

Global ad spend will grow more than 10% this year as economy recovers quicker than expected

Article

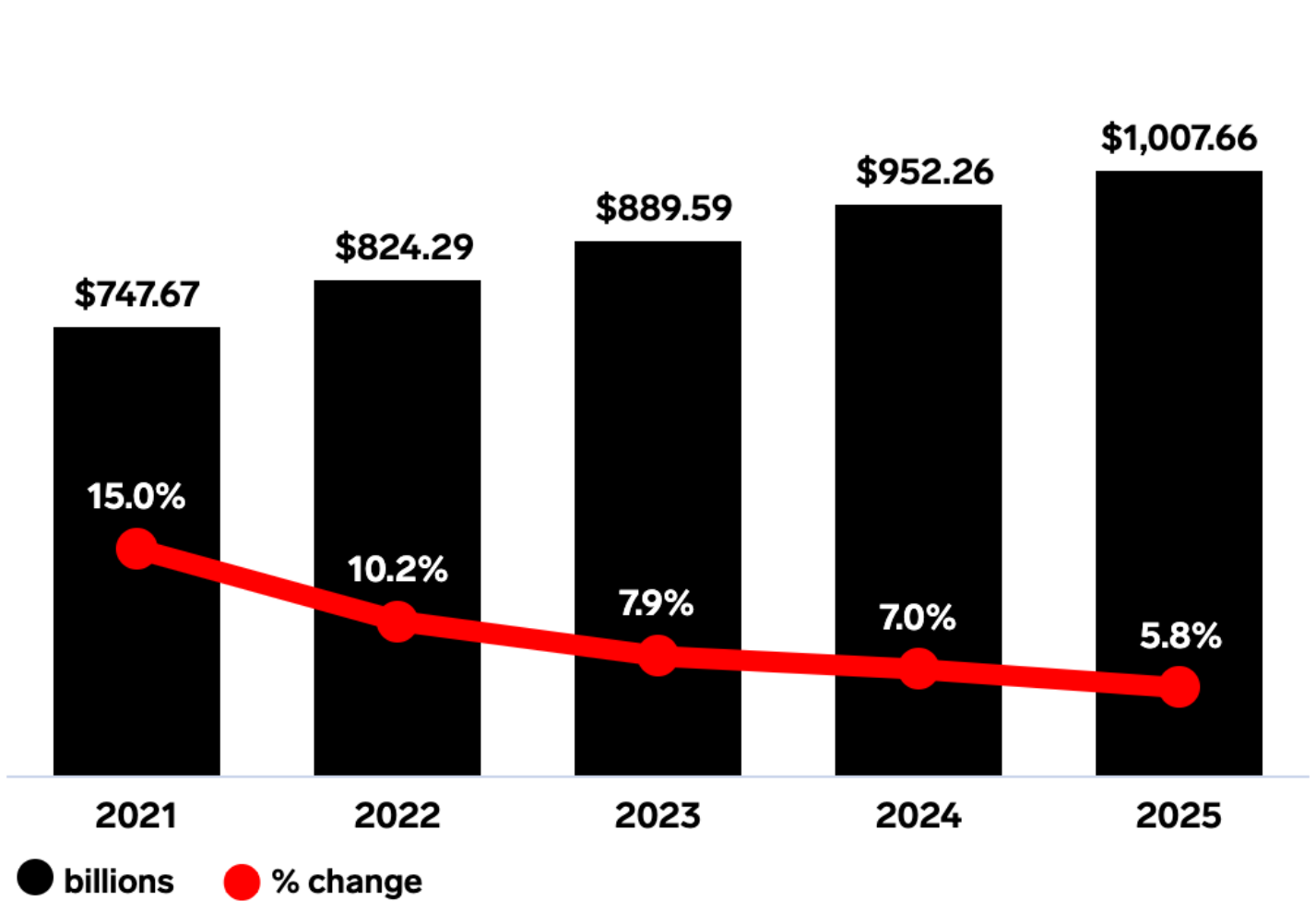
The news: Worldwide ad spend will grow by 10.6% year over year (YoY) in 2021, **per** the consensus of ad spend forecasts from media agencies Dentsu Aegis, GroupM, Magna, and

Zenith. That's up by 3.3 percentage points from January 2020's consensus of 7.3%.

Key stat: We updated our forecast in March 2021, estimating that worldwide total media ad spend will grow by 15.0% this year to \$747.67 billion. That's up \$56.17 billion, or 8.1%, from our prediction in September 2020, which was made just prior to the emergency approval of several vaccines for use worldwide.

Total Media Ad Spending Worldwide

Worldwide, 2021-2025



Source: eMarketer, March 2021

eMarketer | InsiderIntelligence.com

How we got here: First, the anticipated decline in global ad spend was less steep than expected—the consensus expectation for 2020 was a decline of 5.2%, while we **anticipated** a decline of 4.5%. But the actual contraction for the year ended up being a decline of only 1.2%, largely driven by the fact that digital ad spending just barely missed pre-pandemic estimates. Additionally, the global economy is now recovering more quickly than anticipated, as vaccines roll out in many countries that are heavy ad spenders.

Digging deeper: Despite a positive global trend, recovery will be uneven by country and ad format as new variants of the coronavirus emerge and vaccine access remains inconsistent. Below are a few broad trends:

- When we finalized our forecast in March, we **predicted** that **India** would see the strongest recovery, up 31.7%. But since then, India experienced a second wave of COVID-19 infections that left it the next worst-hit country after the US (as far as number of **cases**), which will very likely dim that economic recovery. This year, **Indonesia**, the largest economy in Southeast Asia, **according to the World Bank**, will see the second-quickest growth of all countries we measure, rising by 22.2%, followed by the US (18.0%) and the UK (16.3%).
- With commerce shifting even more online and social media use soaring, **digital ad spend** will continue to grow quicker than traditional formats like linear TV and print, up by 20.4% worldwide, per our estimates. And **mobile** will be the fastest-growing subset of digital, up by 23.5%. By the end of 2021, it will make up just under three-quarters (74.9%) of all digital ad spend.
- Global events could also aid the recovery. If the postponed **Olympics** manage to avoid outright cancellation, they will help **traditional** ad spend grow by 7.6% this year—but growth will fall again to 2.6% in 2022 and just 0.4% by 2025. The **UEFA European Championship** will give the European market a boost as well.

The bottom line: We're not out of the woods yet, but these numbers paint an optimistic picture of the rest of the year and for the coming years, too. We now predict a higher rate of growth than we did even in 2019, culminating in total media ad spend surpassing **\$1 trillion** by 2025.