

Digital Advertising Services

Qualitative research report

June 2020



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1. Background, objectives and approach

1.1 Background to the CMA's research requirement

The Competition and Markets Authority (CMA) is undertaking research into the digital (online) advertising sector as part of their online platforms and digital advertising market study. As part of this, the CMA are investigating the market power held by Google and Facebook in the supply of digital advertising.

The market study interim report was published on the 18th of December 2019. Building on the provisional findings set out in the interim report, the CMA needed to commission primary research to improve their understanding of advertiser behaviour. They wanted to understand the behaviour of Google and Facebook's advertising customers and how this differs according to the size and sophistication of the customer. The research is intended to inform the final market study report, due to be published in July 2020.

The CMA study¹ informed the debate on the regulation of online platforms, as explored in the recent Furman² and Stigler Centre³ reviews. These reviews each concluded that new approaches needed to be taken to regulating online platforms, that relying solely on enforcing existing competition law was not sufficient and that introducing pro-competitive rules and regulations was necessary. Government is currently considering its response to the Furman review.

The CMA's report will build upon the existing work by assessing how competition works between online platforms which are funded through digital advertising. The CMA is considering three themes. Theme 1 considers the extent of market power over users of search and social media. Theme 2 assesses user's control over their data. Theme 3 explores a range of competition concerns in digital advertising.

The primary research is intended to supplement the CMA's evidence base for Theme 3.

1.2 Research objectives

The CMA wanted to capture information from advertising customers of Google and Facebook to inform their assessment of the nature of competition and consumer behaviour in the digital advertising market in the UK. The research sought to understand the following key areas:

1. Which suppliers the advertiser used, broken down between:
 - a. The use of online and offline suppliers for advertising
 - b. The use of search and display advertising
 - c. Specific lists of digital advertising suppliers
2. How behaviour varied between advertisers who spent different amounts and between advertisers of different characteristics. In particular, the CMA were interested in:
 - a. Customer multi-homing behaviour, understanding whether advertisers who buy from Google or Facebook also buy from other providers and how their budget is allocated between them
 - b. Customer switching behaviour
3. Views on how important different aspects of the service were when deciding which digital platform to advertise on.

¹ <https://www.gov.uk/cma-cases/online-platforms-and-digital-advertising-market-study>

² <https://www.gov.uk/government/publications/unlocking-digital-competition-report-of-the-digital-competition-expert-panel>

³ <https://research.chicagobooth.edu/stigler/events/single-events/antitrust-competition-conference/digital-platforms-committee>

4. Information on the extent to which advertisers were able to make well-informed decisions when buying advertising media. For example, this may include:
 - a. How advertisers interacted with the user interface, including engagement with default settings
 - b. The availability of information needed to make purchasing decisions and the ability of advertisers to use this information
 - c. Advertisers' understanding of the value and price of the advertising they bought and its impact
 - d. Use of media agencies and technology tools to assist in their purchasing decisions

1.3 Research approach

1.3.1 Quantitative pilot research and sample

The CMA had initially planned to administer both qualitative depth interviews and a short quantitative survey. An online approach was adopted for the survey due to the fact that email addresses were available for all customers on the lists provided by both Google and Facebook. A pilot survey was designed and emailed out, with the following key features, to deliver the maximum possible response rate:

- a. A short 5 minute questionnaire (quick to complete)
- b. Mobile first optimised online survey (convenient to complete)
- c. Charity donation incentive for each completed interview (to encourage response)

Despite this, a very low response rate of <1% was achieved to the Google and Facebook provided sample. The response breakdown is shown in the table below:

	Sent	Bounce backs	Opened invite	Clicked into survey	Completes	Time out	Screened
Aggregate sample breakdown	4821	1796	561	25	15	10	0
		37.25%	18.55%	0.83%	0.50%	0.33%	0.00%

It is worth noting that the quantitative fieldwork took place at the beginning of the Coronavirus Pandemic. At this time, although the full extent of the impact of the Coronavirus had not been felt, there was considerable uncertainty about what would happen and the steps that businesses should take. This may have further impacted response rates.

Given the low response rate and concerns over the implications of non-response bias, the decision was made not to proceed beyond the survey pilot and instead, given the exploratory nature of the research objectives, to focus solely on the planned qualitative stage to enable the CMA to explore the issues of interest in depth.

1.3.2 Main qualitative research and sample

A total of 24 x 45-60 minute telephone interviews were undertaken during March and April, 2020. A copy of the discussion guide used can be found in the appendix of this report.

As noted above, we wanted to interview organisations that were advertising with Facebook or Google. Within the organisation our target respondent was the person who had responsibility for managing and purchasing their digital advertising. We also set other quotas on characteristics such as size of company, advertising spend, sector, location etc. The recruitment screener is appended to this report.

A breakdown of the sample structure is set out below. Quotas were applied to ensure the research was able to cover a wide range of different business perspectives:

Providers used:

Provider(s)	Number of interviews
Facebook	19
Google	14
Total	24

Company size:

Number of staff	Number of interviews
No staff (Micro)	5
Under 10 (Micro)	9
10-49 (SME)	6
50-249 (SME)	2
250+ (large)	2
Total	24

Technology savviness (this was based on the self-assessment of the respondent):

Level of savviness	Number of interviews
Very low	2
Low	5
Medium	5
High	6
Very high	6
Total	24

Sector

Agency/sector	Number of interviews
Marketing agency/consultant	3
Services	4
Retail	3
Entertainment	3
IT	3
Travel and leisure	2
Manufacturing	2
Design	2
Health and fitness	2
Total	24

Use of third party to book/manage ads:

Use of third party	Number of interviews
Use third party	2
Don't use third party	22
Total	24

Level of spend – Facebook:

Spend	Number of interviews
Very low (£50 to £1,000)	6
Low (£1,001 to £10,000)	5
Medium (£10,001 to £100,000)	6
High (£100,001 to £500,000)	1
Very high (Over £500,000)	1
Total	19

Level of spend – Google:

Spend	Number of interviews
Very low (£50 to £1,000)	2
Low (£1,001 to £10,000)	5
Medium (£10,001 to £100,000)	4
High (£100,001 to £500,000)	2
Very high (Over £500,000)	1
Total	14

Qualitative Sample:

The sample for this research was sourced from a combination of Facebook and Google supplied names and free found respondents. NB: We used the free found approach for some respondents because of issues with the supplied sample, which became apparent during recruitment.

The main issues with the sample were as follows:

- There were no telephone numbers attached to the majority of Facebook and Google sample. We had planned to look-up numbers based on respondent emails; however, most respondent emails were personal emails (i.e. ending with generic suffixes such as 'Gmail' or 'Yahoo.co.uk') rather than company emails. Therefore, it was not possible to find telephone numbers for most of the sample
- When emailed, we experienced a high proportion of bounce backs
- When phoned (when we could identify telephone numbers), we experienced a high proportion of no-answers

Overall, the sample supplied was of a considerably lower quality than we would expect from a customer list. Again, it is also worth noting that the qualitative fieldwork took place during the Coronavirus lockdown period, which may have impacted on the efficacy of the supplied sample.

1.3.3 Methodological note and definitions

A methodological note on the interpretation and limitations of qualitative research:

When using qualitative research, it is important to keep in mind that the focus is about understanding underlying issues, experiences and motivations. Qualitative samples are purposive and quota-driven in nature; they are designed to achieve specific outcomes. Consequently, they cannot be used to identify proportions of populations holding stated views. For these methodological reasons, it is not appropriate to present qualitative findings in terms of the numbers of respondents expressing certain views. The findings in this report are therefore described in qualitative terms. To give an indication of the strength of a finding from the interviews conducted we have used terms such as 'a small number', 'some', 'many' and 'most'.

Definitions

In this report we are using the following definitions:

- Single-homing: the practice of advertising on either Facebook (including any sub-brands such as Instagram) or Google (again, including any sub-brands such as YouTube) but no other brands.
- Multi-homing: this is the practice of advertising with more than one digital advertising provider at the same time. Therefore, this includes the practice of advertising on Google and Facebook, or on Google or Facebook and other search or display providers (excluding sub-brands owned by Google or Facebook). So, if they advertise on Google and Bing they would be classified as multi homing, whilst if they advertised on Google and YouTube they would be classified as single-homing.
- For this project, the focus is more on the practice of advertising on Google and another search advertising provider or Facebook and another display advertising provider, rather than the practice of advertising on Facebook and Google only. To differentiate between the two practices we will use the following terms:

- Multi-homing solely using Facebook or Google
- Multi-homing using providers as well as Facebook and/or Google
- Sub-brands: these are brands that are owned by another brand as noted above.

2. Executive summary

- Most respondents in the sample were micro and smaller SMEs, and displayed many characteristics of this audience (relatively low budgets, time poor, non-expert decision makers)
- Tech savviness also varied – and impacted on digital advertising usage
 - Most adopted a “trial and error” approach to learning and ongoing use of digital advertising
 - Many were not confident they are doing everything right – and hence not getting full value from what they spend on their advertising
 - There was a tendency to ‘stick to what they know’, so there seemed to be little switching within the market
- For all respondents, digital advertising was seen as much more important than offline advertising – and most of their advertising spend was on digital providers
 - Digital advertising was seen as having major benefits compared to offline advertising, namely: value for money, effectiveness, ease of measuring return on investment, ease of use (including the ability to ‘do it yourself’ using trial and error and a limited budget), speed and flexibility
 - Facebook and Google were often seen as having very similar benefits when compared to offline advertising
- Most respondents tended to use either display or search as their main approach – with the other approach used to support the main activity (if at all).
 - Respondents tended to be using the right approach for their objectives (i.e. display for brand building and search for immediate sales), although some Facebook users were also using for immediate sales
- Many respondents were single-homing. Amongst multi-homers, more were multi-homing solely using Facebook or Google than were multi-homing using providers as well as Facebook and/or Google.
- Amongst multi-homers, most were spending the majority of their advertising budget on one provider, therefore the term ‘multi-homer’ should not be seen as implying a sophisticated approach to advertising in itself
 - Single-homers tended to be from smaller companies and were less sophisticated. Often, they believed their current approach was ‘good enough’ for their needs and didn’t want to spend time exploring other options
- Amongst those who were multi-homing using providers as well as Facebook and/or Google, the main reasons were; to reach a different audience (such as a business audience if advertising on LinkedIn), to maintain a presence with an industry specific provider, or simply through habit (e.g. the respondent had been advertising with them for a number of years and saw no compelling reason to change).
- Sub-brands (such as Instagram or YouTube) were generally seen as adding value to the main brand – enabling respondents to cost effectively reach a different audience
- At an overall level, satisfaction with Facebook and Google was broadly similar, with most respondents’ main comparison point being offline advertising. Both Facebook and Google are seen as offering a better choice than offline – or any other digital alternative.
- Many micros/smaller SMEs were attracted to Facebook because it was seen as relatively easy to get started, however many respondents also complained of the length of time and cost it took to learn how to use Facebook properly (trial and error)
- The main issues mentioned in regards to Facebook were:

- The default settings not always being the most cost effective
- A feeling that they were not making full use/getting full value from the service (esp. amongst smaller companies)
- A belief amongst many that the algorithm Facebook use is constantly changing. And that they have to keep using trial and error/invest time to keep up with it
- Unclear ad guidelines and policing
- Lack of understanding of bidding (some)
- Some difficulty calculating ROI
- An expectation that Facebook should do more to help to help them get the most out of their current advertising spend
- An initial attraction of Google was the belief that it had a massive reach – and the ability to directly impact sales. However, as with Facebook, many respondents complained of the length of time and cost it took to learn how to use Google properly (again ‘trial and error’ was mentioned frequently)
- The main issues mentioned in regards to Google were:
 - The default settings not always being the most cost effective
 - A feeling that they’re not making full use/getting full value from the service (esp. amongst smaller companies)
 - The ongoing management time taken to get the best combination of key words and keep up with algorithm changes
 - The belief that Google will sometimes deliberately overspend the budget limits that users have put in place (although this could be a lack of understanding of bidding)
 - Customer service
 - An expectation that Google should do more to help to help them get the most out of their current advertising spend
- Return on investment was seen as an issue by some respondents for both Facebook and Google. It was recognised that ROI was more difficult to calculate for display advertising, but some respondents mentioned that they needed to use third parties to help calculate it – and also that they felt both Facebook and Google’s own metrics tended to overstate their effectiveness
- The main criticism, however, for both brands was that value for money (and hence ROI) had fallen significantly in recent years, especially for Google. This meant that, in some cases, respondents were having to spend more to achieve the same results with their advertising
- Overall, despite criticisms over the time taken to manage their advertising and growing resentment over price increases, both brands were still seen as much better options than any other providers – and respondents did not want to consider switching to other providers. That said, there was also some perception that there simply weren’t any comparable alternatives.

3. Context

3.1 Respondents display many of the characteristics of micro businesses and small and medium enterprises (SMEs)

Before going into the detailed findings of this research, it is valuable to provide some background on our sample of respondents. As noted in section 1.3.2, we spoke to a wide range of businesses, but overall, they exhibited many of the characteristics and behaviours of micro businesses and SMEs. In particular, the following points were noteworthy:

- Cash flow was of critical importance - especially during the time of interviewing, as the Coronavirus pandemic was affecting 'normal' trading conditions
- The turnover of some businesses was seasonal
- Many did not have large marketing and/or advertising budgets
- There was a general tendency to avoid committing to large expenditures in advance
- Most were looking for flexibility with regards to their costs and payment schedules

The 'type' of business also tended to impact their approach to digital advertising. There were differences observed by the following criteria:

- Business to business (B2B) vs business to consumer (B2C)
- Product vs service
- Local vs national
- Low cost vs high cost

Amongst the micro and smaller businesses, respondents were often the owner and/or Managing Director. They tended to have multiple roles within the business and were generally 'time poor' for any one task or activity. When it came to digital advertising, they often described themselves as 'non-expert' or 'amateur'. Many were often motivated by their product or craft, rather than the mechanics of the advertising and/or sales process. However, it is fair to say that others were more entrepreneurial and interested in these aspects/driven by their bottom line.

The micro and smaller businesses were often focussed on their local area, unless they were an online retailer – in which case, they had more of a national and international focus. Overall, smaller business tended to be less sophisticated in their use of digital advertising.

By contrast, the medium and large business respondents were often marketing and/or sales specialists, although the owner and/or Managing Director was often still involved in the decision making to some extent. These respondents were more knowledgeable about advertising, both in general and in relation to digital advertising. Many held multiple roles within their business, of which digital advertising was only one element. In some of the larger businesses, the digital advertising specialists were siloed, so they may not have been managing the advertising for all departments. The medium and larger businesses were often working to monthly budgets or targets and they were typically more sophisticated in their use of digital advertising. Smaller businesses could also be working to monthly budgets, but were also likely to be more ad-hoc in their budgeting and financial tracking.

3.2 Technological savviness and confidence

It was clear that technological savviness impacted on the respondent's advertising choices and how well they think it is working for them.

Our respondents covered the full 'technological savviness' spectrum – from those that defined themselves as having 'very low' savviness through to those that said it was 'very high'. However, it is worth noting that fewer respondents were at the 'very low' end of the spectrum, as it was felt that some savviness was needed in order to use digital media.

Overall, technological savviness broadly aligned to size, with micro and smaller businesses being *less* savvy and medium and larger businesses being *more* savvy. However, there were some notable exceptions to this rule by sector (e.g. IT and Marketing/Comms agencies) and by personal acumen and/or interest. In particular, digital natives (i.e. those that were younger, that had grown up with digital and were happier to experiment) and those bringing expertise and experience from larger companies (e.g. an ex-employee of a large digital platform who set up as a one-man-band marketing consultant) had a higher level of technological savviness.

Almost all businesses were able to use digital advertising for at least their basic needs, as expected given that we recruited respondents who were using digital advertising.

Most of our respondents claimed to be self-taught, stating that they originally learned how to advertise digitally by "trial and error" and that they now manage their advertising in this way. Some were not 100% confident that they were doing everything correctly – in terms of their targeting and use of defaults. For these respondents, there was a tendency to 'stick to what they know', whenever they could.

"I always do the same thing. I tend to use the default settings and create the same style of ad... The terminology is a bit confusing... I tend to click on 'traffic' as my objective. There are others there, like conversions, engagement and reach, but I don't really know what they mean..."

10-49 employees, Education, Low savviness

Many, especially those with a lower end of the technological savviness spectrum, were not confident that they were getting value from their digital advertising spend.

The following case studies provide further background on some of the businesses that were part of the research sample. They provide a summary of the business/respondent, where they tend to advertise and why, along with the main things they liked and disliked about using Facebook and Google for digital advertising (if they were used).

Case study 1: Media Agency

- Size: 10-49 employees – with a very large spend on digital advertising (>£50m)
- Sector: Clients were from a variety of sectors
- Tech savviness: Very high

This respondent noted that some businesses opted to use media agencies for their agnostic view, global reach, detailed understanding of the different platforms and to avoid the templated approach (that might be applied if they approached the platforms directly).

Specific points of interest	Where they advertise & why	Facebook	Google
<p>They think of their digital media spend in 4 distinct elements:</p> <ol style="list-style-type: none"> 1. Programmatic – Essentially display advertising. Google and Playtask were their main providers 2. Affiliates – Use of 3rd parties: A range of end sites including The Guardian, etc. 3. Social – Facebook was their main partner. YouTube, Twitter, Facebook and Snapchat were also used. LinkedIn was used for B2B, whilst TikTok was used to target younger age ranges and was growing rapidly 4. Search – Google, Bing, Keywords and Amazon (for retail search only) were used <p>Their main goals were reach, targeting, driving awareness and sales.</p>	<p>They used Facebook as the centrepiece to their social buying and used other channels such as Twitter, Snapchat etc. to supplement this – depending on who they were targeting</p> <p>The main reason for advertising on Facebook was the targeted reach. Plus it was easy to use and easy to manage their budget(s). There was a feeling that there has been a constant improvement in the Facebook offer to media agencies.</p> <p>Google was used because it was very easy to monetise – by measuring the return on investment in terms of clicks leading to sales.</p>	<p>Likes</p> <ul style="list-style-type: none"> • Platforms and tools • Improving over time • Easy to work with on a personal basis – their representatives were perceived to be very knowledgeable • Easy to manage the budget <p>Dislikes</p> <ul style="list-style-type: none"> • None 	<p>Likes</p> <ul style="list-style-type: none"> • YouTube for visual creative • Successful ROI <p>Dislikes</p> <ul style="list-style-type: none"> • Compared to Facebook, Google was more difficult to work with (although still good). Have to deal with several different people for different elements of the relationship. Found working with them ‘a bit confusing’.

“I don’t feel like I have ‘no choice’ [but to advertise directly on Google and Facebook]. These platforms are constantly under threat from other new players and even negative public sentiment. So, they are constantly making improvements”

“Working with Facebook is empowering. I feel they have our back. They provide the tools and reassurance I need to feel confident that our media buying is delivering for our clients”

Case study 2: Venue/event management

- Size: 30 employees
- Sector: Leisure
- Tech savviness: Very low

This business used Facebook (and Instagram to lesser extent) to market a venue for corporate and private hire

Specific points of interest	Where they advertise & why	Facebook
<p>Responsible for sales and marketing for Halls of Residence – including student events, corporate events (training), private events (weddings, parties, themed nights)</p> <p>Saw herself as having low technology skills and only did the bare minimum.</p> <p>But did recognise the value of digital advertising vs offline, and had a sizeable budget (£3-4k PCM)</p> <p>Lack of savviness was seen by:</p> <ul style="list-style-type: none"> • A reliance on the default settings • Using Facebook to drive sales • Guilt/anxiety that she could/should be doing more – but lacked the skills/ confidence to do so 	<p>70-80% of advertising was digital</p> <ul style="list-style-type: none"> • Offline advertising tended to be leaflets and/or PR in local papers <p>Facebook was the main vehicle used</p> <ul style="list-style-type: none"> • Instagram was used to a lesser degree, to specifically target younger people • LinkedIn was used to target B2B, but this was more focused on posts than paid-for advertising <p>Main aim was to increase brand awareness (60%) but also to drive traffic to website (40%) in the hope of making sales</p>	<p>Likes</p> <ul style="list-style-type: none"> • Relatively simple to use • Defaults helped her to use it • Flexibility • Reach • Cost effective – although difficult to work out ROI • Access to Instagram <p>Dislikes</p> <ul style="list-style-type: none"> • Lack of advice/ guidance from Facebook, to help her get more out of her advertising • Difficulty getting engagement from younger audiences

“I know I could be doing it better maybe. But I’m just not confident or driven to do it”

“Facebook is good value for money, and you can pick it up and use it as and when you want”

“I’ve never really seen anything or been sent anything from Facebook to help me improve how to use it”

Case study 3: IT sector

- Size: 5 employees
- Sector: IT
- Tech savviness: High

This business used display ads on both Google and Facebook to target small businesses needing IT support

Specific points of interest	Where they advertise & why	Facebook	Google
<p>Had built his own dashboard to try and work out which campaigns were most effective</p> <p>Had spent approximately £2k per month across Google & Facebook (split 50:50)</p> <p>The main goals were to drive awareness of their services and targeting.</p>	<p>All paid for advertising was digital</p> <p>They also carried out email marketing and had a presence on the Zoho platform</p> <p>The business had a Facebook page, but only really used it to talk about current crisis with clients who were 'friends' on Facebook</p> <p>Main aim was to increase brand exposure, hence they focussed on display ads - on both Google and Facebook</p>	<p>Likes</p> <ul style="list-style-type: none"> • Platform was simpler to use vs. Google • Able to target a B2B audience (although this was harder than in the past, due to GDPR) <p>Dislikes</p> <ul style="list-style-type: none"> • Harder to work out ROI • Impossible to contact anyone at Facebook 	<p>Likes</p> <ul style="list-style-type: none"> • Reach • Direct link to YouTube. NB: Produced video on YouTube and used this for his Google ads. Very cheap to produce <p>Dislikes</p> <ul style="list-style-type: none"> • Pushy Google reps • Having to work out which ads were successful through "trial and error" • Google overspending his budget

"We've had surprises from Google with overspends – feels like we've had to pay to test different ads, which is annoying"

4. Digital advertising

This section covers some of the main issues that were covered in regards to respondents' perceptions and behaviours of digital advertising.

4.1 Digital vs. offline advertising

For all respondents, digital advertising was seen as much more important than offline advertising in regards to sales and brand building activities. Many respondents did not use offline advertising at all. Of those that did, the majority were spending most of their budget on digital advertising. Generally, this spend was between 70% to 90% digital vs 30% down to 10% offline.

Key reasons for choosing digital advertising

There were seven main reasons that digital was preferred to offline advertising. It is worth noting here that for most respondents, the critical comparison point was digital vs offline when making the initial decision to advertise digitally, rather than Facebook vs Google. Therefore, the reasons for preferring digital advertising compared to offline advertising tend to be very similar regardless of the main platform respondents are advertising on.

The seven reasons were as follows:

1. Digital advertising was seen as much better value for money. This was linked to a number of other factors including the overall effectiveness of digital advertising. The ability to directly target audiences by demographics, location etc was seen as much more accurate than offline advertising, therefore the value for money was seen as greater. There was also a perception that that digital approaches would be cheaper (due to less manpower/greater efficiency and, in the case of Facebook and Google, their size would mean they be more competitively priced).
2. As mentioned above, and linked to the above point, digital advertising was seen as being more effective at targeting prospective audiences than offline advertising, thereby generating better results.
3. It was seen as much easier to judge the return on investment (ROI) on digital advertising than offline advertising; based on a comparison of the ease of measuring the number of people seeing or engaging with an advertisement compared to the difficult of measuring ROI of offline advertising, such as outdoor or print.
4. Digital advertising was seen as much more effective in driving sales and/or traffic to the advertiser's website. Part of the reason for this was the ability to target advertising either at people specifically interested in the product or service being marketed and/or at people who matched the audience of interest.
5. Digital advertising was also seen as relatively easy to 'do it yourself' compared to offline advertising. Many respondents stated that they were able to manage their online advertising themselves with little need for help from third parties, although many stated that the process could be easier and some struggled. However, their main point here was that, unlike poster ads or newspaper ads for example, they could manage much more of the process from end to end, with much less need to involve other companies in the process. Related to this, many respondents also felt that a benefit of digital advertising was the fact that they could get started (and actually run advertising) with minimal initial investment or knowledge. Unlike a traditional TV or newspaper campaign, they didn't need to invest a lot of money in either design/production or buying space initially. Rather they believed that they could learn by 'trial and error' in their own time. The issue of 'learning by trial and error' was not

always seen positively (see sections 5 and 6), however, compared to offline advertising it was seen as a benefit.

6. Digital advertising was seen as faster to implement and more flexible than offline advertising. This point was mentioned both in relation to setting up campaigns, which could be ready in less than an hour, to ongoing management of the advertising, where it was noted by respondents that they could easily adjust key words (for example) to improve the effectiveness of their advertising. Furthermore, it was also seen as easy to stop the advertising if they needed to. This degree of flexibility was seen as much better than anything that offline advertising could offer.
7. Finally, some simply feel that as 'all' other companies seemed to be advertising they should as well. This seems to be primarily driven by social norming rather than an assessment of the success of those advertising digitally vs not.

Overall, digital advertising was therefore seen as much more useful than offline advertising.

There was even a sense that digital advertising had 'democratised' advertising, in that it enabled smaller companies to market themselves and compete in a way that was simply not possible when offline advertising was the only option. Despite the issues that some respondents had, which will be discussed later, the benefits of online remained compelling for all the people we interviewed.

"It's really simple and it gives me clear returns, unlike the lifestyle and golfing magazines"

10-49 employees, Leisure, Low savviness

Use of offline advertising

Although digital advertising is preferred, some are still using offline advertising to a lesser degree. There were four main reasons for this:

1. For many, some form of offline advertising was simply habitual. These tended to be either older respondents or older companies who had started off using offline and had not got around to stopping it entirely. However, even for these respondents the scale of their offline advertising had been significantly reduced.
2. Some respondents noted that they kept on advertising offline as a way of supporting local businesses or the local community. For example, they may advertise in a local newspaper or magazine to support local businesses, or sponsor or take a stand at a school fete, etc. In both these cases the main objective was less about the effectiveness of the advertising and more about altruism.
3. Conversely, some respondents used offline advertising to help build their presence in a local area. This was especially important to businesses serving a limited geographic area, such as retail, estate agents, health, and fitness etc. Respondents using offline advertising for this reason were often using similar media to those that were simply supporting their local community, e.g. ads in local papers, stalls at local events, etc. However, they were using other approaches such as posters and leaflets as well.
4. Some respondents also used offline advertising (as they saw it) to target specific postcodes/locations for direct sales purposes. It's worth noting here that this isn't 'advertising' as it would normally be defined, but many respondents were comparing something like leafleting directly to digital advertising (where they could target a specific geographic area) so for them they were seen as fulfilling similar functions (and hence came from the same budget). Approaches here included direct mail and leafleting.

Offline 'advertising' approaches used

As noted above, many respondents saw promotional activity and direct mail as 'advertising', therefore we have included all the approaches mentioned below.

- **Local Newspapers**

Local newspaper advertising is generally bracketed with offline advertising, even though many are advertising on the digital version. This may be driven by the somewhat 'old fashioned' image that local newspapers have. Respondents saw local newspaper advertising as possibly useful for building local presence. Sometimes it was also used for driving direct sales, in which case online was seen as being better for tracking ROI than print, which was seen as poor

- **Direct Mail**

Direct Mail could be either electronic (via email) or hard-copy. A minority of respondents were using mailshots to target non-customers. These mailshots were often hard copy, and included brochures, postcards and so on. A minority of respondents were quite sophisticated in their use of hard-copy mailshots, for example, one national removal company would target properties which they knew were being sold, thereby hitting prospective customers who were very likely to have a need for their services. Generally non-customer mailshots were seen as having a low ROI, and many also found it difficult to judge the ROI of their mailings.

Mailshots to customers were seen as much more effective – either using email or hard-copy. Some respondents felt that the ROI on a customer email mailshot was actually better than using digital advertising (although, critically, it couldn't be used to acquire new customers).

- **Leaflets**

Leaflets were used by respondents who had a very local focus to their business. For example, a local entertainment venue and an estate agent. They were seen as effective at targeting very specific local areas (often on a street by street basis) and were seen as both reasonably good value for money and being reasonably easy to track the ROI for specific leafleting activity. The downside was that this approach needed someone to design the leaflet, a printer and leafleters – all of which took time and money.

- **Outdoor**

Posters were seen as useful for building local presence and brand awareness. If purchased via a local company/organisation that could also be used to help support the local community.

- **National newspapers and magazines**

Only a small number of respondents had experience of national newspapers and magazines and most saw them as poor value for money and difficult to calculate the ROI of their campaigns. Although they may have some benefits in terms of brand building (e.g. it was seen as quite prestigious to be advertising in The Daily Telegraph) they were also seen as poor for direct sales. That said, some respondents did note that they could be useful if they

could get a good deal (i.e. a significant price reduction or placement next to a PR piece) or if they were included in a specialist publication.

4.2 Use of Display vs. Search advertising

Most of the respondents tended to use either display or search advertising as their main approach, with the other approach used to support the main effort (if used at all). This may explain why many were single-homing or putting most of their spend into one of display or search; the approach was simply seen as meeting their needs better. Based on our analysis, it seemed that most respondents were using the 'correct' approach to meet their business objectives. For example, a respondent who wanted to sell their storage facilities in their local area used search as their primary approach. On occasion it did seem as if some respondents were using the approach that may not have been the ideal one to use for their objectives, but this seemed relatively rare. For example, a graphic design company was using Facebook display advertising to sell T-shirts where search advertising may have been more effective at driving more immediate sales.

Display and Search advertising were used for following reasons.

Display advertising

- Display advertising was generally used when there was less emphasis on generation of immediate sales as a business objective. It therefore tended to be used for activities that could be broadly classified as 'brand building' and included the following:
 - Increasing overall awareness of the brand, i.e. increasing the number of people who are aware of the brand and what it offered
 - Extending reach; which was seen as similar to the above, but was often used to describe the process of increasing the number of followers on social media
 - Deepening engagement; this was seen as the activities that would generally take place once they had gained a follower, with the objective of providing them with reasons to return to the site/page and thereby raising the brand profile and making it more prominent in the mind of customers and prospects.
 - Promoting content and products/services
- Display could also be used to help make sales. The end-game of the brand building activities described above were generally seen as a 'sale' of some sort. However, the objective of display advertising was seen by most as increasing interest or driving traffic to their website, rather than making immediate sales. The reason for this was because the respondent felt that their product/service required a degree of consideration that meant that people may take a while to decide whether to purchase, therefore was unsuited to search advertising. Others felt that their product was new and/or unique – which meant that people were unlikely to actually search for it when looking to purchase. Therefore, they needed to use display to make them aware of, and engage with, the product.
- It should be noted that a small number of respondents were using display advertising to try and make direct sales. This tended to be because they had initially started advertising on Facebook because of its presence and ease of use, and had simply not changed to a more effective provider. This was often driven by lack of knowledge (that there was a more effective way of advertising) and/or lack of time to explore other options (Facebook being seen as delivering adequate results). These respondents tended to be from the less sophisticated end of the spectrum. Some respondents also mentioned that tried to sell through display advertising because their product was better suited to display than search or because they were able to retarget their ads based on the consumer's previous browsing history.
- Some respondents also felt that display was more effective if they had a product that was visually striking, or their product needed visuals or video to communicate its strengths. The use of video

seemed to be actively promoted by Facebook, who claimed that it increased engagement with the advertisement, a claim that was echoed in the experience of a travel agent who used video in their ads. Video was seen as more eye catching than 'static' ads such as banner ads or wrap-arounds, but some respondents felt that it wasn't suitable for their products (e.g. a storage facility) and/or lacked the time, knowledge or money to produce video.

- Facebook was felt to be an effective medium for video, although some felt that Instagram and YouTube were better.

Overall, digital companies/technology companies tend to be the most sophisticated in their use of digital advertising, whilst very simple businesses (such as retailers, sports clubs) tend to have more basic requirements. The size of business also very often correlated with a number of characteristics and behaviours, including: spend, multi homing and sophistication. Micros and small SMEs tended to be the least sophisticated, whilst larger SMEs/large tended to be more sophisticated.

Search advertising

- Search advertising was seen as the most effective way of making immediate sales – primarily because it was believed that it targeted people who were in the market for their product/service. Respondents believed that people typing in a specific product/service name or description would have an immediate or imminent need – and would therefore be more likely to buy than someone who saw a display advert. This was also felt to be the case for both spontaneous or impulse purchases and more considered decisions, although there was recognition that the more considered decisions would take longer to manifest.
- Using search advertising with a large provider such as Google, therefore enabled them to reach a large number of relevant people, most of whom were in the market for their product/service
- Search advertising was sometimes seen as having the best ROI of the different advertising options, and was nearly always seen as having the most trackable ROI of the different options (including offline and digital).
- A small number also liked the fact that they could buy their way to the 'top of the list' using a combination of investment and clever choice of key words.

4.3 Single-homing vs. Multi-homing

As noted in Section 1.3.3, our definition of single-homing is an advertiser who advertises on either Facebook (including any sub-brands such as Instagram) or Google (again, including any sub-brands such as YouTube) but no others.

Our main focus when looking at multi-homing activity is on respondents who are using providers as well as Facebook and/or Google.

The above behaviour was relatively uncommon amongst respondents, with only four advertisers from non-media agencies multi-homing using providers as well as Facebook and/or Google. Conversely 10 from non-media agencies were single homing with either Facebook or Google.

A variety of digital brands were being used to advertise. However, it should be pointed out that the majority of multi-homers spend much more on one provider than any others, giving them a similar overall behaviour to single-homers (and in all cases one of the brands receiving the majority of spend was Facebook or Google).

Please note when reading these tables that this is a qualitative sample, with quotas applied, and should not be taken to be representative of the UK market as a whole.

Please note, the tables below **exclude** media agencies.

Incidence of single-homing and multi-homing

Brands used by non-media agencies	Number of interviews
Facebook only (including sub-brands)	7
Facebook (including sub-brands) and other brands	3
Google only (including sub-brands)	3
Google (including sub-brands) and other brands	1
Facebook and Google only (including sub-brands)	7
Total	21

Single homing

The respondents who were single-homing tended to:

- Be micros and smaller SMEs
- Be spending less on advertising (often under £1,000)
- Be the least tech savvy
- Have a simpler product mix
- Have a more homogenous audience

The decision to single-home was rarely reached after a detailed and forensic review of all the possible approaches and providers available. In fact, the decision was often driven more by lack of knowledge or time to engage with other opportunities, and could be more of a default non-choice than active decision. Some respondents had simply not even considered any other providers – they were happy with the results they currently got and hadn't contemplated the need to do more.

Others had given it at least some thought, the main reasons that they mentioned for single-homing were:

- A lack of need to advertise anywhere else, effectively their advertising was performing at a level that they felt meant it was unnecessary to advertise anywhere else. This may have been driven in part by a lack of knowledge of what else was available in some cases. For others, it was more considered and could be based around the reach of the provider they were using or the approach; for example, one respondent felt that their product mix (a garage and storage facility – he managed two businesses) was ideally suited to search advertising, but would gain little by using display advertising.
- Related to the above, some respondents felt that their current solution was 'good enough' – it delivered an ROI that was acceptable, and was reasonable in terms of value for money. They therefore had little desire to invest more time and more money (both of which they may not have much to spare) in learning how to use a new system for what could be marginal gains. Some respondents had looked at alternatives, although often not in much detail. These respondents had tended to come to the conclusion that the 'extra' reach or different approach offered did not offer enough of a benefit to justify the effort and cost of using them. This decision was strongly influenced by the belief that Facebook or Google (whichever one they were using) had such a significant reach that other providers could add little beyond that, for example one respondent believed that Google

covered 90% of the population, so what real need was there to spend time and effort looking for other providers to try to reach 100% of the population?

- Again, there was little evidence that many of the respondents had spent much time researching the market to reach this decision.
- Finally, some simply felt that they had spent a lot of time learning one system and just didn't want to spend time learning another. These respondents tended to be less tech savvy – and for some it wasn't just the time taken to learn another system, they simply didn't really like computers and the digital world very much. So, they lacked both time and inclination.

Despite the reasons listed above it was also interesting to note that some respondents did feel guilty about not exploring digital advertising opportunities more. A number felt that they possibly could get better results or better ROI if they used another provider (or, spent more time improving the performance of their advertising with their current provider) but did lack the time or skills to do it. Therefore, there was some appetite to multi-home more than they currently do, but it was unlikely to turn into action in the current environment.

Multi-homing

As noted above, of the non-media agency respondents, 10 were single-homing; seven Facebook users and three Google users. 11 respondents were multi homing, seven were multi-homing solely using Facebook and/or Google and four were multi-homing using providers as well as Facebook and/or Google.

Respondents multi-homing solely using Facebook and Google

The main reason that respondents were multi-homing solely using Facebook and Google was the perceived need to use both display and search advertising; either for different aspects of their marketing communications (e.g. brand building vs sales) or because they had a selection of products/services that may require different approaches (e.g. selling products vs staging events).

A lesser reason was seen in that minority were testing out a new provider to see if it added anything to their current advertising performance. This tended to be quite opportunistic and could be in response to a special offer or contact by a provider.

It should also be noted that some of these respondents may also have wanted to reach different audiences. In this case respondents tended to be talking about either older or younger prospective customers, however this need was generally satisfied by using the sub-brands offered by Facebook or Google – therefore they did not need to look for another provider.

One of Facebook or Google was nearly always seen as the main provider and was dominant in terms of spend and activity (reflecting whether display or search was seen as most relevant to their business overall) with the other used in support.

This behaviour was often planned or strategic, based on the product mix and/or the goals and objectives of the company.

Respondents multi-homing using providers as well as Facebook and/or Google

The reasons that respondents were multi-homing using providers as well as Facebook and/or Google were as follows:

- They wanted to reach different audiences. This was often the main reason. In this case respondents tended to be talking about either older or younger prospective customers, and to a lesser extent business audiences. They often believed that these audiences were reasonably well served by their main provider (i.e. Facebook or Google), but also believed that by using other providers they could extend their reach further. For example, a media agency used Bing because they believed consumers using it were typically older and less internet savvy – which suited the products of some of their clients. Another company was using LinkedIn because they believed it could be better for a business audience.
- Legacy or habitual usage. Respondents noted that they may have used, for example, a specific website for display advertising or a local newspaper before using Facebook and Google and simply carried on, although sometimes at a much-reduced scale. These providers were used out of habit, or almost even a sense of mild loss-aversion, in the sense that respondents didn't want to stop using them 'just in case' they were helping with their overall marketing effort.
- Linked to the above, some respondents were advertising on industry specific sites or platforms. In part this could be driven by the need to access a different audiences as well as legacy or habit. Some also saw it as helping to position their brand; e.g. an estate agent may want to be seen on Rightmove or Zoopla to help establish their position as a reputable supplier in the minds of prospects
- As with those only using Facebook and Google, a minority were testing out a new provider to see if it added anything to their current advertising performance. This tended to be quite opportunistic and could be in response to a special offer or contact by a provider.

Amongst non-media agencies, one of Facebook or Google was always seen as a main provider and was dominant in terms of spend and activity with the other providers used in support. This, in-large part, was driven by whether display or search was seen as most relevant to their business overall. It was driven by perceptions that Facebook and/or Google were more effective (including their reach) and better value than other providers.

Whether the behaviour was planned or unplanned varied: often those that were using other providers to reach different audiences were doing so based on their company's product mix and/or objectives – so were taking a more planned approach. Those where the reason was more to do with legacy or habit, or who were trying something new were more likely to be unplanned or organic.

It is worth pointing out that many respondents were not undertaking systematic or detailed research when deciding which providers to use.

Those who were multi-homing using providers as well as Facebook and/or Google as a result of legacy/habit were slightly more likely to:

- Be micros and smaller SMEs
- Be spending less on advertising
- Be less tech savvy
- Be older companies (sometimes)

Those using to reach wider audiences were slightly more likely to:

- Be larger
- Be spending more on advertising
- Be more tech savvy
- Be using marketing consultancies/agencies
- Be media agencies

4.4 Digital providers used when multi-homing

Respondents mentioned a number of providers that they used when multi homing. It should be noted that this list is not definitive given that this was a qualitative project, however, examination of the reasons for choosing these providers can shed light on the reasons for multi-homing.

Bing

Where Bing was used, it tended to be used (or considered) by respondents who were also using Google for search advertising. The objective was to reach a wider audience than was possible using their main provider, specifically older, less tech savvy potential customers.

Bing was therefore felt to be better for certain audiences than Google. It was also seen as cheaper.

However, Bing was also seen as having fewer users, so even though the mix of users was weighted more towards older people, Google would have more of them in absolute terms. It also didn't have the breadth of coverage that Google had (in terms of the overall demographics of its user base) and was seen as being relatively poor value overall, based on the effort required to use it and the results achieved.

Twitter

Twitter tended to be used by those whose main provider was Facebook, though it was also being considered by some Google users. The reasons for using Twitter revolved around reach; it was felt that it had a different audience profile to Facebook and also that there were fewer advertisements on it. Therefore, the impact of any advert may be greater and have more chance of engaging prospects.

Twitter was seen as having better engagement and click-through than Facebook.

That was balanced by the fact that it was seen as very expensive, and not particularly effective for very visual products. More sophisticated respondents (e.g. in media agencies) also noted that it hadn't improved its offer in the same way that Facebook and Google had, making it less efficient/easy to use in comparison.

LinkedIn

LinkedIn was used by respondents whose main audience was B2B or who were mainly B2C but some interest in B2B. Again, the main reason for using it was to extend the reach of their advertising, specifically in regards to targeting a business audience.

The main positive was therefore that the profile of its user base was extremely relevant in comparison to Facebook. Also, respondents liked the way that paid advertising could be used to capitalise on promotional posts – enabling them to get more value out of their networking activity.

However, LinkedIn was seen as expensive, and it was also difficult to calculate ROI from activities on it.

TikTok

TikTok also tended to be used by Facebook users. The key reason for using TikTok was to target younger people, specifically under 20s. There was also a sense that TikTok was 'hot' or up and coming, so it was a valuable provider if respondents wanted to target influencers or early adopters.

The main positive, therefore, was that under 20s could be targeted effectively.

The main limitation was that TikTok wasn't really understood by most respondents, both in terms of what it was and how to advertise on it.

Industry specific websites

A small number of respondents were advertising on industry specific or specialist websites, for example Rightmove or Zoopla in the property sector. The reasons for advertising on these sites tended to be a combination of habitual behaviour (they may have been using these websites before they started using Facebook or Google), audience reach (based on the fact that visitors to these sites would be in the market for their services) and brand building (taking Rightmove as an example, an estate agent may feel that their brand had to be seen on a key industry portal).

The positives therefore revolved around reach and extending or reinforcing brand awareness.

However, they generally didn't have the reach of the main providers (unless targeting a very specific audience) or didn't represent great value for money.

"[clutch.co.uk] It's a specialist B2B website that works in the same way as Trust Pilot... We use it to promote our services through positive word of mouth" Media Agency, 10-49 employees, Very high savviness.

"We use Google and Bing. Google gives you the market, but Bing is cheaper and you can target a specific kind of consumer. They're typically an older and less internet savvy consumer – for example, they've probably bought a laptop and haven't had the wherewithal to change their browser"

Media Agency, 10-49 employees, Very high savviness

"I mean Old Town Road blew up on TikTok out of nothing... and that's been the bestselling song over the past few years"

Music producer/artist, 1-9 employees, Low savviness

4.5 Use of sub-brands

By our definition, use of master brands and sub-brands (such as Instagram or YouTube) is classified as single-homing. However, many of the motivations for using sub-brands were similar to multi-homing, especially reaching different audiences and needing to both sell and brand build. For example, YouTube was felt to be better for brand building than Google, and Instagram better at connecting with a youth audience than Facebook.

The respondents using sub-brands generally saw them as a very beneficial element of the main brand offer; effectively they could, for example, target a different audience on a different provider without having to learn a new system and therefore wasting time and money. In this sense, the presence of sub-brands was actually seen as helping time poor respondents to advertise more effectively. This was mentioned specifically as a positive in regards to the inclusion of Instagram within the Facebook offer.

A small number of respondents were less positive and felt that advertising on sub-brands was a distraction, and would dilute their spend on the master brand. Specifically, some felt that including Instagram as a 'default' when designing campaigns may not be in the best interests of the respondent as it could dilute the spend between Facebook and Instagram.

Case study 4: Chiropractor

- Size: sole trader
- Sector: Health and fitness
- Tech savviness: Medium

This respondent was a planned multi-homer who used search on Google to drive direct sales, supported by display on Facebook for brand building.

Specific points of interest	Where they advertise & why	Facebook	Google
<p>Opened relatively recently – a successful business now considering whether to hire someone.</p> <p>They were keen on outsourcing in general. Google was initially recommended by his 'social media people'.</p> <p>After using trial and error for a while he decided to outsource set-up (key words) and reporting.</p> <p>Still gets involved looking at reports and may tweak campaigns.</p> <p>Google has been very successful in driving new business for him.</p>	<p>Focused on Google to get new business</p> <ul style="list-style-type: none"> • Used a combination of carefully chosen key words (back pain, etc) and a tight radius (8 miles) to ensure successful bidding/placement. • Recently increased spend to get more sales – and now gets 35 new customers a month through Google <p>Facebook used for brand building</p> <ul style="list-style-type: none"> • Trying to get more followers to generate WOM for business • Used videos to promote brand 	<p>Likes</p> <ul style="list-style-type: none"> • Easy to set-up and amend campaigns • Report is useful – provides lots of information <p>Dislikes</p> <ul style="list-style-type: none"> • Less easy to calculate ROI 	<p>Likes</p> <ul style="list-style-type: none"> • Cost effective • ROI easy to calculate (via third party) • Accurate targeting via search terms • Comprehensive analytics • Google feels professional • Google called him every 3 months to see how things were going <p>Dislikes</p> <ul style="list-style-type: none"> • Biggest issues - can be outbid by others • Trial and error at beginning • Initially couldn't calculate ROI – so got third party to write something for him

“Google does have a ‘monopoly’ so you get loads of people and I get good value for money... better than 25% of the market in four different places”

“Value for money? Definitely. £300 [revenue] for each new patient and per click is £3.30 maximum”

4.6 Other digital approaches used

Other than display or search advertising, a small number of other digital marketing activities were mentioned.

Boosting posts

This was seen as a useful adjunct to the Facebook display offer. It was easy to use and relatively cost effective. Respondents were able to publish promotional posts and then review initial user responses; if they seemed positive then they could invest in getting the post seen by more people.

This was seen as most useful for improving reach and/or driving engagement.

Posting content on social media

When described it was clear that respondents were generally describing 'free' promotional activity conducted on social media; such as blogging, tweeting and so on. However, they often saw it as 'advertising' and considered it as part of their marketing activity. On the positive side, it was free and could help to get followers and engage with current followers. Respondents could also choose which social media to use depending on the message they wanted to communicate. The main drawbacks were lack of control over who would see it and the time taken to do it.

4.7 Use of third parties to help with digital advertising

A number of respondents paid marketing agencies/consultants to help with their digital advertising.

Marketing agencies/consultants were used for four main, often connected, reasons:

- Lack of time to set-up or manage campaigns was a key driver for some respondents; given their other duties some stated that they simply didn't have time to get involved in the day to day management of their advertising. It was likely that some of these respondents also didn't want to get involved either.
- Linked to lack of time was the fact that many respondents believed they lacked the confidence or skills to set-up or manage their advertising. This could either be in relation to the whole process of digital advertising or specific tasks, including:
 - Creating campaigns
 - Campaign management
 - Understanding ROI (including creation of reports and analysis)
- Some respondents simply took the decision that, even though they may have had an adequate level of knowledge, they wanted to get 'proper' expertise (these respondents tended to be more disposed to outsource generally) – in this the respondent believed that a specialist third party would be more effective / achieve a higher ROI than they would themselves
- Finally, some third parties were used to obtain services that were not provided by Facebook or Google; examples of this included management of a number of providers on different platforms (to get a more cost effective, tailored approach), or reports that linked advertising stats with the respondent's website analytics and/or sales data.

Those using third parties tended to:

- Be least knowledgeable about advertising and/or least tech savvy
- Have taken a decision to focus on other elements of the business
- Be very time poor
- Have more complex/larger businesses with larger budgets

Attitudes to third parties

Amongst non-users, the smaller, less sophisticated respondents had not really considered third parties. Some non-users had considered using third parties but decided against it as they believed it slowed down their decision making (e.g. if they wanted to change the key words used in a search ad they would have to go through the third party to do so) and/or they would lose control of their advertising.

Most of those using third parties were happy to do so. They often saw it as sensibly outsourcing a part of their business that they simply weren't skilled in, in the same way that they may outsource management of their social media activity or their accounts or payroll.

However, some did resent having to use third parties, especially for services such as campaign management and reporting. Sometimes they felt that they should be able to accomplish these activities on their own but were unable to because of how the systems were set up, e.g. the default reporting didn't provide them with the information needed to judge ROI effectively. Also, some felt that Facebook and Google should give them more help with certain elements of ad or post creation, e.g. a respondent stated that he had learnt that the word 'free' should be avoided in posts, but that Facebook didn't tell them this.

Third party services used

Third parties were being used for a variety of services including

- Advertising/post design: this was seen as similar to offline ad design, in that a designer may put an advertisement together, then the respondent would decide where and how to use it. For some it was therefore quite acceptable that a third party would help in this area. Specific elements included:
 - Templates
 - Visuals
 - Copy writing
 - Wording (e.g. which words work best, which should be avoided)
- 'Strategic' advice: some respondents were unsure how best to advertise so needed advice on how to go about it. Specific elements included:
 - Where and how to advertise
 - Multi-homing
- Campaign management: respondents using third parties for this option tended to leave most of the management of their advertising to a third party. It included:
 - Setting-up campaigns
 - Managing campaigns (tweaking, monitoring)
- Reporting: a number of respondents used third parties specifically to help them understand the effectiveness of their advertising. This tended to be because they either couldn't get the information from their main provider – or they couldn't understand it. In some cases, the third parties would design a report that merged different data sources to help calculate ROI. Specific elements included:
 - Tailored reports to help decision maker understand ROI better
 - Linking data from providers to sales/website traffic data

Two respondents were using third parties for campaign management, and a further 4-5 were using for other services.

4.8 Spend awareness

Respondents' awareness of what they were spending on their digital advertising varied depending on the aspect of the advertising being considered.

Almost all respondents seemed to be aware of their overall monthly spend. This was the case for both display and search, and tended to be based on the monthly budget they had set themselves. During the course of the month they may decide to go over this budget, for example if sales were going well, but even so they tended to know what they were spending.

However, in some cases there were complaints that Google 'overspent' their budget (which could be the result of a misunderstood setting or default). Therefore, these respondents may not be aware of their actual spend until informed by Google.

There was more varied awareness, and certainty, in regard to the amount they were bidding for their advertising. Some respondents did know their bids in detail (e.g. referring to 18p to 28p a click depending on parameters). Others tended to talk in terms of the results, rather than the actual prices they were bidding (e.g. £100 for 35,000 interested customers).

A small number had no real understanding or awareness of how bidding worked, or what they themselves were bidding, these tended to be smaller companies and/or respondents with very low or low savviness.

4.9 Use of automated bidding strategies

There were also variable levels of both knowledge and usage of automated bidding strategies.

Many respondents appeared to be unaware that automated bidding strategies existed and were managing their bidding strategy themselves.

A small number had specifically sought out the auto-bidding functionality and started using it. These respondents were generally happy with the results; they felt that the service improved the overall effectiveness of their advertising, both in terms of effectiveness and value for money. They tended to be from larger SMEs/large companies and/or have high/very high tech savviness.

"You might as well 'let Google do its thing'... Giving Google the reigns and saying get as many sales as you can for this budget"

0-10 employees, Retail, High savviness

From their comments it also appeared that a small number of respondents may have accidentally signed-up or signed-up without fully understanding what the automated bidding did, e.g. the respondents who complained that Google overspent their budget **may** have been reacting to the result of an automated bidding strategy that they had imperfectly understood. These respondents tended to be from SMEs, with low or medium savviness.

Case study 5: Manufacturing Sector

- Size: 10-49 employees
- Sector: Manufacturing
- Tech savviness: High

This business used search ads on Google to drive traffic to their website, capture details and then follow up with their sales team.

Specific points of interest	Where they advertise & why	Google
<p>A UK based business, but manufactured outside of UK. Old-fashioned industry, but hired a young digital native to do their marketing.</p> <p>Spent approximately £300 per month on Google only.</p> <p>The main goals were to drive traffic to the website and used this to create leads for their sales team.</p>	<ul style="list-style-type: none"> • Used offline advertising in the country where it had a factory, near the location of the factory, but none in the UK • LinkedIn also big for them, as all B2B and word of mouth was very important, but no spend with LinkedIn • Facebook was not seen as 'right' for their industry – too B2C and domestic so would give wrong message • Got a lot of info out of Google analytics and used this to create sales packs for their sales team 	<p>Likes</p> <ul style="list-style-type: none"> • Detailed analytics (less good since GDPR, but good enough) • Able to calibrate keyword search and has trebled return by doing this <p>Dislikes</p> <ul style="list-style-type: none"> • Have to work out what works all on his own • Invoices go over his budgets, with Google saying this was because of successful campaigns • No account manager • Changing algorithms

“I do give Google a budget, but they never seem to stick to it – ‘the higher the invoice, the more successful the campaign’ seems to be their approach”

4.10 Return on Investment

Return on investment was a very important element of how digital advertising was assessed. This stemmed from the importance of value for money for the respondents when deciding to advertise digitally; and the fact that being able to calculate ROI was critical to understanding whether they were getting value from their advertising investment.

Overall, it should be noted that digital advertising, especially search, was seen as better for calculating ROI than offline advertising. However, there were some issues that were raised by respondents.

The issues raised in regards to ROI tended to be a combination of the actual ROI they were achieving and the mechanics of measuring it. There were issues in relation to both Facebook and Google in relation to ROI.

It was generally recognised that it was more difficult to calculate ROI for advertising that was designed to brand build, and this applied to Facebook, and display advertising in general. That said, analysis that reported impressions and website traffic did help respondents to assess the success of a campaign. However, when Facebook provided figures related to increased sales there was more scepticism; with some respondents feeling that these figures didn't match their own statistics, and inflated the actual results achieved.

This left some respondents feeling that Facebook was better value than offline advertising, but also that they weren't totally sure how cost effective it really was.

Respondents felt that ROI was much easier to calculate for Google, and search advertising in general, given that it was directly related to sales. Some were even able to do basic, manual, calculations themselves to understand the ROI they achieved. But, as with Facebook there was often felt to be an over-inflation of the success of the advertising if one relied purely on the statistics provided by Google – this tended to be highlighted when Google statistics didn't match their own.

Despite the over inflation of ROI from both providers and the difficulties calculating ROI, the main issue that users of both brands had with ROI was that it was deteriorating. A number of respondents using both brands noted that the cost effectiveness of their advertising had fallen in recent years, and this was especially the case for Google. Effectively, respondents reported, they had to spend more money to achieve the same results they were achieving 2-3 years ago. One respondent reported that a spend of £834 in 2017 had generated 601 clicks, whilst in 2019 he had to increase his spend by approximately 150% to achieve slightly fewer clicks. Respondents were worried and unhappy about this trend; at the moment they felt that Facebook and Google were still the best value, although this was being eroded as they were 'forced' to increase their spend.

Respondents also reported that neither brand was particularly helpful on this issue. Respondents did not appear to have formally complained to either brand, but had contacted them asking for explanations on why it was happening and advice on what to do about it. In terms of the explanation, respondents recounted mentions of more companies/bigger brands using the service (which drove the price up) and/or that the algorithm had changed. Some respondents accepted this, but others were more sceptical about these explanations and why that should impact their costs. In terms of what to do about it, some respondents felt that they either got no advice or that the advice given was not particularly helpful, so they were forced to go back to 'trial and error' to decide how to move forward.

ROI could be calculated over a variety of time periods. Some respondents calculated ROI on a monthly basis, others by campaign, others simply looked at it on an ad hoc basis. Monthly tended to be more frequently used by those using search advertising, although not exclusively, as a month-long cycle naturally fitted in with how they budgeted. Respondents using display advertising were more likely to look at ROI by campaign, although some did look at it on a monthly basis. Some respondents seemed to be more ad hoc in their calculation of ROI, looking at it every now and again – to check that they were getting adequate value from their spend.

5. Facebook

When making decisions concerning how and where to advertise, respondents tended first to think about whether to advertise digitally or offline. The decision to advertise on Facebook (or Google) should be seen in this context. Among our respondents, it was rarely a binary choice about whether to advertise on Facebook OR Google, but instead whether to advertise on Facebook or offline.

5.1 Initial reasons for choosing Facebook

When the decision was made to advertise on Facebook, this was usually as a result of one or more of the following reasons having an impact.

The first reason for choosing Facebook was its very high brand awareness in the marketplace. All respondents had heard of Facebook and many were users in a personal context. This high awareness meant that even among less digitally savvy respondents, Facebook was still seen as an obvious, and safe, choice – there appeared to be very little risk attached in choosing Facebook.

Linked to this, Facebook's size and expected coverage meant that respondents assumed they would be able to reach the specific groups they needed to for their particular product and service. Not only would Facebook be able to target these groups, but it could do so in larger numbers than other channels (whether online or offline). This made it suitable for both large, often demographically defined, groups, but also for very small niche, special interest groups.

"I didn't even consider anyone except Facebook. Everyone goes through Facebook. And they own Instagram, WhatsApp, Messenger"

Sole trader, Retail/Graphic design, Low savviness

Facebook was also seen as particularly appropriate, where the respondent's company objectives were highly focussed on brand building and awareness raising of the product or service on offer. This could mean Facebook was chosen when a company was seeking to remain top of mind among its target audience, or when the objective was to click through to a company's website.

Where visitors had come to a company's website via Facebook, respondents then valued Facebook's ability to retarget those visitors with subsequent campaigns. However, it should be mentioned that this was rarely a key reason for choosing Facebook *initially* but tended to be a benefit that emerged later in the relationship.

Bearing in mind the earlier point that the initial decision to use Facebook was often in comparison to offline channels, then Facebook was expected to be better value for money, largely because of a combination of its size and its ability to target, combined with a general belief that digital approaches will be cheaper (due to less manpower/greater efficiency).

Finally, respondents' personal experience with Facebook led them to believe it would be an easy platform to use, which again was an attraction when considering which advertising platform to use initially.

Case study 6: Golf Club

- Size: 10-49 employees
- Sector: Leisure
- Location: North of England
- Tech savviness: Low

This business used a combination of direct mail and Facebook to target potential customers at specific parts of the year

Specific points of interest	Where they advertise & why	Facebook
<p>Digital media spend was focussed on direct email and Facebook campaigns</p> <p>The Club spent approximately £100 per campaign with Facebook (£1,200 per year)</p> <p>The main goals were reach, targeting and ROI. Driving awareness and generating sales.</p>	<p>The Club targeted potential customers for specific events (open days) throughout the year.</p> <p>Campaign Monitor (an email marketing tool) was used to target those that had played in the past.</p> <p>This tool syncs with Facebook, so they were able to use exactly the same copy and artwork on their social media ads.</p>	<p>Likes</p> <ul style="list-style-type: none"> • Reach • Targeting • Successful ROI vs offline (e.g. lifestyle and golf magazines) <p>Dislikes</p> <ul style="list-style-type: none"> • Overlap of areas when selecting radius from the club

“I can reach interested golfers by using the key word search and I can target those within an 80 mile radius. £100 will get me around 35,000 interested golfers. This is much more effective than quarter of a page in the National Club Golfer magazine, which costs £500 and probably just gets left on the bar in most clubhouses”

“I get 10 times the return on my investment... A £100 campaign will bring in an additional £1,000s worth of revenue...”

“It’s easy to set up and it rolls over to the next year, which is really helpful”

5.2 Getting started

In general, respondents found Facebook easy to use when starting out (though many of the respondents in our sample had been using Facebook for an extended period and so were unable to recall in detail the process of starting out on the platform). What was recalled was that it had been easy to set a budget and get a basic campaign up and running.

Very few of our respondents used outside help to do this, and even fewer worked with anyone in their organisation when starting out on Facebook. This meant getting started tended to be a solo experience, and our respondents said they were happy with the onboarding, from a user experience perspective.

Most respondents seemed likely to underspend initially, this was generally because they were testing the water so they put minimal investment into a campaign, which tended to be wasted as it does not reach

enough people to generate a decent/identifiable ROI. Smaller SMEs seem more likely to underspend in this manner.

Where negative views were expressed, these were generally mentioned when the respondent viewed the initial experience with the benefit of hindsight. This meant that criticisms were expressed in terms such as “I wish I’d known x when I started...” or “I wish Facebook had helped me with y when I started...” Criticisms of this nature were expressed relatively regularly during the interviews, and tended to stem from the belief that, as a user of Facebook for advertising, you needed to ‘pay as you learn’ by creating multiple campaigns and only working out which were most effective through trial and error. Some respondents wished Facebook would provide advice at the outset regarding what works well and what does not.

Linked to this, respondents said they would have liked advice from Facebook when setting budgets at the outset, answering questions such as; are there levels below which it almost becomes pointless to spend the money? is there advice concerning where diminishing returns set in? Respondents were looking for guidance in these areas.

5.3 Ongoing usage

As users became more familiar with using Facebook, they were able to comment on a wide range of different factors associated with using Facebook – some positive and others less so.

A number of factors have already been mentioned as they are associated with reasons why Facebook was chosen initially and were then mentioned again as they were also relevant to ongoing usage of Facebook. This point covers issues such as Facebook’s user interface (UX) and the ease and speed with which a user could get a campaign up and running. Both of these factors were generally seen as positives associated with using Facebook, and this was further underlined when respondents spoke of Facebook’s default settings which it was felt made it easy to set up a campaign quickly, particularly for respondents who were less digitally savvy.

However, there was a belief among some respondents that the defaults would lead the user to choosing more expensive options than someone who knew exactly what they wanted. Linked to this, the respondents’ spoke about the bidding process as being one of the key ‘defaults’ that a user really needed to understand. Most respondents claimed they now understood the mechanics of the bidding process, having spent time getting used to it, and now they had, they were better equipped to optimise their budgets on Facebook. Confidence in the bidding process, and being able to use it optimally tended to be strongly linked to the respondent’s overall confidence in the area of digital advertising – the more confident they were, the less likely they thought they were to make a ‘wrong’ decision or the less risk they felt they were taking in departing from the default settings.

“I pick the places to put the ads [for re-targeting]. I don’t use the defaults; it tends to put them in places more beneficial to them not me”

3 employees, fashion accessories, High savviness

In the above example the respondent liked the ability to retarget, but believed that the other sites/platforms where Facebook would place the re-targeted ads (by default) were not the best sites for targeting her audience or the product she wanted to sell – but conversely, had a relatively high cost. Therefore, by choosing herself she could get a better result.

Even among the more sophisticated respondents, there was a belief that the algorithm used to underpin the bidding process was constantly changing, and this made decision making harder to do with any degree of certainty. As with other areas, respondents were looking for Facebook to offer guidance here – essentially to forewarn them, and to assist them in adapting their campaigns as the algorithm changes.

“The Facebook algorithm is totally random. It sometimes blocks my ads, as it thinks they’re spam... They then take forever to get back to me... and they don’t allow me to re-post for another week or so... They’re not regulated and their customer service is absolutely dreadful”

Music producer/artist, 1-9 employees, Low savviness

The quote above highlights a sentiment prevalent among many of our respondents, which was scepticism as to whether Facebook could be truly trusted to have the users’ best interests at heart. Among many of our respondents, there was a belief that their campaigns on Facebook could probably be more optimally bought, but that there was no way of knowing how to do that, and Facebook did not seem inclined to offer assistance.

“The way I see it, Facebook wants you to spend money. As much as possible. So they create a situation where you spend a lot and feel good about it. So you have to create your own reports...”

3 employees, fashion accessories, High savviness

Furthermore, some respondents felt that the Facebook bidding default had caused them to go over budget on occasion.

Despite this, Facebook was consistently trusted to deliver on more functional (and important) aspects of the digital advertising relationship. A key strength here was seen as Facebook’s ability to target specifically defined sample groups. Whether the user wanted to target by demographics, location, interest, similar brand preference, Facebook’s ability to offer these down to a very granular level was a key strength – and the more users interacted with Facebook, the more this benefit was valued. Respondents with an online presence also really valued Facebook’s ability to re-target visitors to the business website – this seemed to be a benefit unique to Facebook, and one which users who had the time to follow up on these audiences, found really valuable.

“It’s easy to target people with an interest in particular genres – for example, hip hop fans if I have a new hip hop release... Some of these groups have up to 100,000 people in them”

Music producer/artist, 1-9 employees, Low savviness

A further benefit that was unique to Facebook, was the additional exposure on Instagram that a user could buy within a single budget. Based on what our respondents said, it was clear whether your campaign was going to go on Facebook only, or both Facebook and Instagram – and this choice was up to the user, not Facebook. What was less clear to some was the additional benefit of Instagram; would this expose the brand/product or service to a new audience? Where the user believed it would (for example, a younger audience, or where the product would benefit from a more visual campaign), then Instagram was chosen – if the user was doubtful, then they tended to choose Facebook alone.

“I buy Facebook and Insta at the same time and they optimise automatically to ensure I’m hitting my target”

250+ employees, Travel, Very high savviness

When it came to specific content of ads, respondents were again looking for more guidance from Facebook. Some respondents mentioned that ads containing video seemed to do better than others, and while they assumed this was because of more engaging content, they did also question whether Facebook pushed these ads because they drove traffic to the site. Similarly, respondents said that certain terms like ‘free’ were not welcomed by Facebook (though not explicitly banned), yet they only found out through trial and error, rather than firm, up front advice.

As well as Facebook’s perceived guidelines, respondents mentioned that it was possible to contravene advertising standards guidelines without realising and asked for Facebook to provide assistance in ensuring this did not happen. At the moment, it did not appear that this assistance was offered, or where Facebook had published guidance this was not clear.

This last comment was part of a general belief that customer support from Facebook was very hard to access and in general not seen as proactive enough.

A small number of respondents had contacted Facebook in regards to the issues mentioned above, and there were reports that they were slow to response and not always very helpful.

5.4 Budgeting and reporting

Respondents tended to budget monthly, rather than by campaign. They found it easier to divide up their annual marketing spend into 12 chunks (sometimes equal, other times seasonal, depending on the business). Budgeting by campaign made less intuitive sense to our respondents, partly because much of the advertising they did was on a ‘trial and error’ basis, meaning that it was very difficult to budget for a campaign before knowing how successful it was going to be, or how long it may run for.

Some respondents paid close attention to their monthly budgets and adjusted bids during the month as they began to establish how well the campaign was performing. As they became more experienced, they would begin to understand when the best times to be ‘on air’ were and adjust their activity to match this.

The reporting data offered by Facebook tended to be seen as relatively simple to access and understand, but not always the data that was needed in order to work out whether a campaign was successful or not. To an extent, this was related to the nature of the advertising on Facebook, which tended to be more ‘brand-building’ and awareness raising, rather than aimed at direct sales. Data tended to be centred on impressions and website traffic. Where campaign objectives tied in to these metrics, the data was useful, but where campaign objectives were expressed in terms of increased sales, these metrics were less directly useful to users, and some respondents believed that they didn’t match their own data.

“Their numbers are inflated! We track the numbers at our end and there are some big discrepancies... There needs to be more transparency, they need to tell us how they get to their numbers!”

250+ employees, Travel, Very high savviness

5.5 Perceived value for money and ROI

When looked at in a wider context, respondents felt that their ability to estimate the value they felt they got for their Facebook advertising was more accurate than it was for offline advertising. The ability to identify and accurately size target markets, along with the hard data relating to advertisement impressions (views) and click throughs, meant that all respondents were able to have an opinion on the value for money of Facebook advertising.

“It’s cheap as chips... £100 gets me 35,000 potential customers!”

10-49 employees, Leisure, Low savviness

The opinion tended to be that the value for money was better than it would be for similar spend in the offline world, largely because the entry costs of offline advertising were higher, and their ability to target in an offline environment was worse. However, there was a view that overall costs of Facebook advertising were rising, with no discernible improvement in targeting ability or data feedback. This contributed to a general impression that value for money of Facebook was worsening relative to Facebook advertising in the recent past (last three to four years).

“You used to be able to post your ads on your own feed to reach your friends, but Facebook have stopped that now, meaning they make you spend more to reach the same number of people”

10-49 employees, marketing agency, High savviness

The specific reason for the reduction in value for money was not totally clear. Some respondents believed it was a result of more brands, and specifically larger brands who could afford to spend more, making use of digital advertising thereby driving the cost up. Others thought it was because ‘the algorithm had changed’.

In terms of working out Return on Investment (ROI) in Facebook advertising, this was seen as difficult to be sure of, as Facebook advertising was less likely to be about direct sales. Most advertisers felt sure enough that their advertising spend was providing value for money, in that it provided an incremental return on investment, which they were unlikely to have achieved any other way.

However, the two key questions which they felt less able to answer, were:

1. Could I achieve a better return on my investment in Facebook advertising, by doing something different with my campaigns/improving my targeting/timing etc?
2. Exactly how great is the return on the investment I make? I.e., for every pound I spend, what is the return to my bottom line?

For some of our respondents, knowing (or believing) that they were getting value for their investment was enough, but others would have liked to have data that allowed them to be more precise in measuring ROI.

“We don’t track this, but I know it works. I hear that some of our students found out about our course on Facebook... We get £9,000 a year in fees, per student, so the little we spend on Facebook is definitely worth it”

10-49 employees, Education, Low savviness

6. Google

As outlined at the start of section 5, the decision to advertise online was almost always taken in the belief that online was a channel better suited to their often small budgets and sometimes, small target audience than offline advertising. Whether to advertise on Google (or Facebook) was then dependent upon different reasons. Where Google was chosen, the following reasons tended to be behind that choice.

6.1 Initial reasons for choosing Google

Many reasons for choosing Google were very similar to the reasons respondents gave for choosing Facebook. There were differences, however – the key difference being Google’s search engine functionality. When deciding whether or not to use Google, advertisers were also deciding whether to deploy a ‘search’ or ‘display’ strategy (or a combination of both).

Most of our respondents who used Google, initially used it because of its search capabilities. This meant it was seen as particularly suitable for direct campaigns, to target people who were interested in a particular product or service and direct them to a place where they could buy that product or service.

“Google has high user intent – the user is looking to buy”

0-10 employees, Retail, High savviness

Google was seen as having almost complete coverage, and virtually universal brand awareness, such that any other search engine was rarely seen as adding any incremental benefit. Targeting was seen as precise for ‘search’ campaigns, as advertisers could see that if someone was searching on one of the terms they’d paid for, then the person or business searching was potentially in the market for what they were selling. However, for display campaigns on Google, targeting was not seen as quite as precise as Facebook – particularly for variables such as location.

“Google is around 90% of all searches. It’s the market!”

100-249 employees, Service sector, High savviness

For some of the respondents, mainly those working in a business to business environment, Google could be seen as more ‘appropriate’ for their target audience than Facebook, and this influenced which platform to advertise on.

Case study 7: Service Sector

- Size: 100-249 employees
- Sector: Service
- Tech savviness: High

This business used a combination of Google and direct mail to target consumers just before they moved house / business premises

Specific points of interest	Where they advertise & why	Google
<p>Digital media spend was focussed solely on Google search</p> <p>They spent approximately £2,500 per month with Google</p> <p>The main goals were targeting and conversion (asking for a quote).</p>	<p>Overall, the business targeted potential customers as they entered the relevant stage of the 'moving funnel'</p> <p>Key words and topics were used to target those using Google in particular areas of the UK</p> <p>SEO was used in combination with a targeted direct mail campaign</p> <p>NB: it was possible to purchase lists of people/businesses that were about to move house/premises</p> <p>Together, these approaches were used to drive traffic to the company website and encourage potential customers to get a quote</p>	<p>Likes</p> <ul style="list-style-type: none"> • Reach • Targeting • Successful ROI <p>Dislikes</p> <ul style="list-style-type: none"> • Their over-reliance on Google search • Feeling that Google lacked transparency <p><i>"It's the smoke and mirrors. I don't understand how other companies can appear ahead of me on the listings page when I'm buying the most relevant words"</i></p>

"I can buy my way to the top of the list. It's as simple as that"

"Google analytics can show me the outcome of every click. For example, I can see that I get 5 actions from every 10 clicks... and I don't have to spend much of my time focusing on it, once it's up and running"

"I'd say it's a necessary evil... it's not something we can walk away from as we'd lose market share"

6.2 Getting started

The actual user interface was seen by respondents as easy to use, so that they were able to practically get a campaign up and running relatively quickly and easily.

However, respondents did say they found it difficult to know which search terms to use – specifically which terms to select for their campaigns in order to maximise their budgets. Choose search terms that were too general, and the user risked using up a lot of their budget without really targeting those interested in their product or service, while if they were too specific, they could potentially miss out on some who were interested.

“We’re a cleaning company, so paying for Google is less successful for us. We pay for keywords, but ‘cleaning’ or ‘carpet cleaning’ are very common, so it’s expensive” –

50-99 employees, cleaning company, Low savviness

As with Facebook, in the absence of any assistance from Google, users had to adopt a trial and error strategy – though with Google, respondents felt they had to spend more time to experiment with different strategies, than was the case with Facebook. There was a general perception that the cost of entry for Google was higher, though you could spend very small amounts, the received wisdom was that with Google this really was not worth doing. For some very small businesses, this precluded them from trying Google, while others found out that spending very small amounts did not yield much return, only when they trialled it themselves.

6.3 Ongoing usage

As covered in the previous section, the user interface for Google was generally seen as easy to use, even for first-time users, and also easy to make adjustments to once a campaign was up and running.

“I can make changes ‘on the fly’, it only takes me a couple of minutes”

100-249 employees, Service sector, High savviness

However, this benefit of the Google interface was overshadowed for many users due to the uncertainty they felt about how exactly to optimise their campaign. Most respondents wanted more guidance as to how to optimise their spend, how to select the right search terms, the opportunity to test different campaigns without using up significant proportions of their budget.

This uncertainty for users undermined what was seen as one of Google’s key benefits – targeting via keyword search. Businesses that had bigger budgets and/or users who were more experienced were able to get through the initial experimentation phase, and tended to then be happy with the benefits that accrued to them from a well-judged search campaign. The ability to make adjustments on an ongoing basis was also appreciated.

“I can be smart and target consumers when they’re entering the right part of the ‘moving’ funnel, by choosing the most appropriate key words”

100-249 employees, Service sector, High savviness

Another key benefit, which respondents mentioned in relation to Google more frequently than they did for Facebook, was the analytics they had access to once their campaigns were live. Google analytics were generally seen as clear and comprehensive, and fitted particularly well with the types of campaigns that tended to be placed on Google, which were often direct sales focussed.

“Main benefit of Google is the analytics – being able to see when, company size, job title, keyword etc allows me to work out value for money”

11-49 employees, manufacturing, High savviness

Where respondents were using display advertising on Google, it tended to be supplementary to a search-based campaign. It was unusual to find respondents choosing Google for display ads only, as it was not seen as the best platform for this form of advertising. Google’s ability to target audiences for display ads was seen as better than offline advertising, but not as precise as Facebook. Therefore, the decision to use Google for display ads came down to the audience or how well the respondent felt display ads would work in conjunction with search-based campaigns. For example, if the respondent felt that Facebook was not the right environment for their product or service, then Google was a good option for them.

When display ads were chosen on Google, then respondents faced some of the same issues that they faced when advertising on Facebook. That is to say that they had to decide upon and create their own content, which was not always something they were confident in executing as well as it could be done. As with Facebook, there was an awareness among some respondents that video content was preferred by Google, and had greater potential for engagement. A small number of respondents (tended to be larger businesses) knew of the link between YouTube and Google, and were comfortable creating video content on YouTube, to be used for Google display ads – but this link was not widely exploited by our respondents.

Related to the above most of the respondents interviewed seemed to reject inclusion of Google search partners or display network when setting the parameters for their campaigns. Most stated that they wanted to advertise on Google as this was a ‘better brand’ than the others included in the network.

As we saw among users of Facebook, users of Google also sometimes had a sense of ‘the algorithm’ underpinning how the advertising is bought and sold, changing frequently. This meant that respondents could sometimes feel uncertain how far their budgets would go – especially if they set budgets annually, but could see the algorithm changing more frequently than that. That said, some were happy to let Google’s auto bidding process take over, and were of the opinion that they had benefited from this aspect of Google’s service.

“Auto bidding has provided a better return, which has surprised me. I set my upper limits for specific words, then Google optimise it for the maximum number of conversions. It increased my spend on mobile, it works!”

100-249 employees, Service sector, High savviness

Despite this positive view of auto-bidding among some respondents, perceptions of Google did suffer more widely from the impression that it was more aggressively sales-focussed than respondents would have liked. A number of respondents felt that attempts to access customer support offered by Google tended to result in the user feeling that Google was trying to persuade them to spend more on their campaigns.

“I’d say they’re sales people disguised as advisors”.

Media Agency, 10-49 employees, Very high savviness

“They should provide guidance on how to improve an organic rating, but they don’t... they just want their customers to pay big in order to get to the top”

100-249 employees, Service sector, High savviness

This perception undermined trust in Google to have the best interests of its users at heart. This perception was further undermined by actual price rises in recent times, when users felt the service was essentially the same.

A small number of respondents had contacted Google in regards to the issues mentioned above; many reported that the response was not particularly useful, especially in regards to the cost increases recently experienced (see below).

One final benefit which was mentioned by a small number of users related to Google reviews, which it was felt was an additional benefit for which they were not charged, and which multiplied the reach of your advertising via word of mouth online.

6.4 Budgeting and reporting

Overall, those using Google tended to set aside larger budgets for campaigns on Google than those using solely Facebook did. As with Facebook, budgets tended to be set monthly, rather than by campaign. This works particularly well for search-based campaigns, where in effect the decision is simply how long to persevere with a strategy based around particular search terms (rather than making changes to creative content, which is needed for display ads).

During the month, there seem to be two types of behaviour:

1. Some respondents said they would set a budget and then once that ceiling was hit within the month, they would stop advertising until the next month. These respondents tended to be in the minority, as it meant being 'off air' for a period which they did not like to do
2. Other respondents adjusted their 'bids' if it looked like they were heading for an overspend to ensure their budgets lasted the full month – in some cases, respondents would deliberately spend over the initial budget if they felt the campaign could justify the additional spend

A small number of respondents said they felt that they did not have sufficient control of the budgeting within Google, and that at times they overspent unwillingly. It is possible that these respondents in fact had selected automated bidding, or were unaware of the defaults applicable to their campaign. Nevertheless, the belief among these respondents was that Google was somehow 'overspending' their budgets. This perception was compounded by the contact they did have with Google which did tend to come across as very sales driven.

"I do give Google a budget, but they never seem to stick to it – 'the higher the invoice, the more successful the campaign' seems to be their approach"

11-49 employees, manufacturing, High savviness

"We've had surprises from Google with overspends – feels like we've had to pay to test different ads, which is annoying"

0-10 employees, IT, High savviness

The reporting side of Google was felt to be reasonably strong, with Google analytics cited by some respondents as being easy to interpret and access. This was particularly mentioned in relation to search campaigns, where engagement was measured via click throughs as well as the type of visitor to the respondent company's website.

There was some discontent over the transparency behind the numbers, and whether they were truly accurate, but this was not a widely held view.

“Reporting is a real issue. Again, the numbers are inflated compared to what we’re seeing on our site”

250+ employees, Travel, Very high savviness

6.5 Perceived value for money and ROI

Google’s higher cost of entry means that in some respects it has to work harder to be seen as offering value for money. This was compounded by a view that cost to advertise with Google had been rising quite sharply since 2018. Despite this, as with Facebook, where respondents compared the cost of Google with advertising offline, they tended to feel that Google offered good value for money. It was when they compared Google to what they used to pay for Google, that they expressed reservations as to whether it offered the same degree of value as it used to.

“Main benefit of Google is the analytics – being able to see when, company size, job title, keyword etc allows me to work out value for money”

11-49 employees, manufacturing, High savviness

The quotation above illustrates how important Google analytics are to the ability of users to be able to estimate the value for money of using Google, and in turn the return on their investment. As Google tended to be used more for activities aimed at driving immediate sales, respondents found it easier to measure return on investment, than was the case for Facebook. One respondent spoke of expecting a ten-fold return on every pound spent on Google, and because they could measure sales vs. click throughs, they were able to make this calculation.

As with value for money, perceptions about return on investment were moving in a negative direction. One business stated that costs had increased from 18p per click to 28p per click in 2 years, and that this rate of increase was concerning.

The specific reason for the reduction in value for money was not totally clear. Some respondents believed it was a result of more brands, and specifically larger brands who could afford to spend more, making use of digital advertising thereby driving the cost up. Others thought it was because ‘the algorithm had changed’.

For some respondents, this did begin to raise questions about their ability to take their business elsewhere if costs continued to increase at such a rate. There was a tacit admission among many Google advertisers in the research, that they *had* to be on Google – there was no other search engine with such a reach and ability to target specific groups. This was seen as beneficial in some ways – it took away the decision about where to advertise – but did leave the businesses exposed to further price rises and fostered a feeling of growing resentment.

“I don’t think there is choice in the marketplace, but as a marketer, it’s actually easier for me knowing there’s only one place to advertise and I have to be on it”

11-49 employees, manufacturing, High savviness

“Over the last few years costs have increased for the same return... This is really annoying for a business”

11-49 employees, retail/wholesale, Medium savviness

Case study 8: Garage and storage business

- Size: 25 employees
- Sector: Services
- Tech savviness: Medium

This respondent relied on Google to generate new business sales for two very different business models – but was becoming increasingly resentful about perceived cost increases

Specific points of interest	Where they advertise & why	Google
<p>The respondent was the general manager of two businesses, responsible for all aspects of day to day running.</p> <p>90% of his advertising was online.</p> <p>The businesses had different sales models;</p> <ul style="list-style-type: none"> • Garage: lots of repeat business, but low revenue per sale • Storage: less repeat business but higher revenue per sale <p>However, he used Google for both businesses to drive sales – but with different key words and other parameters.</p>	<p>Focuses on Google to achieve goal of getting new business.</p> <p>Google could effectively target both his disparate audiences</p> <ul style="list-style-type: none"> ○ 1% use storage ○ 80% use garages for MOTs <ul style="list-style-type: none"> • Primarily targeted with different key words <ul style="list-style-type: none"> ○ Changes location/radius ○ Targets those using mobile • He didn't want to use other providers as Google gave him what he needed – however he had big concerns about significant cost increases 	<p>Likes</p> <ul style="list-style-type: none"> • Ability to target based on the breakdown provided • Analytics • Flexibility • Easy to use • Reach • Good customer service <p>Dislikes</p> <ul style="list-style-type: none"> • Rising costs are a major issue • ROI getting worse • Having to spend more for same result

The respondent shared their records of how much they had spent on Google for both businesses over the last few years. We cannot share these records in detail because of data protection issues. However, we can note the following:

- For the storage business, in 2017 roughly £850 delivered 601 clicks. In 2019, the cost of getting a similar number of clicks had risen by approximately 250%
- For the garage business, in 2015 roughly £3,200 had generated 3,200 clicks. In 2019 a similar spend had generated approximately 55% of the clicks.

“Google is the most time efficient way of doing it, you'll get 70% of all relevant searches. All the others are more here and there. More piecemeal”

“Over the last few years costs have increased for the same return... This is really annoying for a business”

7. Future plans

Most respondents showed little inclination to change their digital advertising approach significantly, even taking into account the deterioration in ROI they had experienced over recent years.

There was also little evidence of frequent switching of digital advertising providers in the past; once they'd learnt a system and were getting reasonable results, respondents seemed to have little inclination to spend time and money learning another. Therefore, the market seemed relatively static.

Most respondents stated simply that they were very likely to continue using their current advertising providers; given that the advertisements were working reasonably well they had little impetus to change unless the cost of advertising with Facebook or Google became untenable. Therefore, despite concerns about decrease in VFM and having to invest time to keep-up with changing algorithms, most were unlikely to move away from their current providers for the majority of their spend.

The most likely use of new providers would be to access certain audiences, such as youth, more effectively. Even here, the repertoire of sub-brands on offer may make it unlikely that many respondents would do more than trial some intra-brand multi-homing.

Overall, respondents felt that Facebook and Google were therefore extremely likely to be used for the foreseeable future as they still saw them as the most cost-effective options. However, if ROI continues to fall resentment may continue to grow which could to reduction in spend and a build-up in resentment towards the brands.

"You feel 'locked in' to Facebook, but there are no alternatives. I looked at Pinterest but it's expensive and I got no results"

3 employees, fashion accessories, High savviness

"I don't think there is choice in the marketplace, but as a marketer, it's actually easier for me knowing there's only one place to advertise and I have to be on it"

23 employees, manufacturing, High savviness

"You don't have much choice but to use Google. No one uses Bing or Yahoo"

4 employees, music entertainment, Medium savviness

8. Conclusions

This section seeks to draw conclusions for each of the CMA's research objectives in turn. Please do note that this is a qualitative report, therefore any comments in regards to profiles or usage should be seen as indicative only.

1. Which suppliers the advertiser used, broken down between:

- a. *The use of online and offline suppliers for advertising*
- b. *The use of search and display advertising*
- c. *Specific lists of digital advertising suppliers*

Most respondents were primarily using online advertising rather than offline. Given that the research was deliberately conducted users of Facebook and Google it was not surprising that amongst our sample digital advertising was dominated by the aforementioned brands. Offline was used for specific activities (such as targeting a local area) or simply through habit. Most respondents had a preference for either search or display, depending on their objectives and/or sophistication, and therefore used Google or Facebook respectively. Other online advertising providers were used very little by respondents.

2. How behaviour varied between advertisers who spent different amounts and between advertisers of different characteristics. In particular, the CMA were interested in:

- a. *Customer multi-homing behaviour, understanding if advertisers who buy from Google or Facebook also buy from other providers and how their budget is allocated between them*
- b. *Customer switching behaviour*

There were noticeable differences in terms of claimed advertising behaviour. Smaller, less sophisticated, less tech-savvy respondents were much more likely to be single-homing with Facebook or Google, rarely switching provider and relying on default settings.

Many respondents were also multi-homing using Facebook and Google only – this was driven mainly by the need for both display and search advertising.

Some respondents were multi-homing using providers as well as Facebook and/or Google. The reasons for this behaviour tended to be based on reaching a different audience to their main provider (i.e. Facebook and/or Google) and to a lesser extent habit or legacy and wanting to keep a presence on an industry specific website or platform.

Amongst respondents who were multi-homing using providers as well as Facebook and/or Google, the majority of the budget was allocated to Facebook and/or Google.

The characteristics of respondents who were multi-homing with provider as well as Facebook and/or Google seemed to differ based on their reasons for doing it. Those who were doing it to reach a different audience tended to be larger, spending more on advertising, more tech savvy and using marketing consultancies/agencies. Those doing it for legacy/habit reasons tended to be micros and smaller SMEs, spending less on advertising, less tech savvy and (sometimes) older companies.

Customer switching behaviour was relatively rare; once a time poor decision maker had found a 'good enough' service they often simply stuck with it.

3. Views on how important different aspects of the service were when deciding which digital platform to advertise on.

When deciding which platform to advertise on, the initial comparison was most often made vs offline advertising, therefore reasons for choosing Facebook and Google were quite seem similar. The six main reasons for choosing which platform to use were:

- Awareness and reputation
- Coverage (reach) and ability to target audiences of interest
- Meeting company objectives (generally brand building/longer term sales for Facebook/display and direct/immediate sales for Google/search)
- Ease of use
- Value for money/ability to calculate ROI
- Sub-brand/retargeting availability

4. Information on the extent to which advertisers were able to make well-informed decisions when buying advertising media.

Respondents had to make considerable use of trial and error when starting out with both Facebook and Google. Many therefore ended-up as relatively well informed but had to invest considerable time and money to do so. Some respondents also felt they had to make decisions using ‘trial and error’ after starting out, as they learnt to adapt to changing algorithms. Respondents tended to resent the fact that they’ve had to do this – and wanted more guidance from their provider both on getting started and ongoing usage.

Specific questions:

a. How advertisers interacted with the user interface, including engagement with default settings

Most respondents found the user interfaces relatively easy to use; they were seen as quick and flexible in terms of setting up and managing campaigns. Default settings tended to be used by the least sophisticated – but were sometimes seen as more beneficial to the provider than the advertiser by many, and therefore not always used. That said, there was some evidence of lack of understanding of some elements and underutilisation of potentially useful features

b. The availability of information needed to make purchasing decisions and the ability of advertisers to use this information

Even once they were familiar with different systems respondents sometimes complained that they had to spend too much time keeping up with changes to ‘the algorithm’. Respondents had to find this information themselves; by a combination of trial and error, research (reading/watching articles), or using third parties. Again, many respondents felt strongly that Facebook and Google should do more to help on this issue.

c. Advertisers’ understanding of the value and price of the advertising they bought and its impact

Importantly, both Facebook and Google were seen as being much better value for money and considerably easier to assess ROI than offline alternatives. However, there were issues in regards to both brands; Google was seen as better for calculating ROI (in part because of Search approach) than Facebook, but was also seen by some respondents as deliberately overspending their monthly budget. Also, both Facebook and Google are seen as having defaults that were expensive and/or not suited to respondent needs and reporting they often need tweaking or a third party to interpret properly.

Despite this, all respondents felt that their providers currently offered good value for money.

However, an increasing concern for many was the increase in the 'cost' of advertising on both Facebook and especially Google over recent years. A number of respondents reported that they now needed to spend more money to get the same results (e.g. clicks, impressions, etc) than they had in the past. This caused some resentment, especially as neither Facebook or Google were seen to be helping them on this issue.

That said, respondents either felt there was little alternative to Facebook and Google and/or didn't want to use another provider, so stated that they would continue to advertise with them and either spend more or spend the same for lower return.

d. Use of media agencies and technology tools to assist in their purchasing decisions

Some respondents were using third parties such as marketing agencies or consultants for a variety of tasks. Few stated that they were using tools – however there was some evidence that a small number were making effective use of automated bidding strategies.

9. Appendix – The discussion guide

Digital Advertising Services

Main stage qualitative

Version 3

Moderator introduction (5 minutes)

- Introduce research
 - Explain confidentiality/MRS code-of-conduct/GDPR
 - Objectives: we're working for the CMA who are exploring people's experiences with online advertising services
 - Reassure on confidentiality and explain that they will remain anonymous
 - No right/ wrong answers, just interested in their experience / views
 - Explain recording
 - Length of discussion (45-60 minutes)

Background (5 mins)

- Respondent introduction
- Name
- Job title and areas of responsibility
- Company sector, size, location
 - Who are their customers? (consumers, B2B, etc)

Advertising and marketing (15-20 mins)

- Please tell me about how you advertise your business
 - Allow to give a summary first of all (including digital and offline)
 - Then direct them to tell us about their 'digital'/online advertising
 - Probe on who they use and what 'type' of advertising (e.g. display or search), explore the history of this e.g. when did they start using digital advertising (if in post at the time), why and how this has evolved over time.
 - Probe on when started advertising with Google/Facebook. What was the driver for this? Has the way in which they advertise with the platforms changed over time?
 - Listen for the terminology they use – probe their meaning to ensure we know exactly what they're talking about
- Thinking about your digital advertising (that is, any advertising on the internet, social media, etc) where did you advertise in the last 12 months?
- For each provider mentioned probe:
 - Whether it was Search or Display (or get them to describe it if they're not sure of terminology)
 - If necessary, clarify that Display includes both video and social – if respondent is unsure, ask them to describe it
- Probe for:
 - [Search]

- Bing
- Google
- Yahoo Search
- Ecosia
- DuckDuckGo
- Microsoft Advertising (NB – this site is used to buy advertisements that can be shown on Bing, Yahoo and MSN)
- Any other sites where you pay for advertising to be shown if someone types in a specific term in a search?
- Listen and probe for intermediaries/tools, including but not limited to:
 - Adobe
 - SA360 (owned by Google)
 - Kenshoo
 - Marin
- [Display]
- Amazon – if mentioned ask to clarify if display or sponsored links
- Facebook
- Google
- Instagram
- LinkedIn
- Pinterest
- Snapchat
- TikTok
- Any other sites where you pay for advertising to be ‘displayed on the page, rather than shown in response to a search term?’
- Listen and probe for platforms (used to buy advertising indirectly across multiple websites – often including news media), including but not limited to:
 - Google / DV360, Doubleclick (Google bought Doubleclick)
 - The Trade Desk
 - Amazon
 - Criteo
- What are the differences between the type of advertising that’s possible on these sites?
 - How would you describe it? (probe around ‘search’ and ‘display’)
- [Ask to non-media agencies only] Do you use a media agency, marketing consultant or other third party to purchase your online advertising?
 - Why do you use them?
 - Probe for:
 - Lack of time
 - Lack of knowledge
 - Buying power
 - What do they do for you?

- Who do you use?
- If use any intermediaries/tools (search) or platforms (display) from above questions, ask:
 - Why?
 - What do you use them for?
 - What are the benefits and drawbacks of using this tool?
 - Who do you see as the provider? (the tool or the site where the ads are placed?)
- For each mentioned (must cover Facebook and Google – and up to 3-4 others)
- Why did you choose to advertise on [name]?
- What was the main reason?
- Probe for:
 - Able to reach lots of people
 - Good return on investment
 - Able to measure return on investment
 - Price / value for money
 - Easy to do overall
 - Ease of using interface
 - Ability to target specific customers (how? By search? Location? Other?)
 - Advised by third party
- What was the ultimate goal?
 - Selling more products/services
 - Building your brand
 - Getting people to your website/Facebook page, etc
 - Getting people into your shop
 - Other?
- Did you have a specific return on investment or another financial target in mind?
- If only used Google or Facebook
 - Why did you only use Google/Facebook?
 - Did you consider any others?
- If only used Google for Search and only used Facebook for Display, ask
 - Why did you use these two providers only?
- If they used more than one brand (other than FB and Google)?
 - Why did you use more than one brand?
 - Probe fully
 - If not answered above: if they use more than one display or switch brand;
 - Why do you use more than one provider for display/switch?
 - What do you gain by doing this?
- If they used both display and search
 - Why did you use both display and search?
 - Probe fully

- Approximately how much did you spend on [start with either Facebook or Google then continue for the other brands used] over the last 12 months?
 - If unsure probe to obtain an approximate figure
- Did you have a set budget set aside in advance for this advertising?
- Did you advertise or market offline at all? (by offline we mean local newspapers, cinema, leaflets, posters, etc)
 - What did you do?
 - For each mentioned,
 - Why did you choose to advertise/market here?
 - Approximately how much did you spend on it?
- Is online spend independent of offline spend? (e.g. are they from separate budgets or if you spend more online does it take away from what you can spend elsewhere?)
- Why did you advertise using both online and offline approaches?
 - What does one give you that the other doesn't?

Focus on Google and Facebook (20-25 mins)

- For each of Google and Facebook ask the following:
- Overall, what did you like and/or what worked well using [brand]?
- What worked less well? What was frustrating?
- Probe around the following and explore with further questions below:
 - Pricing issues (see below)
 - Ease of use
 - Ease of understanding terminology
 - Ease of understanding return on investment
- Ease of use (engagement with settings and defaults)
 - How easy did you find using [brand's] interface?
 - Probe around what worked well vs what could be improved
 - For each brand
 - Did you use the default settings? What did you change?
 - For reference: there are two specific defaults to probe on in detail, copy from site is included below for reference:
 - **Include Google search partners:** Ads can appear near Google Search results and other Google sites when people search for terms that are relevant to your keywords. Google search partners are sites in the Search Network that partner with Google to show ads on their search results. To help you get a similar cost per conversion as you get on the Search network, some clicks on the Search partner network may cost more or less than your Google Search Max. CPC bid. Search partner performance won't impact your Search Quality Score
 - **Include Google display network:** Expand your reach by showing ads to relevant customers as they browse sites, videos, and apps across the Internet. The Display Network is a collection of more than 2 million websites, videos, and apps. When you choose this option, your campaign will also run on the Display Network with no additional set-up. Your ads will appear only when they're predicted to be effective and you aren't using all your budget on Search. Display performance won't impact your Search Quality Score.

- For each of above and overall ask:
- Was it clear what you were doing? i.e. did you know what the impact would be if you changed or didn't change something?
 - How easy was this to understand?
- What would you do differently next time?
 - How confident are you that the default settings were right for you?
- More specific prompts on buying search advertising (Google)
 - How easy was it to choose the objectives for your campaign and what to target (e.g. impressions, conversions, clicks, sales)?
 - How did you choose which keywords to bid on? How far was keyword selection suggested by Google? How did you modify what Google suggested?
 - What matching options did you choose (Broad match, Phrase match, Exact Match)?
 - Did you set maximum bids directly or use the automated bidding?
 - Did you experiment or modify your approach after seeing some results?
- More specific prompts on buying display / social advertising (Facebook)
 - How easy was it to choose the objectives for your campaign and what to target (e.g. impressions, conversions, clicks, sales)?
 - How important was selecting a specific audience? How did you decide which audiences to target? Was this easy to select?
 - Did you experiment or modify your approach after seeing some results?
- Campaign pricing
 - Did you set a budget before starting your last campaign with [brand]?
 - What was it?
 - How easy was it to manage?
 - Did you over or under spend?
- General digital advertising pricing
 - How do you think pricing works on [brand] for its adverts?
 - How has this been explained?
 - How does it vary?
 - What is your understanding of how bidding for advertising works?
 - Do you use an automated bidding tool?
 - Is it the one provided by Google/Facebook or a third party?
 - Do you set the maximum bids yourself?
 - Or use the pre-sets automated presets where Google or Facebook maximise the number of clicks and impressions for a given budget)
 - Why do you take this approach?
 - Has this been clearly explained?
 - How satisfied are you overall with how bidding works for Google/Facebook Did you have any issues or problems with it?
- Impact
 - Would you say that your last campaign with [brand] was value for money?

- Why do you say that?
 - How does this compare to this kind of advertising over the rest of the year?
- How about your advertising over the last 12 months?
- Can you measure, or do you have a sense of the return on investment?
- Did you look at any of the following when assessing the performance of the advertising?
- Why? / why not?
- How easy was it to get an understanding of how well the campaign had done on this issue?
- How do you measure it?
- Read out list
 - Impressions/clicks/sales achieved
 - Average cost of impressions/clicks/sales
 - Overall outcome of campaign
 - Overall ROI of campaign
 - Impact on brand awareness
- Do you try to optimise the ROI across different types of advertising?
- How do you calculate if it was value for money?
- Refer back to goals for advertising – did it meet your objectives?
- Why/why not?
- How do you feel about the campaign with [brand] now?
- How do you feel about advertising with [brand] in general?
 - Positives (happy, satisfied, justified, surprised, etc)
 - Negatives (disappointed, frustrated, confused, cheated, etc)

Repeat for other brands used.

Media agency/marketing consultancy questions

- Which providers do you commonly use for your clients?
 - Why do you use this mix?
- How do you decide which providers to use for your clients?
- Why do your clients come to you?
 - Why do they need a third party? (probe for: lack of knowledge, lack of time, confusion, worry/anxiety about making mistakes, cost efficiency)
 - Why do they choose your company specifically?

Wrap up (5 mins)

- Do you think you will continue with digital advertising in the future?
- What will you do differently?
- What would you change about it with [Google/Facebook] to make it better for advertisers like yourself?
 - Do you ever feel that you've got no choice but to advertise on Google/Facebook?
 - Why? Probe fully
- Any final comments before we finish?
- Thank and close, reassure about GDPR and confidentiality

10. Appendix – The recruitment screeners

10.1 Freefound version

CMA – Digital advertising services

Main stage qual screener

Version FREEFOUND

SAMPLE SUMMARY

NB – the sample structure/quotas shown below was a broad guide to the structure we wanted to achieve in the research, it was not designed to be absolutely adhered to.

Overall sample structure – cross-reference with interviews achieved from lists:

Advertising spend on Facebook/Google	Facebook	Google	Total
Low (under £1,000)	4	4	8
Medium (£1,000 to £10,000)	4	4	8
High (£10,001 to £100,000)	2	2	4
Very high (£100,000 and over)	2	2	4
Total	12	12	24

Other quotas

- Respondent would be the person responsible for making digital advertising decisions
 - 21-22 who book ads for themselves/their own companies
 - 2-3 who book ads for other companies (i.e. marketing consultants)
- Respondent expertise
 - All must personally interact with sites to place ads
 - Different levels of technical ability. Ensuring a mix of less and more sophisticated respondents
- Based on spend levels
- Minimum quotas on Google and Facebook usage
 - We would interview 4 respondents who advertise on both
 - Advertised in 2019
- Use of intermediary
 - 2-3 companies who use a marketing consultant to book their ads
- Size: size bands have been adjusted to reflect the focus on smaller companies. (aim for equal numbers of each size band for Facebook and Google)

- Minimum 5 interviews – no staff (sole trader)
- Minimum 5 interviews – under 10 staff
- Minimum 4 interviews – 10-49 staff
- Minimum 2 interviews – 50-249 staff
- Minimum 2 interviews - 250+ staff
- Sector
 - Mix – no more than 2 in any one sector
 - Those booking ads for other companies will be based in media agencies
- Location (ensure that this is broadly similar between Facebook and Google, e.g. we don't want all the FB from London and all the Google not from London)
 - Mix – no more than 4 in London and 3 in any other location

INTRODUCTION

Good morning/afternoon/evening, my name is _____, from Jigsaw Research, an independent market research agency. We are conducting research on behalf of the Competition and Markets Authority (CMA) who are investigating the digital advertising market in the UK and want to explore the issues faced by businesses who advertise with brands such as Facebook and Google. The CMA is an independent, non-ministerial department^[1]. It aims to make markets work well in the interests of consumers, businesses and the economy.

The research will involve two stages:

- Firstly, there will be a short interview today which will help us to identify a range of people who have bought digital advertising over the course of 2019. If you match the profile of company we need to interview there would be another stage.
- Secondly, a longer interview would be conducted at a later stage, which will ask individuals to describe their experiences of buying digital advertising. This interview will be held over the phone at an agreed date and time.

To confirm, the following short interview is completely in confidence and is for research purposes only. Would you mind answering a few questions to see if you would be eligible to participate in our research project?

^[1] Non-ministerial government departments (NMGDs) are a type of [British government department](#), headed by [senior civil servants](#) (not a member of the Prime Minister's Cabinet). Some, like the CMA, fulfil a [regulatory function and others have an inspection function](#), and their status is therefore intended to protect them from political interference.

I would like to ask you some questions. It will only take 5 minutes, are you interested in taking part?

Yes	1	CONTINUE
No	2	CLOSE

Q1a First of all, have you ever attended a market research group discussion or interview?

Yes	1	CONTINUE
No	2	GO TO Q2

Q1b When was the last time you participated in a market research discussion group or individual interview and what was it about?

DATE:	IF WITHIN LAST 6 MONTHS THANK & CLOSE
SUBJECT:	IF SUBJECT IS SIMILAR TO THIS SURVEY THANK & CLOSE

Q2 Do you, or does any member of your immediate family work in any of the following industries?

Advertising	1	THANK & CLOSE
Market research	2	THANK & CLOSE
Public Relations	3	CONTINUE
Manufacturing	4	CONTINUE
Marketing (including media agency, marketing consultant, etc)	5	CONTINUE
Journalism	6	THANK & CLOSE
Telecommunications	7	CONTINUE
Internet related (social media or search engine providers)	8	THANK & CLOSE
None of the above	9	CONTINUE

Q3. RECORD GENDER (do not ask unless necessary)

Male	1	CONTINUE
Female	2	
Other – prefer own term	3	DO NOT EXCLUDE

AIM FOR A MIX

Q4 How old are you?

18-30	2	CONTINUE
31-40	3	
41-50	4	
51-60	5	
61 +	6	

AIM FOR A MIX

Q5 What is your role in your company? WRITE IN

Q6 Did your company advertised on either Facebook or Google in 2019?

Advertised on Facebook	1	CONTINUE
Advertised on Google	2	CONTINUE
Neither	3	CLOSE

AT LEAST HALF TO HAVE USED FACEBOOK, AND HALF TO HAVE USED GOOGLE

IF CODE MARKETING AT Q2

Q6b Do you buy advertising for your own company or another company (e.g. are you from a media agency or consultancy buying advertising for others)

Buy for own company	1	CONTINUE
Buy for other companies	2	

CHECK QUOTAS

Q6c Do you use a marketing consultant or similar to buy/place advertisements on Facebook/Google? (TBD)

Use 3 rd party for Facebook	1	CONTINUE
Use 3 rd party for Google	2	
Neither	3	

CHECK QUOTAS

Q7a Which of the following best matches your responsibility in regards to online advertising in your company?

I have full responsibility for online advertising	1	CONTINUE
I have joint responsibility for online advertising	2	CONTINUE
I have day to day responsibility but someone else has the final decision	3	CONTINUE
NONE OF THE ABOVE	4	CLOSE

RECRUIT NO MORE THAN 5 CODE 3

Q7b Which of the following best matches what happens in relation to actually purchasing the advertising?

I always go to the site to purchase and/or manage the advertising	1	CONTINUE
I sometimes go to the site to purchase/manage the advertising – but sometimes other people do it	2	CONTINUE
I rarely go to the site to purchase/manage the advertising	3	CONTINUE
I never go to the site to purchase/manage the advertising – other people in the company do it	4	CLOSE
I never go to the site to purchase/manage the advertising – We outsource all the purchasing	5	CLOSE

CLOSE IF CODE 4 OR 5

NO MORE THAN 3 CODES 3 (TBD)

RECRUIT A MIX OF CODE 1 AND 2 FOR BALANCE OF INTERVIEW

Q7c Overall, how would you describe your level of technological expertise in using the online advertising sites to purchase advertising on the following scale

I can generally do what I want – but sometimes it takes time to figure things out	1	CONTINUE
I'm OK – but it can take me a while to get to grips with it initially	2	CONTINUE
I can almost everything – but sometimes takes longer to do some things	3	CONTINUE
I can do all but the most complex things	4	CONTINUE
I find it very easy to do everything I want to	5	CONTINUE

RECRUIT A MIX. NO MORE THAN 6 FROM NON-MEDIA AGENCY RESPONDENTS FOR CODES 4 AND 5.

IF ADVERTSIED ON FACEBOOK AT Q6

Q8a Approximately how much did your company spend on Facebook advertising over the last 12 months?
WRITE IN AND CODE BELOW

£

Under ££50	1	CLOSE - TBD
Low (£50 to £1,000) – ensure a spread	2	CONTINUE
Medium (£1,000 to £10,000)	3	CONTINUE
High (£10,001 to £100,000)	4	CONTINUE
Very high (£100,001 to £500,000)	5	CONTINUE
Over £500,000	6	CLOSE - TBD

SEE QUOTAS

IF ADVERTSIED ON GOOGLE AT Q6

Q8b Approximately how much did your company spend on Google advertising over the last 12 months?
WRITE IN AND CODE BELOW

£

Up to £100	1	CLOSE - TBD
Low (£101 to £1,000)	2	CONTINUE
Medium (£1,000 to £10,000)	3	CONTINUE
High (£10,001 to £100,000)	4	CONTINUE
Very high (£100,001 to £500,000)	5	CONTINUE
Over £500,000	6	CLOSE - TBD

SEE QUOTAS

Q9 How many employees does the company you work for employ?

None (sole trader)	1	CONTINUE
Under 10 employees (Micro)	2	CONTINUE
10-49 employees (Small)	3	CONTINUE
50-249 employees (Medium)	4	CONTINUE
250+ employees (Large)	5	CONTINUE

SEE QUOTAS

Q10 What is the approximate annual turnover of your business in the UK?

Up to £1,000	1	CLOSE
Under £50K	2	CONTINUE
£55- £84,999K	3	CONTINUE
£85 -£99,999K	4	CONTINUE
£100- £199,999K	5	CONTINUE
£200K +	6	CONTINUE

RECRUIT A MIX

Q11 What sector does your business operate in?

Agriculture	1	AIM FOR A SPREAD
Construction	2	
Financial	3	
Hospitality	4	
Manufacturing	5	
Real estate, rental	6	
Retail and distribution	7	
Technology and communications	8	
Other private business (WRITE IN)	9	
Public sector	10	
MEDIA AGENCY	11	NO MORE THAN 4

RECRUIT A MIX

Q12 Where is your company based?

North East	1	AIM FOR A SPREAD
North West	2	
Yorkshire	3	
West Midlands	4	
East Midlands	5	
East of England	6	
South West	7	
South East	8	
Greater London	9	
Northern Ireland	10	
Wales	11	
Scotland	12	

SEE QUOTAS

IF QUALIFY RECRUIT:

Q13 We will be conducting a small number of interviews over the phone over the next few days (you might be required to look at some information, in which case we will use screen sharing software). Interviews will last 45-60 minutes and will focus on your experience advertising on Facebook and/or Google. Are you interested in taking part in this research? You will receive an incentive for taking part in the interview. The full incentive for taking part is £xx?

Yes	1	CONTINUE
No	2	THANK & CLOSE

Thank you for agreeing to take part in our market research interview. In order to help protect your privacy I am going to read out some terms and conditions that we will ask you to adhere to.

- This study is being undertaken for market research purposes only by Jigsaw Research who adhere to the MRS code of conduct
- The responses you give during the interview will be reported anonymously and in aggregate with responses from other research participants
- The information obtained about you during the course of this project will be used solely for the purpose of this project and will be securely stored by Jigsaw Research for a period of 12 months before being securely deleted. Should you wish this information to be deleted earlier than this, or if you have any questions about how your information will be used by Jigsaw, you can contact them on 020 7291 0810 or by emailing datasecurity@jigsaw-research.co.uk
- You have the right to access and rectify any data held on you by Jigsaw Research and to withdraw consent at any time, or to object/restrict any processing of your data
- The group or interview you participate in will be recorded on audio tape and may be video recorded. These tapes may be passed on to the client company for internal market research purposes only. They may also be sent by secure transfer for transcription to a specialist audio transcription agency – Take Note. These tapes would not be available in the public domain
- The interview/discussion may be viewed by members of the internal project team at CMA.

Do you agree to these conditions in advance of attending the session?

Yes	1	RECRUIT
No	2	THANK & CLOSE

RESPONDENT DETAILS

NAME	
Address	
Phone	
Email	
Date of interview	
Time of interview	

Reconfirm Day/Date/Time/Location of interview with Respondent

INTERVIEWEW DETAILS

NAME	
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INTERVIEWER DECLARATION

I declare that this interview has been conducted strictly in accordance with your specifications within the MRS Code of Conduct and with a person totally unknown to me.

Signed (**INTERVIEWER**) : _____ Date _____

Interviewer checklist!

- **Remind respondent of interview time/date/length**
- **Provide venue details/directions if necessary**
- **Explain that they may be video and audio taped for research purposes only**
- **Remind respondent that if they require spectacles to read to bring them with them to the group as they may be asked to examine stimulus**
- **Provide your telephone number for them to contact you**
- **Confirm incentive amount and when this is paid out**

10.2 Provider lists version

CMA – Digital advertising services

Main stage qual screener

Version 3 (11-03-20)

NB – the sample structure/quotas shown below was a broad guide to the structure we wanted to achieve in the research, it was not designed to be absolutely adhered to.

SAMPLE SUMMARY

Sample structure:

Advertising spend on Facebook/Google	Facebook	Google	Total
Low (under £1,000)	4	4	8
Medium (£1,000 to £10,000)	4	4	8
High (£10,001 to £100,000)	2	2	4
Very high (£100,000 and over)	2	2	4

Total	12	12	24
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Other quotas

- Respondent would be the person responsible for making digital advertising decisions
 - 21-22 who book ads for themselves/their own companies
 - 2-3 who book ads for other companies (i.e. marketing consultants)
- Respondent expertise
 - All must personally interact with sites to place ads
 - Different levels of technical ability. Ensuring a mix of less and more sophisticated respondents
- Based on CMA analysis of spend levels on customer data provided by Facebook and Google
 - The exact bands are being calculated at the moment
- Minimum quotas on Google and Facebook usage
 - We would interview 4 respondents who advertise on both
 - Advertised in 2019
- Use of intermediary
 - 2-3 companies who use a marketing consultant to book their ads (TBD assuming they are on the list – they may not be listed if all their spend goes through a media agency)
- Size: size bands have been adjusted to reflect the focus on smaller companies. (aim for equal numbers of each size band for Facebook and Google)
 - Minimum 5 interviews – no staff (sole trader)
 - Minimum 5 interviews – under 10 staff
 - Minimum 4 interviews – 10-49 staff
 - Minimum 2 interviews – 50-249 staff
 - Minimum 2 interviews - 250+ staff
- Sector
 - Mix – no more than 2 in any one sector
 - Those booking ads for other companies will be based in media agencies
- Location (ensure that this is broadly similar between Facebook and Google, e.g. we don't want all the FB from London and all the Google not from London)
 - Mix – no more than 4 in London and 3 in any other location

INTRODUCTION

SAMPLE PROVIDED FROM LISTS. EACH CONTACT WILL HAVE THE LEVEL OF SPEND FOR EITHER GOOGLE OR FACEBOOK IDENTIFIED.

Good morning/afternoon/evening, my name is _____, from Jigsaw Research, an independent market research agency. We are conducting research on behalf of the Competition and

Markets Authority (CMA). The CMA is an independent, non-ministerial department^[1]. It aims to make markets work well in the interests of consumers, businesses and the economy.

Currently, the CMA is investigating online platforms and the digital advertising market in the UK. The CMA is using its powers under section 5 of the Enterprise Act to carry out this investigation. This means it has used its legal powers to compel <PARTY_NAME> to share with the CMA certain of its customers' personal data. This personal data is: your customer/advertiser ID no., your name, your contact email address, your business sector, and information relating to the type and amount of spend by your business with <PARTY_NAME> in 2019. This is the only personal data that <PARTY_NAME> has shared with the CMA.

The research that Jigsaw Research are conducting will help the CMA to understand the digital advertising market in more detail.

The research will involve two stages:

- Firstly, there will be a short interview today which will help us to identify a range of people who have bought digital advertising over the course of 2019. If you match the profile of company we need to interview there would be another stage.
- Secondly, a longer interview would be conducted at a later stage, which will ask individuals to describe their experiences of buying digital advertising. This interview will be held over the phone at an agreed date and time.

To confirm, the following short interview is completely in confidence and is for research purposes only. Would you mind answering a few questions to see if you would be eligible to participate in our research project?

I would like to ask you some questions. It will only take 5 minutes, are you interested in taking part?

^[1] Non-ministerial government departments (NMGDs) are a type of [British government department](#), headed by [senior civil servants](#) (not a member of the Prime Minister's Cabinet). Some, like the CMA, fulfil a [regulatory function and others have an inspection function](#), and their status is therefore intended to protect them from political interference.

Yes	1	CONTINUE
No	2	CLOSE

Q1a First of all, have you ever attended a market research group discussion or interview?

Yes	1	CONTINUE
No	2	GO TO Q2

Q1b When was the last time you participated in a market research discussion group or individual interview and what was it about?

DATE:	IF WITHIN LAST 6 MONTHS THANK & CLOSE
SUBJECT:	IF SUBJECT IS SIMILAR TO THIS SURVEY THANK & CLOSE

Q2 Do you, or does any member of your immediate family work in any of the following industries?

Advertising	1	THANK & CLOSE
Market research	2	THANK & CLOSE
Public Relations	3	CONTINUE
Manufacturing	4	CONTINUE
Marketing (including media agency, marketing consultant, etc)	5	CONTINUE
Journalism	6	THANK & CLOSE
Telecommunications	7	CONTINUE
Internet related (social media or search engine providers)	8	THANK & CLOSE
None of the above	9	CONTINUE

Q3. RECORD GENDER (do not ask unless necessary)

Male	1	CONTINUE
Female	2	
Other – prefer own term	3	DO NOT EXCLUDE

AIM FOR A MIX

Q4 How old are you?

18-30	2	CONTINUE
31-40	3	
41-50	4	
51-60	5	
61 +	6	

AIM FOR A MIX

Q5 What is your role in your company? WRITE IN

Q6 REFER TO SAMPLE AND ADJUST QUESTION ACCORDINGLY: Can I just confirm that your company advertised on Facebook/Google in 2019?

Advertised on Facebook	1	CONTINUE
Advertised on Google	2	CONTINUE
Neither	3	CLOSE

AT LEAST HALF TO HAVE USED FACEBOOK, AND HALF TO HAVE USED GOOGLE

IF CODE MARKETING AT Q2

Q6b Do you buy advertising for your own company or another company (e.g. are you from a media agency or consultancy buying advertising for others)

Buy for own company	1	CONTINUE
Buy for other companies	2	

CHECK QUOTAS

Q6c Do you use a marketing consultant or similar to buy/place advertisements on Facebook/Google? (TBD)

Use 3 rd party for Facebook	1	CONTINUE
Use 3 rd party for Google	2	

Neither	3	
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CHECK QUOTAS

Q7a Which of the following best matches your responsibility in regards to online advertising in your company?

I have full responsibility for online advertising	1	CONTINUE
I have joint responsibility for online advertising	2	CONTINUE
I have day to day responsibility but someone else has the final decision	3	CONTINUE
NONE OF THE ABOVE	4	CLOSE

RECRUIT NO MORE THAN 5 CODE 3

Q7b Which of the following best matches what happens in relation to actually purchasing the advertising?

I always go to the site to purchase and/or manage the advertising	1	CONTINUE
I sometimes go to the site to purchase/manage the advertising – but sometimes other people do it	2	CONTINUE
I rarely go to the site to purchase/manage the advertising	3	CONTINUE
I never go to the site to purchase/manage the advertising – other people in the company do it	4	CLOSE
I never go to the site to purchase/manage the advertising – We outsource all the purchasing	5	CLOSE

CLOSE IF CODE 4 OR 5

NO MORE THAN 3 CODES 3 (TBD)

RECRUIT A MIX OF CODE 1 AND 2 FOR BALANCE OF INTERVIEW

Q7c Overall, how would you describe your level of technological expertise in using the online advertising sites to purchase advertising on the following scale

I can generally do what I want – but sometimes it takes time to figure things out	1	CONTINUE
I'm OK – but it can take me a while to get to grips with it initially	2	CONTINUE
I can almost everything – but sometimes takes longer to do some things	3	CONTINUE
I can do all but the most complex things	4	CONTINUE
I find it very easy to do everything I want to	5	CONTINUE

RECRUIT A MIX. NO MORE THAN 6 FROM NON-MEDIA AGENCY RESPONDENTS FOR CODES 4 AND 5.

IF ADVERTSIED ON FACEBOOK AT Q6

Q8a Approximately how much did your company spend on Facebook advertising over the last 12 months?
WRITE IN AND CODE BELOW

£

Under ££50	1	CLOSE - TBD
Low (£50 to £1,000) – ensure a spread	2	CONTINUE
Medium (£1,000 to £10,000)	3	CONTINUE
High (£10,001 to £100,000)	4	CONTINUE
Very high (£100,001 to £500,000)	5	CONTINUE
Over £500,000	6	CLOSE - TBD

SEE QUOTAS

IF ADVERTSIED ON GOOGLE AT Q6

Q8b Approximately how much did your company spend on Google advertising over the last 12 months?
WRITE IN AND CODE BELOW

£

Up to £100	1	CLOSE - TBD
Low (£101 to £1,000)	2	CONTINUE
Medium (£1,000 to £10,000)	3	CONTINUE
High (£10,001 to £100,000)	4	CONTINUE
Very high (£100,001 to £500,000)	5	CONTINUE
Over £500,000	6	CLOSE - TBD

SEE QUOTAS

Q9 How many employees does the company you work for employ?

None (sole trader)	1	CONTINUE
Under 10 employees (Micro)	2	CONTINUE
10-49 employees (Small)	3	CONTINUE
50-249 employees (Medium)	4	CONTINUE
250+ employees (Large)	5	CONTINUE

SEE QUOTAS

Q10 What is the approximate annual turnover of your business in the UK?

Up to £1,000	1	CLOSE
Under £50K	2	CONTINUE
£55- £84,999K	3	CONTINUE
£85 -£99,999K	4	CONTINUE
£100- £199,999K	5	CONTINUE
£200K +	6	CONTINUE

RECRUIT A MIX

Q11 What sector does your business operate in?

Agriculture	1	AIM FOR A SPREAD
Construction	2	
Financial	3	
Hospitality	4	
Manufacturing	5	
Real estate, rental	6	
Retail and distribution	7	
Technology and communications	8	
Other private business (WRITE IN)	9	
Public sector	10	
MEDIA AGENCY	11	NO MORE THAN 4

RECRUIT A MIX

Q12 Where is your company based?

North East	1	AIM FOR A SPREAD
North West	2	
Yorkshire	3	
West Midlands	4	
East Midlands	5	
East of England	6	
South West	7	
South East	8	
Greater London	9	
Northern Ireland	10	
Wales	11	
Scotland	12	

SEE QUOTAS

IF QUALIFY RECRUIT:

Q13 We will be conducting a small number of interviews over the phone over the next few days (you might be required to look at some information, in which case we will use screen sharing software). Interviews will last 45-60 minutes and will focus on your experience advertising on Facebook and/or Google. Are you interested in taking part in this research? You will receive an incentive for taking part in the interview. The full incentive for taking part is £xx?

Yes	1	CONTINUE
No	2	THANK & CLOSE

Thank you for agreeing to take part in our market research interview. In order to help protect your privacy I am going to read out some terms and conditions that we will ask you to adhere to.

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RESPONDENT DETAILS

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Address	
Phone	
Email	
Date of interview	
Time of interview	

Reconfirm Day/Date/Time/Location of interview with Respondent

INTERVIEWEW DETAILS

NAME	
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