



Advertising in the Digital Age, in India and Around the World

How advertising players are adapting in India and globally in 2025

By Arpan Sheth, Prabhav Kashyap, and Devika Mittal

Authors and acknowledgments

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Executive summary

The advertising landscape is shifting at breakneck speed. Digital advertising is taking center stage, with rapidly evolving consumer behavior and rising online presence. Digital advertising spends are consistently outpacing traditional spends in both mature advertising markets like the US and emerging markets like India.

The face of digital advertising itself is undergoing rapid transformation. Digital access is becoming increasingly pervasive given the proliferation of channels and formats, leading to consumer attention splitting across platforms. Additionally, consumers are becoming more conscious of their digital media consumption, seeking out content and formats they prefer while actively opting out of irrelevant content and ads.

Within this changing landscape, brands need to adapt their digital advertising approach to meet consumers at the right junctures while maximizing return on investment (ROI). It's becoming essential for brands to diversify their media spends beyond traditional channels, adopt mobile and platform-first strategies, personalize their marketing, spend more on mid- and bottom-funnel tactics, experiment at scale and speed (via testing and learning [T&L]), and build a consumer first-party data (FPD) flywheel. Publishers also need to rethink consumer retention strategies while improving ad experiences, build multi-source data engines, and enable better data sharing and performance tracking for brands.

Adtech players, such as demand-side platforms (DSPs), supply-side platforms (SSPs), and ad exchanges, are also evolving with the ever-changing ecosystem and will play an increasingly important role in this landscape. Winners will be those who can become full-stack strategic partners for brands and publishers, led by an ability to drive intelligence across the value chain.

Digital is driving ad growth, with mobile in-app spending at the forefront

The advertising market is attractive, with digital driving growth: Advertising is a large, approximately \$1 trillion market globally, consistently outpacing GDP (ad spending rose from 0.6% to about 0.85% of GDP from 2015 to 2024). Digital spends (approximately \$690 billion) are outpacing traditional at 15%–20% growth per annum (p.a.) over the past decade, as brands are following consumers who are increasingly shifting online.

Regionally, while North America makes up the majority of advertising spend and shows steady growth, the Asia-Pacific region is poised to grow faster on the backs of emerging countries like India, which are expanding rapidly, fueled by broader consumption growth, demographic tailwinds, and favorable digital trends.

Within digital, mobile in-app ads are expected to be the salient segment: With consumers spending more time on mobiles (globally and in India), mobile devices attract about 70% of digital ad spend, with in-app spend forming the majority of that figure, as it flourishes from increasing “non-voice time” on mobiles, high-engagement video, and new-age ad formats native to user experience.

Consumer and digital advertising landscapes are evolving globally and in India

The digital landscape is changing, with consumers navigating varying paths, using multiple devices to access the Internet for numerous reasons on a multitude of platforms. This digital proliferation and user journey fragmentation mean the touchpoints where brands meet consumers are drastically expanding, leading to both challenges and opportunities.

The role of cookies is transforming as governments (e.g., General Data Protection Regulation [GDPR], California Consumer Privacy Act [CCPA], Digital Personal Data Protection Act [DPDP]) and companies (e.g., Apple's App Tracking Transparency [ATT]) institute new privacy regulations and consumers consciously make choices to block irrelevant content and ads. Thus, brands need to be agile and evaluate strategies around FPD, ID-less targeting, and the like to target customers on the most relevant platforms, at the right time, ensuring maximum ROI.

Artificial intelligence (AI)/generative AI deployment is becoming vital and enabling effective digital advertising at scale. Brands must chart strategic roadmaps to account for AI and generative AI integrations beyond creative production, be it campaign optimization or audience modeling. Both brands and publishers need to grab this opportunity early to further restructure ad operations for hyper-personalized consumer experiences.

Brands, publishers, and adtech players will need to continue evolving

As consumer behavior evolves, brands are recognizing the need to transform their digital advertising strategies. Consequently, best-in-class marketers are evolving their strategies around six key tenets:

- **Diversify their media mix beyond mega platforms:** Allocating increasing spends to broader app ecosystems beyond Google/Meta
- **Adopt a mobile and platform-first approach:** Tailoring content and creative materials specifically for mobile and core digital platforms, as opposed to copying and pasting from TV or traditional platforms
- **Develop a personalization engine:** Hyper-personalizing content and advertising for consumers, leveraging FPD and AI/generative AI
- **Spend more on mid and bottom funnel marketing:** Allocating an increasing share of budget toward mid- and bottom-funnel performance marketing as opposed to indexing heavily on brand awareness and reach
- **Experiment at scale and speed:** Culling out increasing and dedicated budgets for frequent and fluid T&L programs
- **Build a consumer FPD flywheel:** Accumulating, enriching, and activating FPD to integrate with digital advertising strategies

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Publishers can enable this evolution for marketers by:

- **Offering richer consumer engagement:** Improving traffic and retention through platform adaptations (e.g., mobile-first), personalization, AI/machine learning (ML) integrations, and minimally invasive ad experiences
- **Building multi-source data engines and enabling data sharing with brands:** Building granular first-party databases and enriching them with a multitude of sources to enhance targeting and measurement and enabling data sharing via clean rooms
- **Supporting ROI accountability:** Enabling full funnel visibility and better targeting through frequent experimentation, event-level data, and analytics capabilities

Adtech players sit at the intersection of brands and publishers and can add immense value to this changing landscape. The winners will be the ones who provide intelligence-led targeting capabilities as well as crucial value-added services, such as cross-channel attribution and incrementality measurement. Best-in-class adtech players are already stepping up, integrating vertically, and investing in such capabilities to remain in the pole position.



Advertising market outlook: Digital at the forefront

The global advertising market is attractive, sized at approximately \$1 trillion in 2024 and having consistently outpaced global GDP (rising from approximately 0.6% to about 0.85% of GDP) over the past decade. The market is expected to reach approximately 1% of global GDP by 2029, fueled by growth in mature markets like the US (where ad spends are expected to rise from approximately 1.4% to about 1.6% of GDP by 2029) and high-growth markets like India (where the projected ad spend growth of 10%-15% will outpace projected GDP growth of 6%-7% from 2024 to 2029).

India's advertising spend (which is currently about 0.4% of GDP) is expected to expand (reaching about 0.5% of GDP by 2029) as other large economies did in past years. For example, China's ad spend as a percentage of its GDP increased from approximately 0.5% to approximately 0.8% between 2015 and 2020, and Japan's increased from around 0.7% to roughly 1% from 2019 to 2024.

Within global advertising, digital spends amounted to \$690 billion, or 70%-75% of the market, and grew nearly 10 percentage points faster than the broader ad market. This strong trajectory was driven by brands attempting to capture the growth in consumer digital usage and increasing time spent online.

Geographically, North America holds a 45%-50% share of the global digital ad spend, which is expected to grow steadily at 9%-11% p.a. over the next five years as smartphone and Internet penetration remains high. Asia-Pacific's 25%-30% share is expanding due to rising Internet penetration (which is expected to grow from approximately 50% to 60% penetration between 2024 and 2029), growth of e-commerce platforms (e.g., Shopee in Southeast Asia and Flipkart in India), and favorable consumption trends.

Within the Asia-Pacific region, India's digital advertising market is expected to show strong growth at around 15% p.a. between 2024 and 2029 and gain 5-10 percentage points of salience in total ad spend (50%-60% in 2024 to 60%-70% in 2029), fueled by consumption growth, high share of digital consumption, emergence of new media avenues like over-the-top video platforms (OTTs), and widening high-speed Internet coverage.

Within India, small and medium enterprises (SMEs) are pushing the envelope on digital advertising, with SME contribution to digital ad spends increasing from approximately 35% in 2020 to 37% in 2024, and further expected to reach 40%-42% by 2029.

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As consumers globally and in India maintain their preference for smartphones for media consumption, mobile devices are earning nearly 70% (or close to \$470 billion) of total digital ad spend and are expected to maintain dominance. New channels like connected TV (CTV), which currently commands roughly a 10% share, are gaining salience at the expense of desktop, owing to increasing smart TV penetration and access to premium consumers. The number of CTV households in India more than doubled over the past two years, growing from roughly 20 million in 2022 to nearly 45 million in 2024. Brands are also recognizing an opportunity in this growth to reach higher-end consumers. For example, an Indian consumer electronics brand utilized contextual CTV ads to promote premium segments like sound bars. In response, leading OTT providers, especially in India, are enabling performance marketing capabilities.

As mobile ad placement increases, in-app spend (which currently commands a nearly 90% market share) is expected to remain most salient. In-app spend growth is driven by increasing “non-voice time” on mobiles, which has grown in the US from approximately four hours per day in 2019 to nearly five hours per day in 2024. The rise of engaging ad formats and growth in retail media networks like Walmart Connect and Flipkart Ads are also key contributors.

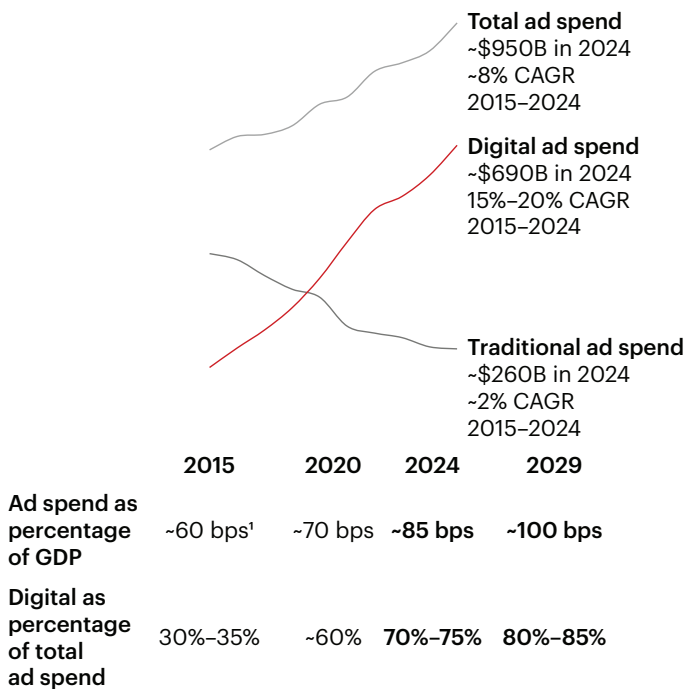
Within in-app ad spending, video ads are gaining traction in consumer engagement, and this format is expected to grow 6 to 8 percentage points over the next five years from its current 35%–40% share globally and in India. Traditional search ads are expected to witness a partial shift toward AI-powered search engines and AI summary ads.

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Figure 1: Global advertising market is large (~\$1T), with digital spends (~\$690B) driving growth at 15%–20% p.a., outpacing traditional spends

Digital advertising will continue to outpace traditional to reach 80%–85% of total ad spend in the next five years ...

Global advertising spend as a percentage of global GDP



... driven by changes in digital access and consumer behavior

~68%

Share of Internet users in global population in 2024 (~53% in 2019); ~58% share for India in 2024

~12%

Growth in monthly active users for top apps globally (2019–24)

>6x

Time spent on Internet platforms vs. traditional TV globally

~30%

Share of users who now discover new brands via social media advertisements

~40%

Growth in digital shoppers globally over 2019–24, with higher growth in emerging markets (~150% in India)

Note: 1) "bps" refers to "basis points" and 1 basis point is equal to 0.01%

Sources: Emarketer; IMF data; ITU; Internet and Mobile Association of India; Sensor Tower; GWI; Bain analysis

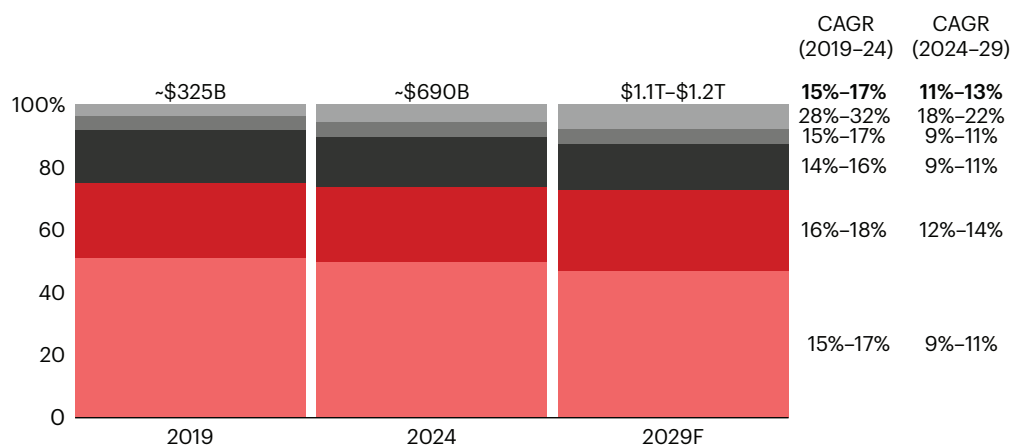
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Figure 2: North America has the largest ad spend with steady growth; Asia-Pacific is poised to gain share, with India likely to see strong growth (~15% p.a.)

North America forms the largest part of global digital ad spends, followed by Asia-Pacific, which is growing strongly

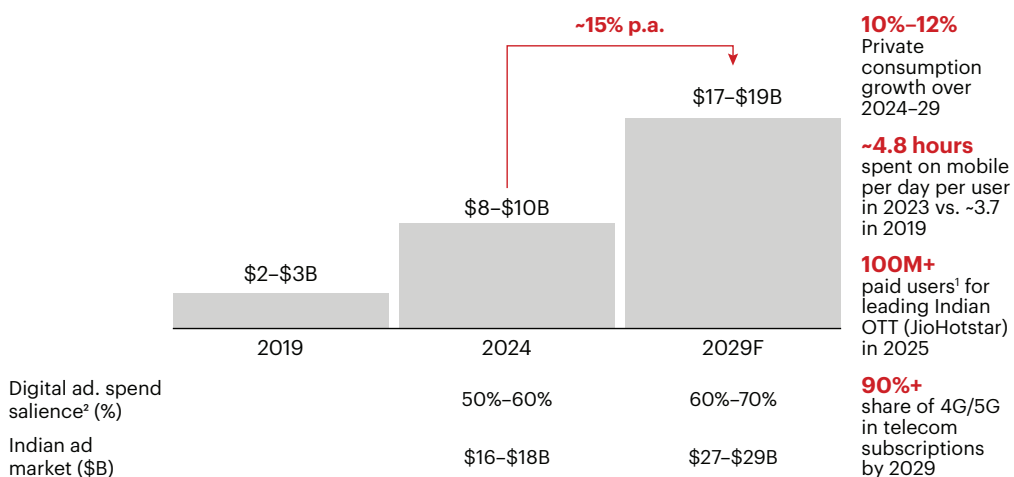
Global digital advertising split by region
(Percentage of total digital advertising spend)

■ Middle East and Africa ■ Latin America
■ Europe ■ North America ■ Asia-Pacific



India (within Asia-Pacific) to show high growth led by demographic tailwinds and rising media use

Indian digital advertising market

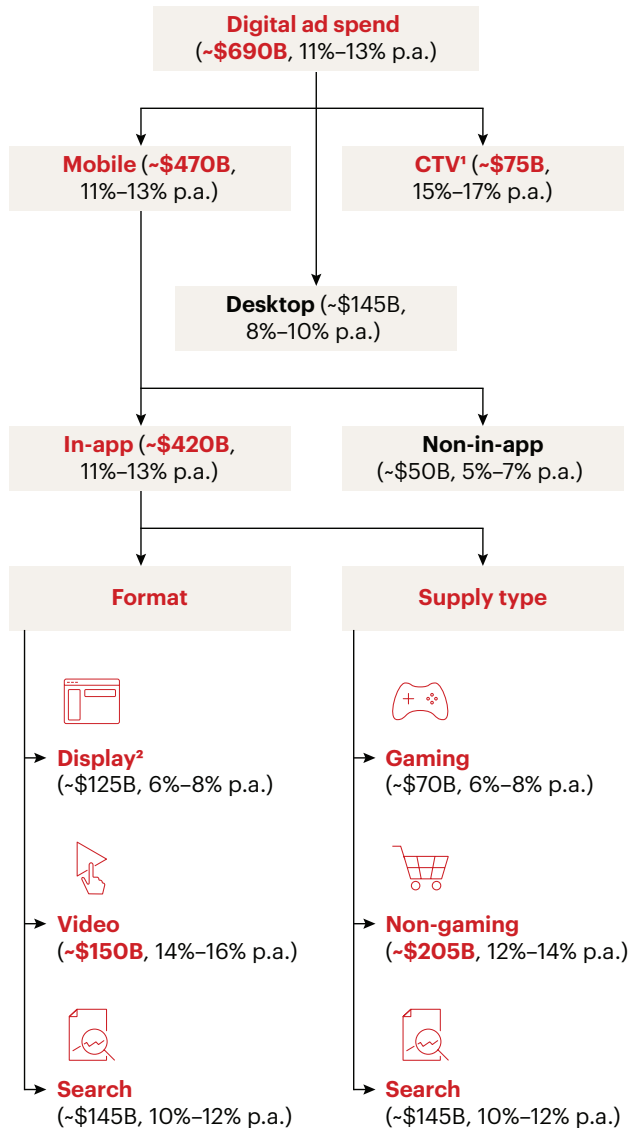


Notes: 1) Also served 500 million+ monthly active users in March 2025, driven by the Champions Trophy and Indian Premier League (IPL); 2) Digital ad spend as a percentage of total ad spend
Sources: Market participant conversations; earnings calls; Emarketer; Euromonitor; Ericsson; Sensor Tower; Bain analysis

Figure 3: Mobile-based spends (~\$470B) growing in line with digital; in-app spend driving major growth enabled by video formats and non-gaming apps

Within digital ad spend, mobile in-app spend outpaces non-app spend ...

Global market type (2024 size, 2024–29 CAGR)



... driven by strong consumer attention for video formats and non-gaming apps

In-app growing faster than non-in-app

- Time spent in-app grew by ~7% p.a. over 2019–23 (~2% for non-in-app in US)
- In-app ads offer better outcomes (2–3 times conversion vs. web displays) and a non-intrusive user experience

Video formats garnering attention

- Rapid scale-up of video-first functionalities (e.g., Instagram users spend two-thirds of app time on videos)
- Video ads garner more attention (e.g., 1.5%–2% users click on video ads vs. <0.5% for banners)

Non-gaming apps gaining traction

- Non-gaming downloads grew one percentage point faster³ vs. gaming (in India, 18 of the top 20 apps by downloads are non-gaming)
- Non-gaming apps offer higher cost per mille (CPM)
 - Non-gaming spend to increase from 45%–50% to 50%–55% of in-app spend over 2024–29

Trends are similar for India

- India showcases a digital ad spend split similar to the global pattern across mobile, CTV, and desktop

Notes: 1) Connected TVs (e.g., smart TVs, TVs appended with smart devices such as Apple TV, Amazon Fire TV Stick, etc.); 2) Display includes banner and interstitial formats; 3) CAGR 2019–24

Sources: Market participant conversations; Emarketer; International Data Corporation (IDC) forecast; Grand View Research; Sensor Tower; Reuters; secondary research; Bain analysis



Savvy, digital-first consumers

Digital media usage is becoming increasingly pervasive. Consumers are using multiple devices to access the Internet for an increasingly varying number of reasons, across a multitude of app categories and platforms. In the US, more than 75% of consumers use three or more devices per week. Globally, consumers use about 25 unique apps every month for media consumption, and US households report using approximately four paid streaming platforms on a weekly basis.

Further, consumers are becoming increasingly conscious of digital media choices—actively seeking preferred content and formats while blocking irrelevant content, much of it ads. This is further propelled by new privacy regulations, issued by both governments and companies, that limit user tracking. This will change how brands target customers on the most relevant platforms, at the right time, while ensuring maximum ROI.

Additionally, recent antitrust trials against the largest players, such as Google and Meta, for controlling large parts of the adtech value chain have increased the pressure to restrict self-preferencing and increase operational transparency.

AI and generative AI are also integrating themselves into digital marketing, allowing more effective advertising at scale. However, brands must chart strategic roadmaps to integrate these capabilities beyond creative production. Both brands and publishers need to seize the opportunity to further restructure ad operations to create hyper-personalized consumer experiences.

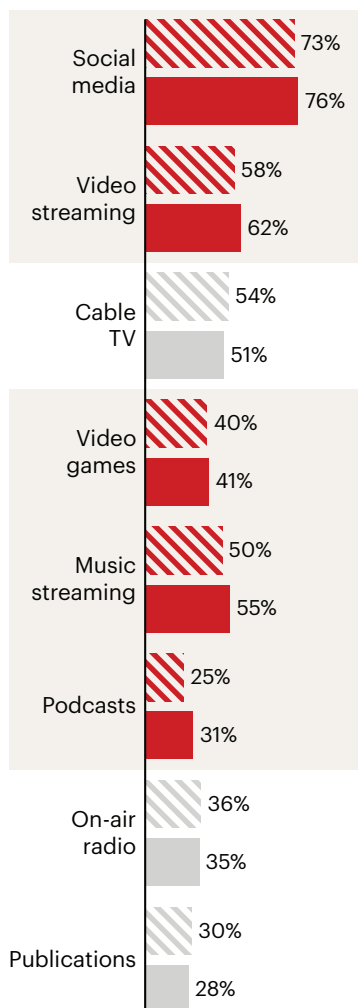
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Figure 4: Digital access is becoming increasingly pervasive, with consumers utilizing multiple devices to access the Internet for a variety of reasons

Consumers' media preferences are evolving in favor of digital media

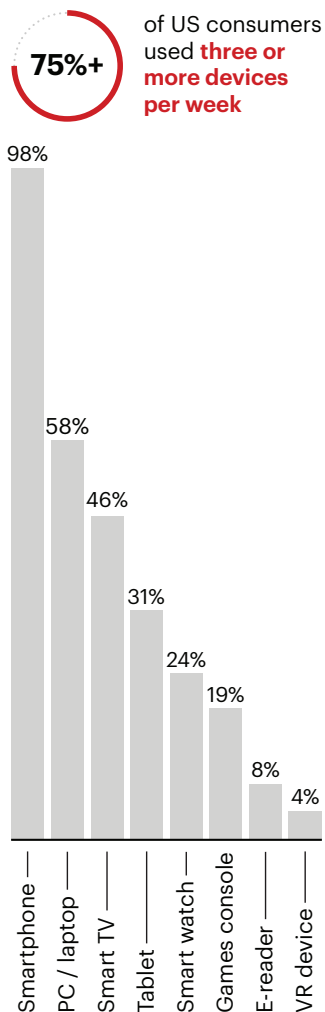
■ 2021 ■ 2024 ■ Digital media

Media consumption shift over three years (US users age 16+; percentage of respondents)



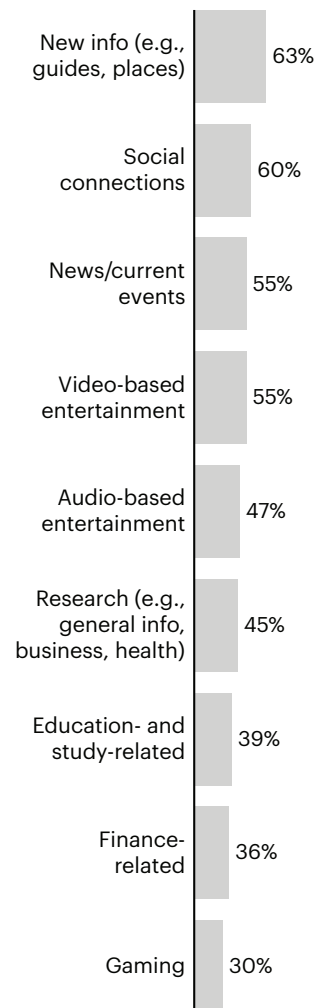
Today's consumers use several digital devices ...

Internet users who own each device (US users age 16+; percentage of respondents)



... to access online services for a variety of reasons

Primary reasons for Internet usage (US users age 16+; percentage of respondents)



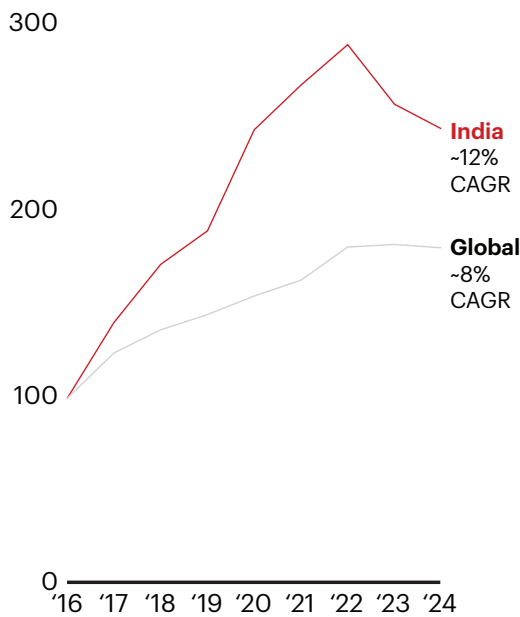
Sources: GWI; Bain Consumer Media Consumption Surveys (US: 2021 and 2024); Bain analysis

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Figure 5: Digital proliferation has led to consumers spending time across different media categories and across multiple platforms

This digital proliferation has driven a fragmentation of the app categories a consumer uses frequently ...

Annual app downloads
(Indexed to 100)



25+
Unique apps
used on
average per
month by
consumers
globally

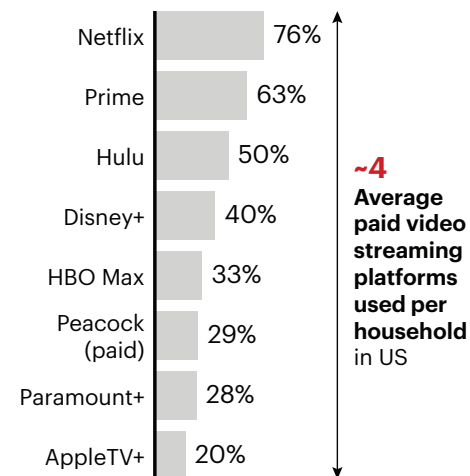
~10
App categories in Top 25
apps (by downloads) in India
(7 categories for Top 25 in 2019)

Social media	Utility
Gaming	Audio stream
Shopping	Travel
Finance	Photography
Entertainment	Grocery/food

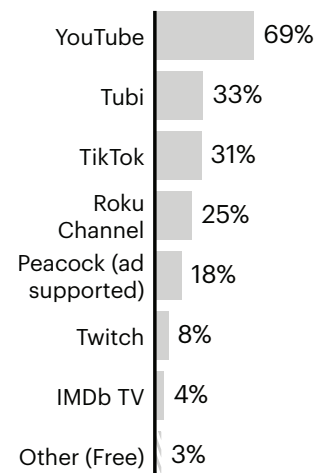
... as well as the number of apps and platforms in use within a single category

Streaming services used weekly
(US; percentage of respondents)

Paid



Free

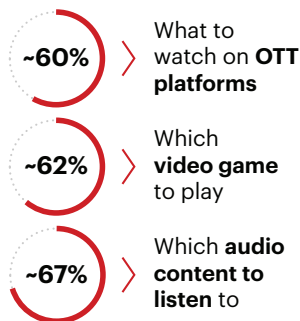


Sources: Sensor Tower; Bain Consumer Media Consumption Surveys (US: 2021, 2024, 2025); Kantar; Bain analysis

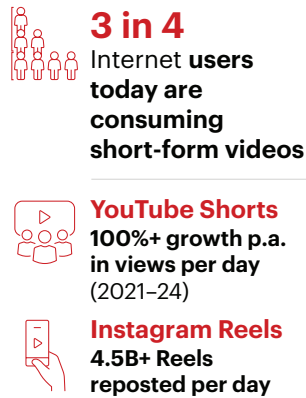
Figure 6: Consumers are also increasingly making conscious choices about their digital media consumption

Consumers are increasingly seeking content they like ...

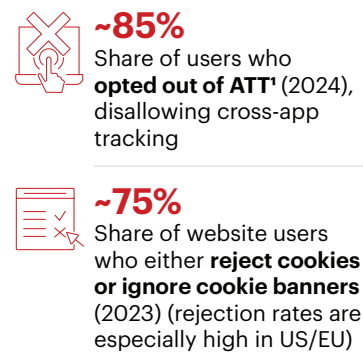
Percentage of consumers (in 2024) who **rate personal genre preference as the top reason when deciding:**



... in the formats they prefer



More consumers are also opting out of irrelevant content and app tracking



Note: 1) App Tracking Transparency for apps downloaded on iOS devices

Sources: Consumer Media Consumption Survey (US, 2024, n=4,940); Singular Quarterly Trends report for Q2 2024; Advance Metrics survey; earnings calls; Bain analysis

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Figure 7: Privacy regulations, which are limiting cookies and user tracking, will change how brands think about digital advertising

Data privacy restrictions and initiatives from regulatory bodies and large tech companies are limiting user data trackability

Regulatory restrictions



GDPR¹ (EU, 2018), CCPA² (US, 2020), and DPDP³ (India, 2023) data privacy laws passed to restrict 3P tracking. They:

- **Restrict PII⁴ and sensitive data**, such as device IDs (IP address, cookie ID, MAC⁵ address, etc.), GPS location, and browsing data
- Require unambiguous “**opt-in**” models of **consent**

Platform-level restrictions



Google

Mobile: Currently offers “**opting out**” of **Google Advertising ID (GAID)**, which tracks device-level user data

- Plan to transition to “**Privacy Sandbox**” (user targeting **without device-level data sharing**)

Web: Previous plans to deprecate 3P cookies in Chrome; however, has shelved those plans and will continue cookies

- However, any future cookie deprecation could have a huge impact (60%–65% global browser share, 85%–90% in India)

Apple

- **Mobile: Opt-in mechanism**—ATT requiring **explicit consent** to track user activity
- **Web:** Safari already disallows 3P cookies

Brands to build FPD⁶ data capabilities, contextual ads, UID⁷ solutions, etc.

Lack of detailed consumer data



Building **first-party (1P)** databases (data collected directly from own users) and analytics capabilities or **second-party (2P) data** partnerships

Loss of behavioral targeting



Adopting **contextual advertising**, leveraging **look-alike modeling** (identifying audiences resembling existing customers)

Limited attribution of sale conversions



Using 1P-based **UID solution, clean rooms**, etc. via adtech partnerships for cross-channel measurement

Notes: 1) General Data Protection Regulation; 2) California Consumer Privacy Act; 3) Digital Personal Data Protection; 4) personally identifiable information; 5) media access control; 6) first-party data; 7) universal ID solutions: privacy compliant method to ID users

Sources: Market participant conversations; Similarweb; secondary research; Bain analysis

Figure 8: With artificial intelligence (AI)/generative AI becoming foundational in digital advertising, strategic roadmaps must evolve to reap long-term benefits

AI/generative AI is expected to redefine marketing as brands embed them across the advertising value chain

Scaling AI/generative AI requires restructuring ad operations

Future back

AI/generative AI embedded across core strategy and operations:

- **Customer targeting**
- **Dynamic testing and learning (T&L)**
- **Media planning** and campaign management
- **Advanced analytics** and optimization

Existing use cases

Leveraged for creative optimization: tailored, cohort-based messaging, language translations, personalization, etc.

Near-term value

Long-term growth

Define the operating model

Define strategic objectives based on brand maturity and align on **specific use cases to invest in** (gradual vs. “all-in” implementation)

Define investment strategy

Evaluate build-partner strategy: leverage tech/agency partners for select use cases (e.g., ROI analytics, audience profiling), and invest in building others in-house

Upskill talent

Ensure upskilling of teams/hiring of AI specialists to **embed usage beyond one-off outputs to core operations**






Emerging solutions

Pilot initiatives to **improve efficiency of advertising operations** across strategy/planning, customer targeting

Source: Bain analysis

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Figure 9: Beyond content creation, brands and publishers can deploy multiple AI use cases by developing in-house tools or partnering with adtech players

Use case				
 Strategy/ planning	 Customer targeting	 T&L	 Media planning	 Analysis and optimization
Broader brand objectives and advertising strategy Behavior forecasting Digital spend objectives Market research	Audience development/segmentation Targeting through data and analytics	Pilots for new channels, new formats, etc. Content curation tailored to channel/format/audience based on "learnings"	Spend allocation planning Reach/frequency projection Marketing mix modeling Cross-channel campaign management	ROI measurement/attribution Off-site optimization (search, website, display, social) Online testing
Benefits				
Faster ideation for brand messaging Better synthesis of consumer input/data to design strategy	AI-driven audience clusters based on purchase intent and engagement history Predictive modeling for purchase likelihood/churn Automation of look-alike audience creation	Automated A/B testing to measure ad-driven sales lift AI-based lift modeling to predict ad performance	AI-driven dynamic media allocation based on real-time results and historical performance AI-based cross-channel attribution	Automatically rank and position ads based on real-time engagement data Optimize pricing and bidding strategies in real time using AI engines Personalize ad placements dynamically based on user behavior

Source: Bain analysis



How brands are adapting

As audiences move online, brands are realizing the need to transform their advertising to benefit from the changing landscape. Best-in-class marketers are evolving their digital strategies around six key tenets:







- **Diversify media mix beyond mega platforms:** Most brands have historically indexed on digital ad spends on mega platforms such as Google and Meta. As the media landscape expands, brands need to diversify their presence across platforms to target audiences at relevant junctures. Smaller brands tend to be more diversified, as in the Indian personal care brand that allocates 20%-30% of its ad spend to e-commerce, CTV, and broader apps, or the select Indian brands that are increasing their investments in flagship events like Indian Premier League (IPL) digital.
- **Adopt a mobile- and platform-first approach:** Traditionally, brands have often “copy and pasted” or minimally adapted content from television to digital media or mobile. However, brands must think platform-first with content tailored to mobile devices and specific core digital platforms. This includes thinking through the right formats for engaging their audience, such as influencer/affiliate marketing, long-form videos, and short videos. Brands could operationalize this with device- and platform-specific content libraries.
 - For example, Mondelēz’s 5 Star runs ad film campaigns on YouTube, posts mobile-oriented short-form videos on Instagram, and hosts microsites for specific launches. Meanwhile, emerging Indian brands like The Whole Truth are tailoring content for various platforms (such as influencer-driven reels on Instagram, long-form educational videos on their website, and a podcast on YouTube).
- **Develop a personalized marketing engine:** To remain relevant for consumers, brands should actively consider hyper-personalization, leveraging AI/generative AI and FPD via precision performance marketing, content libraries for specific user cohorts, and informed decisions on creator-led marketing.
 - For example, Indian brand Mamaearth’s shampoo campaign customized ads for city-level cohorts, based on real-time weather updates like Air Quality Index and rainfall levels.

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- **Spend more on mid and bottom funnel marketing:** As digital budgets get increasingly scrutinized, impact measurement of campaigns must move past awareness and reach metrics (e.g., cost per mille [CPM]) to mid- and bottom-funnel outcomes (e.g., click-through rates [CTRs], cost per click [CPC], and conversion rates [CVRs]). Some Indian brands (including legacy players) are allocating more spend to mid- and bottom-funnel tactics, particularly via quick commerce and e-commerce channels.
- **Experiment at scale and speed:** Without an exact science to digital spend allocation, a reliable way to succeed is through more frequent T&L experiments. Brands must allocate dedicated budgets to T&L, as with the new-age Indian cosmetics brand that dedicates 5%-10% of its budget to experiment with new channels like CTVs. While characteristics can vary based on industry and scale, T&L strategies should entail:
 - **Greater complexity:** With so many variables to test (campaign x audience x platform x device x format allocations), experiments across multiple levers can become extremely granular for scaled brands.
 - **Increasing breadth and frequency:** Brands should move from a few “as and when needed” static T&Ls to broader, more frequent, and dynamic T&Ls. As an example, one Indian eyewear e-commerce brand has adopted an “always-on testing” model with experimentation incorporated across all marketing initiatives.
 - **More fluid budget allocations:** Brands should undertake quarterly or semiannual budget revisions, fed by T&L outcomes, instead of annual lock-ins.
- **Build a consumer FPD flywheel:** As third-party cookies decline or are increasingly rejected, brands must build robust FPD capabilities and corresponding analytics. While large brands can curate FPD flywheels through their own platforms (as in a food company’s Indian division with over 75 million contactable customers) and enrich them, smaller brands can rely on multiparty partnership models, such as data management platforms, Universal ID (UID) solutions with pooled access to encrypted databases, and others. Brands will need to be clear on the objectives and value they want to drive from FPD to achieve maximum results.

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Figure 10: With evolving consumer behavior, brands are recognizing the need to transform advertising strategy across six key tenets

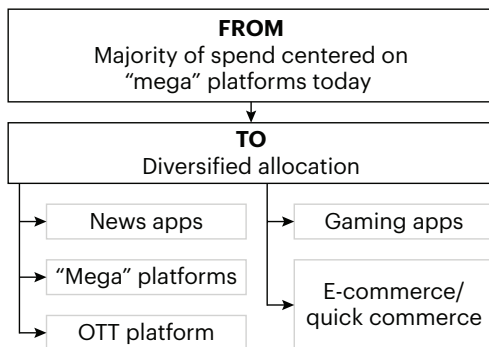
Key tenets	Current positioning of majority brands across key tenets	Transition being seen by best-in-class digital marketing brands
1 Diversifying media mix	Over-index budgets on “mega” platforms like Google/Meta	 Increased allocation on platforms beyond Google/Meta
2 Adopting a mobile- and platform-first approach	Traditional-first content creation that is “copy-pasted” for digital platforms	 Mobile-first and platform-specific content per preferences and attention spans
3 Developing a personalization engine	Standardized ads across user cohorts	 Hyper-personalized content and ads using first-party data (FPD) and AI/generative AI
4 Spending more on mid and bottom funnel	Larger share of spend on brand and awareness/reach marketing vs. performance	 Increased allocation to mid- and bottom-funnel performance marketing
5 Experimenting at scale and speed	Static, low-frequency experiments as and when needed	 Increasing digital ad spends dedicated to broader and frequent T&L
6 Building a consumer FPD flywheel	Reliance on 3P cookie-based targeting and limited FPD collection/usage	 FPD accumulation across channels and advanced implementation

Sources: Market participant conversations; Bain analysis

Figure 11: Increasing consideration for brands to diversify their media mix and adopt mobile- and platform-first strategies

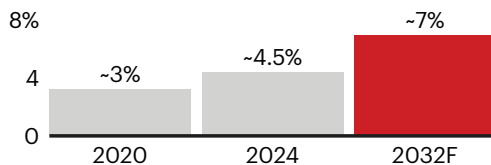
1. Diversifying media mix beyond traditional platforms

Identify broader app ecosystems to diversify presence and target audience at relevant junctures



Preliminary shift in India with spending on flagship events like **Indian Premier League (IPL) digital** and increasingly salient platforms such as **quick commerce**, with smaller brands also investing in diversification

IPL Digital Adex as a percentage of India Digital Adex



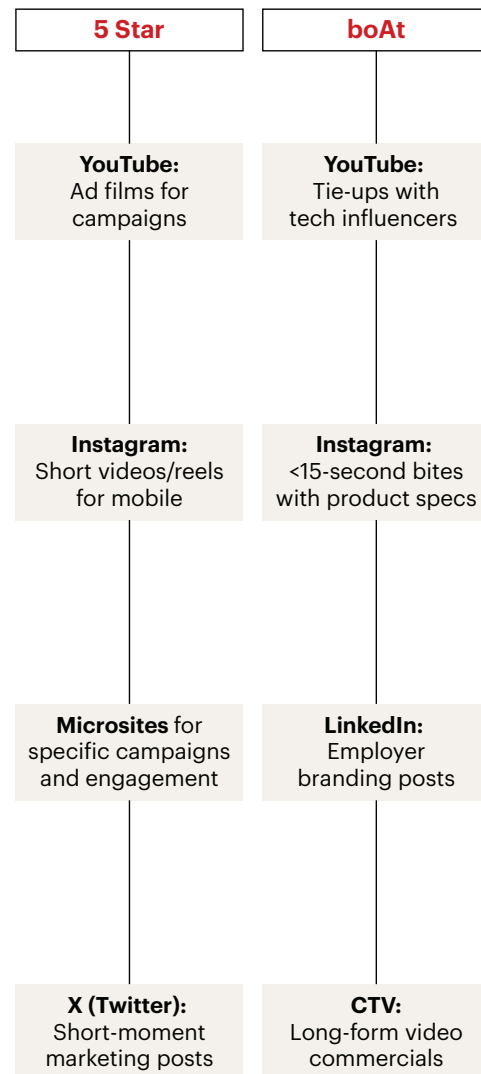
90%
Share of advertisers that expect to **increase share of digital spend on IPL**

100% Spend on IPL digital in 2024 for a leading Indian fintech vs. considerable IPL TV spend over 2020-22

~4x Growth in ad revenue for Blinkit over FY23-24; ad revenue projected to grow ~2.5 times over FY24-25

2. Adopting a mobile- and platform-first approach

Move beyond "copy-pasting" traditional ads; think "mobile- and platform-first" (for core digital platforms)



Sources: Market participant conversations; secondary research; Bain analysis

Figure 12: Building and integrating rich FPD and investing in mid/bottom funnel marketing will further aid brands

4. Spending more on mid/ bottom funnel performance marketing

Direct increasing spends to performance marketing and mid/bottom funnel ROI



6. Building a consumer FPD flywheel

Convert buyers to “members” > enrich members with attributes > direct spends to FPD-driven ads

>2.5x

ROI from targeted ads

Large brands are starting to build out their own FPD capabilities largely from their “own” data and other platform partnerships

Coca-Cola

Hundreds of millions of customer profiles across 120+ countries

Nestlé

340M+ FPD records

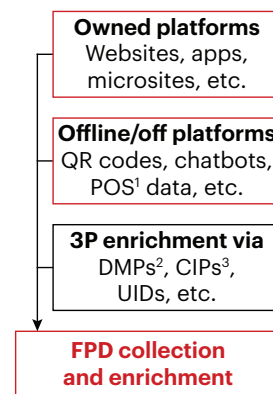
Food company in India

75M+ contactable customers

>50%

Percentage of marketers who reported an increase in customer retention, driven by FPD-driven marketing

Small brands can rely on 3P data and enrichment to build consumer FPD flywheels



Notes: 1) Point of sale; 2) Data management platforms; 3) Customer intelligence platforms

Sources: Market participant conversations; earnings calls; Gartner; Nielsen; secondary research; Bain analysis



The new role of publishers

Publishers can enable this transformation for brands while making their platforms more lucrative from an advertising standpoint. They should consider doing the following:

- **Improving traffic and retention** to make platforms stickier for consumers and ad inventory more attractive for brands. Specifically, publishers should:
 - Adapt platforms to consumer trends in line with cohort or regional preferences. Netflix’s mobile-only plans in India are one example.
 - Offer minimally disruptive ad experiences using less invasive, new-age ad formats, limitation of ad loads, and optimal ad format rotation. Further, publishers are identifying a format fit in tune with the platform and investing in corresponding capabilities.
 - Deliver stronger in-app engagement via loyalty and rewards programs, content personalization, and recommendations. Publishers can look to Amazon’s daily rewards-based gamification (“FunZone”) and to the personalized recommendations that are driving more than 75% of Netflix views.
 - Integrate AI/ML in operations to predict user churn points and prevent drop-offs by optimizing ad placements.
- **Building multi-source data engines and enabling data sharing with brands:** By augmenting data from multiple compliant sources; collating user inputs from both owned platforms and off-platform sources over extended periods; and enriching the data with behavioral, transactional, and preference metrics, publishers can identify relevant micro-segments.
 - Publishers can further participate in UID solutions, second-party data-sharing relationships, and data clean rooms—compliant environments for brands to pool first-party data sets—to enhance brands’ access to multi-source data and improve multichannel measurements with the same publisher.

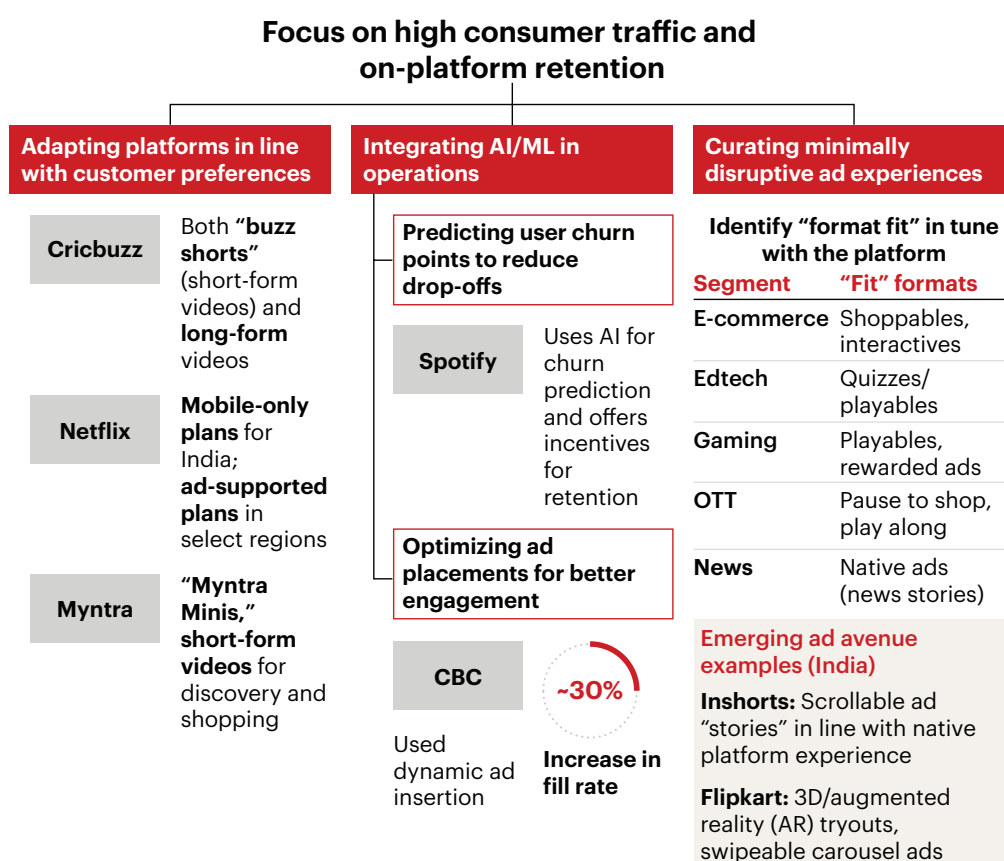
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- Investing in dynamic experimentation and analytics to offer better targeting and ROI visibility:

Publishers can provide full funnel visibility and strong targeting capabilities to stand out by:

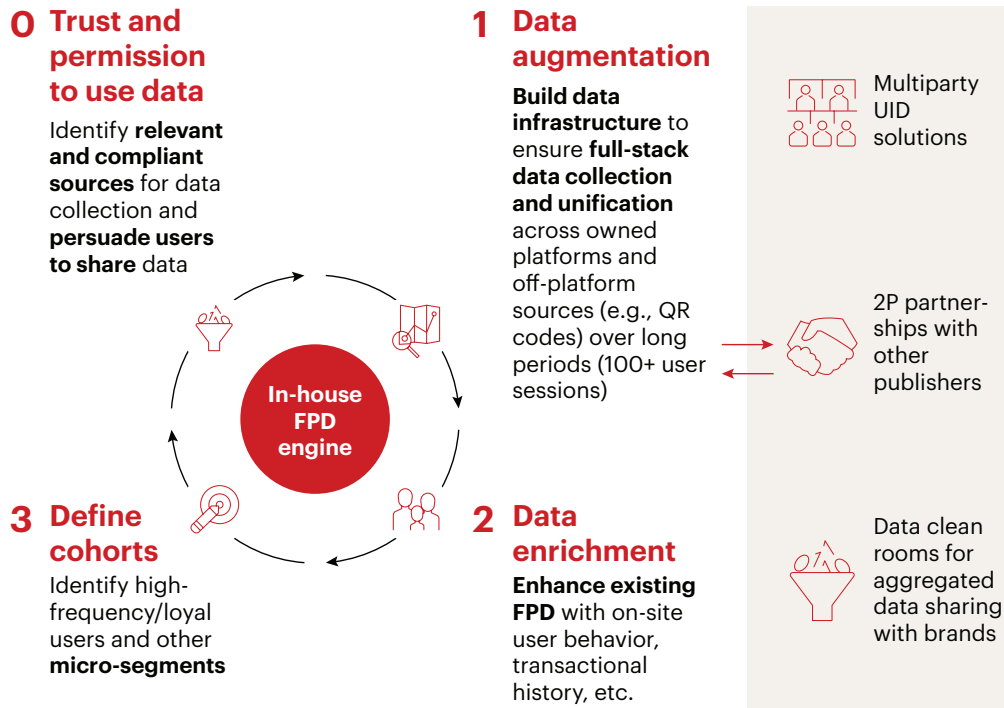
- Experimenting beyond personally identifiable information (PII)/demographics to understand user behavior toward ad types, creative versions, placements, etc.
- Building capability for granular targeting on dynamic cohorts, such as through detailed behavioral targeting and targeting at Postal Index Number (PIN)-code level.
- Collating event-level data (visits, cart additions, clicks, and conversions) for better mid- and bottom-funnel attribution.

Figure 13: Publishers can enable digital advertising transformation for brands while making their platforms more lucrative for advertising



Sources: Market participant conversations; company websites; secondary research; Bain analysis

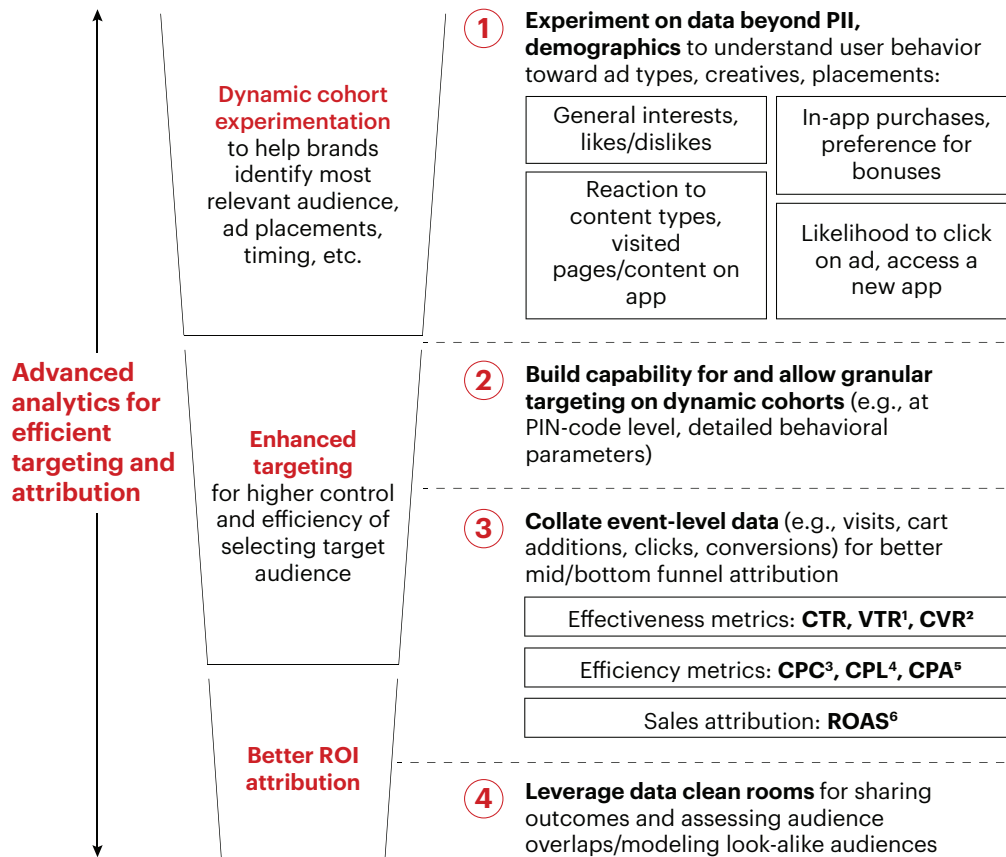
Figure 14: Publishers should build multi-source data engines enhanced by 2P/3P partnerships and enable data sharing with brands



Sources: Market participant conversations; secondary research; Bain analysis

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Figure 15: Publishers must invest in dynamic experimentation themselves to offer brands better targeting and increased ROI visibility



Notes: 1) View-through rate; 2) Conversion rate; 3) Cost per click; 4) Cost per lead; 5) Cost per acquisition; 6) Return on ad spend

Sources: Market participant conversations; secondary research; Bain analysis



The increasingly important role of adtech players

The advertising value chain entails many players, each with distinct roles. Brands and agency partners define campaign goals, budgets, and target audiences. Publishers publish and trigger ads and provide select audience details. Adtech intermediaries, including DSPs, ad exchanges, and SSPs, assist with listing published ads, routing ad requests to brands, and bidding to win and place ads on platforms.

These adtech players (e.g., AppLovin, PubMatic, InMobi) form the “open system” where brands transact programmatically with the broader ecosystem of publishers. In contrast, large publishers (e.g., Google, Meta, Amazon) work in “closed systems,” engaging directly with brands and agencies.

The handful of tech giants making up the closed system account for approximately 75% of the market. Open-system players account for the remaining 25%. While the share between the two systems has remained largely stable in the past few years and is expected to remain so, the open-system landscape is undergoing consolidation, driven by scale and network benefits, which has led to the emergence of scaled players (e.g., AppLovin, InMobi, Moloco). These players are vertically integrating and unlocking advantages like better data pipelines, wider demand/supply networks, operational synergies, and intelligent capabilities augmented by first-party inventory and FPD.

There is a strong opportunity for adtech players to support brands and publishers as rules of the game evolve. Adtech companies need to transition from back-end tech providers to full-stack partners that can support new-age ad formats, optimize operations for instant bidding and ad placement, provide intelligent capabilities, and offer value-added services such as ROI measurement, T&L, etc. Scaled players like The Trade Desk, AppLovin, and InMobi are already answering the call and investing in these capabilities.

Data-driven offerings will be particularly helpful to attract brands looking to improve targeting. These capabilities could entail AI/ML-backed, real-time market intelligence, further augmented by the platform’s own first-party ad inventory (e.g., InMobi’s Glance AI, a generative AI-led consumer property); FPD-based targeting solutions (e.g., look-alike modeling); and ID-less targeting (e.g., AI-led contextual advertising).

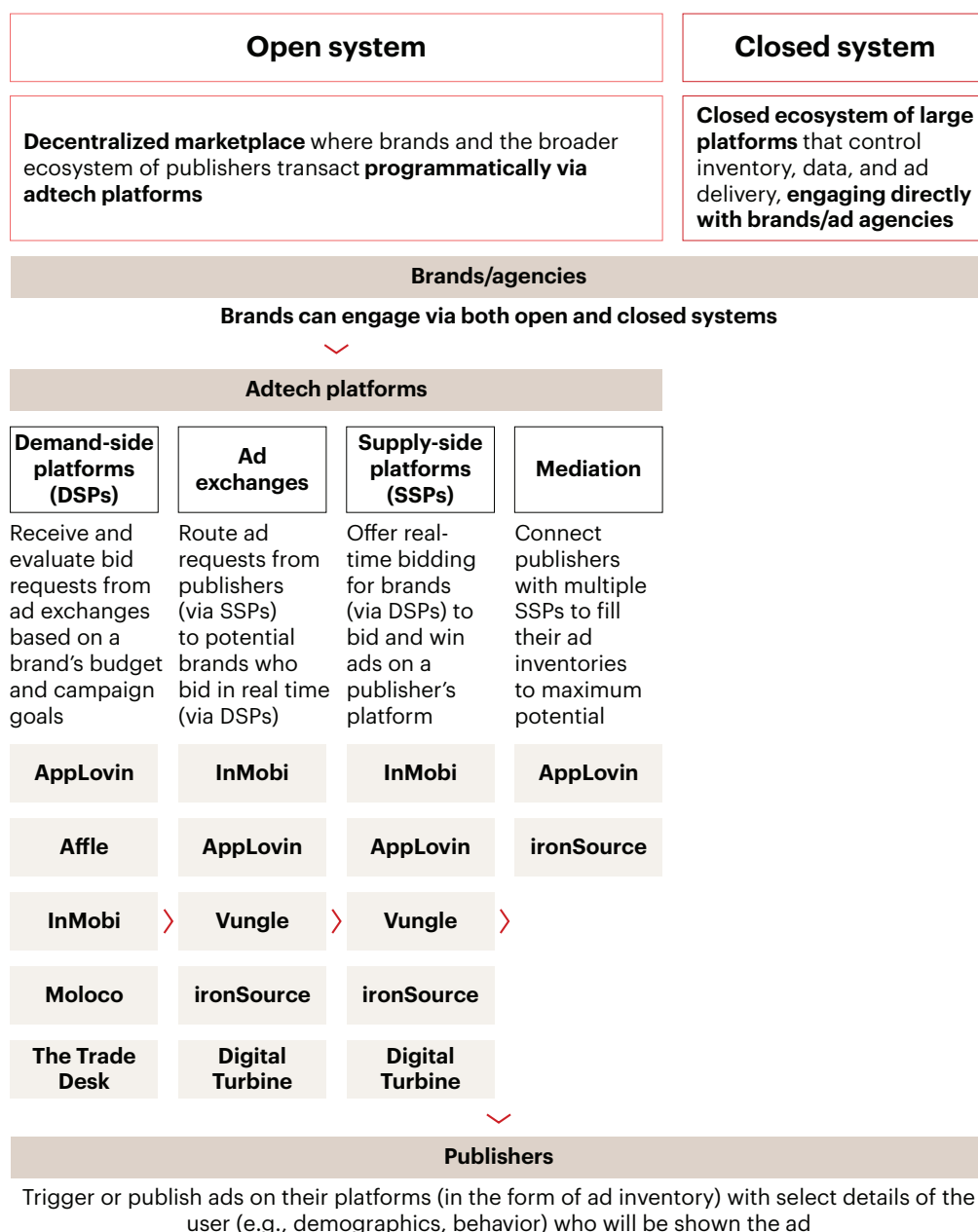
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Exchanges dealing with large data sets (e.g., multiple bids for a slot) can enrich their operating models based on analysis of successful and unsuccessful bids and offer cross-advertiser signal aggregation (e.g., bid variations for the same user), dynamic user profiling (e.g., assessing shifting demand with user activity), and strategic pricing (e.g., optimizing auction mechanics and parameters based on past bidding).

For brands, the decision to switch or stick with specific adtech partners will hinge on benefits beyond media access. These could include cross-channel ROI and incrementality measurement, T&L abilities (e.g., AppLovin's Max), generative AI-enabled creative operations, spend optimization tools (e.g., The Trade Desk's Kokai), and so on. Global players such as Moloco and InMobi have also launched AI/ML-driven acquisition and retargeting capabilities.

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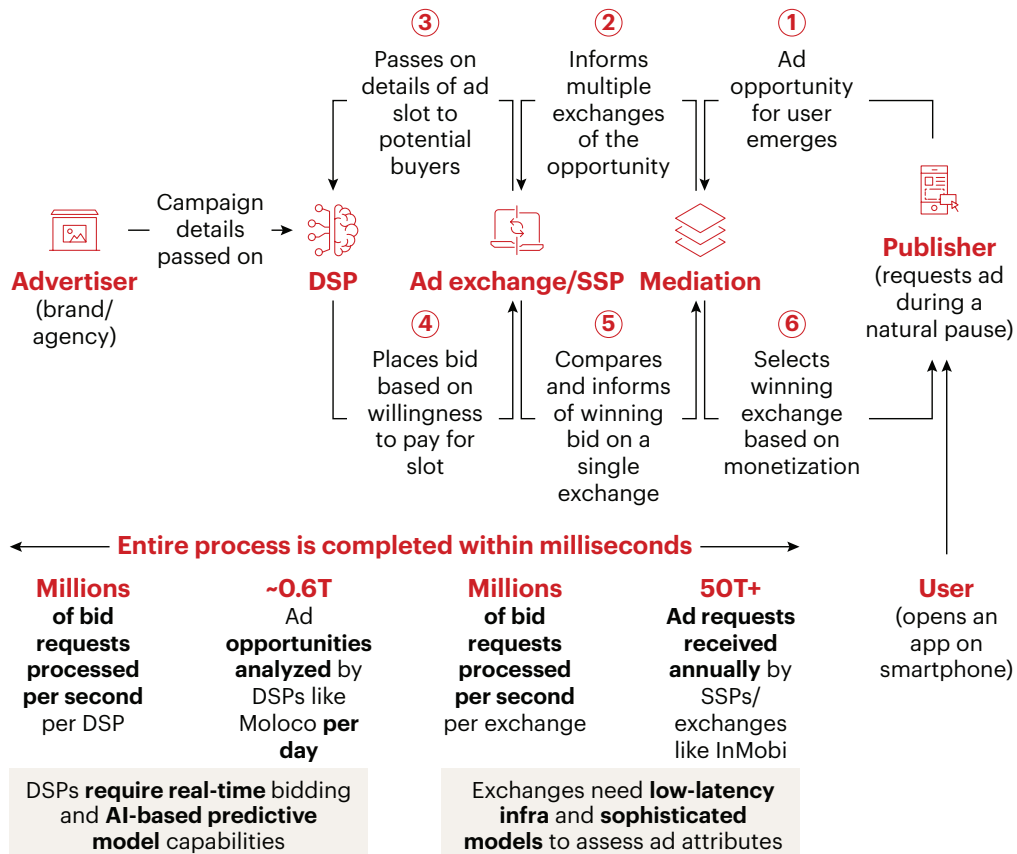
Figure 16: Two system types in the ad value chain: decentralized marketplaces with adtech platforms (“open”) and large publisher platforms (“closed”)



Sources: Market participant conversations; secondary research; Bain analysis

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Figure 17: The ad value chain is complex and challenging, with millions of ad requests being processed per second



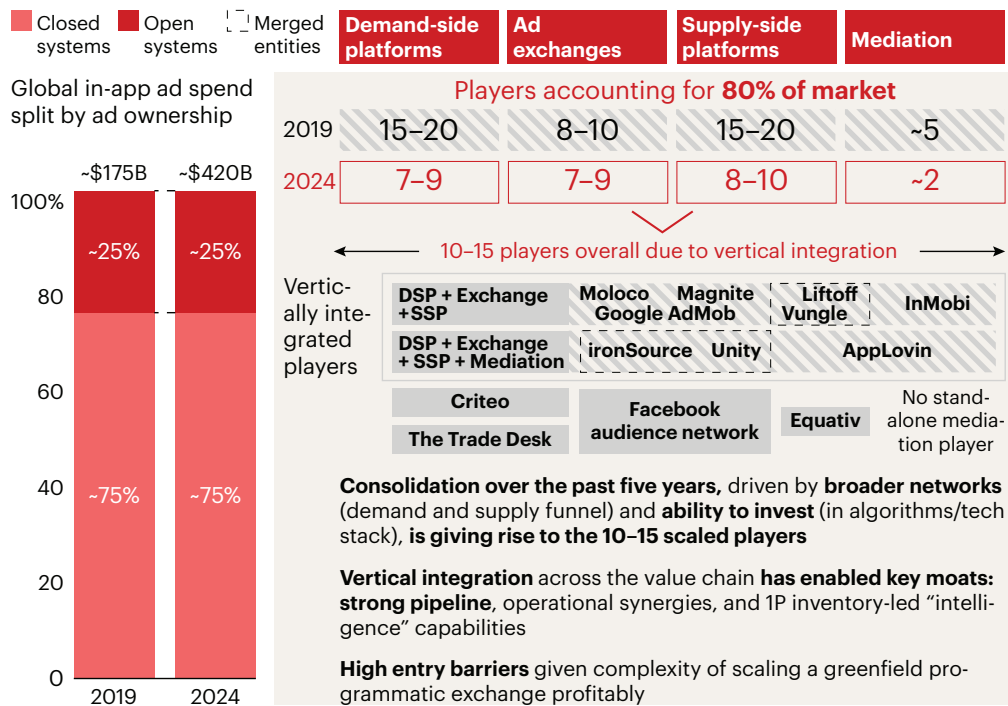
Sources: Market participant conversations; company websites; Bain analysis

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Figure 18: Closed systems (~75% of market) are represented by a few giants; open systems are undergoing consolidation due to scale and network benefits

**Open systems
account for
~25% of market**

**Media flow across open systems is complex,
raising barriers for new entrants; consolidation and
vertical integration drive scale for existing players**



Sources: Market participant conversations; company websites; Bain analysis

Figure 19: As consumer landscape changes and rules of the game evolve, adtech players can add value by transitioning into full-stack adtech providers

Adtech players need to evolve into full-stack partners; offer intelligent capabilities, VAS¹, etc.



Intelligent capabilities

AI/ML-based real-time market intelligence, augmented by 1P inventory, FPD targeting, ID-less targeting, etc.



New-age ad format compatibility

Support for new ad formats that publishers are investing in



Value-added services

Analytics for cross-channel ROI and incrementality measurement, T&L, etc.

Leading adtech players have already started investing in these capabilities

①

Strong intelligence capabilities

Intelligent targeting solutions based on AI/ML-backed analysis of bidding data, augmented by **1P inventories/UID solutions** (e.g., InMobi's Glance AI, a generative AI-led consumer property; The Trade Desk's Unified ID 2.0)

②

Technical capability for new ad formats

Compatible across majority of new formats—**floating, rewarded, playable, shoppable, ARs**, etc. (e.g., Inmobi, AppLovin)

③

Granular analytics solutions






Analytics on **right ad formats, optimal CPM/posting times, cross-channel revenue** measurement, etc. (e.g., The Trade Desk's Koa AI, ironSource's impression level revenue [ILR] solution)

Note: 1) value-added services

Sources: Market participant conversations; company websites; Bain analysis

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Figure 20: Offering strong intelligence capabilities will be key for adtech players to better map audiences and target cohorts efficiently

 <p>AI/ML-based real-time intelligence</p> <p>Maximize ROI for brands and realization for publishers</p>	 <p>1P ad inventory</p> <p>Refine open system models for better targeting</p>	 <p>Granular targeting solutions</p> <p>Help brands target their consumers better</p>	 <p>ID-less targeting</p> <p>Provide alternatives to 3P cookies and behavioral targeting</p>
<p>Potential solutions for adtechs to focus on</p>			
<p>Dynamic intelligence based on large-scale analysis of bids</p> <p>Cross-advertiser signal aggregation (e.g., bid variations), dynamic user profiling</p> <p>Strategic pricing by optimizing auction mechanics based on past bidding</p>	<p>Own 1P ad property, which can help improve targeting as well as insights and overall ROI for marketers</p>	<p>Privacy-compliant data pooling via UID, clean rooms, etc. to enable FPD-based targeting</p> <p>Look-alike modeling capabilities to further enhance targeting</p>	<p>Contextual targeting solutions, such as inventory packs and reliance on AI-led content assessment for ad placement (vs. 3P cookies)</p>
<p>Emerging lighthouse examples</p>			
	<p>InMobi's Glance AI, a generative AI-based consumer property</p> <p>AppLovin's 1P gaming inventory</p>	<p>The Trade Desk's Unified ID 2.0 solution</p> <p>LiveRamp's RampID</p>	<p>AppLovin Exchange (ALX)</p> <p>InMobi's Addressability Gradient</p>

Sources: Market participant conversations; company websites; Bain analysis

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Figure 21: Additionally, value-added services such as ROI measurement, T&L assistance, and more will help drive stickiness

 <p>Cross-channel ROI measurement</p> <p>Analyze effectiveness of overall ad spends</p>	 <p>T&L assistance</p> <p>Evaluate all the available advertising avenues</p>	 <p>Spend optimization and simulations</p> <p>Plan ad spend allocation across channels</p>	 <p>AI/ML-enabled creative operations</p> <p>Shorten ad cycles and optimize user targeting</p>
<p>Potential solutions for adtechs to focus on</p>			
<p>Data pooling solutions such as UID for user profiling across devices/channels</p> <p>Analytical capabilities for attribution and incrementality measurement (i.e., measuring results beyond organic reach)</p>	<p>Offer mature live T&L analytics for campaign experiments across user cohorts, price points, ad frequencies, etc.</p>	<p>Assist in predictive allocation (allocation based on simulation of outcomes) of spends across different variables (geographies, devices, cohorts, etc.)</p>	<p>Use generative AI to tailor creatives for user cohorts and to adapt for ad spaces</p> <p>Creative performance insights offering to gauge version-wise engagement</p>
<p>Emerging lighthouse examples</p>			
<p>InMobi Appsumer Starter</p>	<p>AppLovin's MAX</p>	<p>The Trade Desk's Kokai</p>	<p>Unity's ad design studio</p>
<p>ironSource's ILR solution</p>	<p>The Trade Desk's Conversion Lift</p>	<p>InMobi's automatic campaign tool</p>	<p>Moloco's dynamic creative for mobile ads</p>

Sources: Market participant conversations; company websites; Bain analysis

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