

M/GNA

GLOBAL ADVERTISING LANDSCAPE

WINTER 2020

Dec. 2020

GLOBAL ADVERTISING LANDSCAPE – DEC. 2020

M/GNA

LATEST MAGNA REPORTS/ASSETS



GLOBAL ADVERTISING LANDSCAPE
(this document)



GLOBAL AD FORECASTS - FULL REPORT
80 pages with detailed country-by-country insights



GLOBAL DATASET
Excel file with complete ad spend estimates (70 countries, 2000-2024)



US REPORT
Detailed 50-page deck and companion excel file



TWO MINUTE VIDEO SUMMARY



More insights, market profiles and infographics available on our website: atlas.magnaglobal.com

- The winter update of MAGNA's global ad forecasts was published on 12/7/2020.
- Next updates: March 2021 (US), June 2021 (US & Global)
- Questions: Vincent.letang@magnaglobal.com

GLOBAL ADVERTISING LANDSCAPE – DEC. 2020

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This project is made possible to MAGNA's international research partners within the Mediabrands agencies and affiliates.

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LATEST FORECAST: KEY FINDINGS

ECONOMIC ENVIRONMENT

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KEY MARKETS

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ABOUT MAGNA

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TO A SECTION**



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KEY FINDINGS: THE GREAT DISCONNECT OF 2020: ECOMMERCE SURGE FUELS DIGITAL ADVERTISING RESILIENCE



2020: -4.2%

- **COVID crisis triggers brutal global recession: global GDP down -4.4% (US -4%, Western Europe: -8%, but China +2%).**
- **Media Owners' Net Advertising Revenue (NAR): \$569bn, down \$25bn (-4.2%) vs 2019.**
- **The performance gap widens: digital resilient (+8%), linear disproportionately hit (-18%).**
- **Linear: Television (-12%) outperforms.**
- **Resilient: US -1%, China +0%, Russia -3%.**
- **Worse than average: India -16%, Latam -10%.**
- **Worst verticals: travel, automotive, restaurants, cinema, drinks.**
- **Resilient verticals: retail, finance, tech, pharma.**

2021: +7.6%

- **IMF forecasts Global GDP to rebound by +5.2% after vaccination, although economic uncertainty remains high.**
- **Digital ad sales re-accelerates to double-digits (+10.4%).**
- **Linear ad sales rebound slightly, helped by cyclical sports event (Tokyo Olympics, UEFA Football tournament in Europe) although they don't come close to offsetting 2020 linear losses: +3.5%.**

LONG TERM (2022-25)

- **Beyond the economic impact, the COVID crisis will have lasting effects on lifestyles, consumption, media consumption and business models.**
- **Forecasts for long-term growth are better than they were in the Spring, but essentially the same as pre-COVID expectations from Dec. 2019**
- **Global market place reaches \$730 billion by 2025, significantly above pre-COVID peak.**
- **Linear media total will not return to pre-COVID levels in most markets.**
- **Global digital market share to reach 70% of total budgets by 2025.**

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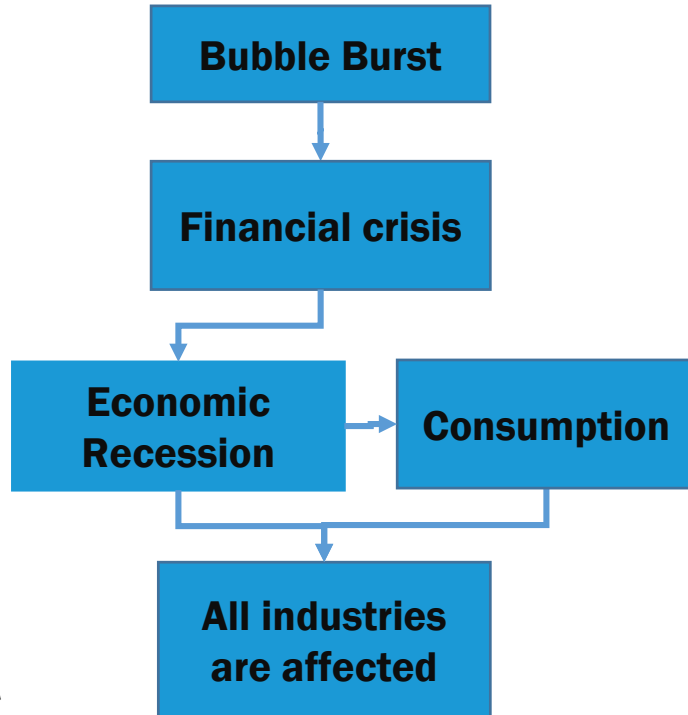
KEY MEDIA

ABOUT MAGNA

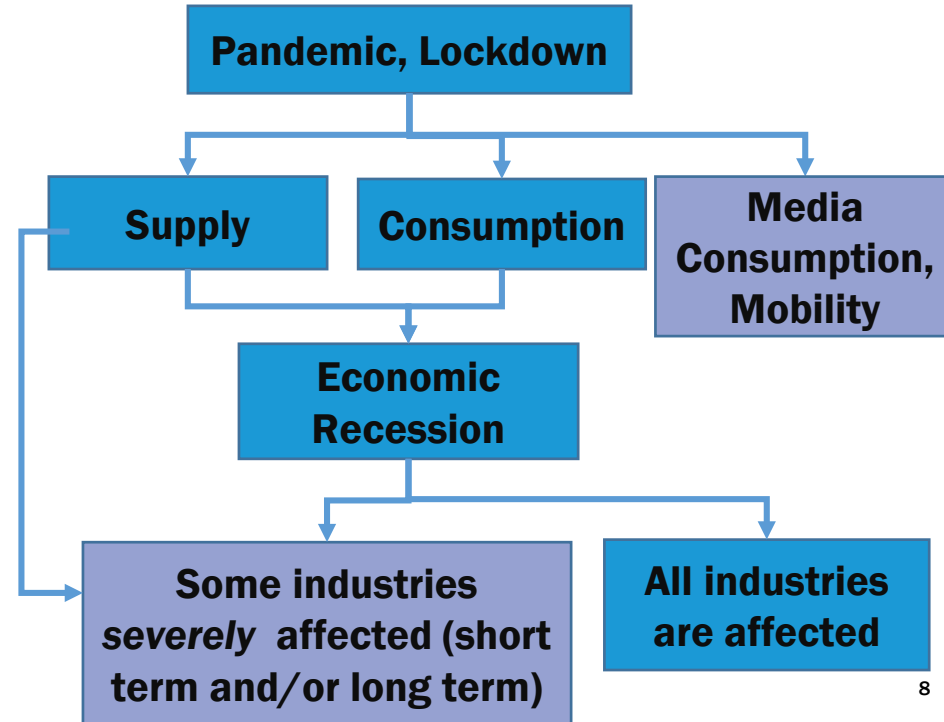
ECONOMIC ENVIRONMENT

THE COVID-TRIGGERED RECESSION BRINGS UNIQUE AND BROAD IMPACTS

2008-2009 "GREAT RECESSION"



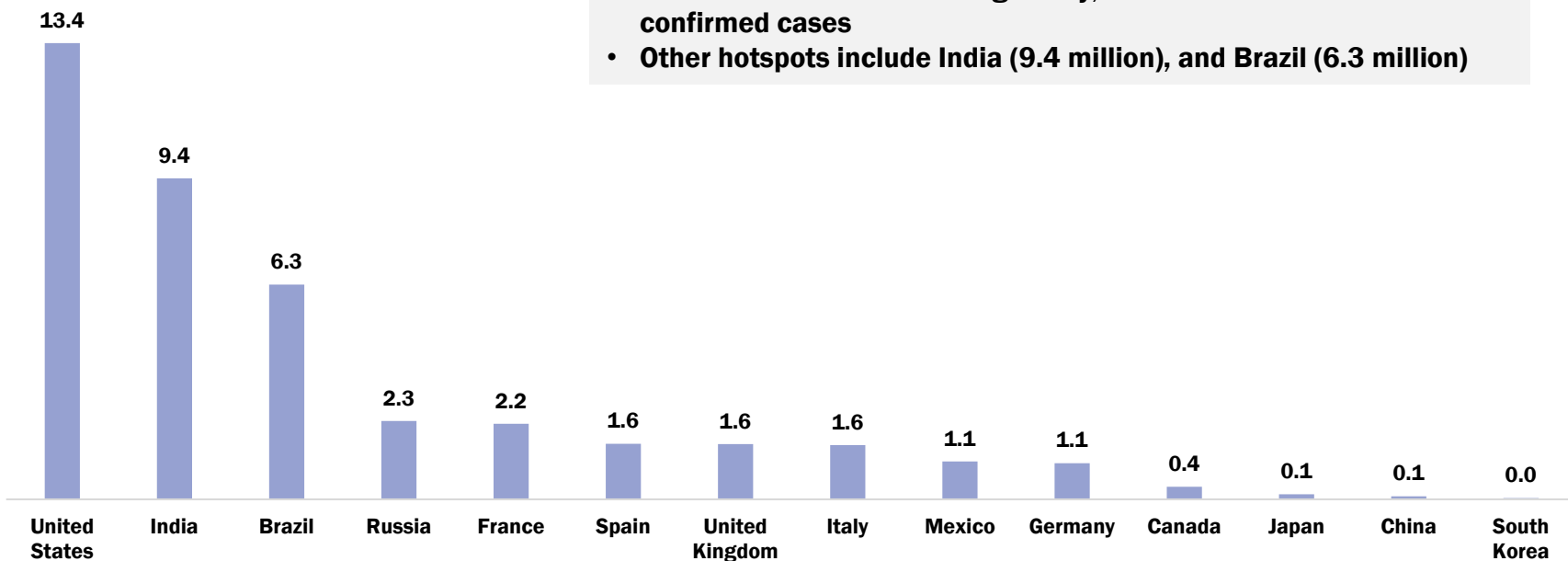
COVID CRISIS



COVID

US HAS THE MOST CASES, BUT THERE ARE MULTIPLE HOTSPOTS GLOBALLY

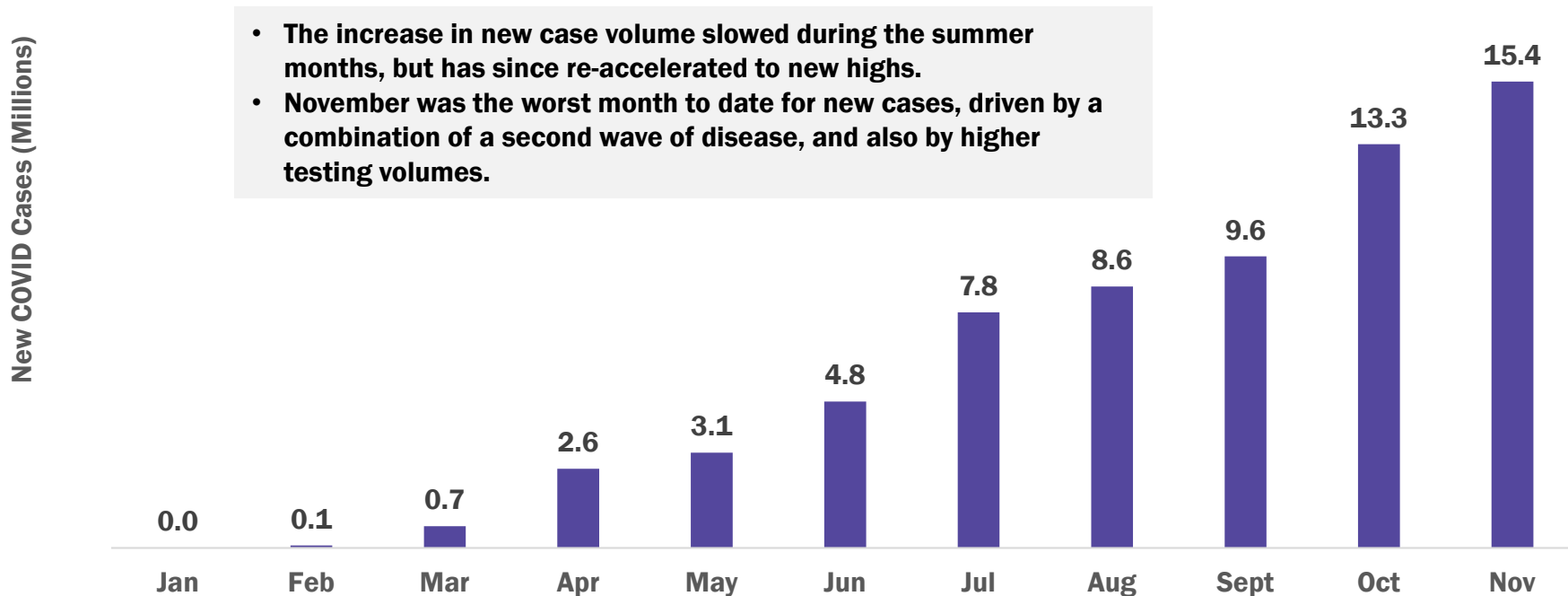
COVID Cases (Millions)



- The US has the most cases globally, with more than 13 million confirmed cases
- Other hotspots include India (9.4 million), and Brazil (6.3 million)

COVID

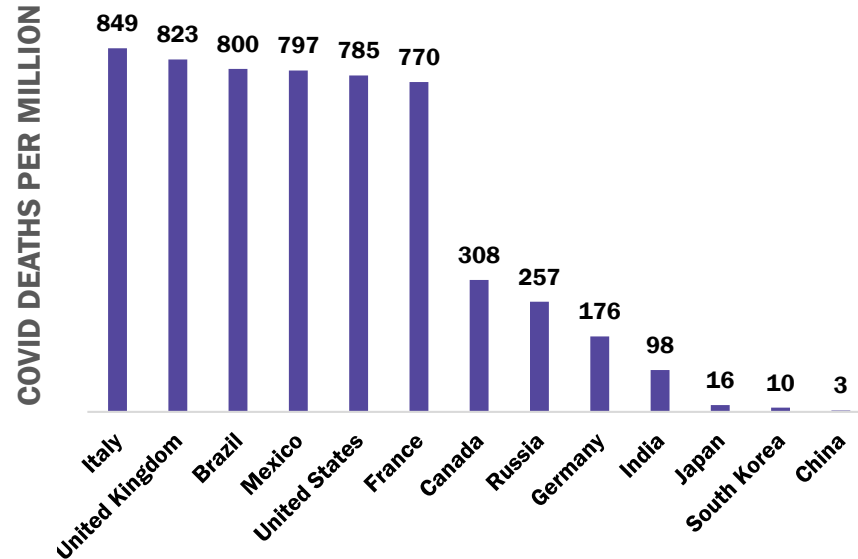
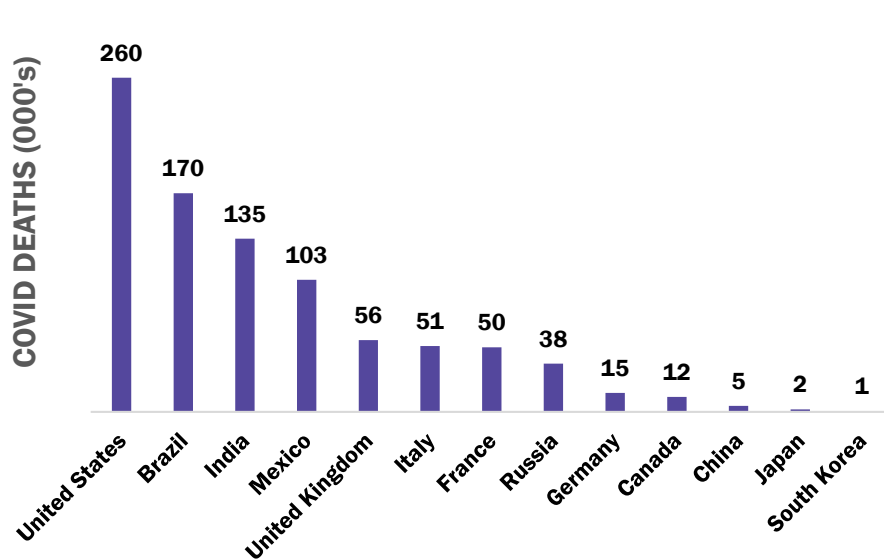
CASES ARE SKYROCKETING HEADING INTO THE END OF 2020



COVID

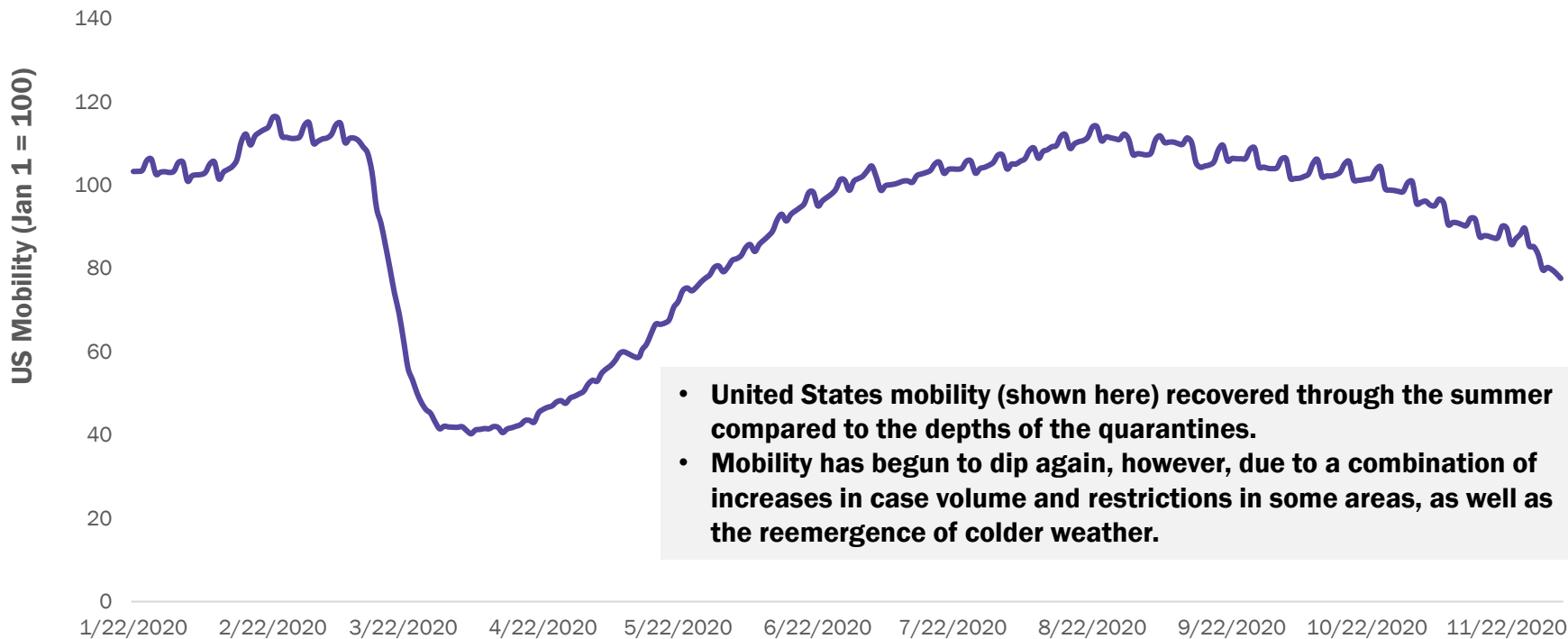
US HAS THE MOST CASES, BUT THERE ARE MULTIPLE HOTSPOTS GLOBALLY

- The US has reported the highest death toll with 260,000 victims at the time of writing (Dec 2020).
- Relative to the population size, however, the death toll was highest in Italy, and the United Kingdom, with more than 800 deaths per million population. The United States is catching up, however, with 785 million deaths per million population.



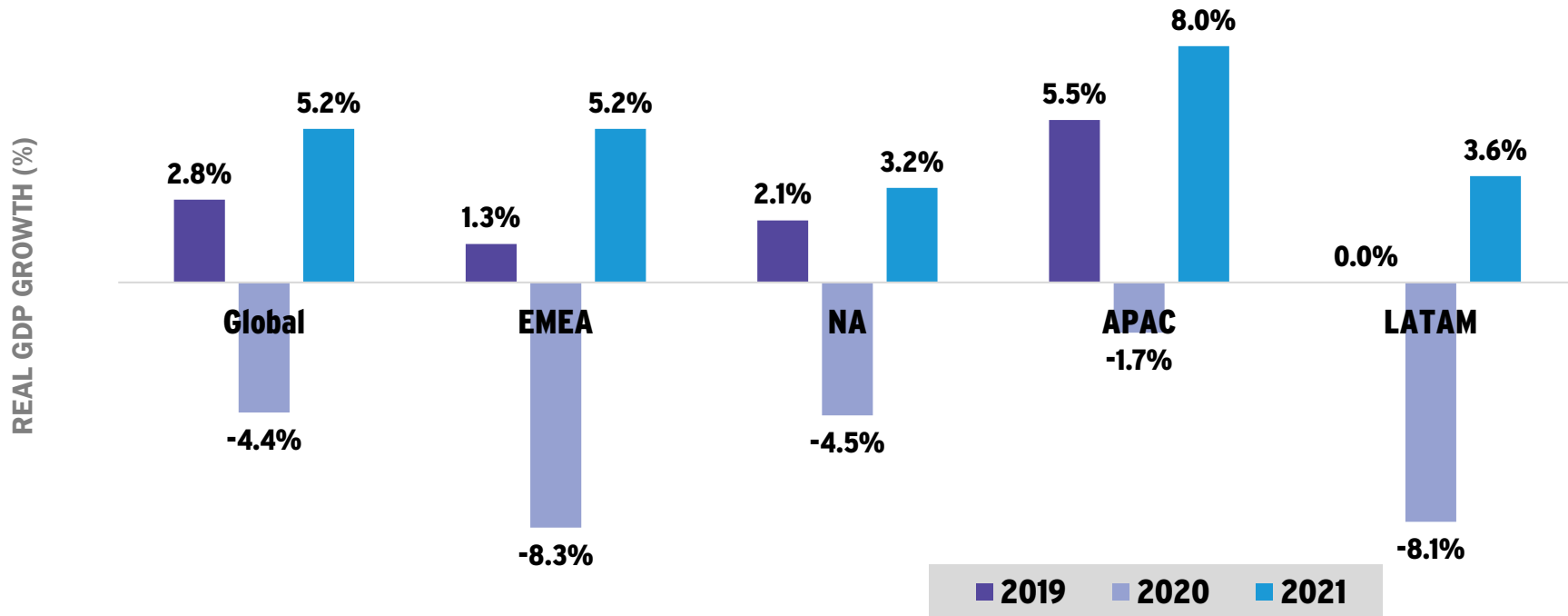
COVID

MOBILITY RECOVERED SINCE THE DEPTHS OF THE QUARANTINE



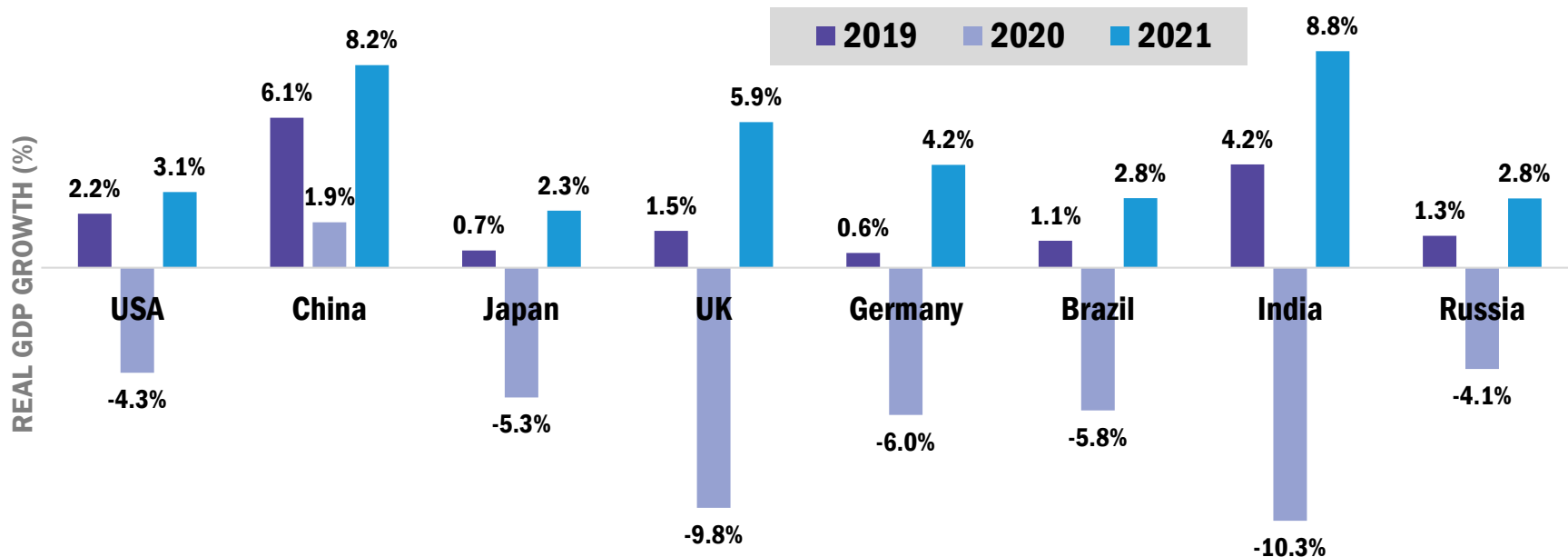
ECONOMIC GROWTH

GLOBAL GDP TO DECLINE UNDER COVID STRAIN



ECONOMIC GROWTH

CHINA AND INDIA GROW SLIGHTLY IN 2020, OTHERS STRUGGLING

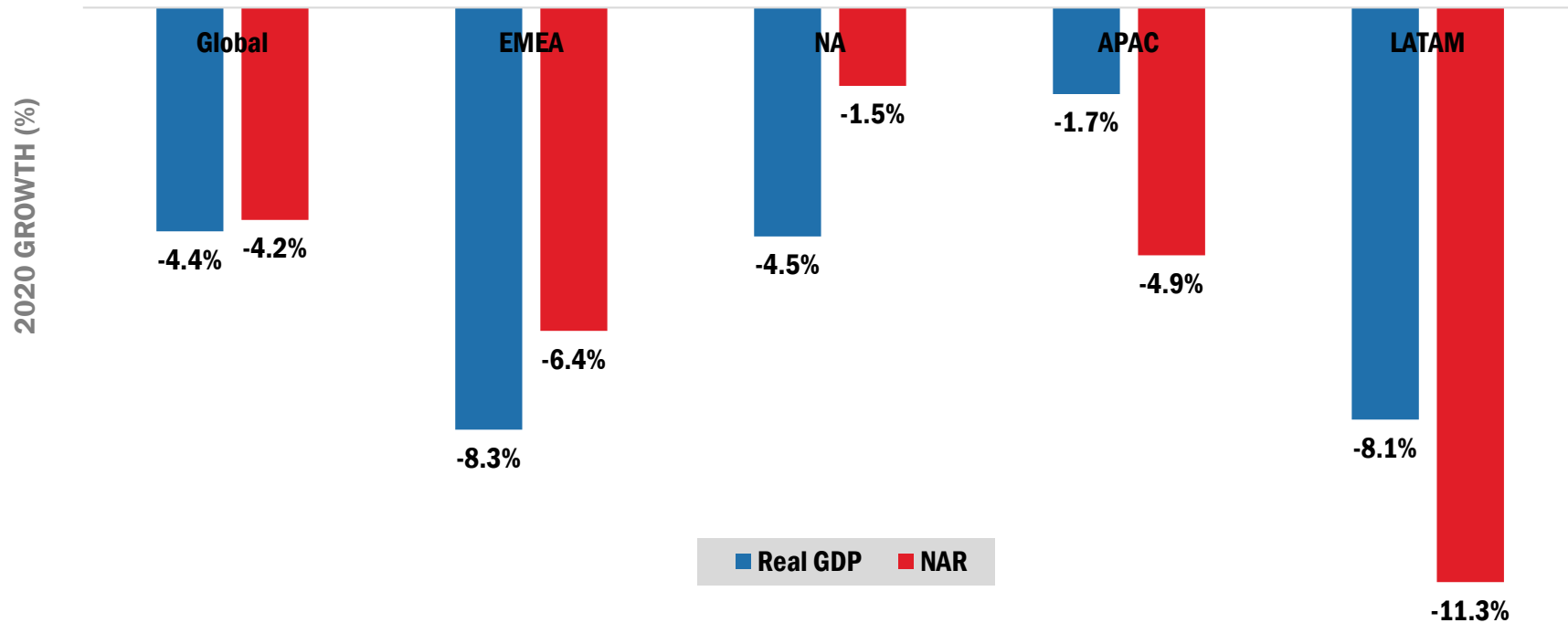


- MAGNA uses the IMF forecasts to gauge the relative severity of recessions across markets.
- While economic performance this year will be dismal compared to the historical trend, it isn't as bad as expectations were in summer 2020.

Source: IMF WEO October 2020

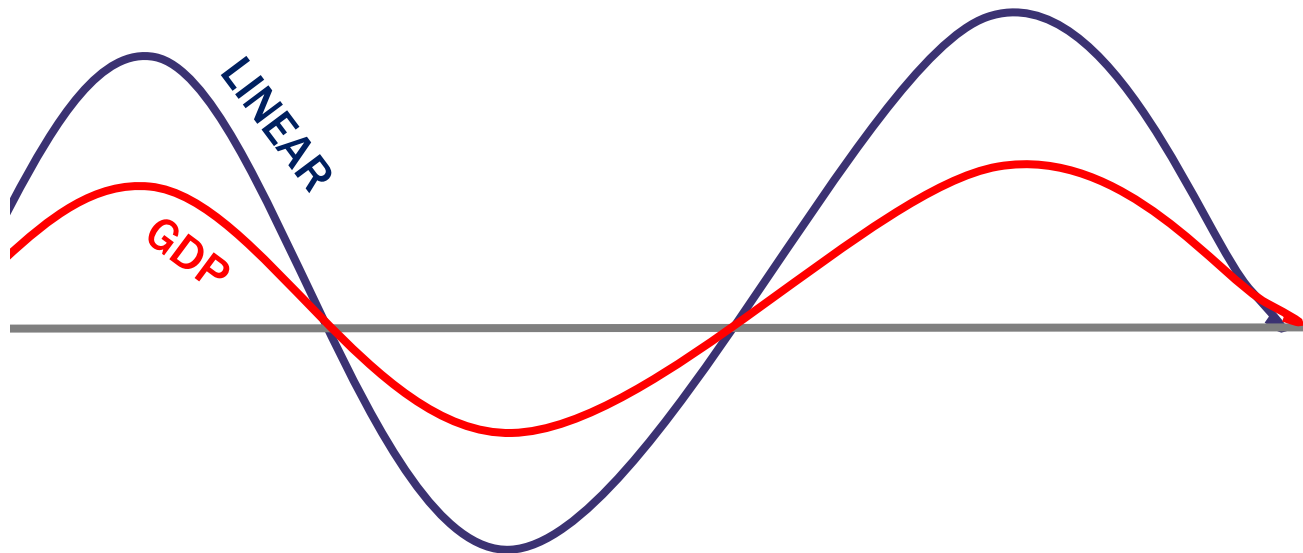
ECONOMIC GROWTH

GDP GROWTH VS. ADVERTISING GROWTH



20 YEARS AGO: THE CLASSIC CORRELATION

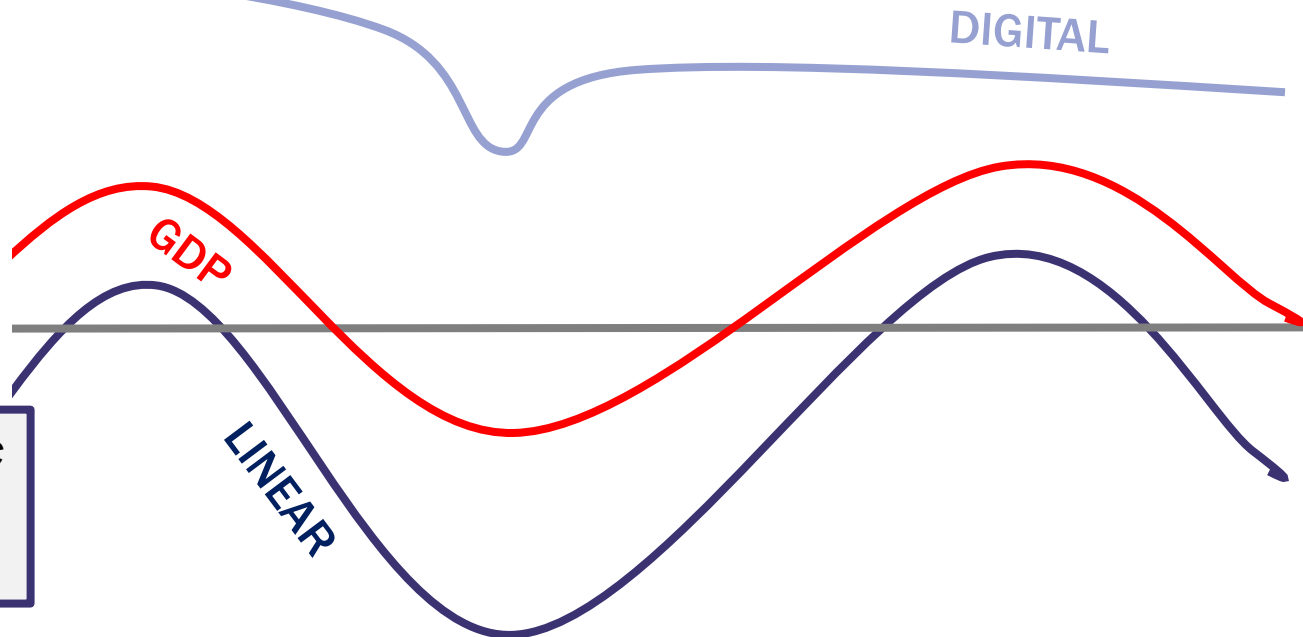
Ad spend cycles
mimic and *amplify*
economic cycles



TODAY: THE GREAT DISCONNECT

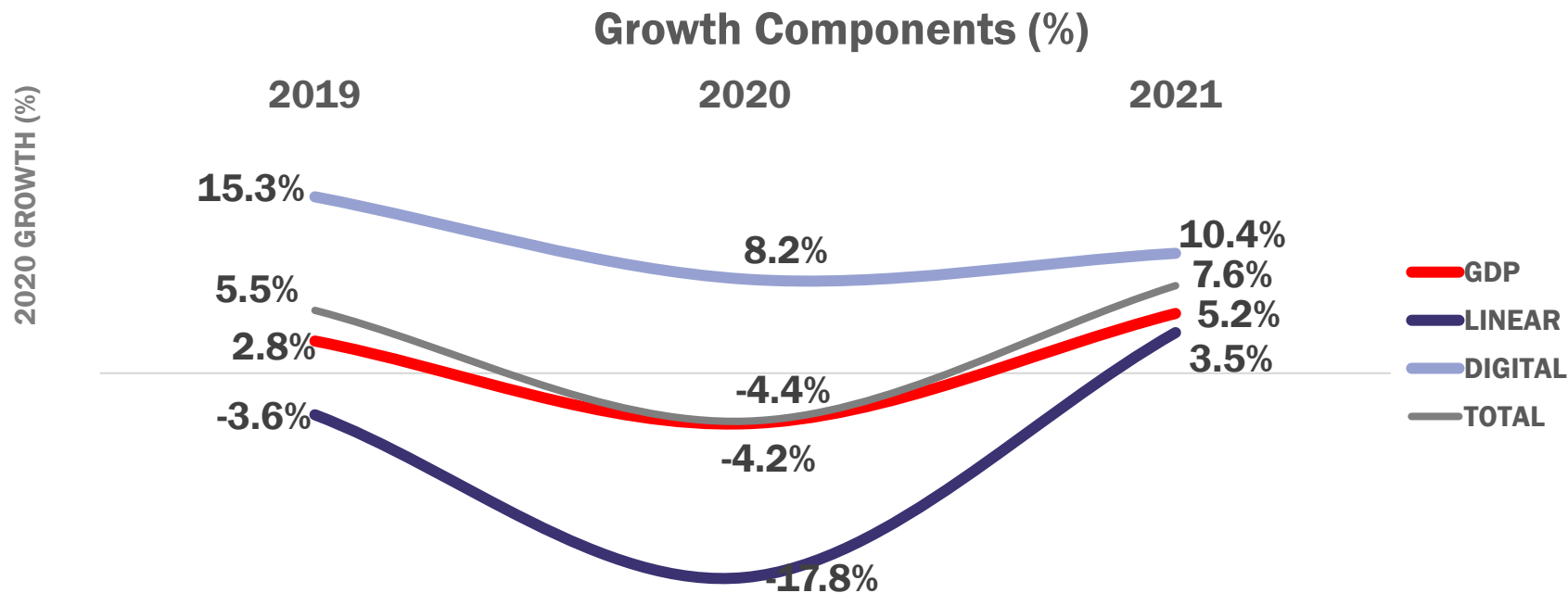
Digital advertising boosted by organic growth factors, is almost immune to macro-economic performance or cycle

Linear spend cycles *mimic* and *underperform* economic cycles



ECONOMIC GROWTH

GLOBAL GROWTH COMPONENTS



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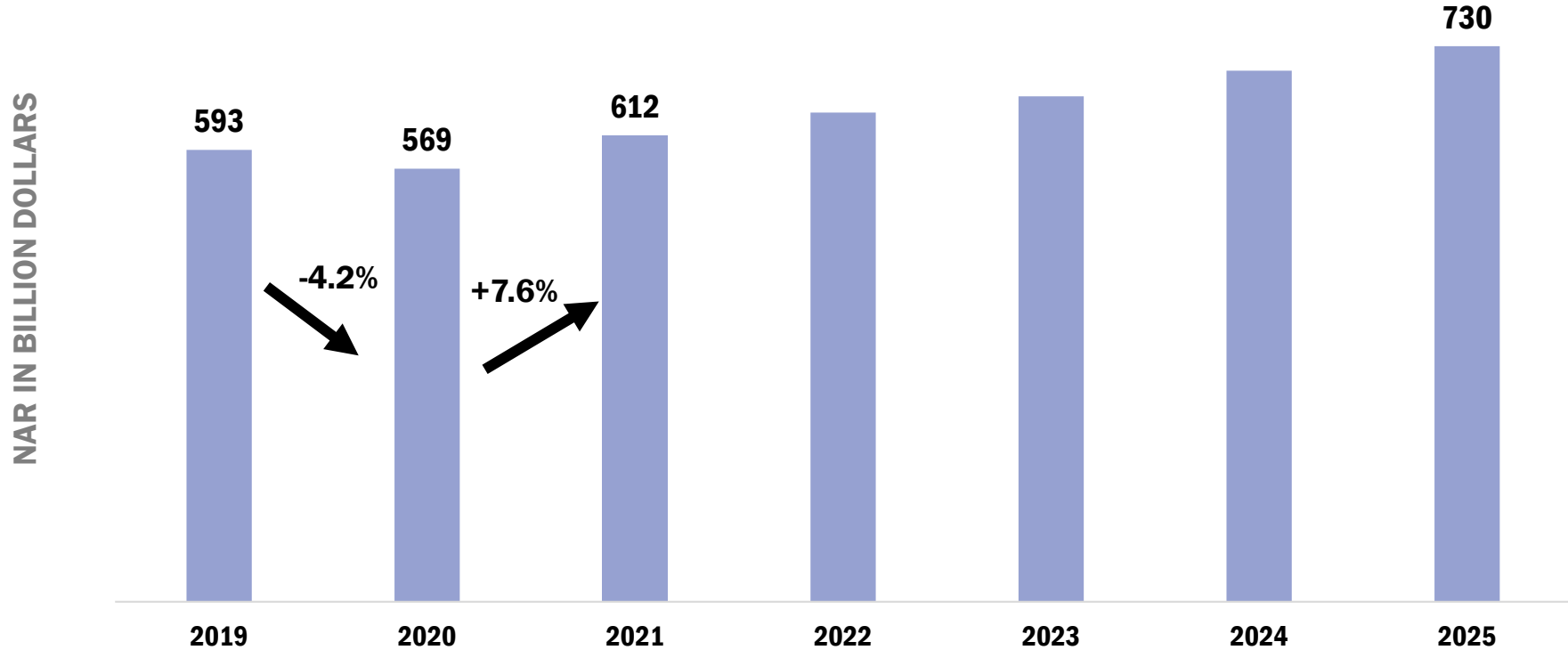
GLOBAL AD TRENDS

KEY MARKETS

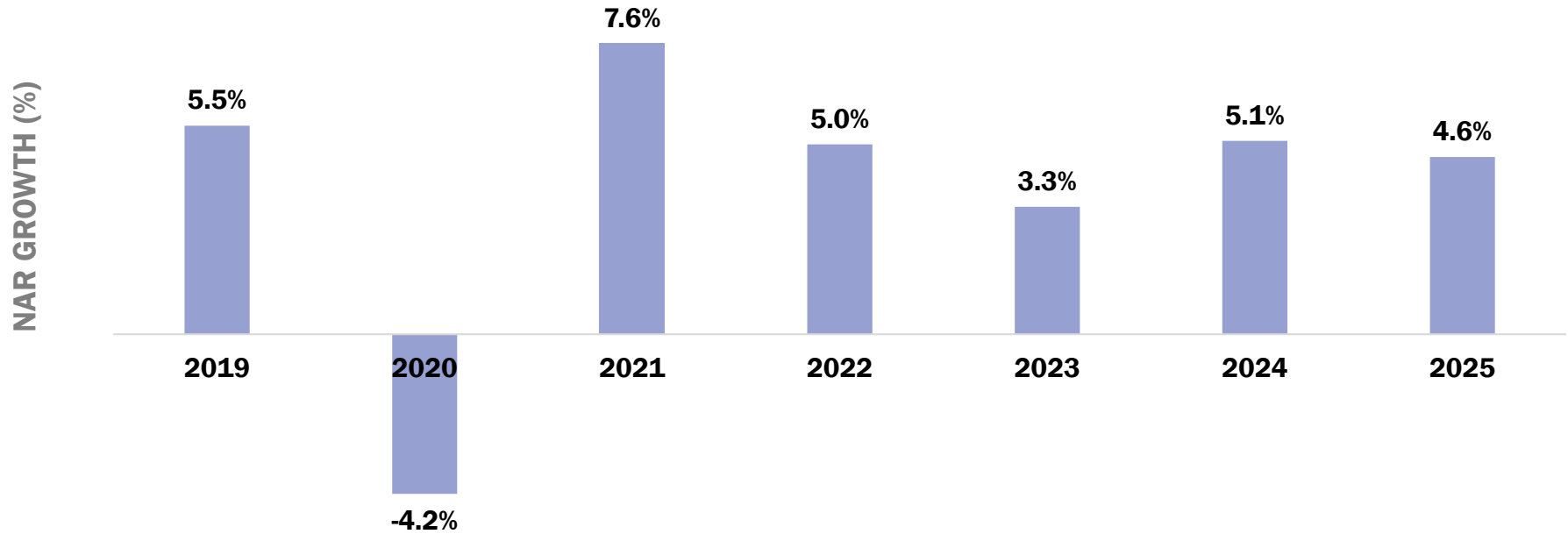
KEY MEDIA

ABOUT MAGNA

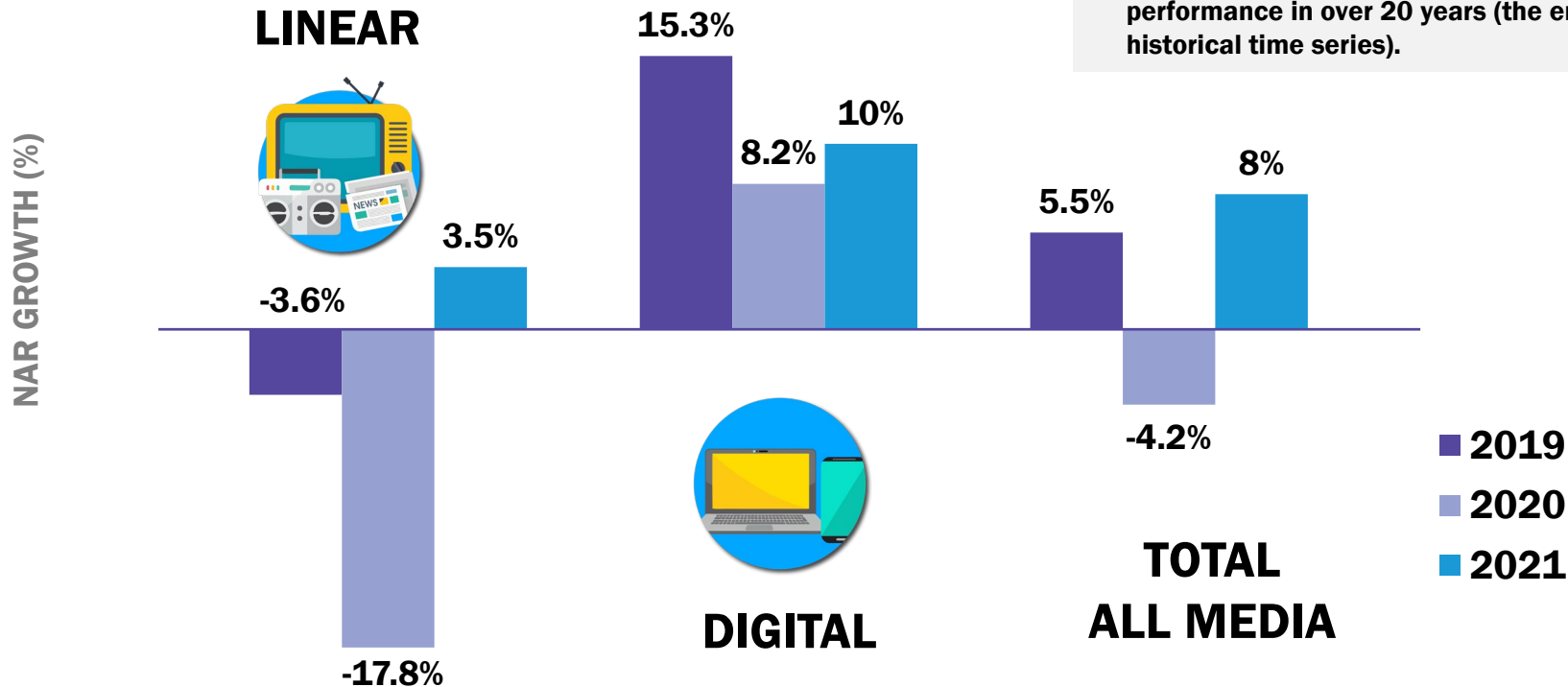
GLOBAL MARKET PLACE: \$569 BILLION IN 2020, DOWN \$25 BILLION



MARKET WILL REBOUND IN 2021 AND THEN SLOW DOWN AGAIN



LINEAR AD SALES -18%; DIGITAL STRONG



- Digital ad sales will remain strong at +10% despite global COVID recession in 2020
- Linear ad sales will collapse in their worst performance in over 20 years (the entire MAGNA historical time series).

WHY DIGITAL THRIVES SINCE COVID

SUPPLY (AUDIENCES)

**Digital Media Consumption
Re-Accelerates**

**Some Linear Ad Formats
Can No Longer Deliver**

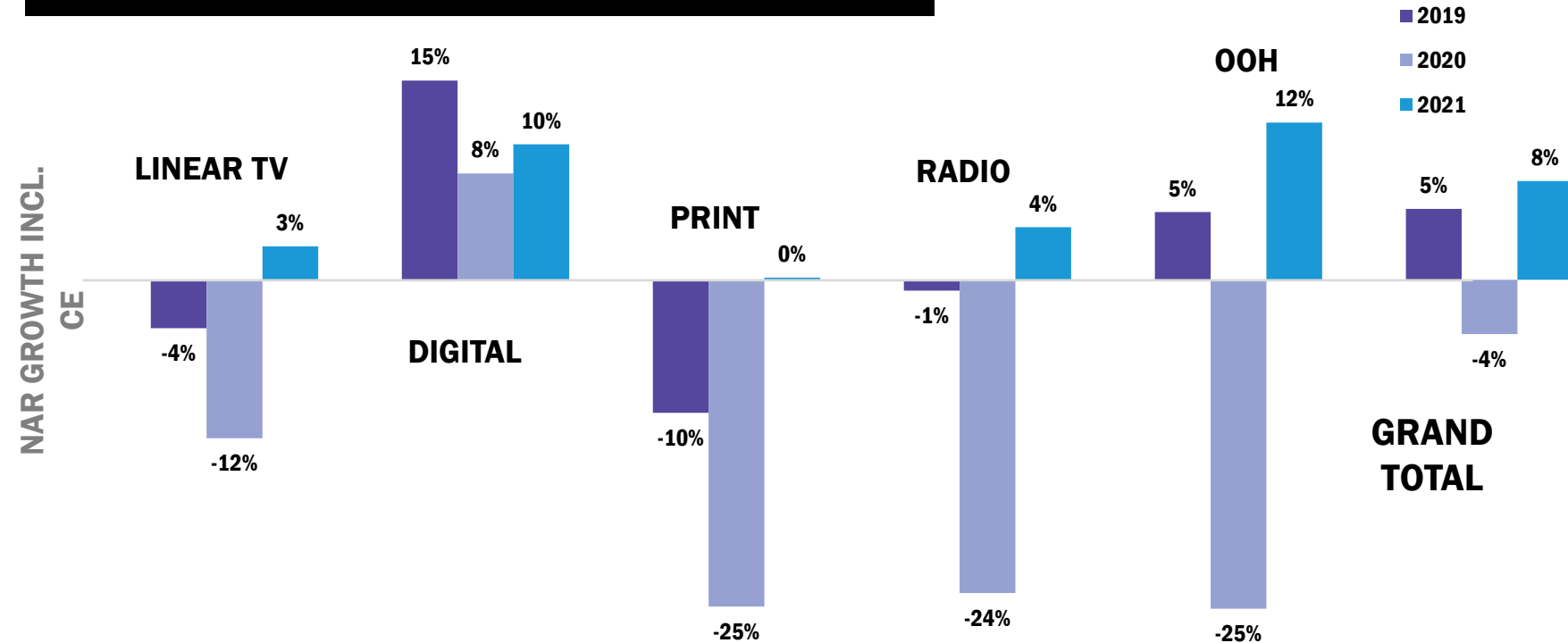
DEMAND FROM ADVERTISERS

**Consumer Brands:
Cyclical Lower-Funnel Shift**

**Small Local Businesses:
Digital Marketing for Survival**

GLOBAL TRENDS

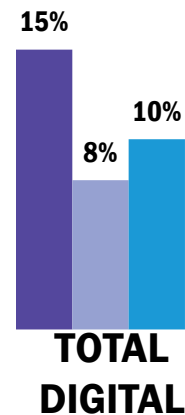
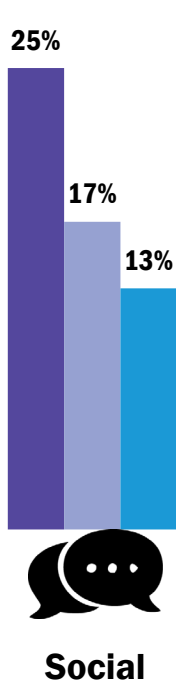
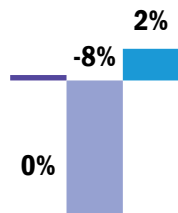
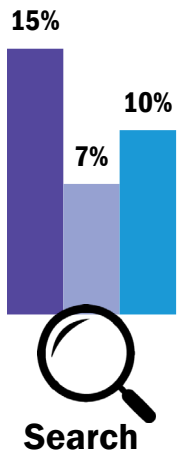
ALL LINEAR MEDIA SHRINKING IN 2020



GLOBAL TRENDS

DIGITAL MEDIA: SOCIAL AND VIDEO LEAD GROWTH IN 2020

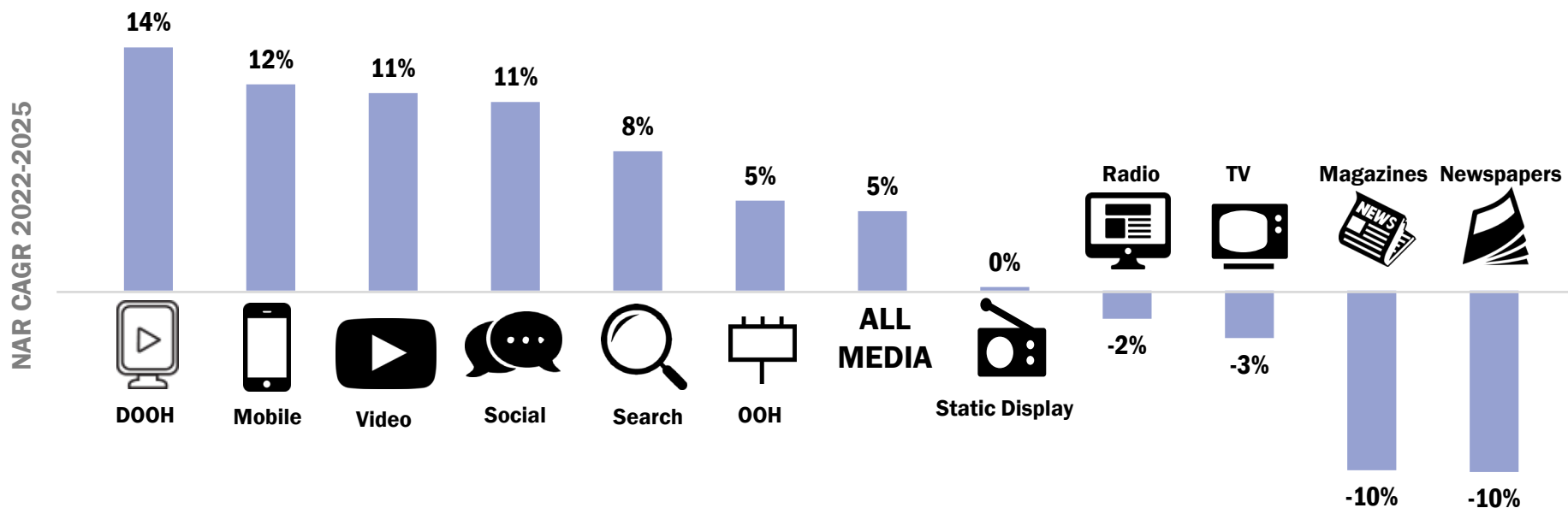
NAR GROWTH INCL.
CE



■ 2019
■ 2020
■ 2021

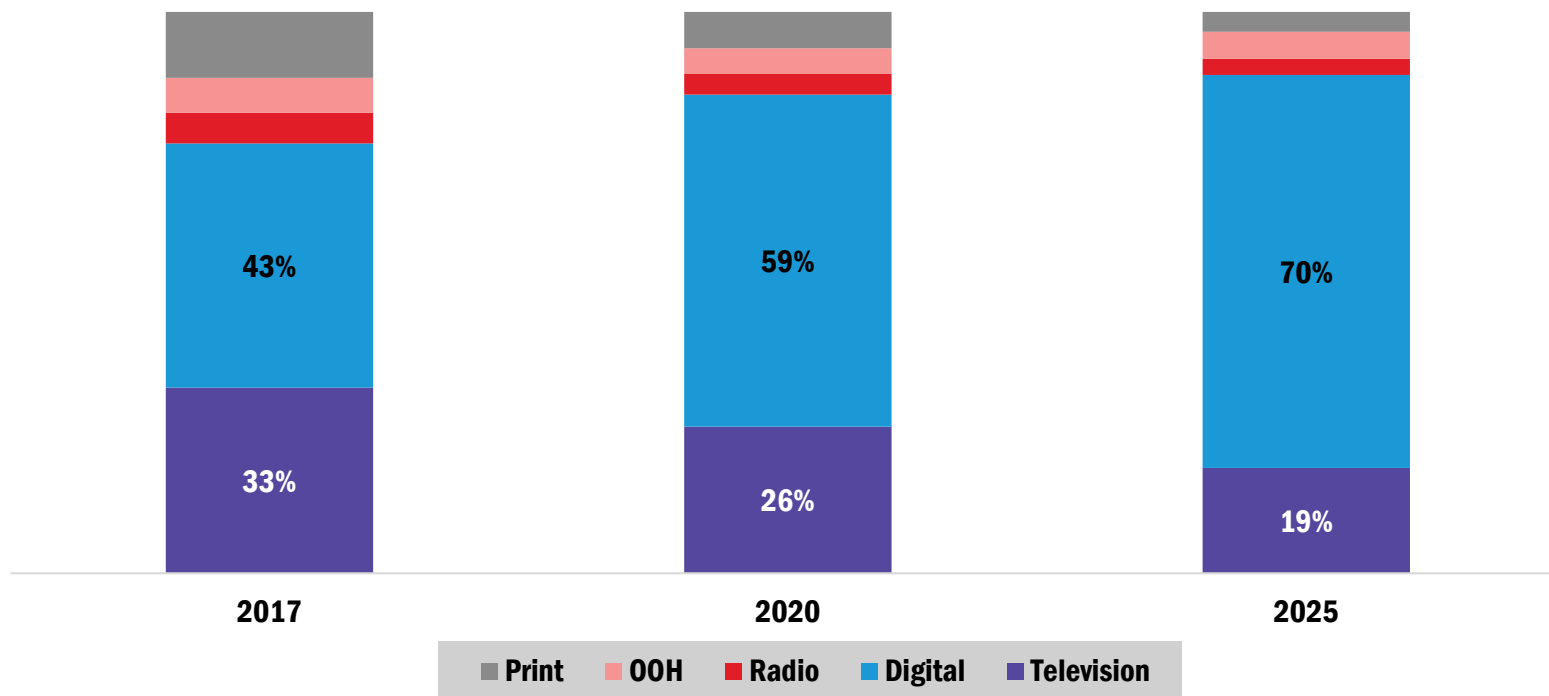
GLOBAL TRENDS

LONG-TERM FORECAST BY FORMAT: 2022-2025



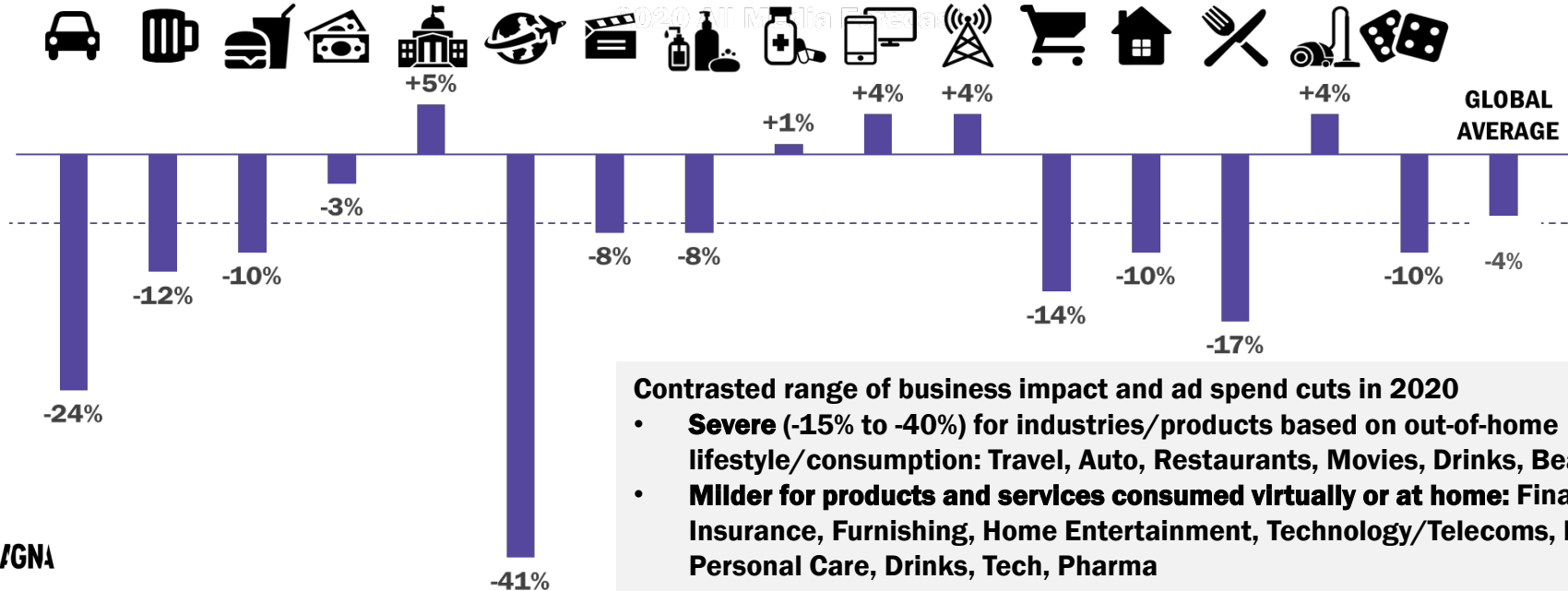
MEDIA MIX

COVID CRISIS WILL ACCELERATE THE LONG-TERM SHIFT TO DIGITAL

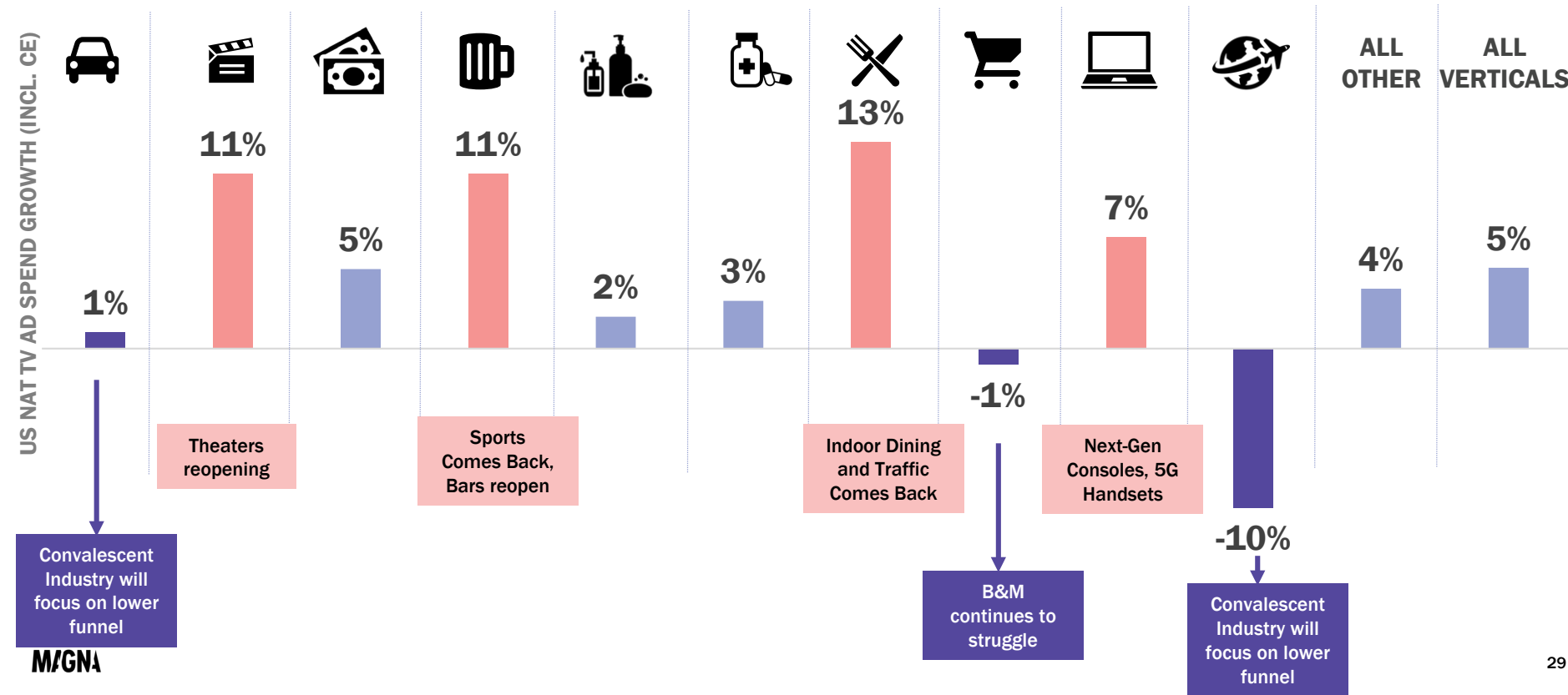


VERTICAL TRENDS: 2020

COVID LIFESTYLE CAUSE “OUT-OF-HOME” INDUSTRIES TO CUT THE MOST



VERTICAL TRENDS: 2021



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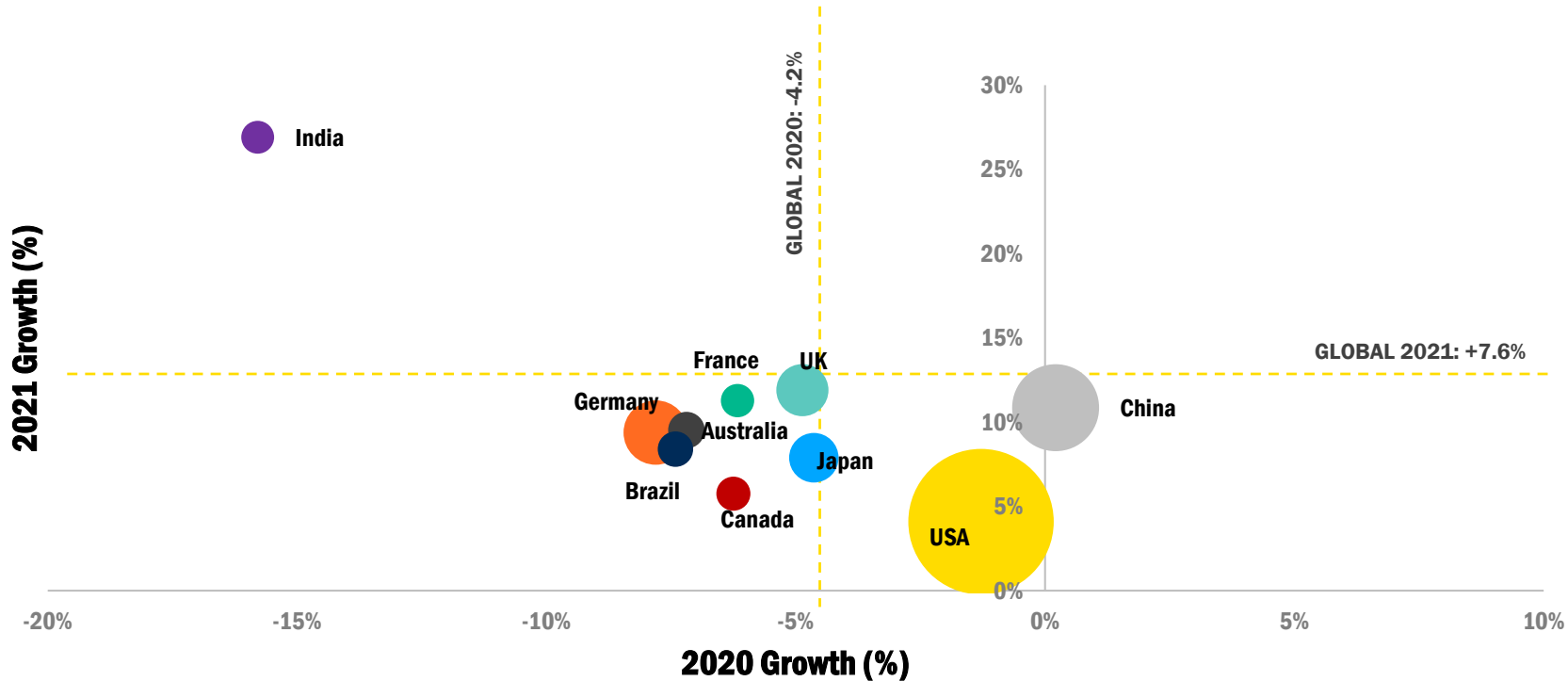
ABOUT MAGNA

TOP AD MARKETS: INDIA AND BRAZIL CLIMBING THE RANKINGS

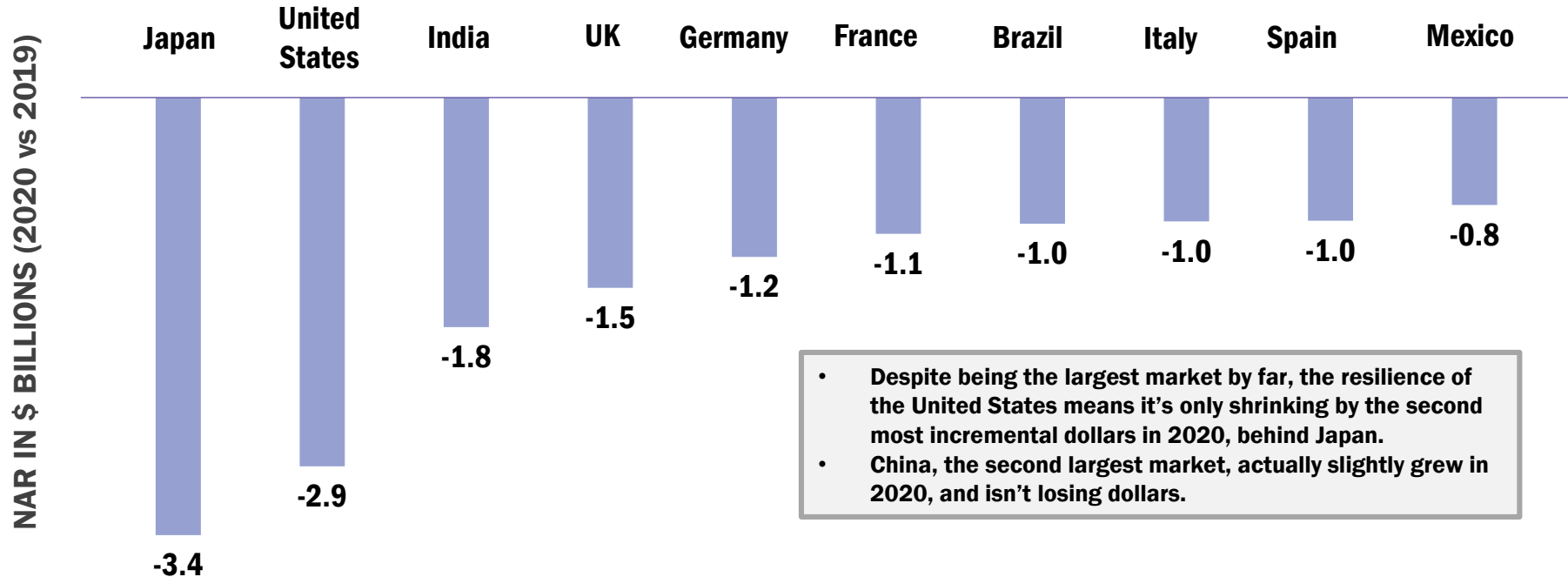
Rank	2019	\$bn	2020	\$bn	2025	\$bn
1	United States	221	United States	230	United States	271
2	China	80	China	89	China	111
3	Japan	40	Japan	44	Japan	50
4	UK	29	UK	32	UK	39
5	Germany	26	Germany	28	Germany	29
6	France	14	France	15	Brazil (↑)	20
7	Brazil	12	Brazil	13	India (↑)	19
8	Canada	11	Australia (↑)	12	France	16
9	Australia	11	India (↑)	12	Australia	15
10	India	10	Canada	12	Canada	14

TOP MARKETS (GROWTH 20/21)

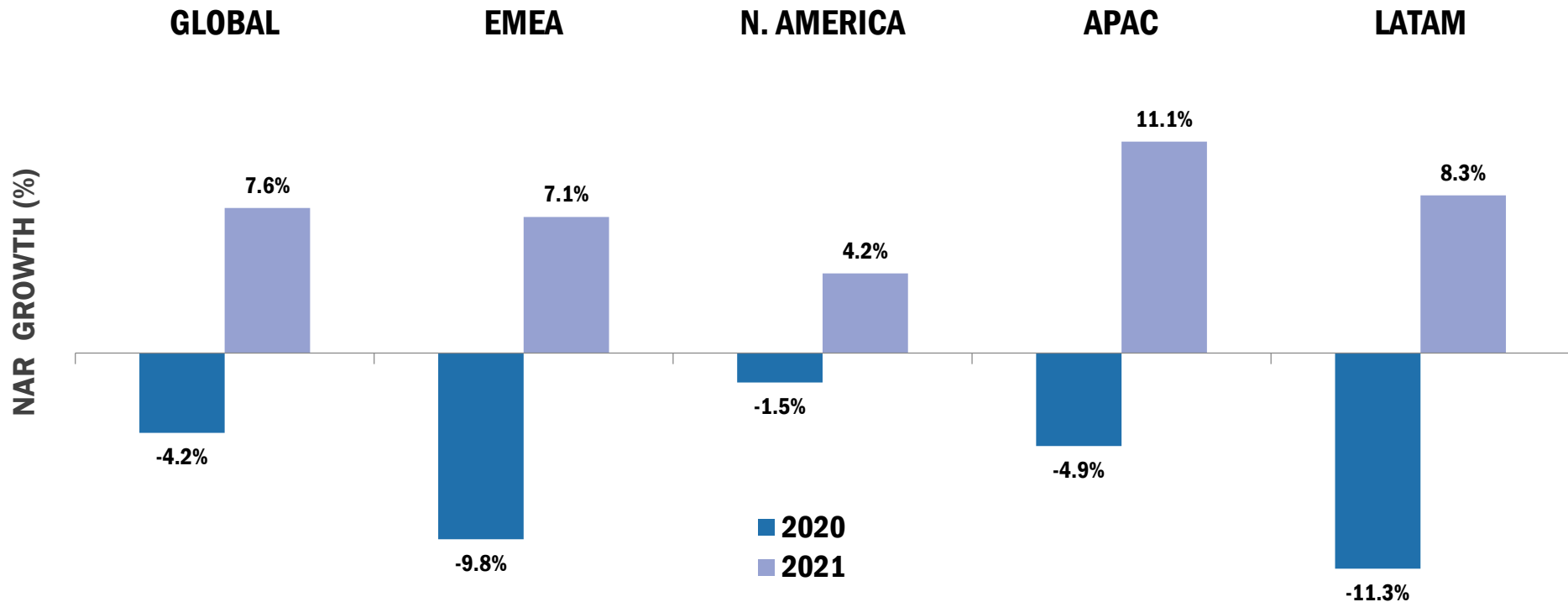
- This mapping positions the top ad markets based on pre-COVID dynamic (2019 market size) and COVID impact (2020-2021 growth)
- The size of bubble is relative to the market sizes.
- China is still anticipated to grow in 2020 (the only big market to do so).



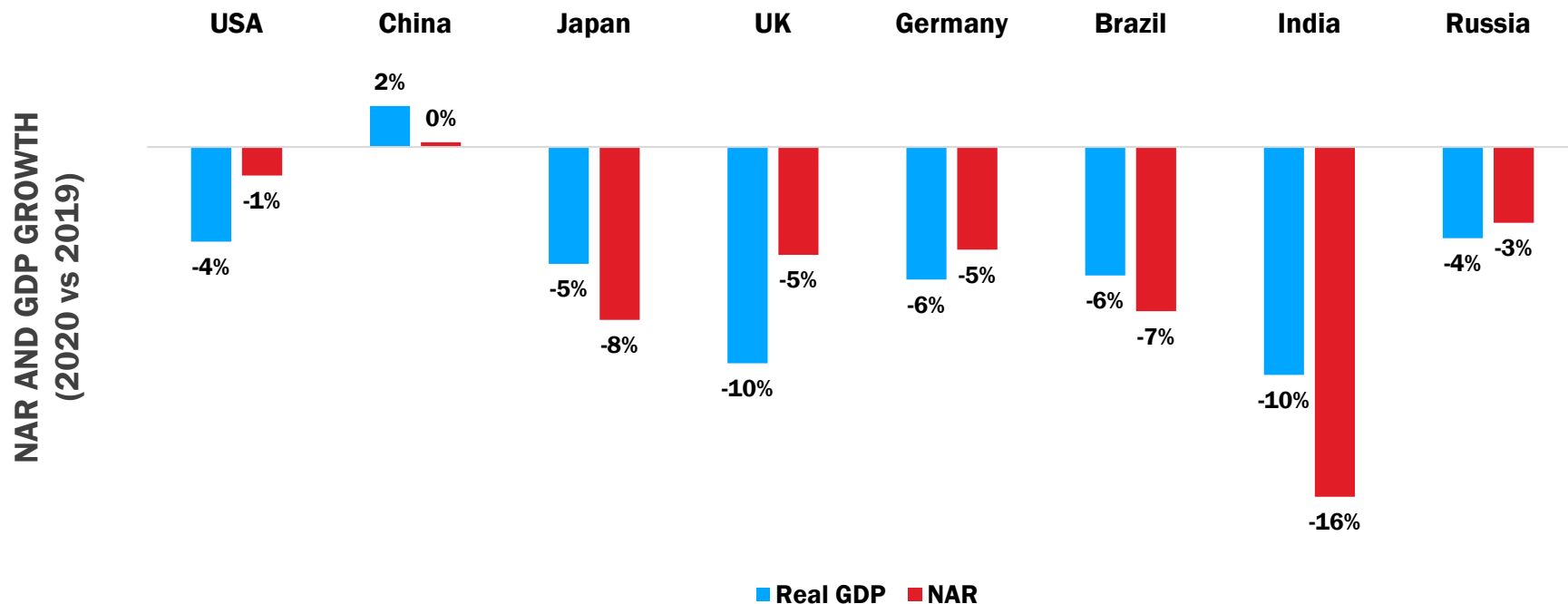
DOLLAR DECLINE IN 2020



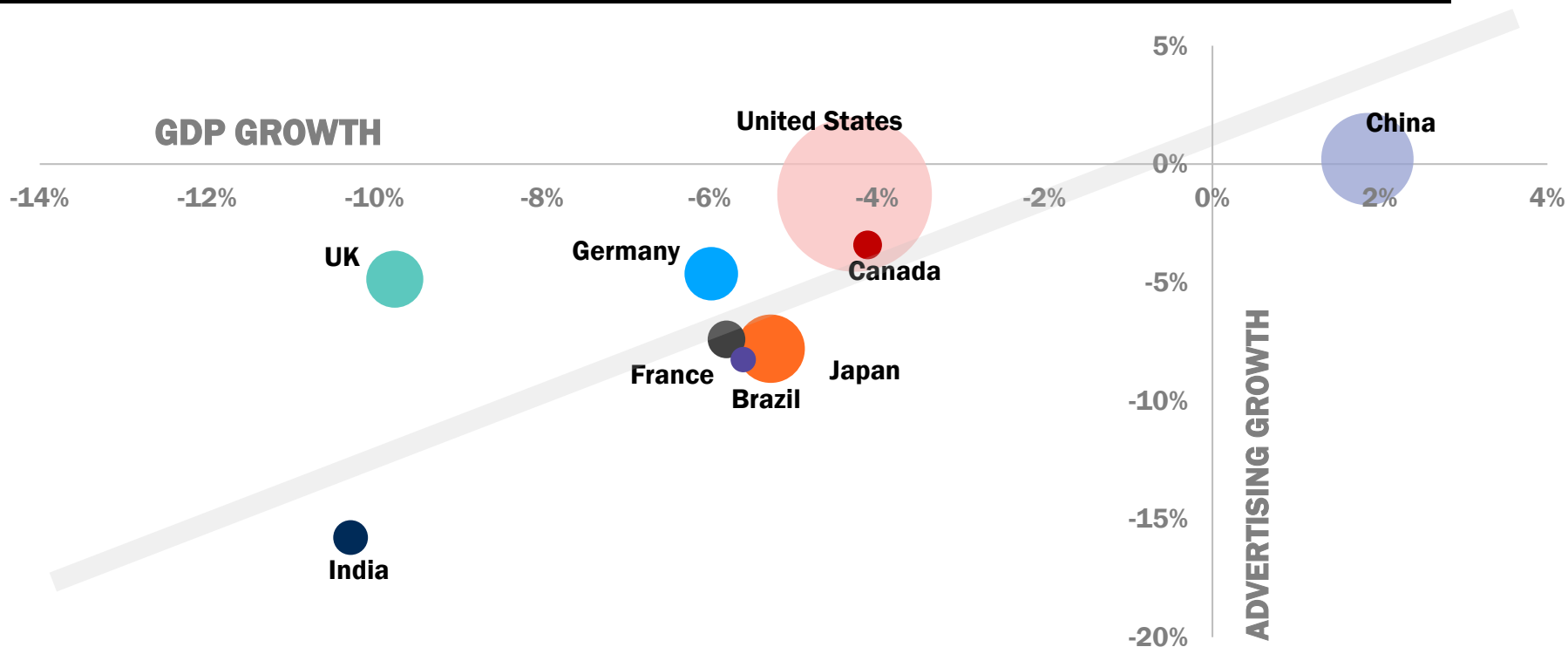
GROWTH ACROSS REGIONS: LATAM & EMEA HIT HARDEST



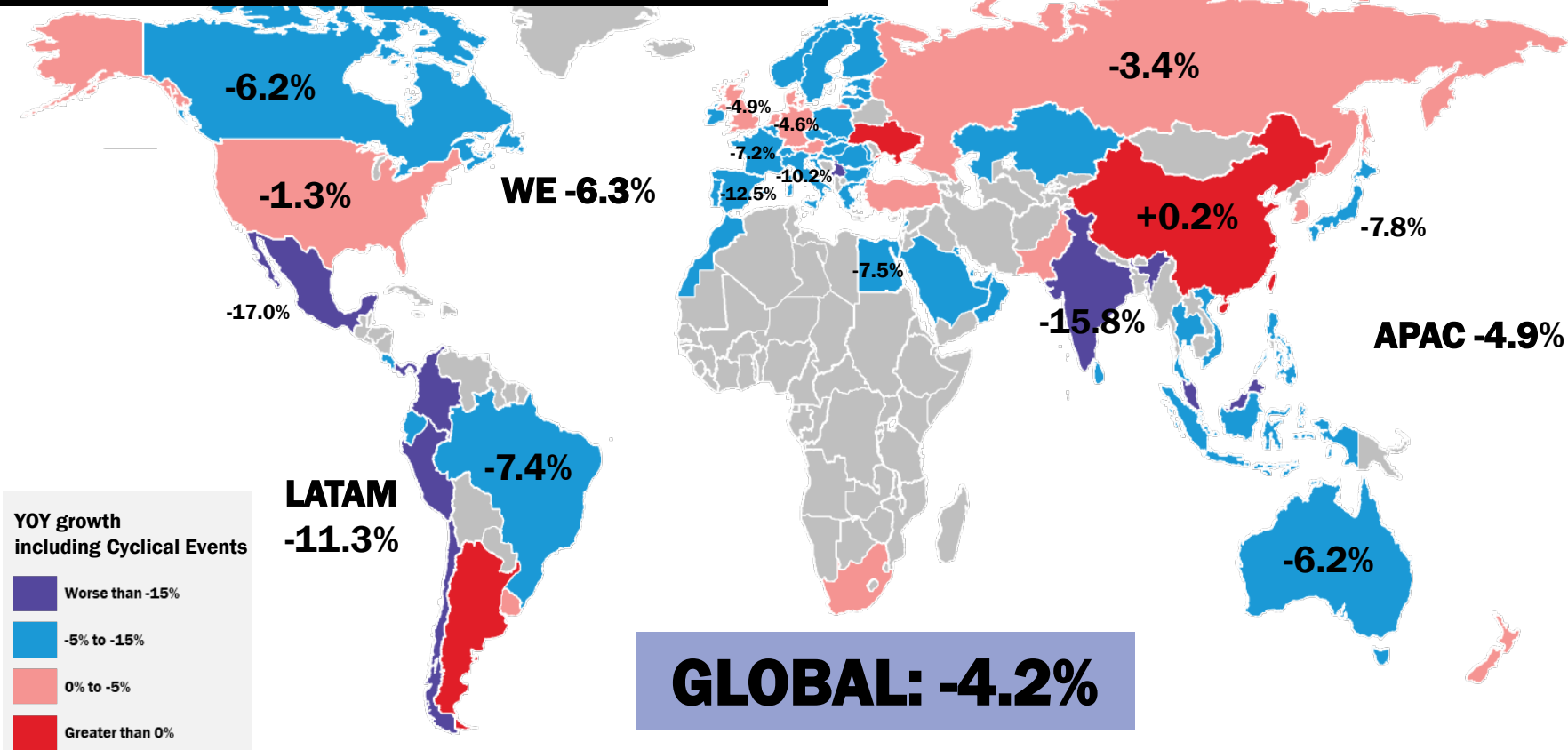
AD MARKET RESILIENCE STILL CORRELATED TO ECONOMIC PERFORMANCE



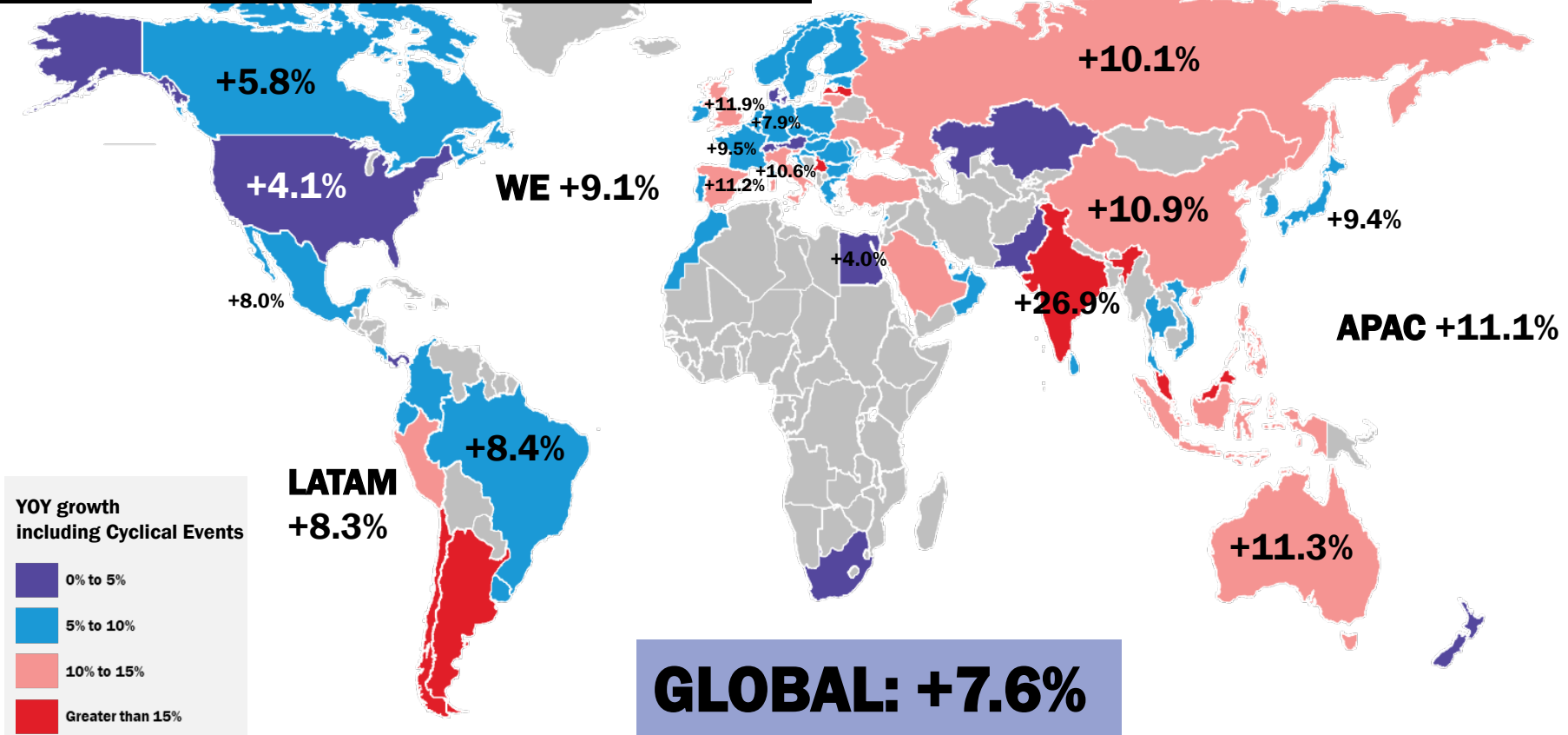
CORRELATION BETWEEN ECONOMIC AND ADVERTISING RESILIENCE



FORECAST ACROSS MARKETS - 2020



FORECAST ACROSS MARKETS - 2021

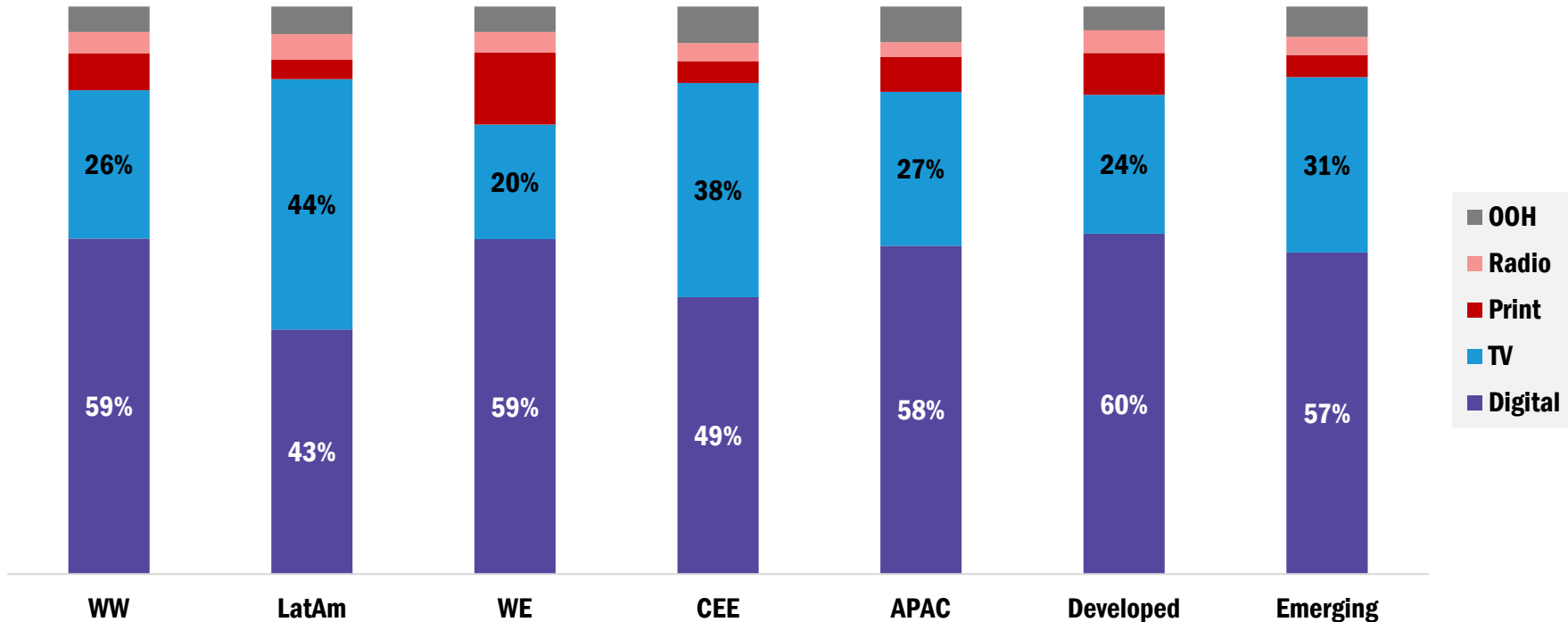


YOY growth including Cyclical Events

- 0% to 5%
- 5% to 10%
- 10% to 15%
- Greater than 15%

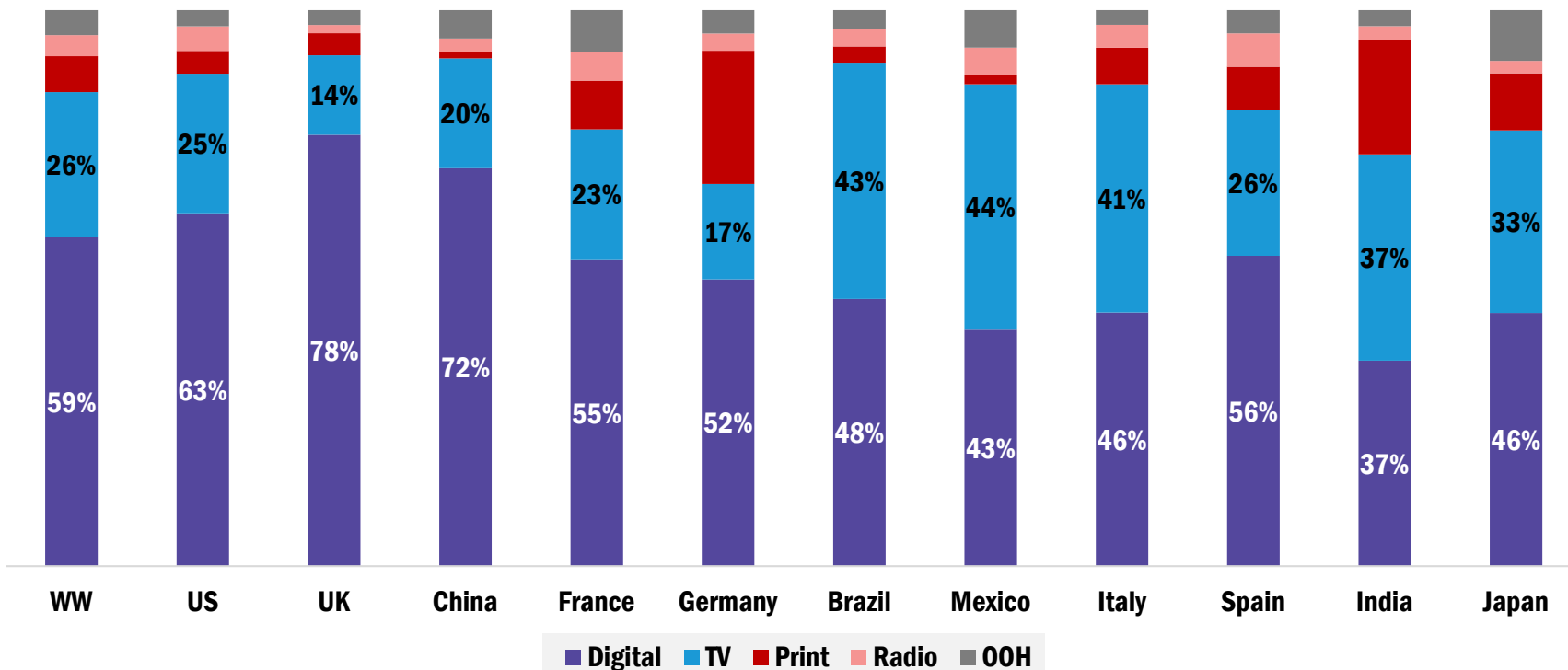
MEDIA MIXES ACROSS MARKETS

TV SHARE LOWEST IN WESTERN EUROPE, HIGHEST IN LATAM

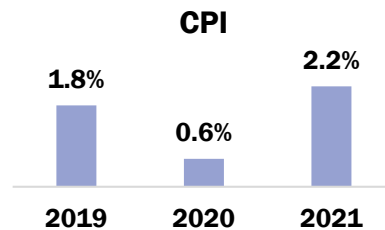
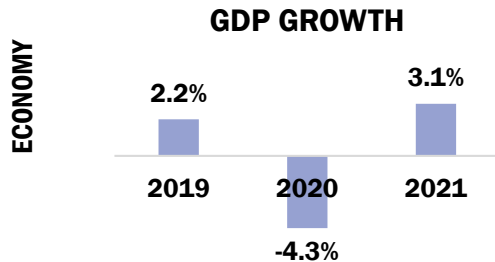
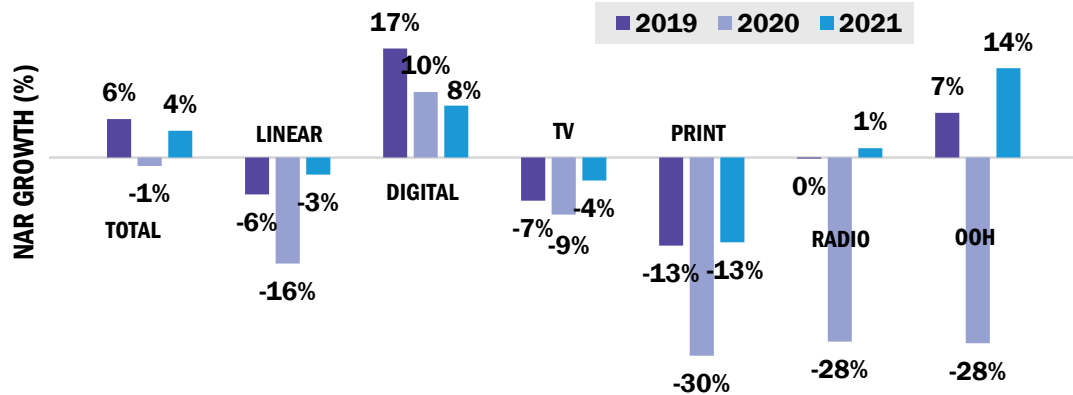


MEDIA MIXES ACROSS MARKETS

UK & CHINA AMONG THE MOST MATURE DIGITAL MARKETS



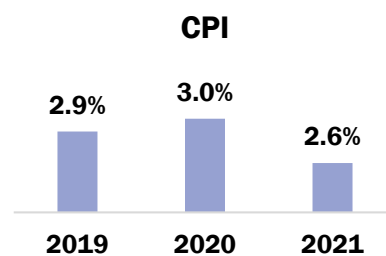
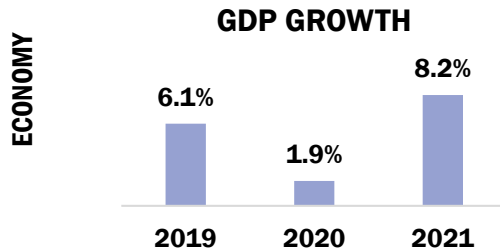
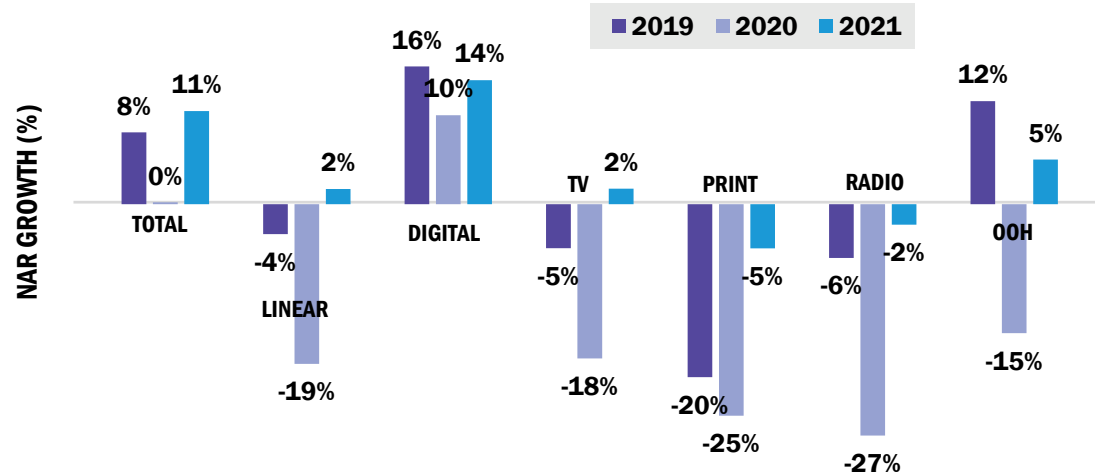
UNITED STATES



KEY FINDINGS

- Total advertising revenues (linear+digital) fell -1.3% to \$221 billion in 2020, as the economy shrinks by roughly -4%. Excluding political spending, the fall would have been closer to the global average, at -3%.
- Linear media (linear TV, radio, print, OOH) suffered the most, with full-year sales declining by -16% to \$81 billion: National TV -11%, Local TV -3%, Print -30%, Radio -28, OOH -16%, Cinema -80%, Direct Mail -14%.
- Digital media ad formats saw resilient full year ad sales, growing by +10% to \$130 billion.
- Ad sales grew by +2% yoy in 3Q20 due to the re-opening of businesses and return of sports. MAGNA anticipates that advertising spend continued its recovery in 4Q (+6% including political spending, +2% excluding political).
- MAGNA expects advertising sales to rebound in 2021, posting a gain of +4.1% as the economy recovers (GDP growth forecast +3% to +5%) and the Tokyo Olympics trigger incremental spending.

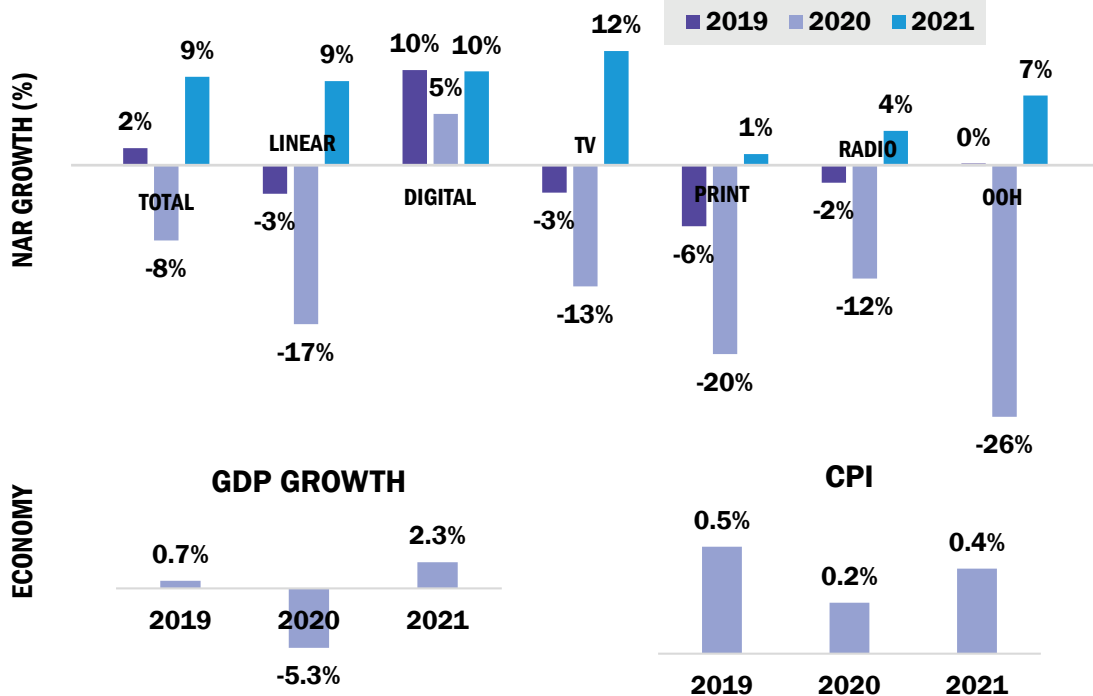
CHINA



KEY FINDINGS

- Chinese media owners advertising revenues posted resiliently flat growth in 2020 (+0.2%).
- Digital advertising sales saw robust growth in 2020 (+10%) despite the global recession.
- Digital spending reached CNY \$395 billion (USD \$57 billion) and now represents 72% of total spending.
- Linear advertising formats declined by -19% and represents just 28% of total budgets in China in 2020.
- China will remain the second largest ad market in the world in 2020, with almost \$80 billion, nearly three times smaller than #1 (US) and twice the size of #3 Japan.

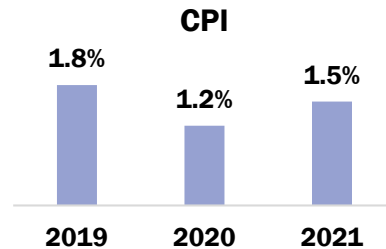
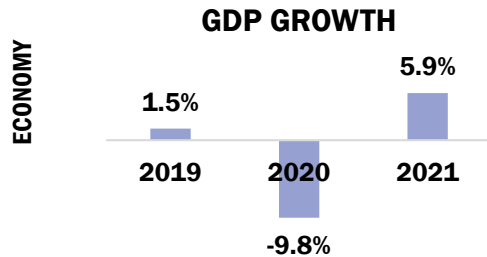
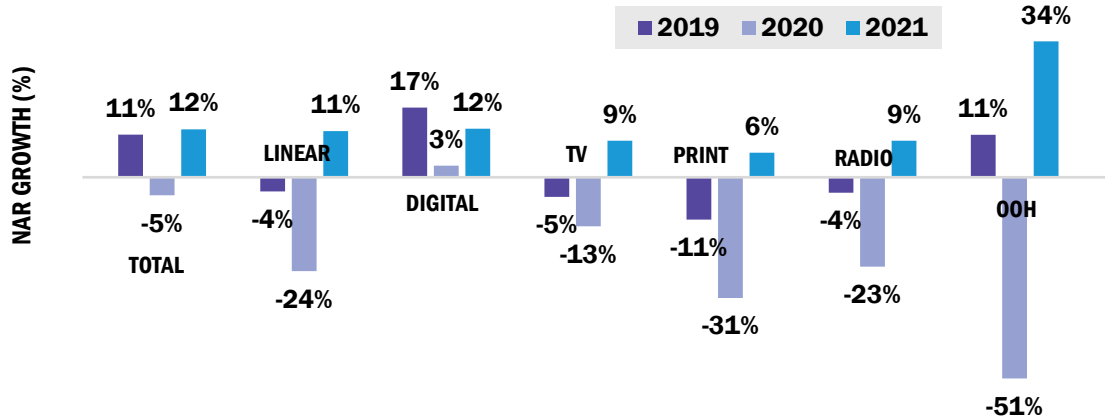
JAPAN



KEY FINDINGS

- Media owners advertising revenues declined by -8% in 2020, to JPY 4.4 trillion (USD \$40.3 billion) (linear: -17%, digital: +5%).
- The 4Q 2019 increase in sales tax rate and the COVID restrictions have triggered a severe economic recession (GDP -5.3%), hurting marketing activity and advertising spending.
- Economic stabilization in 2021 (GDP +2.3%) and the 2021 Tokyo Olympics, will help advertising to recover (+9%).
- Japan will remain the third largest ad market in the world, with \$40 billion in 2020.

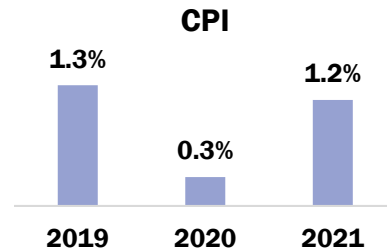
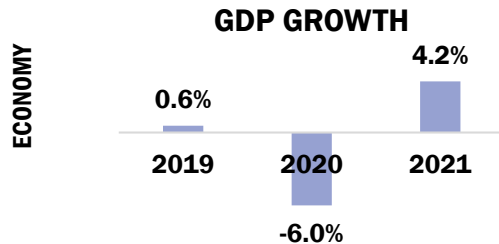
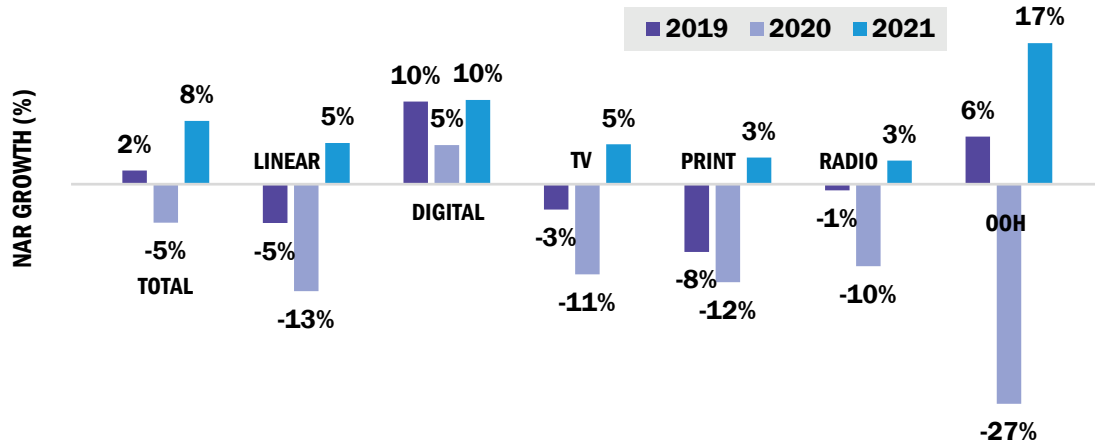
UNITED KINGDOM



KEY FINDINGS

- Linear ad sales (linear TV, radio, print, OOH) declined by -24% in 2020, due to the combination of Brexit impact and a COVID-induced recession (GDP: -9.8%).
- 2020 TV ad sales: -13%, print: -31%, radio: -23%, OOH: -46%, cinema: -70%.
- Digital ad sales saw slight growth (+3%) due to resilience across social media and video formats.
- Total advertising sales (linear+digital) decreased by -4.9% to GBP 22.7 billion (USD \$29 billion).
- In 2021, economic rebound (GPD +5.9%) and major sports events (incl. Euro 21 with the biggest games on UK soil) will help generate advertising recovery: linear +11%, digital +12%.
- The UK remains the fourth largest ad market in the world and the largest in Europe.

GERMANY



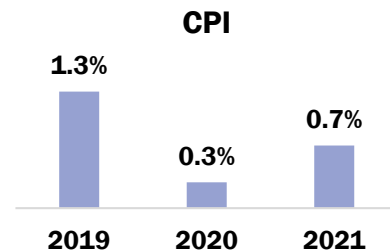
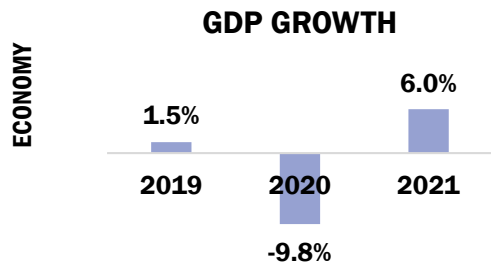
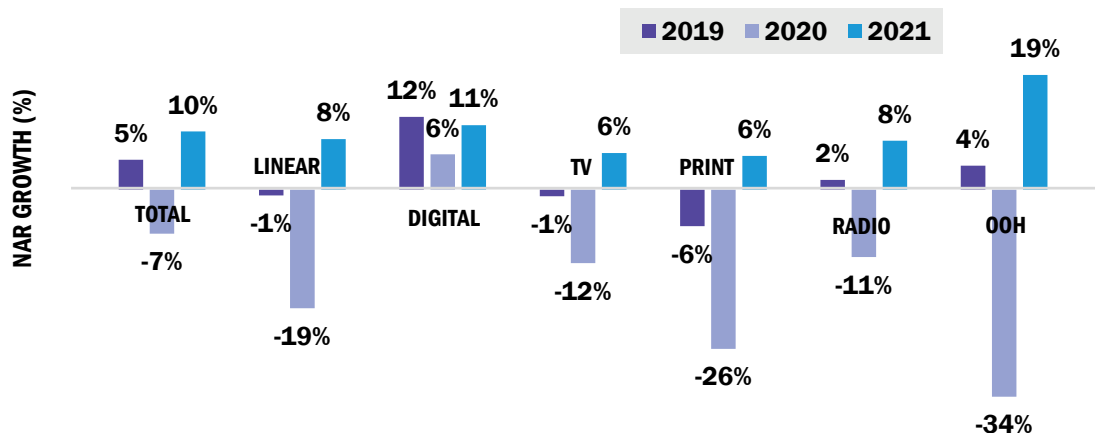
KEY FINDINGS

- Media owners' linear Net Advertising Revenues shrank by -13% in 2020 as the German economy is hit by COVID lockdown and economic recession (Real GDP -6%).
- All linear formats suffered double-digit decline: TV -11%, radio -10%, OOH -23%, Print -12%.
- Digital ad formats proved more resilient with full year sales up +5% in 2020.
- The total ad market (linear+digital) thus shrank by -5% to \$22.8 billion euros (USD \$25.5 billion).
- As the economy recovers in 2021 (GDP +4%), the German market will grow by mid-to-high single-digit (linear +5%, digital +10%, total +8%).
- The ad market will benefit from cyclical sports events (Olympics, Euro) and the biennial motor show.
- Germany remains the fifth largest ad market.

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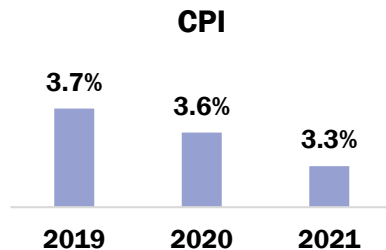
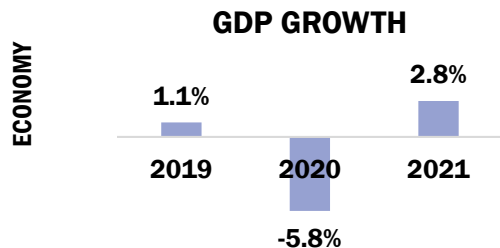
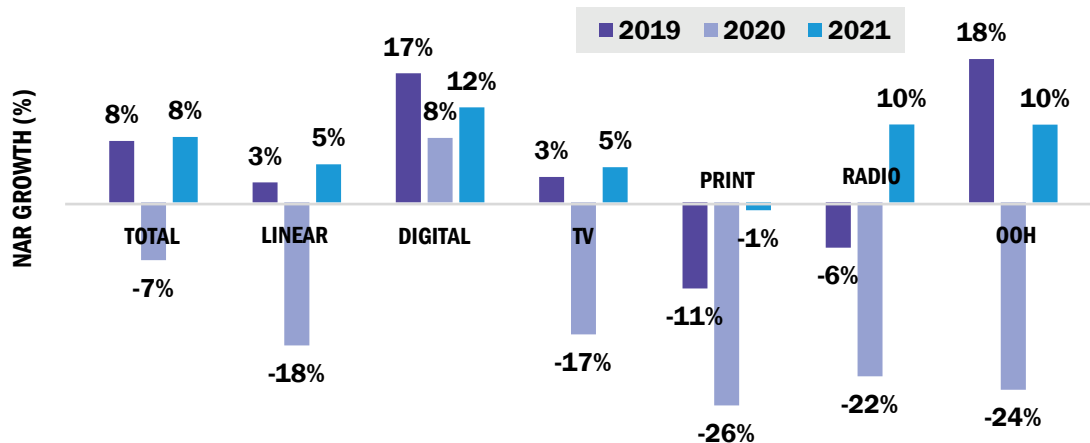
FRANCE



KEY FINDINGS

- The COVID outbreak and lockdown has taken a hard toll on the French economy, with GDP predicted to decline by -10% this year.
- The lockdown and recession triggered a deep decline in linear advertising sales (-19%) while digital formats continued to see positive growth (+6%).
- As the economy recovers in 2021, MAGNA anticipates ad sales to grow by +10% (linear +9%, digital +11%).
- With \$12.2 billion euros (USD \$13.7 billion) in 2020, France will retain its title as the sixth largest ad market in the world.

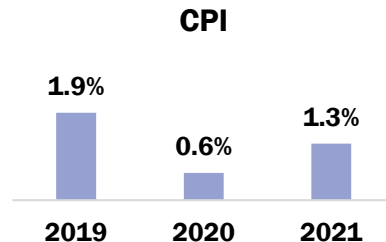
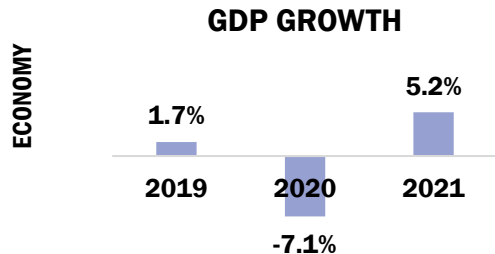
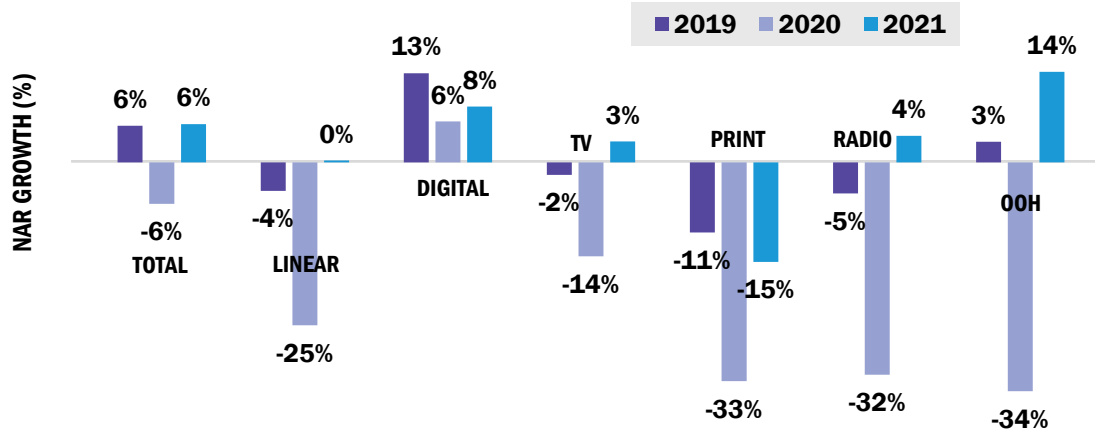
BRAZIL



KEY FINDINGS

- All-media advertising revenues will decline by -7% in 2020, to BRL 48.5 billion (USD \$12.3 billion), with steep declines in linear media and robust digital growth.
- 2021 will see a strong recovery: +8%.
- Political and economic instability remain a concern in Brazil, as COVID cases remain elevated in the country.
- Brazil remains the largest advertising market in Latin America, accounting for 59% of regional ad sales, and will remain the seventh largest ad market in the world.

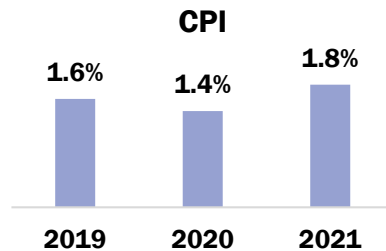
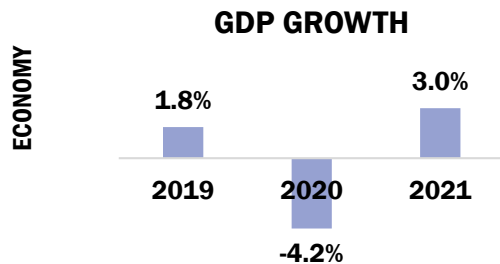
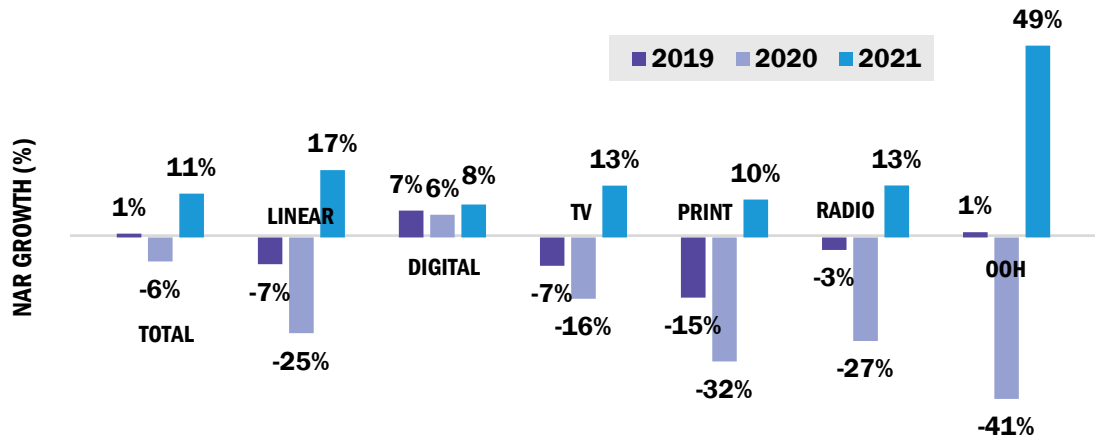
CANADA



KEY FINDINGS

- Advertising sales fell -6% to CAD 15.3 billion (USD \$11.3 billion) in 2020 as the Canadian economy is hit on three fronts, by the outbreak, lockdown and early collapse of oil exports (GDP -7.1%).
- Television advertising revenues saw strong declines (-14%) as the lack of brand demand and the cancellation of live sports triggered the decline. However, an expanded 24-team NHL playoff that includes 6 of the 7 Canadian hockey teams helped mitigate some losses.
- In 2021 advertising sales will rebound +6% to CAD 16.0bn, as the economy recovers (+5.2%) and the Summer Olympics finally air.
- Canada will retain its ranking in 2020 as the eighth largest ad market in the world.

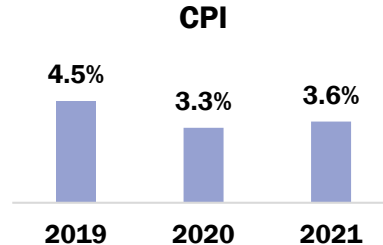
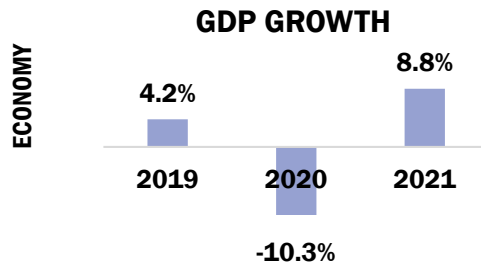
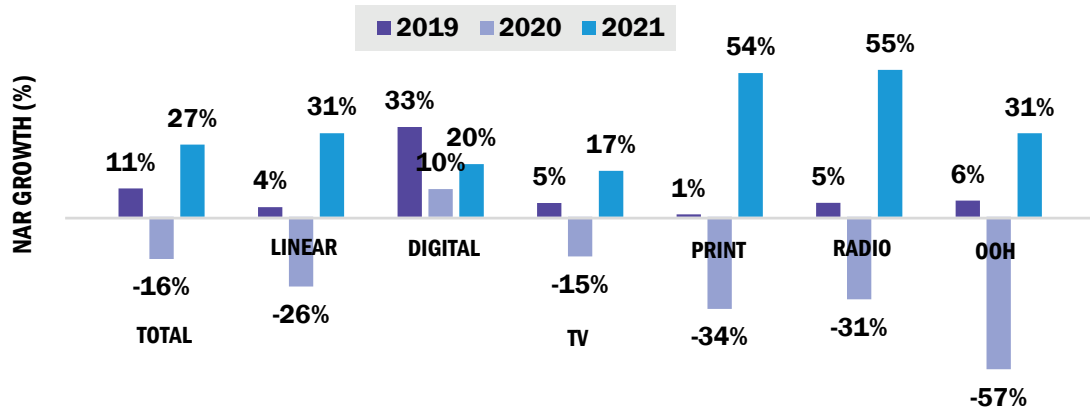
AUSTRALIA



KEY FINDINGS

- Australia's advertising market declined by -6% this year, as GDP shrinks by -4%.
- Linear ad sales collapsed by a steep -25% while digital advertising decline still saw robust growth (+6%).
- TV ad sales declined by -16%, radio -27%, and print -32%.
- With AUD 15.7 billion (USD \$10.9 billion) in 2020 Australia is still the ninth largest ad market globally.

INDIA



KEY FINDINGS

- The Indian market was the only large market to perform significantly worse than expected in 2020, due to early economic outlook being too optimistic and a COVID crisis that went out of control.
- The Indian ad market declined by -16% in 2020, to INR \$672 billion (USD \$9.5 billion), pausing after years of double-digit growth.
- Digital continued to lead growth: +10%, while media will linear media saw steep declines(-26%).
- MAGNA anticipates all media formats will see a strong recovery in 2021, with overall NAR increasing by +27%.
- **India will go back to being the most dynamic large market in the world, as soon as COVID fades away, to become the 7th largest market in the world by 2025.**

GLOBAL ADVERTISING LANDSCAPE – DEC. 2020



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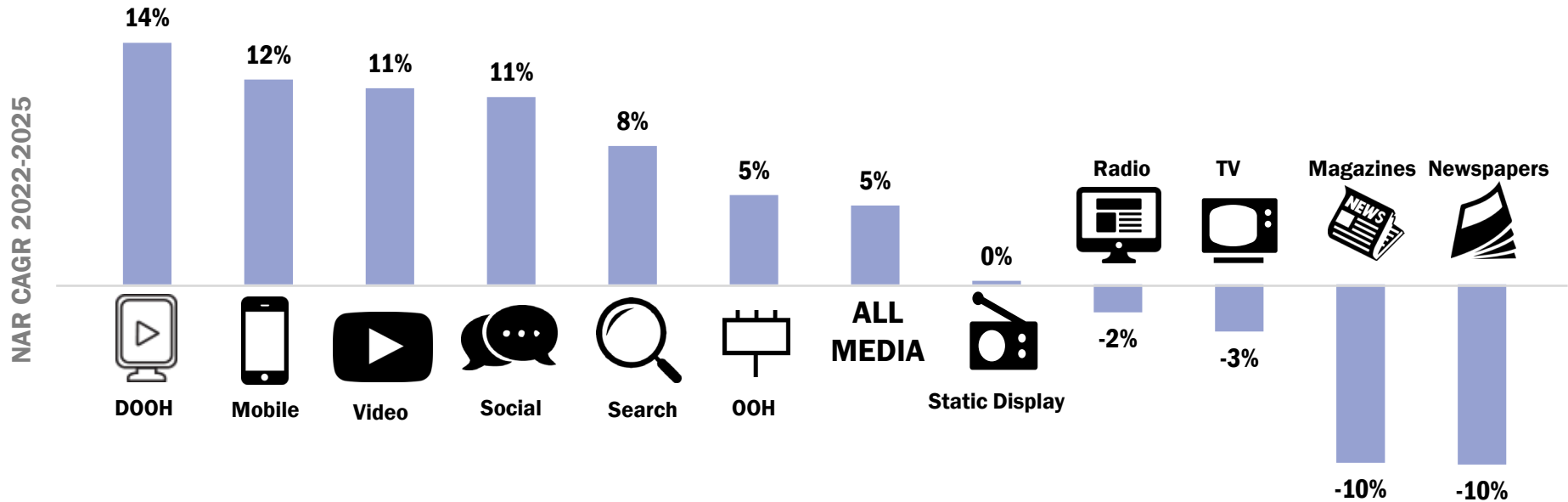
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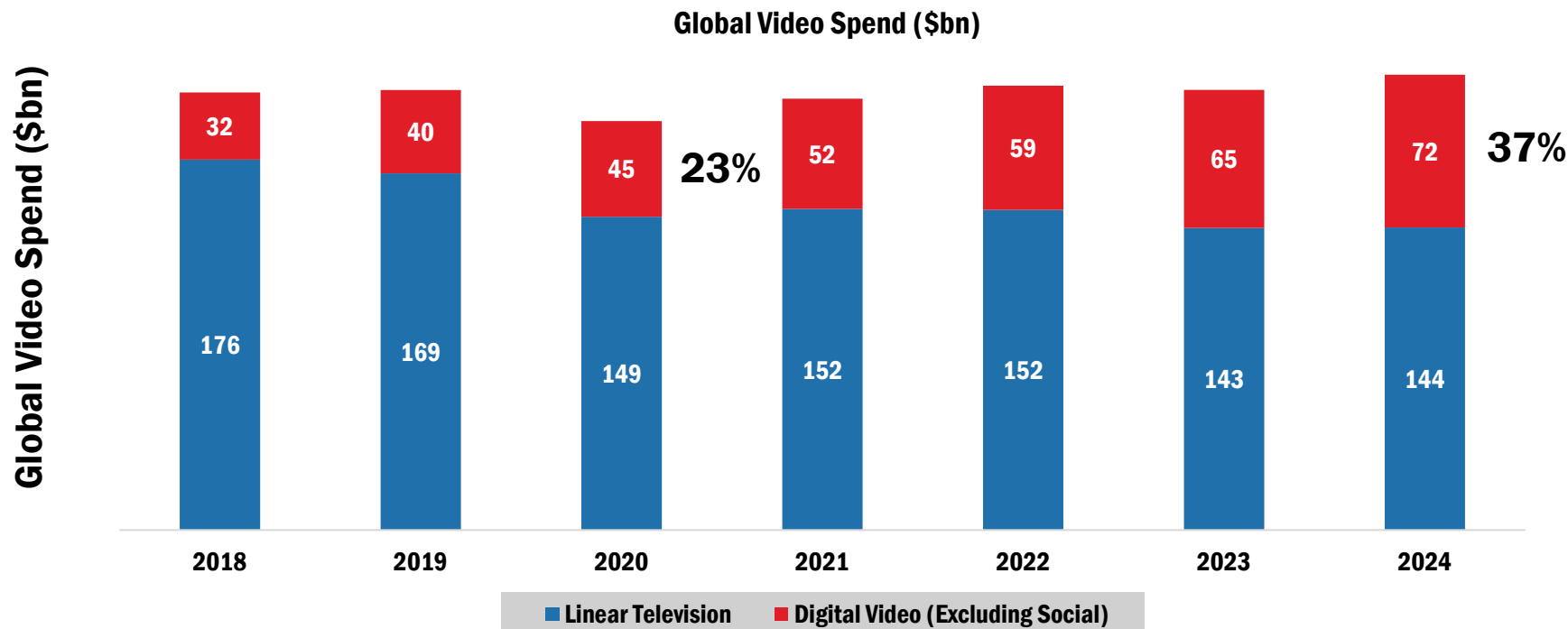
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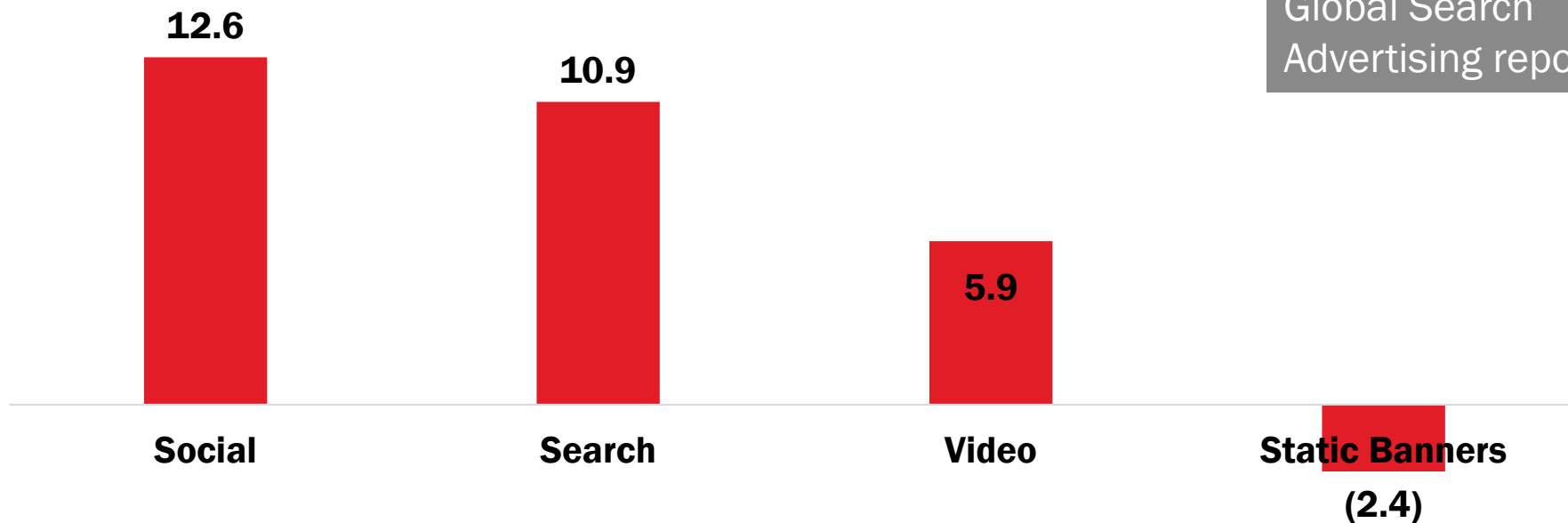
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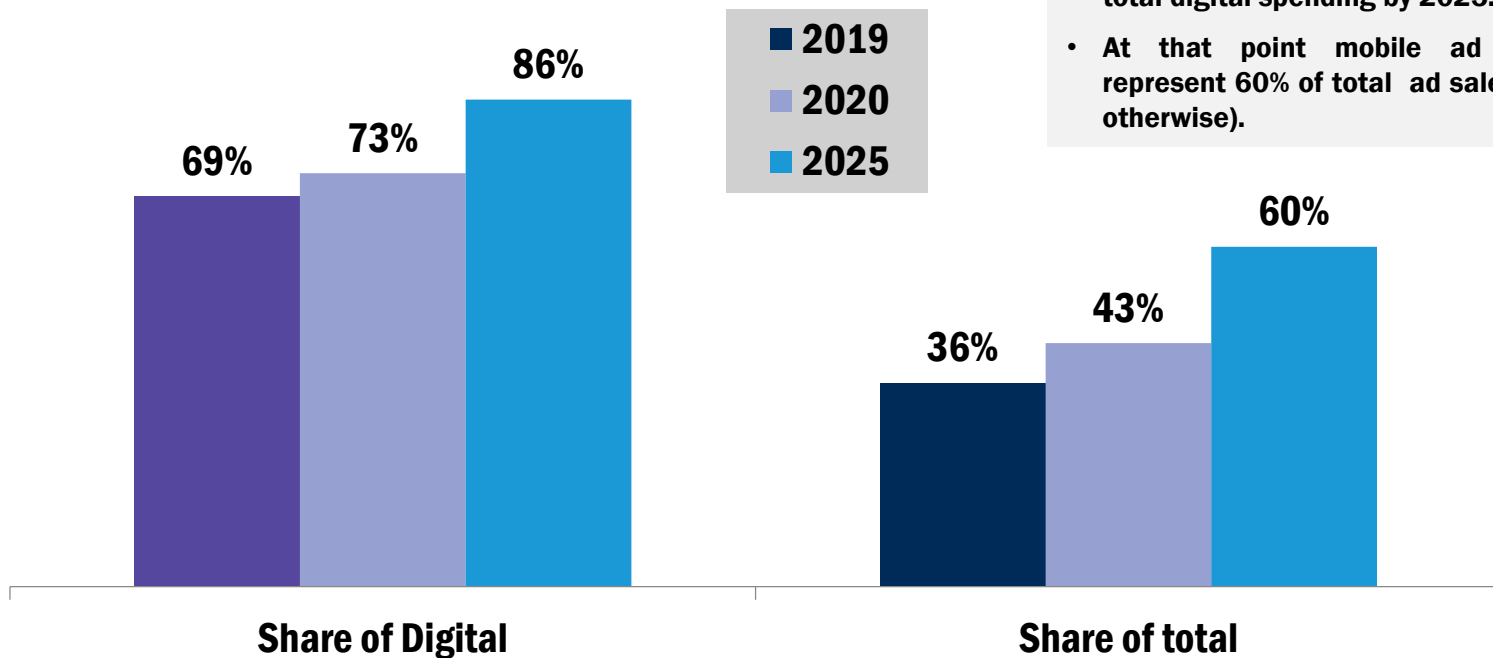
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37% OF VIDEO ADVERTISING BY 2025 (EXCL. SOCIAL VIDEO)

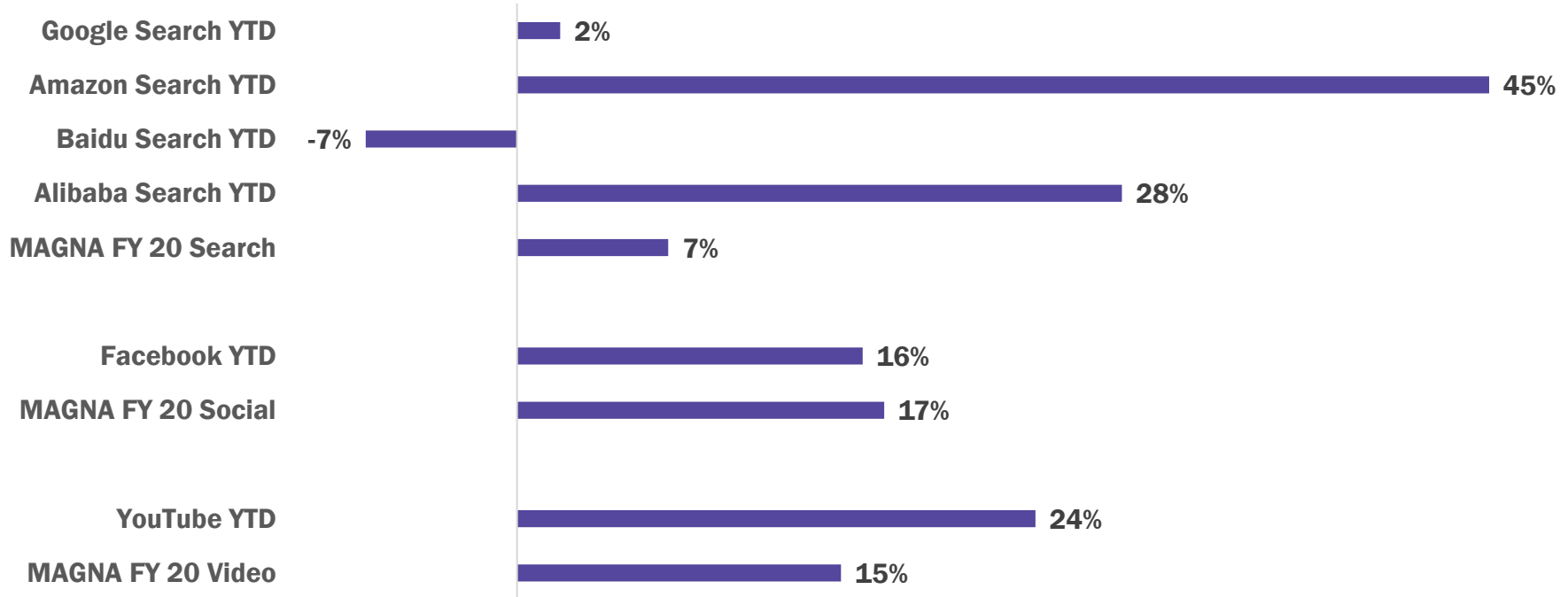


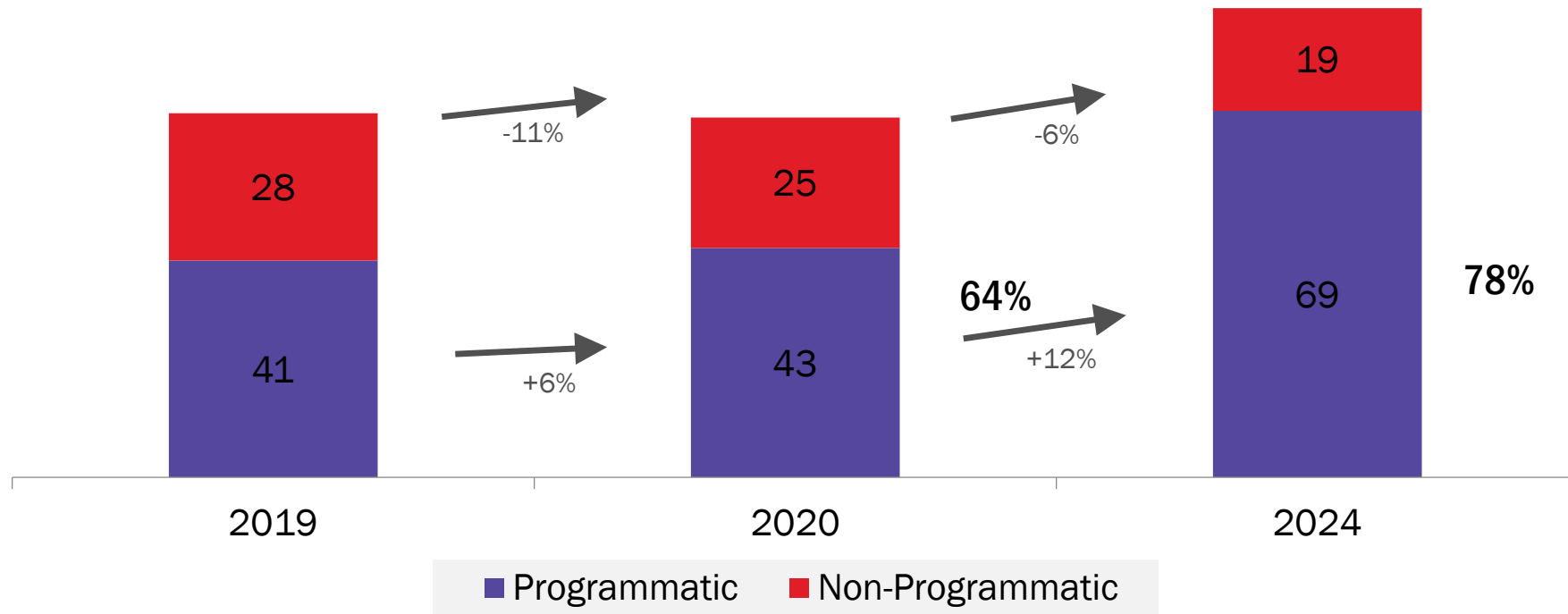
FOCUS ON DIGITAL**DESPITE COVID, SEARCH AND SOCIAL REMAIN ROBUST****INCREMENTAL SPENDING 2020 (\$ Billions)**

See more on search advertising in our upcoming Global Search Advertising report.

FOCUS ON DIGITAL**MOBILE ADVERTISING SHARE**

- Ad sales generated by clicks and impressions on mobile devices will account for 73% of total digital spending in 2020, and will grow to represent 86% of total digital spending by 2025.
- At that point mobile ad sales will represent 60% of total ad sales (digital or otherwise).

FOCUS ON DIGITAL**Digital Advertiser Performance**

FOCUS ON DIGITAL**78% OF DISPLAY/VIDEO AD SPEND PROGRAMMATIC BY 2024**

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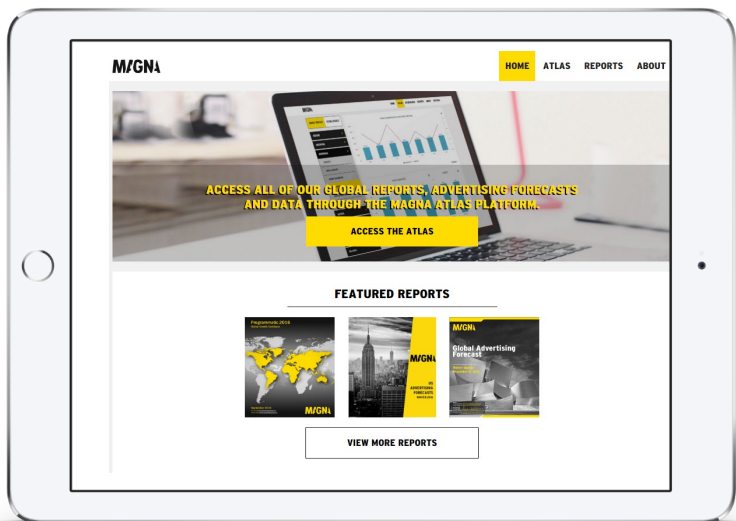
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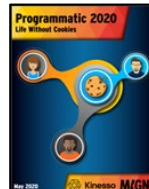
SEARCH REPORT



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