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Mobile leads the acceleration in global advertising expenditure

The global advertising market is on a path of steady recovery, with growth of 3.5% forecast for 2013, followed by 5.1% in 2014 and 5.8% in 2015, according to the latest *Advertising Expenditure Forecasts* from ZenithOptimedia. Our 2013 Q2 report reflects an increase in forecast growth for 2014 and 2015, by 0.1 and 0.2 percentage points respectively, compared with our figures for Q1, but a downgrading of 0.4 percentage points for 2013.

The recovery in 2014 and 2015 will be led by internet advertising, the principal engine of adspend growth. ZenithOptimedia is forecasting internet advertising to increase by an average of 15% a year between 2012 and 2015, and contribute 66% of all growth in ad expenditure across the world. This growth is being driven by digital innovations – such as better measurement of exposure to advertising, greater localisation, and integration with mobile devices – and online video and social media, which continue to grow at about 30% per year.

Mobile is growing five times faster than desktop internet

Mobile is, by some distance, the fastest-growing segment of internet advertising. ZenithOptimedia is forecasting mobile to grow by 67% in 2013 and at an average of 51% a year between 2012 and 2015, driven by the rapid adoption of smartphones and tablets. By contrast, we forecast desktop internet advertising to grow by 10% a year. Here we count as mobile all internet ads delivered to smartphones and tablets, whether display, classified or search.

We estimate that global mobile adspend totalled US\$8.6bn in 2012, representing 9.8% of internet spend and 1.8% of advertising across all media. By 2015, we forecast this total to leap to US\$29.4bn, which is 21.9% of internet expenditure and 6.1% of all expenditure. This substantial rise in mobile adspend would go some way to address the current disparity between mobile usage and adspend. US estimates for 2012 put mobile's share of time spent across all media at 11.7% (source eMarketer), while we estimate that its share of US adspend was just 2.5%.

Growth in 2013 now expected to equal 2012

We now expect global ad expenditure for 2013 to grow at the same rate as last year: 3.5%. There are two main factors behind this downgrading against our Q1 forecast: the continuing recession in the eurozone, and security concerns in South Korea.

The economic recovery that economists hoped to see in the eurozone in the second half of 2013 appears to have been postponed until the beginning of 2014. We now expect to see adspend fall 3.9% across the eurozone in 2013, down from the 1.6% decline we predicted in April. This still represents improvement after the 5.2% decline in 2012. Assuming that the eurozone economy begins to recover at the end of 2013, we expect ad expenditure to stabilise in 2014 – growing by 0.8% – followed by slow recovery in 2015, with 1.8% growth that year.

The recent heightened tension between North Korea and its neighbours obviously had the greatest effect in South Korea, where fears of conflict depressed consumer confidence and made advertisers a lot more cautious. We expect this, coupled with a slowdown in exports caused by the strong local currency, to lead to a 6.5% decline in adspend in South Korea in 2013. Compared to our previous forecast for South Korea, this represents a loss of US\$1.3bn, and 0.2 percentage points of growth, from our global 2013 forecast.

The biggest contributors to global ad growth

The US is still, by some distance, the world's largest advertising market, accounting for 33% of all ad expenditure in 2012. It is therefore the biggest contributor of new ad dollars to the global market, despite its maturity. Between 2012 and 2015, we expect the US to contribute 29% of the US\$73bn that will be added to global adspend. After the US, however, the biggest contributors are all much younger and more dynamic markets. China comes second, accounting for 18% of additional ad dollars over this period, followed by Argentina (7%), Indonesia (6%) and Russia (4%). Between them these five markets will contribute 64% of the extra expenditure in the global ad market between 2012 and 2015.

“The global advertising market is continuing to show steady growth on its path of recovery. Internet advertising is driving adspend growth, and after several years of market expectation, mobile is at the forefront of this. Mobile devices are now integral parts of the lives of many consumers around the world, but still present huge untapped potential for marketers to engage with consumers in a personal, interactive and highly effective way,” said Steve King, CEO, Worldwide, ZenithOptimedia.

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About ZenithOptimedia

ZenithOptimedia - www.zenithoptimedia.com - is a leading global media services network with 250 offices in 74 countries. We are part of Publicis Groupe, the world’s third largest communications group, and the world’s second largest media counsel and buying group. As the first agency to apply a rigorous and objective approach to improving the effectiveness of marketing spend, ZenithOptimedia delivers to clients the best possible return on their communications investment. This philosophy is supported by a unique approach to strategy development and implementation across the full spectrum of paid, owned and earned contact points – the Live ROI planning process. The ZenithOptimedia Group of companies equips our clients with a full range of integrated skills across communications planning, value optimisation, performance media and content creation. Our key clients include Armani Group, ASUS, Aviva, BBC Worldwide, British Airways, Electrolux, General Mills, Lactalis, LVMH, Nestlé, News Corporation, L'Oréal, Oracle, Puma, Qantas, Reckitt Benckiser, Richemont Group, Royal Bank of Scotland, Sanofi, Telefónica O2, Toyota/Lexus, Verizon and Whirlpool.

About ZenithOptimedia's forecasts

ZenithOptimedia's *Advertising Expenditure Forecasts* report contains forecasts of advertising expenditure by medium for 79 countries. It has been published continually since 1987, and is used by agencies, media owners, banks, analysts, consultants, academics and governments around the world.

Advertising Expenditure Forecasts is published quarterly priced £435. It may be ordered in hard or soft copy from www.zenithoptimedia.com.