



# COVID-19 Update

## MITIGATING RISK FOR OUR CLIENTS



March 17, 2020

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Our research & analytics teams are turning over every stone to try to help fortify client business in these challenging times. The following slides detail the immediate media and business implications of the rapidly changing consumer response to coronavirus.

We were founded on planning client investments with the best possible return before placing a single dollar. And right now, it doesn't make sense for every business to spend on media. But it also doesn't make sense for every business to not spend. We're committed to finding areas of opportunity for our clients.



# CHANGING CONSUMER BEHAVIORS:

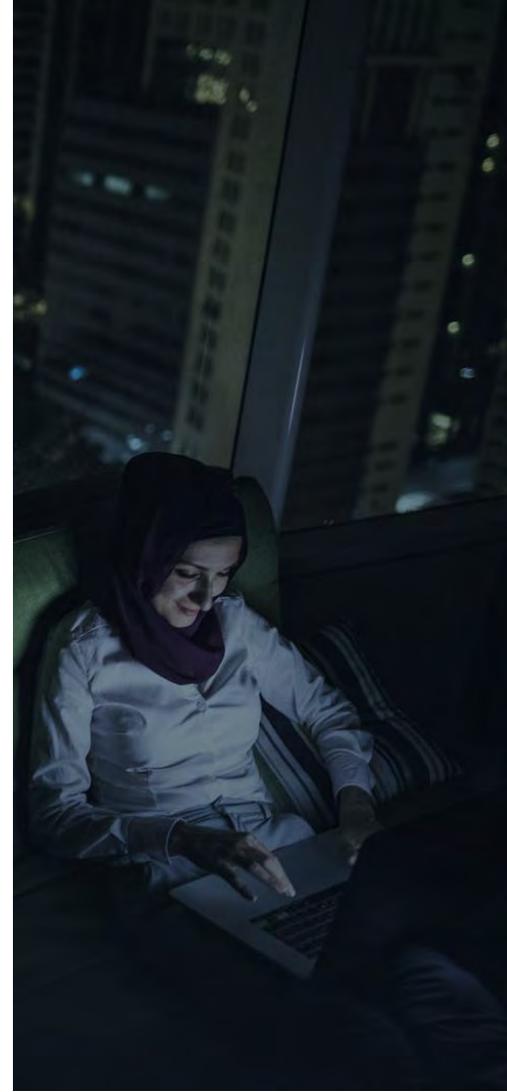
## *Comfort and safety take priority*

Nesting behavior, mandated or self-imposed, reflect the biggest changes in consumer behavior and media consumption. Viewership and mobile consumption will be on the rise as travel, events and gatherings are cancelled. From a purchasing standpoint, this presents an opportunity for:

- ▶ Media consumption: TV, video, gaming, mobile
- ▶ Gamified or entertaining brand interactions
- ▶ E-comm
- ▶ Share of voice penetration as other advertisers pull back

Psychologically, risk aversion will drive purchasing. This presents an opportunity for:

- ▶ Established brands and top products
- ▶ Safety and prevention features, guarantees and insurance
- ▶ Added value and CRM initiatives



# TV VIEWERSHIP UPDATE



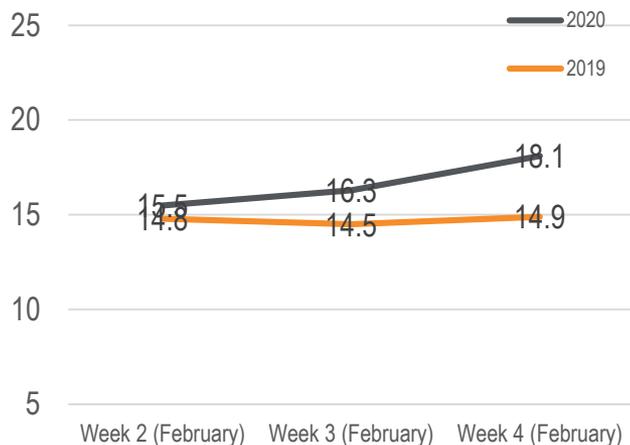
# NIELSEN'S COVID-19 PREDICTIONS



While the current COVID-19 is unprecedented, Nielsen used recent events, as well as trends in viewership in countries hit earlier to estimate changes in media viewership to be expected

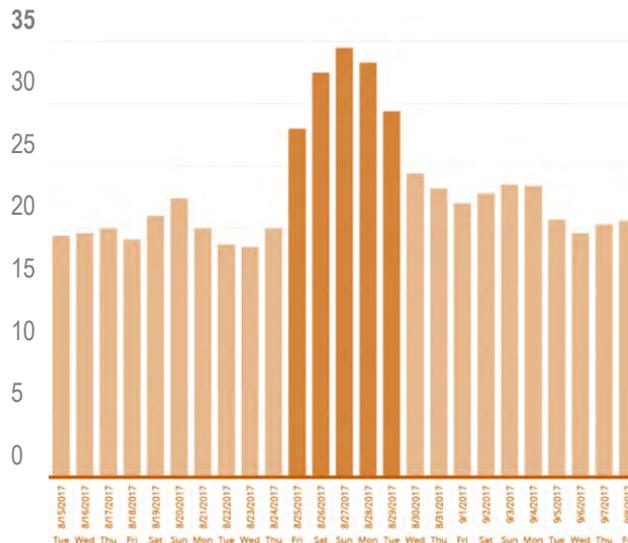
## South Korean TV Usage

Total Day, Total Person



## Hurricane Harvey: TV Usage

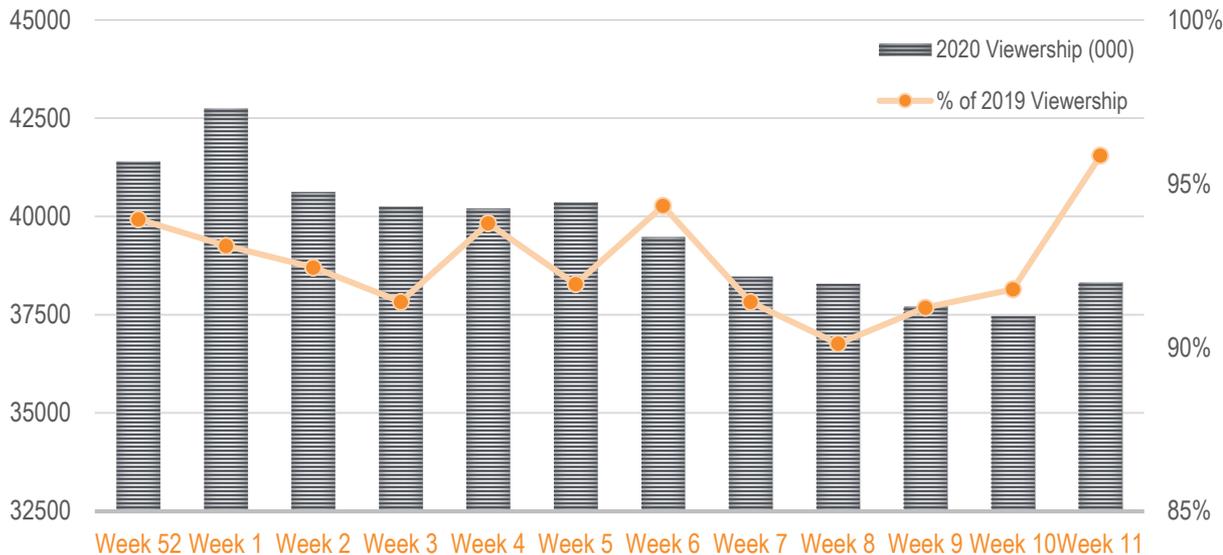
Houston, Total TV Rtg %



Estimated maximum possible increase to amount of content viewed caused by viewers staying put in homes

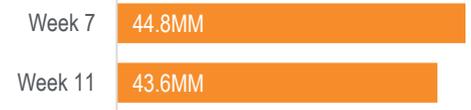
# VIEWERSHIP TRENDS YEAR-OVER-YEAR

On top of decreases in ratings year-over-year, March often represents its own slump in ratings, but increases in viewership in the last couple weeks have brought us closer to 2019 viewership level than than any other time in 2020.

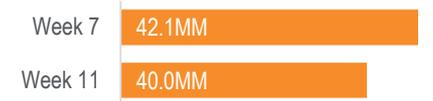


## Viewership Retainment for the Last Month

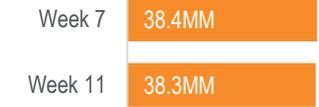
**2018: 97% Month-over-month**



**2019: 95% Month-over-month**



**2020: 100% Month-over-month**

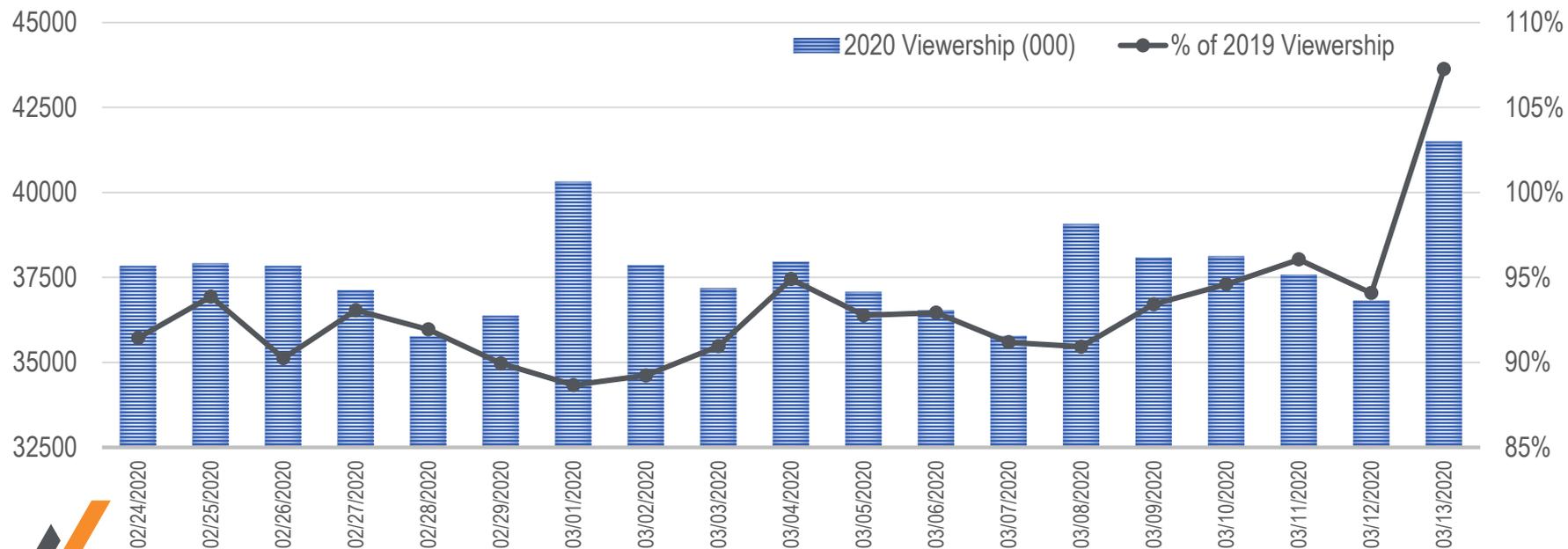


# DAILY VIEWERSHIP TRENDS: MARCH 2020

While the first case of COVID-19 in the United States was reported in late January of 2020, the last couple weeks have been a turning point for many Americans with last Friday being a clear shift in public response, and viewership.

## United States TV Usage

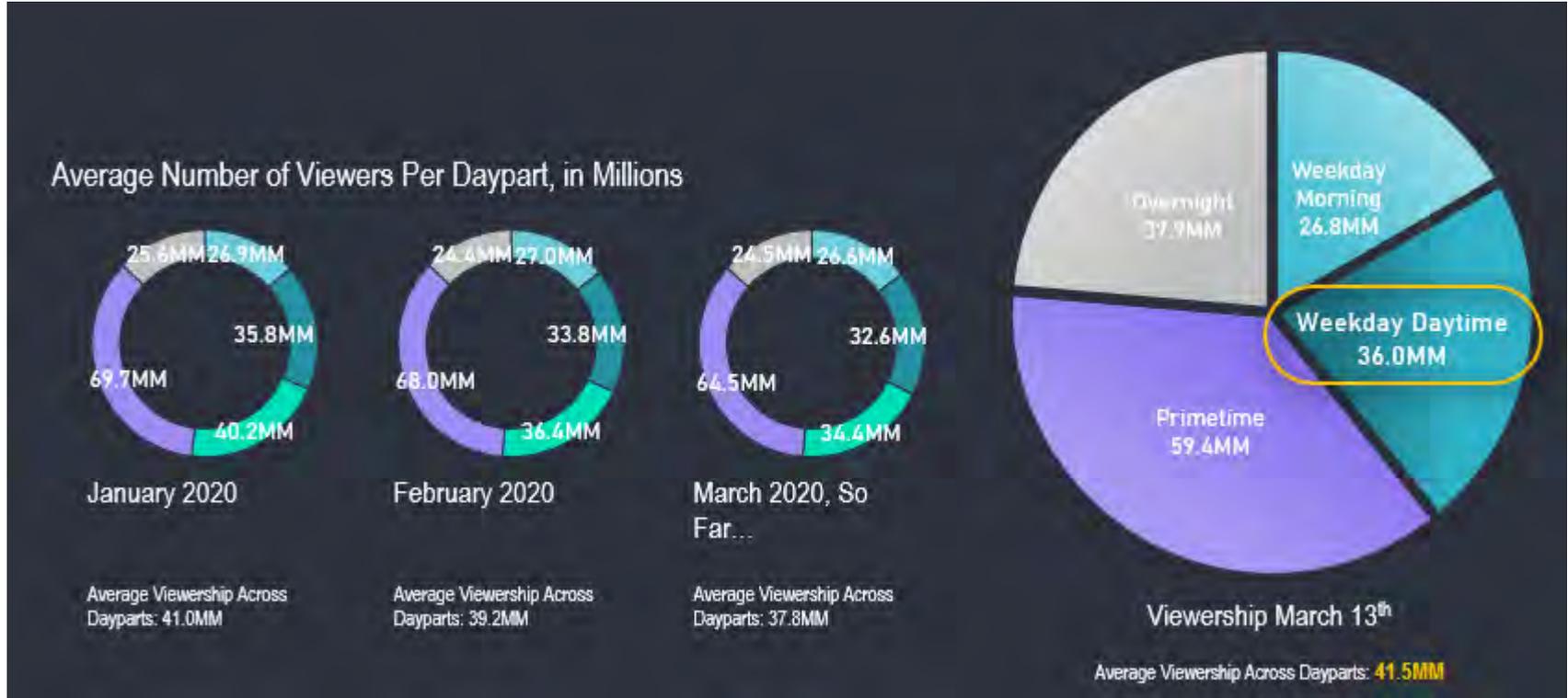
Total Day, Total Person



# DAYPART VIEWERSHIP



With Americans spending more time from work than ever, we expect the increases in viewership across dayparts, and particularly in weekday daytime, to continue



# DIGITAL INVENTORY



# SOUTH KOREAN DIGITAL PERFORMANCE **WAS STRONG DURING SOCIAL DISTANCING**

Our Digital Subsidiary, Broadbeam, places several digital campaigns in South Korea and we saw ROAS increase during the peak weeks of coronavirus. In the U.S., digital consumer behavior will adapt over the next few weeks to news developments surrounding the virus as more time is spent at home, daily routines are interrupted, and consumers spend more time with their devices.

Luxury, entertainment, leisure and travel advertisers are cutting back on ad spends across the board while other industries ramp up their digital investments. A healthy supply of digital impressions will continue to be available, and digital ad spends are bound to be reallocated to varying channels to capitalize on opportunity.

Based on performance data from South Korea, digital rates and demand will continue to fluctuate and ultimately normalize across the board. The number of advertisers pulling back spend in tandem with advertisers aiming to capitalize on increased supply will balance out digital rates.



# MOBILE & CTV USAGE WILL GROW MOST DRAMATICALLY

## Demand for a growing supply of digital ad impressions will spur the following trends:

- ▶ Increased mobile device usage will increase available supply across all channels. China saw a 20%+ increase in mobile usage during peak periods.
- ▶ Desktop media channels will see a smaller increase in CPMs, with the exception of Audio and Paid Search, which will see a decrease.
  - Non-OTT/CTV video will see the largest increase in rates, followed by Display and Native.
- ▶ Digital Out of Home CPMs will decrease significantly as news encouraging social distancing.
- ▶ News sites with native, display and video ad slots will fluctuate in rates when buying programmatically as advertisers determine the brand effects of advertising on virus-related news.
- ▶ Based on performance data from South Korea, digital rates and demand will continue to fluctuate and ultimately normalize across the board.



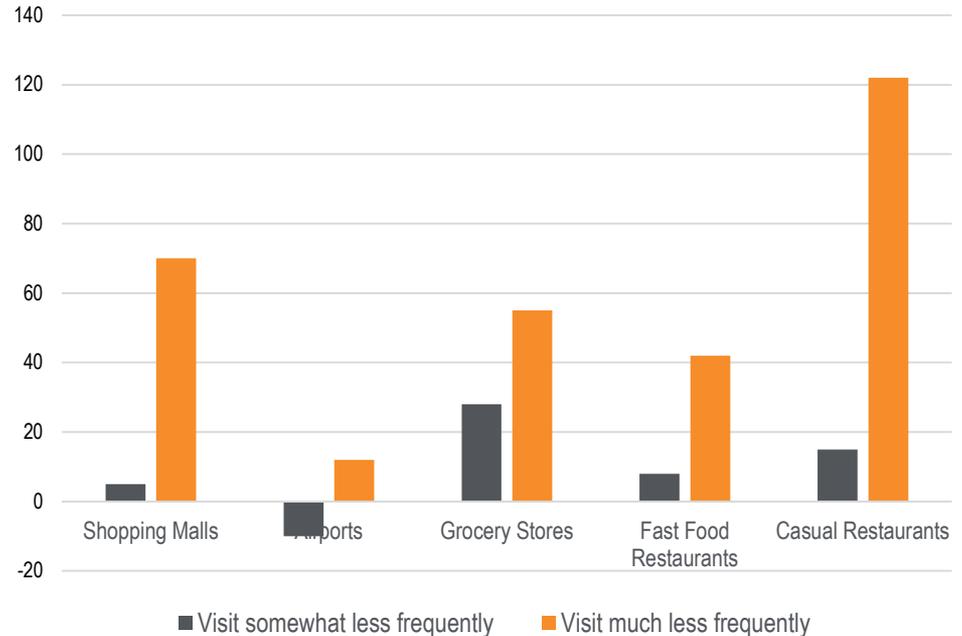
IMPACT  
VARIES  
BY  
INDUSTRY



# CONSUMER SPENDING (70% OF US GDP) IS COMING TO AN ABRUPT STOP

- ▶ Service, travel & tourism, and entertainment are the hardest hit industries
- ▶ Airlines predicted to lose between \$63bn and \$113bn
  - Delta slashed flights 40% (more than post 9/11)
- ▶ Economy will shrink in Q2 at a faster rate than when Lehman collapsed

Visits: Feb vs March 2020

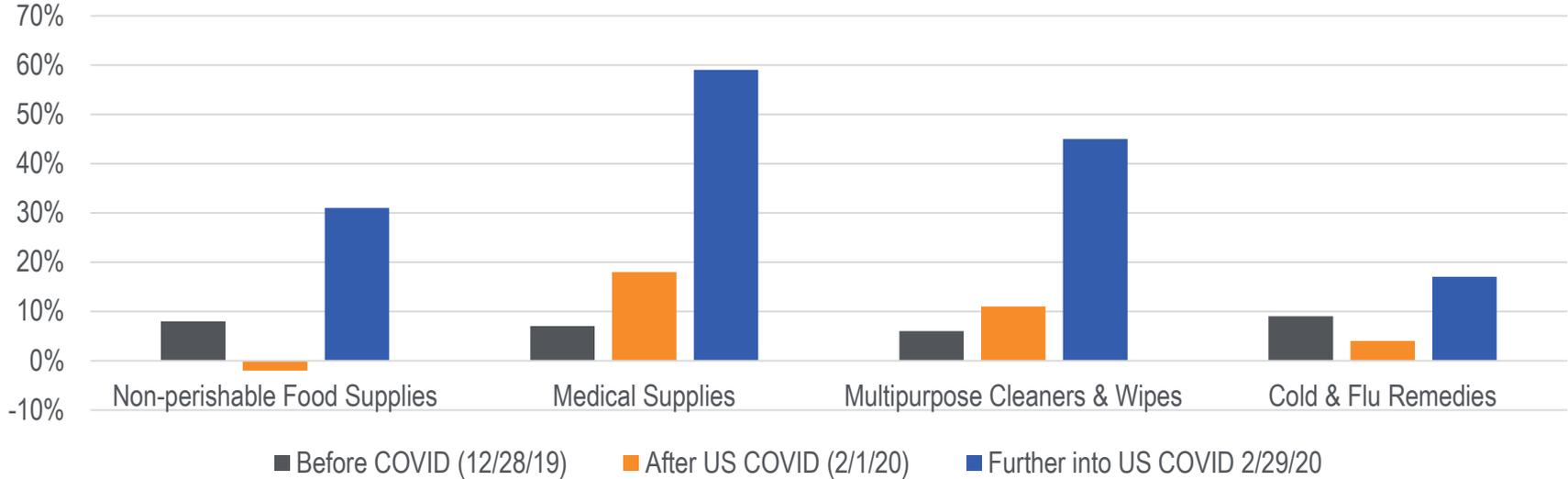


Source: Washington Post, Mfour, Vox



# BIG-BOX RETAIL IS SURGING

## US Sales % Growth YoY



### In-Store Visits; Late Feb-Early March

**Walmart** 

+25%

**TARGET**

+27%

**COSTCO**  
WHOLESALE

+32%

 **Sam's Club**

+29%



# CONTROLLING WHAT WE CAN

- ▶ Keep in touch with consumer sentiment:
  - ▶ Understand past research might not still hold true
  - ▶ Recent syndicated studies
  - ▶ Look for our upcoming rapid custom panel survey—field to analysis in 2 weeks
- ▶ Take advantage of impression arbitrage if it works for your business
  - ▶ If you can advertise, look at the increased media consumption as a buying opportunity
- ▶ Track your business results against the outbreak maturity
  - ▶ Correctly manage where you are in the cycle based on available data from other countries
  - ▶ Link media investment to the supply chain