



ASCOTT LLC

**Media planning  
& advertising spend:**  
Covid-19 impact, reactions  
and future scenarios



## **Executive Summary**

### **Key Findings**

### **Structure of the report**

## **Introduction**

### **Section 1: Describing the Ad spend landscape**

#### **1.1. Industry Categories: Changes in ad Spend**

1.1.1. Most affected industries in ad spend

1.1.2. Most benefited industries in ad spend

#### **1.2. Covid-19 is changing consumer behavior and therefore advertising strategies**

1.2.1. Covid-19 Impact on Media Consumption, by Generation

1.2.2. Consumers Expectations about Advertising During Coronavirus Pandemic

1.2.3. Brands Response in Reduced Consumer Spend Aimed Covid-19

- Advertisers are being forced to either cancel or hold back ad budgets for campaigns
- Coronavirus to result in shift of ad spend to performance media
- Big brands response

#### **1.3. Pandemic Impact on Major Media Sellers**

### **Section 2: The death of traditional advertising and the new digital normal**

#### **2.1 Traditional Advertising**

2.1.1 TV audiences have increased dramatically due to the need for information

2.1.2 Radio and on-air personalities present a connection to the real world

2.1.3 Print media is falling dramatically

2.1.4 Traditional out-of-home advertising is impacted the most

#### **2.2. Digital Advertising**

2.2.1. Covid-19 impact on social media consumption

2.2.2. Covid-19 impact on video consumption

2.2.3. Consumer online searches are changing during pandemic

2.2.4. Paid Search ads and Paid Display ads

2.2.5. The pandemic is reshaping digital media costs

2.2.6. Paid ads producing a much higher ROI than before the Coronavirus hit

### **Section 3: Ad spend Strategies per Region, Forecasts and Advertising Investments**

3.1. Asia Pacific's ad market is set for a strong recovery in 2021

3.2. In North America 41% of buyers' ad expenditure is expected to be spent on TV/video media during 2020/21 period

3.3. Europe expect a degree of stabilization in the third quarter and recovery in fourth

3.4. Middle East not as severely impacted by Covid-19 as Latin America and Africa

#### **Section 4: Future Scenarios on media planning and Advertising Opportunities**

4.1. Covid-19: Scenarios for the impact on media planning

4.2. Opportunities although the Ad Spend Fall

4.2.1. Digital Extensions of Traditional Media

4.2.1.1. Streaming TV

4.2.1.2. Digital Radio

4.2.1.3. Digital out-of-home (DOOH)

4.2.2. Mobile ads display resistance to Covid-19 impact

4.2.3. Programmatic Digital Display Ads

4.2.4. Brands increase their ad spent and sell via electronic marketplaces

4.2.5. CPG Brands are shifting to Direct-to-Consumer Online Model

#### **Conclusion**



## Executive Summary

Before Covid-19's global epidemic, total global advertisement spending for 2020 was projected to increase by 7.1% YoY. But 6 months into the year and with the pandemic affecting everything from consumer behaviour to promotion and advertisement strategies, recent Word Advertising Research Center (WARC) study now estimates that this year's advertising spending will drop by an unprecedented 8.1% compared to 2019. Coronavirus impact on the global media ecosystem is obvious. Advertisers have been forced to redesign their advertising, marketing and promotional efforts and their media strategies and processes in an attempt to generate a sustained stream of consumer interest and spending, while maintaining sufficient returns on media spends. Many of them have paused their advertising activity while exploring creative alternatives, cancelling actions or re-allocating the budget. Given the volatility of the supply chain, many companies are slashing their advertisement expenses as a way to save money and reduce the effect of Covid-19 on their business. According to eMarketer, in a view of the pandemic, 7 out of 10 ad buyers are adjusting their investment plans and sellers expect their media budgets to be 21% below their initial estimations. Brands, for the first time, choose to spend more than 50% of their available budget on digital ads, mainly on Google, Social Media such as Facebook and YouTube, eating into shares of traditional means such as TV, Radio, Press and Out-of-Home. More specifically, advertisers are expected to spend 28.4% of their total media budget on TV, 24.4% is planning to be invested in Google and YouTube, while Facebook is set to take 13.8% of total ad spend. Amazon, which has a growing ad business, is expected to take 2.5% of the total ad spend in 2020.

Depending on the area, the pandemic impact on ad spending varies. Pre-outbreak forecasts indicated an 8.8% YoY rise in US ad spend in 2020, adjusting the negative impact of coronavirus, researchers expect a 3.5% YoY fall. While this decline in ad spending in the US is significant, it is estimated that other countries will experience much bigger losses. Markets projected to see the highest YoY falls in advertisement revenues include Brazil (down 22.5%), Italy (down 21.7%), South Africa (down 19.6%), France (down 18.7%) and the UK (down 16.4%).

It is expected that traditional advertising channels will be severely affected by changes made by coronavirus. According to the WARC data, cinema advertising, which in pre-pandemic forecasts expected to experience a growth of 5% by the end of 2020, is now predicted to see a fall of 31.6%. Furthermore, out-of-home (OOH) advertising is now expected to decrease by 21.7% YoY in contrast to the initial estimate of 5.9% growth. And, while magazines and newspapers were bound to see losses this year (5.6% and 5.9% respectively) even before Covid-19 outbreak, they are now going to decrease even further, 21.5% and 19.5% respectively in ad revenue over 2019. Film advertising together with the out-of-home channel consider them as the hardest hit on all channels. Additional traditional channels currently predicted to suffer losses on include radio (16.2%) and television (13.8%) consumption.

On the other side, according to WARC, digital advertisement channels are anticipated to witness significant growth (compare to traditional channels) and come out of the crisis somewhat less scathed. Global ad spending on social media is now expected to grow by 9.8% YoY (compared to pre-Covid-19 estimations of 20% growth); Online video is projected to grow by 5.0% (compared to pre-Covid-19 estimations of 20.2% ), while online display overall (including social media and online video) will grow by 2.1% which is 12.2 percentage points lower than the pre-Covid-19 estimations (14.3%). Finally, search ads are forecasted to increase by 0.9% (versus the pre-pandemic projections of 12.4%).

## Key Findings

- Global advertising spend is expected to decline by 8.1% (equals to USD 49.6 billion) to USD 563 billion this year as a result of shifting consumer behaviour.
- Digital ad spending will grow 2.4% worldwide this year, the first time on record that growth has been in single digits. The USD 332.84 billion total for 2020 represents USD 36.11 billion less spending than pre-Covid-19 forecasts.
- Display is driving digital advertising's growth during this year's recession. Within display, increased investments will be heavily concentrated on mobile, video and programmatic ads.
- The effects of Covid-19 would be extremely damaging for traditional channels, which this year will see ad spending drop by 16.3%, equal to USD 51.4 billion withdrawal from 2019 levels. In particular, the decreases reported across cinema (-31.6%), Out-of-Home (OOH) (-21.7%), print (-20.1%), radio (-16.2%) and TV (-13.8%).
- Digital channels are set to record slight growth this year (+0.6%) at global level, although there will be a drop in a number of key markets. Social media (+9.8%), online video (+5.0%) and search (+0.9%) are all still anticipated to boost, although online classified is set to fall (-10.3%).
- Some industries have been severely affected by the pandemic resulting in reducing their ad spend, including travel and tourism (-31.2%), leisure & entertainment (-28.7%), retail (-15.2%) and automotive (-11.4%).
- Advertising spending on gaming ads grew 18% YoY
- Media spending plans for household brands are less affected than other sectors
- 52% Increase in Ad Spend by News Sector
- 84% of consumers say they want brand advertising to reflect on how brands help people deal with existence life challenges related to the pandemic
- Coronavirus to result in shift of ad spend to performance media
- Google and Facebook are projected to lose more than USD 44 trillion in ad revenue worldwide.
- Ads associated with the streaming activities of traditional media operators will be even stronger this year, rising by 3.7% and 11.3% by 2021
- Brands shift their budget and sell via electronic marketplaces
- Amazon's advertising revenue growing at 41% YoY, in Q2

- CPG Brands are shifting to Direct-to-Consumer Online Model

## Structure of the report

This report aims to inform, educate and advise stakeholders (such as media buyers, sellers and advertising agencies) on the extent and manner in which the pandemic has affected advertising budgets and strategies by industry and by area as well as the advertising opportunities that have arisen from both the change in consumer behavior and restrictions imposed on companies to prevent the spread of the coronavirus.

In the **section 1** describes the ad spend landscape. More specifically, we highlight the industries that are less and more affected by the pandemic, while we provide data on how Covid-19 impact on media consumption by generation and what consumers' expectations are about advertising during coronavirus pandemic are presented. Finally, we outline the brands' response in reduced consumer spend aimed at Covid-19 as well as the degree to which the pandemic impacted on major media sellers.

**Section 2** presents all the latest qualitative and quantitative data for every digital and traditional advertising medium separately. TV, radio, press, outdoor, social media, search, video are some of the channels are analyzed. The progress of each medium from the pre-Covid-19 period to the post-Covid-19 era, as well as projections from the experts for 2020 and beyond are mentioned along with actionable insights are given regarding media consumption during the lockdown period.

**Section 3** focuses on the impact of the pandemic on advertising spending and on advertising strategies by region. Companies in the US, Europe, Asia, Latin America, Africa and Middle East have all modified their strategies and advertising messages in such a way that they exist in media that their audience prefer, in order to remain viable.

Finally, **section 4** presents the future scenarios on media planning and advertising opportunities both during the virus outbreak and after its end. Optimistic and pessimistic scenarios are presented so that stakeholders can prepare their future strategies and tactics in any eventuality. In addition, it is analyzed all the advertising trends (in channels and formats) that have developed throughout the pandemic driven by the shift of consumer behaviour due to isolation and to fear of contagious, so that readers can seriously consider investing in one of them, depending on their audience and the type of business.



## Introduction

Covid-19 's spread has affected the world we live in across all business sectors and advertising is not an exception. Most industries are at a standstill because of social distancing and government restrictions. Some advertisements are paused, either because the product or service is no longer available or because the message no longer reflects the society, we live in. Other businesses are tailoring their advertising to suit the times and keep their brands in the public eye. Some digital marketers have also been swift to adjust their style and tone to the present circumstances following audience trends and demands regarding what they prefer to see on ads, harnessing the increased media consumption as they stay at home and connected. It would seem that the uncertain times we live in have boosted innovation. Adaptability and creativity will be the key for the survival of any business going forward. <sup>1</sup>

With people spending way more time at home, advertisers are allocating budget to in-house media types to reflect that. However, consumers are opting more for streaming options such as Hulu, when it comes to typical in-home platforms like TV. In reality they are streaming content on sites like Netflix twice as much as they did last year.

Advertising spending is being suspended, delayed and in certain cases raised, all in response to Covid-19 spread and the stay-at-home orders given around the globe. Yet not all markets and organizations suffer from the same implications. In some sectors businesses shine bright lights for the advertising industry. However, most businesses are turning off the light in terms of advertising investment, at least until they know further about pandemic implications. Statista estimates that the outbreak could cost around USD 26 billion in advertising in the US. Statistics show that growth in global advertisement consumption has not completely recovered for eight years since the last recession, so a fast rebound may be extremely doubtful, and it may not be feasible for a significant number of years to return to pre-pandemic growth rates. (Figure 1) <sup>2</sup>

---

<sup>1</sup> Euronews. (2020, April). Coping with Covid 19 : How cargo companies and big brands are adapting to the coronavirus. Retrieved from <https://www.euronews.com/2020/04/29/coping-with-covid-19-how-cargo-companies-and-big-brands-are-adapting-to-the-coronavirus>

<sup>2</sup> Vorhaus, M. (2020, April). COVID-19 represents the biggest challenge to media advertising expenditures ever. Retrieved from <https://www.forbes.com/sites/mikevorhaus/2020/04/27/covid-19-represents-the-biggest-challenge-to-media-advertising-expenditures-ever/#6e67a3517398>

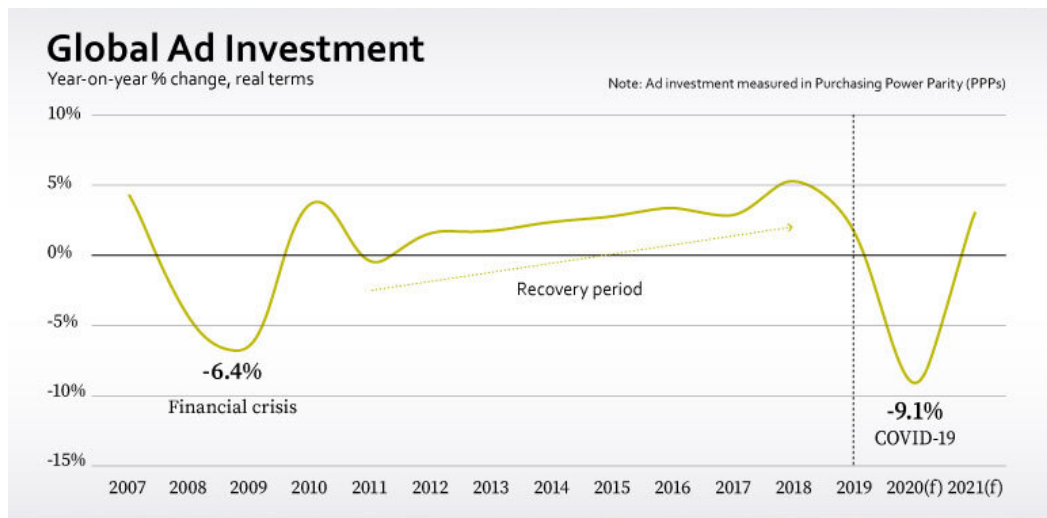


Figure 1: Global ad investment recovery, from 2007 until 2021 (projected). Jones, K., (2020, June). Visualizing the COVID-19 impact on advertising spend. Visual Capitalist. Retrieved from:

<https://www.visualcapitalist.com/the-covid-19-impact-on-advertising-spend/>



## Section 1

### Describing the Ad spend Landscape

Before the Covid-19 outbreak, global advertising investment was projected to increase at a 7.1% rate in 2020, according to the World Advertising Research Center (WARC).<sup>3</sup> An updated survey from WARC in 96 markets, following the outbreak of coronavirus, shown that the global advertising spend is expected to drop by 8.1% (equals to USD 49.6 billion) to USD 563 billion this year, as a result of shifting consumer behaviour, leading to USD 96.4 billion losses from the initial projections. In light of the coronavirus pandemic outbreak many businesses had to rethink basic market indicators and adjust their advertising strategies. WARC research data shows the estimated decline in advertising spend by media format and industry.<sup>4</sup>

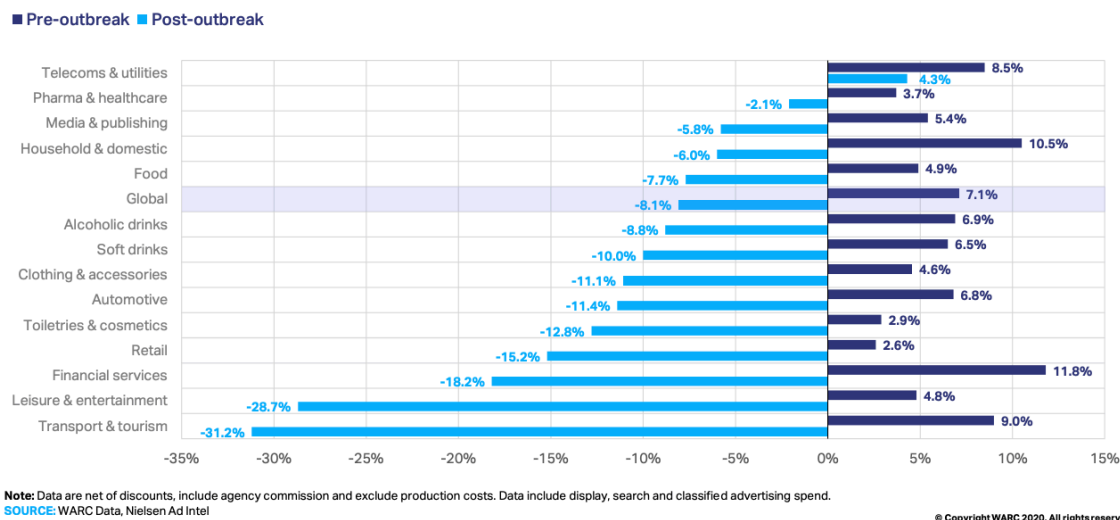


Figure 2: Global year-on-year % change by product category, US dollars, 2020. WARC. (2020, May). Ascential Events (Europe) Limited Brands cut \$50bn from global adspend in wake of COVID-19. Retrieved from:

<https://www.warc.com/newsandopinion/news/brands-cut-50bn-from-global-adspend-in-wake-of-covid-19/43659>

<sup>3</sup> Jones, K., (2020, June). Visualizing the COVID-19 impact on advertising spend. Visual Capitalist. Retrieved from: <https://www.visualcapitalist.com/the-covid-19-impact-on-advertising-spend/>

<sup>4</sup> WARC. (2020, May). Brands cut \$50bn from global adspend in wake of COVID-19. Retrieved from: <https://www.warc.com/newsandopinion/news/brands-cut-50bn-from-global-adspend-in-wake-of-covid-19/43659>

Financial services were expected to see the highest growth rates in terms of ad investment by industry in 2020, up 11.8% to USD 53.4 billion, followed by household and domestic products that were predicted to hit USD 31.5 billion, up 10.5%. Based on WARC findings, the retail market would have seen the slowest rise in ad investment, rising 2.6% to USD 65.4 billion.<sup>5</sup>

In contrast to the pre-Covid-19 projections “Telecoms & Utilities” appeared to be the most benefited market with 4.3% growth while “Pharma & Healthcare”, “Media & Publishing”, “Households” and “Food” market are also among the markets that took advantage of the crisis, minimizing their loss below the global average. Subscription platforms such as Netflix or Hulu and delivery services, like Grubhub or Uber Eats, could be increasing ads if consumers end up spending more time indoors, said Collin Colburn, a senior analyst with an emphasis on B2C marketing for Forrester. Colburn also said that consumer-packaged products (CPG) or manufacturing-related businesses could reduce ad spending if inventory shortages occur due to supply chain disruptions.<sup>6</sup>

## **1.1. Industry Categories: Changes in ad Spend**

The Covid-19 pandemic, although a health and humanitarian crisis, has serious effects on the economy for developed countries. Companies are called upon to respond to these unprecedented changes. The new reality taking shape is made of complexity, uncertainty and opportunities. Consumers change their behavior shifting to in-house media and content consumption which impact brands, media agencies and media sellers in terms of consumption, media spending and profits. Businesses must accelerate and become resilient and agile to adapt and survive.

### **1.1.1. Most affected Industries in ad spend**

As we previously said, according to the "Global Advertising Trends: The impact of Covid-19 on ad investment" report released by WARC, Global ad spend is expected to fall 8.1% (USD 49.6 billion) to USD 563 billion in 2020 as some industries have severe affected by the pandemic resulting in reducing

---

<sup>5</sup> Handley, L., (2019, October). Global ad spend has slowed but 2020 looks set to be a bumper year. Retrieved from: <https://www.cnbc.com/2019/10/24/global-ad-spend-has-slowed-but-2020-looks-set-to-be-a-bumper-year.html>

<sup>6</sup> Graham, M., (2020, March). Global ad spending will likely fall if spread of coronavirus continues. CNBC. Retrieved from: <https://www.cnbc.com/2020/03/03/how-coronavirus-could-impact-advertising-spending.html>



their ad spend, including “travel and tourism” (31.2%), “leisure & entertainment” (28.7%), “financial services” (18.2%), “retail” (15.2%) and “automotive” (11.4%).<sup>7</sup>

A few sectors have had their campaign expenditure scaled down. Interestingly, the most significant decrease in advertising spending is for law, government, and politics (72%), likely because governments rethought their activities, closing down government departments in certain areas. The worst category in the private sector is considered the “Transport & Tourism”, which has in many ways almost come to a complete halt. Given the social distancing measures and the travel bans that prevail people from traveling for any reason, this makes no surprise that advertising spending is down 65%. There were also noticeable drops in ad spending on “sports” (40%), “science” (26%), and “family & parenting” (24%).<sup>8</sup> Entire industries that used to be media campaign champions, fell out of the advertisement space; for example, car producers, shied away from advertising investment since their profits went silent (e.g., a 97% drop in April 2020 for car makers in the UK).<sup>9</sup>

### **Dramatic Drops in Advertising at Sports Events**

One of the most severe negative impact on the advertising industry is suspension of live sports, which is a major hit for both traditional and digital sports media.<sup>10</sup> Most sports events are cancelled or postponed with the wake of Covid-19, meaning its related advertising is also on pause with most of the agencies not willing to invest on events’ promotion.<sup>11</sup> The IAB conducted a survey in a total of 254 media planners, buyers and brands in the US, to investigate advertisers’ intentions regarding their planned advertising investments. 40% of them said that they will cancel almost half of the planned campaigns. Another 35% of responders mentioned that they will move approximately a 24% of the total planned budget on 2021 sports and 18% of advertisers said that they are intending to reallocate 11% of the planned budget to e-sports. (Figure 3b). According to the same research of those who are

---

<sup>7</sup> Biz community. (2020, May). The impact of COVID-19 on global advertising investment [report]. Retrieved from: <https://www.bizcommunity.com/Article/1/19/204464.html>

<sup>8</sup> Influencer Marketing Hub. (2020, June). Coronavirus (COVID-19) Marketing & Ad Spend Impact: Reports + Stats (Updated September). Retrieved from: <https://influencermarketinghub.com/coronavirus-marketing-ad-spend-report/>

<sup>9</sup> Taga, K., Sethi, R., Pankert, G. (2020, June). Telecom, media and technology – COVID-19 implications and medium-term recovery. Arthur D. Little Global. Retrieved from: <https://www.adlittle.com/en/telecom-media-and-technology-%E2%80%93-covid-19-implications-and-medium-term-recovery>

<sup>10</sup> Vorhaus, M., (2020, April). COVID-19 represents the biggest challenge to media advertising expenditures ever. Forbes. Retrieved from <https://www.forbes.com/sites/mikevorhaus/2020/04/27/covid-19-represents-the-biggest-challenge-to-media-advertising-expenditures-ever/#6e67a3517398>

<sup>11</sup> Influencer Marketing Hub. (2020, June). Coronavirus (COVID-19) Marketing & Ad Spend Impact: Reports + Stats (Updated September). Retrieved from: <https://influencermarketinghub.com/coronavirus-marketing-ad-spend-report/>





planning to allocate their advertising budget later in the year, hoping that consumption would begin to recover, 56% said they would do it in the second half. (Figure 3a).

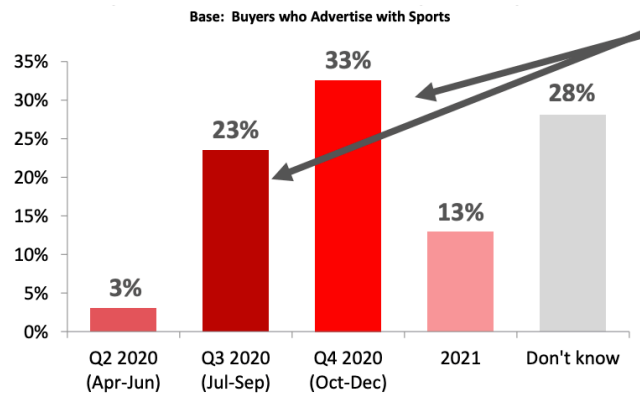


Figure 3a: Expected Return of FY 2020 Ad spend to Sports. IAB Proprietary Research. (2020, April). Coronavirus Ad Spend Impact: Brands, Agencies & Other Buyers, April 2020. Retrieved from: [https://www.iab.com/wp-content/uploads/2020/04/IAB-COVID-19-Impact-on-Ad-Spend-Report-2\\_4.29.2020-FINAL.pdf](https://www.iab.com/wp-content/uploads/2020/04/IAB-COVID-19-Impact-on-Ad-Spend-Report-2_4.29.2020-FINAL.pdf)

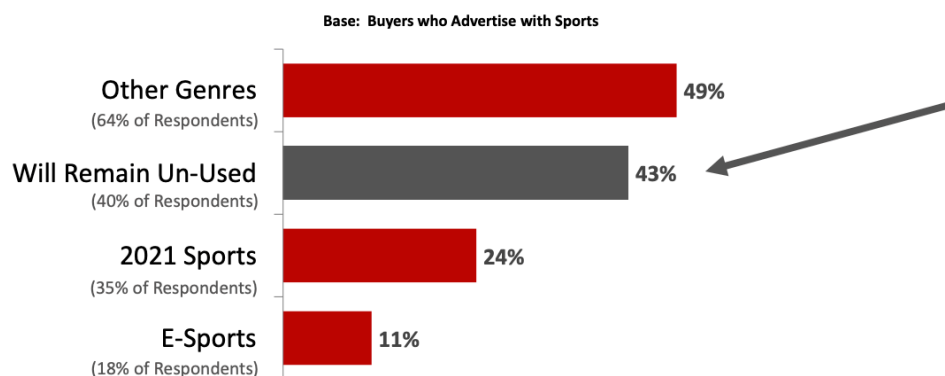


Figure 3b: Percentage of Sports Budgets Being Reallocated from January to December, 2020. IAB Proprietary Research. (2020, April). Coronavirus Ad Spend Impact: Brands, Agencies & Other Buyers, April 2020. Retrieved from: [https://www.iab.com/wp-content/uploads/2020/04/IAB-COVID-19-Impact-on-Ad-Spend-Report-2\\_4.29.2020-FINAL.pdf](https://www.iab.com/wp-content/uploads/2020/04/IAB-COVID-19-Impact-on-Ad-Spend-Report-2_4.29.2020-FINAL.pdf)

Some media telecom operators' media divisions will also suffer from cancellations of major entertainment and sporting events, including key players such as Telefonica, BT, and Altice, which won exclusive package rights for the Champions League, La Liga and the Premier League. Overall,

telecommunications operators with significant TV and Media divisions, such as AT&T and Telia, are working towards material adverse effect by 2020.<sup>12</sup>

---

<sup>12</sup> Taga, K., Sethi, R., Pankert, G. (2020, June). Telecom, media and technology – COVID-19 implications and medium-term recovery. Arthur D. Little Global. Retrieved from: <https://www.adlittle.com/en/telecom-media-and-technology-%E2%80%93-covid-19-implications-and-medium-term-recovery>

This page is intentionally left blank





## Section 2

### The death of traditional advertising and the new digital normal

The latest forecasts, outlining the effect of Covid-19 on advertising spending, ad format and product category level, are based on data from 96 markets across the globe and reflect an outright reduction of USD 96.4 billion relative to the previous WARC global projections in February 2020, of 7.1% growth.

At a media level, the effects of Covid-19 would be extremely damaging for **traditional channels**, with ad spending down 16.3%, equal to USD 51.4 billion withdrawal from 2019 levels. In particular, there has been a significant decrease in cinema (31.6%), Out-of-Home (OOH) (21.7%), print (20.1%), radio (16.2%) and TV (13.8%). On the other side, **digital channels** are set to record slight growth this year (0.6%) at global level, although there will be a drop in a number of key markets. Social media (9.8%), online video (5.0%) and search (0.9%) are all still anticipated to boost, although online classified is set to fall (10.3%).<sup>13</sup>

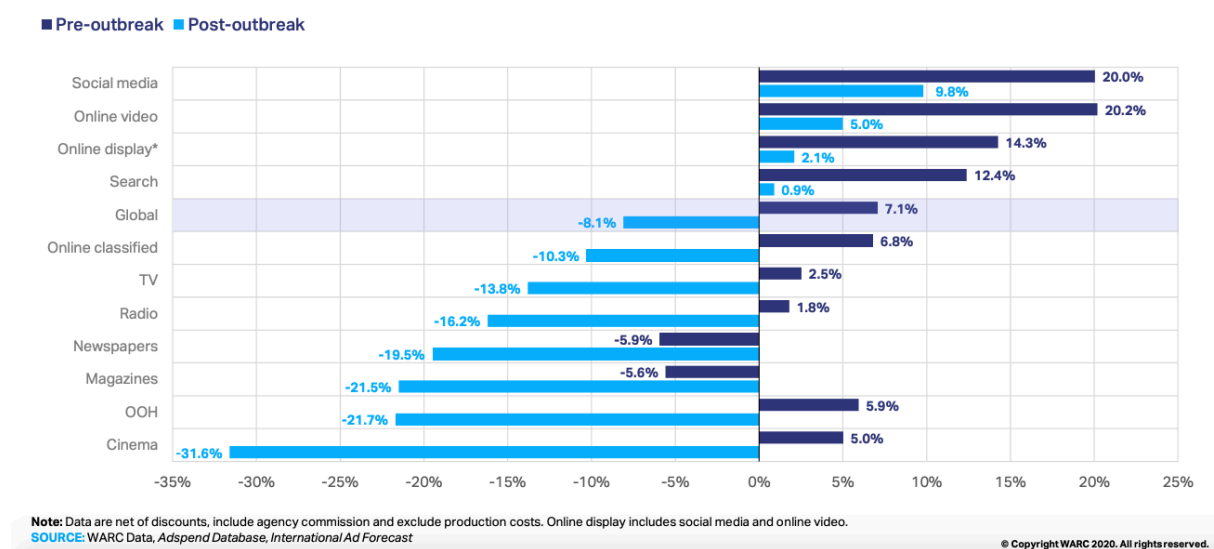


Figure 14: Year-over-Year % change at media level, US Dollars, 2020. WARC. (2020, May). Brands cut \$50bn from global adspend in wake of COVID-19. Ascential Events. Retrieved from:

<https://www.warc.com/newsandopinion/news/brands-cut-50bn-from-global-adspend-in-wake-of-covid-19/43659>

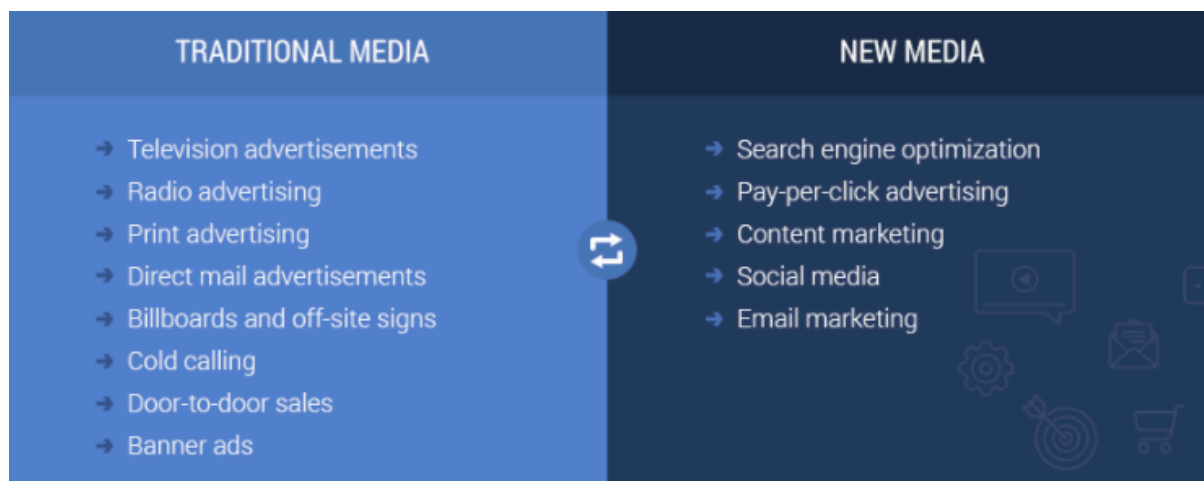
It is expected that traditional advertising channels will be severely affected by changes made by coronavirus pandemic. According to the World Advertising Research Center (WARC) report, Notwithstanding the positive scenarios for cinema advertising before coronavirus crisis, which were

<sup>13</sup> WARC. (2020, May). Brands cut \$50bn from global adspend in wake of COVID-19. Ascential Events.

Retrieved from <https://www.warc.com/newsandopinion/news/brands-cut-50bn-from-global-adspend-in-wake-of-covid-19/43659>

promising a growth of 5% by the end of 2020, the market is now expected to experience a tremendous fall of 31.6%. Furthermore, According to WARC report, OOH is expected to witness a decline in growth YoY by 21.7%, in contrast to previous growth rate estimations on 5.9%. Amongst the other media markets, magazines and newspapers are likely to foresee a more severe downturn in ad spending, ranging from 21.5% to 19.5%, compared to pre-Covid-19 predictions of 5.6% and 5.8% losses respectively. Film advertising together with the out-of-home channel consider them as the hardest hit on all channels. Radio and television, the two dominant traditional channels in media industry, are currently suffering unprecedented ad spend losses 16.2% and 13.8% respectively. On the other side, according to WARC, digital advertisement channels are anticipated to witness significant growth (compared to traditional channels) and come out of the crisis somewhat less scathed. Global ad spending on social media is now expected to grow by 9.8% YoY, compared to pre-Covid-19 estimations of 20% growth); Online video is projected to grow by 5.0% versus 20.2% from previous forecasts, while online display overall (including social media and online video) will grow by 2.1% which is 12.2 percentage points lower than the pre-Covid-19 estimations (14.3%); Finally, search ads is forecasted to increase by 0.9% (versus the pre-pandemic projections of 12.4% ).<sup>14</sup>

Advertiser Perceptions surveyed 150 advertisers and agencies in mid-June to explore their budgeting plans for both regional and local advertising in the second half of the year. 75% of them said they would be using paid social, and equal percentage said they would be using display for those efforts. 70% will also be using paid search, while 64% plan to put extra budget in digital video. On the other hand, fewer advertisers expect to use traditional media such as linear broadcast television (46%), linear cable television (46%) and traditional radio (38%).<sup>15</sup>



<sup>14</sup> Marketing Charts. (2020, June). Here's how COVID-19 is expected to impact global ad spending this year. Retrieved from: <https://www.marketingcharts.com/advertising-trends/spending-and-spenders-113617>

<sup>15</sup> Marketing Charts. (2020, August). Data hub: Coronavirus and marketing [Updated]. Retrieved from: <https://www.marketingcharts.com/featured-112414>

Figure 15: Traditional Media Vs Digital Media. Web FX. (n.d.). Traditional media vs. new media: Which methods should you use? Retrieved from: <https://www.webfx.com/internet-marketing/traditional-media-vs-new-media.html>

Popular traditional channels such as TV, radio and newspapers have long been gone away, as the advertisement industry realized that they can no longer reach their target audience. The budget was instead shift in social and other digital media where audiences and especially young ages are consuming time.<sup>16</sup>

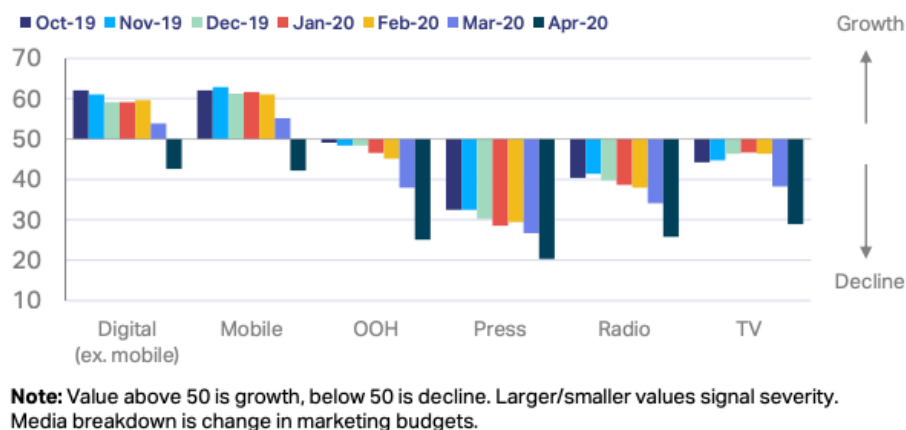


Figure 16: Change in ad spend in traditional and digital channels, from October 2019 until April 2020. WARC Data and Global Marketing Index. (2020, May). Global Ad Trends: The impact of Covid-19 on ad investments. Retrieved from <https://content.warc.com/rs/809-PJV-078/images/Global%20Ad%20Trends%20-%20May%202020%20%28sample%29.pdf>

IAB consultants also believe that online media will be better off than traditional media. The organizations estimate that digital ad revenue will decrease by 19% - 25% which is less than the traditional ad revenue, especially those of linear TV and print ads which will be down 27% and 32%, respectively.<sup>17</sup> If coronavirus spread continues significantly, people will end up spending more time at home and this might lead to higher ad spending in areas such as social media, mobile gaming or online streaming services while ad spending in areas including out-of-home ads will decline even more, James McDonald, WARC Data's managing editor explained. In addition to the uncertainty people feel and the more time they consume at home, another key factor impacting ad spend is the cancelation of major events such as the Olympics due to social distancing and to travel bans. That will have an effect on

<sup>16</sup> Bloom, J., (2020, May). How coronavirus is changing the adverts you see. BBC. Retrieved from <https://www.bbc.com/news/business-52806115>

<sup>17</sup> Vorhaus, M., (2020, April). COVID-19 represents the biggest challenge to media advertising expenditures ever. Forbes. Retrieved from <https://www.forbes.com/sites/mikevorhaus/2020/04/27/covid-19-represents-the-biggest-challenge-to-media-advertising-expenditures-ever/#6e67a3517398>



investment in areas such as cinema, the demand for out-of-home ads and even radio, since most of radio consumption is made when people commute, he added.<sup>18</sup>

Looking at the likely impact of changing consumer behaviours and changes in category spend on paid media, experts believe that OOH and print media will be most impacted, with some resistance being demonstrated by TV and pay social.<sup>19</sup>

## **2.1. Traditional Advertising**

### **2.1.1. TV audiences have increased dramatically due to the need for information**

Nielsen recently reported that US video consumption could rise by 60% as a result of remain at home orders. This surge in viewership means more advertising opportunities for the ad-supported TV companies to be shown to their consumers. However, the increasing customer time spending watching Netflix and other subscription VOD channels that do not include commercials take viewers away from the traditional TV environment which is fully supported by advertisements.<sup>20</sup> TV Spending is projected to decline 13.8% to USD 159.9 billion, 28.4% of this year's overall global investment. A third of the global TV total is being transacted in the US, where TV spending is expected to decrease by 9.6% (USD 5.8 billion) to USD 54.7 billion although a fillip in campaign spending on the presidential campaign.<sup>21</sup>

The TV audience has grown dramatically due to the need for information. According to the Maslow pyramid, people in times of uncertainty need more information in order to feel that they are increasing their chances of survival and the situation is under control.<sup>22</sup>

---

<sup>18</sup> Graham, M., (2020, March). Global ad spending will likely fall if spread of coronavirus continues. CNBC. Retrieved from <https://www.cnbc.com/2020/03/03/how-coronavirus-could-impact-advertising-spending.html>

<sup>19</sup> Media Sense. (2020, March). The Impact of COVID-19 on Global Media Strategy. Retrieved from: [https://www.media-sense.com/2020/03/30/the-impact-of-covid-19-on-global-media-strategy/?doing\\_wp\\_cron=1598512722.6973550319671630859375](https://www.media-sense.com/2020/03/30/the-impact-of-covid-19-on-global-media-strategy/?doing_wp_cron=1598512722.6973550319671630859375)

<sup>20</sup> Vorhaus, M., (2020, April). COVID-19 represents the biggest challenge to media advertising expenditures ever. Forbes. Retrieved from: <https://www.forbes.com/sites/mikevorhaus/2020/04/27/covid-19-represents-the-biggest-challenge-to-media-advertising-expenditures-ever/#6e67a3517398>

<sup>21</sup> Biz community. (2020, May). The impact of COVID-19 on global advertising investment [report]. Retrieved from: <https://www.bizcommunity.com/Article/1/19/204464.html>

<sup>22</sup> Loder, S. (2020, March). Your hierarchy of needs during coronavirus (via Passle). Peak Dynamics. Retrieved from <https://insights.peak-dynamics.net/post/102g3b1/your-hierarchy-of-needs-during-coronavirus>

It is the first ever time people spend so much time in front of the small screen. For instance, in **France** consumers watch TV for an average of 4.5 hours a day, while TV audiences for some programmes are nearly double vs the equivalent period last year. In **Belgium** people spend 3.5 hours average per day and, in the UK, they consume about 3 hours, increasing the time by 10 minutes (6.2%).<sup>23</sup> In **UK** also, over half (56%) of UK households say they are primarily watching content on the traditional channels such as BBC One and BBC Two, ITV, Channel 4 and 5, up from 46% two years earlier.

---

<sup>23</sup> Schwab, P. N., (2020, May). COVID-19 impact on the media industry and its future: A detailed study. IntoTheMinds. Retrieved from: <https://www.intotheminds.com/blog/en/impact-covid-media-industry/>

This page is intentionally left blank







**ASCOTT MARKETING MANAGEMENT L.L.C.**  
registered address is at Business Bay Area,  
Burlington Tower, Plot No. 39, Property  
No. 1301-28, Makani No. 25157 86586, Dubai, UAE

**[info@ascottmanagement.com](mailto:info@ascottmanagement.com)**  
**[www.ascottmanagement.com](http://www.ascottmanagement.com)**