



## Media Inflation for 2024 and how not to waste your money.

### Firstly, how are Advertising Prices determined?

Advertising Media costs are driven simply, by the classic Supply and Demand.

*Limited Supply*, because there's statutory limits on the number of TV/Radio Ad breaks for example, or the number of posters in the state requiring planning permission, or prime digital spaces that get booked first, or the number of pages in a Newspaper/Magazine.

Never mind, as we discovered in 2023, Google increasing bidding rates for their own business reasons.

*Demand*, is dictated by general business success, and business profitability to have sufficient funds to spend on advertising, along with a pessimistic, or optimistic, business view for 2024.

Media owners can't therefore increase their supply easily, when they see an unprecedented surge in demand. Price increases are their best (if not only) weapon.

*(Consequently, Advertising is the first thing for advertisers to have 'switched on' or 'switched off', depending on their demand, because it's so easy to do so. Not even a meeting required to reduce or increase, advertising spend).*

So in the pandemic for example, when market demand dramatically reduced almost overnight, media prices fell dramatically too, and instantly. Market Stagnation.

When there was more supply than demand – it created a market glut meaning lower media costs for those that wanted it, which was very few then.

But conversely today, when demand quickly outstrips supply, you get a *shortage*, resulting in higher prices. Supply and Demand.

Advertising is therefore the best barometer for the overall health of the economy, when we're seeing increases in advertising demand, because it means businesses are doing well.

And we are.

Significantly.

### **Market Prices Correction 2023/4.**

The historic low pandemic media costs remained for early 2023, but we started to see a price correction in July.

Suddenly, at a frankly bizarre advertising time of year (Summer), media availability reduced because of unexpected booking surges and therefore costs, started to increase. 'Deals' hardened.

Notable on Outdoor and Radio particularly.

The recent IAPI census for example, noted Agencies reporting +10% increases in turnover in the last 6 months of 2023. Core and Group M Agencies forecasting overall ad market *growth* of circa 4%.

Amarach Research too, showed that 30% of Irish businesses expected to invest *more* in Marketing/Advertising and 54% to hold their expenditure for 2024.

43% of businesses were 'more optimistic' for 2024.

The budget package of 12bn is significant and a projected Government surplus for 2024 of 8.4bn plus the record November tax haul of 6.3bn.

And The Irish Times last week "Total tax receipts came to a record €88.1 billion in 2023, up by €5 billion or 6 per cent on the previous year driven by strong growth in income tax, VAT and corporation tax.

The star performer was once again corporation tax, which generated a record €23.7 billion, marginally above the department's forecast, and against a headwind of declining global growth".

That summer Advertising surge, continued into the last Quarter Q4 2023, which is of course, normal peak Advertising time (Pre Christmas) but again we saw further upward market price corrections, notably on TV.

Some media owners actually 'sold out' short bookings towards year end including RTE, which hasn't happened in about 20 years.

What was happening was that Demand quickly began to exceed supply and so media prices rose – a further price correction back to pre-pandemic price levels.

### **Market Growth 2024.**

The consequence was, that in the current quarter (Q1 2024) we're again seeing spill over from Christmas Ad spends and continued market buoyancy.

If that continues, and we believe it will, media prices must increase further. That is without question.

### **Media Inflation Estimate 2024.**

Those rises in media prices are referred to as 'Media inflation'.

Of course too, as media rates increase, they are a total waste of money, as you're just paying more for the same, unless as we suggest, you avoid them.

Put simply, *the same* 2023 media activity will just cost you more in 2024. The question is, by how much?

### **How much more? +30%**

Wise estimates of course, vary. No one knows and many external factors such as Gaza, Ukraine, Trump may have further influences. GDP estimates are in decline too for example.

Whilst general inflation is estimated to run at +3/4%, which is therefore a minimum benchmark, since Media owners will suffer that too in their own costs, however in our view, media costs will well outstrip that by **up to +30%**.

The demand is there.

In other words, we expect Advertising Media prices to rise significantly and as high as +30% yoy with the first tranche announcements expected end January. We shall see.

We expect those to be circa +10% at a minimum and an opening shot for the year.

We have heard other commentators estimating 2024 media inflation from +15% to +28% so even if we're half wrong, everyone agrees, media prices *will rise substantially* in 2024.

So if you spent 10k in 2023, we estimate in 2024 it will only bring 7k in the same value.

Spent a 100k on TV for example and you'll only get 70k of the same value in 2024.

A complete waste of money requiring an increase in advertising budgets just to stand still. However.....

### **You can avoid these prices rises. The Media Anomaly.**

There is a little known, welcome anomaly in the media market which is, that if you book now, at current prices, *you won't pay any coming increase*.

*In other words, if you option/book any Media for say March/July/September in January, and that media price rises, you will only pay the current January price at the time you booked.*

So in effect you 'hedge' against any future prices rises, *before* they happen. Media owners in return, get their bookings in early.

Early booking and prepayment is always good anyway, with better deals, better availability (better poster sites, radio spots, TV spots) and the broadcasting AB (Advance Booking) deadlines always offer best options anyway.

But this year particularly, you'll save money and we suggest, as high as +30%. Plus, the peace of mind of knowing your media advertising costs in advance.

Do it now.

Ask us.

Added to all that, we have a media sale starting today, January 8<sup>th</sup> to the 14<sup>th</sup> where we'll add 50% to all bookings for Free in that week. It's a saving all round in terms of added value, but also avoiding the coming media inflation costs.



**GET 50% MORE**

**BANG!**

**FOR YOUR 2024 BOOKING**

**50% Free! New Year Sale 9am Monday  
January 8th to 12pm Sunday 14th.**  
Buy any advertising Media package on **Admatic.ie** and we'll  
give you an extra 50% for **FREE** of the same package!  
Must be bought/paid on Admatic.ie Jan 8-14th. Applies to all bookings used from Jan. to end Dec. 2024.  
Minimum transaction value €1,000 applies.

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Booking early this year, before end January expected media price hikes, is critical and easy.

Don't waste your money through media price rises which will come - by how much, no one knows.

But some of it will be wasted if you don't, that's for sure.

Further

[Stuart@Admatic.ie](mailto:Stuart@Admatic.ie)

0857100458

(Stuart is a UCD qualified economist).