

FTI CONSULTING PROJECTS ONLINE AD SPENDING TO REACH \$123 BILLION BY 2021

Digital Market Share, Driven by Mobile Search, Social and Video, Could Reach 80% in 20 Years



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FTI Consulting, Inc. (NYSE: FCN) today announced the findings of its 2018 Advertising Forecast, which projects that digital advertising revenue will capture 49% of the U.S. advertising market by 2021, up from 36% at the end of 2017. Digital will continue to take share from traditional media sectors over the next five years.

The forecast, which is produced annually by the [Telecom, Media & Technology](#) practice at FTI Consulting, is based on a proprietary econometric model that projects ad spending across various types of media, including the internet, television, radio, newspapers, magazines and direct mail, through 2021. FTI Consulting anticipates that online ad spending will increase at a rate of 11.1% per year, from \$84.2 billion in 2016 to \$122.9 billion through 2021. According to the forecast, digital media could capture as much as 80% of the ad market share over the next 20 years.

“The market-share gain in digital advertising in recent years has been unprecedented and has far outstripped the share gains experienced by TV or cable after their introductions in the 1950s and 1970s, respectively,” said [Christopher T. Nicholls](#), a Senior Managing Director in FTI Consulting’s Telecom, Media & Technology practice and co-author of the forecast. “Just last year, our end-state penetration estimate for digital was approximately 60%, but we have revised that upward dramatically because of the rapid rise of mobile and video ads. Digital advertising has a 36% market share today, and with ads for

mobile devices and mobile video growing at a rate of 17% to 20% per year, we expect continued gains for the foreseeable future.”

[Luke Schaeffer](#), Global Leader of the Telecom, Media & Technology practice at FTI Consulting and co-author of the forecast, added, “Digital growth has been unrelenting, as much as 20% in recent years, driven by mobile search, social and video. One only has to look at the extraordinary reach, user engagement and scale of the largest digital media platforms in the United States – Facebook, Apple, Amazon, Netflix and Google, known as the ‘FAANGs.’ In recent years, the FAANGs’ performance has resulted in ad revenue and subscriber growth far exceeding that of traditional media, with Facebook and Google, the parent company of YouTube, together controlling approximately 70% of the massive digital advertising market.”

Growth is likely to moderate by the end of 2021, as digital approaches a 50% market share. Historically, growth in digital has caused a significant contraction in the total ad market through the proverbial substitution of legacy dollars for digital dimes. However, the FTI Consulting model suggests that the impact of digital today has decreased such that a 1% growth in digital ad share causes the total ad market to contract only 0.6%. In prior years, the digital cannibalization effect was nearly 2%.

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- **Christopher T. Nicholls**

Efficient ad spending, which has resulted from the targeted nature and relatively low cost of digital advertising, is contributing to the moderation of digital substitution. In addition, consumers spent approximately $10\frac{3}{4}$ hours per day during 2017 with media, an increase from $9\frac{1}{6}$ hours per day in 2015, driven by the viewing of mobile devices simultaneously with other media.

“One of the most interesting aspects of the ad forecast is the role of smartphones,” Mr. Nicholls said. “Consumers are spending as many as three hours a day on social media sites, and ad dollars are following eyeballs into the mobile digital ecosystem, driving significant mobile search, video and social spending. Most consumers spend more time using social media and watching video entertainment on their phones than talking or texting.”

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Content Sources:

- i. Magna Global, Facebook SEC Filings, Google SEC Filings, FTI, Cap IQ
- ii. Nielsen Total Audio Report Q2 2017

About the 2018 Advertising Forecast

FTI Consulting’s 2018 Advertising Forecast is a comprehensive view of the U.S. advertising market in television, radio, newspapers and the other types of traditional media, plus the role of online and its impact on the industry in the past, present and future. The study is based on a proprietary econometric model and provides readers with easy-to-understand explanations of the factors that are impacting the media and entertainment industries today and in years to come. The forecast is conducted by the Telecom, Media & Technology practice at FTI Consulting, which focuses on helping companies adapt to dramatic changes in consumer behavior, the Media & Entertainment team within the TMT practice provides strategic, financial, valuation and operational expertise for content production and distribution companies, broadcasters and ad-supported businesses.

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. With more than 4,600 employees located in 28 countries, FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges and make the most of opportunities. The Company generated \$1.81 billion in revenues during fiscal year 2017. For more information, visit www.fticonsulting.com and connect with us on [Twitter \(@FTIConsulting\)](#), [Facebook](#) and [LinkedIn](#).