

Coronavirus Hits China Ad Spending

eMarketer cuts forecast for total media ad spending by 6.2%

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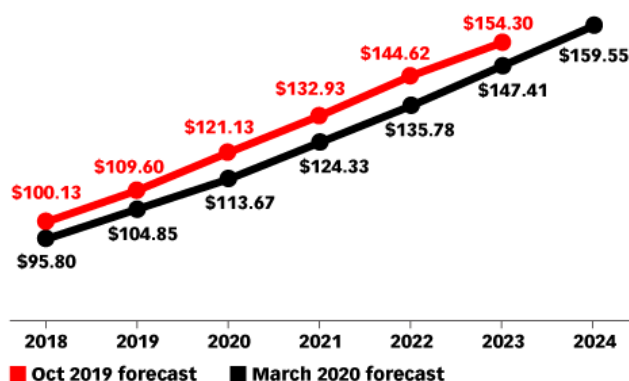
eMarketer Editors

Just months after the first case was reported, it is already clear that COVID-19 is having a negative impact on ad spending in China. In fact, we have lowered our outlook for China ad spending for 2020 and beyond.

In our Q3 2019 forecast, we expected total media ad spending to grow 10.5% in China this year, amounting to \$121.13 billion. We are now expecting 8.4% growth, totaling \$113.67 billion. That's the slowest growth rate since we began tracking China ad spending in 2011.

How Has the Total Media Ad Spending Forecast for China Changed?

billions, 2018-2024



Note: includes digital (desktop/laptop, mobile and other internet-connected devices), directories, magazines, newspapers, out-of-home, radio and TV; excludes Hong Kong
Source: eMarketer, March 2020

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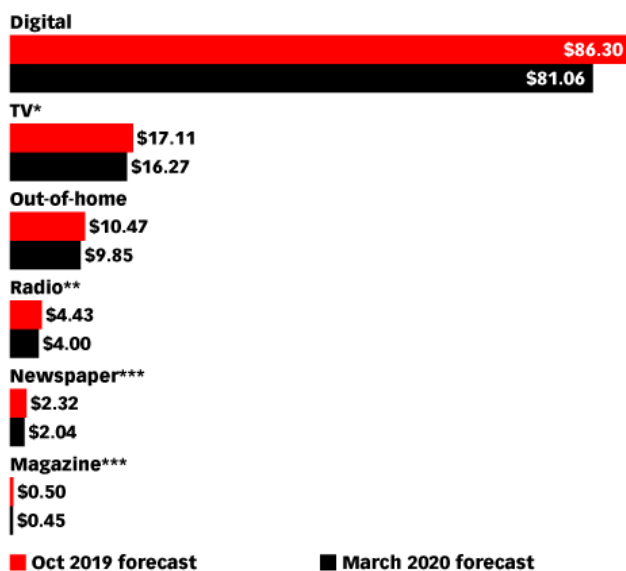
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Traditional media, specifically print ad spending, will take the biggest hit. Newspaper ad spending will dip more than expected, dropping 16.0% in 2020 to \$2.04 billion. Magazine ad spending will also drop more steeply than anticipated, declining 12.0% to \$450.0 million. Previously, we estimated newspapers and magazines would drop by 8.6% and 5.0% in 2020, respectively.

“As people are forced to stay home during the outbreak, residents of China are buying fewer print newspapers and magazines,” eMarketer forecasting analyst Brian Lau said. “Delivery services are also being interrupted. This means that the already struggling print ad market will see even lower demand.”

How Has the Total Media Ad Spending Forecast for China Changed?, 2020

billions, by media, 2020



Note: excludes Hong Kong; *excludes digital; **excludes off-air radio and digital; ***print only, excludes digital
Source: eMarketer, March 2020

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Out-of-home ad spending is expected to grow by just 0.7% in 2020, as opposed to the previously estimated 2.5%. Fewer people are leaving their homes, translating to lower demand for outdoor ads.

Digital spending is a bit more insulated, but it will still take a hit. Our Q3 2019 forecast predicted 15.2% growth in digital ad spending this year, totaling \$86.30 billion. Now, however, we are expecting growth of 13.0%, with spend reaching \$81.06 billion.

“Overall negativity and more cautious spending from advertisers mean that digital ad spending will not be immune to the coronavirus,” Lau said. “But the impact is less severe than traditional media, mostly because mobile ad spending is still showing strong growth. This is in part because people are shopping online more during the outbreak. They are also turning to online news sources for information about the outbreak. These factors will buoy advertisers’ appetite for digital ads.”

It is important to note that, while some effects of the coronavirus are apparent, the *full* impact on the broader Chinese economy—and thus on ad spending—have not yet been felt. We currently expect that there will be a return to business as usual in H2 2020. If that doesn’t

materialize, our Q3 2020 forecast could revise these figures even further downward.

We can already see China dragging down ad spending globally. In 2020, we expect total media ad spending worldwide will reach \$691.7 billion, up by 7.0% from 2019. That's a decrease from our Q3 2019 forecast when we expected worldwide ad spending to rise by 7.4% to \$712.02 billion this year.