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CARAT PREDICTS DIGITAL SPEND TO REACH MORE THAN 25% OF TOTAL ADVERTISING SPEND IN 2016, FUELLED BY UPSURGE IN MOBILE ADVERTISING SPENDING IN 2015

- All Regions Achieved Positive Growth in 2014 -

Carat, the leading global media network, today publishes its first forecast for worldwide advertising expenditure in 2016, combined with its latest forecasts for 2015 and actual figures for 2014, with all markets ring-fencing Digital media spending, even when faced with negative economic headwinds.

Based on data received from 59 markets across the Americas, Asia Pacific and EMEA, Carat's latest global advertising expenditure forecasts show Digital media, with a predicted US\$17.1 billion or +15.7% increase in spend in 2015, is outpacing previous Carat predictions from September 2014. Powered by a dramatic rise in Mobile ad spending globally of +50% and Online video of +21.1% predicted in 2015, Carat forecasts that Digital will, for the first time, account for more than a quarter of all advertising spend in 2016 with a market share of 25.9%.

From a global perspective, Carat forecasts that in 2015 advertising spend across all media will increase by US\$23.8 billion to reach US\$540 billion, accounting for a +4.6% year-on-year increase. Market optimism continues into 2016 with Carat's first forecast for the year predicting a year-on-year global advertising growth of +5.0%.

In 2014 all regions reported positive growth, from Western Europe at +2.3%, +4.5% in North America, +5.3% for Asia Pacific and high performing Latin America at +11.4%. Regional confidence is predicted to continue in 2015 with all key markets forecasting positive growth next year except Russia, due to a struggling advertising market and predicted recession. Western Europe is strengthened by a second consecutive year of positive growth driven by strong numbers in the UK and Spain; as well Greece, Ireland, and Portugal returning to positive growth after six consecutive years of ad spend declines. North America continues to grow at a solid pace of +4.5% in 2015 and +4.6% in 2016, with programmatic spending in the US predicted to grow by +137%, reaching spend levels of US\$10billion.

By media, whilst Digital is the star performer in terms of growth, achieving higher than predicted levels in 2014 of +17.4% and accounting for 21.7% of market share, TV will continue to command the majority of market share for the foreseeable future, reaching 42.7% in 2014, and is predicted to grow by more than +3% year-on-year in 2015 and 2016. The steady decline in Print* is expected to continue, however Out-of-Home is now positioned as the second fastest growth media, behind Digital, with a global market share of spend of 7.1%. For the first time, Out-of-Home is predicted to outpace Magazines global share of advertising spend, with Magazines forecast to achieve 6.9% market share in 2015, and with continuing declines for this media, it is predicted to fall behind Radio for the first time in 2016.

	Year on year % growth at current prices		
	2014	2015	2016
GLOBAL	4.6 (5.0)	4.6 (5.0)	5.0
NORTH AMERICA	4.5 (4.9)	4.5 (4.5)	4.6
USA	4.5 (4.9)	4.6 (4.6)	4.7
CANADA	3.3 (3.3)	2.5 (3.1)	3.0
WESTERN EUROPE	2.3 (2.7)	2.8 (2.5)	2.8
UK	6.8 (7.5)	6.4 (4.7)	5.8
GERMANY	1.4 (1.0)	1.6 (1.5)	1.8
FRANCE	-0.9 (-0.9)	0.0 (0.2)	0.2
ITALY	-2.0 (-1.3)	0.9 (0.9)	0.7
SPAIN	5.8 (2.6)	6.8 (3.3)	6.9
C&EE	2.5 (3.5)	-2.2 (4.6)	3.9
RUSSIA	3.8 (3.9)	-7.1 (5.0)	4.5
ASIA PACIFIC	5.3 (5.4)	5.2 (5.9)	5.8
AUSTRALIA	0.3 (0.1)	1.0 (0.9)	1.5
CHINA	7.6 (7.6)	7.9 (7.9)	8.1
INDIA	8.7 (8.7)	11.0 (9.0)	11.3
JAPAN	2.9 (2.0)	0.9 (1.7)	1.2
LATIN AMERICA	11.4 (12.1)	11.1 (11.8)	11.9
BRAZIL	9.5 (9.4)	6.6 (8.1)	8.4
<i>Figures in brackets show our previous forecasts from September 2014</i>			

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

“Carat’s latest advertising forecast gives us increased optimism for the outlook for global advertising spending. With harder times behind us, negative growth markets are pleasingly now a minority, and collectively we can look ahead to 2016 with positive growth predicted for all key markets.

“The strength of Digital continues to dominate discussions and the new distribution of spending. With a quarter of the global population now owning and relying on their smartphones daily, they are our second brain in our hands. Mobile dominates the way consumers access information, view content, browse products and purchase goods and this is reflected in the innovative services and approach we are discussing with our clients.”

-ENDS -

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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 – MARCH 2015

SUMMARY

Carat's latest global advertising expenditure forecasts, covering 59 markets across the Americas, Asia Pacific and EMEA, show advertising spend worldwide increasing overall by US\$23.8 billion in 2015 to hit US\$540 billion - a +4.6% year-on-year increase compared to 2014. Despite 2014 being a tough comparative year even with several major events held – including the Winter Olympics, FIFA World Cup, and US mid-term elections - the pace of growth in 2014 is expected to be matched in 2015. Given this the growth rate this year has been moderated from the +5.0% previously predicted in the Carat Ad Spend September 2014 report.

Digital media spend continues to be the star driver of growth in the global advertising market, with a predicted US\$17.1 billion increase in spend in 2015 corresponding to a 15.7% year-on-year growth rate, outpacing previous Carat predictions from the September 2014 report. New predictions for 2016 highlight that Digital will continue to grow at double-digit levels, at 13.8%, and will account for more than a quarter of all advertising spend globally.

The most important trends from the report:

- Digital's unwavering positive trajectory is being powered by a dramatic rise in Mobile, Online Video, Social Media and Programmatic spending. Carat predicts that in 2015 global Mobile spend will increase +50%, and Online Video will be up +21.6%. US programmatic display advertising spending is predicted to grow +137% to reach US\$10 billion this year, accounting for 45% of the US digital display ad market. We foresee significant increases ahead thanks to the build-out of private marketplaces.
- Digital media spend is being ring-fenced by advertisers even in markets with significant negative economic headwinds. In Central & Eastern Europe for instance, while total advertising spend is predicted to decrease by 2.2% this year, Digital media will see a double digit growth of +12.9%. Digital media is the only media expected to grow in this region this year.
- Carat's first advertising expenditure forecasts for 2016 show elevated confidence in the advertising market, a robust +5.0% growth despite a still-recovering economic climate boosted by a year of

events - the UEFA European Football Championships, Rio 2016 Olympic Games and US presidential elections.

- Global forecasts for 2015 have been revised down from the +5.0% previously forecast in the September 2014 report, to +4.6%. This is due to a reduction in advertising spend predictions in key markets including Russia, Japan and Brazil.
- The recovery in Western Europe has driven a second consecutive year of growth in 2015, predicted at +2.8%. This follows a +2.3% increase in advertising spend in the region in 2014. Growth is driven by the UK market, which is predicted to grow strongly by +6.4%, and Spain by +6.8% following the improved economic climate and consumer sentiment there. Greece (+8.0%), Ireland (+5.7%) and Portugal (+9.4%) are also showing relatively high growth rates this year recovering after suffering severely from the global economic recession. Growth of advertising spend in Western Europe in 2016 is forecast to continue at the predicted level for 2015 of +2.8%.

REGIONAL BREAKDOWN

NORTH AMERICA

North America continues to grow at a solid pace of +4.5% in 2015 and +4.6% in 2016. However within these stable top-line growth forecasts are some negative sentiments, such as the TV market in both the US and Canada suffering weakness as advertisers shift budgets to Digital.

Overall the total US advertising spend continues to show positive growth with a +4.6% increase predicted this year as the economy improves. Gains are greatly driven by digital platforms, though most traditional media outlets are still managing to secure small gains with the exception of newspapers, forecast to decline -3% this year. Greater declines than expected in print media along with softness in the TV market led to a decline in the 2014 advertising growth rate for the US market from +4.9% to +4.5%. However, with the US presidential elections and the Rio Olympic Games in 2016, there is optimism with growth expected to continue next year at an increased rate of +4.6%.

- The US TV market with a forecast growth of +2% in 2015 has been less than robust with continued weakness in scatter spending expected to continue through to the upfront negotiations in 2015-2016.
- TV continues to command the highest share of advertising spend in 2015 at 38% but there is a trend of slow decline as spend moves into Digital.
- Total Digital media spend is forecast to increase by +16% in 2015 with +20% growth in Online Video, +25% growth in Social Media and +50% growth in Mobile.
- Paid Search is forecast to grow by +12.2% in 2015 with Smartphone and Mobile devices now contributing to circa 27% of total US Search spend.

In Canada advertising revenues are forecast to increase modestly by +2.5% in 2015, revised down from Carat's previous forecast of +3.1% in September 2014. This has been due to the ongoing weak economy with the Canadian Dollar losing 15-20% of its value over the past seven months. Some advertisers, such as Sony, have exited the Canadian market and other advertisers are subsequently cutting budgets or holding off spending until later on in the year. However, overall prospects are brighter in 2016, with the pace of growth forecast to pick up to +3.0%.

- Digital media spend overtook TV in 2014 to become the most popular media type in the Canadian market with 32.1% share. Digital's share is forecast to increase to 35.4% this year and 38.2% in 2016.
- Total Digital media spend is growing at a rate of +13% this year, outpacing all other media types. Within this Search is forecast to increase by +15%. However it is Mobile and Online Video that have the highest forecast growth rates this year of +35% and +30%, respectively.
- Top spending category Retail is forecast to increase spend by +1.1% in 2015. Although other advertisers have exited the Canadian market, advertisers such as Walmart have announced expansion plans. Automotive advertising revenues are forecast to grow +1.6% whilst the Food category is predicted to decline marginally by -0.5%.

WESTERN EUROPE

Western Europe is strengthening its position, with a forecasted second consecutive year of positive growth of +2.8% in 2015 – an upward revision on the +2.5% previously predicted in the September 2014 report and following +2.3% growth in 2014. This is set to continue moving into 2016 with a further +2.8% growth forecast. By market growth is flat or in low single digits with the exception of top spending markets UK (+6.4%) and Spain (+6.8%), as well as Greece (+8.0%), Ireland (+5.7%) and Portugal (+9.4%) which suffered severely from the global economic recession with six consecutive years of advertising spend declines between 2008 and 2013.

A healthy **UK** advertising market is driving growth in the Western European region. Advertising revenues in 2014 finished strongly up +6.8% vs 2013. The UK TV market increased advertising revenues by +5.0% in 2014. This was however not as high as previously forecast in the September 2014 report when the UK TV market was forecast to increase advertising revenues by +7.5%. Following a promising Q2 2014, there was a less than impressive 2H 2014 in the UK TV market, with the Christmas period not performing as strongly as the rest of the year in terms of growth. As a result there has been a moderation in the total UK market forecast in 2014 from +7.5% to +6.8%.

A solid performance for 2014 which is predicted to continue into 2015 when the total UK advertising market is forecast to grow by +6.4%, with only the print market expected to slow down. The Rugby World Cup to be staged in the UK in the autumn of 2015 is going some way to replace the revenues felt from the 2014 FIFA World Cup. However there is a large amount of uncertainty around the general election results and a potential hung parliament which may have a small impact on advertising revenues.

- The UK TV market in 2015 is performing well with revenues for January up +15% on the back of a strong January 2014 performance of +13.8%.
- The rest of Q1 2015 is expected to follow a similar pattern with revenues forecast to bring the quarter in at +13.5%. Q2 is predicted to be flat when compared to Q2 2014. With the Rugby World Cup on in September and October, investment into the tournament is expected to take TV revenues back up to end the year levels of +6.9%.
- Digital media spending is driving growth in the market with Carat predicting year-on-year increases in this media sector of +12.1% in both 2015 and 2016.
- Within the Digital sector, Display spend is expected to increase by +12.4%, with Video +15% and Mobile +55.3% helping to drive investment.

- Paid Search is predicted to increase by +11.8% in 2015.
- In terms of share, Digital media spend is forecast to reach 48.2% share of the total UK market this year increasing to a majority share of 51.1% in 2016.
- A buoyant year is expected in almost all key sectors of the industry in 2015. Retail continues to lead the way and its online presence is likely to see a campaign focus, as retailers struggle to gain market share in this increasingly competitive space. The Finance and Telecoms industries are expected to overturn recent declines in year-on-year spend with +1% in 2015 vs 2014. In the Automotive sector, there are several sizable new model launches in 2015 which looks set to drive a healthy year, with growth at +5%.

In **Spain** forecasts for the advertising market in 2015 have been significantly revised upwards to +6.8% from +3.3% previously forecast in the September 2014 report. 2014 closed with higher than expected growth, revised up from +2.6% to +5.8%, boosted by a strong Q4 2014 which saw advertising spending increase by +7.2% vs. Q4 in 2013.

The improved economic climate in Spain is having a positive affect on consumer demand and has re-invigorated the advertising market. Growth is predicted to continue in 2016 at a similar rate, mid-to-high single digit growth of +6.9%.

In **Germany**, after a positive start to 2014 and winning the FIFA World Cup, the mood of consumers and advertisers continues to be optimistic. Strong investments in TV in the last quarter of 2014 had a positive effect on the total market results in 2014 which closed the year up +1.4% vs. 2013. The positive consumer mood is expected to continue to balance out advertiser cautiousness from a still recovering economic environment in 2015, with the advertising market expected to see +1.6% growth - marginally revised upwards from the +1.5% previously forecast.

- New predictions highlight continuing double digit increases in Mobile (+48.5%) and Video spending (+26.1%) in 2016 which contribute to the +7.3% growth in Digital media spending. Digital combined with the TV market in good health and expected to increase by +1.8%, will result in the total market growth rate in 2016 remaining positive a predicted +1.8%.
- Continuing declines however are expected in Print media, with Newspapers (-5.2%) and Magazines (-1.4%) both forecast to decline in 2016.

Actual advertising revenue in **France** contracted marginally in 2014 by -0.9%, as previously predicted in the September 2014 report. This was in the context of a sluggish economy and a FIFA World Cup which did not provide a sufficient enough boost to lift the ad market into positive territory compared to 2013.

There are however positive indications with the economic climate forecast to improve in 2015 and the advertising market following suit with a halt to the year-on-year declines seen over the past three years. Advertising spending is forecast to be flat in 2015 compared to 2014.

The Automotive sector is forecast to see spending increase by +2.5% in 2015, whilst major sectors Retail and Food are to see positive growth of +0.6% each.

In 2016 the upward trend is forecast to continue with the total French market predicted to see slight positive growth of +0.2%.

In **Italy** positive growth is forecast for the first time in four years, following consecutive year-on-year declines in advertising spend since 2011. The advertising market is forecast to increase modestly by +0.9% in 2015 and by a further slight positive growth in 2016 +0.7%.

- TV which continues to command the highest share of spend at 52.6% in 2014 is forecast to increase marginally by +0.9% in 2015 and at a similar rate in 2016 +0.8%.
- Digital media with the second highest share of spend at 22.2% is predicted to see growth in mid-single digits +4.8% in 2015.
- Share of Digital media spend at 22.2% is currently still below the global average of 23.9%.
- Growth in digital media spends in 2015 are driven by a predicted +36% growth in Mobile, +19% growth in Online Video and more than +80% growth in programmatic spends, representing circa 7% of total digital spend.

CENTRAL AND EASTERN EUROPE

In the Central and Eastern European region, advertising spending is forecast to decline for the first time since 2009 by -2.2% this year, following a struggling advertising market in its major market, Russia. Advertising spend in the region is forecast to decline in all media types in 2015, TV by -4.1%, Newspapers by -14.8%, Magazines by -18.7%, Radio by -4.7%, OOH by -3.9%, Cinema by -10.0%. Digital is the only exception with a forecast growth of +12.9%.

The **Russian** economy has been rapidly worsening – in Q4 2014 Russia's GDP showed 0% growth, with a recession expected this year. The economy has been affected by the oil price reduction, Ukraine crisis, international sanctions and the Ruble weakness. A subsequent downward trend in marketing activity has been observed. Whilst only print and display advertising spend had shown declines, -10% and -2% respectively during the first three quarters of 2014, by Q4 2014 TV advertising spending was also stagnating and OOH ad spend contracted by 12%. The forecast for the Russian ad market in 2015 is a decline in mid-single digits -7.1% with all media segments with the exception of Digital, forecast to decline. We expect the total advertising market in Russia to stabilise in 2016 as geo-political tensions gradually subside, current predictions are +4.5% growth vs. 2015.

- Digital spending is forecast to increase by +15.9% in 2015, driven by growth in Paid Search which commands the largest share of digital spend.
- Traditional Display spend is showing a declining trend hit by the popularity of Online Video +20% growth in 2015.
- Programmatic buying is predicted to see +60% year-on-year growth in 2015 driven by growth in more premium inventory.
- Mobile is forecast to grow +40% in 2015 as smartphone and tablet usage increases and mobile-social spends increase.
- The TV market on the other hand has already seen a significant decrease at the beginning of 2015 as the main players cut advertising activity and small advertisers remove budgets. We expect Q1 2015 to show the highest decrease due to the high base in Q1 2014 when TV received a significant portion of the Olympic budgets.

Other markets in the region are showing low-mid single digit growth or a small contraction in 2015: **Czech Republic** at -0.6%, **Slovakia** at -0.8%, **Poland** at +3.2%, **Turkey** at +3.0%, and **Hungary** at +1.8%. The predictions are more optimistic for the region in 2016 with a +3.9% increase anticipated.

ASIA PACIFIC

In Asia Pacific advertising spend is forecast to grow by a solid +5.2% in 2015. This has however been revised down from the +5.9% previously forecast in September 2014, with its major market Japan moderating forecasts from +1.7% to +0.9%, alongside a number of other markets including Hong Kong, Taiwan, Malaysia and Vietnam. Growth is expected to pick up pace in 12 out of the 14 markets in 2016 with growth overall of +5.8% in 2016.

The advertising market in **China** is forecast to increase this year by +7.9% in 2015 to RMB 514 million. Growth in China is the highest in 2015 of the key markets behind only India but compared to the double digit growth rates witnessed in the past, +7.9% can be seen as a medium growth rate. This is in line with the economy in China which is seeing a moderation in GDP as a more sustainable growth is sought. The total advertising market in China in 2016 is forecast to grow by +8.1%.

- TV share of spend at 55.8% continues to dominate although there are signs of TV's share slowly decreasing, down 2.1 percentage points to 53.7% share predicted for 2016.
- TV sees a moderate growth rate of +5% in 2015 and +4% in 2016.
- Faced with digital growth, faster broadband speeds and growth in smartphones, TV broadcasters are actively venturing into the digital realm, building their own online video platforms.
- Digital media spending, which makes up the second largest portion of advertising spend in China at 20.5% this year, is driving growth in the total market by 29.8% in 2015.
- Within this, search spends are growing at +23.8%, Mobile +55%, Display including Online Video, +18.7%.

The advertising market in **Japan** in 2014 performed better than expected with a +2.9% increase in advertising spend to 6,152.2 billion Yen, an upward revision on the +2.0% increase previously forecast. In 2014, there was a last minute demand in February and March 2014 before the consumption tax increase in April 2014 which helped provide a boost to advertising spend, as did the Sochi Winter Olympics in Q1 2014 and the FIFA World Cup in June and July.

In 2015 advertising spend in Japan is expected to show a gradual growth with a year-on-year increase of +0.9% forecast. This has been revised down from +1.7% previously forecast in September 2014 due to the postponement of the second round of consumption tax rate hike from October 2015 to April 2017, which was expected to provide a boost to advertising expenditures in the period prior to the increase. The advertising market in Japan is forecast to continue positive growth into 2016, with a further increase of +1.2%.

In **Australia**, advertising spending is predicted to increase marginally by +1.0% in 2015 and by a further +1.5% in 2016 with growth in both years more optimistic than previously predicted. Media agency bookings in the last 4 months of 2014 were strong and there has been an increased willingness of consumers to spend with interest rates at an all-time low.

Predicted growth is driven by an expected increase of +13.4% in Digital media spend this year and +11.2% in 2016. Digital is the number one media category in the market with 38.9% share of total media spending predicted in 2015.

In **India** following the formation of a stable government in 2014 economic prospects look bright. Advertising spend increased by +8.7% in 2014 and are forecast to leap by double digits of +11.0% in 2015. Further growth of +11.3% is predicted for 2016.

LATIN AMERICA

Advertising spend in Latin America continues to show high growth rates +11.1% in 2015, this has however been revised down from the +11.8% previously forecast in September 2014, as growth in major market **Brazil** is hampered by the economic slowdown. Growth in the region however is boosted by high inflation in **Argentina** driving up media pricing and subsequent ad revenue in Argentina is up by +35.0%, whilst growth in **Mexico** and **Colombia** is a respectable +4.3% and +5.2%. Advertising spend in Latin America is expected to receive a boost in 2016 from the Rio 2016 Olympic Games with a strong increase of +11.9% forecast.

In **Brazil** expectations are relatively conservative for the advertising market due to Brazil's economic downturn. On a global level Brazil's advertising forecast for 2015 of +6.6% is still strong, however it has been revised downwards from the +8.1% forecast in September 2014, and is less than the double digit rates we are used to. For 2016 growth is expected to increase by +8.4%.

- Growth in Brazil comes from TV which has the dominant share in Brazil (65.4%) and Digital media which has the second highest share of spend. However at 17.9% in 2015 this is still below the global average of 23.9%.
- TV advertising spend is forecast to grow year-on-year by +8.0% in 2015 and Digital media spend by +10%. Even with the economic slowdown, Digital media spending is strong, providing brands with a great opportunity to try differentiated actions using e.g. social media or mobile platforms to maximise their messaging.
- TV continues to be the most powerful means of communication for Brazilian advertising with conditions expected to continue favourably for the foreseeable future.

MIDDLE EAST AND NORTH AFRICA

Growth in the Middle East and North Africa is gathering momentum with advertising spend in the region increasing by +5.7% this year, following +4.6% growth in 2014. Whilst the regional picture for advertising spend growth is bright, there is a mixed picture by market.

Prospects are looking up in **Egypt**, riding on the wave of the elections last year and a new sense of peace and stability, media is seeing growth across the board. Another year of double digit growth is forecast for this year of +23.6%. Putting this into context, growth follows three years of significant year-on-year declines in advertising spend between 2011 and 2013.

Elsewhere in the region, moderate gains are expected in 2015: **Pan Arab** at +4.6%, slow growth in **UAE** of +0.2% in 2015 whilst in **Saudi Arabia** advertising spend is forecast to decline by -1.7%.

Overall spend in the region is showing a positive trend with a further +6.0% increase forecast in 2016.

BY MEDIA

Global year on year % growth at current prices			
	2014	2015	2016
Television	4.4 (4.8)	3.6 (4.3)	3.9
Newspapers	-5.9 (-2.5)	-3.8 (-2.3)	-2.4
Magazines	-3.5 (-1.6)	-1.7 (-1.3)	-1.7
Radio	4.4 (3.7)	2.3 (3.0)	4.9
Cinema	2.5 (2.9)	3.4 (4.3)	1.9
Outdoor	5.0 (3.3)	4.8 (4.1)	5.2
Digital	17.4 (16.1)	15.7 (15.5)	13.8

Figures in brackets show our previous forecasts from Sep 2014

Global % Share of Advertising Spend			
	2014	2015	2016
Television	42.7 (43.2)	42.2 (42.9)	41.7
Newspapers	13.9 (14.5)	12.8 (13.4)	11.8
Magazines	7.3 (7.5)	6.9 (7.0)	6.4
Radio	6.8 (6.7)	6.6 (6.5)	6.6
Cinema	0.5 (0.6)	0.5 (0.6)	0.5
Outdoor	7.1 (7.0)	7.1 (7.0)	7.1
Digital	21.7 (20.5)	23.9 (22.6)	25.9

Figures in brackets show our previous forecasts from Sep 2014

Globally **Digital** media spend is forecast to increase by US\$17.1 billion this year to reach 23.9% of total global media spend in 2015. Digital's growth far outpaces all other media types with a forecast increase of +15.7% in 2015 and +13.8% in 2016.

Growth in Digital spend is high in all regions. The highest in Asia Pacific at +20.1% in 2015, followed by an impressive +16.4% in North America and +16.2% in Latin America. Even in Central & Eastern Europe which is showing overall sluggish ad market growth, digital spending is predicted to achieve double digit growth this year of +12.9%. In Western Europe growth is in high single digits (+9.8%) this year.

- **Mobile** spend is notably rising dramatically at +49.7% in 2015 with circa 50% growth in each of the regions - Western Europe, Asia Pacific, North America and double digit growth in Latin America and C&EE. With the rise in smartphone ownership rates and data usage, mobile is playing a huge role in the way consumers access information, view content, browse products and purchase services and goods.
- Carat is seeing a major shift in behaviour with internet usage on mobile devices catching up with PC usage and exceeding it in some markets yet at an investment level, there is still a significant discrepancy with the amount of time spent with mobile media disproportionate to the advertising share mobile attracts. A factor which is holding back investment in Mobile is the difficulty in proving the ROI for more traditional businesses. Much of the early investment in mobile advertising has been amongst pure-play, app economy brands and business for whom there is an easily demonstrable ROI for investing in mobile.
- Mobility is the primary reason behind social's explosive growth. Facebook and Twitter will continue to be the big winners in the **mobile social** space. Facebook leads the way in mobile advertising investment with their cost effective solution to advertisers, non-intrusive native advertising experience to audiences, targeting capabilities and selection of ad formats. Twitter is moving up

with an increase in spending behind promoted tweets, its Amplify pitches and improvements to its targeting options such as the development of its TV targeting offering. One of its big plays this year is the introduction of Promoted Video for advertisers – a new way for brands to post videos that users can play in their timelines with a single tap.

- **Online Video** demonstrates continuing strong growth, +21.6% forecast for 2015, with growth partly driven by a shift of investment away from TV. Expectations are particularly high for original content. In the US, nearly half (48%) of online video budgets will go to 'made for digital' video.
- Display spend including Video and Social is forecast to increase by 15.8% in 2015. However it is **Search** that continues to command the highest share of total Digital spend at 45%, with growth of +12.6% this year and +11.5% in 2016.

TV continues to command the highest share of spend, 42.2% globally in 2015, remaining popular particularly in Latin America and the Middle East with share of spend above the global average in APAC and C&EE. There are indications however of TV's share slowly eroding, it has decreased by 1.2% points over the past 5 years. Growth was boosted last year by a year of events with +4.4% growth. TV spend is predicted to increase by +3.6% this year, picking up in 2016 a quadrennial year - to +3.9%.

Newspapers continue to command the third highest share of spend, globally 12.8% this year despite continuing year on year declines since 2008, -3.8% in 2015 and -2.4% in 2016 affected by the permanent change in how consumers seek and access news and entertainment. Traditional publishers are continuing to push their total audience reach across their multiple platforms and touchpoints, although digital revenues have not so far made up for lost print revenue.

Magazines also continue to suffer year-on year declines -1.7% in 2015 and 2016, with share of total spend decreasing to 6.9% this year. **OOH** share at 7.1% overtakes Magazines for the first time this year, with Magazine's share at 6.4% predicted to fall behind **Radio**'s share of 6.6% in 2016. **Cinema** share of the media pie remains low at 0.5%, however growth this year is predicted to be a relatively strong +3.4% vs. 2014 with a number of high profile releases.