

Pandemic? Recession? Telecoms Keep on Advertising

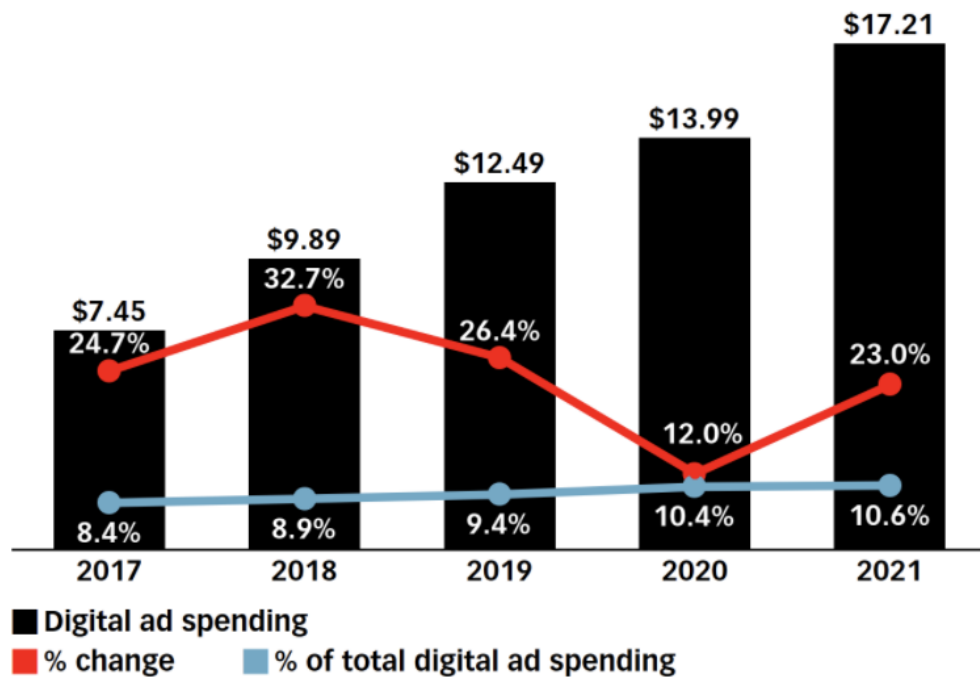
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The US telecom industry has long been an advertising behemoth. While the telecom space has fewer companies than any of the other industries we track, almost all of these companies are huge spenders.

Among the largest advertisers in the US—digital or otherwise—are AT&T, Sprint, T-Mobile, and Verizon, which were known as the Big Four of mobile carriers, before the Sprint and T-Mobile merger in April 2020 made them the Big Three. Cable and internet service providers like Comcast and Spectrum aren't far behind. This small cohort of telecom advertisers, along with a handful of their direct competitors, will mostly outspend the rest of the tech world on digital advertising all on their own.

Telecom Industry Digital Ad Spending in the US, 2017-2021
billions, % change and % of total digital ad spending



Note: includes point-to-point communications services, including telephone voice and data communications, two-way mobile/cellular communications services and other nonvoice message communications services (e.g., email, fax); includes multichannel video providers on a subscription fee basis (e.g., cable TV, wireless cable TV, direct broadcast satellite services); includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms

Source: eMarketer, August 2020

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We forecast that, despite the pandemic and the resulting recession, telecom advertisers will increase their digital ad spend by 12.0% this year, reaching \$13.99 billion. That is only slightly below our pre-pandemic estimate of 15.8%, which marked a slight deceleration after years of massive growth in telecom’s digital ad spend.

This growth stands out in a year where total US digital ad spending will only increase by 1.7%, and four other industries will contract their spending outright. Telecom’s share of total US digital ad spending will cross into double digits this year, accounting for 10.4% of the market.

Fierce Competition

In the telecom industry, competition is fierce and brand loyalty is notoriously low. The major US telecoms are in constant battle for market share, which keeps the ad spending floodgates open. The rise of 5G and the merger between Sprint and T-Mobile will only intensify this dynamic.

The pandemic-related shift to remote work and remote learning, too, has heightened demand for new and higher-quality telecom services in residential areas. The need for faster and more reliable internet has created new market opportunities for US telecom companies, particularly as bandwidth-intensive enterprise solutions are increasingly operating out of employees' homes.

For more on how tech industry ad spend is faring amid the pandemic, eMarketer PRO subscribers can read our recent report:

Report by Ethan Cramer-Flood Sep 02, 2020

US Telecom, Computing Products and Consumer Electronics Digital Ad Spending 2020

