



Covid Impact on Ad Spend 2020: The Transformation of the Television Marketplace

Published 6/16/20

Executive Summary: Upfronts/NewFronts Findings

In this third study of advertising Buyers, IAB focuses on Upfronts/NewFronts spend and trends, plus 2H impact on total advertising spend

- Overall, ad buyers expect 2020 ad spend to decline, estimated at -20% down from 2019 due to the economic impact of Covid
- Amid the overall decline, digital ad spend is growing: Buyers expect it to be up 13% in 2H vs 2019
- Linear TV ad spend expected to be flat for Q3, down in Q4, while CTV/OTT investment will increase significantly year over year
- Nearly half of Buyers are confident their budgets are stable for the rest of 2020, but confidence in 2021 is much lower
- 72% of Buyers say NewFronts are more important than ever before, but most want Upfronts & Newfronts to merge

Who we surveyed on the buy-side

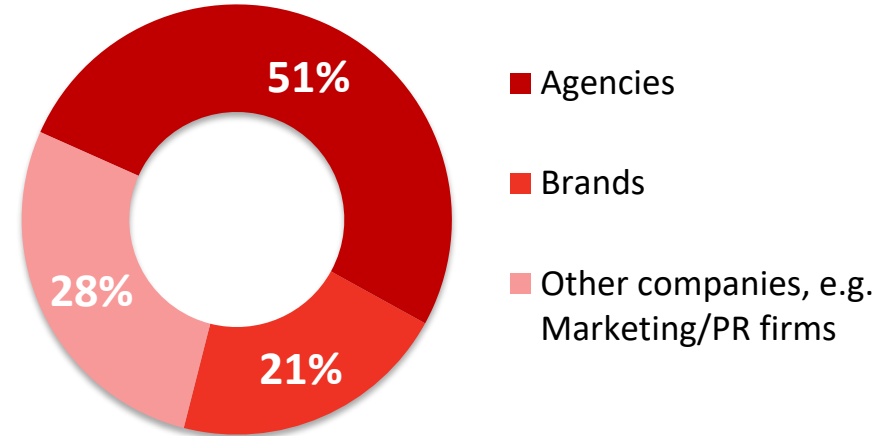
To understand how and where US ad spend is being impacted as well as how this trends overtime, IAB is conducting buy-side surveys. This is the third, fielded May 29-Jun 8.

N=148 completes from those responsible for US advertising spend in 2020:

- media planners
- media buyers
- brands

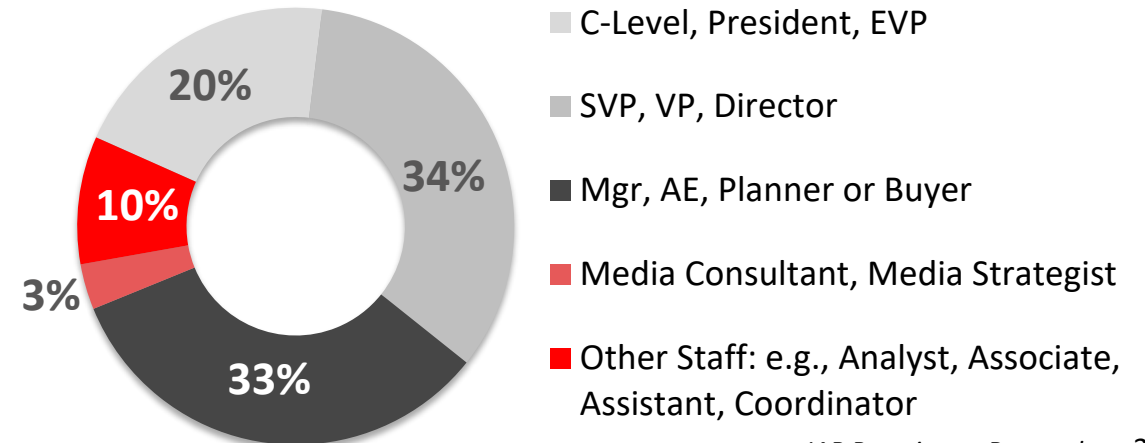
Company Type:

More agency-representation than in previous studies:



Respondent Role:

Differences in responses M/M are negligible. May 29-Jun 8:

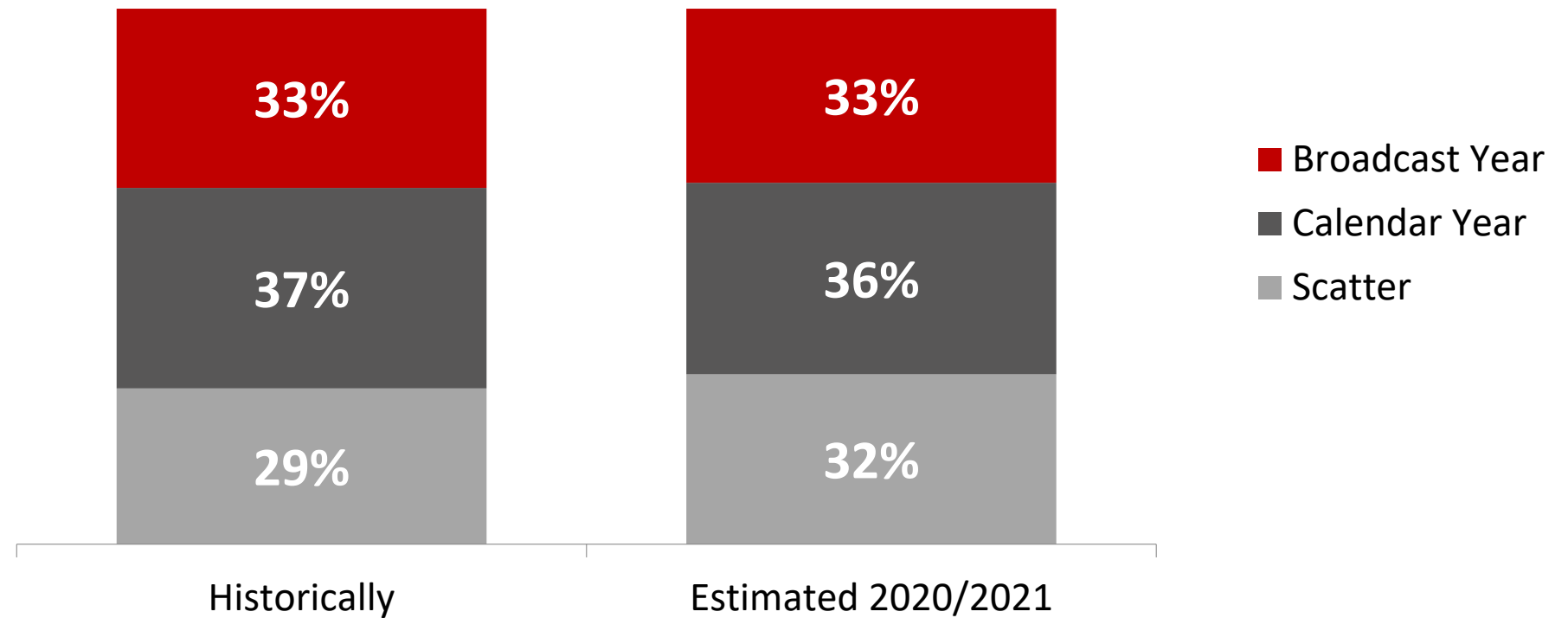


Upfronts/NewFronts: 2020/21 Video Ad Spend Trends

iab.

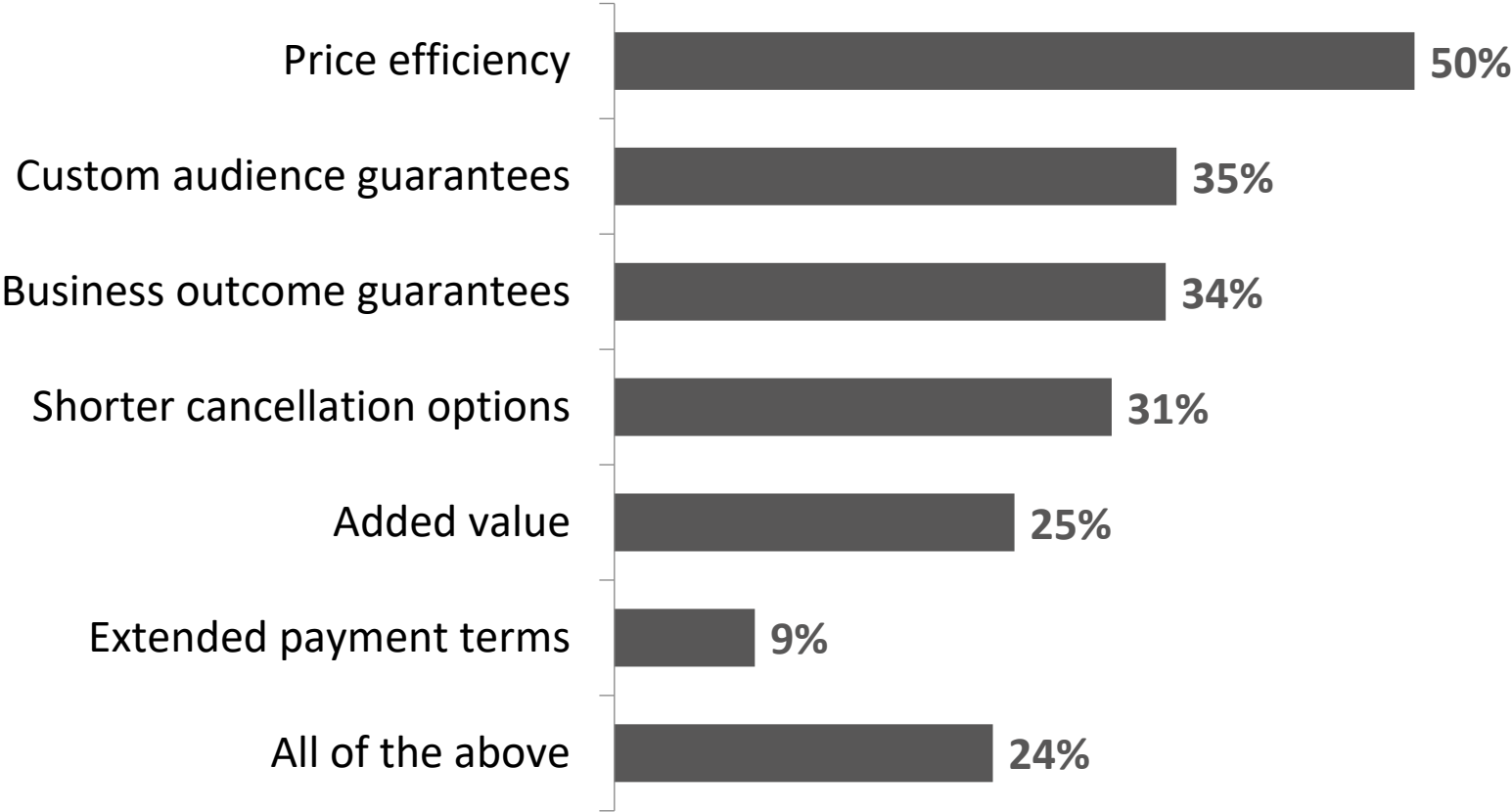
Despite widespread calls for change, calendar-year Television buying does not appear to be growing

Video Ad Spend Allocation Y/Y



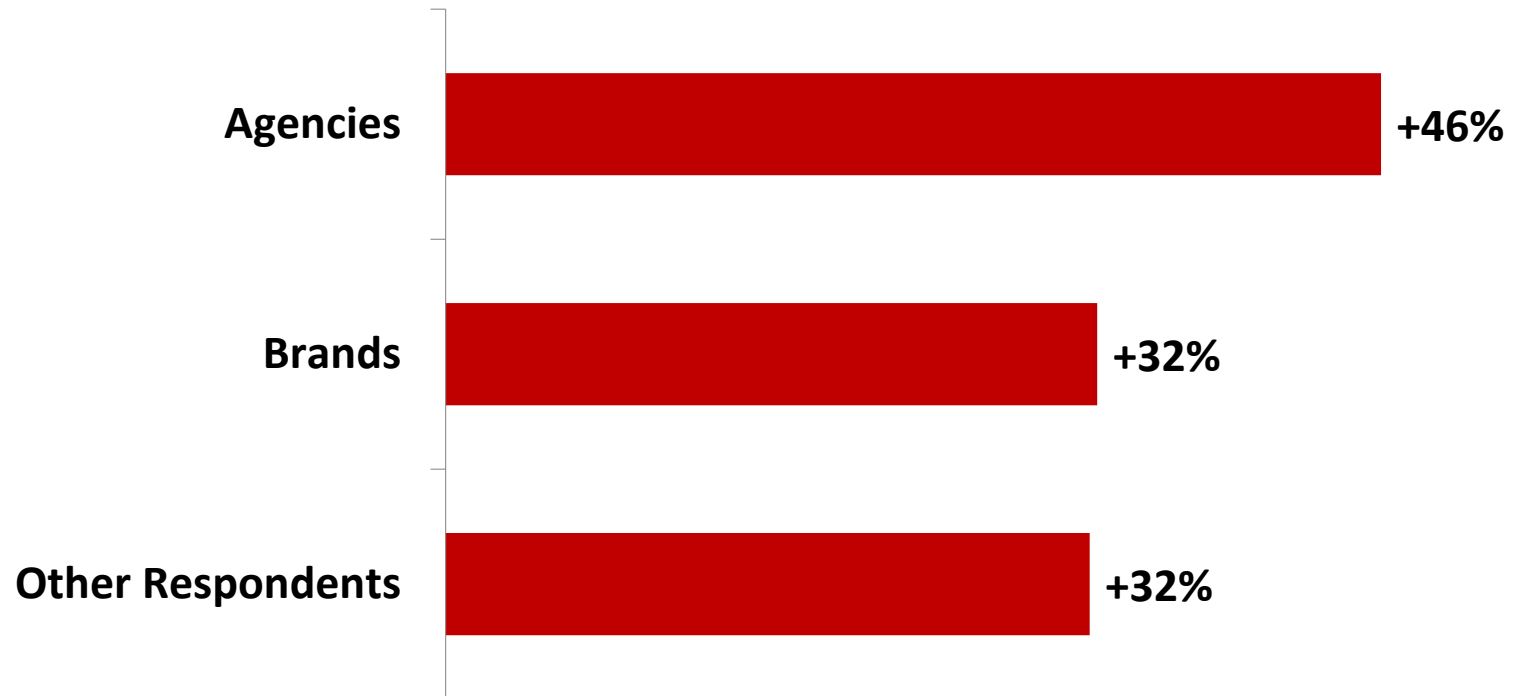
Price efficiency remains the primary negotiating issue

Most Important Elements for Video Commitment Negotiations



On Average, Agencies expect Connected TV/OTT investment to increase by 46% y/y

OTT/CTV Spend Growth 2020/2021



DEFINITIONS

CTV/OTT = Connected TV and/or Over-the-top

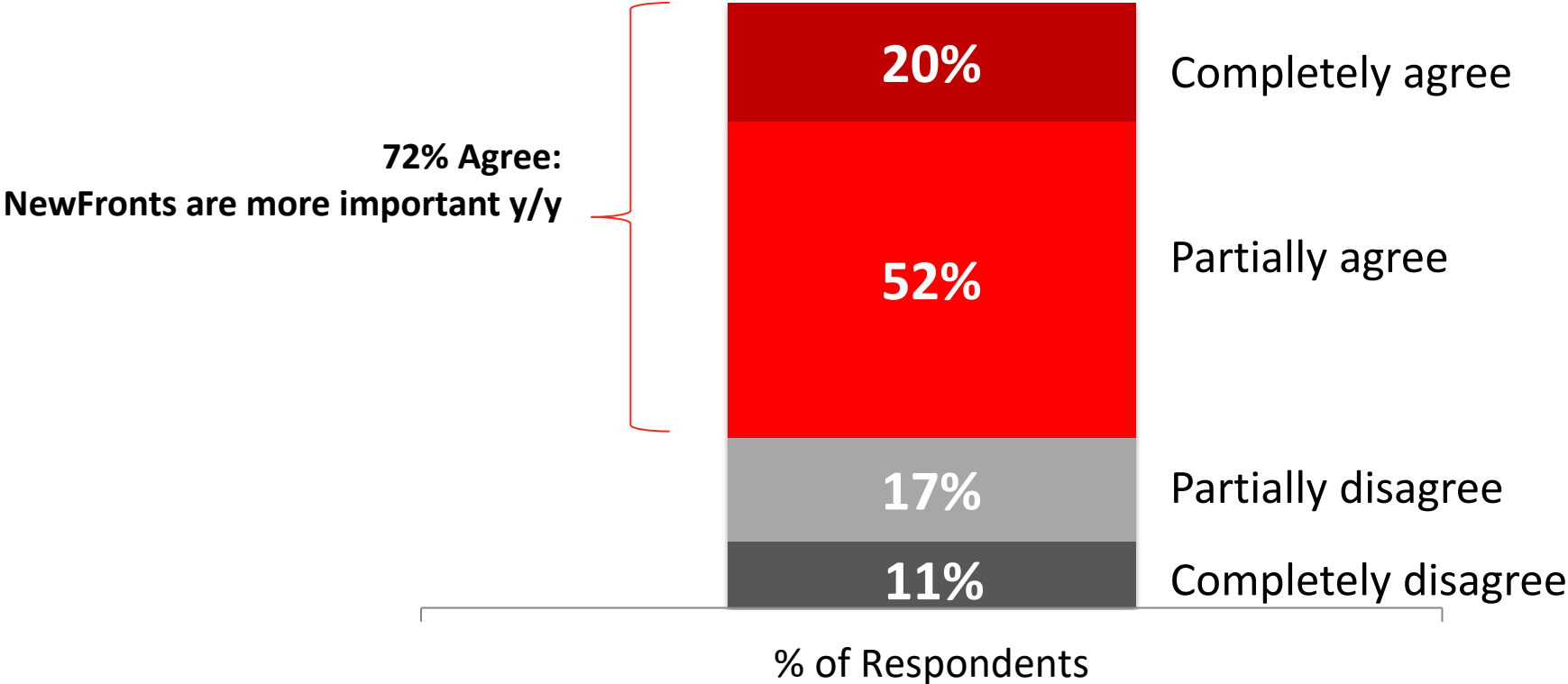
- Connected TV: used to stream video over the internet
- Over the-top: video content delivered via traditional closed television system and not requiring cable or satellite

Buyers' Perspectives on Video Marketplace

iab.

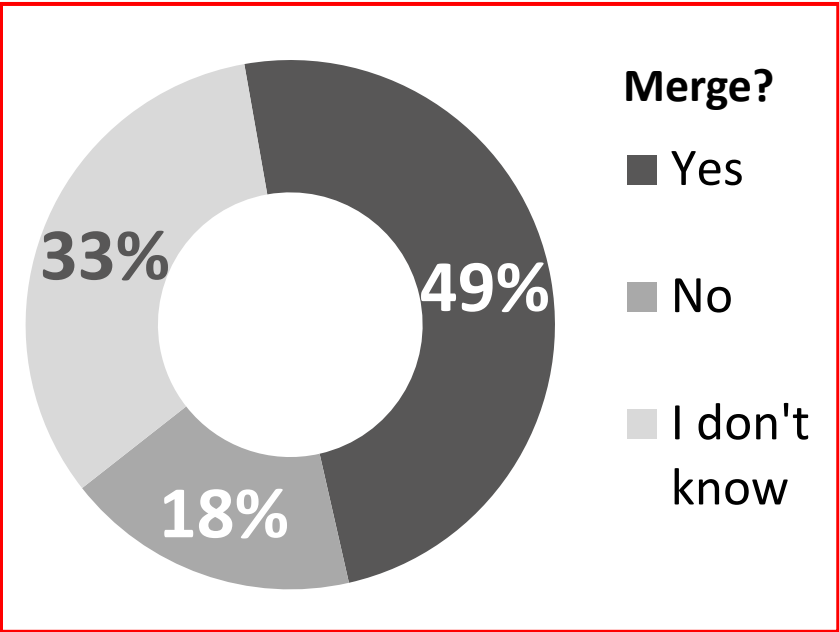
Ad Buyers overwhelmingly see NewFronts importance growing

“2020/2021 NewFronts are more important to my business vs. year ago”

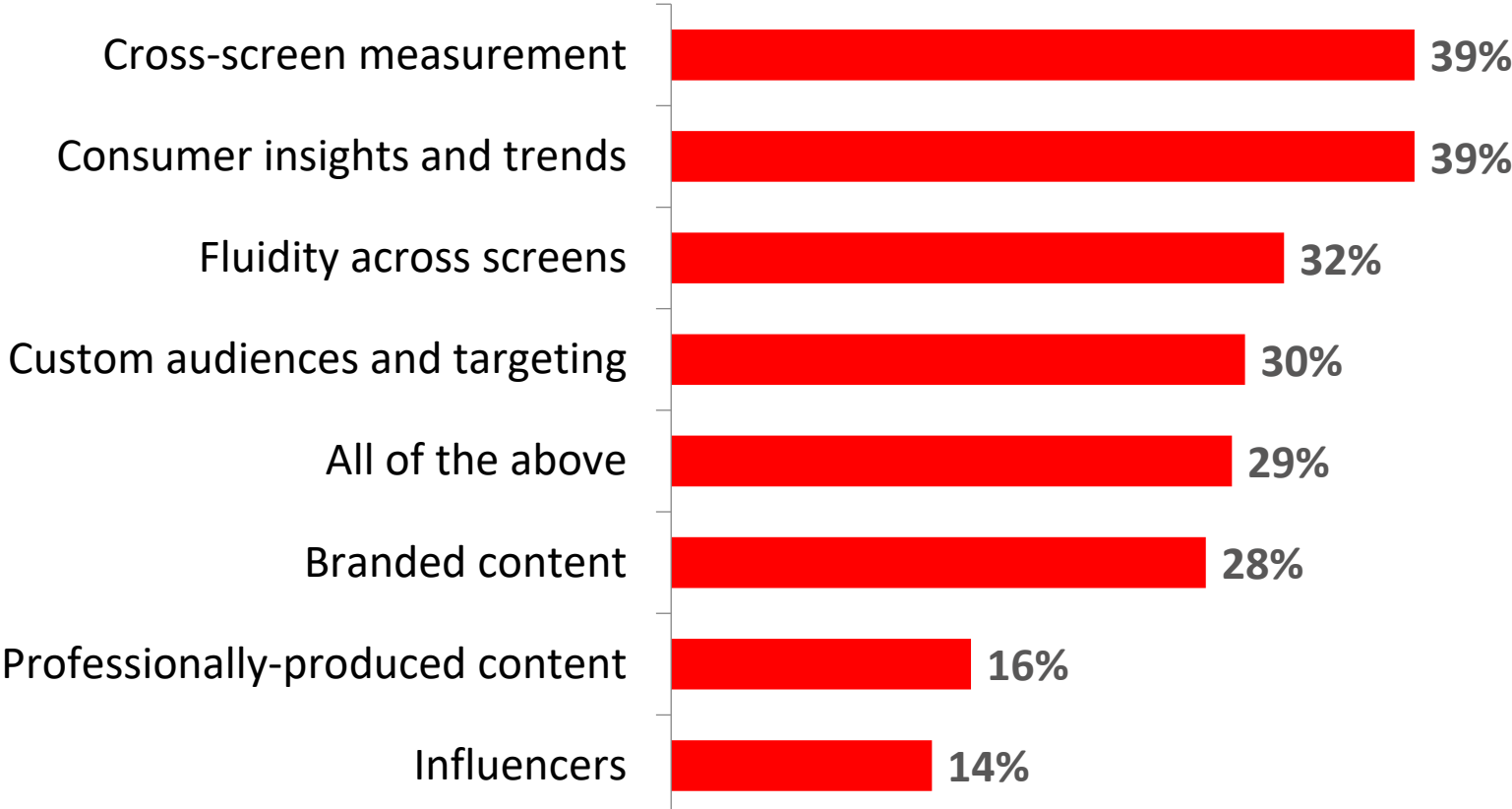


Buyers favor merging TV/Digital “Fronts”

Measurement & Research cited as top benefits



Key Factors for Upfronts/NewFronts Merge



Ad agency leaders see a converged marketplace as necessary

“(There are) consumer shifts--and networks will need to follow”

—SVP/VP/Director, Consumer Brand

“The convergence of digital video and linear requires a holistic view for consideration.”

—SVP/VP/Director, Consumer Brand

“Upfronts/NewFronts merging would make it a lot easier to keep track of and manage your time more efficiently.”

—C-Level/President/EVP,
Advertising Agency: Planning/Buying

“The lines between digital and traditional are continuing to gray and there are more opportunities to leverage across channels for key platforms, publishers and partners”

—C-Level/President/EVP,
Advertising Agency: Planning/Buying

Transparency tops the wish-list for change

Improve time-efficiency for transacting & tracking media

More flexibility with timing & cancellations

More automation

Better cross-channel tracking & measurement

More transparency in price, placements & reporting

More performance guarantees

More consumer & client-focused

More consistency across channels, partners & systems

Lower costs

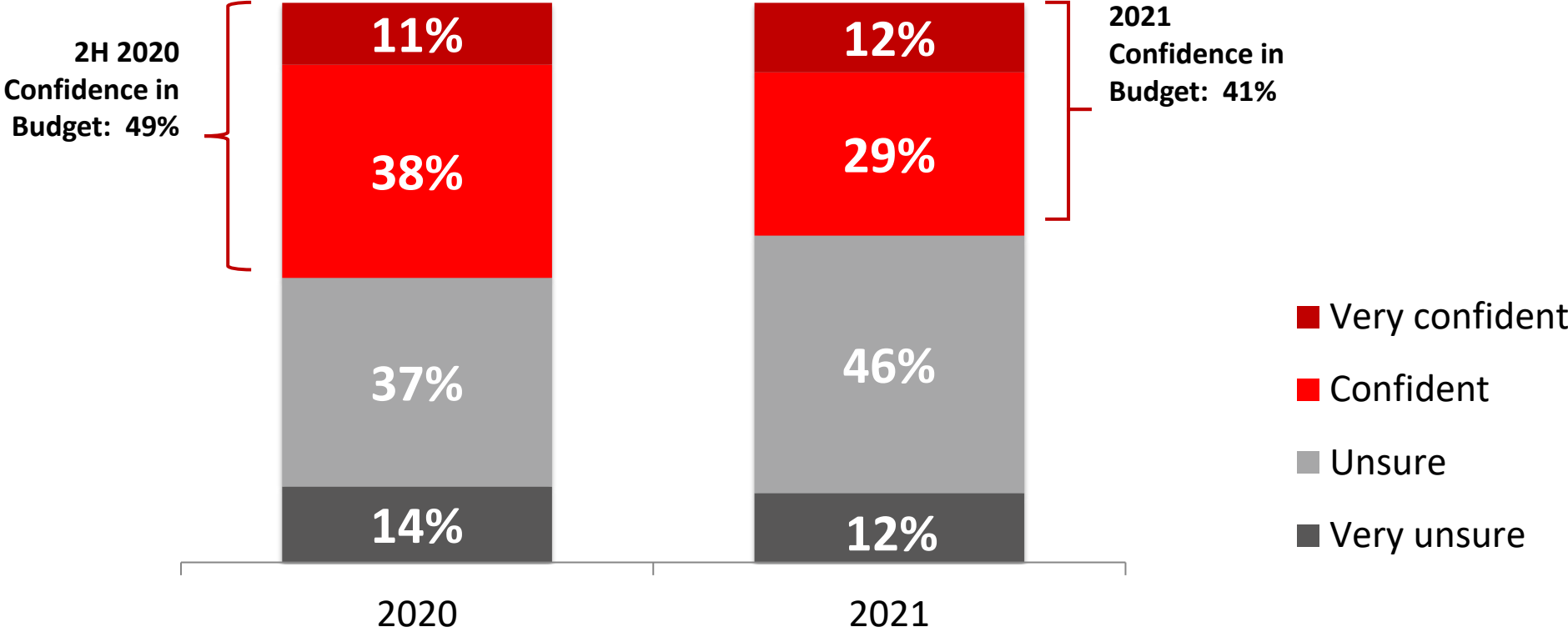
Better attribution

**Updated:
2020 Total Ad Spend
Trend & Forecast**

iab.

Ad Buyers are significantly less confident about their 2021 budgets

Buyer Confidence in Budget Stability Y/Y

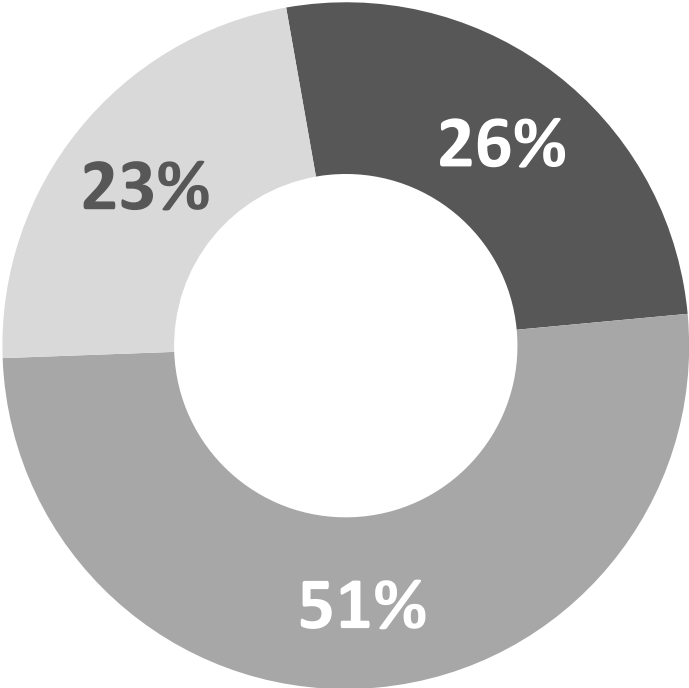


Half of big brands expect to spend less in 2020 than in 2019

Weighted average: -20%

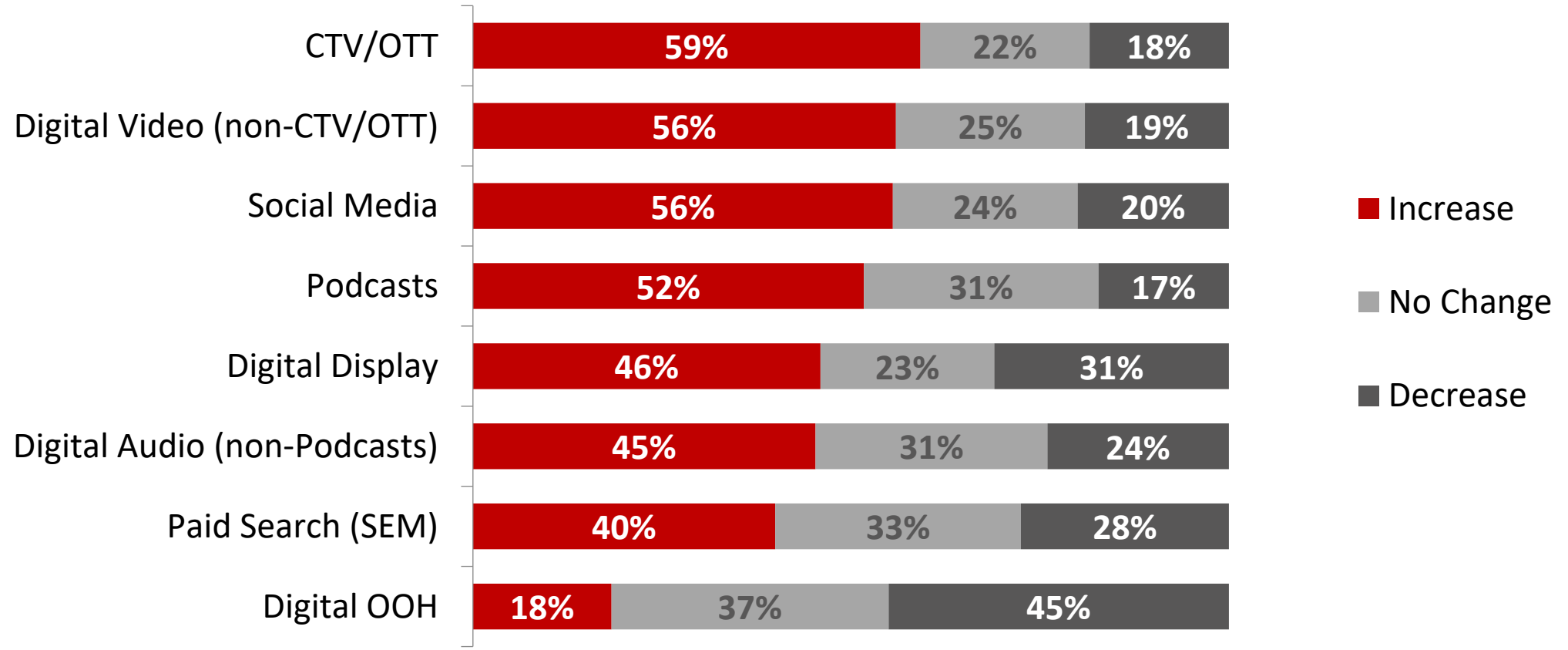
Big Brand Expectations on Total 2020 Ad Spend Y/Y

- Greater than 2019
- Less than 2019
- Roughly equal to 2019



Most Buyers will increase Digital channel spend in 2H 2020 vs 2019

Ad Spend Changes by Digital Channel, 2020 2H (Jul-Dec) Y/Y

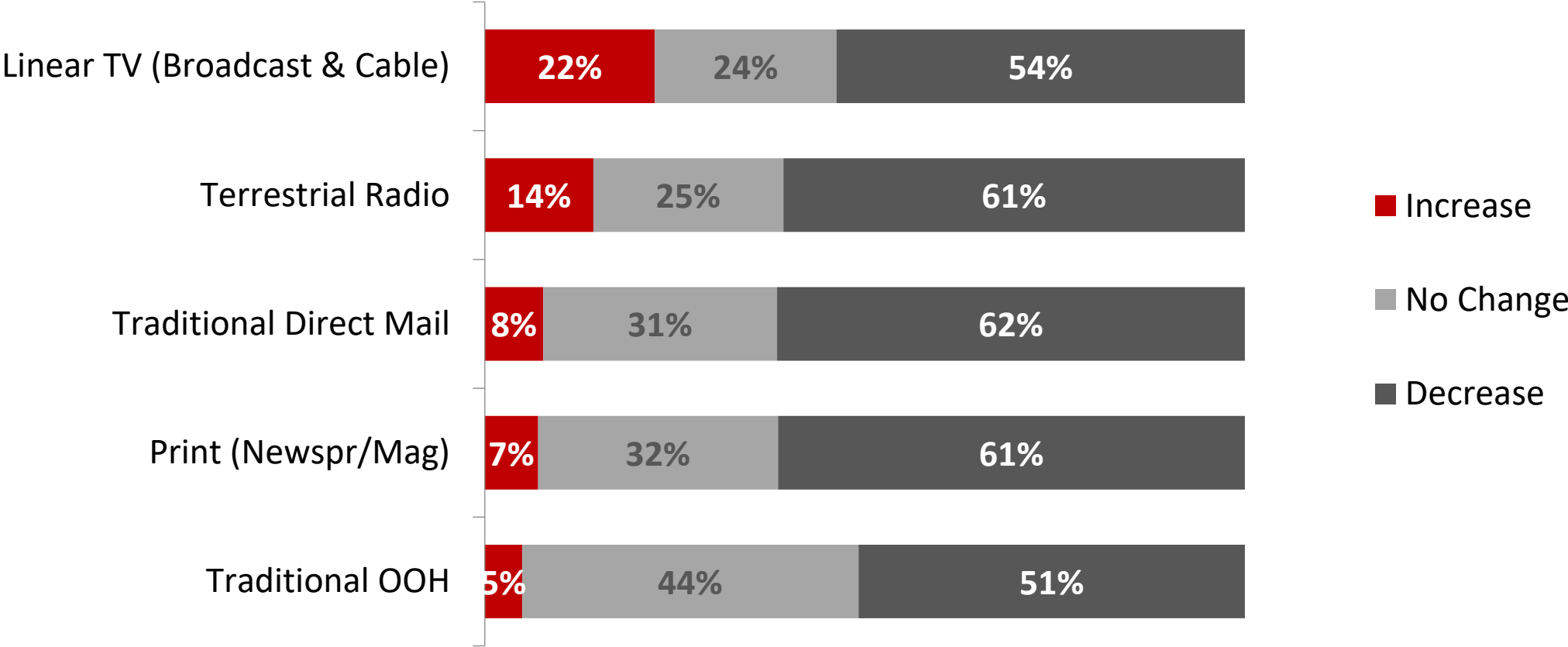


n=101

Q: Please indicate whether you plan to increase, decrease or make no change regarding usage of any of the following CHANNELS in 2H 2020 (Jul-Dec) vs. 2019.

Traditional channels are suffering; Digital channels expected to gain share

Ad Spend Changes by Traditional Channel, 2020 2H (Jul-Dec) Y/Y

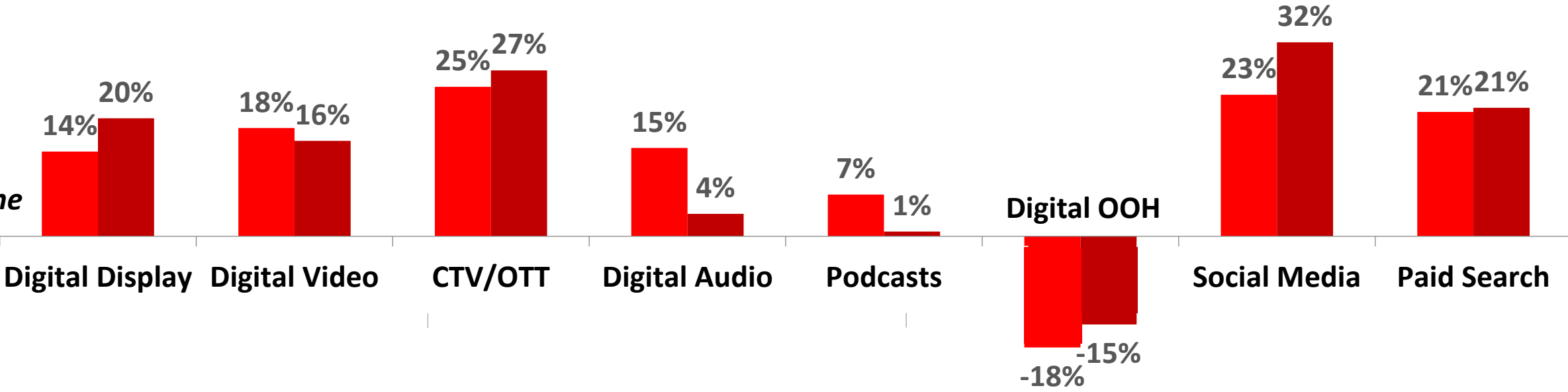


CTV expected to be the biggest winner for Q3/Q4

Digital Channel Est. % Change in Ad Spend Q3 and Q4 Y/Y

■ Q3 ■ Q4

Baseline 2019



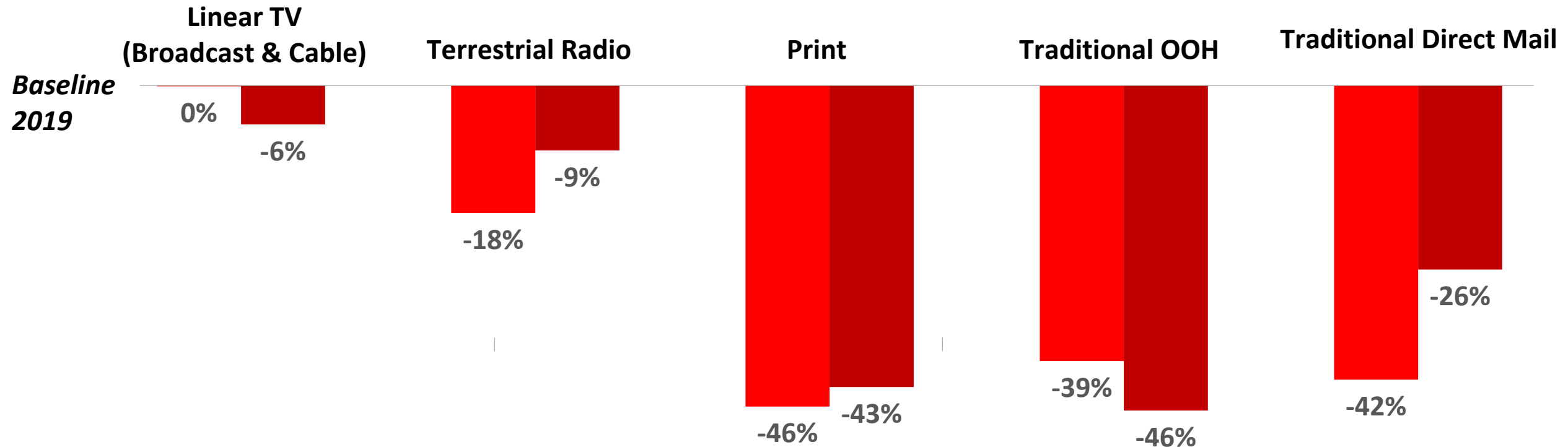
n=101
 Q: Please share % increase/decrease or (0) for no change for Q3 2020 (Jul-Sep) vs. Q3 2019; Q4 2020 (Jul-Sep) vs. Q4 2019.

Linear TV & Terrestrial Radio expected to show the least decline among traditional channels

Traditional Channel Est. % Change in Ad Spend Q3 and Q4 Y/Y

Base: Respondents Expecting 2020 Ad Spend to Increase or Decrease Y/Y (79%)

■ Q3 ■ Q4



What's Next?

iab.

What We Are Keeping Our Eyes On...

1. As advertisers increase flexibility in creative and publishers increase flexibility in delivery will ad spend recover? If so, who will benefit most?
2. How might the crisis sparked by the killing of George Floyd impact ad spend—particularly regarding news?
3. How will political ad spend around the November election evolve?
4. What tactics are planners/buyers changing as States relax “shelter at home” policies?
5. How will changes in Covid infection rates impact ad spend?
6. Will there be significant differences in Covid ad spend changes by vertical?
7. How will 2020 ad spend compare with current projections? With 2019?
8. What can we expect from the Buy-side in 2021?

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.

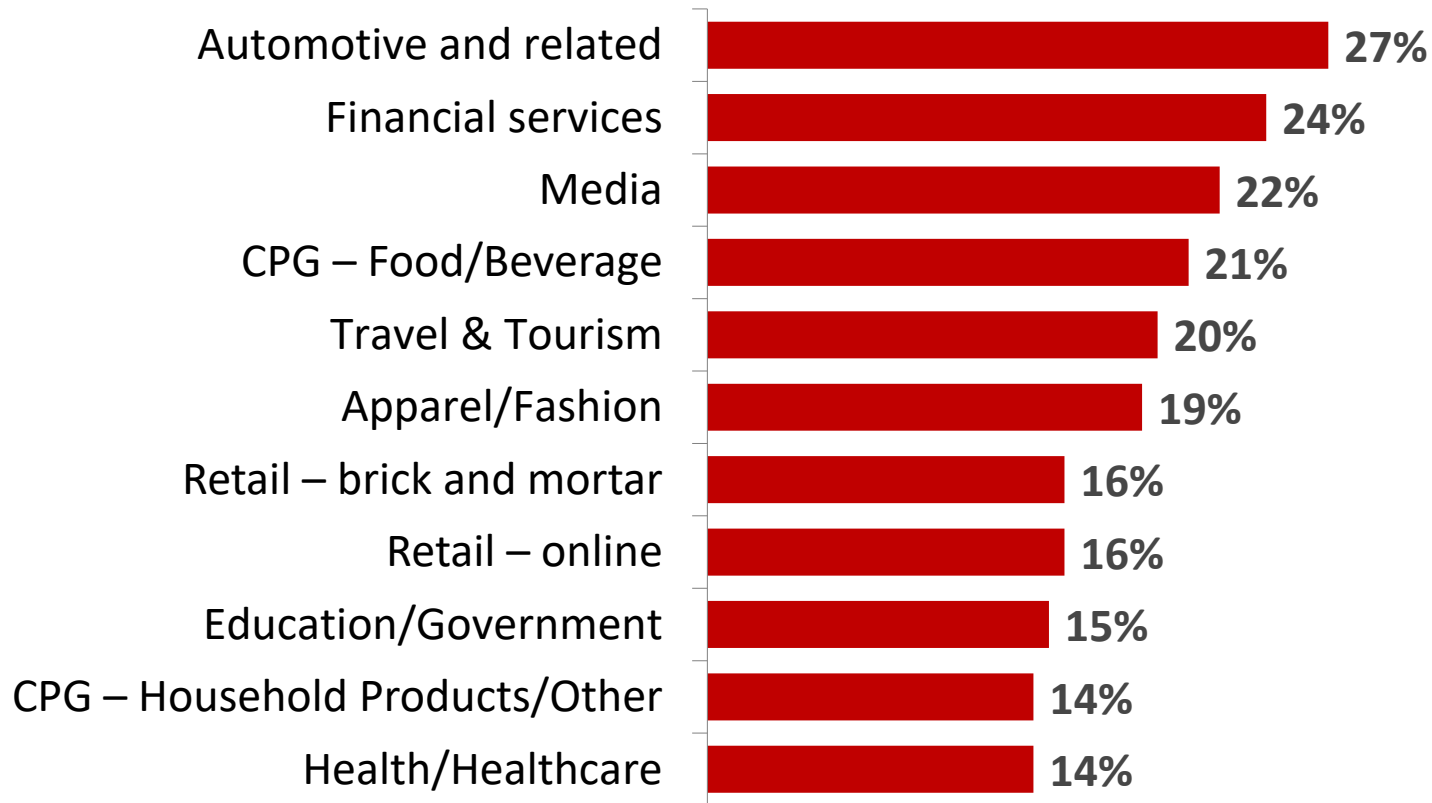
For more content, please visit iab.com

iab.

Thank You

Appendix: Respondents 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:

- Consumer Electronics
- Home & Appliance
- Technology
- Beer, Liquor and Wine
- Restaurants
- Pharmaceuticals & Remedies (OTC and DTC)
- CPG – Cosmetics and Toiletries
- Telecommunications
- Pets/Pet Supply
- Baby, Child or Parenthood-related
- Fitness and Wellness
- Politics, Organizations or Public services
- Energy
- Gaming
- Jewelry & Watches
- Real Estate
- Toys and Hobbies
- Misc.

Appendix: Two thirds of respondents have, at minimum, knowledge of Upfronts/Newfronts ad spend for particular brands

Buyer Purview into Upfronts/Newfronts Ad Buys

Base: All Respondents (100%)

