Coronavirus Effect on Advertising Report

A new series of studies based on the effect of the Coronavirus on ad spending
TODAY’S HOSTS

Justin Fromm  
EVP Business Intelligence

Sarah Bolton  
EVP Business Intelligence

Lauren Fisher  
VP Business Intelligence
What Word or Words Come to Mind When You Think About the Coronavirus As It Affects Your PERSONAL Life?

Q4a. Thinking about your personal life, when you hear the words Covid-19 or Coronavirus, what are the one or two words that immediately come to mind? (Please write in one to two words below.) Base: Total Respondents 3
**NEARLY 9-IN-10 ADVERTISERS TOOK ACTION WITH THEIR AD BUDGETS**

- **Coronavirus has impacted advertising efforts**

<table>
<thead>
<tr>
<th>HOW has Coronavirus has impacted advertising efforts?</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held back a campaign from launching until later in the year</td>
<td>49%</td>
</tr>
<tr>
<td>Adjusted media type usage or shifted budget among media types</td>
<td>48%</td>
</tr>
<tr>
<td>Stopped or pulled a campaign mid-flight</td>
<td>45%</td>
</tr>
<tr>
<td>Paused all new advertising efforts until later in the year</td>
<td>38%</td>
</tr>
<tr>
<td>Cancelled a campaign completely (pre-launch)</td>
<td>34%</td>
</tr>
</tbody>
</table>
While advertisers expect the largest impact to be concentrated in Q2, 68% expect Covid-19 to result in reduced ad spend into 2021.

Impact of Decreased Ad Spend by Quarter in 2020:

- Q1 2020: 31% Major Impact, 22% Moderate Impact, 13% Minor Impact, 3% No Impact
- Q2 2020: 69% Major Impact, 26% Moderate Impact, 3% Minor Impact, 3% No Impact
- Q3 2020: 46% Major Impact, 23% Moderate Impact, 3% Minor Impact, 3% No Impact
- Q4 2020: 32% Major Impact, 38% Moderate Impact, 19% Minor Impact, 3% No Impact

Q19. Thinking about your 2020 decrease in ad spending as a result of the Coronavirus (Covid-19) outbreak, which quarters do you anticipate will be impacted most? Base: Decreasing Ad Spending in light of Coronavirus.
Quick-to-activate digital ad channels and linear TV are hit the hardest.

<table>
<thead>
<tr>
<th>Types of Media</th>
<th>Paused, Cancelled or Pulled Budget From</th>
<th>Retaining Budgets, or Receiving Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Display</td>
<td>47%</td>
<td>13%</td>
</tr>
<tr>
<td>Social media (paid)</td>
<td>45%</td>
<td>19%</td>
</tr>
<tr>
<td>Digital Video</td>
<td>43%</td>
<td>14%</td>
</tr>
<tr>
<td>Linear TV (Broadcast)</td>
<td>41%</td>
<td>7%</td>
</tr>
<tr>
<td>Linear TV (Cable)</td>
<td>34%</td>
<td>7%</td>
</tr>
<tr>
<td>Search (paid)</td>
<td>24%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Q13a. You mentioned pausing/canceling a campaign or shifting/adjusting media type usage/budgeting due to the Coronavirus (Covid-19) outbreak. Which media types did you pause, cancel or pull budget from?
Q13b. And which media types, if any, retained their budgets/usage or were the beneficiaries of any budgeting reallocation due to the Coronavirus (Covid-19) outbreak?
Base: Coronavirus has impacted recent/ongoing advertising efforts
Cancelled sporting events accounted for a good chunk of budget cuts

### Sports Planning to Advertise With in Coming Weeks

<table>
<thead>
<tr>
<th>Sport</th>
<th>TV</th>
<th>Radio</th>
<th>Digital</th>
<th>Other</th>
<th>No Plans to Advertise</th>
</tr>
</thead>
<tbody>
<tr>
<td>NCAA Basketball</td>
<td>33%</td>
<td>10%</td>
<td>23%</td>
<td>2%</td>
<td>59%</td>
</tr>
<tr>
<td>Tournament</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MLB</td>
<td>29%</td>
<td>11%</td>
<td>16%</td>
<td>1%</td>
<td>62%</td>
</tr>
<tr>
<td>NBA</td>
<td>31%</td>
<td>11%</td>
<td>17%</td>
<td>2%</td>
<td>63%</td>
</tr>
<tr>
<td>Golf</td>
<td>22%</td>
<td>7%</td>
<td>14%</td>
<td>3%</td>
<td>68%</td>
</tr>
<tr>
<td>NHL</td>
<td>23%</td>
<td>8%</td>
<td>15%</td>
<td>3%</td>
<td>68%</td>
</tr>
<tr>
<td>Soccer (US or Int'l)</td>
<td>16%</td>
<td>5%</td>
<td>12%</td>
<td>1%</td>
<td>77%</td>
</tr>
</tbody>
</table>

**Q15b. Which of the following sports were you planning on advertising with in the coming weeks?**

Base: Total Respondents
Dramatic changes in media consumption habits further accelerate the shift to over-the-top (OTT) and connected TV (CTV) viewing.

Change in Personal Consumption of Media/Entertainment due to Coronavirus (Covid-19) Outbreak
(Sorted by Increase a lot)

- **Streaming services**: 40% increase a lot, 40% increase some, 15% no change
- **Smartphone use**: 34% increase a lot, 38% increase some, 24% no change
- **Content on the internet**: 34% increase a lot, 40% increase some, 22% no change
- **Live linear broadcast or cable television**: 20% increase a lot, 37% increase some, 28% no change
- **Rent or buy movies or TV shows from home**: 18% increase a lot, 38% increase some, 34% no change
- **Reading for pleasure: books, magazines**: 17% increase a lot, 44% increase some, 33% no change
- **Listening to audio/radio/podcasts**: 16% increase a lot, 34% increase some, 33% no change
- **Video/PC gaming**: 9% increase a lot, 28% increase some, 31% no change

Q8. In light of the Coronavirus (Covid-19) outbreak, how do you expect your personal consumption of the following types of media or entertainment to change, if at all? Base: Total Respondents
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Q9. How much do you agree with the following statements about how the Coronavirus (Covid-19) outbreak might affect the advertising industry?

Coronavirus will result in advertisers focusing spend with media that can show direct sales outcomes.

- Agree Completely: 16%
- Agree Somewhat: 49%
- Neither Agree nor Disagree: 25%
- Disagree Somewhat: 9%
- Disagree Completely: 1%

Base: Total Respondents
Ad buyers may see extra competition for eyeballs and wallet-share during this time of crisis.

That's why keeping campaigns running is all the more critical.
VERTICALS

"OUT-AND-ABOUT"
- Apparel/Fashion
- Auto
- Luxury Goods
- Media/Entertainment: Arts & Rec.
- Restaurants
- Retail – brick & mortar
- Travel & tourism

"HUNKER-DOWN-AT-HOME"
- Alcoholic Beverages
- CPG – Food/Household Products
- Gaming
- Health
- Pharma & Remedies (OTC and DTC)
- Retail – online
- Telecommunications

ALL OTHER
- Baby, Child or Parenthood-related
- B2B
- CE & Tech
- Cosmetics/Toiletries.
- CPG - other
- Education/Govt.
- Energy
- Financial Services
- Fitness/Wellness
- Gaming
- Home & appliance
- Mobile app services
- Pets
- Politics/Public services
- Real-estate
- Technology
- Toys & Hobbies
1. Ad budgets aren’t all being slashed. Most are being paused or shifted

2. Linear TV hit hard early, but momentum on its side

3. Tailwinds for CTV and OTT

4. Another win for performance media, but branding during a downturn remains important

5. Verticals catering to “out-and-about” consumers are severely threatened; “hunker-down-at-home” verticals are advantaged

6. Opportunities: Agility and Partnerships
What Word or Words Come to Mind When You Think About the Coronavirus As It Affects Your BUSINESS Life?

Q4b. Thinking about your business life, when you hear the words Covid-19 or Coronavirus, what are the one or two words that immediately come to mind? (Please write in one to two words below.) Base: Total Respondents 13
To be included in upcoming wave(s) of the study:

1. Updated spend outlooks (H2-2020) - and shifts among media/campaign types
2. Additional insight/analysis by vertical groupings
3. Perspective on shifts in focus between awareness/upper funnel vs mid- vs. DR/lower funnel efforts
4. Update on advertisers’ creative pivots: strategies and tactics
5. How are advertisers balancing paid, owned, earned media during this time
6. More specifics/depth on how media sellers can partner with advertisers to help them navigate this time: from consultative guidance to new ad products
METHODOLOGY & RESPONDENT PROFILE

- INTERVIEWS CONDUCTED: 203
- SURVEY FIELDED: March 17 – 20, 2020
- EXPRESSING OPINIONS FROM: 33% MARKETER 67% AGENCY
- SAMPLE: Marketer and agency contacts from The Advertiser Perceptions Ad Pros proprietary community
- QUALIFICATION: 100% involved in media brand selection decisions
- Incentives include cash and information

Our Ad Pros Community represents the brands and agencies that are spending the most on advertising and marketing in the U.S. We continuously update, supplement, and refine the community based on movement in the market.
THANK YOU

Randy Cohen
Randy.Cohen@AdvertiserPerceptions.com

Lauren Fisher
Lauren.Fisher@AdvertiserPerceptions.com

Justin Fromm
Justin.Fromm@AdvertiserPerceptions.com

Sarah Bolton
Sarah.Bolton@AdvertiserPerceptions.com

Have Confidence in Every Business Decision You Make