

Better Economy Boosts Ad Spend in France; Germany's Ad Spend Growth Lower than Expected

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As the eurozone faces economic turmoil due to global trade tensions and the continuing threat of Brexit, France and Germany are faring slightly differently where ad spend is concerned. Per our estimates, total ad spending in France is growing at slightly higher rates than in Germany, which lurches closer to an economic recession.

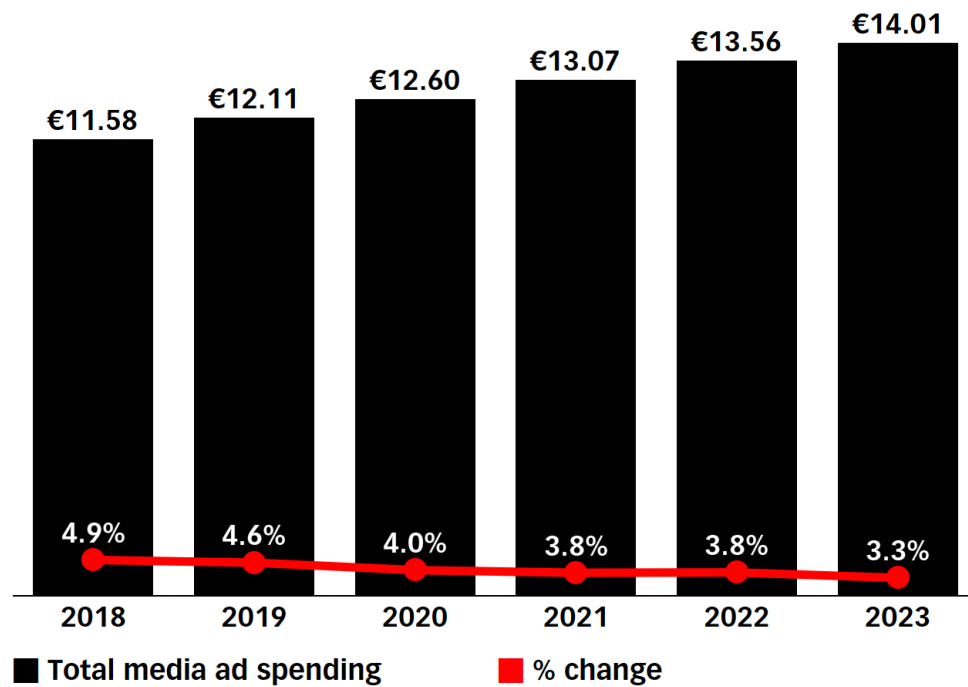
France

Tax cuts and a falling unemployment rate in France are boosting private consumption, which will help lift the country's ad spending by 4.6% this year, according to our latest forecast.

Total ad spending in France will be €12.11 billion (\$14.30 billion) this year, and we predict that this figure will grow another 4.0% in 2020 to €12.60 billion (\$14.86 billion). Ad spending on traditional media like print and radio has seen negative growth since 2011 as budgets continue to shift to digital—which makes up 40.5% of total media ad spend this year and will pass 50% by 2023.

Total Media Ad Spending in France, 2018-2023

billions of € and % change



Note: includes digital (desktop/laptop, mobile and other internet-connected devices), directories, magazines, newspapers, out-of-home, radio and TV; converted at the exchange rate of US\$1=EUR0.847471

Source: eMarketer, October 2019

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"France's economic prospects are healthier than we expected a few months back," said Karin von Abrams, eMarketer principal analyst. "One reason is a major injection of public funds into the economy.

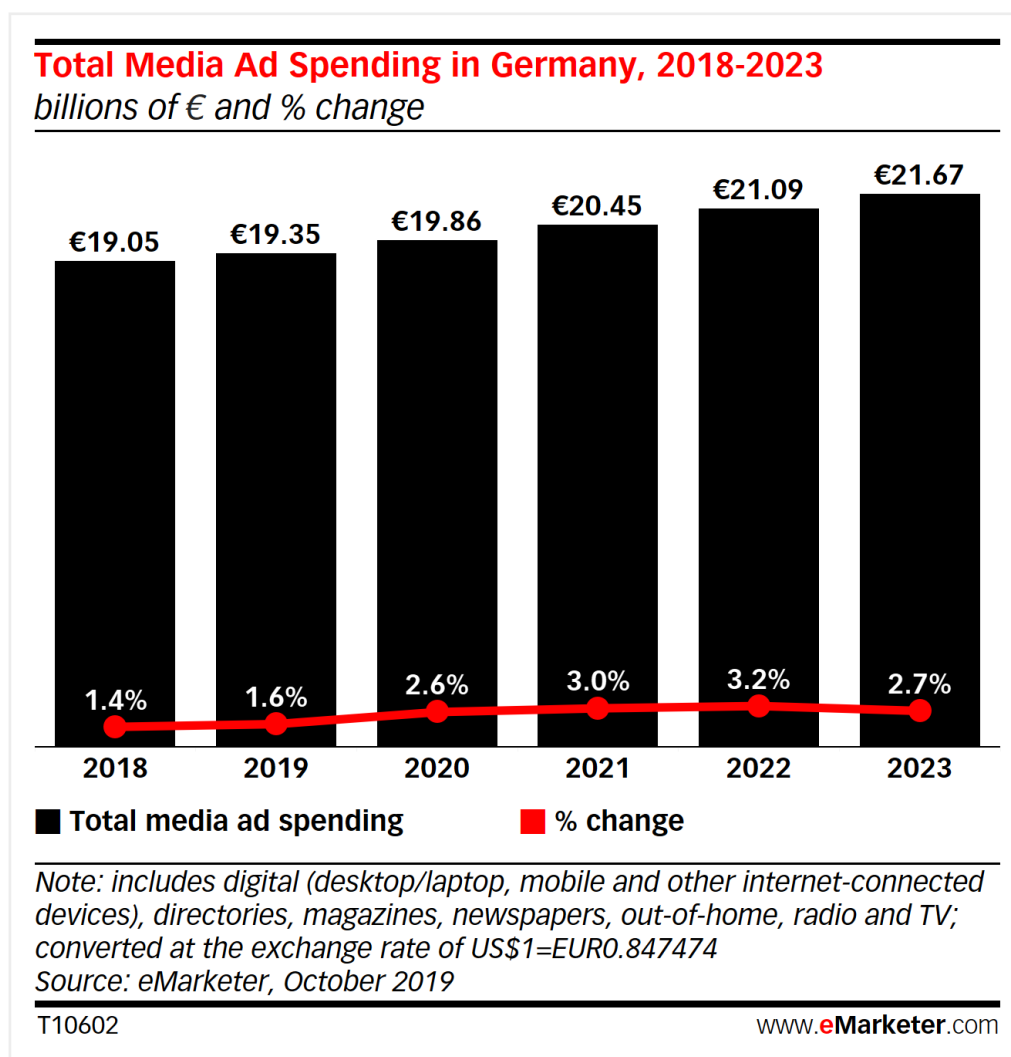
"President Macron responded to the 'gilet jaunes,' or 'yellow vests,' protests by bringing forward tax breaks and other financial incentives, many of them directed at consumers. Business investment is up, too. So we anticipate a positive mood continuing into 2020—which should bring an uplift to ad spending as well."

TV and out-of-home (OOH) advertising are bright spots in an otherwise depressed traditional media landscape. OOH spending will grow 2.5% this year, and TV spending will grow 0.5%. Radio, newspaper and magazine spending will show negative growth.

Germany

Germany's economic forecasts are swerving sharply downward as a result of a looming recession, and traditional media ad spending has been greatly impacted as a result. Many of our estimates for ad spending in the country have been revised downward to reflect the slowing economy and mixed outlook.

Total ad spending growth will be 1.6% this year, down from our previous estimate of 2.5%. Next year, growth will be 2.6%, revised down from 2.9%.



"As we move into Q4, several research institutes in Germany have sounded warnings about the state of the economy, and the industrial

base in particular, including the automotive sector," von Abrams said.

"Because the country's GDP is largely based on exports, global trade tensions have a strong impact. Even without the threat of a full-blown trade war, the global slowdown means that demand for many goods has fallen, hitting Germany's other producers, too," she said.

"September also saw a contraction in the services sector. For the moment, consumer confidence remains relatively high, but that could soon change if the recession is confirmed and looks to be long-lasting."

Despite Germans' **loyalty** to traditional media and 2018 being a World Cup year, TV ad spending growth turned negative for the first time (down 1.2%), according to our forecast. Print is faring even worse. Newspaper ad spend growth was down 6.8% in 2018 and down by 5.0% this year. Magazine ad spend growth is similar, decreasing by 4.5% in both 2018 and 2019.