



2007 Upfront Opinion Study

Flexibility Still Key as Upfront Looms

A relatively strong first quarter scatter market isn't likely to convince advertisers to sink more of their 2007-08 advertising budgets into the upfront season, according to a survey of more than 500 media buyers and sellers. Sixty-eight percent of respondents predicted advertisers would allocate roughly the same percentage of total budget, or less, to the upfront this year, while only 13% forecast that advertisers would devote more spending to the upfront. "Marketers have taken the risk factor about pricing into their consideration of the benefits of holding their money and determining what they want to spend until the last possible moment," said Aaron Cohen, exec VP at Horizon Media. Todd Gordon, senior VP-managing partner at Mediacom, agreed. "More than anything, clients are making their decisions closer to air," he said. "People want more flexibility."

Buyers and sellers also see only modest CPM increases, with 35% and 40% of respondents, respectively, forecasting a 1%-to-3% gain for network TV and cable, and 24% predicting flat CPMs.

On the question of live vs. live-plus ratings, respondents were divided, with 40% expecting to negotiate on live ratings, and 31% and 30%, respectively, anticipating doing business on the basis of live plus same day and live plus seven day. "There's still a wide range of opinions about this," Mr. Gordon said, "although I have to say that the second you move to delayed viewing, you have to talk about commercial ratings rather than program ratings." Asked which newer medium they most wanted to test this year, 22% of buyers and sellers picked mobile programming, while 19% picked web-on-demand and another 19% chose user-generated content. "There are mass media applications and there are applications that provide enhanced experiences for the consumer," explained Tyler Schaefer, managing partner at MindShare and worldwide strategic planning director on the American Express account. Mobile, when used as part of a bigger campaign, can do an interesting job of enhancing people's experience at an event, he said, while user-generated content can generate buzz at the outset of a campaign, building up for the bigger media effort. "The big spot on the Super Bowl might be the culmination these days, rather than the kickoff," he said.

Online advertising will play a significant role in advertisers' 2007-08 budgets, according to respondents, 28% of whom said the Internet would draw 1% to 5% of total upfront spending. Another 21% pegged online spending at 6% to 10%, 13% saw 11% to 15% of spending going online and 8% predicted more than 20% of budgets would go to the web. "There isn't a major company out there that doesn't have an independent online budget and strategy right now," said a senior agency executive who asked not to be identified. "Online is taking a priority."

Online advertising also drew the most votes (37%) from buyers and sellers picking the medium that offers the best prospects for return on investment, with cable coming in second at 17% and network TV third at 14%.

More results from this survey can be found at adage.com/upfrontsurvey. A second survey, to be conducted in July, will seek out buyers' and sellers' perspectives toward the end of the upfront season.

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

TV GUIDE NETWORK	CABLE	BROADCAST	BUYERS	PLANNERS	CLIENTS
Given the relative strength of the first quarter scatter market, how do you expect advertisers to allocate their 2007-08 TV advertising budgets?	The same as last year	The same as last year	The same as last year	The same as or less than last year	Less than last year
Do you expect to be negotiating on live TV ratings, live plus same day ratings, or live plus seven-day ratings?	Live TV	Live plus same day	Live TV	Live TV	Live TV
How much do you expect broadcast TV CPMs to change in upfront 2007-08?	Increase 1.6%	Increase 2.0%	Increase 2.2%	Increase 1.8%	Increase 0.7%
How much do you expect cable TV CPMs to change in upfront 2007-08?	Increase 2.5%	Increase 1.0%	Increase 1.9%	Increase 2.2%	Increase 1.7%
Which program genre will be hottest in upfront 2007-08?	Sports and Serialized Drama	Reality Competition and Serialized Drama	Serialized Drama, Dramedy and Reality Competition	Dramedy and Reality Competition	Reality Competition
What percentage of the advertising you buy or sell during upfront 2007-08 will be online?	7.4%	5.8%	5.7%	5.9%	9.8%
Which medium offers the best prospects for ROI, based on conversations you've had so far?	Cable Networks	Broadcast Networks	Online	Online	Online

Research conducted by Advertising Age and Research Solutions, Inc.

Base: 540 responding via e-mail polling. Answers listed above reflect average of total responses within each segment.