ECI

HIGHER MEDIA VALUE

ECI Media Management

media inflation report

Update
Q3 2023

REPORT ISSUE 33

Contents

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Media Inflation

Update Q3 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. 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: Aaron Burson / Unsplash

Global context

The global economic outlook: cloudy, but with silver linings

The general consensus from the world's major financial institutions is that, while the outlook for the global economy is generally positive, there are still challenges clouding the horizon which means the road to market stability will be rocky. In the 'positives' column, inflation pressures are easing in most major economies, energy and food prices slowed down from peaks around the Russo-Ukrainian war, financial stability following the banking turmoil in March has remained contained thanks to decisive action by American and Swiss authorities, and labor markets remain steady.

However, the 'negatives' column still makes for discomforting reading, Growth is slowing, particularly in developed economies, where 2.7% growth in 2022 is set to fall to 1.5% in 2023 and 1.4% in 2024 (the story is better in emerging and developing economies, where growth is set to be at 4.1% in both 2023 and 2024). Global tightening of monetary policy thanks to stubbornly elevated inflation has forced central banks to raise interest rates, which is putting pressure on household spending, consumer and commercial lending, and real estate markets.

The Hollywood strikes: accelerating the decline of TV

Two key events have had a significant impact on the media and advertising industries over the last quarter. The first is the joint industrial action by the Writers' Guild of America (WGA) and SAG-AFTRA (the actors' union). The impact on what remains of ad-supported entertainment programming has been profound, with TV networks struggling to meet advertisers' audience requirements certainly in the latter part of 2023 and likely carrying over into 2024. The lack of scripted programming is forcing TV networks to schedule more reality and sports content, which is changing audiences and creating different pricing structures. Sports content is becoming even more premium, while reality episodes are becoming longer in order to increase ad inventory, and reality series are

Photo: Mike C. Valdivia/ Unsplash

Global context

being extended. At the time of writing, it has just emerged that the WGA and major studios and streamers have reached a tentative agreement on a new three-year contract that should end the strike, which started in early May; this will likely hasten the end of the SAF-AFTRA strike. While Hollywood and the wider entertainment industry will be breathing a sigh of relief, the impact of the strikes will be felt for a while yet given that production has been at a stand-still for months.

While the ramifications of the strikes are most acute in the US (where TV pricing is forecast to fall even further into deflation in 2023 than we predicted in Q2), American content is of course consumed worldwide, so the effects are being felt globally. This is reflected in our TV inflation forecasts, many of which are showing headwinds – albeit not as drastic as the deflation seen in the US. The lack of premium scripted content is likely to accelerate the shift of eyeballs to streaming, encouraged by the rate at which TV networks themselves are moving resources into their streaming platforms. This in itself is affecting TV pricing and is exacerbating the existential crisis that linear TV in the US (and indeed globally) is experiencing.

Women's soccer: expanding sports advertising

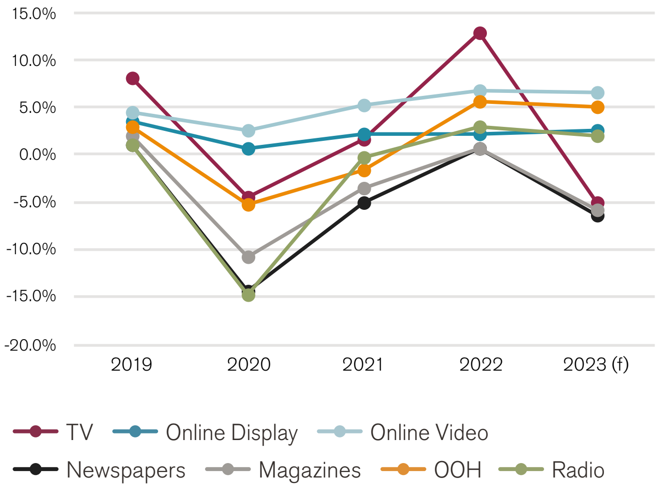
The other key event that has had an impact on media and advertising in the course of Q3 is the Women's World Cup, which took place in Australia and New Zealand. It has thrust women's soccer firmly into the global consciousness. It's no longer an also-ran to the men's game; indeed, some publications have seen greater interest in the women's game than they have historically in the men's. Women's soccer is generally free of the controversies that surround the men's game; it therefore presents a brand-safe opportunity for advertisers to reach receptive audiences, as well as for TV networks to expand their lucrative premium sports content offerings. They will be particularly grateful for this given the continued shift of eyeballs to streaming.

Photo: Dan Freeman/ Unsplash

USA

TV pricing is set to deteriorate further into deflationary territory than even our Q2 predictions. This is being fuelled by the Hollywood strikes and deepening declines in linear TV viewership. For the first time ever, linear TV viewership fell below 50%. Sports content is expected to be an exception to the deflationary trend, with demand for and viewership of the NFL and NCAA likely to remain strong. The Q3 update for Online Video and Display is marginally higher than was forecast in previous quarters, while Print, OOH and Radio see little change.

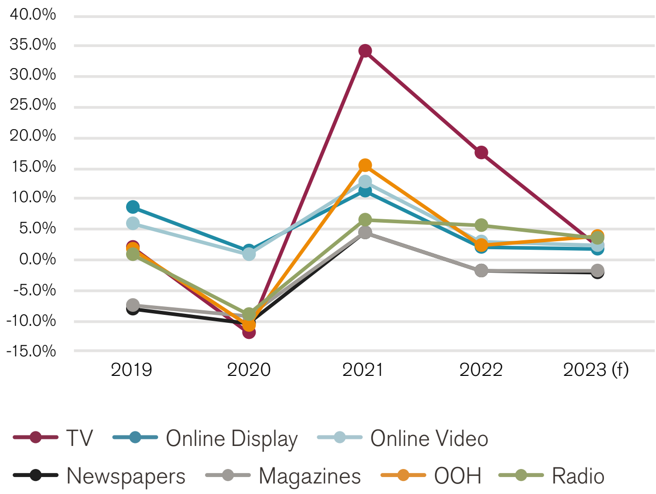
5-year trend 2019–2023(f)



UK

TV inflation has fallen further from our Q2 estimate, due to a combination of revenue decreases and continued decline in viewership, as well as the impact of the Hollywood strikes in the US. Online Video is forecast to be marginally higher than Display due to higher demand; Digital OOH continues to see higher inflation levels than in 2022, while Print remains deflationary.

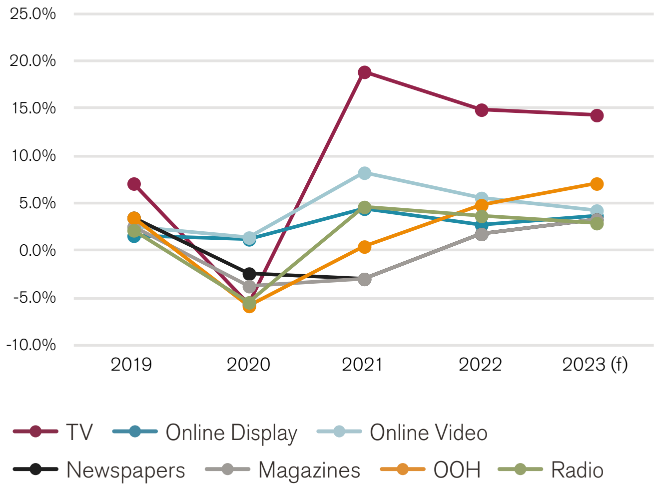
5-year trend 2019–2023(f)



Germany

Shrinking reach and increased demand from advertisers is fuelling high inflation for German TV, keeping it more or less level with the 2021 spike. Radio and Online Video remain inflationary, although at a lower rate than in 2022, while all other offline media are expected to rise above their 2022 levels.

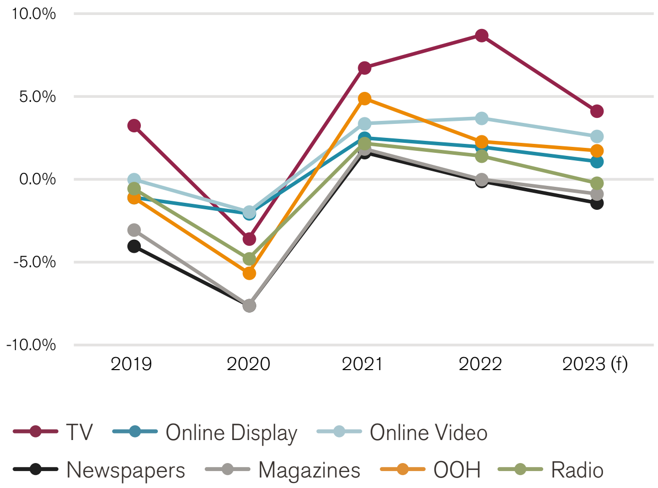
5-year trend 2019–2023(f)



France

TV inflation is forecast to maintain the inflationary position we forecast in Q2 and it is still lower than its 2022 peak. Demand for Online Video is increasing in response to decreased TV audiences, but demand for Online Display is falling. Print and Radio are expected to fall into deflationary territory, while OOH remains inflationary.

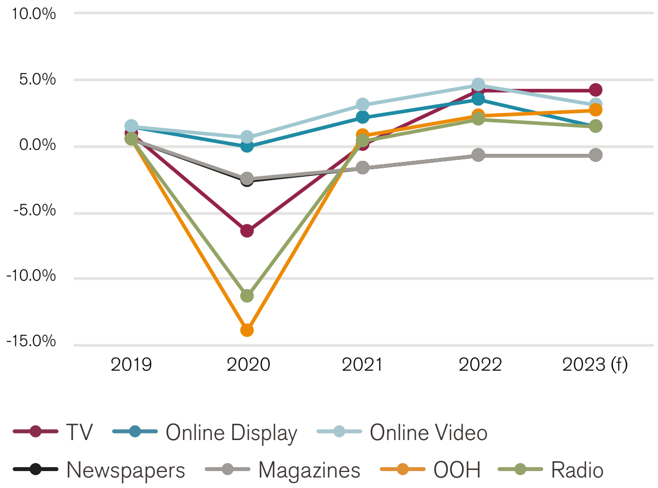
5-year trend 2019–2023(f)



Spain

Consistent with Q2 forecasts, we expect only minor shifts versus 2022 levels for all media. There are few major events taking place in 2023, so many advertisers are waiting for the Olympic Games in 2024.

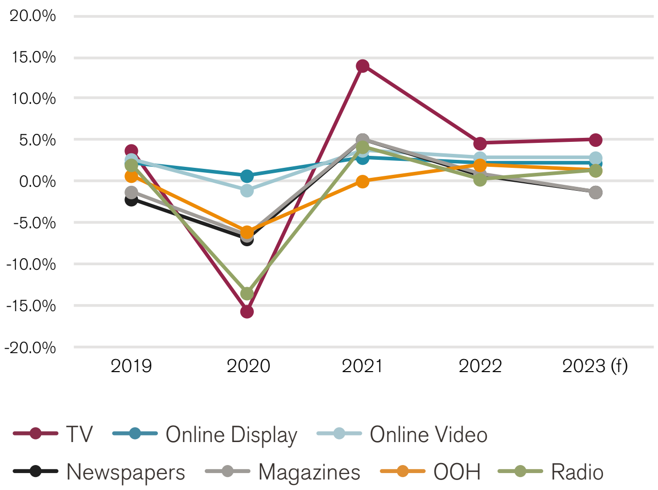
5-year trend 2019–2023(f)



Italy

The wider macroeconomic context, particularly economic uncertainty and caution, are resulting in decreased demand and decreased audiences. As a result, Online and TV are forecast to remain consistent with 2022 inflation, while Print is set to fall further into deflation. These forecasts are consistent with our Q2 predictions.

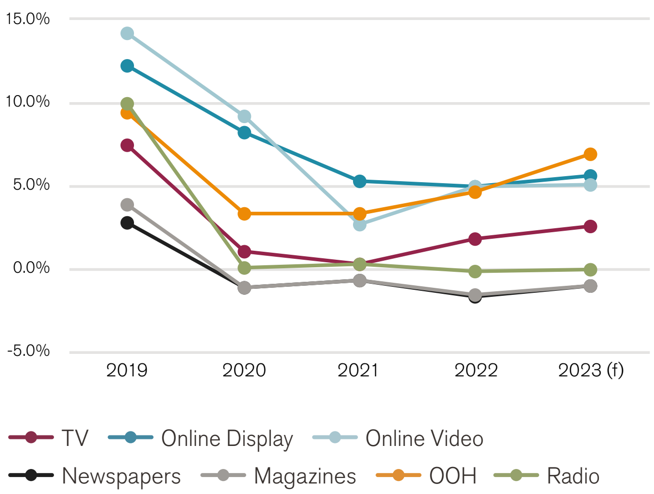
5-year trend 2019–2023(f)



China

There have been only minimal changes to our Q2 forecasts. Online inflation is expected to hold consistent with 2022 levels, due to an increase in both viewership/supply, and demand from advertisers. Online dominates the media landscape, with apps such as Little Red Book seeing growth of 30% year on year. OOH is expected to retain the highest inflation of all media types, while Print continues a deflationary trend.

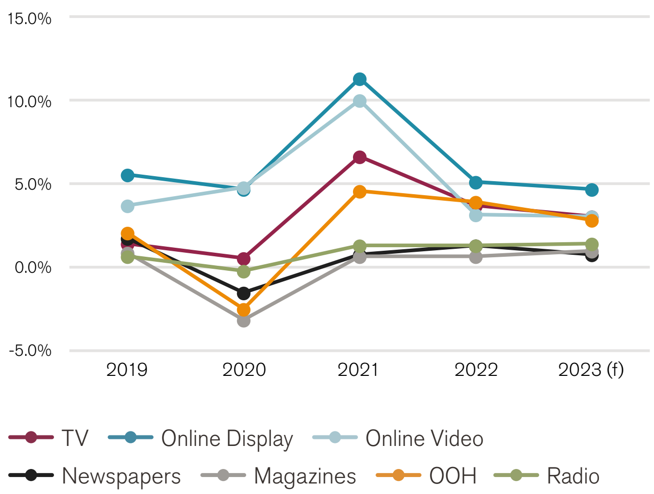
5-year trend 2019–2023(f)



Korea

We are forecasting only minor shifts versus our Q2 predictions. All media types are expected to remain consistent with 2022 levels, flatlining after the 2021 peaks that most media saw.

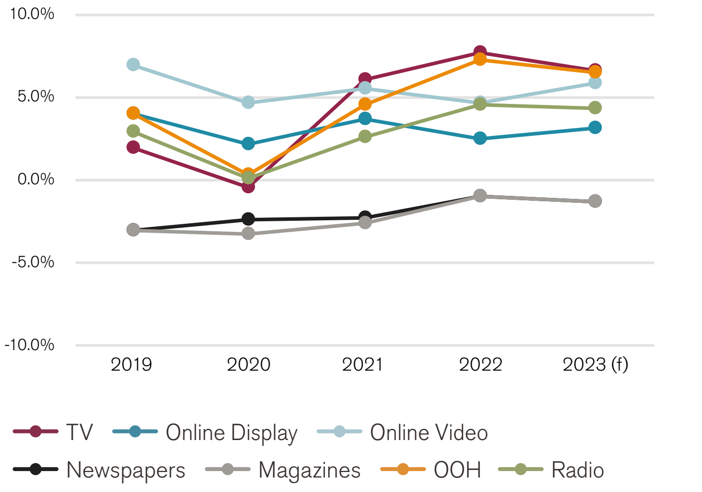
5-year trend 2019–2023(f)



Australia

TV is expected to remain inflationary, driven by a decrease in younger audiences. Online Video inflation is set to remain above that of Online Display – this is due to the increased demand from the younger viewers who are flocking away from TV. OOH inflation is forecast to remain high thanks to increased demand for its mass reach opportunities. Print readership and circulation continue to fall, resulting in ongoing deflation.

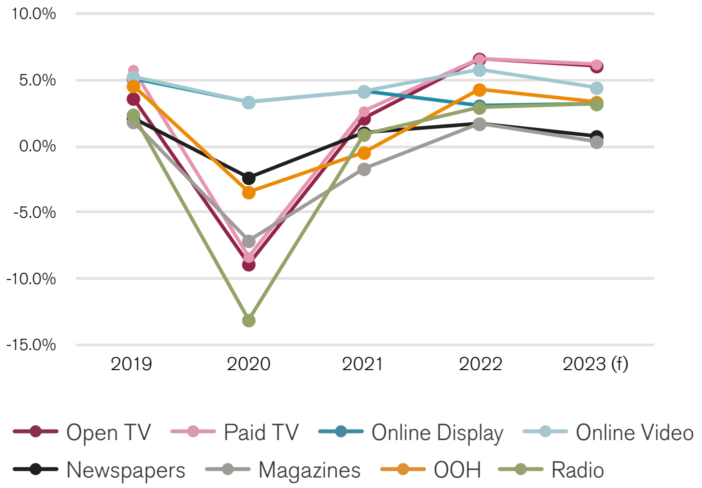
5-year trend 2019–2023(f)



Mexico

As in Q2, economic uncertainty lingers in Mexico. There are minor changes between our Q2 and Q3 forecasts, with TV maintaining higher levels of inflation and Print tending towards zero inflation. Optimism exists in the market as advertisers look towards the 2024 Olympic Games.

5-year trend 2019–2023(f)



About

ECI Media Management

**ECI Media Management:
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

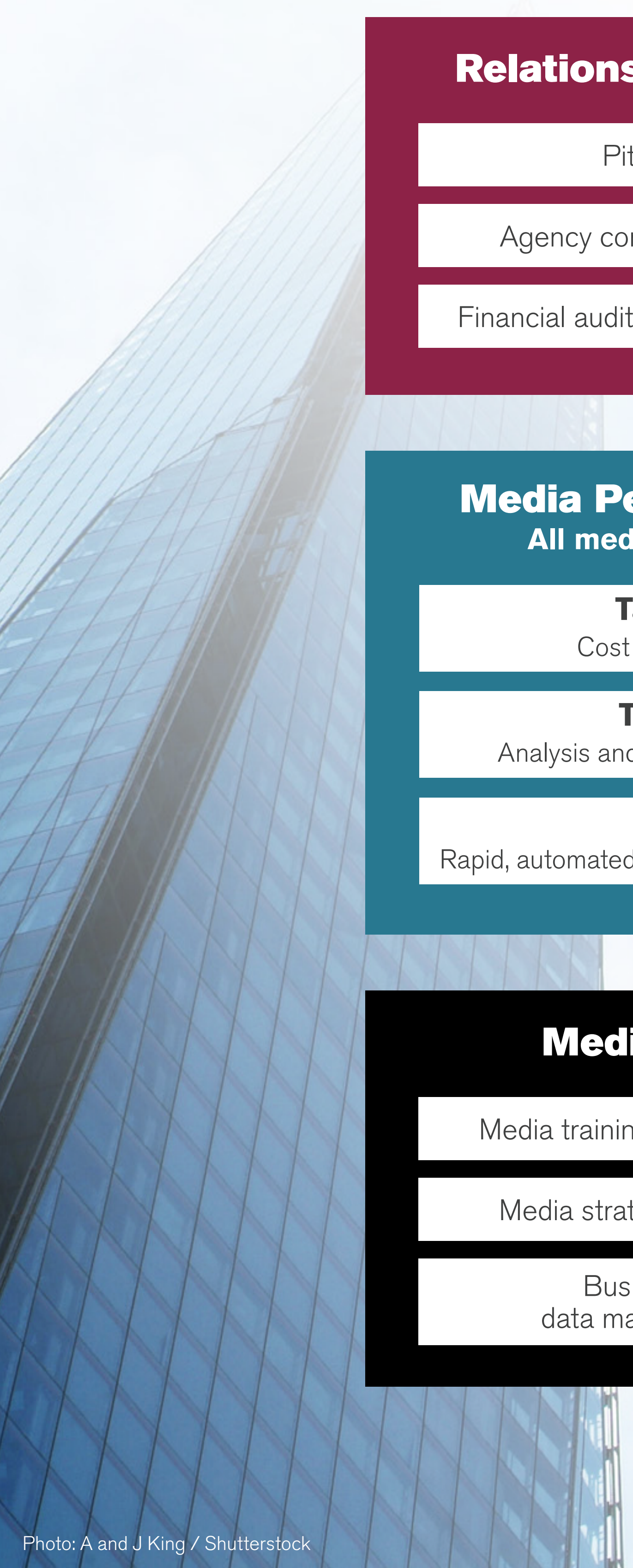


Photo: A and J King / Shutterstock

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