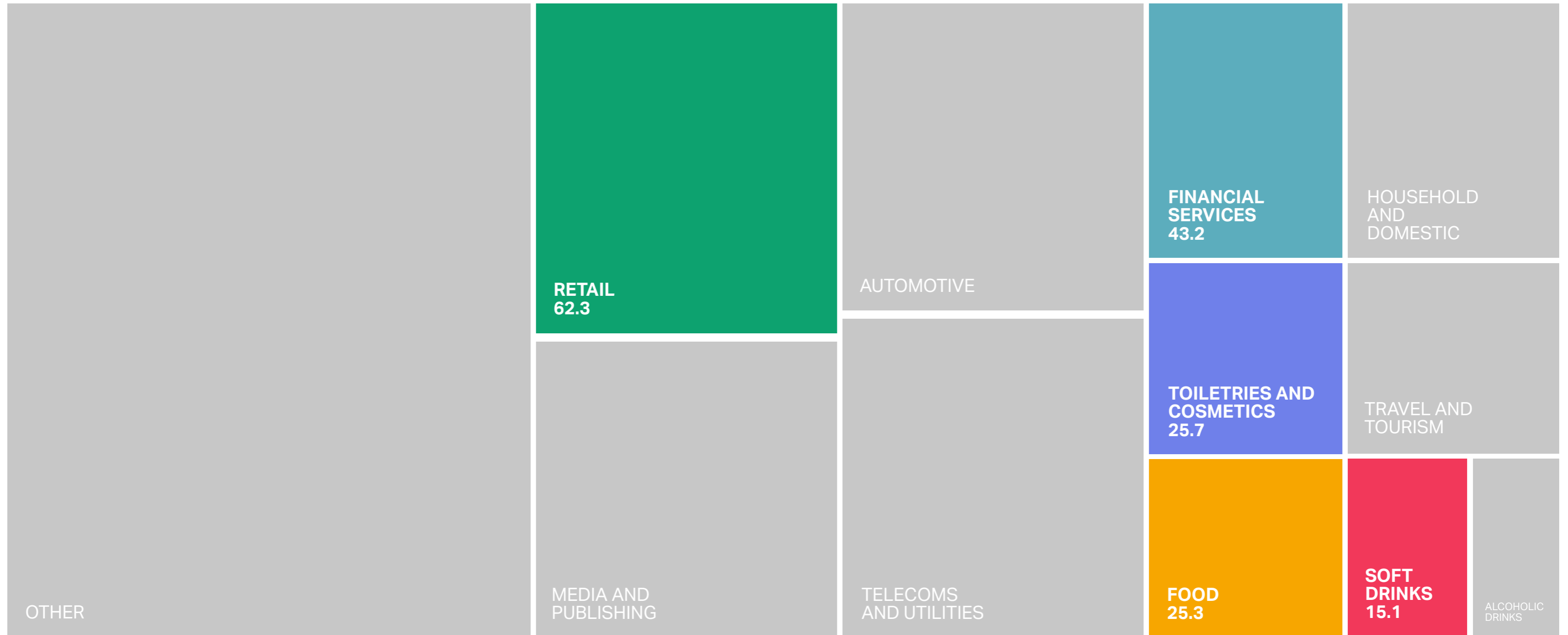


# Global Ad Trends

Benchmarking ad investment  
for your product category

# GLOBAL, ADVERTISING SPEND BY PRODUCT CATEGORY, 2018

US\$ BILLIONS, CURRENT PRICES





In a multichannel world, it has become harder than ever to track campaign performance, to measure ROI, or to even trust third-party data. This results in millions of ad dollars wasted each year.

The problem is compounded by an environment of ad blocking, fraud, and consumer distrust, and is hazed by walled gardens, programmatic stacks and opaque practice.

Research by AlixPartners has found that \$35bn of the \$60bn FMCG brands invested in digital advertising [was ineffective last year](#), while the WFA has stated that 55 cents in every programmatic dollar is paid to intermediaries in the chain, which we equated to [\\$30bn in 2017](#). Further, almost a quarter of CMOs say that showing ROI [is now their greatest challenge](#), while 70% of brand marketers in the UK believe evaluating digital spend has become [more difficult in the past five years](#).

It is vital that ad investment works harder in the media mix to obtain optimal reach and effectiveness. This is why at WARC we ourselves have been working hard to reinvent the way media strategists and planners use data to inform their decision making.

To this end, we have collaborated with Nielsen to create a new, industry-standard measure of net advertising investment data across 19 product categories in 23 markets, including the US, UK and China. Using gross Nielsen totals at the macro level, we have rebuilt the series from the ground up and have harmonised these totals with the

net adspend data we receive directly from the industry.

The data run from 2013, cover newspapers, magazines, TV, radio, out of home, cinema and internet display, and two-year projections are available for all markets, media and categories.

The findings in this report draw from these data, which are available exclusively to our clients from Tuesday 1st October, and they shed new light on how different sectors value advertising media, and how this has changed over time.

TV, for example, still attracts over two-thirds of advertising investment within the soft drinks sector, while a similar share is seen in the food category. What is notable here is that these categories are far less likely to have been disrupted by e-commerce, so the need for high levels of digital adspend to facilitate a path to purchase is reduced.

Ancillary data drawn from WARC's case studies database show that high budget campaigns – those with more than \$10m to spend – also [skew towards television](#), a medium which is strong at delivering brand building over the long-term.

Another trend within these data is a pivot to online over the last five years, generally at the expense of print media. This shift in spend is particularly stark within financial services and retail, sectors which have heavily developed digital platforms to serve their customers in recent years. Conversely, magazines still play a role when advertising

toiletries & cosmetics products: Over \$2bn was invested last year.

The most effective media mix will always be one that is calibrated to meet specific marketing objectives, and the best results are often seen when a number of channels are [working in synergy](#).

Advertising Research Foundation data show that two platforms used in tandem [can lift ROI by 19%](#), and growth accelerates as each additional platform is added – up to 35% higher ROI with five platforms.

Alongside these new investment data we have provided the median ROI for successful campaigns in the WARC database, and show advertising spend as a share of sales income for a number of product verticals.

This research, coupled with thousands of other media insights on WARC Data, enable our clients to make smarter calls during the budget setting process, decisions which ultimately reduce wastage and maximise ROI.

**James McDonald**  
Managing Editor, WARC Data

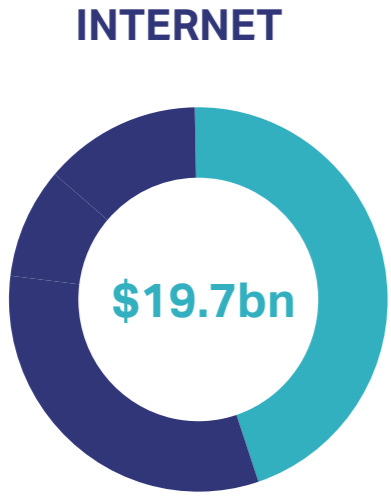


# Financial Services

Median revenue  
ROI 3.71

# TOTAL AD SPEND 2018 \$43.2bn

+13.0% YEAR-ON-YEAR  
(+3.0% FIVE YEAR CAGR)



+24.4%  
(+17.5%)



CATEGORY SHARE 45.5%  
GLOBAL SHARE 44.1%

VARIATION +1.4

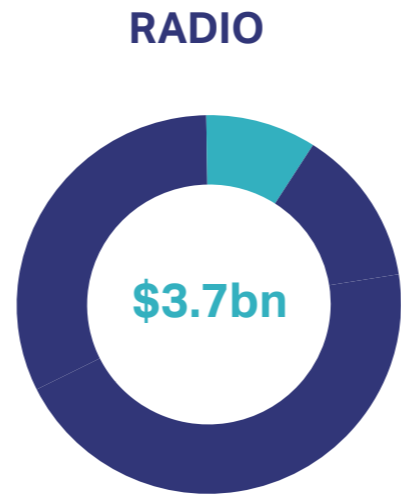


+4.0%  
(-1.7%)



CATEGORY SHARE 29.8%  
GLOBAL SHARE 33.3%

VARIATION -3.5

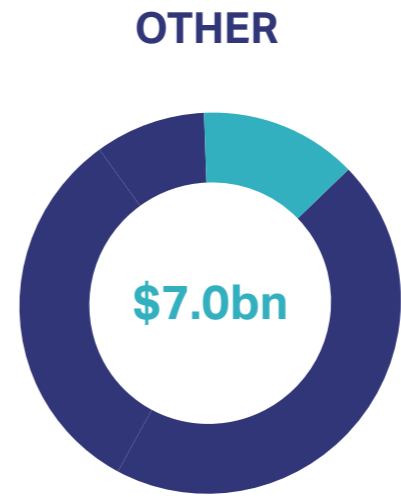


+5.1%  
(-2.2%)



CATEGORY SHARE 8.5%  
GLOBAL SHARE 5.4%

VARIATION +3.1



+6.7%  
(-7.7%)



CATEGORY SHARE 16.2%  
GLOBAL SHARE 17.2%

VARIATION -1.0

## BENCHMARKS

Close to half of the \$43.2bn financial services brands invested in advertising last year was allocated to internet formats, including online video, social media and paid search (among others). The data show a dramatic shift to digital over the last five years; internet's share of sector spend has grown by 22.0pp since 2013, to 45.5% last year. This is now just above internet's share of global adspend (44.1%). As a share of sales revenue, the sector spends 3.6% on ads, rising to 6.7% among banks.

## AD/SALES RATIO

**3.6%**  
FINANCIAL SERVICES

**6.7%**  
BANKS, CREDIT, LOANS

**0.8%**  
INSURANCE

**1.5%**  
INVESTMENT

**NOTE** › Fig.1 Five-year compound annual growth rate shown in brackets. Fig. 2 Percentage point difference between medium's share of category spend versus medium's share of global adspend. Internet includes search, display and classified adspend. Figures may not sum due to rounding.  
**SOURCE** › WARC Data

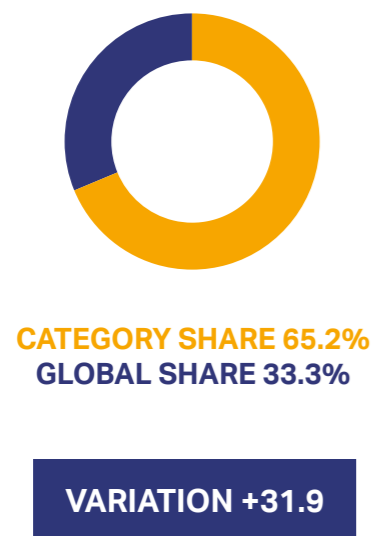
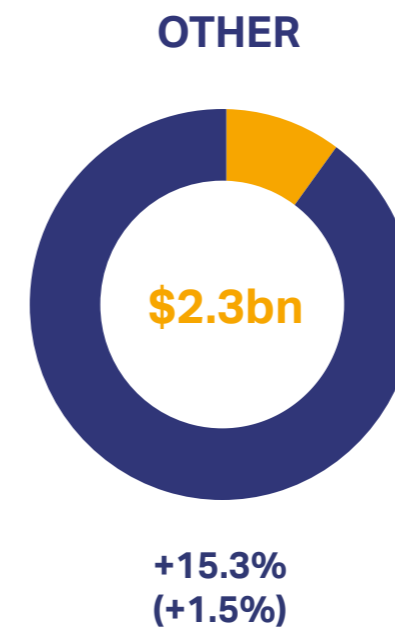
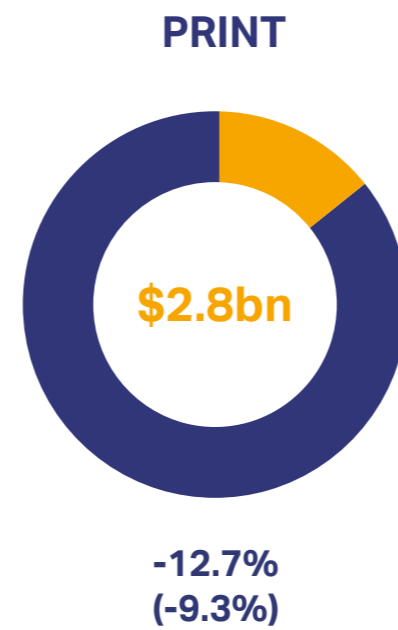
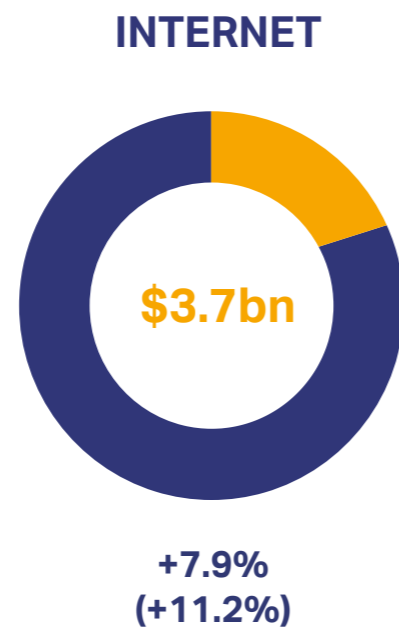
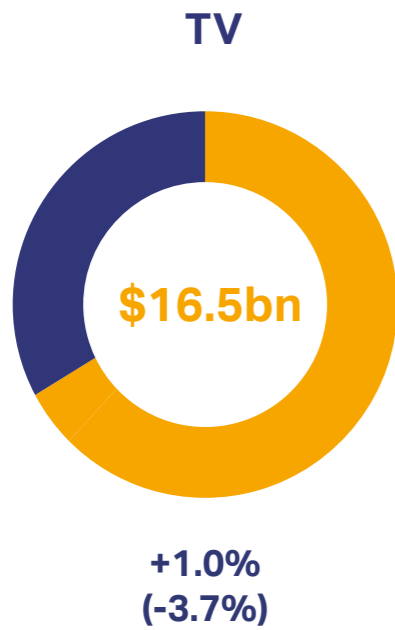
**NOTE** › 2018. US only  
**SOURCE** › Schonfeld & Associates

# Food

Median revenue  
ROI **2.93**

# TOTAL AD SPEND 2018 \$25.3bn

+1.4% YEAR-ON-YEAR  
(-2.6% FIVE YEAR CAGR)



## BENCHMARKS

Almost two-thirds (65.2%) of the \$25.3bn invested in ads by the food category last year was spent on TV – this was nearly double TV’s global share of 33.3%. TV spend rose 1.0% year-on-year to \$16.5bn in 2018, but has dipped by 3.7% each year since 2013 on a compound basis. Conversely, internet investment is rising steadily, but its share of sector spend is low by global standards at 14.4%. This could be a reflection of how little the food sector has been disrupted by the rise of e-commerce in recent years.

## AD/SALES RATIO

**2.6%**  
FOOD

**5.6%**  
CONFECTIONERY

**0.6%**  
DAIRY

**0.7%**  
MEAT, FISH, POULTRY

**NOTE** › Fig.1 Five-year compound annual growth rate shown in brackets. Fig. 2 Percentage point difference between medium’s share of category spend versus medium’s share of global adspend. Internet includes search, display and classified adspend. Figures may not sum due to rounding.  
**SOURCE** › WARC Data

**NOTE** › 2018. US only  
**SOURCE** › Schonfeld & Associates

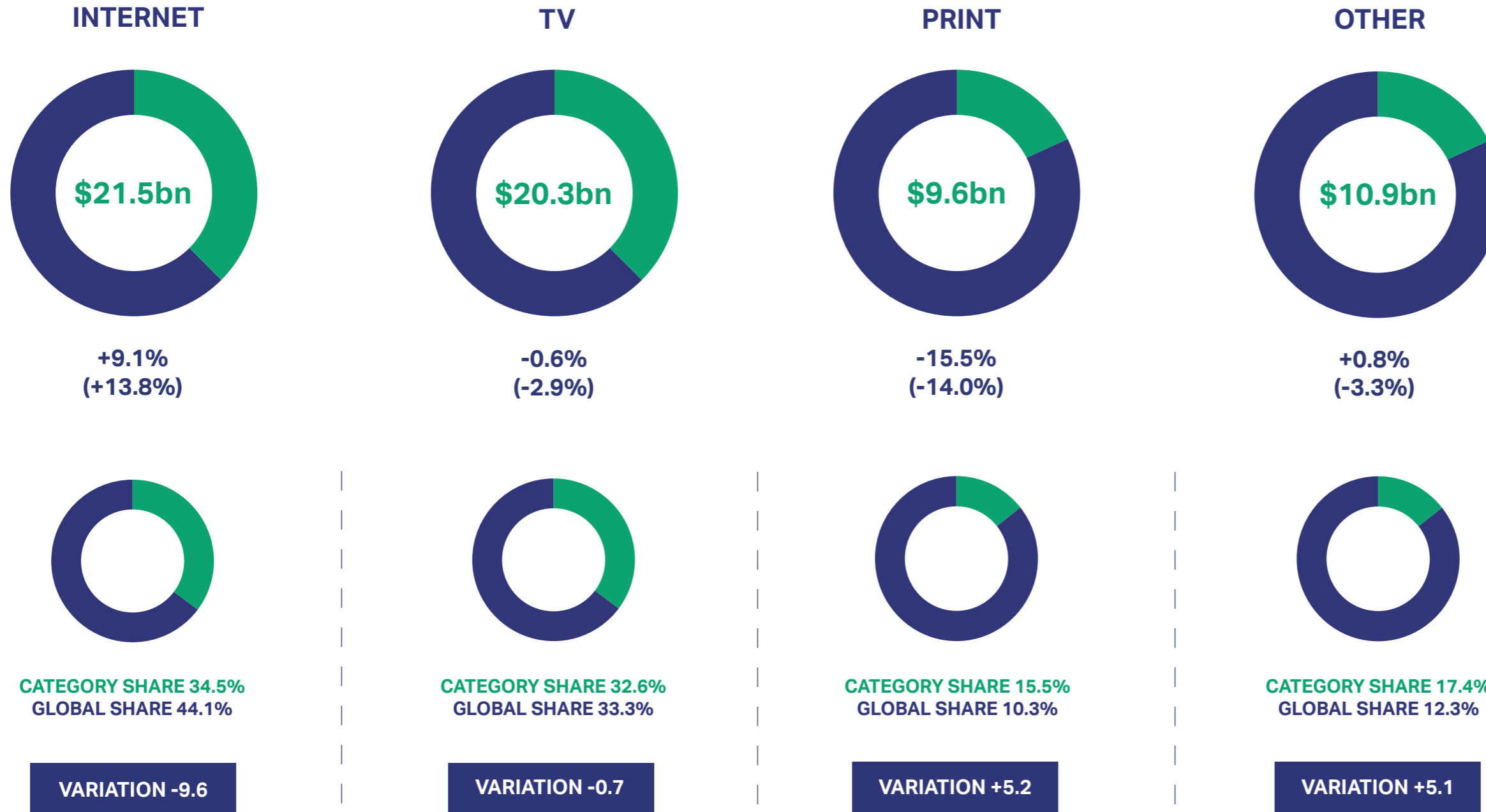
# Retail

Median revenue  
ROI 4.40



# TOTAL AD SPEND 2018 \$62.3bn

+0.0% YEAR-ON-YEAR  
(-1.8% FIVE YEAR CAGR)



**NOTE** › Fig.1 Five-year compound annual growth rate shown in brackets. Fig. 2 Percentage point difference between medium's share of category spend versus medium's share of global adspend. Internet includes search, display and classified adspend. Figures may not sum due to rounding.  
**SOURCE** › WARC Data

## BENCHMARKS

Global advertising spend in the retail sector was flat in 2018 at \$62.3bn. The \$1.8bn in extra internet spend (up 9.1% from 2017) was offset by a decline in spend for all other media bar out of home (+12.7%) and cinema (+4.9%) – these two media accounted for 6.0% of sector spend at \$4.6bn last year. Adspend in the retail sector has tracked downwards in recent years, recording a compound annual growth rate of -1.8% since 2013. However, online ads have become far more valuable to the sector during this time.

## AD/SALES RATIO

**2.3%**  
RETAIL

**2.9%**  
CLOTHING AND FASHION

**2.0%**  
RESTAURANTS

**1.2%**  
SUPERMARKETS

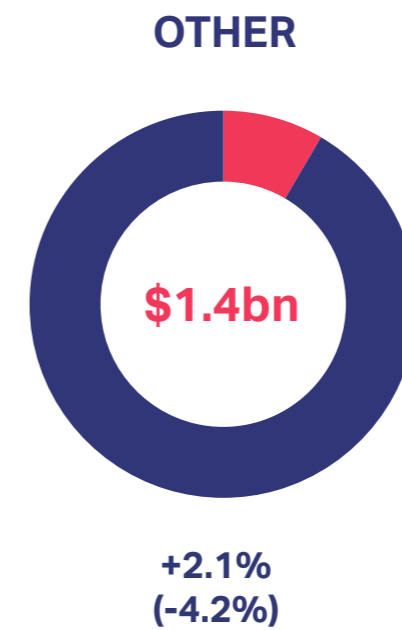
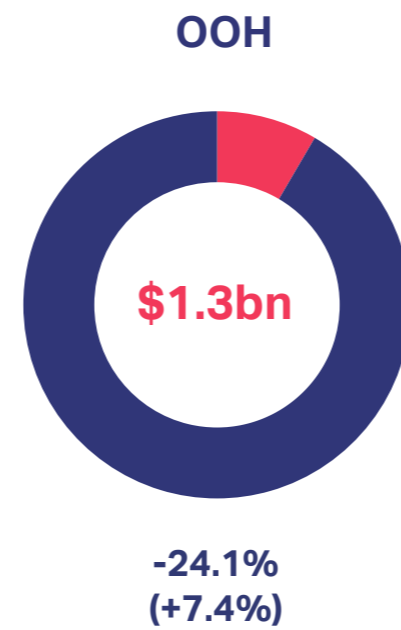
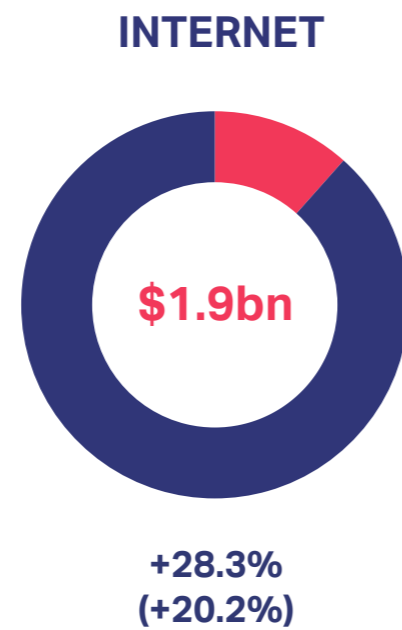
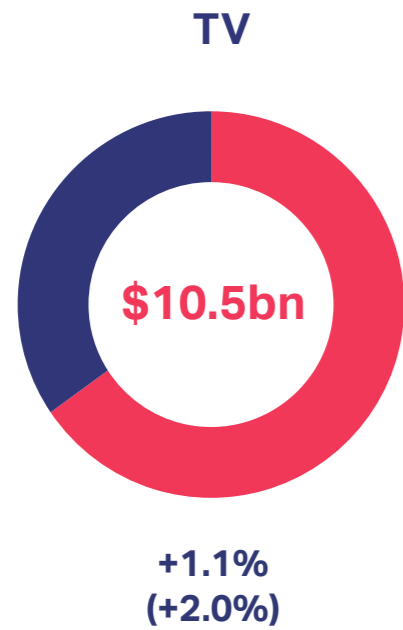
**NOTE** › 2018. US only  
**SOURCE** › Schonfeld & Associates

# Soft Drinks

Median revenue  
ROI **2.84**

# TOTAL AD SPEND 2018 \$15.1bn

+1.1% YEAR-ON-YEAR  
(+3.3% FIVE YEAR CAGR)



## BENCHMARKS

At 70.0%, TV's share of soft drinks brands' adspend is higher than all other categories studied for this report. The \$10.5bn spent on TV ads in 2018 was up 1.1% from 2017, and has grown at a compound rate of 2.0% each year since 2013 – bucking the global trend. However, investment in other media – chiefly internet – has eroded TV's share of sector spend by 4.4pp over the five years to 2018. Internet formats still draw a relatively small amount of investment, at 12.8%; this is almost three times below the global level. This is likely a reflection of how little e-commerce has disrupted the sector.

## AD/SALES RATIO

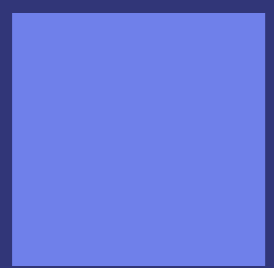
**5.9%**  
SOFT DRINKS

**5.9%**  
BOTTLED WATER

**5.9%**  
CARBONATED

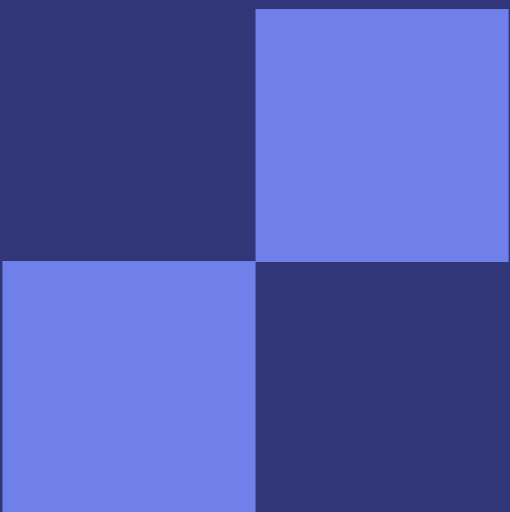
**NOTE** › Fig.1 Five-year compound annual growth rate shown in brackets. Fig. 2 Percentage point difference between medium's share of category spend versus medium's share of global adspend. Internet includes search, display and classified adspend. Figures may not sum due to rounding.  
**SOURCE** › WARC Data

**NOTE** › 2018. US only  
**SOURCE** › Schonfeld & Associates



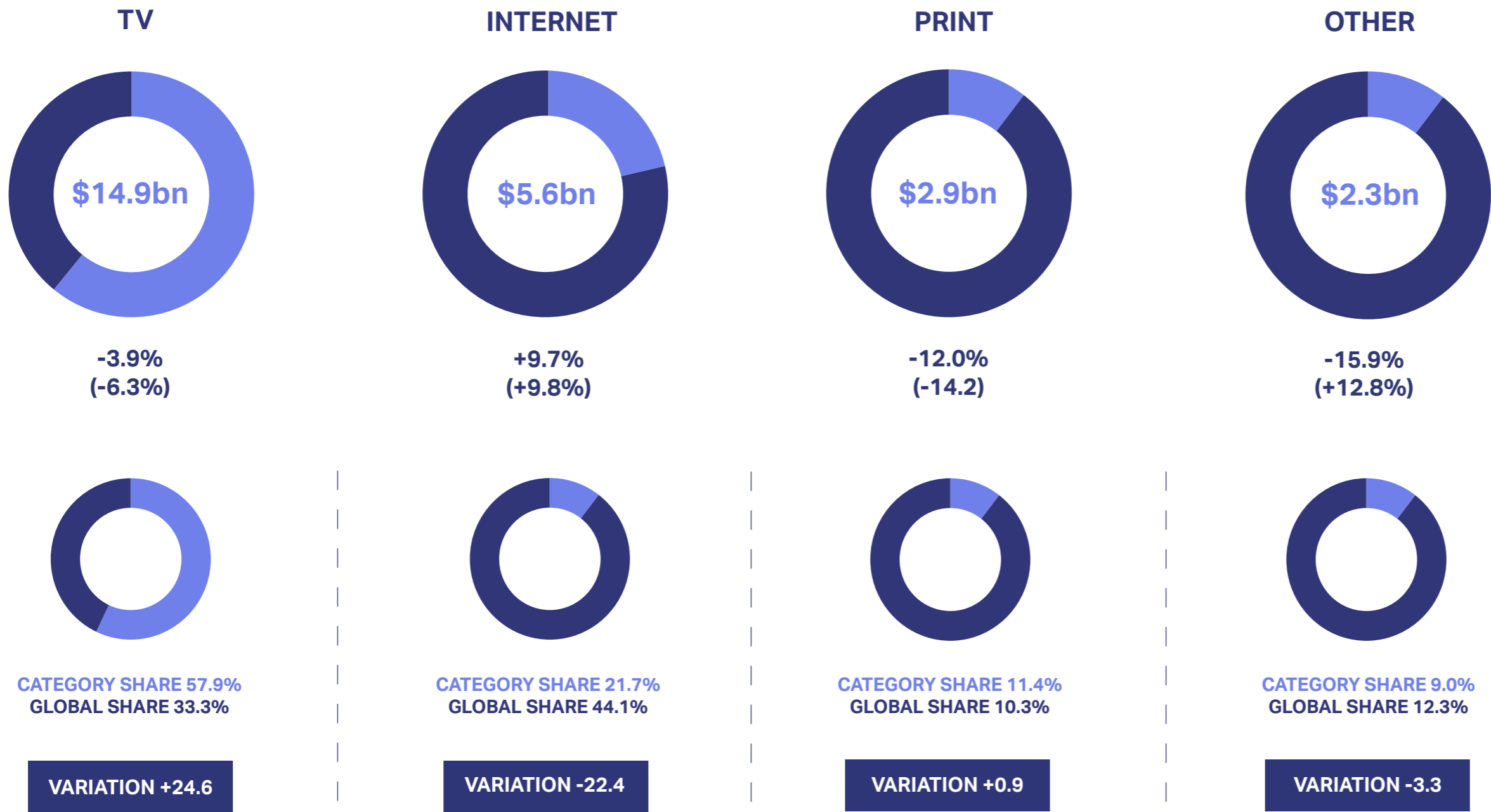
# Toiletries and Cosmetics

Median revenue  
ROI 2.06



# TOTAL AD SPEND 2018 \$25.7bn

-3.6% YEAR-ON-YEAR  
(-4.1% FIVE YEAR CAGR)



**NOTE** › Fig.1 Five-year compound annual growth rate shown in brackets. Fig. 2 Percentage point difference between medium's share of category spend versus medium's share of global adspend. Internet includes search, display and classified adspend. Figures may not sum due to rounding.  
**SOURCE** › WARC Data

## BENCHMARKS

At a top line level, ad investment within the toiletries & cosmetics sector has dipped 4.1% each year since 2013 on a compound basis, to a total of \$25.7bn last year. This is largely due to how this spend has been allocated historically: in 2013, TV accounted for two-thirds of adspend while print drew a further fifth. Both of these media have recorded declining spend over the period, with internet (+10.7pp) and out of home (+4.7pp) gaining most in share but from a lower base – depressing total investment growth in recent years. Print still accounts for 11.4% of sector spend, with magazines alone worth more than \$2bn, but this total has more than halved since 2013.

## AD/SALES RATIO

- 16.9%**  
TOILETRIES AND COSMETICS
- 12.3%**  
BATH TOILETRIES AND SOAPS
- 21.5%**  
FRAGRANCES

**NOTE** › 2018. US only  
**SOURCE** › Schonfeld & Associates

# HAVE METHODOLOGY

# H

## HARMONISE

WARC harmonises all data to enable the most accurate cross-market comparison possible.

For this research, WARC has collaborated with Nielsen to build a new measure of net advertising investment data across 19 product categories. We have taken a 'bottom up' approach, working from the macro level to regroup and calculate new gross totals across major categories. Then, we have harmonised these totals using the net ad revenue data we receive from the industry.

Where necessary, data have been scaled up to represent the entire market; this is true for in-app display formats such as social media, for example. For this report specifically, internet totals have been adjusted to account for non-display formats such as search and classified.

# A

## AGGREGATE

WARC aggregates data from over 100 reputable sources, each the expert in their own market and field. Our unique position within the industry allows us to work directly with trade bodies, media owners, research companies and ad and media agencies.

This approach enables our clients to draw from a comprehensive database of statistics which inform smarter media strategy and planning every day.

# V

## VERIFY

WARC meticulously verifies all data prior to publication so that our clients can trust and depend upon the information we provide. Each figure tells its own story, and every one can be traced back to source with its methodology clearly provided.

Unlike other companies, WARC does not rely solely on modelled or estimated data. Instead, we go further to ensure that the data we publish are robust and stand up to scrutiny.

# E

## EVALUATE

WARC evaluates trends drawing from over 40 years' experience of monitoring the global advertising industry. We are proud to present an objective, independent, and holistic view of the media and marketing landscape using the expertise we have collated over this time.

## 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](http://www.warc.com/data)

### Benchmarks

WARC's suite of benchmarks help clients to measure ROI by industry sector and geography, decide upon the right media mix for their campaigns, and compare ad/sales ratios against the sector's wider performance.

### Data Points

WARC offers thousands of charts and datasets covering media spend, costs and consumption in 97 markets worldwide. These data points update dynamically, ensuring clients always have the latest verified information available.

### Advertising investment

WARC has monitored advertising investment in 97 markets since 1980. Data cover all major media and formats, as well as 19 product categories in 23 markets. Data are net of discounts, include agency commission and exclude production costs.

Two-year adspend projections are available for all markets, media and categories.

### 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 are provided exclusively to WARC Data subscribers each month.

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