

A decorative crown graphic with intricate patterns and a central diamond shape at the top.

**AD SPEND REPORT**

**DIGITAL MARKETING**

**HEALTHCARE, MEDICAL & PHARMACEUTICAL**

**Q32021**

A golden olive branch wreath encircling the central text.

**ASG**

**AL-SAID GROUP**

**مجموعة السعيد**



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# NOTE

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The report looks at the global market, however focuses specifically on the US market.

There is no categorically unanimously accepted data set for the market sizes. As such this report looks at a selection of credible data sets as well as proprietary data and formulates mean figures and data ranges.

## 1 MARKET SIZE

### 1.1 GLOBAL DIGITAL ADVERTISEMENT MARKET

1. **2020** | \$155.53 Billion USD across all industry sectors spent globally on digital display ad spaces as a conservative figure.
  1. European based 'Beroeinc' have recorded \$340 billion USD spend for 2020, this figure however includes digital marketing services such as campaign management and graphical design, plus search engine marketing and not just display ad or sponsored content ad spend.
    1. This breaks down as:
      1. North America: \$140 billion USD (41.18% Market Share)
      2. Asia & Pacific: \$120 billion USD (35.3% Market Share)
      3. Europe & EU: \$60 billion USD (17.65% Market Share)
      4. Middle East & Asia: \$6 billion USD (1.77% Market Share)
    5. It should be noted that the above figures raise questions over definitions of regional market boundaries.
  2. Beroeinc by the same system of data analysis also valued the 2019 market size at \$290 billion USD.
  3. Google held a 28.9% market share in the USA.
    1. USA is their largest and domestic market.
  4. Facebook held a 25.2% market share in the USA.
    1. USA is their largest and domestic market.
  5. Amazon held a 10.3% market share in the USA.
    1. USA is their largest and domestic market.

2. **2021** | Based on the figures from Q1 and Q2 the predicted total digital ad spend in 2021 is \$179.77 Billion USD across all industry sectors spent globally on digital display ad spaces. This gives a Compound Annual Growth Rate (CAGR) of 15.6%
  1. This figure however is some what disputed with US based market research company Statistics modelling for a 2021 predicted market size of \$190.426 billion USD.
  2. Emarketer predicted the largest 2021 market value at \$455.3 billion USD. (\$251.362 bn on display ads and sponsored content).
    1. Emarketer explains the disparate of figures by separating out; search marketing, display ads and sponsored content and digital marketing services. Emarketer explains that their \$455.3 billion USD spend is predicated in 2021 on a combination of all of the above. 55.2% of which will be spent on display ads and sponsored content. Giving a total global digital ad spend in 2021 of \$251.326 billion USD.
      1. This figure was modelled using only 37 national markets and scaled to represent the global market. Some of the regional and national assumptions therefore may not be accurate.
  3. Other markets such as Turkey are seeing rising sale volumes but very low revenues per sale with CPM as low as \$0.10¢ USD or even less.
    1. [The mean market size estimate for digital display ads and sponsored content in 2021 is: \\$207.186 billion USD.](#)
4. **2025** | Whilst the COVID19 pandemic saw a surge in CAGR in 2019 and 2020, many industries (but not the overall market) including Health related ad spends saw a drop off in 2021. The overall CAGR for digital ad spends is predicted to slow to 11.8% by 2025 giving a global total annual digital ad spend of \$281.32 Billion USD in 2025.
  1. Emarketer predicts a mid decade peak of around \$645.8 billion USD including all digital marketing related services. This would equate to approximately \$356.5 billion USD in display ads and sponsored content spending.
    1. This figure was modelled using only 37 national markets and scaled to represent the global market. Some of the regional and national assumptions therefore may not be accurate.
  2. World Wide Digital Ad Spending Report 2021 predicts the 11.8% CAGR rate will be realised by 2023 not 2025 with the rate falling further to 10.2% by 2025 for the digital marketing market as a whole and not specific to just display ads and sponsored content.

## 1.2 USA - HEALTHCARE, MEDICAL AND PHARMACEUTICAL (HMP)

1. **2020** | Ad spending on digital ads in the US, specifically for MHP grew by 14.2% in 2020. The US market size realising \$9.53 billion USD. Making MHP the second largest industry for digital ad spend only behind consumer electronics. Display ads alone rose by 15.7% to realise \$4.04 billion USD of the total \$9.53 billion USD spend.
  1. Search engine marketing continued to dominate in 2020 USA with Search occupying a 44% market share.
  2. Banner ads accounted for 31%.
  3. Digital video ads occupied a 17% market share.
  4. An 8% market share was occupied by other formats including sponsored content and bespoke solutions.
  5. Working on the assumption that the USA holds a 41.18% market share for all digital marketing services and a similar market share is prevalent within the MHP sector this predicts:
    1. Using the Beroenic's report that the USA total combined digital marketing market value for 2020 was \$140 billion USD out of a global market of \$340 billion USD. HMP sector spending on digital display ads and

sponsored content equated to 6.8% of all digital marketing spending in 2020 in the USA. **Worth \$23.12 billion USD in 2020**

1. World Wide Digital Ad Spending Report 2021 predicted the market share to be 7.1% by the end of 2021.
  1. Compared to:
    1. Retail: 21%
    2. Financial Services 14.6%
    3. Entertainment 5.2%
    4. Media 4.7%
    5. Travel 2.4%
2. Using the most conservative calculation of \$155.53 billion global spend directly on digital display ads and sponsored content with the USA retaining a 41.18% global market share then this gives the HMP sector a 14.89% global market share. **Worth 23.16 billion USD in 2020.**
3. Taking the highest or lowest figures, working from total digital marketing services market or the more specific digital display ads and sponsored content market, the total global market value for HMP sector digital marketing always equates to a between \$21.14 and \$23.2 billion USD in 2020 regardless of which report's data is used for the modelling.

## 2 MARKET GROWTH

### 2.1 GLOBAL MARKET GROWTH<sup>1</sup>

1. **2019** | 18.6% CAGR with 51% of global marketing spending occurring in the digital marketing sector.
2. **2020** | 12.7% CAGR with 58.2% of global marketing spending occurring in the digital marketing sector. This growth is despite COVID19 restrictions being at their highest levels globally during this period.
  1. Combined marketing (digital and traditional) market size actually shrunk in 2020.
    1. Only China saw a market growth in traditional marketing. China recorded a combined marketing market growth of 7.4% for 2020.
    2. India saw the largest digital marketing market growth at 31.7% CAGR.
  2. USA saw an HMP specific digital marketing market growth of 14.2% during 2020. Indicating that the HMP sector could be slightly above the global marketing trend rates of growth.
  3. CNBC reported that the total digital marketing market grew by 12% in the USA for 2020. 2.2% behind the HMP sector.
3. **2021** | 20.4% CAGR with 60.9% of global marketing spending occurring in the digital marketing sector.
  1. This figure is 15.6% if looking solely at the digital display ads and sponsored content spend.
4. **2022** | 15.2% CAGR predicted with 63.6% of global marketing spending occurring in the digital marketing sector.
5. **2023** | 11.8% CAGR predicted with 65.9% of global marketing spending occurring in the digital marketing sector.
6. **2024 - 2025** | 10.2% CAGR predicted with 67.8% of global marketing spending occurring in the digital marketing sector.
7. The global digital marketing market size is set to continue to grow at a rapid rate well into the mid-decade. However the rate of growth is predicted to slow.
8. Digital marketing is set to continue it's rapid gains in the percentage market share of the overall global marketing (digital and traditional) market.
9. India is set to become the world's largest spender in digital ad spending by 2025.

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<sup>1</sup> Oscar Bruice, Eric Haggstrom, Brian Lau, Peter Zahle, Zach Goldner, Nazrul Islam, Shellen Shum, Vincent Yip | World Wide Digital As Spending Report 2021

## 3 HMP MARKET VALUE

### 3.1 HEALTH, MEDICAL AND PHARMACEUTICAL GLOBAL MARKET VALUE

1. Working on the assumption that the US market for all digital marketing services equates to 41.18% market share. This would value the MHP digital display ad and sponsored content market size at: \$21.14 - \$23.2 billion USD with a forecast CAGR of 10.2%-15.2% over the period ending 2025.

1. This values each 0.1% of the global market share at \$21.14 - \$23.2 million USD.

2. This means to achieve a revenue of \$1 billion USD working on the lowest figures modelled, you would need a 4.73% market share in 2020. As the market grows so will the value of each market share percentage point, thus lowering the market share required for a \$1 billion USD revenue.

1. Revenue is of course not the same as a company's valuation.

2. Removing search ads and other formats, concentrating only on display ads which equate to 42.4% of all HMP sector digital ad spends:

1. 0.1% of the global market share would equate to \$9.81 million USD in 2020.

2. This would require a 10.19% market share to achieve a \$1 billion USD annual revenue in 2020.

## 4 NICHE MARKETS

### 4.1 UK MARKET

1. The UK is a prime example of how some valuable, but niche markets often work in quirky ways.
  1. HMP sector marketing in the UK in 2020 fell by a colossal 20% across cinema, out of home, radio, Television and other traditional forms of marketing.
  2. Vitamins and tonics manufacturers however increased their spending to £19 million GBP across the above platforms.
  3. Over the same period Immune System remedies that suggested but did not directly say they could help fight COVID19 recorded £18.46 million GBP in marketing spends across the same platforms.
  4. Health-Beauty Clinics, retreats and clubs spent £18 million GBP followed by:
    1. Indigestion remedies £15.7 million GBP
    2. Antiseptics £14.2 million GBP
    3. Flu and Cold remedies £12.8 million GBP
    4. Hearing aids £11 million GBP
    5. Analgesics £11.2 million GBP
    6. Contact lenses £11.2 million GBP
    7. Weight loss 9.4 million GBP
    8. Hairloss and health focused smart watches also saw significant spend increases at £7.3 million GBP each. (Apple accounting for 50% of smart watch spends and Samsung 20%)
2. UK marketing is dominated by a small number of key platforms in Television, Out of Home marketing, News-Media marketing, Social-Media marketing, radio and cinema. Some of the best conversion rates in London coming from Out of Home marketing such as TFL network screens and News-Media sponsored content.
3. The overall size of the UK digital marketing market rose by just 5% in 2020 to realise a market value of £16.5 billion GBP (\$22.67 billion USD) or approximately one third of the European market share.

## 5 CONSIDERATIONS

### 5.1 HEALTH AND PHARMACEUTICAL OBSTACLES TO MARKETING

1. Legal and regulatory restrictions exist in every country as to what can be advertised.

1. This applied to:

1. The country from which the client originates.
2. The country in which the platform is registered.
3. The country in which the data is stored.
4. Every country in which the content is displayed.

2. These regulations can sometimes be contradictory and cause conflict resulting in content being censored or restricted in some geographic regions.

2. Google only permits pharmaceutical manufacturers to market in Canada, New Zealand, and the USA. No other territory.

1. Over the counter medicines are less restricted but still remain unavailable for marketing in most countries and vendors must obtain Google certification which Google must in turn pass through a complicated matrix of bureaucratic systems.

2. The mean CPC on Google search platforms for HMP sector ads is \$3.27¢ in 2021 Q1 and Q2.

1. Google display ads platforms over the same period for the same industries saw a mean CPC of just \$0.59¢.

1. This is why many display ad platforms no longer operate CPC models and opt instead for fix fee fixed duration displays more in line with the publishing industry.

3. Many countries and there for platforms such as Facebook have laws and policies that do not allow for the profiteering or exploitation of crises or “controversial political or social issues for commercial purposes.”

1. This means that sponsored content and display ads may have to be removed or temporarily disabled using geo fencing at certain times, such as during a pandemic or national election.

2. An example of this being hand sanitisers and face masks along with cures, vaccines, remedies or other related items which were banned in many countries and by many platforms during the COVID19 pandemic.

### 4.2 FORMATTING PREFERENCES

1. HMP sector digital marketing spend in the USA breaks down as 57.5% on mobile friendly ad formats. Which is notably lower than the 68% across all industries and sectors.

2. The vast majority of digital marketing spend (55.6% in the USA) from the HMP sector is still spend on search engine advertisements.

## 6 CASE STUDIES

### 6.1 INTERNATIONAL PRESS & MEDIA GROUP

1. IPMG owns a network of Out of Home marketing spaces such as in-transport displays, shopping mall displays. Movie and television product placements. Newspapers and magazines (print and digital) and commercial websites.
2. IPMGs digital ad revenues were 5.77% CPC generated and 94.23% fixed fee contract generated.
  1. Mean CPC sold on proprietary platforms (not through a third party such as Google) \$2.06 USD
  2. Mean fixed fee per display ad \$2'125.15¢ USD
  3. Mean fixed fee per sponsored content article \$8'244.29¢ USD
  4. Mean Out of Home display ad: \$68'700 USD per week per ad
3. Medical, Health and Wellbeing, Pharma and similar industries made up 10.80% of all ad spends globally
  1. UK: 7.5%
  2. EU: 8.0%
  3. USA & Canada: 14.9%
  4. Middle-East: 15.1%
  5. East Asia: 18.2%
  6. Africa: 6.9%
  7. Other: 5.0%

### 6.2 AL-SAHAWAT TIMES

1. Al-Sahawat Times is a print and digital newspaper originating in the Middle East but available world wide focused on positive and ethical global news stories.
2. Al-Sahawat Times digital ad revenues were 16.4% CPC generated and 83.6% fixed fee contract generated.
  1. Mean CPC sold on proprietary platforms (not through a third party such as Google) \$3.00 USD
  2. Mean fixed fee per display ad \$8'000 USD
  3. Mean fixed fee per sponsored content article \$16'500 USD (Digital only)
  4. Mean fixed fee per sponsored content article \$41'221 USD (Print only, excluding front, rear and inside front/rear pages, excluding multi page spread, pull outs, inserts or supplements)
3. Medical, Health and Wellbeing, Pharma and similar industries made up 9.09% of all ad spends globally, mostly thought sponsored content.

#### 4. Most popular formats for sponsored content:

1. Advertorial | Documentary style: A documentary style deep dive into a subject that highlights an issue and subtly supplies the client as the solution provider to that problem.
2. Advertorial | Interview style: Interviewing influential specialists to talk about an issue or condition. Again the client is presented as the solution to the issue(s) at hand. This can contain multiple clients per article as clients can be hyperlinked into specific words, paragraphs or sentences easily.
3. Advertorial | Encyclopaedic style: Material is offered as an educational or research resource. The material's main focus is to offer impartial and genuinely useful reference materials to students, professionals or the public. This material has to be credible so that it may be picked up by universities and respected institutes. The research however can contain sponsored mentions to clients.

#### 5. Most popular formats for display ads:

1. In line ads: Adverts that are either graphical, text or linked that appear in the flow of a relevant subject matter.
  2. Content relevant ads: Similar to in line ads these only appear among relevant material however, they do not appear in line. They are displayed at the side, top or bottom of the content in a predetermined and standard format marketing frame.
  3. Volume ads: These are not content specific or targeted to content. They can be targeted to user demographics such as location, gender, age, income band etc but they are there to attract the largest audience possible from within that demographic. A typical example being a well known pharmacy client who every winter takes out advertisements for iron supplements, vitamin D and Vitamin C supplements in English, Bengali, Arabic, Hindi, Urdu, Panjabi, Gujarati and Tamil. These ads are only shown to readers from Canada, Northern USA states, UK and Northern EU states. They are targeted at females ages 20-60. They do not display for any other demographics. These ads can be charged fixed fee or CPC but most commonly are charged per thousand impressions.
6. CPM (Cost per thousand impressions) and CPC (Cost per click) and CPA (Cost per action) ads require a reliable, robust and trusted proprietary ad delivery network. Metrics need to be transparent to the clients and there needs to be a dispute resolution process. Many platforms for this reason start out by using third parties such as Google until their traffic is high enough and their brand reputable enough to take such metrics management in house. Al-Sahawat Times no longer used Google, instead using an in house proprietary platform, however Amazon ads are run along side these. In particular for Spanish speaking audiences. CPM ads typically bring in \$3-10 USD per thousand impressions. CPA ranges dramatically from \$50-100 USD to 15-20% commission depending on the client and action.

### 6.3 GOOGLE

1. The mean CPC on Google search platforms for HMP sector ads is \$3.27¢.
2. Google display ads platforms over the same period for the same industries saw a mean CPC of just \$0.59¢.

### 6.4 BUSINESS REPORTER

1. The Business Reporter is a newspaper print and digital supplement that utilises print and digital display ads and sponsored content.
  1. The average revenue for print content (actually obtained not advertised RRP) is \$16'000 USD
  2. The average revenue achieved for digital sponsored content is \$4'000-\$8'000 USD
  3. HMP sector marketing equates to between 4% and 5% of total digital ad spend.



## 6.5 THE TELEGRAPH

1. Digital ads and sponsored content vary a lot here, but the normal range to expect for anything medical, pharma or health related is in the \$50'000 - \$132'000 USD range. Whilst options do start from £99 GBP and they market their minimum fee at £96'000 GBP for sponsored bespoke digital content or print content. In reality most clients do not pay any figure close to this fee.

## 6.6 NEW PLATFORMS

1. Typically a new platform that has a niche speciality with high readership/unique user figures can expect to charge in the following ball parks initially and rising as their reputation builds:
  1. Sponsored digital content: \$8'000 USD per individual article with a time limit (typically one or two year before they need to pay a maintenance or renewal fee to keep to content live).
    1. If they sales team are new to the industry and the platform is also new however it is not uncommon to initially see these heavily discounted to as low as \$2'000 USD.
  2. Display ads: Fixed fee display ads billed on a monthly or annual basis, for a new platform can realistically attract \$1'500 USD for periods 1, 3, 6 or 12 months depending on the skill of the sales team.
    1. Instead of discounting these it is more common to see them bundled together into longer term packages, more or varied ads over a staggered period of delivery. Theses should not be selling for less than \$1'000 USD in any circumstances although some platforms that work on very large volumes on shorter term ads of course sell them for a lot less.
3. CPC: \$1-\$3 USD is typical.
4. CPM: \$3-\$10 USD is typical.
5. CPA: \$50-\$75 is typical.

~~~~~**END DOCUMENT**~~~~~