

The growth and decline of adspend during the pandemic

By Muhle Hlabano

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We all know that 2020 was a disruptive year due to the Covid-19 pandemic. Varying lockdown levels resulted in a contracted SA economy, a significant drop in advertising spend and several sectors completely shut down - not unlike what we're experiencing now during adjusted Level 4.



Source: www.unsplash.com

Last year, most sectors operated online, and many began the move to work from home. This shifted a lot of consumer behaviour habits and media consumption patterns as people lived, shopped, worked and entertained themselves differently. Behaviours that would have taken years to change literally happened overnight.

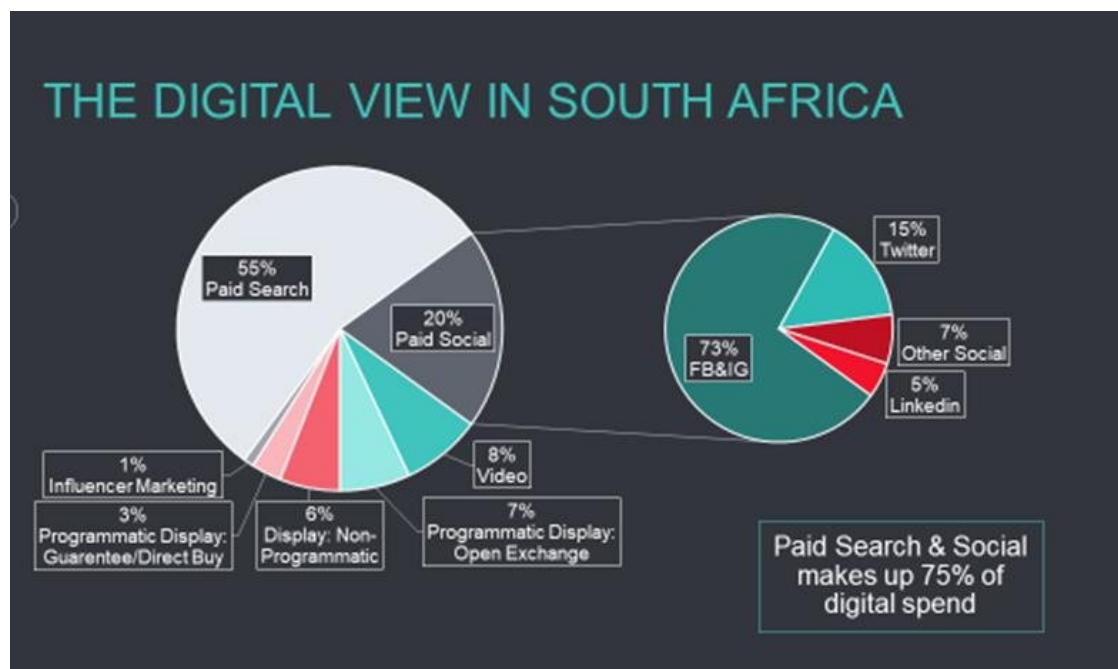
Advertisers had to adjust their marketing strategies constantly to adapt to this new norm, and according to AC Nielsen and IAB, the total adspend for South Africa in 2020 was just over R41bn, based on rate card values. This represents a 7% decline overall due to the pandemic and lockdowns interruptions.

	2018		2019		2020
Media Type	Net Spend		Net Spend		Net Spend
Cinema	R400,629,094.00		R632,012,550.00	80%	R247,890,262.00
Direct Mail	R163,343,205.00		R154,184,964.00	-6%	R94,853,814.00
Out of Home	R1,314,344,602.00		R1,452,091,559.00	10%	R1,233,347,789.00
Print	R7,862,084,524.00		R7,244,468,039.00	-8%	R5,013,083,651.00
Radio	R7,239,319,425.00		R7,766,095,846.00	7%	R6,867,356,202.00
Television	R23,043,725,627.00		R23,878,623,861.00	4%	R23,747,067,644.00
Digital	R2,600,000,000.00		R3,900,000,000.00	80%	R4,700,000,000.00
				8%	-7%

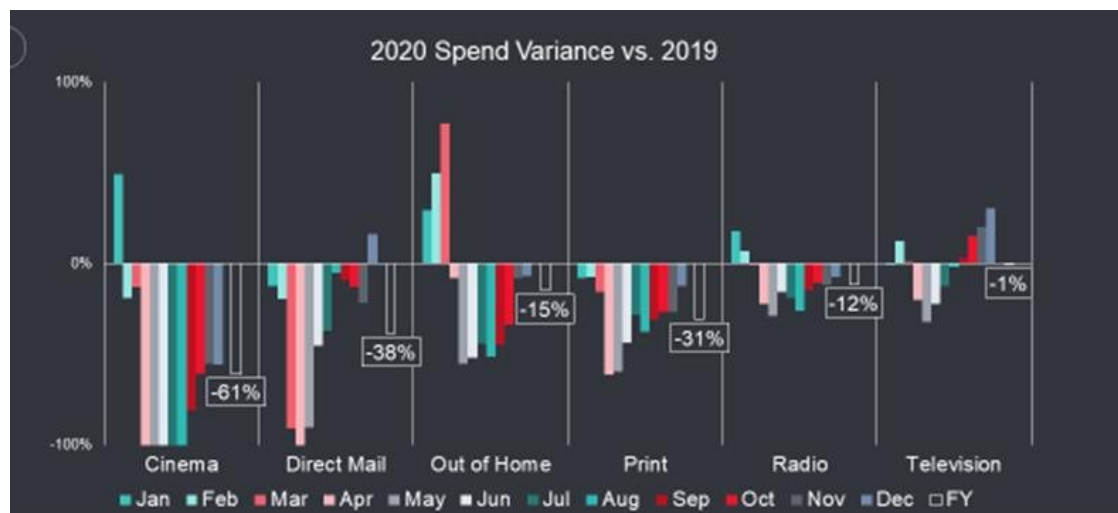
Spend report 2018 -2020 growth rates

The real decline is actually greater, as these amounts reported do not account for the discounts on rate card rates negotiated. The fall was noted across all ATL (above the line) media channels with the exception of TV that flatlined and digital which posted a significant growth of 21%.

The growth in digital is an indicative shift in most strategies by advertisers aligning their marketing efforts with the shifts in consumer media habits. Where did most of the ad spend in digital go? From table four below you can see that paid search and social made up 75% of the digital spend.



Digital view in South Africa



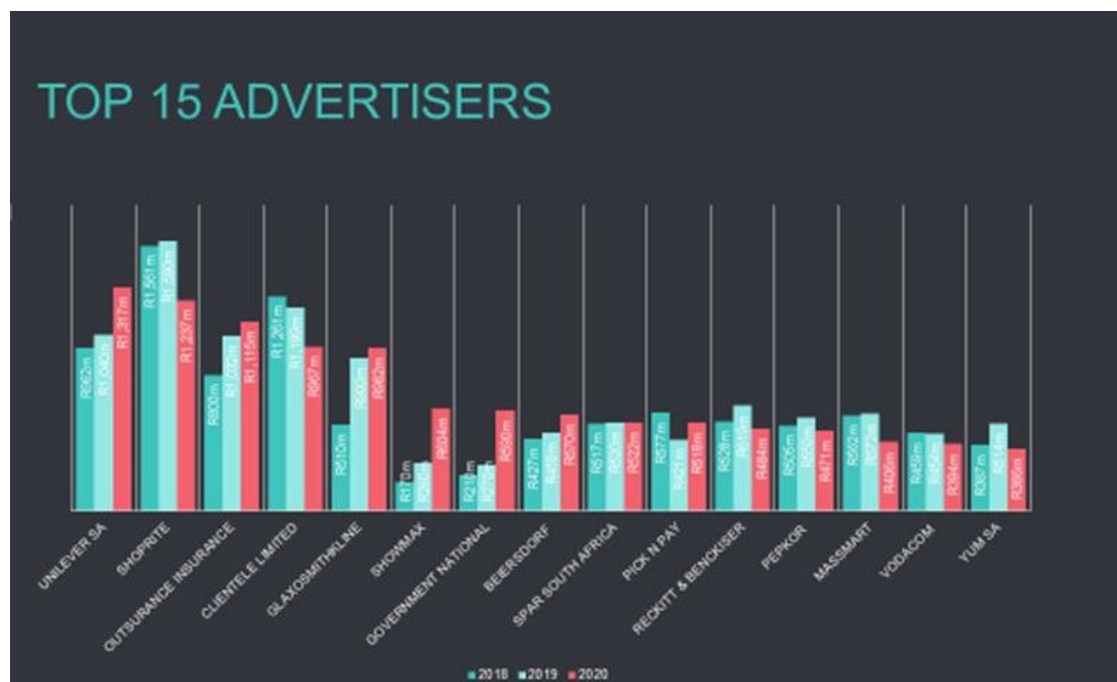
ATL spend report 2020 vs 2019 spend variance

Doing a deep dive going into 2020, ATL compared with 2019 month by month, we can see that in the first two months most media was on track to be better than 2019 but 2020 had other plans.

The first hard lockdown had a significant impact across all media types, all reporting a negative growth in this period. Electronic media started recovering, with TV becoming positive in the fourth quarter only when the country entered Level 1.

The top three categories in 2020 were FMCG with 26% share of spend, retail (22%) and financial services with 18% share of spend.

And how did the top advertisers adjust?



Top 15 advertisers

The top advertiser changed with Unilever taking over from Shoprite who had been dominant in previous years although Unilever has been steadily increasing their spend over the past three years. This shows the resilience of the FMCG category during the lockdowns, especially since we were all at home more and sanitizing everything in sight. This result is also not surprising considering the toilet paper shortages in the initial lockdowns.

The question becomes whether we will see this carry over to 2022 and onwards or if we'll experience more dramatic shifts in advertising media spend patterns across media platforms?

ABOUT THE AUTHOR

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