TV leads ad investment for food and soft drinks while the rest shifts online - finds Warc

According to Warc, television still has a stronghold on advertising investment for soft drinks and food. However, there is a widespread shift of ad investment to the online space across all categories.

Image credit: Sven Scheuermeier on Unsplash.

The pivot to online advertising is particularly stark within financial services and retail, with both sectors having heavily developed digital platforms to serve their customers in recent years.

In Warc's latest 'Global Advertising Trends - Benchmarking ad investment by product category', the industry intelligence included in the report sheds light on how different sectors value advertising media, and how this has changed over time.

Global Ad Trends report reveals internet ad formats account for majority of media spend

31 May 2019

Adding up ad investment

Close to half of the $43.2bn financial services brands invested in advertising last year was directed towards internet formats. The data show a dramatic shift to digital over the last five years; the internet's share of sector spend has grown 22.0 percentage points (pp) since 2013, to 45.5% last year.

This is just above the internet's share of global adspend (44.1%). As a share of sales revenue, the sector spends 3.6% on advertising, rising to 6.7% among banks.

Almost two-thirds of the $25.3bn in ad investment within the food category last year was spent on TV, nearly double TV's global share of 33.3%. TV spend in the sector 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.

Global cinema advertising is second-fastest growing ad medium of 2019
22 Aug 2019

Print also accounts for a greater share of food adspend than is the case globally, with newspapers' (-2.6pp) and magazines' (-2.1pp) share dipping mildly over the last five years.

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%).

Ad investment among the retail sector has tracked downwards in recent years, recording a compound annual growth rate of -1.8% since 2013. However, online advertising has become far more valuable to the sector during this time.

Warc predicts that Google and Facebook will make $176bn from advertising this year
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Ad investment (soft) drinks to that

At 70.0%, TV's share of soft drinks brands' adspend is higher than all other categories studied for the 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.

> *Today @CocaCola_GB unveiled the latest #WhereEveryonePlays advert welcoming newly promoted Norwich, Sheffield United and Aston Villa to the @premierleague*
>
> *The refreshed TV ad includes some special guest appearances and celebrates the power football has to bring people together https://t.co/bBe5cFbNI5— M&C Saatchi S&E (@MCSaatchiSandE) August 5, 2019*

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 less than the global level and is likely a reflection of how little e-commerce has disrupted the sector.

At a top-line level, ad investment within the toiletries and 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.

Results of Warc Media 100 announced

11 Mar 2019

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 low base – depressing total investment growth in recent years. Print still accounts for 11.4% of sector spend, with magazines alone worth over $2bn, but this total has more than halved since 2013.

A sample of Warc's latest Global Ad Trends report on 'Benchmarking ad investment for your product category' is available here.