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

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# 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

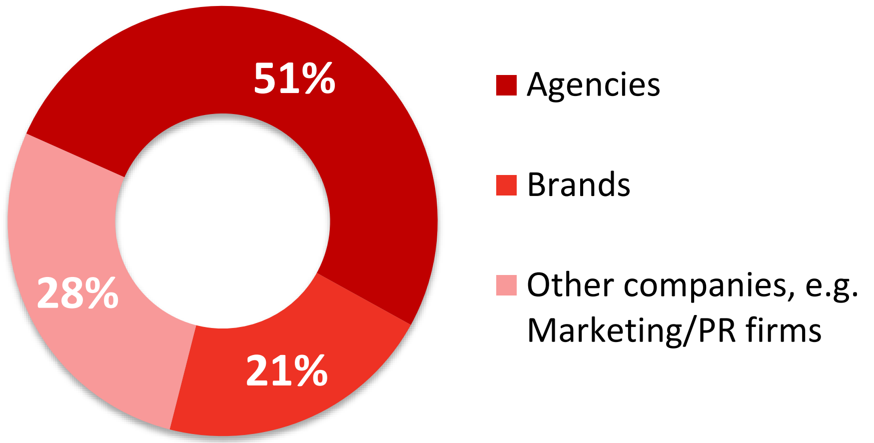
# Who we surveyed on the buy-side

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.

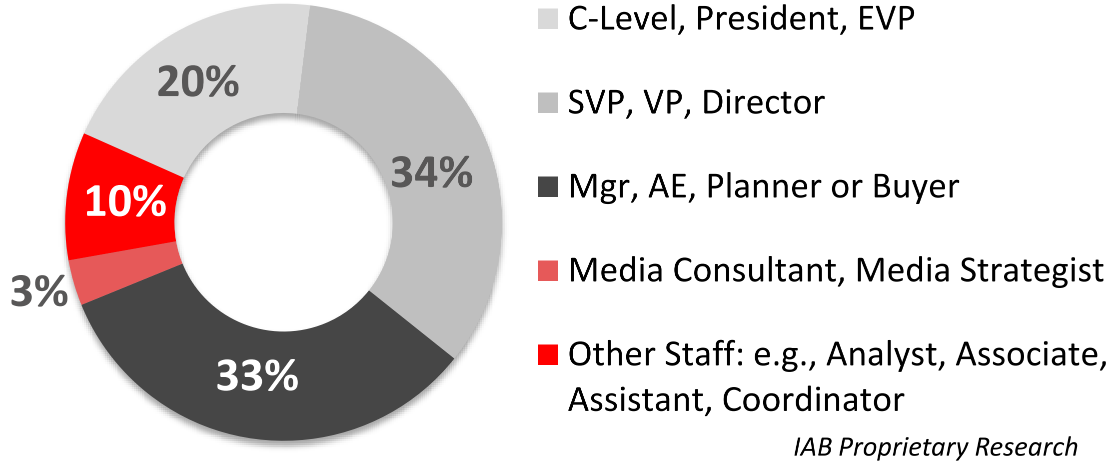
N=148 completes from those responsible for US advertising spend in 2020:

- media planners
- media buyers
- brands

**Company Type:**
**More agency-representation than in previous studies:**

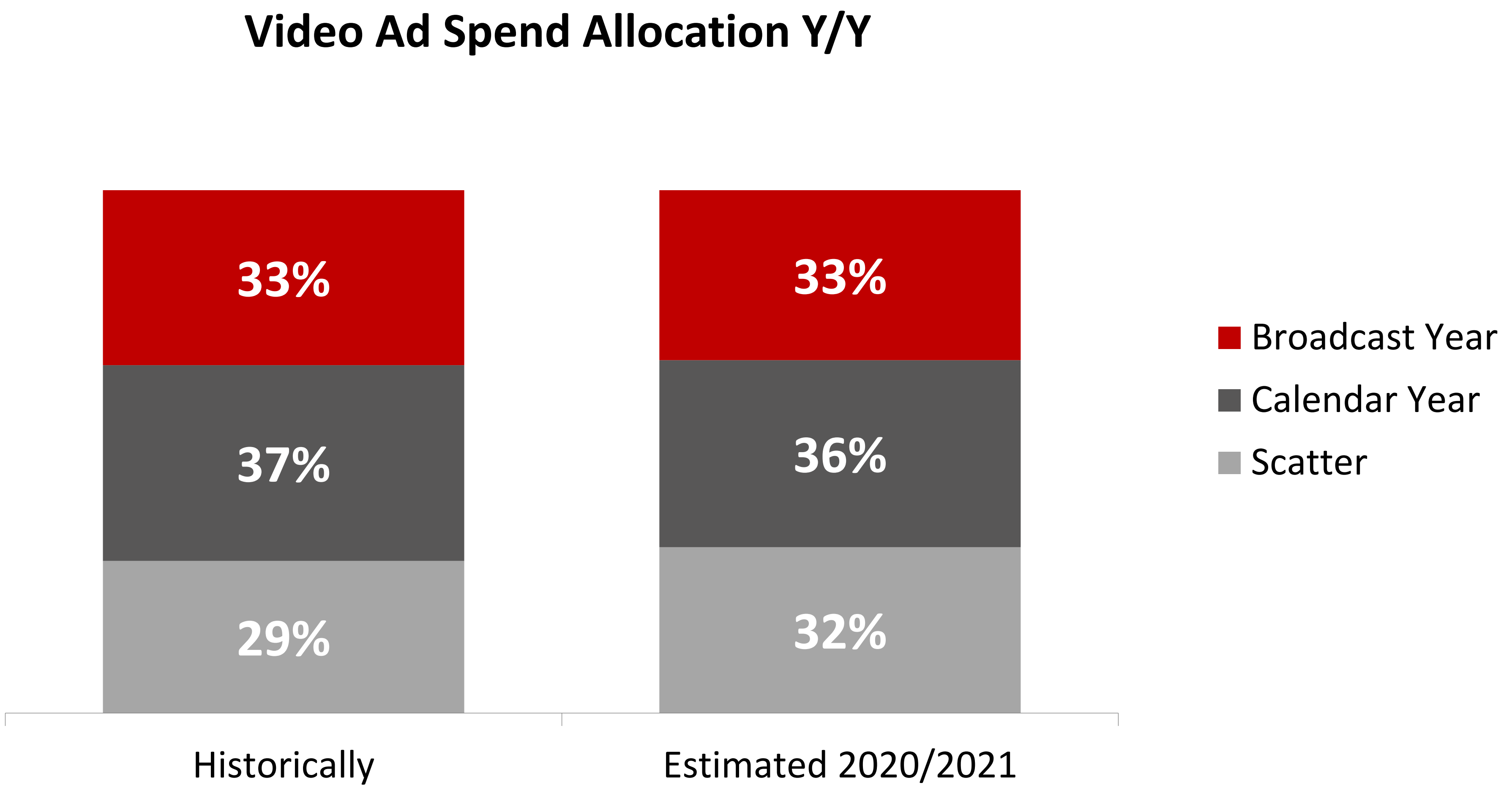



**Respondent Role:**
**Differences in responses M/M are negligible. May 29-Jun 8:**



# Upfronts/NewFronts:
# 2020/21 Video Ad Spend Trends

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



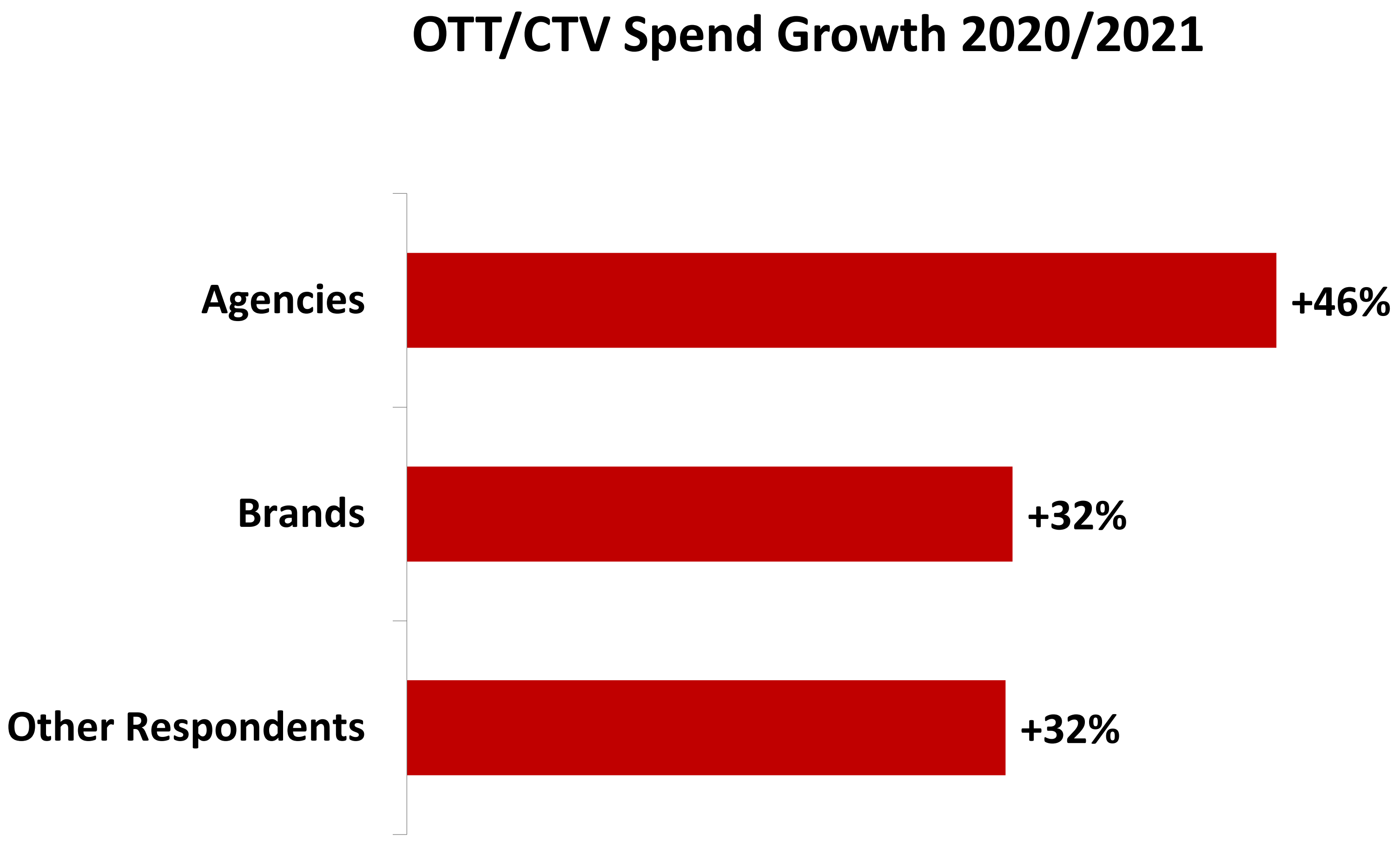

*n=148*
*Pulse 3 Q: Historically, what percentage of your video spend has been allocated by…; For the coming 2020/2021 year period…*

# Price efficiency remains the primary negotiating issue


*n=148*

*Q: Which of the following (if any) do you consider to be the most important elements when negotiating video commitments?*

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




**DEFINITIONS**

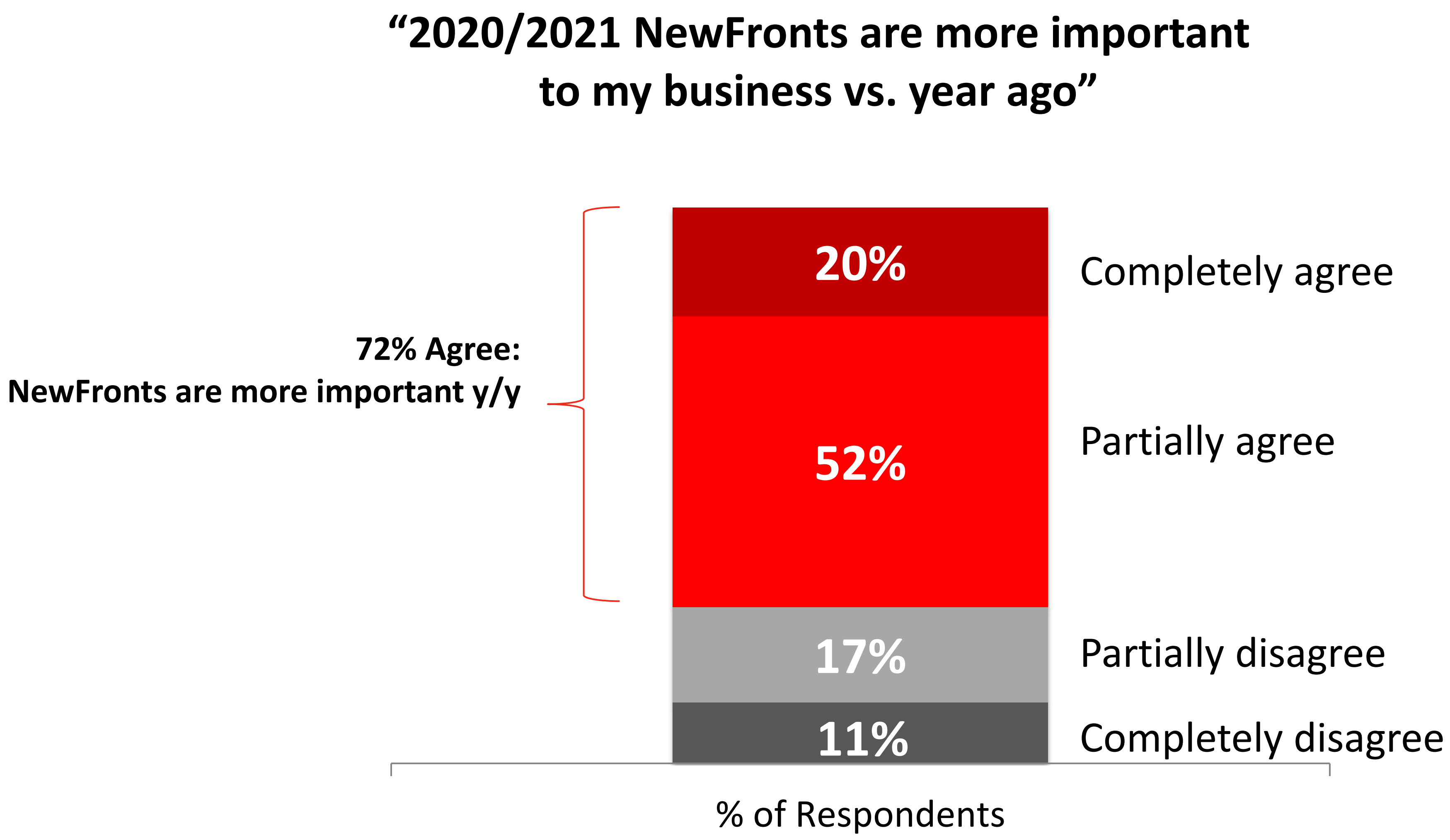
CTV/OTT = Connected TV and/or Over-the-top

- 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

*n=91*
*Q: To what degree do you expect your OTT/CTV spending to change (grow/decline) this coming 2020/2021 video season vs. previous year?*

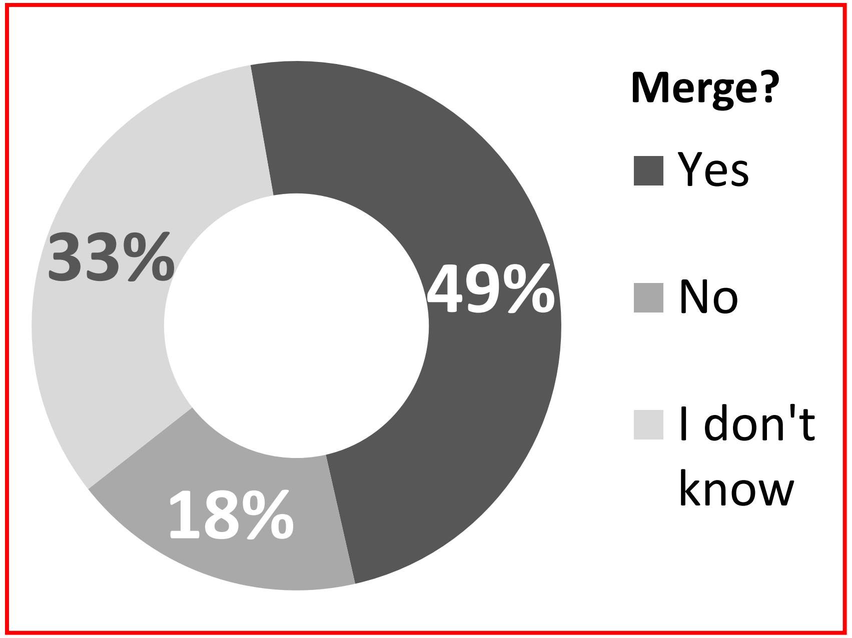
# Buyers’ Perspectives on Video Marketplace

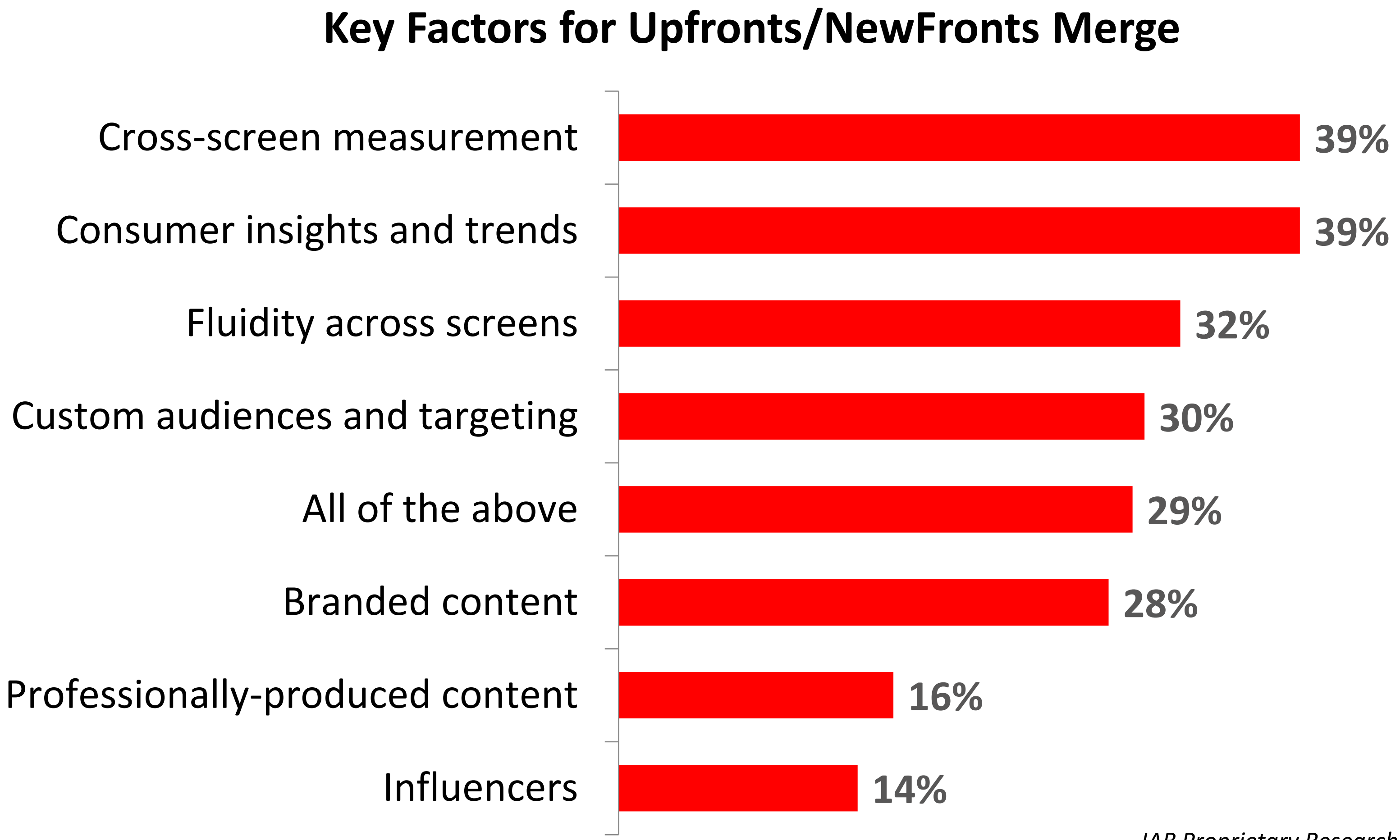
# Ad Buyers overwhelmingly see NewFronts importance growing




*n=128*
*Q: To what extent do you agree with the following statement: "2020/2021 NEWFRONTS are more important to my business now than they were a year ago."*

# Buyers favor merging TV/Digital "Fronts"
# Measurement & Research cited as top benefits




*n=128*

*Do you feel that the Upfronts/Newfronts events should merge into one event moving forward?*

# Ad agency leaders see a converged marketplace as necessary

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

—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 convergence of digital video and linear requires a holistic view for consideration."

—SVP/VP/Director, Consumer Brand

"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

*n=148*
*Q: Do you feel that the Upfronts/Newfronts events should merge into one event moving forward?*

# 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

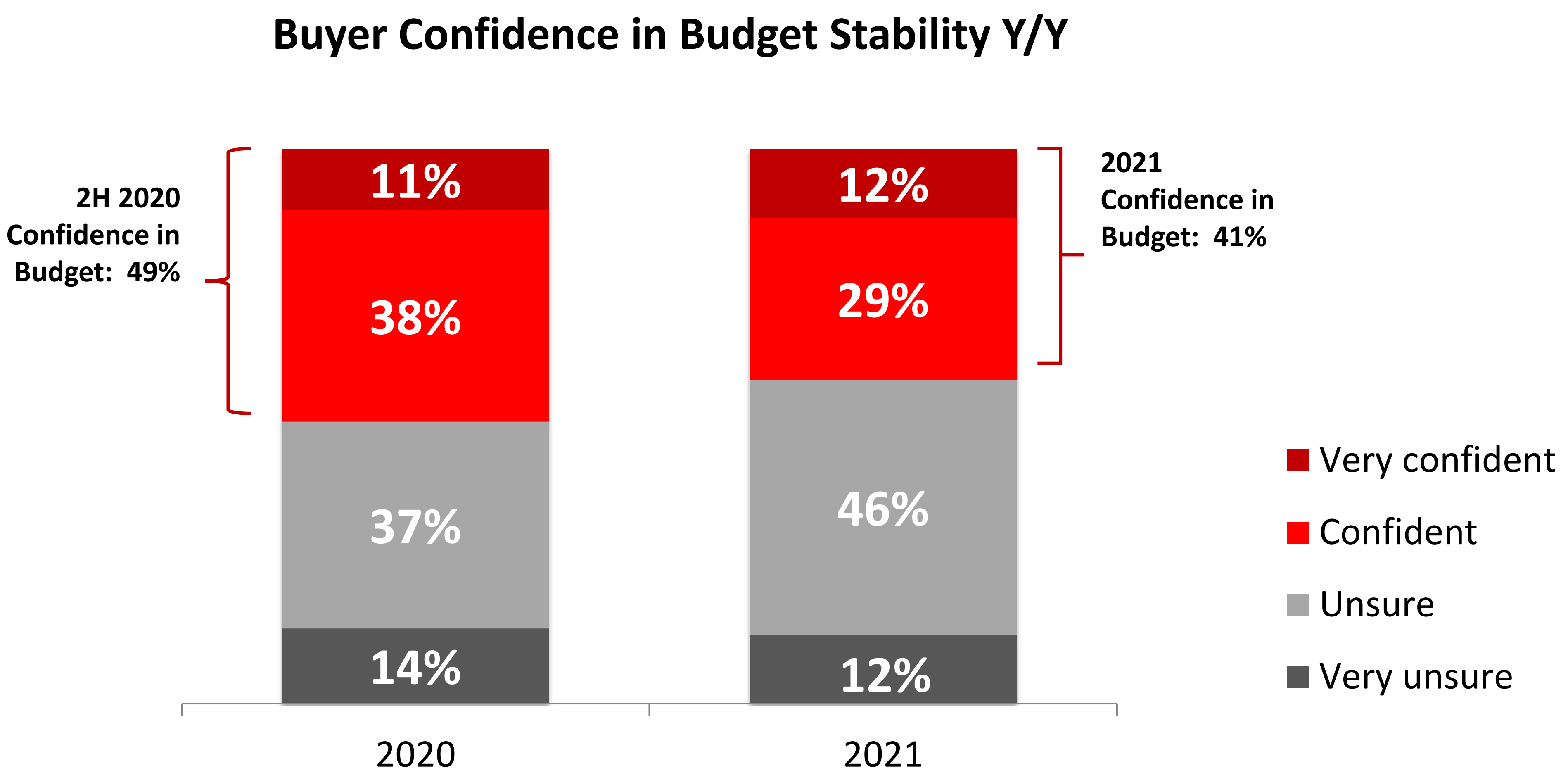
Lower costs

Better attribution

*Pulse 3 Base: n=148*
*Pulse 3 Q: If you could change one thing about the way media is traded/transacted, regardless of channel, what would that be?*

# Updated:
# 2020 Total Ad Spend Trend & Forecast

# Ad Buyers are significantly less confident about their 2021 budgets

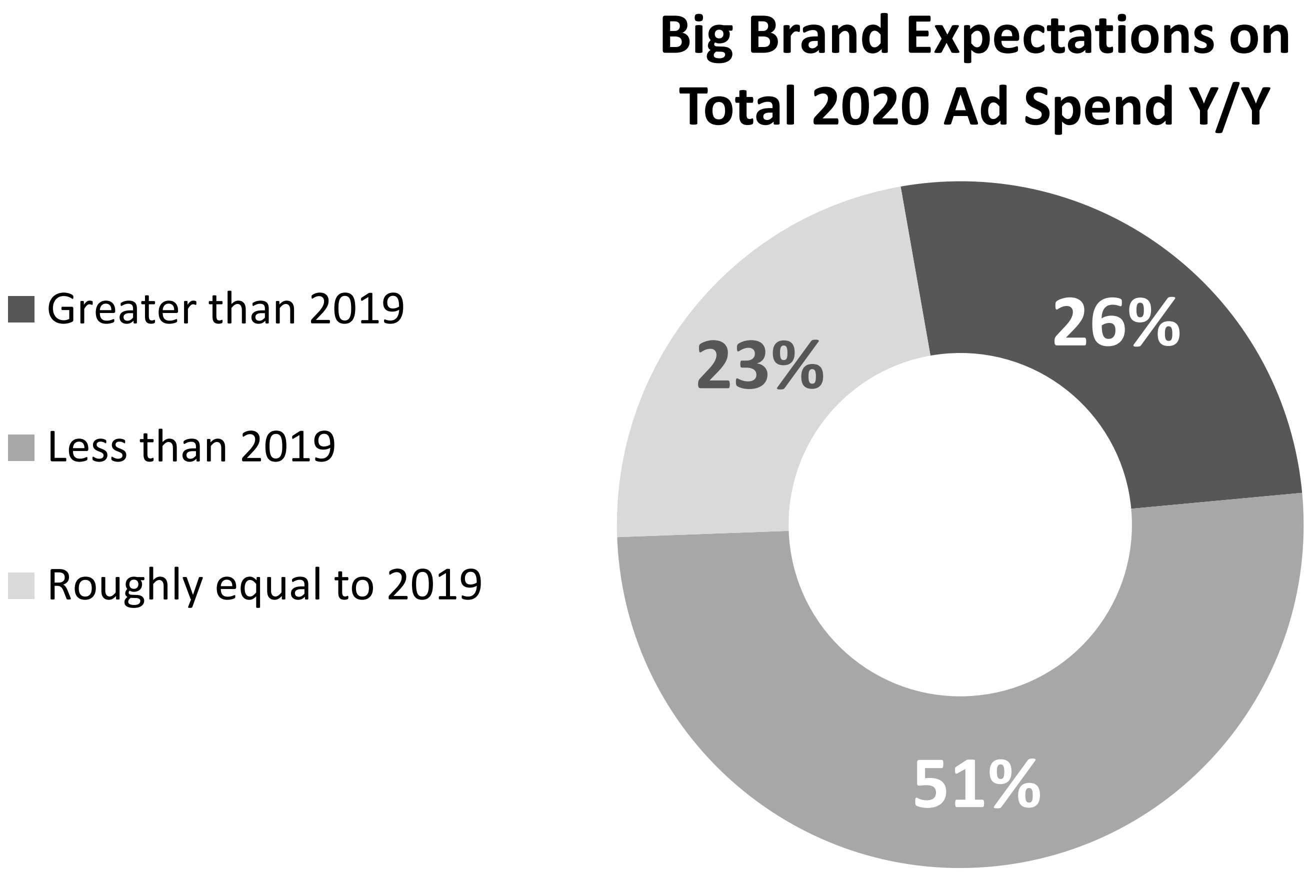



*n=128*

*Qs: How confident are you in the stability of your budgets for the remainder of 2020? And for 2021?*

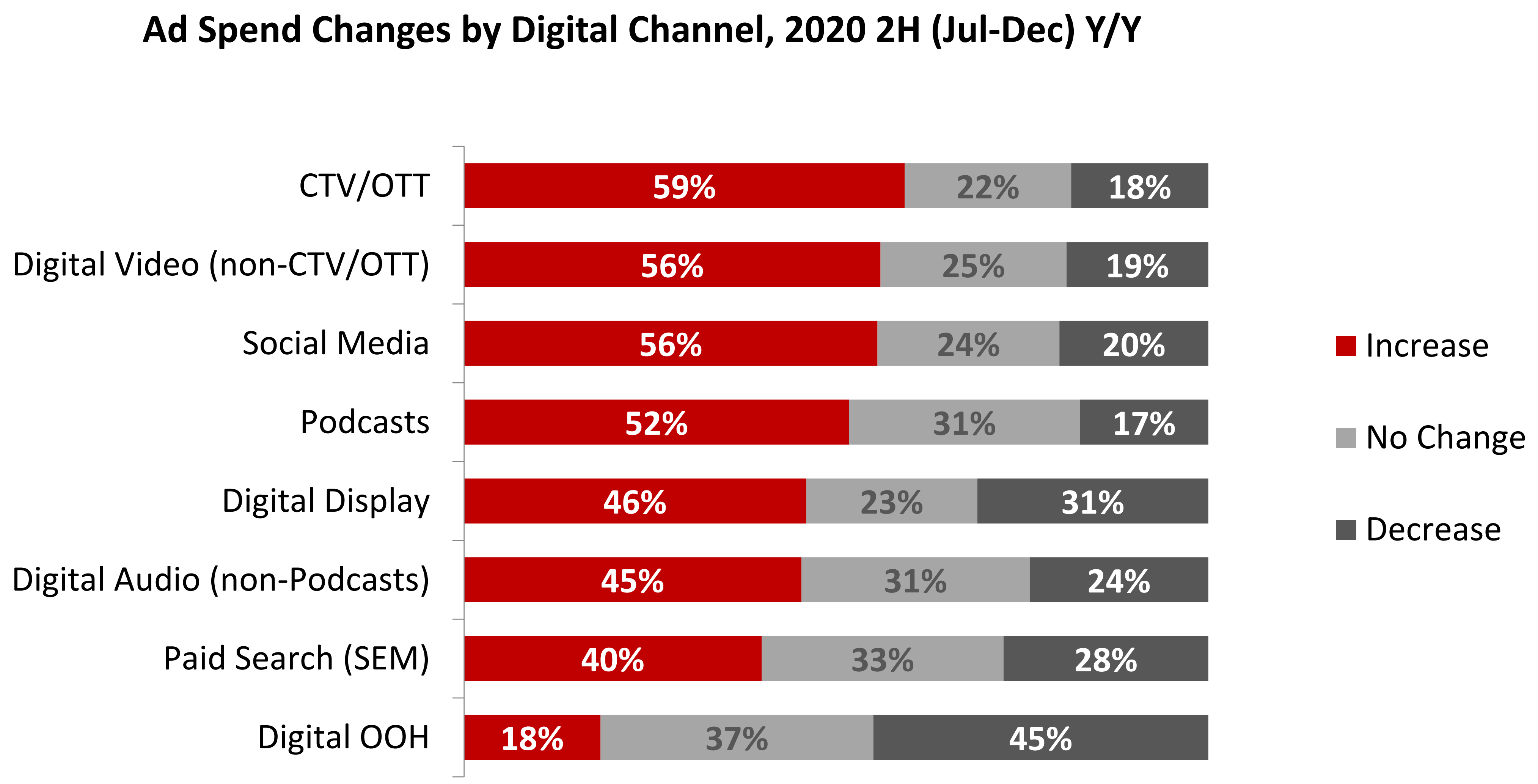
# Half of big brands expect to spend less in 2020 than in 2019

**Weighted average: -20%**




*n=57, excluding DTC brands*
*Q: Do you expect your Total 2020 (Jan-Dec) Ad Spend to increase, stay the same or decrease vs. what was spent in 2019?*

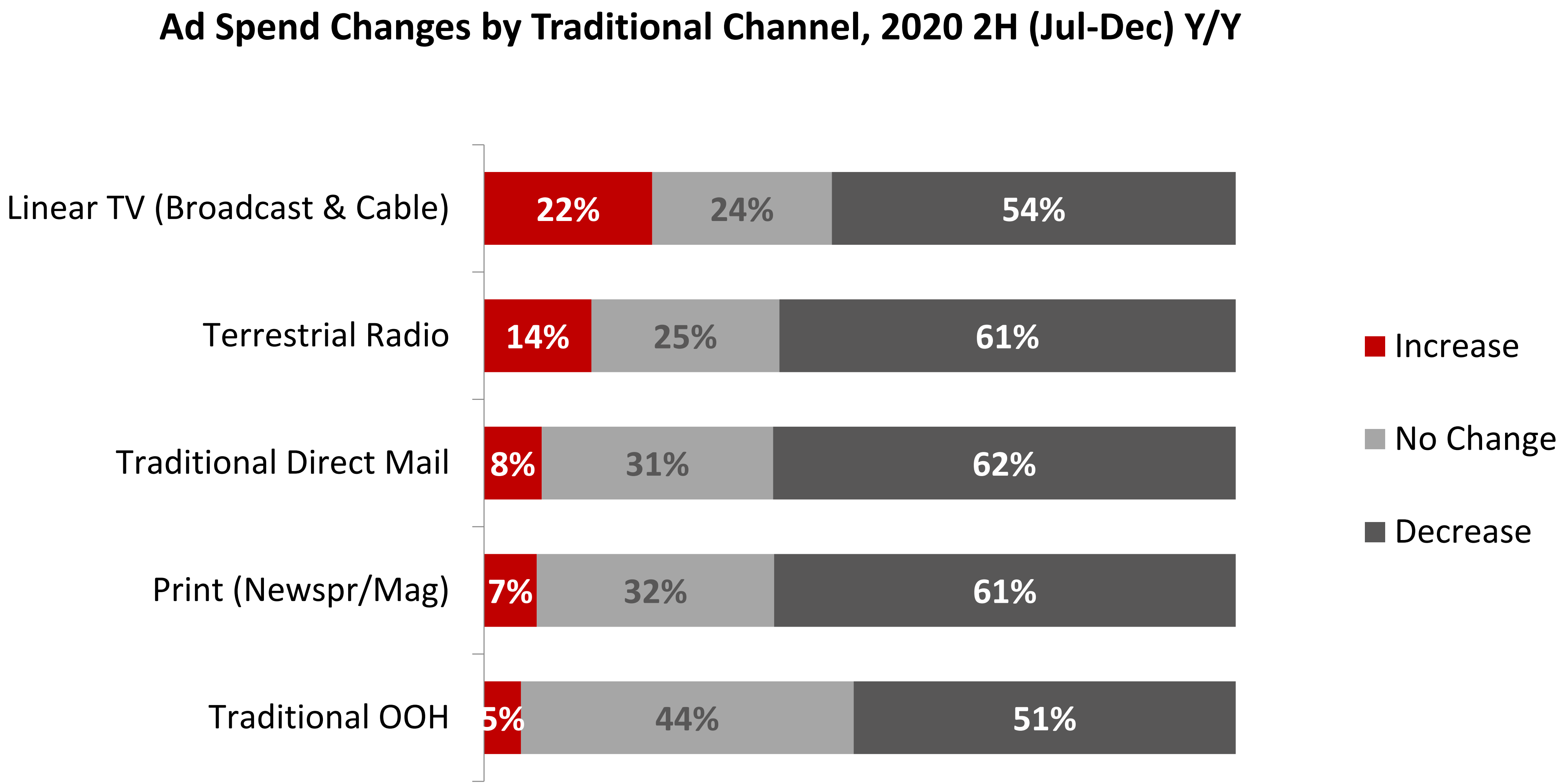
# Most Buyers will increase Digital channel spend in 2H 2020 vs 2019




*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.*

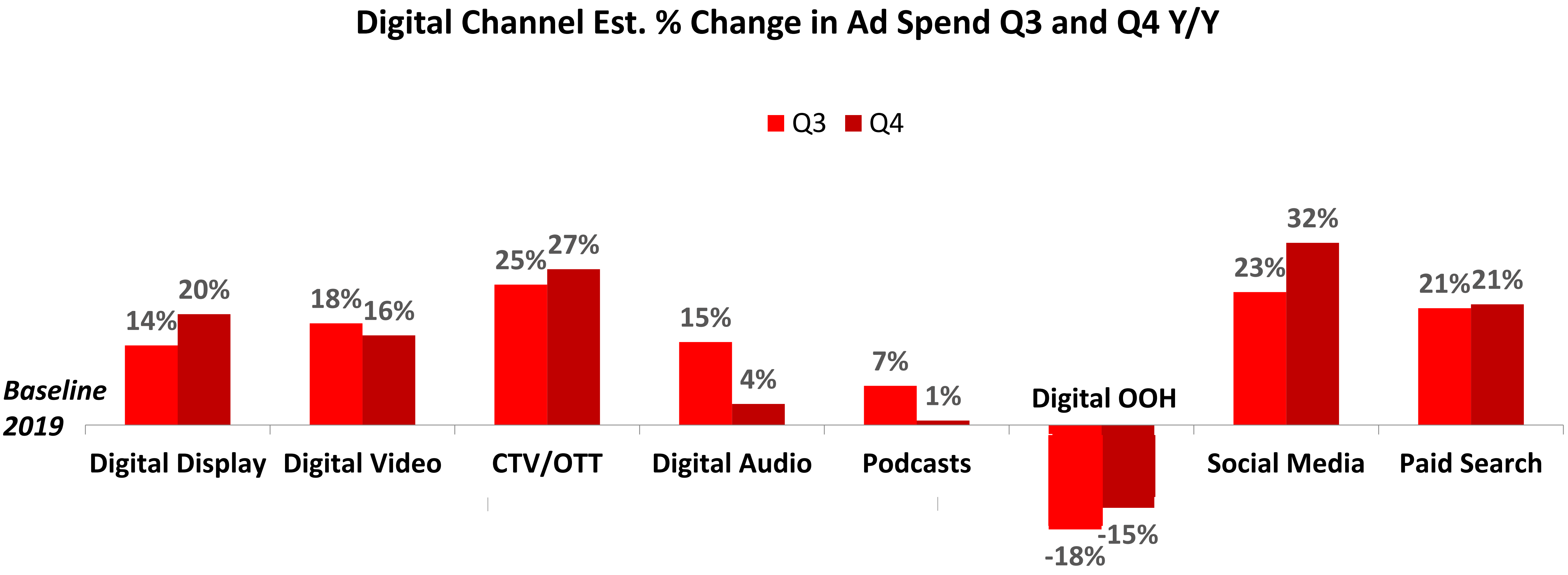
# Traditional channels are suffering; Digital channels expected to gain share




*n=101*

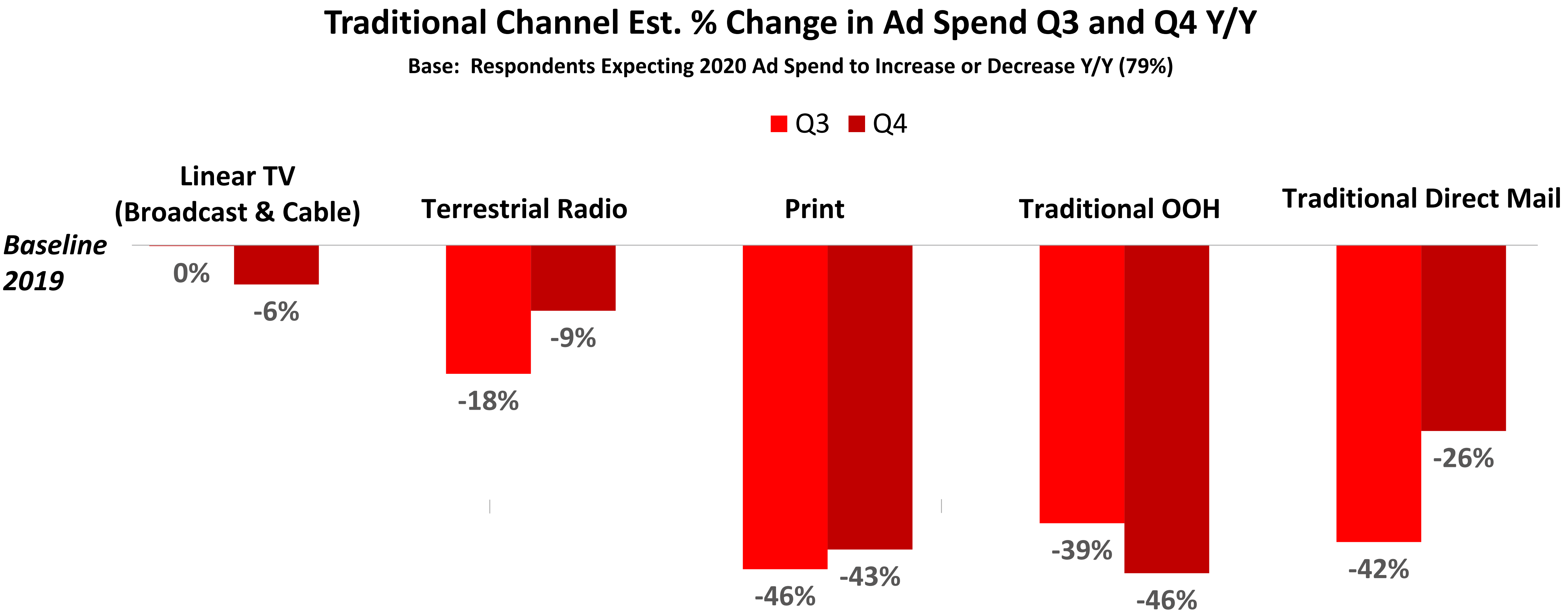
*Q: Please indicate whether you plan to increase, decrease or make no change regarding usage of any of the following CHANNELS in 2H 2020 (Jul-Dec) vs. 2019.*

# CTV expected to be the biggest winner for Q3/Q4




*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




*Pulse 3 Respondents Expecting 2020 Ad Spend to Increase or Decrease Y/Y (79%) n=101*
*Pulse 3 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.*

# What’s Next?

# 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

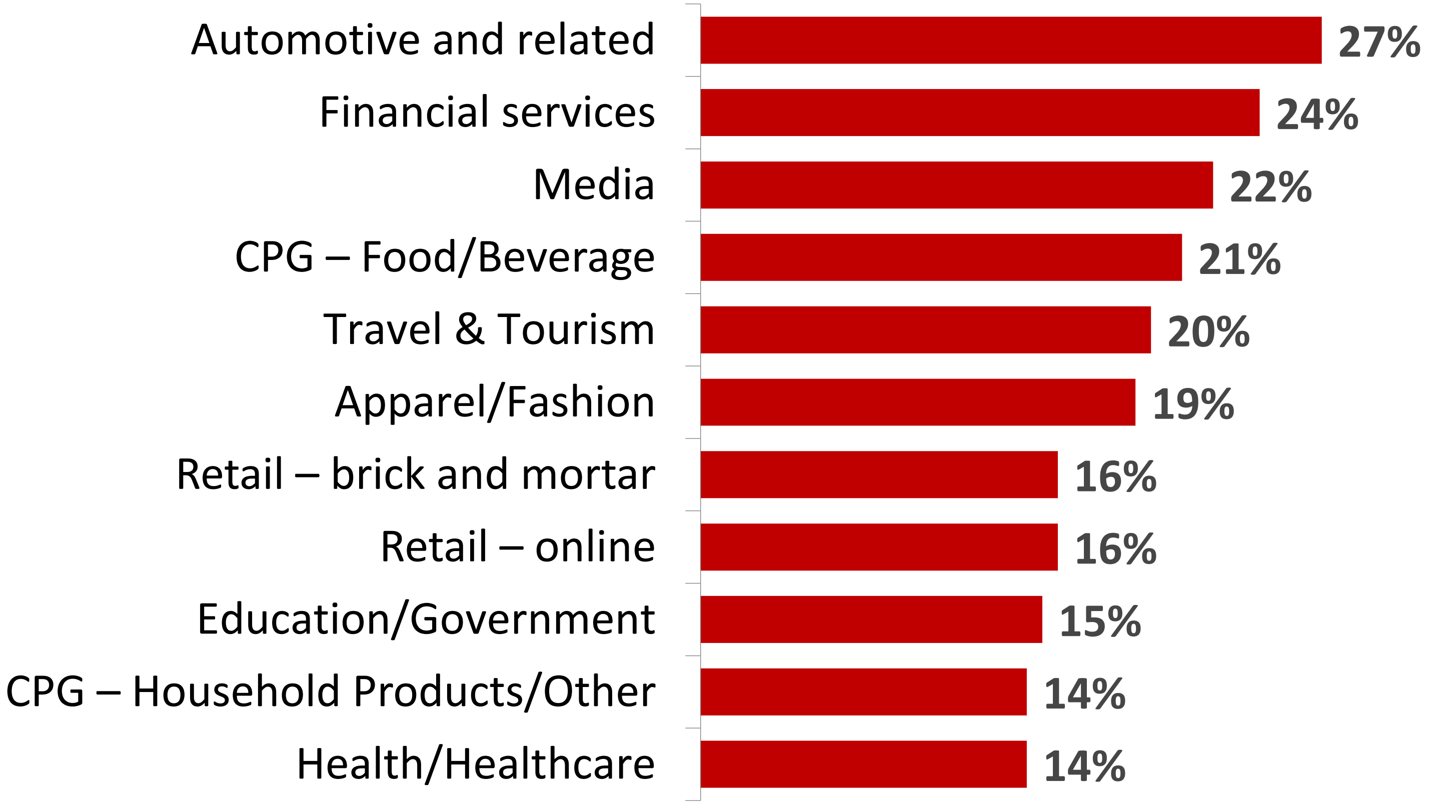
The Interactive Advertising Bureau (IAB) empowers the media and marketing industries to thrive in the digital economy. Its membership is comprised of more than 650 leading media companies, brands, and the technology firms responsible for selling, delivering, and optimizing digital ad marketing campaigns. 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

# 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:



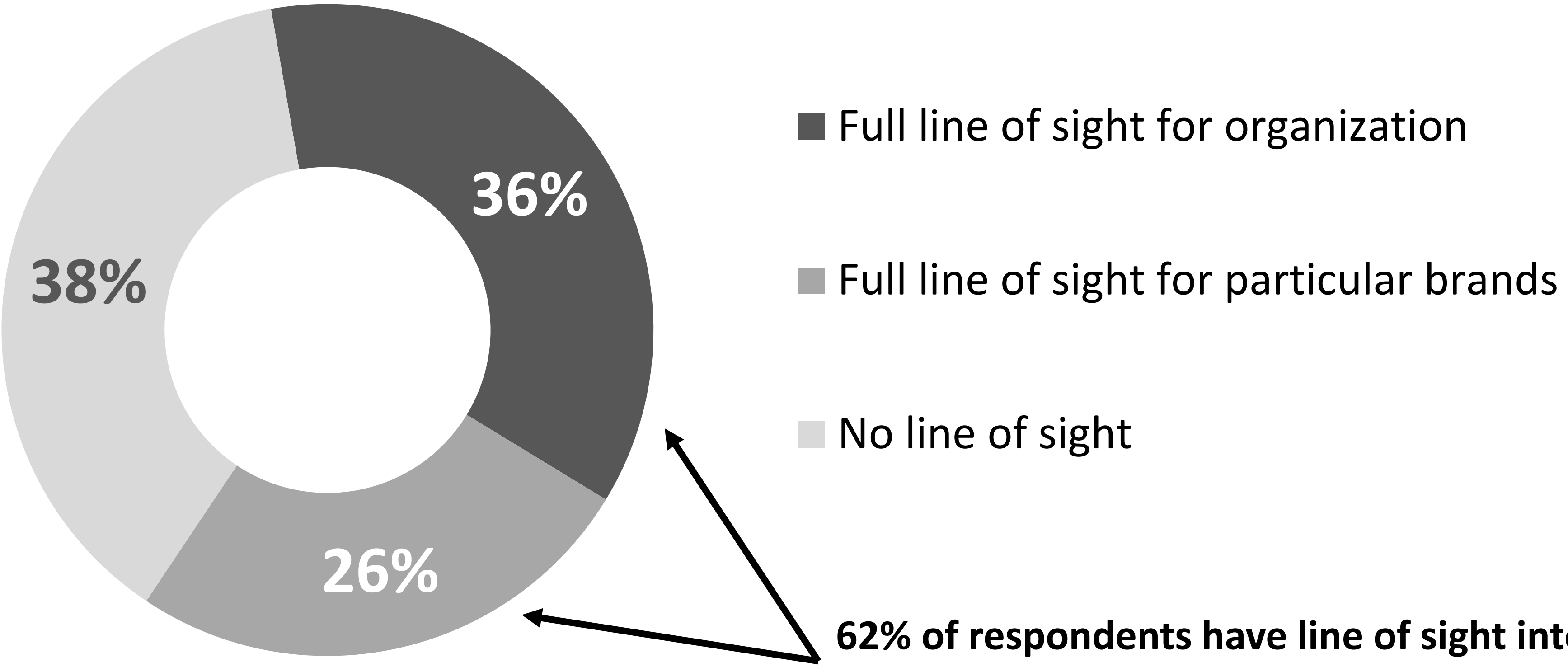

***Other Categories include:**

- 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%)**




**62% of respondents have line of sight into Upfronts/Newfronts ad buys**

*Pulse 3 Base: n=148*
*Pulse 3 Q: Which of the following best describes your knowledge of your organization's ad buys during Upfronts/Newfronts?*