



MEDIA IMPACT REPORT #20

COVID-19 Pandemic Advertising Ecosystem Impact

10.30.2020

TOP 3 THINGS TO KNOW

1

Consumer holiday shopping is predicted to be moving away from retail and happening more online

2

Streaming services are seeing large subscriber gains creating more opportunity for advertisers

3

As the election grows closer, News viewership remains high and is predicted to remain high beyond election day

If you have questions related to anything in this report or previous reports, email us at askmediamavens@rainforgrowth.com and our subject matter experts will answer.





Agency POV





Brett Lunde
Director,
Media Planning

New Advertisers Continue to Embrace Linear TV, Despite 2020 Uncertainties

When the lockdowns started in March this year, the advertising industry saw major consequences: TV networks scrambled to fill programming, long standing advertisers started pulling their spend and entire industries like Travel and Hospitality saw seismic shifts, all while total viewership actually increased across almost all platforms.

However, this shift created a new opportunity and direct-to-consumer (DTC) brands jumped on the open inventory to connect with consumers. The rise in viewership and the open inventory resulted in a large increase in first-time advertisers for Linear TV media. An analysis from the Video Advertising Bureau reported that almost a half billion dollars came from 110 first-time national TV advertisers in the Q1&2 2020, which was up almost 50% from the same time period in 2019.

One significant portion came from the ongoing streaming platform battle including AT&T TV (\$27MM); Quibi (\$25MM); Peacock (\$24MM); HBO Max (\$14MM). More importantly, D2C brands made up over half of the new advertisers during this time period.

DTC advertisers are in a unique opportunity for the next 6-18 months as lockdowns continue in the short term, but restrictions will likely only be gradually reduced in 2021. Embracing direct communication and direct sales channels creates a 1-to-1 connection with consumers and is the cornerstone of Rain the Growth Agency's Transactional Brand Building process.



Opportunity: Unique opportunities for DTC brands were created in 2020 and that will continue into 2021. There is no better time than now to launch a new campaign if you are a DTC brand.



Dan Gallagher
SVP, Brand Strategy
and Research

Buckle Up Brands and Prepare for a Turbulent End to 2020!

With his relatively measured performance in the Thursday night Presidential debate, President Trump applied a tourniquet to his bleeding reelection campaign and increased the likelihood of a contested election while decreasing the likelihood of a Biden landslide. In addition to a protracted and contested election, there are multiple forthcoming events on the Q4 calendar that will present challenges and opportunities for marketers and brands:

- Pandemic Halloween
- Lack of clarity around schooling children
- Family travel and gatherings at Thanksgiving
- Holiday shopping
- A possible "Twindemic" with Cold & Flu season
- Family travel and holiday gatherings in late December
- The celebration of "2020: Good Riddance!"

Three waves of COVID-19 quantitative research indicated that Americans were already frustrated and fatigued back in April 2020. With a resurgence in COVID-19 cases in late summer and societal tensions around face coverings and social distancing, Americans are fed up with 2020 and long for a new beginning and fresh slate. Unfortunately, the above events in the final three months of 2020 and the unknowns for 2021 will bring no relief to consumers and will only exacerbate existing feelings of anxiety and fear among adults as well as children.

So, what does all mean for marketers and brands?

As the weather gets colder and people turn indoors for entertainment, digital, audio and linear TV consumption historically increases after a summer lull. With a contested election, new cable and network TV programming, holiday advertising and the NFL in full swing, fourth quarter commercial TV inventory is tight—especially news programming given the expectation of a contested election.

Continued on next page



Dan Gallagher
SVP, Brand Strategy
and Research

Buckle Up Brands and Prepare for a Turbulent End to 2020! (cont'd)

If Americans felt that there was “a lot going on” during the first three quarters of 2020, they’re about to experience some heavy “piling on” in the next couple of months and going into Q1 2021. With multiple simultaneous events, Americans will struggle to process the confusion, conflict and uncertainty to the point that it will be difficult for brands to break through and capture mindshare.

During this time, brands have an opportunity to play a relevant role in people's lives. Tapping into the emotions around reassurance, brands can advocate for a sense of calm and resilience while offering a degree of hope that 2020 will soon be over and 2021 will mean better days. Given all the activity and frenetic pace expected in the upcoming months, Americans will be seeking **SUCCOR**:

- **S**upport
- **U**nity
- **C**ontrol
- **C**almness
- **O**ptimism
- **R**eassurance

Three historical advertising campaigns come to mind as examples of communications that offered support, brought people together and created emotional bonds:

- Britain's WWII campaign: “Keep Calm and Carry On”
- Texas's anti-littering campaign: “Don't Mess with Texas”
- New York's tourism slogan: “I heart NY”

All three campaigns managed to create a sense of shared purpose and unity—feelings that a divided nation desperately longs for. All three pulled regional pride strings with the British campaign doing an especially good job at conveying a sense of hope that we, as a nation, will prevail—despite the current levels of suffering and anxiety.

With the U.S. government failing badly at communications during COVID-19, it's up to businesses and brands to step in and take a leadership role in offering succor and rallying Americans through this crisis.



Marketplace Updates





Outlook for Q4 2020 & Q1 2021

As a follow-up to our Virtual Road show observations, we wanted to share some updates on what we are seeing now in the media marketplace and our updated guidance.

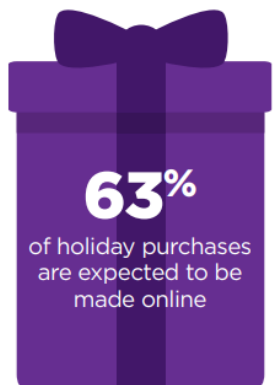
From a **Linear TV** perspective, the marketplace has been extremely competitive in Q4, with high sellout levels in broadcast, syndication and high profile cable. Some specific areas of note:

- Heading into the election next week, pricing on cable news has continued to increase for brands that are looking to secure inventory.
- Inventory is changing weekly, which will drive changes in availability.
- The Q1 marketplace is looking to shape up similarly, with less visibility than typical due to some brands shifting to calendar year upfronts and option deadlines not yet upon us.
 - For those clients looking for premium inventory – we recommend locking in Q1 inventory as soon as possible to ensure clearance in these areas.

We expect inventory across **digital video, social** and **audio** to be pressured during key holiday shopping dates, but to be more stable outside of those key dates.



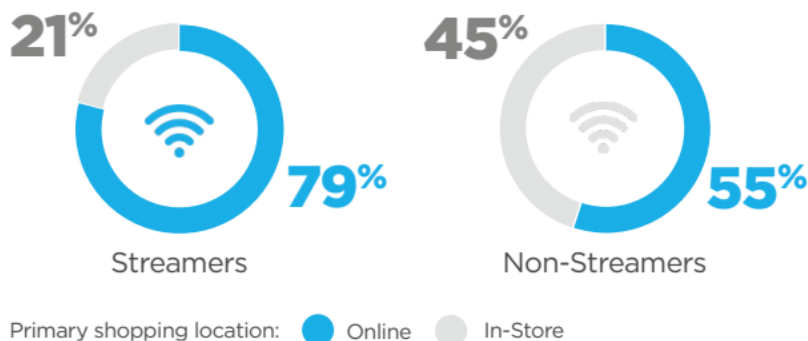
Opportunity: We recommend continuing to test across new media types and channels, in order to allow for budget fluidity around pricing and inventory shifts.



Q4 Holiday Shopping will Primarily be Online

- A study conducted by Roku and The Harris Poll found that about **2/3 of shopping will be conducted online this year.**
- When purchasing online, consumers are reporting that key value drivers like **shipping options** (free/cheap - 55% and fast - 47%) and **tangible discounts and coupons** (42%) have the biggest influence on their overall purchasing decisions.
- Consumers are **spending most on children, spouse, and self** – followed by relatives, parents/grandparents, friends, coworkers and pets.
- Users who are **streaming video users** are more likely to shop online vs. in-store, compared to non-streamers.

Streamers Lead Online Shopping Surge



85%

of U.S. Households Now Stream

98% Gen Z

96% Millennials

72% Boomers

56% Those over 74



Opportunity: Q4 shopping holidays will be bigger than ever this year for e-commerce brands; A multi-channel approach, including digital video, will get relevant messaging in front of digital shoppers.

Source: [Roku and The Harris Poll](#)

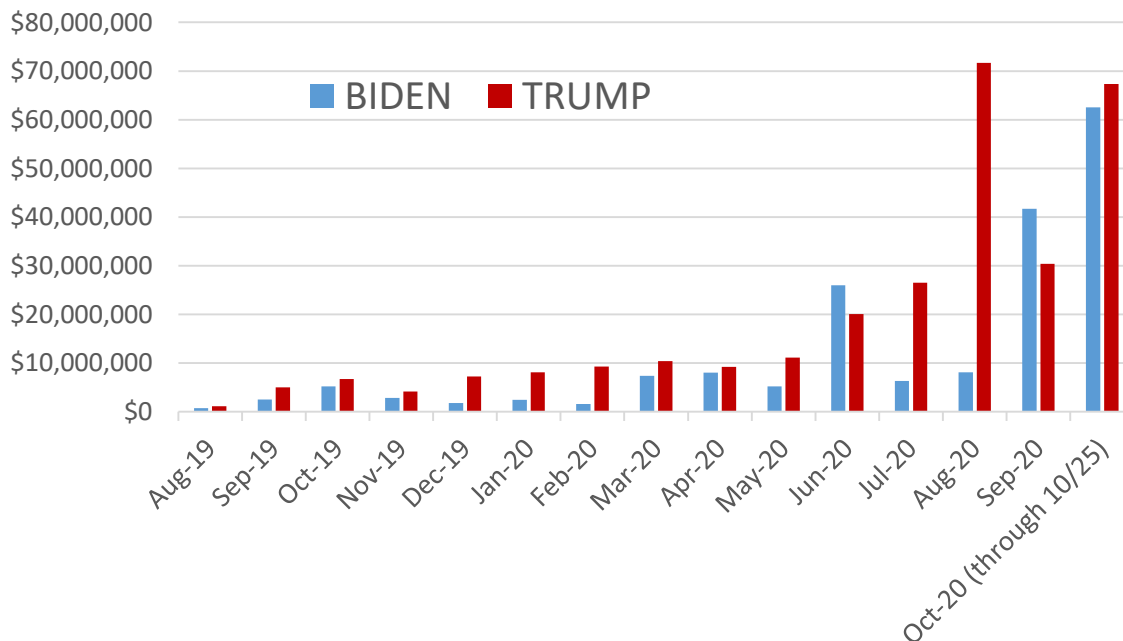




Digital Political Spends Update

- Biden and Trump have both increased spending this month above September levels, reaching more than \$60M each in spend in October.
- YouTube and Facebook make up more than 90% of spend this month.
- Candidates also raced to activate new political ads on Facebook this week, as the platform announced it is halting all new political creative messages a week prior to Election Day (and pausing all political ads after the polls close on 11/3 temporarily, as is Google).

Digital Spend Trends

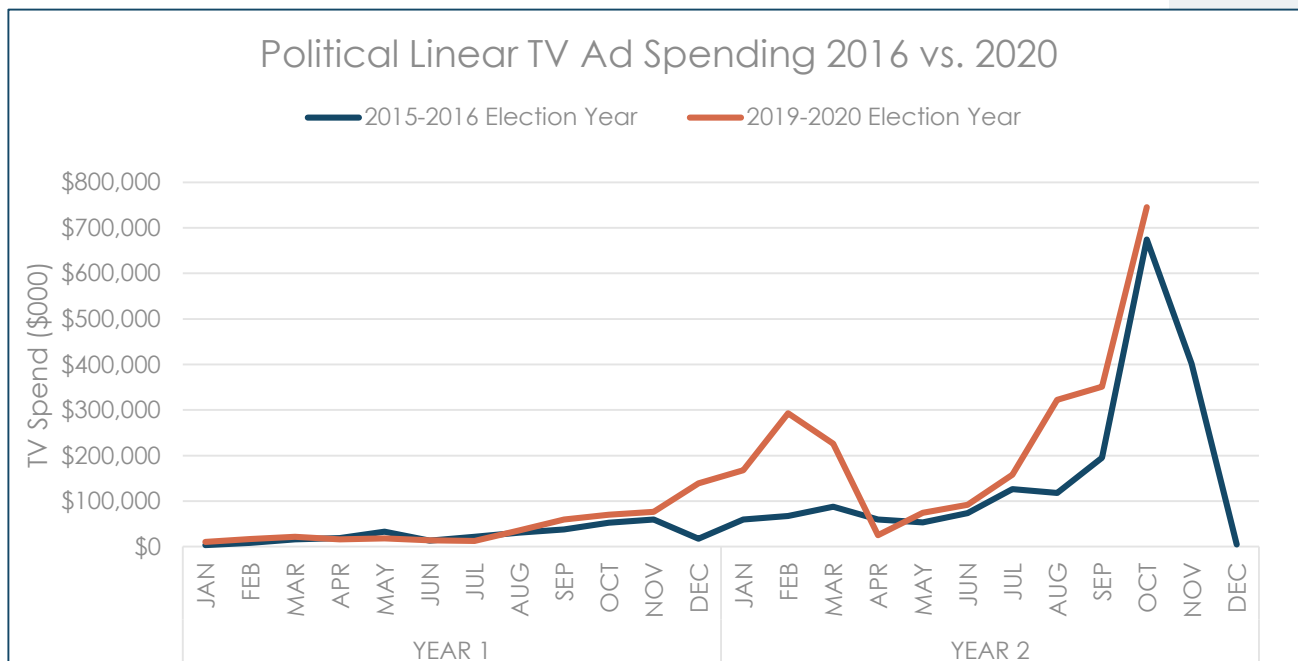


Source: Pathmatics




Linear Political Spend Updates

- As we head into the final stretch towards election day 2020, political TV advertising increased 6% during the week of 10/19 to \$209MM.
- YTD spending on TV has reached ~\$2.5B and paces 62% higher than 2016 election year (Jan-Oct).
- The highest concentration of spend continues to be in local markets, representing 89% of total linear spend.



Source: Kantar





Media Consumption Updates



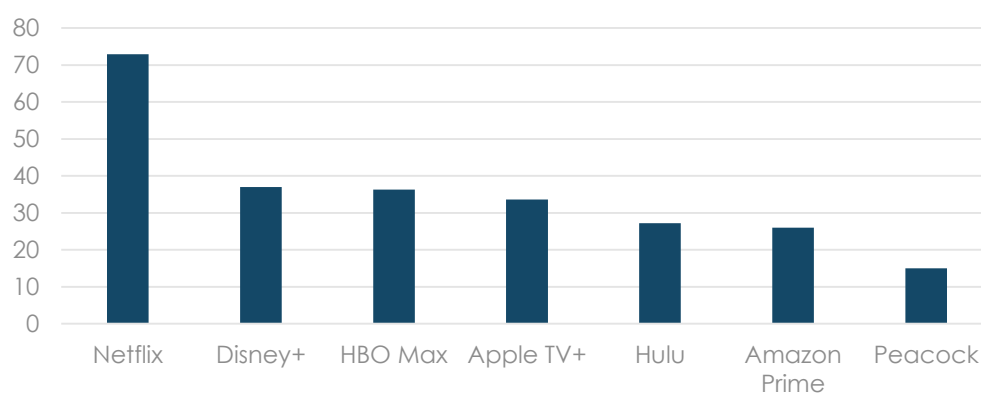


New Streaming Services See Big Q3 Gains

- According to a longitudinal panel of 20,000 consumers monitored by Kantar, Peacock took 17.2% of new premium streaming subscribers, followed by Amazon Prime Video at 16% in Q3.
 - HBO Max, which launched at the same time as Peacock, came in at an 11.3% share.
- During this time period, only 10% of new subscriptions came from another service (cancelled one and picked up another).
- Peacock offers both a paid and free ad-supported subscription, which could have helped its launch period.
 - To put that in perspective, it is estimated that roughly 70% of Hulu subscribers use the ad-supported option.

Note: Quibi was an outlier as a digital video streaming platform that did not see success, announcing its shutdown 6 months post-launch.

Estimated Subscribers (in millions)



Opportunity:

More ad supported streaming platforms create additional opportunity to test and learn and expand the overall media mix.

Source: [MediaPost](#)

*Kantar: Reported and estimated individually



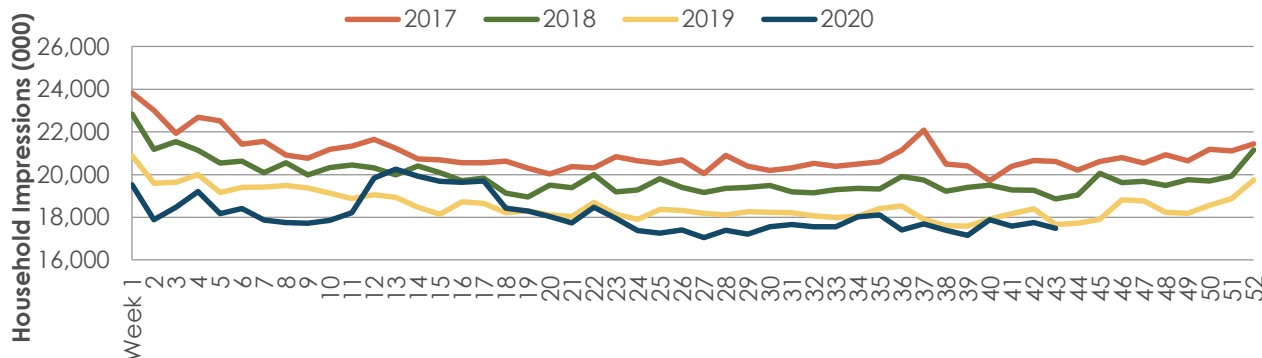


Household Viewership

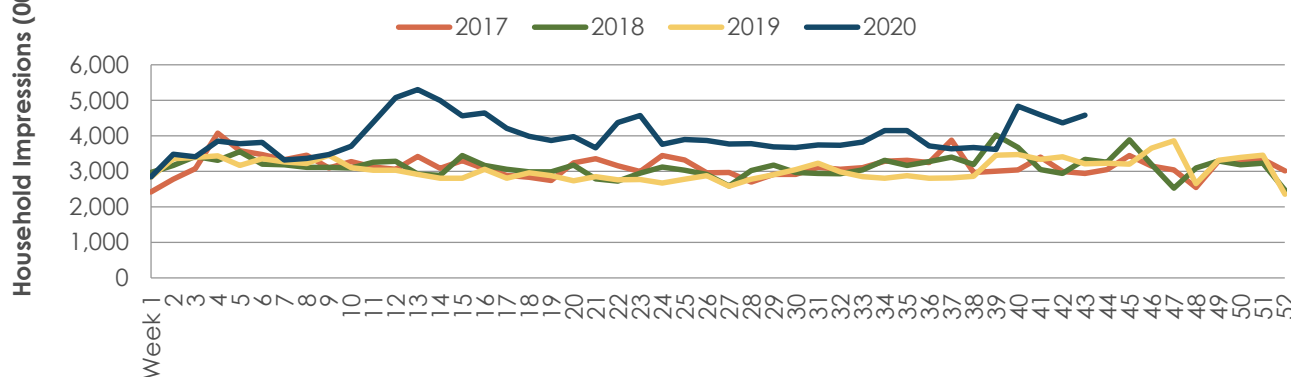
Overall (Monday-Sunday)

- For the week of 10/19, overall HHLD cable viewership decreased by 2% compared to the week of 10/12 (Mon-Sun).
- Cable News viewership has been maintaining a 4-year high; as the election draws closer, this is expected to hold.

TV Viewership For Ad-Supported Cable Stations - Weekly Overall
12/26/16 - 10/25/20



TV Viewership For Cable News Networks - Weekly Overall
12/26/16 - 10/25/20



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Source: Nielsen





Media and Programming Updates





Linear & Video

Linear TV

- Overall marketplace remains competitive and well sold headed into November.
 - Cable news networks have seen major pre-emptions over the last couple weeks due to high demand and limited inventory with the SCOTUS confirmation hearing coverage. Rates will continue to be high and inventory limited at least through the week of Nov. 2 – in some cases seeing premium rates for those advertisers wanting clearance specifically on Election Day, Tuesday, Nov. 3.
 - We recommend continuing to make in-week adjustments based on current clearance information – seeing many changes throughout the week given volatile marketplace.
- Programming schedules continue to be finalized as production moves forward despite COVID-19 – the beginning of November will see the premieres of several scripted dramas and comedies.
- Live Sports continue to see the impact of COVID-19, delaying several college football games.
 - The Holiday Bowl is the first college bowl game to be cancelled this year.

Sources:

[Viacom](#)

[The Wrap](#)

[CBS Sports](#)

[ESPN](#)





Audio

Podcasting

- A recent Nielsen survey found that host-read ads outperform non-host-read ads for inspiring listeners to seek more information about a product. Host-read ads also result in an average increase of 50% in purchase and recommendation intent when compared against non-host-read ads.
- SiriusXM's \$325 million deal to buy podcast company Stitcher closed in mid-October.
- iHeartMedia announced on October 23rd that it is buying Voxnest. Launched in 2018, Voxnest brings a suite of advertising capabilities and tools including podcast analytics, enterprise publishing, programmatic integration, and targeted ad serving.
- Podcast downloads for the 52-week period from October 14, 2019, to October 18, 2020, were up +40%.

Terrestrial

- A study by Nielsen suggests broadcast radio is a key tactic for reaching potential voters. Adding AM/FM commercials to a buy that also includes TV and digital generates a 15% boost in voter reach, for the same budget.
- Nielsen reported that radio's audience rose substantially in October. However, the company also made a methodological change in October to factor in people who listen with bluetooth headphones, which effectively boosted radio's audience by 4%. Moving forward this results in a fundamental change to radio audience measurement.

Streaming/Digital

- Pandora ended Q3 with 58.6 million monthly active listeners, down from 59.6 million in Q2, and 63.1 million a year ago.
- The aforementioned Stitcher acquisition also impacts Pandora (another SiriusXM-owned entity). The deal brings top Stitcher titles to Pandora, including "Freakonomics Radio," "My Favorite Murder," and "Conan O'Brien Needs a Friend," among others.

Sources:

[Nielsen Podcast Ad Effectiveness Survey](#)

[Inside Audio Marketing](#)

[WestwoodOne's Political Blog](#)

[MediaPost](#)

[PR Newswire](#)

[TechCrunch](#)

[SiriusXM](#)



FOR MORE INFORMATION



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