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Prior Assumptions About 2020 TV Ad Spend Growth May Shift in Light of Pandemic

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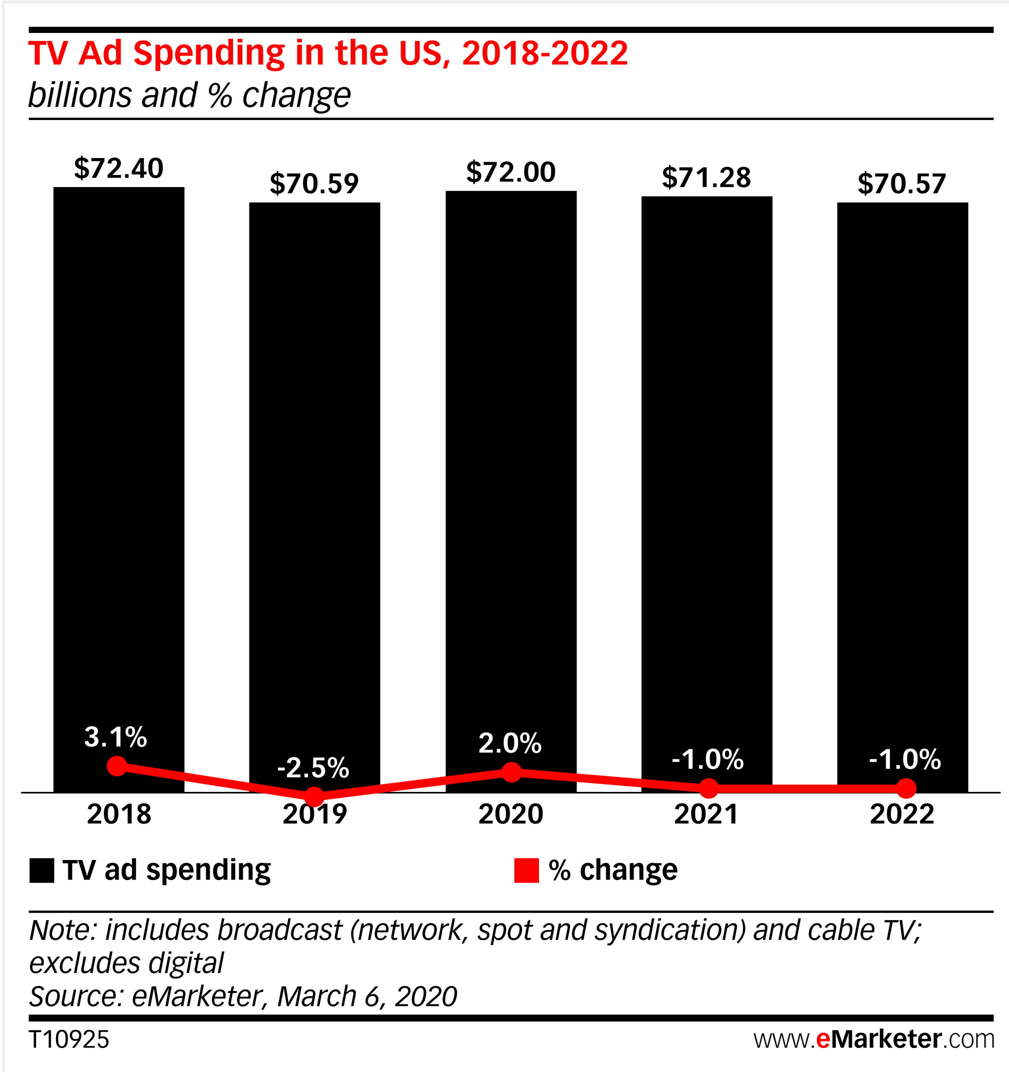
Ethan Cramer-Flood

According to our estimates, which were finalized prior to the coronavirus outbreak and subsequent cancellation of major sports programming, US TV ad sales were expected to climb 2.0% this year to $72.00 billion, a significant bump from 2019's 2.5% year-over-year decline to $70.59 billion.



In light of the coronavirus outbreak, our next US TV ad spending forecasts will come in June and account for Q1. Another update in September will account for Q2 disruptions and likely involve even larger reassessments.

This positive forecast, published in March, was previously driven by assumptions in two major categories: political advertising associated with the 2020 presidential election and ad bonanza that is the Summer Olympics. These assumptions are now troublesome, given that most sports seasons have been suspended and the Olympics being postponed until 2021.

While it may be too soon to tell, the absence of live sports could also lead to an accelerated trend away from traditional TV, particularly if consumer belt-tightening comes into play due to a sudden economic downturn.

"Pay TV providers, such as cable, satellite and telecom, have been embattled in recent years as digital video platforms have encroached upon their audiences, causing losses in pay TV households," said eMarketer vice president of forecasting Monica Peart. "In a year with additional challenges from COVID-19, pay TV providers are likely to see more pronounced declines in pay TV households and viewers, which will result in a further cooling effects on the TV ad spending market."

Despite the uncertainty, an uptick in US TV ad spending this year remains a possibility. Political advertising is still expected to provide a substantial boost, and live sports could return in force in H2 2020, with some sports leagues endeavoring to pick up where they left off rather than abandon their seasons entirely.

Additionally, US ad spending generally skews toward Q3 and Q4 due to the holiday season and the National Football League (NFL). Granted, many advertisers who had previously planned their spending around the spring sports calendar will likely shift their spending to other channels. However, some will hold back and push their buying to H2 sporting events, and others will shift within the TV medium.

The biggest remaining unknown is whether the US will enter a severe recession during or after the COVID-19 outbreak, and for how long. If an extended economic crisis plays out, and if a significant drawdown in consumer spending ensues, then many additional ad spending metrics will also have to be reassessed.