



2008 Upfront Opinion Study

Experts Agree Upfront Poised for Growth

The sagging U.S. economy, fallout from the TV writers' strike and continued erosion of broadcast TV audiences have created a sense of uncertainty as buyers and sellers head into the TV upfront season.

Blaming the economy, 57% of marketers and 55% of agency media planners said they expected advertisers to decrease TV spending for 2008-09, according to an online survey of 372 media buyers and sellers participating in TV Guide Network's 2008 Upfront Opinion Study. When asked where those dollars might be diverted, a whopping 73% of respondents said online advertising would be the big beneficiary.

Despite the question marks, however, experts are predicting TV upfront dollars will be up again overall for the 2008-09 selling season. Respondents cited the recent scatter market where buyers paid inflated prices. "If everyone is scared because the scatter market was so expensive, they will jump into the upfront," says Billie Gold, VP-associate director of programming research for Carat USA.

Agrees another VP-media planning for a leading buying firm, who asked to remain anonymous, "As much as we don't think the upfront should be good, the fact is that supply is limited. It will be a pretty healthy upfront because the recent scatter market was so crazy, and the premiums were so high, that people will put more money into the upfront to protect themselves from that happening next year."

Says Richy Glassberg, senior VP-director of sales, TV Guide Television Group, "The upfront has its place in the market for clients and brands that need specific inventory for integrated marketing campaigns and product launches."

No one expects big changes in broadcast TV CPMs this year, despite ratings drops in the wake of the winter Writers' Guild of America strike. Two-thirds of survey respondents predict broadcast CPMs will stay virtually the same in the coming upfront—flat, up or down less than 3%.

But 69% of respondents said cable CPMs would increase this year, compared to only 54% who said broadcast CPMs would increase. "Cable is performing better, investing more and more in original programming—and as a result, they (cable networks) will be able to raise their CPMs," says Carat's Ms. Gold.

"This year I think you're going to see more money move from broadcast to cable as clients look at the declining shares on broadcast and the price proposition," says Bill Abbott, exec VP-ad sales for the Hallmark Channel. "The bottom line is that TV is still a vibrant medium that clients can rely on. In spite of the uncertainty of the economy, I see good gains in the upfront this year."

Among programming genres, 27% of all respondents predicted reality competition would remain strong for the upfront season, and 21% picked sports as the hot programming. Looking at dayparts, 47% said late-night programming would be the most desired non-prime time slot.

The reliance on reality programming is one byproduct of the writers' strike; 55% of respondents say they expect to see additional reality and/or game show programming this year because of the strike. Half of respondents expect to see fewer new shows presented during the upfront, and 47% say they anticipate more year-round development on the part of the networks in the wake of the strike.

It clearly won't be business as usual during this upfront season. "Everyone is being squeezed. But still too many buyers are not digging deeply enough to find the real value," says Mr. Glassberg. "I hope people take this chance to re-examine the upfronts, start from a zero sum and re-establish the value proposition—and not just look at their upfront buys saying, 'I did this last year and have to do it again this year.'"

— Julie Liesse

— For complete results, please go to brandedcontent.adage.com/surveys —

TV GUIDE NETWORK	CABLE	BROADCAST	BUYERS	PLANNERS	CLIENTS
For the 2008-09 TV advertising season, do you expect advertisers to increase or decrease spending over the previous year?	Increase	Remain the same	Decrease	Decrease	Decrease
How much do you expect broadcast TV CPMs to change in Upfront 2008-09?	Increase 3.1%	Increase 2.6%	Increase 2.1%	Increase 2.7%	Remain the same
How much do you expect cable TV CPMs to change in Upfront 2008-09?	Increase 3.8%	Increase 3.4%	Increase 2.6%	Increase 2.9%	Increase 1.6%
Which program genre will be hottest in Upfront 2008-09 season?	Sports and Serialized dramas	Reality competition	Serialized drama and Dramedy	Serialized Drama	Sports
Will the current season's broadcast TV ratings declines affect your media buys?	No	No	Yes	Yes	No
How do you expect the recent writers' strike to affect the TV marketplace?	Additional reality/game show programming	Additional reality/game show programming	Additional reality/game show programming	Additional reality/game show programming	Additional reality/game show programming
What would you like to see TV networks do to boost viewer engagement with ads?	Integrated promotions, games and contests	Integrated promotions, games and contests	Shorter commercial pods	Integrated promotions, games and contests	Shorter commercial pods
What emerging channel(s) do you expect to try this year?	Cable on demand	Online video	Online video	Online video	Online video

Research conducted by Advertising Age
 Base: 372 responding via e-mail polling. Answers listed above reflect average of total responses within each segment.