2021 Marketplace Outlook Survey Results

DECEMEBER 15, 2020

Contents

	Page
Executive Summary	3
Chapters:	
I. Full Year 2021 Ad Budgets	5
II. Digital Video Deep Dive	12
III. Strategic Shifts & Tactical Pivots	18
IV. Preparing for the Loss of 3rd Party Identifiers	23
V. Diversity & Inclusion	27
VI. Challenges & Optimism	31
Methodology	35

Executive Summary

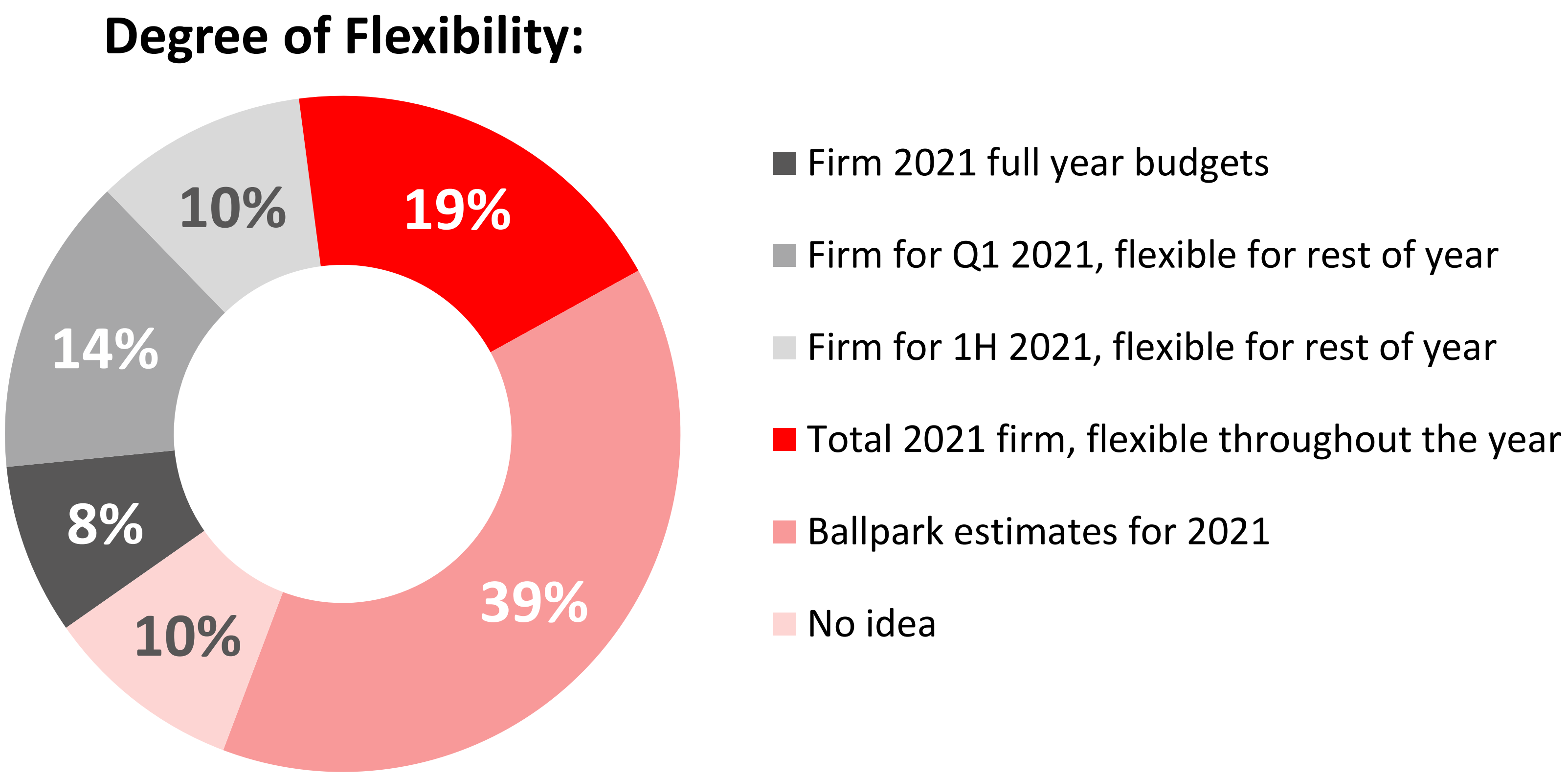
- Buyers are generally optimistic about 2021 while showing some concern for the year ahead:
    - Preparing for a cookie-less future/loss of identifiers
    - The need for 1st party data
    - Cross-platform measurement solutions
- Media budgets will be flexible in 2021; 39% of Buyers report their 2021 budget as ballparked
- Buyers expect a 6% overall increase in their 2021 budget (vs. estimated actual spend in 2020)
- 71% of total U.S. 2021 media budgets will be Digital media, with four areas dominating: 16% Social; 16% Paid Search (SEM); 14% Display; 13% Video
- Buyers report that their Traditional media budget will drop by -5% vs 2020
    - ➢ The leading area of Traditional investment remains Linear TV (Note: Traditional media is estimated at 29% of the total media budget for 2021, vs. Digital at 71%)
    - ➢ 60% of Digital Buyers plan to shift Linear TV dollars to CTV in 2021; 21% of their 2021 Linear TV budgets are expected to be reallocated to CTV

Executive Summary (cont'd)

- The sales cycle for Publishers and Platforms has been disrupted
  - Nearly two-thirds of Media Buyers are evaluating plans more frequently than they have in years past
  - As a result, the selling cycle is expected to run across the full year, quarter by quarter/month by month
- Buyers expect 46% of their buys to be Direct (vs. 54% Programmatic) in 2021
- Data privacy and ad tracking are top challenges in 2021
  - 41% of media Buyers do not know if their stakeholders have a clear understanding of the implications they will face once cookies and identifiers are terminated/blocked
  - More than a third of Buyers believe that they need more first party data
- Diversity & Inclusion is top of mind…but will the industry take action?
  - Half of Buyers say they are looking to place more business with minority-owned media companies in 2021—although just as many Buyers don't know whether their company has a specific list of minority-owned businesses on which they can rely

I. Full Year 2021 Ad Budgets

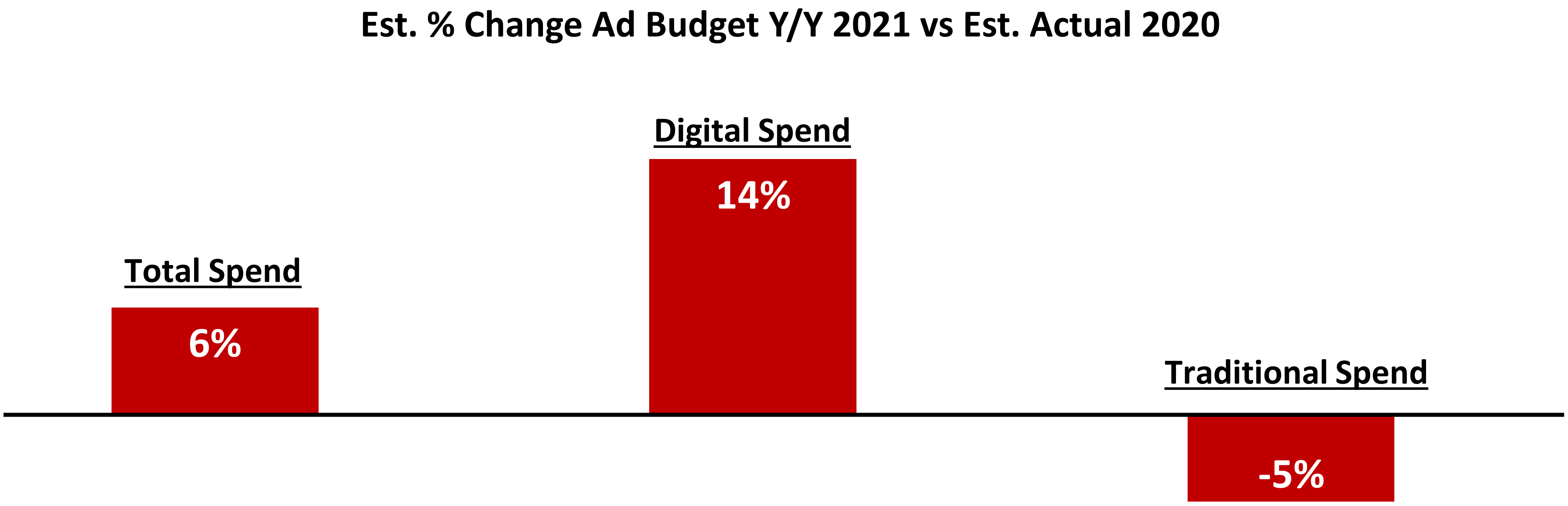
No matter what the number, media budgets in 2021 will be flexible



n=294
Q: How confident are you in your media budgets for 2021?

Overall, 2021 ad budgets are up—with Digital increasing by double digits

Traditional media is down 5% (vs. 2020 est. actual spend)



n=178

Q: With your portfolio of brands/client's brands in mind, please share the percent +/- budgeted for 2021 media vs estimated actual spend in 2020.

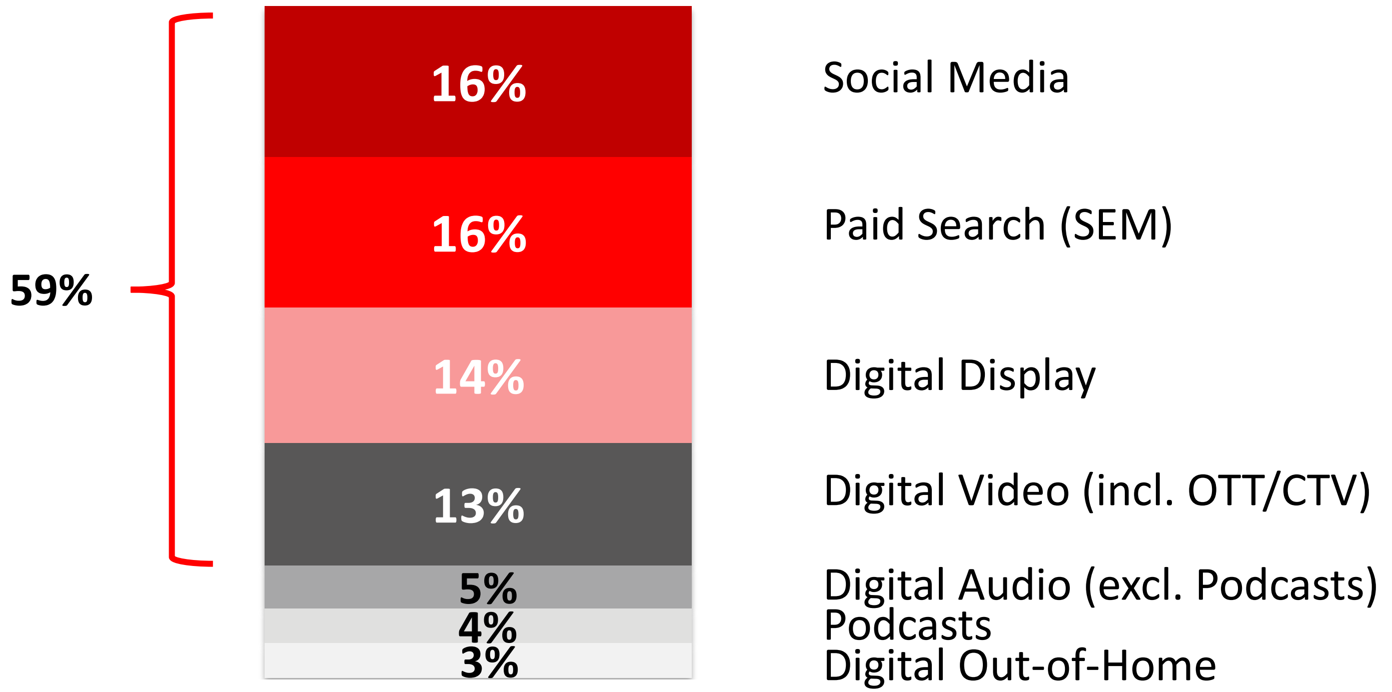
Digital media is expected to represent 71% of total budgets

2021 Budget: Share by Channel

n=178
Q: Please identify the percent share of your 2021 budget by CHANNEL.

Social, SEM, Display, and Video = nearly 60% of 2021 total budgets

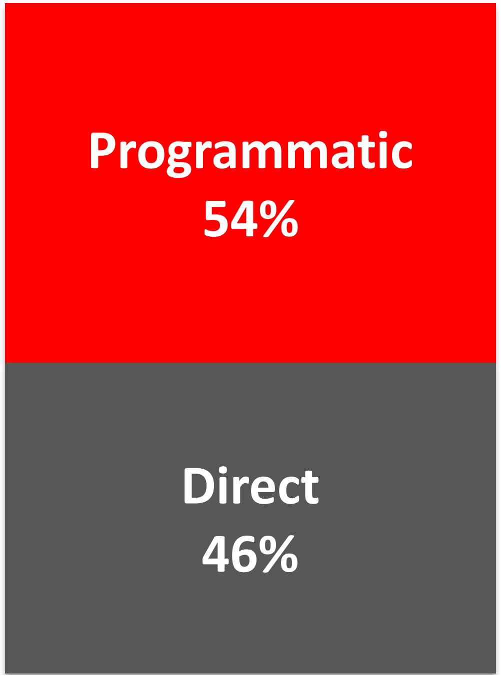
2021 Budget Share by Digital Channel



n=178
Q: Please identify the percent share of your 2021 budget by CHANNEL.

A near-even split between Programmatic and Direct buys is expected in 2021

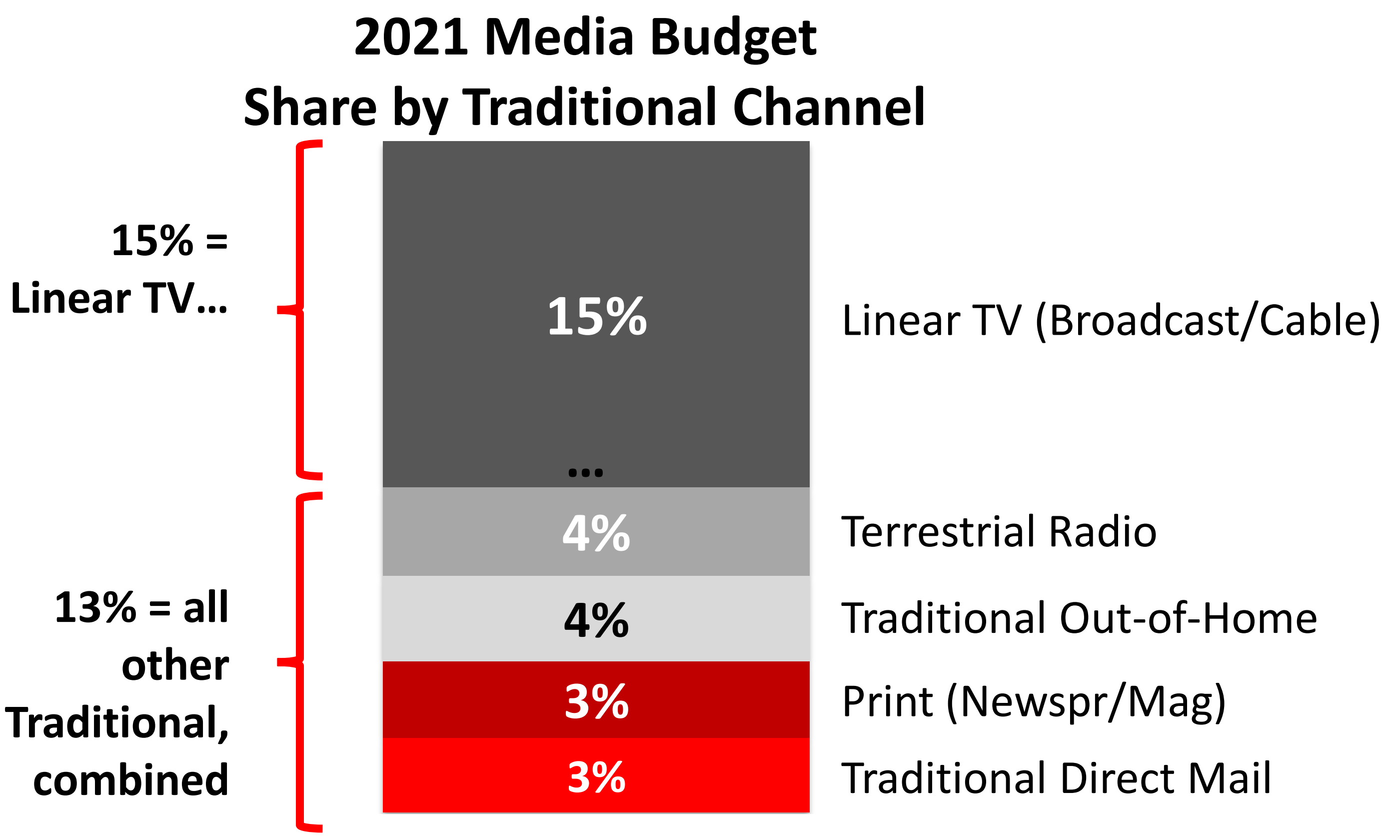
2021 Budget Share by Buy Type



n=135

Q: Please identify the percent share of your 2021 budget for your previously stated brand(s) by each of the following BUY TYPES.

Within the Traditional media budget, Linear TV will get the majority

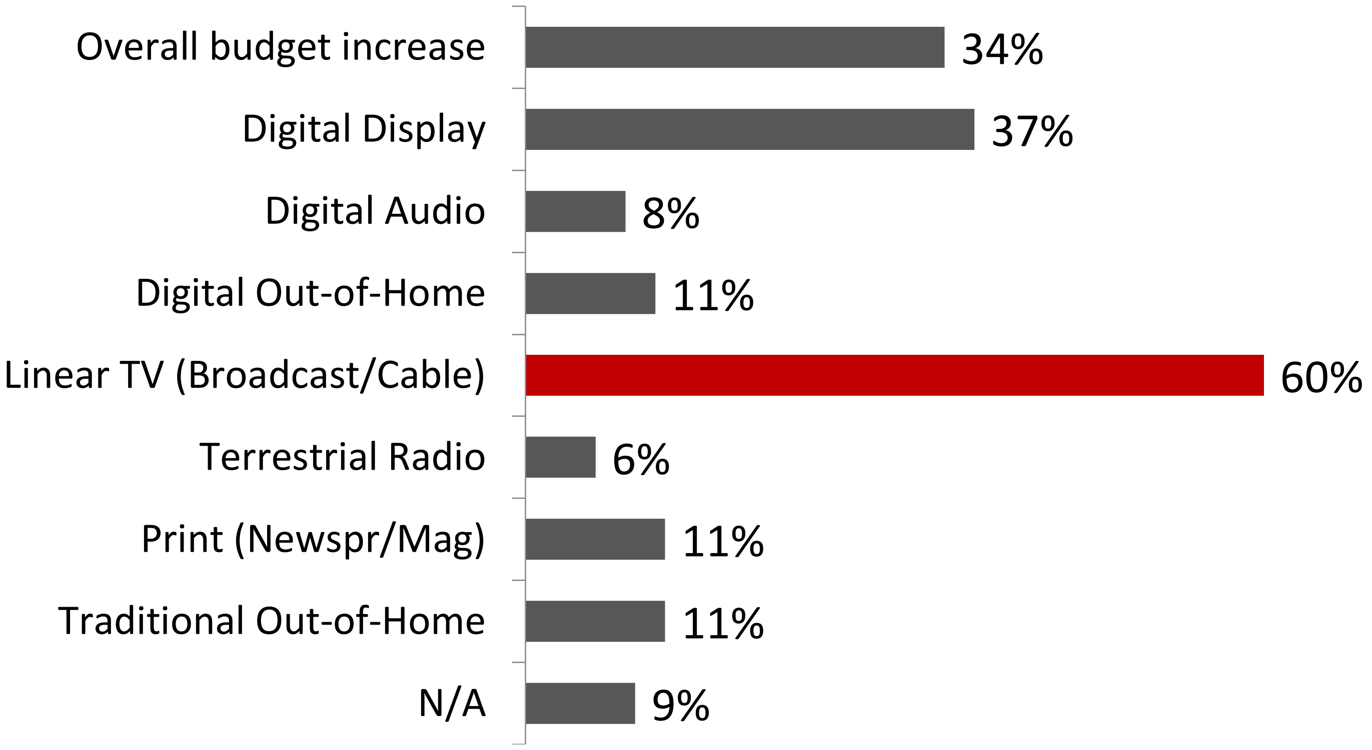


n=178
Q: Please identify the percent share of your 2021 budget by CHANNEL.

II. Digital Video Deep Dive

Digital Video Buyers are shifting budget from TV and Digital Display to CTV

Sources for 2021 CTV/OTT Ad Budgets



Buyers with Digital Video as part of 2021 Media Budgets who Shared Sources for 2021 CTV/OTT Media, n=123
Q: You indicated that you have budgeted media spend for Digital Video in 2021. Does this include OTT/CTV, and if so, where will you be sourcing the OTT/CTV budget from?

On average, Digital Video Buyers are moving 21% of their Linear TV budgets to CTV

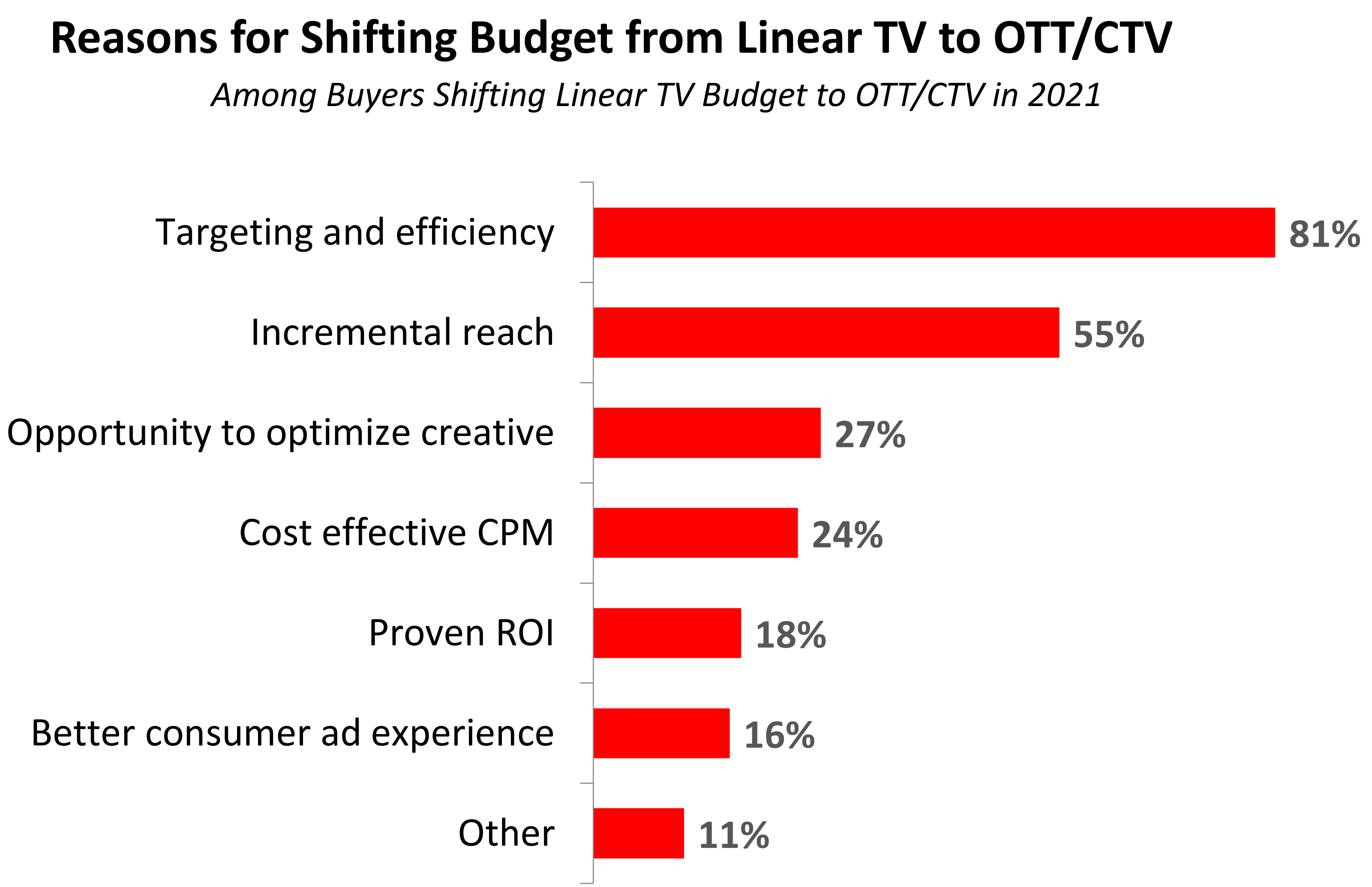
Average shift of budget from Linear TV to CTV in 2021 is

21%

among Digital Video Buyers

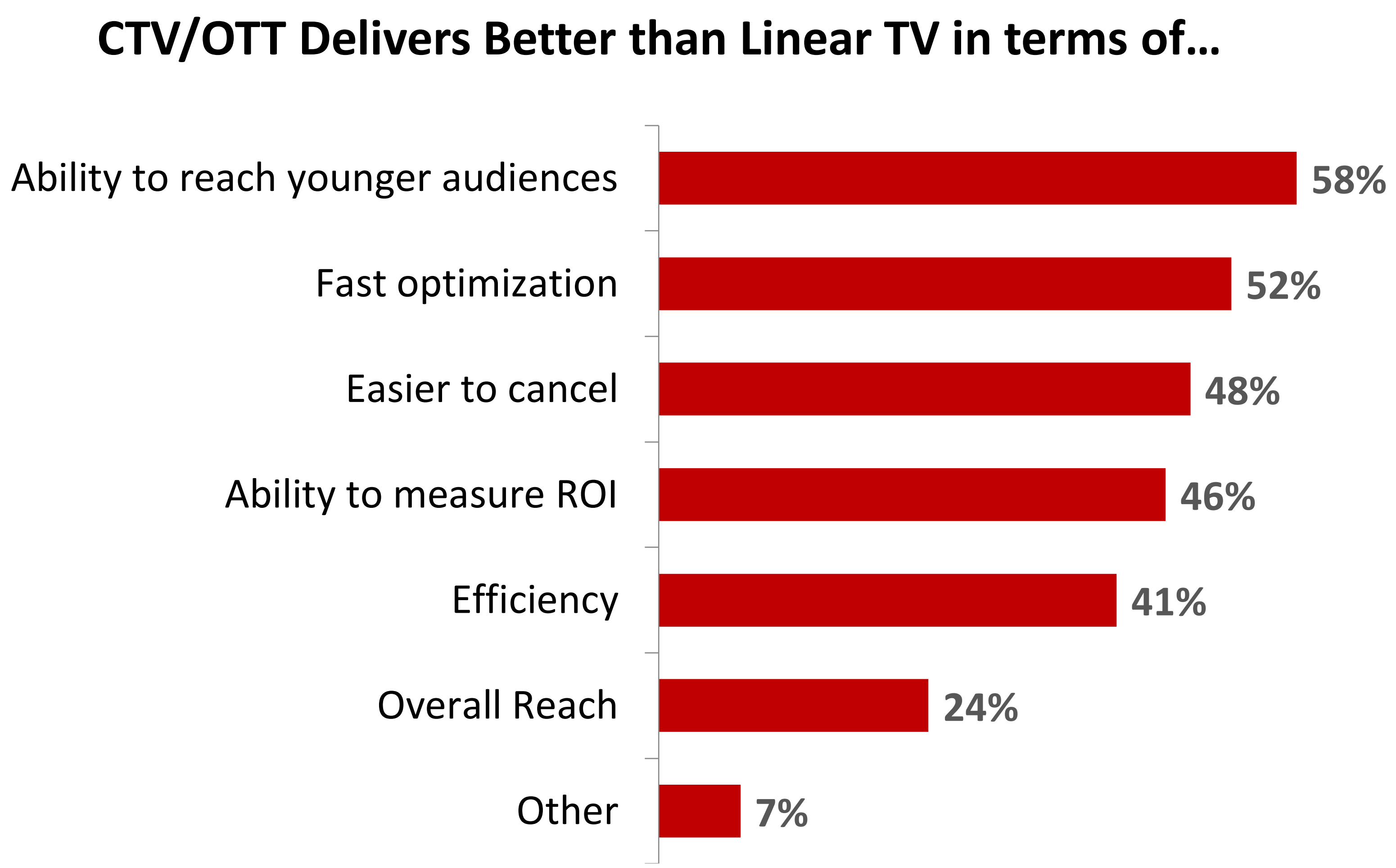
Buyers Shifting Linear TV Budget to OTT/CTV in 2021, n=74
Q: What percent of budget are you shifting from Linear TV to OTT/CTV in 2021?

Buyers see CTV as more targeted, efficient and scalable



Buyers Shifting Linear TV Budget to OTT/CTV in 2021, n=74
Q: Why are you shifting budget from Linear TV to OTT/CTV? Select up to 3 options.

CTV is valued most for its ability to reach younger audiences

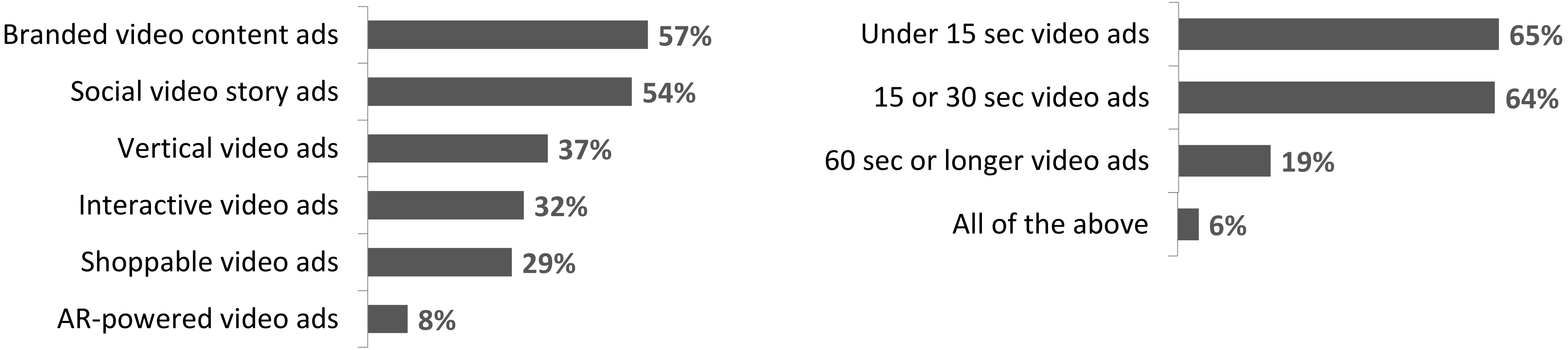


n=135
Q: Which, if any, of the following do you think CTV/OTT delivers better than Linear TV in terms of the big screen?

Branded Content and Stories will lead Digital Video ad formats in 2021

Digital Ad Formats Expected to be Created in 2021

Among Buyers with Digital Video as part of 2021 Media Budgets

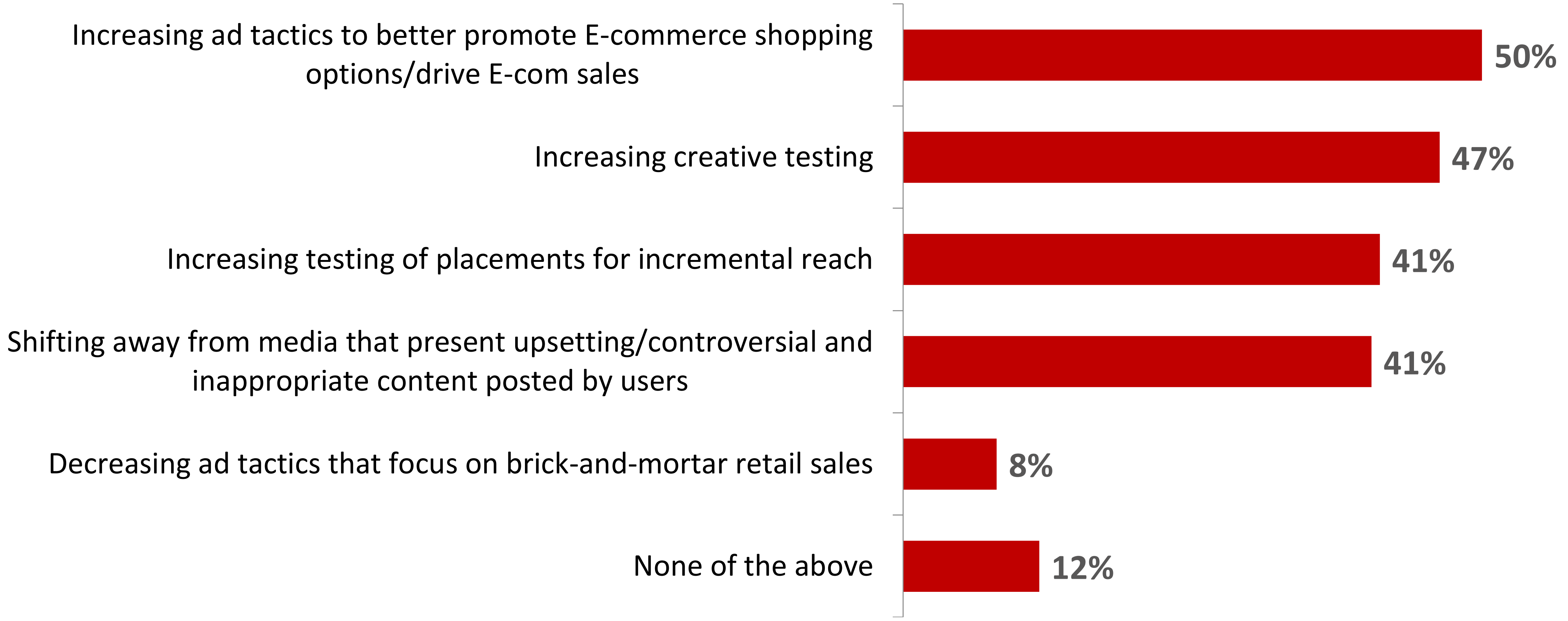


Buyers with Digital Video as part of 2021 Media Budgets who Shared Digital Ad Format Expectations, n=123
Q: Which of the following Digital video ad formats do you expect to create for your (brand/portfolio/client's brand(s)) in 2021?

III. Strategic Shifts & Tactical Pivots

Buyers chase COVID-accelerated behavior shift to E-commerce

Are you shifting strategies and/or tactics in 2021 as a result of continuing societal, health and market challenges?

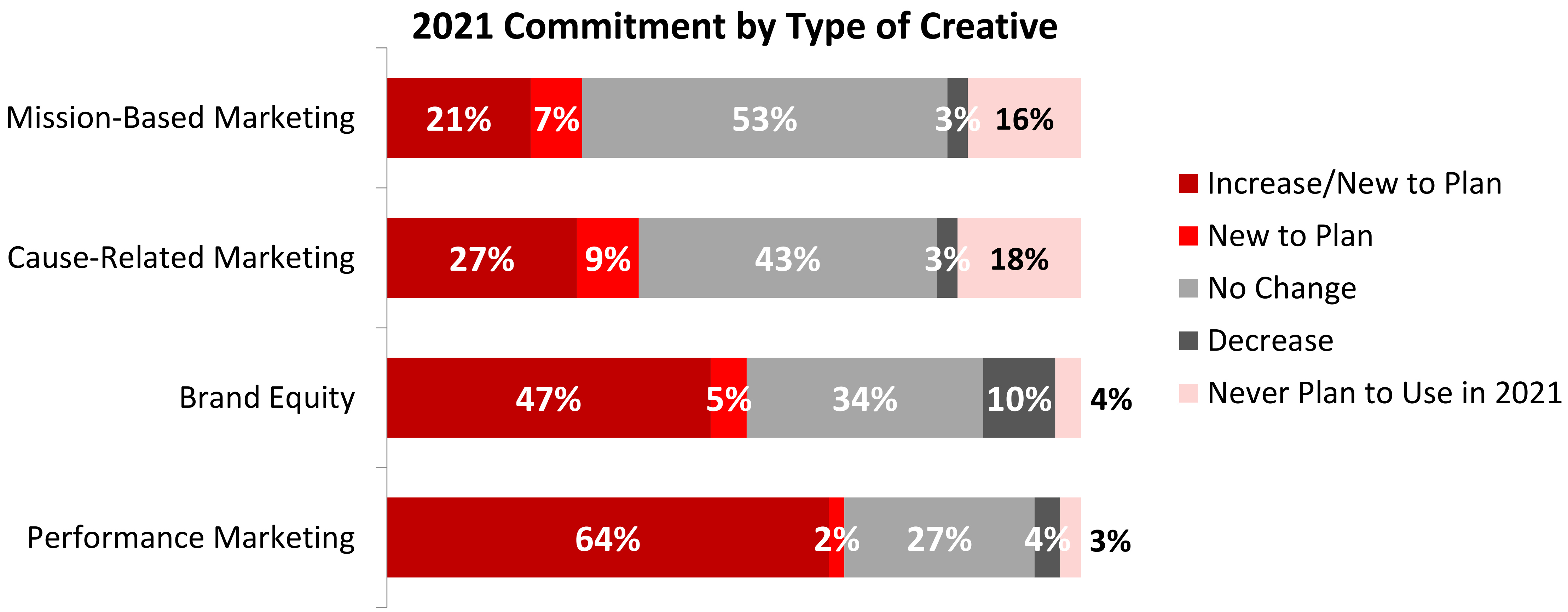


n=135

Q: Are you shifting strategies and/or tactics in 2021 as a result of continuing societal, health and market challenges? Select all that apply.

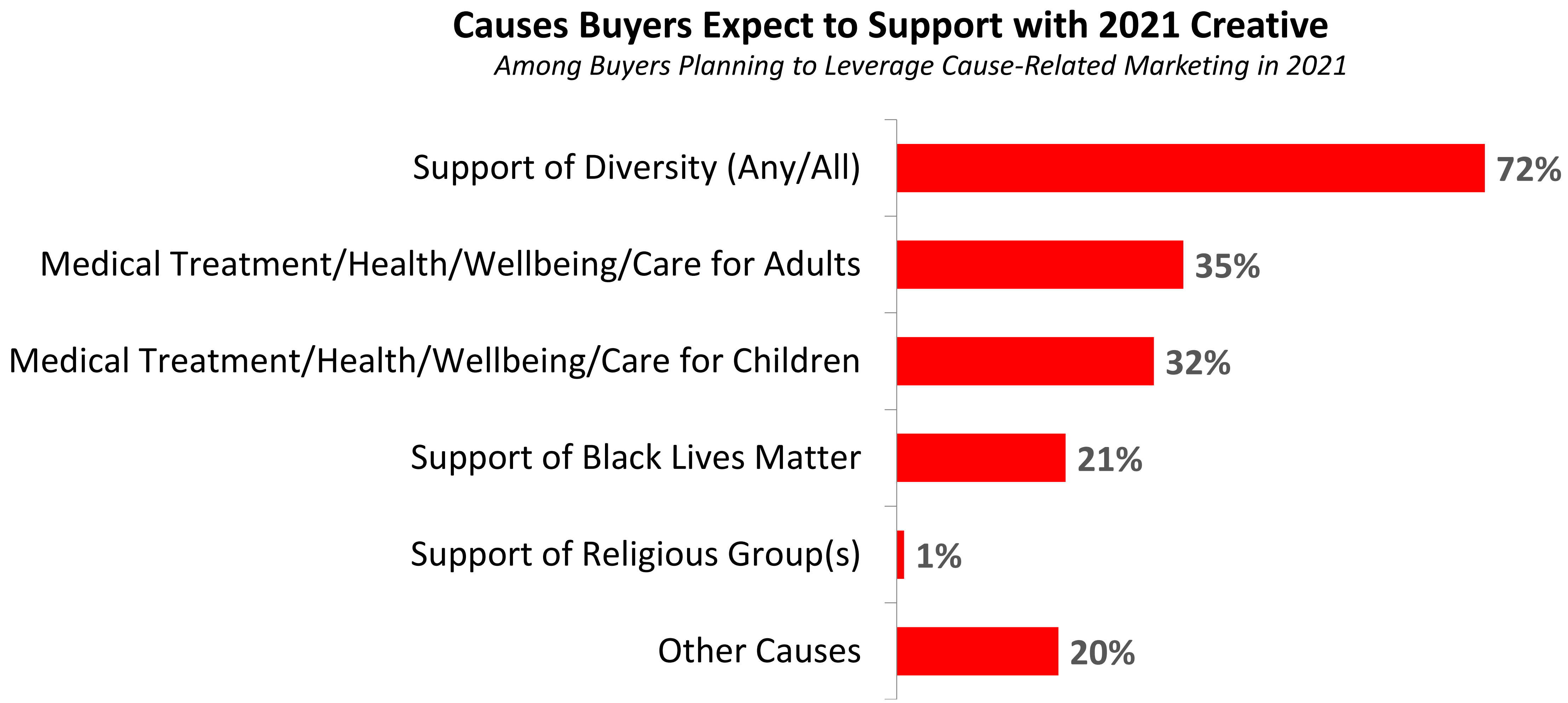
Buyers will focus on performance marketing in 2021

Cause-related and mission-based advertising spiked at the end of Q1 and during Q2 of 2020; the pendulum swing to Performance marketing in Q3 of 2020 will continue in 2021



n=135
Q: Please indicate the commitment to each type of creative you expect to run in 2021 for your brand portfolio/client's primary brand.

Diversity messaging leads cause-related creative in 2021

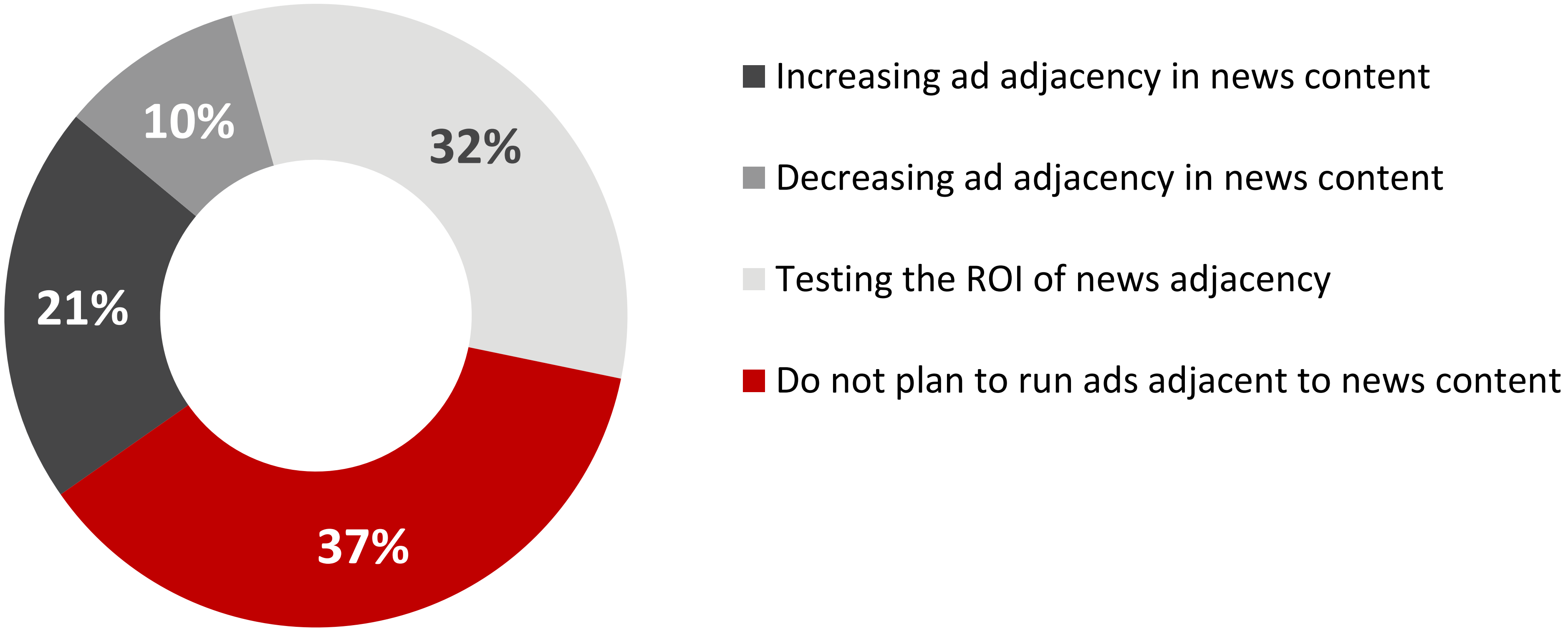


Buyers Planning to Leverage Cause-Related Marketing in 2021, n=111
Q: Please indicate causes you expect to support through your creative in 2021.

There is a re-evaluation of news for Buyers in 2021

21% plan to increase spending for news advertising placements

Plans for Ad Adjacency with News Content in 2021

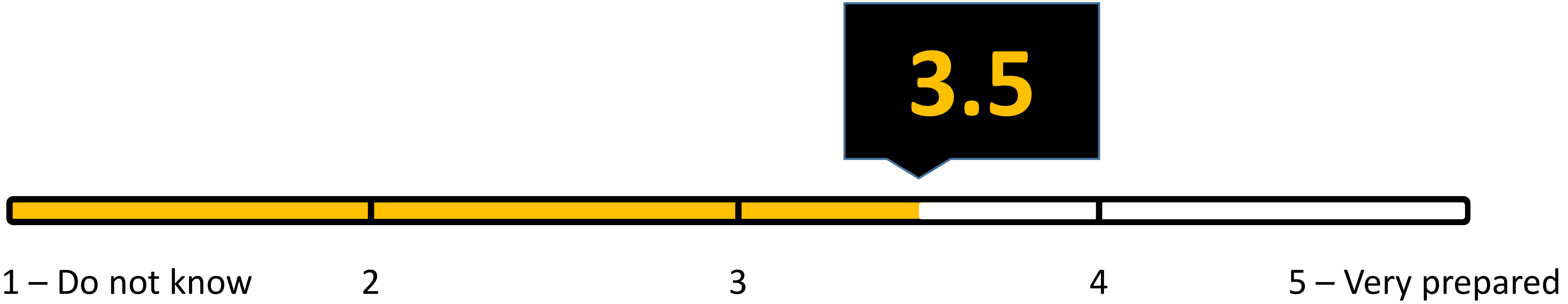


n=135
Q: What is your plan re: running ad adjacency with News content in 2021?

IV. Preparing for the Loss of 3rd Party Identifiers

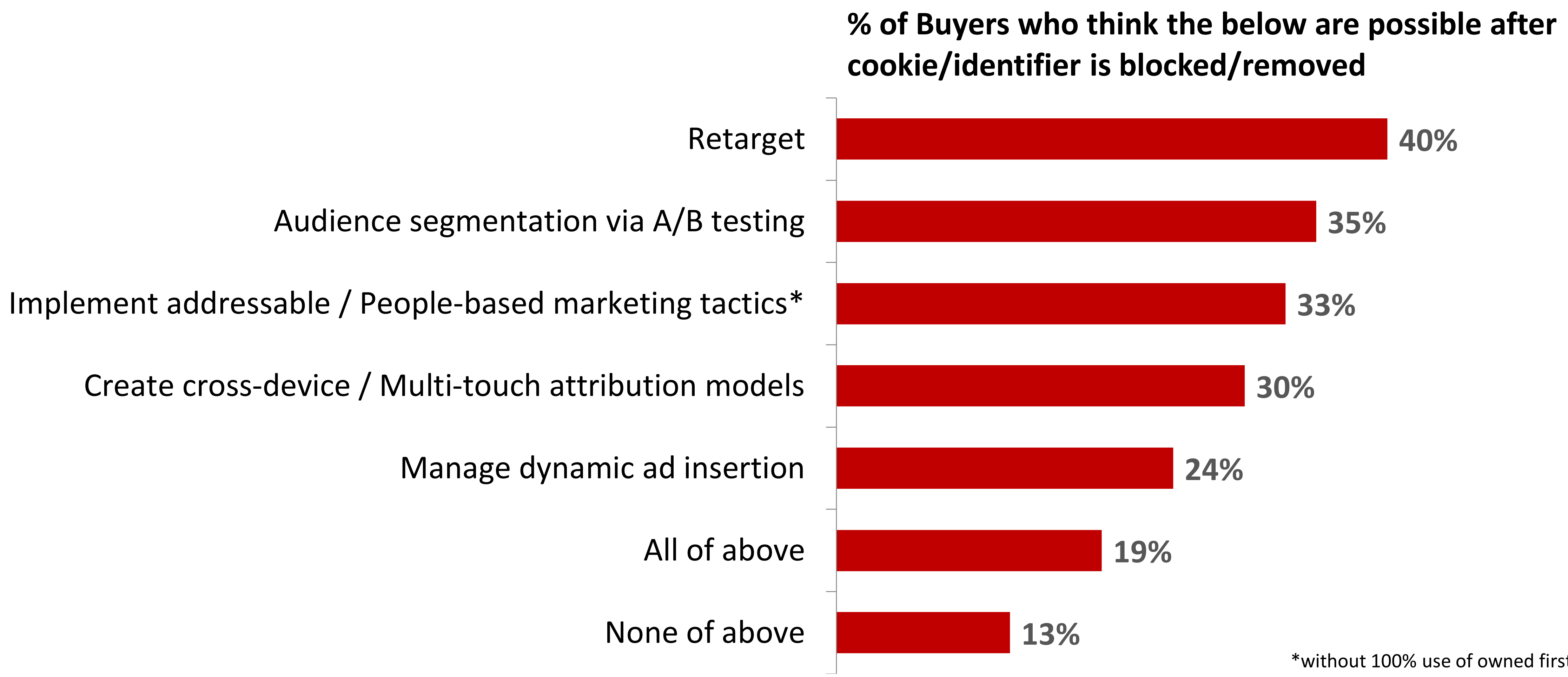
Buyers are reasonably confident in their organization's readiness for the loss of 3rd party identifiers…

On average, Buyers rate their organizations' level of preparedness for the loss of third-party identifiers to be:



n=135
Q: Thinking specifically about the loss of third-party identifiers, how well prepared do you believe your organization to be? (1-do not know, 5-very prepared)

Buyers may not fully understand the impact of 3rd party identifier loss



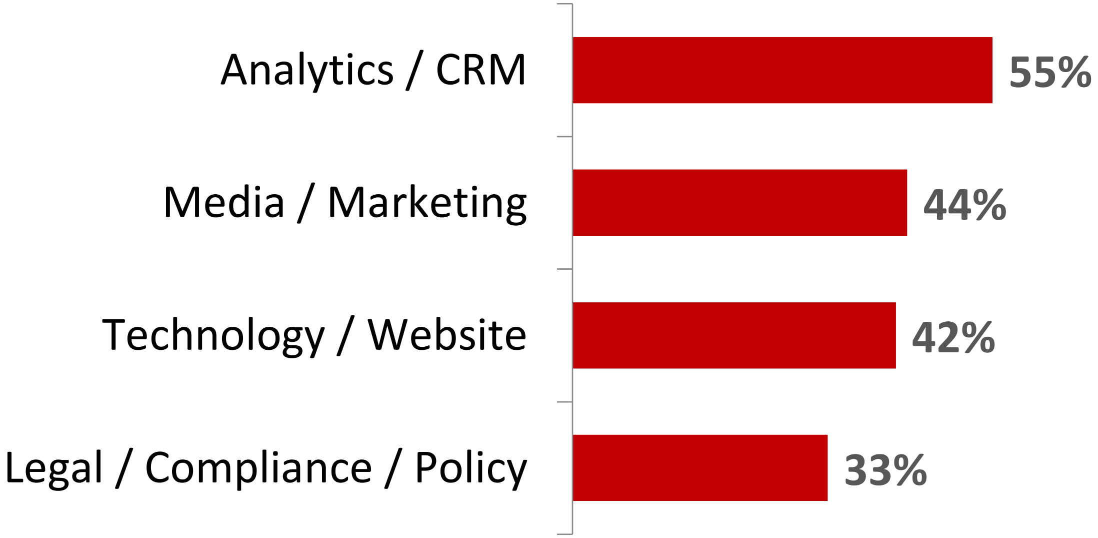
*without 100% use of owned first-party data

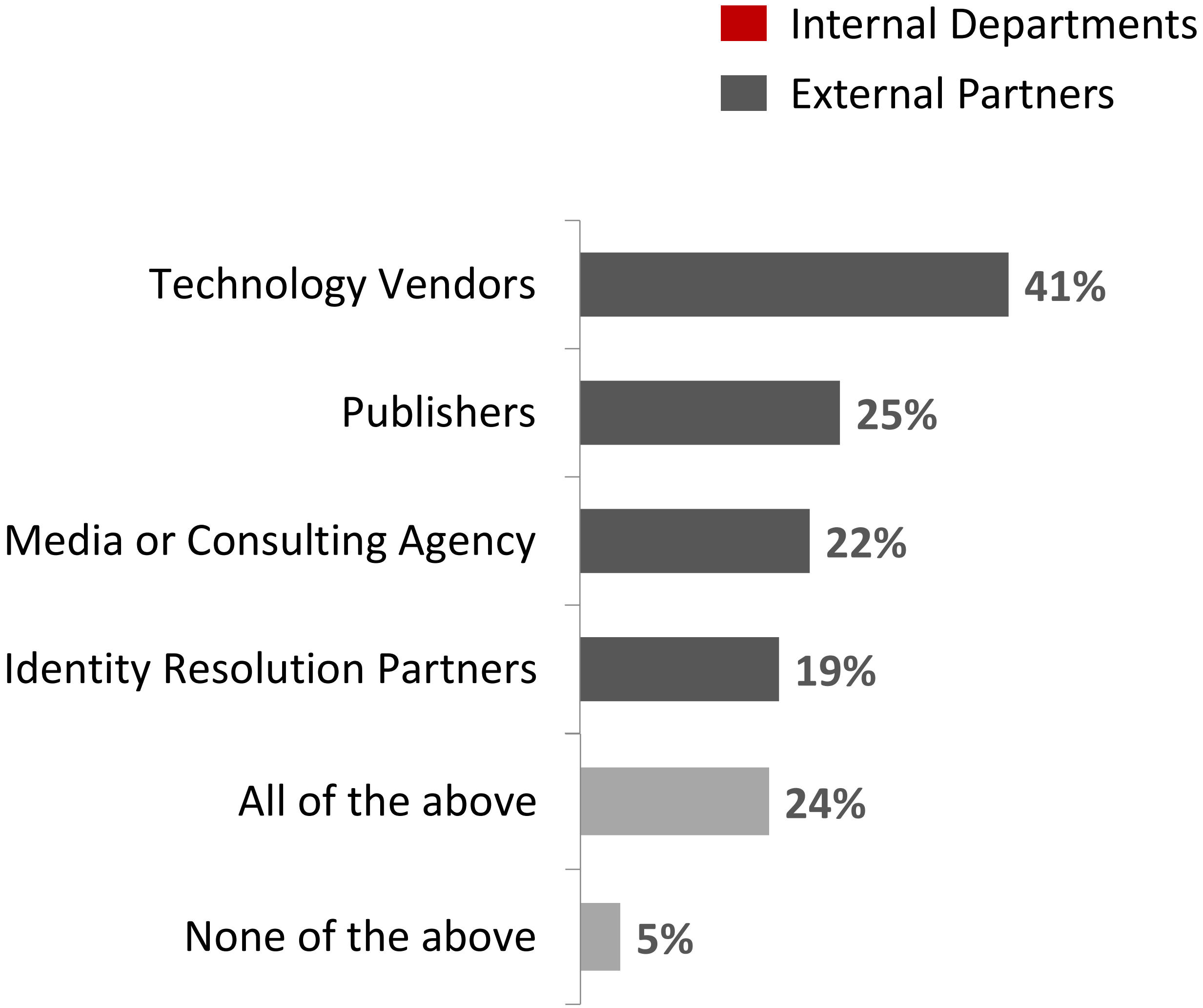
n=135

Q: Which of the following do you believe your teams will still be able to do (at the same scale/level currently or more) after the loss of cookies / identifiers? Select all that apply.

Buyers are managing multiple partners in preparation for changes in privacy

Types of organizations partnering with the Buy-side to prepare for privacy policy changes

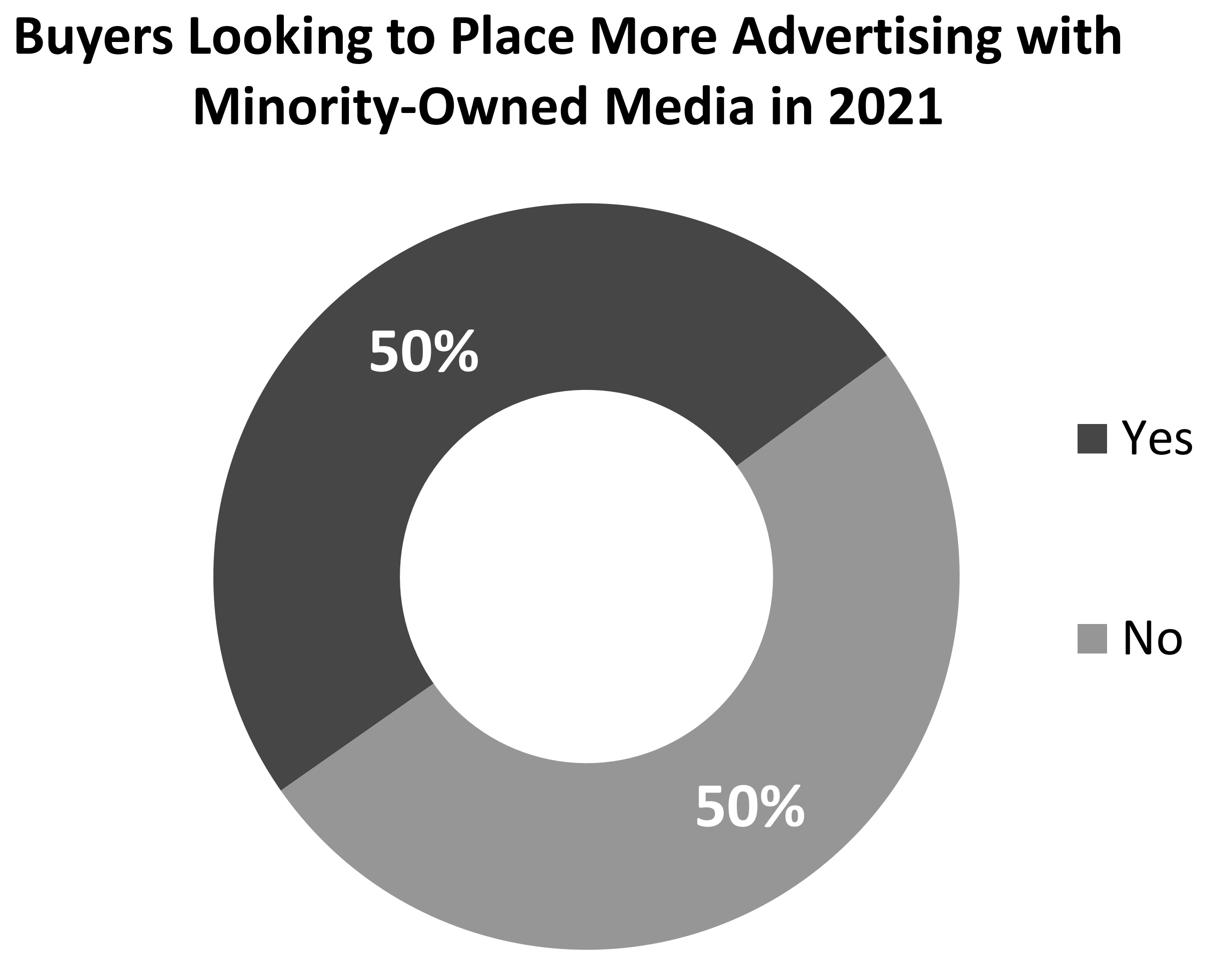




n=135
Q: Which of the following departments and partners are you working with to prepare for the coming decline of cookies and other third-party identifiers (e.g., IDFA)? Select all that apply.

V. Diversity & Inclusion

Half of Buyers intend to INCREASE spend in minority-owned media in 2021



n=135

Q: Is your brand specifically looking to place MORE advertising with minority-owned media in 2021?

Buy-side average increase is +26% on minority-owned ad placements

Buyers looking to increase advertising with minority-owned media expect an increase of

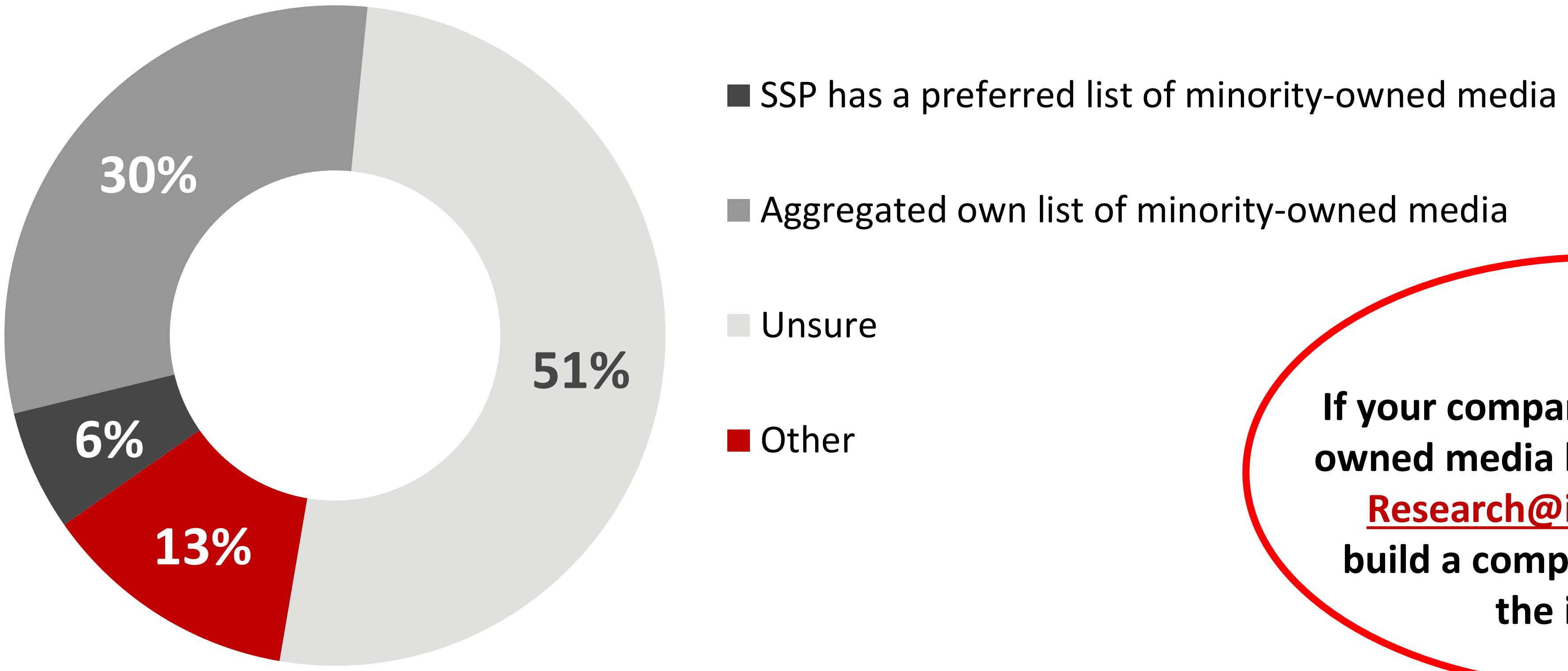
26%

for minority-owned media

Buyers Looking to Place More Advertising with Minority-Owned Media in 2021, n=67
Q: Is your brand specifically looking to place MORE advertising with minority-owned media in 2021? If yes, by what percent increase? Answer = Yes

But half don't know if they have a preferred list of minority-owned media

Minority-owned Media Selection Process

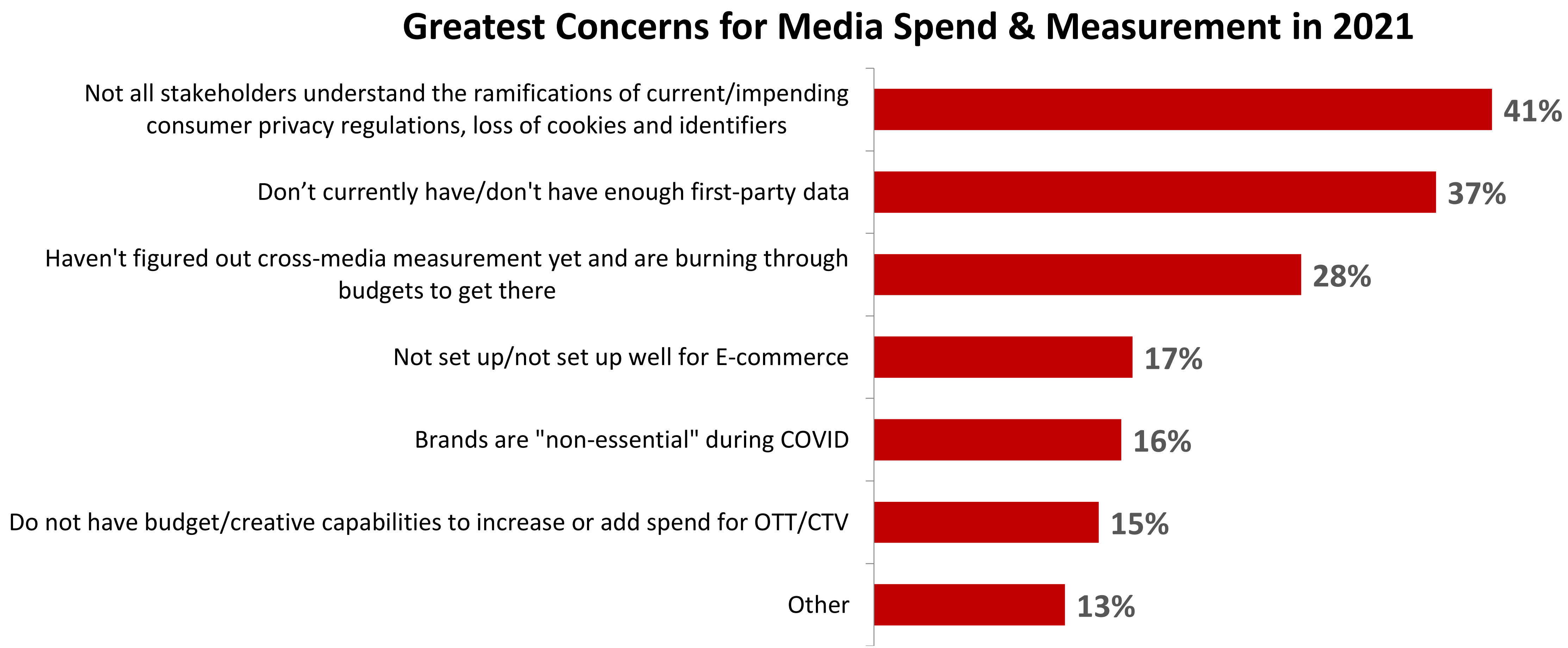


If your company has a minority-owned media list, please contact Research@iab.com to help build a comprehensive list for the industry

n=135
Q: How do you select minority-owned media?

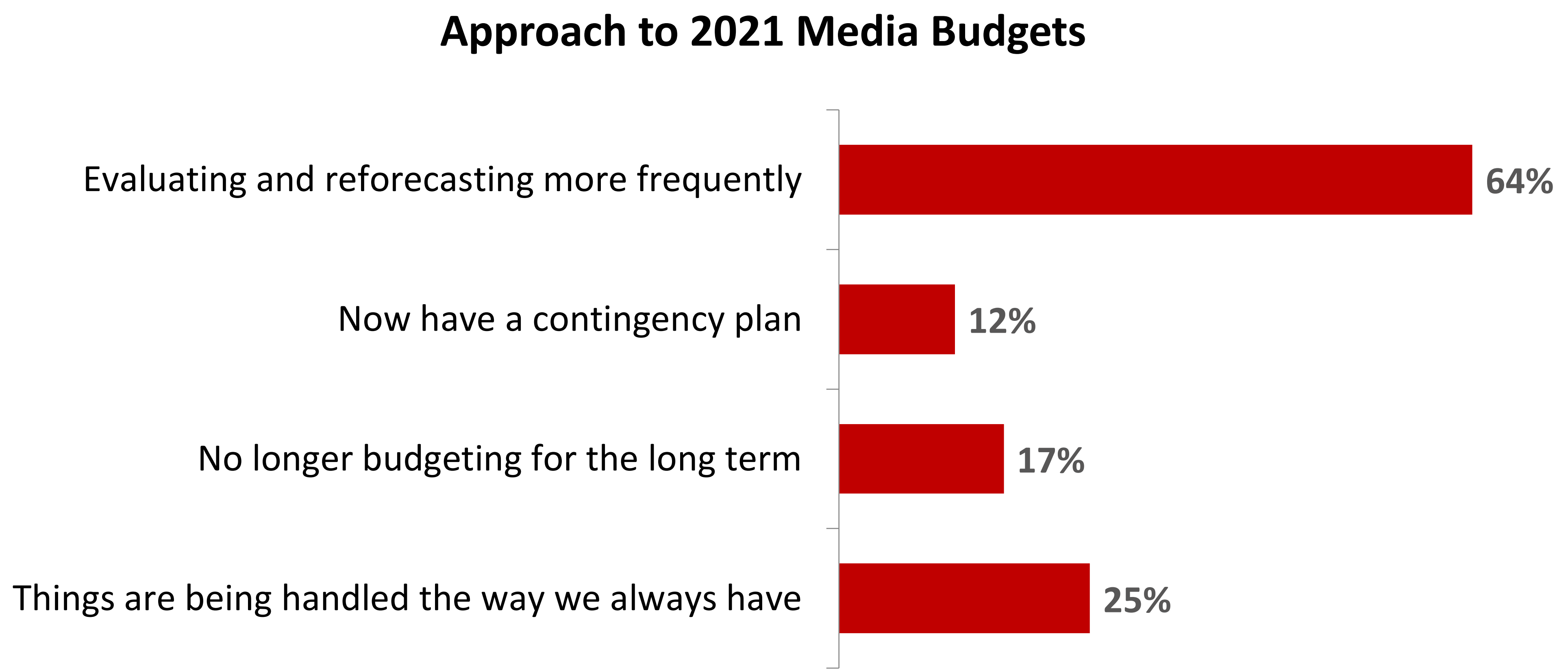
VI. Challenges & Optimism

Buyers are trapped between the loss of 3rd Party identifiers and lack of 1st party data



n=135
Q: What are your greatest concerns regarding media spend and measurement for 2021 and why? Select all that apply.

Buyers are responding to a dynamically-changing world



n=266
Q: Is your approach to media budgeting in 2021 different than in years past? Select all that apply.

Key reasons for Buyer optimism: e-com, ad/channel testing, and surer footing

"Better economy

Test new channels and diversify spend

Increase in consumer online shopping

More support of media owners with Brand Suitable business practices

CPM will drop for OTT

Accelerate adoption of technology

Better omnichannel experience

Brand ability to adapt (and pivot)

Return of spend to OOH and cinema

We feel our current clients (and agency) are COVID-resistant at this point"

Methodology

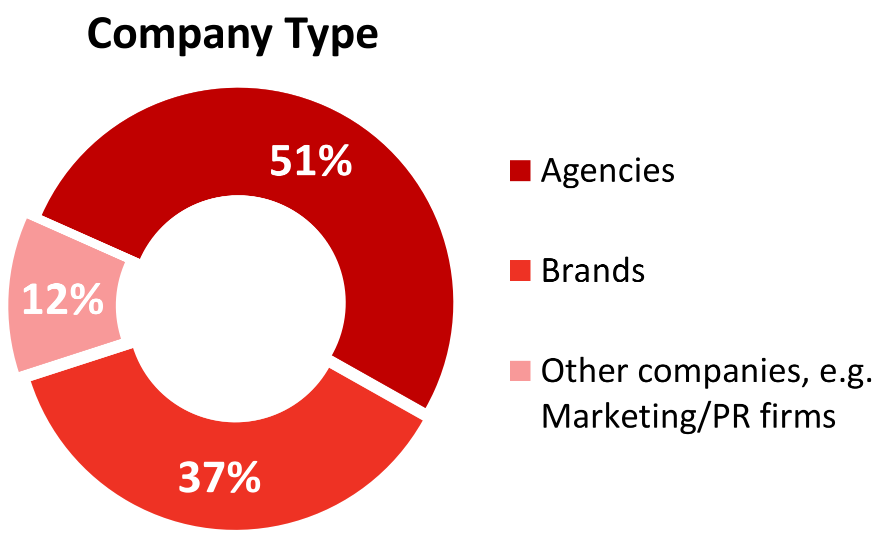
Survey sample: profile

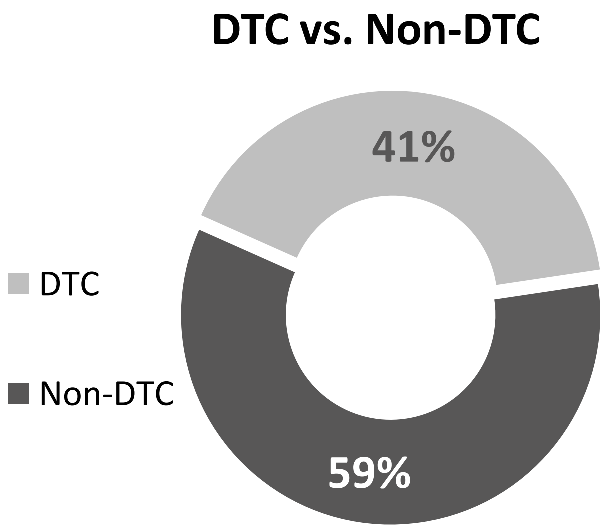
- 15 min. survey
- Fielded Nov 12-Nov 30, 2020
- N=266 from those who have purview into US advertising spend and revenue in 2020.

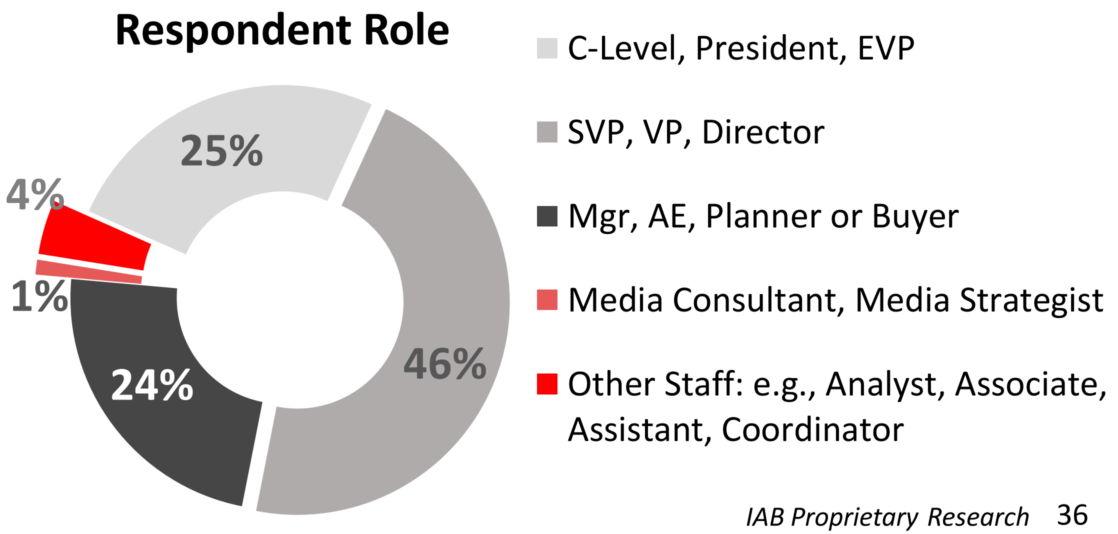
Respondents include Brand and Agency:

- Media planners
- Media Buyers
- Marketers

Note: Sample size varies by question and indicated

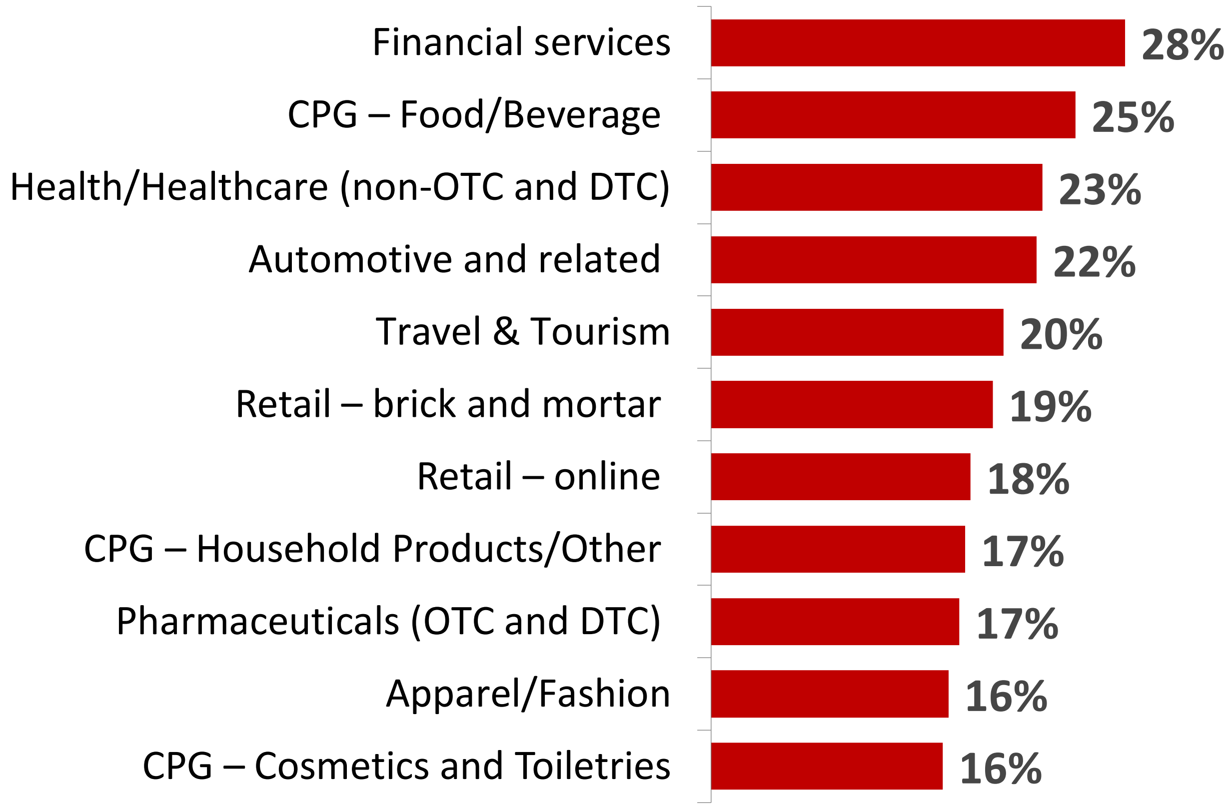






Survey sample: by category

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



***Other Categories include:**

- Education/Government
- Media
- Restaurants
- Consumer Electronics
- Technology
- Baby, Child or Parenthood-related
- Beer, Liquor and Wine
- Home & Appliance
- Fitness and Wellness
- Telecommunications
- Energy
- Gaming
- Real Estate
- Jewelry & Watches
- Pets/Pet Supply
- Politics, Organizations or Public services
- Toys and Hobbies
- Misc.

n=266

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.

For more content, please visit iab.com