

**ECI Media Management**

# **inflation report update 2019**

**Welcome to the 2019** ECI Media Management Inflation Report Update, with updates to global, regional and local inflation estimates for 2019, so that you continue to have the information you need at your fingertips.

At ECI Media Management we bring a wealth of experience and knowledge

spanning territories and decades to our clients. Our experts have their fingers on the pulse of the media industry, harnessing their data analysis expertise to understand how media inflation has evolved over the first three quarters of 2019. This report details these updates, and the context behind them.

**ECI Media Management**

# **inflation** **2019** **report update**

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# Global events

**The media industry is inextricably entwined with global events, developments in technology and changing consumer behavior, leading to price fluctuations. Sporting events like the FIFA Women's World Cup and major political upheavals like the continuing US-China trade war mean agility is crucial in order to optimize on advertising investments.**

## FIFA Women's World Cup

2019's FIFA Women's World Cup in France was the most visible and celebrated women's football tournament to date. With an estimated 1 billion viewers worldwide, the tournament generated an estimated \$96 million in ad revenue in the US; Fox Sports earned \$506,665 per 30" spot during the final, compared to \$437,707 for the men's equivalent the previous year. Indeed, this was the year the women's game almost reached parity with the men's game: Visa, one of the six global FIFA sponsors, pledged to spend the same on marketing the women's game as the men's game, while Adidas said its sponsored players on the winning team would receive the same performance bonus as their male counterparts. Official FIFA WWC social accounts got 443 million views by the end of June, with more than 2 million conversations across Twitter and Facebook.

## Men's Cricket World Cup

The Men's Cricket World Cup attracted an estimated audience of 1.6 billion in 220 territories, of which 41% were women and 32% were aged 18-34. This was truly a digital tournament: the ICC's digital platforms and social media enjoyed 2.6 billion views, while #CWC19 video content netted over 4.6 billion views, with 3.5 billion minutes watched across Facebook and YouTube. There were 31 million tweets with the hashtag #CWC19.

Activity in India peaked during the semi-final with New Zealand, with 25.6 million

viewers on HotStar alone. The Indian team were knocked out, resulting in a 50% drop in ad rates for the final in India.

## Rugby World Cup

At the time of going to press, the 2019 Rugby World Cup in Japan is in its group stages. The global audience is expected to be 20% higher than in 2015, reaching 800 million households across 217 territories. The tournament is expected to deliver \$449 million in commercial value, up 9.2% compared to 2015. It's the world's first 8K broadcast (in Japan only), and the opportunities to achieve an audience span OOH and branding elements to TV coverage and social interactions.

It will be interesting to see if ad rates follow national teams' success at the Rugby World Cup, as in India at the Cricket World Cup.

## US-China Trade War

Over a year after the trade war between the US and China started, the world's two largest economies continue to impose tariffs on billions of dollars' worth of one another's goods. The ramifications are felt in both countries: 40% of US businesses expect the economy to worsen over the next 12 months, while Beijing Central Bank has announced a \$126 billion injection into the economy to curb slowing growth. Third-party economies are also feeling the effects, both positive and negative. Emergent Asian markets are benefiting - exports from Vietnam to the US rose 33% in the first half of 2019 (although its high trade surplus with the US makes it more at risk), and 13% from Bangladesh. India is expected to increase exports by \$11 billion in the long term. The outlook is not so positive for other countries: in the EU, exports are worth 40% of GDP, and leaders are concerned that its largest trading partners will become increasingly trade averse. Germany is particularly vulnerable: the US is the largest buyer of German goods and exports to China have increased by over 1000% in the last two decades.

## Media

# developments

## Apple increases privacy with Intelligent Tracking Prevention 2.0/2.1/2.2

When Apple's Intelligent Tracking Prevention (ITP) blocked the use of third-party tracking cookies within Safari, many third-party cookies found a loophole and repositioned themselves as first party. Apple's response – version 2.1 – restricted the lifespan of first-party cookies to seven days: a dramatic change compared to the previous policy, where the creator of the cookie could be determined by the creator up to 20 years. Version 2.2 restricted persistent first-party cookies further, to just 24 hours. The increased difficulty in tracking users will mean that the number of unique users will be inflated, making it harder for marketers to evaluate the performance of their digital marketing.

Google Chrome is similarly tightening up its cookie policy by allowing users to track, delete and block cookies, as well as restricting the use of cross-site cookies. They are also looking to provide alternative, non-cookie measures in order to improve user privacy.

## Sky's addressable TV platform expands its reach

Sky's AdSmart offering – which allows advertisers to better target TV campaigns for increased effectiveness – was launched in the UK in 2014: 2019 has seen significant roll-out across multiple markets and players. Virgin Media in the UK signed up in July, with Ireland set to follow suit in Q4 of 2019. The deal covers both linear and

VOD TV advertising, and Virgin Media will use both AdSmart and parent company Liberty Global's technology for targeted TV ads. Channel 4, a major UK broadcaster, announced that they would be joining in September, broadcasting targeted ads to Sky and Virgin households: the deal also includes other broadcasters such as UKTV and BT Sport.

Major US player Comcast has rolled out the technology across its NBCUniversal audience, while many Sky markets have also adopted it. This means that international advertisers can target consumers in many of the key western advertising markets, including the US, the UK, Germany, Ireland, Austria and Italy.

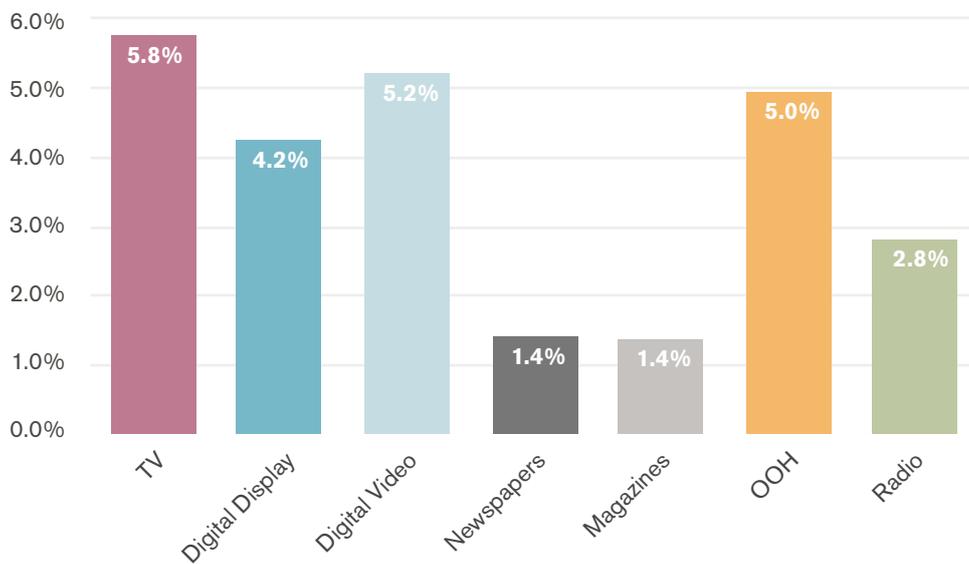
## Facebook changes its algorithms

As part of its ongoing effort to keep users engaged, Facebook has modified its newsfeed algorithm to focus on 'meaningful interactions', prioritizing friends' posts over those from advertisers. It does this by predicting user behavior via passive and active signals from interactions with posts. It is now more difficult for advertisers to gain reach, and many will be forced to purchase on a dynamic CPM. This will increase the cost of advertising on the platform – and quite possibly Facebook's ad revenue, which was \$16.6 billion in Q2 2019, 94% of which came from mobile ads. All brands will need to produce content that followers want to engage with – otherwise it will be far less visible.

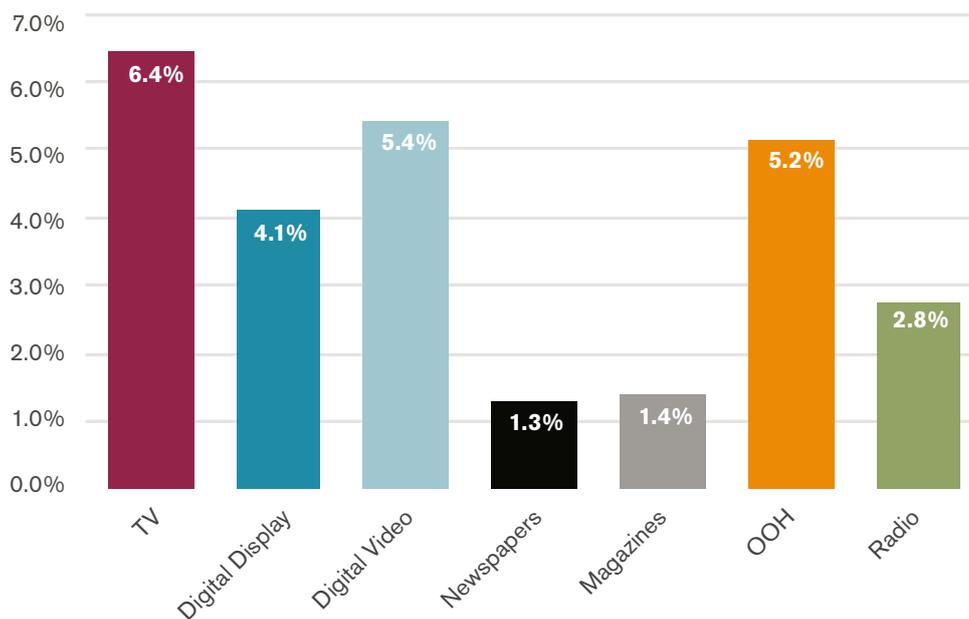
# Global media

## inflation

### 2019 Q1 ESTIMATES



### 2019 Q3 UPDATES



# Regional trends and development

**Overall, most media have stayed stable at a global scale, but fluctuate slightly more at a regional level. Video formats have become more inflationary, particularly TV.**

The US drives the overall position in **NOAM**. The increase in TV inflation is due to a reduction in available impacts year on year, but there are demands on vendors to continue delivering in the face of online video platforms. Inflation estimates for Digital Video continue to increase as content becomes more premium and is watched by younger audiences.

In **EMEA**, inflation estimates for TV have decreased, with lower levels of inflation anticipated for the UK, Spain and Russia, or even deflation for the UK. Digital formats are experiencing higher levels of inflation, following NOAM's lead with premium content being viewed online.

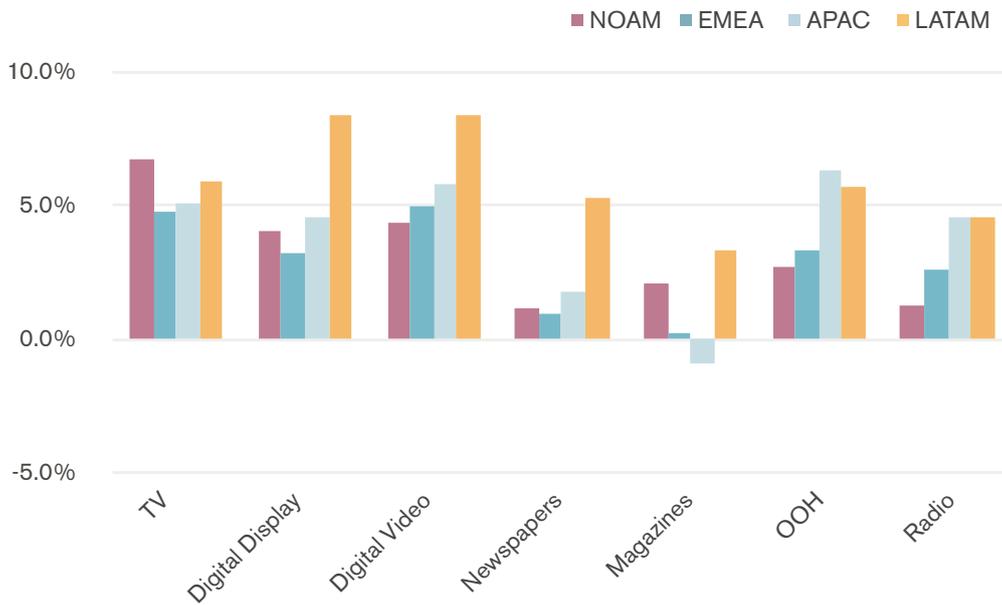
OOH is also seeing a resurgence, driven by DOOH opportunities.

Media inflation is relatively stable across **APAC**, with only a couple of stand-out differences. TV is now seeing an increase in inflation, largely thanks to a 2.8% increase in Japan, compared to the Q1 estimate of 1.0%. In Korea, all media is inflationary, including Print which was predicted to be deflationary in Q1. This has caused Print to be nearly flat for the region.

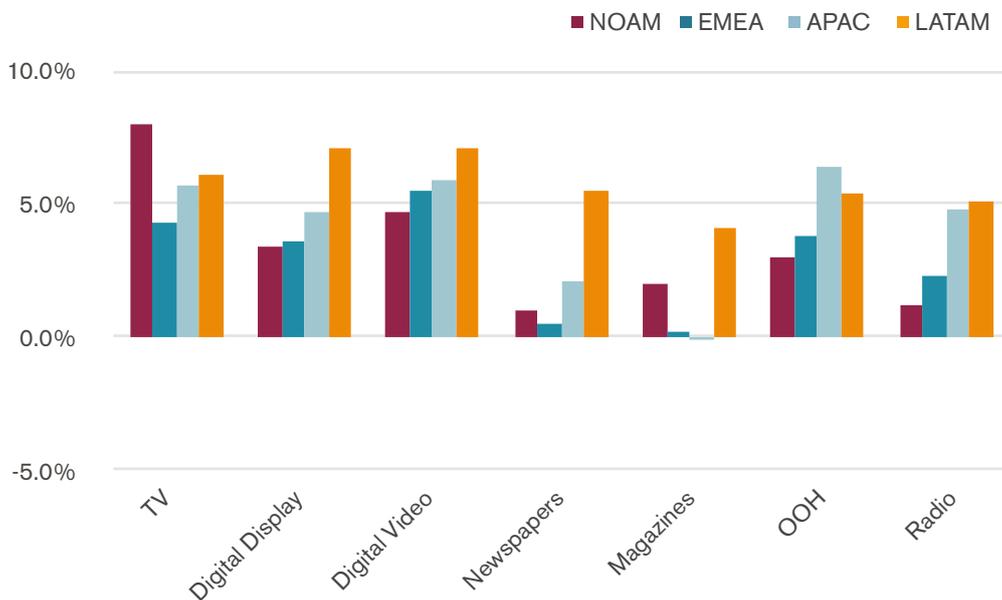
There are no major changes in non-digital media in **LATAM**, although more traditional media such as Newspapers and Radio are seeing a small lift in inflation – but only by a few decimal places. Inflation estimates for Digital Display and Video have shrunk to levels comparable to TV; TV is still the medium with the highest inflation in the region and is only beaten by NOAM at a global level.

# Regional inflation

## 2019 Q1 ESTIMATES



## 2019 Q3 UPDATES

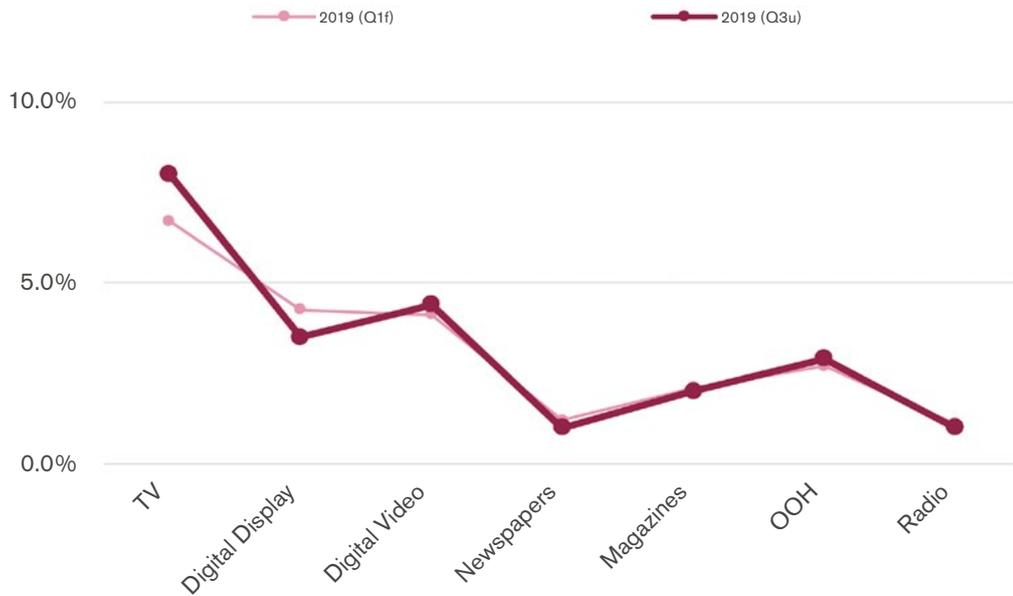


A nighttime photograph of a city skyline with illuminated skyscrapers. In the foreground, a wide street is filled with light trails from cars, creating a sense of motion. The sky is a deep twilight blue.

# Key markets in detail

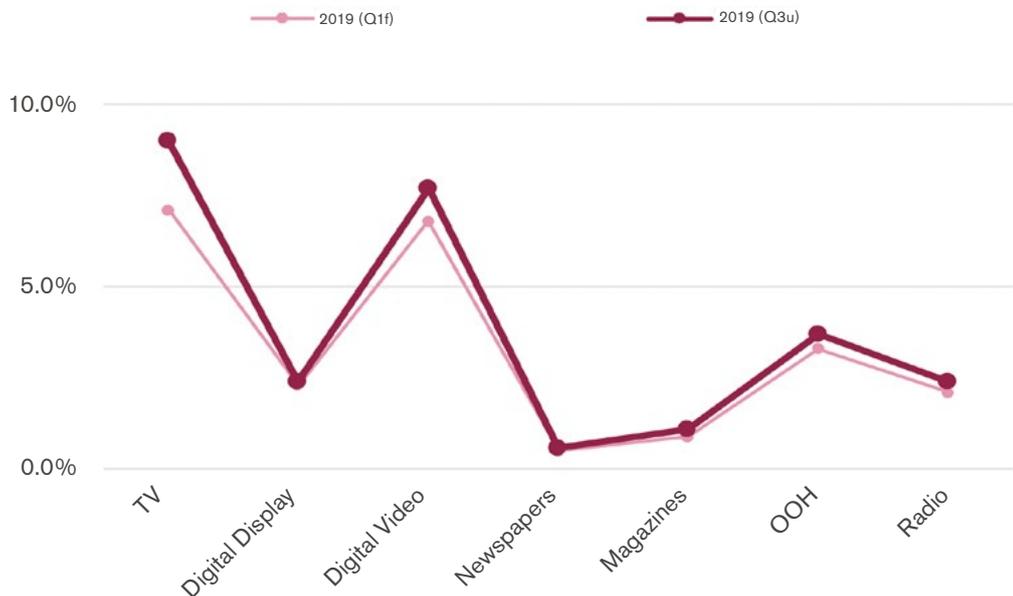
## USA

**Assessment:** Most media see little variation. The biggest changes are for TV and Digital Display, with higher and lower rates respectively.



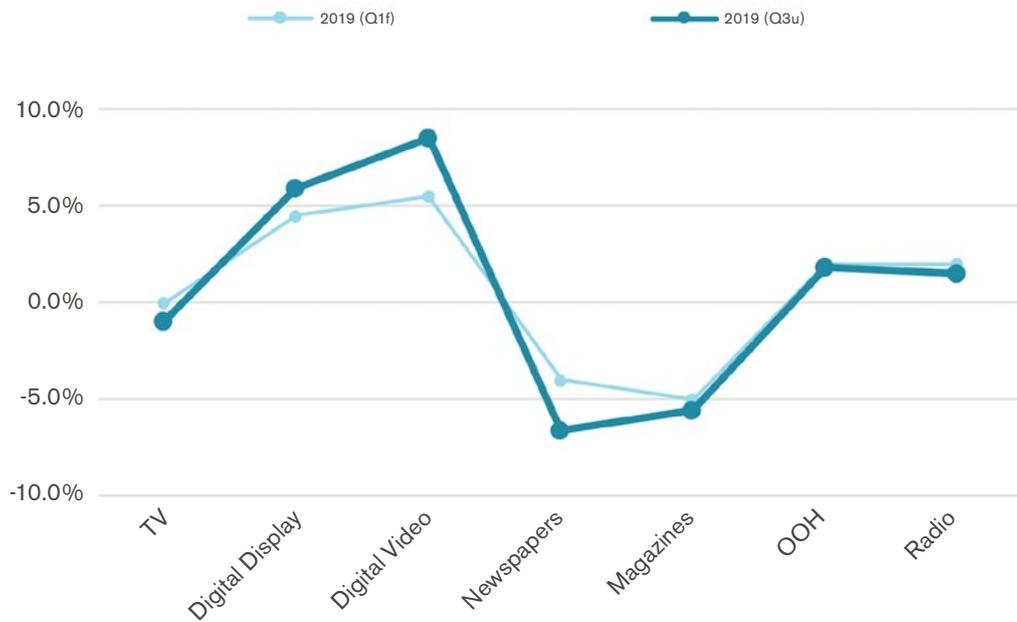
## Canada

**Assessment:** No significant change in inflation for Canada. The largest change is for TV with a 1.9% increase.



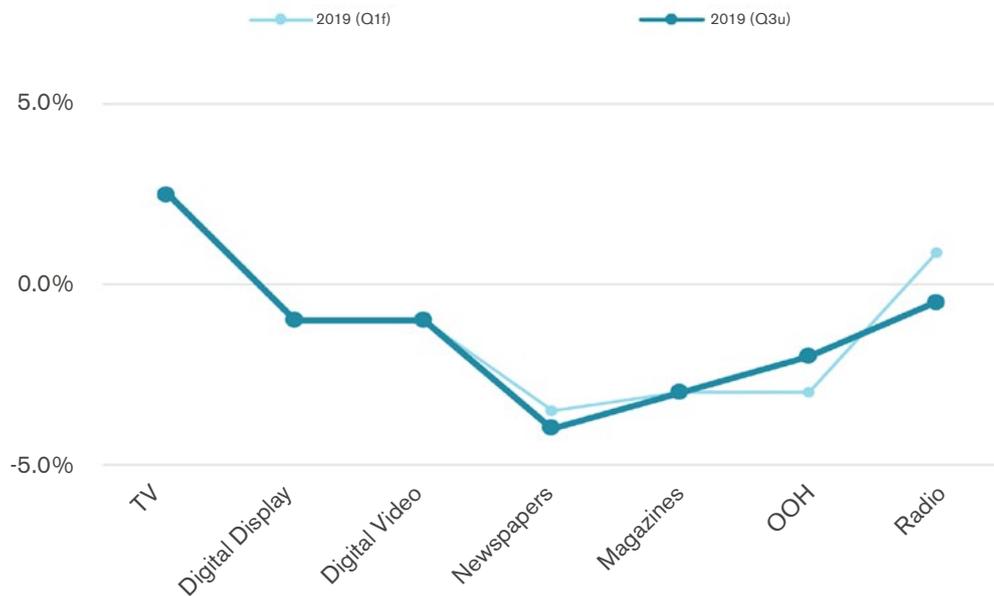
# UK

**Assessment:** TV moves to a slight deflationary position, with higher inflation anticipated for Digital elements. Print media sees a further deflation in price.



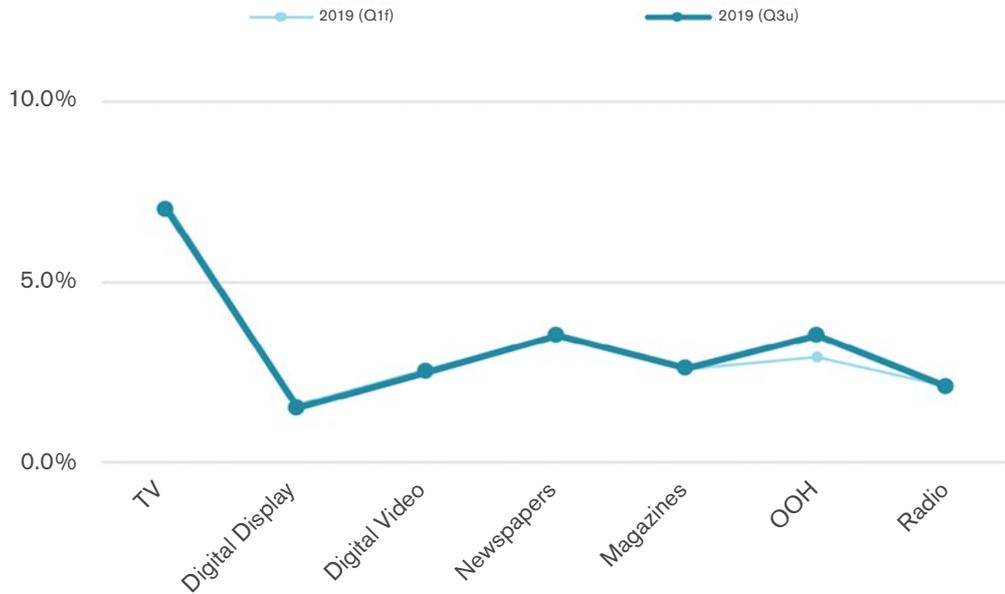
# France

**Assessment:** Minimal updates to Q1 estimates, with OOH and Radio deviating the most. The only inflationary media is TV.



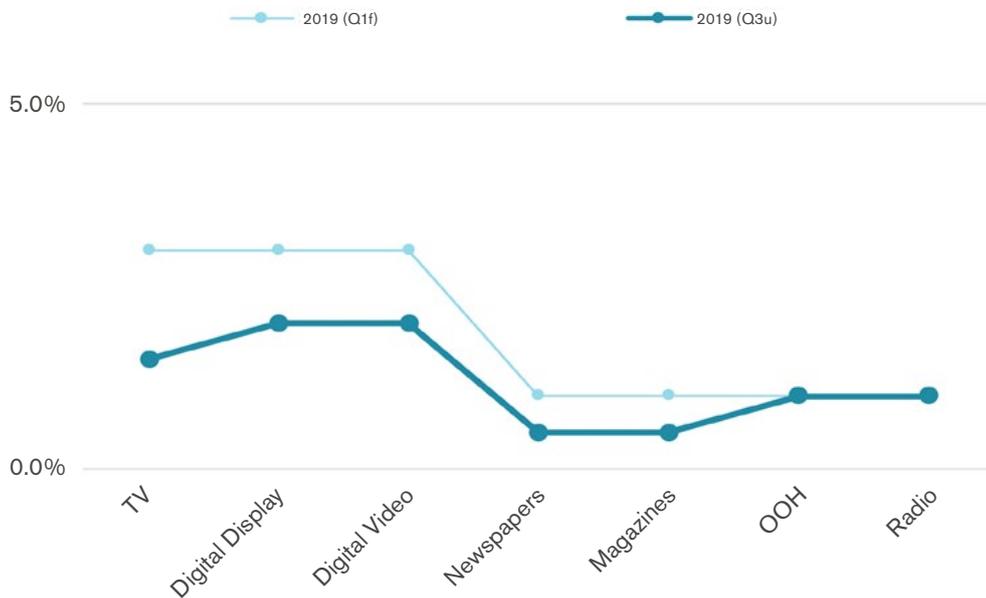
## Germany

**Assessment:** Estimates are consistent with Q1. OOH saw the largest variation, with higher inflation.



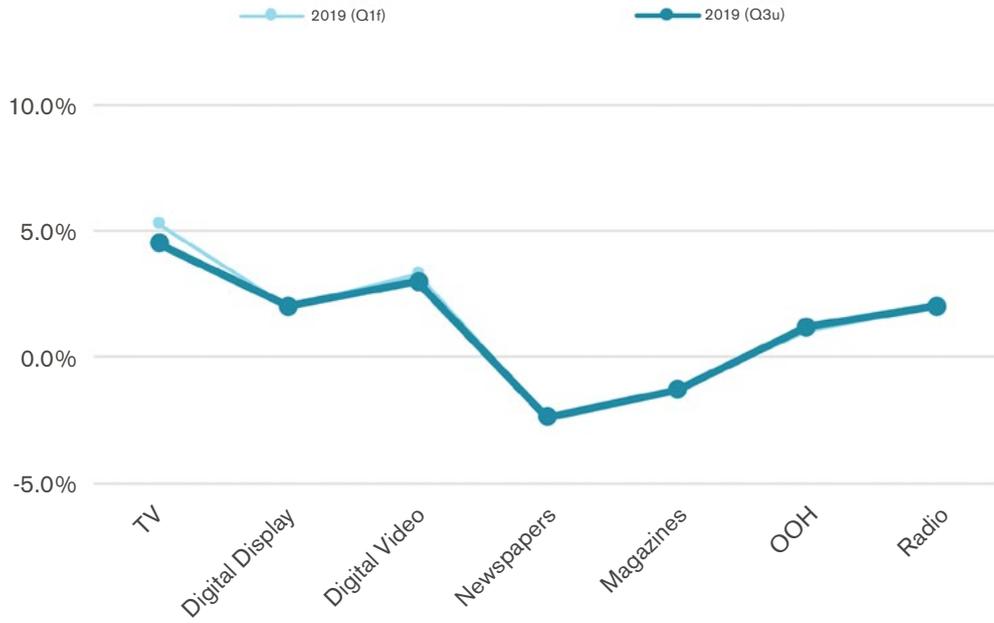
## Spain

**Assessment:** Most media have become less inflationary than anticipated, with OOH and Radio remaining unchanged.



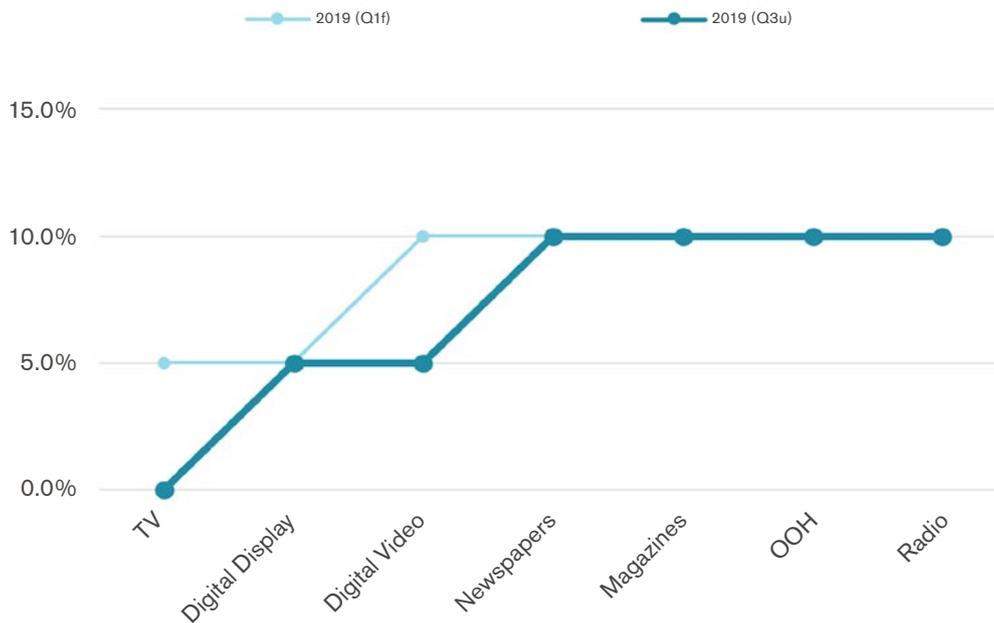
# Italy

**Assessment:** No major updates anticipated for Italy, with TV showing the only clear variation.



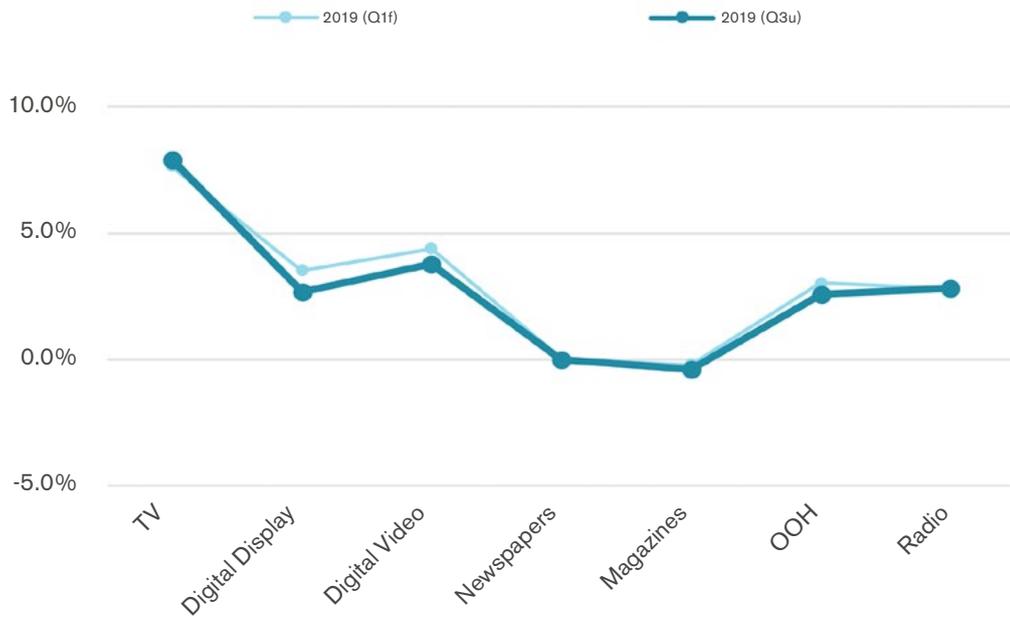
# Russia

**Assessment:** Whilst the relationship between media is consistent, TV and Digital Video are expected to be 5% lower than Q1 estimates.



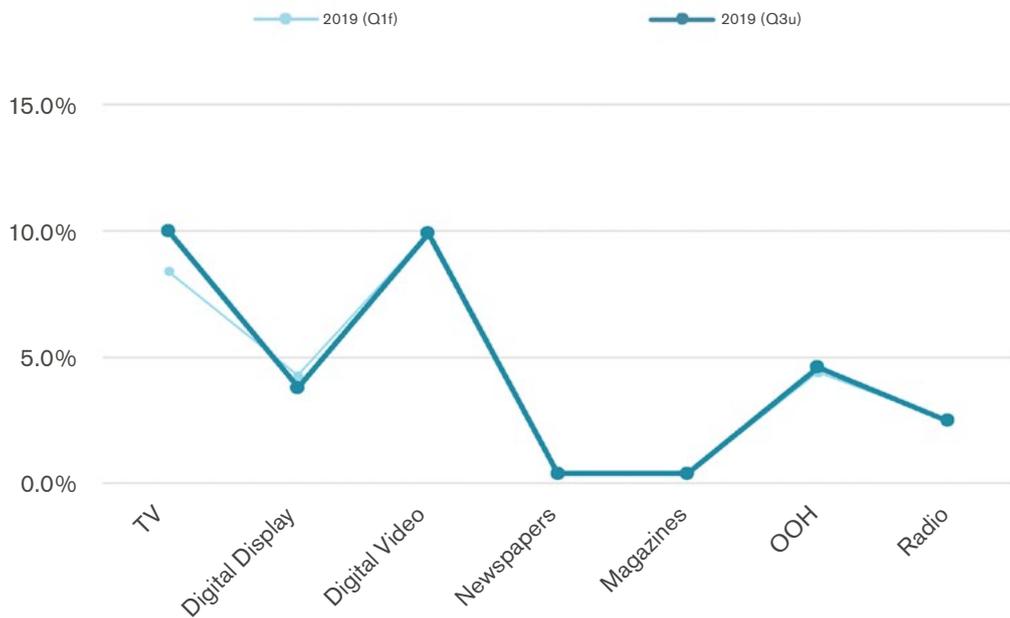
## Netherlands

**Assessment:** No major updates to Q1 inflation estimates for The Netherlands. Only Digital Media shows a clear difference.



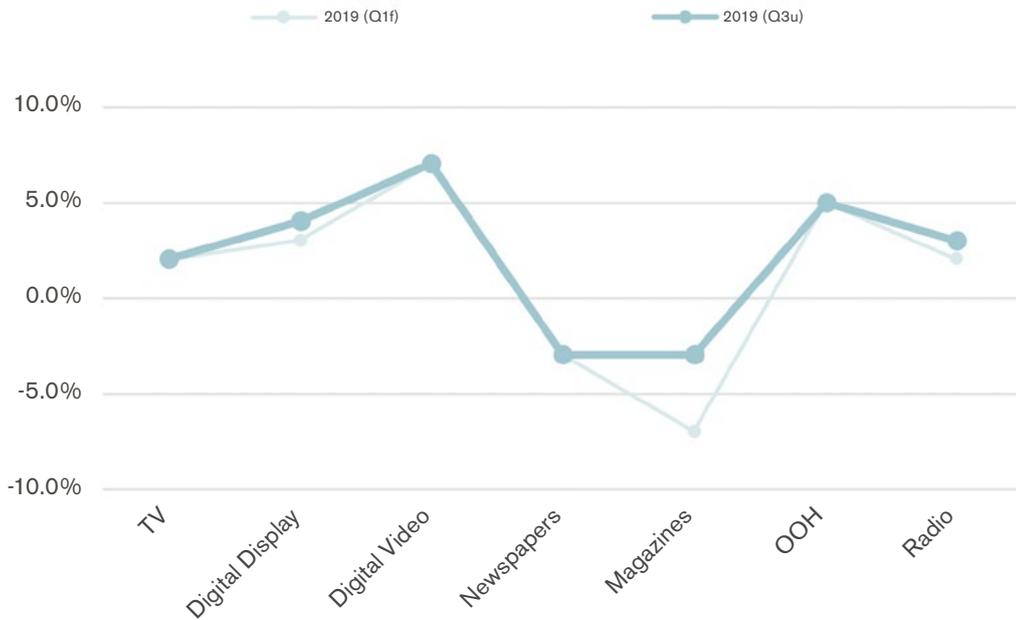
## Nordics

**Assessment:** Across the Nordics, TV shows the largest difference against the Q1 estimates, due to higher increases in Finland and, importantly, Sweden.



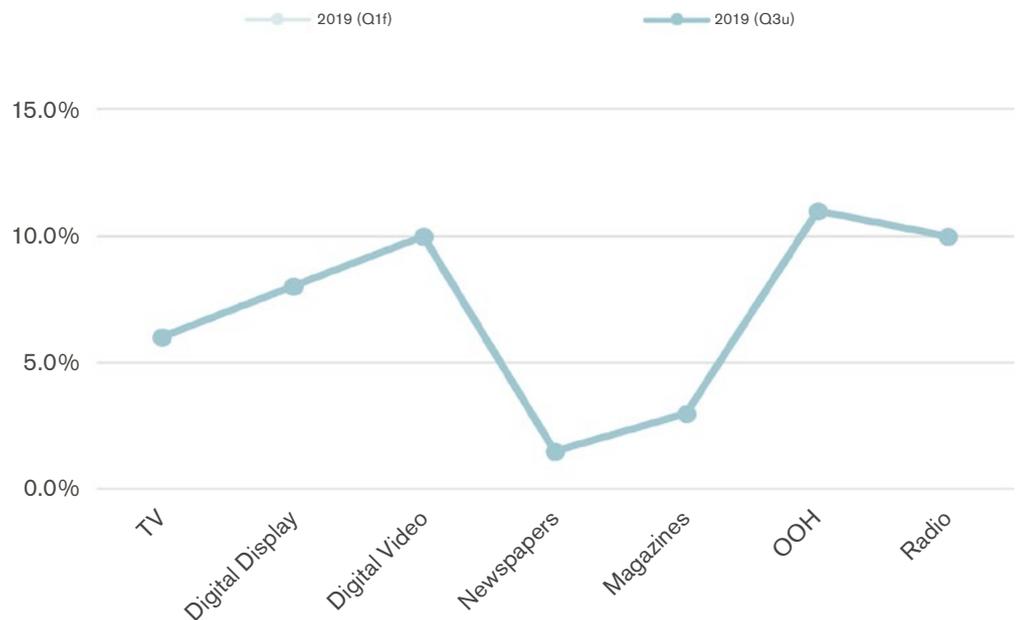
## Australia

**Assessment:** Magazines saw the greatest change forecast for 2019. They are still deflationary, but only at -3%.



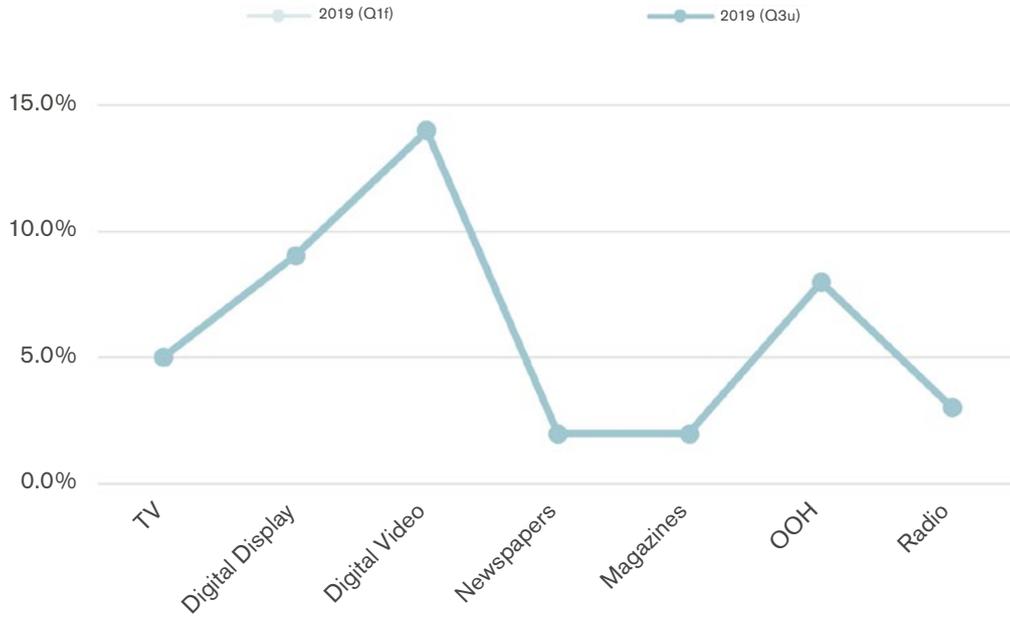
## China

**Assessment:** No media types varied from estimated inflation rates.



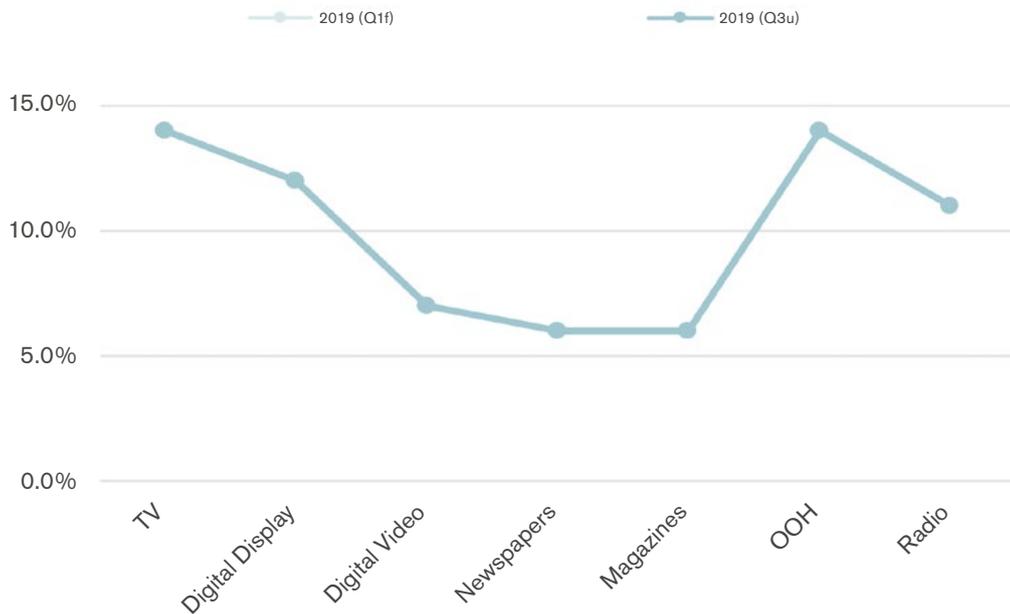
## Hong Kong

**Assessment:** No media types varied from estimated inflation rates.



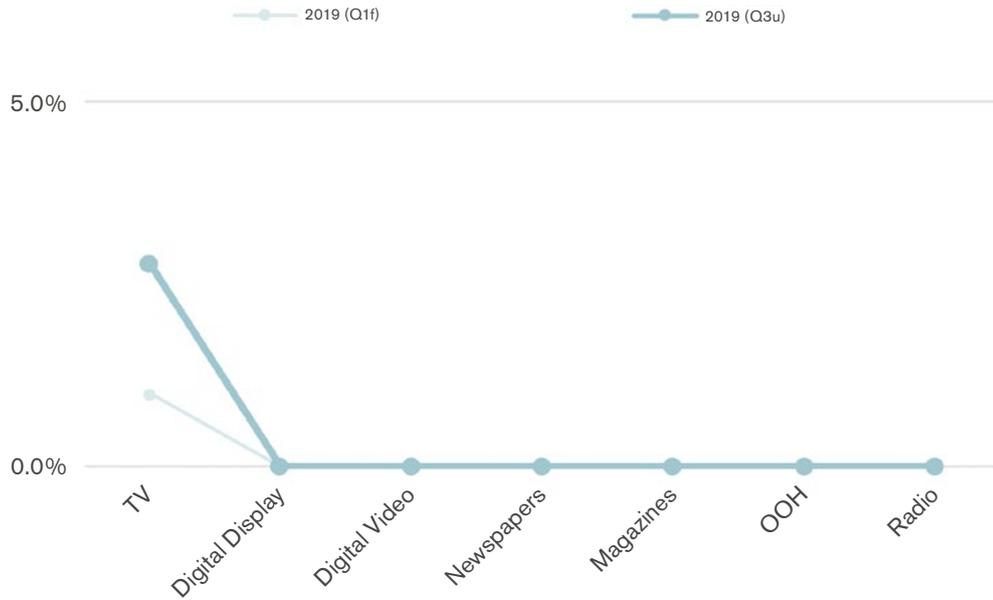
## Indonesia

**Assessment:** No media types varied from estimated inflation rates.



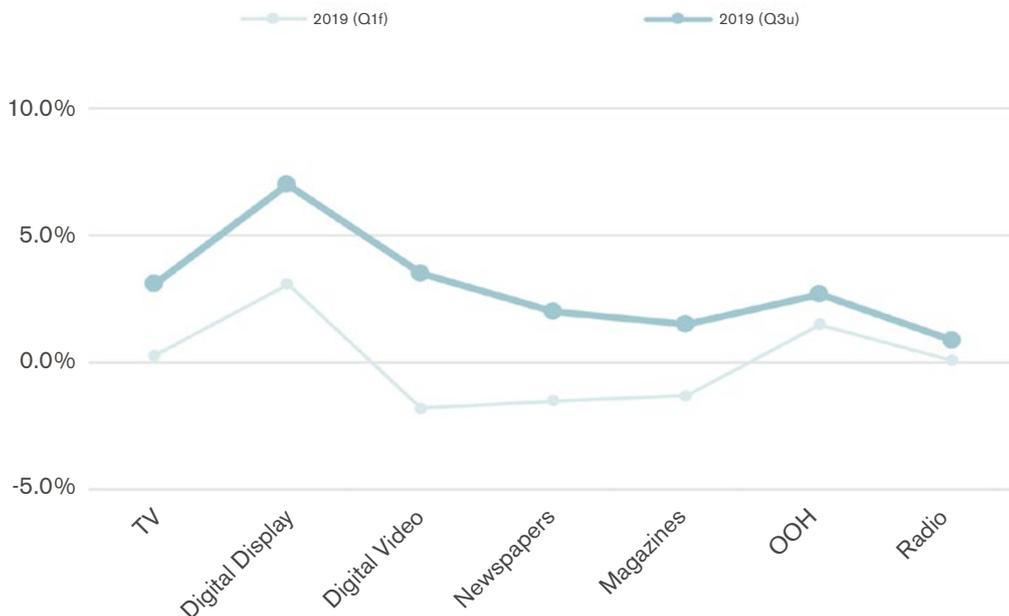
## Japan

**Assessment:** As is normal for Japan, no inflation is anticipated. The only exception is TV, which sees an increase compared to Q1 estimates.



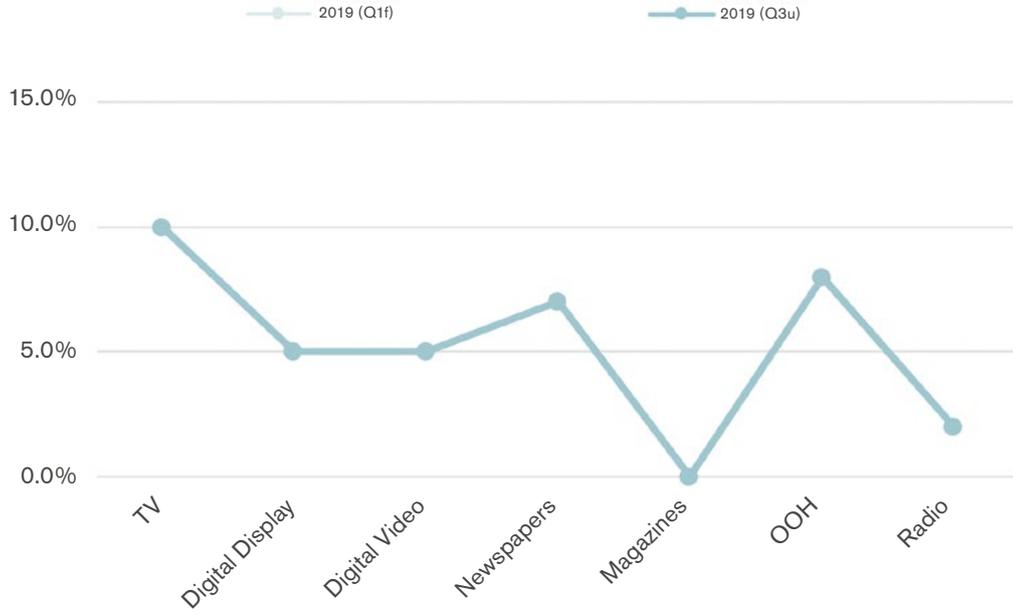
## Korea

**Assessment:** All media types are estimated to have increased their rates, with all types now inflationary.



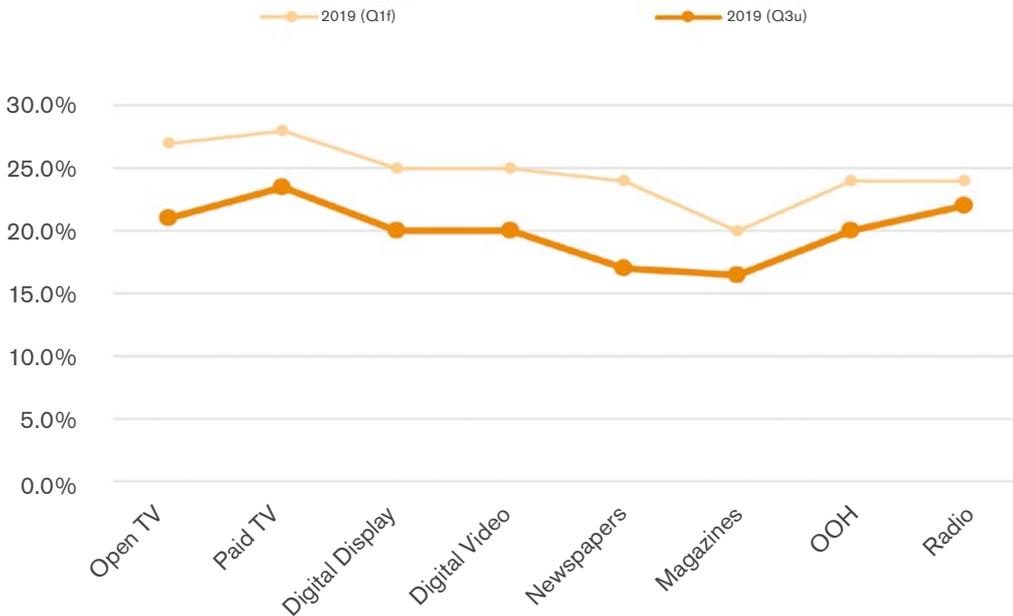
# India

**Assessment:** No media types varied from estimated inflation rates.



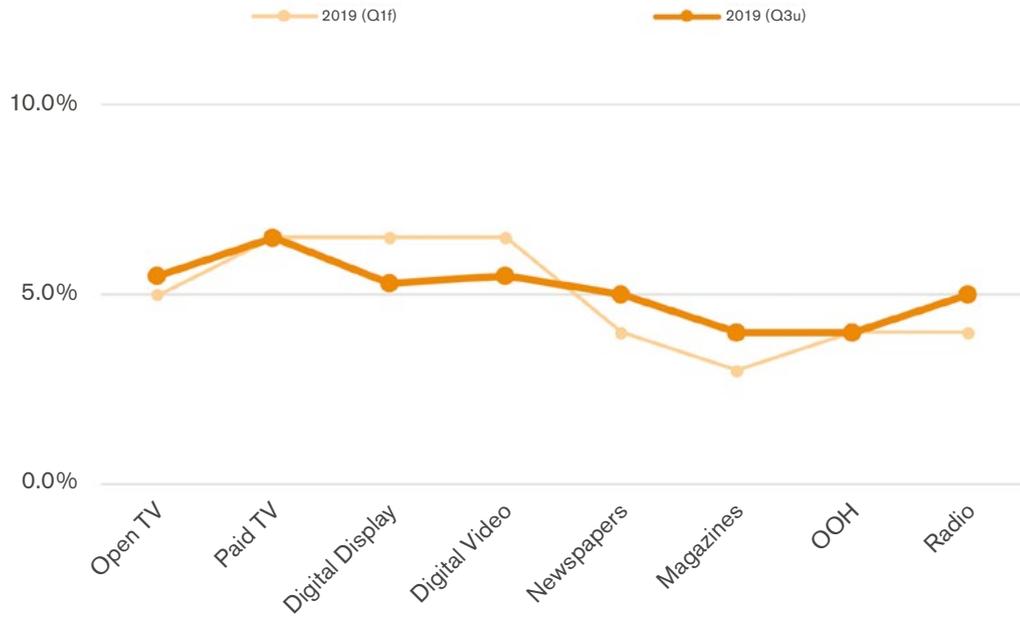
# Argentina

**Assessment:** All media saw an expected fall in inflation rates, although they are still high, as seen historically in Argentina.



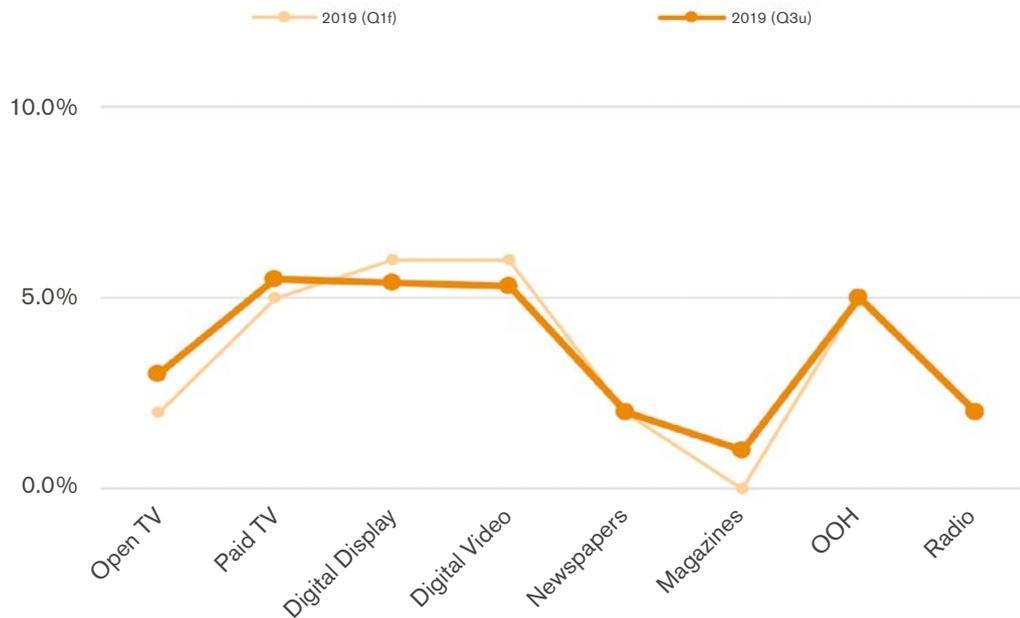
## Brazil

**Assessment:** All media types became more consistent across the board, trending at around 5%.



## Mexico

**Assessment:** No major deviations from Q1, but TV shows a slight resurgence and Digital a slight slowing in estimates.



# 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.

### **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 they need us, across the Americas, Europe and Asia Pacific. We offer them high-level media intelligence and rigorous benchmarking and, ultimately, the insight, experience and savvy to ensure that their advertising investment and agency relationships drive **higher media value**.



# Our **product** offering

## Relationship Management

Pitch Management

Agency Contracts and Remuneration

Financial Auditing and Contract Compliance

## Media Performance

### Target Value<sup>©</sup>

Cost Tracking – All Media

### Target Mark<sup>®</sup>

TV Analysis & Benchmarking

### OnTarget<sup>®</sup>

Digital Analysis & Benchmarking

### OOH / Print / Radio<sup>©</sup>

Analysis & Benchmarking (TMI<sup>©</sup>)

## Media Consulting

Media Training and Bespoke Workshops

Media Strategy Consulting

Business Process and  
Data Management Consulting

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