



Coronavirus Ad Spend Impact: Brands, Agencies & Other Buyers, April 2020

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Results from the Second IAB Buy-Side Survey Trended: March vs. April

Executive Summary: Month over month trends

In this second study of advertising buyers, IAB has compared changes to advertising spend for the March through June timeframe. Month over month...

- More buyers report pausing ad spend
- Digital ad spend is experiencing a slight rebound, although is still off-plan
- Traditional media channels are faring the worst, although Linear TV remains relatively flat
- Premium Publishers are experiencing a slight rebound in ad spend projections
- Those channels with greater flexibility and agility in creating, editing and optimizing creative will experience less of an impact
- Both mission/cause-related messaging and performance messaging saw an increase

Executive Summary: New insights uncovered

- Buyers are shifting messaging, modifying/creating new creative assets
 - Of those who are creating new assets, 60% say new creative will in some way reflect the crisis
- 40% of Buyers typically run ads adjacent to News, and they are more likely:
 - To be cancelling/pausing ads due to inappropriate/irrelevant creative
 - To be modifying or developing new creative assets
 - To be looking at new metrics/KPIs during this crisis
 - To be increasing their spend in both Display and Search
- 45% of Buyers had budgeted spend in Sports in their original 2020 plans
 - Of those, sports represented 25% of their overall budget in 2020
 - 43% of originally planned Sports budgets are off the table (Jan-Dec)
 - And Buyers who are reallocating Sports ad spend indicate shift to 2H (56%)

Who we surveyed on the buy-side

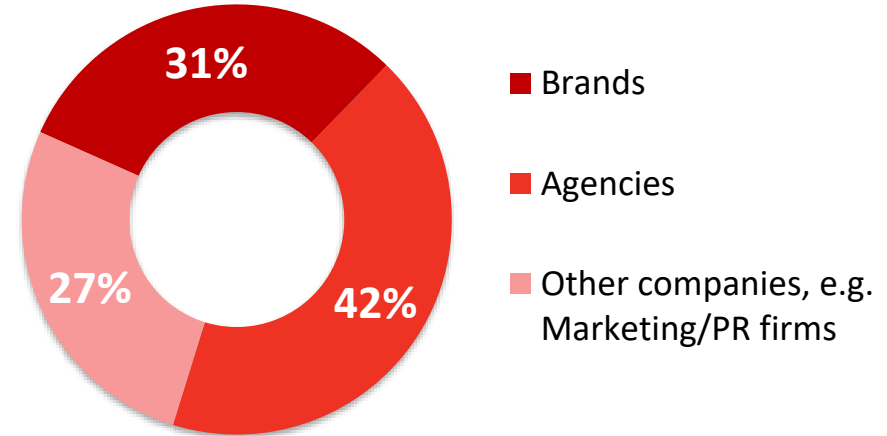
To understand how and where US ad spend is being impacted as well as how this trends overtime, IAB is conducting buy-side surveys. This is the second, fielded April 15-21.

N=294 completes from those responsible for US advertising spend in 2020:

- media planners
- media buyers
- brands

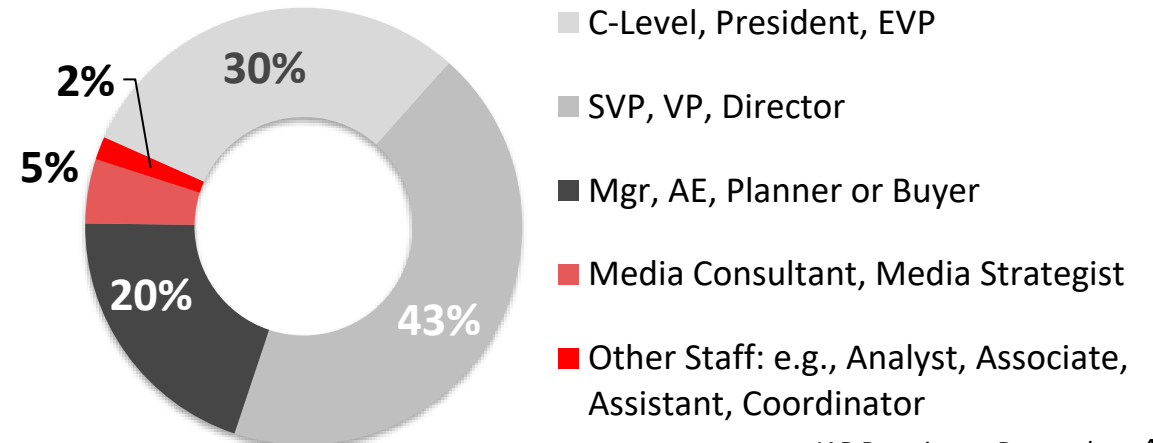
Company Type:

Differences in responses M/M are negligible. April 15-21:



Respondent Role

Differences in responses M/M are negligible. April 15-21



Coronavirus impact on 2020: Trending buyer projections/perceptions

IAB's survey of the buy-side during the pandemic to trend advertising spend was fielded during two periods: March 18-24 and April 15-21.

This current analysis, where possible, compares buyer perspective across time periods. Analysis will also include references to IAB's sell-side survey: "Coronavirus Impact on Ad Revenue: Publishers & Other Sellers" fielded April 1-7.

- Where relevant, analysis breaks out agency vs. brand responses
- If a breakout is not provided, either a comparison can not be made/is irrelevant, or the numbers are negligible

Buy-side respondents include:

- Agency media buyers/planners
- Brands: Incumbent and Direct-to-Consumer
- Others: media buyers/planners/strategists at other companies, e.g. Marketing/PR firms

Agency and Brand leaders illuminate buying strategy during the COVID-19 crisis

Our frequency has diminished as we felt it inappropriate to strike too promotional a tone in our ads. Ads have been decreased overall & **we have switched to ads with a “we’re all in this together” tone...**

—C-Level, President, EVP, Agency Planning/Buying

(We) paused media for April while consumer behavior is erratic. Reduced spend for May-Sept due to uncertainty in our business outlook.

—SVP, VP, Director, Consumer Brand

We are much more **focused on actionable steps**, such as driving traffic to our client's website, having users register on the website and also looking at inflows and outflows from the client’s funds.

--C-Level, President, EVP, Agency Planning/Buying

Budget for April/May has been shifted to lights on, and June has an uptick for a July massive relaunch. We believe we will need more dollars on the other side of this...

—SVP, VP, Director, Consumer Brand

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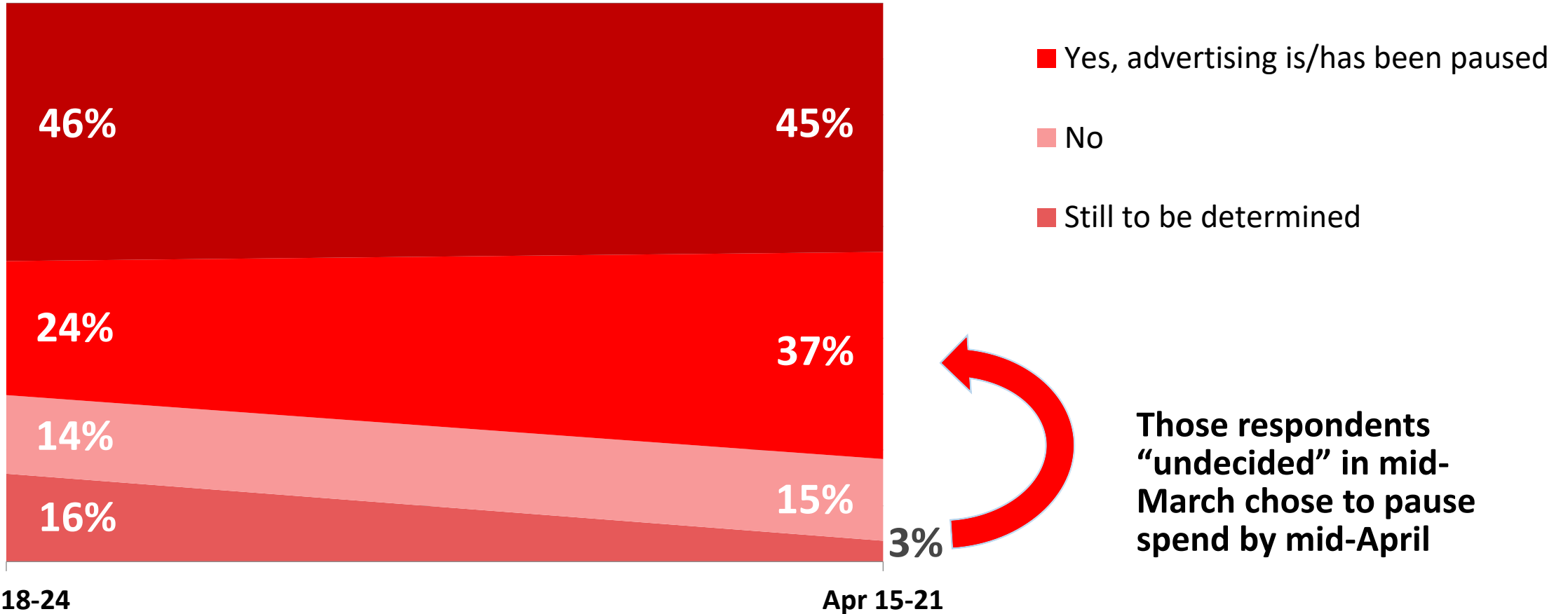
Ad Spend: What's Changed Month over Month?

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Undecided Buyers have now paused activity

Shift in Ad Spend (Mar-Jun)

Base: All Respondents (100%)

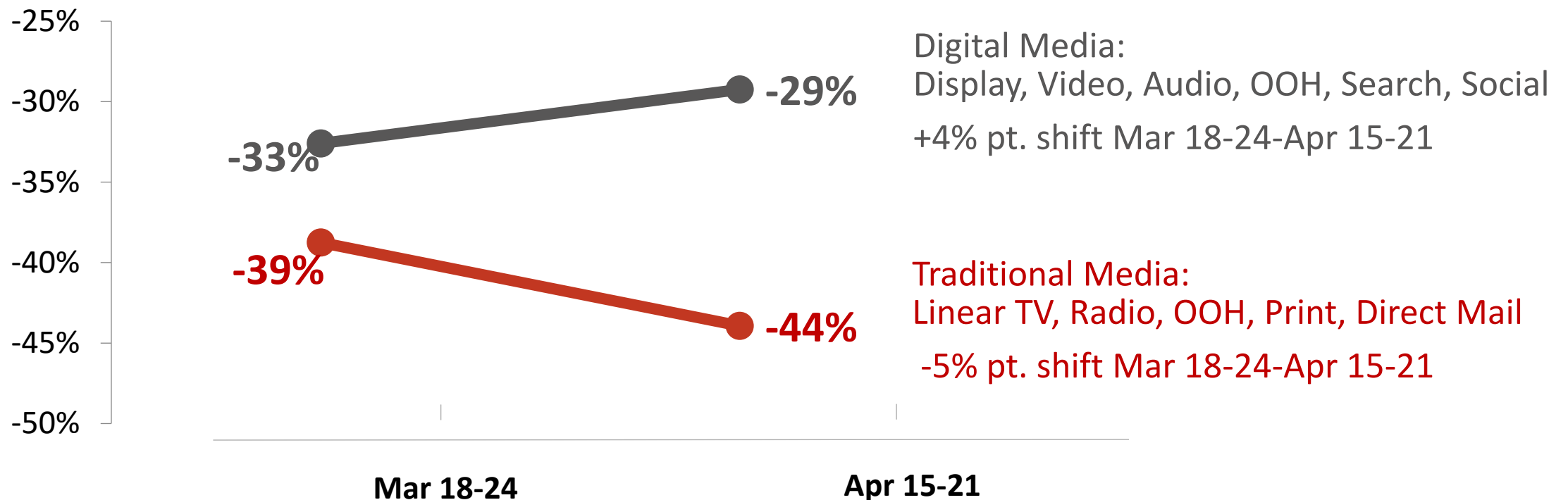


Digital experiencing slight rebound – Traditional continues to decline

While still off-plan, Digital shows growth, where Traditional media continues to decline

Estimated % Change against Mar-Jun Annual Plan

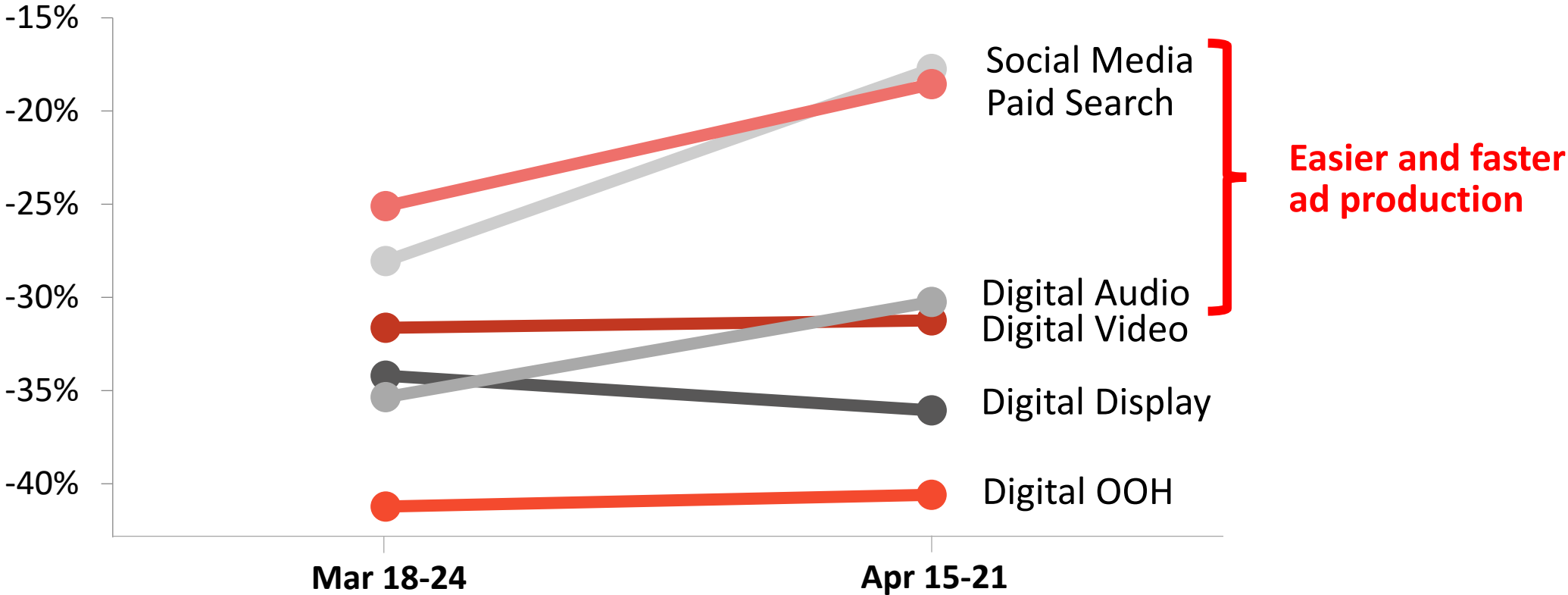
Base: Buyers Adjusting/Pausing Ad Spend



Digital production agility is benefitting Search, Social and Audio

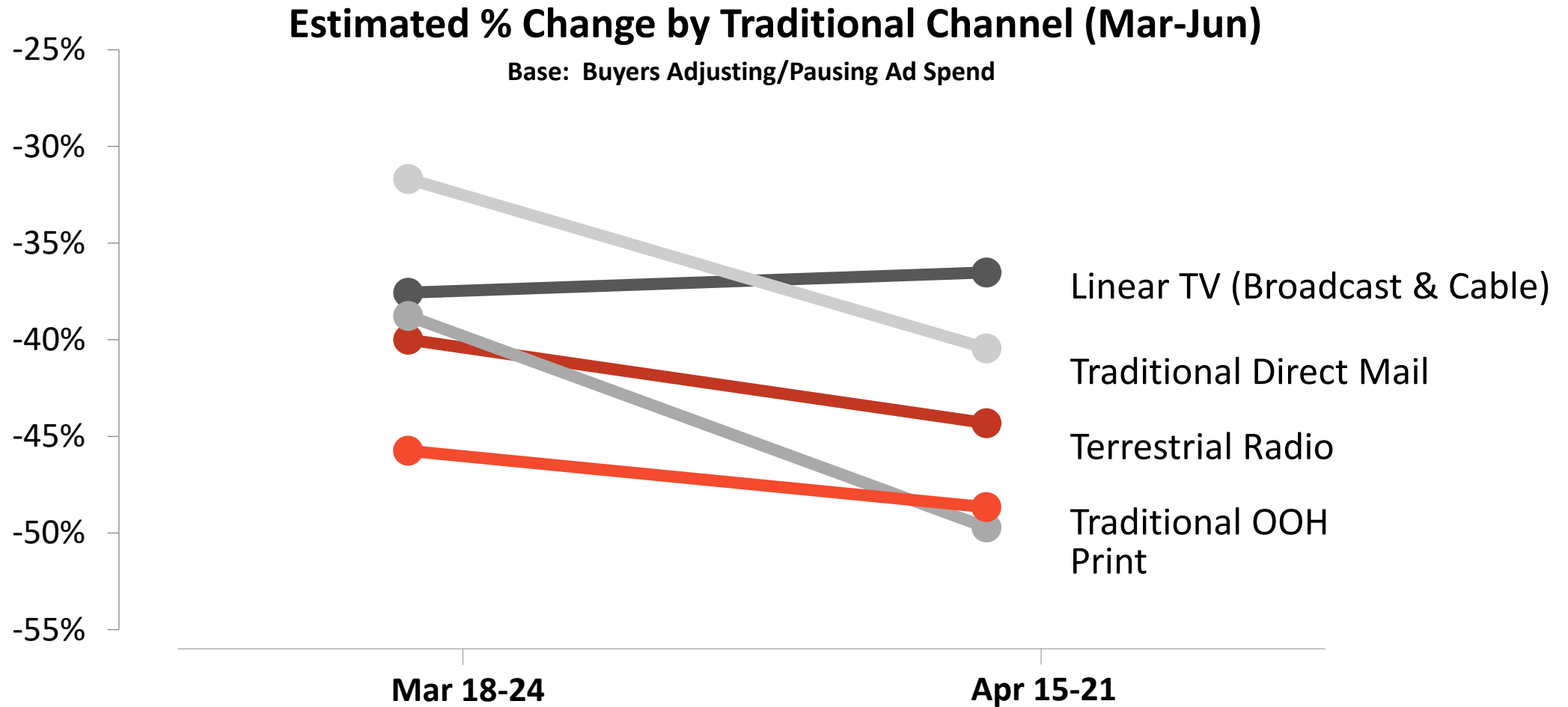
Estimated % Change by Digital Channel (Mar-Jun)

Base: Buyers Adjusting/Pausing Ad Spend



Pulse 1: Yes to short-term advertising changes, n=272; Pulse 2: Those who are/have adjusted or paused advertising, n=240
Pulse 1 Q: Please provide your estimated percent change (+/-) in U.S. media spend per channel for the March/April & May/June time periods.
Pulse 2 Q: Please provide your estimated percent change (+/-) vs. original plan in U.S. media spend per channel for Q2 (Apr-Jun).

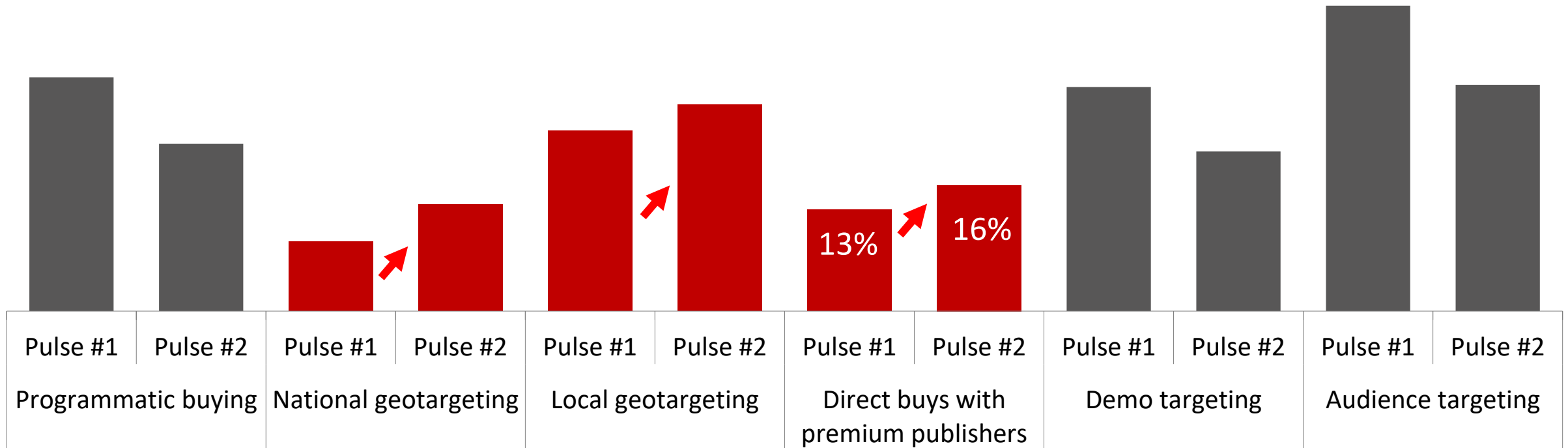
Linear TV remains flat month over month – all other channels declined



Slight rebound experienced in Location Targeting & Direct Buys M/M

Change in Tactics by Type M/M (Apr-Jun)

Base: Buyers Making Ad Tactical Changes



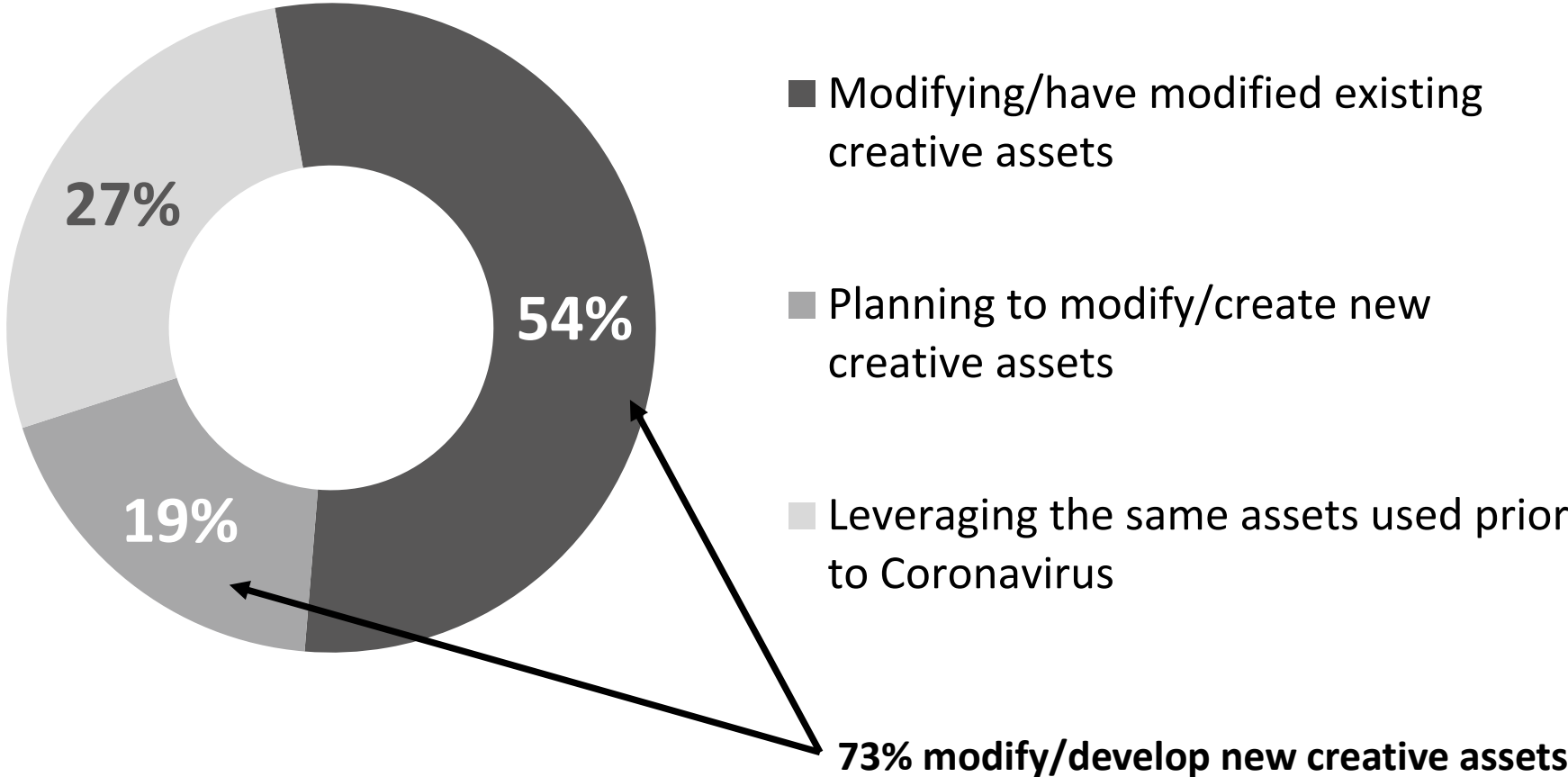
The Need for Fresh Creative

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73% of buyers are planning to modify/create new ads

Creative Assets Being Used by Buyers (Apr-Jun)

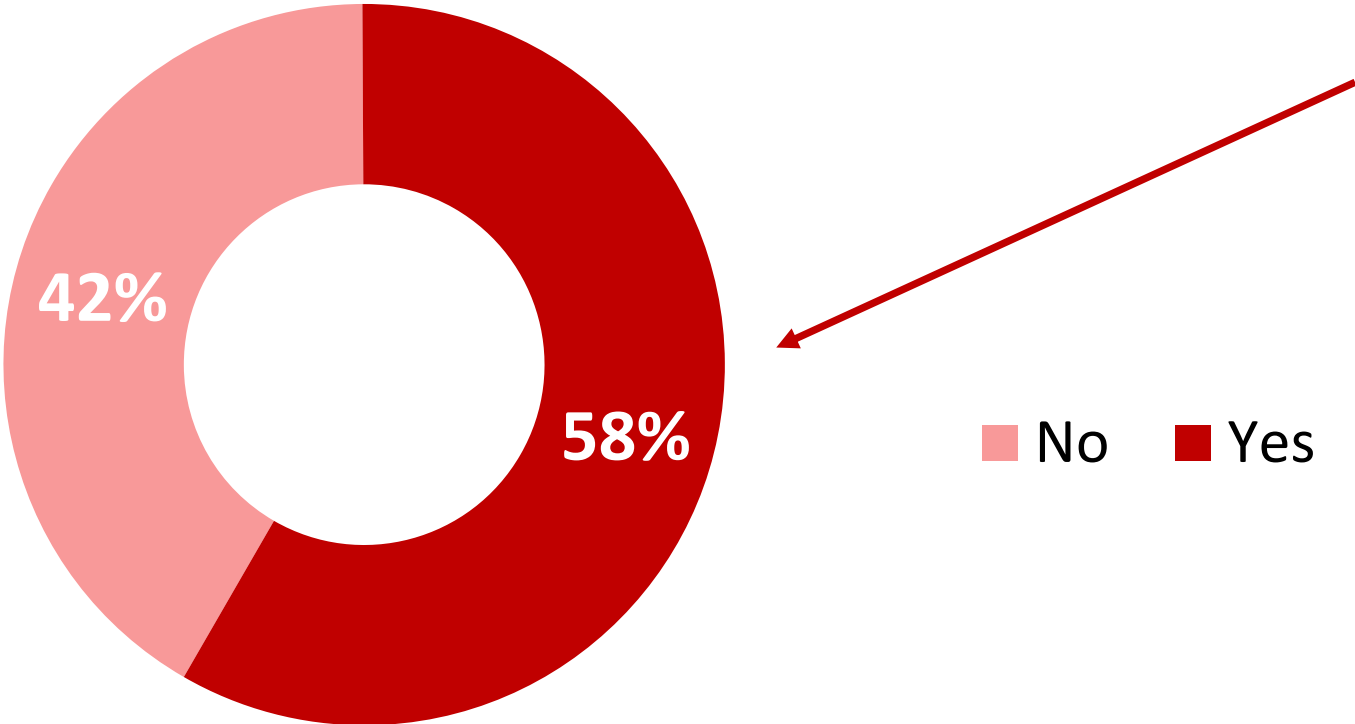
Base: All Respondents (100%)



Creative messaging is now clearly reflecting the pandemic

Coronavirus Crisis Mentions in Creative (Apr-Jun)

Base: Buyers Using or Planning to Use Modified/New Creative



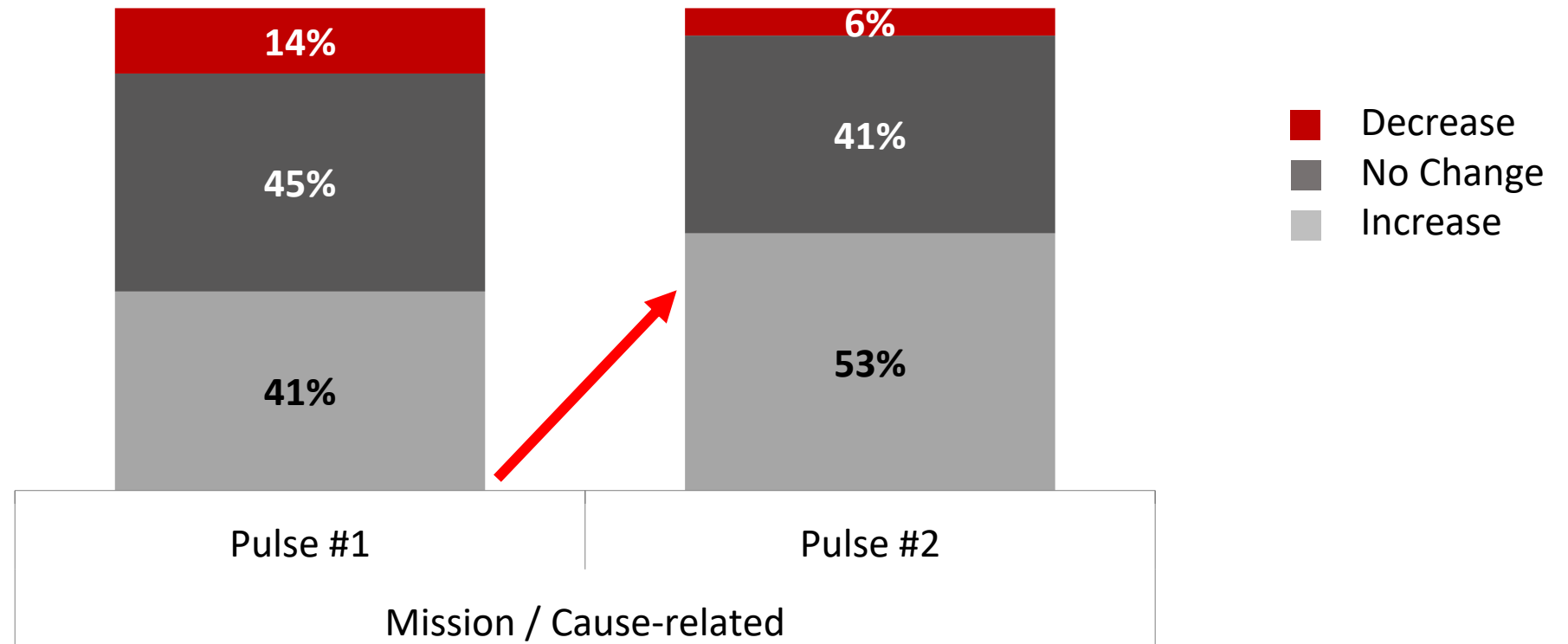
Pulse 2: Those advertising using or planning to use modified/new creative, n=214

Pulse 2 Q: Do your new or modified Q2 (Apr-Jun) creative assets explicitly mention Coronavirus/Covid-19 or in any way reflect the crisis (e.g., language or images that indicated uncertain/unprecedented times)?

And messaging continues to migrate to mission and cause-related

Messaging Strategy Changes by Type (Mar-Jun)

Base: Buyers Making Advertising Messaging Strategy Changes



Pulse 1: Yes to advertising messaging strategy changes, n=245; Pulse 2: Yes to advertising messaging strategy changes, n=271

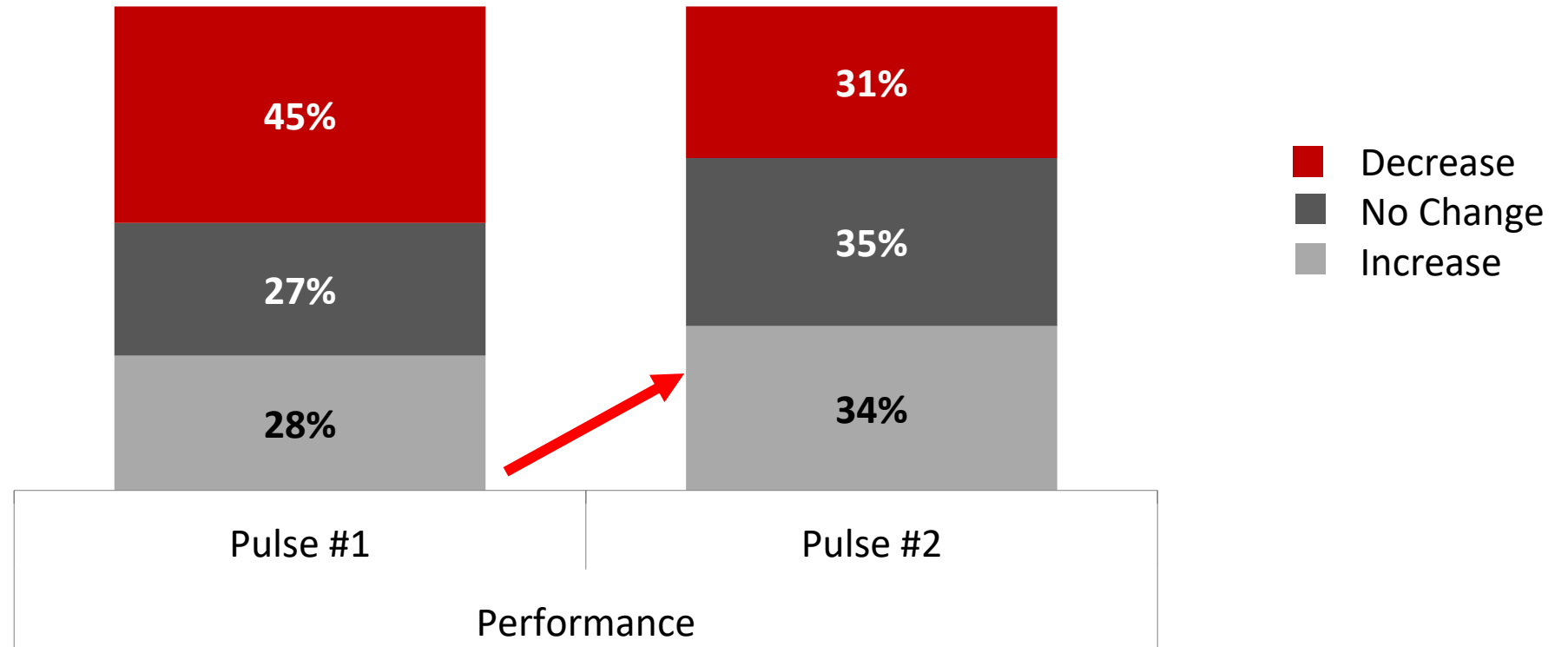
Q: Are you making any short-term advertising MESSAGING STRATEGY changes as a result of Coronavirus?

Q: Please indicate whether you plan to increase, decrease or make no change regarding usage of any of the following messaging strategies.

Performance messaging is experiencing an increase as well

Messaging Strategy Changes by Type (Mar-Jun)

Base: Buyers Making Advertising Messaging Strategy Changes



Pulse 1: Yes to advertising messaging strategy changes, n=245; Pulse 2: Yes to advertising messaging strategy changes, n=271

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.

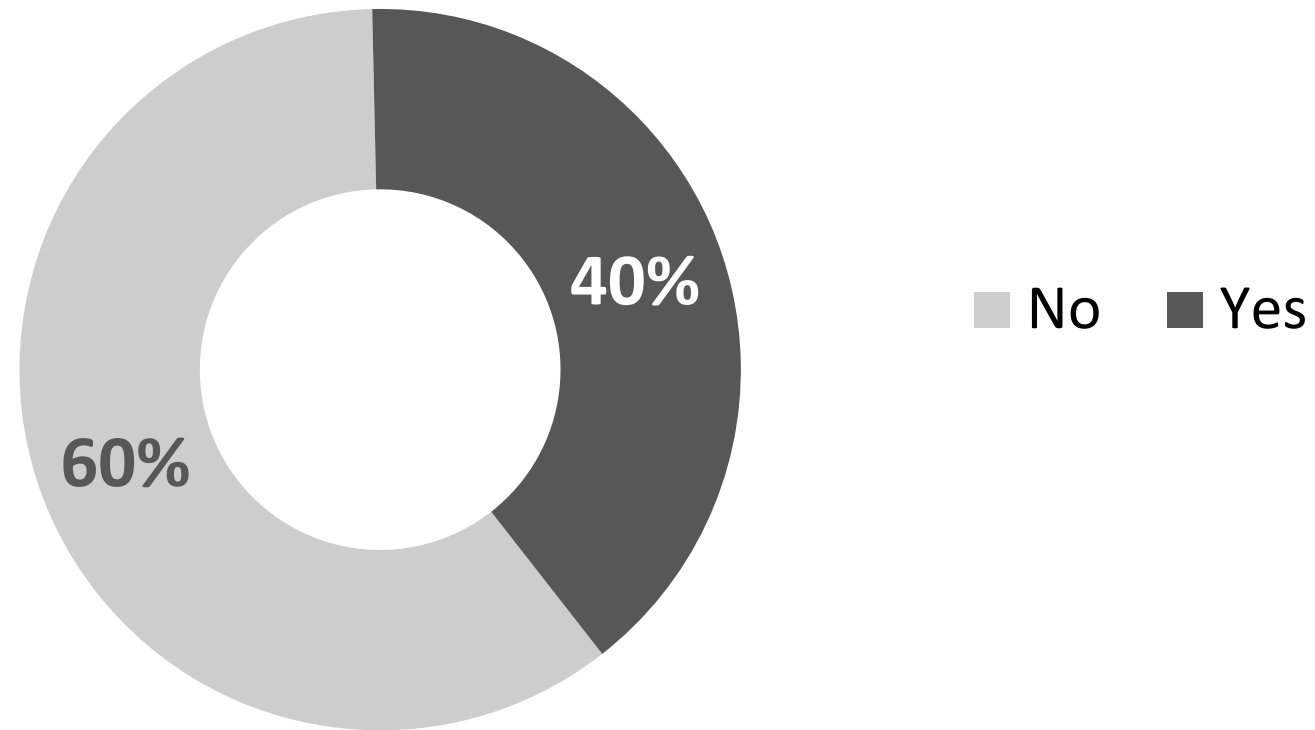
Ad Spend: Impact on the News

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Typically, 4 in 10 Buyers run ads adjacent to News content

% of Buyers who Typically Advertise with News Media and/or Leverage News Content Targeting

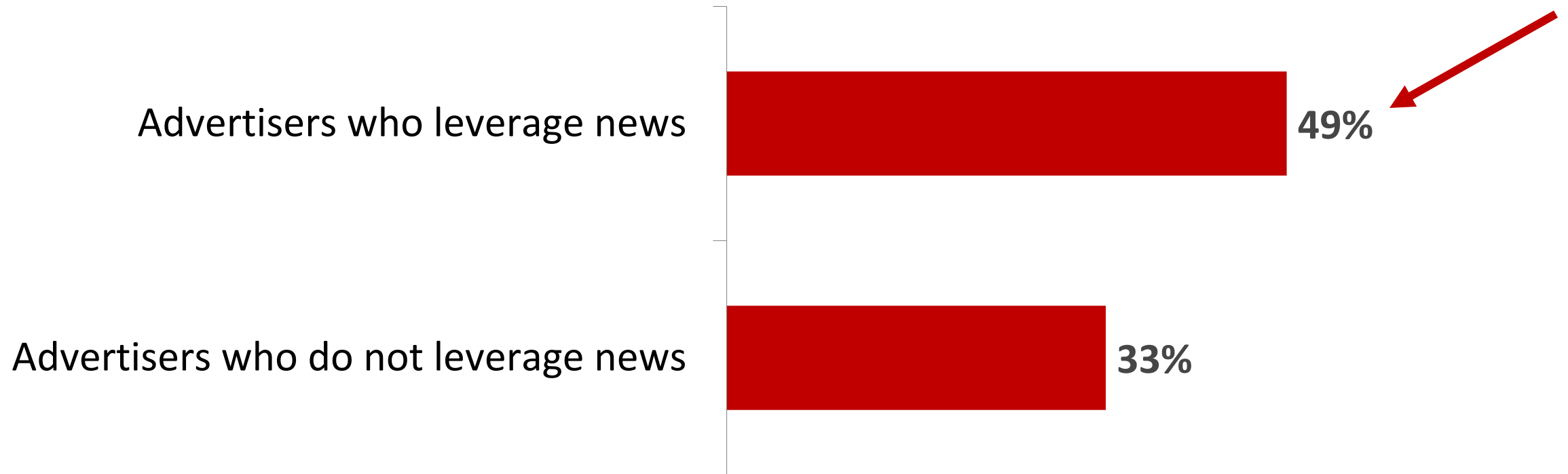
Base: All Respondents (100%)



News Buyers are disproportionately affected by creative & messaging challenges...

Cancelled/Paused Ads that are Inappropriate/Irrelevant, by Advertiser Type (Apr-Jun)

Base: All Respondents (100%)



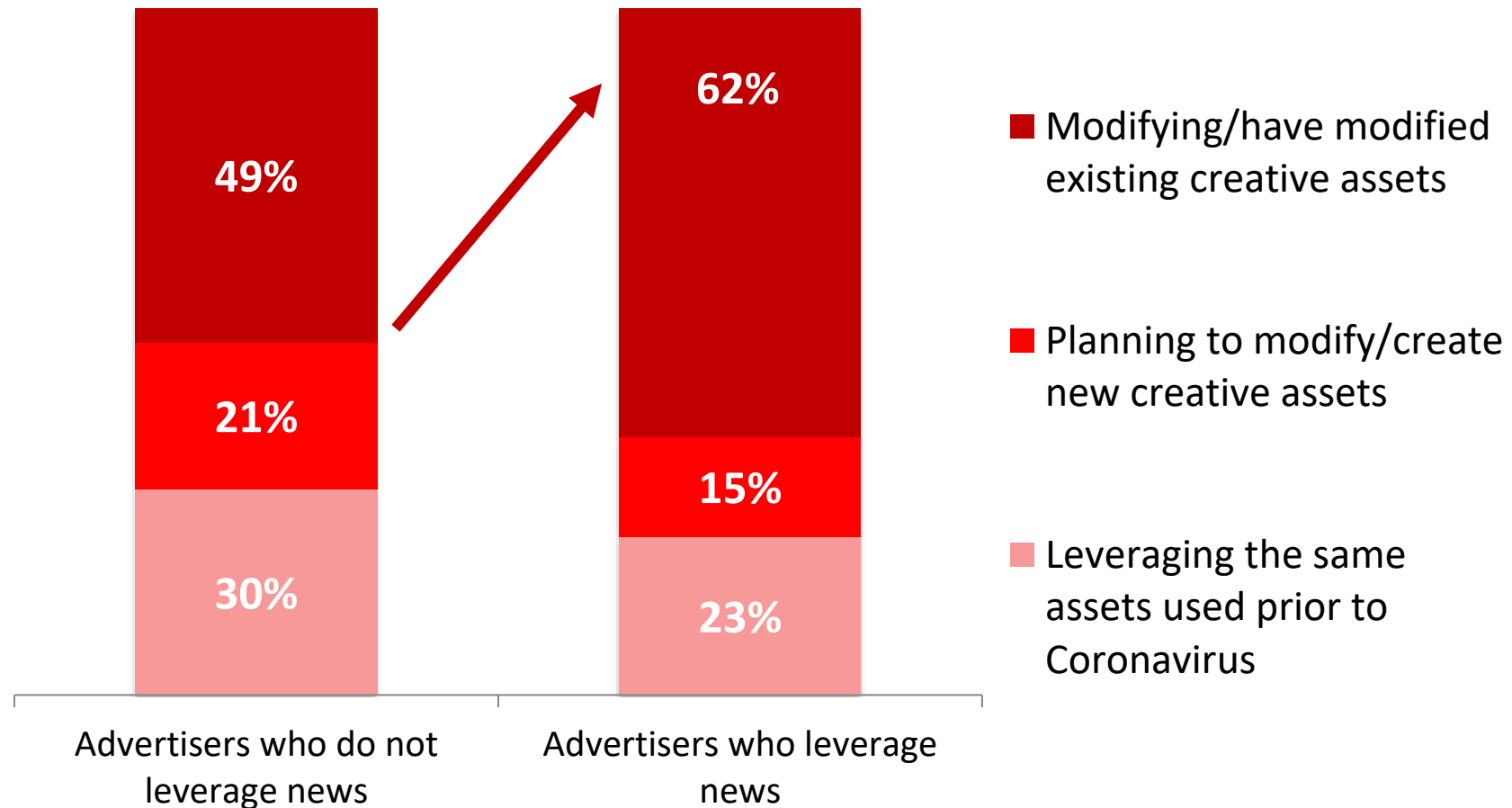
Pulse 2: Advertisers who leverage news and who are/have adjusted or paused advertising, n=92; Advertisers who do not leverage news and who are/have adjusted or paused advertising, n=148

Pulse 2 Q: Regarding ad campaigns that your company has had to adjust or pause in Q2 (Apr-Jun) as a result of Coronavirus, which of the following, if any, are applicable to your primary brand?

...Leading to creative sensitivities and modified asset needs

Creative Assets Being Used by Advertisers (Apr-Jun)

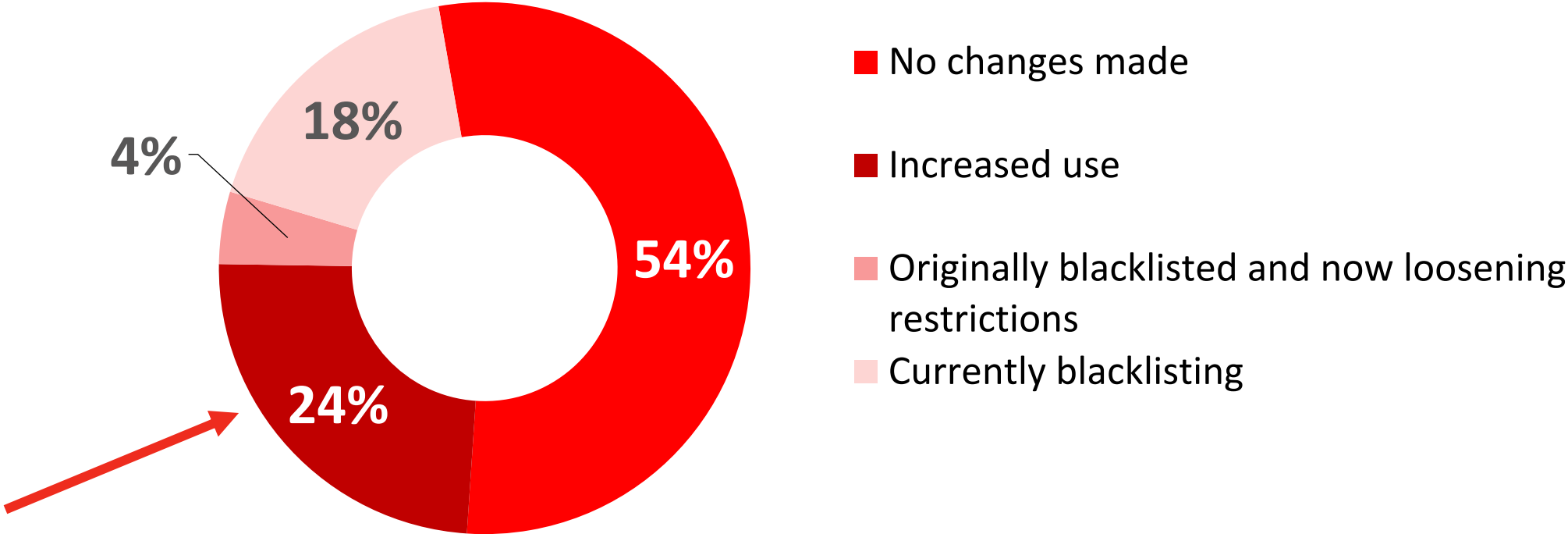
Base: Advertisers who do not leverage news & Advertisers who leverage news



Some news buyers are reforecasting an increase in display spend...

Display News Ad Approaches (Apr-Jun)

Base: News Buyers with Display Ad Spend in News Adjacency

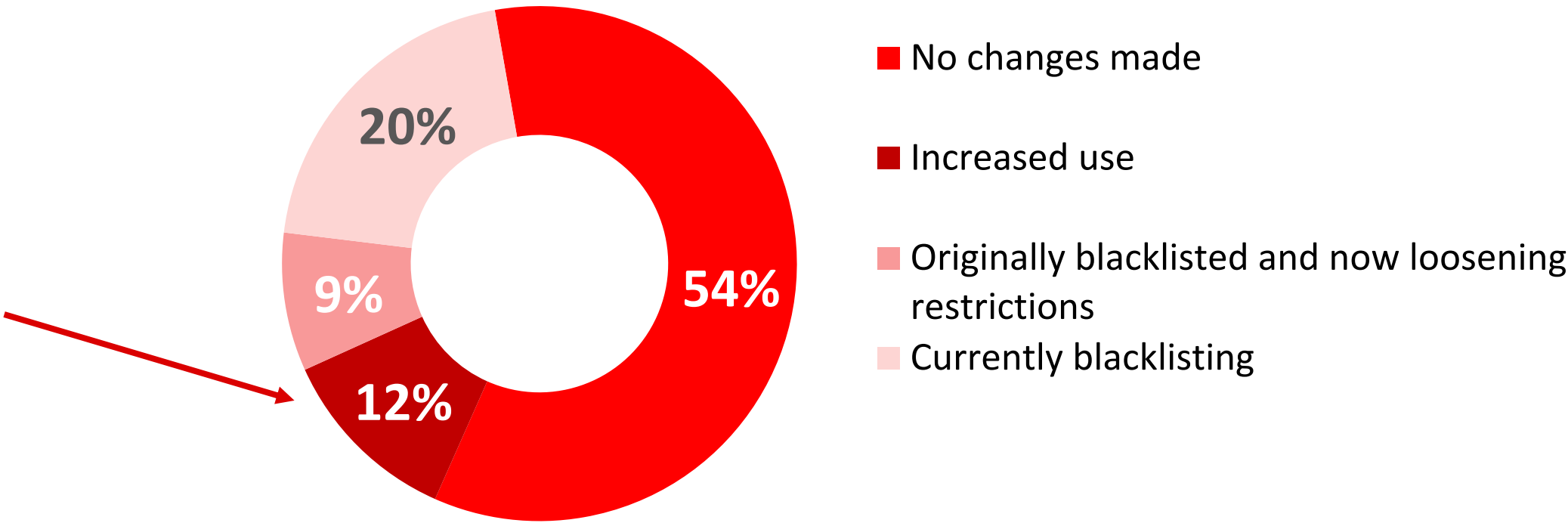


Pulse 2: Those advertising with display news, n=91
Pulse 2 Q: Please select the statement below that best reflects your approach to DISPLAY advertising on hard news sites in Q2 (Apr-Jun) as a result of Coronavirus.

...News related search is increasing as well – with loosening restrictions

Search News Ad Approaches (Apr-Jun)

Base: News Buyers with Search Ad Spend in News Adjacency

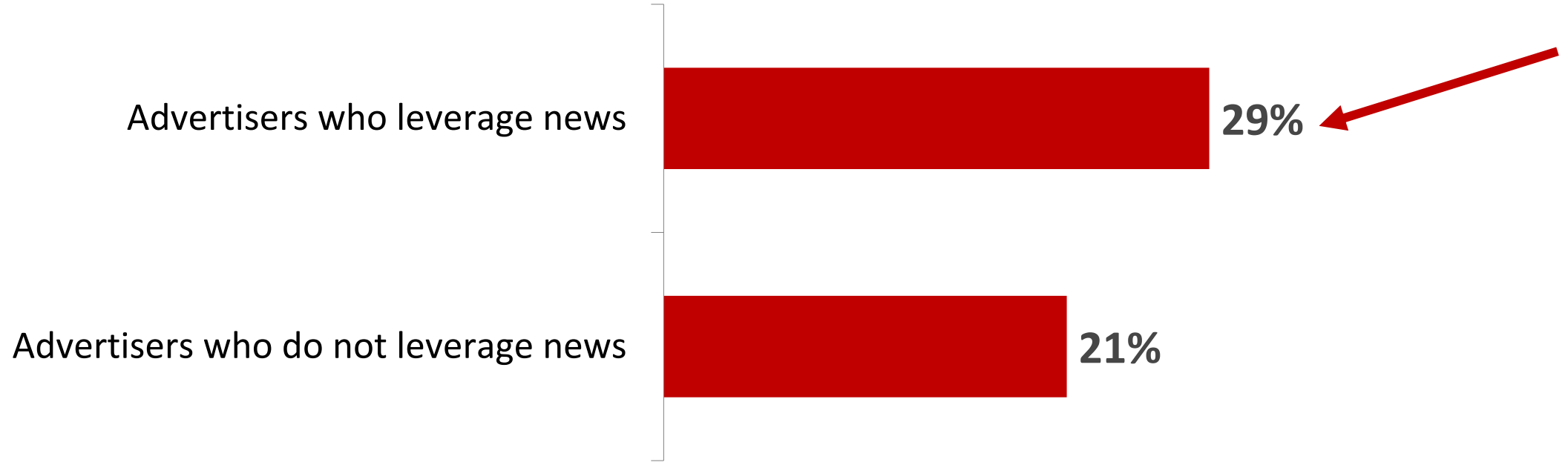


Finally, news advertisers are more likely looking at new KPIs

Note: Respondents shared that they have added a focus on consumer engagement and sentiment*

% of Advertisers Looking at New Metrics / KPIs during the COVID-19 Crisis (Apr-Jun)

Base: Advertisers who do not leverage news & Advertisers who leverage news



Pulse 2: Advertisers who leverage news, n=117; Advertisers who do not leverage news, n=177

Pulse 2 Q: Are you looking at any NEW METRICS or KPIs for Q2 (Apr-Jun) during this crisis?

* Verbatims

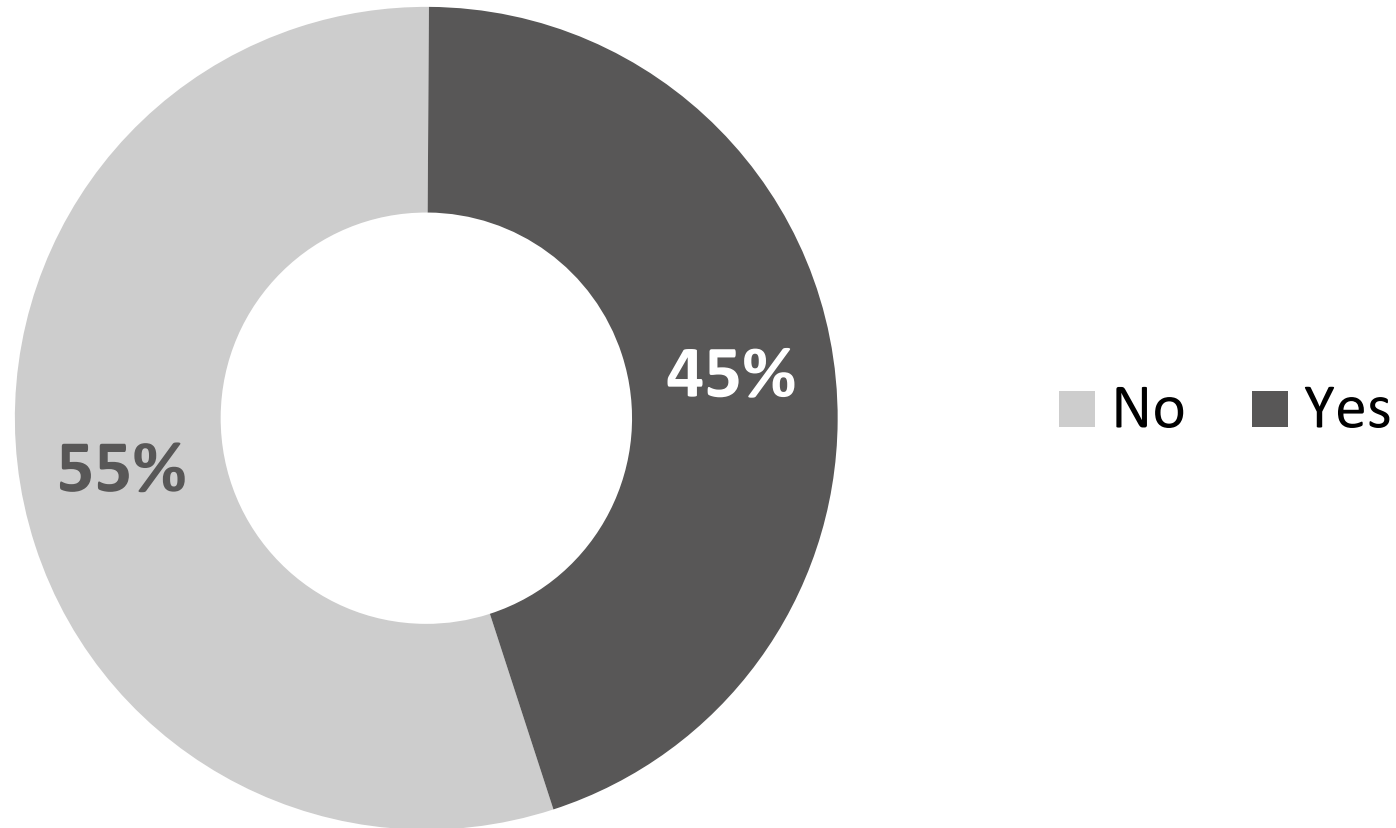
Ad Spend: Impact on Sports

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45% of Buyers had budgeted ad spend for Sports in their original 2020 plans...

% of Buyers with Sports Budget (Jan-Dec)

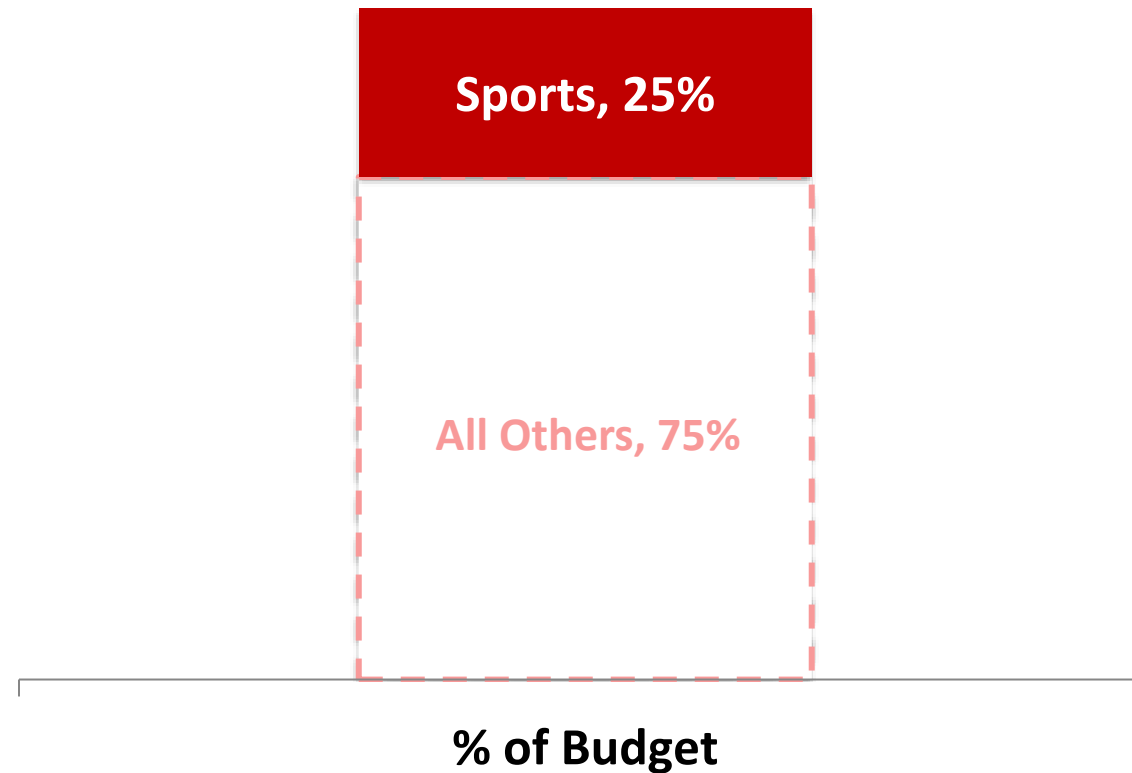
Base: All Respondents (100%)



...Of those, Sports represented 25% of their overall budget in 2020

Average Budget Allocation to Sports (Jan-Dec)

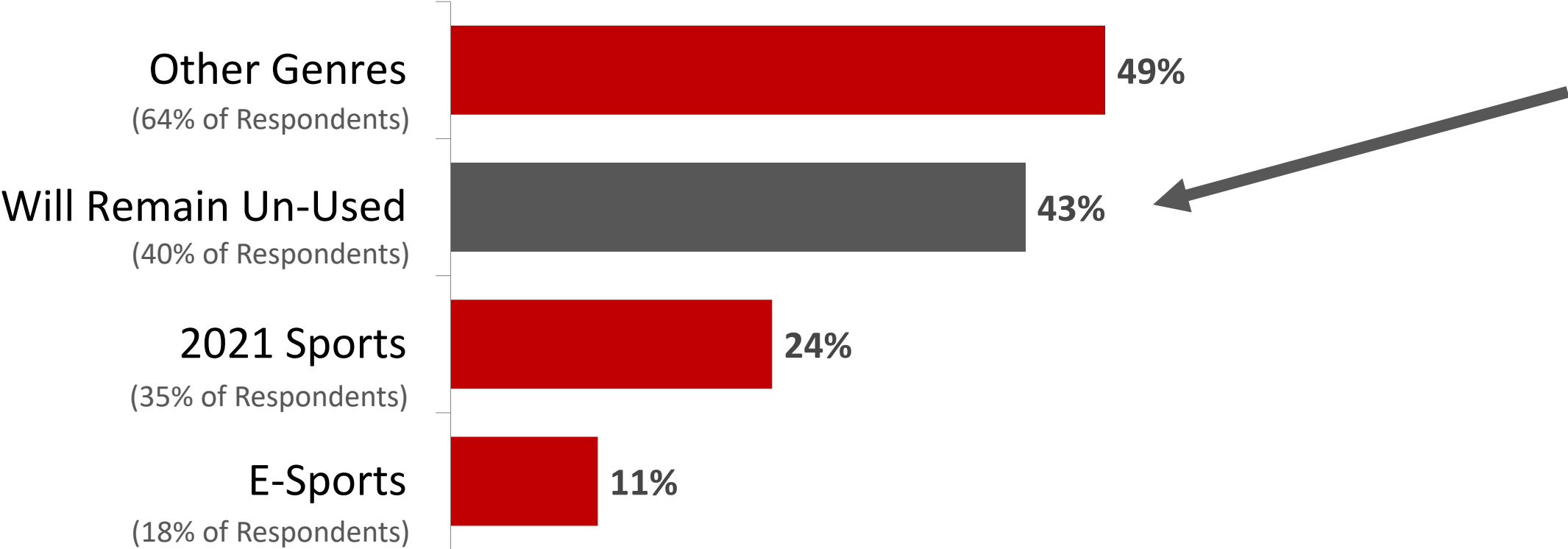
Base: Buyers who Advertise with Sports



43% of originally planned Sports budgets are off the table (Jan-Dec)

% of Sports Budgets Being Reallocated (Jan-Dec)

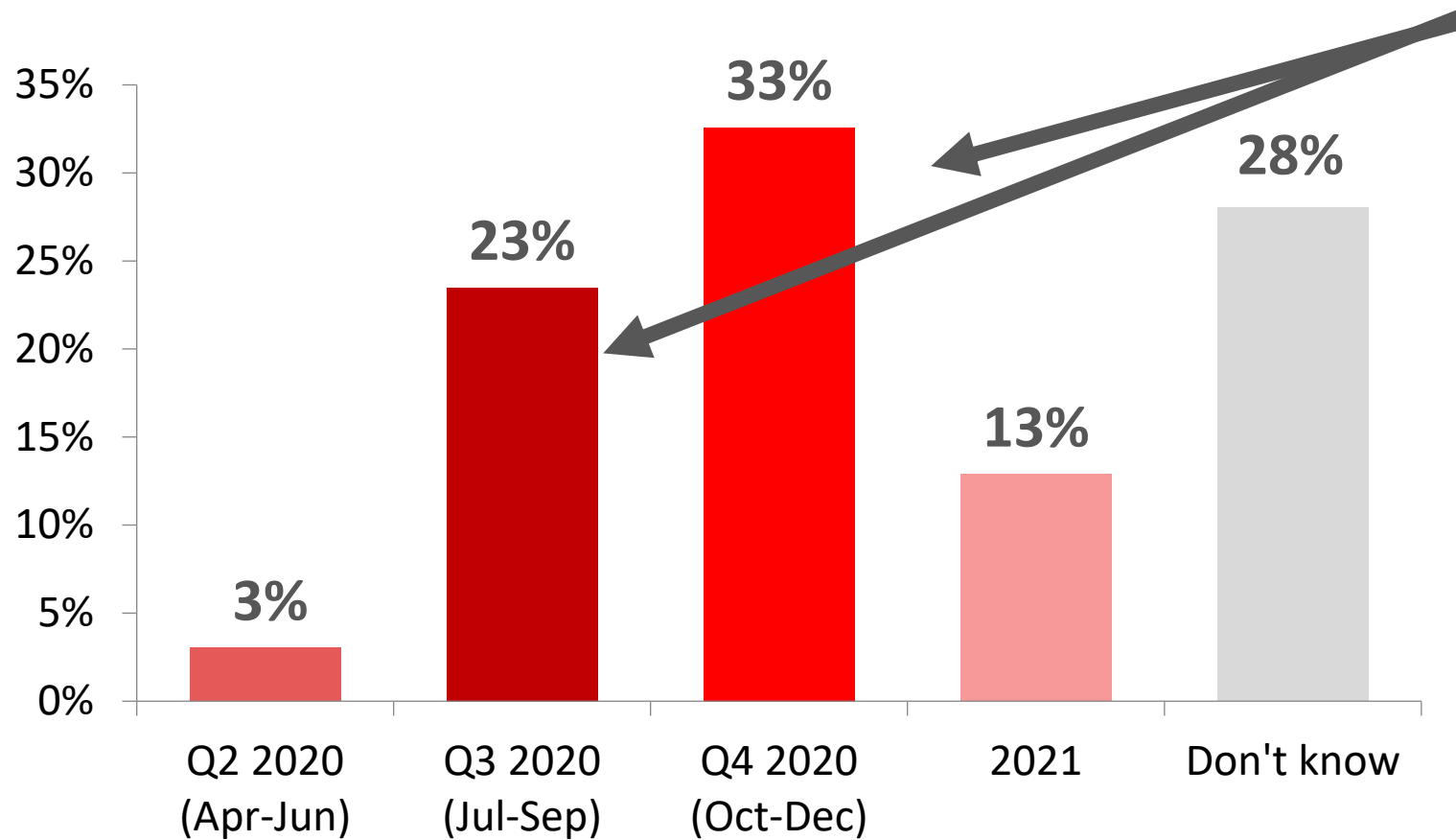
Base: Buyers who Advertise with Sports



Those Buyers who are reallocating Sports budgets indicate a shift to 2H (56%)

Expected Return of FY 2020 Ad Spend to Sports

Base: Buyers who Advertise with Sports



What's Next?

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We are keeping our eyes on...

1. As advertisers get fresh creative, will the spend rebound accelerate?
2. If so, which sorts of messages/channels/publisher types will benefit?
3. Will more advertisers begin to unblock the news?
4. What will the buy-side change as some states relax “shelter at home” rules?
5. What are the spend differences by vertical category?
6. What is the impact on CPMs?

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Appendix

Buyers share an optimistic perception of media relevance during the COVID-19 crisis

Strategically it is critical to maintain and generate a level of brand awareness and brand ID...

—C-Level, President, EVP, Marketing/PR Agency

We did more business through retail than ecommerce, so store closures were disruptive on multiple levels. However, their games are purchasable digitally -- and that's where the sales have gone. **We are actually seeing some increase in spend, as time spent gaming has increased.**

--C-Level, President, EVP. Video Game Brand

Our business is strong. Our CPMs and CPA continue to decrease while volume is steady.

--C-Level, President, EVP. Consumer Brand

Staying visible is critical at this point

--C-Level, President, EVP. Consumer Brand

Respondents by Category

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

11% B2B

10% Health/Healthcare (Non-OTC/DTC)

8% Financial Services

6% Automotive and related

6% CPG – Food/Beverage

5% Travel & Tourism

5% Restaurants

5% Technology

4% Apparel/Fashion

4% Retail (Brick & Mortar)

35% Other*

100% Buy-side Respondents

***Other Categories include:**

- Education/Government
- Home & Appliance
- Pharmaceuticals & Remedies (OTC and DTC)
- Media
- CPG – Cosmetics and Toiletries
- Beer, Liquor and Wine
- CPG – Household Products/Other
- Fitness and Wellness
- Real Estate
- Retail – online
- Energy
- Telecommunications
- Baby, Child or Parenthood-related
- Gaming
- Pets/Pet Supply
- Politics, Organizations or Public services
- Toys and Hobbies
- Consumer Electronics
- Misc.

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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.

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