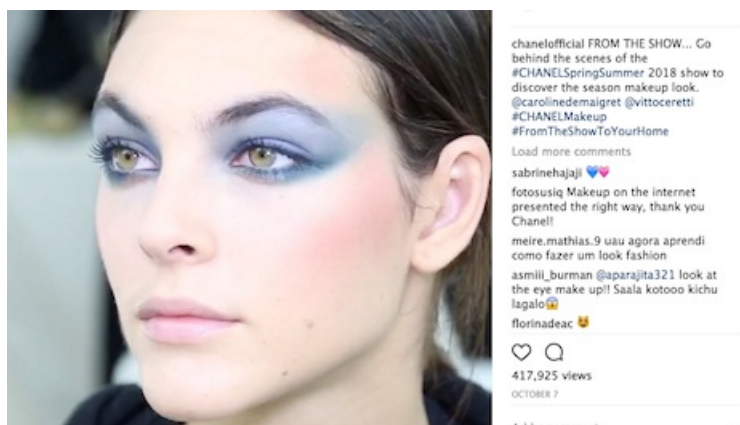


MARKETING

## Instagram ad spend grows exponentially thanks to Ads API

August 28, 2018



*Chanel appeals to consumers with massive reach through Instagram video*

By BRIELLE JAEKEL

Since social media application Instagram launched its Ads API, brand spend on the platform has grown significantly with 65 percent more predicted to be spent on advertising this year compared to 2017.

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A new report from **Brand Networks Research** found that video is proving to be the driving force among Instagram ads, with 66.2 percent of ad impressions being video. The research also shows that Instagram ad impressions have grown 46 percent year-over-year and 57 percent in investment.

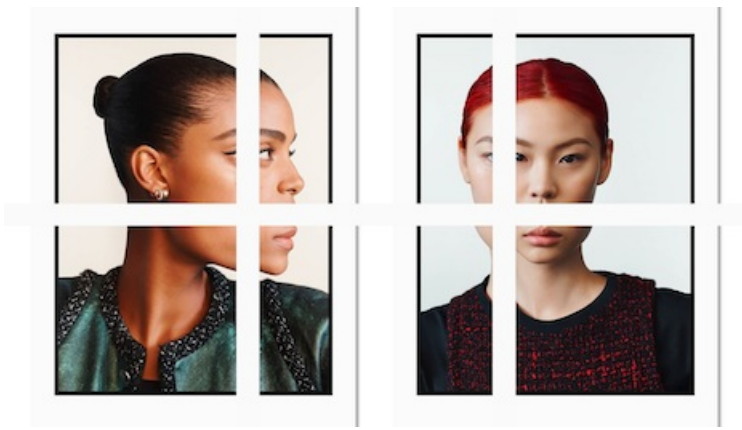
"Brand Networks has evolved alongside this high-performing channel, and we have witnessed the rapid adoption of new formats like Stories and the rising consumer appeal of video on Instagram," said Dave Fall, CEO of **Brand Networks**, Boston. "We're excited to see Instagram continue to boom and become an increasingly important tool for advertisers."

Brand Networks looked at 36 months of data and examined more than 44 billion Instagram ad impressions served on behalf of the company's customers for the report.

### Findings for Instagram

Instagram's Ad API is a helpful push for brand partners, with a leap of 599 percent in just a year from 2015 to 2016 after the product went public.





*With collection ads, customers can shop a brand's products directly from Instagram. Image credit: Chanel*

The research predicts that paid impressions will grow by 80 percent this year.

Instagram ads within Stories are also making an impact for both the app and brands, supporting this impression growth.

With video making such a heavy impression on users, CPG brands saw 73 percent of ad impression as video. Retail saw 60 percent, and entertainment saw the highest percentage with 78 percent.

Because of Instagram's introduction of IGTV, a vertical long-form video platform, these percentages will likely increase.



*Coco Mademoiselle Instagram campaign. Image credit: Chanel*

Overall there was a small increase in average CPMs last year, but this year's numbers are appearing more like 2016. Combined, price stability and increased spend show that Instagram's ad spend growth is due to increased demand and not inflation.

#### Additional insight

While video marketing continues to thrive on YouTube and Facebook, Instagram has emerged as a surprisingly strong platform for film-based consumer engagement.

Facebook and YouTube both routinely see more brand engagement in general, but according to recent findings from L2, Instagram actually outperforms both when it comes to video views between customers and brands. Luxury brands in particular can use this information to their advantage and plan their video budgets around the highly engaged Instagram audience ([see story](#)).

Luxury campaigns perform much better than mass brands' efforts on Instagram, with a 30 percent higher performance rate, according to a report from HelloSociety.

HelloSociety's report looks at the difference in performance from luxury brands on Instagram and Pinterest. The data found that luxury brands can particularly benefit from influencer marketing campaigns on the two platforms due to their aspirational nature ([see story](#)).

"Brand Networks is one of the few companies that's had access to Instagram's Ads API since it first launched back in 2015," Mr. Fall said. "This means we have the historical knowledge to chronicle Instagram's growth and benchmark performance."



"In this analysis, we have uncovered valuable insights with the goal of informing advertisers about how best to utilize Instagram," he said.

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