

Global advertising expenditures hit another record in 2005, jumping 2.4 percent to \$570 billion.<sup>1</sup> (See Figure 1.) Nearly half of this total (48 percent) was spent in the United States, roughly the same as in 2004 but 4 percent less than in 2000.<sup>2</sup> One large source of new ad revenue in the United States was direct mail.

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Accounting for 21 percent of total U.S. advertising expenditures, direct mail grew 6 percent, to \$56.6 billion and 41.5 billion pieces of mail.<sup>3</sup> This growth was in large part due to implementation of “Do Not Call” regulations in 2004, which restricted U.S. telemarketing practices.<sup>4</sup>

Of total ad spending, about \$404 billion was directed toward major media, including television, newspapers, magazines, billboards, and the Internet—up 2.4 percent over 2004.<sup>5</sup> Television took the largest share, at 37 percent, but grew only 1.4 percent over the previous year.<sup>6</sup> Newspaper advertising, at 30 percent, also grew at 1.4 percent.<sup>7</sup> Magazine and radio advertising, which account for the third and fourth largest categories at 13 and 9 percent, stayed flat.<sup>8</sup> The fastest growth came from Internet advertising: though it accounted for only 5 percent of total major media advertising, it jumped 26 percent in 2005.<sup>9</sup>

Major media advertising grew slowly in North America and Europe—both at less than 1 percent.<sup>10</sup> It grew 2.6 percent in Asia, slightly more than the global average.<sup>11</sup> The majority of growth came in Latin America and in Africa and the Middle East, with these regions increasing almost 15 percent.<sup>12</sup> Combined, however, these regions account for only 10 percent of the global market.<sup>13</sup> (See Figure 2.)

While total advertising is now higher outside the United States than within it, per capita expenditures are still much smaller in the rest of the world.<sup>14</sup> (See Figure 3.) In 2005, total ad spending worldwide reached \$88 per person. But in the United States it was more than 10 times this figure, at \$933 per person.<sup>15</sup> Outside this country, \$48 was spent per person on advertising.<sup>16</sup>

Advertising is a central means for businesses to increase their market share while also stimu-

lating total consumer spending—often for products that are detrimental to consumer or environmental well-being. In 2004 the top 100 global marketers spent \$96 billion on major media advertising.<sup>17</sup> Out of this, 24 percent was spent on automotive advertising, 17 percent went to ads on food and restaurants, soft drinks, and candy, and another 9 percent was spent promoting pharmaceuticals.<sup>18</sup>

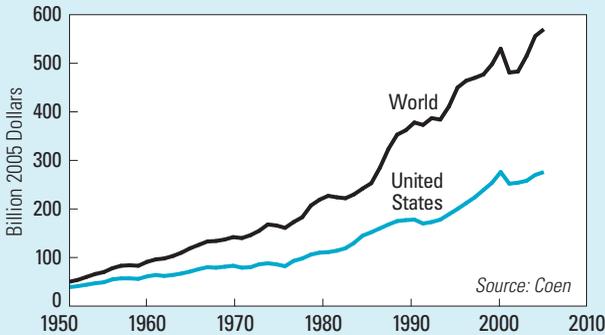
With a growing obesity epidemic and tens of billions of dollars spent on advertising unhealthy foodstuffs each year, it is not surprising that many governments and consumer advocacy groups are trying to curb junk-food marketing, especially when it is targeted at children.<sup>19</sup> In response to threats by European Union commissioners to pass new advertising laws, soft drink companies agreed to voluntary restrictions on advertising, including not aiming ads at children under 12.<sup>20</sup>

France went a step further, requiring food marketers to include health messages in all their ads or pay a tax of 1.5 percent of their annual French advertising budgets to an institute that will promote healthy eating choices.<sup>21</sup>

The U.S. consumer group Center for Science in the Public Interest (CSPI) is using a different tactic to change marketing practices: litigation. In January 2006, CSPI filed a \$2-billion suit against the entertainment company Viacom and the food company Kellogg (the thirty-seventh largest global advertiser in 2004) for engaging in unfair and deceptive marketing of “foods of poor nutritional quality” to children under 8.<sup>22</sup>

Another U.S. group, Commercial Alert, is working to ban direct-to-consumers (DTC) advertising by pharmaceutical companies—a practice that encourages consumers to request specific medications, even when the drugs are unnecessary or inappropriate.<sup>23</sup> According to a study by the Kaiser Family Foundation, every \$1 spent on DTC advertising in 2000 produced an additional \$4.20 in sales.<sup>24</sup> Desire to sell the drugs can lead pharmaceutical companies to bias DTC advertising or even exaggerate the frequency of conditions in order to stimulate sales of medications that are supposed to treat them.<sup>25</sup>

**Figure 1. World and U.S. Advertising Expenditures, 1950–2005**

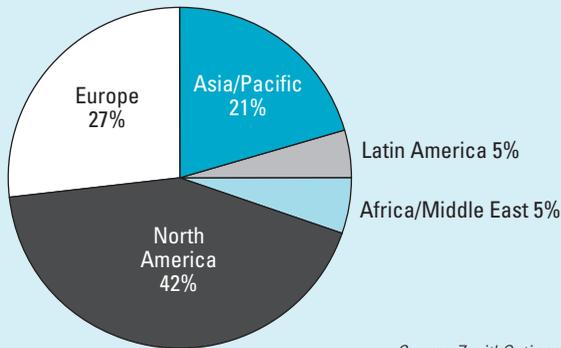


**World and U.S. Advertising Expenditures, 1950–2005**

Year	World	United States
	(billion 2005 dollars)	
1950	50	39
1955	78	55
1960	96	64
1965	126	76
1970	140	79
1971	146	80
1972	155	86
1973	168	88
1974	166	86
1975	161	82
1976	173	93
1977	183	98
1978	207	106
1979	219	110
1980	227	111
1981	224	114
1982	222	119
1983	230	130
1984	242	145
1985	253	152
1986	285	160
1987	324	168
1988	353	175
1989	362	177
1990	378	178
1991	373	170
1992	387	173
1993	384	178
1994	411	189
1995	450	200
1996	464	212
1997	470	224
1998	477	239
1999	498	254
2000	530	276
2001	481	252
2002	483	254
2003	515	258
2004	556	270
2005 (prel)	570	276

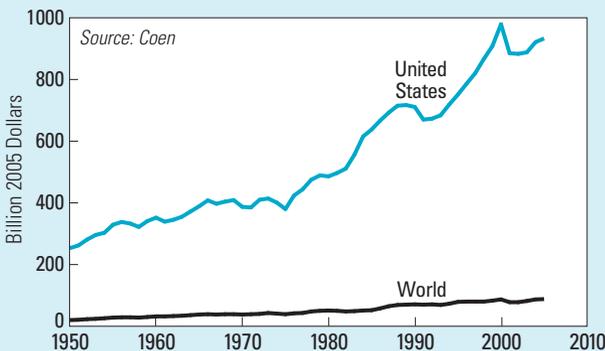
Source: Coen.

**Figure 2. Global Major Media Ad Spending by Region, 2005**



Source: ZenithOptimedia

**Figure 3. Advertising Expenditures Per Person, United States and World, 1950–2005**



- Suitland, MD, updated August 2005; IMF, op. cit. note 1.
17. IMF, op. cit. note 1; IMF, op. cit. note 12, pp. 48–49.
  18. IMF, op. cit. note 1; Census Bureau, op. cit. note 16.
  19. IMF, op. cit. note 1; Census Bureau, op. cit. note 16.
  20. IMF, op. cit. note 1; Census Bureau, op. cit. note 16.
  21. IMF, op. cit. note 1; Census Bureau, op. cit. note 16.
  22. U.N. Development Programme, *Human Development Report 2005* (New York: Oxford University Press, 2005), p. 270.
  23. *Ibid.*, p. 230.
  24. Jason Venetoulis and Cliff Cobb, *The Genuine Progress Indicator 1950–2002 (2004 Update)* (Oakland, CA: Redefining Progress, 2004).
  25. *Ibid.*
  26. *Ibid.*
  27. David Woodward and Andrew Simms, *Growth Isn't Working* (London: New Economics Foundation, 2006).

#### ADVERTISING SPENDING SETS ANOTHER RECORD (pages 54–55)

1. Robert Coen, “Insider’s Report: Robert Coen Presentation on Advertising Expenditures,” December 2005, at [www.universalmccann.com](http://www.universalmccann.com), viewed 8 February 2006; recent data for Figure 1 from *ibid.*; historical data from Robert Coen, *Estimated World Advertising Expenditures*, as cited in Erik Assadourian, “Advertising Spending Stays Nearly Flat,” in Worldwatch Institute, *Vital Signs 2003* (New York: W. W. Norton & Company, 2003), pp. 48–49.
2. Coen, “Insider’s Report,” op. cit. note 1.
3. *Ibid.*
4. *Ibid.*
5. ZenithOptimedia, “Ad Growth Stable with Healthy Hotspots,” press release (London: December 2005).
6. *Ibid.* Note: the percentages in this paragraph use \$394 billion as the total for major media ad spending, as \$10 billion was in undifferentiated spending.
7. ZenithOptimedia, op. cit. note 5.
8. *Ibid.*
9. *Ibid.*
10. *Ibid.*
11. *Ibid.*
12. *Ibid.*
13. *Ibid.*
14. Coen, “Insider’s Report,” op. cit. note 1; population from U.S. Bureau of Census, *International Data Base*, electronic database, Suitland, MD, updated 26 April 2005.
15. Coen, “Insider’s Report,” op. cit. note 1; Census Bureau, op. cit. note 14.
16. Coen, “Insider’s Report,” op. cit. note 1; Census Bureau, op. cit. note 14.
17. Craig Endicott, “Global Marketing,” *Advertising Age*, 14 November 2005, pp. 1–53.
18. *Ibid.*
19. *Ibid.*
20. Laurel Wentz, “Europe Stops School Soft-Drink Marketing,” *AdAge.com*, 31 January 2006.
21. *Ibid.*
22. Ira Teinowitz, “Food Giants Targeted in \$2 Billion Lawsuit,” *AdAge.com*, 18 January 2006; Center for Science in the Public Interest (CSPI), “Parents and Advocates Will Sue Viacom & Kellogg,” press release (Washington, DC: 18 January 2006); CSPI, “Letter of Intent to Sue,” 18 January 2006, at [cspinet.org/new/pdf/viacom\\_\\_\\_kellogg.pdf](http://cspinet.org/new/pdf/viacom___kellogg.pdf), viewed 10 February 2006.
23. Commercial Alert, “Prescription Drug Marketing Harms the Doctor-Patient Relationship,” at [stopdrugads.org/learn\\_more.html](http://stopdrugads.org/learn_more.html), viewed 10 February 2006; Commercial Alert, “200+ Medical School Professors Call for End to DTC Prescription Drug Ads,” press release (Portland, OR: 27 October 2005); Rich Thomaselli, “47% of Doctors Feel Pressured by DTC Drug Advertising,” *Advertising Age*, 14 January 2003.
24. Henry J. Kaiser Family Foundation, *Impact of Direct-to-Consumer Advertising on Prescription Drug Spending* (Menlo Park, CA: 2003).
25. Commercial Alert, “200+ Medical School Professors,” op. cit. note 23; Commercial Alert, “Prescription Drug Marketing,” op. cit. note 23; Michelle Cottle, “Selling Shyness,” *The New Republic*, 2 August 1999; Ray Moynihan and Alan Cassels, *Selling Sickness: How the World’s Biggest Pharmaceutical Companies Are Turning Us All Into Patients* (New York: Nation Books, 2005), pp. 119–38.

#### STEEL OUTPUT UP BUT PRICE DROPS (pages 56–57)

1. International Iron and Steel Institute (IISI), “2005 (Full Year) Crude Steel Production,” press release (Brussels: 18 January 2006).
2. Greg Mazurkiewicz, “Steel Prices Come Back Down to Earth,” *Air Conditioning, Heating, Refrigeration News*, 17 November 2005; historical prices from CRUspi Global Index, CRU International, at [www.cruspi.com](http://www.cruspi.com).
3. J. Mehra, “Steel Industry: to Continue Shining in 2006,” *The Hindu Business Line*, 17 January 2006; Bureau of Labor Statistics, U.S. Department of Labor, “U.S. Export Price Indexes and Percent Changes for Selected Categories of Goods: Decem-