

Global Ad Trends

June/July 2019 – The social slowdown [SAMPLE]



Other key media intelligence:

Paywalled news is becoming more expensive in most markets

Ad fraud losses drop to new low, under \$6bn

Radio reaches more Americans than all other media

Consumers choose privacy as DuckDuckGo shows quickest growth

16% of Facebook accounts are worthless to advertisers



WARC[^] **Data**

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The social slowdown

- ✓ Recent developments in the sector
- ✓ Ad revenue and user growth among the main platforms
- ✓ The performance of these platforms in relation to the wider sector
- ✓ Ad budget outlooks for each platform
- ✓ Consumer attitudes towards social shopping and trust in social platforms

2 Key media intelligence

New on WARC Data

- ✓ Paywalled news is becoming more expensive in most markets
- ✓ Ad fraud losses drop to new low, under \$6bn
- ✓ Radio reaches more Americans than all other media
- ✓ Consumers choose privacy as DuckDuckGo shows quickest growth
- ✓ 16% of Facebook accounts are worthless to advertisers

3 Latest WARC research

The state of the global ad market

- ✓ The latest practitioner sentiment towards marketing budgets and trading conditions around the world
- ✓ Adspend projections from WARC's Consensus and International Ad Forecasts

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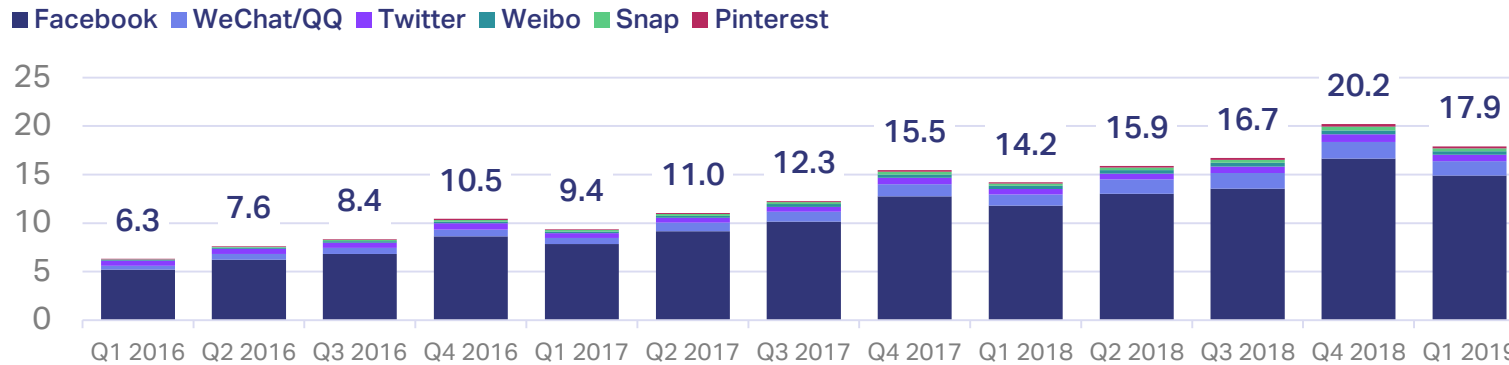
Media analysis

Social and messaging
company KPIs

- 26.2%** rise in social and messaging adspend in Q1 2019, to \$17.9bn worldwide
- 42.1%** proportion of consumers that trust influencers' opinions on products and services
- 50.0%** share of consumers who believe social media and tech companies have too much power
- 70.0%** US consumers who do not trust information from social media sites
- 71.1%** respondents citing security as their greatest concern in regard to social shopping
- 95.5%** new daily users joining Facebook from outside of North America

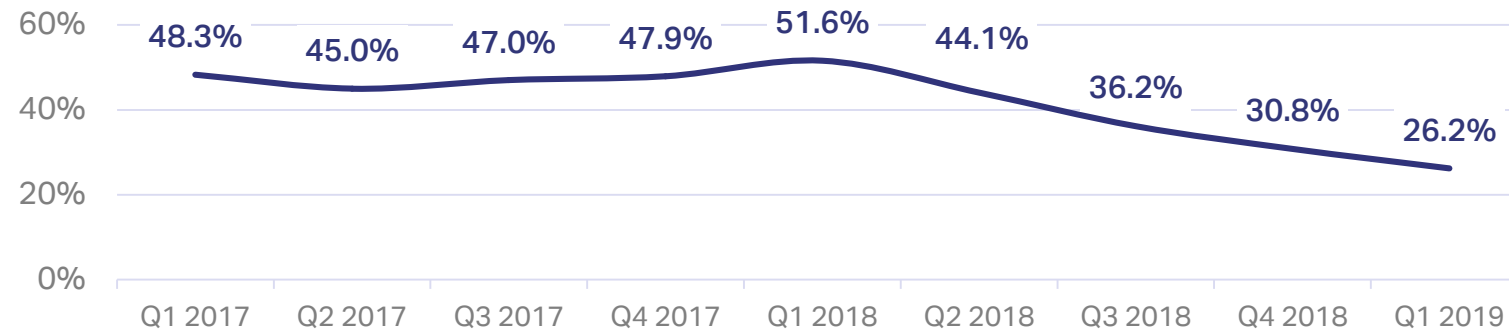
Ad growth in the social and messaging sector halved during the first quarter

Global, Ad revenue among key social and messaging companies, US\$ billions



SOURCE › WARC Data, company reports

Global, Annual growth in ad revenue among key social and messaging companies



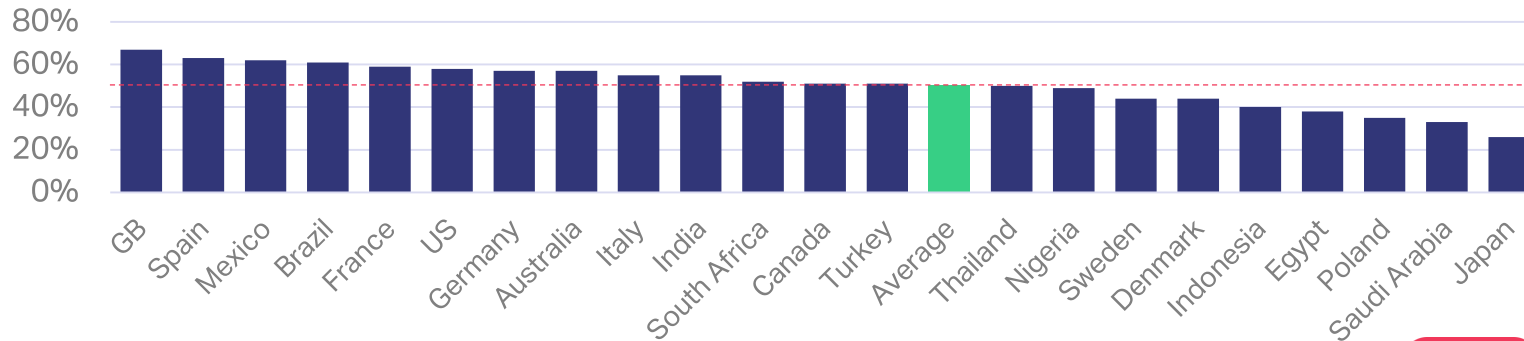
SOURCE › WARC Data, company reports

Media Analysis: The social slowdown

- The six companies studied in this report account for a quarter of internet adspend and 11% of all media spend worldwide. Their combined ad revenues rose 26.2% year-on-year during the first three months of 2019 to reach \$17.9bn – the second-highest total on record. While this growth outpaced all other ad sectors, it was roughly half the rate of expansion seen just one year earlier. Indeed, all six companies recorded an easing in ad revenue growth during Q1 2019.
- Facebook – including Instagram and WhatsApp – drew 83.2% (\$14.9bn) of first quarter ad income among the social and messaging sector. Growth here was buoyed by a near 30% rise in ad receipts from North America, providing just under half (48.3%) of Facebook’s total ad income at \$7.2bn. Two in five dollars spent on social media and messaging ads worldwide are from North American advertisers on Facebook properties.
- Tencent’s Weixin/WeChat and QQ platforms accounted for 8.2% of sector revenue during the quarter at \$1.5bn, with Twitter (3.8%, \$680m), Weibo (1.9%, \$341m), Snap (1.8%, \$320m) and Pinterest (1.1%, \$202m) lagging well behind.

Consumer trust is a growing issue

Global, Share of respondents who agree social media companies have too much power

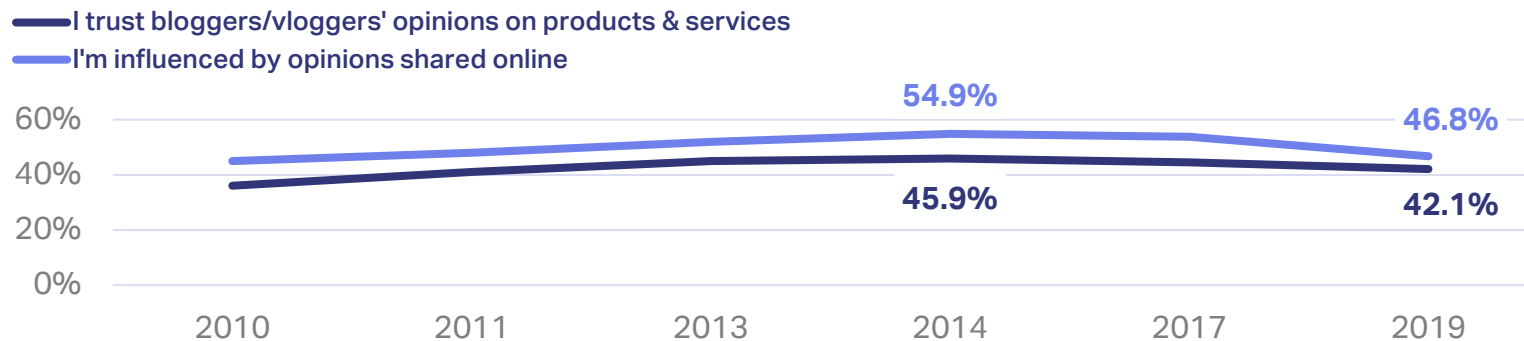


Note: Q1 2019 (n=24,304). Question: Would you say that in your country today, technology and social media companies generally...?

SOURCE › YouGov-Cambridge Globalism Project

Get the data

Global, Trust in online opinions, % of respondents who agree



Note: Across 81 countries (n=56,398 active internet users).

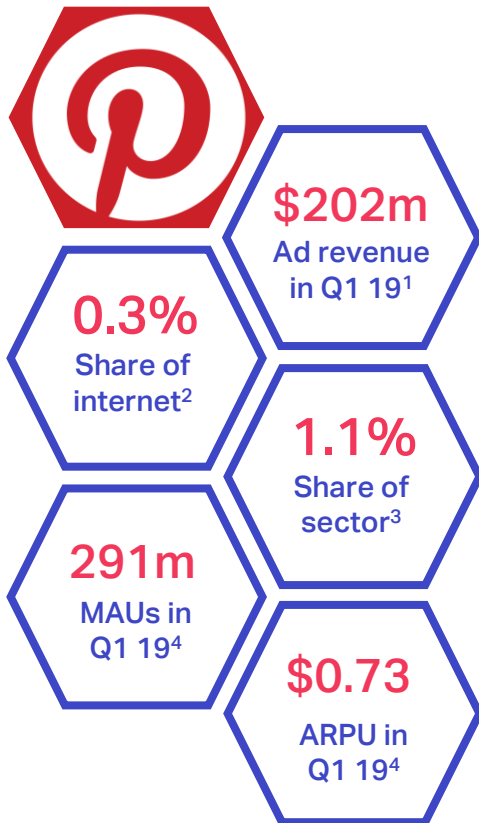
SOURCE › UM, Wave X Study

Get the data

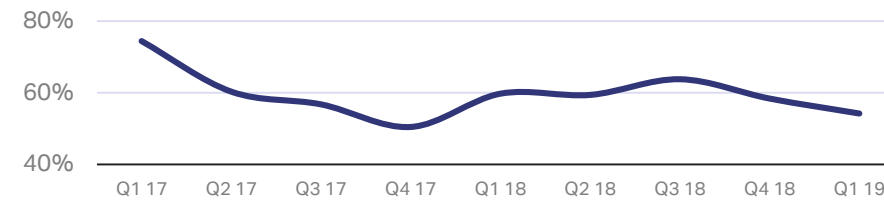
Media Analysis: The social slowdown

- Recent research by YouGov has found that half of consumers now believe tech and social media companies have too much power and influence in their daily lives, while a similar proportion feel **more industry regulation is required**.
- The same study also found that nearly two-thirds of people **don't trust the information that comes from social media**, with rates as high as 82% and 70% across Great Britain and the US respectively. Ancillary research from Dentsu shows that the biggest cause of distrust in the tech industry is **the misuse of personal data**, and that this has led some **three-quarters of consumers** to limit their online footprint.
- Aside from a rising distrust in the platforms themselves, confidence in those which adorn them is also starting to wane. Universal McCann reports that less than half of consumers trust influencers online or are even influenced by their opinions, a rate which has **tracked downwards from a peak in 2014**. The number of influencer posts on Instagram rose **40% to 2.1m in 2018**, according to Klear, with celebrity video posts on the platform commanding **a price tag over \$3k**.

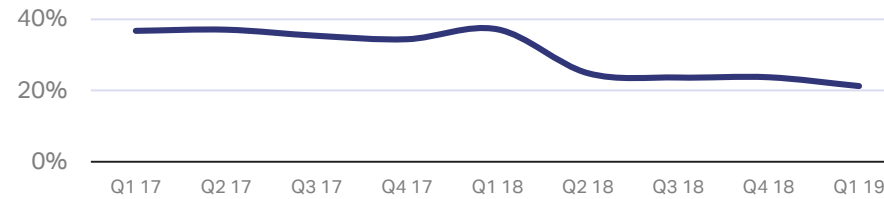
Monetising international users will be key to Pinterest's future



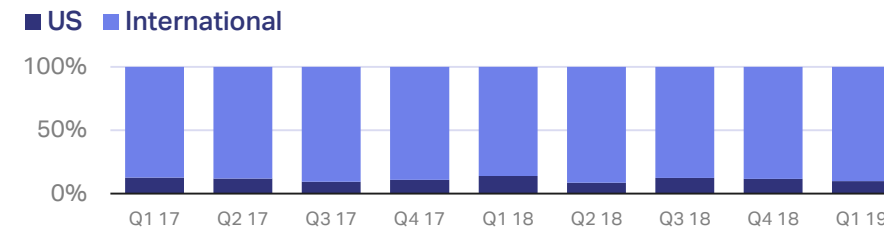
Ad revenue growth



Monthly active user growth



Contribution to monthly active user growth



Ad revenue (US\$ millions) and annual growth






Q1 2019	Total	Growth	Share	Change
US	187	114.3%	1.0%	+0.2pp
International	15	50.8%	0.1%	=
Total	202	54.2%	1.1%	+0.2pp

- As with other platforms, Pinterest cited a rise in the number of ads delivered as the main cause of revenue growth during the first quarter. A rise in the total number of brands advertising on the platform, as well as increases in demand from existing clients, helped boost total ad receipts. The price per ad did not change significantly over the year.
- Average revenue per user (ARPU) was 73 cents in the first quarter of 2019, up from 58 cents a year earlier. However, ARPU in the US stood at \$2.25 (up from \$1.59), while internationally it was \$0.08 (up from \$0.05). Monetising this international base, which accounts for 70.8% of Pinterest's total monthly users, will be key to future growth.

SOURCE › ¹ Pinterest; ² WARC Data, Adspend Database, 2018; ³ WARC Data, company reports, Q1 2019; ⁴ Pinterest; ⁵ Pinterest

2 Key media intelligence

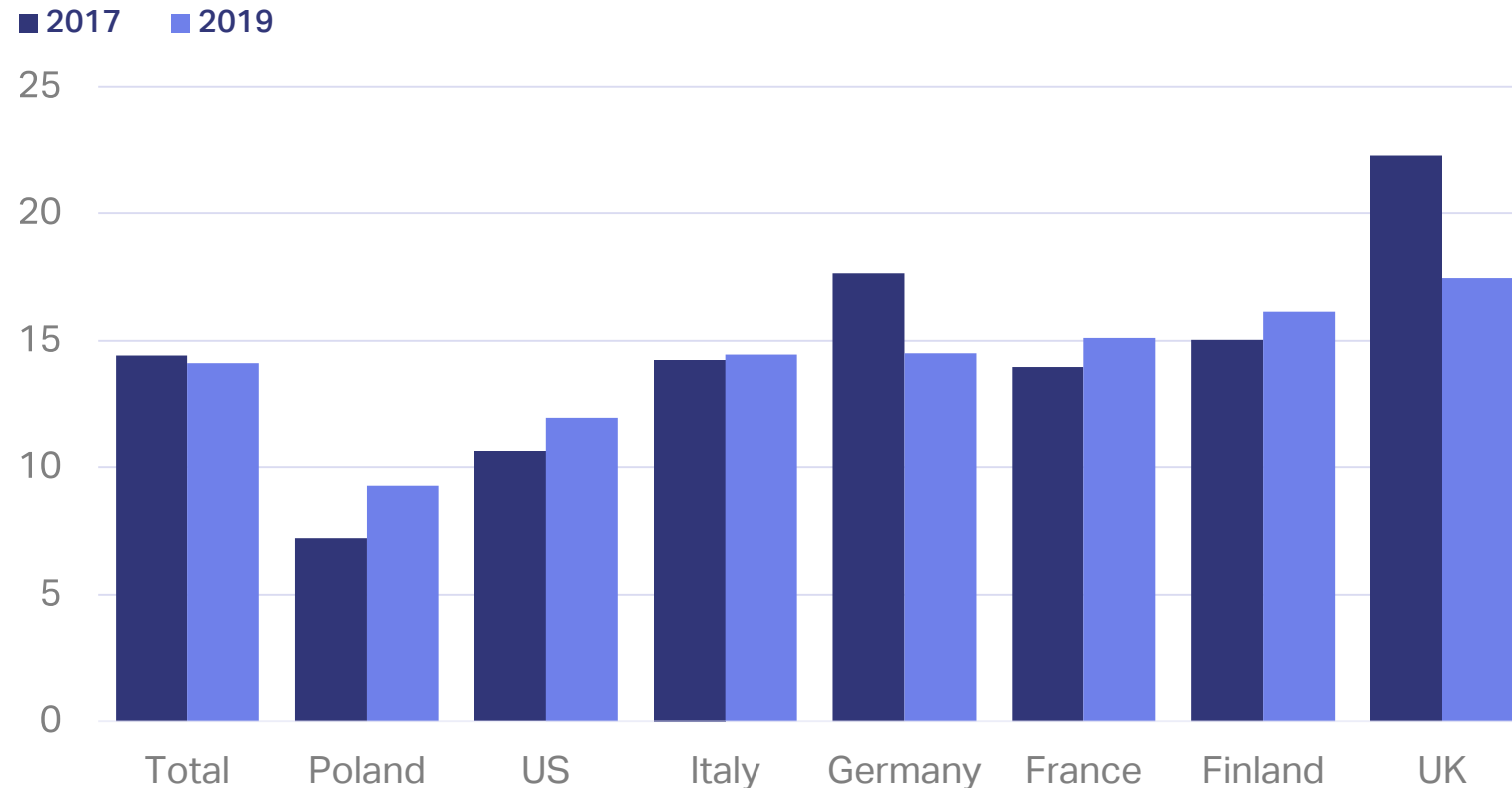
New on WARC Data

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See all

Paywalled news is becoming more expensive in most markets

Print newspapers and magazines, Average monthly price of digital paywall, €



Note: Analysis of 145 national and regional newspapers and news magazines with highest print circulation and some form of paywall.

SOURCE > Reuters Institute for the Study of Journalism

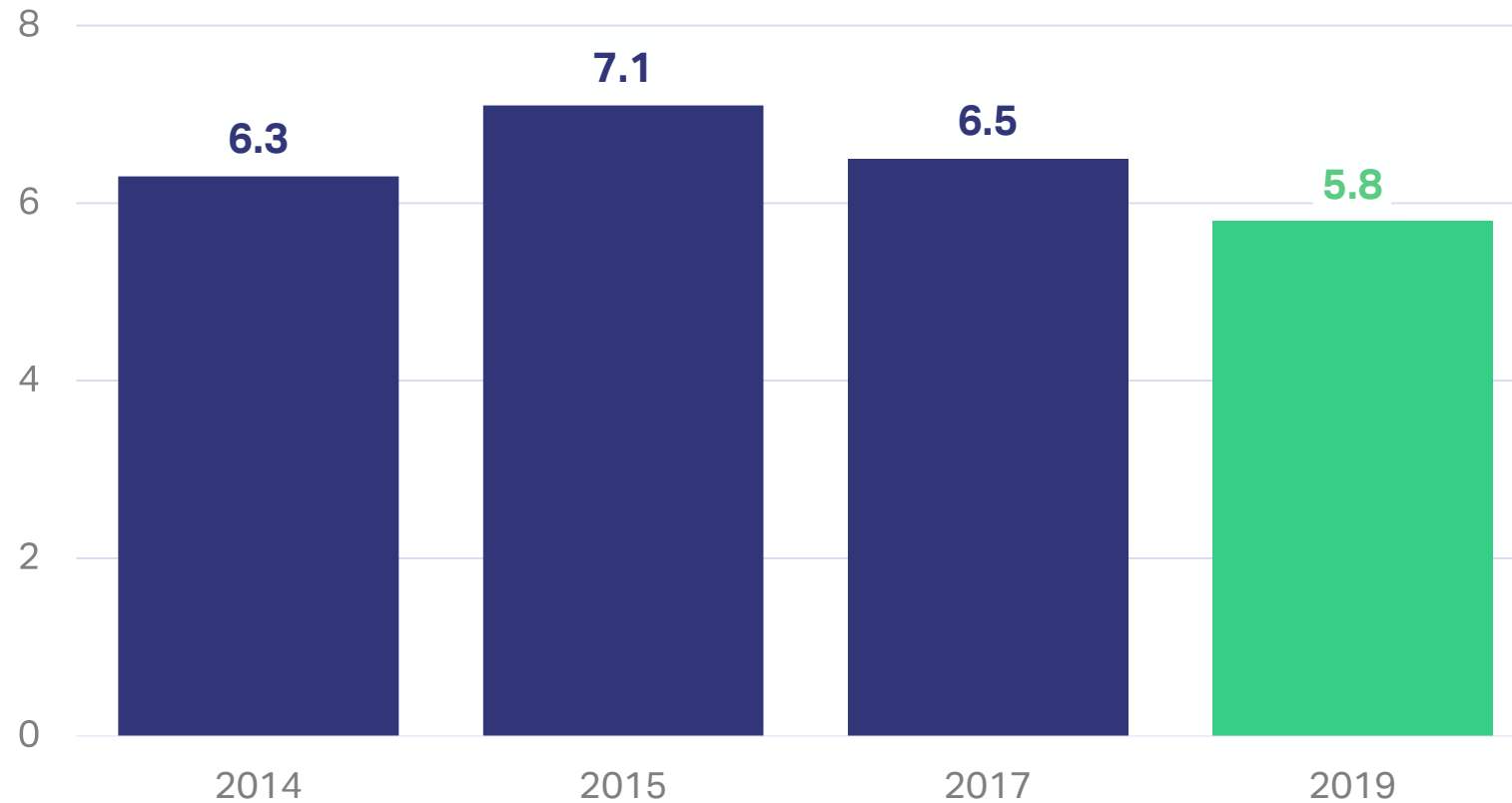
Get the data

Media Intel

- ✔ The average price to access paywalled news content is €14.12 per month, according to the latest data from the Reuters Institute for the Study of Journalism. Across six European markets and the US, this price has remained stable between 2017 and 2019. For reference, a basic Netflix subscription costs almost half as much, at €7.77 per month on average.
- ✔ The most expensive paywall can be found in the UK, at €17.45 per month, and the cheapest in Poland, at €9.27. Although the UK and Germany registered a steep drop in cost, all other markets saw an increase. This comes as digital paywalls grow in popularity, reaching **two-thirds** of print newspapers and magazines this year.
- ✔ More expensive paywalls come as publishers struggle for profitability, with print ad revenue **more than halving** since 2009 and digital ad money being hoarded by the **Google/Facebook duopoly**. Given the unwillingness of some to pay for content, news consumption may soon reach a limit. Indeed, daily time spent consuming news **flatlined in 2018**.

Ad fraud losses drop to new low, under \$6bn

Global, Ad fraud losses, US\$ billions



SOURCE › ANA, White Ops, 2018-2019 Bot Baseline: Fraud in Digital Advertising

Get the data

Media Intel

- Losses from advertising fraud are projected to have fallen to \$5.8bn, according to [research](#) from the ANA and White Ops. This continues a projected decline from 2015, in part a result of [increased verification and industry collaboration](#).
- Declining ad fraud losses comes in the face of a rapidly growing digital ad market, which is forecast to account for [over half](#) of all media spend next year.
- Among 50 ANA members with 27bn impressions, the lowest standards were found on mobile videos bought directly: just 28.8% of impressions here were validated by a third-party to the highest standard. In contrast, desktop video impressions bought programmatically performed best, although less than two-thirds (60.3%) met this standard.
- A range of industry responses have been introduced to combat ad fraud, from [optimisation](#) to [third-party verification](#). However, it places low relative to [other issues](#) that senior marketers are experiencing.

3 Latest WARC research

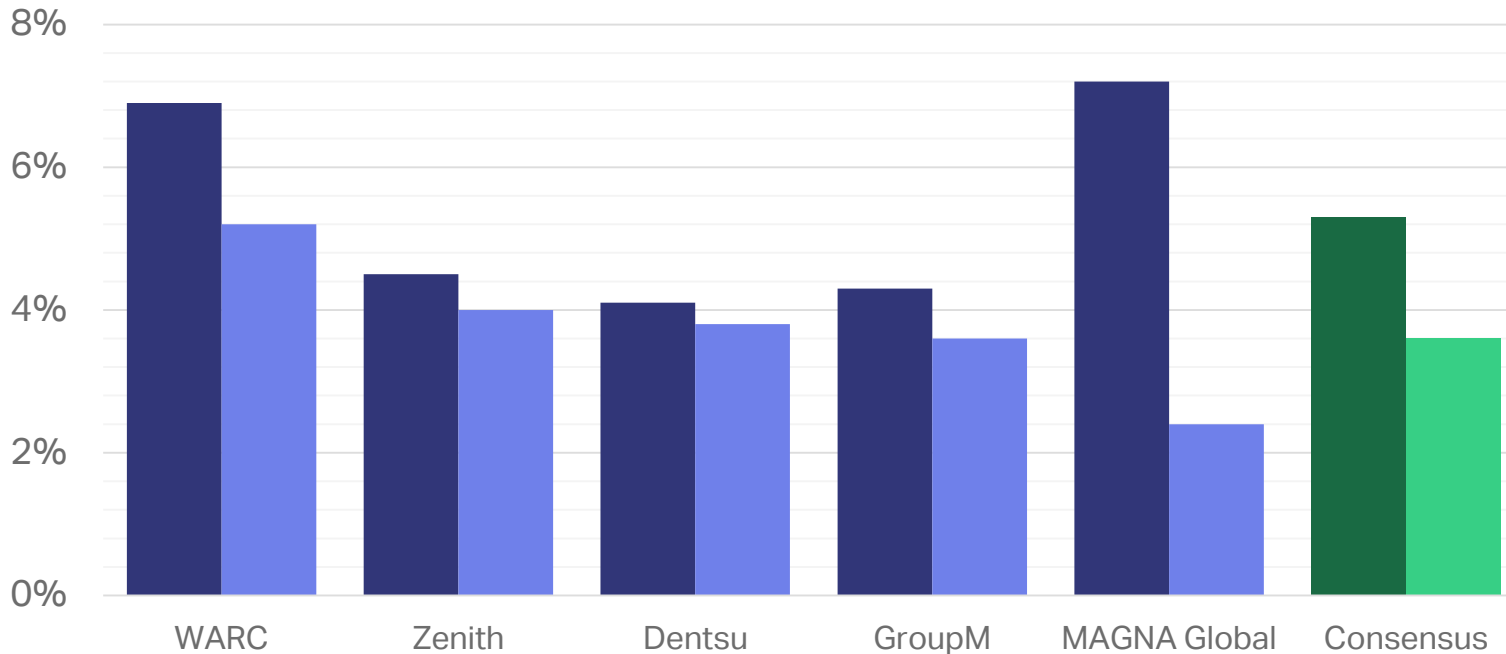
The state of the global ad market

- ✔ **WARC GMI:** Marketing budgets in the Americas return to growth as Europe contracts
- ✔ **WARC GMI:** TV contracts further as digital budgets continue to slow
- ✔ **WARC Consensus Forecast:** Global ad market growth to ease to 3.6% this year
- ✔ **WARC International Ad Forecast:** Key market growth expected to slow to 6.4% this year
- ✔ **WARC International Ad Forecast:** Mobile to be the fastest-growing ad medium this year

WARC Consensus Forecast: Global ad market growth expected to ease to 3.6% this year

Global, Year-on-year % change in advertising expenditure, US\$ current prices

■ 2018 ■ 2019



Note: Direct comparisons between forecasts are not truly like-for-like as WARC applies variable exchange rates to all years. This has been factored into the weighting to draw a purer consensus.

SOURCE › WARC Data, *International Ad Forecast (June 2019)*; Dentsu (January 2019); Zenith, GroupM, MAGNA Global (December 2018).

Latest WARC research

- Global advertising spend is expected to rise 3.6% in dollar terms this year, a slowdown from the estimated growth rate of 5.3% in 2018, according to WARC's latest Consensus Forecast, a weighted average of third-party growth projections.
- MAGNA Global believes that the lack of cyclical political and sporting events will underpin the 2019 slowdown, particularly in the US. MAGNA states that strong digital growth will push its share **to over half of all adspend worldwide this year.**
- Dentsu cites strong digital growth, notably in China, where 63% of ad money is expected to **be spent online this year.** Dentsu also believes digital spend will overtake TV in the US in 2019 – a watershed moment.
- Zenith and GroupM predict a cooling in the rate of global ad market expansion, to 4.0% and 3.6% respectively.
- WARC's forecast – **based on 12 key markets** – anticipates the strongest rise, at 5.2% this year. Our projections factor in shifting exchange rates, and we believe the US dollar will weaken this year, inflating overall spend in the majority of markets.

More from WARC Data

About WARC Data

WARC has published independent and objective advertising research since 1982.

Our data products are trusted by the world's leading brands, ad and media agencies, media owners, research bodies, academic institutions and market analysts.

www.warc.com/data

Benchmarks

Utilise WARC's suite of benchmarks to measure your ROI against industry sector and geography, decide on the right media mix for your campaign, and compare your ad/sales ratio with the sector's wider performance.

Forecasts

WARC produces detailed adspend forecasts for 12 key markets – Australia, Brazil, Canada, China, France, Germany, India, Italy, Japan, Russia, UK, US – which between them account for three-quarters of global advertising expenditure, atop a biannual forecast for media inflation drawn from a consensus of exclusive agency data.

Data Points

Access hundreds of pre-made charts and datasets on media consumption, spend and costs.

Databases

Instantly access advertising spend data in 96 markets across major media and formats.

Check CPM and GRP costs by media and target audience in 63 markets.

Global Marketing Index

Established in 2011, the Global Marketing Index (GMI) is designed to provide a unique monthly indicator of expenditure and business conditions for marketers worldwide.

Our panel of 10,000 marketing professionals is invited to give its views of current business conditions, including marketing spend, media budgets and staffing. The results provided exclusively to WARC Data subscribers each month.

Contact Us

London
33 Kingsway
London
WC2B 6UF
United Kingdom
+44 (0) 20 7467 8100
enquiries@WARC.com

Washington
DC 2233 Wisconsin Ave NW Suite
535 Washington
DC 20007
United States
+1 202 778 0680
americas@WARC.com

Singapore
OUE Downtown 1, #44-03
6 Shenton Way
Singapore
068809
+65 3157 6200
asiapacific@WARC.com

WARC[^]
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