Coronavirus Ad Spend Impact: Buy-side
3/27/20
74% of buy-side decision-makers think Coronavirus will have greater impact on U.S. ad spend than the 2008-09 financial crisis

- Nearly a quarter (24%) of respondents have paused all advertising spend for the rest of Q1 & Q2
- Another 46% of respondents are adjusting advertising spend for the rest of Q1 & Q2
- Expect slightly less negative impact on Digital spend than on Traditional spend for Q1 & Q2, and a faster rebound for digital in Q2
- Impact on Q3 and Q4 spending is expected to be more modest
- 73% of buyers are indicating that the Coronavirus will have an impact on 2020/21 Upfront spend plans
- Expect a 20% decrease in Upfront spend vs original plan
What’s happening right now (March-June):

• Digital ad spend is down 33%
• Traditional media is down 39%
• The majority (63%) of advertisers are adjusting their messaging and are *increasing*:
  o Mission-based marketing (+42%)
  o Cause-related marketing (+41%)
• More than a third (35%) of advertisers are adjusting their in-market tactics, and are *increasing*:
  o Audience targeting (+38%)
  o OTT/CTV device targeting (+35%)
Who we surveyed

To understand how and where US ad spend is being impacted, IAB conducted a quick pulse of the buy-side: March 18-24, 2020

N=390 completes from those responsible for US advertising spend in 2020:
- media planners
- media buyers
- brands

Type of Company: Buy-side

- 58% Agency
- 42% Brand

Role

- 43% C-Level, President, EVP
- 29% SVP, VP, Director
- 24% Manager, Account Executive, Media Planner or Buyer
- 3% Media Consultant, Media Strategist
- 1% Other Staff: e.g., Analyst, Associate, Assistant, Coordinator
### Breakdown of Respondents by Category

Respondents to this survey were comprised of both agencies and brands which represent a wide spectrum of U.S. advertising categories:

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel &amp; Tourism</td>
<td>9%</td>
</tr>
<tr>
<td>Health/Healthcare (Non OTC/DTC)</td>
<td>8%</td>
</tr>
<tr>
<td>Automotive &amp; Related</td>
<td>7%</td>
</tr>
<tr>
<td>B2B</td>
<td>7%</td>
</tr>
<tr>
<td>Apparel/Fashion</td>
<td>6%</td>
</tr>
<tr>
<td>Technology</td>
<td>6%</td>
</tr>
<tr>
<td>CPG Food/Beverage</td>
<td>5%</td>
</tr>
<tr>
<td>Financial Services</td>
<td>5%</td>
</tr>
<tr>
<td>Retail (Brick &amp; Mortar)</td>
<td>4%</td>
</tr>
<tr>
<td>Education/Government</td>
<td>4%</td>
</tr>
<tr>
<td>39% Other*</td>
<td></td>
</tr>
<tr>
<td><strong>100% Buy-side Respondents</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Other Categories include:
- Media
- CPG – Cosmetics and Toiletries
- CPG – Household Products/Other
- Restaurants
- Retail – online
- Pharmaceuticals & Remedies (OTC/DTC)
- Beer, Liquor and Wine
- Fitness and Wellness
- Politics, Organizations or Public services
- Consumer Electronics
- Jewelry & Watches
- Real Estate
- Gaming
- Telecommunications
- Energy
- Toys and Hobbies
- Baby, Child or Parenthood-related
- Misc.
Potential Impact Compared to 2008-2009 Financial Crisis

Overall, 74% of Buy-side Decision-makers Anticipate Coronavirus will have Heavier Impact on US Ad Spend than 2008-09 Financial Crisis

Comparison to 2008-2009 Financial Crisis

- 44%: Substantially more negative impact
- 30%: Somewhat more negative impact
- 9%: Roughly the same impact
- 14%: Somewhat less negative impact
- 4%: Substantially less negative impact

Base: Those that can compare n=296
Q: Please compare the potential impact of this Coronavirus outbreak on US advertising spend against the 2008-2009 financial crisis. In the long-term, which one statement best reflects your outlook?
70% of Buyers Quickly Adjusted or Paused Their Planned Ad Spend Between March-June

Q: Are you making any short-term advertising spend changes as a result of Coronavirus? (Note: short-term = March through June)

- 46% Yes, we’ve adjusted advertising spend
- 24% Yes, all advertising is paused where possible until further notice
- 14% No
- 16% Still to be determined

Base: n=390
Buy side expects to increase spending in May/June but not rebound to original plan.

Estimated Percent Change in Ad Spend, Digital vs. Traditional Media off annual plan:

- Digital Media:
  - March/April: -38%
  - May/June: -28%

- Traditional Media:
  - March/April: -43%
  - May/June: -35%
Ad Spend Impact by Channel (against original plan)

Estimated Percent Change in Ad Spend by Channel

- Digital Display: -41% / -28%
- Digital Video: -37% / -26%
- Digital Audio: -40% / -31%
- Digital OOH: -45% / -38%
- Social Media: -33% / -23%
- Paid Search: -30% / -21%
- Linear TV (Broadcast & Cable): -41% / -35%
- Terrestrial Radio: -45% / -35%
- Print: -43% / -34%
- Traditional OOH: -41% / -34%
- Traditional Direct Mail: -51% / -34%

Base: Yes to short-term advertising spend changes, n=272

Q: Please provide your estimated percent change (+/-) in U.S. media spend per channel for the March/April time period.

Q: Please provide your estimated percent change (+/-) in U.S. media spend per channel for the May/June time period.
March-June Messaging Strategy Shifting Away from Performance

% Making Advertising Messaging Strategy Changes as a Result of Coronavirus

- Yes: 63%
- No: 17%
- Still to be determined: 20%

Type of Messaging Strategy Change

<table>
<thead>
<tr>
<th>Mission-based Marketing</th>
<th>Cause-related Marketing</th>
<th>Brand Equity</th>
<th>Performance Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase: 42%</td>
<td>Increase: 41%</td>
<td>37%</td>
<td>28%</td>
</tr>
<tr>
<td>No Change: 45%</td>
<td>No Change: 46%</td>
<td>32%</td>
<td>27%</td>
</tr>
<tr>
<td>Decrease: 14%</td>
<td>Decrease: 14%</td>
<td>31%</td>
<td>45%</td>
</tr>
</tbody>
</table>

Note: Short-Term = March through June

Base: n=390, Yes to advertising messaging strategy changes, n=245

Q: Are you making any short-term advertising MESSAGING STRATEGY changes as a result of Coronavirus?

Q: Please indicate whether you plan to increase, decrease or make no change regarding usage of any of the following messaging strategies.
42% of Buy-side are Making March-June Tactical Changes

% Making Advertising Tactical Changes as a Result of Coronavirus

- 42% Yes
- 35% No
- 23% Still to be determined

Base: n=390
Q: Are you making any short-term advertising TACTICAL changes as a result of Coronavirus?
March-June Changes Include Audience Segments and Devices

Types of Tactical Change

<table>
<thead>
<tr>
<th>Type of Tactical Change</th>
<th>Increase</th>
<th>No Change</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audience targeting</td>
<td>38%</td>
<td>46%</td>
<td>15%</td>
</tr>
<tr>
<td>OTT/CTV device targeting</td>
<td>35%</td>
<td>50%</td>
<td>15%</td>
</tr>
<tr>
<td>Mobile/Tablet device targeting</td>
<td>34%</td>
<td>55%</td>
<td>11%</td>
</tr>
<tr>
<td>Programmatic buying</td>
<td>29%</td>
<td>52%</td>
<td>18%</td>
</tr>
<tr>
<td>Demo targeting</td>
<td>28%</td>
<td>55%</td>
<td>17%</td>
</tr>
<tr>
<td>Desktop/Laptop device targeting</td>
<td>27%</td>
<td>59%</td>
<td>14%</td>
</tr>
<tr>
<td>Local geotargeting</td>
<td>23%</td>
<td>57%</td>
<td>20%</td>
</tr>
<tr>
<td>News publishers and/or news content targeting</td>
<td>18%</td>
<td>55%</td>
<td>27%</td>
</tr>
<tr>
<td>Direct buys with premium publishers</td>
<td>13%</td>
<td>58%</td>
<td>30%</td>
</tr>
<tr>
<td>National geotargeting</td>
<td>9%</td>
<td>71%</td>
<td>20%</td>
</tr>
</tbody>
</table>
For 2H 2020, 2/3 of Buyers Are Undecided

% Buyers Making Ad Spend Changes in 2H

- Yes: 25%
- No: 8%
- Still to be determined: 67%

Base: n=390
Q: Are you making any short-term advertising spend changes as a result of Coronavirus? (Note: short-term = March through June)
Q: Are you making any advertising spend changes in the second half of 2020 as a result of Coronavirus?
2H 2020 Appears to Be More Optimistic

% Making Advertising Spend Changes in 2H as a Result of Coronavirus

- Yes: 25%
- No: 67%
- Still to be determined: 8%

Estimated Spend Change vs. Original Plan

- Q3: 75%
- Q4: 88%

Base: n=390; Yes to 2H 2020 advertising spend changes, n=98
Q: Are you making any advertising spend changes in the second half of 2020 as a result of Coronavirus?
Q: Please provide your estimated percent change (+/-) in U.S. media spend by quarter.
In Addition, the TV Upfront Season is in Jeopardy

Estimate that Coronavirus will have an impact on 2020/2021 TV Upfront spend commitment

73%

Is the average estimated impact on TV Upfront spend this year

-20%

Base: n=390, TV Upfront commitment estimated change n=283
Q: Please provide your estimated percent change (+/-) that you anticipate Coronavirus will have on your 2020/2021 TV Upfront spend commitment?
Brands & Agencies Will Look to Key Milestones to Calibrate Response

Top 10 Events “I Am Watching”

- Quarantine status: 65%
- Shelter-in-place initiatives: 62%
- Number of Coronavirus cases: 49%
- Business openings / closings: 47%
- Stock market performance: 44%
- Sports: 38%
- Travel: 38%
- The Olympics: 33%
- Concerts & other live events: 19%
- TV Upfronts across publishers: 17%

Base: n=390
Q: What external events and other indicators are you tracking that may impact your view of the U.S. advertising market? Select all that apply.
Selected Verbatim Quotes from Our Survey

We have reduced spend considerably but are fairly agile and will respond/adjust in real time based on results.

—C-Level, President, EVP
Apparel/Fashion Brand

Timing of the recovery will determine our spend level... we are not optimistic on a short-term recovery.

—C-Level, President, EVP
Travel & Tourism (airline, cruiseline, tour operator, visitor bureau, etc.)

Waiting to see impact of Coronavirus on scheduling of summer & fall amateur sport activities.

--SVP, VP, Director
Fitness/Wellness Brand

Demand is lower, so performance tactics aren't scaling as they used to.

—SVP, VP, Director
Agency; Retail Clients
We Are Keeping Our Eyes On...

1. When will sports return?
2. Where will the Olympics money go? to e-sports?
3. Will non-linear ad spend (OTT/CTV) rise to meet the growth of consumer usage?
4. Will performance marketing have a rebound in 2H?
5. Will there be any shift in support for news?
6. What are the spend differences by vertical category?
The Interactive Advertising Bureau (IAB) empowers the media and marketing industries to thrive in the digital economy. Its membership is comprised of more than 650 leading media companies, brands, and the technology firms responsible for selling, delivering, and optimizing digital ad marketing campaigns. The trade group fields critical research on interactive advertising, while also educating brands, agencies, and the wider business community on the importance of digital marketing. In affiliation with the IAB Tech Lab, IAB develops technical standards and solutions. IAB is committed to professional development and elevating the knowledge, skills, expertise, and diversity of the workforce across the industry. Through the work of its public policy office in Washington, D.C., the trade association advocates for its members and promotes the value of the interactive advertising industry to legislators and policymakers. Founded in 1996, IAB is headquartered in New York City.

For more content, please visit iab.com
Thank You