

Welcome to the FEPE World Congress 2009

Christian Kauter, President FEPE International

Dear Ladies and Gentlemen,

It is a great pleasure for me to welcome you to our 50th FEPE Congress in Sardinia. We celebrate our Congress and the 50 years anniversary of FEPE in Sardinia at Chia Laguna Resort and I hope that this beautiful place will inspire us during our two days of information and discussion.

As you might know we planned to hold the World Congress in Hongkong, China. Last fall your board decided to change the place of the Congress, due to the economic slowdown which affected world wide the out of home branch. We were convinced that it would not be reasonable to organize this important event far away, with high expenses for travelling and overnight stays. This decision was confirmed when we heard that in the US the Annual Congress has to be cancelled. So I am very happy that more then 140 people from about 20 countries are attending this Congress which is giving us the opportunity to exchange views, to discuss the various challenges we face in these difficult economic situation and hopefully to find solutions in order to enhance the position of industry in the intermedia competition.

Celebrating 50 years of an International Federation is normally a reason to establish a commemorative publication showing the history, presenting the key people, as well as the most important activities of this organisation. It is not the lack of time nor money why, such a publication does not exist; it is the lack of documentation. However, we will have today Alain Weill, who in his speech gives tribute to the founder of FEPE, Jacques Dauphin.

Allow me, just to mention some highlights.

It was 50 years ago when Jacques Dauphin, inspired by the creation of the European Economic Countries, decided to create a European Association for Out-of-home. He was convinced that outdoor business will get handled more and more on an international level and therefore needs also international contacts and standards.

FEPE then was founded 1959 in Paris and its first President was its spiritus rector, Jacques Dauphin. In the beginning two congresses have been held per year, one in spring, one in fall, these in order to intensivate the contact and to enlarge membership. Also several Committees were created, such as one for Marketing and one for Transport advertising.

One of the probably most important decisions was taken at the General Assembly in 1996 in Budapest. To the name FEPE (Fédération Européenne de la publicité extérieure) was added the word International and decided at the same time to hold every four year a world Congress, what is the case this year.

In the recent past – in which most of you have been involved – the main task of FEPE was to realize its own initiative, to introduce transparent research standards for out of home. We started this process three years ago at our annual Congress in Dubrovnic. It was quite a challenging project because all the countries used their own research standards, and a harmonization of these standards seemed to be almost impossible or at least risky. I am very proud to announce that thanks to the FEPE initiative and activities we have now at our disposal global research guidelines. It will certainly be one of our highlights of our two days meeting, to present you these guidelines and to discuss their future development.

One year ago at my opening speech, I mentioned the positive development of outdoor in the last years and at the same time I warned about a possible economic slowdown in the second half of 2008. I was surprised myself, how fast this slowdown was noticeable and how dramatic its impact on the world wide economy still is. As we all know, cost cutting programs have to be implemented in almost all companies, and media budgets belong to be the first to be reduced or even cancelled. That most of us will suffer this year is inevitable. The question is, how long this crisis – the longest since World War II – will last. One can see first bright signs coming from Asia and also in the US the great majority of the economist predicts a recovery for the end of this or early next year. However, recoveries after financial crises tend to be slower and are likely to be bumpy.

The GDP growth rates estimated by Morgan Stanley for 2009 are not very encouraging. At the same time investments are declining and government budget deficits are expected to rise significantly.

Looking at the ad spends over the last 30 years one discover that shifts in advertising expenditures have proven to be highly correlated to cyclical changes in GDP growth. Advertisers tend to spend more on GDP upswings in anticipation of future growth but carve in spending shortly when the economy slows. There is obviously an overshoot on both, upside and downside. However, it is unclear how current sever recession will impact on spend recovery over the next couple of years.

What does this mean for advertising?

In almost all countries - except Asia – the real GDP growth in 2009 is likely to be negative, as a consequence advertising spending tend to be negative too. From the experience we know that current negative growth of GDP 3 % in the US and Europe can lead to a decline of ad spends of 14 percent and that only with about 2 percent GDP growth ad spends will increase. As the forecast for the next 3 to 4 years predicts a growth between 0 and 2 percents, advertising spending risk to stay low. Therefore the intermedia competition will get more and more hard and the consolidation process will increase.

As we can not influence the economic up and down, we have to work on our competitiveness. Your board discussed the issue at its meeting yesterday. We are convinced that we need to find new ways to sell outdoor; we need a new currency, not selling one panel to the clients, we have to sell the audience, in order to grow its market shares. With the global standards on research we made an important step in this direction. At the same time we have to keep on to be innovative and dynamic. In this context I am very keen to listen to the speech of Sally Dickinson on Econometrics and the one by Paul Meyer on Digital Signage. An other sensitive issue for outdoor is the use of public ground.

In those countries where we work closely together with the executive and legislative authorities in order to find a harmonic get together between the needs of out of home and the needs of the citizens such as social, service, infrastructure and liveable and aesthetically cityscape, outdoor has the highest market share and also gets the best prices. On the other hand, where outdoor is not applying the guidelines or where they are circumvented, our image is suffering and we have a hard time to get the acceptance we deserve. To over use the public grounds with billboards, or event to put illegal billboards, is harmful four our industry and will end up with drastic measures by the regulator.

Furthermore multinational companies with very strong ethical standards and codes of conducts have the policy not to invest there advertising spending, where legal difficulties might come up. There is one important step to take from out side: we FEPE have to create guidelines for outdoor which can be used by the cities. But at the same time we have to create in all the countries national out of home Associations. Associations supporting among others the implementation of such guidelines. I see it as an important task of FEPE to establish such guidelines which shall help to regulate the partnership between the city and the outdoor companies. It is a sort of Master plan containing some key elements like:

- security aspects, particularly for the traffic road
- territory management in relation with construction's rules
- aesthetic and urbanistic aspects

- ecological and sustainability aspects
- poster's and billboards density on the roads and streets
- global approach and masterplan
- advertising impact and media performance

Just to mention some.

This is a new important task for FEPE, we want to involve all of you in this process by creating cyber committees in order to create a code of practice and to enhance our position in the market.

Ladies and gentlemen,

We are celebrating 50 years of FEPE and never in its history the challenges for our industry have been so intensive, even vital. And never FEPE was so important. FEPE is the protector of the interest of out of home. The next two days we have the opportunity to discuss together these challenges, exchange views and explore the new trends in the areas of marketing or on digital communication. I am looking forward to the two days and I wish us all a successful Congress.