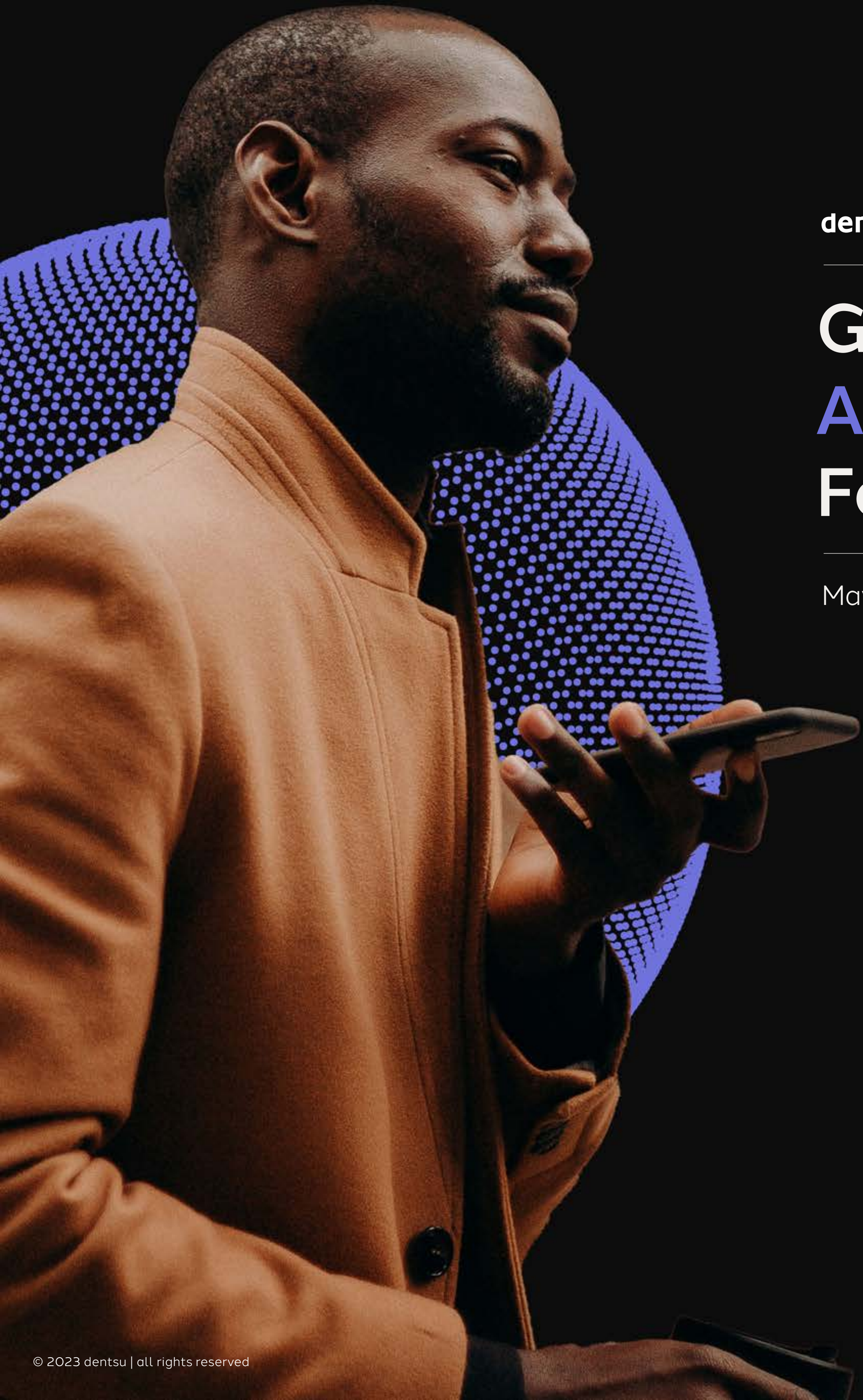

dentsu

Global Ad Spend Forecasts

May 2023

Foreword

The media landscape is investing in its reinvention

In this midyear follow-up to the December 2022 edition of the *dentsu Global Ad Spend Forecasts*, we share the most significant trends that have materialized from the data collected by our investment analysts across 58 markets – and the key implications for media decision makers.

We still expect global advertising spend to grow despite the economic uncertainty. However, media price inflation is the true driver of this increase and hides the more lackluster reality: 2023 will be a flat year for ad spend.

Something interesting is happening in the digital space. This year, digital is not forecast to experience double-digit growth. This has only happened twice in the last 20 years: in 2009 (financial crisis consequences) and in 2020 (COVID-19 pandemic). Digital ad spend is expected to grow by a mere 6.6% three-year compound annual growth rate (CAGR) to 2025. The future will tell if this is a temporary slowdown or a true inflection point toward a structural slower growth pace for digital.

This does not mean everything is dark and gloomy. First, because we forecast ad spend growth will accelerate again in 2024. But most of all because the media landscape is investing in its reinvention.

Facing climate emergency, the industry is investing in effective carbon management solutions to reduce its carbon impact for more sustainable media. Amidst uncertain economic context, new ad-funded video on demand plans are making content accessible to more viewers and boosting TV investments. The industry is already experimenting with generative AI to increase media effectiveness. From retail media solutions to brand assurance, innovation is everywhere and drives progress everywhere.

Whether you are an advertiser or a media owner executive, we hope this midyear reforecast will be useful to inform your investment decisions and drive business growth – in your own terms.

Start with The Briefing for a digest of the direction of travel or delve right away into our Outlooks and Spaces to Watch for more detailed insights.

Peter Huijboom

CEO, Media International Markets
dentsu

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Ad Spend 2023

The Key Figures

Note for the reader: Ad spend in *dentsu Global Ad Spend Forecasts* is expressed in US dollars unless stated otherwise. Historical advertising spend figures have all been restated to constant April 2023 exchange rates. Full methodology is available on page 32.

The **Key Figures**

01

Global advertising spend is forecast to increase by $23.0 billion in 2023 to reach $727.9 billion. Facing continued economic headwinds and fewer media events, the pace of growth is expected to slow from 7.9% in 2022 to 3.3% in 2023.

02

2023 global growth predictions have been adjusted downwards from the 3.5%[1] forecast in the December 2022 report due to macroeconomic factors, with growth driven by media price inflation rather than increased advertising volume.

03

Asia-Pacific is projected to grow the fastest in 2023 by 4.6%, the Americas by 2.9% and EMEA by 1.9%.

04

Following a slow start to the year, we expect a gradually improving picture with an expected 4.1% ad spend growth in H2 2023 boosted by the FIFA Women's World Cup and the Rugby World Cup.

05

Digital is forecast to grow by 7.8% ($30.6 billion) YOY – more than double the rate of the total market – to reach $424.3 billion by the end of 2023. However, 2023 is projected to be the first of three consecutive years of only single digit growth.

06

Emerging digital categories are expected to continue to experience high growth in 2023, such as retail media (18.0%) and connected TV (15.2%). Advertising spend transacted programmatically is forecast to increase by 14.4%.

07

Search investment remains strong at $150.0 billion and 8.9% growth in 2023. Search behavior is expanding from traditional search engines to social media and commerce platforms with innovation in search powered by AI.

08

Total TV ad spend is projected to decline by 3.1% in 2023 to reach $170.2 billion, before growing again by 4.0% in 2024. Live sports and major media events continue to draw big TV audiences. It is anticipated that streaming partners will play a larger role in the battle for sports rights during the next ten years.

09

Momentum in the out-of-home (OOH) market continues with 3.8% growth in 2023, driven by digital OOH and fueled by programmatically bought inventory.

10

The outlook for the advertising market in 2024 is growth at the accelerated pace of 4.7% to $762.5 billion boosted by major events such as the Paris Olympics and Paralympics, UEFA Euro, and US presidential election.

Ad Spend 2023

The Briefing

We have readjusted our global ad spend growth forecasts down due to economic headwinds.

In an uncertain environment, businesses are torn between efficiency and innovation

The International Monetary Fund projects the global economy will grow by just 2.8% in 2023 (down 0.6 percentage point YOY). This slowdown will be more marked in advanced economies, where growth is forecast to fall to 1.3% (down 1.4 percentage point YOY), with the Euro Area being the lowest at 0.8%. Emerging markets and developing economies are expected to grow much faster at 3.9% (only down 0.1 percentage point YOY), with growth actually accelerating beyond the 5% mark for China and India.[2]

Turbulence across the financial sector and the ongoing war in Ukraine add uncertainty to the global outlook. Inflation also remains a key concern: while headline inflation is declining from 8.7% in 2022 to 7.0% in 2023 due to decreasing energy and food prices, core inflation is likely to decline more slowly.[3]

The effect of economic uncertainty is continuing to bite across the media and technology industries, with staff layoffs across major names such as Meta (who declared 2023 as their year of efficiency),[4] Google,[5] and Amazon.[6] We have also seen the scaling back of ambitious projects in areas like the metaverse[7] that would have been unlikely to yield returns in the short term.

In marketing there is currently a big push for transformation beyond the digital transformation of recent years to something much more fundamental: transforming businesses into effective entities that can survive another ten years in rocky conditions, built on technology and people intelligence, with data, sustainability and purpose at the heart.

In the December 2022 edition of the *dentsu Global Ad Spend Forecasts*, we noted that every economic downturn also saw great innovations. Now we see innovation in the rise of generative AI with extraordinary developments in large language models, and user-facing applications like OpenAI's ChatGPT becoming available to the masses[8] and opening a new set of media opportunities for businesses.

Ad spend grows more slowly than in 2022 and is set to accelerate in 2024

Our latest *dentsu Global Ad Spend Forecasts* covering 58 markets across all regions predicts worldwide advertising spend to increase by $23.0 billion to reach a total of $727.9 billion in 2023. Despite the boost by the FIFA Women's World Cup and the Rugby World Cup in the second part of the year, ad spend growth in 2023 (3.3%) is expected to be slower than in 2022 (7.9%).

We have readjusted our global growth forecasts down from our previous 3.5% estimations as 24 markets have revised down their projections due to economic headwinds.[9] As we anticipated in the December 2022 edition, ad spend growth in 2023 will be driven by media price inflation, with ad spend at constant prices actually declining by 0.6%.[10]

Looking at the quarterly picture, ad spending got off to a slow start compared to the strong post-pandemic revival in Q1 2022. However, we expect a gradually improving picture as we approach the end of 2023. We anticipate a recovery in the second half of the year with the strongest growth to be in Q4 (4.8%).

While the Americas recorded the fastest growth in 2022, Asia-Pacific is forecast to experience the greatest pace in 2023 (4.6%), with higher than expected ad spend growth in China and a very dynamic Indian ad market. The Americas region is projected to grow by 2.9% and the EMEA region by 1.9%. Latest predictions indicate growth in all twelve major markets* including Germany and Italy, both forecast to decline in the December 2022 edition *dentsu Global Ad Spend Forecasts.* The US ($7.7 billion), China ($6.0 billion), India ($1.5 billion), and the UK ($1.3 billion) will be the markets contributing the most to the $23.0 billion incremental advertising spend in 2023.

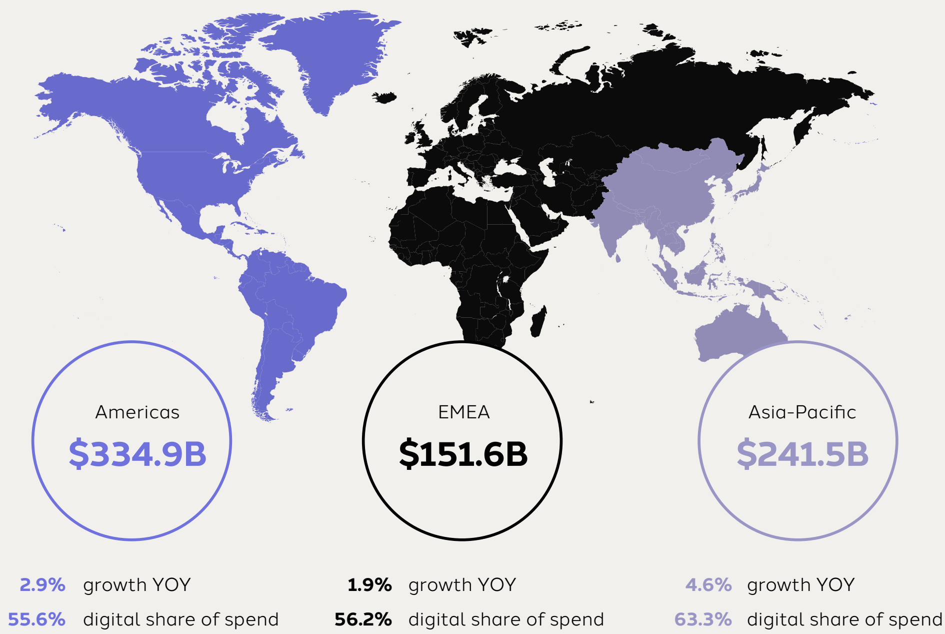
The 2023 global ad market is projected to be 24.3% greater than it was in 2019 before the COVID-19 pandemic. Some markets have grown even more significantly – both in volume and through inflation – in that period, such as UK (45%), India (44%), Brazil (34%), US (31%) and China (29%). Of the 12 markets with the highest ad spend across the globe, only Spain will continue to be below its pre-pandemic spend in 2023 (-4.3%).

Digital is forecast to grow by 7.8% ($30.6 billion) YOY – more than double the rate of the total market – to reach $424.3 billion by the end of 2023. However, 2023 is forecast to be the first of three consecutive years of single digit growth, with digital growth forecast at 6.2% in 2024 and 5.9% in 2025. During this three-year period, digital's share of spend is projected to increase by a percentage point each year from 58.3% in 2023 to 60.3% in 2025. Whilst display growth is slowing and direct/traditional insertion order buys are declining in 2023, we expect to see continued rapid growth for the emerging digital categories such as retail media (18.0%) and connected TV (15.2%), and for ad inventory transacted programmatically (14.4%).

The growth rates of most of the sectors tracked in the *dentsu Global Ad Spend Forecasts* are projected to slow in 2023 – in line with the general market trend. However, notable growth is forecast for automotive and travel & transport – the two sectors that declined the most in 2020, whilst the retail sector continues with the highest share of advertising spend overall.

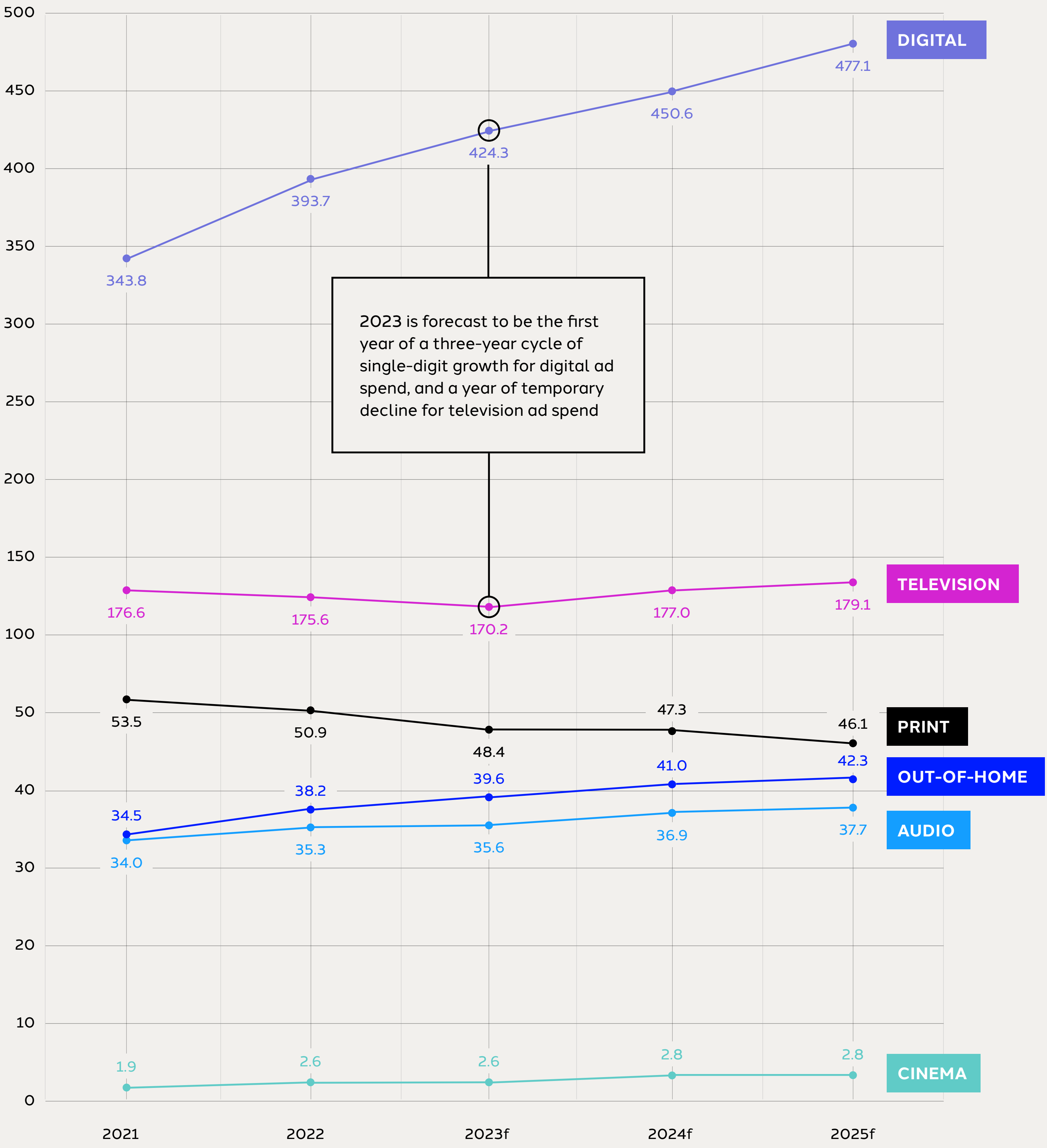
A moderate recovery across all sectors is anticipated in 2024. Growth forecasts for 2024 have been revised up in 34 markets. Advertising spend for the next year is now projected to increase by 4.7% to reach $762.5 billion, boosted by major events such as the Paris Olympics and Paralympics, UEFA Euro, and the US presidential election.

FIGURE 1 – AD SPEND REGIONAL OVERVIEW, 2023F



**Australia, Brazil, Canada, China, France, Germany, India, Italy, Japan, Spain, UK, US*

FIGURE 2 – AD SPEND EVOLUTION BY CHANNEL, 2021–2025F ($B)



The 0–50 portion of the y-axis is not to scale for better readability.

Digital specifically references pure play digital platforms and does not include ad spending on the digital extensions of traditional media (e.g., digital print) which are accounted within media channel totals (e.g., digital print is accounted within print).

Innovation is everywhere

In this midyear reforecast we also report on five spaces to watch for advertisers to stay ahead of the curve as they reflect upon their media investment strategies:

- The developments in generative AI, which could prefigure a new era for search advertising
- The carbon media efficiency strategies that make ad spend more sustainable
- The new organizational questions sparked by the scaling of retail media
- The brand assurance imperative to protect digital ad spend
- The rise of ad-supported streaming, which boosts TV investments as broadcast TV declines

Media **Outlook**

Digital
Television
Audio
Print
Out-of-Home
Cinema

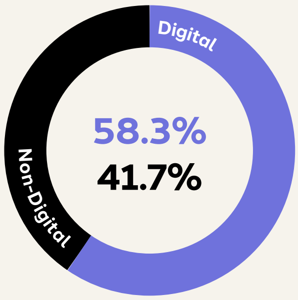
Digital ad spend is forecast to grow more slowly this year, while television is expected to decrease.

Digital

As we look ahead, the digital media landscape is expected to maintain its growth trajectory, driven by the increase in digital media consumption and steady expansion of e-commerce. Globally, digital ad spend is forecast to grow by 7.8% ($30.6 billion) YOY – more than double the rate of the total market – to reach $424.3 billion by the end of 2023.

However, digital is not forecast to experience double-digit growth in 2023. This has only happened twice in the last 20 years: in 2009 (financial crisis consequences) and in 2020 (COVID-19 pandemic). Starting this year, digital ad spend is expected to grow by a 6.6% three-year compound annual growth rate (CAGR) to 2025. During this three-year cycle, digital's share of spend is projected to increase by a percentage point each year from 58.3% in 2023 to reach 60.3% in 2025.

FIGURE 3 – DIGITAL SHARE OF ADVERTISING SPEND



Whilst display growth is slowing and direct/traditional insertion order buys are declining, we expect to see continued rapid growth for the emerging digital categories such as connected TV (22.3% three-year CAGR) and retail media (20.4% three-year CAGR), as inventory and technology grow in these channels. Social spend is forecast to grow by a 12.8% three-year CAGR, driven by new platforms, social commerce, and the popularity of short-form video content across platforms such as TikTok and Instagram Reels. Although programmatic is expected to grow at a 11.0% three-year CAGR to reach a forecast 76% share of digital spend in 2025, a year-by-year analysis reveals its growth will slow (14.4% in 2023, 9.2% in 2024, 9.5% in 2025).

Go to page 30 to see how ***Scaling retail media sparks new questions.***

The outlook for search investment in 2023 remains strong at 8.9% to reach $150.0 billion. For marketers facing increased pressure to deliver strong return on investment, paid search remains an attractive channel. Search ad spend is expected to increase at a 6.8% three-year CAGR. Search behavior is expanding from traditional search engines to social media and commerce platforms with innovation in search powered by AI.

Understand how generative AI may make ***Search enter a new era*** on page 29.

CONSIDERATIONS FOR BRANDS

The rise of addressability

The rapid growth of ad investments in spaces such as retail media, connected TV, social, search and programmatic signifies a bigger trend at play: the rise of addressable media, a way of planning and trading media built upon three attributes.

ADDRESSABLE MEDIA IS DATA DRIVEN
Through addressable media, marketers can make the most of people intelligence (e.g., personally identifiable information, anonymized data from people's devices, context surrounding someone) and business data (e.g., local stock levels in a point of sale) to create media campaigns that bring more value to their audiences.

ADDRESSABLE MEDIA IS TECHNOLOGY ENABLED
This encompasses technological solutions to trade media, connect data signals, optimize, and report on performance. It also includes brand assurance technology that aims to keep brands safe and make sure they operate in a fraud-free environment.

Find out how ***Brand assurance protects digital spend*** on page 31.

ADDRESSABLE MEDIA IS MEASURABLE – IN REAL TIME
This increases media accountability and enables a rapid optimization of advertising campaigns to increase the effectiveness and efficiency of media activity. This feedback loop is crucial for techniques such as digital content optimization where ads are assembled on the fly from different design elements.

While addressable media presents a fantastic opportunity for brands to deliver valuable experiences more efficiently, advertisers must work to preserve the value exchange with audiences. Many consumers feel the traditional value exchange in advertising – most simply expressed as people enjoy free content in exchange for their attention – has been damaged through trade-off with their privacy in recent years. It is thus critical that advertisers ensure their investment is made only through a responsible use of audience data. They must also be mindful of the impact of digital campaigns on the climate and society, and implement solutions to limit negative effects, for instance, through media carbon efficiency strategies.

See how ***Carbon media efficiency mitigates ad spend impact on the planet*** on page 30.

As effective as addressable media is, advertisers should also leverage other media that may not be addressable. Those channels can still deliver the long-term impact necessary to build awareness, fame and value while maintaining the brand equity that keeps more short-term campaigns working.

Television

Television remains a key media channel, driving mass reach and heavily influencing every step of the purchase funnel. However, with declining audience numbers and inventory, TV's share of ad spend is forecast to contract to 23.4% in 2023, far less than its recent 41.1% peak in 2010.[11]

TV ad spend is expected to decrease by 3.1% in 2023, following an H2 2022 TV market slowed by economic uncertainty. Advertisers are postponing investment to later in the year with predictions for a positive Q4 2023 TV market. Overall, the TV market is forecast to reach $170.2 billion in 2023, with 15.2% growth coming from connected TV (CTV) and 3.8% from broadcast video on demand (BVOD), as Broadcast TV declines by 5.0%.

In 2024, total TV growth is expected to accelerate by 4.0% ($6.8 billion), driven by a year of media events including the Paris Olympics and Paralympics, UEFA Euro, and the US presidential election. Next year, broadcast TV is forecast to slightly decline (-0.1%) and CTV to grow by 35.4%.

CONSIDERATIONS FOR BRANDS

Television is fast becoming a digital channel

TV is rapidly becoming digital both in the way it is viewed and the way in which media is traded. In a time of economic headwinds, ad funded services or tiers are gaining traction with audiences (e.g., Tubi boasts more than 60 million viewers in the United States[12]). These ad-funded options give brands a valuable way to reach audiences. Yet, given its potential convergence with other forms of online video and the viewer's ability to watch on all types of digital screens, advertisers expect the same level of measurement and accountability, from targeting and delivery to response and results.

Read ***Streaming TV is now mainstream*** on page 31 to learn more about the opportunities of connected TV.

> TV ad spend is expected to decrease by 3.1% in 2023.

As broadcasters face eroding TV ratings and streaming players aim to remain or become profitable, a contraction of their investment in original content is expected in favor of an increased focus on library content. Cost cutting should not affect their investments in sports and tentpoles, which continue to drive high viewership. Yet, with tech platforms eager to secure sports rights (e.g., NBA is streamed by Rakuten TV in Japan[13] and Amazon Prime Video in Brazil[14]), competition for rights will soar with potential ripple effects on media costs.

Print

Following the 4.9% decline in 2022, total print (newspapers and magazines) ad spend is expected to drop further by 4.8% in 2023 to reach $48.4 billion, a 6.7% share of global ad spend. Within this, traditional print ad spend is predicted to decrease by 7.2%, impacted by the rising production costs and the shift towards digital formats. Digital print ad spend is forecast to increase only moderately by 0.5%, despite growing consumption, indicating that it cannot make up for the structural decline of the print market.

Although the print market will continue to shrink, the pace of decline is expected to slow. The total print market is forecast to drop by 2.3% in 2024, with 0.9% growth in digital print.

CONSIDERATIONS FOR BRANDS

Print bets on digital monetization

Print is evolving quickly as publishers attempt to slow the pace of decline, with a strong focus on monetization of digital properties both through paywalls and first-party data to sell their inventory at a higher price. News sells, and now that all publishers have digital elements such as news podcasts, they are getting better at retaining their audiences across different touchpoints.

“

The total print ad spend is expected to drop by 4.8% in 2023 to reach $48.4 billion in 2023.

Out-of-Home

Although the 2023 growth rate of out-of-home (OOH) is expected to slow to 3.8% following two consecutive years of double-digit growth, the overall spend is set to reach $39.6 billion, representing 5.4% of global ad spend. Digital OOH (DOOH) is expected to be the main driving force behind this growth, with a projected increase of 6.6%, while traditional OOH ad spend maintains a robust growth of 3.3%.

These upgrades are giving advertisers much more flexibility, for example, greater targeting ability based on signals like time of day, traffic, location, and weather. With advanced technology, including holographic projections and 3D technology, DOOH formats are now more diversified, providing interactive and immersive experiences that capture viewer attention and can be targeted more precisely.

This channel's strength is still its ability to hit mass audiences. While it is gaining the ability to target in very granular ways, including elements of audience targeting from anonymized mobile data, the advertisers finding the most success using OOH are combining the medium's strength of achieving mass audience reach with these new targeting capabilities.

CONSIDERATIONS FOR BRANDS

Returning mobility is driving OOH growth

OOH advertising is benefiting from a continuing rise in domestic and international mobility. The channel continues to invest in digital, with many operators having taken the opportunity during lockdown and beyond to upgrade both their screen hardware and their software platforms.

> “
> Out-of-home global ad spend is expected to grow by 3.8% to reach $39.6 billion in 2023.

Audio

The audio ad market is expected to remain relatively stable. Driven by growing investments in podcasts and online radio, the total audio ad market is forecast to grow by 0.8% to reach $35.6 billion in 2023, a 4.9% share of global ad spend.

Despite traditional radio ad spend continuing to dominate the audio market, it is gradually losing its popularity as a source of entertainment and information in the face of both growing audience consumption and competition from online radio. As a result, traditional radio is projected to decrease by 0.1% in 2023 whilst online radio growth is forecast at 3.6%.

Looking further ahead, the total audio market is forecast to grow by 3.8% in 2024 to reach a 4.8% share of global ad spend.

CONSIDERATIONS FOR BRANDS

Data streams now inform audio streams

Audio is also rapidly shifting to digital, with more people choosing to listen on devices like phones and smart speakers. This gives platforms a much greater understanding of both the audience and their consumption (when people listen, how long they listen) that they can use to monetize their content.

“

The total audio ad market is forecast to grow by 0.8% to reach $35.6 billion in 2023.

Cinema

Cinema is slowly recovering from the pandemic. It has reached 76.9% of its pre-pandemic level and is expected to remain at that level for the next few years due to the increasing consumption of streaming services. Advertisers have regarded streaming platforms as an alternative channel to reach their target audiences.

After experiencing a significant surge of 32.0% in 2022 following the reopening of movie theatres, the cinema ad market is projected to grow by a modest 2.1% in 2023 to reach $2.6 billion. The growth rate will remain slow in 2024, with a 5.5% increase, up from the previous forecast of 4.4% in the December 2022 report. The cinema share of global ad spend is projected to remain steady at 0.4%.

CONSIDERATIONS FOR BRANDS

Cinema slowly returns in a more polarized form

Even though cinema attendance and revenues are still lower than in 2019, the medium's unique opportunities still shine through including the chance to catch hard-to-reach audiences in high attention environments with significant impact.

While the audience feels increasingly polarized – defined by the films on offer – into young, affluent, and families, this gives advertisers an effective way to reach key targets.

> “The cinema ad market is projected to grow by 2.1% in 2023 to reach $2.6 billion.

FIGURE 4 – AD SPEND PER MEDIA, 2021-2025F

	2021	2022	2023f	2024f	2025f
Total advertising spend ($B)*	**653.6**	**704.9**	**727.9**	**762.5**	**791.8**
YOY Growth (%)	**19.5**	**7.9**	**3.3**	**4.7**	**3.8**
Digital ($B)*	**343.8**	**393.7**	**424.3**	**450.6**	**477.1**
Share of total spend (%)	52.6	55.8	58.3	59.1	60.3
YOY growth (%)	32.3	14.5	7.8	6.2	5.9
Total Display ($B)*	182.6	209.5	224.8	240.2	255.1
Share of digital spend (%)	53.1	53.2	53.0	53.3	53.5
YOY growth (%)	34.3	14.7	7.3	6.8	6.2
Paid Search ($B)*	119.9	137.8	150.0	158.7	167.7
Share of digital spend (%)	34.9	35.0	35.4	35.2	35.1
YOY growth (%)	32.9	14.9	8.9	5.8	5.6
Classified ($B)*	18.4	20.2	20.4	20.7	21.4
Share of digital spend (%)	5.4	5.1	4.8	4.6	4.5
YOY growth (%)	19.5	9.8	0.9	1.2	3.7
Television ($B)	**176.6**	**175.6**	**170.2**	**177.0**	**179.1**
Share of total spend (%)	27.0	24.9	23.4	23.2	22.6
YOY growth (%)	7.8	-0.6	-3.1	4.0	1.2
Print ($B)	**53.5**	**50.9**	**48.4**	**47.3**	**46.1**
Share of total spend (%)	8.2	7.2	6.7	6.2	5.8
YOY growth (%)	-1.1	-4.9	-4.8	-2.3	-2.7
Newspapers ($B)	31.6	30.0	28.5	28.2	27.5
Share of total spend (%)	4.8	4.3	3.9	3.7	3.5
YOY growth (%)	-1.1	-5.1	-4.8	-1.3	-2.4
Magazines ($B)	22.0	20.9	19.9	19.2	18.6
Share of total spend (%)	3.4	3.0	2.7	2.5	2.3
YOY growth (%)	-1.1	-4.7	-4.8	-3.7	-3.1
Out-of-Home ($B)	**34.5**	**38.2**	**39.6**	**41.0**	**42.3**
Share of total spend (%)	5.3	5.4	5.4	5.4	5.3
YOY growth (%)	24.0	10.6	3.8	3.4	3.3
Audio ($B)	**34.0**	**35.3**	**35.6**	**36.9**	**37.7**
Share of total spend (%)	5.2	5.0	4.9	4.8	4.8
YOY growth (%)	11.6	3.7	0.8	3.8	2.1
Cinema ($B)	**1.9**	**2.6**	**2.6**	**2.8**	**2.8**
Share of total spend (%)	0.3	0.4	0.4	0.4	0.4
YOY growth (%)	38.8	32.0	2.1	5.5	2.9

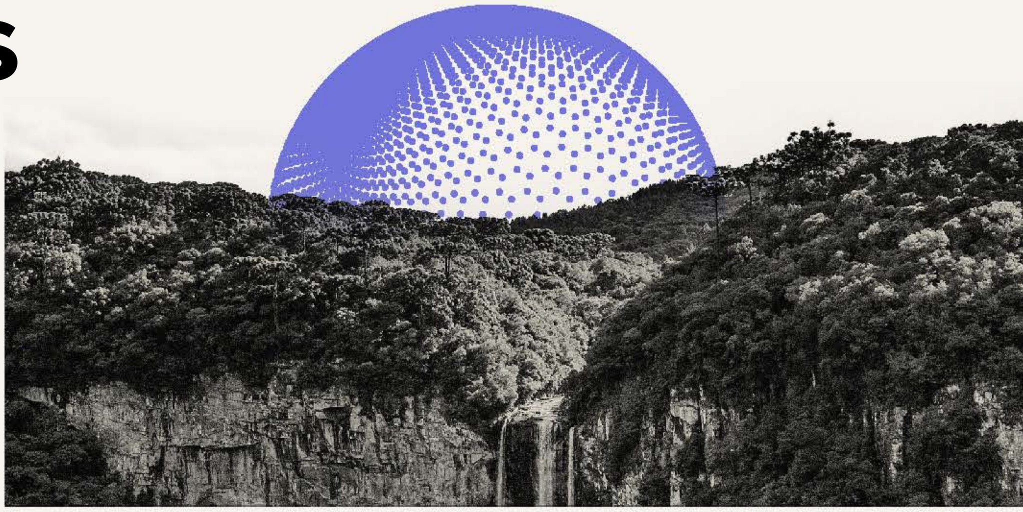
**For total display, paid search, and classified, the figures are based on the markets where the breakdown of digital spend is available. Therefore, the combined spend of total display, paid search, and classified may differ from the total digital spend. Total advertising spend includes "Other" which is not itemized in this table.*

Market **Outlook**

Americas
EMEA
Asia-Pacific

The Americas is expected to remain the largest ad market, and Asia-Pacific the most dynamic.

Americas



Top: **United States**

Following strong gains in 2022, the world's largest advertising market is forecast to grow by 2.6% in 2023 to reach $300.6 billion – a 41.3% share of global advertising spend. Growth has been revised down from the December 2022 projection (3.8%) with a soft start to the year. Advertisers have been cautious with their media spend as they look to gain confidence in the economy and get a better pulse on consumer spending habits. Dollars are also shifting to non-measured media activities such as affiliate advertising.

Digital continues to be a driving force as brands look for efficiency and flexibility. CTV is expected to grow by 14.7% to reach $17.2 billion (23.5% of total US TV ad spend). Retail media is forecast to increase by 18.3% to $55.0 billion. Streaming audio is projected to grow by 3.3% to reach $8.3 billion. Advertisers will also continue to utilize programmatic buying, now accounting for 88.8% of digital spend in the US market.

Projections are for 2024 to recoup some of the late 2022 and early 2023 ad spend losses by growth in the digital channels and the automotive and technology sectors. Overall, 2024 is expected to pick up pace and grow by 5.4% to reach $316.9 billion.

Fastest growing: **Brazil**

The Brazil ad market performed better than expected in 2022. A further 5.4% growth in advertising spend is expected in 2023 to reach $14.1 billion. Following pandemic-driven volatility, the market has stabilized with consumers balancing their time between traditional and digital media. TV will experience strong growth (6.0%) and will keep the leading share of ad spend (48.3%). Digital is forecast to increase by 5.1% to reach $5.0 billion (35.6% share of spend). Online TV pick-up in spend is expected in 2023 from Netflix's launch of an ad supported tier in November 2022.[15] Growth is anticipated to come from retail media as the main players invest in a full funnel offer. Gaming should also provide a great opportunity for brands to connect with consumers.

Overall, the outlook for the Brazil ad market is optimistic with a 7.4% increase forecast in 2024 to $15.1 billion.

One to watch: **Canada**

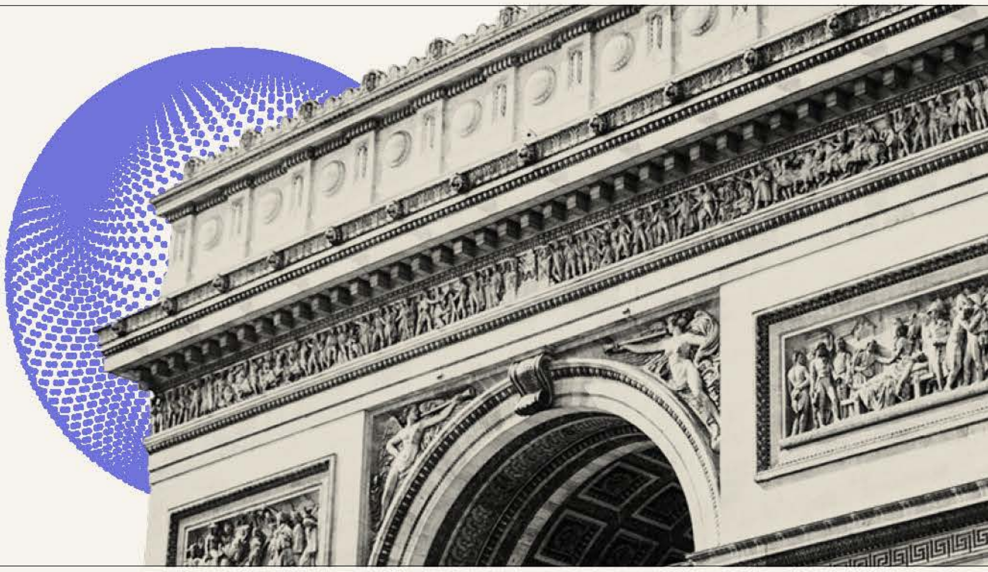
Canada ad market is projected to grow by 2.2% to reach $10.5 billion in 2023, up from 1.5% growth in the December 2022 report. Despite a strong 8.7% increase expected in the first half of the year, the pace of growth is forecast to decline by 3.9% in the second half.

While digital growth is expected to slow to 4.0% compared to 8.9% in 2022, it remains the main driver of the Canadian market's overall growth with a substantial 61.2% share of total spend. Digital growth is driven by retail media and online video, as these media consistently deliver personalized and effective ways to reach and engage with audiences.

Although broadcast TV continues to dominate the total TV spend with a significant 76.0% share, it is projected to decrease by 3.9% due to the shift in investment towards CTV and online video. CTV is further bolstered by the entry of more players into the AVOD space (such as Netflix, Disney +, and Pluto TV) helping to expand available inventory.

Growth will continue into 2024 driven by digital media, retail media, video, and gaming. Overall ad market growth in Canada is forecast at the projected rate of 1.2% for 2024, amounting to $10.6 billion.

EMEA



Top and fastest growing: **United Kingdom**

The world's fourth largest advertising market is now expected to reach $42.4 billion in 2023, growing by 3.1% (vs. 3.6% in the December 2022 forecasts). Accounting for more than 70% of UK spend, digital is projected to grow, yet slower than expected (4.5% vs. 6.0% in the previous forecast). TV is expected to contract by 3.0%, with a particularly difficult start to the year driven by macro-economic factors. OOH is forecast to grow by 6.0% and recover to near 2019 levels, with cinema growing by 22.1%, and audio by 2.7%. Meanwhile, the forecast for the print market has improved since the December 2022 report, up from -2.5% to -1.8%. 2023 is expected to be buoyed by key events such as the FIFA Women's World Cup.

Overall, we anticipate a gradually improving picture as we approach the end of the year, ending with strong growth of 4.0% in Q4 2023. Looking ahead to 2024, the UK ad market is forecast to grow by 3.5% with a more positive outlook for TV at 2.0%.

Strong performer: **France**

The world's sixth largest advertising market is forecast to grow by 2.6% to reach $17.1 billion in 2023. Despite uncertainty in the early part of the year, there is optimism for a more favorable second half, with the Rugby World Cup held in France from September to October expected to drive an estimated €70 million of advertising spend alone. Digital, despite slowing to 5.0% growth after two years of double-digit growth, continues to drive overall market growth and now accounts for 56.3% share of spend. Social media spend is forecast to grow by 11.1%, video by 8.9%, OOH by 4.3%, audio by 0.7% and cinema by 10.9%. TV spend is predicted to decline by 1.4% with average viewing time on the decline, though live sports continue to draw audiences with the FIFA World Cup final in Qatar recording the largest audience ever.

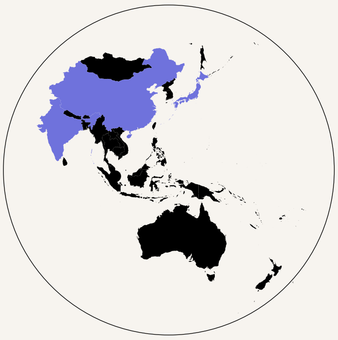
An acceleration of the ad market is expected to begin at the end of 2023 with expectations for an improved economic outlook. Ad spend is forecast to pick up pace to 5.3% in 2024 boosted by an estimated €250 million for the Paris Olympics and Paralympics and €100 million for the UEFA Euro.

One to watch: **Germany**

Advertising spend in Germany declined considerably in the first months of 2023 compared to the post-pandemic revival in Q1 2022 and in continuation of the dampened full year advertising demand in 2022 at -3.0%. A slight recovery is expected in H2 2023 with advertising spend overall for 2023 at 0.5%, up from the previous prediction of -0.1%. The decline of traditional media spend continues in favor of growing investment in digital across the board. Broadcast TV still has a strong market share (14.5%) with premium-priced high demand seasons. However, the growth of CTV (15%) and video-on-demand takes its toll, with broadcast TV spend declining by 3.0% in 2023. Digital spend, with a leading 61.4% share of spend, is projected to grow moderately by 2.4% in 2023. Strong growth is forecast for search (6.0%) and social (5.0%), but display (banners) is forecast to decline (-4.5%). The share of programmatic advertising in digital media is constantly growing (70.0% in 2023) and is also developing in other media channels such as TV and OOH.

Dependent on the wider macro-economic factors, there is optimism for a small growth of 1.0% in 2024 and a stabilization of the advertising market.

Asia-Pacific



Top: **China**

The largest advertising market in Asia-Pacific now accounts for 51.1% of the regional advertising spend. China ad spend is forecast to reach $123.4 billion in 2023, with the reopening of the economy paving the way for a faster than expected recovery by 5.1% (vs. 3.2% in the December 2022 forecasts). The positive trajectory is projected to continue with a balanced quarterly performance throughout the year and a similar growth rate of 5.2% in 2024. Growth in 2023 is expected to establish a more stable foundation for the ad market in 2024.

Increasing by 9.1% and accounting for a significant 79.0% share of total spend in 2023, digital spend is driven by the growth of social media (26.2%). Social media platforms are expanding their functionality to meet the various needs of users and advertisers. In light of China's already high internet penetration, future digital usage is expected to come from niche demographics, including those residing in lower-tier cities.

Automotive, technology, and travel are expected to be the high growth sectors in advertising spend in 2023.

Fastest growing: **India**

In 2023, the India ad market is projected to grow by 14.5% to reach $12.0 billion – the third consecutive year of double-digit growth.

Growing by 36.6% and totaling $5.0 billion, digital is the primary driving force of the Indian ad market and now takes a 41.4% share of spend. In 2023, digital is actually set to overtake TV to become the largest media in India for the first time. This surge is attributed to the increased penetration of smart devices and internet connectivity. Robust e-commerce activities have also pushed digital to new heights, especially performance outcome-based media including search, social and video. Meanwhile, TV is forecast to experience moderate growth of 5.1% in 2023 (35.5% share of spend), mainly invested by e-commerce brands. Despite its effectiveness and brand safety benefits, limited TV inventory leads advertisers to shift their investments to online video.

Looking ahead, the Indian ad market is expected to grow by 15.7% in 2024 to reach $13.8 billion.

One to watch: **Japan**

Japan, the world's third largest advertising market, performed better than expected in 2022 with 4.4% growth, revised up from the previous prediction of 3.6% in the December 2022 report. Growth in 2023 has subsequently been revised down to 1.0% from 1.5%. Japan advertising expenditure is expected to grow in 2023 to $54.1 billion despite continuing macro-economic uncertainty, due in part to an expected increase in advertising demand relating to services such as transportation/leisure (e.g., travel, entertainment) and food services/other services (e.g., restaurants) following the opening of the economy and COVID-19 pandemic. Japan ad market will see strong growth driven by digital, up 10.5% year-on-year driven by search and video content. Radio and OOH will also grow in 2023 by 1.6% and 0.4% respectively. TV continues to have overwhelming reach and is effective in raising awareness. It remains popular for live sports, news, dramas and variety programs. Following a forecast 2.4% decline in 2023, TV advertising spend is expected to grow by 1.4% in 2024.

The overall Japan ad market is expected to grow by 3.2% in 2024 alongside the global economic recovery and a year of events including the Paris Olympics and Paralympics.

FIGURE 5 – AD SPEND PER REGION AND TOP 12 MARKETS, 2021–2025F

	2021	2022	2023f	2024f	2025f
GLOBAL ($B)	653.6	704.9	727.9	762.5	791.8
YOY growth (%)	19.5	7.9	3.3	4.7	3.8
AMERICAS ($B)	**288.6**	**325.3**	**334.9**	**353.1**	**367.2**
YOY growth (%)	22.1	12.7	2.9	5.5	4.0
North America ($B)	269.1	303.1	311.1	327.5	339.6
YOY growth (%)	21.7	12.6	2.6	5.3	3.7
United States ($B)	259.3	292.8	300.6	316.9	328.8
YOY growth (%)	22.0	12.9	2.6	5.4	3.8
Canada ($B)	9.8	10.3	10.5	10.6	10.8
YOY growth (%)	14.8	5.2	2.2	1.2	1.5
Latin America ($B)*	19.4	22.2	23.8	25.6	27.6
YOY growth (%)	27.3	14.0	7.2	7.8	7.6
Brazil ($B)	11.5	13.4	14.1	15.1	16.2
YOY growth (%)	40.5	16.4	5.4	7.4	7.2
EMEA ($B)	**143.5**	**148.8**	**151.6**	**155.6**	**159.1**
YOY growth (%)	19.4	3.7	1.9	2.6	2.3
Western Europe ($B)	127.4	132.7	135.2	138.8	142.3
YOY growth (%)	20.2	4.1	1.9	2.7	2.5
United Kingdom ($B)	37.7	41.1	42.4	43.9	45.0
YOY growth (%)	35.0	9.1	3.1	3.5	2.6
Germany ($B)	29.2	28.3	28.5	28.8	29.5
YOY growth (%)	12.6	-3.0	0.5	1.0	2.5
France ($B)	15.6	16.6	17.1	18.0	18.5
YOY growth (%)	17.3	6.5	2.6	5.3	2.9
Italy ($B)	7.4	7.4	7.5	7.6	7.7
YOY growth (%)	13.9	0.7	0.3	1.5	1.5
Spain ($B)	6.2	6.4	6.5	6.6	6.7
YOY growth (%)	11.8	3.7	1.1	2.0	1.9
Central and Eastern Europe ($B)*	6.7	7.3	7.5	7.7	7.8
YOY growth (%)	18.2	7.9	3.5	2.5	1.8
Asia-Pacific ($B)	**221.6**	**230.8**	**241.5**	**253.8**	**265.4**
YOY growth (%)	16.4	4.2	4.6	5.1	4.6
China ($B)	115.7	117.5	123.4	129.9	135.7
YOY growth (%)	19.0	1.5	5.1	5.2	4.5
Japan ($B)	51.3	53.6	54.1	55.8	57.3
YOY growth (%)	10.4	4.4	1.0	3.2	2.7
Australia ($B)	12.2	13.3	13.7	14.0	14.3
YOY growth (%)	21.9	8.8	3.2	2.4	2.2
India ($B)	8.8	10.4	12.0	13.8	15.9
YOY growth (%)	21.8	18.2	14.5	15.7	15.2

**In this May 2023 edition of the* dentsu Global Ad Spend Forecasts*, Argentina and Turkey ad spend figures are adjusted for inflation due to the high inflation in market.*

Industry Outlook

Automotive
Retail
Travel & Transport

Across all key sectors spend levels are now above their 2019 pre-pandemic levels, and a slight uptick in growth is anticipated in 2024.

At pace with the slower global economic growth outlook in 2023, the growth rates of most industries analyzed in this report are projected to slow except for cosmetics and personal care (3.9%) and telecommunications (3.6%), both returning to growth following declines in 2022. The beverages sector is also forecast to build on its 2022 pace with 4.7% growth in 2023.

Whilst we don't expect any of the key sectors to have particularly high growth in 2023, notable growth is forecast for the automotive sector (5.3%) and travel and transport sector (4.9%) – the two sectors that declined the most in 2020. The retail sector continues to garner the highest share of spend overall.

Across all key sectors spend levels are now above their 2019 pre-pandemic levels, and a slight uptick in growth is anticipated in 2024.

Automotive

In the wake of unprecedented disruptions in the supply chain, there is cautious optimism for the automotive sector. The sector is anticipated to grow by 5.3% in 2023 following the remarkable growth of 16.5% in 2022. This growth is primarily fueled by the increasing demand for electric and hybrid vehicles, itself driven by the rising awareness of environmental sustainability. Additionally, some governments have implemented a range of stimulus measures including subsidies, tax credits, and infrastructure development to promote electric vehicle consumption. Looking ahead, growth in the automotive sector is expected to accelerate in 2024 (6.6%), buoyed by the expected easing of the microchip shortage crisis.

Retail

Retail, the sector with the largest advertising spend, is forecast to grow by 3.8% in 2023 following 5.0% growth in 2022. The sector has been challenged by inflation and the rising cost of living putting pressure on consumer spending, with 2023 growth revised down from the previous forecast of 4.8% in the December 2022 report. Retail advertisers have, however, been dynamic with promotional campaigns and messaging, and the sector has been buoyed by digital spend, e-shops and apps. Looking forward, advertising spend in the retail sector is forecast to grow by 6.6% in 2024.

Travel & Transport

Ad spend in the travel and transport sector is forecast to grow by 4.9% in 2023 following a substantial surge of 46.0% in 2022. The growth can be attributed to the recent lifting of travel restrictions in markets such as China. Robust domestic and international travel is expected to drive the growth of travel-related industries including aviation, hospitality, and tourism. Whilst travelers are gradually returning to their routines, the pandemic's impact on the industry cannot be ignored. With the convenience of virtual meetings, business travel frequency is unlikely to return to pre-pandemic levels. Moreover, economic uncertainty is expected to impede growth of the sector as consumers adopt conservative spending patterns.

FIGURE 6 – AD SPEND INDUSTRY OVERVIEW, 2022-2024F
Year-on-Year % growth at current prices

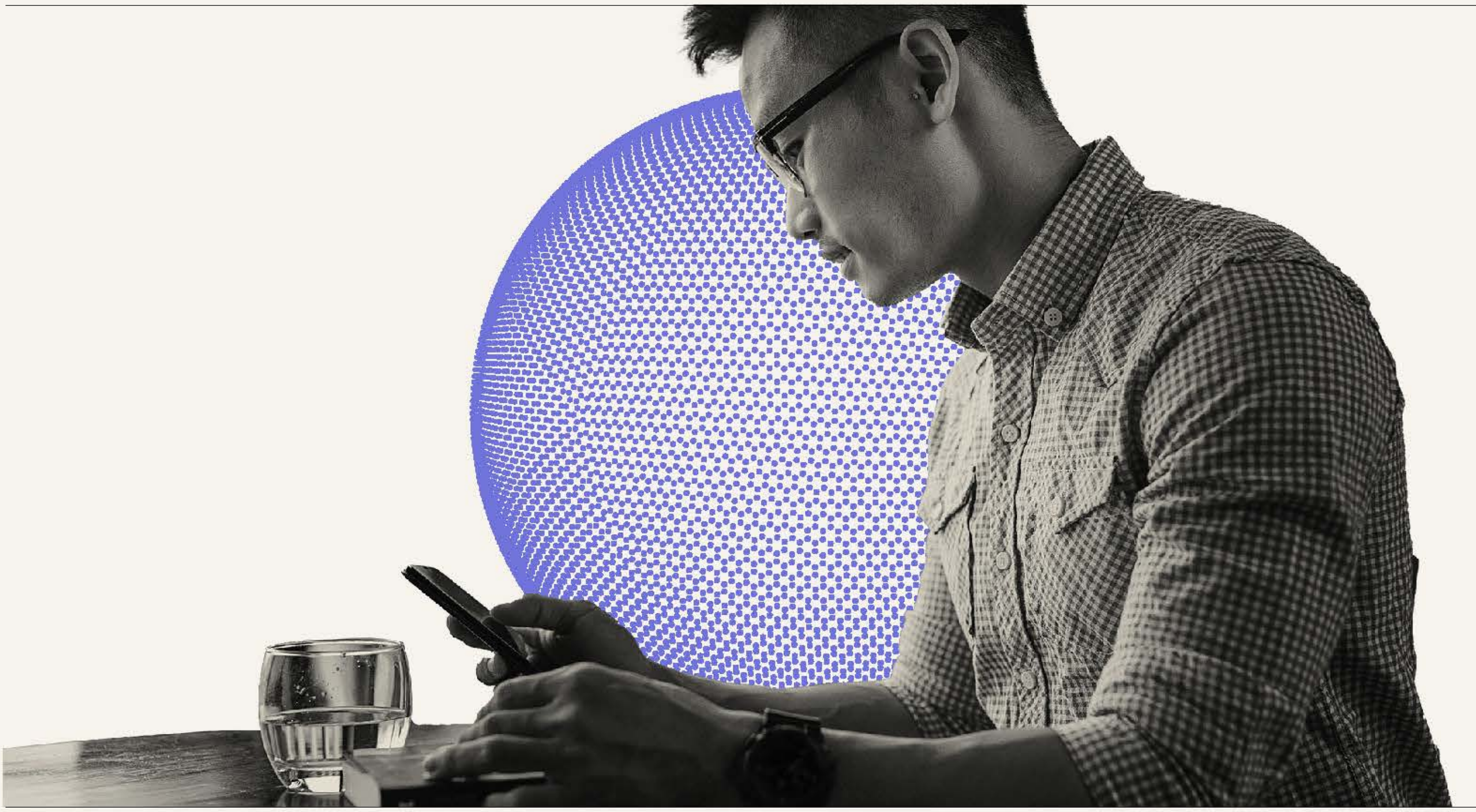
2022 2023f 2024f

Based on markets Australia, Brazil, Canada, China, France, Germany, India, Italy, Japan, Spain, UK, US

Spaces to Watch in the Media Landscape

Search
Sustainable Media
Retail Media
Brand Assurance
Streaming TV

It is critical for marketers to monitor the expanding areas in the media landscape to make the most of their advertising investment. In the next pages, we examine five spaces to watch.



Visit our site to dive deeper with long versions of the Spaces to Watch.

Search enters a new era

Search ad spend is expected to grow 8.9% in 2023. The recent developments around generative AI prefigure a new era for search, as applications like ChatGPT have the potential to profoundly change how people access information online and how they interact with brands.

By integrating ChatGPT into its search results, Bing has been the first mover in the search engine space.[16] Google has also announced a new feature called Search Generative Experience that will be powered by PaLM2, its own language model.[17] Yet, the full timeline rollout is still unclear as this *dentsu Global Ad Spend Forecasts* is being published.

Thus, as generative AI will probably impact both the search user experience and monetization model over time, advertisers must keep abreast of new announcements over the next months, test the technology when it becomes available to them and build impact reports, but there is no reason to change existing paid search strategies at this stage.

Campaign optimization and productivity gains (e.g., for ad copywriting and keyword suggestion) will probably be the first ChatGPT foray into search marketing. For instance, in an early small-scale test in Benelux, dentsu found that more than 50% of the manual optimizations and expansions suggested by OpenAI were useable through dentsu's own paid search optimization technology, resulting in both an increase of search scope and time savings for our consultants who could instead focus on high-value tasks.[18]

Carbon media efficiency mitigates ad spend impact on the planet

In light of today's focus on climate change, the continuous growth of ad spend highlights the advertising industry's role in moving society toward net zero – starting with its carbon footprint.

There are three complementary dimensions advertisers can explore as they pursue a carbon media efficiency strategy:

- *What* advertisement is placed. This approach focuses on decreasing the carbon footprint of the ad itself, for instance, by reducing the length or file size of an online video advertisement.
- *Where* the advertisement is placed. This approach focuses on carbon insetting initiatives on the supply side, for example, by exploring sustainable marketplaces with science-based targets or opting for ad streaming, which reduces load time and, thereby, creatives' carbon emissions.
- *How* the advertisement is placed. This approach focuses on balancing media carbon efficiency and media effectiveness. Carbon calculators' insights are key to establishing the optimum media mix and calculating the relevant metrics (e.g., carbon per reach point or ROI) that influence media planning decisions. At dentsu, we take this further by making the most of our learnings in the Attention Economy space. Building upon the correlation between attention with recall and brand choice, we hypothesize that optimizing for attention could reduce spend on inventory of little audience value – and thus the carbon footprint of campaigns. An initial test run in Q4 2022 suggests the ability to identify higher attention, lower carbon programmatic inventory, which could open perspectives for future custom bid algorithms. Ultimately, bringing attention optimization and carbon efficiency strategies together could lead toward the establishment of a *carbon cost of cognition* currency to measure the carbon cost of delivering recall (i.e., CO2e cost/Effective attention).

Scaling retail media sparks new questions

There is an upward retail media trend, as illustrated by a more than 20% three-year CAGR to 2025 in the US alone.

In the current economic context, there is a shift toward performance media, with marketers under pressure to be more efficient and to optimize margins in the short term. Many feel that retail media enables them to better measure the impact of their media investment on their sales. However, success in scaling retail media comes with a steep operational learning curve.

> "From retail media solutions to brand assurance, innovation is everywhere and drives progress everywhere.

Some advertisers are keen to partner with all the retailers aligned with their goals. This requires having the logistics, the personnel, and the resources in place with each partner to properly operate campaigns. It also complicates cross-platform understanding of retail media performance. Focusing instead on a limited set of retailers can be more efficient, using both people intelligence from platforms like dentsu CCS and profitability analysis to select the best platforms wherein to advertise.

Additionally, CMOs know that for making the most of retail media, they need better oversight of the full retail strategy, which entails rethinking the way the organization works, bringing together teams and capabilities, and revisiting skillsets. It is a complex journey with numerous internal hurdles, and a thorough change management program is a must-have.

Brand assurance protects digital spend

Global digital advertising spend will grow by 7.8% in 2023. As the digital space becomes increasingly polarized, advertisers are striving to protect ad spend through brand assurance.

Brand assurance encompasses safety (i.e., preventing ads from appearing in environments that can alienate users such as breaking news around violence), fraud prevention (i.e., confirming the advertising spaces wherein a brand shows up are the ones the brand bought), and suitability (i.e., ensuring ads do not appear next to inappropriate content based on the brand's unique values, positioning, and campaign objectives).

While safety and fraud preventions are binary concepts applicable to all brands, suitability is a spectrum: what is suitable to one advertiser might not be suitable to another.

Advertisers should have a multi-layered brand assurance strategy. They must use accredited verification partners and apply human supervision to automation to avoid blanket exclusions. They must set up adapted processes inside their organization and with their partners. Brand assurance also requires short-term flexibility to adjust ad investments following an unexpected event, and recognition that the concept can be fluid over time as societal norms and legislation change.

A strategic approach to brand assurance prevents wasted ad spend, redirects funds toward desired media investments, and safeguards business growth.

Streaming TV is now mainstream

Ad spend on connected TV (CTV) is rising fast, with a year-on-year increase of 14.7% in the United States, 15.0% in Germany and 30.0% in Indonesia, as ad-funded video on demand (AVOD) and free ad-supported television (FAST) offerings become more sophisticated.

Major players such as Disney+ and Netflix have entered the space, and almost every streaming platform now has an AVOD component. With both content producers and broadcasters looking to maximize the value of their catalogues, we can expect new licensing deals to be inked in the next months. AdTech innovations are also underway, with leaders like Roku pushing for interoperability by announcing its inventory would be made available in third-party DSPs.[19]

> Almost every streaming platform now has an AVOD component.

Beyond incremental reach, CTV is also a premium environment to drive attention and brand recall. Dentsu Attention Economy research conducted with Amazon Freevee has proved the potential of CTV to hold longer levels of attention (Freevee results were three times greater than even our broadcast TV norms) and to drive recall (+5% better recall than the dentsu norms).[20]

Advertisers must continue to invest in streaming at pace with viewer migration rates to not only find consumers where they are, but also to effectively leverage their partners' evolving offerings.

Methodology

Advertising expenditure forecasts are compiled from data collated from dentsu agencies until the second half of April 2023 and based on local market expertise. Dentsu uses a bottom-up approach, with forecasts provided for 58 markets covering the Americas, Europe, Middle East, and Africa, and Asia-Pacific by medium: digital, television, print, out-of-home, audio, and cinema. Digital specifically references pure play digital platforms and does not include ad spending on the digital extensions of traditional media (e.g., digital print) which are accounted within media channel totals (e.g., digital print is accounted within print). The advertising spend figures are provided net of negotiated discounts and with agency commission deducted, in current prices and in local currency. Global and regional figures are centrally converted into US dollars at the April 2023 average exchange rate. The forecasts are produced biannually with actual figures for the previous year and latest forecasts for the current and following years all restated at constant exchange rates.

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About dentsu

Dentsu is the network designed for what's next, helping clients predict and plan for disruptive future opportunities in the sustainable economy. Taking a people-centered approach to business transformation, dentsu combines Japanese innovation with a diverse, global perspective to drive client growth and to shape society.

www.dentsu.com
www.group.dentsu.com/en

Lead authors:

Dan Calladine
Head of Media Futures, Media, dentsu

Aurélien Loyer
Global Thought Leadership Director, Media, dentsu

For further information about this report please contact:

DATA INQUIRIES:
Lin Liu
Research Director, Media, dentsu
adspend.data@dentsu.com

MEDIA INQUIRIES:
John Mayne
Head of Global External Communications, dentsu
media.pressoffice@dentsu.com

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Global Ad Spend Forecasts

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