→ AGREE OR DISAGREE? Email your opinion to us on adnews@yaffa.com.au

Fusion Strategy director Steve Allen has predicted advertising spend will grow by 9.3% during 2006, but most media industry analysts and media buyers disagree. Their figures are far more conservative, with a predicted 3% to 5% lift in total spend. The feeling among industry analysts is that Allen is being far too optimistic about 2006. What we want to know is:

WHAT IS YOUR PREDICTION FOR ADVERTISING EXPENDITURE GROWTH DURING 2006, AND WHAT FACTORS COULD POTENTIALLY HINDER OR BOOST GROWTH?

DARREN WOOLLEY, FOUNDER, P3

From a media perspective, overall growth of 4% is not unreasonable and many advertisers will have factored this into their plans. But this is not the whole picture.

In the face of falling consumer confidence, fuel prices and interest rate uncertainty, budgets could easily be cut at any time in response to falling returns. The smart marketers are already looking at driving greater cost efficiencies through their creative and media agency arrangement and production costs, while others are planning to spend like crazy before the cuts hit.

In the face of this uncertainty, advertisers and their agencies will need to work harder to ensure they maximise the value of the spend and thereby maximise return on investment. Basically, while media spend may increase, the other cost areas associated with advertising will come under greater scrutiny and pressure.

GUY JOHNSON, NSW GROUP SALES & AGENCY DIRECTOR, FAIRFAX

The great thing about Steve is that he always has a considered opinion, isn't frightened to express it and is prepared to be wrong (I hope he is right!). However, after two years of sustained market growth it is a bold prediction off a high base. While it's all nodding heads regarding explosive online and pay TV next few years. Dollars will move away from traditional format main media towards new, more personal, alternatives.

We remain optimistic that our forecast for 2006 overall ad spend could well swing into bullish mode as time progresses. There are some strong positive drivers such as income tax cuts, continued growth of spending on luxury goods by baby boomers and strong indicators of business willingness to invest. The wild cards are interest rates, petrol prices, looming job cuts and mortgage burden.

Can we make Steve Allen's predicted 9.3%? It's just not possible.

SIMON HAKIM, MANAGING DIRECTOR, THE SURGERY

In my opinion, above-the-line ad spends will increase slightly overall throughout 2006. However, reduced ad expenditure is more than likely to happen in FMCG, particularly where traditional media is concerned. Increased competition from retailers' home brands, tougher trading terms, retailer discounting strategies and in-store promotions are making it difficult for advertisers to achieve their KPIs.

Advertisers who view ad spend as a pure expense item (rather than an investment) will undoubtedly improve short-term profit margins by cutting their ad budgets, but it will be at the expense of their brands.

"4% is not unreasonable."

Darren Woolley, founder, P3

"It is a bold prediction."

Guy Johnson, NSW group sales & agency director, Fairfax

"It's just not possible."

Harold Mitchell, chairman, Mitchell & Partners