

Global Ad Trends

The pivot to e-commerce

[SAMPLE]

WARC[^]
DATA



09/20

[The pivot to e-commerce](#)

Advertising revenue by e-commerce platform and growth in relation to main media. Ad performance on Amazon, sales growth by platform and sector, and the emergence of social and livestreamed commerce.

[Emerging platforms](#)

*Zalando
IndiaMART
Jumia
Mercado Libre*

[Latest market intel](#)

Charts and datasets relating to consumer sentiment, media consumption habits and the business impact of COVID-19.

Takeaways

1. Brands are set to spend \$59bn on e-commerce advertising this year. Ad investment across e-commerce sites, omnichannel retailers and social commerce is growing 30 times faster than the wider online ad market as brands intensify lower-funnel tactics in response to COVID-19. This growth has coincided with a sharp fall in spend across major media.

2. Alibaba controls the world's third-largest ad business. It is set to make \$23.5bn from selling ad inventory across its e-commerce properties this year, but growth has slowed as SMEs – core to its keyword search business – have been heavily impacted by COVID.

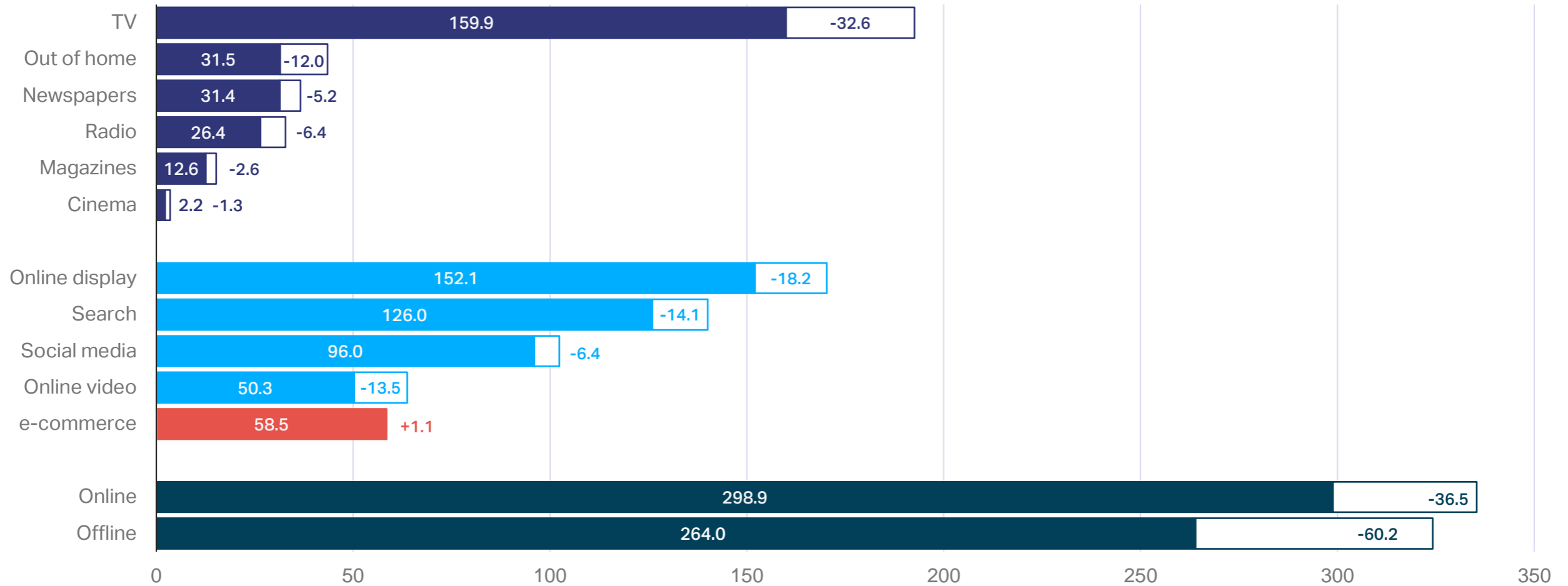
3. Amazon's ad business is growing 4.5 times faster than Facebook's and 63 times faster than Alphabet's, and is on course to be worth \$18.1bn this year. Practitioners are benefitting from data-rich trading environments, with ROAS growing every month this year.

4. COVID-19 will result in an additional \$183bn being spent online by consumers this year. Taken together, e-commerce sales are set to rise by 30.4% – \$677bn – to \$2.9trn this year, with consumer packaged goods the primary benefactors. FMCG ad money is also shifting online in response to buying patterns.

5. Livestreams are growing to account for a fifth of Chinese e-commerce, with the largest three platforms – Taobao, TikTok and Kwai – seeing over two-thirds (69.1%) of livestreamed sales this year. Practitioners are lacking benchmarks to inform adequate campaign measurement, however, and this is hindering strategies.

State of the industry, Global adspend, 2020(f)

Absolute revision to pre-outbreak forecast, US\$ billions



Note: Data are net of discounts, include agency commission and exclude production costs. Blank bars denote absolute revision from January forecast. Data correct as of 1st September 2020.

SOURCE: WARC Data

E-commerce advertising is growing 30x faster than the wider online ad market

Ad investment is set to reach \$59bn this year as brands intensify lower-funnel tactics in response to COVID-19.

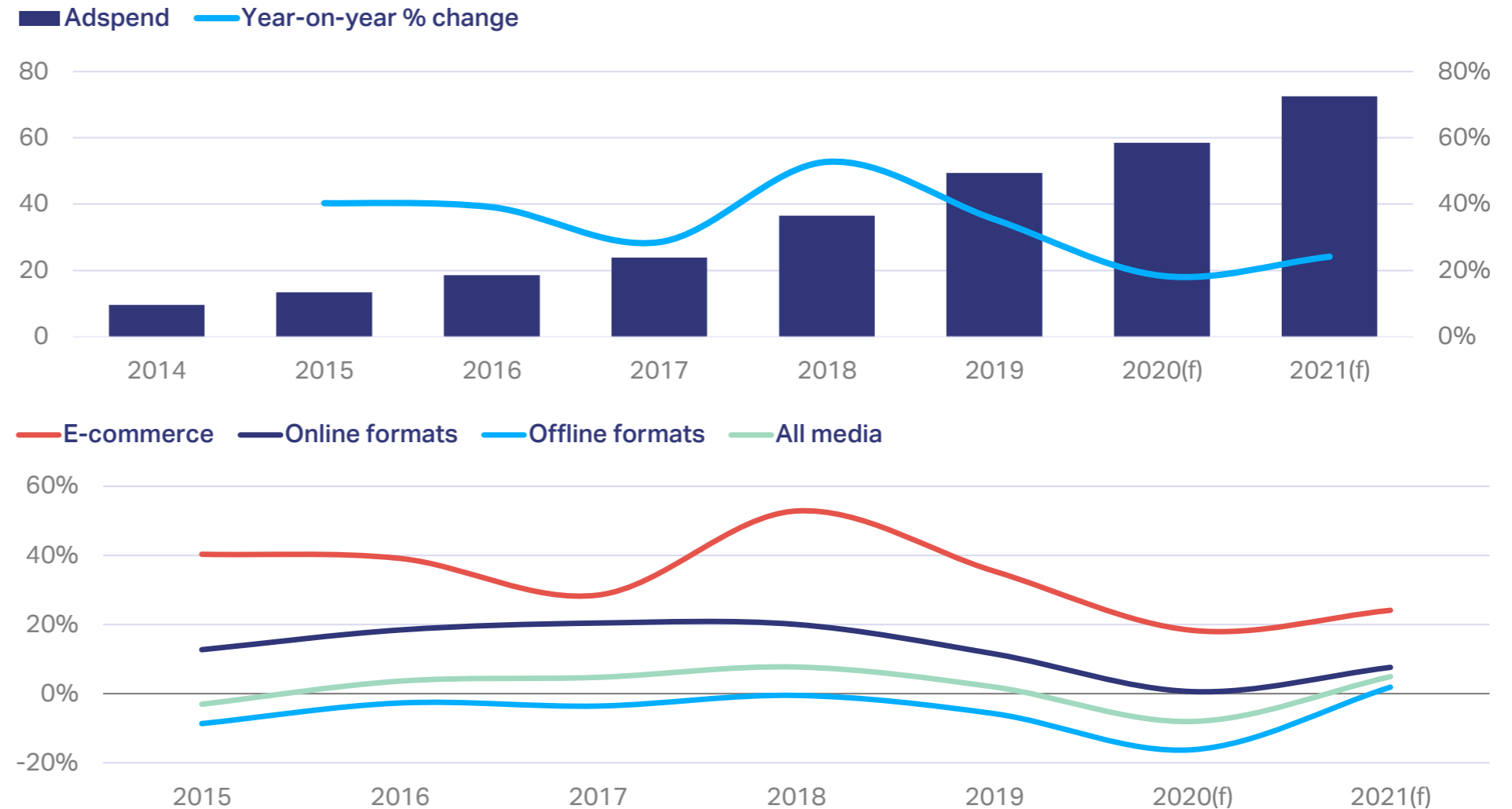
Brands are set to spend \$59bn on e-commerce advertising this year

Analysis of company filings shows that e-commerce businesses made \$49.5bn from advertising in 2019, a total which is on course to reach \$58.5bn this year. For context, this is near double the value of the OOH market.

Growth is far exceeding that of other media and formats, including the wider internet. Adspend is set to rise 18.3% this year, compared to a 0.6% rise for total internet and an 8.1% decline across all media.

Ad formats vary, though this money is typically spent on sponsored keyword search, targeted display ads on e-commerce sites, and social/livestreamed commerce.

Global, E-commerce advertising spend, US\$ billions and year-on-year % change



Note: E-commerce adspend data include search, classified and display advertising (including video and audio) within an e-commerce environment. Data also include social commerce, livestreamed commerce (including product placement), and product-specific listings displayed in online, non-ecommerce environments (such as Amazon Sponsored Display ads delivered via partner sites).

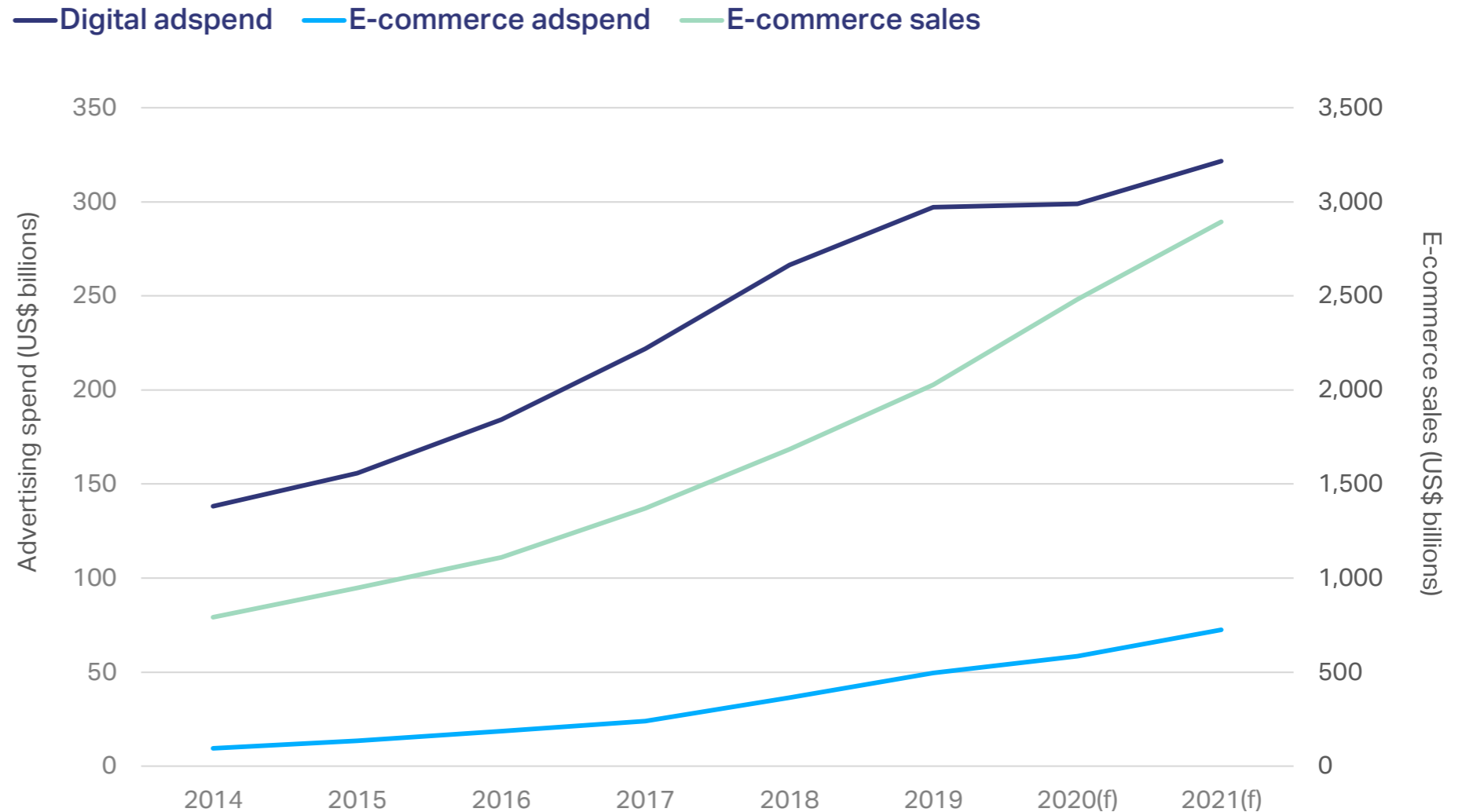
SOURCE: WARC Data

The ad market is playing catch-up

Prior to 2020, ad investment across all internet formats was growing at a similar rate to e-commerce sales value worldwide; e-commerce ad growth was far slower than both, however. The break in the correlation this year may be reflective of the growing availability of e-commerce ad inventory, offering a route for brands seeking to get closer to the point of purchase.

With digital advertising spend plateauing in the wake of COVID-19, e-commerce platforms – which have seen penetration balloon – are in a strong position to capture reallocated budgets by using sales data to demonstrate ad performance and ROI during a volatile economic climate.

Global, Relationship between digital adspend and e-commerce



SOURCE: WARC Data, Edge by Ascential

Alibaba controls the world's third-largest advertising business

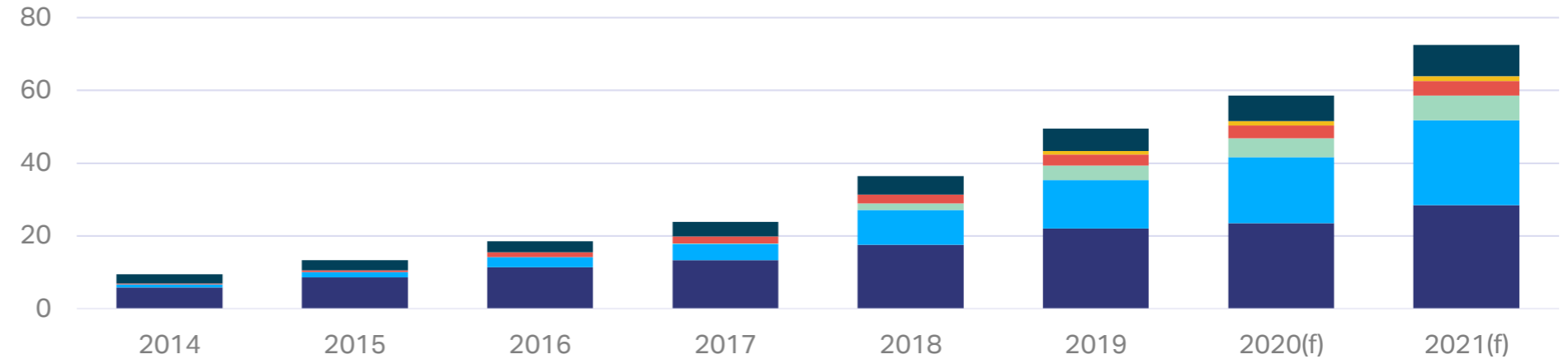
The company stands to make \$23.5bn from selling ad inventory across its e-commerce properties this year, a rise of 6.6% from 2019.

This gives Alibaba control of the third-largest advertising business globally, behind only Alphabet and Facebook. Amazon places fourth; it stands to make \$18.1bn in 2020 – up 35.6% from 2019.

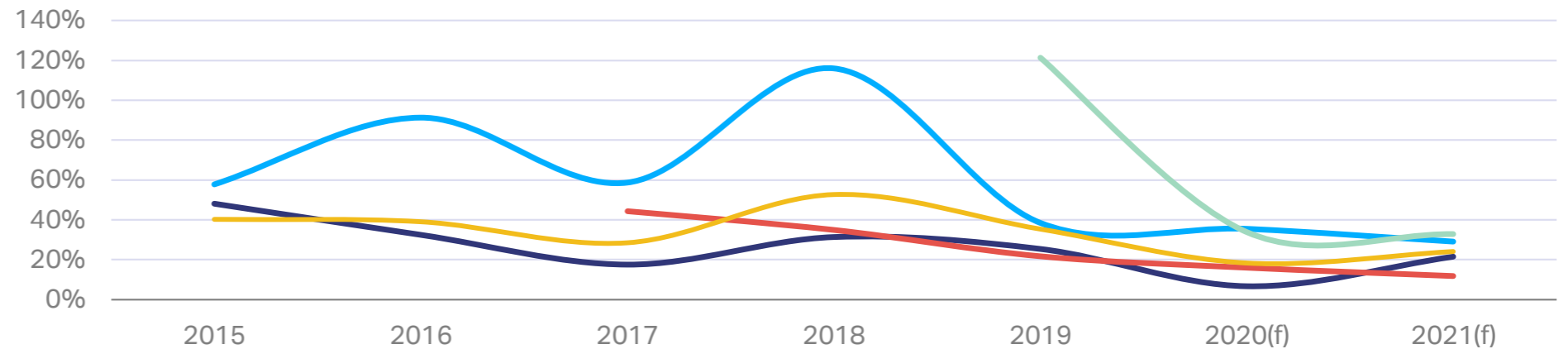
Alibaba's ad business has cooled markedly this year – along with the wider Chinese online market (its core trading territory) – and growth now trails local rivals such as JD.com and Pinduoduo, resulting in lost share.

Global, E-commerce advertising spend, US\$ billions and year-on-year % change

■ Alibaba ■ Amazon ■ Pinduoduo ■ JD.com ■ Rakuten ■ Others



— Alibaba — Amazon — Pinduoduo — JD.com — Total



Note: Alibaba excludes Youku Tudou and ad revenue from non-e-commerce platforms. Amazon excludes DSP sales, Prime and Twitch. 'Other' includes retailers such as Walmart, Target, Carrefour, Instacart and others, as well as social commerce on Facebook, Instagram et al.

SOURCE: WARC Data, Company reports

Amazon's advertising business

Amazon Sponsored Ads (née Amazon Marketing Services (AMP)) – sold on a CPC basis

Sponsored Products

Keyword-based search ads that benefit from prominent positioning in results pages and next to related products.

Sponsored Products accounts for 88% of non-DSP Amazon adspend in the US, per Tinuiti.

Sponsored Brands

Predominantly banner advertising that appears within search results. More recently clients have been able to deploy custom imagery and video.

Data from Tinuiti suggest Sponsored Brands accounts for 11% of spend.

Sponsored Display

These ads can appear either on Amazon or on partner sites to promote a particular product available to buy via Amazon.

The format draws 1% of non-DSP US spend, per Tinuiti, but it is growing rapidly.

Product Targeting

An additional layer of targeting available across all three formats. Advertisers have the option of targeting specific ASINs (Amazon Standard Identification Number, a unique product ID) or product categories, as well as adding additional attributes to further refine targeting. Nearly three in four advertisers use Product Targeting to some extent.

Amazon DSP (née Amazon Advertising Platform (AAP))

Banner, video and audio ads – among others – sold mostly on a CPM basis. Inventory is sold across Amazon-owned properties and those of third parties participating in the Amazon Publisher Services network.

Tinuiti data show that 46% of the median advertiser's Amazon DSP spend was for ads appearing outside of Amazon-owned environments in Q2 2020.

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Emerging platforms

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Jumia

Ad revenue hits €2m but sales value dwindles

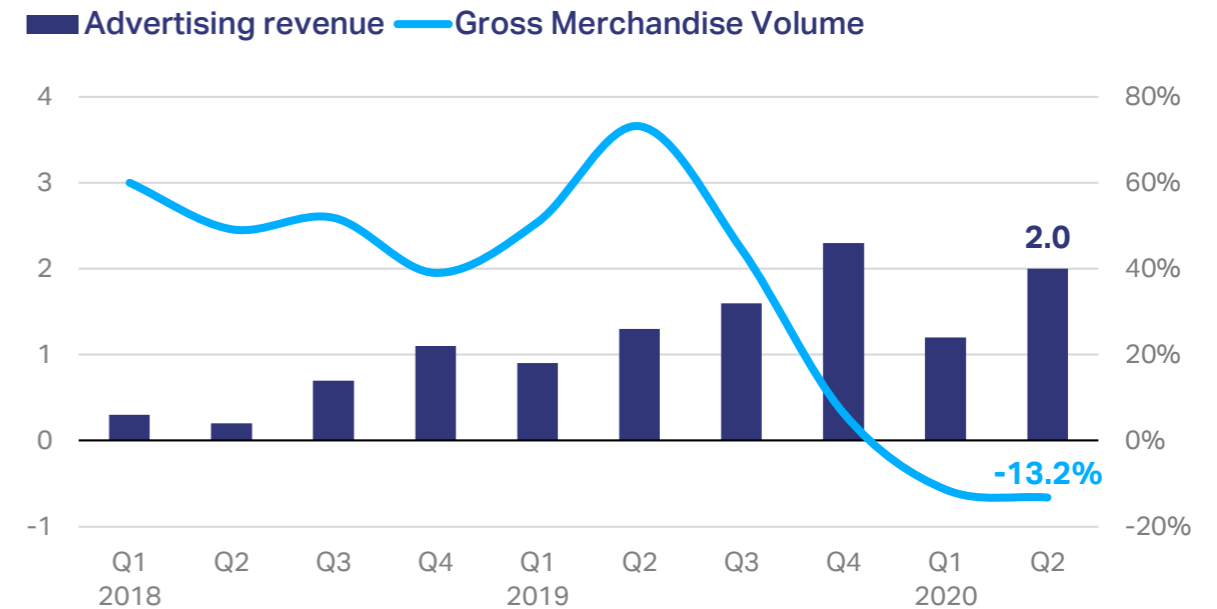
49.7% Ad revenue growth	-10.0% Total revenue decline	40.1% Customer growth	6.8m Orders	35.6% Orders using JumiaPay
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Jumia, the African e-commerce start-up, earned €2.0m in advertising revenue in Q2 2020, only the second time it has reached this total. Triple-digit growth was the standard last year, and Q2 2020's rise of 49.7% was more rapid than Q1's 33.7%. Major advertisers like P&G, L'Oréal, Samsung and Unilever have all used the platform.

Jumia also saw 6.8m orders in Q2 2020, a rise of 8.4% year-on-year. However, the value of those orders fell 13.2% for the same period.

The business has faced major challenges over the last year – shutting down in Cameroon, Rwanda and Tanzania and battling strong competition from international companies – like Amazon – and from small local businesses that are increasingly selling online.

€ millions and year-on-year % change



Note: Headline data are Q2 2020, % change is year-on-year, JumiaPay is company's payments platform. Gross merchandise volume is value of orders.

SOURCE: Jumia Technologies AG

Global Ad Trends

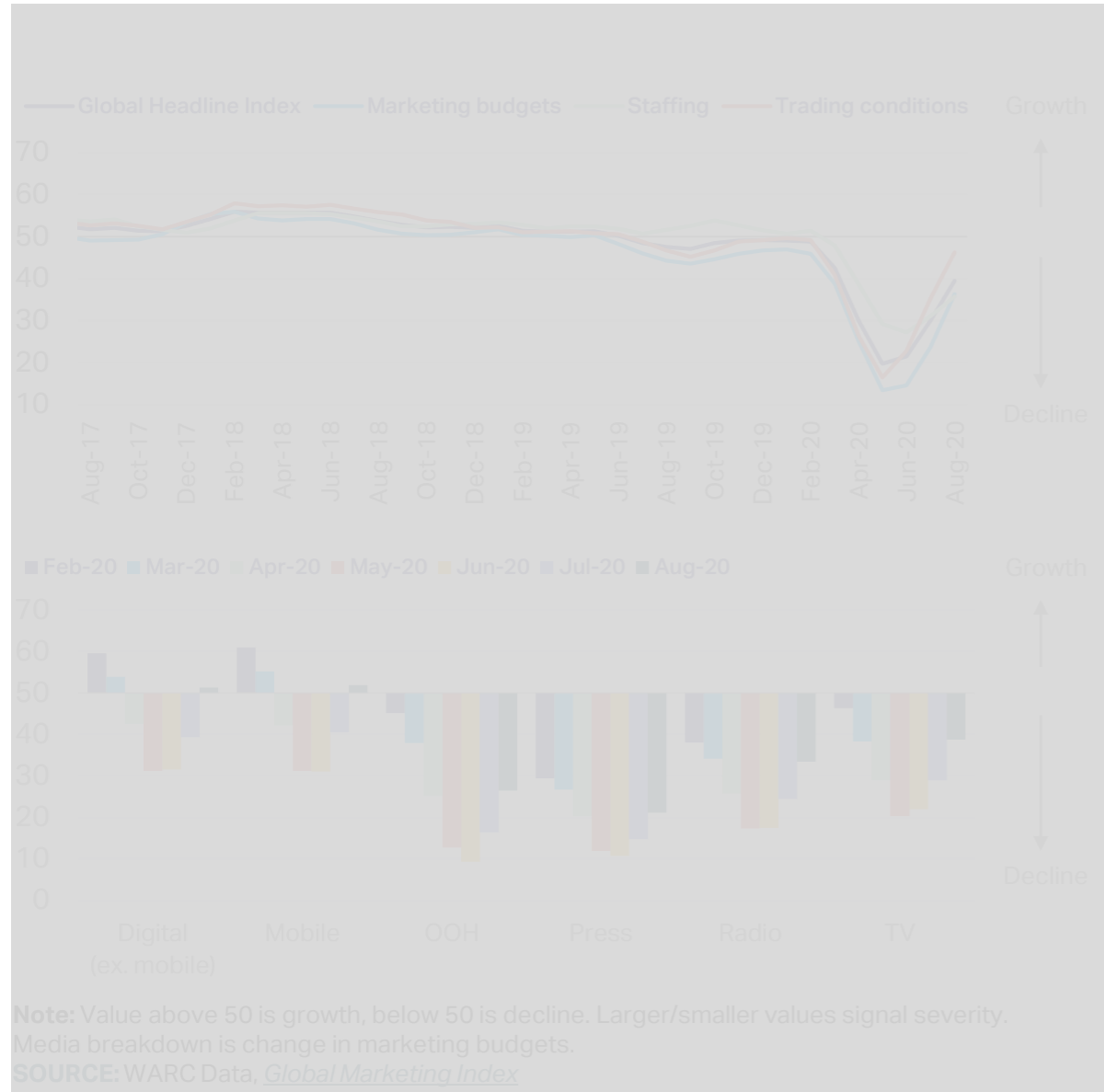
Latest market intel

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Global



65% of Baby Boomers now gaming due to COVID-19
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TVs now account for a quarter of YouTube viewing
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Sports sponsorship investment to drop 37% this year but number of events returns to normal
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Consumers least comfortable going to bars, clubs, sports events or concerts
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COVID-19 boosts location sharing
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TikTok reaches nearly 700m users
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Instagram carousel posts grow in popularity and offer higher engagement rates
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Vlogs are one of the fastest growing sources for brand discovery
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Americas



Podcast advertisers return with greater focus on brand campaigns

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Canadian TV adspend to record double-digit decline this year

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Brazilian OOH adspend forecast to drop by over one-fifth this year

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Half of Americans have boycotted a brand, rises to 67% for richer consumers

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Financial concerns driving consumer shift to AVOD

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Just 11% of TikTok users follow brand profiles

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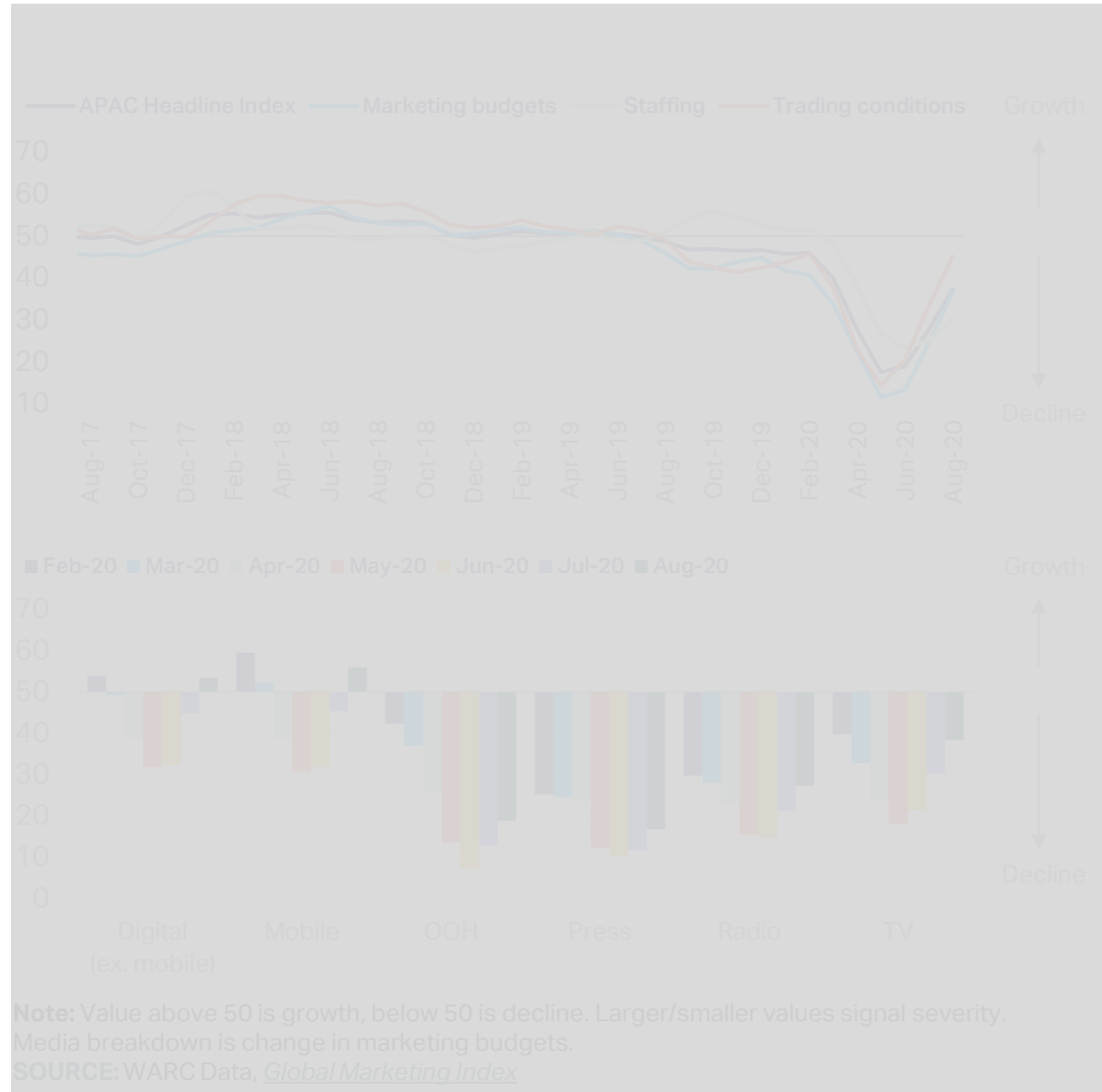
Amazon grows quickest but Loblaw extends its lead in Canadian retail

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COVID pushed US advertisers away from premium video

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Asia Pacific



Mobile video adspend to hit ¥300bn in Japan this year
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15% of urban Indians now gaming for over four hours
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COVID-19 encourages Southeast Asian audiences to try new stores
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Influencers most popular in China and India, least in Australia and Japan
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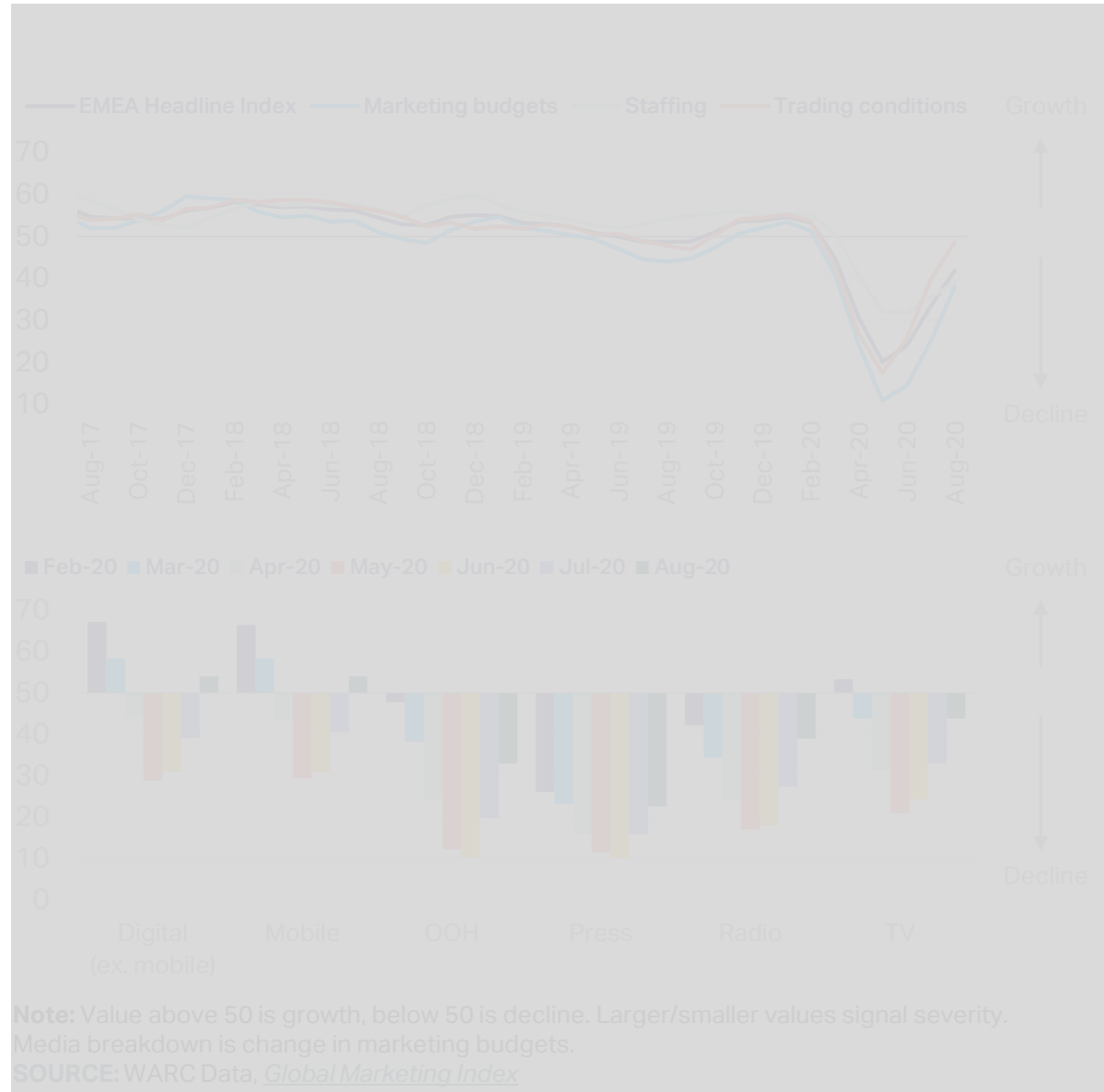
One-third of APAC say they will visit the cinema less often after COVID-19
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Singapore grocery foot traffic returns to normal but retail down 27% in July
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Radio advertising spend in Australia to record first decline in 11 years
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Thai advertising market to drop ฿11.5m this year
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EMEA



Three-fifths of EMEA marketers have adopted a mobile-first strategy
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Less than 10% of TikTok users follow brands on the platform
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Spanish advertising spend to drop by 18.4% this year
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Financial concerns driving consumer shift to AVOD
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Gaming reach flat or falling across major European markets in July
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Irish print adspend to drop below €200m this year, with only minor recovery in 2021
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Italian advertising spend to drop by 21.7% this year
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Half of Europeans use their connected TV every day
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