ABOUT MAGNA

MAGNA is the centralized Mediabrands resource that provides media marketplace intelligence and negotiation prowess for agency teams and clients.

MAGNA infuses the organization with knowledge that empowers better decision-making, including insights, forecasts, and strategic relationships.

MAGNA Intelligence has set the industry standard for more than 60 years by predicting the future of media value. The MAGNA Intelligence team produces more than 40 annual reports on audience trends, media spend and market demand as well as ad effectiveness. To access full reports and databases or to learn more about our subscription-based research services, contact forecasting@magnaglobal.com.

THANKS TO OUR RESEARCH PARTNERS!

EXECUTIVE SUMMARY

GLOBAL AD MARKET: 10 KEY FINDINGS

1. According to MAGNA’s latest report, media owners’ linear advertising revenues (linear TV, linear radio, print, OOH) decreased by an estimated -18% in 2020, down to $233 billion globally, due to the global economic recession, in line with MAGNA’s spring forecasts (-16%).

2. Digital advertising sales slowed down but continued to grow through the COVID crisis: +8% to reach $336 billion (59% of total advertising transactions).

3. Total global advertising revenues (linear + digital) shrank by $25 billion (-4.2%), down to $569 billion - a milder decline than expected in June (-7.2%).

4. Travel, automotive and restaurants made the heaviest advertising budget cuts while CPG/FMCG, finance and technology remained stable overall.

5. Sixty-six of the 70 markets analyzed by MAGNA shrank this year. The world’s two largest markets, US (-1.3%) and China (+0.2%), were among the most resilient, while other top markets (Japan, UK, Germany, Canada, Australia, Brazil) declined between -4% and -8%.

6. The Latin America region suffered the most (-11.3%), followed by EMEA (-6.4%) and APAC (-4.9%).

7. Looking at 2021, COVID vaccination, economic recovery and delayed cyclical events will fuel a global rebound for marketing and advertising activity: +7.6% to $612 billion (linear: +3.5%, digital +10.4%, US +4.1%).

8. Despite economic recovery, global linear advertising spend will remain $42 billion smaller (15% smaller) than the pre-COVID level of 2019.

9. The US market resilience (-1.3% to $227 billion), despite one of the most severe COVID toll, was caused by the scale and organic growth of digital ad formats (+10%), while linear ad spend fell on par with global average (-16%).

10. Record levels of political advertising spending brought $6.1 billion in incremental advertising sales and generated two percentage points of extra market growth that benefitted local TV ($3.6 billion) and, for the first time, digital media ($1.5 billion).

Back in the spring, MAGNA predicted that digital media organic growth factors would drive digital to grow despite the COVID recession (+1% globally, +3% in the US). It turns out digital media resilience was even stronger than expected (+8% globally, +10% in the US) and possibly because of the changes brought by COVID. The pandemic triggered a tremendous acceleration in both supply (digital media usage and audiences, ecommerce) and demand: small businesses embracing digital media to keep their business alive during lockdowns, big brands pivoting towards lower-funnel marketing channels as they typically do in recession times. MAGNA believes the return of consumer mobility, major events and economic recovery will prompt most industry verticals to grow their linear advertising budgets in 2021, but the long-term trajectory has shifted even further towards a digital-centric marketing environment for years to come.

- Vincent Létang, EVP, Global Market Intelligence at MAGNA
EXECUTIVE SUMMARY

GLOBAL MARKET 2020: ALL-MEDIA ADVERTISING DECREASE BY -4%

The latest MAGNA study of global advertising market trends, reveals that media owners’ advertising revenues decreased by approximately $25 billion in 2020 (-4.2%), from $594 billion in 2019 to $569 billion. Most industry verticals reduced marketing and advertising spending due to the severe economic recession triggered by the COVID pandemic, as global GDP shrank by -4.4% according to the IMF. The global advertising market will, however, recover by +7.6% in 2021, to reach $612 billion, as a gradual return to normal business conditions will fuel robust economic recovery (real GDP growth +5.2%, IMF).

Brand advertising budgets and therefore linear ad formats (linear TV, linear radio, print, out-of-home and cinema) suffered the most from the economic recession and the restrictions to consumer mobility. Global linear ad spend shrunk by -17.8% to $232.5 billion, marginally worse than expected by MAGNA in the spring (-16%).

Television remains the largest linear advertising channel with $149 billion in advertising revenues in 2020. Ad sales shrunk by -12% in 2020, in line with expectations, due to the cancellation of many TV campaigns in key verticals (e.g. automotive) and the postponement of major sports events. Print, radio and OOH ad sales declined more heavily: -24% to -25%. Out-of-home, the most dynamic linear media channel pre-COVID was hurt by the decline in consumer mobility, traffic and audience, in addition to the fall in demand from local and national advertisers. Finally, theater closures caused cinema advertising to decline by -66% this year.

Digital formats advertising sales (search, video, social, banners) grew by +8% to $336 billion, to reach a market share of 59% globally. Back in June, MAGNA was expecting digital media spend to grow slightly (+1%) despite the COVID recession; in fact, digital media spending grew way beyond expectations partly because the COVID impact accelerated the organic transition towards a digital-centric marketing ecosystem. Digital media consumption (social and video in particular) accelerated since lockdown; e-commerce exploded as large brands and small business ramped up their digital business in addition to “Direct-to-consumer” brands and ecommerce specialists; many local stores or restaurants started to use search and social marketing to advertise delivery, or “click-and-collect” to keep their business alive while stores were closed. Finally, consumer brand marketers showed a preference for lower-funnel marketing tools, at the expense of branding campaigns, that is classic in any recession time. In the last five years, the share of digital media had grown by three to four percent per year to reach 52% in 2019; in 2020 it jumped by seven percent to 59%. The COVID impact on lifestyles and business model will accelerate the digital transition in a lasting way: one year ago MAGNA was forecast the share of digital formats to reach 64% by 2024; now MAGNA expects that market share to reach 68% in 2024 and 70% in 2025.

Search remains the largest digital advertising formats (+7% to $164 billion, 49% of total digital advertising)
EXECUTIVE SUMMARY

as product search from ecommerce giants (Alibaba, Amazon) offset the slowdown of classic search engines (Baidu, Google). Social media benefitted from an acceleration in penetration and time spent during and since lockdown, and with an explosion in the volume of ad insertions compensating for a lower revenue per insertion, social ad formats advertising grew by +17% to $87 billion. Digital video ad spend increased by +15% to reach $45 billion, as strong growth from short-form platforms (YouTube) offset the slowdown of full episode players and outstream video.

As the pandemic and economic crisis was global, so was the impact on advertising spending and revenues across markets. Latin America experienced the worst downturn (-11.3%) and EMEA performed below average (-6.4%). Asia Pacific markets shrank by an average -4.9% while North America was the most resilient region (-1.5%) helped by the scale of digital advertising and record levels of political spending. Sixty six of the 70 markets analyzed by MAGNA shrank this year, with two markets growing nominally due to hyper-inflation (Argentina and Ukraine) and two markets showing real albeit moderate advertising growth: China (+0.2%) and Taiwan (+2.0%). Among top ad markets, the two largest, US (-1.3%) and China (+0.2%) were also the most resilient this year, while other top markets (Japan, UK, Germany, Canada, Australia, Brazil) all declined between -4% and -8%.

Where total ad spend was almost stable, it was almost entirely caused by a large and resilient digital media segment, while linear media was down double-digit like everywhere else. In the US and China typically, the share of digital media was already beyond 60% at the beginning of the year, and digital media spend grew by +10% in both markets; US linear media declined on par with the global average (-16%) while the decline of linear ad sales in China was even worse than average (-26%). Conversely the worst performances came from emerging markets where digital media market shares were too small to offset the heavy cuts in linear ad spend (even if digital spending grew too in those markets), e.g. Chile (all-media -17%), Colombia (-20%), Malaysia (-22%).

2021: LINEAR STABILIZES, DIGITAL ACCELERATES

If, as expected, large scale COVID vaccination takes place in the first half of the year, restrictions to business and mobility are gradually lifted, global economic activity should recover strongly. In its October forecast, the IMF predicted +5.2% for global GDP growth. Major events, if they can finally take place (Summer Olympics in Tokyo, UEFA Football Championship in Europe, and the Dubai World Expo) will also fuel the stabilization and recovery in marketing budgets and advertising spending.

In that scenario, MAGNA predicts global ad spend to grow by +7.6% to $612 billion. MAGNA raises its previous forecast (June: +6.1%) by 1.5 percentage point. All regions will recover to some degree: APAC: +11%, LATAM: +9%, EMEA: +8%, North America: +4%. Linear media will stabilize (+3.5%) while digital media will re-accelerate to double-digit growth (+10.4%).
## GLOBAL OVERVIEW

### Total COVID Cases by Country

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### KEY REGIONS

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### KEY MARKETS

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<td>USA (EXCL. CE)</td>
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<td>USA (INCL. CE)</td>
<td>5.9%</td>
<td>-1.3%</td>
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DIGITAL MEDIA: REACHES MATURITY, COVID RESILIENT

KEY FINDINGS

- Digital advertising growth slowed down in 2020, but COVID accelerated pre-existing changes in consumer and marketing behavior that generated organic growth to offset the effects of the macro-economic recession.

- **As a result, global digital advertising revenues** (all formats, publishers and pure players) **grew by +8.2%** in 2020, to reach $335 billion (59% of global advertising sales). Digital ad formats proved even more resilient that initially anticipated by MAGNA (June forecast: +1%).

- **Mobile advertising ad sales** (generated by impressions and clicks on smartphones) expanded by +15% in 2020 to reach $246 billion (73% of total digital advertising).

- **Search ad sales** grew by +7% in 2020 to reach $164 billion (49% of total digital budgets) as ecommerce acceleration led strong growth in product/shopping search, offsetting the slowdown of classic search.

- **Social media ad sales** increased by +17% in 2020 to reach $87bn (26% of total digital budgets) driven by growing consumption and broader marketing usage.

- **Video formats** (Youtube, Full Episode Players and video networks, excluding social video) surged by nearly +15% to reach $45bn (14% of total digital budgets).

- **Static banners** were the only digital format to shrink, with ad sales down -8% vs 2019.

- In 2021, MAGNA forecasts digital advertising to rise by +10.4% to reach $371 billion (61% of total global ad revenues).

DIGITAL ADVERTISING REMAINS RESILIENT DURING COVID

Global digital advertising revenues (all formats, publishers and pure players) **grew by +8.2% in 2020 to rise to $336bn** despite the huge headwinds caused by the COVID-triggered recession. Digital advertising will represent 59% of global advertiser sales. This is the lowest annual growth rate observed since 2009 (+4.8%), but given the COVID crisis has caused the deepest economic recession in decades, the resilience of digital advertising is extremely impressive and reflects profound changes in consumer and marketing behaviors that were supercharged during and since the crisis.

Digital media has become even more central to all aspects of people’s lives, as one of the few connections to the outside world because of strict quarantines earlier in the year, and due to changed behavior patterns going forward. This includes increased engagement with Ecommerce: Ecommerce in the United States has jumped approximately 20% of total retail sales since the outbreak of COVID, compared to around 15% before it. While that may not sound like a huge change, that represents about five years of prior Ecommerce adoption growth concentrated into a period of six months. Ecommerce sales were growing consistently at a pace of +15% and +20% per year in the last five years; in April they grew by +40% year-over-year and have remained above +20% yoy ever since.

In China, total retail sales have shrunk by approximately -7% through the first three quarters of 2020, but online sales have grown by +10%, reflecting another significant shift towards Ecommerce. Furthermore, this does not just reflect organic growth of Ecommerce pure players or retailers that were already selling their product online. Many small businesses started to use Ecommerce solutions for the first time during COVID quarantines, as that was the only way to engage with consumers for a few months.

This spike in Ecommerce dovetails with another trend that has defined digital advertising in 2020: brands and small businesses have been even more eager to engage with "lower funnel" direct marketing channels including search and social media ad formats. Because business has slowed substantially, marketing budgets are under pressure across the board, and campaigns most easily directly attributable to spending are more likely to escape marketing spending cuts. Upper funnel brand advertising campaigns, which are perceived as long-term investments, are more vulnerable to trimming or cancellation than “direct” campaigns that can be tied to immediate tangible revenue. This is a classic, sometimes temporary shift in marketers’ behavior during economic downturns, but the acceleration of ecommerce in 2020 made it even more desirable, and potentially permanent.

As a result, the growth engines of digital advertising formats (social, search, and video) have only become more pronounced in recent months. Social media advertising grew by an estimated +17% full-year to reach $87bn globally (26% of total digital budgets). Digital Video advertising rose by +15% to reach $45bn (15% of total budgets). Finally, Search advertising sales expanded by +7% to $164 billion, (49% of budgets).
DIGITAL MEDIA

This contrasts with Static Banners, generating -8% lower ad revenues in 2020 to fall below 9% of total digital spending.

In 2021, global economic recovery, higher digital media reach, broader digital use by small businesses, the return of major cyclical sports events (Olympics, Euro) and major marketing events (Dubai World Expo, Munich Motor Show) will drive digital marketing spending further among big consumer brands and small business. MAGNA therefore expects global advertising sales to grow by +10.4% to reach $371 billion (61% of global all-media ad sales). Looking further, digital advertising spend will continue to expand by an average +9% per year, to reach $510bn by 2025 - 70% of global ad sales. This is a larger 2025 market share than previously predicted by MAGNA, reflecting our belief that the COVID crisis has triggered a lasting acceleration in the long-term transition towards a digital-centric marketing ecosystem.

SMARTPHONES AND APPS DOMINATE DIGITAL ADVERTISING

Smartphones have now taken over computers and TV screens as the central and primary screen and interface for media consumption and for ecommerce, and apps – rather than browser-based websites – dominate mobile usage (ecommerce, gaming, streaming, finance, navigation etc).

Ad dollars have followed consumers on that journey, prompting mobile advertising sales (revenues from impressions and clicks on smartphones) to increase by +15.5% in 2020 and reach $246 billion globally (73% of total digital spending). Meanwhile desktop-based ad revenues fell by an estimated -8%. Not only have consumers consistently shifted their digital media usage and shopping from computers to smartphones, with brands spend catching up, but COVID shutdowns and WFH have boosted social media usage that's inherently smartphone-centric at home too, just as much as it is during commuting. By the end of 2020, MAGNA estimates that mobile impressions and clicks account for 71% of global search ad sales, 93% of social formats ad sales and 68% of digital video ad sales.

Mobile advertising will continue to grow by double-digit percentage rates through 2024 (CAGR +13%), and will increase to represent 86% of total digital advertising sales, and 60% of total budgets, by 2025.

GLOBAL MARKET SHARES BY MEDIA TYPE
DIGITAL MEDIA

SEARCH BOOSTED BY ECOMMERCE DURING LOCKDOWN

Paid keyword search advertising still attracts by far the largest portion of digital ad spend as global spend grew by +7% in 2020, to reach $164 billion (49% of total digital budgets).

While this is a slowdown compared to 2019 (+15% growth), it is still extremely robust compared to linear ad formats. Consumer brands still find search advertising integral to driving sales. More critically, though, the long tail of local, small and direct-to-consumer businesses that already represents the bulk of global search spending have engaged with search advertising more than ever during the COVID crisis. Search advertising giants (Google, Baidu, and Yandex) have suggested that, despite the lockdowns and recession’s headwinds for local and small businesses, smaller brands have maintained their search budgets more consistently than big consumer brands. This is also reflected by increasing numbers of small businesses engaging with search engines.

Engaging with many of the newest, enhanced search advertising formats, such as local search packages, requires upfront investment to create and curate a real-time database of products. That is typically an entry barrier for many small businesses that might otherwise engage more broadly with search advertising. Because consumers were unable or unwilling to visit stores during and after lockdowns, many retailers finally decided to make that upfront investment to create or improve their search offering, and keep the business alive. This created a tailwind for search advertising adoption and usage that will remain even after the COVID crisis is over.

Ecommerce is now one of the core drivers of search advertising rather than just a helpful growth booster. It is mainly thanks to the growth of product listing ad sales that total search advertising spending is growing as much as it is in 2020. Global ecommerce giants, like Amazon, Alibaba, and JD.com, reported advertising revenue growth rates significantly above those of core, generalist search engine players in 2020. Because many consumer behaviors trained or modified during the COVID crisis are likely to persist into 2021 and beyond, Ecommerce will only become a more integral part of search advertising and the overall advertising economy looking forward.

WHY IS DIGITAL OUTPERFORMING LINEAR MEDIA?

According to MAGNA, the COVID recession will accelerate the long-term transition to a digital-centric marketing environment and we should expect a better resilience of digital ad formats, compared to linear ad formats, in 2020, due to several factors.

1. Re-acceleration in digital media penetration and consumption, during lockdown (esp. social media and digital video).
2. Tendency to prioritize lower-funnel marketing channels when generating sales or grabbing market shares becomes the immediate priority.
3. Acceleration of ecommerce growth, during and after lockdown, as consumers’ habits may be permanently altered. Large and small ecommerce players intensify their digital efforts to grasp the opportunity and conquer market shares, and many local independent businesses (groceries, restaurants, DIY...) are also reaching out to local customers, through social or search, to advertise “contactless delivery” or pick-up for etc. while their stores are closed or reopening at limited capacity.
4. Scalability and flexibility of digital media usage for small and local business owners and “DTC” (direct-to-consumer) brands. Marketers can scale down self-serve search and social media activity without shutting down entirely (while linear or display campaigns are usually cancelled outright, not scaled down); and when marketers do shut down digital marketing during lockdown, social and search campaigns can resume as soon as business reopens. Local marketing budgets may be down, but digital media platforms are likely increasing their market share against local media or below-the-line marketing channels (direct mail, in-store etc) during this crisis.
DIGITAL MEDIA

SOCIAL MEDIA THRIVES UNDER SOCIAL DISTANCING

The COVID crisis has prompted consumers to engage with social media networks and apps more than ever, as one of the few remaining forms of social interaction in the time of lockdowns and “social distancing”. As social media penetration, usage and engagement all accelerated further during COVID quarantines, many consumer brands and local businesses seized the opportunity of cheaper rates and rising ROI and decided to start, maintain or develop their social media presence in 2020. This mitigated the slowdown in advertising spending in Q2, and allowed the strengthening of budgets in the second half of 2020 to still reflect growth.

Social media is also making huge inroads into political advertising. Despite the controversies during the 2016 US elections, paid social advertising was in fact still minimal; that has changed in 2020 as there was more than $700 million spent by political strategists in paid social media campaigns in 2020, three times more than in 2016. Adding “issues” campaigns the social media spend in election years could be double that figure.

As a result, social media advertising formats generated 17% more ad sales in 2020 to reach $80 billion globally (26% of total digital ad sales). This is a slowdown compared the growth rates of the last two years (+34% in 2018, +25% in 2019) but it is shockingly strong given the extent of the COVID crisis and accompanying economic disruption. MAGNA expects social advertising to grow by double digits again in 2021 (+13%). Social media remains the most mobile-centric digital format, with 93% of revenues in 2020 expected to come from smartphone impressions and clicks.

In addition, while social media consumption spiked across all consumers early in the pandemic quarantines, younger consumers have gone back to their previous consumption trends for social media in the second half of 2020 (plateauing/decreasing usage). Older consumers, on the other hand, increased usage during quarantines, and have maintained those habits as the peak of the crisis receded. Between the initial March quarantine usage spikes, and May, Gen Z engagement with social media decreased by approximately ~25%. Baby boomers, on the other hand, reported still spending more time on social media and longer on social messenger services (GWI).

Influencer marketing has also become a significant part of the social media ecosystem and advertising revenues. According to a special MAGNA report published in April 2020, global influencer marketing spending was $1.2 billion as of 2019 and grew in-line with traditional social media ad spend. There are multiple ways for brands to engage with influencers, but the majority of spend goes through “macro influencers” (100,000 to one million followers), or barter deals with the long tail of small influencers.

For more on Social Media, please refer to MAGNA’s new Influencer report published in April 2020.

DIGITAL VIDEO USAGES ACCELERATES DURING LOCKDOWN

MAGNA’s “Digital Video” segment include out-stream insertions through video networks and in-stream ad formats (pre/mid/post rolls) on short-form and long-form video sites: Youtube, Ad-supported Full Episode Players; it excludes video ad formats on social media.

Global digital video advertising sales grew by +15% in 2020 to reach $45 billion globally (14% of global digital budgets). Digital video is expected to remain nearly as resilient as social media in 2020,
and multiple video publishers have commented that it is lower funnel campaigns that are holding up better than branding campaigns video campaigns during the recession. A +15% growth rate in 2020 is a significant slowdown compared to previous years (2018: +30%, 2019: +26%) but still remains remarkably robust in a global economic situation.

**Video advertising is increasingly mobile-centric,** with mobile video expected to increase by +21.8% this year to represent two thirds of total global video advertising spending. This compares to desktop video budgets which are expected to increase by just +3%. Desktop video is typically stronger than other desktop video formats not only because there is still some value to the consumer to consuming video on a larger screen size, but also because there are still bandwidth issues for video in many markets. That does not provide enough of a tailwind for brands to increase desktop video spending during the COVID crisis.

Consumption of internet-delivered video content on living-room television screens ("over the top" or OTT) is an increasingly meaningful share of digital video viewing and ad impressions. OTT represents the fastest growing portion of YouTube viewing and already the overwhelming majority of Hulu viewing in the US. **Total OTT ad sales in the US increased to $3.8 billion in 2020, i.e. 7% of total national TV advertising, growing by +18%**. These totals represents the value of direct OTT ad sales by specialists like Roku or Samsung, plus the share of total ad impressions by multi-platforms players like Hulu or Youtube that are served on connected TVs. It will increase to approximately $10 billion by 2025.

While some stores have reopened following COVID quarantines, Ecommerce usage is hugely higher in 2020 compared to prior years.
DIGITAL MEDIA

While the US market is at the forefront in terms of OTT development other markets (Germany, UK, Nordics) are just two or three years behind in terms of adoption and advertising products.

STATIC BANNERS CONTINUE TO DECLINE

Finally, static ad banners remain a challenged format, with ad revenues expected to shrink by -8% to $30 billion, falling below 10% of total digital budgets for the first time. Not only are static banners out of favor with publishers and brands because they do not perform as well as in-stream interactive formats, but there is simply less and less static inventory available to buy. Ad blocking is rampant and many publishers are replacing much of their static banner inventory with instream or outstream (in-feed) video formats, often delivered programmatically.

PROGRAMMATIC

Search and social media formats have always been direct advertising formats, each impression part of a one-on-one conversation with an individual user. Because this personalization resonates with consumers, programmatic advertising has been widely embraced by marketers to bring similar abilities to video and static display formats.

The global programmatic display advertising market grew to $43 billion in 2020, an increase of +6% vs 2019. 64% of all display ad formats transactions (static banners and video) occurs through programmatic or automated platforms, as opposed to discreet insertion orders (IOs). Most display inventory can now be bought through technology platforms. Programmatic transactions will continue to increase as a share of total digital ad spending, and adoption across static banners and video will reach 78% by 2024.

The programmatic landscape is going through uncertain times, however. Consumer groups, regulators, and now browsers publishers, are coming after third party cookies, blamed for being the main vehicle for marketers’ encroachment on data privacy. The inevitable but gradual phasing out of third party cookies will create multiple challenges for brands, publishers, and ad tech firms over the coming 18 months. One top priority for publishers and brands will be to control and leverage as much first party data as possible, to fuel programmatic campaigns and maintain performance.

For more insights on Programmatic adoption and ad tech trends, please refer to MAGNA’s Programmatic reports released twice a year (April, October).
UNITED STATES

10 KEY FINDINGS

1. The COVID impact on lifestyles, marketing choices and business models widened the disconnect between linear advertising, which declined heavily during the economic recession, and digital advertising, which remained resilient thanks to organic factors such as media consumption and ecommerce.

2. All-media advertising sales rebounded by +2.4% in the third quarter following a record fall in 2Q (-16.9%) thanks to political spending, an instant rebound in digital media spend (+13.9%), and the near stabilization of national television due to the return of sports (-1.7%). As a result, MAGNA raised its forecast for 4Q20 to +5.6%.

3. MAGNA’s updated full-year forecast has total linear ad sales (linear TV, radio, print, OOH) shrinking by -15.8% in 2020 to $81 billion.

4. Digital ad sales grew by +10.0% to $140 billion in 2020, as the surge of e-commerce and digital video boosted search, social and video ad formats.

5. Incremental political advertising revenues reached an all-time high of $6.1bn in 2020, or +60% more than 2016, mitigating the losses of local TV and adding $1.5 billion to digital ad spend.

6. Full-year all-media US advertising sales (linear + digital formats) fell by only -1.3% in 2020, to $221 billion, in the midst of the worst-ever economic recession, thanks to digital format growth (+10%) and a record influx of political spending ($6 billion), mitigating the heavy decline in non-political linear ad spend (-20%).

7. In 2021, COVID vaccination should allow a gradual return to consumer mobility, economic growth (+4% real GDP growth) and marketing activity, fueling advertising spending recovery. MAGNA predicts all-media ad spend to grow by +4.1% (+6.0% excluding cyclical effects).

8. Eight of the top ten verticals are predicted to grow in 2021, with movies, technology, restaurants and drinks being the most dynamic.

9. The ad spend recovery will stabilize linear ad sales (-2.8% or +0.6% excl. cyclical spend) while digital ad sales will grow high-single digit again (+8.0%).

10. Beyond the 2021 recovery, MAGNA expects the US ad market to grow by an average +4.2% in the next four years (2022-2025): -4.6% per year for linear ad sales, +7.9% per year for digital ad sales.

US ECONOMY IS SUFFERING, BUT recovering faster than expected

The US economy is suffering the deepest recession on record. Full-year real GDP will decline between -3.5% (SPF) and -4.3% (IMF) compared to “just” -2.5% during the “Great Recession” of 2008-2009.

The decrease in economic activity is however less precipitous than the -5.5% drop initially expected by economists in the spring, as the US economy has recovered faster than expected and faster than in many other countries. Personal consumption – which accounts for 70% of the economy and constitutes the best proxy for advertising spending – is now expected to drop by just -2.5% in 2020, compared to the -5% initially anticipated by economists.

After falling by -10% in April and -1% in May, retail sales have gradually recovered throughout the summer: +5% in June, +6% in July, +8% in September. Total retail Sales (excl. Motor Vehicles) were up +7% yoy in the third quarter as brick & mortar sales stabilized (+2% yoy) and ecommerce sales exploded (+37% yoy) despite the reopening of most stores in 3Q, showing that the shift in lifestyles and shopping patterns will outlast COVID lockdown.

Automotive sales have also started to stabilize. As the pandemic hit and the economy shut down, consumers delayed making major purchasing decisions, and automotive sales fell by nearly half in April 2020 as a result, but they have steadily stabilized in the last five months: -24% in June, -14% in July, and -3% in October. Full-year decline in car sales is now expected to be “just” -14%, a much lower fall than in 2008-2009.

Consumer confidence has stabilized too. After falling from index 101 to 72 in April, it has trended upward up to 82 in October. It fell back to 77 in November due to the COVID resurgence but remained well above the Great Recession lows (below 60 for almost two years).

Economists have also upgraded their expectations for 2021. In its last update (early November), the Survey of Professional Forecasters increased its prediction for

US ADVERTISING REVENUES INC. CE ($ BILLIONS)
US AD MARKET 2020: -1.3% THANKS TO RESILIENT DIGITAL SPEND AND RECORD POLITICAL SPEND

Despite the severity of the economic recession, MAGNA estimates that full-year all-media advertising revenues (linear + digital) fell by just -1.3% to $221 billion in 2020, a much milder decrease than initially anticipated. This was caused by stronger-than-expected digital media spend (+10% vs 2019) and a huge influx of political spending that partly offset the budget cuts of other verticals. Excluding political spending, non-political advertising revenues would have dropped by -3.3% vs 2019, still a better performance than the global advertising market in 2020 (-4.4%).

THIRD QUARTER RECAP - FOURTH QUARTER OUTLOOK

In the third quarter of 2020, following the reopening of many businesses and the return of sports, total advertising revenues grew by +2% vs 3Q19. The market benefitted from strong political spending, an instant rebound in digital media spending (+14% yoy) and the stabilization of national television ad sales (-2%) as postponed 2Q campaigns were rescheduled alongside returning sports events in 3Q. Excluding political spending, the advertising market was flat in the third quarter.

Google reported global and US advertising revenue growth of +10% yoy in 3Q20, after posting its first ever (modest) decline in the second quarter. YouTube drove the recovery with US ad sales growing +32% in the quarter, fueled by continued strength in direct response advertising, and the return of brand advertising, which had been the primary source of weakness in Q2. Google Search revenues posted mild gains of +6%. Nearly all verticals increased spending on Google’s platforms in the third quarter, according to Google, although travel – a large search vertical – was not one of them.

Facebook’s US advertising revenue growth accelerated to +20% in the third quarter after slowing down to +14% in the second quarter. Usage increased slightly in the quarter – US monthly active users grew +3% to 255 million– but the main driver was the +35% increase in the volume of ads delivered, offsetting lower pricing.

### United States

<table>
<thead>
<tr>
<th>US Advertising Revenues</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>20’-25 CAGR</th>
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<tbody>
<tr>
<td>NATIONAL TV (INCL. CE)</td>
<td>42</td>
<td>-2.0%</td>
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<td>2.2%</td>
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<td>4.0%</td>
<td></td>
</tr>
</tbody>
</table>
UNITED STATES

The biggest spending verticals in the quarter were e-commerce, retail and CPG, and the company reported strength in small to medium sized businesses

Amazon’s advertising business once again posted robust growth, with US advertising sales surging +52% in the quarter. Amazon’s search segment (product listings and sponsorship) gained +50%, thanks to the spike in consumer engagement with Ecommerce during the crisis. Twitch ad sales also saw robust +72% growth in the quarter.

Though Google’s search business returned to growth in the third quarter, Amazon’s burgeoning search business is now unambiguously driving the search market. Some reasons for this are laid out in our Search report and include the fact that shopping ads are growing much more quickly than other search ad formats and are driving growth at e-commerce sites such as Amazon faster than search ad revenues at core search engines like Google.

MAGNA expects advertising sales to continue to recover in the fourth quarter of 2020: +6% yoy including political spending, or +2% excluding political. Digital media ad spend will grow by +14% in 4Q as social, video and search are boosted by stronger-than-usual political spending, and ecommerce holiday season shopping. National television ad sales may remain below 2019 levels (-5%) due to poor ratings and a deficit in sports events compared to last year (delayed starts for NBA, NHL and college football).

DIGITAL MEDIA: +10% DESPITE (OR THANKS TO?) COVID

Digital media advertising sales have quickly rebounded from their second quarter lows (flat vs 2Q19) and ultimately grew by +10% over 2019, to $140bn. This is of course a slowdown from previous years (2018: +20%, 2019: +17%) but is remarkable performance in the context of an economic recession.

Digital media growth was driven by several organic factors offsetting the slowdown in advertising demand.

The first was the sudden acceleration of the long-term shift in retail consumption and other services from brick & mortar shopping to e-commerce, delivery, click & collect, etc. Combined with the classic shift towards lower-funnel marketing channels in recession times, this fueled advertising activity in search (+8%) and social media (+18%).

A second factor was the acceleration of digital media consumption, as ad-funded video and social media benefitted from the home-centric lifestyles, boosting total digital video growth (long-form, short-form, out-stream, OTT) by +19%.

A third factor was political spending, with approx. $1.5 billion of political spending, at least three times the amount of any previous election cycle.

Digital media will increase again in 2021, by +8%, thanks to continued growth in video (+12%), search (+8%) and social (+10%), to reach a market share of 66%.

Beyond 2020-2021, the changes in lifestyles and business models catalyzed by the COVID crisis have put the long-term growth of digital advertising onto a new trajectory. MAGNA believes the share of digital ad formats will reach 76% by 2025; before the COVID crisis, the MAGNA forecast stood five points below (71%).

LINEAR MEDIA 2020: -16%

Linear advertising sales (linear TV, linear radio, print, OOH) suffered the most in 2020, with full-year sales declining by an estimated -16%, to $81bn. Excluding linear political ad revenues (approx. $4 billion), the actual decline of linear ad sales would have been closer to -19% i.e. a similar rate of decline as 2009 (-18%). The economic shutdown not only cut down marketing activity and ad demand from national brands and local businesses, but also affected media consumption and audience supply for print, radio and out of home.

Coupled with a lack of demand from many top local advertisers and industries that remained on the sidelines, linear media formats outside of national television have still not rebounded like digital media has, and continue to suffer. On a full year basis, national television ad sales shrank by -11%, local television by -3% (it would have been -20% excluding political spending), out-of-home by -24%, radio by -28%, print by -30%, and cinema by -80%.
UNITED STATES

Linear sales will stabilize in 2021 (-2.8%). Neutralizing for (the lack of) cyclical political revenue in 2021, the normalized performance would be +0.6%.

NATIONAL TV 2020: -11% THIRD QUARTER REBOUNDS AS SPORTS COME BACK

Sporting events that were cancelled in the second quarter mostly saw a return in the third quarter, and demand from advertisers that paused national television budgets in the second quarter also returned, and as a result, national TV ad sales were off only -2% in the quarter (cable networks +3% thanks to sports, mitigating a -9% decline for broadcast networks).

For full-year 2020 national television advertising fell by an estimated -11% to $37.5bn in 2020. In 2021 sales will grow by +5%, thanks in part to the airing of the Tokyo Summer Olympic games, which were delayed from 2020 and will drive $800m of incremental spend.

LOCAL TV 2020: -3% RESCUED BY POLITICAL SPEND

Local television advertising sales dropped -3% to $18bn in 2020, including $3.6bn of incremental political sales, or -21% excluding them. Automotive (25%) and retail (15%) together represent 40% of non-political ad sales for local TV stations in a normal year, and both verticals were among the most affected by the COVID crisis. Automotive (mostly local dealers) is the largest spending vertical, and the closure of car dealerships in most states for most of 2Q was devastating for local TV.

The -21% decline in advertising sales (excl. CE) is a combination of local cable at -15% and local broadcast underperforming at -23%, due to lower spending of both national and local advertisers.

In 2021, total local TV advertising sales may decline again due to the lack of political revenue (apart from a few, possibly large, run-off elections incl. Georgia).

PUBLISHING 2020: -21% (PRINT: -30%) STRUCTURAL DECLINES EXACERBATED BY PANDEMIC

Publishing revenues (print + digital) fell by an estimated -21% to $17bn in 2020, as both print (-30%) and digital (-6%) advertising sales declined due to lower demand from multiple industries, including the luxury and entertainment verticals. Digital revenues have rebounded faster than print revenues, in part due to the shorter lead times on digital platforms that have made it easier for advertisers to jump back in.

US POLITICAL ADVERTISING 2020

- Political fundraising and advertising spending have increased steadily in each cycle in the last ten years, due to the rise of Super PACs, more efficient fundraising techniques and increasingly large donation from billionaires.
- The 2020 election cycle generated $6.1bn in net incremental advertising revenues for media owners, or +60% above 2016 levels, and a new all-time high.
- All media channels benefitted from the surge of political spending. Local TV captured the largest dollar amount as usual ($3.6bn of incremental revenues, +31% vs 2016), but digital media increased the most, from a low base. At least $1.5bn was spent on political advertising on digital media in 2020, +500% more than in 2016 and +300% more than in 2018. At least $700 million went into digital video campaigns and the same amount on social media campaigns.
- Political spending moved the needle in a huge way in 2020. It mitigated the drop in local TV ad revenues by 17 percentage points (non-political ad sales -20%, with political -3%); it added one percentage point to digital media growth and two percentage points to all-media growth (-3.3% without political, -1.3% with it).
UNITED STATES

All three print segments fell by similar rates in 2020. National newspapers (New York Times, Wall St Journal and USA Today), dipped by -32%, national magazines (Meredith Corp, Hearst, Conde Nast, etc) by -27%, and local newspapers by -33%.

While all print media is suffering, the local newspaper segment in particular faces long-term structural challenges from both the supply side, as users migrate to digital websites, and the demand side, as local advertisers move to digital direct formats such as search and social media.

Digital revenues account for nearly half of all publishing revenues, which makes the publishing mix tilted much further toward digital than other linear formats, such as audio, where digital audio accounts for 25% of all ad sales, and video, where digital video accounts for 25% of total (linear + digital) video.

AUDIO MEDIA 2020: -23% (RADIO: -28%) PODCASTING DRIVES DIGITAL AUDIO GROWTH

Audio media advertising revenues fell by an estimated -23% to $13.0bn in 2020 as digital audio resilience was not enough to mitigate steep declines in linear radio ad sales. Local and network radio advertising sales suffered from weak demand from local and national advertisers.

Linear radio ad revenues were down -28% in 2020 with both network (-25%) and local (-29%) falling at similar rates. Linear broadcast radio is highly vulnerable this year because of its vertical exposure: retail is the #1 spending sector (15% of total revenues) and automotive is the third largest, and the medium continues to struggle with low demand as nearly half of Entercom's top accounts remained off air in the third quarter of 2020.

Meanwhile digital audio ad sales proved to be more resilient than their linear counterparts, thanks to podcasts and increased listening on devices such as smart speakers, as Americans worked from home, but growth still slowed to only +2% ($3.3 billion) in 2020 due to reduced advertiser demand.

Podcasts were a bright spot in 2020, and grew by +25% to approach $900m, as consumption increased, and new attractive audio content was launched. 40% of people 12+ now listen to a podcast once a month, and dedicated podcast listeners average six episodes per week. By 2024, 60% of Americans will listen to a podcast once a month. Because of this, MAGNA expects podcast advertising sales to increase +21% to $1.1bn in 2021. Find out more in our Digital Audio report, which was released in October.

Full-year 2021, MAGNA expects audio media ad sales to rebound and grow by +4% to $14 billion as digital audio reaccelerates (+7%) and linear radio stabilizes (+3%).

OOH 2020: -24% BUT SOLID RECOVERY IN 2021

The Out of home advertising industry, which performed so well in recent years (5-year CAGR +4.5%, 2019: +7.5%), suffered more than others this year, from the triple blow of demand, supply and vertical exposure.

- Demand: heavy cuts from local businesses (restaurants, retail etc) across the board (60% of total OOH revenues).

- Supply: audiences dropped during and after the lockdown, particular around indoor environments (public transports, airports, and malls) but in outdoor environments (roadside billboards) due to the strong decline in commuting and city centers footfall all-year long.

- Vulnerable vertical exposure among national spenders: three of OOH’s top five industry verticals are among the most affected industries this year: Entertainment/Movies, Retail, and Tourism. Consequently, out of home advertising sales fell precipitously by -24% to $6.3bn in 2020.

In terms of full-year advertising sales, roadside billboards (-18%) were less impacted than street furniture (-37%) and transit (-39%) as commuters started driving to work again but have not significantly increased usage of public transportation or airports. The shopping mall segment also suffered significant losses (-39%) as many consumers avoided indoor places long after re-opening.

National advertising sales dropped more than local sales because large cities tend to have relatively more national OOH advertisers, from industries like entertainment (movies and TV), and large cities with big populations and high population density have lagged behind in reopening compared to rural areas with relatively more local OOH advertisers.

Digital out of home unit sales decreased slightly by less than classic static panels (-14%) as the share of digital sales reaches 30% ($1.9 billion). While the pandemic reduced advertiser demand for digital OOH, as it did for static inventory, MAGNA expects that investment in new digital OOH inventory from vendors like Outfront, JCDecaux, Lamar and Clear Channel, will continue in 2021, and advertisers will come back to OOH as soon as
UNITED STATES

consumer mobility returns to decent levels.

In 2021, MAGNA expects total OOH ad sales to recover strongly (+11%) with DOOH formats growing fastest (+20%). MAGNA expects the media to completely recover by 2025, when advertising sales overtake the 2019 high of $8.3bn. Technology has become one key vertical in the last four years, with all FANGS featuring among the top twenty OOH spenders, and that vertical is expected to be among the most dynamic in 2021 due to product launches (5G phones, game consoles...) and intense competition.

CINEMA 2020: -80% - A BLANK YEAR

Cinema advertising sales collapsed in 2020 as theaters were closed for many months and nearly all major movie releases were either postponed to 2021 or released direct to streaming (e.g. Mulan). Theater attendance was down -97% in the third quarter, which reduced advertising sales to almost zero.

In 2021, MAGNA expects the market to rebound and grow triple digits, as theaters reopen and delayed blockbusters are finally released.

Another long-term headwind for cinema attendance and cinema advertising is the desire of some Hollywood studios to reduce the theatrical window beyond the COVID crisis, and offer blockbusters to (their) streaming services far quicker than they used to. On Christmas day, Warner’s “Wonder Woman 1984” may be the first major blockbuster to be released in theaters since March with the (disastrous) exception of Tenet BUT it will be released on ATT-owned HBO Max SVOD service on the same day.

INDUSTRY VERTICALS: AT LEAST 8 OF TOP 10 WILL GROW AGAIN IN 2021

Many industries face significant economic headwinds going into 2021 and cut considerable amounts of advertising spend in 2020. The travel (-35%) automotive (-24%) and restaurant (-26%) industries all cut significant amount of spend in 2020, while, entertainment (-12%) and food and beverage (-15%) cut moderate amounts of spend, and only the finance (+10%) and technology (+3%) industries increased spend.

On a full-year basis, MAGNA finds (read this and more in our Fall 2020 Industry report):

- Automotive brands, manufacturers and car dealers cut linear ad spend disproportionately in response to declining car sales.
- Finance held up relatively well. Business performance in terms of revenue was close to flat in 2020, although ad spending still took a hit.
- Food sales fared well during COVID while alcohol struggled, but food/drinks brands cut spend by double digits.

Joseph Biden won the US Election in November and is currently the President Elect. That increases the odds of new stimulus in the United States to offset the impact of COVID, and as a result, higher ad spending in 2021.
UNITED STATES

- COVID boosted demand for household products, but beauty brands struggled.
- Pharma brands cut ad spend (moderately) despite stable revenues. Pricing growth will drive sales and ad spend in the future, but the vertical is diversifying away from TV.

In 2021, MAGNA expects eight of the ten key industry verticals to improve and increase spend over 2020. As the COVID restrictions are gradually relaxed during the year, entertainment (e.g. movie releases) and restaurant will benefit from a gradual reopening, and food & drinks brands will benefit from a return to normal sports schedules and social interactions.

The automotive and travel industries, however, will remain financially fragile. High unemployment rate leads to fewer people making large purchase decisions, such as buying a car, and the psychological scars of the COVID pandemic, even after vaccination, may cause a slow return to traveling or cruising among older demographics. Even if travel and auto sales recover (and they probably will, considering the low comps), MAGNA anticipates these sectors to remain cautious with marketing costs, and start growing deal-oriented direct digital campaigns before resuming branding campaigns and linear media.

2021 & BEYOND

Assuming COVID vaccination enables semi-normal business conditions for most of the year, cyclical sports events (Olympics) finally happen, and the economic recovery predicted by economists does take place (e.g. IMF GDP +3.9%), MAGNA forecasts US advertising sales to grow again, by +4.0% (+6% excluding cyclical events) to reach $230 billion, and surpass the 2019 high.

Linear advertising sales will stabilize (+1%). National television will grow +5% thanks in part to the Tokyo Summer Olympic games ($800 million of incremental ad sales), and out of home will gain +11% as consumer mobility recovers. Digital ad sales will continue to grow close to double-digits (+8% overall) driven by search (+8%), social (+10%) and video (+12%).

Beyond the 2021 recovery, MAGNA expects the US ad market to grow by an average +4.2% in the next four years (2022-2025): -4.6% per year for linear ad sales, +7.9% per year for digital ad sales.

<table>
<thead>
<tr>
<th>Key Verticals: Linear Media</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>-35%</td>
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<tr>
<td>Entertainment</td>
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<td>Tech</td>
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<td>Travel</td>
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</table>

The US has the highest global number of COVID cases globally, with over 14 million cases, and 275k deaths.
CANADA

KEY FINDINGS

- The COVID outbreak and the collapse of energy prices triggered a deep economic recession in 2020: full-year GDP decline -7.1%, significantly worse than neighboring USA.
- Advertising sales fell by -6% to CAD 15.2 billion (USD $11.4bn), as the resilience of digital formats (+6%) mitigated the heavy decline in linear ad sales (-24%).
- Television advertising revenues were down -14% in 2020 due to weak demand, high comp with election year 2019, and the lack of sports events vs 2019.
- With the economy expected to recover in 2021 (GDP +5.2%), advertising spending will grow again, by +6% (linear flat, digital +8%).

At 15.2bn CAD in 2020 ($11.4bn USD) the Canadian advertising market is the eighth largest in the world, between Brazil (#7) and Australia (#9). With $300 USD spent on advertising per person, compared to the global average of $100, it’s also one of the most mature markets in the world.

The Canadian economy - the 10th largest economy in the world - contracted by -7.2% in 2020 according to the IMF (WEO October 2020), which was slightly worse than the -6% expected earlier in the year. This is significantly worse than the downturn in the neighboring USA (-4.3% expected by the IMF, -3.5% according to domestic macro-economic sources), despite a much milder COVID outbreak (9,000 cases per million in Canada by end-November, compared to 38,000 cases per million in the US). The gap in macroeconomic performance was likely caused by the more restrictive COVID policies in Canada, and the much greater exposure of the Canadian economy to the energy industry and the global energy markets: 23% of exports, 10% of GDP, 5% of jobs. Crude oil prices collapsed from $60 to less than $20 as the world economy went into lockdown, before recovering to $40 a barrel in the second half of the year. Canadian unemployment jumped from 5.6% in February to nearly 14% during the spring lockdown, before coming down to 9% by October.

Just as each state in the US charted its own path for reopening from the COVID outbreak, so too did each Canadian province. Ontario, the largest province in Canada with nearly 40% of the country’s population, hit “stage 3” of its reopening plan in mid-July, while the less populated province Saskatchewan reopened indoor recreational facilities as part of “stage 4” in late June. However, due to the fall surge, provinces have been halting further business reopening and return to restricting social interactions. Ontario paused further loosening of public health measures in early Sept.

In this environment, Canadian media owners advertising sales dropped -6% to CAD 15.2bn ($11.4bn USD) in 2020, the first decline since ad sales fell -1% in 2013, and the same as the -6% decline faced in 2009 during the Great Recession. The -6% drop was an average between two totally disconnected market segments: linear ad sales (linear TV, print, OOH, radio, cinema) declining by -24% and digital ad formats (which account for 63% of the advertising market) growing by +6%.

Within digital formats, search sales gained +5%, social media grew by +10% and digital video ad sales increased by +11%.

Most industries were impacted by the pandemic in 2020, and only the personal care & household good industry increased advertising spend (+12%), according to MAGNA’s Global Industry report, as consumers flocked to stores to stock up on personal care items. Conversely, the automotive (-32%), retail (-24%) and travel (-49%) industries all reduced advertising spend by double digits.
CANADA

Every linear media format fell by double-digits in 2020: radio -32% in 2020, out of home dropped -34%, print -32%. Television suffered a milder decline of advertising revenues. TV ad revenues shrank by -14%, to CAD 2.5 billion due to weak demand and prices, high comp with a federal election driving political spending in 2019, and the lack of sports events and underperformance of Canadian sports teams that hurt ratings. The Toronto Raptors had won their first ever NBA Championship in 2019 and drove record Canadian enthusiasm and television viewing that year but they failed to reach the second round of the 2020 playoffs. Canadian hockey teams also had disappointing performances of the 2020 NHL playoffs, as only one of the six Canadian teams made it into the second round of the tournament. Television viewing surged during the spring lockdown but ratings gradually fell under the 2019 levels, as they did in neighboring USA, and the only true winners in terms of media consumption in 2020, were social media, SVOD and AVOD. The television advertising market was already in a long-term structural erosion, with seven straight years of linear declines.

For 2021, the latest IMF report expects the Canadian economy to rebound by +5.2% - slightly more than the +4% previously anticipated. If COVID vaccination allows the relaxation of restrictions to business and circulation, the recovery in consumer mobility, sports and marketing events, advertising sales will rebound by +6% to CAD 16.0bn. Linear ad sales will just stabilize however (+0.4%) while and digital ad sales will re-accelerate +8%. It will take at least one more year for the total Canadian ad market (linear+digital ad sales) to return to its pre-COVID size in 2022.

Canada has been successful at tackling the COVID crisis, with just 1/3 the number of deaths per capita vs. the US.
WESTERN EUROPE

KEY FINDINGS

- The Western Europe advertising market eroded by -6.3% in 2020 as the COVID outbreak triggers the deepest recession ever (GDP -8.3% across the Euro area).

- **Linear advertising revenues decreased by -18%** to $45 billion, following an erosion of -2% to -3% per year in the previous three years. TV ad sales declined by -13%, print by -18%, radio by -15%, OOH by -32% and cinema by -68%.

- **Digital media ad sales were resilient (+4%)** as the strength of social media and digital video (low double-digit growth) mitigated the slowdown in search (+3%) and the static banner decline (-8%).

- In 2021, assuming a robust economic recovery (GDP +5% to +6%), ad spend will recover by +9% (linear +7%, digital +11%), helped by major sports events (summer Olympics, UEFA “Euro 21” Football tournament).

- Every ad market in the region shrank in 2020, with the deepest declines in the South of Europe (Portugal -13%, Italy -10%, Spain -13%) where the COVID impact was deepest. Northern European markets suffered softer declines: Germany -5%, UK -5%, Netherlands -2%, Norway -6%.

The Western Europe advertising market declined by -6.3% to $111 billion as the COVID outbreak caused the deepest recession ever. In April, the IMF predicted real GDP to contract by -7.5% this year before rebounding by +4.7% in 2021. In October, the IMF revised their estimates to a full-year decline of -8.3%, followed by a rebound of -5.2% in 2021. The European Commission’s Autumn 2020 report offers a slightly more moderate forecast for the European Union, with 2020 down -7.8% and followed by a recovery of +4.2% in 2021. Some countries may experience even deeper downturns, with some central banks or governments in Southern Europe officially predicting GDP declines of -10% to -12%.

MAGNA analyzed Apple mobility data to assess the impact on consumer circulation across Europe. Averaging Driving, Transit, and Walking mobility indexes, we found that overall mobility fell down by an average -50% to -70% across Western Europe in March and April (including -70% in Germany, -80% in France and the UK, -90% in Italy and Spain). By early June, mobility had

**GROWTH BY MEDIA 2020**

<table>
<thead>
<tr>
<th>Total</th>
<th>TV</th>
<th>Digital</th>
<th>Print</th>
<th>Radio</th>
<th>OOH</th>
</tr>
</thead>
<tbody>
<tr>
<td>-6%</td>
<td>-13%</td>
<td>4%</td>
<td>-18%</td>
<td>-15%</td>
<td>-35%</td>
</tr>
</tbody>
</table>

**GROWTH BY COUNTRY**

- **Netherlands** -2%
- **Austria** -5%
- **Denmark** -5%
- **Germany** -5%
- **United Kingdom** -5%
- **Belgium** -6%
- **Greece** -6%
- **Norway** -6%
- **Sweden** -7%
- **France** -9%
- **Switzerland** -10%
- **Ireland** -10%
- **Italy** -11%
- **Finland** -13%
- **Spain** -13%
- **Portugal** -13%
recovered significantly, but was still -15% below January level. Throughout the summer, mobility remained at or above January levels, and then began to decline again in October and November as the number of COVID cases increased again and many governments introduced new lockdowns. As of late November, mobility was down an average of -30% compared to the January baseline, with transit down the most significantly (-35% to -40%), followed by walking (-30% to -40%) and then driving (-20% to -30%).

In that environment, media owners’ linear Net Advertising Revenues (NAR) decreased by -18% to $45 billion in Western Europe, following a softer erosion of -2% to -3% per year in the previous three years.

Every ad market in the region shrank in 2020, with the deepest, double-digit declines reported in the South of Europe (Portugal -13%, Italy -10%, Spain -13%). Northern European markets generally experienced softer declines: Germany -5%, UK -5%, Netherlands -2%, Norway -6%. In these cases, steep linear declines were generally offset by strong digital sales.

Linear television ad sales declined by -13% to $22.3 billion, despite a surge in TV viewing during the spring lockdowns (+10% to +40% across markets), with weak demand generating historically low pricing in 2Q (average CPMs down by up to -30% in some markets). Print ad revenues decreased by -18%, as both audiences and demand suffered during and after the lockdowns. Radio ad sales eroded by -15% as local advertisers (retail, auto dealers etc) were hit hard, and prime time audiences (morning commute) were hurt by work-from-home policies. OOH ad revenues decreased by -32% on average, with the expected second half recovery damaged by second lockdowns introduced in many markets. Transit and Mall/Point-of-Sale segment suffered the most, while outdoor units (roadside billboards and street furniture) showed some resilience on a full-year basis. Finally, cinema advertising sales fell by nearly 70% with theaters closed for three months before re-opening at reduced capacity without any major new summer blockbusters to show.

Digital formats ad sales (search, digital video, social, media, static banners) increased moderately (+4% to $65 billion) as the resilience of social media and digital video (+14% and +12%, respectively) mitigated flat search (+3%) sales and declines for static banner ads (-8%). Digital advertising reached a market share of 59% of total ad revenues in Western Europe.

In terms of industry verticals, the most severe declines came from the economic sectors most deeply affected:
travel, retail, automotive, restaurants, and cinemas. Finance, telecoms, and gambling also cut ad spend massively. The budget cuts were more moderate (single-digit decline) for CPG/FCMG (food, drinks, personal care) and pharma.

In 2021, assuming a robust economic recovery (GDP +4% to +5%), ad spend will recover by +9.1% from a low basis, helped by the return of major cyclical sports events (summer Olympics, UEFA “Euro 21” continental Football tournament), with linear sales rebounding (+7%) and digital accelerating (+11%). All linear formats will see some growth in 2021, including television (+7%, to $24 billion), OOH (+17%), and even print (+3%). Within digital, video (+16%) and social (+14%) will continue to lead growth.

**UNITED KINGDOM**

**KEY FINDINGS**

- Linear advertising sales to decline by -24% in 2020, to GBP 5.1 billion, with TV relatively resilient (-13%) and a much deeper decline for every other media: Print: -27%, Radio: -23%, OOH: -46%, cinema: -80%.
- Digital media slowed down from previous years (2019: +17%) but the organic growth of search, digital video and social media brought digital ad sales to a new all-time high of GBP 17.6 billion (+3%).
- Overall the British ad market shrank by -4.9% to GBP 22.7 billion.
- In 2021, COVID vaccination, economic recovery (GDP +5.9%), and major sports events (UEFA tournament with 11 games on UK soil) will help generate robust ad market recovery (+11.9%).

The impact of the COVID pandemic in the UK has been one of the worst in the world, with more than 1.6 million cases - including high-profile Britons like Prime Minister Boris Johnson and Prince Charles - and 58,000 deaths. The number of deaths per million (823) is close to that of Italy and among the highest of any large nation (USA: 785). Lockdown started almost two weeks after the rest of the continent (March 23). The second outbreak in October culminated at 25,000 new cases per day early November but the second lockdown caused it to fall to 12,000 at the time of writing late November.

The impact on the UK economy was devastating although possibly not quite as bad as continental Europe. The latest IMF forecast, before the second lockdown, was anticipating UK real GDP to shrink by -9.8% this year i.e. worse than the average euro area (-8%). Between the two waves, schools, cinemas, pubs had reopened and the top sports competition, the English Premiere League had resumed (behind closed doors) during the summer.

During the worst-ever advertising recession on record in the UK until now, in 2009, linear media advertising (TV, print, radio, OOH) had declined by -17% and then recovered by +7% the following year (2010). In 2020, a worse economic recession caused a worse decline in linear advertising sales, which shrank by an estimated -24%, to GBP 5.1 billion in line with June expectations. MAGNA expects linear ad spend to grow by +11% in 2021, but the linear ad market will still be one billion pounds (15%) smaller than its pre-COVID level of 2019.
WESTERN EUROPE

Print media suffered the most, as the long-term erosion of advertising sales (-11% per year in the last two years) accelerated dramatically (-31%). Radio ad sales were hurt by the closure of local businesses and retail stores, with full-year ad sales down -23%. Out-of-home suffered from a dramatic fall in traffic in the second quarter, with public transit mobility down -80% and driving mobility down -60% at the lowest point in April (source Apple Mobility). Mobility recovered in the third quarter with driving up to index 120 of January levels and transit up to index 80 of January levels, but the second lockdown in November made the two curves lose about 40 and 20 index points respectively. Full year, OOH advertising fell by an estimated -46%, with even deeper declines in the transport and mall segments, and milder decreases in outdoor formats (roadside, street furniture). Digital OOH revenues fell just as much as classic static units in 2020, because DOOH units are concentrated in indoor environments. However, the concentration of the UK OOH industry may allow media owners to weather the storm and continue to invest in DOOH in the coming months and years. MAGNA and Rapport expect a major influx of new digital 48 sheets to be built across in 2021-22. Meanwhile many large static roadside billboards that are no longer profitable are being removed, which will mechanically bring the market share of digital beyond 60% (the world’s highest share).

For the first time in years, television saw increased levels of linear viewing in 2020, due to the changes in lifestyle brought in by the COVID crisis. During the first lockdown TV viewing levels grew up to +25% vs the same weeks of 2019, but the growth in supply only served to fuel price deflation as demand was vanished. Adult commercial impacts (=GRPs) grew by an average +10% throughout 2Q, and remained above 2019 levels in 3Q (about +3%) very much unlike the US (where viewing returned to double-digit annual drops as early as June). Average commercial impacts for the first three quarters remain +5% above 2019 with free to view channels audiences growing even more than that and multichannel viewing up by low-single digit. MAGNA anticipates TV audiences to remain above 2019 in 4Q as the second lockdown brings people back home again, but linear TV viewing will go back to its pre-COVID long-term erosion pattern in 2021.

Because the television trading mechanisms are extremely fluid in the UK, television costs and monetary spending collapsed immediately in 2Q, by respectively -47% and -41%. However, the same fluidity led to a rapid stabilization of pricing and revenue in the second half. MAGNA believes total TV ad sales were down -1% yoy in 1Q, +41% in 2Q, -9% in 3Q. Assuming a 4Q at -4%, the full-year decline was -13%, down to GBP 3.2 billion.

Digital advertising slowed down in 2020 compared to 2019 (+17%) but MAGNA believes total ad sales managed to grow by +3% to $17.6 billion. Static banner ad revenue was down -10%, and search growth slowed to +3%, but digital video (+12%) and social media (+14%) still grew double-digit (compared to 20%+ in recent years). Digital media benefitted from increased consumption, and the explosion of ecommerce. Ecommerce giants grew product listing sponsorship revenues (akin to Search) while small, local and direct businesses embraced search or social media to connect with their customers and maintain some sales during lockdowns. Daily time spent with social media is typically a little over an hour and 40 minutes (GWI 2020). Facebook, Messenger, and WhatsApp are the most popular social properties.

Overall the British advertising market decreased by -4.9% to GBP 22.7 billion, a milder decline than initially anticipated (-8%) and slightly below global average (-4.4%). The UK remains the fourth largest ad market, between Japan (#3) and Germany (#4).

For 2021, from that low base, COVID vaccination, economic recovery (GDP +5.9% according to IMF), and the major sports events (including the Olympic Games and, more significantly, the UEFA football tournament with 11 games on UK soil and the final in London) will combine to generate a robust growth in advertising spending (+11.9%).

The recovery will benefit both linear (+11.5%) and digital media (+12%), but the linear advertising growth (TV and radio +9%, print +6%, OOH +27%) will still not be quite enough to offset the 2020 fall, and the linear media market will remain 15% or one billion pounds smaller than its pre-COVID size.
**WESTERN EUROPE**

**GERMANY**

**KEY FINDINGS**

- Media owners’ linear advertising revenues shrank by an estimated -13% in 2020 as the German economy was hit by the COVID crisis and global economic recession (real GDP -6%).

- All linear ad formats suffered double-digit decline vs 2019: TV -11%, radio -10%, OOH -23%, print -12%.

- Digital ad formats proved much more resilient as full year ad sales grow by +5%, to reach half of total advertising sales (52%) for the first time.

- The total ad market (linear+digital) contracted by an estimated -4.6% to 22.8 billion euros, as Germany remains the fourth largest ad market in the world.

- In 2021, as COVID vaccination allows a return to consumer mobility and normal marketing activity, and the economy recovers (GDP +4.2%), MAGNA forecasts the German ad market to recover by mid-to-high single-digit: linear +5.2%, digital +10.5%, total +7.9%.

The health toll of the COVID pandemic in Germany in 2020 (14,000 victims i.e. slightly under 200 deaths per million at the time of writing at the end of November) was tragic but not quite as devastating as in other European countries (both Italy and the UK suffered more than 50,000 deaths and above 800 deaths per million), thanks to an early, strong and effective management by local and Federal governments and the trust of the general public. Chancellor Merkel’s approval ratings skyrocketed above 70% as she is approaching retirement following a 15-years tenure at the helm of German government. The spring and autumn lockdowns were not as long or comprehensive as in other large European markets and the decline in mobility was milder too. **Consumer mobility** collapsed by approx. 70% vs January levels in March and April, according to Apple, before slowly recovering to above January level during the summer. Transit mobility was slower to recover however. As COVID number grew again, both transit and driving fell again but not to the spring lows (-20% vs January).

The **economic impact was severe**, despite the relatively mild health toll, in parts due to the dependence of the German economy on manufacturing exports and global demand. Real GDP shrank by an estimated -6% full-year according to the IMF (WEO October 2020), just marginally less than the rest of Western Europe (France and the UK -9.8%, Euro Area: -8.3%).

During the worst-ever advertising recession on record in Germany, in 2009, linear media advertising (TV, print, radio, OOH) declined by -12% and then recovered by +3% the following year (2010). In the current crisis **MAGNA believes linear advertising fell by similar amount in 2020 (-13% to 11 billion euros)** and might rebound a little faster (2021: +5%). Among linear media, **OOH suffered the most**, due to the fall in traffic and mobility during the two lockdowns. Full-year ad revenues fell by an estimated -23% to 940 million euros, with the transit segment suffering the biggest blow. Nevertheless, MAGNA anticipates a significant recovery in OOH ad revenues in 2021 (+17%).

**Other linear media, print, radio and television, all suffered advertising revenue drops in the -10% to -12% range.** Print ad revenue decline was
WESTERN EUROPE

mitigated by robust readership. Television benefited from increased consumption in the COVID environment. Following months of stagnation or erosion, TV viewing grew sharply during the spring lockdown (March +8%, April +13% among individuals 14+) and it has remained above 2019 levels ever since. Jan-Oct. viewing was +4% above 2019 among 14+ but it was barely flat among 14-49 as it returned to yoy declines as early as July. MAGNA anticipates that linear media consumption will however return to its long-term erosion pattern in 2021 as mobility recovers. Economic recovery however will boost demand and generate growth for television advertising in 2021: +5% to $4.1 billion.

Digital media spending proved resilient in 2020. The explosion of ecommerce during and since lockdowns have benefitted search and social media while the growth in streaming consumption benefitted digital video ad formats (esp. short-form instream). Time spent with social media increased between 2019 and 2020, reaching an average of one hour and 20 minutes per day as of late 2020 (GWI 2020). Just two years ago, time spent with social was less than an hour and 10 minutes. WhatsApp, Facebook, and Instagram are among the most popular sites. Full-year, MAGNA estimates that search ad sales grew by +3.5%, digital video and social media formats by +15%. Static banner revenues declined in line with linear branding media (-10%) but, overall, digital media advertising sales increased by +4.9% to 11.7 billion euros, passing the 50% market share milestone for the first time (52%).

For 2021, a lot will depend upon economic and business recovery which itself predicates COVID vaccination early in the year. German pharma company BioNTech, with its partner Pfizer, was among the first to develop an effective vaccine and file health authorities for approval, helped by 375 million euros in funding from the German government. At the time of writing, voluntary vaccination may begin late December or early January in 60 large vaccination centers set up by the government. Assuming everything goes on as planned, consumer mobility, business conditions and consumption should gradually come back to normal levels. This is thus be considered as a best-case scenario, with significant downward risks (e.g. delays or resistance to vaccination).

During the worst-ever advertising recession on record, 2009, linear media advertising (TV, print, radio, OOH) declined by -13% and then recovered by +4.5% the following year (2010). In 2020, linear media suffered an even deeper decline: -19% to 5.5 billion euros, only marginally milder than our initial prediction (June: -22%) thanks to a stabilization of economic activity in the third quarter. Television suffered a relatively moderate decline (-12%), helped by viewing increases for several months and the relative stability of ad spend from national consumer brands in several industry verticals (e.g. FMCG). The decline of radio ad sales was also moderate (-11%) while the revenue decline was much heavier for magazines (-30%), newspapers (-22%), out-of-home (-31%) and cinema (-70%).

The heaviest spending cuts came from the industries most deeply hurt by the COVID lockdown (travel, tourism, restaurants, cinema, energy,
WESTERN EUROPE

Out-of-Home advertising ad sales declined by an estimated -31% in 2020 to go under one billion euros for the first time in 30 years. In addition to the collapse of spending from key client sectors (e.g. movies, automotive, fast-food restaurants), OOH attractiveness suffered from a decline in audience caused by the sharp decrease in people's mobility. The transport segment (stations, airports…) and shopping mall segments suffered the most. Digital OOH fared worse than classic static OOH units this year, for the first time. This counter-intuitive outcome is caused by two main factors: (1) indoor environments (transports and shopping malls) concentrate the bulk of DOOH inventory and the collapse in footfall led to the heaviest cuts in ad spend; (2) campaigns on digital OOH are more flexible but also more easily cancellable than poster billboards.

Looking forward however, MAGNA believes OOH operators will continue to invest in digital units and reduce the large format billboards with fixed operating costs and lower profitability. Among the DOOH inventory scheduled to open in 2021, 400 screens in Leclerc hypermarkets, by Smartmedia and Instore media; 300 screens in small stores by doohyoulike; and a number of "New City" 2 square meters units by JCDecaux in three mid-sized cities (Toulouse, Grenoble and Strasbourg). The gradual recovery in transport mobility and shopping and the major sports events of 2021 (Euro) and 2024 (Paris Olympics) will bring back brands towards DOOH and OOH more generally. By 2025, OOH will be the only linear advertising channel to fully return to the pre-Covid level of revenue (2019).

Meanwhile, digital media benefitted from an acceleration in audience reach and consumption, and the explosion of e-commerce and e-business during and in-between the two lockdown periods. Classic Search Engine advertising slowed down from previous years but the explosion of shopping search (e.g. Amazon product listings) fueled search advertising growth (+4%). Digital video (+14%) and social media (+19%) benefitted from increased consumption and campaign volumes to grow revenue by double-digits, offsetting lower pricing. French consumers spent, on average, nearly an hour and 40 minutes per day with social media, primarily Facebook, Facebook Messenger, and Instagram (GWI 2020). Static banners were the only digital ad format to suffer a decline in ad sales (-13%) like the rest of brand advertising. Overall, digital advertising sales by traditional media companies and digital media specialists grew by an estimated total of +6% in 2020, slowing down from 2019 (+12%), to reach 6.8 billion euros.

Thanks to a much better resilience than linear media in 2020, total digital now represents more than half of total French advertising sales for the first time (55%). MAGNA anticipates digital advertising to re-accelerate to double-digit growth in 2021 (+11%) to reach 7.5 billion euros (a 56% market share). Overall, total advertising spending (linear+digital) declined by an estimated -7.2% in 2020, to 12.2 billion euros (one billion less than 2019), as digital resilience (+6%) mitigated the heavy decline in linear ad sales (-19%).

For 2021, MAGNA anticipates the market to grow by +9.5% to 13.4 billion euros, slightly above the pre-COVID level (2019: 13.2 billion). Linear ad sales will recover: TV and print +6%, radio +8%, OOH +18%, overall +8%. However, by the end of 2021, linear advertising sales will
WESTERN EUROPE

remain approx. 850 million euros smaller (13% smaller) than where they were in 2019 before the COVID crisis. TV, out-of-home and magazines ad revenues will each remain approx. 200 million smaller at the end of 2021, than what they were in 2019. This is of course assuming that COVID vaccination comes early in the year and on a scale that allows business restrictions to be lifted, mobility to return to normal, business and sports events (esp. the UEFA Euro and the Tokyo Olympics) to finally take place. Meanwhile digital advertising spending will re-accelerate (search +9%, digital video +17%, social media +20, static banners +8%) bringing the digital share to 56% of French advertising sales.

ITALY

KEY FINDINGS

- Linear advertising sales (linear TV, radio, print, OOH) shrank by -19% in 2020, as the Italian economy was hit by the consequences of a particularly severe COVID outbreak (GDP: -10%).
- All linear media down double digits: TV -13%, Newspapers -21%, Magazines -40%, Radio –2%, OOH -49%.
- Digital advertising sales were resilient (+3%) driven by social media and digital video.
- Total ad sales (linear+digital) decreased by -10.2% to EUR 7.6 billion.
- In 2021, the expected economic rebound (GDP +7%) and major sports events will help generate advertising recovery: linear +10%, digital +11%, total +11%.

The COVID toll in Italy has been one of the worst in the world, with more than 1.6 million cases - and 56,000 deaths. The number of deaths per million (850 at the time of writing) was the worst of any large country apart from Spain (910). The first wave in March-April culminated at 6,000 cases per day and was curbed by June but at the cost of a severe nationwide lockdown, in an atmosphere of resilience and national unity that inspired the world. The second outbreak in October culminated at 40,000 new cases early November and was down under 20,000 by late November. This time the government has hesitated to order a complete shutdown due to fear of the economic consequences and popular protests, and has instead organized regional lockdowns, at the risk of facing a prolonged outbreak. Small businesses and the general Italian population are giving signs of exhaustion and exasperation as the economic toll becomes clear: real GDP fell by -18% year-over-year in the second quarter and -5% in 3Q. With 4Q expected to be negative again, full-year GDP will likely show a decline of at least -11%, much worse than the euro area average (-8%). However, the IMF is expecting the Italian economy to recover less than half of its normal activity in 2021, with real GDP rising by +5.2%.

Nearly all industry verticals slashed marketing activity and advertising spending as traffic and sales plummeted. Full-year linear advertising sales (linear TV, radio, print, OOH) declined by an estimated -19.0%, close to MAGNA previous forecasts (-21.6%), while digital ad sales (pure players and publishers) were roughly stable thanks to organic growth factors (+3.2%). Overall, total media owners ad revenues (linear+digital) decreased by -10.2% to 7.6 billion euros. This is slightly milder than MAGNA previous expectations (-14%) but worse than Western Europe average (-6.3%) and global average (-4.4%).

Consumer mobility fell dramatically in the second quarter, with public transit mobility down -90% and driving mobility down -90% vs January at the lowest point in April (source Apple Mobility). Mobility recovered in the third quarter with driving back to normal (or above) while transit remained well below normal levels throughout the summer. The second lockdown in October/November caused another collapse for both driving and transit (-50% vs January by mid-November). Reduced mobility took a heavy toll on OOH media and radio audiences, adding to the drop in advertising demand.

Among linear media, print suffered the most, as the long-term erosion of advertising sales (-7.5% per year in the last five years) will worsen dramatically (Newspapers -21%, magazines -40%). Radio advertising has been hurt by the closure of local businesses and retail stores, and the audience loss from the lack of automotive commuting, with full-year ad sales down -22%.

<table>
<thead>
<tr>
<th>ITALY</th>
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<th>2021</th>
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<tr>
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<td>Total Market (USD)</td>
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<td>Economic Inflation (CPI)</td>
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</table>

Exchange Rate: 0.893 EUR: 1 USD
WESTERN EUROPE

Out-of-home suffered from the sharp fall in traffic and consumer mobility for most of the year, with advertising revenues down +49%. MAGNA remains confident that OOH has potential to survive the crisis and grow again as soon as the economy stabilizes and audiences grow back. Ad sales should grow by at least +25% in 2021 as media owners keep increasing in digital units (e.g. in Rome where it is finally allowed).

Television experienced a surge in viewing during the first lockdown: TV viewing levels remained +35% above 2019 levels through March and April (all individuals). Viewing gradually came back to the 2019 levels, but grew again in October and November (+10% above 2019). A rise in linear TV consumption was observed in almost every market in 2020 but the Italian one was among the sharpest and the most lasting, while TV ratings in the US or the UK have been trending below 2019 levels in the second half. However, despite campaigns from iconic Italian brands aimed at supporting frontline health workers and lifting up the spirit of the nation during the first wave (Barilla: "Italia Che Resiste"), overall TV demand collapsed in 2Q and led to a fall in prices and volumes. Demand, pricing and spending recovered nicely in the third quarter as expected, but full-year TV ad sales declined by an estimated -13% vs 2019, a slightly milder fall than the one expected in June (-18%).

Digital media was much more resilient, as expected. Spending growth slowed down sharply compared with the last three years (+10% to +15% per year). Full-year advertising spending still grew by an estimated +3% as the organic growth of direct formats (social and search) offset the slowdown of branding formats (static banners -14% and other formats, down -18%). The surge in digital media consumption and ecommerce caused by COVID lifestyle benefitted search (ad sales +2%), social media (+12%) and digital video (+10%) as global pure players - Google, Facebook and Amazon - outperform local publishers. Social media daily time spent is around an hour and 50 minutes, on average, with Italians primarily using WhatsApp, Facebook, and Instagram (GWI 2020).

Following the announcement by the Italian government that the COVID vaccination will be available in January, with 202 million doses ordered already, there is hope that business conditions, consumption and mobility will gradually come back to normal in 2021. If vaccination goes on as planned, Italy can indeed grow economic activity by around +5% as expected by IMF. The advertising market and Italian media will also benefit from the rescheduling of major sports events from 2020 to 2021: Olympic Games and, more significantly, the UEFA football tournament with some of the games taking place in Rome.

In that scenario, MAGNA expects marketing to recover and generate increased advertising demand to Italian media, which may lead to a +10% increase in linear ad sales (TV +10%, Print +5%, Radio +12%, OOH +25%), and +10% for digital ad sales (search +10%, digital video +14%, social +15%, banners +4%). Even in this fairly robust recovery scenario for 2021, the linear advertising market will remain 11% smaller than its pre-COVID level of 2019.
WESTERN EUROPE

SPAIN

KEY FINDINGS

- Linear advertising sales (linear TV, radio, print, OOH) fell by -28% in 2020, as the Spanish economy was devastated by the economic consequences of the COVID crisis (GDP: -12.8%).
- All linear media suffered: TV -22%, Print -34%, Radio -26%, OOH -44%.
- Digital ad sales slowed down but showed resilience (+5%).
- Total advertising sales (linear+digital) decreased by -12.5% to 6.0 billion euros.
- In 2021, economic rebound (GDP +7.2%) and major sports events (Olympics, Euro) will drive advertising market recovery: linear +11%, digital +12%, total +11%.
- It will take one more year for the total Spanish ad market to come back to the level of 2019, in 2022.

The health toll of the COVID pandemic in Spain (1.6 million cases, 45,000 deaths) has been one of the worst in the world, considering the population size: 910 per million (compared to 800 in the US and the UK, and 200 in Germany). After the first wave in March and April, cases receded in the summer and most businesses could reopen. During the second wave of COVID infection culminating at 25,000 new cases per day early November, there was no nationwide lockdown but a “state of emergency” with partial lockdowns and curfew in several cities, amidst protests from industry representatives and the general population. New cases have receded to 10,000 by the time of writing (early December) but the Government is still considering restricting gatherings and shopping during the all-important Christmas period.

Consumer mobility collapsed by almost -90% (vs January levels) in March and April, according to Apple data, before recovering during the summer. Driving grew back to quasi-normal levels but transit lagged below January levels for most of the summer. The impact of the second wave brought driving and transit mobility back down -20% below January levels in October and November.

The impact on the Spanish economy was nothing less than devastating, with full-year real GDP expected to shrink by -12.5% (IMF October 2020). One major casualty was the tourism industry, which is the third largest in Spain, contributing to 12% of GDP and jobs, as Spain is the second most popular tourist destination in the world (80 million visitors in recent years). After slowing down to a ten-year low of 13% at the end of 2019, the unemployment rate rose to 17% in the third quarter.

In that dramatic economic environment, marketing and advertising budgets were cut heavily by almost every industry vertical. The heaviest budget cuts came from Travel, Transport, Drinks, and Automotive while Household and Cleaning Products, Government, Health, Technology and Telecoms showed much milder drops.

With these heavy cuts, total full-year linear advertising spending fell by an estimated -28% to 2.6 billion euros (one billion euro below 2019’s 3.7bn total). Every linear ad format suffered double-digit decline: TV -22%, Print -34%, Radio -26%, OOH -44%, Cinema -65%.

As everywhere, television experienced a surge in viewing during lockdown: TV viewing level grew up to +40% vs the same weeks in 2019. Viewing gradually came back to the 2019 levels, but it was still +10% above 2019 levels by Mid-May. Nevertheless, the lack of demand and budgets from advertisers has led to a fall in CPM prices and thus revenues: 1Q ad sales were down -10% vs 2019, 2Q was down 43%, 3Q stabilized at -8%. Assuming -15% in 4Q due to the impact of the second COVID wave, full-year television ad revenues shrank

<table>
<thead>
<tr>
<th>SPAIN</th>
<th>2020</th>
<th>2021</th>
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</thead>
<tbody>
<tr>
<td>Total Market (EUR)</td>
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<tr>
<td>Total Market (USD)</td>
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</tr>
<tr>
<td>Ad Spend Growth</td>
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<td>11.2%</td>
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<tr>
<td>Ad Spend / Capita (USD)</td>
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<td>160</td>
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<tr>
<td>Real GDP Growth</td>
<td>-12.8%</td>
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</tr>
<tr>
<td>Economic Inflation (CPI)</td>
<td>-0.3%</td>
<td>0.7%</td>
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</tbody>
</table>

Exchange Rate: 0.893 EUR: 1 USD

![SPAIN MEDIA MIX](image)
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by almost 22%, a rate of decline similar to that 2009 (-23%). Economic recovery and the return of a normal sports schedule (incl. Euro Football with four games hosted by Bilbao) should help TV pricing and revenues to recover by in 2021 (+7%).

Digital ad sales slowed down compared with the double-digit growth experienced in recent years but spending was much more resilient than linear media. Growth in digital media consumption during and between lockdowns, as well as the rise of ecommerce, contributed to the growth of search (+3%) and social media advertising (+19%). Digital video also benefitted from increased audiences, esp. for short-form instream streaming (+15%). Social media consumption remained relatively stable at an hour and 50 minutes per day, primarily spent on WhatsApp and Facebook (GWI 2020). Static banners and other formats generated lower ad sales (-10%) but overall, MAGNA believes full year digital ad sales expanded by +4.8% to 3.4 billion euro, reaching more than 50% of total advertising sales for the first time (55%).

For 2021, assuming COVID vaccination allows the restrictions to mobility and business to be relaxed early in the year, sports events to go on, and the IMF economic recovery forecast (+7.2%) materializes, MAGNA expects all media channels to grow advertising revenues again.

In that scenario, MAGNA expects linear advertising stabilize (TV +7%, Print +12%, Radio +15%, OOH +28%, total +10.9%) while digital ad sales will continue to grow by double digits (search +10%, video +18%, social +16%, total +11.5%).

Overall Total advertising sales will grow by +11.2% to 6.7 billion euros. Even in that 2021 recovery scenario, the overall Spanish ad market (linear+digital ad sales) will remain 7% smaller than 2019, and the small growth forecast after that (+2% per year) means that it will take at least one more year for the market size to return to 2019 levels by 2022. As per linear media, it will still be 20% smaller than 2019 at the end of 2021.

NORDIC REGION

KEY FINDINGS

- The direct COVID impact was generally milder in the Nordic region (Denmark, Finland, Norway, and Sweden) than in the rest of Europe, though all four have seen an increase in cases starting in the fall.
- Across the region, economic activity declined from -2.8% (Norway) to -4.7% (Sweden). As a result, linear net advertising sales decreased between -15% (Denmark) and -24% (Sweden).
- Overall, linear ad sales eroded by -21% to $3.1 billion; digital will grow +3% to reach $6.4 billion.
- In 2021, MAGNA expects total NAR will increase +6% to $10.1 billion, bolstered by accelerated digital growth of +7%.

All four Nordic markets are advanced and intense advertising markets with high ad-spend-per-capita ratios, ranging from $260 (Finland, 2020) to $445 (Norway). Historically, economic activity has been fairly stable across the region, with GDP growing +1% to +2% per year. While not immune from the economic impacts of COVID, the Nordic economies were expected to fare slightly better than the rest of Western Europe: in October, the IMF predicted full year real GDP declines ranging from -3% in Norway to -5% in Sweden. This was a slight improvement from the April 2020 forecasts of -6% to -7%, and significantly better than most other Western European markets (France -10%, Belgium -8%, UK -10%).

Responses to the COVID crisis differed from country to country, with some governments opting for complete lockdowns while others have announced more limited measures. All four, however, have seen significant increases in daily new cases starting in October. Cases per million remain relatively low relative to the rest of Western Europe, however: four thousand cases per million in Finland and a little less than 13 thousand in Denmark compared to 14 thousand in Ireland, 29 thousand in the Netherlands, and 33 thousand in Spain. Mobility trends also differ slightly from country to country, depending on the specific restrictions imposed by the government, but all four have seen transit mobility decline sharply in the spring and autumn based on an Apple mobility data.

Overall, linear ad sales declined -21% in 2020 to $3.1 billion, with the steepest erosions in Sweden (-24%) and Finland (-22%). Digital formats, particularly
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social (+10%) and video (+9%) continued to grow, with total digital ad sales rising by +3% to $6.4 billion.

2021 will bring a return to growth for linear media (+5%), which will then return to the trend of long-term erosion starting in 2022. Digital formats will continue to expand by high single-digits over the next five years.

SWEDEN

With $3.9 billion in 2020 net ad revenues and a population of around 10.5 million, Sweden is the largest Nordic market in terms of both advertising sales and population. According to the latest IMF projections (October 2020), Sweden’s economy shrank by -4.7% (real GDP) in 2020, the most significant decline in the region. Sweden also experienced most significant linear ad revenue erosion in the region, with revenues falling -24% across all linear ad formats.

Sweden, along with the other Nordic markets, began to see a surge in new COVID cases in October. By mid-November the Swedish government announced stricter safety measures, including a limit on public gatherings of more than eight people and increased restrictions on restaurant dining. Schools, workplaces, and private gatherings do not fall under the ban, though the government has urged Swedes to follow the new restrictions. As of late November, Sweden had 270 thousand confirmed COVID cases, with three to six thousand new cases per day. Sweden has signed a deal to buy millions of doses of the AstraZeneca vaccine as part of the EU purchase scheme.

In this context, cinema (-68%), out of home (-36%), and print (-28%) all suffered steep declines, followed by television (-18%) and radio (-12%). Linear television consumption peaked in mid-March through mid-May, but has since returned to 2019 levels. Television pricing has suffered this year, with CPM deflation of -10% as a full-year average.

Digital advertising remained resilient: total digital ad sales increased +3% to 26.6 SEK ($2.8 billion). Use of social media websites increased significantly, with people trying to find ways to stay connected with their friends and family while following social distancing guidelines, as did time spent with digital video and online shopping. Overall social ad formats (+9%) and video formats (+7%) continued to show robust growth in advertising sales in 2020. Given that digital formats account for over 70% of total ad spend, the total advertising decline (linear+digital) in Sweden in 2020 was thus moderate -6% to 36.9 SEK ($3.9 billion) in line with the Western Europe average.

2021 will bring a return to growth for most media formats, particularly OOH (+18%) and television (+10%), while print will remain flat. Digital will accelerate to +5%, though the rate of digital growth has been gradually slowing over time as the format matures. Pricing will improve across all media formats, including television (average CPM inflation: +11%), radio (+5%), and print (+2%). Overall, MAGNA anticipates the advertising market will grow by +6% in 2021 to reach 39.2 billion SEK ($4.1 billion)

NORWAY

Norway is the second largest Nordic advertising economy, despite being the smallest in terms of population (5.4 million). The economy contracted by -2.8% in 2020, the mildest decline across the Nordics and Western Europe. Norway’s large sovereign wealth fund helps to insulate the country from economic turmoil, though not completely. In early November, the Norwegian government introduced the country’s strongest Coronavirus infection control measures since the initial lockdown in mid-March, as cases and hospital admissions continue to rise (around 1,000 new cases per day). Though not a second lockdown, the new measures recommend everyone stay home, avoid unnecessary domestic travel, and impose stricter limits on public gatherings. Authorities in the major cities Oslo and Bergen had already introduced similar measures in October. Norway had around six thousand cases per million inhabitants by late November, slightly worse than Finland (four thousand cases per million). Norway will get access to the COVID vaccines that the EU obtains through deals negotiated with pharmaceutical companies. The vaccine will be provided free of charge to all citizens.

In this context, Norway saw a comparatively modest decline in total advertising revenues in 2020, -6% overall to 19.7 billion NOK ($2.2 billion). Sales will rebound by +7% in 2021.

All linear formats experienced double-digit drops in ad sales. Cinema (-58%), out-of-home (-34%), and print (-24%) were the most severely impacted by the COVID crisis, followed by television (-14%). Television CPMs decreased by -5% for the full year, due to dwindling demand from advertisers and media buyers, in line with the Western European average. Digital formats were the only ones to record some growth in 2020, increasing by +3% to reach NOK 13.5 billion ($1.5 billion), a market...
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share of 68%. This growth was driven by mobile ad formats, which increased by +15% to $870 million.

In 2021, MAGNA forecasts the total Norwegian ad market to grow by +7% to $2.4 billion. Strong increases are expected for digital (+7%), OOH (+23%), radio (+7%), and television (+6%), while print will be flat (+2%). Linear ad revenues are not expected to return to 2019 levels within the next five years.

DENMARK

Denmark is the third largest Nordic ad market, with $2.1 billion in total 2020 ad revenues. According to the October 2020 IMF update, real GDP will decline by -4.5% this year, the second-worst decline in the Nordics, after Sweden (though still a relatively mild decline compared to most of Western Europe).

Danish authorities introduced a lockdown in certain areas in early November following the discovery of a COVID mutation found in minks that can spread to humans and make the vaccines under development ineffective. Denmark had nearly 13 thousand cases per million inhabitants by late November, one of the worst rates in the Nordics.

In that environment the Danish advertising market contracted by -4.6% in 2020, with steep linear declines of -15% balanced by digital stability (+2%). As we see across the Nordics, cinema (-40%) and out-of-home (-21%) have been among hardest hit by the COVID crisis, along with print (-22%). Television experienced a more moderate decline, falling -8% to DKK 1.8 billion ($270 million). From May until late July/early August, Danish television networks offered additional discounts to advertisers who kept their television budgets, incentivizing many of the key advertisers to keep spending. Digital ad sales rose by +2% to reach $1.4 billion, 67% market share as social media and video formats remain the primary digital growth engines, both increasing by +11%. Danes spend around an hour and a half per day on social media sites as of mid-2020, in line with 2019 trends, with Facebook and Facebook properties (Instagram, Messenger) being the top services (GWI 2020).

Growth will return in 2021 for most ad formats, including television (+2%), OOH (+13%), and radio (+2%). Copenhagen’s Parken Stadium will host UEFA Euro matches in the summer, supporting growth for television and out-of-home formats. Denmark is the only Nordic country to host a UEFA match, though the Swedish and Finnish teams will also participate.

FINLAND

Finland is the smallest Nordic ad market and one of the smallest in Western Europe. Net advertisers revenues declined by -11% in 2020 to $1.3 billion, amid rising COVID cases and an economic decline of -4% (real GDP; IMF October 2020). The Finnish government released a COVID tracing app at the end of August, which reached one million users within the first day. Despite this measure, cases have begun to rise again in October, with around 200 to 500 new cases per day. Finland has around four thousand cases per million inhabitants, well below the rate in Norway (six thousand) and Denmark (13 thousand). Finland is part of the EU agreement with AstraZeneca and SanofiPasteur-GSK to procure a vaccine, once one has become available, which will be available free for Finnish residents.

In that environment, linear media spend dropped -22% in 2020, falling to 1.1 million euros ($650 million), with steep declines in out-of-home (-29%), print (-24%), and television (-15%). Digital ad formats, on the other hand, continued to grow organically, by +3%, to $620 million. Finland is the smallest digital market in the Nordics in terms of market share, with digital spend accounting for a little less than half of total ad sales (Nordic average: 67%; Western European average: 57%). Over the next five years, MAGNA expects digital advertising to grow at a CAGR of +6% to reach $860 million by 2025, a 60% market share.

In 2021, a controlled COVID, economic recovery (real GDP: +3.6%) and major sports events (Olympics, Euro 2021 Tournament with the Finnish national team qualified for the time ever) will all support a return to advertising spending growth, benefitting all ad formats. MAGNA expects linear ad sales to increase by +4% while digital ad sales will grow by +11%. Total ad sales will expand by +8%.
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AUSTRIA

Austria’s advertising economy shrank by -4.6% in 2020 to 3.1 billion EUR ($3.5 billion). MAGNA anticipates a moderate recovery of +2.5% in 2021, bringing total net advertisers’ revenues to 3.2 billion euros ($3.6 billion), slightly below the 2019 peak of 3.3 million euros.

According to the latest IMF report (October 2020), full-year economic activity will decline -6.7% in 2020, in line with the April 2020 forecast (-7.0%) and only marginally better than the Euro area average (-8%). Following the first nationwide lockdown on March 16, the federal government started to relax business and mobility restrictions in May. COVID cases began to rise again in October, with new daily infections nine times higher than the previous peak during the first wave in the spring (nearly 10 thousand per day vs around one thousand cases per day at the peak in March). A second nationwide lockdown started on November 17, which will remain in place until at least December 6. Vienna had already imposed a partial lockdown and nightly curfew earlier in November. As of late November, Austria had slightly less than 300 thousand confirmed cases, with around 28 thousand cases per million—a rate well above neighboring Germany (11 thousand per million). Austria’s winter ski season, which accounts for a large portion of tourist revenues, will be negatively impacted by the lockdown as well as travel warnings from other countries and “super-spreader” events like the one at the Ischgl resort earlier in the year.

In this context, linear ad sales fell by an estimated -8% to 2.1 billion EUR ($2.3 billion). Television and print reported moderate declines (-9%) also saw substantial declines, while Out of home advertising (-15%) suffered a steeper erosion due to the collapse of mobility and audiences. According to Apple data, mobility declined by more than -60% in March and April, peaked above the baseline level in July and August, and then began to fall again in September and October as cases began to increase. As of late November, mobility is once more down by nearly -60%.

Digital ad formats were more resilient: growth rates slowed down significantly compared to previous years but total digital ad spend grew organically, by +4%, to reach one billion euros. Digital video (+19%) and social media formats (+12%) saw the strongest growth (Austrians spend around an hour and twenty minutes per day on social media, primarily WhatsApp and Facebook), while search was flat (+2). Static banners revenues declined by -6%. Mobile formats continue to see the most robust growth, with revenues rising by +11% to reach nearly 710 million EUR ($790 million), nearly 70% of total digital ad sales.

MAGNA expects Austria’s total advertising revenues to recover by +3% in 2021, reaching 3.2 billion euros ($3.6 billion), driven by economic recovery (real GDP +4.6%) and the return of global sports events like the UEFA European Football Championship (Austria will compete) and the Olympics. Digital re-acceleration (+8%) will drive this rebound, while linear ad sales will be flat (+1%) as media pricing begins to recover (TV CPM inflation +6%, from -3% in 2020).

BELGIUM

Media owners net advertising revenues dropped to just 2.5 billion euros ($2.8 billion) at the end of 2020, an erosion of -5.2% from 2019. A recovery of +5.9% is expected in 2021, driven primarily by accelerated digital ad spend.

The first COVID outbreak triggered a nationwide lockdown from March 18 and then a phased re-opening began in mid-May. With COVID cases rising sharply in October and November (peaking at more than 20,000 new cases per day), Prime Minister De Croo announced a new lockdown including a nightly curfew; closure of bars, cafes, and restaurants; and mandatory teleworking. As of late November, Belgium had approximately 580,000 COVID cases, one of the worst infection rates in Europe. In this context, real GDP contracted by -8.3% this year (IMF October 2020) in line with the Euro area average.

Linear advertising revenues dropped by -12% in 2020, with out-of-home media (-14%) and cinema (-50%) experiencing the steepest falls. Television ad sales dropped steeply in the first half but began to stabilize by mid-June, supported by increased spend from brands in the personal care, food, and health sectors while other key industry verticals, like automotive and telecom, did not return immediately. For the full year, television revenues declined by -11%, dropping to 740 million euros ($830 million). Print (-13%) and radio (-8%) also saw substantial declines amid weak demand from key verticals like auto, beauty, and luxury.

Digital media was a bright spot, with ad spend growing by +7% to reach 980 million euros ($1.1 billion). Digital video (+18%) and social media (+12%) benefitted from increased media consumption (daily time spent with social increased from an hour and a half to an hour and 40 minutes between 2019 and 2020), while search will remain flat (+2%) at around 320 million (one third of total digital revenues). Accelerated digital growth of +9% is expected in 2021, bringing digital spend above one billion euros ($1.2 billion, 40% market share) for the first time. Digital video and social ad formats will continue to develop ad sales (+16% and +14%, respectively).
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respectively), driven primarily by increased investment in mobile ad formats.

For 2021, economic recovery (real GDP +5.4%) should prompt advertising recovery. Belgian media owners revenues will grow by +5.9%, to 2.7 billion euros ($3 billion), bolstered by strong digital growth (+9%) and a more moderate linear recovery of +4%. MAGNA expects the pre-COVID trend of long-term erosion to continue for most linear formats, with linear advertising revenues not expected to return to 2019 levels for television, print, or traditional OOH within the next five years.

GREECE

The advertising industry was not immune to the economic difficulties during the 2009 through 2015 recession in Greece: linear media spend declined by around -15% to -28% per year, with 2012 being the worst year for GDP growth (real GDP: -7.6%) and ad spend (linear ad sales down -28%). During this time, Greece was struggling through a government debt crisis, significant unemployment (25%), and economic reforms that sparked protests across the country. This year (2020), real GDP contracted by -9.5% (IMF October 2020). In response to the COVID crisis, Greece went into a 42-day lockdown on March 22, and then a second nationwide lockdown in early November, with a nightly curfew from 9pm to 5am. The number of new daily COVID cases was relatively stable over the summer, around 10 to 30 new infections per day, and then began to rise in September, peaking at a little over three thousand cases per day in mid-November. At time of writing (late November), Greece had 110 thousand confirmed cases and roughly nine thousand cases per million, better than much of the rest of Southern Europe (Portugal: 26 thousand cases per million, Spain 33 thousand, Italy 24 thousand).

Consumer mobility plummeted by around -80% during the spring lockdown according to Apple data. Mobility rose steadily throughout the summer and early fall, then dropped dramatically (-60%) in early November, when the second lockdown was introduced.

Linear ad sales declined by -8% this year, with the steep erosion in many formats in the first half of the year (-20% for pay television, -40% for OOH) somewhat offset by stabilization in the second half. Advertisers from the food, retail, household goods, and pharmaceutical verticals drove this stabilization, particularly for television, while other verticals (beverages, telecoms, auto, travel, and finance) continued to cut ad spend substantially.

Overall, television revenues were down -8%, with free TV down -8.3% and pay TV down -10%, to a total of 310 million euros ($350 million). Television viewing time remained above 2019 for most of the year: Greeks watched linear television nearly five hours a day over January-September 2020 compared to 4 hours and 40 minutes during this same period in 2019. Out-of-home and print ad revenues declined by -10%.

Digital ad formats continued to grow organically in 2020, with sales rising moderately to 160 million EUR (+2%). As we see across Western Europe, social media (+10%) and digital video (+8%) were the most resilient, while search growth was more moderate (+3%), and static banners were down.

In 2021, MAGNA expects the Greek advertising market to grow by +5.5% to reach 614 million euros, supported by an economic recovery (real GDP: +4.1%). Growth is expected to continue through 2022 (+4.1%), driven by continued macroeconomic stabilization (real GDP: +5.6%) and digital acceleration (+10%), while MAGNA does not expect linear spend to return to 2019 levels within the next five years.

IRELAND

The Irish government implemented a strict nationwide lockdown on March 24, which lasted for two months. At the end of October, the government introduced a second, six-week nationwide lockdown in response to the rising number of COVID cases, around 1,000 new infections per day. Cases did begin to decline again as a result of the lockdown: by late November there were around 300 new cases per day and a total of 73 thousand confirmed cases, a little over 14 thousand cases per million (UK: 23 thousand). With the second lockdown, residents were expected to stay within around three miles of their homes, except for work and essential activities like food shopping, while all non-essential retail businesses were ordered to close and bars and restaurants shifted to takeout only. According to the most recent IMF report (October 2020), however, the impact of the lockdowns on the Irish economy was relatively mild compared to the rest of Europe: real GDP shrank by -3% for the full year, a milder decline than initially feared in the spring (-7%).

In this context, advertising activity shrank by -10%, to 1.2 billion euros ($1.4 billion), with linear spend declining -26% while digital spend was more resilient (+3%). Television ad sales saw substantial declines in the first half (-20% overall, up to -40% in the second quarter alone), with many major advertisers cancelling or deferring their budgets. The lack of major sporting events—including the UEFA tournament and the Olympics, which have both been pushed to 2021—also served as an inhibitor. For the full year, net television ad sales eroded -18%, dropping from 210 million euros ($230 million) in 2019 to 170 million EUR ($190 million). In 2021 TV ad sales are forecast to grow again by +5%, supported by the broader economic
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recovery (real GDP: +4.9%) and the return of sporting events, particularly the UEFA Euro (Dublin is one of the 12 host cities). Pricing is also expected to recover, with CPM inflation of +12% for a 30’ primetime free TV spot.

Out-of-home media suffered the most significant revenues declines in the first half of 2020, with static OOH revenues down -30%. With the second lockdown leading to a dramatic reduction in mobility this fall (transit: -70%, walking -60%, driving -50%, according to Apple Mobility data), OOH formats have not had much chance to recover. In Ireland, unlike many other Western European countries, transit mobility remained generally below the baseline throughout the summer, despite the easing of Covid restrictions. For the full year, OOH ad revenues were down by an estimated -35%.

Print (-32%) and radio (-19%) advertising sales were also down significantly in 2020. Data from RTÉ (Raidió Teilifís Éireann) shows that the number of people listening to radio news shows has increased substantially during the pandemic. Morning Ireland, for example, is now the top radio program in Ireland with nearly half a million people tuning in every morning, a year-over-year increase of over 60,000. Despite the surge in listenership, demand remained weak from key industry verticals like auto, retail and finance.

Digital media was relatively immune, with ad sales almost stable at 770 million euros ($870 million; 63% of total advertising revenues), a growth of +3% over 2019. Video and social media were the most resilient formats, both increasing by +8% to reach a combined total of 360 million euros, around 45% of total digital ad sales. Search was stable (+2%). MAGNA expects digital spend to accelerate in 2021, growing +11% to reach 860 million EUR ($960 million).

All advertising formats are expected to grow revenues in 2021, with total ad sales rising +8.4% to 1.3 billion euros ($1.5 billion) driven by digital formats (+11%), out of home (+8%), and television (+5%). Over the long term, however, we expect to see most linear formats return to their pattern of long-term decline. Linear ad sales are not expected to return to 2019 levels within the next five years, though digital will continue to see strong growth of around +8% to +10% per year.

NETHERLANDS

KEY FINDINGS

• The Dutch economy will fall -5.4% this year before recovering by +4% in 2021.
• Linear ad spend declined by -13% in 2020 while digital grew by +5%; total ad market was down by -2.3%.
• Growth will return in 2021, with total advertising revenues expected to grow by +7.3%.

The COVID crisis has hurt the Dutch economy in 2020, with a nationwide lockdown in the spring and partial one in October. Prime Minister Rutte ordered stricter measures in early November, including a mask mandate in public spaces and a ban on public meetings of more than two people. The Netherlands had a total of 530,000 COVID cases, or nearly 29,000 cases per million. This is above neighboring Germany (11,000 cases per million), but below nearby France (33,000) and Switzerland (35,000). Vaccinating is expected to take between six months and one year, starting in early January with at least 7.8 million doses being developed in Lieden by Janssen Pharmaceutica, through a contract negotiated by the European Commission, plus 11.7 million doses from AstraZeneca and Sanofi/GSK.

The outbreak triggered an economic recession, with real GDP contracting by -5.4% full-year, slightly milder than neighboring markets Belgium (-8.3%) and Germany (-6%).

The Netherlands is the sixth largest advertising market in Western Europe, with 4.2 billion euros
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($4.7 billion) 2020 ad revenues. Over the last two years, the Dutch media market has been growing by an average +5% per year (linear sales flat, digital sales up low double-digits), supported by moderate economic growth (+2% to +3% per year) and low CPI inflation. In this economic crisis, linear media format revenues declined -13% to 1.5 billion euros ($1.7 billion). A rebound of +4% is expected for 2021.

Television ad sales, which account for nearly 20% of total advertising, dropped by -12% for the full-year. A -25% decline in the first half was partially offset in 3Q, with e.g. the retail/supermarket sector returning to television. Linear TV consumption increased significantly during the first few weeks of the spring lockdown (beginning March 16), with viewing spent up +20% compared to the same period of 2019. By week six of confinement, however, time spent had mostly returned to pre-COVID levels and linear television consumption has now returned to its previous pattern of long-term erosion. Television ad spend is expected to recover in 2021, by +4%, driven by improving demand generating improved pricing power recovery (CPM inflation: +6%, vs. +2.5% in 2020). The return of major sports events will also encourage many brands to grow their TV spending again, as Amsterdam’s Johan Cruyff Arena will host several matches during the UEFA Euro tournament in June 2021, the Dutch national team being among the favorites. Looking further, we expect linear television ad sales will erode by -1% to -2% per year, in line with the gradual decline observed across Western Europe as eyeballs and ad dollars gradually shift to digital formats.

OOH media suffered the worst revenue declines in 2020, as traffic plummeted during both the spring lockdown (-80% transit; -60% driving and walking, according to Apple data) and the partial lockdown introduced in the fall (-60% transit, -40% driving and walking). The lasting decline in transit and driving audiences combined with the fall in advertiser demand will cause full year OOH ad sales to decrease by at least -21% on a full year basis. Radio and print ad revenues also declined by double-digits, -13% and -12%, respectively. MAGNA expects all those media to grow again to some degree in 2021 as marketing activity and mobility recovers: +12% for OOH, +4% for radio, and +2% for print.

Total digital advertising sales increased by +5% on a full-year basis to reach 2.7 billion EUR ($3.1 billion), a 65% market share. Digital video formats benefitted from a lasting boost in consumption under COVID, leading to a +12% growth in advertising revenues, as did social media (+12%). Search, which accounts for around 40% of the digital ad market, was stable (+4%). Amazon launched their full-scale online store, along with Amazon Prime Video and Twitch Prime, in the Netherlands in earlier 2020 (previously Amazon NL only sold books and e-readers), competing with local players like Bol.com and Coolblue. The Dutch spent around an hour and 20 minutes per day with social media, in line with 2019 levels, primarily WhatsApp, Facebook, and Instagram. Further digital growth is expected in 2021 (+9%), followed by more moderate increases over the long term (+4% to +5%) as digital reaches nearly 70% of total ad sales.

PORTUGAL

Like the rest of Europe, Portugal suffered two outbreaks of COVID in the spring and the autumn, which crippled economic activity. The second one started early November, when the government declared a state of emergency and introduced a nightly curfew across 121 municipalities, or around 70% of the country. Portugal had a little over 300,000 confirmed COVID cases by late November, with over 26,000 cases per million—well below neighboring Spain (33,000). According to the October 2020 IMF forecast, real GDP declined by -10% for the full year 2020, in line with the rest of Southern Europe.

In that environment, linear advertising sales fell by -20% in 2020, to 340 million EUR ($380 million). April and May saw double-digit drops in advertising spend for most linear media formats, with lower demand from most industry sectors, including travel, personal care, technology, and food. Almost all of the top ten advertisers slashed linear spend by more than -20% in the first four months of the year (vs. Jan-April 2019). The second half of the year saw a recovery for some verticals, with key advertisers in the commerce, telecom, pharmaceutical, and insurance industries returning to television.

Television sales (40% of the total ad market) eroded by an estimated -14% to 230 million euros. Revenue drops were much heavier elsewhere, e.g. OOH -31%, cinema -59%, and print (-32%).

Digital advertising was stable overall, increasing by +2% to 220 million euros, slightly less than 40% of total net advertising revenues (below the Western European average of nearly 60%). Digital video and social media ad formats experienced the strongest growth, both around +8%, while search was flat (+1%).

Almost all advertising formats will return to growth in 2021, with the exception of print (-13%). Television (+9%), OOH (+9%), and cinema (+12%) are likely to
WESTERN EUROPE

experience the strongest rebounds in 2021, while digital growth will accelerate to +13%. Linear advertising sales are not likely to return to 2019 levels within the next five years. Digital, on the other hand, will continue to grow by high single-digits to reach a 45% market share.

SWITZERLAND

Switzerland was not immune to the global pandemic in 2020. The Swiss government started imposing restrictions on public gatherings in February though no official, nationwide lockdown was ever implemented. Shops and restaurants began to gradually reopen in May, but new restrictions, including mask wearing in enclosed public spaces, came into force at the end of October in response to the second wave in the fall (up to 10,000 new cases per day in early November). Switzerland displays one of the highest rates of infection in Western Europe (35,000 per million), though the number of deaths per million was comparatively low: 450, well below France (770) or Italy (850). The economic toll was significant, with real GDP declining by an estimated -5.3% (IMF October 2020) although it is one of the mildest rates of decline across Western Europe.

A small, wealthy, and mature market, Switzerland has seen slow but consistent advertising growth, of +1% to +3% per year, over the last six years. In 2020, unsurprisingly, advertising revenues declined by -9.1%, to CHF 3.8 billion ($3.9 billion). Linear ad format revenues declined by -15% in 2020, with cinema (-59%), radio (-19%), and OOH (-15%) seeing the steepest erosion. Television advertising sales fell to 820 million CHF ($820 million), an erosion of -12% from 2019. Digital was the only bright spot, with strong growth from digital video formats (+13%) and social media formats (+11%) contributing to overall digital growth of +4%. In terms of impact by vertical, the travel and tourism, automotive, sport & recreation, telecommunications, and clothing industries have been hit particularly hard by the crisis and have reduced ad spend by double-digits. Finance, retail, food & beverage, and personal care, on the other hand, have been relatively resilient during this time, and advertisers in these sectors have generally maintained or even slightly increased spend.

In 2021, the Swiss economy will expand grow again according to the IMF (+3.6%), and the return of major sports events (Olympics, UEFA Euro tournament with Switzerland qualified) should drive marketing activity and help the advertising market recover by +5% overall. Linear advertising will be stable (+1%) while digital ad sales accelerate to +12%. Almost all media formats will recover by some degree in 2021, with the exception of print (flat).
Media owners advertising revenues decreased by -4.7% in Central & Eastern Europe (CEE) this year (2020) to reach $18.5 billion, from 19.5 billion in 2019. This is milder decline than previously anticipated by MAGNA (June: -7.7%) and in line with the global decline (-4.4%). Ad spend has not pulled back as much as expected given the impact of the COVID crisis on GDP, largely due to the resilience of digital advertising spending. The region’s GDP is expected to shrink by -4.6% in 2020, which is the worst performance since the great recession, but not as bad as prior predictions from the spring.

While advertising spending in 2020 has not been as bad as feared earlier in the year, the COVID crisis is not over yet and continues to damage local economies and marketing activities. The impact on travel, retail and restaurants, events, and more, will continue into the first half of 2021 as vaccination is gradually deployed. As a result, while sentiment is on the mend, business performance will still suffer a direct overhang for months to come, and in some industries, lifestyle changes (e.g. work-from-home, ecommerce) will impact business for years to come.

Digital advertising sales remained positive on a full-year basis in 2020: +5.6% to $9.0 billion. While this is a significant deceleration from 2019’s +15% growth rate, this is remarkably strong given both economic performance in 2020 as well as expectations for even digital ad spending earlier in the year. It is also remarkably resilient compared to linear ad formats: -13%, the worst performance since 2009. Mobile advertising spending grew by +14% to reach $6.0bn, representing 66% of total digital advertising spending. Low-funnel digital ad formats that target consumers closer to purchase decision have been outperforming digital brand advertising.

**Markets Covered:** Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kazakhstan, Latvia, Lithuania, Poland, România, Russia, Serbia, Slovak Republic, Slovenia, Turkey, Ukraine
globally, and CEE is no exception. Digital growth was driven by Social Media (+15%), Search (+4%), and Digital Video (+10%). This compares to static display banners and other digital formats, which all shrunk significantly. What's especially surprising is that 2020's digital performance is not so divergent from the mature growth rate trajectory that spending trends were on pre-COVID.

Meanwhile, linear ad sales (TV, print, radio, OOH) shrunk by -13% to $9.5bn. This is in line with prior MAGNA expectations (-14%).

Television ad revenues declined by -7.6%, to reach $7.0bn and represent just under 38% of total advertising spending. Television had previously been a strength of linear advertising spending in CEE, but it will never again reach the highs of 2019 as while spending will rebound slightly (+4.1%) in 2021, this will not make up for the losses in 2020, and erosion of television spending will continue from there. By 2025, television may represent 28% of total ad budgets, down from 38% this year.

While television consumption rose in Q2, most markets have returned to normal and even seen consumption declines resume y/y as soon as quarantine restrictions faded in the summer. 2021 will have some positive tailwinds for television spending due to major sports events being pushed to 2021: Tokyo Olympics, and more significantly, the UEFA Euro 2021 football competition (with many games hosted in Hungary, Romania and Russia – Saint Petersburg). A record number of CEE national teams qualified for the tournament: Russia, Turkey, Ukraine, Czech Republic, Croatia, Poland, Slovak Republic, and Hungary.

Print advertising is on the decline in the region, and COVID-19 accelerated that trend. Spending decreased by -30% in 2020 to fall to just 4% of total advertising budgets. Both newspapers (-31%) and magazines (-29%) saw significant drops in ad revenues as readership dwindles and consumers continue their migration to digital formats for news. Radio advertising spending decreased by -23% as quarantine driven reductions in automobile time did radio no favors in terms of consumption trends. Out of home suffered significant declines, with static OOH (-23%) and digital OOH (-13%) both falling compared to 2019. Finally, cinema was the hardest hit of all ad formats, with spending decreasing by -49%.

Russia remains the largest market in the CEE region, representing 40% of total advertising spending. It is followed by Poland, the Czech Republic, and Turkey, which combine to represent an additional 32% of total spending.

The largest advertising declines in 2020 came from Serbia (-20%), Hungary (-12%), Croatia (-11%), Slovenia (-11%), and Lithuania (-11%). The most resilient performances (excluding Ukraine's inflation-driven growth) came from Turkey (+0%), Russia (-3%), Czech Republic (-7%), and Estonia (-7%). In many of these markets, economic shutdowns were relatively short and limited compared to Western European markets, although future visibility is less certain in markets where new COVID cases are still on the increase at the time of writing.

Looking forward to 2021, CEE advertising sales will expand by +9.5%, gaining back most of the dollars lost in 2020. Total CEE market will reach $20.3bn in 2021, slightly above 2019's $19.5bn. This increase will be fueled by digital advertising re-accelerating to +14%, which will bring the digital market share to half of total CEE ad budgets for the first time. Following that bounce in 2021, growth will return to mid-single digit performance through the end of the MAGNA forecasting period in 2025.
RUSSIA

KEY FINDINGS

- Russia’s economy shrank by -4.1% in 2020 as a result of COVID and the associated economic impacts.
- As a result, ad spending declined by -3.4%, to RUB 484bn ($7.5bn).
- Digital advertising formats were resilient (+6.0%) while linear ad formats suffered from heavier ad budget cuts (-12%).

The IMF predicts Russian real GDP to shrink by -4.1% in 2020 – in-line with the global average of -4.4%. While this is the worst economic performance since 2009, it is not that significantly different from Russia’s mini-recession in 2015 (-2.3% GDP). In addition, while oil prices collapsed during the early stages the COVID quarantines, prices have since rebounded back above $40 (compared to the prior few years which traded in a range of $50-70). This helped the Russian economy to avoid collapse, and beat some economic expectations earlier in the year, that called for near double-digit GDP declines.

In that environment, the Russian advertising market shrank by -3.4% in 2020. Unlike many markets, where 2020 represents the worst performance since the Great Recession, in Russia 2020 growth is in fact as bad as 2015’s -9% performance. The decline in 2015 was a result energy prices dropping and Western brands reducing their local investment due to geopolitical tensions following the annexation of Crimea. COVID has had a much larger global impact, but the impact to the Russian advertising economy has not been as significant.

Total ad spend in Russia fell to RUB 484bn
CENTRAL & EASTERN EUROPE

($7.5bn). In addition, growth will rebound sharply in 2021, by +10% to RUB 533bn, surpassing 2019’s high. Russia remains the 13th largest ad market in the world and the largest in Central and Eastern Europe.

The fast recovery from COVID downturns was aided by business shutdowns being short and mild. Furthermore, optimism about global economic recovery due to the deployment of COVID vaccines in the first half of 2021 will result in many Russian brands getting ahead of the recovery and starting to spend again.

Digital advertising sales grew by +6.0% in 2020, a significant slowdown from 2019’s +16% growth rate, but still one of the rare areas of growth in a year of declines. Digital growth was fueled by impressions and clicks on mobile devices, which saw ad spending increase by +12% to reach 76% of total digital advertising spending. By format, growth can be seen in social (+14%), search (+4%), and video (+5%) as adoption by consumers and marketers keeps growing – in some cases accelerating - during the crisis. The only declines came from static banner formats, which shrank by -8%. Many Russian brands prioritized digital advertising to reach consumers closer to a purchase decision. Furthermore, large publishers like mail.ru reported greater resilience from the long tail of small and medium sized advertisers compared to large advertisers.

Television ad spending declined by -7.9% to RUB 176bn ($2.7bn). This came on the back of a -2% drop in 2019. Looking ahead, television advertising will remain below the 2018 peak through the end of the MAGNA forecast period, with 2025 revenues expected to be 23% lower than 2018 television revenues. While the spike in TV consumption during COVID quarantines did not last, TV advertising sales have been resilient compared to other linear media formats. This is because TV sales in Russia are very concentrated around a small number of vendors led by the National Advertising Alliance, and prices are carefully controlled to maintain revenue stability.

Print ad sales dropped significantly in 2020, by -34% to reach just 1.6% of total advertiser budgets. Radio ad revenues also declined by -30% and now represent just 2.0% of total budgets. OOH was also rocked in 2020 (-18%) although nowhere as badly as many other markets. This is because quarantines were very short and lightly enforced, as showed by mobility data increasing as soon as June. Cinema was not spared from the impact of COVID, however, and declined by -66%. Recovery next year will also be shallow (+15%) as expectations are that not only does the COVID overhang remain through the middle of the year when vaccines are finally rolled out, but also that consumers will remain cautious of indoor cinema experiences for some time even after that.

Looking at key industry verticals, there is a significant divergence in performance. On one hand some industries were heavily impacted by COVID, such as travel (-50%), auto (-38%), beverages (-19%), and telecoms (-17%). On the other hand, some industries were only lightly impacted: tech (+9%), entertainment (-2%), appliances (-5%), and finance (-5%). Looking forward, MAGNA expects every major industry to rebound in 2021, although several (auto, travel) will remain below their 2019 spending levels for a couple of years, despite some bounce-back in spending.

The timeline for sports returning in Russia remains uncertain. Russian athletes will be allowed to compete under a neutral flag in 2021 in the Tokyo Olympics so long as they were not personally implicated in the doping scandal. Furthermore, the Euro 2021 football tournament will be hosted partially in St. Petersburg in the summer (the current plan is for 12 European cities to host matches, but things are potentially going to change because of COVID overhang) and the Russian team did qualify for the tournament.
CENTRAL & EASTERN EUROPE

TURKEY

KEY FINDINGS

• Turkish GDP decreased by -5% in 2020 as a result of the global COVID recession.
• Advertising spending was stable, partly due to the high inflation in the Turkish economy, and relatively mild restrictions on business and mobility.
• Turkey displayed the best resilience in CEE, apart from hyper-inflationist Ukraine.
• Digital advertising grew by +8%, while linear formats ad sales dropped by -6%.

Turkey’s economic activity is expected to shrink by -5% in 2020 (real GDP, IMF October 2020). Inflation helped to offset some of those declines, however, with nominal GDP expected to be flat. In that environment, the Turkish advertising market was nearly flat in nominal terms, decreasing by just -0.4% vs 2019, to 8.7 billion lira ($1.5bn). Like many western markets, Turkey had a second spike of COVID infections in November with daily new cases higher than the first outbreak in the spring. However, as in the spring, local business lockdowns were limited, and as a result there was a relatively mild impact on the local economy and on marketing activity. There was no COVID curfew for consumers aged under 65, and the closures were only focused on shopping malls, cafes, and hairdressers, while many businesses closed in other European markets, most businesses and stores remained open in Turkey even during the worst of the COVID impact. In that environment, Turkey’s ad market performance this year was the most resilient of any Central & Eastern European market with the exception of inflation-driven Ukraine.

Linear media ad revenues, on the other hand, decreased by -6% this year, to 59% of total budgets. Print shrunk by -30%, radio by -11%, and OOH by -23%. Cinema took the brunt of the impact at -50% with only a minor bounce expected in 2021. Television advertising, on the other hand, grew by +2% in 2020. Spending fell off during the heights of the quarantines, but since then TV advertisers have come roaring back, with specific strength driven by retail, healthcare, and home cleaning products.

In 2021, Turkey’s advertising economy will increase by +10%, representing a +7% rebound for linear media, and continued strong digital growth (+15%).

POLAND

KEY FINDINGS

• Advertising spending in Poland decreased by -7.2% in 2020, to $2.8 billion.
• Linear ad sales suffered an -18% decline while digital ad formats will show more resilience (+4%).
• Digital advertising grew to represent 56% of total advertising budgets, surpassing half of budgets for the first time.

Poland’s economy shrank by -3.9% in 2020. As a result, advertising spending in Poland decreased by -7.2% in 2020, to reach PLN 10.9bn ($2.8bn). This is worse than the overall CEE growth of -4.7%.

The market will rebound in 2021, by +7.6%, essentially offsetting the decline in 2020 and matching the prior 2019 spending total.

Digital ad formats showed resilience in 2020 with spending up +3.6%. This reflects mobile spending growing by +16%, to represent 57% of digital budgets. Social (+13%), search (+1%), and video (+7%) saw increases, while static banners declined (-11%). Because of the divergent performance between digital advertising still growing organically, and linear media declining heavily, digital share as a percent of total ad budgets spiked up to 56%, from just under 50% in 2019.

Linear advertising spend decreased by -18% to represent less than half of budgets for the first time. Declines came across the board, with television spending shrinking by -12% in 2020. As brands concentrated their shrinking budgets on the dominant media (TV), spending cuts are projected to be much worse in other linear media: print (-33%), radio (-30%), and out of home (-31%).
2021, linear advertising sales will rebound by +2.4%, but this will fall far short of offsetting the declines in 2020. In fact, by 2025, linear media will represent just 72% of its prior high. Like in most markets, the COVID crisis has catalyzed an acceleration in the adoption of digital media.

NOTES ON OTHER CEE MARKETS

In the Czech Republic, advertising spending decreased by -7% in 2020 to CZK 39.5bn ($1.7bn). While the expected decline in 2020 is significant – the worst since 2009’s -14% performance - many large brands have tried to stay visible during the crisis. Skoda donated cars to hospitals, food and drinks brands donated to doctors, and banks were postponing debt payments. The economy shrank by -6.7% on a full year basis because of the global recession. However, this has not translated into as severe declines in ad spending as prior economic recessions would have suggested. In the Czech Republic, digital ad formats remained somewhat resilient (+2.3% vs 2019). Linear ad sales, on the other hand, suffered significantly (-18%). Because of this divergence in growth, linear media’s share of total budgets fell to just 40% of the total in 2020. Within digital advertising, mobile spending increased by +13% and represented more than half of total digital budgets for the first time (54%). Social ad formats (+15%), digital video (+9%), and search (+2%) all grew to a degree. Linear formats declined broadly, with television spending is expected to have shrunk by -12%. This is a mild decline compared to the rates of decline estimated in print (-27%), radio (-22%), and out-of-home (-26%). Digital OOH is a surprising weak spot relative to regular billboards. This is reflective of almost all Czech digital OOH inventory being in confined indoor locations which were the most impacted and least visited throughout the year. In 2021, total ad spending is forecast to rebound by +9% in the Czech republic, recovering the spend lost in 2020.

Hungary’s advertising economy shrank by -12% in 2020, the second worst performance in the Central & Eastern European region this year, behind Serbia, as GDP fell by -6.1%. Hungarian brand spending decreased sharply when the initial impact of COVID took effect, and despite an expected rebound later in the year, the cuts were severe. Spending cuts primarily affected linear advertising formats, which fell by -22% to fall below half of total budgets for the first time (48%). This performance contrasts with digital spending that was stable (+1%), gaining significant share of total advertiser spending. Within digital, growth came from social (+15%) and video (+5%), while search advertising remained flat, and static display banners generated lower revenue (-9%). These decreases were mild compared to television (-15%), print (-32%), out of home (-25%), and radio (-25%). Spending will rebound in 2021 by +9.2% to reach HUF 228bn. This will not quite make up the lost spending in 2020, and a new high water mark for spending will not be set until 2022.

Ukraine’s advertising market increased by +8% in 2020 in nominal terms - the strongest growth rate in CEE and the second highest growth rate globally, behind Argentina. While this is significantly weaker than 2019’s +25% growth rate, and below prior expectations, it is still an increase in a year when the global economy is plunging into recession, and nearly every global market is seeing reductions in ad spending. But this is almost entirely because of endemic, rampant consumer price inflation (CPI) in Ukraine (CPI is only mid-single digit percent, but media inflation is much higher) which outweighs even the cuts in demand for advertising that comes from the COVID recession. Real GDP is expected to decrease by -7.6%. However, despite the economic weakness, Ukrainian TV vendors continue to raise prices, to catch up with CPI inflation, and as a result spending in TV increased by +6%. This only trailed digital advertising spending, which increased by +17% to reach 43% of total budgets. Growth came primarily from search (+14%), social (+22%), and video (+20%). Other linear advertising formats were hurt more significantly from the COVID recession, with inflation unable to fully offset weakness in print (-10%), out of home (-11%), radio (+1%), and cinema (-25%).

Romania’s advertising market decreased by -8% this year, falling to $600 million. This is a result of Romanian GDP, which is expected to shrink by -6% in 2020, the weakest year for real GDP since 2009. Declines in advertising spending came from linear advertising formats (-11%) as digital formats were resilient in the face of the recession, increasing by +5%. Within digital advertising, mobile device spending increased by +15% to represent nearly 2/3 of total digital budgets. By format, social (+17%) represented the strongest source of growth, but search (+2%), and video (+5%) also increased despite the recession and COVID crisis. Linear formats fared far worse. Television advertising spending declined by -10%, with print (-27%), OOH (-18%), Radio (-11%), and Cinema (-37%) even weaker.

Kazakhstan’s advertising market decreased by -8% in 2020, to $388 million as Kazakhstan’s real GDP is expected to decline by a relatively mild -2.7% in 2020. Advertising cuts came primarily from linear media formats, which saw spending decline by -13%. This compares to digital advertising spending, which grew by +6%. Digital growth came from mobile devices (+20%). This is because of
Central & Eastern Europe

Strength in formats like social (+13%), search (+12%), and video (+16%). Only static banners (-12%) saw significant declines in terms of digital spending. Within linear formats, television spending decreased by -5%, which is relatively mild compared to decreases in print (-64%), out of home (-27%), radio (-29%) and cinema (-40%). Print especially has declined to essentially zero, as it now represents just 1% of total budgets (and falling). In 2021, the market is expected to rebound, but only by +3%. This means that it will take until 2023 for spending to surpass the previous 2019 high water mark.

In the Slovak Republic, media owners advertising revenues declined by -8% to EUR 378 million ($423 million). The economy shrank by -7%. Inflation will offset much of those real GDP declines, however, with nominal GDP expected to only decline by -5%. Declines in advertising spending came from linear media which declined by -16%. This compares to digital advertising spending which grew by +4% to represent 47% of total advertiser budgets. Digital resilience came from smartphone advertising (+13%), social formats (+12%), digital video (+11%), and search (+2%). In the significant global recession triggered by COVID-19 and the associated quarantines, the continued growth of digital advertising spending reflects an acceleration of the shift towards digital media from brands. Linear media format declines came from television (-11%), but also from print (-31%), out of home (-27%), and radio (-14%). Cinema was hit the hardest and declined by -60%. In 2021, advertising spending growth will rebound by +7.5%, but that will not be quite enough to offset all the declines in spending suffered in 2020.

Bulgarian media owners’ advertising revenues decreased by -9% in 2020 to reach BGN 487 million ($279 million). The Bulgarian economy is forecast to shrink by -11% on a real basis, significantly worse than the CEE average. However, much of that economic decline is offset by inflation, as nominal GDP is only expected to decline by -2% in 2020. Decreases in ad spending were led by linear media, which declined by -14% (although it still represents a huge 70%+ of total budgets in Bulgaria). This compares to digital spending, which grew by +7% but represented just over ¼ of total Bulgarian advertiser budgets. Digital strength came from social (+14%), video (+9%), and search (+2%). Television spending decreased by -13%, print by -23%, out of home by -22% and radio by -11%. In 2021, Bulgarian ad spend is forecast to rebound by +9%, essentially offsetting the declines of 2020 and bringing the Bulgarian advertising economy back to the high-water mark of 2019.

The Croatian advertising market declined by -11.4% in 2020, falling to HRK 1.4bn ($206 million). Croatia’s economy is expected to shrink by -12% on a real basis, i.e. far worse than the overall CEE average. Furthermore, nominal GDP is similar as inflation isn’t a significant driver in the Croatian advertising economy. Digital advertising formats increased by +2%, driven by search (+2%), video (+4%), and social (+14%). Linear media, on the other hand, declined by -15%: television (-10%), print (-30%), out of home (-29%), and radio (-14%) will all post double-digit declines in ad revenues. In 2021, the Croatian advertising economy is expected to recover by +7%. While this is substantial growth, it will regain only a small portion of the lost spend from 2020. In fact, total ad spend will not pass the 2019 high until 2023.

St. Petersburg will host part of the UEFA Euro Football Tournament, which will now be in 2021.
CENTRAL & EASTERN EUROPE

Slovenia’s advertising market decreased by -11% in 2020 to EUR 168 million ($188 million). Digital ad formats grew by +3% and increased their market share to nearly 30% of total advertiser budgets. Growth came from social (+16%), search (+3%), and video (+7%). Linear media, on the other hand, declined by -16% as a result of spending reductions in TV (-15%), print (-23%), radio (-2%), and out of home (-18%). In 2021, spending will rebound by +11%, making back almost all the spending lost in 2020. By 2022, the Slovenian advertising economy will set a new high-water mark. The surprising resilience of radio during the crisis was because many advertisers reminded their consumers to engage with their online shops, specifically in the furniture and electronic industries in Slovenia. Furthermore, radio stations offered price discounts, so advertisers shifted some other linear budgets into radio.

The advertising economy of Lithuania declined by -11% to EUR 402 million ($450 million). Lithuania’s economy declined by -14%, but ad spend will vary significantly by format. Digital advertising formats were stable, growing by +8% to approach 30% of total budgets. Digital strength was led by social (+22%), which isn’t that much weaker than past years, especially given the context of the global COVID crisis and recession. Linear ad formats, on the other hand, saw declines across TV (-7%), print (-33%), out of home (-31%), and radio (-11%). In 2021, spending will rebound by +11% to EUR 446 million, not quite surpassing the prior high water mark in 2019.

In Serbia the advertising market decreased by -21% to EUR 114 million ($127 million). While the economy will shrink by just -3% on a real GDP basis, advertising budgets declined precipitously. Serbia’s performance is the worst in the Central & Eastern European region due to weakness in television (-22%). Digital remained stable (+2%) but because it only represents one quarter of total budgets in Serbia, it couldn’t offset the significant linear advertising spending declines. Other linear formats didn’t fare much better, including print (-42%), out of home (-29%), radio (-40%), and cinema worst hit at -61%. In 2021, spending will rebound by 16%, but it will take until 2024 for the prior spending high water mark in 2019 to be reached.

The Estonian advertising economy declined by -7%, significantly better than original expectations from earlier in the year. Specifically, digital advertising spending was stronger than expected (+5% for 2020, rather than shrinking by single digits). Furthermore, television spending declined by -15%. While this is weak, it’s not nearly as bad as prior expectations for -25% declines. When the scope of the COVID crisis became clear to local brands, television spending came surging back in the second half of the year. Other linear media formats are not faring as well, with print (-21%), radio (-12%), and cinema (-40%) shrinking. Out of home is down a surprisingly small -10%, as digital OOH is a significant share of total spending in Estonia and is only down by -5%. In 2021, expectations are for a rebound in spending by +7%, making up all the ground lost in 2020.

Latvia’s advertising economy declined by -9% to EUR 93 million ($105 million). Declines in ad spending were led by linear media (-18%), including declines in TV (-15%), print (-29%), out of home (-23%), and radio (-15%). Digital advertising on the other hand was resilient and grew by +6% in 2020. This includes growth in social (+17%) and video (+7%), with strength in search as well (+2%). As brands came back to the table to spend following closings in April, spend went first to big digital walled gardens such as Facebook and YouTube. After that, local media was prioritized. In 2021, spending is expected to rebound by +16%, which resulted in a new high-water mark in advertising spend by a small margin.
MIDDLE EAST & AFRICA

KEY FINDINGS

• Linear advertising sales declined by -15% in 2020 across the region, as the COVID outbreak and the collapse of oil prices triggers deep economic downturn.

• Digital formats continued to grow organically by +6% boosted by increased usage.

• Total advertising markets (linear+digital) fell by -9% in 2020, to $12 billion.

• In 2021, amidst economic stabilization and major events (incl. Dubai World Expo), MAGNA forecasts digital ad spend to re-accelerate (+16%) and linear ad spend to stabilize.

• Total advertising market will grow by +6% in 2021, rising to $12.8 billion.

After several years of stagnating advertising activity, triggered by the 2015-2016 drop in oil prices and its economic impacts on the six Gulf Cooperation Council (GCC) markets, ad spend grew again in 2018 (+4.8%) and accelerated in 2019 (+7.3%) to reach $13.2 billion—above the 2015 peak for the first time since the oil price collapse. The COVID crisis brought public transportation, automotive mobility and global trade to a standstill for many weeks, triggering a collapse of global demand and prices for energy that hurt the GCC economies and caused another steep decline in advertising sales. Total MEA advertising spending fell by an estimated -9% to $12 billion—significantly worse than the global average (-4.4%). The steepest declines were reported in hard-hit GCC markets like Oman and Kuwait (-14%), as well as Lebanon (-13%) and Morocco (-12%). Egypt remains the largest MEA market in terms of total ad dollars, $3.7 billion in 2020, followed by South Africa ($2.7 billion), Saudi Arabia ($1.8 billion), and the UAE ($1.7 billion).

Linear media format sales declined by -15% across the region, a steeper decline than what was seen in 2016 (-13%). Television remains a crucial part of the media mix in most MEA markets, with a little less than half of all ad dollars (and much more in the case of consumer brands) being spent on TV, $5.5 billion in 2020. In the GCC, and to a lesser extent in Egypt, Morocco, and Lebanon, Pan Arab television networks like MBC and Rotana remain immensely popular, drawing large audiences and attracting around 90% of total television spend. Pan Arab channels offer a wider variety of high-quality programming (including regional and international shows and sports) than the local channels, which are mostly government-owned and subject to restrictive guidelines on programming and advertising.

The COVID-related lockdowns across the region, which began in mid- to late-March, corresponded with 2020’s Ramadan dates (April 23-May 23). Ramadan is traditionally the most important time for Pan Arab television networks and for regional advertisers, as audiences surge during this period and the TV networks launch new, highly anticipated shows. Producing ads for this important time period while dealing with travel and social distancing restrictions, as well as adjusting campaigns to adapt to social distancing regulations, was a challenge for brands this year. MAGNA believes Pan Arab TV (categorized as “pay/multichannel TV”) ad revenues were down -20% this year. Almost all types of programming benefitted from increased viewership during the lockdown period (expect sports channels), but news and cooking shows, in particular, have seen strong audience growth. That however did not help stabilize advertising spending. Across industry verticals and product categories, Food has been resilient, while Entertainment and Travel spending fell significantly.

Digital advertising formats were the only area to see some growth in the region in 2020, with spend increasing +6% to reach $4.1 billion, around a third of regional advertising (still well below global average of nearly 60%). Video (+19%) and social ad formats (+21%) saw the strongest growth, driven by organic factors (acceleration digital media consumption and ecommerce). MAGNA anticipates digital sales will accelerate again in 2021, rising +16% to $4.7 billion. Over the long term, digital ad sales will continue to grow by an average of +16% per year to reach $8.4 billion by 2025, half of total regional advertising revenues.

Assuming global recovery and energy price recovery, 2021 will bring renewed marketing activity, driving regional advertising spending expected to grow by +6% and reach $12.8 billion. As we have seen in recent years, digital will be the primary engine of growth (+16%), while linear spend continues to stagnate (+1%). Television sales will be flat overall (+1%), with OOH (+7%) and radio (+4%) experiencing a modest recovery.

Markets Covered: Bahrain, Egypt, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, South Africa, United Arab Emirates
MIDDLE EAST & AFRICA

GCC

2018 and 2019 saw a recovery for many of the GCC economies following the downturn in 2015-2017, which was caused by a fall in oil prices. Marketing activity remained somewhat sluggish when compared to the double-digit growth seen in 2012-2015, but ad sales did grow by a modest +2% to +4% per year.

Political and economic instability, including the ongoing blockade of Qatar by other Gulf countries, the civil war in Yemen, pressure to diversify oil-based economies, and controversial reforms and power struggle triggered by Saudi Crown Prince Mohammed bin Salman, have all made it difficult for international investors and marketers to get involved in the region. In this already uncertain environment, the first COVID cases were discovered in Bahrain, Kuwait, Oman, and Qatar in late February. Lockdowns began in mid- to late-march in Bahrain, Kuwait, Qatar, Saudi Arabia, and the UAE and slightly later (April) in Oman. As of late November, over one million COVID cases have been confirmed across the GCC (total regional population: 50 million). Saudi Arabia has the highest number of total cases, over 350,000, followed by the UAE (168,000).

The global COVID lockdown led to a collapse in energy demand from manufacturing and transportation, which, combined with a price war between Russia and Saudi Arabia (KSA), caused a historical fall in oil prices, from $60 to less than $20. Russia and the KSA finally agreed to cut oil production in April and June, but crude oil prices remain low all year, under $50 a barrel. According to the latest IMF report (October 2020), regional economic activity (real GDP) declined between -5% (Bahrain, Qatar) and -10% (Oman) for the full year.

In this context, MAGNA expects that total linear ad sales shrunk by -21% across the region, falling to $2.5 billion. Digital ad sales grew by +4% to $2.1 billion, over 45% of total GCC advertising. Overall, GCC ad sales decreased by an estimated -11%, to 4.6 billion—nearly $1 billion less than the 2015 pre-crisis market size, $5.3 billion.

The Kingdom of Saudi Arabia (KSA) is the largest advertising market in the GCC region, with $1.8 billion in 2020 spend. In 2020, linear ad dollars declined by -20%, while digital ad sales increased +7% to $700 million. KSA introduced a national-wide curfew between 7pm and 6am in late March, with some cities implementing temporary 24-hour curfews. The government ended the curfews and lifted restrictions on businesses in late June, though the number of daily Covid cases remained high at around 3,000 new infections per day. Daily new Covid cases began to decline steadily starting in mid-July, falling to just 200 new infections per day as of late November. According to Apple Mobility data, walking and driving mobility declined by -50% to -60% in April and May, and then gradually returned to the January baseline by July and August. Mobility began to fall again in late September, at sits at -12% (walking) and -24% (driving) at time of writing in late November. KSA began Phase III clinical trials of the CanSino Biologics vaccine with around 5,000 volunteers in August 2020.

Out of home (-30%) and print (-25%) saw the most significant declines in 2020, followed by radio (-20%). Both local (broadcast) television and Pan Arab (multichannel) TV saw significant declines of -17% and -19%, respectively. Time spent with TV spiked in the first few weeks of lockdown: among A15-24 and A35-44, viewing increased from around 5 hours a day in early March to over 6 hours a day in late March and early April. News channels saw the most significant growth, followed by general entertainment and series; sports channels viewership declined by nearly -90%. Some advertisers—for example in the food and beverage and telecommunications segments—increased spend to capitalize on the surge in viewership, while many in harder hit sectors—travel, restaurants, entertainment (cinema)—reduced spend significantly. Digital was the only media to maintain advertising revenues, as spending rose +7% to $690 million, nearly 40% of total ad revenues. As we see elsewhere, digital video saw the strongest increases, 20%, followed by search (7%). A return to growth is expected for the KSA in 2021 for both linear (+5%) and digital (+20%) ad formats. Overall, MAGNA anticipates ad revenues will grow +11% to $2 billion.

The United Arab Emirates (UAE) is the second largest ad market in the GCC at $1.7 billion in 2020 total net advertising revenues. The UAE was the first Middle Eastern country to report a confirmed COVID case, on January 29. In late March, a night curfew was imposed, and the city of Dubai launched an 11-day disinfection campaign to clean and sterilize all the roads. A 24-hour curfew was put in place in Dubai for much of April and the Dubai World Expo, scheduled to start in October 2020, had to be postponed by a year. The number of daily new cases peaked at nearly 1,000 per day in late May before gradually declining through June, July, and August. Daily infections began to rise again in September, quickly topping the Spring peak. As of late November, the UAE had around 1,300 new confirmed cases per day and 170 thousand confirmed cases in total, the second-highest number in the GCC. According to the latest IMF estimates, economic activity (real GDP) will contract -7% for the full year, one of the steeper declines in the region. Total ad sales were down -11% in 2020, with
MIDDLE EAST & AFRICA

double-digit linear declines (-21%) softened by resilient digital sales (+3%). Print (-25%), cinema (-30%), and OOH (-23%) saw the worst declines. Television ad spend has consistently eroded since the 2015-2016 oil price collapse, falling from $520 million in 2015 to $350 million in 2019. In 2020, television ad sales shrank again, by -19%, dropping to $290 million (Pan Arab TV: 90% market share). Digital ad sales rose by +3% to $850 million, a little over half of total NAR. In 2021, MAGNA expects the UAE ad market will grow by +7% to $1.8 billion, with both linear (+3%) and digital (+11%) formats benefitting from economic stabilization and the Dubai World Expo now scheduled between October 2021 and March 2022. Marketing activity and advertising spending will continue to recover in 2022, by +5% overall, spurred by continued macroeconomic recovery (GDP +2%).

**Kuwait** is a small country (population five million) but the third-largest ad market in the GCC, with $480 million in advertising spending. The country implemented a voluntary stay-at-home order on March 11, and then introduced was under curfew in May. The full curfew was then gradually rolled back over the summer. As of late November, Kuwait reported a total of 140,000 confirmed cases, with roughly 230 new infections per day. Kuwaiti linear advertising sales eroded -24% in 2020, to $260 million amid steep economic declines (real GDP: -8%), while digital sales were resilient at +4%. Overall, total advertising activity fell by -14%. Television (-21%), print (-20%), and OOH (-33%) all saw double-digit declines. Next year (2021), MAGNA expects linear sales will improve slightly (+4%) while digital growth will accelerate (+10%) to reach $250 million. Over the long term, linear revenues are likely to remain relatively stable while digital revenues will continue to grow by double digits.

**Qatar**, the fourth largest GCC ad market ($370 million in 2020), has been struggling in recent years with the ongoing political blockade by its neighbors KSA, Bahrain, the UAE, and Egypt, in addition to dealing with the lingering effects of the 2015 oil price crisis. Covid reached Qatar in late February. The government introduced lockdowns starting in March, and then gradually eased restrictions over the summer. Daily new infections peaked in late May at 2,000 per day, and then began to decline in June and July. The infection rate has remained relatively stable through the fall, at around 200 new cases per day. In total, Qatar has confirmed nearly 140,000 cases (November 29), with a total population of 2.8 million (90% expatriate workers). Economic activity will contract by -4.5% this year according to the IMF, the mildest decline in the GCC. In this context, sales for linear media formats eroded -21%, with television and print both down -20% and OOH down -30%. Revenues for digital media formats were relatively stable at $190 million, growth of +3% compared to 2019. In 2021 and 2022, MAGNA expects to see advertising activity increase by +8% to +9% per year, supported by economic recovery (+3% to +4%) and the 2022 FIFA World Cup, hosted by Qatar. Double-digit digital increases of +14% to +15% will be balanced by flat linear revenue.

**Oman** and **Bahrain** are the two smallest GCC markets in terms of net advertisers’ revenues, $330 million combined in 2020. Oman was the hardest hit market in the GCC, with economic activity expected to decline -10% for the full year, according to the October 2020 IMF forecast. The government imposed initial lockdowns in early April, which were extended through the end of May. Additional lockdowns were introduced in certain areas in mid-June, lasting through early July. Cases peaked at nearly 2,700 confirmed infections per day in early October, leading the government to impose a new nighttime lockdown to curb the spread of the virus. As of late November, Oman had 120,000 total cases, with around 200 new cases per day. Bahrain has fared slightly better, with real GDP down only -5% in 2020. In total, Bahrain had a little less than 90,000 confirmed Covid cases by the end of November, with around 160 new infections per day. Ad sales eroded by -14% in Oman, falling to $210 million.
MIDDLE EAST & AFRICA

Linear format revenues dropped -25%, to $110 million, while digital was more resilient (+3%, to $100 million). A modest rebound is expected for 2021, with total ad revenues expected to grow +7%, driven primarily by digital (+11%). 2022 will see continued growth of +7%.

In Bahrain, total net advertisers’ revenues fell by -9% in 2020, to $120 million. Linear sales eroded -20% while digital revenues grew by +6%, to $60 million (50% market share). Growth will return in 2021: linear rising +4% and digital +10%, to a combined total of $130 million (+7% overall increase).

EGYPT

KEY FINDINGS

- Egypt is the largest advertising economy in the MEA region, with $3.4 billion in 2020 ad revenues.
- Linear format ad sales eroded by -14%, while digital formats were resilient at +7%.
- In total, advertising revenues fell by -8%.
- In 2021 MAGNA expects the ad market to recover (+4%), and advertising activity will continue to accelerate in 2022 (+11%) as the economy gradually recovers.

Pan Arab satellite TV channels are a little less popular in Egypt than they are in the Middle East, although some networks like MBC Masr are specifically focused on Egyptian audiences. Local (broadcast) TV ad sales account for around 85% of total television NAR. In 2020, local TV ad sales dropped to $1.8 billion, a -13% decline from the previous year. Print ad sales, which have been eroding consistently since 2015, were down -15%. Radio also saw a significant decline this year, dropping -8% to $25 million (1% market share).

Digital ad formats, which still make up a relatively small share of total advertising revenues (36% in 2020; EMEA average: 55%), were the most resilient, increasing +7% to reach $1.2 billion. Though this is one of the stronger growth rates in the MENA region, it is still well below the +50% to +60% growth seen over the last five years. Digital video leads with growth of +25%, followed by search (+5%). Static display will be flat.

Overall, Egyptian media owners’ ad revenues declined -8% to $3.4 billion, with relatively stable real GDP growth and normalizing CPI inflation.

2021 will bring a rebound of +4%, driven primarily by accelerated digital growth (+18%), provided COVID vaccination enables economic activity and consumer mobility to recover as expected. Covid vaccine testing began in mid-September as part of a partnership between Egypt’s VACSERA and China’s Sinopharm. The government is also negotiating with the Russian Direct Investment Fund and AstraZeneca, as well as developing their own vaccine through the National Research Center. By the end of 2022 total advertising spending will top 2019 levels, supported by double-digit digital growth while linear spend remains stable.

SOUTH AFRICA

KEY FINDINGS

- Total advertising sales declined by -5% in 2020, falling to ZAR 39.7 billion ($2.7 billion).
- Digital ad formats were the only to grow revenues, with total advertising revenues increasing +8%.
- Linear ad sales eroded -7%, with cinema, print, and OOH suffering the steepest declines.
- MAGNA anticipates total ad sales will increase +4% in 2021, driven by strong digital growth (+16%).

South Africa was already in near economic recession prior to the COVID pandemic real GDP growing by just +0.2% in 2019. With the negative effects of the COVID crisis and the long nationwide lockdown (late March through...
MIDDLE EAST & AFRICA

August), real GDP contracted by -8% in 2020.

South African president Ramaphosa first introduced a national lockdown on March 27, which was initially supposed to last for three weeks. The restrictions, including a controversial ban on the sale of alcohol and tobacco, were extended through mid-August. A gradual phasing out of restrictions began on August 15, and on September 20 President Ramaphosa took the step of reducing the overnight curfew and allowing indoor gatherings at 50% of a venue’s capacity, though rules on mask-wearing and social distancing remained in place. The number of daily new cases had dropped to around two thousand by mid-November, from a peak of nearly 14 thousand in late July. In total, South Africa has confirmed 770,000 cases.

In that context, many industries reduced marketing budgets. Ad spend was down in the CPG/FMCG, automotive, telecom, and restaurant/QSR segments, and linear ad sales fell -7% to 32.2 billion ZAR ($2.2 billion). Television advertising was resilient compared to what was seen elsewhere, with ad revenues declining by just -3% to $1.2 billion. The South African Broadcasting Corporation (SABC), the public media owner, has been struggling with steep viewership declines over the last couple of years; the lockdown has provided a boost for SABC’s news and entertainment channels. Shortly after the lockdown was ordered, around 30% of South Africans reported spending significantly more time watching news channels and news bulletins on television due to the COVID-19 outbreak (GWI April 2020). In late April, SABC launched a new channel, SABC Education, to address gaps in education caused by Covid-19 lockdown policies and school closures. In of May 2020, SABC reported continued growth for SABC News, with eight of the top 10 most viewed news shows broadcast on SABC 1 and SABC 2.

Radio was also somewhat resilient, with advertising revenues relatively stable at $250 million (-1%). Radio is a key medium in South Africa for consumers and advertisers, and South Africa has one of the highest radio market shares in the world (18% in 2019). Print (-22%) and static OOH (-17%) were the hardest-hit media formats. According to Apple Mobility Trends, driving and walking mobility decreased by around -90% in April and remained well below the January baseline until September. Mobility has since begun to decline again as the number of daily new Covid cases remained elevated through November.

Digital formats saw relatively strong growth this year, +8% overall (a significant slowdown from +21% in 2019). MAGNA expects this crisis has accelerated the shift from linear formats to digital, with brands shifting dollars out of print and television and into cheaper digital formats. Digital video (+15%) and social (+14%) saw the strongest growth, followed by search (+4%). Total digital advertising sales will reach a little over $515 million this year, nearly 20% of total ad dollars.

In 2021 the IMF expects real GDP will grow by +3% with CPI inflation around +3%. If that materializes, MAGNA anticipates advertising sales will recover by +4%, to 41.3 billion ZAR ($2.9 billion), driven by digital (+16%). Revenues for linear formats will be flat and will remain below 2019 levels until at least 2023. Clinical trials for J&J’s Covid-19 vaccine were expected to start in November; J&J has signed an agreement to make 300 million doses made per year win South Africa with Aspen Pharmacare.

MOROCCO

The COVID crisis wrecked the Moroccan economy in 2020. In October, IMF predicted real GDP to drop by -7% full-year, a substantial downward revision from the April (-3.7%). The Moroccan government first imposed a lockdown on March 20. Restrictions were gradually eased over the summer, though a Fall upswing in infections had led the government to re-instate some measures. Air and sea borders are closed and eight cities, including tourist destinations like Marrakech and Casablanca, have barred people from entering or leaving. Despite these restrictions, the number of daily cases continued to rise steadily from August through November. As of mid-November, the country had 332,000 confirmed cases.

In that economic environment most industry verticals cut marketing spending and the Moroccan advertising market fell to 4.7 billion Moroccan Dirham ($490 million) in 2020, an erosion of -12% vs 2019. Linear formats saw the most significant declines, -18% in total, particularly cinema (-25%), out-of-home (-25%), and print (-17%). Television ad sales also experienced significant declines, dropping by -15% to $120 million, 25% of total advertising sales. Digital revenues, on the other hand, saw relatively strong growth of +11%, from a low base. Total digital ad revenues reached $126 million in 2020, a little over a quarter of total advertising sales, supported by strong growth in video (+28%) and social (+16%).

Looking at 2021, COVID vaccination will hopefully bring tourists back to Morocco and support broader economic recovery as forecast by the IMF (+5% real GDP). Morocco has placed orders for two COVID vaccines that are currently in phase 3 clinical trials, from Sinopharm and AstraZeneca, and hopes that at least one of the vaccines can be rolled out before the end of the year. In that scenario, digital advertising growth will accelerate (+18%), driven by video formats (+32%), social media formats (+22%), and search (+10%).
MIDDLE EAST & AFRICA

Television revenues will rebound by +5%. Overall, linear media revenues are likely to rebound by +4.5%, rising to 3.7 billion MAD ($380 million), while digital revenues will reach 1.4 billion MAD ($150 million).

LEBANON

The Lebanese economy was already in deep trouble prior to the COVID crisis. The COVID pandemic and the Beirut disaster in August 2020 have aggravated the political vacuum, popular discontent and economic freefall.

Lebanon’s economy has been hard-hit by the COVID crisis on top of the ongoing civil unrest, high unemployment, and currency devaluation, with real GDP declining -25% for the full year, according to the IMF’s October 2020 forecast (previous estimate: -12%). Restrictions on movement in March and June helped the country address the initial COVID outbreak, but cases began to rise substantially in August following the catastrophic explosion in the port of Beirut, that caused more than 200 deaths, 6,500 injuries, and 300,000 people homeless. As of mid-November, Lebanon had nearly 120,000 confirmed cases. To address the crisis, Prime Minister Diab imposed a full national lockdown from November 14 through the end of the month, on top of existing restrictions such as nighttime curfews and the closure of all bars and nightclubs.

In this dramatic environment, advertising revenues fell by -13% in 2020, following a 2019 decline of -4%, to $760 million. Linear declines of -16% were somewhat offset by digital growth of +13%. Digital remains underdeveloped in Lebanon, with advertising revenues across all formats reaching only a little over $100 million as of 2020, a market share of less than 20%. Over the long term, MAGNA anticipates digital revenues will continue to grow by double-digits to reach at least a 30% market share by 2025. Total advertising sales are likely to increase by +8% in 2021, to $820 million. Digital growth will accelerate by +27%, while linear formats will see combined growth of +5%.

Saudi Arabia hosted a virtual G20 summit during the COVID quarantine.
ASIA PACIFIC

Asia Pacific has been less affected than other regions by the COVID pandemic and economic recession. In October 2020, the IMF was expecting full year real GDP to shrink by just -1.7% in 2020. This is one of the most resilient performances globally, although it is worse than prior IMF expectations from earlier in the year. This is a combination of strong economic resilience in China (GDP +1.9%), offsetting weaker performance in Japan (-5.3%) and India (-10.3%). The reduced economic expectations in APAC come almost entirely from weaker expectations for India compared to earlier in the year. India was expected to grow in the spring, but has been revised by the IMF to the third weakest performance of all large markets in 2020 (behind only Italy and Spain).

While APAC as a region is expected to be resilient compared to other regions in 2020, this slightly negative performance in 2020 still feels like extremely weak performance relative to the historically strong economic growth in the region. Furthermore, while COVID has been largely contained in APAC, outside of India, the global and trade-reliant nature of many APAC economies means that the global recession still caused a significant headwind to local economies. The COVID crisis and accompanying recession is also impacting domestic consumption throughout the region and, as a result, brands are cutting marketing spend.

Furthermore, there are several compounding events that remain headwinds to marketing activity and advertising spend in APAC such as the overhang of the “cold” trade war with the US, and continued political unrest in Hong Kong.

**Markets Covered:** Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, Vietnam

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**GROWTH BY COUNTRY**

<table>
<thead>
<tr>
<th>Country</th>
<th>2020 Growth</th>
<th>2025 Growth</th>
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<tbody>
<tr>
<td>Taiwan</td>
<td>-2%</td>
<td>-20%</td>
</tr>
<tr>
<td>China</td>
<td>-4%</td>
<td>-22%</td>
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<tr>
<td>Pakistan</td>
<td>-5%</td>
<td>-16%</td>
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<tr>
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<td>Indonesia</td>
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<td>Philippines</td>
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<tr>
<td>Malaysia</td>
<td>-22%</td>
<td>0%</td>
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</tbody>
</table>
ASIA PACIFIC

In that environment, Asia Pacific media owners advertising revenues decreased by an estimated -4.9% in 2020 to $174 billion. This is even weaker than the APAC performance in 2009 (-4.0%) and it is in line with the global ad market decline in 2020 (-4.2%).

For full-year 2020, linear advertising ad sales (linear TV, print, radio, OOH) shrunk by -19%. This is far worse than 2009’s -5.7% performance for linear advertising. The difference for total APAC growth is that in 2009 linear advertising formats represented 87% of total budgets; in 2020, linear advertising formats only represented 42% of total advertising spending. Revenues from digital advertising formats slowed down compared to 2019 (+15%) but still grew by an estimated +9.0% in 2020.

In 2021, the APAC advertising economy will rebound by +11% to reach $193bn, as the economy surpassing the prior high water mark from 2019.

APAC remains the second largest global advertising region, behind North America but $60 billion ahead of EMEA which. Because EMEA’s decline is expected to be even larger than that of APAC this year, the gap between the regions will widen further.

The APAC advertising market is concentrated around the two largest markets China and Japan, combining to represent 69% of total regional spending. The strongest performance in the region in 2020 came from Taiwan (+2%) and China (+0%) – the only two markets to remain stable or positive despite the global recession. The worst market performance came from Malaysia (-22%), Hong Kong (-20%), and India (-16%).

Advertising spending and growth in APAC continues to be driven by digital formats. Digital advertising sales slowed down but still grew by +9% in 2020 to reach $101bn. That impressive strength was driven by social media (+19%), video (+12%) and search (+9%). Static banners (-7%) were the only digital format to experience decline this year. Mobile digital ad sales continue to be where most growth in consumption and spending as mobile advertising increased by +16%. Smartphones and feature phone continue to play a larger role in the digital life of APAC consumers, and the Chinese market is one of the most advanced large mobile digital market globally, in terms of both features and in share of digital spending. In 2021, digital spending growth will rebound to +13% due to the slightly easier comparison with 2020 growth, to reach $114bn.

In APAC, like in most global regions, lower funnel direct digital ad formats held up better as a result of COVID slowdowns compared to upper funnel brand advertising. As budgets were adjusted to reflect the new post-Coronavirus economic reality, brands consistently prioritized spending that was easiest to attribute directly to sales. As a result, search and social as well as performance video remain the bastions of digital ad spending strength in APAC. Paid search remains by far the largest portion of digital ad spending in APAC, representing just over half of total digital budgets, and whatever weakness there is in core search engines is offset by continued organic growth in eCommerce related product listing ads.

Television advertising spending declined by an estimated -15% in 2020 to reach just 27% of total budgets. Television budgets had already declined by -3% in 2019, the first decline since 2009, and the impact of the global recession and COVID lockdowns in 2020 has accelerated the shift to digital advertising. The Olympics in Tokyo were expected to be a supporting factor for brand advertising and television spending in 2020; their postponement until 2021 means that 2021 spending will likely be stronger (+7.4%), but compounded the pain felt this year in the APAC television industry. During the lockdown period, consumption of linear television, which had been eroding in recent years, rose sharply. In China, TV viewing grew by almost 50% y/y during the early stages of lockdown, but returned to 2019 levels in the spring as businesses, schools and factories reopened. In India, linear TV consumption increases peaked around +30% vs 2019 during some weeks but has also returned to normal levels since. Almost every APAC market (like most global markets) saw a spike in television consumption as quarantines went into place, but viewing returned to its long-term pattern of erosion by the summer.
ASIA PACIFIC

Print ad sales continued to decline, with newspapers (-27%) and magazines (-26%) both weak this year. Print represents such a small portion of total spending, however (just 6% in APAC) that these declines do not have a huge impact on total regional growth. Many verticals or brands that might consider deeper print cuts have already cut print formats entirely from their media plans for years and the remaining users.

Radio ad sales declined by -23% in 2020, following a -3% decrease in 2019 (the first decline since 2009 in radio).

Out of home has been strong in APAC in recent years, but quarantines and shutdowns have hurt OOH audiences and sales in the first half and MAGNA believes full-year 2020 ad revenues declined by -22% to $10 billion before recovering by +10% in 2021.

CHINA

KEY FINDINGS

- Chinese media owners advertising revenues were stable in 2020 (+0.2%), the worst performance in the past 20 years for the Chinese market but one of the most resilient in the world this year as China one of only five global markets that will not shrink in 2020.
- Digital advertising sales grew +10% despite the global recession.
- Digital spending reaches CNY 395 billion ($57 billion) to represent 72% of total spending, making China the second most mature digital media market, behind the UK but ahead of the US.
- China did not outperform when it comes to linear advertising formats, whose sales declined by -19%, slightly worse than the global average (-18%).

Chinese media owners advertising revenues were flat in 2020 (+0.2%), the worst performance in the past 20 years (the Chinese market actually grew during the 2008/2009 recession), but still one of the five global markets that did not shrink this year in 2020. Total Chinese ad sales (linear+digital) remain stable at CNY 552 billion ($80bn), as China remains comfortably the second largest advertising market behind the US ($227bn) and ahead of Japan ($40bn). The market performance is significantly stronger than both the APAC average (-4.9%) and the global average (-4.2%).

China was the first market exposed to COVID, but ultimately was not one of the worst impacted thanks to an early, aggressive and effective government response. China has had just 86,000 total cases, and slightly less than 5,000 deaths. Early in the year, this represented the global lead. However, 60 million cases, and 1.4 million deaths later, China’s response to the Coronavirus represents a huge success. And China’s economic performance reflects this success. Chinese GDP is thus expected to increase by +1.9% in 2020 (IMF WEO October 2020), the only large economy to avoid recession. While this may represent very weak growth historically for China, and China did suffer negative GDP for the first time in decades in Q1 (-6.8%), the economy has been growing again since Q2. The fact that a ‘terrible’ economic year for China still delivers growth, while most developed markets are seeing recessions in the mid to high negative single digits, is telling for the enduring strength of the Chinese economy on the global
stage, and the effectiveness of its economic governance. In 2021, Chinese GDP is now expected to increase by +8.2% (IMF), higher than the prior forecasts, as some of the 2020 investment and consumption might be deferred into 2021.

**Digital ad formats revenues grew by +10% to reach CNY 395 billion ($57 billion), and will grow to represent 72% of total spend (as linear media will decline much more significantly this year). Digital ad spend growth came primarily from mobile devices which saw spending increase by +17% in 2020 to reach 83% of total digital spending. China is one of the most advanced digital markets in the world, with a huge share of total spending represented by digital media, and a huge share of digital advertising spending coming from mobile devices.**

By format, **Search remains, by far, the largest segment**, and represents 59% of total ad budgets in China. Search advertising spending increased by an estimated +11% in 2020. This includes some declines in core search advertising spending, offset by continued strength from eCommerce search advertising giants Alibaba and JD.com. In fact, the **five digital media giants (Alibaba, Tencent, Baidu, Sina, and Sohu)** together control more than 75% of total digital advertising revenues in the only market where Western giants (Google, Facebook and Amazon) are completely absent. Growth was strongest in social media advertising, where ad spending increased by +22% even in the COVID-driven recession as consumer engagement with social media grew during lockdowns and beyond. Finally, digital video advertising will increase by +11%. The only significant declines in digital media formats came from static banners, declining by -9%.

**Linear advertising formats decreased by -19%, shrinking to just 28% of total ad budgets in China in 2020.** The largest share of linear spending goes to television, where advertising declined by -18% to fall to just 20% of budgets this year. While the television market is very concentrated in China, demand evaporated during the heights of the COVID crisis and cost increases were unable to offset those declines. In addition, most PSTV networks stopped recording variety shows which are very popular in China. Furthermore, the delay of the Tokyo Olympics was a blow to total revenues. As a result, many brands cancelled or postponed their campaign plans. Other linear advertising formats did not see significant spikes in consumption during quarantine. **Radio** consumption remained stable around 57 minutes per day, only slightly higher than 53 minutes per day in 2019. Radio ad sales decreased by –27% to just 2.4% of total budgets. **Print** ad sales declined by -25%. **OOH advertising sales declined by only -10%, one of the most resilient performance in the world this year (average -25%) due to stability in revenues generated by digital OOH screens. Finally, **cinema** ad spend declined by -84% as many cinemas remain closed for most of the year.**

Across **industry verticals**, the worst budget cuts in 2020 came from retail, auto, and travel. The strongest performance came from technology, appliances, food and beverages. Chinese car sales were already slowing down pre-COVID and declined almost to zero during the first quarter quarantine, and while they have recovered significantly since, automotive remains one of the weaker industry vertical. Travel and retail will have an overhang for the full year from both formal restrictions as well as consumer reluctance to expose themselves to public spaces.

**In 2021, the Chinese market will grow by +10.9% to reach CNY 612bn ($89bn) as GDP is expected to increase by +8.2%.**
ASIA PACIFIC

AUSTRALIA

KEY FINDINGS

• **Australia’s** advertising market declined by -6.2% in 2020, to 15.7 billion dollars ($10.9 billion). As GDP shrinks by -4.5% due to the COVID-triggered recession.

• Linear ad sales decreased by -25% while digital advertising sales increase by +6%.

• TV ad sales fell by -16%, radio by -27%, print by -32%, and OOH by -38%.

• In 2021, MAGNA predicts Australian advertising spending to recover by +11% (linear +17%, digital +9%) to reach AUD 17.5bn, as the economy stabilizes and recovers (GDP +3.3%).

Australia has had reasonable success combating the COVID outbreak. There have been fewer than 30,000 total cases in the country, and fewer than 1,000 deaths. While there was a second wave in the late summer in Australia, the COVID crisis is once again under control (despite spiking in most other large countries heading into the winter). Australia’s economy shrank by -4.5% this year, however, due to the Australian economy’s significant reliance on raw materials, tourism, and international trade.

In this context, **Australia’s advertising market declined by -6.2% in 2021 to reach AUD 15.7bn ($10.9 billion).** This will be a result of linear ad spending declining by -25%, and digital ad spending growing by +6%.

Digital advertising spend remained robust, growing by +6% full-year. That strength came primarily from social media (+12%), digital video (+13%), and search (+7%). Digital ad sales now represent 68% of total ad budgets, one of the highest shares in the world. As with many countries and regions, **brands in Australia prioritized “lower funnel” direct advertising formats** that support ecommerce sales. Brand advertising campaigns, that target consumers higher in the funnel, has been weaker than direct advertising, but has also started to recover in the second half of the year. Weakness in digital advertising came from static banners (-9%), and other digital advertising (-11%). **In 2021, digital will grow by +9%**.

Linear advertising formats experienced a -25% decline in advertising revenues in 2020. They combine to represent just under a third of total advertiser budgets, and the largest is television.
ASIA PACIFIC

Television advertising revenues declined by -16% to represent just 18% of total budgets. In addition, while the summer Olympics in Tokyo were not expected to be a huge tailwind for advertising spending (rather than just reallocating budgets throughout the year in 2020), their delay until 2021 created an additional headwind for TV advertising spending in 2020. Furthermore, while TV consumption did spike in Australia as it did in many markets in the Spring, it wasn’t as long-lasting as it was in many markets, quickly returning to the normal consumption baseline.

Other linear formats have suffered even more severe declines in 2020. Radio ad sales shrank by -27%, print declined by -32%, and out-of-home ad sales decreased by -38%. Cinema advertising collapsed by -67% as theaters closed for most of the year and no US blockbuster was released after March. Despite the relatively mild impact of COVID on Australia measured in case counts, COVID did have a significant impact on consumer behaviour. Working-from-home patterns are focused on metro areas, and that is also where most of the OOH inventory is. Furthermore, air travel being largely grounded since March has also impacted OOH spending.

Looking at industry verticals in 2020, advertising spending was weakest in travel, restaurants, and automotive. Resilience, on the other hand, came from technology, personal care, and pharma. Strength in some larger industries will require lowering COVID quarantine thresholds. For example, foreign students are a very important part of the Australian economy, both in terms of the fees they pay as well as broader economic impetus they provide in terms of expenditure on essentials like food and accommodation. That impetus has been largely missing in 2020. That is just one of many examples of how the COVID crisis has disrupted the Australian business and advertising economy.

In 2021, Australian advertising spending will increase by +11.3% to reach AUD 17.5bn, as the economy stabilizes and recovers (GDP +3.3%). This will surpass the prior high in 2019. Spending has already picked up in Q4, and brands are demonstrating optimism about 2021’s business conditions and are spending accordingly.

JAPAN

KEY FINDINGS

- Media owners advertising revenues declined by nearly -8% in 2020, to JPY 4.4 trillion ($40.3 billion) (linear: -17%, digital: +5.5%) as the Japanese economy contracted by -5.3% amid ongoing Covid restrictions and the postponing of the Tokyo Olympics.
- Economic stabilization in 2021 (GDP +2.3%) and the 2021 Olympics will help the advertising market to recover (+9%).

JAPAN | 2020 | 2021
--- | --- | ---
Total Market (JPY) | 4,395,374 | 4,807,984
Total Market (USD) | 40,322 | 44,107
Ad Spend Growth | -7.8% | 9.4%
Ad Spend / Capita (USD) | 321 | 352
Real GDP Growth | -5.3% | 2.3%
Economic Inflation (CPI) | 0.2% | 0.4%

Exchange Rate: 109.008 JPY: 1 USD

JAPAN MEDIA MIX

- Digital: 46%
- TV: 33%
- Print: 10%
- Radio: 9%
- OOH: 2%

JAPAN ADVERTISING SPENDING 2020

- Total: -8%
- Digital: -17%
- Linear: -13%
- TV: -20%
- Print: -12%
- OOH: -26%
Japan remains the third largest ad market in the world and the second largest in APAC, behind China, with $40 billion in 2020 net ad revenues. Historically, the Japanese ad market has been very stable, growing by around +2% to +4% per year. In 2020, ad spend declined by -7.8% amid economic and public health uncertainty. Additionally, some lingering negative impacts from the October 2019 sales tax rate hike led to reduced spend in the first quarter.

A significant rebound is expected for most media formats in 2021, due in part to the delayed effect of the Olympics. Linear ad sales will grow +9% to 2.6 trillion yen ($24 billion), driven by strong growth from television (+12%) and OOH (+8%).

In the spring of 2020 the COVID outbreak had a relatively mild direct impact in Japan compared to North America and Europe, with approx. 17,000 cases and a thousand deaths (40 times less than the UK for instance) as of late May. The safety measures taken by the Government were also relatively mild compared to the severe lockdowns experienced in Europe or America. Cases began to climb again in August, rising to a peak of nearly 2,000 cases per day. September and October saw a gradual slowdown, but the number of daily Covid cases then began to rise again in November. As of mid-November, Japan had 135,000 cases, still well below the UK (1.5 million cases with half the population of Japan), but well above neighboring South Korea (31 thousand) and China (86 thousand). In response to the second wave in the fall, the Japanese government is considering limiting attendance for large public events (including sporting events) and scaling back on the government-supported “GoTo” campaign that offers discounts for domestic travel and eating out at restaurants. In addition to the direct effects of the Covid pandemic, the lingering slowdown of consumption caused by the October 2019 sales tax rate hike plus the costs and missed income caused by the postponement of the Olympics to 2021 have combined to trigger a deep economic recession this year. The IMF predicts real GDP to shrink by -5.3% this year (Oct. 2020 forecast).

The Olympics being moved to 2021 was a significant blow to the Japanese economy, one which may have cost Japan $3 to $6 billion in lost tourism revenue, maintenance fees, and contract renegotiations. New Prime Minister Suga and Thomas Bach, the head of the International Olympics Committee (IOC), met in November to discuss plans for the 2021 Tokyo Games. Both expressed confidence that the Olympics will not be postponed again, though it is possible fans will not be able to attend all events and country delegations may have to be pared down. On the vaccine front, the government has agreed to purchase 120 million doses of the Pfizer and BioNTech vaccine, as well as at least 100 million doses of the AstraZeneca vaccine. Once available, the vaccine will be free to all citizens.

In this uncertain economic environment, linear ad sales (linear TV, radio, print, OOH) decreased by -17% in 2020, to JPY 2.4 trillion ($22 billion). This is the worst-ever linear media performance for the Japanese ad market. During the 2009 recession, when Japanese real GDP contracted by a similar amount (-5.4%), but linear advertising dropped by only -14%.

Media consumption—and linear television consumption in particular—increased significantly in March. TV viewing was up +23% over 2019 levels in the week of March 23, following the nationwide state of emergency announcement, and remained elevated for around the next two months. Since then, consumption has gradually returned to 2019 levels as mobility restrictions were phased out and people returned to their usual routines. The rise in TV supply was of little help to TV vendors in the face of declining demand in the second quarter. Reduced demand from heavily affected industry verticals (entertainment, auto, retail, travel, etc.) was first felt in late March and April, as TV campaigns typically require one month notice for cancellation. TV ad spend stabilized somewhat in the second half, but television pricing (CPM) fell by an estimated -9% (30” spot, free TV, A18-49) for the full year, causing television advertising revenues to drop to 1.4 trillion yen ($13.2 billion), a decline of -13%. This is the steepest decline in more than 20 years.

Print ad formats (newspapers and magazines) also saw significant declines this year, -20% overall. Radio ad sales shrank by -12%. Cinema ad spend was cut almost in half, -40%. Most major new film releases have been postponed, and attendance remains low at the theaters that have re-opened. OOH advertising sales declined -26% for the year, with steep erosion for both static (-26%) and digital (-25%) OOH formats. According to Apple Mobility Trends, transit mobility across Japan was down by around -40% between early April and mid-May, with steeper declines seen in larger cities like Tokyo (-50%), Osaka (-50%), and Fukuoka (nearly -60%). Transit, driving, and walking mobility have since recovered, and are all above the January 13 baseline level as of mid-November. The government may introduce further restrictions on mobility following the November surge in cases. The Japanese OOH market share is around double the global average (9% vs 5%) due to the high population density and huge commuting numbers. These conditions make OOH more efficient than elsewhere, which is reflected in higher costs.
ASIA PACIFIC

Digital advertising sales grew by +5.5% in 2020, reaching two trillion yen ($18.4 billion), or 46% of total NAR (APAC average: nearly 60%). Digital video and social media formats are expected to be the most resilient, increasing by +12% and +14%, respectively. Search will grow by +3% to reach nearly $9 billion, close to half of all digital ad sales. Mobile spend will be up +11% this year. A little over 70% of all digital ad dollars go towards mobile formats.

The 2021 Tokyo Olympics will be broadcast on networks in the “Japan Consortium”, a joint venture between several commercial television and radio networks that cover Olympics and FIFA World Cup matches. State-owned, ad-free NHK will be the main broadcaster, while the commercial networks (Fuji TV, TV Asahi, and Nippon TV) will air specific events. Commercial TV and radio networks will offer special advertising packages around the event at a premium. Television pricing will see a moderate recovery (+2.5% CPM inflation). MAGNA anticipates television ad sales will grow by +12% in 2021. Sports newspapers, such as Sports Nippon and Sankei Sports, are also expected to see some minor driver from the Olympics, but, overall, we expect newspaper spend will still be flat (+1%) 2021. OOH will benefit from increased spending by domestic and international brands and Olympic sponsors targeting Japanese audiences and tourists. Digital ad spend will increase +10% in 2021, driven again by digital video (+12%) and social (+14%). Over the next five years we expect digital will continue to grow by +8% to +10% to per year to reach nearly 60% market share by 2025.

INDIA

KEY FINDINGS

- The Indian ad market contracted by an estimated -15.8% in 2020, following several years of double-digit growth. The lowest previous growth was in 2012 when the industry grew by +5.1%.
- Digital media is the only media type that managed to grow ad sales (+10.3%) to the point that it is now on par with television advertising (248 billion rupees – 37% market share for each).
- All media formats will return to growth in 2021 with total ad sales increasing by +26.9%, one of the strongest growth rates expected by MAGNA in world next year.

India, going into 2020 was already experiencing a tangible slowdown in economic activity. With the outbreak of the COVID pandemic in the spring, economic and business activity entered free fall. The first coronavirus case in India was confirmed on January 30 and by March 24 all of India was under lockdown, which lasted until mid-May. Phasing out restrictions began in a calibrated manner starting June 1 and all services opened up with the November 1 “unlock 6.0”. The state of the economy was complex and challenging to make any predictions on recovery with successive sets of lockdowns. IMF revised real GDP growth rate from +7% (Oct 2019) to +2% (Apr 2020) to -4.5% (June 2020) and finally in October 2020 said Indian economy may shrink by -10.3% for full-year 2020.

The pandemic triggered advertisers to drastically cut ad spend by the end of March. Signs of revival did not appear until sometime in July 2020. The extent of cut backs was severe for industries like Travel & Tourism, Hospitality and Retail, while some product categories in Personal Hygiene & Health, Pharma, Gaming, Home Entertainment and Technology showed resilience or growth. There were also some steep spending increases from product categories that had never run any campaigns or had a negligible impact pre-COVID: Hand Sanitizers, Household Cleaners, Payment Banks & Surgical Goods & Equipment.

During the first nine months of the pandemic, access to media, distribution challenges and the fear of virus attack altered the media consumption behavior, leaving behind a softened advertising landscape. Total advertising spends in 2020 will contract by -15.8% from ₹798 billion ($11.3 billion) to ₹672 billion ($9.5 billion).
ASIA PACIFIC

The only bright side of 2020 is that digital media was much more resilient and the only media to show growth, although at a slower pace. When the whole country was cooped in their homes, digital activity substantially increased across sectors including traditional brands. This aided digital ad sales to grow double digit (+10.3%) led by Social (+17%) and Video (+12%) formats.

TV ad sales, the largest media format in 2019 (37% market share), shrank by -14.8%. With this, digital will take a bigger slice of the pie, equating shares with that of television (248 billion rupees – 37% market share for each). Overall, linear ad sales fell by an estimated -26% in 2020.

The return of live sports and broadcast production, as well as the festive season likely helped with ad spend stabilization in the second half. It is estimated that second half of the year helped the market to recover to about of 80% of 2019 spends. While the degree of recovery varies for each media, OOH will need a longer window to reclaim and return to 2019 revenue levels.

In 2021, the advertising market performance will be tied to the pandemic and the business outlook will depend on how quickly vaccination can get the outbreak contained. As road maps are being drawn for distributing and administering vaccines, mass immunization requires unprecedented preparation and timelines are fluid where we stand today. Assuming the outbreak is indeed under control at some point in the year, and the IMF GDP growth prediction (+8.8%) materializes, MAGNA expects all media formats to return to growth. Linear ad sales will rise +31% and digital +19%, leading to overall growth of +27%, from ₹672 billion ($9.5 billion) to ₹853 billion ($12.1 billion).

NOTES ON OTHER MARKETS

SOUTH KOREA

South Korea’s tackling of the COVID crisis has been impressive in the global context. There have been just 30,000 cases, and less than 1,000 deaths i.e. fewer cases and four times less fatalities than in the Essex county of New Jersey. Because the government implemented comprehensive and early social distancing orders, and most companies implemented work from home in late February, the shutdown was shorter and the economic impact was much milder than in many other countries. By mid-April, restrictions began to relax, and business and circulation were close to normal by early May. Nevertheless, real GDP is expected to decline by just -1.9% for full-year 2020, due to the sharp decrease in international demand for Korean manufactured products.

Media owners’ advertising revenues were affected by the economic slowdown, with a full year decline of -3.6% to KRW 11 trillion ($9.4 billion). Linear advertising declined by -19%, while digital advertising grew by +12%.

Ad spending growth was driven by digital formats, with total digital spending growing by +12% to approach 60% of total advertising budgets. This is a huge change in media mix considering that just three years ago digital advertising formats represented just 43% of total budgets. Mobile devices drive most spending growth and will see spending increase by +20%. By format, strength will comes from social media (+20%), digital video (+18%), and search (+8%). Digital consumption has increased sharply because of the COVID crisis, and new patterns of living by most consumers. Brands have shifted spend rapidly to digital advertising formats, and digital is far less impacted than linear formats from COVID. These changes are lasting, and budgets will not return to the long-term trend after the COVID crisis is in the past.

India has had the second most COVID cases globally, behind the US.
ASIA PACIFIC

Television advertising spending shrank by -19%, to KRW 2.5 trillion. While viewing spiked just as the COVID crisis hit in the spring, the return to normal for viewing trends was only weeks afterward. Furthermore, news ratings fell throughout the quarantine after initial spikes, and viewing transitioned to general entertainment as consumers succumbed to news fatigue. Other linear ad formats have also suffered in 2020: print (-15%), OOH (-26%), and radio (-20%). Like most markets, cinema will be hit the most and will decline by nearly -40% in 2020.

In 2021, ad spending in South Korea is expected to bounce by +8% to reach KRW 11.8 trillion ($8.6bn), although the prior 2019 spending level will not be reached until 2022.

INDONESIA

The Indonesian advertising market shrank by -9.1% in 2020 to IDR 92.6 trillion ($6.5 billion). Indonesian GDP fell by a relatively mild -1.5% in 2020, significantly better than the global average (-4.4%). Despite that outperformance, linear advertising sales decreased by -16% in 2020, although digital offset that decline, growing by +6.5%. Some of the relative weakness in the Indonesian market is due to the low adoption of digital advertising (just 35% of total budgets vs global average of 58%) compared to developed markets where larger digital budgets were able to better offset linear ad spending declines as a result of the COVID global recession.

TV ad revenues decline by -10% but still represent 51% of total budgets. TV vendors face weak spend during from Coronavirus lockdown, and 2020’s TV spending is up against the tough comparison from the April 2019 with general elections that boosted TV spending. Print ad spending will decline by -30%, radio ad sales will decline by -50%, and OOH will drop by -30%.

Digital advertising sales grew by +6.5% in 2020 as the market share of digital advertising grows to 35% of total budgets. Strength came from mobile device spending, which increased by +17%. By format, strength came from social media (+18%) and digital video (+16%), as well as search advertising (+6%).

In 2021, Indonesian ad spend will increase by +10%, surpassing the prior high in 2019.

THAILAND

Media owners advertising revenues fell off by -14.7% in 2020 to THB 112 billion ($3.6bn). Linear ad sales shrank by -20%, and digital ad revenues grew by +11%. This is worse than the -12% decline recorded in 2016, when Thailand’s media economy struggled with entertainment blackouts following the death of the former King.

The economy is predicted to dwindle by -7.2% on a real GDP basis in 2020, significantly worse than the global average, despite the relatively mild direct impact on the Thai population, partly because tourism contributes to 7% of national GDP. Tourists were not allowed to return to Thailand in any capacity until the end of October, and restrictions remain in place. Thailand declared a COVID-related national state of emergency in March, and the total impact of COVID-19 in Thailand has been mild with just 4,000 cases and fewer than 100 deaths. Like many other APAC markets, however, despite an impressive response to COVID, the economy is still impacted. The reliance on outside economic forces drags down markets that responded more effectively to COVID by reducing sources of demand.

Television advertising revenues spending contracted by -13% in 2020 while other linear ad formats suffered a lot more: print (-35%), radio (-22%), and OOH (-21%).

Digital advertising expanded by +11% in 2020, a far cry from 2019’s +23% growth rate, but still extremely robust in a global economic recession. Some of this strength comes from the relative immaturity of digital advertising in Thailand (it represents just 20% of total advertiser budgets), but also reflects the resilience seen across digital advertising in APAC and globally. Spending growth was driven by digital video (+13%), social media (+20%), and search (+11%).

HONG KONG

Advertising sales dropped by -21% in Hong Kong in 2020 following a decline of -5% in 2019. This is the second worst performance in APAC (behind Malaysia) and it is mostly caused by the deep economic crisis and political uncertainty. Real GDP is expected to decline by -7.7% (IMF October 2020) due to several factors. The first is of course the global COVID recession, but the main cause of this extreme market weakness is not COVID. In fact, Hong Kong has been extremely effective at combating the Coronavirus with just 6,000 cases and only 100 deaths. Instead, the decline of marketing and advertising activity is driven by public protests that started in 2019 and have been going on and off throughout 2020, creating an environment of significant uncertainty and making brands hesitant to invest.
ASIA PACIFIC

Weakness in advertising spending has disproportionately hurt linear advertising, where spending shrank by -32%. Television ad sales fell by -30%, including a huge drop in revenues for the leading broadcaster TVB (80% viewing share in free TV). Other linear formats such as print (-44%), out of home (-22%), and radio (-13%) also suffered significant downturns.

Digital advertising formats, on the other hand, grew by +8% to reach a third of total advertiser budgets. Growth will came from video (+14%), social media (+15%), and search (+8%).

Brand marketing has also changed because of the crisis, with higher demands on discounts and bonuses for linear media. Furthermore, there is more ad-hoc planning and last-minute campaign changes in reaction to market changes, and more efforts spent on contingency plans. Finally, not surprisingly, there are stronger Ecommerce and social commerce efforts from advertisers.

In 2021, MAGNA expects the Hong Kong ad market to rebound by +11% to HKD 23bn ($2.9bn).
It will then continue to grow moderately during the next four years (+3-4% per year). Because of the sharp drop in 2019 and 2020, Hong Kong's advertising economy is not expected to regain the 2018 spending level by the end of the forecast period in 2025, although it will grow back to 96% of the 2018 level by 2025.

MALAYSIA

Media owners advertising revenues in Malaysia declined by -22% in 2020 to reach MYR 4.3bn ($1bn).

The Malaysian economy shrank by -6.7% in 2020 as Malaysia has the largest exposure to industries vulnerable to COVID shutdowns: restaurants, retail and travel/tourism sectors represent 62% of small and medium businesses in Malaysia, and many of them cut ad spend massively, even when business slowdown was relatively mild and temporary. Furthermore, Malaysia suffered one of the sharpest declines in population mobility, with transit decreasing by -80% within a few days of the beginning of quarantine. While activity has returned to normal, this still created a significant gap in spending throughout 2020 that the trending recovery in the second half cannot fully repair. That is the reason why Malaysia’s advertising spending performance was among the weakest in the APAC region in 2020.

In that environment, the -22% decline in total advertising revenues came from a contrasted combination of linear advertising sales falling off a cliff (-42%) while digital ad spending continued to grow organically (+8%).

Digital ad spend was driven by spending on mobile devices, which will still grow by +18% to represent 65% of total digital ad spending. By format, digital growth was fuelled by social media (+15%), video (+9%), and search (+7%). Only static banner display spend decreased (-9%). Linear media, on the other hand, suffered budget slashes across the board: television -26%, print (-49%), out of home (-44%), and radio (-50%).

TAIWAN

Advertising sales in Taiwan rose by +2.0% in 2020 to reach TWD 82.7 billion ($2.7bn). The Taiwanese economy was stable 2020 according to IMF (GDP +0%), better than almost every market. In the APAC region, this is only falling short of China, and results in the best overall APAC performance. Part of the reason for this strength his Taiwan's successful combating of the Coronavirus. Taiwan suffered just 600 cases, and less than 10 deaths. In addition, because of the prompt and effective methodology for tackling Coronavirus, Taiwan did not need implement mandatory lockdowns on restaurants or places of entertainment, rather just implemented a mandatory mask policy everywhere. This avoided the giant hole in advertising spending in March and April, when the first quarantines went into place almost everywhere else.
ASIA PACIFIC

Nevertheless, linear ad spending decreased by an estimated -14% this year, but that that was more than offset by digital ad spending expanding by +13%. Within digital, growth was fuelled by ad campaigns on mobile devices, which soared by +18% to reach 81% of total digital spending. By format, growth came from social media (+23%), search (+11%), and digital video (+7%).

Television ad sales dropped by -9%, i.e. less than global regional average. In addition, because there were few shutdowns there was only a small spike in viewing unlike many markets as some consumers ended up working from home voluntarily. Other linear formats also suffered relatively mild declines by international standards (out of home and radio both -11%) but print ad revenues fell by -35%.

In 2021, Taiwan advertising spending is expected to grow by +9.6% to TWD 91bn.

PHILIPPINES

Advertising spending in the Philippines fell by -13% in 2020, down PHP 105bn ($2.0bn). The economy contracted by -8.3% in 2020 as several key industries like travel (tourism is nearly 13% of GDP) or export manufacturing, suffered from the global COVID pandemic.

That -13% decline in advertising spending was the combination of linear advertising revenues dropping by -16%, and digital advertising growing by +10%. Linear media still represents by far the lion’s share of spending in the Philippines, with TV alone commanding more than 60% of advertising spending. Television spending dropped by -11% in 2020, while other linear formats fared much worse: print (-47%), radio (-13%), and out-of-home (-37%).

Digital ad spending strength will be led by spending on mobile devices, which will see spending increases of +18% (although still a far cry from 2019’s +35% mobile spending growth). By format, digital strength will be led by social (+19%), video (+12%), and search (+5%).

SINGAPORE

Singapore’s advertising sales decreased by -6.1% in 2020 to SGD $2.1bn ($1.5bn). As Singapore’s economy suffered from a -7.4% drop in a real GDP, linear advertising declining by -14%. The continued growth of digital ad spending (+12%) was not enough to offset the heavy downturn in linear media budgets.

Television spending increased by +5% in 2020 despite the COVID related shutdowns and the global recession. This is for several reasons. First: a unusually low comp: television advertising had dropped significantly in 2019 (-10%) due to Mediacorp cutting prices to meet dwindling demand. In addition, the Singapore government stepped in to purchase significant television inventory at market prices to support COVID safety campaigns. Singapore’s government increased their spending by +50% in linear media y/y in Q1, and represented 20% of total spending in the entire market. Government spending on television continued into the second half although at slightly lower levels. In addition, there was some television spending related to the Singapore General Election held in July to elect members of the 14th Parliament of Singapore. Finally, there was some spending by the Health Promotion Board to battle against the 2020 outbreak of Dengue in Singapore.

If Government ad spend rescued television in 2020, it was not enough to offset huge ad spend cuts from the private sector, resulting in heavy declines for print (-30%), out of home (-25%) and radio (-15%). Print was especially hard hit by reductions in ad budgets across industries such as retail, autos, exhibitions, and real estate.

Digital ad spending growth (+12%) was led by social media campaigns (+21%), search (+10%), and digital video (+15%) with only static banners (-5%) generating smaller advertising sales. Digital spending growth was spearheaded by food, tech, finance, and personal care.

NEW ZEALAND

The advertising economy eroded by -4.7% to NZD 2.7bn ($1.8bn) in New Zealand in 2020. This is reflective of linear ad formats declining by -14%, and digital media growing by +4%. New Zealand has been a high-profile success story at tackling the COVID crisis, with just 2,000 cases, 25 deaths, and near-total eradication on the island. However, this was at the cost of a very aggressive shutdown, with only supermarkets and pharmacies remaining open as essential services. As a result, the New Zealand economy will decline by -9.2% in 2020, significantly worse than the global average (-4.4%).

The resilience of digital advertising came from social media campaigns (+19%), digital video (+6%), and search (+5%), with digital ad sales reaching 55% of total budgets at the end of 2020. This contrasts with heavy reduction in linear media ad sales, in television (-9%), print (-24%), radio (-10%) and OOH (-20%). Television spending was actually more resilient than the 2020 decline figure suggests, because the 2019 Rugby World Cup created a tough comparison for 2020 spending.
ASIA PACIFIC

In 2021, the New Zealand advertising economy will rebound by +5% to reach NZD 2.9bn, essentially making up the entire gap of spending lost in 2020. 2021 will also see a return to the long-term consumption trends that were seen pre-COVID (falling linear TV audiences, increases in digital usage and Ecommerce growth). Consumer spending has also recovered significantly towards the end of 2020 which will cause a strong performance heading into 2021.

VIETNAM

Advertising revenues declined by -5.1% in Vietnam in 2020 to VND 27.8tn ($1.2bn). This was caused by linear media ad sales dropping by -9%, while digital ad sales growing by +15% from a relatively low basis. Linear media still represents the vast majority of spending in Vietnam (83%) despite the negative performance this year, and weakness of ad sales affected TV (-7%), print (-20%), out of home (-35%), and radio (-10%).

The relatively small declines in linear media (at least compared to many other markets) are reflective of an economy that has coped with the global COVID crisis better than most. Real GDP in Vietnam is expected to grow by +1.6% in 2020, and Vietnam stands out with just 1,300 COVID cases, and 35 deaths, despite being near the global epicentre of the virus.

PAKISTAN

Linear and digital ad spend both grew by high-single-digits to double-digits from 2013 until 2018, which was plagued with economic and political uncertainty. The Pakistani rupee depreciated by over -30% amidst a growing current account deficit, and the media industry was hit hard by spending cuts from many major TV spending verticals, including CPG/FMCG and communications. 2019 saw a return to stability for the Pakistani economy the advertising market, bolstered by cyclical events like the 2019 Cricket World Cup.

The COVID pandemic has now damaged this economic recovery: the IMF expects real GDP will be down -0.4% this year, a relatively minor decline but still a slowdown from previous years of +2% to +6% growth. Consumer price inflation will remain high (+11%). Pakistan went into COVID lockdown on March 24, which was extended through May 9. As of mid-November, Prime Minister Khan is not considering a second lockdown, citing damage to the economy, despite the urging of health experts to ban large public gatherings.

In this context, linear spend declined -6% in 2020, a relatively modest decline compared to many other APAC markets. Cinema saw the steepest decline, -15%, from a very low base; OOH -10%; and television and radio -5%. Digital spend slowed significantly, but still saw double-digit growth: +18%, bringing total net digital ad revenues to $15 million—just 18% of total NAR. Digital video (+28%) and social (+23%) are the engines of growth, followed by search (+11%) and finally display (+4%).

2021 should bring a recovery for most media formats, including radio (+3%), OOH (+4%), and magazines (+1%). Television will see continued erosion, -2%, while digital will accelerate (+21%). Growth will continue in 2022, supported by improving macroeconomic fundamentals (real GDP: +4%, following growth of +1% in 2021).

SRI LANKA

The Sri Lankan advertising economy contracted by -11% this year, falling to $310 million. Real GDP is likely to decline by -4.6%, according to the October 2020 IMF report (April report: -0.5%), and nominal GDP will be flat amid CPI inflation of +5%.

Sri Lanka weathered the spring spike in Covid cases fairly well, with less than 200 new cases per day at the peak in late May. In early October the number of cases began to increase exponentially, growing by 300 to 800 cases per day—more than three times the case rate in the spring. The capital, Colombo, went into a lockdown at the end of October, including a curfew and a ban on travel except for essential services. Earlier in the year, the government had imposed a three-month lockdown that lasted until the end of June.

Linear ad sales eroded by -17% for the full year, dropping to $226 million, with out-of-home (-30%), cinema (-30%), and television (-20%) seeing the steepest declines. Digital, on the other hand, grew by +14% to reach $80 million, a little over 25% of total advertising revenues. As we see across APAC, the strongest growth comes from video (+35%) and social (+22%), with search (+11%) seeing more moderate increases.

The IMF expects economic improvement in 2021, with real GDP forecast to grow by +5.3%. Improved macroeconomic fundamentals will support ad spend growth for both linear (+6%) and digital (+21%) formats. All ad formats, including print (+1%) and television (+6%), are expected to see some level of growth in 2021. The total advertising market will rise by +10% in 2021, to $370 million.
**LATIN AMERICA**

**KEY FINDINGS**

MAGNA Predicts V-Shaped Recovery for the Latam Ad Market in 2021 Following a Deep Decline in 2020

- Total regional ad sales declined by an estimated -11% in 2020, to USD 20.8 billion.
- The COVID crisis added to the economic woes of several markets and led to massive cuts in linear advertising spend (-22%).
- Digital advertising slowed down but continued to grow organically (+9%), as digital usage spiked during lockdown periods.
- The Brazil ad market declined by -7% in 2020 as it combats economic uncertainty and political tension.
- Mexico’s media owners ad revenues fell by -18% in 2020 as the rise in COVID cases continue to hamper economic re-stimulation.
- MAGNA forecasts a substantial rebound in 2021 (+8%), led by economic stabilization (GDP +3.6%) and a re-acceleration in digital spending (+12%).

The COVID pandemic has severely affected Latin America more so than other parts of the world. With just 8.2% of the global population, Latin America has suffered more than 21% of global cases and 31% of global deaths as of late November - even with the heavy underreporting in countries such as Mexico. The pandemic has shed light on various structural issues, such as high poverty rates and a largely exposed informal sector, that have left them poorly positioned to handle the...

**Markets Covered:** Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, Peru, Uruguay
Local outbreaks. The economic consequences have been devastating in a region that was already economically fragile pre-COVID. The IMF estimates that economic activity (real GDP) shrank by -8.1% in 2020, a much sharper recession than the global average of -4.4%.

The LATAM region remains home to many low and middle-income countries which proved particularly vulnerable to the economic impacts from COVID-19. This is due to the relatively low number of white collar jobs that could transition to work-from-home mode, the high share of agricultural, manufacturing and mining jobs, and the high shares of informal employment. These workers lack access to unemployment benefits, government help and adequate health care – increasing their risk of slipping into poverty, which already affects 25% of the region’s population. Among these setbacks, various LATAM countries are simultaneously battling their own political and economic issues. Several countries, such as Brazil and Peru, are confronting political chaos and upheaval. Countries such as Argentina are battling an extended recession, leaving them fiscally strained to combat their local outbreaks. COVID cases are also still elevated in most markets - not far from their peak levels in Brazil and Colombia, and registering new daily highs in Mexico.

In that environment, most industry verticals cut marketing and advertising spend in 2020. The travel and tourism industry will see the largest contraction in ad spend in 2020 (-40%) across the LATAM region, along with strong reductions in automotive (-22%) and restaurant (-20%) spending.

Following the sharp ad budget cuts this year, MAGNA estimates that total advertising spending, and sales, declined by an estimated -11% in 2020, to USD 20.8 billion. The ad market will rebound by +8% in 2021, led by a moderate resurgence in travel spending (+14%). Brazil will see a more immediate advertising recovery while markets such as Mexico and Colombia will experience a slower rebound. Total ad revenues across the region are expected to recover to 2019 levels by 2022.

In 2020, LATAM advertising budgets will see an accelerated shift in spending from linear to digital formats, as advertisers focus on lower funnel marketing channels and capitalize on increased usage across digital devices. The digital ad space continues to grow organically as more and more consumers and marketers embrace it, and there is enormous room for growth as the share of digital formats in the region (43%) lags far behind the global average (59%).

In leading this shift, linear media formats endured sharp spending cuts across most regions (-22%). The absolute losses were led by a reduction in TV ad sales, contracting by -18% in 2020. A large bulk of regional losses were driven by significant cuts across the Mexican TV market; where major advertisers shifted some of their reduced ad budgets to digital formats due to a conflict with television vendors. With the Copa America and Olympics postponed, the LATAM region will also lose out on much needed air-time as most sports were delayed for the majority of 2020. These events are likely to bring in some incremental spending in 2021 when the tournaments take place, though nowhere near the gains realized following the FIFA World Cup in 2018.

Other linear formats will see even stronger declines in 2020. Print ad sales will shrink by -38%, OOH ad sales will collapse by -37% and radio ad sales will tumble by -25%. The immediate and strict lockdown measures as cases were first identified in LATAM countries resulted in severely depressed mobility trends for numerous months. Radio and OOH sales will see a slow and stable recovery through 2025, but print ad sales will fall back into an eroding state in 2022 following a minimal 2021 recovery (+2%). Overall, no linear formats are expected to recover to 2019 levels.

Digital advertising, however, will remain the clear winner out of the pandemic. LATAM registered resilience in digital ad spend in 2020 (+9%), slightly higher than the global average (+8%). Digital spending growth was driven by video ad formats (+15%) and social media formats (+16%) as consumers looked to foster online connections while under long quarantines. Following new
adoption into the digital space, MAGNA forecasts digital ad sales to continue its strong momentum into 2021, sustaining a robust +12% rebound. Digital ad sales are expected to overtake linear ad formats in overall media share by 2024.

BRAZIL

**KEY FINDINGS**

- All-media advertising revenues declined -7% in 2020, with steep declines for linear media and moderate digital growth.
- 2021 will see a strong recovery: +8%.
- Political and economic instability remain a concern in Brazil, as COVID cases continue to rise while the President refuses to implement nation-wide lockdown measures
- Brazil remains the largest advertising market in Latin America, accounting for around 60% of regional ad sales, and the seventh largest ad market in the world.

Brazil is the seventh largest advertising market in the world and the largest in Latin America with total advertising revenues of $12.3 billion at the end of 2020.

Brazil’s economy has been fragile since the 2015-2016 crash, when real GDP plunged -3.6% while economic (CPI) inflation surged to +9% amidst political upheaval and wide-ranging corruption scandals. Real GDP was relatively stable between 2017-2019, growing around +1% per year, though economic uncertainty and political tension following the election of controversial president Jair Bolsonaro and the incarceration of former president Lula continued to hurt economic recovery. According to the latest IMF forecast (October 2020), real GDP is likely to decline by -5.8% this year (April 2020 forecast: -5.3%), making 2020 an even worse year for the economy than 2015.

The first COVID case in Brazil was identified in late February, later than much of Europe, and by late March most state governors had imposed quarantines. Brazil had reported almost 800,000 cases by early June, similar to the infection rate seen elsewhere at the time (3,600 cases per million compared to 2,000-6,000 in Europe and the US). President Bolsonaro drew criticism for downplaying the outbreak and encouraging state governments to re-open immediately, going so far as to join anti-lockdown protesters in the capital of Brasilia. Cases continued to rise through August, the same trend seen in several other Latin American markets (incl. Mexico, Colombia, Argentina) before dipping slightly in September and October. As of mid-November, the daily new case rate seems to be increasing again, and a total of around 6.1 million cases have been confirmed since the start of the outbreak. Bolsonaro continues to be a staunch critic of lockdown measures, calling other countries “crazy” for introducing new lockdowns. In November he stated that he will not pay for the Anvisa vaccine that is currently going through clinical trials in Sao Paulo due to the company’s links to China.

In this context, linear net advertising revenues fell by -18% this year, more than double the decline seen in 2016, to 25.2 billion BRL ($6.4 billion). Given the ongoing economic and political uncertainty in Brazil, we expect linear sales will see only a modest recovery in 2021, +5%, and will remain below 2019 levels over the next five years.
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Out of home formats suffer the most, with revenues down -23% overall. Traditional OOH has been the hardest hit, with ad sales declining -27% to $240 million. According to Apple Mobility Trends data, transit mobility dropped an average of -77% below the baseline between mid-March and early June and remained -50% to -60% below the January baseline through October. Driving mobility did show signs of recovery between August and October, but then began to decline again in November. Radio net ad revenues declined by -22% to $380 million, and print dropped to a little over $350 million (a decline of -26%).

Television ad sales ended the year at $5.2 billion, a decline of -17% over 2019, with broadcast television (which accounts for over 80% of total TV sales) down -15% and pay TV down -26%. Linear television consumption increased in mid-April, when lockdowns were initiated in many areas, with Brazilians spending, on average, around 475 minutes day watching linear compared to 390 minutes per day in January 2020. TV ratings then began to normalize in June, as cities started to relax restrictions.

Digital media continued to see growth, +8%, a significant slowdown from 2019 growth of +17%. Digital video (+13%) and social (+15%) remain the growth engines, reaching a combined $3.6 billion, 60% of total digital NAR. Search will be stable this year (+2%), while display will struggle. Mobile formats will be the main beneficiaries of increased digital spending, with mobile ad revenues expected to grow +17% to $4.2 billion.

Total ad sales declined -7% overall, to BRL 48.5 billion ($12.3 billion), amid economic and political uncertainty and weak demand from almost all key industries, including the automotive, travel, retail, and furnishings and appliance sectors.

Next year (2021), we expect to see renewed growth across linear (+5%) and digital (+12%) ad formats. In total, the advertising economy will recover by +8% in 2021, supported by improved economic growth (real GDP: +2.8%, nominal GDP: +6.3%).

MEXICO

KEY FINDINGS

Collapse in the Mexican Economy Led to Heavy Decline in the Advertising Market

• Following the recession in 2019, COVID-19 further weakened essential segments of Mexico’s economy (tourism, manufacturing, energy) and most industry verticals had to cut marketing budgets.
• As a result the Mexican advertising market declined by an estimated -17% in 2020.
• Digital advertising continued to grow despite the crisis (+10%) due to organic growth and shifting spend from linear formats.
• Meanwhile linear media suffered a heavy decline (-30%). Television advertising revenues suffered full-year decline of -22%.
• In 2021, MAGNA anticipates a recovery for all ad formats: digital +13%, linear +4%, total +8%.

The Mexican advertising market declined by an estimated -17% percent in 2020, to MXN 79 billion (approx. USD 4 billion). MAGNA predicts total NAR will rebound by +8% in 2021, though the market will endure a more gradual economic recovery, likely to extend through 2022.

Leading up to 2020, Mexico had already experienced a mild recession last year. The economic instability only deepened...
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This year as COVID made impact in the country in March. The IMF now predicts GDP to contract by -9% in 2020, a worsened outlook from their earlier April projection of -6.6%. Mexico’s higher-than-average informal economy and high exposure to the volatility of the US economy are among many factors that contributed to its collapse in Q2 (-19%), which was the country’s worst quarterly decline since the Great Depression. Other factors include the country's exposure to the energy sector, where prices and exports collapsed, as well as a widespread collapse in tourism, that accounts for 15% of national GDP. Facing these challenges, Mexico’s Government led by President Andrés Manuel López Obrador (AMLO) provided a rather modest stimulus package compared to other LATAM markets, only equating to 3% of the country’s GDP. Mexico’s high dependence on the US economy has also brought on some challenges in navigating a recovery. The northern neighbor accounts for roughly 80% of Mexico’s total exports. A reactivation of the US economy in Q3 has provided some hope for Mexico’s outlook, as manufacturing and exports saw a slight recovery this quarter, primarily due to a rekindled US demand for automotive products. Tourism, however, still remains depressed and millions of citizens have been pushed into extreme poverty. Currently, AMLO is banking on Pfizer’s vaccine to be approved in the coming weeks, in hopes that vaccines could reach Mexico as early as December. However, AMLO’s relatively moderate stimulus response coupled with new record daily cases will not bode well for Mexico as it struggles to stabilize the economy.

In that environment, tourism (-41%) and auto (-36%) sectors cut marketing spending massively, while food (-12%) and personal care (-12%) industries suffered the least as consumers prioritize essential needs. Overall, Mexico is likely to recuperate significant ad spend losses in 2021 (+8%), though a longer-lasting ad market recovery will extend past 2021.

Linear ad formats are the main casualty across all markets, including Mexico. In 2020, linear ad sales declined by -30% - worse than the LATAM average at -22%. The contraction was primarily due to significant cuts in TV ad sales, though declines were felt across all media formats. Digital spend, however, saw substantial growth (+10%) through 2020.

Television ad sales suffered the largest losses in total spending, declining by -22%. The brunt of the losses came from Broadcast TV (-18%) due to boycotts across major advertisers in the first half of the year. Leading broadcasting companies Televisa and TV Azteca, which together control roughly 80% of the TV advertising market, saw sales collapse by -31% in H1 YOY. Q3 showed a lesser decline, but total ad sales are still down -24% YTD. Pay TV ad sales saw steeper losses in 2020 (-36%) as advertisers deferred and/or pulled back budgets significantly. In 2021, MAGNA anticipates TV ad sales to increase by a slight +2% as the format struggles to regain its ground. After slight growth in 2023 as well, the format will return into a mildly eroding state in 2023 onwards.

Budget cuts were felt more strongly across other linear media formats. Print ad sales fell by an estimated -61% (newspapers -60%, magazines -65%), with declines accelerated by the shift to digital consumption. Struggling to regain traction, print ad sales will only recover a minimal +4% in 2021. OOH and cinema ad sales suffered large losses as well, contracting by -50% and -68% respectively. Though, these formats are bound to experience stronger recoveries as consumers re-populate public spaces and businesses. MAGNA anticipates OOH NAR to rebound by +14% in 2021 and cinema to see a strong +30% recovery. Both formats

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will carry positive growth through 2025, but never fully recover to pre-COVID levels.

Despite cuts elsewhere, digital ad formats saw robust growth in 2020 (+10%), benefitting from high usage and demand in the digital space. Social and video formats grew by a healthy +19% and 18% respectively. Search (-2%) and display (-6%), however, saw slight losses this year.

MAGNA projects that total digital spending will see a slight uptick in 2021 (+13%) and maintain strong growth, hovering between +7-10% annually through 2025. The COVID pandemic has accelerated the trend towards a digital-centric focus with a shifting emphasis on mobile devices, which saw +17% growth this year. Substantial ad dollars are expected to shift from linear formats, and digital ad spending is projected to overtake share of TV spending by 2021.

Looking forward, MAGNA projects a slower but stable recovery for Mexico, with total spending likely to recover to 2019 levels by 2024. Following an +8% rebound in 2021, MAGNA forecasts the Mexican ad market to grow annually between +3-5% though 2025.

ARGENTINA

KEY FINDINGS

Increasing economic uncertainty coupled with hyper-inflation masks real losses in advertising activity

- Advertising revenues increased by +16.9% nominally in 2020, though the market suffered a steep decline in real terms as economic inflation floats precariously around 42%.

- The COVID pandemic continues to trouble the nation, as the nation still registers 10,000+ daily cases.

- The lack of monetary stimulus will pose a challenge for Argentina’s near and long-term recovery.

- The advertising market will re-accelerate in 2021 (+25%) thanks to economic stabilization and the return of major sports events (Copa America co-hosted by Argentina in June 2021).

2020 has been a challenging year for Argentina, among many of its preceding years. The country has endured a variety of economic challenges, including battling an economic recession (real GDP decreased by -3% in 2019) coupled with hyperinflation. The COVID pandemic has proved another impediment in their pursuit to re-stabilize the economy, and risks the strong likelihood of pushing the nation into a deeper and longer-lasting recession. Argentina’s economic outlook has substantially worsened since this past spring; the IMF now projects real GDP to fall by -11.8% compared to its previous estimate of -5.7% in April. Overall, MAGNA estimates Argentina’s advertising market increased by +17% in 2020, boosted by a slight re-activation in Q4 spending, but primarily due to high economic inflation this year (+40%) that will offset true losses within the market. The high inflation translates to a contraction of advertising activity in real terms, reflecting the ongoing recession affecting Argentina. In 2021, MAGNA projects a rebound by +25%.

The lack of monetary stimulus available to re-start the economy, however, suggests a more gradual recovery for the economy over the coming years.

Argentina has had one of the strictest lockdowns in Latin America, similar to its neighboring country, Peru. President Alberto Fernandez responded early to mitigate the spread, enacting a nationwide lockdown on March 20 when only a few dozen cases were reported. However, the Buenos Aires region, which accounts for 40% of the country’s population, remained in lockdown until October 25 – totaling over 7 months. The halt in economic activity brutally damaged small and medium-sized businesses within the capital, which were fueling the local economy. It is also estimated that roughly one-third of the population was living in poverty prior to the pandemic, but an expected 45% will live below the poverty line by the end of 2020.

Recently, the cash-strapped Argentinian government was able to restructure roughly $65 billion in debt with its private creditors, accounting for 20% of the nation’s total debt load. This has provided some short-term relief in which President Fernandez avoids a default, and can more directly focus his efforts on infusing capital into the economy. In anticipation of a vaccine, Fernandez has also recently accepted a proposal to purchase an initial
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10 million doses of Russia’s Sputnik C vaccine, if officially greenlit. This would then be delivered by December or early 2021. Argentina has also partnered with Mexico in manufacturing hundreds of millions of doses of Astrazeneca’s vaccine, if approved. The pharmaceutical company expects to have results by Christmas this year.

Linear media spend maintained some positive growth through 2020, increasing by +2.8%. Slight gains are driven by high CPM inflation in 2020 (TV inflation: +41%) which offset visible losses in the segment. TV advertising still remains the largest media category in Argentina, accounting for 38% of total advertising sales in 2020. By 2021, however, digital ad sales are projected to overtake TV as the main media format. TV spending overall remained relatively resilient, increasing by +22% in 2020 - driven by +22% growth in Pay TV and +21% growth in Broadcast TV.

OOH ad sales grew by a milder +9% while radio ad sales saw more resilience through 2020 (+15%). Cinema and Print ad revenues saw the only declines across Argentina’s media formats in 2020; as cinemas still remain closed among most regions, total cinema ad revenues will decline by -40% in 2020, but suffer stronger losses in real terms. Print ad sales’ stronger erosion in real terms was masked by inflation (+28%), resulting in a subtle -6% decline in 2020.

Digital advertising saw the strongest relative growth, as budgets increased by an estimated +30% in 2020. The strong trajectory was led by an uptick in spending across social and video formats, which both increased by +43%. Argentina’s social media penetration is still one of the highest in Latin America, reaching over 90% of the population. The platform has benefitted from increased usage this year, which has organically translated to more spending. In 2021, digital spending will continue its high double-digit growth, expecting +38% gains in overall spending. TV NAR (+22%) and OOH NAR (+23%) will also lead growth 2021.

COLOMBIA

KEY FINDINGS

Despite a relatively stable economy pre-COVID, the Colombian advertising market endures one of the strongest declines among its neighboring peers.

- MAGNA estimates advertising revenues shrank by an estimated -20%, driven by heavy losses across linear media formats (-26%).
- Digital ad spending was resilient (+4%), but failed to offset declines elsewhere.
- Colombia’s high exposure to the oil and coal sector left the economy more susceptible to the volatility of these impacted industries.
- MAGNA projects Colombia ad market to recover in 2021 thanks to economic stabilization and the return of major sports events (Copa America co-hosted by Colombia in June 2021). As a result advertising sales will grow by +7%.

The Colombian advertising market remains the fourth largest in the region, behind Brazil, Argentina and Mexico. Its bustling economy, had arguably been the most stable in recent years - registering respectable growth as real GDP grew by +3.4% in 2019 relative to the LATAM average at +0.4%. The country, however, was by no means immune to the effects of COVID-19; real GDP is now projected to decline by -8.2% in 2020, a strong downward revision from the last April projection which previously forecasted a mild -2.4% decline. Consequently, MAGNA estimates the total advertising market to now shrink by an estimated -20% to COP 3.8 trillion pesos (USD 1.2 billion).

Colombia entered a nationwide lockdown in late March. The lockdown restrictions were later lifted on August 30, though cases remained elevated. President Ivan Duque had then left his trust in local authorities to control outbreaks where needed. However, recent measures have been unsuccessful as total cumulative cases within the country recently topped 1.2 million, the third highest recorded in the region behind Brazil and Argentina. The daily positive testing rate is still high at a staggering 22% as of late November. Currently, more than half of Colombia’s economy also works in the informal sector, many of which are in the agricultural sector. Most of these informal workers have therefore been unable to migrate their jobs online, and risk contracting the virus while going back to work. These workers have been left with little options, and are likely contributing to the spread of the virus. The collapse in oil prices have also
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significantly crippled the country’s economic stability, as this export commodity reflects 30% of its total foreign direct investments.

Linear media spend contracted by approximately -26% in 2020, while digital sales remained relatively resilient (+4%) due to the country’s strong penetration rates across digital usage. These complementary effects have accelerated the shift to a digital-centric space within the Colombian advertising market. The shrinking of linear media spend was primarily due to a strong collapse in TV ad revenues in 2020 (-20%) as advertisers cancelled or deferred budgets for the remainder of the year. The postponement of the 2020 Copa America, co-hosted by Colombia, has also proved to be incrementally detrimental to national TV networks. The tournament is now scheduled to take place in the summer of 2021. Consequently, broadcast TV spending fell by -15% while Pay TV declined by -27% in 2020.

Print advertising also saw strong declines as ad sales collapsed by -43% in 2020. Newspapers and magazines contracted by -31% and -46% respectively as consumers shifted to digital formats for news and entertainment consumption. Print sales are only expected to recover +1.4% of its losses in 2021 and fall into a mildly declining state from 2022 through 2025. OOH and cinema ad sales saw the strongest overall declines in Colombia, shrinking by -54% and -70% respectively. However, these formats will see the largest initial recoveries in 2021 as theatres eventually re-open and consumer mobility recovers. Radio ad sales, which has proved one of the more resilient linear media formats in recent years, declined by a strong but lesser -27% comparatively.

Digital media remain relatively under-developed in Colombia, only accounting for 27% of total advertising sales and below the regional average at 43%. This comes despite Colombia seeing some of the highest mobile internet penetration rates (91%). With consumers remaining indoors and flocking to digital devices, the COVID pandemic has accelerated a transition to digital spending, as advertisers begin to recognize the increasing opportunity across these formats. Digital spending continued its positive trajectory through 2020, growing a mild +4% while all other media formats saw sharp declines. Spending was led by social (+10%) and video (+12%), driven by elevated levels in mobile consumption. Both search and display, however, declined by -6% in 2020. Overall, the total digital spending segment is projected to resume double-digit growth from 2021 to 2025, growing between +10-15% annually.

CHILE

KEY FINDINGS

COVID pandemic adds to the vulnerable social and economic structures as advertising activity falls by -17%.

- Advertising revenues declined by an estimated -17% in 2020 to 574 billion pesos.
- Chile saw a plunge in economic activity in 2020 as a result of two consecutive state of emergencies, but structural reforms and a strong stimulus package provide some hope for the Chilean economy.
- MAGNA forecasts a strong rebound in marketing and advertising activity (+15%) in 2021, assuming the economic and social environment stabilizes.

The global COVID pandemic hit a Chilean economy that was already weakened after a year of social unrest, triggering a sharp economic recession. President Sebastian Pinera declared a state of emergency in March with the onset of COVID, following another state of emergency just five months earlier (November 2019) due to major social and political unrest. The consecutive events – both of which have had direct effects on the economy this year - have dampened Chile’s economic outlook for 2020. As a result, MAGNA estimates that Chile’s advertising sales declined sharply in 2020 (-17%), falling to CLP 574 billion (USD 817 million).
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In order to combat the effects of COVID-19, President Pinera has amplified his government response measures – doubling his original fiscal package and providing stimulus worth more than 12% of the nation’s GDP. Among many uses, the latest stimulus contribution will help subsidize as much as 50% of salaries for both new workers and previously furloughed ones for the next six months. Though while the strong government response will help with a swifter recovery, the halt in economic activity during the height of the pandemic has already made a lasting negative impact this year. The IMF projects GDP to contract by -6% for 2020, a -1.5% downward revision from its April projections. Chile’s strict 5-month lockdown has shed light on the country’s frail economic structure, and widened the inequality gap - a main issue that had sparked the late 2019 protests.

Linear ad formats shrank by an estimated -30% in 2020, a sharper contraction than the -22% LATAM average. TV ad sales saw the largest total losses in ad dollars (-18%), led by a strong reduction across Broadcast TV (-17%) and Pay TV (-23%). Overall, linear ad sales are not likely to fully recover to pre-COVID levels – shrinking permanently by an estimated CLP 76 billion as spending shifts to digital formats. OOH ad sales also fell dramatically (-44%) due to depressed mobility levels during the first three quarters of the year – the first quarter due to the ongoing social unrest that carried into 2020, followed by the onset of COVID in March. Accordingly, OOH ad sales will see a strong recovery in 2021 (+56%) as mobility returns to some normalcy.

Print ad revenues saw a steep contraction in 2020 (-54%) due to an accelerated shift to digital consumption. Radio ad revenues also saw significant losses (-25%), but to a relatively milder extent as it remains a preferred media format. Cinema ad sales, however, suffered the strongest declines across the board, shrinking by -71% in 2021. Following two consecutive years of strong contractions as a result of numerous months of theatre closures, cinema ad sales will see amplified levels of investment in 2021 (+200%).

Digital ad sales, however, continued a strong, organic growth trajectory (+13%), benefitting from the shifting consumption habits. Growth in media consumption and advertising spending was led by digital video (+23%) and social media (+22%) gains, primarily felt across mobile devices (+25%). Search ads (+3%) and static banner formats (+1%) saw milder growth this year.

The strong stimulus measures implemented by the government, the vaccine purchase agreement secured with Pfizer, and optimism created by the successful referendum on constitutional reform all point towards economic and social recovery in 2021. In that context, MAGNA anticipates Chile’s ad market to benefit from a strong recovery (+15%).

PERU

Total net advertising in Peru declined for a fourth consecutive year, shrinking by -19% to USD 549 million in 2020. The country acted immediately when COVID made impact in the region, locking down the nation on March 16 when only 26 cases had been confirmed. Lockdown was then extended until September 30, labeling Peru as having one of the strictest and longest lockdowns across the world. Despite these responsive actions, Peru currently has the third highest death rate per capita globally, and the second highest cumulative confirmed cases per thousand people (28.7) in Latin America, behind Argentina (30). The IMF has updated Peru’s expected real GDP growth this year, now bound to decline by an estimated -13.9% - the largest decline projected across Latin America.

Peru’s social and economic structures were already fragile prior to the pandemic, which were exacerbated this year. The lack of medical infrastructure among other setbacks have left Peru in a difficult position to tackle the virus, and the recent political chaos has worsened amidst the disorder. In October, President Martin Vizcarra was impeached due to allegations of accepting bribes in the earlier years of his career. Currently, engineer and academic Francisco Sagasti will be tasked with navigating a recovery until a successor takes over in July 2021. Following months of economic inactivity, Peru’s government has infused fiscal stimulus worth 20% of the country’s GDP to re-bolster the economy. The government has also reached an agreement to purchase a substantial supply of vaccines from Pfizer once available.

MAGNA estimates that linear ad formats eroded by -27% in 2020, stronger than the LATAM average of -22%. Despite an uptick in TV consumption, particularly for those 50+ years of age, advertisers still pulled back budgets significantly in the midst of economic uncertainty. TV ad sales fell by a steep -21% in 2020, but will recover some losses in 2021 (+10%). Broadcast TV ad sales saw stronger declines (-21%) compared to Pay TV (-15%) formats.

Print ad sales also eroded amidst the pandemic, contracting by -43% in 2020. OOH ad revenues also suffered steep declines (-39%), as mobility across transit stations and workplaces are still depressed by -39% compared to pre-COVID levels. Accordingly, radio ad revenues also registered strong double-digit declines (-28%).
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Due to growing usage across digital platforms, digital ad spending saw positive growth (+10%) in 2020, and an overall acceleration in the shift to digital spending. Despite pullbacks elsewhere, brands have been more than willing to shell out dollars on concentrated digital formats where users have likely displayed consistently elevated consumption through the long lockdown orders. Video (+17%) and social (+20%) saw strong growth in 2020, driven by a surge in investments on mobile formats (+25%). In 2021, Peru is projected to see an overall +12% total ad market recovery, led again by growth in digital ad sales (+14%) as well as a rebound in OOH ad sales (+18%).

**NOTES ON OTHER LATAM MARKETS**

**Uruguay** has managed the COVID pandemic better than most of its neighboring countries, registering some of the lowest confirmed cases and deaths in the LATAM region. This comes along with the country boasting some of the highest testing rates, only second to Chile. Uruguay also benefits from a relatively strong healthcare system and an advantageously low population density rate, which have helped mitigate the transmission of the virus. With these factors in mind, Uruguay’s ad market registered the smallest total market declines (-5%) across the LATAM region in 2020, contracting to UYU 6.7 billion (USD 190 million).

In navigating the pandemic, President Lacalle Pou acted swiftly to close all schools, public events, and other areas of potential crowding for one month. However, Lacalle never implemented a mandatory stay-at-home order, which both maintained some normalcy for Uruguayans and lessened the detrimental economic impacts. The country also has one of Latin America’s oldest populations and most loyal TV viewers, translating to Uruguay’s higher-than-average TV spending share (50%) compared the LATAM average of 44%. Accordingly, Broadcast TV spending grew slightly in 2020 (+2%) due to elevated consumption levels and fiscal resiliency across the format – this was Broadcast TV’s fourth consecutive year of growth. Nevertheless, the precarious nature of 2020 prompted budget pullbacks in most other media formats; Pay TV, saw a decline of -5% in 2020. OOH and Print ad sales saw accelerated erosion this year, shrinking by -35% and -33% respectively. Additionally, radio ad sales experienced substantial pullbacks this year (-28%). Digital budgets, however, held strong in 2020, maintaining slight positive growth (+2%). For 2021, MAGNA forecasts the Uruguayan market to endure a substantial recovery (+8%) due to its strong health, economic and social infrastructures.

Costa Rica’s net ad spend declined by an estimated -10.3% in 2020, to USD 763 million, following previous gains of +4% in 2019. Television revenues contracted by roughly -11% in 2020 due to budget pullbacks, and will endure a slower rebound in 2021 (+2%). TV spending will then grow at a mild +1-2% pace through 2025 and recover a large bulk of losses from 2020. However, total linear spend will continue to lose overall share to digital formats, which still pose high opportunity across its under-developed space. Linear formats currently account for 64% of total ad budgets compared to an average of 57% across LATAM – suggesting more room for digital acceleration this year. Accordingly, digital spending remained resilient through 2020, seeing +9% growth. Radio and print sales, which have had historically declining rates in recent years, fell by -22% and -36% respectively. OOH and cinema ad sales faced sharp losses as well, -30% and -64% respectively, due to lockdown measures and extended restrictions. Overall, Magna projects that Costa Rica’s ad market will recover by an estimated +5.9% in 2021.

In Panama, the advertising market is declined by -15% to USD 571 million in 2020. While struggling to revitalize the distressed economy, the country is currently experiencing a fresh wave of COVID cases. The Panama Canal, which is the country’s key source of income, has also seen a sharp slowdown in transit frequency this year due to a lack of cruise ships and gas transportation ships that provide critical toll revenue for the local economy. Overall, TV ad sales endured the largest total ad spend losses in 2020 (-17%) as advertisers shifted to savings-mode, while print and cinema sales faced the sharpest cuts across all formats (-32% and -60% respectively). OOH and radio ad revenues also eroded by -12% and -14% due to depressed mobility. Digital ad formats, however, benefitted from an increased shift in ad dollars away from linear mediums, resulting in relatively resilient growth in 2020 (+5%). Overall, Magna projects the ad market to endure one of the slowest recoveries across the Latin American markets. Total ad budgets are expected to remain flat in 2021 (+0.5%), and grow between 4-5% through 2025.
LATIN AMERICA

Ecuador's total advertising spend contracted by an estimated -10% to USD 376 million in 2020. As an oil-producing state, the country already faced high exposure to the global oil crisis leading up to the pandemic, which further dampened the industry's overall outlook. Ecuador has also struggled with a lack of COVID testing and tracing infrastructure that are integral in mitigating the current spread, and has raised concerns regarding the impact of future potential outbreaks. TV ad sales endured a bulk of the damage, eroding by roughly -7% in 2020 due to a -10% decline in Broadcast TV. Pay TV, however, saw an uptick in spending (+4%) as advertisers looked to capitalize on the loyal market through lockdown orders. However, print and cinema ad sales registered the sharpest declines, falling by -34% and -70% respectively. OOH and radio spenders pulled back budgets significantly as well, as budgets shrank by -18% across both formats. On a more positive note, digital formats were resilient in 2020, growing by +14% this year led by the shifting spend to mobile formats (+24%).

Cancun and other Latin American tourist destinations have struggled during COVID quarantines.
## DATA APPENDIX

### GLOBAL MEDIA OWNER AD REVENUES ($M)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRAND TOTAL (GLOBAL, ALL MEDIA)</td>
<td>593,483</td>
<td>568,699</td>
<td>611,951</td>
<td>642,356</td>
<td>663,768</td>
<td>697,360</td>
<td>729,708</td>
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<tr>
<td>TV</td>
<td>169,259</td>
<td>148,620</td>
<td>152,448</td>
<td>151,927</td>
<td>143,362</td>
<td>143,597</td>
<td>136,909</td>
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<tr>
<td>FREE TV</td>
<td>114,062</td>
<td>100,268</td>
<td>102,545</td>
<td>101,922</td>
<td>95,345</td>
<td>95,330</td>
<td>90,146</td>
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<tr>
<td>PAY TV</td>
<td>55,197</td>
<td>48,352</td>
<td>49,902</td>
<td>50,005</td>
<td>48,017</td>
<td>48,267</td>
<td>46,763</td>
</tr>
<tr>
<td>DIGITAL TOTAL</td>
<td>310,770</td>
<td>336,205</td>
<td>371,258</td>
<td>403,784</td>
<td>436,058</td>
<td>471,023</td>
<td>510,838</td>
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<tr>
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<td>153,000</td>
<td>163,950</td>
<td>180,516</td>
<td>195,563</td>
<td>210,649</td>
<td>225,958</td>
<td>244,770</td>
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<tr>
<td>VIDEO</td>
<td>39,563</td>
<td>45,474</td>
<td>52,223</td>
<td>58,962</td>
<td>65,493</td>
<td>72,464</td>
<td>79,967</td>
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<td>DISPLAY</td>
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<td>30,324</td>
<td>30,249</td>
<td>30,047</td>
<td>30,013</td>
<td>30,609</td>
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<td>SOCIAL</td>
<td>74,463</td>
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<td>98,519</td>
<td>110,167</td>
<td>121,686</td>
<td>134,894</td>
<td>148,124</td>
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<td>NEWSPAPERS</td>
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<td>25,441</td>
<td>23,110</td>
<td>21,112</td>
<td>19,454</td>
<td>18,108</td>
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<td>11,445</td>
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<td>9,421</td>
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<td>RADIO</td>
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<td>21,542</td>
<td>22,414</td>
<td>22,306</td>
<td>21,810</td>
<td>21,461</td>
<td>21,007</td>
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<tr>
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<td>28,946</td>
<td>30,821</td>
<td>32,005</td>
<td>33,305</td>
<td>35,214</td>
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<td>STATIC OOH</td>
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<td>20,225</td>
<td>20,801</td>
<td>20,929</td>
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<td>1,536</td>
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### GLOBAL GROWTH RATES (%)

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<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
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</thead>
<tbody>
<tr>
<td>GRAND TOTAL (GLOBAL, ALL MEDIA)</td>
<td>13.9%</td>
<td>-4.2%</td>
<td>7.6%</td>
<td>5.0%</td>
<td>3.3%</td>
<td>5.1%</td>
<td>4.6%</td>
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<tr>
<td>TV</td>
<td>-1.8%</td>
<td>-12.2%</td>
<td>2.6%</td>
<td>-0.3%</td>
<td>-5.6%</td>
<td>0.2%</td>
<td>-4.7%</td>
</tr>
<tr>
<td>FREE TV</td>
<td>-2.6%</td>
<td>-12.1%</td>
<td>2.3%</td>
<td>-0.6%</td>
<td>-6.5%</td>
<td>-0.0%</td>
<td>-5.4%</td>
</tr>
<tr>
<td>PAY TV</td>
<td>-0.0%</td>
<td>-12.4%</td>
<td>3.2%</td>
<td>0.2%</td>
<td>-4.0%</td>
<td>0.5%</td>
<td>-3.1%</td>
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<tr>
<td>DIGITAL TOTAL</td>
<td>37.2%</td>
<td>8.2%</td>
<td>10.4%</td>
<td>8.8%</td>
<td>8.0%</td>
<td>8.0%</td>
<td>8.5%</td>
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<tr>
<td>SEARCH</td>
<td>36.8%</td>
<td>7.2%</td>
<td>10.1%</td>
<td>8.3%</td>
<td>7.7%</td>
<td>7.3%</td>
<td>8.3%</td>
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<tr>
<td>VIDEO</td>
<td>61.5%</td>
<td>14.9%</td>
<td>14.8%</td>
<td>12.9%</td>
<td>11.1%</td>
<td>10.6%</td>
<td>10.4%</td>
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<tr>
<td>DISPLAY</td>
<td>0.4%</td>
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<td>1.7%</td>
<td>-0.2%</td>
<td>-0.7%</td>
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<td>SOCIAL</td>
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<td>16.9%</td>
<td>13.2%</td>
<td>11.8%</td>
<td>10.5%</td>
<td>10.9%</td>
<td>9.8%</td>
</tr>
<tr>
<td>NEWSPAPERS</td>
<td>-19.6%</td>
<td>-25.3%</td>
<td>1.1%</td>
<td>-9.2%</td>
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<td>-7.9%</td>
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<tr>
<td>MAGAZINES</td>
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<tr>
<td>RADIO</td>
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<td>-2.2%</td>
<td>-1.6%</td>
<td>-2.1%</td>
</tr>
<tr>
<td>OUT OF HOME</td>
<td>10.5%</td>
<td>-28.9%</td>
<td>13.5%</td>
<td>6.5%</td>
<td>3.8%</td>
<td>4.1%</td>
<td>5.7%</td>
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<tr>
<td>STATIC OOH</td>
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<td>-27.1%</td>
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<td>2.8%</td>
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<td>0.1%</td>
<td>1.8%</td>
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<tr>
<td>DIGITAL OOH</td>
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<td>20.1%</td>
<td>15.6%</td>
<td>12.4%</td>
<td>13.3%</td>
<td>14.0%</td>
</tr>
<tr>
<td>CINEMA</td>
<td>9.2%</td>
<td>-66.3%</td>
<td>45.0%</td>
<td>11.7%</td>
<td>1.7%</td>
<td>1.3%</td>
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### DATA APPENDIX

<table>
<thead>
<tr>
<th>Global Media Format Shares (%)</th>
<th>2019</th>
<th>2020</th>
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<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
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<tbody>
<tr>
<td>Grand Total (Global, All Media)</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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<tr>
<td>Television</td>
<td>29%</td>
<td>26%</td>
<td>25%</td>
<td>24%</td>
<td>22%</td>
<td>21%</td>
<td>19%</td>
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<tr>
<td>Free TV</td>
<td>19%</td>
<td>18%</td>
<td>17%</td>
<td>16%</td>
<td>14%</td>
<td>14%</td>
<td>12%</td>
</tr>
<tr>
<td>Pay TV</td>
<td>9%</td>
<td>9%</td>
<td>8%</td>
<td>8%</td>
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<td>7%</td>
<td>6%</td>
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<tr>
<td>Total Digital</td>
<td>52%</td>
<td>59%</td>
<td>61%</td>
<td>63%</td>
<td>66%</td>
<td>68%</td>
<td>70%</td>
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<tr>
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<td>49%</td>
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<td>48%</td>
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</tr>
<tr>
<td>Video</td>
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<td>14%</td>
<td>14%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>16%</td>
</tr>
<tr>
<td>Display</td>
<td>10%</td>
<td>9%</td>
<td>8%</td>
<td>7%</td>
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<td>6%</td>
<td>6%</td>
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<tr>
<td>Social</td>
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<td>26%</td>
<td>27%</td>
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<tr>
<td>Newspapers</td>
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<tr>
<td>Magazines</td>
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<tr>
<td>Radio</td>
<td>5%</td>
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</tr>
<tr>
<td>Out of Home</td>
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<td>4%</td>
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<td>3%</td>
</tr>
<tr>
<td>Cinema</td>
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<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
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<tr>
<td>Digital OOH</td>
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<td>1%</td>
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<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>
GLOBAL AD FORECAST
WINTER 2020

US ADVERTISING FORECAST
WINTER 2020
AUTHORS: VINCENT LETANG, MICHAEL LESZEGA

ADDITIONAL MAGNA PUBLICATIONS: ATLAS.MAGNAGLOBAL.COM

GLOBAL INDUSTRY REPORT
SUMMER 2020
BY LUKE STILLMAN & SOPHIA SOLANA

PROGRAMMATIC 2020
STAYING STRONG THROUGH COVID