



HOW WILL A WINTER WORLD CUP AFFECT TV MARKET IN 2022?

BY RICHARD TEMPLE | DEC 2021



WORLD CUP HEADACHE FOR MEDIA BUYERS...

What will you be doing this time next year? Will you be festooning your home in England flags? Or will you be dusting off the Christmas decorations in anticipation of a more normal Christmas? Fortunately, this is something you don't have to think about just yet. However, advertisers and their media buyers need to think about this sooner rather than later.

For advertisers, a winter World Cup is a tremendous opportunity to get your brand in front of large scale mass audiences. Remember over 17m watched England v Denmark in the Euros on ITV. To put this into context, this year you can count on one hand when commercial TV achieved an audience over 10m. However, for beleaguered AV buyers, the Qatar World Cup represents a headache that they need to address now as they commence their annual trading negotiation.

"IT'S A TREMENDOUS OPPORTUNITY FOR BRANDS, BUT THERE ARE INHERENT TRADING RISKS THAT COME WITH BUYING ADVERTISING DURING A WORLD CUP IN THE RUN-UP TO CHRISTMAS."

RICHARD TEMPLE, CEO

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TRADING RISKS

On the demand side, the media owners are currently enjoying record revenues in 2021 – partly fuelled by pent-up demand and partly driven by the newly discovered fact (and who knew?) that TV is remarkably effective. Conventional wisdom would suggest that the Qatar World Cup will attract new advertisers. It also seems a given that there will be future abundance in the economy. Counterintuitively, revenue 'hype' may deter advertisers from TV. 'Overhype' killed the TV market during the France 1998 World Cup.

On the supply side, there is not only the jeopardy of being tied to the success of the home nations' performances on the pitch. If you are at an agency that trades group agency deals, there is also the inherent risk of having large rating outlier spots in the final month of your trading year. If you are going to be over your agreed agency share deals, 20 million impacts per spot will stick out like a sore thumb when you enter your 2023 negotiations.

Expect Channel 4 and Sky to take disproportionately higher monthly revenue shares up until October 2022. Combined with audience erosion, this is likely to make them disproportionately expensive for most of the year. This approach will enable the networks to be able to find room to deliver World Cup spots as they switch their agency revenues to ITV across November and December. Expect internal turf wars within any agency doing the network deals as not every client who wants access to the football audience will be able to be accommodated.

ENGLAND EXPECTS (BUT PERHAPS TOO MUCH...)

Clearly, England will win the World Cup as foretold by Greg Dyke back in 2013. Yet England have flattered to deceive on previous occasions. An early English exit will cause serious problems for the agency model. In essence, they will be seriously over-traded which will cause ructions in the market.

Advertisers looking for more flexibility are better off within an independent agency trading model where the buying is tailor-made and the agency can be far more fluid in reacting to the ever-changing market. They can also rest assured that no deficits are racking up on their media.

So what will we all be doing next year? I expect that we will all be putting up tasteful white Christmas trees with red baubles. We will all be supporting England (and with any luck Scotland and Wales too) not just for patriotic reasons but because the TV market and wider economy need the success.



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THIS ARTICLE WAS WRITTEN FOR, AND FEATURED IN,
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