

Salesforce Advertising Index

Annual Report 2015



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Introduction

2015 was a milestone year for advertising, and it saw a number of changes that all advertisers need to know, including:

- The global launch of Instagram advertising to over 200,000 advertisers.
- Over 90% of time that consumers spent on their mobile devices was spent in apps.
- Digital video ads accelerating rapidly globally, and Facebook and Instagram helped lead this growth.
- Mobile surpassed desktop as a proportion of digital advertising in the US, matching Europe and Asia which saw that trend in previous years.

Last year also saw advertising technology and marketing technology come together. This combination helped drive the rise of the marketing hub. Marketers now demand an underlying data model that enables them to execute across channels. Advertising audiences are now powered by their customer data to ensure the best customer experience.

2016 will see this technology innovation continue for brands as it becomes no longer acceptable for advertising to be executed in a silo, divorced from email, mobile, social, web experience, sales automation, and customer service strategy.



Chris Jacob, Advertising Products
Salesforce Marketing Cloud

Executive Summary



In seven key markets, Facebook CPM and CTR rose year over year by 34% and 26% respectively.



CRM-powered website conversion ads have a 47% higher CTR than traditional targeting on Facebook.



Globally, the cost per mobile app install (CPI), or cost to acquire a new mobile user on Facebook, has climbed by 32% in the last year.



Instagram CPM in France and Germany were very similar, at €4.27 and €4.32, and the United States CPM was \$4.04.



Over 20% of Video Ads on Instagram across the US, UK, and Australia were viewed in full.



The average cost per engagement (CPE) for Twitter Promoted Timeline Tweets increased more than six times year over year.



LinkedIn media costs (CPM) rose over the last year in Australia by 127% and the U.S. by 32%, and decreased in the United Kingdom by 35%.



Facebook Trends

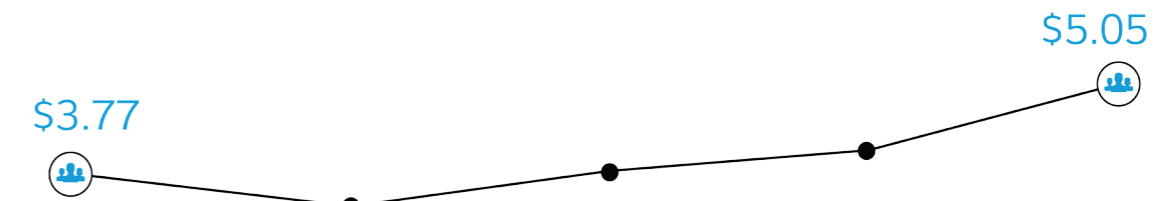
Facebook media performance by country and industry

From Q4 2014 to Q4 2015, the Facebook global CPM (cost per thousand impressions) across seven key markets rose by 34% overall to \$5.05. However, in Brazil, France, and Japan, the Facebook global CPM decreased year over year. The clickthrough rate (CTR) for Facebook ads rose by 26% in the same period to 1.08%, indicating that Facebook advertisers are increasingly able to both drive engagement with their ads on the platform, and show their ads to the right people.

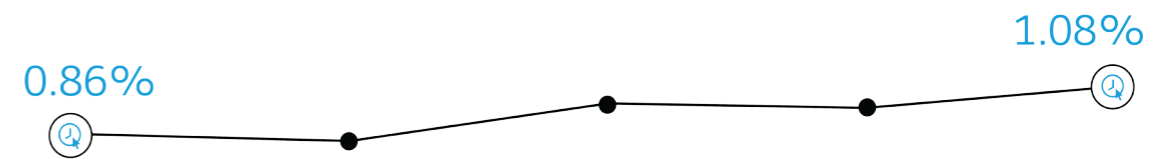
Due to normal seasonal trends, both digital and traditional, there was increased investment in advertising in Q4, particularly in industries like retail and e-commerce tied to events like Black Friday, Cyber Monday, Christmas, and Boxing Day. This past year, Facebook's advertising revenue in the United States and Canada jumped from \$2.1 billion in Q3 to \$2.8 billion in Q4, an increase of 33%. At the same time, this increased demand drove CPM in the United States up by almost the exact same amount, 33%.

The number of advertisers on Facebook recently surpassed three million globally. While Facebook as an ads platform is a key component of most brands' digital advertising, the level of maturity by regional market and media cost growth rates vary. As advertisers mature in a region, they understand how to monetize better and understand the needs/wants of those markets. In Europe, Facebook ad revenue grew 34% from Q3 to Q4 2015, reaching nearly \$1.4 billion according to Facebook's Q4 2015 earnings report. During this period, CPM in the United Kingdom closely followed this growth in ad revenue, rising 32%.

Global Facebook Trends



CPM
Q4 2014 Q4 2015



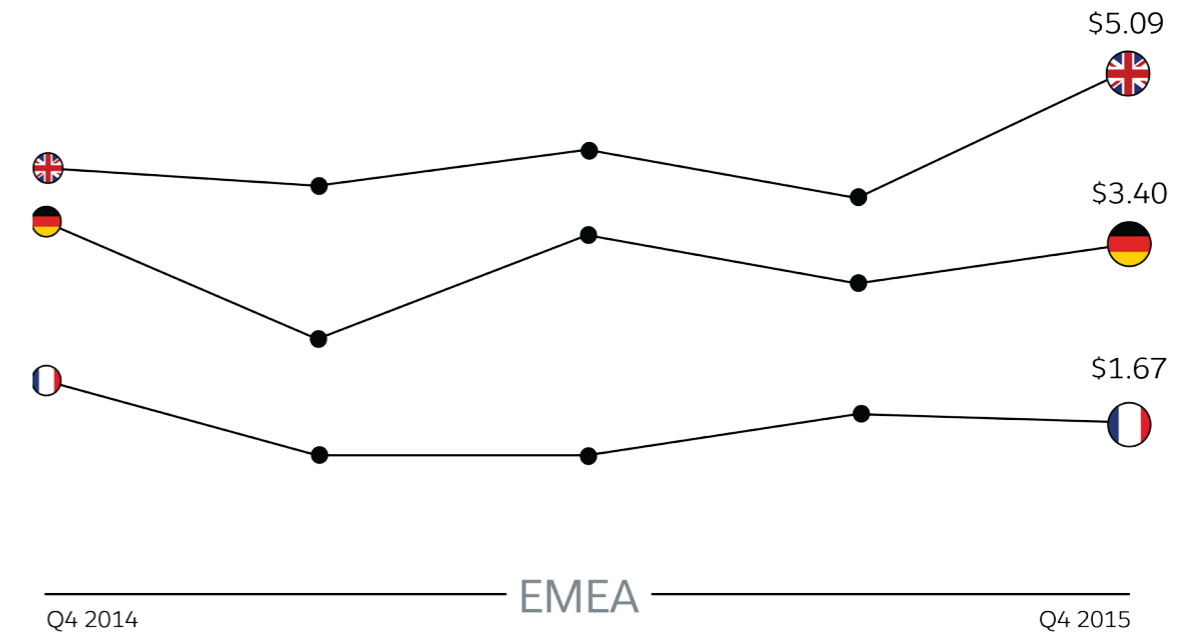
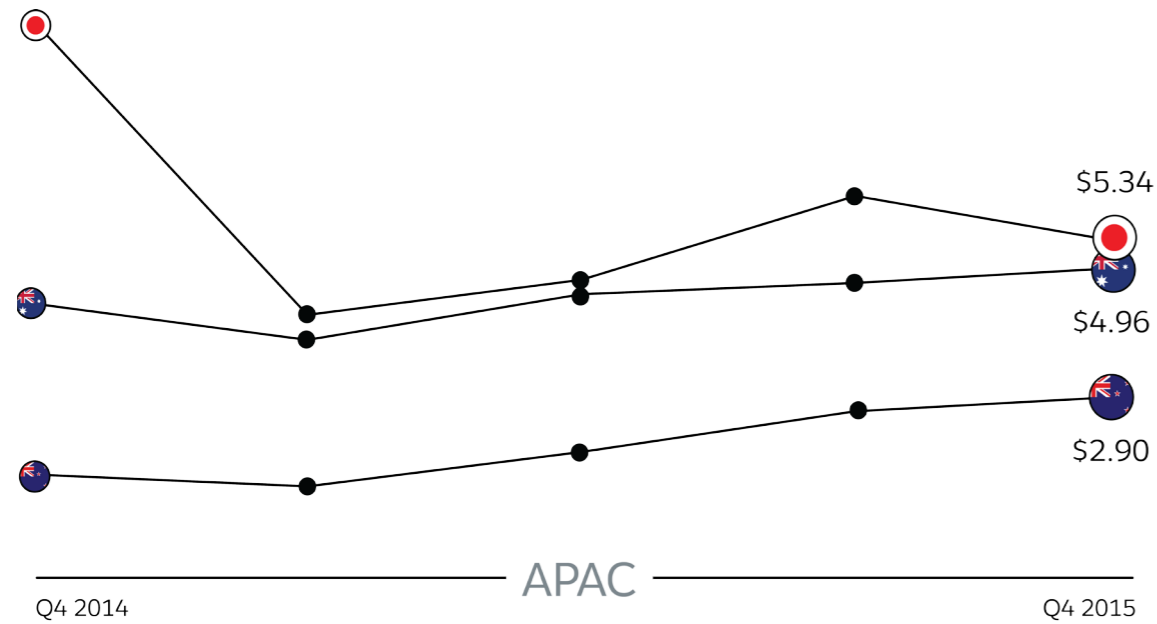
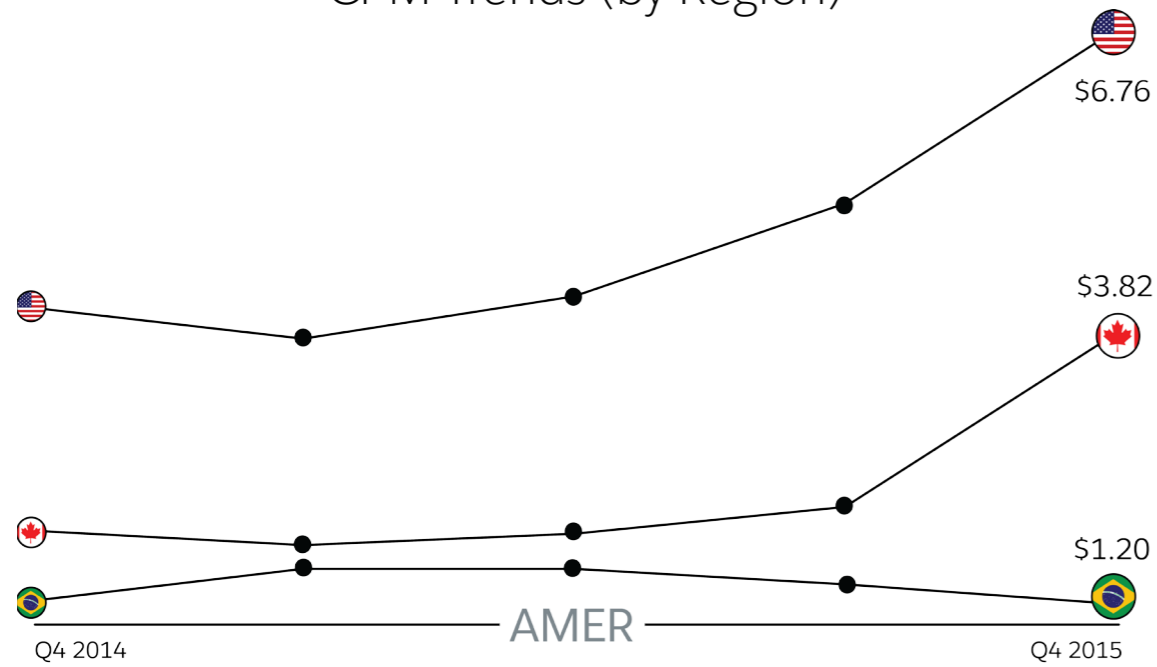
CTR
Q4 2014 Q4 2015

CPM and CTR both rose year over year by 34% and 26% respectively.

	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15
CPM	\$3.77	\$3.36	\$3.84	\$4.12	\$5.05
CPC	\$0.44	\$0.41	\$0.38	\$0.42	\$0.47
CTR	0.86%	0.83%	1.00%	0.98%	1.08%



CPM Trends (by Region)



	CPM				
	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15
Australia	\$5.04	\$4.89	\$5.63	\$6.38	\$6.97
Brazil	R\$3.15	R\$4.34	R\$4.60	R\$4.83	R\$4.53
Canada	\$2.16	\$2.22	\$2.26	\$2.80	\$5.07
France	€1.66	€1.19	€1.18	€1.60	€1.55
Germany	€2.89	€2.19	€3.06	€2.76	€3.16
Japan	¥989	¥525	¥595	¥763	¥668
New Zealand	\$2.11	\$1.97	\$2.67	\$4.05	\$4.44
United Kingdom	£2.62	£2.59	£2.75	£2.48	£3.34
United States	\$4.07	\$3.77	\$4.18	\$5.08	\$6.76
Global	\$3.77	\$3.36	\$3.84	\$4.12	\$5.05



	CTR				
	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15
Australia	1.17%	1.28%	1.37%	1.44%	1.39%
Brazil	0.69%	1.04%	0.69%	1.07%	1.08%
Canada	0.21%	0.20%	0.21%	0.25%	0.39%
France	0.42%	0.29%	0.42%	0.49%	0.46%
Germany	1.41%	1.55%	1.83%	1.13%	1.38%
Japan	1.30%	0.75%	1.18%	1.67%	1.19%
New Zealand	0.22%	0.29%	0.43%	0.61%	0.50%
United Kingdom	1.16%	1.18%	1.55%	1.32%	1.15%
United States	0.69%	0.67%	0.76%	0.78%	1.11%
Global	0.86%	0.83%	1.00%	0.98%	1.08%

	Australia	
	CPM	CTR
Automotive	\$6.18	3.30%
Consumer Packaged Goods	\$7.08	1.52%
E-commerce	\$11.24	0.94%
Education	\$7.08	0.74%
Entertainment	\$4.86	2.03%
Financial Services	\$6.69	0.72%
Food and Beverage	\$5.96	1.46%
Gaming	\$10.73	0.45%
Government and Politics	\$12.12	1.12%
Retail	\$10.34	1.72%
Technology	\$2.16	0.22%
Travel	\$6.90	1.80%

Global Facebook Industry Trends

On Facebook, different ads from advertisers in different industries often perform differently, and may also focus on different business objectives. Focus on comparing your ad performance to advertisers like yourself; for example, retail and financial services advertisers often target different audiences with different types of ads.

Australia Industry Trends

The e-commerce industry had the highest CPM at AUD \$11.24 followed by gaming at AUD \$10.73. Advertisers in these industries focus on direct response, optimize on conversations, and achieve a high return on ad spend. The automotive industry had the highest CTR at 3.30%, showing users in Australia click on ads (to visit a website, to like the page, or comment on the post) from automotive advertisers more than other industries. Another industry in Australia with a high CTR was entertainment (2.03%).

France Industry Trends

In France, the e-commerce industry had the highest CPM (€3.81), followed by the retail industry at €2.66. However, the CTR for retail was over 2.6 times higher than e-commerce, potentially because e-commerce advertisers are only focused on the specific clicks to a website landing page. Gaming advertisers in France saw the lowest CPM (€1.18), but also a low CTR (0.15%).

	France	
	CPM	CTR
E-commerce	€3.81	0.60%
Gaming	€1.18	0.15%
Retail	€2.66	1.61%
Technology	€1.97	1.02%



Germany

	CPM	CTR
Consumer Packaged Goods	€6.23	1.43%
E-commerce	€3.74	2.18%
Food and Beverage	€2.58	1.07%
Gaming	€2.95	0.49%
Retail	€3.96	1.87%
Technology	€3.50	1.48%
Travel	€5.33	1.37%

Germany Industry Trends

In contrast to France, the e-commerce industry in Germany had the highest CTR at 2.18%. However, similar to France, the CTR for gaming advertisers was the lowest (0.49%) of all German industries. The industries with the highest CPMs were consumer packaged goods (€6.23) and travel (€5.33).

United Kingdom

	CPM	CTR
Automotive	£2.90	1.61%
Consumer Packaged Goods	£2.96	0.83%
E-commerce	£3.95	0.87%
Entertainment	£2.27	3.09%
Financial Services	£4.38	0.84%
Food and Beverage	£2.45	1.51%
Gaming	£2.96	0.40%
Professional Services	£4.83	0.89%
Retail	£2.65	1.27%
Technology	£2.75	1.41%
Telecommunications	£4.65	0.80%
Travel	£3.07	2.47%

United Kingdom Industry Trends

The entertainment industry in the United Kingdom had the highest CTR (3.09%), just like in Australia. The financial services industry had a CPM of £4.38, one of the highest of any industry in the United Kingdom. Financial services advertisers leverage Custom Audiences to retain and upsell their current customers and use Lookalike Audiences to acquire new investors.

United States

	CPM	CTR
Consumer Packaged Goods	\$8.28	1.63%
E-commerce	\$8.54	2.25%
Education	\$6.74	1.41%
Entertainment	\$3.48	0.38%
Financial Services	\$13.88	1.55%
Food and Beverage	\$6.95	1.21%
Gaming	\$6.11	0.66%
Organizations and Associations	\$9.63	3.89%
Professional Services	\$14.38	1.32%
Retail	\$5.62	2.15%
Technology	\$8.41	1.26%
Travel	\$10.69	2.58%

United States Industry Trends

As in the United Kingdom, the financial services industry in the United States had high CPMs (\$13.88 in Q4 2015) as their target Facebook users are high-value customers. In comparing media costs of e-commerce and retail industries, e-commerce had a higher CPM (\$8.54 compared to \$5.62), but a lower CTR.

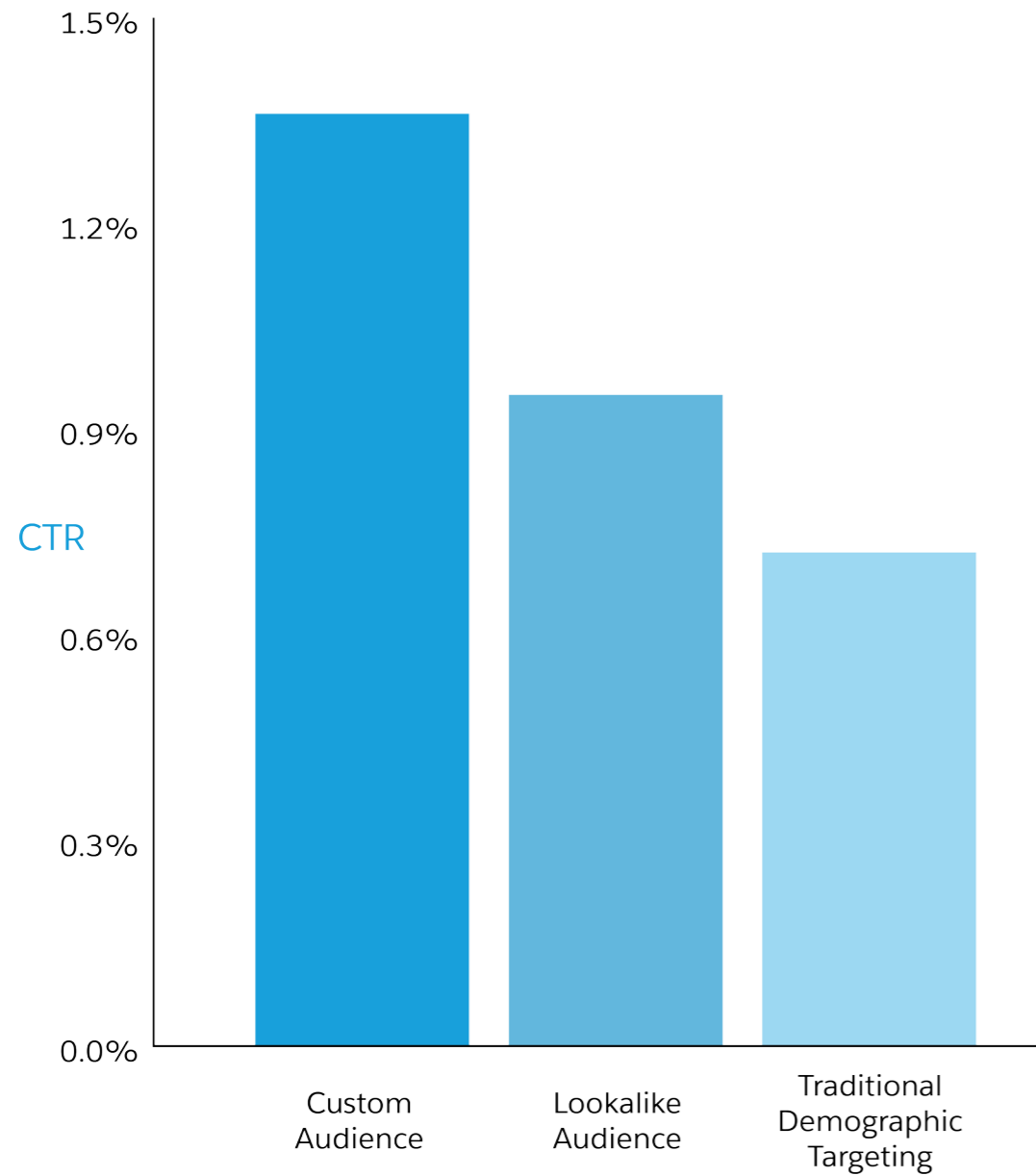
Data-Driven Advertising Powered by CRM

Brands have increasingly used customer data to run some of their most impactful marketing programs. Using ad products like Facebook's Custom Audiences, brands are able accurately reach their own customers, build Lookalikes from a seed audience (i.e. high value customer, recent email openers, etc.), and better coordinate their advertising messaging on channels like Facebook, Instagram, and Facebook Audience Network with customer actions in other channels.



Across our customer base in Q4, ad campaigns with the objective to have users convert on a website that targets a Lookalike Audience has a 24% higher CTR and that target a Custom Audience had a 47% higher CTR than non-brand data-powered advertising.

CRM Powered Ads for Web Conversions*



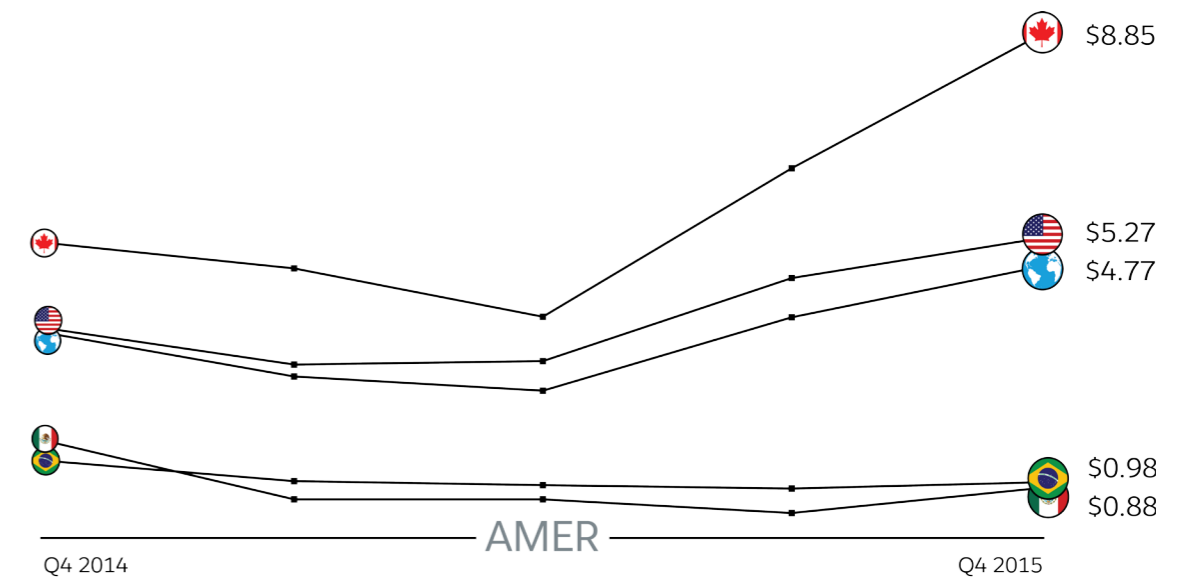
* For all ads with the website conversion objective

Mobile App Install Trends

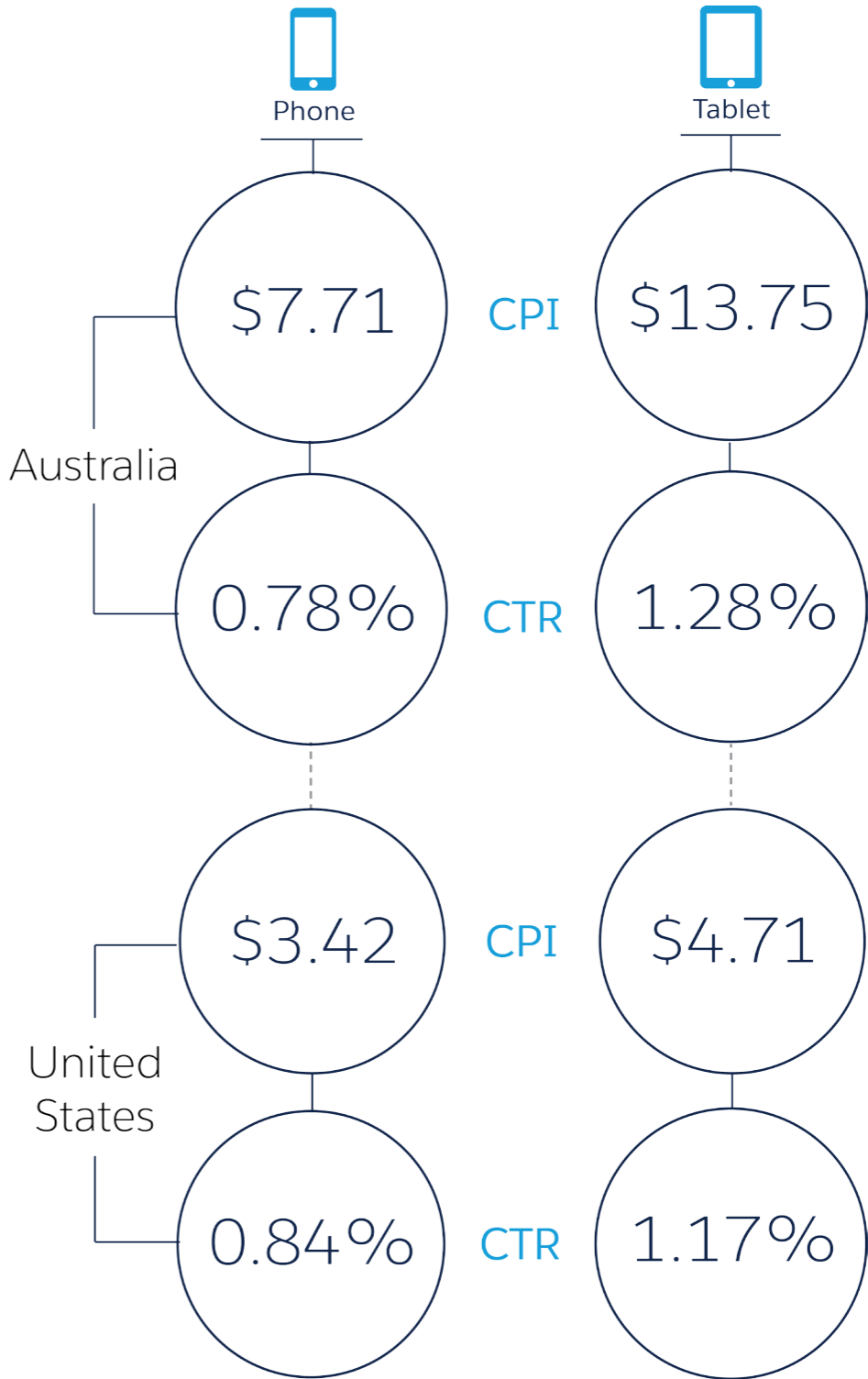
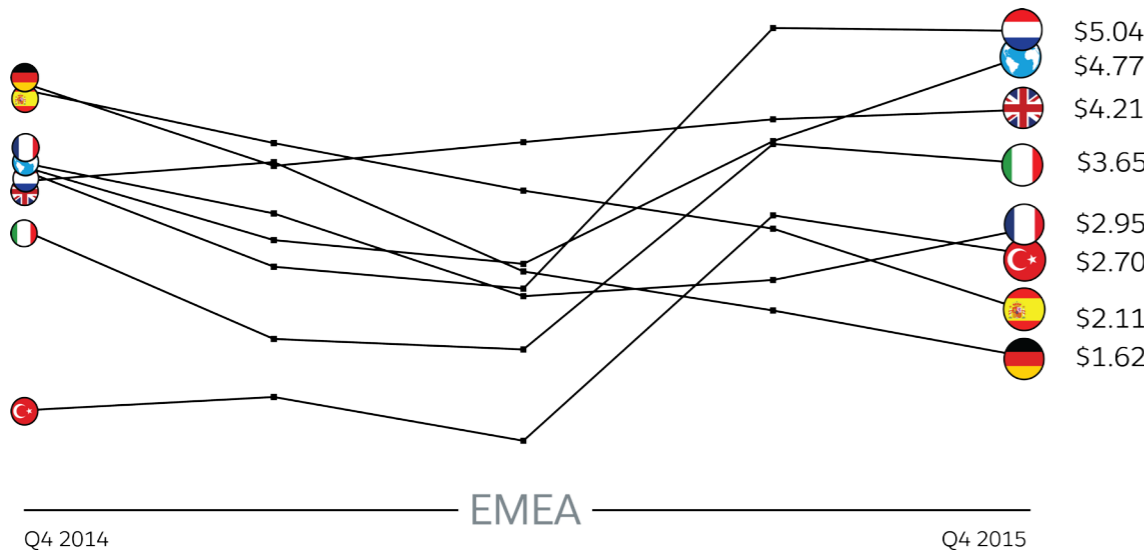
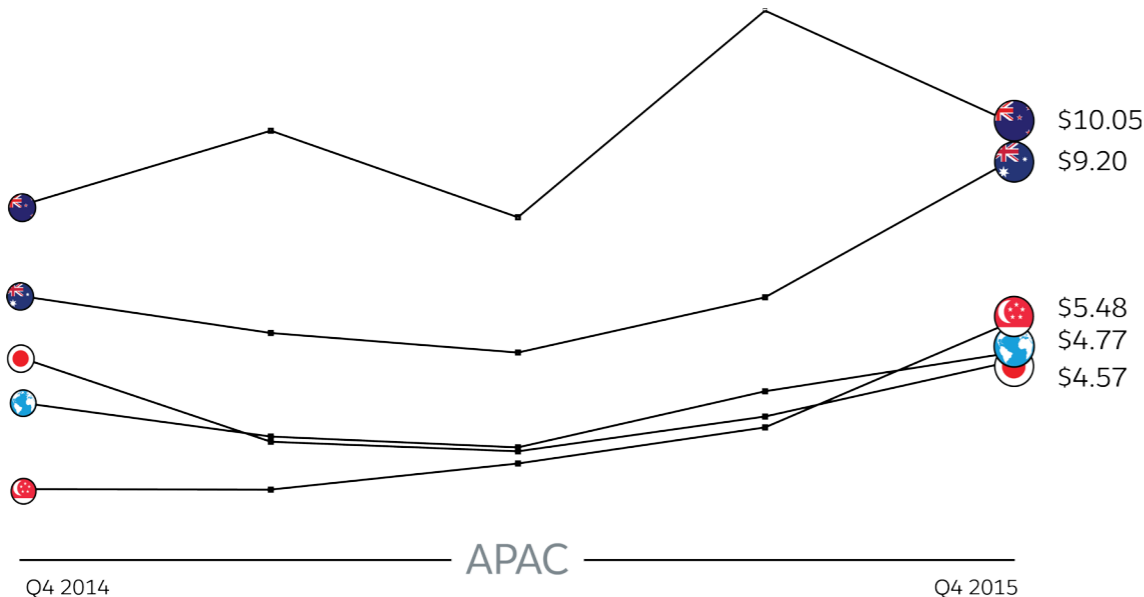
Globally, the cost per mobile app install (CPI), or cost to acquire a new mobile user on Facebook, climbed by 32% in the last year. However, the costs have not been evenly distributed across the globe; cost per install (CPI) in Australia and the United States grew 52% and 42%, respectively, while costs in France and Germany dropped by 19% and 53% respectively.

For advertisers who targeted tablet and smartphone app installs separately in two key markets, the United States and Australia, installs were substantially more expensive on tablets, by 38% and 78% respectively. People are more likely to click on any part of an app install ad on a tablet and are more willing to engage with the content – but increased competition for installs drives up the cost.

CPI Trends (by Region)



Mobile App Installs More Expensive on Tablets



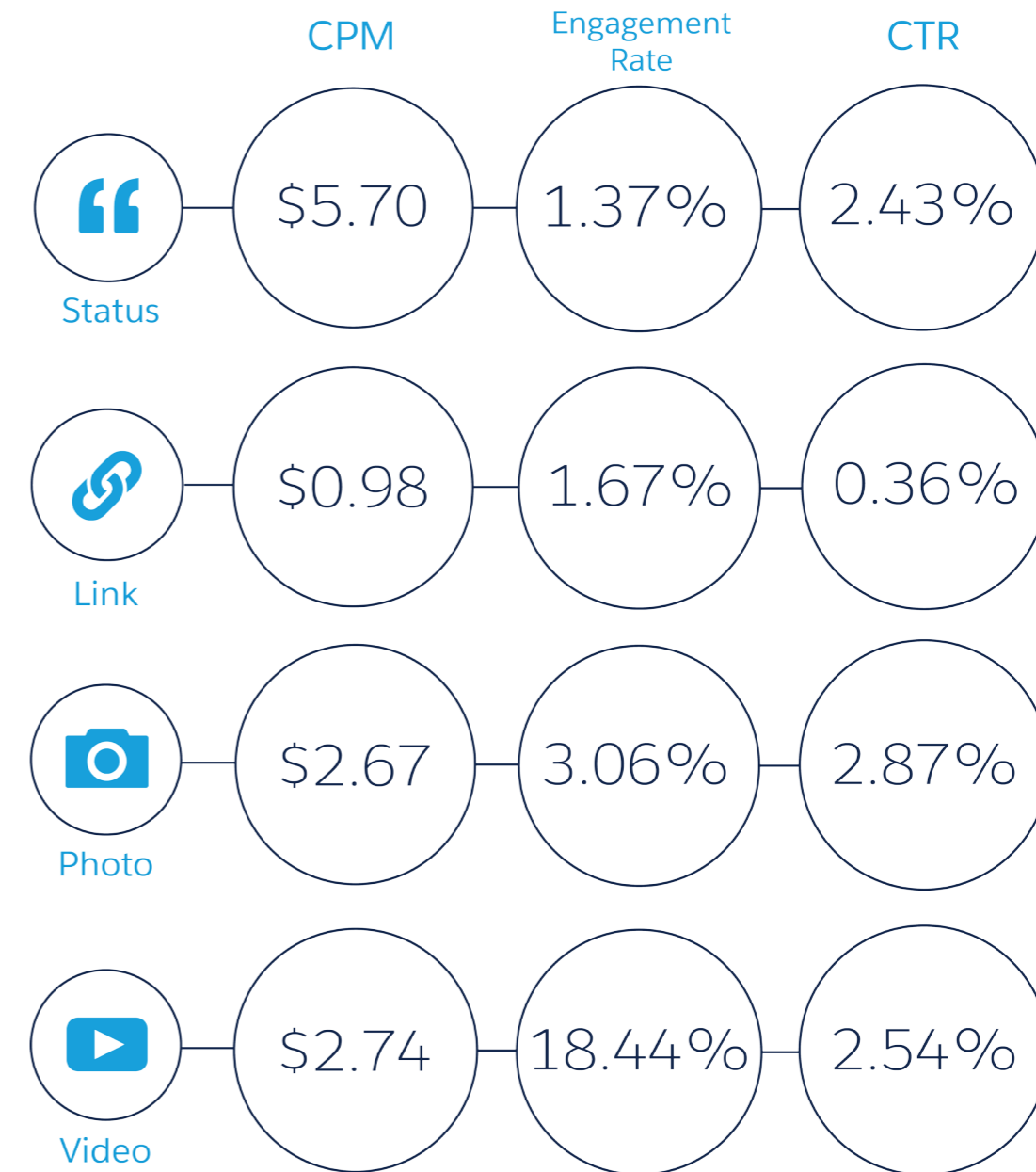
Align Your Ad Format to Your Goal

Different ad formats produce different performance

One of the most common Facebook advertising objectives is “Post Engagement,” where an advertiser wants to drive engagement on the actual Facebook post (as opposed to other objectives that drive people away from Facebook to a brand’s own digital properties such as website clicks, website conversions, or mobile app installs). The four major ad formats (text-only status ads, link ads, photo ads, and video ads) all have distinctly different performance characteristics.

In the U.S., each of these four ad formats performs differently. Status ads have the worst performance across the board; Salesforce recommends that you use a photo, video, or link in essentially all of your ads on Facebook, as the text-only status ads don’t stand out sufficiently in a newsfeed. Video ads have the highest engagement rate at six times greater than any other ad type. It should be noted that a three second video view counts as an engagement, and with auto-playing videos, that helps drive the engagement rate. If you want people to engage with your content, video ads are a great way to do that. However, if you want people to click on your ads, photo ads work the best, with a 12% higher CTR than video ads and an 18% higher CTR than status ads. Link ads have lower engagement rates than photo or video ads, but have less expensive CPMs. If you want to use link ads, we recommend pairing them with the website click or website engagement objective instead of the post-engagement objective.

Different Ad Formats Produce Different Performance*



* Ad Format Effectiveness for Facebook Post Engagement Objective for Q4 2015



Instagram Trends

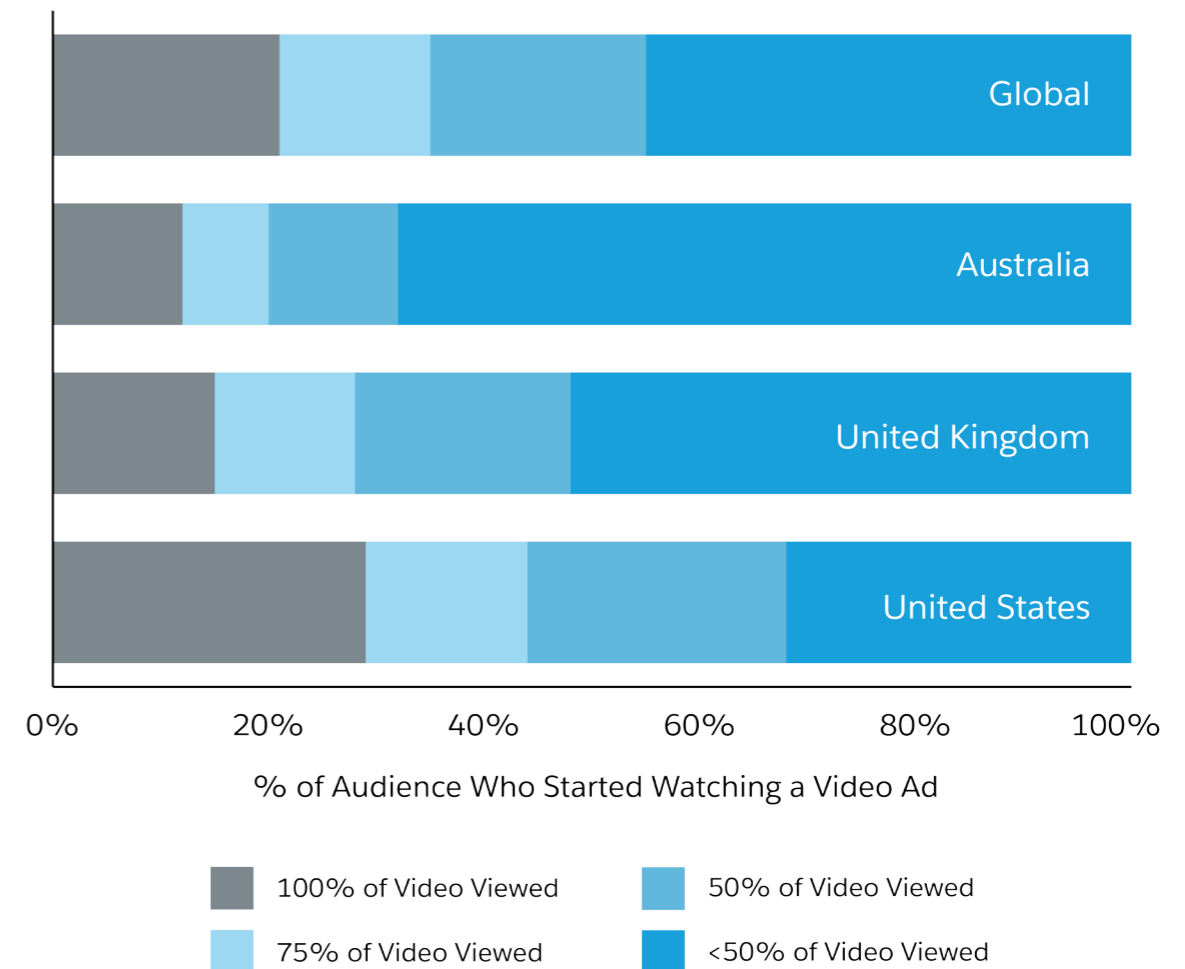
Instagram continues to mature as an advertising platform

Instagram recently announced a milestone of 200,000 advertisers on the platform, which shows rapid brand adoption given the platform has been generally available less than two full quarters. Across five key regions, each had a CTR of between 0.18% and 0.40%, defined as all clicks on the ad, such as offsite clicks, likes, comments, and installs. The CPM in France and Germany was very similar, at €4.27 and €4.32, and the United States CPM was \$4.04.

For ad campaigns with an objective to drive video views, across Australia, the U.K., and the U.S., over a fifth of all videos were watched to completion. In the United States, over two-thirds of video ads were watched more than 50% of the way through. Instagram is becoming a great channel to engage with your customers by their willingness to stop scrolling through their feed and watch your content.

	CPM	CPC	CTR
Australia	\$3.54	\$1.96	0.18%
France	€4.27	€1.47	0.29%
Germany	€4.32	€1.39	0.31%
United Kingdom	£3.32	£0.83	0.40%
United States	\$4.04	\$1.25	0.32%
Global	\$5.31	\$1.63	0.33%

Instagram Video Completion Rates Vary by Country





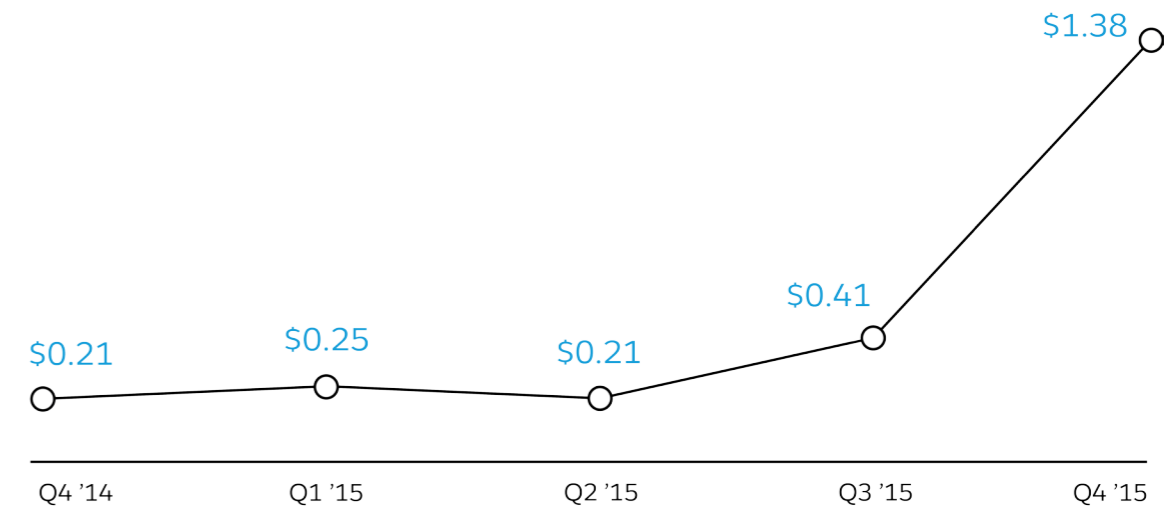
Twitter Trends

Cost per engagement rose year over year

According to Twitter, 80% of Twitter's users access the platform via a mobile device. Additionally, Twitter surveyed users to understand the impact of tweets on user behavior and found that a majority of users take action after seeing brand mentions in tweets. On Twitter, you can set up campaigns based on key objectives, such as app events, website clicks, engagements, or leads, and then only be charged for the results of your choosing (e.g., engagements, app events, or follows).

How a campaign is set up will determine what metrics will be important to measure. For example, if an advertiser decides to have Twitter charge on engagements, the cost per engagement (CPE) will matter. The average CPE for Promoted Timeline Tweets across objectives increased from \$0.21 in Q4 2014 to \$1.38 in Q4 2015. Engagements on Twitter are the "total number of times a user interacted with a tweet. Clicks anywhere on the tweet, including retweets, replies, follows, likes, links, cards, hashtags, embedded media, username, profile photo, or tweet expansion."

Cost Per Engagement (CPE) on Twitter





LinkedIn Trends

Media costs rose and CTR stayed roughly flat year over year

Since introducing Sponsored Updates in 2013, LinkedIn has been considered a premier place for B2B advertisements. LinkedIn’s audience includes senior decision-makers at work and people with high levels of education and financial net worth who are already engaging on LinkedIn. Their audience has 2x the buying power of the average Web audience and 4 out of 5 LinkedIn members impact business decisions in their company. Today, it’s also a great place to advertise to the collection of consumers behind every business, consumers who are shopping for a new car, applying for a new credit card, or interested in any other high-consideration purchase.

LinkedIn media costs (CPM) steadily rose over the last year in Australia (up 127%) and the United States (up 32%), while trending down (down 35%) in the United Kingdom. In Australia, CTR rose by 35% to reach 0.66% in Q4 2015. In the United States, CTR rose by 11% to reach 0.40%.

	Australia		
	CPM	CPC	CTR
2014 Q4	\$29.94	\$6.10	0.49%
2015 Q1	\$33.22	\$6.46	0.46%
2015 Q2	\$35.50	\$7.25	0.45%
2015 Q3	\$53.13	\$8.73	0.52%
2015 Q4	\$67.98	\$8.41	0.66%

	United States		
	CPM	CPC	CTR
2014 Q4	\$27.84	\$7.84	0.36%
2015 Q1	\$26.56	\$7.88	0.34%
2015 Q2	\$31.24	\$7.08	0.44%
2015 Q3	\$29.31	\$6.67	0.44%
2015 Q4	\$36.87	\$9.18	0.40%

	United Kingdom		
	CPM	CPC	CTR
2014 Q4	£17.39	£2.66	0.41%
2015 Q1	£12.60	£2.12	0.40%
2015 Q2	£12.17	£2.01	0.39%
2015 Q3	£13.30	£2.03	0.43%
2015 Q4	£11.23	£1.87	0.41%

Credits & Appendix

The advertising data in this report covers more than two trillion ad impressions and over 200 billion ad engagements by Salesforce Marketing Cloud customers using our Advertising Platform from October 2014 to December 2015. This includes advertising on Facebook, Instagram, Twitter, and LinkedIn across the globe. This aggregate data in no way represents any official position of Facebook, Twitter, or LinkedIn for advertising trends nor any individual advertiser.

Aggregate advertiser data is anonymized, categorized, and checked for consistency and accuracy before being included in any index presented in this report. This information is presented under Safe Harbor and should not be considered as any official statement by Salesforce. Please seek appropriate advice and counsel prior to making any advertising or business decision.

Global and regional indexes were employed for a majority of this report to control for factors like seasonality, vertical variances, and other factors. For some analysis, including when more than three quarters of data are shown, a larger index of advertisers were used. We encourage readers not to do much comparison to older reports as we continue to evolve our methodologies with the goal of more accurate and indicative data of market trends.

The Salesforce Advertising Index report was authored by members of the Advertising Products Marketing team at Salesforce, with support across Salesforce Marketing Cloud. We acknowledge the work of Zachary Reiss-Davis, Hilary Givens, and Kyle Graden in leading this effort, with data support from Julien Grouteau, and executive sponsorship from Liam Doyle.

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What is Salesforce Advertising?

Drive real business results and manage your advertising campaigns at scale with Social.com. In addition, unlock your CRM data in Salesforce to securely and powerfully reach your customers, target lookalikes, and optimize advertising within the customer journey, with the help of Active Audiences.

Manage advertising at scale.

Reach customers on any device and channel with advertising powered by identity-based targeting via Facebook, Instagram, Twitter, LinkedIn, and Mobile Publishers. Social.com has helped large agencies and brand teams around the world run millions of campaigns with sophisticated business goals. Whether it is creating complex campaigns, facilitating efforts and intelligence across advertising teams, or visualizing and reporting on performance, you can tailor your advertising approach to your digital marketing strategy with Social.com

Activate your customer data.

Use the data you already have about your customers from their email, mobile push interactions, and their purchases on your site to securely sync with Facebook and Twitter. Engage with them at the right moment along the customer journey, or find new customers who have similar behaviors to your best ones. Active Audiences also integrates with the major CRM onboarding partners, so you can connect your data with the entire DMP and DSP ecosystem.

Social.com and Active Audiences are part of Marketing Cloud as part of the Customer Success Platform. The Customer Success Platform includes sales, service, marketing, community, analytics, and apps.

Marketing Cloud and Social.com are a Facebook Marketing Partner, Instagram Ads API Partner, Twitter Certified Partner, and LinkedIn Sponsored Updates Ads API Partner.

About Salesforce: Salesforce is the world's largest provider of customer relationship management (CRM) software.

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