US TV Upfront Ad Spending Will Fall $5.5 Billion for the 2020-2021 Season

ARTICLE

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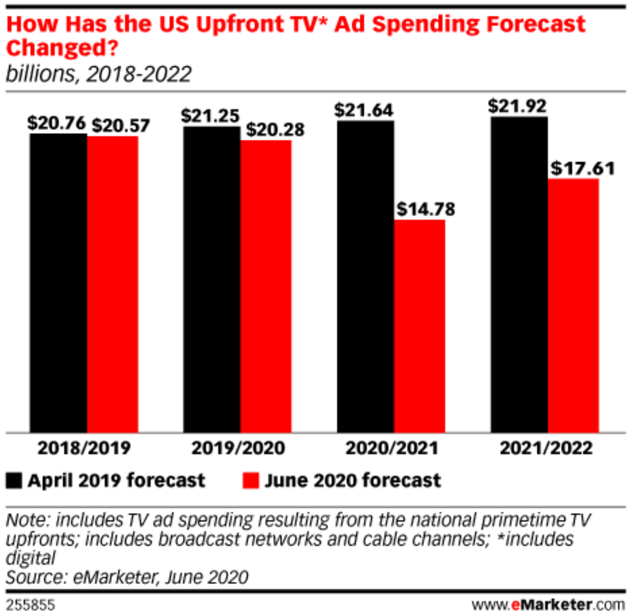
US upfront TV ad spending will decline 1.4% in the 2019-2020 season to $20.28 billion, and drop a substantial 27.1% in the 2020-2021 season to $14.78 billion, a $5.5 billion difference year-on-year. This is a significant change from our pre-pandemic estimates, when we expected to see single-digit growth for both seasons at 2.3% and 1.8%, respectively. The revised figures reflect about $1 billion less in spending for the 2019/2020 season and about $7 billion less for the 2020/2021 season, compared to our April 2019 forecasts.



Brands paused, delayed, or reduced ongoing campaign spending during H1 2020 as the economy began to contract and live sports programming stopped. Advertisers were given the option to cancel up to half of their upfront commitment in Q3, a relatively rare occurrence, and the number of cancellations will be greater than expected prior to the pandemic, due to additional economic uncertainty. The abrupt pause of major sporting events — including college basketball's March Madness and a large portion of the 2020 NBA season — likely further contributed to those cancellations.

In H2, brands will cut a significant share of TV upfront ad spending due to difficult economic conditions. Without clarity into whether business operations will be stable later in the year, brands are planning less of their TV buying in advance, which normally gives advertisers about half a year to plan a campaign, and will likely rely on inventory purchased within much shorter time horizons (scatter and digital).

With the economy officially in a recession and production delays creating uncertainty over available ad inventory during the fall, advertisers will likely make significant adjustments to their upfront spending in the 2020-2021 season as well. An April 2020 BMO Capital Markets study found that upfront inventory sales are expected to account for between 40% to 60% of total US TV network inventory, compared to the usual 70% to 80%.