

Tania Barnott was at the Cannes Lions Festival, the biggest event in the ad industry calendar, as the results of the UK's Brexit referendum came in last June, to the shock of the 15,000 attendees. Yesterday, Barnott, chief executive of the Institute of Advertising Practitioners in Ireland (IAPPI), jetted out to Cannes again, eager to hear the latest expert views on an industry that has been hit by economic uncertainty and turned on its head by technology.

"We have to be down there hustling," said Barnott. "Cannes is the platform that the big brands use."

It will be no holiday: global advertising sales will grow by a modest 2.7% in 2017 to \$505bn (£450bn), down from 5.9% growth last year, according to forecasts from Magna, part of ad agency IPG Mediabrands. It blames the slowdown on the lack of big international events this year, such as sports tournaments and elections, but also a slowdown in the US market.

Within the figures, however, are the trends that will surely be up for discussion on the French Riviera. Magna predicts television ad sales will be down 1% this year, the first fall since 2009, as digital media overtakes TV to be the biggest category for advertising revenues.

Digging even deeper, 54% of ad sales are generated by clicks and impressions on mobile devices, Magna says. For the traditional "Mad Men" and women of the ad sector, the world has changed utterly.

"There has been a massive shift in terms of power and money – essentially to Google and Facebook," said Barnott. "Where the big ad agencies used to be, the likes of Facebook and Instagram have taken over. They will colonise a massive part of the beach [at Cannes]."

The stages at the French resort town, where Gwyneth Paltrow was a star turn last year and Helen Mirren is among this year's speakers, are a far cry from the offices of the Dublin ad agencies trying to get to grips with the digital takeover. Eamon Fitzpatrick, managing director of JFG Mediabrands Ireland, said the trend was well under way in the Irish ad market, with spending leading away from television and print to online.

"The industry is being driven by digital, mainly mobile," he said.

Figures from Core Media, the biggest ad buyer in Ireland, show that online advertisers' share of the total Irish ad market increased from 69% in 2014 to 72.6% last year. It estimates that it will top 75% this year.

That would put it way ahead of radio-phon, which took 26.7% of ad spending last year, followed by print media at 9.4% and radio at 6%. The balance is made up by outdoor and cinema advertising.

Edie O'Mahony, chief trading officer at Core Media, which has annual billings of more than €1bn, says that while the figures show a health voracity that digital spending may need to under-estimate. Facebook and Google do not publicly release country-by-country employer agencies to handle their online marketing. It is difficult to estimate.

"We are forecasting that digital spend will account for 46%–48% of the Irish market by 2020," said O'Mahony. "Our spend on it is actually tracking behind places such as Britain. Given that the overall market is not growing at a rapid rate, that puts pressure on traditional media."



The twin blows of Brexit and the rise of online giants such as Facebook and Google have hit the ad industry hard; Paltrow, right, was a star turn at the Cannes Lions festival last year



CLICKING DOWN TO DISASTER

Hit by a combination of Brexit and the rise of online giants such as Google and Facebook, the traditional ad market is in crisis, writes Philip Connolly

Liam McDonnell, chief executive of Demisio Agency Ireland, parent of ad agency Carni, said the digital revolution would inflict pain on ad businesses that favour traditional media and the parts of the marketing industry that rely on it.

"A lot of businesses make their money from what they have been doing for a long time, but we know where the future is and where the investment has to go," he said. "Some people are faster to own up to that than others."

"Across the media industry you will see survival of the fittest. The level of data available from digital marketing means it is much easier to see a return on investment. That should help to grow the industry but legacy businesses in traditional media could still be challenged."

The shift is taking place against a backdrop of an already challenging market. At the start of this year, Core forecast the Irish ad market would be worth about €9.5bn in 2017 but O'Mahony is working on lower forecasts. "We had forecast that the market would increase by about 3.4% this year," he said. "I am going to be realistically in the next few weeks and I'm likely to downgrade the forecast."

It is an odd adage in business that advertising and marketing budgets are the first to be cut in times of uncertainty, and the shocks of Brexit and the election



of Donald Trump have been unlikely to the sector, according to O'Mahony.

"The first five months of the year have not been as strong as we thought they would be," he said. "It has been a bit of a schizophrenic market due to the uncertainty and it is becoming more and more difficult to predict."

He estimated that about 25% of ad spending in the Irish market came out of sterling-denominated budgets, and the fall in the pound means there is less to be spent when converted to euros.

"UK clients are dealing with the shifting exchange rate, which has wiped up to 10% off some budgets," said O'Mahony. A year on from the Brexit shock, however, Barnott believes there is a more long-term opportunity for Ireland to poach some business from London. That will be part of the sales pitch of the Irish contingent of about 90 executives that

have jetted to Cannes to "hustle" for business, she said.

Fitzpatrick predicted that, in the long term, advertisers were likely to realise all advertising channels should be used as part of a strategy. "It is more complicated and there are more choices now, but you mainly need to put the ad in the right place," he said.

At Cannes, Facebook is taking a lead in combining its online expertise with real-world interaction. Its beach sage, named Face to Face, promotes the "chance for some real face time with Facebook thought leaders and the best and brightest pioneers in the creative community."

The main topic of discussion will be "the future of creative in the middle era" where "it's all exclusive content... with our exclusivity." Ireland's advertising industry is likely to be listening intently.