

Dentsu Forecasts 2021 Global Ad Spend Recovery

BY JEFF MINSKY

FEBRUARY 04, 2021

DENTSU INSITES ARCHIVES



Global advertising giant, Dentsu, is forecasting an ad spending rebound across all regions in 2021; albeit a segue to the real growth which is predicted to arrive in 2022. The forecast reflects both the optimism that we have several approved vaccines and treatments in the market; yet the realism that the timelines for distribution of those vaccines and the threat that COVID-19 variants play around the world still pose hurdles in returning to pre-pandemic economic activity.

Dentsu has identified 10 key ad spend trends in 2021, including:

- All regions are expected to show some level of growth, with Western Europe leading the way at a forecast of 7.5%
- Social, search and video will be the strongest areas of growth within the digital market; with social significantly up by 18.3%
- Traditional Television ad spend growth is being powered by bigplanned events such as UEFA European Football Championships and the Tokyo Olympic & Paralympic Games.

For media analysts, it's usually a fun exercise to take a look at forecasts and see how the actuals (or end of year revised forecasts) look comparably. 2020 under no one's definition can be regarded as fun. Dentsu's January 2020 forecast for global ad spend had a projection of 3.9% growth. Their latest forecast at the end of 2020 is - 8.8%.

Total North American advertising spend had been projected to be 3.8%, instead ad spend fell by 7.6%. According to Dentsu, the widest gap between the original and final 2020 estimates was Latin America which had been projected to grow at an astounding 9.5% but ended up down 18.4%.

"While a return to growth will be welcomed all round, the road to recovery for marketers should be supported by investing in ways that will put consumer intelligence at the heart of their business strategies. We know from our own CMO survey that understanding consumer behaviour in a post-pandemic world is the biggest challenge marketers face. To build hyper-empathy in this new reality will require a real focus and investment in data, e-commerce, and new technologies like connected TV as well as building deeper partnerships across all areas of the industry." Says Peter Huijboom, global CEO media, dentsu international.

As evidenced by the chart below, the ad industry's decline this past year globally, was approximately double that of Global GDP, indicating that fear took over, quite understandably, more than the situation may have warranted in retrospect.



Source: dentsu Ad Spend Forecasts; IMF World Economic Outlook, October 2020

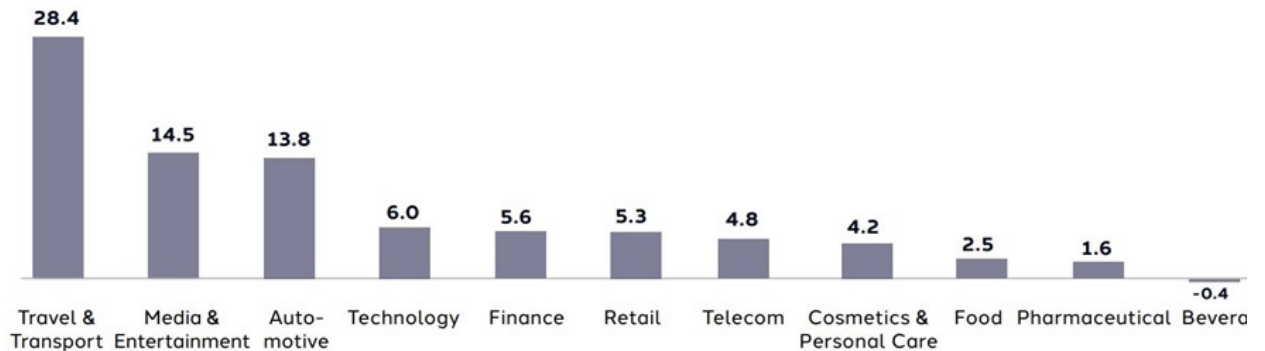
Looking ahead to 2021, Dentsu is projecting a rosier picture for almost all media types, globally, with the exception of newspaper and magazine which continue their decline. Cinema advertising, the media channel hit hardest as most of the world's movie theaters shut down for a good part of the year, looks prepped for the biggest comeback with 41.7% growth projected. While that still does completely bring it back from the 58% decline that Dentsu is forecasting for 2020, it does represent a significant comeback, the type that Hollywood always loves.

"As we head into 2021, we're seeing advertising spend continuing to maintain positive growth that was highlighted near the end of 2020. Consumer confidence is strong, and marketing and advertising continue to drive growth for brands. But changes in media behaviors will mean a shift in investments due to an increase in social, search, and non-linear video, led by streaming, due to fast-rising audiences, and the ability to be more connected, addressable as well as drive immediate purchase opportunities." Says Mike Law, president, Amplifi US

The Dentsu report breaks down and analyzes digital media by tactic and also gives a brief analysis of each traditional medium, putting into context the rationale for the forecast and some thoughts on the long-term impact of the pandemic on the medium.

Finally, the report provides an industry-specific forecast of growth. The hardest hit sectors of our economy due to COVID-19 has been travel, media & entertainment, and, given the double whammy of job losses and a move to a work-from-home culture, the automotive sector. Dentsu expects all three to rebound in 2021.

Global year-on-year % change at current prices



Source: dentsu Ad Spend Forecasts 2021

In a "normal" year, forecasting all the elements that play into the markets decision to invest in advertising is a tricky business. In a year where there is so much volatility and so many unknowns it makes it even more difficult. Add on to that, the uncertainty of which media consumption behaviors are temporary, and which will be long term. The report does not shy away from those challenges, yet in its conclusions, there is a reason for optimism in the media and advertising industry.

The complete Dentsu Global Ad Spend Forecasts – January 2021 may be downloaded [here](#)

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