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Mobile to drive growth in global adspend over the next three years

Advertising is set to see the strongest sustained period of growth in ten years, with global adspend growth forecast to rise from 3.6% in 2013 to 5.3% in 2014. Growth is then set to increase to 5.8% in 2015 and 2016. The principle engine of this growth will be mobile technology, which is expanding the space for media consumption.

According to ZenithOptimedia's new *Advertising Expenditure Forecasts*, growth in global adspend next year will come from the continued steady improvement in Europe and the three 'semi-quadrennial' events: the Winter Olympics, the football World Cup, and the mid-term elections in the US. We forecast that the global advertising market will accelerate to 5.8% in 2015 as a strong broad-based economic growth takes hold, followed by another year of 5.8% growth in 2016. This assumes that the Eurozone's gradual recovery continues and no new crisis occurs.

Mobile is expanding overall media consumption

Mobile is now the main driver of global adspend growth. This the first time in the past 20 years that a new platform is expanding overall media consumption without cannibalising any of the other media platforms. We forecast mobile to contribute 36% of all the extra adspend between 2013 and 2016. Television is the second largest contributor (accounting for 34% of new ad expenditure), followed by desktop internet (25%), which continues to enjoy significant growth alongside that of mobile advertising.

Despite its sizeable growth, mobile advertising still only accounted for 2.7% of global adspend in 2013. By 2016, however, we expect it to account for 7.7% of adspend, leapfrogging radio, magazines and outdoor to become the world's fourth-largest medium. We count as mobile all internet ads delivered to smartphones and tablets, whatever their format.

ZenithOptimedia's *New Media Forecasts* - also released today - details the growth of mobile technology in 31 countries across the world*. In this report, we forecast smartphone penetration will increase across these markets from 37% in 2013 to 64% in 2016, while tablet penetration will increase from 9% to 16% over the same period.

Of the 31 markets we assess, South Korea has the highest smartphone penetration. 83% of people in South Korea now have a smartphone, and we expect this proportion to rise to 92% in 2016. The rest of the top five are in Western Europe: Norway (73% penetration in 2013, forecast to rise to 85% in 2016), Ireland (71% in 2013 and 92% in 2016), the UK (65% in 2013 and 83% in 2016), and the Netherlands (64% in 2013 and 72% in 2016).

The smartphone leader South Korea does not appear in the tablet ranking until 19th (11% tablet penetration in 2013 and 17% in 2016), thanks to the popularity of hybrid smartphone/tablets ("phablets"), which we have counted as smartphones. Instead, the Netherlands has the highest tablet penetration (41% in 2013 and 60% in 2016), followed by Australia (36% in 2013 and 50% in 2016), Norway (32% in 2013 and 38% in 2016), the UK (31% in 2013 and 47% in 2016) and France (29% in 2013 and 65% in 2016).

Rising Markets are growing three times faster than Mature Markets

The world's ad markets are growing at two very different paces. Mature Markets** are struggling with debt and low innovation, and their populations are ageing, with growing numbers of retirees supported by a shrinking workforce. We forecast these markets to grow at an average of just 3% a year between 2013 and 2016. Meanwhile Rising Markets are improving their education systems, infrastructure, productivity and adoption of technology, and they have a young population with an expanding workforce. We expect them to grow at 9% a year. The Rising Markets currently account for 35% of global adspend, but we expect them to contribute 61% of adspend growth between 2013 and 2016.

BRIC growth is slowing

The G7 markets (Canada, France, Germany, Italy, Japan, the UK and the USA) have a median age of 40; they account for 58% of global adspend, but we forecast them to grow at an average annual rate of only 3.6% between 2013 and 2016. The BRICs (Brazil, Russia, India and China) have grown

enormously over the last twenty years, and now account for 14% of global adspend, up from 1% in 1993. They are much younger than the G7 (with a median age of 31), and we forecast them to grow at an average of 9.5% a year over the next three years, but this is well down on their average growth of 15.8% in the previous decade.

Youthful markets provide the next wave of adspend growth

We have identified six youthful markets that are large, are growing rapidly, and have a young, vigorous population: Indonesia, Mexico, Philippines, South Africa, South Korea and Turkey. These markets have a median age of 27, and we forecast them to grow at an annual average rate of 14.9% between 2013 and 2016. While they currently account for only 7% of global adspend, we expect them to contribute 16% of all the ad dollars added to the global market over this period. They will provide the next wave of rapid adspend growth as the BRICs continue to slow.

“Mobile technology is creating new opportunities for marketers to connect with consumers. Combined with the continued rise of young, dynamic markets, this will spur healthy and sustained growth in global adspend over the next three years,” said Steve King, ZenithOptimedia’s CEO, Worldwide.

*The 31 markets with smartphone and tablet penetration figures covered by the *New Media Forecasts* are: Australia, Austria, Brazil, Canada, China, Czech Republic, Denmark, Ecuador, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Israel, Japan, Netherlands, New Zealand, Norway, Pakistan, Russia, South Korea, Spain, Sweden, Switzerland, Taiwan, Turkey, Ukraine, the UK and the USA. Belarus is also covered in the report, but without the mobile technology forecasts.

**We define Mature Markets as North America, Western Europe and Japan, and Rising Markets as everywhere else

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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, Bacardi-Martini, Electrolux, General Mills, Lactalis, LVMH, Nestlé, News Corporation, L'Oréal, Oracle, Puma, Qantas, Reckitt Benckiser, Richemont Group, Royal Bank of Scotland, Sanofi, SCA, 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 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.

The *New Media Forecasts* report forecasts the spread of mobile devices in 31 markets across the world, and examines how consumers in these markets (plus Belarus) use digital media; how internet advertising, social media and e-commerce are developing; and how quickly new media technologies are being adopted. It has been published annually since 2012, and is also available on www.zenithoptimedia.com for £345.