



## Global adspend growth to double in 2016

- Advertising expenditure to rise 4.4% in 2016 following 2.2% growth this year
- Internet is forecast to become largest medium for advertising in 2016
- US adspend forecast to rise 4.9% next year, boosted by sporting and political events

London, 28th December 2015

Warc ([www.warc.com](http://www.warc.com)), the marketing intelligence service, expects global advertising spend (based on 12 major markets) to increase by 4.4% at current prices in 2016, according to its latest *International Ad Forecast*. This growth rate is double the estimated 2.2% rise in global adspend witnessed during 2015.

If inflation is taken into account, global adspend in real terms is expected to rise by 1.1% this year and a further 2.3% in 2016. The 12 markets studied comprise two-thirds of all advertising expenditure tracked by Warc.

The 2016 outlook has been improved for 7 of our 12 major markets, although the two largest, the US (0.0pp) and China (-0.2pp), have seen no upgrade. The biggest single cut was for Brazil (-2.3pp); while hosting the Olympics next summer will aid 5.4% growth in Brazilian adspend, the country faces its longest recession since the 1930s.

### Forecast adspend growth in 2016, % change year-on-year

	Current prices	Constant 2005 prices*	Percentage point change vs July (current prices)
Australia	2.7	0.1	+0.3
Brazil	5.4	-2.5	-2.3
Canada	2.0	0.0	-0.3
China	6.9	4.9	-0.2
France	0.7	-0.2	+0.3
Germany	2.4	1.0	+0.1
India	13.0	7.3	+0.6
Italy	1.8	0.8	+1.0
Japan	2.5	1.7	+0.1
Russia	0.9	-7.0	+2.0
UK	5.7	4.1	-0.3
US	4.9	2.9	0.0
<b>Global</b>	<b>4.4</b>	<b>2.3</b>	<b>-0.1</b>

\*Constant 2005 price forecasts take into account predicted inflation.

Forecast growth calculated in local currency. Source: Warc, *International Ad Forecast*, December 2015



India (13.0%) and China (6.9%) are predicted to record the strongest annual increases in adspend in 2016, however both are susceptible to high levels of inflation. The UK then follows, with estimated growth of 5.7% next year.

The US, the world's largest ad market, is expected to see adspend rise 4.9% next year, boosted by the twin stimuli of the Summer Olympics and presidential elections. American television is the largest single medium for advertising in the world, and spend is expected to rise 4.8% to \$175bn in 2016, an upward revision of half a per cent since our last forecast in July.

By the end of the forecast period, advertising spend across our 12 major markets should total US\$414bn at current prices. In real terms, after accounting for inflation, the total is US\$325bn – some US\$8bn below the peak preceding the global economic crisis.

### **Internet forecast to become largest medium for advertising in 2016**

Across all key markets, internet adspend will continue to register rapid growth, rising 17.4% and 12.2% this year and next. Conversely, advertising expenditure for TV is estimated to have fallen by 2.5% this year, although these losses will be negated by a forecast 2.9% rise in 2016.

On the current trajectory, internet will become the largest medium for advertising within our sample in 2016. Internet is already the biggest ad platform in half of our 12 major markets.

Rises in ad expenditure for cinema (+2.2% year-on-year), out of home (+2.3%) and radio (+0.3%) are also forecast next year, however spend on print – magazines (-7.7%) and newspapers (-6.5%) – is expected to fall.

James McDonald, Data Analyst at Warc, commented: "The stimuli of major sporting and political events underpin our 4.4% growth forecast for global adspend next year. Digital growth is expected to remain in the double-digits, and ad tech is evolving rapidly.

"Programmatic trading is becoming commonplace, galvanising spend on so called traditional media such as outdoor, radio and indeed TV. More is being spent to engage with the 'always on' consumer, and this has led to internet becoming the largest ad medium among our 12 major markets."

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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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