

BRIEF: Digital advertising growth highlights platform dominance

6 September 2024



DAVID KENNEDY

david.kennedy@ventureinsights.com.au

Digital advertising growth highlights platform dominance

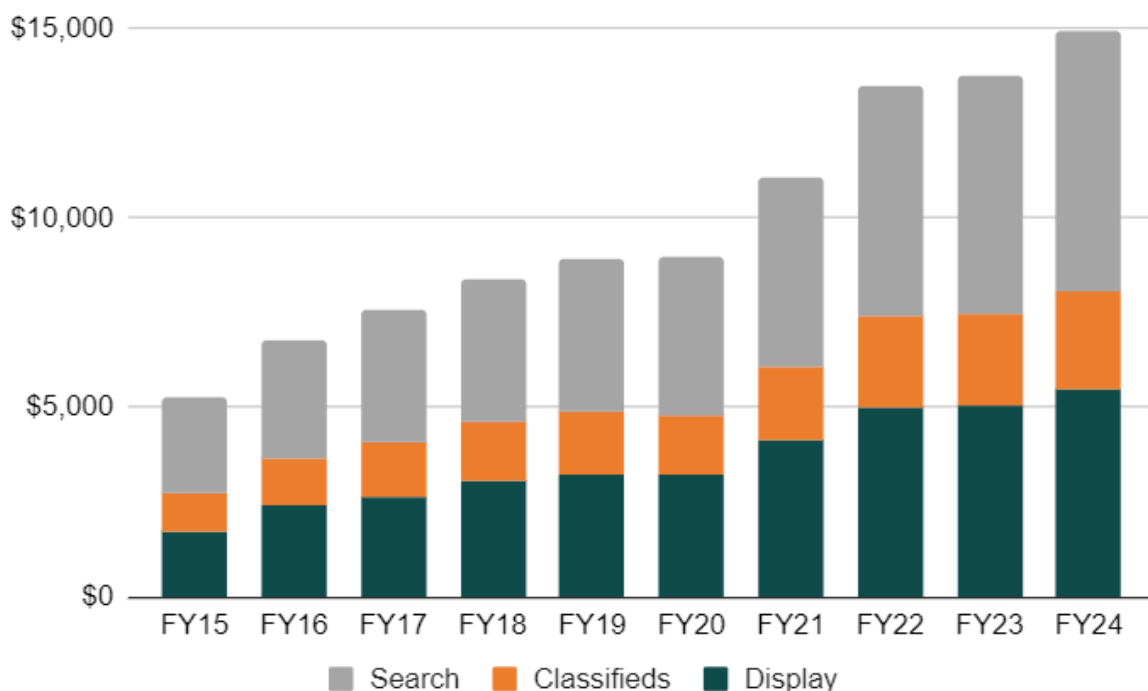
Abstract: The Internet Advertising Bureau (IAB) Australia published data on digital advertising spend this week. The full year figures show strong digital ad growth, led by search and display. This data will be ammunition for those pushing the federal Government to enforce the news bargaining code, and rein in platform economic power more generally.

Digital advertising surges in FY24

This week the IAB Australia [published its regular data](#) on digital advertising spend in Australia. The results were impressive, particularly in the context of sluggish economic growth. Excluding BVOD (which we attribute to the TV rather than the digital ad industry), advertising spend grew 8.6% overall to reach \$14.9bn. Growth was led by search and display at 10.1% and 9.2% respectively, which reached \$6.9bn and \$5.5bn.

Display's growth was dominated by video. If we include BVOD in the total, video advertising grew 18.6% year on year to reach \$4.1bn. In contrast, non-video display fell by 1.1% year on year to \$2.0bn. In good news for the television industry, connected TV continued to yield the greatest share of content publishers' video inventory expenditure, increasing to 55% (up from 47%), with both mobile and desktop expenditure decreasing. The TV set is increasingly the main battleground for display advertising.

Figure 1. Australia digital ad spend by category (excludes BVOD)



Source: IAB Australia, Venture Insights analysis

This is a stark contrast with traditional media , who are still suffering revenue declines from a slow economy

Why does this matter?

In its long-running 2017-2019 Platforms Inquiry, the Australian Competition and Consumer Commission (ACCC) [documented the extent of platform economic power](#) in the advertising sector. Strong vertical integration, network economies, and economies of scale have combined to entrench leading platforms like Google and Facebook in the advertising market.

This is currently playing out in the conflict over the news bargaining code. Meta's announcement that it will not renew its compensation agreements with news providers is bad news for news & current affairs reporting in Australia. (see our brief "[Meta stoush is just the opening salvo](#)"). Google has taken a more conciliatory approach, but has shortened the term of new agreements as it waits to see if the Government will declare Meta under the code, forcing it into arbitration.

News publishers can only see the success of digital advertising as a provocation, at a time when traditional media is suffering from declining revenue and Meta is resisting their claims to compensation under the Code. It will be very difficult for Meta to argue that digital advertisers can't afford it (though that's not the issue at stake)!

Meta's intransigence is also a direct challenge to the Australian Government's wider attempts to rein in the market power of global platforms. If the Government fails to enforce its News Media Bargaining Code, then the stakes are raised for future regulation of matters like online mis- and disinformation and platform dominance of the advertising market.

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.

Important notice: By accepting this research note, the recipient agrees to be bound by the following terms of use. This research note has been prepared by Venture Insights Pty Ltd and published solely for guidance and general informational purposes to authorised users under the terms of a licence agreement between Venture Insights Pty Ltd and its subscriber. You need to be expressly authorised to use it, and it may only be used for your internal business purposes and no part of this note may be reproduced or distributed in any manner including, but not limited to, via the internet, without the prior permission of Venture Insights Pty Ltd. If you have not received this note directly from Venture Insights Pty Ltd, your receipt is unauthorised. If so, or you have any doubt as to your authority to use it, please return this note to Venture Insights immediately.

This research note may contain the personal opinions of research analysts based on research undertaken. This note has no regard to any specific recipient, including but not limited to any specific investment objectives, and should not be relied on by any recipient for investment or any other purposes. Venture Insights Pty Ltd gives no undertaking to provide the recipient with access to any additional information or to update or keep current any information or opinions contained herein. The information and any opinions contained herein are based on sources believed to be reliable, but the information relied on has not been independently verified. Neither Venture Insights Pty Ltd nor its officers, employees and agents make any warranties or representations, express or implied, as to the accuracy or completeness of information and opinions contained herein and exclude all liability to the fullest extent permitted by law for any direct or indirect loss or damage or any other costs or expenses of any kind which may arise directly or indirectly out of the use of this note, including but not limited to anything caused by any viruses or any failures in computer transmission.

Any trade marks, copyright works, logos or devices used in this report are the property of their respective owners and are used for illustrative purposes only. Unless otherwise disclosed, Venture Insights has no affiliation or connection with any organisations mentioned in this report. However, the information contained in this report has been obtained from a variety of sources, including in some cases the organisations themselves. In addition, organisations mentioned in this report may be clients of Venture Insights.

The recipient hereby indemnifies Venture Insights Pty Ltd and its officers, employees and agents and their related entities against any direct or indirect loss or damage or any other costs or expenses of any kind which they may incur directly or indirectly as a result of the recipient's use of this note.

© 2024 Venture Insights Pty Ltd. All rights reserved.

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

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