

## Contraction in growth in economy could affect media rates

With GDP figures showing a further slow down in economic growth, media owners should not be looking at raising their rates this year according to Paul Wilkins, CEO of MediaCompete.

By [Paul Wilkins](#) 10 Jun 2003

"Our economy is quite complex at present. On the one hand there have been 80% more spots sold across all TV stations during the first quarter of this year than there were during the same period last year with an increase of 50% in value terms. On the other hand the economy is slowing down dramatically," he comments.

"Media owners therefore have a dilemma. Strong demand for media time and space could allow for an increase in rates but on what grounds? Paper prices, for example, have not been negatively affected by the exchange rate - in fact the reverse is true.

"Media owners are struggling in some sectors of the media industry but others are starting to be tougher regarding their rates and are therefore far less likely to cut rates or do deals which may disadvantage them any way. They no longer need to give away their media inventory," he continues.

With interest rate cuts from now until the end of this year expected to have the effect of stimulating the economy locally but possibly precipitating a fall in the Rand/Dollar rate, multinational clients may cut back again on their budgets.

He says, "Prudent clients have already made adjustments for this year so that they are not caught short on budget availability later in the year. I expect that many of our media owners have made similar adjustments in the wake of uncertainty. It will be interesting to see which media perform best this year in these unusual circumstances," concludes Wilkins.

### ABOUT THE AUTHOR

Paul Wilkins is CEO of MediaCompete, Ad Review's media agency of the year for 2003.