THE YEAR AHEAD IN MEDIA

JANUARY 2024

OMG

INTRODUCTION

2024 UK ADVERTISING MARKET PREDICTIONS

2023 saw the UK continue to push against the macro headwinds that have affected the market across the past three years. Inflation remained persistently high and the Bank of England steadily raised interest rates across the year, from a base of 3% to a high of 5.25%. However, the recession, talked about at the start of the year, failed to materialise, and in turn, the UK advertising market avoided a year of decline. 2023 ad market growth was weak (+1.1%), and we expect this softness to continue into 2024 (+3.1%).

2024 will see the UK remain challenged by a number of headwinds, particularly in the first half of the year. Whilst several headwinds will ease over the course of the year, many of these are the effect of long-term challenges. It was under two years ago that the last legal restrictions related to Covid in the UK were lifted, and we are still seeing the broader economic consequences act as a drag on UK Government expenditure. It has been seven and a half years since the Brexit vote, but the ensuing period of negotiation, pandemic and conflict have meant that much of the economic event has been difficult to delineate.

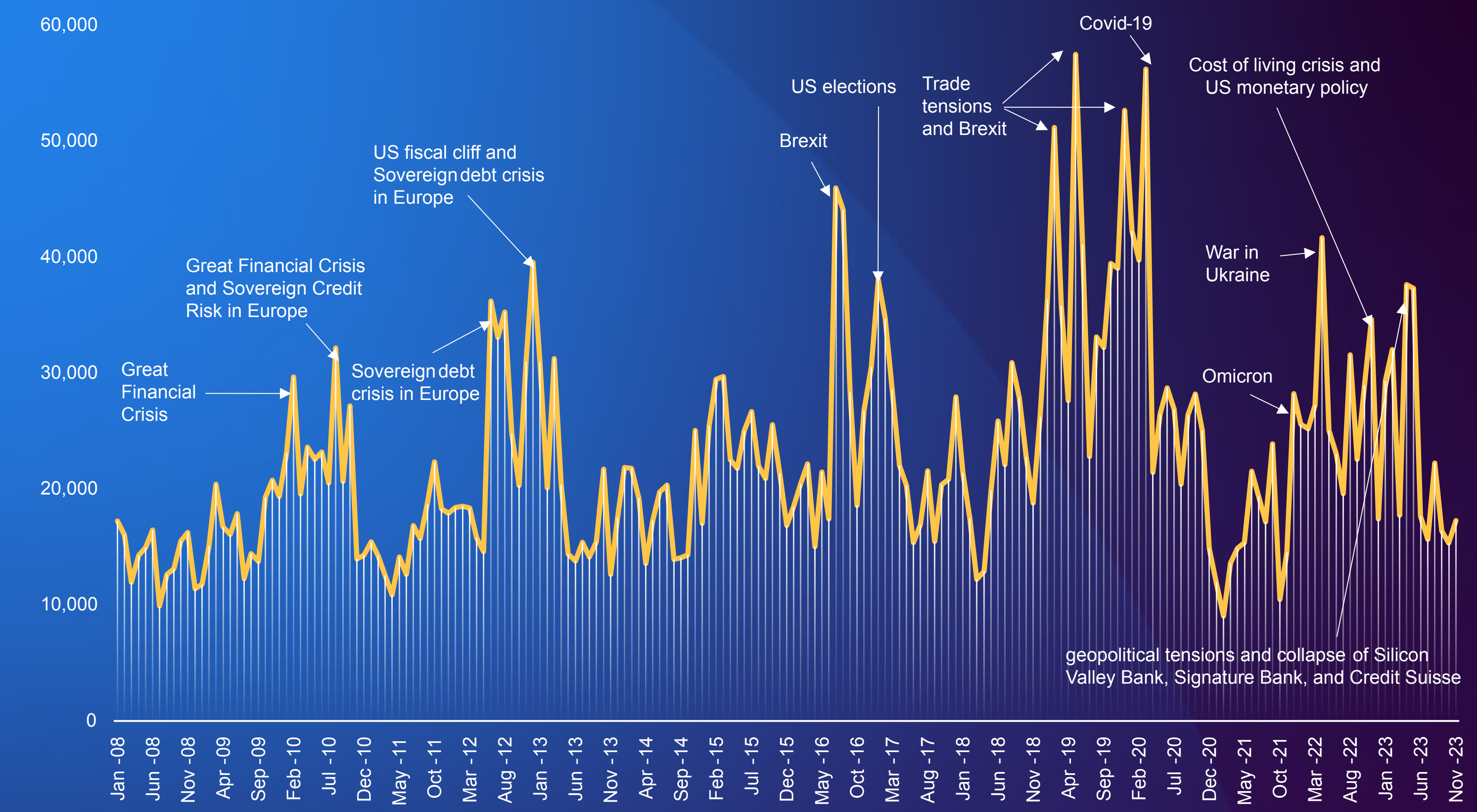
Global volatility continues to impact inflation, which whilst becoming less of a pressure towards the back end of 2023, has led to interest rate rises. High interest rates may remain as persistent as inflation has been in 2023.

And presenting a different challenge, the cost of transformation to businesses, both in terms of the glidepath to net zero and in general areas of digital and data, will apply competitive pressure to advertising budgets within organisations.

Audience behaviours and attitudes will continue to be influenced by these headwinds, which in turn will affect the structure of the advertising ecosystem. Key themes surrounding ad supported streaming, brand safety and ESG will dominate the thinking of marketers.

This report takes a quantitative base to make predictions for how the advertising market will develop in 2024. We hope you enjoy reading it and please do get in touch if you would like to discuss any of the areas further.

Bhavin Balvantrai, Chief Market Analyst, Omnicom Media Group UK.



The World Uncertainty Index is a volatility index which measures risk within the macro economic environment. The intensity of uncertainty has been high across the last 5 years, however from a global context, the picture has been relatively settled in 2023. As we move into 2024, with over 3bn people set to vote in elections across the year, we could see another period of high uncertainty in the short-term.

CONTENTS

01

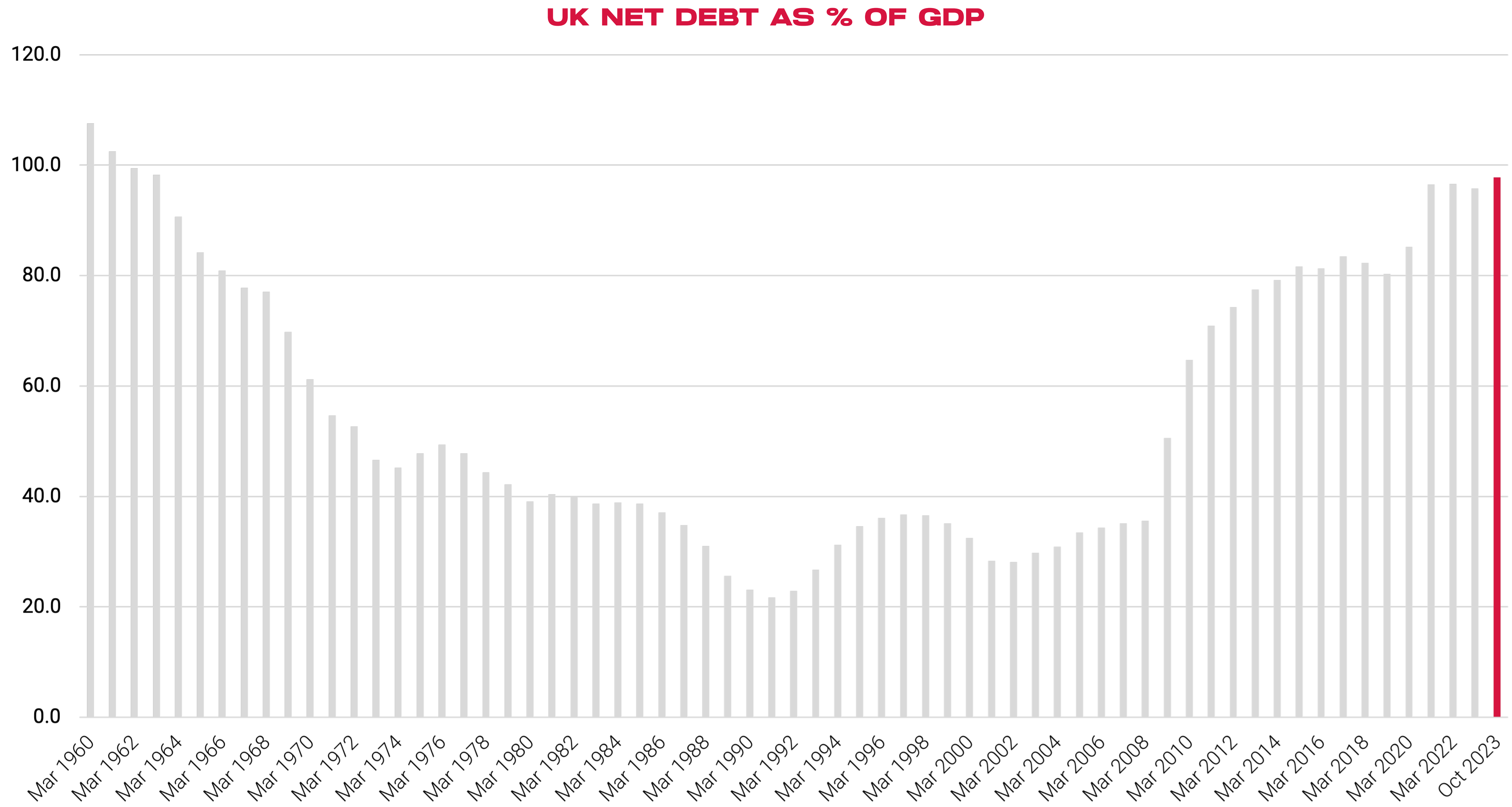
RISK FACTORS AND HEADWINDS

Advertising budgets are derivative of a combination of corporate performance and consumer expenditure. Whilst several headwinds will ease in 2024, they still present a risk to our forecast for moderate growth in the advertising market.

THE COVID-19 PANDEMIC LEFT A LEGACY OF PUBLIC DEBT, MAKING ECONOMIC STIMULATION DIFFICULT FOR THE TREASURY

The Covid-19 pandemic had a profound impact on the UK economy, disrupting businesses and altering consumer behaviour. The government's response to the pandemic has had significant long term fiscal implications. The furlough scheme, business grants, and increased health spending, whilst necessary to keep the nation on a hard footing, led to a sharp increase in public debt. UK net debt is currently at its highest levels since the '60s. As the economy recovers, the government needs to balance supporting the economy with ensuring fiscal sustainability. In order to bring net debt under control, recovery has been dampened, and is contributing to the stagnation we are seeing.

The high level of national net debt is problematic in itself when the treasury looks to invest in infrastructure and growth drivers, however, the situation is exacerbated by high interest rates. The cost of servicing national debt has increased as global interest rates have risen.



Source: OMG Media Intelligence, ONS

THE BREXIT AFTERMATH WILL TAKE TIME TO TRANSLATE TO AN UPSIDE

The decision to leave the European Union set the UK on a new economic path. While the immediate turbulence following the Brexit referendum in 2016 has subsided, the long-term impact is still being played out. Much of the effect of Brexit to date has been hidden by wider economic shocks caused by the pandemic and the war in Ukraine.

The OBR (Office for Budgetary Responsibility) looked at broader impacts of the UK's exit from the EU, such as lower investment and migration. In its judgement, "the increase in non-tariff barriers on UK-EU trade acts as an additional impediment to the exploitation of comparative advantage" to such an extent that the UK's long-run GDP will be 4 per cent lower than if we had not left the EU. The OBR estimated that by January 2021 two-fifths of this hit had already taken place due to the slowdown in investment following the Brexit referendum.

£30BN

Net cost each year of Brexit to UK economy

Source: OMG Media Intelligence, OBR

THE 'COST OF BORROWING' CRISIS WILL OUTLAST THE 'COST OF LIVING' CRISIS

The greatest headwind affecting the UK market in 2023 was the rise in inflation contributing to a cost-of-living crisis. Our consensus economic forecasts point to inflation falling across the year before settling just above the Bank of England target at 2.6%. However, interest rates will take longer to come down, as the Bank of England aims to ensure the economy does not become over heated in the recovery period. The first rate cut is anticipated in May with interest rates falling to 3.5% by the end of the year. We anticipate rates to settle at around 3% in 2025.

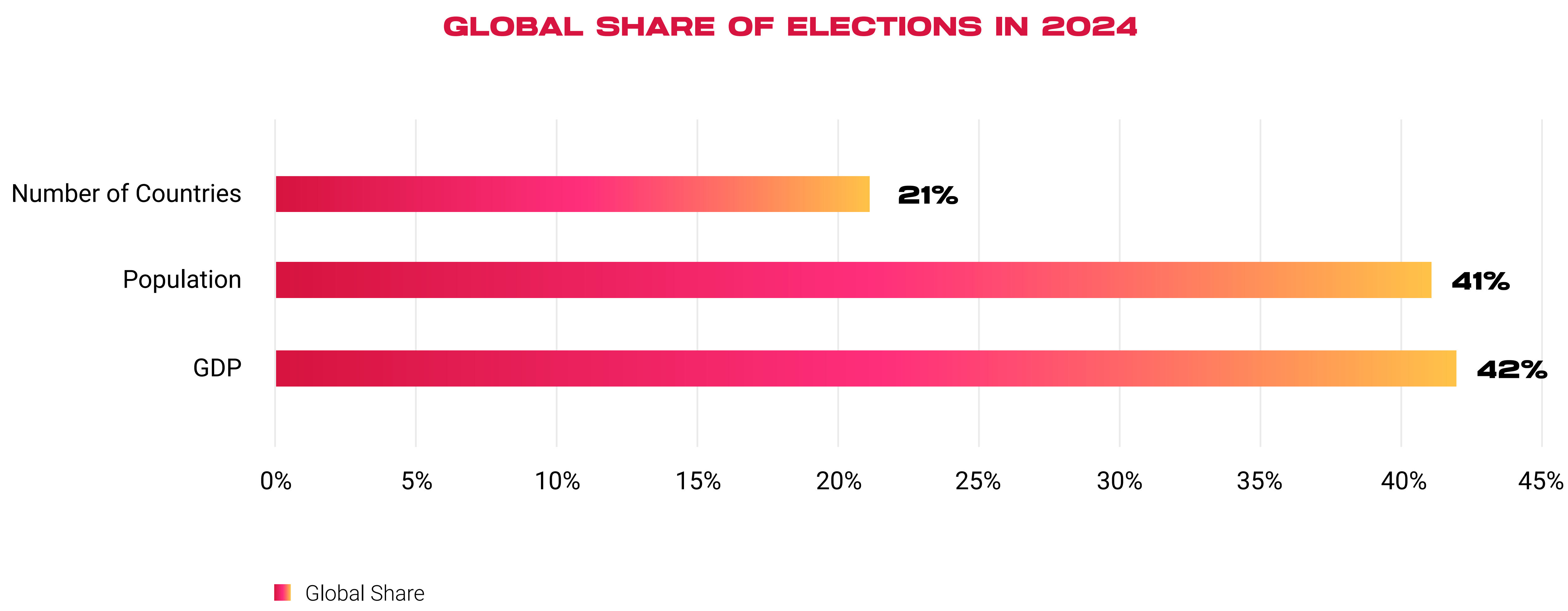
As well as applying pressure to household finances through higher mortgage and rent costs, this higher cost of borrowing will continue to affect categories that are dependent on financing, such as new vehicles or home improvements.

We collect consensus economic forecasts from a range of economic and academic institutes, reporting the median values across forecast periods.

INFLATION AND INTEREST RATES

Source: OMG Media Intelligence Unit UK, BOE, ONS

GEO-POLITICAL PRESSURES COULD RISE ONCE MORE AS OVER 40% OF THE WORLD ELECTS A NEW LEADER



2024 will be punctuated by a number of general elections which could lead to a vastly different political climate in the medium term, posing a risk for global business investment.

As well as the General Election in the UK, and US Presidential election, there are elections in India, Mexico, and 46 other countries, representing 41% of the global electorate vote and 42% of global GDP.

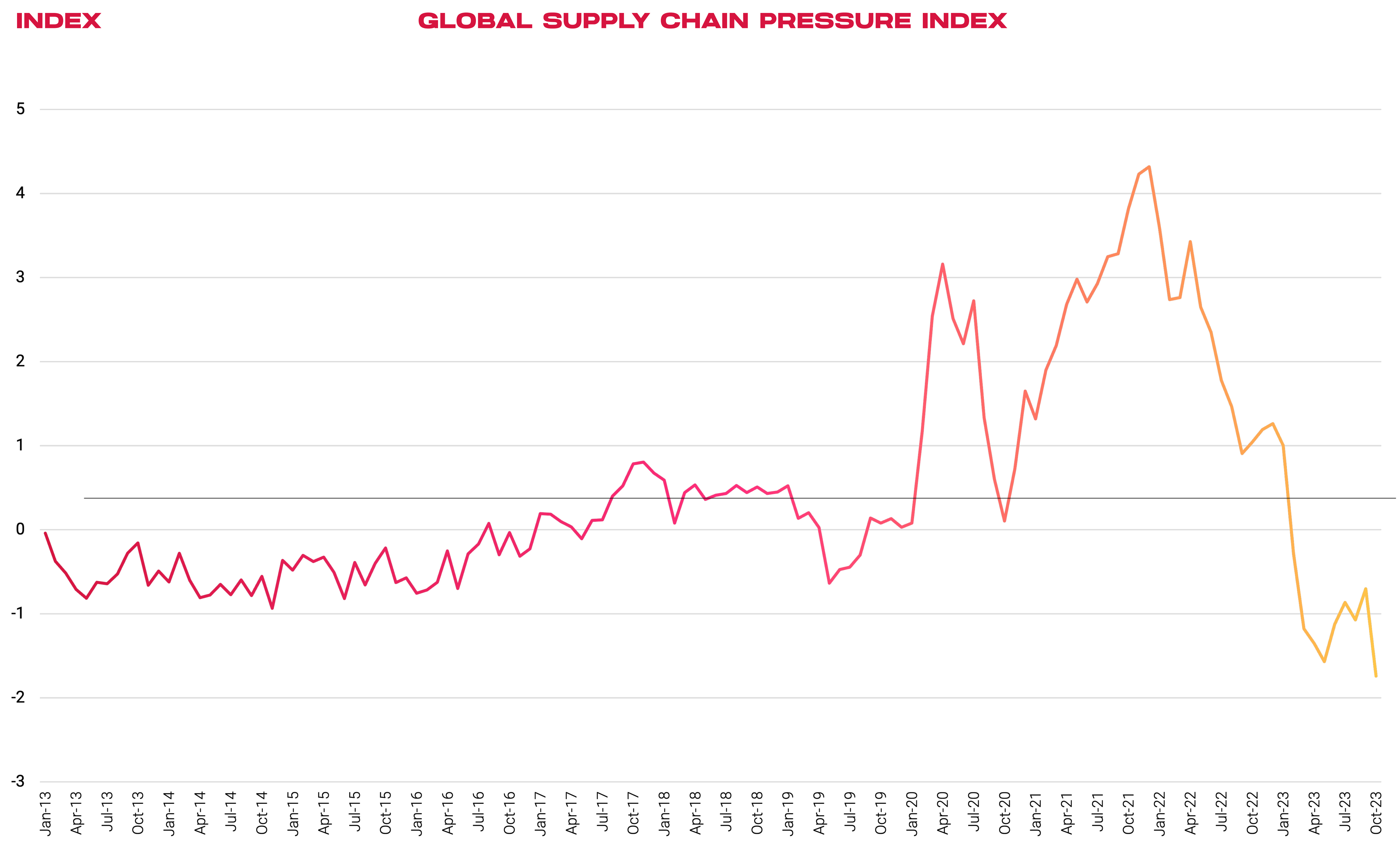
The UK General Election is polling towards a change of Government, as Labour have held on average a 19% lead over the Conservatives across the past 12 months.

The main impact of the elections at a global level will translate through geo-economic relations in major economies. Donald Trump currently holds a higher approval rating in the US. The last time Trump was in power, it led to 'trade wars' with both the EU and China, causing widespread economic uncertainty.

SUPPLY CHAIN PRESSURES HAVE EASED BUT COULD FLARE UP WITH NEW GEO-ECONOMIC DYNAMICS

Global supply chain pressures have eased off since the post-pandemic disruption across industries, with semi-conductors one of the last areas to be mitigated. Whilst the global supply chain is expected to remain broadly secure in 2024, there is the risk that resurfacing trade wars caused by new political leaders could once more de-stabilise global economic logistics. There is also a new risk presenting itself, the risk of militant targeting. Recent developments in the Suez Canal have seen shipping rerouted around the tip of Africa, leading to inflation from higher fuel-per-trip and inflation costs.

The Global Supply Chain Pressure Index (GSCPI) is a measurement of supply chain conditions, created by the Federal Reserve Bank of New York. The index combines variables from several indices in transportation and manufacturing, such as those related to delivery times, prices, and inventory. The New York Fed's index shows how global supply chain pressures vary from the average. When the index is high, that means there's more supply chain pressure than usual. When it's low, there's less pressure.



Source Federal Reserve Bank of New York, GSCPI

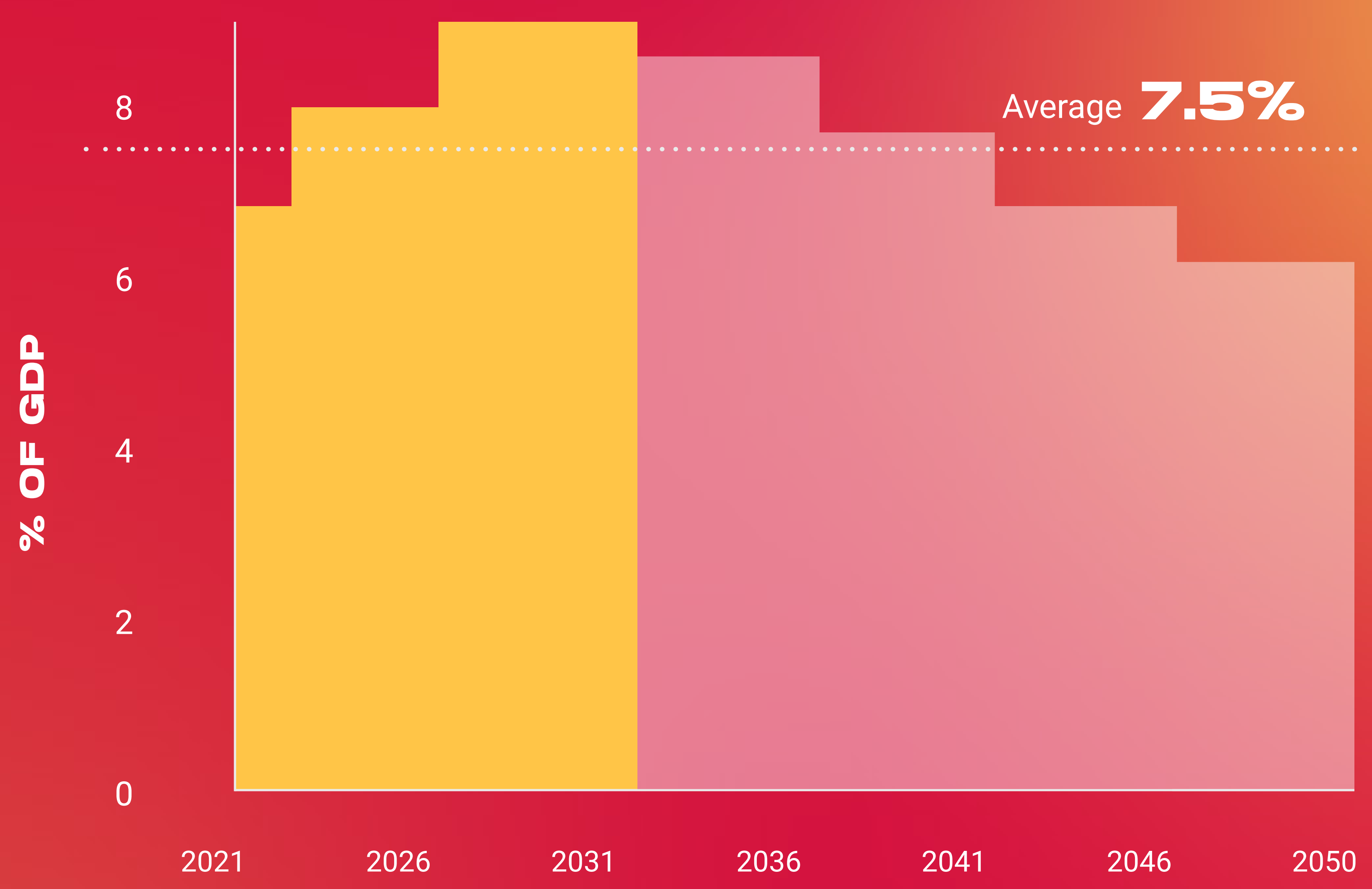
CAPITAL SPENDING TO BUILD OUT A NET-ZERO ECONOMY WILL BE HIGHEST IN THE NEXT 10 YEARS

The transition towards a net-zero future represents a significant shift for the UK economy. The commitment to achieving net-zero greenhouse gas emissions by 2050 requires a complete transformation of the energy sector, significant changes in industry and transport, and adjustments in land use and agriculture. This offers opportunities in areas such as green technologies, potentially creating new jobs and driving innovation.

Many businesses have committed to accelerated plans to achieve net-zero by 2030, particularly in areas like marketing with initiatives like Ad Net Zero. This applies more pressure on investing in environmental sustainability in the short term, and acknowledging that payback may take longer to realise a profit from these endeavours.

Source: McKinsey's

INVESTMENT LEVELS TO REACH NET-ZERO



DIGITAL TRANSFORMATION WILL REQUIRE FURTHER INVESTMENT

The UK has a large traditional services sector, which is ripe for disruption from advanced technologies like Generative AI.

Automation and AI could lead to job losses in some areas, and whilst new jobs will be created, there could be a mismatch in skills.

Generative AI has already been academically proven to deliver large scale productivity gains, but much will depend on how it complements current UK output.

McKinsey estimates the average annualised cost of a digital transformation project to be £20m.

£20M

Average cost of a digital transformation project

Source: OMG Media Intelligence Unit, AA

02

MODERATE ADVERTISING GROWTH

A soft economic environment, and digital maturity means that advertising growth will fall below the 5% CAGR of pre-covid years. There are however still pockets of growth and opportunity across media channels, against a backdrop of more forgiving media inflation.

THE LOWEST 2-YEAR VOLUME GROWTH SINCE 2013

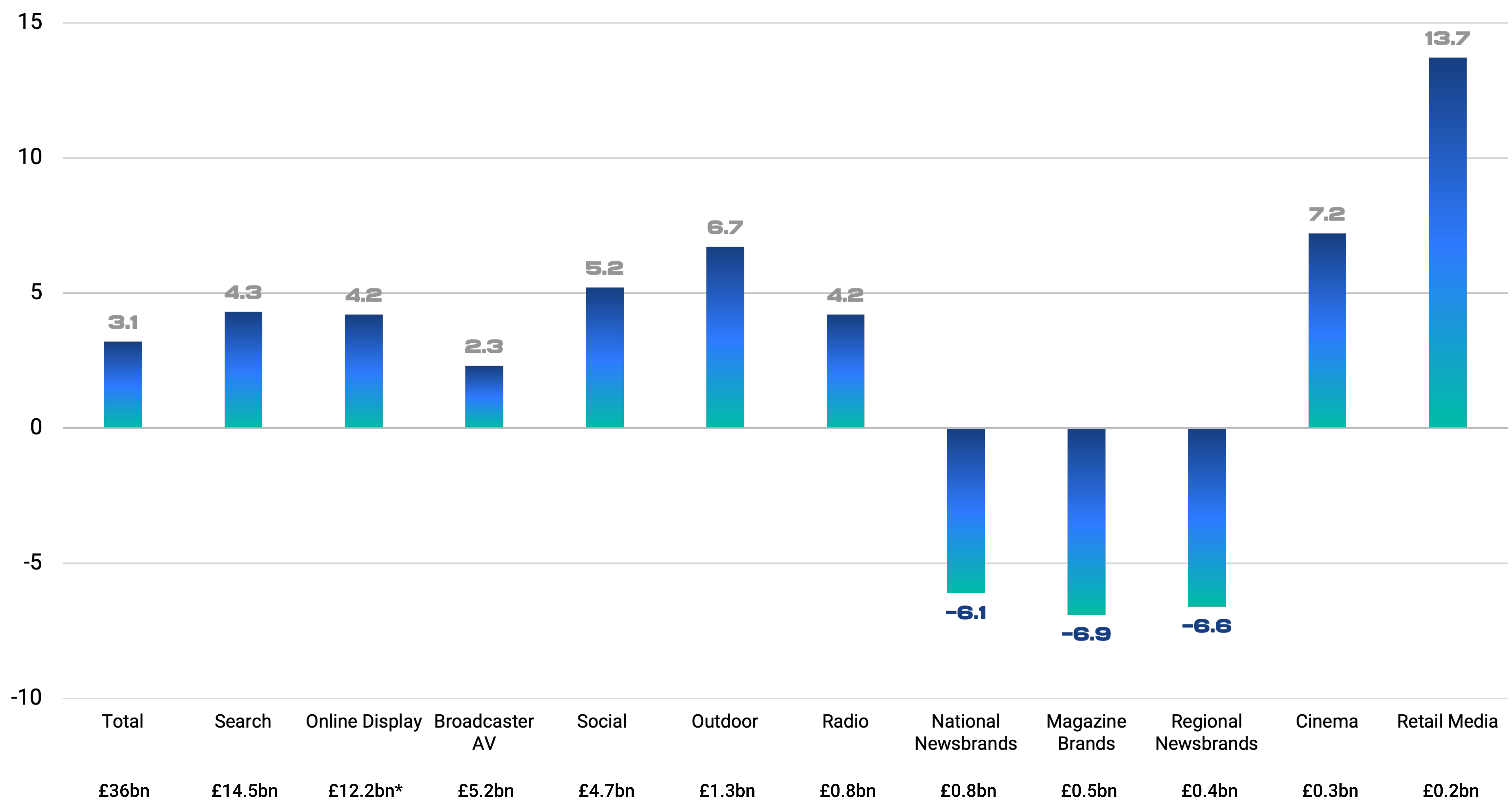
Against the macro context, UK advertising revenue will grow by 3.1% in 2024, to surpass £36bn. Taken in combination with 2023, 2024 is likely to be the lowest 2-year revenue volume growth since 2013.

A summer of sport, with UEFA EURO 2024 and the Paris Olympic Games, will be a major driver of revenue growth as brands take advantage of huge public interest and affection with major sporting events.

We will see a return to growth in Broadcaster AV as advertisers in the technology, telecoms and finance sectors return to market.

Retail media is forecast to see sizeable growth. It is projected to rise 14% in 2024 and 26% next year. Amazon alone is the destination for almost two-fifths (37.5%) of all revenue in retail media. However, UK supermarkets are continuing to invest in their retail media offerings to capture a slice of the growing market.

YEAR ON YEAR ADVERTISING SPEND GROWTH/DECLINE 2024 VS 2023



*Includes Social & Retail

Source: WARC/AA OMG Media Intelligence Unit

MARGINAL REVENUE GROWTH ACROSS BROADCASTER AV IN 2024

2023 saw Broadcaster AV experience its strongest declines since the financial crisis. We believe the declines to be cyclical in nature and a function of its exposure to the categories who pulled back most on advertising last year.

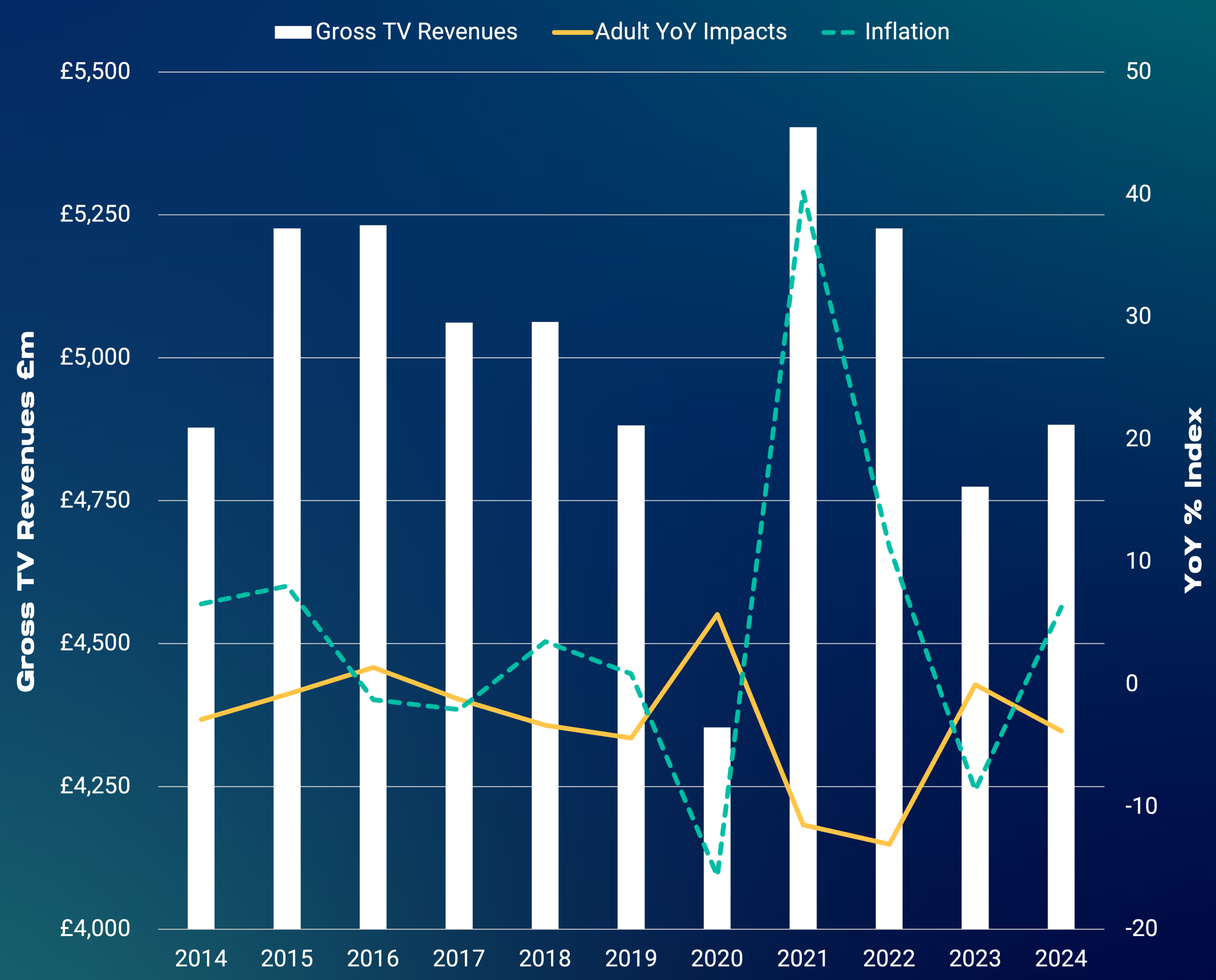
Technology brands are likely to return to previous levels of spending, having gone through the process of rationalising their business costs in 2023 to now trade at higher margins.

The finance sector will see growth as inflationary pressures ease and fiscal policy around interest rates stabilises. The majority of 2024 growth will come in H1; a consequence of a weak H1 in 2023 and EURO 2024 leading to a front weighted year.

Q1 viewing is forecasted to be down YoY owing to, amongst other scheduling changes, the expected decline of winter Love Island on ITV2. EURO 2024 will see the BBC taking a higher share of viewing at the expense of commercial stations, resulting in audience declines across all commercial channels bar ITV1. The Paris Olympic games will also see BBC pick up share from commercial viewing – favourable broadcast times in the UK should deliver very strong numbers. Q3/4 viewing will be skewed by the YoY effects of the 2023 Rugby World Cup.

Source: WARC/AA OMG Media Intelligence Unit

YEAR ON YEAR ADVERTISING SPEND GROWTH/DECLINE 2024 VS 2023



DIGITAL REVENUE MAKES UP NEARLY OF 4/5TH TOTAL MEDIA

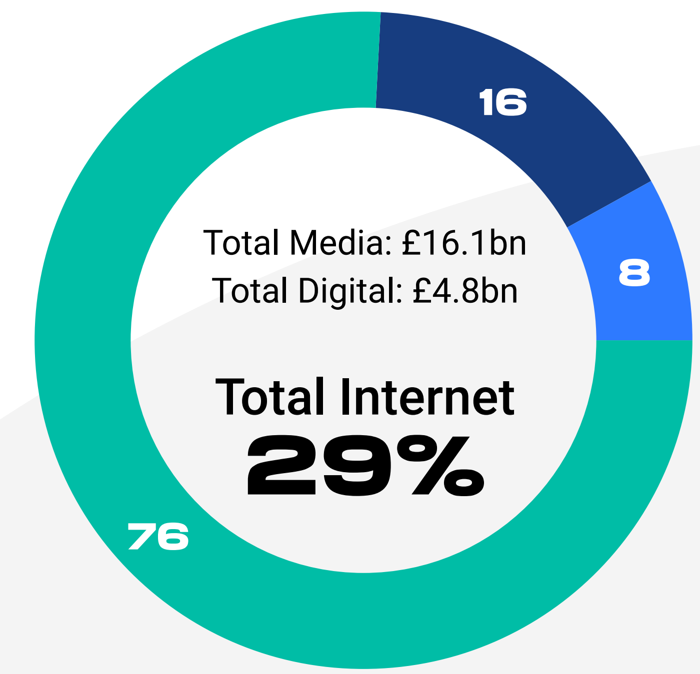
With the exception of 2020, online advertising revenue has grown by double digits every year since the IAB started releasing estimates in 2011. Digital advertising is now prone to the same downturn effects as other established media, as audience growth has plateaued, and retail sales volumes have fallen, applying pressure to performance marketing spend.

The search market – 40% of total UK ad spend – is forecast to grow by 4.3% and online display by 4.2% with total Internet growing by 4.2% in 2024.

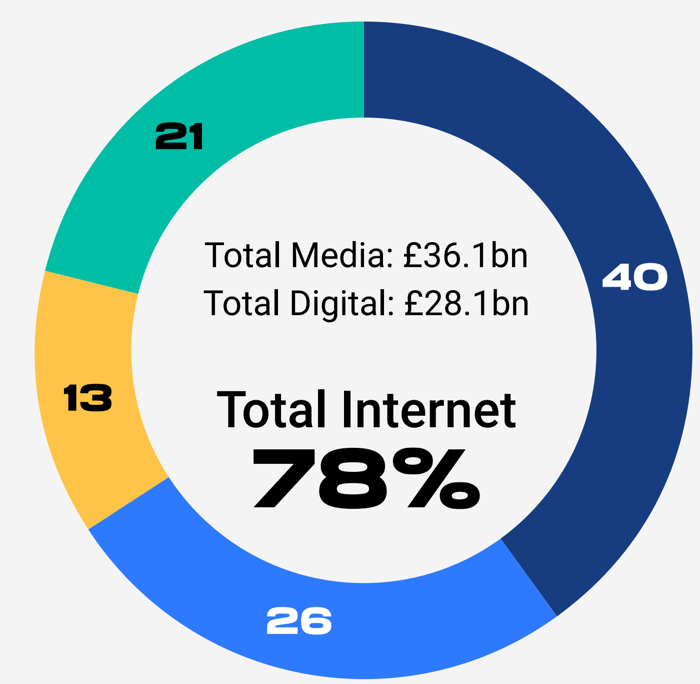
Social media will be the fastest growing digital channel in 2024 (+5.2). Social media will contribute over 13% of total revenue in 2024, worth £4.7bn (on par with TV). Meta alone has 78% share of the UK social media ad market. TikTok parent company Bytedance is the next biggest social media owner, with an estimated £197m of ad revenue income in 2024.

By 2028, OMG modelling predicts the digital market will be larger than the entire advertising industry was in 2021.

2011 SHARE OF TOTAL MEDIA



2024 SHARE OF TOTAL MEDIA



Search Display Social Others

Source: WARC/AA OMG Media Intelligence Unit

OUTDOOR REVENUES WILL REACH PRE-PANDEMIC VOLUMES, BUT NOT PRE-PANDEMIC SHARE LEVELS

2024 is forecast to increase by 6.7% YoY to £1.39bn thanks to a resurgence of travel and airport advertising and growth in digital out-of-home (DOOH). DOOH is set to see further significant growth and is predicted to account for 66% of total OOH revenue in 2024 – driven by further media owner investment and increased Programmatic Out of Home (PrOOH) spend.

OOH continues to impact across the whole funnel. In 2024, we will see a further drive towards performance and bottom-funnel metrics with brands using first and third-party data to create audience-first OOH campaigns.

Brands will continue to realise the potential of developments in creative DOOH – AR, VR, 3D & AI – to engage audiences, build brand share and deliver significant ROI.

2024 will see Programmatic OOH technology continue to develop, and we'll see a drive towards the standardisation of PrOOH alongside more OOH media owners trading through programmatic. PrOOH spend is predicted to grow over the next 18 months by a third on average.

Full motion DOOH copy is viewed

60%

longer than static

Increase in consumer attention when using 3D DOOH

+15%

longer than static

Special build OOH can increase purchase consideration

+35%

vs. traditional

Stronger memory encoding for live stream content

3x

vs. full motion

Source: Talon, OMG Media Intelligence Unit

COMMERCIAL RADIO CONSUMPTION IS IN GOOD HEALTH

Revenue growth across the Audio market is expected to be 4.2% in 2024, driven primarily by the summer of sport.

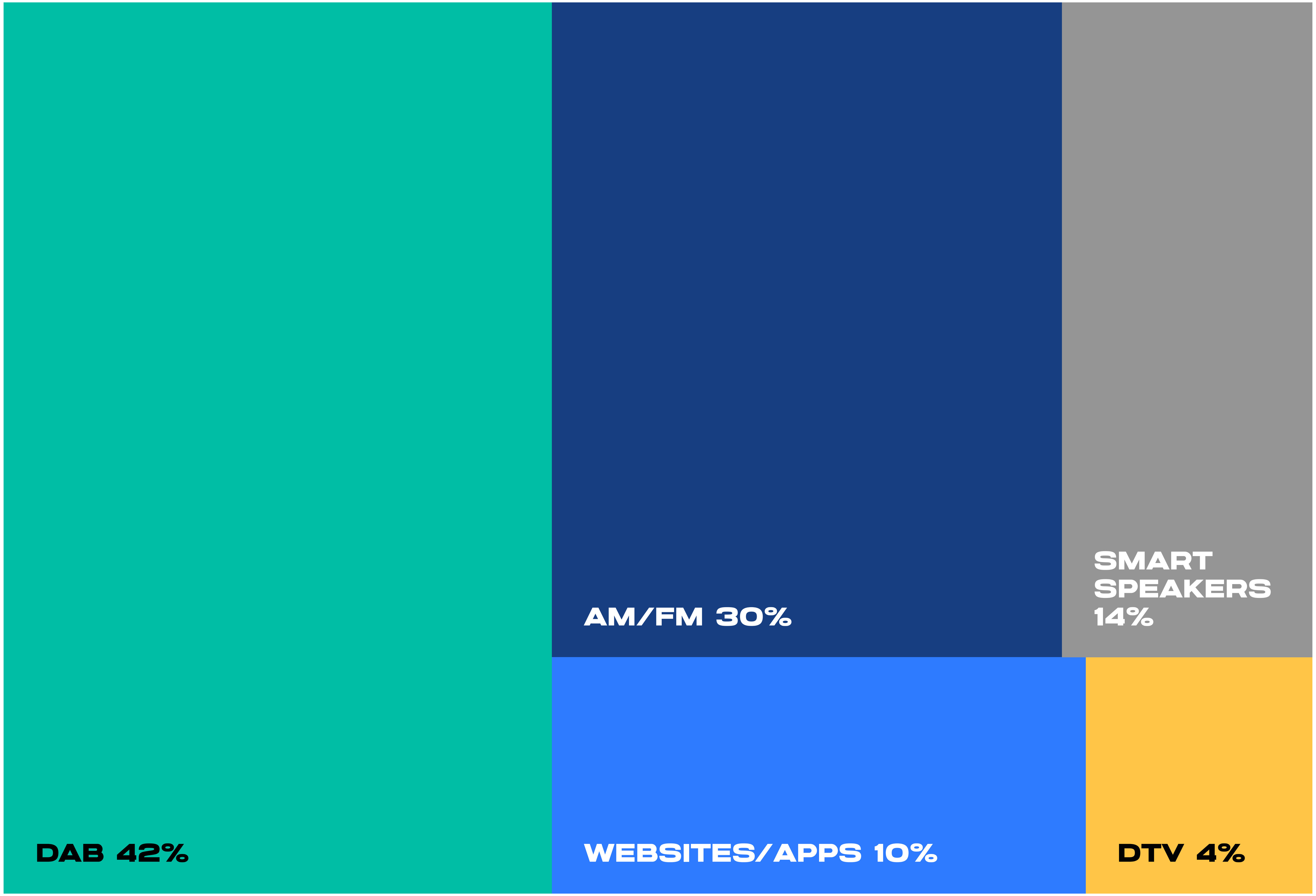
Latest Rajar numbers highlighted the growth of digital and traditional linear in its latest report.

88% of the UK population listen to radio every week. BBC radio stations registered a 43.8% share of listening. This is compared to all commercial radio which recorded 54.1% share of listening.

Commercial radio reported its highest ever audience reach of 39.3 million, or 70% of the population. This is an increase of 2.9% year-on-year from 38.2 million in Q3 2022.

21.2 million adults aged 15+ listen to an on-demand music service and 11.2 million to a podcast once a week or more.

PLATFORM SHARE OF ALL RADIO LISTENING



Source: OMG Media Intelligence Unit, AA & Rajar

NEWSBRANDS NOW MADE UP BY OVER 50% DIGITAL REVENUE, AND CINEMA HOPES TO CONTINUE 2023 SUCCESSES

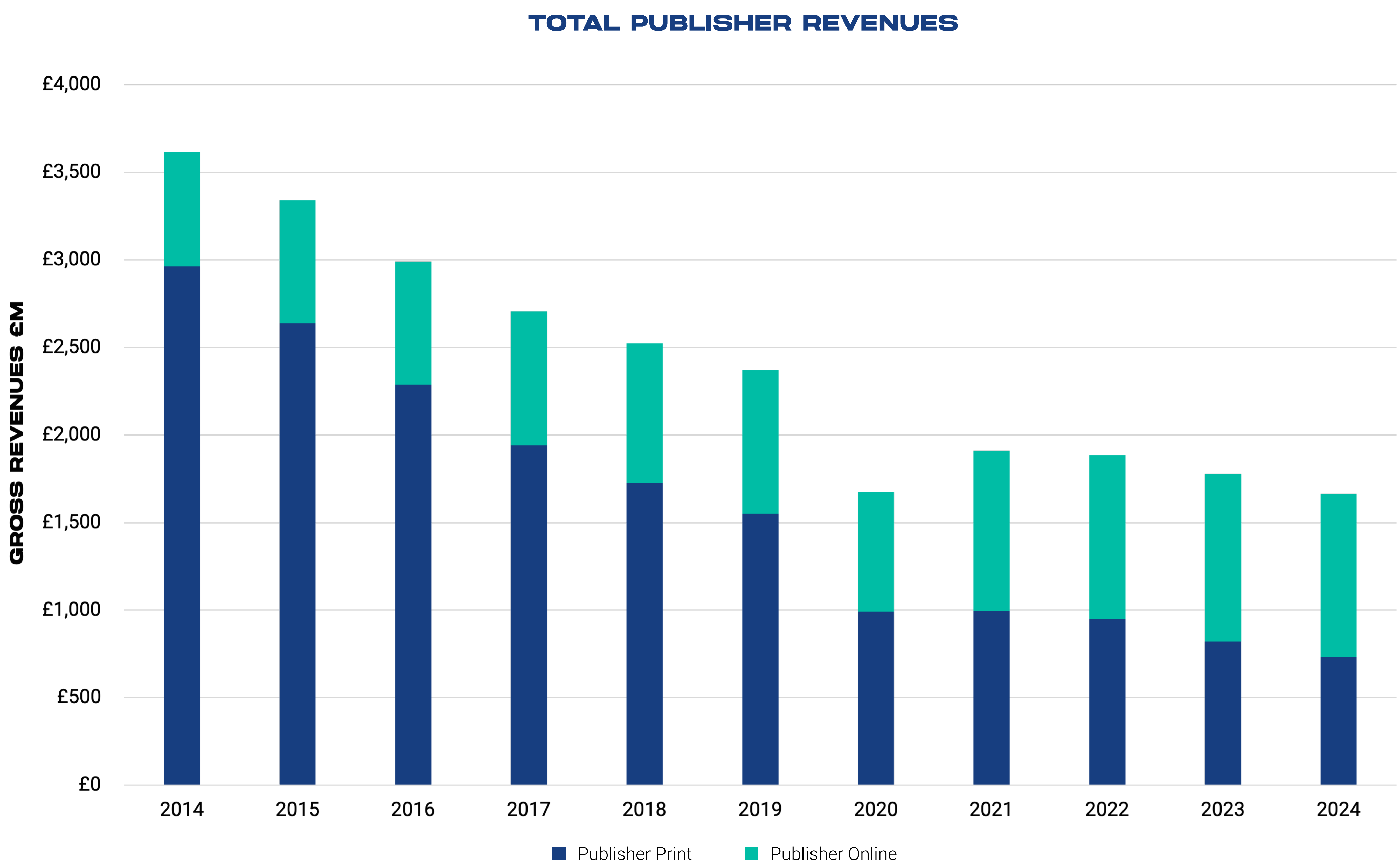
Print, including both traditional and digital forms of newspapers and magazines, is forecast to decline c.6% in 2024.

Digital revenues are contributing an increasingly large share of total revenues for media owners with digital media now accounting for 56p of every £1 spent.

Cinema revenues continue to claw back pandemic losses with 2024 tracking flat vs. 2019.

Cinema owners will be hoping the positive effect that Barbie and Oppenheimer had on audiences continues into next year.

2024 sees a revised film slate due to the Hollywood writers and actors strikes. Releases include Argylle, Dune Part 2, Ghostbusters, Joker: Folie à Deux, The Lord Of The Rings: The War Of The Rohirrim, and Mufasa: The Lion King all forecasted to deliver 1m+ admissions.



Source: OMG Media Intelligence Unit, AA

REMOVING SME AD SPEND SIGNIFICANTLY REDUCES DIGITAL ADVERTISING SHARE

Of the £36bn that makes up the advertising market in the UK, 70% is digital ad spend. This equates to £25bn, but as a headline can be misleading from a broader marketing context.

69% of the £25bn spent on search and online display is made up of small and medium sized businesses (SMEs), often sole traders who advertise via self-serve platforms, predominantly on Google, Meta and Amazon, but increasingly on other social platforms.

If we were to strip out SME money from the advertising market, and rebalance shares based on larger brands who transact through agencies or on a self-serve agency, we are left with a marketing mix more reflective of larger advertisers, with a digital share of 43%.

AD MARKET WITH SME MONEY

AD MARKET WITHOUT SME MONEY

Source: OMG Media Intelligence Unit, IAB

MEDIA INFLATION TEMPERED BY SOFTENED DEMAND

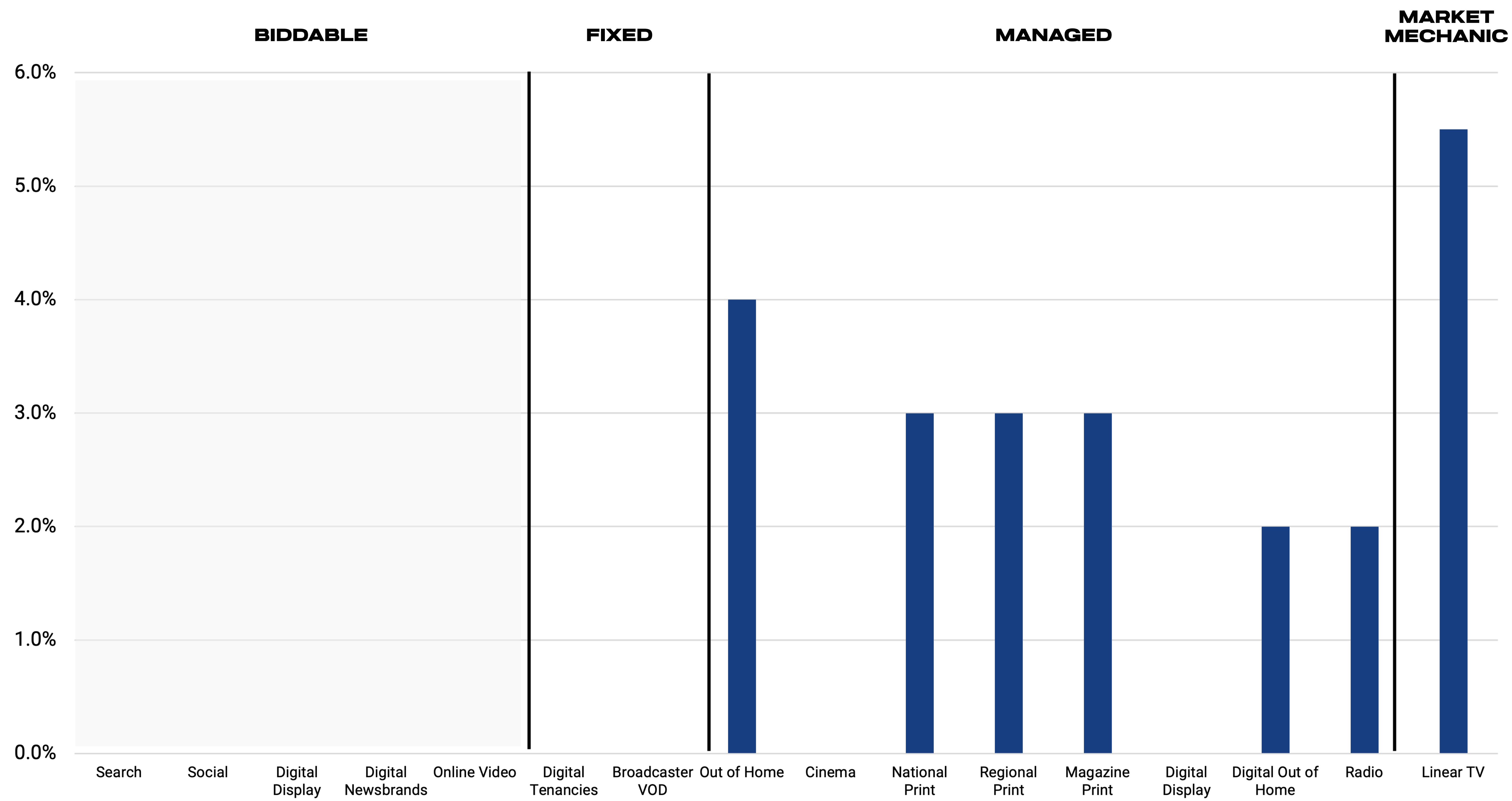
One of the advantages of a softer advertising market is that it tempers media inflationary pressures. There is no market measure of inflation in biddable media, the price paid is determined by the parameters that the bid is made against.

Brands may see campaign cost increases in media with fixed ratecard inventory like BVOD, however this will be down to an increase in premium targeting techniques rather than an increase in the underlying cost.

We have seen recent inflation in media channels where demand has outstripped supply, such as audio, however the softer market makes this unlikely in 2024.

Linear TV is the only medium that works on a floating price mechanic, with the cost of TV advertising based on a demand over supply equation. Softer demand means that we are unlikely to see double digital inflation as we have in previous years. TV impacts are also steadier, with an increase in the proportion of heavy viewers, alongside the slowdown in adoption of subscription VOD services.

YEAR ON YEAR MEDIA INFLATION



Source: OMG Media Intelligence Unit

03

7 AREAS OF FOCUS

The industry is continually adapting to changes in the macro environment and its effect on business and consumer behaviour. We outline the 7 areas of media where the largest challenges and opportunities lie for marketers.

7 AREAS OF FOCUS FOR 2024

Softer advertising market conditions in 2024 do not mean that there will not be significant structural change, nor that there will not be opportunity for profitable growth within the advertising ecosystem. The advertising market, while soft, is still growing, and some areas will be driving growth at a quicker rate than others. As advertising becomes more complex, modern day marketing leaders have to contend with a wide range of considerations – new customer growth and retention strategies, new areas within responsible marketing and the impact of advertising on society, the use of data within measurement and attribution, and much more. More brand and performance channels are emerging to reach ever more distinct audiences. Some portions of potential customers, including younger audiences and those that form part of the subscription economy, are becoming increasingly hard to target. We have identified seven future pathways the advertising market will follow, based on the current dynamics within the industry and the strategic priorities of marketers. Creating a long-term strategy aligned to these seven pathways will unlock competitive advantage and play a crucial role in ensuring long-term success.

CONNECTED VIDEO	1	Disney+ Ads Launch	Social AV Channels	Sports Rights	£13bn Total Video Market
MARKETING RESPONSIBLY	2	2nd Generation Carbon Tools	UK Sustainable Disclosure Standards		
MEDIA & COMMERCE CONVERGENCE	3	Increase in M&A Activity	Deprecation of Cookies	Amazon 4th Biggest Media Owner	
GENERATIVE AI	4	Creative Generation & Data Analysis Under Review	Productivity Increase by £7bn		
NEW REGULATORY LANDSCAPE	5	Media Bill	Online Advertising Programme	Greenwashing	Crypto Assets
TOTAL CAMPAIGN MEASUREMENT	6	Origin Alpha	CFlight Under BARB Governance	Origin Beta	Origin MVP Launch
ADVANCED TRADING	7	Cinema Ratings Model	Custom Audience Targeting	Blended Video Pricing	

2023 → 2024

Source: OMG Media Intelligence Unit

CONNECTED VIDEO:

A MARKET WORTH £13BN

One of the most scaled areas of media is in video, which is becoming a creative channel for both brand and performance. Pervasive across all media channels, it is the primary driver of advertising growth in areas like publishing and out of home.

Growth within broadcasters is being powered by their respective streaming platforms, with increased capabilities and viewing on the likes of ITVX and Channel 4 helping to offset linear decline.

SVOD platforms are scaling their ad funded propositions as subscriptions stall, with the launch of Amazon Prime Ads joining Netflix and Disney+ in February.

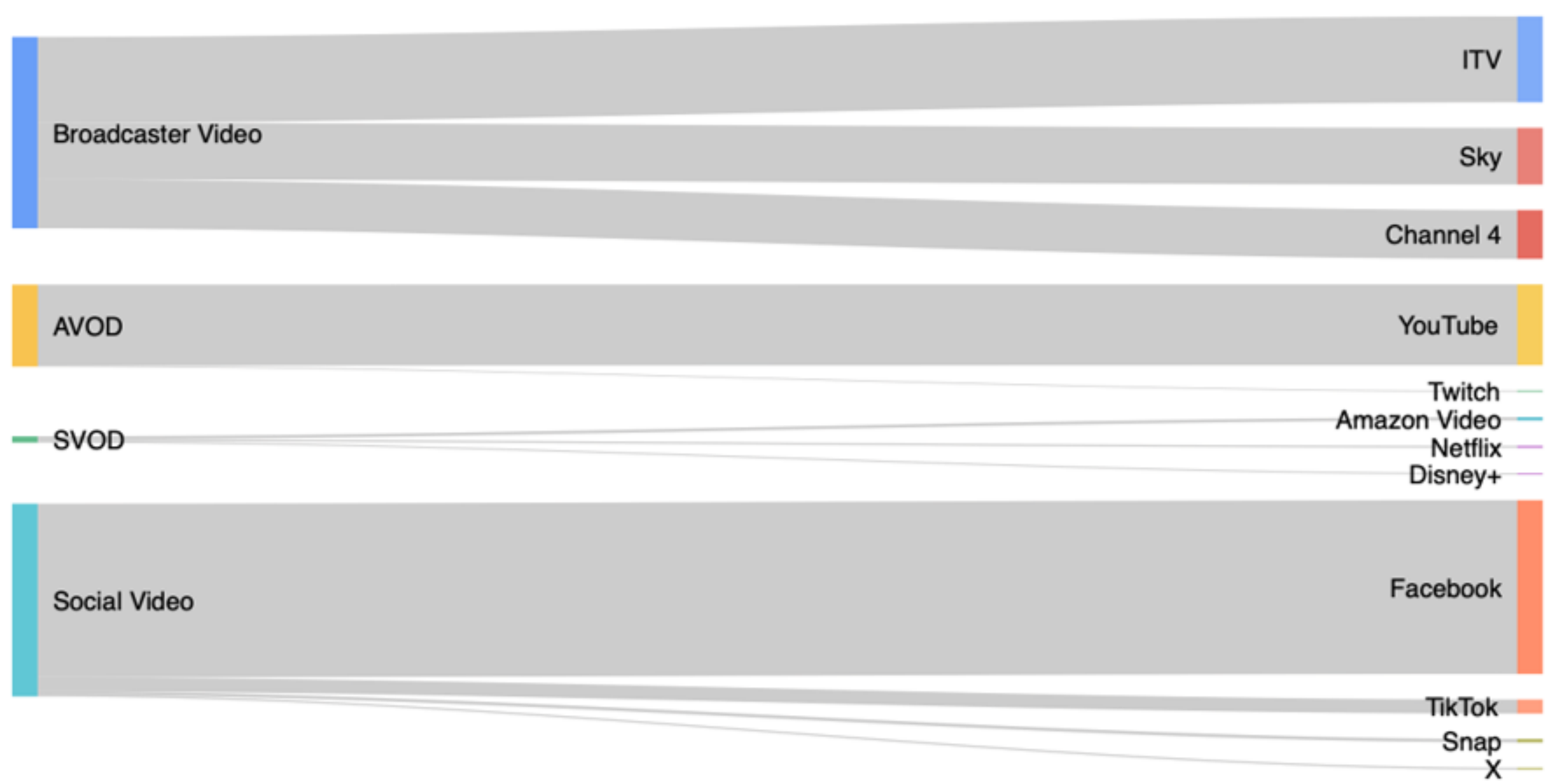
AVOD continues to be dominated by YouTube, which is finding connected TV to be its fastest growing platform and is creating new ad formats in response.

As text based social interactions falter, social platforms are investing in video propositions as audiences respond favourably to platforms like TikTok.

HIGH LEVEL BRAND ACTIONS

- Embrace agency moves to holistic video planning.
- Create a flexible video creative to allow for different formats on different platforms, accounting for the ability to take advantage of DCO and contextual targeting opportunities.
- Test and learn on new video formats.

FLOW OF INVESTMENT INTO VIDEO PLATFORMS



Source: OMG Media Intelligence Unit

MARKETING RESPONSIBLY:

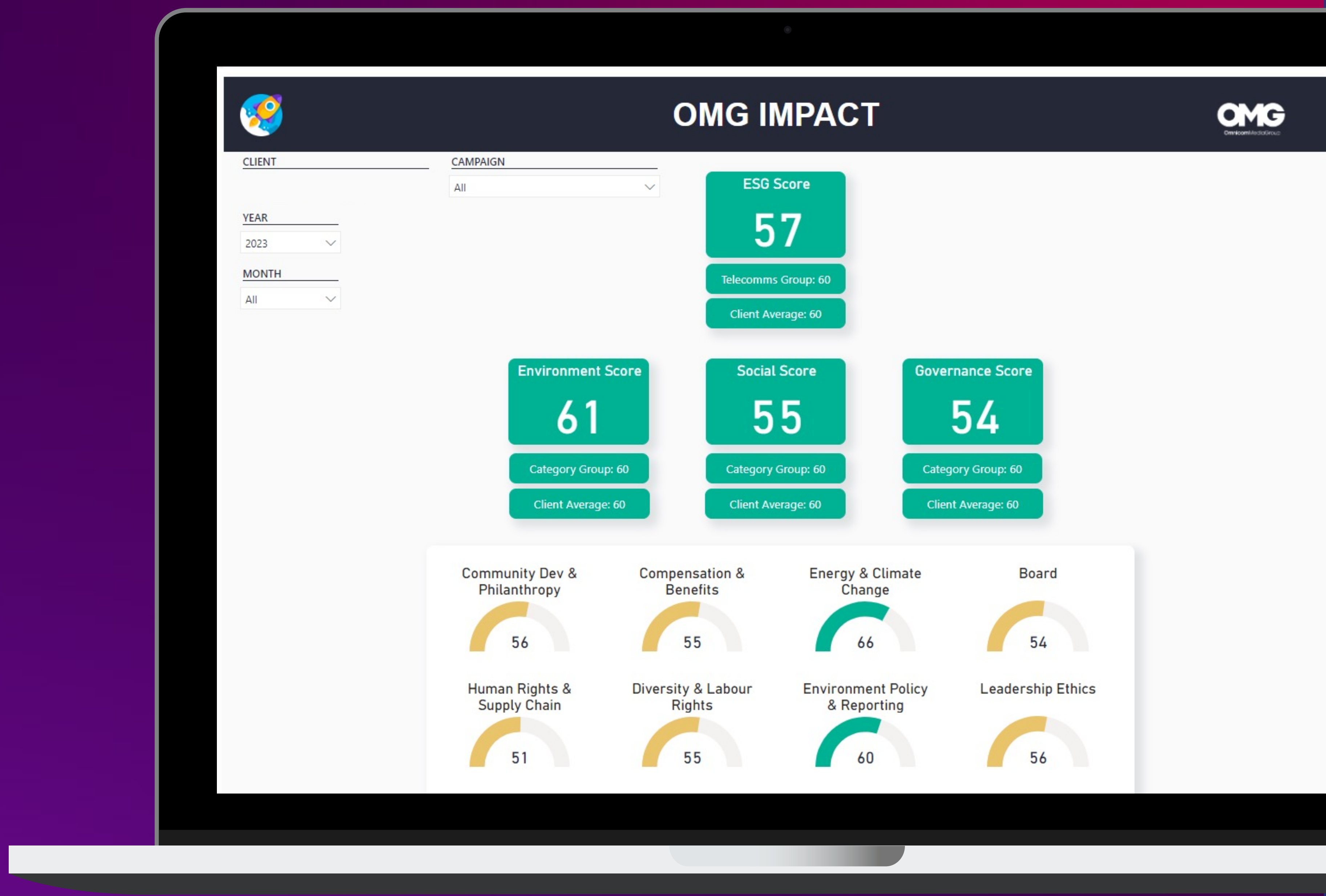
EXPECTATIONS INCREASE FROM CONSUMERS AND REGULATORS

ESG (Environment, Social and Governance factors) will become a core consideration for businesses as both consumer and regulatory expectations tighten. Marketing departments are in a position to lead their organisation in the ESG space, as a strong ESG story is a marketable asset.

The UK advertising sector has started to work on some specific initiatives, including Ad Net Zero, AdGreen, Change the Brief and the Great Reset. There are two areas where advertisers can begin to measure their marketing activity against responsible marketing criteria. The first is to establish the carbon emissions of their campaign. Most agency holding companies now offer brands the ability to measure the carbon effects of their campaigns through the use of carbon calculators. Broader ESG metrics will also become an increasingly relevant consideration when selecting media partners. Offerings are coming to market that allow brands to measure their marketing weights against media owner's ESG capabilities.

HIGH LEVEL BRAND ACTIONS

- Use Omni Carbon Calculator and offsetting techniques to decarbonise your campaign plans.
- Prepare for UK Sustainable Disclosure Standards.
- Use OMG Impact Tool to assess the broader ESG performance of your supply chain.



MEDIA AND COMMERCE CONVERSION:

INCREASED CAPABILITIES WILL BLUR THE LINES

Commerce within media has seen immense growth since the pandemic when businesses and consumers pivoted towards digital commerce. Increasing investment and capabilities is making retail media effective across a number of sectors. The ecosystem is continually broadening its reach and we forecast it to grow beyond £4.5bn in 2023.

Commerce covers a broad spectrum of areas including eCommerce, social commerce, AR commerce and even the use of retail related datasets for media planning.

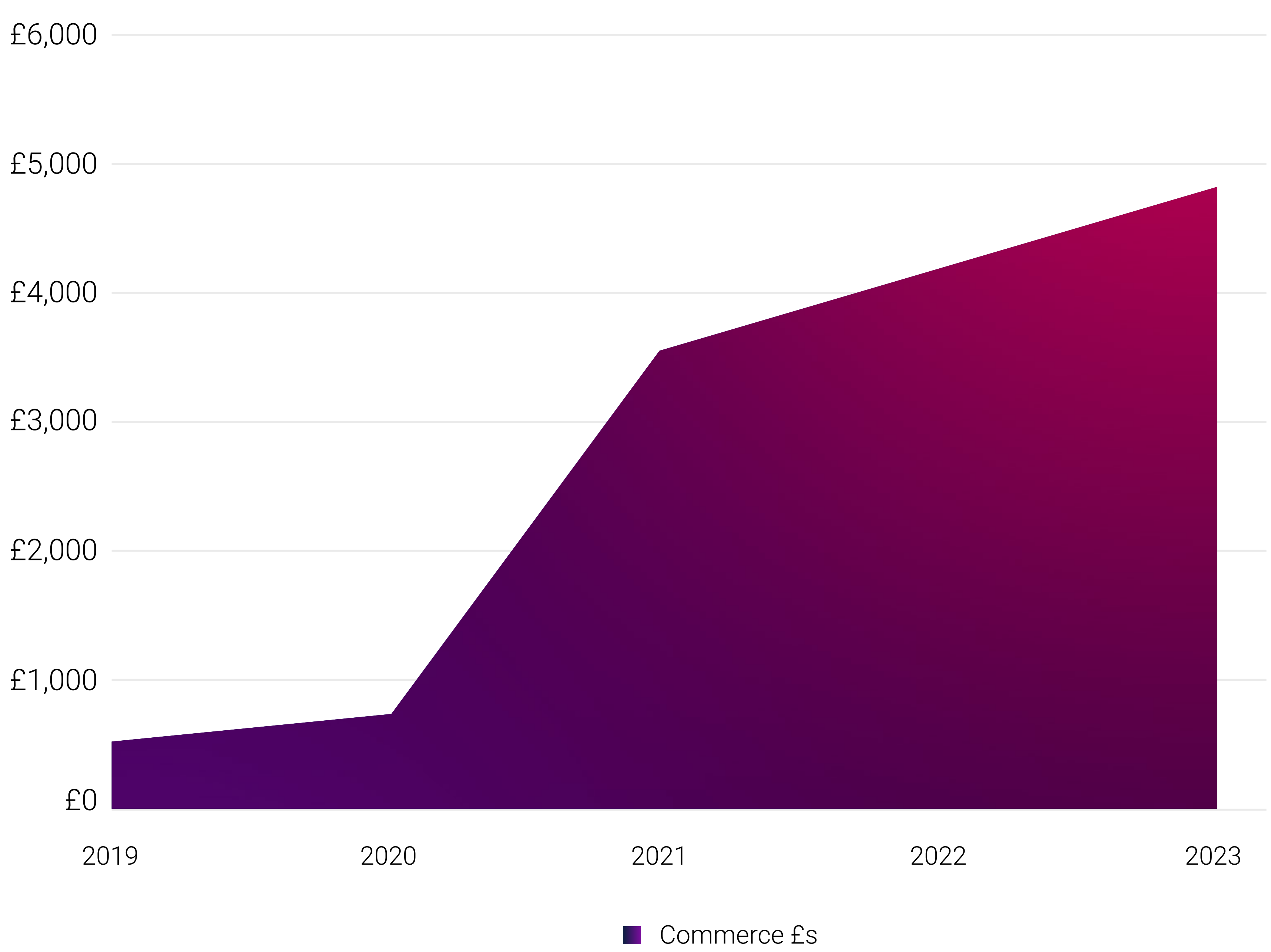
Media owners are increasing their capabilities in this area to try to capture investment from the appetite for growth. The deprecation of cookies is likely to lower the performance of current biddable campaigns. Planning and activation techniques being developed by media owners could offer better paths to conversion.

The increase in investment will mean that Amazon becomes the 4th largest media owner in the UK in 2024, behind Google, Meta and ITV.

HIGH LEVEL BRAND ACTIONS

- A unified customer experience, delivered by consistency in omnichannel experience, messaging and branding is key to success.
- Speak to OMG Transact about your commerce strategy.

COMMERCE MARKET SHARE



Source: OMG Media Intelligence Unit, AA

GENERATIVE AI:

A BATTLE BETWEEN CAPABILITY AND COMPLIANCE

Generative AI produces or generates text, images, music, speech, code or video.

There are a number of areas within advertising where Generative AI could support innovation. The first of these is automating insights. The industry works with an increasing volume of data. Generative AI has the potential to quickly pull-out key insights that are actionable in areas such as audience segmentation, recommending similar or related audiences and augmenting with insights from other social, commerce and retail media platforms.

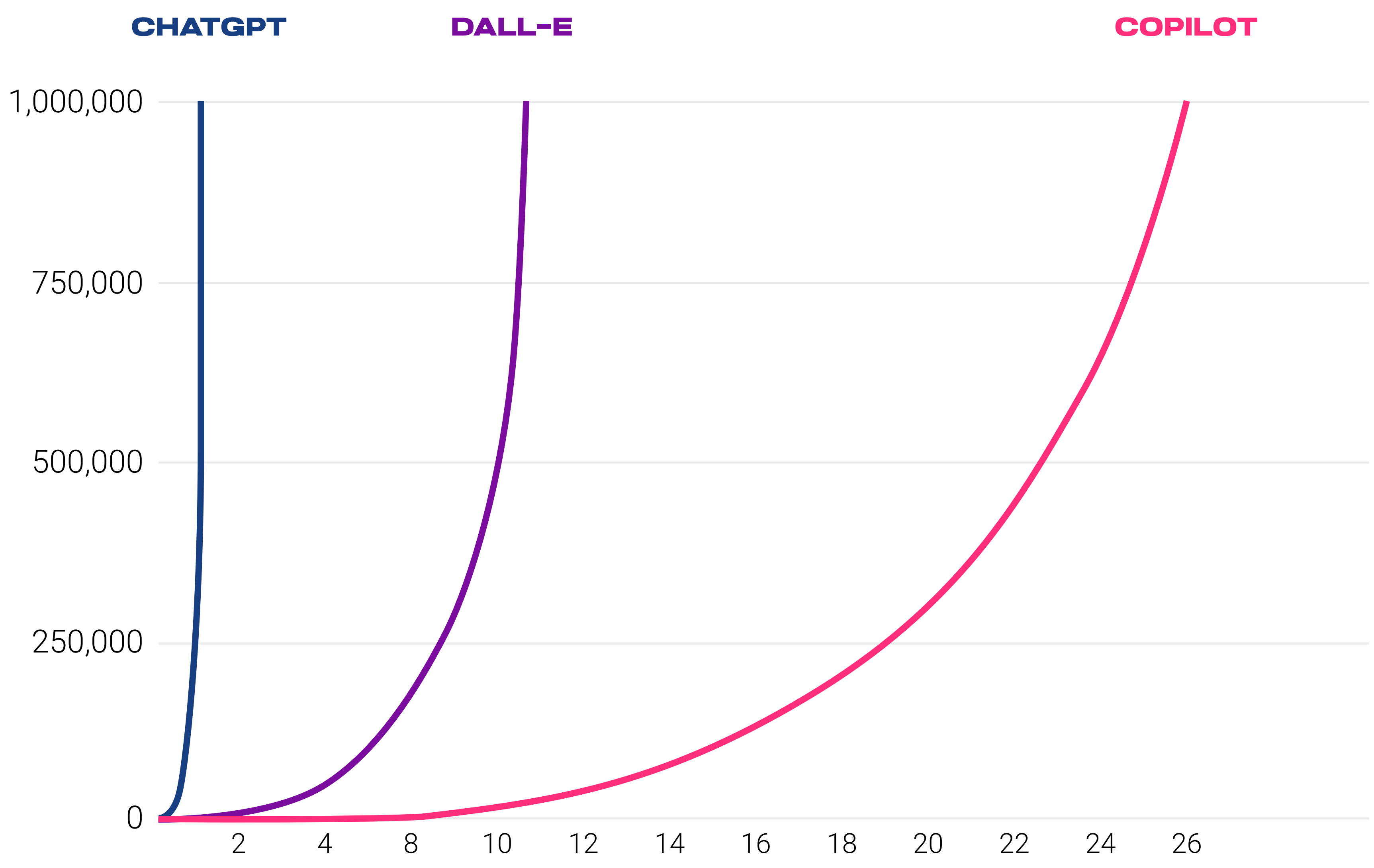
It can also rapidly collate and summarise industry and cultural trends.

Privacy and business ethics should be at the centre of any approach in using Generative AI. Key concerns surround ensuring the continued confidentiality, integrity and security of any data used by large language models. Use cases should also be mindful of protecting all relevant copyright and intellectual property rights.

HIGH LEVEL BRAND ACTIONS

- Watch the OMG AI Webinar series.
- Decipher your organisation's appetite for risk in the adoption of generative AI within your marketing activity.

WEEKS TO REACH 1 MILLION USERS



Source: Open AI, Microsoft

NEW REGULATORY LANDSCAPE:

A PRAGMATIC APPROACH TO MEDIA LEGISLATION

Recent regulatory decisions in media have been more pragmatic and considerate of the wider economic pressures that businesses are under. Category specific decisions such as those relating to HFSS (Foods high in fat, sugar and salt), have been delayed to 2025, to allow the industry sufficient time to prepare. The consultation on alcohol promotion in Scotland has also been scrapped to be reworked, and the recent gambling review took a lighter touch to advertising and supported recent moves in self-regulation. We are generally also seeing a more industry friendly approach to decisions surrounding structural areas such as Channel 4 privatisation, which was ruled out by the current Government, and no longer forms part of the Media Bill.

One area that will still see significant regulatory consideration, however, is digital advertising, focused mainly on the larger technology platforms. There may be more scrutiny on these predominantly foreign-owned organisations. We have seen recent large fines for Meta and Google, and there is upcoming legislation regarding international data transfers and Google's programmatic infrastructure.

HIGH LEVEL BRAND ACTIONS

- Explore opportunities that can arise out of the legislative environment.
- Balance your appetite for risk versus the effectiveness of your campaign activity.

CROSS CHANNEL MEASUREMENT:

A MARQUEE YEAR FOR A HOLISTIC VIEW OF CAMPAIGN REACH

One of the biggest blind spots in modern day media planning and evaluation has been the lack of an agreed industry approach to the measurement of the reach and frequency of an advertiser's campaign across multiple platforms and media channels. There are a number of initiatives which are attempting to solve these problems.

Origin is the advertiser led initiative, whose goal is to understand the true coverage of media platforms across a campaign. It will measure the total reach and frequency of an advertiser's campaign across display and video. It is being driven forward by collaboration between advertisers, platforms and agencies. Platforms have for the first time lowered their walled gardens, allowing reporting to move beyond a siloed approach. Beta trials for Origin commence in the first half of 2024, with a launch planned for the end of the year.

The broadcasters meanwhile are focusing their efforts on CFlight, a collaborative effort to report total reach and frequency across linear TV and broadcaster VOD. CFlight has moved under the governance of BARB and will expand its reporting to multiple demographics in the first quarter.

Barb

Origin

HIGH LEVEL BRAND ACTIONS

- Explore whether being part of Origin is right for your brand by speaking to your agency contacts.
- Use BARB reporting of CFlight on campaigns when possible.

ADVANCED TRADING:

MORE PROGRESSIVE APPROACHES TO MEDIA TRADING DEVELOP

There are concerns that the way that some media is traded in the UK is outdated and an obstacle to innovation, especially in TV advertising. Consumers have changed the way they consume media; the streaming landscape is more competitive and new technologies offer different routes to activation. Both the supply and demand side of the equation in media are currently experiencing highly volatile swings, and the current buying structures in place translate this volatility into pricing. We are seeing an appetite to explore new models to trade around this volatility.

The emergence of CFlight under BARB could open the way for more blended pricing arrangements across linear and VOD as seen through Sky's one platform and ITV inventory across content such as Love Island.

Cinema has moved to a ratings model for planning, which could ultimately lead to a trading model in time.

The opportunity to use 1st and 3rd party data through clean room environments with media owners continues to scale. This takes us one step closer to outcomes based trading.

HIGH LEVEL BRAND ACTIONS

- Work collaboratively with your agency to explore outcomes based trading mechanics.
- Test customer targeting via third- and first- party data in clean rooms.

SUMMARY

- Consensus forecasts point to a **continued weak economy in 2024**, with low GDP growth of 0.4%.
- **Inflation and interest rates have peaked** and will fall across the year, easing some of the pressures on consumers, however the cost of credit will remain high.
- Geo-political pressures will continue to weigh on confidence and present **on-going downside risks to supply chains**.
- **The advertising market is expected to grow by 3.1%** in 2024, driven by returning investment from technology, telecoms and retail advertisers.
- **Media inflation will be tempered** by relatively soft demand growth and a more stable supply side.
- **The strongest growing channels are retail media and streaming video** (including Broadcaster VOD).
- **TV will rebound from a challenging 2023** to grow in line with the wider market, driven by its exposure to returning categories and continued growth in broadcaster streaming platforms.
- **Online platforms will experience strong volume growth driven by SMEs**, but era of double-digit year on year growth has passed due to the scale in the market.
- **Out of home will return to pre-pandemic volumes**, but will still take longer to return to pre-pandemic levels of share.
- **Newsbrand publishers will see growth in digital formats**, however this will not offset print decline.
- **Commercial broadcast radio will take listening share away from non-commercial environments**, whilst podcast listening continues to develop new niches.
- **Advertisers and agencies will adapt models**, and further develop holistic capabilities in planning, activation and measurement of video.
- **Responsible marketing will become more accountable and quantifiable**, as brands respond to consumer and regulatory pressure.
- **The conflation of media and commerce will create opportunities for advertisers**, particularly against the context of a cookie-less digital ecosystem.
- **There will be further progress in the actionable implementation of Generative AI technologies into the media ecosystem**, creating opportunities across insights and innovation.
- **There remains a heavy regulatory agenda**, particularly in areas of digital privacy and compliance.
- **2024 is a pivotal year for cross-channel measurement**, bookended by the movement of governance of CFlight to BARB in January, and the launch of Origin at the end of the year.
- **More progressive trading opportunities will develop across the year**, enabled by better integration of first- and third-party datasets and enhanced measurement capabilities.

CONTACT

OMG UK Media Intelligence Unit helps clients to understand how macro changes in the economy, technology, political and consumer spheres influence their media activity. We provide actionable insights which help clients to gain a competitive advantage.

OUR CLIENTS USE OUR SOLUTIONS TO:

Monitor how external influences affect performance and market conditions.

Forecast future market conditions and measure risk to identify challenges and pressure points.

Identify strategies and explore new opportunities in media activation.

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