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## TRENDS IN THE DEVELOPMENT OF GLOBAL MARKET OF ADVERTISING SERVICES

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**Abstract.** Advertising is the driving force of any business. The internationalization of economic affairs contributes to the formation of the world market of advertising services that, in present time, has been developing as global and digitalized. The authors have set as a purpose of the article the revealing and exploring the trends in the contemporary global market of advertising services under the globalization and digitalization socio-economic megatrends. Methodology and Results: Based on the evolutionary approach to the global market of advertising services, and analysis of the relevant statistical data, the authors have systematized the main trends in the development of the global advertising market as well as have provided some explanation for them. The shifts in global advertising market produced by the COVID 19 global pandemic crisis have also been paid attention to. Besides, the authors have revealed and analyzed the particular directions in the development of global advertising services market within the general trends. Having applied the pragmatic approach to the study, the authors have elaborated some recommendations that, along with the outcomes of the article, may help business to develop its strategies in line of the revealed and systematized trends and particular directions in order to become more competitive at the contemporary global market of advertising services.

**Keywords:** Trend, Development, Global Market, Advertising Service

**JEL Classification:** F0, M3

### 1. INTRODUCTION

The success of any business much depends on its promotion, including through advertising channels. The processes of economic liberalization, which have now covered almost all the countries of the world, have contributed to the fact that these countries are rapidly integrating into the world economy and, therefore, into the world market of advertising services. This fact, in turn, contributes to the constitution of the world economy and its markets as global. Besides, the application of informational and telecommunication technologies contribute to the development of the world market of advertising services as the global one but in a virtual dimension, adding it to the traditional physical dimension. Thus, in order to become competitive, contemporary economic agents should follow the trends in the global market of advertising services.

*The purpose of the given article is to highlight and explore the trends on the world market of advertising services, the latter being in globalization and digitalization, to help increasing business competitiveness.*

The global advertising market is a sphere of international advertising activity associated with systematic sales and purchases of advertising services, organizationally based on global networks of advertising agencies. The global advertising market emerged and is currently developing in the process of deepening and expanding the process of economic integration, the activities of transnational and international companies, and the evolution of the world economy and international trade as the global ones. Today we can state that this market is huge - in 2021, the world's advertising expenditure was 705 billion US dollars, which is about 0.77% of the world GDP (Zenith, 2021, p.1).

*Methodology and results.* Our analysis of statistical data from world reports relevant to the present research, as well as the international investigations in the given field allowed the application of the evolutionary approach to the global advertising services market. As a result, we can sustain that there are many trends, which determine the contemporary development of the world advertising services market. Grouping them together, we can distinguish the following six basic current trends:

1. Continued globalization of the world advertising market, its further expansion and global consolidation.
2. Growth of volume of international advertising market (increasing investment in advertising).
3. The process of concentration of revenues and market share.
4. Changing channels and means of delivering advertising to consumers.
5. Shifts in the global advertising services market caused by the COVID-19 pandemic.

The process of exploring the highlighted trends allows us to identify the particular directions within each of these major trends.

## **1. CONTINUED GLOBALIZATION OF THE WORLD ADVERTISING MARKET, ITS FURTHER EXPANSION AND GLOBAL CONSOLIDATION.**

The modern advertising market is an integral part of the world economy, to the formation of which transnational companies make the most significant contribution. They work at the advertising market on a global scale, contributing to the accelerated development of the global mass media and the global exchange of information (Nikonova *et al*, p.59).

The increasing globalization of industries such as consumer goods and automobiles makes advertisers to change their creative and spending strategies to reach buyers in countries with growing disposable incomes. The transnational companies develop clear, simple and consistent marketing messages that are applicable to different cultures. The experts point out the global nature of the advertising market - all regions of the world economy contribute to the global advertising spending. The largest share is that of North America (42%), the Asia-Pacific region (29.6%), and Western Europe (17.4%) (Zenith, 2021, p.6).

At the same time, the globalization of advertising services requires multinational companies to study more deeply the cultural differences and peculiarities, including the linguistic ones, of

their target (local) markets. Thus, for example, as researchers from the Stern School noted, the advertising campaign under the name "Got Milk?" of the American Dairy Association, having been very successful in the US, did not work in Mexico because the phrase that was the basis of their promotional axis, when translated into Spanish, appeared as "Are You Lactating?" (Hirsh, 2022), acquiring an offensive connotation. Quite often, the humorous advertising campaigns might work in one country, while not fitting into a cultural environment in another country. In this context, it is worth mentioning that not only verbal messages, but also non-verbal ones should obviously be treated with a certain precautions, for example, the use of some symbols and colours. Thus, many tropical countries associate the colour green with danger, which is not the case in the US or European countries. The red colour is associated with wedding and happiness in China (Hirsh, 2022), India, and some Asian countries but may have a different perception in the European region.

The subsequent analysis leads us to highlight two opposite directions in the evolution of advertising services under the impact of globalization. *The first* refers to the need to develop clear, simple, uniform advertising messages with culturally neutral content that can be understood identically in any local market. *The second* direction forms itself under more in-depth localization of marketing strategies. The latter results in maximum adaptation of both products and advertising messages to the native culture of the targeted consumers. The transnational companies, which have developed successful global brands, can show us examples of the successful combination of both directions in their advertising messages, increasing their completeness on the global market. Thus, *McDonald's* corporation, on the one hand, has launched clear, simple and coherent messages on the global advertising market, which relate to different cultures in a uniform way. On the other hand, it has revised its product lines "to feature healthier items and others geared to local markets -- such as wine in France and sushi in Asian countries" (Hirsh, 2022). It also demonstrates through its advertising messages loyalty to the cultures of target markets by using ingredients specific to those cultures, for example, avoiding pork in the market of Arab countries and beef in the Indian market.

However, increased access to cable and satellite television, as well as broadband Internet, are also establishing global links between nations and common expectations of their consumers. This has worked particularly to the advantage of airlines, apparel manufacturers and other advertisers targeting a global audience. This allows us to continue the logic of the first direction within the globalization of the world advertising market mentioned above, by arguing that effective advertising through clear, simple, culturally neutral and standardized messages result in their effective perception, and can create new demand in new markets, influencing changes in habits and lifestyles of purchase at the local markets. In doing so, the overseas teenagers and young adults have turned American brands like *Levi's*, *Nike*, *McDonald's* and *Marlboro* into global brands (Hirsh, 2022).

Another trend, which has its echo in history, is to capitalize on events of global significance such as the Olympic Games to boost the companies' brands with an international audience. The bright examples here is the electronics manufacturer *LG* when the games were held in South Korea and wireless carrier *China Mobile* when the event was held in Beijing (Hirsh, 2022).

## **2. GROWTH OF VOLUME OF INTERNATIONAL ADVERTISING MARKET (INCREASING INVESTMENT IN ADVERTISING).**

According to global advertising agency *Zenith*, in 2010, global advertising spending was approximately 393 billion US dollars. In 2021, the figure increased to 688 billion US dollars (*Zenith, 2021, p.8*). Thus, the increase was 175%! Prognosis is that by the end of the 2020s, the figure will exceed 1 trillion US dollars (*Grous N., 2022*).

This trend can be explained by the fact, on the one hand, of the globalization of the international market of advertising services, on the other hand, by its digitalization. Thus, global digital expenditures showed explosive growth dynamics, starting with the year 2000, and demonstrate a constant increase, along with global traditional advertising expenditures, towards the year 2030 (*Grous N., 2022*).

## **3. THE PROCESS OF CONCENTRATION OF REVENUES AND MARKET SHARE.**

Currently, the global advertising market is dominated by a number of transnational corporations that have collected the most considerable part of the advertising business, which allows them to control a significant share of the global advertising market (*Nikonova et al, p.59*). Table 1 shows the ten largest advertising agencies, by revenue, which are particularly sizable in the global advertising services market.

**Table 1. The world's 10 largest advertising agencies by revenue in 2021**

Advertising agency	Headquarter	Revenue, billion US dollars
<i>WPP</i>	London	17.6
<i>Omnicom Group</i>	New York	14.3
<i>Publicis Groupe</i>	Paris	13.9
<i>Accenture's Accenture Interactive (acum - Accenture Song)</i>	New York	12.5
<i>The Interpublic Group of Companies</i>	New York	10.2
<i>Dentsu Group Inc</i>	Tokyo	9.9
<i>PwC's PwC Digital Services</i>	New York	8.9
<i>Deloitte's Deloitte Digital</i>	New York	8.7
<i>Hakuhodo DY Holdings</i>	Tokyo	7.5
<i>IBM Corp. 's IBM iX</i>	New York	6.4

Source: adapted by the authors based on [4]

The process of income concentration in hands of the small group of international companies could be explained, first, by the fact that these companies are able to capitalize on both directions within globalization, considered by us above. They develop global, transnational and local messages appropriate, on the one hand, to consumers of advertising services from the global market, on the other hand, to those from local markets. In the research (*Siscan Z., 2021*) global, local and transnational approaches to marketing communications are discussed in the light of neuromarketing, highly used by the leading advertising companies.. Secondly, the process of income concentration in the global advertising services market may also be explained by the fact

that the leading companies succeed to capitalize thanks to digitization of their international business. Thus, the analysis of the distribution of revenues and the market share from digital advertising during the years 2016-2023, so including forecasts, based on the data of the company eMarketer, shows us the concentration of global revenues from e-advertising at five leading companies, such as *Google* (31.5%), *Facebook* (14.3%), *Alibaba* (6.2%), *Tencent* (1.9%) and *Amazon* (0.8%), in 2016 (Cramer-Flood, 2021). Summing it up, we can notice that in the reference year the global market share of digital advertising services belonging to those five companies was 54.7%. Further study and calculations lead us to the conclusion that the total share of the revenues of the targeted companies is in increase, intensifying the trend of concentration of revenues and global market share. Thus, in 2020, the share of total revenues obtained by *Google* (27.5%), *Facebook* (22.3%), *Alibaba* (8.6%), *Tencent* (2.9%) and *Amazon* (5.2%) constituted already 66.5% of the total global digital advertising spend. Estimates for the year 2023 show us the market share of *Google* 27.5%, *Meta Platforms* (formerly Facebook) – 25.2%, *Alibaba* – 9.5%, *Tencent* – 3.1% and *Amazon* – 7.1% (Cramer-Flood, 2021). Thus, the simple calculation shows that the cumulative global digital advertising services market share of these five companies will increase to 72.4% by the year 2023.

#### **4. CHANGING CHANNELS AND MEANS OF DELIVERING ADVERTISING TO CONSUMERS.**

The analysis of the global market of advertising services through the lens of channels and means of delivery of advertising to consumers shows us that there is a redistribution of expenses in the direction of digital advertising. R. Logambal has argued in his research, dedicated to emerging trends in advertising, that a paradigm shift took place last decades. It conditioned the change of channels, means and modes of advertising. "There were days when producers and manufacturers depended only on radios, newspapers, and pamphlets to advertise their products it was only until the late nineties when digital media crawled in and in early 2000 seen it spread its wings"(Logambal, 2016, p. 22).

The analysis of statistical data, provided by the company *Raconteur Media* (Raconteur Media, 2021) through the optics of the evolution of expenses for advertising channels on the global market, allows us to highlight the following trends. Spending on newspaper advertising was increasing until 2007, spending on magazine advertising saw growth until 2008, and spending on TV advertising saw growth until 2014. Spending on search advertising began to rise suddenly in the early 2000s, and spending on social media and online cinema advertising began to increase from the year 2010.

The comparative analysis of the data for the years 2010 and 2021, provided by the advertising agency *Zenith* (Zenith, 2021), allows us to draw the following conclusions. In 2010, television was a priority channel for ad spending, accounting for 48.1 billion US dollars, which constituted, according to our calculations, 37.7% of total ad spending in the global market. Newspapers took the second position in the ranking, with a share of 20.9%, but online advertising services were only in the 3rd place, constituting 16.8% of total expenses (see table 2). However, the data from 2021 show us that the situation has changed radically. Spending on online advertising services has already reached 405.3 billion US dollars, which constituted 58.9% of the

total spending on advertising channels in the global market. The expenses for television knew the second position in the ranking, having the weight of only 24.8% in the total expenses. The placement of advertising in newspapers has already reached the 4th place (4.3%), letting the third position to the street advertising channel with a share of 5% of the respective total expenses.

According to estimates made by the leading company in global media investments *GroupM*, in its report edition of June 2022, digital advertising will reach 73% of the global industry's revenues (GroupM, 2022)

**Table 2. The evolution of advertising channels through the prism of expenses**

Advertising channels	2010			2021		
	Expenditure, billion US dollars	Share of total expense %	Ranking	Expenditure, billion US dollars	Share of total expense%	Ranking
<i>Newspapers</i>	82,2	20,9	2	29,7	4,3	4
<i>Magazines</i>	38,1	9,7	4	17,5	2,5	6
<i>Radio</i>	28,6	7,3	5	27,9	4	5
<i>Television</i>	148,1	37,7	1	171	24,8	2
<i>Cinema</i>	2,1	0,5	7	2,3	0,3	7
<i>Outdoor</i>	27,5	7	6	34,3	5	3
<i>Online</i>	66,2	16,8	3	405,3	58,9	1

Source: Adapted and calculated by the authors based on data from (Zenith, 2021)

As the particular directions within the considered trend of the changing investment priorities in advertising channels in favour to the online advertising, we can notice, first, that the share of social networks increased in the total spending for Internet advertising from 2.06 billion US dollars in 2010 to 148.8 billion US dollars in 2021 (Zenith, 2021, p. 8). Secondly, online advertising is absolutely dominated by mobile ad spend, not "desktop advertising", although 10 years ago it was the other way around. Thus, in 2010, desktop advertising constituted 65.746 billion US dollars, but mobile advertising registered only 501 million US dollars. Starting with 2017, in which spending on mobile advertising for the first time surpassed spending on desktop advertising, already constituting 127.4 billion compared to 89.7 billion US dollars and establishing itself as a trend. In 2021, spending on mobile advertising was 287.9 billion, but for desktop advertising - 117.4 billion US dollars in current prices (ibid.)

## **5. SHIFTS IN THE GLOBAL ADVERTISING SERVICES MARKET CAUSED BY THE COVID-19 PANDEMIC.**

The change in the global advertising services market that took place due to the COVID-19 pandemic could be expressed through a grouping of several particular trends here. *The first one* relates to the fact that the pandemic has completely disrupted consumer behavior. For many consumers, who preferred to buy goods in a physical reality, the need for online shopping appeared (Zenith, 2021, p.1). According to a study conducted by the international research

company *Kantar Millward Brown*, during self-isolation, people began to spend 63% more time behind the screens of personal computers and smartphones (Mikriukov *et al.*, 2021, p.147). As a result, companies have continued their increased investment in the digital transformation of its advertising. Several brands have started to adapt their advertising campaigns to the current situation and modify their promotional message. This constituted *the second particular trend*. For example, *KFC* released an ad in 2019 in which people licked their fingers after eating chicken. The company received 163 complaints from UK residents. People called it irresponsible and said it could spread COVID-19, so *KFC* representatives suspended such promotional messages. Confectionery brand *Hershey* ran an advertising centered on hugs and handshakes. Later, the company replaced its video with product image frames, accompanied by voice acting and text. This is how the brand representatives reacted to the corona virus outbreak and WHO recommendations to reduce contact with others. *Burger King* created two videos about the increased hygiene requirements at its units (Nasonova I., 2020, p.p.106-107).

Having analysed the situation through the lens of spending on advertising services, based on data from the *Zenith* agency, we can notice that these spending, in current prices, decreased in 2020 compared to 2019 by 3.8%, but registered an unprecedented increase in 2021 by 15.6 %, (Zenith, 2021, p.9), first of all, thanks to electronic advertising.

During the pandemic, the advertising budget planning strategy changed. According to a survey conducted by the agency *PRT Edelman Affiliate*, among marketing directors and media directors of large international companies, about 40% of respondents said that they had done budget planning ad hoc, and 30% switched to monthly planning. Almost 60% of respondents reported that they stopped outdoor advertising during the pandemic, 38.5% reduced spending on BTL, 34% on traditional TV, 25% on commercial marketing and 22% on radio advertising. Among the priority digital channels for promotion, advertisers identified social media marketing (66%), contextual advertising (53%), blogger activations (44%), advertising banners (37%), and digital PR (31%) (Chervonsky A., 2020).

International experts in the field of advertising services emphasize the growing role of social networks in the promotion of global products and services. According to the online survey, organized by the researchers Mikriucov V. and Axenova A., 56.5% of respondents reported that they began to spend more time on social networks and the Internet during the pandemic (Mikriukov *et al.*, p. 148). Business people, who actively capitalized on the different forms and new technologies in digital advertising, caught the trend. In doing so, the special attention they pay to gamification of the content of promotional messages, the development of AR technologies, CTV advertising, and active collaboration with opinion leaders (influencers).

Proceeding from the fact that maintaining consumer attention both in the sense of time and under high pressure of global competition is an actual issue for business people, creativity comes to the foreground. Alongside with the new technologies, advertisers have also used the corona virus theme for advertising purposes, updating it to the needs of the audience. Thus, the advertising and communications company *BBDO* developed in the early days of the pandemic a series of videos for its clients to educate the Internet audience about the corona virus, as well as showing what measures they should take to protect themselves against the virus. By doing so, the company supported the current trend and demonstrated care towards the consumer, which did not go unnoticed (Mikriukov *et al.*, p. 149).

## CONCLUSION

Advertising is the driving force of any business. The deep internationalization of economic affairs, on the one side, and the scientific-technologic progress with its ICTs, on the other side, contribute to the development of the world market of advertising services as global and digitalized. This fact, in its own turn, calls forth numbers of trends on the global advertising market that can be grouped in five trends as follows: continued globalization of the world advertising market; increasing investment in advertising; concentration of revenues and market share; changing channels and means of delivering advertising to consumers, and shifts in the global advertising services market caused by the COVID-19 pandemic. Each trend contains some particular directions.

The list is not completed, but proceeding from the preliminary research outcomes, there may be drawn some recommendations for increasing competitiveness of economic agents in the contemporary global environment. Globalization of the world market for advertising services makes it especially significant for the advertisers to find its niche, to maintain it under the high intensive global completion, to target as precise as possible its target audience, to assess correct the communication and promotion channels, to switch to the new channels based on the new technologies, and to learn new methods in digital advertising. Communicating messages to the target audience is as effective as the dissemination and communication channel is properly selected. Each category of consumer, depending on the criteria according to which it has been established, is receptive only to certain communication channels, i.e. their correct assessment means that the message reaches the consumer directly, thereby increasing the chances that the consumer will react favorably and achieve the act of purchase. Allocation of a budget reported in percentage correct and sufficient for promotion.

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