

11.01.2023 – 17:20 Uhr

Recession to slow Germany's advertising market in 2023 / The annual growth forecast by the JOM Group foresees an increase of just 0.5 per cent for the 2023 advertising market in Germany

Hamburg (ots) -

The German advertising market could have succeeded in returning to its pre-Covid-19 level as early as in 2022, and then pushed on to new heights in 2023.

However, as is generally well known, external factors like the Ukraine conflict and persisting supply bottlenecks have prevented this development.

The experts from the JOM Group, agency for hybrid marketing communication, therefore assess that net advertising investment in 2022 only increased by some 1.2 per cent. After a good start to the year, investments fell significantly below the level of the previous year, especially during the second half of the year.

The JOM Group is forecasting even weaker growth of around 0.5 per cent for 2023. That would bring the total volume in the market to around 22.7 billion euro.

Stronger focus on sales in communication

In a weak economic environment, household consumption will also continue to decline in the coming year. In combination with continued high inflation rates, the focus on sales in communication is therefore shifting more strongly into the foreground. This is something that performance-focused online channels and the entire retail media sector benefit from on the one hand, and conventional media, such as radio and outdoor advertising, on the other.

Structurally, budgets are likely to continue to shift from conventional TV to digital moving image channels. This is primarily because platforms like Amazon Freevee, Netflix and Disney+ are opening up to advertising communication, and secondly because emerging moving image platforms like Twitch are constantly evolving.

Significant shifts will also take place in the area of conventional flyers. According to the JOM Group, increased printing and distribution costs are prompting a redistribution with a focus on digital advertising channels.

The first four months will be decisive

"We estimate that the first four months of 2023 will lead the way, because this is when consumers will feel the full impact of many of the effects of inflation on their pockets. The advertising volumes at the beginning of the year may even turn out to be comparatively high as a result. The return on investment and the volumes that the companies' development in sales still allow will then be decisive," explains **Volker Neumann, Managing Director JOM Group**.

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Original content of: JOM Group, transmitted by news aktuell

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