

Global Ad Trends

The impact of COVID-19 on ad investment

Sample version

WARC[^]
DATA





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Takeaways

1. Advertising investment is set to fall 8.1% – \$49.6bn – worldwide this year. This compares to a pre-outbreak forecast of +7.1%, equating to an absolute downgrade of \$96.4bn.

2. This year's downturn will be softer than in 2009, when the ad market fell by 12.7% (\$60.5bn). This is for a number of reasons, including the US presidential elections this year, stronger-than-expected first quarter results, and a more established online sector – particularly within e-commerce.

3. Almost all product sectors will record a decline in ad investment this year. The most severe falls will be recorded among travel & tourism (-31.2%), leisure & entertainment (-28.7%), financial services (-18.2%), retail (-15.2%) and automotive (-11.4%).

4. Traditional media will fare far worse than online. Investment is set to fall by 16.3% – \$51.4bn – this year, with declines recorded across cinema (-31.6%), OOH (-21.7%), print (-20.1%), radio (-16.2%) and TV (-13.8%).

5. Internet advertising is set to record mild growth this year (+0.6%) at a global level, though a number of key markets will witness a fall. Social media (+9.8%), online video (+5.0%) and search (+0.9%) are all still expected to grow, though online classified – particularly recruitment – is set to fall (-10.3%).

6. A recovery is forecast for 2021, at +4.9%. This will still leave the value of global ad trade \$21.9bn lower than its 2019 peak. Ad investment would need to rise 3.7% in 2022 to complete the recovery fully.

Global Ad Trends

The global outlook

WARC[^]
DATA





James McDonald
Head of Data Content
WARC

We will feel this for a generation

With this body of research we aim to give practitioners a steer on the possible outcome for ad investment this year and next based on the market data we have seen to date.

We have received media spend data from [our partners in 96 markets](#) worldwide, scrutinised earnings releases from key media owners during the first three months of 2020, and have assessed investment data at a product vertical level from Nielsen Ad Intel.

We have also factored in the unique monthly data drawn directly from practitioners in WARC's [Global Marketing Index](#), as we have done since its inception eight years ago.

This work leads us to believe that the value of global advertising trade will decline by 8.1% – or \$49.6bn – this year, to a total of \$562.9bn. This compares to our pre-outbreak forecast of 7.1% growth made in late January, equating to an absolute downgrade of \$96.4bn.

Traditional media will be adversely impacted by the downturn – spend here is expected to fall by over \$50bn this year, with the sharpest losses recorded among cinema (-31.6%) and OOH (-21.7%). TV spend is also expected to fall by 13.8% – \$25.5bn – paradoxically at a time when viewing is high and CPMs are markedly down ([-5.9% this year](#) per ECI Media Management research).

Online formats are not shielded either; we have cut our global internet forecast by \$36.5bn to 0.6% growth for 2020. Social media (+9.8%) is set to record the strongest rise, while online video (+5.0%) and search (+0.9%) will see a dramatic slowdown compared to previous projections. Online classified, particularly recruitment and property, is expected to fall this year.

When weighing the global ad market by product category, the data suggest heavy falls in spend within the transport & tourism (-31.2%), leisure & entertainment (-28.7%), financial services (-18.2%), retail (-15.2%) and automotive (-11.4%) sectors.

We have downgraded our 2020 growth projections by \$54.8bn for these five sectors alone.

We note three distinct phases to the current downturn. Firstly, an immediate demand-side induced paralysis for sectors such as travel, leisure and retail, combined with supply-side constraints for CPG brands.

Second, the recessionary tailwind will exert extreme pressure on the financial services sector as well as the consumer, whose disposable income is now heavily diminished.

Finally, an added emphasis on healthcare and wellbeing credentials among brands not normally associated with the field, aside higher spending within the pharmaceutical sector to leverage the shifting consumer mindset.

At the time of writing, we believe that industry decline in 2020 will be softer than that witnessed in 2009 (-12.7%, \$60.5bn). This is for a multitude of reasons which are explained by industry experts throughout this report.

In the US, the world's largest ad market (32.5% of global spend), we believe ad investment will fall 3.5% this year, removing \$6.6bn from market value. This decline would be far worse were it not for the US presidential elections this year – campaign spending is [expected to reach record-highs](#), as explained by Vincent Letang, EVP Global Market Intelligence at MAGNA Global.

Further, first quarter results for key media owners were ahead of most expectations. Michael Levine, Senior Analyst – Internet & Media at Pivotal Research, [picks out the highlights](#) from the latest earnings season and

dissects their impact on broader advertising fortunes.

While we have cut our forecasts for both Alphabet and Facebook (by \$12.9bn and \$5.3bn respectively), we still expect each to grow this year.

Aside from the 'duopoly', which accounts for one in three ad dollars spent worldwide, the recent climate has been a boon for online retail. In the US, e-commerce penetration had grown at an average rate of 10 percentage points each year; data show that it jumped by 11 points in just the first eight weeks of 2020 (to 27%).

The [last edition of Global Ad Trends](#), which delved into FMCG during the outbreak, alluded to this – now Patrick Miller, co-founder of Flywheel Digital, [outlines the precise nature of performance](#) in this area.

Many brands are currently assessing what the world will look like as lockdowns are lifted and consumers tentatively return to a "new normal". Jason Mander, Chief Research Officer at GlobalWebIndex, explains how it may [not be as different](#) as one would expect.

While advertising will recover from this shock (we expect global growth of 4.9% next year), it is certain that we will feel this for a generation. In the US, more than one in four (28.7%) 16–24 year-olds are now unemployed, up from 7.8% just a year ago.

As new IMF projections show we are entering the deepest recession since the Great Depression, Brian Wieser, Global President, Business Intelligence at WPP, suggests canny brands [can turn these negatives into positives](#).

We are entering the deepest global recession since the Great Depression

GDP, Year-on-year % change, Real terms	2009	2019	2020			2021
			January 2020	April 2020	Difference	
Brazil	-0.1%	1.1%	2.2%	-5.3%	-7.5pp	2.9%
Canada	-2.9%	1.6%	1.8%	-6.2%	-8.0pp	4.2%
China	9.4%	6.1%	6.0%	1.2%	-4.8pp	9.2%
Eurozone	-4.5%	1.2%	1.3%	-7.5%	-8.8pp	4.7%
France	-2.9%	1.3%	1.3%	-7.2%	-8.5pp	4.5%
Germany	-5.7%	0.6%	1.1%	-7.0%	-8.1pp	5.2%
Italy	-5.3%	0.3%	0.5%	-9.1%	-9.6pp	4.8%
Spain	-3.8%	2.0%	1.6%	-8.0%	-9.6pp	4.3%
India	8.5%	4.2%	5.8%	1.9%	-3.9pp	7.4%
Japan	-5.4%	0.7%	0.7%	-5.2%	-5.9pp	3.0%
Russia	-7.8%	1.3%	1.9%	-5.5%	-7.4pp	3.5%
Saudi Arabia	-2.1%	0.3%	1.9%	-2.3%	-4.2pp	2.9%
UK	-4.3%	1.4%	1.4%	-6.5%	-7.9pp	4.0%
US	-2.5%	2.3%	2.0%	-5.9%	-7.9pp	4.7%
Global	-0.6%	2.9%	3.3%	-3.0%	-6.3pp	5.8%
Advanced economies	-3.4%	1.7%	1.6%	-6.1%	-7.7pp	4.5%
Developing economies	2.6%	3.7%	4.4%	-1.0%	-5.4pp	6.6%

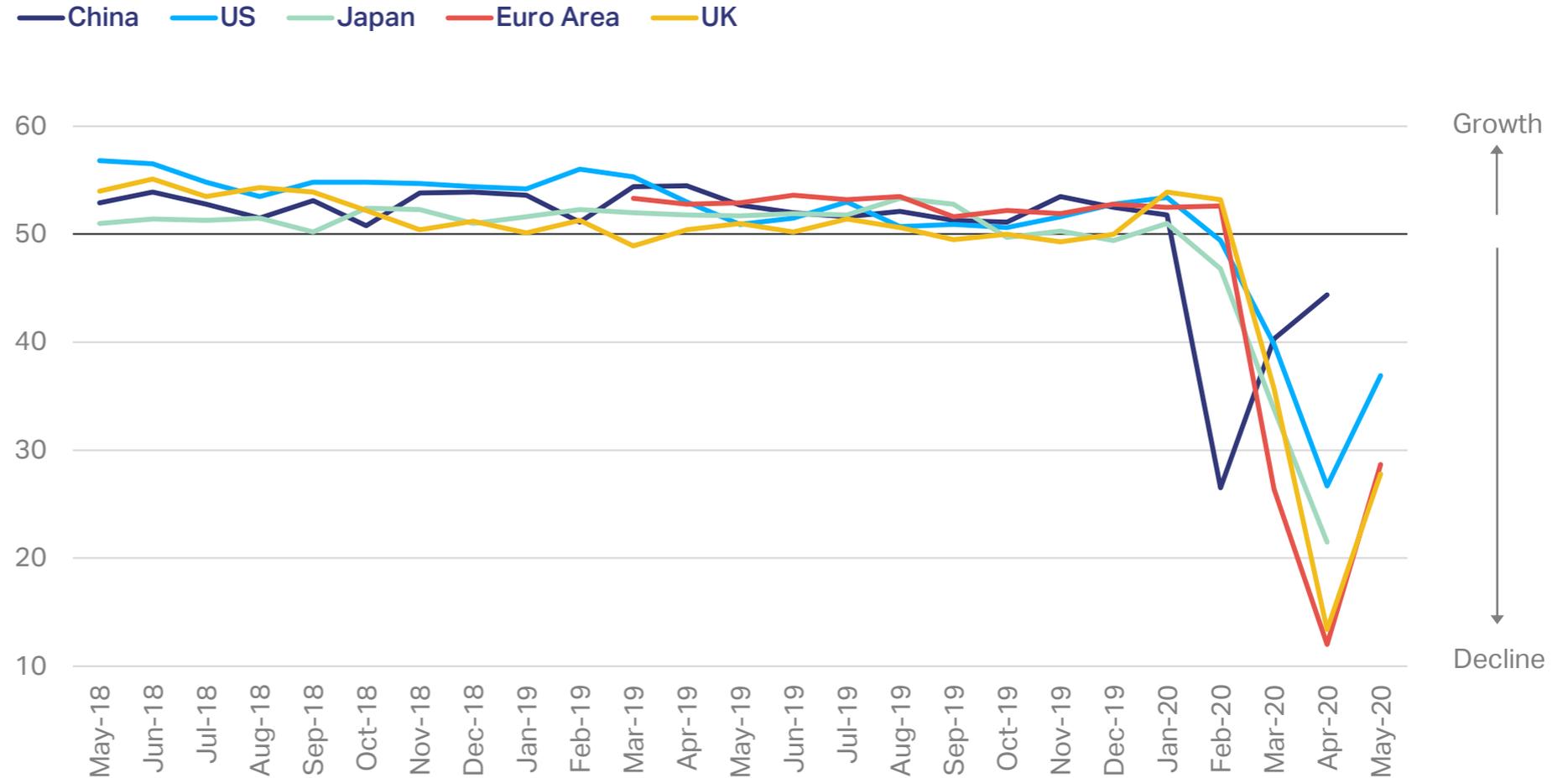
SOURCE: IMF World Economic Outlook, April 2020

Service sector in severe decline for four months

The Purchasing Managers' Index (PMI) shows that the service sector has declined at rates previously unseen in key economies. These indices indicate the extent of the incoming global recession.

The [WARC Guide to Marketing in the COVID-19 recession](#) explains how the pandemic has caused a demand and supply shock – brands in many sectors no longer have a product to advertise, and cannot meet the 'classic' recessionary advice to keep spending. Brands will need to review what worked in the lockdown and develop a clear playbook for future outbreaks.

Purchasing Managers' Index (PMI), Services



Note: A value above 50 indicates growth, a value below 50 indicates decline. Larger/smaller values signal strength. May data are flash results.

SOURCE: IHS Markit *Purchasing Managers' Index*

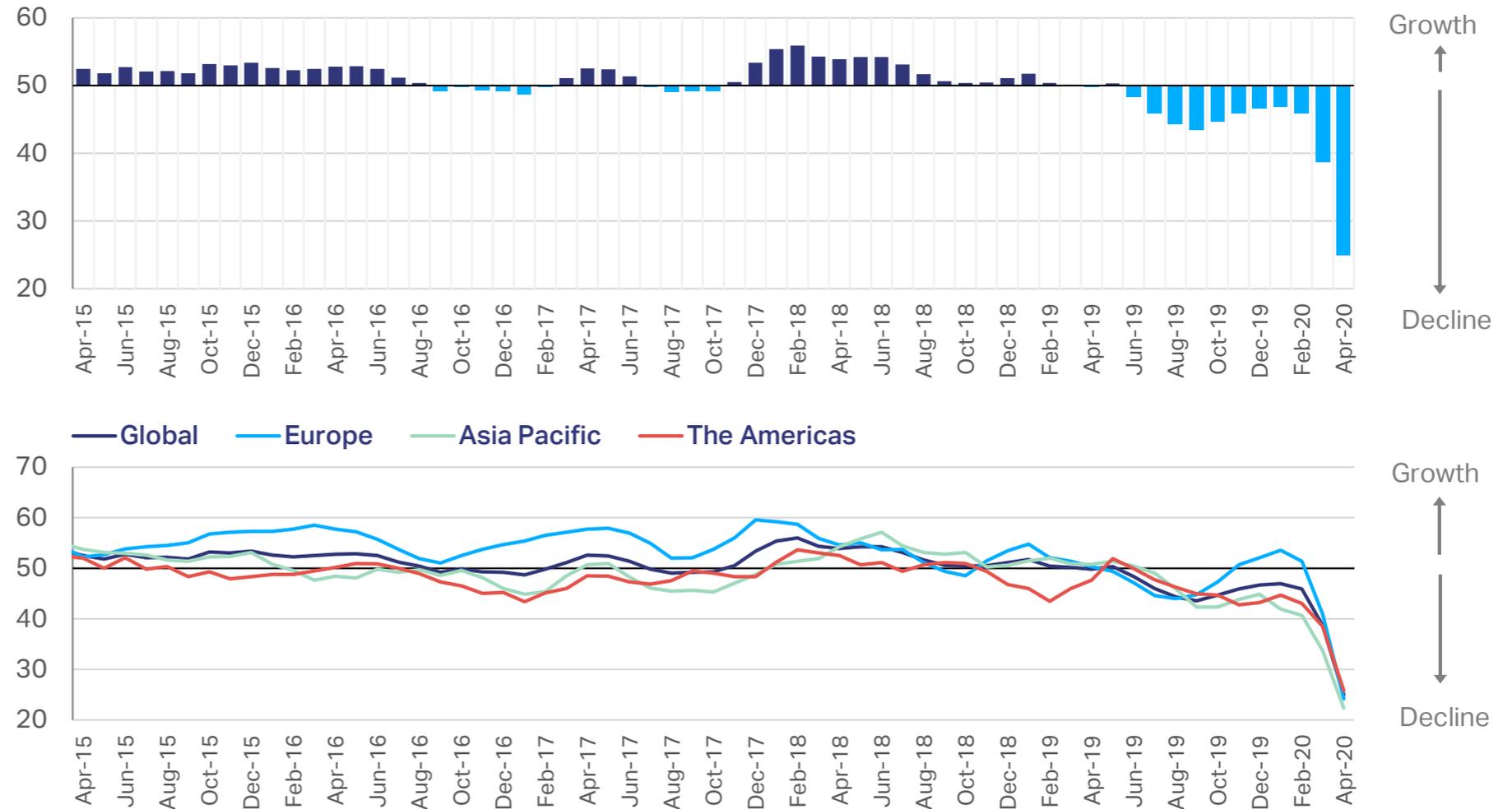
Ad budgets have seen sharpest cuts in eight years

WARC's [Global Marketing Index \(GMI\)](#), which operates in the same manner as the PMI, mirrors the level of decline in advertising trade over recent months. April's reading was the worst in the GMI's eight-year history across all monitored regions.

Further, the index shows that digital and mobile budgets fell into decline [for the first time ever](#) during April. This was again true across all regions.

GMI data are factored into all of WARC's ad investment projections.

Marketing Budgets Index



Note: A value above 50 indicates growth, a value below 50 indicates decline. Larger/smaller values signal severity.

SOURCE: WARC Data Global Marketing Index

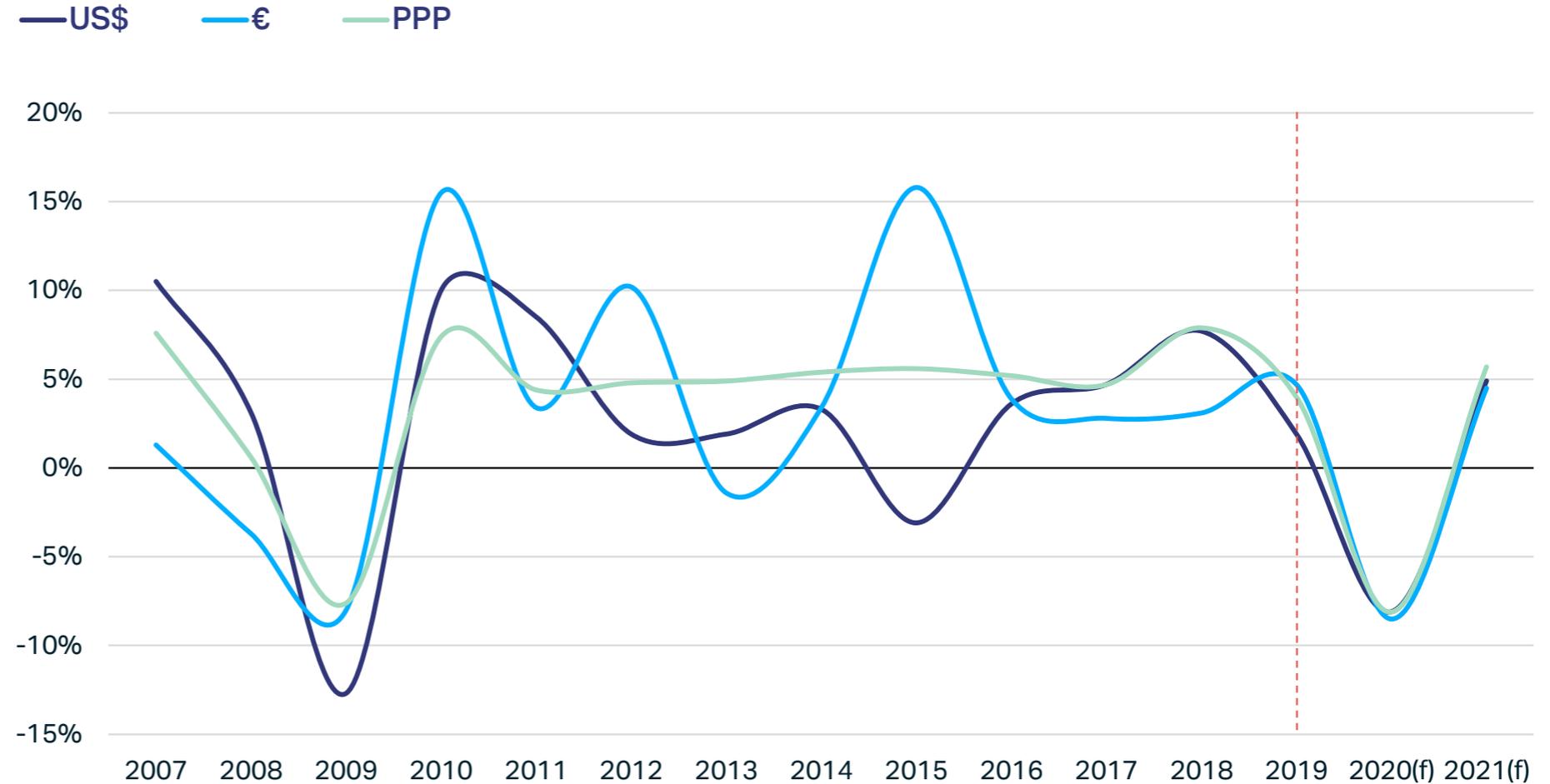
Global ad market to fall 8.1% – softer than 2009

Analysis of media spend data from WARC’s partners in 96 markets, atop earnings releases from key media owners and monitoring by organisations such as Nielsen Ad Intel, leads us to believe that global adspend will fall by 8.1% – \$49.6bn – this year.

The rate of decline is softer than that witnessed in 2009 (-12.7%, or \$60.5bn) for a multitude of reasons detailed by experts within this report.

All regions are expected to witness declines, either directly due to the COVID-19 outbreak or as a result of subsequent recessions.

Global, Year-on-year % change, Current prices



Note: WARC uses variable exchange rates across all markets and periods.

SOURCE: WARC Data Adspend Database

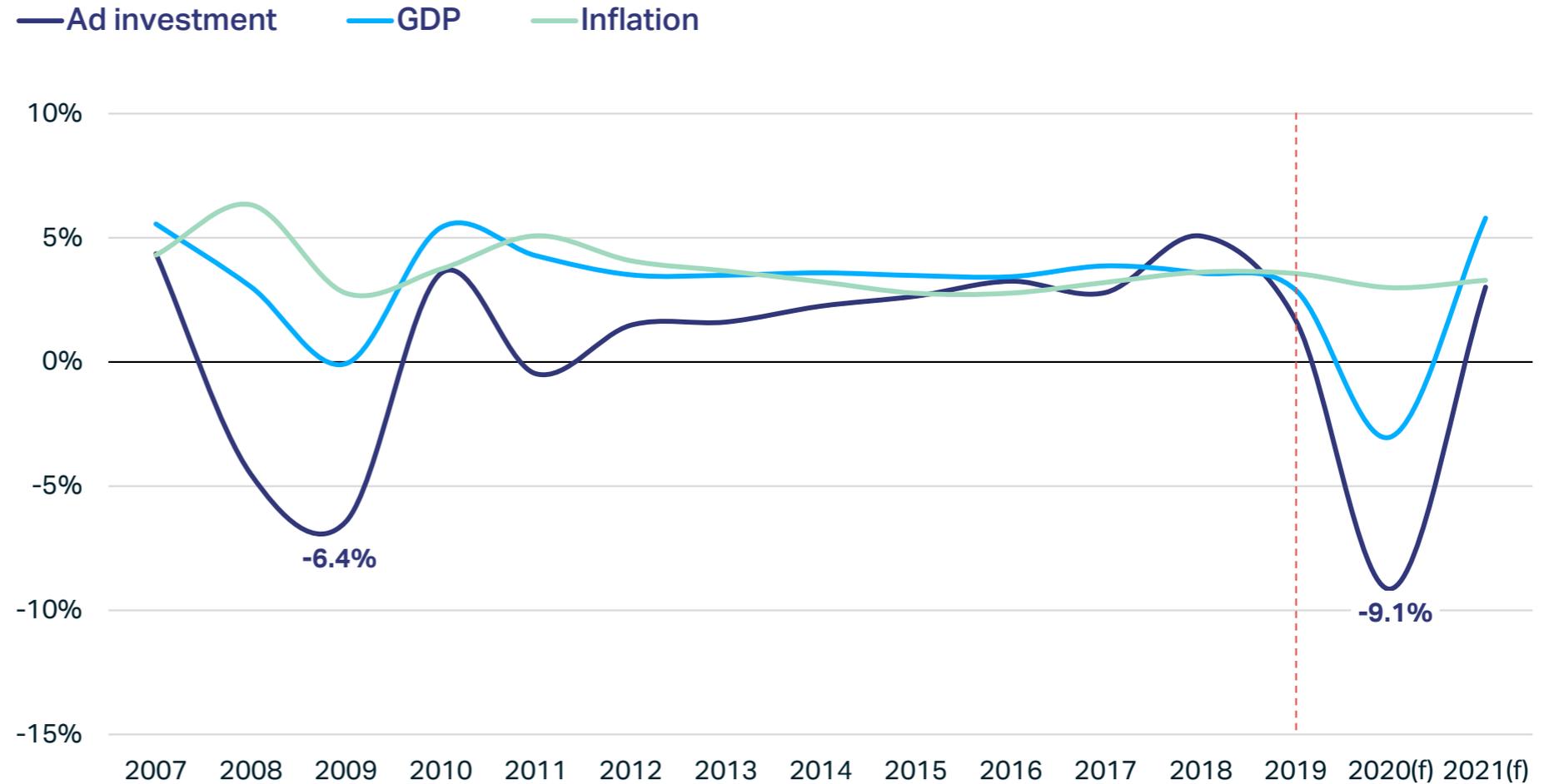
Real decline ahead of Great Recession

After accounting for inflation and the distorting impacts of exchange rate fluctuations, this year's decline will actually be sharper than that recorded during the Great Recession.

Some recovery is expected in 2021, though this is mostly reflective of how deep the downturn in 2020 is likely to be, as opposed to signs of an immediate and sustained global recovery.

Previous research from WARC Data shows that, in real terms, global ad trade took eight years to recover fully from the last recession.

Global, Year-on-year % change, Real terms

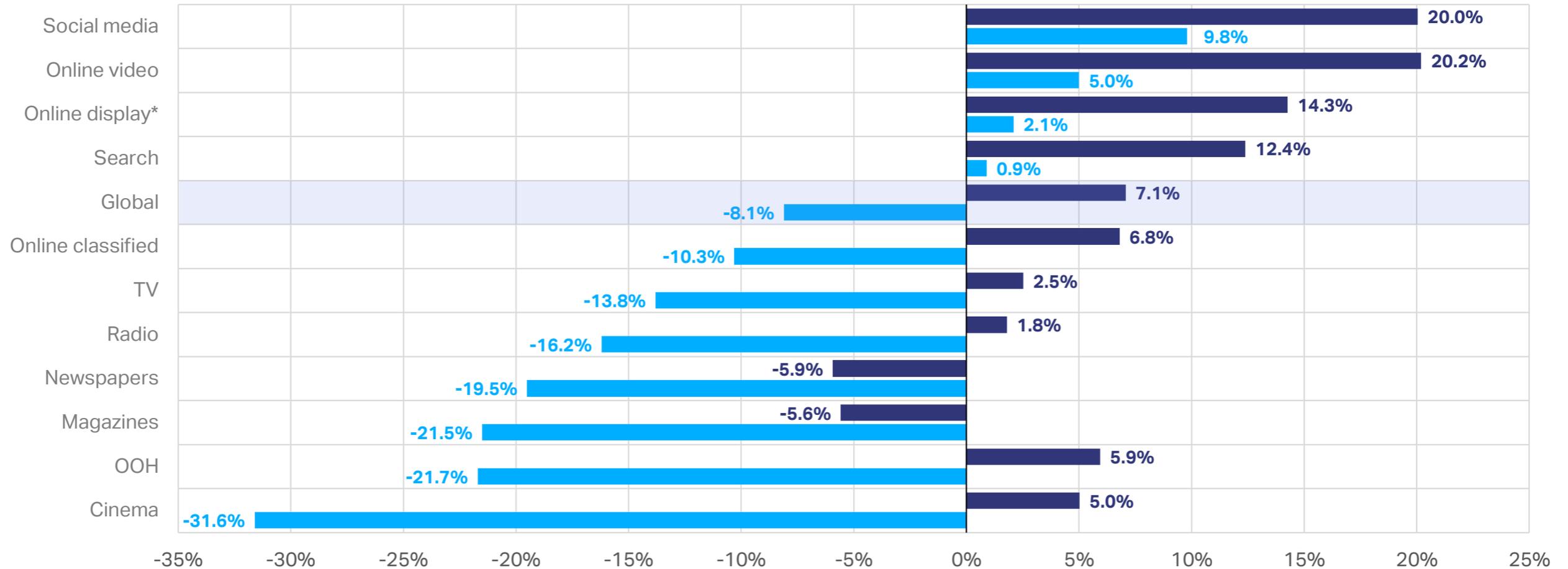


Note: Ad investment measured in Purchasing Power Parity (PPPs).

SOURCE: WARC Data Adspend Database

Global, Year-on-year % change, US dollars, 2020

■ Pre-outbreak ■ Post-outbreak

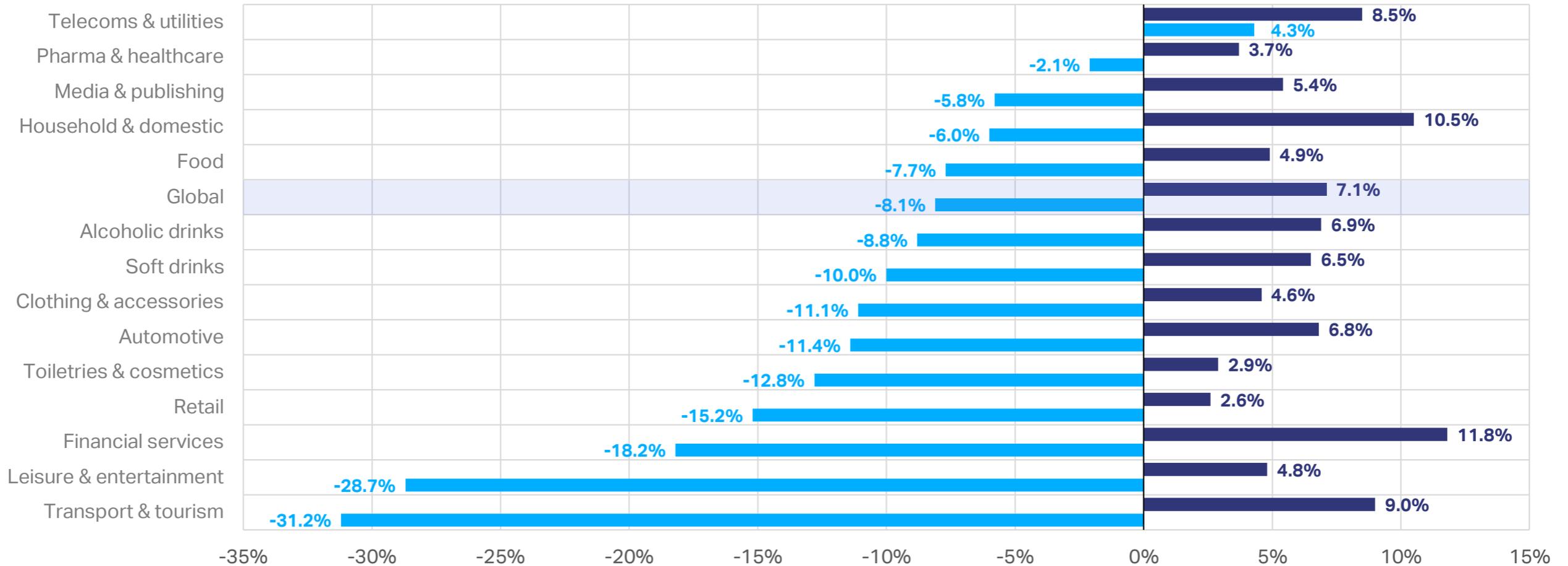


Note: Data are net of discounts, include agency commission and exclude production costs. Online display includes social media and online video.

SOURCE: WARC Data, Adspend Database, International Ad Forecast

Global, Year-on-year % change, US dollars, 2020

■ Pre-outbreak ■ Post-outbreak



Note: Data are net of discounts, include agency commission and exclude production costs. Data include display, search and classified advertising spend.

SOURCE: WARC Data, Nielsen Ad Intel

Global Ad Trends

Industry Views

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Dr. Daniel Knapp
Chief Economist
IAB Europe

Forecasts on quicksand: the impact of COVID-19 on ad expenditure and the digital new normal

In its April 2020 forecast, the IMF predicts that COVID-19 and the global lockdown will spark the worst economic recession since the Great Depression of the 1930s. It expects the global economy will shrink by 3%, with a number of Western markets expected to post declines of 6% or more.

This compares to a 0.1% contraction of the global economy during the financial crisis of 2008/09, whose shock sat so deep for the advertising economy that leading industry commentators have termed the following decade of advertising investment as 'Post-Lehman'.

The coming years will thus be measured as another distinct

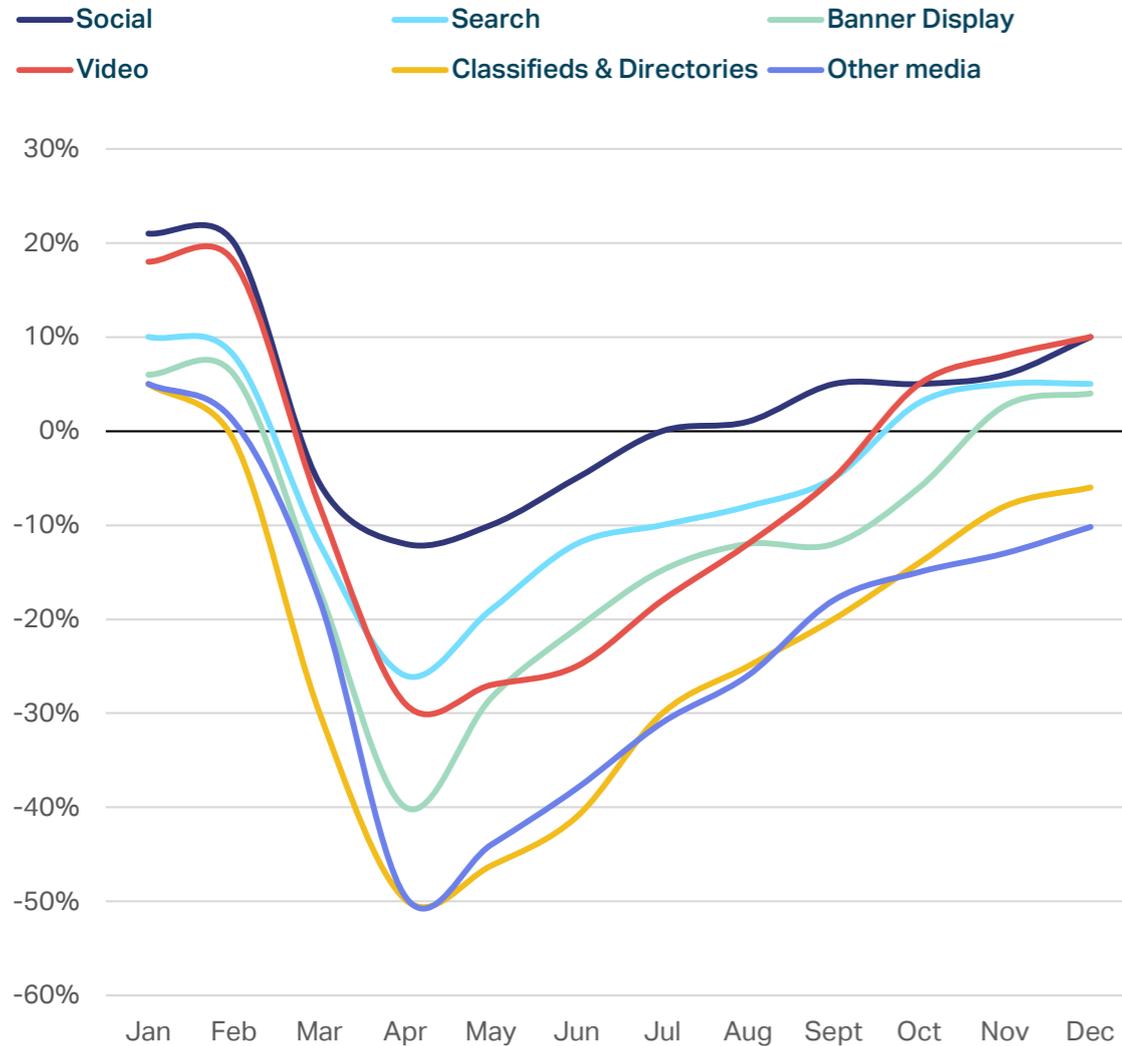
era, shaped by the events in 2020. Short-term, this is due to the severity of the advertising contraction in full shape right now. Mid-term, this era will be associated with 2020 as an accelerant of latent and incremental trends towards more digital consumption, commerce and thus advertising.

Yet such an outlook appears esoteric right now. Experts struggle to even quantify the exact impact of COVID-19 on the ad market for 2020. The basic dynamics are known. Advertising expenditure does not just follow economic trends – it amplifies them. This is particularly the case if GDP growth is flat or negative.

All three advertising recessions in Europe over the past 20 years – the dotcom crash and 9/11 in 2001, the financial crisis in 2008/09 and the Eurozone crisis in 2012, showed this dynamic. However, history is not always a good guide. The current crisis lacks precedent in its combination of factors from epidemiological to policy and economic issues, all while embedded in a global environment that is impossible to control in a local setting.

The potential pace of change is immense. Whereas previous recessions saw a gradual decline of ad spend, market behaviour in 2020 was abrupt. Q1 data from local sources (e.g. IREP in France), and company

Europe, Ad Spend growth forecast, 2020



SOURCE: IAB Europe

reports across the board from TV to digital showed how after a stable January and February, ad markets in Europe suddenly collapsed in the second half of March without much warning.

Even the economic outlook itself is far from clear. For instance, The Economic Policy Uncertainty Index, an alternative economic metric that tracks sentiment in news reports to infer economic outlook, is on a record high since its inception in the 1990s. Unlike the IMF statement, this index does not tell us how bad the recession is, but that even economists cannot agree on the shape of the decline, its magnitude and recovery scenarios.

The IMF itself has developed several additional GDP growth scenarios based on further waves of COVID-19 outbreak. This high volatility of the macro

environment stresses the limits of existing forecasting methods.

Ad forecasters live dangerously right now, and the end of year will look different than any current prediction. Constant revision is critical, which reduces the half-life of forecasts, degrading them to meditations on the present and broad signposts for the future.

Nevertheless, macroeconomic indicators, paired with industry data, are the best modelling ingredients we have.

A regression model based on IMF data for GDP and other macro-economic indicators provides us with an estimated decline of the total UK ad market of 13.3%, and 16.3% for all of Europe (including the UK). This forecast, conducted in May, is more optimistic than our April forecast. [Read more](#)

“Mid-term, this era will be associated with an accelerant of latent and incremental trends towards more digital consumption, commerce and thus advertising.”

Dr. Daniel Knapp, IAB Europe



Michael Levine

Senior Analyst –
Internet & Media
Pivotal Research

Online advertising results much better than feared in Q1

If there was a clear takeaway from this earnings season, it is that both we and investors were way too negative on how we thought March exit run rates and early 2Q20 trends might progress.

Pre-COVID-19, it appears that the space was on fire relative to a disappointing 4Q19. The consistent theme across 4Q19 was that the shortened holiday season was in general a headwind for most of the players with retail exposure.

Particularly striking to us was the strong revenue acceleration seen at Snapchat – to +58% year-on-year prior to COVID-19 relative to +46% in 4Q19 – and at YouTube to +40% year-on-year compared to +31%.

Amazon accelerated in the full 1Q20, though we are less surprised here given strong accompanying retail gross merchandise value (GMV) acceleration.

Brand spend is clearly suffering to a far greater extent than direct retail, and we think that the combination of consumers' sheltering in place and significantly lower CPMs has been an absolute gold mine for DTC-native and gaming advertisers.

Qwest remains resilient, although growth has slowed. Early in the quarter, we think The Trade Desk and the whole space were benefiting from political advertising and we would remind readers that

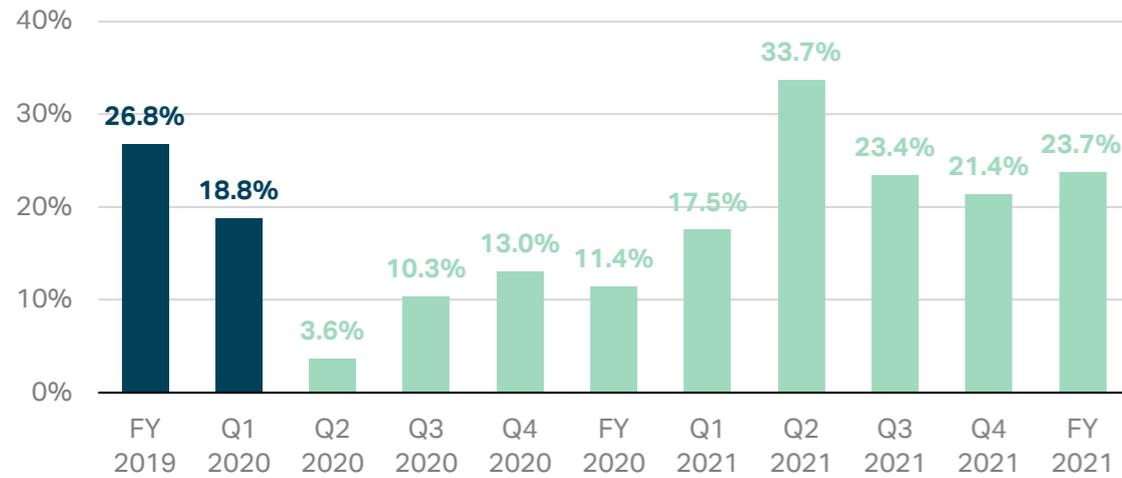
political advertising should improve sharply as we get further into May and into June.

It is clear the stocks are looking past 2020 and into 2021 at this point, and we understand the logic given investor positioning and unprecedented stimulus from the Fed.

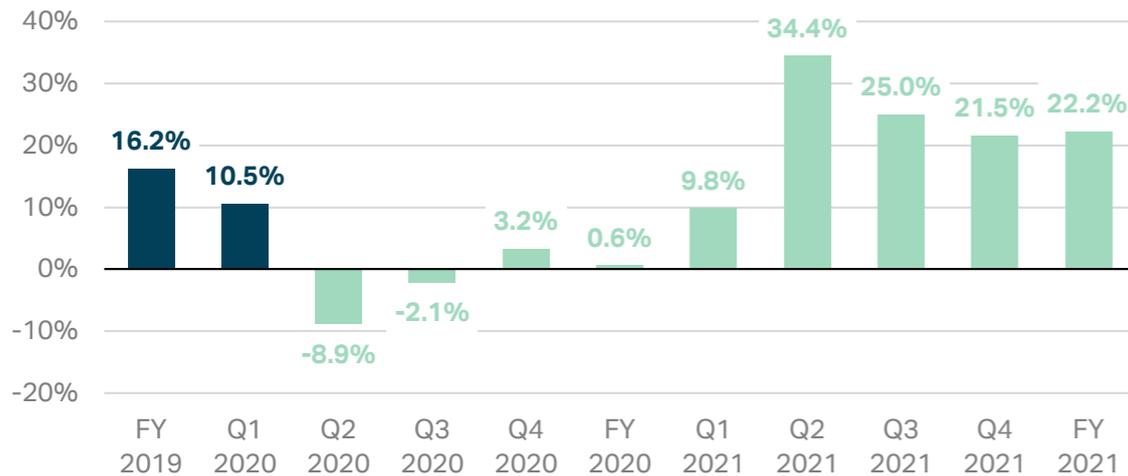
Per our note from March 19th, "Things playing out even worse than we had framed last week – what can investors do from here?" we expected 2021 estimates to be cut in the 15-25% range and received pushback from the industry that we were being too negative.

Advertisers are watching a lot of the same macro data points that investors are watching at

Facebook, Global ad revenue growth forecast



Alphabet, Global ad revenue growth forecast



SOURCE: Pivotal Research

this point – the pace of re-opening, unemployment, and how consumers are behaving.

Retail and the health of the end consumer remain critical drivers for online advertising as the strength of the recovery is ultimately about the consumer and the consumer’s resilience.

In terms of the fundamentals, we are sticking with our view that a V-shaped recovery is exceptionally unlikely in marketing.

We would encourage investors to listen to the Shopify earnings call – a company that is a clear beneficiary from the online e-commerce boom, and likely seeing massive secular acceleration. The CFO noted in their scenario planning, they are focused on either a U-shaped or an L-shaped recovery. While we see reasons to believe that April

is the bottom, we don’t see signs of a sharp recovery.

Meaningful change in the upfront could be a meaningful tailwind for online

Despite what have been persistently weak linear ratings for years, TV has continued to be far more resilient than the “breaking” of TV advertising called for by the bears.

While we appreciate the greater measurability of online, TV still offers brand-safe mass reach, has unique opportunities around live events, and has an associated ecosystem that perpetuates demand – within corporate marketing organisations and within the holding company ad agencies.

[Read more](#)

“We are convinced that the behaviour changes seen from COVID-19 – accelerating e-commerce adoption – are a step change, particularly for new category discovery.”

Michael Levine, Pivotal Research



Patrick Miller

Co-founder
Flywheel Digital

Customers turn to digital retail during pandemic

Customers have turned to digital retail sites during the pandemic, which has accelerated the US e-commerce penetration rate. In the last ten years, e-commerce as a share of total retail sales increased ~10 points; in the last eight weeks, it has increased 11 points.

For brands that manufacture in these surging categories, there is an opportunity in advertising on the queries seeing the increased traffic.

Additionally, for brands that manufacture in adjacent or related categories, there is an opportunity to leverage Amazon's demand side platform (DSP) to create audiences of customers who have recently

purchase or viewed these categories, and help them to discover adjacent items.

Looking at Amazon Sponsored Brands, Sponsored Display, and Sponsored Products performance across the worldwide Flywheel Digital portfolio, we can see how clicks not only substantially increased as customers shifted channels, but also how efficiency has increased via lower cost-per-click (CPC).

We know that many of these are net new customers to these brands and not just existing customers pantry loading by looking at the Amazon DSP's New to Brand metric, where we observed a 483% increase April 1st compared to February 1st.

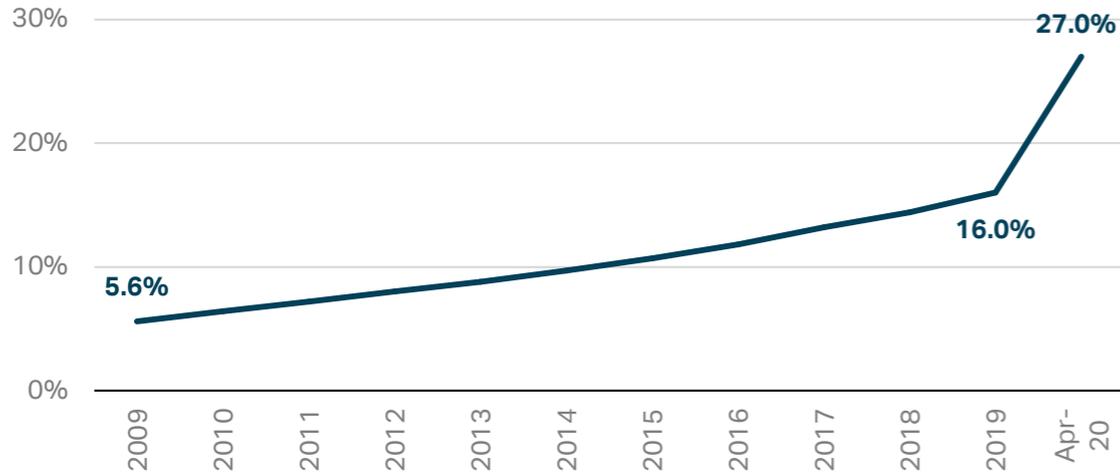
Beyond Amazon, Walmart's first quarter beat expectations and delivered 74% annual growth.

Customers conduct 185 searches per second on Walmart.com and one in four Walmart.com purchases starts out as a search.

Brands now have the opportunity to leverage self serve Sponsored Products advertising or to partner with one of Walmart's Advertising Partner Programs, of which Flywheel Digital is a proud member.

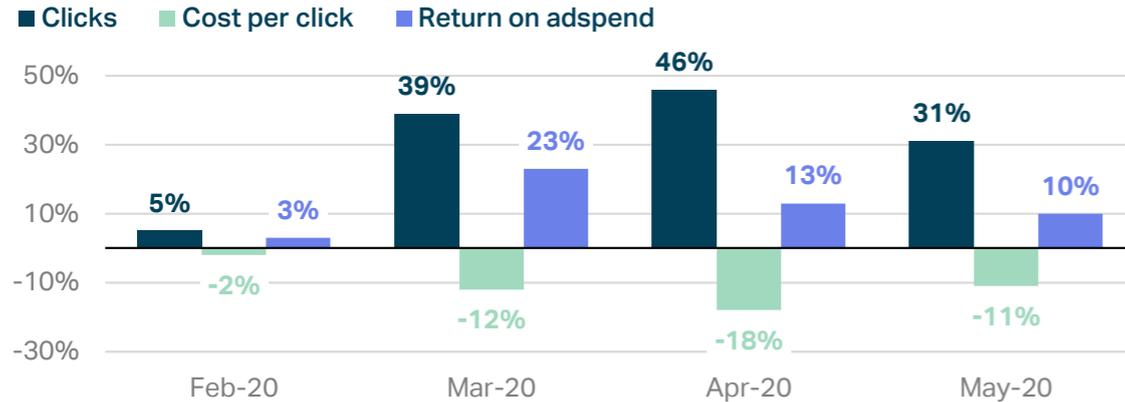
Unique to Walmart Sponsored Products is the ability for brands to not only see what happened online, but the impact on in-store sales as well.

US, e-commerce penetration (% of retail sales)



SOURCE: Bank of America, US Department of Commerce, ShawSpring Research

Amazon Sponsored Brands, Sponsored Display, and Sponsored Products Trends



Note: Growth indexed to January 2020.

SOURCE: Flywheel Digital

The investment case is straight forward as Walmart CPCs continue to be highly efficient and Walmart is providing brands with granular, transparent data to measure effectiveness down to the stock keeping unit (SKU).

In late April, the Information reported that Instacart “has turned profitable for the first time ever, thanks to skyrocketing sales. Instacart sold about \$700m worth of groceries per week in the first two weeks of April, up 450% on sales in December”.

Besides adding hundreds of thousands of new shoppers, Instacart has continued to innovate, launching “Fast & Flexible” & “Order Ahead” services to “speed up service and unlock more delivery windows”. Instacart has been iterating quickly on their Featured Products ad product,

rolling out real time bidding, a self-serve UI, and deep insights, including the basket rate for strategic partners.

Prescription drugs have long been a challenge of the digital retail ecosystem and Instacart is addressing this by offering Costco prescription delivery from more than 500 Costco stores – with nearly 100% coverage in each state.

Digital Retail is presenting brands with a unique opportunity to help channel shifting customers discover brands along the path to purchase. The retailers are continuously investing in self serve platforms that unlock incremental growth opportunities and unique data sets that savvy brands can benefit from, both today and going forward. [Read more](#)

“There is an opportunity to leverage Amazon’s Demand Side Platform to create audiences of customers who have recently purchased or viewed in surging categories.”

Patrick Miller, Flywheel Digital



Jason Mander
Chief Research Officer
GlobalWebIndex

The “New Normal” is not as different as you might expect

As more countries begin to ease their COVID-19 restrictions, there’s one inevitable question that everyone is asking: what does the “New Normal” look like?

Clearly, we can’t just assume that behaviours newly acquired or significantly boosted during an unprecedented crisis will automatically continue afterwards. Yes, media consumption saw a huge boost, exercise moved indoors and shopping in many categories went almost exclusively online, but consumers were in uncharted territory – often being required to do things out of necessity rather than choice.

Equally, where people say they intend to carry on with

behaviours after the outbreak, is a “New Normal” resolution any more certain than a New Year’s?

With those caveats in place, we’ve been mining our global data to look for signs of what’s coming across the [17 countries that we’ve surveyed](#) multiple times throughout March, April and May.

We’ve looked in particular at people who are no longer concerned about the coronavirus situation in their country; we find a notable concentration of these individuals in China, Australia, New Zealand and Germany – countries which were either hit early, which escaped sizeable outbreaks, or which have outperformed their local region.

Across these four countries, consumers have become progressively less concerned about their national situation, and are now much more worried about the global outlook. Hence, looking at intentions of “unconcerned” individuals can give us a sense of what we’ll see in other countries as they too move towards recovery.

One factor that remains consistent across all countries and audiences is that a desire for safety will shape future behaviours, at least in the short- and medium-term. Whether it’s the confidence to start booking vacations again, the speed with which they will return to public locations and shops, or the measures they want organisations to implement, so

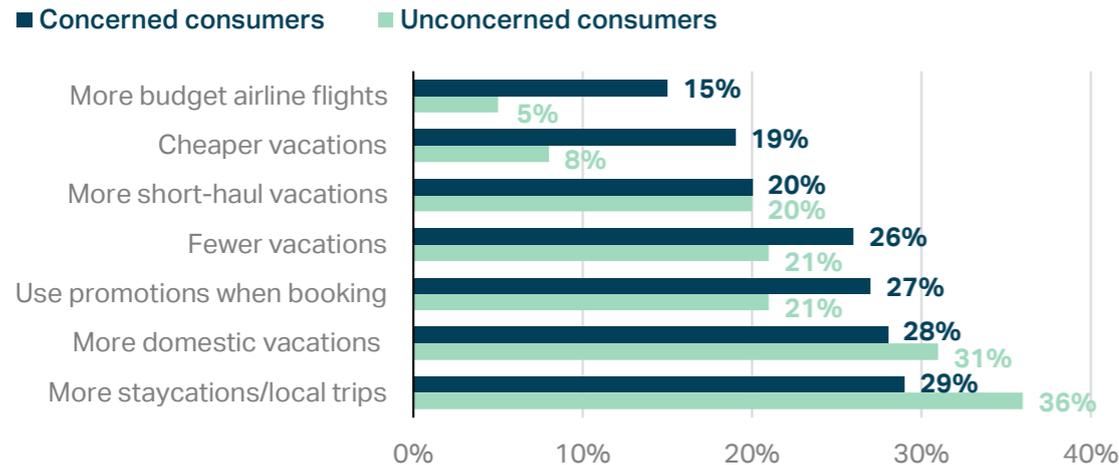
Global, Concerned about COVID-19



Note: Survey of internet users aged 16-64 (n=15,274). Extremely/very/quite concerned.

SOURCE: GlobalWebIndex

Global, Post-outbreak travel plans



Note: Survey of internet users aged 16-64 in 17 markets (n=15,274).

SOURCE: GlobalWebIndex

much of the consumer’s mindset is currently engineered towards a need to feel safe.

get back to some sense of normality.

Beyond this, though, we do see meaningful differences between individuals that are “concerned” and those that are not.

A strong correlation between cost and concern emerges in many other sectors too. concerned individuals are most likely to place importance on buying from brands/businesses with the cheapest prices. In contrast, unconcerned people look more towards brands they’ve shopped from previously (hence, loyalty outranks price).

Take travel as an example; vacations emerge as one of the top priorities for all groups in terms of post-outbreak purchases, but while concerned individuals are more likely to look at cost-cutting changes (budget airlines, cheaper vacations, using promotions, fewer vacations), unconcerned people instead focus more on adapting to the situation (taking staycations, having more vacations in their own country).

Similarly, concerned people are most likely to think they will cut their out-of-home leisure spend; as countries recover, the appetite for “normality” strengthens and people are less likely to expect (or want) changes to their previous behaviours. [Read more](#)

It would appear that consumers further on the road to recovery are more aware of the pragmatic approach needed to

“One factor that remains consistent across all countries and audiences is that a desire for safety will shape future behaviours.”

Jason Mander, GlobalWebIndex



Vincent Letang

EVP, Global Market
Intelligence
MAGNA Global

Record political spending to stymie US decline

In our latest US ad investment forecast, [published at the end of March](#), we found that US media owners' linear advertising sales would decline by 12% this year (-20% in the first half, -2.5% in the second half) while digital ad sales will be more resilient at +3.5% (-2% in the first half, +10% in the second half). Overall, total full year ad sales may decrease by at least 3% as real GDP falls by 5.9%.

The impact of the COVID crisis will be severe for the travel, restaurant, and the theatrical movie industry, significant for retail, finance and automotive, moderate for packaged food, drinks, personal care, insurance and pharma, and potentially positive for e-commerce and home entertainment.

However, the spending cuts from most industry verticals will be mitigated by the incremental political spend in this presidential election year.

While we reduced our political ad forecast as fundraising will be affected by the economic crisis, spend is still expected to grow significantly on the previous presidential cycle, with almost \$5bn (up 26% vs 2016) more invested, including an extra \$1bn going into digital.

For 2021, we raised our normalised (non-cyclical) ad spending forecast from +3.7% to +4.0% and, due to the low competition, delayed consumption effects, and postponement of the summer Olympics, the actual ad dollar

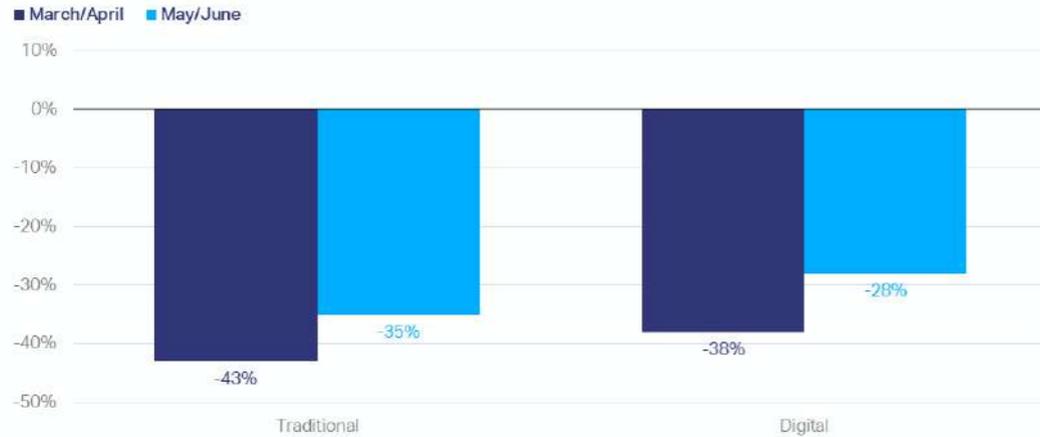
growth will be higher than what we previously forecasted: +2.5% vs +1.4%.

Linear ad sales (linear TV, radio, print, OOH) will shrink by 12% this year compared to 4% per year in recent times. The decrease will reach 13% for national TV, 12% for OOH, 25% for print and 14% for radio.

The outlook will be slightly more positive for broadcasters and publishers when including digital ad sales, though not significantly.

Local TV's non-political ad sales will also decline severely but political spending (almost \$3bn, +8% vs 2016) may stabilise full year revenues.

United States, Adspend during COVID-19 % change compared to original plan for 2020



Note: Based on survey of buy-side marketers including media planners, media buyers and brands who have made short-term adspend changes (n=272), 18th to 24th of March.
SOURCE: IAB, Coronavirus Ad Spend Impact: Buy-side

Our analysis of first quarter financial reports suggests national TV ad revenues were down 8% year-on-year, with January and February flat but March down 22%. We expect Q2 ad sales to decrease by 24% before demand picks up as the economy gradually reopens, limiting full-year decline to 13% for national TV.

The digital advertising vendors also published better-than-expected revenues in the first quarter. Based on those, we believe social media and search spend fell less than expected in March considering small businesses were likely to immediately stop self-managed campaigns on these formats as the country went into lockdown.

More than 400 brands have run COVID-themed TV campaigns to convey uplifting messages to employees, frontline workers and customers, or advertise new services like curbside pick-up or contactless food delivery.

Second quarter results will be down sharply but again we expect a degree of stabilisation in the third quarter and recovery in fourth, helped by a huge uplift in political revenues in October.

United States, Adspend during COVID-19 % change compared to original plan for 2020



Note: Based on survey of buy-side marketers including media planners, media buyers and brands who have made short-term adspend changes (n=272), 18th to 24th of March.
SOURCE: IAB, Coronavirus Ad Spend Impact: Buy-side

TV viewing increased by 10–20% in the first few weeks of lockdown compared to the same weeks in 2019 (against a normal pattern of 10% annual erosion in the last few years), but by mid-May viewing was level with 2019.

“The impact of the COVID-19 crisis will be severe for the travel, restaurant, and the theatrical movie industry, and significant for retail, finance and automotive.”

Vincent Letang, MAGNA Global



Brian Wieser

Global President,
Business Intelligence
WPP

Every brand should be looking for opportunities to grow during this recession

The scale of the decline of the global economy has become clearer, as has the degree to which most countries' attempts at mitigating the impact of the pandemic have been insufficient. There is increased certainty that the economic decline will be both longer and deeper than expected.

A month ago, advertisers in some markets – Japan and Singapore, for instance – would have been hoping that they may avoid the worst of the pandemic. Yet, as we see with Singapore's lockdown and Tokyo going into lockdown at different points, it is going to be difficult for any market to really avoid the consequences of COVID-19.

China serves as a useful reference point, given that it went through the decline a few months earlier than most countries and has still to emerge. Its climb out of the abyss has not been easy, but it will probably be better in comparison with how Europe and the US will fare.

Media consumption will probably remain high

You could end lockdown on every country on Earth today, and you would probably only see a little increase in the activity compared to what is happening right now. People would go to work, but then they would go straight home, and they would not dawdle. This is

what we're seeing in China, and that is a country that has managed the crisis about as well as possible.

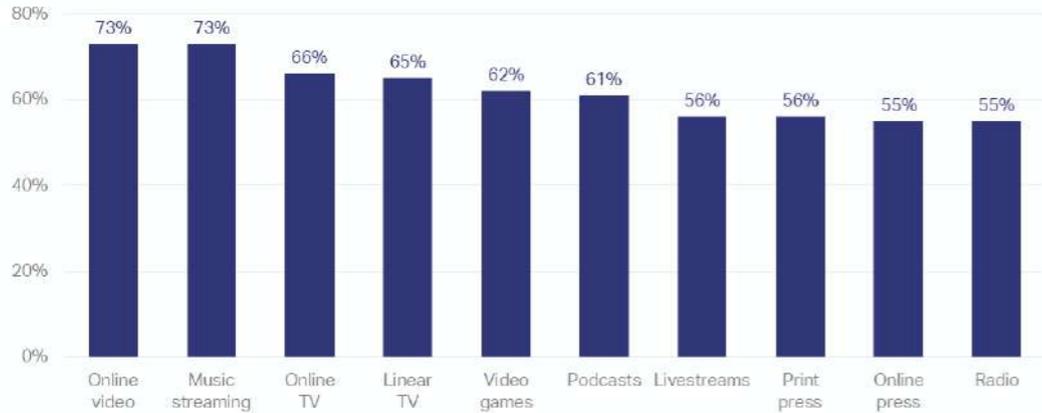
The early evidence suggests we won't see much of a return to normal behaviour until we have public confidence in being out and about, and that won't exist until a vaccine is available.

In lieu of this, we may see better levels of confidence with things like widespread use of face masks and contact tracing.

Because people will spend more time at home during the pandemic, overall media consumption will probably stay somewhat elevated on pre-pandemic levels.

UK and US, Media habits after COVID-19

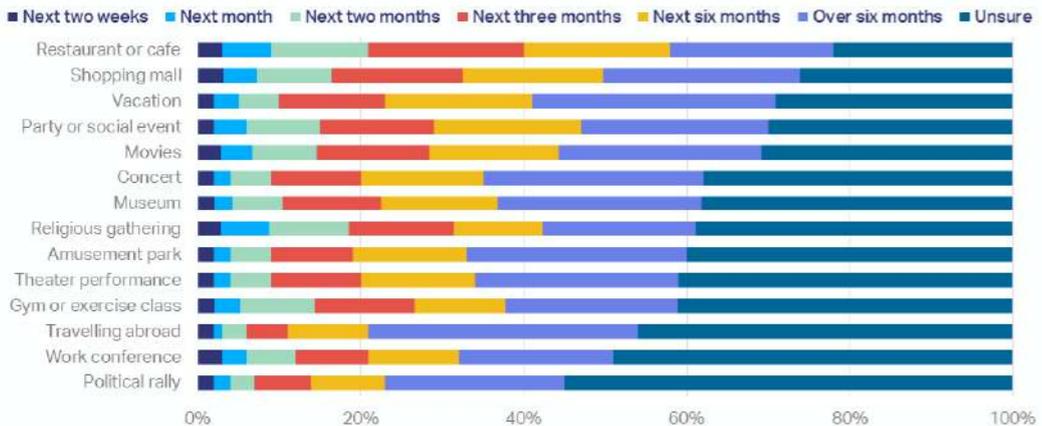
Plan to continue to do so after outbreak, % who are consuming more



Note: Survey of internet users aged 16-64, 25th to 20th March 2020. Question: Which of the following media have you started consuming, or are consuming more of, since the beginning of the outbreak? And which of the following media do you intend to consume as much of when the outbreak is over?
 SOURCE: GlobalWebIndex, Coronavirus Research: Media Consumption and Sport, April 2020

United States, Normal activities during COVID-19

Feel comfortable going to in the following period, % of consumers



Note: Based on national representative survey of adults (n=2,200), 7th to 9th April. Question: Based on what you know about the coronavirus, when would you feel comfortable doing the following/when do you expect to do the following?
 SOURCE: Morning Consult

However, in terms of media pricing dynamics, this will be marketer-specific.

For example, if a brand was heavily dependent on sports and they still want to buy gross ratings points of television impressions, their average price is probably going to be a lot lower just by the virtue of that shift in the nature of the content they are buying.

There could also be marketers who will change their mix and look to buy inventory which is more expensive than they are used to. That apple-to-apple comparison is difficult, even in the best of times. However, on average it's safe to say that there are factors on balance which would cause more pricing compression than we would otherwise have seen.

While new programming may be somewhat limited in the near-term because of production shutdowns, television studios will figure out how to get back into the game – there will be COVID-friendly production tactics.

An optimistic outlook – for some

Opportunities can come from this crisis, both for advertisers and for media owners. Every brand should be questioning assumptions about their company's competitive position. What are the ways in which you can reinvent the category?

That the economy will be weak is a given, but any one business's outcomes are not.

[Read more](#)

**“That the economy will be weak is a given,
but any one business’s outcomes are not.”**

Brian Wieser, WPP

Global Ad Trends

Regional & local forecasts

WARC[^]
DATA



Advertising investment, Year-on-year % change, US\$, Current prices	2019	2020			2021
		Pre-outbreak	Post-outbreak	Difference	
North America	4.6%	8.4%	-3.7%	-12.1pp	3.0%
US	4.7%	8.8%	-3.5%	-12.3pp	2.9%
Canada	3.7%	1.9%	-6.5%	-8.4pp	4.5%
Europe	1.3%	6.9%	-12.2%	-19.1pp	7.3%
UK	5.2%	3.2%	-16.4%	-19.6pp	14.2%
France	0.7%	10.0%	-18.7%	-28.7pp	5.1%
Germany	-1.3%	1.3%	-6.1%	-7.4pp	3.0%
Italy	-2.8%	2.7%	-21.7%	-24.4pp	5.3%
Russia	1.8%	7.6%	-12.3%	-19.9pp	13.7%
Asia Pacific	0.1%	7.5%	-7.7%	-15.2pp	6.1%
China	-1.0%	9.7%	-8.6%	-18.3pp	6.0%
Australia	3.3%	2.4%	-8.2%	-10.6pp	11.3%
Japan	-1.2%	3.2%	-6.4%	-9.6pp	1.8%
India	8.3%	15.6%	0.7%	-14.9pp	8.0%
Latin America	-1.1%	-2.5%	-20.7%	-18.2pp	2.3%
Brazil	0.0%	-4.3%	-22.5%	-18.2pp	3.3%
Middle East	-3.7%	-1.7%	-15.1%	-13.4pp	2.9%
Saudi Arabia	-12.6%	-6.2%	-15.2%	-9.0pp	7.6%
Africa	-1.5%	5.6%	-19.5%	-25.1pp	3.2%
South Africa	-7.6%	6.4%	-19.6%	-26.0pp	3.2%
Global	1.9%	7.1%	-8.1%	-15.2pp	4.9%

Note: Data are net of discounts, include agency commission and exclude production costs. WARC uses variable exchange rates across all markets and periods.

SOURCE: WARC Data, Adspend Database

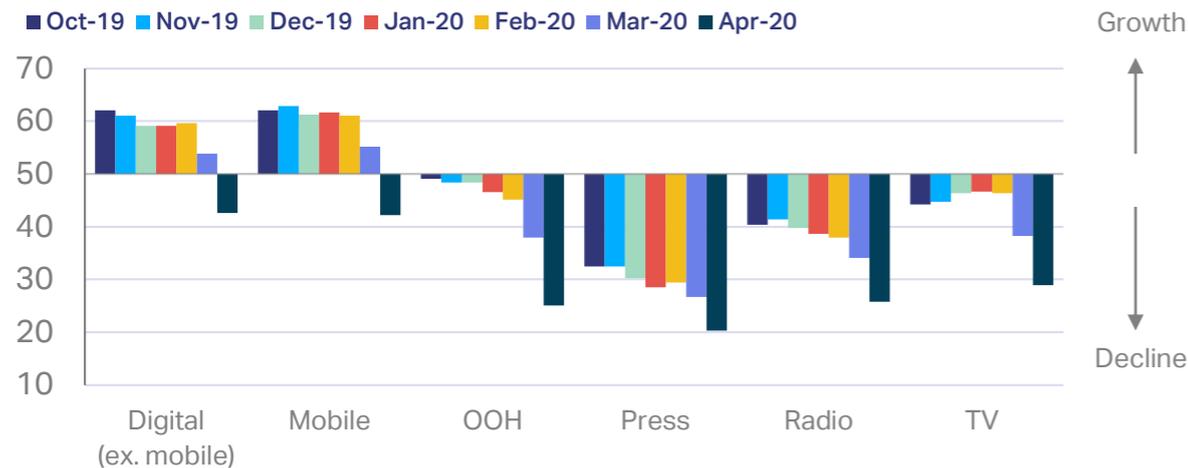
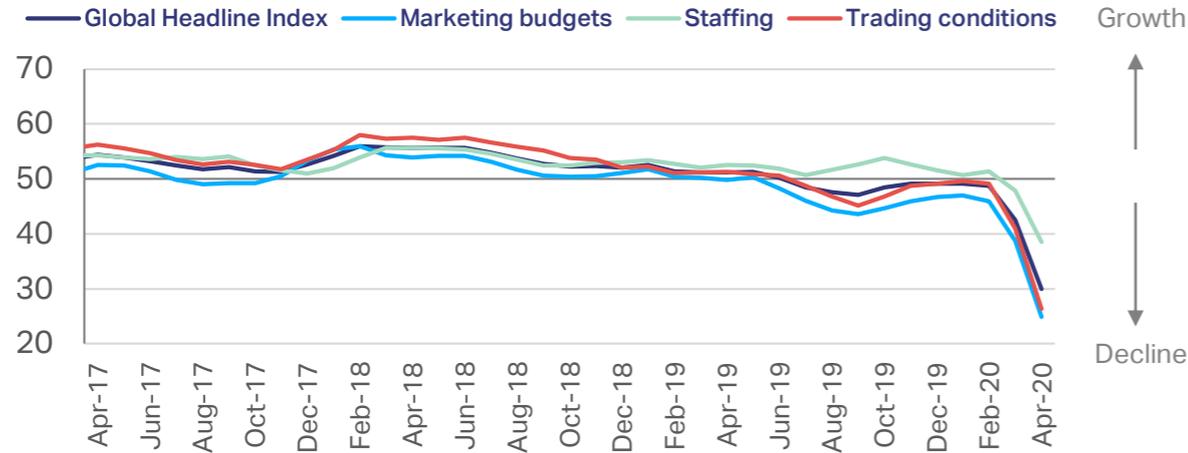
Global Ad Trends

Latest COVID-19 data

WARC[^]
DATA



Global



Note: Value above 50 is growth, below 50 is decline. Larger/smaller values signal severity. Media breakdown is change in marketing budgets.
SOURCE: WARC Data, *Global Marketing Index*

Email marketing sees performance boost during COVID-19

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Most brand communications are not appreciated by consumers

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Over half of award-winning ideas use emotion as creative strategy

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E-sports struggling to attract new fans during COVID-19

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Gaming influencers see highest YouTube engagement

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JCDecaux records first ever double-digit decline

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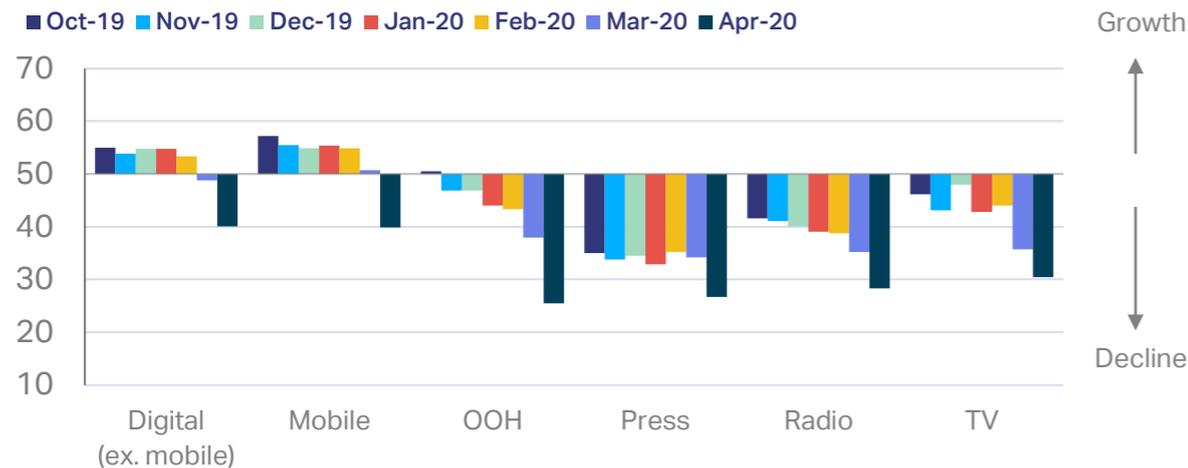
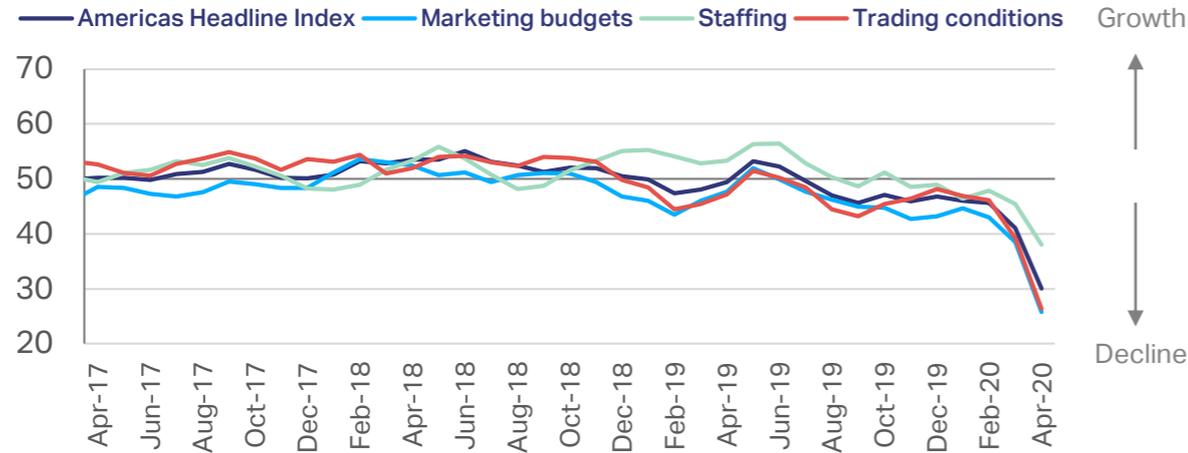
89% of brands have created COVID-19 campaigns

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App growth peaked in the 2nd week of outbreak

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Americas



Note: Value above 50 is growth, below 50 is decline. Larger/smaller values signal severity.

Media breakdown is change in marketing budgets.

SOURCE: WARC Data, *Global Marketing Index*

Canadians trying new brands and retailers but unsure about the long term [read more](#)

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Over-65s to drive American e-commerce growth [read more](#)

Half of Brazilians expect to shop online more in future [read more](#)

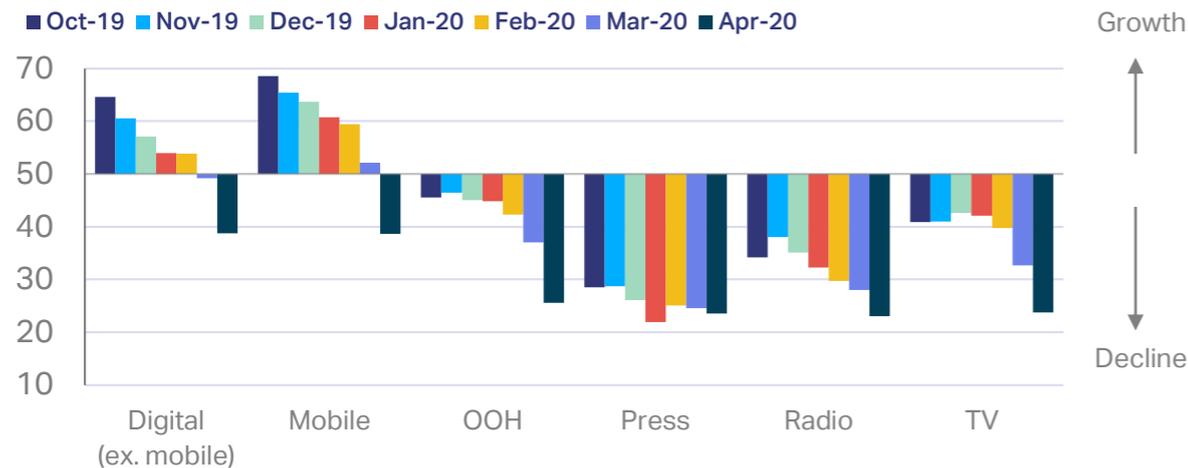
Consumers want security & positivity from advertising during COVID-19 [read more](#)

Brand discovery during COVID-19 is highest on social and TV [read more](#)

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COVID-19 has prompted a quarter of Americans to make big purchases [read more](#)

Asia Pacific



Note: Value above 50 is growth, below 50 is decline. Larger/smaller values signal severity.

Media breakdown is change in marketing budgets.

SOURCE: WARC Data, *Global Marketing Index*

China's OOH recovery to pick-up in June
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COVID-19 encourages telemedicine in Australia
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Over 40% of Indians are gaming and using digital payments more
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86% of Southeast Asian consumers have cut big purchases for six months
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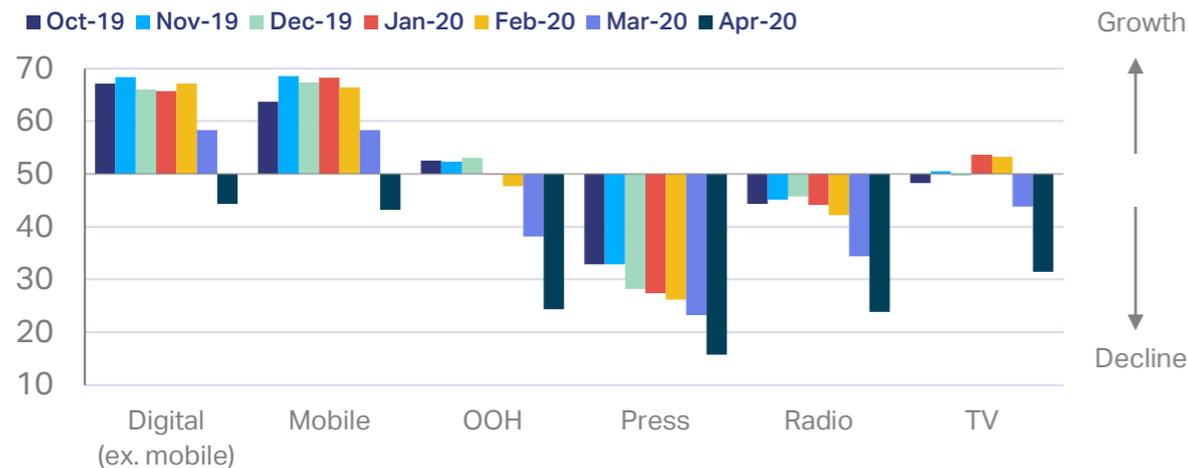
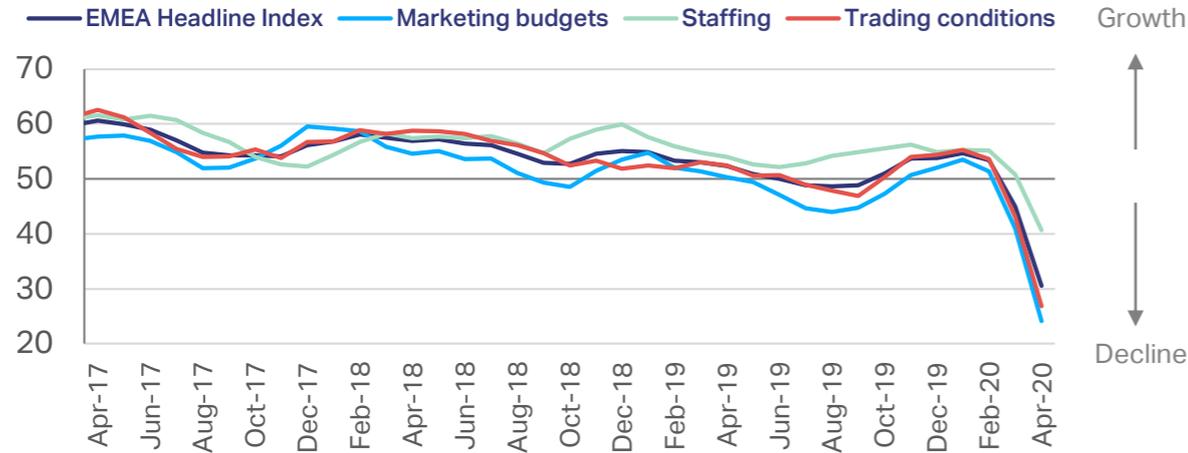
Influencers perform best in Asia but worse in Australia
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Delivery and e-sports gain in popularity in South Korea
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77% of Myanmar consumers say brands need to continue communicating during COVID-19
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Food & drink brands in Southeast Asia tripled video advertising in March
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EMEA



Note: Value above 50 is growth, below 50 is decline. Larger/smaller values signal severity. Media breakdown is change in marketing budgets.
SOURCE: WARC Data, *Global Marketing Index*

Portugal and Belgium lead Europe for growth in consumer spending

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UK OOH impacts drop 89% but supermarkets stay relevant

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New media habits unlikely to last in France

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Influencers perceived least positive in Europe

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Saudi consumers trying TikTok, remote learning and grocery delivery during COVID-19

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e-commerce app downloads peak at start of Ramadan but social tops in the middle

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Third of UK consumers spending at least 25% more on groceries

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43% of consumers considering a new subscription during COVID-19 outbreak

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