U.S. Advertising Grows 4.5 Percent

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U.S. ADVERTISING MARKET GROWS 4.5 PERCENT IN FIRST HALF OF 2005

TNS Media Intelligence Reports Ad Spending Topped $70.5 Billion During First Six Months of Year
September 6, 2005 â€“ Total advertising expenditures for the first half of 2005 increased 4.5 percent, compared to the same period in 2004, to $70.5 billion, according to data released today by TNS Media Intelligence (TNS MI), the leading provider of strategic advertising and marketing information.? The 4.5 percent first half growth follows a first quarter increase of 4.4 percent, indicating that the advertising market is maintaining spending.?
â€œThe first half ad expenditure numbers demonstrate sustained momentum from the first quarter of the year,â€• said Steven Fredericks, President and CEO of TNS Media Intelligence.? â€œThe 4.5 percent growth rate for the period is slightly higher than our forecast of 4.1 percent issued earlier this year. The advertising market continues to outperform the general economy but the third quarter will be a much more difficult comparison period because of last yearâ€™s stimulus from the Summer Olympics and national elections.â€•?
Ad Spending by Media
Cable TV continued to be a strong sector, rising 15.3 percent to $7.9 billion, due to higher unit rates, increases in commercial time and larger audiences.? Internet display advertising advanced 9.4 percent to $3.9 billion, again outpacing the total market. Other strong categories were Outdoor, with a 9.3 percent increase to $1.6 billion; and Consumer Magazines, with a 9.1 percent increase to $10.5 billion. By total dollar amount, Local Newspapers and Network TV led all media at $12.2 billion and $11.6 billion, respectively, during the first half.
National media (7.4 percent growth to $44.9 billion) outpaced local media (0.1 percent decline to $25.7 billion) during the period.? Spot TV expenditures fell 6.1 percent due to declines in political advertising, non-domestic automotive and telecommunications.

Advertising Spending by Media: First Half 2005 vs. First Half 20041

MEDIA	Jan-June 2005 (Millions)	Jan-June 2004 (Millions)	% CHANGE
NEWSPAPERS (LOCAL)	$12,238.3	$12,029.0	1.7%
NETWORK TV	$11,692.8	$11,214.1	4.3%
CONSUMER MAGAZINES	$10,500.6	$9,621.8	9.1%
CABLE TV2	$7,935.8	$6,881.5	15.3%
SPOT TV3	$7,339.3	$7,819.1	-6.1%
INTERNET4	$3,961.8	$3,621.9	9.4%
LOCAL RADIO5	$3,589.9	$3,537.3	1.5%
B-TO-B MAGAZINES	$2,523.7	$2,461.5	2.5%

SYNDICATION â€“ NATIONAL
$1,994.6
$1,924.9
3.6%
HISPANIC MEDIA6
$1,953.4
$1,889.6
3.4%
OUTDOOR
$1,693.9
$1,550.1
9.3%
NATIONAL NEWSPAPERS
$1,688.8
$1,642.1
2.8%
NATIONAL SPOT RADIO
$1,243.3
$1,214.3
2.4%
FSI's7
$778.7
$744.2
4.6%
SUNDAY MAGAZINES
$752.8
$698.8
7.7%
NETWORK RADIO
$486.9
$503.6
-3.3%
LOCAL MAGAZINES
$200.0
$160.8
24.4%
TOTAL8
$70,574.6
$67,514.6
4.5%

Source: TNS Media Intelligence
1. Figures are based on the TNS Media Intelligence Stradegy multimedia ad expenditure database across all TNS MI measured media, including: Network TV; Spot TV; Cable TV; Syndication; Hispanic Network TV; Consumer Magazines (216 publications);,Sunday Magazines (5 publications); Local Magazines (27 publications); Hispanic Magazines (23 publications); Business-to-Business Magazines (556 publications); Newspapers (local and national); Hispanic Newspapers; Network Radio; Spot Radio; Local Radio; Internet; and Outdoor. Figures do not contain public service announcement (PSA) data.
2. Cable TV figures based on 44 networks.
3. Spot TV figures do not include Hispanic Spot TV data.
4. Internet figures do not include paid search advertising.
5. Local Radio includes expenditures for 34 markets in the U.S provided by Miller Kaplan.
6. Hispanic Media includes expenditures from Hispanic Network and Cable TV (Univision, Telemundo, Telefutura and Galavision); Hispanic Spot TV; Hispanic Magazines; and Hispanic Newspapers.
7. FSI data represents distribution costs only.
8. The sum of the individual media may differ from the total due to rounding.

Ad Spending by Category
All of the top 10 advertising categories, which represented 50.1 percent of all advertising expenditures, exhibited growth for the period with the exception of Non-Domestic Automotive, which posted a 0.6 percent decline.? Domestic Automotive, with a 5.1 percent increase, continued as the largest category with $4.2 billion in expenditures.? Direct Response posted the largest increase, up 19.9 percent to $2.9 billion.
Top Ten Advertising Categories: First Half 2005 vs. First Half 20049

CATEGORY

Jan - June 2005 (Millions)
Jan - June 2004 (Millions)
% CHANGE
DOMESTIC AUTOMOTIVE
$4,235.7
$4,028.9
5.1%
NON-DOMESTIC AUTOMOTIVE
$4,212.5
$4,238.5
-0.6%
FINANCIAL SERVICES
$3,799.7
$3,545.7
7.2%
TELECOMMUNICATIONS
$3,735.4
$3,611.5
3.4%
MISC LOCAL SERVICES
$3,522.6
$3,303.2
6.6%
RETAIL, OTHER
$3,437.0
$3,437.0
0.0%
DIRECT RESPONSE
$2,955.6
$2,464.1
19.9%
PERSONAL CARE
$2,804.1
$2,658.7
5.5%
TRAVEL & TOURISM
$2,760.6
$2,717.5
1.6%
RESTAURANTS
$2,330.2
$2,134.2
9.2%

9 Figures do not contain National Spot Radio, Outdoor, FSI, or PSA activity.
Several notable categories decreased their ad spending during the period. Prescription drug advertising edged downward by 0.4 percent to $2.25 billion as pharmaceutical companies cut back on consumer marketing in the face of increased public and governmental scrutiny. Retail department stores registered a 3.2 percent decline to $1.87 billion and movie advertising tumbled 6.2% to $1.82 billion.
Ad Spending By Company
Among the leading advertiser companies, General Motors surpassed Procter & Gamble to claim the top spot during the period. The Top 10 advertisers collectively increased their ad spending by 5.5 percent and accounted for one of every eight dollars spent in measured advertising.
Top Ten Advertisers: First Half 2005 vs. First Half 200410
Company
Jan - June 2005 (Millions)
Jan - June 2004 (Millions)
% Change
GENERAL MOTORS CORP
$1,514.7
$1,263.1
19.9%
PROCTER & GAMBLE CO
$1,265.3
$1,327.2

-4.7%
TIME WARNER INC
$958.1
$896.5
6.9%
FORD MOTOR CO
$812.1
$714.0
13.7%
SBC COMMUNICATIONS INC
$793.6
$856.4
-7.3%
JOHNSON & JOHNSON
$784.9
$642.6
22.1%
VERIZON COMMUNICATIONS INC
$755.6
$704.4
7.3%
DAIMLERCHRYSLER AG
$743.9
$848.6
-12.3%
ALTRIA GROUP INC
$704.1
$560.9
25.5%
WALT DISNEY CO
$701.0
$745.2
-5.9%
TOTAL
$9,033.3
$8,558.9
5.5%

10 Figures do not contain National Spot Radio, Outdoor, FSI, or PSA activity.
About TNS Media Intelligence
TNS Media Intelligence in the U.S. is the leading provider of strategic advertising and marketing information â€“ across media, brand, industry and market. The companyâ€™s tracking technologies collect occurrence and expenditure data on more than 2.2 million brands spanning 20 media. The U.S. headquarters are located in New York City with sales locations in major markets across the country.
For further information, including this and prior press releases, please visit http://www.tns-mi.com.

About TNS
TNS is a market information group. We are the worldâ€™s largest custom research company and a leading provider of social and political polling. We are also a major supplier of consumer panel, TV audience measurement and media intelligence services.
TNS operates a global network spanning 70 countries and employs over 13,000 people. We provide market information and measurement, together with insights and analysis, to local and multinational organisations.?
We combine our specialist sector knowledge with expertise in the areas of new product development, motivational research, brand and advertising research and stakeholder management to bring our clients up-to-the minute, internationally consistent information.

We think differently to help our clients build competitive advantage, making TNS the sixth sense of business.?http://www.tns-global.com/