

Evaluation of the advertising industry's situation and prospects

5th industry research by the
Hungarian Advertising Association
and Scores Group

MRSZ BAROMETER



Data collection: From 25 November, 2022 to 15 January 2023

Research analysis completed: April 2023

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#1

ABOUT THE MRSZ BAROMETER SURVEY SERIES

MRSZ BAROMETER HISTORY, PURPOSE AND USE

01 HISTORY

We launched the MRSZ Barometer survey series in May 2020 in order to explore the impact of the economic recession on the communications industry, triggered by the worldwide coronavirus pandemic, affecting all sectors, and advocate measures to help the industry.

The virus stayed with us (and recurred in several waves), but we can already see that it was only one of the factors that contributed to the currently experienced, highly complex crisis, which made it reasonable for us to repeat the survey multiple times, using varying focuses.

02 REGULARITY

MRSZ and Scores Group conduct the MRSZ Barometer survey **at least once a year**. Nevertheless, any significant and unexpected changes in the economic circumstances or the market environment might as well result in several surveys within the same year.

A total of 5 Barometers have been prepared so far, including this survey: The previous MRSZ Barometer surveys were completed in May 2020, August-September 2020, February-March 2021, and between December 2021 and January 2022.

03 PURPOSE

The **purpose** of the MRSZ Barometer:
(1) To provide continued monitoring of the condition, economic health and prospects of the advertising industry players in a volatile social and economic environment, and explore their opinions, by collecting the responses of managers who have a vision of the future not only of their own companies, but also of the sector as a whole, from both a financial and a labour market perspective.
(2) The surveys provide a better understanding of short and long-term trends, as well as the market players' reactions to expected and unexpected developments.

03 USE

By publishing the analysed data of the research, we support the entire industry, providing clarity and up-to-date information, which are necessary for lobbying for the sector.

BUSINESS ADVOCACY

In the midst of the difficult, escalating economic, energy and labour market crisis, the Advertising Association can efficiently use the fresh data for business advocacy purposes, representing the interests of the communications industry.

CLARITY

Industry players can find inspiration in other businesses' / companies' reactions, steps and measures taken to various challenges and in the dimensions thereof.

THE UPDATED SET OF QUESTIONS REVOLVED AROUND THE CURRENT AND FUTURE PROBLEMS OF THE INDUSTRY



TRENDS IN MARKET AND FINANCIAL SITUATION AND REVENUES



The 5th survey examined again the financial and market situation and prospects of advertising brands and the players of the communications industry (media and services sector: agencies, research companies etc.).



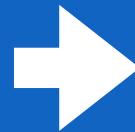
LABOUR MARKET SITUATION / HR POLICY / WORK ORGANISATIONAL MEASURES



It collected information from the respondents about companies' current labour market situation, human resources policies and work organisational measures.



COST CUTTING MEASURES



It asked businesses about the cost cutting measures they might have taken to mitigate the negative effects of the economic crisis.



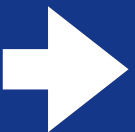
TREND EFFECTS



It looked into the extent to which the factors of the complex crisis and trend effects were influencing the companies still in the advertising business in 2022 and 2023.



TOTAL MEDIA AND COMMUNICATIONS SPENDING PROJECTION: 2023



It asked businesses about their forecasts of media and marketing communications spending totals in 2023.

#2

EXECUTIVE SUMMARY



RESEARCH STAGE #1: MAY 2020

- At that time, the vast majority of company CEOs thought that it was impossible for their businesses' performance to reach pre-crisis levels by the first quarter of 2021. Nevertheless, according to forecasts, in three years, their companies will be performing better than or – at least – at the pre-crisis levels.



RESEARCH STAGE #2: SEPTEMBER 2020

- Based on research stage #2 (September 2020) the entire market proved a little more positive about 2020: **73% of the respondents were expecting a decline in the communications industry.** (*It is important to note that the data collection for the research preceded the outbreak of the second coronavirus wave.*)
- Although the extent of the expected market downturn dropped, the expectation was not universal. Although the outlook was slightly more positive, it thus shaded the truth that there was a wide variation between how each sector estimated its respective decline.



RESEARCH STAGE #3: MARCH 2021

- During researches #1 and #2, only a very small number of companies were hoping to achieve growth in their respective segments in the reference year. **By the beginning of 2021, one out of three respondents were already forecasting growth for the reference year.**
- The market was cautious regarding the growth rate. Although in comparison with the preceding period, the number of those who were optimistic about the chances of growth increased markedly, the presumed rate of growth was closer to stagnation, at 10-15%.



RESEARCH STAGE #4: JANUARY 2022

- During research stages #1 and #2, only a very small number of companies were hoping to achieve growth in its respective segment in 2020. **At the beginning of 2021, one out of three respondents, and by the end of 2021, more than half of the respondents were already forecasting growth.**
- Market players were cautious regarding the growth rate. Compared to the preceding period, the number of those who were optimistic about the chances of growth increased markedly, while the presumed rate of growth did not change meaningfully from the survey in September 2020 (15%-17%).



RESEARCH STAGE #5: DECEMBER. 2022 – JAN. 2023

- At the beginning of 2022, the as yet unsuspecting market found itself in such a complex social, energy and economic crisis, due to the cascading effect started by the Russo-Ukrainian War, which had not been experienced over the past decades.
- The steady growth of optimism came to an abrupt halt at the end of 2022: while throughout 2021 the proportion of those who forecast growth in their industry had consistently increased, it was already declining at the end of 2022. However, the presumed rate of growth (21%) somewhat exceeds the rates determined earlier (10%-17%).

- In May 2020, the overwhelming majority, **82% of the entire market expected a decrease** for the reference year in the communications industry.
- The industry players **estimated the expected rate of the decrease at -38%.**
- As a result of the crisis, the respondents in 2020 predicted a HUF 74.6 billion decrease compared to the 2019 media spending.
- In the survey, the profession estimated the decrease of the 2020 MRSZ Communications spending at HUF 161.1 billion.

- The responding industry players who expected a drop estimated the rate of decrease at **-29%.** Although this rate was lower than previously forecast, the expected decrease was still very significant.
- After the restrictions imposed after the first wave of COVID were relaxed, the industry showed cautious optimism, but the players agreed that the spending they had cancelled would never find its way back into the advertising industry.
- The gap between the sectors widened further: some of the respondents (including players of the event marketing and radio sectors and creative agencies) became much more pessimistic in comparison with the May forecast.

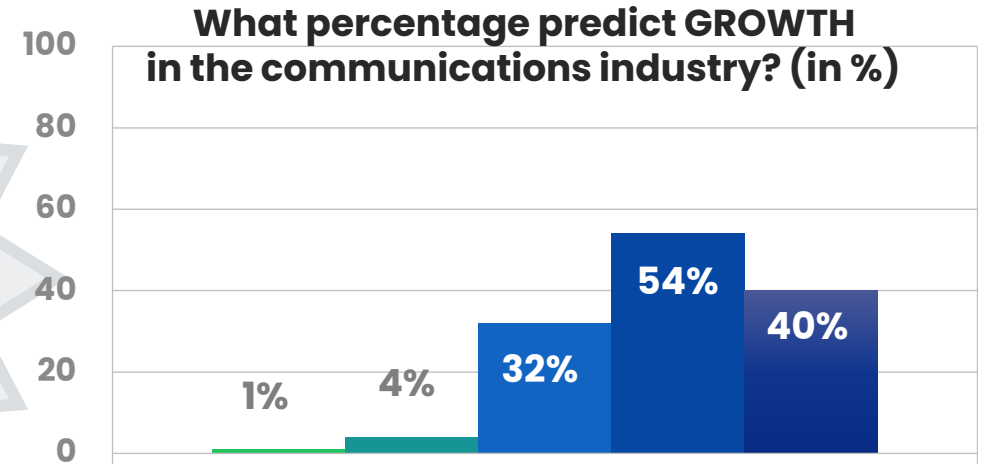
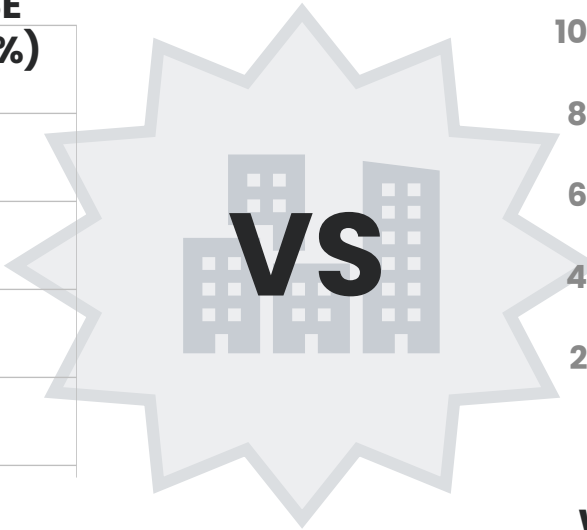
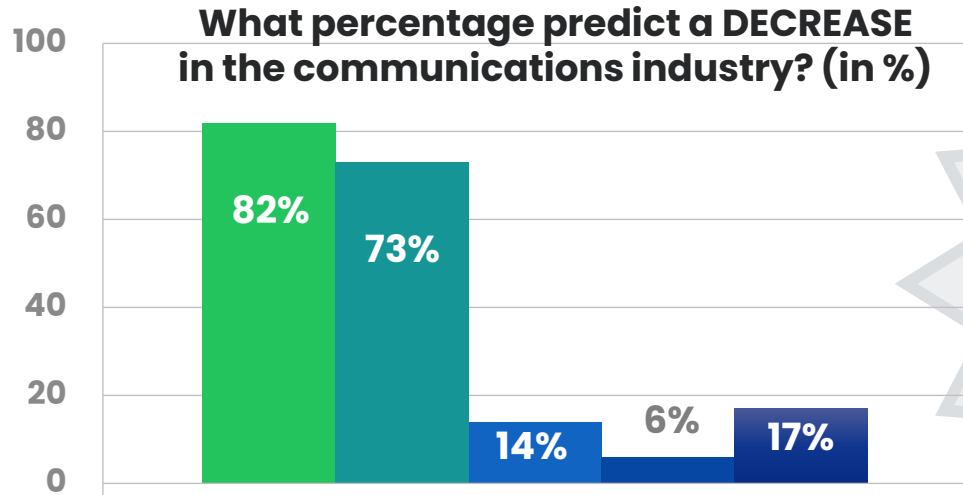
- Based on the results of the 3rd research stage (March 2021), the entire market became more optimistic about 2021 than it had been in 2020 about the end of 2020. Thus, the respondents that predicted a decline for their own companies became a minority. **The trend took a drastic turn: compared to 2020, only 14% of the respondents proved pessimistic about 2021.**
- There were few who forecast a fall for the entire year of 2021, but those few predicted a similar rate of decrease as they had in September 2020 regarding the end of 2020.

- In January 2022, before the Russo-Ukrainian War broke out, the entire market was much more optimistic about 2022 that they had been in earlier years.
- The declining trend seen in earlier years gave way to optimism. At that time, only 6% of the respondents were pessimistic about 2022, and even they estimated fairly low extent of decrease.

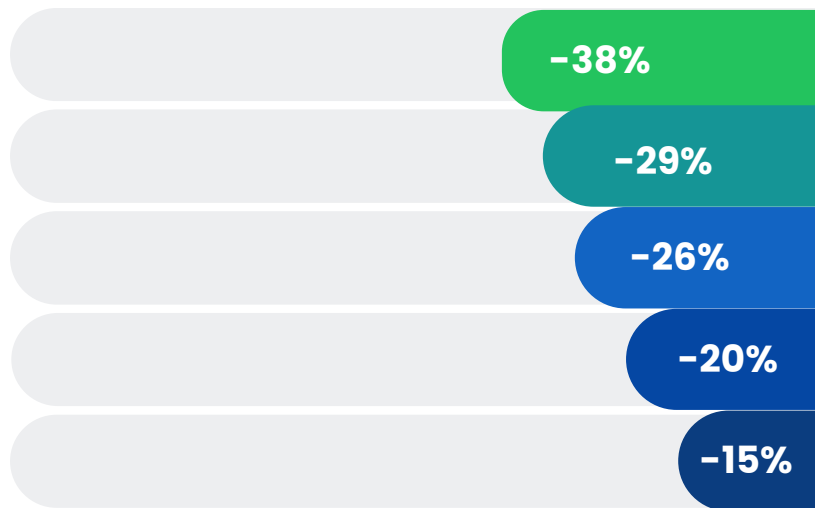
- After a consistent decline, the proportion of those who anticipated a fall started to grow from 6% in January 2022 to 17% at the beginning of 2023.
- Nevertheless, respondents this time estimated the rate of the drop somewhat lower (-15%) than they did in previous surveys (ranging between -20% and -38%).

DEVELOPMENT OF FORECASTS ON AN INDUSTRY LEVEL: PESSIMISM VS. OPTIMISM

BETWEEN MAY 2020 AND JANUARY 2023



What rate of decrease do they estimate?



RESEARCH STAGE #1: SEPTEMBER 2020

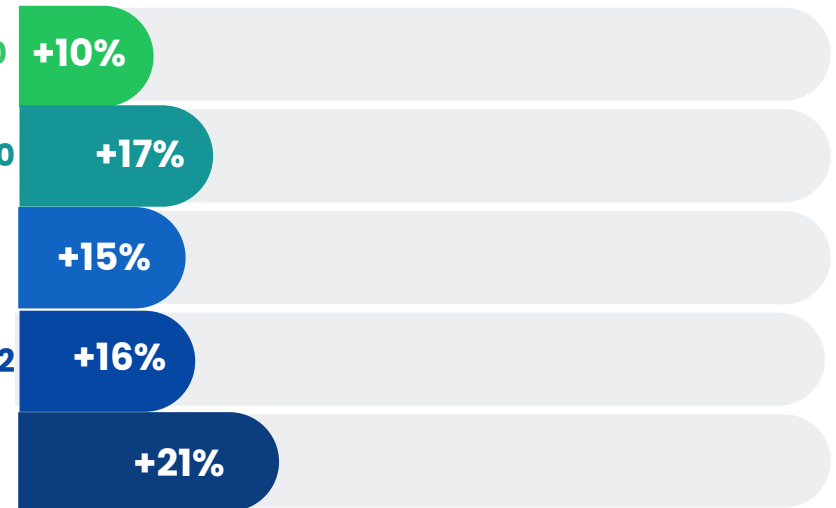
RESEARCH STAGE #4: SEPTEMBER 2020

RESEARCH STAGE #3: MARCH 2021

RESEARCH STAGE #3: JANUARY 2022

RESEARCH STAGE #5: JANUARY 2023

What rate of growth do they estimate?



+10%

+17%

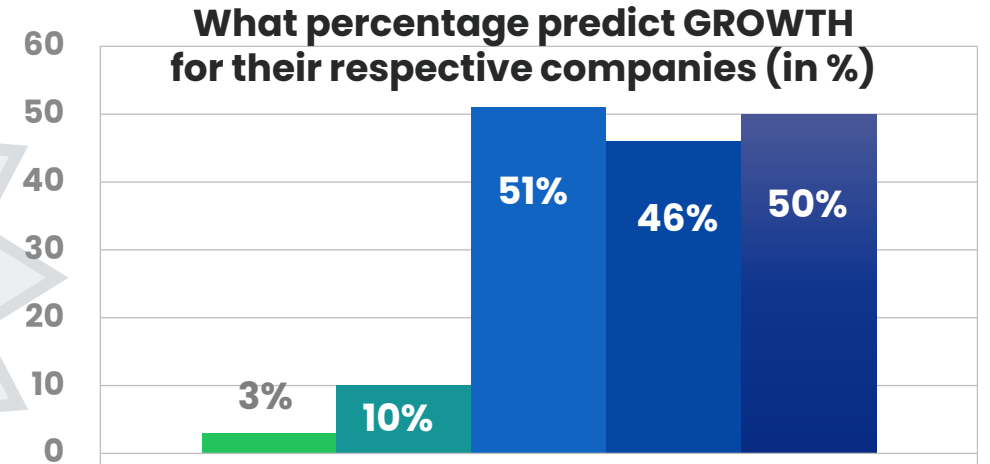
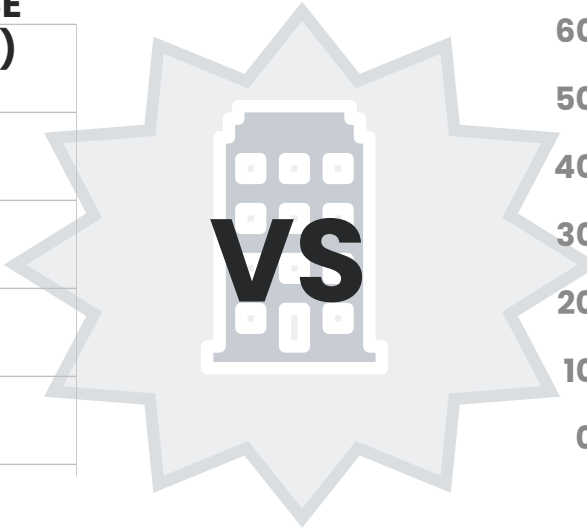
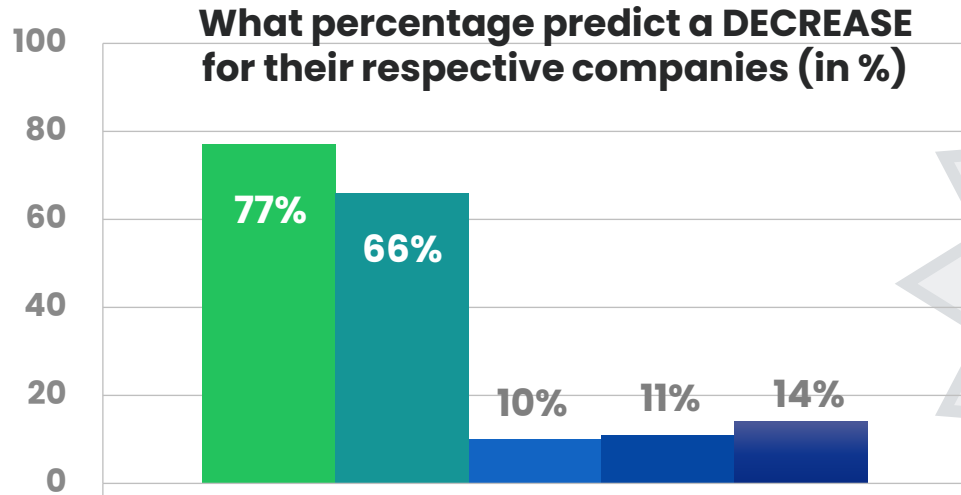
+15%

+16%

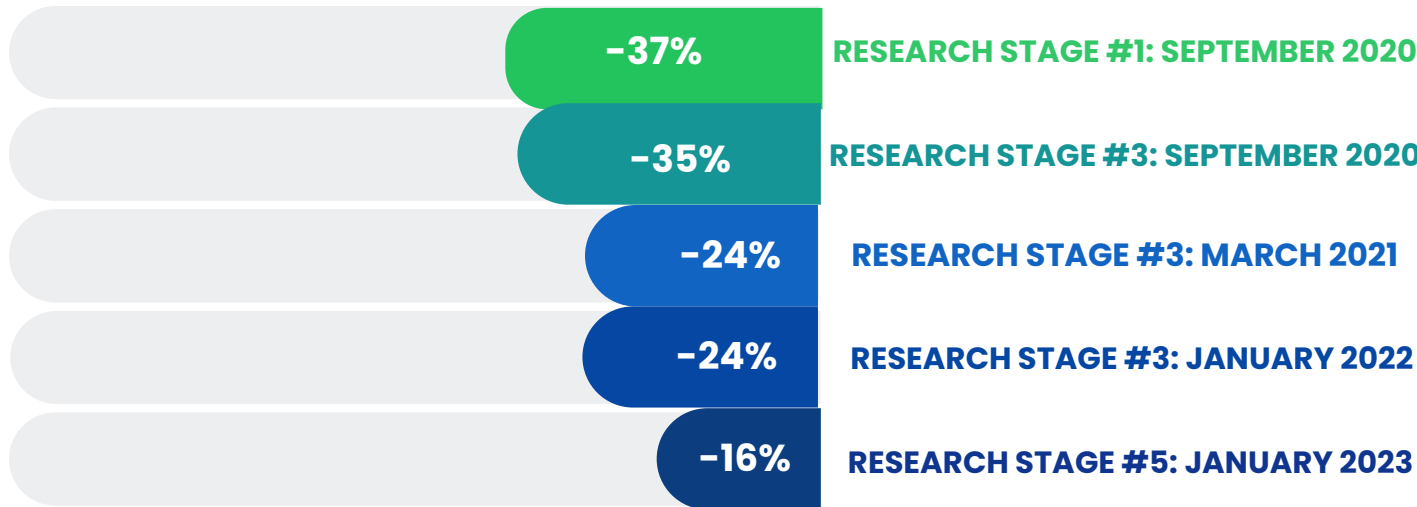
+21%

DEVELOPMENT OF FORECASTS AT RESPONDING COMPANIES

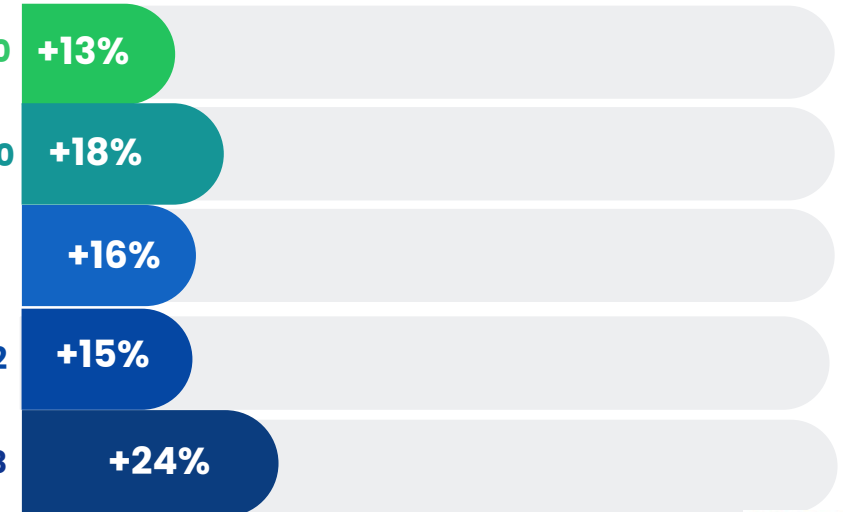
BETWEEN MAY 2020 AND JANUARY 2023



What rate of decrease do they estimate?

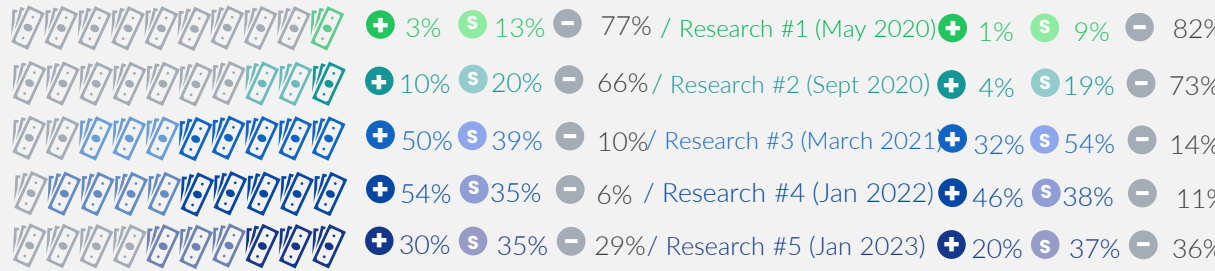


What rate of growth do they estimate?



SUMMARY: DEVELOPMENT OF MARKET AND FINANCIAL POSITION AND PERFORMANCE / REVENUES

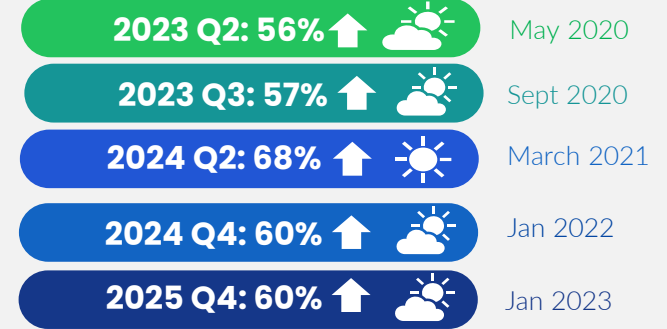
DEVELOPMENT OF REVENUES AT OWN COMPANY



DEVELOPMENT OF REVENUES IN SEGMENT



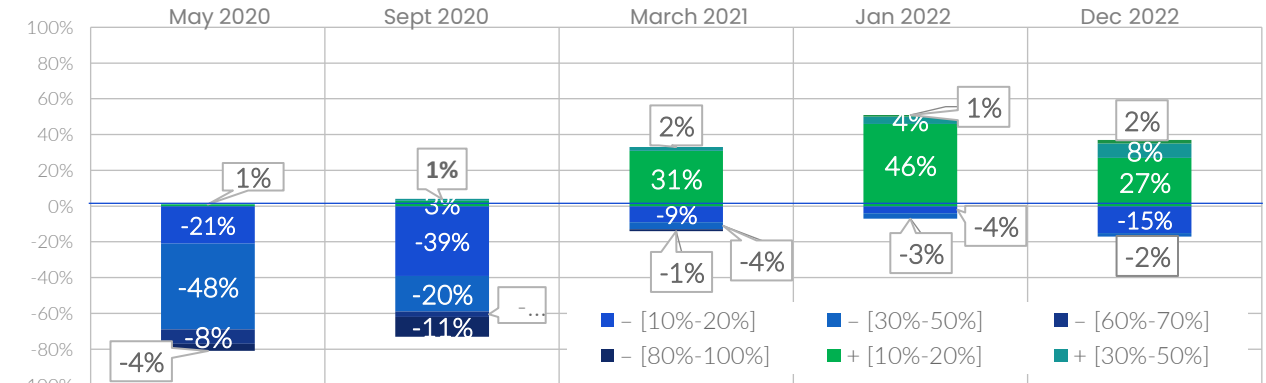
SEGMENT PERFORMANCE: LONGER TERM PROSPECTS



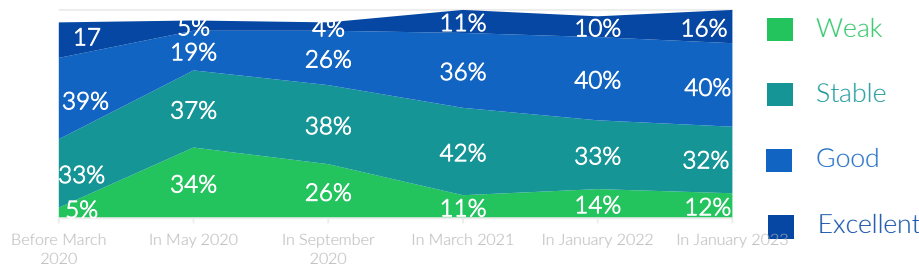
PROJECTION FOR THE DEVELOPMENT OF FINANCIAL POSITION 2022-2023



VIEWS ON THE DEVELOPMENT OF REVENUES

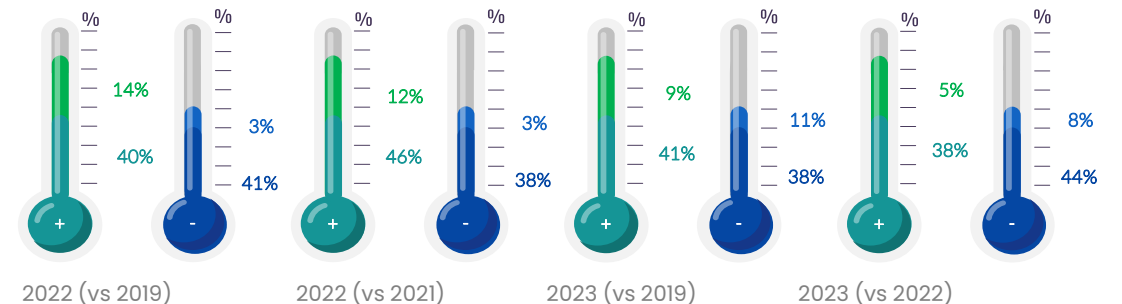


COMPANIES' ASSESSMENT OF THE MARKET SITUATION - A DIAGNOSIS 2020-2023



After the earlier setback and concerns, the domestic advertising market was still showing signs of relief and optimism at the beginning of 2022. 69% of the respondents were already expecting an improvement for 2022. While in January 2022 only 50% of the companies deemed their respective market situation to be good, their proportion grew to 56% by the end of 2022.

PROJECTION FOR THE DEVELOPMENT OF MARKET POSITION 2022-2023



FINANCIAL, MARKET AND LABOUR SITUATION

EXECUTIVE SUMMARY

RESPONDENTS

820 company CEOs participated in the research (98 of them answered all the questions). The majority (60%) of the respondents are MRSZ members, and 32% of them are (also) members of other co-associations.

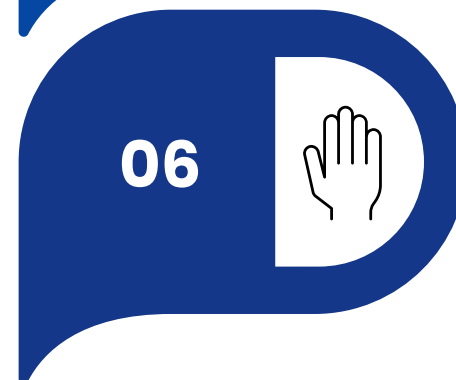
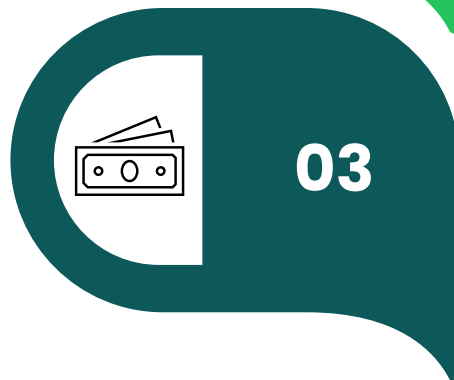
All types of media were represented, and the respondents also included advertisers, media owners, agencies and the players of the services sector, as well. The sample included mostly Hungarian-owned companies, in a wide variety of sizes.

WHAT THE MAJORITY EXPECT

Although those who are still expecting growth are in a majority, the overall market is somewhat less optimistic at the beginning of 2023: after a consistent decline, the proportion of those who anticipated a decrease started to grow from 6% in January 2022 to 17%. At the same time, the proportion of those who predicted growth dropped from 54% to 40%. However, they predicted the decline to be less severe, and the extent of the growth to be higher.

FINANCIAL SITUATION

Companies' financial situation did not change significantly in 2022. By January, more than half of them (53%) assessed it as positive. In terms of the expectations, a more cautious optimism already prevailed in January 2023: only 42% expected growth for 2023.



MARKET SITUATION

While in January 2022, only 50% of the companies deemed their respective market situation to be good, their proportion grew to 56% by the beginning of 2023. At the same time, in 2023 a smaller proportion (43%) of respondents are expecting an improvement than in 2022.

LABOUR SITUATION

There was an improvement in the labour market: The proportion of the respondents deeming their labour market situation to be good or excellent had grown from 23% in January 2022 to 36% in December 2022. A growing proportion (45%) of them are also still expecting (further) improvement in 2023.

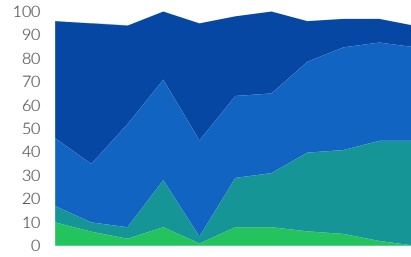
HIRING FREEZE, WAGE FREEZE

Apart from permitting home office work, the most common measures companies are taking to mitigate the impact of the economic crisis are the stopping of recruitment (30%) and the postponement of pay rise (25%).

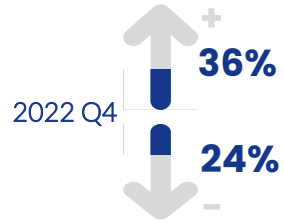
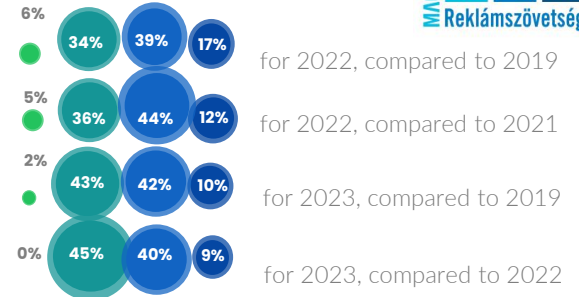
SUMMARY: LABOUR MARKET / WORK ORGANISATION / HR MANAGEMENT



- + 37% \$ 52% - 8% / Research #1 (May 2020)
- + 40% \$ 45% - 9% / Research #2 (Sept 2020)
- + 38% \$ 53% - 8% / Research #3 (March 2021)
- + 23% \$ 45% - 28% / Research #4 (Jan 2022)
- + 36% \$ 40% - 25% / Research #5 (Jan 2023)



- To improve significantly
- To improve slightly
- To worsen slightly
- To worsen severely



APPRAISAL OF LABOUR MARKET

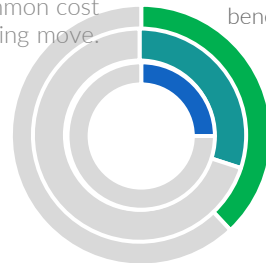
In 2020 and 2021, 37 to 40% of companies assessed their labour market situation as good, and 45 to 53% as stable. At the beginning of 2022, a growing number of them already assessed their situation as weaker (28%), while by the beginning of 2023 a small positive shift was experienced: 36% deem their labour market situation to be good, 40% to be stable. At the same time, 24% still assess their labour market situation as weak.

01

TOP3 MOST POPULAR WORK ORGANISATIONAL MEASURES

To attenuate the effects of the economic crisis, companies' first choice is the application of home office work on a much larger scale. Hiring freeze came in second, while the postponement of pay rise was the third most common cost cutting move.

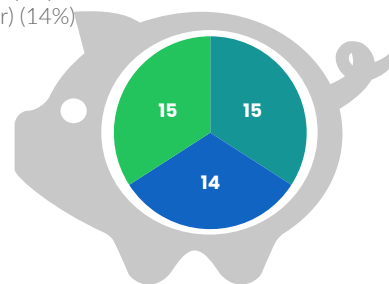
- 38% - HOME OFFICE 01
- 30% - HIRING FREEZE 02
- 25% - DEFEERRED PAY RISE 03



ADDITIONAL COST CUTTING MEASURES

The most typical additional measures taken were the termination of contractor (freelance specialists) relationships (15%) and the deferment of professional trainings (15%). This was followed by the discontinuation of various employee benefits (transport allowances, office services, other) (14%).

- 15% - TERMINATION OF EXTERNAL CONTRACTORS 04
- 15% - DEFERRED PROFESSIONAL TRAININGS 05
- 14% - CANCELLING BENEFITS 06



DEVELOPMENT OF LABOUR MARKET PROSPECTS 2020-2023

In early 2022, 31% of the players expected an improvement from 2021, but in late 2022, 56% of them already experience a deterioration of their labour market positions. By 2023, 45% expect an improvement, but pessimistic voices still make up about 50%.

03

04

05

06

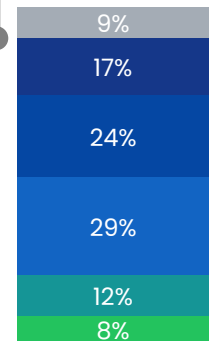
2022 / 2023 FORECAST

In December 2022, 36% of market players cautiously forecast an improvement in 2022, compared to 2021, while 45% hope for an improvement in their labour market situation in 2023, compared to 2022. However, a greater proportion of them assess that their labour market situation has worsened or will worsen (40-42%).

HOME OFFICE CONTINUES TO GROW IN POPULARITY

The majority of workplaces makes remote working available. In contrast with the earlier 14%, now only 9% of them still have 100% of their work performed at the office.

- 100% in-office working
- 20% remote working
- 40% remote working
- 60% remote working 2
- 80% remote working
- 100% remote working



WORK-ORGANISATIONAL AND COST CUTTING MEASURES

HOME OFFICE

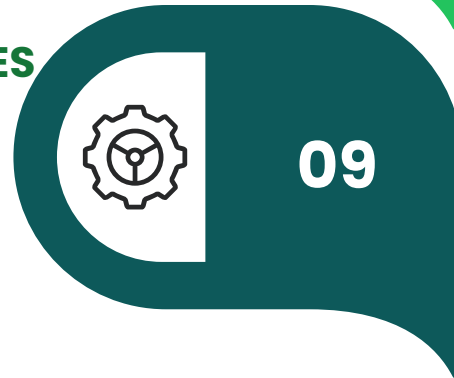
The reintroduction of home office work (16% mentioned it) and its application on a much larger scale than before (38%) are the most widespread efforts.

9 OUT OF 10 COMPANIES OFFER HOME OFFICE

91% of companies are making remote working available. At the same time, in contrast with the earlier 14%, at the beginning of 2023 only 9% of them still have 100% of their work performed at the office.

DEFERRED DEVELOPMENTS, INVESTMENTS AND CONFERENCES

To mitigate the impact of the crisis on companies, putting developments (36%) and investments (33%) on hold, and imposing restrictions on attendance of events and professional conferences (29%) were the most common measures of the non-work-organisational type.



EXTERNAL CONTRACTORS, MARKETING, UTILITY COSTS

Other, less common cost cutting – albeit not work organisational – moves are the termination of external contractors' contracts (17%), the deferment of marketing activities (17%), and moving into a less energy-intensive office (16%).

CANCELLATION OF DEVELOPMENTS, EVENTS

The cancellation (14%), postponement (11%) of client and employee events and the calling off of developments (12%) were also noteworthy measures among the restrictions.

THE PHASING OUT OF THE KATA TAX

12% of the companies were severely, and 56% of them moderately or slightly affected by the change. Only 31% of them reported not having been affected at all by the in-year phaseout of the KATA flat-tax system in 2022. In particular, consultancy and research firms, educational institutions and museums were highly impacted by the modification.

SUMMARY: MEASURES TO ATTENUATE THE IMPACT OF THE CRISIS / NEGATIVE TREND EFFECTS

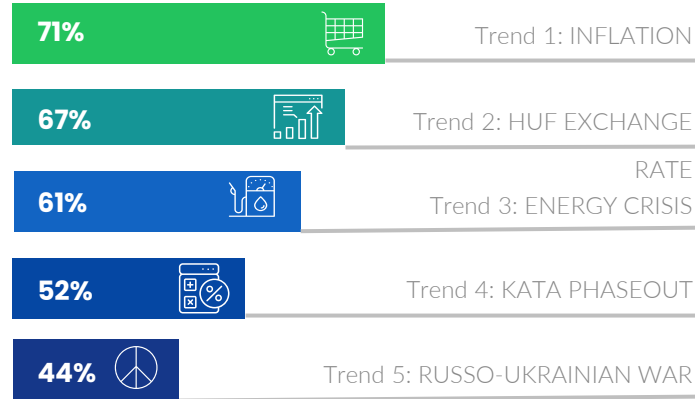
THE MOST WIDELY USED MEASURES TO REDUCE THE EFFECTS OF THE CRISIS

(Measures not related to the organisation of work)

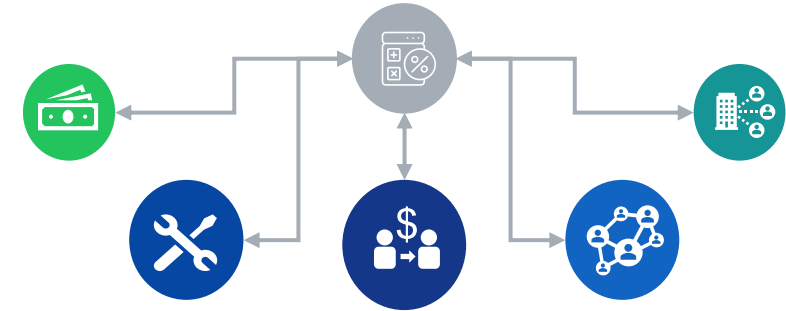


- 36% - Deferment of developments
- 33% - Postponement of investments
- 29% - Restricting attendance of conferences and events
- 17% - Deferred marketing activity
- 17% - Terminating contracts with external contractors

TRENDS WITH THE MOST NEGATIVE IMPACT IN 2022



THE MOST IMPORTANT EFFECTS OF THE KATA PHASEOUT ON THE INDUSTRY

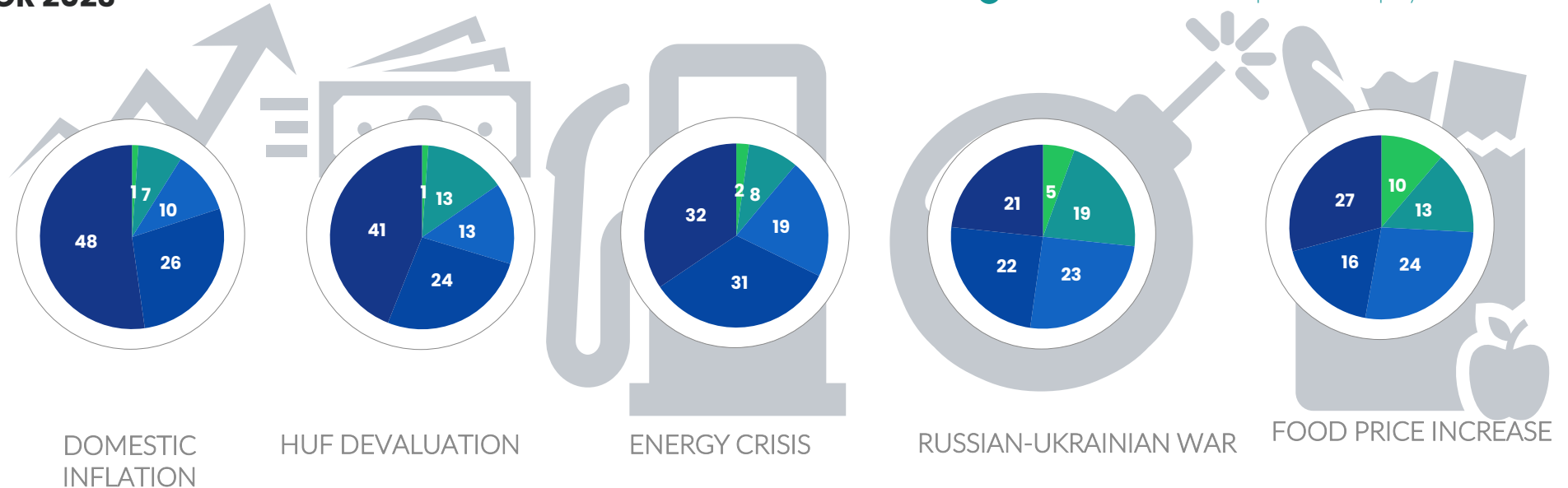


- 45% - It contributes to the price increase in advertising
- 75% - Difficulties of transition
- 81% - Expert services getting more and more expensive
- 54% - Reduction in the number of freelancers
- 43% - Extra workload imposed on employees

TOP 5 MOST REPRESENTATIVE TREND CHALLENGES WITH NEGATIVE IMPACT FOR 2023

Inflation (domestic inflation and the devaluation of HUF) and the resulting uncertainty constitute the predominant negative trend, followed closely by the rising energy prices, the Russo-Ukrainian war and food inflation.

- Not affected at all
- Slightly affected
- Moderately affected
- Affected to a greater than moderate extent
- Very severely affected



IMPACT OF ECONOMIC AND SOCIAL TRENDS

THERE IS NO DIFFERENCE BETWEEN THE EFFECTS OF GLOBAL AND DOMESTIC ECONOMIC AND SOCIAL TRENDS IN 2022 AND 2023

DECEMBER TREND 1: DOMESTIC INFLATION

Out of the TOP 3 trends with the most negative impact in 2022, the most predominant one was the overall domestic inflation (71%).



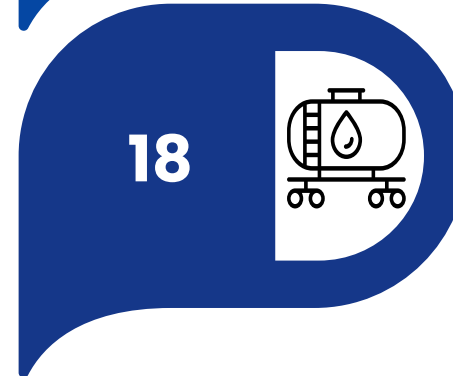
DECEMBER TREND 2: HUF DEVALUATION

The second most important trend affecting companies' lives is HUF devaluation and uncertainty (67%).



2022 TREND 3: ENERGY CRISIS

Energy crisis and utility costs constitute the third key trend (60%).



2023 TREND 1: DOMESTIC INFLATION

Likewise for 2023, companies consider the overall domestic inflation to be the number one trend challenge (73%).

2023 TREND 2. EXCHANGE RATE FLUCTUATIONS

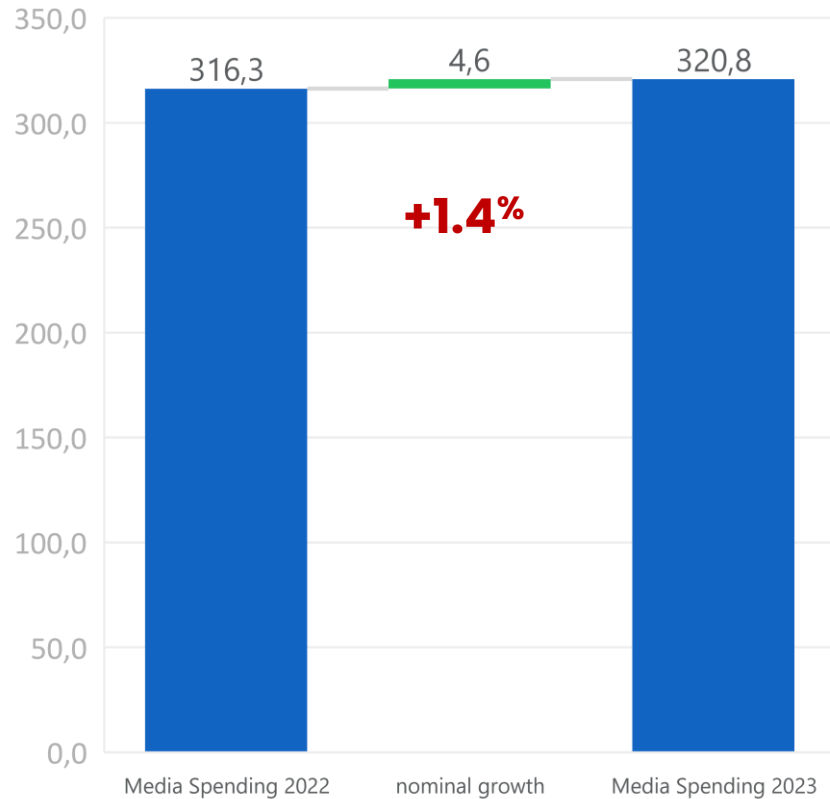
The uncertainty of exchange rates turned out to be the second most important trend challenge (65%).

2023 TREND 3: UTILITY COSTS

Rising energy costs are expected to be the third key trend (62%) in 2023.

MEDIA SPENDING EXPECTED TO TOTAL HUF 320.8 BN IN 2023 - A MARGINAL GROWTH OF 1.4% IS EXPECTED FROM 2022, WHICH MEANS A 15-20% DROP IN REAL TERMS

Change of total media spending in 2023 as compared to 2022 IN NOMINAL TERMS (bn HUF)



THE RANKING ORDER OF MEDIA TYPES MAY STAY THE SAME

01

There is still no change in the order of the slices of the total 2023 spending, and their proportions have also remained similar to those of the 2022 spending chart.

According to the expectations of the market, the domestic digital online sector may wind up very close to the television segment in 2023.

LOCAL DIGITAL MAY COME CLOSE TO TV

02

OPTIMISTIC RESPONDENTS ARE BETTING ON A DOUBLE-DIGIT RISE OF DIGITAL DOMESTIC MEDIA

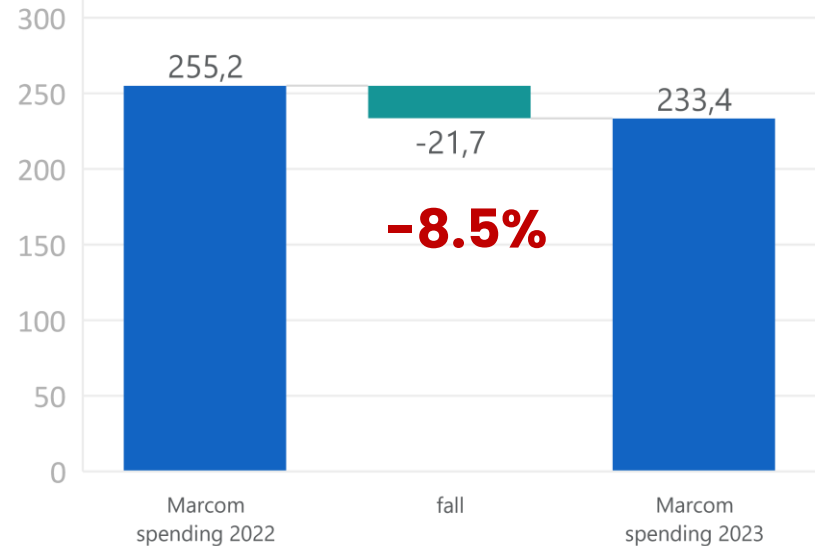
03

In light of the trend experienced in recent years, it is not surprising that the proportion of those who forecast growth is concentrated on the digital segments, within which, the rate of growth predicted for the local media turned out double-digit (+25%), whereas the global spending's pace of growth is likely to continue to decline in 2023 (+2.7%).

TOTAL MARKETING COMMUNICATIONS SPENDING IN 2023 IS HEADED TOWARD A 8.5% FALL IN NOMINAL TERMS

- THE DECREASE IS EXPECTED TO BE ABOUT 20-25% IN REAL TERMS

Change in marcom spending in nominal terms in 2023, compared to 2022 (bn HUF)



(1) Includes: creative and media agency services, events, data-driven marketing (DM) marketing research, PR, ambient sectors and production costs
Does not include the total media spending

TOTAL MARKETING COMMUNICATIONS SPENDING IN 2023 IS HUF 233.4 BN

01

Market players estimate the total of the marcom slices of the 2023 communications spending at HUF 233.4 bn.

If the market predictions for 2023 prove right, the total of the marketing communications spending is going to drop back to the 2021 level.

02

THE GROWTH ACHIEVED FROM 2021 TO 2022 WILL MELT IN 2023

THE DROP IS ALMOST ONE TENTH IN NOMINAL TERMS, AS WELL

03

The market expects a 8.5% drop of marcom spending for 2023, which is significant even in nominal terms.

The marcom revenues of the communications industry are expected to experience a double-digit (around 20-25%) drop, because of the inflation rate predicted for 2023. (Calculating with MNB's projection for inflation in 2023.)

04

2023 FALL EXPECTED TO BE DOUBLE-DIGIT IN REAL TERMS

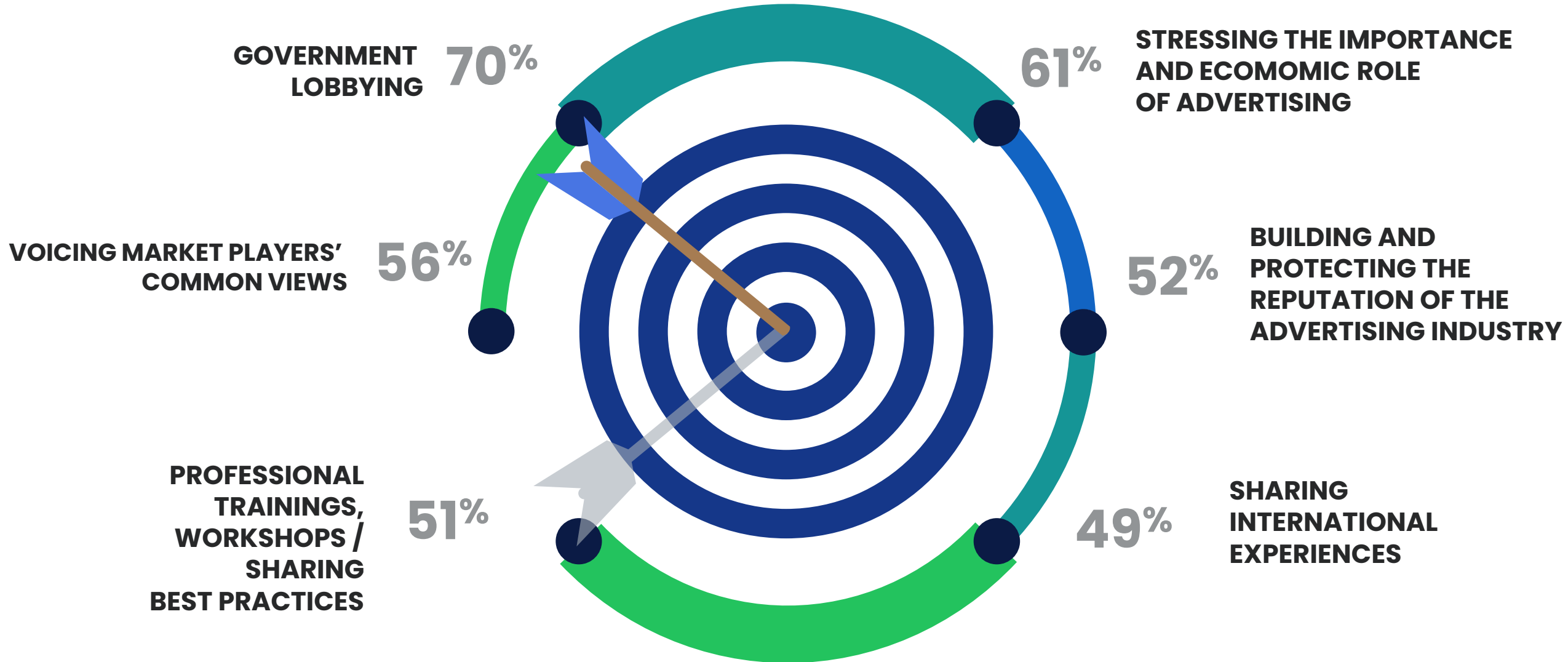
TOTAL COMMUNICATIONS SPENDING IN 2023 IS HUF 553.3 BN - THE CHANGE IS -3% IN NOMINAL TERMS

05

Communications spending, including the estimated media spending, is likely to total HUF 553.3 bn in 2023. The change in the size of the estimated total communications spending in 2023 from 2022 is -3%.

TOP 6: WHAT DOES THE INDUSTRY EXPECT FROM MRSZ?

KEY EXPECTATIONS ARE LOBBYING THE GOVERNMENT AND SOCIAL LOBBYING

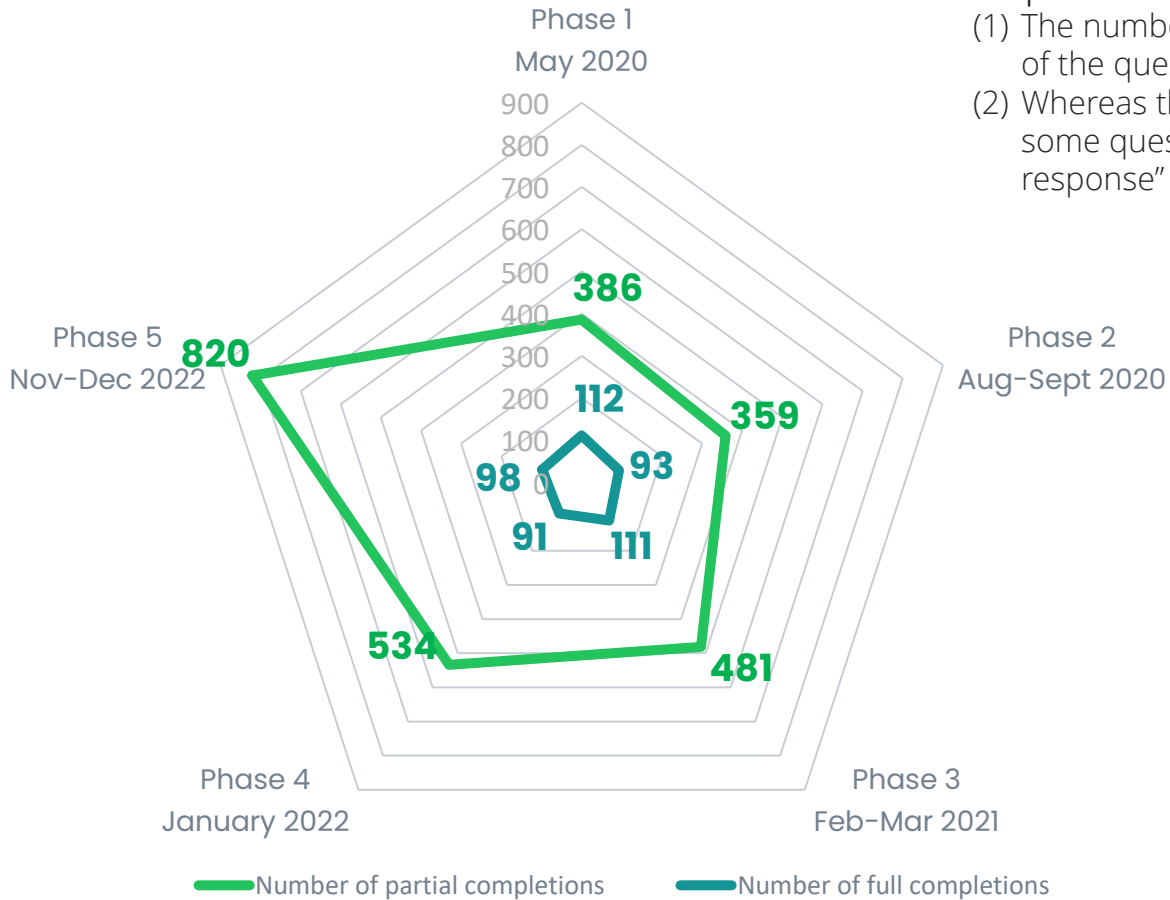


#3

COMPOSITION OF RESPONDENTS

DEVELOPMENT OF THE NUMBER OF RESPONDENTS

BETWEEN MAY 2020 AND JANUARY 2023



Respondents did not have to answer all the questions:

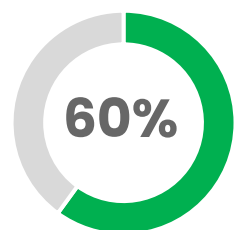
- (1) The number of full completions shows the total number of the respondents who responded to all of the questions.
- (2) Whereas the number of partial completers indicates the number of those who did not answer some questions. These latter will henceforth appear in the itemization of the questions in the "no response" category.

- During the data collection in May 2020, 386 CEOs completed the questionnaire (112 out of them answered all the questions).
- Respondents' willingness to answer hardly fell during the wave of September 2020, when 359 CEOs completed the survey (out of them 93 responded to all the questions).
- In March 2021, the number of respondents even increased with 481 persons starting to complete the questionnaire (and 111 answering all the questions).
- In December 2021 and January 2022, out of 534 surveys started, 80 were fully completed.
- Between December 2022 and January 2023, 820 persons participated in the research, 98 of whom answered all of the questions.

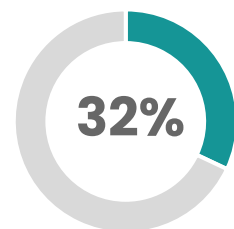
DISTRIBUTION OF RESPONDENTS PER ORGANISATION MEMBERSHIP⁽¹⁾

COOPERATION WITH THE CO-ASSOCIATIONS DURING THE SURVEY

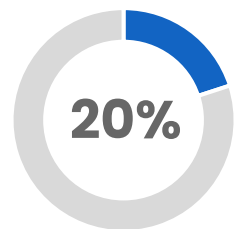
The survey was sent out to the membership of 20 professional organisations. The majority (60%) of the respondents are MRSZ members, and 32% of them are (also) members of other co-associations. Only 20% of the respondents are industry players who are not members of any professional organisations.



MEMBER OF THE HUNGARIAN ADVERTISING ASSOCIATION



MEMBER OF CO-ASSOCIATION



OTHER INDUSTRY PLAYER



RESPONDENTS' MEMBERSHIP OF CO-ASSOCIATIONS⁽²⁾

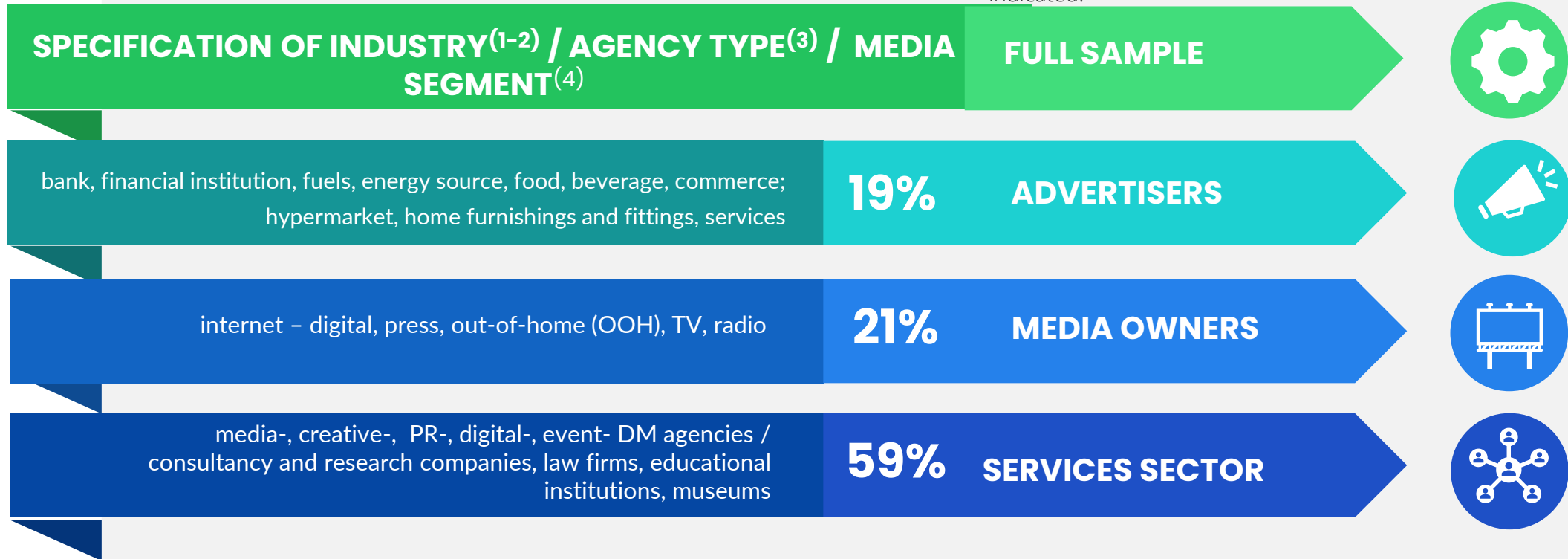
1. DIMSZ - (Data & Marketing Association)
2. HEROE (National Association of Local Radio Stations)
3. IAA Hungarian Section (Hungarian Section of IAA International Advertising Association)
4. IAB Hungary (Interactive Advertising Bureau Hungary)
5. MAKSZ (Association of Hungarian Communication Agencies)
6. MaReSz (Association of Hungarian Event Planners and Service Providers)
7. MATESZ (Hungarian Association for the Observation of Circulation)
8. MEME (Association of Hungarian Electronic Broadcasters)
9. MMSZ (Hungarian Marketing Association)
10. MLE (Hungarian Publishers' Association)
11. MPRSZ (Hungarian Public Relations Association)
12. MRSZ-OOH (OOH Association - MRSZ – Out-of-home Section)
13. ÖRT (Self-Regulatory Advertising Board)
14. RAME (Association of Radio Media Providers)
15. Repropress (Reprographic Association of Newspaper Publishers)

(1) Your Company: is a member of MRSZ (Hungarian Advertising Association) or a member of an MRSZ (Hungarian Advertising Association) co-association, or other industry player (2) Please, indicate which co-association your company is a member of. (Select all that apply.)

RESPONDENTS PER SECTOR AND FIELD

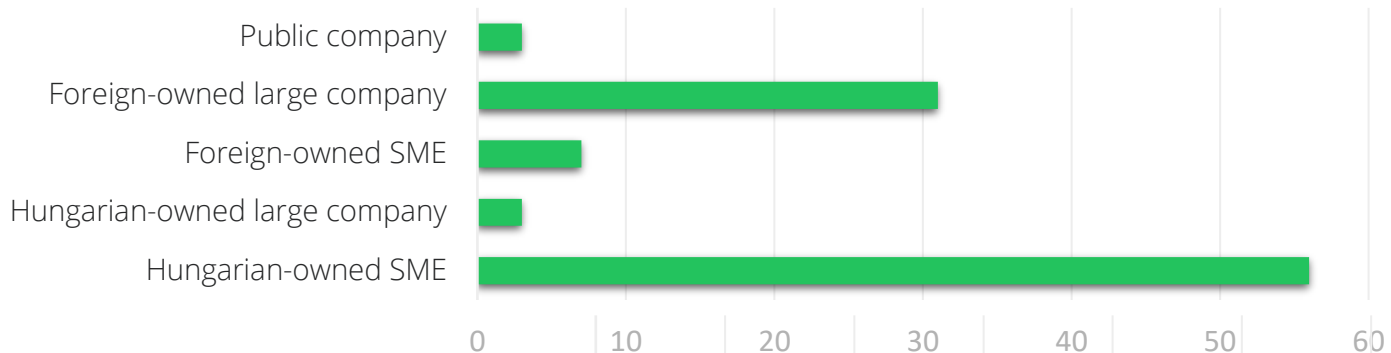
A WIDE RANGE OF ADVERTISERS, MEDIA OWNERS AND THE SERVICES SECTOR ⁽¹⁾

- The questions applied only to businesses whose operation is related to the advertising industry, or to the narrowest segment (e.g. media segment in case of media company, type of agency group in case of agency, industry in case of advertiser), which the respective companies of the respondents belonged to.
- The default pattern is the analysis presenting data for the entire sample. This means that the respondents' opinions will only be presented in a sectoral breakdown, where there is a relevant difference between the stances of the sectors' representatives, and those specific differences will be indicated.



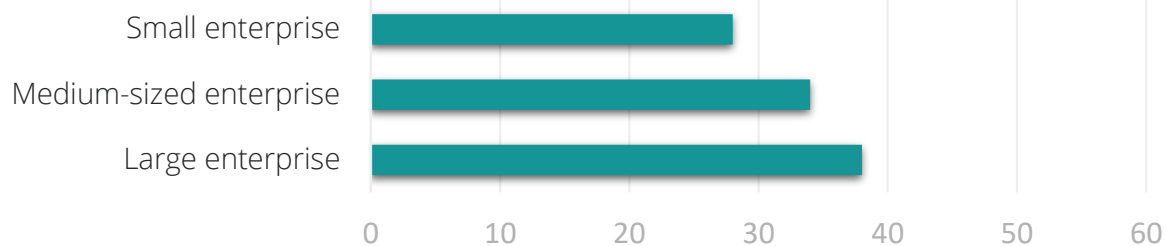
(1) Which communications sector is your company active in? / (2) Which industry is your company typically active in? / (3) Which company does your company belong to? / (4) Which media segment does your company belong to?

DISTRIBUTION OF PARTICIPANTS PER TYPE OF COMPANY



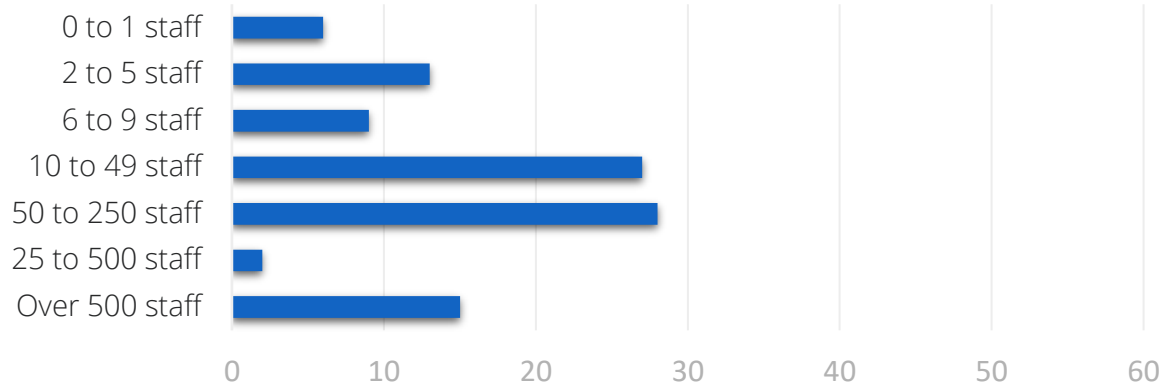
PER OWNER

Mostly Hungarian companies were included in the sample: Nearly two thirds of the respondents were Hungarian-owned (SME: 56%, large enterprise: 3%, public sector: 3%).



PER SIZE OF COMPANY

The sample had similar proportions of large and medium-sized companies and a somewhat lower percentage of small enterprises. In their respective segments, almost three quarters of the respondents represented a medium-sized or large enterprise, in comparison with their immediate competitors.



PER NUMBER OF STAFF

Nearly one fifth of the respondents represented companies with more than 250 employees, 28% of them with 50-250 staff, and 27% of them with 10-49 employees.

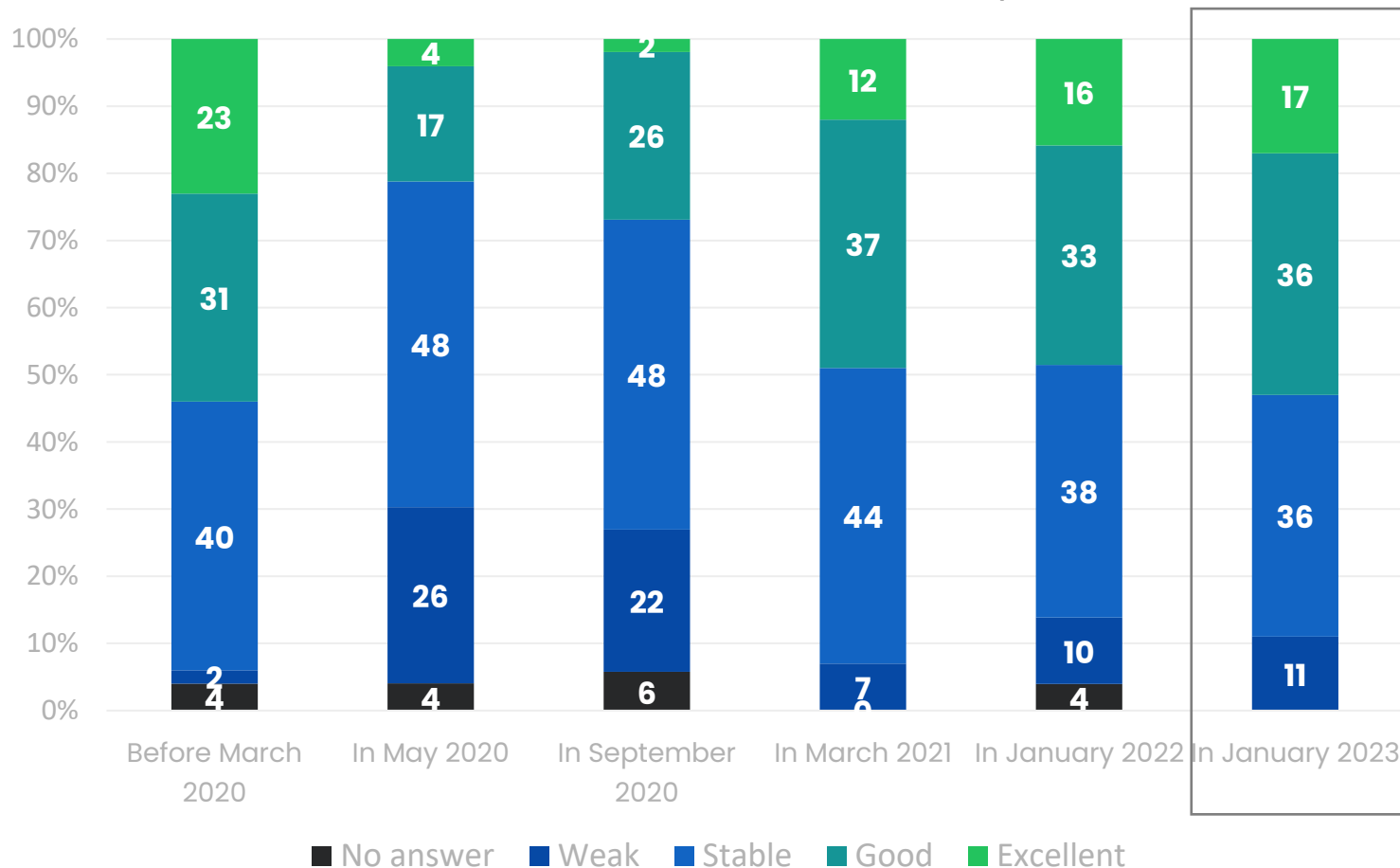
#4

APPRAISAL OF INDUSTRY PLAYERS' FINANCIAL AND MARKET SITUATION, EXPECTED REVENUES

DEVELOPMENT OF COMPANIES' FINANCIAL SITUATION⁽¹⁾

THE MAJORITY ASSESSED THEIR FINANCIAL SITUATION AS POSITIVE

Development of businesses' assessment of the financial situation between March 2020 and January 2023 (%)



SIGNIFICANT WEAKENING IN 2020

While the majority of the responding companies had assessed their financial situation as positive before the outbreak of the pandemic, there was a clear decline in the first year of the pandemic.

VISIBLE IMPROVEMENT IN 2021

By March 2021, a significant improvement occurred, which continued through the end of the year: nearly half (49%) of the companies assessed their situation as positive again, so their percentage was already close to the data of the pre-pandemic level (54%). Apart from environmental factors, adaptational ones presumably also contributed to the improving assessment: in other words, market players had become familiar with the new circumstances, and learned to live with them.

STAGNATION IN 2022

Companies' financial situation did not change significantly in 2022. By December, more than half of them (53%) assessed it as positive.

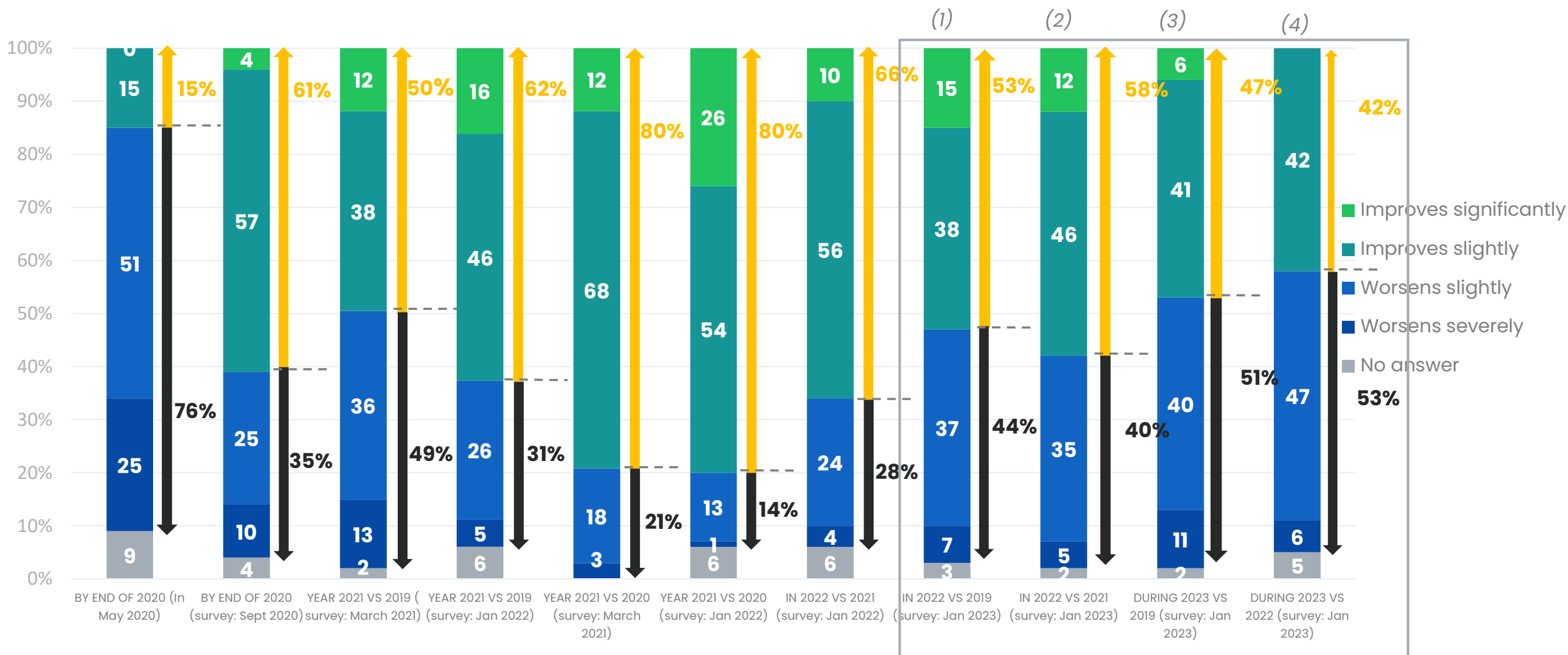
(1) How do you assess your company's financial situation in 2022?

PROJECTION FOR THE DEVELOPMENT OF COMPANIES' FINANCIAL SITUATION 2020-2023



2022 WAS A GOOD YEAR, BUT THE MAJORITY ARE PESSIMISTIC FOR 2023 AGAIN

After hitting rock bottom in 2020, financial expectations started to get better and better: while in May 2020, only 15% expected improvement, in September 2020, 61% of the respondents already did so. In 2021, 50% of the respondents forecast financial growth compared to 2019, and 80% predicted growth compared to 2020. In January 2022, before the current crisis took shape, market players were still optimistic. 66% of them expected growth. However, in December 2022, their optimism started to fade: Only 42% expected growth for 2023.



(1) How do you see your company's financial position in 2022 in comparison with 2019, the year before several successive crises? (2) In 2022, compared to last year, 2021? (3) In 2023, compared to 2019, the year before several successive crises? (4) In 2023, compared to 2022?

DETAILS OF THE 2022–2023 PROJECTION ABOUT DEVELOPMENTS OF COMPANIES' FINANCIAL POSITION

01 - FINANCIAL POSITION IN 2022 COMPARED TO 2019 ⁽¹⁾



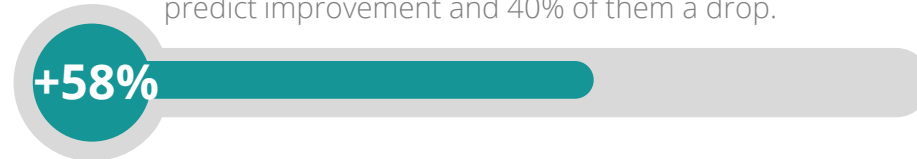
In 2022, more than half of the companies (53%) expected the improvement of their financial position compared to 2019, while the percentage of those who expect a fall was 44%.



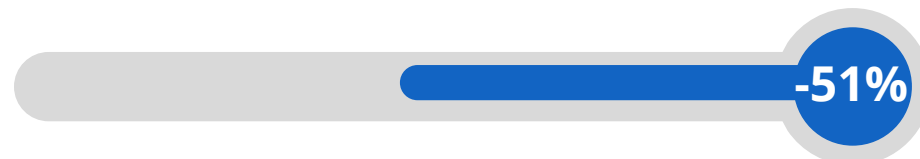
02 - FINANCIAL POSITION IN 2022 COMPARED TO 2021 ⁽²⁾



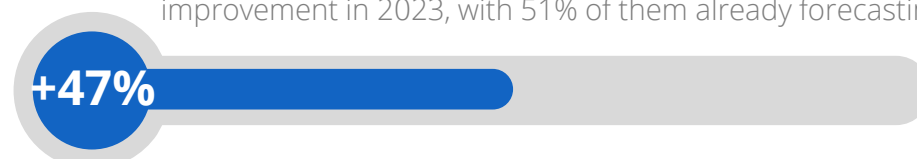
Compared to 2021, an even larger percentage of the companies (58%) predict improvement and 40% of them a drop.



03 - FINANCIAL POSITION IN 2023 COMPARED TO 2019 ⁽³⁾



Compared to 2019, a smaller percentage of companies (47%) predict improvement in 2023, with 51% of them already forecasting a decrease.



04 - FINANCIAL POSITION IN 2023 COMPARED TO 2022 ⁽⁴⁾



In 2023, only 42% expect improvement and 53% a fall, in comparison with 2022.



(1) How do you see your company's financial position in 2022 in comparison with 2019, the year before several successive crises?

(2) How do you think your company's financial positions developed in 2022, compared to the preceding year, 2021?

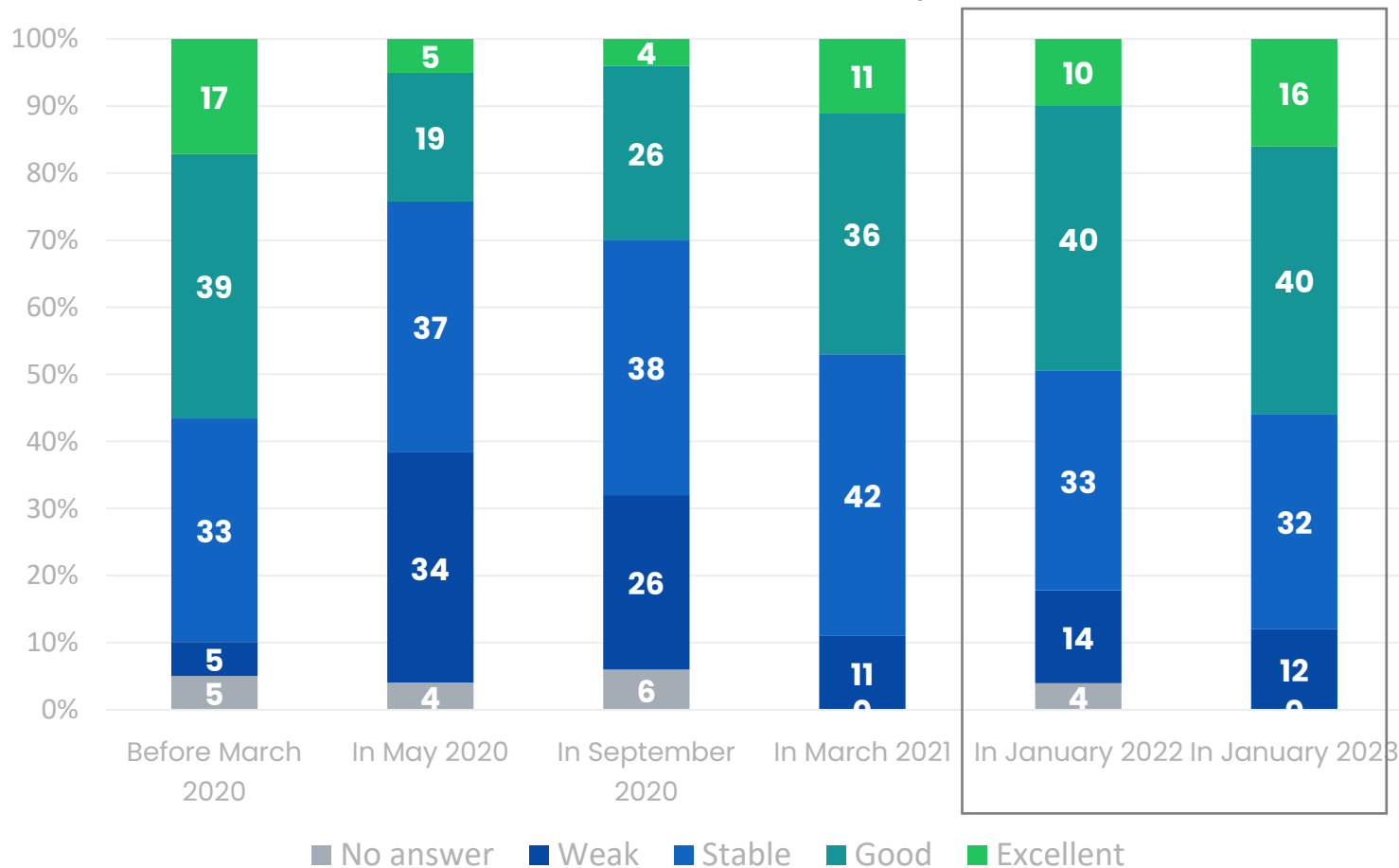
(3) How do you think your company's financial positions will develop in 2023, in comparison with 2019, the year before several successive crises?

(4) How do you think your company's financial positions will develop in 2023, in comparison with 2022?

DEVELOPMENT OF MARKET SITUATION⁽¹⁾

IN 2022, MARKET SITUATION TURNED OUT SIMILARLY TO PRE-COVID PERIOD

Development of businesses' assessment of the market situation between March 2020 and January 2023 (%)



2020: SHARPLY DETERIORATING SITUATION

Before March 2020, the market situation of the majority of the companies (56%) was improving. In May 2020, at the beginning of the COVID pandemic, 71% of businesses detected a market situation that was clearly deteriorating. In terms of projections for the end of 2020, only 33% expected their respective market positions to improve in May 2020, but by September, their percentage grew to 63%.

2021: SIGNIFICANT IMPROVEMENT

After a deteriorating market situation, by March 2021, 47% of the companies, while at the end of 2021, 50% of them already assessed (again) their market situation as either good or excellent. At the beginning of 2021, as compared to 2020, 77% expected growth, while as compared to 2019, 46% forecast improvement.

END OF 2021 AND EARLY 2022: RELIEF AND OPTIMISM

After the earlier setback and concerns, the domestic advertising market was still showing signs of relief and optimism at the beginning of 2022. 69% of the respondents were already expecting (further) improvement for 2022, in comparison with 2021.

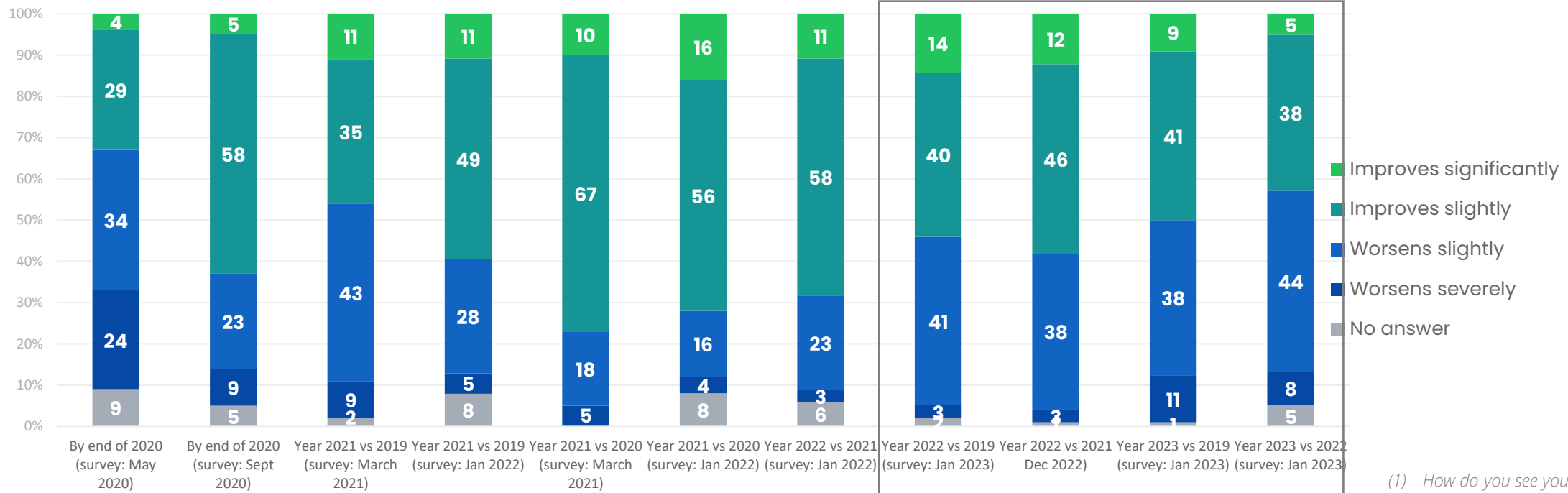
2023 BEGINNING OF YEAR: FURTHER MODERATE IMPROVEMENT

While in January 2022, only 50% of the companies deemed their respective market situation to be good, their proportion grew to 56% by the beginning of 2023, and 43% expect further growth compared to 2022.

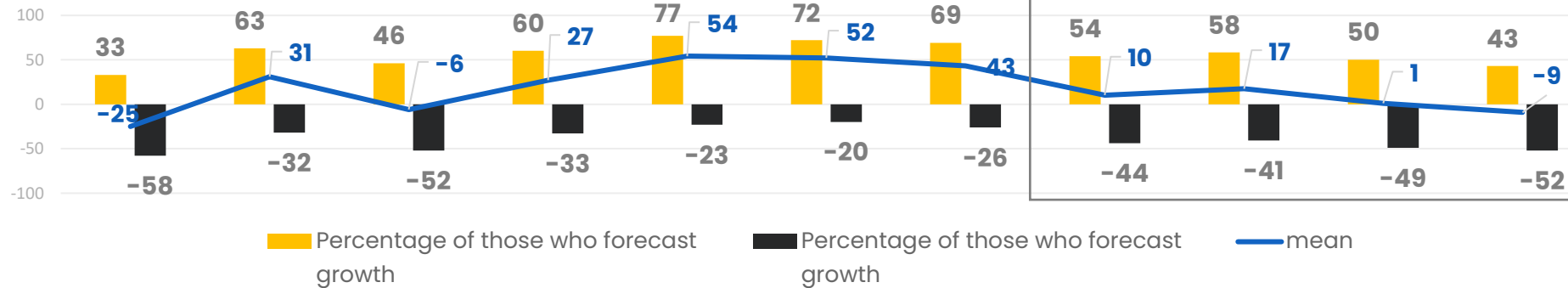
(1) How do you assess your company's market situation in 2022?

PROJECTION FOR THE DEVELOPMENT OF COMPANIES' MARKET SITUATION 2022-2023 (1)-

THE INDUSTRY IS VERY DIVIDED ABOUT 2023 PROJECTIONS



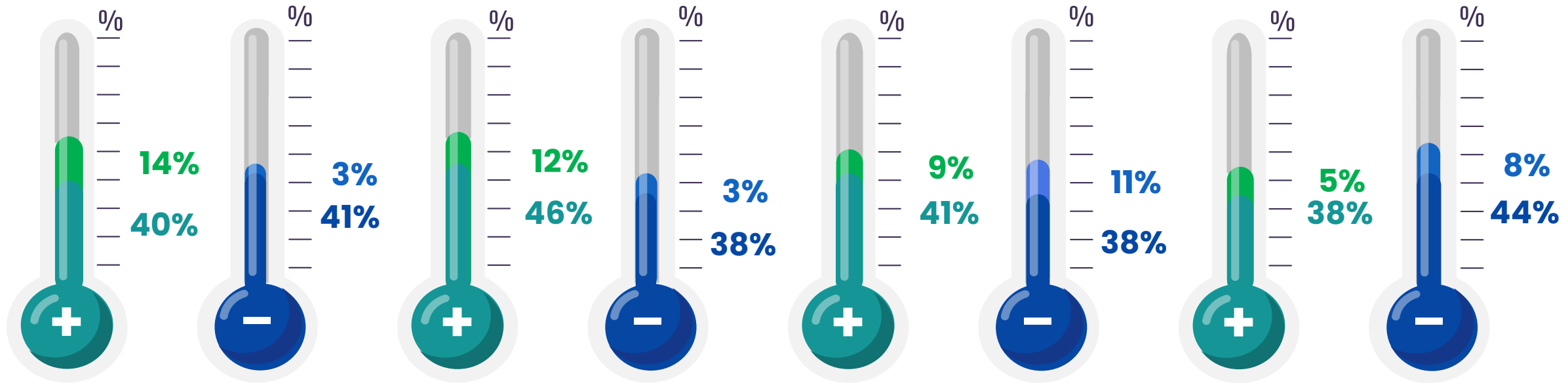
Summary of the percentages of those who forecast growth and those who predicted a decrease (%)



- (1) How do you see your company's market position in 2022 in comparison with 2019, the year before several successive crises?
- (2) How do you think your company's market position developed in 2022, compared to the preceding year, 2021?
- (3) How do you see your company's market position in 2023, in comparison with 2019, the year before several successive crises?
- (4) How do you think your company's market positions will develop in 2023, in comparison with 2022?

DETAILS OF THE FORECASTS OF COMPANIES' MARKET POSITION DEVELOPMENT 2022-2023

2022 WAS ALMOST EVEN BETTER THAN 2019, BUT THIS IS UNLIKELY TO REPEAT IN 2023



01 – DEVELOPMENT OF MARKET POSITION IN 2022 COMPARED TO 2019⁽¹⁾

In 2022, 54% forecast improvement and 44% a decline, compared to 2019.

02 – DEVELOPMENT OF MARKET POSITION IN 2022 COMPARED TO 2021⁽²⁾

In 2022, 58% forecast improvement and 41% a decline, compared to 2021.

03 – DEVELOPMENT OF MARKET POSITION IN 2023, COMPARED TO 2019⁽³⁾

In 2023, 50% of the respondents expect improvement, and 49% of them a decrease, in comparison with 2019.

04 – DEVELOPMENT OF MARKET POSITION IN 2023, COMPARED TO 2022⁽⁴⁾

For 2023, 43% expect improvement and 52% a setback, compared to 2022.

- (1) How do you see your company's market position in 2022 in comparison with 2019, the year before several successive crises?
 (2) How do you think your company's market position developed in 2022, compared to the preceding year, 2021?
 (3) How do you see your company's market position in 2023, in comparison with 2019, the year before several successive crises?
 (4) How do you think your company's market positions will develop in 2023, in comparison with 2022?

- To improve significantly
- To improve slightly
- To worsen slightly
- To worsen greatly

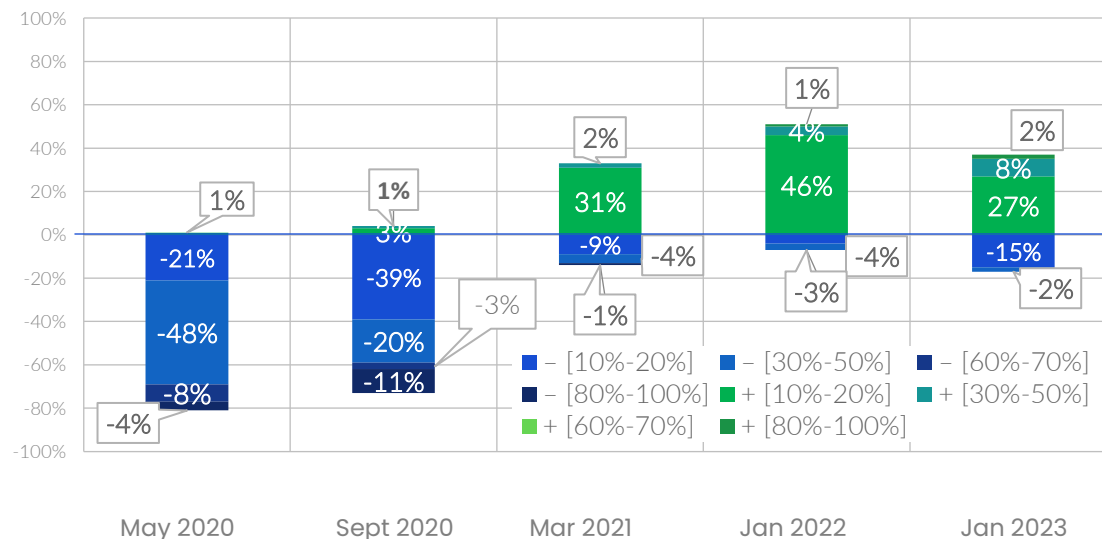
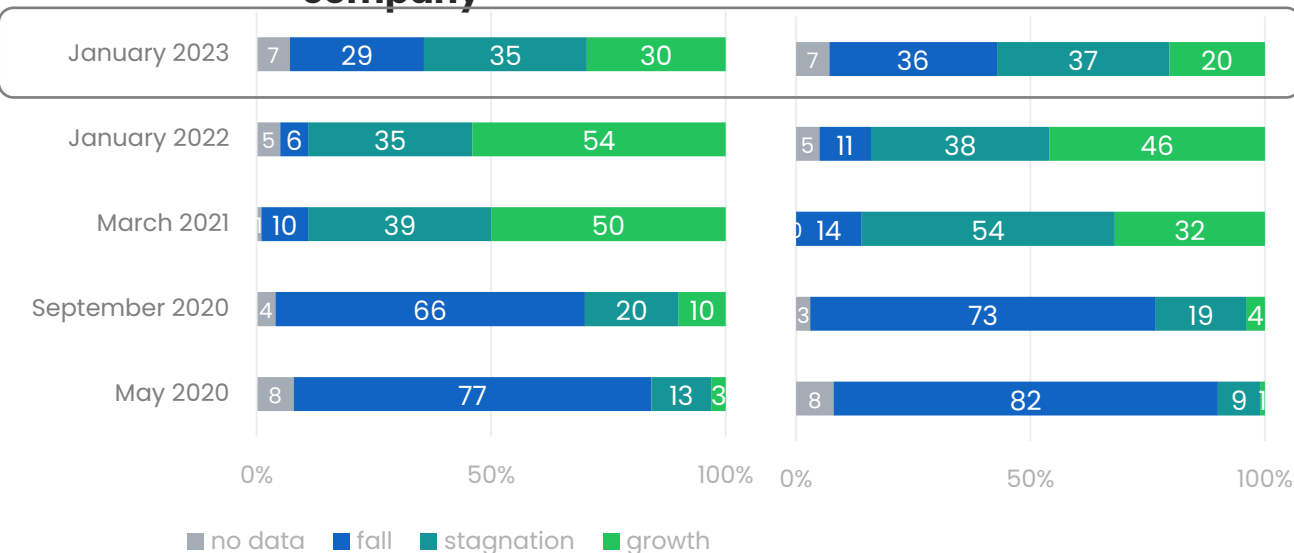
VIEWS ON THE DEVELOPMENT OF REVENUES

OPTIMISM HAS WANED

At own company⁽¹⁾

Within segment⁽¹⁾

Assessment of the development in the segment⁽²⁾



RESEARCH STAGES #1-#2 May, September 2020

In 2020, due partly to the lockdowns, the market was very morose: 66%-77% of the market players predicted a drop in their own companies' results, and 73%-82% of them forecast a decrease in their respective segments.

RESEARCH STAGE #3 (March 2021)

The earlier pessimistic visions gave way to optimism. In March 2021, 50% of the market players expected the revenues of their own companies to rise.

RESEARCH STAGE #4 (January 2022)

In January 2022, 54% of the respondents counted on growth in the results of their own companies. That said, market players also expected a more significant growth within their respective segments. Even those who expected a drop, expected it to turn out to be minor, meaning that they were less pessimistic than in earlier survey waves.

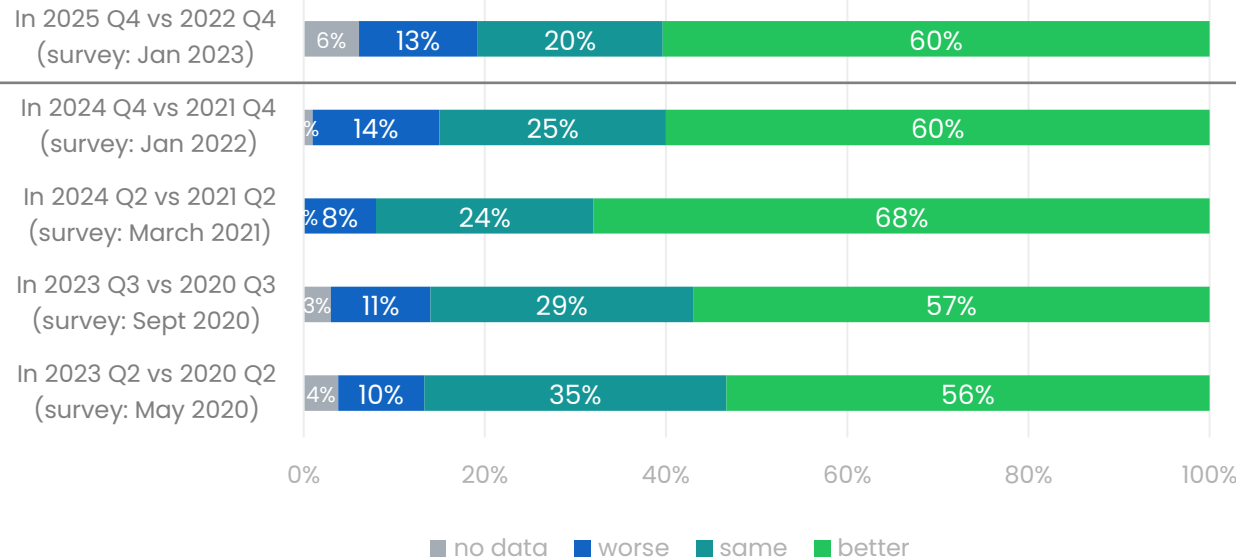
RESEARCH STAGE #5 (Dec. 2022 – Jan. 2023)

By December 2022, the optimism waned: in contrast with the 54% of January 2022, only 30% counted on growth at their own companies, and 20% of them within their own respective segments (46% in January).

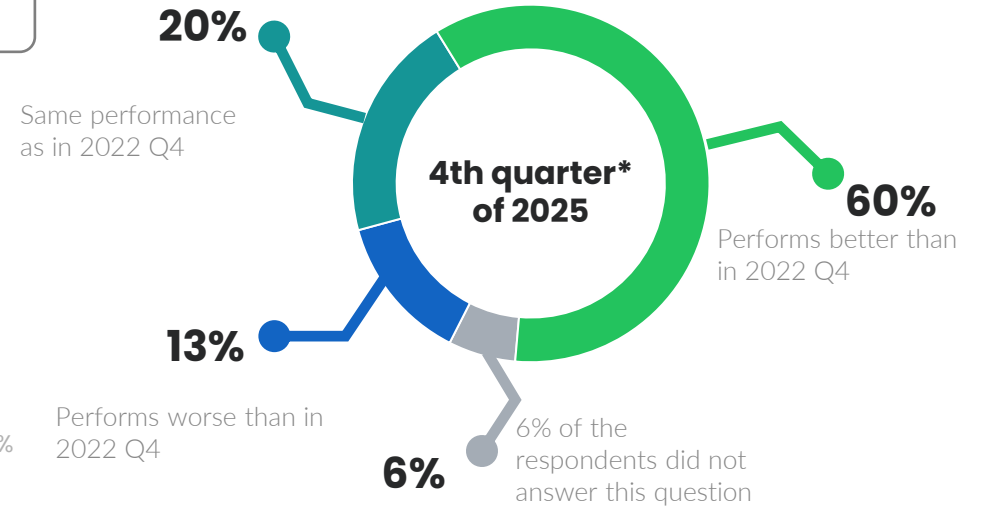
(1) How do you think the revenues of your company and of your segment are going to turn out for the entire year of 2022, as compared to 2021? (2) What approximate degree of drop/growth do you expect in the revenues of your own segment, as compared to the previous year? (based on the answers of those who expected any kind of change – that is those who did not forecast stagnation or refuse to answer).

SEGMENT PERFORMANCE: LONGER TERM PROSPECTS

ASSESSMENT OF PERFORMANCE OF OWN SEGMENT 2022-2025 IN EARLIER SURVEYS



ASSESSMENT OF PERFORMANCE OF OWN SEGMENT IN 2025 Q4 VS 2022 Q4



The respondents assess their prospects in the longer term as positive, with only minor changes between the respective results of the survey stages.

2023 Q2: 56% ↑ ☀️

RESEARCH STAGE #1
(May 2020)

In March 2020, 56% of the companies expected their respective segments to perform better three years later.

2023 Q3: 57% ↑ ☀️

RESEARCH STAGE #2
(September 2020)

In September 2020, their predictions for their situation three years later produced similar results to the previous survey's.

2024 Q2: 68% ↑ ☀️

RESEARCH STAGE #3
(March 2021)

By March 2021, the percentage of those who expected growth had increased to 68%.

2024 Q4: 60% ↑ ☀️

RESEARCH STAGE #4
(January 2022)

However, by January 2022, the percentage of those expecting growth had dropped. The decline experienced in the 4th surveying phase (Nov 2020 to Jan 2022) may be also attributed to the fact that, as compared to the previous period, the situation had already improved by 2021, so the percentage of those who expected improvement for the future became more moderate.

2025 Q4: 60% ↑ ☀️

RESEARCH STAGE #5
(Dec. 2022 – Jan.2023)

Just like in January 2022, 60% are expecting growth to occur until 2025 Q4.

*How do you think your segment will be performing in three years, as compared to the last quarter of 2022?

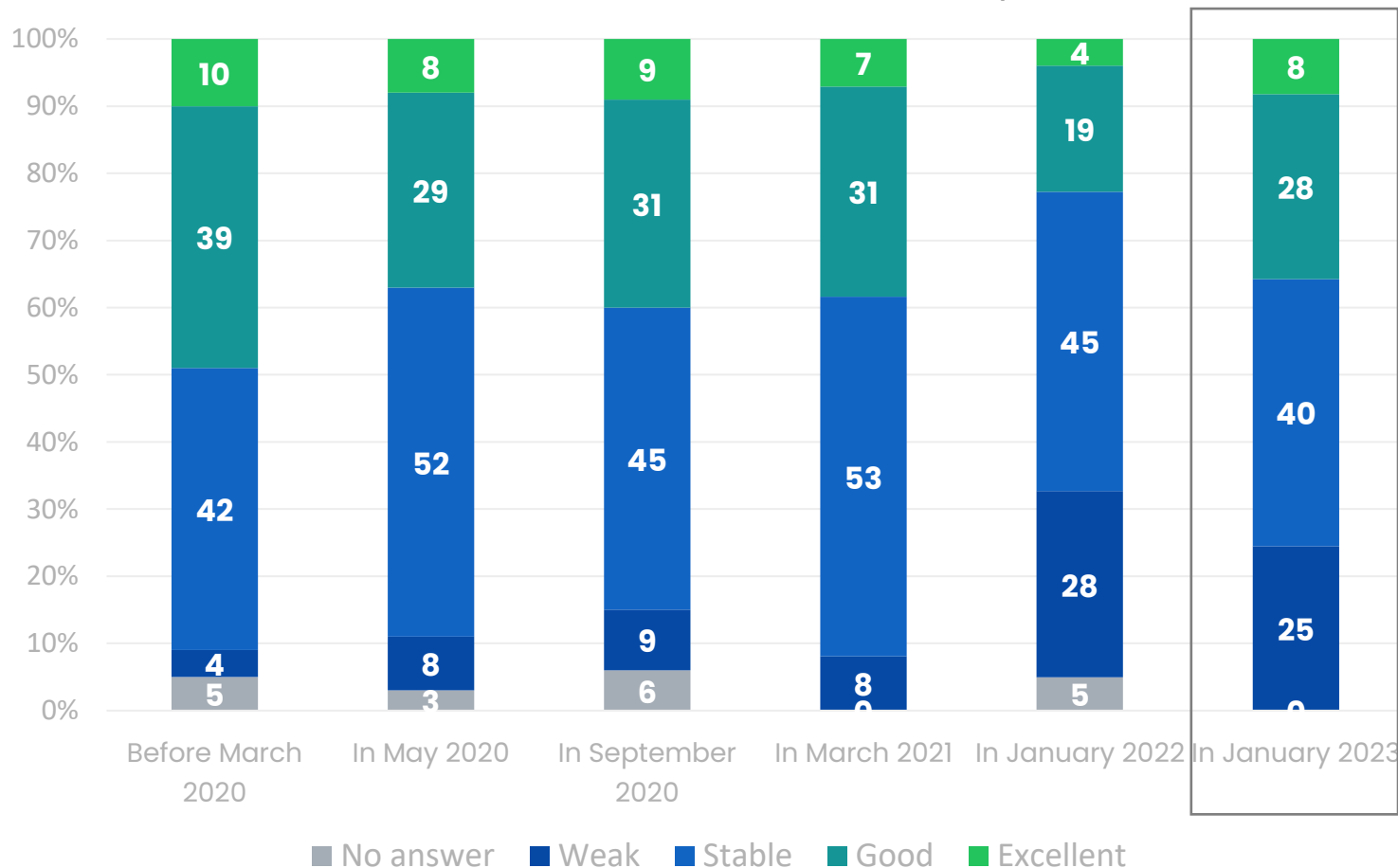
#5

ASSESSMENT OF THE LABOUR SITUATION OF INDUSTRY PLAYERS, WORK ORGANISATIONAL MEASURES

DEVELOPMENT OF LABOUR MARKET SITUATION⁽¹⁾

THE PROPORTION OF THOSE ASSESSING THEIR LABOUR SITUATION AS GOOD HAS INCREASED

Development of businesses' assessment of the labour market situation between March 2020 and January 2023 (%)



2020: LABOUR MARKET SITUATION ASSESSES AS WEAKENING

In spite of the stabilisation of the financial and the market situation, companies tended to deem their own labour market situation to be weaker, with no hope for an improvement in 2021: in contrast with the pre-COVID 49%, only 37% to 40% of the respondents assessed their situation as positive in the surveys in May and September 2020.

2021: STABLE LABOUR SITUATION

More than half of the companies asked in March 2021 assessed their labour market situation as stable, and 38% as good or even excellent.

END OF 2021 AND EARLY 2022: WEAKENING

By January 2022, the proportion of those who considered their situation good or excellent had fallen to 23% (in which inflation and higher labour costs are likely to have played a role), but a significant percentage (45%) of them were still assessing their situation as stable.

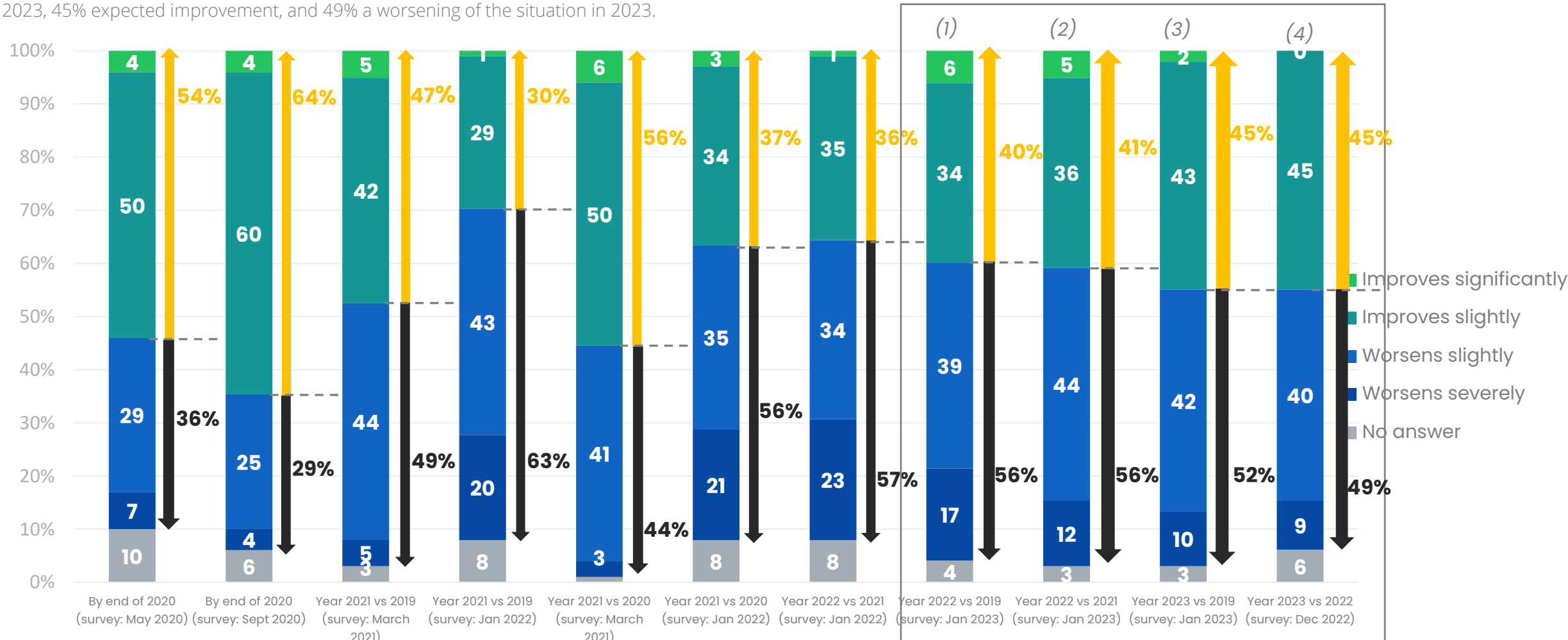
IN LATE 2022 AND EARLY 2023 THE LABOUR MARKET SITUATION IMPROVED

The proportion of the respondents deeming their labour market situation to be good or excellent had grown to 36% by January 2023.

(1) How do you assess your company's labour market situation in 2022?

FORECAST: DEVELOPMENT OF COMPANIES' LABOUR MARKET SITUATION 2020-2023

In May 2020, 54% of the respondents expected their labour market situation to improve by the end of 2020, and their percentage grew to 64% by September. Also at the beginning of 2020, as compared to 2019, 30% forecast improvement, while, compared to 2020, 37% predicted better results for 2021. In early 2022, 36% of the players expected an improvement from 2021, but 57% of them were already experiencing a deterioration of their labour market positions. At the beginning of 2023, 45% expected improvement, and 49% a worsening of the situation in 2023.



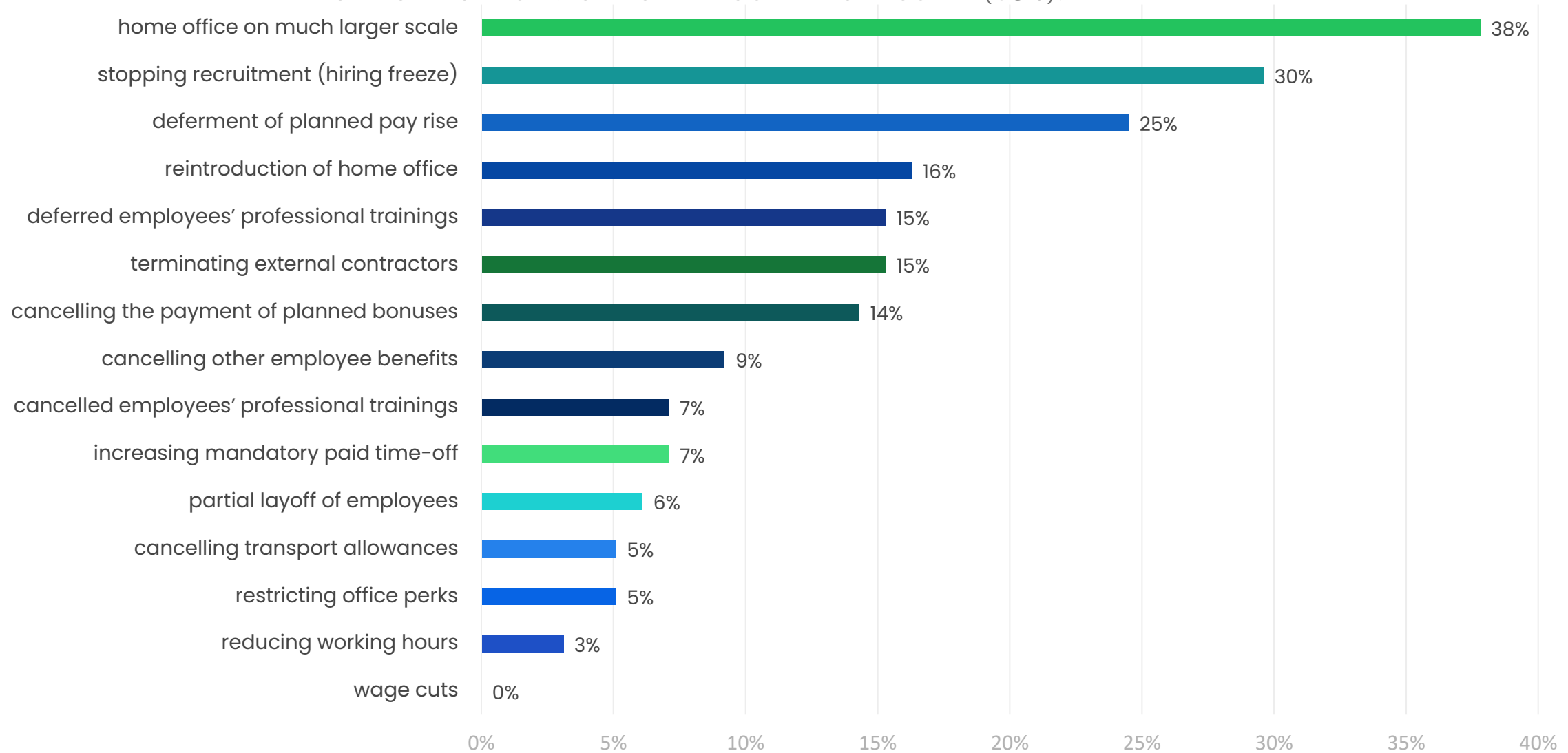
(1) How do you see your company's labour position in 2022 in comparison with 2019, the year before several successive crises? (2) In 2022, compared to the previous year, 2021? (3) In 2023, compared to 2019, the year before several successive crises? (4) In 2023, compared to 2022?

Percentage of those who forecast growth

Percentage of those who forecast setback

WORK ORGANISATIONAL MEASURES

TO MITIGATE THE IMPACT OF THE ECONOMIC CRISIS, COMPANIES' MOST WIDESPREAD MEASURE IS THE APPLICATION OF HOME OFFICE WORK ON A MUCH LARGER SCALE (38%).

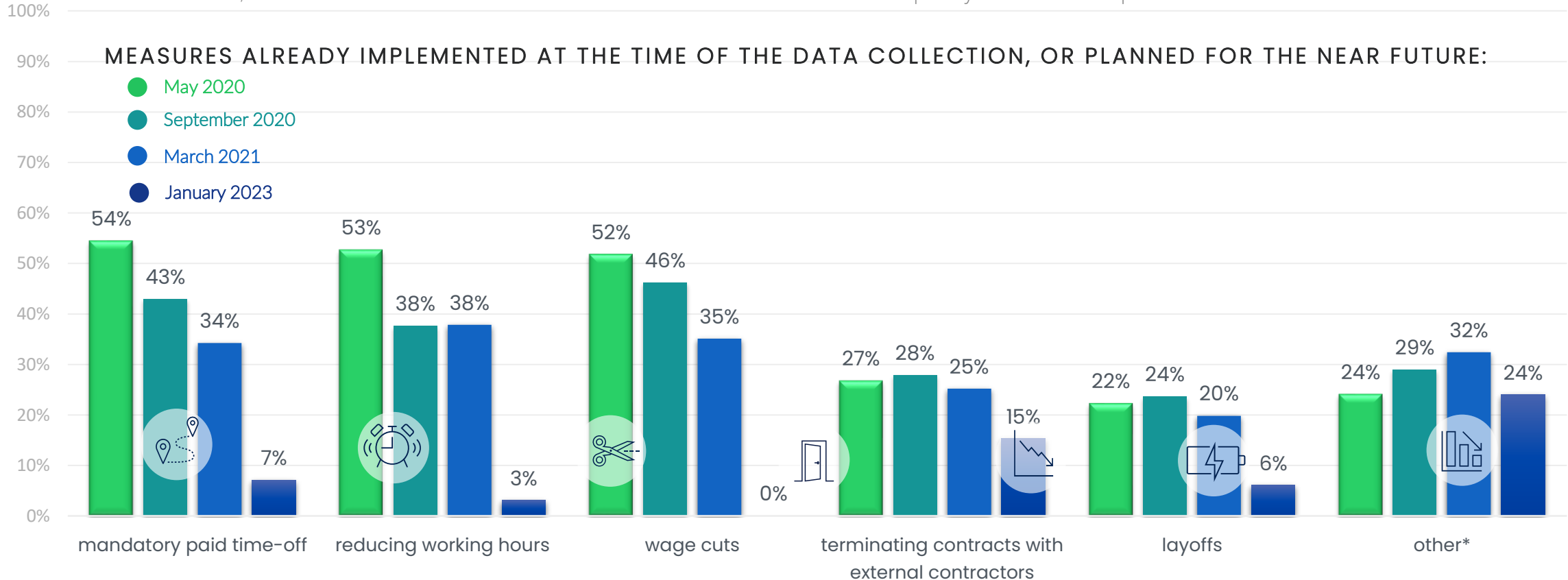


What kinds of WORK ORGANISATIONAL measures has your company taken since 1 June 2022, or is your company planning to take, in order to mitigate the negative impacts of the economic crisis?

2020–2022 – WORKFORCE-RELATED CUTBACKS

WORKING HOURS, WAGES, PAID / UNPAID MANDATORY TIME-OFF / LAYOFFS

While in 2021, companies implemented fewer and fewer cutbacks, and this trend continued through early 2022, since the outbreak of the Russo-Ukrainian war in February 2022, due to the escalation of the complex economic and energy crisis and the resulting inflation, they were again compelled to take stronger measures in their workforce management, as well, in the second half of the year. The cuts in external contractor personnel was also greatly impacted by the in-year change in the KATA tax. Agencies implemented the most workforce-related cutbacks, while advertisers were the ones that resorted to such moves the least frequently over the recent past.



What kinds of work organisational measures has your company taken or is your company planning to take to mitigate the negative impacts of the economic crisis? (Select all that apply.)

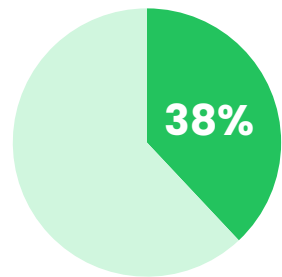
* Most commonly mentioned in May 2020: home office; salary cuts, retainer fee cuts; taking advantage of subsidies.

* Most commonly mentioned in September 2020: home office; office area streamlining; taking advantage of wage subsidies.

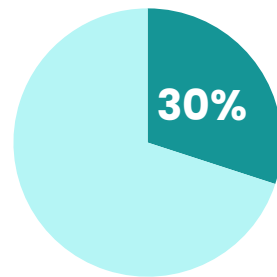
* Most commonly mentioned in March 2021: home office; grant applications; general cost control.

TOP3 MOST POPULAR WORK ORGANISATIONAL AND HR MEASURES TO MITIGATE THE IMPACT OF THE COMPLEX CRISIS IN JANUARY 2023

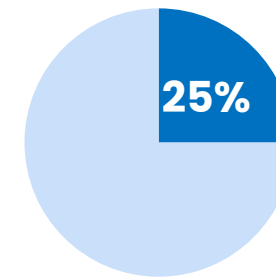
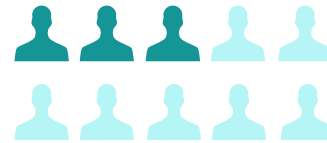
THE MOST FREQUENTLY IMPLEMENTED MOVES ARE HOME OFFICE ON A LARGER SCALE, HIRING FREEZE AND PUTTING OFF PAY RISE



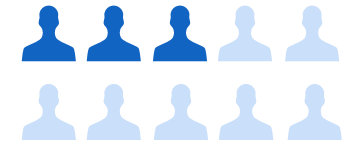
HOME OFFICE



HIRING FREEZE



DEFERRED PAY RISE



To attenuate the effects of the economic crisis, companies' first choice (38%) is the application of home office work on a much larger scale.

30% are resorting/have resorted to a hiring freeze.

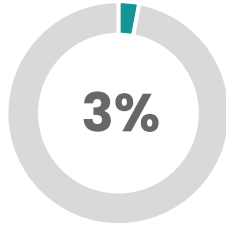
25% are deferring/have deferred their scheduled pay rises.

WORK ORGANISATION / HUMAN RESOURCES MANAGEMENT

PUTTING OFF BONUSES AND PAY RISE, AND RESTRICTING RECRUITMENT ARE THE SECOND MOST COMMON AFTER HOME OFFICE

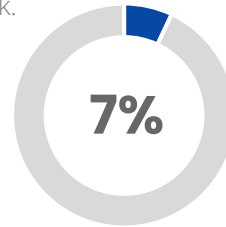
REDUCTION OF WORKING HOURS

3% of the companies are cutting back/have cut back on working hours.



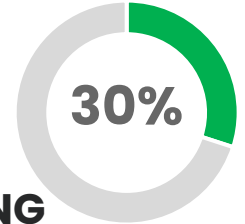
MANDATORY TIME-OFF

7% of the companies are applying/have applied mandatory time-off or the extension of the Christmas break.

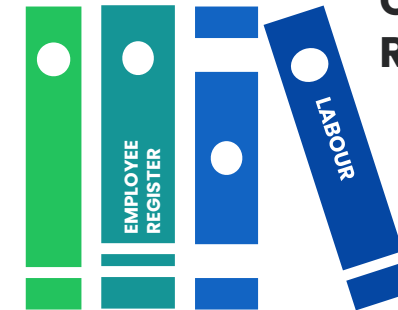
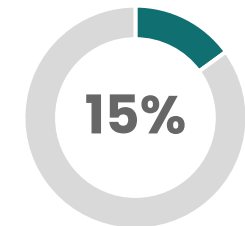


HIRING FREEZE

30% of the companies have stopped recruitment.

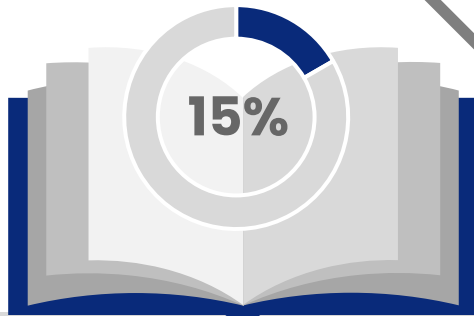


ENDING CONTRACTOR RELATIONSHIPS



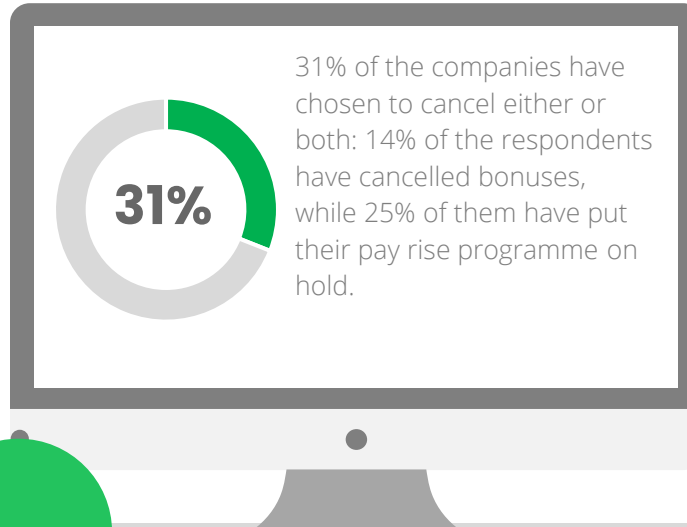
DEFERRED PROFESSIONAL TRAININGS

15% of the respondents have put off professional trainings, and 7% have cancelled them altogether.



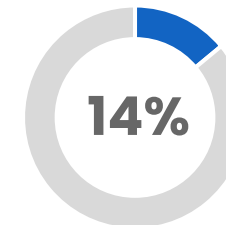
DEFERMENT OF BONUSES AND PAY RISE

31% of the companies have chosen to cancel either or both: 14% of the respondents have cancelled bonuses, while 25% of them have put their pay rise programme on hold.



CANCELLING, RESTRICTING EMPLOYEE BENEFITS

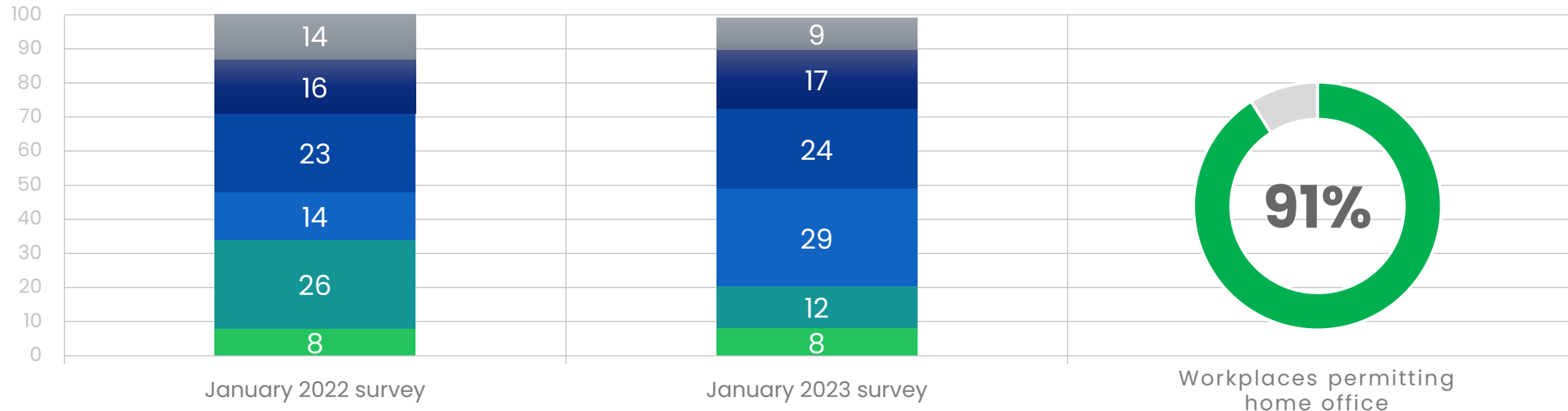
9% of the companies decided to cancel other benefits, 5% to restrict office perks, while another 5% discontinued transport allowances. A total of 54% of the companies have had to take one or all of the three measures.



THE WORK-FROM-HOME REVOLUTION

The restrictive measures taken in the first phase of the pandemic resulted in a widespread adoption of the home office, which is still very much present. Given the compulsory nature of the situation, the trend of remote working reached even the workplaces where this way of working had not been typical. Nearly half of the companies apply remote working. At the same time, neither a 100% remote nor a 100% in-office work schedule is very common. The former applies to 8, while the latter to 9 percent of the companies. In the period between November 2022 and January 2023, the proportion of the companies applying a 80% home office schedule decrease from 26% to 12%, but at the same time, the percentage of those with a 60% home office schedule rose from 14% to 29%. In contrast with the earlier 14%, IN January 2023 only 9% of them still have 100% of their work performed at the office.

THE MAJORITY OF WORKPLACES MAKE REMOTE WORKING AVAILABLE ⁽¹⁾



100% HOME OFFICE

Nearly one out of ten companies has all its workload covered through remote working.

80% HOME OFFICE

12% of the companies have 80% of their workload covered remotely, that is their staff spend only 1 day per week in the office.

60% HOME OFFICE

29% of the responding companies have more than half of their workload covered in a home office setting.

40% HOME OFFICE

24% of the companies have their staff work an average of two days a week from home.

20% HOME OFFICE

At 17% of the companies have their staff work from home for an average of one day per week.

100% IN-OFFICE

Only 9% of the companies are still applying 100% in-office work-schedule.

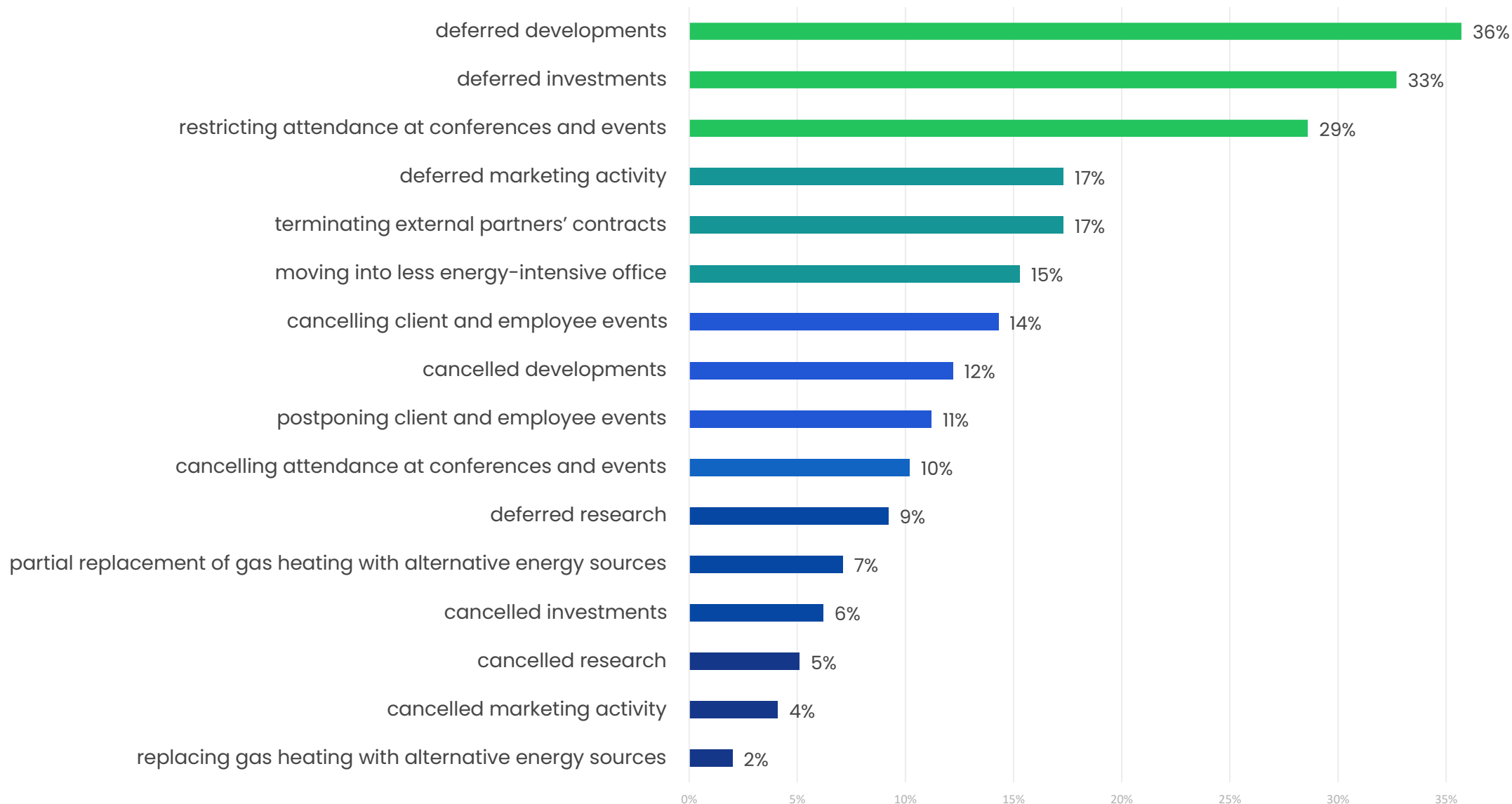
(1) Which one of the following statements about work schedules and working conditions best describes the extent to which your company plans to apply home office in the near future?

#6

CRISIS MITIGATION MEASURES OF ADVERTISING INDUSTRY PLAYERS

NON-WORK ORGANISATIONAL MEASURES⁽¹⁾

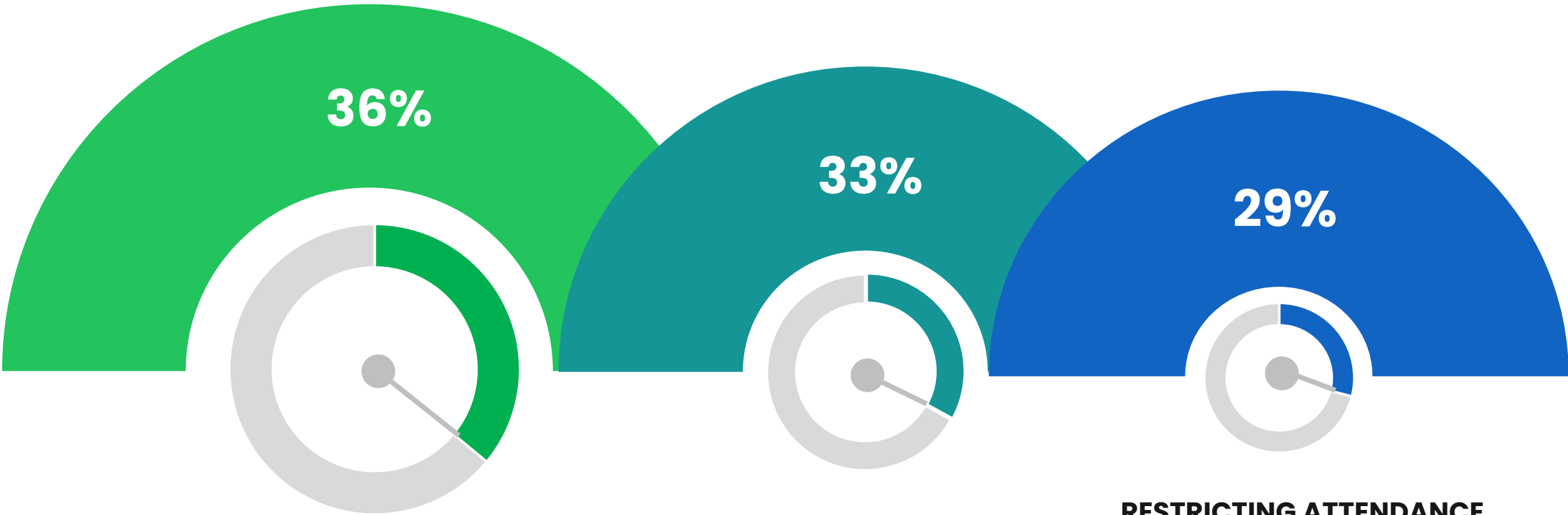
THE DEFERMENT OF DEVELOPMENTS AND INVESTMENTS IS THE MOST COMMON



(1) What kinds of NON-WORK ORGANISATIONAL measures has your company taken since 1 June 2022, or is your company planning to take in order to mitigate the effects of the economic crisis on the company? (Multiple answers were permitted)

TOP3: THE MOST COMMON MEASURES TO REDUCE THE EFFECTS OF THE CRISIS

THE DEFERMENT AND CANCELLATION OF DEVELOPMENTS AND INVESTMENTS, AND THE RESTRICTION OF ATTENDANCE AT CONFERENCES AND EVENTS ARE THE MOST WIDESPREAD



POSTPONEMENT OF DEVELOPMENTS

To mitigate the impacts of the crisis on companies, putting developments on hold (36%) was the most common measure of the non-work-organisational type. (An additional 12% cancelled its planned developments altogether.)

POSTPONEMENT OF INVESTMENTS

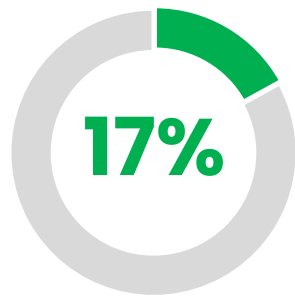
A significant percentage, 33%, of the companies are putting off an investment. (12% of the respondents have decided on permanent cancellation.)

RESTRICTING ATTENDANCE AT CONFERENCES AND EVENTS

29% of the companies are restricting their employees' attendance of conferences and events, while another 10% are completely cancelling these attendances.

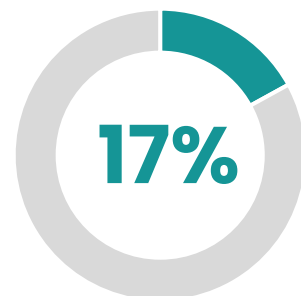
OTHER ALTERNATIVE STEPS TAKEN TO MITIGATE THE EFFECTS OF THE CRISIS

CERTAIN POPULAR MEASURES ARE SPECIFIC TO CERTAIN COMPANY SIZES OR SECTORS



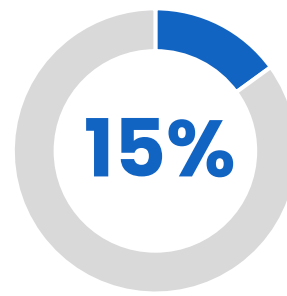
DEFERMENT OF MARKETING ACTIVITY

17% of the respondents deferred their marketing spending, while 4% cancelled a marketing activity permanently.



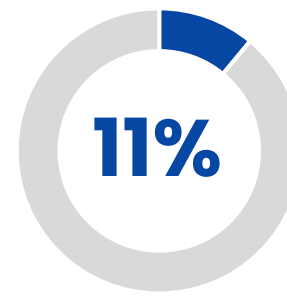
TERMINATING CONTRACTOR AGREEMENTS

17% of the companies (mostly agencies) have let go of external contractor professionals, which is a result of not only the economic crisis, but also of the in-year phaseout of the KATA tax.



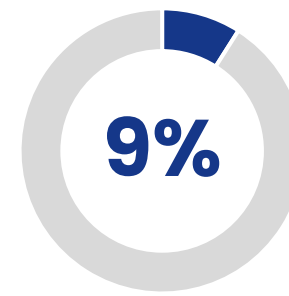
MOVING IN A LESS ENERGY-INTENSIVE OFFICE

15% of companies (typically SMEs) moved offices in 2022, because of the high energy costs.



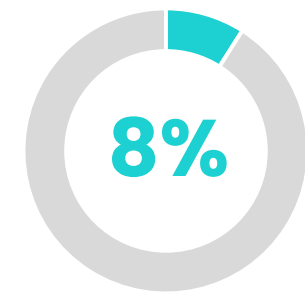
POSTPONING / CANCELLING CLIENT OR EMPLOYEE EVENT

11% of the respondents postponed client and employee events, and 14% cancelled them altogether.



POSTPONEMENT OF RESEARCHES

As for deferred marketing activities, almost one tenth, 9%, of the companies have put off either preparatory researches or advertising testings. (Another 5% have cancelled them permanently.)

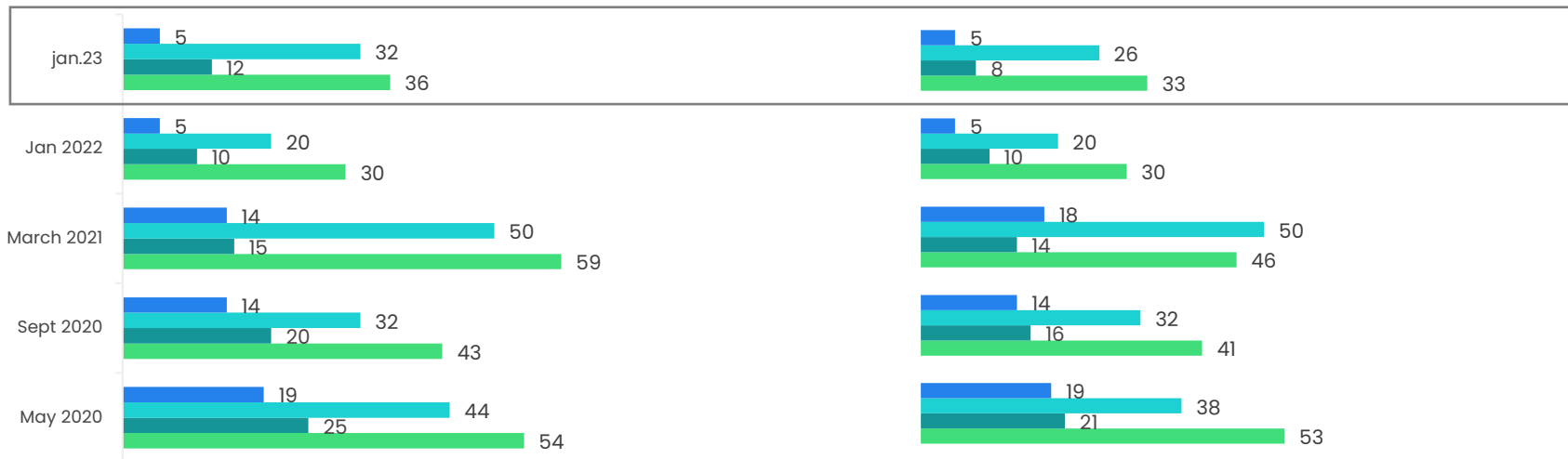


USING ALTERNATIVE ENERGY INSTEAD OF GAS

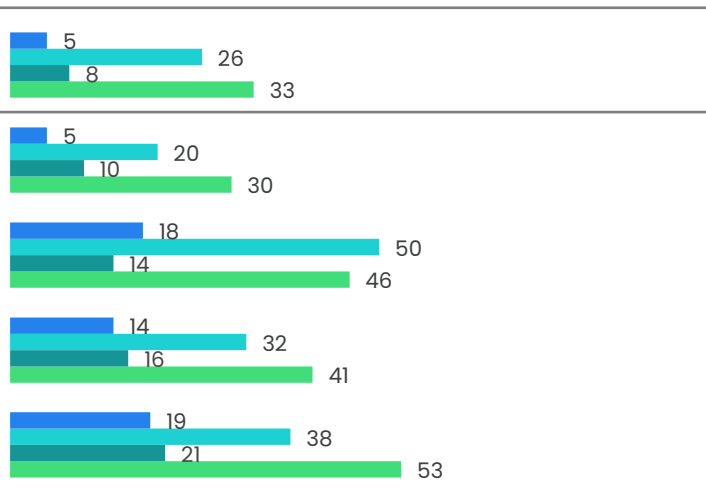
To reduce energy costs, 8% of the companies have started using alternative energy instead of gas.

DWINDLING ENTHUSIASM FOR DEVELOPMENT AND INVESTMENT (1)

DEFERRING AND CALLING OFF DEVELOPMENTS



DEFERRING AND CALLING OFF INVESTMENTS

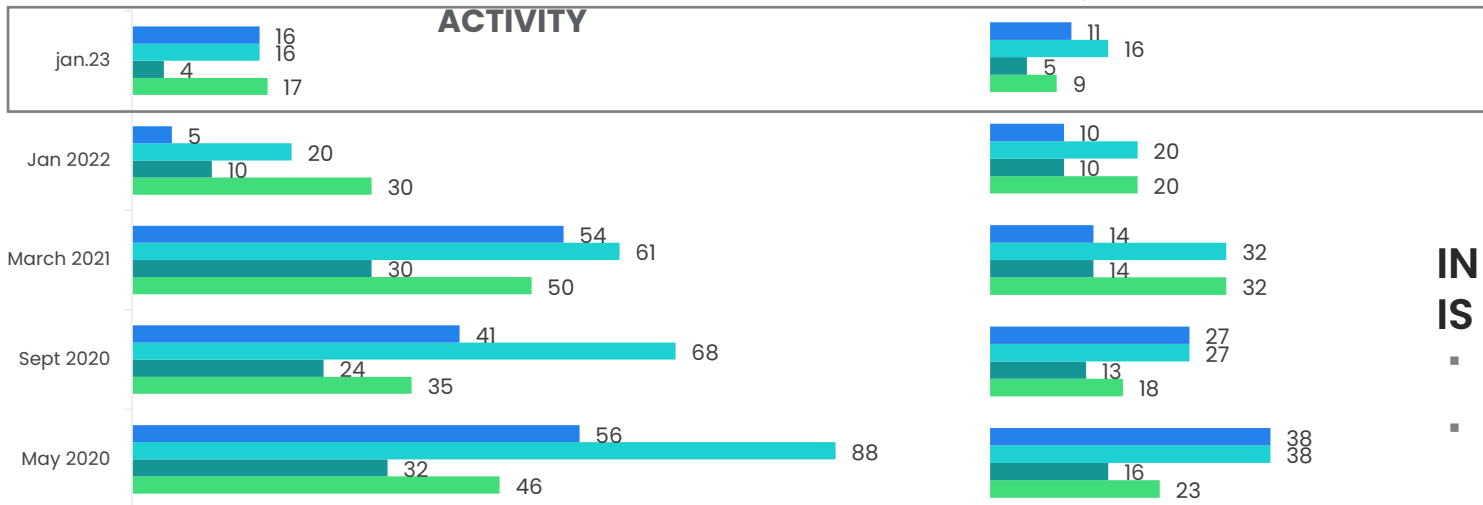


2020: DEFERMENT IS MORE COMMON

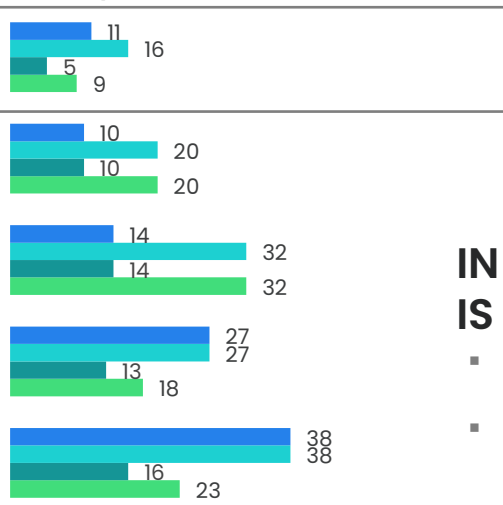
- In 2020 and 2021, in terms of developments, investments and marketing activities and research, the primary measure taken was deferment, and not cancellation.
- The proportion of cancelled spending was particularly high in marketing activities and developments.

2021-2022: MORE OPTIMISM ABOUT INNOVATION

DEFERMENT, CANCELLATION OF MARKETING ACTIVITY



DEFERMENT, CANCELLATION OF RESEARCH



At the beginning of 2022, companies were more optimistic about innovations.

- While more than half of the advertisers put off or cancelled a marketing activity, in January 2022, less than one fifth of the responding advertisers were planning to take such cost-cutting measure.

IN LATE 2022 AND EARLY 2023 THERE IS LESS DEFERMENT

- By late 2022 / early 2023, companies' postponement of marketing and research activities was less common than in January.
- At the same time, advertisers deferred developments and investments or cancelled marketing activities to a somewhat greater extent than in January.



DEFERRED (full sample)



CANCELLED (full sample)



DEFERRED (advertisers)



CANCELLED (advertisers)

What kinds of non-work organisational measures has your company taken to mitigate the negative impact of the economic crisis? (Select all that apply.)

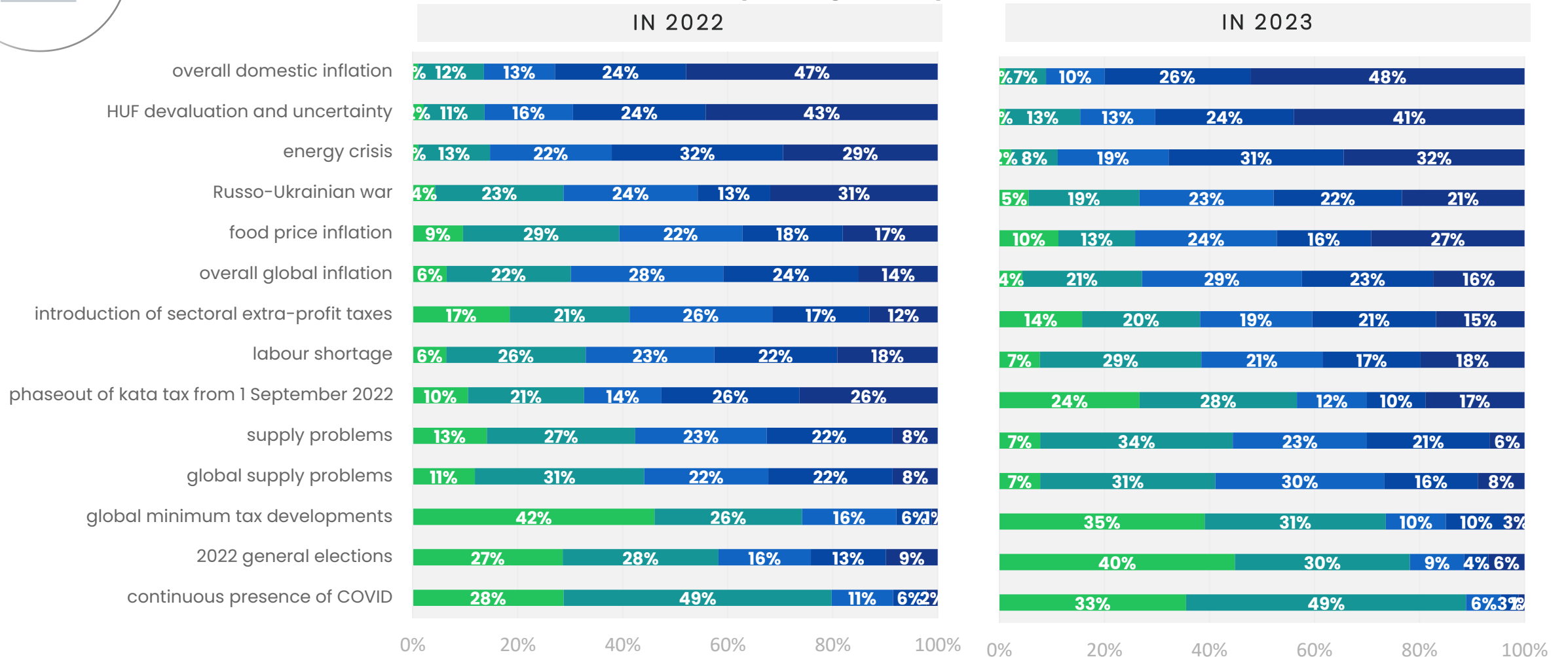
#7

NEGATIVE TREND EFFECTS IN 2022 AND 2023



NEGATIVE TREND EFFECTS IN 2022 AND 2023⁽¹⁾

To what extent do the most important international and domestic economic and social trends affect the communications industry in a negative way?



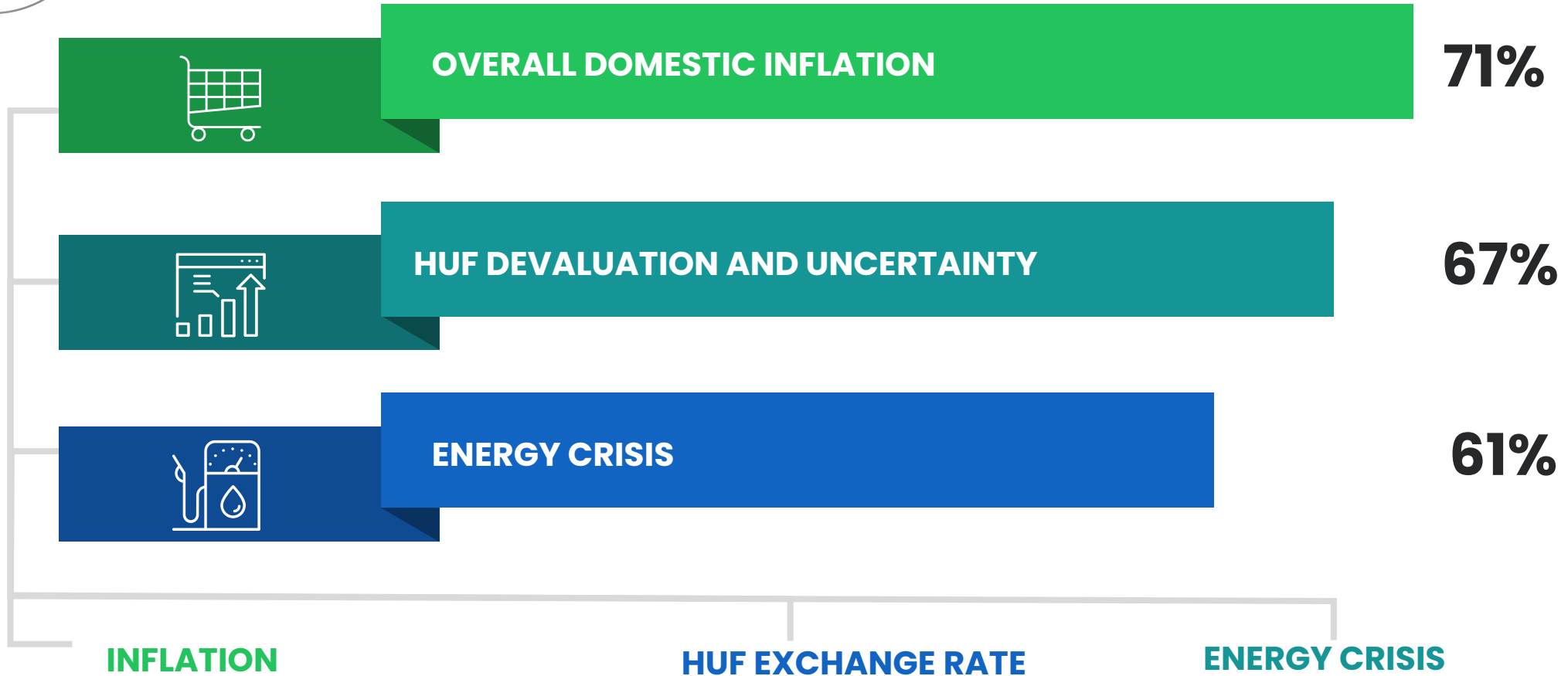
■ not affected at all ■ slightly affected ■ moderately affected ■ affected to a greater than moderate extent ■ very severely affected

(1) To what extent do you think the most important ongoing international and domestic economic and social trends affected / are affecting the communications industry in 2022 / 2023?



TOP3 TRENDS WITH THE MOST NEGATIVE IMPACT IN 2022

GENERAL DOMESTIC INFLATION, HUF DEVALUATION AND EXCHANGE RATE UNCERTAINTY AND ENERGY CRISIS ARE THE KEY TRENDS IN 2022



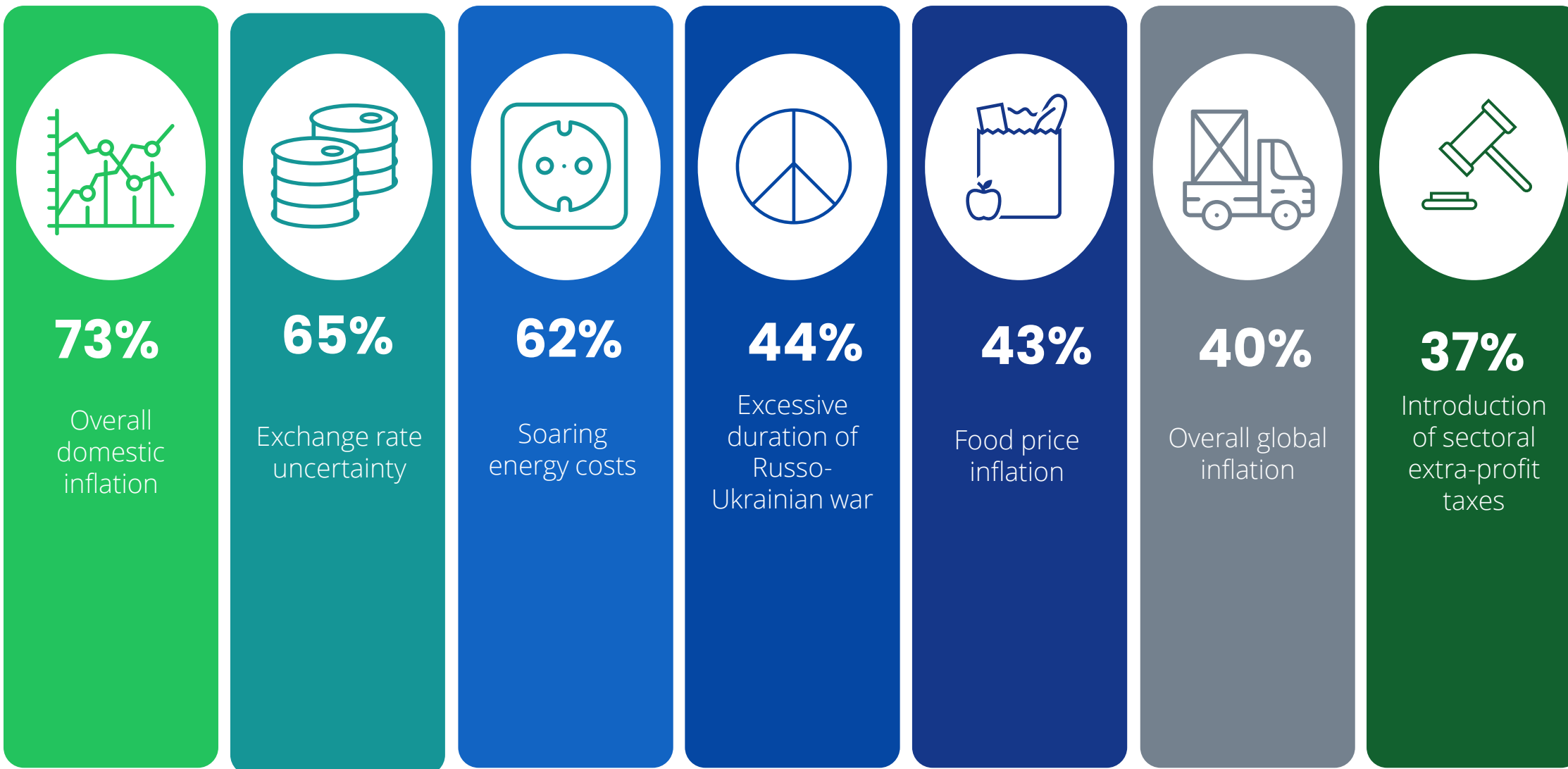
Out of the TOP 3 trends with the most negative impact in 2022, the most predominant one was the overall domestic inflation: 71% selected “very severely affected” or “affected to a greater than moderate extent”. (If the values of the respondents who selected “moderately affected” and “slightly affected” are added, then 96% thought inflation was a negative influence factor.)

The second key trend affecting businesses, coming in close second, lagging behind inflation by only 4%, is the devaluation of HUF and the ensuing uncertainty (67%) (If the values of the respondents who selected “moderately affected” and “slightly affected” are added, then 94% thought the weakening of HUF was a negative influence factor.)

The energy crisis was the third most important negative factor in 2022: 61% of the respondents thought that it affected businesses to a greater than moderate extent last year. (If the values of the respondents who selected “moderately affected” and “slightly affected” are added, then 96% thought the energy crisis was a negative influence factor.)

TREND CHALLENGES IN 2023

TRENDS WITH THE MOST NEGATIVE IMPACT ON BUSINESSES ACCORDING TO THE MARKET



EXPLANATION OF THE MOST DOMINANT NEGATIVE INFLUENCE FACTORS IN 2022–2023

IN BOTH 2022 AND 2023, OVERALL DOMESTIC INFLATION REMAINS THE KEY TREND

The experiences of 2022 and the expectations for 2023 are very similar

The key trend factors of 2023 – including domestic and global food price inflation, the uncertainty of the exchange rate, soaring energy costs, sectoral extra-profit taxes, and the war itself in a neighbouring country – are all related, either indirectly or directly, to the events seen in 2022: to either Hungary's economic policy, or the most important global development, the Russo-Ukrainian conflict, or both.

According to the respondents, inflation will not let up in 2023

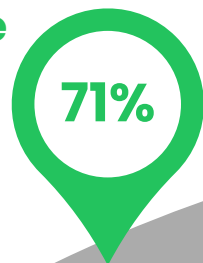
Domestic inflation strongly affected every aspect of life

HUF devaluation dominated the previous year

Energy costs continue to severely impact on businesses' operating costs

Exchange rate volatility will continue this year

Rising energy prices have become a crucial factor



2023

2022

#8

EFFECTS OF THE IN-YEAR CHANGE IN THE KATA TAX

IN SEPTEMBER 2021, THE FAVOURABLE 'KATA' TAX CEASED TO EXIST FOR THE ADVERTISING INDUSTRY

HISTORY



In the communications industry, it is typical to use the services of freelance professionals, the majority of whom opted for the itemized tax of small businesses (KATA) in recent years. Virtually all agencies and media businesses take advantage of services intrinsically connected to producing commercials and content from freelance professionals. *(These typically include graphic artists, copywriters, photographers, consultants, commercial producers, journalists, influencers, translators/interpreters, instructors, bill-stickers or interviewers.)* These freelancers form an integral part of the commercial and content production processes, and they are indispensable links in the operational model of agencies and media businesses.



MRSZ and its co-associations did not agree with the new KATA act adopted on 12 July, 2022, and the concept of its in-year introduction, and [asked the government](#) to reconsider its content, in view of its anticipated negative impact on the communications industry, among others.



The organisations of the communications industry believed that the new KATA act would make the situation of the better part of the freelancers active in advertising and content production impossible, and start a negative cascading effect in the communications industry by: (1) driving costs further up (2) and creating a major labour shortage; (3) cutting the amount of advertising materials and content produced, (4) thereby cutting advertising revenues (5) as well as government revenues from the advertising industry, (6) which, at the of the day, will negatively affect the entire Hungarian economy and GDP, due to the advertising industry's role as a multiplier.

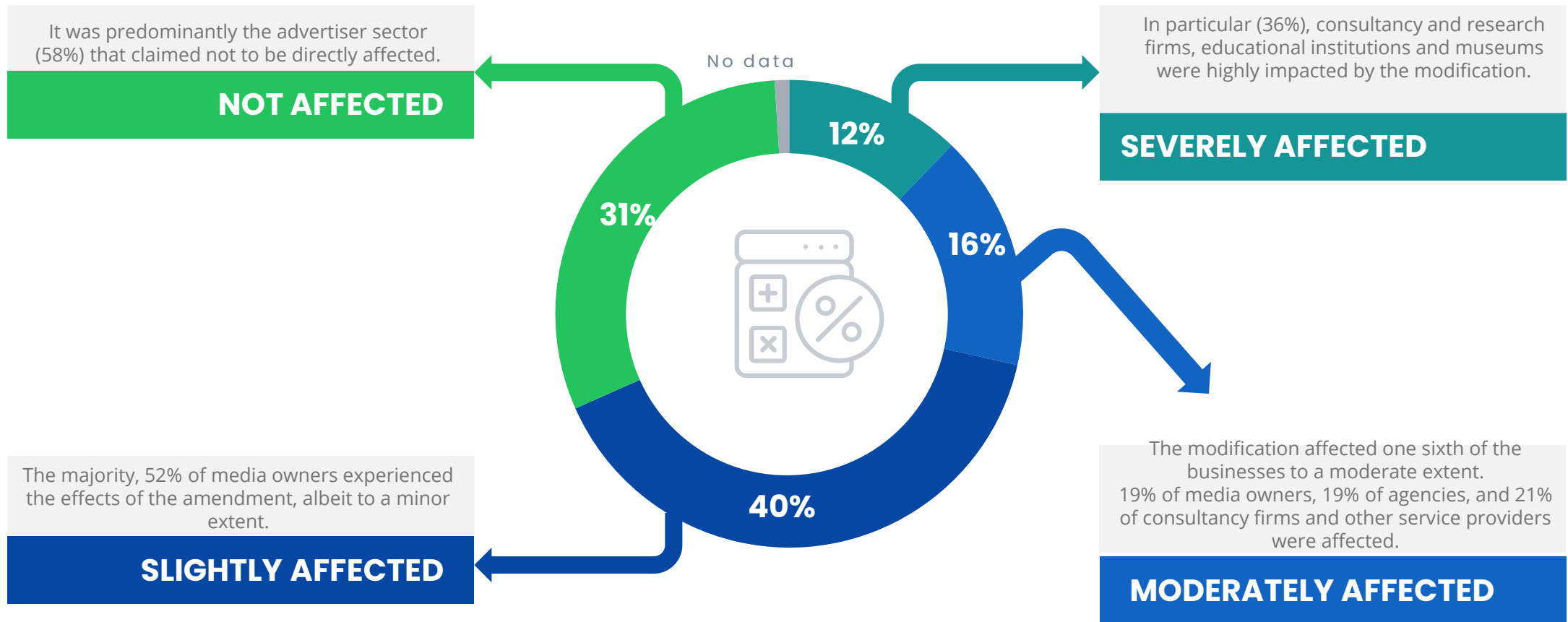


In Barometer #5, MRSZ and Scores Group explored how the phaseout of the KATA tax actually affected the communications industry, in particular agencies and media businesses.

BUSINESSES AFFECTED BY THE IN-YEAR MODIFICATION OF THE KATA TAX⁽¹⁾

TWO THIRDS OF THE RESPONDENTS WERE AFFECTED BY THE PHASEOUT

12% of the respondents were severely, and 56% of them moderately or slightly affected by the change. Only 31% of them reported not having been affected at all by the in-year phaseout of the KATA flat-tax system in 2022.



(1) Did/Does the phaseout of the KATA tax affect your business? Did it trigger any changes in the way your business is run?



WHAT KIND OF CHALLENGES BUSINESSES HAD TO FACE BECAUSE OF THE IN-YEAR MODIFICATION OF THE KATA TAX⁽¹⁾

THE MAJORITY OF BUSINESSES CONTINUE TO WORK WITH THE SAME (ALBEIT NOW MORE EXPENSIVE) SUBCONTRACTORS, WHO USED TO PAY KATA, BUT HAVE NOW CHOSEN OTHER TAXES

We continue to work with the same subcontractors who used to pay KATA, but have switched to other taxes.



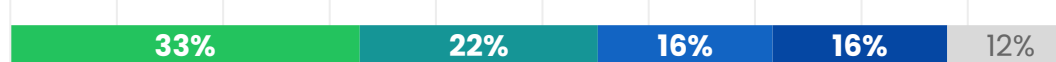
The transition was difficult, because it had to be made at very short notice.



After switching to other taxes, our previously KATA-paying subcontractors are now charging more for their services.



With the end of KATA, the number of freelancers available for commercial and content production has decreased.



We have difficulty finding new professionals instead of our KATA-paying subcontractors.



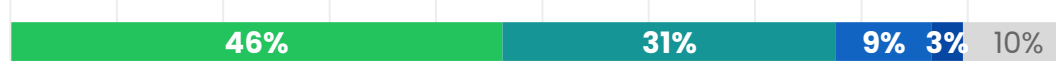
There have been/will be contracts or tenders, which we cannot undertake because of the shortage of professionals generated by the new KATA act.



We are not replacing our former KATA-paying subcontractors with new ones.



We have the extra workload previously performed by our former KATA-paying subcontractors covered by our employees.



We had to look for new subcontractors to replace our lost KATA-paying ones.



0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

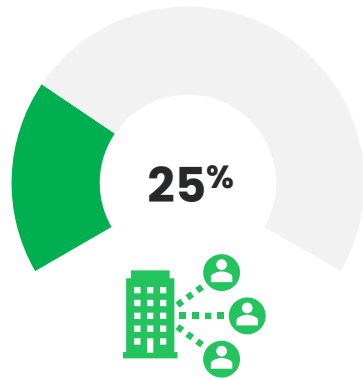
■ Does not apply at all ■ Applies slightly ■ Applies moderately ■ Applies to a great extent ■ no answer

(1) Please indicate to what extent each of the following statement applies to your business as a result of the phaseout of KATA. SELECT ALL THAT APPLY.

THE MOST IMPORTANT EFFECTS OF THE KATA PHASEOUT ON THE INDUSTRY

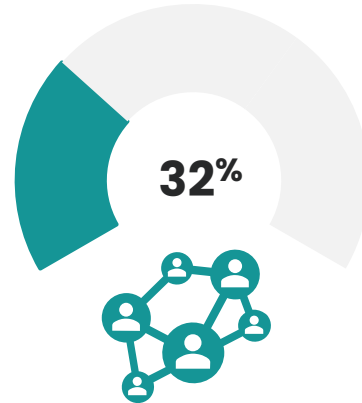
THE PHASEOUT MOST PARTICULARLY IMPACTED ON RESEARCH AND CONSULTANCY FIRMS, EDUCATIONAL INSTITUTIONS AND MUSEUMS

The operation of research and consultancy firms, educational institutions and museums was significantly affected by the KATA phaseout. The amendment also had consequences for one fifth of the agencies, but media owners were also highly affected. The change caused the least amount of problems to the advertisers' sector. Most of them (73%) continue to use the services of their earlier KATA-paying contractors, although the majority of them (59%) do so at a higher cost.



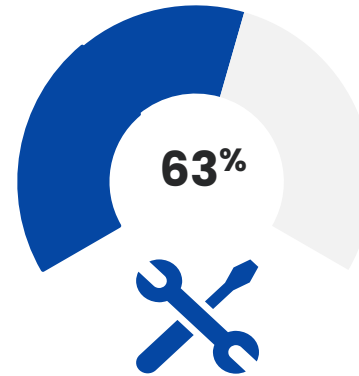
EXTRA WORKLOAD IMPOSED ON EMPLOYEES

25% of the businesses have difficulty replacing their former KATA tax paying subcontractors with new professionals, and 21% of them claimed to be unable to replace them, so 25% of them push the resulting extra work to their employees. (22% of them claimed to be losing contracts as a result.)



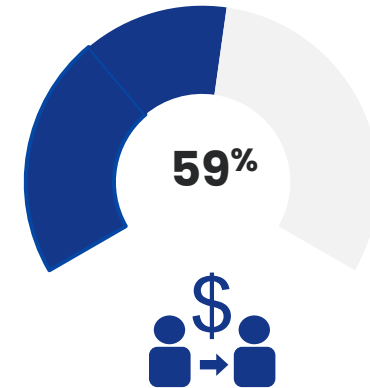
NUMBER OF FREELANCERS IS DROPPING / SHORTAGE OF PROFESSIONALS

According to 32% of the industry's opinion leaders, the communications industry is plagued by the falling number of available freelancers due to the phaseout of the advantageous tax, which will further increase the shortage of professionals in commercial and content production.



TRANSITIONAL CHALLENGES

The in-year transition at short notice affected 63% of the respondents (*moderately or severely*), causing them extra difficulty (*administration work, looking for alternative solutions etc.*).



SERVICES GETTING MORE EXPENSIVE

59% of the respondents answered that their businesses were receiving the services of their former KATA tax payer subcontractors at a higher cost, after they had switched to another tax, which led to an unexpected in-year increase in their planned annual costs.

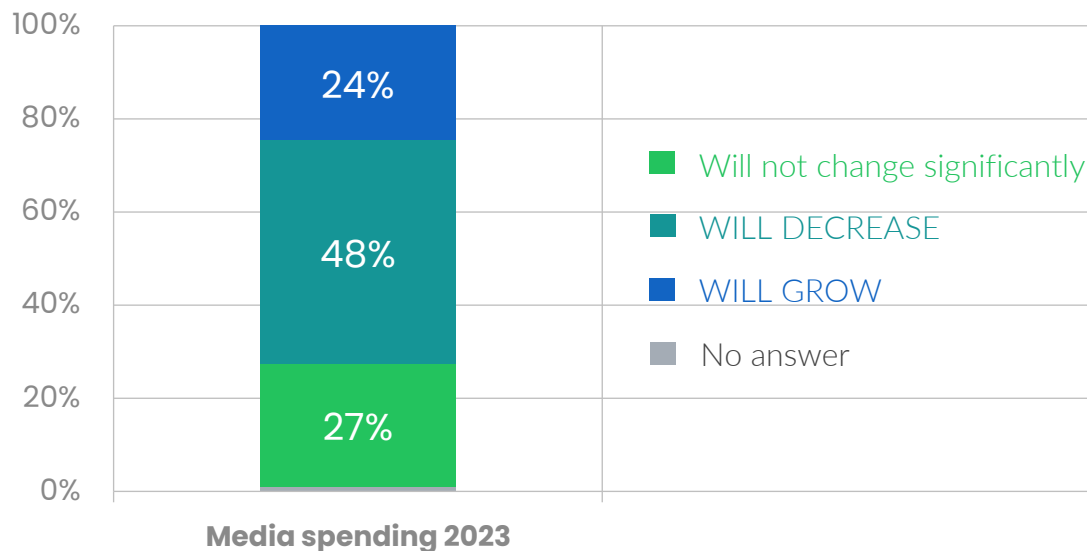
(1) Please indicate to what extent each of the following statement applies to your business as a result of the phaseout of KATA. SELECT ALL THAT APPLY.

#9

**MEDIA SPENDING
EXPECTED FOR
2023**

WILL THE SIZE OF THE TOTAL MEDIA SPENDING CHANGE IN 2023?

ACCORDING TO THE RELATIVE MAJORITY OF MARKET PLAYERS, TOTAL MEDIA SPENDING WILL SHRINK IN 2023 ⁽¹⁾



(1) Please estimate whether the total domestic media spending (that is the MRSZ total media spending = advertisers' cost spent on publishing advertisements in the media) will grow or fall this year, that is 2022-ben, as compared to 2021 / next year, that is in 2023, as compared to 2021.

ABOUT THE TOTAL MEDIA SPENDING REPORT

MRSZ has been publishing its annual advertising spending reports – which have proved to be an essential tool for the market – for 23 years now. The media spending chart is intended to provide a more thorough assessment of advertisers' investment in publicity. The annual media spending includes the following segments: Global digital, local digital; television; print media; out-of-home; radio and cinema

HISTORY

As a part of the Barometer survey series, it was the second time that we have asked market players about their expectations in terms of the development of media spending. (The first survey was conducted in May 2020, during the outbreak of the Covid pandemic.)

COMPARISONS

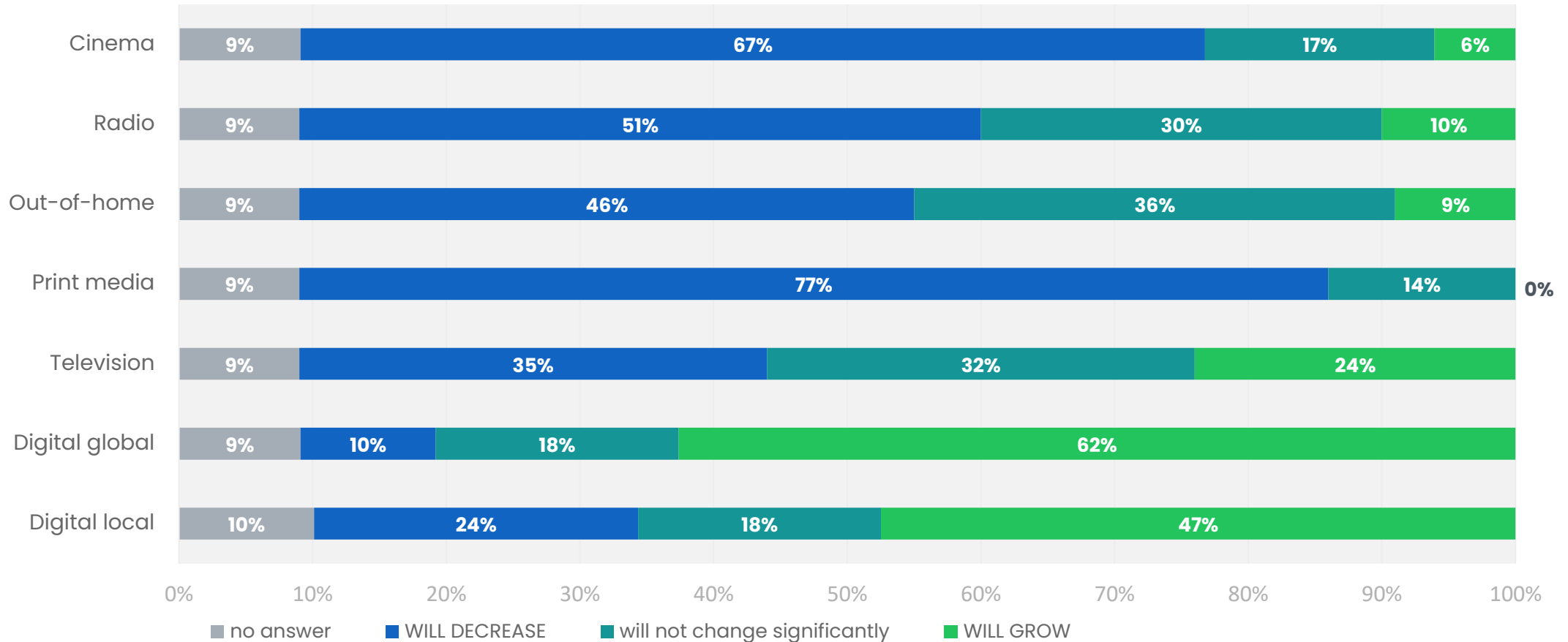
At the time of the data collection (between November 2022 and January 2023) only 2021 media spending data were available, so respondents were asked to provide their estimates of the changes expected to take place in media segments in 2023 in comparison with the 2021 figures, in percentages. **However, this analysis specifies the changes estimated by the respondents as compared to the 2022 total media spending actuals (published on 20 March, 2023) to improve clarity and for the sake of continuity.**

CAUTIOUS REVENUE FORECASTS

As for the total 2023 media spending, respondents' estimates are quite cautious: 24% of them expect growth, and 27% expect stagnation, while every second respondents (48%) forecasts decrease.

2023: THOSE WHO PREDICT GROWTH HAVE A MAJORITY ONLY IN THE DIGITAL SEGMENT / THE MAJORITY EXPECT DECREASE EVEN IN THE TV SEGMENT

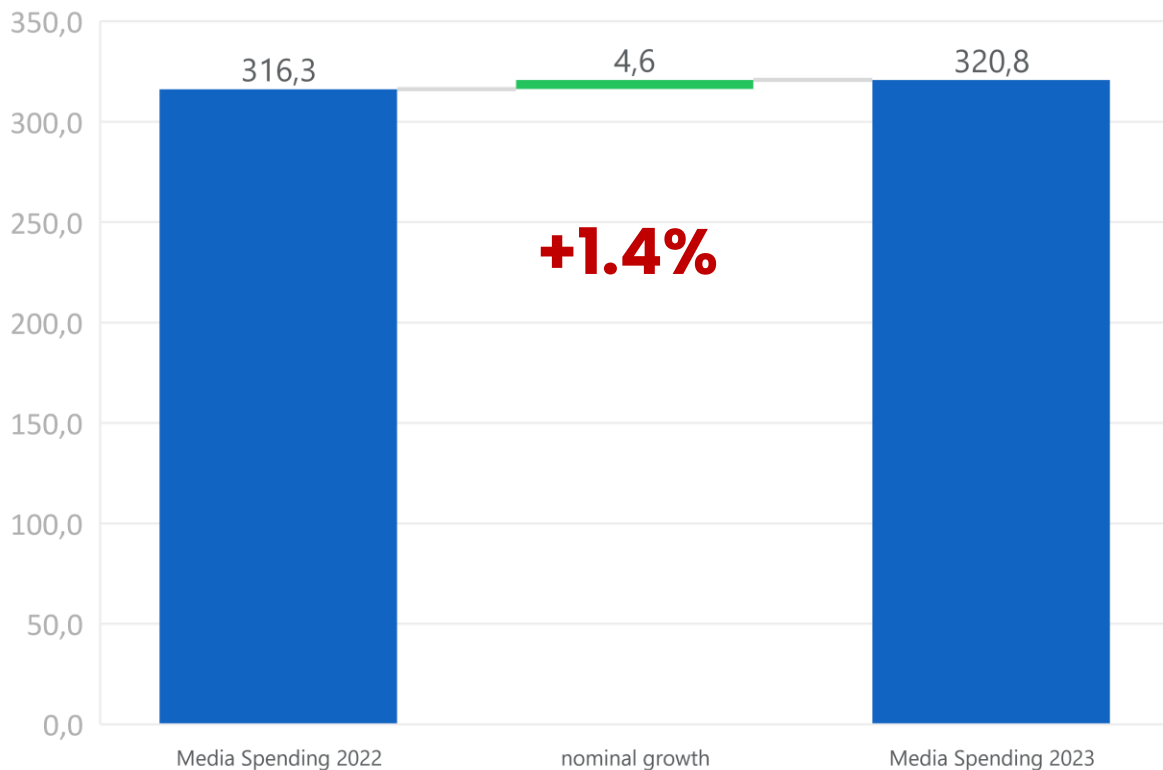
FORECAST: DIRECTION (+/-) OF CHANGES IN MEDIA SPENDING PER TYPE OF MEDIA (1)



(1) Please estimate whether the total domestic media spending (that is the MRSZ total media spending = advertisers' cost spent on publishing advertisements in the media) will grow or fall in the segments below this year, that is 2022-ben, as compared to 2021 / next year, that is in 2023, as compared to 2021.

ACCORDING TO INDUSTRY FORECAST: TOTAL MEDIA SPENDING IN 2023 WILL LIKELY BE HUF HUF 320.8 BN – ONLY A MARGINAL, 1,4%⁽¹⁾ GROWTH IS EXPECTED

Change of total media spending in 2023 as compared to 2022 IN NOMINAL TERMS (bn HUF)



(1) Weighted averages of the growth and decrease predicted by respondents

1

THE WEIGHTED VALUE OF THE OPTIMISTIC AND PESSIMISTIC ESTIMATES SHOWS A BARELY NOTICEABLE GROWTH: MEDIA SPENDING IS CLOSE TO STAGNATION IN NOMINAL TERMS

As far as the total media spending is concerned, the industry predicts a barely noticeable increase of HUF 4.6 billion from 2022, thanks to the digital sector, which means a positive shift of less than 1.4% as compared to 2022.

2

PESSIMISTS ARE CERTAIN ABOUT A DOWNTURN IN 4 MEDIA TYPES

The majority of pessimists (over 40%) predict a decrease most typically in the print media, radio, out-of-home and cinema segments.

3

MANY THINK THOUGH THAT THERE WILL NOT BE ANY CHANGES IN THE RESPECTIVE SIZES OF 3 MEDIA SEGMENTS

The respondents (over 30%) forecast stagnation in the out-of-home, television and radio segments.

4

OPTIMISTIC RESPONDENTS ARE BETTING ON A DOUBLE-DIGIT RISE OF DIGITAL DOMESTIC MEDIA

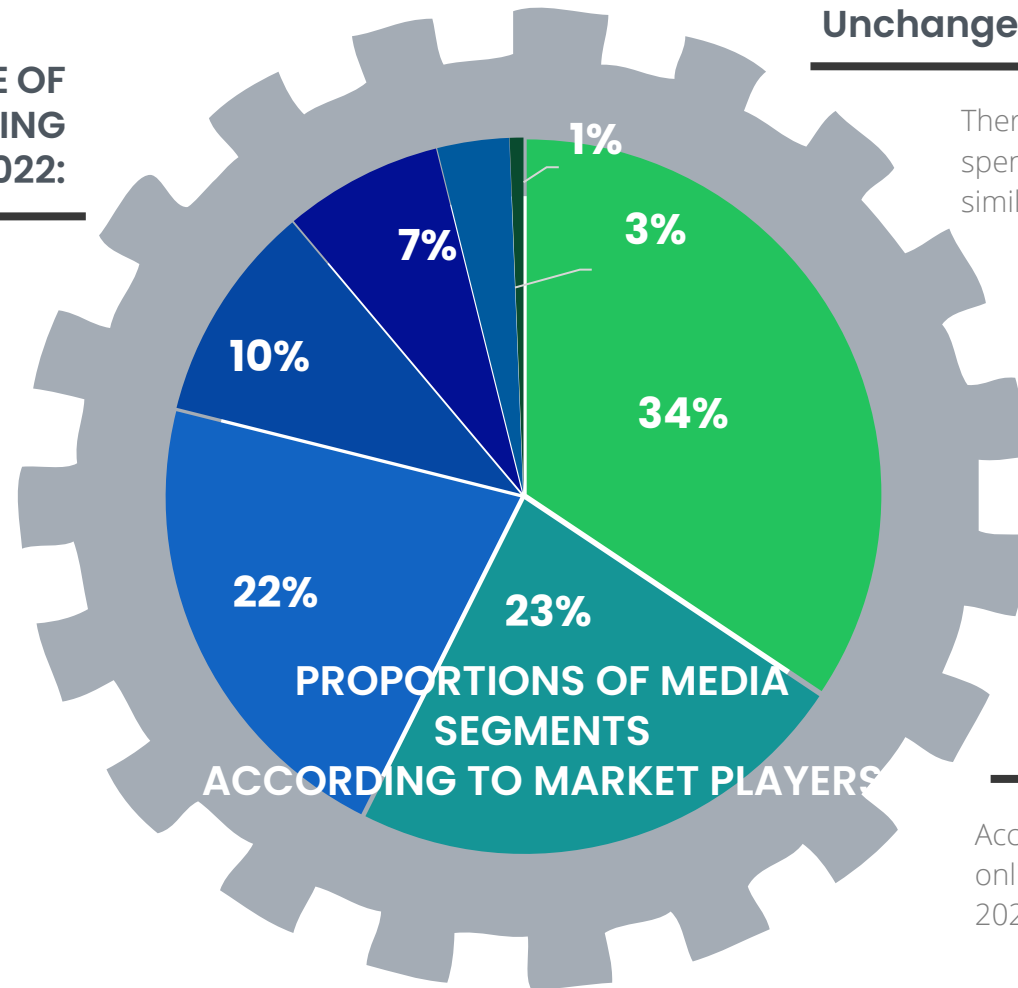
In light of the trend experienced in recent years, it is not surprising that the proportion of those who forecast growth is concentrated on the digital segments (62% and 47%), but it is already a turnaround that the rate of growth predicted for the local media turned out double-digit (+25%), whereas the global spending's pace of growth will continue to decline in 2023 (+2.7%).

IN THE TOTAL MEDIA SPENDING OF 2023, ACCORDING TO MARKET PLAYERS⁽¹⁾: THE GROWTH RATE OF THE DOMESTIC DIGITAL SEGMENT WILL EXCEED THE GLOBAL, AND MAY CATCH UP WITH THE TV SEGMENT

RATE OF THE CHANGE OF
THE TOTAL MEDIA SPENDING
AS COMPARED TO 2022:

+1.4%

- DIGITAL GLOBAL
- TELEVISION
- DIGITAL LOCAL
- PRINT MEDIA
- OUT-OF-HOME
- RADIO
- CINEMA



Unchanged order

There is still no change in the order of the slices of the spending, and their proportions have also remained similar to those of the 2022 spending chart.

Changing power relations in domestic and global digital media spending

There is a considerable shift in the rate of growth, benefiting the local digital segment: the respondents expect a growth of more than 20% in domestic online content providers, while the rate of growth of the total sum pocketed by global platforms is expected to continue to decline, estimated at only 2.7% in 2023.

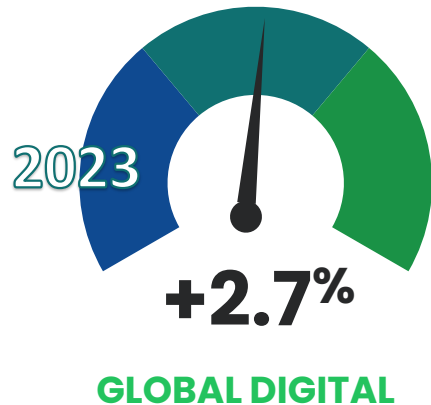
Local digital may catch up with TV

According to the expectations of the market, the domestic digital online sector may wind up very close to the television segment in 2023.

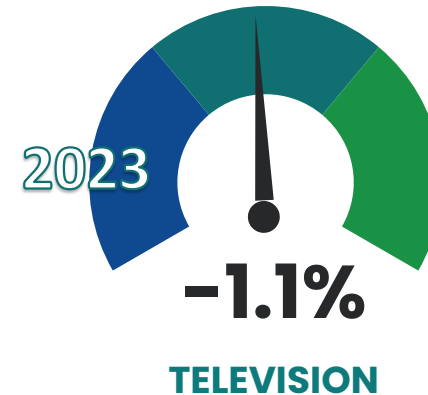
(1) Please give an estimate of the rate of GROWTH / DECREASE (%) of the total domestic media spending (that is the MRSZ total media spending = advertisers' cost spent on publishing advertisements in the media) in 2023, as compared to 2021.

2023 MEDIA SPENDING BAROMETER 1

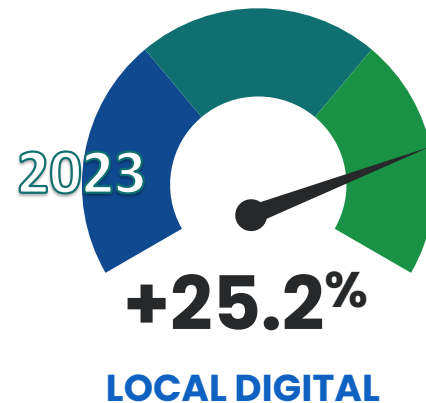
CHANGES EXPECTED BY INDUSTRY DECISION MAKERS TO OCCUR IN THE COSTS OF PUBLISHING ADVERTISEMENTS IN SPECIFIC MEDIA TYPES, IN 2023, AS COMPARED TO 2022*



The small growth of 5.5% experienced from 2021 to 2022 will be practically halved from 2022 to 2023: In global digital advertising spending, the responding companies expect a small, 2.7% growth in 2023, as compared to 2022.

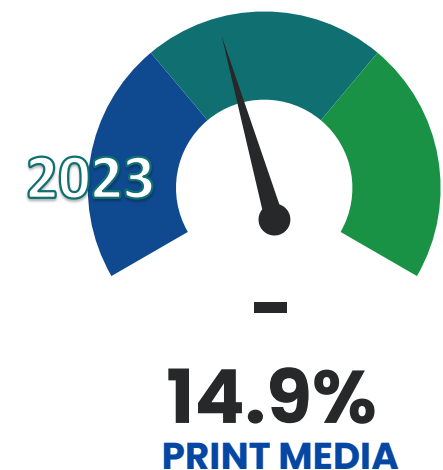


The bottom line of the forecasts of television advertising spending is basically stagnation: the market's opinion leaders anticipate a marginable, 1.1% decrease in 2023, as compared to the 2022 figures.



The industry forecasts a truly remarkable increase of local digital advertising spending for 2023, a year otherwise considered to be more difficult: senior managers of responding companies predict a very significant 25.2% growth from 2022.

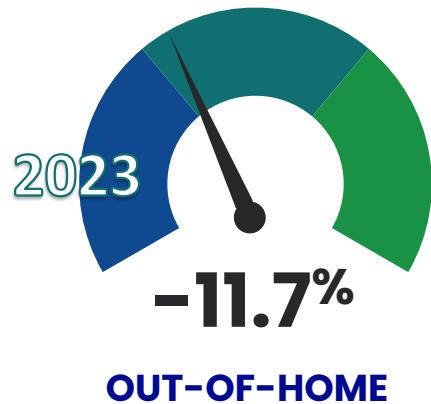
After a growth experienced in nominal terms in 2022, respondents anticipate a significant, 14.9% decrease in the total advertising spending in print media in 2023.



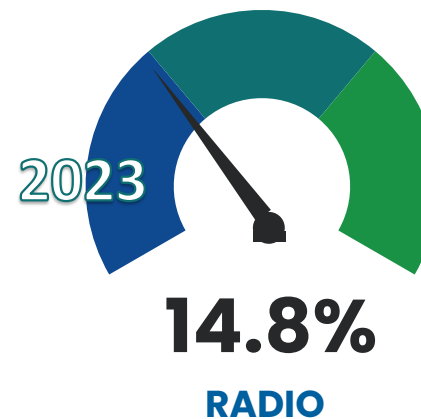
Methodology: (1) To obtain the result, we weighted the respondents' average estimates of growth and decrease with the proportions of those predicting growth / stagnation / decrease in the full sample. (2) At the time of the data collection (between November 2022 and January 2023) only 2021 media spending data were available, so respondents were asked to provide their estimates of the changes expected to take place in media segments in 2023 in comparison with the 2021 figures, in percentages. However, this analysis specifies the changes estimated by the respondents as a percentage of the 2022 total media spending actuals (published on 20 March, 2023).

2023 MEDIA SPENDING BAROMETER 2

CHANGES EXPECTED BY INDUSTRY DECISION MAKERS TO OCCUR IN THE COSTS OF PUBLISHING ADVERTISEMENTS IN SPECIFIC MEDIA TYPES, IN 2023, AS COMPARED TO 2022

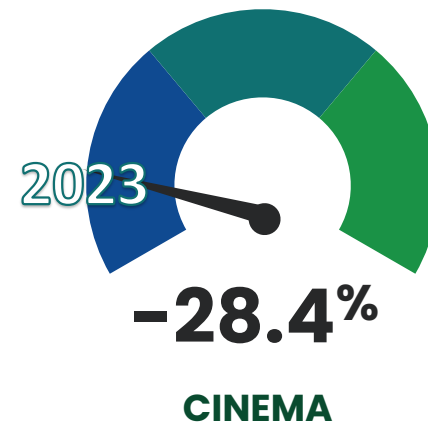


Respondents believe that the OOH market may fall by more than 10 percent.



The market forecasts a nearly 15% fall in advertising spending in 2023.

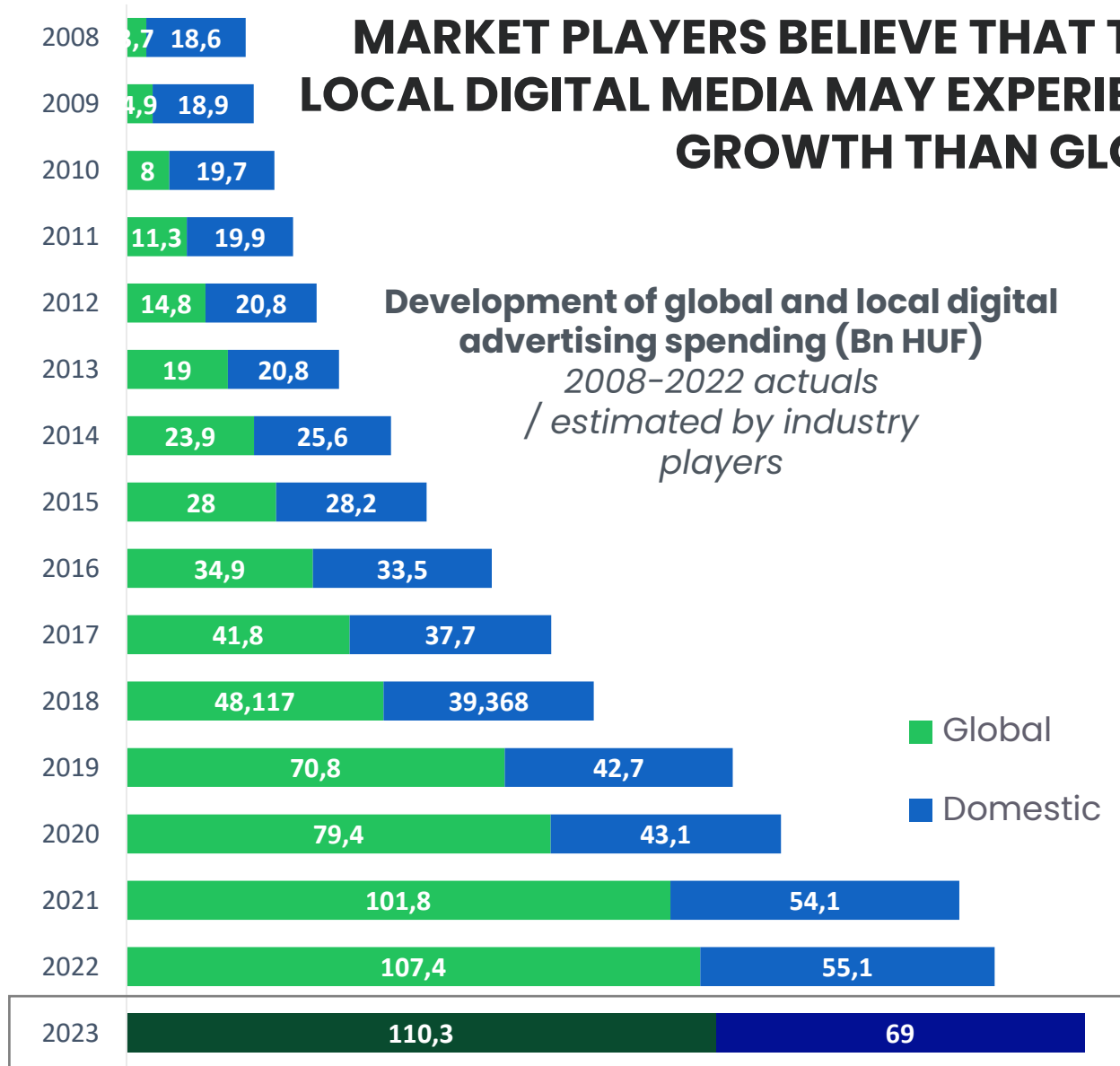
Respondents think that the growth of the cinema segment will turn into a fall in 2023: Respondents expect a considerable 28.4% fall in the cinema spending, as compared to last year.



Methodology:

- To obtain the result, we weighted the respondents' average estimates of growth and decrease with the proportions of those predicting growth / stagnation / decrease in the full sample.
- At the time of the data collection (between November 2022 and January 2023) only 2021 media spending data were available, so respondents were asked to provide their estimates of the changes expected to take place in media segments in 2023 in comparison with the 2021 figures, in percentages. However, this analysis specifies the changes estimated by the respondents as a percentage of the 2022 total media spending actuals (published on 20 March, 2023).

THE PROPORTIONS OF GLOBAL AND LOCAL DIGITAL MAY CHANGE: MARKET PLAYERS BELIEVE THAT THE ADVERTISING REVENUES OF LOCAL DIGITAL MEDIA MAY EXPERIENCE A PROPORTIONALLY LARGER GROWTH THAN GLOBAL PLATFORMS



1

Since 2016, advertisers have been spending more than half of their budget set aside for digital advertisements at global media operators, and this proportion was continuously rising.

2

From 2019, global digital platforms have been holding the largest slice of the Hungarian media market.

3

In 2022, global digital media made up more than one third of Hungary's media market.

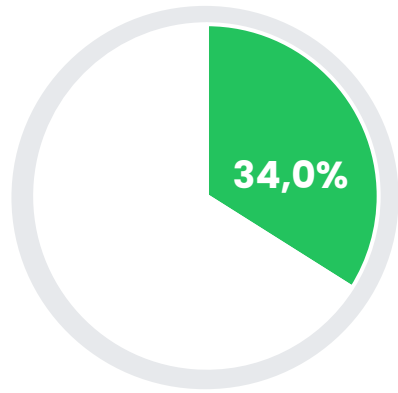
4

According to the respondents involved in the 5th survey of the MRSZ Barometer, out of all digital slices, the growth of the domestic segment will become more dynamic in 2023, while the growth of the global segment will calm down to a level bordering on stagnation. Therefore, a slight shrinkage of the total percentage of the global media slice is expected, which will benefit the local slice.

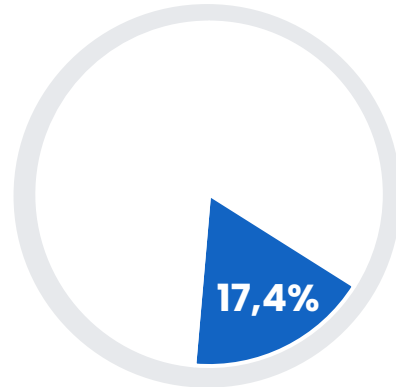
A TREND SHIFT IN THE PROPORTIONS OF LOCAL DIGITAL AND GLOBAL DIGITAL MAY TAKE PLACE IN 2023

BASED ON THE ESTIMATES OF MARKET PLAYERS, THE ADVERTISING REVENUES OF LOCAL DIGITAL MEDIA WILL EXPERIENCE A BIGGER GROWTH PROPORTIONALLY, THAN THE GLOBAL SLICE IN 2023. THE DYNAMICS AFFECTING THE PERCENTAGES OF THE SEGMENTS MAY THUS CHANGE LIKE THIS

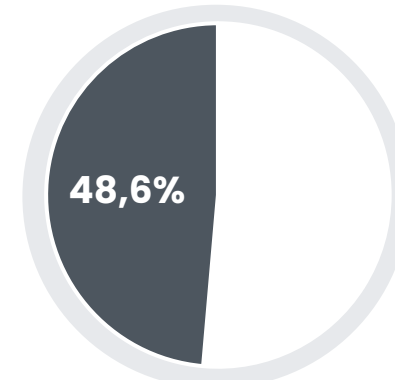
2022 (ACTUAL)



Change in the size of global digital in the total media spending from 2022 to 2023



Change in the size of local digital in the total media spending from 2022 to 2023



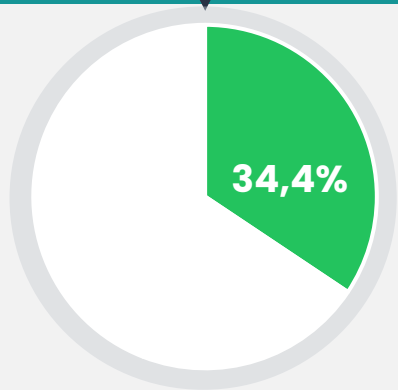
Change in size of TV, print media, out-of-home, radio and cinema segments combined in the total media spending from 2022 to 2023

+0.4%

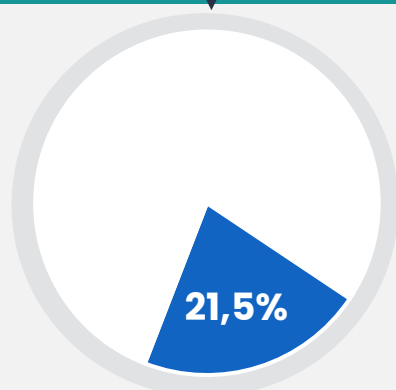
+4.1%

-4.5%

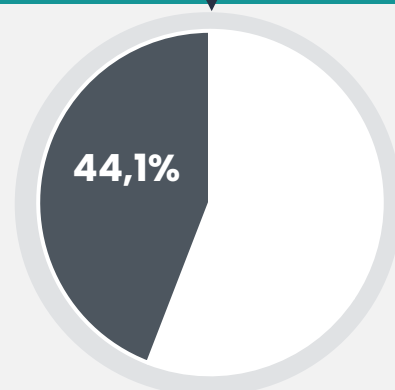
2023 (ESTIMATED)



The dynamic growth that was characteristic of global digital in earlier years already started faltering in 2022, and will continue to fall, according to market players' forecast.



On the other hand, the local digital segment may soar in 2023, carving out a 4.1% larger slice of this year's total media spending.



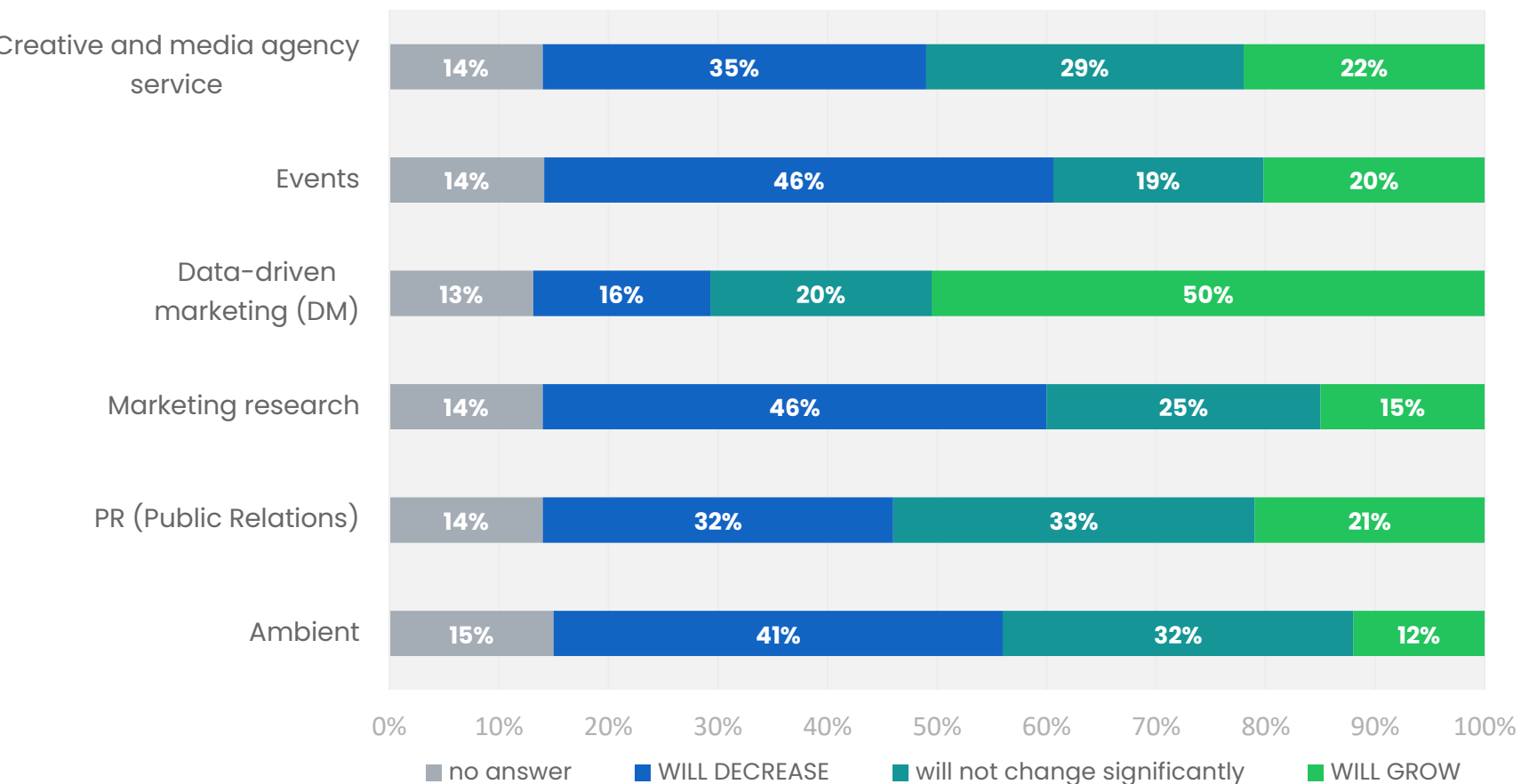
According to the industry, TV, print media, OOH, radio and cinema collectively will only account for 44.1% of the total media spending of 2023, which means that their combined share will be down 4.5% compared to 2022. A greater penetration of the domestic digital media is likely behind this decrease.

#10

**MARKETING COMMUNICATIONS SPENDING
EXPECTED FOR
2023**

NOBODY CAN BE FREE OF WORRY – IN PARTICULAR, EVENT MARKETING, RESEARCH AND AMBIENT ARE LIKELY TO EXPERIENCE A DECREASE

FORECAST FOR 2023: DIRECTION OF COMMUNICATIONS SPENDING (+/-)(1)



PURPOSE OF THE COMMUNICATIONS SPENDING ANALYSIS

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

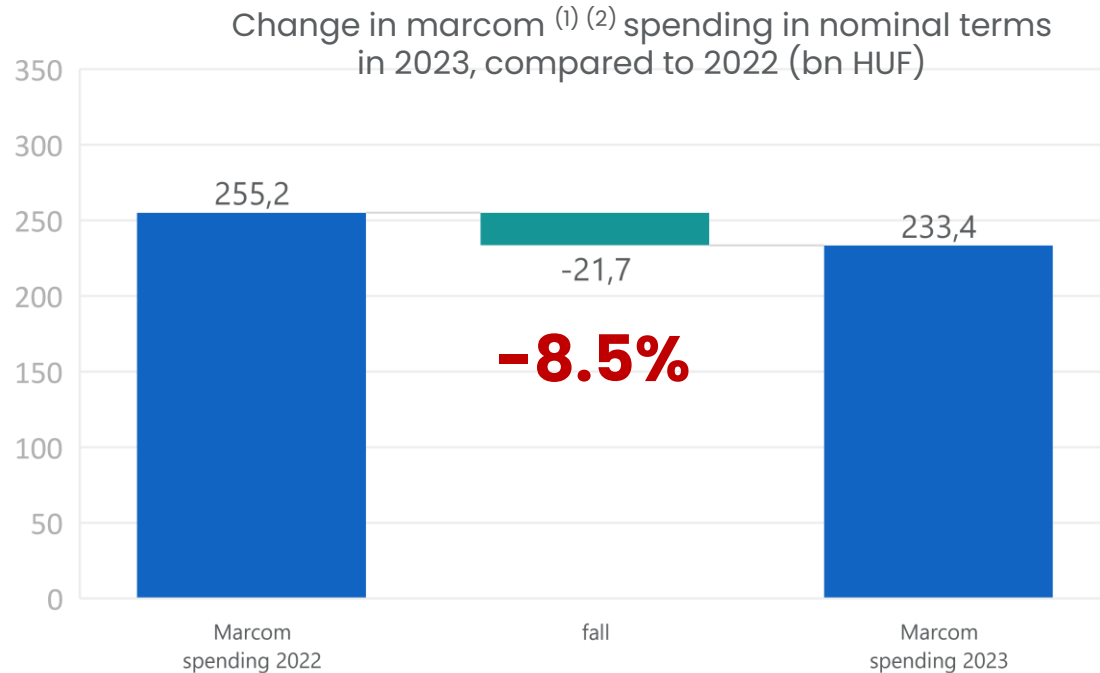


SCOPE OF THE COMMUNICATIONS SPENDING CHART

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 re-invoiced to advertisers)

(1) Please estimate whether advertisers' external marketing communications spending (the slices of the MRSZ total communications spending chart) will grow or fall in 2022, as compared to 2021 / in 2023, as compared to 2021.

ACCORDING TO INDUSTRY PLAYERS' ESTIMATE, THE TOTAL MARKETING COMMUNICATIONS SPENDING IN 2023 IS HEADED TOWARD A 8.5% FALL IN NOMINAL TERMS / THE DECREASE IS EXPECTED TO BE ABOUT 20-25% IN REAL TERMS



(1) Includes: creative and media agency services, events, data-driven marketing (DM) marketing research, PR, ambient sectors and production costs

Does not include the total media spending

(2) For the production costs incurred by media owners and charged to advertisers we did not ask respondents to give an estimate in this survey, but on the basis of the extent of the change in the radio, print media and out-of-home segments estimated from the 2022 production cost actual (5.2 bn), we have modified our production cost figure pro rata, to eliminate any distortion of the totality of the estimates given by market players in marcom costs.

1

NEGATIVE AND STAGNATING EXPECTATIONS PREVAIL

The majority of respondents expect a decrease in 2023, but even the cautiously optimistic respondents see stagnation as the most likely scenario. In general, optimists made up one fifth of the respondents in their forecasts about specific communications spending segments' changes.

2

THE GROWTH ACHIEVED FROM 2021 TO 2022 WILL MELT IN 2023

If the market predictions for 2023 prove right, the total of the marketing communications spending is going to drop back to the 2021 level.

3

THE DROP IS ALMOST ONE TENTH IN NOMINAL TERMS

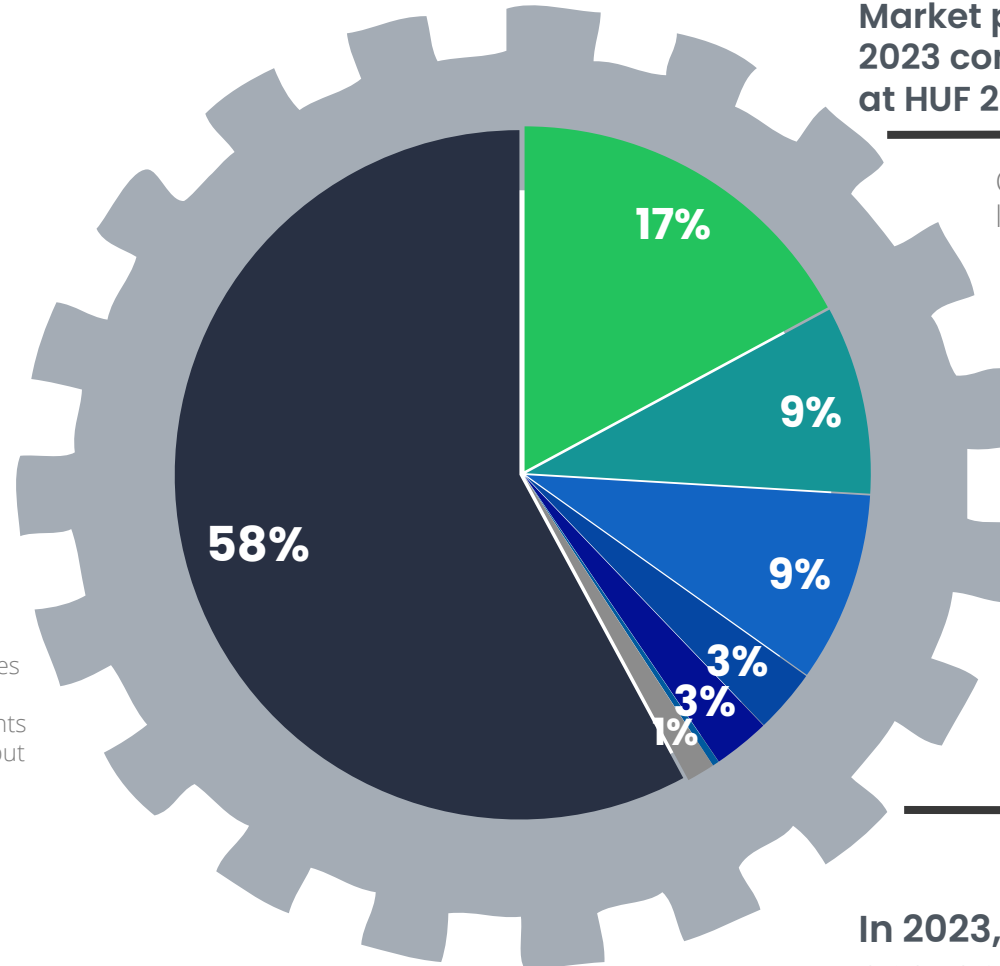
The market expects a 8.5% drop for 2023, which is significant even in nominal terms.

4

IN REAL TERMS, THE FALL MAY BE DOUBLE-DIGIT, DUE TO THE INFLATION RATE FORECAST FOR 2023

The marcom revenues of the communications industry are expected to experience a drop of about 20-25%. (Calculating with MNB's projection for inflation in 2023.)

VISUALISATION OF THE PERCENTAGE OF MARCOM SPENDING IN THE TOTAL COMMUNICATIONS CHART (1)



Market players estimate the total of the marcom slices of the 2023 communications spending at HUF 233.4 bn.

Communications spending, including the estimated media spending, is likely to total HUF 553.3 bn in 2023.

Nominal change of the marcom spending forecast for 2023 as compared to 2022: **-8.5%**

The change in the size of the estimated total communications spending in 2023 from 2022 is **-3.0%**

In 2023, data-driven marketing is likely to catch up with – or even slightly exceed – the event marketing segment.

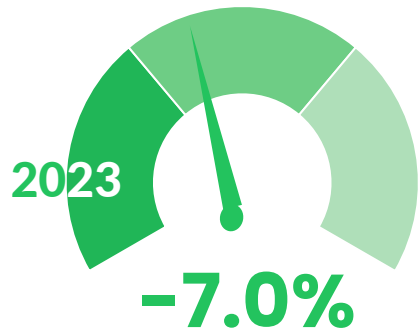
* The total communications spending also includes production costs incurred by media owners and charged to advertisers. We did not ask respondents to give an estimate of these costs in this survey, but on the basis of the extent of the change in the radio, print media and out-of-home segments estimated from the 2022 production cost actual (5.2 bn), we have modified our production cost figure pro rata, to eliminate any distortion in the share represented by the estimates given by market players for the specific types of marcom costs.

** The figures of the media spending chart are totals of the media spending data estimated for 2023 in this survey.

(1) Please estimate the extent (%) to which advertisers' external marketing communications spending (the slices of the MRSZ total communications spending chart) will FALL / GROW in 2023, as compared to 2021.

2023 COMMUNICATIONS SPENDING BAROMETER 1

CHANGES THAT INDUSTRY DECISION-MAKERS THINK WILL OCCUR IN 2023 IN ADVERTISERS' MARCOM COSTS, AS COMPARED TO 2022

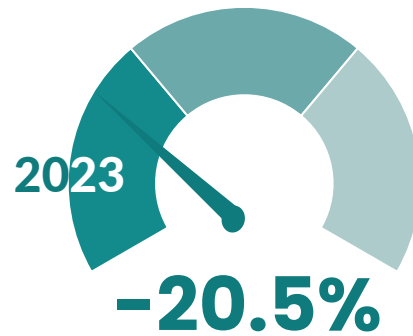


CREATIVE AND MEDIA AGENCY SERVICES



7.0% FALL

Compared to 2022, agency services' marcom spending is expected to fall 7% in 2023.

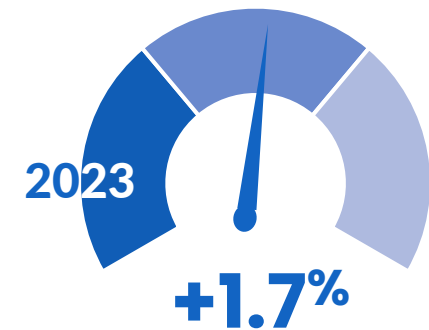


EVENT MARKETING



20.5% FALL

Respondents forecast a 20.5% fall in event marketing communications spending.



DATA-DRIVEN MARKETING

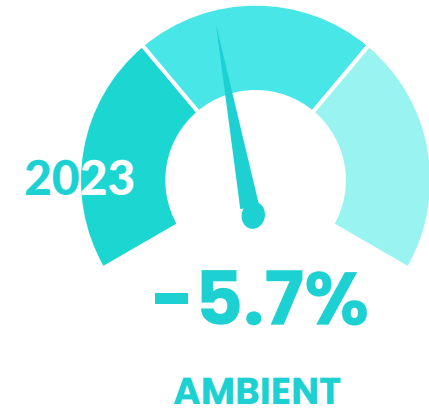
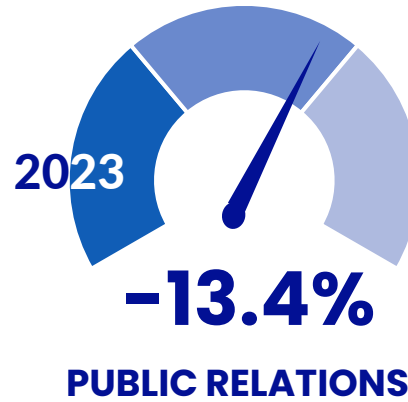


1.7% GROWTH

Respondents proved the most optimistic about the DM segment: The industry estimated a larger weighted nominal growth for the data-driven marketing market. However, since DIMSZ adjusted its previously published figures retroactively back to 2019, the adjustment that was necessitated by a methodological change resulted in a 1.7% growth for the 2022 actual ratio.

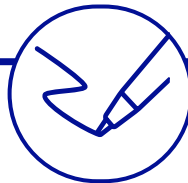
2023 COMMUNICATIONS SPENDING BAROMETER 2

CHANGES THAT INDUSTRY DECISION-MAKERS THINK WILL OCCUR IN 2023 IN ADVERTISERS' MARCOM COSTS, AS COMPARED TO 2021



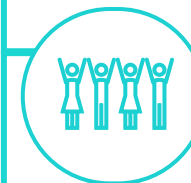
13.1% FALL

For 2023, the industry estimates a 13.1% fall in marketing research communications spending.



13.4% FALL

The market anticipates a 13.4% fall in public relations marketing communications spending.



5.7% FALL

Respondents expect a 5.7% drop in their ambient marketing communications spending.

#11

**WHAT CAN THE ADVERTISING ASSOCIATION DO
FOR THE INDUSTRY?**

2020–2021: OVER THE SURVEYS, THERE WAS A SHIFT IN THE FOCUS OF THE PROFESSIONAL ADVOCACY EXPECTED FROM MRSZ⁽¹⁾



IN 2020, THE FOCUS WAS ON ADVOCATING FOR NEW GOVERNMENT MEASURES

In the surveying stages of May and September 2020 (research stages #1 and #2)

- companies primarily expected MRSZ to lobby
 - for managing the crisis caused by the COVID pandemic,
 - for government support to tackle it,
 - and for advancing potential government measures.



IN 2021, THE FOCUS WAS ON GOVERNMENT SUBSIDIES

The expectations have not changed significantly since the previous two surveys. The extended government measures, necessary for the segment to catch up, continue to be important for the industry's players.

- Various forms of tax cuts ended up on the podium.
- A higher-than-average proportion (45%) of media owners considered the increase of government spending to be necessary;
- while agencies opted for direct grants (56%).

(1) The choices of the survey questions were changed (updated) from one survey stage to another, to adapt to the different situations and crises experienced at the time of each stage.

(2) Reacting to the relief of the market and its shift towards the earlier operational order, which was taking place at the time, the survey conducted between the end of November 2021 and January 2022 offered possible answers concentrating on MRSZ's professional activity.

2022–2023: OVER THE SURVEYS, THERE WAS A SHIFT IN THE FOCUS OF THE PROFESSIONAL ADVOCACY EXPECTED FROM MRSZ⁽¹⁾



IN EARLY 2022, MRSZ'S MEDIATION AND NETWORKING SKILLS BECAME IMPORTANT⁽²⁾

In November 2021 and January 2022, it was rather MRSZ's mediation and professional networking roles that respondents tended to attribute to the organisation, with an emphasis on thinking together and exchanging professional experience and information:

In the fourth data collection, respondents thought that MRSZ, under its own steam, could help the industry the most by

- sharing best practices (61%),
- facilitating the exchange of information (55%),
- publishing market players' common views on the crisis and the importance of advertising (45%),
- sharing international experiences (43%),
- lobbying the government (41%),
- engaging and attracting advertisers back (36%),
- exploring grants (26%),
- and the possibilities of international cooperation (24%)

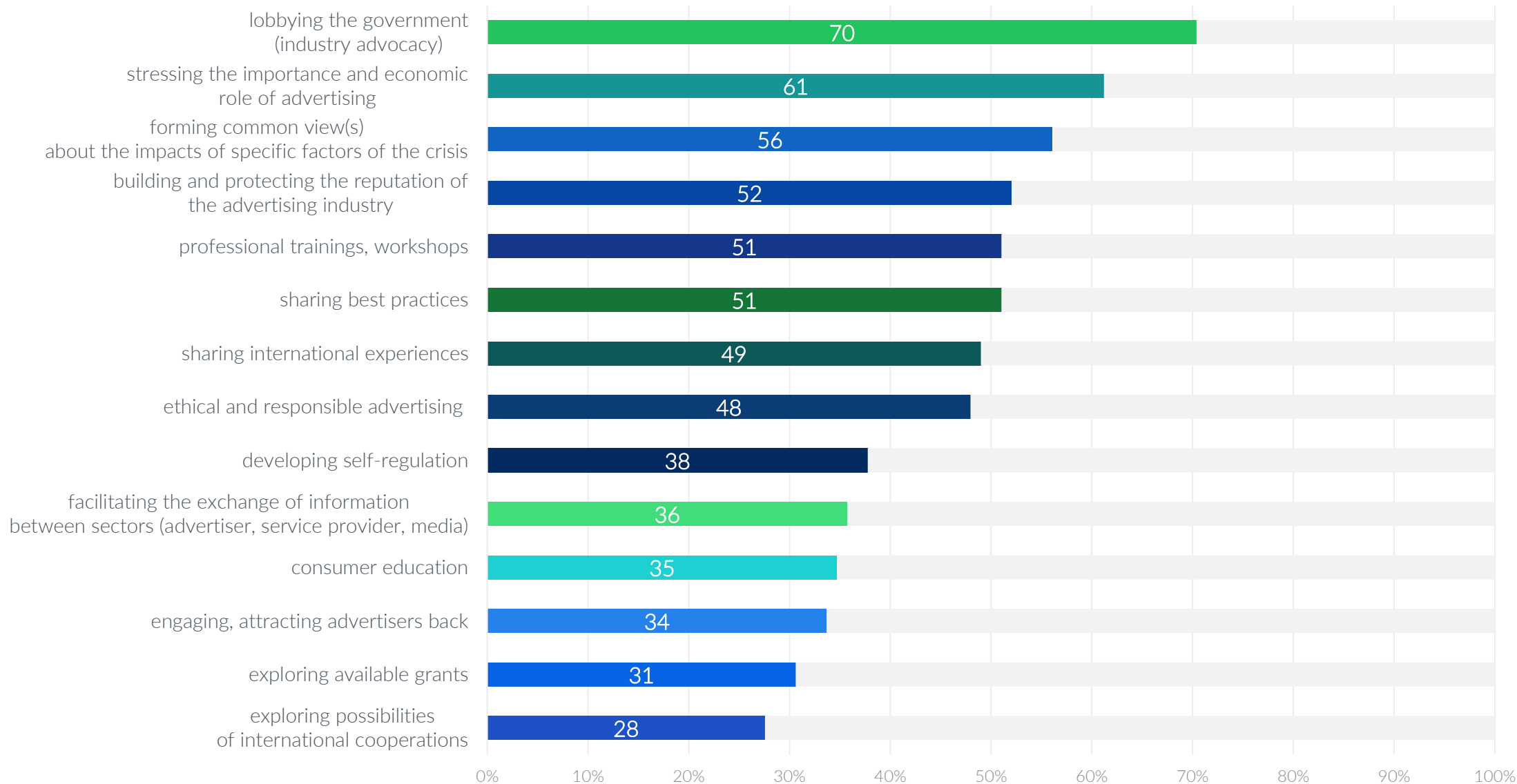
BY LATE 2022, EARLY 2023, THE FOCUS SHIFTED TO LOBBYING, FORMING COMMON VIEWS AND STRESSING THE ECONOMIC ROLE OF ADVERTISING⁽²⁾

In the fifth data collection (November 2022 – January 2023), respondents expected the Advertising Association to

- lobby the government aggressively and conduct industry advocacy (70%) in 2023,
- emphasise the social and economic importance of advertising (61%),
- and – in that respect – build the reputation of advertising (52%),
- voice market players' common views because of the complexity of the crisis (56%),
- and conduct professional trainings (51%).

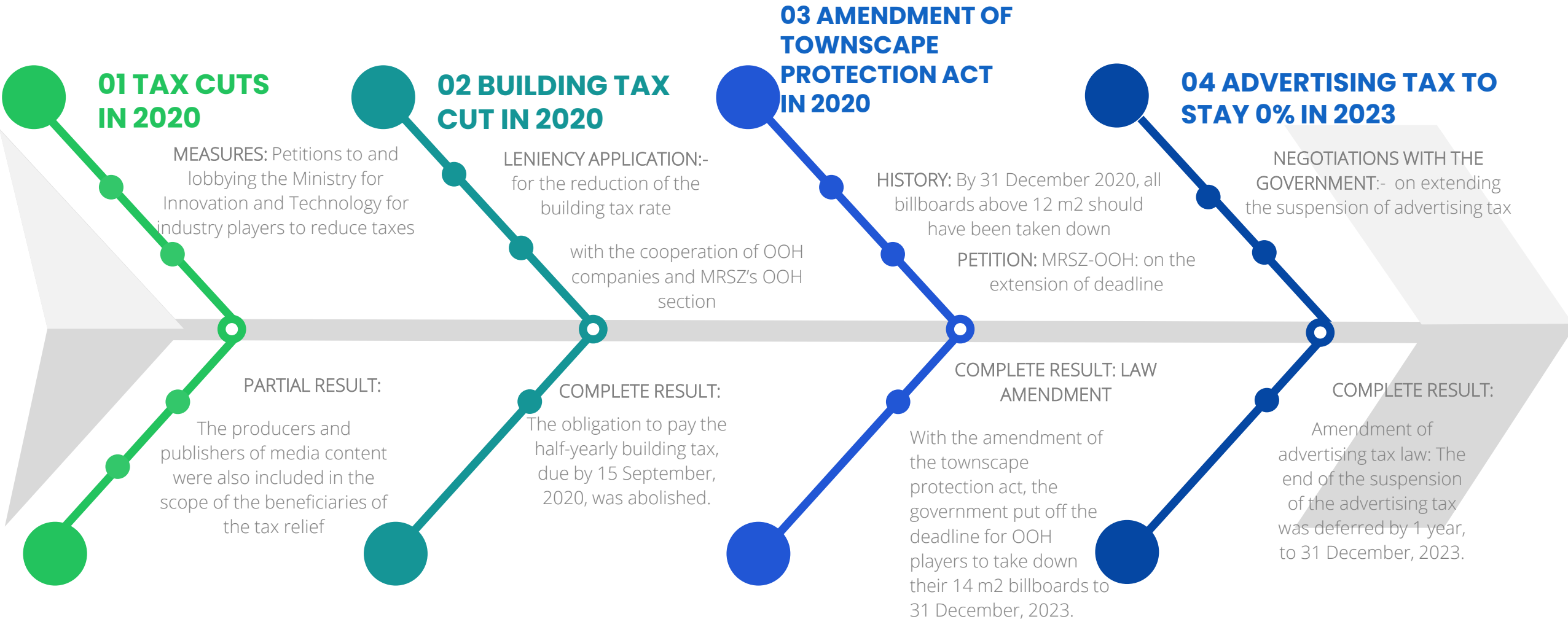
(1) The choices of the survey questions were changed (updated) from one survey stage to another, to adapt to the different situations and crises experienced at the time of each stage.

2023: ACTIVITIES EXPECTED FROM THE ADVERTISING ASSOCIATION



(1) What kind of support do you think MRSZ could provide, under its own steam, to the segment of your business?

2020–2022: MRSZ ADVOCACY RESULTS, WHOSE ACHIEVEMENT THE DATA OF THE MRSZ BAROMETER ALSO CONTRIBUTED TO



SOME MORE THOUGHTS FROM THE RESPONDENTS⁽¹⁾

IT SEEMS THAT THE INDUSTRY PRIMARILY COUNTS ON MRSZ'S SUPPORT IN THE AREAS WHERE COMPANIES HAVE CANCELLED OR DEFERRED THEIR SPENDING: NETWORKING, CULTIVATING AND SHARING PROFESSIONAL EXPERTISE ETC.



ADVERTISING CONFERENCE

"Strengthening the community, relaunching the advertising conference"



NETWORKING

"Regional presence, networking with collective organisations of the economy (domestic and mixed chamber, VOSZ, etc.)"



YOUTH DEVELOPMENT

"Professional youth development and talent management (university networking, startup culture etc.) are an important responsibility"



ABOUT KATA

"A positive outcome of the KATA phaseout could be the creation of a more stable in-house team, as professionals will become more affordable, and they will be more willing to work as employees."

(1) Please write whatever other thought, experience or observation, which you may have about your business, your sector / segment, and which the survey missed, but you still find important for MRSZ and the advertising market.

#12

EARLIER SURVEYS:

<https://mrsz.hu/kutatas/2020-mrsz-barometer-2-fazis>