

Social Media Advertising: Revenue – Development – Trends

Whitepaper 2017

Mobile shift brings about changes for Social Media Advertising

Background

It's in the name: Social Media Advertising describes the type of advertising that places a marketing message in a social network.

In recent years, the rise in mobile usage has boosted the use of social media apps, among them image-sharing apps that are used predominantly via smartphone.

This has helped change the way social media users consume content, including marketing messages. Today, users scroll, swipe and go through tons of content in little time. As such, it is no surprise that by 2021, 81% of all social media advertising revenue will be generated via mobile ads.

This is also thanks to most social media users accessing the social networks on a daily basis. The trend toward mobile advertising has also had an impact on the type of content targeted at users. This is best illustrated by considering both image-sharing apps Instagram and Snapchat that both provide for exclusive and time-limited advertising content via their Stories feature. From behind-the-scenes footage to selfie contests, adverts on social media have become a lot more swipe and scroll-friendly.

This paper highlights key facts about the current state of social media advertising and its development through to 2021, compares the main markets and provides insights on social media trends.



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Social Media Advertising is getting bigger, faster and more sophisticated

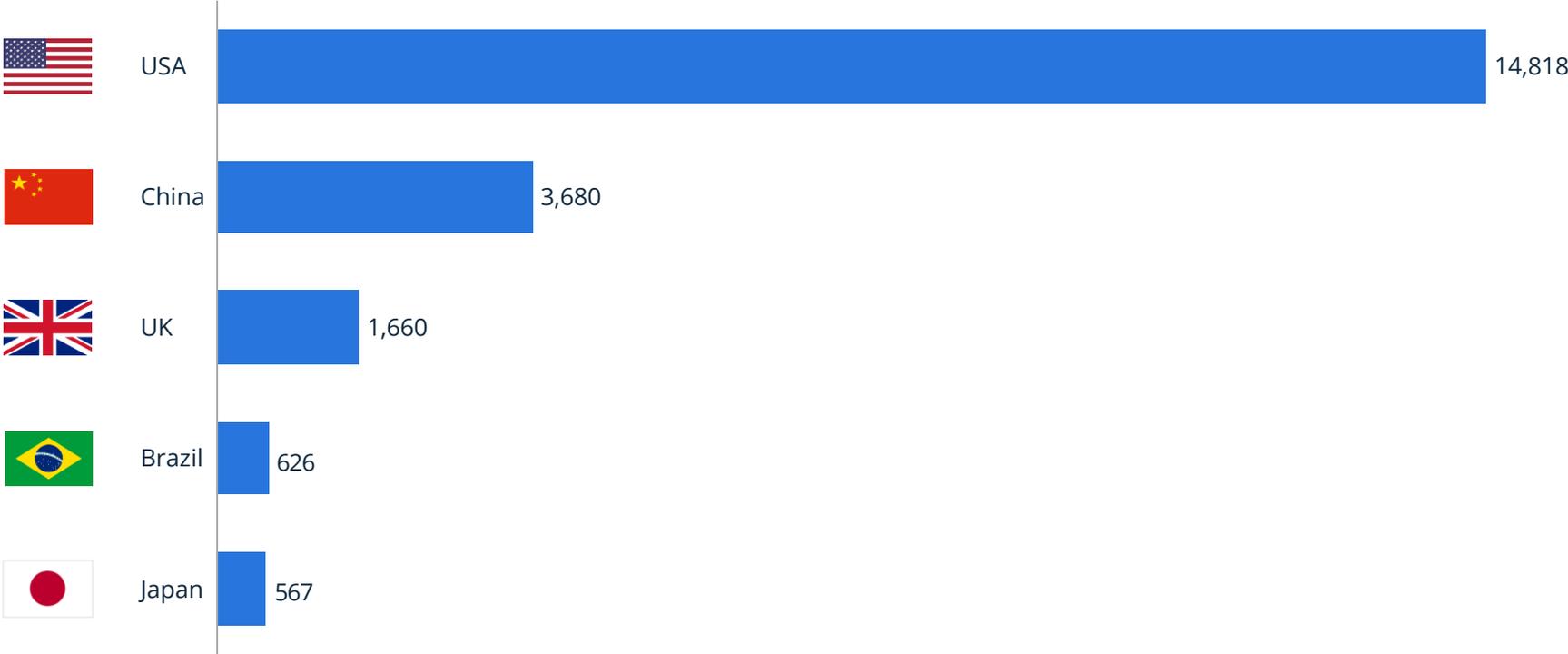
Key Takeaways

1. With **US\$14.8 billion**, the **US** generates **4 times as much social media revenue** than **China**, the second largest market
2. With a **68% share** in 2016, social media **mobile ad revenue** will continue to **dwarf desktop revenue**
3. **Mobile users** of social media predominantly access networks almost **daily**
4. Marketers **reach more users via Instagram**; however, on **Snapchat** it is more likely that **Stories** receive **user engagement**
5. Although posting **too many promotions** is **not appreciated** by the **majority** of social media users

US generates more social media ad revenue than top countries combined

Revenue in 2016

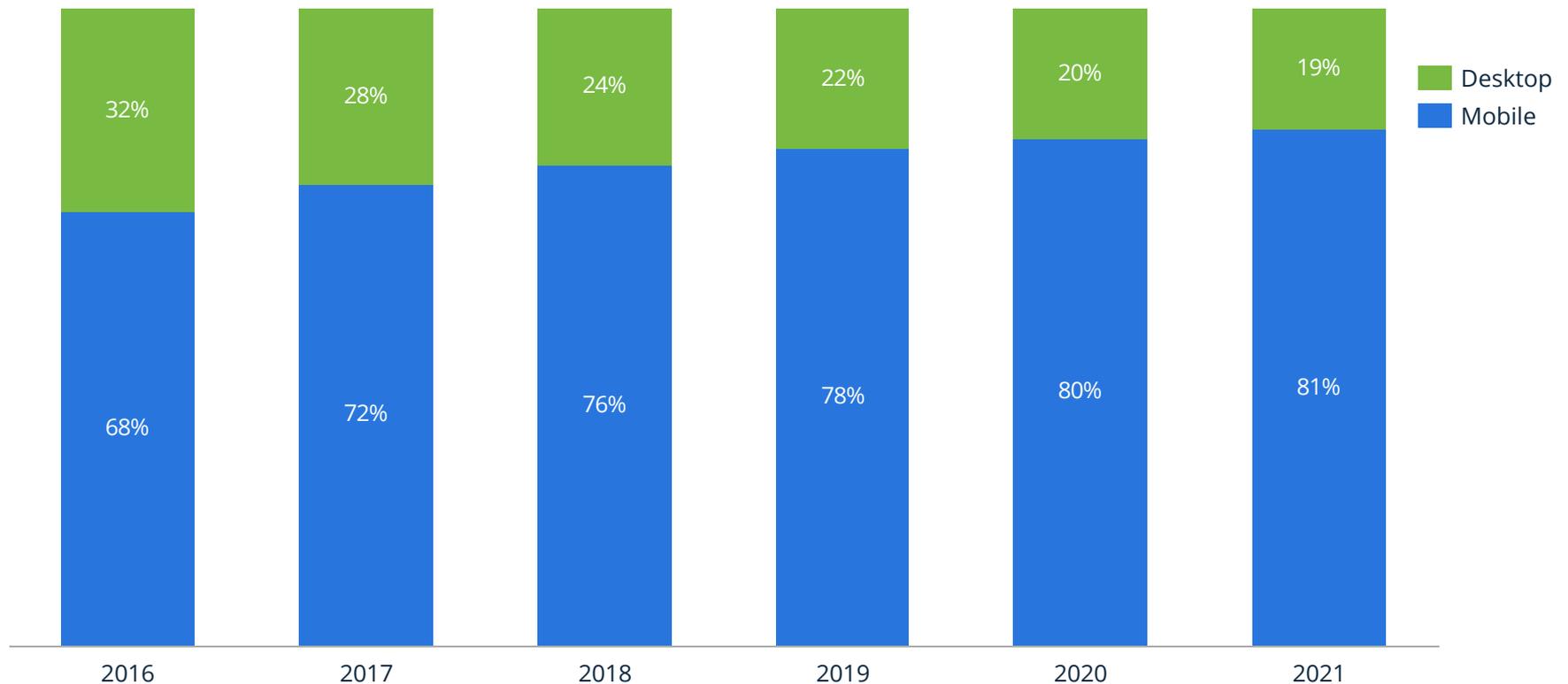
Top 5 countries by revenue in million US\$



Mobile revenue significantly dominates Social Media Advertising

Mobile Share

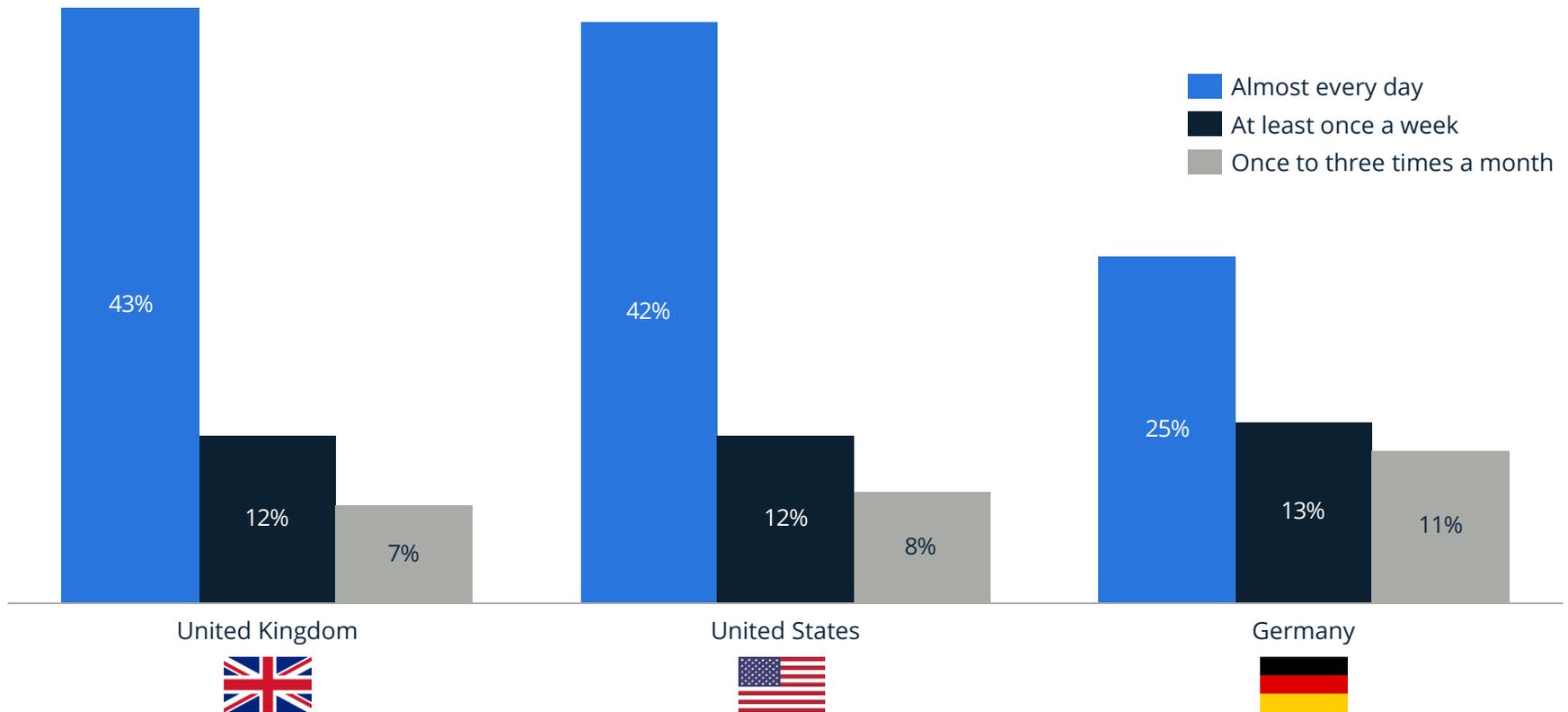
Global¹ Desktop/Mobile revenue split



Majority of social media users access social media networks daily

Mobile Social Media Use

Mobile social network access, by frequency in selected countries¹

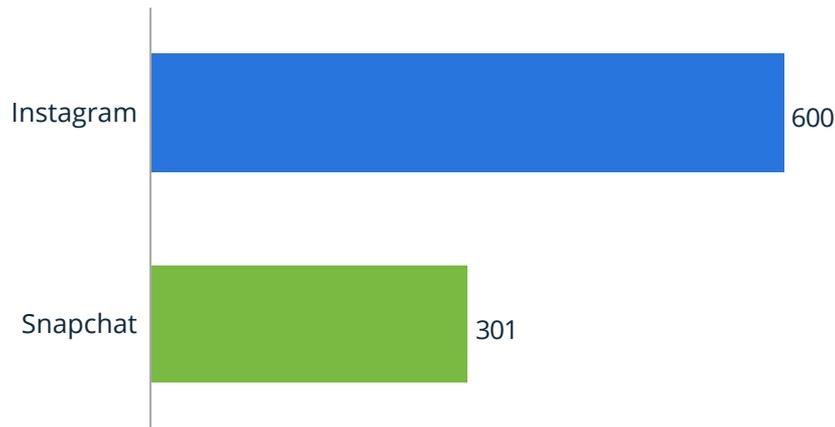


1: August 2015, 13 years and older; three-month average
Source: Ofcom, comScore

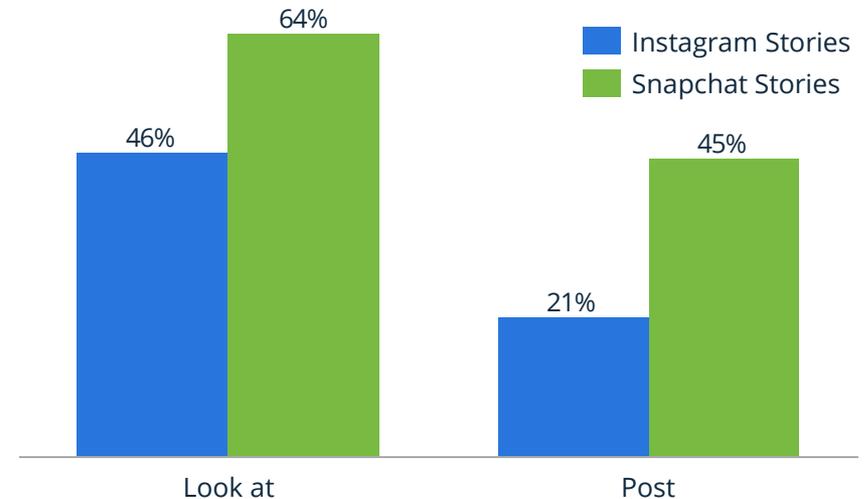
Instagram has wider reach, while Snapchat benefits from higher user engagement

Trends

Monthly Active Users in Millions as of December 2016¹



Percentage of users looking at and posting Stories on Instagram and Snapchat²



As mobile only social networks, Instagram and Snapchat both benefit from a high number of active users per month.

In December, Instagram had almost double the number of active users than its rival Snapchat, meaning marketing activities potentially reach a higher number of users.

The Stories feature of Instagram and Snapchat provides a visual narrative that is only available for a limited time before it deletes itself. This feature allows for so-called **influencer marketing**, whereby brands are endorsed by social media users with large amounts of followers.

Here Snapchat sports higher user engagement than Instagram.

1: Value is an estimate

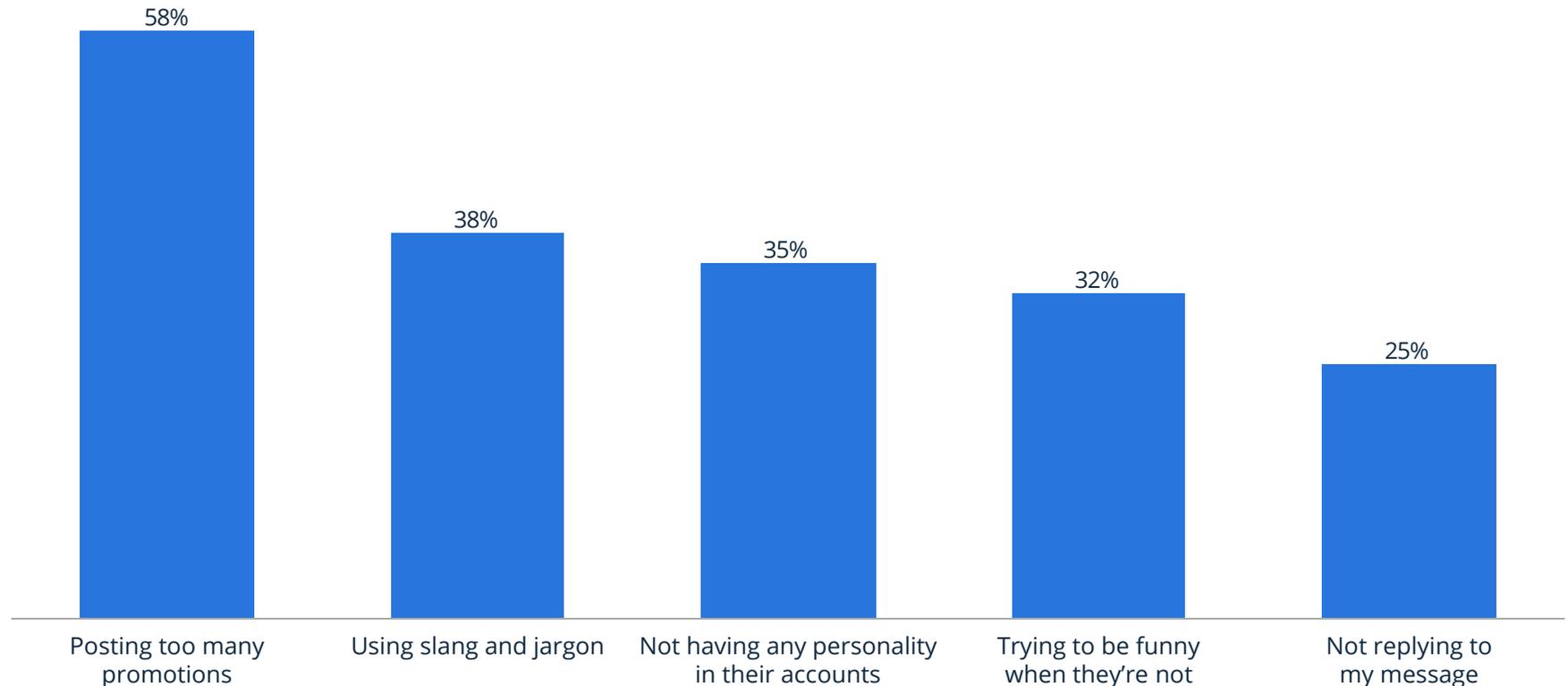
2: N=1079 Snapchat/Instagram users

Source: Instagram, Activate, Statista Digital Market Outlook 2016

Brands beware: Posting too many promotions may not do you any favors

Trends

Percentage of social media users that find various actions by brands on social media annoying¹



¹: N=1,022, worldwide; refers to all social media content, sponsored and non-sponsored
Source: MarketingCharts, Survata, Sprout Social

About the Digital Market Outlook

9 markets, 34 segments, 50 countries

About the Digital Market Outlook

This paper provides insights on social media advertising. Further information can be found in the **Social Media Advertising Outlook 2016** and via **Statista's Digital Market Outlook**.

The Digital Market Outlook provides direct access and download of revenue forecasts, user count & penetration, as well as cross-country comparisons.

It includes data on 9 digital markets, Digital Media, Digital Advertising, e-Commerce, eServices, Smart Home, FinTech, eHealth, Connected Car, eTravel and covers 50 countries worldwide.

The **Digital Advertising market** includes **Banner Advertising, Video Advertising, Search Advertising, Social Media Advertising**, and **Classifieds**.

The Digital Market Outlook is exclusively available on [statista.com](https://www.statista.com) and is included in Statista Corporate Account and Statista Enterprise Account.

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Sebastian Buss studied Business Administration and Business Psychology in Hamburg, Germany with a specialization in Consumer Behavior and Market Psychology.

Before his time at Statista he gained experiences in digital media markets with a focus on the music industry.

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