

MARKETING

Native social ads grab bigger slice of location-targeted ad spend: report

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Native social ad spend is growing quickly

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Native social advertising is expected to increase its share of location-targeted mobile ad spend from 19.8 percent this year to 28.1 percent by 2020, according to a report released today by BIA/Kelsey.

The growth in native social spend comes as consumer use of ad-blocking grows and brands explore engagement methods that are less intrusive. At the same time, more traditional advertising methods such as search and display are forecast to lose share, according to the spring update of BIA/Kelsey's U.S. Local Advertising Forecast 2016.

"Native social advertising is the big headline of this forecast," said Michael Boland, chief analyst and vice president of content at **BIA/Kelsey**. "Based on Facebook's success with news feed ads and FAN, we've dialed up native social's share of the mobile ad revenue pie.

"We also see Instagram and Snapchat making big moves to make their native social formats more attractive and impactful for marketers," he said. "And there are inventory advantages for native social ads because of the time spent in social apps and the scrolling layout.

"Meanwhile, ad blockers are accelerating the marketplace's inevitable shift from lazy banner ads to more blocker-immune material like content marketing. And of course there is the millennial factor, which is likewise establishing native social ads as the format for marketers to aim for."

Search loses share

Native social ads such as Facebook's news feed ads and Snapchat Stories have gained the attention of marketers. Similar offerings from Instagram, LinkedIn and others are also on their radars.

BIA/Kelsey defines native social ads as graphical and textual brand messages that are merged into the organic feed-based interfaces of mobile social apps and are targeted based on granular social signals.

Overall, BIA/Kelsey predicts that the location-targeted mobile ad spend in the United States will reach \$29.5 billion in 2020, up from \$9.8 billion in 2015.

While search will continue to hold the largest share of ad spend, it will see that share decrease from 57 percent in 2016 to 42 percent in 2020.

High performance

The factors supporting native social's expected growth includes the rise of ad-blocking technology, which will benefit formats that are immune to blocking, such as native social and sponsored content.

Another factor in native social's favor is the high performance of these ads compare with other mobile ad formats.

Native social ads also align well with the small screens on mobile devices and vertical scrolling.

Additionally, the influence and buying power of millennials is growing and these consumers are more receptive to native social ads rather than traditional formats such as banners.

The continued evolution of in-feed ad units is also supporting the growth in social native ads, including growth in action buttons and multimedia.

The evolving landscape is putting pressure on advertisers, publishers, agencies and ad tech players to innovate.

"In addition to being untrusting of traditional advertising, millennials want things now," Mr. Boland said. "The same can be said for an overall on-demand' culture that's being conditioned by the smartphone to expect things at the push of a button.

"This is all to say that ad campaigns should capture that high intent by having more calls to action to drive measurable conversions," he said. "This is seen in the rise of the buy' buttons in popular social apps like Pinterest, Facebook and Instagram.

"But where it needs to go next is beyond an mcommerce context. Because 93 percent of U.S. consumer spending happens offline, these buttons and calls to action within ad campaigns should focus on driving local activity. Think: call, map, book, reserve."

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