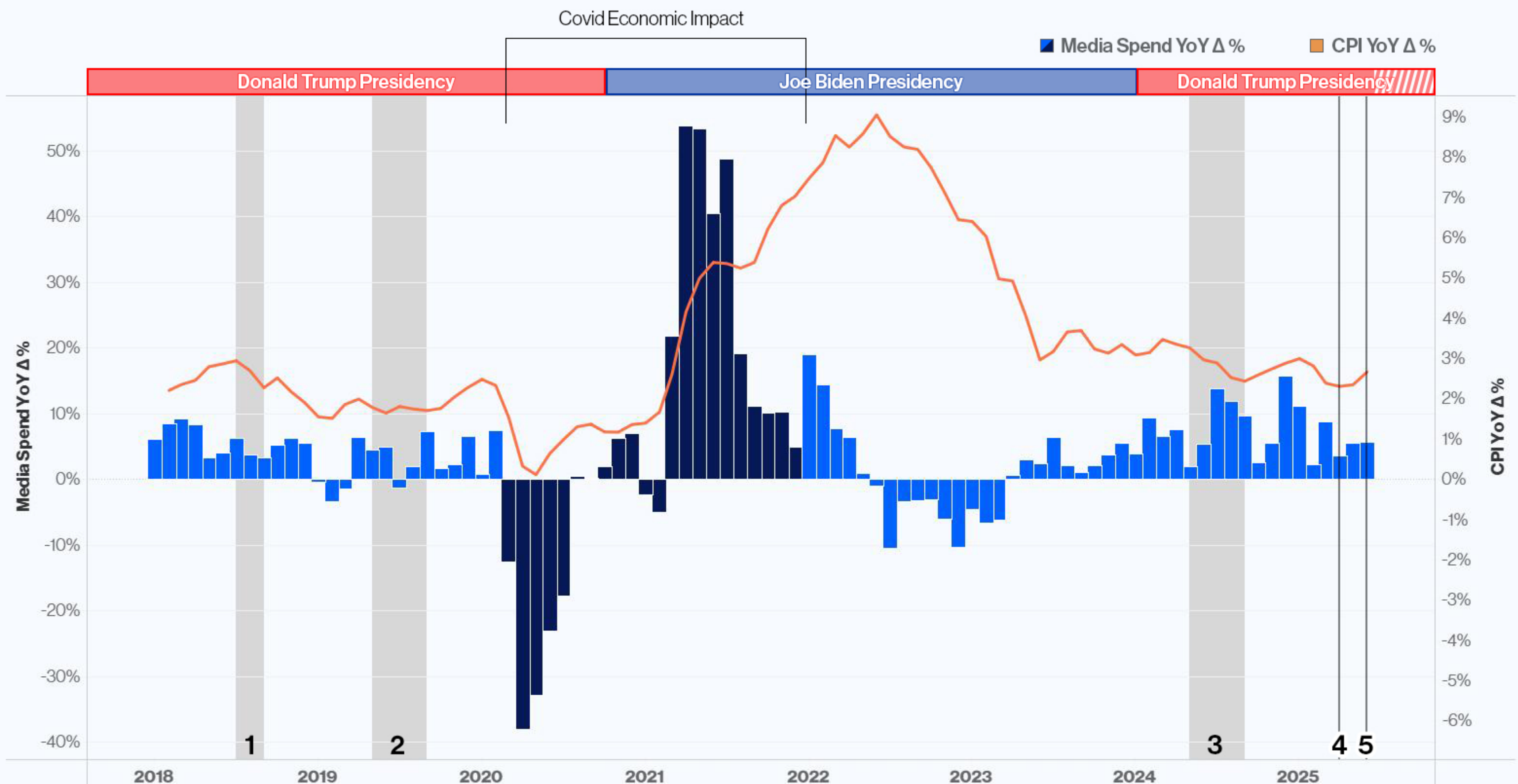


The Impact of CPI Volatility on Media Spend Growth

Tracking the weighted average of prices for a representative basket of goods and services, the Consumer Price Index (CPI)—when measured year-over-year—reveals structural inflation trends by smoothing out seasonality and short-term fluctuations. As a macroeconomic signal, rising CPI reflects broad inflationary pressure, which translates into increased costs across industries and mounting pressure on profit margins. Over time, this manifests in reduced media investment.

What we observe in the media spend marketplace is a downstream effect: elevated CPI—driven by factors like tariffs or COVID-related disruptions—typically precedes or coincides with declines in year-over-year media spend, with a lag of approximately 1 to 4 months.



Timeline of Tariffs & Impact on CPI

- | | Impact on Inflation/CPI | Result on Inflation/CPI |
|--|-------------------------|---|
| 1. Jul 2018 – Sep 2018
the U.S. imposed tariffs on ~\$250B in Chinese goods, targeting intermediate and some consumer products. | ⬆️ | This launched the trade war and moderately increased overall CPI by late 2018. |
| 2. May 2019-Dec 2019
Tariff escalation to consumer goods (List 4A/4B): Toys, smartphones, apparel (delayed, then imposed at 15%). | ⬆️ | Core goods inflation picked up, particularly in apparel, household goods, and toys, with modest upward pressure on headline CPI. |
| 3. May 2024 – Sep 2024
Biden's China Tariffs on EVs, solar, steel, batteries: expanded from earlier targeted goods. | ⬆️ | Mild and delayed impact on overall CPI, with limited near-term effects due to low direct consumer exposure and inventory buffering. |
| 4. Apr 2025
"Liberation Day" Broad Tariff Package: Sweeping tariffs—10% baseline on all imports; 25%+ on steel, autos, appliances. | ⬆️ | Clear CPI lift by May 2025 |
| 5. June 2025
50% tariffs on steel/aluminum + expanded coverage (incl. tools, machinery). | ⬆️ | Clear CPI lift by June 2025 |

Source: Guideline SMI Core 1.0, Custom Configuration of Media Type and Gross Media Spend
U.S. Bureau of Labor Statistics, Historical CPI-U Database, June 2025. <https://www.bls.gov/cpi/tables/supplemental-files/>
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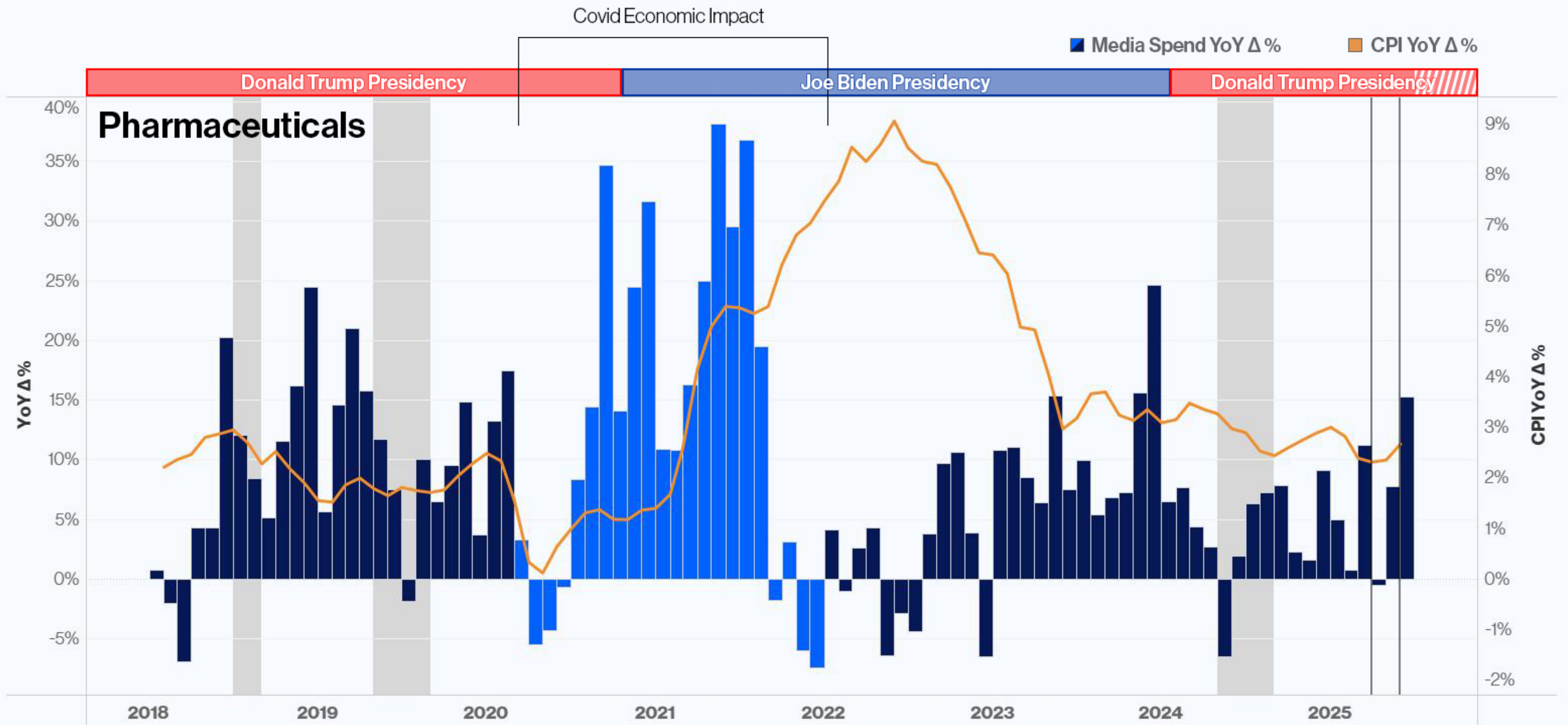
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Category Performance: Pharmaceuticals & Financial Services

Pharmaceuticals, representing ~13% of the Guideline pool, are primarily driven by health-related demand, as evidenced during the COVID period. Despite sustained inflationary pressure, year-over-year growth remains consistent, likely due to long planning cycles and the essential nature of the category.

In contrast, Financial Services—representing ~9% of total media spend—are highly sensitive to inflationary volatility, showing a faster and more direct correlation to macroeconomic shifts.



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Category Performance: Automotive & CPG

Representing ~20% of marketplace media spend, CPG advertisers respond predictably and consistently to macro pressures. Their spend typically declines as CPI rises—often with a 1–3 month lag—and rebounds when inflation cools.

Automotive, representing ~9% of total media spend, is more volatile—tied to factors beyond CPI alone, including industry-specific supply disruptions and large-scale financial planning. While not always directly responsive to inflation, Automotive media spend reflecting downstream effects of economic volatility.

