

PRESS RELEASE

Embargoed until 00.01 GMT Monday 6 December 2010

Steady recovery in global ad expenditure to continue for at least three years

- After the surprisingly strong 4.9% recovery this year, we predict annual growth of between 4.6% and 5.2% for the next three years.
- Global ad expenditure to exceed the 2008 peak in 2012.
- Developing markets to continue to grow much faster than developed markets: developing markets will account for 35.9% of ad expenditure in 2013, up from 31.5% in 2010
- Ad expenditure in newspapers and magazines to fall by 2% between 2010 and 2013. Technology to help television, cinema and outdoor grow ahead of the market, while internet advertising grows three times faster than the market as a whole.
- Display advertising now the fastest-growing internet category, driven by online video and social media.

“The key result of this update is the continued rise of developing markets and digital media, and their central role in driving global growth,” said Steve King, ZenithOptimedia’s worldwide CEO. “In fact the importance of the internet is underrepresented in these figures. Advertisers are investing a lot more in owned and earned media, where their activities do not count as ad expenditure in the traditional sense.”

ZenithOptimedia now estimates global ad expenditure will have grown 4.9% by the end of 2010 (up very slightly from our 4.8% prediction in October). Ad expenditure has recovered more rapidly than expected in every region this year, as advertisers regained some of their confidence after an alarming 2009. Corporate profitability has rebounded, and many companies have built up large reserves of cash, leaving them in a much more secure position to invest for the future. We forecast the recovery in ad expenditure to continue at a steady pace over the next three years, with 4.6% growth in 2011 and 5.2% growth in both 2012 and 2013. There are certainly risks to the recovery, notably high debt in the developed world (both private and public), persistent unemployment in the US, fears of defaults in the Eurozone, and cuts in government spending. Until advertisers are fully confident that the economic recovery will be sustained, we expect growth to remain below its long-term trend rate of 6%.

In recent years there has been a big difference between the growth rates of developed and developing markets, and we expect this to continue, caused by the much stronger economic growth of the developing markets. Between 2010 and 2013 we forecast Japan to grow by 5%, North America to grow by 9% and Western Europe to grow by 10%. Meanwhile we forecast Latin America to grow by 26%, Central & Eastern Europe by 31%, Asia Pacific by 23%, and Asia Pacific excluding Japan to grow by 36%. The rest of the world (primarily Middle East and Africa) will grow by 24%. Developing markets – which we here define as everywhere outside North America, Western Europe and Japan – will increase their share of the global ad market from 31.5% in 2010 to 35.9% in 2013.

The world's current top ten ad markets divide into four broad groups. Japan – as mentioned earlier – is forecast to grow only 5% between 2010 and 2013, dragged down by deflation and huge public debt. The US and the big markets in Western Europe (France, Germany, Italy and the UK) are forecast to grow a disappointing 7% to 9% over the period, held back by concerns over debt, unemployment and government spending. Australia and Canada did well during the downturn, thanks partly to strong trade links with Asia Pacific, and will grow a much more substantial 15% to 17%. The 'emerging' markets of Brazil and China will grow 31% and 51% respectively.

Its rapid growth means China will overtake Germany to become the world's third-largest ad market in 2011, and stay at that position throughout our forecast period. China is currently just over half (52%) the size of Japan, the second-largest ad market, and will be three-quarters (76%) of its size in 2013. Russia will enter the top ten in 2012, leapfrogging Australia and Canada to take ninth place, and then overtake Italy to take eighth in 2013.

Top ten ad markets

US\$ million, current prices. *Currency conversion at 2009 average rates.*

	2010	Adspend		2013	Adspend
1	USA	151,519	1	USA	164,844
2	Japan	43,267	2	Japan	45,300
3	Germany	24,631	3	China	34,236
4	China	22,606	4	Germany	26,508
5	UK	18,047	5	UK	19,678
6	Brazil	14,243	6	Brazil	18,662
7	France	12,875	7	France	13,825
8	Italy	10,753	8	Russia	12,228
9	Australia	9,394	9	Italy	11,734
10	Canada	8,867	10	Australia	10,981

Source: ZenithOptimedia

Now that it has returned to growth, its sheer size means that the US will contribute the most new ad dollars to the global market between 2010 and 2013 (US\$13.3 billion), despite its slow growth. However, the next five largest contributors are all developing markets: China (which contributes almost as much as the US, at US\$11.6 billion), Russia (US\$4.4 billion), Brazil (US\$4.4 billion), Indonesia (US\$2.7 billion) and India (US\$2.5 billion).

The ten largest contributors to global adspend growth (2013 v 2010)

US\$ million, current prices. *Currency conversion at 2009 average rates.*

	2010	Adspend growth
1	USA	13,325
2	China	11,630
3	Russia	4,431
4	Brazil	4,419
5	Indonesia	2,652
6	India	2,493
7	Japan	2,033
8	Germany	1,877
9	UK	1,631
10	Australia	1,587

Source: ZenithOptimedia

Advertising expenditure by region

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

US\$ million, current prices. Currency conversion at 2009 average rates.

	2009	2010	2011	2012	2013
North America	156,556	160,386	164,516	169,277	175,024
Western Europe	100,143	104,225	107,520	111,300	114,712
Asia Pacific	99,746	106,021	113,345	122,000	130,711
Central & Eastern Europe	25,402	27,095	29,243	32,284	35,514
Latin America	25,711	29,315	31,673	34,082	36,836
Africa/M. East/ROW	21,220	22,654	24,150	25,941	28,044
World	428,778	449,696	470,447	494,883	520,840

Source: ZenithOptimedia

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

Year-on-year change (%)

	2009 v 08	2010 v 09	2011 v 10	2012 v 11	2013 v 12
North America	-12.6	2.4	2.6	2.9	3.4
of which USA	-12.9	2.2	2.4	2.8	3.3
Western Europe	-11.2	4.1	3.2	3.5	3.1
Asia Pacific	-6.5	6.3	6.9	7.6	7.1
excluding Japan	-1.2	11.4	10.9	11.5	10.0
Central & Eastern Europe	-24.5	6.7	7.9	10.4	10.0
Latin America	-5.3	14.0	8.0	7.6	8.1
Africa/M. East/ROW	5.7	6.8	6.6	7.4	8.1
World	-10.6	4.9	4.6	5.2	5.2

Source: ZenithOptimedia

Global advertising expenditure by medium

Looking at their growth between 2010 and 2013, the media can be divided into four groups. Newspapers and magazines are forecast to decline by 2% between 2010 and 2013 as circulations continue to fall and readers migrate to the internet. Radio is forecast to grow by 10% – behind the market as a whole, which will grow by 16%. Outdoor will outperform the markets with 18% growth, television and cinema with 19% each. These three media have benefited from technological improvements that have encouraged more consumption (such as HDTV and 3D movies) and increased their visibility and impact (such as digital outdoor displays). Meanwhile the internet will continue to grow much faster than the traditional media with 48% growth over the period.

Despite many predictions to the contrary, television has been the stand-out success of the last five years among traditional media. Bigger and higher-quality displays, more channels delivered by digital television, and the convenience of PVRs mean people are watching more television than ever. Television's share of the ad market has increased from 37.1% in 2005 to 40.7% in 2010, and will rise to 41.8% in 2013.

The internet is still rapidly increasing its market share, which will rise from 14.0% this year to 17.9% in 2013. Display advertising's share of internet ad expenditure fell from 36.2% in 2006 to 33.6% in 2009, but the rise of internet video and social media have reversed that trend. We forecast display to take 33.9% of internet adspend this year, and 35.0% in 2013.

The importance of the internet to advertisers is understated by these figures, because as well as creating new opportunities in paid media, it has greatly expanded brands' abilities to talk to consumers via social media, both 'owned' (on brands' own websites and microsites, YouTube channels, Twitter and Facebook accounts and so on) and 'earned' (conversations consumers have on forums, blogs, etc). These activities can be extremely effective, and many advertisers have embraced them enthusiastically, but most of them will never be picked up in a survey of ad expenditure.

Advertising expenditure by medium

US\$ million, current prices *Currency conversion at 2009 average rates.*

	2009	2010	2011	2012	2013
Newspapers	97,237	94,199	93,019	92,300	91,908
Magazines	43,844	43,184	42,644	42,372	42,300
Television	165,260	180,280	191,198	202,380	213,878
Radio	31,855	31,979	32,580	33,815	35,054
Cinema	2,104	2,258	2,393	2,538	2,681
Outdoor	28,120	29,319	30,945	32,821	34,554
Internet	54,209	61,884	70,518	80,672	91,516
Total *	422,629	443,102	463,297	486,898	511,890

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 (%)

	2009	2010	2011	2012	2013
Newspapers	23.0	21.3	20.1	19.0	18.0
Magazines	10.4	9.7	9.2	8.7	8.3
Television	39.1	40.7	41.3	41.6	41.8
Radio	7.5	7.2	7.0	6.9	6.8
Cinema	0.5	0.5	0.5	0.5	0.5
Outdoor	6.7	6.6	6.7	6.7	6.8
Internet	12.8	14.0	15.2	16.6	17.9

Internet advertising by type

US\$ million, current prices *Currency conversion at 2009 average rates.*

	2009	2010	2011	2012	2013
Display	18,221	20,996	24,159	27,866	32,073
Classified	9,770	10,352	11,267	12,285	13,285
Paid search	26,219	30,535	35,092	40,520	46,158
Total	54,209	61,884	70,518	80,672	91,516

Source: ZenithOptimedia

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

For further information, please contact:

Jonathan Barnard

Head of Publications

Tel: +44 20 7961 1192

Fax: +44 20 7291 1199

E-mail: jonathan.barnard@zenithoptimedia.com

Anne Austin

Senior Publications Executive

Tel: +44 20 7961 1194

Fax: +44 20 7291 1199

E-mail: anne.austin@zenithoptimedia.com

ZenithOptimedia is one of the world's leading global media services agencies with 218 offices in 72 countries.

Key clients include AlcatelLucent, Aviva, BBC Worldwide, British Airways, Electrolux, General Mills, Giorgio Armani Parfums, Kingfisher, Lactalis, Mars-Wrigley, Nestlé, L'Oréal, Puma, Polo Ralph Lauren, Qantas, Reckitt Benckiser, Richemont Group, Sanofi-Aventis, Siemens, Telefónica O2, Thomson Multimedia, Toyota/Lexus, Verizon, Whirlpool and Wyeth.

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.

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.

ZenithOptimedia is part of Publicis Groupe (Euronext Paris: FR0000130577), the world's third largest communications group, the world's second largest media counsel and buying group, and a global leader in digital and healthcare communications. With around-the-world activities spanning more than 104 countries on five continents, the Groupe employs approximately 45,000 professionals.

With sister agencies Starcom MediaVest, Denuo, Digitas and Razorfish, ZenithOptimedia is a member of Publicis Groupe's VivaKi, a global digital knowledge and resource centre that leverages the combined scale of the autonomous operations of its members to develop new services, new tools, and new partnerships.

For further information on ZenithOptimedia, please contact:

Steve King

Chief Executive Officer

Tel: +44 20 7961 1046

Fax: +44 20 7961 1042

E-mail: steve.king@zenithoptimedia.com

John Taylor

Chairman

Tel: +44 20 7961 1133

Fax: +44 20 7961 1002

E-mail: john.taylor@zenithoptimedia.com

Tim Jones

Chief Executive Officer – Americas

Tel: +1 212 859 5100

Fax: +1 212 727 9495

E-mail: tim.jones@zenithoptimedia-na.com

Philip Talbot

Chief Executive Officer – Asia Pacific

Tel: +852 2236 9080

Fax: +852 2250 9388

E-mail: philip.talbot@zenithoptimedialogroup.com.hk

All our publications are available online at www.zenithoptimedia.com