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## Carat forecasts 6.0% global advertising spend growth for 2008 and 4.9% for 2009

Carat, the leading independent media communications agency, today issued revised forecasts for global advertising expenditure in 2008. For the first time, Carat has also published forecasts looking to 2009, along with separate data on Canada, Central and Eastern Europe and the Nordics.

2008's global advertising forecasts have been revised marginally downwards to 6.0% from 6.2% forecast in September last year. 2009 is predicted to see advertising growth of 4.9% worldwide, with the fastest-growing regions set to be Asia Pacific and Latin America, with strong increases predicted for India, Indonesia and Argentina, at 21.2%, 22.3% and 15.0% respectively.

Segment-wise, the strongest growth remains in digital, at 23.3% for 2008, although it is expected to slow somewhat to 18% in 2009. Hot on the heels of the internet are cinema and out-of-home, closely followed by TV. Only newspapers are declining overall.

	<b>Year on year % growth at current prices</b>		
	<b>2007a</b>	<b>2008e</b>	<b>2009e</b>
<b>Global</b>	<b>4.6 (5.3)</b>	<b>6.0 (6.2)</b>	<b>4.9</b>
USA	1.3 (3.6)	3.8 (4.1)	2.6
Canada	8.8 (8.8)	7.2 (7.4)	7.7
<b>Asia Pacific</b>	<b>6.9 (7.9)</b>	<b>8.8 (10.0)</b>	<b>7.2</b>
Japan	0.9 (1.1)	1.5 (1.2)	0.5
China	15.5 (20.8)	19.7 (23.9)	13.2
<b>Western Europe</b>	<b>4.6 (3.6)</b>	<b>3.8 (3.9)</b>	<b>3.6</b>
UK	7.7 (5.1)	6.4 (5.9)	6.3
Germany	0.0 (0.0)	0.5 (0.7)	0.7
France	1.2 (1.2)	1.8 (2.6)	2.6
Italy	3.4 (3.1)	3.6 (3.8)	3.1
Spain	4.1 (4.0)	3.8 (3.7)	3.5
Nordics	7.5 (6.3)	5.0 (4.8)	4.0
<b>Central and Eastern Europe</b>	<b>20.0 (14.7)</b>	<b>17.9 (14.3)</b>	<b>15.3</b>
Russia	24.4 (18.2)	22.6 (21.5)	19.3

*Figures in brackets show our previous forecasts from Sept 2007*

Commenting on the forecasts, Mainardo de Nardis, CEO of Aegis Media, said:

*"Thanks to one-off events like the Beijing Olympics and the US Presidential elections, we are predicting strong global growth in ad spend for this year, up to 6.0% from 4.6% in 2007. Overall, our forecasts for 2009 are more conservative than those for 2008, but we do not foresee a severe slowdown in global spend as a result of the last six months' financial uncertainty."*

*“Digital’s success story continues. We predict it will approach a 10% share of all global ad spend in 2009. Outdoor and TV are also set to enjoy strong growth in 2008.*

*“These forecasts also demonstrate the significant disparities in growth rates for media spend for countries across the globe. Clearly, every region is growing at a very different rate. While developed economies still spend the lion’s share of dollars, the tale we tell is of emerging countries with a rapidly expanding share of the ad spend pie. A good example is Central and Eastern Europe: one of the fastest growing regions with over 20% growth last year and forecast to grow at similar double-digit rates in ’08 and ’09.”*

## **Regional breakdown**

The more developed regions are forecast for the slowest increases in advertising growth. Top of this list is North America, which is looking at 3.9% for 2008. That rate of growth is up from 1.6% in 2007 and within that, Canada is forecast to grow at 7.2%, although its market is less than one twentieth of the US total. Europe looks healthier, particularly the Central and European countries with growth in Russia at 22.6% and Romania at 35.0% for 2008. The UK is predicted to see 6.4% growth in the same period.

The Asia Pacific region is the second fastest growing area with an average growth rate of 8.8% for 2008, with China at 19.7% and India on 20.6% leading the way. The region with the swiftest growth of all is Latin America; on average, countries here are growing at 12%.

## **Sector breakdown**

	<b>Global year on year % growth at current prices</b>		
	<b>2007a</b>	<b>2008e</b>	<b>2009e</b>
<b>TV</b>	4.4	7.2	5.5
<b>Newspapers</b>	-0.6	-0.1	-0.3
<b>Magazines</b>	5.1	3.7	3.7
<b>Radio</b>	1.8	4.4	3.1
<b>Cinema</b>	17.7	16.5	15.4
<b>Outdoor</b>	5.5	6.7	6.9
<b>Internet</b>	27.2	23.3	17.8

Despite many reports to the contrary, a strong year is predicted for TV in 2008 with 7.2% growth, up from 4.4% in 2007. This is steady across the globe with mid single digits in most countries, aside from Russia with phenomenal predicted increases of 27.3% in 2008.

Newspaper advertising is the only category forecast to decline for the coming two years, particularly in North America where they are set to be down 3.0% for 2008 and 3.4% for 2009. In contrast, newspapers are predicted to be up 10.8% for 2008 in Latin America.

Magazines are forecast to see very low single digit growth across almost all territories, with Romania the anomaly at 33.3% for '08. Radio’s growth is also low, though boosted in 2008 by events in North America (US presidential elections), China (Olympics) and Europe, up 3.6%, 25.0% and 4.0% respectively.

Cinema is continuing the strong growth it saw in 2007, especially in North America at 17.5% and in the Asia Pacific region at 31.9% for 2008.

The sustained growth in out-of-home is particularly driven by the emerging economies. China receives a significant boost of 25.0% growth in 2008 and India in 2008 will grow by

12% rising to almost 40% in 2009. The UK, Europe and Asia are set to enjoy 5.0%, 5.1% and 7.2% growth respectively this year.

Unsurprisingly, the internet is delivering the fastest increase of all the sectors, with digital growth in double-digit in all regions. Of particular note are China with 56.0% growth anticipated in 2008 and Russia with 46.3%. The fast growth rates of recent years are expected to moderate slightly but still show double-digit growth: digital in 2008 and 2009 is forecast to grow at 18.0% and 15.3% respectively in North America; 28.7% and 16.2% in Asia; and 27.5% and 22.9% in Europe.

Ends.

### **About Aegis Group plc**

Aegis Group plc is the world's fastest growing marketing communications group. Listed on the London Stock Exchange, it operates in media communications with Aegis Media, which includes Carat, Vizeum, Posterscope and Isobar, and market research with Synovate. More information on Aegis Group plc can be found at [www.aegispplc.com](http://www.aegispplc.com).

### **About Carat**

Carat was established in 1968 and was the first independent media specialist in Europe. Carat was a pioneer of unbundling - the separation of media services from full service creative agencies. It is now a global independent media communications network represented in 82 countries and offers clients a range of services including: communications planning, sponsorship, interactive, direct, event, pr, consumer research and insight, business to business, International services, regional and global client servicing. [www.carat.com](http://www.carat.com).

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