ECI Media Management

media inflation report

Update Q4 2023

REPORT ISSUE 34

Contents

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Media Inflation

Update Q4 2023

ECI Media Management's annual Media Inflation Report, released at the start of every year, provides our media inflation forecasts for the year ahead globally, regionally and for nearly 60 individual countries, and explores the economic context behind those predictions. The report has become a go-to reference on the changes in media pricing for advertisers and industry bodies globally.

In times of economic volatility, it's more important than ever to have timely, accurate information on which to base media investment decisions. That's why, as of 2023, we publish quarterly updates to our report, so that advertisers can be sure they have the most up-to-date information at their fingertips. We provide updated forecasts for 10 key markets globally – the US, the UK, Germany, France, Spain, Italy, China, South Korea, Australia and Mexico.

Our goal for the report and regular updates is that advertisers feel confident in capitalizing on the rapidly-changing media landscape in order to drive higher media value for their brands. Our senior leadership team is always available to discuss how to optimize your media investment strategy – their individual contact details are at the end of this report, or you can simply email us at value@ecimm.com.

Photo: Denys Nevozhai / Unsplash

Global context

A quiet quarter

In this Q4 update to our annual Media Inflation Report, we are largely seeing only minor shifts in 2023 forecasts for most media types in the majority of the 10 countries for which we update our forecasts. This pricing stability follows a relatively quiet quarter, with few of the upheavals that tend to impact on media pricing. The most notable change is in UK TV, for which pricing has fallen overall in 2023, hitting 2% deflation. The key factor is a sharper than anticipated decline in revenues for the TV networks, due to broader economic factors and the continuing shift to on-demand services. Audience numbers have fallen less significantly, leading to deflation.

The major media news to come out of the US in recent weeks has been the end of the so-called ‘Hollywood Strikes’, with the WGA membership officially ratifying a new contract with the AMPTP in early October and SAG-AFTRA following suit in early December. The strikes had a profound impact on TV pricing, especially in the US, where our forecasts dropped sharply from +6.6% in Q1 to -5.1% in Q2 (i.e. from healthy inflation to significant deflation), thanks to a lack of premium content. However, the impact of the strikes ending will not be felt until the first quarter of 2024, and we will of course explore this in detail in the main report early next year.

Global economic uncertainty looms

The global economic situation remains uncertain. According to the IMF, global recovery continues to be slow, with the baseline forecast for global growth decreasing from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024 – significantly below the historical average of 3.8% for the period 2000 to 2019. Growth is even slower in advanced economies, at 2.6% in 2022 to 1.5% in 2023 and 1.4% in 2024, thanks largely to the impact of policy tightening. More positively, global inflation is also declining, from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024.

A volatile geopolitical context

Geopolitically, the war in Ukraine is still affecting oil prices, and this is being exacerbated by the conflict between Hamas and Israel, which is causing uncertainty in the Middle East. But energy prices aren’t the only effect of these wars from the perspective of the global

Photo: Daniel Chen / Unsplash

Global context

economy. Conflicts such as these shape people's perceptions of economic growth and often cause them to be more cautious in their spending and investment – which inevitably has an impact on the advertising and media industries. Indeed, key players on Wall Street believe that the conflict in the Middle East could set in motion the global recession that has been looming for a long time.

2024 – the year of the big spenders?

Despite the gloomy geopolitical outlook as 2023 comes to an end, it's likely that media prices will increase in 2024 as media owners look forward to a slew of major political and sporting events. 2024 is set to be biggest year for general elections in history, with more than half the world's population heading to the polls, including Americans, Indians, Britons, Indonesians, Bangladeshis and Pakistanis. Elections drive up media pricing thanks to large investment in particularly local media; TV stations in US swing states such as Georgia, Arizona and Michigan will enjoy a huge uptick in demand, which will inflate pricing.

2024 is also a big year for sporting events, with the Olympic and Paralympic Games taking place in Paris (without the pandemic-related issues that beset the delayed Tokyo Games in 2021), and the men's UEFA European soccer championships in Germany.

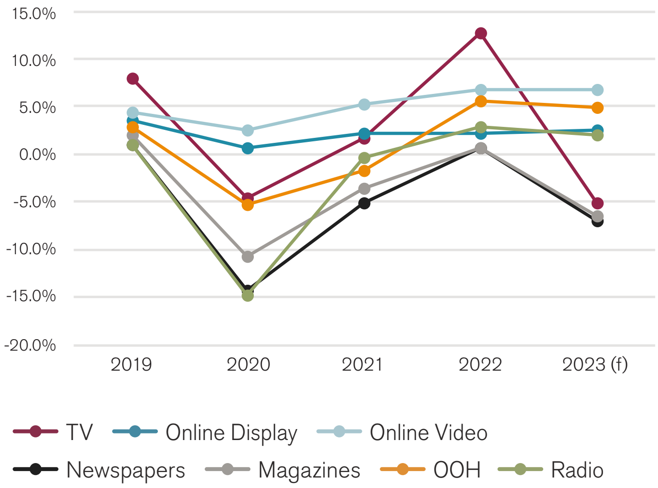
It's likely that many global advertisers are holding back spend at the end of 2023 – a relatively quiet year – so that they can invest around the events of 2024 which, while likely more expensive, will allow for greater reach. We will explore this and other key trends for 2024 in our Media Inflation Report in Q1 of next year, which will provide our media inflation forecasts for the year ahead.

Photo: Mwangi Gatheca / Unsplash

USA

TV inflation is forecast to remain deflationary, although with the Hollywood strike coming to an end, advertisers are looking towards 2024 with a close eye, and that will likely impact TV pricing. Print will also remain deflationary, but all other media types are set to maintain their inflationary positions, with Online Video enjoying the highest level of inflation.

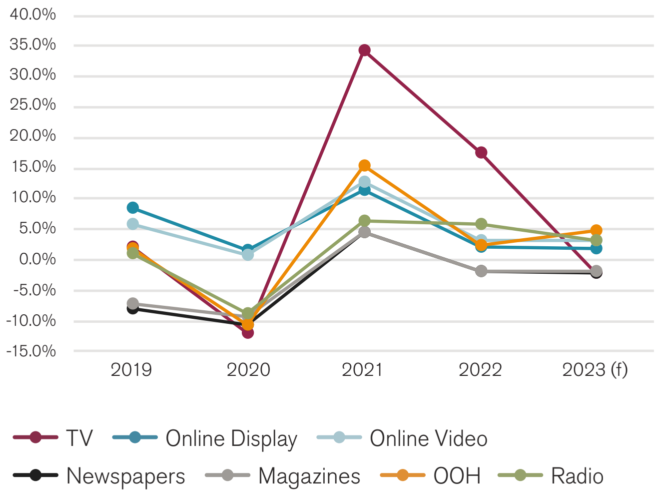
5-year trend 2019–2023(f)



UK

TV inflation continues on its downward trend from its 2021 peak, and is forecast to fall into a deflationary position in 2023 due to decreasing revenues and falling viewership year on year. Print is also expected to remain deflationary while all other media will maintain their inflationary positions. Demand for Online Video remains higher than Display, resulting in marginally higher levels of inflation.

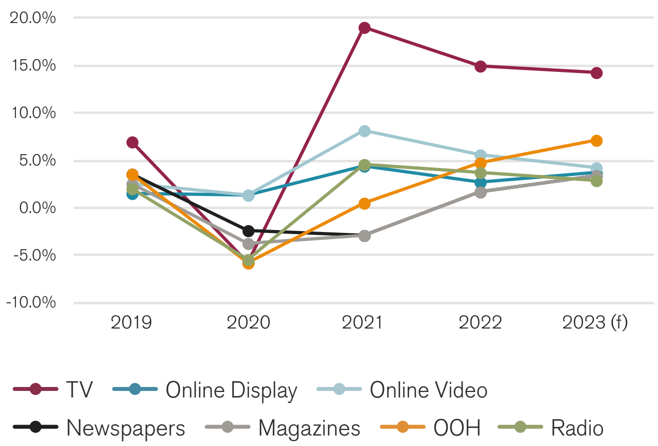
5-year trend 2019–2023(f)



Germany

We forecast only minimal shifts versus previous predictions. TV retains the highest inflation of all media types, driven by falling viewership and increased demand. OOH is expected to continue its upward growth from 2020, with all other media finalizing inflationary.

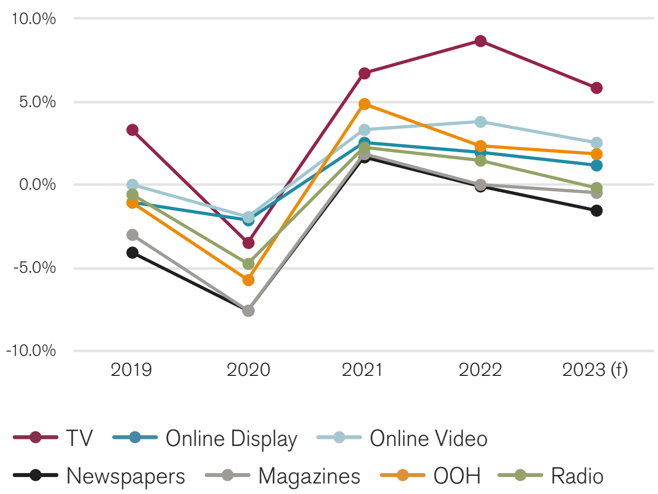
5-year trend 2019–2023(f)



France

TV is expected to have the highest level of inflation of all media, driven by an increase in demand and the Rugby World Cup in the fall. Print continues to shift from paper format to digital, resulting in a decrease in viewership and investment. Radio continues to suffer as a result of remote working, limiting commuter audiences.

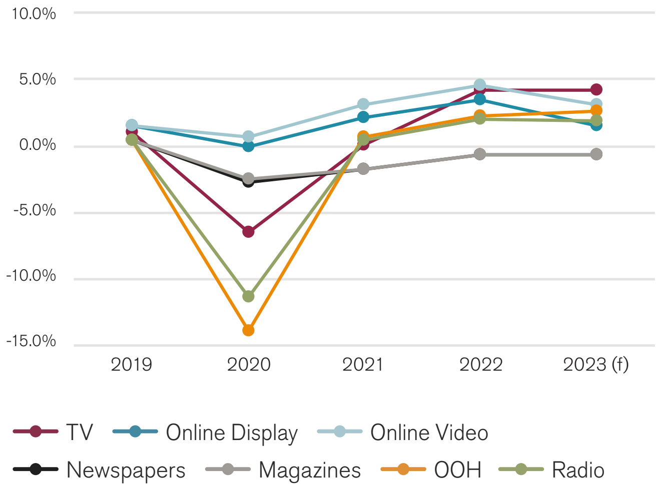
5-year trend 2019–2023(f)



Spain

Stability in the wider economy is reflected in media inflation, with most media types remaining consistent with 2022 positions. The exception is Online Display and Online Video, which are both set to dip slightly.

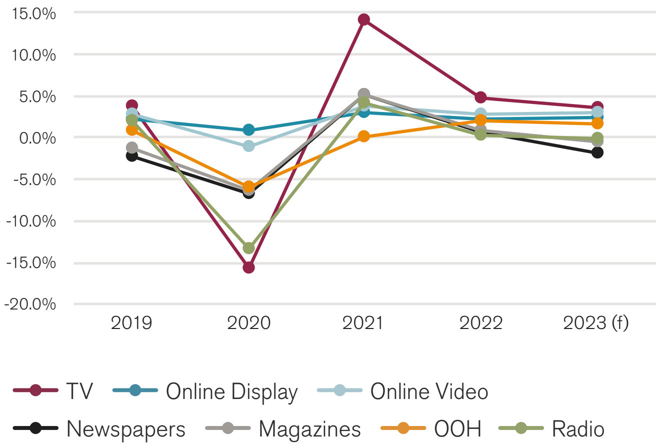
5-year trend 2019–2023(f)



Italy

Steady investment in TV has helped to keep forecast TV inflation higher than that of any other medium. Online inflation is being driven by new custom formats increasing demand. Macroeconomic factors are limiting inflation growth and average inflation rates.

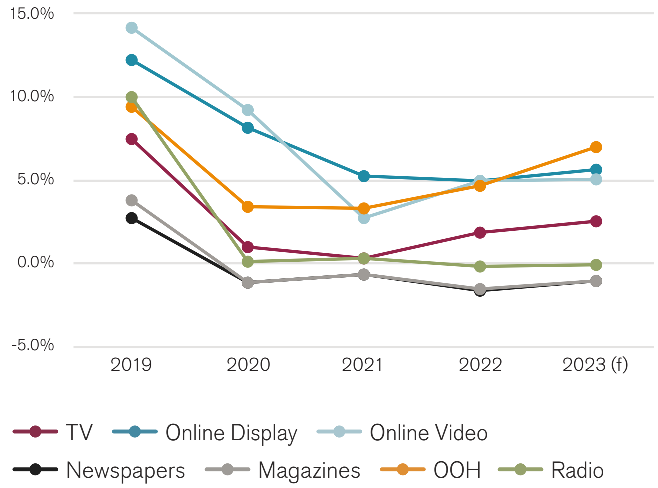
5-year trend 2019–2023(f)



China

Minimal shifts are expected in the final quarter of 2023. Smartphone usage dominates the market, with users utilizing e-commerce and travel apps; the increased viewership and demand helping to keep Online inflation higher than Offline (with the exception of OOH). Inflation for most media types is expected to remain largely consistent with 2022 levels.

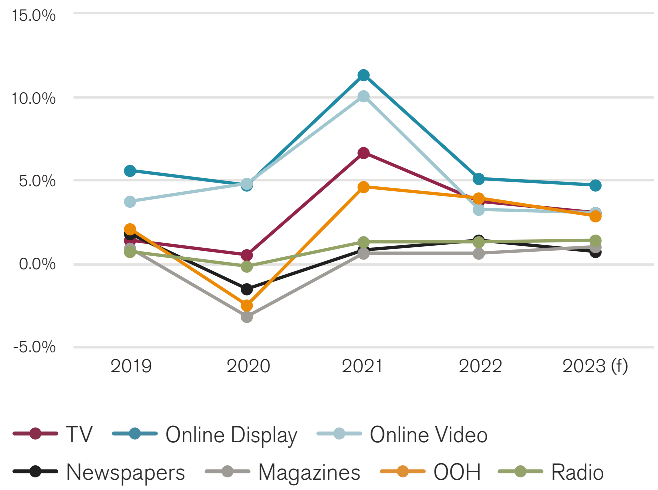
5-year trend 2019–2023(f)



Korea

ECI Media Management is again forecasting minimal shifts versus our Q3 predictions, reflecting stable and steady economic growth in South Korea. 2023 forecasts are to remain consistent with 2022 levels, stabilizing after the peaks of 2021 that most media types saw.

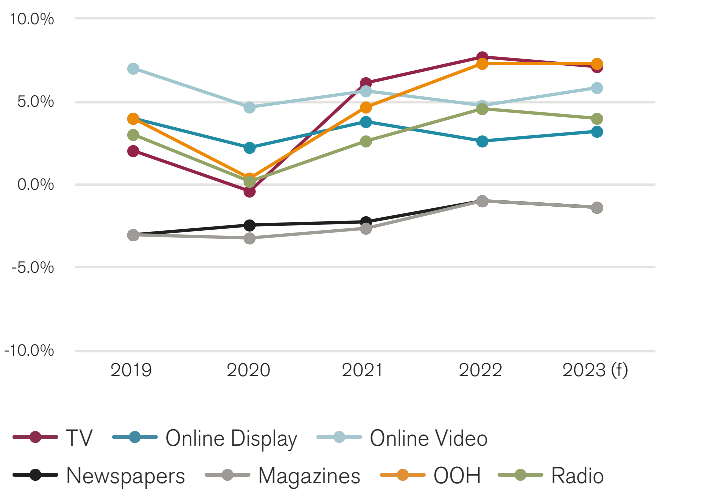
5-year trend 2019–2023(f)



Australia

TV inflation is forecast to remain high due to a decrease in viewership, and advertisers buying more spots to chase reach goals. Online Display inflation will rise thanks to an increased proportion of programmatic bookings. OOH demand continues due to mass reach and affordable coverage resulting from advancements in programmatic DOOH.

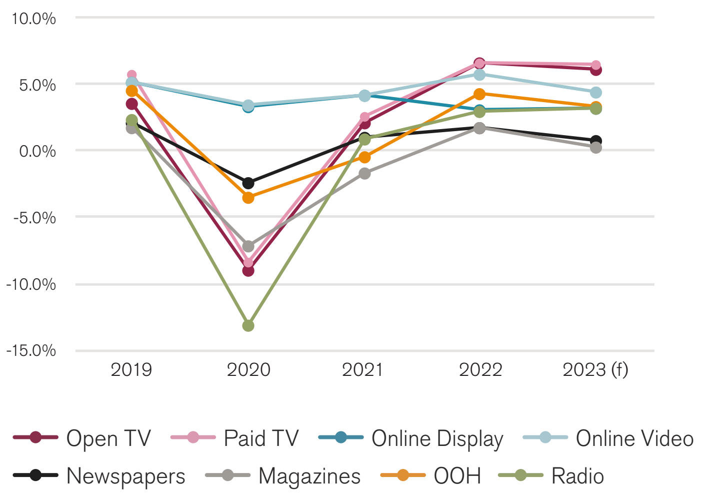
5-year trend 2019–2023(f)



Mexico

Economic uncertainty remains, resulting in part from the upcoming general elections which will see the current President stand down. Paid TV inflation is forecast to be marginally higher than Open TV. Online is set to remain stable compared to previous periods, while Print continues to experience decreasing investment, leading to lower inflation.

5-year trend 2019–2023(f)



About
ECI Media Management

ECI: HIGHER MEDIA VALUE

Technology is transforming the media landscape at an unprecedented pace. But in the right hands, change can be a force for good. ECI Media Management, the market's fastest-growing global media management company, leverages these changes to help you drive higher media value from your advertising investment.

A modern, forensic approach

Ever since our formation we have championed a modern approach to media and financial auditing. As pioneers in the field of digital auditing, we include sophisticated analysis of programmatic activity in our audit model, and we pride ourselves on a forensic, fact-based approach which harnesses the power of our world-class talent and proprietary technology. Along with our innovative benchmarking capabilities, we are confident in our ability to empower our clients to drive higher media value and media-led impact on business performance. We can measure a very high proportion of media activity, allowing for a more accurate understanding of the efficacy of investments and better optimization for future activity.

Cutting-edge services

Capitalizing on today's dynamic, fast-paced media landscape to drive higher media value requires data-driven decision-making, global experience and a deep understanding of the latest technologies. At ECI Media Management we are proud to be able to offer these and so much more, including TV auditing, financial compliance auditing, pitch management, KPI-setting and management and contract consultancy.

Global experience, local expertise

We are proud of our client portfolio, which contains some of the world's largest and leading advertisers. Our network of owned offices and leading affiliates supports them where our clients need us, across the Americas, Europe and Asia Pacific. We offer them high-level media intelligence, rigorous benchmarking and, ultimately, the insight, experience and savvy to ensure that their advertising investment and agency relationships drive higher media value.

Photo: Borchee / iStock

Our product offering

Relationship Management

- Pitch Management
- Agency Contracts and Remuneration
- Financial Auditing and Contract Compliance

Media Performance Audit

All media, including Online

- **Target Value©**
  Cost tracking – all media
- **Target Mark®**
  Analysis and benchmarking – all media
- **FastTrack**
  Rapid, automated data tracking and management

Media Consulting

- Media Training and Bespoke Workshops
- Media Strategy Effectiveness Review
- Business Process and Data Management Consulting

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