



DG2 Worldwide Group

Marketing Measurement and Transparency for Optimum ROI

DATA + GOVERNANCE + GUIDANCE = DG2

Investment Outlook 2018

The Outlook is Higher Media Prices
For advertisers that implies a higher marketing investment is
required to maintain position.


DG2 is privileged to access confidential market sensitive, investment data. Our team has been immersed in this data for many years and is pleased to share some directional inflation forecasts as the year 2017 closes.


Our databases track more than 45 Global markets, which account for +95% of Global media investment. This paper offers some brief extracts based on the Top 20 markets spanning: The Americas; EMEA and APAC. Our approach highlights critical observations across these 20 markets, including overall trends and aberrations. Before summarising our Top 10 observations, our first comment relates to where we see the Global economy trending, now in its 10th year post the 2007/8 Financial crisis.


As economists remind us, economic cycles rarely last more than 10 years. Presently, there is no strong expectation the current economic cycle is set to end. In fact, as a contributor to the annual WFA forecasting report, the DG2 team can conclude from this year's output there is scant evidence of a drop in confidence in 2018 media investment. Simple math tells us constant or greater media investment will inevitably lead to higher media prices, which is our 2018 broad scenario prediction.

Here are the Leading trends:

We start with Geographical Regions:

 **Trend No.1** - Unlike the previous 9 years, post the crisis, each of the 3 regions are in aggregate predicted to inflate at similar levels. The big economies of China and India are still driving an overall vigorous growth trend in APAC, but there is likely a change in EMEA where all of Europe's markets are now expected to require higher media prices.


 **Trend No.2** - The scale of change for both TV and Digital appears to be more in line, than in previous years. We believe this is a reflection of a more knowledgeable client community fast learning to manage its digital media investments more prudently.


 **Trend No.3** - The markets that would appear to be inflating most include:


- Russia, the host nation for the FIFA World cup in 2018
- And Brazil, India, Mexico, but not forgetting China, which for the first time in many years is not leading the inflationary trend. However, these 4 markets account for a major proportion of Global media investment and continue to inflate at a hefty rate.

TV			
Country	2017 Predicted In/Deflation	2017 Actual	2018 Predicted
Brazil	10%	9%	7%
India	10%	9%	9%
Thailand	10%	7%	3%
Russia	10%	11%	12%
Mexico	9%	10%	9%
China	8%	7%	6%
South Africa	5%	5%	6%
Spain	5%	3%	3%
Nordic	5%	6%	7%
USA	5%	6%	5%
Germany	5%	3%	3%
UAE	5%	3%	3%
Switzerland	4%	3%	2%
France	3%	3%	3%
Canada	3%	2%	3%
Italy	3%	2%	3%
UK	2%	1%	1%
Netherlands	2%	3%	4%
Australia	2%	3%	3%
Japan	0%	1%	1%

We continue with a look at the medium by medium differentiation:


 **Trend No.4** - Digital pricing has soared away in the last few years. A medium that barely existed 15 years ago is now in some markets vying for the number 1 investment medium. However, the dominant industry conversation is focused on transaction trail transparency. Clients need to know how to efficiently account for the cost of targeting technology and how accessing programmatic trading is impacting their overall costs. As noted above, we believe greater transparency is the leading factor controlling a formerly runaway investment into online presence.


 **Trend No.5** - For the first time Online investment is predicted to grow less than TV in 2018 in absolute numbers, resulting in a lower price trajectory for Online.

 **Trend No.6** - The current industry and client feedback indicates Digital Video prices will increase at a greater pace in 2018, compared with display. We believe static demand for standard formats will continue. That may be a value opportunity for clients chasing down prices.

DIGITAL						
Country	2017 Predicted In/Deflation		2017 Actual		2018 Predicted	
	Display	Video	Display	Video	Display	Video
China	12%	16%	12%	15%	6%	9%
India	12%	12%	10%	12%	7%	9%
Thailand	11%	12%	7%	0%	8%	9%
UAE	10%	10%	5%	6%	5%	6%
Brazil	7%	6%	6%	8%	6%	7%
Russia	7%	10%	3%	8%	3%	9%
Mexico	6%	6%	6%	6%	6%	7%
Spain	6%	6%	3%	3%	3%	4%
Nordic	6%	7%	4%	5%	3%	6%
South Africa	5%	4%	4%	4%	1%	3%
Netherlands	5%	7%	2%	3%	2%	4%
Italy	4%	4%	2%	2%	2%	3%
USA	3%	4%	2%	3%	2%	3%
Canada	3%	3%	2%	2%	1%	2%
Australia	2%	7%	3%	5%	2%	4%
France	2%	2%	2%	3%	1%	3%
UK	1%	2%	2%	4%	2%	4%
Switzerland	1%	3%	0%	1%	0%	0%
Japan	0%	0%	1%	2%	0%	2%
Germany	-10%	6%	1%	2%	1%	1%

We conclude with these key overall comments:

-  **Trend No.7** - Long term, a stark contrast has emerged between Europe and the rest. Apart from Japan virtually all the Top 20 markets outside Europe have increased in price year after year.
-  **Trend No.8** - The markets in the Top 20 with the greatest predicted price increases in TV are Mexico and Brazil followed by China and India.
-  **Trend No.9** – Similarly in Digital, China and India’s pricing has dramatically increased over the last 4 to 5 years.

 **Trend No.10** - Assuming no financial shocks, 2018 is likely to become yet another year of increasing media demand and thus prices. Although we have focused on the Top 20 markets (accounting for +85% of media investment) the rising price trend repeats itself most places and in all media. The medium least likely to inflate is print. However, with declining budgets moving into that medium, the effect on the macro media investment environment is minimal.

Every year we offer a cautionary note that the wider economy could readily upset these predictions as budgets may be swiftly cut under corporate financial pressure. That being said, we expect prices to move broadly in the directions illustrated in the charts above.

Integrated Product/Service Portfolio all provided on a Global scale

DG2 provides global advertising industry focused services spanning media, digital, creative, public relations and all other marketing spend categories. Our experienced staff and global network provide data analytics, intelligence, measurement, transparency and contract advice to effectively measure compliance, risk and performance against key KPI's.

We work seamlessly together as one firm, while we share our collective advertising industry insights, knowledge and experience with our global clients to improve performance. Over the past 16 years, we have conducted over \$300 billion in global marketing audits in 80+ countries -- yielding \$400+ million in client value and cost savings. We know the industry; we know the marketing landscape; we advise our clients on leading practices and measurements for optimizing their marketing investments. As an industry leader, DG2 provides marketers with Data Analytics (DA), Business Intelligence (BI) and technology-driven dashboard and benchmark tools, including Opti-Tracker, our media performance benchmark tool that provide marketers with an effective approach for assessing media buying performance.