Global Digital Advertising

2016-2021

During this pivotal time, digital advertising spend will exceed traditional media to become the dominant advertising category worldwide.

Hayflower

HIGHLIGHTS

Data presented within this report is provided by analyst, company, industry research sources and Hayflower estimates.

Key Growth Drivers: Social, Video & Mobile

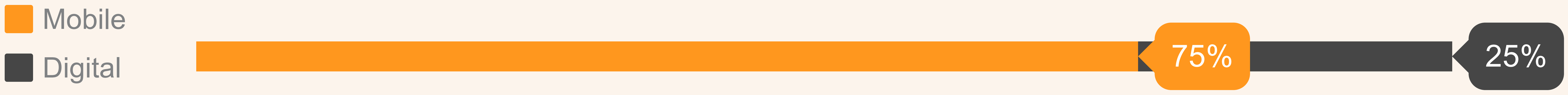
Social media, the fastest growing segment of digital advertising, is expected to continue to expand its share of digital advertising spend, with an estimated 32% share by 2021 and a 29% CAGR from 2016 through 2021. Steady user growth, particularly outside the U.S., increased user engagement and expanded capabilities for small and large advertisers alike are driving social ad spend, which is primarily mobile. MAGNA Global estimates that 85% of social ad dollars are already coming from mobile devices.

Video is quickly gaining share as users increasingly turn to online media to watch video, television and movies given increased accessibly, available content and faster access speeds. Amazon, Alphabet/YouTube, Facebook, Snap and Twitter all plan to increase their investments in video content in 2018, making online a viable alternative to TV viewing and shifting spend from TV advertisers as a result. Digital video is expected to grow at a 26% CAGR from 2016-2021, representing 15% of the total global digital advertising market by 2021.

Mobile advertising spend begins to catch-up with the time users spend on mobile devices, as mobile advertising increasingly penetrates all digital advertising segments. In 2017, mobile search advertising exceeded desktop search advertising representing 51% of total search advertising revenue. In 2018, mobile is expected to reach 62% of all digital ad sales, according to MAGNA Global and our own estimates. Mobile will grow at a 27% CAGR across all segments from 2016 to 2021 and represent approximately three-quarters share of total global digital advertising.

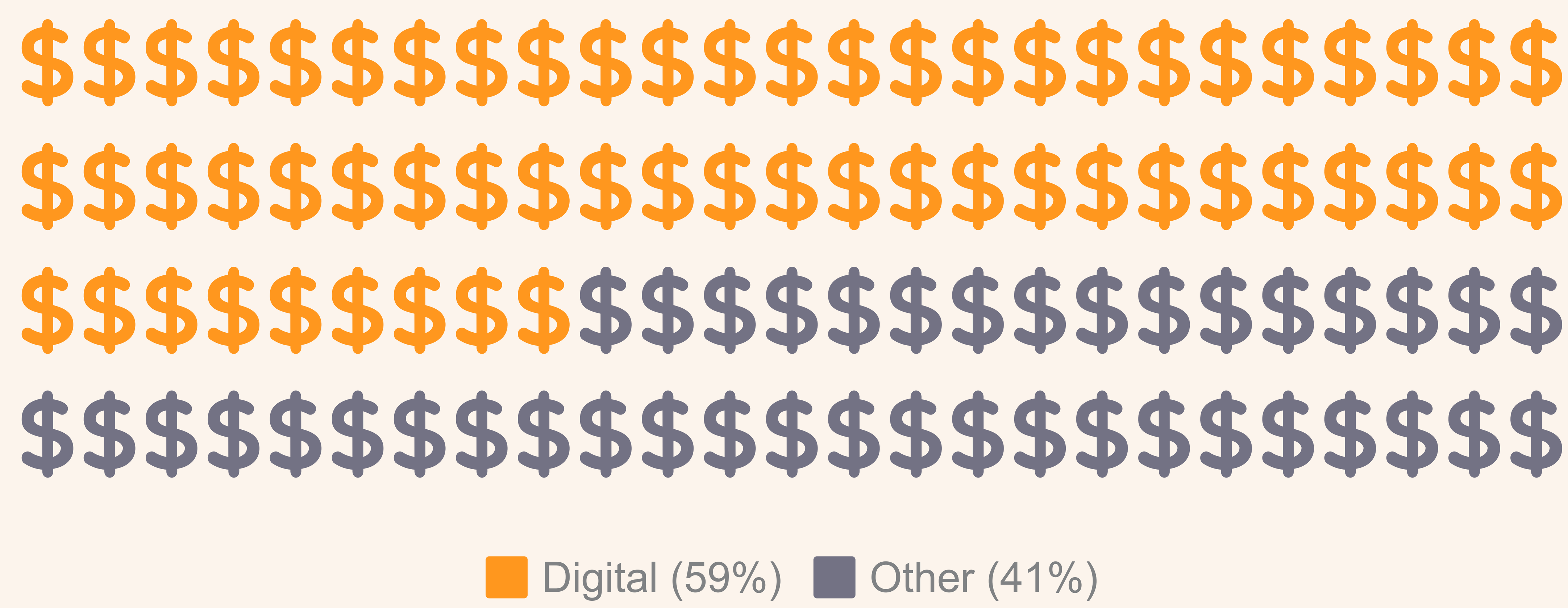
Search, the largest segment of global digital ad spend, maintains the largest share of market but growth rates and market share are expected to decline from 2016-2021 from 49% share to 43% share. Mobile search and programmatic begin to ramp during this time though faster growth rates within the social and video segments are driving down overall share of search advertising revenue.

2021



Global Digital Advertising Market Share

Digital Advertising Spend Takes The Lead

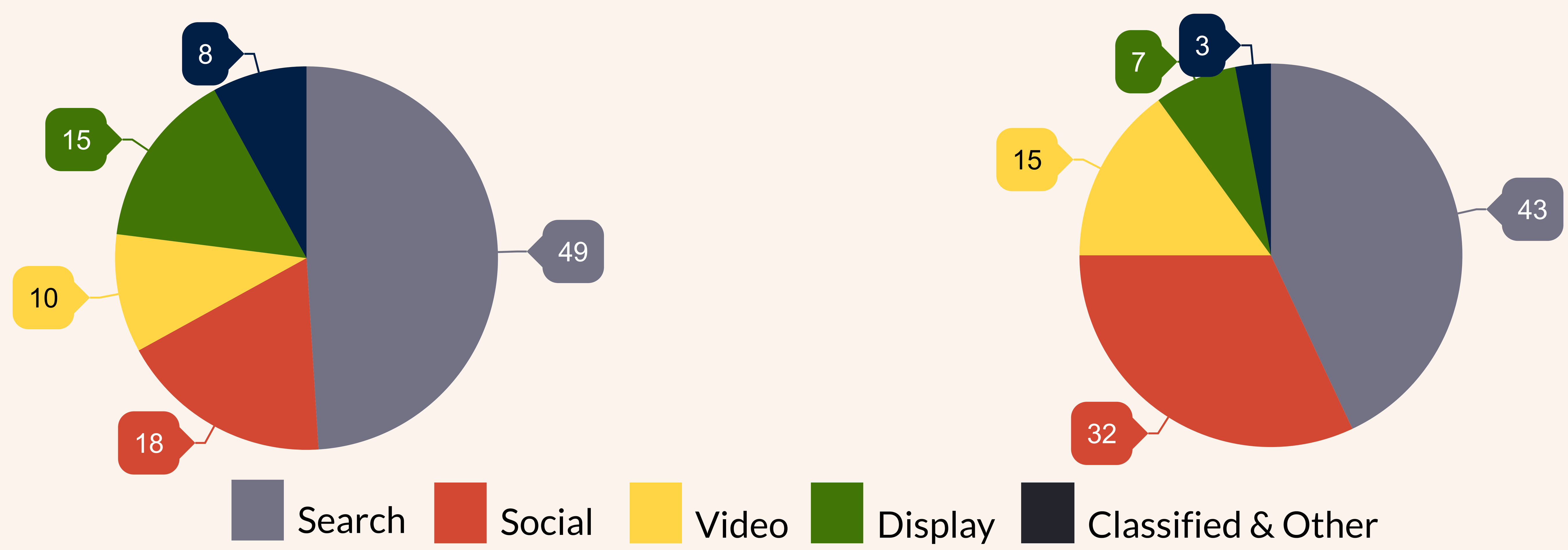


Source: MAGNA, 12/17

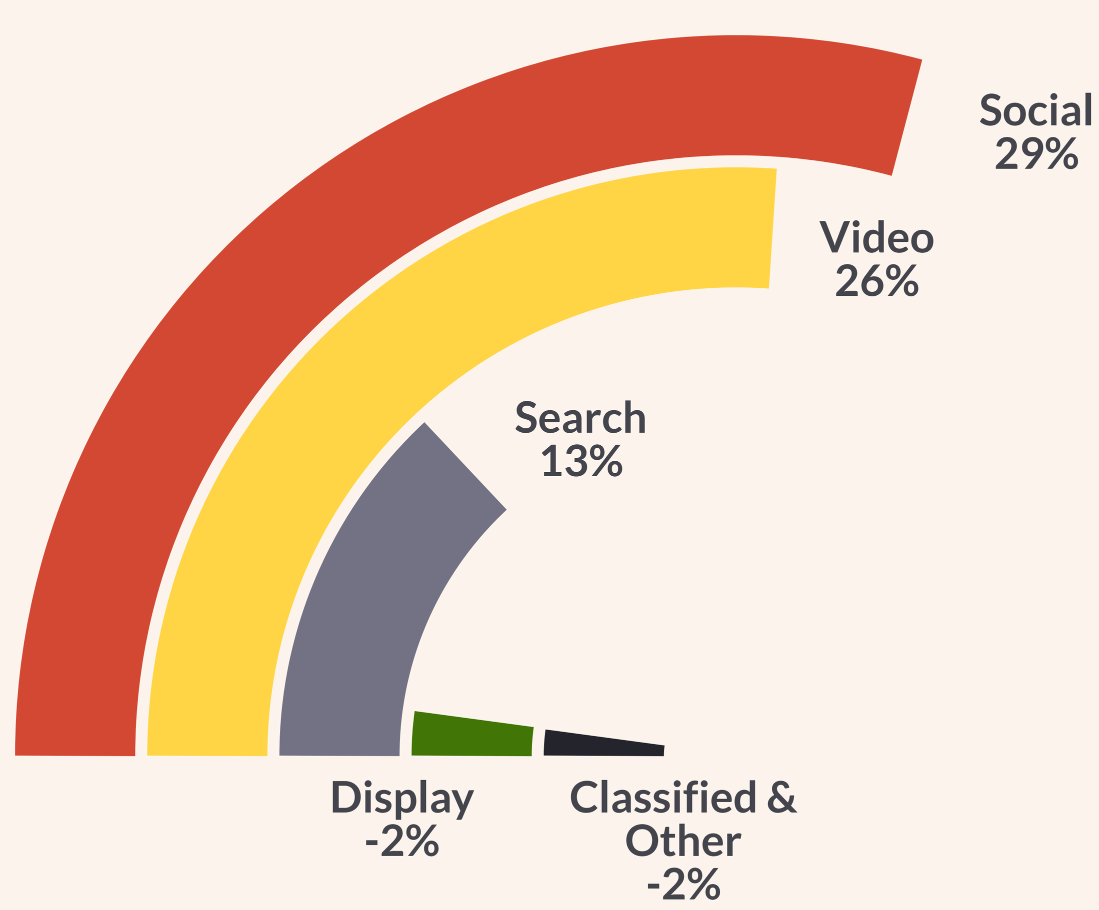
Digital advertising is quickly gaining market share. By 2022, global digital advertising spend is expected to exceed all advertising dollars spent on every other media combined.

2016: % Share of Global Digital Advertising

2021: % Share of Global Digital Advertising



5 Year Cumulative Average Growth Rates (2016-2021)



Digital social and video advertising formats will grow the fastest between 2016-2021 globally

2016-2021 Global Digital Advertising Forecast Estimates

#s in "000s

Global Digital Advertising	2016	2017	2018	2019	2020	2021
Total	**$179,948,689**	**$211,039,969**	**$246,973,194**	**$285,522,897**	**$327,792,137**	**$372,819,354**
% growth		17%	17%	16%	15%	14%
Search	$88,101,360	$101,011,733	$115,299,717	$129,904,713	$145,067,963	$159,495,224
% total	49%	48%	47%	45%	44%	43%
% growth		15%	14%	13%	12%	10%
Social	$32,716,500	$46,386,000	$62,222,500	$78,997,500	$97,521,000	$117,716,500
% total	18%	22%	25%	28%	30%	32%
% growth		42%	34%	27%	23%	21%
Video	$17,944,284	$23,148,126	$29,629,602	$37,333,298	$46,574,785	$57,752,733
% total	10%	11%	12%	13%	14%	15%
% growth		29%	28%	26%	25%	24%
Display	$27,607,508	$26,779,283	$26,243,697	$25,981,260	$25,721,447	$25,464,233
% total	15%	13%	11%	9%	8%	7%
% growth		-3%	-2%	-1%	-1%	-1%
Classified & Other	$13,579,037	$13,714,827	$13,577,679	$13,306,125	$12,906,941	$12,390,664
% total	8%	6%	5%	5%	4%	3%
% growth		1%	-1%	-2%	-3%	-4%
Mobile	$83,505,024	$116,071,983	$153,123,380	$191,300,341	$232,732,417	$279,614,515
% total	46%	55%	62%	67%	71%	75%
% growth		39%	32%	25%	22%	20%

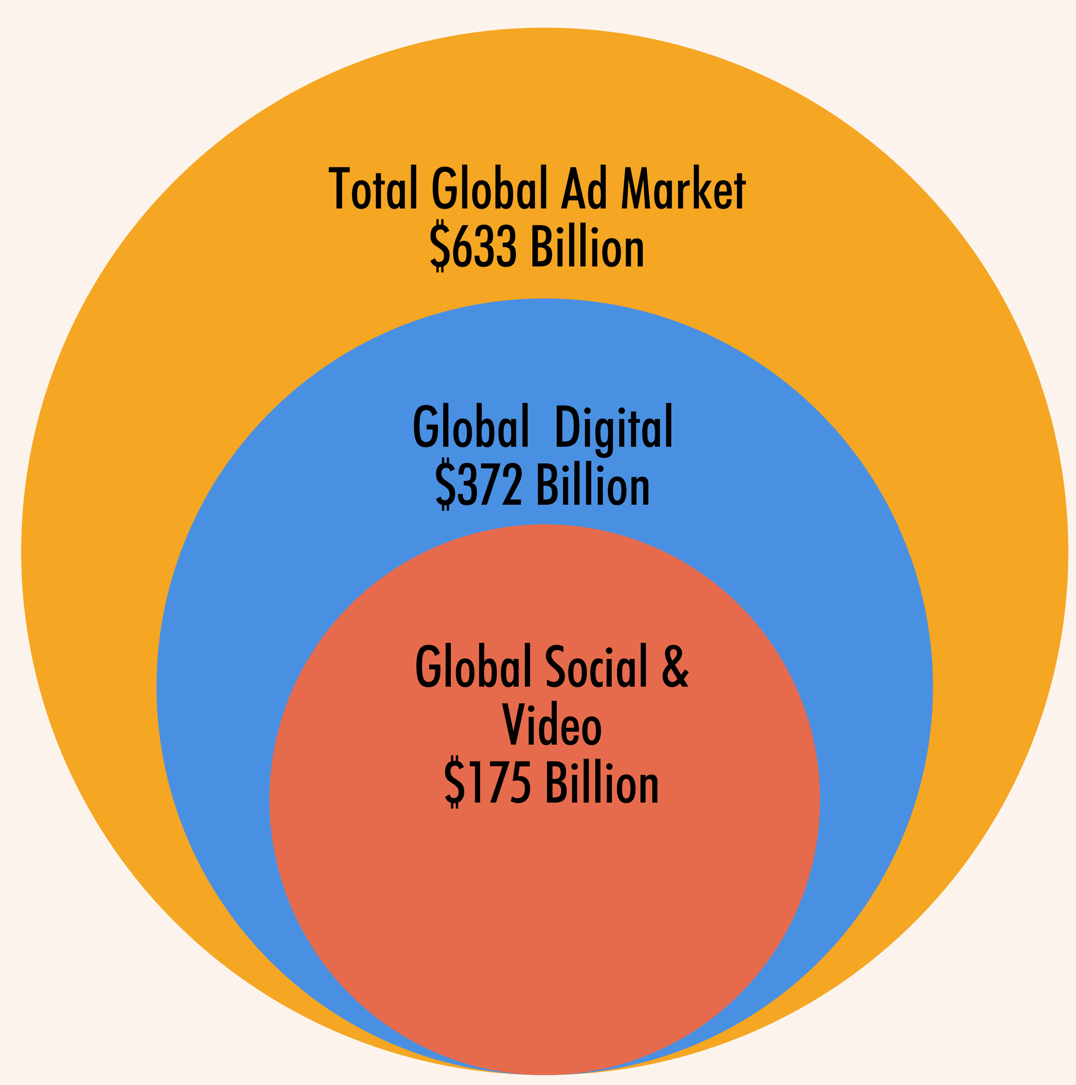
Note: Mobile is a sub-set of the total global digital advertising market

Summary

By the end of this 5-year forecast, digital advertising is expected to represent more than half (59%) of all advertising spend globally. Digital social and video are growing most rapidly, driven by continued increase in global users (MAUs), increased engagement (DAUs) and increased video content along with increasing wireless broadband penetration and mobile advertising. Search will continue to represent the majority of digital ad spend, with growth driven primarily by mobile search.

With the increase of ad-blocking software, programmatic and continued innovation in search, social and video that provide better performing advertising experiences, display, classified and other digital ad types are expected to decline, representing just 10% of total in 2021.

2021 Global Advertising Market



This report was created by Hayflower LLC. Data sources include analyst estimates, public company disclosures, IDC, MAGNA Global and Hayflower estimates.

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