## Digital ad industry to grow 32% to touch $ 2.95 bn by 2020

The digital advertising industry is estimated to grow at a compound annual growth rate (CAGR) of 32% to reach US $ 2.95 bn (Rs18,986 crore) by 2020, on the back of affordable data and increased smartphone penetration, says a report from Dentsu Aegis Network (DAN).

Digital ad spends currently stand at Rs 8,202 crore, contributing 15% to the total expenditure of the advertising industry. This is expected to touch 24% by 2020, said the digital ad spend forecast report published by DAN in association with trade portal exchange4media. The Indian ad industry stands at Rs 55,960 crore and is expected to touch Rs 77,623 crore by 2020 growing at a CAGR of 12.5%.

“Digital is growing approximately three times faster than the average ad spend growth rate and it is going to become an extremely crucial medium in the future. Mobile is going to be a key driver aiding this growth because currently 95% of the new internet users are mobile only across strata including rural areas,” said Ashish Bhasin, Chairman and Chief Executive, South Asia, Dentsu Aegis Network.

“Digital should no longer be seen as just a medium but a way of doing business. It is impacting every single business and consumer behaviour. So, while India is one country where all media including television and print are registering growth, the rate of growth for digital is way more higher than the rest,” he added.

Currently, social media takes the lion’s share of digital ad spends (28%) followed by search (26%), display (21%) and video (19%). The report clearly said that video ads are expected to see the highest growth with a CAGR of 38% and will have spends share of 22% by 2020.

In terms of brand categories, e-commerce is the biggest spender on the digital media contributing 19% (amounting to Rs 1, 589 crore) of all digital spends followed by fast moving consumer goods (13%), telecom (12%) and banking, financial services and insurance (11%).

Noting that the mobile is the most measurable medium for advertising because it offers brands and marketers the opportunity to target audiences, the report said that spend on mobile advertising recorded high year-on-year growth. As of 2017, 43% of the digital media budget is spent on mobile advertising which is expected to overtake desktop and reach spend share of 60% by 2020.

Unlike global markets, the report said, where digital advertising is expected to overtake television ad spends this year, traditional mediums like television and print still dominate overall ad spends in India. However, brands are slowly shifting their marketing budgets to digital platforms as consumers increase time spent on the medium. Brand building is still largely happening through mature ad mediums such as television. *(Livemint: January 17, 2018)*