HIGHER MEDIA VALUE

ECI Media Management

media inflation report

Update
Q3 2024

REPORT ISSUE 36

Contents

(Clickable in downloaded version)

Summary 3
Global Context 4
Markets in Detail 9
About ECI Media Management 15
Our Product Offering 16
Contacts 17

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Media Inflation

Update Q3 2024

The world is experiencing a prolonged period of economic uncertainty as we exit the post-pandemic era, major countries elect new leaders and conflict escalates in the Middle East and the edge of Europe. The cost of living is still a critical concern for consumers, and politicians, especially in Europe, are grappling with the rise of the far right.

These times of uncertainty lead to difficult decisions for brands around their media investments and messaging. Should spend be held back or increased? How does media inflation affect investment strategy? And how to ensure every dollar invested works as hard as possible?

To make the right decisions, it's crucial to have timely, accurate information to hand. That's why we at ECI Media Management publish our annual Media Inflation Report in Q1 and this Q3 update, so marketers can keep abreast of shifting media pricing and the economic, political and industry forces behind those shifts. ECI Media Management's inflation forecasts have become a go-to reference on the changes in media pricing for advertisers and industry bodies globally, and we will continue to provide trustworthy, reliable information.

The annual report provides inflation forecasts globally, regionally and for more than 50 countries. This update gives revised forecasts for 12 key markets globally – the US, the UK, Germany, France, Spain, Italy, China, South Korea, Australia, Mexico and, for the first time, Japan and Brazil.

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 email us at value@ecimm.com.

Photo: Zetong Li / Unsplash

Global context

In this Q3 update to our annual Media Inflation Report, we are seeing marginal shifts vs the start of the year for the majority of markets. This comes from minimal shocks to the global market, with most major events being known ahead of time (elections, sporting events etc.). Notable shifts include Japanese TV becoming deflationary as a result of GRP growth exceeding investment growth. This contrasts with the situation in the UK, where inflation rates are set to increase versus Q1 forecasts, due to steady revenue growth and declining year-on-year viewership.

Harris versus Trump

The American presidential election is dominating the news in the US and abroad. With the Democratic nomination passing from incumbent Joe Biden to current vice-president Kamala Harris, polls on whether the latter or Donald Trump will win the November election have become much closer.

In the US, the candidates' campaigns will be buying up media space across all channels, especially in the all-important swing states. Investment could reach $12 billion and while linear TV will take the lion's share of that, digital is expected to take around 28% of that total – a 156% uptick on 2020 levels. This will be partially down to the Harris campaign shifting the Democrat strategy to a younger-skewing audience. All inventory, traditional and online, will become scarcer and therefore more expensive, meaning commercial brands will need to rethink their strategies for the coming months.

The candidate the American electorate chooses will of course have a seismic impact on both domestic and international politics and business. The technology and media industries will have a close eye on each candidate's stance on issues such as the dominance of the social media platforms, misinformation, data privacy, antitrust and AI regulation.

Throughout the election campaigns there is likely to be a marked increase in misinformation, fake news, ad fraud and the unethical use of data, as well as experimentation with AI. All this poses a potential risk for advertisers, who could unwittingly align their brands with controversial or even undesirable content. It could be tempting for them to temporarily halt any advertising around news content in the run-up to the election; however, this would negatively affect reputable news outlets and damage the media landscape. The ANA is encouraging brands to invest their ad dollars in brand safe environments such as TV and digital out of home – although prices for these are likely to increase.

Ongoing conflicts

The conflicts in Ukraine and the Middle East are ongoing, with no sign of resolution in sight;

Photo: Rene Deanda / Unsplash

Global context

the eyes of both regions and indeed the world will be on the US's new president, with Trump favoring a more isolationist agenda and Harris likely to continue support for US involvement in both regions. Beyond the devastating human cost of these wars, they also deeply affect the global economy; in the era of globalization, major conflicts such as these transcend borders and become global challenges. The stability of the Middle East has a direct impact on global energy prices and therefore the buying power of consumers around the world.

Economic volatility

While the world has not tipped into the deep recession that so many feared – and looks set to remain steady (the IMF's global growth predictions for 2024 remained unchanged in July, at 3.2%) - many countries are experiencing ongoing economic uncertainty. This is an important factor in the elections in the US and elsewhere, with many voters – who are also, of course, consumers – still feeling the impact of inflation. The recent global stock market sell-off, which sparked fears of a recession, is a symptom of this uncertainty; myriad reasons included concerns around big tech and slow job growth in the US.

Plummeting Chinese investment in Europe is also driving a general feeling of economic discomfort in the EU. Chinese investment, which has long fuelled European growth, particularly in technology and infrastructure, dropped by 4.4% between 2022 and 2023 – softened only by continued Chinese investment in European electric vehicle production. The decrease in overall investment is due in part to the EU's policy of reducing dependency on Chinese money and pivoting towards economic independence and geopolitical resilience.

Economic volatility means that advertisers require additional flexibility in their media investments. This favors scatter over upfront deals and later approvals – contributing to inflated TV costs. The ongoing uncertainty will be affecting media investments from brands, and scares such as the stock market jolt in August can lead to sharper pressure on the brakes as CMOs and CFOs pause to take stock. The upcoming holiday season, for which eMarketer has forecast total retail sales of $1.372 trillion dollars, will undoubtedly come as a relief to both brands and media vendors.

The Euros

The UEFA European Football Championship took place in Germany in the early summer, with brands such as Adidas, Betano, Booking.com, Coca-Cola, Lidl and Visit Qatar seeking to tap into crowd emotions and sporting narratives. TV was of course the key channel, with huge audiences in major markets such as the UK, France, Germany, champions Spain, the Netherlands and Turkey. In the UK, streaming audiences for one critical England game spiked in extra time, delivering millions of extra unscheduled spots to a highly engaged audience and highlighting the unpredictable nature of live-streaming sports and the need for advertisers to be able to scale up at a moment's notice.

Photo: Valentin Kremer / Unsplash

Global context

The Paris Games

The Euros were big, but their scale – in terms of eyeballs, minutes of action and media investment – was dwarfed by the Olympic and Paralympic Games in Paris. The 2024 Games were a return to form after the muted ‘pandemic Games’ in Tokyo in 2021. The Games are a rare opportunity for brands to reach mass audiences in an increasingly fragmented media landscape, cementing existing markets and reaching consumers in new ones. 15 global sponsors reportedly put the IOC’s sponsorship revenue at $1.34 billion this year – 60% higher than in Tokyo. That is likely to increase over the next cycle as the upcoming cycle of Games includes some of the world’s highest spending advertising regions – France, the US and Australia. The Paris games gave higher visibility than ever before for some brands, such as the Louis Vuitton trunks holding medals, or the Samsung phone that the US gymnastics team used to take selfies.

It’s not just sponsors who want to associate themselves with the Olympics. Advertisers globally invested heavily in media this summer to bring a little sporting sheen to their brands. NBCUniversal, who streamed more than 23 billion minutes of Olympics action and controlled the right to sell official sponsorships and media across the US, implemented an aggressive strategy that went beyond TV and captured a larger proportion of the digital advertising market. It was a great success: by April NBCU had already sold $1.2 billion in advertising, thanks to efforts to push more inventory online, sell across key social and online platforms and allow some inventory to be purchased programmatically. This latter decision allowed more advertisers to appear alongside the Olympics, although NBCU did implement measures to protect sponsors’ rights.

Industry experts have dubbed the Paris Games as the first truly ‘social Olympics’; advertisers followed Gen Z eyeballs to TikTok and Instagram Reels, with increased confidence in the former’s ecommerce capabilities boosting its attraction.

The rise of non-transparent media buying

During the recession of 2008-2009, the media industry saw a significant uplift in the number of agency and independent trading desks. These entities provided clients with benefits including new technology, a reduction in waste and targeting insights, but also ushered in a lack of transparency, operational challenges and agency rebates. Now that the economic context is challenging once again and advertisers are reducing their media investments (and therefore agency commission), agency groups are seeking to improve their results and expanding their principal-based media buying activity.

This type of non-transparent media buy bundles agency fees and costs for both ad tech and data, making it more difficult to isolate media rates and what is included, at what cost; it is also driving some of the

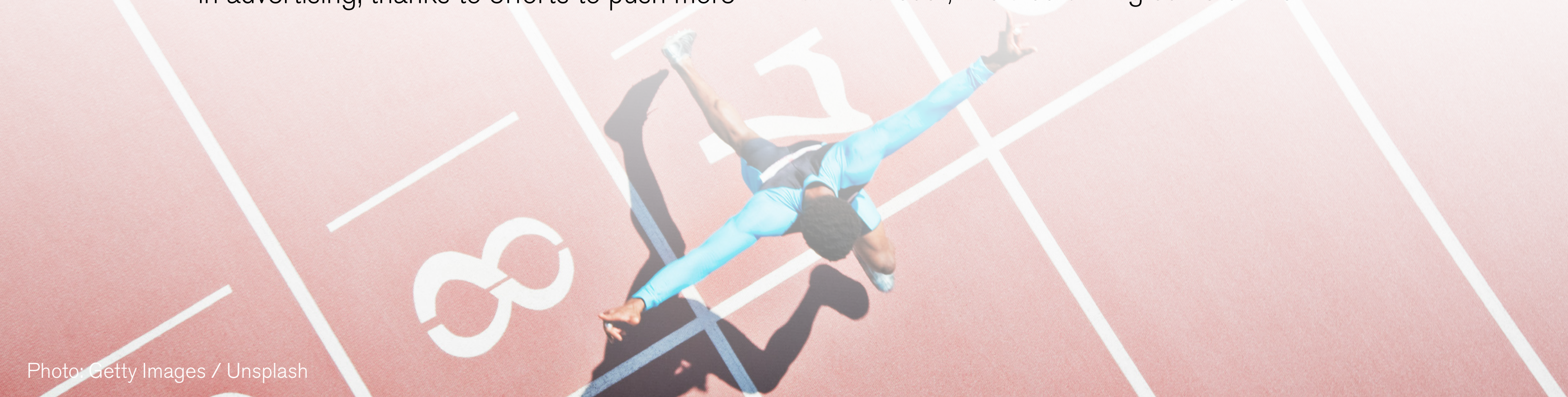


Photo: Getty Images / Unsplash

Global context

inflation we are seeing in unit costs. A trusted media performance partner can carry out a performance audit that benchmarks rates and understands quality so advertisers can retain a clear picture of their media performance.

The resurrection of the third-party cookie

For four years the demise of the third-party cookie on Google's Chrome browser has hung like the sword of Damocles over the online advertising industry. It seems that marketers' cries have been heard: this summer, Google announced that it was doing an about-turn and retaining the cookie with an 'updated approach' that will allow users to make an informed choice about how their data is used. This choice – similar to the one that Apple gives its users – will still likely lead to a significant drop in the use of third-party cookies, and will therefore mean that the work the industry has collectively put into creating a viable alternative to the cookie hasn't gone to waste. Google prevaricated for years about the cookie's future, stuck between a rock (privacy advocates and regulators) and a hard place (maintaining ad performance and revenue). This decision will provide some welcome certainty.

The streaming/TV inflection point

We may look back on the summer of 2024 as a watershed moment in the history of TV. Q2 earnings reports from Disney, Paramount Global and Warner Bros. Discovery all showed the direction of travel of the entertainment industry: Disney and Paramount Global both posted their first streaming profits, while Paramount and Warner Bros. Discovery wrote down the value of their traditional TV businesses. Although streaming gains are not yet offsetting TV losses, the increasing importance of streaming and decline of TV is becoming clear. This is being reflected in the fall in ad commitments for primetime on both broadcast and cable TV in this year's upfront market.

The Paramount Global buyout has been a key industry talking point over the past months. In July it was announced that production company Skydance Media would be acquiring Paramount, creating a significant shift in the media landscape. Paramount has long struggled to keep up with its competitors, and it will be hoping that Skydance Media's production, multimedia and technological capabilities will both revitalize its audience numbers and strengthen its ad business.

AI everywhere

AI is already so pervasive that it has almost stopped being a topic of conversation. Generative AI has been highlighted in the earnings reports of tech companies such as Google, Meta, Amazon and Microsoft, as well as a growth driver for companies across the advertising industry. Alongside the myriad opportunities that it presents, from content creation and data analysis to workplace

Photo: Darkroomsg / Unsplash

Global context

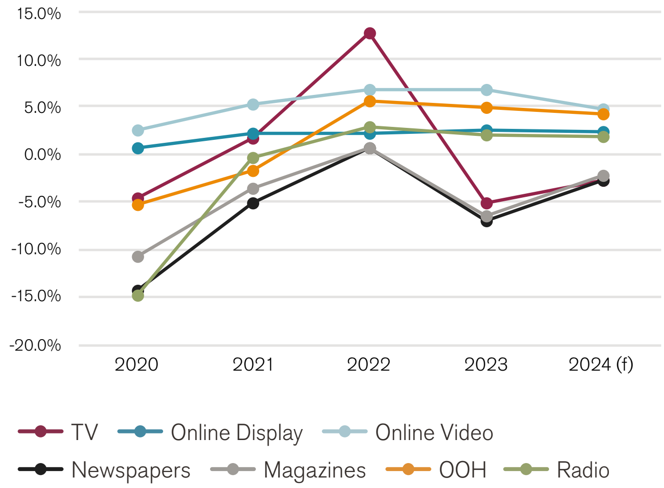
efficiencies, there are countless risks too, including a loss of authenticity, identity and creativity, inaccuracies and bias; there have been some blunders along the way. Consumers are wary of AI; during the Olympics, Google had to pull its 'Dear Sydney' ad for Gemini AI, as customers were horrified by the suggestion that AI could be used for something as personal and meaningful as writing a fan letter to a favorite athlete. Some advertisers are even banning AI from their marketing altogether. Those that don't ban it need to approach AI with extreme caution given society's widespread fears of how it is taking over, and because of the potential risks to brand safety and identity.

Photo: Erol Ahmed / Unsplash

USA

TV inflation is set to maintain its downward trajectory, although it has recovered slightly from a dip in 2023 which was largely caused by the continued shift of spend from linear to CTV. Sports programming continues to outperform, with cable and entertainment seeing the biggest declines. Online Video and OOH are forecast to see the highest levels of inflation.

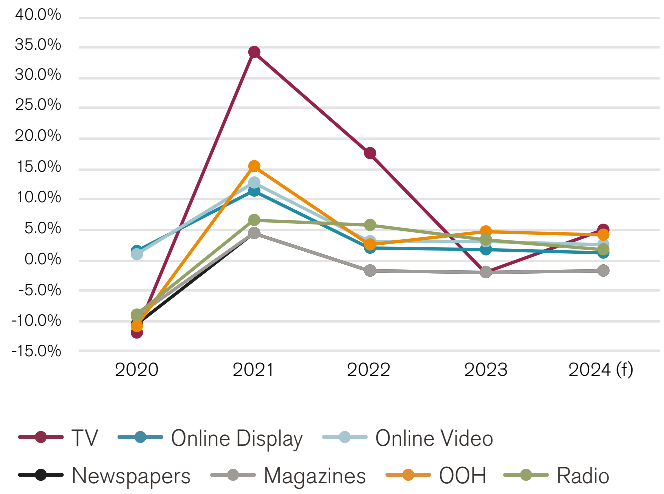
5-year trend 2020–2024(f)



UK

Continued audience decline, coupled with steady revenue growth, should result in TV's recovery from a deflationary position in 2023 to the highest inflation of all media types. All other media will see slight shifts; Print is set to experience a slight uptick, while Online, OOH and Radio should see a slight fall.

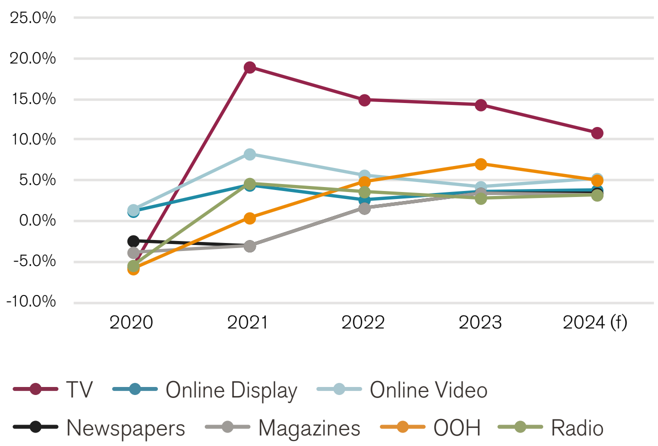
5-year trend 2020–2024(f)



Germany

TV continues its downward trend from 2021 peaks, although it retains the highest rate of inflation. OOH inflation is set to decrease versus 2023, while Online Video will see a slight increase. All other media are expected to remain consistent with their 2023 positioning.

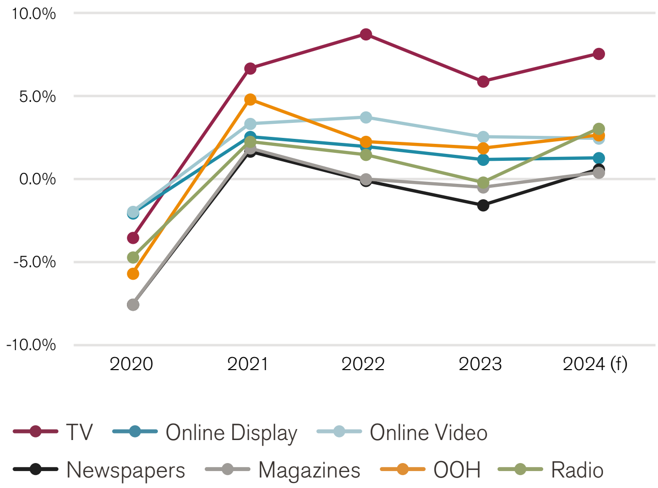
5-year trend 2020–2024(f)



France

The impact of the Olympics is reflected in the increase in inflation for most media types. TV retains the highest inflation, followed by Radio. Political uncertainty following the snap parliamentary elections of the early summer is another driver of increased inflation.

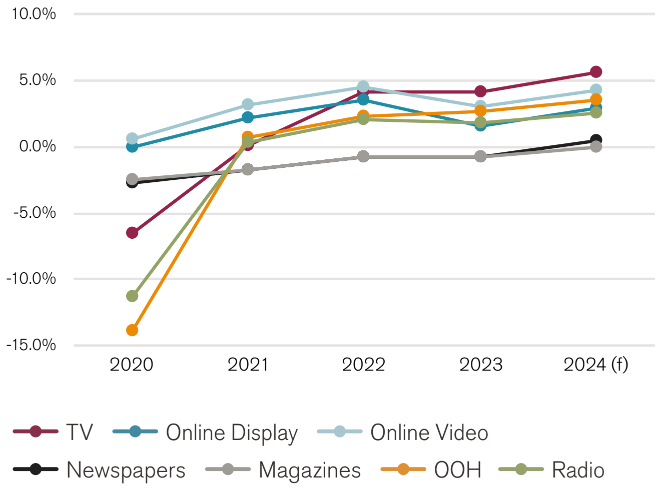
5-year trend 2020–2024(f)



Spain

Media inflation continues to reflect economic stability in Spain, with only marginal increases in inflation across all media. TV retains the highest level of inflation, followed by Online Video. Print is expected to rise out of its deflationary position.

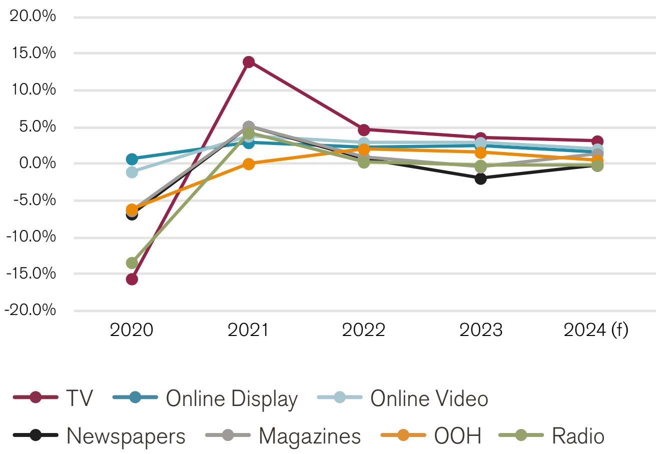
5-year trend 2020–2024(f)



Italy

Consistent demand for TV has helped keep it at the top of the inflation table in Italy, with Online just underneath it. That said, all media are set to remain in a tight cluster between 0% and 5%. Moderate GDP growth in 2024 is a key driver of steady media inflation rates in this market.

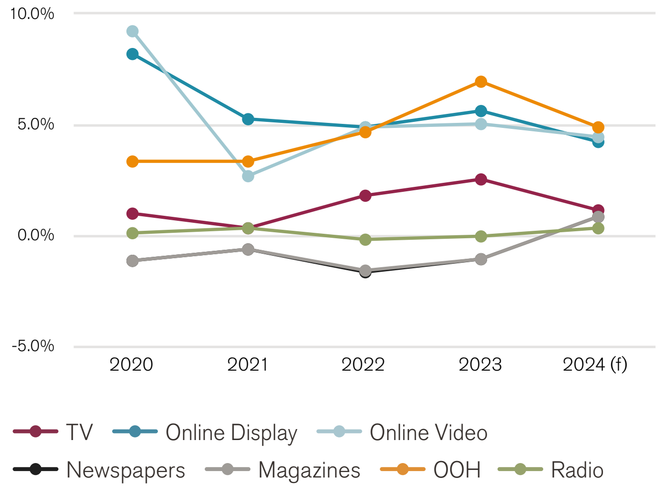
5-year trend 2020–2024(f)



China

OOH and Online are forecast to maintain the highest inflation levels. Advances in DOOH have resulted in increased demand, keeping OOH inflation high. Online investment tends to prioritize display, social and short-form content. The continued shift away from linear TV is expected to keep TV inflation rates low.

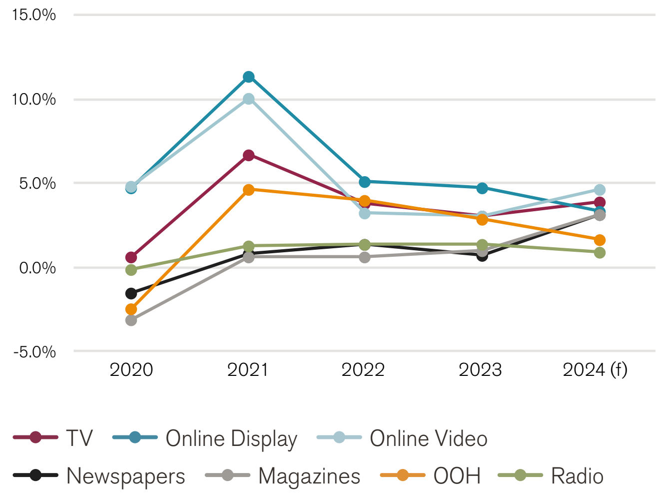
5-year trend 2020–2024(f)



Korea

Online Video and TV are forecast to see the highest inflation levels versus their 2023 positions. Online Display is set to decline from its 2023 level, as are OOH and Radio. Print is expected to increase by more than two percentage points.

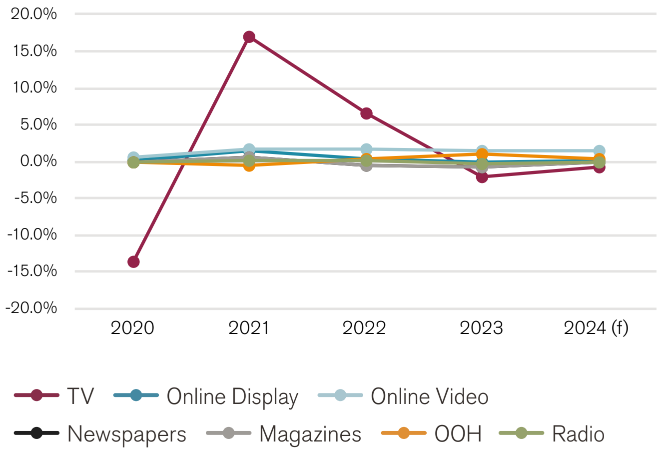
5-year trend 2020–2024(f)



Japan

With both investment and ratings increasing, the latter more quickly than the former, TV is forecast to continue a deflationary position. Online Video is expected to maintain the highest inflation levels, while all other media types tip-toe around zero inflation.

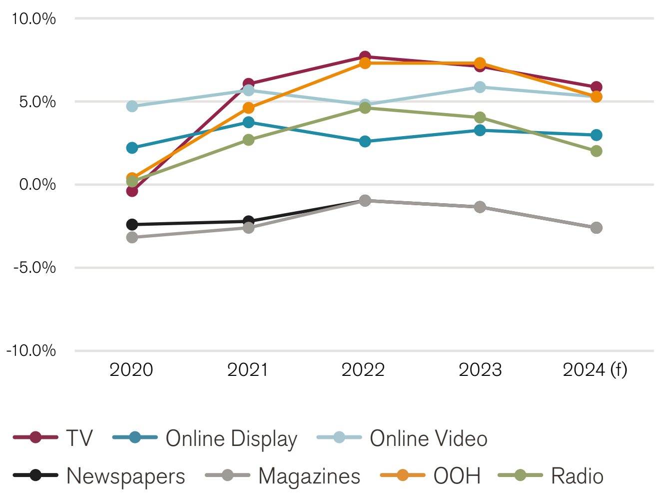
5-year trend 2020–2024(f)



Australia

A softening economy has resulted in a decrease in inflation for all media types versus 2023 levels. TV, OOH and Online Video are forecast to see the highest inflation, while Print will continue to be deflationary. The continued shift from linear TV to CTV was a key driver in pushing down TV inflation.

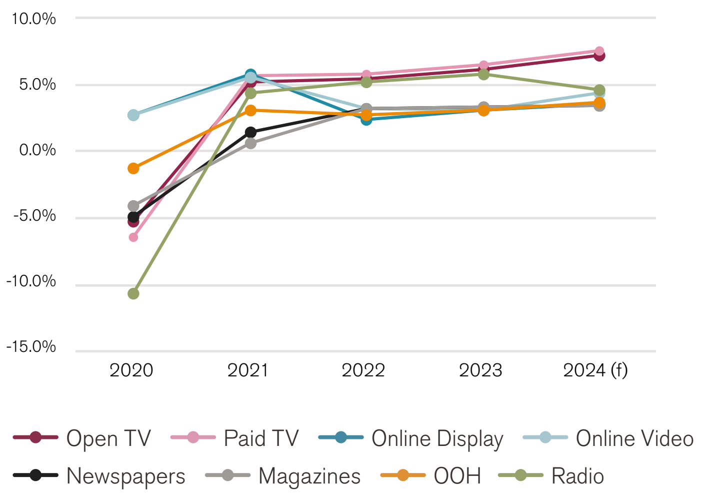
5-year trend 2020–2024(f)



Brazil

Consistent national inflation is reflected in most media types; TV and Online are forecast to experience a marginal gain versus 2023, while OOH and Print remain relatively stable. Radio is the only medium expected to see lower inflation versus 2023.

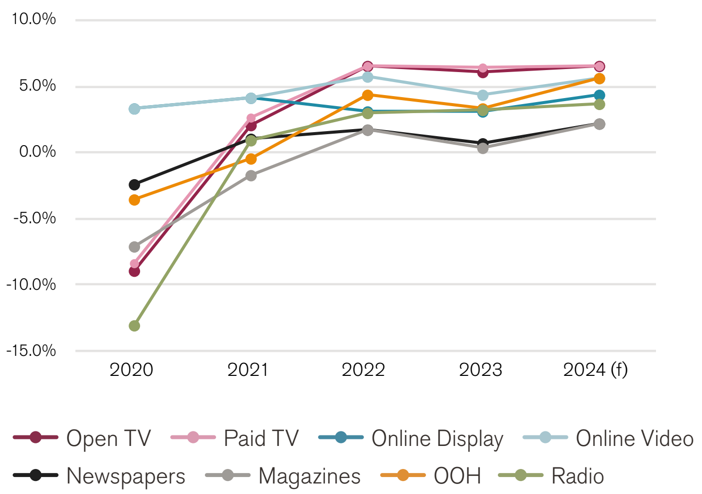
5-year trend 2020–2024(f)



Mexico

Media inflation mirrors national inflation and broader economic uncertainty, with all media types forecast to see a rise in inflation. Open and Paid TV are expected retain the highest inflation levels, followed closely by Online Video and OOH. Print is set to remain the least inflationary medium, although it has increased over its 2023 level.

5-year trend 2020–2024(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

ECI
HIGHER MEDIA VALUE

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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