Here's what happened

Our take on the trends you need to know about from the past month

January 2025

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Recent industry updates to help you stay ahead

- Google's search market share drops below 90% for first time since 2015
- Google won't add fact checks despite new EU law
- Google inks deal with The Associated Press to bring more real-time info to Gemini
- Google AI Overviews Go Deeper With Gemini 2.0
- Google opens up Meridian Marketing Mix Model, helping marketers measure across channels
- New AI entrant, DeepSeek App holds top global spot in downloads
- PMax campaigns can now be controlled through API placement exclusions
- Grok search is coming soon
- Google search console adds hourly data export to 24hr view
- Google search rankings and AI assistant mentions are correlated
- Google rolls out unexpected changes to SERP structures, led to outages and inaccurate data

Trends in focus

Insights from recent trends and how to respond effectively.

1 **The multiplier effect:** WARC research highlights the importance of integration in the performance era.

2 **The cost of dull advertising:** System1 release report focusing on the commercial impact of "dull" ads.

3 **2025 digital benchmark report:** New data shows it's getting harder and more expensive to convert visitors.

1

The multiplier effect

WARC research highlights the importance of integrating brand and performance strategies

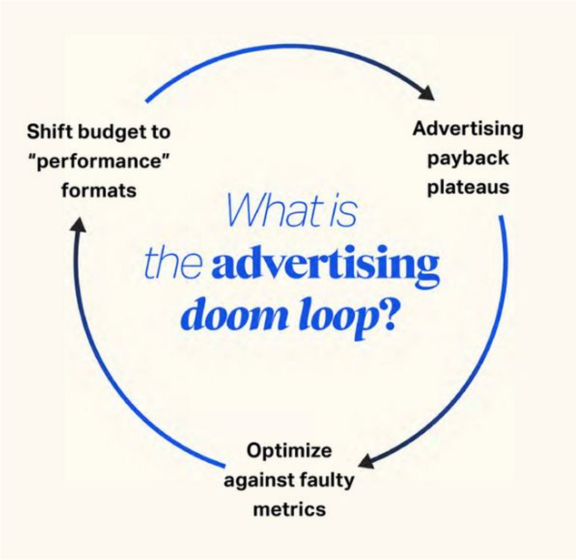
The “doom loop”

In today's digital age, advertising has become increasingly focused on the short-term, **prioritising immediate results and measurable ROI.**

The overemphasis on performance metrics can lead to an "optimisation doom loop." Advertisers, driven by the desire for quick wins and immediate results optimise their campaigns based on flawed data which can result in a cycle of wasted spend, declining returns, and a loss of confidence in advertising's effectiveness.

This report from WARC shows that:

- ➔ The payback of performance marketing is only as strong as the equity of a brand
- ➔ Moving budgets into performance media reduces budget for brand activity
- ➔ Which in turn weakens brand, reducing the overall effectiveness of any advertising.



Source: WARC 2025

Misleading metrics

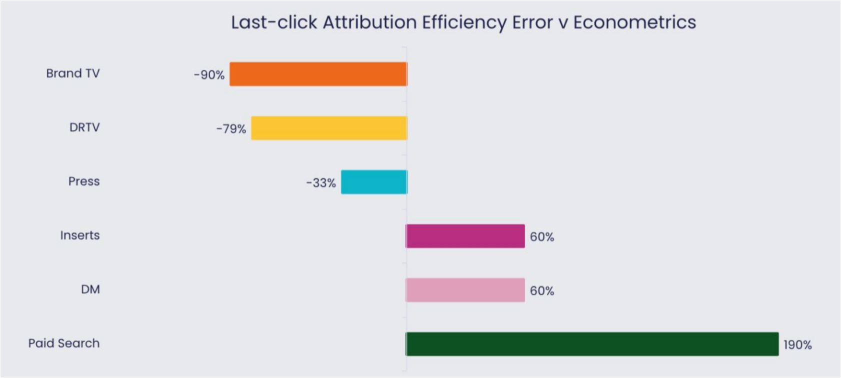
One major issue restricting appropriate investment in brand advertising lies in our reliance on misleading metrics.

Most marketers still focus purely on last-click attribution, which attributes a sale to the final touchpoint before conversion. This overlooks the influence of other channels and touchpoints throughout the customer journey.

Research by Magic Numbers shows that last-click attribution can overestimate the impact of paid search by as much as 190% while underestimating the impact of brand-building channels like TV advertising by 90%.

This misattribution of results can lead to a misallocation of budgets and missed opportunities.

To avoid this, we're encouraging more clients to trial incrementality experiments and MMM in the year ahead to avoid making costly budget mistakes.



Source: Magic Numbers

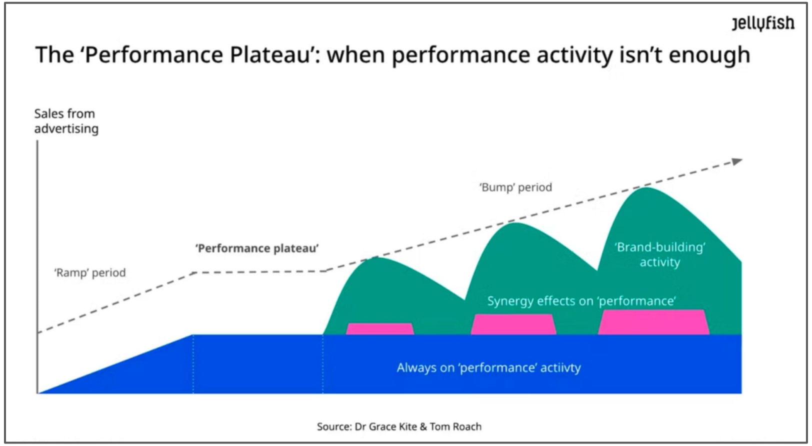
Diminishing returns

Startups, in particular, are susceptible to falling into the trap of putting too much budget into direct response advertising tactics.

Initially, a performance-first approach will yield rapid growth. However, once spend reaches a certain level, the effectiveness of performance marketing diminishes, leading to a plateau in sales and rising costs.

This issue can impact brands of all sizes, not just small or newer entrants to market - Airbnb + ASOS have both publicly claimed that over-reliance on performance media has held them back in recent years.

The roots of the theory and how to move off the plateau lie in having an appropriate balance between brand-building and short-term sales focused activity.



Source: Jellyfish

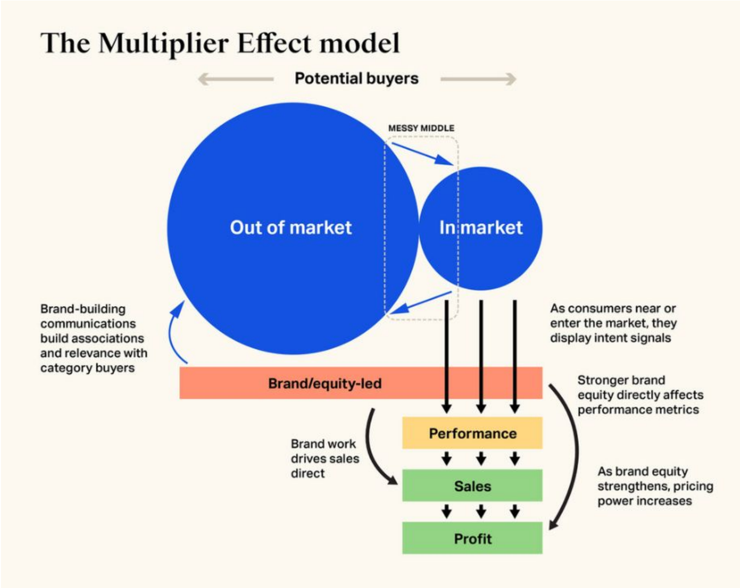
The multiplier effect

The key to unlocking the full potential of advertising lies in the "Multiplier Effect," which recognizes the interdependence of brand and performance marketing.

By integrating these two approaches, advertisers can achieve a synergistic effect where brand building enhances performance, and performance reinforces the brand.

Takeaways:

- ➔ A combination of brand and performance advertising yields the strongest returns.
- ➔ The best performing brands recognise the interdependence of brand and performance, yielding a synergistic effect.
- ➔ Breaking down silos between brand and performance teams is crucial for achieving the Multiplier Effect.



Source: WARC 2025

2

The cost of dull advertising

System1 release report focusing on the commercial impact of "dull" ads

The rise of dull ads

A new report published in January by System1, Jon Evans and Peter Field finds that:

- ➔ **Dull ads are widespread** in advertising, with most ads failing to evoke strong emotions.
- ➔ **Neutrality (the absence of emotion) is the most common audience response**, affecting 52% of UK TV ads and 47% of US TV ads.
- ➔ **Dull ads cost brands billions** by being significantly less effective than engaging, emotional advertising.

The report finds that brands that invest in emotional, engaging advertising will see stronger business impact and avoid wasting spend on ineffective campaigns.

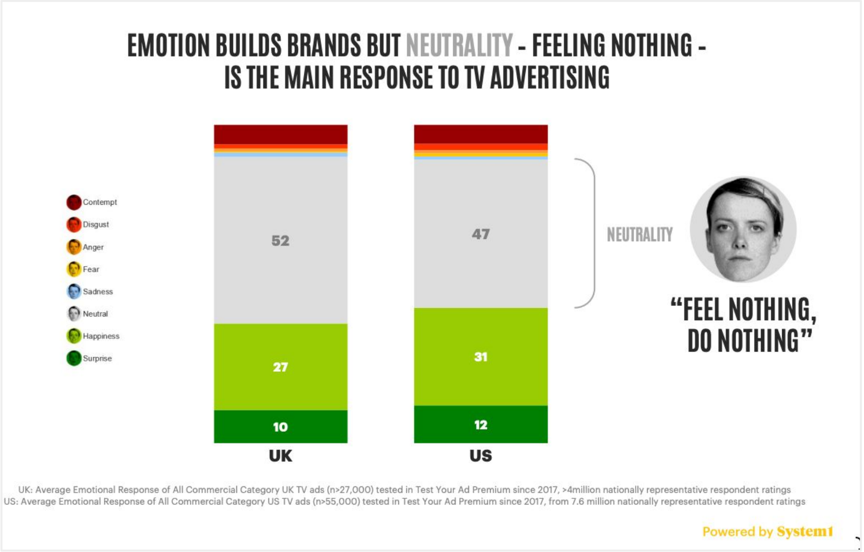
The financial cost of "dull"

Dull ads require extra media spend to match the effectiveness of engaging ads.

- ➔ **In the US**, brands would need to spend $189 billion to make dull ads as effective as emotionally engaging ones.
- ➔ **In the UK**, brands would need an additional £13.29 billion.

B2B ads are even worse - over half of UK B2B ad spend in this category is classed as "dull".

B2B ads are often laden with information, which can easily make audiences tune out. It seems likely that B2B marketers are pursuing getting info-rich ads in front of more people, even though these commercials don't lead to as much long-term growth as ads that make interest and entertainment a priority.



Why are ads becoming dull?

There are four major drivers of dull advertising:

- **Performance-Driven Ads**: Short-term, transactional ads dominate over long-term brand-building.
- **Over-Optimisation:** The push for multi-platform consistency flattens creativity.
- **The Age of Average:** Brands copy one another, leading to homogenised, uninspiring ads.
- **Procurement Pressure**: Budget cuts and efficiency-driven decision-making stifle creative.

Additionally, AI is making it easier than ever to create generic ads by pulling from existing data rather than innovating.

Brands must prioritise storytelling, humor, and human connection to break through AI-generated noise.

How to avoid dull ads

The "Anti-Dull Dial" poses 5 Key Questions for Better Advertising:

- ➔ **Are we speaking to the audience in their language?** (Avoid jargon, make it relatable)
- ➔ **Are we using a real standard for what's interesting?** (Test with real audiences, not internal biases)
- ➔ **Are we showing distinctiveness and character?** (Avoid blending in with competitors)
- ➔ **Are we using emotion, drama, and storytelling?** (People remember emotions, not facts)
- ➔ **Are we challenging assumptions and surprising the audience?** (Unexpected twists keep ads engaging)

Reviewing your ads across these 5 areas should make your next campaign more engaging and ultimately more effective!

3

2025 digital benchmark report

New data shows what many marketers already suspect: it's getting harder and more expensive to convert online visitors

Rising costs and declining conversions

Contentsquare 2025 [Digital Experience Benchmark Report] was released in January with some interesting findings:

- **Increased Digital Ad Spend**: Brands increased their digital advertising expenditure by 13.2% in 2024.
- **Higher Cost per Visit:** The average cost per online visit rose by 9% over the past year, totaling a 19% increase over two years.
- **Decline in Conversion Rates**: Despite higher spending, conversion rates decreased by 6.1% year-over-year.

With more advertising spend moving to digital channels, the costs to acquire new customers is increasing.

Increased reliance on paid

In terms of traffic acquisition channels, the report finds:

- ➔ **Increased Reliance on Paid Channels**: Paid channels accounted for 39% of digital traffic in 2024, up from 37% in 2023.
- ➔ **Paid Social Media Surge:** Traffic from paid social media channels increased by 12% in 2024.
- ➔ **Referral Challenge**s: Brands that increased reliance on paid social saw higher bounce rates (+9.2%), fewer page views (-8.7%), and lower conversions (-10.6%).

This underscores a key point - realising the full potential of paid traffic requires an equal focus on crafting frictionless customer journeys.

Strategies for improvement

- **Channel Diversification**: With more competition on paid search and established social platforms, it would be wise to diversify spend into less established advertising channels to reduce acquisition costs.
- **Reducing Friction**: Organisations that actively monitor and manage digital experience performance achieve stronger results from their advertising campaigns.
- **Enhancing Session Depth**: Websites that increased session depth by 10% or more saw an average 5.4% boost in conversions.

Thanks for reading

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