

PRESS RELEASE

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No growth in global adspend in 2009

Expanding developing markets counterbalance decline in North America and Western Europe

- ZenithOptimedia forecasts world adspend will decline 0.2% in 2009
- North America and Western Europe to decline by 5.7% and 1.0% respectively
- Asia Pacific and Central & Eastern Europe still expected to grow, but at a slower rate than previously forecast
- Growth remains healthy in Latin America and the rest of the world
- Developing markets forecast to contribute 89% of ad expenditure growth between 2008 and 2011, and increase their share of the global ad market from 30% to 36%
- Internet advertising still expected to grow 18% in 2009
- We expect the internet to account for 15.6% of global ad expenditure by 2011
- Advertisers return to the familiarity and brand-building power of television, giving it a record market share of 38.5% in 2010 and 2011

Advertising expenditure by region

Major media (newspapers, magazines, television, radio, cinema, outdoor, internet)

US\$ million, current prices. Currency conversion at 2007 average rates.

	2007	2008	2009	2010	2011
North America	188,300	181,796	171,390	175,055	180,113
Western Europe	120,072	119,427	118,282	122,085	127,069
Asia Pacific	101,785	106,497	109,874	116,204	122,558
Central & Eastern Europe	31,625	35,429	35,975	39,619	45,001
Latin America	26,352	29,550	33,956	40,329	45,505
Africa/M. East/ROW	17,258	18,935	21,055	24,114	27,272
World	485,392	491,634	490,532	517,406	547,518

Source: ZenithOptimedia

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

	2007 v 06	2008 v 07	2009 v 08	2010 v 09	2011 v 10
North America	2.7	-3.5	-5.7	2.1	2.9
<i>of which USA</i>	2.5	-3.8	-6.2	2.1	2.8
Western Europe	5.8	-0.5	-1.0	3.2	4.1
Asia Pacific	7.4	4.6	3.2	5.8	5.5
Central & Eastern Europe	22.4	12.0	1.5	10.1	13.6
Latin America	16.3	12.1	14.9	18.8	12.8
Africa/M. East/ROW	22.9	9.7	11.2	14.5	13.1
World	6.9	1.3	-0.2	5.5	5.8

Source: ZenithOptimedia

It is now clear that the ad market is in the middle of a sharp downturn that began in Q3 2008 and accelerated in Q4. ZenithOptimedia has reduced its forecast for adspend growth in 2009 from 4.0% to -0.2% as the fallout from the financial crisis has spread throughout the real economies of the developed world. Consumer and corporate confidence has been severely shaken, and the economic outlook is uncertain. The best-informed economic experts are arguing about exactly what has gone wrong, how bad it will get and what should be done about it. Under these circumstances our forecasts are much more tentative than usual and will change in response to new circumstances.

The US is now officially in recession. Some countries in Western Europe have already suffered two confirmed quarters of consecutive economic decline; others are almost certainly in their second quarter now, so they are in recession too. As usual, ad markets in these regions have reacted to recession by shrinking even more quickly than the wider economy. We now expect ad expenditure to decline 5.7% in North America in 2009, and 1.0% in Western Europe. These are well down from our previous forecasts of 0.9% growth and 2.6% growth respectively, which we published just two months ago.

The credit crisis has also slowed the advance of some developing markets, particularly in Asia Pacific and Central & Eastern Europe. We have reduced our forecasts for ad expenditure growth in 2009 from 5.2% to 3.2% in Asia Pacific, and from 12.7% to just 1.5% in Central & Eastern Europe amid fears about the economic stability of markets like Hungary, Turkey and Ukraine. Elsewhere our forecasts remain healthy, and we still expect 14.9% growth in Latin America, and 11.2% growth in the rest of the world. Among the big emerging 'BRIC' markets we forecast continued growth in 2009: from 5% for Russia, through 9% in China and 13% in India, to 30% in Brazil.

The global ad market will be very tough in Q1 2009, and Q2 is unlikely to be much better. But we expect mild recovery to begin in Q3, a year after the start of the downturn, and pick up in Q4 when the year-on-year comparatives will start to get a lot easier. Over the course of 2010 we forecast global ad expenditure to grow 5.5%, followed by 5.8% growth in 2011. We expect the sharp disparity of growth rates between the developed world (which we define as North America, Western Europe and Japan) and the developing world (which we define as everywhere else) to continue. We think developing markets will contribute 89% of all ad expenditure growth between 2008 and 2011, and increase their share of the global ad market from 30% to 36% over these years.

Global advertising expenditure by medium

US\$ million, current prices Currency conversion at 2007 average rates.

	2007	2008	2009	2010	2011
Newspapers	130,057	123,229	115,491	114,038	114,717
Magazines	57,721	55,754	54,130	54,915	55,975
Television	179,236	184,487	185,447	196,818	207,886
Radio	38,330	37,003	34,408	35,200	36,459
Cinema	2,379	2,543	2,658	2,869	3,043
Outdoor	31,060	32,662	33,506	35,819	38,244
Internet	41,118	49,876	58,703	71,213	84,145
Total *	479,902	485,555	484,343	510,872	540,469

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 2007-2011 (%)

	2007	2008	2009	2010	2011
Newspapers	27.1	25.4	23.8	22.3	21.2
Magazines	12.0	11.5	11.2	10.7	10.4
Television	37.3	38.0	38.3	38.5	38.5
Radio	8.0	7.6	7.1	6.9	6.7
Cinema	0.5	0.5	0.5	0.6	0.6
Outdoor	6.5	6.7	6.9	7.0	7.1
Internet	8.6	10.3	12.1	13.9	15.6

Internet advertising continues to grow rapidly as advertisers turn to it for its innovation and its accountability, which is particularly important in a recession when every line of a budget must be justified. We now still expect internet advertising to grow by 18% in 2009, including 18% growth in North America and 12% in Western Europe. We forecast the internet to take a 15.6% share of global ad expenditure in 2011, 5.2 percentage points ahead of magazines and 5.6 points behind newspapers, having narrowed the gap from 15.1 points in 2008.

The other media we expect to undergo substantial growth in 2009 are cinema and outdoor. Cinema is still a new medium for advertising in the US, and is growing strongly there, and admissions often rise in times of economic difficulty as consumers seek a means of escape. Outdoor contractors are investing in both traditional displays and digital billboards that capture the attention of consumers and advertisers.

Television is also doing relatively well in the downturn. As happened in the previous two downturns (in 1991-1992 and 2001-2002) advertisers will continue to shift their expenditure from secondary media to television, which they are familiar with and comfortable with its power to build brands. Like cinema admissions, television viewing tends to rise in recessions because it offers escapism, and at a much lower price per hour. The rise of the developing ad markets – where television tends to account for a much higher share of expenditure than in the developed markets – is also boosting the global profile of television, which we expect to attract a record 38.5% share of global ad expenditure in 2010 and 2011.

Advertising Expenditure Forecasts is published quarterly priced £395. It may be ordered in hard or soft copy from www.zenithoptimedia.com

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