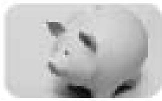
Report
MEDIA MARKETPLACE
Manning Gottlieb OMD



Economic Update

Is the British economy showing signs of life? The FTSE 100 continues upwards for the second month in a row. Mortgage interest rates are falling and homes are becoming more affordable.

Consumer confidence has stabilised and optimism is growing regarding the current economic situation. Chancellor Alistair Darling clearly shares this optimism. When delivering the budget on 22nd April, the Chancellor announced that Britain would climb out of recession by the end of the year. However, the International Monetary Fund (IMF) and the Institute for Fiscal Studies (IFS), an independent UK think-tank, have responded to these glimmers of hope with words of caution. Following the Budget, the IMF contradicted the viewpoint of the UK Treasury by claiming the British economy will shrink by a further 0.4% in 2010, whilst the IFS warned the UK faces ‘a decade of pain’.

In his Budget speech, the Chancellor stated, “You can grow your way out of recession, you can't cut your way out of it”.

Therefore the plan is to support the economy now and then look to reduce borrowing. As the economy faces its worst period since the Second World War, the Chancellor said the UK will have to borrow a record £175bn. At this level, Government debt will represent 59% of GDP (UK output), and with continued borrowing, it is expected to rise to 79% by 2013-14 before beginning to fall. The shadow Chancellor, George Osborne, believes that this gap will leave the country facing a ‘tax bombshell’. However, the Chancellor stated that the nation’s books will be balanced through a combination of spending cuts and tax rises.

Mr. Darling announced a new programme of ‘efficiency savings’ aimed at trimming departmental budgets, reducing the growth in overall public spending to only 0.7% in real terms from 2011. This figure is down from the previously planned 1.1% growth rate and it represents the lowest growth since the beginning of the Thatcher era.

The Chancellor plans to raise income tax for those earning more than £150k per annum to 50% from April 2010. It is hoped that the proposal will raise as much as £5.5bn a year by 2012, and it represents one of the biggest per-capita tax increases in recent history. However, the plan has attracted criticism as the new rate is above that in France and Germany. It has been claimed that the tax hike will result in an exodus of high earners from the UK, ultimately leading to a decrease in tax revenue, along with a migration of business as the UK becomes more ‘unattractive’. If business migrates, so do jobs. In addition to this greater degree of uncertainty surrounding employment, the ‘man on the street’ was hit with the usual tax increases on alcohol and cigarettes, both 2%, along with a 2p per litre increase on petrol.

Other measures included: the adoption of a car scrapping scheme aimed to reduce the amount of environmentally less-friendly cars on the roads and help boost the car industry; the pledge of fresh support and additional investment into low-carbon industries and energy, making Britain the first country in the world to bind itself to an ambitious long-term framework to limit its greenhouse gas emissions.

Although the Budget was full of headline-grabbing measures, it is likely few people will feel the effects. It was the Chancellor’s view on the state of the economy which drew most interest from politicians and commentators. The consensus view is that the UK Treasury is overly optimistic. A majority of economists believe the UK will not see growth for another 12 months with unemployment likely to near 10%.

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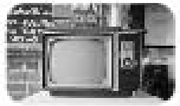
Media Marketplace Report



TV: Market Overview

Top 10 Advertisers March 2009	Spend (Gross)	YoY
COI	£10.9m	16%
Procter & Gamble Ltd	£9.1m	-8%
Reckitt Benckiser (Uk) Ltd	£7.9m	6%
Aviva Plc	£5.7m	486%
Kellogg Ltd	£5.4m	1%
L'Oreal Paris	£4.3m	26%
Nestle	£3.9m	146%
Tesco Plc	£3.7m	-31%
Ford Motor Company Ltd	£3.3m	36%
Unilever Uk Ltd	£3m	-65%

Supplier	Revenue £m	YOY
ITV1	£87.5m	-23.5%
C4	£43.5m	-22.3%
FIVE	£16.6m	-21.9%
MCH	£81.5m	-18.5%
TOTAL TV	£239.2m	-19.9%

The month of March saw TV revenues fall year on year once again, yet despite a slight drop in impacts versus March 2008, the market remains deflationary and as such TV continues to provide exceptional value for advertisers.

It should come as no surprise that the COI are once again the biggest spenders on TV for the month of March. Indeed, it has been almost impossible to miss their DVLA, Stroke Awareness or FRANK (Cannabis) activity.

AVIVA also occupy a spot in the top ten. The insurer have put TV at the centre of their media strategy throughout their rebrand, and this is reflected in the 486% increase in their spend versus March 2008.

ITV proved to be the biggest losers this month, with revenue down 23.5% year on year. Channel 4 and Five faired marginally better, although total broadcast revenue continued to fall.

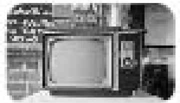
Commercial impacts also fell for the first time since the recession took hold in October, although this can be attributed to the Easter weekend moving into April.

ITV1 saw a 7.17% drop in viewing and Channel 4's audience also fell by 2% versus March 2008. However, C4 were boosted by strong performances from Red Riding (2.4m), Peter Kay (2.5m) and Relocation, Relocation (3.3m).

Elsewhere, Five enjoyed the successful launch of the critically acclaimed US crime drama, The Mentalist. The show, which will likely be one of Five's best performing programmes of 2009, attracted 4.3m viewers.

The only significant audience growth was amongst the multi-channel stations (+2.43%). 2.3m witnessed Manchester United's narrow win over a spirited Tottenham in the Carling Cup Final. Lost continued to perform well, averaging at 1.1m and Jade Goody's wedding pulled in 800,000 viewers for UKTV's Living.

Media Marketplace Report



TV: Market Overview

Michael Grade's arrival in 2007 was supposed to mark the dawning of a new era for ITV. The broadcaster had hoped to become 'The UK's favourite source of free, original entertainment across the popular platforms and devices'.

However, April 2009, saw Grade resign as Chief Executive, with his successor yet to be named.

Grade had initiated a comprehensive content led recovery strategy for the station. The objective was to bring global content revenues to £1.2bn by 2012, online revenues from ITV.com, ITV Local and Friends Reunited to £150m by 2010 and set the company's production arm a target of providing 75% of ITV1's programming spend. This would in turn produce more high quality programming, increase audiences and open up more creative opportunities for advertisers which in turn would boost ad revenue.

However, this ambitious plan had been halted by a succession of unforeseen circumstances. Firstly, their was the phone scandal, followed by the poor performance of new commissions, the collapse of the potentially lucrative Project Kangaroo and most significantly, the onset of the recession.

In the current economic climate their preceding strategy had become redundant. The targets set in 2007 were no longer appropriate, giving rise to ITV's new cost slashing strategy where they hope to save £155m this year, rising to total savings of £245m by 2011. ITV intend to reach these targets through all their businesses, including programming costs. As such, Grade announced his intention to step down as Chief Executive of the broadcaster before the end of 2009.

As the credit crunch continues to take a bite out of the British economy, some advertisers have demonstrated that with clever creative execution it is possible to extract greater value from their media spend, just by thinking "outside the box". Simple!

It has been almost impossible to ignore Alexander Orlov, founder of Compare the Meerkat, in recent months. Facebook users will already be aware that he has almost 400,000 fans on the site. Coupled with his own website and viral video outtakes and bloopers, Orlov has certainly proved to be popular TV personality, even making an appearance on this year's Comic Relief.

Indeed, such an innovative creative has opened up boundless opportunities to build brand affinity beyond the initial 30" spot. In the cluttered market within which the brand operates, Alexander's stand out TV spot and subsequent appearances online has successfully enabled the brand to communicate and achieve cut-through with consumers.

As such, Compare the Market have been able to stretch their TV spend onto other platforms by using such a clever execution. They hope that this will help them to strengthen their brand, and stay at the front of mind for those consumers looking to renew their car insurance in 2009 and beyond.

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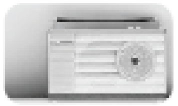


Radio: Market Overview

Top 10 Advertisers March 2009	Spend (Gross)
COI Communications	£8.7m
T Mobile Network	£1.1m
Specsavers Optical Group LTD	£776,146
Dept for Transport	£772,709
Metropolitan Police	£734,482
Marie Cure Cancer Care	£642,612
Autoglass Holdings	£490,238
Citroën UK LTD	£430,405
Britannia BS	£409,452
Audi UK LTD	£406,428

Q1 spends are down 11% on last year and this is against what was a fairly soft Q1 last year. Although creeping back this month motor advertisers have all but dropped out of the top 10 for the quarter but are expected to return next month as they take advantage of the medium to tactically advertise the government's scrappage tax break.

In recent years, the relationship between commercial radio and the BBC consisted mainly of firing off insults over each others responsibilities and squabbling over their share of total radio listening.

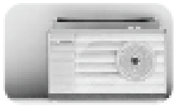
It looks at long last like this is about to change as commercial and BBC bosses are ready to stand shoulder to shoulder as a unified force in the Radio Council.

The council will take the form of a joint trade body, ensuring the development of radio into the digital age, and this heralds the advent of this new era of collaboration. The Radio Council will take the lead on digital matters and there are already several significant projects on the table.

One significant motive has undoubtedly been the downturn, which has brought a realisation from the big radio players, that working together is essential for the future of radio. The BBC's Director of Audio and Music Tim Davie has brought into the corporation the commercial nouse you would expect from a former marketer at PepsiCo .

The first is the exciting development of a joint BBC and commercial radio player, built on the BBC iPlayer model and making all UK radio stations available in one place. This offers a real opportunity for commercial stations, who will be available in the same place as the BBC stations, creating an online hub for all radio. This marks a levelling of the playing field after the BBC have dominated for years due to domination of the FM/AM bandwidth.

This could particularly benefit niche music stations and offer more robust audiences for these stations. For example, the likes of NME have found It difficult to build any audience where their distribution is patchy, however, on a level playing field with the BBC, at least in terms of distribution they may fare rather better.



Radio: Market Overview

While the first phase will only support live streaming, the development of time shifted, catch up services will follow. The player is also likely to be backed by a large marketing push across the BBC, similar to the recent campaign for the iPlayer.

This will be a fantastic boost for the medium and may even draw listeners to commercial radio who traditionally stayed loyal to the BBC, especially in regions where the commercial choice has been limited via analogue platforms.

The commercial sector see this as a long overdue commitment from the BBC to use their position to forge the path for digital radio/audio. It has been noted that radio has suffered with the lack of a challenger like Sky, which pushed the adoption of multichannel and later, digital TV. There's no doubt that recent consolidation will make collaboration with 'The Beeb' a lot easier and its positive to see commercial radio groups demonstrating a willingness to work together,

With the relatively slow take up of DAB and the pressure that transmission costs put on commercial broadcasters there is a growing feeling that while there have been several success stories, such as Bauer's youth brands, streaming is the future.

It remains to be seen how the commercial sector will fare, when compared side-by side with the BBC. It is likely that much of the content that the commercial sector supplies is best heard live as it's music radio. Cost constraints have meant that the BBC is the dominant content force. What commercial radio really needs is to broker a deal with the BBC to share more content and who knows, we may see the advent of "Dave" Radio in the future, making what is currently missable commercial radio content un-missable!

While potential future audio platforms are taking up lots of the headlines, local commercial radio groups are fighting their own battle over relaxation of regulation.

In the response to consultation on the future for Digital Britain, Ofcom proposed sweeping away the regulation of small local radio stations and allowing larger regional stations to ditch their local commitments. Although it will be to little too late for some, including UTV's Valleys radio that closed this month, it may lead to a rebirth in local radio services which have been declining steadily compared to brand led regional stations.

Against this backdrop, there are positive signs for local radio. Demonstrative of this is the bidding war that is currently going on to take control of the Local Radio Group which owns 20 local stations, between UKRD and a group headed up by the current management.

Elsewhere, Global are making more redundancies, this time cutting programming, online and display staff as they weather the storm of decreased ad revenues.

The stations affected will be Gold and Xfm, stations that are already arguably underinvested in. Xfm, who recently replaced breakfast DJ Alex Zane, with rock stalwart Ian Camfield, are set to be managed by Capital's staff, possibly sealing their transition from edgy indie station to bland jukebox.

Global seems almost to be operating a two tier approach to running their stations, supporting expanding its profitable, larger stations, Classic, Heart and Capital while stripping back on smaller ones. The likes of XFM, LBC and Choice FM are being squeezed to cut overall operating costs, undervaluing the contribution these make to advertisers schedules.

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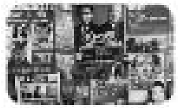
Media Marketplace Report



Press: Market Overview

Top 10 Advertisers March 2009	Spend Gross
Tesco Plc	£4.3M
Asda Stores	£3.9M
DFS Furn Plc	£3.8M
COI	£3.4M
Procter & Gamble	£3M
B&Q Plc	£2.6M
Unilever UK	£2.2M
British Sky	£2M
Argos Ltd	£1.8M
WM Morrison	£1.8M

Source: Addynamix August 2007

Sport magazine suspends publication

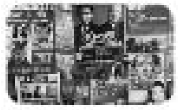
The middle week of April saw Sport magazine suspended due to their French parent company, Sport Media & Stratagie going into administration and are currently seeking investment from another party. The title had been running for 31 months since launch and had never turned a profit.

Sport MD Greg Miall claims that the title's suspension came down to "Financial Armageddon" and that they were rethinking their business model. Miall said that although the title was popular, especially with the AB demographic, they had felt the effects of several clients cutting ad spends or going into administration.

Rival free title Shortlist have apparently been approached with regards to investing but decided against any sort of backing having assessed Sport's financial state. Shortlist denies the demise of this sector of the market and has always held a larger circulation than Sport, possibly due to more general, lifestyle editorial. This has meant that they were able to command higher ad rates from clients which is obviously vitally important in a sector where total revenue is driven by ad sales alone. With the loss of Sport, we could see Shortlist's numbers increase further.

What will be interesting is to keep an eye on potential investor's for Sport. Publishers such as magazine houses (e.g. Talksport, IPC, Natmags, Bauer) may be interested in adding a free title onto their portfolio.

Manning Gottlieb OMD Media Marketplace Report



Press: Market Overview

London Lite & Metro sales teams merge

It seems very likely that Associated will be streamlining their freesheets sales team even further. After a spate of redundancies and merging the London Lite and Metro planning teams, rumours are rife that the sales teams will also merge thus resulting in further redundancies. Metro's Head of Trading will be moving to the London Lite in a few weeks. This move was undoubtedly to bring the London Lite's trading structure in line with the Metro. Both of the London Lite and thelondonpaper are haemorrhaging money and Associated have decided to tackle the problem by trying to make the Lite as an attractive and profitable proposition as Metro.

Merging the two titles makes sense from a trading point of view; particularly as Associated will be able to sell both titles as an essential morning and evening package to advertisers. Associated currently refuse to confirm or deny these rumours, however, the merger would also make sense from a trading perspective as the morning and evening package is something no other publisher can offer.

BBC Good Homes to close

After what is described as 'much deliberation' BBC Magazines have decided to cease publishing *Good Homes* magazine, the title that launched in 1998 with an initial circulation above 150,000.

This decision has been made in response to a free-falling paid for circulation and with little prospect of a quick turnaround in the housing market over the next 12 months.

Peter Phippen, of the BBC, said that the increasing losses being incurred by the title meant that it could no longer deliver on its remit of' providing profit for the corporation'. Alternative roles are being sought for the current *Good Homes* team within the BBC portfolio, with the majority likely to be retained.

Being an historically strong title within the sector, this news obviously throws a spotlight on to other similarly circulating titles such as *Your Home* and *25 Beautiful Homes*. Whilst these titles along with market leaders such as *Ideal Home* don't have the same business model or parent structure as BBC magazines, it is clear that a tough year lies ahead in generating greater 'home interest'.

It will be interesting to see the publishers statements and marketing activity that emerge in the coming weeks in response to the demise of such as significant title within this competitive market.

AOP Awards

The Association of Online Publishers have their annual awards at Old Billingsgate on 2nd June and both IPC and Guardian Media Group have received a raft of nominations for their online presence and sales activities.

Categories include Digital Editor, Consumer Editorial team and best Digital Sales Team.

The predominance of IPC and Guardian Media Group show the increasing commitment of these traditionally print publishers to increase the visibility of their commitment to digital.

Other notable nominated publishers are Reed Business and News International.

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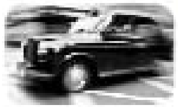

Outdoor: Market Overview

Top 10 Advertisers March 2009	Spend (Gross)
COI	£3.9M
O2	£1.8M
BP	£1.8M
Unilever	£1.6M
E1 Entertainment	£1.1M
Nestle	£1.1M
Universal Pictures Ltd	£1.1M
GlaxoSmithKline	£1M
Coca Cola	£995,342
TMobile	£921,944

Adgroup's Airport Partners arm has won the ad and promotion contracts for Blackpool, Norwich and Plymouth airports.
The company now look after the advertising in 20 of the UK's commercial airports including Leeds, Glasgow Prestwick and Bristol.

Talking posters on horizon thanks to paper speaker breakthrough
Super thin speakers suitable for thin devices such as LCD screens have been produced out of paper by a research company in Taiwan. The poster sized speakers should be able to be mass produced cheaply thus making them an attractive prospect for media owners.

JCDecaux launches 2 more iconic towers
These two new sites compliment the existing M4 and A3 towers and means that JCD now have a site covering each of London's 'wealth corridors'. London, Hampshire, Berkshire, Surrey and Buckinghamshire account for over one third of the UK's wealth.
The A40 tower is 30 metres high and is located at the Westfield Shopping

Centre, a highly desirable address which will deliver 1 million impacts every 2 weeks (source DETR).

At 20 metres tall, the M3 tower delivers 1.6 million impacts every 2 weeks (source DETR). The M3 leads to Hampshire, home to 8% of the UK's wealthiest people which is the highest concentration of wealth in the country (source: Barclay's wealth).
From May both towers will have the capability to offer Halo lighting using the same successful LED technology as JCDecaux's Premiere 500 billboards.

Titan have renegotiated two ad contracts for 7 years for Network Rail's railside and roadside portfolio
The contracts were previously worth up to £80m a year, following a period in which Network Rail sought proposals from rival Out of Home contractors.

This is great news for Titan as the contract means that they have exclusive rights to sell inventory across Network Rail stations (including Transvision screens, static sites and digital 6 sheets) as wel as 17 stations including London Euston, Victoria and Kings Cross. It also enables them to continue selling 3100 x 48 and 96 sheet sites on Network Rail land across the UK.

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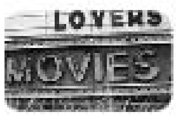


Cinema: Market Overview

Top 10 Advertisers March 2009	Spend (Gross)
COI	3.5m
Orange	3.4m
Volkswagen	2.8m
Kellogg’s	2.3m
The Co-Op Bank	1.8m
Sky	1.4m
Dept for Transport	1.4m
Peugeot	1.3m
Vauxhall	1.3m
Buena Vista Home Ent	1.1m

UK Box Office Mar Top Ten (£)

11.2m

8.4m

5.7m

5.6m

4.4m

3.3m

2.9m

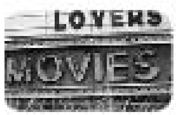
2.9m

2.8m

2.7m

3D is making its real debut among cinema-goers. The Bolt 3D screenings proved this by taking over twice as many admissions than its 2D version. The technology has improved enormously since the days of blue and red glasses and all distributors are releasing big 3D films this year, culminating in James Cameron’s epic Avatar at the end of the year. Prior to that, films including Coraline, Ice Age 3, Up & A Christmas Coral will all be in 3D.

Media Marketplace Report



Cinema: Market Overview

Top 10 Categories 2009	Spend (Gross)
Motors	7.5m
Gov't, Social, Pol	5.9m
Telecoms	5.5m
Ent & Media	4m
Food	3.8m
Cos & Toiletries	2.5m
Finance	2.2m
Drink	2.1m
Travel & Transport	1.7m
Computers	973k

UK Box Office Top Ten Film 2009 (£)

31.3m | 17.7m | 14m | 11.5m | 9.3m

9m | 8.6m | 8.1m | 8.1m | 8m

Huge box office releases and admissions are set to continue throughout the year with a spectacular line up to look forward to. We expect admissions to be up 5% across 2009. In Q2 & Q3 alone there is a massive release every week, kicking off with Wolverine on the 1st May and this continues all the way through until the end of August with blockbusters such as Star Trek, Angels & Demons, Terminator Salvation, Transformers 2 & Harry Potter and the Half Blood Prince.

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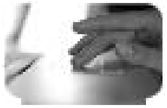

Online: Market Overview

Top 10 Advertisers March 2009	Spend Gross '000 GBP
O2/Viag Interkom	4,206
Virgin - Virgin Media	3,888
T Mobile	1,817
DirectGov	1,707
Virgin - Virgin Mobile	1,552
BSkyB - Sky.com	1,487
Aviva - Norwich Union	1,345
Capital One	1,160
GameDuell	1,129
Transport for London	1,098

Telco companies continue to lead the way in both months. Aviva spent £1.3million on the rebranding of Norwich Union, with Virgin continuing to be one of the largest spenders online with both its media and mobile offerings.

AOL rolls out social networking aggregator

AOL is launching a platform that adds social networking services like Facebook, Bebo, Twitter and Gmail to any website, broadcasting a user's activities in real-time to their friends. AOL claims that Socialthing for Websites adds social networking functionality to third party sites and enables publishers to attract new users and keep them engaged wherever they are on the web.

Socialthing creates a toolbar along the bottom of a website that brings both group chat and private chat to the site in the form of pop-up boxes. It also comprises a content stream that shows the latest articles and comments, as well as a personal stream of activities from other websites. AOL hopes to tap in to the growing popularity of real-time updates, as pioneered by Twitter, and replicated by Facebook's revamped newsfeed.

After logging into Socialthing users will be able to join public conversations in the site's chat rooms and communicate directly with any other user who is also logged into Socialthing on that site. Publishers are also able to insert their own content into the user's feed, and create conversations around it. It features 'unified sign-on', meaning users do not have to create a new user ID and password to access the service, users will automatically share their experiences on the website with their social network, and will be able to use instant messaging and chat services.

Socialthing is an open platform, giving third party-developers the ability to create apps and distribute them to a wide audience. AOL's publishing unit MediaGlow is in the process of rolling out Socialthing across its network of 74 sites. Socialthing is already functional on country music site TheBoot.

Source: Ad Relevance March 2009

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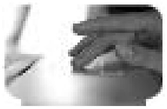

Online: Market Overview

Advertising Association predicts Ad spend will rise 50%,

Ad spend could increase by more than 50% in real terms between 2010 and 2020, buoyed by continued rise in online spend, the Advertising Association (AA) has forecast.

Its long term advertising expenditure forecast, compiled by the World Advertising Research Center, concluded two possible scenarios for ad spend. One, is a "high option", which forecasts a 52% uplift in ad spend over the period. A second scenario forecasts a 28% uplift in ad spend between 2010 and 2020. If the current economic downturn is factored in to its forecasts, then ad spend is forecast to increase by as much as 32% between 2007 and 2020. The Advertising Association suggests online's share of spend will jump from the current 6% to 14% by 2020.

Key growth areas expected include "other classified" (includes paid-for search advertising), which is predicted to increase its share of total spend from 27% to 38% by 2020, helping to offset a predicted downturn in display advertising from 66% to 55%. Across the classified sector, the internet is predicted to become the dominant medium, and its share of recruitment advertising is predicted to rise from 31% in 2010 to 58% to 2020. Mobile advertising is expected to account for around 10% of all advertising by 2020.

The Long Term Advertising Expenditure Forecast bases its advertising expenditure forecasts around the expected future performance of the UK economy and assumed that UK GDP will begin to grow from 2010.

Telegraph overtakes Guardian as top newspaper site

The Telegraph and the Daily Mail's websites were the fastest-growing among all newspaper publishers' online services in the past year, according to ABCe data.

Telegraph.co.uk's online's unique user base soared by 153% between April 2007 and April 2008, according to the latest ABCe figures, which put the portal ahead of guardian.co.uk for the first time as the UK's most-visited newspaper website. Dailymail.co.uk posted the second biggest year-on-year rise in unique users, with a rise of 92%, to 18 million users last month. News International's stable of online offerings posted the third-biggest year-on-year growth - up 72.9% year on year, with The Sun claiming 14 million users in April (a 71% rise year on year), and 15.4 million users visited the Times Online website (a 73% rise year on year).

Separately, web standards committee Jicwebs has announced that it will review the methodologies for national newspapers that ABCe audits to industry standards. The committee said the review would aim to further improve the comparability of industry standards, by addressing potential variances.

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Manning Gottlieb OMD Media Marketplace Report

Emerging channels: Market Overview

UK Android phone sales reach 100,000.

Sales of the Android powered phones have now reached 100,000 handsets in the UK.

Owned by Google, the Android operating platform is open source and allows anyone to submit mobile applications, unlike the iPhone which is regulated by Apple.

T Mobile launched the first Android powered phone in 2008 with the HTC Dream and in 2009 we should expect at least another 10 handsets to come to market through various suppliers and networks. Once these handsets come to market, Android is expected to see rapid growth in the smartphone category.

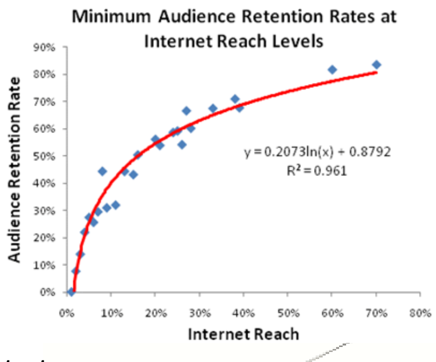
Although 100,000 handsets is still very small, and at a similar market time last year the iPhone penetration was larger, it may be that the open source platform for applications will drive android take up by the mass market, especially now that the iPhone has raised expectations.

Twitter Quitter?

Ashton Kutcher, the guy from punk'd is one of the most followed with almost 1.6million followers. However, recent reports show more than 60 percent of U.S. Twitter users fail to return the following month, or in other words, Twitter's audience retention rate, or the percentage of a given month's users who come back the following month, is currently about 40 percent. But although the story isn't vastly different in the UK we are seeing and increase in retention rates month on month. Figures from Nielsen Online revealed 42% of the site's users in February returned in March 2009, increasing from 40% retention in February and 6% in January.

Below is a chart which plots the minimum retention rates for different Internet audience sizes, it is clear that a retention rate of 40 percent will limit a site's growth to about a 10 percent reach figure.

To be clear, a high retention rate doesn't guarantee a massive audience, but it is a prerequisite. There simply aren't enough new users to make up for defecting ones after a certain point. However, as long as retention in the UK increases we believe Twitter will become a viable platform for brands to engage with their audience with some scale.



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