January
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network

Global Ad Spend Forecasts

Top ad spend trends in 2020

1. **Global ad spend growth is forecast at 3.9% in 2020,** amounting to US$615.4 billion.

2. However, **ad spend is expected to decline in some key markets in 2020** including Germany, Spain and Italy, reflecting economic trends in those countries.

3. **China and India are on different paths in terms of ad spend growth,** forecast at 5.6% and 10.9% respectively.

4. **Latin America is growing rapidly** driven by digital ad spend.

5. **Global digital ad spend growth is forecast at 10.5% in 2020,** amounting to US$276 billion.

6. **The decline of traditional advertising mediums continues,** with printed newspapers and magazines forecast at -7.1% and -6.3% respectively in 2020.

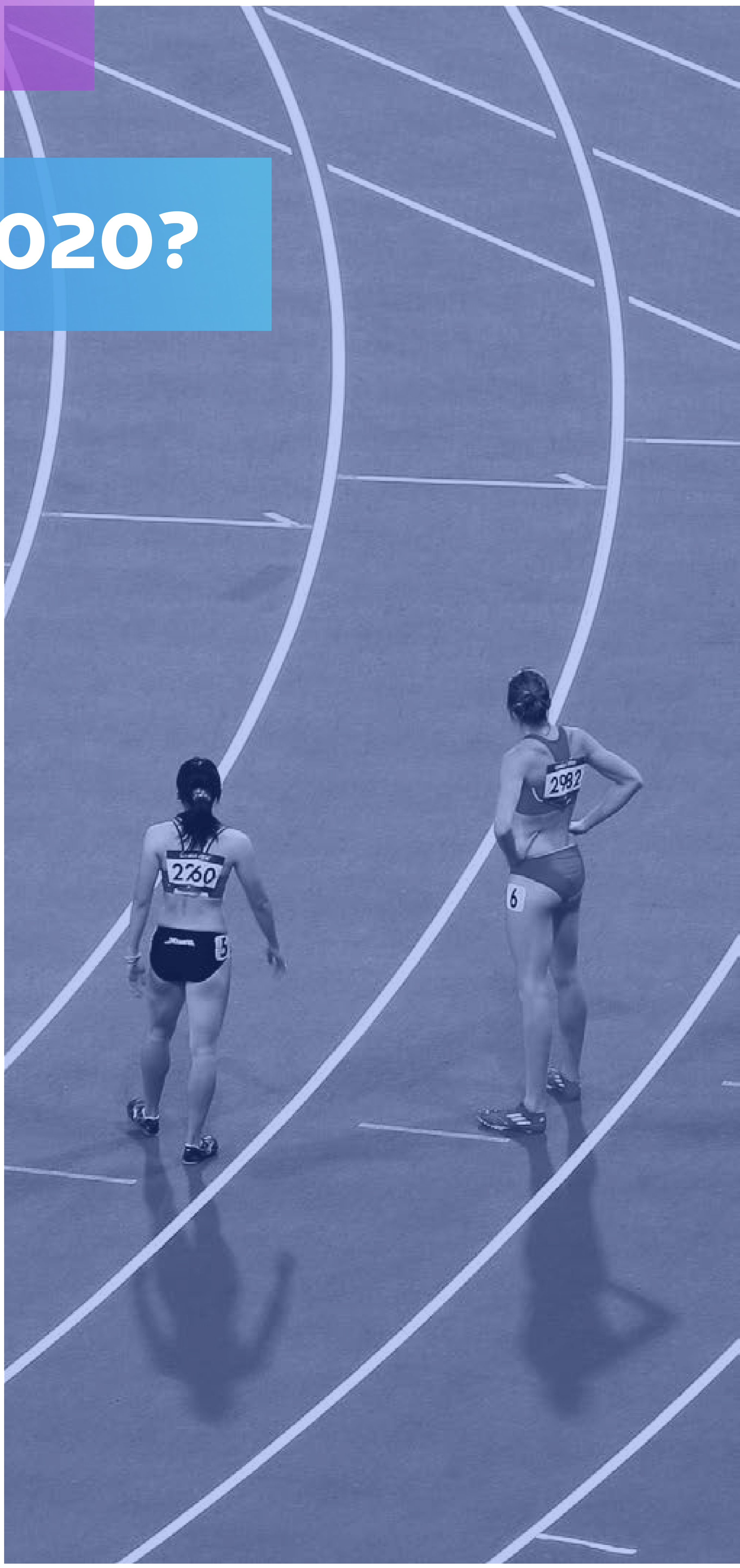
7. However, **TV and radio are expected to make a modest recovery** at 0.6% and 1.7% respectively.

8. **Voice assistants and addressable TV** are breathing new life into traditional media.

9. **Online video** is expected to grow at **14.6% in 2020.**

10. **Mobile is set to overtake TV ad spend share in 2020.**

What's new in 2020?



Against a backdrop of long-running trends shaping ad spend—the increasing power of digital, the rise of mobile—there are a number of ways in which 2020 looks set to be different. Let's take a look at the key ad spend trends this year from both a market and a media perspective.

Market outlook: Events drive ad spend globally

Global ad spend growth is forecast at 3.9% in 2020, amounting to US$615.4 billion, propelled by a number of key sporting and political events such as the Tokyo Olympics and Paralympics 2020, UEFA European Football Championships and the US Presidential elections. The US elections alone are estimated to attract as much as $10 billion in additional ad spend.

The cold winds of recession?

The global outlook sees ad spend continuing to grow, but forecasts across many markets have been revised down since our previous forecasts in June 2019 (see Figure 1), indicating caution as global economic forecasts reach their lowest level in ten years. The Asia-Pacific (APAC) region has been revised down by -0.7%, despite still being the fastest-growing economic region in the world. Meanwhile, the UK—still forecast to grow at 6% in 2020—has been revised down by -0.6% following a sluggish year economically and continued Brexit uncertainty.

A number of western European markets (e.g. Italy, Germany and Spain) have not only been revised down but are predicted to experience decline in overall ad spend growth both in 2020 and in 2021.

Spain and Germany both lowered their 2020 economic forecasts. Political deadlock and international trade tensions continue to affect Spain, and Germany's export-reliant economy only narrowly avoided recession in the third quarter of 2019 due to, in part, a falling global demand for capital goods.

In Italy, advertising spend made global headlines when it put into full force a national ban on gambling advertising in July 2019. The ban is predicted to cost advertising and sponsorship stakeholders between €150-200 million in revenues per year.

> **"The UK has been revised down by -0.6% following a sluggish year economically and continued Brexit uncertainty."**

Figure 1: Growth in global ad spend 2019-21f (selected markets)

Global year-on-year % growth at current prices

Markets	2019a*	2020f	2021f
Global	2.6 (3.6)	3.9 (4.1)	3.3
N. America	3.2 (3.2)	3.8 (3.7)	2.8
USA	3.1 (3.1)	3.8 (3.6)	2.8
Canada	5.4 (5.3)	5.5 (5.7)	3.9
W. Europe	2.2 (2.8)	2.6 (3.1)	2.4
UK	6.1 (6.3)	6.0 (6.6)	6.3
Germany	-1.1 (0.4)	-1.5 (0.5)	-1.2
France	5.0 (3.6)	5.1 (3.0)	4.5
Italy	-1.6 (-1.6)	-0.1 (0.6)	-0.6
Spain	-1.0 (0.5)	-1.3 (0.4)	-1.6
C&EE	4.4 (4.9)	5.1 (5.6)	5.1
Russia	4.4 (4.5)	5.7 (5.8)	5.6
Asia-Pacific	2.3 (4.0)	4.2 (4.9)	3.6
Australia	1.8 (1.9)	3.8 (3.2)	2.7
China	3.1 (5.4)	5.6 (6.9)	5.0
India	9.4 (11.4)	10.9 (12.2)	12.0
Japan	1.2 (1.2)	2.0 (1.8)	1.0
Latin America	5.4 (9.1)	9.5 (6.1)	6.3
Brazil	4.0 (8.8)	8.9** (4.5)	3.4

Figures in brackets show our previous forecasts from Jun 2019 / *2019 actuals are based on Nov 2019 figures

**A change in methodology may impact this growth forecast

Source: Dentsu Aegis Network Global Ad Spend Forecasts January 2020

China and India take separate paths

China's 2020 forecast has been revised down from 6.9% to 5.6%, its pace of growth decelerating as 2021 forecasts reach 5.0%. This comes alongside the economy's moderating growth in recent years, marked by slowing retail sales and industrial output, a trend that is expected to continue.

At the same time, India's ad spend growth is going through the roof. Since forecasting on this market began in 2000, India has experienced stellar growth and is forecast double-digit growth this year (10.9%) and next (12%).

Driving this growth significantly is the rate at which India is embracing the digital economy. Digital ad spend in India is forecast at 27% in 2020 and 27.5% in 2021. Of the total number of internet users worldwide, India jumped by almost 100 million users in 2018 at 21% annual growth and accounting for over a quarter of global growth. China witnessed 6.7% growth in the same period. Moreover, domestic consumption in India has increased 3.5 times in the last decade, as affluent households have more than doubled since 2008.

New world, new growth

India is not alone in its double-digit growth. There are a select few markets that can expect the same this year. Ad spend in developing markets like Mexico and Argentina is forecast at 10.5% and 16% respectively in 2020. Growth in these markets and the rest of Latin America is predominantly driven by digital ad spend. Supported by faster broadband and mobile networks, six out of ten people in Latin America are expected to be internet users in 2020, up from less than half of people just five years previously.

However, fast-growing regions like Latin America and APAC are not the only contributors to growth. At 5.1% in 2020, Central and Eastern Europe (C&EE) is forecast to grow by 0.9% more than APAC this year. Again, digital ad spend drives growth. Russia, Turkey, the Czech Republic, Romania, Bulgaria and Latvia all expect double-digit digital ad spend growth. Coupled with the region having withstood well Western Europe's economic slowdown since mid-2018, the majority of markets in C&EE expect 2020 ad spend growth that surpasses the global forecast.

Media outlook: Traditional advertising, but not as we know it

While digital has dominated ad spend growth in recent years, traditional advertising mediums are showing signs of a modest recovery in 2020. Television is predicted to maintain around one-third (31.5%) of global ad spend share this year and to grow at 0.6% (see Figure 2). Radio is forecast to grow at 1.7%, an increase of two percentage points from last year.

Figure 2: Growth in global ad spend by media, 2019-21f (selected markets)

Global year-on-year % growth at current prices

	2019a*	2020f	2021f
Television	-1.8 (-0.1)	0.6 (0.6)	0.0
Newspapers	-8.5 (-7.7)	-7.1 (-6.6)	-10.2
Magazines	-7.4(-7.4)	-6.3 (-6. 0)	-11.5
Radio	-0.3 (1.7)	1.7 (0.6)	0.8
Cinema	9.7 (6.1)	5.0 (5.9)	4.8
Out-Of-Home	1.5 (4.3)	2.4 (3.9)	2.5
Digital	11.2 (11.5)	10.5 (11.0)	9.5

Figures in brackets show our previous forecasts from Jun 2019 / *2019 actuals are based on Nov 2019 figures

Source: Dentsu Aegis Network Global Ad Spend Forecasts January 2020

So what's changed? New technologies and innovations are enhancing traditional mediums to provide consumers with more engaging and relevant consumer experiences. Take TV. Consumers are no longer confined to the television set and to a linear service. From tuning in on their mobiles to streaming on-demand, TV continues to innovate, increasing audience numbers and encouraging ad spend. In 2020, there are a number of key technologies helping to boost spend in traditional advertising.

Voice brings new life to radio

From Google Home to Amazon's Alexa, voice-assisted technologies (e.g. smart speakers) have become a highly convenient way for consumers to engage online. For many, typing into a search engine fails to offer the seamless experiences of "OK Google" or "Hey Siri." Today, there are around 4 billion voice assistants in use worldwide.

The popularity of smart speaker devices is creating a new audience for radio. While China boasts the greatest number of smart speaker users globally, the US has the highest penetration at around 26% of internet users. In the first quarter of 2018, smart speakers made up about 16% or more of streaming of US public radio stations.

This year, radio ad spend growth in the US is forecast at 2.3%, ahead of the global average. With the number of voice assistants worldwide expected to double by 2023, increasing radio traffic—and with it, increasing radio ad spend—may make itself a long-term trend.

> **"The popularity of smart speakers devices is creating a new audience for radio."**

Addressable TV captures audiences

Addressable (or connected) TV blurs the lines further between television and digital by enabling marketers to target their advertising at consumers as they do so for online ads. On the tails of streaming services, addressable TV advertising has grown rapidly, reaching US$1 billion in 2019. It now accounts for 0.7% of the total linear TV advertising market and is expected to account for 10% by 2022. With analysis showing that viewers watching addressable adverts on TV are a third less likely to switch channel during an ad break, marketers are quickly appreciating the benefits that addressable TV can offer.

Out-Of-Home gets a digital makeover

Digital Out-Of-Home (DOOH) enables marketers to go beyond just targeting their advertising to also augmenting the customer experience with technologies, like VR and facial recognition.

From [Walt Disney's]() geotargeted promotion of 'Avengers: Endgame' across bus shelters in Singapore to drive local ticket sales, to MINI celebrating its 60th year with a personalised message campaign to Australian [MINI]() drivers, brands around the world are using digital to get creative with their advertising.

As a result, OOH has experienced moderate sustained growth in recent years and is forecast to grow by 2.4% in 2020. Marketers have been so taken with OOH's new potential that in some markets, DOOH has even overtaken its more traditional counterpart. In the UK, DOOH is predicted to account for 57% of total OOH ad spend in 2020.

Turn on, tune in, don't drop out

With over a quarter of consumers now installing ad blockers, consumers' overexposure to ads is a big concern for marketers. Programmatic advertising lets marketers automatically buy, optimise and measure their digital campaigns and therefore better target consumers. Google found that already 16% of addressable TV inventory is now bought and sold programmatically and 2020 is predicted as the year that programmatic DOOH goes mainstream.

Against this backdrop, our forecasts show programmatic ad spend going from strength to strength. Growth in global digital ad spend bought programmatically is forecast at 19.1% in 2020.

"Our forecasts show programmatic ad spend going from strength to strength."

Mobile overtakes TV

Since our mobile forecasts began in 2016, global mobile ad spend has more than doubled. Mobile (32.1%) is set to overtake TV (31.5%) this year in terms of share of ad spend. Mobile ad spend growth remains strong and is forecast at 16.5% in 2020, amounting to US$172.6 million. Desktop ad spend, in comparison, is in decline at -1.8%.

All the regions analysed by our forecasts expect double-digit growth in mobile ad spend this year, with high growth expected in APAC and C&EE. Estonia (50%), the Czech Republic (41.8%) and India (40.6%) stand out for expecting very strong growth.

In the case of India, its mobile market remains very robust, despite smartphone shipments having slowed or declined in most of the world. India overtook the US to become the second largest smartphone market in 2018, behind only China.

Addressing addressable TV

Q&A with Brad Stockton, Vice-President of Video Innovation at Dentsu Aegis Network US & Dan Calladine, Head of Media Futures at Carat (part of Dentsu Aegis Network)

How are you seeing addressable TV growing today?

Brad: In the beginning, it was the automotive and finance brands that understood addressable TV's effectiveness. What's great to see now is that other markets and brands are starting to get involved. Every brand is on their own journey of innovation and today, many are realising this space makes a lot of sense for their marketing.

Dan: Markets like the US and the UK are further along their addressable TV journey because of their high penetration rates of digital, but we are starting to see it take off—as mobile has—in developing regions like Asia and particularly in China, because there isn't the same legacy system of analogue TV and transmitters.

What do you think are the greatest benefits of addressable TV for marketers?

Brad: Incremental reach. Addressable TV has now innovated to provide marketers with viewership data and understand which consumers are being over- or under-exposed. It allows you to see if a consumer, who had viewed your ad, went to your store or visited your website. Addressable TV isn't just applicable for brands interested in targeting certain groups, it has relevance for all brands who want to kill ad waste and heighten their campaign's effectiveness.

Dan: And for those brands interested in targeting consumer groups, the advertising costs can be significantly lower. You no longer need a regional campaign to market with TV. If you're a luxury goods company like LVMH, for example, you can now advertise in certain postcodes where you think people have more purchasing power. What's more, there's so much flexibility in who you target. You can do it by preferences, by age, by location—whatever helps you reach your target audience.

Any disadvantages?

Dan: Marketers can get obsessed with targeting niche audiences. If you're interested in maximising reach, then 'traditional' TV is undefeated. That's why brands still pay millions to have their adverts appear in the breaks of the FIFA World Cup and the Superbowl.

Brad: Agreed. Brands can get too finite and expect too much. If your audience is only 1% of the population, you can't scale that. If your audience is 35% of the population, then you might as well have a national ad.

Any advice to marketers on how to make the most of addressable TV?

Dan: If you want something to generate a buzz, then start as broad as possible. Go for the national ad so everyone's talking about it—then go niche and start targeting particular groups with addressable TV.

Brad: Find the right balance. Addressable TV is all about identifying a strategic audience that is small enough to be worth addressing and big enough to be worth scaling.

Long-term trends from the last ten years

The new decade may bring with it new trends to our ad spend forecasts, but there are a number of patterns that have emerged since 2010 that remain fixed—at least, for the time being.

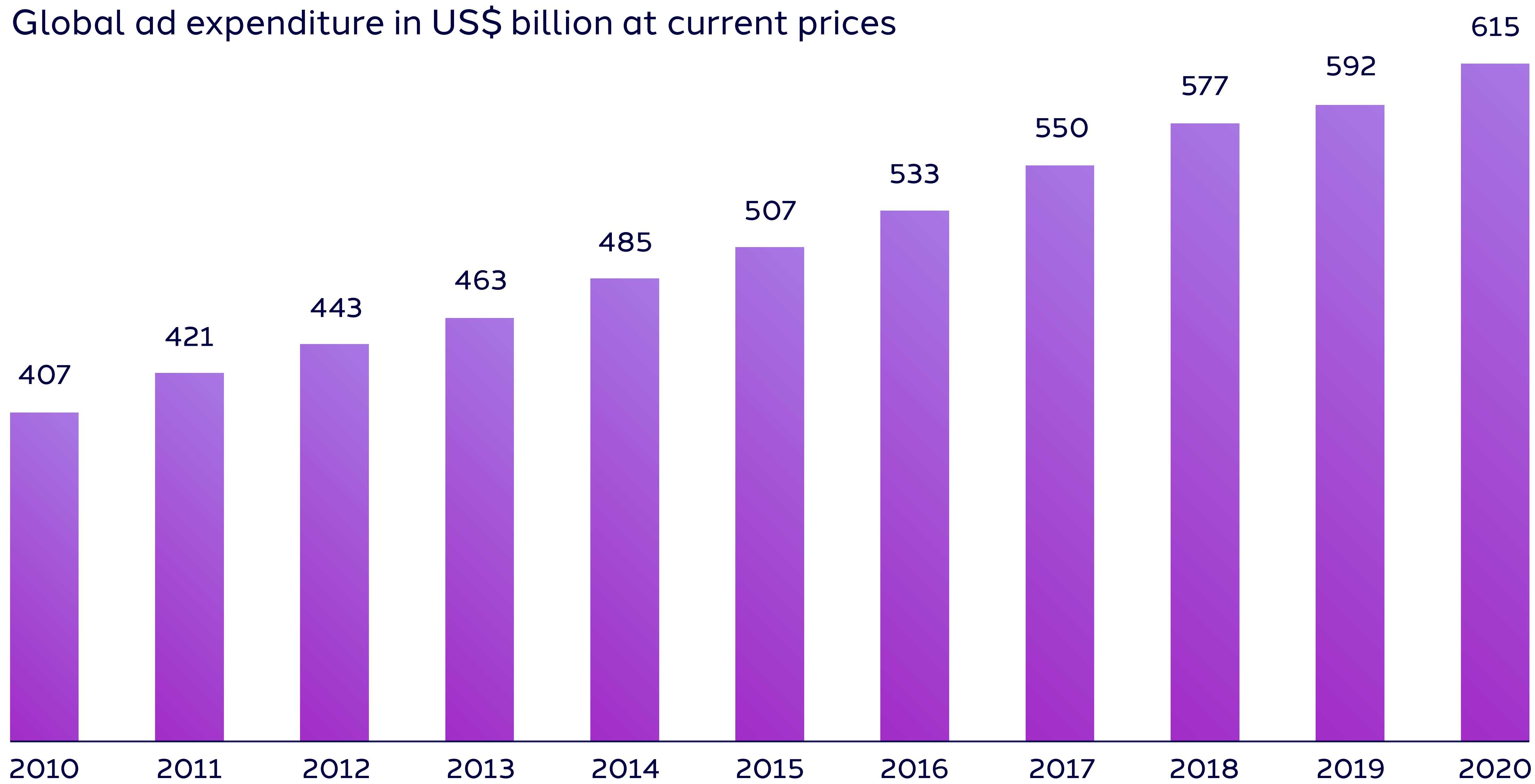
Growth, come rain or shine

Growth has dominated the last ten years of global ad spend. In 2020, total global ad spend is predicted to have increased by more than half (51.2%) its total in 2010. The latest forecast signals a return to accelerating growth and is forecast at 3.9% from 2.6% in 2019, amounting to US$615.4 billion (see Figure 3).

Mirroring wider economic trends, ad spend growth in North America and Western Europe has been modest in comparison with fast-developing regions, such as APAC and Latin America. As a leading indicator of economic growth, the relationship between ad spend and GDP has been close over the last decade (see Figure 4). APAC ad spend growth in 2020 is expected to increase by two-thirds (64.5%) since its 2010 figures, whereas in Western Europe ad spend growth during the same period is forecast at almost half of that (34.2%).

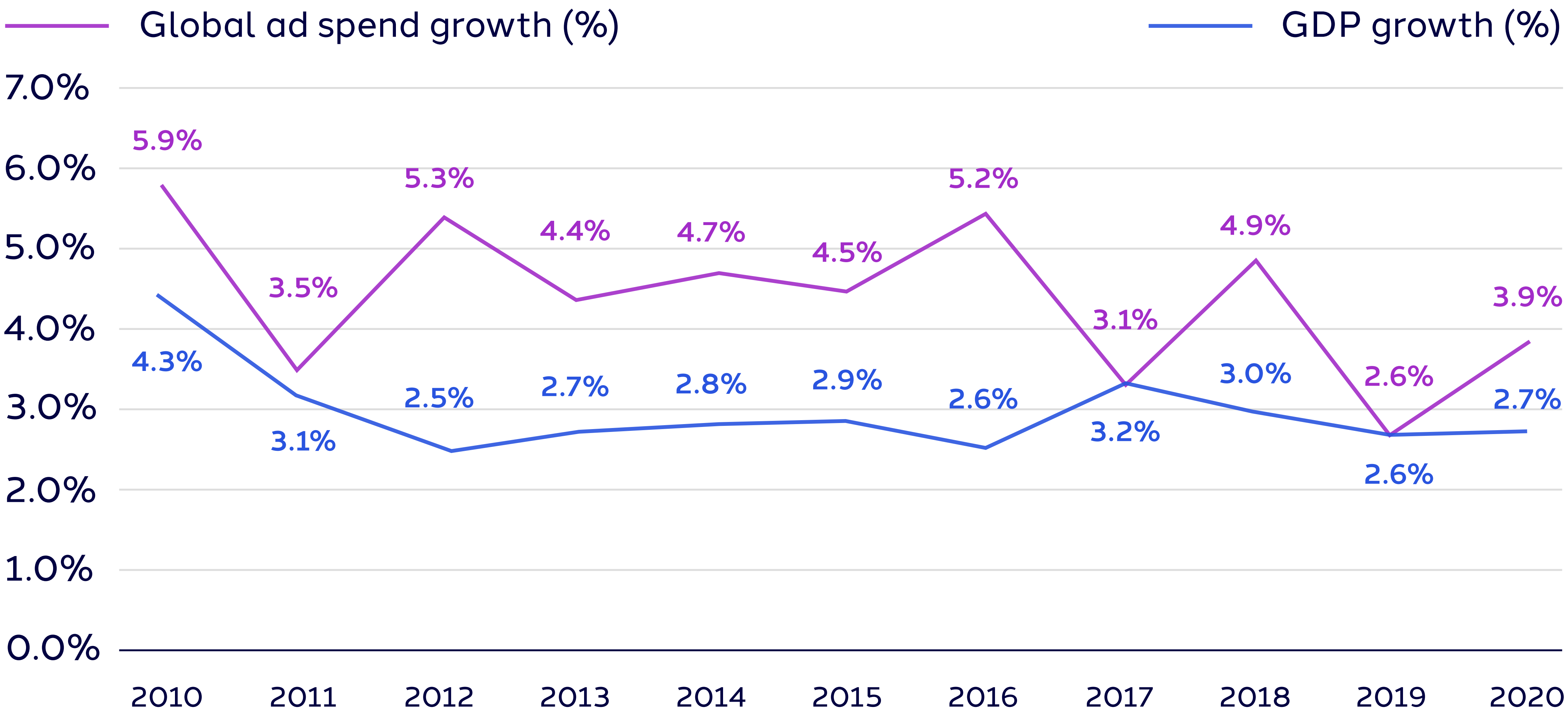
Figure 3: Global ad spend growth in US$ billion 2010-20

Global ad expenditure in US$ billion at current prices



Source: Dentsu Aegis Network Global Ad Spend Forecasts January 2020

Figure 4: Global ad spend vs GDP growth 2010-2020



*GDP growth for 2019 and 2020 are based on World Bank's latest forecasts in June 2019

Source: Dentsu Aegis Network Ad spend forecasts January 2020, World Bank

A decade of digital

Digital ad spend in 2020 is forecast to be more than five times bigger than it was in 2010. This year alone, global digital ad spend growth is expected to hit 10.5%, accounting for US$275.6 billion and a 45.7% share of spend. With the number of those using the internet growing by an average of more than one million every day, this trend of strong growth looks set to continue for some years to come.

> "Digital ad spend in 2020 is forecast to be more than five times bigger than it was in 2010."

The explosion of social media has created a considerable portion of digital growth in recent years and is forecast to grow by one-fifth (19.8%) in 2020 (see Figure 5). Despite increasing concerns over social media's impact on well-being, consumers are still clamouring to join social networks. In 2010, there were 970 million social media users worldwide. Increasing at its current rate, it is expected that there will be [2.96 billion social media users this year](#).

As with ad spend, growth is driven predominantly by rapidly developing economies with large populations. Video-sharing social platform [TikTok](#), famous for its popularity with Generation Z, boasts 500 million active users globally; 150 million of its daily users are in China.

Video platforms, like TikTok, not only demonstrate the increasing popularity of social media, but also of online video. Global online video ad spend is forecast to grow at 14.6% in 2020.

Take YouTube. The platform counted [2 billion monthly active users](#) in 2019, a 5% increase on the previous year. Again, developing regions drive significant growth. For example, Latin America expects online video ad spend to grow at 37.9% this year.

Figure 5: Growth in global ad spend within digital, 2019-21 (selected markets)

Global year-on-year % growth at current prices within digital

	2019a*	2020f	2021f
Display	8.3 (9.0)	8.6 (9.3)	9.7
Online Video	16.1 (20.5)	14.6 (18.6)	13.5
Social Media	22.4 (19.8)	19.8 (19.0)	16.4
Paid Search	9.9 (9.0)	8.4 (8.1)	9.3
Classified	4.1 (5.3)	4.1 (5.8)	4.2

	2019a*	2020f	2021f
Mobile	18.4 (21.4)	16.5 (17.7)	14.2
Desktop	-1.6 (-4.5)	-1.8 (-2.6)	1.5

Figures in brackets show our previous forecasts from Jun 2019 / *2019 actuals are based on Nov 2019 figures

Source: Dentsu Aegis Network Global Ad Spend Forecasts January 2020

The decline of traditional advertising

Digital's takeover has come at the price of traditional advertising mediums, many of which have experienced consistently declining growth. For example, printed newspapers and magazines are forecast to decline in 2020 by -7.1% and -6.3% respectively. Global newspaper ad spend in 2020 is forecast at US$37.9 billion. Its total ad spend is expected to decline by more than half (-50.9%) from its 2010 forecast.

Out of the key markets surveyed, China is set to experience the greatest decline at -25% this year. Meanwhile, in the US, over 2,000 newspapers have closed since 2004. With US adults now more likely to get their news from social media than print newspaper, a resurgence in print ad spend seems unlikely.

Despite being expected to increase 0.6% in 2020, TV ad spend growth has been stagnating during recent years as increasing numbers of consumers turn to online platforms (e.g. YouTube) and streaming services (e.g. Netflix) for their entertainment. According to OfCom, four out of ten UK viewers now say that online video services are their main way of watching television and film. Innovations, such as addressable TV, may support modest growth, but for now, television has yet to turn around its steady decline.

Looking ahead to 2030

As we look ahead to a new decade, some of our leading thinkers share their ideas on the future of ad spend in 2030.

Tia Castagno, Head of Innovation, Vizeum

"In 2030, media in many countries will be accessed entirely through 'digital' (incorporating TV, radio and OOH). As such, 'digital' as a category may disappear altogether. New categories such as experiential will be an extension of OOH and command a large proportion of ad spend."

Dan Calladine, Head of Media Futures, Carat

"Ad spend will still be growing in 2030, but there will be less strict distinctions between different categories, as almost everything will be on a screen of some sort (even Out-Of-Home). The large ecosystems will be even more dominant than now, but there will also be lots of local independent media owners, serving important niches."

Michael Komasinski, President EMEA, Merkle

"In 2030 almost everything will be automated on an impression-by-impression, lifetime value attribution model and with bespoke creative that is based on the person's need and the advertiser's objective. AI will accumulate an understanding of each consumer and serve relevant, personalised content. This will sit at the core of the value exchange meaning consumers will become more valuable as they increasingly see the benefit of sharing more of their data. Where brands and advertising will fall down is in failing to balance the agenda and respect the boundaries—just like in human relationships."

Sanjay Nazerali, Chief Strategy Officer, dentsu x

"In 2030, we will have achieved the Holy Grail of measuring marketing. We will understand how diverse channels and content interrelate to produce business outcomes. We will have redeveloped organisational structures to remove the unhelpful silos and metrics that exist between disciplines. In doing this, we will deliver seamless experiences which delight consumers and reward brands. Ad spend will almost certainly increase, as the value of advertising becomes clearer."

Nick Halas, Global Head of Strategy, Posterscope

"The overarching theme of ad spend in 2030 will be fragmentation across an ever-expanding canvas. Chaotic and challenging for clients to navigate, but also—due to the continued digitisation of media infrastructure and consumer connectivity—CMOs will be able to learn and pinpoint with much greater precision how investment is driving results. The big question for me is whether that will drive long-term media investment, or whether brands will focus on micro media investments across a myriad of platforms."

Methodology

Advertising expenditure forecasts are compiled from data collated from around Dentsu Aegis Network's brands and based on our local market expertise. We use a bottom-up approach, with forecasts provided for 59 markets covering the Americas, EMEA, Asia Pacific and Rest of World by medium: Television, Newspapers, Magazines, Radio, Cinema, Out-of-Home and Digital Media. 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, we convert the figures centrally into USD with the average exchange rate. The forecasts are produced bi-annually with actual figures for the previous year and latest forecasts for the current and following year.

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About Dentsu Aegis Network

Part of Dentsu Group, Dentsu Aegis Network is made up of ten global network brands—Carat, Dentsu, dentsu X, iProspect, Isobar, mcgarrybowen, Merkle, MKTG, Posterscope and Vizeum and supported by its specialist/multi-market brands. Dentsu Aegis Network is Innovating the Way Brands Are Built for its clients through its best-in-class expertise and capabilities in media, digital and creative communications services. Offering a distinctive and innovative range of products and services, Dentsu Aegis Network is headquartered in London and operates in 145 countries worldwide with more than 47,000 dedicated specialists.

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