

OUTLOOK2016

Media Cost Forecasts

November 2015



Introduction

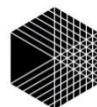
- All network media agencies and media auditors invited to submit cost forecasts for 2016 and actuals for 2015;



EC | INTERNATIONAL
MEDIA | INTELLIGENCE | VALUE



MAGNA



GLOBAL



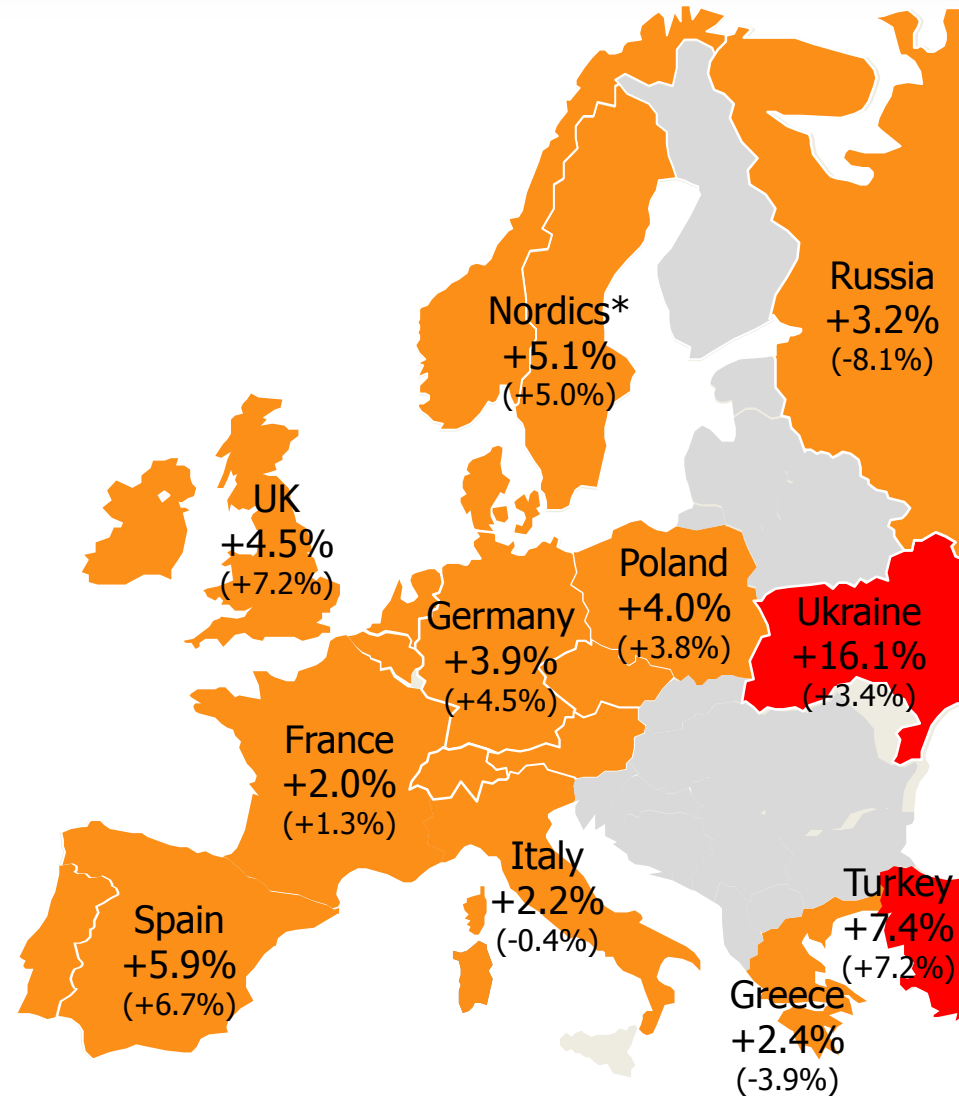
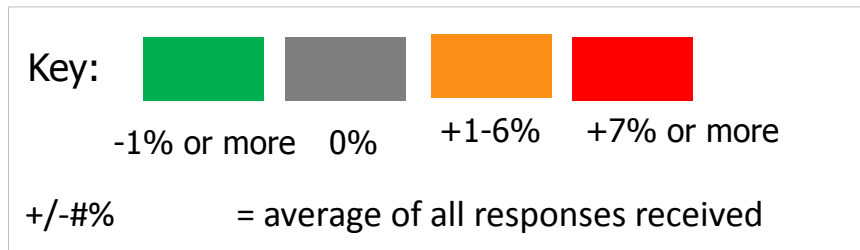
OmnicomMediaGroup



- 46 markets covered across 7 media channels
- Unweighted averages generated by WFA
 - Minimum 3 data points per market/media
- Figures should be used as a broad guideline only

Low level inflation the trend in Europe (TV)

Europe TV: 2016 vs (2015)

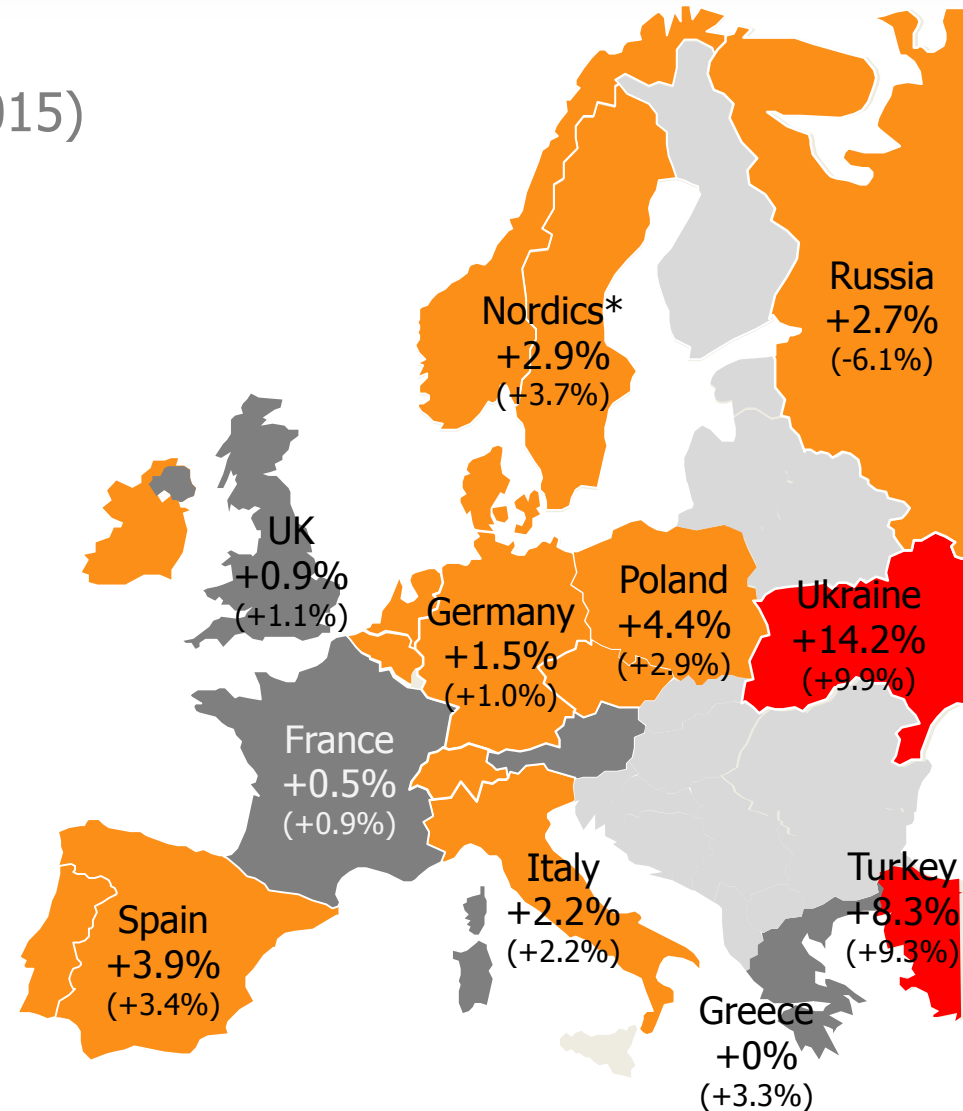
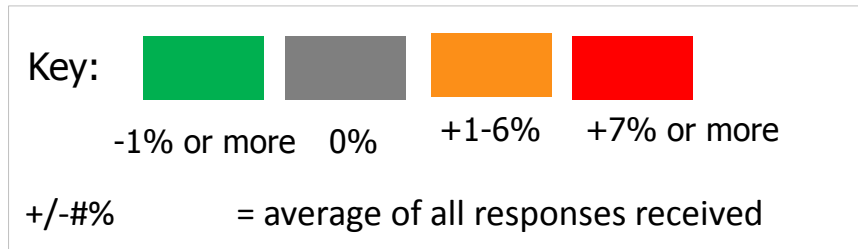


* Nordics weighted by ad spend

Source: WFA industry survey; Nov 2015; base = 12 contributing companies

Display prices also typically inflationary, but at a lower level...

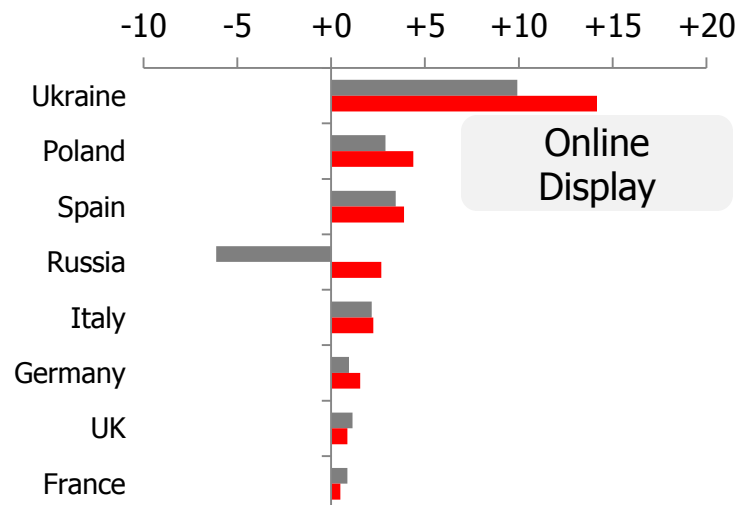
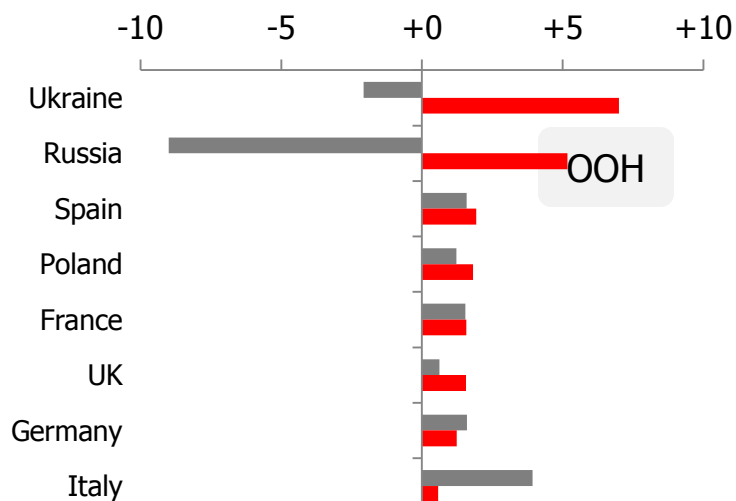
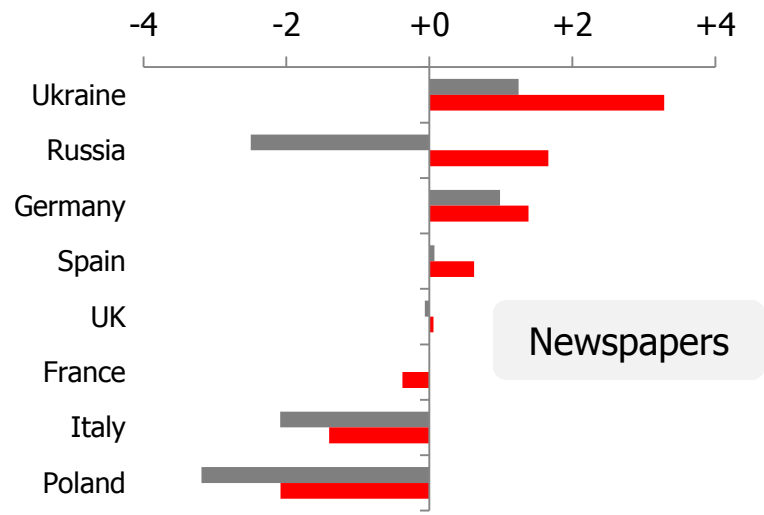
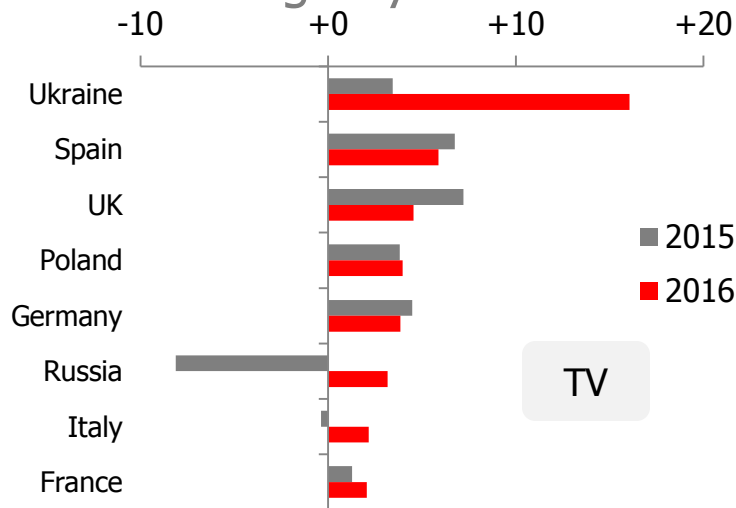
Europe Online Display: 2016 vs (2015)



* Nordics weighted by ad spend

Rampant print inflation likely driven by sustained readership decline...

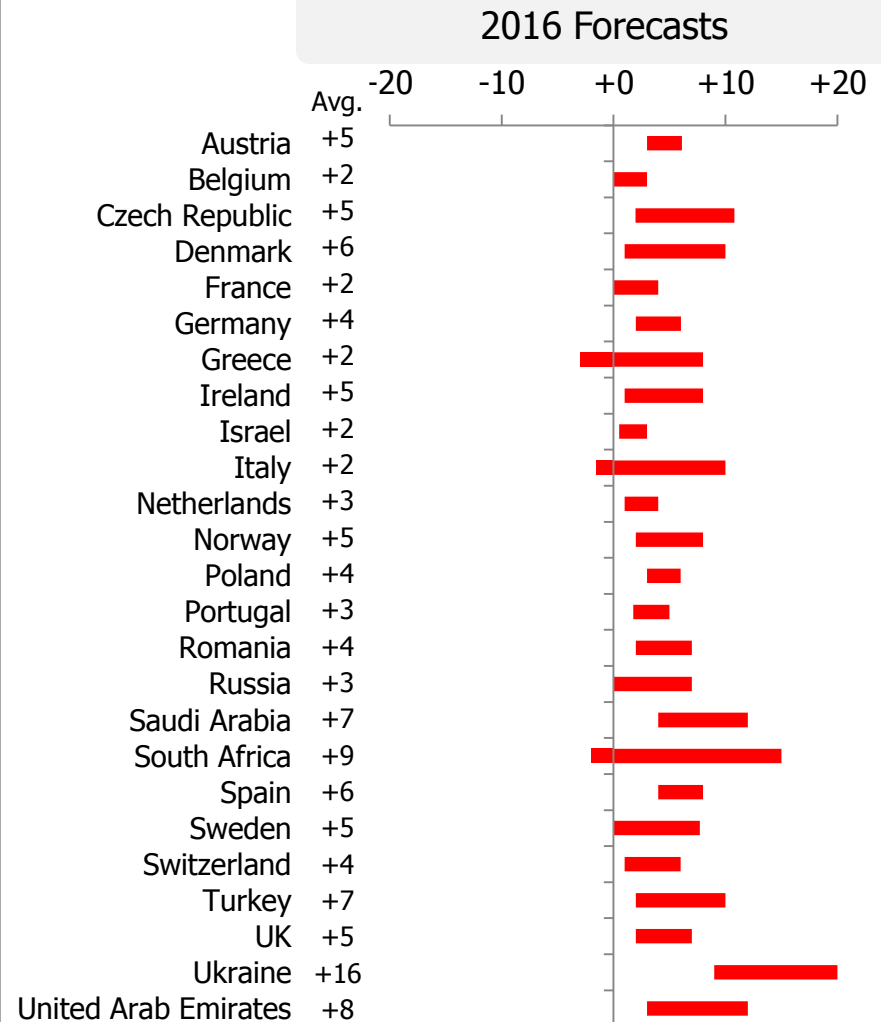
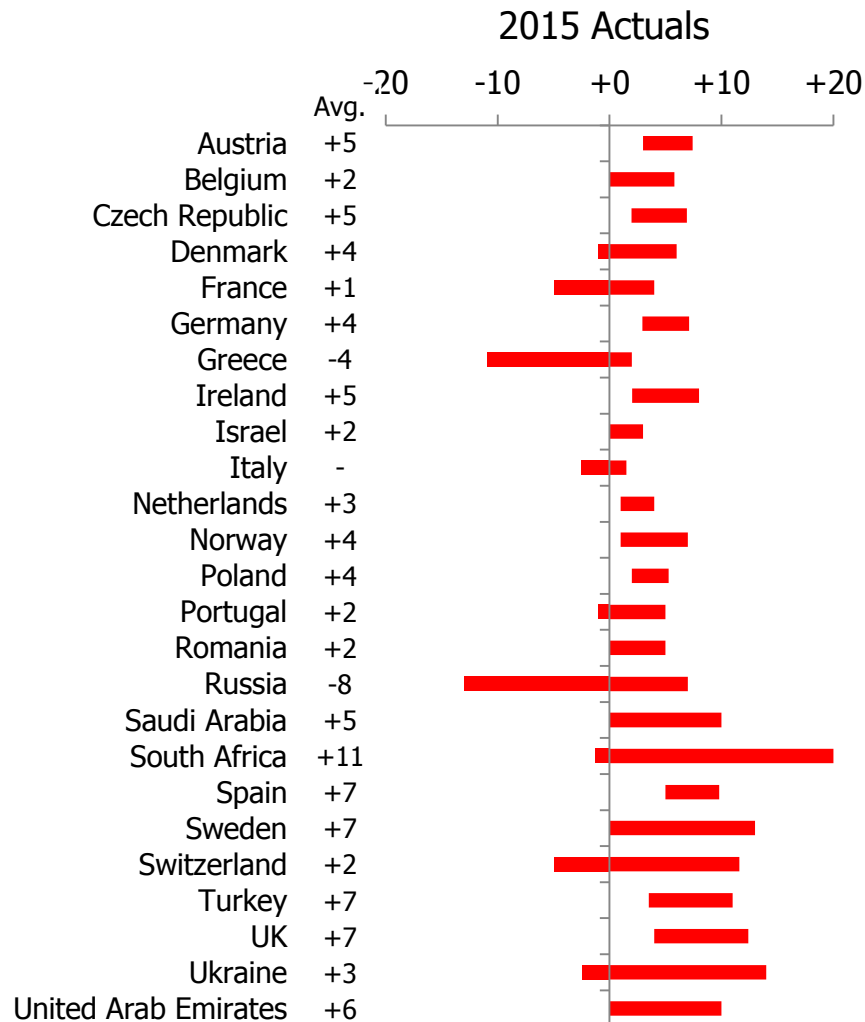
YoY Average by Medium



Source: WFA industry survey; Nov 2015; base = 12 contributing companies

Range of responses can be wide, even for 2015...

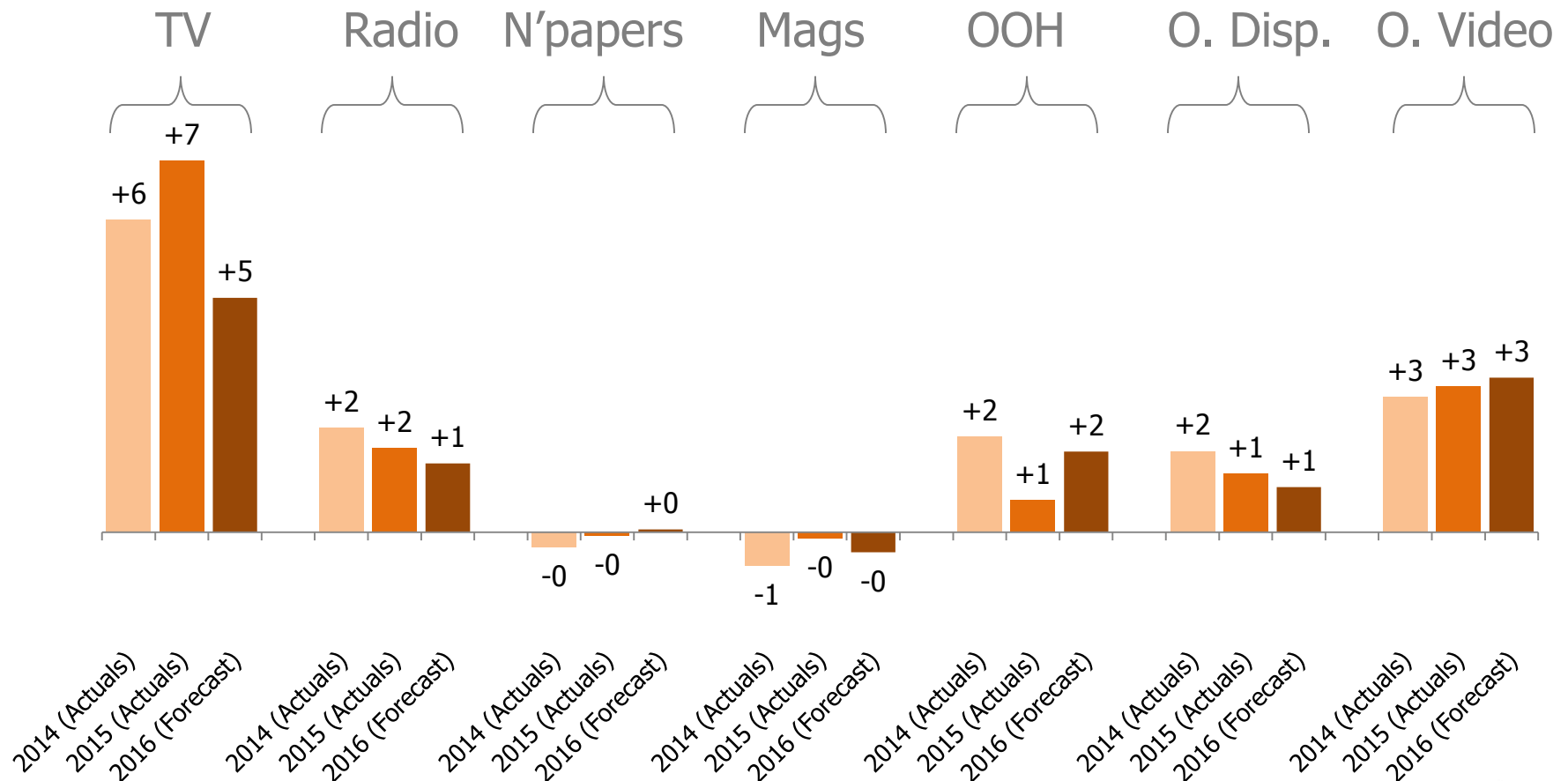
Range of Responses (lowest & highest): TV only



Source: WFA industry survey; Nov 2015; base = 12 contributing companies

TV showing greatest inflation in UK, linked to sustained (advertiser) demand and stable commercial (audience) supply

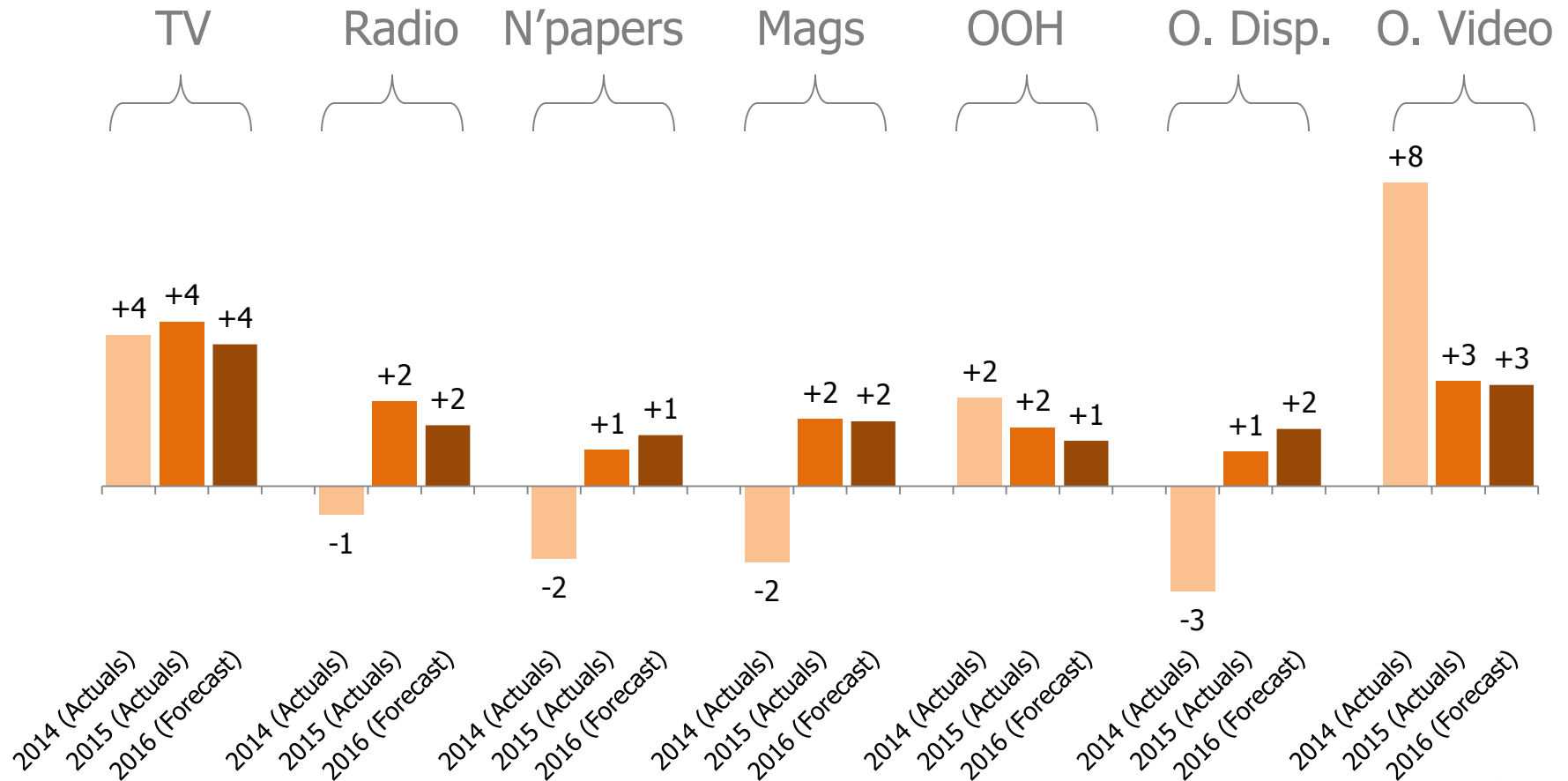
UK YoY Average by Medium



Source: WFA industry survey; Nov 2015; base = 12 contributing companies

Video prices stabilizing in Germany

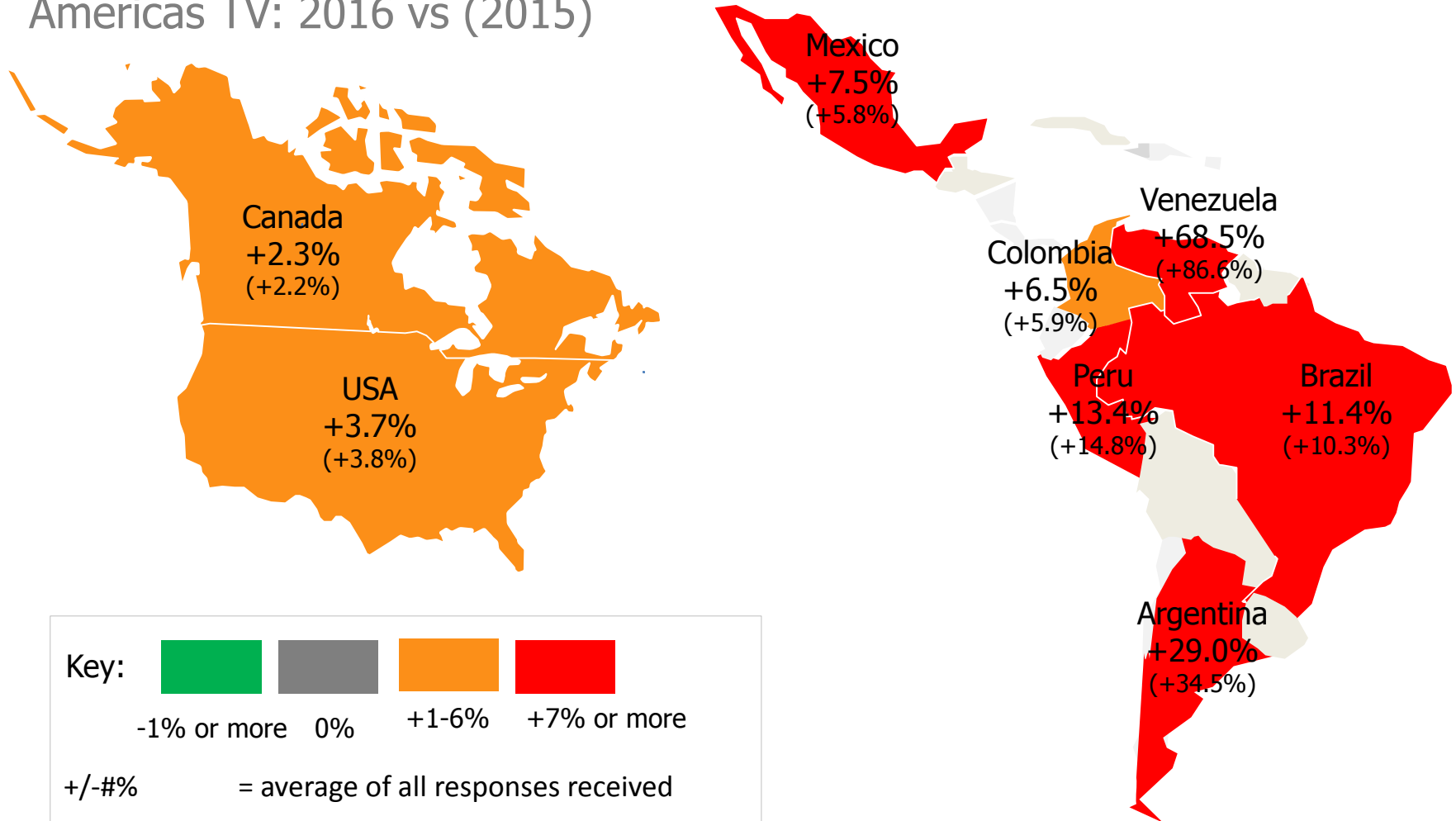
Germany YoY Average by Medium



Source: WFA industry survey; Nov 2015; base = 12 contributing companies

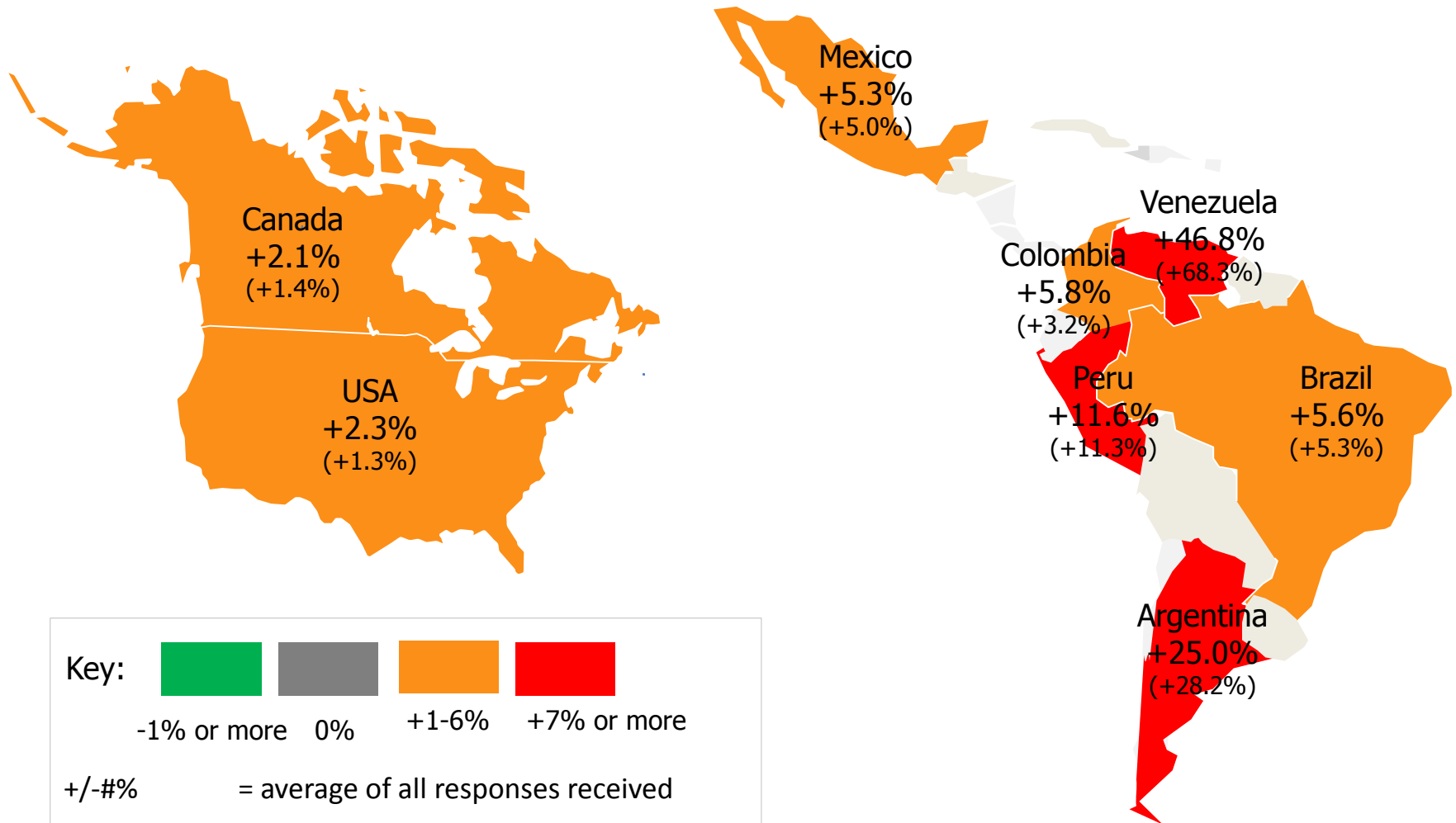
Venezuelan media inflation continues to (significantly) outpace economic inflation...

Americas TV: 2016 vs (2015)



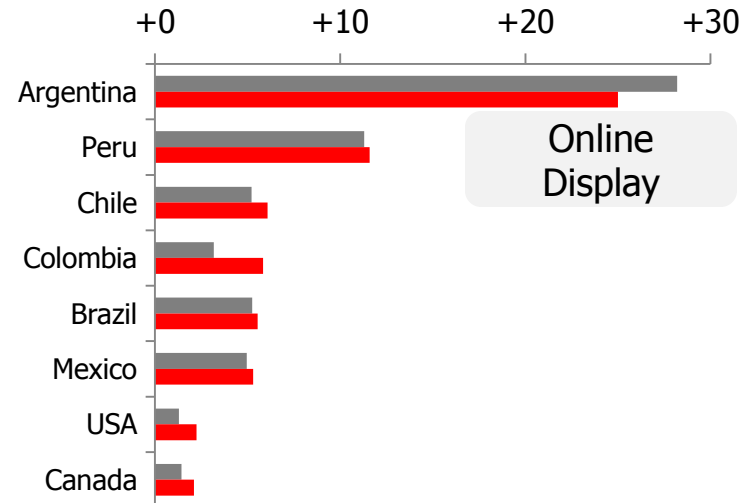
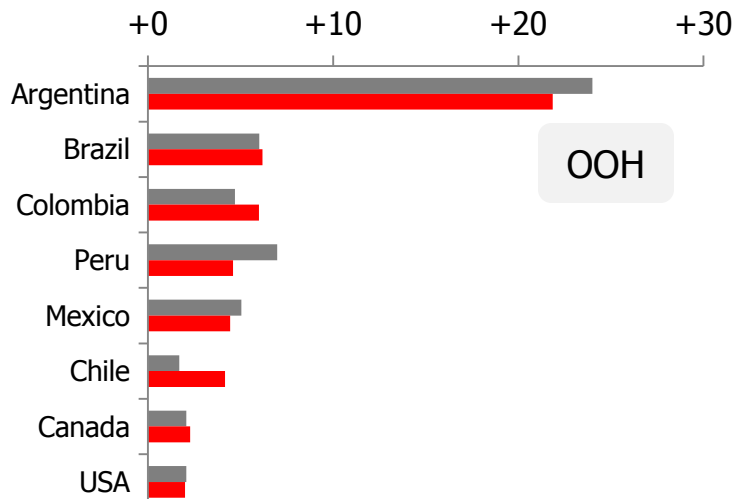
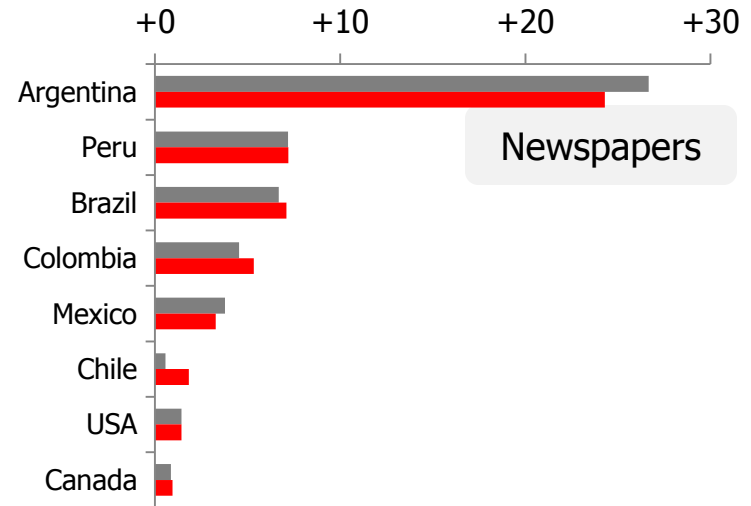
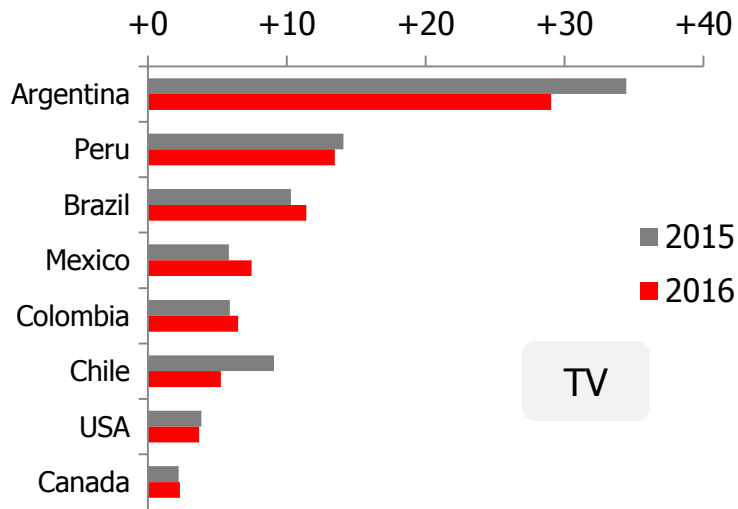
Slightly more modest rate for Digital...

Americas Online Display: 2016 vs (2015)



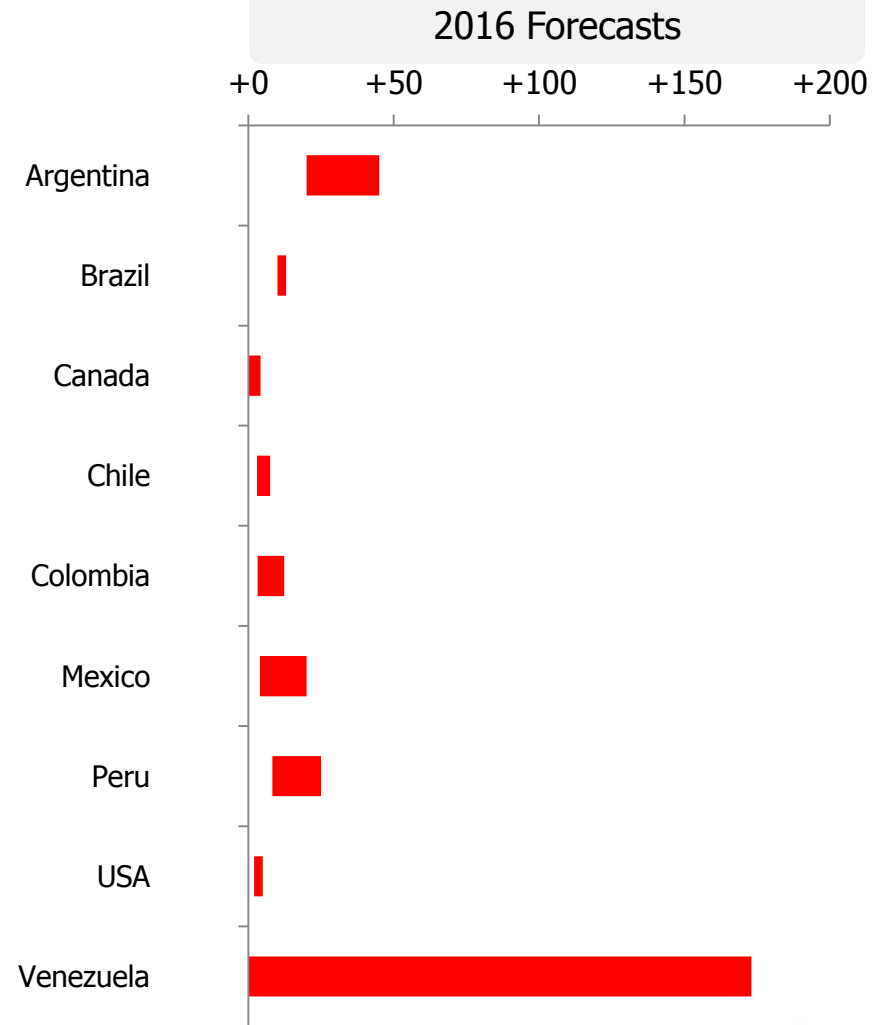
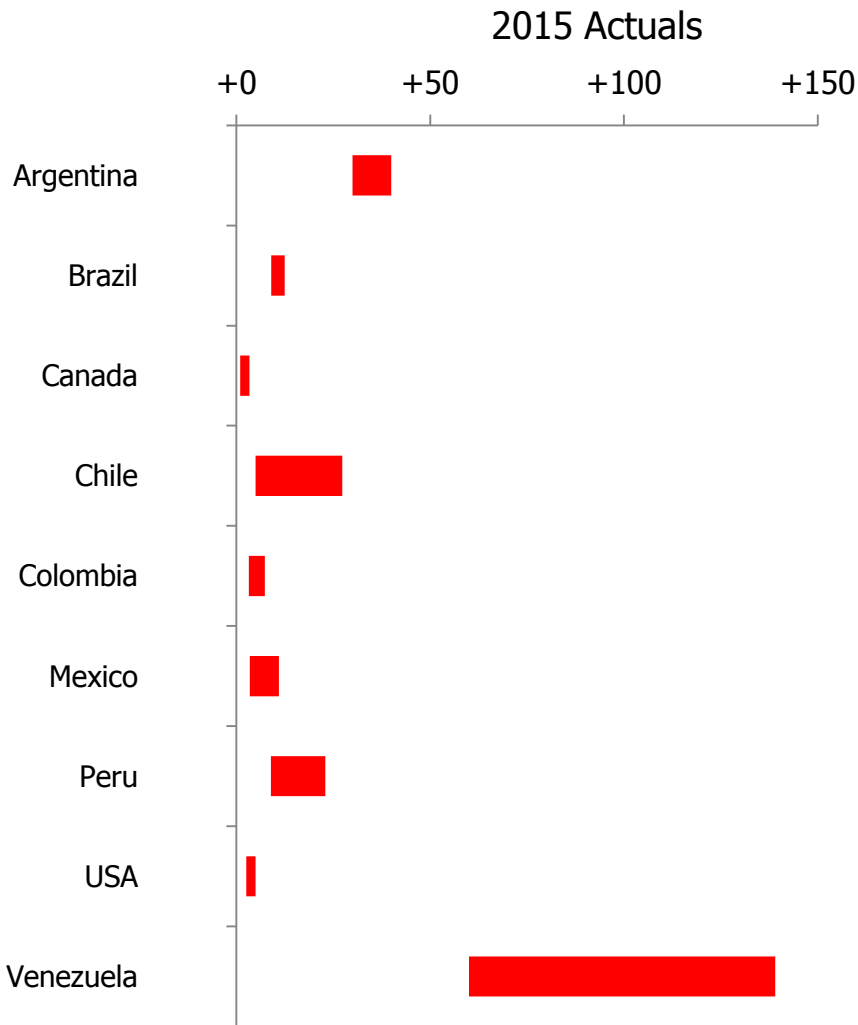
Limited movement in inflation rate YoY...

YoY Average by Medium



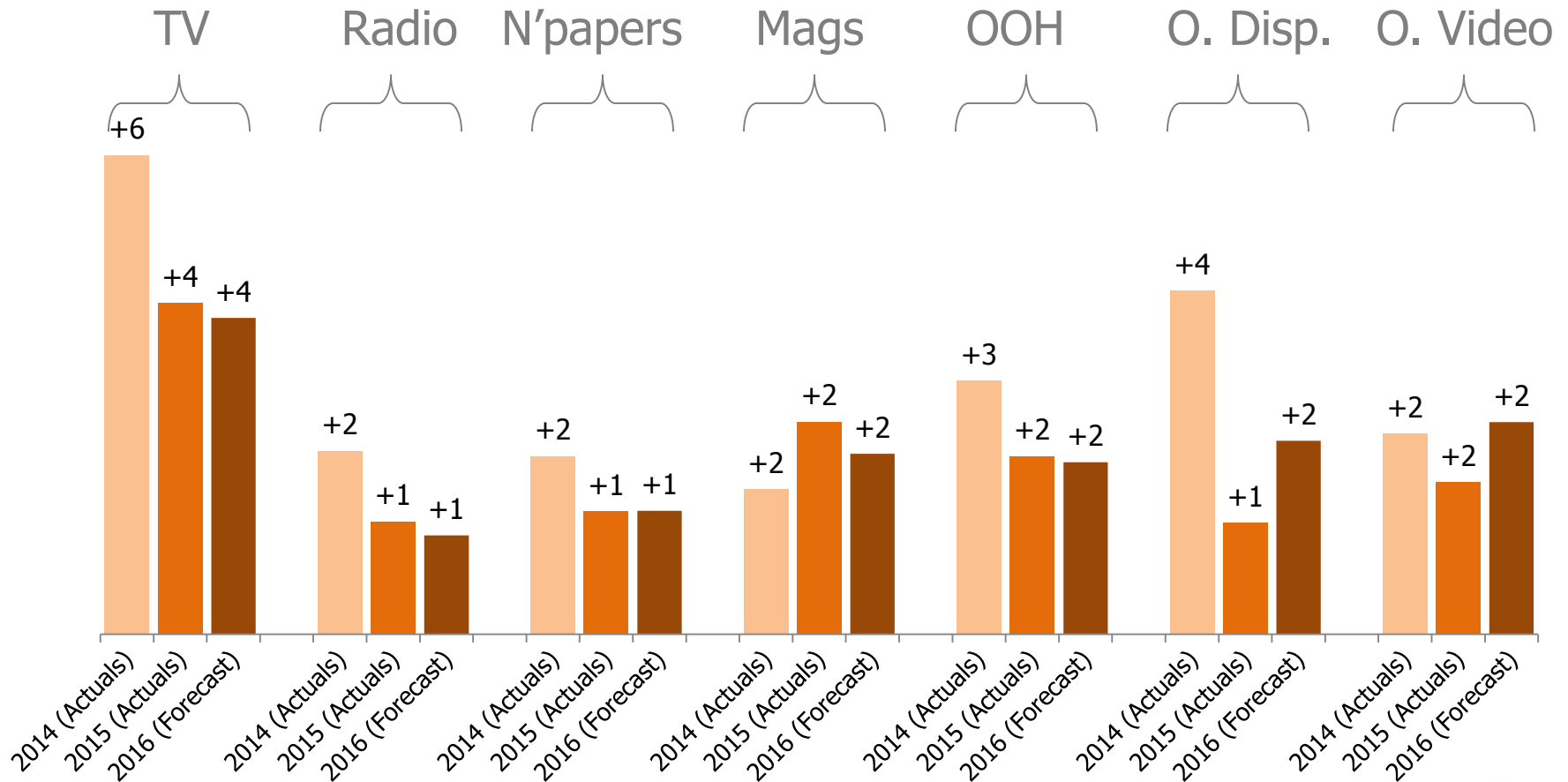
Degree of consistency for most markets...Venezuela the clear exception

Range of Responses (lowest & highest): TV only



Reduced level of inflation for most US media

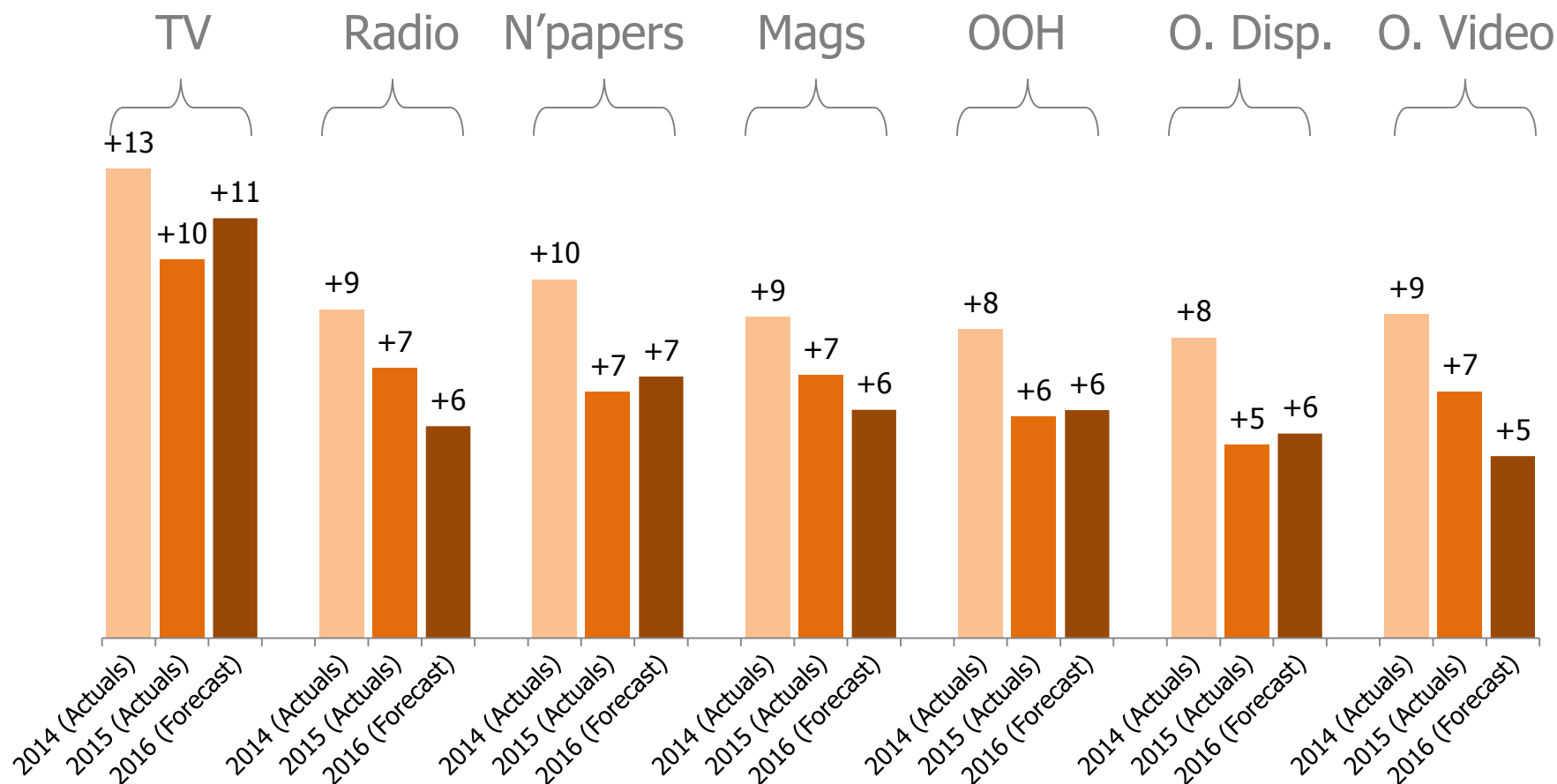
US YoY Average by Medium



Source: WFA industry survey; Nov 2015; base = 12 contributing companies

Following 2014, Brazil's media market has adopted a more consistent trajectory...

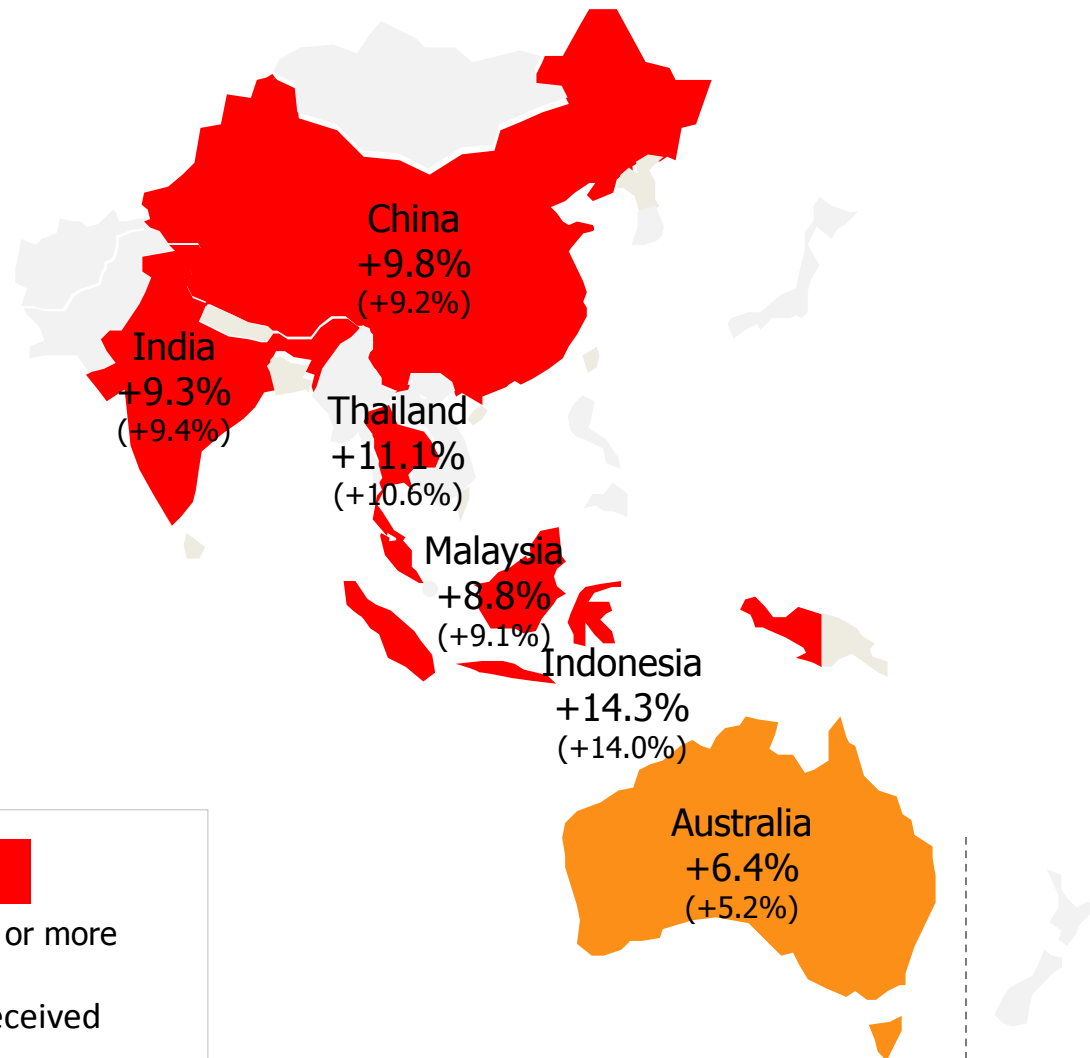
Brazil YoY Average by Medium







Source: WFA industry survey; Nov 2015; base = 12 contributing companies

Little to separate 2016 forecasts from 2015 actuals in APAC...

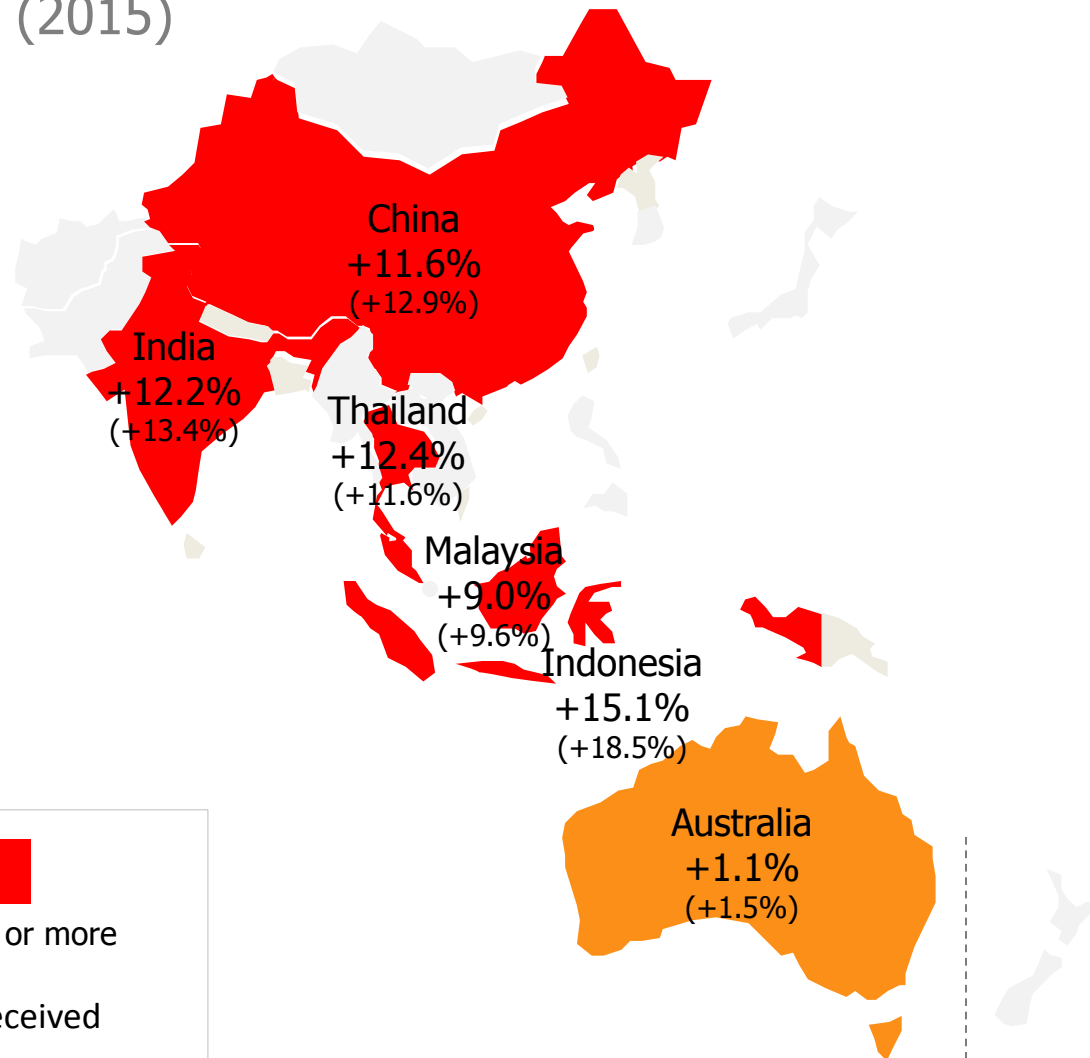
APAC TV: 2016 vs (2015)



Key:    
-1% or more 0% +1-6% +7% or more
+/-#% = average of all responses received

Display prices trending down YoY

APAC Online Display: 2016 vs (2015)



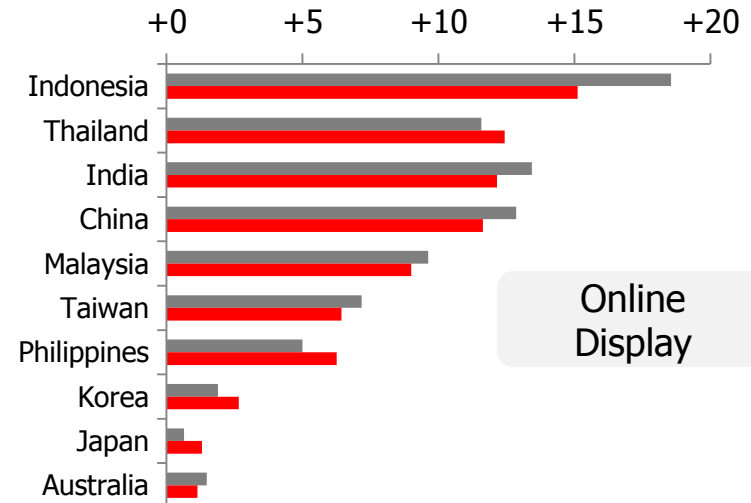
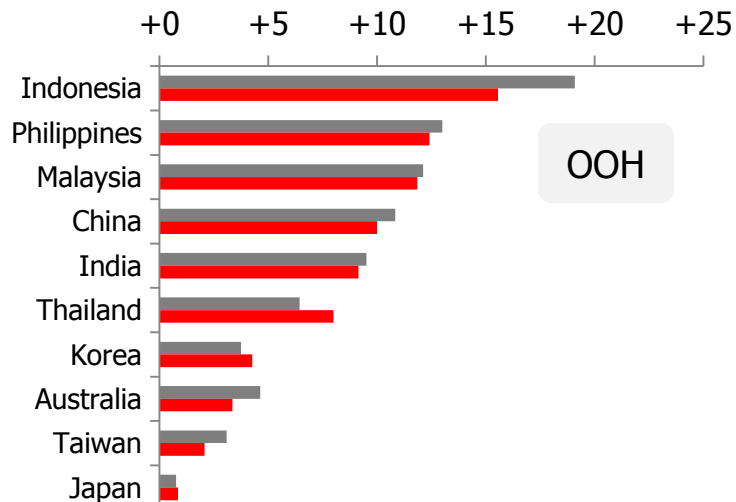
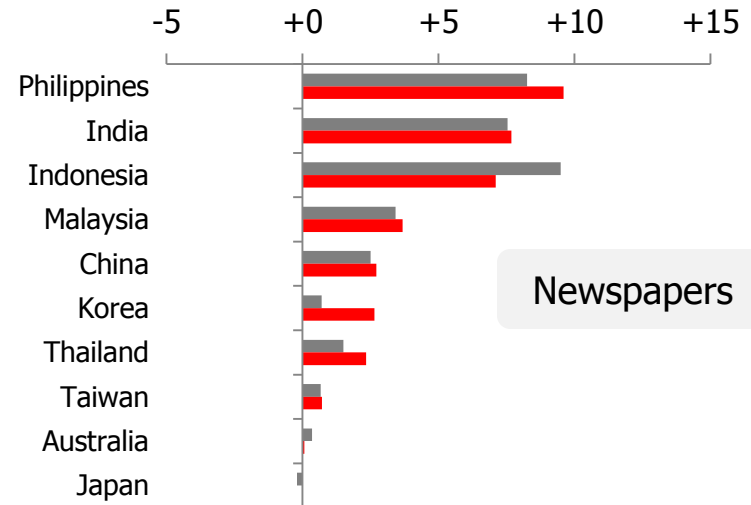
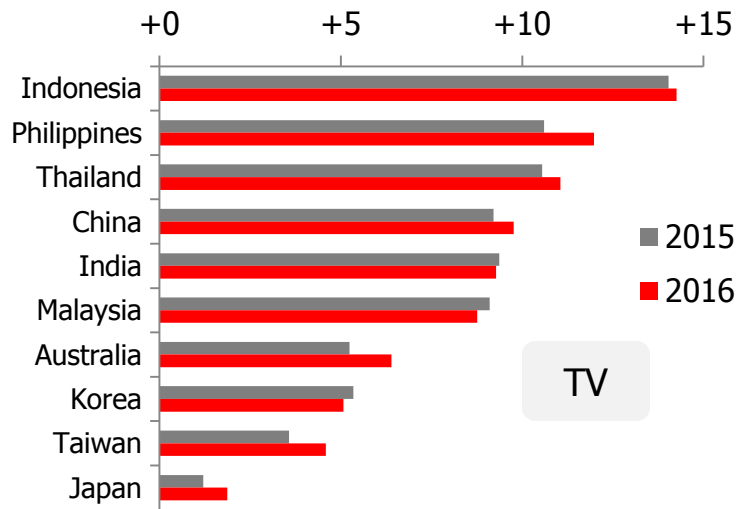
Key:



+/-#% = average of all responses received

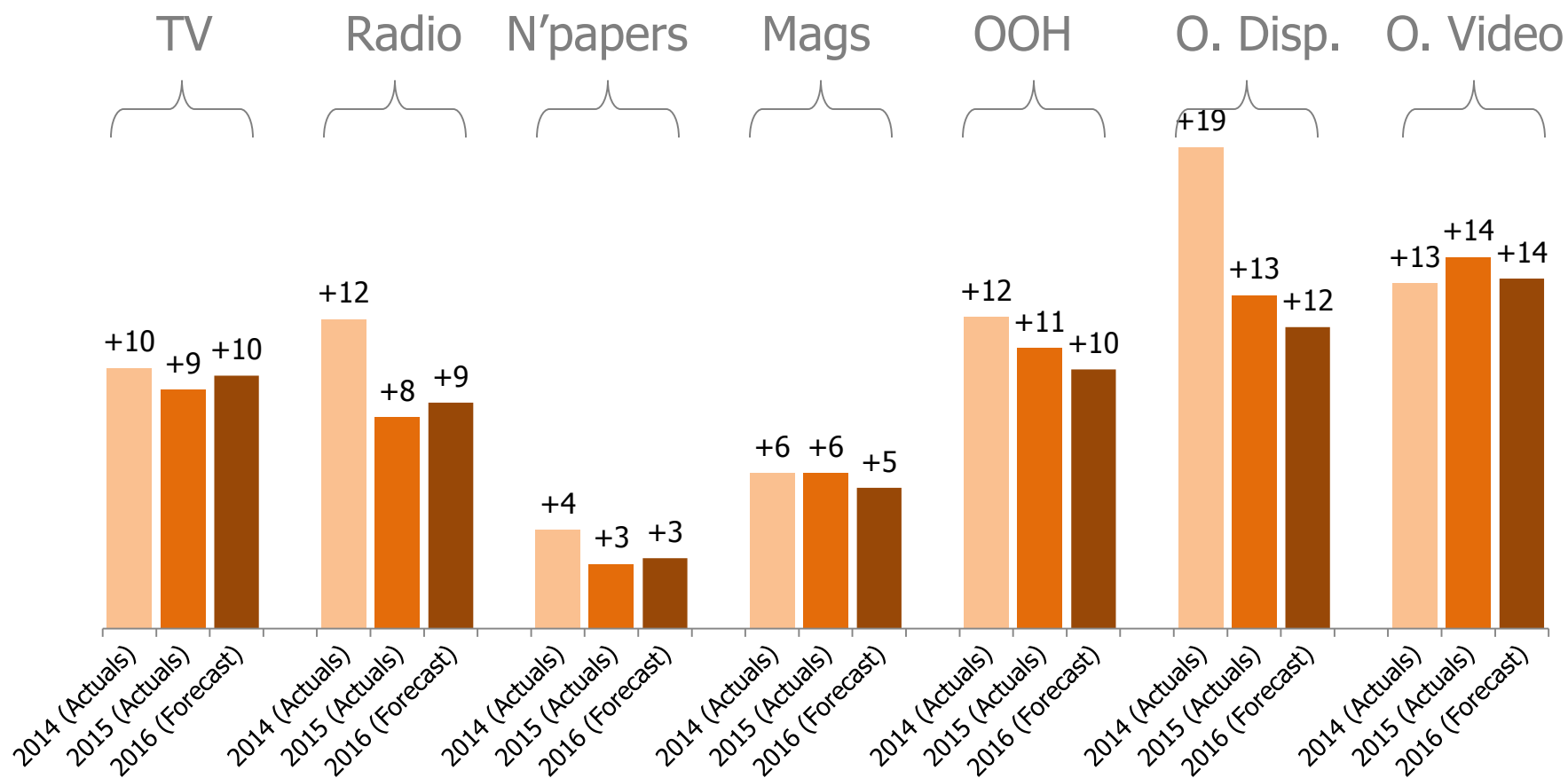
TV bucking a trend of gradual decline in level of inflation

YoY Average by Medium



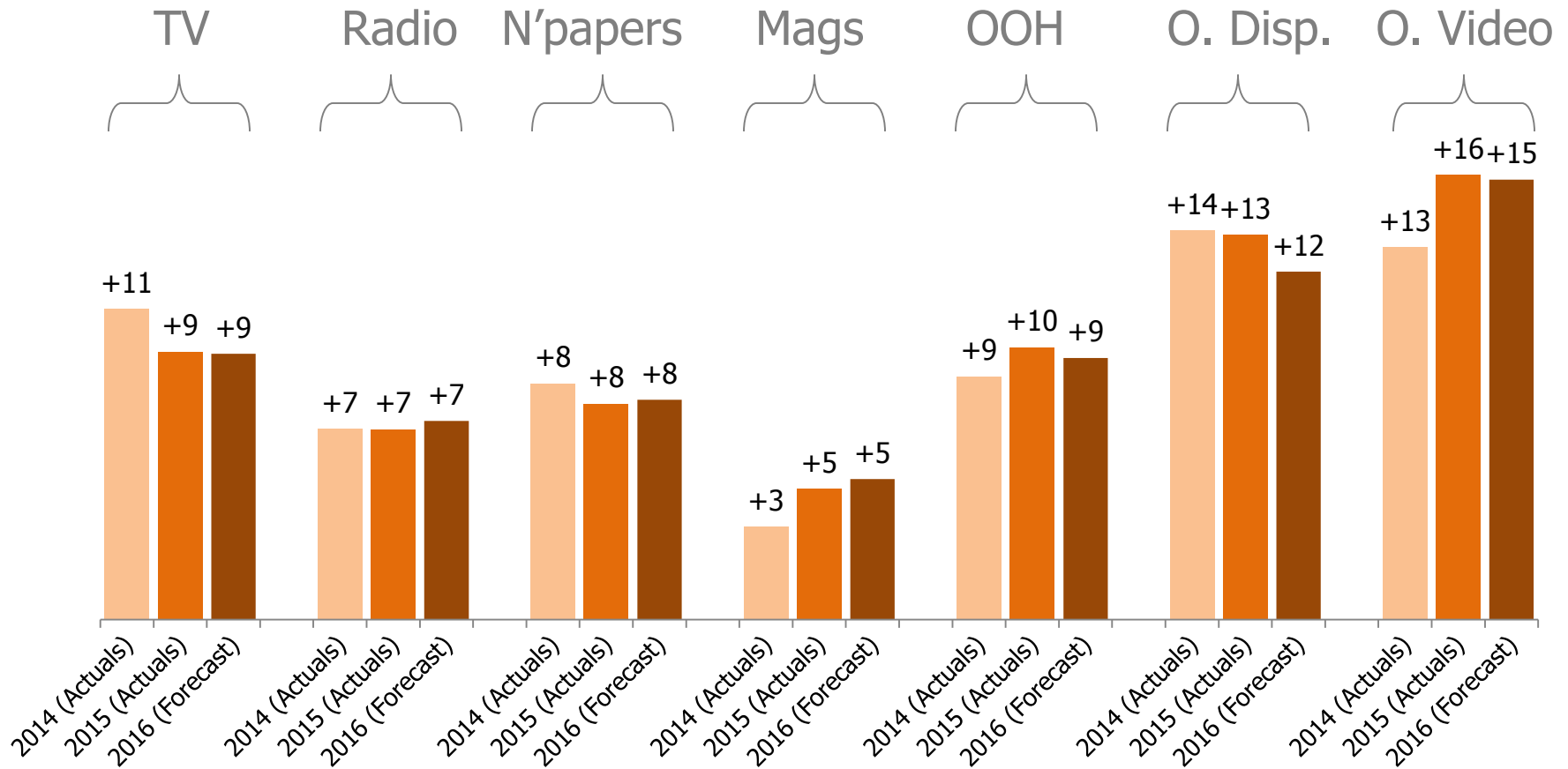
Level of digital media inflation above all others in China, but this appears to be softening

China YoY Average by Medium



Similar trends taking place in India...

India YoY Average by Medium



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Summary

- Low level inflation in Europe
 - Ukraine and Russia the exceptions, linked to economic uncertainty
 - Interesting to note that Online Display appears to have plateaued, with prices predicted to be flat YoY (or close to flat), in many markets
 - Newspapers generally on an inflationary trend, potentially linked to sustained declines in readership
- Double digit inflation for many LATAM markets
 - Particularly true of Argentina/Venezuela
 - But forecasts registered from flat to +173% YoY - illustrates the challenge of predicting this market
- Most APAC markets also look highly inflationary for most media
 - Though TV market appears to be cooling marginally

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Final Thoughts

- These numbers represent average price inflation in its broadest sense
 - various assumptions made:
 - full calendar year
 - all channels/publications/sites, etc
 - full range of dayparts
 - mixture of buying routes
- Individual blend of the above can have significant implications for own rate of inflation (vs market average rate)
 - e.g. price can be radically different in one month to another
 - e.g. clearly scope for one publication to be going up while another going down
- Ultimately these forecasts are a start point for discussions, not the final word

For more information contact **Matt Green**
m.green@wfanet.org

The logo for Hogan Lovells, consisting of the name "Hogan Lovells" in a black serif font, with "Hogan" on the top line and "Lovells" on the bottom line, set against a yellow square background.

Please note: All WFA benchmarks, survey results, agendas and minutes are reviewed by Lovells LLP, our competition lawyers

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