

How COVID-19 Has—And Has Not—Affected Global Ad Spending

eMarketer's updated full-year 2020 ad spending forecast

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There are still many uncertainties regarding how fast and far COVID-19 will spread worldwide, and health officials in most countries without severe outbreaks are simply urging consumers to be cautious. We have taken the same approach in updating our global ad spending forecasts.

In 2020, we expect total media ad spending worldwide will reach \$691.7 billion, up by 7.0% from 2019. That's a decrease from our previous forecast when we expected worldwide ad spending to rise by 7.4% to \$712.02 billion this year.

Note that our forecast was completed on March 6, 2020, before US President Donald Trump announced a 30-day ban on the entry of most Europeans into the US, which temporarily halted the stock market. Also note that the projections represent a full-year outlook.

Our downward revision is primarily due to one country: China, the epicenter of the COVID-19 outbreak. The first case was discovered there in late December 2019, so we have had more time to track the virus's impact on the country's ad market.

This year, we expect total media ad spending in China to reach \$113.7 billion, down from our previous estimate of \$121.13 billion. China is the world's second-largest ad market after the US, so a reduction in our China estimates would lower our global forecast.

We have also downgraded China's 2020 ad spending growth rate to 8.4% from 10.5% due to a reduction in spend across all media formats, including digital.

Despite the increase in [digital media consumption in China](#) as consumers try to keep themselves entertained and informed at home, advertisers are reluctant to spend what could be lost dollars if supply chain shocks prevent them from getting their products to market. We expect digital ad spending in China to grow by 13.0% in 2020 vs. our previous estimate of 15.2%.

Companies in other parts of the world that are dependent on supply chains in China may also start reducing their ad spend to mitigate economic losses. There is evidence to suggest a [slowdown in Amazon ad spending](#), particularly among smaller third-party sellers that already have tighter cash flow. It's possible that this trend could extend to other digital platforms if problems continue.

Out-of-home (OOH) ad spending could also feel a negative impact worldwide if the social distancing and isolation measures that have emerged in some cities expand to larger territories. Consumers in countries with significant numbers of reported COVID-19 cases are already [actively avoiding large public places](#) and gatherings, and that may eventually impact advertisers' willingness to advertise there as well.

For now, however, we are not making any other major adjustments to our ad spending forecasts because of the COVID-19 outbreak. Our forecasts are for the full year, and there is still a strong possibility that the virus could be contained in the coming months, allowing for a rebound in H2 2020. In most countries, the bulk of ad spending takes place in the latter part of the year for the holiday season.

One factor that could cause us to re-evaluate our outlook is if the 2020 Summer Olympics in Tokyo are postponed or canceled. Even as

organizers around the world have **pulled the plug on many other major events**, our forecast assumes that the Olympics will still take place in June, and we expect that to provide a boost in ad spending in the US and worldwide.

A sustained economic contraction could also cause us to revise our forecast later this year. While some major industries — such as travel and tourism — have already been hit hard, it's too soon to tell how debilitating the impact will be on the global economy in the long-term. It's true that the recent stock market blows from the COVID-19 crisis could bring us closer to an economic slowdown, but it's important to note that industry experts have been **weighing the possibility of a recession for at least a year**.

In a November 2019 Business Insider Intelligence survey conducted before the COVID-19 outbreak, for example, 64% of executive decision-makers expected a recession to happen by fall 2020. At the time, just 23% of the 758 respondents thought the impact would be severe vs. 51% who thought it would be moderate. For context, respondents come from a variety of industries, tend to self-identify as working at forward-thinking companies, and 40% are C-level executives, presidents or company founders. And while the survey includes responses from executives worldwide, most (59%) are based in the US. Findings from the survey represent a snapshot of this group of executives' opinions and thoughts and can serve as an indicator of the business and economic outlook, but aren't representative of any particular industry, sector or geography.

In China, where it seems that the worst of the outbreak is over, there are early signs of a possible economic turnaround. We are cautiously optimistic that a potential global economic downturn could also be short-lived, mitigating negative impacts on the worldwide ad market on a full-year basis. It's also important to keep in mind that China's GDP growth has been decelerating for the past year, so COVID-19 was an added strain to an already slowing economy and ad market.