Brands will spend $59bn on e-commerce advertising this year in response to the boom in online shopping

Adspend 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 sales tactics in response to COVID-19

WARC Global Advertising Trends: The pivot to e-commerce

24 September 2020 – Advertising spend on e-commerce platforms is set to rise sharply this year despite the global recession – reaching a total of $58.5bn – as brands look to capitalise on the boom in online shopping as a result of the COVID-19 outbreak, finds WARC, the international marketing intelligence service.

Advertising investment across e-commerce sites such as Amazon, Tmall and Rakuten, omnichannel retailers such as Walmart and Carrefour, and social commerce on platforms such as Pinduoduo and TikTok is set to increase 18.3% worldwide, growing 30 times faster than the wider online ad market and in stark contrast to a forecast fall of -8.1% for the total advertising industry this year.

The uptick in e-commerce advertising spend mirrors a rapid increase in online purchasing; consumers will spend an additional $183bn online this year as a direct result of COVID-19 with total e-commerce sales set to rise by 30.4% — $677bn — to $2.9trn worldwide. Brands are flocking to leverage targeted advertising across e-commerce platforms as a means of getting closer to the consumer at the point of purchase.

Alibaba controls the world’s third-largest ad business, Amazon is growing well ahead of Google and Facebook

Alibaba is set to make $23.5bn from selling ad inventory across its e-commerce properties this year, giving it control of the third-largest ad business by revenue, behind only Alphabet and Facebook. Alibaba’s advertising income – across e-commerce sites like Taobao, Tmall and Lazada – is set to rise 6.6% this year, though this a far slower rate of growth than its competitors.

Amazon, the fourth-largest ad seller by revenue, is among the fastest-risers this year – company filings show its ad business grew 4.5 times faster than Facebook and 63 times faster than Alphabet in the first half of 2020. Consequently, Amazon is on course to make $18.1bn from advertising this year, up by 35.6% at a time when the wider internet ad market is flat (+0.6%).
Elsewhere, Chinese social commerce platform Pinduoduo is set to see its ad income leap 33.8% to over $5bn, ahead of local rival JD.com on $3.6bn. None of the e-commerce platforms monitored by WARC is expected to witness a fall in advertising revenue this year.

**Consumers will spend an additional $183bn online this year due to COVID-19**

Online sales are set to rise 30.4% to $2.9tn worldwide this year, according to data from Edge by Ascential. This represents a forecast upgrade of 8.2 percentage points – $183bn – since the COVID-19 outbreak began. Domestic growth rates range from +19.0% in the UK, to +22.1% in the US and +37.6% in China.

Taken together, e-commerce sales will account for 88% of global retail growth in 2020. The top five platforms will tighten their grip on the market this year, turning over an additional $529bn combined as a result of the outbreak. E-commerce platforms Alibaba (+$221bn), Pinduoduo (+$122bn) and Amazon (+$92bn) have seen the sharpest forecast upgrades since the outbreak.

Advertising spend – particularly within the FMCG sector – is moving online as a result of the shifting complexion of sales since the COVID-19 outbreak. Over 8% of Unilever’s business is now done online – the company had made 71% (€2.2bn) of its total 2019 e-commerce sales in just the first six months of 2020.

**Livestreams are growing to account for a fifth of Chinese e-commerce while the West has been slow to capitalise on social selling**

Livestreamed commerce is booming in China – it is set to more than double to a sales value of $171bn this year. This represents 10.2% of all e-commerce sales today, a share which is set to rise to a fifth (20.3%, $421bn) in just the next two years.

Data from Yimian, a sister company of WARC, show that the top three platforms – Taobao, TikTok and Kwai – will see over two-thirds (69.1%) of all livestreamed sales this year.

COVID-19 has pushed new consumers to the format; three in ten (30%) have spent more than they used to on products sold via livestreams and intend to keep doing so. In total, livestreamed commerce has an estimated audience of 525m, equivalent to 62.8% of China’s online population.

Summing up, James McDonald, Head of Data Content, WARC Data, and author of the research, says: “With ad investment flat or falling across most media 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 during a volatile economic climate.”

To visualise the rapid growth of e-commerce platforms, view WARC’s infographic: The difference in advertising revenue per second, pre- and post-COVID; and WARC’s video: Global advertising spend by medium 1980-2020.

A sample report of WARC’s Global Ad Trends: The pivot to e-commerce is available to download here. The full report is available to WARC Data subscribers. This latest Global Ad Trends report complements the recently launched WARC Guide to e-commerce.

**Latest information on WARC Data across regions**

**Global**

- Sports sponsorship investment to drop 37%
- TikTok reaches nearly 700m users
- TVs now account for a quarter of YouTube viewing
- 65% of Baby Boomers now gaming due to COVID-19

**Americas**

- Half of Americans have boycotted a brand
Canadian TV adspend to record double-digit decline this year
Financial concerns driving consumer shift to AVOD
Amazon grows quickest but Loblaw extends its lead in Canadian retail

Asia Pacific
Mobile video adspend to hit ¥300bn in Japan this year
One in three will visit the cinema less often after COVID-19
15% of urban Indians now gaming for over four hours
Radio advertising spend in Australia to record first decline in 11 years

Europe, Middle East and Africa
Three in five EMEA marketers have adopted a mobile-first strategy
Gaming reach flat or falling across major European markets in July
Italian advertising spend to drop by 21.7% this year
Less than 10% of TikTok users follow brands on the platform

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 independent and objective one-stop online service which rigorously harmonises, aggregates, verifies and evaluates data from over 100 reputable sources, including Nielsen, featuring current advertising benchmarks, forecasts, data points and trends in media investment and usage.

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

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For further information, please contact:
Amanda Benfell
Head of PR & Press, WARC
amanda.benfell@warc.com
+44 (0) 20 7467 8125
www.warc.com

WARC – A global authority on marketing 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.
For over 35 years WARC has been powering the marketing segment by providing rigorous and unbiased evidence, expertise and guidance to make marketers more effective. WARC services include 18,000+ case studies, 90,000+ best practice guides, research papers, special reports and advertising trend data, webinars, awards, events and advisory services; has 1,400+ client companies, 21,500+ active users in 100+ countries; collaborates with 50+ industry partners; has offices in the UK, US, China 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.