MEDIA IMPACT REPORT #4

COVID-19 Pandemic Advertising Ecosystem Impact

3.31.2020

rain the growth agency

TOP 3 THINGS TO KNOW

1

We are observing a shift into new content areas as consumers navigate their increased time at home

2

We are continuing to see overall efficiency in pricing across channels

3

Sports platforms are continuing to look for new ways to engage audiences and we expect that to continue to evolve

Media Consumption Updates

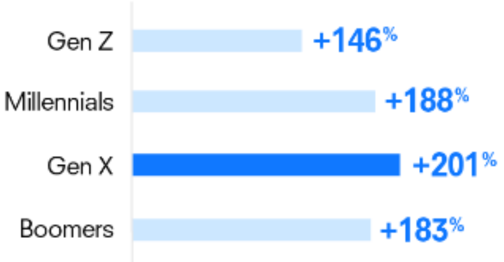
ONLINE BEHAVIORS

Trends by Generation

Digital content consumption is **shifting** as users are adapting to sheltering in place at home.

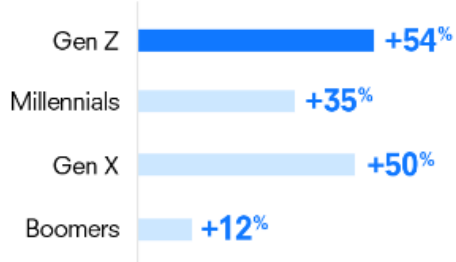
Exercise, cooking, distance learning and career planning are experiencing increased interest when comparing data from before and after the virus outbreak.

Exercise



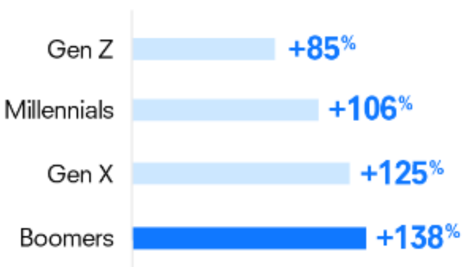
While exercise content consumption is up across all generations, interest in weight loss is down 13% since social engagements are indefinitely postponed.

Distance Learning



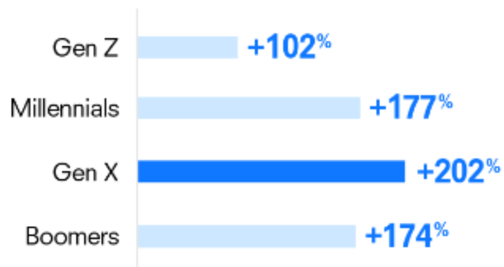
Not only do we see an overall increase, but it's the largest in Gen Z (**+54%**) and Gen X (**+50%**), which reflects that these are the age groups that are most likely to include college students and parents of school-aged kids.

Cooking



People staying at home and cooking are experimenting with new cuisines. Japanese (**+182%**), Cajun and Creole (**+182%**), Chinese(**+182%**), and Mexican(**+179%**) have the most increased interest.

Career Planning



Interest in career-related content is up across multiple age groups. The lowest income bracket (**$0 - 50k**) is feeling the economic effects more immediately and has seen a dramatic increase in career planning research(**+218%**).

Source: Quantcast Measure, increase in content visitation volume by demos and regions, Q2 + Q3 2019 baseline as compared to Feb 20 to Mar 20 Outbreak timeline

CONNECTED TV TRENDS (CTV)

Overall Content Consumption Growing

- Similarly, **CTV consumption** is shifting to news as well as lighter content.
- Sports content has been greatly impacted by the lack of availability of live content; however, the upcoming NFL draft is expected to draw strong interest.

WoW Growth of CTV Available Ad Slots

	March 8, 2020	March 15, 2020
Entertainment	0%	10%
News	8%	16%
Family & Parenting	4%	35%
Crime / Drama / Suspense / War	6%	43%
Documentary	-9%	27%
Movies	-7%	53%
Sports	-22%	-18%
Comedy	-16%	40%
Lifestyle / Reality TV	-3%	30%
Travel	14%	32%
Food & Dining	1%	24%
LGBT	6%	7%
Music / Musical	-2%	32%
Fantasy / Science Fiction	-5%	44%
Foreign	7%	5%
Automotive / Motor Sports	3%	13%
Action	9%	22%
Gaming	-5%	22%
Hispanic	-12%	1%
Grand Total	1%	15%

- News and lighter content (Entertainment, Family friendly content, Movies, etc.) have seen a large amount of growth of available inventory
- Sports content has been deeply affected by the COVID-19 related cancellations, with total CTV ad slots available decreasing by ~40% in two weeks
- As more people remained at home, overall CTV availabilities grew by a strong 15% the week of March 15

Source: Telaria

TOP CONTENT AREAS IN LINEAR TV

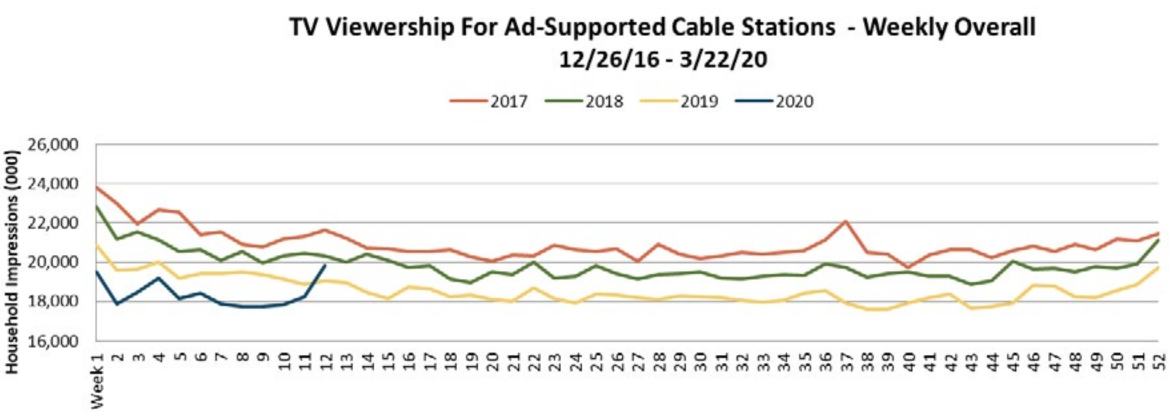
News dominates, representing the top 3

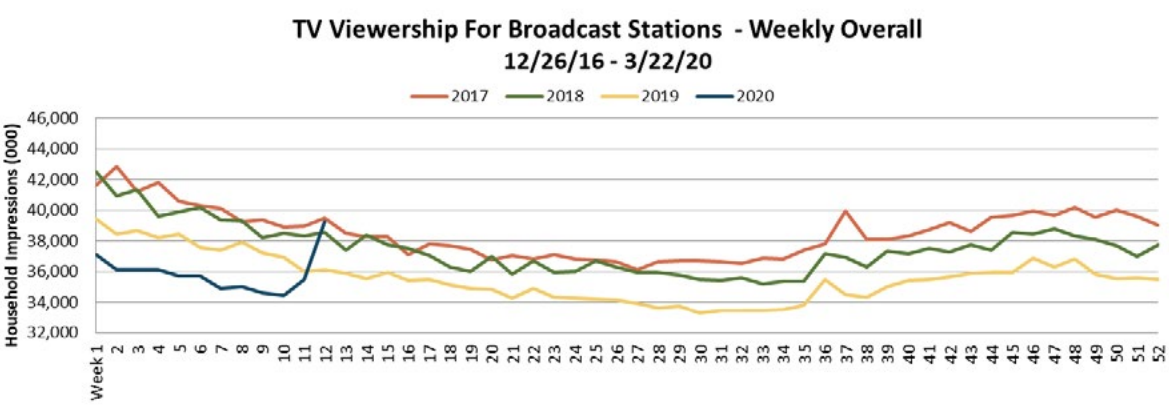
- While news networks represent the top three cable viewing areas, there has been significant growth across the board.
- The strongest YOY growth: CNN, CNBC and Fox Business.
- Networks experiencing declines YOY include USA, ID, TV Land and TNT.

Cable Networks	% YOY
FOX NEWS CHANNEL	95%
CNN	142%
MSNBC	49%
HGTV	39%
NICKELODEON	6%
TBS	25%
CNBC	156%
USA NETWORK	-14%
INVESTIGATION DISCOVERY	-24%
DISNEY JUNIOR	4%
ESPN	22%
HISTORY	10%
DISNEY CHANNEL	17%
FOX BUSINESS NETWORK	123%
HALLMARK CHANNEL	36%
TV LAND CLASSIC	-3%
THE CARTOON NETWORK	22%
A&E NETWORK	24%
TNT	-16%
FOOD NETWORK	7%

NATIONAL LINEAR TV CONSUMPTION CONTINUES TO GROW AT UNPRECEDENTED LEVELS

- Overall viewership continued to climb last week:
  - Cable viewership approaching 2018 levels
  - **Broadcast matching 2017 levels**
- The cable news networks are continuing to climb, with unprecedented viewing levels.
- CPMs as a result, continue to fall, between 10-20%.





Source: Nielsen

LOCAL NEWS CONTINUES TO GROW AS WELL

Growth amongst the younger demos

- While national news viewing is growing exponentially, **local news** is also seeing a significant spike in consumption.
- Nielsen is reporting a spike in local news viewing in the past 4-6 weeks.
- An analysis of the top 25 markets shows that the largest lift in viewing is actually amongst the youngest target segment.
    - Viewership has increased +20% between people 2-17 overall.
- **San Francisco, Orlando, LA, Seattle and Boston** have seen the largest increase in viewership against P25-54.

AVERAGE VIEWERSHIP AMONG P25-54 IN TOP 10 LOCAL MARKETS

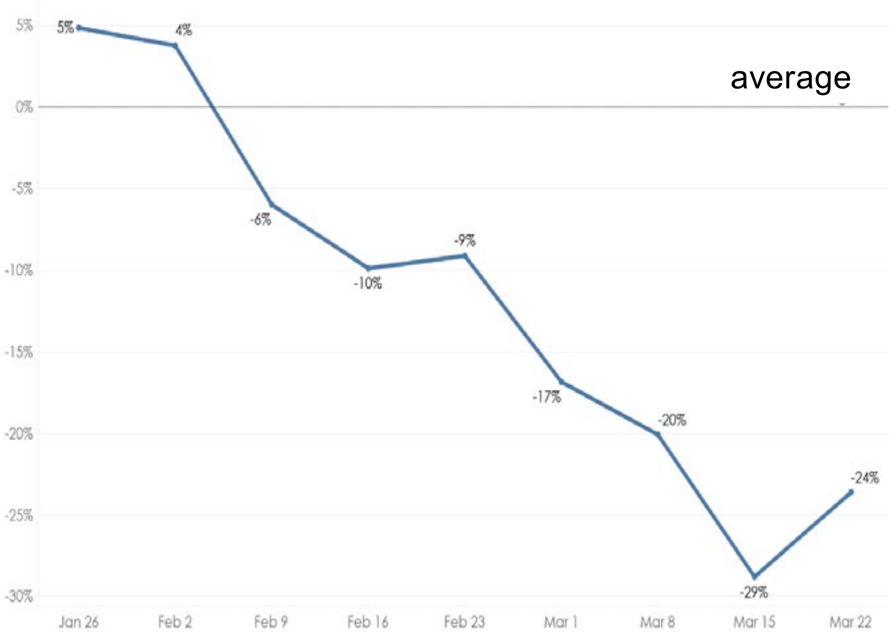
LPM Market	Week of 2/3/2020	Week of 3/9/2020	% change 3/9 vs 2/3	Actual change 3/9 vs 2/3
San Francisco-Oak-San Jose	11,560	15,966	38.1%	4,406
Orlando-Daytona Bch-Melbrn	6,551	8,264	26.1%	1,713
Los Angeles	39,361	49,321	25.3%	9,960
Seattle-Tacoma	10,934	13,425	22.8%	2,491
Boston (Manchester)	13,500	16,552	22.6%	3,052
Philadelphia	19,160	22,687	18.4%	3,527
Detroit	23,218	26,928	16.0%	3,710
Baltimore	10,303	11,938	15.9%	1,635
Sacramnto-Stkton-Modesto	7,326	8,289	13.1%	963
New York	45,012	50,759	12.8%	5,747

Source: Nielsen

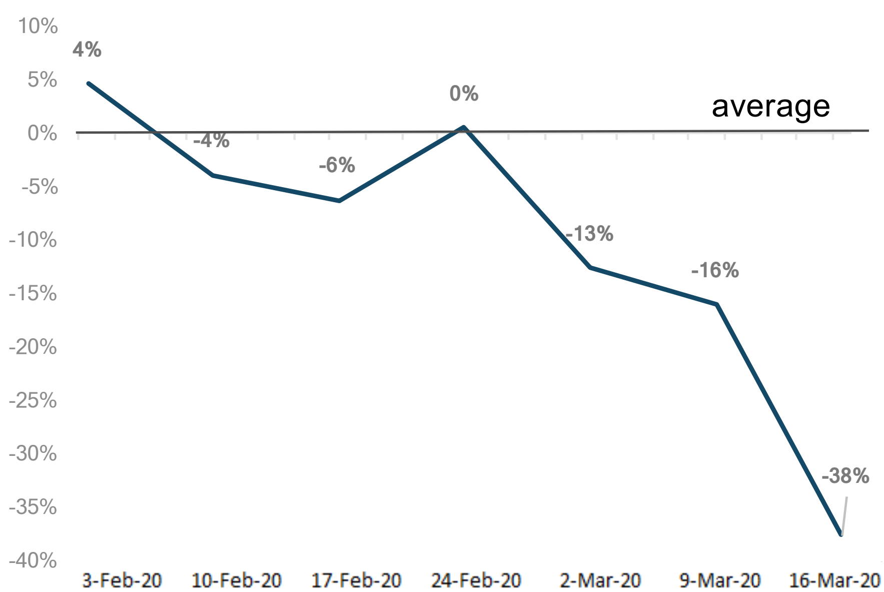
Media Updates by Channel

PROGRAMMATIC CTV AND YOUTUBE

Dramatic decreases in pricing since the beginning of March



Our internal data is showing **Programmatic CTV device CPMs have lowered week-over-week** compared to historical averages, following the trend of overall digital video as inventory increases.



Our internal data is showing **YouTube cost-per-view pricing efficiencies are increasing week-over-week** compared to historical averages due to higher user consumption and reduced advertiser competition.

LINEAR TV

- **Marketplace remains open in April** – clearance continues to be strong, seeing discounted rates and OTO's from the majority of networks.
- **Discounting schedules an average of 10-20% to start second quarter.**
- **ESPN** is very open in April as many general rate advertisers have pushed Q2 media to a May start.
    - ESPN is entertaining offers of significant rate reductions upwards of 50%+ in order to get volume buys.
    - While overall viewership numbers are down sharply in the absence of live sports, weekday daytime has actually seen a slight increase in viewership over the last four weeks.
    - Beginning this week, ESPN will be airing sports related movies on Friday nights.

We recommend getting network approvals and making any creative adjustments needed to access network firesales.

AUDIO

- **Terrestrial:**
  - According to a Nielsen study fielded last week, 83% of American adults report spending the same or more time with radio as a result of the COVID-19 outbreak.
  - 68% of the U.S. population owns a radio and 8% own a smart speaker, meaning 76% of the population can listen to AM/FM radio from home. Overall, listenership has not seen a significant disruption despite there being little to no commuting.
- **Streaming:**
  - Mobile continues to be the primary platform where users listen. Vendors anticipate mobile devices will also be increasingly used as a remote to control other devices like speakers and TVs, reflecting users adapting to new routines.
  - News/talk streaming has seen a 14% increase in share since the first week that U.S. concern ramped up (3/9).
  - Cumulus Streaming Network is seeing a slight decline (-5%) March 16th and beyond, versus previous weeks.
- **Podcast:**
  - Firesale Opportunity: Midroll Media is offering up an additional 25% impressions as added value on any campaigns running in Q2 on their podcasts (i.e. if we buy 1mm impressions, we'll get 1.25mm).
  - Podcast genre choices reflect listeners' attitudes toward the world around them. Vendors report increased listening time on self-improvement (wellness, meditation) and entertainment (sports, comedy) content.

FOR MORE INFORMATION

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