



eMarketer's Live Analyst Series | PRO View, April 2019

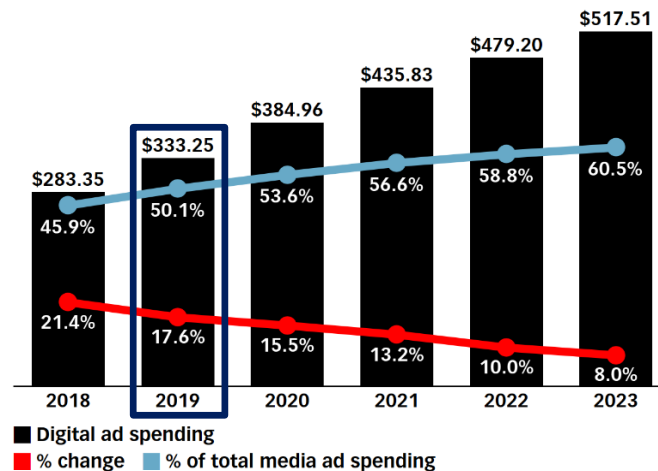
Global Digital Ad Spending



The global ad market is at a tipping point

Digital will account for 50.1% of total media ad spending in 2019, reaching the halfway mark for the first time.

Digital Ad Spending Worldwide, 2018-2023
billions, % change and % of total media ad spending



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms; excludes SMS, MMS and P2P messaging-based advertising

Source: eMarketer, February 2019

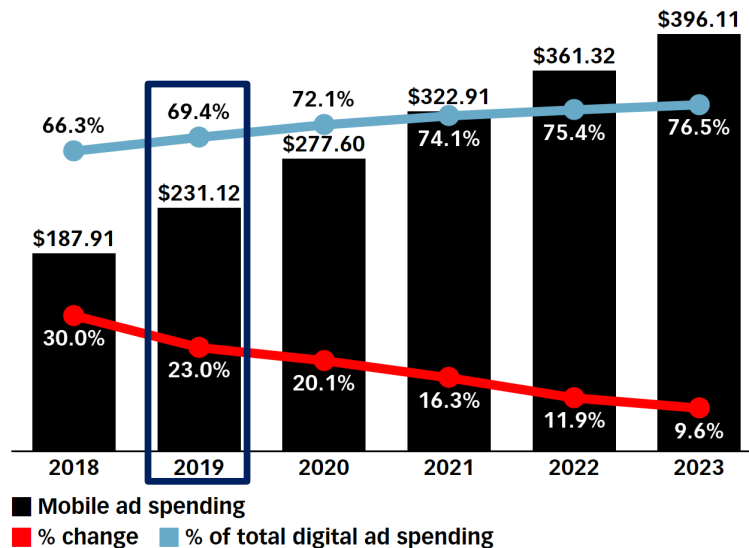
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Most of digital is now mobile

Mobile will account for 69.4% of worldwide digital ad spending in 2019 and 76.5% in 2023.

Mobile Ad Spending Worldwide, 2018-2023
billions, % change and % of total digital ad spending



Note: includes display (banners, rich media and video), search, classifieds and email; includes ad spending on tablets; excludes SMS, MMS and P2P messaging-based advertising

Source: eMarketer, February 2019

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The Digital Dozen

- By the end of 2019, 12 countries will dedicate at least 50% of total ad spending to digital.
- China will continue to lead with 69.5% in 2019. The US, Russia and the Netherlands will join this list for the first time in 2019.

Countries that Will Hit at Least 50% Digital Ad Spending in 2019

% of total media ad spending in each country

	2018	2019
China*	65.3%	69.5%
UK	63.8%	66.4%
Norway	61.7%	65.5%
Ireland	58.8%	62.6%
Denmark	57.8%	61.1%
Sweden	56.3%	60.3%
Australia	55.6%	57.1%
US	48.6%	54.2%
New Zealand	51.8%	54.0%
Canada	50.2%	53.5%
Netherlands	47.8%	52.6%
Russia	45.1%	50.0%

*Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms; excludes SMS, MMS and P2P messaging-based advertising; *excludes Hong Kong*
Source: eMarketer, February 2019

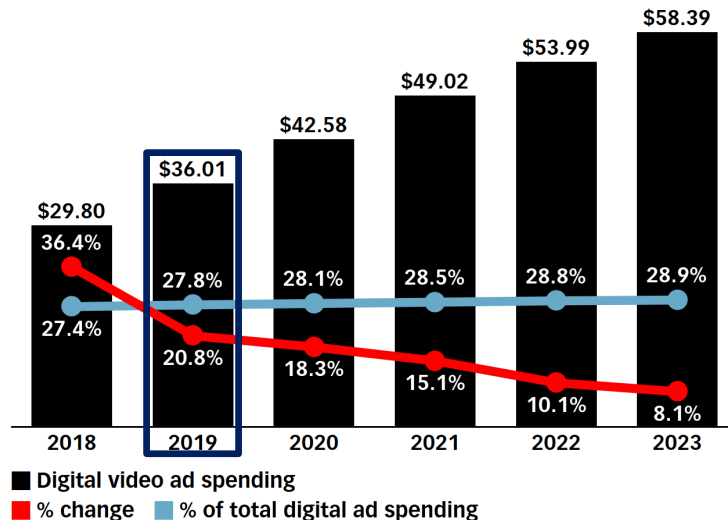
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In 2019, video helps push the US to digital

Video is also a driver of digital ad spend around the world.

Digital Video Ad Spending in the US, 2018-2023
billions, % change and % of total digital ad spending



Note: includes in-banner, in-stream and in-text; includes advertising that appears on desktop and laptop computers, as well as mobile phones and tablets

Source: eMarketer, February 2019

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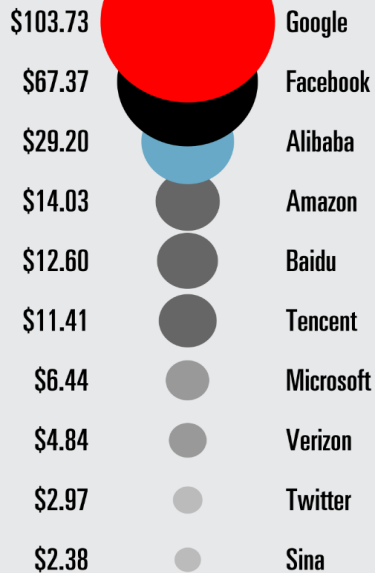
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Duopoly Driving Spending

Google and Facebook will remain the two largest digital ad sellers worldwide. Alibaba will be No.3, while Amazon is in a more distant fourth place.

Major Global Digital Ad Sellers

2019 net digital ad revenues (billions)



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices; and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; Google includes YouTube advertising revenues; Facebook includes Instagram advertising revenues; Microsoft includes LinkedIn advertising revenues
Source: eMarketer, February 2019

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Why The Duopoly Will Remain Intact in 2019



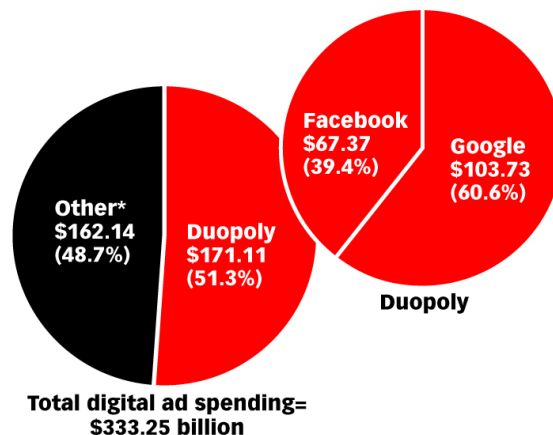
Greg Allum

Vice President of Display
and Social, *LQ Digital*

“At the end of the day it’s about **performance**. There is a trend toward experimentation on other [social] channels, but advertisers come back to Facebook because they trust it to perform.”

Digital Ad Revenues Worldwide, Duopoly vs. Other*, 2019

billions and % of total



*Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms; excludes mobile messaging (SMS, MMS and P2P messaging); Facebook includes Instagram; Google includes YouTube; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; numbers may not add up to total due to rounding; *includes worldwide digital ad spending outside Facebook and Google*
Source: eMarketer, Feb 2019

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Advertisers' focus on efficiency will help boost ad revenues for the duopoly.

Amazon's growing ad business also benefits from the drive for efficiency.

What's Top of Mind for CMOs Worldwide Next Year?

% of respondents, by region, Sep 2018

	Asia-Pacific	Europe	Latin America	North America	Total
Efficiency in marketing	53.7%	35.0%	50.0%	49.2%	45.6%
Customer experience	46.3%	43.8%	25.0%	40.7%	42.0%
Investing in technology	43.3%	36.3%	35.0%	47.5%	41.2%
Brand awareness	49.3%	36.3%	15.0%	39.0%	38.9%
Reaching younger generations	28.4%	32.5%	40.0%	45.8%	35.4%
Global expansion	35.8%	30.0%	70.0%	27.1%	34.5%
Other	0.0%	1.3%	0.0%	0.0%	0.4%

Note: n=226; respondents chose up to 3 responses

Source: Forbes Insights, "The Trade Desk - 2018 Survey" in partnership with The Trade Desk, Nov 12, 2018

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Ecommerce is becoming a new battleground for advertisers.



Sara Whiteleather

Vice President of Media

AMP Agency

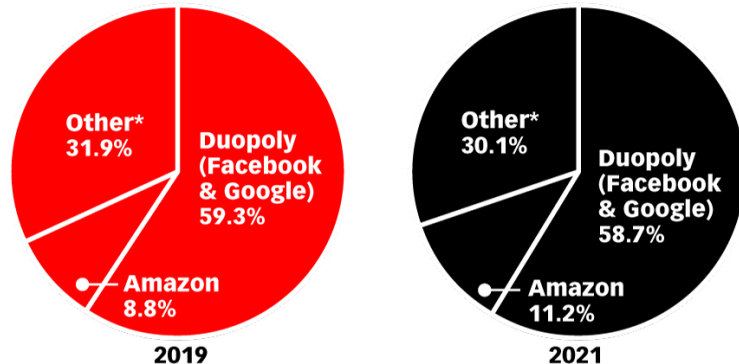
“Amazon has a huge leg up [on other platforms] because of the ecommerce platform it has built. **It’s a single-stop shop that can sell a product and advertise it**, in many cases with better data and more advanced targeting than anyone else.”

Does that mean a US Triopoly? Not yet.

Amazon continues to chip away at Facebook and Google in the US. It will make up 8.8% of digital ad revenues in 2019 and 11.2% in 2023.

Duopoly vs. Amazon Share of Total US Digital Ad Spending, 2019 & 2021

% of total digital ad spending



*Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; Facebook includes Instagram; Google includes YouTube; numbers may not add up to 100% due to rounding; *includes US digital ad spending outside Amazon, Facebook and Google*

Source: eMarketer, Feb 2019

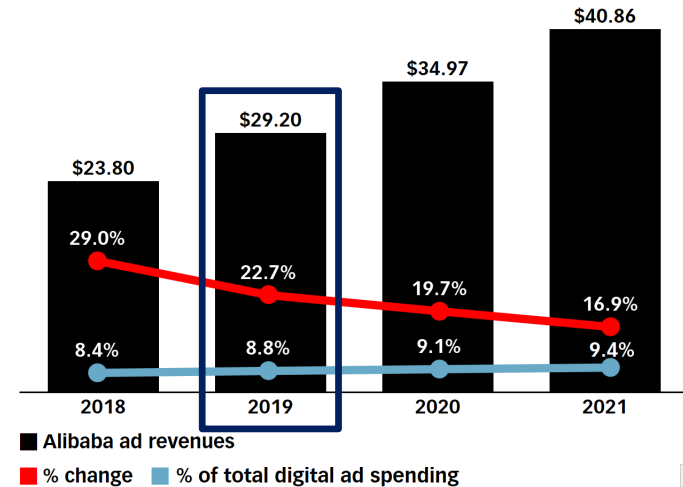
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Alibaba is a pioneer in ecommerce advertising.

Alibaba will account for 32.6% of digital ad revenues in China and 8.8% worldwide.

Alibaba Net Digital Ad Revenues Worldwide, 2018-2021
billions, % change and % of digital ad spending



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms; includes ad revenue from Alibaba's core commerce operations and Youku Tudou; net ad revenues after company pays traffic acquisition costs (TAC) to partner sites

Source: eMarketer, February 2019

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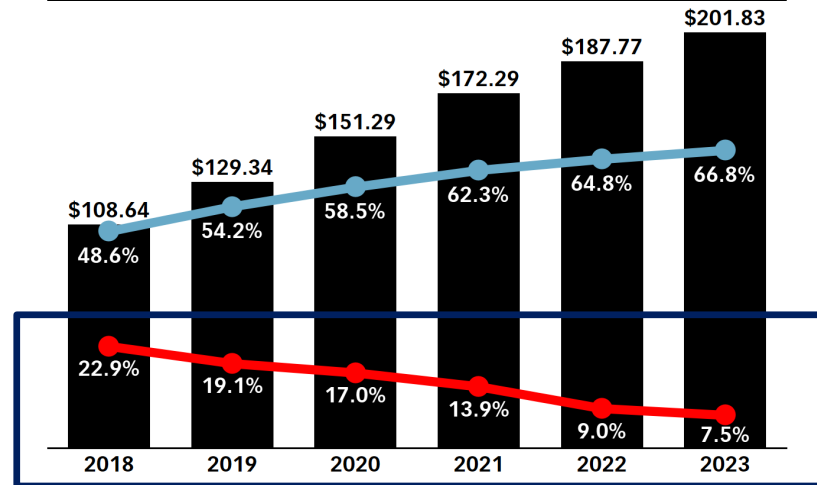
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Notice a pattern in one aspect of our forecast?

The digital ad spending growth rate is slowing worldwide.

Digital Ad Spending in the US, 2018-2023

billions, % change and % of total media ad spending



■ Digital ad spending

■ % change

■ % of total media ad spending

Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms; includes SMS, MMS and P2P messaging-based advertising

Source: eMarketer, February 2019

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Slowing growth doesn't mean advertisers aren't spending



Jonathan Barnard
Head of Forecasting,
Zenith

“The advertising market is underperforming the economy, but we don’t think that’s because advertisers have stopped investing. Instead, we think they’re investing in other areas like advertising technology, data and ecommerce.”

Key Takeaways

- **Digital will make up half of worldwide ad spend in 2019, but the other half will still go to traditional media.** That means offline channels shouldn't be neglected. Instead, companies should be thinking holistically about their marketing strategies, incorporating online and offline media and paid vs. owned in order to reach their customers across all the different touchpoints in the marketing ecosystem.
- **Efficiency is important, but innovation is also key to why the core ad players are still growing market share.** The world's top ad sellers are following the evolution of consumer media habits, and launching innovative ad products to reach their customers at critical decision points. Those include formats on digital video and ecommerce platforms. Advertisers should make use of these new opportunities to better connect with their target audiences.
- **Video is a prime opportunity for advertisers to practice convergence.** Digital video is a major driver of ad spending growth because of its growing audience and innovative ad formats. But consumers no longer differentiate between linear TV and digital video, meaning that advertisers should include both in any video strategy especially when live TV events draw viewers back to the living room TV set.