

## Carat's first forecasts for 2012 show global advertising momentum building

Carat, the leading independent media communication agency, today publishes its first forecasts for worldwide advertising expenditure in 2012. The 2012 forecasts are released along with updated figures for advertising expenditure in 2010 and upgraded forecasts for 2011.

Together the data shows a broad, gradual recovery across most major markets, with a stronger than expected rebound in 2010, further growth in 2011 and advertising momentum continuing to gradually build in 2012. This growth is being driven by the stronger than expected recovery in the US and a continuing strong performance in Asia Pacific.

	<i>Year on year % growth at current prices</i>		
	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>GLOBAL</b>	<b>5.4 (3.9)</b>	<b>5.7 (4.7)</b>	<b>6.2</b>
<b>NORTH AMERICA</b>	<b>3.3 (1.2)</b>	<b>3.9 (1.8)</b>	<b>5.9</b>
USA	3.0 (1.1)	3.7 (1.7)	5.9
CANADA	9.3 (3.6)	6.4 (4.5)	6.5
<b>WESTERN EUROPE</b>	<b>3.9 (1.3)</b>	<b>3.5 (2.7)</b>	<b>3.3</b>
UK	6.2 (3.5)	4.1 (4.1)	4.0
GERMANY	2.0 (-0.5)	1.8 (0.9)	1.6
FRANCE	4.9 (2.9)	2.9 (2.7)	2.7
ITALY	4.0 (1.5)	3.8 (2.9)	4.3
SPAIN	2.0 (-1.5)	3.4 (1.1)	3.4
<b>C&amp;EE</b>	<b>7.4 (5.0)</b>	<b>9.5 (10.2)</b>	<b>11.9</b>
RUSSIA	15.4 (10.8)	13.2 (15.3)	17.4
<b>ASIA PACIFIC</b>	<b>7.7 (8.2)</b>	<b>8.0 (7.6)</b>	<b>7.0</b>
AUSTRALIA	9.5 (7.5)	6.0 (5.8)	5.2
CHINA	16.2 (16.8)	15.3 (15.3)	11.8
JAPAN	-3.1 (-3.1)	-1.1 (-3.1)	-2.2
<b>LATIN AMERICA</b>	<b>12.3 (11.2)</b>	<b>13.0 (14.0)</b>	<b>12.9</b>
BRAZIL	13.2 (12.7)	12.8 (14.4)	13.8
<i>Figures in brackets show our previous forecasts from Aug 2010</i>			

Commenting on the Carat forecasts, Jerry Buhlmann, chief executive of Aegis Group plc, said:

"Carat's global forecasts, published today, underline that last year's recovery in most major advertising markets, is set to continue in 2011 and 2012. Growth will be supported by the stronger than expected advertising recovery in the US and the continuing high growth in the faster-growing regions of the world, particularly Asia Pacific.

“Clearly the longer-term outlook for the sector is one of a two-speed world with the BRIC advertising markets outstripping the advertising performance in the developed economies. The most successful operators will be those aligned behind these trends as they work to help global advertisers bring their brands to new markets with focused and specialist offerings.

“By media, TV and online, both performed strongly in 2010 and we expect them to continue to do so in 2011 and 2012. In addition, Out Of Home has rebounded in 2011 and we are forecasting growth of 7.2% and 7.8% in 2011 and 2012 respectively.

“Looking ahead to 2012, there are three big media-friendly events on the horizon - the London Olympics, the US presidential elections and the Euro 2012 football tournament – which will underpin the underlying growth in advertising sector. The global advertising industry can look to the future with increasing confidence.”

**ENDS**

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**Carat Advertising Spend Forecasts**

**Summary**

The Carat data show a broad recovery across most major markets with a stronger-than-expected rebound in 2010, 5.4% growth, revised up from 3.9% forecast in August. Further growth of 5.7% is forecast for 2011 – even for a year that will be facing tougher comparators and a lack of major events.

For 2012 the growth rate is expected to pick up to 6.2% supported by the London Olympics, US presidential elections and Euro 2012. Growth has been driven by a stronger-than-expected recovery in North America and Western Europe, robust growth in Asia Pacific and Central & Eastern Europe and continued double digit increases in Latin America. By media, TV and Online advertising expenditure is expected to perform strongly with forecast growth rates of 6.7% and 13.6% respectively this year and with both increasing their share of spend year-on-year.

**Regional Review**

Figures for the performance in 2010 have been revised upwards in almost all regions. In **North America**, the **US** advertising market is forecast to grow by 3.7% this year, revised up from 1.7% forecast in August 2010. The US advertising market continues to be healthy with positive spending gains building on the 3.0% growth last year, supported by increasing ad spend in sectors like automotives. Television and radio ad spend growth are forecast to be strong in 2011, with demand

also being seen for digital OOH offerings. Online spend, as expected, is showing the biggest percentage gains, up 12%, with search and online video particularly strong.

With the Vancouver Olympics the catalyst for the recovery, the ad market volume in Canada returned to pre-recession levels last year with 9.3% year-on-year growth. The positive momentum looks set to continue, although spending is expected to be at a more moderate rate in 2011 at 6.4%.

In **Western Europe**, growth for this year has been revised upwards from 2.7% to 3.5%. Across the region there remains a north/south divide in terms of economic conditions and advertising expenditure.

In the northern markets of Western Europe - growth in the **UK** market has been strong, with 4.1% growth forecast for 2011, supported by key events such as The Royal Wedding in April. The UK TV market saw a strong rebound in 2010, up 13.0% and is expected to be up 5% in 2011. UK Out of Home media grew by 12% in 2010, giving encouragement to media owners to continue their investment programmes in digital formats. Online advertising revenue growth is forecast to be in the region of 6.1%, driven mostly by pay per click (PPC) and video on demand.

The recovery of the **German** advertising market is gaining momentum, driven by TV and Online media. Cinema ads recovered with an above-average improvement due to the re-organisation of the sales process and 3D development as seen in other markets. Out of Home and Radio continue their moderate upward climb. The German advertising market is expected to grow by +1.8% in 2011. In **France** the advertising market rebounded strongly, in 2010, up by 4.9%, having been down by 11.3% in 2009. The performance of TV has been particularly strong, with revenues boosted by catch up TV, the arrival of new channels as well as from the development of internet-connected TV and 3DTV. In 2011 growth in the total ad market in France is expected to continue on a moderate positive trend +2.9% in 2011 and +2.7% in 2012.

In the southern markets of Western Europe, there remains considerable economic uncertainty in most markets. In **Greece**, conditions remained very subdued, with negative growth of 9.2% expected in 2011. In **Spain**, after two years of double digit declines in advertising expenditure, the Spanish ad market saw modest growth in 2010 of 2.0% and a further ad spend recovery is expected, albeit from a low base. In Italy consumer confidence is slowly returning, with growth forecast of 3.8% in 2011 and 4.3% in 2012.

In **Central and Eastern Europe**, 9.5% growth is forecast for 2011, with almost all markets returning to growth. The region's overall growth profile continues to be driven primarily by Russia, which saw a significant rebound in 2010 - up 15.4% against a decline of 27% in 2009. Growth is expected to slow slightly in 2011, but still be strong at +13.2%.

The strong growth in **Asia Pacific** markets is set to continue through this year and the next. Japan is the exception with continued negative growth expected in 2011 and 2012, although our forecast today for Japan does not include the impact of the recent devastating earthquake and tsunami which we believe will have a further downward short-term impact.

**China** is set to lead the way with growth of 15.3% and 11.8% driven by TV, Out of Home and Online ad revenues. Online ad spend growth in particular is expected to see continued dramatic growth in the coming years, with around 50% expected in 2011 and 2012. Radio growth is also expected to be strong +20% boosted by the rapid increase in car ownership. In other markets, **Hong Kong** is expected to grow by 10.6% and 13.1% and **India** by 9.1% and 11.1% in 2011 and 2012 respectively.

The **Australian** advertising market was unique in that it had less than one year of economic downturn before the advertising recovery positively impacted the market, with spend +9.5% in 2010. Growth is expected to moderate this year and next +6% and +5.2% respectively.

The **Latin American** region continues to perform strongly, led by Brazil with 12.8% advertising growth forecast this year. This marks a slow down against the tough comparators of 2010 which enjoyed growth of 13.2% - most of which came in the first half boosted by the World Cup which led to increases in spending on both TV (including pay TV, which grew by 41%) and online.

### **Sector Breakdown**

<b>Global year on year % growth at current prices</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>
Television	7.4 (6.3)	6.7 (6.2)	6.5
Newspapers	-0.3 (-3.2)	0.3 (-1.3)	0.6
Magazines	0.3 (-0.8)	0.3 (1.0)	2.0
Radio	3.8 (4.2)	6.1 (5.7)	6.5
Cinema	7.0 (2.9)	5.6 (4.2)	5.6
Outdoor	5.3 (3.9)	7.2 (4.4)	7.8
Online	12.8 (13.5)	13.6 (12.3)	14.5

*Figures in brackets show our previous forecasts from Aug 2010*

<b>Global % Share of Advertising Spend</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>
Television	45.7 (44.8)	46.1 (45.4)	46.3
Newspapers	16.7 (19.9)	15.8 (18.7)	15.0
Magazines	10.8 (10.2)	10.2 (9.8)	9.8
Radio	7.3 (7.0)	7.3 (7.0)	7.3
Cinema	0.6 (0.5)	0.6 (0.5)	0.6
Outdoor	6.9 (6.4)	7.0 (6.4)	7.1
Online	12.1 (11.3)	13.0 (12.1)	14.0

*Figures in brackets show our previous forecasts from Aug 2010*

TV remained remarkably resilient through 2010 – a trend that is set to continue through 2011 and 2012. The scarcity of an alternative powerful mass reach media and technological developments has helped protect the medium and ensured that TV has remained relevant for consumers and advertisers.

Online media growth has continued at a pace, with double digit growth forecast for 2011 and 2012 – up 13.6% and 14.5% respectively - with search and online video particularly strong. Share of Online advertising spend continues on a positive trend, forecast to reach 13.0% this year and 14.0% in 2012. Mobile advertising revenues have significant growth potential, but volumes on the whole are still relatively small. With out of home, radio and cinema maintaining broadly flat market shares, online's gain has and is expected to continue to most adversely affect print media which continues to be challenged with share of spend declining. There are positive signs however for publishers with diversifying revenue sources from digital expansion. Also globally newspapers maintain their position as the second most popular medium.