contobox™

Creative that converts

## THE DEFINITIVE GUIDE TO DEVELOPING SHOPPABLE ADS

The rise of shoppable ads

In the history of eCommerce, there's never been a better time to shop online. Consumers can buy practically anything—from a prefabricated shipping container home to a Chewbacca chia pet—and will happily pore over reviews and compare prices to find the best deals. It shouldn't be surprising then that for the first time, US digital buyer penetration will surpass 80 percent, swelling from 79.6 percent of internet users in 2018 to 80.5 percent in 2019.

For advertisers, the shift to online shopping has unlocked a burgeoning world of creative ways to reach that growing audience, with shoppable ads at the forefront. In the past year or so, we've seen a dramatic increase in the number of platforms touting some form of "shoppable" ad that allows users to easily browse products and make purchases from within the unit.

From Facebook to Snapchat, it seems like everyone's on a mission to help advertisers drive more direct sales with a shortened path to purchase. But not every offering is created equal. Most are available within walled gardens, like the ones we just mentioned, which means advertisers need to use the respective platform's proprietary ad management tools to run their campaign. This often restricts the advertisers' access to data, which prevents brands from gaining valuable consumer insights and limits their data activation abilities.
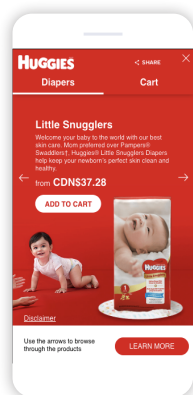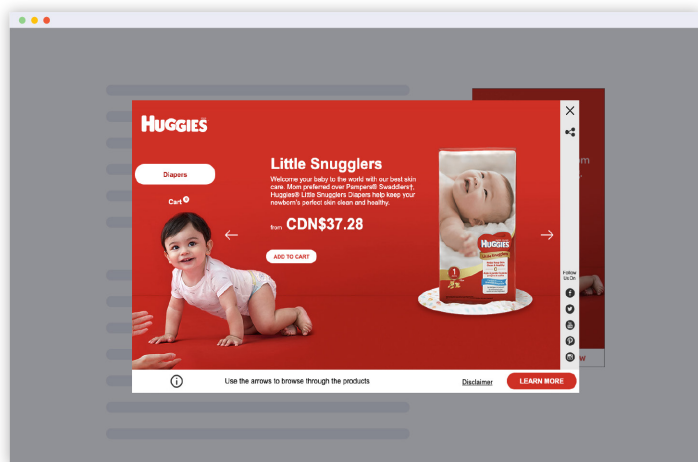
That's one reason we released our own version of the ad format at Contobox, providing brands and retailers with the opportunity to use their own media buyers to programmatically deliver shoppable ads across the open web, giving them the reach and unrestricted access they need to provide more relevant offers, drive conversions, and increase ROAS.

JUNE 2015
Pinterest introduces Buyable Pins, where users can make purchases within the social platform's app.

NOVEMBER 2016
Instagram introduces shopping tags, allowing users to get details like product names and pricing on the platform, with the ability to click-through and checkout on the brand's website.

MARCH 2017
Contobox launches the first shoppable ad unit integrated with a retailer's eCommerce solution. Users can add items to an in-unit shopping cart then click-through to the brand's site, where their carts are pre-populated with those items.

MAY 2017
Contobox launches interactive shoppable video, which gives users the ability to click-through to specific products on an advertiser's website.

SEPTEMBER 2018
Instagram rolls out the shopping tab on their Explore page.

contobox

OCTOBER 2018

Pinterest replaces their Buyable Pins with Product Pins, allowing brands to link their inventories and provide current pricing. With these pins, users are no longer able to checkout within Pinterest and are instead redirected to partner sites.

APRIL 2018

Snapchat launches shoppable AR ads, which allow brands to install ads and promotions directly into the social platform's sponsored lenses.

MARCH 2019

Google launches shoppable ads on their image results page, so retailers can highlight multiple products within a single search result. The shoppable ads appear with a sponsored label and price tag icon

MAY 2019

YouTube rolls out in-stream shoppable ads layered on top of video ads.

JUNE 2019

Snapchat releases a new feature for popular verified accounts to have a store within the app, which is powered by Shopify and dynamic ads that connect directly to product catalogues.

MARCH 2019

Instagram launches Checkout, a function where users can buy items right in the app. It's released in closed beta with select US retailers.

AUGUST 2019

Contobox rolls out shoppable display and video ads for the open web, which allow users to add items to their shopping carts in-ad, and capture unique engagement data for retargeting. Brands can connect the ads to their own eCommerce stores or third-party retail sites, such as Amazon.

SEPTEMBER 2019

Facebook introduces Dynamic Ads, which allows brands to upload their product catalogue so users who have already expressed interest are automatically shown relevant items in real-time, with the option to purchase directly from the social platform.

contobox

What makes an ad 'shoppable'?

Based on the previous page's timeline, it's clear: shoppable ads come in a variety of formats and are available on nearly any ad platform you can think of. Everyone defines "shoppable" a little differently, but a true shoppable ad will include an "add-to-cart" button that connects directly to a retailer's eCommerce platform, effectively reducing the number of clicks needed to complete a purchase. Otherwise, it's simply an interactive retail ad.
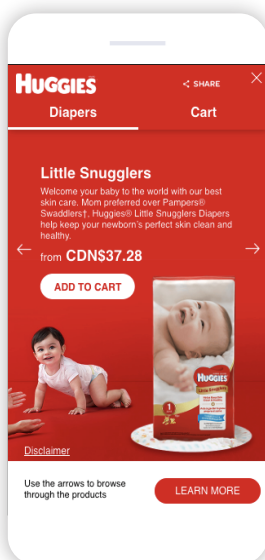
The Fundamentals

PRODUCT INFORMATION
Relevant details such as product name, description, and price are displayed.

ADD-TO-CART
Users can add items directly to their online shopping cart from within the ad unit.

INVENTORY
The item's availability is checked and updated in real time.

SOCIAL SHARING
Users can share products and promotions with their social network

CHECKOUT
Users are redirected to complete the process on the retailer's website.

PRODUCT CAROUSEL
Users can browse through multiple products or features with a simple swipe.

CALL-TO-ACTION
Call-to-action (CTA) button directs users to brand website to learn more.

PRO TIP

Keep your CTA short, simple, and visible at all times. Even when a user is navigating through the ad unit, the CTA should remain stationary.

—*Scott Victor, VP, Experience Management*

Consumer trends fueling the ad format's growth

Time-crunched consumers may enjoy anytime, anywhere access to whatever product they can imagine, but for brands, this new era of eCommerce can make it difficult to differentiate themselves from one another. An ad format that appeals to the biggest consumer trends may be the perfect way to do that. Here's just a few reasons we're seeing an explosion of shoppable ads—and why you'd be smart to take advantage of them.

40%
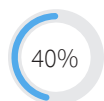
MORE PEOPLE THAN EVER ARE SHOPPING ONLINE
Online shopping now accounts for 40 percent of US retail sales growth.

5X

CONVENIENCE IS KING
Consumers are 4-5x more likely to begin shopping in an ad unit than click through to a brand's site.

80%

EXPERIENCE IS BECOMING AS IMPORTANT AS PRODUCT
80% of today's consumers say that the experience a company provides is as important as its products and services.

1/2

THE RIGHT INFORMATION MAY BE ALL IT TAKES TO TURN LOYAL CUSTOMERS
More than 1/2 of smartphone users purchased from a company they didn't initially intend to buy from because it provided more useful information.

78%

DIGITAL DRIVES DISCOVERY AND INSPIRATION—SO MAKE SURE YOU'RE EASY TO FIND
78% of consumers have spent more time researching a brand or product online than they have in store.
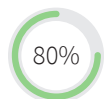
1/2

CONSUMERS ARE TIME-CRUNCHED—AND DOWNRIGHT IMPATIENT
More than 1/2 of consumers will abandon a mobile site if it takes more than three seconds to load. The average at the time of the 2018 report? A whopping 15 seconds.

76%

IF YOUR BRAND CAN'T PROVIDE THE EXPERIENCE A CUSTOMER IS LOOKING FOR, THEY'LL FIND ONE THAT CAN
76% of consumers say it's easier than ever to take their business elsewhere, and will switch from brand to brand to find the experience they're looking for.

Best practices for building shoppable ads

When you consider today's retail landscape, there's no question shoppable ads are a worthwhile tool to take advantage of. But there are some best practices you should review before integrating them into your digital marketing strategy to ensure you get the most from this innovative ad format.

Provide fresh and relevant offers

Similar to inventory in a store, you want to offer customers new, yet appropriate products and promotions. A recent McKinsey & Company report showed that personalized shopping experiences can increase store revenues by 20 to 30 percent, and you can bet personalization has a similar impact on online conversions. Nearly half of digital device users said they would be more likely to make a purchase as a result of a personalized experience.

Utilizing burn pixels is a simple first step every advertiser should take. Placing this snippet of code on your post-transaction page will untag users who've converted so you can stop showing them ads for items they've purchased. But if you want to go beyond the basics, so you can really wow your audience and convince them to convert, try taking advantage of more recent innovations to fuel personalized ads, like machine learning and Dynamic Creative Optimization (DCO).
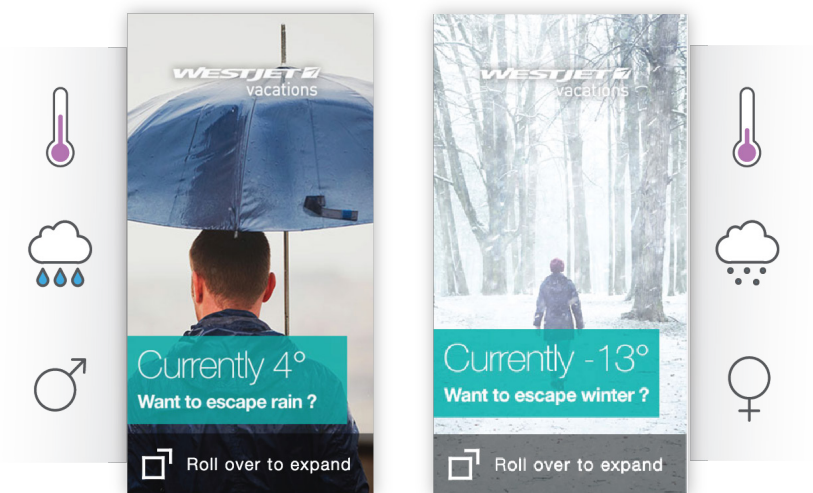
DCO allows you to change creative components like specific products, messages, and calls-to-action in real time based on your audience data, contextual data, and external APIs. This means you can create ads that reflect unique customer journeys without building hundreds of creative variants. Show users local pricing, info, inventory, or special offers at scale. Or simply highlight the products, features, and colors they're most interested in based on data you've collected from your website or previous campaigns.
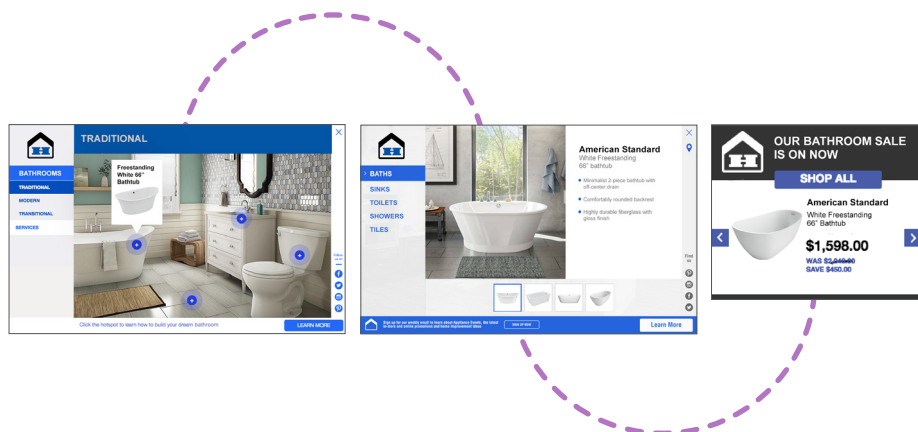
PRO TIP

One of the biggest benefits of shoppable ads is the data they allow advertisers to collect. Shoppable ads can provide deep insight into online shopping behavior. Unfortunately, a lot of the platforms with shoppable offerings are walled gardens that restrict advertisers' access to data, or require them to pay for it. Pick a platform that gives you unrestricted access to user data. Insights like which products or categories users spent the most time with, or what items they added to their cart are critical to developing advanced retargeting strategies aimed at getting more users to convert.

—Christine Carey, GM, SVP, Contobox

contobox

Take the entire customer journey into account

To create offers that are the most relevant to your audience's needs, and the context you're communicating in, you need to consider the entire customer journey, including where users are sitting in the purchase cycle. That means building creative that reflects every past interaction with your brand. To do this, you need to take every online and offline touchpoint into account, so that you have the fullest possible picture of your audience. That includes the data collected from previous ad campaigns, your web analytics tools, and offline data gathered from real-world interactions, like in-store purchases or loyalty program sign-ups.


PRO TIP

Integrating all of your data sources in a simple and meaningful way can get tricky if you don't have the right tools. Search for turnkey integrations that can help collect all sources within a single platform, ensuring all of your online and offline data is clean, consistent, and centralized, no matter how many times, or ways, consumers interact with your brand prior to purchase.

—*Peter Bozinovski, President, Contobox*

Make it easy to segment your audience

Interactive creative like shoppable ads can provide advertisers with unique engagement data, capturing every swipe, scroll, and pause to reveal never-before-seen insights into customer buying behavior. Organize the products in your ad unit in a way that makes those insights as easy-to-understand and actionable as possible. That often means grouping items into distinct categories, so you can measure audience interest in specific areas and retarget users with lower-funnel creative designed for conversion.
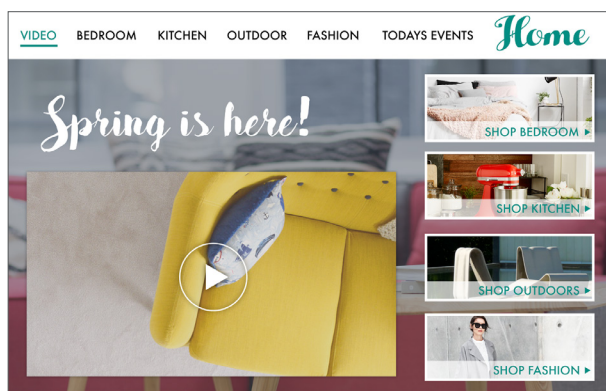
If you're a lifestyle and home decor brand, for instance, you could divide your ad by bedroom, kitchen, outdoors, and fashion (like the example above). This can provide insights into where your most engaged users spent the most time, so you can retarget them with optimized creative featuring specific products in that category. If you find users are most likely to convert in another section, or based on a specific product, you can build lookalike audiences based on those users and drive even more sales.
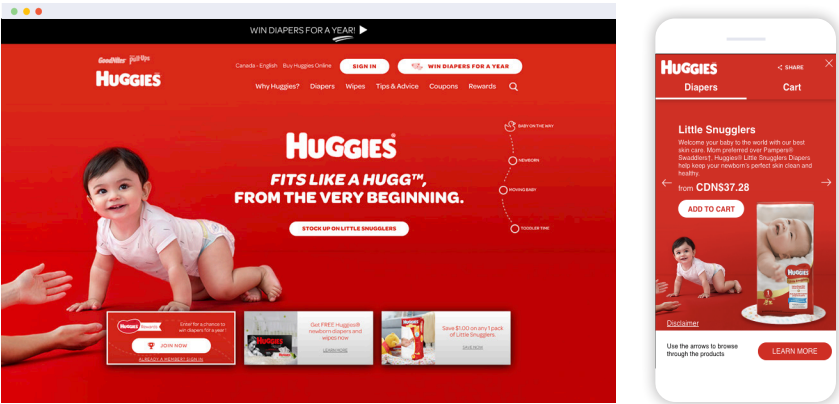
PRO TIP

We're always trying to find a balance between providing the user with enough content and completely overwhelming them with choice. There's no hard-and-fast rule for the number of products that can be displayed in a gallery, but we recommend around five-to-six items per tab and no more than four tabs per ad unit for optimal engagement.

—*Scott Victor, VP, Experience Management*

Treat it like an extension of your website

By giving consumers the chance to learn about a brand, delve into specific products, and immediately add-to-cart without ever leaving the page, shoppable ad units function like an extension of your brand's website. Exactly how much of your website you bring to your users should depend on your goals.

If you're targeting mid-to-lower funnel users, and are interested in featuring lots of products or collecting first-party data for future retargeting strategies, you can divide those products into separate tabs within your ad unit and create a landing page for each one. If you're retargeting users who've engaged with previous creative or are specifically focused on driving conversions, try featuring fewer items and bringing them all up front.

PRO TIP

Regardless of your goals, showcasing multiple items in a carousel is an integral part of engaging your audience—based on data collected from Contobox retail campaigns, we know high-performing retail ads are 150 percent more likely to feature product galleries.

—*Rob Scott, VP, Marketing and Research*

Consider your customers' purchase habits

When you're targeting lower-funnel users, including an "add-to-cart" feature in your ads is a great way to remove friction from the buying process and increase conversions. Even for those who don't check-out, the act of adding an item to their shopping cart can help increase consideration and build a deeper connection with your brand.

What's most convenient for the consumer depends on what you're selling. If you're a fashion retailer, for instance, users may want to bundle multiple items into a single purchase. Integrating the shopping cart directly into your ad unit will give users the full eCommerce experience, allowing them to add multiple items to their shopping carts, just as they would on a brand's website. This is also best for CPG or pet brands selling smaller items, like hygiene products or food—because nobody's buying a single bottle of ketchup online.

An add-to-cart button that brings users directly to the brand's website with a pre-filled shopping cart is ideal for larger or more expensive items, like electronics, where customers are typically only buying a single item. Plus, brands don't need their own eCommerce set-up to benefit from the "add-to-cart" functionality if the platform they're using allows them to connect to major third-party sites. With Contobox, they even have the option to include a dropdown menu in the ad, so users can select their preferred shopping destination (like Amazon, Target, and Walmart) without leaving the page.

PRO TIP

The majority of website visitors who add items to their carts never actually check out at that moment, but it's often for simple reasons—they're comparison shopping, waiting for a sale, timing isn't right (especially on-the-go via mobile), they experienced website issues, or simply got distracted. In cases like these, a little nudge is all it could take to drive them to convert, whether that comes in the form of a more personalized display ad, or an email. In fact, abandoned cart emails that are sent to customers who leave part-way through checkout can recover up to 10 percent of lost revenue.

—Andrew Bester, Director, Enterprise Sales and Business Development
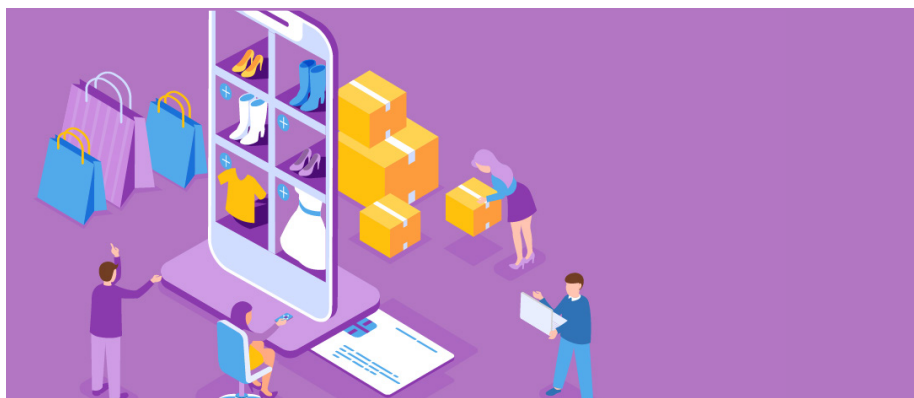
Why shoppable ads aren't going anywhere

Consumers are doing more of their shopping online than ever before. US shoppers now spend a whopping $586 billion online annually, and by 2023, online spending is poised to reach approximately $969 billion. In other words, the US eCommerce market makes up more than 10 percent of total retail sales. While that may sound like a modest portion, online shopping has increased consecutively for the past decade. By the end of year, eCommerce sales are expected to increase by 14 percent, considerably outpacing growth at brick-and-mortar shops at just 1.8 percent.

The rise of online shopping is connected to convenience—who wouldn't choose to do their holiday shopping from their couch over jam-packed malls?—but it's also due to the personalized experience it can provide.

We know that consumers are more likely to value ads that showcase products related to their interests, or recommendations based on similar products from past purchases and searches. Shoppable ads can accomplish this and give advertisers a simple way to distinguish themselves from competitors that not only boosts sales, but also yields rich data collection. Perhaps most important of all, these ads reach customers in a way that reflects their modern expectations: fast, convenient, and relevant.

About
contobox™

Contobox is a leader in creative ad technologies. Our interactive ad platform allows advertisers to create, launch, and serve interactive display and video ads that engage people with high-impact features like galleries, games, 360° video, and more. Engagement ads generate data from the countless interactions users have with these features. Brands can use the platform's real-time reporting tools to use this data and learn more about their audience, then activate on it by creating segments for better retargeting and lookalike audiences.

VISIT CONTOBOX.COM