

Global Ad Trends

January 2019 – Mobile's tipping point [SAMPLE]

Other key media intelligence:

More and more inventory being traded in PMPs

Smart speaker penetration tops 10% in US and UK

Google search CPCs up by almost a quarter

World Cup pushes Russian OOH adspend to ten-year high

WARC[^] **Data**

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Mobile's tipping point

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- ✓ Daily mobile minutes and how that time is spent worldwide
- ✓ Mobile-only internet users and 5G penetration forecasts
- ✓ Mobile viewability and ad-blocking rates
- ✓ GDPR's impact on mobile CPMs and spend, and marketers' use of consumer data

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Global adspend outlook

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- ✓ More and more inventory being traded in PMPs
- ✓ Smart speaker penetration tops 10% in US and UK
- ✓ Google search CPCs up by almost a quarter
- ✓ World Cup pushes Russian OOH adspend to ten-year high

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

1

Media analysis

Mobile's tipping point

18.4%

share of global population that will have a 5G subscription by 2024, or 1.5 billion people

19.4%

share of global population that uses Facebook on a mobile each day

26.6%

rise in advertiser investment on consumer data this year, to \$26bn worldwide

27.0%

mobile's share of all media spend in WARC's 12 key markets, up from just 6.5% in 2014

72.6%

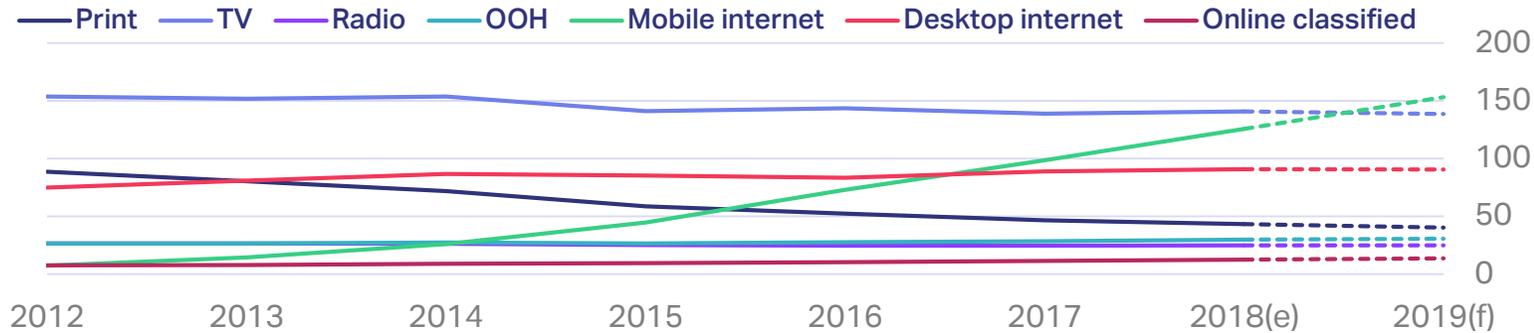
share of global internet users that will be mobile-only by 2025

79.5%

mobile ad market value created in the last five years

Mobile adspend is set to top TV across key markets this year

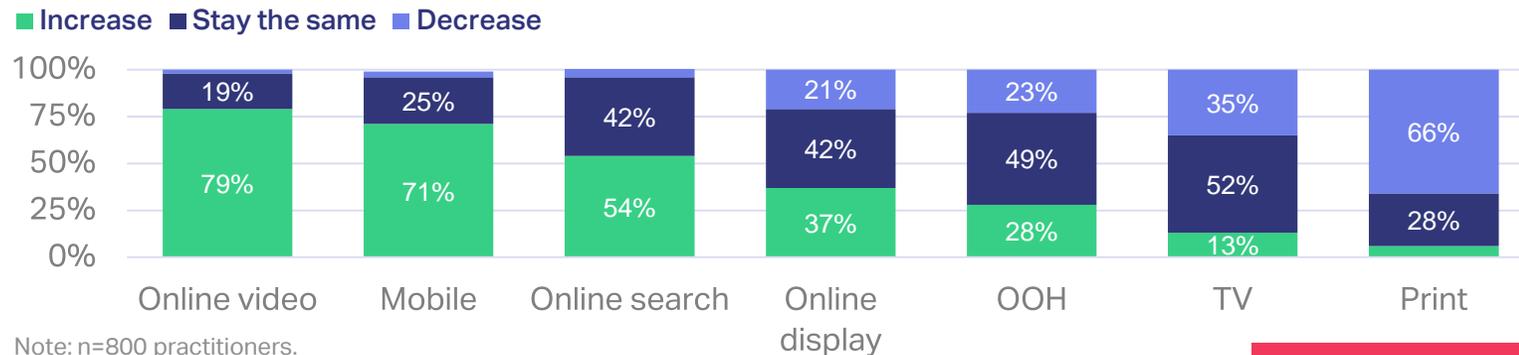
Global, Advertising expenditure by medium, US\$ billions, current prices



Note: Data are for WARC's 12 key markets. Print, TV, radio and OOH exclude digital. Cinema not shown. Print includes classified.

SOURCE › WARC Data, International Ad Forecast, January 2019

How do you expect your investment in the following media to change in 2019?



Note: n=800 practitioners.

SOURCE › WARC, Marketer's Toolkit 2019

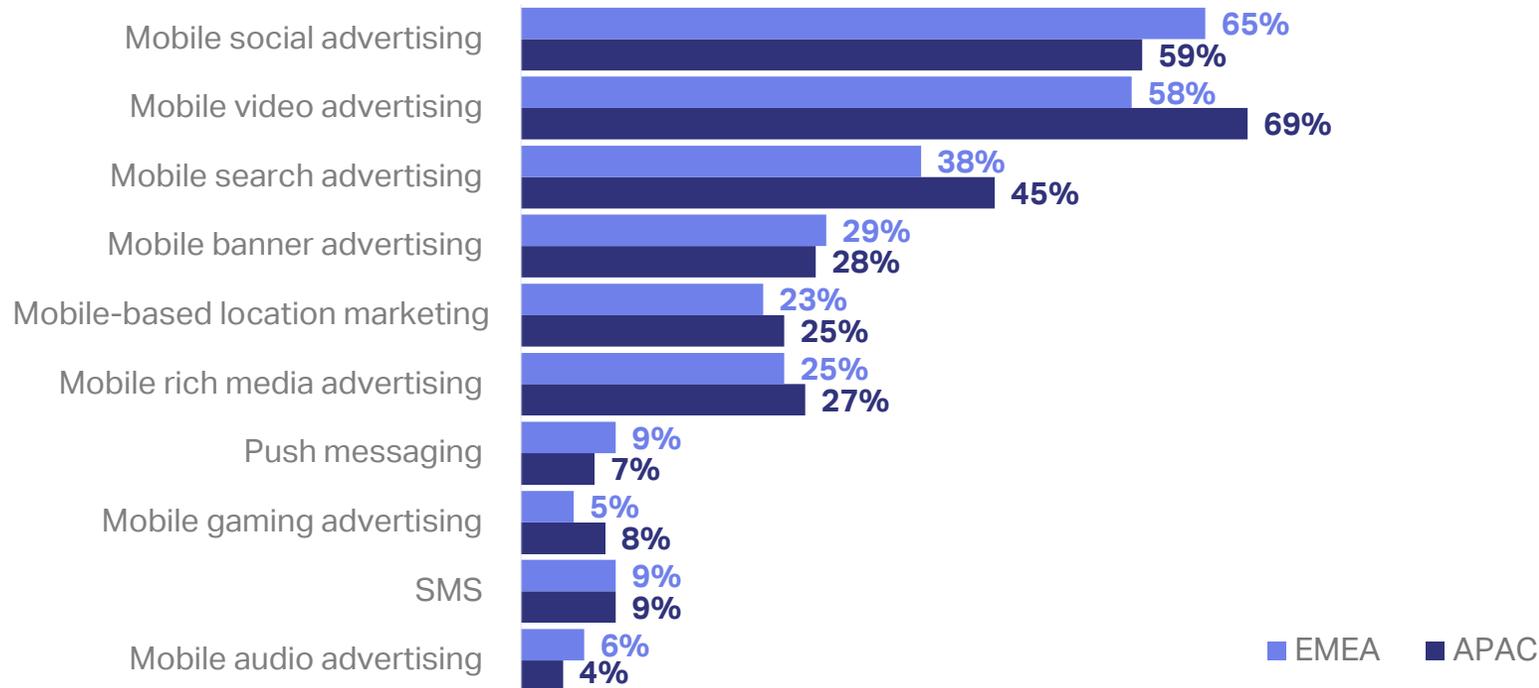
[Read sample report](#)

Media Analysis: Mobile's tipping point

- ☑ Fifty-two percent of the global population – 3.9bn people – access the internet via a mobile phone, and advertisers spent an estimated \$137.9bn to reach them last year, or \$35.36 per user.
- ☑ Data from **WARC's 12 key markets**, which between them account for some three-quarters of global adspend (and 91.1% of all mobile spend – \$125.6bn), show that mobile is the second-largest ad medium, and could overtake TV this year if current growth rates are maintained.
- ☑ Of the 800 practitioners surveyed for WARC's **Marketer's Toolkit**, 71% expected a rise in mobile budgets this year, with most money going to Google- and Facebook-owned platforms.
- ☑ Nearly all of Facebook's 1.5bn daily users access the platform via a mobile – equivalent to one in five people worldwide – and the company's ad revenues exceeded \$50bn last year.
- ☑ Google's ad revenues topped \$100bn for the first time last year. The company accredits much of its recent growth to rising income from mobile search, while mobile devices already account for over 70% of all YouTube viewing.

Mobile social and video remain the primary focus for advertisers

Q: Specifically for mobile advertising, which of the following are you/your clients planning to focus on in 2018?



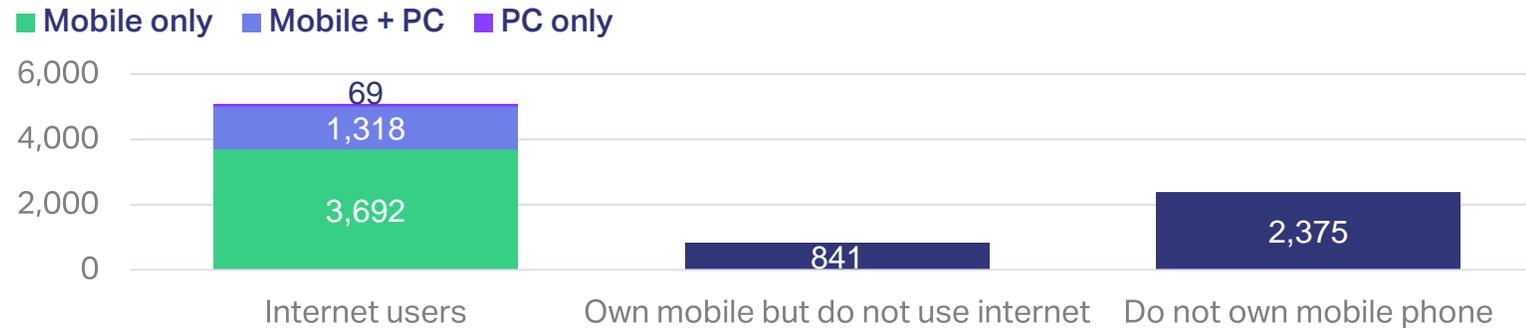
Note: APAC n=445, EMEA n=561. Survey conducted during March 2018.
 SOURCE > WARC Data, MMA, *State of the Industry: Mobile Marketing*

Media Analysis: Mobile's tipping point

- Despite uncertainty around ad performance, and half of mobile display ads not meeting the MRC standard, marketers continued to focus heavily on the medium last year. In EMEA, mobile social advertising was a core focus for almost two-thirds (65%) of those surveyed by WARC and the MMA for the annual *State of the Industry* report, while 58% used mobile video advertising in their mix. The figures for Asia-Pacific were also high, at 59% and 69% respectively.
- Viewability and accurate measurement of online ad performance was cited as the biggest concern for 47% of the 800 practitioners surveyed for *WARC's Marketer's Toolkit*. One in five also stated they were unable to measure mobile ROI accurately; most (59%) were uncertain. A similar proportion said the same of social media.
- However, the report also finds that 62% of these marketers deem social media to be an effective channel, ranking it top overall. Online video (52% of respondents) and online search (51%) followed, while mobile scored just over a quarter (27%), well behind TV on 48%.

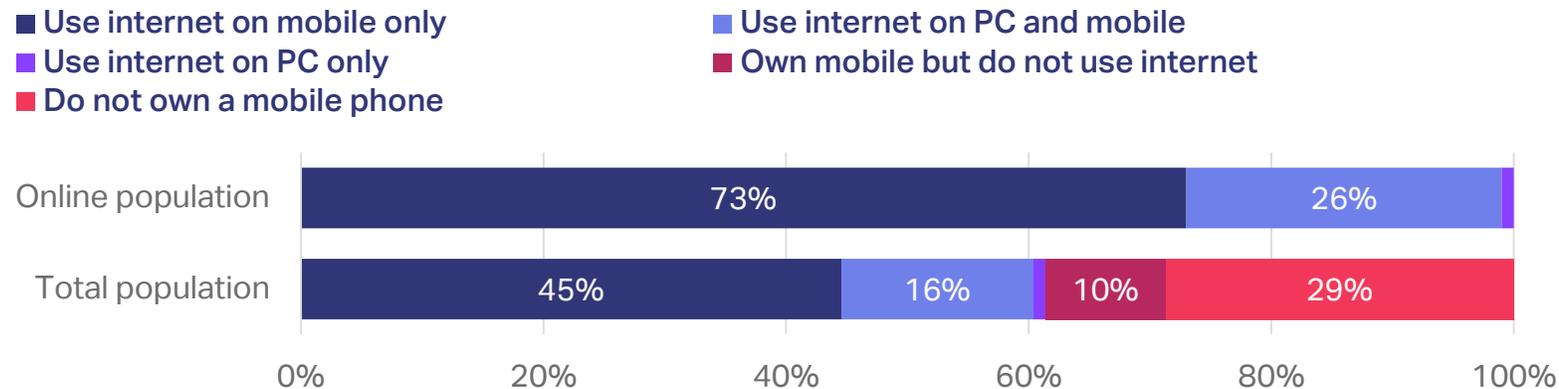
Three quarters of internet users will be mobile-only by 2025; m-commerce is a big opportunity

Global, Forecast internet access by device, 2025, Millions



SOURCE › GSMA Intelligence

Global, Forecast share of internet access by device, 2025



SOURCE › GSMA Intelligence

Media Analysis: Mobile's tipping point

- Almost three quarters – 3.7 billion – of global internet users will be mobile-only by 2025. Five countries are expected to account for half of all growth in mobile users over the period: China, India, Indonesia, Nigeria and Pakistan. The price of smartphones in these markets continues to fall, while the **burden on income from mobile data prices is also reducing**.
- Facebook, Google, Netflix, WeChat and other large consumer tech platforms have already redefined their approach to mobile-first, helping to establish social and online video services among mobile users, regardless of their income.
- With the exception of China, where Alibaba **topped 700m users last year**, m-commerce is not yet prevalent in emerging markets. Just one in five users in both India and Indonesia reported making purchases on a mobile phone in the last month, compared to over half in the US and China.
- Indeed, the value of Chinese m-commerce was estimated at RMB6.2trn (\$943bn) by iResearch last year, over 81% of all e-commerce value in the country. This is expected to rise to over RMB9trn by 2020, **spent mostly on Tmall and JD.com**.

2 Key media intelligence

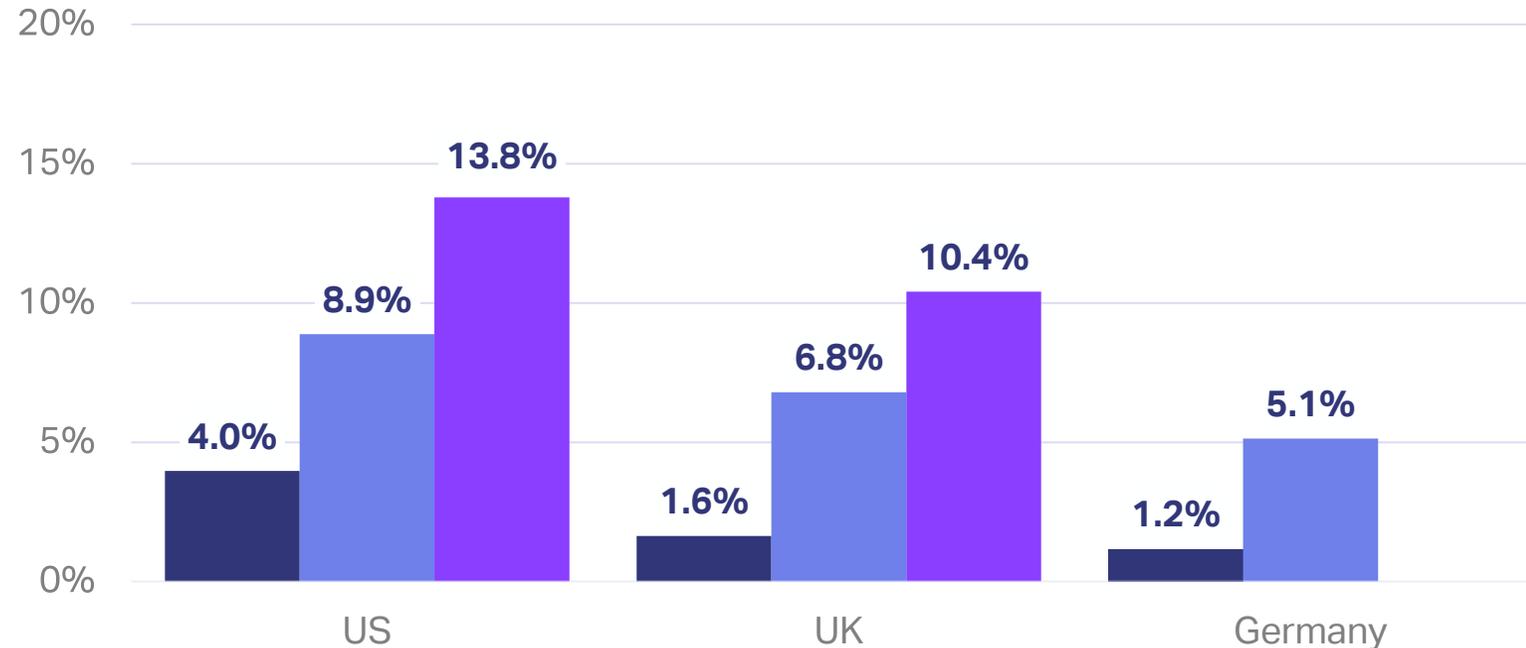
New on WARC Data

- ✔ More and more inventory being traded in PMPs
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Smart speaker penetration tops 10% in US and UK

Global, Smart speaker penetration, % share of respondents

■ 2017 ■ Jan-2018 ■ Sep-2018



Note: Adults 18+. US (n=2,269, 2,399, 3,288), UK (n=2,112, 2,117, 2,104), Germany (n=2,062, 2,038). Question (2017, Jan-2018): Which, if any, of the following devices do you ever use (for any purpose)? Question (Sept-2018): Which of the following devices do you own and use nowadays?

SOURCE › Reuters Institute for the Study of Journalism

Media Intel

- Over 10% of American and British adults own and use a smart speaker, according to the latest data from the Reuters Institute for the Study of Journalism. Following increasing popularity in the devices, the US recorded a penetration of 13.8% in September 2018. The UK was just above the one-in-ten mark, at 10.4%.
- Strong growth in popularity can be seen across the three markets studied. The US reported the largest increase, with penetration rising 9.8 percentage points (pp) between 2017 and September 2018. The UK was close behind, growing 8.8pp over the same period. While September 2018 data for Germany are not available, penetration rose 4.0pp between 2017 and January 2018.
- Amazon's devices dominate the space, accounting for 74% and 63% of the UK and US market respectively. Nearly two-in-five American owners said their smart speaker is replacing time spent with traditional radio, and many hope to also reduce screen time.

3 Latest WARC research

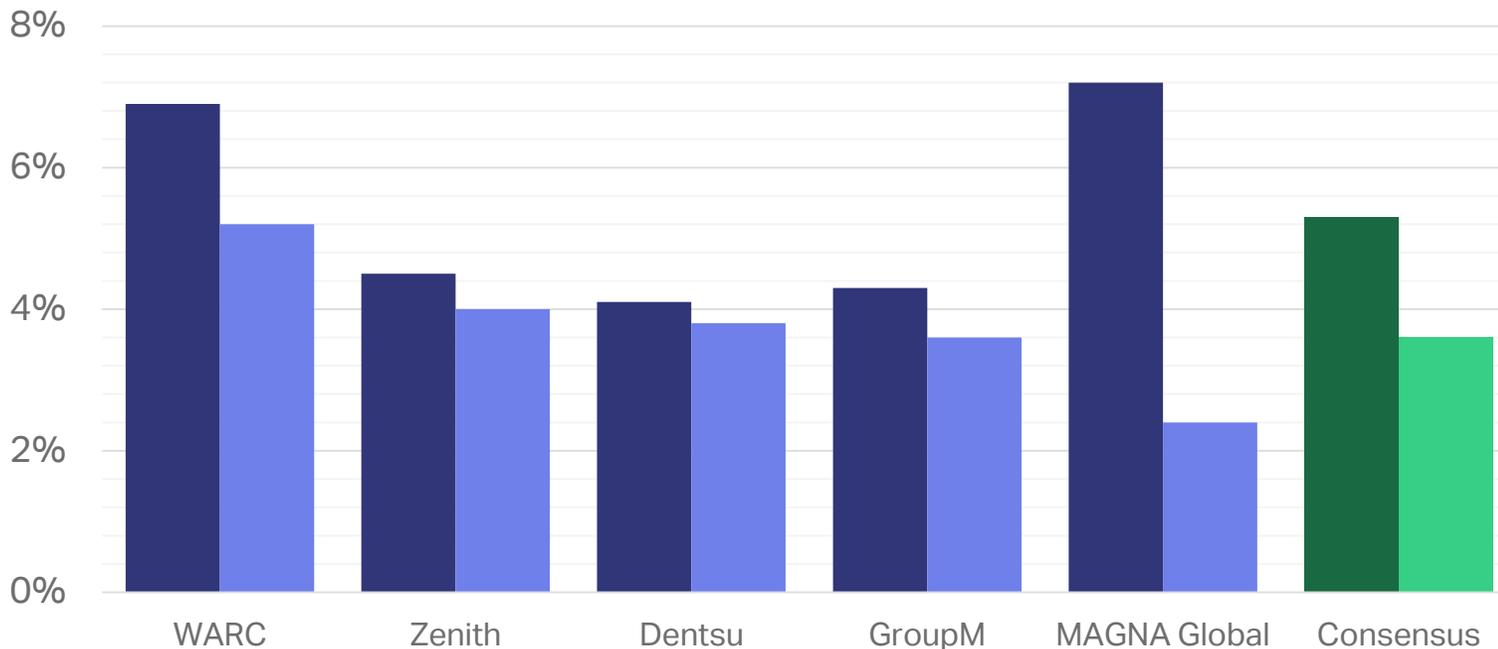
The state of the global ad market

- ✓ **WARC GMI:** American budgets slip further into decline while Europe shows strong growth
- ✓ **WARC GMI:** TV and out of home budget growth static worldwide
- ✓ **WARC Consensus Forecast:** Global ad market growth expected to ease to 3.6% this year
- ✓ **WARC International Ad Forecast:** Global growth expected to slow to 6.0%% this year
- ✓ **WARC International Ad Forecast:** Mobile expected 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*, 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 says that strong digital growth will push its share **to over half of all adspend worldwide this year.**
- Dentsu also 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 also 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.

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