



- Global adspend forecast to drop 9.1% this year
- Ad market hit hardest Q2; some spend returning, with 5.8% recovery forecast for 2021
- Trends driving spend: ecommerce, data-driven personalisation, digital acceleration
- Expected digital advertising increase to 51% of global spend this year & 55% in 2022

Global advertising expenditure will shrink 9.1% in 2020, according to Zenith's *Advertising Expenditure Forecasts*, published today. To compare, adspend shrank by 9.5% during the 2009 recession.

Spend beginning to return, with 5.8% recovery forecast for 2021

Advertisers pulled back spending sharply when the scale of the coronavirus crisis became clear. The steepest declines took place between March and May, with timing varying by country. These declines have now started to ease and are expected to gradually moderate over the rest of the year. Zenith forecasts a 5.8% recovery in global adspend in 2021, boosted by the rescheduled Summer Olympics and UEFA Euro 2020 football championship.

The US has been relatively resilient, benefiting from record political spending in the run-up to the Presidential elections in November. US adspend is expected to decline by just 7% this year. Asia Pacific is forecast to shrink by 8%, thanks to the success of some markets in keeping the virus under control. Advertisers in Western Europe cut spend aggressively in Q2, and adspend is forecast to shrink by 15% here. Zenith forecasts 8% decline in Central and Eastern Europe, 13% in Latin America and 20% in MENA in 2020.

Ecommerce and retail change for the long-term

Ecommerce has become a lifeline for consumers, providing the goods they need while unable or unwilling to visit bricks-and-mortar stores. Many consumers have made permanent changes to their shopping habits. According to global research by Criteo, in recent months 53% of consumers have discovered at least one form of online shopping that they plan to continue. Retail footfall will be subdued for months, if not years, to come. This has forced brands to accelerate digital transformation efforts and made it critical to have a robust commerce strategy in place, either D2C or through retail partners.

Personalisation at scale, driven by data comes to the forefront

The crisis also raised the value of first-party data for brands. First-party data gives brands powerful insights into their customers' behaviour and provides a real competitive edge. It will allow brands to navigate changes to consumers' behaviours and attitudes as the crisis develops, and identify when it's time to start investing for the upturn.

“Brands need to show consumers that they understand their rapidly evolving needs in this uncertain time,” said Christian Lee, Managing Director, Zenith Worldwide. “So we are helping our clients integrate their data, digital communications and ecommerce approaches, and leverage them more deeply, to deliver personalised experiences throughout the fast-changing customer journey.”

Digital acceleration spurred by social distancing and new behaviours

Consumption of digital media, along with television, spiked in the early weeks of lockdown. Although both are now trending down again, they are not expected to retreat to pre-crisis levels any time soon. Together with the rise of ecommerce and data, this has driven a rapid shift in media budgets from traditional to digital media, accelerating the trend that was already taking place. Zenith now forecasts that digital advertising will account for 51.0% of global adspend this year, up from the 49.5% it forecast in December.

Digital ad budgets were cut quickly in the crisis' first phase, given generally easier to cut without penalty. But as time progressed, brands allocated more budget into digital channels to take advantage of their flexibility and ability to optimise performance, particularly important qualities in an uncertain time. Digital adspend is forecast to shrink by just 2% across 2020 as a whole. Zenith does not expect any of this share to return to traditional media as the crisis eases – digital advertising's market share is forecast to reach 54.6% in 2022.

The recovery of traditional media will be patchy and underpowered

Among traditional media, television and radio suffered the least, expected to end the year only slightly below the market, with 11% and 12% respective declines. The crisis exacerbated the long-term decline of print advertising as newspaper adspend is forecast to shrink by 21% globally this year and magazine adspend drops 20%. Note, newspaper and magazine advertising here includes only the publishers' advertising revenues from printed publications; their revenues from digital publications are included in digital advertising.

Unsurprisingly, out-of-home and cinema have suffered the most from government restrictions on movement, and consumers' avoidance of public places. Out-of-home advertising is forecast to shrink by 25% in 2020 and cinema by 51%.

No recovery is forecast for newspapers or magazines, with adspend in both continuing to decrease next year. Recovery for television and radio will be minimal, with 2% and 1% growth expected for 2021 respectively. Out-of-home and cinema growth will be stronger as they compensate for much greater declines this year: Zenith forecasts 16% growth for out-of-home and 65% growth for cinema, but neither will return to 2019 peaks by 2022.

“The coronavirus forced brands to embrace digital advertising even faster than expected and made digital transformation of businesses more urgent than ever,” said Jonathan Barnard, Zenith's Head of Forecasting. “This year will be the first in which digital advertising will attract more than half of total global adspend, a milestone we previously expected in 2021.”