

VAB Summary of Ad Spend Forecasts amid COVID-19



Comprehensive Guide to the Latest Revised Ad Spend Predictions

COVID-19 continues to negatively impact the U.S. economy, amid a resurgence of Coronavirus cases in California, Arizona, Florida and several of the other sun belt states, preventing many key states from opening fully and stimulating real growth in the economy. Consumer Confidence increased in June, as did employment opportunities and the MLB finally had its opening day; however, most economists believe we are far from an economic recovery and predict 2021 will also bring uncertainty.

With this upheaval and uncertainty, we look to the experts for their predictions on the impact of the COVID-19 pandemic on our economy and the state of the advertising business. To save you time, we've collected the key information and distilled it down to a quick reference guide to be used as you develop your marketing strategies for the rest of 2020 and into 2021.

U.S. Economic Indicators	May	June
Consumer Confidence (Conference Board)	85.9	98.1 (1985=100)
Employment Trends Index	45.27	49.05
Leading Economic Index	99.8 (2006=100)	NA
Measure of CEO Confidence	34 (1Q 2020)	44 (2Q 2020)
Jobless Claims	19 million	17.3 million
S&P	2,955.45	3,265.56

Note: Consumer Confidence reflects prevailing business conditions and likely developments for the months ahead. Monthly report details consumer attitudes and buying intentions. Employment Trends Index reflects an aggregate of eight labor-market indicators that shows underlying trends in employment conditions. Leading Economic Index: the leading, coincident and lagging indicators consist of average weekly hours, manufacturing, average weekly initial claims for unemployment insurance, manufacturers' new orders, consumer goods and materials, ISM® Index of New Orders, manufacturers' new orders, nondefense capital goods excluding aircraft orders, building permits, new private housing units, stock prices, leading credit index™, interest rate spread, 10-year treasury bonds less federal funds, and average consumer expectations for business conditions. Measure of CEO Confidence by the Conference Board. Jobless claims for unemployment benefits filed by unemployed individuals with state unemployment agencies. S&P: stock market index that tracks the stocks of 500 large-cap U.S. companies.

Big 3 Agency Consensus – July 28, 2020

The U.S. and world ad economies will contract 6.3% and 9.4%, respectively, according to a consensus of the Big 3 agency holding company forecasters that have revised their outlooks in the aftermath of the COVID-19 pandemic, as well as the U.S. and global economic recessions.

The consensus is an average of revised outlooks by WPP's GroupM and IPG Mediabrands' Magna in June, and Publicis Media's Zenith on July 27th. The index, a collaboration of Standard Media Index and MediaPost shows the U.S. proving to be more resilient than the global ad economy to the effects of the world crises impacting media and marketing. In fact, the most recent data reflecting actual U.S. ad spending from the major agency holding companies, the U.S. Ad Tracker index, shows that the rate of erosion has begun to moderate in June (-



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17%) vs. much steeper cuts in April (-35%) and May (-31%) in line with predictions for a stronger second half of 2020.

	% Chg. Vs. YAGO			
	U.S.		Global	
U.S., Worldwide Consensus Ad Outlooks	2020	2021	2020	2021
GroupM	-7.6%	-1.7%	-11.8%	+8.2%
Magna	-4.4%	+4.0%	-7.2%	+6.1%
Zenith	-7.0%	+3.2%	-9.1%	+5.8%
Consensus	-6.3%	+1.9%	-9.4%	+6.7%

Source: <https://www.mediapost.com/publications/article/354118/big-3-agency-consensus-us-world-ad-economies-r.html>

The Myers Report– July 16, 2020

The Myers Report is a resource for the media and advertising community covering media intelligence, education, business connections and talent development. After revising their original 2020 ad budget predictions in early March, The Myers Report once again revised their forecast to include even further declines in ad spend. They are forecasting 2020 will see a downturn of nearly -14% as compared to the pre-COVID-19 prediction of an increase of +6.2%. The platforms that are predicted to increase are: online originated video advertising, interactive/OTT/Addressable TV advertising, videogame advertising/virtual gaming currency and podcasts; however, these gains do not compensate for the other platform losses.

Myers Report	2020 (Billions) % Chg vs. YAGO
Overall ad budgets – updated 7/16/20	-14.3%
Legacy/Linear – updated 7/16/20	-20.8%
Digital – updated 7/16/20	-7.0%
Cable/Satellite Network Television – 4/2020	-23.8%
Linear	-25.0%
Digital (excl. OTT)	-12.0%
Broadcast Network TV – 4/2020	-27.5%
Linear	-28.0%
Digital (excl. OTT)	-25.0%
Local & National Spot Broadcast TV – 4/2020	-25.5%
Linear	-26.0%
Digital	-20.0%
Local/Regional Cable TV – 4/2020	-40.0%
Linear	-40.0%
Digital (excl. Addressable/OTT)	-40.0%
Search Marketing (online & mobile) – 4/2020	-4.0%



VAB Summary of Ad Spend Forecasts amid COVID-19



Mobile & Apps Advertising (excl. Search) – 4/2020	-18.0%
Social Marketing (digital) – 4/2020	-24.0%
Online Originated Display (Banner) – 4/2020	-24.0%
Online Originated Video Advertising – 4/2020	+26.0%
Videogame Advertising/Virtual Gaming Currency – 4/2020	+4.0%
Digital Place-Based Video Media (excl. Cinema) – 4/2020	-58.0%
Interactive, VOD & Addressable TV – 4/2020	+12.0%
Newspaper (Print Originated) (Legacy + Digital) – 4/2020	-25.7%
Audio – 4/2020	-25.3%
Linear	-30.0%
Digital	-18.0%
Podcasts	+8.0%
Consumer Magazines (Print Originated) (Legacy + Digital) – 4/2020	-26.8%
Out-of-Home (Legacy + Digital) – 4/2020	-44.2%
Cinema – 4/2020	-64.9%

*Note: The Myers Report estimates are based on there being limited sports for the rest of 2020, which would significantly impact TV spend.

GroupM – June 16, 2020

GroupM's Brian Wieser leads thought leadership around economic trends, forecasts, and insights and is the author of *This Year, Next Year: U.S. Mid-Year Forecast Report*.

GroupM is predicting the U.S. ad market's decline is subsiding after an initial freefall that began in late March. When excluding political advertising, they expect a 13% decline during 2020, followed by 4% growth next year on a comparable basis. Including political advertising, which is forecasted to expand in 2020, the U.S. advertising market will fall by only 8% percent in 2020. In 2021, as underlying improvements in the ad market are offset by the absence of political advertising after the election, they expect a further 1% decline.

GroupM	2020 – Exc. Political	2020 Inc. Political
Total U.S.	-13%	-8%
Digital	-3%	0%
Television	-7%	
National TV	-11%	
CTV	-3%	
Local TV	-34%	+1%
Print Media	-26%	
OOH	-21%	
Audio Media	-24%	



VAB Summary of Ad Spend Forecasts amid COVID-19



eMarketer – June 23, 2020

eMarketer released updates to their ad spend forecast in late June, revising their numbers down to reflect the continued effects of the COVID-19 stay at home directive, lack of most major live sports and the social unrest impacting many of the country's largest cities. TV ad spend will continue to decline sharply, forecasting declines of 27% for the 2020/2021 upfront national spend. Prior to the COVID-19 outbreak, eMarketer was predicting an increase in TV advertising for the full year 2020 reaching \$72B.

In addition to television forecasts, eMarketer revised their digital ad spend, forecasting an increase of 1.7% as compared to their original forecast of 17%. Search spending will decline this year, despite its focus on performance—mostly because of the travel industry's heavy reliance on the format. Display, meanwhile, will continue to rise, buoyed by video. But traditional media channels will be affected even more negatively: TV, print and radio ad spending will all decline by double-digit rates this year.

eMarketer	Original 2020	Revised 2020
Digital Ad Spend	+17%	+1.7%
Mobile	+21%	+4.8%
Newspaper	-16%	
Magazines	-12%	
Nat'l TV Upfront	-25%	-27%

MAGNA Global – June 15, 2020

MAGNA is the centralized IPG Mediabrands resource that develops intelligence, investment and innovation strategies. For this exercise we are focusing on their most recent ad predictions in the U.S., which take into account the impact of the COVID-19 pandemic on ad markets.

Due to the continued effects of the pandemic, on June 15th, MAGNA predicted overall ad spend in the U.S. to decline -4.3% in 2020. MAGNA believes there will be long term effects of COVID-19 on the global ad market through 2024. While linear TV experienced a surge in viewing consumption for about eight weeks in the height of the pandemic, those levels were mostly back to normal by early June, says Vincent Létang, exec VP, global market intelligence at Magna, and author of the report. Digital ad spending is expected to recover in the second half, ending the year up 2 percent to \$130 billion. The space benefited from an increase in digital media usage during the lockdown and an acceleration of e-commerce that is expected to outlive social distancing, Létang, says. The 2020 election cycle will generate \$4.8 billion in incremental ad sales, up 24 percent from the 2016 election and hitting an all-time high. This is expected to significantly mitigate the decline of ad revenues in 2020.



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Below are MAGNA's ad sales predictions by medium:

MAGNA U. S.	2020	2021
Overall Ad Sales	-4.3%	+4%
Linear Ad Sales*	-13%	+1.5%
Digital Ad Sales**	+2%	+8%
Digital Video	+10%	+7.8%
Nat'l TV	-13%	+4.3%
Out of Home	-17.5%	+8.9%
Print	-25%	-8.5%
Radio	-17%	+0.6%
Cinema	-36%	+29.2%
Political Spend	+24% vs. 2016	

Note: Linear Ad Sales include linear TV, radio, print, OOH
Digital Ad Sales include search, video, social, banners, digital audio

We will continue to update this document with the latest media spending forecasts and economic data as they are released. Please check back regularly for updates.

For the latest COVID-19 industry news visit VAB's Scoop.it board [here](#).

Contacts

Kathy Grey

SVP, Research Innovation
kathyg@thevab.com
212-508-1240

Jason Wiese

SVP, Director of Strategic Insights
jasonw@thevab.com
212-508-1219

