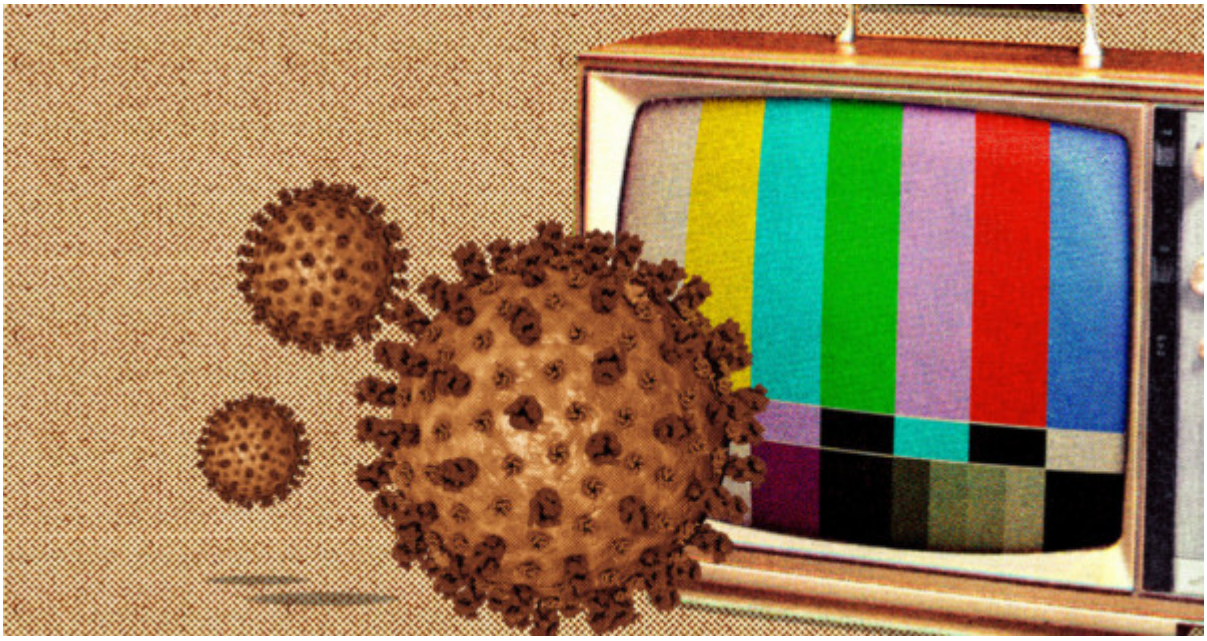
# National TV Ad Sales Shrank 11% This Year, But Are Bouncing Back



In the U.S. and around the world, the third quarter of 2020 wasn't a pretty one for traditional advertising revenue. But digital media is looking up.

According to Magna's latest quarterly advertising forecast, U.S. linear advertising revenues for 2020 (which include linear TV, linear radio, print and out-of-home) are projected to decline 16% over the course of the year to $81 billion. National television ad sales shrank by 11%, while other linear verticals saw even bigger losses: radio fell 28%, print was down 30% and out-of-home dropped 24%.

But the digital ad market's robustness translated to a much stronger ad market than expected. In the third quarter, digital media advertising sales grew 10% to $140 billion, a much faster recovery than Magna had predicted.

Linear TV, too, was able to recover somewhat in the second half of the year as sports and other tentpole programming

events brought with them a rush of advertising dollars. National television ad sales were only down 2% in the quarter.

Total advertising revenues in the U.S. grew 2% in the third quarter, and over the course of the year, the U.S.' total ad market shrank by only 1.3% to $221 billion as huge growth in digital offset double-digit losses in traditional advertising channels.

What was something of a surprise, though, was the extent of digital media's resiliency, including social, search, video and banners. Digital format advertising sales grew by 14% in the third quarter, Magna found, with digital video growth (including long-form, short-form, outstream and OTT) growing by 19%.

The outlook is optimistic for the fourth quarter: Magna expects advertising sales will continue to recover with a projected 14% increase in digital media; national TV ad sales may dip as much as 5% while Covid-19 delays continue to affect sports programming, the usual advertising juggernaut.

"Overall, it's fair to say that the U.S. market has been more resilient than we expected earlier in the crisis," said Vincent Létang, Magna's evp of global market intelligence, who authored the report. "And that's partly due to linear media, but it's mostly due to stronger-than-expected resilience from digital media, and stronger-than-expected political spending."

Record levels of political advertising spending in the second half of the year brought in $6.1 billion in net incremental advertising sales during the 2020 election cycle, a huge 60% increase compared to 2016. That generated $3.6 billion in revenue for local TV, as well as $1.5 billion for digital media, a three-fold increase from 2016. (National TV also got a 32% boost to nearly $300 million in political ad spend.)

All in all, political ad spend accounted for two percentage

points of extra market growth.

That mostly helped local TV. On a full-year basis, Magna projected that local television declined by 3%, but that it would have been a 20% drop excluding political spending. However, the upcoming year may be a tougher one for local television. Categories like automotive, which spends heavily on the medium, may budget significantly less amid a bleak economic and jobs outlook.

Heading into 2021, Magna is predicting linear ad sales will stabilize and grow 3.5%, while digital is expected to accelerate by more than 10%. Globally, ad spend is predicted to grow by 7.6% to $612 billion; In the U.S., the ad market is expected to grow by 4%—assuming that Covid-19 vaccinations pace as expected, and as major cyclical events like the Olympics occur as scheduled.

Presuming that is the case, national television ad sales are expected to grow 5%, driven by the anticipated $800 million in incremental ad sales from the Tokyo Summer Olympics. Digital ad sales are expected to continue to grow about 8%, with video advertising expected to grow 12%.

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