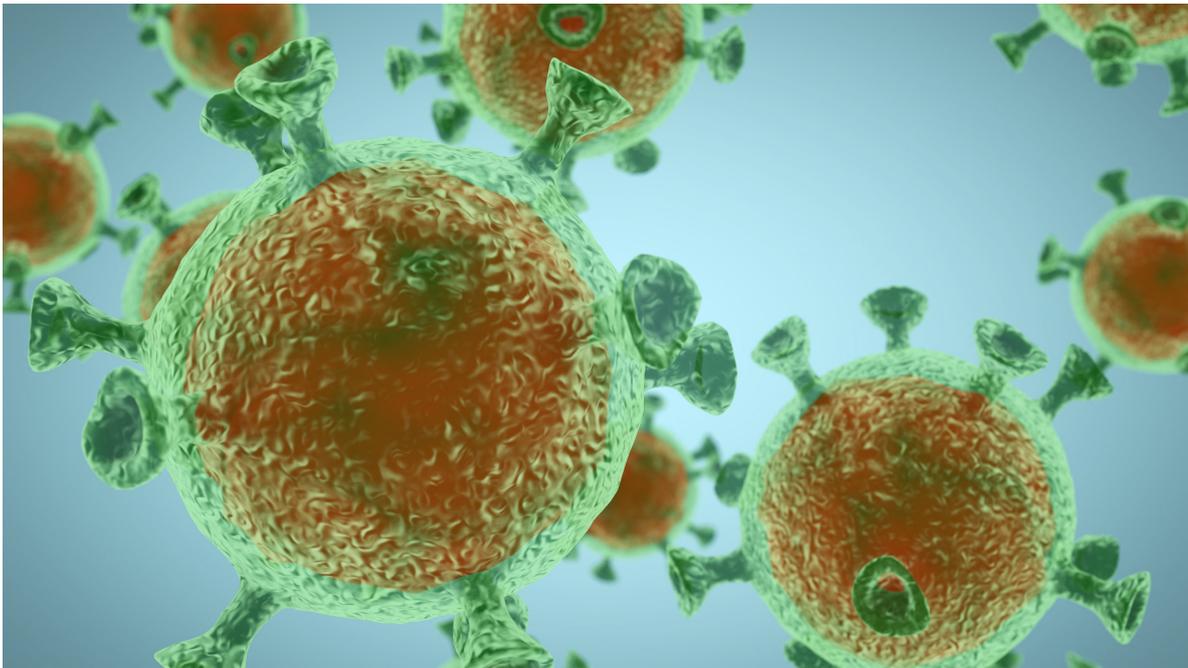


The \$120bn Impact of the Coronavirus

Written by Marco Attard
26. 05. 2020

According to Futuresource, the combined financial impact of the coronavirus (aka Covid-19) pandemic on the CE, entertainment content and proAV industries is worth as much as \$120 billion, at least in comparison with pre-pandemic forecasts.



“Interruptions within supply and manufacturing chains, coupled with the necessary social lockdowns have inevitably led to substantial downward pressure on many industries,” the analyst says. “It’s evident that large employers are being hit severely, particularly in tourism and financial services. Businesses with tightly integrated supply chains and those working on lean manufacturing principles are also heavily exposed, with hotspots within automotive and industrial. In contrast, some categories within CE, entertainment and professional AV sectors are benefiting from the social distancing measures. Video conferencing, gaming and subscription video on demand (SVoD) are good examples.”

Digital video is one of the big pandemic winners, as Futuresource predicts "stay-at-home" orders will boost growth by 200% over pre-coronavirus forecasts. However total consumer spend on video, TV, music and games will fall by -1% in 2020 due to declines in pay-TV, box office and packaged media, and the analyst expects consumer spend on recorded music will also decline. Music streaming services are set to decline in uptake, at least in the short term, due to the disruption of daily routines and reduction of time spent listening to music out of the house, such as while driving or at the gym. Gaming, SVoD services and music videos also eat into music streaming, as does radio. In addition, packaged music sales are down due to both lower retail footfall and a shift in consumer focus.

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Of course, gaming proves to be a much-needed escape route for self-isolating households, fulfilling not only a need for at-home entertainment but also socialising, with online multiplayer games allowing friends to connect and communicate.

Looking at the workplace, collaboration solutions are one of the biggest winners in long-term growth thanks to the current situation. While many companies had video conferencing in place, the technology was underutilised. The pandemic forced millions of people to take the first click with an unprecedented shift to online meetings.

Looking to the future, a best-case scenario has the majority of the pandemic's impact hit the supply chain. The model predicts manufacturing and logistics to return to normal before the end of H1 2020, leading to a "reasonably seamless" return to business as usual. The worst-case scenario, on the other hand, sees key vendors struggle to bring new products to market, leading to significant device release delays and market disruption going on throughout 2020 into 2021. The pandemic eventually leads to global recession, with markets worldwide entering a period of decline.

Futuresource says the most likely scenario falls somewhere between the two extremes, with market recovery continuing through to 2021. Industries will "bounce" as demand recovers as lock-down orders are lifted, returning categories back to the original market trajectory. However market disruption should continue throughout the year, with both demand and supply-side issues not being fully resolved until H1 2021. That said, the interrelated nature of supply chains and manufacturing means the full impact of Covid-19 will not be known for some time to come.

Go [The \\$120 Billion Impact on CE, Entertainment Content and Pro AV Spend in 2020](#)