

Press Release

For immediate release

Global adspend growth to accelerate to +4.7% in 2018, reaching a total of US\$572bn

Global Ad Trends - A focus on advertising expenditure

Global, 23rd January 2018 – WARC, the international marketing intelligence service, has released its latest monthly Global Ad Trends report digesting up-to-date insights and evidenced thinking from the worldwide advertising industry.

Focusing on advertising expenditure in 96 markets, this latest Global Ad Trends report includes key trends in spending patterns by media and geography since 2009, a round-up of 2017, as well as full-year projections for 2018.

Global advertising expenditure growth to accelerate to +4.7% in 2018

Global growth is forecast at 4.7% to a total of US\$572bn this year, boosted by the PyeongChang Winter Olympics, FIFA World Cup, US mid-term elections and reduced dollar volatility in emerging markets.

Growth in North America (+5.0%), Asia-Pacific (+6.0%) and Western Europe (+2.6%) is expected to hasten in 2018, while Central and Eastern Europe (+8.4%) and Latin America (+7.0%) will continue to expand at a strong rate. Advertising spend across the Middle East and Africa is expected to dip once more (-4.1%), though at a lesser rate than in previous years.

Global advertising expenditure rose 3.0% to US\$546bn in 2017

Global advertising spend rose 3.0% to US\$546bn in 2017, according to new projections based on data for 96 markets. The growth rate in 2017 represents a slowdown from the 3.8% rise recorded in 2016, partially owing to weaker growth in the United States (which accounts for 34% of the value of advertising worldwide).

The slowdown in the US contributed to an easing in growth across North America as a whole. Adspend in the region rose 3.3% to US\$199.6bn in 2017 (compared to 8.0% growth in 2016). Growth in the world's second-largest ad region, Asia-Pacific, also cooled (+4.3% to US\$162.8bn in 2017 vs +5.3% in 2016), as growth in Japan (23% of the regional total) was muted by a weaker Yen. The Chinese ad market – which accounts for 41% of Asian and 12% of global advertising

spend – expanded by 4.7% to US\$66.7bn last year, propelled by rapidly increasing spend on mobile ads.

North America and Asia-Pacific account for two-thirds of global advertising expenditure combined. Outside of these regions, fortunes were mixed. Spend in Western Europe (20% of the global total) rose by just 0.2% to US\$109.9bn in 2017, matching the rate recorded in 2016. Conversely, advertising spend in Central and Eastern Europe grew by 14.5% to US\$21.2bn in 2017, making it the fastest-growing region last year. The Latin American ad market returned to growth (+9.4% to US\$31.2bn in 2017) after a 4.4% decline in 2016, but advertising spend in the Middle East and Africa fell for a second year (down 10.5% to US\$21.7bn in 2017 versus an 11.3% dip in 2016) due to political instability and the impact of a weaker trade price on oil-reliant economies.

Mobile was the only medium to gain share of global advertising expenditure in 2017, and is now the world's second-largest ad channel

Mobile increased its share of global advertising expenditure by an estimated 5.9 percentage points (pp) to 20.6% in 2017, equivalent to US\$112bn (up 44.5% year-on-year). Approximately 45% of mobile advertising spend is based in the US, where US\$156 dollars per capita is spent on mobile ads.

Mobile is thought to have been the only media channel to have gained share year-on-year. Estimates indicate that mobile overtook desktop internet for the first time in 2017, as spend on desktop ads was thought to have taken a share of 18.3% (down 1.9pp year-on-year).

The largest media channel, TV, is estimated to have registered a 1.4pp dip in 2017, taking a share of 36.5% of the global adspend total (US\$199.5bn). Print continues to lose share, the channel was down an estimated 2.2pp in 2017 to 12.5%. Since 2009, print has recorded a massive 21.5pp decrease in its share of global adspend, and has lost an average US\$11.5bn each year since 2012.

Out of home's share dipped by 0.1pp to 5.7% in 2017, while cinema's share held at 0.7% and radio was down by an estimated 0.2pp to 5.7%.

James McDonald, Data Editor, WARC, says: "2018 should be a stellar year for global advertising, with ad investment set to grow at its strongest rate since the post recovery years of 2010 and 2011. All global regions, with the exception of the Middle East, are expected to register growth, supported by key quadrennial events - notably the Winter Olympics in South Korea, the FIFA World Cup in Russia and the US mid-term elections."

He added, "Mobile is now a key driver of global growth, and was the only channel to gain share of spend in 2017 – it now accounts for one in five ad dollars worldwide. Nevertheless, traditional media still attract 61% of global ad investment, and TV and out of home will be among the main benefactors of increased brand and political campaign spending this year."

A round-up of advertising expenditure trends and media projections

- 3.0% rise in global adspend last year, to a total of US\$546bn
- 4.7% growth forecast for global adspend this year, reaching US\$572bn
- 18% - search's share of global adspend in 2017
- 40% average growth rate in online video spend since 2013
- 45% of global mobile adspend in 2017 was based in the US
- 61% of global adspend in 2017 (US\$334.1bn) invested in traditional media

Other new key media intelligence on WARC Data

- More ad dollars go to TV networks (US\$199.5bn) than the Facebook/Google duopoly (US\$133.2bn)
- TV adspend outweighs online video by a ratio of 6:1
- At US\$65.8bn, sponsorship will overtake print to become the fourth-largest ad medium in 2018

Global Ad Trends is part of **WARC Data**, a newly enhanced dedicated online service featuring current advertising benchmarks, data points, ad trends and user-generated expanded databases.

Aimed at media and brand owners, market analysts, media, advertising and research agencies as well as academics, WARC Data provides current advertising and media information, hard facts and figures – essential market intelligence for ad industry related business, strategy and planning required in any decision making process.

WARC Data is available by subscription only. For more information visit <https://www.warc.com/data>

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For further information, please contact:

Amanda Benfell
PR Manager
amanda.benfell@warc.com
+44 (0) 20 7467 8125

WARC
85 Newman Street
London W1T 3EX
www.warc.com

About WARC – advertising evidence, insights, best practice and data

WARC.com is an online service offering advertising best practice, evidence, insights and data 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, advertisers, market analysts and academics.

WARC runs four global and two regional case study competitions: WARC Awards, WARC Innovation Awards, WARC Media Awards, The Admap prize, WARC Prize for Asian Strategy and WARC Prize for MENA Strategy.

WARC also publishes leading journals including Admap, Market Leader, the Journal of Advertising Research and the International Journal of the Market Research Society. 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.

Founded in 1985, WARC is privately owned and has offices in the UK, U.S. and Singapore.

About WARC Data – a global advertising trends, benchmarks, data points & database service

WARC Data provides current advertising and media information, hard facts and figures – essential market intelligence for ad industry related business, strategy and planning required in any decision making process.

Core features of WARC Data are:

- **Benchmarks:** improve campaign performance using planning and measurement benchmarks
 - ROI Calculator: compare campaign ROI with WARC case studies database
 - Media Allocation: plan campaign budgets using media splits from successful campaigns
 - Ad/Sales Ratios: advertising/sales ratios for 200 SIC-coded US industries
- **Data Points:** Takeaway charts and data on media spend, costs and consumption
 - New series of chart-led data articles bringing clients the most reliable stats on a given topic
 - Delivered via search results and topic update emails
 - Download the chart in PPT and/or the data in Excel directly from the article
 - Articles are updated on a rolling basis throughout the year and can be saved in "My WARC"

- **WARC Reports:**
 - Global Ad Trends: a monthly report digesting the latest insights and evidenced thinking from the global advertising industry
 - The Global Marketing Index (GMI): a monthly barometer of marketer sentiment towards trading conditions, budgets and staffing levels on a global and regional level
 - State of The Industry: Mobile Marketing: results from exclusive surveys by WARC and the Mobile Marketing Association into brands' use of mobile around the world
 - Media Consumption overviews: market-specific consumption trends for 36 countries

- **Extensive Databases:**
 - International adspend forecasts for 12 key markets by medium and ad format
 - WARC's adspend database holds advertising spend figures in 96 countries back to 1980
 - Media Costs database monitors CPM and cost per 100 GPRs in 68 countries, by medium and target audience

WARC Data is available by subscription only. For more information visit <https://www.warc.com/data>