ZenithOptimedia

PRESS RELEASE

Ad growth sustained by emerging markets

- Brazil, Russia, India and China supplying 27% of world ad growth this year compared to 16% of world GDP growth
- The internet supplies 16% of ad growth from a 4% share of ad expenditure in 2005
- Ad spending outlook remains positive despite economic uncertainties

We expect global advertising expenditure to grow 5.2% this year, which is a slight upgrade from our midyear forecast. Consumer price inflation is however picking up. Oil is partly to blame. 5.2% now converts to 1.3% in real terms after inflation, down from 1.9% in our midyear forecast. Global advertising continues to grow at the same rate as the global economy despite lower consumer demand growth this year and in prospect.

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

	2003	2004	2005	2006	2007
North America	158,616	168,197	174,320	184,078	192,397
Europe	98,379	104,344	107,592	112,294	117,401
Asia/Pacific	74,043	80,116	84,554	89,996	97,395
Latin America	13,703	15,467	18,455	20,085	22,135
Africa/M. East/ROW	14,520	18,223	21,335	24,858	28,084
World	**359,261**	**386,347**	**406,257**	**431,311**	**457,412**

Source: ZenithOptimedia

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

	2003 v 02	2004 v 03	2005 v 04	2006 v 05	2007 v 06
North America	1.9	6.0	3.6	5.6	4.5
of which USA	*1.7*	*6.0*	*3.6*	*5.7*	*4.5*
Europe	1.4	6.1	3.1	4.4	4.5
Asia/Pacific	5.4	8.2	5.5	6.4	8.2
Latin America	3.5	12.9	19.3	8.8	10.2
Africa/M. East/ROW	19.1	25.5	17.1	16.5	13.0
World	**3.1**	**7.5**	**5.2**	**6.2**	**6.1**

Source: ZenithOptimedia

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Real growth is highly polarised

By virtue of sheer scale rather than inherent dynamism, the USA is the largest contributor to global advertising growth, providing 30% of this year's ad cash expansion. It is a relatively slow grower itself. The rest of the G7 countries are contributing less to advertising growth than the much more dynamic 'BRIC' economies of Brazil (where there is a consumer credit boom), Russia, India and China. The Saudi/Pan Arab region (where expensive oil has an advertising upside) is contributing nearly as much as India.

The internet is of course another destination for sharp real increases in demand, with revenue growing at three times the rate of the all-media average.

Top ten contributors to annual advertising expenditure
US$ million, current prices

	2005
USA	5,888
Brazil	1,926
China	1,458
Russia	1,223
India	667
Saudi/Pan Arab	656
Indonesia	628
Japan	606
UK	555
Australia	550

Global shares of display advertising revenue by medium (%)

These shares sum to 99% because Denmark, China and the Philippines have a category for 'other' advertising

	2003	**2004**	**2005**	**2006**	**2007**
Newspapers	30.9	30.5	30.3	30.1	29.8
Magazines	13.9	13.5	13.4	13.3	13.4
TV	36.9	37.4	37.1	37.2	37.2
Radio	8.8	8.6	8.5	8.3	8.1
Cinema	0.4	0.4	0.4	0.4	0.4
Outdoor	5.4	5.4	5.4	5.4	5.5
Internet	3.2	3.7	4.3	4.7	5.0

Rita and Katrina

Emergencies including these usually have only a brief and localised effect on advertising spending. New Orleans spot TV is obviously being affected, but this market represents less than 1% of U.S. local television spending. We do not expect spot TV spending in Houston to be measurably affected by Rita.

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, Allied Domecq (Pernod Ricard and Jim Beam Brands), 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, 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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