

Global Ad Trends report reveals slowdown in social ad growth

Warc's Global Ad Trends report has found that advertising revenues among key social and messaging companies have halved over the last year as consumer trust becomes a growing issue.

Advertising revenues among key social and messaging companies rose 26.2% year-on-year during the first three months of 2019 to reach \$17.9bn - the second-highest total on record.

However, while this growth outpaced all other advertising sectors, it was roughly half the rate of expansion seen just one year earlier (51.6% in Q1 2018). All six companies studied in the report - Facebook, Pinterest, Snap, Twitter, Tencent (WeChat/QQ), Weibo - recorded an easing in ad revenue growth during Q1 2019.

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

WARC Data

US\$ billions and year-on-year % change



SOURCE : WARC Data, Global Ad Trends, June 2019: The Social Slowdown; Company reports

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

In North America, the largest market for social advertising (\$8.0bn in Q1 2019), user growth has stalled over the last 12 months. Time using social platforms has also stagnated in the region, remaining at two hours per day for the last three years. Facebook has 186m daily users in North America, Snap 80m, and Twitter 28m - numbers that are mostly flat or down from the previous year.

Further, European user growth across Facebook's social properties (including WhatsApp and Instagram) slowed to its lowest rate on record (1.4%), while Snap's users in the region fell for the first time. Daily social media usage fell by four

minutes to 1:49 (hours:minutes) across Europe year-on-year, according to GlobalWebIndex.

Instead, growth is emanating from Asia, in particular from India, Indonesia and the Philippines. Daily social time is also ticking up in the region, reaching 2:11 compared to 2:09 a year earlier. But users here monetise at a far lower rate than their Western counterparts.

Consumer trust is a growing issue

The slowdown in social ad growth comes at the same time as the tech sector in general, and Facebook, in particular, is under pressure over its use of consumer data. Recent research by YouGov, Dentsu and Universal McCann, among others, finds that half of the consumers believe tech and social media companies have too much power and influence, while a similar proportion feels more industry regulation is required.

Two-thirds of consumers don't trust the information that comes from social media, with rates as high as 82% in Great Britain and 70% in the US. As many as three-quarters of consumers now limit their online footprint, citing the misuse of personal data as the biggest cause of distrust. And less than half of consumers trust influencers on social platforms, a rate tracking downwards from a peak in 2014.

Platforms look to social commerce for revenue growth

As advertising revenue growth cools, social media companies are increasingly looking to diversify. Facebook has already announced its intention to launch a new cryptocurrency, 'Libra', by 2020, with emerging markets being its prime focus, alongside 'Calibra', a digital wallet which will be integrated into Messenger and WhatsApp.

While social shopping is still nascent on Western platforms, in China, the ease of mobile payment has made social shopping a norm. Tencent made RMB21.8bn (\$3.2bn) from FinTech in the first three months of this year. But in the US, security and privacy are cited as major concerns for the development of social commerce, and this is a core challenge Facebook will need to confront.

Summing up, James McDonald, managing editor, Warc Data, and author of the research, says: "The social sector is still expanding at a rapid pace - amassing \$17.9bn of ad money in the first three months of this year alone - but growth has eased over recent quarters and has halved from a year ago. Further, user growth has stalled in North America and consumer trust in social platforms is waning.

"Facebook is looking to diversify its revenue streams with the launch of Libra which, the company says, will not be used directly to enrich the consumer data it has harvested for ad selling purposes. However, the cost of advertising on Facebook's social platforms could feasibly rise if the company proves a relationship between the ads it serves and an increase in Libra-facilitated sales."

Global media analysis - The social slowdown

- 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

Other 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

- Alibaba earned nearly RMB80bn (\$12bn) from commerce last quarter
- Radio reaches more Americans than all other media
- Consumers choose privacy as DuckDuckGo shows the quickest growth
- 16% of Facebook accounts are worthless to advertisers

A sample report of Warc's Global Ad Trends - The social slowdown is available [here](#). Warc Data is available by subscription only. For more information click [here](#).

For more, visit: <https://www.bizcommunity.com>