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COVID-19

Channel Trends & Insights

APRIL 2020

[Commercial in confidence]

Intro to this document

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In challenging economic times, some brands prosper and some may not survive. With consumers shifting their media consumption while the country and much of the world is social distancing, this insights report outlines the opportunities for brands to maintain and expand market share in the current climate.

Please continue to see research and media consumption trends across the media industry for April 2020.

Thinking long **and** short

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Challenge: what to do with slashed marketing budgets?

Focus on longer term brand building mission

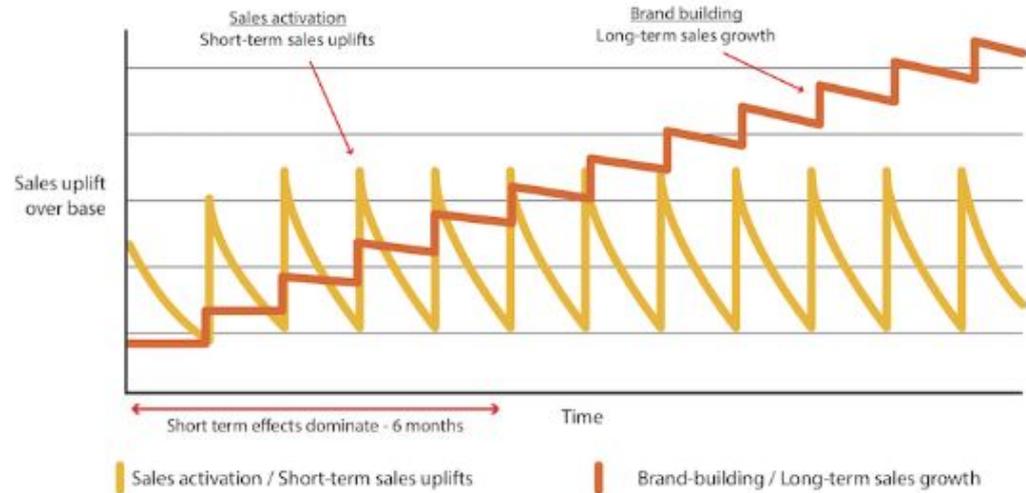
Pandemic won't last forever: consumers will return to normality.

Heavy costs associated with lifting sales when a brand has completely switched off

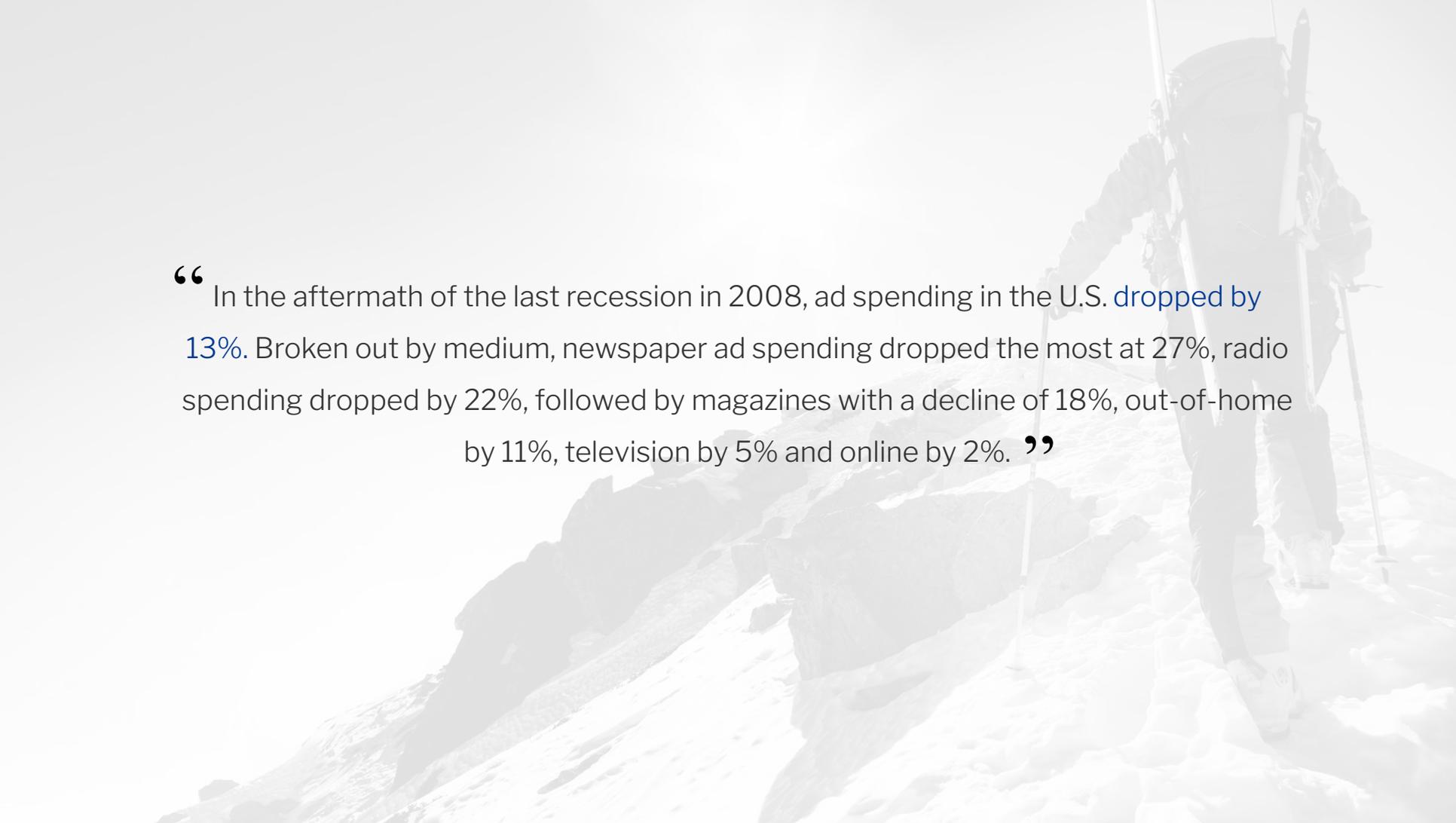
The importance of brand, now more than ever

Long term strategy and focusing on your brand now ensures continued growth long after the COVID-19 storm passes.

Brand-building and sales activation work over different timescales



Source: Les Binet and Peter Field, *Media in Focus: Marketing Effectiveness in the Digital Era*, IPA, (Figure 02)

A person in winter gear is climbing a snowy mountain peak, using ski poles for stability. The scene is bright and hazy, suggesting a high-altitude environment. The person is positioned on the right side of the frame, moving upwards.

“ In the aftermath of the last recession in 2008, ad spending in the U.S. [dropped by 13%](#). Broken out by medium, newspaper ad spending dropped the most at 27%, radio spending dropped by 22%, followed by magazines with a decline of 18%, out-of-home by 11%, television by 5% and online by 2%. ”

Effects of past economic challenges

There are a number of examples of brands that benefitted by maintaining their ad budgets during economic downturns.

The least affected businesses are online and TV. The data indicates that a strategic multi-channel approach is important for both short term reach and long term brand growth.

The opportunities for brands to focus on:

Report auditing

Trends and
insights

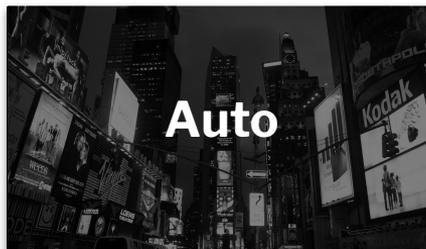
Price and
market changes

Channel mix
strategy

Brands that seized **opportunity** in a downturn



In the 1920s, Post was the category leader. During great depression, Post cut ad spend down significantly while Kellogg's doubled down. Kellogg's became category leader with 30% profit growth. It has maintained since.



Imported auto: recession in 1973-1975 was triggered by energy crisis. U.S gov issued first miles-per-gallon report in which Toyota Corolla was 2nd to Honda Civic. Toyota resisted ad spend cutting a became top imported car maker by 1976



1990-1991 recession, Pizza Hut and Taco Bell took advantage of McDonalds cut in marketing budgets. As a result, Pizza Hut sales increased 61%, Taco Bell increased by 40%, McDonalds decreased by 28%

Brands that seized **opportunity** in a downturn



Amazon grew by 28% in 2009 during the “great recession”. The tech company continued to innovate, in particular with the Kindle. On Xmas day 2009, Amazon customers bought more e-books than printed books in a global first.

Another strategy used by marketers is changing the ad message and using short-term price incentives to match the economic climate with consumers who are seeking a good deal. Some advertisers will offer interest-free loans, coupons or special promotions to boost sales and market share. When the economy bounces back, regular pricing can return. For some advertisers that don't give cost incentives, they can change the ad message to being expensive but worth it. Another creative strategy is pointing out the value the brand provides.

Although the natural inclination for advertisers is to cut back on advertising during a recession, those brands that maintain their ad budget and/or change their messaging can get a long-lasting boost in sales and market share.

Media consumption trends



BVOD



More and more people are working from home and while they should be cracking on, there has already been an increase in engagement across BVOD services. People are shifting their behaviours and digital media, specifically across BVOD, mobile and social is seeing increased scale. This is an opportunity for brands to capitalise on.

Seven West Media, 7Plus: Recorded their top 3 video on demand days for March ever and are seeing that increase as more and more consumers work from home. 2.5M reach every day.

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Nine Entertainment, 9Now: Recorded their biggest March days on record recorded this week and are predicting further scale and volume. Last weekend, sport was up 58% YoY. 70% WoW increase in viewership for BVOD news consumption.

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SBS, SBS On Demand: Reported fantastic growth YoY and are still analysing the effects of these challenging times. They expect analysis to be completed after this weekend in which they are hypothesising a significant WoW and YoY spike in usage of their platform.

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Network 10, 10Play: Viewership is up 6% WEEK ON WEEK. Live streaming is up 14% WoW. 56% YoY.

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Video



Video media consumption is showing a similar trend as BVOD, although not quite as exponentially. As BVOD consumers are shifting to those services for entertainment, video ad units have seen an increase in traffic due to people relying on the internet to supply them with up to date news and articles regarding the pandemic.

Fuse this information with the exponential traffic that YouTube receives every day

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Amazing opportunity for brands to get on the front foot in challenging times

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Building brand is key in challenging times as the research shows

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When supply scale increases, cost efficiencies occur

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News Corp



MamaMia



Teads^{tv}

YAHOO!

Taboola™



outbrain

triplelift

UNRULY

Audio



Music streaming consumption in the home across devices such as desktop, gaming consoles, TVs and speakers is beginning to grow while consumption in-car has seen declines.

Overall **music streaming is on the increase**, for all services.

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On-demand type services of **Spotify or Soundcloud**.

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Audio broadcasting via the likes of **SCA, NOVA and ARN**.

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Mobile continues to be the **dominant device** for consumption in the here and now.

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It will be interesting to see how this shifts over time.

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Native/Display



When we couple increases in people working from home, with the fact that everyone is researching the pandemic and keeping up to date with the progress of the spread, there has been an increase in the number of display and native ad units available in the market.

A share of this increase can be **directly attributed to people shifting their media consumption habits** to be even more online

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There is a **focus on reading articles**

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Native is a genuine opportunity for brands to get cut through

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With consumers in a mindset to consume / read articles, **native is a seamless execution to push consumers towards reading about your products and services**

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Less intrusive, taking on the look and feel of the original article being consumed.

B E \ N C H[®]

 Display & Video 360

 theTradeDesk[®]

StackAdapt

 Outbrain

Taboola[™]

 plista

YAHOO!
GEMINI

DOOH



While still awaiting the full media owners analysis as to what effect the pandemic has had on foot traffic at different venue types, there has been some interesting stats come through to date.

While foot traffic is definitely down as we move towards self-isolation and potential lock-down, there is opportunity if you startegise around the right placements.

Shopping centre footfall has increased 6.8% in the last 4 weeks and is up 38% on what is generally seen in the week prior to Christmas

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This is due to panic buying ridiculous items, increased chemist traffic has increased dramatically and bottle shop traffic

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If we all have to isolate, the only place we are allowed to go is the grocery store. Supermarkets have also stopped offering delivery services meaning people are forced to enter their local centre

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Other media owners to note: VMO states that traffic for On The Go (Petrol) is up, Shop is spiking and of course Active (gyms) are down

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Tonic Media is also seeing an influx of traffic for their venue locations (waiting rooms, chemists). Both VMO and Tonic are trying to pull some actual stats together that we can all take to market

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We're waiting for some more data to come in for the large format such as QMS and Civic. You can expect that Adline (sports centres) will more than likely be closing/shutting off most of their inventory soon until this blows over

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Please contact us for more information or if you have any questions;
we're here to help

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