



Warc cuts 2015 adspend growth forecast to 4.8%

London, 10th December 2014

Warc (www.warc.com), the marketing intelligence service, expects global advertising spend (based on 12 major markets) to increase by 4.8% at current prices in 2015, according to its latest *International Ad Forecast*. This is a downgrade of 0.5pp from our previous report in June. It follows expected growth of 5.5% in 2014.

If inflation is taken into account, global adspend in real terms is expected to rise by 2.4% next year, following growth of 3.1% this year.

The dip in growth rate compared with 2014 stems partly from the absence of notable events such as the FIFA World Cup and the Winter Olympics, and partly from risks to global economic growth presented by further stagnation in the eurozone, slowing growth in parts of Asia and tension surrounding Ukraine.

Consequently, the 2015 outlook for all our key markets – with the exception of India and the UK – has been downgraded from June.

Forecast adspend growth in 2015, % change year-on-year

	Current prices	Constant 2005 prices*	Percentage point change vs June (current prices)
Australia	2.4	-0.2	-1.0
Brazil	3.7	-2.3	-4.3
Canada	3.7	1.9	-0.2
China	10.5	7.8	-0.5
France	0.3	-0.5	-0.3
Germany	1.4	0.0	-0.5
India	15.1	8.1	+1.6
Italy	0.9	0.3	-0.3
Japan	1.6	-0.3	-0.6
Russia	2.0	-4.1	-7.2
UK	6.9	5.1	0.0
US	4.4	2.6	-0.1

*Constant 2005 price forecasts take into account predicted inflation.

Forecast growth calculated in local currency. Source: Warc's International Ad Forecast

India (15.1%) and China (10.5%) are predicted to record the biggest increases in adspend in 2015, followed by the UK, with estimated growth of 6.9%. Both Russia and Brazil have seen significant markdowns in outlook since June, on the back of deteriorating economic conditions. In real terms, advertising spend is now expected to decline for both markets next year.

12 key countries ranked by 2015 adspend, US\$ and % share

	US\$ (millions)	% share of 12 market total
US	174,465	42.5
China	56,185	13.7
Japan	38,362	9.3
UK	29,558	7.2
Germany	25,732	6.3
Brazil	18,592	4.5
France	16,475	4.0
Canada	13,226	3.2
Australia	12,253	3.0
Russia	10,134	2.5
Italy	9,535	2.3
India	6,232	1.5

Source: Warc's International Ad Forecast

The US, the world's largest ad market, is expected to post growth of 4.4% next year to reach total spend of \$174bn, comfortably overtaking 2007's pre-recession peak of \$168bn.

Looking to the long term, the shift in spend away from traditional channels and towards internet continues.

Adspend by medium, 10 year trends

	2006 (% share)	2015(f) (% share)	Percentage point change, 2015 vs 2006
Newspapers	27.9	11.3	-16.6
Magazines	11.8	5.5	-6.3
TV	35.7	37.1	1.3
Radio	8.9	6.5	-2.4
Cinema	0.4	0.4	0.0
Out of home	6.1	5.8	-0.3
Internet	9.2	33.4	24.2

Source: Warc's International Ad Forecast

Internet will account for over a third of global adspend next year, up from 9.2% in 2006. By contrast, spend across print media more than halved over the same period. Only TV has remained strong over the decade [for traditional media], and is set to remain the largest adspend channel in 2015, taking a global share of 37.1%, up from 35.7% in 2006.



Suzy Young, Data and Journals Director at Warc, commented: "The outlook for adspend is mixed in 2015, with some markets predicted to see significant growth – while growth in others remains muted.

Most advertising dollars will still be spent in mature markets – high annual growth rates in emerging markets notwithstanding. For example, while the Indian ad market is expected to grow rapidly, at an estimated US6.2bn it will still only achieve a 1.5% market share."

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About Warc

Warc is an online service offering advertising best practice, evidence and insights from the world's leading brands. Warc helps clients grow their businesses by using proven approaches to maximise advertising effectiveness.

Warc's clients include the world's largest advertising and media agencies, research companies, universities and advertisers.

In addition to its own content, Warc features advertising case studies and best practices from more than 50 respected industry sources, including: ARF, Effies, Cannes Lions, ESOMAR and IPA. Warc hosts three annual case study competitions: Warc Prize for Innovation, Warc Prize for Social Strategy and Warc Prize for Asian Strategy.

Founded in 1985, Warc is privately owned and has offices in the UK, US and Singapore.

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