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%)
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
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 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

(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

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?
Undecided Buyers have now paused activity

Shift in Ad Spend (Mar-Jun)
Base: All Respondents (100%)

- 46% said yes, we’ve adjusted ad spend
- 24% said yes, advertising is/has been paused
- 14% said no
- 16% said still to be determined

Those respondents “undecided” in mid-March chose to pause spend by mid-April

Pulse 1 Q: Are you making any short-term advertising spend changes as a result of Coronavirus? (Note: short-term = March through June)
Pulse 2 Q: Are you making any Q2 (Apr-Jun) changes to advertising spend as a result of Coronavirus vs. planned investment you had originally planned?
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

-33%  -39%  -29%  -44%

Mar 18-24  Apr 15-21

Digital Media:
Display, Video, Audio, OOH, Search, Social
+4% pt. shift Mar 18-24-Apr 15-21

Traditional Media:
Linear TV, Radio, OOH, Print, Direct Mail
-5% pt. shift Mar 18-24-Apr 15-21

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).
Digital production agility is benefitting Search, Social and Audio

Estimated % Change by Digital Channel (Mar-Jun)
Base: Buyers Adjusting/Pausing Ad Spend

-15%
-20%
-25%
-30%
-35%
-40%

Mar 18-24
Apr 15-21

Social Media
Paid Search
Digital Audio
Digital Video
Digital Display
Digital OOH

Easier and faster ad production

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

Estimated % Change by Traditional Channel (Mar-Jun)
Base: Buyers Adjusting/Pausing Ad Spend

- Mar 18-24
- Apr 15-21

-55% -50% -45% -40% -35% -30% -25%

Linear TV (Broadcast & Cable)
Traditional Direct Mail
Terrestrial Radio
Traditional OOH
Print

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).
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

Programmatic buying | National geotargeting | Local geotargeting | Direct buys with premium publishers | Demo targeting | Audience targeting
Pulse #1 | Pulse #2 | Pulse #1 | Pulse #2 | Pulse #1 | Pulse #2 | Pulse #1 | Pulse #2 | Pulse #1 | Pulse #2

Pulse 2: Yes to advertising tactical changes, n=267
Q: Please indicate whether you plan to increase, decrease or make no change regarding usage of any of the following tactics.
The Need for Fresh Creative
73% of buyers are planning to modify/create new ads

Creative Assets Being Used by Buyers (Apr-Jun)
Base: All Respondents (100%)

- Modifying/have modified existing creative assets (54%)
- Planning to modify/create new creative assets (27%)
- Leveraging the same assets used prior to Coronavirus (19%)

73% modify/develop new creative assets

Pulse 2 Base: n=294
Pulse 2 Q: Please select the statement below that best reflects what CREATIVE ASSETS you are using in Q2 (Apr-Jun).
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

- 42% No
- 58% Yes

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*

**Mission / Cause-related**

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<th>Type</th>
<th>Pulse #1</th>
<th>Pulse #2</th>
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<tr>
<td>Decrease</td>
<td>14%</td>
<td>6%</td>
</tr>
<tr>
<td>No Change</td>
<td>45%</td>
<td>41%</td>
</tr>
<tr>
<td>Increase</td>
<td>41%</td>
<td>53%</td>
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**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.

*Note: The diagram illustrates the percentage of respondents making changes in their messaging strategies from March to June.*
Performance messaging is experiencing an increase as well

**Messaging Strategy Changes by Type (Mar-Jun)**

*Base: Buyers Making Advertising Messaging Strategy Changes*

- **Pulse #1**
  - Decrease: 45%
  - No Change: 27%
  - Increase: 28%

- **Pulse #2**
  - Decrease: 31%
  - No Change: 35%
  - Increase: 34%

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**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
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%)

Advertisers who leverage news

Advertisers who do not leverage news

49%

33%

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

- Advertisers who do not leverage news:
  - Modifying/have modified existing creative assets: 49%
  - Planning to modify/create new creative assets: 30%
  - Leveraging the same assets used prior to Coronavirus: 21%

- Advertisers who leverage news:
  - Modifying/have modified existing creative assets: 62%
  - Planning to modify/create new creative assets: 15%
  - Leveraging the same assets used prior to Coronavirus: 23%

Pulse 2: Advertisers who leverage news, n=117; Advertisers who do not leverage news, n=177
Pulse 2 Q: Please select the statement below that best reflects what CREATIVE ASSETS you are using in Q2 (Apr-Jun).
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

- 54%: No changes made
- 24%: Increased use
- 18%: Originally blacklisted and now loosening restrictions
- 4%: Currently blacklisting

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.
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.

- 54%: No changes made
- 20%: Increased use
- 12%: Originally blacklisted and now loosening restrictions
- 9%: Currently blacklisting

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

| Advertisers who leverage news | 29% |
| Advertisers who do not leverage news | 21% |

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
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%)

- 55% No
- 45% Yes

Pulse 2 Q: Was a portion of your full year 2020 budget (Jan-Dec) slated for advertising with SPORTS MEDIA and/or leveraging sports content targeting prior to the Coronavirus outbreak? This includes the Olympics and college and/or professional sports.
...Of those, Sports represented 25% of their overall budget in 2020

Average Budget Allocation to Sports (Jan-Dec)
Base: Buyers who Advertise with Sports

Sports, 25%

All Others, 75%

% of Budget

Pulse 2: Those who advertise with Sports, n=132
Pulse 2 Q: Please estimate the portion of your original full year 2020 budget (Jan-Dec) that was slated for sports advertising prior to the Coronavirus outbreak. This includes the Olympics and college and/or professional sports.
43% of originally planned Sports budgets are off the table (Jan-Dec)

Pulse 2: Those who advertise with Sports, n=132
Pulse 2 Q: What percentage of your original investment plan for sports advertising for full year 2020 (Jan-Dec) is now shifting TO...

- Other Genres: 49% (64% of Respondents)
- Will Remain Un-Used: 43% (40% of Respondents)
- 2021 Sports: 24% (35% of Respondents)
- E-Sports: 11% (18% of Respondents)

Base: Buyers who Advertise with Sports
Those Buyers who are reallocating Sports budgets indicate a shift to 2H (56%)
What’s Next?
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?
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 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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