

GFC's impact on media-marketing arena

By Karen Phelan

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There are a number of trends forecast for 2012 that will have an impact on all facets of the media-marketing arena.



1. The Global Economic Recession (GFC)

It is going to be a tough year, what with everyone very uncertain as to what is happening in the Eurozone and its ultimate impact on the global economy. The US, however, is showing some good positive signs that it is on the up and, if their consumer demand picks up, it will rub off on world economies especially the BRIC countries. This will be gradual and not sudden, though.

The Eurozone is South Africa's biggest trading partner so we are still going to be beholden to its trials and tribulations. China has internal problems and inflationary pressures, so its growth will not be stellar and we anticipate that the Indian market will probably be a hotter one but, obviously, it will not have the impact on global economies like China could have.

Global brands which are adversely affected by the economic recession will have budget cuts, which will impact negatively on local investment as well.

2. Adspend

We predict that adspend will grow with a natural inflation of about 7% but with added increases probably taking media inflation closer to 10%. However, we are not sure if budgets will be increased by much more than 5% and the only really big play and new driver of advertising will possibly be in retail, where Walmart force its competitors to advertise heavily to protect their existing market shares.

We do not see the financial industry doing significantly higher new investment unless it is panicked by the success of Capitec and African Bank and starts chasing the lower end more aggressively. The cellular industry will probably have muted adspend growth this year.

The liquor industry may boost spend a bit to preempt the possible [dark marketing](#) that is possibly around the corner [*thanks to the [proposed alcohol advertising ban](#) - managing ed*] but it is already a heavy spender and cannot afford to up the adspend hugely.

We predict that the motor industry will spend well as the SA consumer still seems to be buying many new cars. But there won't be fireworks as the consumer is going to be showing a lot of debt stress in the first six months.

3. Events

There are no big events that will impact directly on the adspend, except possibly the Olympics, which will mostly benefit TV and digital adspend.

4. Media

Television will probably continue to make gains in market share, especially as TopTV becomes more aggressive, and digital will continue to grow rapidly.

Print media will continue to see erosion and fragmentation and, if the economy does not pick up, the lower end will not be able to afford to buy magazines and newspapers.

5. Impact of mobile devices

As more people get mobile devices such as iPads and Galaxy Tablets, there is going to be an increasing move by publishers to have e-versions of their titles and corresponding interesting interactive opportunities to these more upmarket consumers.

6. The rise of the luxury discounter

The increase in sites such as [Wicount](#), [Groupon](#), [Cityslicker](#) and [Ubuntudeal](#) means your middle-class citizen has access to places and services that were previously only accessible to the upper-income consumers.

7. Neighbourhood tourist

With the credit crunch, the increase of discount offers and cities becoming more tourist friendly (rapid bus routes, bicycle routes, new parks, walking routes etc), increasingly people are using their city as a tourist would, trying new experiences and "going on holiday" in their own backyard.

8. Urban farmer

A definite move towards self-sufficiency has begun. Growing your own vegetables, baking your own bread, owning a water tank and installing solar panels. A conscience movement to go-back-to-basics but also an awareness of the impact on the environment from a consumer and household level.

9. Back to the source

An increasing awareness and appreciation of people who produce, be it food, furniture or foot-ware. There is a need to not only know where your purchases come from but to build a relationship with the person involved in the manufacturing process.

There will be an increase in neighbourhood markets and small suppliers offering custom products.

The new celebrities being profiled in magazines are not the heads of big corporate but the bloggers who have their own websites and small up-scaling furniture stores.

10. The funding of the SA Advertising Research Foundation or The Levy

Unless a workable solution can be found in terms of collecting and administrating the levy, the acknowledgement by all media that everyone needs to subscribe to it and what the structure of what the levy should be, will mean that we are in serious danger of losing SA's research as we currently know it and seeing the demise of the Advertising Standards Authority (ASA) of SA.

11. Increased pressure on the middle class's discretionary income

At the end of 2011, there were newspaper stories doing the rounds that the Government intends restructuring medical aid rebates. The restructuring would result in the rebates received by the lower income groups increasing significant, while those individuals who fall in the 30-40% tax brackets would receive significantly lower rebates.

Should this come to fruition, it will result in an economic segment of society that is already feeling significant economic pressure losing further discretionary income.

This economic segment's income is not keeping pace with increases in commodities, such as electricity costs and petrol, that have had a major impact in the last few years. It's their discretionary income which purchases magazines, up-market liquor brands, shops at designer stores, goes to restaurants regularly and the likes of Woolworths for food.

Should their discretionary income contract further, there will be an impact on what sales of brands this market buys.

12. Magazines

With the pressure on consumers' discretionary income, magazines sales will continue to decline, with consumers choosing only their monthly favourites or whichever cover shouts the loudest in terms of their needs and aspirations. Magazines will become more and more of a luxury item and bought less frequently.

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