

Development of Advertising Spendings in the different Media

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Studied Statistics in Munich
Since 1991 in the job, first in a publishing house and
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Agenda



- Current Situation
- Technical and social Trends
- Ad Spend Developments

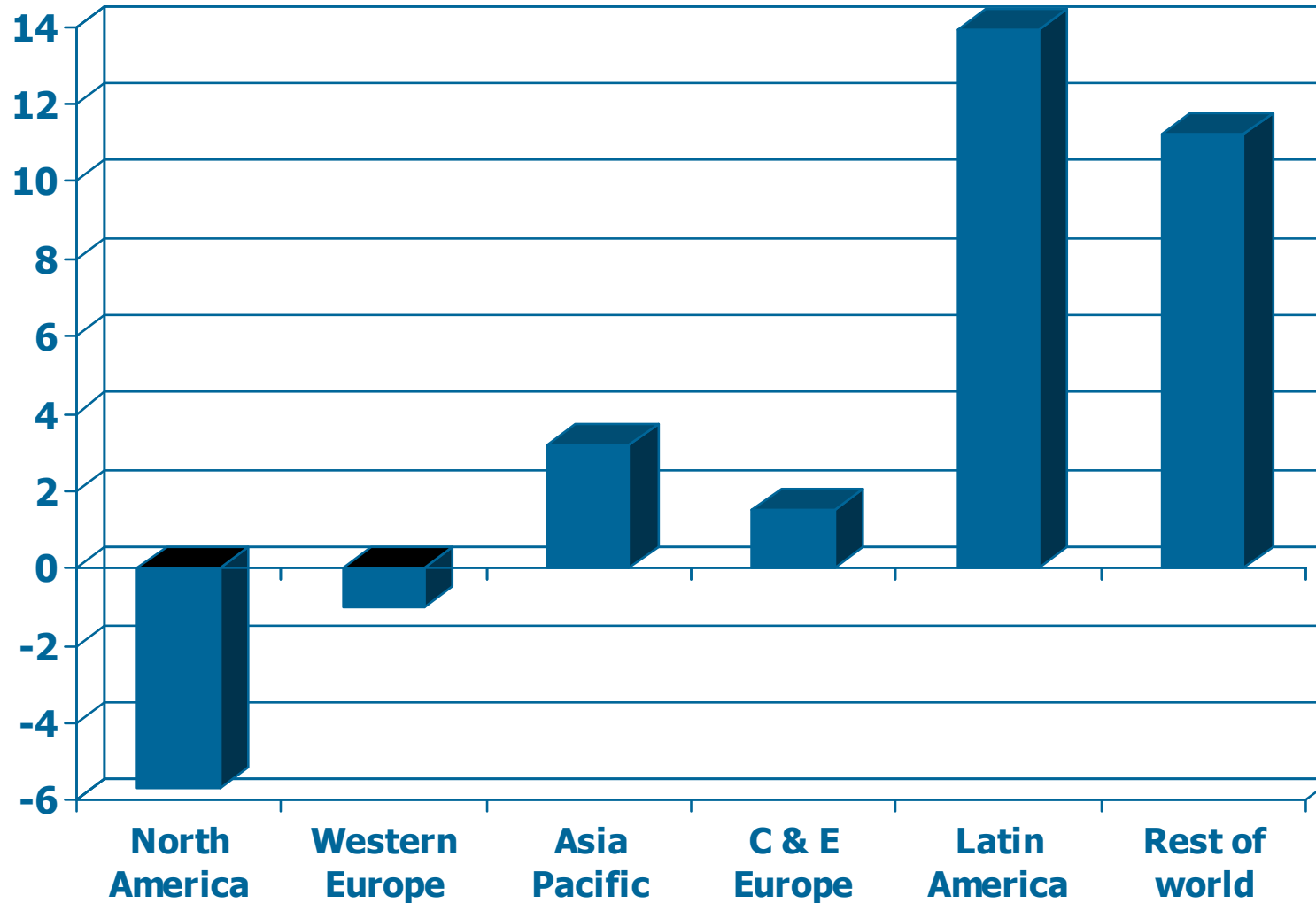


Current Situation

Adspend growth by region

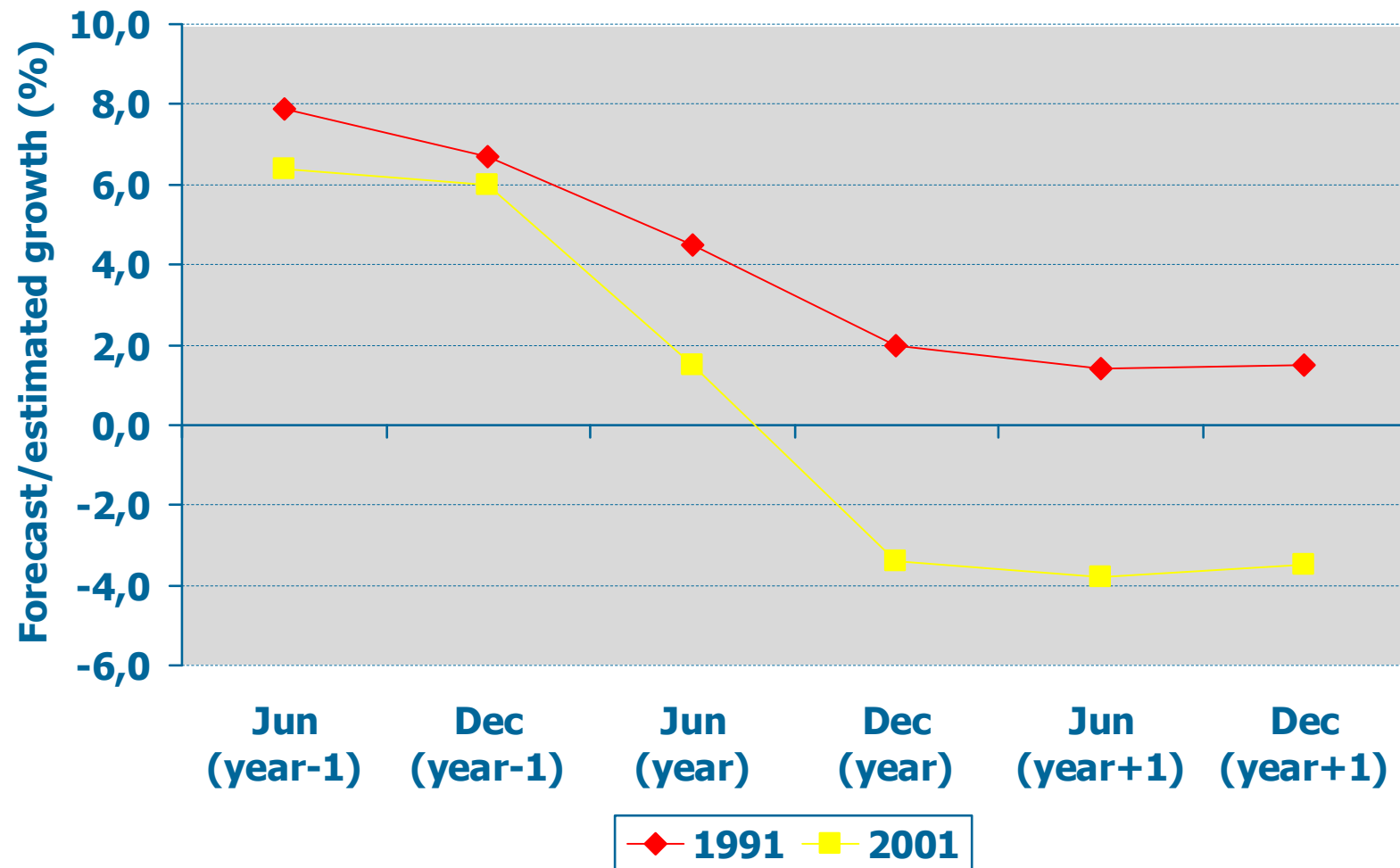


Year-on-year % change, current prices, 2009 vs. 2008

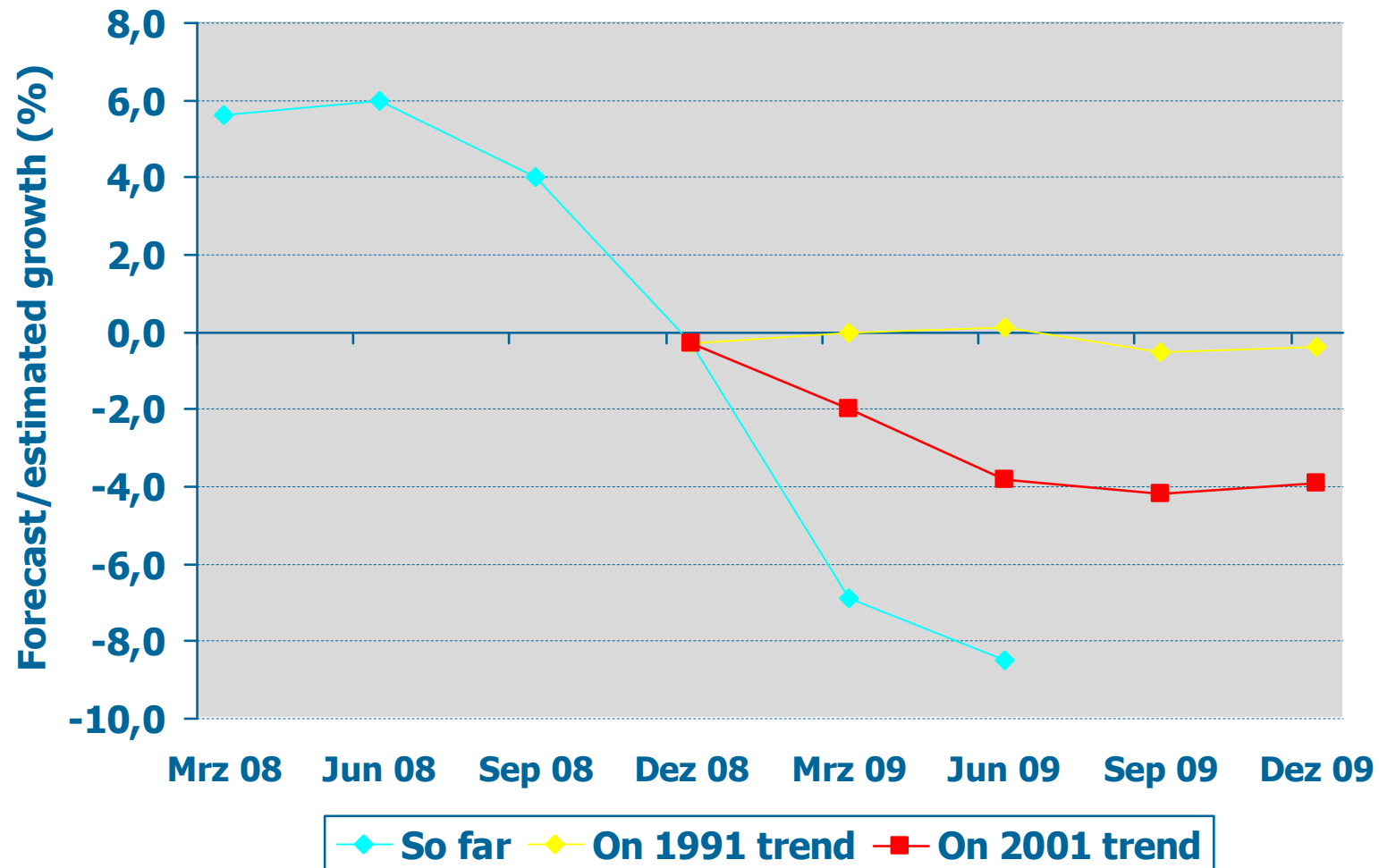


Source: ZenithOptimedia

Advertising trend during the last two recessions



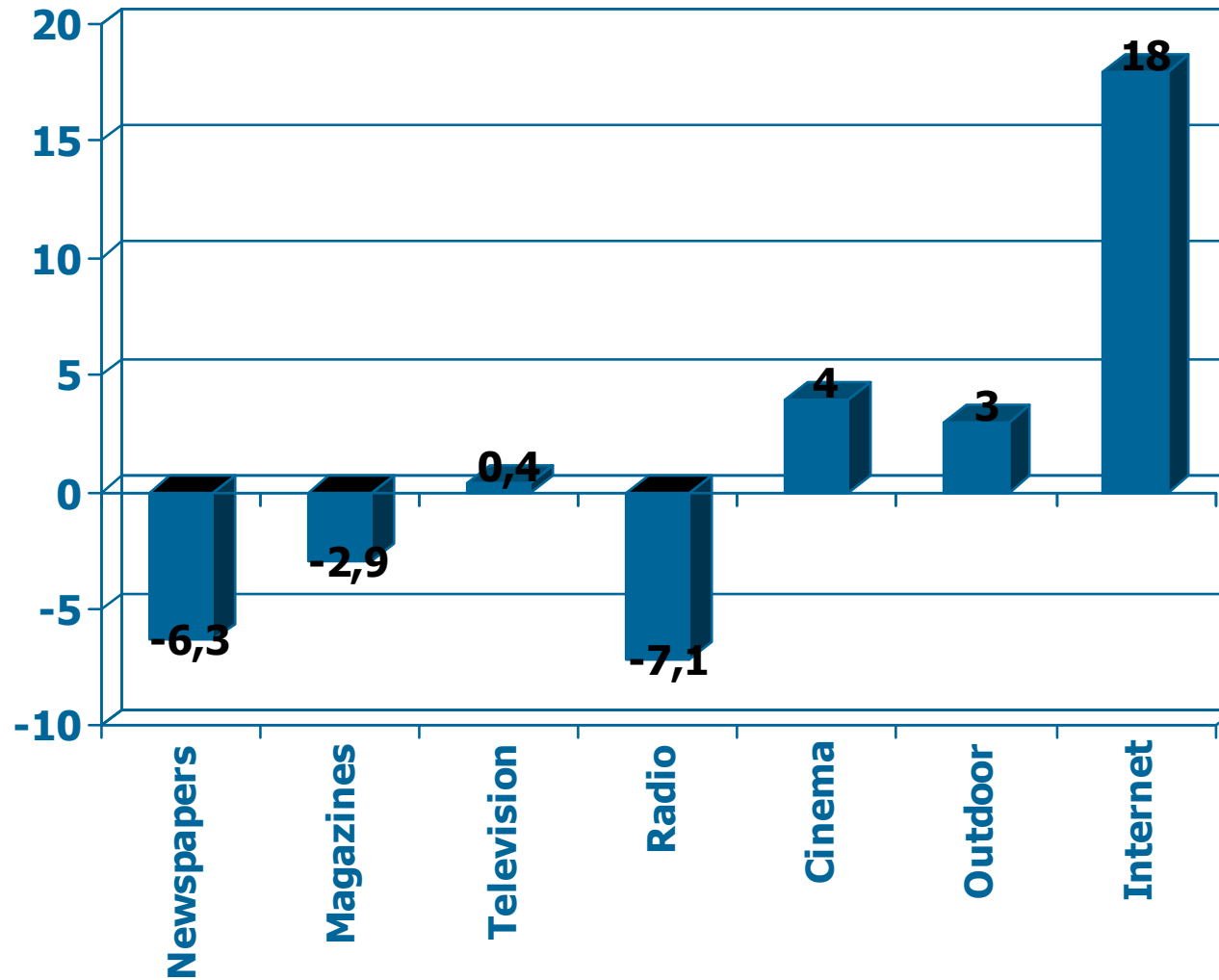
Current crisis



Adspend growth by medium (2009)



Year-on-year % change, current prices



Source: ZenithOptimedia

Results 2009

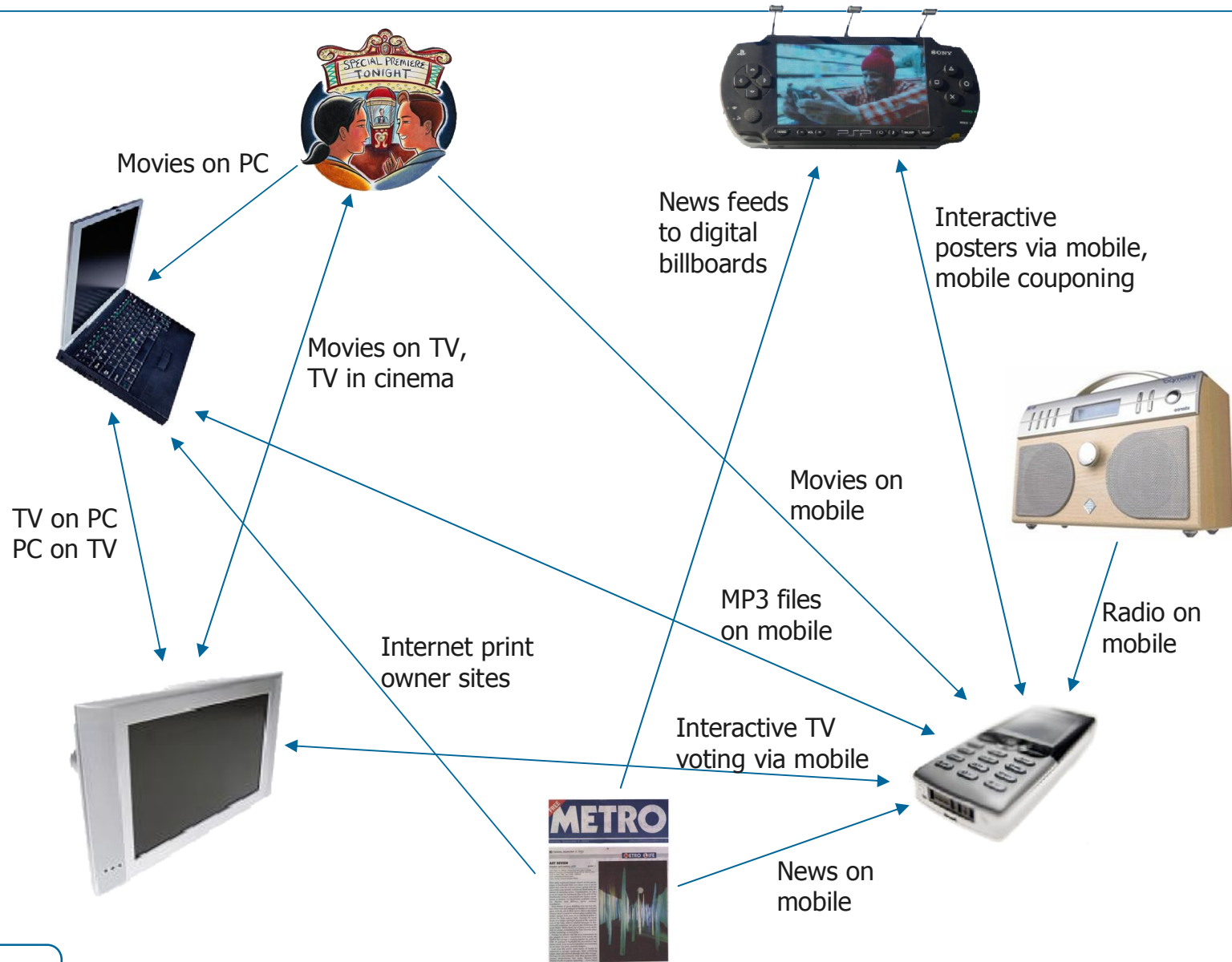


- Western and Middle Europe as well as Northamerica are the biggest losers of the ad crises
- The advertisement downturn is bigger than the downturn we had during the last two recessions
- Printed media and radio are the media with the most negative development



Technical and social Trends

Media Mutation



Media is changing its shape



- Technology is changing our traditional definitions of media
- More variants of traditional forms (e.g. newspapers on web)
- Blurring of distinctions (Internet on TV or TV on PC)
- Soon all media will be digitally available



How are traditional media forms changing and adapting – especially printed media?

Newspapers



- Long term decline of mass paid-for newspapers
 - ageing populations stem rate of decline
 - loss of youth market
- Survival requires content change
 - Less news, more "entertainment"
- Steady growth of niche financial and business newspapers
- Migration of content to web – function as "portals"
- Decline stemmed through growth of free titles (Metro)



Magazines



➤ Decline in general interest magazines

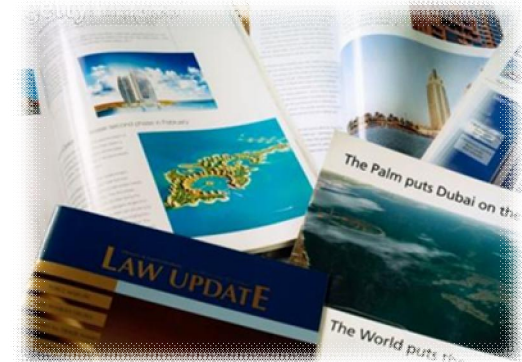
- Falling circulations
- less time to read (working women, single homes)

➤ Number of magazines continues to grow

- niche interests (inc. business) and hobbies rising
- production and distribution costs falling
- Migration of content to web

➤ Youth market in decline

- Text messaging and downloads competing for disposable income



Digital media mutation



- Technical progress continues to drive new innovation
 - Completely new communication forms (gaming, mobile internet)
 - New forms of traditional media (Digital and in-store TV)
 - Same content - multiple platforms (IPTV, Online newspapers)

- Old definitions of media forms will disappear (is IPTV television or internet?)

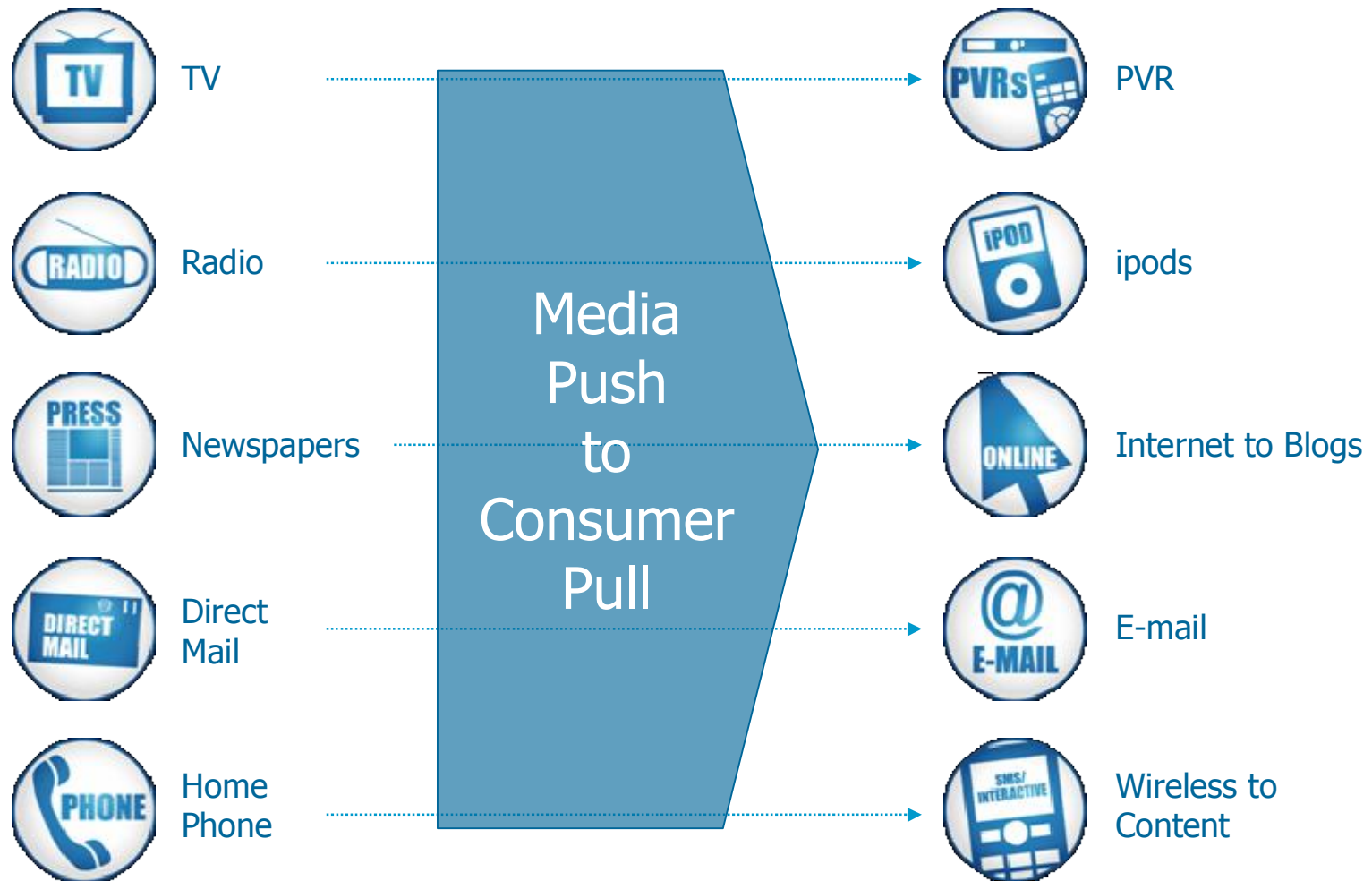
The consumer has the opportunity to take more control of the media

Digital technology is changing consumer habits



- More media (in the broadest sense)
- More time spent with media
- More choice, more control
- More “competition” for share of mind
- Creating media, not just consuming
- Consumer-funded vehicles rivalling advertiser-funded
- More ways to come into contact with brands

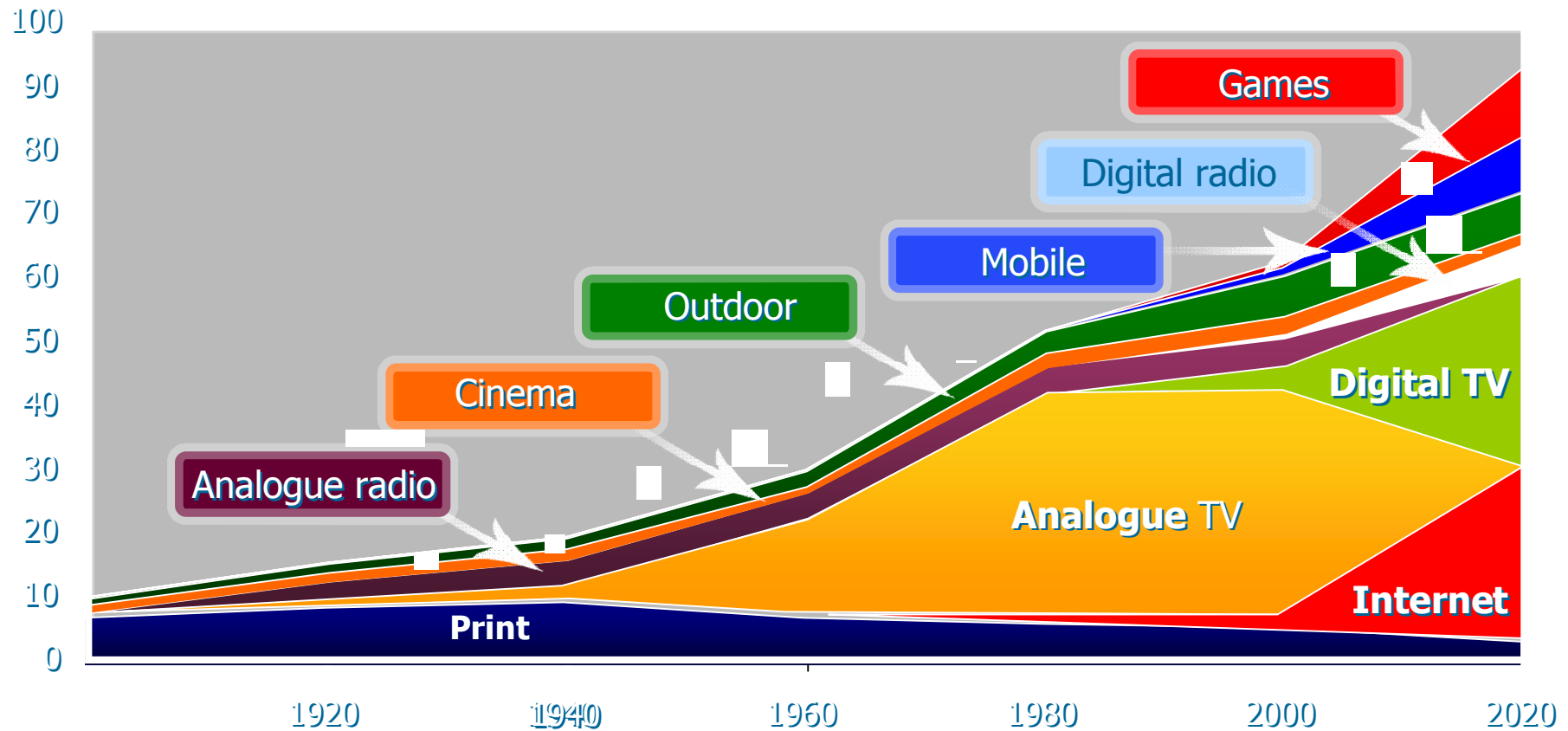
Changes in media usage



Higher media consumption



Media Consumption: Average hours per week



Source: ISOBAR

Results



- Media are changing their shape and their distribution channels
- Newspapers and magazines become more and more content producers for digital channels
- The number of media offers increases extremely and consequently the media consumption rises continuously
- Media consumer becomes media prosumer (= producer + consumer)



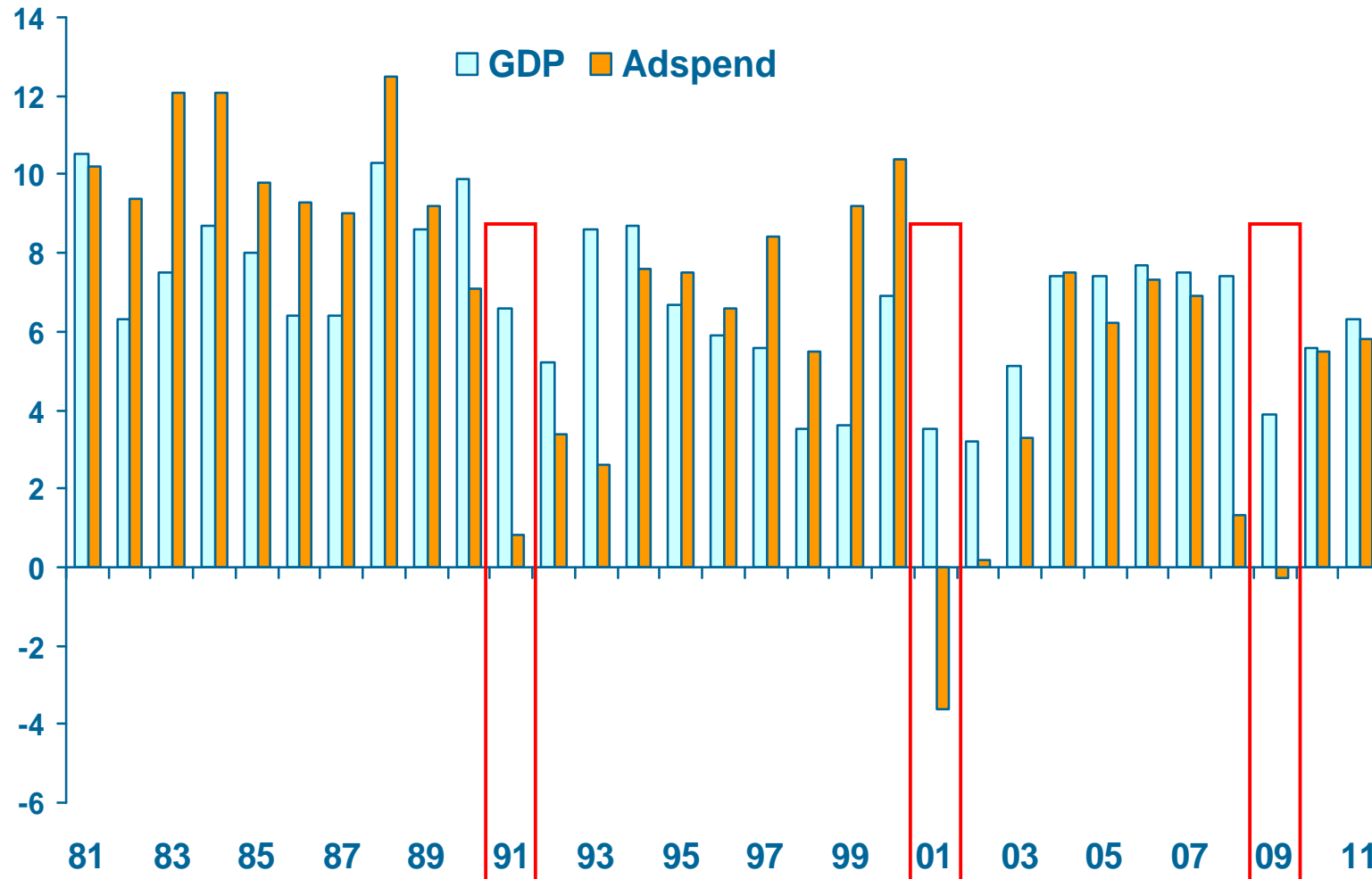
Ad Spend Developments

Adspends follow the economy



Global adspend and GDP growth

Year-on-year % change, current prices



Source: ZenithOptimedia

Global advertising – major media*



Year-on-year % change, current prices

	2008	2009	2010	2011
North America	-3.5	-5.7	2.1	2.9
<i>Of which USA</i>	-3.8	-6.2	2.1	2.8
Western Europe	-0.5	-1.0	3.2	4.1
Asia Pacific	4.6	3.2	5.8	5.5
<i>Asia Pacific excluding Japan</i>	9.0	5.4	9.1	8.1
Central & Eastern Europe	12.0	1.5	10.1	13.6
Latin America	12.1	13.9	18.9	12.9
Rest of World	9.7	11.2	14.6	13.1

Global Major Media:

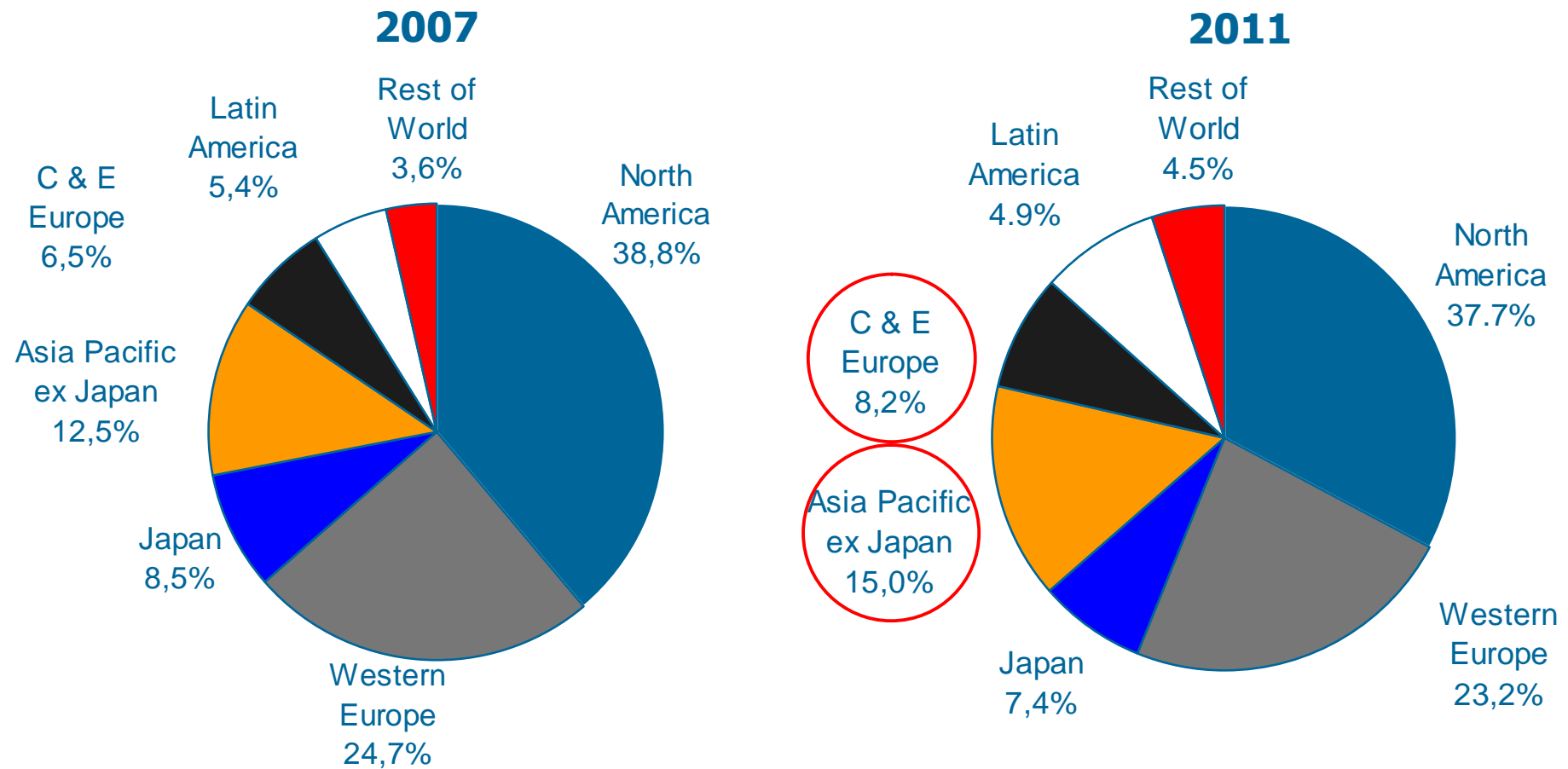
US\$ Million	491,634	490,246	517,124	547,224
% Change	.3	.3	.5	5.8



* TV, Print, Radio, Cinema, Outdoor, Internet

Source: ZenithOptimedia

Global adspend by region



Source: ZenithOptimedia



Top ten ad markets: 2007 and 2011

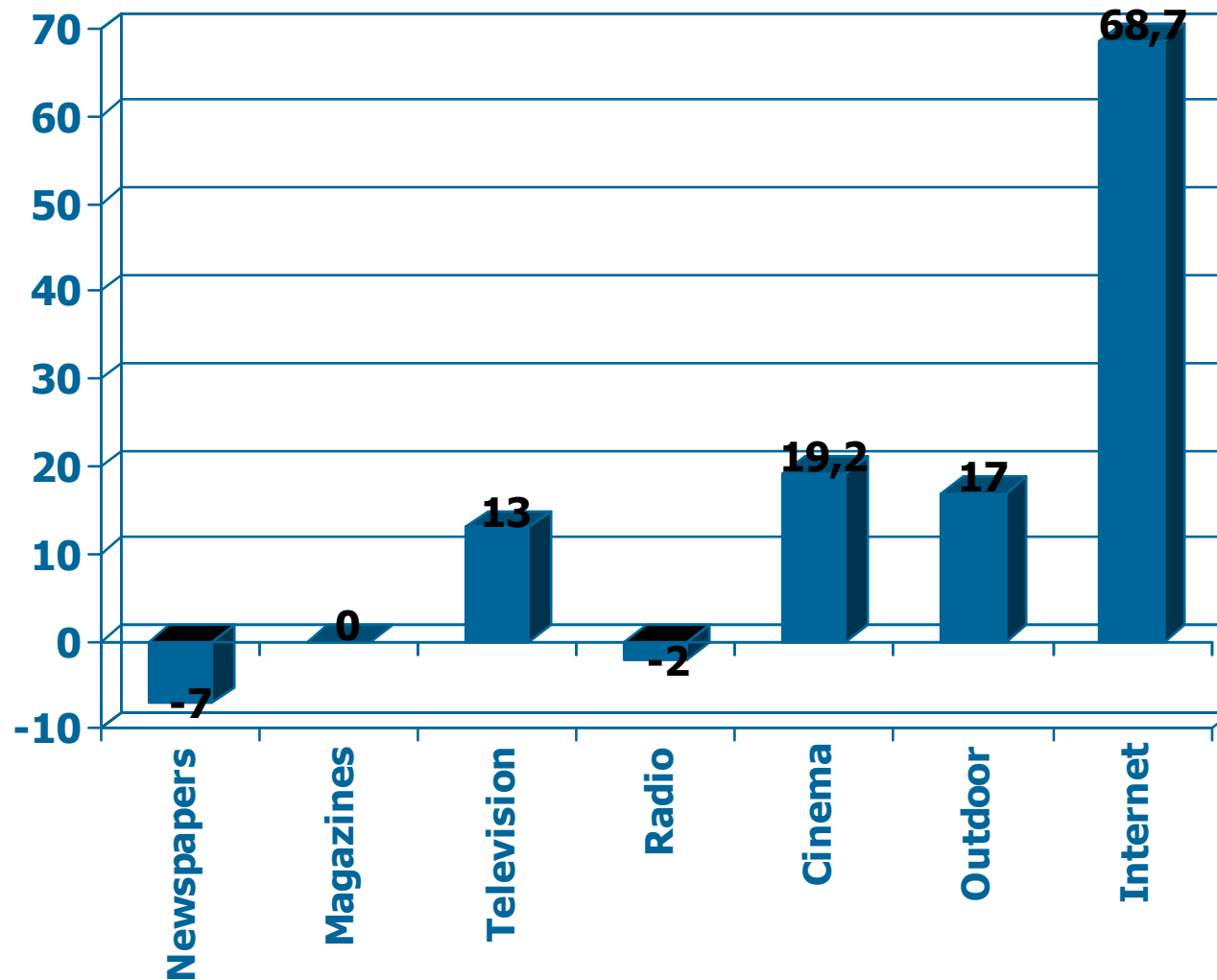
US\$ million, current prices

	<u>2007</u>	<u>Adspend</u>		<u>2011</u>	<u>Adspend</u>	
1.	USA	179,251	1.	USA	169,809	
2.	Japan	41,048	2.	Japan	40,296	
3.	Germany	25,758	3.	UK	29,892	↑
4.	UK	25,511	4.	Germany	25,281	↓
5.	China	15,438	5.	China	25,003	
6.	France	13,904	6.	Brazil	24,877	↑
7.	Italy	12,249	7.	Russia	16,503	↑
8.	Spain	10,738	8.	France	13,984	↓
9.	South Korea	9,967	9.	Italy	12,742	↓
10.	Brazil	9,742	10.	South Korea	11,924	↓

Adspend growth by medium (2011 v 2008)



Year-on-year % change, current prices



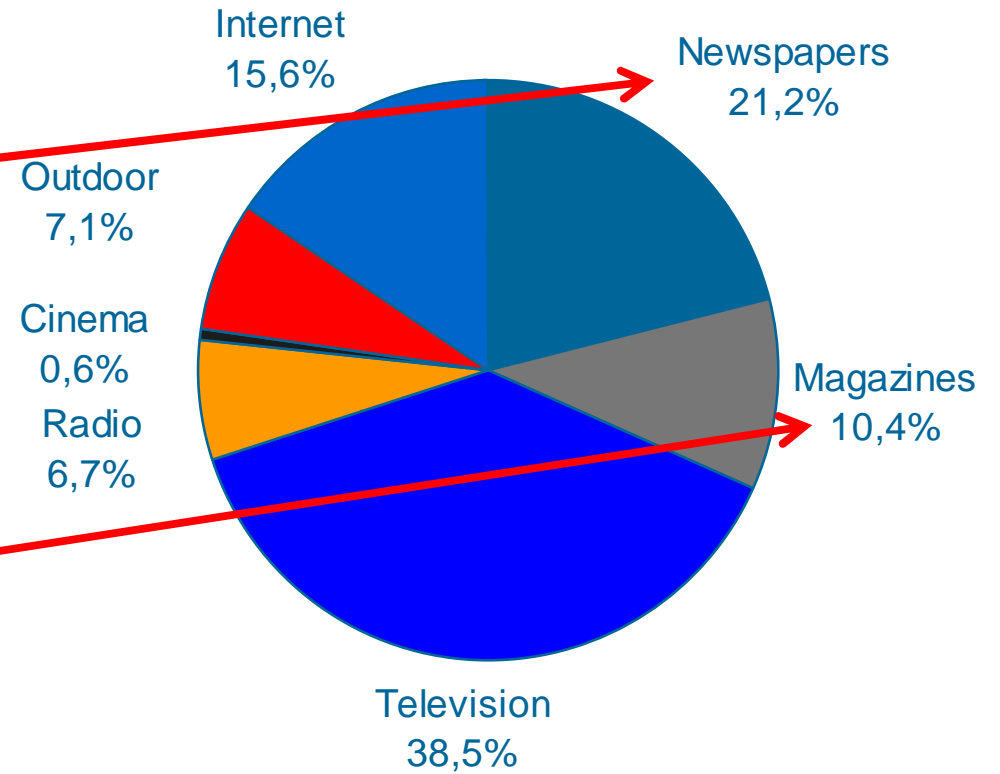
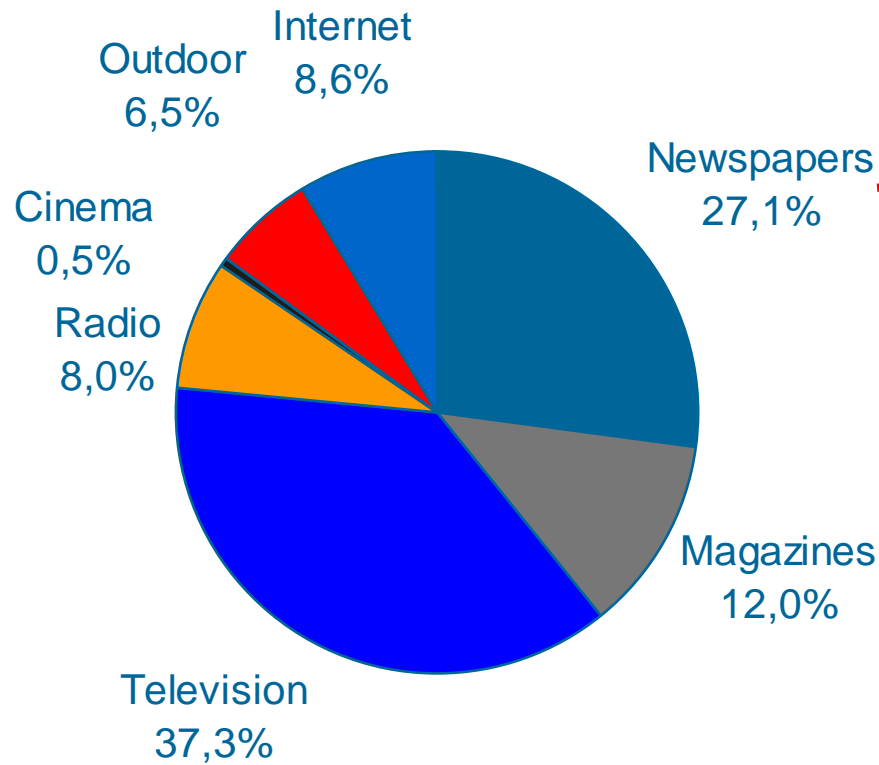
Source: ZenithOptimedia

Global market share by medium



2007

2011

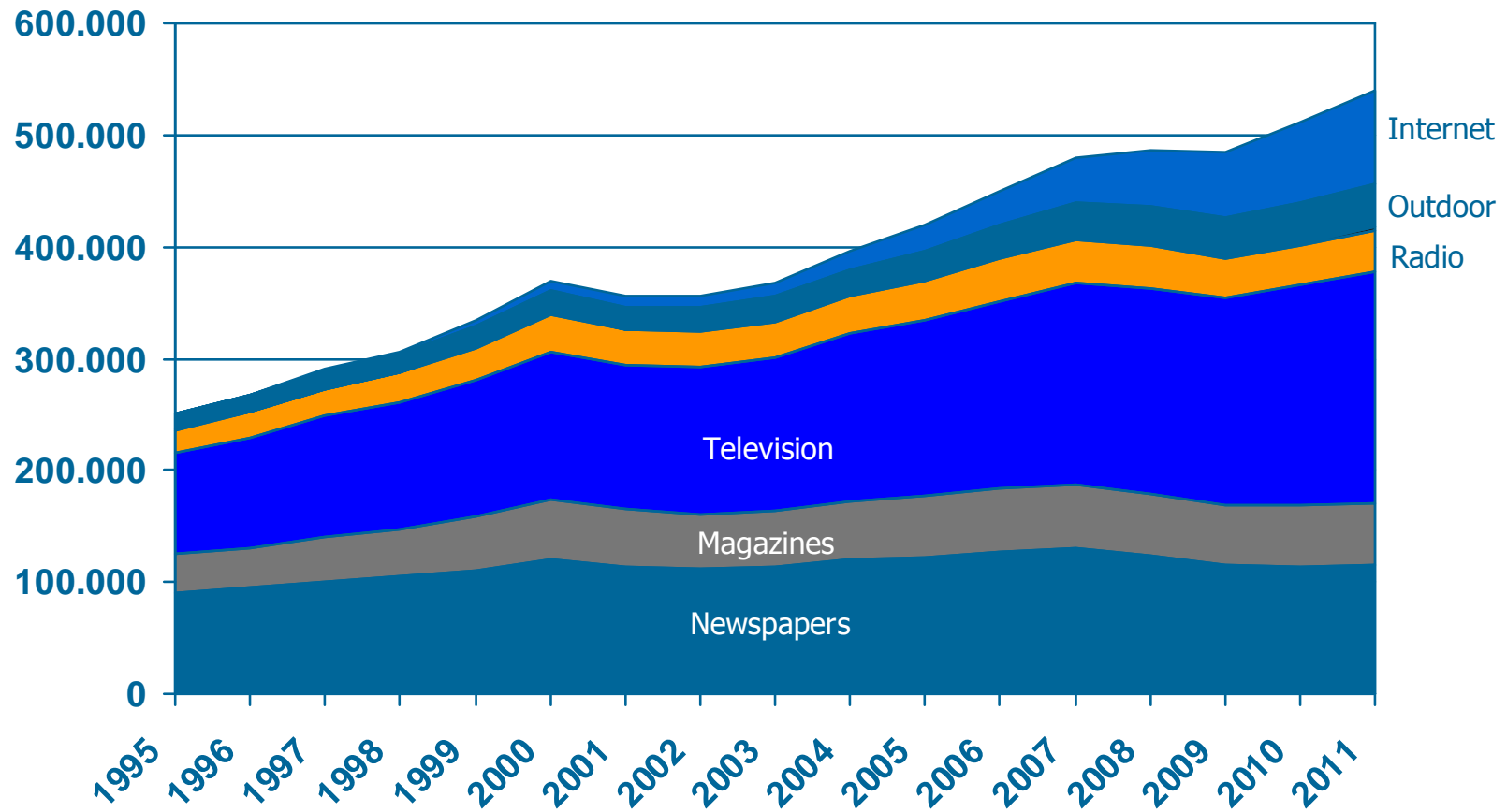


Source: ZenithOptimedia

Global adspend by medium

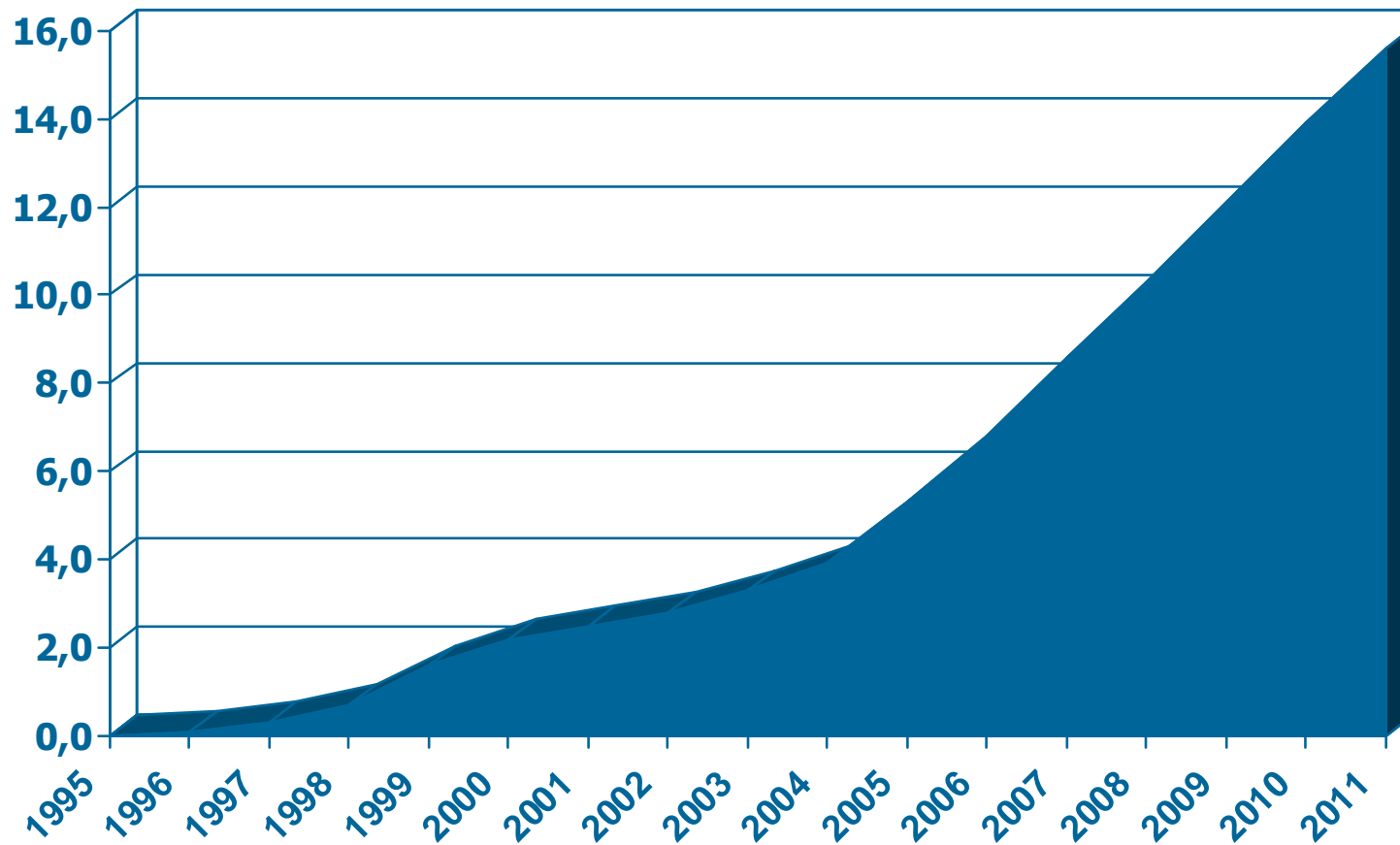


US\$ million, current prices



Source: ZenithOptimedia

Internet's share of global adspend



Source: ZenithOptimedia

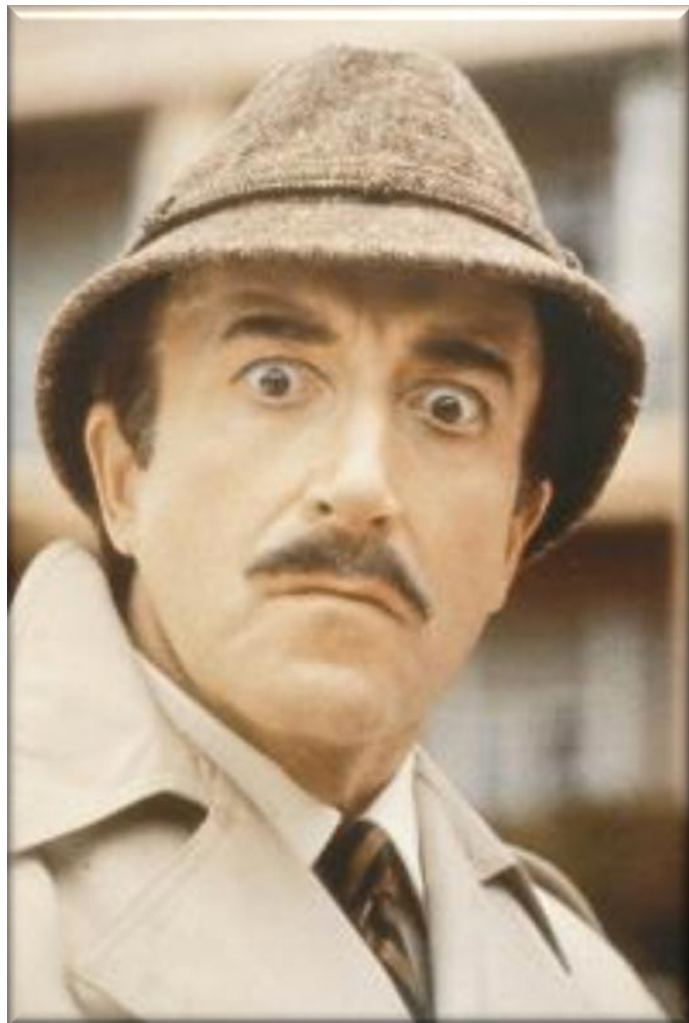
Results



- Internet stays the biggest winner concerning ad spendings
- TV will overcome the current crisis
- Newspapers will be the biggest losers of the next years
- The downturn of magazines will get stopped and they be stable at a constant level

The real future of communication...





„Futurology means scratching
before it itches.“

Peter Sellers