

German Financial Ad Spending Gets Boost from Brexit Uncertainty

Article

While the UK and other EU countries are in the throes of preparing for Brexit, Germany may be benefiting most from changes in the UK's commercial landscape.

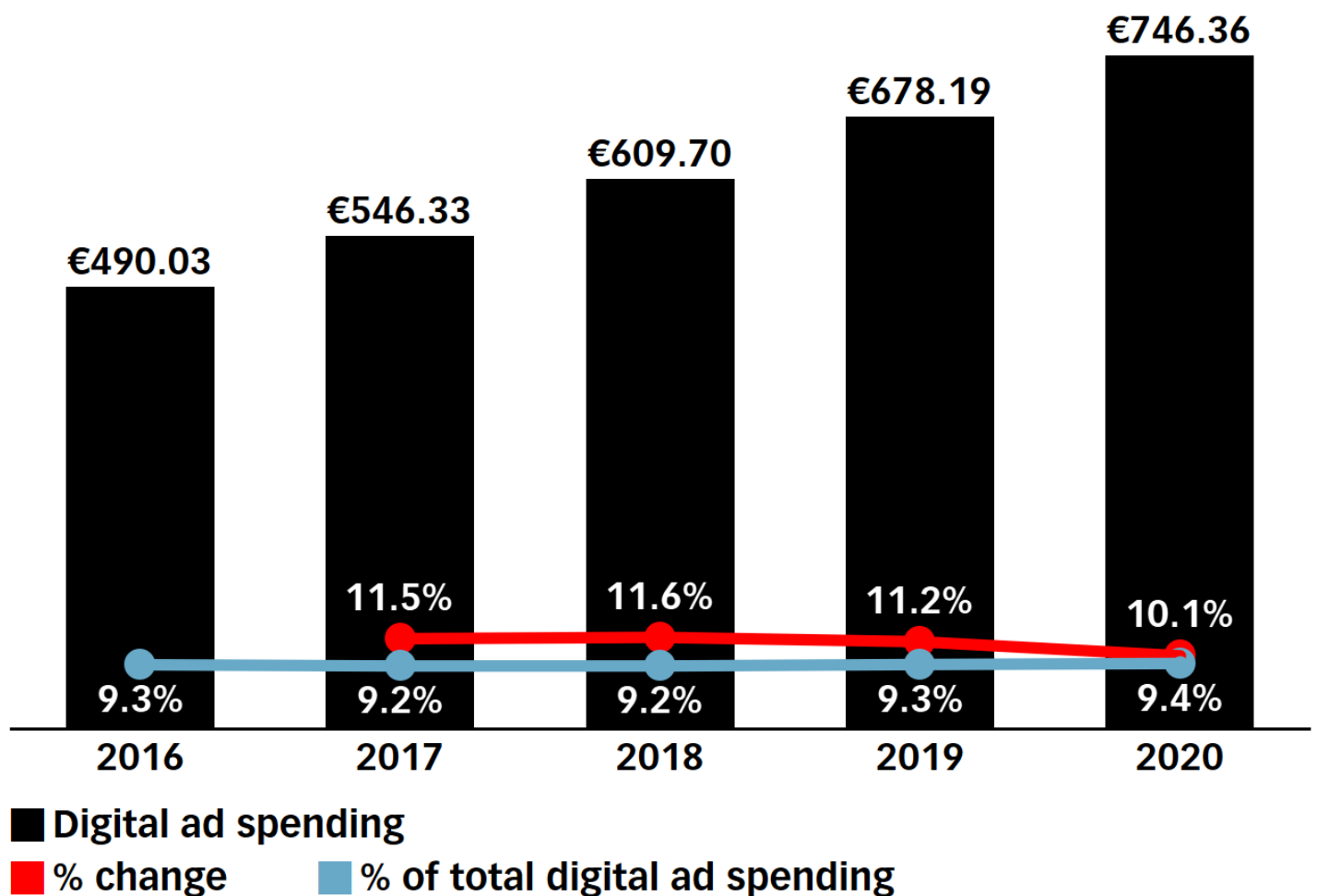
Many of the large financial institutions formerly headquartered in London are transferring staff, operations and other assets to Germany. This increased financial and commercial activity will boost Germany's GDP and spending of all kinds by relocated and local staff. It

also means German firms will have easier access to opportunities and business, likely leading to increased marketing budgets.

Some of these effects were already evident last year. We estimate that the German financial services industry's digital ad spending will climb by almost €70 million (\$83 million) in 2019. Annual growth will remain above 11% this year, before falling to 10.1% in 2020.

Financial Services Industry Digital Ad Spending in Germany, 2016-2020

millions of €, % change and % of total digital ad spending



Note: includes commercial banks, credit agencies, personal credit institutions, consumer finance companies, loan companies, business credit institutions and credit card agencies; also includes companies engaged in

the underwriting, purchase, sale or brokerage of securities and other financial contracts; includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms; converted at the exchange rate of US\$1=EUR0.847471

Source: eMarketer, July 2019

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The report "Werbemarktanalyse Banken 2019" from German company Research Tools investigated advertising by the banking and financial services sector between March 2018 and February 2019. The report, based on figures from the ad market specialist AdVision digital for the 300 banks and financial services firms with the highest ad outlays, indicated that spending by the sector rose from €706 million (\$833 million) to €720 million (\$850 million) during that period. Wealth management was the fastest-growing segment; volumes in that area had nearly doubled.

It should be noted that Germany's financial services industry is among the least-developed sectors with respect to digital ad spending, because heavier regulation in Europe means less access to consumers' personal data and hence less precise targeting. But that situation also points to rapid growth, as firms figure out how to balance regulatory constraints with online marketing and invest more heavily in digital in the future. For that reason, we expect financial services to outpace average market growth for digital and mobile ad spending during our forecast period.

Regarding mobile, more financial app solutions and mobile services are emerging for consumers, and these are promoted chiefly on digital platforms, rather than on TV as the industry has done in the past. Mobile ad spending by financial firms rose by almost 30% in 2018 and will jump an estimated 17.7% this year, to €453.7 million (\$535.4 million)—or 9.9% of all mobile ad spending in Germany. In 2020, the financial services sector is expected to claim 10.0% of mobile ad spending in the country, and 70.4% of all digital ad spending by that industry.

Financial Services Industry Digital Ad Spending in Germany, by Device, 2016-2020

	2016	2017	2018	2019	2020
Mobile (millions of €)	€265.6	€296.7	€385.3	€453.7	€525.4
—% change	-	11.7%	29.9%	17.7%	15.8%
—% of mobile ad spending	11.2%	9.7%	9.8%	9.9%	10.0%
—% of digital ad spending	54.2%	54.3%	63.2%	66.9%	70.4%
Desktop/laptop (millions of €)	€224.4	€249.7	€224.4	€224.5	€220.9
—% change	-	11.2%	-10.1%	0.0%	-1.6%
—% of desktop ad spending	7.8%	8.7%	8.3%	8.4%	8.2%
—% of digital ad spending	45.8%	45.7%	36.8%	33.1%	29.6%
Total (millions of €)	€490.0	€546.3	€609.7	€678.2	€746.4

Note: includes commercial banks, credit agencies, personal credit institutions, consumer finance companies, loan companies, business credit institutions and credit card agencies; also includes companies engaged in the underwriting, purchase, sale or brokerage of securities and other financial contracts; includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms; converted at the exchange rate of US\$1=EUR0.847471

Source: eMarketer, July 2019

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It follows that in 2020, desktop/laptop ads will account for less than 30% of all digital ad outlays by financial services firms—a sharp decline from 36.8% in 2018 and 33.1% in 2019.

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Report by Karin von Abrams Mar 28, 2019

Germany Digital Ad Spending 2019



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Report by Ross Benes Aug 01, 2019

Digital Ad Spending by Industry 2019

