

Press Information

Contact details:
Bill Daddi
Daddi Brand Communications
Phone: 646-370-1341
Cell: 917-620-3717
Email: Bill@DaddiBrand.com

KANTAR MEDIA REPORTS U.S. ADVERTISING EXPENDITURES INCREASED 3 PERCENT IN 2012

*After three years of consecutive growth, 2012 U.S. ad spend reaches
\$139.5 billion; Olympics, election contribute to gains.*

New York, NY, March 11, 2013 – Total advertising expenditures increased 3 percent in 2012 and finished the year at \$140 billion, according to data released today by Kantar Media, the leading provider of strategic advertising and marketing information. Ad spending during the fourth quarter of 2012 rose 2 percent versus the year ago period.

“The advertising market has grown for three consecutive years and in 2012 it added more than \$4 billion in spend, with the Summer Olympics and political advertising contributing about one-half of the gain,” said Jon Swallen, Chief Research Officer at Kantar Media North America. “Large advertisers also played a significant role. After reducing their media budgets in 2011 as a precaution against slowing economic growth, the Top 100 marketers reversed course in 2012 and invested more.”

Measured Ad Spending By Media

Television continued to lead the ad market in the fourth quarter of 2012. Network TV expenditures rose 5 percent in Q4 compared to the prior year, with NFL and NCAA football contributing more than one-half of the dollar volume gain. Full-year Network TV spending also received a boost from the Summer Olympics and was up 9 percent.

Spot TV expenditures increased 12 percent in fourth quarter, aided by a closing surge of political ad dollars in advance of the November elections. For the year, Spot TV finished 10 percent higher, thanks not only to political spending but added investment from both auto manufacturers and dealers, which continued to pump money into the medium in response to a strong sales climate for new vehicles.

Spanish language TV ad spending surged 20 percent in Q4, paced by higher sell-out levels at over-the-air networks. For all of 2012, the segment increased 15 percent.

Cable network TV expenditures in the fourth quarter were dragged down by reduced holiday ad spending as well as cutbacks from direct response marketers, and finished the period with a decline of 2 percent. Full-year expenditures advanced 3 percent.

Q4 radio expenditures were lifted by the influx of ad money from political candidates and groups. National Spot Radio was up 8 percent and Local Radio gained 3 percent in the period. Full-year results were also aided by strong spending from local service businesses and auto dealers as National Spot Radio rose 3 percent and Local Radio was unchanged..

With political ads grabbing a larger share of the radio inventory, some advertisers chose to redirect their local spending to Outdoor, giving an extra boost to this medium. Outdoor increased 8 percent in Q4 and 5 percent for the full year.

Online display expenditures in the fourth quarter finished 1 percent higher compared to the prior year. Digital spending was up significantly among a broad range of retailers during the key holiday selling period, and travel category expenditures were also robust. For the full year, online display spending, which does not include either video or mobile ad formats, declined 3 percent.

Print media continued to lag the overall marketplace. Consumer magazine expenditures fell by 1 percent in Q4 and were down 3 percent for the year as weaker spending from pharmaceutical, financial service and travel advertisers more than offset gains from the apparel and personal care product categories.

Meanwhile, National Newspaper ad expenditures declined by 13 percent during the fourth quarter, due to steep cutbacks from financial service and telecom marketers. Full-year spending declined 12 percent. The decline in Local Newspapers was less steep, totaling 3 percent fewer dollars in Q4 and 2 percent less for the entire year. The losses in Newspaper spending continue to track with reductions in the amount of space sold.

Percent Change in Measured Ad Spending¹

MEDIA SECTOR • Media Type <i>(Listed in rank order of full year 2012 spending)</i>	4th Quarter 2012vs. 2011	Year 2012 vs. 2011
TELEVISION MEDIA	5.0%	8%
• Cable TV ²	-2%	3%
• Network TV	5%	9%
• Spot TV ³	12%	10%
• Spanish Language TV ⁴	20%	15%
• Syndication – National	-1%	8%
MAGAZINES⁵	-1%	-2%
• Consumer Magazines	-1%	-3%
• B-to-B Magazines	-2%	-2%
• Sunday Magazines	2%	-3%

MEDIA SECTOR • Media Type (Listed in rank order of full year 2012 spending)	4th Quarter 2012vs. 2011	Year 2012 vs. 2011
• Local Magazines	0%	2%
• Spanish Language Magazines	11%	13%
NEWSPAPERS⁶	-4%	-3%
• Local Newspapers	-3%	-2%
• National Newspapers	-13%	-12%
• Spanish Language Newspapers	1%	2%
INTERNET (Display Ads Only)⁷	1%	-3%
RADIO MEDIA	4%	3%
• Local Radio ⁸	3%	0%
• National Spot Radio	8%	3%
• Network Radio	-2%	16%
OUTDOOR	8%	5%
FSIs⁹	-3%	5%
TOTAL	2%	3%

Source: Kantar Media

1. Figures are based on the Kantar Media Strategy™ multimedia ad expenditure database across all measured media, including: Network TV (5 networks); Spot TV (731 stations in 125 DMAs); Cable TV (75 networks); Syndication TV; Hispanic Network TV (4 networks); Consumer Magazines (198 publications); Business-to-Business Magazines (299 publications); Sunday Magazines (8 publications); Local Magazines (31 publications); Hispanic Magazines (19 publications); Internet display (2,536 sites monitored at least one year); Local Newspapers (133 publications); National Newspapers (3 publications); Hispanic Newspapers (46 publications); Local Radio (33 markets); Network Radio (6 networks); National Spot Radio (205 markets); and Outdoor (192 markets). Figures do not include public service announcements (PSA) or house advertising
2. Cable TV figures based on 71 English language networks and do not include any Hispanic cable networks
3. Spot TV figures based on 658 English language stations and do not include any Hispanic stations
4. Spanish Language TV includes 4 Hispanic broadcast networks, 4 Hispanic cable networks and 73 local Hispanic TV stations
5. Magazines include Publishers Information Bureau (PIB) data and reflect print editions of publications
6. Newspapers figure reflect print editions of publications
7. Internet expenditures reflect the value of desktop display advertising only. Video ad formats and mobile ad formats are specifically excluded.
8. Local Radio reflects expenditures for 33 markets in the U.S. and the data are provided by Miller, Kaplan, Arase & Co.
9. FSI data represents distribution costs only

Measured Ad Spending By Advertiser

Spending among the ten largest advertisers in 2012 reached \$15,346 million, a 2 percent decline compared to a year ago. However, among the Top 100 marketers, a diversified group that represents over two-fifths of all measured ad expenditures, spending was 3 percent higher.

Procter & Gamble was the top advertiser with spending of \$2,805 million down 5 percent compared to 2011. This represented the second straight year of media cutbacks for the consumer products company. The declines echo a publicly announced corporate initiative to reduce marketing expenses by shifting budgets towards more cost effective digital media.

Comcast was the second largest advertiser in 2012 with expenditures of \$1,713 million, an increase of 10 percent. The company continued to hike spending for its Xfinity brand offering of video, voice and broadband service. Other leading telecom advertisers sharply reduced their media spending in 2012. AT&T expenditures dropped 14 percent to \$1,572 million, despite their major investment in the Summer Olympics. Verizon spent \$1,409 million, a decline of 13 percent.

The largest growth rate among the Top Ten marketers was posted by Toyota, up 13 percent to \$1,239 million for the full year as the company fully restored operations and regained market share following the 2011 Japanese earthquake and tsunami. In contrast, General Motors lowered its 2012 media spending by 7 percent to \$1,642 million, in part due to a slowing pipeline of new model introductions. As manufacturer support has been trimmed, GM dealers have continued to lift their spending and bear a larger share of the overall marketing effort. Expenditures at Chrysler also retreated, down 14 percent to \$1,065 million compared to a year ago period that was inflated by several big marketing launches.

L'Oreal media spending for 2012 was \$1,461 million, up 9 percent increase and the third consecutive annual increase from the company. Since bottoming out in 2009, ad expenditures at L'Oreal have risen by more than 70 percent.

Top Ten Advertisers Of 2012¹

Rank	Company	Year 2012 (\$ Millions)	Year 2011 (\$ Millions)	% Change
1	Procter & Gamble Co	\$2,805	\$2,946	-5%
2	Comcast Corp	\$1,713	\$1,562	10%
3	General Motors Corp	\$1,642	\$1,773	-7%
4	AT&T Inc.	\$1,572	\$1,832	-14%
5	L'Oreal Sa	\$1,461	\$1,338	9%
6	Verizon Communications Inc.	\$1,409	\$1,620	-13%
7	News Corp	\$1,274	\$1,201	6%
8	Toyota Motor Corp	\$1,239	\$1,095	13%
9	Berkshire Hathaway Inc.	\$1,165	\$1,037	12%
10	Chrysler Group Llc	\$1,065	\$1,246	-14%
	TOTAL²	\$15,3456	\$15,651	-2%

Source: Kantar Media

1. Figures do not include FSI, House Ads or PSA activity

2. The sum of the individual companies can differ from the total shown due to rounding

Measured Spending By Size of Advertiser

The Top Ten advertisers are certainly large, but they represent just a small fraction of all spending and can be an incomplete indicator of broader trends. Ranking and grouping companies into tiers provides deeper insights into how different segments of advertisers are behaving compared to the average and where growth is occurring.

Expenditure growth in 2012 occurred across the Top 1000 advertisers, but was strongest at mid-size marketers outside the Top 100. The tier of companies ranked 101-250 had total spending of \$21,057 million which was about a 15 percent share of the total marketplace. Year-over-year spending for this slice rose 7 percent, more than double the market average. Right behind was the tier of companies ranked 251-1000 with an increase of 5 percent.

Small advertisers, defined as those beyond the Top 1000, lagged the market with aggregate expenditures nearly flat in 2012. This tier spent \$32,151 million and accounted for nearly one-fourth of total ad spending. Historically, media spending within this segment has been more variable and sensitive to the economic climate.

2012 Spending By Size of Advertiser¹

Segment	Company Spending Rank	Year 2012 (\$ Millions)	Year 2011 (\$ Millions)	% Change
	GRAND TOTAL	\$137,607	\$133,342	3%
Large Advertisers	Top 100	\$60,448	\$58,699	3%
Mid-Size Advertisers	Rank 101-250	\$21,057	\$19,727	7%
	Rank 251-1000	\$23,950	\$22,798	5%
Small Advertisers	Rank 1001+	\$32,151	\$32,118	0%

Source: Kantar Media

1. Figures do not include FSI spending. This accounts for the difference between the 2012 Grand Total amount shown here and the \$139.5 billion amount cited in the first paragraph of this report.

2. The sum of the individual segments may differ from the total due to rounding

Measured Ad Spending By Category

Expenditures for the ten largest advertising categories grew 3 percent in 2012 and reached \$87,502 million.

Retail was the leading category in dollar volume and finished 2012 up 3 percent at \$16,345 million, despite very weak spending by department stores during the critical year-end holiday season.

Automotive registered the largest growth rate among the Top Ten categories, climbing 7 percent to reach \$14,840 million. Growth peaked back in first quarter at 23 percent and slowed sequentially in each successive quarter to just a 2 percent gain in Q4. Dealer spending held up throughout the year while Tier 1 manufacturer expenditures contracted in the second half.

Telecom expenditures totaled \$8,660 million, a 4 percent increase. Growth was concentrated in the Wireless Phone Equipment segment as Apple and Samsung each launched expensive campaigns for their newest smartphone models. By contrast, spending from both wireless and television service providers dipped slightly.

Personal Care Product expenditures increased for the third consecutive year and finished 2012 at \$6,836 million, up 5 percent. The Restaurants category rang up \$6,185 million of media spending, an increase of 5 percent, as marketers continued to rely on advertising to help drive sales increases in an extremely competitive environment.

Media expenditures for Financial Services fell 2 percent to \$7,889 million. Weakness in ad budgets for credit cards and retail banking blunted higher spending on retirement products and consumer lending.

Top Ten Advertising Categories Of 2012¹

Rank	Category	Year 2012 (\$ Millions)	Year 2011 (\$ Millions)	% Change
1	Retail	\$16,345	\$15,866	3%
2	Automotive	\$14,840	\$13,848	7%
	• (Manufacturers)	\$8,859	\$8,582	3%
	• (Dealers)	\$5,981	\$5,266	14%
3	Local Services	\$8,978	\$8,736	3%
4	Telecom	\$8,660	\$8,348	4%
5	Financial Services	\$7,889	\$8,074	-2%
6	Personal Care Products	\$6,836	\$6,525	5%
7	Food & Candy	\$6,567	\$6,433	2%
8	Direct Response	\$6,342	\$6,224	2%
9	Restaurants	\$6,185	\$5,912	4%
10	Insurance	\$4,860	\$4,949	-2%
	TOTAL²	\$87,502	\$84,916	3%

Source: Kantar Media

1. Figures do not include FSI or PSA activity

2. The sum of the individual categories can differ from the total shown due to rounding

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About Kantar Media

Kantar Media provides strategic advice and competitive intelligence to the world's leading brands, publishers, agencies and industry bodies, helping them navigate and succeed in a rapidly evolving media industry. This includes analysis of paid media opportunities; counsel on brand reputation, corporate management and consumer engagement through owned media; and, evaluating consumers' reactions in earned media. Kantar Media provides clients with a broad range of insights from audience research, competitive intelligence, vital consumer behavior and digital insights, to marketing effectiveness and online influence. Our experts currently work with 22,000 companies tracking 3 million brands in 50 countries. www.KantarMediaNA.com