4

ADVERTISING SPENDING

4.1 Overview

eMarketer (www.emarketer.com), Kantar Media (www.kantarmedia.com), Magna Global (www.magnaglobal.com), and Zenith USA (www.zenithmedia.com) publish annual assessments of U.S. advertising spending. This chapter presents a summary of the most recent assessments.

4.2 eMarketer Assessment

eMarketer assesses total media advertising spending and forecasts spending through 2020 as follows (change from previous year in parenthesis):

- 2015: $183.06 billion (4.4%)
- 2016: $195.76 billion (6.9%)
- 2017: $207.30 billion (5.9%)
- 2018: $219.27 billion (5.8%)
- 2019: $230.93 billion (5.3%)
- 2020: $242.77 billion (5.1%)

By media, U.S. advertising spending is assessed as follows (in billions):

	2015	2016	2017	2018	2019	2020
• Digital:	$59.82	$72.09	$82.86	$93.18	$103.49	$113.18
- Mobile:	$31.69	$45.95	$57.44	$68.93	$ 77.89	$ 86.64
• TV:	$68.88	$71.29	$72.72	$74.53	$ 76.02	$ 77.93
• Print:	$28.16	$26.44	$25.78	$25.58	$ 25.51	$ 25.62
- Newspapers:	$14.65	$13.48	$12.94	$12.68	$ 12.55	$ 12.61
- Magazines:	$13.51	$12.97	$12.84	$12.90	$ 12.95	$ 13.01
• Radio:	$14.32	$14.18	$14.20	$14.25	$ 14.28	$ 14.30
• Out-of-home:	$ 7.33	$ 7.52	$ 7.67	$ 7.78	$ 7.86	$ 7.94
• Directories:	$ 4.56	$ 4.25	$ 4.08	$ 3.95	$ 3.87	$ 3.80

4.3 Kantar Media Assessment

According to Kantar Media, measured media advertising spending by sector in 2016 was as follows:

• Automotive:	$15.2 billion
• Retail:	$13.3 billion
• Medicine and remedies:	$10.0 billion
• General services:	$ 9.9 billion
• Telecommunications, Internet services, and ISP:	$ 9.3 billion
• Food, beverages and candy:	$ 8.0 billion
• Financial services:	$ 6.8 billion
• Restaurants:	$ 6.3 billion
• Personal care:	$ 6.2 billion
• Insurance:	$ 5.7 billion
• Government, politics and religion:	$ 4.5 billion
• Airlines, hotels, car rental and travel:	$ 4.3 billion
• Direct response advertising:	$ 4.1 billion
• Movies, recorded video and music:	$ 3.8 billion
• Media:	$ 3.6 billion

4.4 Magna Global Assessment

Magna Global estimates U.S. traditional (offline) media advertising spending in 2016 at $110 billion, a 0.9% increase from the prior year. Digital ad spending was $70 billion, an 18.0% increase from 2015. Traditional media ad spending is projected to drop 5.9% in 2017; digital ad spending is forecast to increase 13.6%.

Spending and growth by media are assessed as follows:

Traditional Media	**2016 Spending**	**2016 Growth**	**2017 Growth**
• National TV:	$ 44 billion	2.8%	-0.9%
• Local TV:	$ 23 billion	11.3%	-12.2%
• Print:	$ 21 billion	-10.3%	-14.2%
• Radio:	$ 14 billion	-3.1%	-3.4%
• Out-of-home and cinema:	$ 8 billion	3.3%	3.2%
• Total:	$110 billion	0.9%	-5.9%
Digital			
• Mobile:	$ 33 billion	54.2%	34.5%
• Desktop:	$ 37 billion	-2.1%	-4.7%
• Social:	$ 16 billion	48.2%	26.3%
• Search:	$ 35 billion	18.6%	14.1%
• Total:	$ 70 billion	18.0%	13.6%

4.5 Zenith USA Assessment

Zenith USA assesses major media and marketing services spending as follows:

Major Media	2016	2017	2018
• Internet:	$ 60.4 billion	$ 69.2 billion	$ 78.3 billion
• TV:	$ 68.1 billion	$ 68.4 billion	$ 68.1 billion
• Radio:	$ 17.6 billion	$ 17.6 billion	$ 17.6 billion
• Magazine:	$ 16.6 billion	$ 15.9 billion	$ 15.1 billion
• Newspaper:	$ 18.3 billion	$ 16.6 billion	$ 15.1 billion
• Outdoor:	$ 8.9 billion	$ 9.3 billion	$ 9.6 billion
• Cinema:	$ 0.9 billion	$ 0.9 billion	$ 1.0 billion
• Total - major media:	$190.8 billion	$197.9 billion	$204.8 billion

Marketing Services	2016	2017	2018
• Sales promotion:	$ 77.2 billion	$ 79.9 billion	$ 82.7 billion
• Telemarketing:	$ 56.2 billion	$ 57.9 billion	$ 59.6 billion
• Direct mail:	$ 49.2 billion	$ 48.5 billion	$ 47.6 billion
• Event sponsorship:	$ 35.0 billion	$ 37.4 billion	$ 39.9 billion
• Directories:	$ 8.1 billion	$ 8.0 billion	$ 8.0 billion
• Public relations:	$ 5.0 billion	$ 5.3 billion	$ 5.7 billion
• Total - marketing:	$230.7 billion	$237.1 billion	$243.5 billion
• Total:	$421.5 billion	$435.0 billion	$448.3 billion

4.6 Market Resources

Advertising Age, 711 Third Avenue, New York, NY 10017. (212) 210-0100. (www.adage.com)

eMarketer, 11 Times Square, New York, NY 10036. (800) 405-0844. (www.emarketer.com)

Kantar Media, 100 Park Avenue, 4th Floor, New York, NY 10017. (212) 991-6000. (www.kantarmedia.com)

Magna Global, 100 West 33rd Street, New York, NY 10001. (212) 883-4751. (www.magnaglobal.com)

Zenith USA, 299 West Houston Street, 11th Floor, New York, NY 10014. (212) 859-5100. (www.zenithmedia.com)

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CONSUMER RESPONSE TO ADVERTISING

5.1 Trust In Advertising

The Customer Satisfaction Research Survey, by MarketingSherpa (www.marketingsherpa.com), found ads that adults trust when making a purchase decision as follows (percentage of respondents):

- Newspapers and magazines/print media ads: 82%
- TV ads: 80%
- Ads/catalogs received in the mail: 76%
- Radio ads: 71%
- Outdoor advertising: 69%
- Search engine ads: 61%
- Video ads appearing prior to a digital video: 47%
- Sponsored posts on blogs: 43%
- Ads embedded in social media: 43%
- Online banner ads: 39%
- Mobile phone ads: 39%
- Ads in podcasts: 37%
- Digital pop-ups: 25%

"A survey by MarketingSherpa found that 80% or more of U.S. Internet users trusted print ads in newspapers, magazines, and TV ads when making buying choices. Digital ads fared worse. Some 39% of respondents said they trusted online banner ads, and another 39% said they trusted mobile ads."

eMarketer, 1/3/17

5.2 Preferred Media For Ads

A Harris Poll (www.harrisinteractive.com) found that consumers, by age, find the following most useful in deciding what products and services to purchase:

	18-to-34	35-to-44	45-to-55	55 & older	Total
• Television commercials:	50%	38%	35%	23%	37%
• Newspaper ads:	6%	13%	14%	31%	17%
• Internet search engine ads:	10%	15%	16%	16%	14%
• Radio ads:	3%	4%	3%	2%	3%
• Internet banner ads:	4%	1%	1%	<1%	1%
• All media viewed equally:	27%	29%	31%	27%	28%

Harris also found that consumers, by age, find the following most helpful when shopping for bargains:

	18-to-34	35-to-44	45-to-55	55 & older	Total
• Newspaper/magazine ads:	15%	16%	24%	33%	23%
• Online ads:	22%	26%	17%	12%	18%
• Direct mail/catalogs:	15%	13%	14%	10%	12%
• TV commercials:	17%	12%	8%	7%	11%
• Radio ads:	2%	3%	<1%	1%	2%
• All media viewed equally:	31%	31%	36%	36%	34%

5.3 Positive Response To Ads

A survey by McCann Truth Central (http://truthcentral.mccann.com) found that 71% of consumers feel positive about the advertising sector, 67% of consumers feel positive about the advertising they see around them, 57% of consumers say advertising gives them something to talk about, and 39% of consumers say they love advertising. When asked how advertising benefits them, survey participants responded as follows:

- Helps me keep informed about the latest offers: 87%
- Helps me know what the latest trends are: 83%
- Entertains me and makes me laugh: 77%

Microsoft Advertising (www.advertising.microsoft.com) found attitudes toward advertising through four specific platforms as follows:

	Computer	TV	Smartphone	Gaming Console
• Fun to watch:	32%	54%	28%	30%
• Generally like the ads:	29%	46%	25%	26%
• Regularly notice ads:	54%	64%	39%	31%
• More meaningful and relevant:	35%	48%	29%	27%
• Helpful if targeted to preferences:	50%	54%	40%	33%
• Rarely notice ads:	36%	29%	43%	38%
• Very annoying:	58%	43%	62%	43%

5.4 Negative Response To Ads

In a recent Harris Poll, consumers, by age, said they chose not to purchase a certain brand for the following reasons:

	18-to-34	35-to-44	45-to-55	55 & older	Total
• Found the ads distasteful:	37%	34%	32%	37%	35%
• Didn't like the spokesperson:	29%	24%	27%	30%	28%
• Didn't like program or event sponsored by the brand:	26%	26%	26%	30%	27%

A separate Harris Poll found that 91% of consumers ignore at least some types of ads. The following are the types of ads that consumers, by age, tend to ignore or disregard the most:

	18-to-34	35-to-44	45-to-55	55 & older	Total
• Internet banner ads:	43%	50%	48%	45%	46%
• Internet search engine ads:	20%	14%	17%	15%	17%
• Television commercials:	7%	10%	15%	20%	13%
• Radio ads:	11%	10%	9%	7%	9%
• Newspaper ads:	7%	7%	5%	5%	6%
• None of these:	14%	9%	6%	8%	9%

Almost every online consumer has received information while visiting a website that has nothing to do with their personal interests or demographics. *Online Personal Experience*, a survey by Harris Poll, found that people are running out of patience with irrelevant ads. When asked about their response to irrelevant online ads, responses were as follows:

- I get frustrated with websites when content, offers, ads, promotions, etc. appear that have nothing to do with my interests: 74%
- I would leave the site if asked for donations from a political party that I dislike the most: 67%
- I would leave the site if shown ads for a dating service (response from married survey participants only): 57%
- I would leave the site if shown a recommendation to purchase underwear that is for the opposite gender: 50%

5.5 Ignoring Ads

A survey by Harris Poll assessing various types of media found that 92% of adults typically ignore at least one type of ad. Survey participants identified the ads they most ignore as follows (multiple responses allowed):

- Online banner ads: 73%
- Online social media ads: 62%
- Online search engine ads: 59%
- TV ads: 37%
- Radio ads: 36%
- Newspaper ads: 35%

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SOCIAL MEDIA MARKETING

19.1 Overview

Pew Research Center's Internet & American Life Project (www.pewinternet.org) has annually assessed social media use in the U.S. since 2012.

Social Media Update 2016, by Pew, reported social media use at year-end 2016 as follows:

	Pct. of Internet Users	Pct. of All Adults
• Facebook:	79%	68%
• Instagram:	32%	28%
• Pinterest:	31%	26%
• LinkedIn:	29%	25%
• Twitter:	24%	21%

19.2 Social Media Ad Spending

eMarketer assesses U.S. social network ad revenues as follows (change from prior year in parenthesis):

- 2015: $10.87 billion (48.6%)
- 2016: $15.36 billion (41.3%)
- 2017: $19.31 billion (15.8%)
- 2018: $23.46 billion (21.5%)

Ad spending by social platform is assessed as follows (change from prior year in parenthesis):

Facebook

- 2015: $ 8.03 billion (51.9%)
- 2016: $11.93 billion (48.6%)
- 2017: $15.19 billion (27.3%)
- 2018: $18.57 billion (22.2%)

Twitter

- 2015: $ 1.28 billion (54.6%)
- 2016: $ 1.34 billion (4.8%)
- 2017: $ 1.40 billion (4.9%)
- 2018: $ 1.47 billion (4.6%)

LinkedIn
- 2015: $ 609 million (35.4%)
- 2016: $ 731 million (19.9%)
- 2017: $ 808 million (10.5%)
- 2018: $ 911 million (12.9%)

Snapchat
- 2015: $ 58 million (n/a)
- 2016: $ 348 million (500.1%)
- 2017: $ 804 million (130.9%)
- 2018: $ 1.32 billion (64.1%)

Social media ad spending per social network user is assessed as follows:
- 2015: $ 60.35
- 2016: $ 82.67
- 2017: $101.04
- 2018: $119.51

19.3 Social Media Marketing Tactics

In a survey by Forrester Research (www.forrester.com), U.S. advertisers who spend at least $100,000 annually on social media marketing reported marketing tactics on social media channels as follows (percentage of respondents):

• We create branded social network pages and post messages on those pages:	73%
• We buy social network ads:	56%
• We create branded accounts (microblogs) and post messages to these accounts:	52%
• We pay to promote content (social networks):	51%
• We create branded tabs on social networks:	40%
• We create branded apps:	38%
• We pay to promote content (microblogs):	37%

19.4 Social Media Posts

The Best Times To Post On Social Media, published in October 2016 by TrackMaven (www.trackmaven.com), recommends the best day of week and time to post content on the following social media platforms:

	Day of Week	Time
• Facebook:	Thursday	8:00 p.m.
• Instagram:	Friday	7:00 p.m.
• LinkedIn:	Wednesday	9:00 p.m.
• Pinterest:	Friday	1:00 a.m.
• Twitter:	Thursday	5:00 p.m.

Fannit Marketing Services (www.fannit.com) recommends the following as optimal times for social media posts:

Blogs
- Best times to post are Monday, Friday and Saturday at 11:00 a.m
- Worst times to post are 11:00 p.m. to 8:00 a.m.

Facebook
- Best times to post are weekdays, 6:00 a.m. to 8:00 a.m. and 2:00 p.m. to 5:00 p.m.
- Worst times to post are all weekends, 10:00 p.m. to 4:00 a.m.

LinkedIn
- Best times to post are 7:00 a.m. to 8:30 p.m. and 5:00 p.m. to 6:00 p.m.
- Worst times are Monday and Friday from 9:00 a.m. to 5:00 p.m.

Pinterest
- Best times to post are on Saturday from 2:00 p.m. to 4:00 p.m. and 8:00 p.m. to 11:00 p.m.
- Worst times to post are 5:00 p.m. to 7:00 pm, and 1:00 a.m. to 7:00 a.m.

Twitter
- Best times to post are weekends from 1:00 p.m. to 3:00 p.m.
- Worst times to post are 8:00 p.m. to 8:00 a.m.
- Engagement goes up 30% on weekends compared to weekdays.

> **"One should post social media updates when the audience has the highest chance of seeing them, not whenever you think of it or happen to have a free minute. If you aren't posting to a social media site when most of your audience members are on it, all the time spent crafting the update goes to waste."**
>
> Center for Media Research
> *Research Brief*

19.5 Challenges In Social Media Marketing

The *2016 State Of Social Marketing Report*, by Simply Measured (www.simplymeasured.com), reported the top challenges faced by social media marketers as follows (percentage of respondents):

- Measuring ROI: 61%
- Securing budget and resources: 38%
- Tying social to business goals: 34%
- Tracking results in a centralized dashboard: 28%
- Understanding performance across social channels: 25%
- Developing social marketing strategy: 25%
- Publishing content: 18%
- Integrating social tools: 13%
- Monitoring competition: 12%

19.6 Market Resources

The Social Graf, MediaPost Communications, 1140 Broadway, 4th Floor, New York, NY 10001. (212) 204-2000. (www.mediapost.com/publications/the-social-graf/)

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VIDEO ADVERTISING

20.1 Market Assessment

According to eMarketer (www.emarketer.com), U.S. digital video ad spending has been, and is projected, as follows (change from previous year in parenthesis):

	Desktop	Mobile	Total
• 2015:	$4.79 billion (29.4%)	$2.89 billion (88.0%)	$ 7.68 billion (46.6%)
• 2016:	$5.84 billion (21.9%)	$4.47 billion (54.5%)	$10.30 billion (34.1%)
• 2017:	$6.68 billion (14.5%)	$5.87 billion (31.4%)	$12.55 billion (21.8%)
• 2018:	$7.29 billion (9.1%)	$7.11 billion (21.2%)	$14.40 billion (14.7%)
• 2019:	$8.18 billion (12.2%)	$8.11 billion (14.1%)	$16.29 billion (13.1%)
• 2020:	$8.88 billion (8.5%)	$9.08 billion (11.9%)	$17.95 billion (10.2%)

20.2 Platforms For Video Ad Placement

The *Video Advertising Report*, published in 2016 by Advertiser Perceptions (www.advertiserperceptions.com), reported brands that marketers use for digital video advertising as follows (percentage of respondents):

- Google/YouTube: 72%
- Facebook: 46%
- Hulu: 38%
- ABC: 32%
- Yahoo!: 29%
- ESPN: 25%
- Twitter: 25%
- NBC: 24%
- A&E: 21%
- CNN: 19%
- iAd: 19%

"Even though Facebook and others are strong contenders in the video space, YouTube remains the go-to platform for roughly three-quarters of brands that do digital video advertising."

eMarketer, 6/20/16

20.3 Video Ad CPM

Credit Suisse (www.creditsuisse.com) assesses the U.S. video ad cost per thousand views (CPM) for indirect placements, midtier sites, and premium destinations as follows:

	Indirect	Midtier	Premium	Avg. CPM
• 2010:	$16.10	$25.00	$45.00	$26.90
• 2011:	$16.90	$25.00	$40.50	$26.00
• 2012:	$17.80	$25.00	$36.50	$25.30
• 2013:	$18.60	$25.00	$32.80	$24.60
• 2014:	$19.60	$25.00	$31.20	$24.45
• 2015:	$20.50	$25.00	$31.20	$24.80
• 2016:	$21.60	$25.00	$31.20	$25.30
• 2017:	$22.70	$25.00	$31.20	$25.80

20.4 Video Ad Engagement

Consumers are 27 times more likely to click through online video ads than standard banners, according to Media Mind (www.mediamind.com).

According to a report from Unruly (www.unrulymedia.com), online video viewers are almost three times more likely to click through to a brand's website from their smartphone or tablet than from their laptop or desktop computer. The average click through rate (CTR) for mobile campaigns is 13.6%, compared with 5.4% for desktop.

Nielsen (www.nielsen.com) reports that native online video ads can generate an 82% brand lift.

20.5 Video Ad Completion Rates

The *Video Monetization Report*, published in 2016 by FreeWheel (www.freewheel.tv), reported digital video ad completion rates as follows:

Device

- Over-the-top device: 93%
- Tablet: 85%
- Desktop: 84%
- Smartphone: 78%

Duration

- Live: 95%
- Long: 94%
- Mid: 80%
- Short: 71%

TubeMogul (www.tubemogul.com) reported digital video ad completion rates in 2016 as follows:

- Connected TV: 95%
- Pre-roll: 72%
- Mobile: 64%

20.6 Mobile Video

Mobile video ad spending increased 54% in 2016 and is projected to increase 31% and 21%, respectively, in 2017 and 2018, according to eMarketer.

A survey by Teads (www.teads.tv) found reasons that brand marketers are increasing mobile video advertising spending as follows (percentage of respondents):

- Increase brand awareness: 44%
- Reach more targeted audiences: 34%
- Increase favorability of brand: 26%
- Increase intent to purchase: 25%
- Drive consumers to purchase digitally: 22%
- Drive consumers to purchase in-store: 18%
- Extend the reach of digital campaigns: 14%
- Increase the frequency of digital campaigns: 12%
- Extend the frequency of TV campaigns: 11%
- Extend the reach of TV campaigns: 8%

20.7 Assessing Effectiveness

An October 2016 survey by Eyeview (www.eyeviewdigital.com) asked brand marketers how they measure digital video ad performance. Responses were as follows (percentage of respondents):

- Site traffic: 71%
- ROI: 52%
- Store traffic: 49%
- Cost per acquisition, order, or sale: 40%
- Brand metrics: 30%
- Return on ad sales/sales lift per dollar spent: 29%

"When asked [by Eyeview] how would they want to measure it in the next year or two, site traffic was still the top measurement mentioned. One of the biggest differences was that nearly two-thirds of brand marketers said they would want to measure digital video ad performance by the cost per acquisition, order, or sale. Only 40% of respondents said they do just that today."

eMarketer, 11/14/16

20.8 Market Resources

Video Advertising Bureau, 830 3rd Avenue, 2nd Floor, New York, NY 10022. (212) 508-1200. (www.thevab.org)

Web Video Marketing Council, 17 Colonial Road, Dover, MA 02030. (508) 686-2802. (www.webvideomarketing.org)