



Coronavirus Ad Spend Impact: Buy-side

3/27/20

EXECUTIVE SUMMARY: Buy-side Plans & Actions (1 of 2)

74% of buy-side decision-makers think Coronavirus will have greater impact on U.S. ad spend than the 2008-09 financial crisis

- Nearly a quarter (24%) of respondents have paused *all* advertising spend for the rest of Q1 & Q2
- Another 46% of respondents are adjusting advertising spend for the rest of Q1 & Q2
- Expect slightly less negative impact on Digital spend than on Traditional spend for Q1 & Q2, and a faster rebound for digital in Q2
- Impact on Q3 and Q4 spending is expected to be more modest
- 73% of buyers are indicating that the Coronavirus will have an impact on 2020/21 Upfront spend plans
- Expect a 20% decrease in Upfront spend vs original plan

EXECUTIVE SUMMARY: Buy-side Plans & Actions (2 of 2)

What's happening right now (March-June):

- Digital ad spend is down 33%
- Traditional media is down 39%
- The majority (63%) of advertisers are adjusting their messaging and are *increasing*:
 - Mission-based marketing (+42%)
 - Cause-related marketing (+41%)
- More than a third (35%) of advertisers are adjusting their in-market tactics, and are *increasing*:
 - Audience targeting (+38%)
 - OTT/CTV device targeting (+35%)

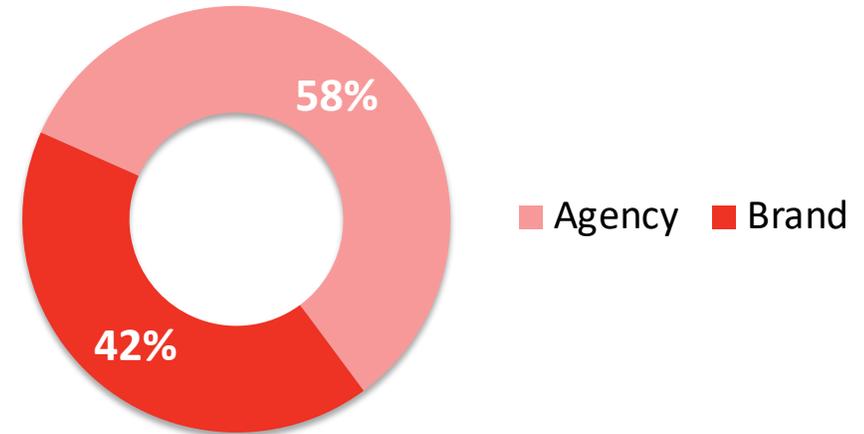
Who we surveyed

To understand how and where US ad spend is being impacted, IAB conducted a quick pulse of the buy-side: March 18-24, 2020

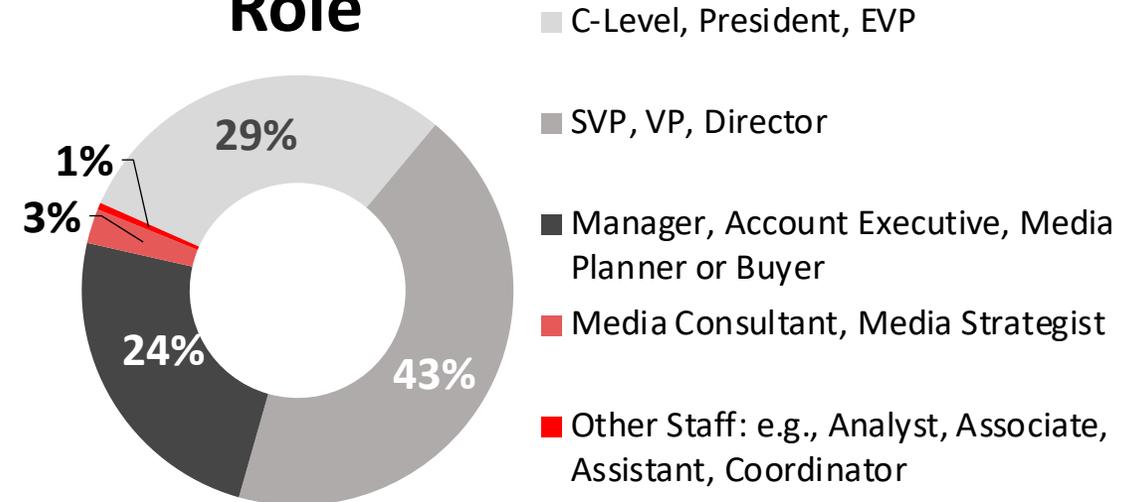
N=390 completes from those responsible for US advertising spend in 2020:

- media planners
- media buyers
- brands

Type of Company: Buy-side



Role



Breakdown of Respondents by Category

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

9% Travel & Tourism

8% Health/Healthcare (Non OTC/DTC)

7% Automotive & Related

7% B2B

6% Apparel/Fashion

6% Technology

5% CPG Food/Beverage

5% Financial Services

4% Retail (Brick & Mortar)

4% Education/Government

39% Other*

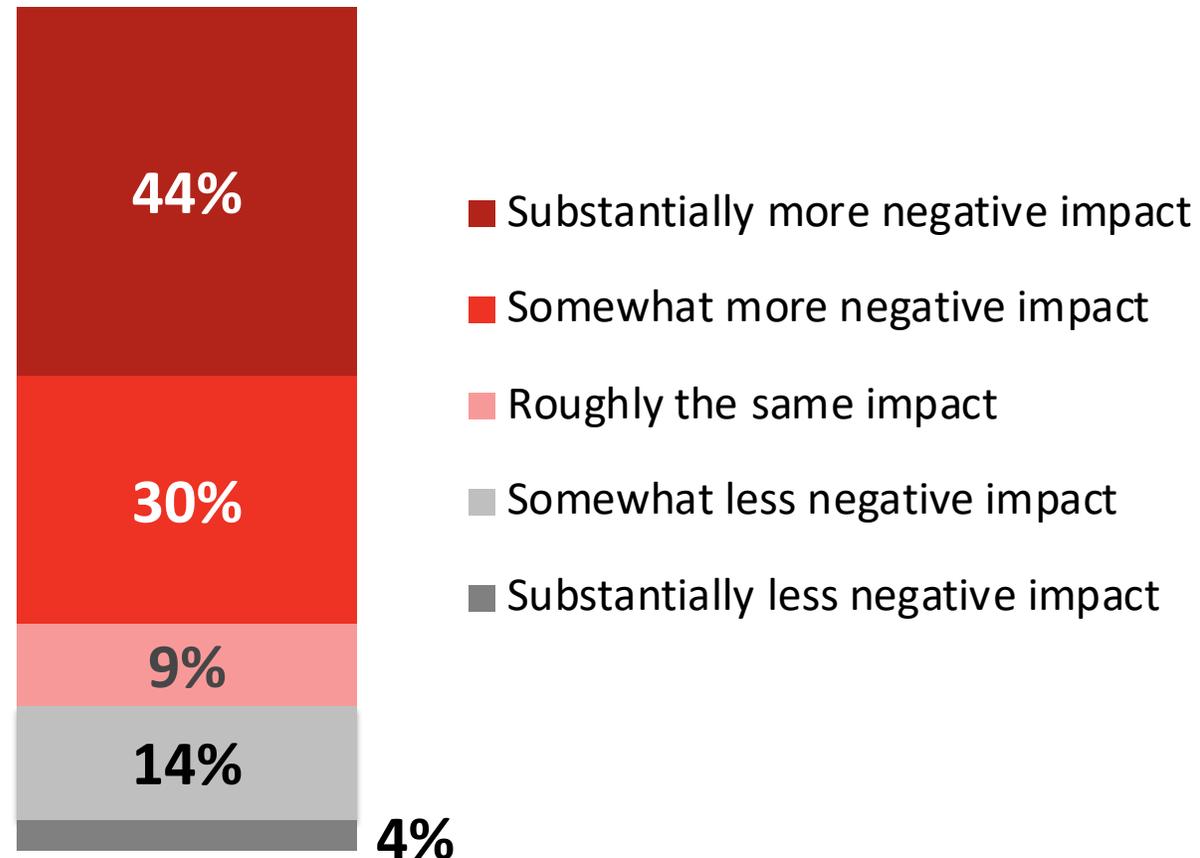
100% Buy-side Respondents

*Other Categories include:

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

Overall, 74% of Buy-side Decision-makers Anticipate Coronavirus will have Heavier Impact on US Ad Spend than 2008-09 Financial Crisis

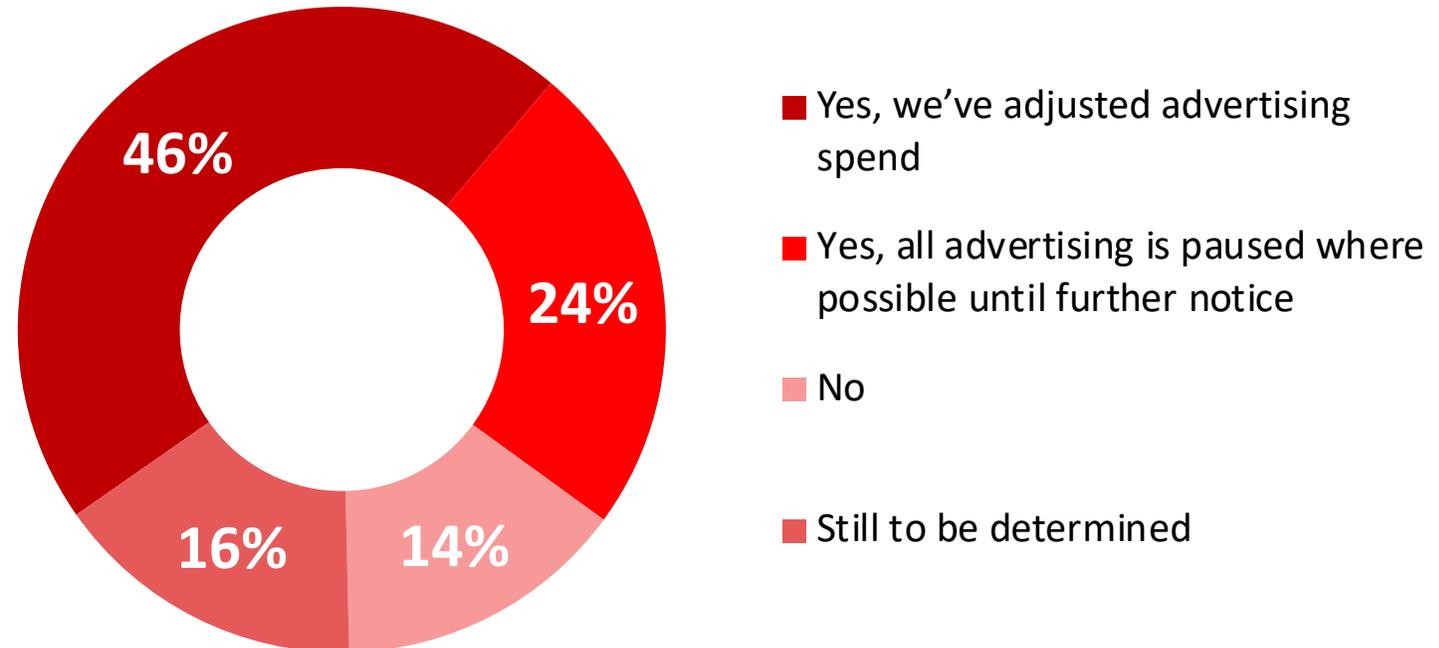
Comparison to 2008-2009 Financial Crisis



70% of Buyers Quickly Adjusted or Paused Their Planned Ad Spend Between March-June

March – June 2020

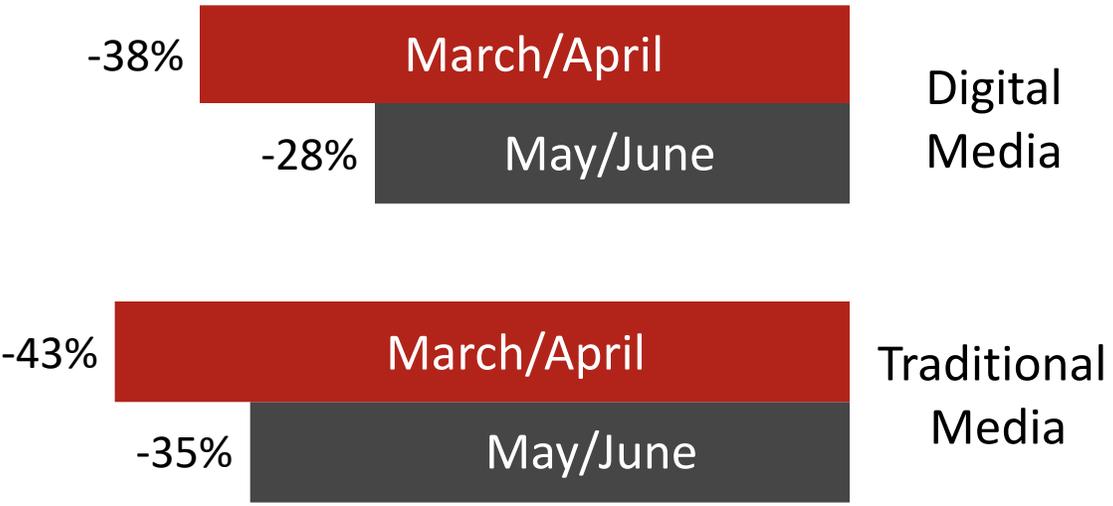
% Making Short-Term Ad Spend Changes



Short-Term Impact is Greater for Traditional Media

Buy side expects to increase spending in May/June but not rebound to original plan

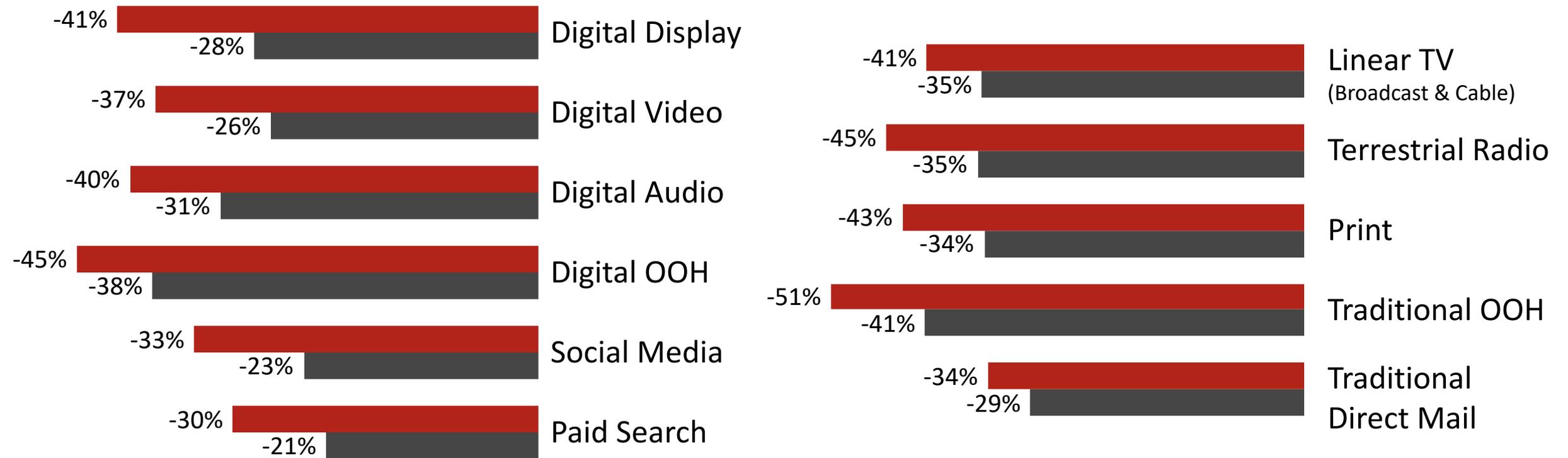
Estimated Percent Change in Ad Spend,
Digital vs. Traditional Media
off annual plan



Ad Spend Impact by Channel (against original plan)

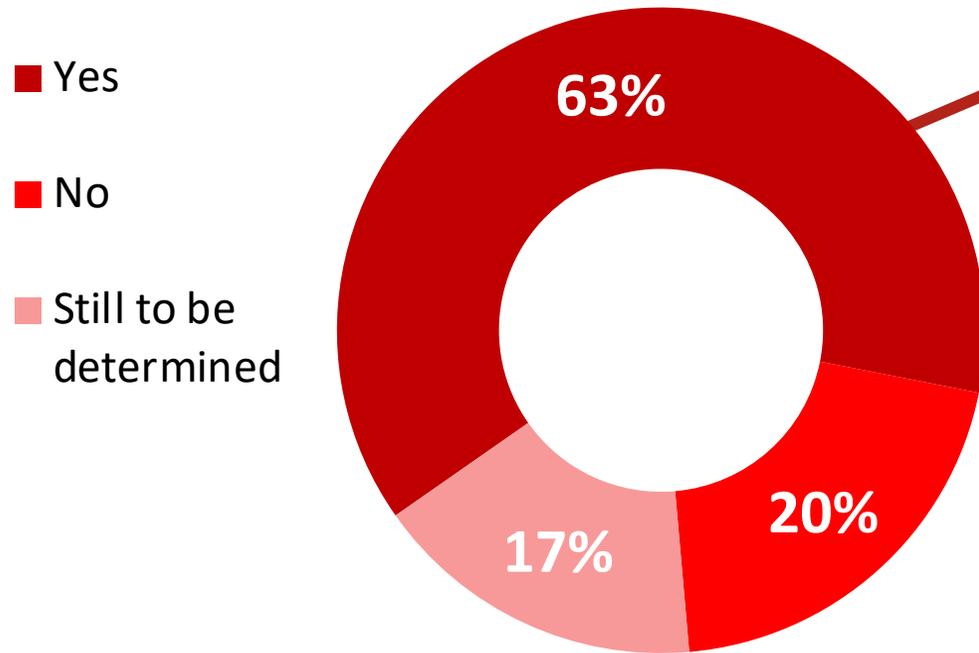
Estimated Percent Change in Ad Spend by Channel

■ March/April ■ May/June



March-June Messaging Strategy Shifting Away from Performance

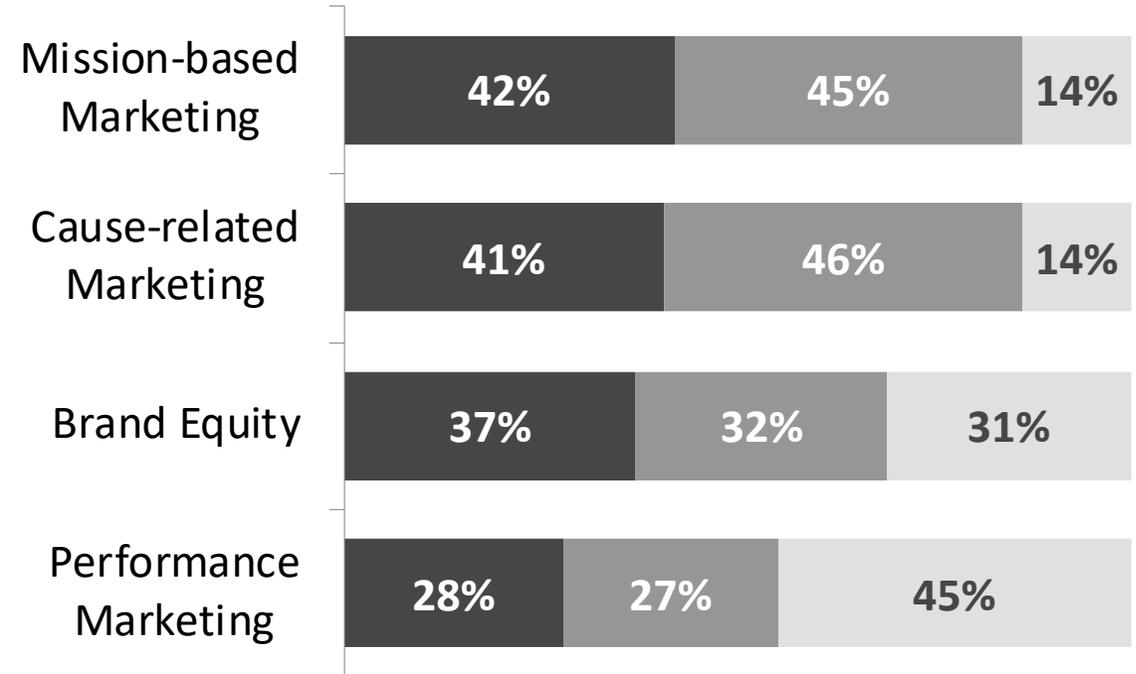
% Making Advertising Messaging Strategy Changes as a Result of Coronavirus



Note: Short-Term = March through June

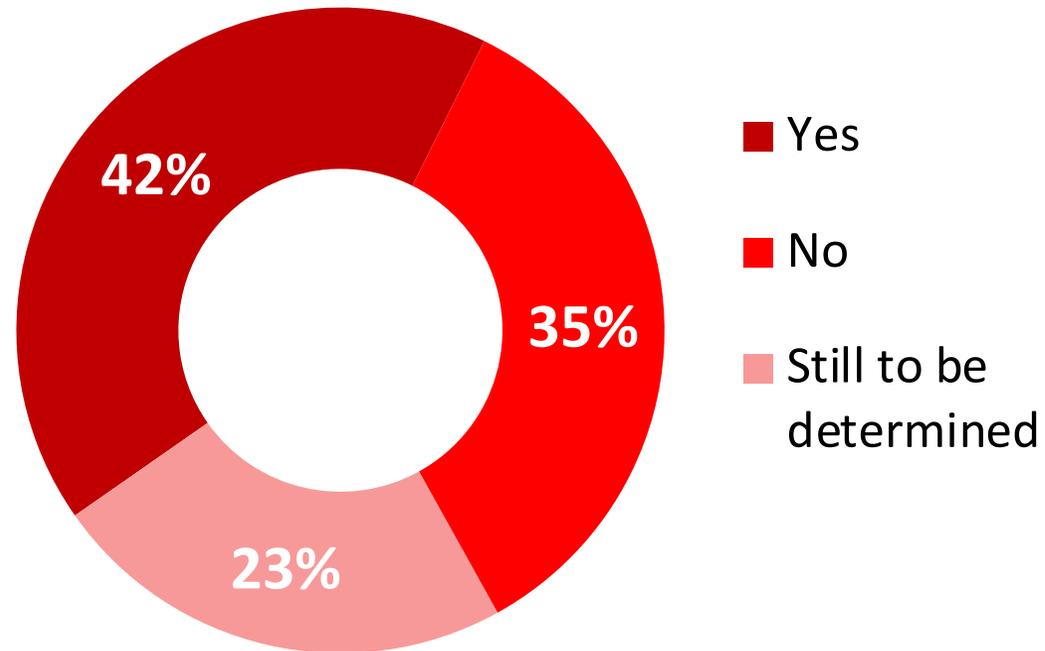
Type of Messaging Strategy Change

■ Increase ■ No Change ■ Decrease



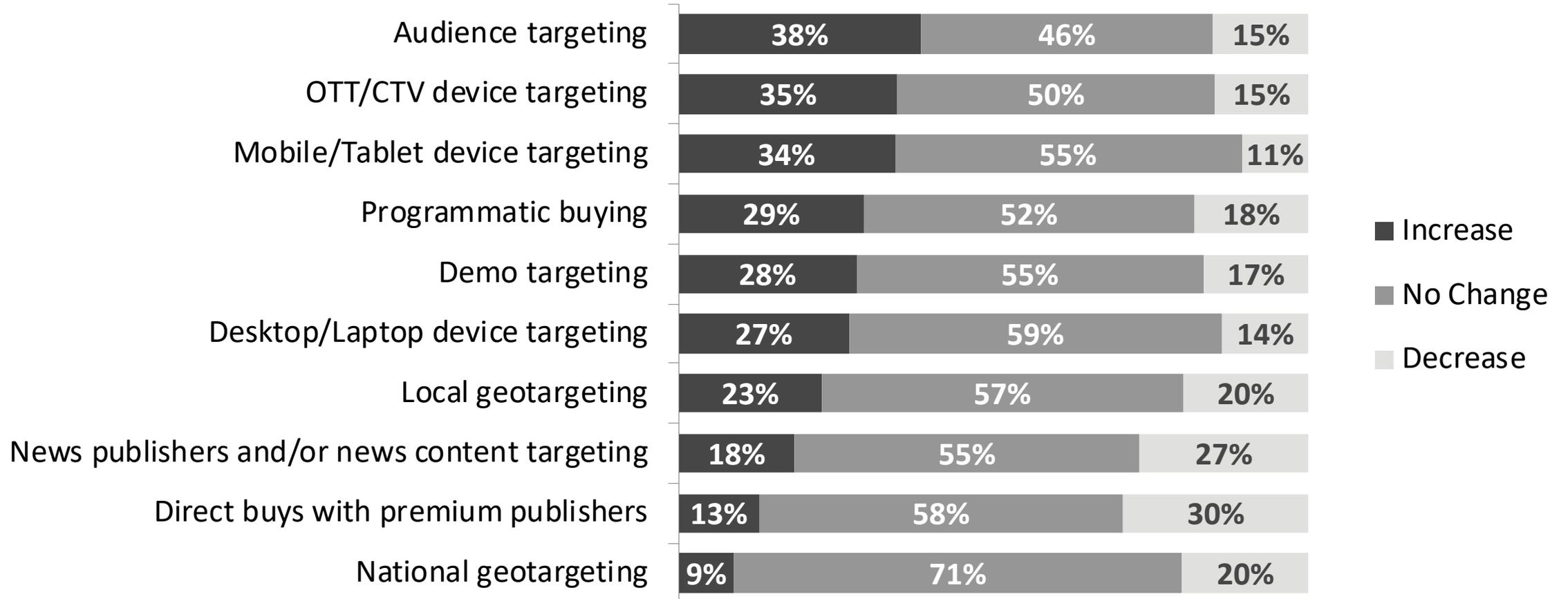
42% of Buy-side are Making March-June Tactical Changes

% Making Advertising Tactical Changes as a Result of Coronavirus



March-June Changes Include Audience Segments and Devices

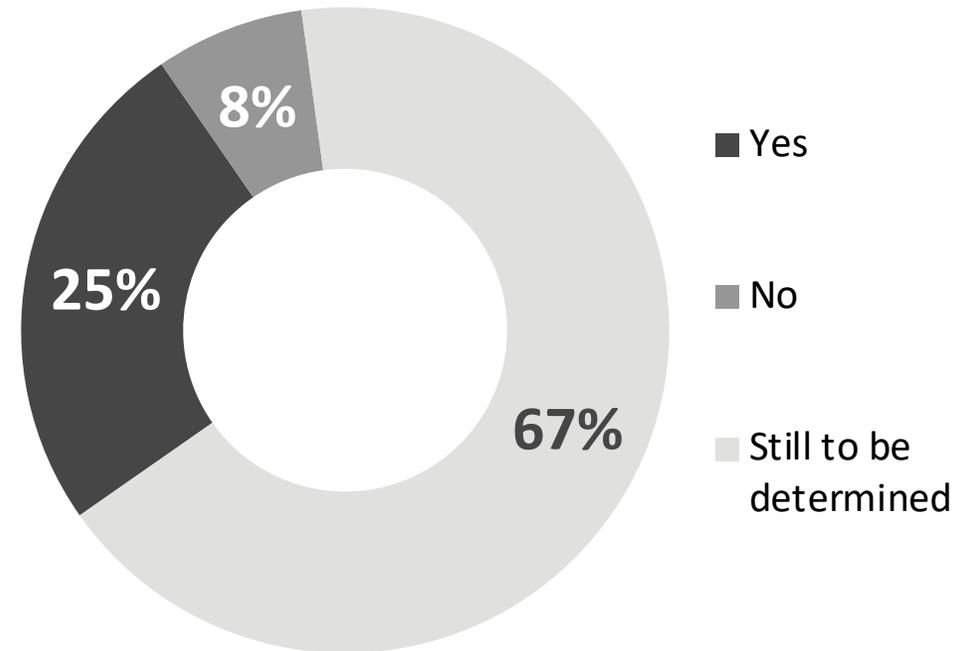
Types of Tactical Change



For 2H 2020, 2/3 of Buyers Are Undecided

Second Half 2020

% Buyers Making Ad Spend Changes in 2H



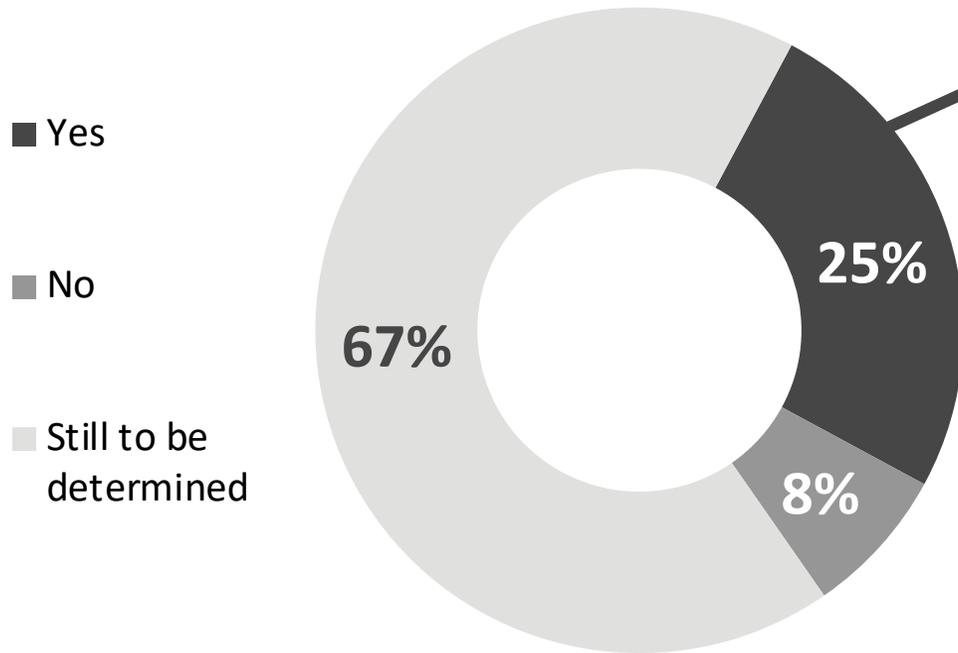
Base: n=390

Q: Are you making any short-term advertising spend changes as a result of Coronavirus? (Note: short-term = March through June)

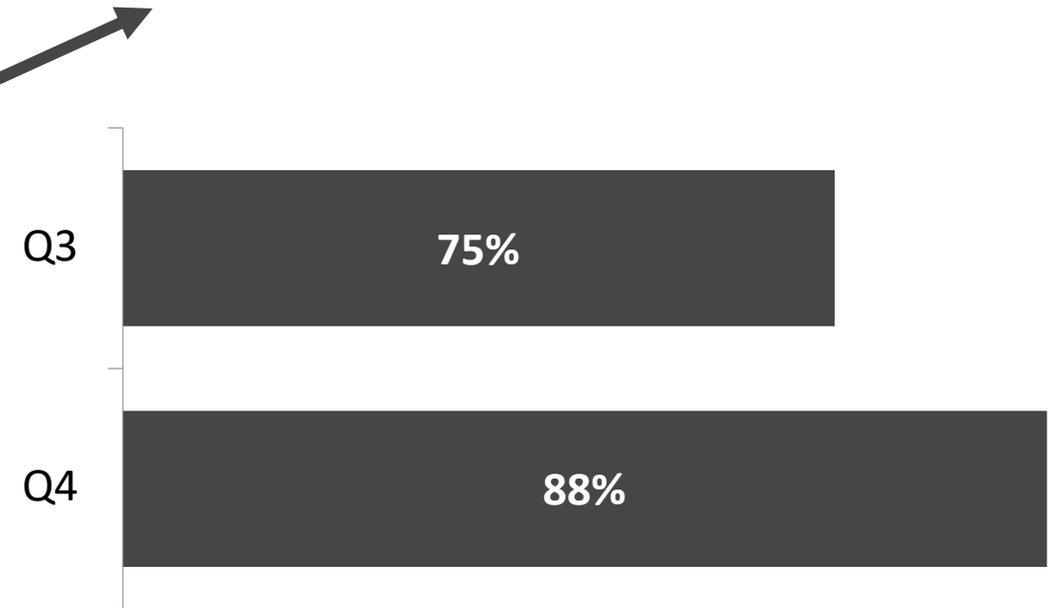
Q: Are you making any advertising spend changes in the second half of 2020 as a result of Coronavirus?

2H 2020 Appears to Be More Optimistic

% Making Advertising Spend Changes in 2H as a Result of Coronavirus



Estimated Spend Change vs. Original Plan



In Addition, the TV Upfront Season is in Jeopardy

73%

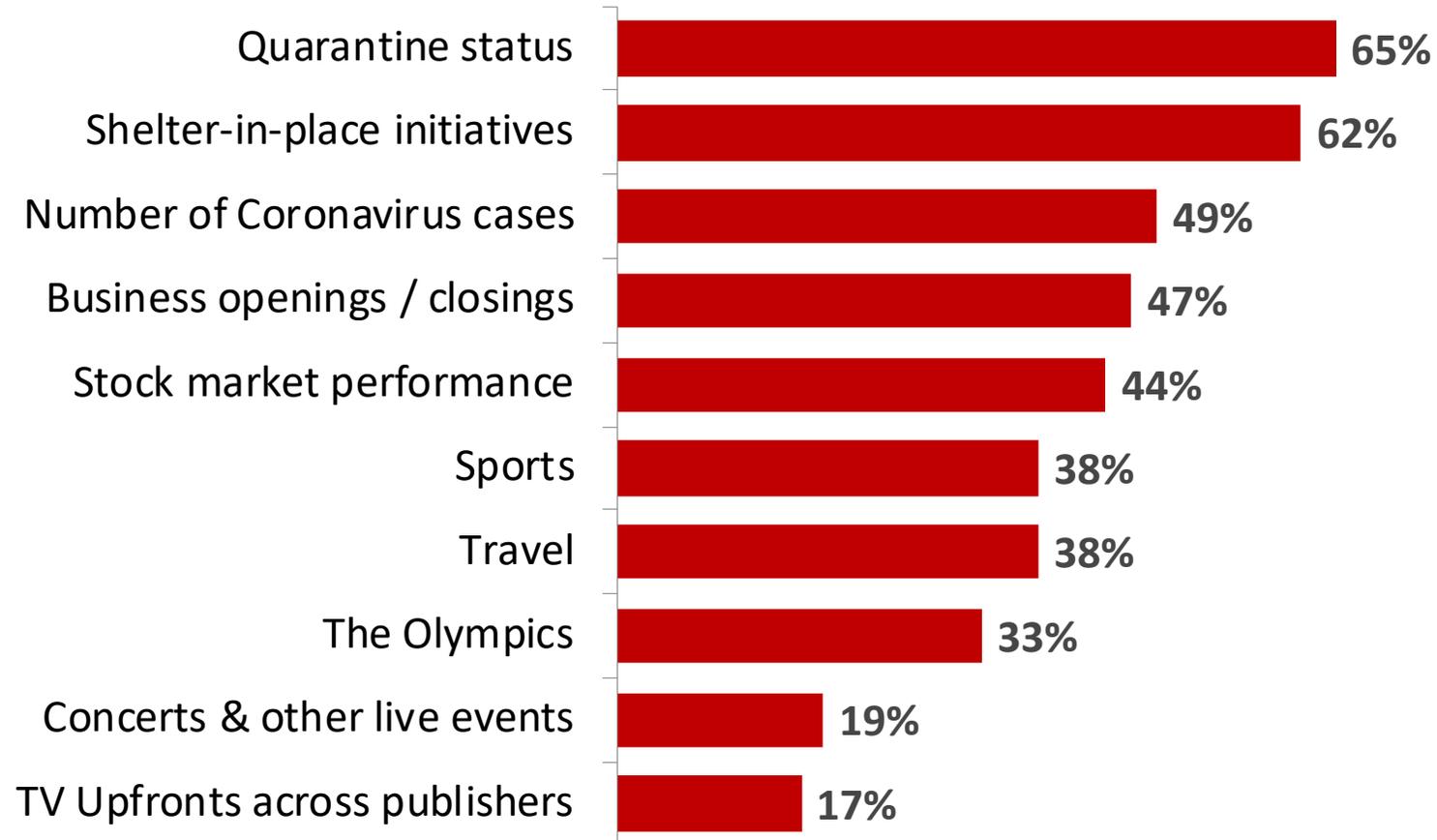
Estimate that Coronavirus will have an impact on 2020/2021 TV Upfront spend commitment

-20%

Is the average estimated impact on TV Upfront spend this year

Brands & Agencies Will Look to Key Milestones to Calibrate Response

Top 10 Events “I Am Watching”



Selected Verbatim Quotes from Our Survey

We have reduced spend considerably but are fairly agile and will respond/adjust in real time based on results.

—C-Level, President, EVP
Apparel/Fashion Brand

Timing of the recovery will determine our spend level... we are not optimistic on a short-term recovery.

—C-Level, President, EVP
Travel & Tourism (airline, cruiseline, tour operator, visitor bureau, etc.)

Waiting to see impact of Coronavirus on scheduling of summer & fall amateur sport activities.

--SVP, VP, Director
Fitness/Wellness Brand

Demand is lower, so performance tactics aren't scaling as they used to.

—SVP, VP, Director
Agency; Retail Clients

We Are Keeping Our Eyes On...

1. When will sports return?
2. Where will the Olympics money go? to e-sports?
3. Will non-linear ad spend (OTT/CTV) rise to meet the growth of consumer usage?
4. Will performance marketing have a rebound in 2H?
5. Will there be any shift in support for news?
6. What are the spend differences by vertical category?

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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