

Moinak Bagchi,  
Sonja Murdoch,  
and Jay Scanlan

# The state of global media spending

Media & Entertainment December 2015

Overall expenditures rose marginally year on year in 2014, but slower growth is coming.

**Global spending on media** is forecast to rise at a compound annual rate of 5.1 percent during the next five years—to \$2.1 trillion in 2019, from \$1.6 trillion in 2014 (exhibit). Yet this growth actually reflects a general slowdown, according to our study of consumer- and ad-spending data in every global media and entertainment sector. Although total expenditures on media rose by 5.4 percent in 2014, compared with 5.2 percent in 2013, the increase in both years was lower than the 6.2 percent compound annual rate recorded between 2009 and 2012.

Digital advertising was the fastest-growing category in 2014, with a 16.1 percent increase in spending, followed by video games at 14.3 percent and broadband at 9.2 percent. Both digital advertising and broadband are entirely digital, and digital components fueled the growth of spending on video games. At the other end of the growth spectrum, expenditures for traditional nondigital media, such as consumer magazines and newspapers, continued to decline.

We expect that digital advertising, video games, and broadband will continue to be the fastest-growing segments over the next five years, with projected compound annual increases of 12.7 percent, 8.1 percent, and 7.8 percent, respectively, to 2019. Spending on cinema will expand at a projected 5.4 percent compound annual growth rate, followed by TV advertising at 5.0 percent. While today's stronger segments will continue to be strong over the next five years, they will probably grow more slowly. We also expect expenditures on the slower-growing or declining segments of 2014 to grow more quickly or to decline more slowly over the next five years.

These patterns reflect two primary drivers of spending on media:

- ***The shift to digital.*** Spending on media continues to move at a rapid pace from traditional to digital products and services. By 2019, we believe that digital will account for more than 50 percent of the overall total for media. Consumer spending on digital video will overtake spending on physical media, two years earlier than we had previously forecast. Digital, consisting of Internet and mobile ads, will become the largest advertising category by 2017, surpassing TV one year earlier than forecast. Mobile will more than double its share of the digital-ad market. This rapid shift to digital is driven in part by the growing number of connected consumers, the expansion of mobile telephony, and higher rates of mobile-broadband adoption.

- **Developing markets.** Increasingly, developing markets play a critical role in the growth of spending on global media. That's true not only because traditional media remain strong in these regions but also because the markets, from Mexico and China to India and Malaysia, anticipate healthy economic expansion and higher household incomes—particularly in the Asia–Pacific and in Central and Eastern Europe. This growth will boost spending on both ads and content across the region. In fact, the Asia–Pacific media market will be the largest source of absolute growth for the global industry during the next five years. □

## Exhibit

### Global media spending is forecast to top \$2 trillion by 2019.

Projected global spending by category,<sup>1</sup> \$ billion<sup>2</sup>

Category	2014	2009–14 CAGR <sup>3</sup>	2015	2016	2017	2018	2019	2014–19 CAGR
Digital advertising	127.3	16.1%	146.6	168.5	190.8	212.0	231.4	12.7%
Broadband	429.3	12.9%	463.8	500.5	539.4	581.2	624.6	7.8%
TV advertising	183.5	6.1%	189.4	202.5	209.0	223.1	233.9	5.0%
In-home video entertainment	323.4	4.6%	331.9	347.8	359.0	370.2	381.6	3.4%
Audio entertainment	95.6	0.7%	97.0	98.8	100.7	102.8	104.6	1.8%
Cinema	37.1	4.3%	39.4	41.6	43.8	45.8	48.3	5.4%
Out of home	31.7	5.0%	33.2	34.8	36.5	38.3	40.3	4.9%
Consumer-magazine publishing	59.1	–2.1%	57.6	56.5	55.7	55.1	54.6	–1.6%
Newspaper publishing	142.4	–1.5%	140.6	140.0	140.0	140.8	142.0	–0.1%
Consumer books	72.4	0.8%	73.0	74.0	74.8	75.4	76.0	1.0%
Educational publishing	41.0	1.2%	41.6	42.1	42.6	43.2	43.9	1.4%
Video games	84.5	8.9%	94.1	103.5	111.6	118.7	124.5	8.1%
<b>Total</b>	<b>1,604.0</b>	<b>5.8%</b>	<b>1,681.3</b>	<b>1,779.5</b>	<b>1,868.6</b>	<b>1,966.9</b>	<b>2,061.5</b>	<b>5.1%</b>

<sup>1</sup>Television, audio, newspaper, and consumer-magazine digital advertising, as well as video-game advertising, are included in their respective segments and also in the digital-advertising segment, but only once in the overall total.

<sup>2</sup>At average 2014 exchange rates; figures may not sum, because of rounding.

<sup>3</sup>Compound annual growth rate.

To download the executive summary of the report on which this article is based, McKinsey's *Global Media Report 2015*, or to find out more about McKinsey's Media & Entertainment Practice site, visit [mckinsey.com](http://mckinsey.com).

**Moinak Bagchi** is a specialist in McKinsey's New York office; **Sonja Murdoch** is a senior expert in the London office, where **Jay Scanlan** is a principal.