

2020 Industry Outlook: How COVID-19 Reset Digital Marketing



Insights | Analysis | Benchmarks

***Survey of Brands and Agencies on How They've
Changed Their Digital Marketing Outlook***

Table of Contents

Introduction	3
Executive Summary	4
I. Advertising Investment Impact	9
II. The Pandemic Is Changing How Marketers Work With Their Partners	16
III. Ad Tech, Mar Tech And Data Investments	21
IV. Brand Safety Approaches During COVID-19	23
V. Measurement Emerges As Area Of Focus During Pandemic	25
VI. Growth Outlook	27
Conclusion	29
Methodology And About The Respondents	31

Introduction

2020 Industry Outlook: How COVID-19 Reset Digital Marketing

The pulse of leading digital marketing executives on the changing top issues and priorities during this challenging time

AdExchanger's **2020 Industry Outlook: How COVID-19 Reset Digital Marketing** analyzes how leading brands and agencies are approaching digital marketing challenges, issues and opportunities in the wake of the COVID-19 pandemic. The report includes insights and benchmarks on:

- Impact of the pandemic on digital advertising investments
- Ad tech, mar tech and data investments
- Supply chain and media partner impact
- COVID-19-related brand safety approaches
- Measurement's importance during the pandemic
- Buyers' short- and long-term growth outlook

AdExchanger gathered responses from more than 160 digital marketing professionals representing a wide cross section of the market in all segments of the industry. The report provides a mix of quantitative survey data and write-in comments to open-ended questions.

Respondents are primarily digital marketing executives and managers with brands and agencies. Half of the respondents work for companies that have digital marketing budgets greater than \$10 million. Forty-eight percent work at companies with more than \$100 million in annual revenue.

Digital marketing executives can use the findings in this report to make more informed decisions and improve their strategies and tactics during this challenging time and into the recovery. The survey was conducted in late May and early June 2020. Where appropriate, the survey data breaks out brand and agency responses separately, as well as by the size of respondents' digital marketing investment. In some of the data tables, the totals may not add up to 100% due to multiple choice options or rounding.

AdExchanger thanks all of the respondents for contributing to the study.

Executive Summary

The sky didn't fall and the ground didn't crumble – but nearly all segments of the global economy experienced a significant jolt from the global COVID-19 health crisis. For digital marketers, the disruption was considerable and the reaction was swift, especially during the first phase of the pandemic in March and April 2020.

As a direct result of the outbreak, we found that 66% of brands reduced their short-term media spend.

But there's reason to be hopeful as the year progresses. The majority of the digital marketing industry is optimistic about future growth, which most expect will restart by the second half of 2020. Ad budgets are rising due to that optimism. Nearly three-quarters (74%) of digital marketers expect to either increase their ad investments or keep them level in the second half of 2020 compared to the tumultuous first half of the year.

And there's another silver lining: Programmatic spend has been largely insulated from pandemic-related cuts. The majority of digital marketers (56%) either kept their programmatic spend levels stable during the pandemic or didn't cut the channel any more or less than other marketing investments. And check this: Seventeen percent of digital marketers actually increased their programmatic budgets during the pandemic.

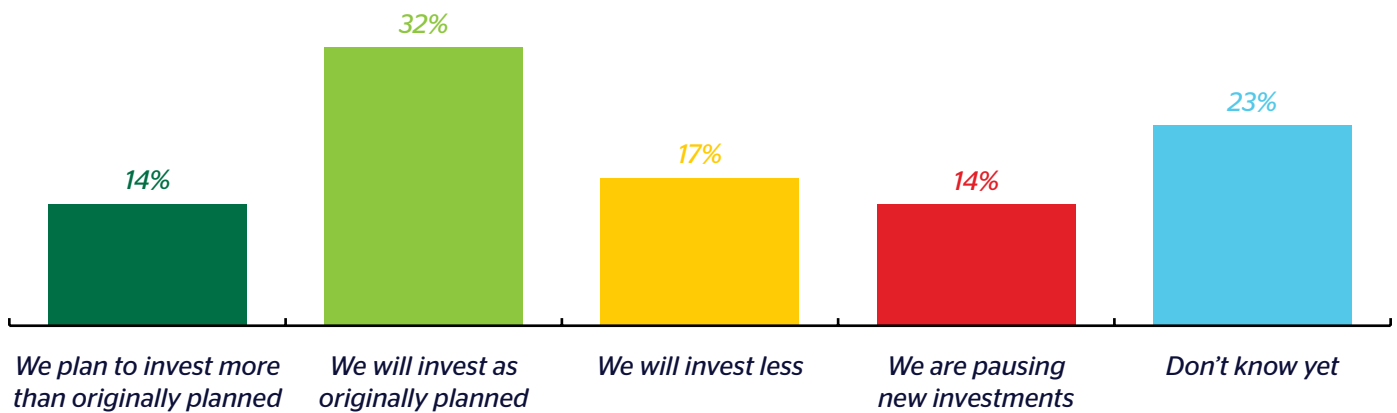
Taking a step back, one of the dominant themes to emerge from the COVID-19 pandemic has been an acceleration of trends that were already underway before the outbreak. In that vein and as the situation begins to normalize, many marketers plan to accelerate their own road maps. More than half (52%) are stepping up their supply partner reevaluation process. Measurement has also become an even higher priority as brands seek quick feedback on how campaigns are performing.

But as much as COVID-19 has dominated the conversation since March, there are other major changes on the horizon, including the end of the third-party cookie and consumer data and privacy regulations. In fact, marketers anticipate that these two issues will wallop the industry more than any changes that result from the pandemic.

Insight #1 – Forty-Six Percent of Digital Marketers Will Maintain or Increase Investment in Marketing Technology and Data in Response to Crisis

Close to half of digital marketers are maintaining or increasing their investments in marketing technology and data. Less than a third will reduce or suspend these investments. (Seventeen percent say they will invest less and another 14% have paused new investment.) Meanwhile 23% are unsure how the outbreak and aftermath will impact their technology and data investments.

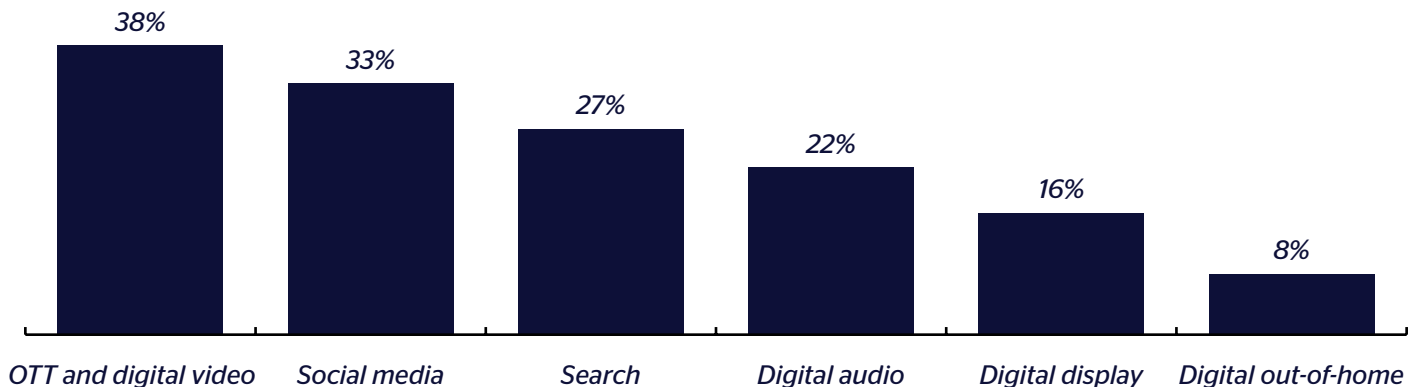
How the Pandemic Will Impact Investments in Mar Tech, Ad Tech and Data (All %)



Insight #2 – Marketers Are Upping OTT and Social Media Investments During COVID-19

Digital marketers know people are streaming more while they're stuck at home, so investments in OTT and digital video are rising as marketers switch up their investments post-pandemic. Beyond OTT and digital video is social media, another area with rising usage during the pandemic.

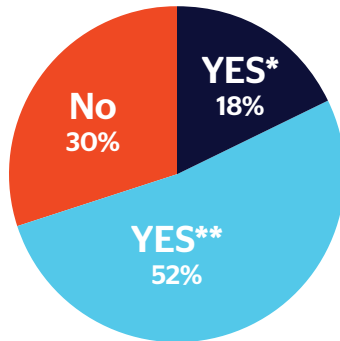
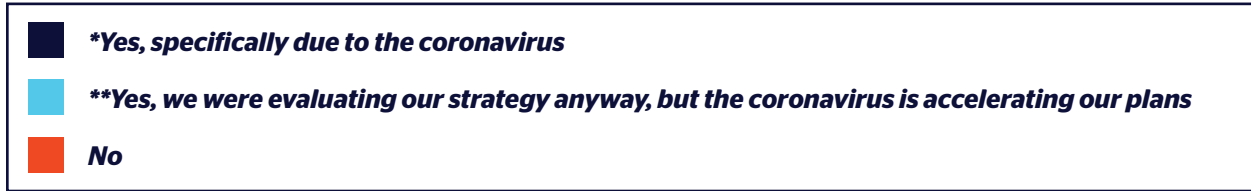
Where Digital Marketers Will Invest More Due to the Pandemic (All %)



Insight #3 – Seventy Percent of Digital Marketers are Reevaluating Their Supply Partners, and Over Half are Accelerating Those Plans Due to the Pandemic

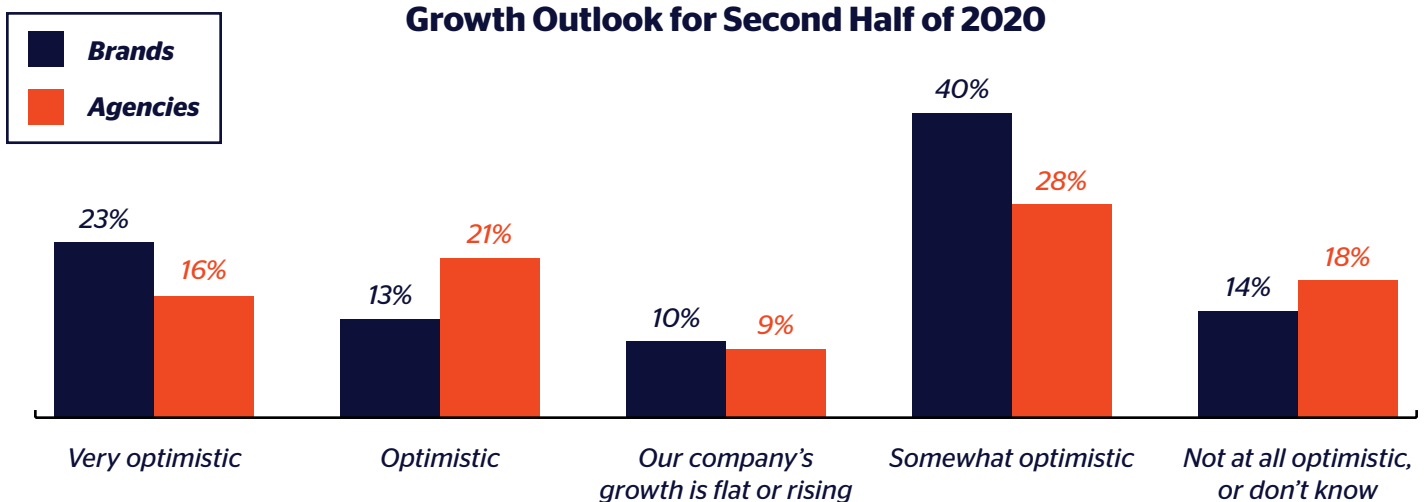
While only 18% of the respondents are reevaluating partners specifically due to the pandemic, more than half (52%) were already evaluating their strategy and now say the outbreak has accelerated those plans.

Percentage of Digital Marketers Reevaluating Supply Partners



Insight #4 – Agencies Are More Optimistic Than Brands About the Second Half 2020 Growth Outlook

A key question in the ad industry is when advertising spend will return to normal. Overall, both brands and agencies are optimistic about their own company growth outlook for the rest of 2020, but agencies are more optimistic. A total of 45% of agencies are very optimistic or optimistic about second-half growth compared to 36% of brands. Forty percent of brands are somewhat optimistic vs. 28% of agencies. Forty percent of brands are somewhat optimistic vs. 28% of agencies.

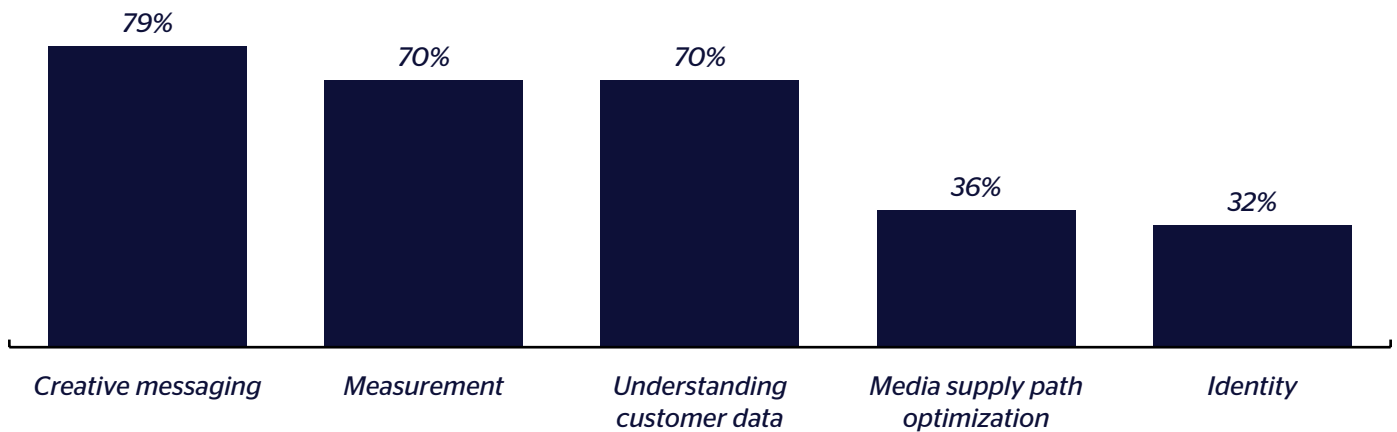


Insight #5 – Digital Marketers Home in on Creative Messaging, Measurement and Customer Data to Guide Them During the Pandemic

During the pandemic, marketers wanted to say the right thing at the right time. Striking the right tone means they considered creative messaging to be of utmost importance in their marketing programs.

But closely following that priority was a focus on measurement and understanding customer data, which provide a feedback loop to how consumers are responding to changed creative messaging. The latter two areas were seen as critical tools by 70% of the survey respondents.

Essential Projects and Functions During the Pandemic (All %)



Insight #6 – Twenty-Four Percent of Brands Already Use Customer Data Platforms

Prior to the COVID-19 pandemic, the emerging technology of the customer data platform (CDP) had already been adopted by nearly one-quarter of brands and agencies, according to the survey findings.

The marketers with the biggest budgets have been early adopters of the category. Thirty-one percent of companies with more than \$50 million in annual digital marketing investments had adopted CDP before the pandemic.

CDP Adoption by Brands and Agencies – and Companies With More Than \$50 Million In Digital Marketing Investments – Prior to the Pandemic

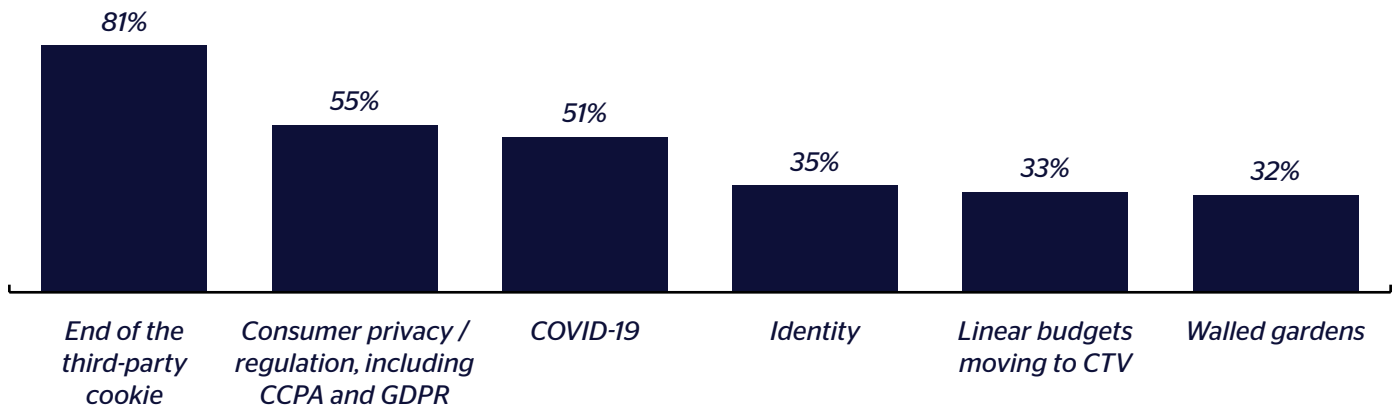
Overall	Agencies	Companies With >\$50 Million Digital Marketing Investments
24%	25%	31%

Insight #7 – Digital Marketers Expect the End of the Third-Party Cookie and Consumer Privacy Issues to Impact the Industry More Than the Pandemic

Even as the pandemic wreaks economic havoc, buyers agree that there are more important existential issues on the horizon that will directly affect the digital marketing industry. To wit: the end of the third-party cookie and consumer privacy and regulation.

Eighty-one percent of digital marketers believe the end of the third-party cookie and consumer privacy issues will impact the industry more than the pandemic.

Most Important Digital Marketing Trends and Issues Over the Next Two Years (All%)



The findings in this Executive Summary offer a high-level view into the study's insights. The upcoming sections offer additional specific and actionable data, analytics and benchmarks.

I. Advertising Investment Impact

How Ad Investment Changed in the First Phase of the Pandemic (March and April)

In the first phase of the pandemic, from approximately March 9 to April 30, 47% of respondents say their ad investment decreased moderately to significantly. Thirteen percent stopped all investment outright, and 7% paused and then resumed their ad investment. “We time-shifted some campaigns back a couple of weeks, but they are back live,” one person said.

Not all buyers made cuts. Thirty-three percent of digital marketers either held their investment steady or moderately to significantly increased their ad investment.

Survey Question: Did your ad investment change during the first phase of the pandemic (March 9-April 30)? Please select one.

	All %	Brands	Agencies	<\$9M Spend	\$10-\$49M Spend	>\$50M Spend
Significantly increased	5%	17%	0%	4%	5%	8%
Moderately increased	10%	0%	13%	6%	14%	12%
Stayed the same	18%	13%	20%	20%	10%	20%
Moderately decreased	25%	23%	22%	29%	10%	32%
Significantly decreased	22%	20%	26%	18%	33%	24%
Stopped/Paused	13%	20%	11%	18%	14%	0%
Paused then resumed	7%	7%	7%	4%	14%	4%

Half of Brands and Agencies Will Increase Spend in Second Half of 2020

A total of 74% of digital marketers expect their ad investments to increase or stay the same in the second half of 2020 compared to the first half of the year. Fifty-three percent of brands say they expect moderate to significant increases in the second half compared to 50% of agencies.

A higher percentage of companies with the largest segment of digital marketing investments expect increases later this year than companies with smaller budgets. A total of 68% of brands with more than \$50 million in marketing spend will moderately or significantly increase their marketing budgets for the rest of the year, compared to 43% of those with midsize budgets and 47% of those with the smallest marketing budgets.

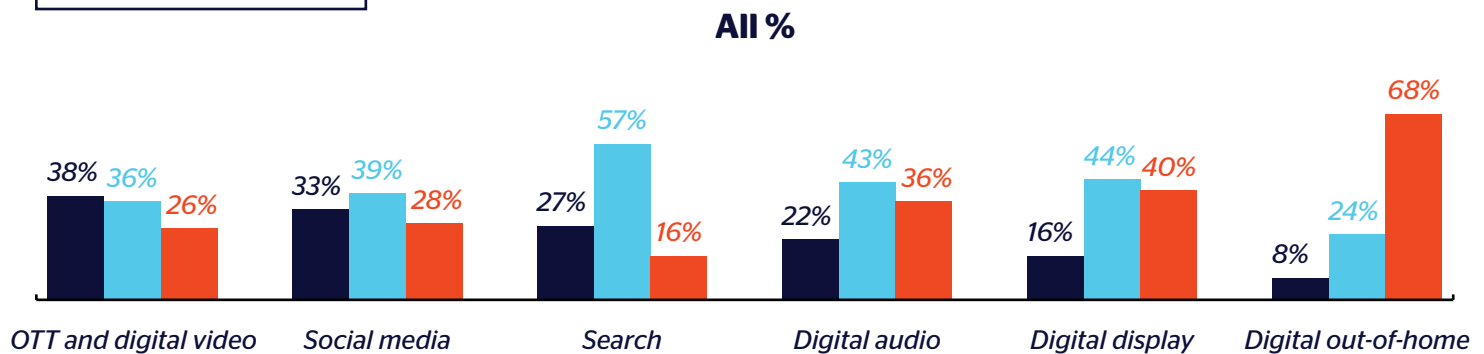
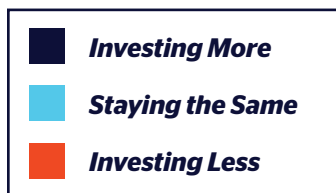
Survey Question: How do you anticipate your ad investments to change for the second half of 2020 relative to the first half of the year? Please select one.

	All %	Brands	Agencies	<\$9M Spend	\$10-\$49M Spend	>\$50M Spend
Significantly increase	7%	13%	6%	6%	10%	8%
Moderately increase	44%	40%	44%	41%	33%	60%
Stay the same	23%	23%	24%	29%	19%	16%
Moderately decrease	17%	17%	17%	14%	29%	8%
Significantly decrease	7%	7%	7%	6%	10%	8%
Stop	2%	0%	2%	4%	0%	0%

How the Pandemic Changed the Digital Media Mix

The digital media mix is expected to change with the most increased investment planned for OTT and digital video followed by social media and search. Digital out-of-home, display and audio channels are expected to see the most investment reductions.

Survey Question: How has your digital media mix changed because of COVID-19?

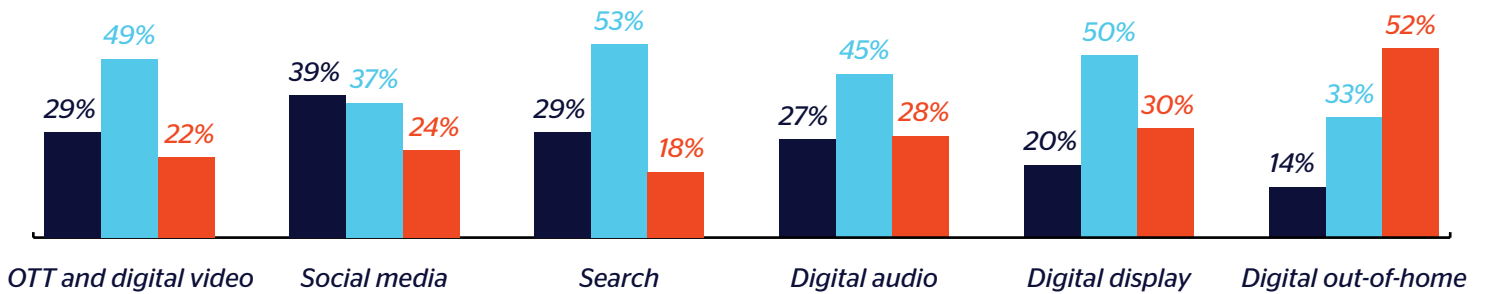


Digital marketing investment level break outs are provided below.

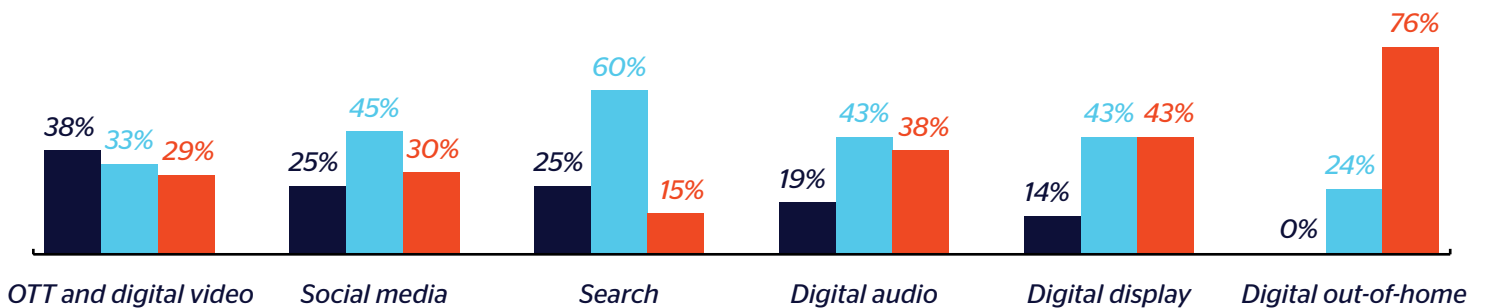
Increasing investment of OTT and digital video is a higher priority for companies with bigger marketing budgets to deploy.



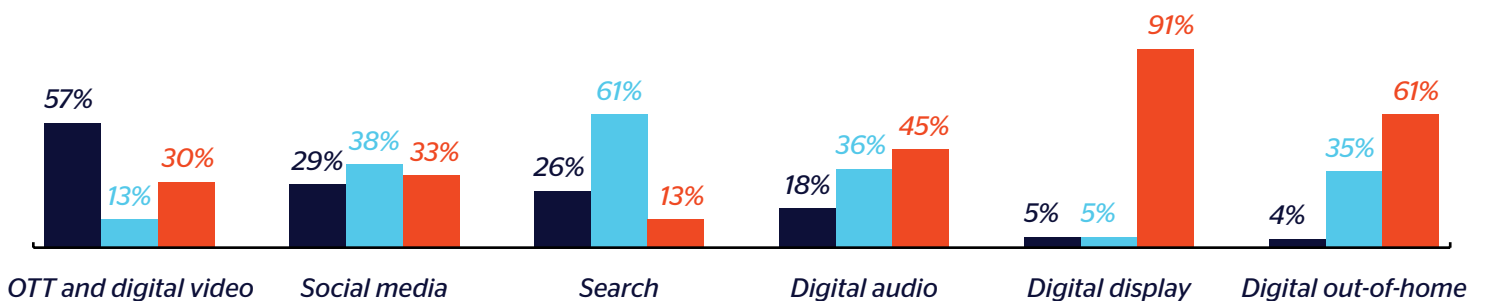
<\$9M Spend



\$10-\$49M Spend



>\$50M Spend



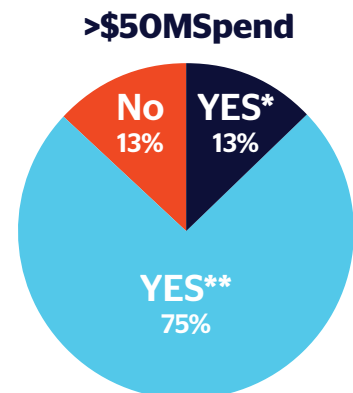
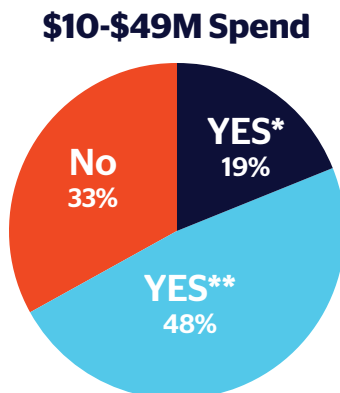
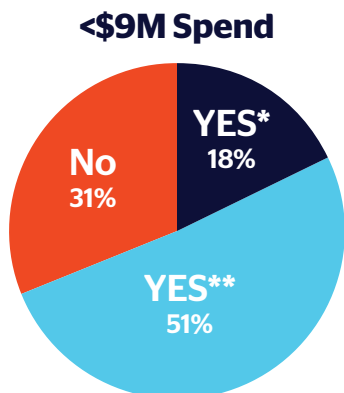
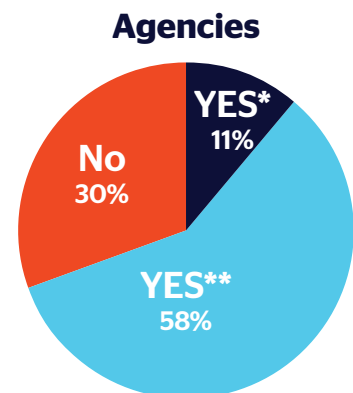
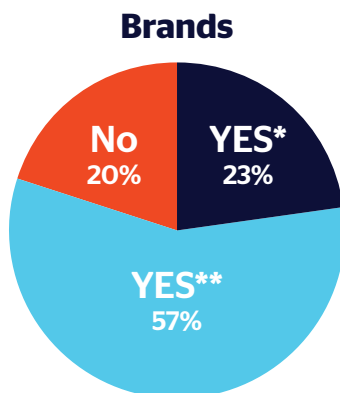
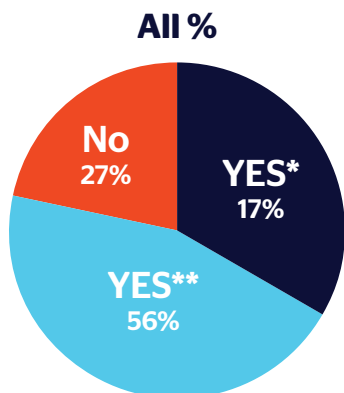
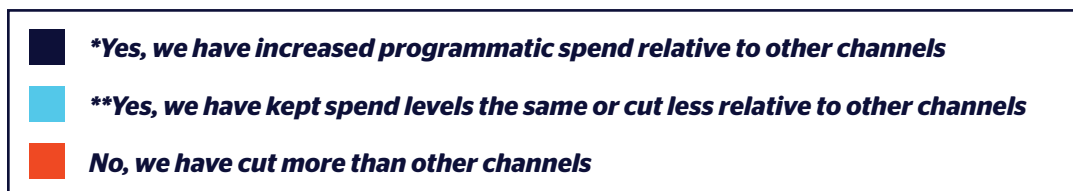
Is Programmatic Spend Insulated From the Effects of the Pandemic?

The majority of digital marketers (56%) either kept programmatic spend levels stable or cut the channel the same or less compared to other marketing investments. Plus, 17% of respondents said they increased programmatic budgets relative to everything else during the pandemic.

Brands were also more likely to increase their programmatic spending during the pandemic, with 23% of brands responding that they increased programmatic investments compared to just 11% of respondents at agencies. The largest marketers were the least likely to make big changes to programmatic, with 75% of them keeping programmatic spend stable or cutting its budget proportionately.

But just slightly more than one-quarter of digital marketers put programmatic on the chopping block, cutting it more than other channels. One said programmatic budgets were cut to “shift to video, both broadcast TV and OTT.” During the pandemic, it was hard for programmatic to be immune from cuts: “No channel is insulated from the pandemic,” said a C-level executive at a mid-size agency.

Survey Question: Is current programmatic spend insulated from the effects of the pandemic?



Impact of Lower CPMs on Campaign Performance

During the early stages of the pandemic, 88% of digital marketers saw programmatic CPMs plummet due to increased supply and lower demand. Twelve percent said the CPMs they paid remained unchanged.

Did those lower prices help buyers' KPIs? For 37% of the overall group, the answer was a resounding yes, as they saw improved campaign performance due to lower pricing. Another 39% said performance stayed the same, as lower CPMs likely balanced out a change in demand for products. For 12% of buyers, performance got worse despite lower CPMs – but brands were much less likely to report a decrease in performance (just 4%) compared to agencies (13%).

Survey Question: How have lower CPMs in programmatic affected campaign performance?

	All %	Brands	Agencies	<\$9M Spend	\$10-\$49M Spend	>\$50M Spend
Our performance is improving	37%	43%	36%	36%	43%	33%
Our performance is staying the same	39%	39%	40%	36%	33%	50%
Our performance is getting worse	12%	4%	13%	17%	10%	4%
CPMs for our campaigns haven't declined	12%	14%	11%	11%	14%	13%

Biggest Walled Gardens to Get Lion's Share of Budget Increases in 2020

Overall, the largest percentage of survey respondents (49%) plan to increase their investment in Google-represented inventory in the second half of 2020. Facebook-represented inventory is second with 38% of the respondents expecting to invest on their platforms. According to all survey respondents, 28% plan to increase their investment related to non-walled garden programmatic in the second half of the year.

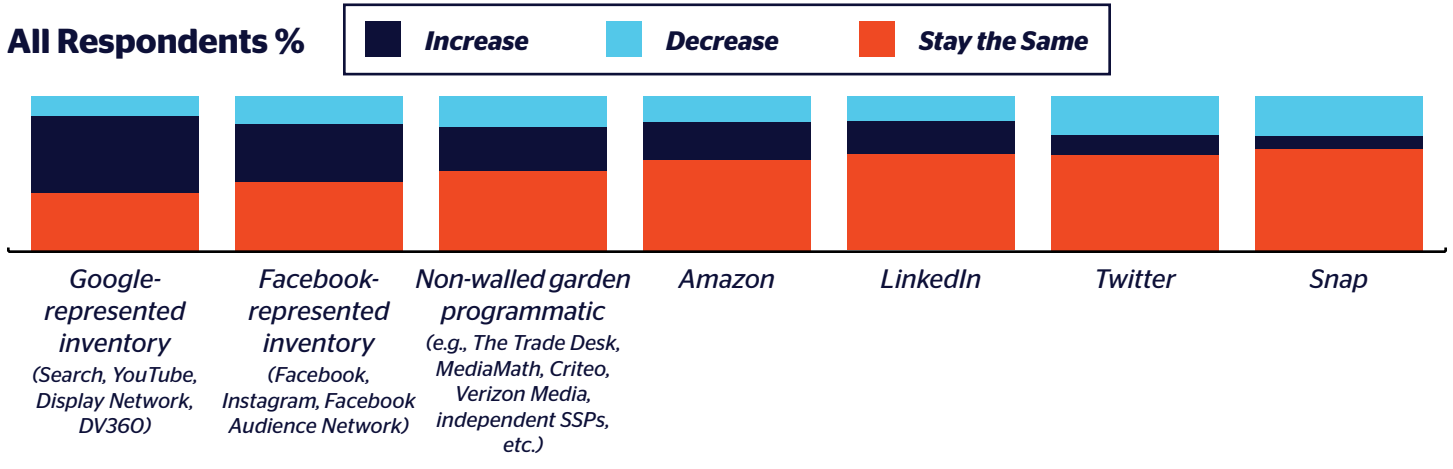
Buyers were more likely to maintain current spending levels on smaller media platforms, such as Amazon, LinkedIn, Twitter and Snap.

Agencies showed a stronger preference to decrease dollars toward non-walled garden programmatic. One-quarter planned to decrease investment in independent DSPs and SSPs, compared to just 15% of brand respondents.

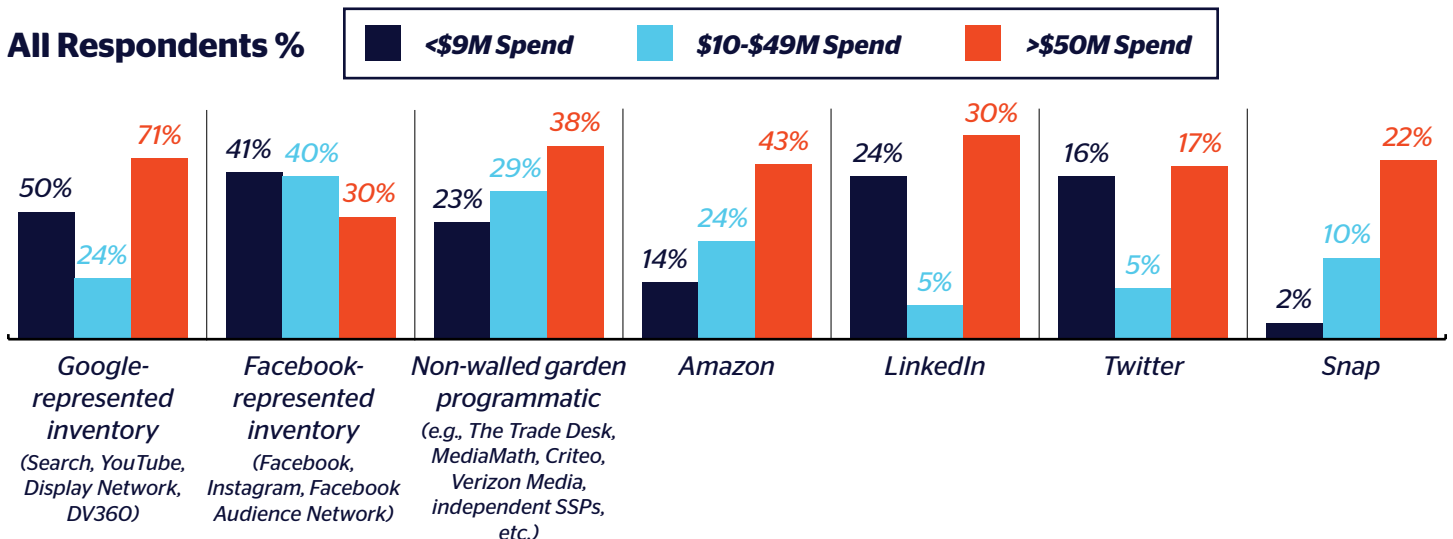
Survey Question: Will the percentage of your advertising investments going into the following media platforms increase, decrease or stay the same in H2 2020, relative to H2 2019?

The data table provides the findings from all of the respondents, followed by platform-specific investment increase breakouts.

All Respondents %	Increase	Decrease	Stay the Same
Google-represented inventory (Search, YouTube, Display Network, DV360)	49%	13%	37%
Facebook-represented inventory (Facebook, Instagram, Facebook Audience Network)	38%	18%	44%
Non-walled garden programmatic (e.g., The Trade Desk, MediaMath, Criteo, Verizon Media, independent SSPs, etc.)	28%	20%	51%
Amazon	24%	17%	58%
LinkedIn	21%	16%	62%
Twitter	14%	25%	61%
Snap	9%	26%	65%



The data table provides the findings from all of the respondents, followed by platform-specific investment increase breakouts.



None of the largest brands planned to decrease their Google investment. The top three areas of increased investment were Google-represented inventory (71%), Amazon (43%) and independent, non-walled garden programmatic (38%).

Just 30% of large marketers planned to increase Facebook budgets, compared to 41% of the buyers with the smallest budgets and 40% of those with mid size budgets. Among these latter two groups, Facebook was the No. 2 and No. 1 area receiving increased investment, respectively, the survey found, while it ranked fourth on the list for the largest marketers.

Insight: Companies with the Largest Digital Marketing Budgets Eye Bigger Increases with Google, Amazon and Non-Walled Garden Programmatic

Digital marketers with investment levels greater than \$50 million are much more likely than the entire set of respondents to be planning to invest more in the second half of 2020 compared to the same period in 2019:

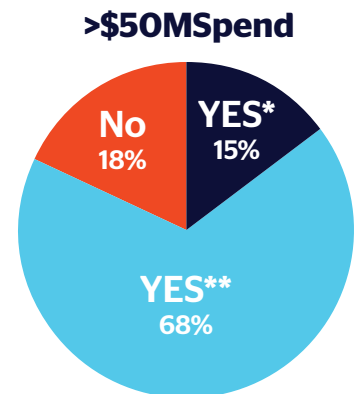
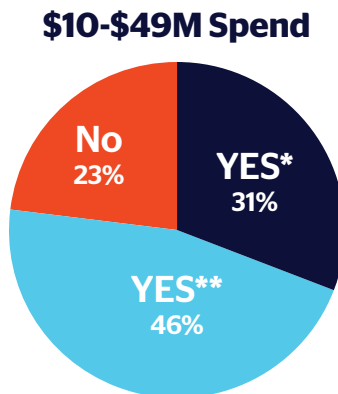
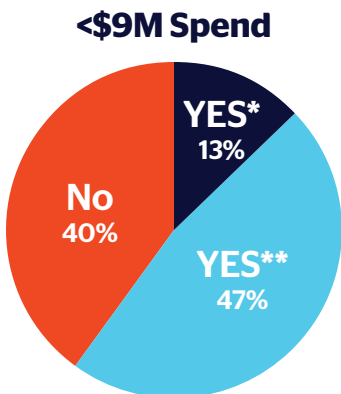
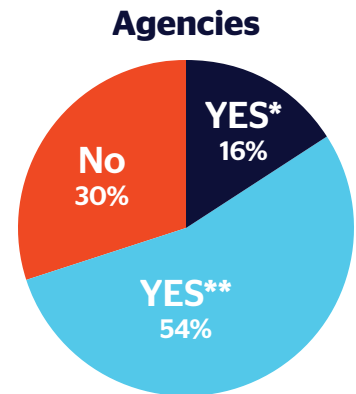
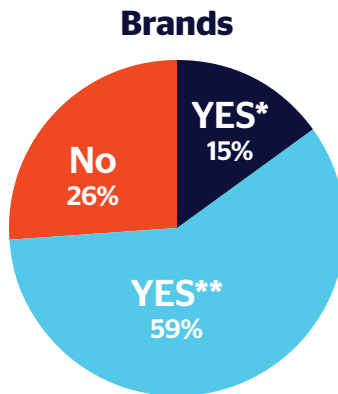
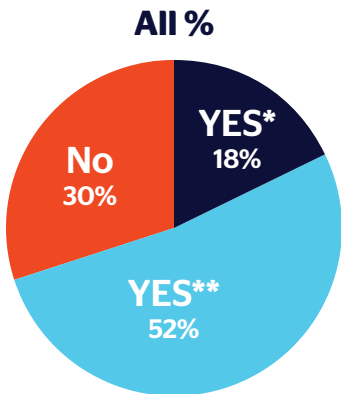
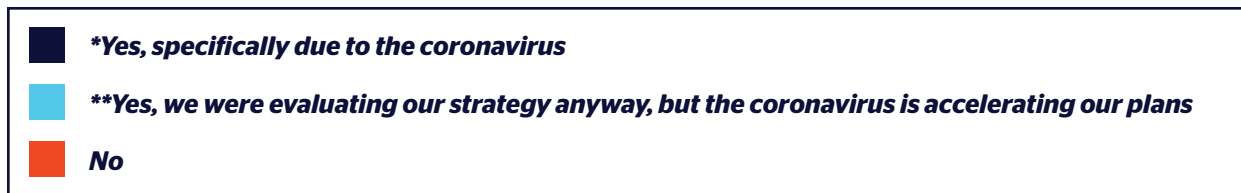
- Google-represented inventory (71% of the largest advertisers vs. 49% all respondents)
- Amazon (43% vs. 24%)
- Non-walled garden programmatic (38% vs. 28%)

II. The Pandemic Is Changing How Marketers Work With Their Partners

The value of ad tech and mar tech partners, media agencies and supply partners are in flux due to pandemic. But in some categories, more brands and agencies are rethinking their approaches than others.

Buyers Are Accelerating Supply Partner Reevaluation Due to the Pandemic

Survey Question: Are you reevaluating supply partners?



More than half (52%) of the respondents had already been evaluating their supply partner strategy and the outbreak has accelerated their plans. Another 18% of the respondents are reevaluating partners specifically due to the pandemic

The reasons for changing suppliers vary.

- **Need to find consumers in new places:** “Change in consumer/media habits.” – *Agency manager with \$10 million to \$49 million digital marketing investment*
- **Need for value:**
 - “With less budget we are reevaluating partners to continue with top performers and cut out new partners, strategies or data to test.” – *Agency manager with between \$100 million and \$1 billion in digital marketing investment.*
 - “Data-driven efficiencies are our focus now. We are doubled down on the media we know that will make a difference for the clients.” – *C-level executive at a small agency*
 - “With less budget we are reevaluating partners to continue with top performers and cut out new partners, strategies or data to test.” – *Agency manager with \$10 million to \$49 million in digital marketing investment*
- **Need for flexible partners:** “[We are] looking at partners that are agile. Our company’s media strategy hasn’t shifted hugely, but we are also now considering risk management in areas we might not have thought about before. In these unprecedented times the need to adapt is important.” – *Strategist at a brand with more than \$100 million in digital marketing investment and \$1 billion in revenue.*
- **Need to solve for identity and privacy:** “Nothing specific to coronavirus, but [we are] looking ahead to new privacy and first-party data requirements.” – *Manager at a brand with \$50 to \$100 million in annual digital marketing spend*
- **Need for transparency:** “We are using this period to bring on an in-house DSP so this is our first time being able to transparently control supply sources.” – *Agency director overseeing \$50 to \$100 million in annual digital marketing spend*

Brands Are Reevaluating Their Media Agencies, While Agencies Focus on Data Partners

Four out of five digital marketers are in the process of reevaluating at least one key partner relationship or area. This suggests that digital marketers are continuously evaluating the performance and suitability of various partners.

But brands and agencies have different priorities.

Nearly two-thirds of brands (63%) were rethinking their media agency relationship and 56% of brands were evaluating current and new data partners.

On the agency side, data partners (53%) and demand-side platform (53%) evaluations were most likely to be in the process of evaluation.

Measurement partners were a focus for 44% of brands and 36% of agencies.

A strong measurement partner gives brands and agencies visibility during uncertain times. “ROAS will be highly important post COVID-19,” a C-level executive with a mid size agency said.

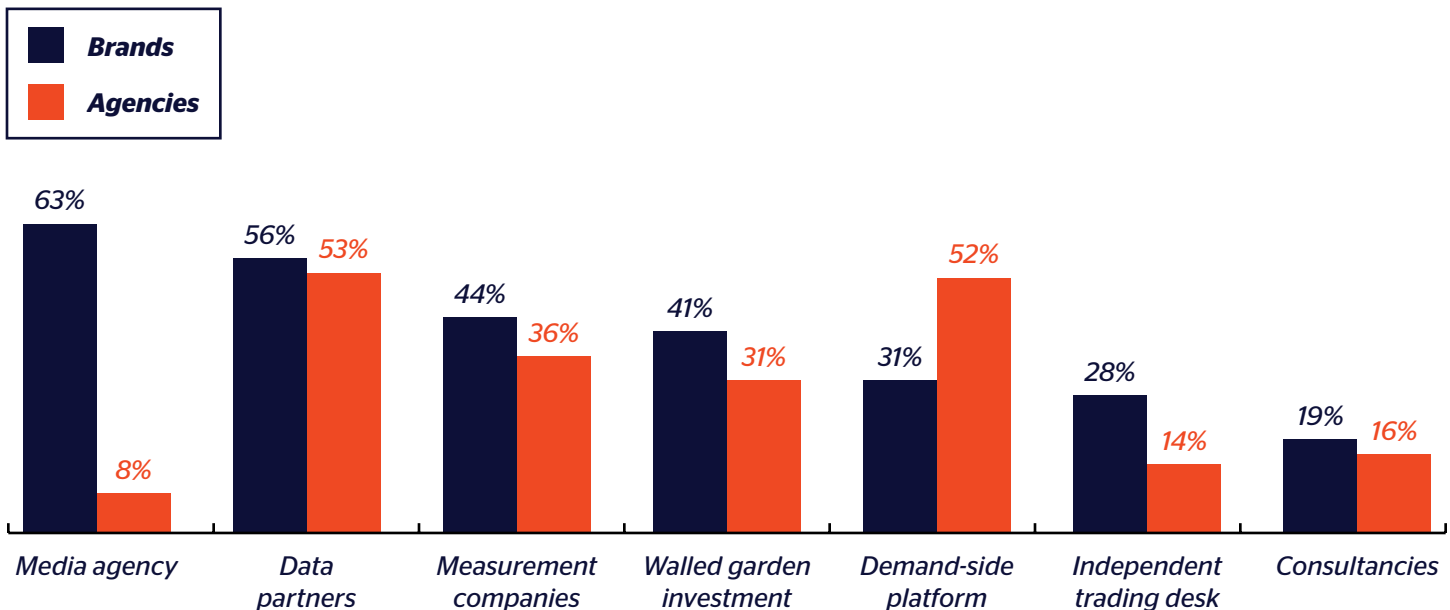
Another C-level agency executive echoed, “Measurement is by far the most important to us right now. Our revenue and cash flow are flat since the shutdowns started so we absolutely need to be on point with knowing what is / isn’t working to make smarter optimization decisions.”

Brands were also more likely to be reevaluating their walled garden investments, with 41% of brands saying they were reevaluating partners compared to 31% of respondents from agencies. One reason for the change? That’s where the people are. “Increased consumer activity in these environments post-COVID-19” was the reason cited by one agency strategist managing a client with a digital marketing investment between \$10 to \$49 million.

Survey Question: Are you reevaluating any of the following partner relationships? Please select all that apply.

All Respondents with Brands and Agencies Breakouts	All %	Brands	Agencies
Data partners	53%	56%	53%
Demand-side platform	46%	31%	52%
Measurement companies	37%	44%	36%
Walled garden investment	34%	41%	31%
Media agency	29%	63%	8%
Independent trading desk	20%	28%	14%
Consultancies	18%	19%	16%
None of the above	18%	13%	20%
Other	5%	3%	6%

Brands and Agencies Comparison: Where Each Is Focusing Partner Reevaluations



Digital Marketing Investment Levels Comparison: Where Partner Reevaluations Are Focused

Respondents by Digital Marketing Investment Range	<\$9M Spend	\$10-\$49M Spend	>\$50M Spend
Data partners	42%	65%	65%
Demand-side platform	36%	61%	52%
Measurement companies	34%	43%	39%
Walled garden investment	21%	48%	45%
Media agency	34%	35%	16%
Independent trading desk	11%	35%	23%
Consultancies	19%	17%	16%
None of the above	28%	0%	13%
Other	2%	9%	6%

Insight: Media Agencies Are the No. 1 Partner Category Being Reevaluated by Brands

- Sixty-three percent of brands indicate they are reevaluating their media agencies.
- Digital marketers with the largest budgets are the least likely to be currently reevaluating their media agency partners.
- Brands highly satisfied with their media agency named “flexibility and information,” “transparency” and “driving meaningful results” as reasons the agency was a most-valued partner.

How Supply and Technology Partners Responded During Pandemic

Supply and technology partners mainly responded to the pandemic with increased communication and a focus on insights to help buyers understand the shifting landscape. The largest buyers, with more than \$50 million in spend, were even more likely to cite an increase in communication (73% vs. the 60% overall average) and insights (60% vs. the 47% average across different budgets).

Flexibility was less prevalent, but still common: A smaller portion of buyers – 44% – said partners were flexible with contract terms. Most partners were reluctant to extend payment windows, with only 28% of brands and agencies responding that they had been offered extended payment windows.

Few supply or tech partners reduced fees, with just 11% of respondents saying they saw fee changes due to the pandemic.

Survey Question: How have your supply and tech partners responded during the pandemic? Please select all that apply.

	All %	Brands	Agencies	<\$9M Spend	\$10-\$49M Spend	>\$50M Spend
Increased communication	60%	58%	64%	53%	59%	73%
Focus on insights	47%	52%	44%	37%	50%	60%
Flexible with contract terms	44%	55%	39%	39%	55%	43%
Extended payment windows	28%	26%	29%	29%	50%	10%
Reducing fees/media costs	19%	16%	19%	20%	23%	13%
Not flexible with contract terms	11%	6%	15%	10%	9%	13%
Other	8%	3%	7%	10%	9%	3%

Pandemic Cost-Cutting Targets Hiring and Media Spend

The top three steps to be more efficient have been hiring freezes, reductions to short-term and full-year 2020 media spending, and the renegotiation of technology contracts. The findings suggest that agencies have done more layoffs than brands, on a percentage of each segment basis.

Agencies were more likely to implement hiring freezes, furloughs and layoffs to gain short-term efficiencies compared to brands.

Survey Question: What steps has your company taken or plan to take to become more efficient during the pandemic? Please select all that apply.

	All %	Brands	Agencies
Hiring freeze	54%	48%	58%
Reduce short-term media spend	43%	66%	34%
Reduce 2020 media spend	40%	55%	38%
Renegotiate tech contracts	28%	14%	34%
Furloughs	22%	14%	28%
Reduce number of media partners	22%	34%	20%
Layoffs	21%	17%	24%
Delay partner payments	14%	17%	10%
Other	16%	14%	14%

III. Ad Tech, Mar Tech and Data Investments

The majority of digital marketers use a DSP, CRM and DMP, according to the report – with smaller numbers adopting measurement tech and CDPs.

The larger the marketer’s budget, the more tech in their toolbox – often by a dramatic margin. Despite the pandemic, one-third of brands plan to stick to their original tech investment plans, with smaller numbers increasing or decreasing those tech investments.

How Digital Marketers Invested Pre-Pandemic

Prior to the COVID-19 pandemic, CDPs had already been adopted by nearly one-quarter of brands and agencies. The top three investment areas by total adoption levels before the pandemic were DSP (used by 72% of respondents), CRM/customer analytics (62%) and DMP (50%).

Survey Question: Prior to the pandemic, did you invest in any of the following? Check all that apply.

	All %	Brands	Agencies	<\$9M Spend	\$10-\$49M Spend	>\$50M Spend
DSP (demand-side platform)	72%	62%	78%	56%	78%	97%
CRM or customer analytics	62%	76%	59%	67%	52%	62%
DMP (data management platform)	50%	47%	52%	42%	52%	66%
Measurement tech (such as multitouch attribution)	44%	35%	50%	32%	52%	62%
CDP (customer data platform)	24%	24%	25%	18%	26%	31%
Other	4%	3%	2%	7%	0%	0%

Not All Brands See Pandemic as a Roadblock to Mar Tech and Data Investments

Close to half of digital marketers are holding or increasing their budget for technology and data despite the pandemic. Just under one-third of marketers are pulling back: Seventeen percent say they will invest less, and 14% have paused new investment. Still, for many these decisions are still up in the air. Twenty-three percent are unsure how the outbreak will impact their investment.

Brands were more likely to frame changes in mar tech and data investments as a “pause” compared to agencies. Twenty-two percent of brands said they were pausing their mar tech and data investments, and another 8% said they were investing less. On the agency side, only 11% said they were pausing, while 20% said they were investing less.

Survey Question: How will the pandemic affect your future investments in marketing technology and data?

	All %	Brands	Agencies	<\$9M Spend	\$10-\$49M Spend	>\$50M Spend
We plan to invest more than originally planned	14%	19%	13%	11%	19%	14%
We will invest as originally planned	32%	35%	33%	36%	15%	37%
We will invest less	17%	8%	20%	14%	27%	14%
We are pausing new investments	14%	22%	11%	16%	12%	11%
Don't know yet	23%	16%	24%	23%	27%	23%

Insight: Companies With Mid-Range Budgets More Likely to Cut Mar Tech and Data Investments

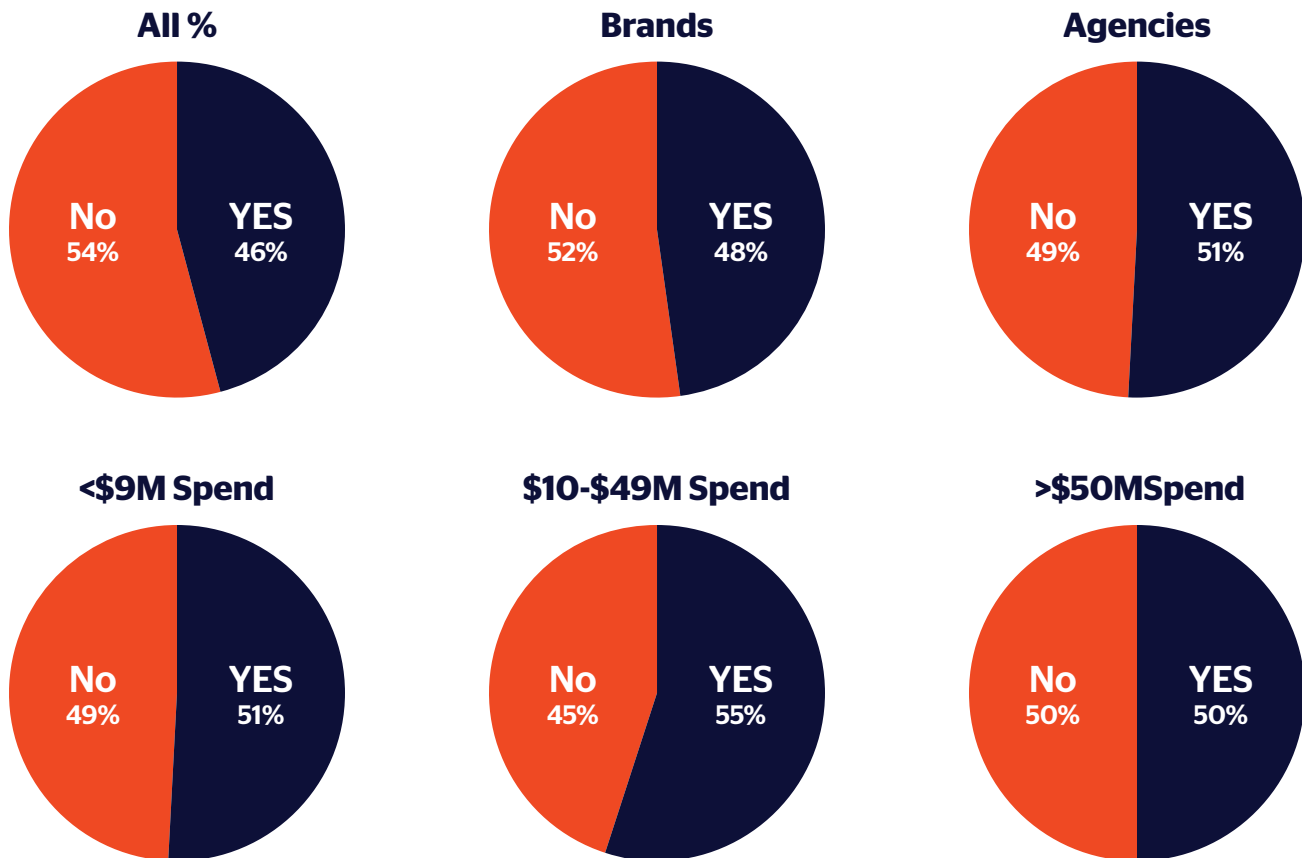
- Companies in the mid-range digital marketing spend category (\$9 million to \$49 million) are more likely to decrease mar tech and data budgets compared to companies with both smaller and larger marketing budgets.
- These midsize marketers are also more likely to be unsure of how their company will invest as a result of the pandemic impact.

IV. Brand Safety Approaches During COVID-19

Buying Ad Inventory Against News Content

Forty-eight percent of brands and 51% of agencies buy ad inventory against news content. Digital marketing budget size didn't affect a brand's likelihood to buy against news content.

Survey Question: Do you buy ad inventory against news content? Please select one.



Select comments:

- “I whitelist local news sites for my real estate client to get higher quality impressions for brand awareness.” – *Strategist with a midsize agency*
- “We block sensitive categories but often news publications represent a higher than average media consumption across target audience personas.” – *Agency strategist with \$10 million to \$49 million digital marketing investment*

Keyword Blocking Policy

Nearly half (49%) of the respondents indicate their policy is to block based on coronavirus-related context. Ten percent have been blocking everything related to the pandemic, 12% avoid all news outright and 29% have no keyword blocking restrictions at all. The brands with the largest budgets were most likely to take a “block everything” approach, with 17% reporting that they blocked all coronavirus-related content, compared to a 10% average overall.

Survey Question: What is your keyword blocking policy for coronavirus-related content?

	All %	Brands	Agencies	<\$9M Spend	\$10-\$49M Spend	>\$50M Spend
Block everything	10%	14%	10%	11%	0%	17%
No restrictions	29%	28%	27%	37%	20%	21%
Blocking based on context	49%	48%	55%	39%	65%	54%
Avoid all news, regardless of whether it's related to the coronavirus	12%	10%	8%	13%	15%	8%

Select additional comments:

- “Avoid terms like death to block the darker news, but not 'coronavirus'.” – *Director with a small agency*
- “For our healthcare client, there is no avoiding corona content, but we do need to avoid conspiracy theories.” – *C-level executive with midsize agency*
- “Our advertisers are leaning into the content to showcase their reputation during the pandemic (especially in higher education and provider healthcare).” – *VP with a mid-sized agency*
- “We did not block the terms coronavirus or COVID as it is the trending news right now. Instead, we blocked terms like fatal, fatality which doesn't relate to corona directly but can affect our brand safety or health hygiene if our ads gets populated over content covering these terms.” – *Strategist with midsize agency*

V. Measurement Emerges As Area Of Focus During Pandemic

Brands Care About Creative Messaging, Measurement During Pandemic

As brands focused on striking the right tone during an unprecedented time, messaging rose to the forefront. Creative messaging has been deemed essential during the pandemic by 79% of the respondents.

But brands also want to know how consumers feel about their new messaging – if it changes brand sentiment or increases purchasing, for example – so digital marketers also homed in on measurement and understanding customer data, which were both selected by 70% of the survey respondents.

Secondary projects, such as media supply-path optimization, are more likely to be undertaken by companies with the largest digital marketing budgets.

Survey Question: Which projects or functions do you consider to be essential during the pandemic? Please select all that apply.

	All %	Brands	Agencies	<\$9M Spend	\$10-\$49M Spend	>\$50M Spend
Creative messaging	79%	87%	79%	69%	86%	89%
Measurement	70%	73%	75%	76%	55%	74%
Understanding customer data	70%	77%	68%	69%	68%	74%
Media supply-path optimization	36%	27%	38%	24%	36%	56%
Identity	32%	37%	30%	20%	32%	52%

Comments:

- “Everyone is now watching the bottom line. If an ad doesn’t move money, it isn’t worth running.” – *C-level executive at a small agency*
- “Out of these, measurement is the most essential and everything else is not even close.” – *C-level executive at a small agency*
- “[We have] tighter budgets, so we want to make sure we can show results for our clients” – *Manager with midsize agency*

How the Pandemic Affected Measurement

Only 9% of digital marketers stopped existing or planned measurement projects as a result of the pandemic. Another 21% changed an existing or planned measurement project. Most of the respondents have made no changes to their measurement projects.

Thirty-three percent say they are buying more measurable media, and another 28% are accelerating existing or planned measurement projects.

Survey Question: How is the pandemic affecting your views on measurement? Please select all that apply.

	All %	Brands	Agencies	<\$9M Spend	\$10-\$49M Spend	>\$50M Spend
Buying more measurable media	33%	30%	34%	29%	45%	31%
Accelerating existing or planned measurement projects	28%	20%	36%	27%	27%	31%
Stopped existing or planned measurement projects	9%	10%	9%	8%	14%	8%
Changed existing or planned measurement projects	21%	27%	13%	18%	36%	12%
No change	29%	27%	32%	35%	9%	35%

VI. Growth Outlook

Agencies More Optimistic About Growth Than Brands

Both brands and agencies are optimistic about their own companies' growth outlook for the rest of 2020, but agencies are more optimistic.

A total of 45% of agencies are very optimistic or optimistic about the second half growth outlook compared to 36% of brands. Forty percent of brands say they are somewhat optimistic vs. 28% of agencies.

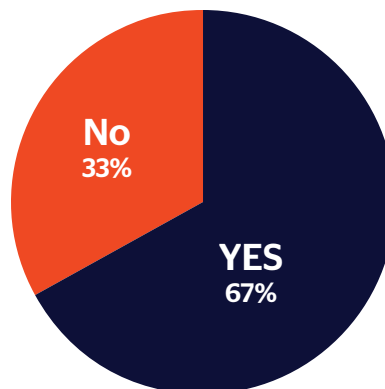
Survey Question: How optimistic are you that your company's growth will resume in Q3 or Q4? Please select one.

	All %	Brands	Agencies	<\$9M Spend	\$10-\$49M Spend	>\$50M Spend
Very optimistic	19%	23%	16%	20%	14%	21%
Optimistic	22%	13%	29%	30%	27%	4%
Somewhat optimistic	32%	40%	28%	28%	32%	39%
Our company's growth is flat or rising	8%	10%	9%	8%	5%	11%
Not at all optimistic	14%	14%	18%	8%	23%	18%
Don't know	5%	0%	2%	6%	0%	7%

Did the Pandemic Accelerate or Postpone Initiatives?

Two-thirds of the respondents say the pandemic accelerated or postponed various digital marketing initiatives.

Survey Question: Has the pandemic accelerated or postponed any short-term or long-term initiatives?



So what's changing for digital marketers?

Switching to a performance mindset:

- “Accelerated brand awareness campaigns, postponed event campaigns.” – *Agency manager with a client between \$10 million – \$49 million in annual marketing spend.*
- “We've moved almost all budget to pay for performance channels to keep a guaranteed ROI.” – *C-level agency executive at a company with under \$100 million in revenue.*
- “It has forced us to postpone new brand-led strategies as well as any mid/top funnel activity that doesn't 'automatically' translate into revenue generation.” – *Brand manager with \$10 to \$49 million digital marketing investment*

Moving to new channels:

- “Training staff on more addressable media has accelerated.” – *Agency VP managing more than \$100 million in annual marketing spend*
- “Shifting almost all of our print ads into digital and emarketing platforms.” – *C-level executive with a brand with over \$100 million revenue*
- “Accelerated CTV adoption.” – *Director with midsize agency*

Messaging around value: “Accelerate any projects that can bring a financial value to customers (unique promo code, credit account, partner with loan suppliers).” – *Director at a brand with more than \$100 million in annual revenue*

Reorganization: “For my agency there were talks to merge some teams for about a few years now, but it was never done until COVID, where costs are stringent and teams are merging in the next couple of weeks instead.” – *Strategist with large agency*

Conclusion: Digital Marketing’s Future Depends On Finding Privacy-Focused Alternatives To The Third-Party Cookie

Digital marketing needs to find a new beginning after the end of the third-party cookie.

Although the pandemic has rocked the ad industry, the most pressing concern impacting its future isn’t the aftershocks of COVID-19 – it’s the end of the third-party cookie.

An overwhelming majority – 81% overall and 96% of companies with more than \$50 million in digital marketing investments – cited the cookie’s impending demise as the most important digital marketing issue over the next two years.

Slightly more than half (55%) of digital marketers cite consumer data privacy as a key issue, driven, in large part, by negative consumer sentiment related to third-party tracking.

Only 51% of respondents consider COVID-19 to be the biggest unknown that’ll rock the industry between now and 2022. Also top of mind for marketers in the near term: identity (35%); what will happen to linear ad budgets as they continue moving to CTV (33%); and, as ever, the dominance of the walled gardens (32%). Agencies were slightly more concerned than brands about these three trends.

Most Important Digital Marketing Trends and Issues Expected Over the Next Two Years

Survey Question: What are the most important trends and issues you see impacting the digital marketing industry over the next one to two years? Select the top three.

	All %	Brands	Agencies	<\$9M Spend	\$10-\$49M Spend	>\$50M Spend
End of the third-party cookie	81%	79%	88%	70%	90%	96%
Consumer privacy / regulation, including CCPA and GDPR	55%	59%	52%	54%	57%	54%
COVID-19	51%	59%	48%	54%	43%	50%
Identity	35%	28%	40%	35%	38%	33%
Linear budgets moving to CTV	33%	28%	38%	33%	33%	33%
Walled gardens	32%	28%	33%	26%	48%	29%
Other	5%	0%	4%	7%	5%	4%

Growth Ahead

The digital marketers responding to the survey indicated, for the most part, that the worst has passed. Some have been relatively untouched economically. Eighty-one percent of digital marketers say they are either optimistic that their company's growth will resume in the second half of 2020, or that their growth has been either flat or rising during the pandemic. Other findings in the survey also speak to a positive growth outlook and optimism about the industry.

And why not be cautiously optimistic? Consumers have been voracious in their consumption during the pandemic, everything from media content to information on products and brands. This increase in engagement is only accelerating the shift to ecommerce, a trend that's been in the works for years. There's a sense of no-going-back-now in the air as consumers embrace new habits that seem more than likely to stick around long after stay-at-home orders have been lifted.

The post-outbreak recovery period – and how the ad industry responds to new trends and consumer needs – will shape the advertising ecosystem well into this new decade.

But the system shock of COVID-19 will normalize. And, as it does, major industry changes continue to wait not so patiently in the wings. The end of third-party cookies and consumer privacy regulations, including CCPA and GDPR, promise to rock the digital ad industry to its core over the next two years.

Methodology and About the Respondents

In late May and early June 2020, AdExchanger conducted a survey of a wide cross section of leading companies with digital marketing investments throughout the industry. The survey received 164 responses. The respondents are primarily digital marketing executives and managers with brands and agencies. Demand-side technology platforms were also surveyed. Half of the respondents work for companies that have digital marketing budgets greater than \$10 million. Forty-eight percent work for companies that have more than \$100 million in annual revenue.

Company Type

Survey Question: Which of the following best describes your company? Please select one.

	All %	Brands	Agencies	<\$9M Spend	\$10-\$49M Spend	>\$50M Spend
Brand	27%	100%	0%	28%	29%	28%
Agency	60%	0%	100%	57%	65%	65%
Demand-side technology platform	4%	0%	0%	3%	0%	5%
Other	9%	0%	0%	13%	6%	2%

Digital Marketing Investment

Survey Question: How large was your company's digital marketing investment in 2019? Please select one.

	All %	Brands	Agencies	<\$9M Spend	\$10-\$49M Spend	>\$50M Spend
Less than \$1 million	26%	31%	24%	53%	0%	0%
\$1 to \$9 million	24%	19%	23%	47%	0%	0%
\$10 to \$49 million	23%	24%	24%	0%	100%	0%
\$50 to \$100 million	9%	7%	10%	0%	0%	32%
\$100 million and up	18%	19%	19%	0%	0%	68%

Vertical Market Segments

Survey Question: What industry vertical(s) do you work in? Check all that apply.

	All %	Brands	Agencies	<\$9M Spend	\$10-\$49M Spend	>\$50M Spend
B2B	36%	20%	43%	34%	41%	32%
Retail/commerce	35%	10%	44%	25%	41%	46%
CPG	34%	15%	43%	22%	45%	43%
Financial services	34%	19%	41%	31%	28%	43%
Online commerce	34%	15%	42%	34%	28%	35%
Travel/tourism	32%	15%	38%	27%	34%	38%
Pharma and healthcare	28%	10%	37%	24%	31%	32%
Auto	25%	5%	32%	22%	10%	38%
Media	25%	3%	30%	22%	28%	27%
Consumer technology	24%	8%	29%	21%	14%	35%
Insurance	23%	10%	25%	19%	28%	24%
Restaurants	17%	8%	22%	16%	17%	19%
Telecoms	16%	3%	19%	10%	10%	30%
Government & education	16%	5%	18%	22%	10%	5%
Real estate	13%	3%	16%	18%	10%	5%
Gaming	9%	0%	9%	4%	10%	14%
Politics	6%	3%	8%	7%	3%	5%
Other	13%	8%	15%	13%	21%	8%

Company Revenue

Survey Question: What is your company's annual revenue?

	All %	Brands	Agencies	<\$9M Spend	\$10-\$49M Spend	>\$50M Spend
Under \$100 million	52%	22%	66%	70%	47%	26%
\$100 million to \$1 billion	27%	39%	22%	23%	38%	25%
More than \$1 billion	21%	39%	12%	7%	16%	49%

Respondents' Titles

Survey Question: What is your title? Please select one.

	All %	Brands	Agencies	<\$9M Spend	\$10-\$49M Spend	>\$50M Spend
C-level	13%	7%	16%	19%	9%	5%
VP	14%	10%	17%	12%	9%	23%
Director	28%	27%	30%	25%	25%	36%
Manager	18%	37%	10%	14%	28%	18%
Strategist	16%	15%	14%	17%	19%	10%
Other	11%	5%	13%	13%	9%	8%



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