MRSZ Media and Communications Spending 2021

24 March, 2022

Foreword – general thoughts

MAGYAR Reklámszövetség

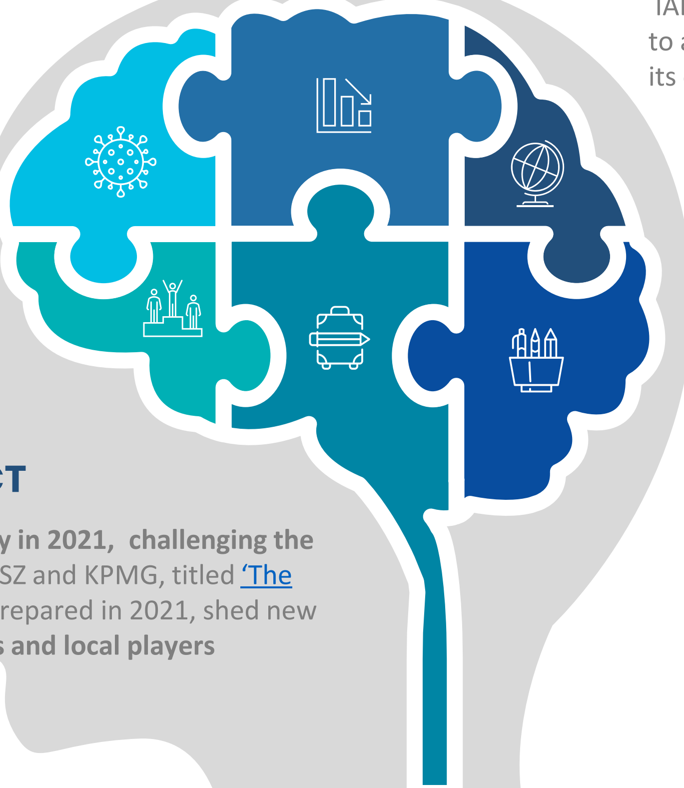
(1) THE INDUSTRY FACED A NUMBER OF CHALLENGES LAST YEAR

The COVID crisis, which began in 2020, stayed with us also in 2021, continuing to affect and aggravate the situation of the media market and the majority of communications enterprises. **In contrast to 2020, government spending did not continue to grow in 2021, and even the higher levels of political communications, such as those related to the primary election last autumn, were unable to increase total spending drastically.** In contrast to earlier experience, the **outstanding sports events** (e.g. *Olympic Games in Tokyo, UEFA European Football Championship, partly hosted by Budapest)*, which would otherwise nudge advertisers and brands to spend more on advertising, **met with almost complete indifference from the communications industry in 2021**.

(2) IN 2021, THE PERFORMANCE OF HUNGARIAN INDUSTRY PLAYERS SHRANK IN REAL TERMS, COMPARED TO 2019

The total value of the advertising proceeds of the **local media segments in the 2021 annual media spending** *(television, digital local – domestic content providers –, press, out-of-home, radio, cinema)* **fell short of the 2019 level of domestic media advertising proceeds in real terms, with a 0.2% decrease.**

Compared to 2019, the sectors of the communications spending fell by 2.7% in nominal terms, and by 11.1% in real terms in 2021.



(3) INTENSIFYING GLOBAL PLATFORM EFFECT

International global platforms strengthened their position significantly in 2021, challenging the Hungarian media and communications industry. The joint study of MRSZ and KPMG, titled ‘The influence of global platforms on Hungary’s communications industry‘, prepared in 2021, shed new light on a number of things, such as the fact that **global tech companies and local players compete in different legal and taxation environments.**

(4) THE GLOBAL DIGITAL SECTOR IS A PLAYER OF THE DOMESTIC MEDIA MARKET

More than one third of the media spending of Hungarian advertisers was pocketed by global media companies: 33.4% went to global, while 66.6% to local media companies. In 2021, the overall digital sector grew by 27.3% compared to 2020, and by 37.3% compared to 2019. Although the growth of domestic content providers looks nice, but fell significantly short of that of global tech companies.

(5) METHODOLOGICAL CHANGE

IAB Hungary has further improved its assessment methodology related to a part of the digital advertising spending (global, email), and adjusted its data retrospectively for the years 2019 and 2020.

(6) DATA ADJUSTMENT 2019–2020

The adjustment was necessitated by the methodological change made to the summation of the digital figures of 2019 and 2020 *(as explain ed in the previous section)* and the refinement of the events agencies’ turnover figure that had been previously provided by MaReSz:

- It was based on an expert appraisal built on the expected turnover data supplied within the framework of MaReSz’s events market survey. Since the balance sheet sales revenue data are already available, so MaReSz corrected the events revenue data for 2020 to HUF 18 billion. Accordingly, the change from 2019 was -70%, instead of -80%.

Accordingly, we shall compare 2021 figures to the adjusted 2019-2020 overall data.

Foreword – on media and communications spending charts (data providers, chart contents)

(A) MRSZ'S MARKET FIGURES TURN 22

By presenting our annual market figures report, issued already for the 22nd time this year, MRSZ and its co-associations intend to capture and establish the size of the market, and supply data for long-term comparison, as well as material for analysis.

(B) MRSZ MEDIA SPENDING

The media spending chart is intended to provide a more thorough assessment of the advertisers investments in media publishing.

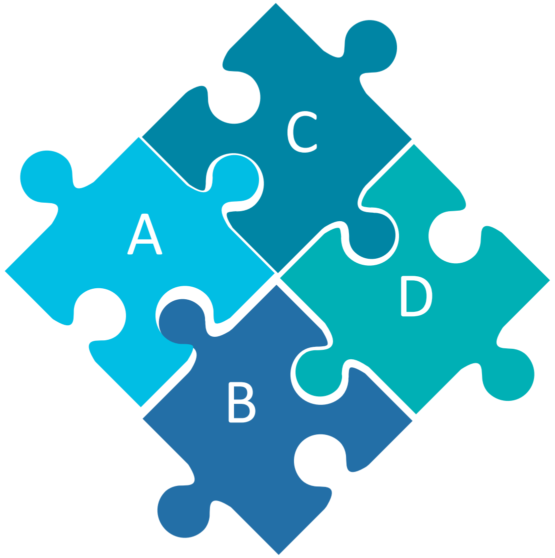
Total media spending includes the following segments:

- global digital, local digital; television; press; out-of-home; radio and cinema

Uniform criteria:

The media spending includes homogeneous data, and only the spending received by the media in accordance with a uniform set of criteria, applying to every segment.

- contains net-net expenditures without overlaps
- no production cost included
- barters only include non-media (goods) barters



(C) PARTICIPANTS OF THE COMPILATION OF SPENDING CHARTS:

MRSZ, IAB Hungary, MRSZ-OOH, MEME, MLE, RAME, HEROE, Cinema City, DIMSZ, Ambient, MAKSZ, MPRSZ, MARESZ, Scores Group, PwC, Ernst & Young, Impetus Research, PMSZ, ZRI, Kantar Hoffmann

(D) MRSZ COMMUNICATIONS SPENDING

By preparing the spending chart, the Advertising Association wishes to provide such comprehensive market data that capture the totality of advertisers' external marketing communication investment and the changes thereof.

The communications spending includes the following segments (net-net expenditures without overlaps):

- media spending; creative and media agency services, event, data-driven marketing (*direct marketing)* marketing research *(client-financed marketing researches)* public relations *(PR)*, ambient; production cost (*incurred by media owners and charged to advertisers)*

MRSZ MEDIA SPENDING
2021

Media spending data for 2019-2021 (HUF) (1) (2)

	Adjusted media spending* 2019	Portion carved out from 2019 media spending (%)	Change compared to 2018	Ranking in 2019	Adjusted media spending* 2020	Portion carved out from 2020 media spending (%)	Change compared to 2019	Ranking in 2020	Media spending 2021	Portion carved out from 2021 media spending (%)	Change compared to 2020 (%)	Change compared to 2019 (%)	Ranking in 2021
Digital global	70.8 bn	27.4%	49.5%	1	79.4 bn	31.1%	12.0%	1	101.8 bn	33.4%	28.2%	43.7%	1
Digital domestic	42.7 bn	16.5%	-4.4%	3	43.1 bn	16.9%	1.0%	3	54.1 bn	17.7%	25.5%	26.7%	3
Television	66.6 bn	25.8%	9.8%	2	64.0 bn	25.1%	-3.8%	2	75.0 bn	24.6%	17.1%	12.6%	2
Press	41.2 bn	15.9%	4.0%	4	36.9 bn	14.4%	-10.6%	4	36.1 bn	11.8%	-2.0%	-12.4%	4
Out-of-home	22.7 bn	8.8%	4.7%	5	20.4 bn	8.0%	-10.2%	5	24.5 bn	8.0%	20.1%	7.9%	5
Radio	11.3 bn	4.4%	3.5%	6	10.1 bn	3.9%	-11.0%	6	11.2 bn	3.7%	11.3%	-0.9%	6
Cinema	3.2 bn	1.2%	11.0%	7	1.3 bn	0.5%	-59.0%	7	2.2 bn	0.7%	69.0%	-30.7%	7
TOTAL:	**258.6 bn**		**15.8%**		**255.2 bn**		**-1.3%**		**304.9 bn**		**19.5%**	**17.9%**	

(1) It contains the advertising forints received separately by domestic (local) and global digital players.

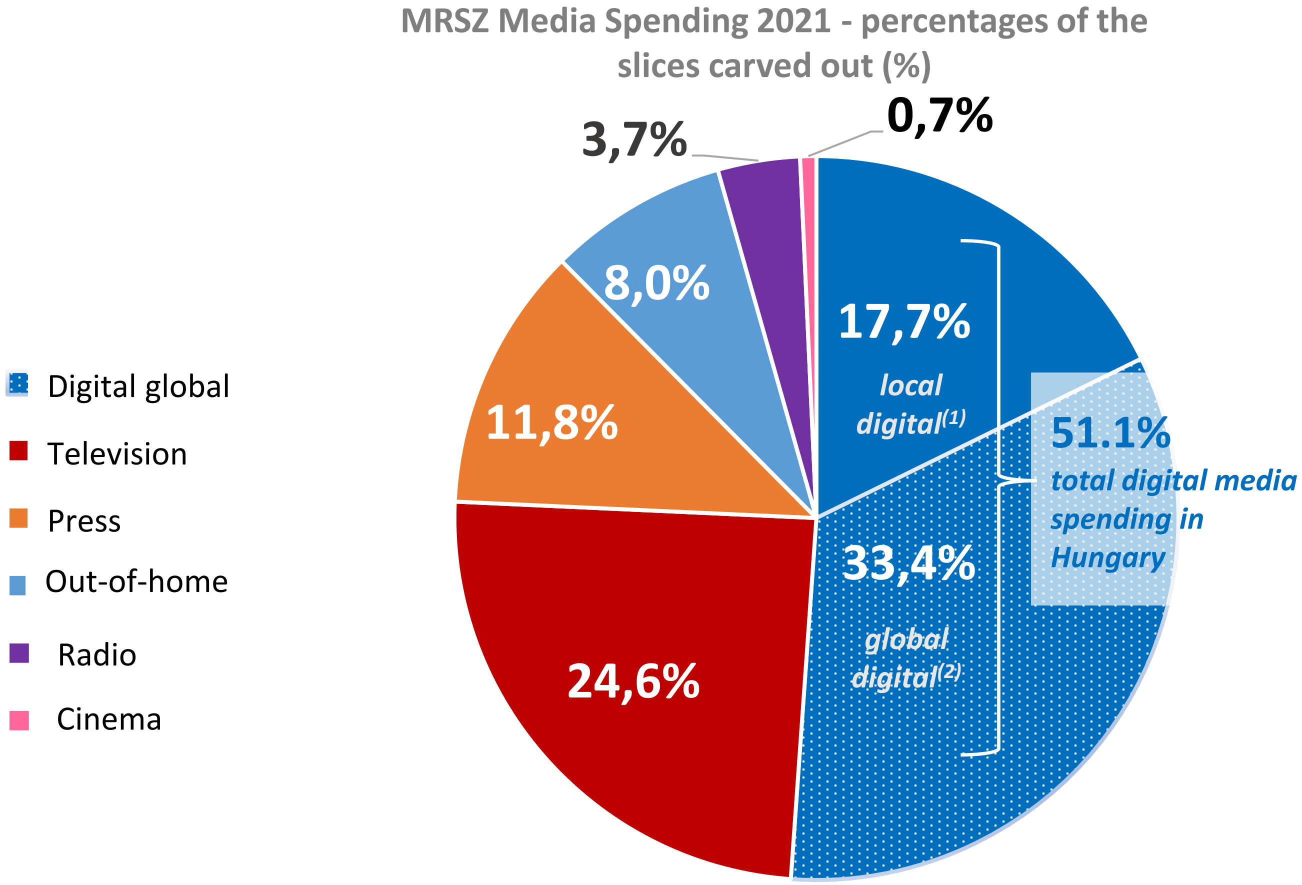
(2) The methodological adjustment of the digital domain (IAB Hungary) has modified the figures for 2019 and 2020. This table already contains the adjusted 2019-2020 data, and we take these adjusted numbers as reference points for calculations in 2021.

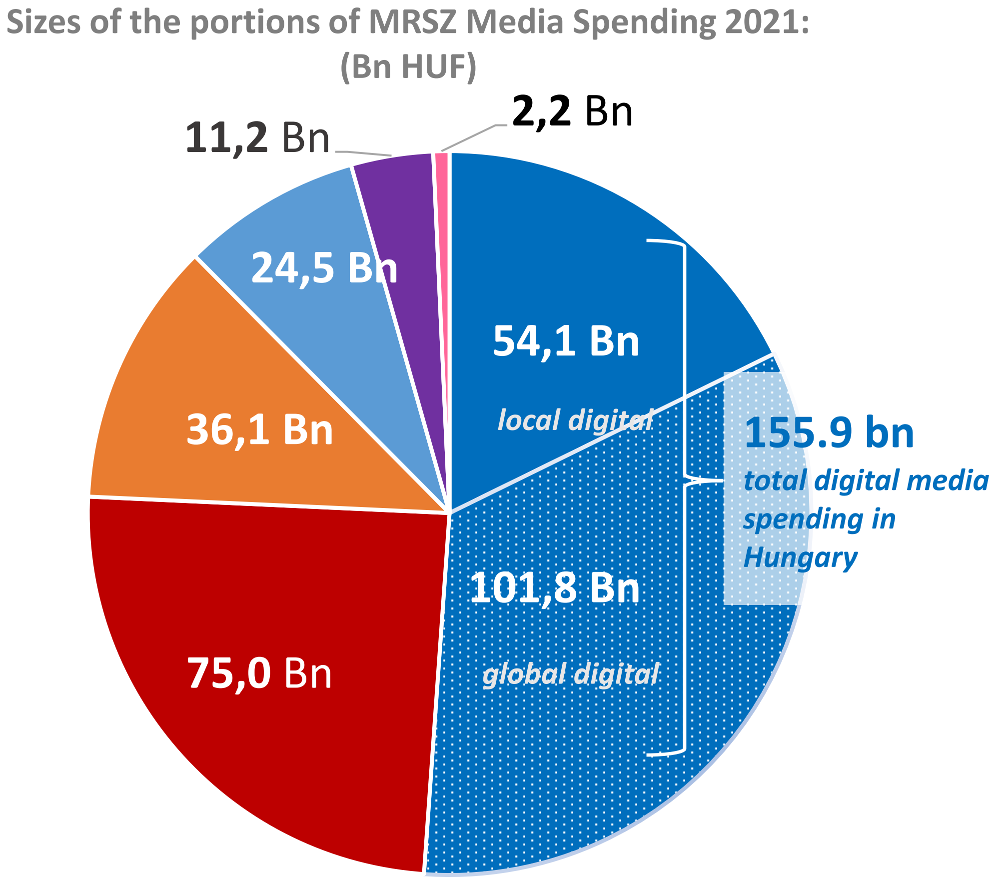
** Due to the adjustment of digital figures, the adjusted 2019 annual media spending is up HUF +11.8 bn compared to the data published earlier (HUF 240.8 bn).*

*** Due to the adjustment of digital figures, the 2020 adjusted annual media spending is up HUF +14.4 bn compared to the data published earlier (HUF 240.8 bn).*

Advertising proceeds received by domestic media players totalled HUF 203.1 bn in 2021

- The total of the MRSZ Media Spending in 2021: HUF 304.9 bn:





(1) Local (domestic) digital content providers pocketed 17.7% of the total media spending, and 34.7% of the overall digital advertising spending.

(2) 33.4%- of advertisers' overall media spending on digital advertising and 65.3% of the total digital advertising spending, 65.3% went to global digital tech companies.

Changes in the segments of MRSZ Media Spending in 2021

DIGITAL

The digital segment has been constantly and dynamically growing in recent years, primarily due to the increasing penetration of global platforms:

The sector grew by 27.3% compared to 2020, and by 37.3% compared to 2019.

TELEVISION

Television advertising spending in 2021 is HUF 75 bn, which is a 17.1% growth from 2020. (The growth is 12.6% compared to 2019 data.)

PRESS

Press advertising spending in 2021 totalled HUF 36.1 billion (-2% from 2020 and -32.1% compared to 2019)

OUT-OF-HOME

In 2021, outdoor advertising spending was HUF 24.5 billion, which is a 20.1% increase from 2020. (7.9% growth compared to 2019.)

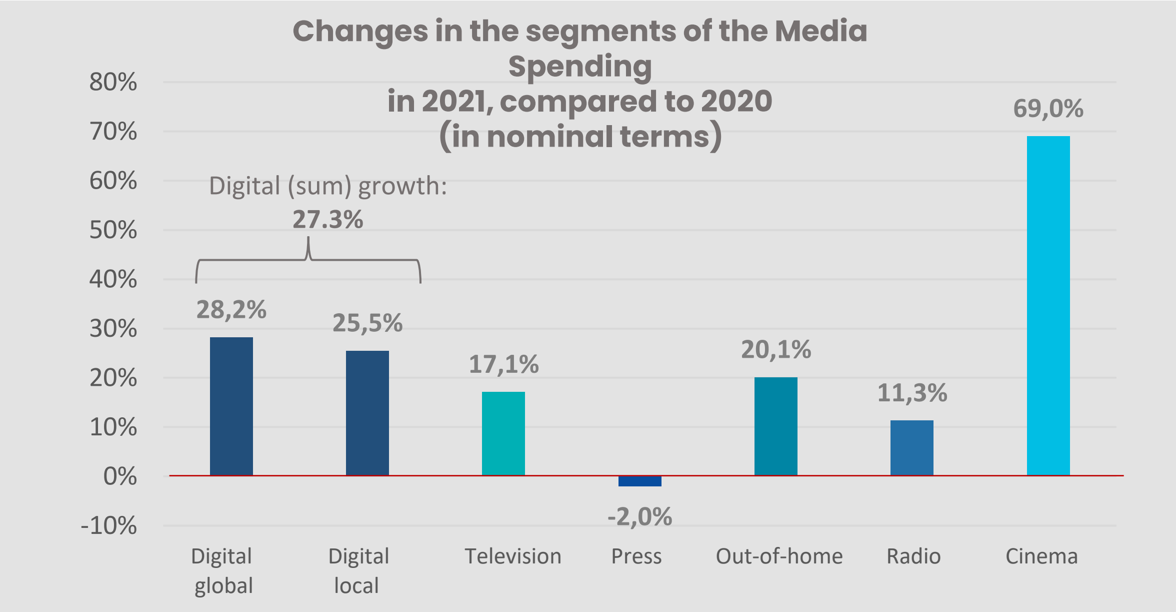
RADIO

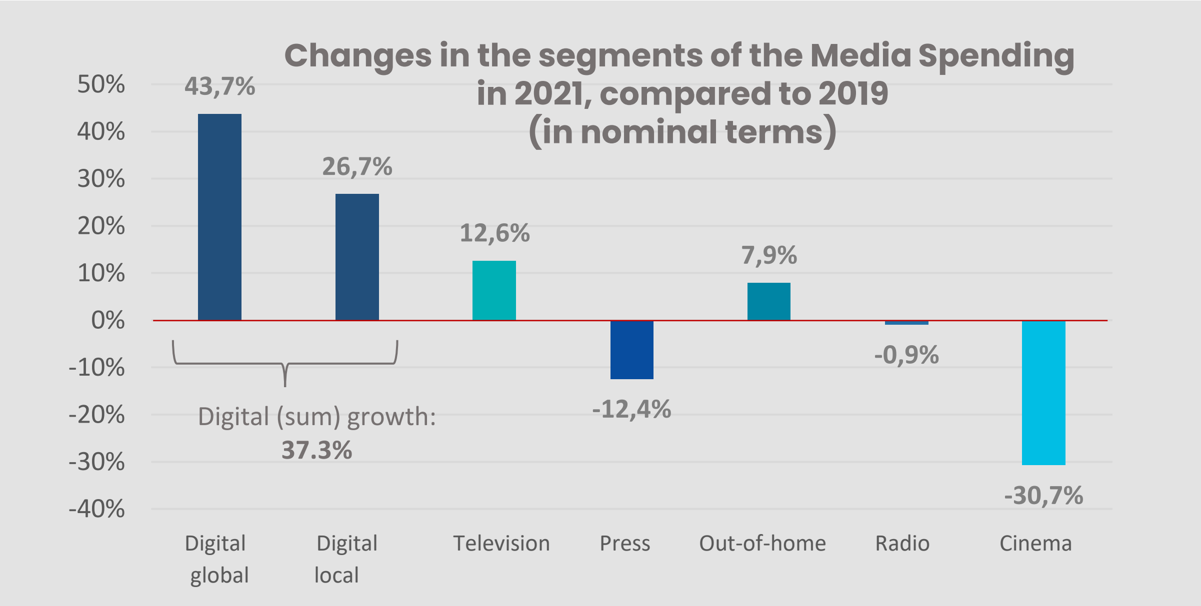
The aggregate radio (RAME/HEROE) spending of 2021 totalled HUF 11.2 Mbillion, which is a growth of +11.3% from the previous year, but still below the 2019 level.

CINEMA

In 2021, cinema advertising spending was HUF 2.2 billion, which is a +69% growth from 2020.

Due to the mandatory closure of movie theatres in 2021, the annual total did not reach the 2019, pre-COVID level of HUF 3.2 bn.





Global digital media has a share of more than one third of Hungary's media market

From 2019, global digital platforms have been holding the largest share of the Hungarian media market:

- Since 2016, advertisers in Hungary have been spending more than half of their budget set aside for digital advertisements at global media operators, and this proportion is still on the rise. From 2019, global digital platforms have been holding the largest share of the Hungarian media market, and growing (also) in relative terms.
- On a global level, 75% of online advertising spending and 40% of the total advertising spending end up on the bank accounts of giant tech platforms.
- In the Hungarian market, the figures presented above are falling short of global averages at this time: global tech companies in 2021 pocketed 33.4% of the media spending, and as high as 65.3% of the total online spending.

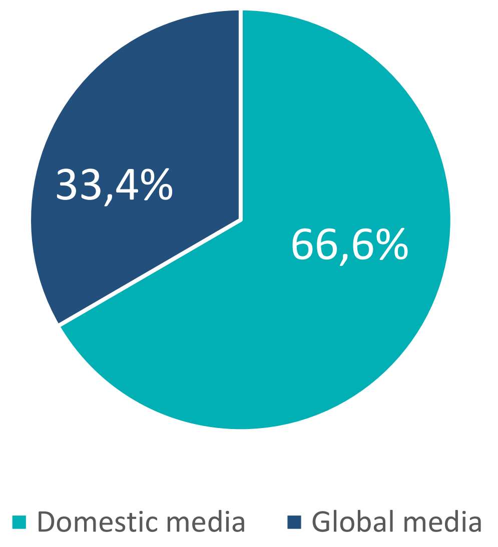
Global tech companies and local players compete in different legal environments:

- Using various tax optimisation solutions, global companies are able to reduce the taxes they have to pay locally to negligible sums.
- Domestic regulations on content and advertising do not apply to global players, or only apply to them in a different manner.
- Alsoin terms of data privacy regulations, local players must comply with far stricter rules than their international competitors.

Platform effect and shrinking leeway

- The negative impacts affecting domestic players, which can be identified in separate media segments are typically long-term effects and their victims are the Hungarian digital (to the greatest extent), press and radio segments, due primarily to search engines and social media platforms.

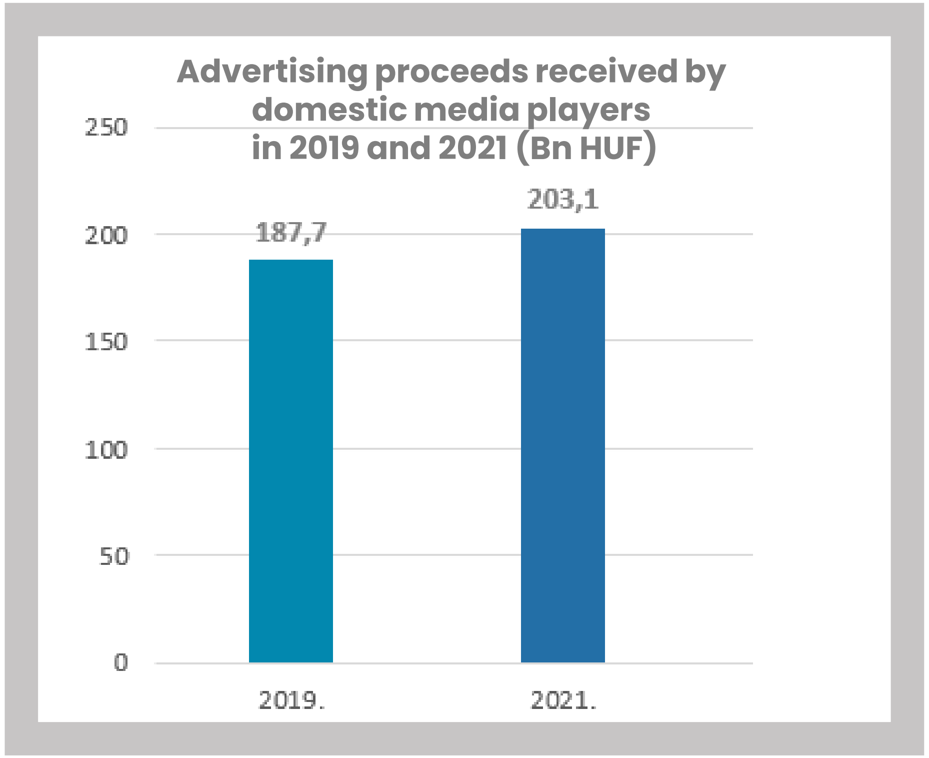
Distribution of local and global media advertising proceeds in the 2021 Hungarian media spending

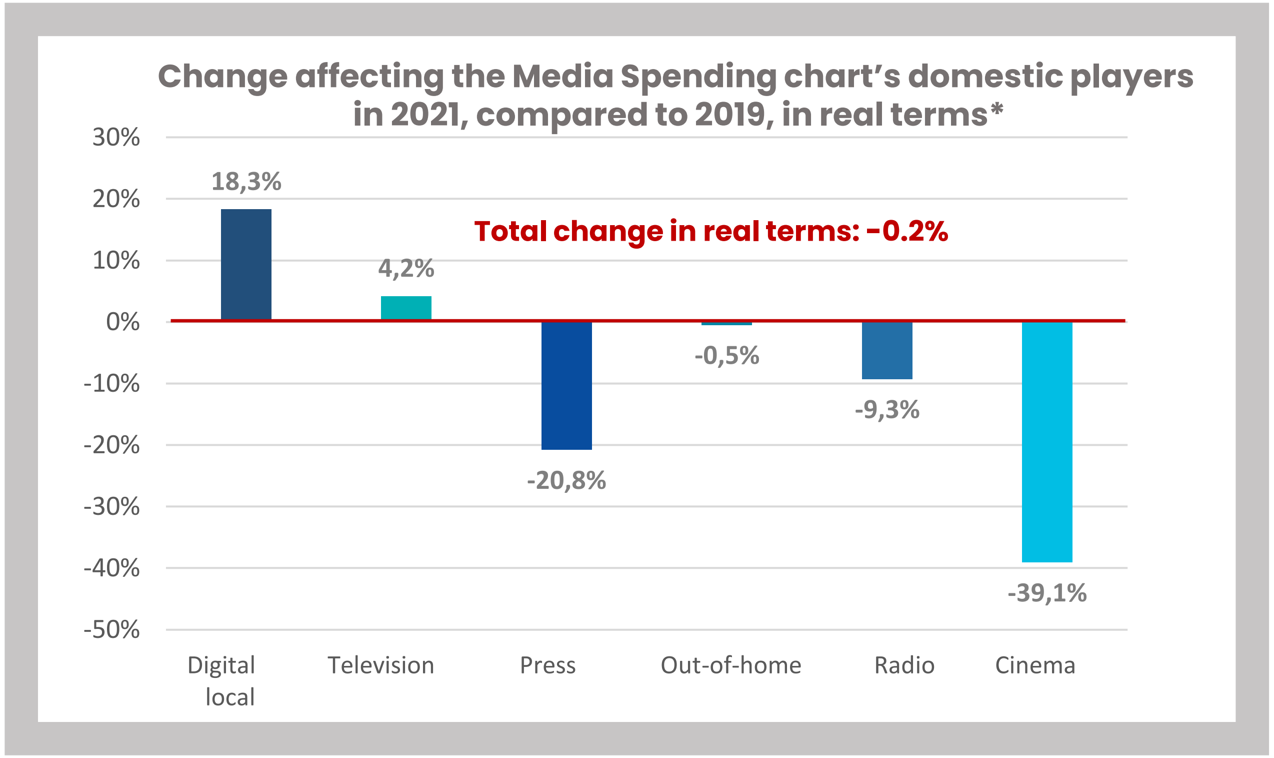


***Source**: IAB Hungary and MRSZ-KPMG' joint study, titled "The influence of global platforms on Hungary's communications industry", 2021 (pp 5 to 7): https://mrsz.hu/kutatas/globalis-platformok-hataselemzes*

In real terms, domestic media spending in 2021 did not reach the 2019 level of proceeds from advertising

- **Although local (Hungarian) media segments *(television, digital local – domestic content providers-, press, out-of-home, radio, cinema)* on an aggregated basis showed a** 15.6% **growth in nominal terms in comparison with the preceding, hard, pandemic-stricken year,** and achieved a promising 8.2% increase compared to 2019, **what this means in real terms* is that domestic media spending still falls short of the 2019 level of domestic media-advertising proceeds (-0.2%).**





** Taking the inflation rate for 2019 and 2020 into consideration.*

MRSZ COMMUNICATIONS SPENDING 2021

Communications spending 2019-2021 data (HUF)

	Adjusted Communications spending 2019*	Portion carved out from Comm. Spending	Adjusted Communications spending 2020**	Portion carved out from Comm. Spending	Change compared to 2019	Communications Spending 2021***	Portion carved out from Comm. Spending	Change compared to 2020	Change compared to 2019
MEDIA SPENDING	258.6 bn	52.8%	255.2 bn	60.2%	-1.3%	**304.9 bn**	58.1%	19.5%	17.9%
Creative and media agency services	87.2 bn	17.8%	84.7 bn	20.0%	-2.9%	**97 bn**	18.5%	14.5%	11.2%
Events	60.0 bn	12.3%	18.0 bn	4.2%	-70.0%	**51.2 bn**	9.7%	184.6%	-14.6%
Data-driven marketing *(direct marketing)*	38.2 bn	7.8%	31.2 bn	7.4%	-18.3%	**33.7 bn**	6.4%	8.0%	-11.8%
Marketing research	19.6 bn	4.0%	15.9 bn	3.7%	-19.0%	**17.7 bn**	3.4%	11.8%	-9.5%
PR	14.5 bn	3.0%	13.2 bn	3.1%	-9.0%	**14.9 bn**	2.8%	12.7%	2.6%
Production cost *(incurred by media owners and charged to advertisers)*	8.7 bn	1.8%	3.9 bn	0.9%	-54.9%	**4 bn**	0.8%	2.6%	-54.0%
Ambient	2.9 bn	0.6%	1.5 bn	0.4%	-47.9%	**1.8 bn**	0.3%	19.6%	-37.7%
Total:	**488.7 bn**		**422.6 Bn****		**-13.5%**	**524.2 Bn*****		**24.0%**	**7.2%**

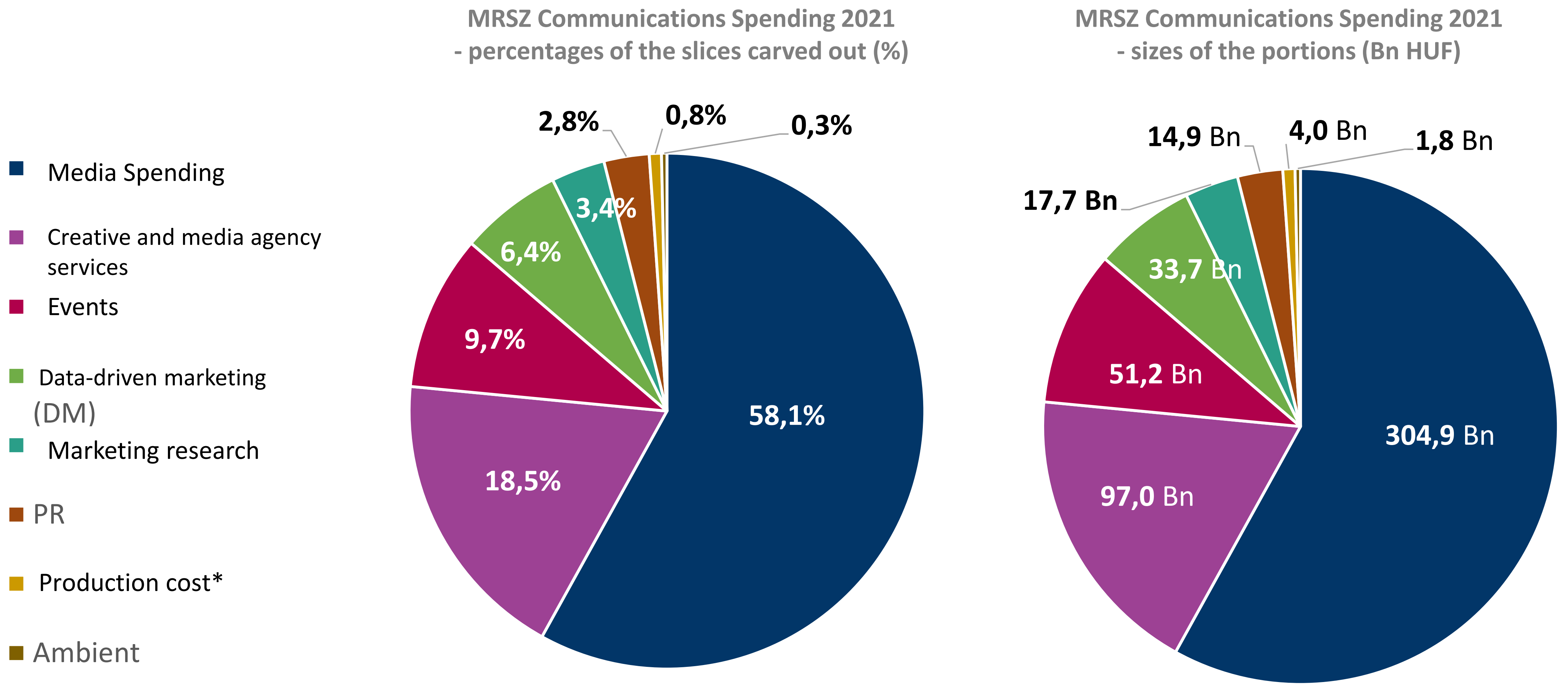
** Adjusted 2019 communications spending: Compared to the figure published earlier (HUF 477.2 bn), the change is HUF +11.5 bn, due to the adjustment of digital figures and email spending.*

***Adjusted 2020 communications spending: Compared to the figure published earlier (HUF 401.9 bn), the change is HUF +20.7 bn, due to the adjustment of digital and events figures and email spending.*

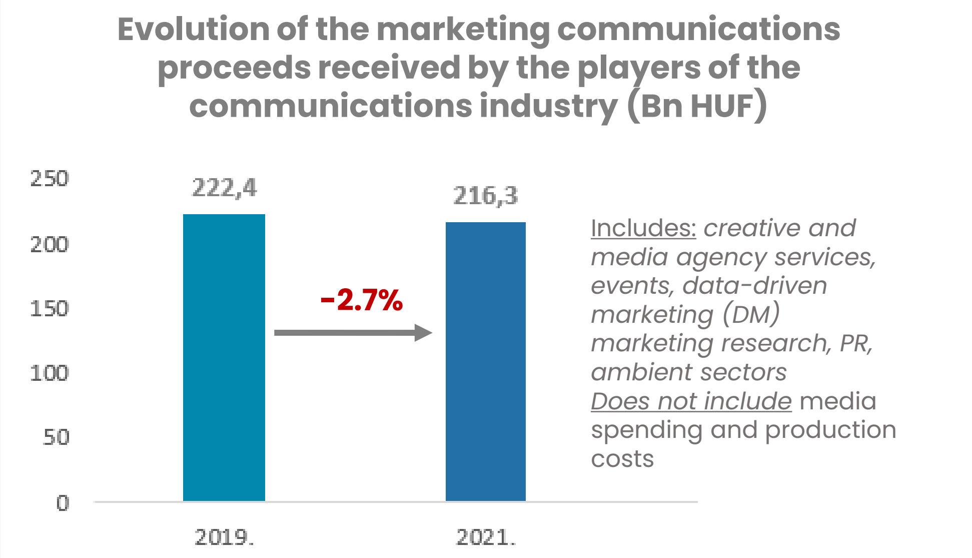
**** 2021 email spending overlapping digital and data-driven figures (thus generating duplications): HUF 1.113 bn has been deducted from the total of the communications spending.*

Total of MRSZ Communications Spending in 2021: HUF 524.2 billion

- Total communications spending was up 24% from 2020 -



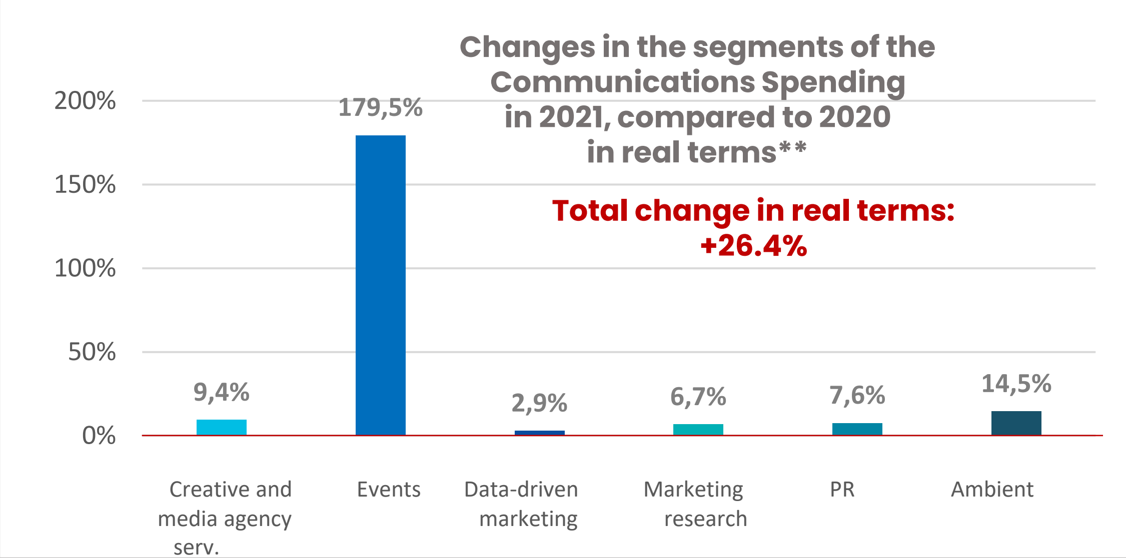
*incurred by media owners and charged to advertisers

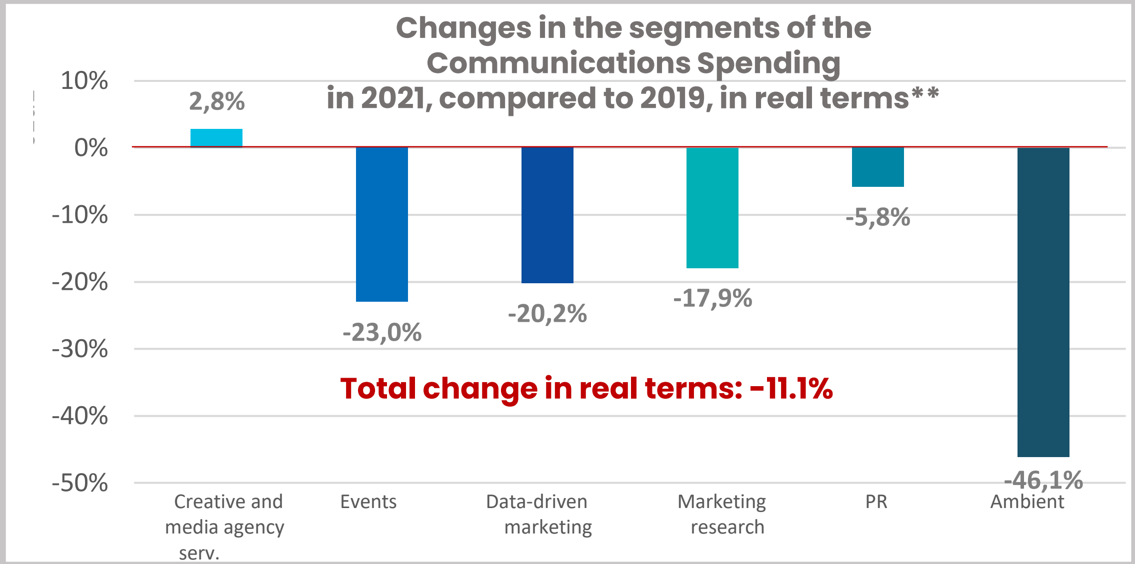


in 2021, the total amount of the marketing communications proceeds in the communications industry* dropped by 11.1%, compared to 2019, in real terms

- In comparison with 2020, the year most affected by the pandemic, **the segments of the communications spending showed an encouraging overall growth of 31.5% in 2021. However, the fact that the events market realised a** 184.6% **increase in 2021, after the segment hit rock bottom in 2020, is a strong distortive factor. In real terms, the growth of these sectors from 2020 to 2021 was 26.4%.**
- **In comparison with 2019, the segments of the communications spending, apart from those of media spending, showed an overall decrease of 2.7% in 2021,** meaning that they did not reach their pre-COVID level**. In fact, in real terms they fell by 11.1%, compared to 2019.**

**Additional sectors of the MRSZ Communications Spending are examined: creative and media agency services, events, data-driven marketing (DM) marketing research, PR, ambient). Does not include the media spending and the production cost incurred by media owners and charged to advertisers:.*





*** Taking the inflation rate for 2019 and 2020 into consideration.*

Breakdown of the segments of the communications spending 1.

CREATIVE AND MEDIA AGENCY SERVICES

On **creative and media agency services**, advertisers spent HUF 97 billion in 2021, which is a considerable growth of 15% from the preceding year. The segment owes this growth to a strengthening marketing and communication activity of market advertisers and brands, contrary to what was experienced in 2020.

EVENTS

The magnitude of the loss in turnover in the event sector, which amounted to 70% from 2019 to 2020 decreased in 2021, in comparison to the pre-pandemic year of 2019. MaReSz forecast events proceeds worth HUF 51.2 bn for 2021, which is equivalent to 85% of the proceeds (HUF 60 billion) of the pre-COVID “year of peace”, 2019. The situation improved from 2020 to 2021, since far more events were organised than in the first year of COVID, but events agencies still fell short of 2019 levels. Due to the rise of human resources and other costs, the 10-15% annual growth potential in sales returns will not be realistically achievable for a long time, but companies trust that the proceeds realised in 2019 will already be attainable, or may even be surpassed in 2022.”

DATA-DRIVEN MARKETING

The size of the **data-driven marketing** (direct marketing) sector was HUF 33.7 bn in 2021. After the 2020 setback caused by the pandemic, an improving trend was already perceptible in 2021 (8% growth), but the proceeds going to the data-driven marketing sector still fell short of pre-Covid figures. From July 2021, Hungarian Post quit the unaddressed advertising mail distribution market. We will be able to evaluate the results of the resulting realignment in our 2022 survey.

Breakdown of the segments of the communications spending 2

MARKETING RESEARCH

In 2021, the consolidated total of the **marketing research market** was HUF 17.74 billion. This means an 11.8 percent growth from the preceding year. Organic growth out of the total growth is worth 7.6 percentage points. The remaining 4.2 percentage points come from the increase of the number of monitored market players.

PUBLIC RELATIONS

Public relations (PR) spending in 2021 totalled HUF 14.9 billion**,** which is a 12.7% increase compared to 2020, and 2.6% higher than the 2019 pre-pandemic figure.

AMBIENT

The ambient sector had revenues totalling HUF 1.8 billion in 2021. Although proceeds grew in comparison with 2020 (by 19.6%), but were still far lower than the 2019 figure (HUF 2.9 billion).

APPENDIX:
Details of the methodology

MRSZ MEDIA SPENDING METHODOLOGY

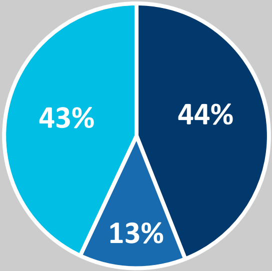
DIGITAL

Number of data providers, reporting media companies:

60

media company, sales house, agency

Proportions of exact data and forecast:



Supplementary information:

- *Self-declaration-based data reporting;*
- *Includes goods barter;*
- *The email overlaps with the data-driven (DM) figures are deducted in the communications spending report.*

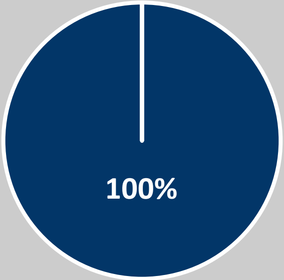
TELEVISION

Number of data providers, reporting media companies:

79

television channel

Proportions of exact data and forecast:



Supplementary information:

- *Includes government public service advertising*

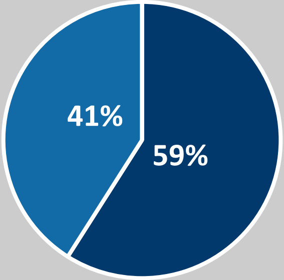
PRESS

Number of data providers, reporting media companies:

14

publisher

Proportions of exact data and forecast:



Supplementary information:

- *Number of press products included in report: 209 pcs*

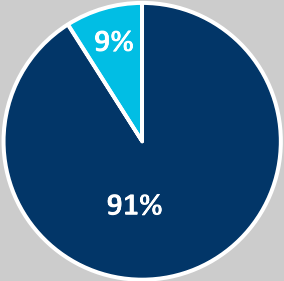
OUT-OF-HOME

Number of data providers, reporting media companies:

16

company

Proportions of exact data and forecast:



Supplementary information:

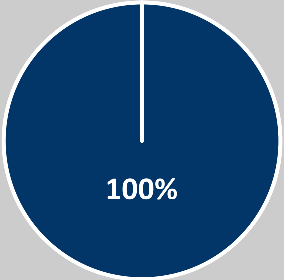
- *Based on equipment number and proceeds*

RADIO

Data providers:

Aggregated data of MTVA, Sláger, Magyar Katolikus Rádió, Target Média (Jazzy, Klasszik), InfoRádió, TrendFM, Retro Rádió, Rádió 1, Best FM and HEROE member radios

Proportions of exact data and forecast:

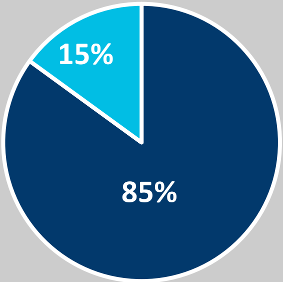


CINEMA

Data providers:

Cinema City and MiMozink cinema chains together

Proportions of exact data and forecast:



(1) All segments include goods barter.

(2) None of the segments of the media spending contains any overlaps with any other domains. (The email duplication also appearing in the digital and data-driven figures are deducted from the communications spending.)

Data reporting — *Data reporting-based estimate* — *Expert estimate*

Creative and media agency services methodology

The data is based on publicly available financial information and comprehensive, self-declaration type reporting, taking into consideration the peculiarities of the agency market. The 2020 financial statement data of over 160 key players of the creative and media agency market were collected, processed, and then adjusted with 2021 business information from more than 60 agencies and the inputs of market experts, in order to get a comprehensive picture.

- The estimate includes the agency fees and production costs that were realised via the agency.
- The figure does not include any proceeds from other agency services, so they do not overlap with the events and PR data.

Events methodology

The data of MaReSz present the figures of the B2B corporate events market inside the media and communications spending. These figures were calculated on the basis of the figures reported by the members of MaReSz's members and some key external players of the market.

They include:

- Internal and external corporate events (client parties, consumer events, partner events, sales conferences, loyalty events, festival sponsorship appearances, team-building and employee training events, family days connected to brands).

They don't include:

- the turnover of professional conference and congress organisers (PCOs), wedding planners and festival organisers.

Data-Driven Marketing (DM) methodology

Data & Marketing Association (DIMSZ) surveys the size of the domestic data-driven marketing sector every year, and – within the sector – the use and significance of data-driven (and conventional direct marketing) tools:

The sector survey called DM Szenzor integrated 2021 data from several data sources in the analysis. The results are based – on the one hand – on factual data reported by market players, and – on the other hand – the data acquired from annual financial reports, which were supplemented with data obtained from channel-specific expert estimates.

The following tools were involved in the survey:

- addressed nail (production / dispatch / delivery)
- unaddressed mail, flyer (production / distribution)
- digital solutions (call centre, mobile marketing, email marketing, database management)

The analysis compares the turnover data of the reference year with the data of previous years, and it also surveys what kinds of trends the players of the market can expect in the succeeding year.

Marketing research methodology

Our auditor received 2021 proceeds data from 26 enterprises that conduct market research as their main business, for the market research market defined by us. With regard to the other companies involved in the survey, expert estimates were prepared by the specialists of PMSZ (Hungarian Association of Market Research Firms) and Impetus Research, on the basis of the most recent available balance data. The sales revenue of reporting companies made up 64% of the estimated size of the market. Compared to last year's data reporting, the data of 5 new, hitherto unmonitored companies were taken into account. Without them, the entire size of the market is HUF 17.082 billion, and the organic growth is 8%. The sales returns taken into account, solely from market research, which does not include:

- the proceeds realised as subcontractors to other market research firms,
- other non-marketing purpose researches (e.g. sociology, basic research, pharmaceutical research),
- and researches prepared for non-Hungarian clients on subject markets other than the Hungarian.

PR methodology

Similarly to last year, MPRSZ calculated the size of the PR market on the basis of financial data and factual agency data reporting. MPRSZ managed to provide a much more precise picture of the size of the consultancy/agency market based on the financial data reported by agencies. The data processing took into account the fee charges for the PR consultancy services, meaning that the figures of MPRSZ shows the size of the PR market (and not the total of the PR agencies' proceeds):

- 2019: HUF 14.5 bn,
- 2020: HUF 13.2 bn,
- 2021: HUF 14.9 bn,

The data do not include:

- Media and conventional (not connected to PR-communication) events spending
- No data are available on PR specialists working as self-employed persons.
- Institutions' communications costs (staffing and resource) are not included.

Ambient methodology

The Ambient Association presents the figures of domestic ambient industry.
The data were provided from the association members' reporting and the public and estimated information of major market players.

The data include:
location-independent (individual vehicles, street promotions) and location-/theme-specific (public educational networks, healthcare networks, point of sale networks, shopping centres, filling station networks, HORECA, sports and fitness centres, nightclubs, post and lottery offices, beauty networks) tools.

The data do not include:
ambient platforms overlapping the OOH sector

Thank you for your attention!

Additional Information:
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