

There are more places for Story ads, but a spending plateau may be coming

Article



Stories have become a popular venue for social media advertising, but there are already signs of a spending plateau.

In 2020, the primary venues where marketers placed Story advertising were Instagram, Snapchat, and (to a lesser extent) Facebook. In recent months, LinkedIn launched its own



Story ad format (and so did Twitter, before it decided to pull the plug on the Fleets feature entirely). We expect Pinterest will also introduce ads in Idea Pins.

The platforms are probably hoping to snag a portion of the expected increase in Story ad budgets this year. In July 2020 research by Kantar Media, senior marketers worldwide were planning to raise their ad budget or resource allocation for social media Stories by 54% in 2021—second only to the 65% increase for digital video ads.

Coronavirus Impact: Change in Ad Budget/Resource Allocation According to Senior Marketers Worldwide, by Media, July 2020 & 2021

% change

	July 2020 (due to COVID-19)	Anticipated 2021
Digital video ads	32%	65%
Ads in social media Stories	29%	54%
Ads in social media newsfeeds	26%	52%
Digital display ads	21%	45%
Branded content shared by digital influencers	17%	48%
TV ads while streaming via smart TV	5%	46%
Ads in podcasts	-6%	36%
TV ads	-20%	20%
TV program sponsorship	-32%	9%
Radio ads	-35%	0%
Digital billboard/outdoor ads	-57%	8%
Newspaper ads	-65%	-47%
Magazine ads	-65%	-43%
Billboard/outdoor ads	-72%	-11%
Events sponsored by brands	-73%	-9%
Cinema ads	-84%	-32%

Source: Kantar Media, "Media Reactions 2020," Sep 23, 2020

258658

www.eMarketer.com

However, these plans may run into a few obstacles, especially on Instagram, which we estimate will generate nearly \$44 billion in global ad revenues this year (with about \$25 billion coming from the US).

Instagram doesn't say how much money it makes from Story ads, but the Stories section in the app contains a significant amount of paid content right now.

Ads appear between Stories from accounts that users follow. These ads are identified by a "sponsored" label just below the name of the account. Among the 45 Stories this analyst viewed on a recent Saturday in June, more than one-quarter were ads, which appeared after every four or five organic Stories.

The heavy load of ads in Instagram Stories indicates that the venue may have reached maximum ad load. That may be leading some marketers to moderate their use of Story ads.

Among US clients of performance marketing firm Tinuiti, ad spending on Instagram Stories placements grew significantly in 2019 but plateaued at roughly 23% of total Instagram spending throughout last year, according to the agency's Q4 2020 "Facebook Ads Benchmark Report."

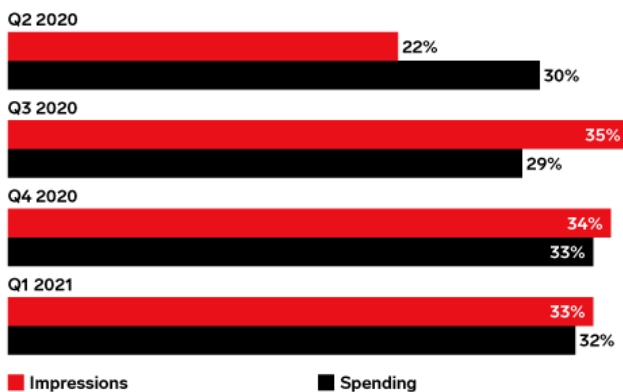
Instead, the Instagram Explore tab has garnered an increasing share of those clients' spend, going from 1% in December 2019 to 5% in December 2020. The trend continued into Q1 2021, when Story impressions for Tinuiti clients grew 12% year over year, while Explore tab impressions soared 85%.

Another hindrance to the growth in ad spending on Stories is that the ads don't perform as well as in-feed ads do on Instagram. Story ads were cheaper for the median advertiser in Tinuiti's analysis, with a 48% lower cost per thousand (CPM) in Q1 2021. But they also had a clickthrough rate 39% lower than that of in-feed ads.

There is somewhat more positive data from Merkle, which reported that 32% of its clients' total North America Instagram spending in Q1 2021 went toward Stories. But there are also signs of a plateau; for example, Stories' share in Q4 2020 was 33%.

Instagram Stories Ad Performance Metrics in North America, Q2 2020-Q1 2021

% of total



Note: based on campaigns analyzed by Merkle, broader industry metrics may vary; read as in Q1 2021 Story ads generated 33% of Instagram impressions and 32% of Instagram spend
Source: Merkle, "Digital Marketing Report Q1 2021," April 27, 2021

266612

eMarketer | InsiderIntelligence.com

The introduction of ads into LinkedIn Stories could spur advertisers to experiment with those placements, but we don't expect the company to see substantial revenues from Story advertising.

Still, for a portion of marketers, Stories are an essential, if no longer wildly exciting, ad vehicle. "We don't look at Stories as the end-all, be-all, or as a place of exciting newness that you have to be really active on and have to plan specifically for," said Avi Ben-Zvi, vice president of social at Tinuiti. The focus now is making sure the ad content is the right fit for the environment, and that the Story ad strategy lines up with the overall Facebook and Instagram strategy, he said.

To learn more about how Stories will evolve next, Insider Intelligence subscribers can read our recent report:

Report by Debra Aho Williamson Jul 21, 2021

Marketing with Stories 2021

