Internet advertising

Key insights at a glance

1

Internet advertising will become the largest advertising segment. Global total Internet advertising revenue is forecast to grow from US$135.42bn in 2014 to US$239.87bn in 2019, a CAGR over the period of 12.1%. As the segment captures an ever-larger portion of advertising budgets, it will exceed TV to become the largest single advertising category by 2019.

2

Mobile's growth means it will exceed display in 2018. Display Internet advertising revenue was the second-largest component of Internet advertising revenue in 2014 and maintains a solid 7.9% CAGR to 2019. Yet mobile Internet advertising revenue's rapid growth of 23.1% CAGR means that it will overtake display by the end of the forecast period.

3

Search will remain as the largest single contributor to Internet advertising. Paid search Internet advertising revenue is forecast to grow from US$53.13bn in 2014 to US$85.41bn in 2019. Search is an established and understood advertising medium that plays a central role in Internet advertising at each stage of the purchase cycle. It will therefore remain the largest constituent of Internet advertising, accounting for 35.6% of total Internet advertising revenue in 2019.

4

Video exhibits the fastest growth in wired Internet advertising. Although video Internet advertising revenue comprised only 4.7% of total Internet advertising revenue in 2014, it has been identified as a major potential source of growth for publishers and broadcasters alike due to the increased adoption of tablets and the rise of IP-delivered video services. Rising from US$6.32bn in 2014 to US$15.39bn in 2019 at a 19.5% CAGR, video Internet advertising's rate of growth will exceed all other sub-segments of wired Internet advertising revenue.

5

Internet advertising will increasingly become device-agnostic. Mobile Internet advertising revenue contributed 16.7% of total Internet advertising revenue in 2014, from less than 5% in 2010, but device categorisation is blurring at a rapid pace as smartphones and tablets increasingly converge in size, and wearable interfaces such as watches begin to make an impact. To navigate in this environment, advertisers should be asking what types of content generate greatest consumer engagement rather than whether people are reading a website on a mobile device or not.

6

Measurement is getting better, but understanding how media is consumed will remain a significant challenge. Advertisers and publishers are now much better equipped to capture, store and process data that allows them to build a fuller picture of how consumers interact with Internet advertising across devices. Metrics are now being adopted by publishers and advertisers that better reflect the quality of impressions rather than their quantity. Yet despite this progress, effective measurement of media consumption, especially across multiple devices and platforms, will remain a significant challenge for the industry.