

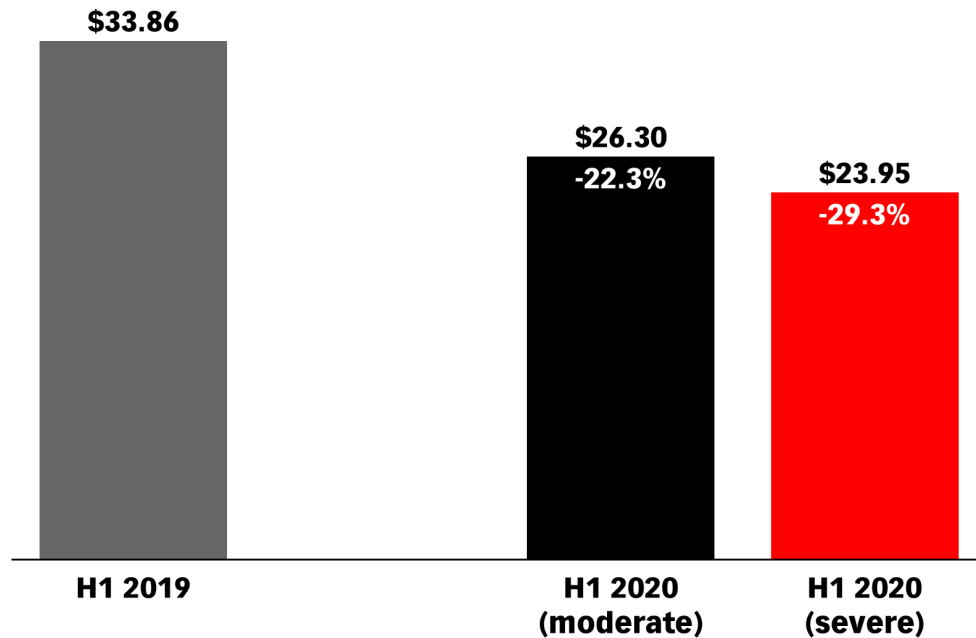
How the Coronavirus Will Change Our US TV Ad Spending Forecast

ARTICLE | APRIL 21, 2020

eMarketer Editors

T V ad spending in the US will decline by between 22.3% and 29.3% in H1 2020, about \$10 billion to \$12 billion less than expected. Our previous forecast, completed on March 6, 2020, called for a 2.0% increase for the full year.

Analyst Take: US TV Ad Spending, H1 2019 & H1 2020
billions and % change vs. the prior-year period



Note: includes broadcast TV (network, syndication and spot) and cable TV; excludes digital

Source: eMarketer, April 2020

E100008

www.eMarketer.com

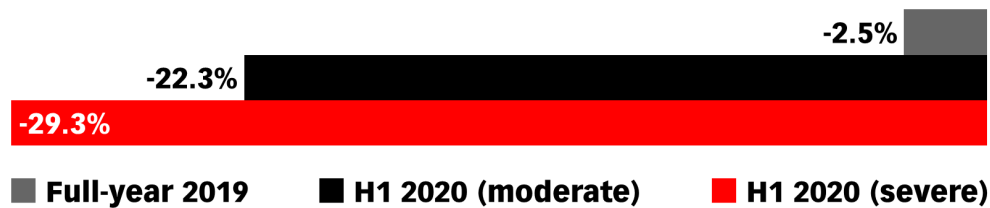
TV networks will lose billions in ad revenues due to canceled or postponed sports programming, including the 2020 Summer Olympics, National Hockey League (NHL), National Basketball Association (NBA) and NCAA March Madness games.

Political advertisers will still spend big on TV but probably not in Q2. Our earlier estimates of TV ad spend growth were driven in part by expected spending on the presidential campaigns, as well as other election-related ads. But between the election season itself and the apparent insensitivity of campaigning during the pandemic, that spend is largely on hold.

TV ad spending was down last year, and we expected it to be down in 2021. This year was set to buck a longer-term downward trend thanks to the 2020 Summer Olympics and presidential election. The former is now scratched from the 2020 calendar, and TV ad losses are set to accelerate rather than pause this year.

Analyst Take: US TV Ad Spending Growth, 2019 & H1 2020

% change vs. the prior-year period



Note: includes broadcast TV (network, syndication and spot) and cable TV; excludes digital

Source: eMarketer, April 2020

E100010

www.eMarketer.com

Why TV Ad Spending Will Fall

The biggest reason is simple: no sports content. Professional leagues have canceled or suspended seasons.

- Kantar estimated in March 2020 that March Madness, the NBA playoffs and the NHL playoffs collectively accounted for about \$2 billion in TV ad revenues last year. MoffettNathanson Research estimated in March that this year's losses to ESPN, ABC and TNT due to the NBA season cancellation would amount to about \$700 million.
- NBCUniversal reported advertiser commitments for the 2020 Olympics amounted to about \$1.25 billion—money the company expects to return to those advertisers to either spend elsewhere later or take as savings. Considering the difficulty of replicating the lost Olympics audience, we expect a significant share of that money to be cut from TV ad budgets this year.

"Aside from the lost sporting events, we expect TV advertisers to take a wait-and-see approach as the economy continues to stall," said eMarketer principal analyst Nicole Perrin. "With consumers stuck at home, many find themselves having more time on their hands and thus greater interest in watching TV. But that coincides with millions of newly unemployed or underemployed consumers who will have to keep an eye on their personal finances."

"The other major buoy of TV ad spending this year was political advertisers, and their spending will be hampered in Q2," Perrin said. "It's normal for election-related TV advertising to be heavily weighted toward the last couple of months before the election, so we always expected political ad spending on TV to be concentrated in Q3. But given the way the Democratic primary has shaken out, with former vice president Joe Biden now the presumptive nominee, ad spending for those elections has dried up. There's not a significant reason to spend political ad budgets now, and campaigns likely fear it will seem insensitive if they do."

For a look at how our previous US digital video ad spending forecasts have changed, you can read our latest article:

Article Apr 20, 2020

How the Coronavirus Will Change Our US Digital Video Ad Spending Forecast