IRISH ADVERTISING INVESTMENT: WHAT IS WRONG WITH THIS PICTURE?
Investment in advertising by Irish businesses has traditionally lagged behind that of their European counterparts. The recession in no doubt damaged the Irish advertising market, with a lasting impact that it has never recovered from.

Total Irish advertising spend fell by 40% between 2008-2012. Despite growth across the market being forecasted by many year after year, the reality is that the advertising spend has remained stagnant since the depth of the recession over 8 years ago. And this would be understandable, if the rest of the Irish economy had not bounced back with such a bang, and significantly outperforming other EU countries.

The purpose of this publication is not to determine the reasons why businesses fail to invest in Irish advertising to the extent of other EU ad-markets. These are many, being highly diverse and individual to each business. It is purely to put a spotlight on the differences between spend levels in Irish advertising versus that of other EU countries, noting particularly the current favourable position of the Irish economy. A comparison that is compelling, and clearly highlights the lack of investment in advertising that exists among Irish businesses.

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Ireland’s ad-market has fallen short of the growth experienced by other ad-markets across the EU

Sources: GroupM This Year - Next Year Nov 2018 (Adspend growth y-on-y)
Ireland’s fast growing economy is failing to have an impact on advertising investment levels

Ireland’s advertising market will continue to lag behind the high level of growth across the wider economy in 2019.

Ireland’s return to economic prosperity has not materialised into growth in the Irish advertising market, which has remained relatively stagnant over the last number of years.

### Ireland GDP Growth

- **2016**: 4.9%
- **2017**: 7.2%
- **2018 (f)**: 5.9%
- **2019 (f)**: 4.1%

### Growth in Irish Advertising Spend

- **2016**: 1.8%
- **2017**: -3.5%
- **2018 (f)**: -0.4%
- **2019 (f)**: 0.7%
Ireland is Europe’s fastest growing economy, but one of its most stagnant ad-markets

Advertising investment continues to lag behind other markets across the EU despite being the fastest growing economy in the region over the last 4 years.

A comparison of the level of growth in advertising spend to economic growth by market demonstrates that Irish businesses will continue to under-invest in advertising in 2019.

There are three key very apparent points when looking across markets: 1. other markets are generally investing in advertising ahead of GDP growth, 2. Ireland shows the greatest disparity between economic performance and advertising investment levels, 3. Ireland is the only country to show a decline in advertising spend over the last 3 years.
Ireland has the lowest level of advertising spend as a share of GDP in the EU

Ireland has a significantly low penetration of advertising investment when compared to other markets (this would continue to be the case even after adjustments are made to account for the high level of FDI included in Ireland’s GDP numbers).

Sources: OECD Nov 2018 / GroupM This Year - Next Year Nov 2018
Irish companies do not invest in marketing to the same level as companies in the UK

Further to this, 63% of CMO’s in the UK expect their budget to increase in 2019, the latest figures available for Irish businesses had this pegged at 37%, highlighting that this gap between the two markets is unlikely to close in the short-term.

Marketing expenditure as a percentage of company revenue in Ireland versus UK.
Meaning businesses are not taking advantage of the low level of advertising clutter and the relatively low media costs available in the Irish market

Ireland’s ad-market spend is the equivalent of 3.0% of a combined Ireland and UK ad-market, whereas our population is 6.8% of a combined Ireland and UK population, highlighting the disproportionate level of investment across the two markets. Clearly there is headroom to invest more in the Irish advertising market.

Sources: GroupM This Year - Next Year Nov 2018
Ireland’s population growth is one of the highest in the EU, 5 times the average. This is fuelled by a combination of net inward migration and positive natural changes in our population (Ireland has the highest birth rate and lowest death rate in the EU). Ireland’s population is expected to increase by 750,000 people, reaching 5.6 million by 2040.

Sources: CSO Ireland 2019 / ONS UK 2019 / Eurostat 2019
Ireland has the youngest population in the EU

Ireland’s young population represents a very powerful consumer set. There is a higher level of employment among Ireland’s under 25 year olds versus the EU average. By 2020 consumers under 25 years of age will be the largest consumer group globally, companies that are not engaging with younger consumers will start to rapidly lose share. Further this this, younger consumers influence 5 times more purchases than what they directly purchase themselves.

Percentage of Total Population under the age of 25 years.

- Ireland: 33.3%
- UK: 29.9%
- EU: 26.5%

Sources: IDA Ireland 2018 / IBM 2018
Advertising spend-per-capita continues to lag other international markets

There is marked headroom to increase advertising budgets in Ireland, both driven by a relative low level of investment from both local and international advertisers.

Sources: GroupM This Year - Next Year Nov 2018
Where's the missing piece?

Increase in Irish Household Disposable Income 2018: 2.9%
Increase in Irish Household Wealth 2018: 3.4%
Increase in Irish Consumer Spending 2018: 3.0%
Increase in Irish Advertising Spend 2019 (f): 0.7%
Increase in Irish Consumer eCommerce Spending 2018: 9.8%
Increase in Overseas Visitors to Ireland 2018: 7.1%

Sources: GroupM / Central Bank of Ireland Oct-18 / Tourism Ireland Nov-18 / Marketing Institute Nov-18
Having reviewed these numbers, you are now likely asking yourself “WHAT IS WRONG WITH THIS PICTURE?”.

There are many reasons why advertising investment, and wider marketing investment, lags behind that of other European markets, and these are individual to each business.

- Lack of evidence that marketing drives ROI.
- Procurement led focus on short-term efficiency.
- Lack of CFO engagement (and sign-off).
- % of CMOs in the boardroom.
- Retailers demanding a higher share of marketing and / or trade budgets.
- Market understanding – where budgets are signed off (minimum of 33% of ad-budgets signed off outside of the Irish market).
- Diversification of marketing budgets across a wider set of areas (tech and talent).
- Relative market size, economies of scale and return volume.
- Relative media costs have been traditionally low.
- There is a smaller percentage of SMEs that advertise in Ireland.
- Decline in the penetration of traditional local media.

However, the truth is that there is an opportunity for the businesses that will invest in advertising ahead of the marketplace over the coming years. There is clearly a gap to be exploited, one which can drive penetration, capitalising on a consumer market with relatively strong margins and one that drives healthy returns for businesses.
YOU HAVE THE POWER TO CHANGE THESE NUMBERS