

PRESS RELEASE

2008 Olympics to boost TV to its highest ever share of world adspend

- ZenithOptimedia predicts the Olympic Games will help lift television's share of the global ad market to a record 38.2% in 2008
- Online video and local search will drive 30% growth in internet ad expenditure this year – nine times faster than the rest of the ad market
- Between 2006 and 2009 internet adspend will grow 85% and raise its market share from 6.1% to 9.5%
- US downgraded to 2.5% growth in 2007 from 3.3% after credit squeeze and continued slump in housing market

Global advertising expenditure by medium

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

	2005	2006	2007	2008	2009
Newspapers	118,803	123,547	124,880	128,410	132,118
Magazines	52,576	54,471	56,133	58,310	60,922
Television	151,143	161,714	169,903	182,370	192,165
Radio	34,160	35,191	36,305	37,542	39,221
Cinema	1,723	1,799	1,909	2,097	2,332
Outdoor	21,790	23,773	25,551	27,495	29,660
Internet	19,235	25,952	33,723	41,638	48,139
Total *	399,431	426,447	448,403	477,863	504,557

Source: ZenithOptimedia

* The totals here are lower than the totals in the 'Advertising expenditure by region' table below, since that table includes total adspend figures for a few countries for which spend is not itemised by medium. This table also excludes some advertising that does not fit into the above media categories.

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

	2005	2006	2007	2008	2009
Newspapers	29.7	29.0	27.8	26.9	26.2
Magazines	13.2	12.8	12.5	12.2	12.1
Television	37.8	37.9	37.9	38.2	38.1
Radio	8.6	8.3	8.1	7.9	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	7.5	8.7	9.5

Television faces many challenges – the spread of PVRs; migration of viewers from premium mass-audience channels to cheaper specialist channels; and competition from the internet, to name three of the biggest. Despite all these, television will increase its share of global ad expenditure from 37.9% in 2007 to 38.2% in 2008, an all-time record.

Television is, in fact, losing market share in many countries in North America and Western Europe, for the very reasons listed above. In 2008 we expect television's share of ad expenditure to fall 0.3 percentage points to 32.4% in North America, and 0.5 percentage points to 30.4% in Western Europe. However, the faster growth of ad markets in the rest of the world is counteracting this trend. In these markets television tends to attract a much higher share of ad expenditure, because they are more dependent on FMCG advertisers (who greatly prefer television over other media) and their inhabitants have less media choice. We expect the coverage of the Olympics in Beijing to give an extra boost to television in 2008, particularly in China and its neighbours. We forecast television's share to grow by 0.5 percentage points to 41.3% in China, by 0.3 points to 42.5% in Asia Pacific, and by 0.3 points to 38.2% across the world. In the absence of this stimulus, its share will fall back to 38.1%, but this is as high as its previous peak, in 2004.

We have revised our forecasts for internet advertising upwards yet again: we now forecast 29.9% growth this year (up from 28.6% three months ago) and 85% growth between 2006 and 2009 (up from 82%). Online video and local search are the new, fast-growing segments, but display, classified and the rest of search are still growing rapidly as well. We now expect internet advertising to account for 9.5% of all expenditure in 2009, fractionally up from the 9.4% we forecast three months ago.

Newspapers are suffering the most from the depredations of the internet, which is better at delivering timely news and is an efficient substitute for newspaper classifieds. We expect newspapers' share of world ad expenditure to fall from 29.0% in 2006 to 26.2% in 2009. By contrast, outdoor is in rude health, and is forecast to increase its market share from 5.6% to 5.9% over the same period. New digital displays make it easy for advertisers to book and distribute eye-catching ads at short notice.

Advertising expenditure by region

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

	2005	2006	2007	2008	2009
North America	173,306	182,542	187,423	195,216	201,341
Western Europe	99,204	104,180	108,540	113,415	118,417
Asia Pacific	84,534	89,708	95,373	104,064	110,331
Central & Eastern Europe	20,173	23,814	28,181	33,152	39,013
Latin America	18,488	20,738	22,035	23,531	24,984
Africa/M. East/ROW	10,835	13,545	15,880	18,905	22,507
World	406,539	434,528	457,432	488,283	516,593

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	2.7	4.2	3.1
<i>of which USA</i>	2.9	5.2	2.5	4.1	3.0
Western Europe	3.8	5.0	4.2	4.5	4.4
Asia Pacific	5.9	6.1	6.3	9.1	6.0
Central & Eastern Europe	4.5	18.1	18.3	17.6	17.7
Latin America	19.2	12.2	6.3	6.8	6.2
Africa/M. East/ROW	16.4	25.0	17.2	19.0	19.1
World	4.8	6.9	5.3	6.7	5.8

Source: ZenithOptimedia

The continued slump in the US housing market has led to a sharp drop in property and construction advertising, particularly property classifieds in newspapers. This, and the recent credit squeeze, has led us to downgrade our forecast for growth in the US this year from 3.3% to 2.5%.

Our forecasts for Western Europe, Asia Pacific and Latin America this year are largely unchanged. Central & Eastern Europe and the Middle East – already the stand-out growth regions – have been upgraded again. We now expect Central & Eastern Europe to grow 18.3% this year (up from 16.9% three months ago) and Africa/Middle East/Rest of World to grow 17.2% (up from 15.6%). Eight of the ten fastest-growing markets in the world are in Central & Eastern Europe; the other two are in the Middle East.

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

	2009 v 06
Serbia	308.8
Qatar	214.7
Kazakhstan	164.1
Egypt	117.7
UAE	108.9
Russia	108.3
Ukraine	100.5
Moldova	97.1
Belarus	96.8
Romania	93.0

Source: ZenithOptimedia

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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.

ZenithOptimedia is committed to delivering to clients the best possible return on their advertising investment.

This approach is supported by a unique system for strategy development and implementation, The ROI Blueprint. At each stage, proprietary ZOOM (ZenithOptimedia Optimisation of Media) tools have been designed to add value and insight.

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