

Pinterest Has Brand Appeal But Remains a Second-Tier Ad Option

Companies: AAPL, AMZN, FB, GOOG/GOOGL, MSFT, PINS, SHOP, SNAP, TTD, TWTR, WMT

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Research Question:

Is Pinterest poised to capture a greater share of ad budgets in 2021?

Summary of Findings

- [Pinterest Inc.](#) (PINS) is unlikely to see a major breakout in 2021 as advertisers continue to see the platform in a narrow frame—useful for promoting awareness of certain types of brands but less effective than peers for driving direct actions and purchases, according to interviews with 10 advertisers, agencies, and other industry specialists.
- Pinterest generally accounts for 5% or less of digital ad budgets, five sources said, and only one agency source predicted increased spending on the platform this year.
- Pinterest's role as a search and planning tool makes it a worthwhile investment for "upper funnel" advertising campaigns related to travel, home improvement, fashion, and hobbies. But [Alphabet Inc.'s](#) (GOOG/GOOGL) [Google search](#) and [YouTube video](#), along with [Facebook Inc.'s](#) (FB) main platform and [Instagram](#) app, have far broader appeal for their ability to lead directly to purchases. Those platforms account for as much as 85% of digital ad budgets.
- Pinterest competes in a second tier that includes [Twitter Inc.](#) (TWTR), Snap Inc.'s (SNAP) [Snapchat](#), and ByteDance Ltd.'s [TikTok](#), whose momentum is growing rapidly, eight sources said. Experimental dollars are heading to TikTok, as the video sharing app offers cheap inventory, good click-through rates, and is seen as the hot new platform.
- Pinterest has made improvements to its ad units, including [story pins](#), three sources said. But it lacks non-skippable ad placements, lags competitors in attribution, and makes it too difficult for users to move from the platform to an advertiser's website.
- Three sources said Pinterest has benefited from COVID-19-related lockdowns that focused attention on hobbies and home improvements—where Pinterest excels—and from the cancellation of live events that reduced TV ad spending. One agency source said Pinterest spending was up 90% year over year in the first quarter but is not sure whether the trend will continue.
- Efforts by [Apple Inc.](#) (AAPL) and Google to [reduce tracking of users](#) across websites and apps will make it harder for advertisers to build custom audiences and attribute purchases to ads across all channels, five sources said. But sources were split about the impact on Pinterest, with its focus on the top of the sales funnel and its trove of first-party data.

Silo Summaries

1) Ad Agencies

Pinterest remains a minor part of most advertisers' strategies, garnering anywhere from zero to 10% of digital ad budgets. **Only one source forecast an increase in Pinterest ad spending in 2021**—growth he attributed to international clients using the platform for the first time and the possibility that TV ad spending will remain depressed. One source said Pinterest ad spending spiked in the first quarter because of high interest in home renovations stemming from COVID-19 lockdowns, but she was not sure it would result in a gain over the full year. **Pinterest will not be able to gain share from Google, YouTube, Facebook, or Instagram**, which account for as much as 85% of digital ad budgets. Those platforms are considered reliable, efficient, and able to drive direct sales, whereas Pinterest is good for brand building but struggles with conversions. Instead, **Pinterest is competing in a second tier that includes Twitter, Snapchat, Reddit, and TikTok. The latter is growing rapidly as the hot platform that advertisers want to experiment with.** Pinterest has made some improvements to its ad units and reporting capabilities but lacks non-skippable ad placements, like pre-roll video. It needs to make it easier for users to move from the platform to advertisers' websites and be more transparent with its planning tools.

2) Industry Specialists

Most digital ad spending goes to Google, Facebook, and Instagram, as they can show a direct line between ads and purchases. Pinterest is in the next tier, though it can garner as much as 30% of digital ad dollars for brands related to fashion and beauty. **TikTok is seeing significant gains, as advertisers are directing experimental dollars to the platform.** Pinterest is used by consumers for planning and inspiration, so the platform needs to use its consumer data to better predict when users are moving closer to the buying stage. **Apple's privacy changes and Google's plan to reduce browser tracking could benefit platforms with first-party data, including Pinterest.**

3) Advertisers

This executive's company does not advertise on Pinterest as the platform does not reach the younger audience that the company wants to target. **Facebook, Instagram—and, more recently, TikTok—are where the ad dollars are flowing.**

	2021 Spending Outlook for Pinterest	Quality of Pinterest's Ad Technology	Impact on Pinterest of New Tracking Restrictions
Ad Agencies	➔	➔	➔
Industry Specialists	➔	➔	⬆️
Advertisers	➔	N/A	N/A

Background

Enthusiasm around social media platform Pinterest has been growing, with shares hitting a high above \$85 in February from the teens just a year earlier. The company's [fourth-quarter \(Q4\) revenues were up 76%](#) to finish off a year in which revenues grew 48% to \$1.7 billion. Executives expect another quarter of around 70% revenue growth in Q1, while analysts are forecasting a 160% jump in earnings per share during the quarter. Some of the investor optimism stems from the nature of the platform—many consumers use it as a search tool with an intent to purchase, so ads are not as disruptive. Pinterest has also worked hard to create a positive environment that steers clear of the divisiveness and harassment that has surrounded other social media platforms. The number of monthly active users on Pinterest was up 37% in Q4 to 459 million.

Pinterest appears to have a lot of runway left for monetizing its user base—average revenue per user (ARPU) globally was \$1.57 in Q4. As a comparison, Facebook's ARPU was over \$10 in the same period. Pinterest focused on boosting that figure last year by trying to make the site more engaging through story "pins" as well as more shoppable pins. For advertisers, it added [automatic bidding](#), which dynamically manages ad bids based on an advertiser's budget and targeting objectives. At its [first ever advertiser summit this month](#), Pinterest unveiled its 2021 priorities, which include building out its video capabilities—Pinterest users watch nearly 1 billion videos per day, according to the company—and improving performance-measuring capabilities for advertisers. Through Pinterest Trends and Conversion Insight, advertisers can gauge what's popular in the platform and react to trends, as well as measure their campaigns.

Pinterest's ad platform is coming of age during what appears to be a shifting landscape in digital advertising toward more privacy and less tracking. Apple said in January that it is making changes to changes to the so-called Identifier for Advertisers (IDFA) in iOS 14, the latest version of its mobile operating system. The adjustment will [give users the option of not sharing their data or having it tracked](#), which will make it more difficult for software developers to track users across apps. Facebook has complained about the decision and Pinterest executives have acknowledged that it could create some headwinds, with its CFO saying, "conversion visibility is likely to get tougher." Google, meanwhile, cited privacy concerns in announcing in March that it will [stop selling ads based on individuals' browsing across multiple websites](#). Its decision, which goes into effect next year, could help push the digital ad industry away from the use of such individualized tracking. The changes could benefit platforms and advertisers with direct, first-party data, an area where Pinterest is not as mature as some others. The shift toward user privacy and data protection is occurring against the backdrop of a continued rise in digital ad spending, which was in the neighborhood of \$300 billion in 2020.

Sources in Blueshift's [May 16, 2019, Pinterest report](#) predicted ad spending on Pinterest would continue to ramp because the digital bulletin board has some compelling attributes as a search and discovery platform. However, sources said Pinterest was a minor part of most advertisers' strategies at that time and the platform would struggle to make a huge leap until it could convince advertisers that the site appeals to more than just adult women interested in recipes, crafts, and interior design. To that end, the company said this month that it is gaining steam with Gen Z—those in their teens and 20s—and male users. Both audiences grew 40% year over year in 2020 on a global basis.

Current Research

Blueshift Research assessed whether advertisers were adding to their Pinterest ad budgets in 2021. We employed our pattern mining approach to establish four independent silos, comprising 10 primary sources (including three repeat sources) and two secondary sources focused on TikTok's ascension. Interviews were conducted March 15–30.

- 1) Ad agencies (7)
- 2) Industry specialists (2)

- 3) Advertisers (1)
- 4) Secondary sources (2)

Next Steps

Blueshift Research will follow up on the impact of new tracking restrictions on Pinterest and other advertising platforms. We will also continue to monitor the threat that TikTok poses to Pinterest and others.

Silos

1) Ad Agencies

Pinterest remains a minor part of most advertisers' strategies, garnering anywhere from zero to 10% of digital ad budgets, according to five of seven sources in this silo. Only one source forecast an increase in Pinterest ad spending in 2021—growth he attributed to international clients using the platform for the first time and the possibility that TV ad spending will remain depressed. One source said Pinterest ad spending spiked in the first quarter because of high interest in home renovations stemming from COVID-19 lockdowns, but she was not sure it would result in a gain over the full year. Pinterest will not be able to gain share from Google, YouTube, Facebook, or Instagram, which account for as much as 85% of digital ad budgets. Those platforms are considered reliable, efficient, and able to drive direct sales, whereas Pinterest is good for brand building but struggles with conversions. Instead, Pinterest is competing in a second tier that includes Twitter, Snapchat, [Reddit](#) (owned by Advance Publications Inc.), and TikTok. The latter is a major threat, five sources said. TikTok is growing rapidly as the hot platform that advertisers want to experiment with. Pinterest has made some improvements to its ad units and reporting capabilities but lacks non-skippable ad placements, like pre-roll video. It needs to make it easier for users to move from the platform to advertisers' websites and be more transparent with its planning tools. Planned restrictions on user tracking are going to have a major negative effect on advertisers' ability to target specific audiences and show connections between ads and purchases, four sources said. Pinterest will be hurt, as will all major channels, but perhaps not as badly as some others because it has a lot of first-party data and is used more at the top of the sales funnel, making detailed targeting and attribution less crucial.

Key Silo Findings

Pinterest Ad Spending

- 5 of 7 said Pinterest accounts for less than 10% of digital ad spending.
 - o 2 said they do not use it at all and 1 other said Pinterest garners less than 2% of digital ad budgets.
- 4 said they do not anticipate Pinterest gaining share in 2021.
- 1 said Pinterest could see an uptick this year, driven by international brands that are just discovering the platform.
 - o Pinterest spending is likely to be up as much as 15% this year and could go as much as 35% higher if ad dollars continue to shift from TV.
- 1 said Pinterest saw a huge spike in ad spending as pandemic lockdowns focused a lot of attention on home renovation projects.
 - o Spending on Pinterest ads was up 90% in the first quarter of this year compared to a year ago.
 - o It is too early to say whether such gains are sustainable.
- 7 said Google, YouTube, Facebook, and Instagram get the vast majority of digital ad spending.
 - o 2 said Google and Facebook account for more than 70%—and sometimes as much as 85%—of ad budgets.
 - o 2 said Facebook and Google offer more reach and better engagement and are more cost-efficient than other platforms.
 - o 1 said large advertisers are hesitant to move away from the reliable and efficient Facebook and Instagram.
 - o 2 said YouTube is a key part of ad strategies, including 1 who said client interest is growing in some new down-funnel YouTube products.
 - o 1 said social media advertising represents about 40% of digital ad budgets but is increasing by as much as 20% per year.
- 3 said Pinterest fits into a second tier of ad options that includes Twitter, Snapchat, Reddit, and TikTok.

Pinterest Inc.

- 1 said Snapchat and TikTok could challenge Pinterest this year for the second-most social media ad dollars after Facebook.
- 5 said TikTok is gaining mindshare and ad dollars.
 - 1 said it may take budget from Pinterest because of its low-cost inventory and strong click-through rates.
 - 1 said TikTok spending is getting close to Pinterest's level.
 - 1 said TikTok has seen around 2,000% year-over-year growth in ad dollars.
- 3 said Pinterest is more of a brand-building platform than direct response like Facebook and Instagram, making it a longer-term investment.
 - 1 said it is a planning platform rather than a buying one, which reduces its appeal to small and medium-sized businesses looking to generate direct sales.
 - 1 said Pinterest is at a good intersection of social media and search, where consumers are open to discovering new brands.
- 1 said Pinterest needs to make it easier for advertisers to get users to their websites from Pinterest.
- 1 said Pinterest will not gain significant ad share until it can better show connections between its ads and purchases.
- 3 said Pinterest appeals mostly to brands involved in travel, beauty, and home goods.
- 1 said Pinterest's ad inventory suffers from not having premium, non-skippable placements like those available on Facebook, Twitter, and Snapchat.
 - It is also difficult to match a brand with publisher content on Pinterest.
- 2 said Pinterest has made some improvements in its ad offerings, including shoppable pins.
- 3 said Pinterest offers some brand safety advantages over sites like Twitter and Facebook.
- 1 said Pinterest's CPMs are better than other platforms but 1 other said they are substantially higher, at about \$7.
- 1 said it is expensive to do brand lift studies on Pinterest and the platform restricts the partners that agencies can use for such measurements.
- 1 said Pinterest saw some benefits in 2020 from a shift away from TV advertising as the pandemic caused many live events to be canceled.
- 1 said the number of active male users on Pinterest had been growing but has been more static lately.

Ad Technology

- 2 said Pinterest's ad measuring capabilities are on par with other platforms.
- 1 said Pinterest has improved its targeting, reporting, and ad units.
- 1 said Pinterest is not as transparent as agencies would like around some of its planning tools.
- 2 said the ad buying process on Pinterest is more difficult than that on Facebook and Instagram, but two others said the process is similar to other platforms.
 - Two said Twitter is the most complex.
- 1 said Pinterest's video platform is improving but 1 other said the quality of its video ad inventory lags competitors.
- 2 said targeting on Pinterest is OK but well behind Facebook.
- 1 said Pinterest's auto bid feature could be more user friendly.

Privacy and Tracking

- 4 said new restrictions on tracking users will mean less data for advertisers, increased difficulty in building custom audiences, and reduced ability to prove connections between ads and purchases.
- 3 said Pinterest may be able to weather reduced tracking capabilities better than some others, as the big social media platforms have a lot of first-party data and Pinterest is focused on the upper funnel.
- 1 said Facebook is the best prepared for Apple's new privacy options because it has developed a method for server-to-server integration that does not require cookies.
- 1 said Pinterest will have to provide some type of aggregated, anonymized data, the way Google and Facebook plan to do.

1) Social media executive at a performance marketing agency; repeat source

Pinterest is not poised to capture a greater share of ad budgets in 2021 and will, at best, stay flat in terms of share. Working against Pinterest's growth is a lack of premium, non-skippable ad placements such as Facebook, Twitter, and Snapchat offer. TikTok's rise is also eating into Pinterest's market. Pinterest is good for brand awareness and upper

funnel campaigns but falls short in getting customers to an advertiser's website to make a purchase. As a result, it misses out on revenue from small and medium-sized businesses, which make up the bulk of Facebook's revenue.

Pinterest Ad Spending

- "Pinterest ranges from 10% to 20% in our paid social media strategy. Facebook is still at least 70% to 80%."
- "Social media is about 40% of our budget and it continues to increase around 15% to 20% year over year. However, last year, budgets were flat for many clients because of COVID. Money was taken away from awareness and upper funnel buys and more concentrated on revenue-driven, mid-funnel and lower funnel campaigns. Social [media spending] was flat from 2019 to 2020 and has increased up to 20% from 2020 to 2021."
- "In terms of all of digital, Facebook is about 35%. All the others—such as Twitter, Snapchat, TikTok, and Pinterest—are about 5%. Pinterest is about 1% to 2% in terms of share of digital. Out of the five social media platforms, it's probably the fourth in terms of share ranking."
- "Pinterest spend is at best flat or even slightly down [in 2021]. TikTok has maybe taken some budget from Pinterest and they've definitely taken budget from Twitter."
- "What's driving TikTok now is that they have low-cost inventory because there aren't that many advertisers in their auction place. Their CPMs are lower. We are also seeing relatively strong click-through rates on our ads on TikTok compared to Facebook newsfeed placements and Instagram Stories. Surprisingly, they have comparable cost per clicks."
- "Google search is number one for many of my clients, who are mostly [business-to-consumer] B2C ecommerce brands. More than half their budgets are for Google search ads."
- "Many agencies have tried to diversify across all the social platforms but, with the rise of TikTok, more media budgets are shifting away from Pinterest and Twitter and moving towards TikTok."
- "I don't expect our ad spending on Pinterest to increase in 2021."
- "Pinterest is good for awareness and it also depends on the brand or the industry—the client's vertical. Pinterest works better for some than for others. Travel, beauty, cosmetics, and home interiors all work well on Pinterest, especially for awareness—industries with creative styles."
- "Pinterest is not the best revenue driver. There aren't that many purchases that are made on Pinterest. It's more of a planning platform so it's a longer purchase cycle when engaging people on Pinterest. With ecommerce, customers make a purchase within hours to a day. Since Pinterest is a slower purchasing cycle, it's better for our upper funnel campaigns. We utilize it for things like product launches."
- "Pinterest's struggle compared to the rest of the market is that they don't have any premium non-skippable placements. You can have non-skippable, in-stream video ads on Facebook. On Twitter, you can have non-skippable six-second pre-rolls. On Snapchat, you can have non-skippable commercials ads. Pinterest lacks that."
- "The other competing platforms have premium non-skippable ads and have publisher content. The inventory on Pinterest is less quality when it comes to matching a brand with publisher content, as well as having the non-skippable ad feature, where you can get a lot of real estate of someone's attention, like you would on YouTube."
- "In addition, the rise of TikTok has taken a decent chunk of the R&D budget away from Pinterest toward TikTok."
- "In order to capture a greater share of budgets, Pinterest needs to better develop their conversion capabilities. With the growth of online shopping and online retail, Pinterest needs to increase people's ability to make purchases more easily from the platform to the clients' sites."
- "The user flow on Pinterest has barriers. Most platforms have a CTA [call-to-action] button that goes straight to the client's website. With Pinterest, when you click on the pin, it shows the pin, then you still have to click on the CTA, and then you go to the website. Of course, all social media platforms want to keep people on their platform as long as possible, but Pinterest is designed for people to never leave Pinterest."
- "For clients who want to get people to come to their website and make purchases, this is a detractor. It doesn't help Pinterest gain more share. Pinterest has large Fortune 500 companies like [The] Procter & Gamble [Co./PG] and Unilever [PLC/UL], for example, who have awareness campaigns for all their products, but [Pinterest] is losing out on small and medium-sized businesses who use platforms to generate revenue."
- "All platforms are struggling with this, except for Facebook and Instagram. Facebook has the most advanced algorithm and the best converting capabilities for small and medium-sized brands. Most of Facebook's revenue comes from small and medium-sized brands and Facebook makes the most revenue in advertising out of all the

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Social media executive at a performance marketing agency

social media platforms. Until Pinterest makes it affordable and easy enough for people to make transactions or get to the client's website to make a transaction, like on Facebook and Instagram, they will remain a lower placed contender."

- "[ROI on] Pinterest is \$1 [\$1 spent equals \$1 earned]. They are break-even or losing money. TikTok is about the same as Pinterest. But we get margin volume and more quality traffic from TikTok."
- "Pinterest can seem to be a more brand-safe environment than Facebook because there's less content curation on Pinterest. Most of the people on Pinterest are consumers and less creators. People aren't necessarily interested in posting on Pinterest but more on pinning other people's content. Also, we hear from our interactions with Pinterest representatives that there is less political activity than on other platforms such as Facebook, Instagram, and Twitter."
- "TikTok is less political also than Facebook, Instagram, and Twitter. The uniqueness of TikTok is that your brand isn't necessarily sitting alongside other content. TikTok has single-focus content. You only see the brand and nothing else around it. On Facebook and Instagram, you see the other posts alongside. This makes TikTok more brand safe."
- "Pinterest skews heavily, more than half, female. The age range is similar to the majority on other, more mature platforms, such as Facebook and Instagram. The core demographic is between 25 and 44."
- "Overall, Pinterest is good, depending on the vertical. ... They have a large core audience. For advertisers who have a large awareness, upper funnel budget, Pinterest is great. But for heavily ecommerce clients and B2C clients who need to make sure that almost every dollar spent is a dollar returned, they're probably not going to be on Pinterest."

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Social media executive at a performance marketing agency

Ad Technology

- "Pinterest's ad measurement capabilities are on par with the industry standard. They are all standard."
- "The ad buying process on Pinterest is not the easiest. The easiest ad buying platform is Facebook and Instagram. Pinterest is still easier than Twitter. It probably ranks third after Facebook and Instagram, and then Snapchat. Pinterest and TikTok are about the same in terms of ease. Twitter is the most complex."
- "We haven't used Pinterest's auto bid feature. It just became available."
- "In terms of their video platforms, the budget going to that hasn't increased because they don't have the same quality of video inventory as other platforms."

Privacy and Tracking

- "The changes in privacy and tracking are going to have a negative impact across the entire industry as far as how much attribution our ads will receive from the platforms."
- "Users will be the ones benefitting in terms of privacy and how their data is used."
- "Pinterest is not going to be the least impacted by these changes but maybe not the most, either. The platform that is the most prepared for the iOS update is Facebook because for three or four months they have had [Conversions API](#), an integration for clients' websites, that allows for server-to-server integration. It no longer needs cookie data to track users but can directly send actions from the client's website on the server to Facebook's server. The issue is the legality between clients and Facebook, whether they want to share that level of in-depth data in a server-to-server connection."

2) Executive at a New York City ad agency; repeat source

Use of Pinterest has not grown much at this source's agency in the last two years but the platform could see some gains in 2021 because it has been creating better ad products, such as Story Pins. Still, Google, Facebook, and Instagram remain in a category of their own because they are inexpensive and perform well. Those three platforms garner as much as 70% of digital ad spending. Pinterest is a solid option in a second tier that includes Twitter, Snapchat, and TikTok. Pinterest is best for brand building, rather than immediate conversions, and thus requires a long-term strategy rather than a one-day ad blitz. It appeals to brands focused on women, retail, and lifestyle. New privacy and tracking restrictions will probably not impact Pinterest much because it has its own first-party data.

Pinterest Ad Spending

- “Pinterest makes up about 5% of our digital ad spend. Google makes up about 40% and Facebook is about 30%. Everybody else gets the rest. Pinterest is similar to Twitter in terms of spend. TikTok is getting close, in the 5% range. General programmatic, other than Google, makes up about 15%. Snapchat is smaller than Pinterest.”
- “I expect this to stay fairly similar in 2021. I think Pinterest could do even better in 2021. I definitely expect TikTok to gain some ground.”
- “Pinterest has improved but there is a big gap in the social space. You can’t compare Pinterest to Google. They’re very different and play a different role in the social media ecosystem. Google and Facebook/Instagram are the most efficient platforms for almost everybody. They stand apart. They are cheap to buy and they perform well. They are the perfect combination for driving sales efficiently. There might be a little dent in their performance when the tracking changes come about but they are so far ahead I don’t think it will make a big difference.”
- “For buyers who want to reach new audiences beyond Google, Facebook, and Instagram, they look at Pinterest, Twitter, TikTok, Reddit, and Snapchat. They are the tier two list.”
- “In that set, Pinterest is a very solid option. Their ad offerings have picked up and they are closing the gap. They have strong brand offerings as well as performance offerings. It’s a good combination. They are looking to push the envelope a little with some high-impact ad products. For example, they’ve just introduced Stories, similar to Facebook. Pinterest is creating competing products more rapidly so they now have a good full funnel offering.”
- “Pinterest has its own audience leaning towards retail and lifestyle—for example, things like home goods. For a brand that skews female or is visually stimulating that is in the home space or in the retail space, when they are deciding where to invest after Facebook and Instagram, Pinterest is a great place.”
- “If Pinterest increases their share, the loss could come from general programmatic, from Twitter, or from Snapchat. Pinterest could take share from site direct partners or from non-social partners, from lifestyle publications. It will not be from TikTok and it will not be from Google and Facebook. Brands don’t want to give up Google and Facebook because they are so efficient and have so much supply.”
- “Pinterest’s audience grew fairly significantly this past year. I think they will be able to get more money and I think they will do better in 2021. Of course, this is relative to what their competitors do. But, in the last couple of years, Pinterest has gone from not being the best product to having a pretty good product in a short amount of time. But there are always new things, so they have to keep pace and provide opportunities for ad buyers to grow their budget. I think they are doing a good job.”
- “You can’t compete with Facebook [on CPMs]. They’re not too far behind but Pinterest has different products. In general, CPMs on Pinterest will be higher, but it will depend on the mix of assets you use. Pinterest has some premium products and, if you use those, the CPMs will be higher. If you compare the breadth of Instagram and Pinterest, Pinterest will be slightly higher.”
- “[On ROI], too, Facebook and Instagram are on their own. After that, in the tier two set, Pinterest performs well. The issue is that a lot of brands consider Pinterest more of a brand-building platform than Facebook or Instagram. From a one-day ROI ad perspective, you’re not capturing all the benefit that Pinterest delivers. Pinterest is more of a longer-term investment.”

For a brand that skews female or is visually stimulating that is in the home space or in the retail space, when they are deciding where to invest after Facebook and Instagram, Pinterest is a great place.

Executive at a New York City ad agency

Ad Technology

- “Pinterest’s ad measurement capabilities are pretty good. Facebook and Google are great at measuring. Pinterest is more willing to work with independent measurement solutions. They have their own but I can prefer not to use theirs. I’d rather have independent tracking across multiple partners. Pinterest is more willing to support that.”
- “Their video platform is part of the evolving and improving set of products that Pinterest has. They’ve scaled it more and it connects to a more full-funnel approach.”
- “All their advertising products have improved each year, as they should, since they are in the business of selling ads. In comparison, Twitter did not improve. They’ve picked up in the last six months while Pinterest has started improving over the last couple of years.”

Privacy and Tracking

- “The biggest reactions [to planned restrictions on user tracking] have come from Facebook. There could be a dip in their performance but not everything has played out yet. They are trying to get ahead of it.”

- “As far as Facebook, there will be a loss in performance, especially in that a lot of the partners rely heavily on mobile. Pinterest has a lot of mobile but it also has good desktop usage. Performance will be assessed across the board with all the partners and it will be different. We’ll have to wait and see.”
- “We talk with clients all the time about not being over reliant on one channel or one single measuring solution. They need to explore other channels, have a diverse media mix, and not have overreliance. These [tracking] changes focus on the need for clients to explore the options they haven’t explored, diversify the data that they are using, build their own first-party data, and make and construct second-party data relationships as necessary with their partners.”
- “We’ve always advised clients not to rely exclusively on cookies, for example. There could be impact if you rely on [cookies] heavily. We are helping our clients build agnostic measurement solutions and we will continue to do that.”
- “I don’t know if Google’s changes will necessarily impact Facebook and Pinterest because they have their own data from their relationships with their users. I don’t think it will impact them too much. The big social media platforms that have their own data will probably be OK. I don’t think Pinterest needs a lot of third-party data to make their platform strong. They get all the data they need from people searching on their site.”

May 16, 2019, summary: About half of this firm’s ecommerce and fashion-oriented companies use Pinterest, but the platform accounts for 5% or less of their ad budgets. Facebook, Instagram, and Google dominate. Still, Pinterest is making progress in its ad products, particularly on the video side. Clients will likely increase their use of Pinterest as ads are effective on the site. Pinterest is good for both brand building and performance ads. Its targeting capabilities are inferior to competitors because it has less user data. However, engagement with Pinterest ads is probably higher than with those on Facebook.

3) Senior executive for social media at a top five agency

Pinterest has seen massive gains in ad spending over the last year as a result of COVID-19-related trends but it is unclear whether the gains will be sustainable through 2021. Pinterest garners 25% to 30% of spending on social media ads, second only to Facebook. The platform, however, could face strong challenges to its position from Snapchat and TikTok. Pinterest’s CPMs are substantially higher than those of other platforms, its ad measurement capabilities lag, and its interface is not very user friendly. New tracking restrictions from Apple and Google will probably hurt Pinterest less than some platforms because of its focus on the top of the sales funnel rather than direct sales.

Pinterest Ad Spending

- “Pinterest is around 25% to 30% of spend in our social pie. It has increased by about 90% year over year in Q1.”
- “The reason is that COVID had a big impact about how and where clients were thinking to invest. Additionally, Facebook had issues towards the beginning and middle of [last] year around brand safety and the boycott. Some brands shifted their dollars towards other platforms and Pinterest was one of the beneficiaries.”
- “Pinterest has historically been the DIY and inspiration platform. Because of COVID and how people were spending their time, Pinterest saw a large uptick in engagement as people spent their time planning home renovation projects and things like that.”
- “Pinterest is second to Facebook in social media spend. It’s hard to say if Pinterest’s upward trend will continue as much for the rest of the year since it was fueled by trends due to COVID and people staying home.”
- “In terms of social media [spending], Pinterest has a small margin over Snapchat. TikTok has grown massively at something like 2,000% year-over-year growth. Twitter has increased year over year, but only a little.”
- “It’s premature to say what other share shifts we can expect in 2021 but I would hedge a bet, based on their game, that TikTok will move to one of the higher positions. It might end up being between Snapchat and TikTok to fight it out for that Pinterest spot if Pinterest does shift downward.”
- “We don’t have that much visibility in ROI. Pinterest’s CPMs are substantially higher than other platforms, not including [Microsoft Corp.’s/MSFT] [LinkedIn](#), where CPMs are much higher. Pinterest’s CPMs are above \$7.”
- “It’s not only the cost that is prohibitive to clients but the availability and the cost of their measurement capabilities, also. For example, there is a substantially higher buy-in needed to get a brand lift study and there are restrictions

“Because of COVID and how people were spending their time, Pinterest saw a large uptick in engagement as people spent their time planning home renovation projects and things like that.”

Senior executive for social media at a top five agency

around the partners that you can use for the brand lift study. It has been very prohibitive to be able to prove out a case. The measurement barriers to entry are great.”

- “They require [\[Kantar\] Millward Brown](#) to partner for a brand lift study. Pinterest has more restrictions than other platforms—the minimum cost for the study and through which partners they facilitate.”
- “We have seen a little lift in Pinterest’s demographics. It’s shifted up to more males who are active on the platform. The shift has been happening over the last one-and-a-half to two years. Recently, it’s been more static.”
- “Generally, Pinterest is viewed as being more brand safe. This is less because of their products that allow for exclusions and more because the scale is very different than Facebook and, therefore, the types of advertisements and placements are different on Pinterest.”

Ad Technology

- “Pinterest’s targeting is fairly in line with most of the other platforms, like Facebook and Snapchat. On TikTok, it’s much less sophisticated. TikTok is still trying to ramp up their targeting capabilities.”
- “Pinterest has a ways to go with keyword capabilities but, as far as demographics targeting, they are not too far behind Snapchat—but far behind Facebook.”
- “Pinterest’s ad measurement capabilities are a mixed bag. They’ve invested in creating the measurement products themselves. There is, however, a lag in transparency from platform to clients and agency teams around some of their planning tools and their planning. Pinterest requires you to work more directly with the platform to understand CPM floors and spend minimums to get X return. With the other platforms, that’s usually turnkey. That lack of visibility is also somewhat prohibitive because our teams and client teams like to feel like they have control and a full line of sight into planning and how everything is performing.”
- “They’ve done a lot of work on their ad units. Their [user interface] is not very user friendly in setting things up, putting things for review, and pulling customer reporting. That’s the feedback we are getting from our teams who are executing in the platform. They need more investment in making that interface more turnkey for teams.”
- “Product innovation and announcements tend to be not as transparent as our teams would like. One of the things we would like to see them do differently is to more loudly and broadly communicate to teams the innovations that they are pushing forward.”
- “They invested in the right ad products but they need to ensure all the teams know that they are there. And they also need to address the scale that is making them cost prohibitive. They need to allow for an easier way to test in and to keep those CPM floors down.”
- “Among the new products that are good is the shoppability they’ve added within the platform. That’s opened opportunity for our retail clients for shoppable products that were in beta in 2019 and then opened up in 2020. That’s helped expand the user base.”
- “There’s also more flexibility for budgeting.”
- “They’ve done work to develop their lower funnel products but there’s room to grow to get them over the line. Some of their more dynamic products can take a lot of time to be able to see results in an industry and in an environment where brands want to see returns on ad spend and conversions quickly and be able to optimize in real time. Their lower funnel spend is prohibitive even though they’re leaning in and seeing more engagement in that area. It’s still not like their upper funnel.”
- “[Pinterest’s auto bid feature] could be more user friendly.”

Privacy and Tracking

- “These changes [to user tracking] will have a great impact but it remains to be seen how great. We are trying to do all the things we can to try to mitigate the impact. It’s too premature to say how substantial the impact will be.”
- “Due to the nature of how brands are spending, it positions Pinterest a little better to withstand some of these privacy updates because Pinterest usually works at a higher funnel reach base.”
- “These changes will have substantial impact in serving relevant content. We have been communicating to brands and our teams that these updates don’t mean that users will see less ads. They will still see the same amount of ads but the ads will be less personalized in terms of what they’re looking for. The impact will be substantial and it also depends on the opt-in rate, and we expect a substantial opt-out rate.”

They invested in the right ad products but they need to ensure all the teams know that they are there. And they also need to address the scale that is making them cost prohibitive. They need to allow for an easier way to test in and to keep those CPM floors down.

Senior executive for social media at a top five agency

4) Account director at a mid-sized social media ad-buying firm

Pinterest spending from this agency's clients is typically less than 10% of digital ad budgets but is likely to go up this year, especially from advertisers outside the United States, for whom the platform is relatively new. Pinterest is at a good intersection of search and social media and is becoming more appealing to advertisers with its shoppable pins and its [connection to Shopify Inc.](#) (SHOP). However, it needs to get better at attribution and connecting ads on its platform to offline sales to make a major leap in advertiser spending. Social media platforms, including Pinterest, benefited over the last year as TV ad spending fell off a cliff because of COVID-19.

Pinterest Ad Spending

- "We channel less than 10% of our overall ad budgets to Pinterest."
- "I think spending on Pinterest will go up in 2021, just based on interest we've had so far. ... We'd expect a 10% to 15% growth in Pinterest investment [compared to 2020]. If linear TV budgets continue to shift into auction platforms, we could see 25% to 35% growth."
- "In 2020, we saw the TV space become really limited due to COVID cancelling all the sports and so on, so you did see a lot of budgets move into biddable auctions like Pinterest, because brands had their budgets and wanted to spend it and they couldn't spend it on TV."
- "At our agency, our main focus is YouTube. YouTube had a great year, which also ended up being a great year for us. But we did see growth in Pinterest, as well. The platform's monthly average users did increase in the U.S. but most of the growth was international."
- "We have been getting more clients asking about Pinterest in 2021—yes, from our U.S. clients, but a lot of our global clients are asking about it more, too. I think it's a platform that [brands outside the U.S.] haven't explored so much. There are a lot of cost efficiencies they can find there—the CPMs and CPCs [costs per click] are lower compared to those of the U.S."
- "We do see more interest [in Pinterest] for a variety of reasons. There is more brand safety to it or, at least, brand safety is less of an issue than it is on some of the other platforms like Twitter and Facebook, and brands are definitely recognizing that."
- "I also think that Pinterest is at a cross-section of search and social, and brands are recognizing it as a place that shoppers go to start their buying journey. [Advertisers] are trying to drive demand at that point on Pinterest."
- "Imagine you're going to do a DIY home renovation project and you go to Pinterest to get some ideas—that's where you're going to discover new lighting fixtures or house paint brands. So I do think it's a good spot to meet customers at the beginning of their journey, when they're totally open to new ideas and to new brands. I definitely think advertisers and agencies are waking up to this more."
- "Pinterest has also rolled out [shoppable pins](#), which we see brands are finding interesting, and they're able to connect to Shopify, which is good for some clients who care about attribution and really tying in clicks to sales."
- "We work with entertainment clients, CPG [consumer packaged goods], fast food, fashion—across the board. Pinterest is of interest [to all these verticals], but not so much the [business-to-business] B2B brands we work with, like software."
- "One thing I've been discussing with colleagues is what it would take for Pinterest to get to the next level. I think they're trending in the right direction with the rollout of these shoppable pins but they do need to be better with attribution and offline sales."
- "If they could show sales on [Amazon.com Inc./AMZN](#) like they do with Shopify, that would really help it show its worth in the shopper journey. I think that's what it needs to go to the next level. Facebook's good at that and if [Pinterest] could improve on that, they would certainly take a bigger piece of the social pie."
- "Generally, we do find that, from a CPM perspective, Pinterest is more cost efficient than other platforms. We haven't had a ton of conversion-focused efforts, so I don't know that I can speak to acquisition cost vs. other platforms. But just from a standard CPM and awareness for a base campaign, Pinterest has been really cost efficient."

They have an attribution problem and they need to better prove what value they're providing. The Shopify integration is certainly an advancement but [Pinterest] needs to get to offline sales and store visits—some of those metrics that you can get on Google and Facebook.

Account director at a mid-sized social media ad-buying firm

Ad Technology

- “You get the ad-level metrics [from Pinterest] like the click-through rate, and those are totally fine. But I think they have an attribution problem and they need to better prove what value they’re providing. The Shopify integration is certainly an advancement but [Pinterest] needs to get to offline sales and store visits—some of those metrics that you can get on Google and Facebook.”
- “I’m not too in the weeds [on the ad buying process] but when I was in it the last time, [Pinterest] is pretty similar to other platforms and I didn’t find it overly complicated.”
- “What we’ve been seeing is more clients interested in YouTube’s down-funnel products, like the [TrueView for Action](#). And they just rolled out a new Video for Action, which is a similar product. [By down-funnel actions I mean], how can we show that people who see a YouTube ad go in store? Or make a purchase online later?”
- “An interesting thing we saw in 2020 that definitely will continue in 2021 is about 20% of our YouTube delivery went to connected TV devices in Q1 of 2020. Now it’s like 40%-plus. So that’s more than 100% growth in connected TV delivery for us and there’s a ton of inventory there, so we know that more people are watching YouTube on their TVs.”
- “These TrueView for Action and Video for Action units, they don’t run on connected TV devices, so that’s going to be something that Google and YouTube have to figure out—how to tie these new action ad units and their broad reach on these connected TV devices together.”

Privacy and Tracking

- “What we talk to our clients about [regarding changes in tracking abilities]—no one is 100% confident that they really know what’s going on and what will happen. What we explain to clients is that there will be a loss of data and there will have to be a new level setting of what the benchmarks are going to be.”
- “If you compare your [cost per action] from summer 2020 to, say, after the changes roll out and compare changes year over year, it may look that 2021 is a lot less efficient, but that’s just due to the [tracking] changes. The benchmarks will change.”
- “Facebook has told us, ‘We don’t know how many people are going to opt into these features.’ So we’ll have to see what happens.”
- “There will be losses of data across the board. Google and Facebook are rolling out aggregated, anonymized data, whatever that means. Pinterest is probably going to have to do the same—offer up a similar solution to kind of model in the data that will be missing.”

5) Media planner for a top five independent, full-service global agency

This media planner is not using Pinterest for any of her clients. The platform is useful for niche brands targeting a female, “crafty” demographic. Pinterest users go to the platform looking for ideas but not necessarily to shop. Facebook and Instagram have a broader reach and generate better engagement. TikTok is gaining as a brand awareness tool.

Pinterest Ad Spending

- “In terms of channels, we have a pretty big variety of clients—CPG, grocer, B2B. The general tactics we use for everybody are display video for the upper funnel, whether that’s programmatic pre-roll or YouTube. That’s pretty overarching.”
- “If it’s a lower funnel conversion campaign, like trying to grab an action, it would be some sort of mix of display, social, and search.”
- “In social, for all the clients I’m working on, none of them have budgets for Pinterest. I think it’s because of the demographics we’re trying to reach and the overall outcome and comparing that with what people typically do on Pinterest, where it’s very crafty, very DIY and inspirational.”
- “I have used Pinterest for other brands I’ve worked on in the past—for example, a cookie brand. They wanted to be on Pinterest [to show] how to incorporate their product into recipes. But that’s the only time I’ve ever used [Pinterest].”
- “[Clients I have include] healthcare, Medicare. If you look at who’s on Pinterest, that’s nobody who’s eligible for Medicare. That’s part of [why we’re not using the platform].”
- “I have a vitamin brand that is targeting people who are for sure in the Pinterest user pool but I don’t know that people are going on Pinterest to shop. It’s more people going on there for ideas on how to do something—crafts, cooking. I just don’t know that when you’re on Pinterest you’re in a mindset to shop.”

- “The thing we have found is that people save outfits and other things [on Pinterest] but, a lot of times, it’s to find something similar, in the same vein. I think that’s what has veered us away from using Pinterest in comparison to something like Facebook and Instagram, where there’s just a lot more reach.”
- “You’re not necessarily in a buying mood when you’re on Facebook but I think the chance that you become a view-through conversion is a lot higher than if you’re on Pinterest. That’s what we’ve found—that just having Facebook display ads generated a lot more interaction compared to what we were running on Pinterest for that cookie campaign.”
- “I don’t even think it’s anything they’re not doing [that keeps clients from advertising on Pinterest] but more just looking at the niche that they draw. Everybody has Facebook but I would venture to guess there are more females than males that use Pinterest. And so that automatically takes off any product that has a male-heavy target.”
- “I’d venture to guess it works really well if you’re a [Michaels](#) crafts or [JOANN \[Inc./JOAN\]](#) fabric store. It would work well for these brands vs. if you’re a [Cub Foods](#) running a general [campaign].”
- “I think all the platforms are set up much the same [in terms of ease of ad buying], with the exception of Twitter. When you look at how ads are purchased on Facebook, LinkedIn, Pinterest, and even some of these smaller apps like [Nextdoor](#) and even TikTok, the interfaces are pretty darned similar. I would guess it’s because most people run Facebook ads and are familiar with that layout, so I think it behooves other channels to mimic that as closely as possible.”
- “One thing that’s been a recurring pattern is the use and value of TikTok and Snapchat, and actually more TikTok. Our clients regularly come back to us and ask us why it’s of value to them. A lot of it is explaining that, while you can get conversions, when you’re on an app like that that’s really engaging, people generally don’t leave the app. So it’s more brand awareness.”
- “You can do sponsored posts on TikTok, for example, like ‘TikTok dance trends,’ and get people to engage with your brand that way, and not so much going from the platform to a browser to purchase your product. It’s not going to be a monetary conversion but rather somewhere that you use your brand’s hashtag. It’s not going to be a lot of site conversion because people aren’t leaving the app.”
- “A couple of our clients are spending more on TikTok [this year] but it’s relatively expensive, especially once you get influencers involved. Then your costs really skyrocket. One client I have now that is spending more on TikTok is a microwavable meals client.”
- “For me, if I can spend the same amount of money and reach double the people on something like Facebook or even programmatic display ads, then I’m going to go with that over Pinterest. Then again, if I were a super niche company that was trying to reach mostly women—call it 16 to 34 [years old]—[Pinterest] would probably be fine for brand building, too.”

For all the clients I’m working on, none of them have budgets for Pinterest. ... I don’t know that people are going on Pinterest to shop. It’s more people going on there for ideas on how to do something—crafts, cooking. I just don’t know that when you’re on Pinterest you’re in a mindset to shop.

Media planner for a top five independent, full-service global agency

Ad Technology

- “I think [Pinterest’s] targeting was OK, but it’s not as fine as on Facebook.”

Privacy and Tracking

- Did not discuss.

6) Social media manager at a medium-sized advertising agency

Pinterest is not a good fit for this agency’s clients because of the platform’s demographics. That is not likely to change this year. Limited client budgets require focusing on the most successful ad strategies, which include Facebook, Instagram, Google, and Twitter. Ad spending on Snapchat is not in the plans either, but TikTok is a possibility. Apple’s move to let users opt out of tracking in the new iOS will make it more difficult to optimize ads for action and build custom audiences, affecting every social channel, but it is not clear yet which platforms will benefit or suffer the most.

Pinterest Ad Spending

- “Over the last year, we haven’t done any paid Pinterest efforts with our clients. We focus mainly on Facebook and Instagram, then Google and Twitter. Our current clients also haven’t been a good fit for Snapchat but we’re looking into potential campaigns with TikTok in the next year.”
- “[Pinterest is not a good fit for our clients] because of demographics and then budget. If they have a smaller budget, we focus the efforts on the platforms that will bring them the most success.”
- “Unless we get a new client who would be a good fit for Pinterest’s demographics, our efforts will more than likely remain at 0% of our ad spend.”

Ad Technology

- Did not discuss.

Privacy and Tracking

- “We currently are working to verify the domains for all of our clients across Facebook, then will move to other platforms. The iOS 14 update will affect advertisers. As users update to iOS 14, they will receive a popup message allowing them to opt out of data tracking across apps and websites owned by other companies. We can assume the majority of people will remain automatically opted out.”
- “Optimizing your ads for actions will be trickier. Since the [Facebook pixel](#) cannot track actions for users who opted out, it won’t learn how to optimize for people taking actions. Your pixel reports will be under-reported when using the pixel to track actions like leads, add to cart, purchases, custom conversions, etc.”
- “Building custom audiences and retargeting will become more complicated and not as reliable due to not being able to track audiences visiting or taking action on websites.”
- “Reported conversions will get worse due to people opting out. Although this change is for people using iOS devices that are updated to the iOS14 version, it will affect every social channel and website that receives traffic from these iOS users. We could also see other companies following suit, so it’s essential that teams prepare for these changes now.”
- “I don’t think we know the answer to that yet [whether some platforms are better suited to adapt to the privacy changes]. We just know that we need to keep on track with the updates and continue to adapt and research the effects or the changes.”

Building custom audiences and retargeting will become more complicated and not as reliable due to not being able to track audiences visiting or taking action on websites.

Social media manager at a medium-sized advertising agency

7) Manager of paid social media for a large global agency

Pinterest has improved in multiple ways but large advertisers tend to be more comfortable with Facebook and Instagram, which they see as reliable and efficient.

Pinterest Ad Spending

- “Pinterest capabilities have definitely improved from a targeting, reporting, and scale perspective.”
- “A mix of interest and keyword targeting is unique to Pinterest.”
- “It still feels like some large advertisers are hesitant to use Pinterest more, but a large part of that seems to be due to being so tied to the always reliable Facebook/Instagram combo and the efficient metrics you can get there.”

Ad Technology

- “Pinterest has expanded its slate of placements and available ad types, which has played well for driving conversions for direct-to-consumer clients.”

Privacy and Tracking

- Did not discuss.

2) Industry Specialists

Most digital ad spending goes to Google, Facebook, and Instagram, as they are proven and can show a direct line between ads and purchases, according to both sources in this silo. Pinterest is in the next tier, though it can garner as much as 30% of digital ad dollars for brands related to fashion and beauty. TikTok is seeing significant gains, as advertisers are directing experimental dollars to the platform, both sources said. Pinterest got a boost from the pandemic in 2020 because of its focus on home, hobby, and crafts, according to one source. Pinterest is used by consumers for planning and inspiration, so the platform needs to use its consumer data to better predict when users are moving closer to the buying stage. Apple's privacy changes and Google's plan to reduce browser tracking could benefit platforms with first-party data, including Pinterest. Marketers are working to build their own first-party data to avoid being completely beholden to the big platforms.

Key Silo Findings

Pinterest Ad Spending

- 1 of 2 said Pinterest accounts for 20% to 30% of her digital ad strategy as a freelance brand consultant.
 - o Her focus is on fashion and beauty brands.
- 2 said the top share of ad spending goes to Google and Facebook, including the latter's Instagram.
 - o 1 said that top tier is unlikely to change in 2021.
 - o 1 said YouTube and Pinterest are on the next tier, with share divvied up based on the specific brand.
 - o 1 said basic display or video ads do not work as well on Pinterest.
- 2 said Snapchat is not garnering much interest.
- 2 said ad spending on TikTok is growing.
 - o 1 said advertisers see it as the hot new platform and want to experiment with it.
 - o 1 said it is an innovative app.
- 1 said Amazon is gaining share of digital ad budgets.
- 1 said [Walmart Inc.](#) (WMT) is gaining ad dollars because of its relationship with [The Trade Desk Inc.](#) (TTD).
- 1 said Twitter is not useful for consumer-facing brands.
- 1 said Pinterest is an upper funnel campaign tool because it is used for planning rather than immediate purchases around home, hobbies, and crafts.
- 1 said Pinterest needs to be more innovative to capture larger shares of ad budgets.
- 1 said Pinterest got a boost in 2020 because the pandemic-related lockdowns focused people on areas such as hobbies and home improvements, where Pinterest does well.

Ad Technology

- 1 said Pinterest should provide marketers with more data on user search habits and trends.
- 1 said Pinterest needs to use its consumer data to predict when users are moving from the planning stages to the buying stage.

Privacy and Tracking

- 1 said new tracking restrictions could benefit Pinterest because of the way it is used as a search tool.
 - o Such a shift is not likely to make a material impact in the next year.
- 1 said the big walled gardens like Facebook and Pinterest will initially gain from new limits on user tracking because of their first-party data.
 - o Pinterest may not gain as much as some of its peers.
- 1 said the new restrictions will have a major negative impact on the ability of advertisers to serve relevant ads and will eliminate multi-touch attribution.

1) Executive at a digital analytics firm; repeat source

Pinterest got a boost from the pandemic because of its focus on home, hobby, and crafts—but Facebook, Amazon, and Google will continue to grab the bulk of digital ad spending, as they are more proven and can show a more direct line between ads and purchases. Pinterest is more often used by consumers for planning than buying. For Pinterest to capture a greater share of digital ad budgets, it has to use its consumer data to predict when users are moving from the planning stages to the buying stage. Apple's privacy changes and Google's plan to reduce browser tracking will benefit

platforms that are walled gardens and have their own first-party data, including Pinterest. In the long term, marketers are working to build their own first-party data to avoid being completely beholden to the big platforms.

Pinterest Ad Spending

- “Because of the pandemic, everybody was home nesting and these are the things with which Pinterest does really well, so they have seen a nice bounce. However, Google, Facebook, and, increasingly, Amazon, are grabbing the lion’s share in digital budgets.”
- “Walmart is now also coming in because they have a relationship with The Trade Desk. Pinterest is not in first place. It’s more bespoke. Pinterest requires a more thoughtful, creative, and unique strategy. If a buyer has a display ad, they’re first going to Facebook, Amazon, and Google because they know that’s going to work.”
- “Pinterest’s greatest opportunity is also its greatest challenge. The basic display or video ad buy slapped onto Pinterest is probably not as effective as on Facebook, Amazon, and Google. Pinterest needs to figure out how to make that work to their advantage.”
- “TikTok is the hot platform. The old joke about buying for your grandmother on Facebook is kind of true. But even if younger people don’t use Facebook, they use Instagram, so Facebook is right up there in terms of its whole ecosystem. TikTok is coming on gangbusters and there is a lot of advertiser interest. It’s still a little too early to judge the value for advertisers but we’ve seen a lot of budget go there, at least for experimentation.”
- “A lot of advertisers use the 70/20/10 framework, with 70% going to the tried and true, 20% to what they’ve been experimenting with on a large scale, and 10% on pure experimentation. TikTok is getting a lot of that 10% because people want to know what’s there.”
- “Snapchat is turning around and doing some interesting things but I’m not hearing a lot about them. They missed their biggest opportunity early on when they were the hot new kid on the block, like TikTok is now. I think they [Snapchat] are now figuring out their maturity strategy around advertising. It’s starting to work for them but their problem will be breaking through the noise for media buyers because they are not the tried and true nor are they the hot new thing. They’re stuck in the middle.”
- “Twitter’s problem is that they have gone through too many advertising models and revenue models and now they have a subscription model. They need to decide if they are a publisher or a social media platform. They’ve had this problem for a long time.”
- “Pinterest is firmly in the ‘home, hobby, craft’ research side, even though they have tried to go more towards male demographics. Pinterest’s own data shows that people use them up the funnel—for example, someone thinking about a trip to Morocco. That person will get on Pinterest and make a board. Someone who is going to get married in 15 months will start a Pinterest board with dresses and floral arrangements.”
- “That’s fundamentally different from Facebook, where people are looking to connect with affinity groups, college friends, like-minded individuals, and just friends. Google is still primarily a search platform, way down the funnel for the consumer who is looking for something. Pinterest sits above that—for planning, thinking about, nurturing, and playing with an idea. The time period for that can be long or short. Looking for an idea for dinner tonight has a different timeline from getting married in 15 months. You think about Pinterest as a planning and ideating platform. And that means the content needs to be different.”
- “The content on Pinterest has to inspire people to love that idea. It’s more creative and inspiration oriented, as opposed to Instagram, which is ‘buy right now.’ Pinterest has a unique niche.”
- “Pinterest has grown its commerce play but they still have to prove that Pinterest is a commerce platform because it is so upper funnel.”
- “The challenge for Pinterest is that, increasingly, marketers have to show sales for the brand dollars. On Google, people who are searching for a brand are already close to purchasing. On Amazon, they can show sales on their platform and on Facebook and Instagram, they can show that you were served an ad and you bought from that. Those three will have a better sales attribution story than Pinterest. That’s going to be Pinterest’s challenge relative to their walled garden competitors.”
- “Pinterest should be playing where they are strong—that is to say in inspiration, creativity, and new ideas—and they should blow that out through ad formats. They may not be able to see where I navigated from but if they know I am

Pinterest requires a more thoughtful, creative, and unique strategy. If a buyer has a display ad, they’re first going to Facebook, Amazon, and Google because they know that’s going to work.

Executive at a digital analytics firm

clearly planning a wedding, they should stay with me on that journey and sense the timing within their platform. They should know that people who are planning a wedding will pick flowers 10 months out, a florist six months out, and so they can tailor the content they serve by offering them opportunities to buy based on that. They have to get intelligent on the platform about when and where someone is going to get serious about buying.”

- “Pinterest can take brands on a journey, as in the wedding analogy. A person who is showing interest should be served ads about the perfect day, wedding dress styles, and, one month later, the ad can be about a specific dress that is available at stores near them. Pinterest should have the intelligence to sense where someone is in the process they are accompanying that person on. They have very good consumer journey data to do that.”
- “Nobody really sees ROI. In advertising, ROI is virtually impossible to prove. You see ROAS [return on ad spend] and you see attribution. You can attribute so much of sales to that ad. That’s as good as it gets. All the platforms have varying forms of reporting.”
- “For example, you see a car commercial on TV and a few weeks later you decide you need a new car and you see that commercial again, and you decide to go look at the car on their website. You might then talk to friends, go to the dealership, and try out cars, and then you go on Google to search the price of the car to compare, then you go on Facebook and ask friends what they think of that car. Each of those touchpoints was part of the purchase decision. You can’t say that the car commercial gets 100% of the credit. Attribution figures out how much value each of those touchpoints gets. It’s not simple.”

Ad Technology

- Did not discuss.

Privacy and Tracking

- “There are slight nuances in [Apple’s and Google’s tracking] changes. Apple’s changes will change Facebook’s ability to benefit from seeing where people have navigated to and from—for example, knowing that someone just came from Spotify and that means that person is interested in music. The IDFA changes will eliminate some of their ability to do that. Fundamentally, what Apple and Google are doing is going to decrease everybody’s ability—if not eliminate it—to know where you are coming from and what you are doing next.”
- “Facebook serves a lot of retargeting ads. If you were looking at shoes on Saks Fifth Avenue, they are going to serve you a shoe ad on Facebook. They’re going to lose their ability to do that.”
- “As third-party cookies go away, and the ability to track cross-platform and across walled gardens gets more complicated, the walled garden players are going to carve out their niche in terms of spend a little more, and not necessarily by choice.”
- “In the short term, the walled gardens are going to see more spend because they have first-party data. Even if Pinterest doesn’t know where you came from, if you’re logged in on Pinterest, they know who you are. Because brands have first-party audience strategies, they are going to pay a premium for knowing who you are. On the open web, I no longer know where you are or what you are doing. All the walled gardens will get a bounce, at least initially, as all these changes go through.”
- “Around 60% to 80% of marketers’ digital spend is going to the walled gardens. They are a safe bet for brands. They spend a very large part of their digital spend in the walled gardens.”
- “All the walled gardens will gain initially but Pinterest is not going to gain as much as some of the other walled gardens.”
- “The walled gardens will gain [in dollars] with the privacy changes, at least in the short to mid-term. In the long term, marketers are going to be uncomfortable with how little power they have over the walled gardens and how little command they have over their own data, and the fact that the walled gardens are all grading their own homework.”
- “For example, Google is not going to share data anymore but tell the others to go into their platform and share their data and then will tell them what has been happening. Most marketers aren’t comfortable with that as a long-term solution and are actively working to build their own first-party data and developing their own strategy. But that will take time.”
- “[The impact on the ability of advertisers to serve relevant content will be] massive and multi-touch attribution will basically go away. We will no longer be able to see how things are moving between touchpoints or even know all the touchpoints. The measurement and valuation of ads is going to get much harder.”

In the short term, the walled gardens are going to see more spend because they have first-party data. Even if Pinterest doesn’t know where you came from, if you’re logged in on Pinterest, they know who you are.

Executive at a digital analytics firm

2) Coraline Millena, branding consultant and former digital media executive for The Estée Lauder Companies

Pinterest will benefit from new restrictions on tracking and could capture a greater share of ad budgets, although probably not this year. Brands will be placing more value on content, rather than tracking, which helps Pinterest because it is geared to searches, like Google. Pinterest could be more innovative in the data it provides brands on search habits, search volumes, and especially on upcoming trends. For now, Google, Facebook, and Instagram are the leading digital ad outlets, something not likely to change in the next year, though TikTok has a lot of momentum.

Pinterest Ad Spending

- “Pinterest is about 20% to 30% of my digital ad strategy, depending on the client. My focus is on beauty and fashion brands and, in those areas, [Pinterest] makes up about 20% to 30% of the digital ad spending.”
- “The top share of ad spending goes to Google. Number two is Facebook and Instagram. Numbers three and four are alternately YouTube and Pinterest. It just depends on the brand. At the moment, TikTok is number five. Snapchat comes in at number six. Twitter isn’t really a platform for advertising anymore. For NGOs [non-governmental organizations] and politicians, they can do well, but not for consumer-facing brands.”
- “For 2021, I don’t think the top three are going to change.”
- “At the same time, TikTok is going to really grow because of their innovation. Pinterest is great but they need to be more innovative if they want to get ahead of the pack.”

Ad Technology

- “Because of the way people search on Pinterest, [Pinterest] could do more [to provide data] on search habits, search volumes, and on upcoming trends. For marketers who are looking ahead, that would be huge.”

Privacy and Tracking

- “With the changes coming in tracking, it is going to change the ways brands spend money. This may not be a change for 2021 immediately, but there will be a shift towards platforms driven by content because we won’t have as much data.”
- “This could benefit Pinterest because the way people use Pinterest is for searches, the same way people use Google. They go on the platform and they search. For example, I’m searching for sideboards for my living room. Pinterest is going to benefit from a cookie-less world because content will be driven to searches. There will be a shift but, initially, not enough to change the top three players in the next 12 months.”
- “I think Pinterest could capture a greater share of ad budgets with the tracking changes.”

TikTok is going to really grow because of their innovation. Pinterest is great but they need to be more innovative if they want to get ahead of the pack.

Coraline Millena, branding consultant and former digital media executive for The Estée Lauder Companies

3) Advertisers

This executive’s company does not advertise on Pinterest as the platform does not reach the younger audience that the company wants to target. Facebook, Instagram—and, more recently, TikTok—are where the ad dollars are flowing.

Key Silo Findings

Pinterest Ad Spending

- 1 of 1 said his firm, an electronics device manufacturer, does not advertise on Pinterest.
 - o Pinterest does not appeal to his company’s target market of 15- to 30-year-olds.
- 1 said Facebook and Instagram are the leading platforms for his company’s advertising.
- 1 said ad spending on TikTok is growing.
 - o TikTok is good for brand building rather than direct sales.

Ad Technology

- Did not discuss.

Privacy and Tracking

- Did not discuss.

1) Sales executive for a global electronics manufacturer

Pinterest Ad Spending

- “I love Pinterest and I use it all the time but I don’t think we do anything [in terms of ad spending] on Pinterest.”
- “My sense [of why the company does not advertise on Pinterest] is that it’s because their content is not really relevant to much of the 15- to 30-year-old marketplace.”
- “We’re doing a lot on Instagram. We have been doing a lot on Facebook.”
- “Facebook advertising has been extremely fruitful and for most manufacturers it’s the same. If you look at people with expendable income, Facebook has a lot of users in that bracket. There’s also a big push into TikTok right now.”
- “It’s ironic because TikTok is almost exclusively people on phones and they’re not really using the devices we make, but I think the TikTok thing is more about building brand awareness.”
- “I love Pinterest as a user because I can look at pictures [related to hobbies] but it’s also a very frustrating place because most often you can’t figure out what the thing is. It’s just someone has posted an interesting photo.”
- “I know there’s a big trend with many manufacturers to migrate away from ‘push’ marketing to more ‘pull’ marketing. Even sales forces are letting marketing go out and develop social [media campaigns] to pull clients in.”

Ad Technology

- Did not discuss.

Privacy and Tracking

- Did not discuss.

Facebook advertising has been extremely fruitful and for most manufacturers it’s the same. If you look at people with expendable income, Facebook has a lot of users in that bracket.

Sales executive for a global electronics manufacturer

Secondary Sources

These two secondary sources focused on TikTok’s rising popularity and valuation. Sources suggested its parent company is being valued at more than \$250 billion in the secondary market. A report says TikTok is on track to hit 1.2 billion users in 2021 and time spent on the app grew faster last year than Facebook.

March 30 Yahoo! Finance [article](#)

ByteDance’s value has soared in private transactions in recent months as company executives consider an IPO.

- “Shares of ByteDance Ltd., the Chinese parent of hit video app TikTok, are trading at a valuation of more than \$250 billion in the secondary market, according to people familiar with the matter.”
- “The Beijing-based startup’s value has surged in recent weeks as investors gain confidence in the business and founder Zhang Yiming weighs options for an initial public offering, said the people, asking not to be named because the transactions are private. ByteDance was valued at \$140 billion during its last fundraising, according to CB Insights.”
- “The company’s shares traded at a roughly \$200 billion valuation in private transactions just a month ago, one of the people said. At \$250 billion, ByteDance would be more valuable than Exxon Mobil Corp. or Coca-Cola Co.”
- “‘ByteDance is one of the few top Chinese internet companies that have yet to go public, one with good business growth, talent and products,’ said Shawn Yang, managing director at Blue Lotus Capital Advisors. ‘This is something hot money will go after.’”

Jan. 13 SocialMediaToday [article](#)

A report claims people spent more time on TikTok than on Facebook in 2020. The report also outlines the potential benefit to Pinterest from an acceleration in ecommerce trends caused by the pandemic.

- “People are now spending more time in TikTok than they are in Facebook, while the average American is also now spending more time on their mobile device than they are watching TV.”
- “That’s according to the latest [State of Mobile report](#) from mobile app intelligence agency [App Annie](#), which provides an overview of the key mobile app trends and shifts over the past year.”
- “In terms of social media apps specifically, App Annie’s data once again underlines the staggering growth of TikTok.”
- “According to the report, people spent more time using TikTok than they did Facebook in 2020.”
- “Facebook, the company, still dominates the overall usage lists, with Instagram, Messenger and WhatsApp making up the remainder of the top five most-used apps, in terms of time spent. But TikTok’s growth is undeniable.”
- “As per the report: ‘TikTok’s average monthly time spent per user grew faster than nearly every other app analyzed, including 70% in the US and 80% in the UK - surpassing Facebook. TikTok is on track to hit 1.2 billion active users in 2021.’”
- “Given the market dominance of Facebook, TikTok’s rise is particularly amazing to see. Facebook was eventually able to quell the growth of Snapchat (by replicating Stories), and has fended off various other competitors in the space. But TikTok has continued to go from strength to strength—despite bans, legal challenges, investigations, etc.”
- “That meteoric growth is the key reason why both Facebook and Google (via YouTube) are working to replicate the app’s core functionality as best they can, however they can, within their own apps.”
- “As various analysts have noted, the pandemic has accelerated the growth of eCommerce by years, bringing forward what was expected to be a more gradual shift in consumption habits. That will have major implications for retailers, because now that people are more accustomed to buying online, many won’t go back to their pre-COVID habits, even when they’re able.”
- “And that could be of particular benefit for Instagram and Pinterest, according to App Annie’s data.”
- “Global downloads of Instagram and Pinterest worldwide ‘grew 50% and 20% YoY, respectively.’ Both have significant opportunity to tap into the eCommerce shift - which also represents new potential for marketers to connect with these growing, engaged, and purchase-ready audiences.”

Additional research by Eva Cahen and Emily Carr.

The Author(s) of this research report certify that the information gathered and presented in this report was obtained in accordance with Blueshift Research’s compliance protocols as outlined in the company handbook. All Blueshift reporters identified themselves as reporters/researchers from Blueshift Research and articulated the purpose of the research. To the best of our knowledge and efforts, Blueshift confirmed that the underlying source(s) lawfully obtained the information shared with Blueshift and were entitled to provide such information to Blueshift without breaching a duty to another party. The data in this report has undergone review from Blueshift Research’s Compliance Officer and has been approved for distribution to Blueshift Research’s clients.

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