

## PRESS RELEASE

### ***Beijing Olympics to boost world adspend by US\$3 billion next year***

- ZenithOptimedia predicts the Olympic Games will attract US\$3 billion in additional ad expenditure in 2008, nearly US\$1 billion of it in China
- The Presidential election in the US and the Euro 2008 football championship will contribute another US\$3 billion between them
- Slight downwards revision in adspend forecasts for the Americas, but all other regions are up
- Signs of recovery in Germany and the UK
- The internet will grow six times faster than traditional media between 2006 and 2009 and increase its share of the ad market from 6.1% to 9.4%

### **Advertising expenditure by region**

***Major media (newspapers, magazines, television, radio, cinema, outdoor, internet)***  
***US\$ million, current prices.*** *Currency conversion at 2006 average rates.*

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
North America	173,306	182,542	188,867	196,658	202,809
Western Europe	99,130	103,767	108,098	112,893	117,877
Asia Pacific	88,258	93,905	99,867	108,288	114,334
Central & Eastern Europe	19,424	22,875	26,739	31,133	35,998
Latin America	17,819	20,058	21,345	22,826	24,242
Africa/M. East/ROW	10,508	12,848	14,853	17,524	20,707
<b>World</b>	<b>408,443</b>	<b>435,995</b>	<b>459,767</b>	<b>489,321</b>	<b>515,965</b>

*Source: ZenithOptimedia*

**Major media (newspapers, magazines, television, radio, cinema, outdoor, internet)  
Year-on-year change (%)**

	2005 v 04	2006 v 05	2007 v 06	2008 v 07	2009 v 08
North America	3.0	5.3	3.5	4.1	3.1
<i>of which USA</i>	2.9	5.2	3.3	4.1	3.0
Western Europe	3.7	4.7	4.2	4.4	4.4
Asia Pacific	5.7	6.4	6.3	8.4	5.6
Central & Eastern Europe	3.8	17.8	16.9	16.4	15.6
Latin America	19.6	12.6	6.4	6.9	6.2
Africa/M. East/ROW	16.5	22.3	15.6	18.0	18.2
<b>World</b>	<b>4.8</b>	<b>6.7</b>	<b>5.5</b>	<b>6.4</b>	<b>5.4</b>

Source: ZenithOptimedia

The Olympic Games is always a popular event across the world – for viewers and for advertisers – but in China they are guaranteed to attract an enormous amount of attention next year. The Chinese government will strictly control the location and content of ads placed during the Games, to protect both the image it wants to present to the watching world and the interests of the official sponsors. However, there will still be plenty of scope for advertisers to tap into the popularity of the Games. Perhaps a fifth of all Chinese ad expenditure will be on Olympics-related advertising in 2008. Most of this would have been spent anyway, but we estimate that about 6% of expenditure (about US\$900 million) will be additional expenditure directly stimulated by the Olympics.

Across the rest of the world we expect the Beijing Olympics to generate just over US\$2 billion in extra ad expenditure in 2008, taking the total to US\$3 billion. We also expect the US elections and Euro 2008 to generate another US\$3 billion between them. Together these events will boost global adspend growth from 5.5% in 2007 to 6.4%, comfortably above the 5.1% annual growth rate the ad market has averaged for the last ten years.

China will become the fifth-largest ad market in the world this year, overtaking Italy. It will still be only two thirds the size of the fourth largest – the UK – but at its current rate of growth (averaging 18% a year to the UK's 5%) it won't be too long before it takes fourth place. We forecast China's ad expenditure to grow by US\$3.7 billion (25%) in 2008, more than any other market in the world except the US – which we expect to grow by only twice as much, despite the fact it is more than ten times the size.

We have reduced our forecasts for the US slightly after continued weakness in network TV and trade magazines. Latin America is also down slightly – owing to a softening of exports and domestic demand in Mexico – but is still growing at about twice its long-term average rate.

We have upgraded our forecasts for all other regions. We now expect Western Europe to outperform North America throughout 2007 to 2009, after nine years of underperformance. We are particularly encouraged by signs of recovery in Germany and the UK. The German ad market expanded by 4% in 2006 – this was its fastest growth since 2000, and its first growth at above the rate of inflation. The UK's television market appears to have reached the bottom of its trough in mid-2007 and should exhibit modest growth in the third quarter, though it will be flat at best for the full year.

As we mentioned in April, all of the fastest-growing markets are in the Middle East and Central & Eastern Europe. Media markets in both regions are maturing rapidly, and advertising is playing a growing role in local economies. High, if erratic, oil prices are providing a boost to several countries in both regions. We expect growth in our Africa/Middle East/Rest of World region (which is mainly driven by the Middle East) and in Central & Eastern Europe to remain comfortably in double digits over our forecast period.

**The ten fastest-growing ad markets**  
**Growth (%)**

	2009 v 06
Qatar	214.7
Egypt	117.7
UAE	108.9
Russia	108.3
Ukraine	100.5
Moldova	97.1
Romania	93.0
Belarus	89.4
Pan Arab	88.0
Saudi Arabia	86.0

Source: ZenithOptimedia

**Global advertising expenditure by medium**

**US\$ million, current prices** Currency conversion at 2006 average rates.

	2005	2006	2007	2008	2009
Newspapers	120,367	125,043	127,916	131,369	135,011
Magazines	52,722	54,616	56,397	58,618	61,152
Television	151,191	161,389	168,988	180,318	188,759
Radio	34,225	35,225	36,283	37,461	39,064
Cinema	1,717	1,794	1,908	2,096	2,320
Outdoor	21,944	23,948	25,685	27,615	29,718
Internet	19,419	26,031	33,465	41,197	47,436
<b>Total *</b>	<b>401,585</b>	<b>428,047</b>	<b>450,642</b>	<b>478,673</b>	<b>503,460</b>

Source: ZenithOptimedia

\* The totals here are lower than the totals in the 'Advertising expenditure by region' table above, since that table includes total adspend figures for a few countries for which spend is not itemised by medium

**Share of total adspend by medium 2005-2009 (%)**

	2005	2006	2007	2008	2009
Newspapers	30.0	29.2	28.4	27.4	26.8
Magazines	13.1	12.8	12.5	12.2	12.1
Television	37.6	37.7	37.5	37.7	37.5
Radio	8.5	8.2	8.1	7.8	7.8
Cinema	0.4	0.4	0.4	0.4	0.5
Outdoor	5.5	5.6	5.7	5.8	5.9
Internet	4.8	6.1	7.4	8.6	9.4

No matter how high our expectations for internet advertising, it always seems to exceed them. We have upgraded our forecasts once again – in light of strong growth in online video ads and local search – and now expect the internet to attract 8.6% of global adspend in 2008 and 9.4% in 2009. Just three months ago we predicted it would attract 8.6% in 2009. We predict online adspend will grow by 82% between 2006 and 2009, while the rest of the ad market grows by 13%.

*Advertising Expenditure Forecasts is published quarterly priced £395. It may be ordered in hard or soft copy from [www.zenithoptimedia.com](http://www.zenithoptimedia.com)*

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ZenithOptimedia is one of the world's leading global media services agencies with 175 offices in 69 countries.

Key clients include Alcatel-Lucent, Beam Global Spirits & Wine, British Airways, Electrolux, General Mills, Giorgio Armani Parfums, Hewlett-Packard, Kingfisher, Mars, MBNA Europe, Nestlé, L'Oréal, Puma, Polo Ralph Lauren, Qantas, Richemont Group, Sanofi-Aventis, Siemens, Thomson Multimedia, Toyota/Lexus, Verizon, Whirlpool, Wyeth and Zurich.

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The ZenithOptimedia Village enables the widest range of communications opportunities and skills to be brought together to ensure the most powerful connections are made with consumers.

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