Global Industry Overview

Global Industry Overview

Consumers around the globe continue to spend their hard-earned money on media and entertainment, from acquiring broadband access to reading books, magazines, and newspapers, subscribing to TV and satellite radio, buying music, watching in-home videos, and playing video games. Advertisers, in turn, have never ceased to follow consumer eyeballs and are spending more on advertising within these media as well as on out-of-home and digital. As a result, global spending on media and entertainment grew 5.8 percent in 2012 despite sluggish economic growth in many countries. This was slightly less than the increases recorded over the previous two years, but still a noticeable improvement relative to 2009, when the global recession led to declines across North America and Europe.

Perhaps not surprisingly, spending growth differs widely among the various regions. In North America, a 4.5 percent increase in 2012, although below the global average, was the largest gain of the past five years. The region benefited from double-digit gains in broadband access and digital advertising as well as a boost in TV advertising in the United States, the latter associated with the elections and the Olympics.

EMEA as a whole increased spending by just 3.0 percent, with Western Europe experiencing the weakest economy, its media spending rising just 0.9 percent. This increase was the worst performance in Western Europe since 2009, when spending fell 1.6 percent. In contrast, overall spending in Middle East/Africa (MEA) rose by 21.3 percent in 2012, largely reflecting increased broadband spending in Middle East/North Africa (MENA). In fact, broadband made up two-thirds—66 percent—of total media spending in MENA in 2012, almost three times the global ratio of 24 percent. In Central and Eastern Europe, media spending increased 8.5 percent as strong economies in Russia and Turkey drove double-digit media spending growth, offsetting low-single-digit gains in other countries.

Spending in Asia Pacific increased 8.5 percent in 2012, driven principally by growth in China, at 16.4 percent, which generated nearly half of the total gain. Excluding China, growth in Asia Pacific reached 6.1 percent, more closely in line with the global average.

Latin America provided the best growth story as a region, registering a 13.3 percent increase in 2012. The region is at an earlier stage of development than other parts of the world and double-digit increases in broadband and in-home video entertainment were the primary drivers of spending growth.

Over the next five years, global spending on media and entertainment is projected to grow at a modestly faster 6.1 percent compound annual rate, reflecting an improving economic climate. We expect Western Europe and North America to remain the slowest-growing areas, with low-to-mid single-digit gains, but Central and East Europe and Asia Pacific will continue to advance at high single-digit rates. Simultaneously, Middle East/Africa and Latin America will experience healthy growth in media spending, achieving double-digit compound annual advances to 2017.

We expect digital advertising to be the fastest-growing category over the next five years, with a projected

14.7 percent CAGR to 2017.

Total global spending by region[1] (US $ millions)

Region	2007	2008	2009	2010	2011	2012p	2013	2014	2015	2016	2017
North America	396,782	396,262	376,743	392,676	403,955	422,021	439,220	463,582	483,270	510,334	531,814
EMEA											
Western Europe	344,959	355,945	350,181	361,071	375,093	378,417	386,443	396,923	409,351	423,888	439,245
Central and Eastern Europe	33,424	37,380	35,947	39,608	44,853	48,670	53,162	58,124	63,373	68,895	74,451
Middle East/ Africa	17,757	20,480	21,248	24,072	30,441	36,939	41,496	46,075	51,946	58,115	64,376
EMEA Total	396,140	413,805	407,376	424,751	450,387	464,026	481,101	501,122	524,670	550,898	578,072
Asia Pacific	342,468	368,189	377,940	409,828	440,768	478,226	518,649	561,585	607,258	652,486	698,675
Latin America	45,888	52,351	56,438	65,923	75,045	85,048	95,176	107,888	116,261	128,543	138,995
Total	1,181,278	1,230,607	1,218,497	1,293,178	1,370,155	1,449,321	**1,534,146**	**1,634,177**	**1,731,459**	**1,842,261**	**1,947,556**

[1]At average 2012 exchange rates.
Sources: McKinsey & Company, Wilkofsky Gruen Associates

Total global spending growth by region (percent)

Region	2008	2009	2010	2011	2012p	2007–12 CAGR	2013	2014	2015	2016	2017	2012–17 CAGR
North America	–0.1	–4.9	4.2	2.9	4.5	1.2	4.1	5.5	4.2	5.6	4.2	4.7
EMEA												
Western Europe	3.2	–1.6	3.1	3.9	0.9	1.9	2.1	2.7	3.1	3.6	3.6	3.0
Central and Eastern Europe	11.8	–3.8	10.2	13.2	8.5	7.8	9.2	9.3	9.0	8.7	8.1	8.9
Middle East/ Africa	15.3	3.8	13.3	26.5	21.3	15.8	12.3	11.0	12.7	11.9	10.8	11.8
EMEA Total	4.5	–1.6	4.3	6.0	3.0	3.2	3.7	4.2	4.7	5.0	4.9	4.5
Asia Pacific	7.5	2.6	8.4	7.5	8.5	6.9	8.5	8.3	8.1	7.4	7.1	7.9
Latin America	14.1	7.8	16.8	13.8	13.3	13.1	11.9	13.4	7.8	10.6	8.1	10.3
Total	4.2	–1.0	6.1	6.0	5.8	4.2	**5.9**	**6.5**	**6.0**	**6.4**	**5.7**	**6.1**

Sources: McKinsey & Company, Wilkofsky Gruen Associates

Total global media spending

We expect digital advertising to be the fastest-growing category over the next five years, with a projected 14.7 percent CAGR to 2017, followed by broadband at a 10.0 percent CAGR. Video games, TV advertising, and in-home video entertainment will be the only other categories to reach more than 5 percent compound annual growth. Total global media spending will rise from US $1.4 trillion in 2012 to a projected US $1.9 trillion in 2017.

Total global spending by category[1] (US $ millions)

Category	2007	2008	2009	2010	2011	2012p	2013	2014	2015	2016	2017
Digital Advertising	51,769	61,438	63,761	75,676	90,189	106,772	125,233	144,718	165,992	188,307	212,163
Broadband	177,094	207,895	231,761	262,476	305,110	346,168	390,186	431,421	474,100	515,828	558,415
TV Advertising	155,948	157,727	146,523	163,856	169,117	179,954	186,493	203,937	212,376	232,293	244,094
In-Home Video Entertainment	216,063	226,377	234,137	244,258	256,943	269,286	282,441	296,564	311,978	328,352	344,904
Audio Entertainment	103,963	100,488	95,277	93,947	95,175	96,696	99,203	102,220	105,438	109,152	112,703
Cinema	27,968	28,830	31,573	33,430	33,854	36,247	37,066	38,645	40,508	42,522	44,689
Out-of-Home	31,272	31,630	27,438	28,816	29,592	30,440	31,466	32,882	34,435	36,187	37,967
Consumer Magazine Publishing	80,322	78,925	70,312	70,268	69,716	68,127	66,856	66,166	65,955	66,209	66,787
Newspaper Publishing	190,337	182,391	163,013	164,232	163,456	160,993	159,385	159,072	159,720	161,165	163,094
Newspaper Consumer and Educational Book Publishing Publishing	109,391	110,031	108,782	109,882	109,987	108,412	108,573	108,864	108,562	107,533	106,160
Video Games	44,724	54,338	55,598	58,080	60,943	62,988	66,562	71,987	77,891	83,874	89,439
Total	1,181,278	1,230,607	1,218,497	1,293,178	1,370,155	1,449,321	**1,534,146**	**1,634,177**	**1,731,459**	**1,842,261**	**1,947,556**

[1]At average 2012 exchange rates.
Note: Television, audio, newspaper, and consumer magazine Web site and mobile advertising
are included in their respective segments and also in the digital advertising segment, but only once in the overall total.
Sources: McKinsey & Company, Wilkofsky Gruen Associates

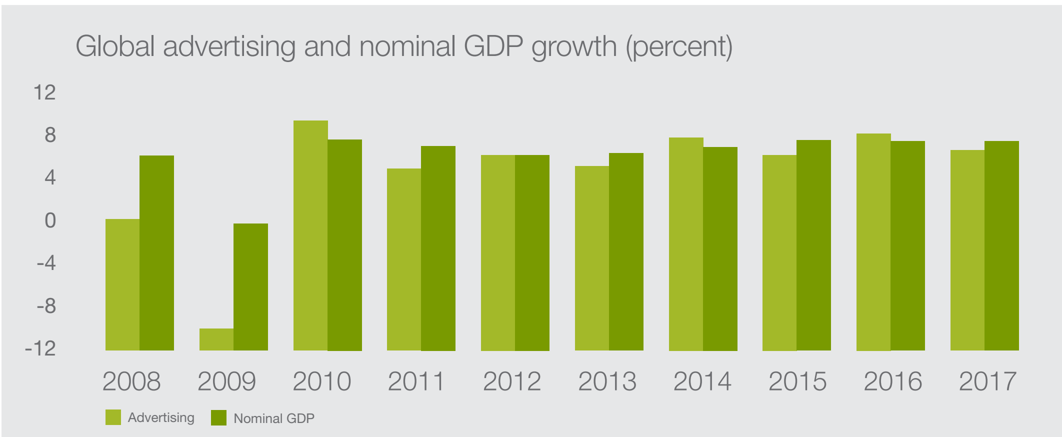
Total global spending growth by category (percent)

Category	2008	2009	2010	2011	2012p	2007–12 CAGR	2013	2014	2015	2016	2017	2012–17 CAGR
Digital Advertising	18.7	3.8	18.7	19.2	18.4	15.6	17.3	15.6	14.7	13.4	12.7	14.7
Broadband	17.4	11.5	13.3	16.2	13.5	14.3	12.7	10.6	9.9	8.8	8.3	10.0
TV Advertising	1.1	–7.1	11.8	3.2	6.4	2.9	3.6	9.4	4.1	9.4	5.1	6.3
In-Home Video Entertainment	4.8	3.4	4.3	5.2	4.8	4.5	4.9	5.0	5.2	5.2	5.0	5.1
Audio Entertainment	–3.3	–5.2	–1.4	1.3	1.6	–1.4	2.6	3.0	3.1	3.5	3.3	3.1
Cinema	3.1	9.5	5.9	1.3	7.1	5.3	2.3	4.3	4.8	5.0	5.1	4.3
Out-of-Home	1.1	–13.3	5.0	2.7	2.9	–0.5	3.4	4.5	4.7	5.1	4.9	4.5
Consumer Magazine Publishing	–1.7	–10.9	–0.1	–0.8	–2.3	–3.2	–1.9	–1.0	–0.3	0.4	0.9	–0.4
Newspaper Publishing	–4.2	–10.6	0.7	–0.5	–1.5	–3.3	–1.0	–0.2	0.4	0.9	1.2	0.3
Newspaper Consumer and Educational Book Publishing Publishing	0.6	–1.1	1.0	0.1	–1.4	–0.2	0.1	0.3	–0.3	–0.9	–1.3	–0.4
Video Games	21.5	2.3	4.5	4.9	3.4	7.1	5.7	8.2	8.2	7.7	6.6	7.3
Total	4.2	–1.0	6.1	6.0	5.8	4.2	**5.9**	**6.5**	**6.0**	**6.4**	**5.7**	**6.1**

Note: Television, audio, newspaper, and consumer magazine Web site and mobile advertising are included in their respective segments and also in the digital advertising segment, but only once in the overall total.
Sources: McKinsey & Company, Wilkofsky Gruen Associates

Global advertising spending

Advertising is highly sensitive to the economy, and the recession in 2009 and weak economic growth over the past two years have hurt the global advertising market. Improving economic conditions will provide a lift, however, and we project global advertising to achieve 6.5 percent growth compounded annually to 2017.



Sources: McKinsey & Company, Wilkofsky Gruen Associates

Most of the global advertising growth—63 percent—over the next five years will be generated in Latin America, Asia Pacific, and Central and Eastern Europe. In Western Europe, advertising will grow by only 2.8 percent compounded annually, while advertising in North America will expand at a 4.8 percent compound annual rate.

Global advertising by region[1] (US $ millions)

Region	2007	2008	2009	2010	2011	2012p	2013	2014	2015	2016	2017
North America	171,410	163,305	139,854	149,302	154,386	163,804	168,116	179,203	185,807	199,486	207,298
EMEA											
Western Europe	101,888	101,008	90,463	96,334	98,269	97,504	98,122	100,381	103,398	107,426	111,791
Central and Eastern Europe	13,160	14,204	11,712	13,088	14,686	15,560	16,919	18,619	20,539	22,632	24,929
Middle East/Africa	7,215	8,429	7,348	8,064	7,865	7,958	8,388	8,904	9,538	10,255	11,044
EMEA Total	122,263	123,641	109,523	117,486	120,820	121,022	123,429	127,904	133,475	140,313	147,764
Asia Pacific	108,968	112,410	107,169	118,099	125,855	137,021	149,924	164,430	180,082	197,006	214,858
Latin America	17,457	19,498	19,929	23,965	26,212	28,854	31,699	37,300	38,664	43,733	46,764
Total	420,098	418,854	376,475	408,852	427,273	450,701	**473,168**	**508,837**	**538,028**	**580,538**	**616,684**

[1]At average 2012 exchange rates.
Sources: McKinsey & Company, Wilkofsky Gruen Associates

Global advertising growth by region (percent)

Region	2008	2009	2010	2011	2012p	2007–12 CAGR	2013	2014	2015	2016	2017	2012–17 CAGR
North America	–4.7	–14.4	6.8	3.4	6.1	–0.9	2.6	6.6	3.7	7.4	3.9	4.8
EMEA												
Western Europe	–0.9	–10.4	6.5	2.0	–0.8	–0.9	0.6	2.3	3.0	3.9	4.1	2.8
Central and Eastern Europe	7.9	–17.5	11.7	12.2	6.0	3.4	8.7	10.0	10.3	10.2	10.1	9.9
Middle East/ Africa	16.8	–12.8	9.7	–2.5	1.2	2.0	5.4	6.2	7.1	7.5	7.7	6.8
EMEA Total	1.1	–11.4	7.3	2.8	0.2	–0.2	2.0	3.6	4.4	5.1	5.3	4.1
Asia Pacific	3.2	–4.7	10.2	6.6	8.9	4.7	9.4	9.7	9.5	9.4	9.1	9.4
Latin America	11.7	2.2	20.3	9.4	10.1	10.6	9.9	17.7	3.7	13.1	6.9	10.1
Total	–0.3	–10.1	8.6	4.5	5.5	1.4	**5.0**	**7.5**	**5.7**	**7.9**	**6.2**	**6.5**

Sources: McKinsey & Company, Wilkofsky Gruen Associates

Global advertising will be lower for newspapers and consumer magazines in 2017 than in 2012, but higher for all other categories. Digital advertising (all Internet and mobile advertising) will show particularly strong growth, generating 63 percent of the increase in global advertising over the next five years. The overall advertising market will grow from US $451 billion in 2012 to a projected US $617 billion in 2017.

Global advertising by category[1] (US $ millions)

Category	2007	2008	2009	2010	2011	2012p	2013	2014	2015	2016	2017
Digital	51,769	61,438	63,761	75,676	90,189	106,772	125,233	144,718	165,992	188,307	212,163
Television	155,948	157,727	146,523	163,856	169,117	179,954	186,493	203,937	212,376	232,293	244,094
Audio	34,941	33,363	28,963	30,882	31,387	32,029	32,869	33,896	34,871	36,117	37,211
Cinema	1,864	1,854	1,828	2,047	2,073	2,175	2,252	2,350	2,481	2,621	2,759
Out-of-Home	31,272	31,630	27,438	28,816	29,592	30,440	31,466	32,882	34,435	36,187	37,967
Consumer Magazines	34,247	33,562	27,198	27,920	27,973	27,226	26,642	26,370	26,348	26,605	26,991
Newspapers	116,580	107,369	88,840	89,534	88,722	86,425	84,786	83,947	83,677	83,926	84,419
Video Games	1,050	1,374	1,602	1,864	2,147	2,442	2,745	3,036	3,344	3,643	3,939
Total	420,098	418,854	376,475	408,852	427,273	450,701	**473,168**	**508,837**	**538,028**	**580,538**	**616,684**

[1]At average 2012 exchange rates.
Note: Television, audio, newspaper, and consumer magazine Web site and mobile advertising are included in their respective segments and also in the digital advertising segment, but only once in the overall total.
Sources: McKinsey & Company, Wilkofsky Gruen Associates

Global advertising growth by category (percent)

Category	2008	2009	2010	2011	2012p	2007–12 CAGR	2013	2014	2015	2016	2017	2012–17 CAGR
Digital	18.7	3.8	18.7	19.2	18.4	15.6	17.3	15.6	14.7	13.4	12.7	14.7
Television	1.1	–7.1	11.8	3.2	6.4	2.9	3.6	9.4	4.1	9.4	5.1	6.3
Audio	–4.5	–13.2	6.6	1.6	2.0	–1.7	2.6	3.1	2.9	3.6	3.0	3.0
Cinema	–0.5	–1.4	12.0	1.3	4.9	3.1	3.5	4.4	5.6	5.6	5.3	4.9
Out-of-Home	1.1	–13.3	5.0	2.7	2.9	–0.5	3.4	4.5	4.7	5.1	4.9	4.5
Consumer Magazines	–2.0	–19.0	2.7	0.2	–2.7	–4.5	–2.1	–1.0	–0.1	1.0	1.5	–0.2
Newspapers	–7.9	–17.3	0.8	–0.9	–2.6	–5.8	–1.9	–1.0	–0.3	0.3	0.6	–0.5
Video Games	30.9	16.6	16.4	15.2	13.7	18.4	12.4	10.6	10.1	8.9	8.1	10.0
Total	–0.3	–10.1	8.6	4.5	5.5	1.4	**5.0**	**7.5**	**5.7**	**7.9**	**6.2**	**6.5**

Note: Television, audio, newspaper, and consumer magazine Web site and mobile advertising are included in their respective segments and also in the digital advertising segment, but only once in the overall total.
Sources: McKinsey & Company, Wilkofsky Gruen Associates

Even excluding the online and mobile advertising included in other categories, digital advertising has grown rapidly, overtaking print newspaper advertising in 2011. By 2017 it will be nearly three times larger than print newspaper advertising, accounting for more than a third of total global advertising and almost matching the share going to television. With digital advertising growing so quickly, each of the other major advertising categories will lose share over the next five years.

Global advertising shares by category (percent)

Category	2007	2008	2009	2010	2011	2012p	2013	2014	2015	2016	2017
Digital	12.3	14.7	16.9	18.5	21.1	23.7	26.5	28.4	30.9	32.4	34.4
Television[1]	36.8	37.2	38.3	39.3	38.6	38.5	37.7	38.1	37.2	37.5	36.8
Audio[1]	8.3	7.9	7.6	7.4	7.2	6.9	6.7	6.4	6.2	6.0	5.8
Cinema	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4
Out-of-Home	7.4	7.6	7.3	7.0	6.9	6.8	6.7	6.5	6.4	6.2	6.2
Consumer Magazines[2]	8.0	7.7	6.9	6.4	6.1	5.5	5.1	4.6	4.3	3.9	3.7
Newspapers[2]	26.5	24.2	22.1	20.3	19.1	17.5	16.3	14.9	13.9	12.9	12.1
Video Games	0.2	0.3	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6

[1]Does not include online or mobile advertising.
[2]Print only.
Sources: McKinsey & Company, Wilkofsky Gruen Associates

The large share gains for digital advertising may mask trends in other media. For example, excluding digital advertising, we expect television, out-of-home, and the small video games and cinema advertising markets to generate share gains over the next five years. TV viewing has generally held up against other forms of entertainment in most countries, allowing TV advertising to gain share even as print readership declines. In addition, as audiences become increasingly fragmented, out-of-home advertising remains a good way to reach large numbers of people, making it appealing to advertisers. Video games, in turn, will benefit from an expanding online video-game market in which ads can be inserted dynamically.

In contrast, shares for audio entertainment and the print media will decline.

Global non-Internet advertising shares by category (percent)

Category	2007	2008	2009	2010	2011	2012p	2013	2014	2015	2016	2017
Television[1]	42.0	43.6	46.1	48.2	48.9	50.5	51.3	53.2	53.8	55.5	56.1
Audio[1]	9.4	9.2	9.1	9.1	9.1	9.1	9.2	9.0	9.0	8.8	8.8
Cinema	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7
Out-of-Home	8.5	8.8	8.8	8.6	8.8	8.9	9.0	9.0	9.3	9.2	9.4
Consumer Magazines[2]	9.1	9.0	8.3	7.9	7.7	7.3	6.9	6.4	6.2	5.8	5.6
Newspapers[2]	30.2	28.4	26.6	25.0	24.2	23.0	22.1	20.8	20.2	19.1	18.5
Video Games	0.3	0.4	0.5	0.6	0.6	0.7	0.8	0.8	0.9	0.9	1.0

[1]Does not include online or mobile advertising.
[2]Print only.
Sources: McKinsey & Company, Wilkofsky Gruen Associates

Global consumer spending

With respect to consumer spending, broadband will show the strongest growth over the next five years, expanding at a projected 10 percent compound annual rate. As a result, broadband will generate 64 percent of the projected growth in global consumer spending. We expect a healthy increase in video games as well, fueled by growing online and wireless markets and a new generation of consoles, with growth reaching 7.1 percent compounded annually to 2017. In-home video, in turn, will increase at a 5.1 percent CAGR, buoyed by ongoing growth in subscription TV and video-on-demand.

The remaining categories will achieve less than 5 percent growth compounded annually. Total consumer spending will rise at a 5.9 percent CAGR to US $1.3 trillion in 2017, from US $1 trillion in 2012.

Global consumer spending by category[1] (US $ millions)

Category	2007	2008	2009	2010	2011	2012p	2013	2014	2015	2016	2017
Broadband	177,094	207,895	231,761	262,476	305,110	346,168	390,186	431,421	474,100	515,828	558,415
In-Home Video	216,063	226,377	234,137	244,258	256,943	269,286	282,441	296,564	311,978	328,352	344,904
Audio	69,022	67,125	66,314	63,065	63,788	64,667	66,334	68,324	70,567	73,035	75,492
Cinema	26,104	26,976	29,745	31,383	31,781	34,072	34,814	36,295	38,027	39,901	41,930
Consumer Magazines	46,075	45,363	43,114	42,348	41,743	40,901	40,214	39,796	39,607	39,604	39,796
Newspapers	73,757	75,022	74,173	74,698	74,734	74,568	74,599	75,125	76,043	77,239	78,675
Consumer and Educational Books	109,391	110,031	108,782	109,882	109,987	108,412	108,573	108,864	108,562	107,533	106,160
Video Games	43,674	52,964	53,996	56,216	58,796	60,546	63,817	68,951	74,547	80,231	85,500
Total	761,180	811,753	842,022	884,326	942,882	998,620	**1,060,978**	**1,125,340**	**1,193,431**	**1,261,723**	**1,330,872**

[1]At average 2012 exchange rates.
Sources: McKinsey & Company, Wilkofsky Gruen Associates

Global consumer spending growth by category (percent)

Category	2008	2009	2010	2011	2012p	2007–12 CAGR	2013	2014	2015	2016	2017	2012–17 CAGR
Broadband	17.4	11.5	13.3	16.2	13.5	14.3	12.7	10.6	9.9	8.8	8.3	10.0
In-Home Video	4.8	3.4	4.3	5.2	4.8	4.5	4.9	5.0	5.2	5.2	5.0	5.1
Audio	–2.7	–1.2	–4.9	1.1	1.4	–1.3	2.6	3.0	3.3	3.5	3.4	3.1
Cinema	3.3	10.3	5.5	1.3	7.2	5.5	2.2	4.3	4.8	4.9	5.1	4.2
Consumer Magazines	–1.5	–5.0	–1.8	–1.4	–2.0	–2.4	–1.7	–1.0	–0.5	0.0	0.5	–0.5
Newspapers	1.7	–1.1	0.7	0.0	–0.2	0.2	0.0	0.7	1.2	1.6	1.9	1.1
Consumer and Educational Books	0.6	–1.1	1.0	0.1	–1.4	–0.2	0.1	0.3	–0.3	–0.9	–1.3	–0.4
Video Games	21.3	1.9	4.1	4.6	3.0	6.8	5.4	8.0	8.1	7.6	6.6	7.1
Total	6.6	3.7	5.0	6.6	5.9	5.6	**6.2**	**6.1**	**6.1**	**5.7**	**5.5**	**5.9**

Sources: McKinsey & Company, Wilkofsky Gruen Associates

A surging broadband market will continue to fuel growth in Middle East/Africa over the next five years, with MENA's consumer and non-ad business spending projected to grow 13.0 percent compounded annually. In Latin America, broadband and in-home video will be the principal drivers of the 10.4 percent projected compound annual spending increase.

We expect Asia Pacific to expand at somewhat slower rates compared with the past five years, while spending in Western Europe and North America will grow at rates similar to ad-related spending.

Global consumer spending by region[1] (US $ millions)

Region	2007	2008	2009	2010	2011	2012p	2013	2014	2015	2016	2017
North America	225,372	232,957	236,889	243,374	249,569	258,217	271,104	284,379	297,463	310,848	324,516
EMEA											
Western Europe	243,071	254,937	259,718	264,737	276,824	280,913	288,321	296,542	305,953	316,462	327,454
Central and Eastern Europe	20,264	23,176	24,235	26,520	30,167	33,110	36,243	39,505	42,834	46,263	49,522
Middle East/Africa	10,542	12,051	13,900	16,008	22,576	28,981	33,108	37,171	42,408	47,860	53,332
EMEA Total	273,877	290,164	297,853	307,265	329,567	343,004	357,672	373,218	391,195	410,585	430,308
Asia Pacific	233,500	255,779	270,771	291,729	314,913	341,205	368,725	397,155	427,176	455,480	483,817
Latin America	28,431	32,853	36,509	41,958	48,833	56,194	63,477	70,588	77,597	84,810	92,231
Total	761,180	811,753	842,022	884,326	942,882	998,620	**1,060,978**	**1,125,340**	**1,193,431**	**1,261,723**	**1,330,872**

[1]At average 2012 exchange rates.
Sources: McKinsey & Company, Wilkofsky Gruen Associates

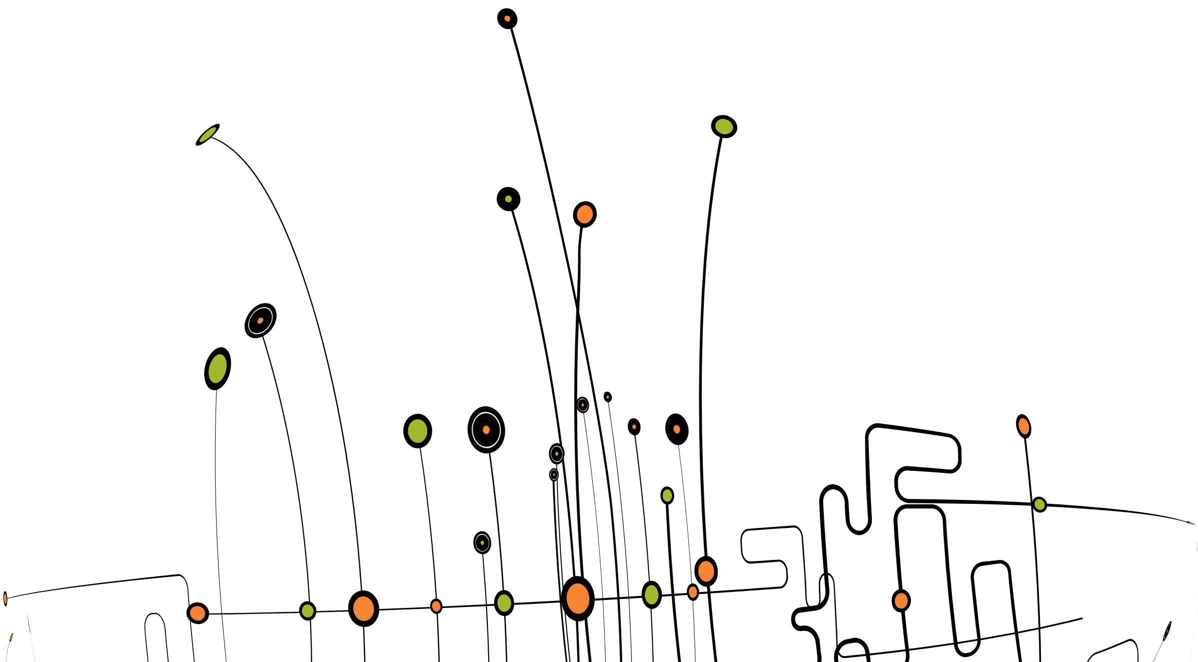
Global consumer spending growth by region (percent)

Region	2008	2009	2010	2011	2012p	2007–12 CAGR	2013	2014	2015	2016	2017	2012–17 CAGR
North America	3.4	1.7	2.7	2.5	3.5	2.8	5.0	4.9	4.6	4.5	4.4	4.7
EMEA												
Western Europe	4.9	1.9	1.9	4.6	1.5	2.9	2.6	2.9	3.2	3.4	3.5	3.1
Central and Eastern Europe	14.4	4.6	9.4	13.8	9.8	10.3	9.5	9.0	8.4	8.0	7.0	8.4
Middle East/Africa	14.3	15.3	15.2	41.0	28.4	22.4	14.2	12.3	14.1	12.9	11.4	13.0
EMEA Total	5.9	2.6	3.2	7.3	4.1	4.6	4.3	4.3	4.8	5.0	4.8	4.6
Asia Pacific	9.5	5.9	7.7	7.9	8.3	7.9	8.1	7.7	7.6	6.6	6.2	7.2
Latin America	15.6	11.1	14.9	16.4	15.1	14.6	13.0	11.2	9.9	9.3	8.8	10.4
Total	6.6	3.7	5.0	6.6	5.9	5.6	**6.2**	**6.1**	**6.1**	**5.7**	**5.5**	**5.9**

Sources: McKinsey & Company, Wilkofsky Gruen Associates

Methodology for Global Industry Overview

- Recent trends in industry performance are analyzed and the factors underlying those trends are identified.
- The factors considered are economic, demographic, technological, institutional, behavioral, competitive, and others that may affect each of the entertainment and media markets. Share shifts between print and digital, in turn, take into account Internet and mobile penetration, which represents the degree of digital competition.
- Models are developed to quantify the impact of each factor on industry spending. A forecast scenario for each causative factor is then created and the contribution of each factor on a prospective basis is identified.
- Spending is counted at the consumer or end-user level, not at the wholesale level, and includes retail markups when applicable. Advertising spending is measured net of agency commissions.
- In addition to annual spending figures, we also present data that are measured at a single point in time, such as TV subscriptions, Internet subscriptions, mobile subscriptions, and newspaper unit circulation. In those instances, we show annual averages rather than year-end totals because annual averages more accurately represent the impact of these figures on annual spending.
- Figures are reported in nominal terms reflecting actual spending transactions and therefore include the effects of inflation. Because all figures are shown as actual spending, with the effects of inflation included, nominal GDP growth has an important influence on media spending.
- Figures are estimated in local currencies for each country and then converted to US dollars using the average 2012 exchange rate, which is held constant for each historical year and forecast year. This means the figures reflect industry trends rather than being distorted by fluctuations in international exchange rates.



Most of the global advertising growth—

63 percent— over the next five years

will be generated in Latin America, Asia Pacific, and Central and Eastern Europe.