



FTI Consulting Forecasts Digital Ad Spending Will Overtake Broadcast This Year

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Annual Forecast Foresees Core Online Advertising Becoming Single Largest Ad Class in 2016, Despite Total Ad Market Contracting at Nearly \$1.79 for Every \$1.00 Rise in Digital Spending

WASHINGTON, June 1, 2015 (GLOBE NEWSWIRE) -- FTI Consulting, Inc. (NYSE:FCN), the global business advisory firm dedicated to helping organizations protect and enhance their enterprise value, forecasts that core online advertising* will surpass broadcast television's long-held dominance of media ad spending in 2015 and will become the single largest ad class by next year.

According to its annual study, *U.S. Media Industry Forecast*, the firm's [Media & Entertainment](#) experts believe core online advertising will climb from \$37.5 billion in 2014 to \$41.8 billion this year and \$55.6 billion by 2018.

The estimated annual growth rate of 10.3 percent for digital ad spending forecast by the Media & Entertainment team stands in sharp contrast to a projected 4.2 percent average annual increase for the broadcast sector over the same five-year period. Broadcast ad revenues are expected to rise minimally in 2015 to \$38.9 billion and to \$45.5 billion by 2018.

With core online double-digit gains by 2016, the firm's Media & Entertainment experts estimate that core online advertising will surpass both broadcast and direct mail (still a very significant part of the ad market) as the single largest advertising category, with direct mail remaining virtually flat at approximately \$44.2 billion by 2018.

The Media & Entertainment team finds the quick pace of online advertising growth has taken a big bite out of the entire market over the past six years. It suggests that for every 1.0 percent point increase in digital market share, the entire market is contracting about 1.8 percent.

"While it is difficult to completely isolate one factor that is driving changes in ad spending from the historical trends, our model suggests that digital substitution is the primary driver contributing to changes in the television ad ecosystem today," commented [Philip Schuman](#), Senior Managing Director and Co-Leader of FTI Consulting's Media & Entertainment team. "We believe that effective data-driven targeting, low CPMs and vast inventory, as well as a direct feedback loop that enables advertisers to calculate a return on digital advertising dollars spent, has enabled them to allocate less to get more."

The Media & Entertainment team's model – driven by expected changes in macro-economic variables such as consumer spending, corporate investment, employment, digital advertising growth and political advertising – projects overall advertising growth from all forms of media (including TV, digital, print, direct marketing and outdoor) will increase this year by 2.4 percent in comparison to a 3.0 percent increase in 2014.

Media & Entertainment experts foresee a modest surge in spending in the political years of 2016 and 2018, with growth climbing 4.3 percent and 4.4 percent, respectively, but ad spending gains will be a paltry 1.8 percent in 2017. Combined, total ad spending should rise from about \$212 billion this year to approximately \$241 billion by 2018.

Based on historical averages, the team's forecast suggests that the total ad market would currently equal \$280 billion – 1.6 percent of GDP – without the effect of digital. Instead, it remains at a record low of only \$212 billion, representing 1.2 percent of GDP, with digital now accounting for \$48.0 billion of the total. Consequently, traditional advertising has lost nearly \$120 billion in potential revenue.

"If digital follows a growth curve similar to that of other technologies, we would expect it to grow from 22 percent of the market today to 30 percent by 2020 and 35 percent by 2040," said [Luke Schaeffer](#), Senior Managing Director and Co-Leader of FTI Consulting's Media & Entertainment team. "A critical question is if efficient market economics will bring the market back to equilibrium or if the Internet has created a permanent new paradigm."

Mr. Schaeffer added, "In fact, we are closely monitoring the possibility that digital's penetration of the advertising market may be accelerating. There are a few initial indicators that the hastening of digital video advertising may be causing such acceleration. If that does indeed prove out, we estimate the digit video ad trend could eliminate much of the forecasted growth in television advertising over the next five years."

***Excludes online advertising revenues captured by traditional media businesses, such as television broadcasters, newspapers and magazines.**

About the Study

FTI Consulting's advertising forecast is a multivariate regression analysis, which is driven by the expected changes in consumer spending, corporate investment spending, employment, Internet growth and political advertising. Data sources include annual ad spend data compiled from leading ad research firms including MagnaGlobal, Newspaper Association of America, Direct Marketing Association and Winterbury Group, Internet Ad Bureau among others. Economic drivers are based on a blended average of the Economist Intelligence Unit and Wall Street economist expectations. Total advertising spend was separated by media type based on sector trends for both traditional and digital components of each media segment.

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. With more than 4,400 employees located in 26 countries, FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management, strategic communications and restructuring. The Company generated \$1.76 billion in revenues during fiscal year 2014. For more information, visit www.fticonsulting.com and connect with us on [Twitter \(@FTIConsulting\)](#), [Facebook](#) and [LinkedIn](#).

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