

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

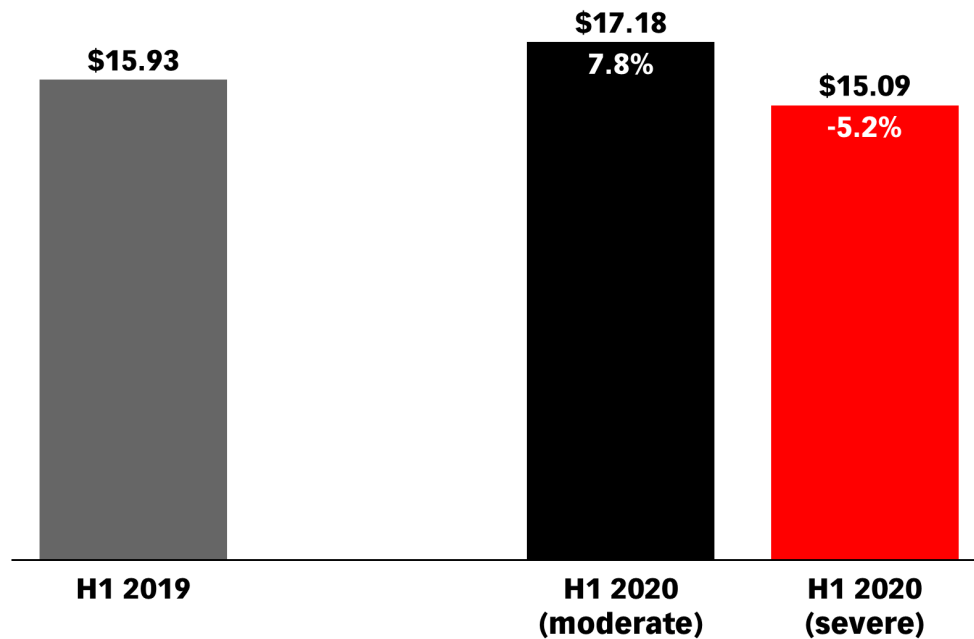
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**eMarketer Editors**

Despite the economic downturn brought on by the coronavirus pandemic, we estimate that US spending on digital video advertising still has the potential to increase by as much as 7.8% during H1 2020 —or decrease by as much as 5.2% vs. H1 2019.

## Analyst Take: US Digital Video Ad Spending, H1 2019 & H1 2020

billions and % change vs. the prior-year period



*Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices; includes in-stream video ads such as those appearing before, during or after digital video content in a video player (pre-roll, mid-roll, post-roll video ads) and video overlays; includes social network in-stream video advertising in platforms such as Facebook Watch and Snapchat Shows; includes outstream video ads such as native, in-feed (including video ads in Facebook's News Feed and Twitter's Promoted Tweets), in-article, in-banner and interstitial video ads*

Source: eMarketer, April 2020

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Even if digital video growth increases modestly, that's about \$3 billion to \$5 billion less than we expected. Our previous US digital ad spending forecast completed on March 6, 2020, called for a 26.2% increase in digital video ad spending for the full year.

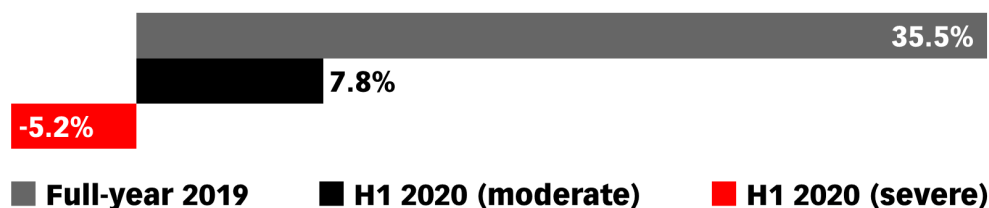
- US advertisers increased their Q1 video ad spending by between 10.5% and 17.0%. Video has been a high-growth area of digital advertising for years, and spending was up enough in January and February to amount to a double-digit increase for the quarter.
- Video ad spending will likely decline by somewhere between 1.3% and 21.0% annually in Q2. We assume spending declines began in March

and will continue through June. Still, this is a more optimistic outlook than we have for total display in Q2 (declines between 19.4% and 38.4%) or search (declines between 20.2% and 29.4%).

- Travel advertisers will make the deepest cuts to their digital video budgets, followed by media and entertainment advertisers. But ad spend across industries will be less on average, due to budget constraints and falling CPMs.
- Video is well-positioned for branding campaigns. Some advertisers are focusing on the upper funnel as they find it difficult to make sales—and digital video is a good substitute for campaigns in channels with less media consumption like out-of-home (OOH) and radio.

### Analyst Take: US Digital Video Ad Spending Growth, 2019 & H1 2020

% change vs. the prior-year period



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Source: eMarketer, April 2020

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## Why Digital Video Ad Spending Will Falter

"Ads are bought in real time, and budgets can easily be pulled," said eMarketer principal analyst Nicole Perrin. "Also, consumers are spending more time with digital media, including media supported by video ads. But the increasing inventories come alongside a drop in advertiser demand, leading to falling prices."

"However, video is more insulated than other formats because it has long been in greater demand," Perrin said. "Falling prices due to reduced overall demand will make video placements even more attractive compared with static banner ads. The qualities that make video stand out to advertisers—sound and motion—are especially appealing for branding-oriented efforts, which many companies are now focused on."

For a look at how we're changing our US search ad spending forecast, read our latest story.

**Article** Apr 13, 2020

### **How the Coronavirus Will Change Our US Search Ad Spending Forecast**