Perspective on US Digital Media

IAB/PWC Webinar
April 22, 2015

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About MAGNA Intelligence

- **MAGNA Intelligence** is a division of MAGNA GLOBAL (IPG Mediabrands), focusing on market research and forecasting.

- **We analyze and forecast**: net advertising revenues, ad costs and inflation, market profiles, media consumption, technology trends (e.g. programmatic).

- **Scope**: all media categories, 73 countries.

- **We invented it**: we started adspend forecasting 65 years ago in the US (Bob Coen).

- We are trusted: primary source of Wall Street’s media analysts. Quoted by WSJ, Bloomberg, AdExchanger etc.
US Market Forecast
Long Term Trend: 2015 will Barely Catch up with Pre-Recession Highs

Long Term Ad Spend Forecasts (All Media, excl. P&O) (yoy %)

Source: MAGNA GLOBAL US Advertising Forecast, Feb. 2015
US Market Forecast
Long Term Trend: Total Spend will Re-Accelerate in 2015-2016

Long Term Ad Spend Forecasts
(All Media, excl. P&O) ($bn)

Source: MAGNA GLOBAL US Advertising Forecast, Feb. 2015
US Market Forecast
Digital Media Now Concentrate all the Growth

Ad Spend Growth by Media Category (excluding P&O)

Source: MAGNA GLOBAL US Advertising Forecast, Feb. 2015
US Market Forecast
Mobile, Social, Video will Continue to Drive US Digital Spend

US Digital Ad Spend: Growth by Format/Platform

“Display” here includes banners, rich media. Excludes video and social formats.
Source: MAGNA GLOBAL US Advertising Forecast, Feb. 2015
US Market Forecast
Mobile Digital Ad Revenues will Catch-up with Desktop by 2018

US Digital Media – Mobile vs Desktop ($b)

Source: MAGNA GLOBAL US Advertising Forecast, Feb. 2015
85% of Display-Related Inventory will be Traded Programmatically by 2019

Market Share Gains/Losses by Media Category (% vs. previous year)

Reading: in 2011, print, radio and OOH media combined lost 3.5% in market share compared to the previous year, while digital media captured an extra 3% and television captured 0.5%.

Source: MAGNA GLOBAL US Advertising Forecast, Feb. 2015
US Market Forecast
Digital Media to Become #1 Media Category in 2016

Advertising Revenue by Media Category: LT Forecast ($bn)

Source: MAGNA GLOBAL US Advertising Forecast, Feb. 2015
Global Forecast

Digital Media is *Already* Bigger than TV in 14 Other Markets

**Share of Total Advertising Revenues in Selected Markets (2014)**

<table>
<thead>
<tr>
<th>Country</th>
<th>TV</th>
<th>Digital (incl. online video)</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>40%</td>
<td>30%</td>
</tr>
<tr>
<td>UK</td>
<td>28%</td>
<td>46%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>28%</td>
<td>39%</td>
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<tr>
<td>China</td>
<td>37%</td>
<td>41%</td>
</tr>
<tr>
<td>Germany</td>
<td>22%</td>
<td>31%</td>
</tr>
<tr>
<td>Denmark</td>
<td>18%</td>
<td>44%</td>
</tr>
</tbody>
</table>

Source: MAGNA GLOBAL Global Advertising Forecast, Feb. 2015
Global Forecast
Digital Media is Already Bigger than TV in 14 Other Markets

**DIGITAL ADVERTISING SPEND 2014**

**TOTAL DIGITAL ADVERTISING SPEND** 142

**USA** $49,454

**NORTH AMERICA**

**EUROPE**

**AFRICA**

**LATIN AMERICA**

**ASIA PACIFIC**

**MARKET SHARE OF DIGITAL IN % IN 2014**

Indicates when digital became or will become the number one media category in the market.
Global Forecast
Search will Remain the #1 Format but Video & Social will Grow Faster

Global Digital Ad spend by Format ($b)

<table>
<thead>
<tr>
<th>Year</th>
<th>Search</th>
<th>Display</th>
<th>Social</th>
<th>Video</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>61</td>
<td>28</td>
<td>10</td>
<td>11</td>
<td>8</td>
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<td>2014</td>
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<td>36</td>
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<tr>
<td>2019</td>
<td>118</td>
<td>35</td>
<td>51</td>
<td>39</td>
<td>43</td>
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</table>