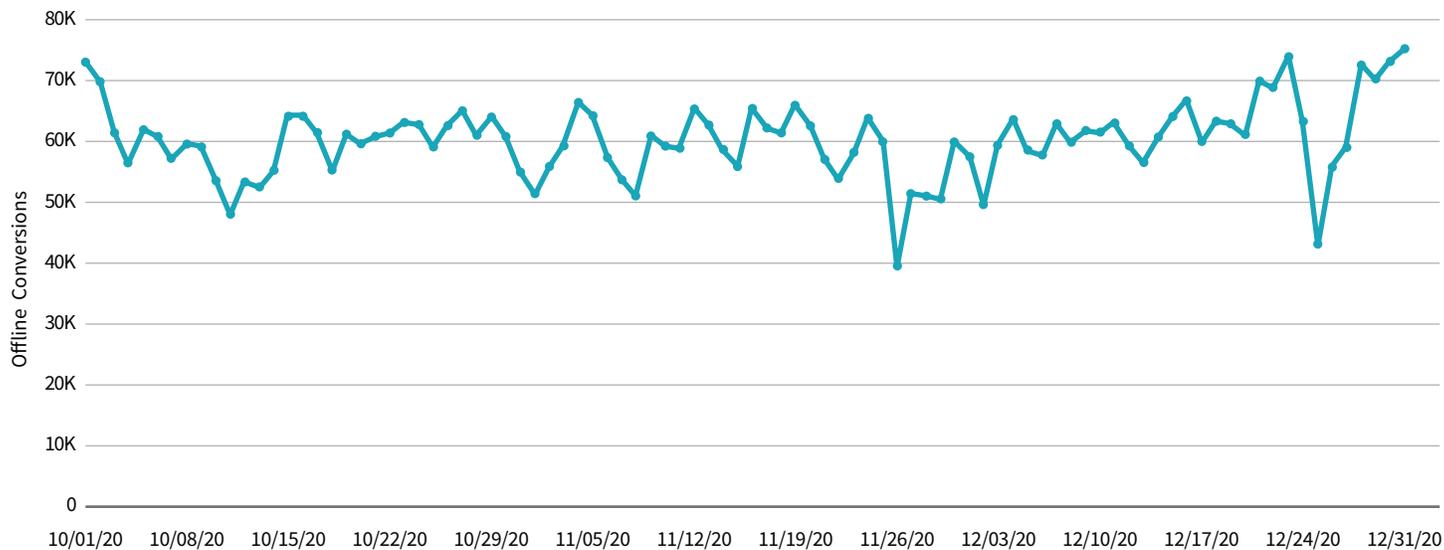


## Offline Conversions Spike Prior to Christmas Eve

Although Black Friday typically generates large numbers of store visits, this was not the case in 2020. The weekend of Black Friday saw some of the lowest numbers of offline conversions for the quarter. This is likely the result of most stores offering the same Black Friday deals both in-store and online, along with many people choosing to stay home to avoid crowds during the pandemic.

Instead, the number of offline conversions peaked on December 23, as people purchased last-minute items and gifts for Christmas. Not surprisingly, Thanksgiving and Christmas saw the fewest numbers of offline conversions, as people stayed home to enjoy the holidays. Offline visits did pick up again in the final days of the year, though, suggesting that consumers were taking advantage of year-end sales.

## Total Visits for Q4 '20



## Q4 2020 Industry-Level Trends Worth Noting for 2021

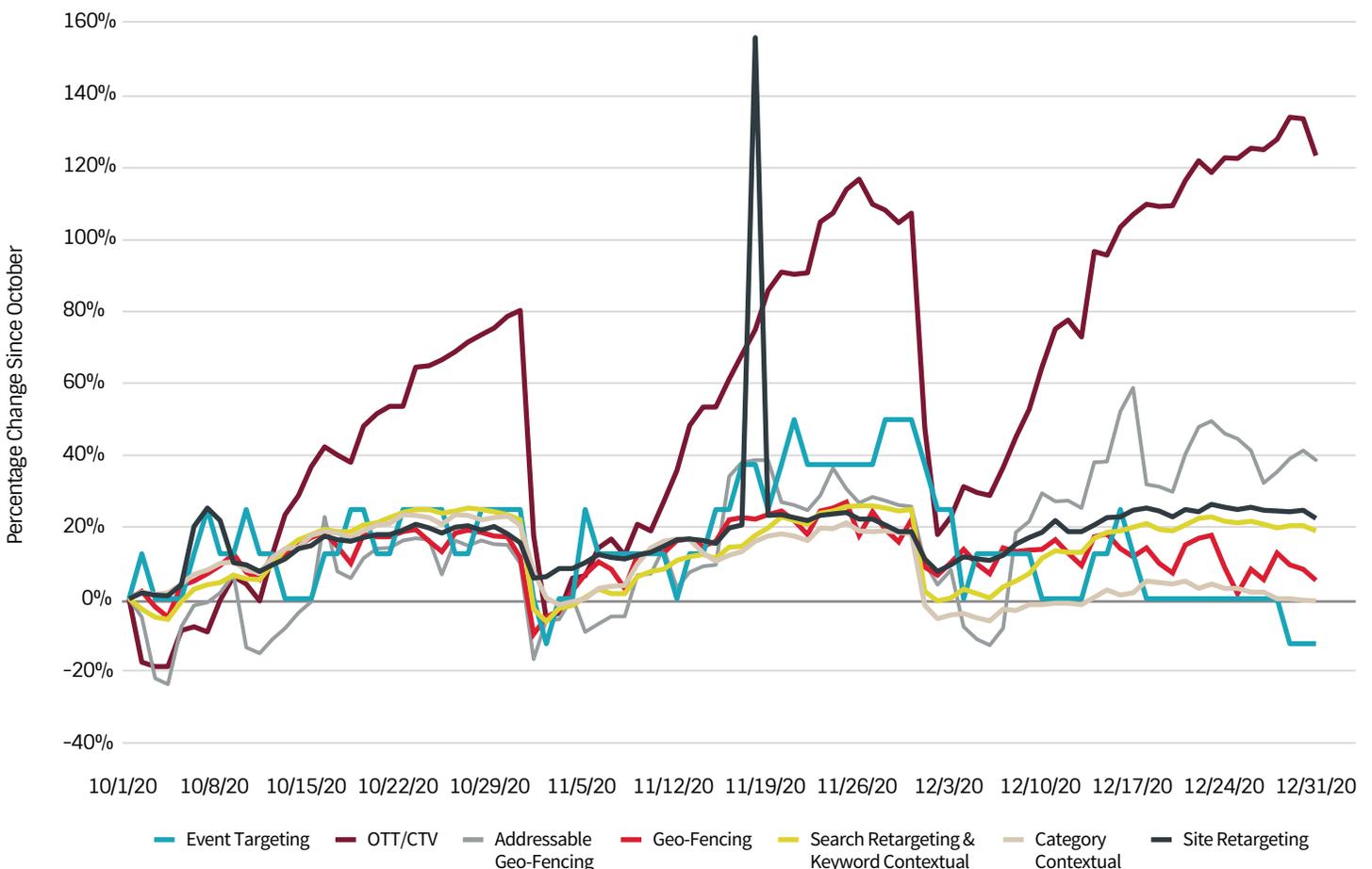
In addition to the overall platform trends, we reviewed data for industries that performed well at generating conversions in Q4 2020. The top industries that generated conversions include **Automotive, Food & Drink, Retail,** and **Home & Garden**. The first three industries generated more than one million conversions each, while the fourth generated more than half a million conversions.

### Behavioral, Addressable, and OTT/CTV Solutions Power Growth

We reviewed how each of these industries invested in our top programmatic solutions over the course of Q4 2020. Overall, there was campaign growth for Addressable Geo-Fencing, OTT/CTV advertising, Site Retargeting, Search Retargeting, and Keyword Contextual targeting. Understandably, there was a decrease in Event Targeting campaigns.

**Automotive:** The automotive industry achieved significant growth—often well over 60%—with OTT/CTV advertising. It peaked at the end of December when it experienced a 134% surge in campaigns. This was likely the result of model year-end clearance events. The industry also experienced unique Site Retargeting growth when the number of Site Retargeting campaigns increased 156% during the week prior to Thanksgiving.

Automotive Campaign Counts by Targeting Tactic Q4 '20









## Recommendations

While the 2020 holiday season saw a significant increase in online shopping, users still took advantage of in-store shopping—particularly for local retailers that did not have robust online stores. We expect that the 2021 holiday shopping season will look much like last year’s. Therefore, using the trends from Q4 2020, we compiled six key recommendations for advertisers to capitalize on this holiday season.



### Reach Consumers at the Household-Level

Addressable Geo-Fencing should be a key component of any retailer’s holiday advertising mix. This solution saw solid growth in the number of advertisers and campaigns that adopted it during Q4 2020, and it continues to grow in 2021.

Using Simplifi.fi’s Addressable Audience Curation tool, advertisers can create their own custom addressable audiences in real-time to target users at the household-level. Choose from over 700 demographic and property variables, and filter the audience based on location details such as DMAs, states, postal codes, and congressional districts. Or, upload first-party address lists to Simplifi.fi’s platform.

The Simplifi.fi system automatically maps each address to the exact physical shape and size of the property using publicly-available plat line data. From there, Simplifi.fi draws target fences around each address, making it easy to reach users at the household-level across all of their devices. Pair Addressable Geo-Fencing with Conversion Zones to track the number of users who receive an ad and later visit a retailer’s physical location, as well as to identify the lift in foot traffic generated by the campaign. Advertisers can also attribute online conversions, including from OTT/CTV ads.



### Target Streamers with OTT/CTV Ads

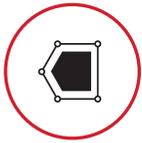
The advertiser and campaign counts for OTT/CTV advertising increased significantly during Q4 2020, and they continue to grow in 2021. With consumers **increasingly cutting the cord**, there has never been a better time to reach users on their streaming devices. Pair OTT/CTV advertising with Search Retargeting, Site Retargeting, or Addressable Geo-Fencing to efficiently target relevant users on their large-screen devices, thereby maximizing performance and minimizing waste. Additionally, leverage CTV Retargeting to retarget users who were served CTV ads across any of their devices with any creative type, guiding users through the sales funnel to drive actions. Simplifi.fi’s cross-device graph makes it easy to track both offline and online conversions from OTT/CTV ads.



### Take Advantage of Online Attribution

Tracking online conversions will continue to be important this year. In fact, “more than half of Americans (56 percent) did at least 75 percent of their shopping online in 2020 and half (54 percent) plan to do the same in 2021” ([Quantum Metric](#)). Moreover, experts predict that e-commerce purchases will reach \$206.88 billion this holiday season, amounting to almost 20% of the season’s retail sales ([eMarketer](#)).

Capitalize on this increase in holiday e-commerce sales with Simplifi.fi’s Transaction Value Reporting. Track purchase values and order IDs from online conversions to help determine your return on advertising spend (ROAS). Additionally, measure online conversions such as form fills, newsletter signups, and more with Simplifi.fi’s online attribution metrics. Take particular advantage of the rise in consumers’ streaming habits and in Simplifi.fi’s ability to capture online conversions for OTT/CTV campaigns by targeting shoppers on their streaming devices.



## Expand Conversion Zones to Cover Parking Lots

Although many users will shop online this year, Geo-Fencing with Conversion Zones is still a vital solution for brick-and-mortar retailers. While e-commerce will account for a significant portion of holiday sales, we expect to see more in-person shopping than we did in 2020. Advertisers should prepare for this.

One trend that will likely continue from last year is the popularity of buying items online and using in-store or curbside pickup options. Therefore, advertisers that wish to track offline conversions from Geo-Fencing, Addressable Geo-Fencing, or OTT/CTV campaigns should ensure that their Conversion Zones extend to their parking lots, where curbside conversions may occur.



## Target Shoppers with Intent Data

Capitalize on Site Retargeting, Search Retargeting, and Keyword Contextual targeting to reach users based on their online behaviors, including the keywords they search, the content they read, and the websites they visit. Retargeting users based on this intent data is an optimal way to reach relevant consumers, making these tactics ideal for generating online conversions.



## Increase CPMs

At a time when businesses are ramping up their online presence for the holiday rush, it's important for advertisers to increase their CPMs. This will allow their bids to remain competitive and prevent their campaigns from missing out on relevant impressions.

## Key Takeaways

Overall, Addressable Geo-Fencing and OTT/CTV advertising achieved considerable growth during the 2020 holiday season. The ability to reach someone at the household-level and across all devices, including OTT/CTV devices, was an essential tool in Q4 2020, and it will remain relevant in 2021.

Additionally, targeting shoppers based on intent data will drive higher performance in Q4 2021, and the ability to track both online and offline conversions will be crucial—particularly as we continue to see an increase in e-commerce sales and as in-store shopping remains popular with consumers. For e-commerce advertisers, such as DTC businesses and online retailers, utilizing Transaction Value Reporting to determine ROAS will be a huge asset in Q4 2021. No matter the industry, this holiday season is sure to present plenty of opportunities for retailers.

**Interested in taking advantage of Simplifi.fi's advanced targeting and attribution solutions this holiday season?**

Get in touch at [hi@simplifi.fi](mailto:hi@simplifi.fi), or contact your Simplifi representative.