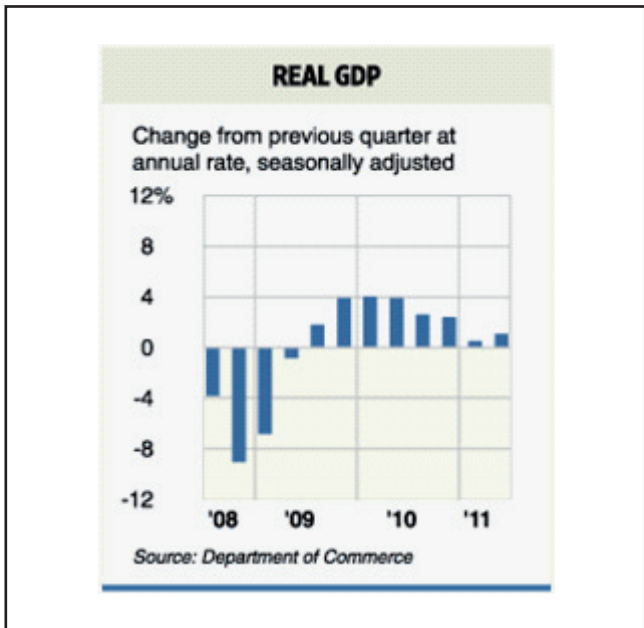


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Gross domestic product in the United States increased at an annual growth rate of 1.0% in the second quarter of 2011; this marks the eighth straight quarter of positive growth. (Growth in the first quarter was 0.4%.) The increase in real GDP growth in the second quarter primarily reflected positive contributions from personal consumption expenditures (PCE), private inventory investment, exports, and nonresidential fixed investment that were partly offset by negative contributions from federal, state and local government spending. Overall, the Dow Jones index decreased 4.4% and the S&P 500 decreased 5.7% in August 2011 from July 2011. Nevertheless, the stock market has increased substantially year-over-year, with the DJIA up 16.0% and the S&P up 16.2%.



The Consumer Confidence Index, which had improved slightly in July, plummeted in August. The Index now stands at 44.5, down from 59.2 in July, which is its lowest level in over two years. Consumers' labor market assessment was less favorable. The proportion of those who said jobs were hard to get rose to 49.1% from 44.8% the month before. Those expecting more jobs in the next six months decreased to 11.4% from 16.9%, and those expecting fewer jobs rose to 31.5% from 22.2%.

Housing starts in July were at a seasonally adjusted annual rate of 604,000. This is 1.5% below the revised June estimate of 613,000 but 9.8% above the revised July 2010 rate of 550,000. The weakness in both housing starts and building permits last month was due largely to declines in the construction of multi-family homes, which is often volatile. Construction of homes with five or more units fell -11.9% in July versus the month before. That compares with a 0.5% increase in construction of one-unit homes. Flooding on the Mississippi River and tornadoes in the South shut down construction sites earlier in the year. However, in the South, housing starts enjoyed a 3.6% increase in July.

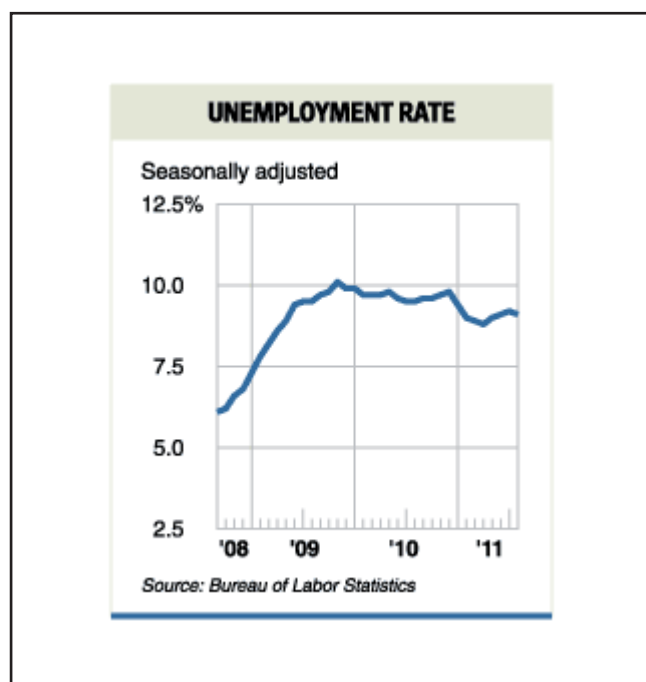
In August, the Federal Reserve kept its benchmark interest rate at a target range of 0.0% to 0.25%. The Fed has kept its benchmark interest rate near zero since December 2008, and due to expectations of slow economic growth, there are plans to leave rates low until mid-2013.

Personal consumption expenditures, which accounts for around two-thirds of total economic activity, increased 0.8% in July. July's retail sales were \$390.4 billion, an increase of 0.5% from the previous month and 8.5% above July 2010. Gasoline station sales were up 23.6% from July 2010 and nonstore retailers

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sales were up 14.1% from last year.

Nonfarm payroll employment remains unchanged in August, following an increase in July. The unemployment rate remains at 9.1%. Health care employment increased in August (30,000); over half (18,000) from ambulatory health care services. The information industry plunged by 48,000, due in large part to a telecommunications industry strike.



Money supply growth has tapered off, and fears of deflation may stymie further growth. In July 2011, the seasonally-adjusted money supply (M1), which includes currency, traveler's checks, demand deposits and other checkable deposits, increased 3.0%. Compared to the same time period a year ago, money supply is 16.2% higher. Compared to December 2007, when the recession began, money supply has increased by 46.0%.

Recent market volatility and S&P's downgrade of the country's long-term credit rating have done nothing to calm either consumer or advertiser fears.

Zenith continues to monitor all these changes in the economy and their effect on our advertising forecasts.

Given the current economic conditions, and our knowledge of advertiser plans for the upcoming season, we are projecting a 2.2% overall increase for advertising in 2011, a slight increase from our July forecast of 2.1%. As we move further past the recession, we expect larger increases of 3.5% in 2012 and 2013. The economy is still recovering, and it will take several years for advertising spending to reach the level it was at in 2008. Fortunately, most of the large financial, retail and automotive spenders have returned to the marketplace. We continue to see TV dollars moving from network to cable, and this trend will likely continue as cable networks continue to add quality programming to their lineups. Print will also suffer on account of digital media, but eReaders and tablets have given new life to magazines, and as these devices gain traction, we expect this trend to continue as well. Our largest increases in spend are in internet (12.6%) and cable TV (12.0%). The media we expect 2011 decreases for are newspapers (-8.5%), business magazines (-4.0%), network TV (-2.0%) and syndication (-4.0%).

Marketing services are expected to grow 1.9% in 2011.

## Network TV

Network TV maintains the largest share of national TV dollars in 2010, but we predict that cable will garner a larger share of spend in 2011 and beyond. Network spend began 1Q'11 down year-to-year due to the absence of the Olympics, fewer men's basketball 'March Madness' games on CBS, and the shift of college football games to cable and ESPN.

Zenith predicts that network TV will end the year down -2.0%, a revision of our July forecast of 0.0% growth, based on year to date actuals. We predict a decrease of -1.0% in 2012, despite the return of the Olympics to NBC. With the Olympics taking place in London, the time difference will mean fewer events airing live than there were for the Vancouver Olympics. NBC Sports Chief Mark Lazarus has already promised that more events will be aired live rather than saving the best for tape-delayed coverage in primetime, which is what NBC

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has done in the past. Therefore, more viewers are expected to tune in online to watch their favorite events rather than wait to watch prerecorded versions. The last Summer Games in Beijing drew an unprecedented amount of online viewing, and this trend is expected to continue for the 2012 London Games. Also, with Comcast-owned sports networks now under the NBCU umbrella, more Olympics coverage will be airing on cable (especially on Versus, which is being rebranded to NBC Sports).

In real terms, the broadcast networks are not making the same ad dollars as they did several years ago. In an effort to generate new streams of revenue, networks are looking to licensing and retransmission fees. In an effort to combat online viewing of popular programmes, Fox has changed its licensing agreement for non-paying users of Hulu. New episodes of its shows are now available eight days after the telecast's air date. CBS has signed a deal with Amazon to allow streaming of several series, in their entirety. This adds to Amazon's expanding library of over 8,000 TV programmes and movies. Amazon Prime subscribers have unlimited access to this library of content, while others can access through Amazon On Demand on an à la carte basis.

## Cable TV

Cable networks will continue to build momentum – especially those seen as alternatives to broadcast prime (USA, TBS, TNT, FX), largely thanks to the return of big-spending automotive and financial advertisers. Zenith expects ad spending in cable to grow 12.0% in 2011, 10.0% in 2012 and 10.5% in 2013.

Turner is unveiling their 'TV Everywhere' initiative this season. 'TV Everywhere' allows current cable subscribers to stream full episodes, on PC, tablet or mobile devices, free of charge. To begin, spots featuring network stars will inform the viewers of this new concept. Online streams of these telecasts include the same commercials as the original airing. Nielsen has incorporated these online streams into its commercial ratings.

Bloomberg filed a claim with the FCC in June, accusing Comcast of violating a 'neighborhooding' condition of the merger, which requires Comcast to put like channels in the same place in the lineup. Bloomberg TV is a competitor of CNBC, which is owned by Comcast/NBCU; however, in many parts of the country Bloomberg TV is found over a hundred channels after CNBC. Currently, the companies are arguing about when the channel neighborhoods went into effect. Bloomberg feels it went into effect at the time of the merger, while Comcast is arguing that this only applies to new neighborhoods. The next step of this case will be reviewed by the Commissioners of the FCC or go on to an administrative law judge.

New TV ad formats are emerging. Networks like USA and MTV have experimented with 'pod-busters', often using cast members to break through clutter and counter ad-skipping. Also, while most cable inventory is sold as run of network, Time Warner's Turners networks have begun bundling spots targeted at specific demos. As for optimizing TV ad networks (e.g. Google TV), that will be a long, slow rollout, with cable operators and cable networks netting the early gains.

Looking ahead, TBS has ordered a pilot from Conan O'Brien. This comedy focuses on a family man who quits his job and decides to move back to the neighborhood he lived in as a child. In addition, WWE's plans to start a cable network have been pushed back to mid-2012/early 2013. Proposals for the network are slated to be sent to cable systems in early 2012.

## Spot TV

The 2011 marketplace has seen increases in several key categories. Annual increases of 4.0%, 8.0% and 2.0% are expected for 2011, 2012 and 2013. The category with the greatest increase in spend is the apparel category. While there is a decline in spending for the automotive category, expect to see some second half growth due to the markdown of existing 2011 models and sales of 2012 models.

The spot TV marketplace during the first half of

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2011 was robust and strong in many categories. Unfortunately high gas prices and a decline in consumer confidence have resulted in local markets slowing in the flow of business. There is strong growth, 43%, in the first half of 2011 for medicines and proprietary remedies, while pharmaceutical houses showed a 74% decrease in spend on Spot TV.

The 2012 spot TV marketplace is expected to be extremely volatile with the Presidential election at hand. Primaries will be pivotal for candidates and after the billion dollar political spend in 2010, stations and marketers are gearing up for a turbulent marketplace. To add to the frenzy will be the Olympics in August, bringing new and returning business to the local markets. Even when the economy was soft in 2010, political dollars drove market pricing.

## Syndicated TV

Zenith predicts a -4.0% decrease in advertising expenditure for syndication in 2011. Spending in 2012 is expected to decrease -12.0%, followed by an -10.5% decrease in 2013. Comedies constituted the majority of the top twenty syndicated programmes among W25-54 during the second quarter of the 2010-2011 season, with the weekly airing of *Two and a Half Men* remaining the top-rated series with this demographic as well as with most measured targets.

The 25th and final season of *The Oprah Winfrey Show* concluded in 2Q'11, garnering the largest W25-54 viewership across all syndicated talk shows. Despite experiencing declines with W25-54 from both last year and from 1Q'11, *Oprah* ranked third with this audience in the overall syndicated landscape, behind *Two and a Half Men* and *Judge Judy*, respectively. Oprah plans to focus on her network, OWN (The Oprah Winfrey Network), which she owns with Discovery Communications Inc. OWN launched in January 2011.

As for *Live! With Regis and Kelly*, Regis Philbin announced he would retire from the series this

November after more than 28 years as host. Kelly Ripa, who recently celebrated her tenth anniversary on *Live!* will have several prospective co-hosts on the show (similar to when Kathie Lee Gifford departed) leading up to the grand reveal this January.

New this season are a number of talk shows with Anderson Cooper, British talk show host Jeremy Kyle and Dr. Drew launching their own shows this fall. In addition, several off-network comedies are new to the syndicated line-up, including *It's Always Sunny in Philadelphia*, *The Big Bang Theory*, *Futurama* and *30 Rock*.

## Radio

Despite recent unenthusiastic reports about the state of our economy, network radio seems to be holding its own. Latest Miller Kaplan reports that in the YTD through August, network radio was up 3% versus a year previously. Q3 was up versus 2010 with financial, insurance and retail as the lead categories. Heading into Q4, network radio vendors are experiencing tight or close to sold out inventory with multiple sales events being promoted during the holidays. Due to fear of an NFL lockout a few months ago and now potential NBA lockout, sports programming in Q4 is very strong, with NFL and MLB post season dollars being up versus a year ago. With the network radio marketplace still looking somewhat healthy, we are sticking with our last prediction of 2011: for network radio to finish up 2.0%.

Big news in this past month was the DOJ's approved merger of Dial-Global and Westwood One radio networks. For advertisers, this company merger will provide a one stop shop in popular personality programmes (Dennis Miller, John Tesh), marquee entertainment events (Grammys, ACMs) and leading sports events (March Madness, Super Bowl and Olympics). The other big merger that will be announced this month is the finalization of Cumulus and Citadel Broadcasting. How the programming, sales force will be affected is still to be decided.

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## Consumer Magazines

Consumer magazines continue to gain momentum in 2011; magazine ad revenues and pages have increased over five consecutive quarters starting in Q2 2010. Magazines saw an increase of 4% in ratecard-reported revenue for 1H 2011 vs 1H 2010, according to the Publishers Information Bureau (PIB). Ad pages during the second quarter totalled 44,724, flat compared to April through June 2010. PIB saw magazine ad revenue and page growth in six of 12 major advertising categories during Q2 2011: toiletries & cosmetics; drugs & remedies; apparel & accessories; retail; automotive; and financial. (Twelve categories are the most significant contributors to PIB revenue, comprising more than 85.0% of total advertising spending). Two of those categories exhibited double-digit increases, driven by the following subsectors:

- Toiletries and cosmetics: benefited from an influx of ads for perfumes, hair care products and cosmetics, as well as toiletries aimed at male consumers in particular.
- Financial, insurance & real estate: banks; financial consultancies and software; insurance firms

While the iPad launched just last year, it is likely that 2011 will continue to experience massive growth for both the iPad and new tablet competition coming into the market. Based on the latest figures, eMarketer is estimating that roughly 60 million tablets have shipped worldwide, 44 million (74%) of those being iPads. As new players continue to be introduced in the market such as the Xoom, Galaxy, Slate, and Playbook, consumers will have more choices and this will chip away at Apple's dominant market share. Tablet use continues to be strong in the home; Nielsen reported that roughly 67.0% of tablet owners used their desktops/laptops far less since acquiring a tablet, while 27.0% of eReader owners use that less often, in favor of the tablet. Research is showing these consumers primarily use the device to browse the web, download apps, music and books, and watch video.

A *People Magazine* study showed that roughly

1.0% of its traditional print subscriber base has authenticated their subscription onto the iPad. A recent Popular Science study showed that 95.0% of app subscriptions were from new email addresses, suggesting that with a new paid tablet subscription model, publishers are enjoying the opportunity to attract new readers to the brand.

As expected, there has been fast adoption of tablet authentication in the business/news/tech category, where brands such as *BusinessWeek*, *Fortune*, *Economist*, *Time* and *Wired* are offered to print subscribers for free. This reader demographic aligns closely with the tech-savvy tablet audience, which will lead to the most natural progression of readers feeling comfortable consuming the print content via tablet. According to eMarketer, the 55+ demographic has experienced the largest growth in tablet penetration: 19% in Q2 2011, vs. 10% in Q3 2010.

While some publishers see increases in tablet circulation as a reason to not increase print numbers, others feel that the profit margins for printed magazines justify a continued investment in the printed product.

Zenith predicts flat consumer magazine spending in 2011, followed by a slight decrease of -2.0% in each of 2012 and 2013.

## Business-to-Business Publications

B-to-B publications continue to be affected by the shift of dollars to online, as well as the postage and paper cost increases they face. We are projecting a reduction in advertising spend of -4.0% in 2011, followed by annual decreases of -3.0% in 2012 and 2013. From the user standpoint, digital publications are seen as a more convenient, environmentally-friendly way to find information, specifically with text-based search options. Specialty print publications are continuing to fold and some are moving forward as a digital brand only, which has also greatly reduced costs and overhead.

## Newspapers

The newspaper industry continued to see declines

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in the second quarter of 2011. The Newspaper Association of America announced that print advertising revenues fell 8.8% from \$5.69 billion in the second quarter of 2010 to \$5.19 billion in the second quarter of 2011. This marks the lowest second quarter revenue since 1983. Losses covered all of the main advertising categories. Zenith expects decreases in newspaper ad spend of -8.5% in 2011, -8.0% in 2012 and -8.0% in 2013.

Newspaper continues to converge across platforms as consumer demand for multi-platform content rises. Advertising revenue generated online is becoming significant. In the second quarter of 2011, online newspaper revenue recognized its highest second quarter revenue to date with \$803.4 million. This figure represents an 8% gain over the second quarter of 2010.

Publishers are beginning to recognize an opportunity to monetize content in 2011 as revenues in online print rise. In March of this year, the *New York Times* erected a paywall around content on their site. After four months, it had garnered 224,000 paying users.

Publishers understand that tablet devices will be a contributing factor towards circulation declines. Early adaptors of this technology have created bundled subscription models that packaged both the printed paper along with the mobile app in hopes of mitigating the circulation decline. In addition, a single marketer, Polo Ralph Lauren, has bought all advertising space on the New York Times iPad app for the first time (in September). This space is usually reserved for six advertisers. Included in this sponsorship is a suspension of the pay meter for five sections as well as a live stream of the advertisers' Fashion Week runway show.

## Internet

Zenith predicts total internet ad spending to grow 12.6%, 16.2% and 17.3% in 2011, 2012 and 2013 respectively.

Online ad growth is being driven, in part, by online video, with video ads "becoming the main form of brand advertising in the digital space."

The growing numbers of cord cutters - those who unsubscribe from cable and watch TV solely online - constitute an emerging audience that could create impact with ad spending going forward. Another high growth area is streaming video ads. Driven by tools to create streaming video ads, the streaming video category will see two out of every five ad dollars coming from local advertisers. Additionally, the high spending of advertisers such as Tremor Media (which invested \$37m for acquisitions) further reinforces the growing importance of online video advertising. Unsurprisingly perhaps, recent data indicates that Google currently dominates the online video space.

Classifieds are expected to continue doing well in digital media because it is a good way of reaching out to potential buyers. This key online ad format is highly influenced by overall economic attitudes and activity. Classifieds depend on employment and real estate, both of which will likely remain soft markets throughout 2011 and into early 2012. Currently the US unemployment rate is at 9.1%, slightly less than this time last year.

Online display advertising will continue to grow as software makers invest more spend in innovating display ads to compete with the likes of Google and Facebook. Microsoft is taking the first steps in enhancing the display ad space as they are actively unveiling new tools and partnerships. Microsoft's partnership with AppNexus Inc. and MediaMath is designed to help customers tailor ads more effectively and measure their impact.

Mobile marketing will continue to grow, fueled specifically by ubiquitous apps, user-friendly browsers and 3G/4G speeds. Smartphone ownership now comprises 40% of all cell phone ownership, with nearly one million smartphone devices being activated on a daily basis. Publisher growth is also evident with the Apple's app store having over 400K apps and Android with over 200K. The average number of ads shown per app session is 4.3 and the average session lasts just over four minutes - for context, the average session length is just under one minute. Moreover, smartphone users now spend more time in mobile apps per day than the average internet user

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spends online. According to a recent study, nearly 85% of marketers are doing some form of mobile marketing or advertising, and many (60%) that have near-term mobile marketing plans are paying for the programs out of their online budget.

The big three social platforms (Facebook, Twitter and YouTube) are all building platforms that are attractive to small businesses in addition to Fortune 500 companies. Social media are creating a new type of advertiser which did not advertise before, including individuals and content creators. Facebook is already commanding more than 25% of the impressions served of display ads. And 34% of digital impressions in the display category are currently generated by social media sites. If display ad spending growth flattens and social media impressions continue to grow at even the fraction of its previous rate, than it is safe to say that the majority of display growth will be attributable to social media. YouTube said it now has over 20,000 different advertisers running campaigns, a 100% increase from last year. In addition, 98 out of 100 of Ad Age's top 100 advertisers are now advertising with YouTube. Twitter has worked with more than 600 advertisers on more than 6,000 campaigns. And it has started asking advertisers to spend a minimum of \$15,000 over a three-month period. It also plans to offer an automated ad-buying system for small businesses later this year that should lead to a torrent of new advertising for the platform. Social media ads should also be expected to increase in price based on current patterns, the influx of new advertisers, new creative formats and improved targeting. Placing a promoted trend on Twitter now costs \$120,000 per day, up from \$25,000-\$30,000 when Twitter launched the service in April 2010. The introduction of Twitter's automated platform could also drive up prices for ads, which are sold on an auction basis similar to Google AdWords.

And 2012 should expect an even bigger boost in spending from the Presidential Election. Republican Tim Pawlenty disclosed his 2012 presidential aspirations on Facebook. Meanwhile, Mitt Romney did it with a tweet and President Barack Obama kicked off his re-election bid with a digital video emailed to his 13 million online

backers. Facebook is also Sarah Palin's main tool for communicating with her supporters. In fact, since 2008, most politicians have embraced social media and expect to use it heavily during the campaign process. Additionally, there is expected to be a significant increase in overall campaign ad spending anyway, since political media spending for the mid-term election broke a number of records. The final tally hit an all-time high of \$4.55 billion, surpassing the 2008 presidential election by 8%.

## Traditional Out of Home

Zenith is predicting a 4.0% increase in traditional OOH spend for 2011, as traditional outdoor continues to see signs of recovery over previous years. Increases of 3.0% and 5.0% are expected in 2012 and 2013.

Out-of-home advertising revenue grew faster than the economy, as well as many other media, in the second quarter, rising 4.5% to just over \$1.9 billion, according to the latest figures from the Outdoor Advertising Association of America. The increase is due, in part, to the expansion of digital out-of-home advertising, but OAAA executives also credited the positive impact of new OOH advertising audience measurement, 'Eyes On' ratings. These improvements are helping attract new advertisers to the medium, said OAAA president, CEO Nancy Fletcher, with 12,000 new advertisers in the second quarter compared to the first. In terms of categories, an earnings announcement from Clear Channel Outdoor, the nation's largest outdoor advertising company, indicated strong growth in banking and financial services, telecommunications, health care and business services. Competitor Lamar Advertising Co. pointed to strong spending increases in the automotive category, continuing into the third quarter, offset somewhat by decreases in hospitality and real estate. Outdoor's strong performance is partly due to rapid expansion of DOOH displays, with Clear Channel Outdoor alone installing 96 new digital billboards in the first half of the year, bringing the company's total to 711.

A year after launching its Move audience

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measurement system, the outdoor advertising industry has reported a significant jump in the number of people being exposed to out of home advertising. Data released by the Outdoor Media Association showed that overall outdoor audiences had increased by 13.6% as a result of a combination of refining its methods and an expansion in the number of outdoor advertising sites. Population growth contributed to 1.5% of the overall growth. OMA chief executive Charmaine Moldrich said that the improvement in the measurement system in its first year of operation had allowed outdoor advertisers to better target audiences.

## Non-Traditional Out of Home

Zenith predicts that expenditures for non-traditional OOH advertising, such as place-based media and experiential media, will grow 7.0% in 2011. Spending on place-based digital networks in a variety of venues – such as gas stations, malls, gyms, supermarkets, etc. – will increase as stronger, better-adapted networks absorb and gain control of the weaker developing networks, promoting stability across the marketplace. As this evolution continues, early adopters, such as communications, financial (credit cards) and automotive advertisers, who have been testing the medium over the last few years, are now beginning to consider it a part of their core marketing mix. Advertisers that have been hesitant to commit to the burgeoning medium are now starting to dip their toes in the water, using the collective learnings of their peers to maximize their investments.

In 2011 we expect to see another round of new acquisitions, alliances and attrition – continuing trends that emerged over the last couple of years – as younger, smaller companies are rolled into larger seasoned ones. Major media companies will begin to invest in digital OOH as marketers increasingly recognize its utility for reaching consumers on the go. Meanwhile, revenue growth will be led by big increases in a few key areas – including retail venues – where consumer packaged goods companies are spending more on in-store shopper marketing strategies to take advantage of the proximity to point-of-purchase. The last quarter of 2010 also saw significant increases in new categories,

including health care and medicines & remedies. This will probably mean more spending on venues, including pharmacies and doctors' offices.

Measurement and scale continue to hinder the sector as a whole, but great strides are being made by industry organizations such as the Digital Place-Based Advertising Association (DPAA) to standardize impression definitions and make the medium more accountable. Consolidation and aggregation of networks have made the medium more advertiser-friendly, bringing order to a chaotic and fragmented marketplace.

Networks leading the way in terms of revenue, research and accountability include PRN (grocery), Accent Health (healthcare), Adspace (malls), GSTV (gas stations) and Captivate (business offices). Almost every major airline is in the process of rolling out a digital OOH network. As they gain scale, we anticipate that they will quickly become leaders in the space.

## Cinema

Zenith expects cinema advertising expenditures to see a 6.0% increase in 2011 and a 5.0% increase in 2012 and also in 2013.

According to a recent New York Times article, the 2011 domestic summer box office earned a record \$4.4 billion between May 6 and Labor Day, increasing 1.0% over last year's \$4.33 billion. The summer box office record was driven by increased ticket prices. With 18 movies released in 3-D and another 12 movies that played in IMAX theaters, audiences paid a lot more for fewer tickets this summer. The average price of a movie ticket in 2010 was \$7.89, but in the second quarter of 2011, it reached \$8.06. Attendance was actually down over the course of the season. An estimated 543 million tickets were sold during the summer, down from the estimated 552 million sold in summer 2010. That marks the lowest number of tickets sold since 1997, when just 540 million tickets were bought by moviegoers, and the fourth summer in a row during which box office attendance has dropped.

Much of cinema's success in gaining advertising



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dollars has been thanks to the increasing adoption of digital networks for delivering ads to movie theaters, allowing faster planning and execution as well as strategic targeting of specific movies and markets. With Screenvision and National CineMedia announcing digital ad platforms in movie theater lobbies in partnership with Cinema Scene Marketing, cinema advertisers are expanding their digital video offerings to include lobby advertising. On-screen advertising revenues continue to draw the largest share of dollars by far (over 90.0%); however, off-screen advertising is growing at three times the rate. In addition, more marketers are investing in cinema as a means to reach younger demographics and light TV viewers.

In September, Screenvision increased its national cinema advertising network by acquiring UniqueScreen Media from Cinedigm Digital Cinema. The deal allows Screenvision to expand its overall and digital footprints across the country. UniqueScreen Media's strong presence in the South and Midwest regions will further strengthen Screenvision's robust national coverage. With the addition of UniqueScreen Media's portfolio, Screenvision's overall national cinema advertising network will now include 15,266 screens, and its digital footprint will now include 10,622 screens.

## Direct Mail

Zenith is projecting increases in direct mail ad spending of 2.9% in 2011, 2.9% in 2012 and 2.0% in 2013. Direct mail is still considered an effective tool among advertisers using coupons and catalogs. Attempting to stay relevant in an increasingly digital world, the U.S. Postal Service recently introduced Every Door Direct Mail, a service that allows businesses to market to geographic areas without paying the fees for mailing lists. Every Door Direct Mail uses mail-delivery route information, instead of names and exact addresses. Another new initiative is called Direct Mail Hub.

Being tested in Raleigh, NC and Austin, TX, Direct Mail Hub gives direct marketers an opportunity to order printing and pay postage after using the service's online templates and uploading mailing lists. Coupon companies are faring well in 2011. Valpak is set to increase its mailings over last year by nearly ten million pieces.

## Telemarketing

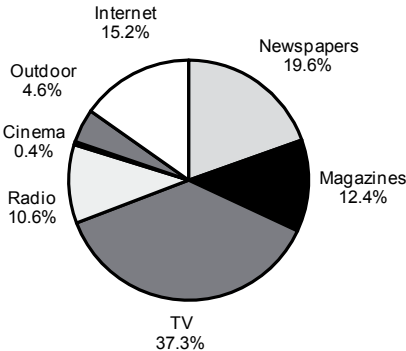
Telemarketing has been relatively flat from 2000-2010 and only modest increases had been expected for the near future. However, with the economic downturn and government cutbacks of federally funded programmes in the area of social services, we see a resurgence of this marketing technique in the area of fundraising, especially with the Presidential elections in 2012, where the Do Not Call restrictions do not apply. As a result, Zenith forecasts a 2.0% annual growth rate in each of 2011, 2012 and 2013.

## Summary

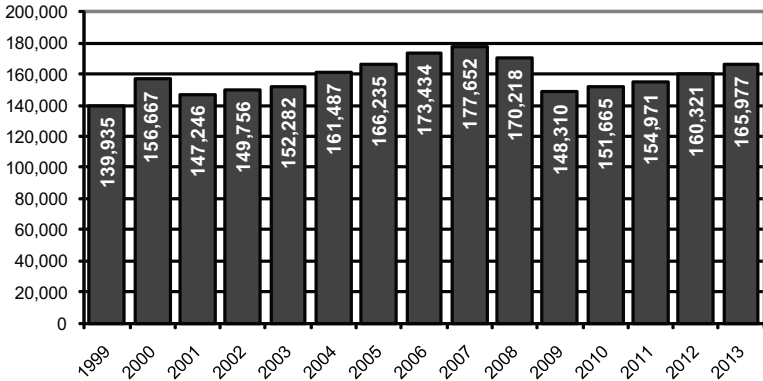
Growth in the American economy continues to be slow and unemployment remains high. Consumers are cautious in their spending, with gasoline and grocery prices remaining high. Despite this, the economy is in a much better place than it was two years ago, and advertising is expected to increase 2.2% in 2011, 3.5% in 2012 and 2013. Traditional media are struggling to reach new consumers and as a result are losing revenue. Print in particular is suffering, with more consumers obtaining their news online. Traditional media are converging into easily-accessible, on-demand forms. New devices such as tablets and eReaders will likely gain traction with newspapers and magazines, as more consumers adopt these devices. Zenith predicts that the internet and other emerging media will continue to grow at the expense of traditional media.

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Share of adspend by medium (%) 2010



Total advertising expenditure in US\$ million at current prices (major media only)



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	Year-on-Year % Change											
	2008 v 2007		2009 v 2008		2010 v 2009		2011 v 2010		2012 v 2011		2013 v 2012	
	Current Prices	Constant Prices	Current Prices	Constant Prices	Current Prices	Constant Prices	Current Prices	Constant Prices	Current Prices	Constant Prices	Current Prices	Constant Prices
<b>Television</b>												
Network	0.0	-2.8	-8.0	-11.4	5.0	5.3	-2.0	-3.6	-1.0	-3.9	-2.5	-3.7
National Cable	6.0	3.0	-1.0	-4.6	8.0	8.3	12.0	10.2	10.0	6.8	10.5	9.2
Spot	-8.0	-10.6	-16.0	-19.1	10.0	10.3	4.0	2.3	8.0	4.9	2.0	0.8
Syndication	6.0	3.0	-5.0	-8.5	1.0	1.3	-4.0	-5.5	-12.0	-14.6	-10.5	-11.6
<b>Total TV</b>	<b>-1.5</b>	<b>-4.3</b>	<b>-9.0</b>	<b>-12.4</b>	<b>7.4</b>	<b>7.7</b>	<b>4.1</b>	<b>2.4</b>	<b>5.1</b>	<b>2.1</b>	<b>3.1</b>	<b>1.9</b>
<b>Radio</b>												
Network radio	1.5	-1.4	-11.0	-14.3	4.0	4.3	2.0	0.4	3.0	0.0	2.0	0.8
Local radio	-10.0	-12.5	-14.5	-17.6	-3.0	-2.7	2.0	0.4	2.0	-1.0	3.0	1.8
<b>Total radio</b>	<b>-9.4</b>	<b>-12.0</b>	<b>-14.3</b>	<b>-17.4</b>	<b>-2.6</b>	<b>-2.3</b>	<b>2.0</b>	<b>0.4</b>	<b>2.1</b>	<b>-0.9</b>	<b>2.9</b>	<b>1.7</b>
<b>Magazines</b>												
Consumer magazines	-8.0	-10.6	-21.0	-23.9	3.0	3.3	0.0	-1.6	-2.0	-4.9	-2.0	-3.2
Business-to-business magazines	-8.0	-10.6	-23.0	-25.8	-6.0	-5.7	-4.0	-5.5	-3.0	-5.8	-3.0	-4.2
<b>Total magazines</b>	<b>-8.0</b>	<b>-10.6</b>	<b>-21.4</b>	<b>-24.3</b>	<b>1.1</b>	<b>1.4</b>	<b>-0.8</b>	<b>-2.4</b>	<b>-2.2</b>	<b>-5.0</b>	<b>-2.2</b>	<b>-3.3</b>
<b>Newspapers</b>	<b>-12.0</b>	<b>-14.5</b>	<b>-25.0</b>	<b>-27.8</b>	<b>-10.0</b>	<b>-9.7</b>	<b>-8.5</b>	<b>-10.0</b>	<b>-8.0</b>	<b>-10.7</b>	<b>-8.0</b>	<b>-9.1</b>
<b>Outdoor</b>												
Billboards	-1.0	-3.8	-13.0	-16.2	2.0	2.3	4.0	2.3	3.0	0.0	5.0	3.8
Other out-of-home	3.0	0.1	-1.1	-4.7	3.7	4.0	7.0	5.3	5.0	1.9	5.0	3.8
<b>Total outdoor</b>	<b>1.3</b>	<b>-1.6</b>	<b>-6.1</b>	<b>-9.5</b>	<b>3.0</b>	<b>3.4</b>	<b>5.9</b>	<b>4.1</b>	<b>4.2</b>	<b>1.2</b>	<b>5.0</b>	<b>3.8</b>
<b>Internet</b>												
Display	15.0	11.8	3.0	-0.8	7.0	7.3	10.0	8.2	11.0	7.8	13.0	11.7
Internet video/rich media	40.5	36.5	19.0	14.6	24.0	24.4	22.0	20.0	26.0	22.3	27.0	25.5
Classified	15.0	11.8	3.0	-0.8	0.0	0.3	7.0	5.3	6.0	2.9	5.0	3.8
Paid search	22.0	18.6	20.0	15.6	16.0	16.3	10.0	8.2	15.0	11.7	15.0	13.6
Internet radio	-	-	-	-	12.0	12.3	11.0	9.2	10.0	6.8	10.0	8.7
Podcast	-	-	11.9	7.8	10.6	11.0	15.0	13.1	11.0	7.8	11.0	9.7
Social media	31.6	27.9	44.6	39.3	33.4	33.8	31.0	28.9	36.0	32.0	35.0	33.4
Mobile	93.3	87.9	68.5	62.3	47.0	47.5	45.0	42.7	48.0	43.7	50.0	48.2
<b>Total internet</b>	<b>22.8</b>	<b>19.3</b>	<b>14.1</b>	<b>9.9</b>	<b>13.5</b>	<b>13.8</b>	<b>12.6</b>	<b>10.8</b>	<b>16.2</b>	<b>12.9</b>	<b>17.3</b>	<b>16.0</b>
<b>Cinema</b>	<b>15.0</b>	<b>11.8</b>	<b>5.0</b>	<b>1.1</b>	<b>5.0</b>	<b>5.3</b>	<b>6.0</b>	<b>4.3</b>	<b>5.0</b>	<b>1.9</b>	<b>5.0</b>	<b>3.8</b>
<b>TOTAL MAJOR MEDIA</b>	<b>-4.2</b>	<b>-6.9</b>	<b>-12.9</b>	<b>-16.1</b>	<b>2.3</b>	<b>2.6</b>	<b>2.2</b>	<b>0.5</b>	<b>3.5</b>	<b>0.4</b>	<b>3.5</b>	<b>2.3</b>
<b>Direct mail</b>												
Addressed	4.5	1.5	-4.4	-7.9	2.0	2.3	3.0	1.3	3.0	0.0	2.0	0.8
Unaddressed	-3.9	-6.6	-6.0	-9.5	0.0	0.3	2.0	0.4	2.0	-1.0	2.0	0.8
<b>Total direct mail</b>	<b>3.3</b>	<b>0.4</b>	<b>-4.6</b>	<b>-8.1</b>	<b>1.7</b>	<b>2.0</b>	<b>2.9</b>	<b>1.2</b>	<b>2.9</b>	<b>-0.1</b>	<b>2.0</b>	<b>0.8</b>
<b>Telemarketing</b>	<b>2.0</b>	<b>-0.9</b>	<b>2.0</b>	<b>-1.8</b>	<b>3.0</b>	<b>3.3</b>	<b>2.0</b>	<b>0.4</b>	<b>2.0</b>	<b>-1.0</b>	<b>2.0</b>	<b>0.8</b>
<b>Sales promotion</b>												
Sales promotion (consumer)	0.6	-2.2	-4.9	-8.4	1.0	1.3	2.7	1.0	2.9	-0.1	3.3	2.1
Sales promotion (business)	-6.3	-8.9	-20.8	-23.7	-11.1	-10.8	-4.1	-5.6	0.4	-2.5	0.3	-0.9
<b>Total sales promotion</b>	<b>-2.3</b>	<b>-5.0</b>	<b>-11.2</b>	<b>-14.5</b>	<b>-3.3</b>	<b>-3.0</b>	<b>0.5</b>	<b>-1.1</b>	<b>2.1</b>	<b>-0.9</b>	<b>2.4</b>	<b>1.2</b>
<b>Public relations</b>	<b>4.3</b>	<b>1.4</b>	<b>-8.3</b>	<b>-11.7</b>	<b>2.6</b>	<b>2.9</b>	<b>4.2</b>	<b>2.5</b>	<b>6.0</b>	<b>2.9</b>	<b>7.2</b>	<b>5.9</b>
<b>Event sponsorship</b>	<b>10.8</b>	<b>7.7</b>	<b>-1.1</b>	<b>-4.7</b>	<b>5.1</b>	<b>5.4</b>	<b>8.0</b>	<b>6.3</b>	<b>9.2</b>	<b>6.0</b>	<b>10.4</b>	<b>9.1</b>
<b>Directories</b>	<b>-7.6</b>	<b>-10.2</b>	<b>-7.9</b>	<b>-11.3</b>	<b>-12.5</b>	<b>-12.2</b>	<b>-7.9</b>	<b>-9.4</b>	<b>-4.9</b>	<b>-7.7</b>	<b>-3.6</b>	<b>-4.7</b>
<b>TOTAL MARKETING SERVICES</b>	<b>0.9</b>	<b>-1.9</b>	<b>-5.4</b>	<b>-8.9</b>	<b>-0.2</b>	<b>0.1</b>	<b>1.9</b>	<b>0.2</b>	<b>2.8</b>	<b>-0.2</b>	<b>3.0</b>	<b>1.8</b>
<b>GRAND TOTAL</b>	<b>-1.4</b>	<b>-4.2</b>	<b>-8.8</b>	<b>-12.1</b>	<b>0.9</b>	<b>1.2</b>	<b>2.0</b>	<b>0.4</b>	<b>3.1</b>	<b>0.1</b>	<b>3.2</b>	<b>2.0</b>

# UNITED STATES OF AMERICA

## Advertising Expenditure in US\$ million at Current Prices

	1999	2000	2001	2002	2003	2004	2005	2006
<b>Television</b>								
Network	15,028	16,380	15,643	15,799	16,273	17,412	17,587	18,202
National Cable	7,700	9,548	9,834	10,129	10,940	11,815	12,878	13,587
Spot	22,371	23,976	22,000	23,430	22,024	23,786	22,359	23,924
Syndication	2,200	2,354	2,236	2,281	2,372	2,491	2,566	2,643
<b>Total TV</b>	<b>47,299</b>	<b>52,258</b>	<b>49,714</b>	<b>51,640</b>	<b>51,610</b>	<b>55,504</b>	<b>55,390</b>	<b>58,355</b>
<b>Radio</b>								
Network radio	900	1,000	1,000	1,000	1,011	1,051	1,083	1,094
Local radio	17,681	19,819	17,800	18,423	18,570	19,313	19,506	19,799
<b>Total radio</b>	<b>18,581</b>	<b>20,819</b>	<b>18,800</b>	<b>19,423</b>	<b>19,581</b>	<b>20,364</b>	<b>20,589</b>	<b>20,892</b>
<b>Magazines</b>								
Consumer magazines	15,593	17,700	15,930	15,611	16,548	17,541	18,488	19,228
Business-to-business magazines	5,600	6,278	5,610	5,292	5,164	5,216	5,414	5,576
<b>Total magazines</b>	<b>21,193</b>	<b>23,978</b>	<b>21,540</b>	<b>20,903</b>	<b>21,712</b>	<b>22,757</b>	<b>23,902</b>	<b>24,804</b>
<b>Newspapers</b>	<b>43,697</b>	<b>48,700</b>	<b>45,778</b>	<b>45,320</b>	<b>46,227</b>	<b>48,538</b>	<b>50,237</b>	<b>51,493</b>
<b>Outdoor</b>								
Billboards	2,195	2,320	2,274	2,392	2,476	2,575	2,678	2,839
Other out-of-home	2,370	2,592	2,540	2,553	2,617	2,722	3,048	3,506
<b>Total outdoor</b>	<b>4,565</b>	<b>4,912</b>	<b>4,814</b>	<b>4,945</b>	<b>5,093</b>	<b>5,297</b>	<b>5,726</b>	<b>6,344</b>
<b>Internet</b>								
Display	-	-	-	-	-	-	-	2,723
Internet video/rich media	-	-	-	-	-	-	-	1,224
Classified	-	-	-	-	-	-	-	1,998
Paid search	-	-	-	-	-	-	-	4,871
Internet radio	-	-	-	-	-	-	-	-
Podcast	-	-	-	-	-	-	-	-
Social media	-	-	-	-	-	-	-	215
Mobile	-	-	-	-	-	-	-	55
<b>Total internet</b>	<b>4,600</b>	<b>6,000</b>	<b>6,600</b>	<b>7,250</b>	<b>7,758</b>	<b>8,688</b>	<b>9,992</b>	<b>11,086</b>
<b>Cinema</b>	-	-	-	275	303	339	400	460
<b>TOTAL MAJOR MEDIA</b>	<b>139,935</b>	<b>156,667</b>	<b>147,246</b>	<b>149,756</b>	<b>152,282</b>	<b>161,487</b>	<b>166,235</b>	<b>173,434</b>
<b>Direct mail</b>								
Addressed	-	32,705	34,340	33,877	34,894	35,582	36,489	38,575
Unaddressed	-	5,324	5,590	6,453	6,646	7,288	8,010	7,348
<b>Total direct mail</b>	<b>36,287</b>	<b>38,029</b>	<b>39,930</b>	<b>40,330</b>	<b>41,540</b>	<b>42,869</b>	<b>44,498</b>	<b>45,922</b>
<b>Telemarketing</b>	-	45,300	45,300	45,300	45,300	45,300	45,300	45,300
<b>Sales promotion</b>								
Sales promotion (consumer)	-	39,674	37,961	39,097	39,922	41,399	42,641	44,261
Sales promotion (business)	-	40,129	38,161	38,535	27,648	28,450	29,502	30,742
<b>Total sales promotion</b>	-	<b>79,803</b>	<b>76,122</b>	<b>77,632</b>	<b>67,570</b>	<b>69,849</b>	<b>72,144</b>	<b>75,003</b>
<b>Public relations</b>	-	2,817	2,557	2,575	2,434	2,638	2,876	3,204
<b>Event sponsorship</b>	-	8,700	9,301	9,650	12,240	13,819	15,353	17,088
<b>Directories</b>	-	13,200	13,600	13,800	14,324	14,238	14,284	14,475
<b>TOTAL MARKETING SERVICES</b>	<b>36,287</b>	<b>187,849</b>	<b>186,810</b>	<b>189,287</b>	<b>183,408</b>	<b>188,714</b>	<b>194,455</b>	<b>200,992</b>
<b>GRAND TOTAL</b>	<b>176,222</b>	<b>344,516</b>	<b>334,056</b>	<b>339,043</b>	<b>335,691</b>	<b>350,201</b>	<b>360,689</b>	<b>374,426</b>

**UNITED STATES OF AMERICA**

	2007	2008	2009	2010	2011	2012	2013
<b>Television</b>							
Network	18,020	18,020	16,578	17,407	17,059	16,889	16,466
National Cable	14,402	15,266	15,113	16,322	18,281	20,109	22,221
Spot	23,685	21,790	18,304	20,134	20,939	22,615	23,067
Syndication	2,616	2,773	2,634	2,661	2,554	2,248	2,012
<b>Total TV</b>	<b>58,723</b>	<b>57,849</b>	<b>52,630</b>	<b>56,525</b>	<b>58,834</b>	<b>61,860</b>	<b>63,766</b>
<b>Radio</b>							
Network radio	1,116	1,132	1,008	1,048	1,069	1,101	1,123
Local radio	20,095	18,086	15,463	15,000	15,300	15,606	16,074
<b>Total radio</b>	<b>21,211</b>	<b>19,218</b>	<b>16,471</b>	<b>16,048</b>	<b>16,369</b>	<b>16,707</b>	<b>17,197</b>
<b>Magazines</b>							
Consumer magazines	20,112	18,503	14,617	15,056	15,056	14,755	14,460
Business-to-business magazines	5,576	5,130	3,950	3,713	3,565	3,458	3,354
<b>Total magazines</b>	<b>25,688</b>	<b>23,633</b>	<b>18,568</b>	<b>18,769</b>	<b>18,621</b>	<b>18,213</b>	<b>17,814</b>
<b>Newspapers</b>	<b>49,948</b>	<b>43,954</b>	<b>32,966</b>	<b>29,669</b>	<b>27,147</b>	<b>24,975</b>	<b>22,977</b>
<b>Outdoor</b>							
Billboards	3,009	2,979	2,592	2,644	2,749	2,832	2,973
Other out-of-home	4,031	4,152	4,107	4,259	4,557	4,784	5,024
<b>Total outdoor</b>	<b>7,040</b>	<b>7,131</b>	<b>6,698</b>	<b>6,902</b>	<b>7,306</b>	<b>7,616</b>	<b>7,997</b>
<b>Internet</b>							
Display	3,556	4,089	4,212	4,507	4,957	5,503	6,218
Internet video/rich media	1,319	1,854	2,206	2,735	3,337	4,205	5,340
Classified	2,719	3,127	3,221	3,221	3,446	3,653	3,836
Paid search	6,484	7,910	9,492	11,011	12,112	13,929	16,019
Internet radio	-	200	230	258	286	315	347
Podcast	22	25	28	31	36	40	44
Social media	293	386	558	744	975	1,326	1,790
Mobile	120	232	391	575	833	1,234	1,850
<b>Total internet</b>	<b>14,513</b>	<b>17,823</b>	<b>20,338</b>	<b>23,082</b>	<b>25,984</b>	<b>30,204</b>	<b>35,443</b>
<b>Cinema</b>	<b>529</b>	<b>608</b>	<b>638</b>	<b>670</b>	<b>711</b>	<b>746</b>	<b>783</b>
<b>TOTAL MAJOR MEDIA</b>	<b>177,652</b>	<b>170,218</b>	<b>148,310</b>	<b>151,665</b>	<b>154,971</b>	<b>160,321</b>	<b>165,977</b>
<b>Direct mail</b>							
Addressed	40,875	42,715	40,835	41,652	42,902	44,189	45,072
Unaddressed	6,654	6,395	6,011	6,011	6,131	6,254	6,379
<b>Total direct mail</b>	<b>47,530</b>	<b>49,109</b>	<b>46,846</b>	<b>47,663</b>	<b>49,033</b>	<b>50,442</b>	<b>51,451</b>
<b>Telemarketing</b>	<b>46,100</b>	<b>47,022</b>	<b>47,962</b>	<b>49,401</b>	<b>50,389</b>	<b>51,397</b>	<b>52,425</b>
<b>Sales promotion</b>							
Sales promotion (consumer)	45,811	46,085	43,827	44,266	45,461	46,779	48,323
Sales promotion (business)	32,340	30,303	24,000	21,336	20,461	20,543	20,602
<b>Total sales promotion</b>	<b>78,151</b>	<b>76,388</b>	<b>67,827</b>	<b>65,601</b>	<b>65,922</b>	<b>67,322</b>	<b>68,924</b>
<b>Public relations</b>	<b>3,502</b>	<b>3,652</b>	<b>3,349</b>	<b>3,436</b>	<b>3,581</b>	<b>3,795</b>	<b>4,069</b>
<b>Event sponsorship</b>	<b>19,172</b>	<b>21,243</b>	<b>21,009</b>	<b>22,081</b>	<b>23,847</b>	<b>26,041</b>	<b>28,750</b>
<b>Directories</b>	<b>14,254</b>	<b>13,171</b>	<b>12,130</b>	<b>10,614</b>	<b>9,775</b>	<b>9,296</b>	<b>8,962</b>
<b>TOTAL MARKETING SERVICES</b>	<b>208,708</b>	<b>210,585</b>	<b>199,124</b>	<b>198,797</b>	<b>202,547</b>	<b>208,295</b>	<b>214,581</b>
<b>GRAND TOTAL</b>	<b>386,361</b>	<b>380,803</b>	<b>347,434</b>	<b>350,462</b>	<b>357,518</b>	<b>368,616</b>	<b>380,558</b>
<i>Advertising data: ZenithOptimedia</i>							
<i>Notes:</i>							
<i>1) Excludes agency commission</i>							
<i>2) Excludes production costs</i>							
<i>3) Classified advertising is included in internet and newspapers</i>							
<i>4) After discounts</i>							
<i>5) Includes national and local media</i>							
<i>6) Internet includes display, video (rich media), classified, search (paid), internet radio, podcast and other (online video, mobile and widgets/gadgets)</i>							