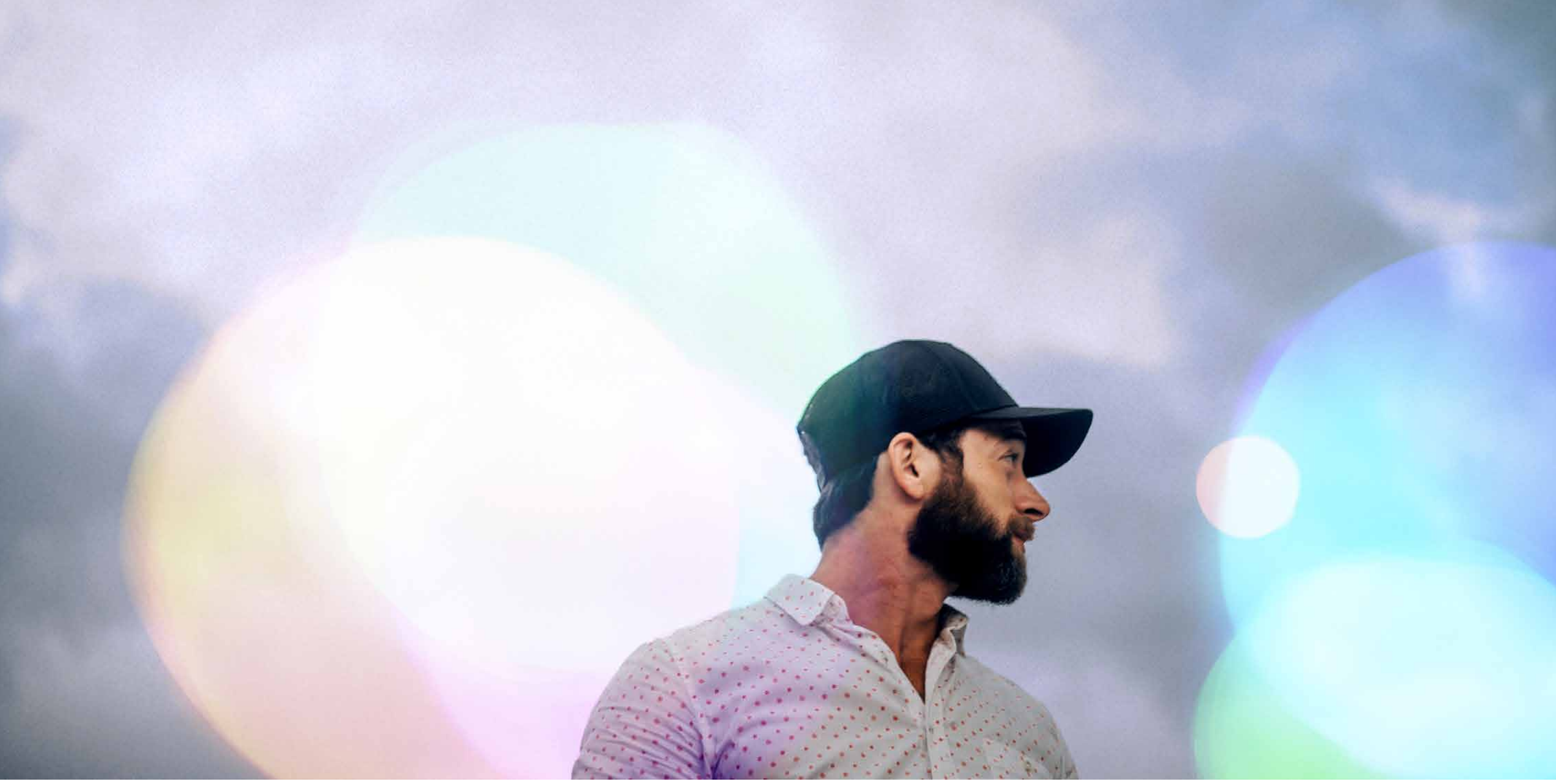
dentsu

Global Ad Spend Forecasts

January 2022



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Top 10 Ad Spend Trends in 2022

1. Ad spend forecasts show global growth of 9.2% in 2022, with the advertising market reaching US$745.0 billion, exceeding the 2019 prepandemic spend levels by US$117.2 billion.

2. Growth in 2022 is nearly three times the growth of 3.4% in 2011 - second year post recovery from the global financial crisis.

3. 2022 builds on a stronger than expected recovery in 2021 when global ad spend exceeded 2019 levels by 8.7% and increased year-on-year by 17.0% - the highest recorded market growth by dentsu.

4. The positive momentum from 2021 will continue into Q1 2022, with growth on a like-for-like basis by 8.9% boosted by the Winter Olympics & Paralympics Beijing 2022. Q2 and Q3 2022 is forecast to grow by 10.3% and 10.7% respectively. Q4 2022 is forecast to grow by 9.2% on a like-for-like basis driven by the FIFA World Cup Qatar and the pre-Christmas surge.

5. The fastest growth markets in 2022 are forecast to be India 14.6%, US 14.0%, Russia 11.2%, and Canada 10.9%.

6. Digital spend is forecast to account for a 55.5% share of global spend in 2022 and is predicted to increase to 59.4% share in 2024. Social (21.4% YOY growth), Video (18.9% YOY growth), and Search (16.9% YOY growth) are predicted to lead digital growth.

7. The strong demand and the limited supply of TV audiences has led to price inflation. Linear Television ad spend is forecast to grow by 3.8% in 2022 to reach US$197.8 billion, however share is declining with focus growing on Connected TV and Video on Demand (VOD).

8. Global OOH spend is forecast to recover and exceed prepandemic levels by US$3.0 billion in 2022 to account for US$40.6 billion, the third largest share of ad spend at 5.5%. Advancements in measurement of campaign effectiveness, technology, programmatic and offering will drive OOH growth in 2022.

9. Linear media (Linear Television, Print, OOH, Radio, Cinema) increased by 7.0% in 2021 and is predicted to grow by 3.2% in 2022, however spend at US$326.8 billion will continue to be 5.9% lower than prepandemic levels of spend in 2019.

10. Global ad spend is predicted to grow by 4.6% in 2023 and by 5.8% in 2024.

All forecasts are dependent on the evolution of the global pandemic, new COVID-19 variants, and related government restrictions.

Global Outlook

Ad spend optimism despite economic uncertainty

The global economic outlook is still uncertain in 2022

The economic recovery is expected to continue throughout the year. According to the OECD forecast, global real GDP will grow by 4.5% in 2022. Although the momentum is easing compared to 2021 (5.6%), projected growth is still above prepandemic growth level (3.3% average between 2013 and 2019).[1]

The global response to the evolution of the COVID-19 pandemic will play a decisive role in how forecasts ultimately play out. Although recent history has shown that no scenario can be completely ruled out and that the emergence of variants presents new unknowns, a return to a global total lockdown like we have experienced over the last two years seems unlikely at this point.

The World Health Organization has warned that blanket travel bans will not prevent the international spread of variants such as Omicron, calling instead for “rational, proportional risk-reduction measures”, and reiterating the need for the expansion of vaccination[2] which is still too uneven across the world. Yet, Air Travel, Hospitality and Tourism could stay under intense pressure in 2022 if travel restrictions are enforced.

Supply logistics is another key factor influencing growth prospects. By creating a supply-demand mismatch, the COVID-19 pandemic has put the global supply chain under pressure, leading to shortages across a wide range of industries.

The critical role of semi-conductors in powering our always-more connected ways of living has made the headlines of mainstream news outlets, and industries like Automotive had to curtail production for lack of chips. Experts believe the semi-conductor shortage could start improving in the second half of the year,[3] but the situation could remain tense until early 2023.[4]

This supply situation has contributed to rising inflation over the last 18 months. Headline consumer price inflation (i.e., including food, fuel, and energy prices) is expected to rise to 4.25% in 2022 (3.5% in the major advanced economies), peaking in the first quarter before gradually declining as the impact of jumps in energy costs, commodity prices, transportation costs and the effect of shortages fades.[5]

From a political standpoint, key general, federal and midterm elections will be held in every region, such as in the United States, Brazil and Colombia for the Americas, France, Sweden and Kenya for EMEA, and South Korea, India and Australia for APAC. Beyond the direct ad spend impact through political spending, uncertainty around elections outcomes could influence stock market, investments, and consumption dynamics differently in these markets.

The immediate health, economics, and political priorities should not cause policy makers and business leaders to lose sight on the environmental crisis at play and the need for strong response. In new research by dentsu and Microsoft Advertising, 86% of people surveyed across the globe responded they are concerned by climate change, topping concerns around the COVID-19 pandemic (85%), the health of their friends and family (79%), or the cost of living in their area (76%).[6]

The media landscape undergoes a deep transformation

Narrowing our focus to the media world, we expect the fragmentation of viewership to play a significant role in the transformation of the industry.

While in many parts of the world Linear Television viewing remains the single best source of quality mass reach and dominates the video advertising day, for several years we have observed an overall downward trend in linear viewing, as audiences embrace on-demand services. As this eroding viewership intersects with a high demand for live TV advertising from brands, available ad inventory shrinks, which ultimately fuels price inflation. In the United States alone, flat spend between 2018 and 2020 resulted in a 10% reduction in reach.[7]

In that context, as media owners strive to capture and retain viewers, the streaming wars rage. Long gone is the time where Netflix was reigning unchallenged over the Over the Top (OTT) segment. All major TV networks have launched or are about to launch their subscription video on demand (SVOD) or advertising-based video on demand (AVOD) divisions, crossing swords with tech giants equally eager to recruit viewers and make their service ecosystem "stickier." This race to arms leads to massive investment in intellectual property to bolster on-demand offerings through exclusive originals.

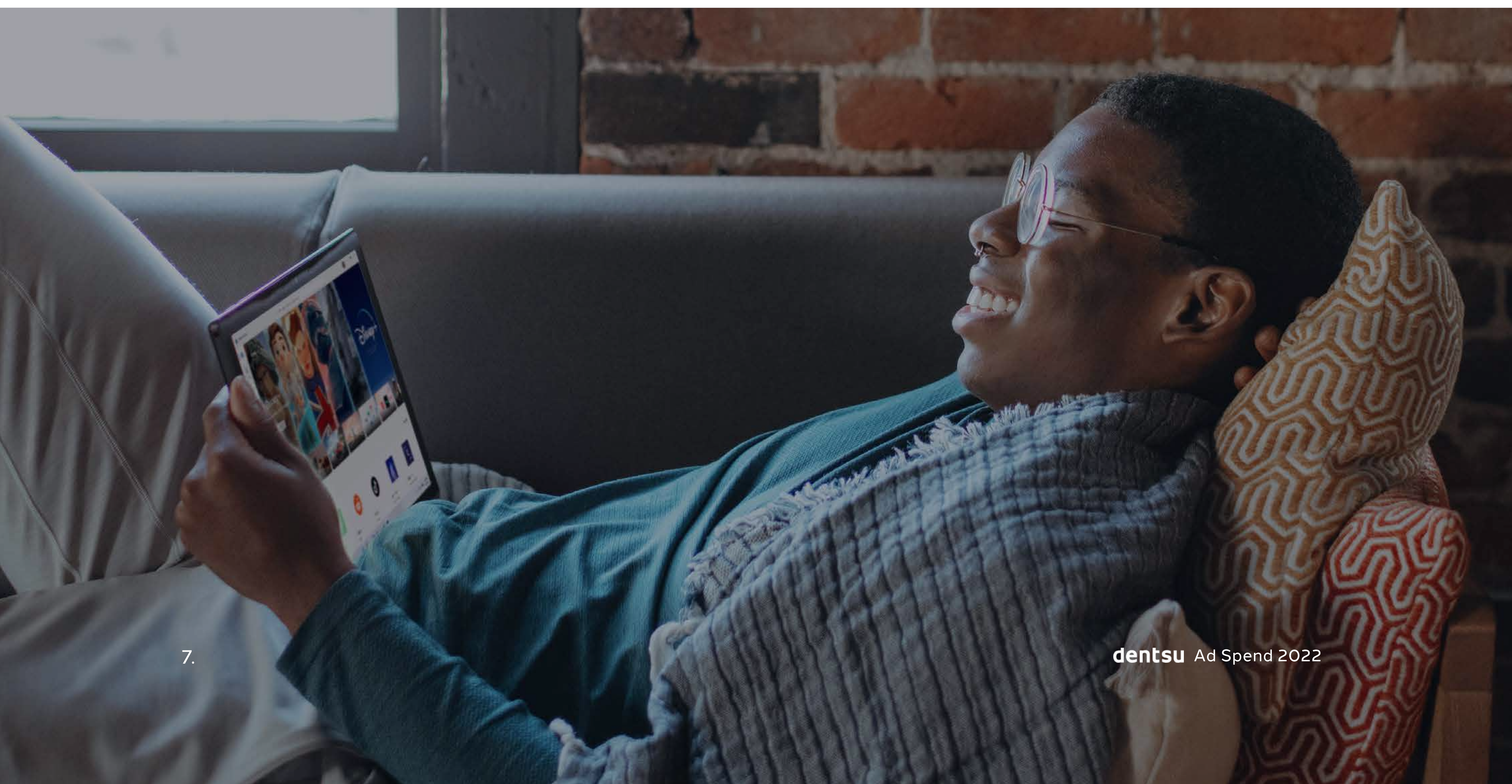
It also fuels a market consolidation dynamic illustrated by the recent mergers or advanced discussions between WarnerMedia and Discovery in the United States,[8] Sony Pictures Networks India and Zee Entertainment in India,[9] and TF1 and M6 in France.[10] This appetite could in turn lead to increased scrutiny from antitrust regulators keen to rein back consolidation moves that could drastically affect market power dynamics. Additionally, as the OTT options explode, a risk of subscription fatigue and higher churn rate looms. As such, hybrid approaches with both premium (SVOD) and ad funded (AVOD) "free" entertainment options could become more frequent among players trying to reach critical mass.

> **"As we spend more time consuming digital media, brands have the opportunity to tap into the increased flexibility with which consumers engage media through multiple touchpoints.**
>
> **Businesses who truly understand these developed human behaviours have the best opportunity to build long lasting relationships with their customers."**
>
> Peter Huijboom,
> Global CEO, Media & Global Clients,
> dentsu international

Yet, the rise of on-demand consumption does not mean the end of live, communal viewing experiences in 2022. The year is bookended with two major global sporting events, the Winter Olympics in Beijing in February and the FIFA World Cup in Qatar in November-December (a first in this season), which typically command massive TV audiences. Film studios have also built up an important backlog of movies that should hit theatres in the next months and attract crowds on the condition that public gatherings are allowed. Furthermore, new forms of communal experiences are developing at pace. Many platforms such as Taobabo Live,[11] Facebook Live Shopping,[12] and Pinterest TV[13] now offer live shopping experiences to audiences. As for the already popular events on Fortnite,[14] they offer a glimpse of what the metaverse could do for the entertainment industry.

Once again, hybrid business models could become increasingly popular, as illustrated by major studios making first-run movies available direct-to-consumer via streaming services and theatres concomitantly. It will be interesting to witness how the rest of the entertainment industry, including sports broadcasters, develops new models converging live-event TV with streamed content to satisfy new viewing habits.

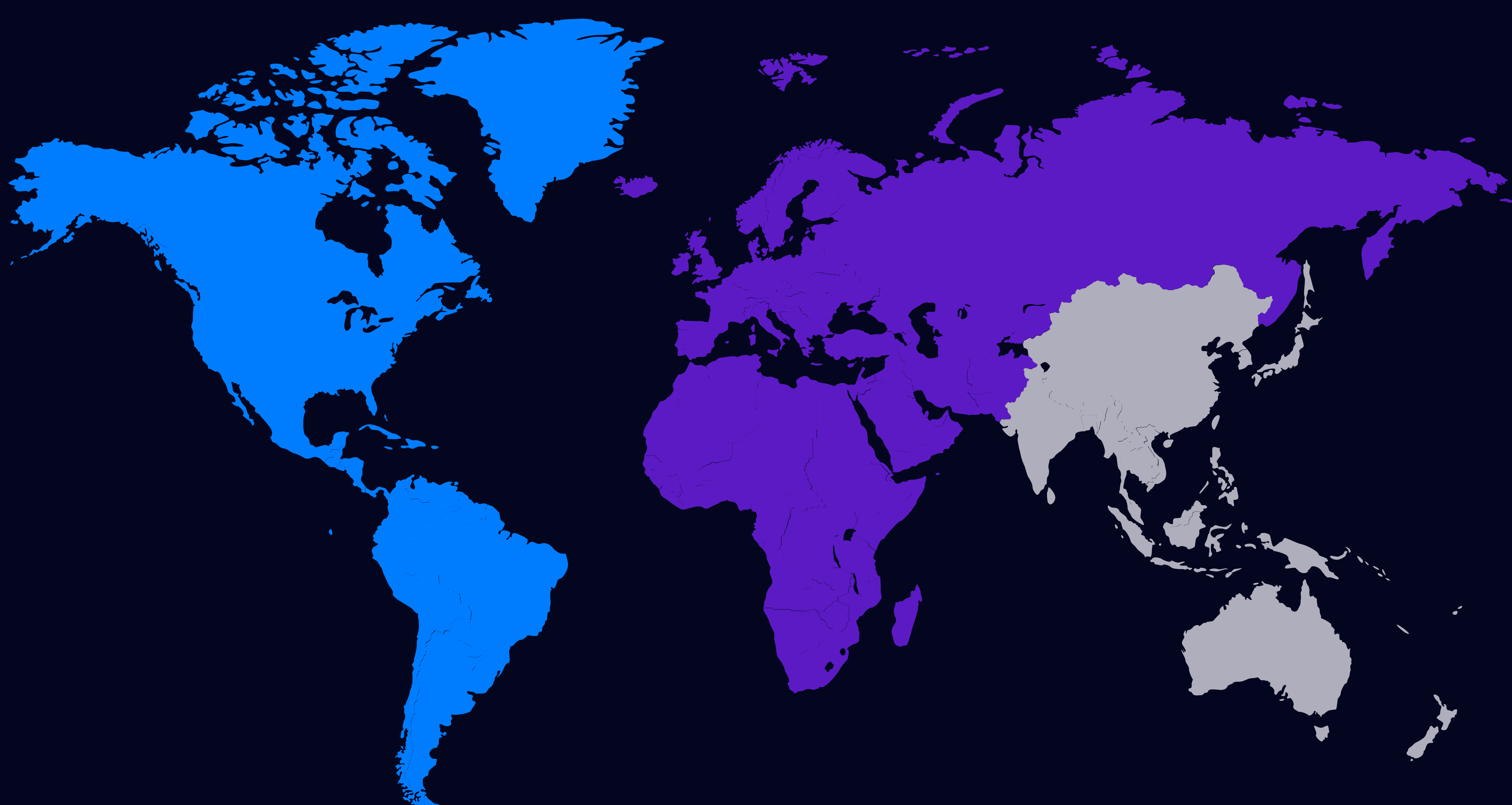
For brands, this viewership fragmentation could lead to new ad investment diversification strategies to contain inflationist trends, structure better deals, optimise reach, and explore booming spaces such as retail media and gaming. It will also call for increased collaboration to better use data in planning, buying, optimising, and measuring performance across environments, as part of a larger reflection of data and identity strategies.



Digital investment boosts ad spend forecasts

In this global and media context, we forecast ad spend to grow by 9.2% in 2022, outpacing real GDP growth projections by 4.7 percentage points.[15] We expect the advertising market to reach US$745.0 billion this year – US$117.2 billion above the 2019 prepandemic level. The second consecutive year of growth following the 7.1% market dip in 2020, 2022 is projected to build on a stronger than expected recovery in 2021 that saw a record-high 17.0% growth, revised up by 6.6 percentage points from our 10.4% forecast last June, and totalled US$682.5 billion in ad spend.

Figure 1 - 2022 ad spend regional overview



US$322.7B
13.7% growth YOY
52.8% digital share of spend

US$166.9B
5.9% growth YOY
52.6% digital share of spend

US$255.4B
5.9% growth YOY
61.1% digital share of spend

In terms of quarter-by-quarter evolution, the overall global ad market returned to growth in Q4 2020. Growth continued across each quarter in 2021, albeit with variances by media, and we expect this positive momentum to persist overall across all quarters in 2022.

Based on data from the top 13 markets,[16] we predict that Q1 2022 will grow by 8.9% on a like-for-like basis, boosted by the Winter Olympics & Paralympics Beijing 2022 and as Q1 2021 spend was hindered by lockdowns and restrictions across markets including Germany, Italy, Spain, and Brazil. Q2 and Q3 2022 are forecast to grow by 10-11%, with midterm election spend in the US expected to pick up from Q3 2022 and to continue into Q4. Q4 2022 is forecast to grow by 9.2% on a like-for-like basis driven by the FIFA World Cup Qatar and the holiday season.

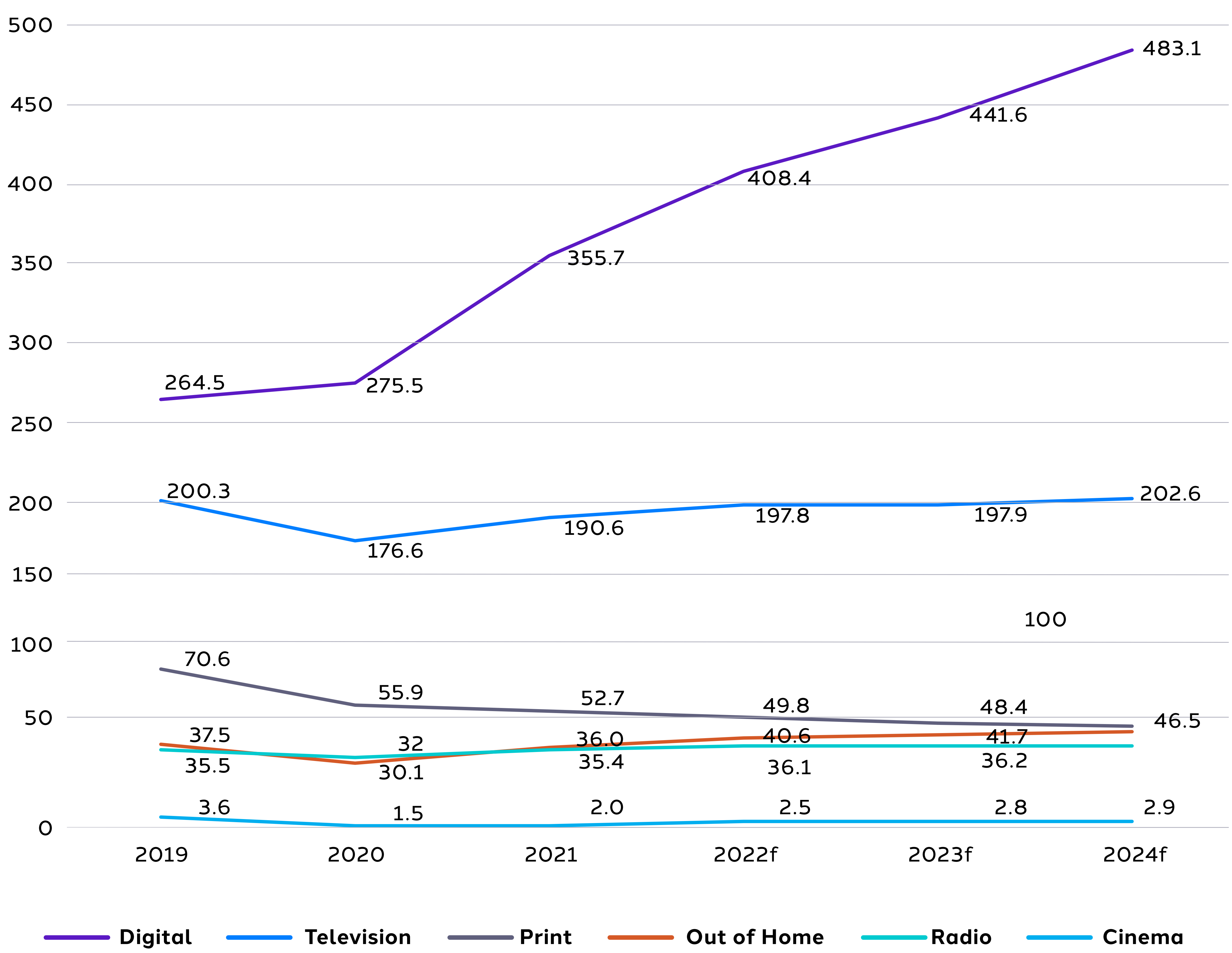
Unsurprisingly, Digital and Linear Television continue to be the two powerhouses driving global ad spend, yet with opposite dynamics.

Following a 29.1% increase in 2021, we forecast Digital investment to grow by 14.8% in 2022, fuelled by Video, Connected TV, Programmatic and E-commerce. This will bring the Digital share of spend to 55.5% (US$408.4 billion) of the total ad spend – meaning that the Digital share of spend will become twice as big as the Linear Television share of spend (26.9%) for the first time.

In 2021, Linear Television ad spend increased by 7.9% – the highest rate since 2010, when the market re-bounded from the global financial crisis. In 2022, we forecast Linear Television ad spend to grow by 3.8% to reach US$197.8 billion. However, unlike Digital and despite staying in high demand, Linear Television share of spend is on a declining trend as Connected TV and VOD grow.

Out-of-Home (OOH) and Cinema will both see double-digit growth in 2022 (respectively 12.8% and 23.4%), with OOH even exceeding 2019 prepandemic spend levels. We also forecast Radio to grow, yet at a slower pace (2.0%). Conversely, ad spend in Newspapers and Magazines will continue to decline. Overall, all these channels will keep losing ground to Digital in terms of ad spend share compared to the 2019 prepandemic state of play.

Figure 2 – Ad spend evolution by channel, 2019-2024 (US$ billion)

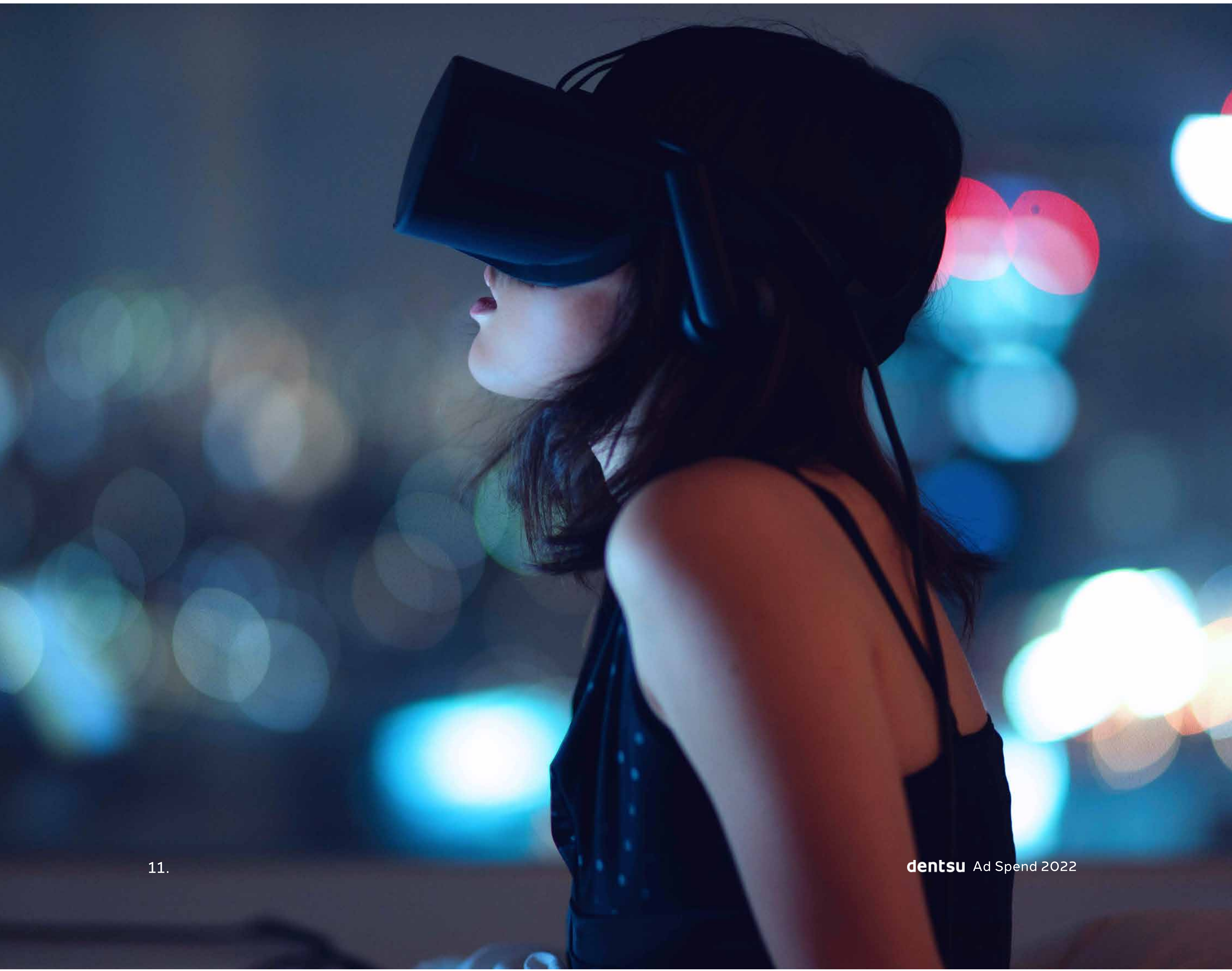


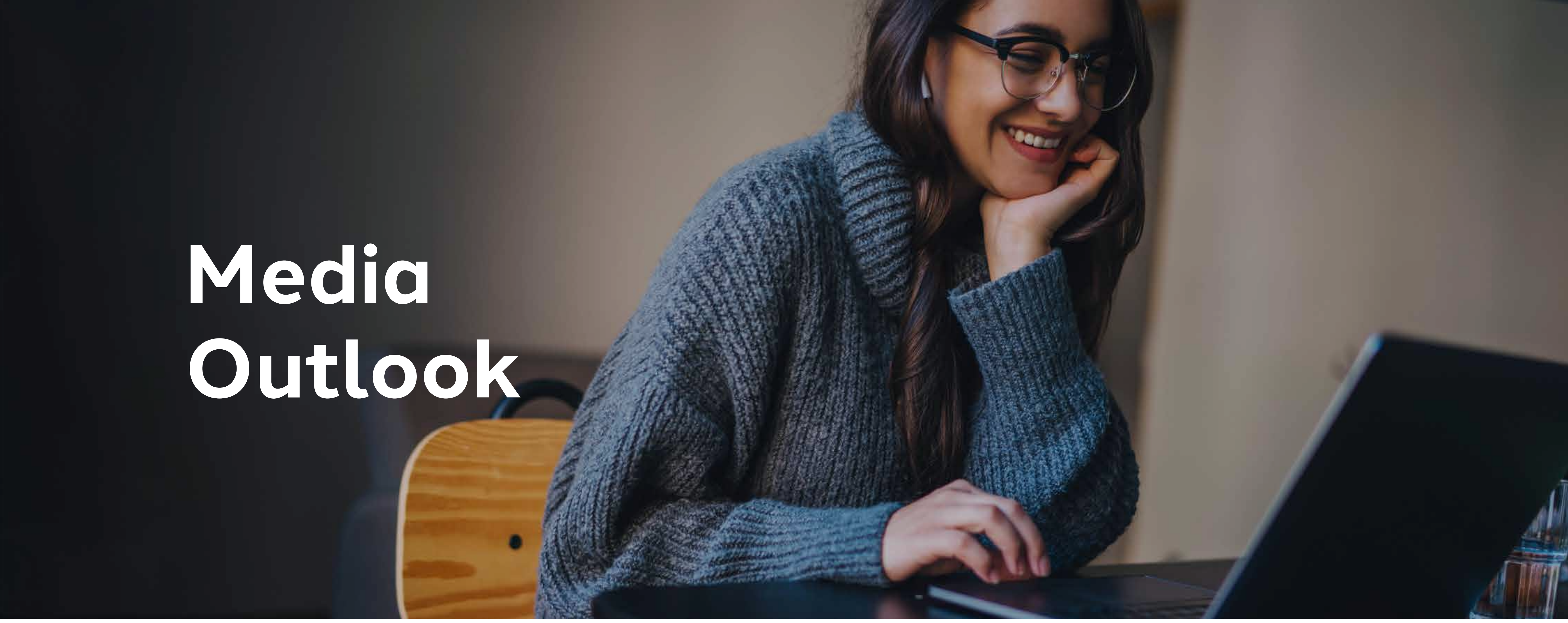
Looking further ahead, global ad spend is predicted to grow by 4.6% in 2023 and 5.8% in 2024 – exceeding growth before the pandemic (4.1% in 2019). Digital is forecast to increase its share of spend domination, getting near the 60% bar in 2024 (59.4%). Many factors contributing to the uncertain economic outlook described previously could influence these numbers, from the evolution of the pandemic to supply chain issues, and we recommend advertisers to keep a close eye on key economic indicators.

Methodological note:

All forecasts in this report continue to be dependent on the evolving global pandemic.

Note historical advertising spend figures have all been restated to constant exchange rates at November 2021.





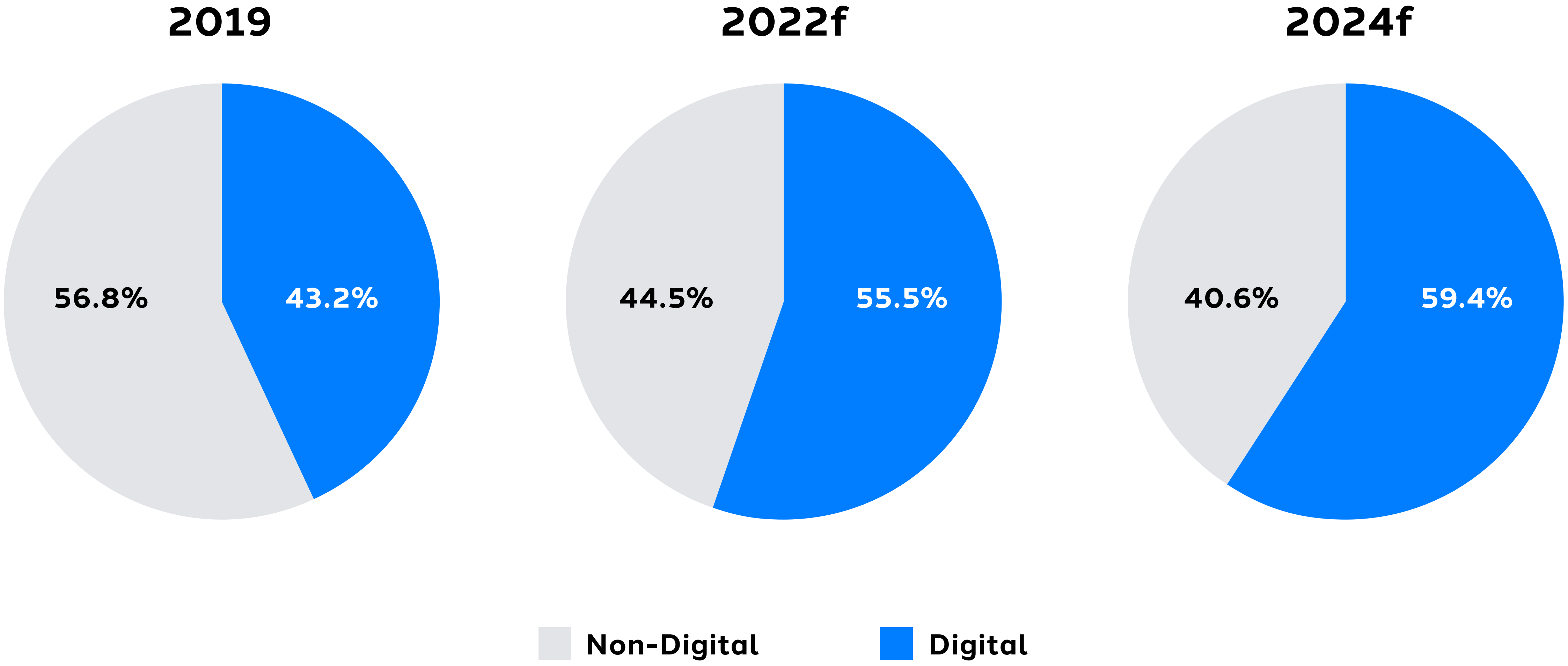
Media Outlook

Digital

Strong growth – with a chance of inflation

The bounce back from the pandemic is expected to be strong in 2022, especially in Digital where share of spend grew by five percentage points in 2020 and 2021 as brands looked to engage with audiences at home and skewed investment towards a medium where ROI can be more easily reported. Digital ad spend is forecast to reach US$408.4 billion in 2022 accounting for a 55.5% share of global ad spend. This is predicted to increase to 59.4% by 2024. While all Digital is seeing growth 14.8% overall in 2022 following 29.1% in 2021, key areas of change are Video, Connected TV, Programmatic and E-commerce.

Figure 3 – Evolution of the Digital share of advertising spend



Looking at the continued increase of Digital ad spending worldwide there are several trends to watch in 2022;

Growth across **social** media platforms is expected to continue this year, supported by short video formats, better commerce infrastructure like shoppable ads and streamlined payment processes. Advertisers have increased focus and resources into **E-commerce,** increasing display and search budgets on retailer web sites in reaction to new consumption habits. Following 30.9% growth in 2021, Search spend is forecast to grow by 16.9% in 2022 to US$144.9 billion. We also expect to see a substantial adoption of connected commerce, with brands using social platforms to transact without leaving the app. Social spend is predicted to grow by 21.4% in 2022. Live video shopping, a key trend that started in China, brings a new dynamic with the audience interacting with the host in real time.

Shopper DNA – the future of retail

As media becomes shoppable and social commerce thrives, brands can build seamless experiences for their customers.

To learn more about the key retail media trends that will matter for your brand, download the report Shopper DNA on dentsu.com.

This trend will likely further grow globally which also supports the increased relevance of influencer marketing playing a significant role in consumer behaviour of younger age groups.

2022 is a year when **media pricing** is expected to be under pressure because of the continued economic uncertainty caused by the pandemic and expected inflation. For the first time, the FIFA World Cup will clash with Black Friday and Christmas and is likely to cause a bottle neck of ad spend which could inflate media pricing further. Long-term media planning with clear targets and potentially front-weighted investments are highly recommended.

Third, and largely accelerated by the pandemic, is the increased popularity of **gaming** and with this in-game advertising.[17] Propelled by play to earn models, this trend especially matters since the popularity increases across generations and opens up new unique ways to interact with consumers and sell digital assets.

The growing importance of gaming and virtual worlds also gives us a vision of what might be coming with the next evolution of the internet: the metaverse. Although the metaverse does not fully exist yet, this open ecosystem made of hybrid, shared spaces that blend physical, digital, and virtual realities is expected to create tremendous opportunities for advertisers to reimagine their branded experiences.[18] This is an area where brands can experiment and innovate in 2022. This space could be less reliant on advertising, which will require brands to start testing new ways of interacting with consumers and start exploring new advertising paradigms.

The final trend is the increasing importance of **trust** for brands. Trust in brands is needed for consumers to agree to sign up to websites or stores. As explained in our 2022 media trends report, companies are rebuilding their supply chains in order to build trust, and we expect a growth of players that are able to deliver on the higher demands on customised advertisement in the right context at scale.[19]

We expect Digital to continue to power global ad spend growth in 2023 and 2024 at 8.1% and 9.4% growth, respectively.

One space to watch in 2022

Targeting and measurement will be on everyone's minds in 2022 as advertisers prepare for the end of support of third-party cookies by the most popular web browsers in 2023.

To focus on what you should know today and investigate tomorrow, download the report The Cookieless World - A Guide for the New Era of Digital Marketing on dentsu.com.

Television

Television continues its metamorphosis

The recent events across the world have had a dramatic effect on video consumption behaviour, and while the changes had been developing for several years, the pandemic accelerated them and many are here to stay.

TV screen viewing time has risen, but at the same time viewing has fragmented. There is nuance from market to market, but the trendline shows continued acceleration of on-demand behaviours, and the dominance of the TV screen as the main place to view. Reduced cost of entry through connected and self-service platforms means that TV advertising is now accessible to a wider range of brands; and with more data-driven options and addressability, Television can now be a lower funnel performance platform with the power of sight, sound and motion, with interactivity.

Streamers such as Netflix, Disney+, Amazon Prime, NBC Universal and Tencent have performed incredibly well in 2021.[20] We expect to see the platforms continue to invest significantly in original content to drive growth.

These global media brands have opened consumers' eyes to entertainment opportunities outside of their local, more traditional channels. This has allowed for new AVOD (advertising-based video on demand) opportunities to gain further traction aided by aggregation platforms such as Samsung TV, Roku, and Amazon Fire, to allow more direct-to-consumer TV experiences. Subscription fatigue is a limitation to SVOD (subscription video on demand) channels and ad funded free entertainment options will always be welcomed by viewers. In that context, we expect demand for VOD to continue. Following a 31.7% growth in 2021, video ad spend is predicted to increase by 18.9% in 2022.

One space to watch in 2022

Connected TV is becoming shoppable. YouTube has introduced technology to the US that will allow viewers to send links from ads to their phones,[21] and other broadcasters and manufacturers are working on other solutions.

The ability to track sales from advertising within a single ecosystem could bring spend back from smaller screens to the biggest screen in the home.

Although there is a downward trend in linear viewing, it is far from dead, and remains a keystone media in a number of territories (it still needs to be a consideration even in China where decline has been more rapid in recent years). It continues to be the single best source of quality mass reach in many parts of the world, accounting for most video advertising. Advertisers should never underestimate viewers' desire to simply sit back and be entertained without having to go through the rigmarole of choosing something all the time.

In 2021, Linear Television ad spend increased by US$14.0 billion, or 7.9% - the highest rate since 2010 - when the market rebounded from the global financial crisis. The strong demand in addition to the limited supply of TV audiences and dynamic sales house policies has led to an upward pressure on pricing that may impact other media. Television ad spend is forecast to grow by 3.8% in 2022 to reach US$197.8 billion, however share is declining, from 32.7% in 2019 to 26.9% in 2022 with growing focus on Connected TV and VOD.

As such, we need to prepare strategy for future consumption methods and take advantage of opportunities arising. New behaviours provide challenges but also opportunities to complement existing TV campaigns and maximise the effectiveness of TV within the marketing mix. Dentsu is well placed to meet this challenge with global planning tools such as CCS allowing for in depth understanding of cross platform video consumption, and expertise across the globe to manage local nuance.

For brands, the growth of video across screens only increases opportunity. As demand for premium ad placements and content grows, ensuring we have access to supply is absolutely critical in managing pricing increases. Further, with more opportunity to measure, optimise, and create performance-based currencies, we can balance the sheer power, strength and reach of video with the need to ensure every dollar is driving business impact and growth. Beyond the transactional and traditional ad model, the ability for brands to further their own content story through original IP and integrations will disrupt the current ad heavy models, ensuring a better consumer experience, and greater brand value across all audiences, most critically, younger consumers.

Print

A need to play to strengths

Print has been battered by the pandemic. Lockdowns and the move to hybrid working has reduced the number of commuters, and newspapers and magazines have always been, in part, a commuter medium, read by valuable audiences on the way to and from the office. Although we expect the Print market (both printed newspapers and magazines) to account for US$49.8 billion in 2022 (6.8% share of ad spend), spend is forecast to decline by US$3.0 billion (-5.6%) and remain 29.4% lower than 2019 prepandemic levels (US$70.6 billion).

However, there are bright spots in some markets, notably, in the US there has been a resurgence of interest in local titles partly brought about by a greater interest in local issues from people spending more time at home, and in India, Print is still very popular due to convenience and low cover price. Additionally, while the Print share of ad spend is forecast to continue to decline in the next years (6.3% in 2023 and 5.7% in 2024), we expect the decrease to be slower than what we observed over the last years (-2 points on average each year).

Print was the first medium to experience the impact of Digital, which both transformed publishing and cannibalised its revenues. While it is not surprising that ad revenues are continuing to fall for both newspapers and magazines, both are starting to innovate to preserve their positions, playing on two traditional strengths – the ability to create compelling content, and a deep connection with loyal readers.

The pandemic also reinforces how important it is to have a strong press. At a time of confusion, uncertainty, and rumour, we need authoritative, trusted sources to give people the right advice on how best to stay safe and minimise personal risk.

One space to watch in 2022

Governments are increasingly looking at ways to compel technology companies to pay for content from news organisations they feature in the results snippets of their News sections.

In 2021, Australia introduced the News Media and Digital Platforms Mandatory Bargaining Code,[22] leading Facebook to temporarily remove the news sharing on its platform.[23] In France, Google was fined €500 million for failing to negotiate in good faith with press publishers and agencies.[24]

New clashes between regulators and tech platforms may happen in 2022.

Print titles have a great potential to extend their brands into other areas to diversify their revenue streams. We see lots of examples of this, including Times Radio[25] in the UK (and from the same stable, a rolling news TV channel, Talk TV).[26]

We also see titles move into events, with magazine titles particularly good at creating conferences and festivals around their specialist subjects. Trusted titles can also sell; Future Publishing has been very successfulin leveraging affiliate marketing on its platforms to generate commerce-related revenues.[27]

Print titles also have a real advantage in building a long-term relationship with their audience, many of whom interact with them every day. We see a strong future for publishers who can leverage these relationships and create compelling ad propositions based on their knowledge of their subscribers, across all channels. Titles need to strengthen these relationships by pushing subscriptions and sign ins, and keep developing content to meet their readers' needs.

Out-of-Home (OOH)

A promising year for Out-of-Home advertising

OOH ad spend was severely impacted in 2020, falling by 19.7% from its 2019 level. However, spend increased by 19.4% in 2021 as restrictions were eased and footfall returned. OOH has recovered stronger than other media and in terms of share became the third largest at 5.3% in 2021, overtaking printed newspaper ad spend share at 4.7%.

In 2022, global OOH spend is forecast to exceed prepandemic levels by US$3.0 billion, to account for US$40.6 billion. Growth in the sector will be fuelled by the continued digitisation of the inventory and infrastructure of the channel. However, the recovery will not be uniform. For example, we expect travel sites like airports to recover more slowly, as the world adapts to new patterns around work and leisure.

The increased availability of digital inventory and technology platforms in the OOH channel continue to expand the capabilities of the medium, beyond its proven power to build and maintain brands through reach, impact and trust, bringing innovation into all aspects of the way it is planned, bought, delivered and measured.

In addition, the tangible nature of the medium with its physical presence in public spaces means the industry has a significant role to play in building a sustainable future. We should expect the continued development and roll out of multiple green technologies to include infrastructure technologies, biotechnologies that push the agenda on green, alternative inks and production processes, and alternative biodegradable materials.[28] 2022 will see consumer and brand concerns transformed into real action with initiatives like 100% recycled paper and renewable energies. That is all on top of the significant funding the OOH medium provides to its landlords, local authorities and municipalities that allows them to invest those revenues back into the local communities they serve.

One space to watch in 2022

Programmatic in OOH will move from being a talking point to being a genuine option and element of both OOH and omnichannel campaigns in 2022.

As a result, it is increasingly considered earlier in the planning process as more inventory is made available through omnichannel DSPs.

We also expect more innovation around location intelligence, which came to the forefront in 2021 as OOH audiences became more variable in response to pandemic restrictions. With audiences set to recover in 2022, there is an opportunity for brands to use audience location intelligence to adapt to the new consumer behaviours, taking new mobility patterns as cues for smarter planning then creating location-relevant messaging. Layering multiple data sets such as store locations and points of interest, with location as the common vector, brands can understand their consumers better and improve their decisions. Coupled with the flexibility of digital OOH, the opportunities are to be Always On by activating location-derived insights through dynamic messaging or to activate OOH media programmatically in near real time.

2021 has seen a revival in classic OOH creative innovation with high impact takeovers and special builds seen in all major cities of the world. This will continue in 2022 and brands should embrace more digital innovation at scale as we also see real world experiential activations return. The immense scale of a billboard or LED screen offers brands an ultimate creative canvas, a unique storytelling opportunity that can move minds, be shared and remembered.

Radio

Strong recovery for an evolving channel

Despite the pandemic, Radio recorded high listenership and hours, with ad spend declining less than other linear media in 2020 (-9.5% compared to linear media -14.8%). While it is undoubtedly a commuter medium, more time at home also meant more time to listen, and Radio is a very efficient source of news at times of change. With 5.6% share, Radio even briefly overtook OOH share of spend in 2020 as OOH spend declined at a rate of 19.7% to 5.3% share.

While OOH has since overtaken Radio, Radio ad spend has also recovered to prepandemic levels in 2021 US$35.4 billion (2019 US$35.3 billion) an increase of 10.6% compared to 2020. Prior to this, Radio ad spend had declined for four consecutive quarters from Q2 2020 to Q1 2021 (based on data from the top 13 markets) before returning to double digit growth in Q2 2021 and continuing into H2 2021, with some sales houses reporting their best months in history.

We expect ad revenues to recover further thanks to returning mobility and strong evolution to digital, increasing the listening and advertising opportunities.

As with Print, Radio is a medium with some clear and distinctive attributes and advantages. It is a very low-cost way to provide companionship and is singularly able to provide a soundtrack to myriad other activities including exercise and cooking, from the first thing in the morning to the last thing at night. Increased mobility due to relaxed lockdown restrictions will bring more listening, as people return to their cars, particularly in the less digital markets.

Radio brands also benefit from a very strong identity and loyalty; a person's favourite station says a lot about them. In India, BIG FM argues that its disc jockeys are among the most trusted influencers in the country and has recently moved into social commerce as a secondary revenue stream.[29]

Audio is also benefitting from the move to Digital. Many people now listen via a phone, meaning that far more have access to content at more times of the day. Listeners can now easily access content on smart speakers and through digital TVs.

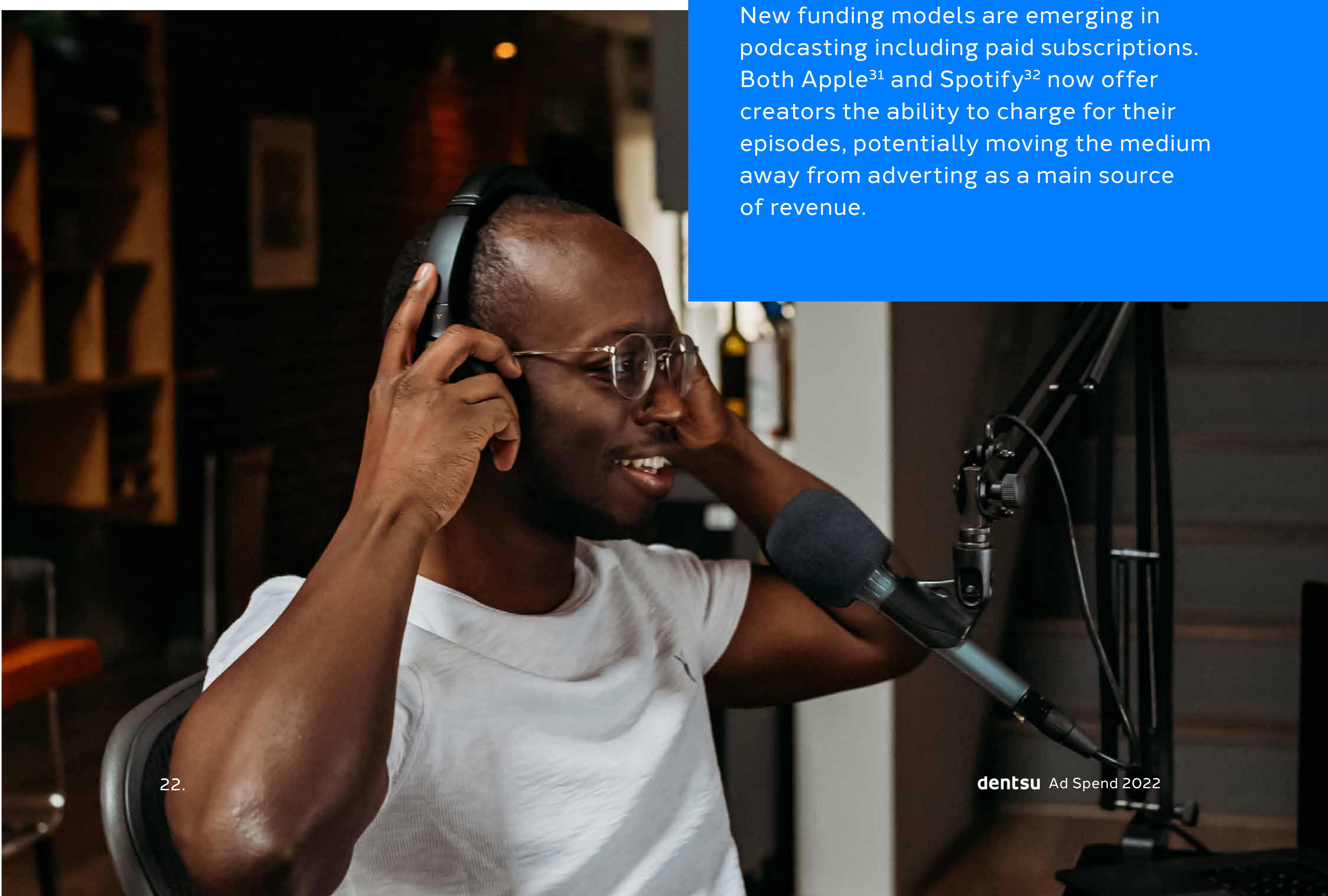
On demand content in the form of podcasts and music streaming provides both an opportunity and a threat. Several of our markets, including the US and India, mentioned podcasting as a strong trend. The opportunity is to make content live for longer outside the time of broadcast, but the threat is that most of this content is independently produced and accessed through podcast players from technology companies like Apple and Spotify.

Music streaming services can use their global reach, scale, and algorithms to create compelling content and playlists automatically. TikTok has even created a radio station on the SiriusXM satellite network, with content based on the most popular tracks on the app.[30]

However, all these innovations are building a listening habit for hundreds of millions who may also develop a love for radio. We expect Radio to stage a strong recovery over the next three years. With the return to offices and commuting, Radio ad spend growth will continue into 2022 at 2.0% to reach US$36.1 billion.

One space to watch in 2022

New funding models are emerging in podcasting including paid subscriptions. Both Apple[31] and Spotify[32] now offer creators the ability to charge for their episodes, potentially moving the medium away from adverting as a main source of revenue.



Cinema

A need to play to strengths

Cinema was the most impacted of any media in 2020. This impact on the industry and its ad revenues is starkly illustrated by looking at box office numbers. In 2019, nine movies generated global revenues of more than one billion dollars; in 2021 only one did – Spider-Man: No Way Home - and the next two most popular films of the year - The Battle at Lake Changjin and Hi Mom – generated more than 90% of their revenues in China, which is turning into a very buoyant market.[33]

After a lengthy closure, movie theatres reopened to major releases, and Cinema ad spend staged a recovery in 2021 increasing by 39.5% (US$0.6 billion) to US$2.0 billion. Traditional blockbusters and franchise movies still have the potential to do well. The latest Bond film - No Time to Die - has reached US$774 million to date, only a bit over 10% down on its predecessor Spectre's US$881 million.[34]

What we are likely to see is a greater focus on high potential movies like this, with more auteur-driven projects from directors like Martin Scorsese and Spike Lee likely to be at least partially funded by streaming channels, with much of the viewing likely to happen in home.

One space to watch in 2022

Next year could see the return of the big summer blockbuster. Assuming no more lockdowns and forced closures, film fans will be able to see the latest films in the Jurassic World, Minions, and Mission: Impossible franchises, as well as a reboot of Top Gun.[35]

This could be what the industry needs to bring mass audiences back to the big screen and create billion-dollar movies again.

Fewer people watching in cinemas has had an impact on its attractiveness as a medium to advertisers, but there are highlights to look forward to in 2022. Cinemas are unlikely to be closed for as many weeks as in 2021 (or at all), and there will be many high-profile releases that were delayed by disruptions to production schedules.

There are also innovations. For example, US chain AMC promoted Spider-Man with the offer of a free non-fungible token (NFT) to anyone prebooking, which led to their second best ever presale revenue.[36]

There is also no shortage of interest in movies as entertainment. Disney is expected to spend US$33 billion on produced and licensed content in 2022,[37] including movies (both in-cinema and streamed). Furthermore, Amazon has paid more than US$9 billion for MGM[38] and so clearly has a strong ambition around filmed entertainment.

In that context, Cinema spends are forecast to continue to gain momentum in 2022 +23.4% and attract advertisers with high-profile opportunities to reach major audiences on the big screen.

Figure 4 - Ad spend per media 2019-2024

	2019	2020	2021	2022f	2023f	2024f
Total advertising spend (US$ B)	**627.7**	**583.1**	**682.5**	**745.0**	**778.9**	**824.2**
YOY Growth (%)	4.1	-7.1	17.0	9.2	4.6	5.8
Digital (US$ B)	264.5	275.5	355.7	408.4	441.6	483.1
Share of total spend (%)	43.2	48.2	52.9	55.5	57.5	59.4
YOY growth (%)	11.8	4.1	29.1	14.8	8.1	9.4
Total Display (US$ B)*	140.2	140.8	184.8	213.3	234.1	257.6
Share of digital spend (%)	57.5	55.6	56.0	56.0	56.7	57.0
YOY growth (%)	13.1	0.4	31.3	15.4	9.7	10.0
Paid search (US$ B)*	85.2	94.7	124.0	144.9	154.9	169.7
Share of digital spend (%)	35.0	37.4	37.6	38.0	37.5	37.5
YOY growth (%)	10.0	11.1	30.9	16.9	6.9	9.6
Classified (US$ B)*	18.2	17.6	21.2	23.0	23.9	24.9
Share of digital spend (%)	7.5	7.0	6.4	6.0	5.8	5.5
YOY growth (%)	2.6	-3.2	20.2	8.7	3.8	4.2
Linear Television (US$ B)	200.3	176.6	190.6	197.8	197.9	202.6
Share of total spend (%)	32.7	30.9	28.3	26.9	25.7	24.9
YOY growth (%)	0.6	-11.8	7.9	3.8	0.0	2.4
Newspapers (US$ B)	41.4	32.5	31.7	30.4	29.5	28.7
Share of total spend (%)	6.8	5.7	4.7	4.1	3.8	3.5
YOY growth (%)	-10.9	-21.5	-2.2	-4.2	-2.9	-2.9
Magazines (US$ B)	29.2	23.4	21.0	19.4	18.9	17.8
Share of total spend (%)	4.8	4.1	3.1	2.6	2.5	2.2
YOY growth (%)	-5.0	-19.9	-10.0	-7.7	-2.8	-5.6
Out-of-Home (USD B)	37.5	30.1	36.0	40.6	41.7	42.5
Share of total spend (%)	6.1	5.3	5.3	5.5	5.4	5.2
YOY growth (%)	2.2	-19.7	19.4	12.8	2.7	1.9
Radio (US$ B)	35.3	32.0	35.4	36.1	36.2	36.4
Share of total spend (%)	5.8	5.6	5.3	4.9	4.7	4.5
YOY growth (%)	-0.5	-9.5	10.6	2.0	0.3	0.7
Cinema (US$ B)	3.6	1.5	2.0	2.5	2.8	2.9
Share of total spend (%)	0.6	0.3	0.3	0.3	0.4	0.4
YOY growth (%)	9.7	-59.7	39.5	23.4	8.9	3.7

Methodological note:

For Total Display, Paid Search, Classified the figures are based on the markets where the breakdown of digital spend is available. Therefore, the combined spend of Total display, Paid Search, Classified may differ from the total Digital spend. Total advertising spend is inclusive of Other, which is outside itemised media types in this table.

Perspective on Ad Spend and Sustainability

After the Intergovernmental Panel on Climate Change report declared "Code Red for Humanity"[39] and the UN Climate Summit in Glasgow (COP26) linked climate action to nature, skills, equity, finance, health and economic development, there will be no turning back from the heightened expectation of societal responsibility to act on climate change.

In the years ahead, ad spending will be an important reflection not just of economic confidence, and innovation, but the speed and scale of adoption of more sustainable behaviours, and the transformation of economies.

Here are three features to consider:

1. Communicate plans not just pledges

The world needs to halve emissions by 2030 and reach net zero carbon emissions by the middle of the century if we are to limit global temperature rises to 1.5 degrees Celsius.[40]
2022 will be the year when brand communications on ambitions need to turn into clear plans and action – pledges need clear plans, and progress reporting if brand loyalty and trust is not to be undermined. Research by dentsu and Microsoft Advertising shows that within a year, 3 in 5 people say they will start to boycott brands who don't act on climate change.[41]

New environmental pledges at COP26 to progress action on deforestation, methane emissions and waste, while not legally binding, will create further potential flash points for brand activism in the future if progress is not achieved. Add to this formal action banning advertising linked to fossil fuels voted or under consideration at city,[42] national,[43] and regional level.[44]

Businesses will face increasing pressure – formal and informal – to accelerate their ambitions and report on their planning and progress, redefining companies' growth strategies and in turn influencing innovation in marketing and ad spend.

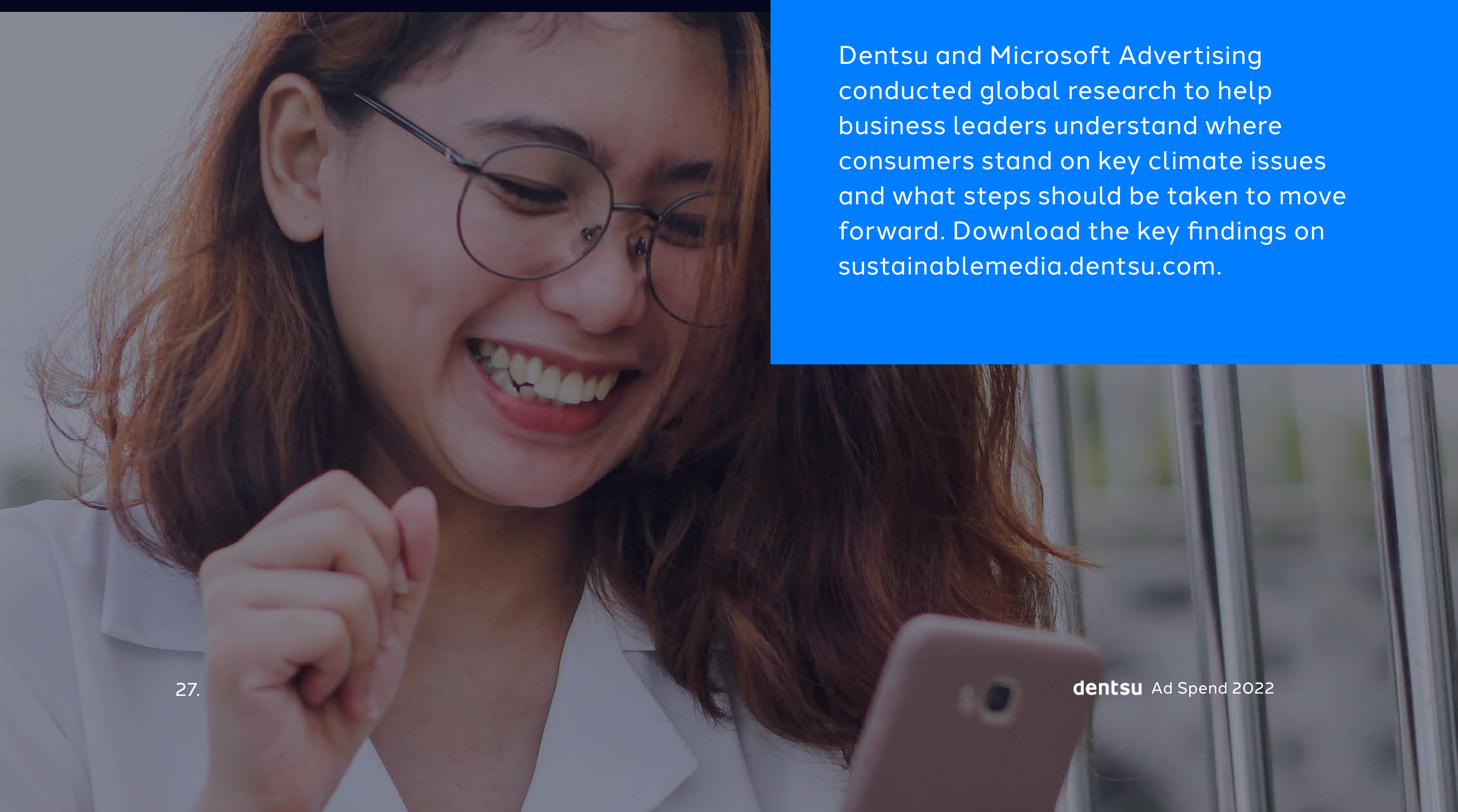
2. Embrace hyper transparency

Our consumer research shows that 91% of people want brands to demonstrate they are making positive choices about the environment in everything they do.[45] However, 84% say it is difficult to know whether brands and companies are truly good green citizens,[46] with many respondents feeling overwhelmed by options and conflicting information. Governments and consumer groups are likely to respond at a local level to the increasing consumer confusion, incomparability, and mistrust in green claims by developing reporting requirements in labelling and advertising claims, such as proposed action from the EU,[47] and the recently launched UK enquiry into green claims in advertising.[48] Only those brands that consistently demonstrate social responsibility - transparency, planning and action reporting - will win consumer trust.

The scrutiny will extend wider than production and consumption of products, to encompass the sustainable production and placement of advertising. Seventy-seven percent of people say that in five years' time, they only want to be spending money with brands who are practicing green and sustainable advertising.[49]

The Rise Of Sustainable Media

Dentsu and Microsoft Advertising conducted global research to help business leaders understand where consumers stand on key climate issues and what steps should be taken to move forward. Download the key findings on sustainablemedia.dentsu.com.



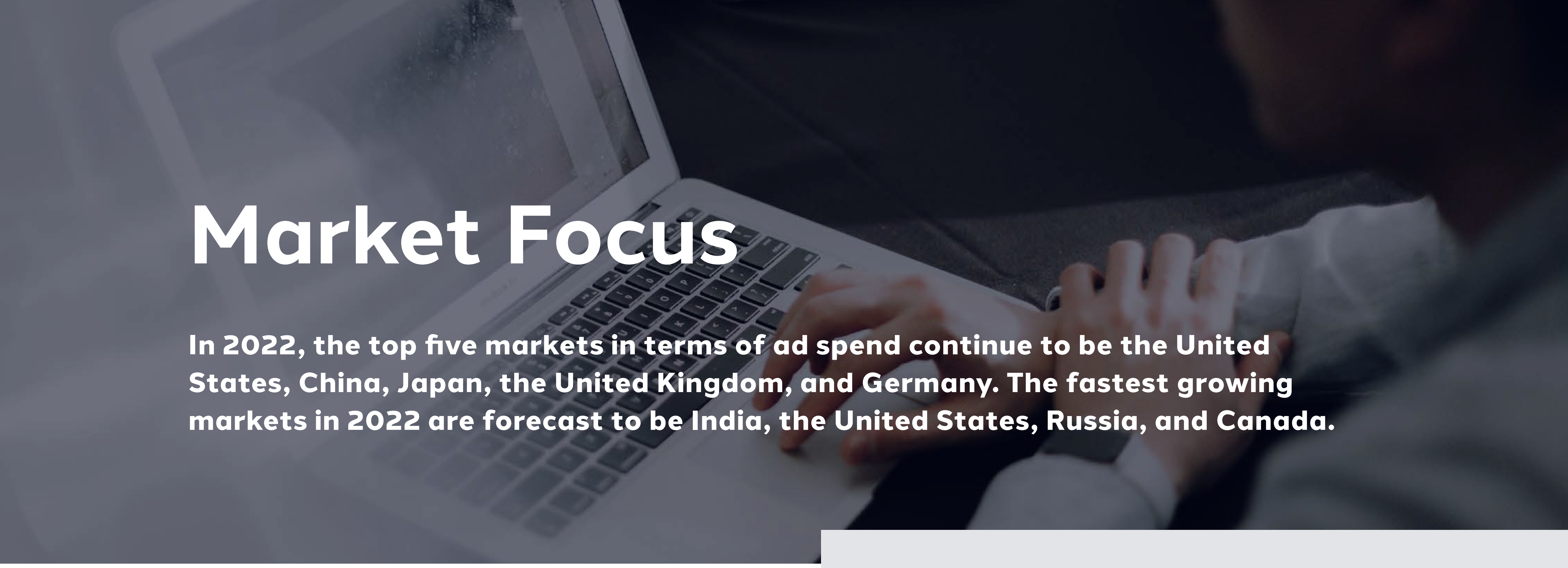
3. Encourage sustainable consumption

As national and corporate net zero pledges align, advertising spending needs to play a role in closing the gap between sustainability intentions and action, helping to shape consumption and shift behaviours to more sustainable choices, and engaging consumers in alternative products, approaches, or circular solutions.

Policy levers and regulations have often been used to nudge consumer demand and behaviour. Consider the experience of taxation or imposing codes for advertising foods with high sugar or fat content. Electric vehicle (EV) incentives for consumers and manufacturers provided an early adopter incentive to support a shift to sustainable consumption, accelerating both demand and supply (and related marketing and advertising spend). Globally, consumer spending on EVs rose year-on-year by 50% to US$120 billion in 2020, with government spending US$14 billion to support electric car sales.[50]

The opportunity becomes more acute when considering the tension between the need to accelerate a shift to sustainable consumption and pent-up consumer demand for Leisure, Travel, and Retail spending as lockdowns lift. Estimates suggest consumers savings of US$2.9 trillion globally during lockdown.[51] Alongside the heightened public engagement in climate action, advertising can play a targeted role in supporting consumer engagement and adoption of sustainable consumption by tapping into concerns about the sustainability of travel, and consumer interest in lower carbon travel options. Likewise, the expected increase in demand for health foods[52] presents an opportunity to engage consumers on behaviours – such as reducing food waste, plant-based diets, or more sustainable sourcing of foods.

Dentsu will track these themes as a barometer of advertising's role in engaging consumers in the transition to a net zero economy in the coming months.



Market Focus

In 2022, the top five markets in terms of ad spend continue to be the United States, China, Japan, the United Kingdom, and Germany. The fastest growing markets in 2022 are forecast to be India, the United States, Russia, and Canada.

Americas

Top: United States

The US ad market recovered to above prepandemic levels in 2021, up 12% (US$27 billion) versus 2019. There has been a faster than expected rebound across many categories based on the COVID-19 vaccine, upfront spend demand, and year-to-date spend trends, with the 2021 year-on-year forecast revised up to 20.9% from 13.7% in the June 2021 report.

Overall, the US ad market in 2022 is forecast to increase by 14% to reach US$291 billion and will continue to see the growth that we have seen in 2021. As the population has started to live with COVID-19, all areas of the country are opening, including malls, cinemas, and travel destinations. There are concerns about supply issues, especially the computer chip shortage that will continue into 2022 for Automotive as well as CPG and Electronics - the impact on small businesses will be heavily felt. With the new COVID-19 variant, we are watching Travel brands closely and will stay close to categories that could be affected by these issues. Digital at a 54% share continues to grow rapidly by 25.4% in 2022. While Linear Television continues to have its challenges, it is still an impactful and efficient reach driver. Local spot TV is returning to prepandemic levels. Political advertising spend will be extremely strong for 2022 due to the midterm elections, with an estimated US$5.9 billion in spend. OOH continues to bounce back, with premium inventory growing fastest, spend is forecast to grow by 32.0% in 2022, up US$2.9 billion compared to the previous year. The US market is expected to continue to grow by 3% in 2023 and by 7% in 2024, with Digital contributing the most to the uplift in spend. Publishing and Linear Television will continue to downward trend as consumers shift to digital behaviours that have stuck from the pandemic.

> "We're seeing an incredibly fast investment bounce-back when you compare it to the last global financial crisis in 2008. The continued shift to digitally enabled media is allowing more flexibility in plans, speed to market, optimisation and activation. All things that are driving better outcomes for brands. We are also seeing significantly more channels for experimentation – gaming is one that is especially ripe – as brands continually change to align with changing consumer behaviour."
>
> **Jacki Kelley,**
> CEO Americas, dentsu international

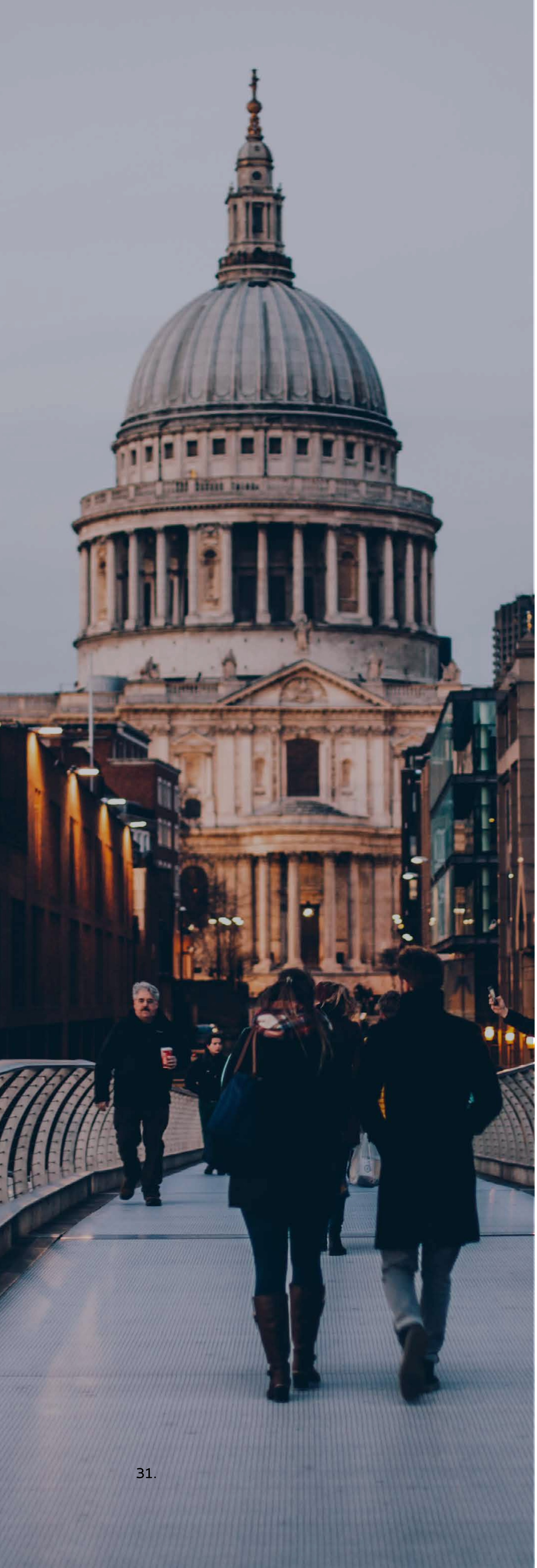
Fastest growing: Canada

After an uncertain start to the year with extended lockdowns across most Canadian markets in H1 2021, the ad market recovered by the end of the year through the sustained growth of Digital spend with year-on-year growth of 15.1% to reach US$10.6 billion and exceeding prepandemic spend of US$10.2 billion by 4%.

In 2022, ad spend is forecast to grow by 10.9% based on momentum in H2 2021, more stability in growth is expected with the reopening of all markets and with no significant return to lockdowns or other COVID-19 measures expected.

Trends in the market include the growth of Connected TV which is expected to accelerate in response to the challenges of the Linear Television marketplace – declining ratings, increased inflation rates, and demand – with the emergence of new/growing categories (e.g., food delivery) and the return of travel spend. Retail media including E-commerce is predicted to continue an upward trajectory.

These growth trends are expected to continue with the Canadian ad market predicted to grow by 6.3% in 2023 and 6.5% in 2024.



Europe, Middle East, and Africa

Top: United Kingdom

The opening of the economy contributed to a UK ad market increase of 15% in 2021, exceeding 2019 levels by US$4.9 billion. There was strong growth across all channels beginning in Q2 2021, contributing to overall year-on-year growth of 26%. Cinema and OOH showed particularly strong growth in 2021 following severe declines in 2020, whilst Digital, the largest media channel, was also up 28.5% year-on-year. TV revenues were up 23.9% in 2021, indicative of a market in which advertisers continue to grow investment amid the further easing of COVID-19 restrictions, returning business confidence, and sports events such as Euro 2020.

In 2022, we expect to see spends 21% up on 2019 levels (US$6.9 billion), driven by above market average growth in Digital which itself makes up around 65% of overall market spend. The full year forecast for the UK ad market in 2022 is a year-on-year growth of 5.4% to reach US$39.3 billion. OOH and Cinema are on course to continue their strong recoveries from the significant declines experienced in 2020 and early 2021. Growth at +5.7% is predicted in 2023 and +5.4% in 2024, although many factors could influence these numbers including further COVID-19 lockdowns and ongoing supply chain issues.

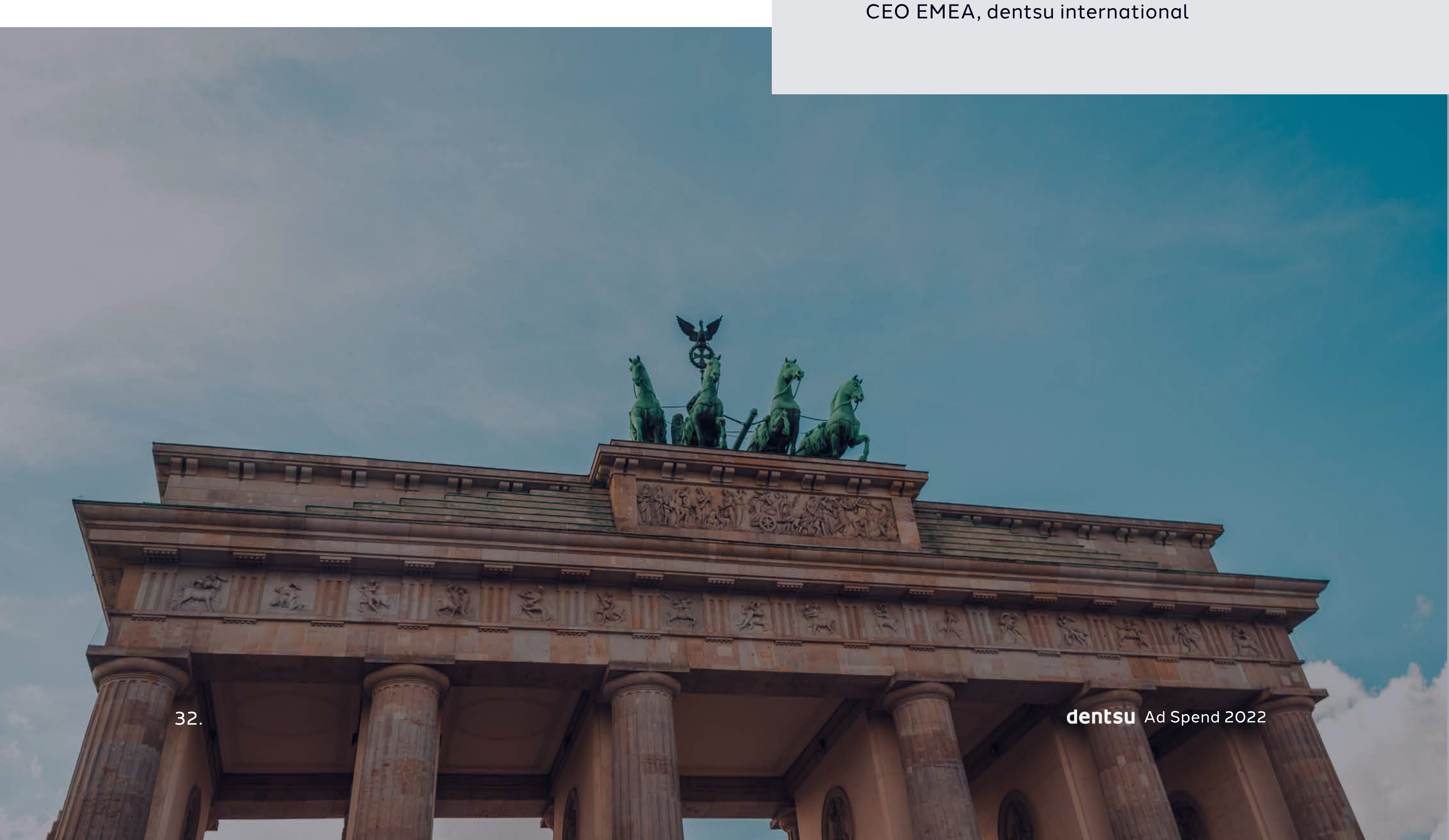
Top: Germany

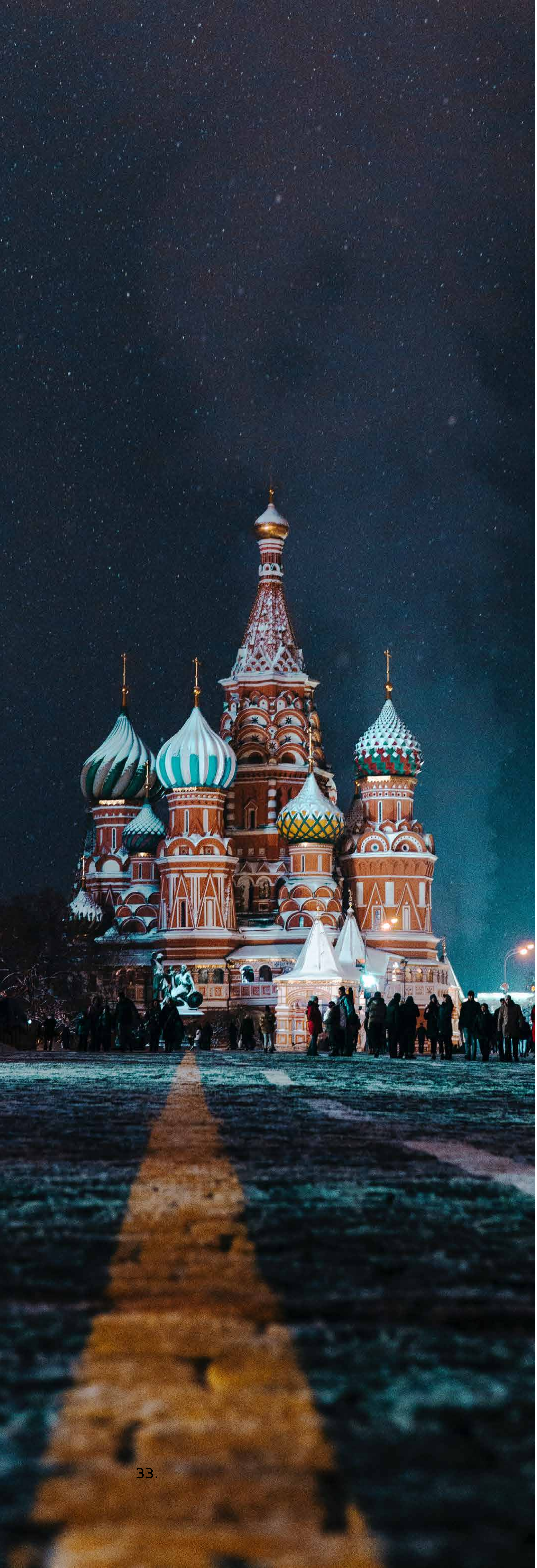
In Germany, the ad market increased by 10.8% in 2021 to reach US$30 billion, gaining momentum in H2 2021 when pandemic restrictions were eased and industry sectors such as Travel and Entertainment increased investment. Forecasts have been revised up from the previous prediction of +3.3% in the June 2021 report with increased Television, Digital and OOH spend. This trend is expected to weaken in 2022, with growth expectations still moderate at 5.0% due to the on-going pandemic, but digital channels are expected to grow at 8.5%, including channels derived from traditional media.A moderate increase in ad spend (3.3%) is expected in 2023 and 2024, with modest growth or declines for most traditional media, but further growth for digital channels.

“The positive outlook based on our ad spend forecast shows a promising year for EMEA. The ongoing recovery in traditional media spend and growth in digital continue to fuel our regional economy and strengthen consumer confidence.

E-commerce and streaming platforms remain key forces in consumer behaviours in 2022, however the digital adoption rate differs from country to country. We will work with brands to further adapt a human-centric omnichannel media plan to engage with their target audience across different channels in an integrated way.”

Giulio Malegori,
CEO EMEA, dentsu international





Fastest growing: Russia

The Russia advertising market showed significant year-on-year growth in 2021 (+17.5%), exceeding the previous prediction in the June 2021 report of +8.6%. The highest growth rates were for OOH 27.3%, Digital 19.9% and Radio 18.0%. In 2021, the Russian advertising market exceeded 2019 prepandemic levels of spend by 13%, however only Digital and Linear Television media had exceeded 2019 levels by the end of the year.

Russia's advertising market will continue to grow in 2022 by +11.2% year-on-year, revised up from the June 2021 forecast report of 8.2% and driven by the recovery of the economy and the advertising market. Digital will continue to grow in 2022 by 12.8% and increase share to 55.3%. High TV demand from both new and returning advertisers as well as inflation will be the main reason for the predicted 8.4% growth. Sectors Leisure & Entertainment, E-commerce, and Financial services to drive TV ad spend. OOH advertising is expected to grow by 14.1%. Operators are implementing new technology, increasing the number of digital billboards, and providing advertisers with opportunities to measure the effectiveness of ad campaigns. DOOH remains the main growth driver, with share of OOH spend increasing to 30%.

With a positive economic outlook and stabilisation of the pandemic situation, the ad market in Russia is expected to continue to grow by 7.7% in 2023 and by 7.1% in 2024.

Asia-Pacific

Top: China

Total China ad spend in 2021 exceeded 2019 prepandemic spend by 21% and US$21.4 billion driven by Digital and OOH growth. In 2022, we expect to see overall spend 28% up on 2019 levels (US$28.8 billion). However, aside from Digital and OOH, all other linear media will continue to have some way to go before recovering to prepandemic levels.

The full year forecast for the China ad market in 2022 is 6% year-on-year growth to reach US$130.2 billion boosted by an estimated US$1.1 billion of Beijing 2022 Winter Olympic and Paralympic Games advertising spend. Digital will continue to drive growth at 9.3% and account for more than a 74% share.

Following ten consecutive years of decline, Print is expected to return to growth in 2022 with Newspapers estimated to increase by 3.6% and Magazines by 2.4%. Key sectors for Print include Travel, Pharmaceutical and Finance. Whilst TV continues to be the second most prominent media, it faces fierce competition from new media and audience declines. Linear Television is expected to decline by 4.2% in 2022 with share of spend forecast at around 15%.

The outlook for the China ad market is positive growth of 5.3% in 2023 and a further 5.2% in 2024.

> "Marketers will need to be nimble, leaning on technology and maximizing opportunities in Video, Social, Connected TV and E-commerce. Use of data to drive business outcomes without compromising privacy or security will continue and we expect data collaboration to be a big focus for 2022. In light of the ongoing global turbulence and recovery, we will continue to work with brands to accelerate efforts to engage consumers and drive attentive reach."

Prerna Mehrotra,
CEO Media APAC, dentsu international

Top: Japan

Stable growth is predicted for the Japan advertising market, 3.5% in 2022 to account for US$61 billon. This follows a gradual and consistent increase of 4.7% in 2021 revised up from the previous prediction of +4.4% in the June 2021 report led by increased growth in Digital +15.1% and Television +8.0% advertising spend.

In 2022, Digital is forecast to grow at above market rate of +7.2% though returning to single digits to account for a leading share at US$25.1 billion. We expect E-commerce, social and video ad spend to continue their upward trend. Expenditures in digital advertising carried by traditional media will also drive growth, such as Connected TV. Overall, consumer spending is expected to rise with declining COVID-19 infections, increased mobility, and pent-up demand. We predict the ad market to make a full recovery by 2023 as Japan's economy grows.

Fastest growing: India

The easing of lockdown restrictions amid the drop in the number of COVID-19 infections and the ongoing vaccination drive in the country has helped the economy gain momentum. Following 18.6% year-on-year growth in 2021, the world's tenth largest ad market recovered and will exceed 2019 prepandemic levels in 2022 by 18%, US$1.7 billion led by Linear Television and Digital.

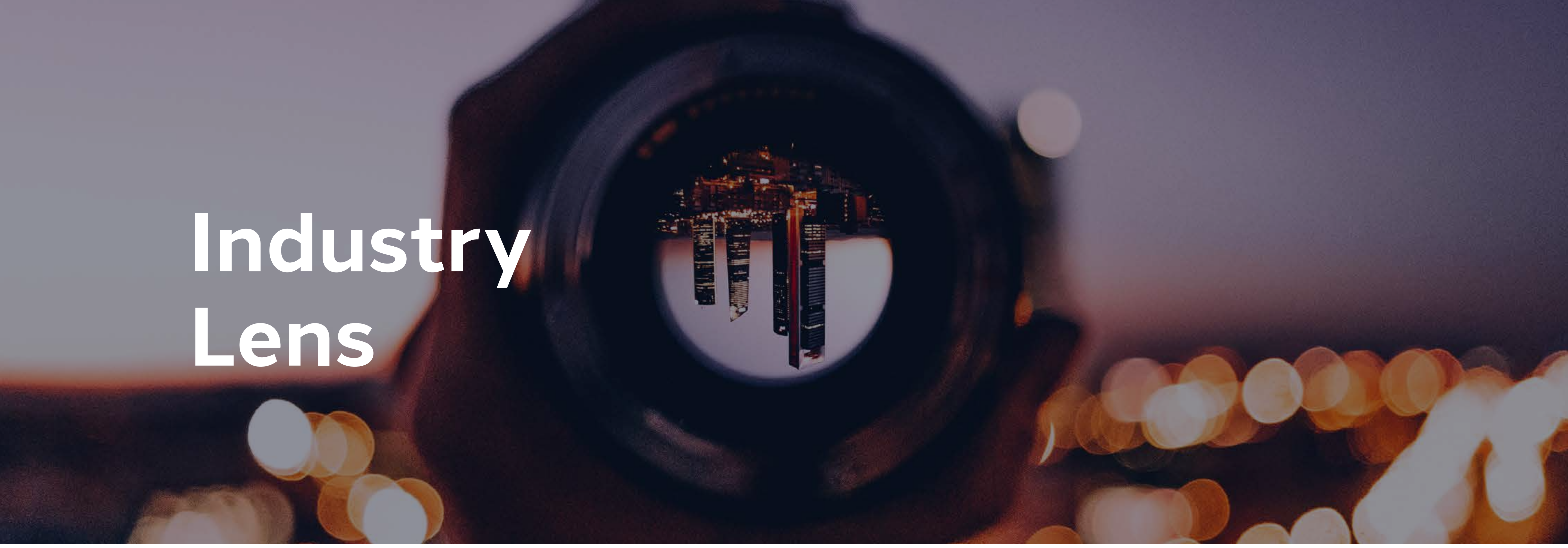
Linear Television remains the most popular and resilient media in India with a 40% share of spend. Linear Television ad volumes continued to post healthy growth starting from H2 2021, as marketers leveraged the reach and power of TV to raise the profile of their brands.

Linear Television ad spend fully recovered in 2021 and will report healthy growth of 10% in 2022. The digital industry has benefited immensely from the shift in consumer behaviour during the pandemic. Video-led platforms, whether they be over the top (OTT) or short video platforms, are seeing strong demand from advertisers. The presence of high impact properties on Digital across sports and entertainment domains will only fuel the rise in Digital ad spends further in 2022. Digital at 34% share behind Television spend is forecast to grow at the highest rate of 30% in 2022. Print media also remains popular in India on account of its low cover price and ability to deliver original and credible content to a population that has formed the habit of reading a physical newspaper. Newspapers accounting for US$2 billion and 20% share are forecast to grow by 4.5% in 2022. The advertising market is looking buoyant driven by Corporate and Retail spending and is expected to continue to grow by double digits in 2022 and 14.6% to account for US$11 billions of worldwide ad spend.

This growth trajectory is predicted to continue into 2023 and 2024 at 15% year-on-year.

Figure 5 - Ad spend per region and Top 13 markets 2019-2024

	2019	2020	2021	2022f	2023f	2024f
GLOBAL (US$ B)	**627.7**	**583.1**	**682.5**	**745.0**	**778.9**	**824.2**
YOY growth (%)	**4.1**	**-7.1**	**17.0**	**9.2**	**4.6**	**5.8**
AMERICAS	256.8	236.3	283.7	322.7	334.8	358.9
YOY growth (%)	5.1	-8.0	20.1	13.7	3.7	7.2
North America (US$ B)	238.4	220.2	265.7	302.6	312.6	334.3
YOY growth (%)	5.1	-7.6	20.7	13.9	3.3	7.0
USA (US$ B)	228.2	211.0	255.1	290.8	300.1	321.0
YOY growth (%)	5.1	-7.5	20.9	14.0	3.2	7.0
CANADA (US$ B)	10.2	9.2	10.6	11.7	12.5	13.3
YOY growth (%)	5.5	-9.4	15.1	10.9	6.3	6.5
Latin America (US$ B)	18.4	16.1	18.0	20.1	22.2	24.5
YOY growth (%)	4.5	-12.6	11.9	11.8	10.3	10.5
BRAZIL (US$ B)	10.1	7.8	8.3	8.7	9.2	9.6
YOY growth (%)	1.8	-22.6	5.6	5.0	5.4	5.2
EMEA (US$ B)	149.0	136.1	157.6	166.9	174.6	182.6
YOY growth (%)	2.6	-8.7	15.9	5.9	4.6	4.6
Western Europe (US$ B)	123.9	112.8	129.7	136.7	142.3	148.3
YOY growth (%)	3.0	-9.0	15.0	5.4	4.1	4.2
UK (US$ B)	32.3	29.5	37.2	39.2	41.5	43.7
YOY growth (%)	5.0	-8.6	26.0	5.4	5.7	5.4
GERMANY (US$ B)	28.4	26.7	29.6	31.1	32.1	33.1
YOY growth (%)	-1.1	-6.1	10.8	5.0	3.3	3.3
FRANCE (US$ B)	15.5	14.2	16.4	17.5	18.5	19.4
YOY growth (%)	10.7	-8.9	16.1	6.6	5.4	5.1
ITALY (US$ B)	8.9	7.8	8.8	9.1	9.2	9.5
YOY growth (%)	-1.3	-12.2	12.3	3.1	1.8	3.1
SPAIN (US$ B)	7.1	5.8	6.4	6.7	6.9	7.1
YOY growth (%)	-0.1	-18.1	10.7	4.8	3.3	2.8
Central and Eastern Europe (US$ B)	13.9	13.5	16.7	18.6	20.3	22.0
YOY growth (%)	8.4	-2.6	23.1	11.4	9.3	8.3
RUSSIA (US$ B)	6.7	6.4	7.5	8.4	9.0	9.7
YOY growth (%)	5.6	-4.3	17.5	11.2	7.7	7.1
ASIA PACIFIC (US$ B)	222.0	210.8	241.2	255.4	269.6	282.8
YOY growth (%)	4.1	-5.0	14.4	5.9	5.6	4.9
CHINA (US$ B)	101.6	103.2	123.0	130.4	137.2	144.4
YOY growth (%)	3.0	1.6	19.2	6.0	5.3	5.2
JAPAN (US$ B)	63.4	56.3	58.9	61.0	63.8	65.2
YOY growth (%)	6.2	-11.2	4.7	3.5	4.6	2.3
AUSTRALIA (US$ B)	12.5	11.1	13.1	13.9	14.4	14.9
YOY growth (%)	1.8	-11.2	17.6	6.1	3.9	3.6
INDIA (US$ B)	9.3	8.1	9.6	11.0	12.6	14.5
YOY growth (%)	9.4	-12.9	18.6	14.6	14.9	14.6



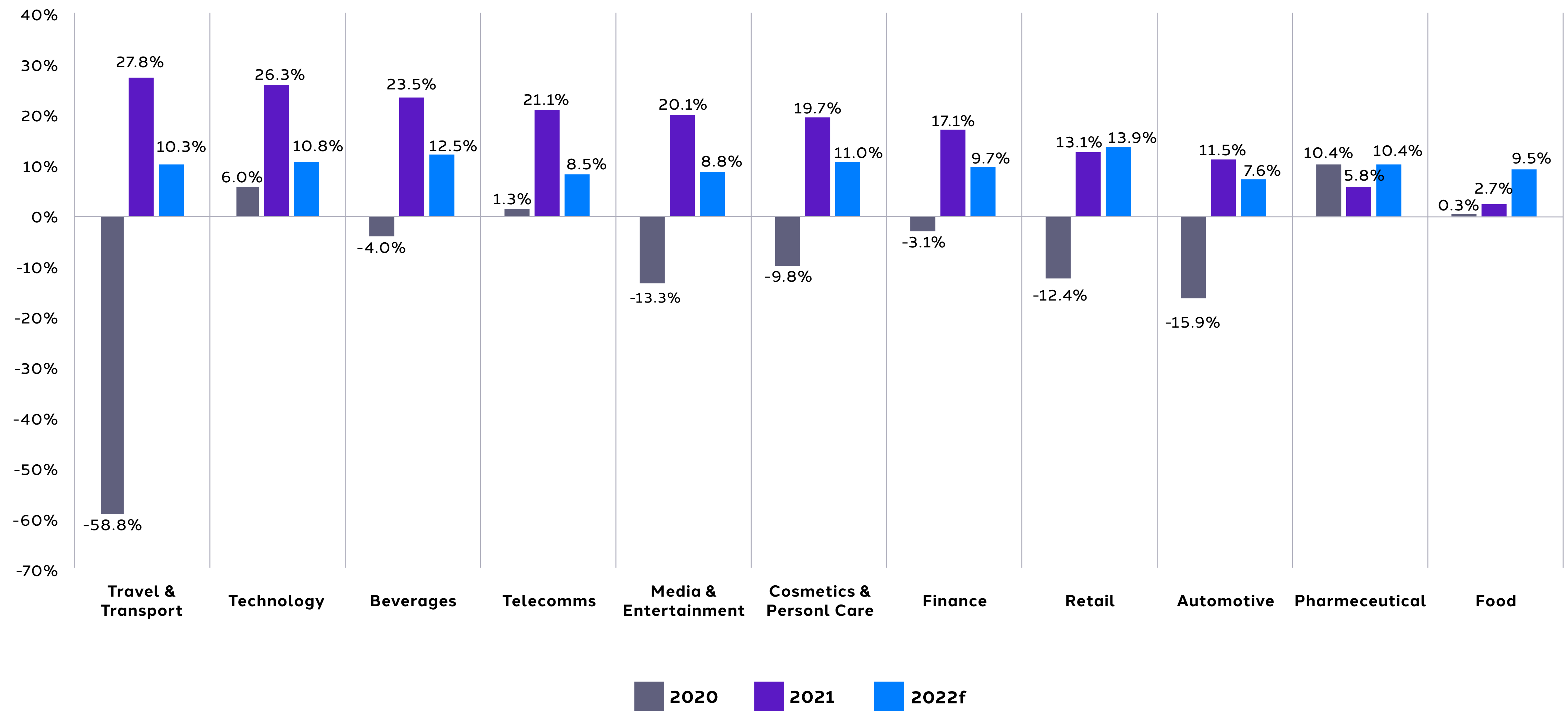
Industry Lens

All the eleven industries tracked in this report will see ad spend grow in 2022. Even the three industries hit the hardest in 2020 (Travel & Transport, Automotive, and Media & Entertainment) will experience ad spend growth at rates at least equal to 8% in 2022.

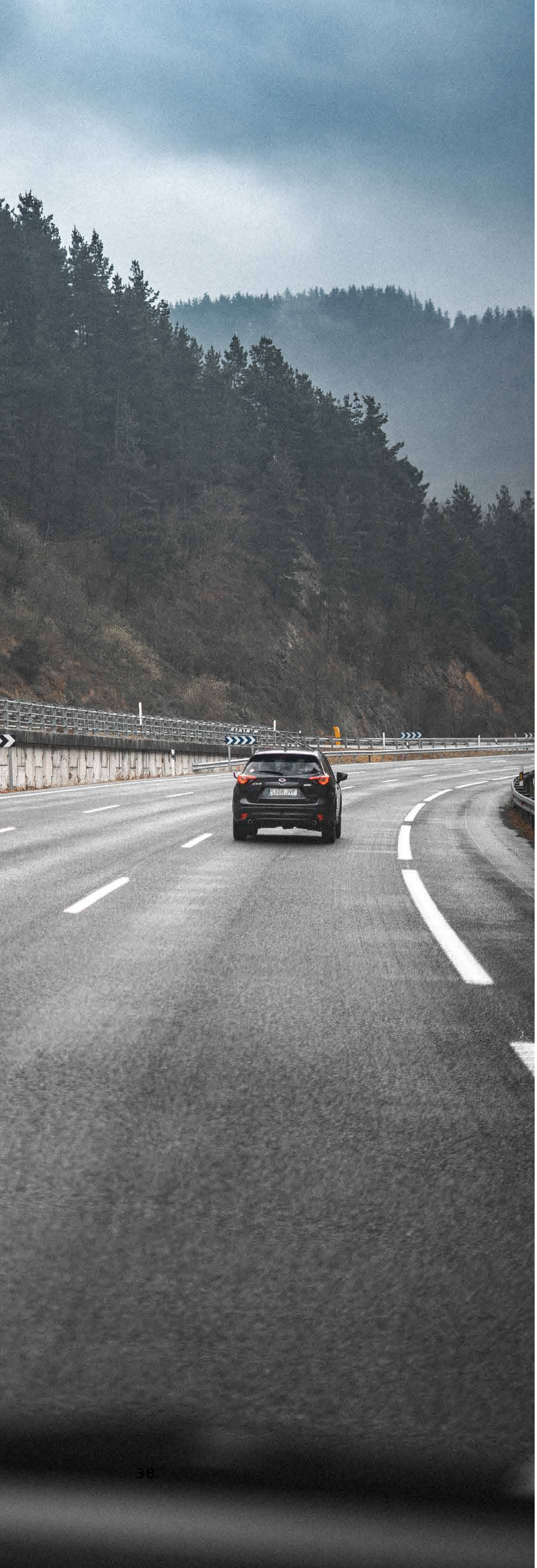
Momentum in the Travel sector is expected to continue into 2022 at a rate of 10.3%. Travel sector ad spend increased drastically in 2021 at a rate of 27.8% compared to the previous year as restrictions were eased. The growth trajectory in 2022 will therefore be dependent on the evolution of the pandemic. Brands will have to adapt to the decline in business travel as companies coordinate more international business with remote meetings as well as address consumers' concerns about the sustainability of travel and demand for low-carbon emission journeys.

Figure 6 - 2022 ad spend industry overview

Year-on-year % growth at current prices



Based on markets Australia, Brazil, Canada, China, France, Germany, India, Italy, Japan, Russia, Spain, UK, US.



The Media & Entertainment sector rebounded with 20.1% growth in 2021 with the easing of restrictions. This follows a 13.3% decline in 2020 when the sector was directly hit by social distancing measures and the closure of cinemas and theatres, with film releases and cultural events postponed or moved online. The in-home entertainment category has, however, been a driver of growth in the sector fuelled by both fuelled by VOD TV streaming services such as Amazon Prime and Disney+ as people at home with limited leisure options search for entertainment. Growth is forecast to continue in 2022 at 8.8%.

Automotive advertising spend is expected to grow by 7.6% in 2022, with component supply issues impacting car production, new car launches, and advertising spend into 2022. Growth follows a 11.5% increase in 2021 and steep declines in 2020 of –15.9%. With pent up demand and a trend towards consumers preferring personal vehicles for post pandemic travel, the Automotive sector appears to be primed for recovery.

Brand Recommendations

As economic uncertainty is expected to continue throughout 2022, business decision-makers should closely monitor the evolution of key dynamics influencing supply and demand to adjust ad investment.

1. Combat inflation through a holistic video approach

The best way to respond to Linear Television viewer erosion accelerated by an on-demand culture taking root during the pandemic and now fuelling aggressive inflation is to use Linear Television more strategically. Although Linear Television and other linear channels are still important, keep a close eye on the value derived from these channels moving forward. Ultimately there will come a point where the price associated with reaching certain audiences will become unreasonable on current models with the main broadcasters. Advertisers will need to have additional flexibility to fragment their budgets to maximise the big screen opportunities coming to market. It is not as simple as just moving money, as there will always be higher value achieved through certain commitments, and the sliding scale of maximum efficiency needs to be continuously calculated understanding points of diminishing returns. Such a holistic approach will help in negotiations moving forward as behaviour continues to shift.

Additionally, brands should invest in content IP and ensure they work closely with SVOD platforms to reach audiences in environments that do not support traditional ad spaces.

2. Accelerate sustainable media efforts

As most brands are now committed to actively reducing the direct and indirect carbon footprints of their operations, an increasing number are turning their eyes to the impact of their media activity. With 84% of people surveyed by dentsu and Microsoft Advertising saying they would more likely buy from a company that practices sustainable advertising,[53] there is a significant business growth opportunity for those brands prepared to embrace sustainable media. To do so, it is important to use the right tools to measure progress. Dentsu has partnered with Bristol University and some of the world's most innovative media companies to launch DIMPACT. This initiative aims at developing an online tool that calculates the greenhouse gas emissions associated with digital media content. Using DIMPACT's prototype calculator, Netflix has been able to estimate that the global average carbon footprint of one hour of streaming is well below 100gCO2e (grams of carbon dioxide equivalents).[54]

3. Adapt media strategy to shortages

As shortages continue into 2022, brands need to adapt their strategies to make the most of their media dollars. Upper-funnel programmes tasked to build awareness or engagement pre-sale are long-term endeavours that are not so impacted by supply chain.

Conversely, direct response-focused digital media programmes optimised towards conversion are more stressed by these implications, given the difficulty of selling unavailable inventory. Brands should use structured data and feeds and automation to better inform their audiences about product availability by dynamically adapting the content of ads. This approach will help maximise investment by automatically pausing media efforts when products are out of stock or backordered. Promoting higher average order value products with a longer click-to-purchase timeline could also increase ad effectiveness.

4. Future-proof data, identity, and measurement capabilities

Brands should regularly interrogate privacy practices in place to develop a perfect view of where and how data of customers and prospects is collected and processed – including via partners. They must also review their dependence to third-party cookies in light of the end of support of third-party cookies by the most popular web browsers by the end of 2023. Then, advertisers should design a strategic user ID Management plan to engage customers seamlessly across their journey, from media interactions to post-purchase relations. Data partnerships are a good way to build sophisticated audience segments that can be used to (re)engage consumers through media. Additionally, brands should regularly reassess how they measure media performance. For instance, through the Attention Economy programme,[55] dentsu has established the value of attention as a media effectiveness metric, including how best to measure it and apply it in practice.

5. Support diverse-owned media companies

Marketers can address the discrimination at play within the media supply chain through economic inclusion of minority-owned media partners. Whether that is US$5,000 or US$2 million, it can have a positive effect on media partners, enabling them to manage overhead, invest in new technologies, and hire new people. This calls for an open-minded approach and a will to experiment. Advertisers should take the time to have two-way conversations with minority-owned media companies to understand how they can better reach diverse audiences. Brands should also invest in cultural fluency across their organisation to develop a deep understanding of cultural nuances and keep in mind the importance of building a year-round presence – not just showing up during commemorative days or heritage months.

6. Boost E-commerce through retail media

Shoppers have never had so many options, from titan retailers to direct-to-consumer brands. As people constantly reinvent their unique path to purchase, media plays a paramount role in reconnecting brands to the consumer journey by enabling more personal, contextual, and valuable shopping experiences. Retailers, marketplaces, social platforms, grocery services, and super apps are all actively developing media portfolios with unique commerce-first solutions. Advertisers should include this growing media segment in their media mix. They should also strive to close the gap between discovery and purchase across the customer journey by making media campaigns directly shoppable where possible, leveraging the live commerce opportunity, and exploring relevant uses of technology such as augmented reality (e.g., through virtual product try-on).

7. Invest in brand to avoid growth plateau

It is important for organisations to keep investing in their brands to drive durable growth. Although newcoming players tend to focus their media activities only on performance-based tactics, familiarity is critical in times of uncertainty and is key to shaping long-term preferences.

Therefore, advertisers should cultivate durable emotional connections with consumers through storytelling across their stores, products, and media campaigns. Performance marketing tactics can be used in a complementary way to address audiences that have been exposed to brand-building efforts.

This balance of brand and performance will enable more continuous growth and will keep acquisition costs lower than trying to force one's way to growth solely through performance-based tactics.

8. Explore the gaming opportunity

As the gaming opportunity grows, brands will flock to this space, for better or for worse. It is important to understand that the inherent passion for the gaming industry demands that brands connect with the community in a meaningful way. Brands should also remember that in many cases advertising will not be the primary revenue driver for game publishers. Therefore, to even be allowed into the gaming spaces, brands will need to focus on the value they can bring to the experience. The IP partnership options are limitless, from creating virtual events for people to connect, to designing skins that liven up people's experiences, to offering add-on packs delivering unique attributes in games and more. From an advertising perspective, pivoting some pre-existing spends with trusted partners into their own gaming verticals (e.g., YouTube Gaming), or into podcasts and TV shows that talk about gaming, is a good start.

Assumptions and Methodology

These forecasts should be read in the context of significant ongoing uncertainty related to the global pandemic and government measures to contain it. As the global vaccination programme is rolled out, dentsu will closely monitor market ad spend to ensure our figures remain an accurate reflection of the sector.

Advertising expenditure forecasts are compiled from data collated from dentsu brands until the second half of December 2021 and based on local market expertise. Dentsu uses a bottom-up approach, with forecasts provided for 59 markets covering the Americas, Asia Pacific and EMEA by medium: Digital, Linear Television, Print, Out-of-Home, Radio & Cinema. The advertising spend figures are provided net of negotiated discounts and with agency commission deducted, in current prices and in local currency. For global and regional figures, figures are centrally converted into USD at the November 2021 average exchange rate. The forecasts are produced bi-annually with actual figures for the previous year and latest forecasts for the current and following years all restated at constant exchange rates.

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About dentsu international

Part of dentsu, dentsu international is made up of six leadership brands - Carat, dentsu X, iProspect, Isobar, dentsumcgarrybowen, Merkle and supported by its specialist brands.

Dentsu International helps clients to win, keep and grow their best customers and achieve meaningful progress for their businesses.

With best-in-class services and solutions in media, CXM, and creative, dentsu international operates in over 145 markets worldwide with more than 45,000 dedicated specialists.

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