RECOVERY ON SALE

A ZIMMERMAN SPECIAL MEDIA REPORT:
GAINING CONSIDERATION, SHARE AND REVENUE DURING THE RECOVERY

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PURPOSE

MEDIA/CONTENT VIEWERSHIP IS AT NEAR-TIME HIGHS WITH VALUES AT UNPRECEDENTED LOWS. HENCE, THE COST OF RECOVERY IS ON SALE FOR THE SMARTEST MARKETERS.

THE RECOVERY IS ON SALE

INDUSTRY SECTORS AND STATE BY STATE ROLL-OUTS ARE BEGINNING TO PIVOT FROM REDUCTION TO RECOVERY.

REDUCE

IMMEDIATELY CUT BACK ON SPENDING AS SOCIETY SHUTS DOWN

RECOVERY

TIME THE RECOVERY TO BEGIN SPENDING AS SOCIETY OPENS UP IN PHASES

REVIVAL

THE FLOOD OF SPENDING AS BUYERS AND SELLERS ALIKE WANT TO RETURN TO PRE-COVID DAYS

During the recovery phase most brands are still on the sidelines, cautiously evaluating consumer purchasing activities, and media inventory values remain suppressed.

It makes sense to invest now. Leading the recovery is an investment that will help brands gain ground on their competitors and drive returns in consideration, share and revenue.

INVESTING DURING THE CRISIS

OVER THE COURSE OF THE LAST 8 WEEKS, MEDIA INVESTMENTS AT LARGE HAVE BEEN REDUCED BY UPWARDS OF 60%*, CREATING AN IMBALANCE IN THE PRICE/VALUE RELATIONSHIP OF MEDIA INVENTORY.

Using broadcast TV as a barometer for decline, :30 spot load has decreased in recent weeks by**:

-18% In The Restaurant Category
-31% In The Retail Category
-64% In The Automotive Category
-99% In The Travel & Tourism Category

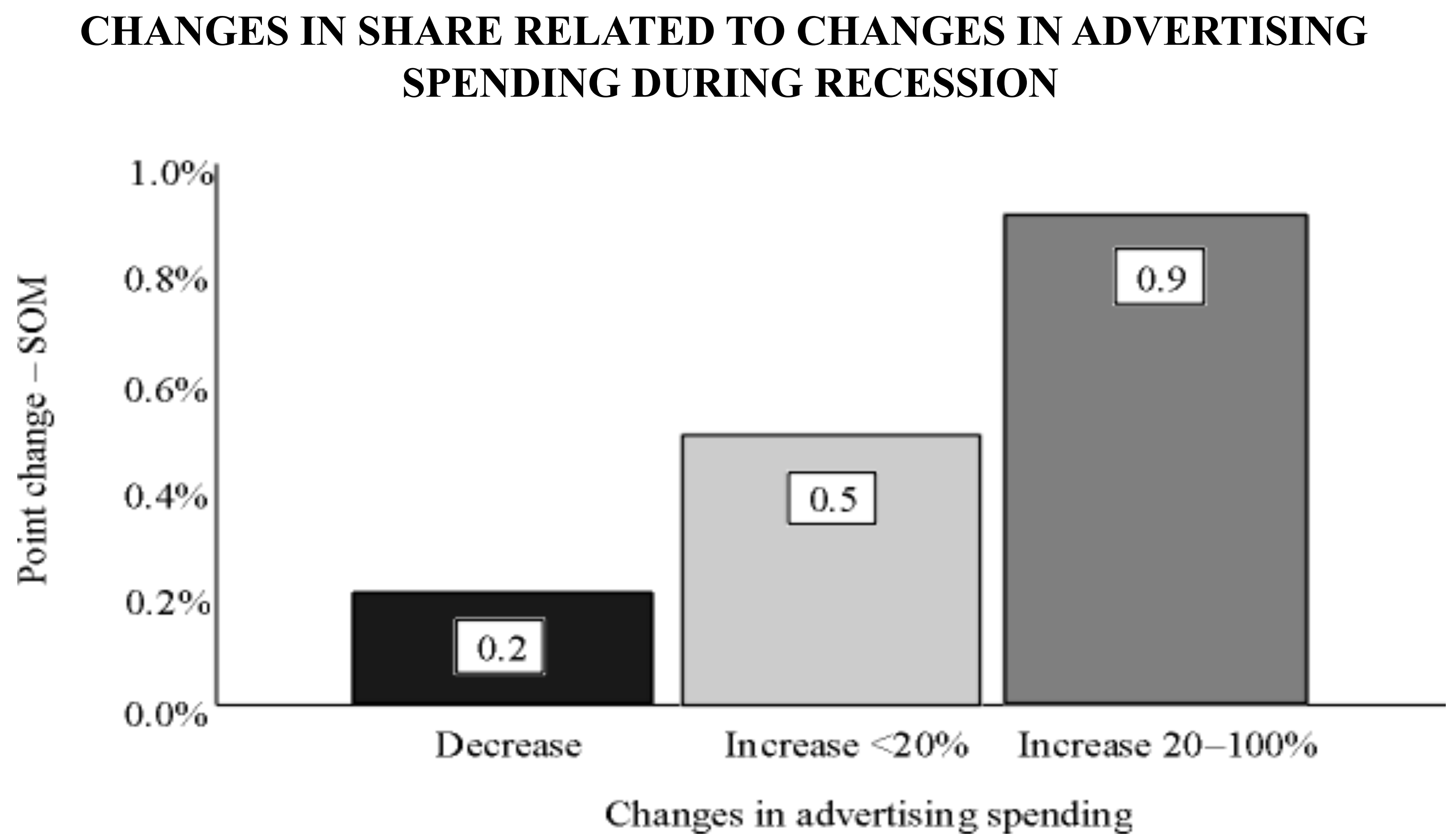
As State legislators begin to “re-open” their states, we are seeing a pivot from “reduction” to “recovery” and now is the time for media investment to gain ground over quiet competitors - and while inventory pricing is still low.

SOURCE: * KANTAR, **COMSCORE

HISTORY IS OUR GUIDE

WARC RESEARCH* SHOWS BRANDS WHO REDUCED THEIR BUDGETS DURING RECESSIONS ATTAINED MUCH LOWER SHARE GAINS THAN THEIR MORE AGGRESSIVE COUNTERPARTS.

ON THE OTHER HAND, MARKETERS WHO INCREASED SPENDING WERE ABLE TO REALIZE SIGNIFICANT MARKET SHARE GAINS.



Source: Options and Opportunities for Consumer Businesses: Advertising During a Recession, Alexander L. Biel and Stephen King

SOURCE: *WARC: World Advertising Research Council

HOW TO GET MORE FOR YOUR MEDIA DOLLARS

ZIMMERMAN HAS EXAMINED FOUR INFLUENCING FACTORS THAT BRANDS WILL NEED TO KNOW TO MAXIMIZE MEDIA INVESTMENT DURING THE COVID-19 RECOVERY PERIOD.

1

EVALUATING THE ECONOMICS OF CURRENT MEDIA MARKET

Once in a generation, roll-back of pricing in all media for a brief moment in time, allows for optimal efficiency of media investment.

2

IDENTIFYING SHIFTS IN MEDIA FORMAT CONSUMPTION

As consumers follow stay-at-home guidelines, their opportunity to engage with and consume media has increased dramatically.

3

ADJUSTING TO CHANGES ON TV PROGRAMMING AND INVENTORY

Networks and publishers are altering programming line-ups to match consumer demand, as live sports continue to leave a void in market inventory.

4

PREDICTING THE IMPACT OF THE UPFRONT BEING UPENDED

With the TV Upfront uncertain because production of pilots are suspended or delayed, the gap in new inventory will have implications in buying strategy for the next broadcast season.

1 EVALUATING THE ECONOMICS OF CURRENT MEDIA MARKET

ADVERTISERS ARE GETTING MORE FOR THEIR INVESTMENT

DIGITAL IMPRESSION AVAILABILITY IS REDUCING CPM

Paid Social: The marketplace has seen between 35% to 50% decline in average CPMs across Facebook Ads in the last couple of weeks. Advertisers should dial up their social efforts in April and May in order to take advantage of competition going dark/reducing spend.

Paid Search: With businesses turning off this low funnel conversion tactic, CPCs have declined. Amazon and other large retailers have stopped Google Shopping advertising as they pull back on shipments of non-essential goods. This provides a less competitive landscape for companies still open for business–but search volume trends by industry vary greatly.

Digital Video and Display: The increase in available impressions due to a decrease in spend from notable industries (i.e. travel), has driven costs down in fixed CPMs, as well as programmatic inventory. CPM rates were down by 18% in April, although there are some indications that CPMs will increase for May, signaling re-entry for advertisers.

Bing ads

ZTD

Display & Video 360

1 EVALUATING THE ECONOMICS OF CURRENT MEDIA MARKET

ADVERTISERS ARE GETTING MORE FOR THEIR INVESTMENT

TV RATINGS ARE UP, BUT PRICES ARE DOWN

Television: 50% off deals for April and May could be close to this as well (30%-50% cost reduction). In addition to lower negotiated rates, bonus inventory and no charge schedules are available. While June and July are still not set, advertisers should look to leverage negotiations for these months as well.

IMPLICATION

After a decade of networks, stations, and an ever-growing array of digital vendors seemingly dictating pricing, the tables have turned for the moment. In both traditional and digital media, **ratings/usage are up and pricing is down**. The advantage goes to the advertiser. With competition sidelined, this is the time to gain top-of-mind consideration and share-of-wallet.

The ever-changing Coronavirus news cycle has consumers tuned in at an astonishing pace:

	WEEKLY RATINGS
CNN	+80%
FOX NEWS channel	+42%
MSNBC	+28%

Source: Nielsen

2 IDENTIFYING SHIFTS IN MEDIA FORMAT CONSUMPTION

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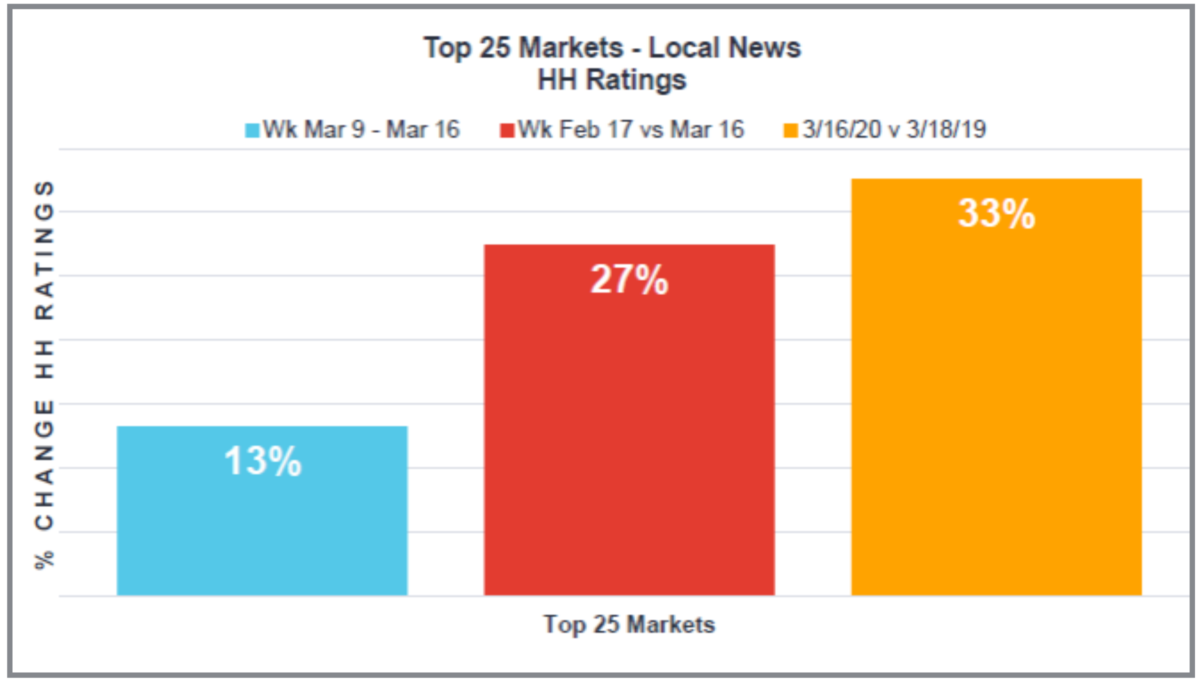
STAY AT HOME MANDATES HAVE ALTERED MEDIA CONSUMPTION

Television: Some of the largest rating increases have occurred in day parts that many advertisers have eschewed historically, including daytime, early fringe and news. Daytime has even become an area of opportunity for teens. News increases, including cable news viewership, is a result of people turning to broadcast news as an informational source during this time.

Radio: Although drive time daypart listenership is greatly impacted by work from home mandates, Nielsen has reported that 90% of the people who work from home still listen to broadcast radio. Listening time is longer and station website visitations, along with stations app usage has increased.

Non-Linear TV: ComScore reports Connected TV is up 39%. Streaming channels continue to rise, with subscriptions increasing for premium providers such as Hulu and Netflix.



Source: ComScore

IMPLICATION

Through crisis, comes opportunity. Brands that have seen success in approaches that are not currently viable as effective media channels (highway billboards, drive time radio) need to expand their strategy to new and innovative ways to reach their consumers. Conversely, new opportunities for gaining reach abound (daytime daypart, cable news, streaming), and forward-thinking brands are taking advantage and expanding into these previously non-purchased opportunities.

3 ADJUSTING TO CHANGES ON TV PROGRAMMING AND INVENTORY

NETWORKS ARE LIMITING INVENTORY AND CHANGING LINE-UPS TO PROTECT PRICING

NBC reduces ad inventory: Starting in early April, NBCUniversal networks will have less commercial time and more uninterrupted content. The move will reduce commercial time on newscasts and special programming across NBC News, MSNBC, CNBC, and Telemundo at a time when people are glued to the events of the day. NBC is accelerating plans for a better viewing experience everywhere, giving people more content, and also providing marketing partners free resources.

CBS is launching Sunday "Movie Nights" in May: CBS is utilizing its catalog of Paramount films to fill programming holes left by primetime programming.

Live sports have been dramatically disrupted: Access to young male audiences relies heavily on professional and college sports. It is estimated that 14,000 Live Sports GRPs (6% of all TV) were taken out of the market in 1Q and 2Q of this year.

Impact to Major Sport Leagues and Events

NCAA Tournament: Canceled
MLB: Delayed
NBA: Suspended
NHL: Suspended
Kentucky Derby: Postponed till Sept.
French Open Tennis: Postponed to Sept
Masters Golf: Postponed to Nov.
Summer Olympics: Postponed till Summer 2021

IMPLICATION

Networks are taking these drastic steps in an attempt to stop the devaluation of their ad units. By changing the playing field, sellers look to artificially regain the upper hand in price negotiation. Time will tell if this is all being done altruistically for a better viewer experience, or if they will go back to business as usual once viewers are watching less and advertisers go back on air.

4 PREDICTING THE IMPACT OF THE UPFRONT BEING UPENDED

Q4 2020 INVENTORY WILL BE SCATTER

The Upfront has wide ranging impact: The Broadcast Buying community was estimated to commit $20 Billion Upfront to secure TV ad inventory for 4Q '20 - 3Q '21. This is about 1/3 of the estimated $70 Billion spend in linear TV each year. But just as important, the Upfront sets the benchmark for pricing for all that follows, such as Scatter, Sports, Local TV, Syndication, Direct Response, Unwired, Barter, etc. It'll the first time in over 50 years that the marketplace will go into a buying season without this pricing anchor.

Uncertainty is all that is certain now: National media marketplace intel swings in every direction. Some networks are even saying that 4Q '20 will likely be Scatter and Upfronts will move to a calendar year Upfront this year (vs. a broadcast calendar). Much of this will be due to a pause in production of pilots, premiers and programming. There's even speculation that the traditional Upfront as we know it may be gone and 1Q -4Q becomes the new norm.

IMPLICATION

While it is too early to tell how COVID-19 will ultimately disrupt the Upfronts (other than all the lavish Upfront presentations being cancelled), there are immediate implications. Many Upfront/Scatter advertisers have asked to move their March/April schedules into May/June, making inventory in those two months very scarce. Therefore, last minute direct response and Scatter inventory for April is now available. These last-minute deals can be quite advantageous to advertisers.

SUMMARY

SAVVY MARKETERS WHO CAN TIME THE MARKETS RIGHT, CAN GET UNPRECEDENTED VALUE OF BOTH HIGH-QUALITY *AND* LOW-COST MEDIA, ALLOWING BUSINESSES TO GAIN CRITICAL SHARE OF MIND AND WALLET AHEAD OF THE REVIVAL.

THANK YOU