

Press Release

For immediate release

Social advertising growth halved over the last year

Facebook looks to new revenue streams as ad market begins to cool

WARC's Global Advertising Trends – The social slowdown

Global, 2 July 2019 – WARC, the international marketing intelligence service, has found that 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.

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 consumers believe tech and social media companies have too much power and influence, while a similar proportion feel 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 quickest growth
- 16% of Facebook accounts are worthless to advertisers

Global Ad Trends, a monthly report which draws on WARC's dataset of advertising and media intelligence to take a holistic view on current industry developments, is part of [WARC Data](#), a dedicated online service featuring current advertising benchmarks, forecasts, data points and trends in media investment and usage.

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 visit <https://www.warc.com/data>

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About WARC – Your global authority on advertising and media effectiveness

WARC provides the latest evidence, expertise and guidance to make marketers more effective. WARC's mission is to save the world from ineffective marketing.

WARC's clients include the world's largest brands, advertising and media agencies, media owners, research companies and universities. They rely on WARC for rigorous, unbiased information and advice on almost any advertising and marketing issue, which WARC delivers via best practice guides, case studies, research papers, special reports and advertising trend data, as well as via webinars, awards, events and advisory services.

WARC collaborates with more than 50 respected industry organisations globally including: The Advertising Research Foundation, Cannes Lions, Effie Worldwide, Association of National Advertisers, ESOMAR, 4A's, IPA and DMA.

WARC was founded in 1985, and has offices in the UK, US and Singapore. In July 2018, WARC became part of Ascential plc, the global specialist information company.

About WARC Data – a global advertising trends, benchmarks, data points & database service

WARC Data provides current advertising and media information, hard facts and figures – essential market intelligence for ad industry related business, strategy and planning required in any decision making process.

Core features of WARC Data are:

- **Benchmarks:** improve campaign performance using planning and measurement benchmarks
 - ROI Calculator: compare campaign ROI with WARC case studies database
 - Media Allocation: plan campaign budgets using media splits from successful campaigns
 - Ad/Sales Ratios: advertising/sales ratios for 200 SIC-coded US industries
- **Data Points:** Takeaway charts and data on media spend, costs and consumption
 - New series of chart-led data articles bringing clients the most reliable stats on a given topic
 - Delivered via search results and topic update emails
 - Download the chart in PPT and/or the data in Excel directly from the article
 - Articles are updated on a rolling basis throughout the year and can be saved in "My WARC"
- **WARC Reports:**
 - Global Ad Trends: a monthly report digesting the latest insights and evidenced thinking from the global advertising industry
 - The Global Marketing Index (GMI): a monthly barometer of marketer sentiment towards trading conditions, budgets and staffing levels on a global and regional level
 - State of The Industry: Mobile Marketing: results from exclusive surveys by WARC and the Mobile Marketing Association into brands' use of mobile around the world
 - Media Consumption overviews: market-specific consumption trends for 36 countries
- **Extensive Databases:**
 - International adspend forecasts for 12 key markets (Australia, Brazil, Canada, China, France, Germany, India, Italy, Japan, Russia, United Kingdom and United States) by medium and ad format
 - WARC's adspend database holds advertising spend figures in 96 countries back to 1980
 - Media Costs database monitors CPM and cost per 100 GPRs in 68 countries, by medium and target audience

WARC Data is available by subscription only. For more information visit <https://www.warc.com/data>

About Ascential

Ascential is a specialist, global information company that helps the world's most ambitious businesses win in the digital economy. Our information, insights, connections, data and digital tools solve customer problems in three disciplines:

- Product Design via global trend forecasting service WGSN;
- Marketing via global benchmark for creative excellence and effectiveness Cannes Lions and WARC, and strategic advisory firm MediaLink; and

- Sales via ecommerce-driven data, insights and advisory service Edge by Ascential, leading managed services provider for Amazon Flywheel Digital, the world's premier payments and Fin Tech congress Money20/20, global retail industry summit World Retail Congress and retail news outlet Retail Week.

Ascential also powers political, construction and environmental intelligence brands DeHavilland, Glenigan and Groundsure.