

Digital Marketing in Germany

Study »Value contribution of digital
marketing« 2025



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The value of digital marketing for the economy and society

The study 'Value contribution of digital marketing' sheds light on the role of digital marketing for the German economy. It provides politicians, companies, providers and the public with a sound basis on the economic effects of digital advertising. It combines key economic figures with practical insights from consumers and companies, to create a comprehensive understanding.

- Spending on digital marketing has been rising continuously since 2018 and reached a volume of 30.9 billion euros in 2024. Advertisers' salaries accounted for €8.2 billion of this figure. The largest shares excluding salaries were accounted for by search engine advertising (35.4 per cent) and digital banner advertising (23.9 per cent).
- With 302,968 people employed in 2024, digital marketing is a significant source of employment. More than half of these jobs are directly employed by advertising companies. Rising average salaries (29.7 per cent since 2018) and changing requirements (almost one in ten job advertisements involving AI) are making the industry more attractive.
- In 2024, the industry generated gross salaries of 15.5 billion euros, which led to taxes and contributions totaling 7.6 billion euros.
- The digital advertising industry creates 22.9 billion euros in added value and thus added value for Germany's

economy. Furthermore, an additional turnover of 56.7 billion euros can be attributed to digital marketing expenditure in 2024.

- Personalised advertising is a key growth driver in digital marketing and finances many free online services. A ban or restrictions could massively change the digital advertising market. Personalised advertising is particularly crucial for SMEs in order to secure their business models and competitiveness.
- Personalised advertising is generally accepted by internet users. Younger generations in particular recognise the advantages. The usefulness depends heavily on the channel and the advertised product category. The desire for more control over the content shown (56 per cent) is a key concern.

This study shows that digital marketing makes a significant economic value contribution. The focus here is on the expenditure generated, value creation, employment and income effects along the value chain.

The key figures clearly show the central role of digital marketing, even if additional effects can also be expected. For example, digital marketing enables better access to information for consumers, stimulates consumption and offers a diverse and innovative range of products and services.

General framework of the study

The study analyses the value contribution of digital marketing by analysing key figures such as expenditure, value creation, employment and income effects are analysed in detail. To model this data, the market research institute Statista+ used comprehensive market data from independent sources, existing studies on online and digital marketing and economic indicators. This was supplemented by analysing historical developments, current trends and assessments by leading market experts.

The analysis is based on a variety of data sources, including input-output tables, labour market statistics from the Federal Employment Agency, surveys from the Federal Statistical Office and established industry studies such as the OVK Report, the Dialogue Marketing Monitor 2024 and the German Entertainment & Media Outlook. The data collection combined various approaches, including top-down, bottom-up and nearest-neighbour models, to ensure robust and reliable results.¹

A clear definition of digital marketing forms the basis of the study. The study covers the following segments: digital video advertising (including CTV), search engine advertising, digital banner advertising, digital audio advertising, influencer

marketing, email marketing, affiliate marketing, social media advertising and digital out-of-home.²

The focus is exclusively on online channels, whereby differentiations from sales and acquisition are taken into account. In order to ensure comparability with similar studies, non-transparent market segments such as sponsoring, listing business, digital trade fairs/events, studies/reports and digital classified ads were not included.³

In order to gain in-depth insights into the labour market, an analysis of 3,007 job advertisements for digital marketing specialists in December 2024 was carried out.

A meta-analysis of the current study landscape on personalised advertising is used to highlight differentiated perspectives and economic correlations. This analysis was then deepened by a quantitative survey on the perception and acceptance of personalised advertising in the online population with 1,010 participants.

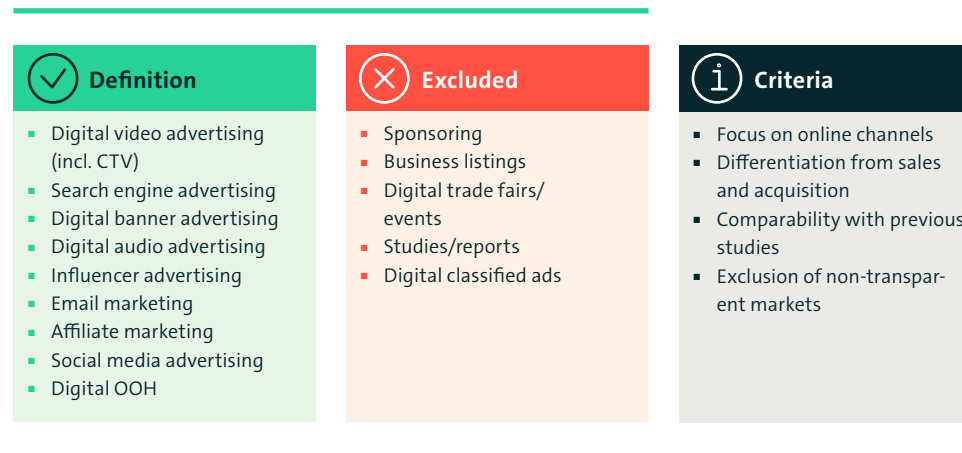


Figure 1: Definition of digital advertising

2 Definitions of segments in the appendix

3 Criteria for the exclusion of these segments in the appendix

1 Methodology of key figures in the appendix

Categorisation of the fields

The employment and income effects were determined by analysing the value chain in detail. The relevant players were divided into three categories: 'advertisers', 'planning & con-

ception' (agencies) and 'placement & distribution' (marketers, platforms, publishers, influencers and creators).

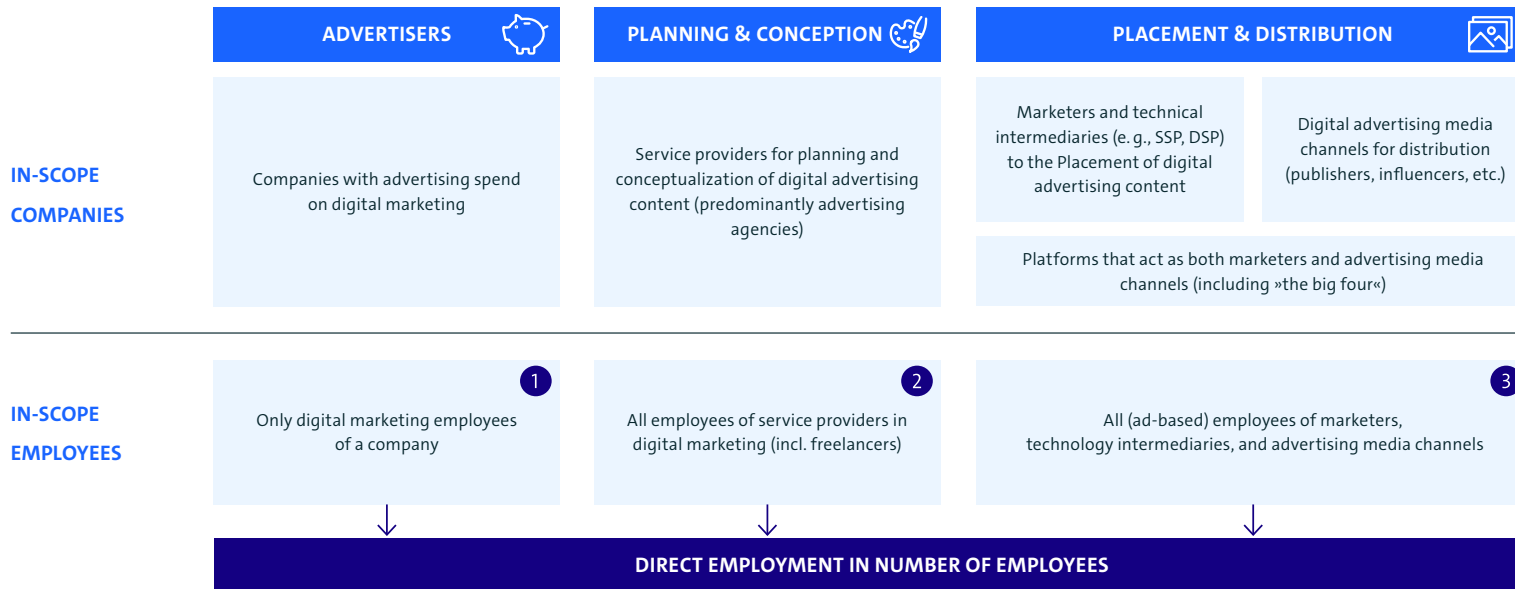


Figure 2: Employment along the value chain

Macroeconomic perspective on digital marketing



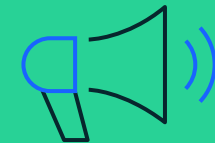
Expenditure of
30.9 billion euros
in 2024



22.9 billion euros
of value created
in Germany in 2024



Employment
of **302,968**
people in 2024



Income effects with total salaries
of **15.5 billion euros** and tax
contributions of **7.6 billion euros** in
2024

German economy increasingly relies on digital marketing as a success factor in uncertain times

Economic uncertainties and fears of recession are driving companies to find cost-effective ways of addressing their target groups. Digitalisation has become a driving force: It offers companies tools to react flexibly to new market conditions and reduce costs.

The pandemic acted as a catalyst for this change. During this time, companies increasingly relied on digital technologies, which have been continuously developed ever since. What once began as a short-term necessity is now a strategic response to the challenges of an uncertain economic situation.

Digital marketing benefits directly from this development. It combines the broad reach of digital channels with precise targeting and a high degree of customisation. Technologies such as AI-supported personalisation, interactive social media formats and streaming services provide companies with clear competitive advantages. They increase efficiency and relevance. But digitalisation and digital marketing are more than just efficiency tools - they form the basis for resilience and innovation.⁴

This study validates data on direct expenditure on digital marketing along the value chain. This is attributable to the interaction of advertisers with agencies, marketers, platforms, publishers, influencers and creators and contributes directly to gross domestic product (GDP) with a volume of 30.9 billion euros. Digital marketing differs from other sectors of the economy in its fundamental role and mode of action. It improves the information available to consumers, stimulates the consumption of offers and ensures a diverse and innovative range of products and services. Digital marketing therefore contributes to economic growth in many ways over and above direct expenditure along the value chain.

4 Die ökonomische Bedeutung der Werbung – DIW Econ (2016)

Expenditure has risen by 20 per cent in the last two years

The rising expenditure on digital marketing shows that companies are relying on digital channels, especially in times of crisis. In 2024, the expenditure for planning, conception, placement and distribution totalled 30.9 billion euros. This corresponds to growth of 10.8 per cent compared to 2023 and over 20 per cent compared to 2022.

Growth in digital marketing is outperforming many other sectors. While other sectors are struggling with stagnation or declines, digital marketing is showing impressive resilience. Companies are recognising the strategic importance of digital channels in order to survive in uncertain times and actively expand their market position.

Professionals in the industry are also benefiting from the increasing professionalisation of digital marketing. Between 2022 and 2024, the total salary bill for advertisers rose from 6.6 billion euros to 8.2 billion euros – an increase

of 25.2 per cent. The increasing demand for talent shows that companies are investing more in skilled labour to meet the challenges of digital marketing.

This modelled data includes all expenditure incurred in the defined segments of digital marketing as well as the salaries of the people responsible. This study thus provides a comprehensive overview of the expenditure and economic significance of digital marketing.

Total spend on digital marketing	2022	2023	2024
Total	25.6 bn. €	27.9 bn. € ↑ +9.0%	30.9 bn. € ↑ +10.8%
Internal costs for advertisers (Salary total)	6.6 bn. €	7.6 bn. € ↑ +15.0%	8.2 bn. € ↑ +8.9%

Table 1: Spend on digital marketing

Search engine, digital banner and video advertising remain the preferred forms of advertising

Digital marketing is evolving and influencing the competitiveness of companies. The growing expenditure in all segments shows how diverse the use of digital channels is today. They enable companies to address target groups efficiently and remain competitive in the market.

With a share of 35.4 per cent, search engine advertising will remain the most important format in 2024. It offers companies targeted visibility at the crucial moment of the purchase decision. Digital banner advertising (23.8 per cent) scores points with its broad reach, while video advertising (17.3 per cent) reaches target groups through emotional appeal.

Digital out-of-home is developing particularly strongly. Between 2022 and 2024, this segment grew by an impressive 41 per cent, driven by digital advertising space and programmatic advertising. Audio advertising (+33 per cent) and influencer marketing (+30 per cent) also saw strong growth. Both formats impress with their personalised approach and high reach among young and active target groups.

The trends make it clear that digital marketing is not only flexible, but also forward-looking. It helps companies to better understand the needs of modern target groups and respond to them accordingly. At the same time, it creates new growth opportunities and strengthens competitiveness.

Spend on digital marketing in 2024 (in per cent)

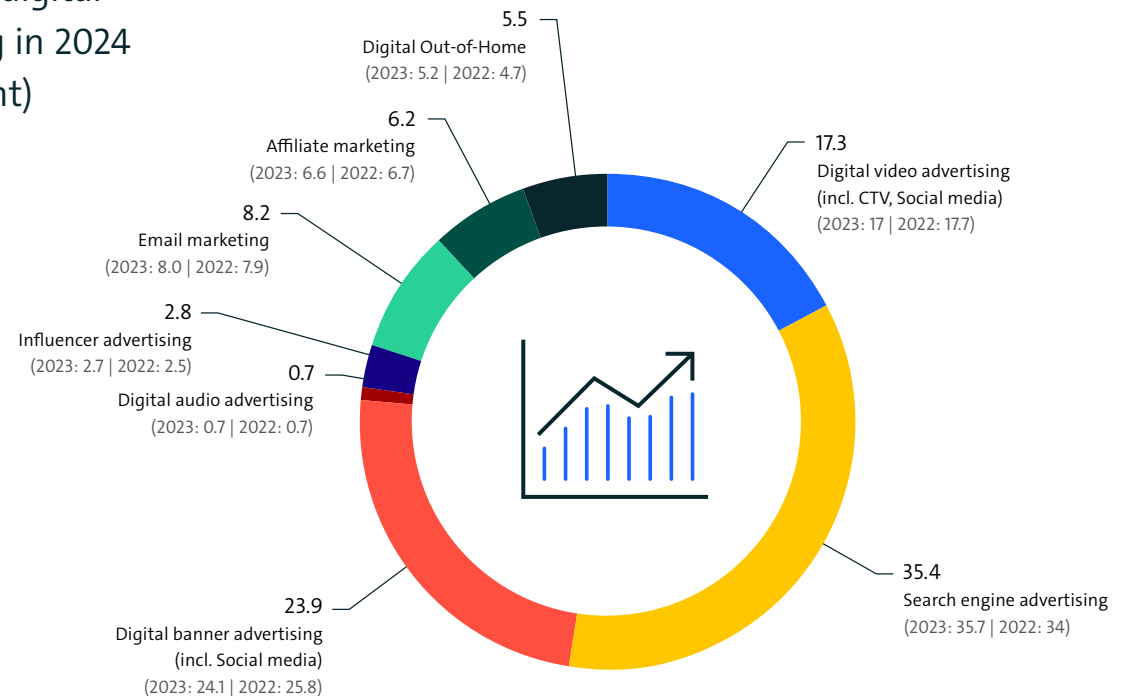


Figure 3: Spend on digital marketing in 2024

Digital advertising industry creates over 22 billion euros in added value for Germany's economy

In 2024, digital marketing made an economic contribution of 22.9 billion euros to the German economy - an increase of almost 16% compared to 2022.

This economic contribution is based on the added value generated by the upstream services of the digital advertising industry in Germany. This development is characterized by high advertising investments, the continuous creation of jobs and the efficient use of domestic inputs.

The industry is characterized by a high value creation rate of depth of 75.6 percent. This means that a large proportion of the value added generated remains in Germany and directly strengthens the domestic economy. A large number of upstream sectors also benefit from this, such as IT services, telecommunications and media.

This economic value contribution is crucial for Germany's competitiveness. Digital marketing creates numerous jobs and promotes innovation in important sectors. It strengthens the infrastructure of the digital transformation and contributes to economic stability. The digital advertising industry generates over 22 billion euros in added value and will contribute 0.53% of gross domestic product (GDP) in 2024. It thus demonstrates its importance as an economic sector and its role as a promoter of sustainable growth and progress.

	2022	2023	2024
Value creation in digital marketing	19.8 bn. €	20.6 bn. € ↑ +4.4%	22.9 bn. € ↑ +11.1%
Domestic consumption and imports	5.9 bn. €	6.7 bn. € ↑ +14.8%	7.4 bn. € ↑ +9.8%

Table 2: Value creation in digital marketing and domestic consumption and imports

Depth of added value in digital marketing (in percent)

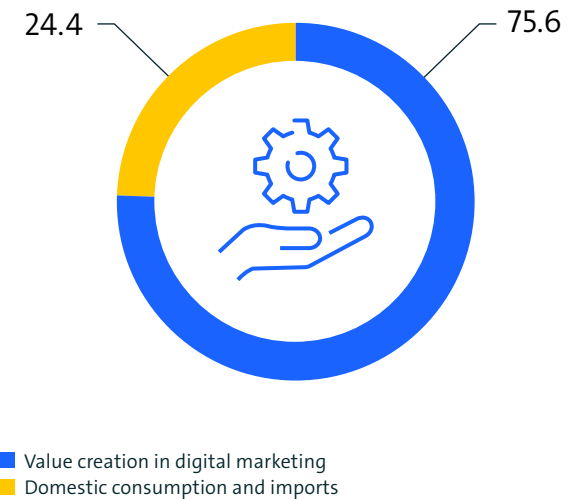


Figure 4: Depth of added value in digital marketing

For every euro invested, 2.50 euros in revenue are generated

The return on advertising spend (ROAS) is not only a key figure for digital marketing, but also an important indicator of economic performance in Germany.

It shows the turnover that digital advertising measures generate for the German economy. Based on numerous studies, the range of ROAS values across different marketing channels and industries was examined. Depending on the channel and industry, the ROAS varies between EUR 1.51 and EUR 9.10 per invested euro. In our study, a conservative estimate of EUR 2.50 was used, as the majority of estimates across all sectors are between EUR 2 and EUR 3. This value means that every euro invested in digital marketing generates at least EUR 2.50 in revenue. For the year 2024, this results in additional generated revenue of EUR 56.7 billion that is directly attributable to digital advertising expenditure - an economic contribution that would not be a reality without digital marketing.

ROAS was integrated into the study in order to visualize the concrete benefits of digital marketing investments for the economy as a whole. It provides an assessment of how digital advertising campaigns contribute to sales growth and serves as a guide in an increasingly data-driven economy. It is therefore not only important for marketing strategies, but also for economic analyses.

However, ROAS alone is not sufficient to capture the overall economic effects of digital marketing. In order to capture the downstream value added, the upstream services, imports and industry-specific ROAS values would have to be determined across various segments. Nevertheless, the additional turnover generated illustrates the importance of digital marketing for the German economy.

ROAS (in EUR)	2.5
Digital marketing expenditure (without salaries of advertisers)	22.7 bn. €
Additional revenue generated	56.7 bn. €

Table 3: Additional revenue generated based on ROAS

Excursus: The ROAS (“Return on Advertising Spend”) key figure offers a clear, simple method for measuring the effectiveness of advertising measures, supports the optimization of budgets and enables the comparison of different channels and sectors. However, its weaknesses lie in the incomplete consideration of profitability, as profit margins, varying costs and complex customer journeys are not taken into account. In addition, ROAS focuses on short-term results and neglects long-term effects such as customer loyalty or brand building. Imprecise tracking and cost variations between media can further distort the significance. ROAS is therefore useful, but should always be supplemented by other key figures to enable a holistic evaluation.

Digital marketing secures over 300,000 jobs in Germany

Rising expenditure on digital marketing has noticeably increased the need for personnel. In 2024, the industry secured the employment of 302,968 people - clear evidence of its growing importance as a reliable source of labor:

The industry already recorded above-average employment growth of 7.4% in 2023 compared to the previous year. This trend continued in 2024, with an increase of 3.6 percent. Given the economic uncertainties, this is a strong sign of the resilience of digital marketing.

However, the impact goes far beyond direct jobs. In addition to the direct employment impact, the digital marketing industry creates 35,147 jobs at suppliers and service providers. This means that the industry not only contributes to employment, but also to a broad economic dynamic along the value chain.

Digital Marketing (in number of employees)	2022	2023	2024
Total	272,403	292,467 ↑ +7.4%	302,968 ↑ +3.6%
Direct employment	239,853	257,755 ↑ +7.5%	267,821 ↑ +3.9%
Indirect employment	32,550	34,713 ↑ +6.6%	35,147 ↑ +1.3%

Table 4: Employment in digital marketing

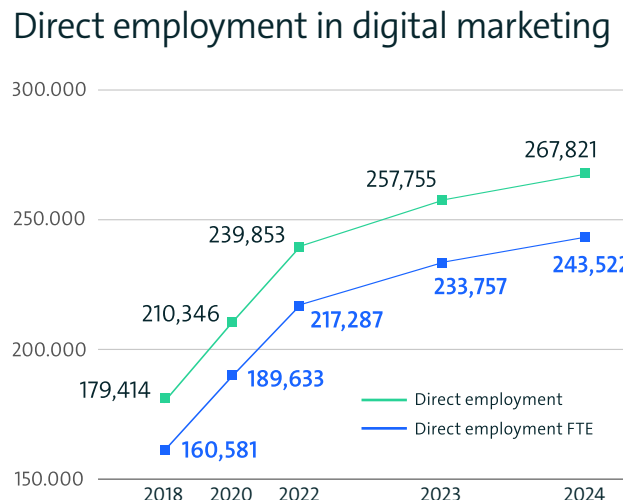


Figure 5: Direct employment in digital marketing

Direct employment in digital marketing includes all jobs held by people who work directly in this field, such as social media managers, SEO specialists or graphic designers. Indirect employment arises from people who provide services or products for digital marketing, such as IT technicians, software developers or translators. This support is necessary to successfully fulfill the core tasks in digital marketing and contributes to economic growth.

Growing demand for strategic and creative services

In 2024, advertisers accounted for 141,156 employees - just under 53% of direct employment. These companies rely on internal marketing departments to develop and implement advertising measures. In-house planning remains at the heart of the employment structure in digital marketing.

Between 2022 and 2024, the areas of “Planning & conception” (+8,088 people) and “Placement & distribution” (+8,246 people) grew significantly. This growth reflects the increasing complexity of the industry. Technical solutions such as programmatic advertising are driving the need for marketers and technical intermediaries to place and manage digital advertising content. Companies are increasingly turning to these

technologies to meet the growing need for precise and efficient solutions.

At the same time, the growth in “Planning & Conception” shows the increasing demand for creative and strategic services. The growing number of employees in advertising agencies underlines this trend. Companies are increasing the impact and precision of their campaigns through targeted investment in innovative approaches.

Excursus: Induced employment amounts to 28,461 FTEs in 2024. It is shown separately here. In economic terms, the induced employment effect refers to the employment created by the consumption of those directly or indirectly employed in digital marketing. This means that the employees of a company in digital marketing use their salary for consumer spending such as the purchase of clothing, entertainment or other consumer goods. This in turn leads to an increase in production or demand in this economic sector and thus triggers employment effects.

Direct employment (in percent)

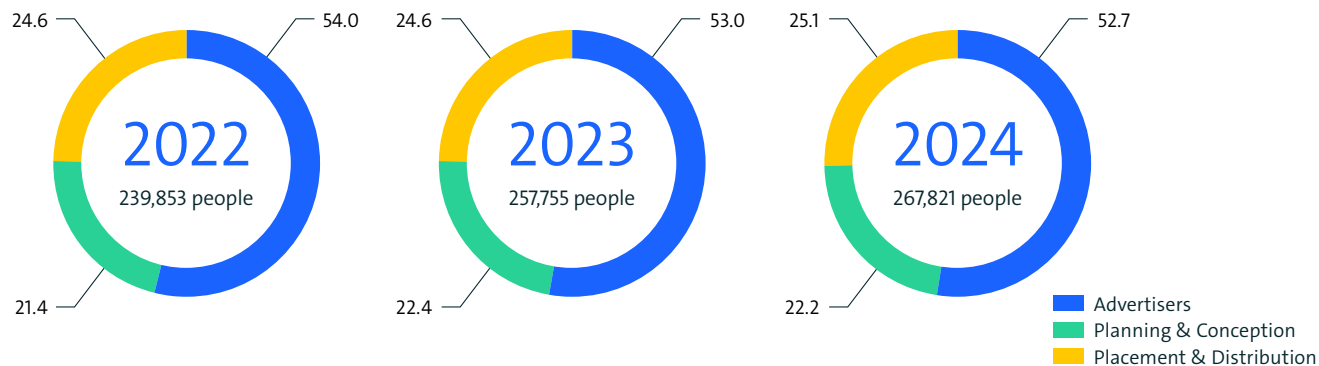


Figure 6: Direct employment

Employees and the state benefit from higher salaries

With a payroll total of 15.5 billion euros in 2024, the industry not only secures well-paid jobs, but also makes a significant contribution to financing the community with tax and contribution payments of 7.6 billion euros, it also makes a significant contribution to financing the community.

The distribution of salaries reflects the diversity of the industry. Advertisers account for 53.1 percent of total salaries, while 21.3 percent is distributed among the “Planning & Conception” and 25.6 percent among “Placement & Distribution”. The “planning & conception” area saw particularly dynamic growth, with total salaries increasing by 37.6% between 2022 and 2024. This shows the growing demand for creative and strategic services, which are crucial for the implementation of data-driven campaigns. The “Placement & Distribution” area recorded growth of 24.3% in the same period - a consequence of the increasing importance of technological solutions such as programmatic advertising.

The high salary level in digital marketing offers numerous advantages: It boosts the purchasing power of employees while generating tax and social security contributions that support the public purse. This economic resilience is particularly remarkable given the young history of digital marketing. By combining innovation, employment and a stabilizing effect on the national economy, digital marketing underlines its central role in the increasingly digitalized economy.

Pay-roll total of direct employment	2022	2023	2024
Total	12.2	14.1 ↑ +16.1%	15.5 ↑ +9.7%
Advertisers	6.6	7.6 ↑ +15.0%	8.2 ↑ +8.9%
Planning & Conception	2.4	3.0 ↑ +26.1%	3.3 ↑ +9.1%
Placement & Distribution	3.2	3.5 ↑ +10.8%	4.0 ↑ +12.2%

Table 5: Pay-roll total of direct employment (in bn. euros)

Tax and duty burden, direct employment	2022	2023	2024
Total	5.7	6.8 ↑ +19.2%	7.6 ↑ +10.3%
Advertisers	3.1	3.7 ↑ +19.0%	4.0 ↑ +6.4%
Planning & Conception	1.1	1.2 ↑ +17.8%	1.3 ↑ +6.8%
Placement & Distribution	1.5	1.9 ↑ +20.7%	2.3 ↑ +20.6%

Table 6: Tax and duty burden, direct employment (in bn. euros)

Technology creates attractive prospects in the industry

The job market in digital marketing is characterized by an increasing focus on technology, versatility and higher demands. Specialists in particular, who combine technological expertise with creative skills are in high demand. Rising demand and diverse requirements are leading to a positive trend in average salaries and contributing to the attractiveness of the industry. In 2024, the average salary in digital marketing increased by 5.3 percent compared to the previous year and by as much as 29.7 percent compared to 2018.

Year	Average salary (in EUR)
2018	49,065.58
2020	53,977.95 ↑ +10.0%
2022	56,004.27 ↑ +3.8%
2023	60,430.28 ↑ +7.9%
2024	63,653.39 ↑ +5.3%

Table 7: Average salary in digital marketing

The successes of AI in 2024 point to major upheavals in 2025. AI automates tasks such as data analysis, content creation and campaign management. This creates space for strategic and creative activities. Generative AI creates texts, images and videos, thereby increasing productivity. This change is also changing staffing requirements. According to the Central Association of the German Advertising Industry (ZAW), 19 percent of agencies have specifically hired staff for AI tasks.⁵ Companies are increasingly filling positions with IT, AI or design specialists across a range of disciplines. According to a study by SALT AND PEPPER, 50 percent of respondents see AI as a long-term solution to the need for skilled workers.⁶ However, the German Economic Institute (IW) emphasizes that AI primarily complements human work. Strong negative effects on employment are not to be expected.⁷

⁵ Zentralverband der deutschen Werbewirtschaft e. V. *Wirtschaft und Werbung*. 2024

⁶ Salt and Pepper. KI-Report. 2024

⁷ Institut der deutschen Wirtschaft (IW), KI und der Arbeitsmarkt. 2023

Unfilled vacancies cost the German economy added value every year. Companies are looking for urgently needed expertise. Nevertheless, according to statistics from the Federal Employment Agency, there will be an annual average of 5,651 vacancies in digital marketing every month in 2024. If all of these positions were filled, additional added value of 0.58 billion euros could be generated.

Specialists increase the efficiency of companies when they use their skills in a targeted manner. As a result, they not only promote the growth of the industry, but also make a significant contribution to value creation. The right connection between talent and companies is therefore crucial in order to fully exploit the potential of the digital economy.

Technical know-how and AI expertise drive change in digital marketing

There is no way around technical skills in digital marketing. An analysis of 3,007 job advertisements shows that 67 percent of companies explicitly expect knowledge of CRM, video, analytics or HTML. Professional qualifications such as a degree, work experience or certifications also play a key role (52%). Soft skills (creativity, project management and teamwork) are emphasized in 42% of job offers and complement the technical requirements.

While technical skills and traditional qualifications continue to form the core of the industry, initial trends point to a forward-looking change. AI still plays a minor role in job advertisements, but is gaining in importance. Almost every tenth job advertisement mentions terms such as AI, ChatGPT or Prompt (8 percent). The keyword “AI” appears in 6 percent of advertisements. This shows that AI is no longer an abstract concept. Companies are recognizing its value and are increasingly integrating this technology into their work processes.

Specialists should continue to deepen their technical know-how and expand their professional qualifications. In doing so, they should focus in particular on innovative technological solutions. Those who familiarize themselves with AI tools such as ChatGPT will remain competitive.

AI complements existing work and creates new opportunities. Specialists who actively embrace change will improve their career opportunities.

Top 10 key words in job ads (in percent)

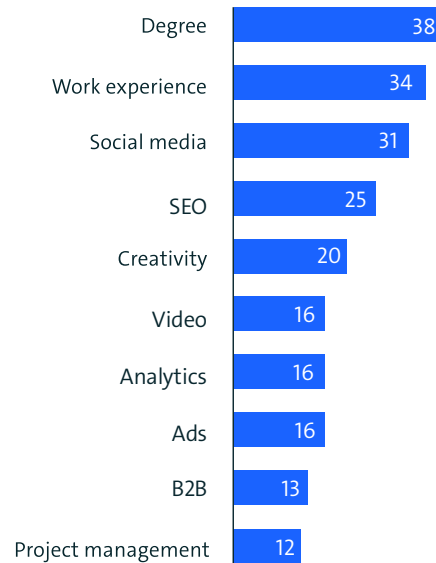


Figure 7: Top 10 key words in job ads

SMEs are lagging behind in digital marketing

Small and medium-sized enterprises (SMEs) are facing a turning point: digital marketing has evolved from a luxury for large corporations to a necessity for everyone. However, although many SMEs have recognized the importance, implementation often remains a hurdle. Especially in the race for skilled workers, they lack the visibility and appeal to attract qualified personnel.

This difficulty is also reflected in job advertisements. More than 55 percent of all advertised jobs come from companies with fewer than 250 employees. Companies with 51 to 250 employees are the most active and publish 24 percent of all advertisements. They are followed by companies with 11 to 50 employees, which account for 21 percent of job advertisements. Micro-enterprises with up to 10 employees and large companies with over 5,000 employees also play a role, with each accounting for 10 percent of advertisements.

The strong presence of SMEs in digital marketing job advertisements is due to their structure and economic importance. SMEs make up over 99 percent of all companies in Germany and provide around 58 percent of all jobs.⁸ Their large number and role as major employers lead to a correspondingly high demand for personnel. Vacancies in SMEs are often more difficult to fill as these companies are less well-known. In addition, they have limited resources for

recruitment and often operate in specialized niches or rural regions. To ensure their competitiveness, SMEs need to invest more in digital strategies and innovative approaches to recruitment.

Open positions in digital marketing by company size (in percent)

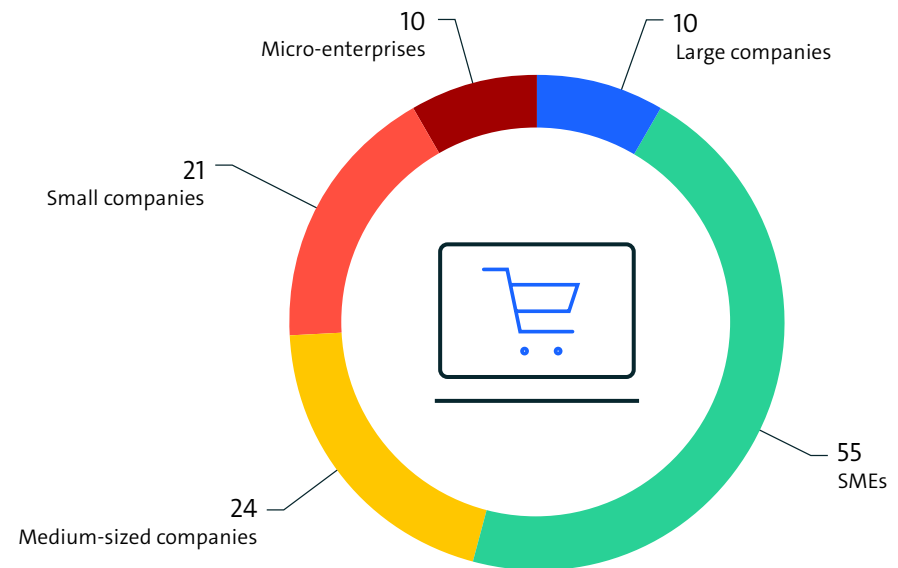


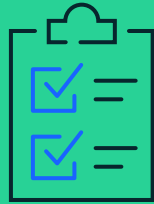
Figure 8: Open positions in digital marketing by company size (in percent)

⁸ Bundesnetzagentur. Digitalisierung im Mittelstand in Zahlen. 2024

Personalised advertising



Meta-analysis of
the academic environment



Online survey on
personalised advertising



Data-based strategies enable relevant advertising

A world in which advertising is precisely tailored to people's needs - targeted, relevant and value-adding. Personalised approaches are setting new standards and replacing traditional advertising methods. They are specifically geared towards people's interests, behavioral patterns and life situations. Every click, every search query, every preference shapes the context in which advertising is created. The result: commercial success coupled with real added value for consumers.

Modern technologies are driving this development forward. Behavioural targeting analyses user behaviour in order to display personalised ads. Location-based advertising uses location data, which can be used for both contextual and personalised advertising, depending on the configuration. Contextual advertising integrates ads seamlessly into the digital environment.⁹ But programmatic advertising takes these approaches to a new level by using algorithms to trade ad spaces in real time. This saves time and maximizes efficiency.

Many of these systems are based on third-party data such as cookies, but this has triggered discussions about data protection and transparency. At the same time, first-party data is becoming increasingly important. It comes directly from the

companies' platforms, is more privacy-friendly and strengthens user trust.¹⁰

An important building block for this change are privacy enhancing technologies (PETs), which make it possible to design data-based advertising effectively without jeopardizing the privacy of users. These technologies help companies to develop data protection-compliant solutions and strengthen consumer trust in the long term.

Companies benefit from greater targeting accuracy and better campaign results. Scatter loss is reduced, while click and conversion rates increase. SMEs in particular can use their limited budgets efficiently and strengthen their competitiveness. At the same time the precise approach promotes customer loyalty: Those who feel understood remain loyal to a brand.

Consumers also enjoy clear benefits. They do not see irrelevant content, but ads that meet their needs. This makes decisions easier, improves the digital user experience and promotes the discovery of new products. At the same time, personalised advertising finances many free online services that have become an integral part of everyday life.

⁹ Advertiser Perceptions (2024); Marketing Science Institute (2024)

¹⁰ McCann, D., Stronge, W., & Jones, P.(2021); Kircher, T.; Foerderer, J. (2023)

Personalised advertising is a key growth driver in digital marketing

90 percent of all growth in the digital advertising industry is based on personalised formats.¹¹ For companies, however, it is far more than just a cost factor: personalised advertising is an investment with a high return. Advertisers achieve up to 40 percent higher sales than the market average by precisely addressing target groups.¹²

The relevance of personalised advertising goes far beyond companies. It contributes significantly to the financing of many free online services. Social networks, news sites and search engines can only remain free of charge thanks to this revenue. A decline in tracking-based advertising would impair this structure: European online media could lose USD 10 billion in revenue.¹³ Alternatives such as paywalls or subscriptions would be necessary, but would be a burden on low-income households in particular.¹⁴ According to surveys, 48 percent of Europeans would significantly restrict their Internet use if they had to pay for content.¹⁵

The effects could have a lasting impact on digital participation in Europe. Studies show that EU GDP could shrink by 0.2-0.3% - a loss of up to 106 billion euros per year. In Germany alone, the decline would amount to around 13.4 billion euros in 2023.¹⁶

The effectiveness of online advertising would decrease by 50-70 percent, while the costs for advertisers could increase by a factor of 2 to 3.3. At the same time, publishers could lose up to 70 percent of their revenue.¹⁷

A ban on personalised advertising could fundamentally change the digital advertising market. Without personalised advertising, SMEs would be less able to reach their target groups precisely. The financing of broad-based advertising measures would not be affordable for many, which would significantly limit the visibility of their products.

These developments could significantly weaken their innovative strength and long-term competitiveness.¹⁸ A ban on personalised advertising would therefore have a significant negative impact on dynamic competition.

11 IHS Markit (2017); Deisenroth, D.; Manjeer, U.; Sohail, Z.; Tadelis, S.; Wernerfelt, N. (2024)

12 McKinsey Insights (2021)

13 McKinsey Insights (2021) | McCann, D., Stronge, W., & Jones, P.(2021); Deisenroth, D.; Manjeer, U.; Sohail, Z.; Tadelis, S.; Wernerfelt, N. (2024)

14 Mueller, B.; Castro, D. (2021)

15 IAB Europe (2021)

16 Copenhagen Economics (2021)

17 Mueller, B.; Castro, D. (2021); CMA Competition and Markets Authority (2020)

18 IHS Markit (2017)

Personalised advertising leads to measurable success

Personalised advertising achieves demonstrably measurable success, which is reflected in central key performance indicators (KPIs). The click-through rate (CTR) of personalised ads is up to 5.3 times higher than that of generic campaigns. Retargeting is particularly effective. Users are addressed again if they have already shown interest in a product or service. This technique can increase the probability of success by a factor of 10.8 and thus maximizes the benefit of existing data and advertising expenditure.¹⁹

The visibility of products increases through targeted personalization. This not only increases the likelihood of purchase, but also promotes the discovery of niche products. Young target groups in particular react positively to this form of approach. They find personalised content convenient and contemporary, as it offers them a more individual user experience.²⁰

Despite its successes, personalised advertising also poses challenges. Data protection concerns are among the biggest hurdles. The impression of intrusiveness in personalised content could weaken the trust of many users in advertising measures.

¹⁹ Mueller, B.; Castro, D. (2021); CMA Competition and Markets Authority (2020)

²⁰ Copenhagen Economics (2021); Chu, C.; Chiang, I.; Tsai, K.; Tung, Y. (2023); Marketing Science Institute (2024)

The so-called privacy paradox describes the fact that many consumers share their data despite concerns - especially if they receive benefits such as convenience or suitable content in return.²¹ Companies need to find the right balance between personalization and data protection to ensure both efficiency and consumer trust.

A restrictive interpretation and application of current regulatory projects and legislation, such as the General Data Protection Regulation (GDPR), is an aggravating factor. Regulatory restrictions on access to user data and its use for advertising purposes lead to rising costs and declining efficiency.²²

SMEs are particularly affected by this. They often lack the resources to develop alternative, complex data strategies (such as first-party data strategies).

²¹ McCann, D., Stronge, W., & Jones, P. (2021); DeKeyser et al. (2022); Al Helaly, Y.; Dhillon, G.; Oliviera, T. (2023)

²² Acquisti, A. (2024); Marketing Science Institute (2024)

SMEs secure their business models through the use of personalised advertising

The targeted use of limited budgets and the precise targeting of potential customers give SMEs a decisive competitive advantage. Studies show that 74 percent of SMEs consider personalised advertising to be central to their success. Instead of investing in expensive and widespread campaigns, SMEs can reach their target groups directly through personalised advertising. This approach not only opens up access to niche markets, but also compensates for the disadvantage of fewer resources. 62 percent of SMEs report cost reductions made possible by this targeted advertising strategy. In this way, even smaller providers can assert themselves in a highly competitive market and consolidate their position.²³

A ban on personalised advertising could increase market concentration in the digital advertising market and put smaller companies and independent publishers in particular at a disadvantage. Without targeted advertising options, their costs would increase while effectiveness would decrease. This could restrict competition, reduce investment in digital advertising and weaken the media landscape.

Small and medium-sized companies in particular would find it more difficult to reach new customers in a targeted manner, which could jeopardise their long-term competitiveness.²⁴

Alternatives to personalised advertising such as contextual advertising cannot completely close this gap. Contextual advertising is based on the user's current environment, such as the content of a website, and uses less personal data. While it is a less data-intensive form of advertising, it is less precise in its targeting. This leads to higher costs and a lower advertising impact. Without the competitive advantage of personalised advertising, SMEs risk losing relevance in an increasingly data-driven market.²⁵

Strengthening equal opportunities and competitiveness therefore requires continuing to make the possibilities of personalised advertising accessible and at the same time developing innovative solutions for data protection.

23 Deloitte LLP (2021); McCann, D., Stronge, W., & Jones, P. (2021); Mueller, B.; Castro, D. (2021); Deisenroth, D.; Manjeer, U.; Sohail, Z.; Tadelis, S.; Wernerfelt, N. (2024); IHS Markit (2017)

24 IHS Markit (2017); Marketing Science Institute (2024); Deisenroth, D.; Manjeer, U.; Sohail, Z.; Tadelis, S.; Wernerfelt, N. (2024)

25 McCann, D., Stronge, W., & Jones, P. (2021)

Personalised advertising is widely accepted

Every day, internet users encounter countless advertisements that are specifically tailored to their preferences and behavior. Such formats are now commonplace and have redefined how companies address their target groups. At the same time, they polarize: What many find useful and convenient, others see as disruptive or even invasive.

For Gen Z and Gen Y, personalised advertising is often a door opener to suitable products and services. They appreciate the relevance of such content and often experience it as a real time-saver. In fact, only 31 percent of Gen Z say they find personalised advertising intrusive - an indication of how well these formats are tailored to their needs. In contrast, baby boomers and the (post-)war generation (54 percent each) express more reservations. A large proportion (45 percent) of respondents consider personalised advertising to be intrusive and see it as a potential threat to their privacy. Critical questions about data collection and use are often at the forefront of their minds. Nevertheless, only 16 percent of respondents consider personalised advertising to be so intrusive that it should be restricted or banned.

Despite concerns, the general acceptance of personalised advertising is remarkably high. This shows that many users appreciate the benefits - such as quickly discovering relevant offers. However, repetitive advertising is perceived as negative across all generations.

Advertising for products that have already been purchased or repetitive ads are rejected by all age groups. There is clear room for improvement here.

Perception of different types of online advertising (in percent)

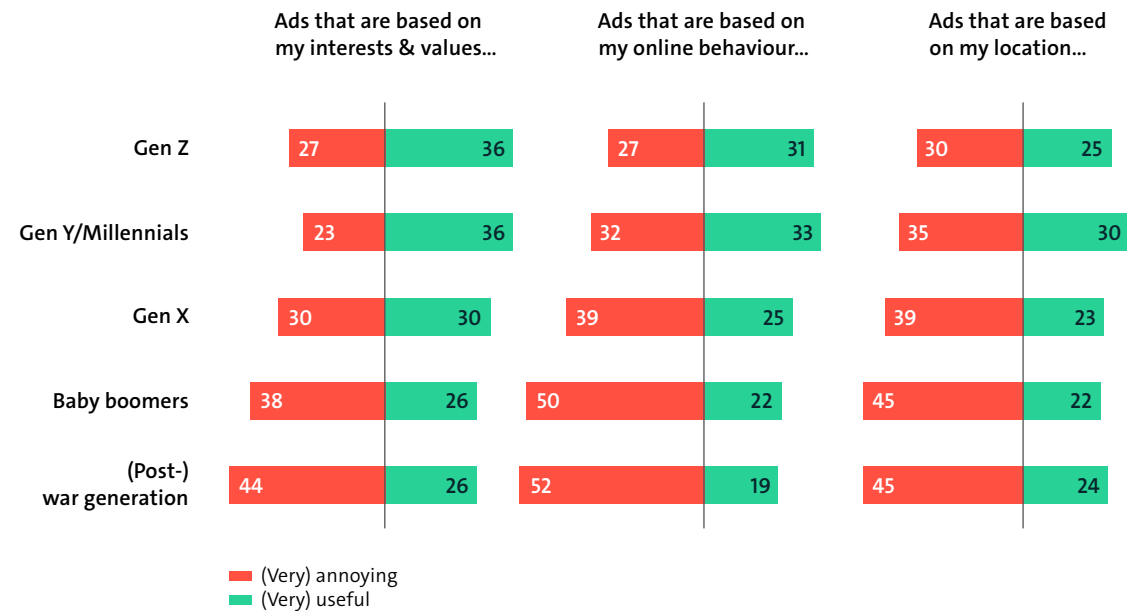


Figure 9: Perception of different types of online advertising

Perception of personalised online advertising as... (in percent)

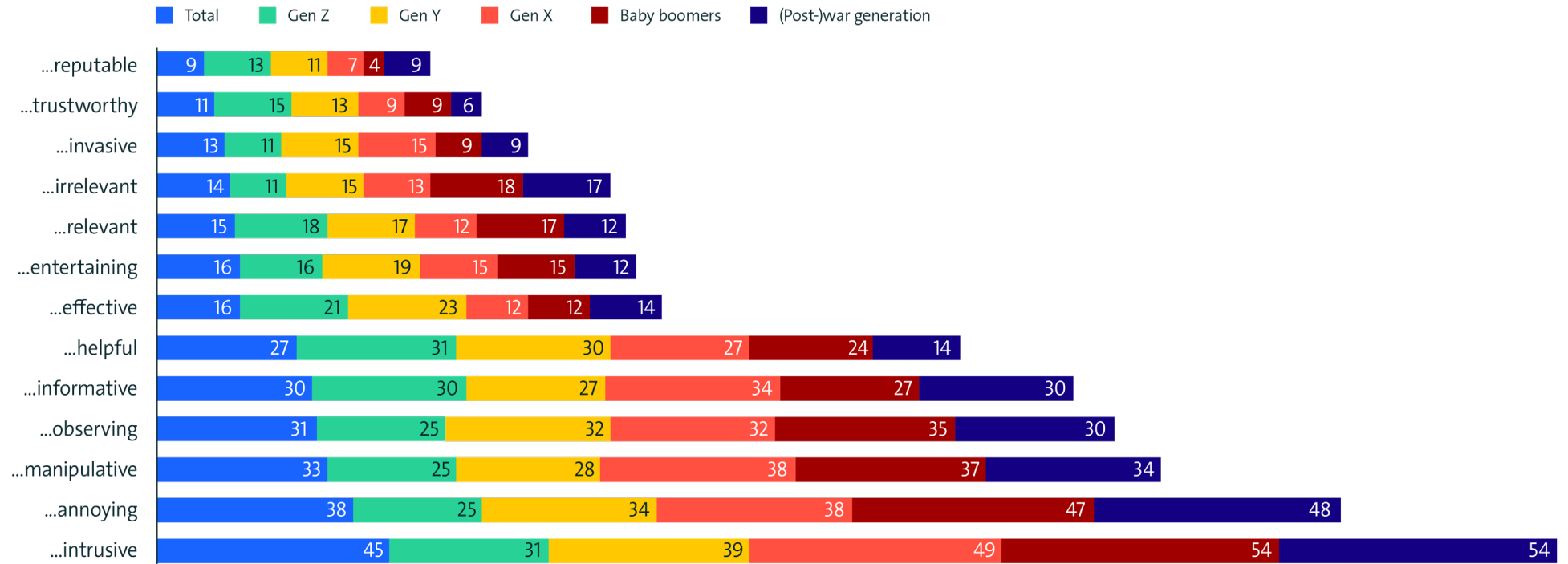


Figure 10: Perception of personalised online advertising

Consumers see the benefits of personalised advertising

Despite critical voices, personalised online advertising offers numerous advantages that are appreciated by many users. In particular, the combination of relevant content and practical added value sets it apart from other forms of advertising. One clear advantage is the targeted approach: 28 percent of respondents quickly find suitable offers through personalised advertising. Younger generations in particular, such as Gen Z (35 percent) and Gen Y (33 percent), benefit from this. They find orientation in the flood of digital information and save time when searching for relevant offers. Personalised advertising reduces irrelevant ads for 22 percent of respondents and eliminates the need to actively search for offers.

In addition to the advantages of personalised advertising, there are also concerns about data protection and privacy - issues that mainly concern older generations. Younger generations are less sensitive to these aspects. However, 53 percent of all respondents feel that the collection and use of personal data is an invasion of their privacy. Security concerns and the fear of data leaks are key issues for 41 percent of respondents. Another frequently voiced problem is the perception of irrelevant or excessive advertising. 37 percent find them annoying. If the advertising shown were less personalised, this perception could increase further.

The different reactions to personalised advertising can be explained by the digital socialization of the generations. Younger generations who have grown up with the internet often see the use of their data as a necessary consideration

for relevant content and benefits. Older generations, who are less familiar with digital technologies, are more critical of data usage and more often feel monitored.

Advantages of personalised advertising (in percent)	Total	Gen Z	Gen Y	Gen X	Baby boomers	(Post-)war generation
Personalised online advertising helps me to discover good offers.	28	35	33	26	21	21
There is more free content that would otherwise be behind a paywall.	23	29	25	25	19	15
I save time because I have to search less actively for offers.	22	30	25	22	18	13
Fewer irrelevant adverts are displayed.	22	28	26	22	15	13
Fewer spam adverts are displayed.	15	23	20	12	11	8
I don't see any advantages in personalised online advertising.	31	4	20	35	49	60

Table 8: Advantages of personalised advertising

Disadvantages of personalised advertising (in percent)	Total	Gen Z	Gen Y	Gen X	Baby boomers	(Post-)war generation
Feeling of surveillance and invasion of my privacy (e.g. through the collection and use of personal data)	53	45	44	59	64	54
Concern about security breaches and data leaks (e.g. through misuse or unauthorised disclosure of personal data)	41	33	37	43	51	41
Negative impact on the user experience (e.g. through excessive or irrelevant advertising)	37	33	33	37	43	42
Visibility of a limited variety of products or services (e.g. through pre-filtering of content/advertisements)	28	29	31	32	22	19
Risk of reinforcing prejudices or stereotypes	20	17	24	20	21	9
I do not see any disadvantages in personalised online advertising.	11	6	11	11	12	20

Table 9: Disadvantages of personalised advertising

Younger generations mostly view personalised advertising positively

The impact of personalised advertising depends heavily on the channel on which it is displayed. Users encounter it particularly frequently on social media (54 percent), in online stores (51 percent) and on online search engines (45 percent). Younger generations generally rate these platforms positively and find the advertising there helpful. Older generations, on the other hand, react more critically. They often find ads on social media and search engines annoying. Their possible lack of familiarity with digital platforms and their different usage patterns could reinforce this impression.

The product category advertised also influences the impact of personalised advertising. Advertising for everyday products such as food (36 percent) or clothing (35 percent) is often perceived as helpful and relevant. It specifically addresses the everyday needs of consumers. In contrast, advertising for more complex products such as real estate (21 percent) or financial services (20 percent) meets with less approval - an indication of their higher decision barrier. Younger generations also appreciate the discovery character of personalised advertising. They see it as an inspiration for new products or services, while older generations find this advantage less relevant.

Successful advertising strategies should therefore not only be targeted, but also take into account the needs and expectations of different generations.

Companies must adapt content and channels precisely in order to promote acceptance and maximize the benefits for their target groups.

Acceptance of personalised advertising by type of product	in percent
Food and beverages	36
Clothing and accessories	35
Travel and accommodation (hotels, flights, package holidays)	33
Entertainment (music, films, books)	33
Technology products (smartphones, laptops, etc.)	30
Home and garden products	29
Health products, services and beauty products	28
Sports and fitness products	26

Acceptance of personalised advertising by type of product	in percent
Event tickets	26
Pet products	26
Telecommunications services (Internet, telephony, TV subscriptions)	25
Education and training (online courses and trainings)	23
Automotive products (cars, motorbikes, accessories)	22
Real estate	21
Financial and insurance services (insurance, loans)	20
Political parties/interest groups	19

Table 10: Acceptance of personalised advertising by type of product

Personalised advertising provides effective incentives to buy

Personalised advertising convinces customers all the way through to their purchase decision. More than half of those surveyed have already been inspired to make an online purchase by personalised advertising. It is most effective in emotionally appealing and needs-oriented categories: 38 percent of respondents bought clothing online as a result of personalised advertising, while just under a quarter chose health products or entertainment products such as music, films and books.

Personalised advertising is also a strong buying impulse in stationary retail. Here, the proportion of purchases made through personalised advertising is 45 percent. Food and beverages (43 percent) end up in the shopping cart particularly frequently.

Younger generations such as Gen Z and Gen Y are highly receptive to personalised advertising: 78% of Gen Z and 56% of Gen Y have already of Gen Z and 56 percent of Gen Y have already downloaded apps or used online services as a result of targeted advertising. Older generations, on the other hand, react much more cautiously. It is remarkable that only 19% of respondents can no longer imagine being influenced by personalised advertising in the future - proof of the growing acceptance of this marketing strategy.

Companies can draw a clear message from this: Successful campaigns require a precise focus on the needs and prefer-

ences of target groups. By taking demographic differences into account, companies can use personalised advertising in a targeted manner, to increase their customers' attention and willingness to buy both online and offline. The right approach at the right time makes all the difference and opens up new potential along the entire customer journey.

Purchase made due to personalised advertising (in percent)	Online	Offline
Clothing and accessories	38	31
Health products, services and beauty products	26	28
Entertainment (music, films, books)	24	18
Food and beverages	24	43
Travel and accommodation (hotels, flights, package holidays)	23	16
Technology products (smartphones, laptops, etc.)	22	16
Sports and fitness products	19	18
Home and garden products	19	14
Event tickets	17	11

Purchase made due to personalised advertising (in percent)	Online	Offline
Pet products	15	17
Telecommunications services (Internet, telephony, TV subscriptions)	15	11
Financial and insurance services (insurance, loans)	12	11
Education and training (online courses, training courses)	10	7
Automotive products (cars, motorbikes, accessories)	9	9

Table 11: Purchase made due to personalised advertising

Using transparency to increase acceptance of personalised advertising

At 56 percent, the desire for more control over the content displayed is a key concern across all generations. Data protection is the top priority for the majority (64 percent). This need is complemented by the desire for control over one's own data (62 percent), more transparency in data collection (61 percent) and sharing personal information as sparingly as possible (57 percent).

At the same time, there is a considerable lack of information: only 22 percent of respondents know which data is actually used for personalised advertising. Only one in four people know how to adjust personal data protection settings themselves. Most suspect that companies use data such as browsing behavior (59 percent), online purchase history (58 percent) and location information (55 percent) for personalised advertising. To protect their data, respondents primarily use antivirus programs (42 percent), ad blockers (27 percent) and firewalls (27 percent), with the use of these tools increasing with age. A better understanding of data usage and setting options could reduce concerns and promote trust.

Almost two thirds of respondents see personalised advertising as a particular opportunity for smaller companies, despite the uncertainties. It enables them to compete with large providers. A general ban on advertising is viewed critically by Gen Z in particular,

who focus more strongly on the possible economic consequences.

Views on data protection

in percent

The issue of data protection on the Internet is important to me.	64
I would like to have complete control over how my data is used by companies for advertising purposes.	62
I would like more transparency about how my data is collected on the internet and used for advertising purposes.	61
When I'm online, I want to share as little information about myself as possible.	57
If I could, I would prohibit companies from using my personal data in any way, from using my personal data.	42
The majority of companies handle my data responsibly.	32
I have the feeling that my data is well protected in Germany. protected in Germany.	30
I personally am well informed about data protection.	29
I have the feeling that my data is well protected within the EU.	26
I have the feeling that my data is well protected outside the EU.	16
I don't mind if companies use my data for advertising purposes.	14

Table 12: Views on data protection

Free websites are the first choice

The desire for free websites unites the generations - but opinions on financing through advertising do not. While Gen Z (51 percent) and Gen X (39 percent) consider personalised advertising on websites to be useful, their motivations differ. Gen Z values relevance and quick access to suitable content, while Gen X takes the pragmatic approach: Advertising is acceptable if it provides free content. In contrast, the (post-)war generation shows a clearer rejection with only 23 percent approval - an expression of their stronger desire for data protection.

The majority of the population (47 percent) prefers websites without personalised advertising. The (post-)war generation (72 percent) is particularly critical of personalised advertising and attaches great importance to privacy. Gen X (46 percent) and Gen Z (31 percent), on the other hand, are more balanced and tolerant of modern advertising financing. These preferences show a clear discrepancy between users' expectations and the economic reality: while many prefer free content without advertising, the willingness to pay for ad-free sites remains minimal. Only 16 percent of the total population - including just 4 percent of the (post-)war generation - would be willing to pay for ad-free websites.

Younger generations are increasingly recognizing the value of personalised advertising. Gen Z accepts advertising if it offers relevant content and is not perceived as spam. This perspective illustrates a pragmatic attitude: free content can only be realized in exchange for advertising - but then this should be individually tailored. The desire for free and ad-free websites is often at odds with economic realities.

Providers achieve significantly higher revenues with personalised advertising, which is what makes free content viable in the first place. This reveals an important gap: the wishes of consumers do not always coincide with the economic principles of providers. Consumers' wishes do not always coincide with economic principles and realities.

Type of website	Total	Gen Z	Gen X	(War-)war generation
Free websites with personalised advertising content	37	51	39	23
Free websites with non-personalised advertising content	47	31	46	72
Paid websites without advertising content	16	18	16	4

Table 13: Preferred types of websites (in percent)

Practical perspective on digital marketing



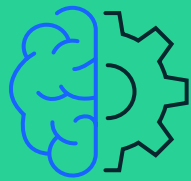
Digital advertising:
Driving growth and change in
Germany and Europe



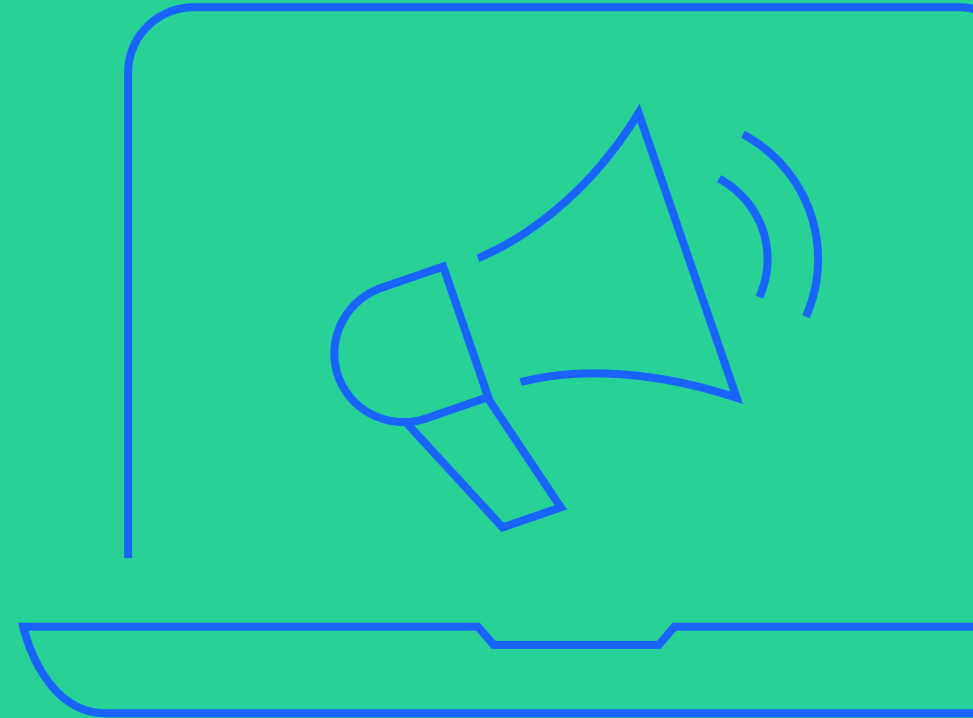
Reaching Gen Z
with a tailored approach



The Value of Personalised Ads:
Ensuring a Free and Inclusive
Internet



The change in marketing:
From Mad Men to AI-Augmented
Master Minds



Digital advertising: growth engine and driver of innovation for Germany and Europe

■ Digital advertising is an essential part of our economy, both in Germany and in Europe. It drives innovation and growth, helps companies of all sizes to attract customers in a targeted manner and gives people in Europe access to a wealth of information and services.

Philipp Justus, Country Manager, Google Germany

Growth driver for the German economy

Digital advertising makes a significant contribution to economic activity, strengthens the labor market and promotes the general health of the German economy. One euro invested in Google Ads generates an average of eight euros in revenue.²⁶

26 The 8:1 ratio represents the return on investment (ROI) of Google Ads. This means that one euro invested in advertising expenditure for Google Ads was deducted from the realized sales growth. The methodology is based on the methodology of the US Google Economic Impact Report. The 8:1 ratio is made up of two components: the additional business revenue from Google Ads and that from Google Search. For every euro invested, additional business revenue from Google Ads amounts to 2 euros and additional business revenue from Google Search amounts to 7 euros. Subtracting the invested euro from the total additional revenue results in an ROI of 8. The methodology section of the study and Google's own explanations ([^] <https://economicimpact.google/methodology/>) explain this in more detail. The results presented here are taken from the study "The digital factor - how Germany benefits from smart technologies" by IW Consult on behalf of Google and the company and population surveys conducted as part of this study. Information on the methodology and further results can be found (in German) at der-digitale-faktor.de

Efficiency and target group orientation as the key to success

The strength of digital advertising lies in its ability to efficiently and measurably connect companies with their relevant target groups. In contrast to traditional methods, digital campaigns can be precisely tailored to demographic characteristics, interests and online behavior. This enables small and medium-sized enterprises (SMEs) in particular to increase their competitiveness and reach a larger customer base.

Success stories of German companies

The German online marketplace Avocadostore, which specializes in sustainable products, illustrates the benefits of digital advertising. By using Google Ads, in particular Shopping ads and Smart Bidding, Avocadostore increased its sales by 48% year-on-year and at the same time reduced its cost per acquisition (CPA) by 51%.

- **Data-driven strategy:** Analysis of internal data such as return rates and shipping costs to optimize smart bidding.
- **Automation:** Time savings and increased efficiency thanks to automated bid settings.

- **Target group orientation:** Alignment of campaigns to target groups with relevant interests who are ready to buy.

Bayer Consumer Health also optimized its advertising strategy by using Google Analytics 4, Search Ads 360 and Value Based Bidding. The focus shifted from volume to value, which led to a significant increase in high-quality conversions, the conversion value and a reduction in costs per acquisition.

Responsibility and innovation for the future

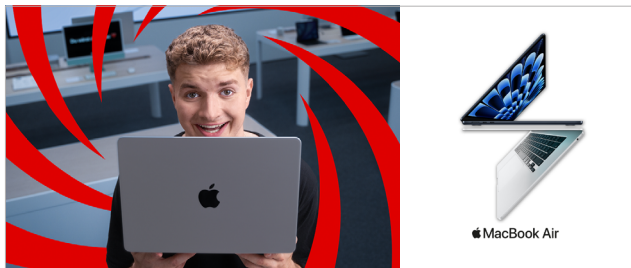
The future of digital advertising in Europe requires a balance between innovation and responsibility. Transparency, user control and data protection must take priority. Collaboration between industry, policy makers and consumers is crucial to create an effective, ethical and sustainable digital advertising landscape. Privacy-Enhancing Technologies (PETs) are an example of innovative solutions that strengthen data protection.

These technologies minimize the collection, use and disclosure of data while protecting user privacy. By combining innovation, responsibility and ethical standards, digital advertising can realize its full potential and lead Germany and Europe into a successful digital future.

Reaching Gen Z with a tailored approach

MediaMarktSaturn demonstrates the close integration of target group-based communication and success in the digital sector with a customized social media campaign

Together with a major partner, MediaMarktSaturn has implemented a successful campaign to target Gen Z. The aim of the campaign was to increase sales of a new notebook at MediaMarkt and Saturn by targeting Gen Z, especially first-year students. The challenge was to develop a campaign that would authentically appeal to the values and preferences of this young, tech-savvy target group and motivate them to choose the notebook as the ideal device to start their studies.



A key insight shaped the strategy: Gen Z humorously explains to their parents why they need exactly this notebook - and what it is actually used for.

This authentic message was conveyed through popular influencers who highlighted the benefits of the notebook - from connectivity to long battery life - in an entertaining way.



The campaign followed a clear “social first” approach, that optimally integrated the platform mechanics. Creator @fionntime, known for his proximity to Gen Z, brought the message directly to the target audience through humorous roleplayer videos on TikTok and Meta. The content was precise, visually appealing and optimized for the platform's short attention spans.

Thanks to the targeted combination of authentic influencer collaborations, tailored content and platform-specific implementation, the campaign not only achieved high reach, but

also generated strong interaction within the target group. In particular, a brand lift study conducted with TikTok showed a significant increase in relevant KPIs such as ad recall of +8.9 % or purchase intention of +2.5 %.

With this campaign, we have once again demonstrated how MediaMarktSaturn is breaking new ground in its digital customer approach. This campaign makes it clear that it's not just about innovative products, but also about how we present and explain them in the digital world. The success shows that the combination of customized creative and a platform-appropriate strategy improves performance - and at a lower cost than conventional campaigns.

Miriam Fonfe, Head of Marketing, MediaMarktSaturn Germany

The campaign shows how a strategy tailored to Gen Z, paired with a social first approach and collaboration with suitable creators, can successfully achieve marketing and corporate goals can be achieved.

The case for personalized ads: the cornerstone of a free, inclusive internet

Personalized ads are a vital component of the ad-supported internet that has enabled access to free online services for hundreds of millions of EU citizens and billions of people around the world.

There is an ongoing, strong regulatory push in the EU, under both the GDPR and Digital Markets Act (DMA), for Meta and others to offer services for free while using very limited data for ads. This regulatory push has the potential to materially undermine personalized ads in Europe and the ability to reach a specific audience.

We've outlined how businesses, people and economies will be impacted by further restrictions on ads personalization.

Impact to Businesses

Increased Costs

On Meta technologies, every euro spent drives on average €3.79 in revenue for advertisers.²⁷ Without personalized ads, advertisers would need to spend 2 to 3.3 times more get the same outcomes when using personalized advertising, making

27 Learning, Sophistication, and the Returns to Advertising: Implications for Differences in Firm Performance (July 2024) <https://www.nber.org/papers/w31201>.

their marketing far less efficient. Companies advertising niche products and services, or building smaller brands, are at a significant disadvantage when using contextual advertising or traditional media. They do not have the budget for mass advertising campaigns and therefore depend on using precisely tailored campaigns to reach the most relevant audience.²⁸

Disruption to Marketing Objectives

In a low data environment, studies have shown that businesses will have a harder time reaching new customers and growing their business.²⁹ With less personalization, the industry will need formats such as ad breaks to reach wider audiences.

Impact to People

Fewer Personalised Experiences

71% of consumers expect companies to deliver personalization, and 76% get frustrated when this doesn't happen.³⁰ The majority of people understand the role their data plays in

28 Center for Data Innovation. (2021). The value of personalised ads in Europe. <https://www2.datainnovation.org/2021-value-personalised-ads-europe.pdf>

29 National Bureau of Economic Research: Digital Advertising and Market Structure: Implications for Privacy Regulation (2024) <https://www.nber.org/papers/w32726>.

30 McKinsey, The value of getting personalization right — or wrong — is multiplying (2021) <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/the-value-of-getting-personalization-right-or-wrong-is-multiplying>.

their online experience.³¹ Without personalization, people's ads experiences online will be less relevant and less effective for businesses running them.

Less Accessibility to a Free, Ad-Supported Internet

A 75% of Europeans would choose today's experience of the internet over an internet without targeted ads, where they pay to access most sites and apps. 75% of citizens say they have benefited from relevant, targeted advertising.³² Restrictions to data for personalized ads affect the wider digital ecosystem of apps, games, content creators and other media companies offering digital content free of charge.

Lower Quality Experiences

The effectiveness of digital advertising plummets as ads become less personalized. This results in poorer user experiences, and an increase in irrelevant ads. A study³⁰ showed that when ads are less personalized, there was reduced activity on these ads, including fewer likes, fewer shares, fewer comments.

31 Zendesk (Feb, 2024) <https://www.zendesk.com/blog/customer-service-statistics/>.

32 IAB EU (2021) <https://iabeuropa.eu/latest-research-shows-eu-citizens-understand-and-appreciate-the-ad-supported-internet/>.

Economic Impact

Slower GDP Growth

€107 billion in European business revenue annually is attributable to personalized ads on Meta alone.²⁷

A previous economic study carried out by Deloitte, showed that every €1 spent on advertising, generated €7 for the wider European economy. At a broader scale, advertising makes up around 4.6% of the EU's overall GDP through its direct, indirect and catalytic effects.³³

Europe's regulatory complexity and the patchwork of laws across different member states often makes companies hesitant to roll out new products.

Market Consolidation and Impact to Competition

There will be an outsized impact on small and medium-sized businesses in the EU who will find it more challenging to reach existing or new customers through ad-supported businesses models - this runs counter to the drive to improve European competitiveness.

However, as we saw with Apple's App Tracking Transparency (ATT), all industries will be impacted. For more information on the Economic Impact of ATT:

➤ The App Tracking Transparency recession | Mobile Dev Memo by Eric Seufert

➤ The Four Horsemen of the Tech Recession | Stratechery

A Call for Pragmatic Regulation

The precedent currently being set will be the blueprint for upcoming legislation of personalized ads, so the stakes are high. We're at a moment where any further restrictions to data will make it challenging for people and businesses to connect. Let's instead work towards policies and safeguards that benefit both people and businesses. The industry has a responsibility to advocate for how important personalized advertising is for businesses, people and communities. Now is the moment to advocate for regulations that support responsible personalized advertising, allowing Meta and others to maintain the high-quality, free services that people have come to enjoy and expect.

³³ Advertising Information Group (2024) ➤ <https://www.aig-europe.eu/advertisings-critical-role-in-the-future-of-european-competitiveness/>

The change in marketing: From Mad Men to AI-Augmented Master Minds

Marketing is currently undergoing a profound transformation through the use of artificial intelligence (AI) at company level. It is crucial to separate the hype from the reality. Some AI use cases deliver what they promise, while others may have been overestimated. At the same time, important, AI-independent topics such as marketing efficiency, 1st-party data and vertical target operating models remain essential to the daily business of every Chief Marketing Officer (CMO) and should not fall victim to the AI hype.



The eras of marketing

The Mad Men

In the 1970s, gut feeling and intuition dominated marketing. These were the days of the Don Drapers of the world, who developed their campaigns based on creativity and a keen sense of human needs.



The Math Men

The turn of the millennium saw the arrival of data. Our “Math Men” used spreadsheets and analytics to usher in the age of measurable marketing. Clicks, conversions, A/B tests and funnels became their

indispensable tools. Today, we are moving to a fully customer-centric model based on 1st party data, Big Data and Customer Data Platforms (CDPs), supported by Journey Orchestration Engines (JOEs).

The new AI-Augmented Master Minds



This is where we are today. AI does not replace, but enriches our creative and strategic thinking. We are developing into “AI-supported marketing geniuses” who combine their creative skills with the power of AI.

Efficiency and challenges of personalization

In our projects, we have empirically observed that data-driven marketing with a high level of 1:1 personalization is about 10 times more efficient in converting impressions into clicks and likes. We consider this a standard in today's marketing. However, the global implementation of these efficiencies is challenging as it requires a high level of technology and qualified employees. Our project evaluations show that an improvement in the cost per action by a factor

of 3 can be expected, despite the higher operating costs and the comprehensive 1st party data strategies. The key challenges are:

Reach is King: It remains crucial that the business model offers sufficient reach to implement personalised marketing on a large scale. Traditional measures such as TV, radio and events are still relevant and must be optimized in the marketing mix.

Customer-Centric: The development of centralized and global platforms such as CDPs and JOEs is a complex task. Consolidation and central analysis of the data used are essential for every AI use case.

Omni-channel personalization: The focus should be on true personalization at every touchpoint and go beyond simple birthday emails to create hyper-personalised experiences.

One Operating Model: Global scaling within a target operating model can be complex. Central hubs, supported from headquarters are crucial. Data protection remains a critical factor.

AI Augmented Master Minds: AI is already being used for campaign management, content production and personalization. The first market players see AI as a real game changer, which excites us at PwC.

Author: Mathias Elsässer, Partner PwC Germany

Personalised advertising increases efficiency and relevance in the digital marketing mix

In uncertain times, digital marketing is proving to be an indispensable compass that offers companies orientation, flexibility and resilience. With innovative technologies such as AI-supported personalization and programmatic advertising open up efficiency potential that leaves traditional marketing strategies far behind. This development is also reflected in rising expenditure: at EUR 30.9 billion in 2024 and an increase of 20% within two years, digital marketing underlines its status in the German economy. Digital channels combine reach and precision and are thus becoming essential tools for companies of all sizes.

Personalised advertising is a driving force. It optimizes campaigns and minimizes wastage. SMEs in particular have the opportunity to increase their competitiveness through targeted advertising. At the same time, consumers benefit from tailored offers that make decisions easier and improve the user experience. But despite these advantages, there are challenges: Data protection and the desire for more control over personal data remain key concerns. Only 22% of respondents know what data they actually use - a clear call to action for more transparency and communication.

For the future, companies must ensure that data is handled responsibly and adapt to the needs of different generations. While younger target groups prioritize relevance and convenience, older generations place greater value on data protection.

Striking the right balance between personalization in online advertising and users' data protection concerns is crucial for sustainable and effective digital marketing. This requires effective transparency instead of a ban or severe restrictions on personalised advertising, which are devastating for the economy, society and consumers.

Ultimately, the study shows that digital marketing is far more than just a tool for short-term growth. It is a driver of innovation, resilience and long-term economic progress.



Appendix

Segment	In-Scope	Definition
Digital video advertising (including connected TV)	Yes	Digital video advertising includes all advertising formats within web-based videos, app-based video players, social media, or streaming apps, which can be seen on computer screens, smartphones, tablets, and other internet-connected devices. Connected TV advertising encompasses both in-stream video advertising of TV broadcasters and in-stream video advertising from other suppliers.
Search engine advertising	Yes	Search engine advertising (or SEA) refers to the placement of advertisements within, above, or next to the organic search results displayed on search results pages. These advertisements are usually in text form but also occur in image format.
Social media advertising	Yes	Social media advertising refers to all paid content that is featured in social networks or business networks such as Facebook, Twitter, or LinkedIn for advertising purposes. Among others, this content includes sponsored posts that are displayed to users in between organic content in their newsfeeds as well as advertisements next to the newsfeed. Note: In order to avoid duplicates, this category is not accounted for separately in the spending sub-segments, as social media advertising is included in the digital video advertising and banner advertising segments.
Digital banner advertising	Yes	Banners are ads in various sizes and formats that are placed on a website or within an app and that typically contain a link to the advertiser's website. While classic banners are static representations of texts and images, so-called rich media banners are now also possible, allowing sounds, animations, or videos to be played.
Digital audio advertising	Yes	Digital audio advertising encompasses all advertising revenue generated through pre or in-stream audio advertising in music – which also includes all types of radio services – and podcast streaming services. These include ad-supported free versions of premium subscription services or ad-based services.
Influencer advertising	Yes	Influencer marketing includes all advertising fees paid directly to influencers (or their trusted persons or agents) for them to post or show live sponsored content (e. g., posts, videos, and/or stories) on social media to advertise products and services to their followers. Sponsored content typically includes images, videos, livestreams, and/or text.
Email marketing	Yes	Systematic sending of advertising and product information to (potential) customers via email.
Affiliate marketing	Yes	Affiliate marketing refers to a collaborative partnership between a seller of goods, the merchant, and the operator of a website on the internet, the affiliate. Affiliates use their website to advertise the products and services of third-party companies and receive a commission for each sale. Affiliate marketing is an instrument that can be used for both performance-based marketing and data-driven marketing.
Digital out-of-home media	Yes	Digital out-of-home media refers to all kinds of outdoor advertising in public areas. The out-of-home advertising market encompasses all spending for large-scale public advertising (e. g., billboards), advertising on street furniture (e. g., bus stops), in public transport (e. g., buses and trains), and other advertising formats (e. g., place-based media). Digital out-of-home advertising also includes all revenues that were generated using forms of internet-connected out-of-home media. The content in this segment relates exclusively to digital revenues.

Segment	In-Scope	Definition
Digital classified ads	No	Classified ads are defined as paid listings on a subject-specific online platform. The price of the digital classified ad is typically not dependent on its success but on format, position, and the duration of ad placement. Due to the sales-heavy nature of digital classifieds, they were classified as out-of-scope here.
Business listings	No	Business listings includes all sales generated through awards (best employer) or paid placement on price comparison websites, job portals, etc. These sales can be targeted at employer branding (HR), sales or marketing. Accordingly, this category is not included in this definition of digital marketing.
Digital trade fairs/events	No	<p>The goal of event marketing is to promote a company, product, or brand. To do so, the right target group must be reached, addressed, and invited to the event. The event is not primarily about the product to be marketed, but it is omnipresent.</p> <p>Note: Out-of-scope due to the strong sales focus and the separation between sales & marketing.</p>
Studies/reports	No	Studies/reports are used specifically in the area of public communications and content marketing. These reports can serve marketing purposes (awareness), but also sales purposes (lead generation). Accordingly, these marketing studies/reports are not considered.

Methodology

Indicator	Methodology
Spending	<p>Spending in the digital marketing sector reflects the expenditure of advertisers for »planning & conceptualization« and »placement & distribution« of digital marketing. To model spending, deep web research was carried out in order to review all relevant market studies. The market studies were assessed for their information content and robustness. All the spending within the aforementioned segments was included according to the definition of digital marketing. To glean a holistic overview of spending, additionally, the salaries of those directly responsible for digital marketing in the company.</p>
Value creation	<p>The calculation of value creation in digital marketing is based on a combination of top-down and bottom-up modelling. The input-out tables of the Federal Statistical Office's national accounts/ domestic product are used to determine the value creation. The input-output tables are used to identify the relevant areas for digital marketing and the inputs outside the digital marketing sector. The value of the identified domestic intermediate outputs was subtracted from the production value to calculate the approximate value added. The production value corresponds to spending on digital marketing.</p>
Employment	<p>Digital marketing employment figures are based on a comprehensive top-down and bottom-up approach. The relevant actors along the value chain »planning & conceptualization« (agencies) and »placement & distribution« (marketers, platforms, publishers, influencers, creators) were analyzed bottom-up for their staff numbers in digital marketing. The gleaned figures were validated with the public figures of the Federal Employment Agency using a top-down approach.</p> <p>The indirect employment effects were calculated using the calculated domestic intermediate outputs in the task area »Value added« and approximated for the areas using the paid gross salaries. Additionally, induced income effects were included.</p> <p>To calculate the induced employment effects, the income effects of direct and indirect employees were first calculated via the average gross salaries per sub-sector. Note: The calculation of the induced income effect is controversial.</p> <p>In the absence of a specific income multiplier for digital marketing, a multiplier of 1.3 is assumed based on comparative studies. The chosen multiplier of 1.3 is considered a conservative estimate.</p>
Income effects	<p>Direct income effects are calculated on the basis of recorded employment and earnings statistics. Earnings of employees and managers were recorded to determine direct income effects. The earnings statistics are based on public statistics of the Federal Employment Agency and the Federal Statistical Office. Income tax was modelled based on the average burden by income. Social security contributions include unemployment insurance and pension insurance (employee and employer's share).</p>
Additional revenue generated	<p>Digital marketing makes a significant contribution to the revenue generation of advertising companies. However, the exact determination of the marketing share is challenging, as a variety of effects play a role in addition to digital marketing. An approximation can be achieved using the return on advertising spend (ROAS). The value determined in this study for the revenue generated by digital marketing for advertisers can be understood as a rough guide.</p> <p>The range of ROAS values across various marketing channels and industries was determined on the basis of a large number of studies and a conservative estimate of 2.5 was assumed. The additional revenue generated is calculated on the basis of digital marketing expenditure excluding advertiser salaries.</p>
Return On Advertising Spend	<p>The return on advertising spend (ROAS) is a key marketing indicator that measures the profitability of advertising expenditure. It calculates the revenue generated by an advertising campaign in relation to the expenditure on this campaign. ROAS is used to evaluate the effectiveness of individual campaigns, channels or ad formats.</p>

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Survey details

Figure	Methodology
Goal and purpose of the survey	The survey examines the perception and acceptance of personalised advertising among the online population. The aim is to gain insights into the awareness, knowledge and attitudes of the participants towards personalised advertising measures. In addition, the study is intended to provide information on how data protection and privacy are perceived in this context and which factors influence the acceptance of personalised advertising.
Target group	Online population aged 16 and over
Sample size	n = 1,010 participants
Survey method	CAWI (computer-assisted web interviews) using an online access panel
Survey period	11 December to 17 December 2024



Imprint

Published by

Bitkom e.V.
Albrechtstr. 10
10117 Berlin

Contact Person

Dr Florian Bayer
T +49 30 27576-162
f.bayer@bitkom.org

Project team

Dr Florian Bayer | Bitkom
Eike Hartmann | Statista

Design

Anna Stolz | Bitkom

Images

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Bitkom e.V.

Albrechtstr. 10

10117 Berlin

T +49 30 27576-0

bitkom@bitkom.org

bitkom.org

bitkom