

Big Advertisers Cut Back

Contributed by Warc
Friday, 14 September 2012

Half of the biggest advertisers in the US trimmed their budgets during the last quarter, with Procter & Gamble, AT&T and Verizon some of the major brand owners following this strategy.

According to Kantar Media, the insights provider, Procter & Gamble, the FMCG giant, witnessed a 13.2% slide in the second quarter to \$577m. AT&T, the telco, claimed second place on this metric in Q2 2011, but cut back by 21% to \$376m in Q2 2012.

As a result, it was overtaken by Comcast, the cable television group, on \$570m, a 12.8% improvement year on year. L'Oréal, the cosmetics expert, also raised its investment levels by 9% to \$388m.

Less positively, Verizon, the communications firm, logged a 14.7% contraction to \$327m. Time Warner, the media owner, was similarly down by 12.9% to \$298m. News Corp, from the same sector, yielded a 6.8% decrease to the same amount.

General Motors, the automaker, recorded an even larger decline, of 30.1%, to \$292m. Toyota, its rival, posted a 22.7% leap to \$285m.

Unilever, another FMCG specialist, was also up 48.6% to \$278m. It thus replaced Pfizer in the top ten. The pharma firm slashed its adspend by 15.9% in Q1 year on year to \$301m, and delivered a further dip in Q2.

As a group, the top ten advertisers registered a 5.5% drop in advertising expenditure, to \$3.6bn. The top 100 marketers, together accounting for 40% of revenues, boosted their outgoings by 1.1%.

More broadly, total adspend increased by 0.9% in the second quarter of this year to \$34.4bn. It has expanded by 1.9% over the opening six months of the year, to \$37.1bn.

Retail was up by 0.9% to \$3.8bn, while automotive grew by 7.7% to \$3.3bn. Telecoms lodged a 2.4% decrease to \$2bn and financial services brands were down by 3.4%, coming in at just over \$1.9bn.

"Ad spending growth sputtered during the second quarter and was unable to sustain its early year momentum. The advertising market is mirroring the tepid, slow growth performance of the general economy," said Jon Swallen, chief research officer at Kantar Media North America.

Over the first half of the year, TV saw a 6% lift in ad sales across the first six months of the year, although this figure fell to 4.4% in the second quarter. These totals stood at 3.5% and 2.5% in turn for outdoor.

Elsewhere, online display endured a decline of 3.9% in H1 2012. (Paid search was not included in the study.) Newspapers were off by 3.5% – including a 9.3% slump for national titles – and magazines were down by 3%.

"Third quarter results will get a short-term boost from the Summer Olympics and political advertising but sustained long-term improvement will probably be linked to the health of consumer spending on the goods and services that marketers provide," Swallen added.

Data sourced from Kantar Media; additional content by Warc staff

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New York - 12 September 2012