

affected and will affect US schedules, which, in turn, will harm schedules abroad as many international sales are dependent on how well the programme performed in the US.

For the US, 2008 is the so-called quadrennial effect year where the ad industry is boosted by both the Presidential elections and the summer Olympics.

Although political advertising is not permitted in all countries, the Olympics usually provides a major lift to the broadcasters that screen it – especially for the host nations. This is also true for other global events, such as World Cup soccer, or major regional ones, such as the Euro 2008 soccer tournament. Individual countries benefit from less popular events, such as the cricket and rugby World Cups or the winter Olympics in the Nordic countries.

Another factor having a major influence on TV advertising is the rapid take-up of Digital Video Recorders. A key selling point for DVRs is ad-skipping functionality. If viewers skip ads, then advertisers are not happy, and will be less willing to commit budgets to conventional TV advertising.

This has helped to increase interest in sponsorship, with buffer spots, when a programme stops and goes into an ad break and when the ad break ends and the programme returns, gaining importance as this is when most ad-skipping begins and ends.

The European Commission relaxed some of the sponsorship rules for its member states. The EC also allowed for limited product placement, which was already common in several countries outside the EU.

Forecasts

TV advertising was a growth industry in every country for many years. Revenues increased each year as TV grew generically and ate away at the shares for the traditional print media. However, TV advertising has matured, and some countries are recording annual declines when their economies suffer.

The landscape is becoming more competitive, with more channels scrambling for limited budgets. There are also outside competitors to consider, such as online advertisers and ISPs.

Having said that and despite the gloomy picture sometimes reported, net television advertising is still growing globally. Western Europe, North America and Japan may be mature, but other regions of the world are generally enjoying high growth.

Global net TV advertising is forecast to reach US\$123 billion in 2008, up 5.8% on 2007. This is an improvement, partly based on the positive impact of the Olympics, from the 3.5% global rise in 2007. By 2012, the total is forecast to reach US\$148 billion.

The highest annual growth during the forecast period will be in 2012 – up 6.6% - another Olympic year. World Cup soccer will help in 2010. However, growth in 2009 and 2011, when

Forecasts

Global net TV advertising forecasts

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net total TV advertising expenditure (US\$ million)									
Asia Pacific	24,033	23,836	24,985	25,857	27,705	28,811	30,136	31,583	33,134
Europe East/Middle East	3,690	4,484	5,270	6,203	7,037	7,829	8,638	9,335	10,321
Europe West	28,010	29,083	29,946	31,001	32,153	33,117	35,001	36,361	38,923
Latin America	6,328	7,581	8,472	8,918	9,597	10,246	11,236	11,853	12,574
North America	40,438	40,572	42,986	44,087	46,267	47,008	48,262	49,744	53,139
Global Total	102,498	105,557	111,660	116,066	122,760	127,011	133,273	138,875	148,092

Net total TV advertising expenditure growth (%)									
Asia Pacific		-0.8	4.8	3.5	7.1	4.0	4.6	4.8	4.9
Europe East/Middle East		21.5	17.5	17.7	13.4	11.3	10.3	8.1	10.6
Europe West		3.8	3.0	3.5	3.7	3.0	5.7	3.9	7.0
Latin America		19.8	11.7	5.3	7.6	6.8	9.7	5.5	6.1
North America		0.3	6.0	2.6	4.9	1.6	2.7	3.1	6.8
Global Total		3.0	5.8	3.9	5.8	3.5	4.9	4.2	6.6

Net total TV advertising expenditure per TV household (US\$)									
Asia Pacific	43	42	43	43	45	46	47	49	50
Europe East/Middle East	37	45	52	61	68	75	82	88	97
Europe West	176	180	184	188	193	197	206	212	225
Latin America	73	86	94	98	103	109	117	121	127
North America	332	331	347	352	366	368	374	382	404
Global Total	100	101	105	107	112	114	117	120	126

TV households (000)									
Asia Pacific	558,608	573,036	585,854	597,966	610,353	623,015	635,952	648,787	661,894
Europe East/Middle East	98,947	100,171	101,215	102,158	103,105	104,060	105,023	105,937	106,857
Europe West	159,324	161,219	163,011	164,638	166,283	167,948	169,672	171,418	173,187
Latin America	86,677	88,213	89,799	91,299	92,827	94,380	95,962	97,572	99,213
North America	121,851	122,572	123,903	125,150	126,410	127,682	128,967	130,265	131,576
Global Total	1,025,407	1,045,211	1,063,783	1,081,211	1,098,979	1,117,086	1,135,577	1,153,980	1,172,727

Pay TV subscribers (000)									
Asia Pacific	211,327	234,369	258,977	278,291	296,135	311,338	326,538	342,958	359,883
Europe East/Middle East	25,657	27,552	30,013	33,019	35,804	38,139	40,142	42,040	43,792
Europe West	71,345	74,417	78,106	81,829	85,159	87,843	90,418	92,831	95,026
Latin America	16,487	18,304	20,273	22,950	25,203	27,253	28,905	30,636	32,451
North America	109,089	109,895	111,603	113,864	115,615	116,996	117,884	119,278	120,655
Global Total	433,906	464,537	498,972	529,953	557,917	581,570	603,887	627,743	651,808

Source: Informa Telecoms & Media

