

EMBARGO: 00.01 GMT/01.01 CET Monday 7 December 2015

Global mobile advertising expenditure to overtake desktop in 2018

In 2018 mobile advertising will overtake desktop and account for 50.2% of all internet advertising, according to ZenithOptimedia's new *Advertising Expenditure Forecasts*. Mobile advertising will total US\$114bn in 2018, up from US\$50bn in 2015, and will be larger than all other media except for television (which will total US\$215bn, up from US\$206bn in 2015).

Mobile advertising is responsible for almost all of the growth in global adspend. We forecast it to grow at an average rate of 32% a year between 2015 and 2018, and to contribute 87% of all of the new ad dollars added to the global market during these years.

ZenithOptimedia forecasts desktop internet advertising to peak at US\$114bn in 2017, before falling back slightly to US\$113bn in 2018, as adspend migrates from desktop to mobile.

Programmatic advertising will be 60% of digital display in 2016

Programmatic advertising will account for more than half of digital display advertising (53%) for the first time this year, and will increase its share to 60% in 2016, according to ZenithOptimedia's new *Programmatic Marketing Forecasts*, also published today. Programmatic advertising has risen to dominate the digital display market in just a few years, having accounted for just 12% of display adspend in 2012. Programmatic adspend grew from US\$5bn in 2012 to US\$38bn in 2015, at an average rate of 100% a year. Its growth is slowing down as it extends its dominance of the display market, but we expect programmatic advertising to grow another 34% in 2016 and 26% in 2017, at which point two thirds of global display will be programmatic.

The US is the biggest programmatic ad market by a long distance, worth US\$16.8bn in 2015 and accounting for 44% of global programmatic adspend. The UK comes second, worth US\$2.6bn and accounting for 7%.

Internet to overtake television in 2018

Television is currently the dominant advertising medium, with a 38% share of total adspend in 2015. In 2018, however, we expect the internet to overtake television to become the largest single advertising medium. Looking at the ad market as a whole, we think television's share peaked at 39.7% in 2012, estimate it at 37.7% in 2015, and expect it to fall back to 34.8% by 2018.

However, one of the reasons for television's loss of share is the rapid growth of paid search, which is essentially a direct response channel (together with classified), while television is the pre-eminent brand awareness channel – and we expect it to remain so for many years to come. We estimate television will account for 44.7% of display expenditure (i.e. excluding internet classified and paid search) in 2015, and 42.9% in 2018.

Audiovisual advertising is becoming more important for brand building

Audiovisual advertising as a whole – television plus online video – is gaining share of display advertising. Television offers unparalleled capacity to build reach, while online video offers pinpoint targeting and personalisation of marketing messages. Both are powerful tools for establishing brand awareness and associations. We estimate that audiovisual advertising will account for a record 48.4% of display advertising in 2015, up from 44.1% in 2010, and expect its share to reach 48.9% in 2018.

Digital editions will help magazine publishers increase total ad revenues by 2% next year

Advertising in printed magazines is in decline across most of the world; in the US we forecast print magazine ad revenues to shrink 1.8% in 2016. However, ZenithOptimedia estimates that US magazine publishers generate 20% of their revenues from digital editions, and these revenues are growing rapidly. Taking these digital revenues into account, we predict that magazine publishers will enjoy an overall 1.8% increase in total revenues next year.

Quadrennial to boost global adspend by US\$6.1bn in 2016

The world advertising market has been stable since 2011, growing at about 4%-5% a year, and we expect this stable growth to continue at least until 2018. 2016 will be a relatively strong year, with 4.7% growth in global adspend, up from 3.9% in 2015. 2016 is a 'quadrennial' year, when ad expenditure is boosted by the US presidential elections, the Summer Olympics and the UEFA football championship in Europe.

We forecast that the US election will provide a net US\$3.2bn boost to US adspend, especially to television and internet advertising, while the Olympics lifts global adspend by a new US\$2.0bn, especially to television and outdoor. UEFA Euro 2016 will boost adspend by a net US\$0.9bn, also concentrated in television and outdoor, mainly in Europe but also in Latin America and Asia Pacific.

India, Indonesia and the Philippines are hotspots of adspend growth

Adspend growth is slowing down in three out of the four BRIC markets that were responsible for much of last decade's ad market expansion. Between 2005 and 2010 adspend grew at an average rate of 10.7% a year in Brazil, 10.3% in Russia and 16.9% in China. Brazil and Russia are now in recession, and China is slowing down, and between 2015 and 2018 we expect annual growth to slow to 3.5% in Brazil, 5.3% in Russia and 7.5% in China. Russia and China will continue to beat the global adspend growth rate, however.

The fourth BRIC market – India – continues to combine rapid growth and large scale, making it a distinct hot-spot of adspend growth, together with Indonesia and the Philippines. These markets are benefiting from sustained, healthy economic growth and strengthening personal consumption. These are the only three markets in which adspend is growing at double-digit annual rates and will expand by at least US\$1bn between 2015 and 2018: we forecast the Philippines to expand by US\$1.2bn over this period (at 13% a year), India by US\$3.0bn (also 13% a year) and Indonesia by US\$4.1bn (17%).

“Growth of the global ad market is being driven by advances in technology, especially mobile and programmatic tech,” said Steve King, ZenithOptimedia's CEO, Worldwide. “But television remains by far the most important channel for brand communication, and online video, its digital offshoot, is increasing the audiovisual share of global display advertising.”

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About ZenithOptimedia

ZenithOptimedia - www.zenithoptimedia.com - is a leading global media services network with over 7,500 people working in 262 offices across 74 countries. We are part of Publicis Groupe [Euronext Paris FR0000130577, CAC 40], the world's third largest communications group, and the world's second largest media agency 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 Aviva, Clarins, Coty, Kering, Lactalis, L'Oréal, LVMH, Nestlé, Oracle, Reckitt Benckiser, Richemont Groupe, SCA, Sanofi, Toyota and 21st Century Fox.

About ZenithOptimedia's forecasts

ZenithOptimedia's *Advertising Expenditure Forecasts* report contains forecasts of advertising expenditure by medium for 80 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 £495. It may be ordered in hard or soft copy from www.zenithoptimedia.com.