

Synovate enjoys industry-topping growth in 2006

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Aegis Group plc, which owns global market research company Synovate, has reported 2006 preliminary results showing another year of excellent progress as business positioning and product investment deliver a tenth straight year of market outperformance.

Synovate significantly outperformed the wider market research industry for another year, growing almost twice as fast as the total market. Organic revenue growth accelerated in the second half of the year to reach 9.5% for the full year. We continued to benefit from Synovate's weighting to high-growth markets, with 30% of total revenue from Asia-Pacific, Central and Eastern Europe and the Middle East, compared to around 18% for the industry as a whole. Total revenue growth of 21.4% at £401.2m included the first full year contribution from nine acquisitions made in 2005, as well as one acquisition in South Africa made in 2006.

£m			
Revenues	2006	2005	Change
EMEA	183.2	133.3	37.4%
Americas	134.1	127.4	5.3%
Asia Pacific	83.9	69.8	20.2%
Worldwide	401.2	330.5	21.4%
Operating profit	30.8	25.3	21.7%

Underlying operating profit before associates grew 21.7% from £25.3m to £30.8m. Operating margins improved in the second half, although not to the full extent planned, because Univero, acquired late in 2005, is taking longer than first expected to bring to Synovate's operating margin. Excluding Univero, EMEA, the Americas and Asia-Pacific all increased margins year-on-year.

Our strategy of developing our multi-national client business, through our global client relationship initiative started in 2005, has proved extremely successful at driving growth. Revenues from our largest 15 clients grew well ahead of Synovate's overall organic growth as we succeeded in increasing our share of roster spend with multi-country and global mandates.

Synovate is today a highly international business, with no country of origin or head office and a global perspective. Four years after its launch, the Synovate brand is proving increasingly powerful, representing harmonised research solutions and practices in 51 countries. In 2006 we continued to develop the Synovate business model with 'From Now to Wow!', running business groups and supporting functions on an increasingly seamless global basis, regardless of location.

2006 also saw further progress in Synovate's industry practices and solutions. We started 2006 with industry and solutions-led practices in Healthcare, Motoresearch, Retail Analytics and Censydiam. During the year we created practices in Loyalty, Product Design & Development and in Brand & Communications. Product Design & Development won Synovate's largest ever contract in the course of 2006. The creation of the Brand & Communications practice in Synovate's single greatest area of expertise, allowed us to launch our Brand Value Creator (BVC) in November. BVC represents a major development in sales forecasting, integrating market barriers (which prevent people from buying what they want to buy) into the brand equity equation for greater visibility and accuracy in correlating marketing investments and sales.

Synovate continued to internationalise its service offering, with the introduction of products and practices throughout the network, as in Media, where our long-established PAX survey celebrated a decade in Asia, and has now expanded organically into the Middle East. Latin America will follow in 2007, as will Europe, with the acquisition through Interview-NSS of market-leading EMS, a survey of 4 million European media consumers, giving us global product coverage.

Highlights of 2006 performance for Aegis plc include:

- Best-in-industry organic revenue growth at 7.7%
- 16% growth in underlying pre-tax profit to £116.2m (2005: £100.2m)
- Underlying diluted eps up 14.8% to 7.0p (2005: 6.1p)
- Record year for net new business at \$2.7bn (2005: \$1.6bn)
- Reaping benefits of investment in acquisitions, new products and services
- 20% of Aegis Media revenue from digital, up from 15% in 2005
- 20% of our total business today in developing markets

Robert Lerwill, CEO of Aegis Group plc, said:

“2006 was another excellent year for Aegis. We continued to operate at the forefront of major industry shifts: digital convergence in media and entertainment; true globalisation and sophisticated applications in market research. Both Aegis Media and Synovate delivered strong performances, ensuring that overall Aegis delivered better organic revenue growth than its peers, and a tenth year of market outperformance.

“Our prospects for 2007 are promising. Demand in our markets is growing ahead of world GDP. On top of that, our business mix, our advantage in products and services, and the record new business wins of last year should enable us to outperform our markets once more in 2007.”

About Synovate

Synovate, the market research arm of Aegis Group plc, generates consumer insights that drive competitive marketing solutions. The network provides clients with cohesive global support and a comprehensive suite of research solutions. Synovate employs over 5,500 staff in 108 cities across 51 countries. More information on Synovate can be found at www.synovate.com.

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