



TV advertising faces hard times in 2008 and 2009

Two tough years ahead but outlook improving to 2012 – especially online

London 3rd March 2008: The latest research from media analyst firm Screen Digest (www.screendigest.com) examines the outlook for the global TV advertising market to 2012. As the economy looks set for a downturn, Screen Digest Senior Analyst and advertising specialist, Vincent Létang, expects to see sluggish growth to 2009, with the outlook improving from 2010 to 2012. In particular, traditional forms of advertising will suffer as TV audiences fragment and online advertising continues to take a greater share of marketing budgets.

2008-2009 the toughest years for TV advertising revenues

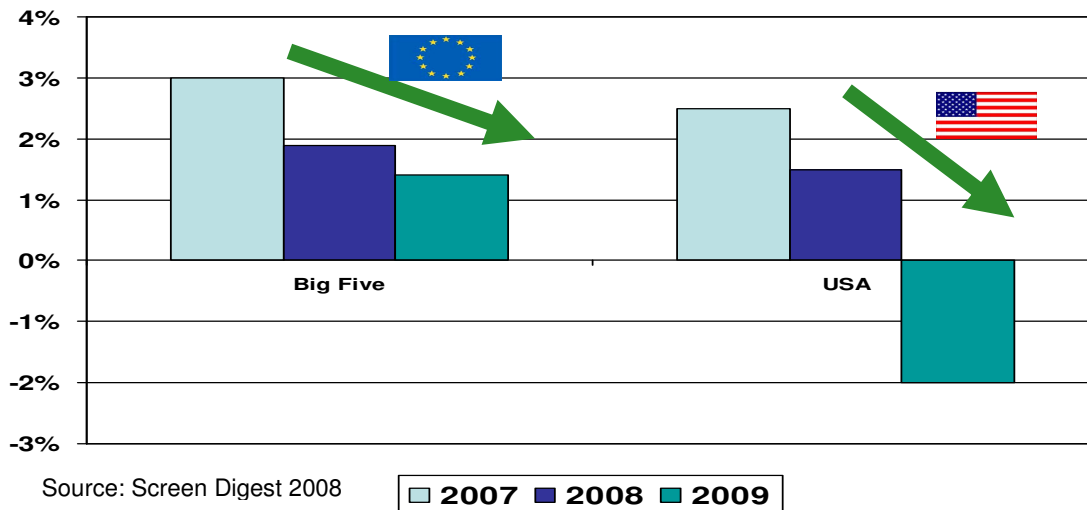
The research, presented at a seminar on Friday 22nd February in London, predicts that 2008 will be a difficult trading year for TV advertising, with spend growing at a lower rate than the economy at only 1.9% in Europe and 1.5% in the US. However, TV advertising revenues will enjoy a welcome quadrennial boost from key events that happen only every four years – including the Beijing Olympics, the European football championship and the US elections. Whilst these events will help avoid a recession for TV ad revenues this year by neutralising the effect of the slowing economy, their effect will be temporary and certainly won't be able to bolster the fragile advertising environment in 2009. By this time, Screen Digest predicts marketing budgets will have been slashed, especially in the US.

Outlook to 2012

Screen Digest forecast that advertising revenues will grow below average GDP growth between 2008-2012, with annual growth rates of 3.6% in Europe and 3.7% in the US. The growth rate in 2011-2012 will be higher as the economy picks up after 2008/2009, at 5% in Europe and 6% in the US. Most of this growth will be come from online advertising, which is expected to grow on average by 17% every year until 2012.

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Television ad market - Europe and US 2007-2009



Advertising budgets will remain the same, but more will be spent online

By 2012, advertising will be a three tier market with online at the top, TV in the middle and traditional media bringing up the rear. Online advertising, when both search and display are combined, will have enjoyed double digit growth every year to 2012. TV advertising will have retained its 2007 market share, but the traditional broadcast channels will have seen their share of the ad budgets slipping; the research contrasts the growth rate of the European traditional channels of up to 2% per year, with the digital channels that are expected to experience advertising growth rates of 20% per annum.

Rather than increasing overall spending, companies will eat into their traditional media advertising budgets to divert the money to online and digital TV. As a result, Screen Digest forecast that traditional media will suffer a decline in budgets – particularly in print, radio or cinema campaigns. Minimising the impact for outdoor and cinema will be technological advances, in terms of digital signage for outdoor advertising and the introduction of digital screens in cinemas.

Vincent Létang, Screen Digest Senior Analyst and author of the research says “Advertising spending tends to amplify economic cycles – and in some instances it actually anticipates downturns. Although we’re not expecting advertising budgets to be affected this year, thanks to the quadrennial events, Screen Digest believe we’ll experience the real impact in 2009, which will be the toughest year for advertising revenues. Whilst the overall picture for ad revenues is flat or in decline, two areas will

enjoy growth - online will continue to grow at a pace, buoyed up by a strong search advertising market and digital TV channels will be taking a larger proportion of ad budgets by 2012, at the expense of the traditional broadcasters.”

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About this research

The research in this press release is taken from Screen Digest’s TV Intelligence online service. It was presented to an audience of industry executives and media on Friday 22nd February in London. Screen Digest's advertising research is undertaken in partnership with global media investment agency GroupM, part of the WPP group.

About Screen Digest

Screen Digest is the pre-eminent firm of industry analysts covering global media markets. Headquartered in London, with offices in New York and Carmel, California, we employ a team of 40 specialist analysts covering film, television, broadband, mobile, cinema, home entertainment and gaming. Our online services and reports provide the information and analysis that hundreds of media companies worldwide base their decisions on. Most recently we have launched Global Media Intelligence (GMI), a new service which provides research and analysis specifically for media-focused institutional investors.

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