

# **Bullish ZenithOptimedia lifts 2014 global ad forecast for third time**

**Global advertising expenditure is growing faster than previously expected, fuelled by improvements in economies, the spread of programmatic buying, and the rapid rise of mobile advertising, according to ZenithOptimedia.**

The Publicis Groupe media network has revised its forecast for 2014 upwards for the third consecutive time, expecting global adspend to grow 5.5% in 2014 to \$537 billion (€ 393 billion). Growth is then set to increase to 5.8 per cent in 2015 and 6.1 per cent in 2016.

This represents a 0.2 percentage points improvement on forecasts made only in December, after stronger than anticipated growth from the Americas and Asia Pacific.

It follows global growth of 3.9 per cent last year. According to ZenithOptimedia's new Advertising Expenditure Forecasts, global adspend will be boosted this year by the three "semi-quadrennial" events – the Winter Olympics, the football World Cup, and the mid-term elections in the US, which will benefit television in particular.

Advertisers are also gaining in confidence as growth returns to the Eurozone, which now looks more stable and less likely to deliver more negative shocks to the world economy. In general, advertisers are said to be in a strong position to invest in expansion, with large reserves of cash and high profitability.

## **UK outperforms rest of Europe**

The UK remains the fifth-largest advertising market, valued at \$20.4 billion (€ 14.7 billion) in 2013, behind US (€ 121.2 billion), Japan (38.4 billion), China (€ 29.7 billion) and Germany (€ 16.8 billion), but ahead of Brazil (€ 11.8 billion) and Australia (€ 9.4 billion).

The World Cup is expected to help the UK ad market outpace other majority of markets this year, with growth of 5.8 per cent to £13.7 billion (€ 16.6 billion). Notably mobile advertising is the fastest growth area, reaching £1.3 billion (€ 1.6 billion). Next year, the UK is forecast to grow a further 5.5 per cent.

Overall improvements in the global advertising outlook mean spending levels over the next three years are now forecast to surpass pre-recessionary highs for the first time since the global financial meltdown in 2008.

In the wider Eurozone, adspend in France is expected to grow by just 0.3 per cent, Germany by 1.5 per cent, Spain by 1.8 per cent and Italy to decline by 2.9 per cent in 2014. Europe emerged from recession last year, and its recovery is reported to be "gathering pace". ZenithOptimedia forecasts Eurozone adspend to grow 0.7% this year, its first year of growth since 2010.

## **Television remains dominant**

Television is still by some distance the dominant advertising medium, attracting 40 per cent of spend in 2013, nearly twice that taken by the internet (21 per cent). TV spend is set to grow 5.2 per cent in 2014, according to the report, up from 4.4 per cent in 2013.

The internet is still the fastest growing medium. It grew 16.2 per cent in 2013, and Zenith forecasts an average of 16 per cent annual growth for 2014 to 2016.

The fastest-growing sub category is display, which is expected to grow at 21 per cent a year to 2016. Traditional display (banners and other standard formats) is growing at 16 per cent a year, believed to be boosted by "the revolution in programmatic buying".

Social media (growing at 29 per cent a year) and online video (23 per cent a year) are also starting to benefit from programmatic buying, which is helping to sustain their rapid growth.

Such trends are set to see internet display spend overtake paid search (which is growing at 13 per cent a year) for the first time in 2015, according to ZenithOptimedia. By 2016, internet display adspend will total \$74.4 billion (€ 53.9 billion), while paid search will hit \$71.1 billion (€ 51.5 billion).

### **Continued growth of mobile**

The report also confirmed how mobile advertising has now truly taken off and is growing six times faster than desktop internet. It is forecast to grow by an average of 50 per cent a year between 2013 and 2016, driven by the rapid adoption of smartphones and tablets around the world. By contrast, desktop internet advertising to grow at an average of 8% a year.

Zenith estimates global spend on mobile advertising was \$13.4 billion (€ 9.7 billion) in 2013, representing 12.9 per cent of internet expenditure and 2.7 per cent of advertising across all media.

By 2016, this is tipped to rise to \$45 billion (€ 32.6 billion), representing 28.0 per cent of internet expenditure and 7.6 per cent of all expenditure. This means mobile will leapfrog radio, magazines and outdoor to become the world's fourth-largest medium by the end of our forecast period.

Steve King, chief executive of ZenithOptimedia Worldwide, said: "Advertisers are gaining in confidence as the world economy returns to stable growth.

"They will find plenty of opportunities to generate strong returns on their advertising investment in the fast-growing digital media, but should remember that television has lost none of its power to reach large and engaged audiences."

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