

TNS Media Intelligence reports U.S. Advertising expenditures grew 0.2 percent in 2007

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The advertising market continued to sputter at the end of 2007 TNS Media Intelligence reports U.S. Advertising expenditures grew 0.2 percent in 2007 PDF (0.12 mb) *Â New York, NY, March 25, 2008*“ The advertising market continued to sputter at the end of 2007 and finished the year with measured spending of \$148.99 billion, up 0.2 percent compared to 2006, according to data released today by TNS media intelligence, the leading provider of strategic advertising and marketing information. Total expenditures during the fourth quarter of 2007 fell by 0.1 percent versus a year ago. “The ad market remains stalled and is being engulfed by the spreading pessimism about general economic conditions,” said Jon Swallen, SVP Research at TNS Media Intelligence. “Fourth quarter performance was indicative of this malaise and early figures from 2008 suggest the growth rate for measured ad spending has not appreciably changed. A cyclical boost from the elections and Olympics still waits on the horizon. However, marketers are being cautious with their core ad budgets faced with concerns about consumer spending and corporate profits.” Measured Ad Spending By Media Internet display advertising continued its growth leadership, increasing 15.9 percent in 2007 to \$11.31 billion in expenditures. Consumer Magazines registered a 7.0 percent gain to \$24.43 billion on the strength of higher spending by consumer packaged goods marketers. Cable TV spending surged in the second half and finished 2007 at \$17.84 billion, an increase of 6.5 percent. Outdoor advanced by 4.9 percent to \$4.02 billion. Among television media, full-year Network TV expenditures declined by 2.0 percent to \$22.43 billion. Spot TV, in the face of difficult comparisons against record-setting levels of 2006 political advertising, plummeted 10.2 percent to \$15.59 billion. Syndication TV fell 1.5 percent to \$4.17 billion. Ad spending declines in Newspaper and Radio media accelerated during the fourth quarter. For the full year, Local Newspapers were down 5.6 percent to \$22.66 billion and aggregate Radio expenditures slipped 3.5 percent to \$10.69 billion. Both media suffered from spending reductions by automotive, media and retail advertisers. *Â Measured Advertising Spending by Media: Jan-Dec 2007 vs. Jan-Dec 2006* *Â*

MEDIA Jan-Dec *Â* 2007 (Millions) Jan-Dec 2006 (Millions) *Â* *Â* *Â* *Â* *Â* *Â* *Â* *Â* % CHANGE

TELEVISION MEDIA \$64,421.0 \$65,552.3 -1.7%

Â *Â* *Â* *Â* NETWORK TV *Â* 2 \$22,430.7 \$22,887.8 -2.0%

Â *Â* *Â* *Â* CABLE TV \$17,842.2 \$16,746.1 6.5%

Â *Â* *Â* *Â* SPOT TV *Â* 3 \$15,589.4 \$17,355.7 -10.2%

Â *Â* *Â* *Â* SPANISH LANGUAGE TV *Â* 4 \$4,385.9 \$4,327.6 1.3%

Â *Â* *Â* *Â* SYNDICATION - NATIONAL \$4,172.9 \$4,235.1 -1.5%

MAGAZINE MEDIA 5 \$30,327.5 \$28,742.5 5.5%

Â *Â* *Â* *Â* CONSUMER MAGAZINES \$24,431.2 \$22,830.0 7.0%

Â *Â* *Â* *Â* B-TO-B MAGAZINES \$3,355.3 \$3,501.0 -4.2%

Â *Â* *Â* *Â* SUNDAY MAGAZINES \$1,878.0 \$1,751.9 7.2%

Â *Â* *Â* *Â* LOCAL MAGAZINES \$435.5 \$453.5 -4.0%

Â *Â* *Â* *Â* SPANISH LANGUAGE MAG \$227.5 \$206.1 10.4%

NEWSPAPER MEDIA \$26,362.5 \$27,918.7 -5.6%

Â *Â* *Â* *Â* NEWSPAPERS (LOCAL) \$22,660.6 \$24,014.4 -5.6%

Â *Â* *Â* *Â* NATIONAL NEWSPAPERS \$3,346.6 \$3,540.0 -5.5%

Â *Â* *Â* *Â* SPANISH LANGUAGE NEWSP \$355.3 \$364.2 -2.5%

INTERNET 6 \$11,309.4 \$9,754.6 15.9%

RADIO MEDIA \$10,691.7 \$11,084.6 -3.5%

LOCAL RADIO 7 \$7,187.0 \$7,385.1 -2.7%

NATIONAL SPOT RADIO \$2,502.6 \$2,695.0 -7.1%

NETWORK RADIO \$1,002.2 \$1,004.5 -0.2%

OUTDOOR \$4,020.4 \$3,831.2 4.9%

FSIs 8 \$1,861.0 \$1,828.6 1.8%

TOTAL 9 \$148,993.5 \$148,712.4 0.2% Source: TNS Media Intelligence 1. Figures are based on the TNS Media Intelligence Strategy, a multimedia ad expenditure database across all TNS MI measured media, including: Network TV; Spot TV (101 DMAs); Cable TV (45 networks); Syndication TV; Hispanic Network TV; Consumer Magazines (210 publications); Sunday Magazines (5 publications); Local Magazines (28 publications); Hispanic Magazines (29 publications); Business-to-Business Magazines (317 publications); Local Newspapers (144 publications); National Newspapers (3 publications); Hispanic Newspapers (52 publications); Network Radio (5 networks); Spot Radio; Local Radio (34 markets); Internet; and Outdoor. Figures do not include public service announcement (PSA) data. 2. Network TV figures include the WB, UPN, CW and MyTV networks. 3. Spot TV figures do not include Hispanic Spot TV data. 4. Spanish Language TV figures include 4 national networks and 43 local stations. 5. Magazine media includes Publishers Information Bureau (PIB) data. 6. Internet figures are based on display advertising. They do not include paid search or broadband video advertising. 7. Local Radio includes expenditures for 34 markets in the U.S. as provided by Miller Kaplan Arase 8. FSI data represents distribution costs only. 9. The sum of the individual media may differ from the sub-totals or grand total due to rounding. Share of Measured Spending By Media Directional shifts in measured ad spending are revealed by the share allocations of individual media types across time. Internet display advertising and Magazines continue to gain share, finishing 2007 at 7.6 percent and 20.4 percent, respectively, of total expenditures. The offsetting share declines have principally come from Newspapers and Radio. Local TV, with its two-year business cycle tied to Olympic and political advertising, has also been edging downwards. Share of Measured Advertising Spending by Media: 2004 Through 2007

MEDIA TYPE 2007 2006 2005 2004

NATIONAL TV 32.0% 31.5% 31.6% 31.0%

MAGAZINES 20.4% 19.3% 19.8% 19.0%

NEWSPAPERS 17.7% 18.8% 20.2% 20.4%

LOCAL TV 11.3% 12.5% 11.5% 13.1%

INTERNET 7.6% 6.6% 5.8% 5.3%

RADIO 7.2% 7.5% 7.7% 7.8%

ALL OTHER 3.9% 3.8% 3.5% 3.3%

TOTAL 100.0% 100.0% 100.0% 100.0% Source: TNS Media Intelligence Note: The sum of the individual media may differ from total due to rounding. Measured Ad Spending by Advertiser The top 10 advertisers of 2007 spent a combined total of \$18.66 billion in measured media, a drop of 0.3 percent compared to 2006. Fourth quarter spending by this select group was mixed, with three of the 10 registering double digit percentage declines and four of the 10 posting double digit increases. Among the top 100 marketers, a diversified group representing over 40 percent of the measured ad economy, 2007 spending fell 2.6 percent, to \$63.35 billion. Outside the top 100, the segment which has been principally responsible for industry growth in recent years, expenditures jumped 2.0 percent. Procter & Gamble was again the largest advertiser with \$3,486.5 million in spending, up 5.6 percent versus a year ago. Verizon Communications posted the highest growth rate among the top 10, up 11.1 percent to \$2,136.5 million behind higher spending for its core wireless division and FiOS television service. The largest decrease in the group was from General Motors, where 2007 outlays fell 7.7 percent to \$2,106.4 million. However, aggressive model re-launches from its Chevrolet and Cadillac divisions contributed to a fourth quarter spending surge of 24.5 percent. Top Ten Advertisers: Jan-Dec 2007 vs. Jan-Dec 2006

COMPANY Jan - Dec 2007 (\$Millions) Jan - Dec 2006 (\$Millions) % Change

PROCTER & GAMBLE CO \$3,486.5 \$3,302.6 5.6%

AT&T INC \$2,244.8 \$2,338.3 -4.0%

VERIZON COMMUNICATIONS INC \$2,136.5 \$1,923.1 11.1%

GENERAL MOTORS CORP \$2,106.4 \$2,282.8 -7.7%

TIME WARNER INC \$1,709.2 \$1,799.4 -5.0%

FORD MOTOR CO \$1,642.8 \$1,687.3 -2.6%

WALT DISNEY CO \$1,373.6 \$1,415.1 -2.9%

JOHNSON & JOHNSON \$1,348.6 \$1,350.6 -0.1%

SPRINT NEXTEL CORP \$1,308.9 \$1,247.5 4.9%

NEWS CORP \$1,302.3 \$1,376.0 -5.4%

TOTAL \$18,659.5 \$18,722.7 -0.3% ¹Source: TNS Media Intelligence ¹Figures do not include FSI, House Ads or PSA activity. ¹Measured Ad Spending by Category Expenditures for the 10 largest advertising categories grew a meager 0.9 percent in 2007, to \$74.65 billion. In aggregate, they account for approximately one-half of all measured ad spending. Financial Services holds the top spot with \$9.12 billion of expenditures, a gain of 5.4 percent. Lower spending by credit card marketers and late-year cutbacks by mortgage and loan advertisers were more than offset by rising budgets from retail banks and investment brokers. Telecom finished the year in second position, down 4.1 percent to \$9.05 billion. Results were impacted by sizable spending reductions from AOL and Vonage. Direct Response had the largest percent gain among the top categories, up 17.0 percent to \$7.45 billion. Personal Care Products advanced 10.1 percent to \$6.18 billion. In each of these categories, growth was distributed widely across a large number of advertisers. Automotive expenditures continue to lag. The Domestic Auto segment was down 7.1 percent to \$7.05 billion and Non-Domestic Auto shrunk 6.6 percent, to \$8.12 billion. Automotive spending has now declined for ten consecutive quarters. Top Ten Advertising Categories: Jan-Dec 2007 vs. Jan-Dec 2006

CATEGORY Jan-Dec 2007 (\$Millions) Jan-Dec 2006 (\$Millions) % Change

FINANCIAL SERVICES \$9,122.9 \$8,656.4 5.4%

TELECOM \$9,052.3 \$9,438.3 -4.1%

LOCAL SERVICES & AMUSEMENTS \$8,946.9 \$8,700.7 2.8%

AUTO, NON-DOMESTIC \$8,115.6 \$8,689.5 -6.6%

MISC RETAIL¹ \$8,071.6 \$8,279.7 -2.5%

DIRECT RESPONSE \$7,447.9 \$6,364.9 17.0%

AUTO, DOMESTIC \$7,053.1 \$7,595.0 -7.1%

PERSONAL CARE PDTS \$6,176.8 \$5,611.7 10.1%

TRAVEL & TOURISM \$5,336.0 \$5,361.1 -0.5%

RESTAURANTS \$5,331.7 \$5,305.1 0.5%

TOTAL \$74,654.8 \$74,002.3 0.9% ¹Source: TNS Media Intelligence ¹Note: ¹Figures do not include FSI or PSA activity. ¹The sum of the individual categories may differ from the total due to rounding. ¹Misc Retail does not include these retail segments: Department Stores, Food Stores; Home & Building Supply Stores ¹Branded Entertainment TNS Media Intelligence continuously monitors Branded Entertainment within network prime time and late night programming. The tracking identifies Brand Appearances and measures their duration and attributes. Given the short length of many Brand Appearances, duration is a more relevant metric than a count of occurrences for quantifying and comparing the gross amount of brand activity that viewers are potentially exposed to in the program versus the commercial breaks. In the fourth quarter of 2007, an average hour of monitored prime time network programming contained eight minutes, five seconds (8:05) of in-show Brand Appearances and 14:12 of network commercial messages. The combined total of 22:17 of marketing content represents 37 percent of a prime-time hour. Unscripted reality programming had an average of 15:39 per hour of Brand Appearances as compared to just 4:47 per hour for scripted programs such as sitcoms and dramas. Late night network talk shows had an average of 14:34 per hour. The combined load of Brand Appearances and network ad messages in these late night shows was exactly 30:00 per hour, or 50 percent of total content time. Brand

Appearances vs. Advertising: Q4 2007 (minutes:seconds per hour) ^

^ BRAND APPEARANCES NETWORK AD MESSAGES1 TOTAL

PRIME TIME NETWORK 8:05 14:12 22:17

^ ^ ^ ^ Unscripted Programs 4:47 14:05 18:52

^ ^ ^ ^ Scripted Programs 15:39 14:26 30:05

^ ^ ^ ^

LATE NITE NETWORK

(Kimmel, Leno, Letterman) 14:34 15:26 30:00 Source: TNS Media Intelligence 1Figures include network advertisements, station promotions and PSAs. Local commercial time is excluded. About TNS Media Intelligence
Established in 25 countries with more than 16,000 customers, TNS Media Intelligence is part of TNS, the global marketing insight and information group. TNS Media Intelligence monitors 3 million brands worldwide across a multitude of media, including TV, radio, print, Internet, cinema and outdoor. The company offers a full range of insights and analyses, including the tracking of advertising expenditures and advertising creative, as well as news and social media monitoring and sports sponsorship evaluation. In the U.S., TNS Media Intelligence is the leading provider of strategic advertising intelligence to advertising agencies, advertisers, and media properties. The company's tracking technologies collect advertising expenditure and occurrence data, as well as select creative executions, for more than 2.8 million brands across 20 media in North America. The U.S. headquarters are in New York City with sales locations in major markets throughout the United States.

<http://www.tns-mi.com/> About TNS TNS is a global market information and insight group. Its strategic goal is to be recognized as the global leader in delivering value-added information and insights that help its clients make more effective business decisions. TNS delivers innovative thinking and excellent service across a network of 80 countries.Â Working in partnership with clients, TNS provides high-quality information, analysis and insight that improves understanding of consumer behavior. TNS is the worldâ€™s leading provider of customized services, combining sector knowledge with expertise in the areas of Product Development & Innovation, Brand & Communications, Stakeholder Management, Retail & Shopper and Customer Intelligence.Â TNS is a major supplier of consumer panel, media intelligence and audience measurement services. TNS is the sixth sense of businessâ„¢. <http://www.tnsglobal.com/>