



MEDIA IMPACT REPORT #10

COVID-19 Pandemic Advertising Ecosystem Impact

5.15.2020

TOP 3 THINGS TO KNOW

1

Campaign measurement during the pandemic needs to be approached thoughtfully, focusing on the total impact of what media is driving with calibrated expectations.

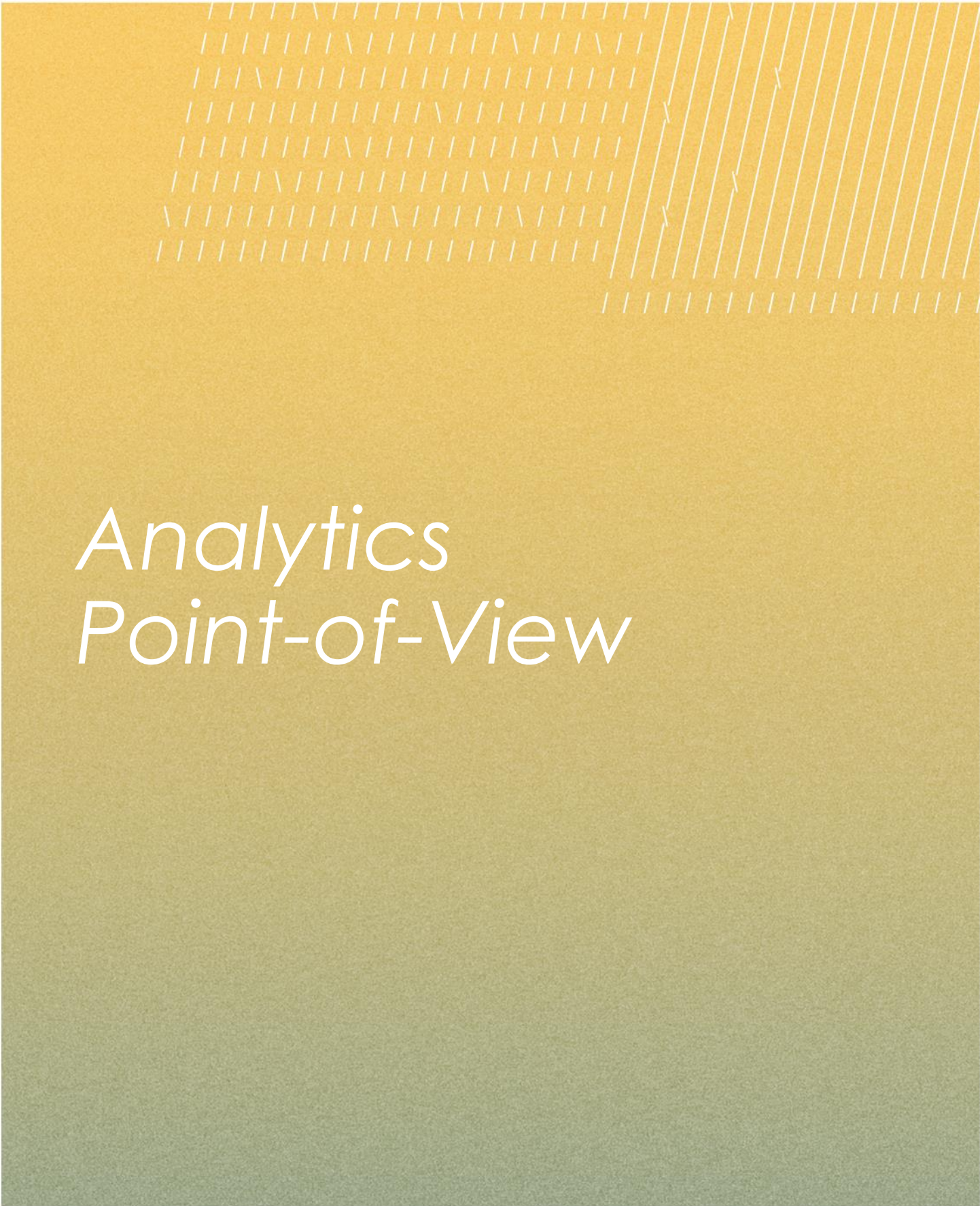
2

More than three-quarters of U.S. households now subscribe to at least one over-the-top (OTT) service, as of Q1 2020.

3

Time spent on mobile devices is on the rise, with the average consumer spending four hours per day on mobile devices.





Analytics Point-of-View





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Analytics



How to Approach Measurement During COVID-19

Measurement has always been at the forefront of our campaigns, but it's especially critical during these uncertain times. When the economy is unsettled, it's even more important to prove out and maximize the return on ad spend.

With viewership at an all-time high and lower media rates, it is the perfect time to test into new channels to broaden reach, depending on your current product demand, resolving inventory and/or supply chain issues and creative asset availability.

During these unprecedented times, brands are wanting even faster results while in-campaign. Spike algorithms and platform reporting are key to provide immediate impact results. However, we still firmly believe in focusing on the total impact of what media is driving through our modeling tools: **Marketing Mix Modeling** and **WaveCast™**.

Hot Topics

Channel Test & Learn: Now is the time to introduce a new media channel. The Analytics team can help set up a "test & learn plan" to show how much spend and number of weeks in market are needed to be able to get a statistically significant read.


Geo-Testing: There has been a lot of debate over geo-testing and state and local laws differ greatly. A local test can still be worthwhile if the markets are well-researched before selection. If geo push notification tests were happening, retail stores need to be open. For a local linear TV test, appropriate control and test markets with similar state and local laws need to be selected. It is best practice to over-select control markets in case scenarios change during the test, then those control markets can be excluded.

Creative Testing: As public sentiments change over time with COVID-19, creative needs to adjust as well. At the beginning of the pandemic it would have been unheard of to show someone wasting toilet paper. At the time, more serious ads of support and concern were needed, whereas now audiences are looking for more lighthearted material. We suggest having several creatives on hand to test. We will report on them separately and set up apples-to-apples tests to show winning creative over time.



Opportunity: Bespoke measurement tools and KPIs are crucial to ensure media and creative are optimized for success. Our team can design a custom test & learn strategy for your brand to utilize and build on campaign learnings.





Media Consumption Updates



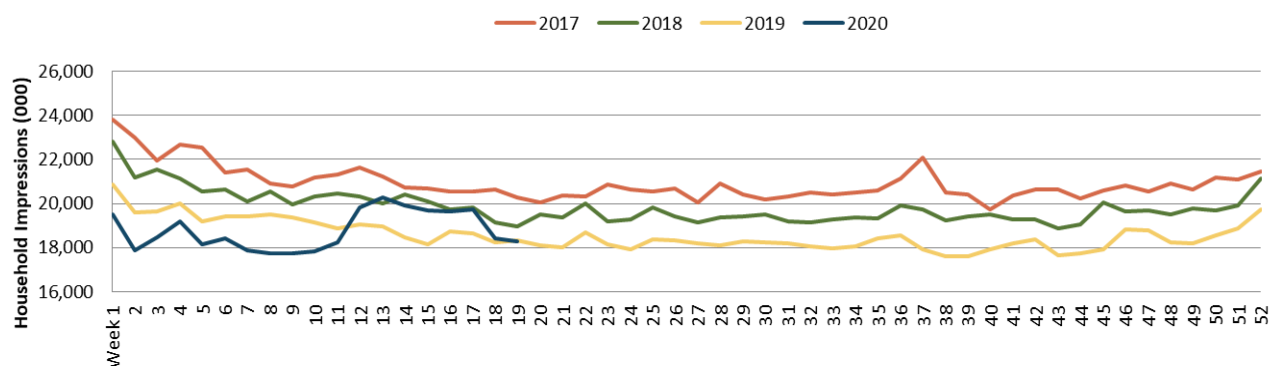


HOUSEHOLD VIEWERSHIP

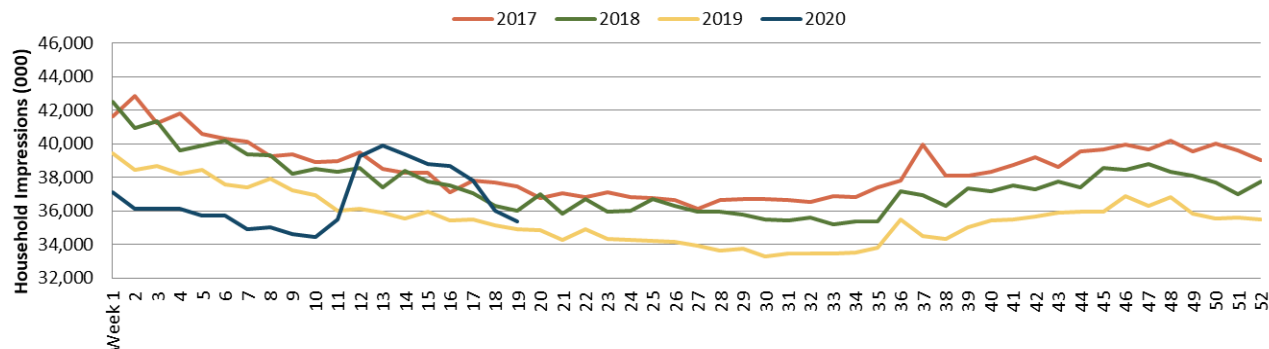
Overall (Monday-Sunday)

- Overall **viewership levels for Cable and Broadcast** were relatively flat last week with overall household viewership decreasing by 1% during the week of May 4.
- Cable viewership remains at 2019 levels, while broadcast is still slightly above levels from last year.

TV Viewership For Ad-Supported Cable Stations - Weekly Overall
12/26/16 - 5/10/20



TV Viewership For Broadcast Stations - Weekly Overall
12/26/16 - 5/10/20



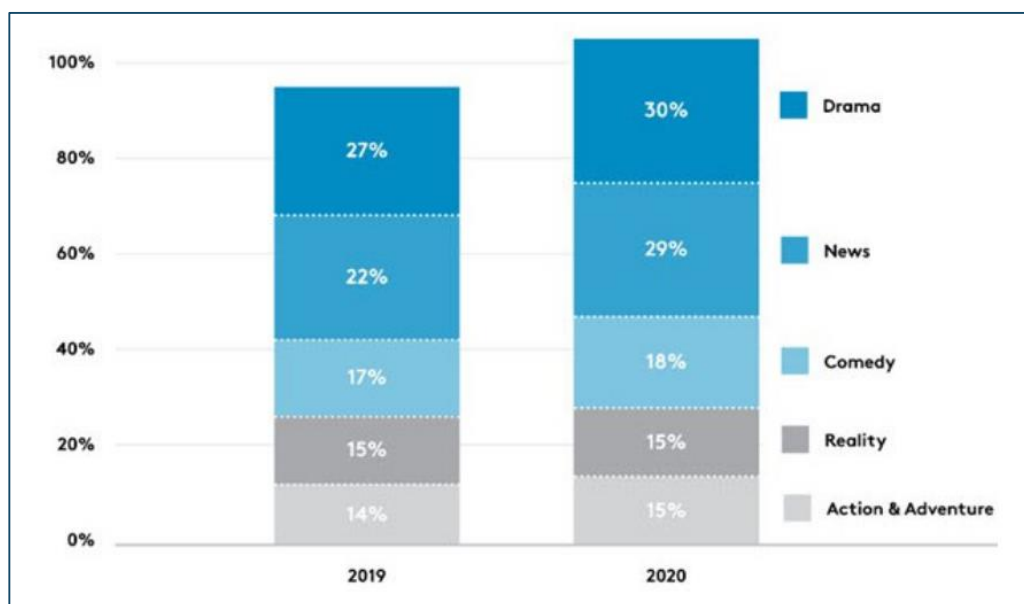
Source: Nielsen





Blurring of the Lines Between Weekday and Weekend Viewership

- Sheltering at home during the coronavirus pandemic has caused a blurring of weekday and weekend viewing habits and levels – but no sign of a rush to escapism on the content front, according to Comcast.
- On a day-by-day basis, the study shows a **shift from Saturday viewing to Monday** over the past two weeks.
 - “Typically, customers watch far more programming on the weekend and that is also when they tend to take a break from their DVRs and watch more on-demand content, including renting and purchasing movies. Since the start of COVID-19, these distinctions have blurred, with weekdays seeing viewing levels and trends akin to the weekend.”
- “DVR usage (particularly on weekdays) has been slowly decreasing, while **video-on-demand usage has leapt by 50%**, along with double-digit growth for discovery-related voice commands such as “what to watch” and “surprise me.”
- However from a content perspective, **Drama, News** and **Comedy** continue to be the top 3 genres consumed.

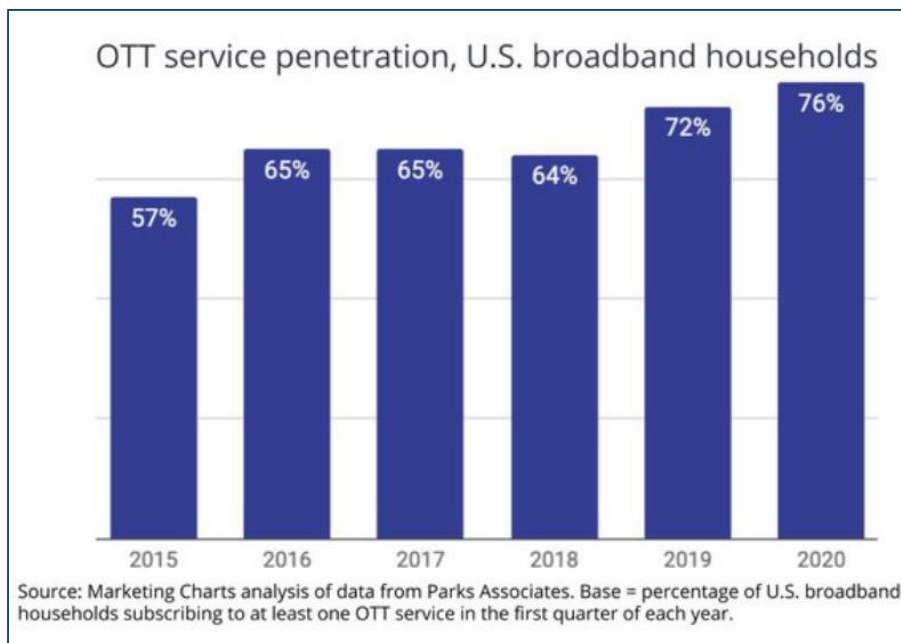


Source: [MediaPost/Comcast](#)



OTT Consumption – Reaches 76% of U.S. Households in Q2

- MediaPost: “As of the first quarter of 2020, more than three-quarters of **U.S. broadband households** were estimated to be subscribing to **at least one OTT (over-the-top) subscription video-on-demand service**”
- eMarketer has reported that of US adults opting into streaming video services, **68% use more than one** (younger demos are the most likely to sign up for multiple services.)
- While access continues to increase, so does consumption, with Nielsen reporting that streaming content continues to post nearly double the levels of 2019.
 - Streaming minutes for P2+ total day came to 84.8 billion for the week ending April 29, 2019, and 75.7 billion for the week ending April 8.



Opportunity: While linear consumption is flattening, we are continuing to see an opportunity to extend reach through streaming video, coinciding with viewership growth.

Sources:
MediaPost,
eMarketer





Industry & Audience Updates





Amazon Sees Record Q1

Company expects to invest heavily in pandemic response measures in Q2.

Q1 Growth

- Amazon reported **net sales of \$75.452 billion**, a **26.4% increase** from \$59.700 billion in the same quarter in 2019.
 - Amazon had **44% growth** in Q1 2020 in its "other" sales line item, which primarily includes **advertising revenues**.

COVID-19 Response:

- Amazon expects to **spend \$4 billion** in Q2 on efforts to respond to the pandemic.
 - Amazon has said it had suspended more than 10,000 sellers on Amazon's marketplace for price-gouging.
 - Amazon has invested heavily in employee safety, hired additional staff, and increased wages.

Looking Ahead:

- Amazon has projected sales in Q2 2020 to increase between 18% - 28%, to \$75 - \$81 billion.
 - Advertisers are still awaiting news on **Amazon Prime Day**, as Amazon has yet to officially announce the date.



Opportunity: E-commerce has soared, especially for higher demand categories such as consumer electronics, tools, home health, and fitness. Our media experts can develop bespoke advertising strategies to capture this increased demand.

Source: Amazon;
[Business Insider](#)





Facebook Q1 Earnings Takeaways

Platform reported growth in total Q1 revenue, usage, time spent—March saw decline in ad spend as brands reacted to COVID-19.

Q1 Growth

- Total Facebook ad revenue rose 17% year over year, totaling **\$17.44 billion globally**.
- Users who visited at least one of Facebook's family of apps (Facebook, Instagram, WhatsApp, Facebook Messenger) grew by 100 million to **2.99 billion in Q1**.
- The percentage of people who logged in every day **rose to 79%** from 78%.

Pandemic Effect:

- Although total Q1 earnings showed growth, **ad revenue declined sharply beginning the second week of March**, coinciding with nationwide pandemic shutdowns.
 - **Travel** and **automotive** advertisers among the largest verticals to pull back spend mid-March.

Looking Ahead to Q2:

- Facebook saw **flat revenue throughout April** as advertisers re-enter the space with new messaging and paid social strategies reacting to the new climate.

Which Facebook Activities Have US Facebook Users Done in the Past Month?

% of respondents, March 2020



Note: 62% of respondents were female and 73% were ages 35+.
Source: "The eMarketer Facebook Flash Survey" conducted by Bizrate Insights, March 12, 2020



Opportunity: Facebook earnings in March indicate a decrease in competition in the space, as advertisers react to COVID-19. Coupled with higher usage across the platform, there is an opportunity for advertisers to increase share at a lower cost.

Source: Facebook, eMarketer



Mobile Trends: Supply Chain Issues Affect Shipments; Consumer Mobile Device Usage is Up

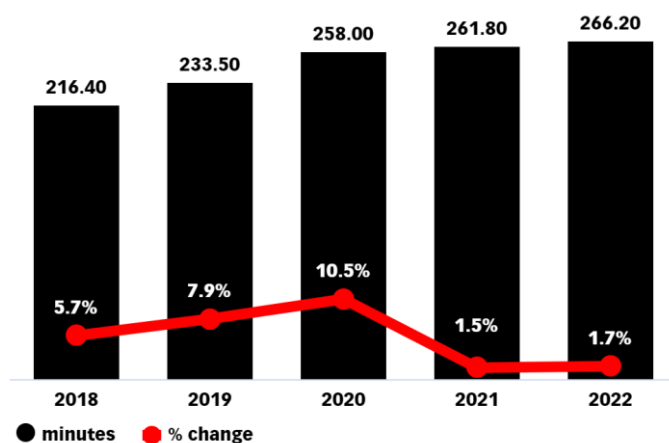
Mobile phone shipments are predicted to decline this year due to COVID-19 factory delays.

- eMarketer: Mobile shipments have been declining since 2015 due to factors like high market penetration, price increases and overall economic uncertainty, but the decline in 2020 is expected to be much steeper.

Mobile usage is up: Users are spending over **4 hours a day** on their mobile devices, equating to **32% of time spent** across media to mobile.

Average Time Spent per Day with Mobile

US, 2018-2022

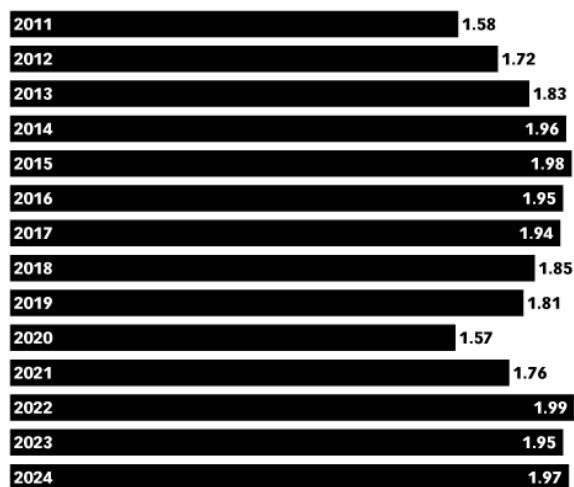


Source: eMarketer, April 2020

www.eMarketer.com

Coronavirus Impact: Mobile Phone Shipments Worldwide, 2011-2024

billions



Note: forecast takes into account COVID-19 reporting as of April 1
Source: CCS Insight as cited in company blog, April 2, 2020

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www.eMarketer.com



Opportunity: With more time at home, users are consuming more content than ever on their devices. Engage with your audiences across the content they are consuming, including mobile gaming, shopping, social media, and entertainment.

Source: eMarketer





Updates by Media Channel





AUDIO

Terrestrial

- Total week AM/FM radio listening is now **82% of pre-COVID-19 levels**.
 - +22% May week 2 vs. April week 1.
 - Weekend AM/FM radio listening specifically is now 94% of pre-COVID-19 levels.
- Cumulus Media reported first quarter net revenue fell 14.8% to \$227.9 million from \$267.4 million in 2019. The company reported a net loss of \$7.4 million as compared to net earnings of \$451,000 in the year-ago period.

Podcast

- **iHeartMedia** has announced that philanthropists and business leaders Bill and Melinda Gates, Apple CEO Tim Cook, and several others have joined on for "Commencement: Speeches for the Class of 2020", a one-of-a-kind **special podcast event** for **America's graduation month** featuring commencement addresses from key thought leaders and cultural icons.
 - The podcast will publish the speeches on May 15, ahead of "**National Graduation Day**" (**May 17**) with a show dedicated to all the graduating classes of 2020 who will miss their commencement celebrations due to the COVID-19 pandemic.
- According to Podtrac, the week of April 27 - May 3 was flat for downloads and up 2% for audience, when compared to the previous week.
 - On a monthly basis, U.S. downloads for 16 of the Top 20 Publishers listed in their March Publisher Rankings were flat or higher for the month of March vs. February—even with the weekly downward trend which began the week of March 9-15.

Sources:

Cumulus Earnings,
[Radio Online](#)

iHeart
Commencement
2020 Podcast,
[Radio Online](#)

[Podtrac](#)

[WestwoodOne
State of Consumers,
Audio, and Media
Report](#)





LINEAR TV AND VIDEO

- Our buyers continue to see weekly opportunities to pick up discounted time across all linear TV partners – broadcast network, national cable and satellite.
 - DirecTV SuperSpots in *Real Housewives*.
 - CBS – various prime shows including *Survivor*.
 - Food Network – primetime.
- **DirectTV** offered full feed and UA avails in *The Match – Tom Brady and Phil Mickelson vs. Tiger Woods and Peyton Manning* airing May 24, 2:30p-7:00p simulcast across TBS, TNT and truTV.
- **Live Sports** beginning to make it's return to TV:
 - FOX – NASCAR will have live racing coverage starting Sunday, May 17.
 - PGA overage returning in June.
 - MLB announced play may start around 4th of July weekend.



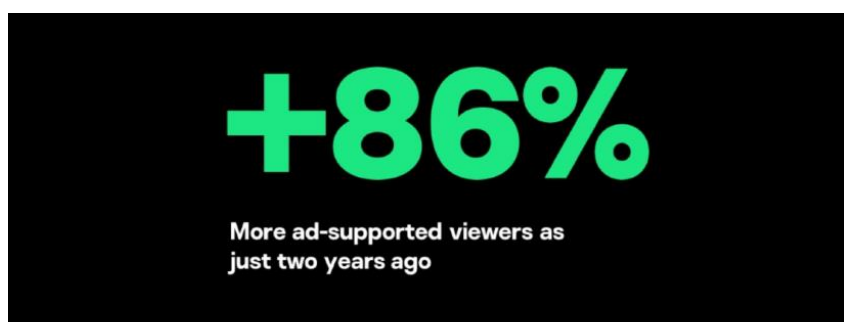


OTT: Hulu Usage Growing; New Viewing Habits Emerging

Comparing Pre- Versus Post-Pandemic Usage

- Wi-Fi viewing of Hulu on mobile phones has grown **+30%**.
- **3%** more devices are being connected to accounts.
- On average, viewers are watching **9** different titles in a given week - up **+26%** vs. the same time last year.
- **42%** of Hulu viewers tell us they've rewatched a favorite TV series. **66%** have started a new show they hadn't seen before, and **41%** finally started that series they've been meaning to watch.

+18% MORE VIEWERS HAVE
TURNED ON HULU
EVERY SINGLE DAY



Hulu Internal Data comparing various pre-physical distancing time periods (2/14/20-3/8/20) to physical distancing time periods (3/13/20-4/26/20)



Opportunity: OTT media can provide efficient audience reach of your key messages, especially during this time of shelter-at-home. Reach out to your Rain team leads to find out if Hulu is right for your objectives.

Source: Hulu

FOR MORE INFORMATION



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