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CONTACTS:

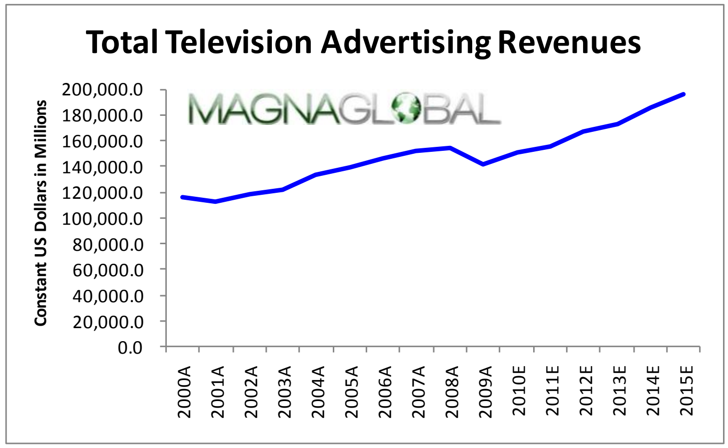
Melanie.Mitchem@mediabrandsww.com

+1.212-883-4714

MAGNAGLOBAL TELEVISION ADVERTISING FORECAST: GLOBAL $150 BILLION DOLLAR MEDIUM SUSTAINS GROWTH

New York, June 9, 2010 – MAGNAGLOBAL, a division of IPG's Mediabrands, has released an updated forecast for advertising on television around the world.

We forecast that global television advertising will rise by 6.4% in *constant* currency terms during 2010, to $150.7 billion dollars globally. Over the next five years, the global television industry's advertising revenues should grow by 5.4% each year on average. Changes in currency markets around the world over the past year means that in *dynamic* currency terms (accounting for actual and expected changes in currencies over the course of 2009 and 2010) television advertising will grow by 7.8% in US Dollar terms or by 15.5% in Euros during 2010 given weakness in both of those currencies. This metric is important from the perspective of a broadcaster or advertiser who does not hedge their currency exposures from year-to-year.



By region, we expect Latin America to be the fastest growing part of the world over the next five years, with $16.4 billion of total supplier advertising revenue by 2015 following an average rate of 8.9% growth over the next five years. Among specific countries, Argentina will be the fastest growing television advertising market with 16.5% growth in domestic currency terms and 17.8% growth in dynamic USD terms. The ongoing global economic recovery (and subsequently improved expectations for economic activity in most countries) has contributed some modest uplift to our prior expectations of growth.

Around the world, common trends drive these growth rates. In an era where media platforms are becoming increasingly fragmented, television remains the single most efficient means of driving brand awareness among mass audiences, even as TV itself becomes more fragmented. New distributors of conventional ad-supported television have become more common around the world, and these distributors are responsible for expanded availability of content. Television distribution has increasingly evolved from the world where free-to-air broadcasters exclusively sent their analog signals over radio spectrum to conventional TV sets. Companies with a legacy of free-to-air broadcasting now deliver more digital signals over less radio spectrum to digital receivers, and sometimes on a subscription basis; direct-to-home satellite and cable operators package a vast and often rising number of channels to consumers for a fee; incumbent telecommunications providers ("the phone company" in many markets) offer video services known as IPTV as standalone cable replacement services or as supplements to free-to-air broadcast content.

In large part because of the efforts of these distributors, **television captures the bulk of awareness-based budgets because it still enables mass brands to achieve mass reach across all consumers**, if not with specific content or specific suppliers. Generally this holds because the volume of content consumed continues to dwarf every other medium. Further, TV consumption will grow in absolute terms despite (or perhaps partially because of) the presence of DVRs. Value-added services such as catch-up viewing, video-on-demand access or High Definition channels only serve to enhance the appeal television offers to consumers, especially as the ubiquity of video monitors increasingly allows for consumption of TV in a passive manner. The passive nature of most TV consumption is reflected in the limited volume of VOD or DVR-based viewing, which accounts for only low single-digit percentages of total time spent with television even in mature markets.

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Further, **television has become more accessible to smaller advertisers.** Fragmentation caused by a rising number of nationally available channels in each country, with low levels of (often highly targeted) viewership effectively creates a greater variety of inventory, much of it in smaller increments. These smaller increments of inventory reduce the minimum cost required to launch a campaign with television, and so expands the number of prospective advertisers who may cost-effectively use the medium. This often overlooked fact will be another source of growth in many markets around the world in the future.

Advertisers' continued focus on media vehicles which reach a large share of the population many times generally holds because of advertisers' organizational design choices: the silos that lie within organizations may encourage the use of mass media by centralized marketing groups. For example, separate responsibilities and incentives can drive sometimes conflicting choices between brand-owners, centralized marketing groups and trade distribution teams. If a packaged goods company's centralized marketing group cannot be held responsible for a product's design nor for its shelf placements, it may focus its resources on driving a metric it can be held accountable for, such as mass awareness.

A number of other trends impacting the industry vary from country to country. For example, despite a dominant presence underpinning the industry as a regulator and champion of national cultural properties, **governments around the world likely have a benign influence of the total volume of *revenues* for the industry** (except to the extent governments or their affiliates act as large advertisers themselves). But **government actions in many countries undoubtedly impact pricing for media**. We have observed in China restrictions placed on the amount of prime time inventory which may be sold. In France and Spain governments have progressed towards elimination of advertising on their public broadcasters. In Russia, the country's dominant sales house is being forcibly broken up through rules limiting the size of sales houses. In South Korea a government body is shutting down its monopoly on sales of television advertising. Political advertising is also important in many countries, particularly in the United States, where year to year trends are distorted by billions of dollars of advertising on television every year (adding approximately $1 billion during "odd" years and $3 billion during "even" years).

Globally**, neither online video, internet-connected TV sets (or dedicated "over-the-top" set top boxes), nor advanced advertising services are likely to be major factors in television advertising through the foreseeable future**. Online video will not challenge traditional TV because the tonnage of consumption remains very small even for the most popular of programs. Internet-connected TV sets are unlikely to change viewing for many reasons, including a lack of scale (because the sheer numbers of these sets will remain in the minority for many years) and the difficulty most consumers will find in using them (most TV set web interfaces will not be integrated with the primary video service provider's interface or program guide). Advanced advertising capabilities are typically only enabled within a small subset of programming and a small subset of homes, and the presence of differing and incompatible technologies may require advertisers to develop the same application or creative asset many times.

Further, where applications are dependent upon active involvement on the part of individual viewers, use may decline after an application's novelty wears off, making it difficult to secure enough activity to tell whether a campaign works. **Advanced advertising techniques which are passive by nature – and do not require the consumer to do anything – hold more promise**. Creative versioning or advanced targeting / addressable advertising techniques are becoming mature technologies, but growing use depends upon a) the ease with which technologies are enabled across all similar media inventory within a marketer's geographic footprint and b) a sales house's willingness to enable inventory in this manner.

Equally important, **business models between programmers and all distributors whether cable, satellite or other telecommunications provider must be ubiquitous.** Ensuring that an advertiser can run their campaign across their marketing territory is necessary to identify the impact of a campaign in the context of other marketing activities.

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GLOBAL TELEVISION ADVERTISING FORECAST

(MM 2009USD constant currency)	2000A	2001A	2002A	2003A	2004A	2005A	2006A	2007A	2008A	2009A	2010E	2011E	2012E	2013E	2014E	2015E	2010-2015 CAGR
North America																	
Total Television	48,020.9	45,596.4	49,815.9	51,286.0	55,699.5	57,151.3	59,204.2	59,751.8	59,615.7	53,604.7	58,669.2	59,061.7	64,135.6	64,507.9	69,796.0	70,786.7	**3.8%**
• Annual Growth / Decline	------	-5.0%	9.3%	3.0%	8.6%	2.6%	3.6%	0.9%	-0.2%	-10.1%	9.4%	0.7%	8.6%	0.6%	8.2%	14%	
APAC																	
Total Television	28,229.5	28,134.3	28,822.2	30,050.5	32,258.7	33,397.9	34,509.6	35,430.2	35,466.1	33,619.4	35,351.4	38,778.1	41,561.8	44,501.2	47,763.0	51,352.3	**7.8%**
• Annual Growth / Decline	------	-0.3%	2.4%	4.3%	7.3%	3.5%	3.3%	2.7%	0.1%	-5.2%	5.2%	9.7%	7.2%	7.1%	7.3%	7.5%	
EMEA																	
Total Television	34,500.6	33,621.7	34,105.1	35,336.4	38,831.9	40,808.9	43,839.3	47,967.1	49,165.8	44,252.1	45,961.5	47,524.1	49,547.5	51,888.9	54,761.6	57,870.7	**4.7%**
• Annual Growth / Decline	------	-2.5%	14%	3.6%	9.9%	5.1%	7.4%	9.4%	2.5%	-10.0%	3.9%	3.4%	4.3%	4.7%	5.5%	5.7%	
Latin America																	
Total Television	5,185.5	5,166.3	5,098.6	5,655.2	6,578.3	7,499.0	8,246.8	8,822.8	9,694.1	10,154.6	10,715.7	11,608.6	12,650.1	13,754.3	15,014.1	16,406.5	**8.9%**
• Annual Growth / Decline	------	-0.4%	-13%	10.9%	16.3%	14.0%	10.0%	7.0%	9.9%	4.8%	5.5%	8.3%	9.0%	8.7%	9.2%	9.3%	
GLOBAL																	
Total Television	115,936.5	112,518.7	117,841.9	122,328.2	133,368.4	138,857.1	145,799.9	151,971.8	153,941.7	141,630.8	150,697.8	156,972.6	167,895.1	174,652.4	187,334.7	196,416.2	**5.4%**
• Annual Growth / Decline	------	-2.9%	4.7%	3.8%	9.0%	4.1%	5.0%	4.2%	13%	-8.0%	6.4%	4.2%	7.0%	4.0%	7.3%	4.8%	

Source: MAGNAGLOBAL