

# Digital Advertising and COVID-19

Completed March 17, 2020



## Goals

To provide a point of view on how online retailers and consumer packaged goods (CPG) advertisers are responding to COVID-19 and if they are pulling back digital media advertising spend and marketing activities while the country is in crisis-mode.

## Early Findings

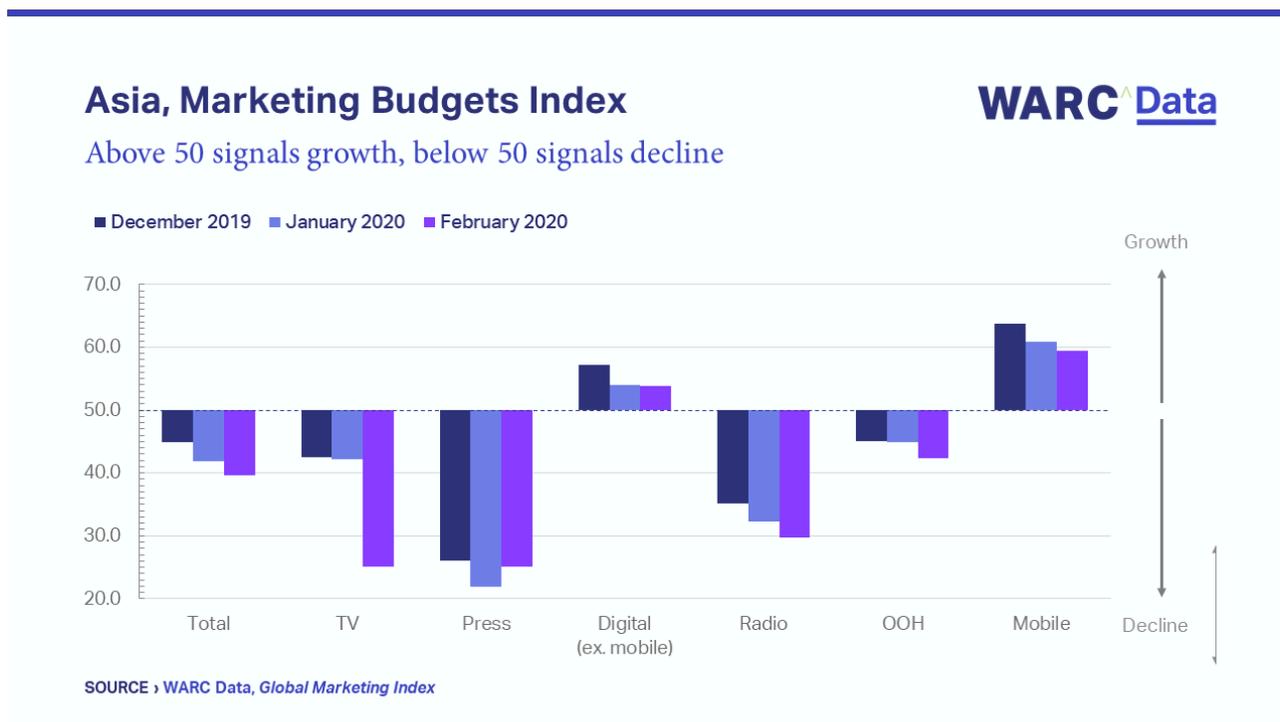
### Scenario Planning Based on Prior Outbreaks

- Latest projections for global advertising investment predict a [7.1%](#) rise in dollar terms (5.6% underlying growth) to \$659.6bn this year. Note that forecasts are subject to the severity of coronavirus outbreak. Brands are adopting a cautious approach to committing budgets in the first quarter of the year.
- Online ads will account for over half of forecast [\\$660bn](#) global adspend for the first time this year.
- Traditional media, combined, are expected to record [1.5%](#) growth to \$324.2bn, but internet investment is growing almost nine times faster, at 13.2%.
- Consumers are [most likely to cut back on luxuries](#), entertainment and leisure activities. Out of home entertainment and activities including eating out, shopping, travel, and ticketed events will be impacted. Online channels will be more important as people stay home, venues shut down and events are cancelled.
- Retail establishments were hit during SARS, but to differing degrees. [Fewer shopping trips](#), particularly in China and Taiwan, with quick visits to convenience stores. Shopping for non-essentials dipped across all three markets, especially at malls and department stores. Consumer spending mostly moved online.
- A Wavemaker survey in February found that [68%](#) of Chinese consumers have not cut back on their spending in light of COVID-19, and 83% still pay for the essentials as they did before.
- James McDonald, Managing Editor, WARC Data, provides three scenarios based on China's recent experience, and by comparing the Severe Acute Respiratory Syndrome (SARS) outbreak in 2003, and the Middle East Respiratory Syndrome (MERS) outbreak in 2015. The three scenarios are outlined below, the full article is available [here](#):

- Spend is displaced but full-year growth is largely unaffected.
- Spend is reallocated significantly as brands focus on the short-term.
- Severe disruption heightens the potential of an advertising recession.

## Digital and Mobile

- Based on Asian markets, the indications show that digital and mobile marketing is [even more](#) important. While budgets declined across the board, mobile and digital did not decline in comparison to traditional advertising (over the period December 2019 - February 2020).



### Source

## Importance of Online Increases During Lockdowns

- As cities across the US elevate their efforts to flatten the curve, citizens are being told to [stay home](#). This means online ordering, shopping and delivery is more important than ever, based on the example of China, South Korea, and others.

## Additional Research

WARC (World Advertising Research Centre) is offering [guidance to marketers](#) through a series of opinion pieces from experts about how to plan and strategize during the coronavirus (COVID-19) outbreak. It is available here, and there are more insights available with a subscription, in particular, this [article](#): “The Impact of COVID-19 on Media Strategy.” Warc.com, 2020.