

# REGIONAL AD SPEND 2006

Making sense of PARC's end-of-year data

**P**an-Arab Research Centre's ad-spend figures reflect the rate card value of media monitored by the market research company. As such, the figures have to be taken with a huge portion of salt. Critics will say the numbers are grossly inaccurate, which is not actually the case: With a reasonable degree of precision, they reflect the stated value of marketers' above-the-line advertising. It's more accurate to call PARC's estimates "monitored value" than

"ad spend." (Outdoor advertising spend is one major exception, since it is impossible to monitor every outdoor site, and many companies don't report their revenue to PARC.)

The problem lies not with PARC's methodology but with the rate cards themselves, which are often a fiction put forward by media owners who don't adhere to transparent pricing schemes. This is especially true in the case of television, where under-the-table discounts give buyers actual prices that

are often a fraction of the ones listed on the rate card. So the best way to make sense of the data is to analyze it alongside estimates of actual spending in the region.

Elie Khouri, regional managing director of OMD, the region's leading media buying unit, pegs 2006 regional ad spend at between \$2.3 billion and \$2.5 billion, up 15 percent from 2005. His figure is in accordance with that given by media sales giant Choueiri Group of slightly over \$2 billion for 2005.

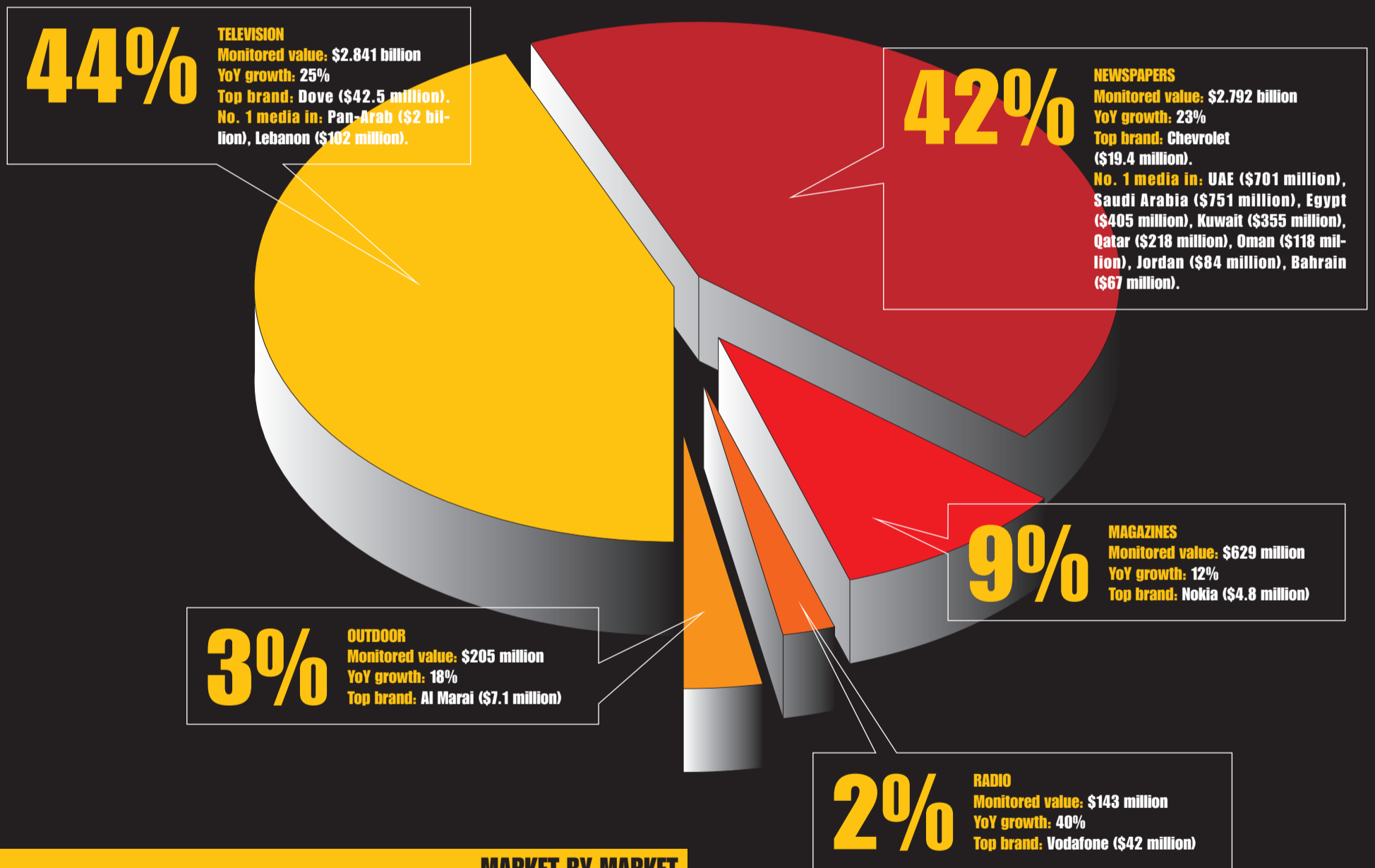
Both are a far cry from the \$6.62 billion reported by PARC for 2006.

Spending on television is particularly overstated by the PARC data, according to OMD. Print is the dominant medium in the region with an estimated 55 percent share of actual spending, compared to television's 20 percent. "And that's being optimistic," says Khouri.

Given this, one might ask why *Communicate* even bothers printing the PARC figures. Although the absolute numbers are misleading,

the figures do give a reckoning – one that's as good as you're likely to find anywhere else – of the relative importance of markets, sectors and brands. Moreover, as champions of transparency, we'd like to shine a bright light on the difference between "official" figures and "unofficial" industry estimates. Call us lunatics, but we look forward to the death of the regional media-buying industry's culture of discounts – and to the day when media rate cards reflect actual market value.

## MEDIA SPLIT



## MARKET BY MARKET

Market	Value (millions US\$)	2005/2006 change (%)	Per capita (US\$)
1. Pan-Arab media	2,316	+24	7*
2. UAE	1,062	+22	408
3. Saudi Arabia	978	+7	36
4. Egypt	819	+52	10
5. Kuwait	494	+13	204
6. Qatar	237	+101	268
7. Lebanon	231	-14	60
8. Oman	139	+32	45
9. Jordan	112	+4	19
10. Bahrain	107	+4	153

\* Based on the total population of the Arab world, roughly 320 million

**Actual per capita spend is just \$40 for the GCC, according to Choueiri Group. By comparison, the world's top five advertising markets average about \$300 per capita.**

**MAJOR BUYERS TILT TOWARD TELEVISION**

**F**or 2007, OMD's Khouri predicts growth will cool down to 10 percent due in part to a slowdown in real estate investment and a dip in the price of oil. But in television, he expects prices of air time – actual prices, as opposed to those listed on the rate cards – to rise dramatically as media owners try to recoup the previous years' investments. Expect inflation of 15 to 25 percent in television, he says.

As the chart to the right shows, one finds a greater reliance on tel-

evision among the top 20 brands than in the advertising sector as a whole. This is a trend that holds true even while taking into account stations' steep discounts, says Khouri. Although PARC's data shows television with 70 percent of monitored value as opposed to print's 20 percent for the top 20 brands, in terms of actual spend Khouri says print and television probably have a roughly equal share of the top 20 brands' marketing budgets.

**TOP 20 BRANDS**

Brand (Owner)	Monitored value (millions US\$)	2005/2006 change (%)	No. 1 media (share of total)
1 Mobily (Etisalat)	55.38	65.2	Television (54.6%)
2 Saudi Telecom	52.07	57.2	Television (63.7%)
3 Dove (Unilever)	45.39	39	Television (93.5%)
4 Pepsi	44.43	11.7	Television (81.0%)
5 Chevrolet (General Motors)	38.90	2.4	Newspaper (49.8%)
6 Toyota	36.85	1.2	Newspaper (45.1%)
7 Galaxy (Masterfoods)	36.38	49.5	Television (96.5%)
8 Coca-Cola	35.59	15	Television (88.5%)
9 Johnson & Johnson	33.11	212.1	Television (95.0%)
10 Iraq Hope & Peace	30.66	206.8	Television (100%)
11 Mobinil	30.66	53.1	Television (46.6%)
12 Vodafone	29.05	75	Television (58.3%)
13 Ford	28.42	-4	Television (68.2%)
14 National Commercial Bank	27.38	-21.4	Television (47.2%)
15 Nokia	27.03	-25.1	Television (49.1%)
16 Doha Asian Games	26.82	N/A	Television (61.7%)
17 Watani	24.51	779.6	Television (95.0%)
18 Emaar	24.43	33.1	Newspaper (53.2%)
19 Lipton (Unilever)	23.92	-34.7	Television (94.2%)
20 Knorr (Unilever)	23.91	9.7	Television (99.8%)

*Based on rate card values and counting monitored media only*

**SECTOR SPLIT**

