PRESS RELEASE

Ad growth stable with healthy hotspots

- Traditional ad expenditure continues tracking or exceeding world economy
- Brazil, Russia, India, Indonesia and China represent around 8% of global advertising but supply 30% of growth in 2005 and 33% of growth to 2008
- Internet advertising will be US$18 billion this year. If it were a country it would rank top five in size and growth - like a Western Europe giant growing at an emerging Asia rate
- Strong demand for market research

We expect global advertising expenditure to grow 4.8% in 2005 in line with our 5.0% prediction a year ago. 2006 is a touch firmer at 5.9% (we predicted 5.8% a year ago) and 2007 is down slightly at 5.7% (5.8% a year ago). Our opening forecast for 2008 is 6.0%.

Advertising expenditure
Major media (newspapers, magazines, television, radio, cinema, outdoor, internet)
US$ million, current prices. *Currency conversion at 2004 average rates.*

	2004	2005	2006	2007	2008
North America	168,250	173,292	182,088	190,048	199,203
Europe	104,545	108,057	113,032	118,112	123,169
Asia/Pacific	78,801	82,760	87,698	94,467	102,148
Latin America	15,513	18,193	19,670	21,391	23,088
Africa/M. East/ROW	18,188	21,361	24,835	27,834	31,335
World	**385,297**	**403,663**	**427,324**	**451,853**	**478,943**

Source: ZenithOptimedia

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

	2004 v 03	2005 v 04	2006 v 05	2007 v 06	2008 v 07
North America	6.1	3.0	5.1	4.4	4.8
of which USA	*6.0*	*2.9*	*5.1*	*4.4*	*4.9*
Europe	6.3	3.4	4.6	4.5	4.3
Asia/Pacific	6.5	5.0	6.0	7.7	8.1
Latin America	13.2	17.3	8.1	8.7	7.9
Africa/M. East/ROW	27.9	17.4	16.3	12.1	12.6
World	**7.4**	**4.8**	**5.9**	**5.7**	**6.0**

Source: ZenithOptimedia

We predict global growth of 4.8% in 2005, exactly in line with the long-term trend rate of ad revenue growth, which itself is the same as the long-term trend rate of growth in the world economy. The moderate rate of ad growth this year reflects a predictably tough comparison versus 2004, which was a quadrennial year (presidential elections, summer Olympics, European football). 2006 is a mild pickup to an above-trend 5.9%, assisted by mid-term elections, the soccer World Cup and those tough comparatives washing through.

The ad-growth hotspots

The USA is the largest contributor to global advertising growth, providing 33% of the ad dollars added between 2004 and 2008 while accounting for 41%-43% of global advertising. The dynamic 'BRIIC' economies of Brazil, Russia, India, Indonesia and China are only 6%-10% of the sector but are all among the top eight growers, and predicted to supply 26% of global ad growth 2004-2008. By contrast, the five large European markets (UK, Germany, France, Italy, and Spain) are making a predicted contribution of 11%, and their combined share of the global ad market consequently shrinks from 19% to 17% over the same period.

Top ten contributors to annual advertising expenditure growth 2004-2008
US$ million, current prices

	Contribution US$m	% of sector 2004	% of sector 2008
USA	29,814	42.7	40.8
China	7,890	2.2	3.5
Russia	5,362	1.0	2.0
Japan	5,213	10.7	9.7
Brazil	4,671	1.2	2.0
UK	3,909	5.5	5.2
Indonesia	3,108	0.7	1.2
India	2,211	0.8	1.1
Saudi Arabia/Pan Arab	2,068	0.7	1.0
Spain	1,908	2.0	2.0

Internet

The internet will take 4.6% of advertising spend this year, rising to 6.4% forecast in 2008. From 2005 to 2008 inclusive we predict it will create US$15.8 billion new ad dollars – 17% of total global ad growth over this four-year period. This may be conservative: we often revise internet revenues upwards. In Sweden, an online leader, the internet already accounts for 9% of advertising and is forecast to rise to 12%. In time we may find internet assumes such a double-digit share worldwide, comparable to the share magazines take today.

Adspend by medium 2004-2008
US$ million, current prices

	2004	2005	2006	2007	2008
Television	141,510	146,827	155,659	164,768	176,069
Newspapers	113,729	118,107	122,559	127,058	131,724
Magazines	51,227	52,739	55,069	57,802	60,569
Radio	32,714	33,631	34,941	36,422	38,134
Outdoor	21,892	23,231	24,916	26,948	29,289
Internet	14,093	18,147	22,433	26,406	29,902
Cinema	1,517	1,656	1,794	1,934	2,094
Total*	**376,683***	**394,338***	**417,371***	**441,337***	**467,781***

** The totals here are lower than the total on the previous page, since that table includes total adspend figures for a few countries for which spend is not itemised by medium*

Strong demand for market research

We estimate expenditure on other forms of marketing communications and services at US$414 billion in 2005, slightly ahead of the display ad total. This estimate comprises direct mail, directories (like Yellow Pages), price and other promotions, PR, market research, outbound telemarketing and miscellaneous specialist media. As a whole, this group is growing at about the same rate as display advertising: direct mail and outbound telemarketing in particular are holding growth back. Market research is the star. Although it accounts for only US$23 billion or 6% of marketing communications/services expenditure, we estimate it will grow 11% this year and at a similar annual rate 2006-2008 as advertisers seek to improve return on marketing investment and offset the risks inherent to media fragmentation.

Advertising Expenditure Forecasts is published quarterly priced £385. It may be ordered in hard or soft copy from www.zenithoptimedia.com

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ZenithOptimedia is one of the world's leading global media services agencies with 170 offices in 60 countries.

Key clients include Alcatel, British Airways, Darden Restaurants, Electrolux, General Mills, Giorgio Armani Parfums, Hewlett-Packard, Iberia, Kingfisher, Mars, MBNA Europe, Nestlé, L'Oréal, Puma, Polo Ralph Lauren, Qantas, Richemont, 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.

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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