



Press Release

GWA: business conditions for the advertising sector remain stable

Frankfurt am Main, 10 March 2009. The German Association of Communications Agencies (GWA) is expecting revenues for 2009 in the advertising sector to move forward in line with last year's levels. GWA agencies achieved an increase of 5.5 per cent in 2008.

Returns, too, are set to remain stable in 2009. On the basis of the GWA Spring Monitor, GWA President Peter John Mahrenholz (Drahtfcb Deutschland) sees no reason for alarm, though he observes a large amount of uncertainty in the advertising sector: "There is a clear difference between internal and external perceptions. Agency bosses express significantly more pessimistic views when talking about the sector as a whole than they do when speaking of their own agency."

The GWA Monitor is a poll of the heads of leading German advertising and communications agencies and is conducted on a half-yearly basis. It asks about developments in business, costs and returns with regard to individual agencies and the sector as a whole, as well as about other specific issues. The results can be assumed to be representative of the advertising sector as a whole: the GWA covers over 80 per cent of the relevant agency market.

2008: falling levels of satisfaction with growth in revenues

The agency bosses polled appeared only moderately satisfied as far as the past year is concerned. Although, on average, advertising agencies have not felt the full force of the economic crisis in 2008, every second agency boss is of the opinion that the advertising sector cannot be satisfied with the way revenues have developed. In the previous year the figure was only 18 per cent. When asked about the revenues of their own agency, 62 per cent appear to be satisfied, 15 per cent down on the previous year.

A quite different picture emerges for returns: compared with 2007, satisfaction with the returns of their own agencies for last year has risen by an overall eight per cent to its current 53 per cent. Mahrenholz explains: "This result is, at first sight, surprising. Nevertheless, satisfaction is a relative notion and depends on the specific situation. In a difficult economic climate, certain changes in revenues may well be considered acceptable, whereas the same figures would not be considered satisfactory in periods of economic growth."



No reduction in jobs expected

In spite of cautious forecasts for 2009, the GWA is not expecting to see a reduction in the numbers of jobs in the advertising sector. 63 per cent of agencies intend to keep the number of employees at last year's level, whilst 19 per cent are planning to increase their staff. According to the GWA's information, a similar 19 per cent are planning on reducing staffing levels – a very low figure for those with longer memories; in the last economic crisis in 2002/2003 70 per cent of agencies were obliged to let staff go.

Cost pressure has risen further for 76 per cent of agencies and has thus again reached the top figure recorded in the 2002 crisis. 83 per cent of GWA agency bosses expect 2009 to work out worse than 2008 in terms of returns. This figure was still only 30 per cent last year. As a result, GWA agencies foresee a drop in returns of 0.5 per cent for 2009. For the agency sector overall, respondents expect a drop of as much as 7.4 per cent. The GWA predicts no change as far as returns is concerned in 2009, nor for revenues or staffing levels either.

Mahrenholz adds: "We are not anticipating any dramatic collapse in terms of revenues, staffing levels or returns, but nor are we anticipating growth. The full impact of the crisis has not yet hit the advertising sector. Agencies remain particularly important in a crisis, specifically to promote confidence, consumption and investment."

Further information, together with all graphs can be found at www.gwa.de > Themen und Wissen > GWA Monitore

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