

Press Release

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TV still the preferred ad medium for soft drinks and food sectors, but most product categories are moving ad investment online

WARC's Global Advertising Trends – Benchmarking ad investment by product category

Global, 01 October 2019 – TV still attracts over two-thirds of advertising investment within the soft drinks sector, while a similar share is seen in the food category – both sectors 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.

But across all categories, ad investment is shifting heavily into internet formats. 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.

These are some of the findings by WARC, the global authority on advertising and media effectiveness, drawn from an analysis of its newly relaunched [WARC Data](#) product, which provides a new industry-standard measure of net advertising investment data across 19 product categories in 23 markets, including the United States, United Kingdom and China.

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.

Key findings for five of the 19 product categories available include:

Financial Services

- Total global adspend in 2018: \$43.2bn (+13.0% year-on-year)
- Median revenue ROI for successful campaigns: 2.93
- Media spend: Internet \$19.7bn (+24.4% year-on-year). TV \$12.9bn (+4.0%). Radio \$3.7bn (+5.1%). Other \$7.0bn (+6.7%)
- Ad/sales ratios: Financial services (3.6%). Banks, credit, loans (6.7%). Insurance (0.8%). Investment (1.5%).

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; internet's share of sector spend has grown 22.0 percentage points (pp) since 2013, to 45.5% last year. This is just above 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.

Food

- Total global adspend in 2018: \$25.3bn (+1.4% year-on-year)
- Median revenue ROI for successful campaigns: 2.93
- Media spend: TV \$16.5bn (+1.0% year-on-year). Internet \$3.7bn (+7.9%). Print \$2.8bn (-12.7%). Other \$2.3bn (+15.3%)
- Ad/sales ratios: Food (2.6%). Confectionery (5.6%). Dairy (0.6%). Meat, fish, poultry (0.7%).

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. 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.

Retail

- Total global adspend in 2018: \$62.3bn (+0.0% year-on-year)
- Median revenue ROI for successful campaigns: 4.40
- Media spend: Internet \$21.5bn (+9.1% year-on-year). TV \$20.3bn (-0.6%). Print \$9.6bn (-15.5%). Other \$10.9bn (+0.8%)
- Ad/sales ratios: Retail 2.3%. Clothing & fashion (2.9%). Restaurants (2.0%). Supermarkets (1.2%).

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.

Soft drinks

- Total global adspend in 2018: \$15.1bn (+1.1% year-on-year)
- Median revenue ROI for successful campaigns: 2.84
- Media spend: TV \$10.5bn (+1.1% year-on-year). Internet \$1.9bn (+28.3%). OOH \$1.3bn (-24.1%). Other \$1.4bn (+1.3%)
- Ad/sales ratios: Soft drinks (5.9%). Bottled water (5.9%). Carbonated (5.9%).

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. 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.

Toiletries & cosmetics

- Total global adspend in 2018: \$25.7bn (-3.6% year-on-year)
- Median revenue ROI for successful campaigns: 2.06

- Media spend: TV \$14.9bn (-3.9% year-on-year). Internet \$5.6bn (+9.7%). Print \$2.9bn (-12.0%). Other \$2.3bn (-15.9%)
- Ad/sales ratios: Toiletries & cosmetics (16.9%). Bath toiletries & soaps (12.3%).
Fragrances (21.5%).

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 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.

James McDonald, Managing Editor, WARC Data, and author of the research, comments: “In a multichannel world, it has become harder than ever to track campaign performance, measure ROI, or to even trust third-party data. Additionally, 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. This results in millions of ad dollars wasted each year.

“But it is essential that ad investment works harder in the media mix to obtain optimal reach and effectiveness. As such, our latest research into product category insights provides vital data to help brand owners, agencies and media strategists and planners inform their decision making.”

WARC’s Global Ad Trends, an analysis of key advertising and media investment trends drawing on WARC’s entire range of market data, is published monthly with a different focus for each edition to take a holistic view on current industry developments. Global Ad Trends is part of the newly relaunched [WARC DATA](#) a dedicated independent and objective one-stop online service which rigorously harmonises, aggregates, verifies and evaluates data from over 100 reputable sources, including new category data drawn from a collaboration with [Nielsen](#).

Drawing on 40 years of experience, [WARC Data](#) offers current advertising benchmarks, forecasts, data points and trends in media investment and usage spanning 97 countries, data for 19 categories across 23 markets (soon for 27), with over 3,000 dynamically updating charts and more than 50,000 insights.

A sample of WARC’s latest Global Ad Trends report on ‘Benchmarking ad investment for your product category’ is available [here](#). Information across all categories is available by subscription only on [WARC Data](#).

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WARC – A global authority on advertising and media effectiveness

WARC is part of Ascential: the path-to-purchase company that combines intelligence, data and insights to drive growth in the digital economy. We do this by delivering an integrated set of business-critical products in the key areas of product design, marketing and sales.

WARC powers the marketing segment by providing rigorous and unbiased evidence, expertise and guidance to make marketers more effective. WARC services include best practice guides, case studies, research papers, special reports and advertising trend data, webinars, awards, events and advisory services.

WARC has 1,200 client companies, 75,000 active users in 100+ countries; collaborates with 50+ industry partners; has offices in the UK, US and Singapore.

WARC Data - The most rigorous and accurate benchmarks for media planning and strategy in the world

WARC Data sets new industry-standard for net advertising investment due to our unique methodology: HAVE. We harmonise, aggregate, verify and evaluate data to provide expert analysis drawn from over 40 years of experience. Our sources now, include a collaboration with Nielsen, allowing users to benchmark their strategy by category, channel and country.

WARC Data – methodology

WARC's advertising expenditure data are net of discounts, include agency commission and exclude productions costs.

Data is drawn from media owners – either directly or via the industry bodies in each market. Nielsen's data are, for the most, reported at a gross level and are calculated by applying rate card prices to volume.

Through a collaboration, WARC has now harmonised Nielsen's gross figures with net media owner data to create an entirely new and unique measure of advertising investment across 19 product verticals in 25 markets. The harmonisation factors in the formats Nielsen monitors and pairs these with the formats offered by media owners; totals are therefore balanced to account for any lack of coverage in the Nielsen data.

This results in trustworthy data, far closer to reality than equivalent data from other sources. All other data are verified prior to publication, we ensure our partners use watertight approaches to market monitoring.