HIGHER MEDIA VALUE

REPORT ISSUE 28
Q4 2021

ECI Media Management

inflation report Q4 2021 update

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(Clickable in downloaded version)

Photo: Ulrike Neumann / iStock

2021 ECI inflation report update

Executive summary

For many people across the world, it feels like life has returned to at least a version of normal, although the pandemic will inevitably have a long-lasting impact on the global economy and on how we live our lives. Lockdowns and stay-at-home restrictions are hopefully becoming a thing of the past as vaccine rollouts continue at pace, and consumers are slowly regaining the confidence to go out and spend money as economies recover.

Media inflation in 2021 has reflected that increase in confidence. Overall media inflation is at 4.0% globally, with offline media reaching 3.5% and online 4.4%. The story is more complex and more interesting as we start to drill down into specific media types. TV has been the big success story of the year, despite the rise in CTV and speculation that the streamers would cause the decline of linear TV. TV inflation is higher than anticipated at the start of the year, and is recovering more quickly than expected as well. We expect it to have recovered to pre-pandemic levels by the end of this year in all regions except Latin America.

Online media inflation has been less volatile than offline, and didn't suffer the same dip at the height of the pandemic in 2020. This was in part thanks to the rise of CTV, which must also be held at least partially responsible for the significant deflation TV saw in 2020.

Photo: ESB Professional / Shutterstock

Executive summary

Online Display saw a marked decrease in 2020 in EMEA, but has recovered and inflated in all other regions. Meanwhile, Online Video has inflated across all regions, thanks to that shift to CTV.

Interestingly, online is seeing higher levels of inflation globally than offline, but that is because Print is dragging down the overall offline figure; in fact, the offline recovery compared to 2020 is greater than online, albeit from a lower base.

The story is of course different across regions and markets, depending on a swathe of factors including government responses to the pandemic, vaccine rollouts and economic health prior to the pandemic. The story also evolves with the changing context. That is why we at ECI Media Management release this update to our annual inflation report; with both consumer behavior and media pricing so entwined with the prevailing economic context and, now, the recovery from the pandemic, it is crucial that marketers have up-to-date information easily available so they can make sound investment decisions, backed by data and reinforced by context.

In this update, we explore the effect that the continued Covid-19 recovery is having on media inflation in key markets globally, how the outlook has changed over the course of 2021 and provide some initial thoughts as to what 2022 could look like. Our analysts across the world harness their deep knowledge of the advertising landscape with industry-leading forensic data analysis skills to understand how media inflation has evolved. Our information is derived from a number of sources, including our global network of experts, real client data and agencies. We cross-reference it with data from industry bodies and publications, as well as with agency traders and media vendors, meaning that it holistically reflects the expertise of those with an impact on trading variables.

We hope that this update will play a valuable role in your toolkit as you prepare for 2022 and beyond.

Photo: ESB Professional / Shutterstock

Global market inflation trends

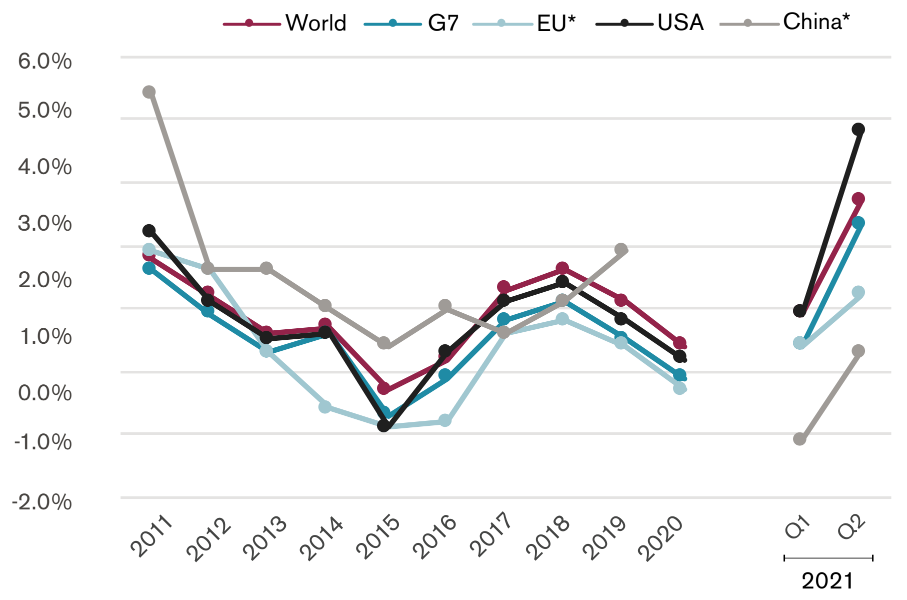
Inflation rates are forecast to rise worldwide in 2021, with the USA seeing the sharpest increases in the second quarter of 2021. This rise in inflation rates contrasts with the downward trend of 2018-2020. This is likely a result of sharp increases to real GDP growth in 2021 compared to 2020, thanks to the easing of lockdown restrictions and the reopening of economies. Although it will continue on a trajectory of overall growth, worldwide real GDP growth is forecast to slow down in 2022.

Please see the following page for CDI and GDP inflation graphs.

Photo: Shutterlk / Shutterstock

Global market inflation trends

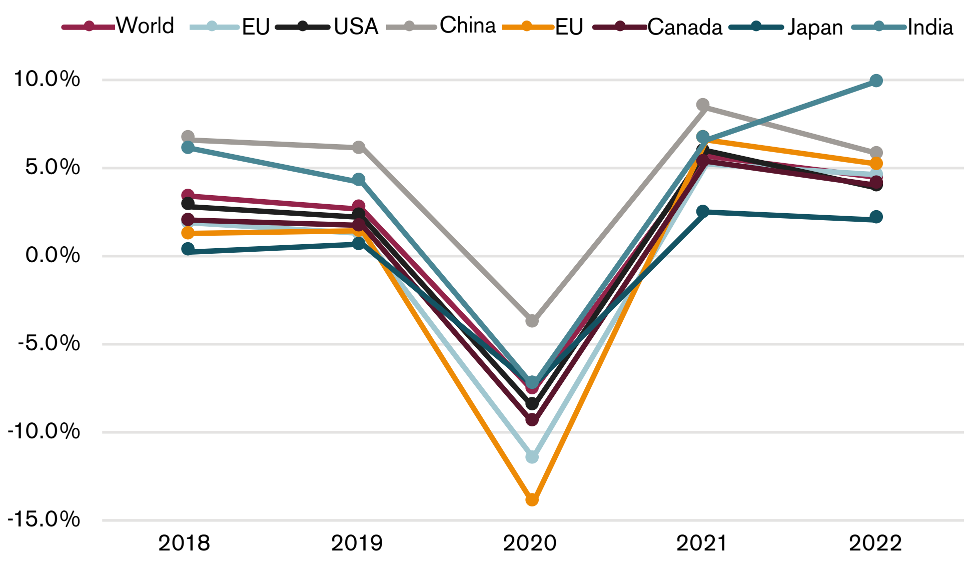
CPI Inflation, % change, year-on-year



*There is no CPI Inflation data for China in 2020

Source: OECD Economic Outlook (https://www.oecd-ilibrary.org/economics/oecd-economic-outlook_16097408)

Real GDP, % change, year-on-year



Source: OECD Economic Outlook (https://www.oecd-ilibrary.org/economics/oecd-economic-outlook_16097408)

Global events

The impact of the Covid-19 pandemic continues to be felt in economies across the world, despite successful vaccine rollouts in most wealthy countries. While restrictions are lifting, consumers continue to display hesitancy about resuming 'normal' life, and many habits have changed for good.

THE COVID-19 PANDEMIC

Although many hoped that the pandemic would be more or less over by now, Covid-19 continues to dominate global discourse. Since the release of our Q1 inflation report, many countries – particularly wealthier ones – have successfully rolled out their vaccination programmes. Governments, supported in many instances by brands, are working to persuade the vaccine-hesitant to be vaccinated. AB InBev, for example, promised all Americans aged 21 and over a free beer if the US reached President Biden's goal of 70% of people having received their first vaccine by July 4th, while Krispy Kreme and Shake Shack both offered Americans free food if they could demonstrate that they had been vaccinated. Furthermore, many brands are offering employees time off or payment to get their vaccines.

Travel restrictions remain in place to varying degrees, particularly for unvaccinated people, leading to uncertainty for both the travel industry and travelers. However, restrictions are starting to ease for vaccinated travelers. The US, for example, has confirmed that fully vaccinated visitors from most countries will be able to enter the country from early November.

SPORT

The Olympic and Paralympic Games

2021 was the year of the sport comeback, with many fans enjoying in-person attendance for the first time in over a year. The 2020 Tokyo Olympics were rescheduled to this year and took place at the end of July. This was despite suggestions until the week before that they might still be cancelled, thanks to widespread opposition of the Games amongst Japanese people, with many worried it would lead to an increase in cases of Covid-19. In light of this opposition, Toyota – a sponsor of the games – pulled Olympic-related TV ads in Japan. This was perceived as a symbolic vote of no confidence by a major sponsor, and undoubtedly had many a marketer planning for the cancellation of the Games.

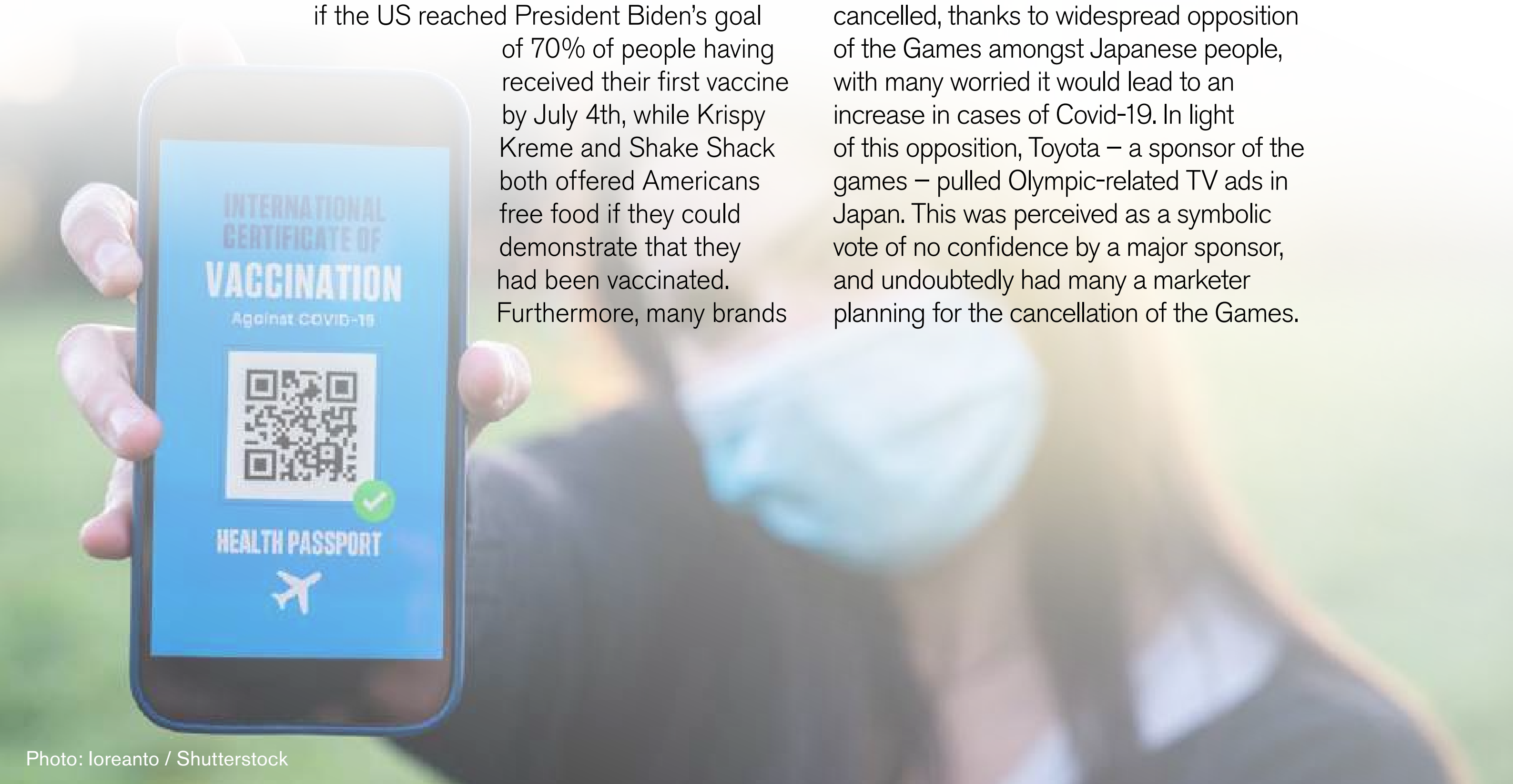


Photo: loreanto / Shutterstock

However, both the Olympics and Paralympics went ahead and were generally perceived as a success, although the empty stadiums had an undeniable impact on the experience of the Games for athletes, TV viewers and sponsors.

In an interesting development, the impact of Discovery's purchase of the European rights to the 2018-2024 Olympics six years ago was felt by European viewers, with the deal severely limiting free-to-air coverage of Tokyo 2020 in countries including the UK and Italy.

Euros 2020

The 2020 UEFA European Football Championship – 'the Euros' – came at an opportune time for a pandemic-ravaged continent. It coincided with the lifting of restrictions in many countries, thereby providing a boost not only to public morale but to a reeling hospitality industry. In the UK alone the final (in which England took part) is believed to have contributed £150 million ($207 million) to British GDP.

The Euros, which took place in front of partially filled stadiums, were also a demonstration of the new normal – a normal where testing, vaccines and the reopening of public life became mainstream.

The European Super League

In April, 12 of Europe's top football teams announced that they were forming a new league, called the European Super League, which would allow the top clubs and players to compete on a regular basis. It was a way for the clubs, whose income was severely impacted by the pandemic, to earn more prize and rights money, as well as to create more sponsorship opportunities. However, the initiative immediately faced widespread opposition from UEFA, FIFA, national governments and fans, who accused the clubs of elitism and greed, and within days it had collapsed. Most clubs have now withdrawn, with the notable exceptions of Real Madrid, Barcelona and Juventus.

POLITICS AND WORLD EVENTS

The Biden Administration

The Biden administration's immediate focus upon taking office was to get the pandemic under control and the American economy back on track. On the first count they are enjoying success: at the time of writing, 67% of the population has received at least one dose of the vaccine, while 57% have bene fully vaccinated. Economic recovery, however, is more shaky. Recently, concern around the Delta variant of the virus has hit consumer confidence, which has in turn impacted recovery, particularly for the travel and hospitality sectors. Job growth has slowed, the effect of which has been exacerbated by the end of Covid-19 unemployment benefits.

Afghanistan

One of the major events of Biden's presidency so far has been his decision to withdraw all US troops from Afghanistan, effectively ending NATO's 20-year occupation of the country.

Photo: AevanStock / Shutterstock

The resulting power vacuum was filled with astonishing speed by the Taliban, with huge human rights implications for women in particular, and cries of protest from around the world.

Elections

Several key global powers have recently had elections, or have elections in the near future. Following Germany's recent elections, it looks likely that centre-left candidate Olaf Scholz will replace Angela Merkel as Chancellor. Merkel has been a figure of stability for both Germany and the European Union, so it will be interesting to see if Scholz will be able to step into that role effectively, if he does indeed become Chancellor. Canada gave Justin Trudeau a third term as Prime Minister and his second minority government, while French president Emmanuel Macron is preparing for presidential elections in the spring of 2022, which will be seen as a vote on his government's Covid-19 performance. He will face considerable opposition from far-right candidates.

Global supply chain crisis

As Covid-19 restrictions ease and national economies emerge from strict lockdowns, pent-up demand for labor, energy, goods and transport has surged. This rapid acceleration is putting enormous pressure on just-in-time supply chains that keep factories and shop shelves stocked.

Shipping containers are queuing outside major ports, resulting in supply issues across the world. This is causing panic in the run up to the holiday season, with consumers worried that they will not be able to get hold of the food and gifts that are normally so fundamental to celebrations. The issue is being exacerbated in countries including the UK and Germany by a shortage of HGV drivers to transport goods when they come ashore.

Meanwhile, investment banks have downgraded their growth forecasts for China in the wake of power cuts that have shut down entire cities, including factories, thereby affecting exports.

THE ENVIRONMENT

Environmental issues continue to attract a lot of concern from experts around the world. Countries around the world have seen more extreme adverse weather events, including devastating floods, hurricanes and heatwaves. The UK is being seeking to assert its climate leadership when it hosts COP26 in early November, bringing global leaders together to discuss how they can work together to implement effective measures to reduce the threat presented by climate change. The conference will be supported by a number of global brands, including Unilever, Microsoft and GSK.

Photo: Alex Stemmers / Shutterstock

Media and tech developments

Tightening control of the tech sector

With the pandemic accelerating the influence that the internet has on our lives, governments across the world have continued to implement measures to try to control it.

In August, the White House held a summit to address **cybersecurity threats** against the US. Several Big Tech companies including Alphabet, IBM and Microsoft have pledged billions of dollars to cybersecurity over the coming years, and have also said that they will train Americans to fill some of the 500,000 unfilled vacancies in the security sector. Shortly after the summit, T-Mobile confirmed that a hacker had stolen the personal details of more than 54 million customers – the fourth and largest confirmed data hack since 2018.

Big Tech continues to face intense scrutiny by regulators around the world. In August, the US's Federal Trade Commission (FTC) refiled their antitrust complaint against Facebook, alleging the company has a focused strategy of supressing competition through a 'buy or bury' strategy. Facebook is fighting back, filing a motion in October saying that the FTC has failed to provide adequate evidence and analysis that the company has a monopoly and harmed rivals through its dominant position.

Meanwhile, **China has continued its crackdown on the technology sector** with the implementation of a new law to tighten control of companies' user data. It has also implemented a new restriction, banning children from playing more than three hours of online gaming a week. From September, Chinese minors have only been able to play video games between 8pm and 9pm on Fridays, weekends and public holidays. The new regulation has had a significant impact on some of China's biggest gaming companies such as Tencent and NetEase, whose stock prices fell sharply.

The dangers that children face online are well documented. Apple's '**To Catch a Predator**' policy aims to **limit the spread of Child Sexual Abuse Material** (CSAM). It is spread across three areas: the Messages app will learn and warn about sensitive content; the new iOS and iPadOS will use new applications of cryptography to detect CSAM; and Siri Search will also intervene when users try to search for CSAM-related topics. These features will be implemented later this year.

The end of the entertainment mergers?

AT&T announced earlier this year that it plans to spin out WarnerMedia to merge with Discovery, in a deal that should be finalized by the middle of 2022. Should the transaction receive regulatory approval, WarnerMedia's various media and entertainment properties including CNN, HBO and the Warner Bros studio

Photo: Jacob_09 / Shutterstock

would join forces with Discovery's brands including HGTV, the Food Network and the Discovery Channel. AT&T's decision to off-load WarnerMedia signals an end to its strategy of pairing content production alongside its core wireless phone business.

Life beyond the cookie

Since Google announced the phasing out of third-party cookies in 2023, the advertising industry has been exploring new ways to effectively reach target audiences. Google itself is promoting its Privacy Sandbox, a program that will anonymize the advertising supply chain by relying on 'cohorts' – groups of individuals – to target ads, rather than individual identities. A coalition of digital marketing firms has argued that, if Sandbox is not properly monitored, it will be difficult to make sufficient privacy and competition assessments. They also argue that Google will have an informational advantage as it would theoretically still be able to obtain data through its ad ecosystem and Google accounts. Such a scenario would give it and its partners a considerable targeting advantage, thus restricting competition and brand innovation.

Meanwhile, other suppliers are looking to new online identifiers, such as email addresses anonymized through encryption, which are used to create profiles on web users. There is an exciting willingness to collaborate and innovate, which can only be a good thing for the tech and ad industries.

The cookie-less future has also driven increased momentum behind capturing and maximizing the potential of first-party data. Another exciting solution that promotes transparency whilst adhering to the evolving manner in which consumers navigate the internet could be the metaverse, through which everyone is placed in a virtual, embodied version of the internet, surfing 'within' and not 'on' it. It could be a great way for brands to create authentic, trust-based relationships with consumers.

Facebook suffers longest outage in more than two years

In early October Facebook, Instagram and WhatsApp were down for more than six hours, impacting more than 3.5 billion users worldwide. 200 million businesses use Facebook's platform and tools to promote their goods and services, buying $13 million worth of ads per hour. Many of those businesses complained that they had had to absorb an unexpected financial hit. Analysts suggested that Facebook's goal of integrating all its products and infrastructure into a single platform was the root cause of the problem.

The outage served as a reminder to marketers to have plans in place in case an outage of this nature occurs again. There were many, often amusing, 'real-time marketing moments' on Twitter, but given Facebook's dominance of social advertising, a back-up plan is crucial.

***ECI Thinks** is our regular blog on the issues that matter to global marketers. **Follow us on LinkedIn** to be notified about our latest analysis on the events, developments and players having an impact on the marketing landscape.*

Photo: Jacob_09 / Shutterstock

Global media inflation

Overall global media inflation in 2021 is forecast to be +4%. It was stable across geographical regions, although slightly higher in Latin America and slightly lower in North America.

Inflation in 2021 has been a little higher than was forecast at the start of this year (4% versus the 3% that we forecast in our January report). This trend extends to both offline (3.5% versus 2.4%) and online (4.4% versus 3.5%). Of the offline media types, TV saw the highest jump compared to expectations from the start of the year. Newspapers and Magazines continue to deflate beyond predictions.

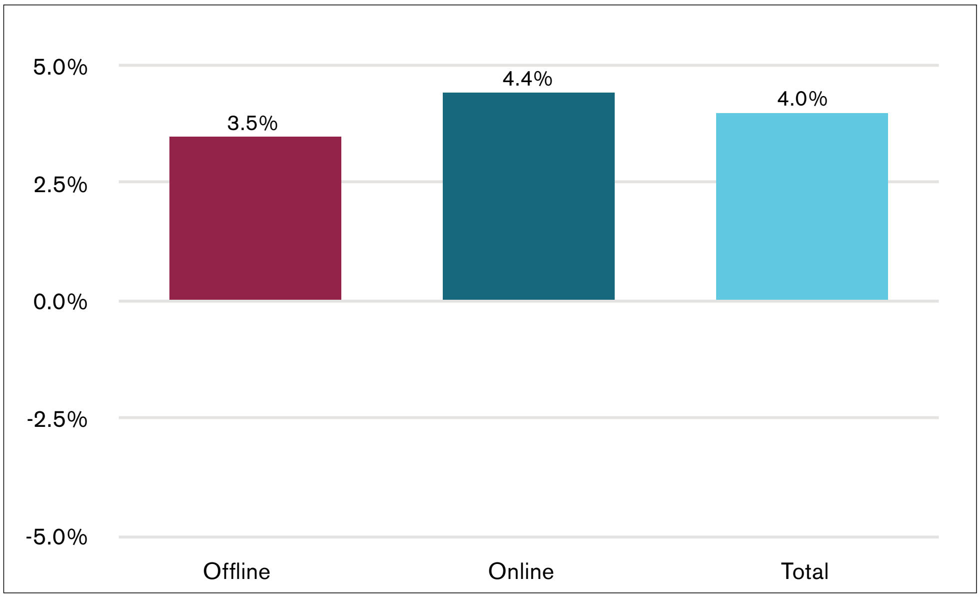
Advertisers and buyers should expect continued inflation into 2022: by 3.4% for offline media, and 3.3% for online. Print will continue to deflate further (-2% for Newspapers and -3% for Magazines). As in 2021, we expect higher inflation for TV than any other media. Offline prices aren't expected to recover fully in 2021 globally, but should be back to 2019 levels in 2022 in most regions. Online prices have remained strong.

At ECI Media Management, our experts can help you optimize your media investments and drive higher media value. If you would like to discuss your media activity with us, you can contact us at savings@ecimm.com, or email our leadership team – you can find their details at the end of this report.

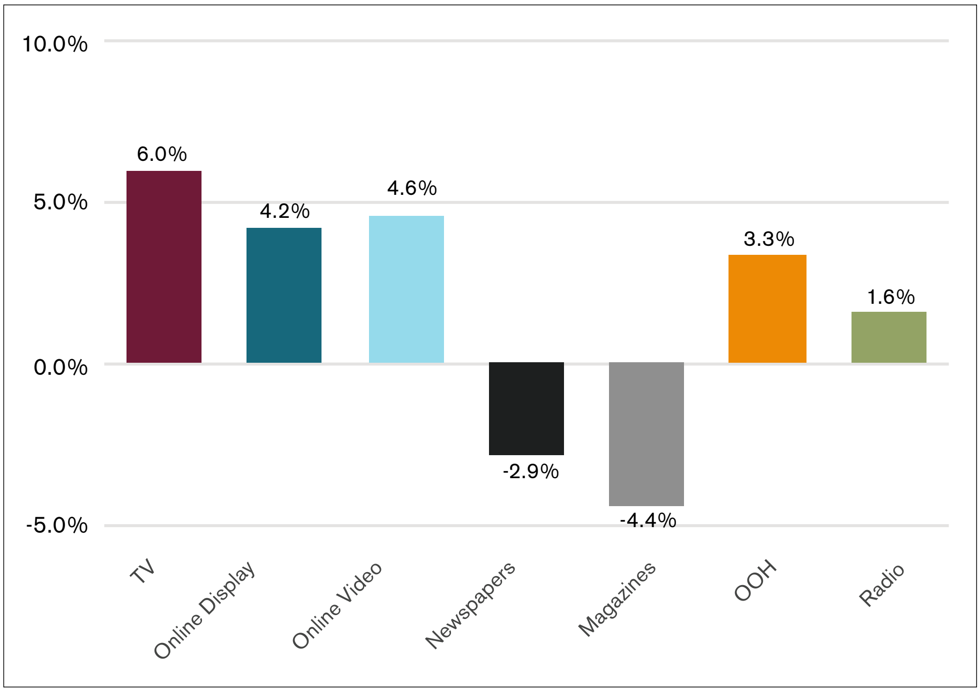
Photo: Starcevic / iStock

Global media inflation 2021

Global media inflation 2021, offline vs online



Global media inflation 2021, by media type



Regional trends and developments

Most regions are expected to return to pre-pandemic inflation levels by the end of 2021, with the exception of Latin America, which will likely take until 2022.

TV is recovering faster than forecast at the start of this year; it is rising sharply in most markets across the world after a significant pandemic-driven dip in 2020. online is a more mixed story: Latin America and North America are seeing inflation for online significantly higher than that of offline, while in APAC and EMEA the opposite is true.

North America

Inflation in North America remained close to expectations from the beginning of the year. Overall media prices are expected to recover from 2020 levels this year, with further growth anticipated in 2022. Offline recovery will likely be slower, and indeed Print is the exception to the rule: we anticipate higher deflation than predicted at the start of the year. Advertisers have shifted a significant proportion of their ad dollars to CTV, meaning the greatest inflation is expected in Online Video for both markets in the region.

Europe, Middle East & Africa

Overall inflation is expected to be at 4.2% - very close to estimations at the start of the year. TV appears to have recovered well and has exceeded forecasts from the start of the year; however, other offline media aren't expected to make a full recovery until 2022. The Nordics, Germany and the Eastern European markets are the main drivers of inflation in the region – in these markets we could see double-digit inflation by the end of this year. In Spain and Portugal, we could see slight deflation. Online and particularly Online Video remain strong across the region; Print is stable, but we do expect slight deflation overall for the year.

Asia Pacific

TV is expected to lead the way to a greater extent than previously anticipated. We now also anticipate that this will be the only region that will see offline prices recover this year. Online media is also inflating, but Online Video isn't seeing the same level of inflation as in other regions; this is mostly down to the modest inflation experienced by the medium in China (1.1%).

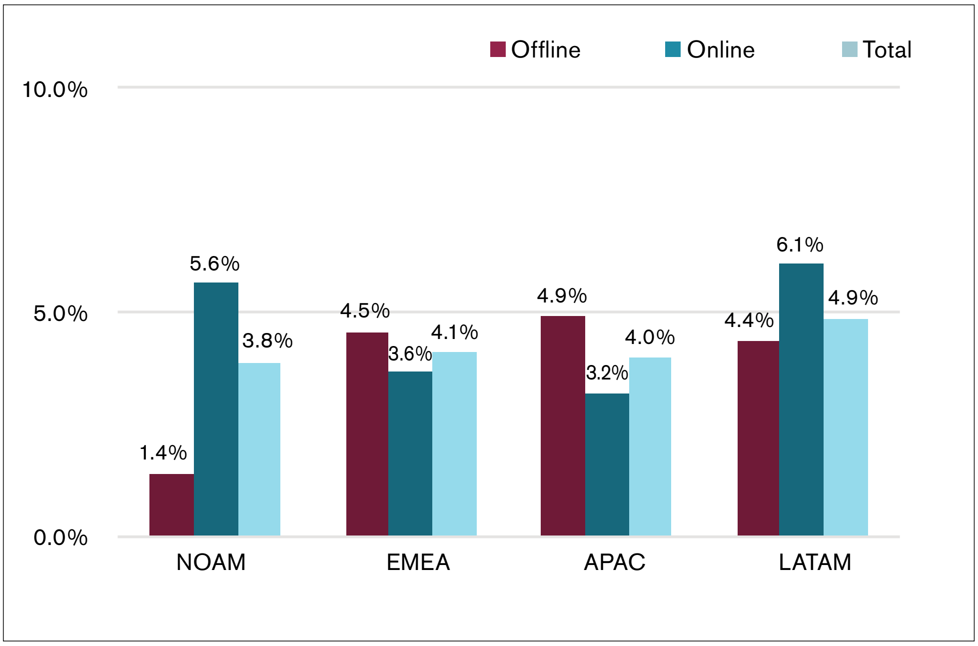
Latin America

Latin America is still expected to see the highest media inflation of any region this year, with the most significant growth forecast in online media – both Online Online and Digital Video. All media are predicted to inflate overall across the year, although offline prices aren't expected to recover until 2022.

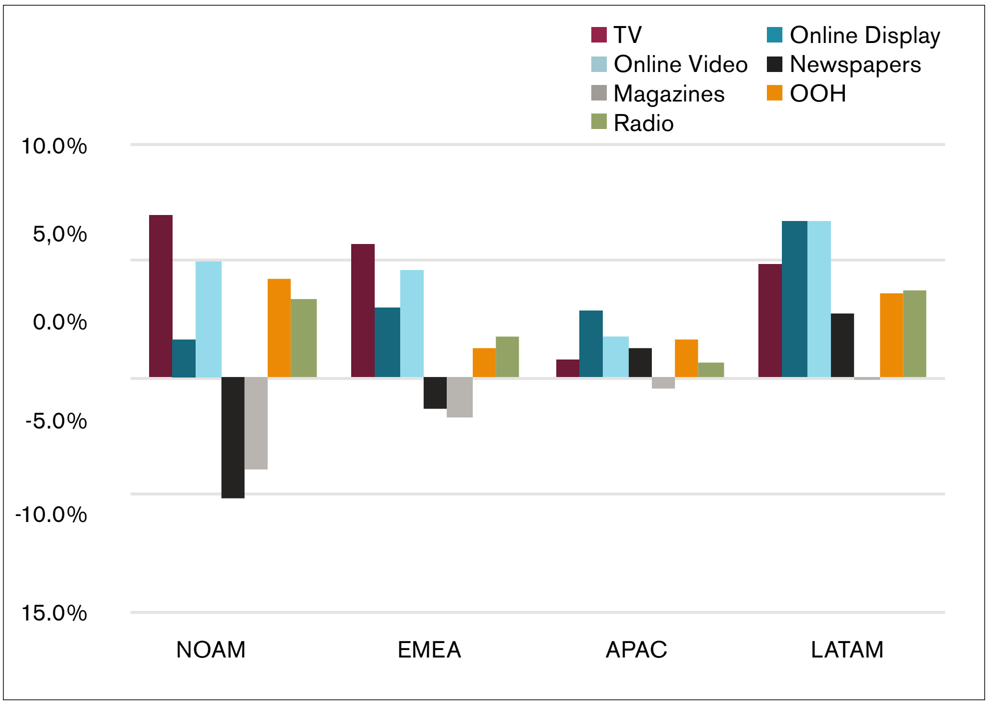
Photo: dosecreative / iStock

Regional inflation 2021

Regional media inflation 2021, offline vs online



Regional media inflation 2020, by media type



Key markets in detail

Over the next pages we look at how media inflation has evolved over the course of another unsettled year in 19 markets. Experts in ECI offices and partners at a local level work with a wide variety of data sources to ensure that their insight and projections are as accurate as possible for our clients and for all marketers.

Each market tracks the five-year inflation trend by media type given the most recent updates. The second chart compares how inflation for offline and online media have evolved over a three-year period.

If you would like to discuss our findings and their context in more detail, please get in touch - you can find our contact details at the end of this report.

Photo: Predrag Vuckovic / iStock

North America

All major economic indicators have shown month-on-month economic growth in the US since the pandemic lows of 2020. However, as the Delta variant of Covid-19 continues to spread, consumer sentiment indices have seen significant falls, indicating a slowing of confidence in economic growth – despite the vaccine roll-out. Economists are predicting that the Federal Reserve will begin tapering its bond-purchasing program towards the end of 2021, ultimately leading to interest rate hikes.

Industries such as tourism, restaurants and retail are seeing an increase in bookings, reservations and foot traffic, but a full recovery is not expected for many months, if not years.

The Upfronts gave a good indication of the health of the media industry: budgets returned to pre-pandemic levels and scatter prices escalated.

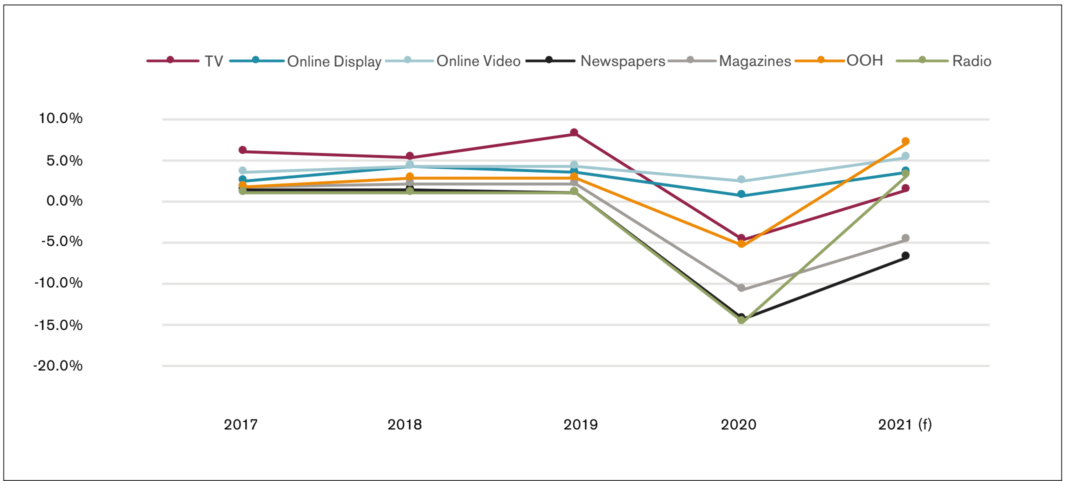
Canada is experiencing economic growth associated with the easing of lockdown restrictions. The country has been stricter than many other countries, resulting in a relatively low number of cases and deaths. While there is great momentum in the manufacturing, mining, quarrying and energy extraction sectors, Canadian service sectors are struggling, and will likely continue to do so into 2022.

Photo: franckreporter / iStock

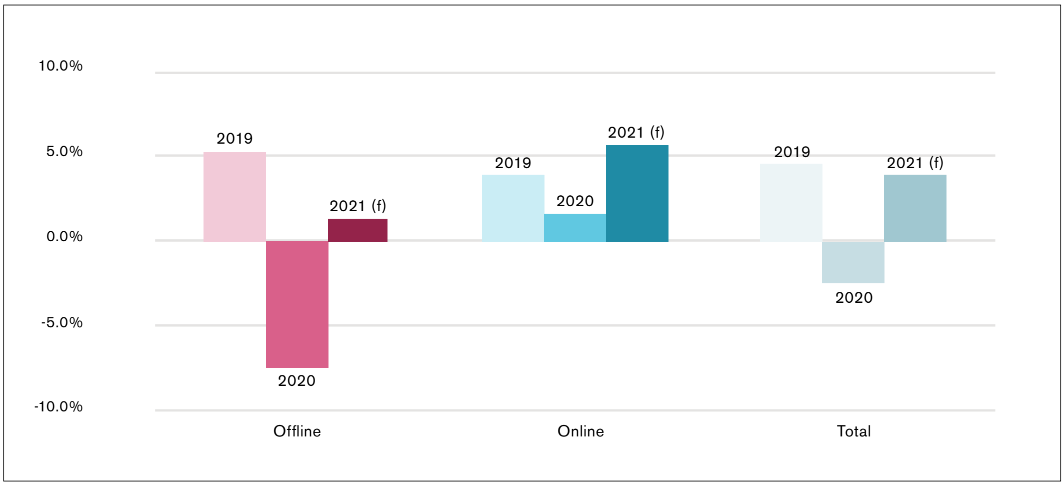
USA

Forecast update: 2021 is expected to see a rise in all media, with Radio seeing the largest bump. Print is forecast to remain stagnant in a deflationary positioning - the only media to remain deflationary. Overall media inflation is forecast to finish the year inflationary, compared to the 2020 position.

5-year trend 2017–2021(f)



Offline vs online



Europe, the Middle East and Africa

The economic rebound in Europe has been strong as a result of lifted restrictions and vaccination progress. GDP growth is expected to continue. However, the risk of new restrictions towards the end of the year remains due to the spread of Covid-19 variants and approaching winter months. Further issues include HGV driver shortages, mainly in UK and Germany, but also spreading to other countries in Europe, as well as supply chain issues, labor shortages, and rising inflation and energy prices.

The travel industry is expected to see a further boost thanks to the easing of restrictions across the region and globally. Many markets either already require, or are considering, proof of vaccination to enter leisure venues.

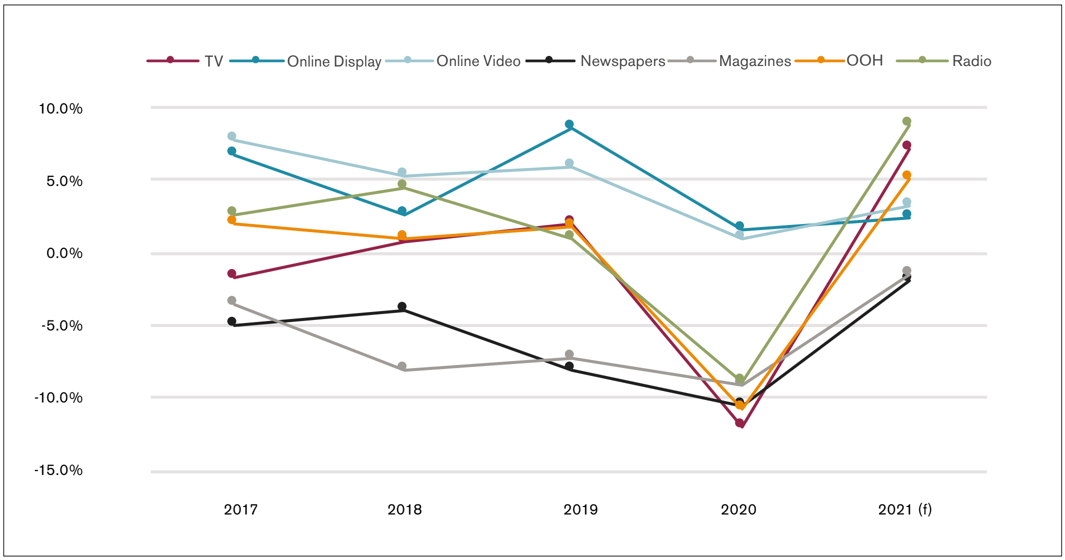
Across much of the Middle East and Africa, GDP continues to grow, reinforced by rising oil prices and expanding vaccine rollout. However, some tourism-dependant countries, as well as certain industries like airlines and hospitality, have still not recovered due to travel restrictions and low visitor numbers.

Photo: YuriFineart / iStock

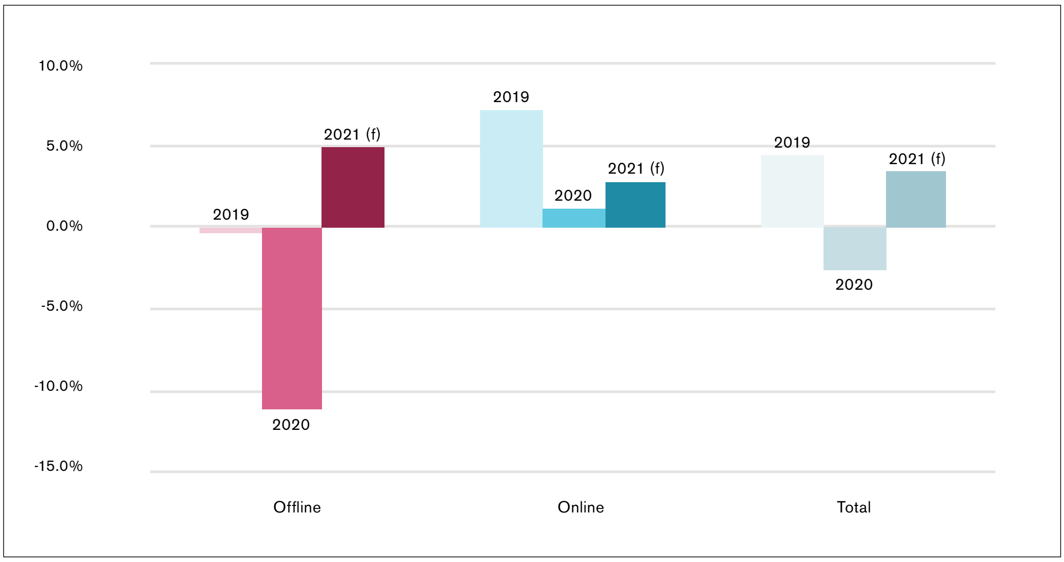
UK

Forecast update: TV, OOH and Radio saw significant bumps in inflation. Meanwhile, Online is expected to remain comparable to 2019 levels. Print is also expected to see a lower deflationary positioning compared to 2019, albeit still deflationary.

5-year trend 2017–2021(f)



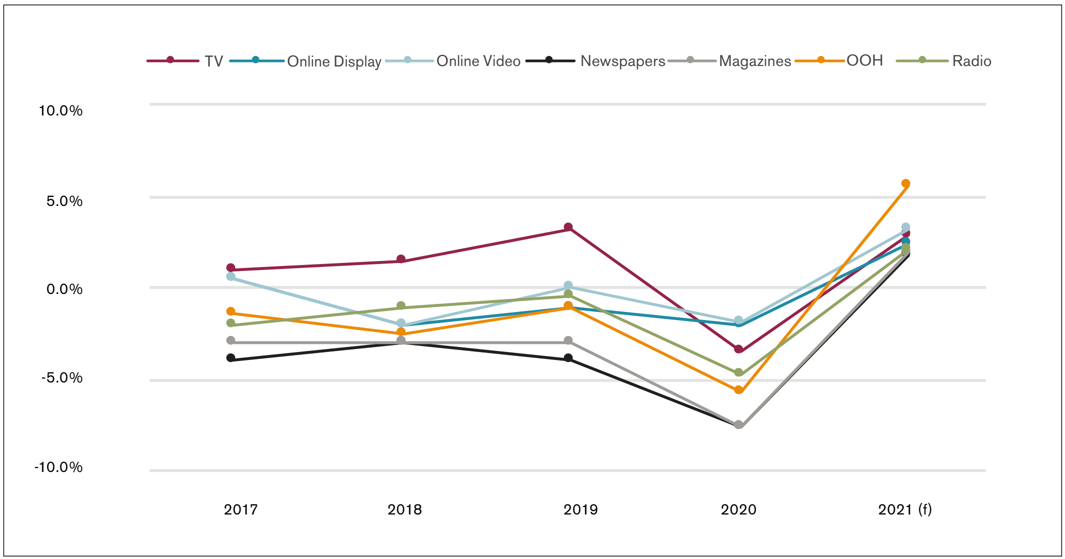
Offline vs online



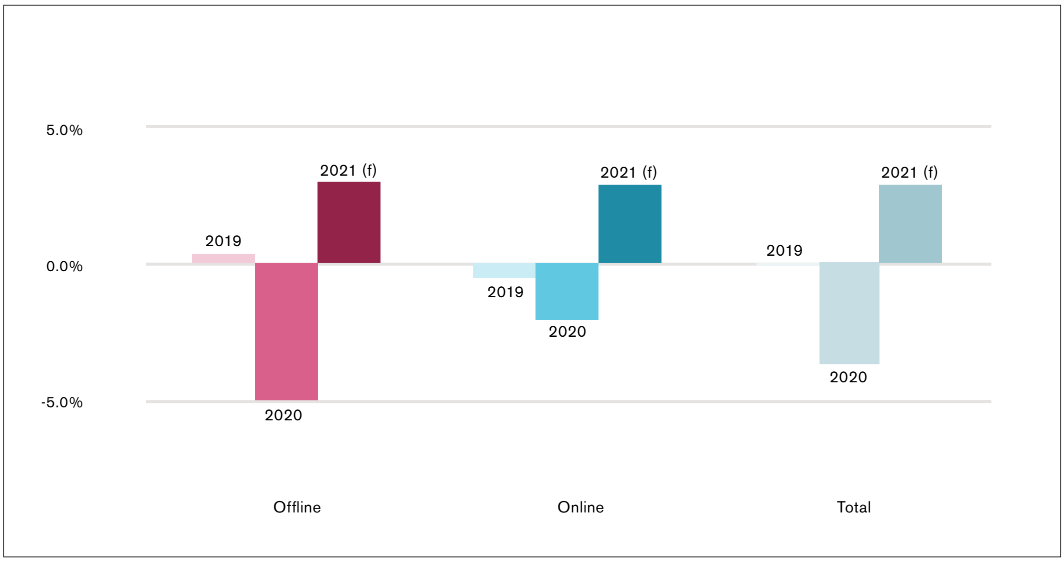
France

Forecast update: All media are expected to see a rise in inflation rates, with OOH finishing the year in the highest position. All other media are forecast to finalize at comparable rates of inflation.

5-year trend 2017–2021(f)



Offline vs online

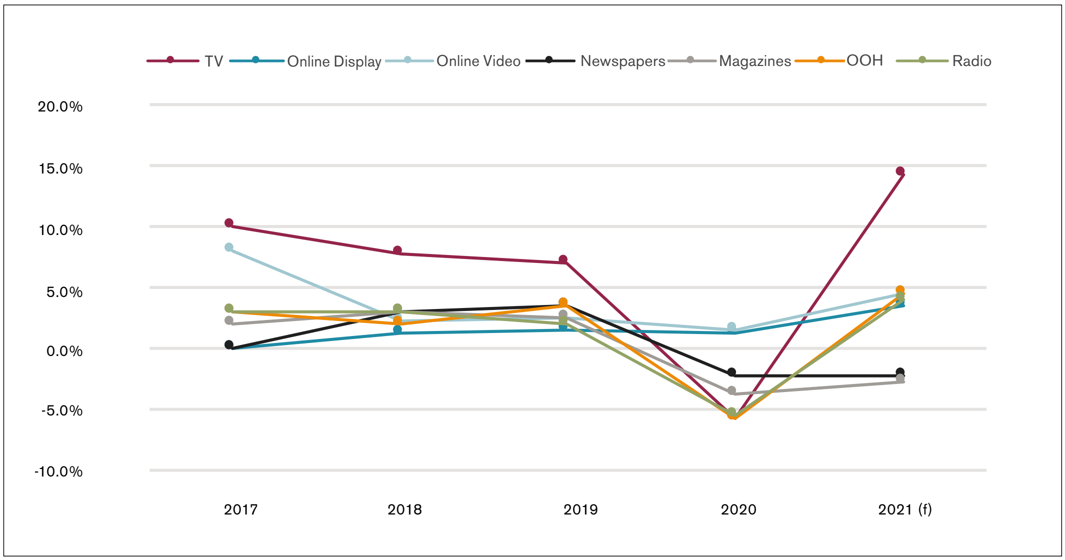


Germany

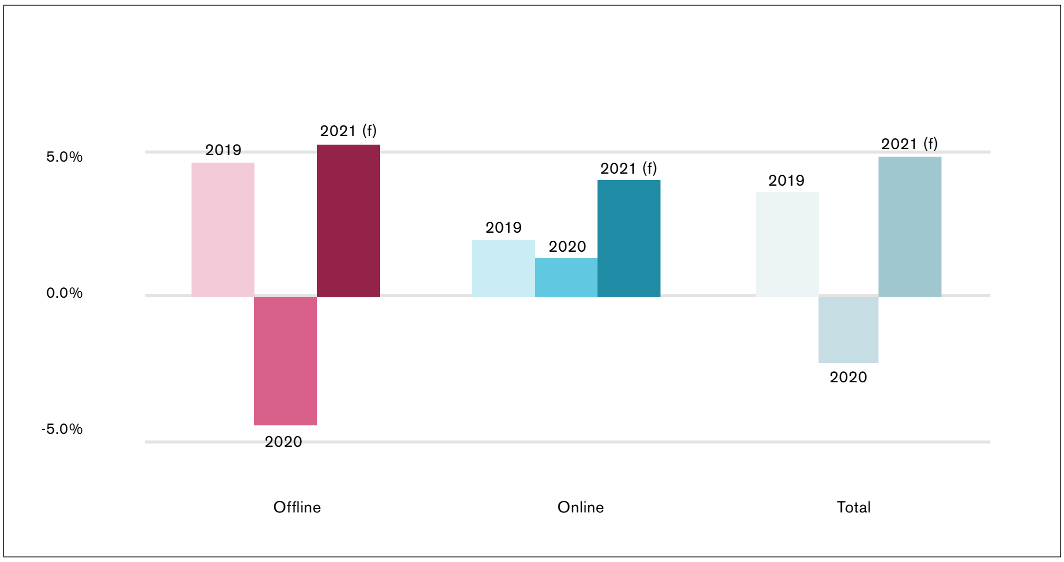
Forecast update: All media are expected to see a rise in inflation rates, with OOH finishing the year in the highest position.

All other media are forecast to finalize at comparable rates of inflation.

5-year trend 2017–2021(f)



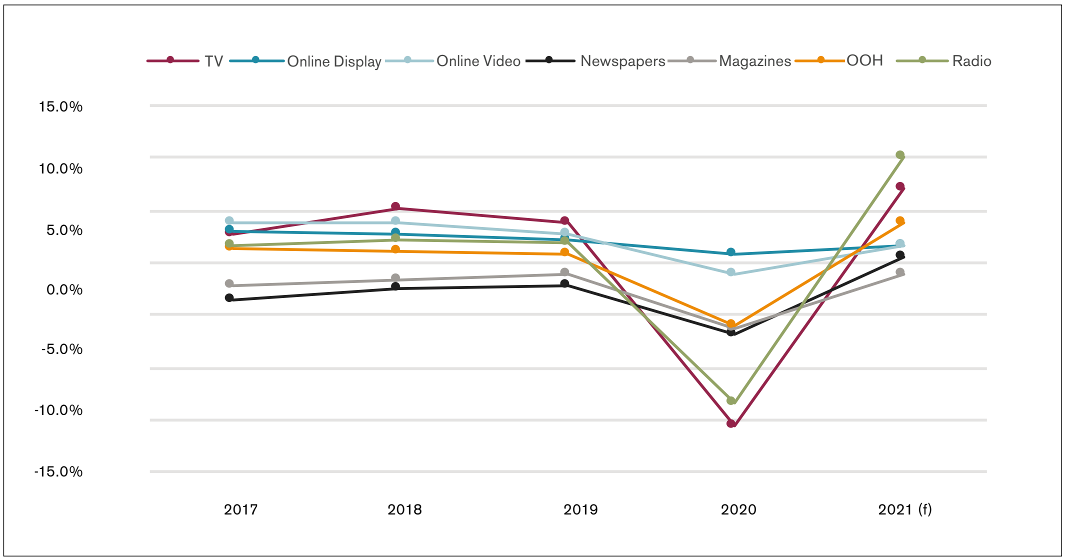
Offline vs online



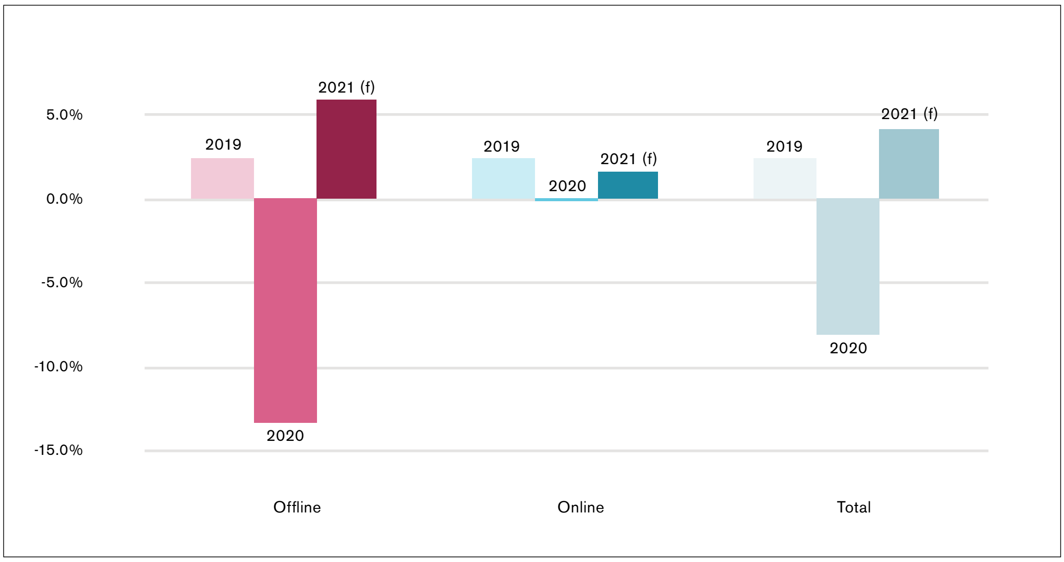
Italy

Forecast update: All offline media are forecast to have increased inflation rates above their 2020 dips, while both Online media types remain consistent with their minor deviations in 2020. Radio and TV are expected to hold to the highest inflation rates in 2021.

5-year trend 2017–2021(f)



Offline vs online

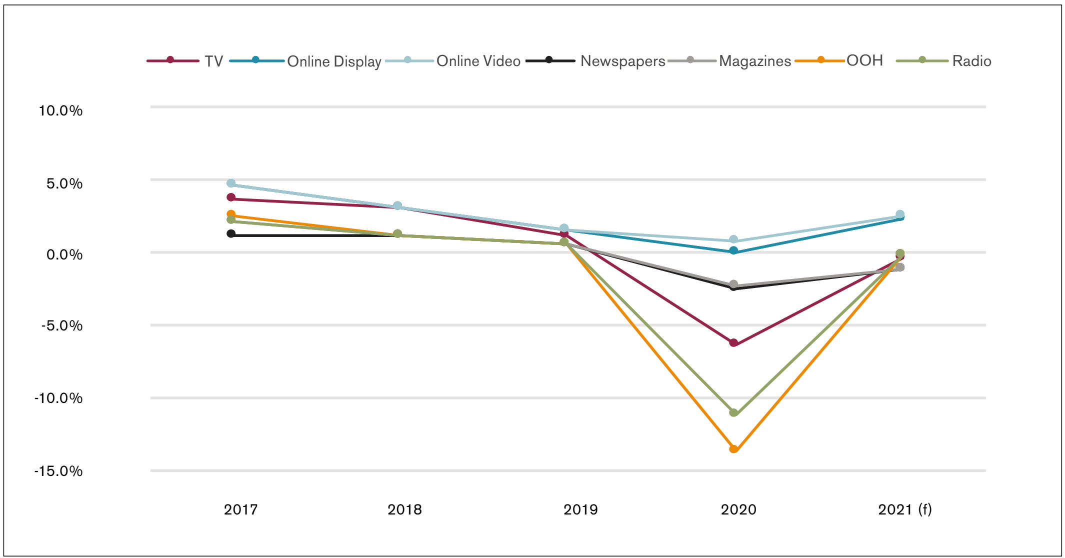


HIGHER MEDIA VALUE

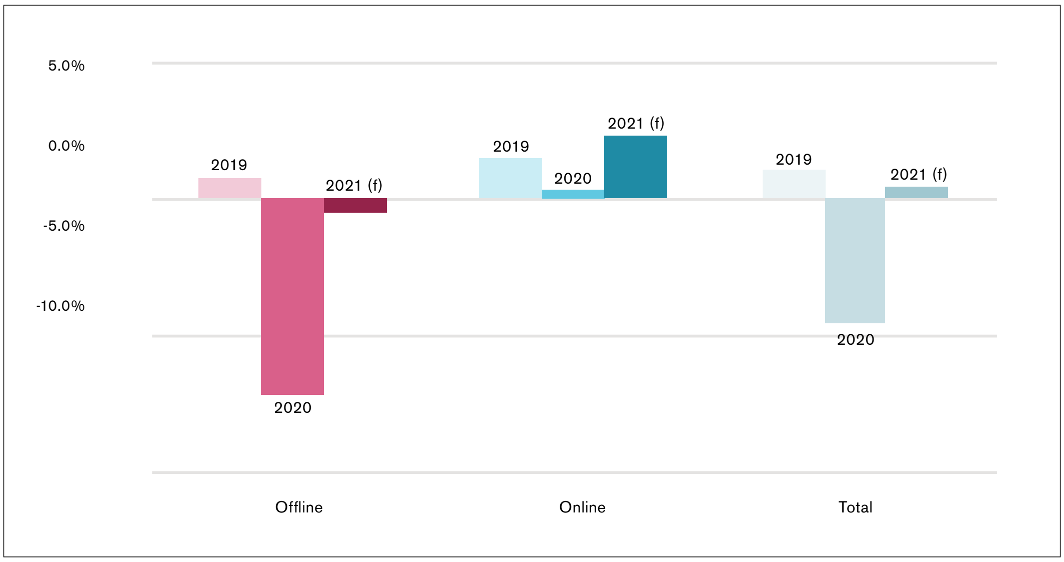
Spain

Forecast update: Online is forecast to see a slight rise in inflation rates above 2020 levels, while all non-print offline media recover to a near zero inflation rate from a deflationary positioning in 2020. Print is forecast to see little movement from its 2020 positioning.

5-year trend 2017–2021(f)



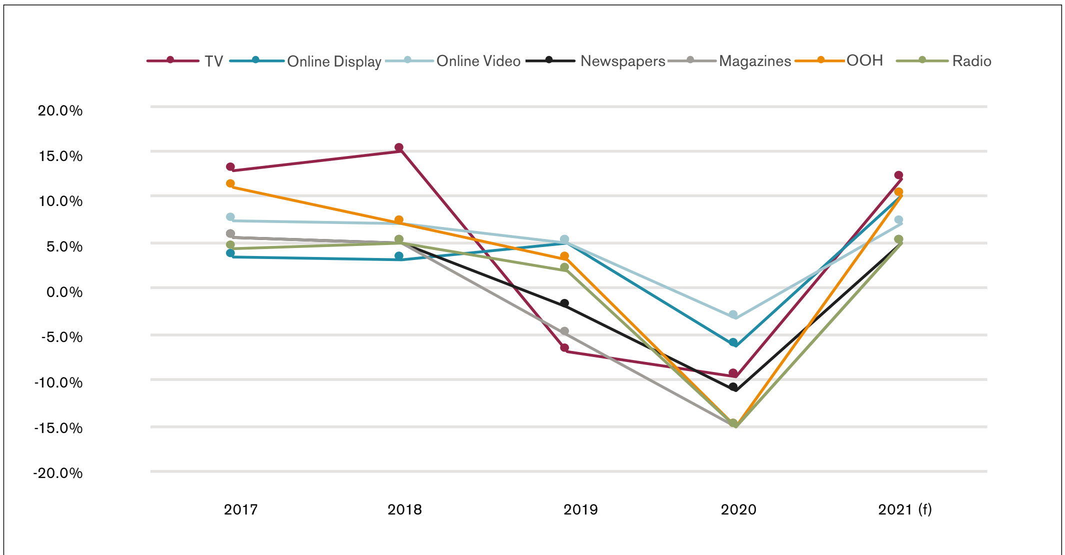
Offline vs online



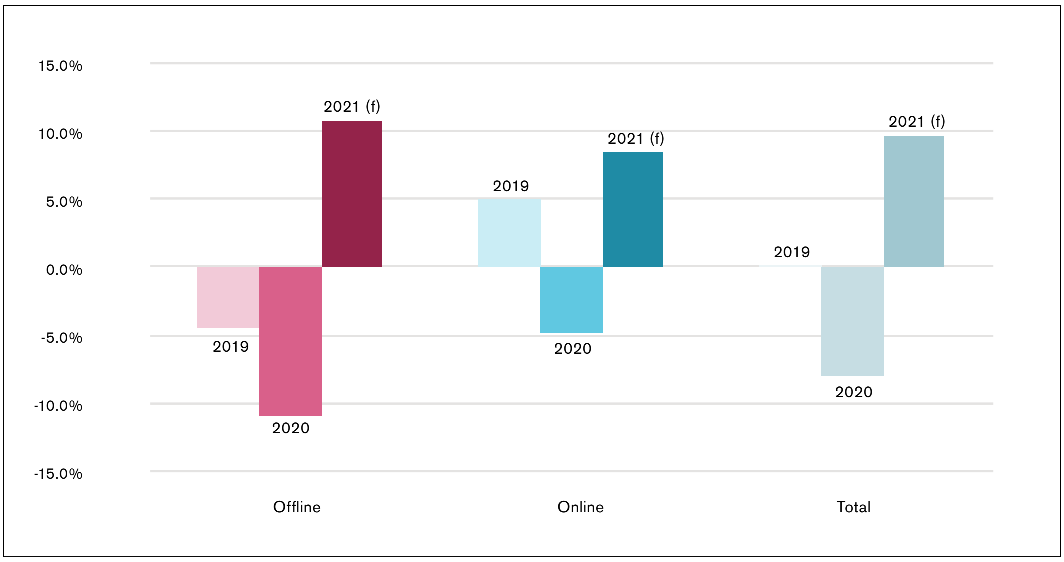
Russia

Forecast update: All media are forecast to recover from a deflationary position in 2020 to inflationary in 2021. TV is expected to peak marginally above the other media, followed by Online Display and OOH.

5-year trend 2017–2021(f)



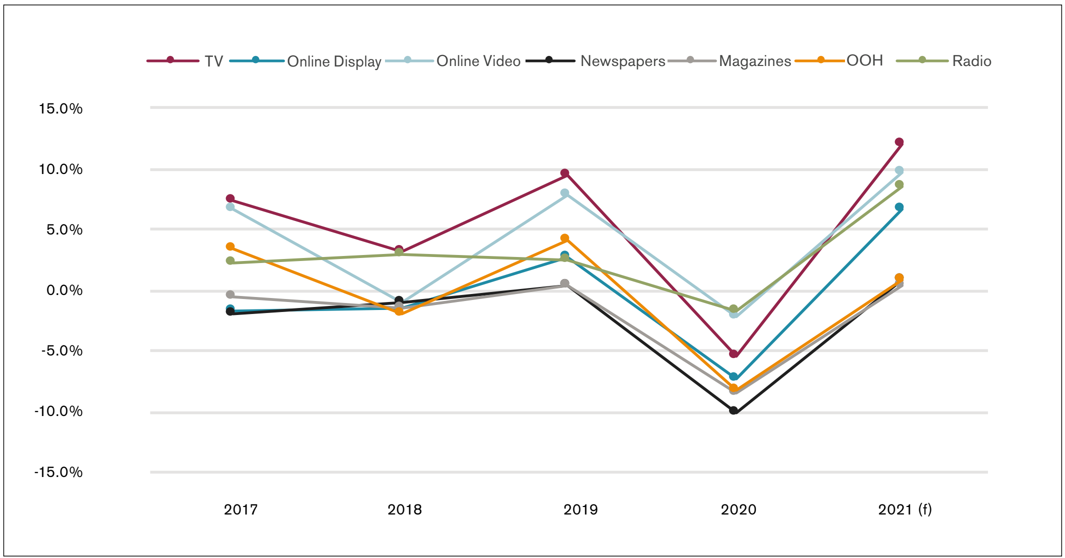
Offline vs online



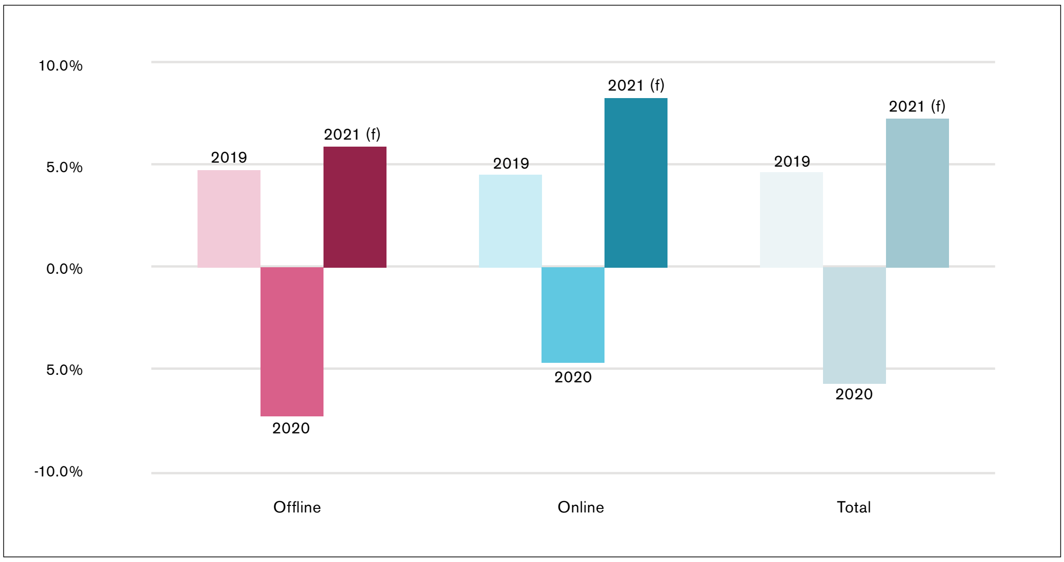
Nordics

Forecast update: All media types are forecast to see higher inflation rates above their 2020 positions. TV is expected to experience the steepest climb, finalizing with the highest level of inflation. All media will land on an inflationary position.

5-year trend 2017–2021(f)



Offline vs online



Asia Pacific

East Asia's growth forecast has been revised upwards from 7.4% to 8.2%, reflecting a strong first half of 2021 in the region, especially China. Vaccine rollouts in key economies such as China, Japan and South Korea have helped boost economic activity; rollouts in North America and Europe have boosted China's export prices in response to rising global demand. Nevertheless, negative factors could undermine China's positive outlook, from abrupt power cuts caused by disruptive floods to slower-than-expected consumer spending.

After a strong rebound from the initial phase of the pandemic, Australia has seen momentum slow recently through the spread of the Delta variant and the resulting regional lockdowns. However, growth is expected to be driven by household spending and private investment.

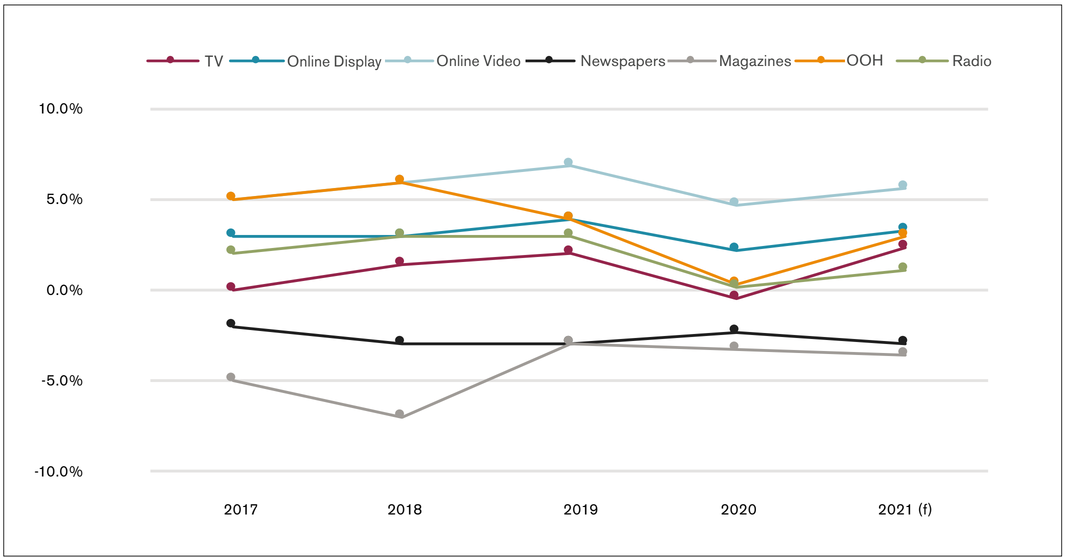
Meanwhile, both the current situation and outlook remains negative for South Asia, especially India. New waves of infections and little vaccination progress have prompted downgraded growth forecasts from late-2021 through 2022.

Photo: Xiuyuan Yao / iStock

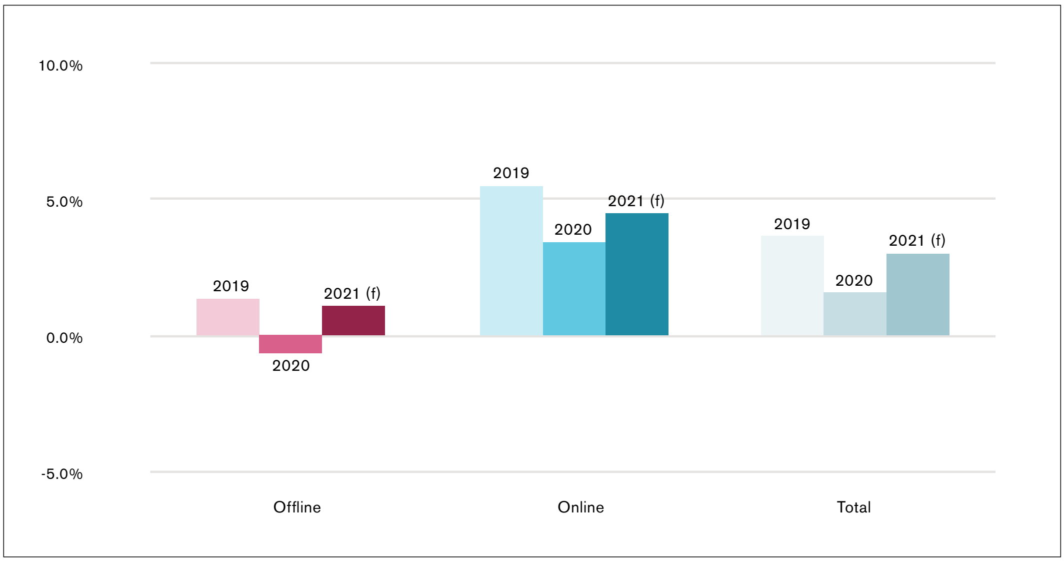
Australia

Forecast update: Most media types are forecast to remain consistent with 2020 estimates. The exceptions are OOH and TV, where slight increases to inflation rates are expected. Print is forecast to remain deflationary.

5-year trend 2017–2021(f)



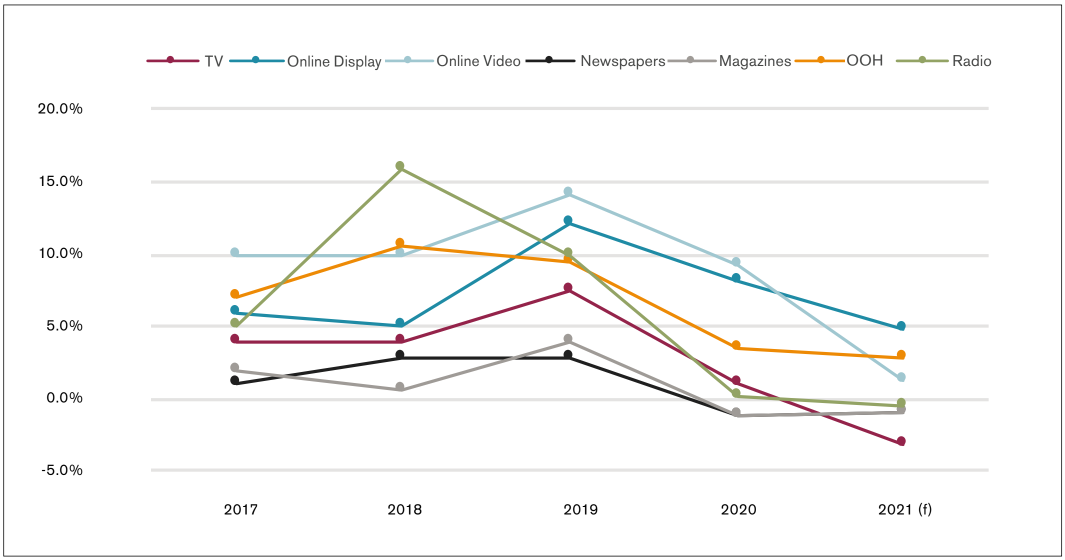
Offline vs online



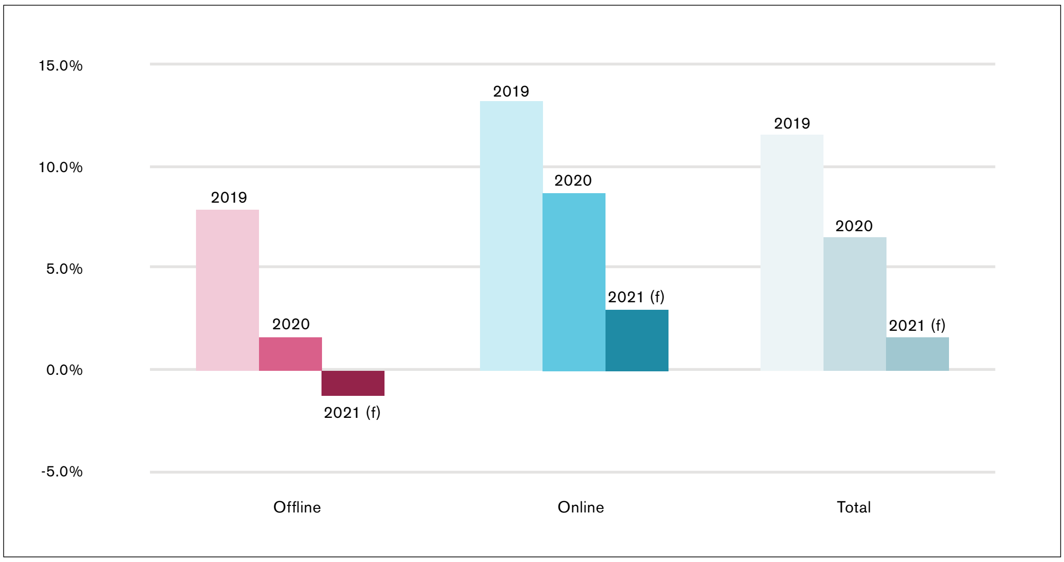
China

Forecast update: Media inflation in China is expected to remain consistent with or lower than 2020 levels. TV and Online are forecast to see decreases to inflation, with TV falling into deflation while Print, OOH and Radio remain consistent with 2020.

5-year trend 2017–2021(f)



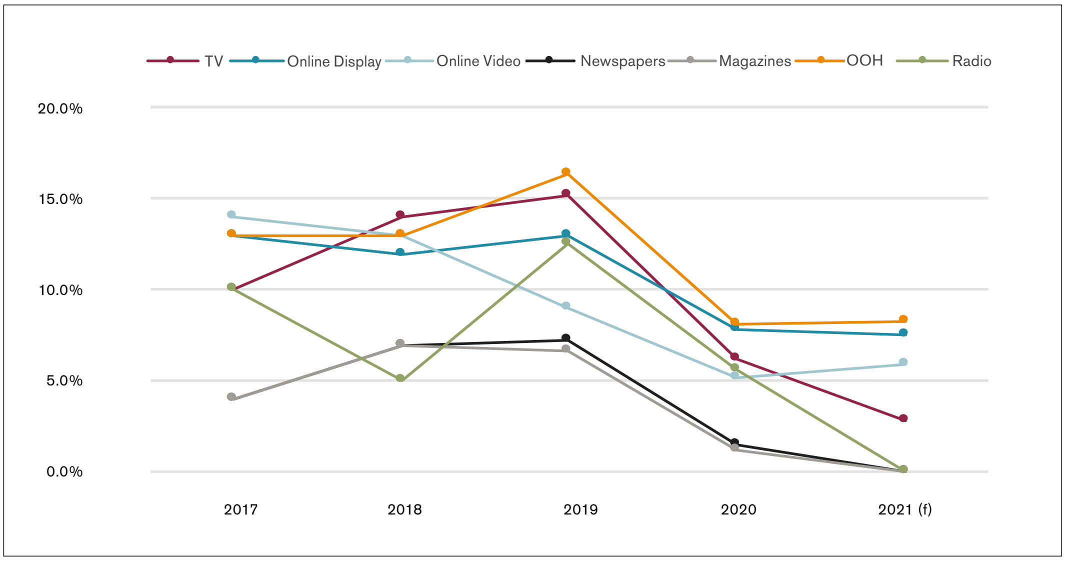
Offline vs online



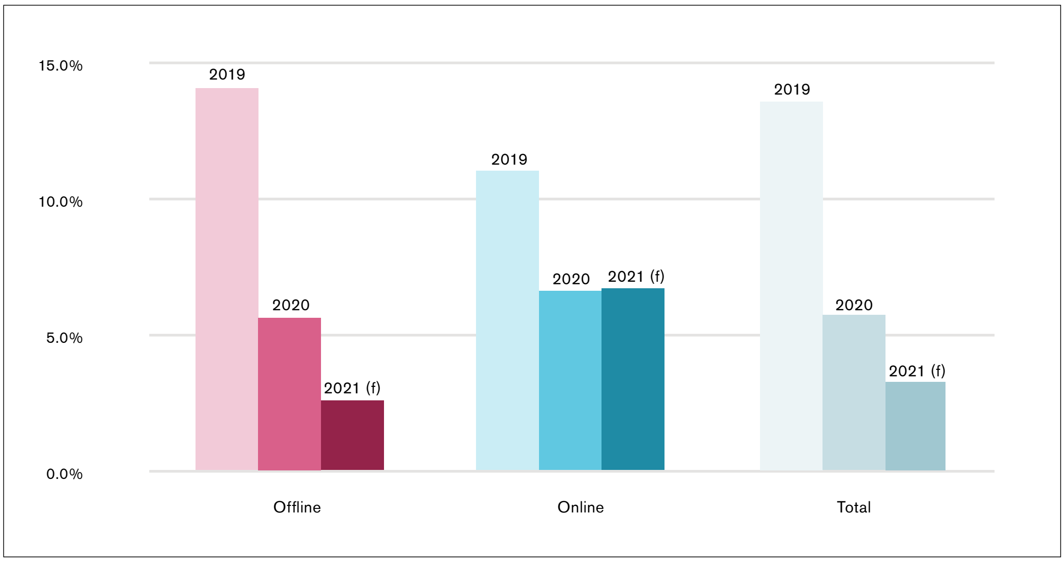
Indonesia

Forecast update: Online and OOH are expected to see little deviation from 2020 levels, and the highest rate of inflation in 2021. TV and Radio are forecast to experience a drop in inflation rates, with Print also expecting a minor fall.

5-year trend 2017–2021(f)



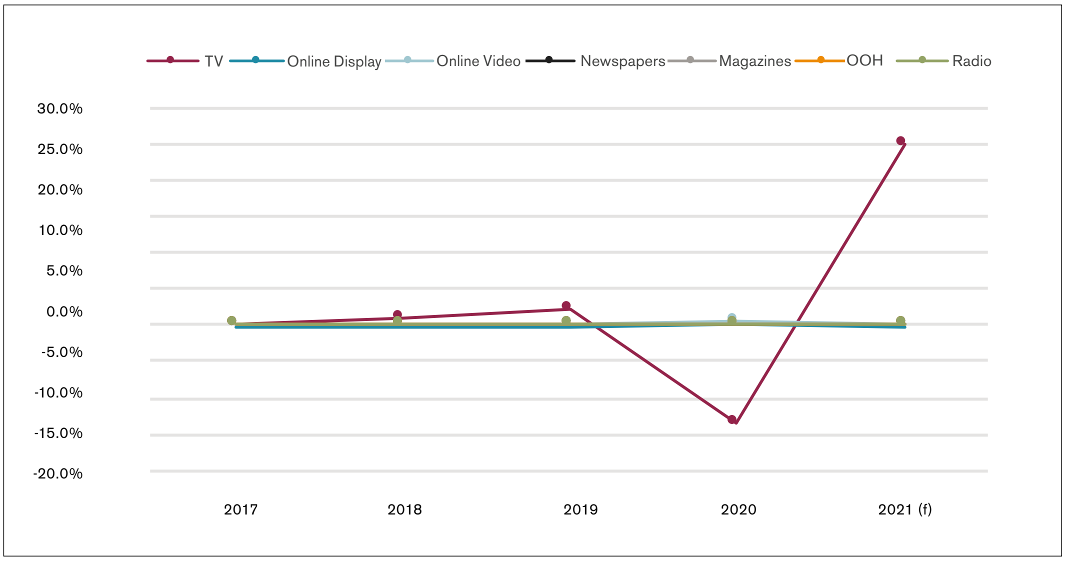
Offline vs online



Japan

Forecast update: Japanese TV is forecast to enjoy a significant bounceback from its deflationary position in 2020, finalizing with a high inflation rate for 2021. Other media continue to experience zero inflation.

5-year trend 2017–2021(f)



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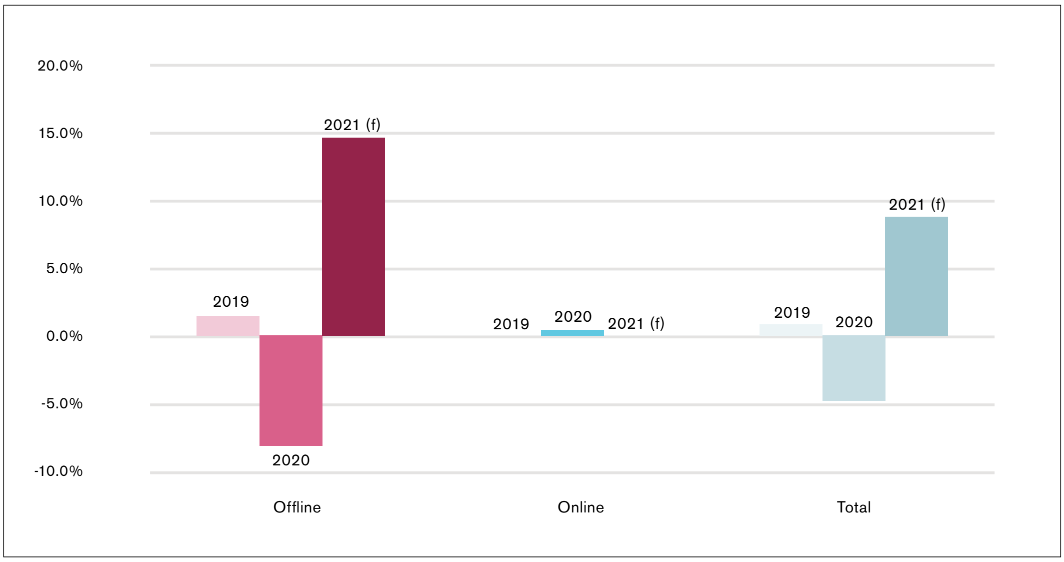
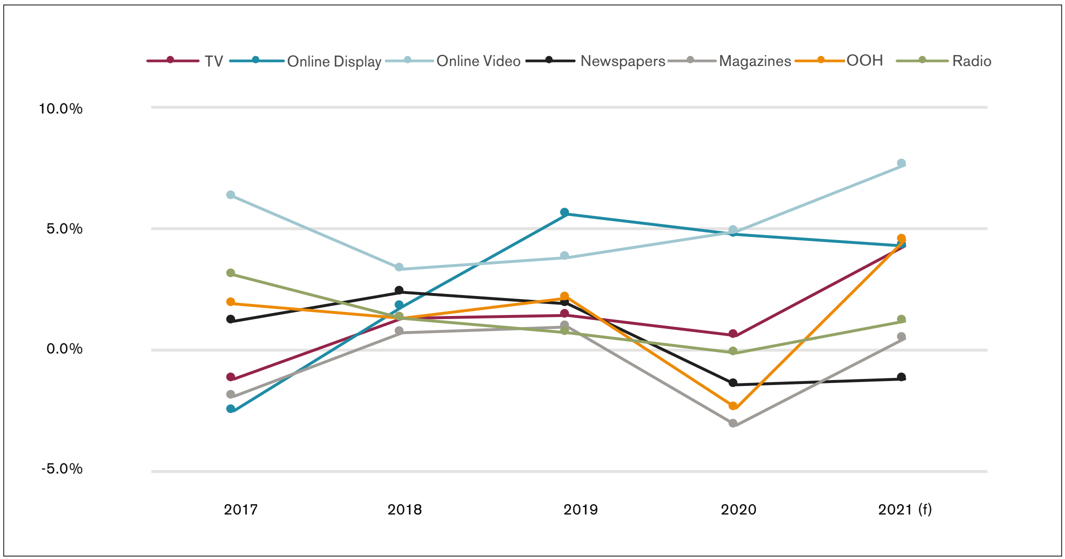


Korea

Forecast update: TV, Online Video and OOH are forecast to see a sharp rise in inflation rates, while Digital Display sees minor decreases. Print retained the lowest levels of inflation, with Newspapers estimated to fall into deflationary territory.

5-year trend 2017–2021(f)



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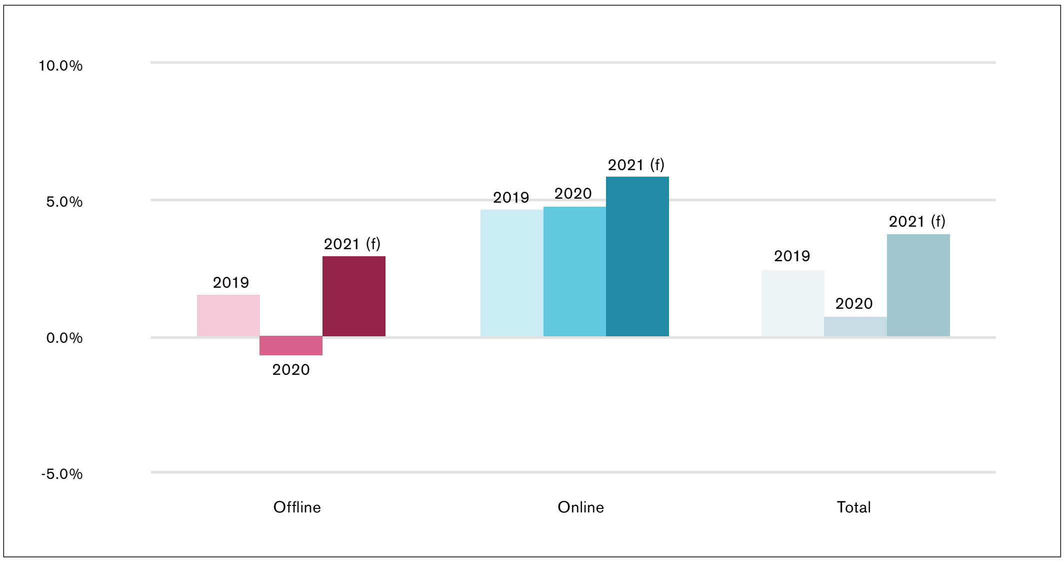
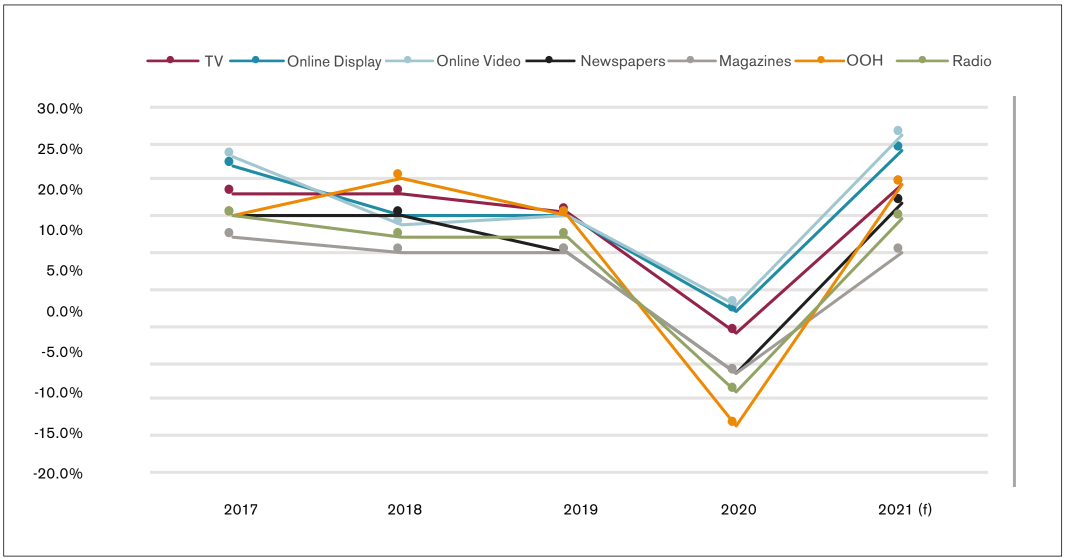


India

Forecast update: All media are forecast to recover from the shocks of 2020, with increasing inflationary positions. Online is expected to finalize at the highest rate of inflation, followed by TV and OOH. Magazines are forecast to have a zero inflation rate.

5-year trend 2017–2021(f)



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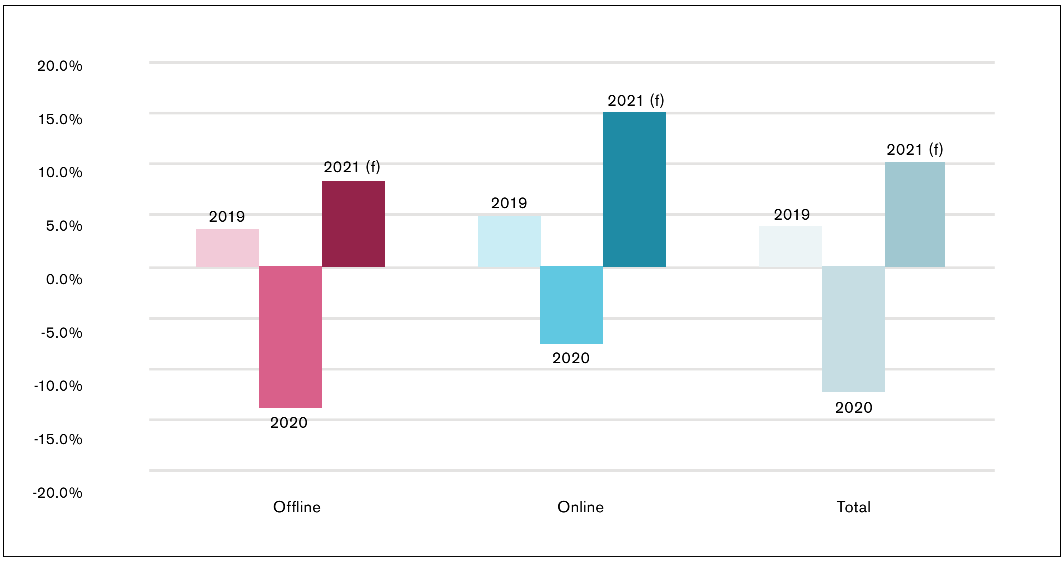


Latin America

Latin America has suffered major economic upheaval since the start of the Covid-19 pandemic and will be slow to recover its pre-pandemic levels. The region seen above-target inflation with the re-opening of their economies, with pressures coming from high energy costs, supply-side disruptions and weakened exchange rates. Central banks have been raising rates to offset inflation rises as the cost of goods and services increases. Brazil, the region's largest economy, has seen a rise in housing costs, utility bills, transportation and food.

The prevailing opinion among expert is that there will be fiscal tightening and political uncertainty, leading to slow economic growth for 2022.

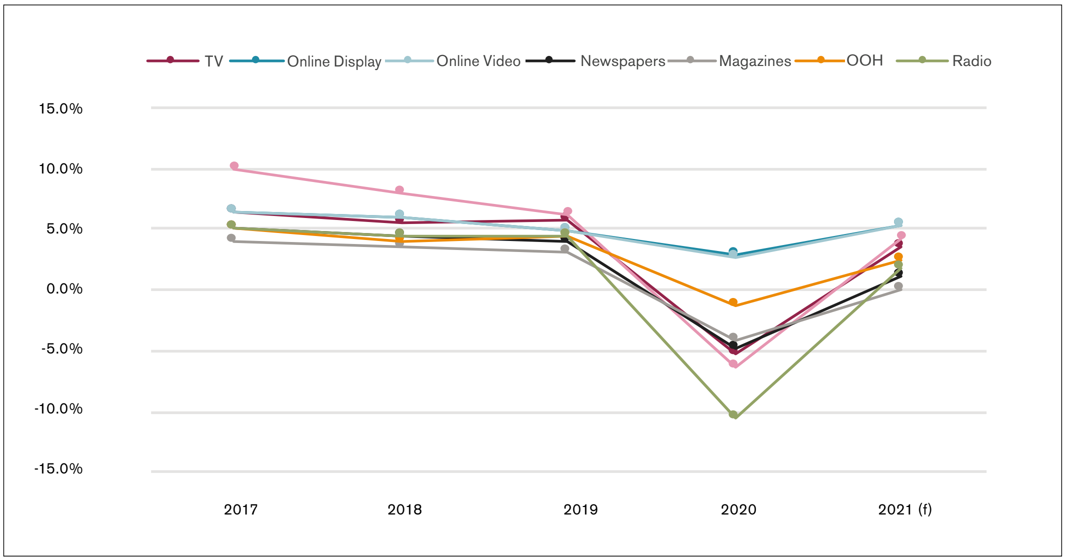
As an emerging market, the region's long-term outlook rests on less-than-predictable policy actions and social instability, which could impact on foreign investments and lessen productivity. However, with its geographic location and trade partnership with the US, Mexico is poised to become a destination for foreign manufacturing investments.

Photo: CelsoDiniz / iStock

Brazil

Forecast update: TV and Radio saw the largest increases to forecasted inflation rates for 2021, while Online media types saw little deviation from their 2020 positioning. All media finalized in an inflationary position for 2021, although Magazines are expected to see a zero inflation rate.

5-year trend 2017–2021(f)



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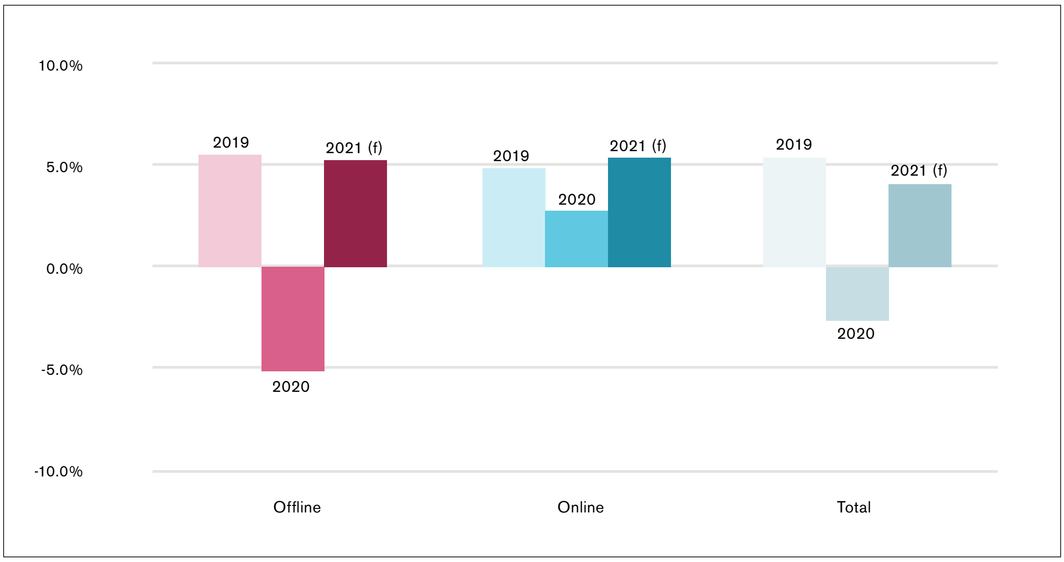
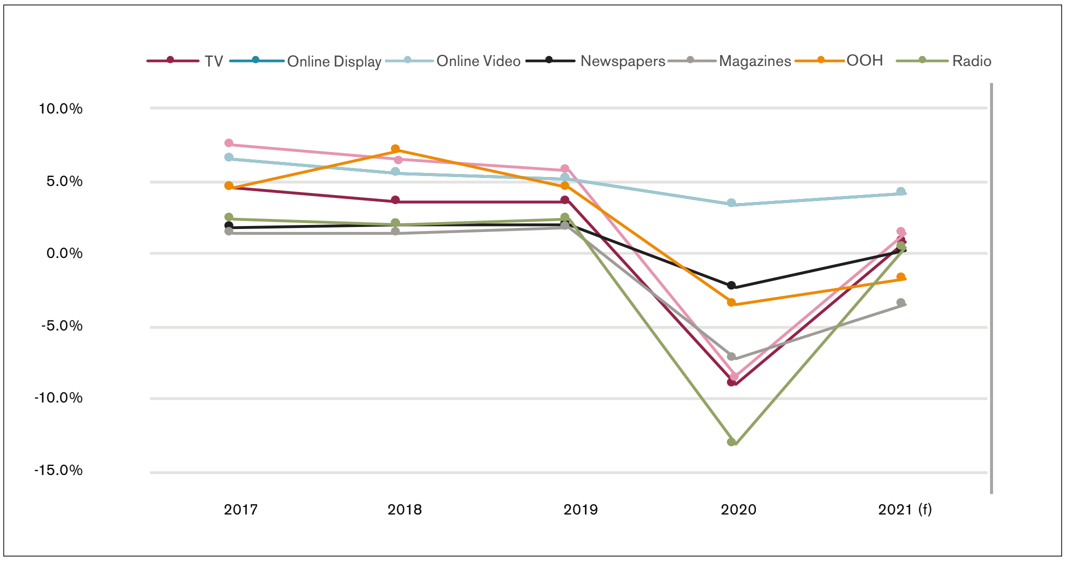


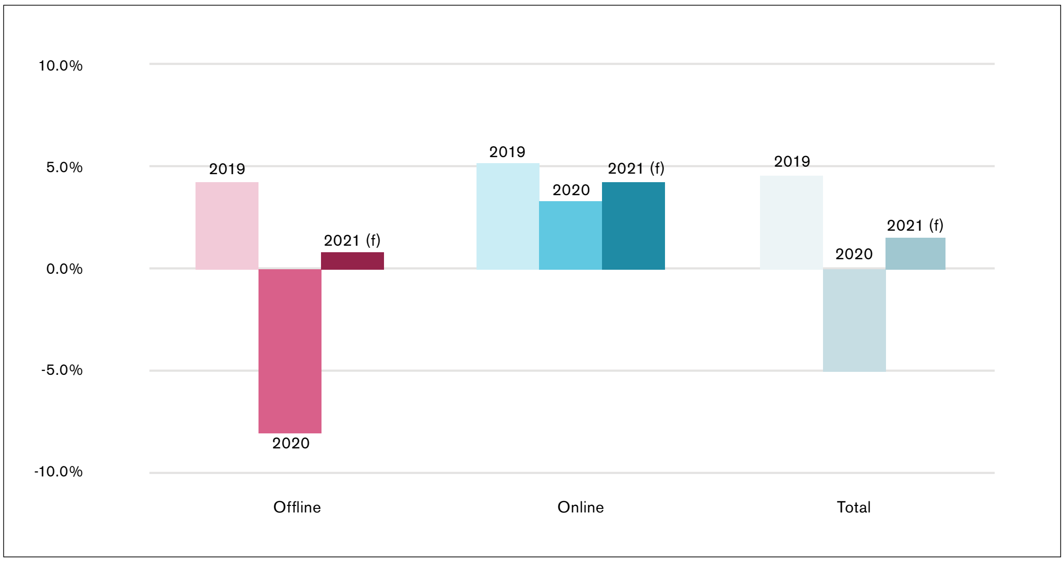
Mexico

Forecast update: Online is forecast to hold constant with 2020. TV recovers to display minor levels of inflation, while all others had zero inflation or deflationary positioning in the market.

5-year trend 2017–2021(f)



Offline vs online



About ECI

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.

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, rigorous benchmarking and, ultimately, the insight, experience and savvy to ensure that their advertising investment and agency relationships drive higher media value.

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ECI HIGHER MEDIA VALUE

Our **product** offering

Relationship Management

- Pitch Management
- Agency Contracts and Remuneration
- Financial Auditing and Contract Compliance

Media Performance Audit

- **Target Value©** Cost Tracking – All Media
- **Target Mark®** TV Analysis & Benchmarking – All Media

Media Consulting

- Media Training and Bespoke Workshops
- Media Strategy Effectiveness Review
- Business Process and Data Management Consulting

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