

SYDNEY, Jan. 15, 2014 /PRNewswire/ -- The Australian online advertising market grew 16% in 2013, reaching \$3.74 billion to account for 27% of total advertising expenditure in 2013. Online was the strongest performing across overall advertising expenditure in all media which was \$13.9 billion, but grew by only 1.4% during the same period.

Advertising revenue continues to move away from traditional media to the internet and mobile channels. The online advertising market continues to outpace traditional media channels such as print, TV, outdoor and radio advertising, although at a slower pace than a decade ago.

The overall Australian advertising market experienced slower than average growth in 2013, corresponding with the overall below par growth of the Australian economy in 2013. Despite modest signs of recovery in the global economy, the short-term economic outlook for Australia is still uncertain and overall advertising expenditure in FY2014 is likely to remain relatively flat. Frost & Sullivan predicts overall advertising expenditure to grow at a Compound Annual Growth Rate (CAGR) of 2.8% between 2013 and 2018, by which time it is forecast to reach \$16.0 billion

Phil Harpur, Senior Research Manager, Australia & New Zealand ICT Practice, Frost & Sullivan says, "Online advertising expenditure is forecast to significantly outperform the more mature offline advertising channels (free-to-air TV, pay TV, radio, magazines, outdoor, cinema and print directories) over the next five years, with a CAGR of 12%, increasing to \$6.59 billion, its proportion accounting for 41% of the total advertising market in 2018. Strong increases in spending intentions for 2014 are predicted by advertisers across all online general advertising products, in particular for online display and e-mail campaigns."

Of the main segments of the online advertising sector - online classifieds, search, directories, and general advertising (online display, email marketing, integrated site content and online video), search advertising grew 23% in 2013, online general advertising 12%, online classifieds 11% and online directories just 4%. Harpur adds, "From 2013 to 2018, the search market is expected to continue to outperform the other three major segments (online classifieds, online general and online directories), growing at a CAGR of 16%, its proportion of the total online search and directories market increasing from 83% in 2013 to 91% in 2018."

The fastest growing segments in the Australian online advertising market are mobile and online video and both segments are expected to outperform the market significantly over the next five years. Mobile advertising grew very strongly in 2013, driven by high consumer adoption of smartphones and tablets, as well as growing media agency acceptance of mobile channels. It is forecast to grow at a CAGR of 39% between 2013 and 2018 and video advertising is forecast to grow at 31%. By that time advertising served on tablets is predicted to account for 70% of overall mobile advertising expenditure, whilst adverts served on smartphones are predicted to account for 30%.

Frost & Sullivan's report, ***The Australian Online Advertising Market: Year End Review and Market Outlook***, forms a part of the Frost & Sullivan Digital Media Research program. All research services included in this subscription provide detailed market opportunities and industry trends evaluated following extensive interviews with market participants.

About Frost & Sullivan

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Frost Sullivan: Australian online advertising market outperforms all other traditional media channels

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