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DIGITAL AD SPENDING CONTINUES TO INCREASE IN 2019

Libertyville, IL. Schonfeld & Associates, Inc. has just released the 42nd edition of its annual study, **Advertising Ratios & Budgets**. The new research report covers more than 4,300 individual companies within 310 industries. Over 700 non-U.S. headquartered firms whose stock is traded on U.S. stock exchanges are included in this year's study.

The study reports 2017 advertising budgets as well as forecasts for 2018 and 2019, advertising-to-sales ratios for 2018 and annual growth rates for ad spending and sales by company as well as industry so users of the study can monitor competition and plan their own ad spending. Overall, 2019 promises to be a year in which industries devoted to digital content will continue to significantly increase advertising spending while industries in more traditional arenas will see more modest increases. Although traditional advertising media is seeing a decline, the ever-growing variety of new advertising channels has resulted in increasing total marketing activity. Money spent in nurturing a social media presence provides near to real time two way communication with customers, helping to build and maintain brand loyalty.

The top 20 spenders in 2019 reflect the continuing shift in society from bricks and mortar to digital. Within the top 20 spenders, double digit increases in ad spending are predicted for Amazon, Alphabet and Booking Holdings (formerly Priceline); all are projected to see growth in sales of 10% or more.

Advertising by catalog and mail-order houses continues to increase robustly to over $16 billion. Online powerhouse Amazon continues to grow its advertising budget by just short of 15 percent. A presence within the social media universe, along with spending on more traditional advertising, has become an integral part of every retailer's marketing and advertising efforts. JD.com, the Amazon of China, with which Google has a strategic partnership, will increase ad spending over 20% to $2.8 billion.

Apple, well-known provider of consumer electronics, software and services, will increase its ad spending by over 17%. Advertising for semiconductors and related devices will be up 7 percent in 2019 and spending by computer manufacturers, led by Dell, will increase 12.3%.

The automotive industry is expected to be the top spending industry with an outlay of over $43 billion, a 2.8% increase. Daimler, Fiat, Ford, General Motors, Honda, Nissan, Toyota and Volkswagen will each spend over $3 billion.

The pharmaceutical industry will increase spending in 2019, exceeding $26 billion. Within the U.S. there is continuing support both for and against direct-to-consumer pharmaceutical advertising. It is now the most common form of health information encountered by the public. The biotech industry with its involvement in personalized medicine will grow its advertising spending by over 12% to $3.3 billion. As in other industries, use of social media has become integral to the marketing strategies of pharmaceutical companies.

Ad spending for cellular communications services will decrease 2.6% to just over $21 billion with sales projected to grow 2.7%. Growth in advertising by non-cellular telecommunication service companies will be down by 8% in 2019 with estimated spending of $9.6 billion worldwide. In the U.S. landline use continues to decline.

Diversified multi-media companies, such as Disney and NBCUniversal, are expected to grow their ad budgets slightly to over $11 billion while cable and pay TV services are increasing their ad spending 11% to $18.4 billion. In the entertainment industry, cord cutting has become a popular option.

Large, diversified food companies are expected to spend a total of just over $9 billion in 2019, down slightly from 2018. The soft drink industry will spend $7 billion, an increase of 4.8% on modestly increasing sales. The 63 separate restaurant chains in the Schonfeld study will spend a total of just over $3 billion in 2019, essentially no change from 2018.

Variety stores, such as Target, Wal-Mart and Dollar General, will increase their ad budgets 4% for a total of over $6.3 billion. Retail department stores, such as Macy's and Kohl's, will spend just over $2.7 billion in 2019, down 6.6% from 2018. Many of the former big names in retail are closing their doors.

Advertising Ratios & Budgets is widely used for strategic planning by ad agencies, monitoring competitors, planning ad budgets, and identifying new business prospects. It is also used for selling advertising space and time, and for planning by publishers and broadcasters in developing new media vehicles. Budgets are grouped to show all competitors within an industry. Data from the study are also available in Excel format. Additional information is provided within the datafiles to allow for analysis by corporate location or NAICS code.

Advertising Ratios & Budgets is compiled from a variety of sources such as 10-K Reports. Since reporting may vary from company to company, careful use of the findings is advised. Caution is urged when: (1) financial events such as mergers, acquisitions, and divestitures may distort spending patterns; (2) private ownership of very large companies in specific industries may mean that some advertisers are omitted; (3) multi-industry companies are reported only in their primary industry based on sales of their dominant line of business.

Copies of the 172-page study are available in either hard copy or PDF format for $ 395. Forecasts and data from **Advertising Ratios & Budgets** are also available for all companies and industries in Excel format. Additional information is provided within the datafiles to allow for analysis by corporate location or NAICS code. The 2018 edition of the 172 page study along with Excel datafiles is $ 495. Contact Schonfeld & Associates, Inc., 1931 Lynn Circle, Libertyville, Illinois 60048. Call for more information: 800-205-0030 or visit the company's web site at www.saiBooks.com under the Area of Expertise: Advertising Spending.