FORECAST: Australia Advertising Expenditure Forecast 2024

17 October 2024

DAVID KENNEDY

david.kennedy@ventureinsights.com.au

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Abstract: Venture Insight's forecast for total advertising spending from FY24 to FY29 predicts a 3.7% compound annual growth rate (CAGR), contingent on economic improvement. Despite a decline in FY24, ad spending remains 32% higher than pre-pandemic levels. Television ad spending is expected to grow at 0.6% CAGR, with BVOD gains offsetting broadcast declines. Broadcast radio is projected to grow at 2.8% CAGR, driven partly by online audio. Newspapers and magazines will see a slower decline at -2.9% CAGR. Cinema advertising will remain flat at -0.2% CAGR. OOH will lead growth at 8.8% CAGR, while digital advertising will grow at 4.3% CAGR.

Executive Summary

This advertising expenditure forecast covers the video, audio, physical print, out-of-home (OOH), cinema, and digital sectors.

We forecast the total advertising market to grow at a 3.7% CAGR over the next five years, stabilising after a period of pandemic and post-pandemic disruption.

Different sectors show disparate performance as their shares of the total ad budget shift. Digital is and remains the big winner, though its growth will slow as it faces rising headwinds in the coming years. OOH is another outstanding performer.

Traditional media such as television, radio, print, and cinema have done less well. However, we now expect the most disruptive period has passed, and we forecast moderation or even reversal in their declines.

Economic growth

Changes in GDP growth rates and changes in total advertising expenditure growth rates are strongly correlated, allowing us to generate total AdEx forecasts from GDP forecasts.

In its August 2024 Statement on Monetary Policy, the Reserve Bank of Australia revised its economic growth estimates for 2024, dropping expected annual growth from 1.2% to 0.9%, but anticipating a higher rate of growth in the out-years. Economic growth affects business decision-making, including decisions to invest in advertising. On the other hand, we do not believe that inflation is a significant driver of ad revenue. Advertising is more competitive than ever, and platforms have little capacity to pass on inflation-linked price increases to advertisers and agencies.

Figure 1. Australian Forecast GDP growth to FY26

	Year-ended					
	Jun 2024	Dec 2024	Jun 2025	Dec 2025	Jun 2026	Dec 2026
GDP growth	0.9	1.7	2.6	2.5	2.5	2.4
(previous)	(1.2)	(1.6)	(2.1)	(2.3)	(2.4)	(n/a)

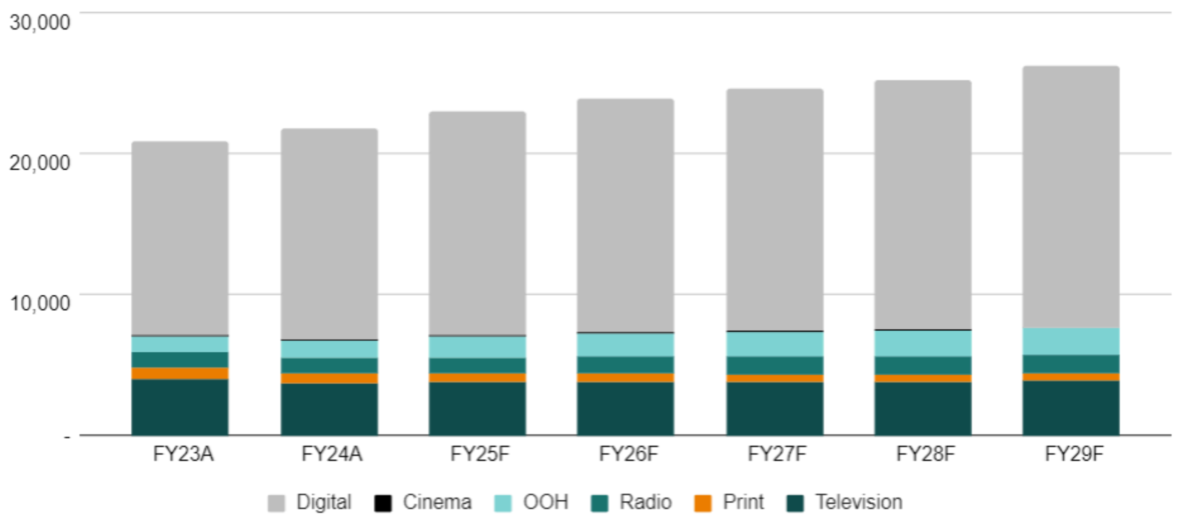
Source: Reserve Bank of Australia, Statement on Monetary Policy – August 2024

Advertising growth - the big picture

After the *annus horribilis* of FY24, we expect a recovery in total advertising spend driven by improved economic growth in CY25. We forecast 3.7% CAGR growth for total ad spending over FY24/29. However, much depends on whether the RBA forecast of an economic improvement holds up.

Despite the FY24 decline in ad spending, perspective is needed. Total ad spending in FY24 was 32% higher than in pre-pandemic FY19. Advertising is growing faster than the economy, though the shares of different media are shifting as digital and OOH grow fastest.

Figure 2. Australian Advertising Expenditure Forecast to FY29 ($m)



		FY23A	FY24A	FY25F	FY26F	FY27F	FY28F	FY29F	CAGR FY24/29
Television (incl. BVOD)	[A$m]	4,053	3,758	3,775	3,786	3,784	3,799	3,873	0.6%
Print	[A$m]	718	612	604	589	568	544	529	-2.9%
Radio (incl. online)	[A$m]	1,178	1,145	1,196	1,233	1,258	1,278	1,316	2.8%
Out-Of-Home (OOH)	[A$m]	1,127	1,242	1,450	1,620	1,736	1,798	1,890	8.8%
Cinema	[A$m]	79	84	85	85	85	83	83	-0.2%
Digital (excl. BVOD & online radio)	[A$m]	13,730	14,975	15,875	16,598	17,194	17,717	18,520	4.3%
Total Advertising Expenditure	[A$m]	**20,885**	**21,815**	**22,986**	**23,911**	**24,626**	**25,219**	**26,212**	**3.7%**
Advertising Expenditure growth (%)	*[%]*	*0.6%*	*4.5%*	*5.4%*	*4.0%*	*3.0%*	*2.4%*	*3.9%*	

Source: Venture Insights

Turning to specific advertising segments, we expect the following:

- Television (FTA, BVOD, and Pay) ad revenue will grow at 0.6% CAGR over the forecast period. The decline in broadcast revenue will be offset by growth in BVOD revenue. The result is a flat market, but this is an improvement on the sharp decline of FY23/24. The maturing of the SVOD market contributes to this stabilisation.
- Broadcast radio has not fully recovered from the pandemic, but we expect 2.8% CAGR growth going forward. Part of this will be driven by online audio (which we have forecast separately for the first time in this forecast).
- Printed newspapers and magazines will see declines slowing slightly to -2.9% CAGR. This is mainly because the damage has been done, and the remaining business is more robust.
- Cinema was hit hard by venue closures in the pandemic, then bounced back strongly. However, it will be flat at -0.2% CAGR going forward, due to declining ticket sales putting downward pressure on ad revenue.
- Out-of-home (OOH) will grow fastest at 8.8% CAGR. Digitalisation allows OOH providers to segment their market better, and retail advertising is achieving above-average growth.
- Digital, the largest segment by far, will grow at 4.3% CAGR as the market gradually matures over the next few years. We also expect some pushback on rates as questions hover over the advertising effectiveness of the digital platform.

Television and BVOD

We forecast that total TV revenues will grow slowly at 0.6% CAGR over the FY24/29 period. This stabilisation comes with the easing of viewing declines ease as SVOD viewing plateaus, and will leave television as the second-biggest advertising sector after Digital. Our July consumer media survey shows that SVOD subscriptions have fallen over the previous year as households economised.

Looking more closely at TV ad revenue, we expect broadcast revenues (excluding BVOD) to decline CAGR -3.0% over FY24-29. This is mainly driven by an underlying decline in time spent with broadcast FTA TV compared to online viewing.

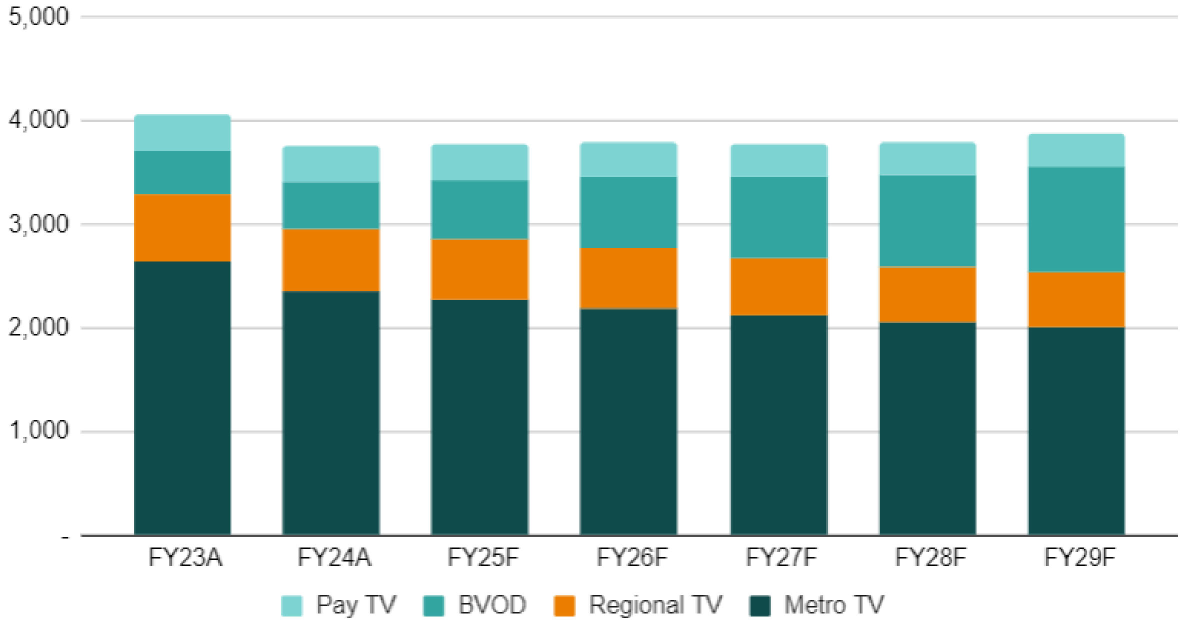
This decline is happening slightly faster in metropolitan markets than in regional. This is due to the efforts of the metropolitan networks to cross-promote BVOD, and the older demographic profile of the regions which has delayed VOD uptake. Since the regional broadcasters do not benefit from BVOD growth, their business is in structural decline. In contrast, metropolitan broadcasters see a cross-promotion opportunity in regional Australia if they have broadcast assets in those markets. This drove the Seven network acquisition of Prime Media in 2022, and is also behind reported moves by Seven and Ten to acquire their respective regional TV affiliates from Southern Cross Austereo.

While broadcast television continues its structural decline there is rapid growth in BVOD revenue. Our 2024 survey shows that connected TV (CTV) household penetration was 80%, and the average household has 1.2 connected TVs. This penetration rate was up from 75% in our 2023 survey, and 69% in 2020. We expect steady growth in CTV penetration of around 5% per annum. This will tail off after connected TV penetration passes the current 85% household broadband penetration rate, which we anticipate will happen in CY25 or CY26.

Importantly, advertising yields from BVOD are higher than broadcast, improving BVOD revenues significantly. The yield issue led us to review our BVOD methodology last year and accelerate our growth forecast for BVOD. We also assume that yields will continue to grow as the ad industry "learns by doing" and as larger BVOD audiences improve the opportunities for segmentation and targeting. We now forecast BVOD revenues to grow at a 18.2% CAGR over FY24/29, which is enough to stabilise the FTA TV industry. Over this period, the BVOD share of total free TV revenue will rise from 13% to 29%.

Pay TV ad spending has also been pressured as SVOD increased its share of viewership. We are less pessimistic about ad revenues in the sector than last year, as pay TV advertising will benefit from the same factors that are stabilising free-to-air TV. We also note that Foxtel is working to improve ad revenues, but we expect this will mainly have an effect in Foxtel's SVOD business which we still count in the Digital category. Pay TV subscribers continue to fall fast, and we forecast Pay TV ad revenue to decline at -2.2% CAGR over FY24/29.

Figure 3. Australian Television Advertising Expenditure Forecast to FY29 ($m)



		FY23A	FY24A	FY25F	FY26F	FY27F	FY28F	FY29F	CAGR FY24/29
FTA (excl. BVOD)	[A$m]	3,285	2,966	2,866	2,769	2,677	2,593	2,542	-3.0%
Metro	[A$m]	*2,638*	*2,355*	*2,274*	*2,196*	*2,121*	*2,053*	*2,011*	*-3.1%*
Regional	[A$m]	*646*	*611*	*592*	*573*	*556*	*540*	*530*	*-2.8%*
BVOD	[A$m]	428	441	568	684	783	889	1,019	18.2%
Total FTA television	**[A$m]**	**3,713**	**3,408**	**3,434**	**3,454**	**3,460**	**3,482**	**3,560**	**-2.2%**
Pay TV	[A$m]	341	350	341	332	324	317	313	-2.2%
Total television	**[A$m]**	**4,053**	**3,758**	**3,775**	**3,786**	**3,784**	**3,799**	**3,873**	**0.6%**

Source: Venture Insights

Radio and online audio

We forecast that radio industry advertising revenue will grow at 2.8% CAGR over the FY24/29 period. This growth is driven by a recovery in broadcast revenue and by growth in online audio revenue, which we have separated from the rest of radio industry revenue for the first time in this forecast. With tougher competition for ad spending and listeners, we do not expect broadcast radio ad spend to return to pre-COVID levels until FY28.

Along with TV, broadcast radio is one of the most pervasive media platforms. It is also still one of the key drivers of music discovery. Industry surveys show that broadcast radio listening remains robust compared to broadcast TV viewing. We forecast that broadcast advertising revenues will grow at 1.9% CAGR between FY24 and FY29.

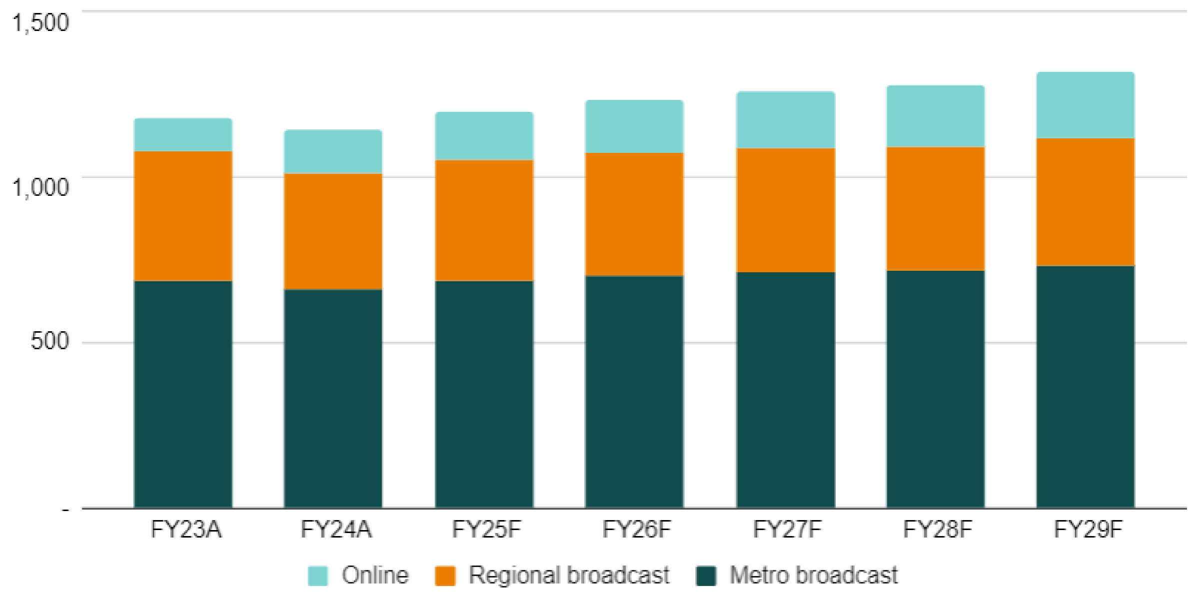
But things are changing. Our consumer media surveys find that radio is jostling with a range of audio services for listener attention. Audiences spend more and more of their time on multifunction Internet-connected devices.

The radio industry has responded by developing streaming platforms for their free-to-air services, and launching new products in formats such as podcasts. Our 2024 media survey found that 40% of all respondents listened to online radio at least monthly, up from 35% compared to 2021.

This is coupled with investment in programmatic advertising platforms to address advertising to listeners. As audiences increase, streaming and podcasting services will become a viable platform for advertisers who want to market to a national audience, meaning advertising dollars will start to shift to these digital formats. WE forecast that online radio revenue will grow at 8.9% CAGR to reach $199m in FY29.

At the same time, we foresee no retreat from traditional broadcasting, which will remain an integral part of a 'radio everywhere' approach. The benefits of a national broadcast radio footprint to cross-promote online audio offerings will see more small radio networks acquired by larger ones. This may be attractive to regional networks, as slower economic growth after FY22 disproportionately affected radio's SME clients, which will hit regional radio harder.

Figure 4. Australian Radio Advertising Expenditure Forecast to FY29 ($m)



		FY23A	FY24A	FY25F	FY26F	FY27F	FY28F	FY29F	CAGR FY24/29
Broadcast radio	[A$m]	1,077	1,015	1,052	1,075	1,088	1,095	1,117	1.9%
Metro	*[A$m]*	*686*	*664*	*689*	*704*	*713*	*717*	*732*	*2.0%*
Regional	*[A$m]*	*391*	*350*	*363*	*371*	*375*	*377*	*385*	*1.9%*
Online radio	[A$m]	101	130	145	158	170	183	199	8.9%
Total radio	**[A$m]**	**1,178**	**1,145**	**1,196**	**1,233**	**1,258**	**1,278**	**1,316**	**2.8%**

Source: Venture Insights

Print

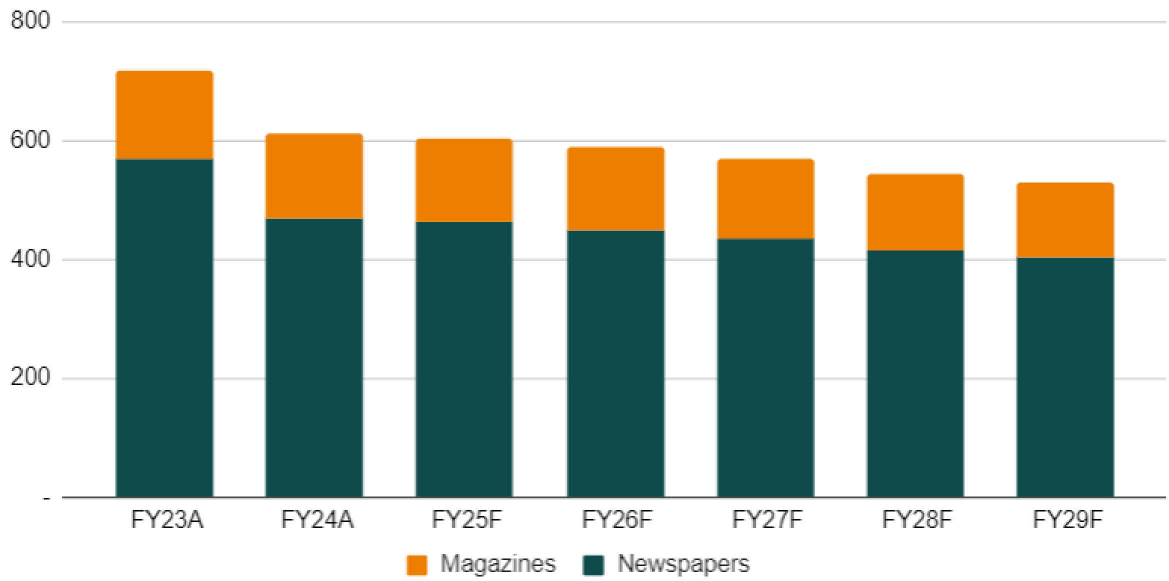
We forecast that print advertising (excluding all digital revenue) will decline at -2.9% CAGR over FY24/29. Much of the damage from digital substitution has now been done, and weaker titles were weeded out during the pandemic disruption, so the remaining physical print media is more robust. This has not prevented revenues from falling faster in FY24, but print will benefit from any subsequent economic revival.

Newspapers are now set to grow at a CAGR of only -3.0% between over FY24/29, at which time they will have a total advertising expenditure of only $403m. Magazines are expected to decline to A$126m by FY29, declining at a CAGR of -2.5%.

Print publishers are offsetting these physical advertising losses by expanding their online offers (which are counted under Digital in our taxonomy). Programmatic advertising has eased some pressures on publishers, but the model favours websites with scale rather than brands with smaller, targeted audiences.

It remains risky for publishers to depend exclusively on advertising, which is why we have also seen Australian print publishers focus on improving their subscription revenues. But the increase in digital subscriptions could not reverse the decline in physical print advertising, which has been driven by falling physical readership.

Figure 5. Australian Print Advertising Expenditure Forecast to FY29 ($m)



		FY23A	FY24A	FY25F	FY26F	FY27F	FY28F	FY29F	CAGR FY24/29
Newspapers	[A$m]	571	469	463	451	434	415	403	-3.0%
Magazines	[A$m]	147	143	142	139	134	129	126	-2.5%
Total print	**[A$m]**	**718**	**612**	**604**	**589**	**568**	**544**	**529**	**-2.9%**

Source: Venture Insights

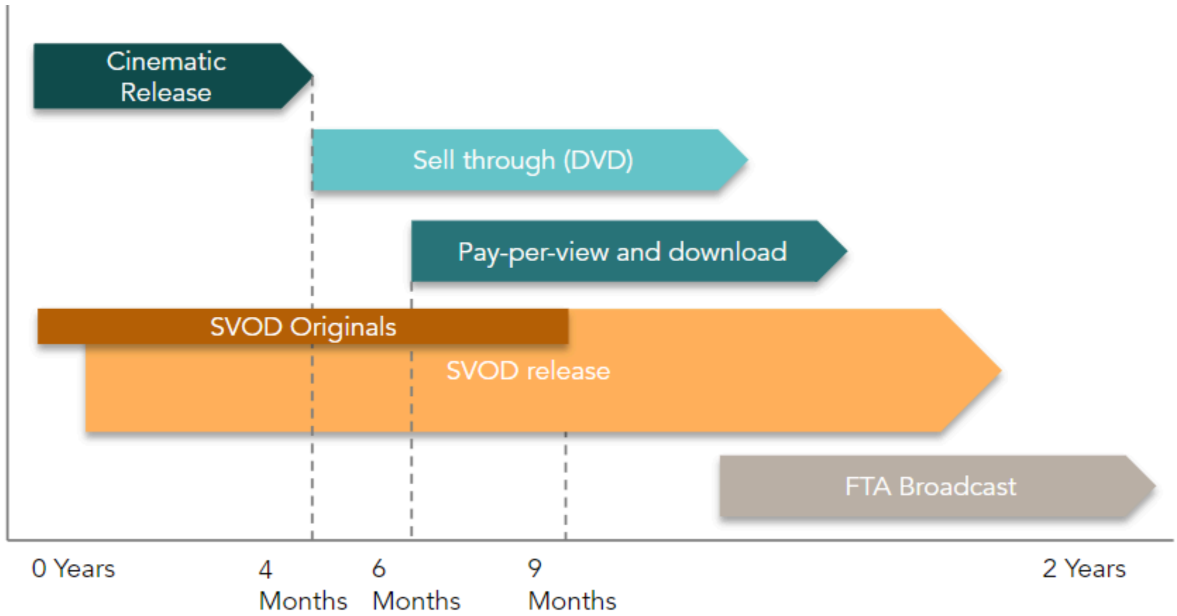
Cinema

We forecast that cinema advertising will decline at only -0.2% CAGR over FY24/29. Pandemic venue closures hit cinemas hard in FY20 and FY21, and ticket sales have only partially recovered since. Looking forward, we forecast flat advertising revenue held back by further slow per capita decline in ticket sales.

The peak of cinema in Australia was at the turn of the millennium when cinema was one of the most popular forms of entertainment. Over the past two decades there has been a massive change to the cinema landscape with consumers turning to cheaper alternatives such as DVDs and more recently SVOD platforms. Traditional distributors and exhibitors have been relatively conservative in their reaction to the changing market as they have tried to maintain revenues by increasing pricing.

The distribution model is in flux. The average time a movie spends in the cinema is reducing. During the pandemic, when cinema venues were closed, early SVOD release of films was much more common. However, there are also signs that distributors are now viewing cinematic releases more favourably as audiences return. This was noticeable in FY24, as cinema benefitted with the launch of some major films following the end of the Hollywood writer's strike.

Figure 6. Film distribution models



Source: Venture Insights

We expect Cinema AdEx growth to be largely driven by box office admissions. But per capita admission rates to Australian cinemas have fallen from a peak of 4.7 in CY10 to 3.3 in CY19 as alternatives to cinema (piracy and later SVOD) have driven down attendance. The pandemic pushed attendance down to 1.1 and 1.5 in CY20 and CY21 respectively (Screen Australia). This has only recovered to 2.2 in CY23.

Figure 7. Australian Cinema Advertising Expenditure Forecast to FY29 ($m)

	FY23A	FY24A	FY25F	FY26F	FY27F	FY28F	FY29F	CAGR FY24/29
Total cinema	**79**	**84**	**85**	**85**	**85**	**83**	**83**	**-0.2%**

Source: Venture Insights

Out-Of-Home (OOH)

We forecast the out-of-home (OOH) advertising revenue to grow fast at 8.8% CAGR over FY24/29 to reach $1,890m in FY24. OOH is well-placed to benefit from continued digitalisation and the rise of programmatic sales.

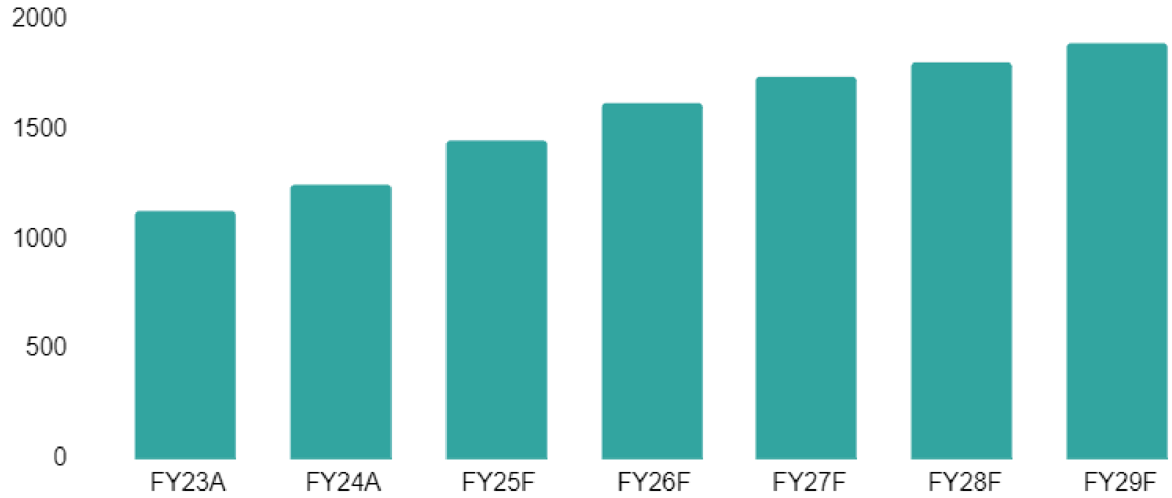
Traditionally OOH was mostly a real estate or location play but with digitisation, most OOH locations have become true digital media that is focused on audience targeting and improving engagement. In addition, OOH ads cannot be blocked (like online advertising) or skipped (like print, radio, and TV advertising). We forecast that the share of Digital OOH ad revenues will increase to 75% in FY29, up from 62% in FY22.

OOH advertising revenue was set back due to the pandemic lockdown and the associated falls in foot and motor traffic, declining 17.8% in FY20 and another 16.1% in FY21. In FY22 growth returned with a 40.6% boost, and a more stable growth pattern will flow through into FY29.

Growth is being driven by industry investment in improved measurement technology to build advertiser confidence in OOH, bringing additional functionality and effectiveness to advertisers (beyond digitising existing sites). Future digital revenue growth will be driven less by conversion of 'analog' sites and more by improving yields through programmatic advertising and innovative audience targeting solutions. Digital OOH campaigns integrated with smartphone and marketing data increase the flexibility of the medium and offer contextualised messaging according to factors such as the type of audience, time of day, conditions of the environment, and location.

New sub-categories such as retail advertising are also growing fast, boosting the overall growth rate.

Figure 8. Australian Out-Of-Home Advertising Expenditure Forecast to FY29 ($m)



		FY23A	FY24A	FY25F	FY26F	FY27F	FY28F	FY29F	CAGR FY24/29
Total Out-Of-Home (OOH)	**[A$m]**	**1,127**	**1,242**	**1,450**	**1,620**	**1,736**	**1,798**	**1,890**	**8.8%**

Source: Venture Insights

Digital

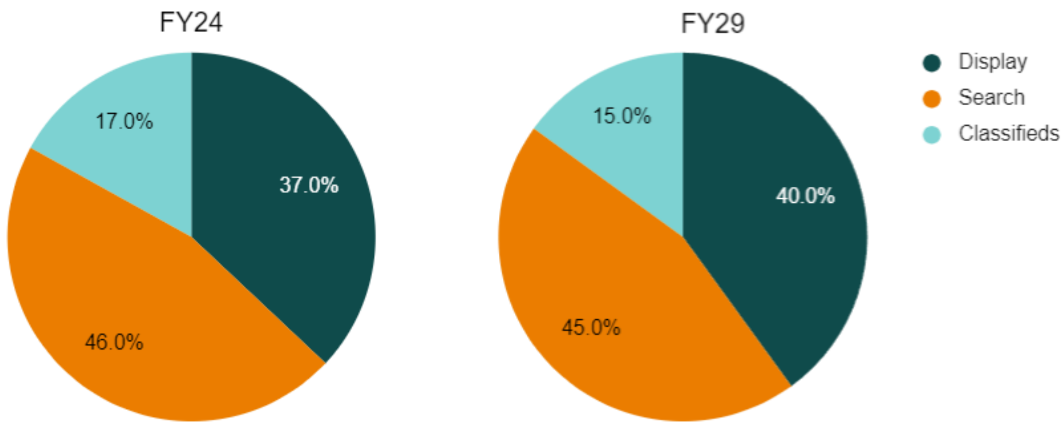
We forecast that the digital advertising sector (search, display, and classifieds) will grow at 4.3% CAGR over FY24/29 to reach $18,520m. Digital ad spending boomed post-pandemic with 22.6% growth in FY22, but this had fallen to 9.1% in FY24 (still a strong result in an ad market that declined overall).

Growth will slow again over the next five years. In our view, this will be driven by questions about the effectiveness of digital advertising. This came into sharp focus late last year when the US Association of National Advertisers (ANA) found in its 2023 transparency report that only 36c of every dollar spent on digital marketing that enters a DSP effectively reaches the consumer. The deprecation of cookies (when it comes) will make it even more difficult to address this issue. We conclude that digital will not maintain its past rates of growth, and will enter a period of maturity when the focus will shift away from volume growth towards ensuring effectiveness.

The digital advertising sector has subsectors, and we forecast different outcomes for different parts of the industry. The sector is typically divided between display, search, and classified advertising.

- We forecast Display to increase to 40.0% of total digital advertising in FY29 from 37.0% in FY24, driven mainly by growth in video advertising. (Note that we do not include BVOD in our Digital total).
- Search advertising will grow in absolute terms, but will mature earlier. Its share of the digital advertising pie will decline slightly from 46.0% to 45.0% over the FY24/29 period.
- We expect Classifieds growth to flatten over the next five years, and its share of digital advertising revenue to fall from 17.0% to 15.0%.

Figure 9. Subsector Split Of Australian Digital Advertising ($m)



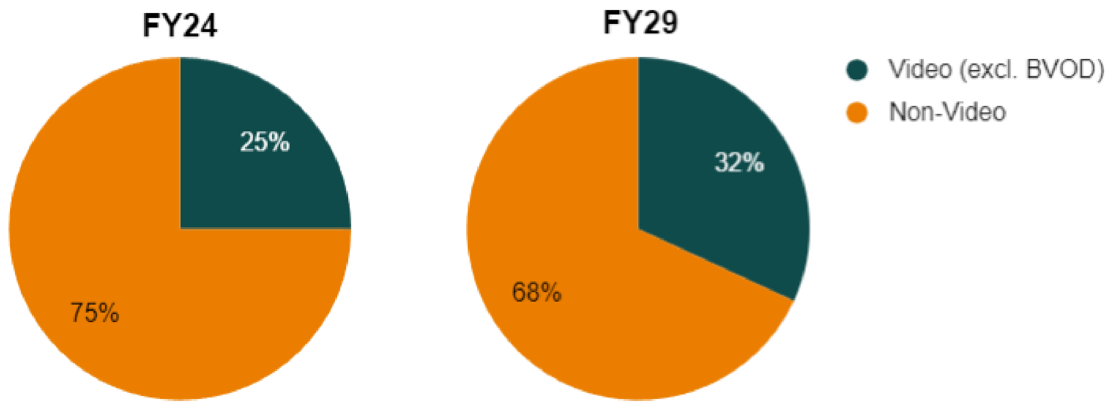
		FY23A	FY24A	FY25F	FY26F	FY27F	FY28F	FY29F	CAGR FY24/29
Display	[A$m]	5,020	5,542	5,969	6,341	6,671	6,979	7,406	6.0%
Mobile	[A$m]	*2,761*	*3,103*	*3,402*	*3,614*	*3,869*	*4,048*	*4,370*	*7.1%*
Fixed devices	[A$m]	*2,259*	*2,438*	*2,567*	*2,726*	*2,802*	*2,931*	*3,037*	*4.5%*
Search	[A$m]	6,261	6,894	7,278	7,577	7,814	8,015	8,337	3.9%
Mobile	[A$m]	*2,817*	*3,240*	*3,566*	*3,834*	*4,079*	*4,312*	*4,619*	*7.3%*
Fixed devices	[A$m]	*3,444*	*3,654*	*3,712*	*3,743*	*3,735*	*3,703*	*3,718*	*0.4%*
Classifieds	[A$m]	2,449	2,539	2,627	2,680	2,709	2,723	2,776	1.8%
Total Digital	**[A$m]**	**13,730**	**14,975**	**15,875**	**16,598**	**17,194**	**17,717**	**18,520**	**4.3%**
Total Digital growth		*2.3%*	*9.1%*	*6.0%*	*4.6%*	*3.6%*	*3.0%*	*4.5%*	

Source: Venture Insights

From the perspective of format, video is the biggest driver of digital advertising growth. We expect the increase in time spent on gaming and e-sports to drive growth in both consumption of digital video from consumers and advertisers respectively.

Video will grow from 25% to 32% of all Digital advertising revenue between FY24 and FY29. We forecast total video spend to rise 9.5% CAGR over FY24/29 to reach $5.9bn. (If BVOD were included in this total, growth would be 10.6% as BVOD growth is significantly higher than other Digital video growth).

Figure 10. Video/Non-video Split of Australian Digital Advertising

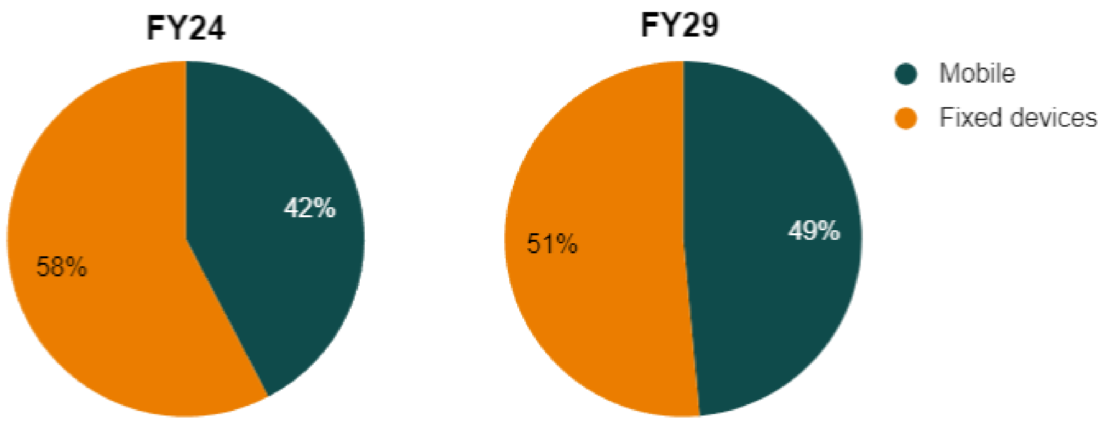


		FY23A	FY24A	FY25F	FY26F	FY27F	FY28F	FY29F	CAGR FY24/29
Video (excl. BVOD)	[A$m]	3,174	3,745	4,307	4,824	5,258	5,574	5,908	9.5%
Non-Video	[A$m]	10,556	11,229	11,568	11,774	11,936	12,144	12,611	2.3%
Total Digital	**[A$m]**	**13,730**	**14,975**	**15,875**	**16,598**	**17,194**	**17,717**	**18,520**	**4.3%**

Source: Venture Insights

From the perspective of the end user device platform, most growth is happening in mobile. Mobile-based revenue will grow at 7.2% CAGR to reach $8.989bn in FY29. This will lift its platform share of all Digital advertising from 42% in FY24 to 49% in FY29.

Figure 11. Mobile/Fixed Device Platform Split of Australian Digital Advertising



		FY23A	FY24A	FY25F	FY26F	FY27F	FY28F	FY29F	CAGR FY24/29
Mobile	[A$m]	5,578	6,343	6,969	7,448	7,948	8,360	8,989	7.2%
Fixed devices	[A$m]	8,152	8,631	8,906	9,150	9,246	9,357	9,531	2.0%
Total Digital	**[A$m]**	**13,730**	**14,975**	**15,875**	**16,598**	**17,194**	**17,717**	**18,520**	**4.3%**

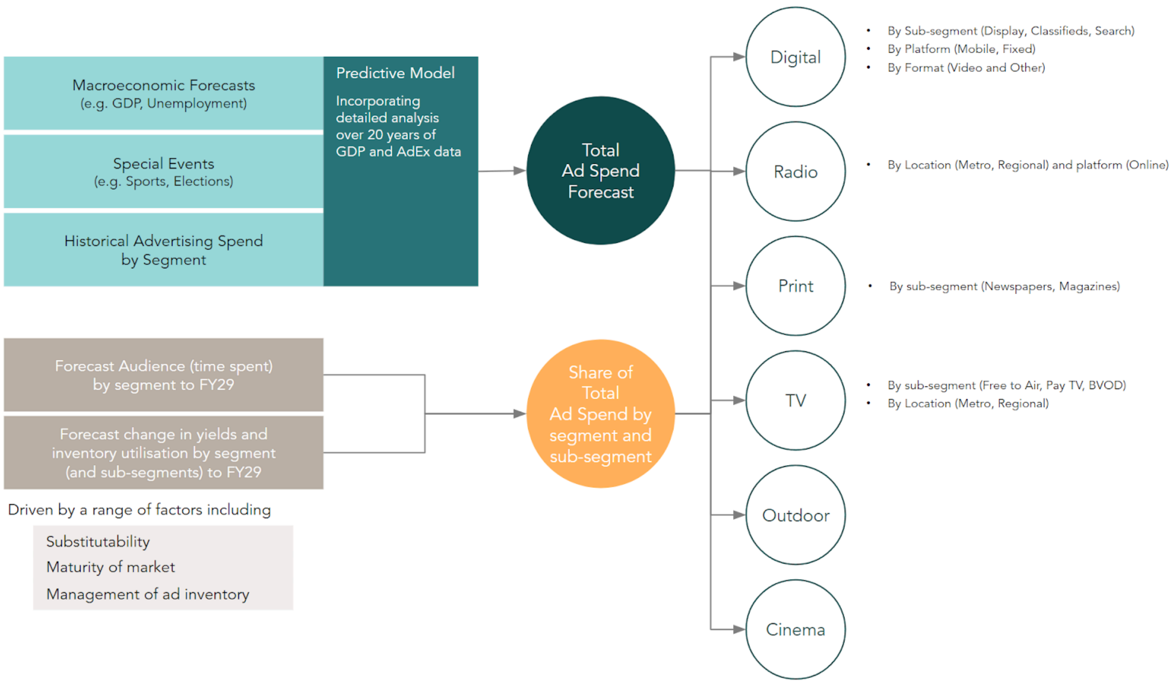
Source: Venture Insights

Mobile and video will therefore be the biggest drivers of growth in digital advertising expenditure as online video continues to take share from static formats, and as usage and time spent on mobile devices continues to rise.

Methodology & Definitions

Venture Insights uses a combination of top-down and bottom-up approaches to calculate forecast advertising expenditure by sector:

- Total advertising expenditure is calculated based on a predictive model using expected economic growth and historical expenditure as inputs.
- Share of this spend by sector is calculated for each sector based on past performance and assessments of the evolution of inventory, technology, and maturity.



We use the following definitions and sources to populate the methodology:

Sources by Sector						
	TV	Digital	Radio	Outdoor	Print	Cinema
Definition	Includes Free-to-air (FTA), BVOD, and Pay TV. Metro includes 5 cities (Sydney, Melbourne, Brisbane, Perth, Adelaide). Regional is all other broadcast revenue. SBS is included under Metro.	Includes Display, Classifieds, and Search. Digital revenue from traditional publishers is included here, except for BVOD and online radio. "Mobile" refers to devices operated on mobile networks. "Fixed devices" refers to devices operated through fixed broadband networks.	Metro includes 5 cities (Sydney, Melbourne, Brisbane, Perth, Adelaide). Regional is all other revenue. Includes DAB+. Online revenue includes streaming and podcasts	Includes all Out-of-Home media, based on membership in the Outdoor Media Association.	Includes Newspapers and Magazines. Newspapers includes Display and Classifieds expenditure. Metro includes national publications; Regional includes suburban and community newspapers. Magazines includes consumer and business publications.	Includes all cinema advertising.
Sources (Historical Data)	• Think TV • OZTAM • Company disclosures • Industry interviews • VI insights including consumer media survey	• IAB Australia • Company disclosures • Industry interviews	• CRA • Company disclosures • Industry interviews • VI insights including consumer media survey	• OMA • SMI • Company disclosures • Industry interviews	• SMI • Company disclosures • Industry interviews	• Screen Australia • SMI • Industry interviews

Supporting data:

- Venture Insights surveys, Various surveys, company disclosures, and press releases
- ABS and RBA
- Global comparisons (UK, USA, European markets)
- Industry interviews

About Venture Insights

Venture Insights is an independent company providing research services to companies across the media, telco and tech sectors in Australia, New Zealand, and Europe.

For more information go to ventureinsights.com.au or contact us at contact@ventureinsights.com.au.

David Kennedy, Managing Director
david.kennedy@ventureinsights.com.au

Venture Insights
Level 3, 461 Bourke Street, Melbourne, VIC 3000