

A Tale of Two Trends

The pandemic's impact on UK digital ad spending is split among industries

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In terms of how advertisers in the UK will allocate their digital budgets, 2020 will be a story of two trends. On one hand, digital ad investments (and advertising investments overall, for that matter) by some sectors will decline immensely as a result of those industries facing insurmountable barriers. On the other, the pandemic will allow certain other industries to remain resilient on the digital ad spending front, with relatively strong growth forecasts for the year.

It comes as no surprise that the automotive and travel industries will experience huge spending declines in 2020. As the UK imposed strict lockdown rules, pretty much all travel was nixed for several months. Investment in digital advertising by these two industries will thus suffer, with spend declining by 20.4% for auto and by 36.7% for travel this year.

Digital Ad Spending Growth in the UK, by Industry, 2017-2021

% change

	2017	2018	2019	2020	2021
Computing products & consumer electronics	14.1%	13.9%	13.2%	14.3%	15.0%
Financial services	12.5%	11.3%	14.4%	9.6%	7.9%
Retail	21.6%	21.5%	19.9%	8.4%	10.4%
CPG & consumer products	13.6%	13.9%	13.5%	6.6%	9.0%
Automotive	14.3%	14.1%	12.7%	-20.4%	25.2%
Travel	13.3%	14.4%	14.2%	-36.7%	35.5%
Other	11.5%	14.1%	12.4%	8.9%	15.7%
Total	14.3%	15.0%	14.4%	0.3%	15.0%

Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms

Source: eMarketer, August 2020

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At the opposite extreme, computing products and consumer electronics have been in high demand as UK consumers bunker down and spend extended periods of time on remote work and indoor leisure activities. As a result, this industry will see digital ad spending grow by 14.3% this year, up from 13.2% in 2019.

Other industries that we track, meanwhile, will prove to be resilient in the face of the economic downturn. While we expect rates of digital ad spending growth to decline slightly across the board, all these categories will nonetheless post positive growth in 2020, with retail and financial services both growing by nearly double digits.

All this will produce a slight rebalancing of the world order as it pertains to digital ad spend. Retail will continue to lead the pack and account for a fifth of total digital ad spend in 2020. Computing products and consumer electronics will see a significant bump in spend, elevating its share to 10.6% and positioning it in the middle of the pack. And travel and automotive will slip down the rankings, with

travel in particular seeing a significant decline and holding onto just 6.8% of the total digital ad market.

A large proportion of digital ad spend will come from the “other” category, which contains industries that are sizable but not yet broken out individually in our UK forecasts (like healthcare and pharma, real estate, education, and business and industrial).

Digital Ad Spending Share in the UK, by Industry, 2017-2021
% of total digital ad spending

	2017	2018	2019	2020	2021
Retail	16.7%	17.7%	18.5%	20.0%	19.2%
CPG & consumer products	12.9%	12.8%	12.7%	13.5%	12.8%
Financial services	12.3%	11.9%	11.9%	13.0%	12.2%
Computing products & consumer electronics	9.5%	9.4%	9.3%	10.6%	10.6%
Automotive	13.5%	13.4%	13.2%	10.5%	11.4%
Travel	10.9%	10.8%	10.8%	6.8%	8.0%
Other	24.2%	24.0%	23.6%	25.6%	25.8%

Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms
Source: eMarketer, August 2020

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In pure monetary terms, spend in the UK digital ad industry will fall into three bands in 2020:

- Retail spend will be far out in front, reaching £3.02 billion (\$3.85 billion) this year, almost a billion pounds ahead of the second-largest spender, CPG.
- Travel spend will prop up the list at £1.03 billion (\$1.31 billion) and account for just over a third of the retail total.
- In between will be the remaining industries we track, with less than half a billion pounds’ difference in their digital spend overall. That difference

would be even smaller were it not for automotive's spend dropping so substantially this year.

To learn more about how UK digital ad spending is shaking out by industry amid the pandemic, eMarketer PRO subscribers can read our recent report:

Report by Bill Fisher Sep 24, 2020

UK Digital Ad Spending by Industry 2020

UK DIGITAL AD SPENDING BY INDUSTRY 2020

Pandemic Leads to Mixed Results as Retail Pulls Ahead and Travel Tanks

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