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GLOBAL MID-YEAR FORECAST
JUNE 2021

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JUNE 2021

GLOBAL MID-YEAR FORECAST

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GLOBAL FORECAST: INTRODUCTION

In this edition of *This Year, Next Year* we are significantly raising our global advertising forecasts.

Midway through 2021, it has become apparent that the market is growing much faster than we expected and from a larger base than we previously believed. While many of these growth factors were in place before last year, the pandemic has proven to be an accelerant.

Factors causing higher than expected growth include faster than expected expansions of app ecosystems, rapid small business formation activities and the growing role of cross-border media marketplaces, especially involving manufacturers based in China. These elements are most tangibly contributing to accelerated growth in digital advertising.

Other changes are taking root as well. Traditional TV network owners are prioritizing investments in content delivered on streaming services. While many of them will offer some ad inventory and capture a share of total TV advertising, those gains will only offset reduced spending on the traditional form of the medium. Consequently, we see faster growth in Connected TV+ advertising (what we previously called “digital extensions of traditional TV”) than previously forecast, but total television advertising will generally be stable or slow-growing.

We also highlight some negative considerations to consider because, coming out of the pandemic, there are a wide range of potential disruptions still to be overcome. Globally we can point to issues like supply chain disruptions and higher levels of general market inflation. Additionally, many individual markets have yet to emerge from the depths of the pandemic.

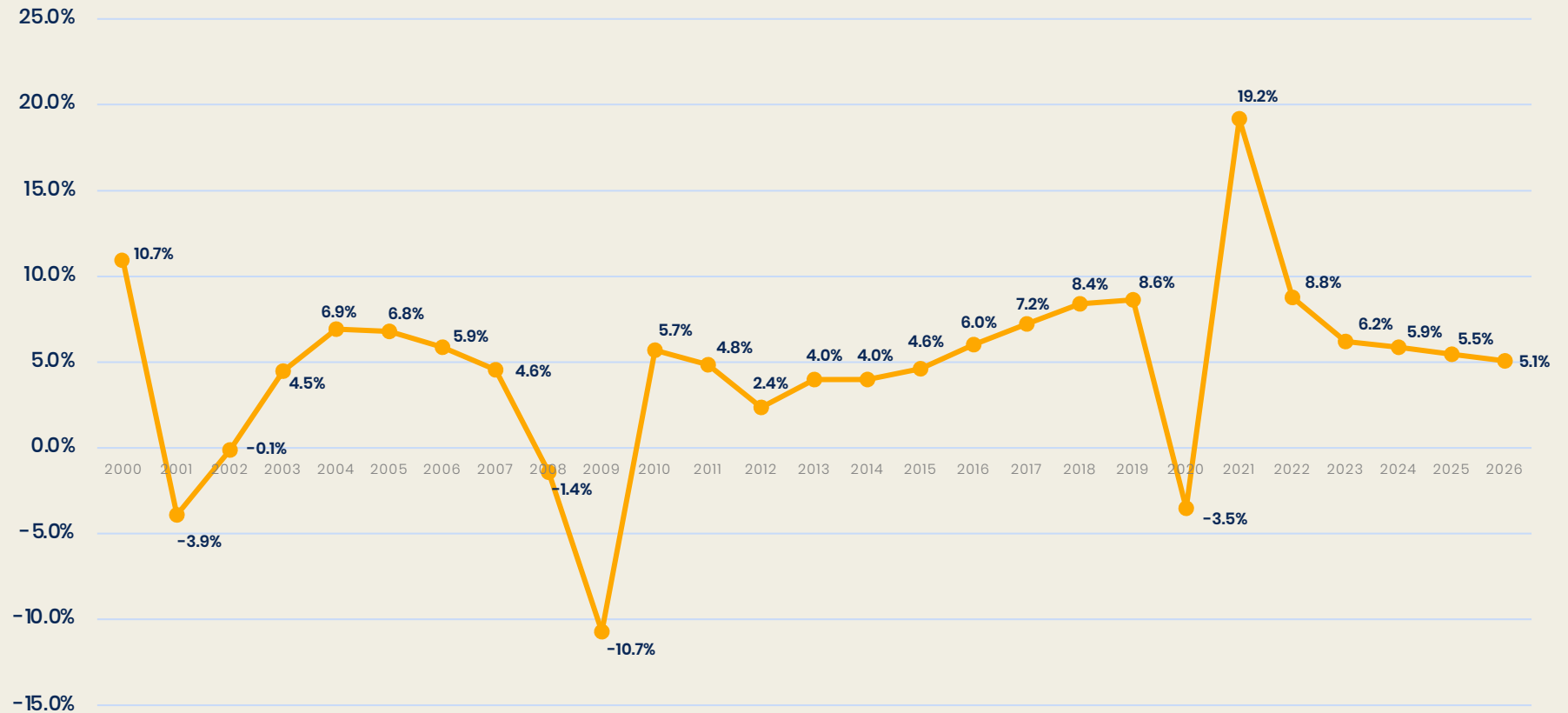
While these factors represent risks to our forecasts, we emphasize that the overall view embedded here is one of optimism. In total, we expect global



advertising to grow by 19% (excluding U.S. political advertising) during 2021, a significant upward revision from expectations we held at the time of our prior publication at the end of 2020. This represents a level of ad revenue that is 15% higher than 2019, as 2020 only experienced a 3.5% decline on our revised estimates. High growth should persist for the foreseeable future, too. Our new forecasts now extend to 2026 and show a compounded annual growth rate (CAGR) of 6.3% between this year and then.

In absolute terms, we now expect global advertising including U.S. political to exceed \$1 trillion in 2026, up from \$641 billion in 2020 and \$522 billion in 2016. Of note, concentration within the industry has increased over this time: in 2020, the top 25 media companies represented 67% of total advertising revenue. That same group of companies accounted for 42% in 2016.

Total Advertising



Source: GroupM

ADVERTISING FORECASTS:

19% GLOBAL GROWTH FOR 2021

In describing our data at a global level, we continue to focus on figures that exclude the distorting effects of U.S. political advertising. On that basis, we expect global growth of 19% in 2021, which is an improvement on our prior forecast from December, which anticipated 12% growth. Looking beyond the current year, we expect elevated growth to continue as the underlying trends driving this year's outperformance likely persist. Between now and 2026, we expect a CAGR of 6.3%, not far from the 7.0% pace of expansion in the five years before the pandemic, 2014-2019.

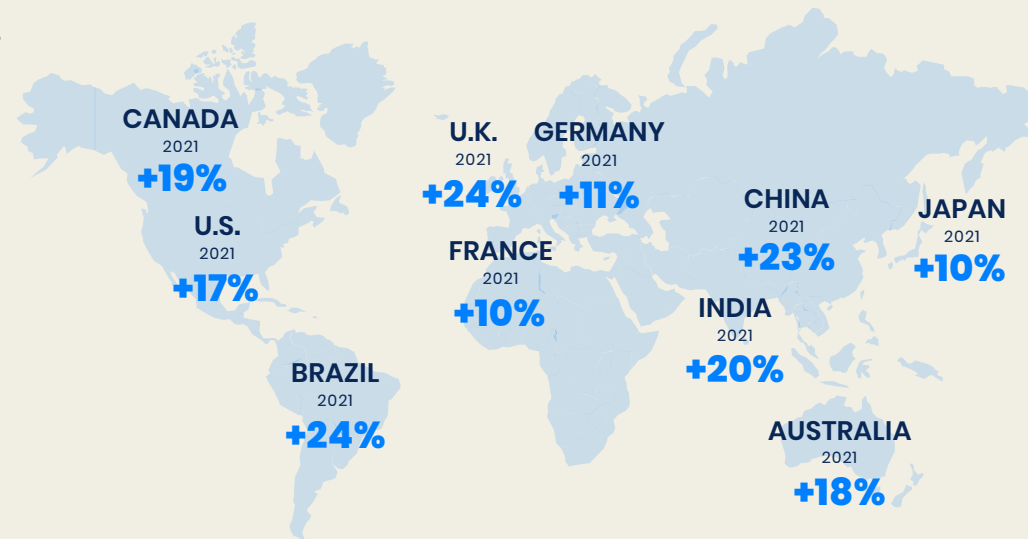
Looking at individual markets, we note that during 2021, several major ad markets should see better than 20% growth. This includes expectations for the U.K. and Brazil to grow by 24% and for China to grow by 23%. Many others will rise by high teens, including the United States, which should grow by 17% on a comparable basis. Few markets will be soft in 2021: the median country we track will grow by 11% this year.

Most of the improvement in growth reflected in this update belongs to digital media. We now forecast 26% growth for all forms of pure-play digital media versus 15% at the time of our December update. Expectations for other years are also raised, although to a lesser degree.

Changes to the availability of data, such as the elimination of third-party cookies or tighter laws around the use of data, such as GDPR in Europe or California's CCPA law, should have essentially no impact on total spending. Marketers typically make the most of whatever data and signals are available to them and deploy their

media resources toward the best-available or least-bad alternative, even if that alternative is worse than what came before it. Limits on data availability can concentrate spending among fewer media owners as control of data becomes similarly concentrated.

Advertising Forecast by Market



Source: GroupM

OLYMPIC CONCERNS

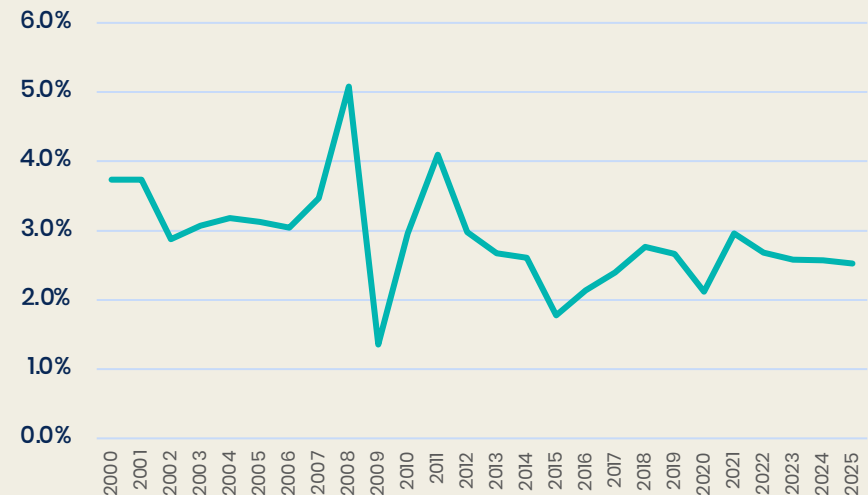
As strong as 2021 should be, other negative trends could still hinder growth. The ongoing shortage of semi-conductors that is causing a wide range of industries to shut down or slow production is generally expected to be temporary. Advertising budgets may be barely impacted if the most affected marketers focus their spending on longer-term brand building or limit their use of scarce parts to their highest-value products. Still, it is a risk that could become more meaningful if the underlying problems persist throughout the year.

General market inflation could also hamper recovery if it becomes too strong in a given market. With rising input costs, including commodities and labor, paired with strong demand from consumers, like-for-like prices should go up if all else holds equal. If consumer behaviors remain unchanged—far from a given—higher prices for goods may translate into higher revenues in nominal terms, and marketers who allocate media budgets as a percentage of revenue would probably raise spending as well. This could be offset if marketers use a period of inflation to consider ways to reallocate their resources elsewhere. Economists' consensus expectations for inflation anticipate slightly higher levels relative to any year since 2011, although we think that these forecasts may prove to be conservative.

We must also consider the possibility that the Tokyo Olympic Games could still be canceled. Organizers continue to move forward with a July 23 opening, but public opinion in Japan is firmly against the games. An Asahi Shimbun poll from May 18 found that 83% of Japanese voters now want the games to be canceled or postponed, up markedly from earlier polls. Vaccination rates remain very low in Japan, and large parts of the country are under a state of emergency.

If the Olympics were canceled—due to public pressure or in reaction to an outbreak during the games—we would expect most marketers to continue with their third-quarter media campaigns. However, limited ad inventory—especially on television—could lead to the cancellation of some media spending. We are also mindful of growing calls to boycott the 2022 Winter Olympics in Beijing, which could have similarly disruptive effects on media markets, even if total spending ultimately remained unchanged.

**Media Economy-Weighted Global
CPI Inflation**



Source: GroupM calculations based upon data from Oxford Economics via Refinitiv.

ECONOMIC TRENDS AND DRIVERS OF DIGITAL GROWTH

The relationship between gross domestic product and the advertising market is more tenuous than is commonly understood. While economic activity is often the most critical factor influencing our forecasts, GDP itself is often more of a directional influence on advertising than a true driver. Changes in GDP or similar metrics tend to be highly correlated with advertising, but not always in any given market. It can be difficult to draw a direct cause-and-effect relationship between the two.

With that noted, it was always likely that there would be an economic rebound in most of the world during 2021, given the depths of the declines in 2020, and advertising growth was always likely to rebound as well.

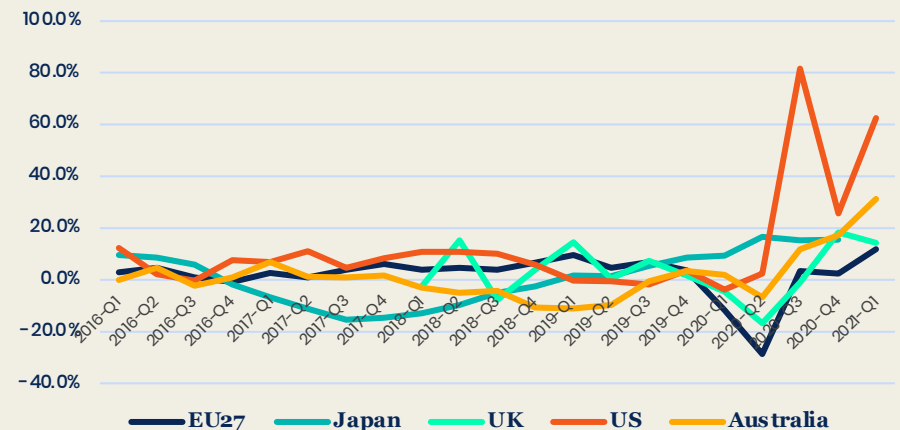
Overall, the declines we saw in advertising only partially mirrored the declines we saw in economic activity last year because the costs of the pandemic were narrowly concentrated among a relatively small group of consumers and a handful of advertising categories. Some marketers did cut spending, though, because they feared a liquidity crisis similar to the crash of 2008-09. Others held back because their business was strong, but their supply chains could not keep up, making advertising potentially damaging to the brand and financially wasteful. In the end, quick action from central banks and other authorities prevented a liquidity crisis, and the supply chain issues resolved themselves over the summer, freeing up marketers to return to their normal spending levels over the course of the year.

There were also several ways that government interventions helped prevent the pandemic from taking a more considerable toll on the advertising market than it did. Stimulus payments and other “hibernation” policies directed at households and large and small

businesses helped ensure that consumers could maintain relatively normal economic activity. In many markets, governments launched significant public health-focused advertising campaigns as well.

Existing small businesses were likely not the only source of SMB support for the media industry. We think that rapid growth in the formation of new small businesses—perhaps enabled by entrepreneurs realizing they could build new ventures from home without incurring real estate costs—was also likely a factor. We can hypothesize that many of them substituted spending on digital media inventory in place of spending on physical storefronts.

New Business Formation Growth



Source: For Japan, OECD Timely Indicators of Entrepreneurship; For Australia, ASIC New Company Registrations; For U.S. IRS data for Employer ID Numbers; for UK ONS Counts of Business Births; for EU Eurostat Business Registration data

Beyond SMBs, marketers who could be characterized as performance-based, who build their businesses around their apps or are dependent on digital services such as mobile gaming—what we call Digital Endemics—have massively increased their spending on digital media. This activity has been catalyzed by changes in consumer behavior during the pandemic, by easy or ready access to capital and by public securities markets looking to reward rapid top-line growth over enhanced profitability. We can point to dozens of companies that capture these trends, and each spends hundreds of millions or billions of dollars on advertising every year.

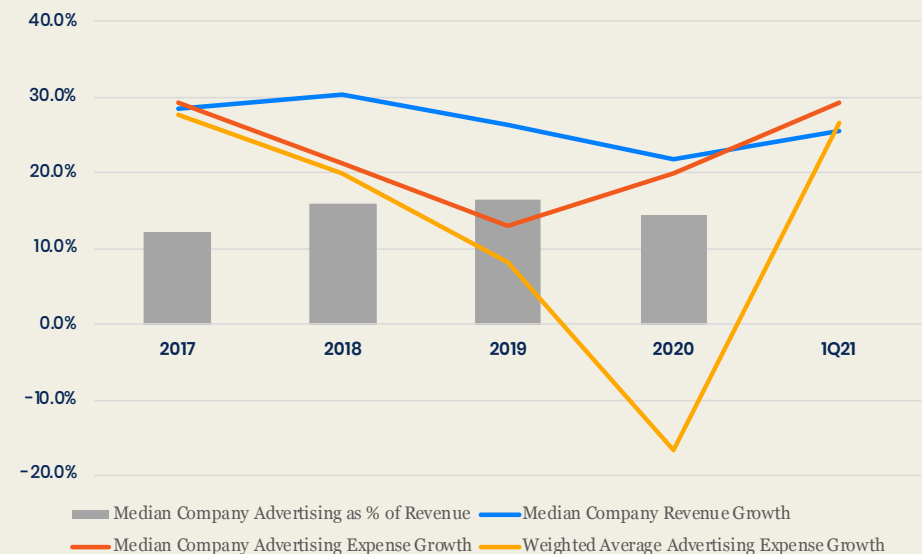
Overlapping these trends, we can also point to new forms of cross-border ad spending that primarily originate with Chinese manufacturers and merchants. This is mainly driven by small and mid-sized companies who either buy directly from the likes of Amazon—according to recent data from Marketplace Pulse, half of Amazon’s 10,000 largest marketplace sellers globally are based in China, with figures ranging from 36% in Japan to 62% in Spain—or via intermediaries like Wish, who last year incurred \$1.6 billion in spending on advertising in markets around the world, primarily on social media. Each of Facebook, Google and Amazon undoubtedly generate many billions of dollars in revenue from companies operating solely in China despite limited operations in that market.

These factors illustrate accelerated levels of creative destruction within the economy and could very well be the cause of the high levels of growth we are currently seeing in advertising. We can further imagine that as new businesses are formed with different conventions related to advertising—say, more focused on e-commerce or digital media than the businesses they effectively replaced—and as those new businesses account for a more significant share of the overall economy, advertising growth rates could accelerate relative to our forecasts. Mathematically, this would

be true even if the typical like-for-like advertiser does not change the percentage of revenue they allocate to advertising.

The return of film studios and the travel industry as big advertisers is another factor at play this year. With all these factors put together, growth should be very robust in 2021 and 2022, and even stronger in most markets than we might have expected six months ago.

Digital Endemics: Revenue and Advertising



Source: Company reports and GroupM analysis of Activision Blizzard, Airbnb, Amazon, Applovin, Booking, Dropbox, Ebay, Etsy, Everquote, Expedia, Facebook, Glu Mobile, GoDaddy, GoodRx, Google, Grubhub, IAC (including Match), LendingTree, Lyft, Netflix, Paypal, Playtika, Square (ex-Bitcoin revenue), Trip, Uber, Wayfair, Wish, Wix, Zillow and Zynga. Note that advertising growth in 1Q21 is assumed to match sales and marketing expense growth. Sales and marketing is disclosed by all these companies every quarter, while advertising expense is typically only disclosed annually. Advertising is typically the primary component of sales and marketing expenses for these companies.

TELEVISION

Television is now expected to grow by 9.3% in 2021, an improvement from our prior 7.8% expectation. Beyond this year, we expect low single-digit growth for the broadly defined medium, including what we call Connected TV+ (see sidebar for how we are defining Connected TV+). Many of the largest marketers rely on television because of its unique capacity to help them build or reinforce the strength of their brands by borrowing the brand equity of content and pairing that with uniquely broad and deep reach and frequency. Though they may choose to shift some of their budget to digital media as their business profile and priorities evolve, much of that loss is offset by large digital or web-endemic brands that decide to enter the market for television advertising.

However, TV's unique reach advantage is set to erode at a relatively rapid pace in the near term as investments in ad-free or ad-light streaming video services—mostly U.S.-based—dominate the global industry going forward. By spending billions of dollars on content annually, Netflix, Disney, Amazon and Apple have already established a presence in almost every major market on earth. AT&T's Warner Media—prospectively set to combine with Discovery Communications—and ViacomCBS have announced plans to do the same. Comcast will likely further expand its global footprint before long as well. See our Key Media Trends section on Global Streaming Video for more on this.

Each of these companies, individually and collectively, represents a competitive threat to media owners operating in only one or a handful of markets, as most of the world's incumbent TV network owners presently do.

As they invest further in their streaming platforms, Connected TV+ will also continue to grow. We estimate that globally Connected TV+ inventory accounted for \$16 billion in media company ad revenue, up by 25% over 2020 levels. We anticipate Connected TV+ ad revenue will grow to \$31 billion globally by 2026, a 14% CAGR.

By spending billions of dollars on content annually, Netflix, Disney, Amazon and Apple have already established a presence in almost every major market on earth.



OTHER MEDIA

AUDIO, PRINT, OOH AND CINEMA

AUDIO

Expectations for audio were raised significantly in this update, with a forecast now at 18% growth rather than December's 8.7% level. However, following 2020's 27% decline, even with these revisions, we do not expect the medium to return to 2019 levels any time soon.

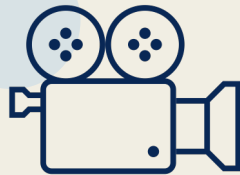
Newer forms of radio—particularly podcasting and streaming audio services—help provide some “sizzle” to the medium. Beyond perceptions of podcasting as an appealing format, the sector is improving its commercial potential. Large traditional broadcasters are licensing or acquiring growing numbers of third-party or independent producers or packagers of podcasts along with related technologies.

All of this makes it much easier and more desirable for large brands to deploy resources into the medium. At the same time, the vast majority of radio ad inventory and the bulk of the industry's advertiser base skews local or regional and small or medium-sized. Both factors are negative in a world increasingly oriented around larger brands with national or global orientations. Those orientations tend to cause marketers to skew their advertising budget allocations toward digital media and television.



PRINT

Looking at other media, we expect print, including newspapers and magazines, to continue to decline on an ongoing basis. We forecast that newspapers will decline by 0.6% in 2021 and then continue to fall by 3.6% on average from 2021 through 2026. Magazines should decline by 2.2% in 2021, with another 4.9% decline over the next five years. Where publishers are investing in their properties, they will maintain a capacity for growth and an ability to add tremendous value to marketers' advertising efforts. Unfortunately, in much of the industry, the opposite has been occurring over an extended period. Legislative efforts to empower publishers to negotiate collectively with Facebook and Google will help with publishers' bottom lines, but it is unclear whether it will spur publishers to collectively invest more in their businesses. To the extent that incremental revenues generated from related licensing activity are redeployed into content, individual publishers will be poised to benefit. If this occurs, the industry might be better positioned to reduce its pace of decline.

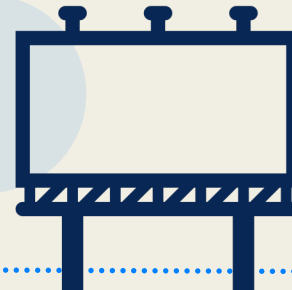


OOH

By contrast, outdoor advertising should fare much better, growing by 19% in 2021 and then by a CAGR of 6.8% through 2026. Although our 2021 forecast represents a slightly slower pace of growth than we anticipated in December (at which time we forecast 21% growth), 2022 expectations are now slightly higher than before. These differences can be explained by noting that a return to normal outdoor activity by consumers and advertisers is returning, but at a slightly slower pace than previously anticipated. Longer-term, OOH is benefitting from growing interest in the medium and is aided by new digital formats that allow for incremental sources of demand to emerge. Better targeting, the capacity for real-time and/or programmatic buying and the increasing number of locations for digital signage are all positive factors.

CINEMA

A subset of OOH in some markets, we expect Cinema advertising to partially recover this year, although a return to 2019 levels will not likely occur any time soon. We note a significant negative factor for the sector is the likelihood that film studios will prioritize content development for streaming services rather than for cinemas. This would have the effect of reducing audience levels and advertiser interest over time.



KEY MEDIA TRENDS

GLOBAL STREAMING VIDEO



In the past, American media giants were content to develop and produce programming they sold to local TV networks,

which “owned” the relationship with local cable and satellite distributors or consumers and advertisers. Now, wherever it is practically and legally possible, most of what they produce is sold directly to consumers as these companies establish direct-to-consumer operations in countries worldwide. Notably, a growing share of that content will be produced in languages other than English.

While they will sell much of their available advertising directly, there will be significant pressure to limit how much advertising they pair with their content. The U.S.-based global giants can do this because they are not practically limited in their access to capital. Investors are more than willing to reward these companies for subscriber growth rather than near-term profits. By contrast, media companies operating in one or a handful of markets with traditional media properties remain more focused on capital efficiency and shorter-term profit metrics. Companies that maintain such an orientation are unlikely to retain their historical dominance.

To illustrate why, consider that Netflix generated \$8 billion in revenue from the EMEA region, primarily continental Europe and the U.K., during 2020. This represented a doubling over 2018 levels. While the company doesn’t disclose its content budget on a regional basis, it has

indicated that it spent \$1 billion in the U.K. alone last year. We can estimate that it may have spent \$3 to \$4 billion for the EMEA region in total. For reference, Europe’s leading broadcast group, RTL, which has a large presence in Germany, the Netherlands and France, among other countries, currently spends at a similar level for its networks. This number may shrink for RTL directly if it is successful in merging its French network M6 with its primary competitor, TF1. However, the latter two companies together would themselves have a bigger combined budget with which to compete for French-language audiences.

If Netflix can sustain the growth rate it has experienced in the region over every quarter of the past two years—a 35% to 45% annual range—we could reasonably expect revenues and content spending could double in the region by 2022, reaching around \$6 to \$8 billion. Assuming there is a linear relationship between share of spending on content and share of viewing, Netflix’s share of consumer time would also double from its current levels.

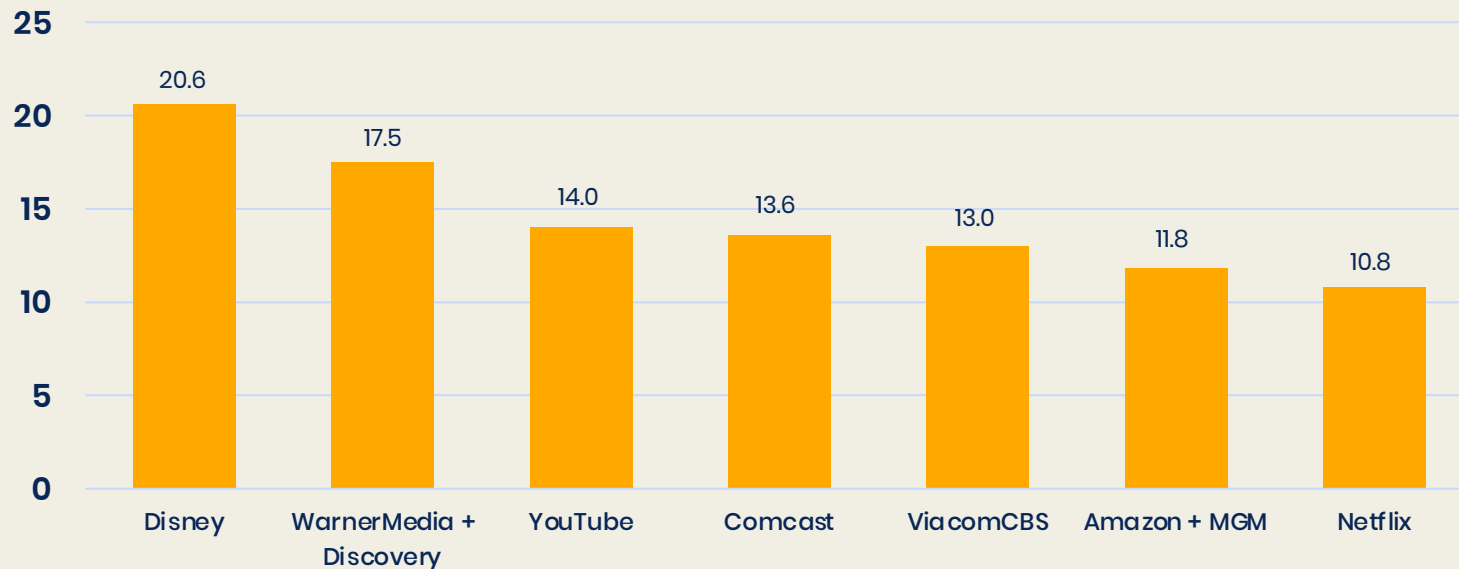
With all the other services similarly expanding in Europe, unless the region’s incumbents greatly increase their spending on content, viewing shares will similarly shift toward streaming offerings.

The consequence of all of this is that consumers will increasingly view content in streaming environments. This is a net-negative for marketers because a growing share of that content will almost certainly remain ad-free. Advertisers will find television less useful for achieving reach and frequency—two of the critical characteristics that have long given the medium its unique power. At the same time, the upside of the wider use of streaming platforms is that there will be greater opportunities to apply addressable advertising concepts to television. For example, the concept of matching spending choices with business

outcomes will become more viable with the new inventory that emerges. An evolution in conceptualizing media planning as something focused around audience-based targeting concepts—centered on consumer attributes well beyond conventional age and gender-based targeting—is also likely to increase further.

As we note elsewhere in this report, this aspect of globalization may present marketers with new opportunities to establish more uniform campaign standards related to their media campaigns worldwide. Global partnerships between marketers and a wider range of media owners could deepen as a result.

2020 Pro Forma Content Expenses (\$ in Billions)



Source: Company reports and GroupM estimates of content amortization expense based upon public company data for each company's most recent fiscal year.

KEY MEDIA TRENDS

GLOBAL CONCENTRATION



The expansion in advertising in recent years has happened as consolidation among media owners has become increasingly pronounced.

To illustrate, we estimate that during 2020, the 25 largest media companies—including proposed acquisitions—accounted for 67% of all industry advertising revenue. That same group of companies represented only 42% of advertising in 2016.

Even accounting for a change in the list of companies to reflect only those who would have been in the top 25 in 2016 at constant exchange rates—removing Bytedance, Pinduoduo, Kuaishou, Meituan, Twitter and JD.com and adding back JC Decaux, RTL, Mediaset, iHeart Media, News Corp. and Televisa-Univision—the trend would be similar, if less pronounced. The trend would also be similar under other scenarios, like only looking at the data excluding Chinese companies primarily operating in China or by only including companies as they existed at that time. Some of 2016's companies would have been bigger—Fox and Clear Channel, for example—while others would have been smaller, as with Disney and WarnerMedia.

Looking at the data a different way, consider that the top five sellers of advertising in 2020—a group including Google, Facebook, Alibaba and Bytedance—generated \$296 billion in ad revenue or 46% of the global total. Ten years ago, in 2010, the top five advertisers would have included Google, Viacom and CBS (which we include on a

combined basis, given their common controlling ownership even then), News Corp. and Fox (similarly combined here), Comcast and Disney. Those companies had a combined total of \$70 billion in advertising or 17% of the global total as they existed that year.

Among the key differences to point out when comparing these periods, we note that in 2010, Google was the only seller among the largest media owners with sizable operations in most major global markets. The others on that list were massive in only a handful of markets, primarily the United States. For all their influence globally, at the time, most of the industry's largest companies only had a minimal global presence in terms of their ad sales operations. By contrast, today, the largest sellers of advertising are either focused primarily on China or have a significant presence in most countries on the planet. Both Google and Facebook are the largest and second-largest in almost every individual market outside of China, while Amazon is a solid number three in many places.

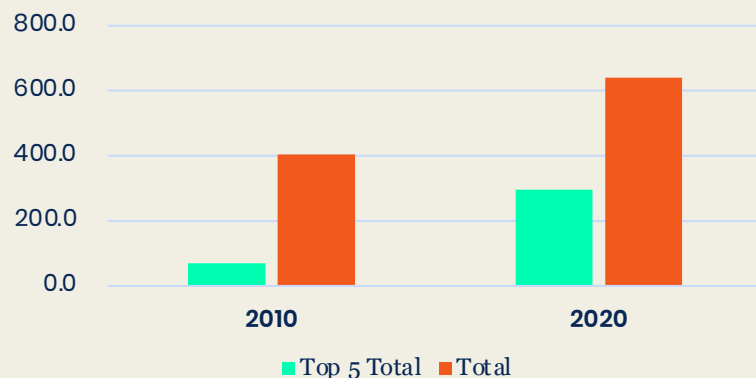
Looking forward, we can see something like this happening to companies focused on streaming services. As we know, U.S.-based legacy TV network owners, including Comcast, Disney, ViacomCBS and WarnerMedia, join Netflix, Amazon and Apple in their active

development or deployment of their new offerings around the world, pairing massive video libraries with growing investments in local content.

As they do so, they will be positioned to significantly enhance their positions as sellers of content to consumers and advertising to marketers worldwide. To the extent they deploy enough capital in this endeavor, they will likely succeed. This will then have knock-on effects on further consolidation among less-well capitalized single country-focused media companies.

For marketers operating globally, lessons related to working with Google, Facebook and Amazon may play out again. There should be advantages in identifying best practices related to working with the global streaming services, whether in optimizing the design of campaigns or ad units, co-developing content, establishing preferred commercial terms, measurement approaches or other aspects of working together.

**Top 5 Media Owner
Global Advertising Share**



Source: GroupM analysis of public company data

2020'S LARGEST GLOBAL MEDIA OWNERS					
Advertising Revenue in bn \$USD	2016	2017	2018	2019	2020
Google	72.9	87.4	106.3	122.3	131.9
Facebook	27.9	41.4	57.0	72.2	86.7
Alibaba	9.5	15.1	18.3	22.9	28.6
Bytedance	0.8	2.3	7.3	16.0	28.0
Amazon	4.2	6.3	9.1	13.0	20.3
Comcast (PF)	13.5	13.8	15.9	13.9	12.8
Tencent	3.9	6.2	8.4	9.9	12.6
Disney (PF)	11.8	11.5	12.0	11.9	11.2
Baidu	8.8	10.7	11.9	11.3	11.2
Microsoft (PF)	6.8	8.1	9.3	10.5	10.3
Warner Discovery (PF)	10.1	10.4	11.1	11.0	9.9
ViacomCBS (PF)	11.9	10.6	10.9	11.1	9.8
Pinduoduo	0.0	0.2	1.6	3.8	7.3
JD.Com	2.1	3.1	3.9	4.9	6.6
Fox (PF)	5.0	5.2	4.6	5.1	5.5
Verizon Media (PF)	7.2	6.5	5.8	5.6	5.0
Z Holdings (PF)	2.9	3.3	3.9	4.2	4.8
RTL	4.4	4.5	4.5	4.5	4.1
Kuaishou	0.0	0.1	0.2	1.1	3.3
Twitter	2.2	2.1	2.6	3.0	3.2
Meituan	0.4	0.7	1.4	2.3	2.9
I Heart Media (PF)	3.1	3.1	3.4	3.5	2.8
JC Decaux	4.2	4.3	4.4	4.8	2.8
Mediaset	3.3	3.3	3.3	3.1	2.7
Naver	2.7	2.5	2.8	3.2	2.6
2020'S TOP 25 TOTAL	219.5	262.8	320.0	374.8	426.8
TOTAL INDUSTRY	521.6	554.8	606.3	653.2	641.0
2020's Top 25 Total Share of Industry	42.1%	47.4%	52.8%	57.4%	66.6%
Ex-China-Based Companies	206.8	241.3	287.3	323.9	350.1
TOTAL INDUSTRY EX-CHINA	453.9	474.2	506.7	531.3	513.3
2020's Top 25 Total Share of Industry Ex-China	45.6%	50.9%	56.7%	61.0%	68.2%

Source: GroupM analysis of public company data

Note: PF = Pro Forma to account for major M&A transactions across all periods

KEY MEDIA TRENDS

CONNECTED TV+

“It’s all TV to the consumer.”

We typically say this when discussing the different forms of television from a consumer’s perspective or even from a high-level marketer’s perspective. But among the many forms of television that exist today, subtle distinctions reflect practical differences in how a service is delivered or how an advertiser executes or measures a campaign. Consequently, practitioners have invented a wide range of terms to communicate as precisely and efficiently as possible. However, in doing so, stakeholders who don’t live and breathe the minutiae of the business can get lost and conflate terms or concepts, especially those that use acronyms.

In our efforts to simplify industry jargon, we previously used the phrase “digital extensions of traditional TV” to refer to professionally produced video content primarily developed for consumption on a conventional television set but viewed on any device. This allowed us to present historical estimates and forecasts for advertising delivered to a traditional TV set on a linear basis separately from all other types of TV-related advertising. At the same time, a different term describing non-linear television advertising has taken hold among media professionals: “Connected TV.”

As it is defined by trade associations such as the IAB, Connected TV refers to “a television set that is connected to the Internet via OTT

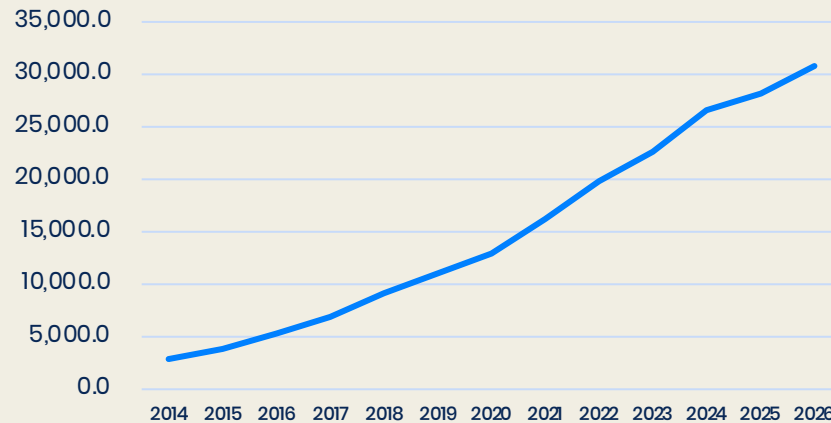


devices, Blu-ray players, streaming box or stick, and gaming consoles, or has built-in internet capabilities (i.e., a Smart TV) and is able to access a variety of long-form and short-form web-based content.” However, when we hear the term Connected TV used in day-to-day conversation or collateral from media companies, the term can have slightly different meanings. Some would include short-form user-generated content, and some would not. Some would include delivery of content and related advertising to consumers via mobile devices, and others would not.

It is not our intention to advocate for a change in the definition of Connected TV that many in the industry have worked to establish—and that many manage their business around. But we do think it’s worth recognizing that when we say “digital extensions of traditional TV” and others in the industry say “connected TV,” we are usually referring to the same thing.

Consequently, we propose using the term “Connected TV+” to more specifically refer to the kinds of content and advertising that are typically, but not exclusively, delivered to a connected TV. The “+” is intended to mirror the symbol used by many of the leading media companies for their streaming services, which, if ad-supported, deliver advertising to consumers regardless of the device they are

Global Connected TV+ Advertising Revenue (\$ in Millions)



Source: GroupM

using. In most countries, virtually all of this activity will occur on devices considered television sets, but in others—especially India and Southeast Asia—it is likely to be on mobile devices.

Note that concepts such as addressability and programmatic buying can overlap with connected TV+ and traditional television inventory alike: Some connected TV+ advertising is bought to maximize addressability, while other connected TV+ advertising is bought solely to reach audiences as they would on traditional TV. Some connected TV+ advertising is bought programmatically, while most of it is bought on a traditional insertion-order basis. Similarly, some traditional TV advertising is addressable, and most are not; some traditional TV advertising is programmatic, while most are not.

Whatever the nuances of the definition, we believe that the most accurate way to think of forecasting growth for connected TV+ is to look at it as capturing a share of total TV advertising rather than something that

grows independently. It is true that newer forms of advertising can bring new demand into a medium, as new formats, new price points or new forms of targeting may hold different appeal to different types of advertisers.

However, because of its reliance on relatively expensive video advertising and its inferior return path relative to desktop computers or mobile device-based digital media, television is generally unable to capture spending by the smallest advertisers or capture most of the spending by the largest performance-oriented marketers. TV does capture some spending from this latter group, as they increasingly appreciate the medium's capacity to build brands (and stronger terms will generally drive better performance metrics). Still, this is relatively marginal in comparison to the bulk of spending on the medium.

Even if it is, connected TV+ should continue to grow rapidly as connected TV+ inventory accounts for a similarly growing share of total TV inventory. Most marketers will likely be indifferent to which type of inventory they buy as long as they reach consumers and attach their messages to premium video-based content.

As conventional linear TV inventory viewing levels fall, marketers will find that the only way to accomplish their reach and frequency-based goals—which many marketers will likely hold on to for the foreseeable future—will be to buy connected TV+ inventory. Growing numbers of advertisers will also look to take advantage of the other capabilities of connected TV+, such as addressability and the ability to buy more inventory programmatically.



GLOBAL ADVERTISING MEDIA OWNER AD REVENUE SUMMARY – INCLUDING U.S. POLITICAL

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
TV / PRO. VIDEO	\$177,333.1	\$174,322.8	\$179,092.6	\$172,949.5	\$174,720.7	\$168,858.6	\$150,897.8	\$158,349.5	\$166,225.6	\$164,891.5	\$174,213.6	\$169,086.7	\$178,506.7
• Growth	3.9%	-1.7%	2.7%	-3.4%	1.0%	-3.4%	-10.6%	4.9%	5.0%	-0.8%	5.7%	-2.9%	5.6%
• Share	37.8%	35.8%	34.3%	31.2%	28.8%	25.9%	23.5%	21.1%	20.2%	19.0%	18.7%	17.5%	17.3%
AUDIO	31,861.3	32,025.2	32,514.6	32,795.6	32,571.6	32,442.0	23,960.2	27,864.2	29,173.8	29,445.1	29,772.7	29,741.8	30,077.0
• Growth	0.8%	0.5%	1.5%	0.9%	-0.7%	-0.4%	-26.1%	16.3%	4.7%	0.9%	1.1%	-0.1%	1.1%
• Share	6.8%	6.6%	6.2%	5.9%	5.4%	5.0%	3.7%	3.7%	3.5%	3.4%	3.2%	3.1%	2.9%
NEWSPAPERS	69,534.0	63,358.9	57,905.1	53,087.1	48,380.6	44,120.3	32,032.5	31,673.3	30,291.8	29,011.5	27,968.9	26,947.3	26,341.0
• Growth	-7.2%	-8.9%	-8.6%	-8.3%	-8.9%	-8.8%	-27.4%	-1.1%	-4.4%	-4.2%	-3.6%	-3.7%	-2.2%
• Share	14.8%	13.0%	11.1%	9.6%	8.0%	6.8%	5.0%	4.2%	3.7%	3.3%	3.0%	2.8%	2.6%
MAGAZINES	36,231.4	33,749.5	30,958.1	28,808.1	26,766.1	25,113.6	19,869.7	19,297.2	17,903.8	16,887.5	16,214.6	15,523.0	15,082.5
• Growth	-6.4%	-6.9%	-8.3%	-6.9%	-7.1%	-6.2%	-20.9%	-2.9%	-7.2%	-5.7%	-4.0%	-4.3%	-2.8%
• Share	7.7%	6.9%	5.9%	5.2%	4.4%	3.8%	3.1%	2.6%	2.2%	1.9%	1.7%	1.6%	1.5%
OUTDOOR	30,863.5	32,416.3	34,475.3	37,531.5	40,499.5	40,188.3	29,909.3	35,254.8	40,041.9	42,379.4	44,866.4	46,932.7	49,188.7
• Growth	3.8%	5.0%	6.4%	8.9%	7.9%	-0.8%	-25.6%	17.9%	13.6%	5.8%	5.9%	4.6%	4.8%
• Share	6.6%	6.6%	6.6%	6.8%	6.7%	6.2%	4.7%	4.7%	4.9%	4.9%	4.8%	4.8%	4.8%
CINEMA	1,789.9	2,100.6	2,167.1	2,225.6	2,636.1	2,819.7	594.6	1,028.1	1,975.1	2,305.7	2,373.6	2,477.2	2,549.4
• Growth	-1.2%	17.4%	3.2%	2.7%	18.4%	7.0%	-78.9%	72.9%	92.1%	16.7%	2.9%	4.4%	2.9%
• Share	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.1%	0.1%	0.2%	0.3%	0.3%	0.3%	0.2%
DIGITAL	121,209.9	149,513.8	184,450.3	227,432.7	280,769.4	339,612.5	383,754.7	478,245.7	539,169.8	583,095.3	636,056.0	678,188.3	729,477.7
• Growth	20.6%	23.4%	23.4%	23.3%	23.5%	21.0%	13.0%	24.6%	12.7%	8.1%	9.1%	6.6%	7.6%
• Share	25.9%	30.7%	35.4%	41.0%	46.3%	52.0%	59.9%	63.6%	65.4%	67.2%	68.3%	70.0%	70.7%
- SEARCH	63,312.9	72,147.4	82,565.3	95,390.7	110,440.1	124,549.1	130,059.0	156,057.4	177,288.2	189,970.8	205,418.7	216,091.6	230,734.0
• Growth	19.7%	14.0%	14.4%	15.5%	15.8%	12.8%	4.4%	20.0%	13.6%	7.2%	8.1%	5.2%	6.8%
• Share	13.5%	14.8%	15.8%	17.2%	18.2%	19.1%	20.3%	20.8%	21.5%	21.9%	22.1%	22.3%	22.4%
- EX-SEARCH	57,897.1	77,366.5	101,885.0	132,042.0	170,329.3	215,063.4	253,695.6	322,188.3	361,881.6	393,124.5	430,637.3	462,096.7	498,743.7
• Growth	21.6%	33.6%	31.7%	29.6%	29.0%	26.3%	18.0%	27.0%	12.3%	8.6%	9.5%	7.3%	7.9%
• Share	12.3%	15.9%	19.5%	23.8%	28.1%	32.9%	39.6%	42.9%	43.9%	45.3%	46.2%	47.7%	48.4%
TOTAL ADVERTISING	\$468,823.0	\$487,487.0	\$521,563.2	\$554,830.1	\$606,343.9	\$653,155.0	\$641,018.8	\$751,712.8	\$824,781.8	\$868,016.0	\$931,465.9	\$968,897.0	\$1,031,223.1
• Growth	4.7%	4.0%	7.0%	6.4%	9.3%	7.7%	-1.9%	17.3%	9.7%	5.2%	7.3%	4.0%	6.4%

GLOBAL ADVERTISING MEDIA OWNER AD REVENUE SUMMARY – EXCLUDING U.S. POLITICAL

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
TV / PRO. VIDEO	\$174,573.3	\$173,830.3	\$175,591.9	\$171,933.4	\$170,413.5	\$168,090.1	\$143,900.6	\$157,350.5	\$160,627.9	\$163,842.5	\$165,817.1	\$167,985.3	\$169,690.3
• Growth	2.6%	-0.4%	1.0%	-2.1%	-0.9%	-1.4%	-14.4%	9.3%	2.1%	2.0%	1.2%	1.3%	1.0%
• Share	37.5%	35.7%	34.0%	31.1%	28.4%	25.8%	22.9%	21.0%	19.7%	18.9%	18.1%	17.4%	16.7%
AUDIO	31,611.3	31,967.0	32,214.6	32,695.6	32,171.6	32,224.9	23,473.2	27,614.2	28,773.8	29,195.1	29,372.7	29,491.8	29,677.0
• Growth	0.2%	1.1%	0.8%	1.5%	-1.6%	0.2%	-27.2%	17.6%	4.2%	1.5%	0.6%	0.4%	0.6%
• Share	6.8%	6.6%	6.2%	5.9%	5.4%	4.9%	3.7%	3.7%	3.5%	3.4%	3.2%	3.1%	2.9%
NEWSPAPERS	69,134.0	63,265.9	57,432.5	52,985.2	48,080.6	44,020.3	31,782.5	31,593.3	30,091.8	28,951.5	27,818.9	26,897.3	26,241.0
• Growth	-7.6%	-8.5%	-9.2%	-7.7%	-9.3%	-8.4%	-27.8%	-0.6%	-4.8%	-3.8%	-3.9%	-3.3%	-2.4%
• Share	14.9%	13.0%	11.1%	9.6%	8.0%	6.8%	5.1%	4.2%	3.7%	3.3%	3.0%	2.8%	2.6%
MAGAZINES	36,131.4	33,726.3	30,840.0	28,782.6	26,646.1	25,093.6	19,719.7	19,279.7	17,778.8	16,872.5	16,114.6	15,510.5	15,007.5
• Growth	-6.6%	-6.7%	-8.6%	-6.7%	-7.4%	-5.8%	-21.4%	-2.2%	-7.8%	-5.1%	-4.5%	-3.7%	-3.2%
• Share	7.8%	6.9%	6.0%	5.2%	4.4%	3.9%	3.1%	2.6%	2.2%	1.9%	1.8%	1.6%	1.5%
OUTDOOR	30,738.5	32,387.2	34,325.3	37,431.5	40,299.5	40,138.3	29,609.3	35,204.8	39,841.9	42,329.4	44,566.4	46,882.7	48,988.7
• Growth	3.4%	5.4%	6.0%	9.0%	7.7%	-0.4%	-26.2%	18.9%	13.2%	6.2%	5.3%	5.2%	4.5%
• Share	6.6%	6.7%	6.7%	6.8%	6.7%	6.2%	4.7%	4.7%	4.9%	4.9%	4.9%	4.9%	4.8%
CINEMA	1,789.9	2,100.6	2,167.1	2,225.6	2,636.1	2,819.7	594.6	1,028.1	1,975.1	2,305.7	2,373.6	2,477.2	2,549.4
• Growth	-1.2%	17.4%	3.2%	2.7%	18.4%	7.0%	-78.9%	72.9%	92.1%	16.7%	2.9%	4.4%	2.9%
• Share	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.1%	0.1%	0.2%	0.3%	0.3%	0.3%	0.3%
DIGITAL	121,109.9	149,263.8	183,250.3	227,032.7	279,269.4	338,862.5	379,254.7	477,138.4	535,803.6	581,926.5	630,119.2	676,938.6	723,019.1
• Growth	20.6%	23.2%	22.8%	23.9%	23.0%	21.3%	11.9%	25.8%	12.3%	8.6%	8.3%	7.4%	6.8%
• Share	26.0%	30.7%	35.5%	41.0%	46.6%	52.0%	60.4%	63.7%	65.8%	67.2%	68.8%	70.1%	71.2%
- SEARCH	63,312.9	72,147.4	82,565.3	95,390.7	110,440.1	124,549.1	130,059.0	156,057.4	177,288.2	189,970.8	205,418.7	216,091.6	230,734.0
• Growth	19.7%	14.0%	14.4%	15.5%	15.8%	12.8%	4.4%	20.0%	13.6%	7.2%	8.1%	5.2%	6.8%
• Share	13.6%	14.8%	16.0%	17.2%	18.4%	19.1%	20.7%	20.8%	21.8%	22.0%	22.4%	22.4%	22.7%
- EX-SEARCH	57,797.1	77,116.5	100,685.0	131,642.0	168,829.3	214,313.4	249,195.6	321,081.0	358,515.4	391,955.7	424,700.5	460,847.0	492,285.0
• Growth	21.5%	33.4%	30.6%	30.7%	28.2%	26.9%	16.3%	28.8%	11.7%	9.3%	8.4%	8.5%	6.8%
• Share	12.4%	15.8%	19.5%	23.8%	28.2%	32.9%	39.7%	42.9%	44.0%	45.3%	46.4%	47.7%	48.5%
TOTAL ADVERTISING	\$465,088.2	\$486,541.0	\$515,821.9	\$553,086.7	\$599,516.7	\$651,249.4	\$628,334.6	\$748,844.5	\$814,507.8	\$865,013.8	\$915,739.8	\$965,712.6	\$1,014,676.8
• Growth	4.0%	4.6%	6.0%	7.2%	8.4%	8.6%	-3.5%	19.2%	8.8%	6.2%	5.9%	5.5%	5.1%

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Methodology: Approaches vary by market. Please contact GroupM for details.

Questions? Contact: brian.wieser@groupm.com

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