

A look at the advertising industry in 2021

 By [Paul Jackson](#)

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2020. What an awful year. A year of rolling disasters, life-changing events and huge loss of life. A year that few will remember with any fondness. The death of George Floyd, California on fire, an acrimonious election and the worst pandemic the world has seen in 100 years.



Paul Jackson, CEO at GREY Johannesburg

Covid-19 brought on stay-at-home orders, suspension of travel, cancelled events and turned our world upside down. An economic recession ensued and impacted virtually every sector of the economy. The ad industry, usually the bellwether of an economic downturn, was not immune. Advertising and promotional spend being one of the most expedient line items to cut, saw brand owners slash advertising and promotional spend, almost to the point of irrationality.

2020. Was it really all that bad?

In 2020 WPP's media arm, GroupM, recorded year-over-year global ad spend dropping by 5.8%. Most of the decline was felt in the second and third quarter of 2020 as agencies and brands scrambled to deal with the change in consumer and media spending habits during the first hard lockdown.

Lockdowns eased, and we began to process how Covid-19 was impacting our world, the global and local economies started to recover in the second half of the year. Quite strongly in fact. The advertising marketplace unexpectedly rebounded in the latter half of 2020 regaining much of the ground lost in the first half of the year.

2020 will, in some ways, be remembered as more of a mild setback than an industry-changing economic catastrophe for the media business. Despite the grim realities of a global economy that will be the worst since the Great Depression, global advertising spend weathered the storm relatively well and will end up at declining by “only” 5.8% on an underlying basis.

In 2021, WPP’s GroupM projects the global ad marketplace to grow by 12.3%. Ad spend growth will be across all five regions led by Latin America (+24.4%) and followed by Asia Pacific (+14.1%).

And globally, YoY digital media spend is forecast to increase by 14.1%

That last stat is the most profound of all – a long term trend accelerated by the pandemic. In 2021, the share of digital media in global ad spend is forecast to be 60.9%. Yes, \$6 out of every \$10 in media spend will be in digital media.

This resilience in digital media was stronger than expected, probably because of the changes in behaviour brought about by COVID, triggering a tremendous acceleration in the adoption of digital channels and technologies, permanently changing consumers’ media and shopping habits, and for many, e-commerce has become the norm.



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So, what are the prospects for the ad industry in 2021?

With Covid-19 vaccines being deployed, 2021 will see the ad industry returning to growth. The return of consumer mobility, major events coming back like the postponed Tokyo Olympics and economic recovery for most industries will again see an increase in their traditional advertising budgets in 2021. But the long-term trajectory has shifted even further towards a digital-centric marketing environment which will only continue to accelerate in years to come.

In 2021 among traditional media, cinema and Out-of-Home will have the largest YoY increase. The spend for newspapers, magazines and linear television will probably continue to decline with radio spend flat.

Hoping that 2021 will be a dramatic rebound is, in my opinion, overly ambitious (I really hope I’m wrong) – turning the tap off is really easy, but turning marketing budgets back on takes time and lots of motivation inside risk-averse boardrooms. Rather, we should expect a stuttered recovery with patchy growth as the vaccine rolls out and businesses and consumers get back on their feet.



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So, where to find growth and what approach should one take

Covid-19 won’t last forever. Optimism will rise as vaccinations reverse the pandemic tide. People will want to travel, explore,

meet friends, share a meal and buy the things they have gone without for so long. Consumers who previously restricted their mobility will emerge from their homes - hungry for experiences and interactions. Marketers will look to leverage this increased out of home activity so that they can make up sales ground lost in 2020.

Agencies and brands need to be attuned to this revival, but will need to refine their approach:

- **Digitally and economically savvy consumers expect more value and innovation**

Most South Africans are facing tighter wallets as a result of either being retrenched or earnings being cut. These consumers are looking for value and are now living, working and spending more and more online. This digital adoption has an impact on consumers across the entire marketing value chain including the way customers experience and interact with brands, their perception of value, the innovation they demand from brands and the brand's purpose in their lives and in society.

- **Consumers will demand that brands play a role in delivering a better world**

I think Covid-19 has woken us up to the realities of what is broken in our world and consumers will be more impatient for significant and meaningful positive societal change. The companies that listen and respond accordingly will win over these consumer's hearts (and wallets).

- **Brands and agencies must keep moving forward, no matter how difficult it may seem**

Recovery will be stuttered. New government regulations, announced with no warning, will continue to catch us off guard. We need to make sure we go into 2021 adopting an attitude of flexibility, resilience and adaptability. But, if anything, brands and agencies must keep momentum. Our first reaction to any kind of change or hardship cannot be to freeze and stop all activity. The brands and agencies that do that will eventually fall behind and become irrelevant.

History has a way of repeating itself

I'd like to leave one parting thought. One of optimism and excitement for what is to come once the pandemic passes. To do that, I'd like to recall what happened exactly 100 years ago.

The death and destruction of World War 1 levelled economies the world over. A global flu pandemic killed 675,000 Americans in 1918 and 1919, and a depression gutted the US economy in 1920 and 1921. Despite these devastating years, the United States not only recovered but entered into a decade of unprecedented growth, prosperity and innovation. Americans began a spending spree and the Roaring Twenties was on.

After enduring dark times, Americans were eager for a comeback.

100 years later, I'm optimistic that the Global and the South African economies are eager for a comeback and we're in for a wonderful ride, enjoying a second wave of the Roaring Twenties.

ABOUT PAUL JACKSON

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