



Covid's Impact on Ad Pricing

5/28/20

Executive Summary

- Two-thirds of advertising sellers—including publishers, platforms and programmatic media sellers—have had advertising rates decline since the Covid lockdown began
- Publishers that sell ads directly have been significantly more impacted by ad rate reductions than programmatic specialists
- Display ad CPMs have been hit hardest by price reductions
- Ads on connected devices (CTV/OTT) are showing the greatest price resilience

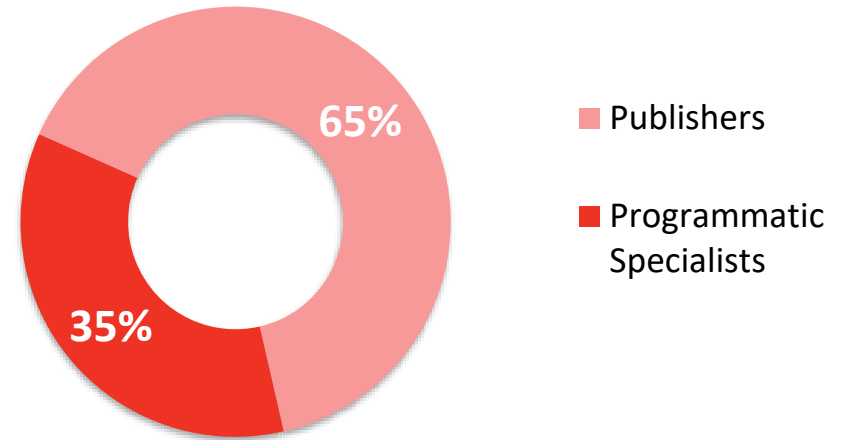
Methodology

To understand how and where US advertising revenue is being affected by Covid, IAB is conducting ongoing research among ad buyers and sellers. This is the second sell-side survey, which provides insight into the effect on CPMs, fielded Apr 29-May 11.

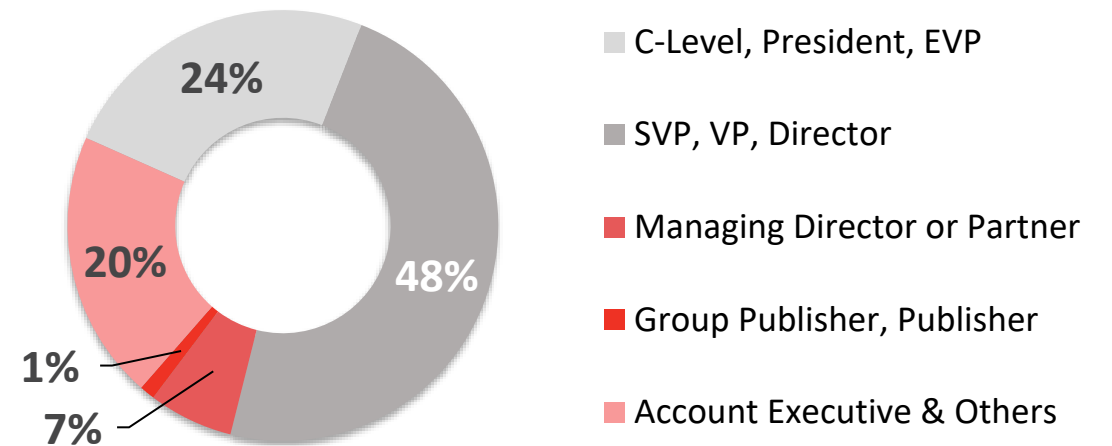
N=173 completes; respondents are those responsible/reporting U.S. advertising revenue at:

- Publishers
- Programmatic Specialists (e.g., SSPs, Ad Exchanges, Ad Networks)

Company Type



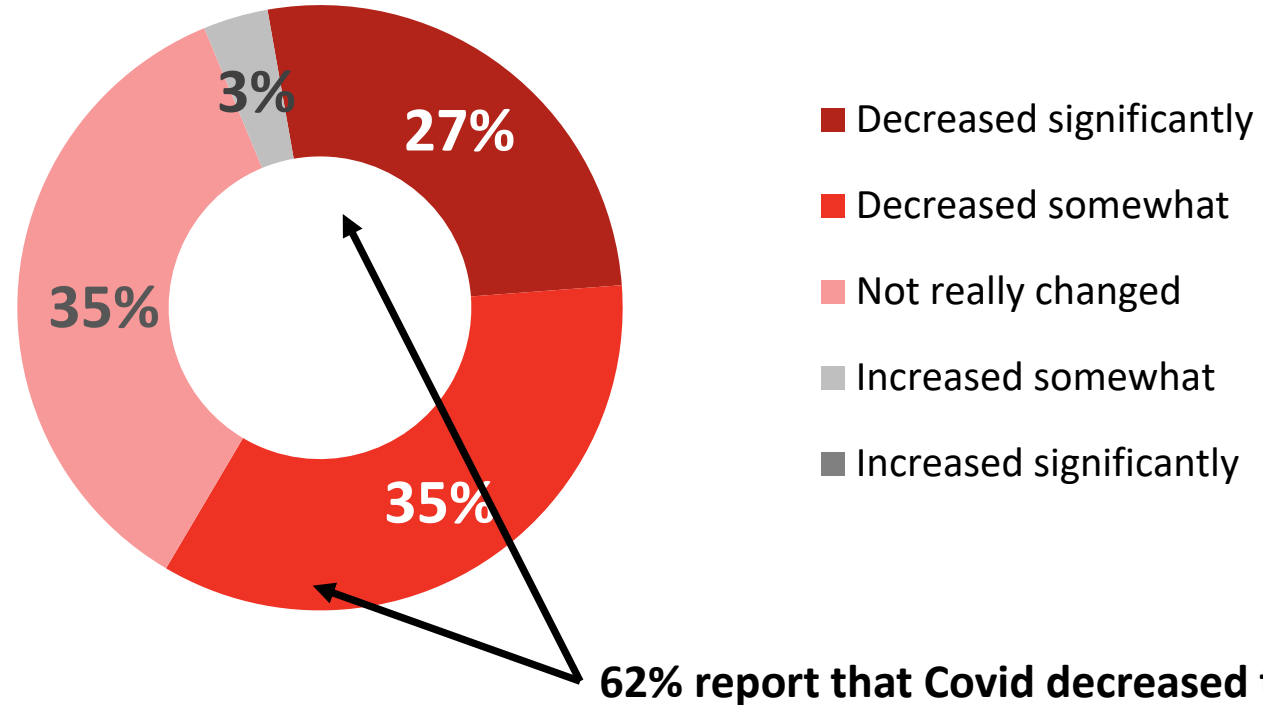
Respondent Role



62% of sellers have seen ad prices fall since the outbreak began

Covid Impact on 2020 CPMs vs. Original Plan

Base: All Respondents (100%)

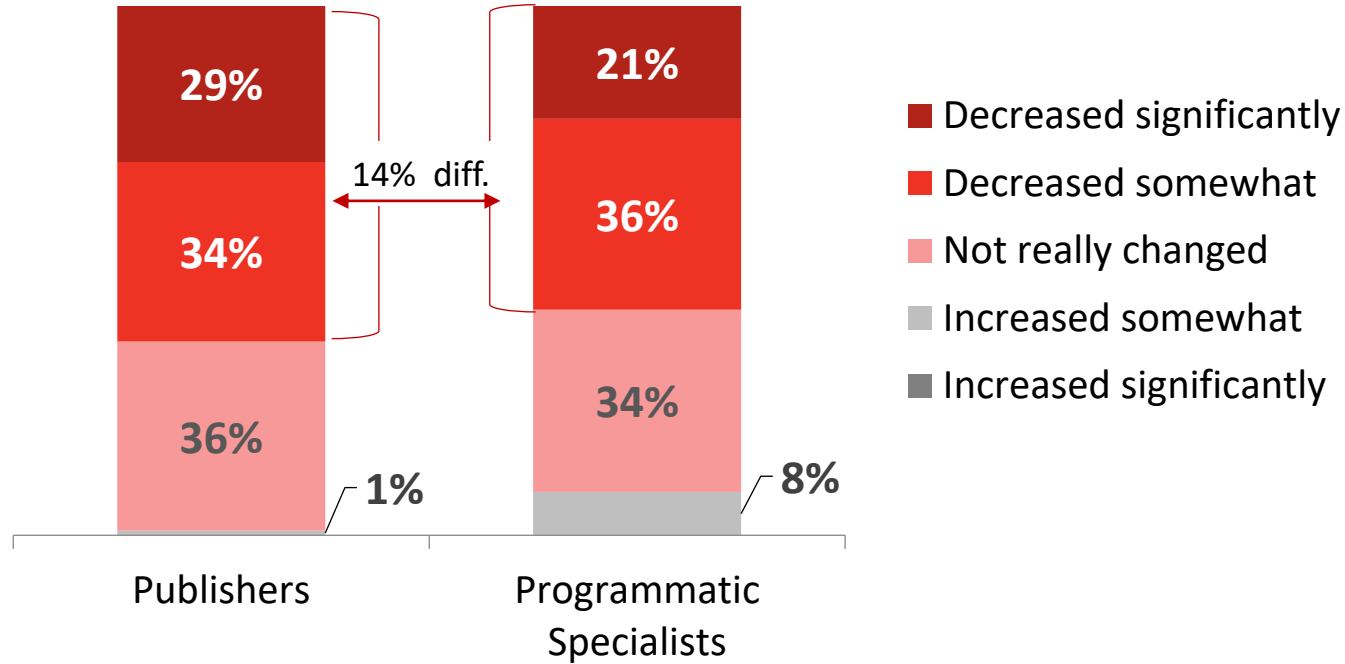


Publisher CPMs affected 14% more than Programmatic Specialists

8% of Programmatic Specialists have experienced an **increase** in CPMs

2020 CPMs vs. Original Plan, by Company Type

Base: All Respondents (100%)

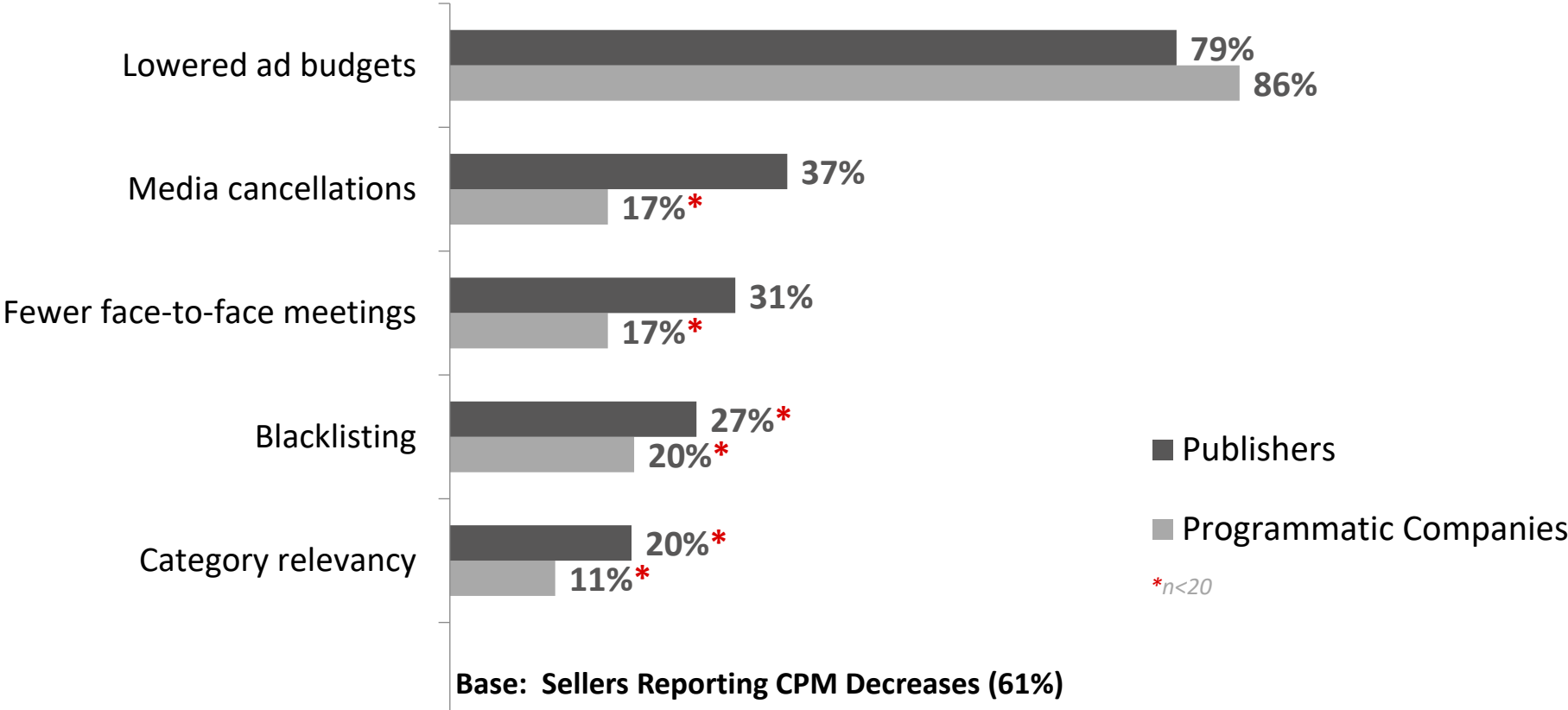


Pulse 2 Base: n=173
Pulse 2 Q: Which best describes the effect that the Covid outbreak has had on your overall U.S. advertising CPMs in 2020? Please compare your original planned 2020 CPMs against your current CPMs.

Publishers are experiencing greater pressures than Programmatic Specialists

When asked for buy-side rational for lowered CPMs, Publishers are more likely than Programmatic Specialists to offer multiple reasons, including:

Primary Reasons for 2020 CPM Decreases

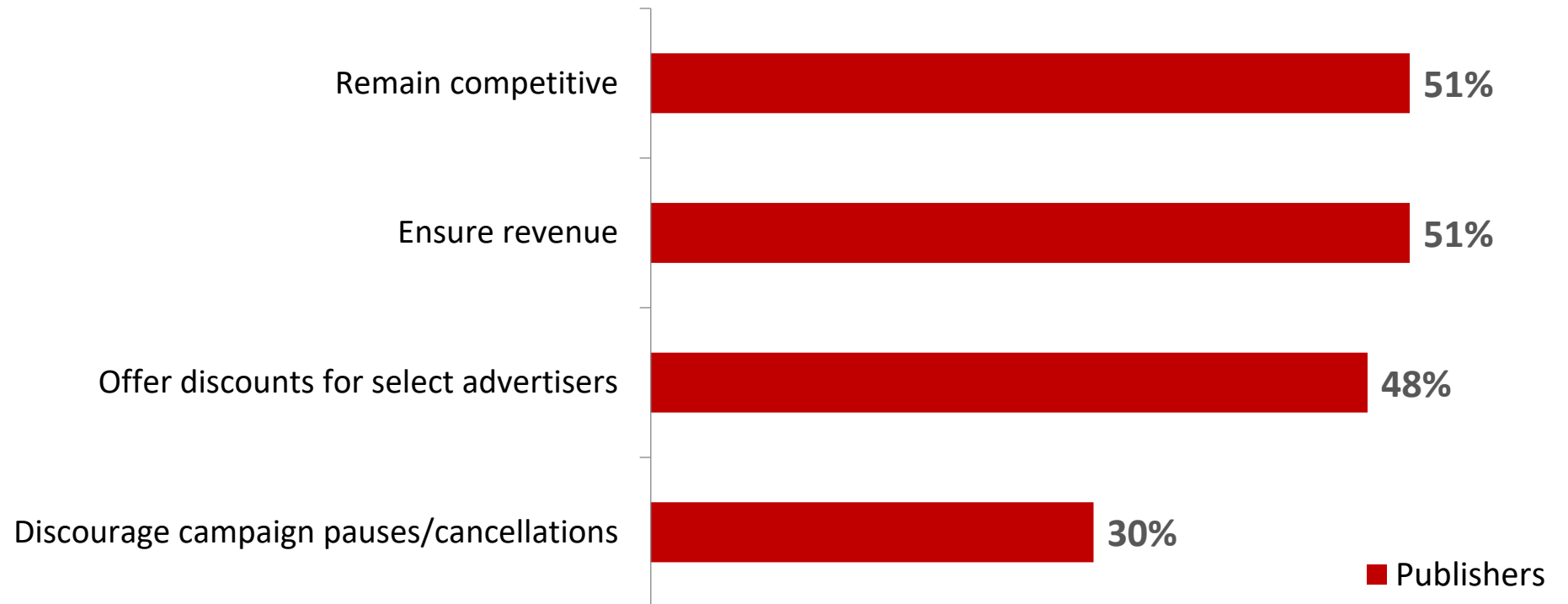


Publishers are using pricing levers to maintain business and remain competitive

Primary reasons provided by Publishers behind lowering CPMs

Primary Reasons for 2020 CPM Decreases

Base: Publishers Reporting CPM Decreases (61%)



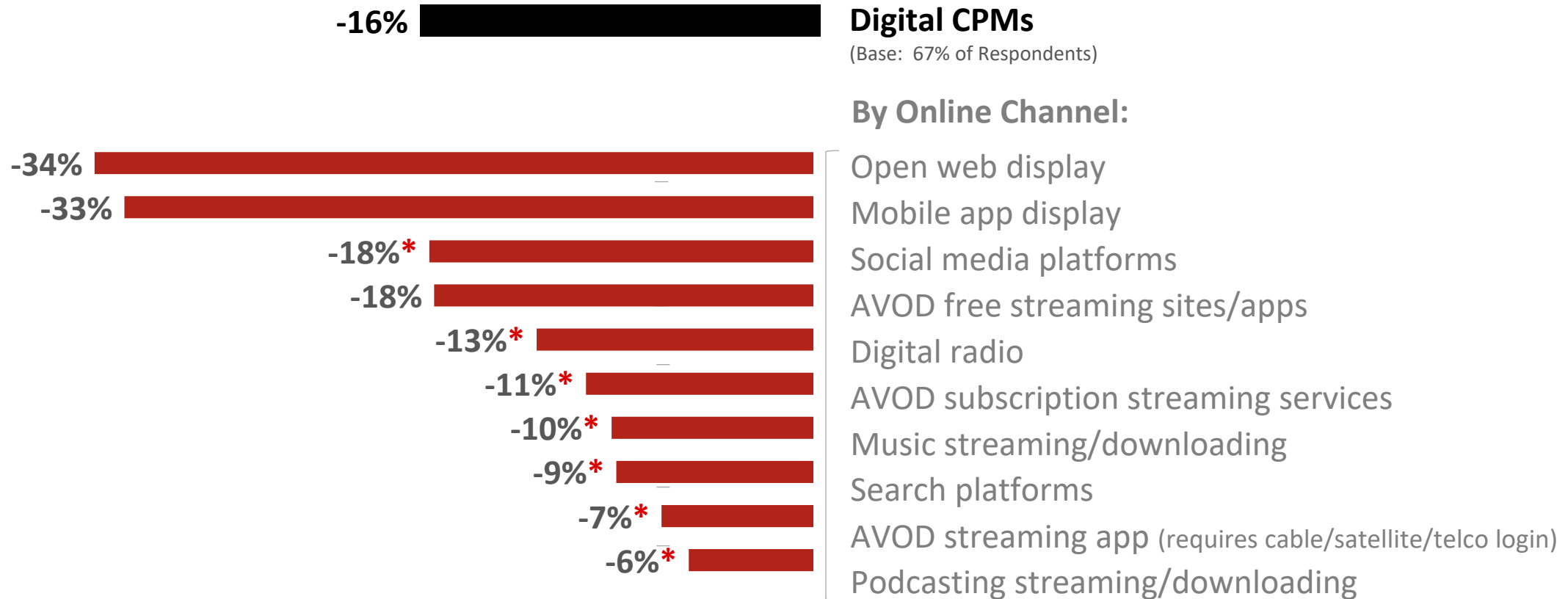
Covid Impact on Ad Pricing by Channel

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Overall, 2020 Digital CPMs have been impacted by -16%

Most resilient ad rates: Podcasts, Video and Search. Least resilient: Open Web Display

Expected % Change: 2020 Online CPMs vs. Original Plan

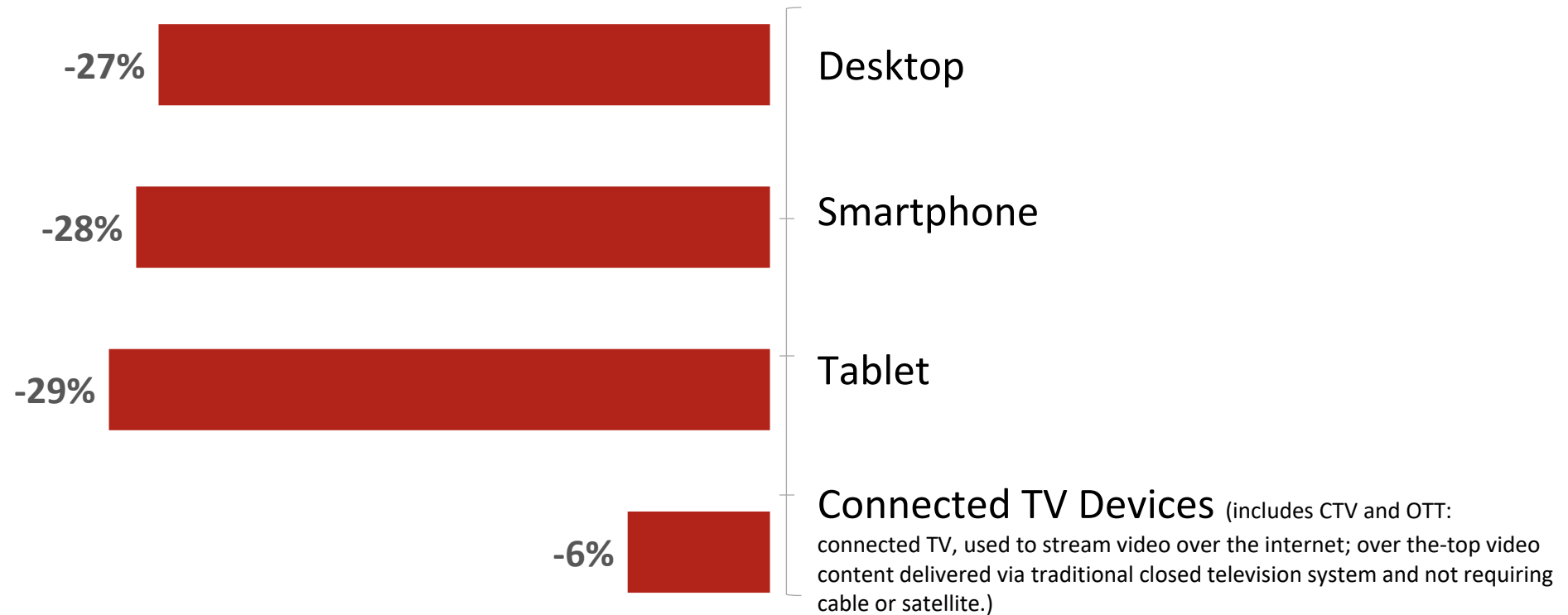


*n<20

Most price-resilient devices: Connected TV Devices; Least resilient: Desktop

Expected Percent Change of 2020 CPMs vs. Original Plan, by Device

Base: Sellers Reporting CPM Changes (65%)



What's Next?

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We are keeping our eyes on...

1. As sellers obtain fresh creative, will the spend rebound accelerate?
2. How temporary are lowered CPMs?
3. What and how quickly will the buy-side change as some states begin to re-open?
4. What are CPM and/or spend differences by vertical category?
5. How are sellers planning for re-entry?
6. What new opportunities are Sellers offering to buyers?

About Us



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.

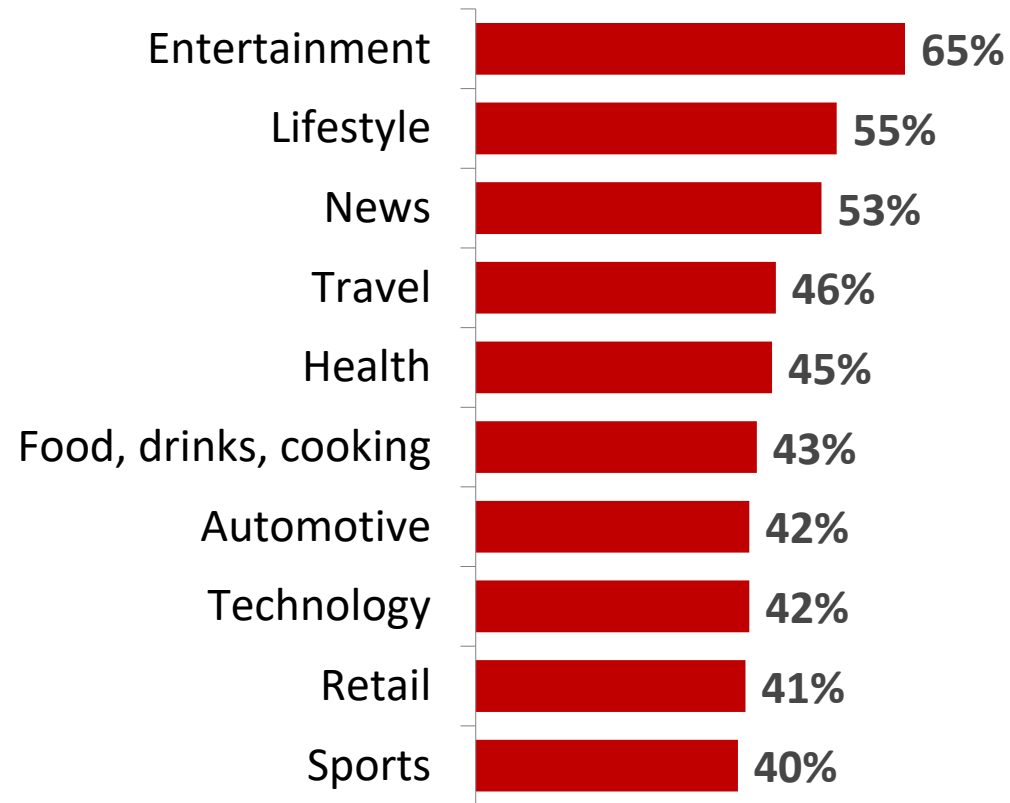
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Thank You

Appendix: Breakdown of sell-side respondents by content genres

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



***Other Genres include:**

- Shopping/E-commerce
- Politics
- Personal finance
- Business (B2B)
- Home, decorating
- Education
- Esports / gaming
- History / science
- Gambling
- Misc.