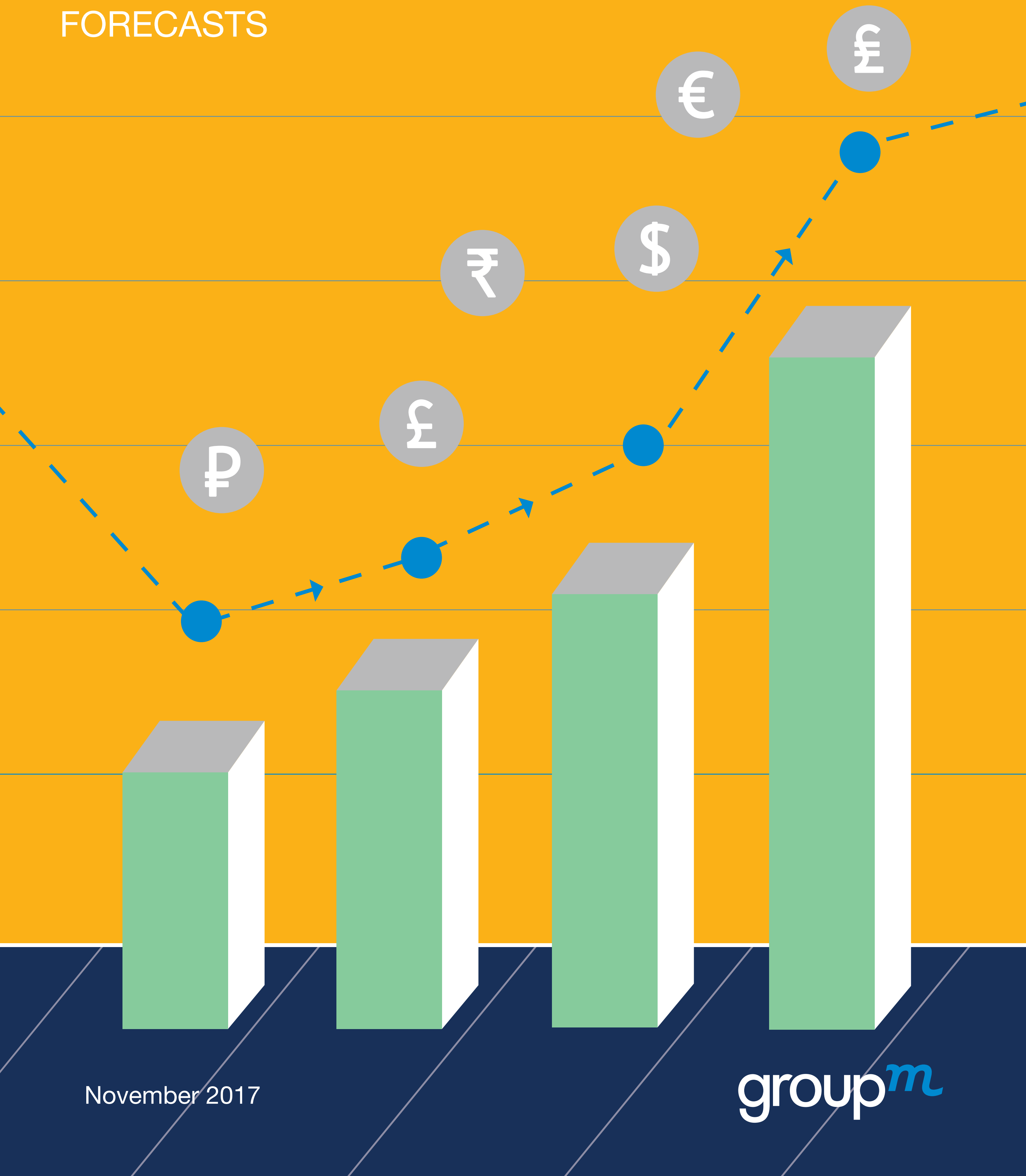
This Year Next Year

UK MEDIA AND MARKETING FORECASTS



November 2017

groupm

This Year Next Year

UK MEDIA AND MARKETING FORECASTS

NOVEMBER 2017

GroupM
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Introduction

Business confidence and performance remains good but fragile. Real incomes will be squeezed about 0.5% in 2017, but real consumer spending is still growing around 1.8%. The outcome of Brexit remains unknowable, but according to Deloitte's October survey, 60% of UK CFOs expect it to be adverse, down from 72% in June. This survey ranked weak demand the number-two risk and base-rate rises the number-three risk. November's quarter-point rise was, however, next-to-nugatory.

Inflation puts margins under pressure. A firmer global economy is making commodities more expensive. Cost control remains the corporate priority. UK advertising growth remains surprisingly strong. We now forecast 5.0% growth in 2017 and 4.8% in 2018, up from 4.1% and 4.5% in June. Some argue that discretionary marketing investment is more attractive than the risk of long-term capacity investment which may never be required. Within the advertising envelope, the short-term dominates. One symptom of this is softness in legacy media: we predict aggregate ad investment to fall back 4.4% in 2017 and 2.1% in 2018– a deterioration from our last forecast of -3.6% and par. The accompanying categories table echoes this. It incorporates only legacy media. The 18% retreat in Cosmetics & Personal Care is consistent with our finding that this category has led the consumer staples ad pullback around the world.

As legacy media have slowed, performance-oriented pure-play internet continues to accelerate, and will occupy 60% of measured media investment in 2018. A degree of digital media cost inflation may be contributing to this, as brands bid up quality in the upper funnel and performance bids up the lower.

The larger digital looms, the more challenge it merits: to anyone marking their own homework; to data which confirms more than it reveals; to claims that smaller screens and fleeting attention spans do not impair impact; and to whether the 'stack' is working for you or itself. If 2017 was the year transparency, let 2018 be the year of scrutinising the digital food chain. Platforms are fallible when it comes to both brand safety and measurement, and it is the media agencies which have led the defence of advertisers' interests.

The legacy media news flow is looking busy in 2018. February brings print media's new planning tool– AMP– which, among other things, will offer an impression of what it sees over the wall of the 'walled gardens' and may reanimate magazines, which short-termism has, arguably, left seriously undervalued. March should also bring Barb's 'Dovetail' to corroborate the value of video-on-demand. 2018 will be out-of-home's big year for workflow automation, radically improving advertiser control of this increasingly versatile medium. We also expect positive evolution in regional newspapers' package-selling boom and in addressable TV, where our own Finecast proposition complements Sky's established AdSmart.

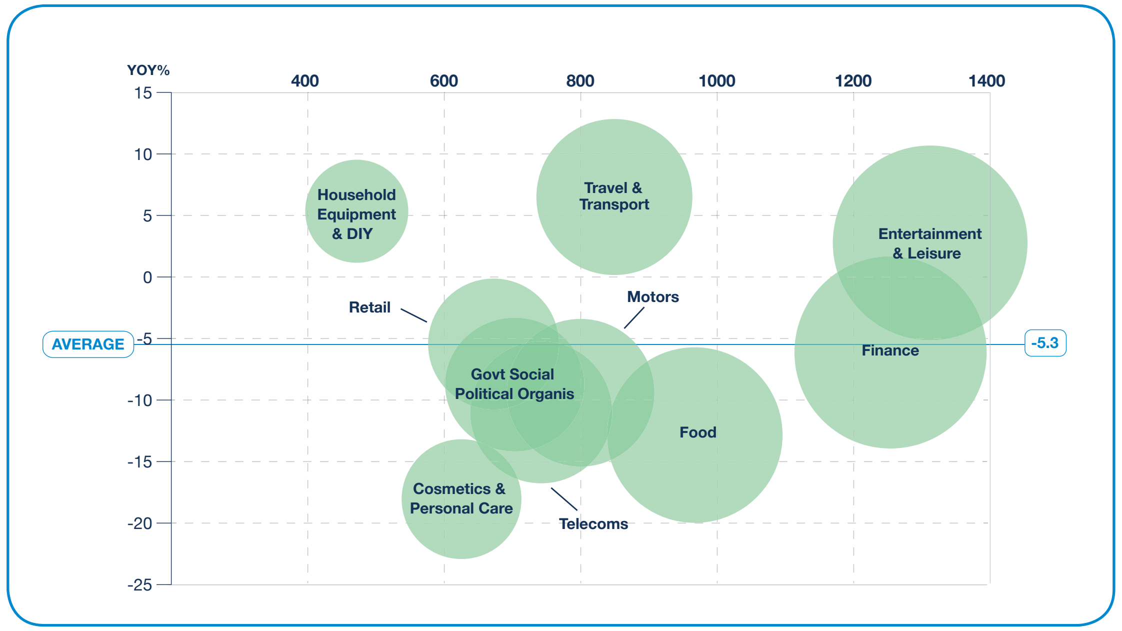
May's General Data Protection Regulation will emphasise the importance of a viable value exchange between advertiser and consumer. We see here a potential advantage for editorial media vendors, which offer inherently more value in the exchange.

Introduction

TOP ADVERTISERS SEPT 2016 TO AUG 2017	£M	YOY%
Procter & Gamble Ltd	215	-0.3
Sky UK Ltd	189	-11.8
BT Ltd	160	-10.1
Unilever UK Ltd	109	-12.9
Amazon (UK) Ltd	108	38.4
Reckitt Benckiser (UK) Ltd	100	-21.4
McDonalds Restrs Ltd	92	12.3
Virgin Media	87	-35.2
Tesco Plc	86	36.0
Vodafone Ltd	81	-1.8
Lidl UK GmbH	80	6.9
Samsung (UK) Ltd	76	18.4
Wix Com	73	-
Shop Direct Home Shopping Ltd	71	21.4
DFS Furniture Co Ltd	68	-9.4
Nestle	63	-9.9
Marks & Spencer	63	-3.3
Asda Stores Ltd	62	-25.5
DSG Intl Holdings Plc	62	-7.8
Sainsbury's Supermarkets Ltd	61	-13.0

Introduction

TOP CATEGORIES SEPTEMBER 2016 TO AUGUST 2017



TOP CATEGORIES SEPT 2016 TO AUG 2017	£M	YOY%
Entertainment & Leisure	1,374	2.8
Finance	1,248	-5.0
Food	905	-12.6
Travel & Transport	842	6.3
Motors	800	-6.9
Telecoms	751	-9.4
Government Social Political Organisation	676	-8.4
Retail	674	-5.4
Cosmetics & Personal Care	618	-17.6
Household Equipment & Diy	487	6.0
Electronics, Household Appliances & Tech	458	-1.1
Mail Order	440	1.5
Clothing & Accessories	342	-9.8
Computers	331	0.3
Drink	320	-5.2
Pharmaceutical	294	-12.3
Business & Industrial	282	-6.0
Media	267	-4.6
Household Fmcg	263	**-1.3**
Leisure Equipment	201	**-21.8**
Online Retail	181	**19.0**
Games & Consoles	117	**-29.7**
Property	115	**-1.3**
Average		**-5.3**

Summary

Media, £m, net	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
TV	3,424	3,530	3,520	3,776	3,962	4,375	4,407	4,280	4,280
Radio spot	357	363	374	364	403	416	429	446	455
National newsbrands	1,387	1,386	1,304	1,221	1,165	1,039	936	825	757
Regional newsbrands	1,359	1,336	1,192	1,105	1,065	1,000	868	789	723
Consumer magazine brands	512	561	534	508	486	466	443	393	361
B2B magazine brands	401	472	402	375	358	334	303	274	247
Outdoor	704	709	777	792	816	846	898	898	917
Cinema	156	146	164	139	145	176	180	187	193
Pure-play internet	4,069	4,305	5,029	5,738	6,725	8,205	9,526	10,796	11,859
Media total £m	**12,371**	**12,808**	**13,297**	**14,017**	**15,126**	**16,857**	**17,990**	**18,888**	**19,791**

Marketing services, £m net	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
Direct mail	1,556	1,620	1,598	1,626	1,603	1,625	1,456	1,300	1,200
Broadcast partnership	267	280	291	235	241	249	261	268	272
Market Research	3,119	3,010	2,950	2,982	2,928	3,043	3,104	3,160	3,200
Public Relations	596	625	650	663	690	725	758	790	820
Marketing services total £m	**5,538**	**5,535**	**5,488**	**5,506**	**5,462**	**5,642**	**5,578**	**5,518**	**5,492**
Media and marketing services total £m	**17,909**	**18,342**	**18,785**	**19,523**	**20,587**	**22,499**	**23,568**	**24,407**	**25,283**

Media YOY% change	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
TV	14.8	3.1	-0.3	7.2	4.9	10.4	0.7	-2.9	0.0
Radio spot	4.0	1.7	2.9	-2.7	10.8	3.1	3.3	3.9	2.0
National newsbrands	6.3	-0.1	-5.9	-6.4	-4.7	-10.8	-10.0	-11.8	-8.3
Regional newsbrands	-6.4	-1.7	-10.8	-7.3	-3.6	-6.2	-13.2	-9.1	-8.3
Consumer magazine brands	2.3	9.6	-4.8	-4.8	-4.2	-4.2	-4.9	-11.2	-8.1
B2B magazine brands	-14.6	17.7	-14.8	-6.9	-4.5	-6.5	-9.4	-9.5	-9.9
Outdoor	12.5	0.7	9.6	2.0	3.0	3.7	6.1	0.0	2.0
Cinema	-5.6	-6.4	12.0	-15.2	4.3	21.5	2.0	4.0	3.0
Pure-play internet	15.7	5.8	16.8	14.1	17.2	22.0	16.1	13.3	9.8
Media	**8.9**	**3.5**	**3.8**	**5.4**	**7.9**	**11.4**	**6.7**	**5.0**	**4.8**

Marketing services YOY% change	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
Direct mail	8.6	4.1	-1.4	1.7	-1.4	1.4	-10.4	-10.7	-7.7
Broadcast partnership	6.9	4.9	3.8	-19.1	2.3	3.4	4.8	3.0	1.3
Market Research	-0.8	-3.5	-2.0	1.1	-1.8	3.9	2.0	1.8	1.3
Public Relations	1.0	4.9	4.0	2.0	4.1	5.1	4.6	4.2	3.8
Marketing services	**2.2**	**-0.1**	**-0.8**	**0.3**	**-0.8**	**3.3**	**-1.1**	**-1.1**	**-0.5**
Media and marketing services	**6.7**	**2.4**	**2.4**	**3.9**	**5.5**	**9.3**	**4.8**	**3.6**	**3.6**

% shares of media	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
TV	27.7	27.6	26.5	26.9	26.2	26.0	24.5	22.7	21.6
Radio	2.9	2.8	2.8	2.6	2.7	2.5	2.4	2.4	2.3
National newsbrands	11.2	10.8	9.8	8.7	7.7	6.2	5.2	4.4	3.8
Regional newsbrands	11.0	10.4	9.0	7.9	7.0	5.9	4.8	4.2	3.7
Consumer magazine brands	4.1	4.4	4.0	3.6	3.2	2.8	2.5	2.1	1.8
B2B magazine brands	3.2	3.7	3.0	2.7	2.4	2.0	1.7	1.5	1.2
Outdoor	5.7	5.5	5.8	5.7	5.4	5.0	5.0	4.8	4.6
Cinema	1.3	1.1	1.2	1.0	1.0	1.0	1.0	1.0	1.0
Pure-play internet	32.9	33.6	37.8	40.9	44.5	48.7	53.0	57.2	59.9
Media total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Television

THIS YEAR NEXT YEAR

Television

THIS YEAR -2.9%, NEXT YEAR PAR

Sky will 'win' 2017, thanks in large part to betting advertising, worth in the order of £30 million. Other contributions include the effect of Sky's revised Premiership transmission pattern in 2017, and AdSmart revenue growth. A year ago, Sky said AdSmart traded at an 8x CPT premium to linear TV, which is credible on an all-adults baseline: not for every advertiser, but certainly an impressive utilisation of assets.

Multichannel commands three-quarters of measured 16-34 impressions. Total 16-24 impressions will, we think, 12% in 2017, and those of 16-34s by 8%. These are serious declines, but it pays to keep a sense of proportion. 16-24s comprise 7% of all measured adult impressions, and 16-34s 18%. Shortening supply inflates their prices by 9% and 6% per thousand this year. Linear TV is not a naturally young medium, but for advertisers with strict ROI measures, any inflation is a problem. For those with room to improvise, the problem can be managed for now, and for longer if the industry measures its diffuse audience better and makes more of addressable advertising. We are also hopeful this loss rate will slow in 2018. For their part, broadcasters prove time and again they can recruit these viewers with the right content and distribution. YouTube's invasion of the main screen in the USA via Chromecast and apps inside smart TVs is fair warning.

Using more broadcaster VOD also offsets the risk of losing linear youngs. VOD's main risks are crude measurement and spiky supply. All risk is relative though. Appetite for VOD has risen to represent about 10% of commercial TV by value, while trading at a small premium to linear. Broadcaster VOD is safe and professional, controllable by genre, and on ITV, to specific programmes.

BARB's 30-platform Dovetail measurement is due to launch March 2018, and will remedy that problem of Broadcaster VOD measurement. YouTube's involvement is still unconfirmed, amid contradictory speculation that both sides want to do it, or neither does. Some might be pleasantly surprised if YouTube submitted to having its incremental coverage and frequency scrutinised this way.

Google Preferred comprises YouTube's top 5% of channels (by subscriber count, we understand, but with some weeding-out), and we estimate it could command up to 40% of all YouTube ad investment, with the rest flowing to TrueView or other CPM inventory. This profile will vary according to agency and client; some will have access to competitive GP alternatives in quality, completion rates, and viewability.

Commercial TV is dominated by share deals, which are the worst form of trading except for all the others that have been tried, and cemented in by CRR. Share deals impose no obligation to spend a certain amount, or 'volume'. As long as ad investment is shared out as agreed, advertisers' discounts are safe, at least in the short term. Volume matters eventually, but until then, share deals give advertisers a cost-free option to pull back in a soft market. A drawback is share deals inhibit non-spot advertising, because broadcasters are suspicious of rivals taking money 'under the counter'. This is why sponsorship is now included in NAR, and broadcasters became newly punctilious this year when it seemed alienated internet investment might come their way. Excessive zeal actually depresses TV income, which is then liable to leak into other media, or not be spent at all. Perhaps the new management at ITV and Channel 4 will explore a more collective view to see if it might benefit advertisers and the medium.

A/V partnerships and content

According to the IAB, 'content and native' in digital media alone is a £1.3bn business now, growing 28% in 2016 and 14% in the first half of 2017. We see these rates reflected in our own recruitment. Content and partnership is becoming routine in communications planning, displacing simple sponsorship and drawing investment away from smaller TV and radio partnerships.

This function is high-service and fee-based, so, to succeed, agencies need fresh ideas and strong initiative. Some might also be motivated by the prospect of capturing budget from the sales (as opposed to marketing) silo. This is not confined to media, nor is it all big bucks. The objective is impact, it taking over menus or creating overseas events for influencers. Budgets can be as low as £100k. The biggest TV sponsorship deals fetch around £10 million, but big partnerships range between £3-£5 million. We see a tendency for clients to break these down to single millions and make them more continuous. Each separate project potentially generates intellectual property rights that can be amplified elsewhere.

With the vast majority of digital advertising now automated, partnerships and content are a refuge for creative-led engagement. These benefits may seem less tangible, but they're no less accountable and measurable. For example, one pure-branding identity we handle is measured by website enquiries, and typically generates £2 of sales for every £1 of media investment. Another common method is A/B testing for brand awareness.

For example, Just Eat's present sponsorship of X Factor is well activated inside the programmes competition and product placement. Or, away from Sunday-night millions, Crowne Plaza hotels created a series of six seven-minute, intelligence-led broadcast-quality shorts distributed on Oath channels, including HuffPost. The point is that advertisers making substantial investments often forego broadcast options in favour of smaller but deeper engagement.

TV partnerships mitigate the loss of linear 16-24s. VOD often comprises the bulk of delivery, and this audience is younger (though we could do with more reliable proof of this). Programme selection is another hedge: audience profiles to shows like Made In Chelsea and Love Island are far from normal. And the other tentacles of partnership will naturally find lighter TV viewers.

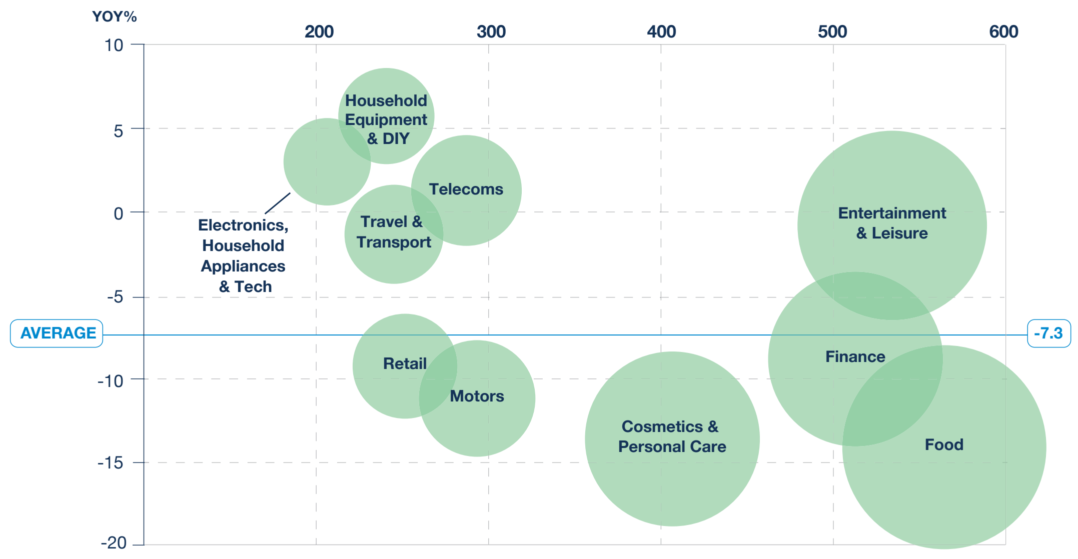
Notable TV sponsorship opportunities coming up in March include Britain's Got Talent and the return of Dancing on Ice. Gogglebox is coming free after four years, and The Voice is looking for someone to replace Dominos. Bake Off had been offered for £8m for two years but found only shorter-term takers. Consistent with a cooling economy, the picture in big TV is late sales and fewer renewals. Vendors may sell them harder to compensate for a soft spot market, but buyers will look for weaknesses.

Long-form, advertiser-funded programming has always been rare and unwieldy, but is in good health in short- form— notably Channel 4 'Shorts', which are popular for campaign activation and for securing good reach without committing to long-form. ITV AdVentures creates branded ads using ITV personalities but without a hard link to the surrounding programme. (On-screen talent pays more attention to its media-owner masters than to us.) The Ad Association reports a spend figure for product placement (£24 million net in 2016), but the true figure is lost in packaging for primary and secondary sponsors.

There are two main ways into the influencer market. You can pick big names line-by-line or be audience-driven and serve a programmatic campaign to a long tail. Specialist agencies include Brave Bison and Latimer. Typical measured outcomes include comments, likes, shares, and quality of production. There will be risk to consider whenever content or context is outside the advertiser's control.

Television

TOP CATEGORIES SEPTEMBER 2016 TO AUGUST 2017



TOP CATEGORIES SEPT 2016 TO AUG 2017	£M	YOY%
Food	563	-13.8
Entertainment & Leisure	534	-1.0
Finance	510	-8.9
Cosmetics & Personal Care	405	-13.8
Motors	299	-11.1
Telecoms	275	1.3
Retail	258	-9.2
Travel & Transport	247	-1.1
Household Equipment & Diy	240	5.6
Electronics, Household Appliances & Tech	208	2.8
Household Fmcg	206	-2.0
Pharmaceutical	171	-15.2
Government Social Political Organisation	167	-7.9
Leisure Equipment	147	-25.4
Drink	131	-13.6
Media	123	-5.2
Online Retail	96	13.1
Computers	70	7.3
Clothing & Accessories	64	-4.0
Average		**-7.3**

THIS YEAR NEXT YEAR

Television

NET TV ADVERTISING REVENUE INCLUDING BROADCASTER VOD SINCE 2010

£m	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
ITV1	1,270	1,280	1,258	1,329	1,423	1,476	1,439	1,369	1,358
C4	599	588	553	532	534	614	630	583	563
S4C	3	2	2	2	2	2	2	2	2
Five	215	283	264	309	291	262	0	0	0
GMTV	58	56	50	57	57	57	59	59	59
MCh	1,279	1,320	1,394	1,547	1,655	1,963	2,277	2,267	2,298
Total	**3,424**	**3,530**	**3,520**	**3,776**	**3,962**	**4,375**	**4,407**	**4,280**	**4,280**

EQUIVALENCED IMPACTS (BILLIONS)

Adults	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
ITV1	237	234	222	227	208	198	202	198	198
C4	98	96	93	82	75	74	73	70	69
S4C	1	1	1	1	1	1	1	1	1
Five	65	63	63	61	59	56	0	0	0
GMTV	16	14	14	13	12	12	12	13	12
MCh	451	484	502	522	525	532	597	597	599
Total	**868**	**892**	**895**	**906**	**880**	**873**	**885**	**879**	**879**
Housewives	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017f**	**2018f**
ITV1	159	155	148	150	136	130	134	133	133
C4	62	60	58	52	47	46	45	44	43
S4C	1	1	1	0	0	0	0	0	0
Five	44	42	42	42	40	38	0	0	0
GMTV	11	10	10	10	9	9	9	10	9
MCh	273	293	305	319	318	325	372	376	378
Total	**550**	**562**	**563**	**573**	**550**	**549**	**560**	**563**	**564**
ABC1 adults	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017f**	**2018f**
ITV1	88	87	86	87	82	78	80	81	82
C4	41	40	40	37	35	37	36	36	36
S4C	0	0	0	0	0	0	0	0	0
Five	23	22	23	23	23	22	0	0	0
GMTV	6	5	5	5	4	4	4	5	5
MCh	180	187	197	205	211	210	231	236	241
Total	**338**	**341**	**351**	**356**	**355**	**351**	**351**	**359**	**364**
16–34s	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017f**	**2018f**
ITV1	41	38	35	35	32	29	28	26	26
C4	28	25	24	22	20	18	17	15	14
S4C	0	0	0	0	0	0	0	0	0
Five	12	12	12	11	11	10	0	0	0
GMTV	3	2	2	2	2	2	1	1	1
MCh	124	129	132	138	133	123	129	118	117
Total	**208**	**207**	**206**	**208**	**197**	**181**	**175**	**160**	**159**
16–24s	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017f**	**2018f**
ITV1	17	17	14	15	13	12	10	9	9
C4	13	11	9	8	8	7	6	5	5
S4C	0	0	0	0	0	0	0	0	0
Five	4	5	5	4	4	4	0	0	0
GMTV	1	1	1	1	1	1	0	1	0
MCh	58	59	57	58	56	48	49	44	42
Total	**93**	**92**	**86**	**86**	**82**	**72**	**66**	**58**	**57**

Television

GROSS ADVERTISING REVENUE (NAR PLUS VOD/0.85)

£m	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
ITV1	1,494	1,506	1,480	1,563	1,674	1,737	1,693	1,610	1,598
C4	704	692	650	626	628	722	741	686	662
S4C	3	3	3	3	3	3	3	3	3
Five	253	333	311	363	342	308	-	-	-
GMTV	69	66	58	67	67	67	69	69	69
MCh	1,505	1,553	1,640	1,820	1,947	2,310	2,679	2,668	2,703
Total	**4,029**	**4,153**	**4,142**	**4,442**	**4,661**	**5,147**	**5,185**	**5,035**	**5,035**

AVERAGE COST-PER-THOUSAND IMPACTS (£)

Adults	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
ITV1	6.30	6.42	6.66	6.90	8.04	8.78	8.37	8.11	8.07
C4	7.17	7.23	7.00	7.60	8.32	9.72	10.17	9.74	9.61
S4C	3.86	3.00	3.26	3.63	4.88	5.18	5.41	5.21	5.39
Five	3.89	5.27	4.90	5.95	5.78	5.47	-	-	-
GMTV	4.35	4.71	4.32	5.07	5.83	5.58	5.99	5.52	5.63
MCh	3.33	3.21	3.27	3.49	3.71	4.34	4.48	4.47	4.51
All commercial TV	**4.64**	**4.66**	**4.63**	**4.90**	**5.30**	**5.90**	**5.86**	**5.73**	**5.73**
Housewives	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017f**	**2018f**
ITV1	9.42	9.68	10.02	10.40	12.29	13.32	12.66	12.13	12.03
C4	11.41	11.59	11.19	12.08	13.46	15.80	16.46	15.49	15.29
S4C	5.78	4.69	5.00	5.54	7.55	8.27	8.83	8.15	8.42
Five	5.76	7.85	7.32	8.67	8.56	8.08	-	-	-
GMTV	5.97	6.43	5.84	6.84	7.77	7.45	7.78	7.28	7.31
MCh	5.50	5.29	5.38	5.71	6.11	7.11	7.20	7.10	7.14
All commercial TV	**7.33**	**7.39**	**7.35**	**7.75**	**8.47**	**9.38**	**9.26**	**8.95**	**8.92**
ABC1 adults	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017f**	**2018f**
ITV1	17.05	17.22	17.24	18.06	20.48	22.38	21.21	19.91	19.58
C4	17.01	17.36	16.37	17.05	17.99	19.68	20.64	19.01	18.34
S4C	10.67	7.52	6.52	7.32	9.96	10.44	10.68	9.04	9.07
Five	11.18	15.29	13.47	16.02	14.95	14.21	-	-	-
GMTV	11.30	12.85	11.58	14.10	17.26	16.38	16.32	13.74	13.84
MCh	8.36	8.32	8.31	8.87	9.23	10.99	11.59	11.29	11.20
All commercial TV	**11.91**	**12.17**	**11.79**	**12.46**	**13.14**	**14.68**	**14.75**	**14.04**	**13.82**
16–34s	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017f**	**2018f**
ITV1	36.60	39.29	42.39	44.81	52.43	60.52	60.00	62.62	62.10
C4	25.13	27.23	27.12	28.24	31.43	39.30	44.51	45.72	45.85
S4C	37.45	36.93	23.72	33.11	62.92	68.85	96.88	103.64	122.87
Five	20.53	28.05	25.13	31.73	30.83	30.49	-	-	-
GMTV	25.59	26.83	27.29	31.81	38.56	40.36	47.17	49.81	51.35
MCh	12.13	12.07	12.39	13.23	14.69	18.85	20.78	22.57	23.03
All commercial TV	**19.37**	**20.08**	**20.12**	**21.33**	**23.62**	**28.37**	**29.58**	**31.41**	**31.68**
16-24s	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017f**	**2018f**
ITV1	86.17	89.57	102.44	107.22	127.27	149.47	161.34	174.87	174.36
C4	56.02	62.20	68.90	74.10	80.21	102.42	129.93	141.33	144.87
S4C	121.72	76.26	60.88	103.36	145.16	154.17	203.60	234.55	274.74
Five	56.64	69.14	63.56	83.12	79.21	79.76	-	-	-
GMTV	71.77	86.25	86.16	98.23	131.46	121.74	167.89	137.59	149.85
MCh	26.09	26.40	29.02	31.62	34.61	47.69	54.58	61.22	63.65
All commercial TV	**43.29**	**44.95**	**48.15**	**51.85**	**56.79**	**71.95**	**78.91**	**86.59**	**88.84**

Television

TV ADVERTISING REVENUE

YOY% change	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
ITV1	15.3	0.8	-1.7	5.6	7.1	3.8	-2.5	-4.9	-0.8
C4	11.9	-1.8	-6.0	-3.8	0.4	15.0	2.6	-7.4	-3.5
S4C	10.1	-16.2	-7.0	5.7	4.1	2.5	2.6	-2.8	0.0
Five	4.5	31.7	-6.8	17.0	-5.8	-9.9	-	-	-
GMTV	14.4	-4.0	-11.3	14.4	0.9	-0.6	3.3	0.0	0.1
MCh	17.8	3.2	5.6	11.0	6.9	18.6	16.0	-0.4	1.3
Total	**14.8**	**3.1**	**-0.3**	**7.2**	**4.9**	**10.4**	**0.7**	**-2.9**	**0.0**

AVERAGE COST-PER-THOUSAND INFLATION YOY%

Adults	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
ITV1	12.8	1.9	3.7	3.5	16.6	9.2	-4.7	-3.0	-0.6
C4	13.2	0.8	-3.2	8.5	9.5	16.8	4.6	-4.2	-1.2
S4C	49.3	-22.2	8.7	11.2	34.7	6.1	4.3	-3.8	3.6
Five	6.1	35.4	-7.0	21.4	-2.9	-5.4	-	-	-
GMTV	19.8	8.3	-8.3	17.3	15.0	-4.2	7.2	-7.8	1.9
MCh	4.9	-3.6	1.7	6.7	6.4	17.2	3.2	-0.3	0.9
All commercial TV	**8.0**	**0.4**	**-0.6**	**5.9**	**8.1**	**11.3**	**-0.6**	**-2.2**	**0.0**
Housewives	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017f**	**2018f**
ITV1	14.2	2.8	3.5	3.8	18.2	8.4	-5.0	-4.2	-0.8
C4	17.2	1.6	-3.4	7.9	11.4	17.4	4.2	-5.9	-1.3
S4C	52.4	-18.9	6.6	10.9	36.3	9.4	6.8	-7.6	3.2
Five	5.0	36.3	-6.7	18.3	-1.3	-5.5	-	-	-
GMTV	23.9	7.8	-9.2	17.0	13.7	-4.2	4.5	-6.5	0.5
MCh	1.1	-3.8	1.7	6.0	7.2	16.2	1.4	-1.4	0.6
All commercial TV	**7.3**	**0.9**	**-0.5**	**5.4**	**9.3**	**10.8**	**-1.3**	**-3.3**	**-0.3**
ABC1 adults	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017f**	**2018f**
ITV1	11.2	1.0	0.1	4.7	13.4	9.2	-5.2	-6.1	-1.7
C4	15.0	2.1	-5.7	4.1	5.5	9.4	4.9	-7.9	-3.5
S4C	85.3	-29.6	-13.2	12.1	36.2	4.7	2.3	-15.4	0.3
Five	5.1	36.8	-11.9	19.0	-6.7	-4.9	-	-	-
GMTV	23.3	13.7	-9.8	21.7	22.4	-5.1	-0.3	-15.8	0.7
MCh	14.4	-0.4	-0.2	6.7	4.1	19.1	5.4	-2.6	-0.8
All commercial TV	**12.6**	**2.2**	**-3.2**	**5.7**	**5.4**	**11.7**	**0.5**	**-4.8**	**-1.6**
16–34s	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017f**	**2018f**
ITV1	9.5	7.3	7.9	5.7	17.0	15.4	-0.9	4.4	-0.8
C4	8.5	8.3	-0.4	4.1	11.3	25.0	13.3	2.7	0.3
S4C	73.3	-1.4	-35.8	39.6	90.0	9.4	40.7	7.0	18.6
Five	5.7	36.6	-10.4	26.3	-2.8	-1.1	-	-	-
GMTV	26.5	4.8	1.7	16.6	21.2	4.7	16.9	5.6	3.1
MCh	15.1	-0.4	2.6	6.8	11.1	28.3	10.2	8.6	2.0
All commercial TV	**12.0**	**3.7**	**0.2**	**6.0**	**10.8**	**20.1**	**4.3**	**6.2**	**0.9**
16-24s	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017f**	**2018f**
ITV1	4.2	4.0	14.4	4.7	18.7	17.4	7.9	8.4	-0.3
C4	4.0	11.0	10.8	7.6	8.2	27.7	26.9	8.8	2.5
S4C	113.7	-37.3	-20.2	69.8	40.4	6.2	32.1	15.2	17.1
Five	9.8	22.1	-8.1	30.8	-4.7	0.7	-	-	-
GMTV	35.6	20.2	-0.1	14.0	33.8	-7.4	37.9	-18.0	8.9
MCh	2.9	1.2	9.9	9.0	9.5	37.8	14.4	12.2	4.0
All commercial TV	**3.2**	**3.8**	**7.1**	**7.7**	**9.5**	**26.7**	**9.7**	**9.7**	**2.6**

Television

TV ADVERTISING REVENUE SHARES

£m	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
ITV1	37.1	36.3	35.7	35.2	35.9	33.7	32.7	32.0	31.7
C4	17.5	16.7	15.7	14.1	13.5	14.0	14.3	13.6	13.1
S4C	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Five	6.3	8.0	7.5	8.2	7.3	6.0	-	-	-
GMTV	1.7	1.6	1.4	1.5	1.4	1.3	1.3	1.4	1.4
MCh	37.4	37.4	39.6	41.0	41.8	44.9	51.7	53.0	53.7
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

SHARES OF EQUIVALENCED IMPACTS

Adults	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
ITV1	27.3	26.3	24.8	25.0	23.7	22.7	22.9	22.6	22.5
C4	11.3	10.7	10.4	9.1	8.6	8.5	8.2	8.0	7.8
S4C	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Five	7.5	7.1	7.1	6.7	6.7	6.5	-	-	-
GMTV	1.8	1.6	1.5	1.5	1.3	1.4	1.3	1.4	1.4
MCh	52.0	54.2	56.1	57.6	59.7	60.9	67.5	67.9	68.2
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Housewives	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
ITV1	28.8	27.7	26.2	26.2	24.7	23.8	23.9	23.6	23.5
C4	11.2	10.6	10.3	9.0	8.5	8.3	8.0	7.9	7.7
S4C	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Five	8.0	7.6	7.5	7.3	7.3	7.0	-	-	-
GMTV	2.1	1.8	1.8	1.7	1.6	1.6	1.6	1.7	1.7
MCh	49.7	52.2	54.1	55.6	57.9	59.2	66.4	66.8	67.1
Total	100	100	100	100	100	100	100	100	100

ABC1 adults	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
ITV1	25.9	25.6	24.4	24.3	23.0	22.1	22.7	22.6	22.4
C4	12.2	11.7	11.3	10.3	9.8	10.5	10.2	10.1	9.9
S4C	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Five	6.7	6.4	6.6	6.4	6.5	6.2	-	-	-
GMTV	1.8	1.5	1.4	1.3	1.1	1.2	1.2	1.4	1.4
MCh	53.2	54.7	56.2	57.6	59.5	60.0	65.8	65.9	66.2
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

16–34s	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
ITV1	19.6	18.5	17.0	16.7	16.2	15.8	16.1	16.0	16.2
C4	13.5	12.3	11.6	10.6	10.1	10.1	9.5	9.4	9.1
S4C	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Five	5.9	5.7	6.0	5.5	5.6	5.6	-	-	-
GMTV	1.3	1.2	1.0	1.0	0.9	0.9	0.8	0.9	0.8
MCh	59.6	62.2	64.3	66.1	67.2	67.5	73.6	73.7	73.9
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

16-24s	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
ITV1	18.6	18.2	16.8	17.0	16.0	16.2	16.0	15.8	16.2
C4	13.5	12.0	11.0	9.9	9.5	9.9	8.7	8.3	8.1
S4C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Five	4.8	5.2	5.7	5.1	5.3	5.4	0.0	0.0	0.0
GMTV	1.0	0.8	0.8	0.8	0.6	0.8	0.6	0.9	0.8
MCh	62.0	63.7	65.7	67.2	68.5	67.7	74.7	74.9	74.9
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Radio

THIS YEAR +4%, NEXT YEAR +2% (SPOT REVENUE)

We raise our forecasts slightly, partly at the expense of slightly softer sponsorship and promotion (S&P). The big S&P properties are all sold so it is the tactical opportunities which we think will flex.

Spot price inflation has warmed up a bit. Existing brands want more radio, and new brands are joining them. A higher ad load absorbs some but not all of this demand. In some months, on some stations, the old normal of 12-13 minutes per hour drifts as high as 16, which is the practical limit. (Versatile digital alternatives help relax this constraint.) Long-term advertising deals flattened seasonal peaks at first, but higher demand is restoring them. September 2017 was Global's biggest month ever.

The top category, Motors, came off 5% in the year to August, but punished radio a good deal less than other editorial media. Radio's other big categories were all positive, and some strongly so.

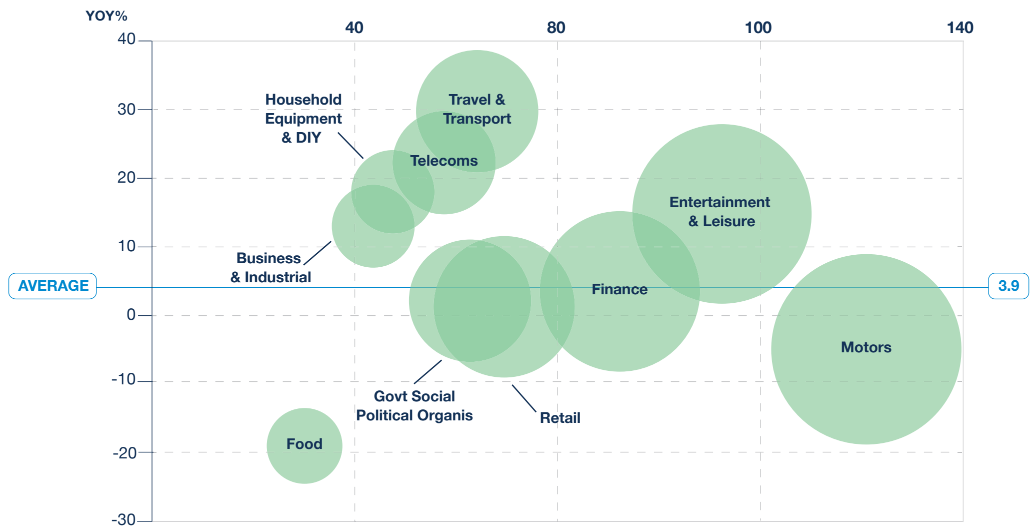
Last time we thought streaming audio could be worth £10m-£12m in ad revenue in 2017, an estimate which is not picked up in the main Ad Association radio number. We estimate podcasts yield about £1 million, with a further £12m-£14m flowing into other digital (internet-delivered) audio. Visuals can be served with audio, and video on some platforms. Digital audio now has a weekly reach of 41%, which we expect to rise to 57% in 2020 as more listeners substitute audio they own for audio they access, in the same way viewers replaced DVDs with on-demand streaming. Dax's user base grew from five million in late 2014 to 16 million today. Digital audio formats command a big per-thousand premium to linear broadcast audio, especially if enhanced with display visuals. This is justified by targeting, control (frequency, incremental reach, copy rotation, etc.) and greater impact.

According to Dax, six million people listen to podcasts weekly, giving the channel useful commercial scale against an elusive audience. There are three main podcast vendors. Acast is the largest UK network. It is run by ex-Spotify people and has done well to secure access to a wealth of premium content such as the FT, the BBC and Sky Sports, as well as a host of influencers. Targeting (of ads, content, or sponsorship) is by audience, genre, and lifestyle, but audience information is mostly inferred. Dax Podcast, distinct from Dax Streaming, provides more actual audience information. AudioBoom is an independent distribution platform for content owners and offers network ad opportunities. All podcast advertising is hampered by poor audience tracking (most downloads are behind Apple's wall) and the high incidence of timeshifting (a download is logged, but playback cannot be verified).

The simple way to synchronise audio with out-of-home (normally 6-sheets) is to play the ads out at the same time. The complicated way is to put beacons in poster sites, which is now happening. We also sequence ads between these two media using probability models, but this too is the focus of 'deterministic' effort to match individual users to chosen ads or Dynamic Audio. Live gambling odds is a candidate for this. Dynamic Audio permutates variables including time, weather, location, playlist, and device type to serve adapted ads stitched together from a bank of pre-recorded segments.

Radio

TOP CATEGORIES SEPTEMBER 2016 TO AUGUST 2017



TOP CATEGORIES SEPT 2016 TO AUG 2017	£M	YOY%
Motors	124	-4.7
Entertainment & Leisure	95	14.5
Finance	87	4.3
Retail	72	1.2
Government Social Political Organisation	66	2.3
Travel & Transport	66	29.9
Telecoms	62	21.6
Household Equipment & Diy	48	18.2
Business & Industrial	47	13.0
Food	37	-19.0
Electronics, Household Appliances & Tech	21	24.3
Media	21	-18.7
Online Retail	16	126.6
Drink	15	-8.7
Computers	14	-5.3
Pharmaceutical	13	-28.8
Property	13	-20.7
Average		**3.9**

National Newsbrands

THIS YEAR -15%, NEXT YEAR -12% (PRINT DISPLAY)

2017 has been an unusually soft year for national print, with a tough summer dragging into Q3, and support finally emerging from the iPhone and Black Friday in Q4.

Print's top-of-funnel credentials are not in doubt, but it has had difficulty coping with relentless bottom-of-funnel short-termism. This is compounded by an exodus of tactical experimentation– worth perhaps 20% of the typical direct-response budget– to digital. It is some consolation that an insufficient minority of advertisers have returned to the safe, fraud-free embrace of print because digital hasn't done the business. One account team thinks a shift into social media sacrificed 'momentum' earned in print that is now being restored. Another says that econometrics mandated a certain percentage of effort be diverted away from print, only to result in a matching loss of sales. Models are not the real world though. As Ogilvy's Rory Sutherland puts it: "Economics is an aid to thought, not a substitute for it".

Having no elaborate set-up, print is nimbler than digital. You can be in the papers tomorrow if you want, and 90% of the audience has paid or made a considered choice to be present. Part of print's battle is confronting fatalism: yes, with each year the profile ages, frequency rises, and reach falls; but active title selection offsets this decline. It remains a dynamic medium, in audience and ad presentation. Fatalism affects sales force expectations too. We have seen Brexit fear eclipse yield greed, tending to depress revenue forecasts for the year ahead.

Assuming the Trinity Mirror purchase of Northern & Shell goes through, the two strong sales cultures will, we think, complement each other: TM the more qualitative and audience-led, N&S the more aggressive. The combination would command a market share closer to News UK, though the practical effect may not emerge until after 2018. It might also reduce the clutter of digital dashboards. Those given to fantasy football wonder what it would be like if Trinity formed some sales alliance with the Telegraph sales, or the Guardian with News UK.

PAMCo's AMP (Audience Measurement for Publishers) goes live in February. Its comScore element means it will offer a rare impression of what goes on in walled gardens, as it will allow planners to build schedules including Facebook Instant Articles and Google's Amp (no relation). It will be interesting to see how the digital giants play this ball in their court.

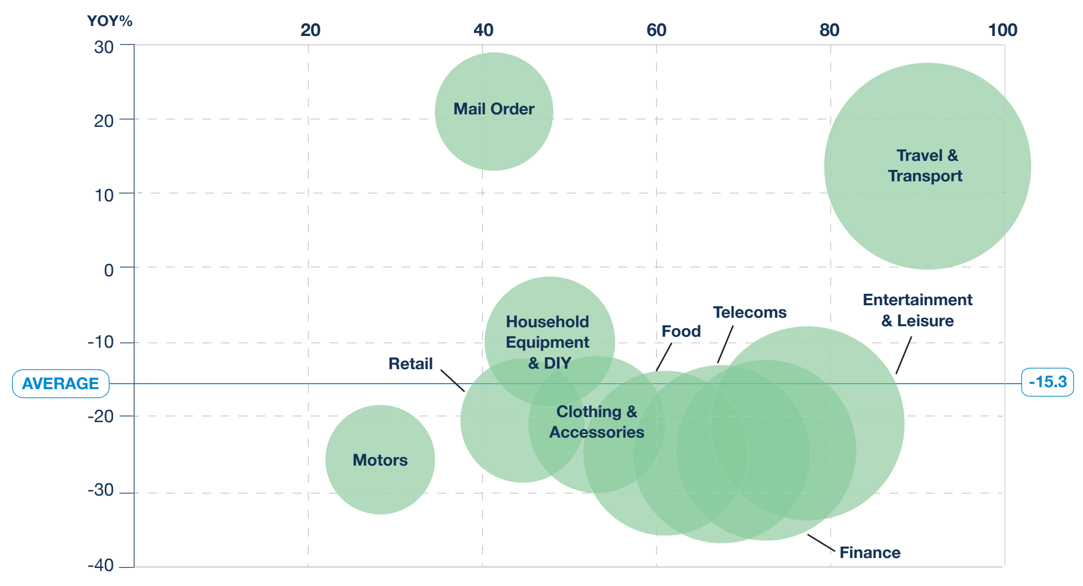
Programmatic Guaranteed is an important dimension of digital print brands. It is quite distinct from real-time 'pure programmatic', where digital's advantages and disadvantages are magnified. 'Guaranteed' is better understood as an automation of the traditional insertion order. It cannot compete on price with pure programmatic, but it does offer complete safety and certain positioning in premium environments. It is an opportunistic market that offers first look on available inventory.

Current industry initiatives include a Newsworks effort to quantify how professional editorial improves brand lift, and a scoping exercise to see if publishers' data might securely be pooled, similar to Portugal's Nomio initiative.

£m net	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
National print display	1,183	1,115	1,024	923	844	714	612	522	462
National print classified	204	169	150	142	139	139	127	111	98
National newsbrand digital		102	131	156	182	186	196	192	197
YOY%	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017f**	**2018f**
National print display	8.6	-5.8	-8.2	-9.8	-8.6	-15.4	-14.2	-14.7	-11.5
National print classified	-5.4	-17.3	-11.5	-5.4	-2.2	0.1	-8.2	-13.0	-12.0
National newsbrand digital			28.4	19.6	16.4	2.5	4.9	-1.9	2.6

National Newsbrands

TOP CATEGORIES SEPTEMBER 2016 TO AUGUST 2017



TOP CATEGORIES SEPT 2016 TO AUG 2017	£M	YOY%
Travel & Transport	98	13.7
Entertainment & Leisure	73	-20.3
Finance	65	-23.2
Telecoms	63	-24.4
Food	61	-24.4
Clothing & Accessories	53	-20.6
Household Equipment & Diy	48	-9.6
Retail	46	-20.2
Mail Order	42	21.4
Motors	33	-25.7
Electronics, Household Appliances & Tech	23	-25.8
Pharmaceutical	21	-1.3
Media	20	-6.5
Cosmetics & Personal Care	19	-33.1
Government Social Political Organisation	19	-7.3
Drink	16	-29.0
Business & Industrial	12	-4.7
Average		**-15.3**

Regional Newsbrands

THIS YEAR -4%, NEXT YEAR -5% (PRINT DISPLAY)

Our forecast for print display remains unchanged, but this is supported by packaging picking up share from the nationals. The medium's main constraint is the high cost of using unpackaged regional print. Target yields can be unrealistic. Costs per thousand on specific print titles, outside packages, typically range upwards of £50, compared to say £10 on out-of-home, £5 on Facebook, or £2 on spot radio.

By contrast, packaging has the market discipline of competing with the nationals, with costs per thousand a fraction of line-by-line. There is almost certainly an element of cannibalisation in this, but mostly it is common sense. Trinity Mirror's Big City is the most popular, comprising the Mirror, Record, and 15 regional dailies. Even solus Mirror/Record buys have become less common. Total circulation is in the order of 1.4 million, bigger than Metro and second only to The Sun. Adding Northern & Shell's Daily Express and Daily Star to the portfolio would produce a market-leading 1.8 million daily sales. Packagers are open to expanding packages for specific campaigns, which would give national advertisers more local control, and to creating new inventory. The seemingly simple 'front page solus' is a recent example. This attitude wins national business.

Trinity's The National package allows you to buy around Metro at a competitive rate and incorporates the useful London upweight, the Evening Standard, which makes up 46% of its total circulation. Metro has meanwhile become flexible. Always available as a national buy from Associated, its regional editions are now for sale individually, having hitherto been sold only with other local titles.

Perhaps oddly, these packages have no digital element. Mediaforce's pure-digital 1XL is the only digital package of note. This seems like an opportunity. Regional newsbrand sites lack scale independently, so advertisers tend only to use them in conjunction with print.

From 2018, ABC will become more affordable to media owners to retain existing members and entice lapsed ones back. Consolidation beyond Trinity Mirror/Northern and Shell remains as likely as ever. A marriage of Johnston and Metro would complement Johnston's upmarket but scattered dailies.

Regional Newsbrands

THIS YEAR NEXT YEAR

Regional Newsbrands

Use of digital

Any contemplation of regional media must include the state of digital geo-targeting.

For display advertising, Snapchat is buyable down to the city level, but neither this nor Amazon is sufficiently granular to be the geo-targeter's first choice. Instagram is occasional, but Facebook is the most versatile. For example, one of our advertisers, which has a dealer network, uses Carousel (multiple images with links) in News Feed. This is subject to spend, location and audience profile controls and admits of over 200 copy variations. Each campaign is assessed on A/B footfall which compares exposed to unexposed devices. A popular Facebook format is a three-second GIF animation, cheap and well-suited to the environment. (Facebook counts this as video.)

Popular tech includes Blis, Weve, Zapp360, Statiq, and GroundTruth (formerly xAd). Rippll is app-based, AI-assisted, machine-learning location data. Location data is robust but prone to proving what we already know or suspected, rather than revealing what we don't, such as opportunities to upsell or conquest on the path to purchase. It is arguably more useful to explain why advertising fails than why it succeeds.

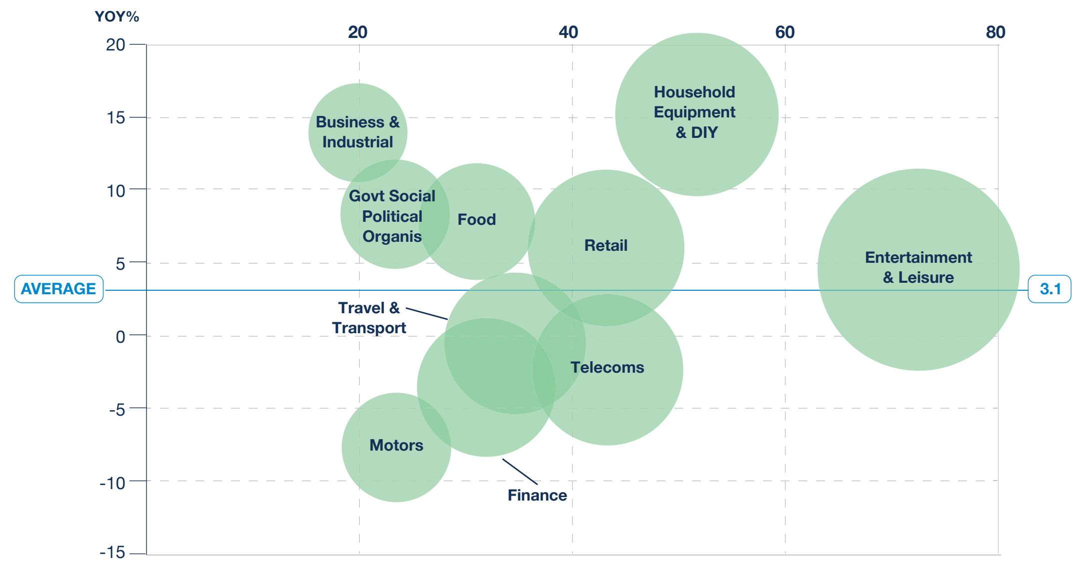
Adthena is another AI/machine-learning monitor which analyses competitive search activity, optimises and suggests existing search terms, and manages blue-on-blue overbidding.

On-demand radio is geo-targetable but could do with more scale to tighten its reliable radius. Both it and AdSmart do, however, reveal useful new audience patterns in certain weather or in the small hours, for example. Regional media buyers note two recent improvements in addressable TV: Virgin homes being coupled with AdSmart and our own Finecast offer.

£m net	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
Regional print display	587	558	497	456	427	404	361	346	329
Regional print classified	772	670	585	530	491	426	344	293	254
Regional newsbrand digital		108	110	118	147	169	164	150	140

YOY%	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
Regional print display	0.1	-5.1	-10.9	-8.2	-6.5	-5.3	-10.7	-4.0	-5.0
Regional print classified	-10.8	-13.1	-12.7	-9.4	-7.4	-13.2	-19.4	-14.9	-13.0
Regional newsbrand digital			1.4	7.9	24.6	14.9	-3.4	-8.3	-6.7

TOP CATEGORIES SEPTEMBER 2016 TO AUGUST 2017



TOP CATEGORIES SEPT 2016 TO AUG 2017	£M	YOY%
Entertainment & Leisure	75	4.7
Household Equipment & Diy	51	15.5
Retail	47	6.0
Telecoms	43	-2.2
Travel & Transport	38	-0.3
Finance	36	-3.4
Food	29	8.0
Motors	22	-7.5
Government Social Political Organisation	22	8.5
Business & Industrial	20	14.1
Clothing & Accessories	13	-12.1
Pharmaceutical	13	-5.0
Electronics, Household Appliances & Tech	11	3.3
Property	11	13.0
Cosmetics & Personal Care	10	-11.9
Average		**3.1**

Consumer Magazine Brands

THIS YEAR -17%, NEXT YEAR -13% (PRINT)

Print circulation fell 6% in the first half, but the sector is being punished with an expected 17% fall in ad investment this year. All top 15 Nielsen categories were negative in the year to August, with the number 2, Cosmetics & Personal Care, down 31%. It is this category which contributed most to the recent global pullback in CPG generally, and hit no medium harder than UK consumer magazines.

Consumer magazine brands still have ample reach and impact but, like other legacy media, cannot match digital when clients want bottom-of-the funnel results. Science assures us magazines score well on brand health, but science is still rare outside the digital domain. There is certainly very little of it in evidence when magazine investment is cut. The University of Missouri found that four out of America's 10 most-trusted news sources are British news brands, The Economist topping the list. Yet this sector continues to lose ad revenue to digital, which has created today's brand safety problem.

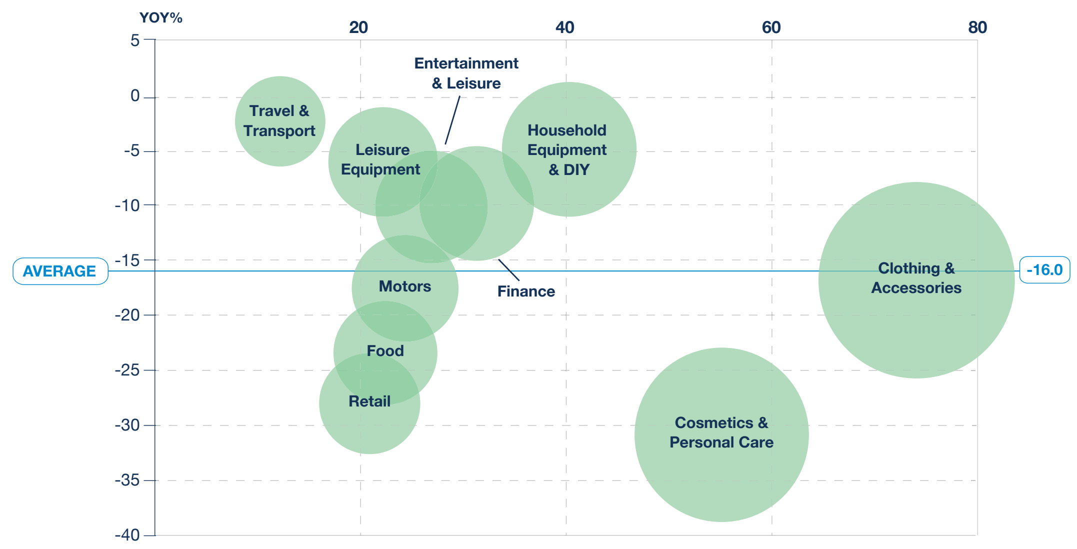
In small consolation, digital magazine brand growth is impressive, rising 40% in January-June compared to the same period in 2016. Digital distribution has edged up from 1% to 2% of the print-plus-digital total, but as MediaCom's Jamie Higginson observes, magazines are not so much physical objects as consumer connections. This mode of connection works, as does the extended reach of social media.

The perpetual problem is how magazine brands earn a realistic return on this quality, both in advertising and in recruiting a young audience. The platform-agnostic AMP transforms readership reporting from February. It may well transform trading within the medium. By revealing the versatility and scale of print reach, and putting it at advertisers' easy disposal, it is magazines' best hope of clawing back up the comms consideration scale.

The celebrity & fashion weekly segment is under the most circulation pressure, but continues innovating doggedly. Hello's association with Luna cinema boosted its circulation 6%; autumn's Stylist Live three-day event doubled its capacity by moving to Olympia; and in 2018, OK will partner ITV's second This Morning Live event, which attracted 45,000 to the NEC in May and is rich in celebrity and content-creation opportunities. Meanwhile, in the Fashion category, and in the context of the Cosmetics & Personal Care reversal, market leader Vogue has launched on Snapchat Discover to improve its younger reach ahead of a general relaunch.

Consumer Magazine Brands

TOP CATEGORIES SEPTEMBER 2016 TO AUGUST 2017



TOP CATEGORIES SEPT 2016 TO AUG 2017	£M	YOY%
Clothing & Accessories	79	-17.0
Cosmetics & Personal Care	57	-30.7
Household Equipment & Diy	40	-4.6
Finance	29	-9.5
Entertainment & Leisure	26	-10.2
Leisure Equipment	26	-6.0
Motors	25	-17.3
Food	23	-23.3
Retail	21	-27.7
Travel & Transport	18	-2.4
Pharmaceutical	17	-4.8
Mail Order	16	-5.5
Electronics, Household Appliances & Tech	14	-17.1
Government Social Political Organisation	13	-0.7
Business & Industrial	12	-9.2
Average		**-16.0**

Consumer Magazine Brands

	Print active purchase			Digital active purchase					
	Jan-Jun 2016	Jan-Jun 2017	% change (print)	Jan-Jun 2017	Jan-Jun 2017	% change (digital)	% change (Print+Digi)	% digi of print + digi last time	% digi of print + digi this time
Film & TV	3,399,572	3,219,110	-5	5,377	3,132	-42	-5	0	0
Traditional Weeklies & Real Life	2,443,247	2,223,271	-9	3,986	4,892	23	-9	0	0
Celebrity & Fashion Weeklies	1,865,287	1,625,738	-13	19,054	37,218	95	-12	1	2
Women's monthlies	1,779,113	1,674,674	-6	23,716	35,557	50	-5	1	2
Home & Gardening	1,699,851	1,666,957	-2	16,562	24,134	46	-1	1	1
Health & Fitness	1,133,209	1,107,846	-2	21,920	27,646	26	-2	2	2
Men's weeklies & monthlies	1,049,745	1,014,570	-3	21,166	21,010	-1	-3	2	2
News & Business	604,605	625,561	3	78,728	107,652	37	7	12	15
Food & Travel ex. supermarket frees	613,585	597,834	-3	10,488	26,140	149	0	2	4
Fashion & Luxury	483,577	425,065	-12	10,249	11,489	12	-12	2	3
Total paid-fors	**15,071,791**	**14,180,626**	**-6**	**211,246**	**298,870**	**41**	**-5**	**1**	**2**
Good Living (Asda)	1,969,160	1,797,167	-9						
Tesco Magazine	1,956,827	1,962,965	0						
Waitrose	695,858	690,058	-1						
Sainsbury's Magazine	185,016	161,039	-13	-	4,329	-			
Total paids plus frees	**19,878,652**	**18,791,855**	**-5**	**211,246**	**303199**	**44**			

Titles reporting or transiting to January-December reporting excluded.

£m net	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
Consumer magazines (print)	512	493	464	430	402	372	345	287	250
Consumer magazines (digital)		67	69	78	84	94	98	106	111
B2B magazines (print)	401	343	272	238	215	188	161	132	107
B2B magazines (digital)		130	130	136	142	146	142	142	140

YOY%	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
Consumer magazines (print)	2.3	-3.6	-5.9	-7.4	-6.4	-7.5	-7.4	-16.8	-12.9
Consumer magazines (digital)			2.8	12.1	8.2	11.4	4.6	8.2	4.7
B2B magazines (print)	-14.6	-14.6	-20.7	-12.3	-9.7	-12.4	-14.6	-18.0	-19.0
B2B magazines (digital)			0.7	4.4	4.6	2.4	-2.7	0.0	-1.4

THIS YEAR NEXT YEAR

Outdoor

THIS YEAR FLAT, NEXT YEAR +2%

A flat 2017 is a downgrade from our prior +2 forecast, with OOH sentiment softening in sympathy with TV as the medium heads into its hardest comp of the year in Q4 - with little sign of the CPG revival. Nielsen's categories look in rude health in the year to August, but we must be looking out of a different window.

Last time, we raised the possibility of price inflation in the 'broadcast estate' as demand for classic 48s has remained strong, while the supply has fallen from 20,000 to 12,000 sites in two years (as contractors digitise in the belief this will keep yields up in order to satisfy predatory landlords). Sharpening the sense of scarcity are big commitments by advertisers such as BT, Sky and Specsavers which can eat up as much as half the annual capacity. What has occurred so far is better described as price volatility rather than inflation, with some advertisers compromising on quality to maintain price. At its Q3 results, JCDecaux noted the US presented greater risk of digital cannibalising classic than did the UK. This is because the US is bought city-by-city, where advertisers have an either/or choice. The UK is bought more nationally, and national reach requires both (hence classic stock being called 'broadcast').

Another interesting Q3 comment was the worry that UK large-format was becoming 'commoditised'. We take this to mean that advertisers are more attracted to discounted packages of smaller formats. Out-of-home often runs hard to stand still. Hanging on to share is a struggle for all legacy media, so JCDecaux UK is addressing advertiser concerns head-on with its DOOH 'Brand Charter', which covers areas such as viewability, verification, and safety. Exterion and Clear Channel are equally committed to defending OOH's reputation. More industry standardisation would be a good idea.

Following up on its promises to TfL, Exterion is upgrading its London Underground stock and introducing new formats to stimulate creative imagination: two to note are 'video walls' of large linked screens and escalator ribbons to replace separate screens. It is also reviving crosstrack projection with higher-definition and data-driven positioning. Other transport development includes Glasgow Underground modernisation, Westfield London expansion, and 150 Mega T-side buses around the country.

Exterion is equipping itself for an adaptive/responsive trading model that does not yet exist. TfL tracks Underground passengers through the barriers, allowing Exterion to plot the moving audience as frequently as every 15 minutes, which also allows it to assign a 'personality' to places and events. When trading catches up with this technology, poster messaging will be more precisely fashioned around routes, audiences, and densities. Experimental Wi-Fi logging, not yet approved for advertising use, captures passenger distribution and concentration in stations, on trains at stations, and even within individual carriages. It remains to be seen whether all this new data will form a new 'walled garden'.

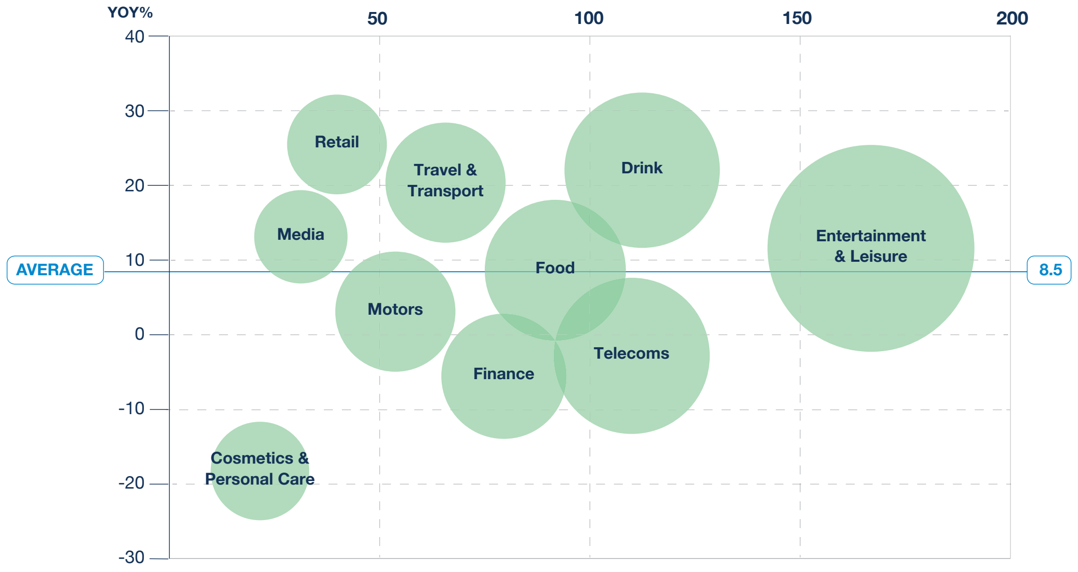
Automation is the big theme for 2018. This saves lots of planning-and-pricing legwork and will eventually extend to classic as well as digital formats. Exterion aims to have a good part of its general DOOH workflow automated by mid-2018. This is expected to include frame-by-frame availability, optioning, booking, and package building. Special transport formats will come later. Automated workflow still requires the human touch for rate agreements, performance indicators, and special site selection.

JC Decaux has developed its own automation suite to create, serve, and verify campaigns. This is mostly for its own internal use, but there is an interface to check the status of booked inventory, which will later embrace optioning and new bookings. In a step towards true programmatic decisioning, Decaux's new trading platform integrates content management with geo-location data from Telefonica, Route, CACI, and YouGov.

Clear Channel's market-leading Ad Platform will extend to its Adshel Classic estate. We hope this integration will occur in Q1 2018 so advertisers can track dynamic campaigns in real time, as well as dashboard creative, location, and playout status relative to plan. This is a big step forward for the medium. It is also improving Ad Platform compatibility with buy-side planning tools.

Outdoor

TOP CATEGORIES SEPTEMBER 2016 TO AUGUST 2017



TOP CATEGORIES SEPT 2016 TO AUG 2017	£M	YOY%
Entertainment & Leisure	171	11.8
Drink	102	22.1
Telecoms	94	-2.7
Food	87	8.9
Finance	65	-5.3
Travel & Transport	62	20.4
Motors	56	3.4
Retail	42	25.7
Media	40	13.2
Cosmetics & Personal Care	39	-18.4
Government Social Political Organisation	30	11.6
Clothing & Accessories	23	58.2
Business & Industrial	22	13.1
Computers	19	-6.7
Pharmaceutical	18	61.1
Electronics, Household Appliances & Tech	12	-42.4
Games & Consoles	10	-8.2
Average		**8.5**

THIS YEAR NEXT YEAR

Outdoor

£m net	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
Total	**704**	**709**	**777**	**792**	**816**	**846**	**898**	**898**	**917**
Transport	223	219	248	238	246	247	262	234	220
Roadside	338	326	327	327	318	297	271	239	232
Point-of-sale/retail/leisure	62	62	56	56	34	33	27	21	19
All digital	81	102	146	171	218	270	338	405	446

YOY%	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
Total	**12.5**	**0.7**	**9.6**	**2.0**	**3.0**	**3.7**	**6.1**	**0.0**	**2.0**
Transport	10.7	-1.8	13.1	-4.2	3.7	0.3	5.8	-10.7	-5.8
Roadside	11.1	-3.3	0.2	0.0	-2.7	-6.8	-8.6	-11.8	-3.0
Point-of-sale/retail/leisure	2.6	-1.3	-9.1	0.0	-40.0	-2.4	-17.1	-23.5	-7.7
All digital	36.2	26.0	43.3	17.6	27.1	23.9	25.5	19.6	10.1

Share by type %	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
Transport	32	31	32	30	30	29	29	26	24
Roadside	48	46	42	41	39	35	30	27	25
Point-of-sale/retail/leisure	9	9	7	7	4	4	3	2	2
All digital	11	14	19	22	27	32	38	45	49

£m including commission	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
Total	**880**	**886**	**971**	**990**	**1,020**	**1,058**	**1,123**	**1,123**	**1,146**
Transport	279	274	310	297	308	309	327	292	275
Roadside	422	408	409	409	398	371	339	299	290
Point-of-sale/retail/leisure	78	77	70	70	42	41	34	26	24
All digital	101	127	182	214	272	337	423	506	557

THIS YEAR +4%, NEXT YEAR +3%

There is no change to our forecast this time other than pushing back the James Bond contingency from 2018, as the 25th iteration is now scheduled for November 2019.

Cinema revenue performance remains well ahead of the traditional media average thanks to successfully cultivating its advertising ARPU. The two prongs are 'premiumising' its inventory and raising brand count. It achieves good 'sell-out' rates for Gold, Silver and new 'Bronze' spots (formerly 'content spot'), these typically commanding premiums of 60%, 30% and 15% respectively. Brand count is running about 10% up in 2017. Cinema advertising revenue thus beats the market, RPI, and admissions. Admissions are the very picture of 'strong and stable', with 2017's forecast 173 million sustaining the record 2015 peak. A strong slate puts something similar in prospect for 2018. This level of attendance is returning Britain to per-capita visit frequency last seen in the 1970s.

In the year to August, according to Nielsen figures, four of cinema's five top categories rewarded the medium with investment increases of between 30% and 70%. These were Motors, Entertainment, Finance and Government, which generally retreated in other media. The exception was Telecoms, pulling back back 20% in cinema and 9% market-wide, perhaps as it prioritises performance media. Cinema's number six category saw an impressive 44% uplift, with notable support from Samsung.

Quarter 1's Beauty & The Beast lived up to its name with £72 million at the box office, making it 2017's top draw at the time of writing. Dunkirk won the summer with £56 million, followed by Despicable Me 3 with £47 million. 2017 will end strongly with Justice League, Thor Ragnarok, Paddington 2, and of course The Last Jedi, possibly the biggest Star Wars feature yet, which opens mid-December. A normal shelf-life is five weeks, but advertisers investing in Jedi will get a much longer ride for their money.

Big films lined up for 2018 include a new Marvel franchise, Black Panther; Stephen Spielberg's Ready Player One; Highlights for 2018 include a new Avengers, Deadpool 2, another Jurassic World, Incredibles 2, and Mamma Mia: Here We Go Again. To round the year off, look out for Fantastic Beasts 2, Wreck-It Ralph 2, and Mary Poppins Returns.

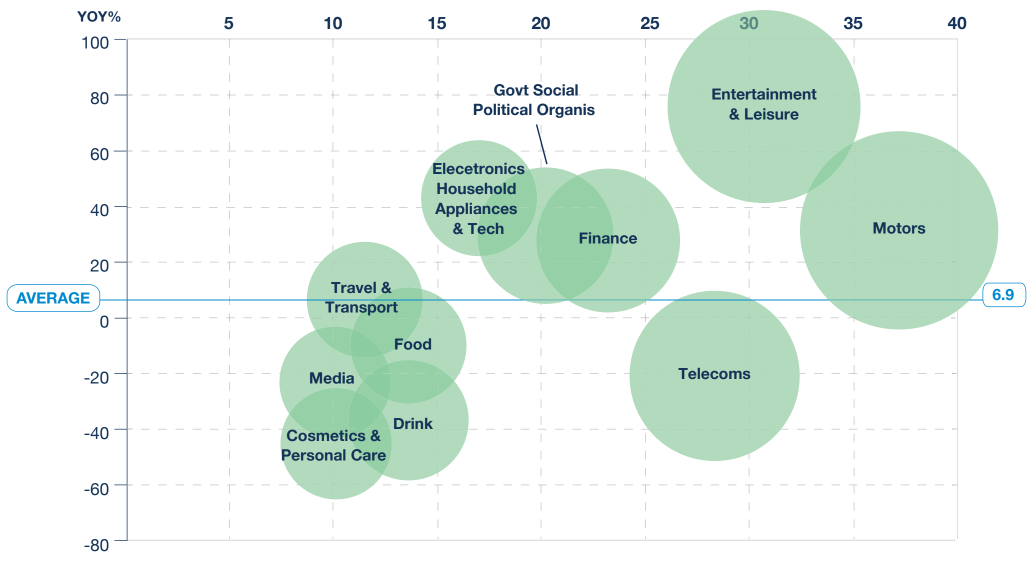
Multisensory '4DX' comes to Leicester Square in March. Exclusive to Cineworld's Picture House estate, it routinely sells out 12 existing screens elsewhere, with an eventual chain of 24 envisaged by the end of 2022. The audience profile magnifies all cinema's strengths, including youth, sociability, London upweight, and 'at cinema dwell time'. Sales house DCM hopes this will entice a multi-year sponsor interested in naming rights and an imaginative activation package.

Other planning innovation includes Pearl & Dean's 'Film Pack Plus', which enhances existing location-based targeting on mobile with foyer 6-sheets and desktop search marketing, with the objective of sustaining communications from path to outcome. DCM has introduced popular new workflow automation in the form of the Online Campaign Planner, which produces costed schedules from a simple date/title/audience interface.

THIS YEAR NEXT YEAR

Cinema

TOP CATEGORIES SEPTEMBER 2016 TO AUGUST 2017



TOP CATEGORIES SEPT 2016 TO AUG 2017	£M	YOY%
Motors	38	34.7
Entertainment & Leisure	33	77.3
Telecoms	28	-19.9
Finance	24	28.7
Government Social Political Organisation	17	31.4
Electronics, Household Appliances & Tech	16	44.0
Drink	14	-31.2
Food	14	-8.2
Travel & Transport	13	8.0
Media	10	-21.9
Cosmetics & Personal Care	10	-43.7
Average		**6.9**

Digital

THIS YEAR NEXT YEAR

Digital

THIS YEAR +13%, NEXT YEAR +10%

In Q3, Facebook beat expectations and reported 43% ad revenue growth, while Google supplied its biggest beat in a decade with 22% revenue growth. Those are worldwide figures of course. Google no longer itemises the UK, and Facebook never has. The UK IAB reckons first-half online display investment rose 17.5% like-for-like, and paid search 15.4%. Our impression is that non-agency-bought billings yielded the lion's share of this growth, and Facebook and Google continued to win substantial market share. 'Non-agency-bought' equals the long tail, plus big 'web endemics' (who have never needed agencies) plus agency clients who have taken digital in-house.

Forces supporting this remarkable growth include a rising audience, growing e-commerce, and now a slowing economy, which is stoking short-termism, and thus, digital media and performance marketing growth. If performance marketing has assumed undue prominence at the expense of branding, it may be a while before we see a correction.

Revenue and inflation

In line with those reported global revenues, Facebook growth is certainly more pronounced than Google's this year. A rising number of larger advertisers are concerned about overspending on social media: usership and efficiency is not growing as fast as revenue. There is moderate growth in the smaller portals like Yahoo and Oath. Snapchat will more than double in 2017, but is still dwarfed by the duopoly. Spotify is collaborative, growing well, and developing a decent video offer. Twitter should also enjoy moderate growth. From our perspective, performance is growing faster than brand. Teads remains a welcome video alternative.

Inflation depends on individual circumstances. If you are like-for-like on quality and tolerances, your prices are likely to rise in 2017. Sources of potential inflation include more brands in the market, finer targeting, and wider-spread verification. In programmatic, factors include higher tech and data costs and pursuit of viewability. In biddable markets, inflation is harder to predict or control.

News Feed is saturated. This is potentially highly inflationary, which would incentivise advertisers to produce 'fit for platform' copy to maximise view-through and minimise cost-per-view. Facebook charges for a video view as soon as the ad is fully loaded.

Short-termism influences the brand/performance allocation. Advertisers and media vendors with quarterly targets will bid up the bottom of the funnel. CPCs rise along with the risk of overspend. The reciprocal risk is failing to impress people further up the funnel, when there is more opportunity to shape and shift brand preference. Amazon's wealth of intelligence on buyer intent, time-in-market, and non-obvious precursors - those buying A are likely to want B - will impose more discipline on these marketing choices. Amazon diversifying into businesses like Whole Foods builds its attribution evidence base. Media agencies are mostly confined to the advertising side of 'Advertising & Promotion' budgets. Amazon presents a rare opportunity to win shopper marketing budgets from the 'P' silo. Amazon is willing to carry ads in natural breaks in sports programming, which adds further interest to the 2018 Premiership rights auction.

The YouTube pause

We estimate 75% of YouTube pausers have returned to normal levels. The rest are back but allocating a smaller share, with some of this investment moved into VOD and Finecast addressable TV. The YouTube pause prompted an instructive dispersal of investment. Brand destinations included standard rich display, TV, and Facebook. Advertisers picked up outstream reach in such as VOD, Teads, and Unruly. The last two build reach quickly and are only paid on completed views.

The GroupM/OpenSlate partnership, in effect, whitelisting, restored many advertisers' faith in YouTube.

Attribution and verification

Progress in attribution – joining the dots – is slow. The main obstacle is walled gardens' reluctance to release impression-level data. The move to mobile also makes attribution harder (and, arguably, reduces the aggregate impact of online display).

There are several attribution models, and sources might select the one which shows them in the best light. Conflicting results - typically the credit given to branding - therefore remain an obstacle.

Many clients are moving to viewable-only models which disregard all inferior contacts for the purposes of attributing post-click consequences. Vendors usually respond either by declining the booking or improving the inventory. Demanding 100% viewability at the outset is, however, unrealistic and will deter the most reputable supplier. We think settling, for, say, 75% compliance may prove optimal.

In social video, an untested convention for six-second preroll is emerging. Testing its impact heralds the possibility of an optimal average 'time in view', for example 10 seconds of a 15-second spot. No rule would be universal, as creativity affects all brand and behaviour metrics, with different permutations for screen size and context. This has already given birth to 'dynamic' video and audio: cheap mass production of multiple copy variants.

Facebook is not enthusiastic about third parties. Google has become more willing since the YouTube pause. Amazon is motivated to gain share. Everywhere else, the likes of IAS, Moat, DoubleVerify, and comScore are regarded as routine.

One strategy is to make more of the tools you are given. You can get much, much more out of DoubleClick (tracking, interpretation) if you approach it with a profound understanding of your client's business, and then use that knowledge to make new tools.

Competition with Facebook/Google would be enhanced if advertisers and agencies took more time to assess the relative merits of the many DSPs available. Not all have the impressive sales skills of Google and Facebook, but many have competitive technical credentials.

Brand safety

With 2.1 billion users, News Feed essentially contains all human life, including all its less attractive, barely policed characteristics. YouTube is competent at discriminating the legal from the illegal, but that leaves a lot of grey, so it is really for the advertiser to set its filters accordingly. We do a lot of work in this area and arrange third-party verification.

Domain spoofing is a problem. Even reputable networks are plagued with these pirate sites. They can be detected and refunds can be made, but the safest way to avoid such booby traps is to use 'programmatic guaranteed' sources that vet every supplier.

Publishers might collect only 10% of working media investment, but tend to attract 100% of the blame for fraud, viewability, content, and clutter. The opposite is true of the stack. Publishers will do better if they make more money. Going back to insertion order is impractical. Cutting out surplus tech to shorten the stack will often reduce fraud and improve viewability. And new forms of premium marketplace already exist, such as 'programmatic guaranteed' (ours is the Supply Marketplace), and Rezonence's Freewall model.

The desire to control context naturally varies by client. The greater the need for 'performance' (clicks, landing rates, leads, etc.) the broader the definition of quality.

GDPR

This forthcoming regulation substantially raises the onus of demonstrable continuous compliance with rules relating to broadly-defined personal data. All parties in a chain harnessing personal data to EU marketing are jointly and severally liable, with penalties up to €20m or 4% of the perpetrator's worldwide sales. This is likely to make marketers more cautious and is another attractive field for consultancies. GDPR is discrete from draft ePrivacy regulation; G stands for 'general' and will inform the ePrivacy's specific forms of electronic communication such as cookie preferences and cold calls.

Digital

The higher standards of GDPR emphasise the importance of a viable value exchange between advertiser and consumer. If you take a consumer through a storytelling sequence of ads, or draw him or her along the path to purchase, the value of his or her consent rises in parallel with your investment. Unless the final legislation compels editorial media to welcome all visitors equally, these media may have an advantage as they offer more value in the exchange.

We're getting better at connecting the physical to the virtual. Location is becoming an important component of attribution. Affinity to location can help define target audiences and thus predict where they cluster, thus helping advertisers to hotspot with local media. Someone's location is not personal data, and, in practice, location data is hashed and aggregated. But, if the origin of this data is deterministic – i.e. linked to personal data – then GDPR applies. Location is usually gathered by apps which have secured user consent. GDPR requires this to be 'specific, informed, and unambiguous'.

In-housing

It is possible to underestimate the risks of doing one's own pay-per-click, programmatic, and social. One danger is to treat these as safe and simple processes to be executed at the lowest cost. The risks include sole responsibility for booking errors and omissions ('fat finger'), hidden tech costs and biased DSP 'decisioning', and difficulty finding staff. An example of DSP fraud is flattering conversion rates by sneaking retargeted prospects into the mix. This increases waste, and the needless extra demand stokes inflation, which is bad enough already when multiple advertisers are after the same audience.

Consultancies actively offer in-housing advice, and tend to exacerbate the marketing-as-cost attitude. They will no doubt be on hand to advise any clients who later regret in-housing.

Certain large web endemics have always kept digital in-house There is a line of thinking that those advertisers willing and able to in-house probably have already. Some clients have halfway-housed, for instance by taking analysis in-house but leaving implementation to agencies.

£m net	2011	2012	2013	2014	2015	2016	2017	2018
Paid search	2,708	3,087	3,471	3,768	4,361	4,966	5,600	6,200
Pure play display (gross)	934	1,069	1,335	1,832	2,596	3,178	3,743	4,173
Pure play classified	587	809	875	1,054	1,157	1,279	1,341	1,366
Other	75	64	57	72	91	103	112	120
Total	**4,305**	**5,029**	**5,738**	**6,725**	**8,205**	**9,526**	**10,796**	**11,859**

YOY%	2011	2012	2013	2014	2015	2016	2017	2018
Paid Search	21	14	12	9	16	14	13	11
Display	-11	14	25	37	42	22	18	11
Classified	-18	38	8	20	10	11	5	2
Total	**6**	**17**	**14**	**17**	**22**	**16**	**13**	**10**

Shares	2011	2012	2013	2014	2015	2016	2017	2018
Paid search	63	61	60	56	53	52	52	52
Display	22	21	23	27	32	33	35	35
Classified	14	16	15	16	14	13	12	12
Other	**2**	**1**	**1**	**1**	**1**	**1**	**1**	**1**

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