



The Impact of Covid 19 on the Advertising Market

Advertisers & Agencies optimistic about the second half of 2021

Mediahuis May 2021

Mediahuis in conjunction with Amarach conducted qualitative research in H1 2021 amongst agencies and advertisers to understand the impact of the Covid-19 pandemic on both the behaviour and decision making. It highlights that both advertiser and agencies are broadly optimistic about post lockdown prospects in the second half of 2021.

Nevertheless, there have been extraordinary changes to the media landscape in general and they expressed limited prospects for a 'return' to how things were before Covid-19. Many of the changes brought by the pandemic are now endemic, and most expect a degree of continuity between 2020 and 2021 in terms of media choices.

However, the prospect of a 'surge' in consumer spending in the latter half of 2021 means that both agencies and clients are anticipating a significant uplift in spending, across most media, as the year progresses.

69% of those surveyed stated that their views of advertising have changed since the pandemic.



Quiet Optimism

Overall, there is a high level of optimism among agencies on behalf of their clients, partly this is because most agencies have clients who have had a 'good covid' and are therefore enjoying higher than expected growth.

But even for those clients who have struggled through the pandemic (hospitality, non-essential retail, travel, motor) are planning on a strong second half and have budgets committed to that purpose - all the agencies appear to be very busy, quietly confident about their business prospects, and getting on with the job (albeit working from home in most cases, as are their clients).

This partly reflects the optimism and intentions of their clients, and while there is a need to be more flexible about planning the mood is nothing like that of 12 months ago nor even 12 years ago during the financial crisis.





The Growth Wave

For public sector clients the key focus is on behavioural change – either getting people/citizens/consumers to do something (exercise) or stop doing something (risky behaviour), while for private sector clients the consensus view is that 2021 will be a year of growth, albeit delayed with a slower start to the year than planned for at the end of last year.

Agencies expect there will be a scramble for growth and for share when consumers start spending again: and even amongst those sectors currently in lockdown (restaurants, pubs, airlines) there is a strong anticipation of a bounce later in the year.

Remarkably few clients/agencies talked about more defensive viewpoints – those that have survived the pandemic are in good enough shape to pursue growth as soon as possible. The main distinction is between those sectors/brands that expect a surge followed by strong growth (e.g.: travel) and those who simply expect strong growth without the surge (e.g.: alcohol brands in the ontrade).



Maintaining Share of Voice

A common theme is that brands understand the importance of continued investment to maintain equity and are not cutting back on brand advertising like they did during the financial crisis.

"Clients understand the importance of awareness and consideration and so there is less of the 'stop/start' spending we saw during the recession."

After the initial shock of lockdown last year, brands and marketers quickly resumed spending, some confident that budgets will be available to spend through the year, with none of those interviewed anticipating reductions or cuts to marketing spend (though perhaps some delays if the reopening process is delayed).

56% of those surveyed stated that there has been a change to demonstrating effectiveness of investment since the start of the pandemic as evaluation and decisions become more data driven.



Winners & Losers

There is an obvious demarcation between those sectors/brands who have continued to trade during the pandemic and those who have not.

In the case of the former, public sector clients loom largest, but so also do essential retailers, tech/telecoms companies, and those who have pivoted successfully online. In the case of the latter, bigger brands (transport, hotels, construction, motor) are 'biding their time', keeping their brand salience high (especially motor) in anticipation of opportunities to meet pent up demand later in the year.

The public sector – especially health-related – has been an enormous source of expenditure and work for agencies, and that looks set to continue through most of 2021.





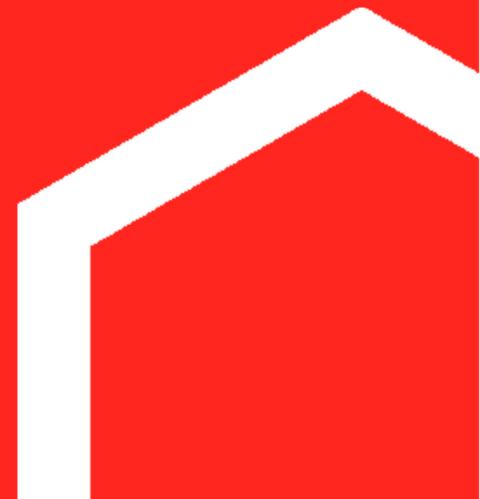
Media Outlook

Some agencies anticipate a surge in demand for TV later in the year as a lot of budget has been 'held back' for the reopening/recovery process and it's possible that advertising demand could exceed supply, at least in the short term.

Similarly, OOH is expected to see an increase as people return to work/commuting and more normal travel routines.

On balance there is no media that is expected to lose from developments through the year, but they may lag others – for example, cinema is expected to be among the last to recover.

72% of those surveyed stated advertising would be a growth driver in the second half of 2021



Third Party Cookies

A key consideration amongst brand and agencies is the demise of third-party cookies and re-targeting later in the year.

Most expect this to lead to an evolution rather than a revolution in media planning choices, but nevertheless it is expected to benefit publishers in particular as agencies and brands seek ways to work around or through the end of the cookie.

That said, most clients/brands are less aware of the cookie issue and will likely expect their agency to 'guide' them through it, much as they did with GDPR.

“The cookie apocalypse is coming, and most clients are unaware of it (except for the biggest ones), and so we’ll have to guide them as third party cookies are switched off later in the year.”

Related to this is the issue of 'brand safety' – a media partner who provides a 'safe space' for a brand to communicate with audiences has a head start on others at present.





2021 Irish Media Outlook

Despite the pivot to digital, Irish media play an integral part in current and future plans.

There is a clear understanding that Irish publishers have a unique and unassailable part to play in engaging Irish consumers, which will become more important post-cookies.

There is a clear, commercial recognition that Irish media are essential to advertising and brand success in 2021 and that isn't about to change.

More specifically, there is a recognition that there is value in using Irish media at higher CPMs because of the stronger levels of engagement and consideration they generate with Irish consumers.

“Even though it might cost me 5-10 times more in CPM to go with Irish media, I know I can justify it in terms of audience engagement.”

Mediahuis.ie

