

Impact of the Pandemic on the Global Media Market

May 2022: Complimentary Abstract / Table of Contents



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For more information on this and other research published by Everest Group, please contact us:

Manu Aggarwal, Partner

Nishant Jeyanth, Practice Director

Aseem Nousher, Senior Analyst

Divyam Goyal, Analyst

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Background and scope of the research

The advertising industry had been on a growth trajectory for ten years since the global economic crisis of 2009. However, the pandemic and the subsequent slow decline of global GDP has dealt a severe blow to the industry. Advertising budgets were slashed causing a fall in demand, while the restrictions on gatherings further worsened the prospects of traditional channels such as print media and out-of-home (OOH) media. Even the larger advertising agencies were forced to resort to lay-offs, pay-cuts, and other cost cutting measures. While the impact of the pandemic on the industry was felt globally, the severity of the decline and rate of recovery vary significantly – owing to a host of factors such as governmental interventions, exposure to traditional/linear media, and the resilience of the economy.

In this report, we present detailed profiles of 12 large advertising markets discussing the impact of the COVID-19 pandemic on advertising in these countries as well as their trajectory of recovery. Further, the report discusses the emerging market trends and customer behavior trends that will determine the growth of advertising in the post-COVID-19 world.

Scope of this report



Geography

Australia, Canada, China, Denmark, France, Germany, India, Indonesia, Spain, Sweden, United Kingdom, and United States



Industry
All



Services
Advertising




Use cases
Publicly available information


The market report has detailed profiles of 12 major advertising markets

Impact of the Pandemic on the Global Media Market


Market overview | United States




Market size (2019)
US\$ 200-220 billion




Growth (2015-19)
3-5%



Growth (2019-21)
4-6%



Digital penetration (2021)
50-55%



In the United States, the advertising industry has shown a fast-paced recovery from the pandemic, with a significant portion of the total ad spend switching to OTT format, and media advertising has shown a fast-paced recovery by 2024. Search remains the largest fastest growing category in digital advertising, accounting for over 20% of digital ad spend, such as the California Consumer Privacy Act (CCPA).

Impact of COVID-19

- Despite facing one of the worst economic backlashes in the recent times, the United States ad market declined by 7% only
- Traditional advertising suffered a huge blow in 2020, and fell by over 18%
- Strong impact on traditional media except TV was felt on both demand and supply side. In addition to the lack of demand from major local advertisers, audience supply for print, radio, and OOH had been affected
- Local media faces long term challenges to its relevance, as people migrated to digital websites in 2020
- Automobile brands halved their ad spend by the middle of 2020. Food/drinks brands, and beauty segment cut spending by double digits. Finance and pharma brands had also cut the ad spend despite stable revenues over the year

Impact of COVID-19


- Digital advertising growth in 2020
- Huge spend on e-commerce further boosted digital growth
- Emerging growth in OOH
- Backed by strong year's long recovery

While traditional advertising sales will stabilize in the next few years, growth of advertising will continue to be driven by digital media and specifically by emerging digital media formats.


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Impact of the Pandemic on the Global Media Market


Market overview | France




Market size (2019)
US\$ 12-14 billion




Growth (2015-19)
4-8%



Growth (2019-21)
2-4%



Digital penetration (2021)
45-50%



Although France is among the largest advertising markets in the world, it continues to pose unique challenges to advertisers and agencies. While GDPR has already created challenges for marketers in storing and utilizing customer data throughout the EU, the ePrivacy Regulation is expected to make data collection and retention harder (and costlier) for marketing agencies. It is a strongly regulated market that prohibits agencies from earning media income, while tech giants struggle to operate under strong competition laws. Digital media penetration is still lower in comparison to the other major European markets. The share of TV advertising is lower than global average, while print and radio advertising are prominent. OOH advertising is a significantly large segment in the country and is the fastest growing after digital. Automotive is the largest advertising segment. FMCG & retail, food & beverage, and beauty industry are the other prominent segments.

Impact of COVID-19

- In 2020, the COVID-19 outbreak caused a severe economic recession (GDP declined by over 10%) that led to heavy cuts in marketing spend and cause advertising spend to shrink by over 7%
- Traditional media shrunk by over 18%, which is a deeper decline than the one during the economic recession of 2008-09. The worst impact had been felt by OOH advertising, print advertising, and cinema
- The heaviest spending cuts came from the industries most deeply impacted by the COVID-19 lockdown (travel, tourism, restaurants, cinema, energy, and automotive) and the decline in social interactions (beauty, fashion, and drinks)

Bounce back and recovery

- Increased audience reach and surge in e-commerce has given a boost to digital media, which has surpassed traditional media sales in 2020. Growth of digital may accelerate in the coming years and is predicted to reach 65% of total ad spend by 2026
- Traditional advertising will recover slower than the other mature ad markets
- The gradual recovery of transportation and shopping, and major sporting events such as the Euro (2021) and Paris Olympics (2024) is expected to drive the growth of Digital Out-of-Home (DOOH) and OOH. By 2025, OOH will be the only traditional media to return to pre-COVID-19 levels

Traditional media in France will take a long time to recover from the COVID-19 impact, while digital and OOH media will continue its rapid growth in the near future.

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Research calendar

Marketing services

Published

Planned

Current release

Reports title	Release date
Marketing BPS PEAK Matrix® Assessment 2020	September 2020
Marketing BPS Service Provider Compendium 2020	November 2020
Marketing BPS State of the Market Report 2021	December 2020
Digital marketing’s reckoning with privacy	October 2021
Marketing Services PEAK Matrix® Assessment 2022	December 2021
Marketing Services Service Provider Compendium 2022	March 2022
Impact of the Pandemic on the Global Media Market	May 2022
Marketing Services State of the Market Report 2022	Q2 2022
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Dallas (Headquarters)

info@everestgrp.com
+1-214-451-3000

Bangalore

india@everestgrp.com
+91-80-61463500

Delhi

india@everestgrp.com
+91-124-496-1000

London

unitedkingdom@everestgrp.com
+44-207-129-1318

Toronto

canada@everestgrp.com
+1-647-557-3475

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