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FEATURED

Radio Forecast To Grow 12% In 'Banner Year' For Traditional Media.

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eMarketer™

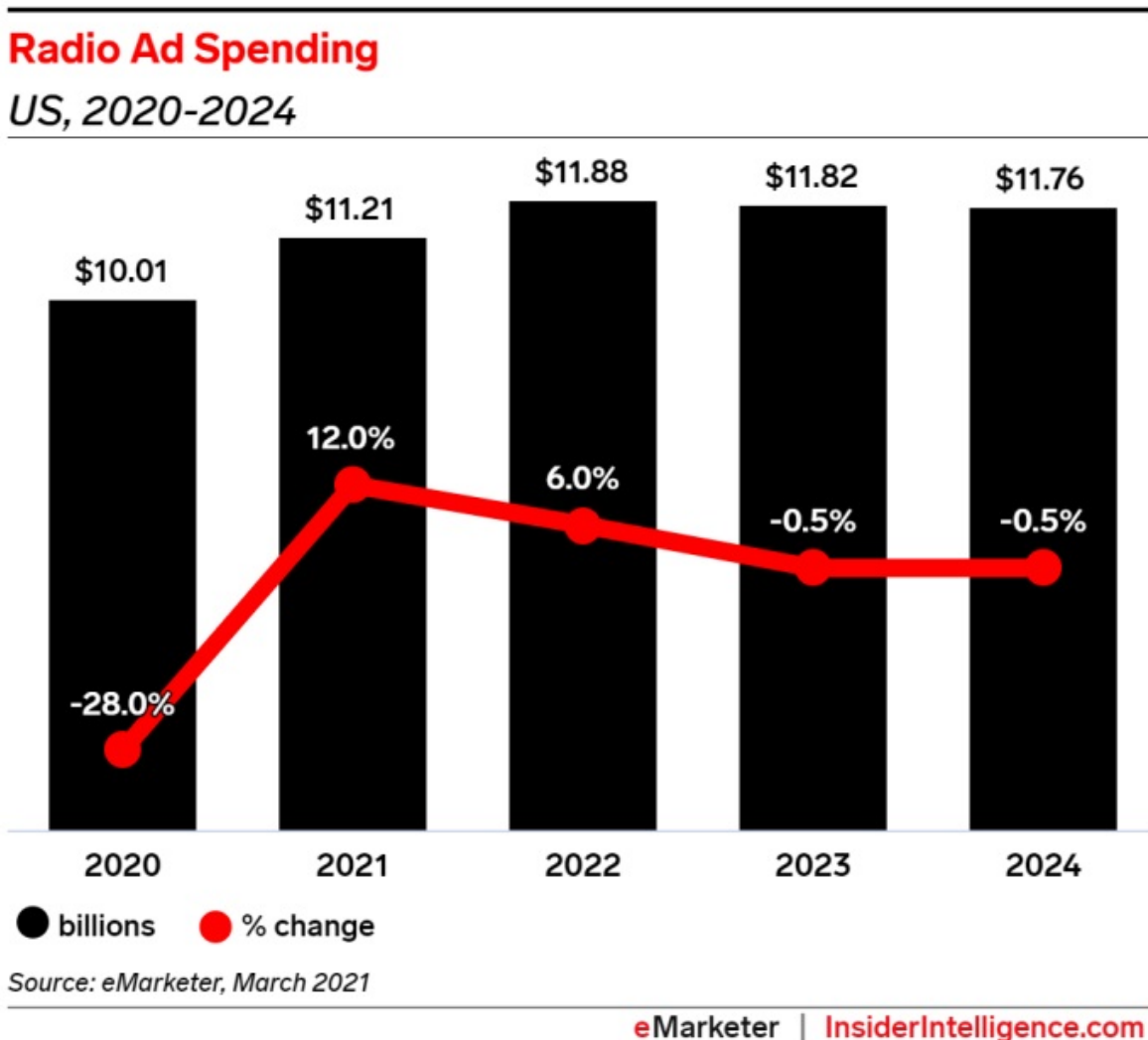
Broadcast radio is on track to have double-digit revenue growth this year, according to analysts at eMarketer. And after the pandemic led marketers to pull back during 2020, the snapback is likely so strong the firm says traditional ad spending is heading for the fastest growth rate since it began tracking the metric globally a decade ago. The media

research firm forecasts U.S. radio ad spending will increase 12% this year pushing total broadcast ad spending to \$11.21 billion. Analysts do not expect the recovery to be a one-year phenomenon. It projects broadcast radio ad spending will grow another 6% in 2022, pushing revenue to nearly \$12 billion.

"I know a lot of people that pretend that traditional radio doesn't exist or is a thing of the past, but it is very much alive and well and most Americans listen to traditional radio frequently," said eMarketer forecasting analyst Peter Vahle. He noted on a recent company podcast that "casual" and "passive" content offered by AM/FM has helped ensure its continued dominance even as new streaming alternatives have appeared. And Vahle predicts broadcast radio will remain the most listened-to audio format for the foreseeable future.

Broadcast radio ad revenue is also benefiting from an overall comeback in spending. Analyst Ethan Cramer-Flood said a "pent up demand for traditional advertising" is one reason why eMarketer is forecasting total global media ad spending worldwide will reach \$747.67 billion this year, or a growth rate of 15%.

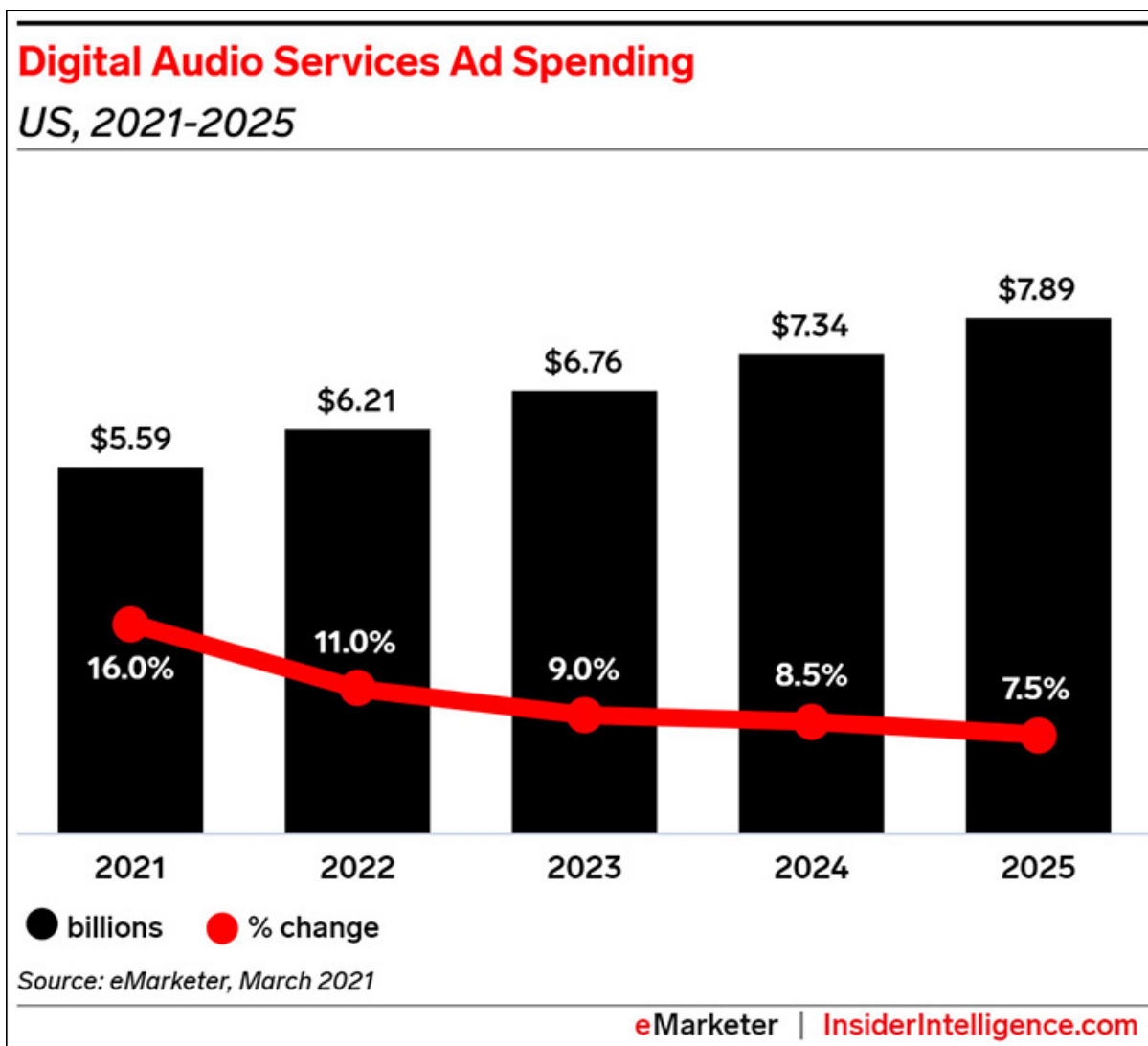
"Even traditional ad spending will grow this year," Cramer-Flood said in a blog post. The firm predicts global traditional ad spending will increase 7.6% this year. "The additional \$20.63 billion in traditional ad spending will help drive the overall reacceleration," he said.



Digital audio ad spending in the U.S., including both audio ads streamed and video and display ads on mobile apps, are projected to grow at a faster pace this year than last. As **Inside Radio** reported last month, eMarketer forecasts digital audio services ad spending will reach \$5.59 billion in 2021, a 16% increase over a year ago.

During the next five years eMarketer expects ad spending tied to digital audio to continue to grow, albeit at a slower pace. By 2025 the firm forecasts spending will hit \$7.89 billion in the U.S.

Analysts estimate about one in five digital audio ad dollars last year were spent on a podcast. This year it will be one in four. And during the next few years that is expected to continue growing. By 2024, eMarketer predicts 29% of digital audio ads will go to podcasts.



Cramer-Flood thinks the “main story” of 2021 will be in the digital realm, in part because he believes traditional media advertising will never again hit the pre-pandemic levels seen in 2019. “Digital’s share of worldwide media ad spending will cross the 60% threshold this year for the first time and is on track to reach nearly 70% by the end of our forecast period in 2025,” he said.

The past year has also provided its share of twists and turns. Before the pandemic, eMarketer had forecast worldwide ad spending to grow by 7% year over year in 2020. Then during the worse of the lockdowns, it forecast global ad spend would drop 4.5%. But by year-end, things did not turn out as bad as feared. Cramer-Flood said their tally showed worldwide ad spending contracted by 1.2% as “digital ad spending carried the day, while traditional stumbled.”

According to eMarketer, global traditional ad spending “bore the brunt” of the pandemic with a 15.7% drop in 2020. At the same time, it calculates worldwide digital ad spending managed to squeeze out a 12.7% growth rate despite historic economic disruptions. “The push and pull of various spending reductions, surges, and redirections netted out to a total very close to what it would have been with no virus,” said Cramer-Flood.