



Our Community **Uninterrupted**

Today's Discussion:

Covid-19 Impact on Digital Investment: 2020 Buy-Side Barometer
Survey Wave #5

Presented By: IAB Canada

We will begin momentarily...

Community Uninterrupted

COVID-19 Impact on Digital Investment:

Wave #5

July 14, 2020

Wave #5 Covid-19 Buy-Side Snapshot

What we wanted to learn from our Agency and Marketer members...

While discussions accelerate around re-opening the economy and we speculate on what the next months will look like, IAB Canada is continuing to track the impact Covid-19 is having on our industry.

This is our fifth quick snapshot of how COVID-19 is impacting Canadian digital media investments thus far and respondents' plans for the next 3-6 months or later.

This updated set of 'broad impact' indicators is based on our fifth, just-completed 3-minute survey of community members at IAB Canada agencies and marketers.

A big thanks to all survey participants who made this report possible with your input.

Agencies and Marketers Invited to Respond

Wave 5 'In-Market' June 19-July 8, 2020; (Wave 4 May 19-27)

Nine-in-ten respondents from Agencies – consistent!

List of categories represented in fifth survey, includes three new ones:

- Automotive
- CPG
- Consumer Electronics
- Fashion & Apparel
- Financial services
- **New!!** Fitness & Wellness
- Media/Entertainment
- Retail
- **New!!** Toys & Hobbies
- Travel
- Telcos
- Real Estate
- Home products/services
- Governmental
- Pharma/Healthcare
- NGO
- **New!!** Pets & Pet Supplies
- Other

Note: Findings should be interpreted broadly/directionally.

IAB Canada Buy-side Barometer: Wave 5, COVID-19 Impact on Digital Investment 2020

Blue Ribbon Buy-Side Panel

Enhanced Credibility

- Promote reliable interpretation of survey findings by IAB Canada, that reflect in broad terms what is *actually* happening in our business;
- Identify and notify IAB Canada of any 'potentially misleading' impressions by some survey respondents to assist responsible reporting.*

The Panel

Devon MacDonald - CEO, Canada, Mindshare

Gah-Yee Won - Director, Global Media & Marketing Science, Scotiabank*

Joanne Crump, VP Integrated Media, Active International**

Karel Wegert - Executive Vice-President, Media Experts IPG

Caroline Moul - President, PHD / Sean Dixon - Managing Director, Marketing Science, Omnicom Media Group***

Alexandra Panousis - CEO of Carat Canada

Stuart Garvie - CEO at GroupM Canada

Tracy Ball - Manager, Programmatic Marketing, The Home Depot Canada

* IAB Board member and Co-chair, Marketer Council

** Member, Agency Council

*** Co-chair, Agency Council

* Note: The Blue Ribbon Panel was formed to address potential fluctuations in survey results from one wave to the next, due to differences in who is completing the survey and their particular circumstances. Blue Ribbon Panel members vary as to who provides feedback on each wave.

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Study Highlights

Powerful Digital Leadership

"I have reviewed the study and while there are a couple of areas that we see a slight difference in our numbers versus the respondents – overall I am largely aligned."

- Member of the Blue Ribbon Panel

Over 85% of Agency Sample Still Negatively Impacted

Q. How have majority of your digital budgets been impacted by COVID-19?

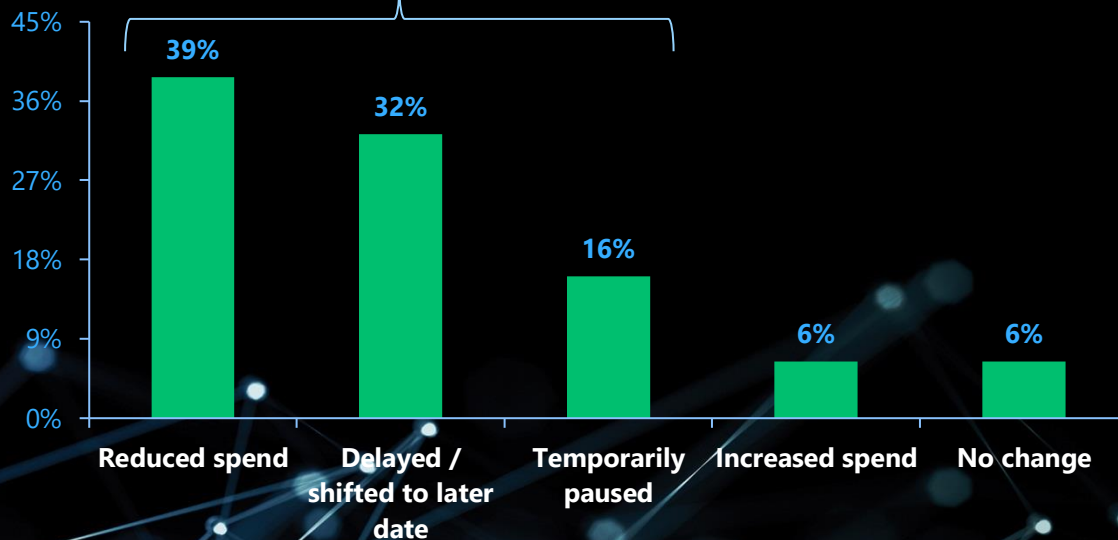
'Reduced Spend' response has risen again to exceed 'Delayed /Shifted'; (equal in wave 4, less in wave 3)

Percent reporting negative impact is broadly consistent with prior wave.

"Not surprised that the reduced spend % keeps climbing on each survey".

- Member of the Blue Ribbon Panel

How majority of digital ad budgets impacted
(choose one answer, percent of sample)



Note: Findings should be interpreted broadly/directionally. The survey covers proportion of respondents taking actions and not the volumetrics of how deep the cuts are in aggregate or how big the companies taking these actions may be. Findings between waves may vary due to differences in survey participants..

Broadly consistent impact by format since the last wave

Q. How much of an increase/decrease by channel/tactic due to COVID-19?

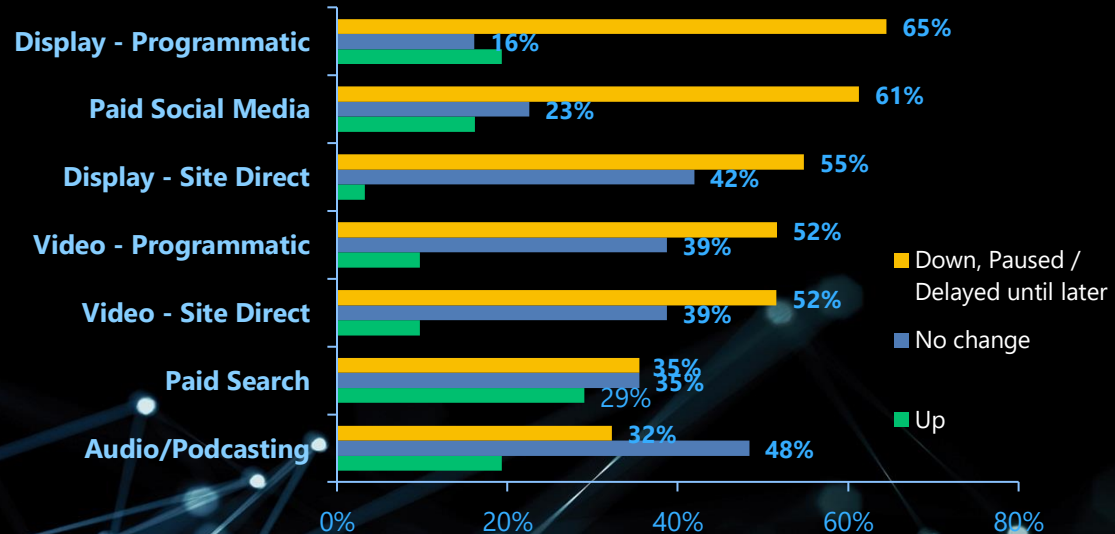
- Same format ranking as wave 4.
- Paused/Delayed still much less common than reductions, ranging up to only 16% of respondents (as before)
- Reductions still tend under 40% of spend, no internal skew
- Still Least affected: Audio, Search

Again no indication Canadian publishers are more negatively impacted than global platforms.

No cancellations reported this wave

Note: Findings should be interpreted broadly/directionally. The survey covers proportion of respondents taking actions and not the volumetrics of how deep the cuts are in aggregate or how big the companies taking these actions may be. Findings between waves may vary due to differences in survey participants.

Percent reporting changes to spending
(choose % sample by channel/tactic)



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Q. How much of an increase/decrease by channel/tactic due to COVID-19?

- Same format ranking as wave 4.
- Paused/Delayed still much less common than reductions, ranging up to only 16% of respondents (as before)

"I would be interested to see if spends shift as we approach the end of different firms' fiscals. Perhaps the impact of Covid is not fully realized until the fiscal is over and the annual P&L review has taken place?"

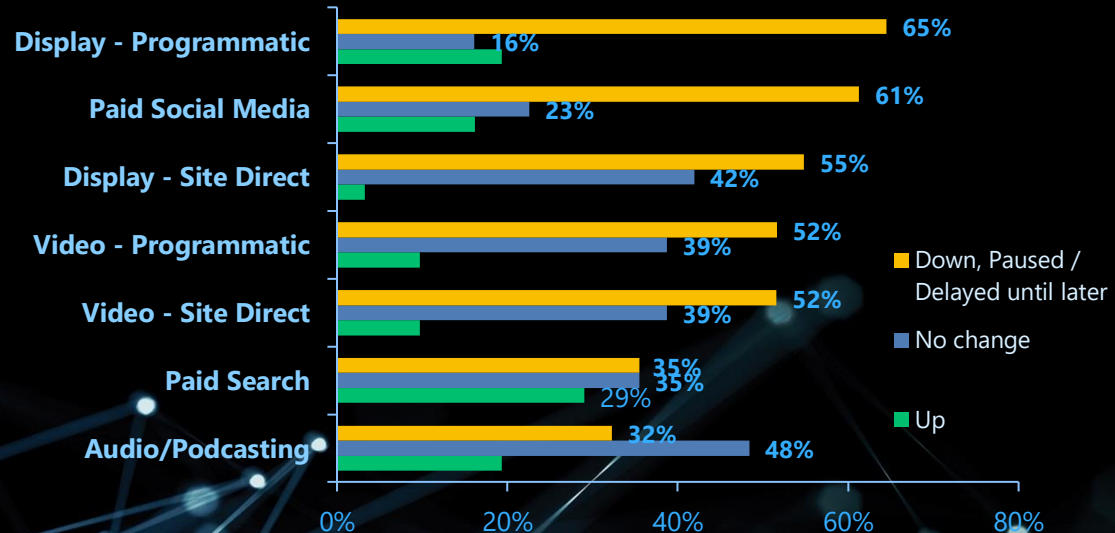
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Percent reporting changes to spending
(choose % sample by channel/tactic)



Over four-in-ten say Costs are Down

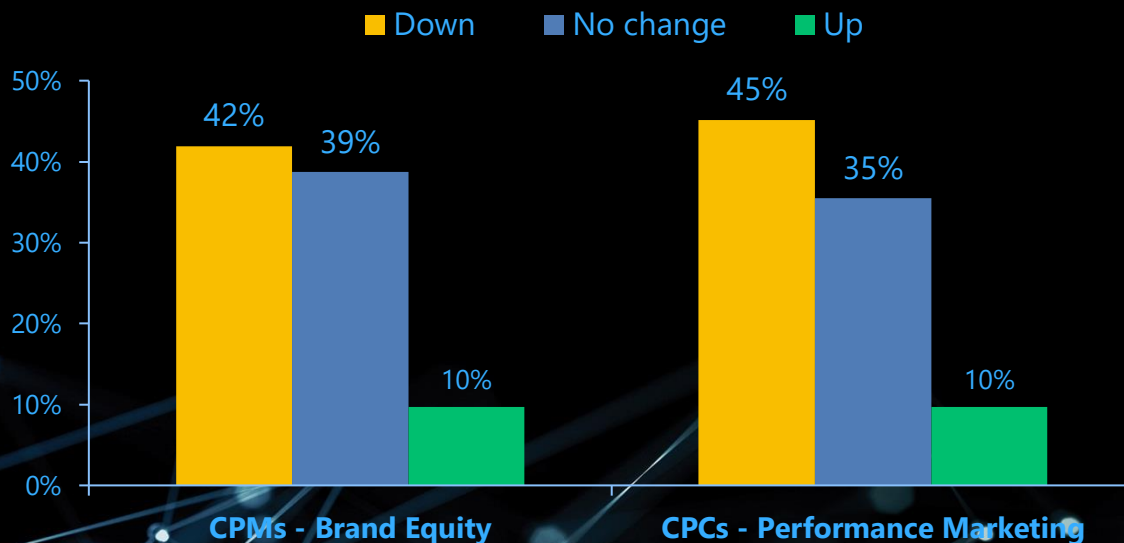
Q. How much of increase/decrease in CPMs vs CPCs on average, due to COVID-19?

Declines primarily under 20%.

Definitions:

- CPMs - Brand Equity (i.e. top of funnel: awareness to consideration)
- CPCs - Performance Marketing (i.e. bottom funnel: trial / purchase)

Percent reporting changes to CPMs and CPCs
(percent sample per metric)



Note: Findings should be interpreted broadly/directionally. The survey covers proportion of respondents taking actions and not the volumetrics of how deep the cuts are in aggregate or how big the companies taking these actions may be. Findings between waves may vary due to differences in survey participants..

Over four-in-ten say Costs are Down

Q. How much of increase/decrease in CPMs vs CPCs on average, due to COVID-19?

Percent reporting changes to CPMs and CPCs
(percent sample per metric)

■ Down ■ No change ■ Up

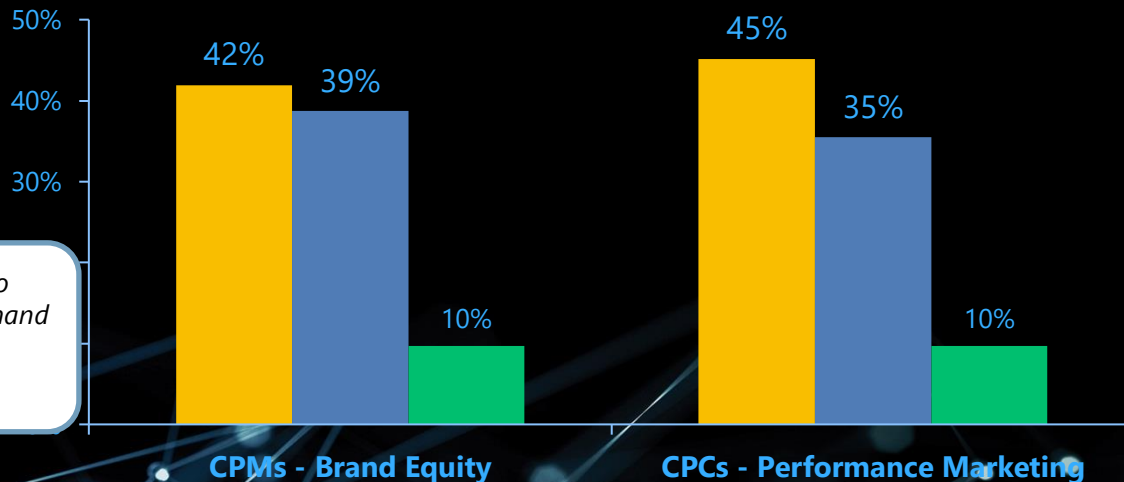
Declines primarily under 20%.

Definitions:

- CPMs - Brand Equity (i.e. top of funnel: awareness to consideration)
- CPCs - Performance Marketing (i.e. bottom funnel: trial / purchase)

"As advertising picks up with more businesses starting to open and fall buying/holiday campaigns, increased demand for inventory will inevitably impact costs".

- Member of the Blue Ribbon Panel



Note: Findings should be interpreted broadly/directionally. The survey covers proportion of respondents taking actions and not the volumetrics of how deep the cuts are in aggregate or how big the companies taking these actions may be. Findings between waves may vary due to differences in survey participants..

Some top/bottom group consistency, some 'musical chairs'

Top 4: MOST Affected'

(Previous wave in top 6)

- Media/Entertainment, Travel, Auto, Retail

Bottom 7: LEAST Affected'

(Previous wave in bottom 7)

- NGOs, Pharma/Healthcare, Government, Electronics, CPG
- And – NEW to survey: Pets, Toys

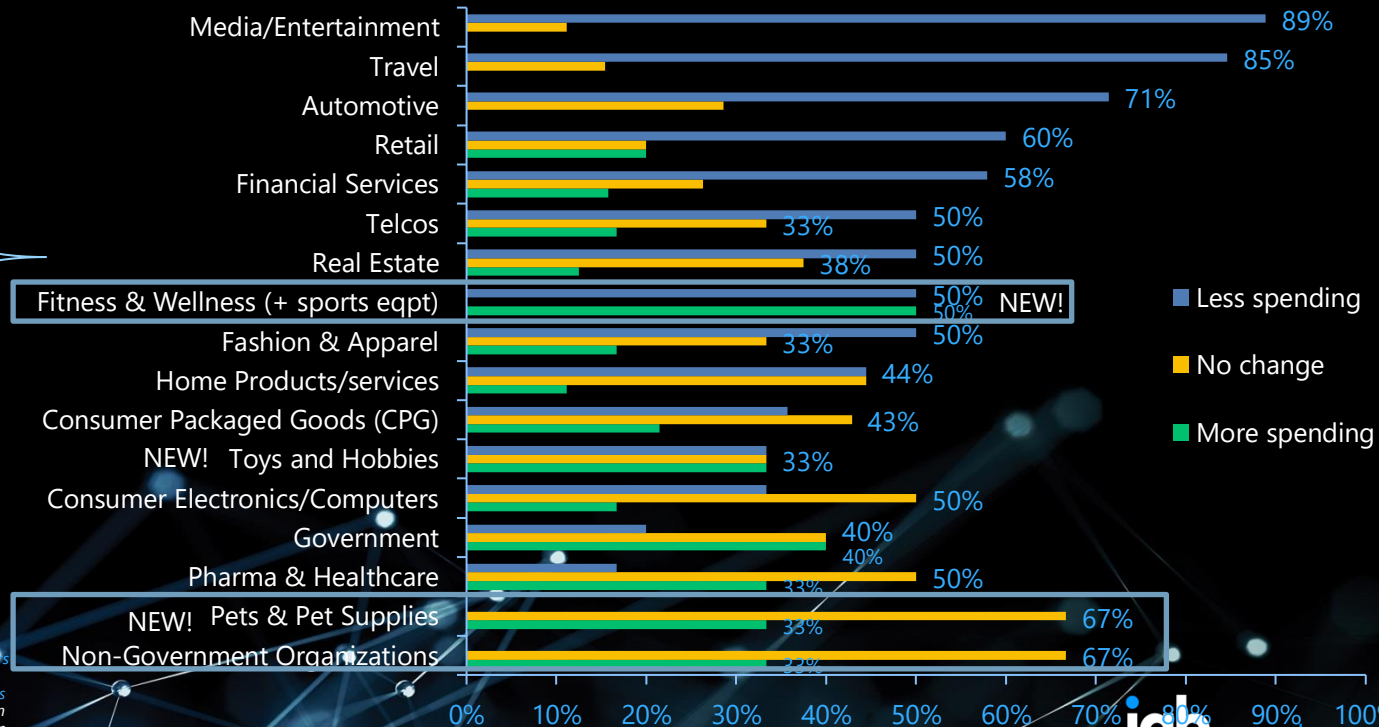
Biggest % 'More Spending'

- Fitness/Wellness (NEW to survey) beats Pharma/Health this wave

Biggest % 'No Change'

- NGOs and (NEW to survey) Pets

Categories work on, how dig. spends affected (all that apply, % sample working on category)



Note: Findings should be interpreted broadly/directionally. The survey captures proportion of respondents in each category taking actions and not the volumetrics of how deep the cuts are in aggregate or how big the companies taking these actions may be. Caution-Findings (percents) may vary between waves due to differences in survey participants and the number who work in each category.

eCommerce Enabled Brands Continue to be Less Impacted

Q. Are brands with eCommerce capabilities more/less affected than non?

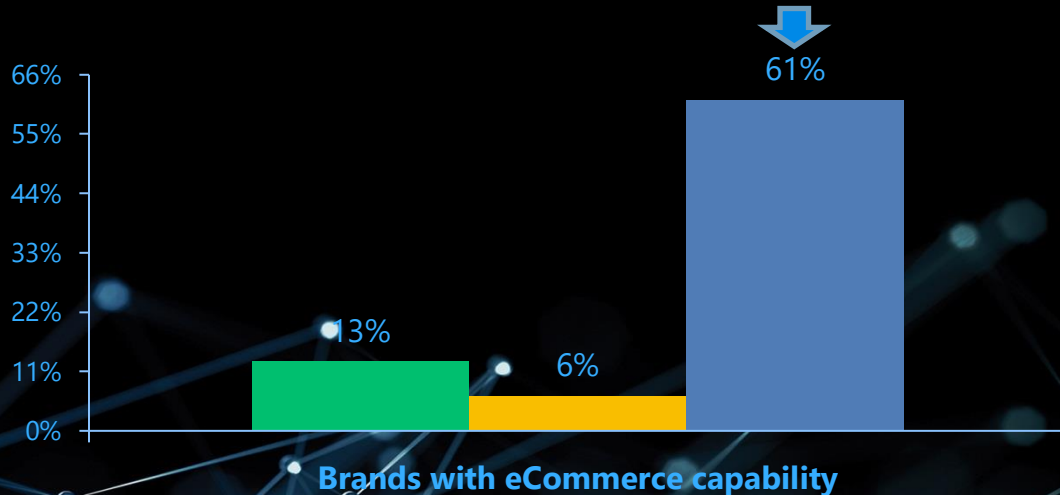
Findings almost identical to Wave 4.

"While all business has been impacted by Covid, watching the acceleration to eCommerce has been exhilarating and indicative of the new norm".

- Caroline Moul, President, PHD

eComm-enabled brands are less affected
(percent of sample)

■ More affected vs Non-eComm ■ Same impact ■ Less affected



Note: Findings should be interpreted broadly/directionally. The survey covers proportion of respondents taking actions and not the volumetrics of how deep the cuts are in aggregate or how big the companies taking these actions may be. Findings between waves may vary due to differences in survey participants.

Percentages do not sum to 100%, as Not Applicable/Don't know not shown.

What issues are driving spend reductions?

Powerful Digital Leadership

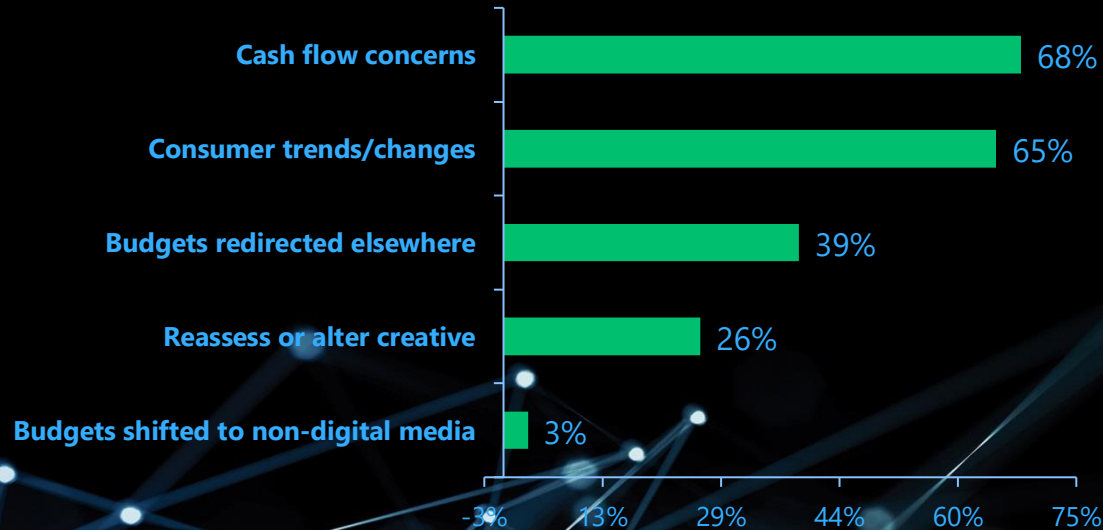
"As Canada enters phase two, companies will need to support their business to drive sales and ultimately survival".

- Member of the Blue Ribbon Panel

Cash flow & Consumer Trends still pack Hardest Punch

Q. Main reasons for your firm's or clients' digital budget decreases, pauses, etc.?

Reasons for digital decreases / pauses etc
(percent sample, all that apply)



Note: Findings should be interpreted broadly/directionally. Findings between waves may vary due to differences in survey participants.. Percentages do not sum to 100%, as Not Applicable / other not shown.

Most using Modified Creative

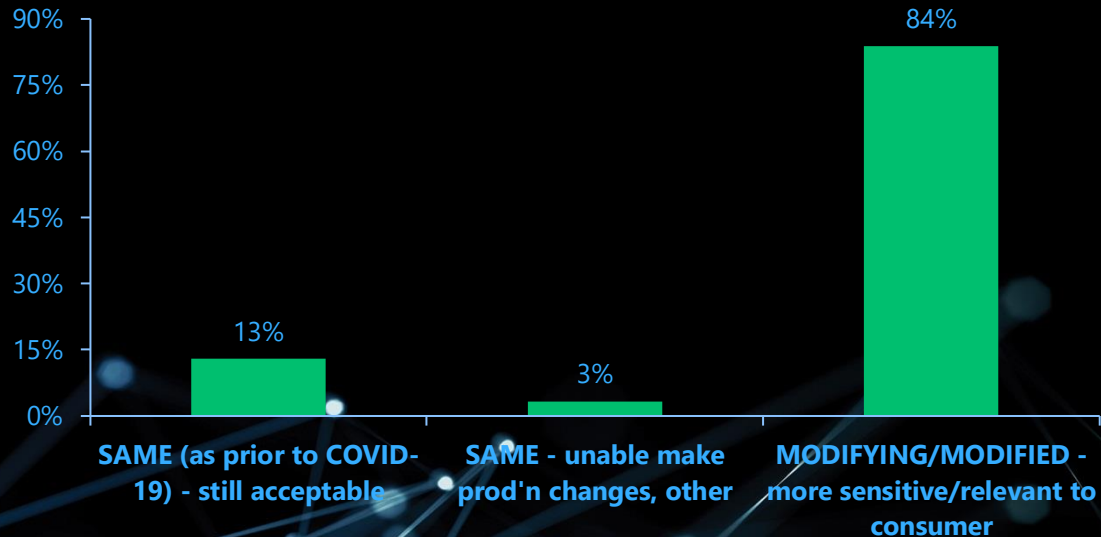
Q. What CREATIVE ASSETS your main brand or client is using at present.

Creative Assets main brand/client using now
(choose one answer)

Broadly consistent with Wave 4, four-of-five advise use of modified creative.

"Will be interesting to see if more store/business openings" leads to "potential for new creative messaging required".

- Member of Blue Ribbon Panel
(paraphrased)



Note: Findings should be interpreted broadly/directionally. Findings between waves may vary due to differences in survey participants.. Percentages do not sum to 100%, as Not Applicable not shown.

One-in-four Blocking 'hard news' Due to COVID.

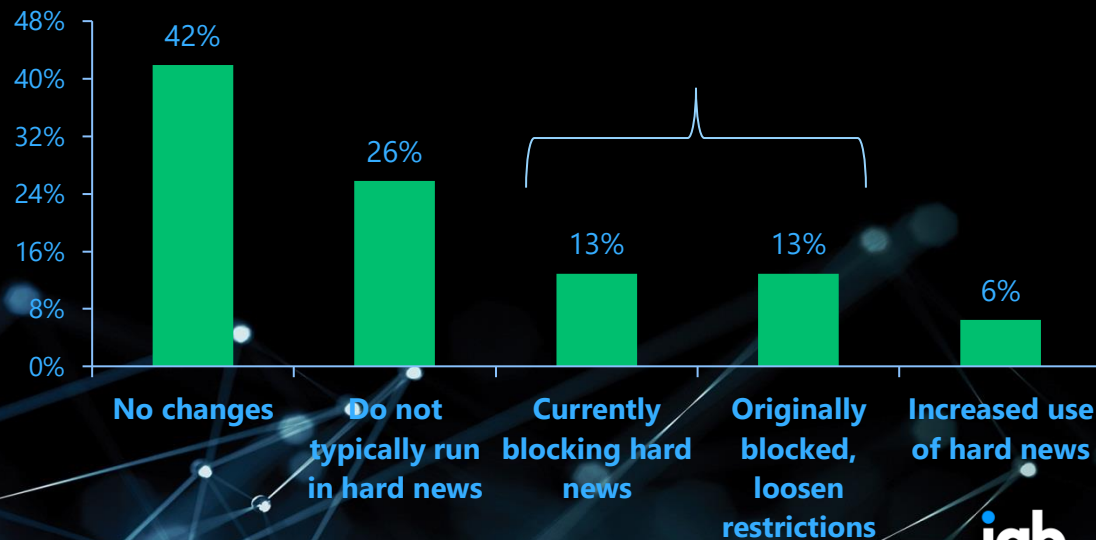
Q. For majority of brands or clients, which statement best reflects approach to advertising in/adjacent to hard news content due to COVID-19? (one answer)

Half of blockers indicate now loosening restrictions.

Definition of 'Hard News':

- Very time sensitive, serious politics, foreign affairs, human disasters; not routine arts or lifestyle-related news

Ads in/adjacent to 'Hard News' due to COVID
(choose one answer only)



Note: Findings should be interpreted broadly/directionally. Findings between waves may vary due to differences in survey participants..

IAB Canada Buy-side Barometer: Wave 5, COVID-19 Impact on Digital Investment 2020

Looking to the future...

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"It looks like the first section is largely consistent between waves but the looking to the future has changed a bit."

- Member of the Blue Ribbon Panel

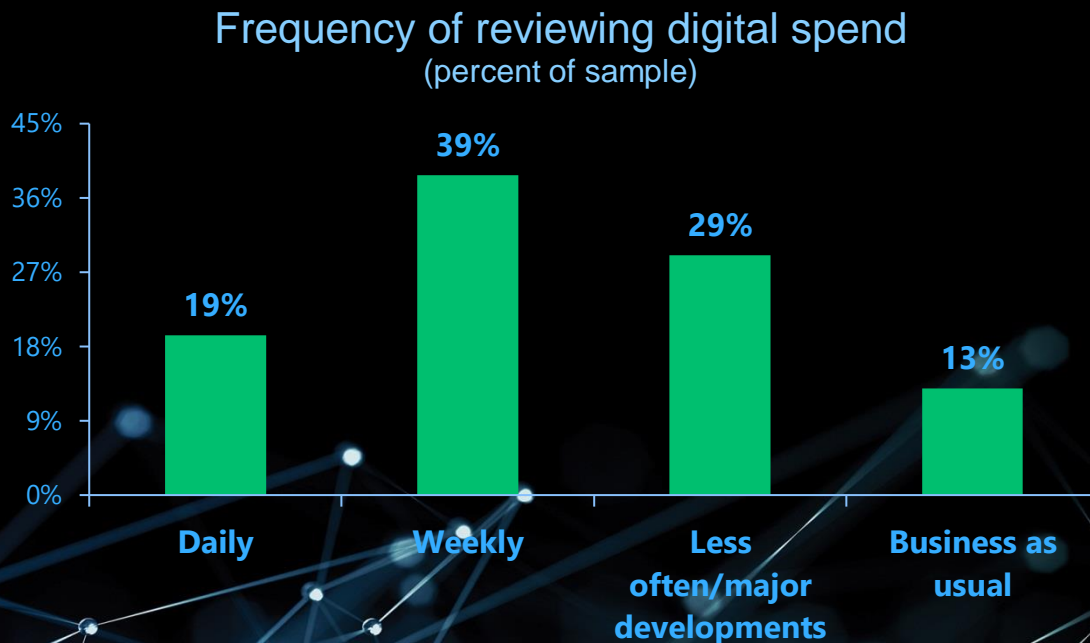
"Some businesses will fare through the Covid impact and others will not. What is important for brands to remember as they assess their marketing investments in the months ahead is understanding the impact on not only short term goals but long term as well. Brands will suffer if not supported and those that invest in brand will build and steal share."

- Caroline Moul, President, PHD

Ongoing Live Situation, Most Spend Reviews Weekly or Less

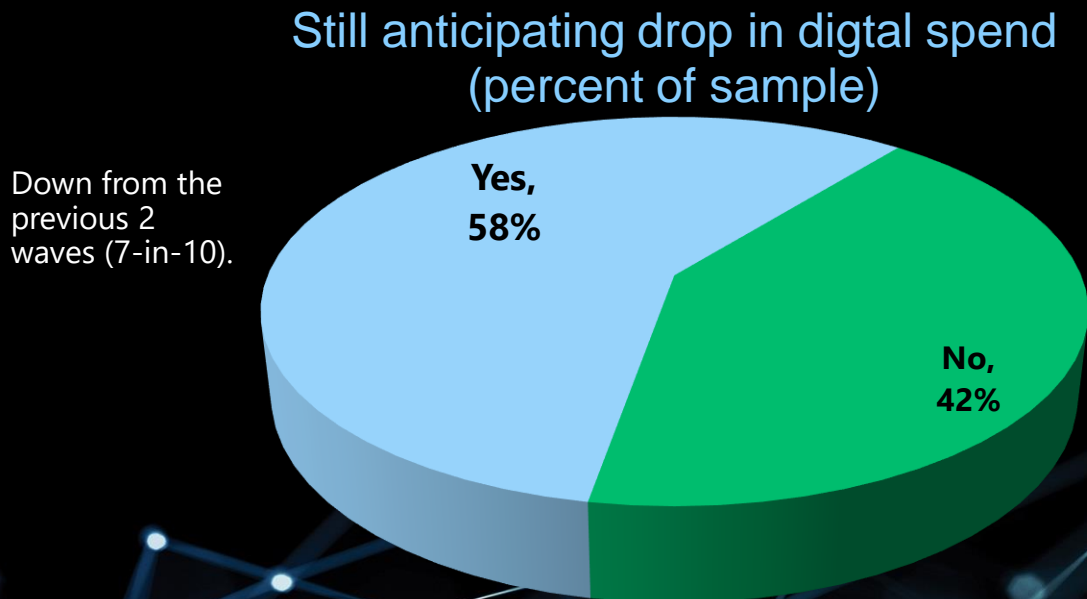
Q. How often reviewing digital spend strategy with your team or agency for major modifications (not the usual optimizations)?

Consistent with wave 4,
1-in-5 continue to review
spends on a daily basis.



Almost Six-in-Ten Still Anticipate Reduced Spends

Q. Whether or not you have seen a reduction yet, are you still anticipating a drop in expenditure across digital media as a result of COVID-19?



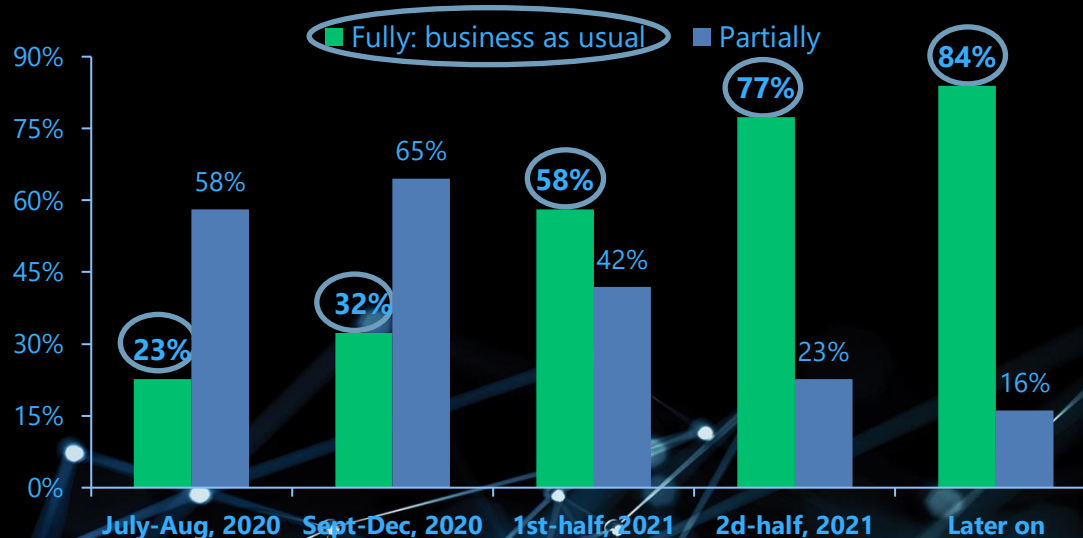
Note: Findings should be interpreted broadly/directionally. Findings between waves may vary due to differences in survey participants.

Recovery Timing Assessment - Pushed out to '2nd half' 2021

Q. How soon do you anticipate your brand/clients will resume paid digital media strategies/spends, as COVID-19 weakens and businesses recover?

How soon anticipate digital spend recovery

(percent sample by time-frame)



Each successive 'barometer wave' sees recovery timing pushed out later.

"Interesting to see how recovery time lines are shifting as the reality of the long term situation unfolds".

- Member of the Blue Ribbon Panel

Summary – Spend *Impacts ongoing, delayed recovery*

- Continues to be a **'live'** situation – **weekly** or even daily budget reviews by almost 6-in-10 of respondents, 1-in-5 **on a daily basis**
- Over 85% say digital budgets **'reduced/paused/delayed'**
 - **'Reduced spend'** now exceeds Delayed/Shifted versus the last wave
- **Audio and Search** again **least affected** of ad formats
- **Programmatic Display hardest hit** again, 65% citing 'reduced etc.' spends, followed by Paid Social
- Media/Entertainment, Travel, Auto & Retail still among **hardest hit ad categories**
- **New to survey, Fitness/Wellness** (incl. sports equipment) is relatively upbeat, some claiming **spending up**
- **Hardest hit** digital clients continue to be **Non-eCommerce**-enabled Brands
- Top ongoing **causes of cutbacks** - cash flow concerns (68%) and consumer trends (65%)
- Over four-in-ten indicate **both CPMs and CPCs** are **down**, declines mostly under 20%
- Over four-in-five report using **modified creative**, one-in-four **block 'hard news'** due to COVID
- Six-in-ten expect still **more spend reductions**.
- Delay in full recovery pushed-out to **Second half 2021 or later**.

Thank you for supporting IAB Canada

Powerful Digital Leadership

Q&A

Any Suggestions for our next Survey Wave 6?

Email: SRosenblum@iabcanada.com