



# CARAT AD SPEND REPORT.

SEPTEMBER 2015

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**CARAT PREDICTS POSITIVE OUTLOOK  
IN 2016 WITH GLOBAL GROWTH OF  
+4.7% AND US\$25BILLION UPSURGE  
IN ADVERTISING SPEND**

**CARAT**



# DIGITAL AND MOBILE FORECASTS UPWARDLY REVISED

Carat, the leading global media network, today publishes its updated forecasts for worldwide advertising expenditure in 2015 and 2016, with continued optimism through positive global and regional outlook and solid growth in Digital and Mobile. Based on data received from 59 markets across the Americas, Asia Pacific and EMEA, Carat's latest global advertising expenditure forecasts that global advertising spend will grow by +4.0% in 2015 to US\$529billion, a slight decline from the +4.6% predicted in March 2015, and 2016 is predicted to grow by +4.7%, accounting for an additional US\$25billion in spend.

Fuelled by the rise of Mobile and Online Video spending trends, Carat's latest forecasts reconfirm the continued solid growth for Digital media, evident through the upsurge in the predicted share of advertising spend in 2015 of 24.3% and 26.5% in 2016. For 10 of the markets analysed, including the UK, Ireland, Canada and Australia, Digital is now the principle media used based on spend, with the US market predicted to join this list in 2018 when digital advertising spend is forecast to overtake TV advertising by more than US\$4billion.

From a regional perspective, Carat confirms on-going positive momentum in 2015 for most regions although volatility occurs in some individual markets, with Western Europe at +2.6%, +4.2% in North America, +4.1% in Asia Pacific and +12.7% in Latin America. Western Europe's continued positive growth is driven by solid 2015 figures in the UK and Spain of +6.4% and +6.9% respectively, strong enough to withstand the political turmoil in Greece and its revised advertising growth this year of -12%, significantly down from the +8% predicted in March 2015. Despite a slight decline in growth forecasts due to China's economic downturn, Asia Pacific remains strong in 2015 with an above global spend rate of +4.1%, driven by high-performing India at +11% and growing Australia at +2.4%. Carat's data also reports an encouraging outlook for 2016, with all regions predicted to increase year-on-year spend next year and Central & Eastern Europe to return to positive growth.

By media, Digital continues to be the only channel warranting double digit growth, predicted at +15.7% in 2015 and +14.3% in 2016. This is driven by the high demand for Mobile and Online Video advertising especially across social media, with +51.2% and +22% year-on-year growth expected this year. Programmatic buying is also experiencing rapid growth at a rate of +20% each year. TV remains resilient with a steady 42.0% market share in 2015 and is predicted to grow by more than +3% in 2016, as the upcoming Olympic Games and US elections are expected to drive considerable viewership. Despite the ongoing decline in Print\* spend, Carat's forecasts confirm year-on-year growth for all other media with updated predictions for 2015 highlighting year-on-year growth in Cinema at +4.7%, Radio at +1.3% and Outdoor at +3.4%, with the latter two slightly revised down from March 2015 figures.

	YEAR ON YEAR % GROWTH AT CURRENT PRICES	
	2015f	2016f
<b>GLOBAL</b>	<b>4.0 (4.6)</b>	<b>4.7 (5.0)</b>
<b>NORTH AMERICA</b>	<b>4.2 (4.5)</b>	<b>4.5 (4.6)</b>
USA	4.3 (4.6)	4.5 (4.7)
CANADA	2.5 (2.5)	3.0 (3.0)
<b>WESTERN EUROPE</b>	<b>2.6 (2.8)</b>	<b>2.9 (2.8)</b>
UK	6.4 (6.4)	5.5 (5.8)
GERMANY	1.6 (1.6)	1.7 (1.8)
FRANCE	0.1 (0.0)	0.7 (0.2)
ITALY	0.5 (0.9)	0.7 (0.7)
SPAIN	6.9 (6.8)	6.9 (6.9)
<b>C&amp;EE</b>	<b>-6.0 (-2.2)</b>	<b>1.6 (3.9)</b>
RUSSIA	-14.0 (-7.1)	0.0 (4.5)
<b>ASIA PACIFIC</b>	<b>4.1 (5.2)</b>	<b>4.7 (5.8)</b>
AUSTRALIA	2.4 (1.0)	2.8 (1.5)
CHINA	6.0 (7.9)	6.5 (8.1)
INDIA	11.0 (11.0)	12.0 (11.3)
JAPAN	1.4 (0.9)	1.6 (1.2)
<b>LATIN AMERICA</b>	<b>12.7 (11.1)</b>	<b>13.6 (11.9)</b>
BRAZIL	6.0 (6.6)	8.4 (8.4)

Figures in brackets show our previous forecasts from March 2015



Commenting on the Carat Advertising Expenditure forecasts, **Jerry Buhlmann, CEO of Dentsu Aegis Network**, said:

“

CARAT'S LATEST ADVERTISING SPEND FORECAST SHOWS OPTIMISM BALANCED WITH REALISM DURING A YEAR OF INCREASED VOLATILITY IN MAJOR MARKETS SUCH AS RUSSIA AND CHINA. NOTICEABLY, THE LANDSCAPE IS BECOMING INCREASINGLY COMPLEX AS PREVIOUSLY GROUPED MARKETS, SUCH AS THE BRIC ECONOMIES, ARE NOW OPERATING DIFFERENTLY AND ECONOMIC SITUATIONS CAN QUICKLY CHANGE MARKETS AT PACE. OUR TEAMS ARE WELL POSITIONED TO NAVIGATE OUR CLIENTS THROUGH THIS MULTI-FACETED MARKETPLACE AND SUCCESSFULLY ASSIMILATE NEW MARKET OPPORTUNITIES AT SPEED.

”

“

DIGITAL MEDIA CONTINUES TO ACHIEVE OUTSTANDING GROWTH AS THE EFFECTIVENESS OF THIS MEDIUM AND RESULTS ACHIEVED, ESPECIALLY WITH MILLENNIALS, WARRANTS THE UPSURGE IN SPEND LEVELS. AS DIGITAL RAPIDLY EVOLVES INTO A MORE ESTABLISHED ASSET AND PROGRAMMATIC AND SEARCH BRING STRONGER PERFORMANCE AND EFFICIENCY, WE CONTINUE TO ADD VALUE TO OUR CLIENTS BY DELIVERING INNOVATIVE SOLUTIONS THAT ARE DIFFERENT AND BETTER.

”

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## NOTES TO EDITORS

#CaratAdSpend

**\*Print:** 'Print' is defined as the combined advertising spend of Magazines and Newspapers

**Digital:** 'Digital Advertising' or 'Digital Media' or 'Digital' includes advertising spend from Search, Display, Online Video, Social Media and Mobile.

**Methodology:** Carat's advertising expenditure forecasts are compiled from data which is collated from around the Carat network and based on Carat's 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.

# CARAT ADVERTISING SPEND FORECAST

## SEPTEMBER 2015 SUMMARY

Carat's latest global advertising expenditure forecasts, covering 59 markets across the Americas, Asia Pacific and EMEA, show advertising spend remaining resilient overall, increasing by a healthy +4.0% to US\$529billion in 2015. The advertising market this year has faced a tough year-on-year comparison with 2014 when the Sochi Winter Olympics, FIFA World Cup in Brazil and US mid-term elections generated significant investment. Subsequently, growth this year is predicted at a slightly slower pace than the actual +4.6% achieved in 2014. An encouraging rise in growth is forecast for 2016, with levels of year-on-year global growth of +4.7%, reaching US\$554billion. This is in line with continued global macro-economic strength and stability forecasts combined with an uplift from large upcoming quadrennial events: The US presidential elections, Rio 2016 Olympic Games, as well as the 2016 UEFA European Football Championships.

Carat's latest report highlights that the advertising market continues to be a barometer of economic and political activity around the globe. Its latest advertising spend forecasts have been revised with 2015 growth lowered by 0.6 percentage points from +4.6% to +4.0%, and the forecast for 2016 reduced by 0.3 percentage points from +5.0% to +4.7%. The key influencers of reduced global advertising spend growth are China and Russia, where predicted spending have been revised down as a result of the recent economic and political turbulence in these markets.

**“THE MEDIA LANDSCAPE IS MORE COMPLEX AND MULTI-FACETED THAN EVER BEFORE. THE DIVERSITY OF MEDIA, MARKET VOLATILITY AND THE RISING IMPACT OF GEOGRAPHICAL EVENTS ARE ALL INFLUENCING ADVERTISING SPEND. FOR GLOBAL CLIENTS, THIS MEANS A GREATER NEED TO BE AWARE OF SUCH EVOLVING SCENARIOS, TO BE AGILE AND ABLE TO MOVE SPEND WHERE IT CAN DELIVER THE GREATEST RETURN.”**

Sanjay Nazerali,  
Chief Strategy Officer Carat Global

# KEY TRENDS FROM THE REPORT

- Accelerated global advertising spend growth predicted in 2016 of +4.7%, in line with higher global economic growth expectations for next year and boosted by the quadrennial events.
- Global advertising spend forecasts for 2015 have been revised down from the +4.6% previously forecast in Carat's Advertising Spend report in March 2015 to +4.0% following significant changes to regional advertising forecasts in Central & Eastern Europe and Asia Pacific, due to dampened expectations in major markets Russia and China.
- Western Europe remains stable with consistent year-on-year growth at +2.6% in 2015 and +2.9% in 2016 driven by positive momentum in the UK and Spain.
- North America's growth in 2015 is predicted at +4.2% in 2015, marginally above the global average of +4.0%, and estimated at US\$203.3billion.
- In Asia Pacific, the Indian advertising market is buoyant as growth prospects in the country remain high at +11.0% in 2015 and +12.0% in 2016.
- Digital media spend is still predicted at double digit growth levels of +15.7% in 2015 and +14.3% in 2016, matching and exceeding previous predictions respectively in the March 2015 report despite the reduction in the overall growth forecasts. Digital's share of total advertising spend continues to expand year-on-year, targeting a forecast of 24.3% in 2015, rising further to 26.5% in 2016, exceeding predictions from the March 2015 report.
- Digital's strong growth trajectory is driven by Online Video, Programmatic and Mobile. By the end of 2015 US market Programmatic transactions will account for 52% of non-search digital advertising spend, with growth at a rate of circa 20% a year predicted to continue for the next few years. Overall, Mobile is experiencing the greatest spend growth across all media and Carat predicts year-on-year growth in Mobile spend at +51.2% in 2015 and +44.5% in 2016.
- TV still remains the dominant medium globally with a predicted 42% share of total advertising spend in 2015.



# REGIONAL BREAKDOWN

## NORTH AMERICA

Advertising spend in North America continues to be strong with growth of +4.2% forecast in 2015 (revised down from +4.5%) and +4.5% in 2016 (revised down from +4.6%) exceeding growth in the regions Western Europe and C&EE. Growth expectations however have been reduced since Carat's predictions in March 2015 following a general moderation in the US advertising spend forecasts.

The **US** advertising market is forecast to increase by +4.3% in 2015 and by +4.5% in 2016. Advertising supporting the 2016 presidential elections and electoral campaigns is predicted to increase advertising spend mostly on a local level. The Rio 2016 Summer Olympic Games are also predicted to boost advertising spend in the US.

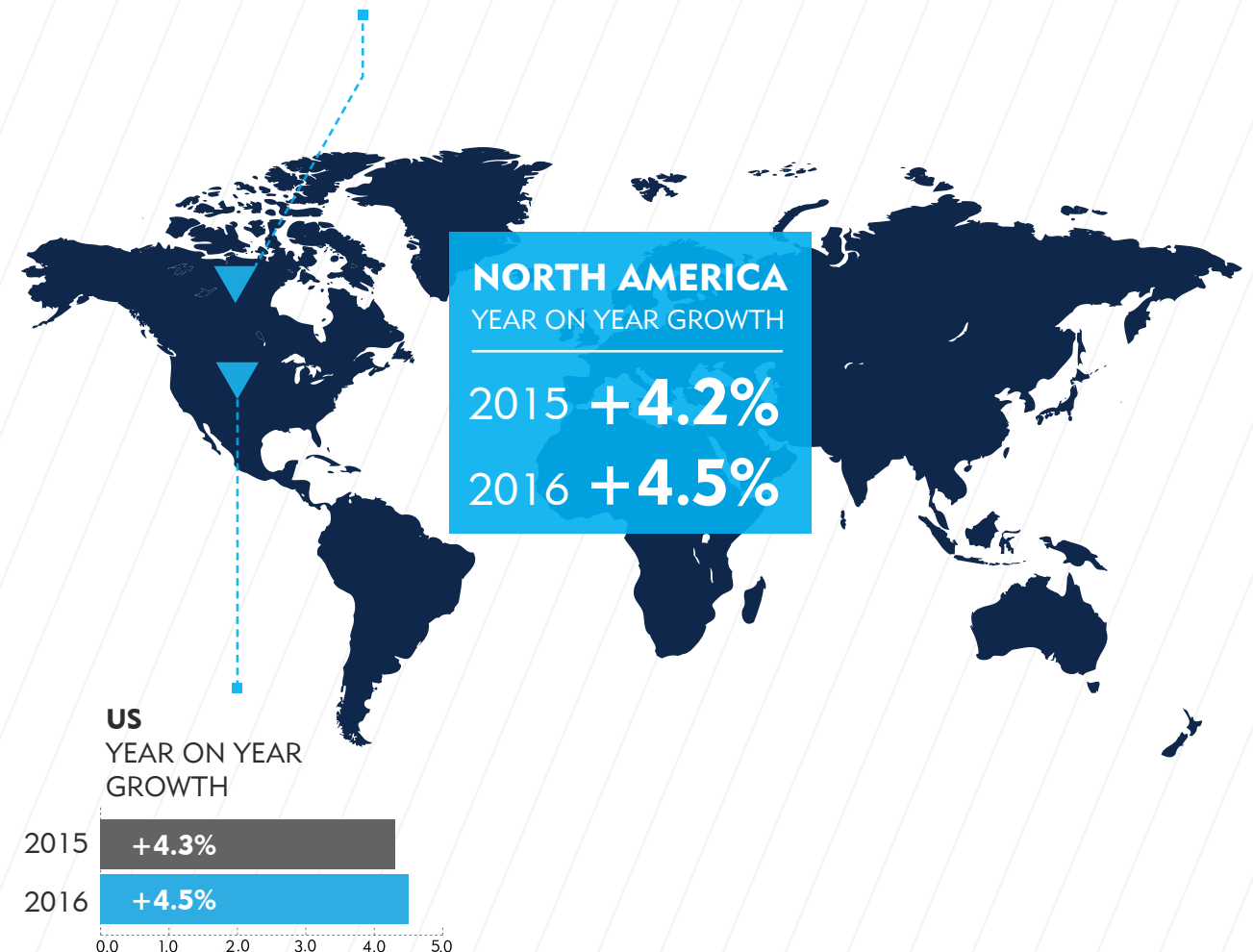
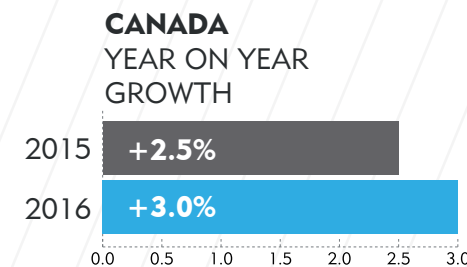
The outlook for the advertising market in the US remains positive, largely fuelled by digital platforms, especially within the Mobile sector that is growing by approximately 50% year-on-year. Digital advertising spending including mobile is forecast to overtake TV advertising spend by more than US\$4billion by 2018.

Carat's latest report also shows slight moderations to the total US market advertising forecasts since the March 2015 predictions, with +4.6% growth reduced to +4.3% for 2015 and forecasts for 2016 reduced marginally from +4.7% to +4.5% due to:

- A softer than anticipated US Radio market. Consumer spending has been extremely weak and a brutal winter had a major impact on Q1 and Q2 retail spending including automotives, both significant sectors for advertising. Despite some improvement in Q3, local radio stations are still trying to catch up from a soft 1H 2015. Radio spending is forecast to be up marginally in 2015 by +0.5% and up +1.0% in 2016.
- The growth forecast for the US TV market has been reduced for 2015 from +2.0% to +1.5% with TV revenue affected by investments being re-allocated into Digital video as online media consumption and access to premium content continues to increase.

The advertising market in **Canada** is expected to show moderate growth in 2015 of +2.5%, rising to +3.0% in 2016, as forecast in March 2015. The advertising market in Canada has somewhat been affected by a slow economy, with the fall in oil prices resulting in declines in related investment and GDP. A slower Q1 was followed by a reasonably healthy Q2. The 2015 Toronto Pan Am Games in July did not have such a

high impact on the advertising market as per industry expectations however; the federal elections in the last quarter of 2015 are expected to have an impact especially in TV and Digital. The advertising market in Canada is forecast to reach CAD10.5billion in 2015, increasing by +3.0% to CAD10.8billion in 2016.



# REGIONAL BREAKDOWN

## WESTERN EUROPE

Following a decline in advertising spend in 2013 of -0.6%, **Western Europe** returned to positive territory in 2014, with +2.8% growth. In 2015, a similar growth rate of +2.6% is forecast with a further increase of +2.9% predicted for 2016. The markets showing the highest growth in the region this year and in 2016 are Spain, UK, Ireland and Portugal, whilst in Greece advertising spend has been revised down to -12.0% from +8.0% predicted in the March 2015 report. The political turmoil following the parliamentary elections and the new government negotiations severely affected the market momentum cancelling hopes and expectations of advertising market recovery for this market in 2015. However, a return to growth for the Greek advertising market is forecast in 2016.

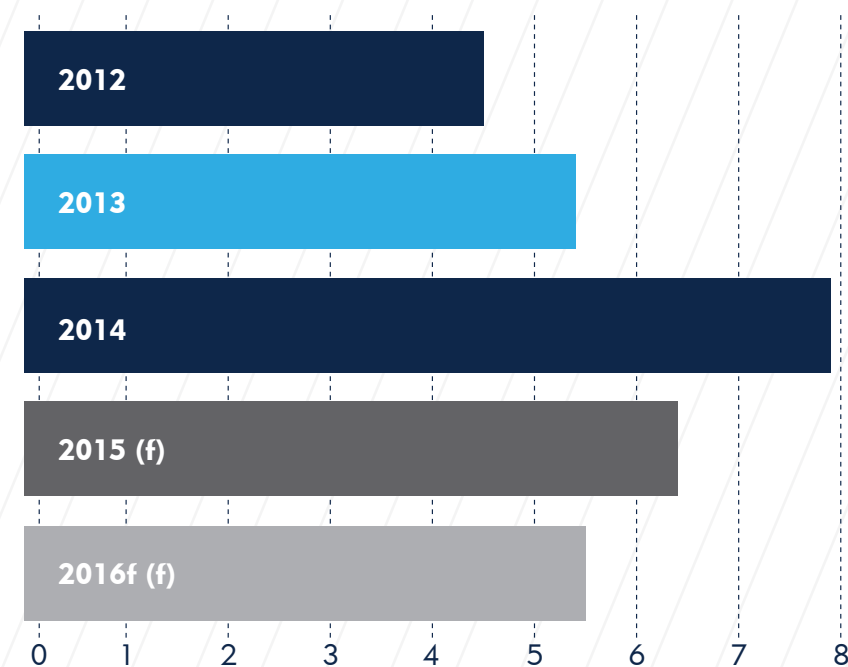
The **UK** advertising market is showing signs of another strong year in 2015, with the upcoming Rugby World Cup expected to balance year-on-year growth, similarly to the 2014 FIFA World Cup. The UK advertising market in 2015 is predicted to increase by +6.4% to reach £16.9billion, continuing on from the solid growth of +7.9% in 2014. There was originally some uncertainty surrounding the UK General Election; however with no hung parliament the current market appears largely unaffected. Other highlights on the UK advertising market include:

- Digital activity continues to be a driving force for growth and is forecast to reach 48% of total UK advertising spend in 2015, with the growth in Programmatic at +37% a key factor.
- TV in 2015 remains buoyant with strong revenue numbers posted for Q1 of +11.7% and Q2 of +3.8%. The TV forecast for 2015 has subsequently been revised upwards by 1.5 percentage points, from +6.9% previously forecast in the March 2015 report to +8.4%.
- The OOH forecast has also been revised upwards from +2.9% to +3.9% after a strong Q1 in 2015.
- Print media has shown bigger declines than originally anticipated with large retailers pulling spend. Key retail advertisers like supermarkets that traditionally spend in print are now operating in a period of "all out peace" as the supermarket price wars have gone quiet. Spend to defend market share has evaporated. Some tactical spend will come back, but at an expected rebased lower level. The free sheet market continues to enjoy positive revenue results year on year, primarily led by the Evening Standard's

increased distribution for their paper and ES Magazine in 2014. Traditional print publishers continue to push their total audience reach across multiple platforms and touch points, as their digital audience grows in spite of the overall decline of print.

Current indications position 2016 growth in the UK above global forecasts, with a year-on-year growth rate of +5.5%. The 2016 UEFA European Football Championships, at which it is possible that multiple home nations may qualify, is likely to start a summer of increased spending, with the 2016 Rio Olympic Games also driving some advertising revenue.

### UK YEAR ON YEAR % GROWTH AT CURRENT PRICES



**German** advertising spend is rising steadily. Similar to the year-on-year growth rate in 2014 of +1.5%, in 2015 advertising spend is forecast to increase by +1.6%. A further increase in advertising spend of +1.7% is predicted for 2016, with no significant impact expected to come from the 2016 UEFA European Football Championships and 2016 Rio Olympics, as these events will be broadcast on non-commercial public channels.

After three consecutive years of declining advertising spend, the outlook for **France's** advertising market has been more encouraging in 2015. The market appears to have turned a corner with a more positive growth trend emerging, albeit modest. Forecasts for 2015 and 2016 have been revised upwards from the March 2015 predictions after an encouraging advertising market performance in the first half of the year: 2015 increased from flat to +0.1%; 2016 increased from +0.2% to the current forecast of +0.7% due to increased growth forecasts for TV and Digital. The advertising market in France is forecast to reach €10billion in 2016. Other key findings include:

- TV continues to be the dominant medium with 33% share of total advertising spend, forecast to increase in 2015 by +1.8% (revised up from +0.8%) and by +1.5% in 2016 (revised up from +0.4%).
- Digital, the second most popular media type with a predicted 26% share of spend in 2015, is forecast to increase by +4.9% in 2015. Forecasts for the segments within Digital are: Paid Search to increase by +4.3%, Desktop Display to decline by -1.5% driven by competitive Programmatic buying costs, and Mobile to increase by +63%.

There has been a general stabilisation of advertising revenues in **Italy** due to a positive trend in consumer and business confidence. A marginal increase in advertising spend is forecast in 2015 of +0.5% with a similar further increase of +0.7% in 2016 as previously predicted in the March 2015 report. Growth projections for 2015 however have been lowered from +0.9% previously predicted due to some weakness in TV, Newspapers and Magazines.

Other highlights on this market can be summarised as below:

- The TV market in Italy declined by -3% in 1H 2015 with all the TV sales houses showing a decrease except for Discovery Media. The decrease has been particularly negative for Rai and Sky which saw their advertising revenues boosted in 2014 by the impact of the FIFA Football World Cup. The forecast for TV in 2H 2015 is positive at +2%.
- The Newspaper trend during the first half of the year is down by -10%, and the estimation for the second half of the year does not expect a change to this trend. For Magazines, only fashion outlets have shown positive performance.

**Spain's** advertising spend is predicted to reach €4.8billion in 2015, still well below the peak levels reached of around €8billion pre-recession in 2007. However the market continues the positive growth of 2014 (+6.2%) with another mid-high single digit increase this year of +6.9% growth, the highest growth rate in Europe in 2015. Q1 advertising market growth was a strong +8.3%, with the regional and local elections providing a positive boost especially in March; in Q2 growth was at +6.9%. The national elections in November are expected to further benefit the advertising market. Overall, consumer demand has been increasing in Spain, re-activating the economy and subsequently advertisers have been returning to the market or increasing budgets. A further +6.9% growth is expected in 2016.

#### TOP 10 GROWTH MARKETS IN WESTERN EUROPE IN 2015

YOY % GROWTH AT CURRENT PRICES	
2015 VS. 2014	
SPAIN	6.9
UK	6.4
IRELAND	6.1
PORTUGAL	5.1
SWEDEN	3.1
DENMARK	2.3
AUSTRIA	1.7
GERMANY	1.6
NETHERLANDS	1.2
NORWAY	0.5

#### TOP 10 GROWTH MARKETS IN WESTERN EUROPE IN 2016

YOY % GROWTH AT CURRENT PRICES	
2016 VS. 2015	
GREECE	8.7
IRELAND	7.9
SPAIN	6.9
PORTUGAL	5.8
UK	5.5
DENMARK	4.5
SWEDEN	3.1
GERMANY	1.7
AUSTRIA	1.5
NETHERLANDS	1.2



# REGIONAL BREAKDOWN

## C&EE

Advertising spend in C&EE is forecast to decline in 2015 by -6.0%, revised down from the -2.2% predicted in the March 2015 report. This has been driven by greater than expected declines for major market Russia. The C&EE region is expected to return to positive territory in 2016, with a predicted growth rate of +1.6%.

In **Russia** the economy has been affected by the sharp drop in oil prices and Western sanctions following the annexation of Crimea last year. The Russian recession intensified with GDP in Q1 at -2.2%, worsened in Q2 to -3.5%. The Russian advertising market has subsequently been severely affected with advertising revenues decreased by -16% in 1H 2015. Carat predicts the total is market forecast to decrease by -14.0% in 2015, a revision down from the -7.1% previously forecast in the March 2015 report. Based on the economic development, it is predicted that the advertising market will start to recover from Q2-Q3 2016. Additional points to note:

- In 2015, Digital media is the only media segment to increase spend in Russia with +5.7% growth. Online Video is the fastest growing digital segment with +15% yearly growth; whilst Paid Search continues to generate the majority of revenue, accounting for 77% of total Digital advertising spend and a predicted +10.8% year-on-year growth in 2015.
- TV is still the leading media type in Russia with 44% share of total spend. However its share is decreasing in favour of Digital. In 1H 2015, TV advertising showed a -20% decrease on the previous year following significant TV advertising budget cuts across all product categories, except healthcare.

Looking at other markets in the C&EE region, **Poland** and **Turkey**, the second and third largest markets, are forecast to increase advertising spend by low single digits in 2015 and 2016. The advertising market in Poland is forecast to increase by +3.7% in 2015 (revised up from +3.2% previously predicted) and by +3.4% in 2016 (revised up from +3.2% previously predicted). Advertising forecasts in Turkey have been revised downwards in 2015 from +3.0% to +2.0% and in 2016 from +5.7% to +3.0%. All other markets in the region are generally increasing spend in the low to mid single digit range in 2015 and 2016 with the exception of **Slovak Republic** where advertising forecasts are declining by -0.8% in 2015 and by -0.2% in 2016 and in **Lithuania** by +6.1% and +7.2% in 2015 and 2016 respectively.

## MIDDLE EAST AND NORTH AFRICA

Advertising spend in the **Middle East and North Africa** region is forecast to increase by +4.7% in 2015 and by +6.2% in 2016 to reach US\$12.7billion. The growth in the region is driven by **Pan Arab** spend which is forecast to increase by +4.6% in 2015 to reach US\$4.8billion, and increase by +2.7% in 2016, the same as previously forecast in the March 2015 report. **Egypt**, a US\$2.3billion advertising market in the MENA region, is forecast to see double digit growth for the second consecutive year in 2015, a predicted +23.6%; this follows three years of double digit declines following the Arab Spring in 2011. The parliamentary elections scheduled for October and November 2015 are expected to result in increased advertising spends. With the political and economic climate expected to become more stable, healthy advertising spend is predicted to continue into 2016, at +20.9%.

It is a mixed picture for the remaining markets in the MENA region; with growth in single digits in **UAE** of +0.2% in 2015 and +0.6% in 2016, **Lebanon** of +3.7% in 2015 and +5.4% in 2016 and **Oman** of +0.9% in 2015 and +1.2% in 2016. A decline in advertising spend in **Saudi Arabia** is predicted due to reduced consumer confidence in the area driven by low oil prices, plus economic and political challenges. The advertising market in Saudi Arabia is forecast to decline by -8.5% in 2015 and by a further smaller decrease of -3.6% in 2016. A fall in advertising spend is also forecast in **Kuwait** of -15.8% in 2015, with the oil-driven economy taking a hit; however a rebound in advertising spend is forecast in 2016 of +12.3%, with Newspaper spend returning to positive growth of +15% due to expected price inflation. **Qatar** is experiencing remarkable growth in advertising spend in 2015 with +15.7% increase; growth of +13.5% is expected to continue in 2016, buoyed by the strong Qatari economy and an increase in advertising spend with the introduction of new brands and the build out of world class facilities for the Qatar World Cup in 2022.



# REGIONAL BREAKDOWN

## ASIA PACIFIC

Advertising spend in the **Asia Pacific** region is forecast to increase in 2015 by +4.1% (revised down from +5.2%) and by +4.7% in 2016 (revised down from +5.8%). Growth rates in the region have been lowered due to the slow down in advertising spend in China, the world's second largest advertising market, affected by decelerating economic growth. Forecasts for 7 out of the 14 markets analysed in the region, have also been revised down since the March 2015 report for both 2015 and 2016. These include Indonesia, Hong Kong, Taiwan and Malaysia. Consumer sentiment in these markets has been affected by weaker than expected global and domestic economic growth. Markets continuing to grow at double digits in 2015 and 2016 are: **India** at +11.0% in 2015 and +12.0% in 2016, **Philippines** at +10.2% in 2015 and +12.3% in 2016, and **Vietnam** at +11.3% in 2015 and +13.5% in 2016.

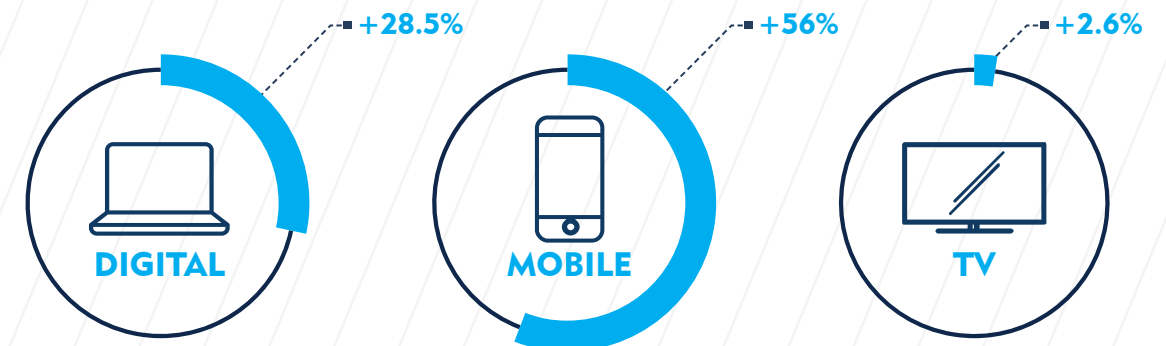
After four years of a stalled advertising market, **Australia** is predicted to return to positive growth in 2015. Advertising expenditure in 2015 is forecast to increase by +2.4% to reach AUD13.6billion. Forecasts for 2015 have been revised upwards from the +1.0% previously forecast in the March 2015 report to +2.4%, with economic conditions in Australia showing signs of improvement and subsequently being reflected in consumer and business behaviours. The improved market sentiment that started in the first six months of 2015, is expected to continue through 2015 and into 2016 when a further expansion of the advertising market is predicted at +2.8% rate.

In **China** the advertising market has been affected by the slow down in China's economic growth, which has seen a devaluation of its currency, volatility in the financial markets, and falling commodity prices. Advertising expenditure forecasts for 2015 have been revised down from the +7.9% forecast in March 2015 to +6.0% and in 2016 advertising forecasts have been reduced from +8.1% forecast previously to +6.5%. China's advertising market accounts for 15.4% of the global advertising market based on 2015 figures and these lowered growth rates have subsequently affected the global advertising market.

- By media, Digital media spend is expected to maintain a rapid rise of +28.5% in 2015, fuelled by the upsurge in Mobile spend which is forecast to see the highest growth of +56% as consumers' lives and behaviours revolve more and more around the digital realm.

- TV still maintains the largest share of the advertising market as provincial TV grows relatively in strength and market share. As most advertisers are moving their advertising spends to Digital media, TV advertising spend growth is in low single digits of +2.6% in 2015 and +1.8% in 2016.

## GROWTH RATES 2015 IN CHINA



The advertising market in **Japan** will continue to maintain a gradual expansion. The upward revision in advertising expenditure forecasts for 2015 (from +0.9% to +1.4%) and for 2016 (from +1.2% to +1.6%) are encouraging; growth prospects for the economy and subsequently the advertising market have improved since the last forecast in March 2015. However, the 2015 growth rate of +1.4% compared to 2014 levels is pacing at a slightly slower rate than the +2.9% year-on-year growth seen in 2014.

In Q1 2015, the total market was sluggish due to the tough year-on-year comparison following the last minute demand seen before the consumption tax rate hike in April 2014, combined with demand driven by the Sochi 2014 Olympic and Paralympic Games in February 2014. From April onwards there has been a similar trend with the market moving slowly in the absence of major sporting events.

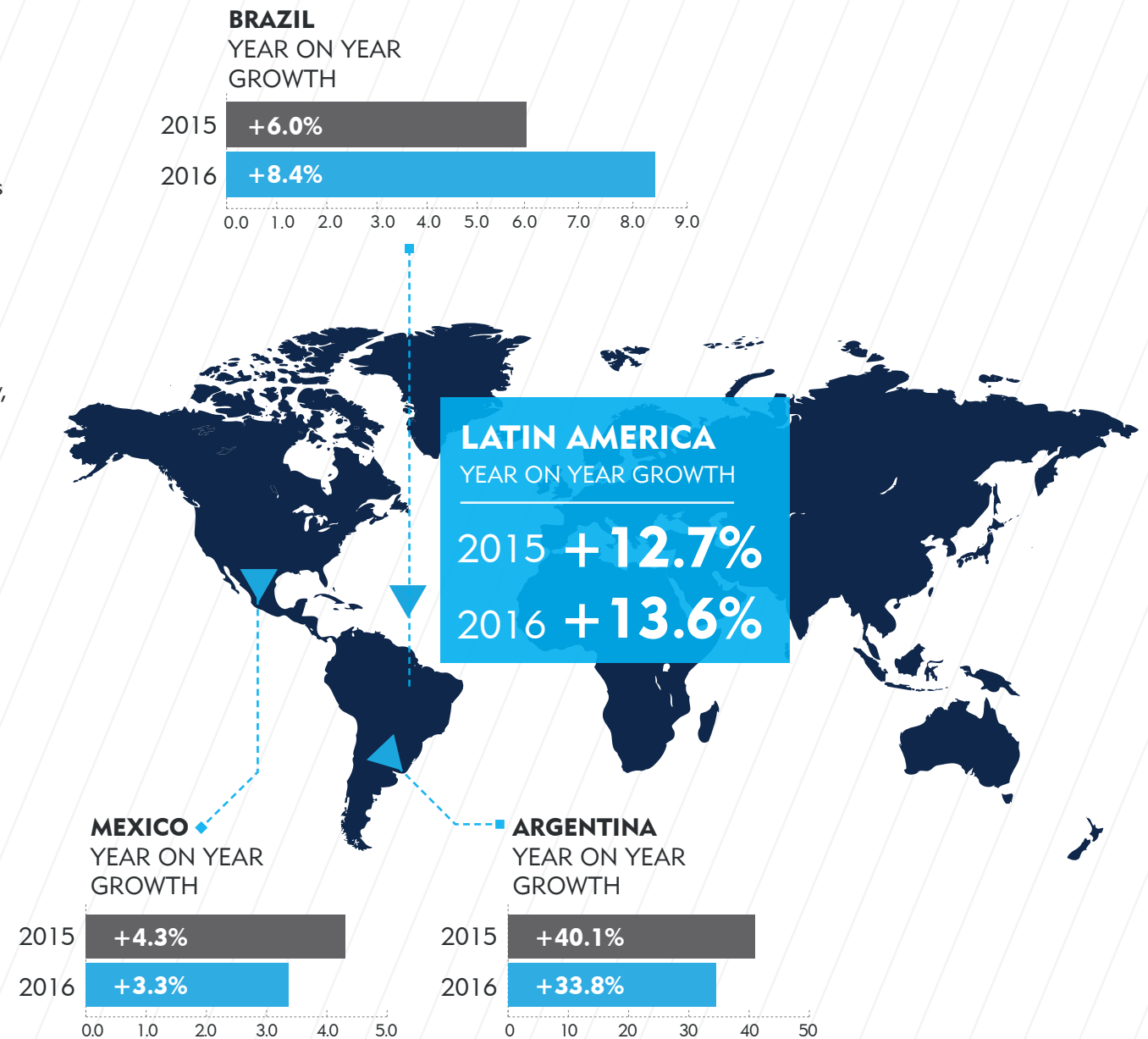
2015 looks set to be a buoyant year for the **Indian** advertising market. Optimism continues to flood the Indian market as growth prospects in the country remain high, propelled by the election of a pro-business government in 2014 and the revival in investment. Double digit growth is forecast for the advertising market in India - the highest growth rate of the BRIC markets - in 2015 of +11.0%, boosted by the ICC Cricket World Cup, and in 2016 of +12.0%.

# REGIONAL BREAKDOWN

## LATIN AMERICA








**Latin America** continues to see the highest regional growth rate of +12.7% in 2015 and +13.6% in 2016 (revised up from previous forecasts of +11.1% in 2015 and +11.9% in 2016), despite softness in the Brazilian economy. Advertising spend growth in the region is being driven by high growth rates in **Argentina** of +40.1% in 2015 and +33.8% in 2016, primarily due to high country inflation. There has also been higher than expected growth in **Colombia**, +8.3% in 2015 (revised up from +5.2%) and +8.0% in 2016 (revised up from +5.6%), as the market enjoys stable economic growth and an improving business environment. The advertising market in **Mexico** is also growing steadily but more modestly, with a forecast of +4.3 in 2015 and +3.3% in 2016.

Due to the economic slowdown, expectations are currently conservative for the advertising market in **Brazil**. Forecasts for the advertising market in 2015 have subsequently been revised down from the +6.6% previously forecast in the March 2015 report, to +6.0%. In 2016, the advertising market is forecast to pick up, with a boost to advertising revenues driven by the 2016 Rio Olympic Games. The advertising market is predicted to expand by +8.4% in 2016 to reach US\$12.1billion.












# MEDIA BREAKDOWN

		GLOBAL YEAR ON YEAR % GROWTH AT CURRENT PRICES	
		2015	2016
TELEVISION		2.6 (3.6)	3.3 (3.9)
NEWSPAPERS		-4.4 (-3.8)	-2.6 (-2.4)
MAGAZINES		-2.0 (-1.7)	-1.9 (-1.7)
RADIO		1.3 (2.3)	1.9 (4.9)
CINEMA		4.7 (3.4)	2.4 (1.9)
OUTDOOR		3.4 (4.8)	4.3 (5.2)
DIGITAL		15.7 (15.7)	14.3 (13.8)

Figures in brackets show our previous forecasts from March 2015



		GLOBAL % SHARE OF ADVERTISING SPEND	
		2015	2016
TELEVISION		42.0 (42.2)	41.3 (41.7)
NEWSPAPERS		12.8 (12.8)	11.9 (11.8)
MAGAZINES		6.9 (6.9)	6.5 (6.4)
RADIO		6.5 (6.6)	6.4 (6.6)
CINEMA		0.5 (0.5)	0.5 (0.5)
OUTDOOR		7.0 (7.1)	6.9 (7.1)
DIGITAL		24.3 (23.9)	26.5 (25.9)

Figures in brackets show our previous forecasts from March 2015



**TV** remains both dominant and resilient with 42% share of global advertising spend this year. 38 out of the 59 markets analysed report TV still as their leading medium, with 17 out of these 37 markets showing that more than 50% of their advertising spend is still placed on TV, including Italy, China and Brazil. Event programming such as live sports mean that all audience groups can be reached through TV advertising, including the hard to reach young target groups. TV's share of spend however is showing a slow declining trend, as advertisers diversify traditional TV spend to AV (Audio Visual) spend e.g. online video pre-rolls, following changing viewing behaviour and the evolution of new digital services such as SVOD (Subscription Video On Demand) sites e.g. Netflix. Given the size of spend on TV and the shift to Digital, growth in advertising spend for TV is in low single digits, +2.6% in 2015, increasing in 2016 to +3.3% in a year of events.

Apart from **Digital**, all other media channels are also showing low single digit growth, or declines - as is the case for Print media. Only Digital media continues to achieve predicted high growth rates of +15.7% in 2015 and +14.3% in 2016, consistently growing year on year spend although growth rates are slowing. Digital share of advertising spend has increased by, on average, over two percentage points each year to reach 24.3% share of spend in 2015, and is forecast to be over a quarter of total advertising spend in 2016 at 26.5%. It is already the leading media type in 10 of the 59 markets analysed, including the UK, Ireland, Canada and Australia. Digital advertising spend in the UK is forecast to reach a majority share of 51.0% in 2016. Paid Search is forecast to grow at a rate of +12.1% in 2015, whilst growth in Display will mainly be generated from three key areas - Online Video, Programmatic and Mobile.

GLOBAL YEAR ON YEAR % GROWTH AT  
CURRENT PRICES: TV VS. DIGITAL

	 TV	 DIGITAL
2012 V 2011	2.8%	22.6%
2013 V 2012	3.5%	17.0%
2014 V 2013	4.4%	17.2%
2015 V 2014 (f)	2.6%	15.7%
2016 V 2015 (f)	3.3%	14.3%

GLOBAL % SHARE OF ADVERTISING SPEND:  
TV VS. DIGITAL

	 TV	 DIGITAL
2012 V 2011	43.0%	17.4%
2013 V 2012	42.7%	19.5%
2014 V 2013	42.6%	21.8%
2015 V 2014 (f)	42.0%	24.3%
2016 V 2015 (f)	41.3%	26.5%



**DIGITAL CONTINUES TO GROW BUT AT A MORE MODERATE PACE. THIS EXPLAINS THE SLIGHT DECLINE IN DIGITAL PRICES, AS MARKETERS HAVE MOVED FROM AN 'EXPERIMENTAL' TO A MORE ESTABLISHED USE OF DIGITAL.**



Sanjay Nazerali,  
Chief Strategy Officer Carat Global

**Online Video** is forecast to grow at a rate of +22% this year and a forecast of +19.0% in 2016, as previously predicted in the March 2015 report. With cross-device measurement tools becoming more robust, and access to premium content increasingly available, greater investments from TV budgets are being allocated into Digital, moving from a 'channel-first' mind set to an 'audience-first' focused approach. Brands are starting to understand the reach and potential of moving their investment to Online Video as the lines between linear broadcasts and digital increasingly blur. Growth in Online Video will also be fuelled by the rise of programmatic video and more efficient/scalable video production via media partners.

There has been a rapid growth in **Programmatic** buying, with growth set to continue at an extraordinary pace. By the end of 2015, in the US market Programmatic transactions will be the majority, with 52% of non-search digital advertising spend and growth at a rate of circa 20% a year predicted to continue for the next few years. More and more access to premium inventory, format diversification, private marketplaces and smart data processing will drive growth. However, quality KPIs such as viewability are currently important issues.








**AS DIGITAL BECOMES MORE ESTABLISHED, IT ALSO BECOMES COMMODITISED. HOWEVER, THE EVOLUTION OF PROGRAMMATIC AND SEARCH IS INTRODUCING INNOVATIVE PRIVATE MARKET PLACES AND STRONGER PERFORMANCE WHICH DRIVES DIGITAL INTO THE PREMIUM ARENA.**



Ashwini Karandikar,  
President Amnet Global

**Mobile** is experiencing the greatest spend growth across all media. The opportunities to re-target consumers closer to purchase activity is a big driver. Carat forecasts growth in Mobile spend at +51.2% in 2015, up from the previous prediction of +49.7% in the March 2015 report and a predicted +44.5% in 2016 up from the previous prediction in March 2015 of +41.9%. In the US, Mobile ads targeted to both smartphones and tablets are predicted to capture up to 40% of online display spend by 2019, currently accounting for 24% of digital budgets.

Mobile and Online Video are also the key factors for **Social Media** advertising spend growth. Social Media advertising spend is rising, and moving to mobile and in-app placements. Both Twitter and Facebook report that over 70% of their advertising revenue now comes from mobile, and the vast majority of this is now likely to be in-app rather than through the mobile web.

YEAR ON YEAR % GROWTH		
	2015	2016
DISPLAY 	14.5	14.3
ONLINE VIDEO 	22.0	19.0
SOCIAL MEDIA 	16.2	15.9
PAID SEARCH 	12.1	9.9
MOBILE 	51.2	44.5

Figures in brackets show our previous forecasts from March 2015



**Newspapers** continue to capture the third highest share of total advertising spend, being the second most popular media type in India, and the third most popular for 9 of the 13 top spending markets, including the US, Japan and UK. It remains the leading media type in 11 of the analysed 59 markets, including markets in the Middle East & North Africa UAE, Saudi Arabia, Kuwait, Qatar, Oman and Bahrain and in Asia Pacific (Malaysia, Singapore and Hong Kong). The market as a whole however continues to fight against a difficult structural trend of spend shifting to digital platforms. As a result, traditional Print spend has been declining every year since 2008 and Newspaper share of total advertising spend falling by over a percentage point each year, from 23% in 2008 to a predicted 13% in 2015 and 12% in 2016. However, publishers continue to push their total audience reach across their multiple platforms and touch points, as their digital audience grows in spite of the overall decline in print. Additional revenue streams will come from up scaling data and Programmatic skill sets.

The other trend on the publishing side has been a shift towards content - native advertising versus actual full page ads. Publishing brands are being recognised as content creators versus just magazines, which is expected to pave the way towards a stabilisation of spend. Magazines are forecast to decline by -2.0% in 2015 and by -1.9% in 2016.

**Magazine** share of spend is forecast at 6.9% in 2015 and 6.5% in 2016.

Magazines spend this year has been overtaken by the **OOH** category for the first time, with OOH share of total advertising spend at 7.0% in 2015. Technology has taken OOH from strength to strength, with growth driven by Digital OOH and advances in targeting and accountability. OOH advertising spend is forecast to increase by +3.4% in 2015 and +4.3% in 2016.

**Radio** is forecast to grow at low single digits of +1.3% in 2015 and +1.9% in 2016. Its stable growth is driven by its competitive costs, flexibility and effectiveness. Radio's share of spend is predicted at 6.5% in 2015 and a steady 6.4% in 2016.

**Cinema** remains at a low volume, however digital broadcast and increased commercial flexibility are aiding growth of spend within this medium, with +4.7% growth forecast for this year boosted by the big blockbuster line up in the second half of the year with the likes of 'James Bond: Spectre' and the first instalment of the new 'Star Wars' series scheduled for release.

NEXT CARAT AD SPEND REPORT  
OUT IN MARCH 2016