Coronavirus: Ad Revenue Impact On Publishers & Other Sellers

4/15/20
Executive Summary: The media-marketing economy is on hold

• The coronavirus crisis has driven massive growth in news consumption, but publishers are unable to monetize it (news publishers are twice as likely to be blacklisted vs. others)

• IAB notes overall alignment between buy- and sell-side perspectives, but a clear lag on the sell side which results in a more optimistic view of the market

• Both buy- and sell-sides expect the greatest impact on media spend and revenue in the immediate term (Mar-Jun) with Digital faring better than Traditional media
  • Digital ad revenues are down 19% - 25%, depending upon channel
  • Linear TV and print ad revenues are down 27% and 32%, respectively

• Sellers expect advertising impact to be significantly diverse across categories (e.g. Travel vs. Pet Supplies)

• Direct Publishers are feeling a greater impact than Programmatic companies

• Production challenges are a leading impediment to business-as-usual

• While the majority of buy- and sell-sides have not yet reforecast Q3 and Q4, we see a more optimistic view for the second half of 2020
To understand how and where U.S. ad revenue is being impacted, IAB conducted a sell-side survey fielded April 1-8, 2020

N=205 completes; respondents are those responsible/reporting U.S. advertising revenue:

- Publishers
- Media Platforms
- Programmatic Companies (e.g., SSPs, Ad Exchanges, Ad Networks)
Coronavirus impact on 2020: comparing buyers & sellers

IAB conducted a similar study two weeks earlier of the buy-side (Fielded March 25, 2020). This analysis will, where possible, compare buy- and sell-side results.

- Where relevant, this analysis will also break out agency vs. brand responses on the buy-side, and publishers vs. programmatic pure play on the sell-side.

- If a breakout is not provided, either the comparison is not comparable/irrelevant, or the numbers are negligible.

**Buy-side Respondents:**
- Agency media buyers/sellers
- Brands: Incumbent and Direct-to-Consumer

**Sell-side Respondents:**
- Media publishers/platforms
- Programmatic companies
Ad sellers mirror buyers: Nearly 7 in 10 are adjusting forecasts

IAB’s previous research found that 70% of Buyers are making ad spend adjustments

% Sellers Have/Are Reforecasting Ad Revenue (Mar-Jun)

- 69% Yes
- 30% No
- 1% Still to be determined

Base: Those seeing a decrease in revenue, n=200
Q: Have you or are you planning to reforecast your U.S. advertising sales / supply side / ad network revenue against your original 2020 plan due to the Coronavirus outbreak?
Unsurprisingly, nearly all sellers expect a decrease in 2020 revenue

98%

of Sellers anticipate US ad sales revenue to decrease—including supply side / ad network revenue—against original 2020 plans due to Coronavirus outbreak
...Yet time spent on consumer media is soaring

“Our traffic has surged since the coronavirus pandemic began interrupting businesses in early March. This is not the time to pause your campaigns. This is a time to potentially adjust your messaging.”

--Group Publisher; Publisher/Media Platform

comScore Media Metrics, March 2020 (reported on comScore Webinar April 3, 2020)
Base: n=205; Those seeing a decrease in revenue, n=200
Q: Are you seeing a DECREASE in U.S. advertising sales / supply side / ad network revenue against your original 2020 plan due to the Coronavirus outbreak?
https://www.comscore.com/Insights/Blog/Media-Consumption-during-the-Coronavirus-Pandemic
News publishers are suffering most from pauses and cancellations.

**Short-Term Revenue Changes vs. Original 2020 Plan (Mar-Jun)**

- **Yes--buyers have asked us to cancel campaigns**
  - News Publishers: 88%
  - Non-News Publishers: 70%

- **Yes--advertising buys are being adjusted**
  - News Publishers: 88%
  - Non-News Publishers: 76%

- **Yes--buyers have asked us to pause their advertising**
  - News Publishers: 86%
  - Non-News Publishers: 79%

**Base:** Publishers, n=142; News Publishers, n=58; Non-News Publishers, n=84

**Q:** Are you experiencing any short-term (March-June) U.S. advertising sales / supply side / ad network revenue change vs. your original 2020 plan as a result of the Coronavirus?
News publishers: 2x more likely to have ads blacklisted because of COVID content

Publishers: % With Advertiser-Blacklisted Inventory
(Mar-Jun)

<table>
<thead>
<tr>
<th>Publisher Type</th>
<th>% Blacklisted Inventory</th>
</tr>
</thead>
<tbody>
<tr>
<td>News Publishers</td>
<td>17%</td>
</tr>
<tr>
<td>Non-News Publishers</td>
<td>8%</td>
</tr>
</tbody>
</table>

Base: Publishers, n=142; News Publishers, n=58; Non-News Publishers, n=84
Q: Which, if any, of the following is preventing you from executing business as usual as a result of the Coronavirus?
Publishers hit harder by cancellations than programmatic specialists

**Short-Term Revenue Changes vs. Original 2020 Plan**

<table>
<thead>
<tr>
<th>Change Description</th>
<th>Publishers</th>
<th>Programmatic Specialists</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes--buyers have asked us to pause their advertising</td>
<td>82%</td>
<td>60%</td>
</tr>
<tr>
<td>Yes--advertising buys are being adjusted</td>
<td>81%</td>
<td>83%</td>
</tr>
<tr>
<td>Yes--buyers have asked us to cancel campaigns</td>
<td>77%</td>
<td>49%</td>
</tr>
<tr>
<td>No--but we have been informed that changes will be made</td>
<td>1%</td>
<td>6%</td>
</tr>
<tr>
<td>No--we have not experienced any change</td>
<td>1%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Base: n=205; Publishers, n=142; Programmatic Companies, n=63

Q: Are you experiencing any short-term (March-June) U.S. advertising sales / supply side / ad network revenue change vs. your original 2020 plan as a result of the Coronavirus?
Legacy channels affected more than digital channels by short-term spend shifts

**Buyers:** Among those Adjusting Spend (70%), Estimated Percent Change off annual plan (Mar-Jun)

- Digital Media: -33%
- Traditional Media: -39%

**Sellers:** Among those Reforecasting Revenue (69%), Estimated Percent Change off annual plan (Mar-Jun)

- Digital Media: -21%
- Traditional Media: -30%

Base: Buy-side, n=272 (Yes to short-term advertising changes); Sell-side, n=103 (Those who monetize Digital Media) & n=15 (Those who monetize Traditional Media)

Buy-side Q: Please provide your estimated percent change (+/-) in U.S. media spend per channel for the March/April & May/June time periods.

Sell-side Q: Please provide your estimated percent change (+/-) in U.S. advertising sales / supply side / ad network revenue per channel for March-June vs. your original plan.
Publishers significantly more optimistic than buyers about extent of digital ad reductions

Buyers: Among those Adjusting Spend (70%), Estimated Percent Change by Digital Channel (Mar-Jun)
-34% Digital Display
-32% Digital Video
-35% Digital Audio
-28% Social Media
-25% Paid Search

Sellers: Among those Reforecasting Revenue (69%), Estimated Percent Change by Digital Channel (Mar-Jun)
-25% Digital Display
-20% Digital Video
-21% Digital Audio
-20% Social Media
-19% Paid Search

Base: Buy-side, n=272 (Yes to short-term advertising changes); Sell-side, n=103 (Those who monetize Digital Media) & n=15 (Those who monetize Traditional Media)
Buy-side Q: Please provide your estimated percent change (+/-) in U.S. media spend per channel for the March/April & May/June time periods.
Sell-side Q: Please provide your estimated percent change (+/-) in U.S. advertising sales / supply side / ad network revenue per channel for March-June vs. your original plan.
Advertisers say largest legacy channel impact will be felt by print & linear TV

**Buyers:** Among those Adjusting Spend (70%), Estimated Percent Change by Traditional Channel (Mar-Jun)

-38% Linear TV (Broadcast & Cable)

-39% Print

**Sellers:** Among those Reforecasting Revenue (69%), Estimated Percent Change by Traditional Channel (Mar-Jun)

-27% Linear TV (Broadcast & Cable)

-32% Print

Base: Buy-side, n=272 (Yes to short-term advertising changes); Sell-side, n=103 (Those who monetize Digital Media) & n=15 (Those who monetize Traditional Media)

Buy-side Q: Please provide your estimated percent change (+/-) in U.S. media spend per channel for the March/April & May/June time periods.

Sell-side Q: Please provide your estimated percent change (+/-) in U.S. advertising sales / supply side / ad network revenue per channel for March-June vs. your original plan.
Most reduced advertising categories: those enjoyed outside the home

Sellers Project Brand Categories to be Hardest Hit (Mar-Dec 2020)

- Travel & Tourism: 68.8%
- Retail – brick and mortar: 56.1%
- Restaurants: 49.3%
- Automotive and related: 48.8%
- Apparel/Fashion: 26.3%

Base: n=205; asked sell-side only
Q: Please select the top five categories you project will be the hardest hit / have the greatest negative impact against your original 2020 plan?
How Publishers Are Working With Advertisers (Mar-Jun)

- **Pushing campaigns to later date**
  - News Publishers: 67%
  - Non-News Publishers: 58%

- **Creating different content adjacency/sponsorship opportunities that buyers can leverage**
  - News Publishers: 52%
  - Non-News Publishers: 39%

- **Creating entirely new from scratch content adjacency/sponsorship opportunities that they can leverage**
  - News Publishers: 48%
  - Non-News Publishers: 36%

- **Working with buyers to change creative messaging**
  - News Publishers: 47%
  - Non-News Publishers: 38%

- **Offering more added value**
  - News Publishers: 45%
  - Non-News Publishers: 31%

- **Offering lower rates**
  - News Publishers: 45%
  - Non-News Publishers: 32%

- **Offering creative services**
  - News Publishers: 21%
  - Non-News Publishers: 29%

**Base:** Publishers, n=142; News Publishers, n=58; Non-News Publishers, n=84

Q: In which of the following ways, if any, are you working with ad buyers to recoup or generate new ad sales revenue?
Publisher sales are becoming more consultative

% Publishers Current Ad Sales Approaches (excludes Programmatic Companies)

- Engaging clients to strengthen relationships without a sales pitch: 79.6%
- Allowing more leniency regarding the cancellation or pausing of campaigns: 78.2%
- Being more cautious or tactful in sales approach: 70.4%
- Spending more time speaking with buyers specifically to understand their issues: 69.7%
- Managing client relationships for junior sales reps who may not have the experience to handle current challenges: 24.6%

Base: Publishers, n=142
Q: Which of the following reflect(s) your current ad sales approach, strategy or tactics with ad buyers due to the Coronavirus outbreak?
### Sellers: Categories to be Least Impacted (vs. Original Plan, Mar-Dec 2020)

<table>
<thead>
<tr>
<th>Category</th>
<th>Impact (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPG: Cosmetics and Toiletries</td>
<td>4.9%</td>
</tr>
<tr>
<td>CPG: Household Products</td>
<td>4.9%</td>
</tr>
<tr>
<td>Retail – online</td>
<td>4.9%</td>
</tr>
<tr>
<td>Healthcare (Rx and OTC)</td>
<td>3.9%</td>
</tr>
<tr>
<td>Politics</td>
<td>3.9%</td>
</tr>
<tr>
<td>Beer, Liquor and Wine</td>
<td>2.0%</td>
</tr>
<tr>
<td>Gaming</td>
<td>2.0%</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>2.0%</td>
</tr>
<tr>
<td>Baby, Child or Parenthood</td>
<td>1.5%</td>
</tr>
<tr>
<td>Pets/Pet Supply</td>
<td>1.5%</td>
</tr>
</tbody>
</table>
Biggest hurdle to ad fulfillment: production challenges

% Sellers Experiencing Business-as-Usual Hurdles

- Production challenges (video shoots/location availability): 23.9%
- Accounts payable challenges: 16.1%
- Overabundance of inventory currently blacklisted: 12.2%
- Lack of desirable inventory: 7.8%
- Remote access to platforms/databases: 4.9%
- Difficulty in legal/contract processing: 2.9%
- Activation of makegoods: 2.0%
- None of the above: 47.8%

Base: n=205
Q: Which, if any, of the following is preventing you from executing business as usual as a result of the Coronavirus?
Most ad buyers & sellers have not reforecast for Q3 & Q4...

**Buyers: % changing spend forecasts in Q3 & Q4**

- Q3: 25% Yes, 75% No or TBD
- Q4: 22% Yes, 78% No or TBD

**Sellers: % changing revenue forecasts in Q3 & Q4**

- Q3: 30% Yes, 70% No or TBD
- Q4: 22% Yes, 78% No or TBD

Base: Buy-side: Q3, n=89; Buy-side: Q4, n=87; Sell-side: Q3, n=61; Sell-side: Q4, n=46
Buy-side Q: Are you making any advertising spend changes in the second half of 2020 as a result of Coronavirus?
Sell-side Q: Are you planning to reforecast against your original 2020 plan any of the following months / time periods?
...But those that have reforecast, expect slight rebounds in the second half

**Buyers:** Those Making Changes Mar-Jun 2020
Estimate Ad Spend Change vs. Original Plan for Q3 & Q4

- **Q3**
  -25%
  (25% of Respondents)

- **Q4**
  -12%
  (22% of Respondents)

**Sellers:** Those Making Changes Mar-Jun 2020
Estimate Ad Spend Change vs. Original Plan for Q3 & Q4

- **Q3**
  -24%
  (30% of Respondents)

- **Q4**
  -18%
  (22% of Respondents)

Base: Buy-side: Q3, n=89; Buy-side: Q4, n=87; Sell-side: Q3, n=61; Sell-side: Q4, n=46
Buy-side Q: Please provide your estimated percent change (+/-) in U.S. media spend by quarter.
Sell-side Q: For the following months/time periods in which you reforecast against your original 2020 plan, please indicate the positive/negative percent change.
We’re keeping our eyes on...

1. When will Sports return and what impact will it have on the market?
2. Will non-linear ad spend (OTT/CTV) rise to meet the growth of consumer usage?
3. Will programmatic channels continue to be more resilient?
4. Will there be any shift in support for news?
5. How will spend shifts change across vertical categories over time?
6. Will publisher outlook “lag” meet buy-side projections?
Thank You

IAB is conducting frequent surveys across the ecosystem during the pandemic. If you would like to suggest research questions for consideration, please share by contacting:

Research@iab.com
The following pages include both buy- and sell-side data comparisons.

For buy-side methodology and further detail, please refer to full deck published 3.27.20 on iab.com:

Coronavirus Ad Spend Impact: Buy-Side
Buy- and sell-side agree: Coronavirus will hit economy harder than the financial crisis of 2008/09

Comparison to 2008-2009 Financial Crisis

<table>
<thead>
<tr>
<th></th>
<th>Buy-side</th>
<th>Sell-side</th>
</tr>
</thead>
<tbody>
<tr>
<td>Substantially more negative impact</td>
<td>44%</td>
<td>48%</td>
</tr>
<tr>
<td>Somewhat more negative impact</td>
<td>30%</td>
<td>28%</td>
</tr>
<tr>
<td>Roughly the same impact</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Somewhat less negative impact</td>
<td>14%</td>
<td>12%</td>
</tr>
<tr>
<td>Substantially less negative impact</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Q: Please compare the potential impact of this Coronavirus outbreak on US advertising against the 2008-2009 financial crisis. In the long-term, which one statement best reflects your outlook?

Base: Buy-side, n=296; Sell-side, n=176

Time period: Mar-Jun 2020
Breakdown of sell-side respondents by content genres monetized

The sell-side composition of this survey includes publishers, media platforms and programmatic companies, all of which generate revenue from a wide spectrum of content types:

- Entertainment: 29.8%
- News: 29.8%
- Lifestyle: 25.9%
- Health: 22.0%
- Retail: 20.0%
- Travel: 19.5%
- Automotive: 19.0%
- Food, drinks, cooking: 19.0%
- Sports: 19.0%
- Personal finance: 18.5%

*Other Genres include:*
- Politics
- Shopping/E-commerce
- Home, decorating
- Education
- Technology
- Esports / gaming
- History / science
- Gambling
- Misc.
Majority of buy-side vs. sell-side: reforecasting Mar-Jun

Buyers: % Making Short-Term Ad Spend Changes (Adjustments or Pauses)

- Yes: 70%
- No: 14%
- Still to be determined: 16%

Note: Short-Term = March through June

Sellers: % Who Have or are Planning to Reforecast 2020 Ad Revenue

- Yes: 69%
- No: 30%
- Still to be determined: 1%

Base: Buy-side, n=390; Sell-side, n=200 (Those seeing a decrease in revenue)
Buy-side Q: Are you making any short-term advertising spend changes as a result of Coronavirus? (Note: short-term = March through June)
Sell-side Q: Have you or are you planning to reforecast your U.S. advertising sales / supply side / ad network revenue against your original 2020 plan due to the Coronavirus outbreak?
Health of both the public & market hold the top 5 positions as indicators tracked by buy- and sell-Side decision makers (Mar-Jun)

### Top Events “I am Watching”

<table>
<thead>
<tr>
<th>Health/Economic State</th>
<th>Buy-side</th>
<th>Sell-side</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shelter-in-place</td>
<td>62%</td>
<td>65%</td>
</tr>
<tr>
<td>Stock market</td>
<td>44%</td>
<td>61%</td>
</tr>
<tr>
<td>Business openings</td>
<td>47%</td>
<td>59%</td>
</tr>
<tr>
<td>Quarantine status</td>
<td>57%</td>
<td>65%</td>
</tr>
<tr>
<td>COVID-19 cases</td>
<td>49%</td>
<td>49%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Entertainment</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>38%</td>
<td>49%</td>
</tr>
<tr>
<td>Sports</td>
<td>38%</td>
<td>42%</td>
</tr>
<tr>
<td>Movie releases</td>
<td>13%</td>
<td>34%</td>
</tr>
<tr>
<td>Concerts / live events</td>
<td>19%</td>
<td>26%</td>
</tr>
<tr>
<td>Primaries</td>
<td>16%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Base: Buy-side, n=390; Sell-side, n=205

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.