The image shows a smartphone displaying an Instagram post with 480,722 likes. The phone is resting on a red and white grid pattern, likely a calendar. The text 'Instagram Advertising Benchmark Report' is overlaid on the grid.

INSTAGRAM ADVERTISING BENCHMARK REPORT

JUNE 2016

Instagram adoption soars among direct response advertisers as return on ad spend grows

More than ever, in-house performance marketing teams are realizing the value of Instagram advertising to scale revenue growth on mobile. With more than 400 million users in its highly engaged global community, Instagram is one of the most attractive advertising opportunities for modern marketers.

Despite Instagram's relatively young ad ecosystem, Nanigans has seen continued rapid adoption and improved performance among marketers using Nanigans advertising automation software. Companies are finding success on Instagram driving real revenue growth—whether that's from growing a mobile game's base of monetizing users, or from attracting new and repeat purchasers for a large-scale retailer.

Since Nanigans' first Instagram advertising report in December 2015, this report offers insight into how the ecosystem is growing and benchmark data on the most important trends profit-driven digital advertisers need to know.

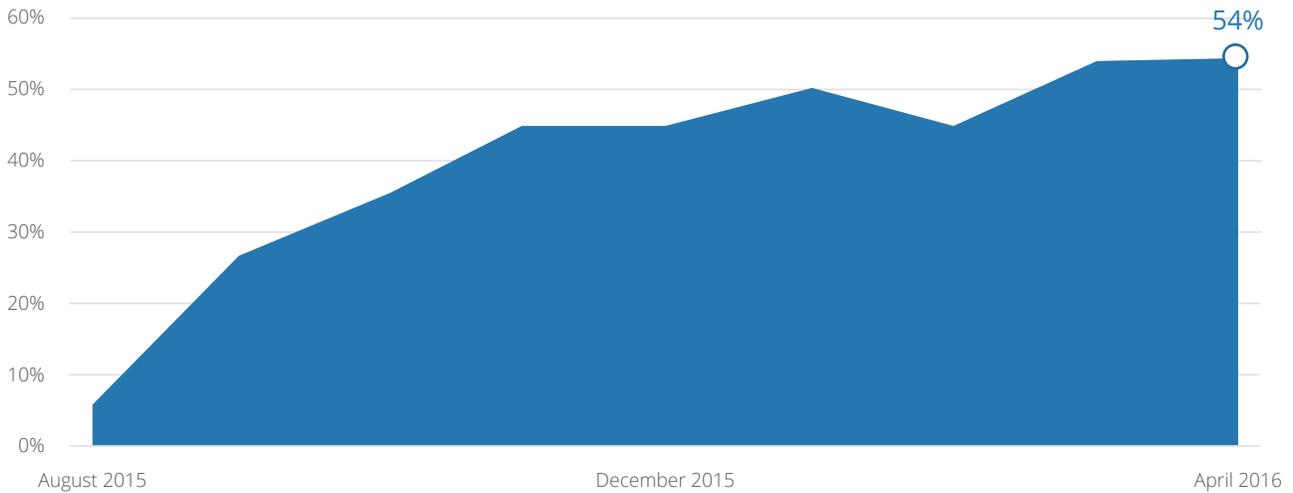
WHAT'S IN THE REPORT

- ✓ Global adoption and ad spend trends
- ✓ Insight on growth in return on ad spend
- ✓ Aggregate performance benchmarks vs. Facebook
- ✓ Vertical benchmarks for ecommerce and gaming advertisers

ADOPTION CROSSES 50% AS AD BUDGETS RISE

Since Instagram opened its platform to all advertisers in August 2015, adoption has accelerated rapidly, especially among marketers using Nanigans advertising automation software. A 54% majority of Nanigans advertisers spending on Facebook in April 2016 also allocated ad spend to Instagram, reflecting massive growth on the channel.

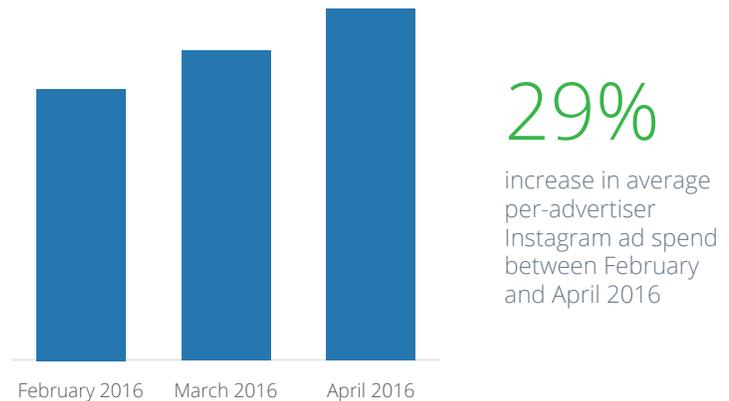
Share of Nanigans Customers Advertising on Instagram



As adoption has grown, so has the scale of ad budgets. Among Nanigans customers, average Instagram ad spend increased 29% between February and April 2016.

With rising budgets, Instagram is cementing its position as a core channel for digital advertisers powering growth on mobile. This trend is the result of strong performance, rapid innovation in direct response ad products, and the ability to use Facebook's familiar targeting capabilities to quickly scale growth and ROI.

Instagram Ad Spend Growth



DRIVING HIGHER RETURN ON AD SPEND

As one of the first verticals to scale on Instagram with Nanigans, ecommerce advertisers continue to find success with higher return on ad spend. By leveraging the platform's unique visual character to promote products and services in a highly compelling way, ecommerce advertisers are effectively growing revenue on Instagram through a combination of both acquisition and retargeting campaigns.

The top-spending ecommerce brands have collectively driven 62% higher return on Instagram ad spend, comparing August - October 2015 and February - April 2016.

62%

increase in return on Instagram ad spend among top-spending ecommerce advertisers

INSTAGRAM PERFORMANCE VS. FACEBOOK

To accurately compare Instagram and Facebook advertising performance, Nanigans analyzed consistent metrics from advertisers managing campaigns on both Instagram and Facebook over the same period of time: Click-through rate (CTR), cost per 1,000 impressions (CPM), and cost per click (CPC). Since these metrics are on a same-advertiser basis, they may not match previously reported figures in other Facebook benchmark reports.

Instagram CPMs in early 2016 remained stable compared to those observed six months prior, decreasing just 2%.

Since Nanigans' prior [Instagram advertising report](#), Instagram made a noteworthy change to how ad clicks are calculated. With the roll-out of [ad overlays](#), Instagram transitioned to only count clicks from people who tap an ad's overlay link leading to their website/app or the app store, along with clicks to an ad's CTA button (e.g. Install Now, Shop Now).

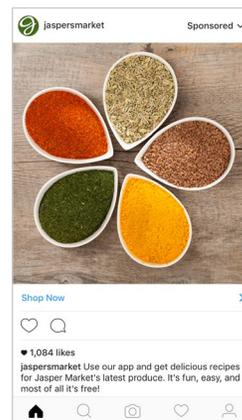
In an even more recent change in June 2016, Instagram implemented a full-width CTA button below an ad's photo or video, replacing the overlay behavior and prior CTA design.

Instagram found that a majority of ad clicks occurred not on the overlay, but on the CTA button itself, which now highlights in blue upon tapping an ad's image. This new behavior further confirms a person's intent to click through to a website, mobile app, or app store. When someone first clicks directly on the CTA button, their intent is clear and they are driven offsite.

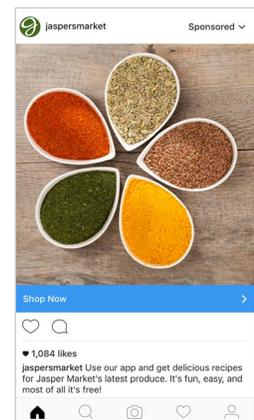
Global Advertising Performance Benchmarks, Facebook vs. Instagram

	📷 Instagram	📘 Facebook
CPM	\$5.68	\$6.28
CTR	0.4%	1.3%
CPC	\$1.41	\$0.50

Data is representative of Nanigans customers advertising on Instagram between February 1 and April 30, 2016.



On Display



On Media Tap

These latest changes benefit performance marketers by disregarding engagement from people who clicked an ad, but never took any action. Despite having a near-term impact on CTR and CPC metrics, the result is higher-quality clicks to websites or apps, which in turn drive higher return on ad spend.

INSTAGRAM POWERS GROWTH ACROSS VERTICALS

Ecommerce and gaming continue to represent the two dominant verticals among Nanigans customers advertising on Instagram. Average CTRs and CPMs for ecommerce advertisers remain higher than those of game advertisers, while CPCs are more closely aligned.

The appeal of Instagram advertising extends far beyond these two verticals; since the start of 2016, travel, education, and lead generation advertisers using Nanigans have significantly increased ad spend on the channel.

Instagram Advertising Performance Benchmarks, by Vertical

	Ecommerce	Gaming
CPM	\$5.74	\$4.72
CTR	0.6%	0.4%
CPC	\$1.03	\$1.13

Data is representative of Nanigans customers advertising on Instagram between February 1 and April 30, 2016.

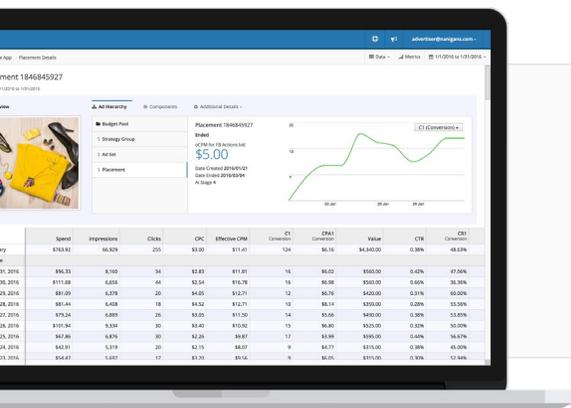
INSTAGRAM AD TREND TO WATCH: DYNAMIC ADS

Instagram’s ad products are rapidly evolving, and Facebook continues to bring some of its most effective capabilities to marketers the channel.

In May 2016, Facebook announced [the extension of dynamic ads to Instagram](#). With this development, direct response advertisers can now leverage the highly engaging format (formerly known as dynamic product ads) to promote the right products to the right customers on Instagram—already an environment of high purchase intent. Advertisers in all industries, and especially retailers, will likely be quick to adopt dynamic ads on Instagram in the coming months.

ABOUT THIS REPORT

This report is representative of Instagram® and Facebook® ad impressions delivered by customers leveraging Nanigans advertising automation software. The vast majority of Nanigans customers are direct response advertisers at ecommerce, gaming, and other Internet and mobile companies. Many leverage Nanigans’ ROI-based bidding algorithms, which focus on reaching high-value and high-ROI audiences (e.g. those who make purchases) and typically cost more to reach. As such, the data in this report may not necessarily be a proxy for the overall Instagram marketplace.



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Make an Introduction