

Advertising in a time of crisis

An embattled sector starting to emerge from a global pandemic

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The big picture

As the world moves to ease lockdown measures, we begin to emerge, blinking, into a world that will have been forever altered by the events of 2020. We all hope we are past the worst from a personal perspective but also cannot help but consider the impact that lockdown and social distancing has had, and continues to have, on businesses large and small.

In this report, we investigate the key impacts of the current crisis on the advertising industry. We consider from both ends of the spectrum – the impact on brands and advertisers but also on publishers and media owners across various channels. We have focused not just on the negatives and the challenges but also the opportunities for growth during this new way of life as once the world returns closer to “normal”.

We’ve seen the advertising industry as a whole struggle to adjust as the market came to a grinding halt. Some brands erred on the side of caution, at least initially, and paused advertising activities altogether but others have looked to be more agile and quickly responded to the crisis and changing engagement channels for consumers. Both the behaviour of these consumers and ad performance have shifted, and understanding these shifts will be key in succeeding both during and after this crisis. In particular, a significant move to social advertising has been noticeable and brands will need to follow this movement to alternative channels going forward. However, it is important to remember that advertising is ultimately a creative exercise – the same advertising content simply distributed through a different channel is unlikely to be as successful as a purpose-built campaign that has been planned to be distributed through that channel during the creative process. Brands need to continue to engage with

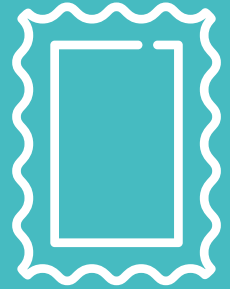
consumer sentiment but need to be both sensitive and, above all, honest and genuine.

As the world has been confined to homes, unsurprisingly we have seen a rise in online, influencer and mobile advertising. However, there continues to be concern across these channels with regard to transparency. As such, advertisers without, or with only limited, experience in these channels may find this a strange new world with its own challenges.

Even with brands trying to be flexible and agile, the central principle for all marketing communications of course remains that they should be legal, decent, honest and truthful. In the time of a crisis these principles are just as important and brands should prepare advertisements responsibly for consumers and society. We have already seen the Advertising Standards Agency consider and rule in relation to numerous examples of misleading, irresponsible advertising during the current crisis.

We hope this report shows just how large an impact the advertising industry as a whole has suffered, particularly in channels that rely on physical presence of individuals (such as Out-Of-Home and live sport advertising). Brands in all sectors have faced an unprecedented challenge as consumers are required to stay at home and have deferred many purchase decisions as a result of the ongoing uncertainty.

Finally, we also wanted to show that, despite the challenges, there are positives to be taken from this crisis. With forward planning, flexibility and a willingness to adjust, rather than simply seek to move back to the status quo, the sector can show its usual robust ability to rebound and return to its historic stellar growth.



Foreword

Brand Focus: the issues facing brands and how they are managing



As the coronavirus spread and Governments responded by restricting populations' physical movement through social distancing and lockdown measures, commercial marketing was heavily impacted. With cancelled or delayed campaigns, many consumer brands are facing huge financial repercussions as a result. Early reports have suggested that the ad market will contract in the UK by almost 10% in 2020. While the current crisis has particularly impacted sectors that rely on the physical movement and congregation of people (such as travel, retail, automotive, live entertainment and leisure), brands across all industries have had to respond and react to the ongoing impact of the consequences of the coronavirus pandemic on marketing strategies.

Brands have had to, possibly for the first time in detail, analyse their contracts relating to their advertising campaigns across all channels in assessing the total financial impact of the coronavirus. Cancellation of events and placements of advertisements across various mediums, associated costs (including lost opportunity) and considering force majeure will all have been picked apart in calculating the total impact of the crisis. Brands have had to work with their partners: agencies, publishers and media owners, to balance risk, responsibility and costs, both sunk and recoverable.

Some advertisers may have found that, for example, for live events such as sport and entertainment, sponsorship expenditure was able to either be withheld or recovered where a specified event did not go ahead. Demonstrating just this, in June 2020, the Premier League reached an agreement with its UK broadcasting partners, Sky Sports and BT Sport, for the deferral of a rebate payment allegedly worth £223 million in respect of the hiatus of Premier League games. Unfortunately, where financial investment has already been incurred by sponsors and repayment is not an option, many merchandising costs will simply need to be written off, particularly where an event has not been postponed but cancelled altogether with no recourse having been made available.

Where resources have been spent on physical marketing such as billboards or magazines, these campaigns may be able to go ahead, as the advertisement placement still exists, but social lockdown means that the subsequent brand exposure is little to none or messaging misaligned with national sentiment.

You may think that the solution is insurance. However, a global pandemic of this breadth was anticipated by very few, and as such many brands have discovered that the force majeure provisions under their insurance policies simply do not provide cover for the current situation. As such, financial recovery has been limited. The only response for brands in this position may therefore regrettably have to be one of acceptance, rather than recourse.

"The outbreak of the coronavirus has forced brands to review ad spend and delay media pitches where these would ordinarily have been put out to tender, thereby limiting some organic growth."

Brands have also found that organic growth has stagnated, if not contracted, as the outbreak has forced brands to review ad spend and delay media pitches where these would ordinarily have been put out to tender. Going forward, brands will undoubtedly look to learn from the difficulties they have experienced and this may well serve as a turning point in the structure of marketing activity, with the commercial viability for these brands being determined by the way in which they can adapt and modify their business models and marketing strategies.

As there is movement towards the re-emergence from lockdown measures, the sectors most heavily impacted, such as travel and retail, are starting to reopen to customers. This is a very slow process and does not mean an immediate return to the status quo of course. Brands therefore continue to face the challenge of how to manage marketing campaigns planned for the remainder of 2020, especially where spend had already been contractually committed.

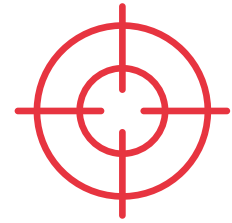
Brands also always need to consider the reputational impact of any marketing activities and this will be a significant consideration when deciding how to respond to any financial hardship. Whilst many experts encourage businesses not to cease advertising altogether in times of a crisis, so as to ensure that they are better poised to recover afterwards, there is an inherent risk that certain marketing activity during a pandemic may be considered by consumers to be distasteful or out of touch. In the eyes of consumers, there is a fine line between genuinely wanting to support the public during a difficult time, and being seen to be trying to profit from the difficulties people are experiencing. As a result, many advertisers have pulled marketing activity in fear of falling the wrong side of this line.

Brand responses will differ depending on their unique industry, risk profile and consumer base. Mary Portas, the founder and chief creative officer of Portas, has discussed the ways brands that are best equipped to deal with crises are the ones that are the most flexible in their marketing strategies. In a similar way, the experience of

the customer journey, both physically and digitally, will be of paramount importance for marketing strategies moving forwards. Portas anticipates a move away from large, generic inventories in the retail sphere, and a shift towards more tailored products with a focus on customer experience. We are already seeing some upmarket retailers offering unique retail experiences, personal after-hours shopping availability and DJs for queueing customers show some of the innovative ways that the high street are welcoming customers after the period of closure. In addition, the current situation seems to have affected purchasing behaviour more generally – for example, Portas, among others, have reported a trend of consumer purchasing behaviour tending towards products relating to health and wellbeing in the aftermath of the crisis.

“We are already seeing some upmarket retailers offering unique retail experiences, personal after-hours shopping availability and DJs for queueing customers show some of the innovative ways that the high street are welcoming customers after the period of closure.”

For some brands, these changes to marketing strategy may manifest in the channel through which they choose to reach out to consumers, as will be discussed in the following sections. Separately, however, brands should also strongly consider ensuring that their communications focus on how the businesses are helping on a societal level. Consumers value brand reputation and integrity, even more so in times of crisis. Although this can be a complex path to traverse, brands which underestimate the importance of the social face of marketing may swiftly realise that 2020 is far from a year of desperation; rather, for agile brands it is demonstrating to be a year of unpredictability, resilience and opportunity.





Channel Focus: a truly all- encompassing challenge

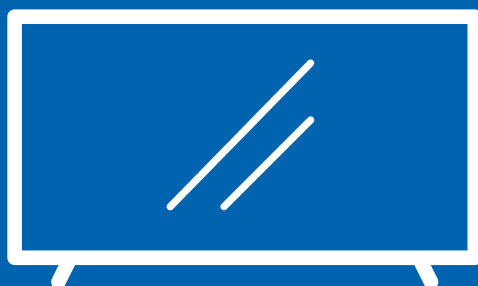




Television

The impact of Government guidance and lifestyle changes as people were encouraged to stay at home naturally brought an increase to television viewing during the coronavirus pandemic. For a two week period in March 2020, the Broadcasters Audience Research Board (BARB) reported the average daily viewing per person increased by 30 minutes from the same period in the previous year. The numbers didn't quite add up though, whilst television viewing numbers increased, the reverse negative trend affected television ad sales. Despite encouragement from the advertising industry for brands to maintain advertising budgets to ensure continuation of brand presence and loyalty during, and in the aftermath of the crisis, businesses have been reluctant to spend available cash reserve on advertising overall, particularly on television.

"In the current crisis, traditional linear television advertising as well as video on demand has experienced a substantial hit as advertisers spend in the short to medium term has plummeted."



The traditional big sector spenders in particular, travel, leisure and retail who pulled or delayed campaigns, alongside the cancellation of, and reduction in sporting calendars, have impacted television advertising slots. A number of public service broadcasters, including Channel 4 and ITV, whose businesses rely on ad revenue, have reported a significant reduction in advertising income, with the television advertising market reported to be down 50% over April and May 2020. Some of the gap has been picked up by non-brand engagement, with Government backed non-revenue making advertising to 'Stay at Home' and 'Protect our NHS', however this hasn't closed the revenue hole for many.

Cash conscious advertisers may usually be reluctant to advertise on television as this is traditionally a more expensive medium. With any crisis, all funding decisions made by businesses are necessarily examined under the microscope in order to evaluate key priorities for spending. Reduction in demand for television advertising space in traditional economic terms, has meant that supply is readily available and the price for a television spot is good value. Even despite the relative affordability of television advertising, and at a time when reach and effectiveness is at an all-time high, the higher production, coordination, compliance and regulatory costs and fees that television advertising commands has left many advertisers exploring more cost-effective channels.

Changing viewing habits

Despite the huge impact across the sector, there have been some success stories. When populations are encouraged to stay at home there is a higher demand for content, non-linear models such as subscription services which are not reliant on ad revenue have remained unaffected in the fluctuations of television ad funding. Disney+ reported to have already passed 50 million paid subscribers globally since its initial launch in late 2019. Netflix, by comparison reported 167.1 million subscribers at the end of 2019. SVOD and OTT providers will also benefit from a decline in cinema attendance and some films being released straight to video on demand platforms.

“The availability and reach of non-linear audiences presents a huge window of opportunity to access audiences’ not available through traditional linear television advertising.”

The video-sharing platform, TikTok, during a time of global lockdown, invested in its first UK television ad to showcase some of its most viewed TikTok videos and promote its social video platform. With roughly 50% of TikTok’s global audience being under 35, this campaign demonstrated how the use of a traditional channel can still be used to capture a wider audience.

A new place for product placement?

Product placement and advertising-funded programming offers alternative partnership models for brands and producers on both traditional linear channels and non-linear models, reaching a larger range of audiences. Whereas in product placement, a brand pays a broadcaster or

programme-maker to include its products or brands in a programme; advertiser-funded programming offers the opportunity for a brand to both sponsor a programme and become involved in the creation of the show. In the US, the product placement market has been estimated to be valued at \$11bn. In the UK, the communications regulator, Ofcom, relaxed product placement laws and regulation in 2011. However, the UK is yet to have seen the kind of value and brand enthusiasm for product placement as has been seen and generated in other global markets. Emerging from the crisis, advertisers wanting to recover lost revenue from traditional television advertising may look to product placement and advertising-funded programming as alternative TV ad streams.

Looking forward

The catalyst of a crisis and Government guidance on limiting movement have wider impacts on the rest of businesses and the industry, resulting in furlough and redundancies as well as core functionalities such as production being paused. This will have a substantial impact on the availability of new content in the months and years to come with significant challenges for the future of programme production. Already the industry is seeing a re-focussed emphasis on health, safety and hygiene as well as social distancing measures in place in studios and on location. Programme makers will have to find inventive ways to create crowd scenes and dramas relying on the close proximity of actors. It is also likely that those sectors which haven’t been as heavily impacted by lockdown measures, animation and visual effects focussed content and, of course, repeats of household favourites, will be ahead in the production timeframe for new content to be made available in the aftermath of the crisis.



With the restrictions in place in light of the current crisis, it is not surprising that people have been spending more time online. However, despite this increased audience, companies have not universally seen this reflected in their revenue from online advertising.

Traditional publishers

Throughout the current pandemic, the New York Times reported readership had increased at one point to 15.7% higher than average. However, in April 2020, it was reported that news outlets were looking at a £50m loss in advertising revenue over the course of three months due to brands using keyword blacklisting technologies. These technologies prevent adverts from being shown alongside content that contains certain words, with a view to safeguarding brands. In the current pandemic, words associated with the crisis have made their way onto many blacklists. Given that such blacklisting technologies do not differentiate between the types of content they block, so even positive or neutral content that mentions the crisis is caught, this applies to a large amount of online content. This is despite reports that a significant amount of content related to the current crisis is actually deemed “brand safe” and that readers generally do not respond negatively to adverts that appear next to serious content.

The use of blacklisting has led to national and regional titles publishing an open letter, and also Culture Secretary Oliver Dowden writing to major brands, in both cases to encourage advertisers to support media outlets, particularly those who provide sources of trusted journalism, and to re-consider their use of blacklisting. This would have benefits for advertisers too who, in using such blacklisting techniques instead of more sophisticated options that can better consider context, are missing out on advertising with reputable companies who are attracting a huge audience looking for updates on, and ways to pass the time due to the current situation.

“Trade bodies have also encouraged brands against the use of blacklisting.”

This includes providing guidance such as working with verification providers and ensuring teams are familiar with content verification tools, reviewing existing blacklisted terms and avoiding both obvious and less obvious terms, such as “coronavirus” and “crisis” as well as terms such as “natural disaster”. This work also includes liaising and setting up direct relationships with news publishers to understand the measures they are taking and support their work during the crisis. Whether these appeals are having an effect remains to be seen.

Online



New generation platforms

The trend of seeing a decrease in digital advertising spend despite an increased audience has also been reflected on new generation platforms such as Google and social media sites.

Google's parent company, Alphabet, reported a "significant slowdown in ad revenues" in March and anticipated the second quarter of 2020 would also be difficult for its advertising business. Google announced later in April that it was accelerating plans to allow businesses to list their product inventories for free on its Google Shopping platform, with this being made available first in the US before being rolled out worldwide. Google Shopping will continue to charge for promoted listings which will be placed higher up in search listings. This gives online retailers the opportunity to advertise their products to a wider market, which is particularly pertinent in a time where marketing budgets are being slashed and online searches of "buy online" have reportedly increased dramatically.

Facebook also reported that it had seen a "significant reduction in the demand for advertising, as well as a related decline in the pricing of our ads" during March despite increased engagement levels but that this had begun to stabilise in April, "where advertising revenue has been approximately flat compared to the same period a year ago, down from the 17% year-over-year growth in the first quarter of 2020." Although Facebook warned that its increased levels of engagement may only be temporary, this presents another opportunity for advertisers to take advantage of cheaper advertising and a larger potential audience.

One industry that has already been able to do so is the dating app industry.

"Despite the current crisis affecting people's ability to meet in real life, dating apps have seen a huge increase in users as people seek out social interactions and ways of meeting people while in lockdown."

As such, various dating apps have reported that their own ad spends have remained similar but that these are now able to go further given reduced advertising costs. Some dating apps have also seen an increase in interest from other brands looking to advertise through their platforms and reach their increased audience, although this is not a trend seen across the whole of the dating app board.

Looking forward

The current crisis has driven people to spend an increased amount of time online. News sites, social media sites and various apps are reporting significantly increased volumes of traffic, however, advertising platforms are simultaneously reporting reduced advertising revenues. While many companies may have no choice but to cut their marketing budgets, brands should take the chance to review their advertising strategies. This includes assessing where they may be able to take advantage of cheaper advertising costs on various platforms and whether the adverts they are placing are reaching the widest and most appropriate audience possible, which may also involve considering the measures they use to protect their brand and whether such measures may actually be holding the brand back.



Influencers and social media

With the knowledge that in a time of a crisis consumers may spend more time at home, many brands have been quick to recognise the increased opportunity and viewability of their advertisements placed on social media and the use of influencers as audiences scroll through their phones on a daily, hourly... near-constant basis.

Whilst brands are cutting ad budgets across all channels, social media has fared better than its traditional advertising counterparts and presents significant opportunities for brands wishing to engage in the medium. Instagram alone has reported that 1 in 3 of the most viewed stories on the platform originate from businesses. Despite this, the current crisis saw some of the biggest social media platforms advertising spend fall by almost a third, the price of advertising on social media came down significantly and influencers are seeing fewer partnership collaborations with large and smaller industry players, pulling in much smaller fees. We are seeing brands that are able to navigate the new

advertising landscape, take advantage of the increased screen time and balance this with understanding shifts in consumer sentiment and behaviour are able to ride the rocky wave of a crisis.

Influencing in a time of a crisis

With all the benefits influencer marketing offers, the current crisis has demonstrated that both the flexibility and on-demand availability of content partnered with authenticity and customer engagement that influencer marketing offers, the channel has proven itself to be resilient to change and valuable to brands in an unexpected crisis.



Influencer marketing has the advantage of being relatively quick to produce as well as being both active and responsive in establishing, and keeping up with, trends. This is in comparison to a live celebrity endorsement, which could take months to put together and potentially expensive with on-site considerations that organising live events incur. Super influencers with a large following can attract a large fee, however, even with lockdown measures prohibiting physical engagement of brand partnerships, influencer marketing may be a short-term strategy until advertiser finances are less constrained than for live marketing events.

“For influencers and brands alike, there is a challenge to maintain audience engagement and create relevant content that is suitable in a crisis for both brand and influencer.”

A survey revealed that around 72% of the influencers were addressing the crisis in their content and were also planning to continue posting similar material in order to maintain a sense of normality for their followers. Many influencers have demonstrated the value of their organic audience base and authenticity in switching from advertising industries reliant on the freedom of movement: travel, leisure and outdoor experiences to in-door activities, fitness, self-care and wellbeing.

During the crisis

While it has been difficult for all advertisers to adapt to the new environment there are benefits and opportunities for those brave enough to engage with advertising during a crisis. Reports show that 74% of brands are posting less on their company social accounts during the current crisis. However, advertisers that are

able to take a hand-break turn in adapting their communications and marketing strategy and respond to consumer concerns and behaviours emerge with stronger brands as a result. The lockdown has brought a new audience to purchase online and purchasing based on social media advertisements. 54% of UK consumers saw brand adverts from companies who they don't usually purchase with on social media. Globally, where the pandemic led to more dramatic lockdown measures, consumers were most open to engaging with social media advertisements. Social media advertising during the current crisis has demonstrated the strength of the medium with 48% of consumers globally making purchases based on social ads in Q1 of 2020.

There is however a fine line between balancing a strategic and on-brand message with opportunistic tactics during a time of crisis. The messaging of social media advertising and getting the tone right differentiates depending on the crisis at hand. In the current public health pandemic and the established importance on good hygiene, hand-washing, and social distancing we have seen brands halting advertising where messages contradict this. KFC's 'Finger Licking Good' campaign which showed customers licking their fingers was postponed amidst complaints that this encouraged bad practices against public health guidance.

There have been many positive stories and brand offerings to learn from the current crisis. Cosmetics brand, Lush offered up their sinks and products free of charge to passing pedestrians in a bid to encourage good hygiene practices, acknowledging the difficulties of this when in public. Luxury goods brands, automobile and electronics manufacturers (Louis Vuitton, L'Oréal, Mercedes, Dyson and Siemens to name a few) quickly shifted their regular production to hand sanitizers and PPE equipment in their efforts to help shortages of essential products to assist pandemic key workers. It is clear that investing



in the right kind of social campaigns under a particular crisis constraints and wider societal culture can result in the bolstering of brand equity throughout a crisis, generating and establishing goodwill that has longevity post-crisis.

Gaming influencers

Industries with a fully digital capability and community have had a head-start on social media advertising. As the public stay at home, not only are existing gamers finding more time to play, but those who have never played before are also exploring new ways of passing the time in lockdown. Many have found their way into online gaming as a way to escape reality, play online with friends or find new ones. With the price of advertising decreasing across all platforms and channels, those who were still advertising were able to reach unprecedented cost effectiveness. The gaming industry, the largest spender on YouTube, accounted for 30% of top spending industries, including gaming, fashion, food and drink, beauty, travel and tech in Q1 of 2020. Unlike industries reliant on travel, the gaming industry achieved double the reach of the next highest spending industry with only 50% more sponsored videos. Epic Games is reported to have the highest brand spend at nearly \$11m over 304 videos. With highest grossing videos being the product of long-term influencer partnerships, influencer marketing through YouTube sponsorships shows a clear return on investment for the gaming industry and is likely to continue post-crisis through the expansion of e-sport and gaming.

“Although a relatively new concept, CGI influencers and artificial intelligence (AI) has entered the sphere of influencer advertising.”

The benefits of this development will be cost saving, resource saving, and avoiding the negative publicity of influencers posting outside of brand guidelines. Whilst there may be questions as to the integrity and transparency of such marketing, an exciting opportunity awaits brands in the cross over between technology, AI and influencer marketing.

Influencing the influencers

The opportunities of influencer marketing and social media content don't come without their challenges. The rise and prevalence of influencers in recent years has been accompanied with higher scrutiny from the industry, and particularly the ASA. In 2019, online media was responsible for almost half, at 48%, of all ads complained about. Of that, influencer advertising was responsible for a quarter of online adverts complained about in the same year. The ASA's activities in responding to complaints has been coupled with large efforts in education and training for advertisers and influencers in ensuring that consumers are not mislead and understand when posts on social media contain marketing communications and are sufficiently labelled as such. Influencers still have a long way to go to gain trust and a reputation for not misleading the public when engaging with their followers. Marketers should therefore be careful and diligent when choosing which influencers to engage, both outside and during a crisis, and what message that influencer is projecting in both paid-for and non-paid for content.

During a crisis and in the current concerns of fake news and misinformation, the reliability of accountable sources and expert opinion is likely to be on the rise. Dr. Joshua Wolrich, an NHS doctor and Instagrammer with 270,000 followers, engages with his audience to dismiss health and wellness myths and promote healthy lifestyle. As the worlds of health and hygiene are likely

to take centre stage in the aftermath of the crisis, there is the opportunity for specialist, authoritative influencers to partner with brands.

Alongside the regulatory regime, creating content 'at home' doesn't lower the bar for ensuring the production quality and process and that correct clearances are obtained for material featured in content. This presents logistical and operational challenges but not without their benefits if the right balance can be obtained between creating authentic ads which are properly cleared for use.

Looking forward

Companies are often judged harshly in the aftermath of a crisis and criticism emerges as to who should have done more or less during such crisis. Reports show that a third of consumers' value philanthropic efforts of brands. We have learnt over the past few months that how brands look after their staff and how they respond to and engage with significant political and cultural crises, matters. Ensuring the maintenance of humility and humanity in the time of a crisis when considering brand integrity and value is important to consumers and something that should be seriously considered when creating marketing strategies.

As the pandemic has shifted, from emergency to the new normal, so have consumer behaviours. As the initial shock of the pandemic decreased, consumers' purchasing power and confidence increased with purchasing online, focusing on health, medicines, cleanliness and food. Reports show that half of consumers' value ads that offer products and services appropriate for lockdown and solutions-based guidance on how to adapt to a post-lockdown lifestyle. The brands who are successful are those who are moving their messaging in parallel with consumer need. Future consumer behaviours are emerging and consumers want to know how brand products and services are going to protect consumers as lockdown measures ease, and office-working, gyms, ride-sharing, restaurants, national and international travel re-open.



Podcasts and radio

Podcasts

Times of crisis can often impact peoples' daily lives. The lockdown and social distancing measures implemented across the world, as a result of the current crisis have changed the daily routine of many people for whom mornings and evenings used to involve commuting from their home to their place of work. Now this commuting time has been cut from travelling from one geographical location to another, to moving from one room to another in the same house – if that. This has had a knock-on effect on people's listening habits as a key time for tuning into podcasts and other audio has disappeared.

Reports on how the current crisis has affected podcast consumption have differed over the period. While various sources reported an initial drop in listenership figures, which has begun to stabilise, others have suggested that download figures have remained relatively stable or otherwise that some publishers have seen an increase in statistics even during the early stages of lockdown. Some reports have also noted a split in trends, citing figures showing a decline in podcast listening in the US with an increase in Europe and figures indicating that smaller publishers have been impacted more negatively than larger publishers. The reason for the variances in reported figures and trends may be due to the differing techniques used to collect the data on which the conclusions are based and on the geographical scope of the analysis.

There does not appear to be one consistent trend across podcasts as a whole channel. Instead, certain categories of shows have been experiencing the crisis differently. Genres such as sport and travel have seen a reduction in listeners, while others such as news, health and kids have reportedly seen a rise. This in turn is reflected in a respective increase or decrease in the ad revenue received by such genres.

Podcasting as a channel is generally receptive to change, due to the relative ease of creating new content in comparison to other mediums. This advantage of podcasting as a medium also translates to podcasting as a channel for advertising. In a crisis, advertisers may be wary of their messages appearing out of touch in light of the developing situation and an advantage that audio advertising offers is that, if necessary, it is easier to adapt than, for example, a filmed television advert. The fact that adverts may be read out by podcast hosts also means that advertisers do not need to worry about the logistics of creating a pre-recorded advert.

"Across media outlets, publishers have responded to the current situation by producing new content specifically related to the crisis."

Many publishers have been prevented from being able to monetise this content as much as they may have hoped, as brands have been adding terms related to the crisis to their blocklists, preventing their adverts from running alongside content containing such terms in order to preserve their brand image.



Again, reports have varied as to the extent to which blacklisting has affected advertising on podcasts, due to the means involved in avoiding particular content on the channel. However, it may not just be advertisers who are concerned with how their adverts appear in relation to coronavirus-related shows. Some podcast publishers themselves have made the decision to opt out of having adverts on such shows in order not to appear to be profiting from the current crisis.

For shows that do go ahead with adverts, it seems that not all brands are trying to keep their podcast adverts far removed from the current crisis. Instead some have incorporated it into their advertising, for example an advert for online counselling services to help deal with isolation or for a mattress to help you get enough sleep to help boost your immune system and manage your mental health.

“The continued value of podcasts as a media channel has been acknowledged by major industry players in recent months.”

The Joe Rogan Experience is one of the world’s most popular podcasts and its host, Joe Rogan, signed a deal with Spotify in May 2020 for the podcast to be hosted exclusively on its platform. The deal is said to be worth around \$100m (£82m) meaning that Rogan would be paid more than most musicians on Spotify. The Joe Rogan Experience will remain free for listeners and Spotify will be hoping that the audience that it draws will make the platform increasingly attractive to advertisers and that the audience will continue to use the platform beyond the show and sign up to its subscription services.

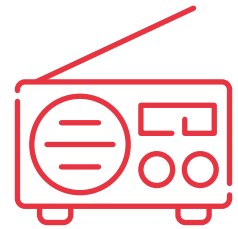
The deal is just the latest in a string of podcast-related acquisitions by the audio platform, which also bought media site The Ringer (which

includes popular sports podcast the Bill Simmons Podcast) for around \$200m earlier this year and prior to that reportedly spent around \$400m acquiring podcast companies Gimlet Media, Parcast and Anchor. This shows the value of podcasts and the potential that Spotify sees in podcasts playing a key role in its business model.

While exact listenership trends for podcasts may not be clear, there is still a dedicated audience tuning into them and, as such, an opportunity for advertisers. Podcasters are not only able to offer a form of entertainment but something akin to a social experience, as listeners listen in on conversations between hosts and guests. Advertisers, particularly those who have hosts reading out their messages, have the opportunity to be part of that dialogue through creating adaptable content specifically curated for people’s changing lifestyles.

Radio

As with podcasts, radio has also witnessed the repercussions of audiences working and staying predominantly at home, and less car travel and office or retail plays. Many increases in audience listenership will be for listening to quality and reliable news and current affairs updates, although such increases are likely to have opted into public service ad-free broadcasts. The overall decline in advertiser demand, with a small offset in Government advertising and health and social distancing guidance broadcasts, has resulted in a 40-45% decline in advertising between March and April 2020. Whilst local community radio stations are under threat and many struggling to survive the pandemic, digital reach is modernising the channel with both Bauer and Global reporting a 15% rise in digital reach across the crisis period. Despite the impact on the radio advertising industry and devastating impact on local radio, radio is highly regulated and a trusted platform for information and community connection so is likely to see historical advertising patterns returning.



Out-of-home

The impact on out-of-home... when everybody is in-home

It is undeniable that the current crisis and restrictions on physical movement due to Government lockdown measures, home working and social distancing has impacted the out of home (OOH) advertising industry significantly. In the short term, mandated Government restrictions to movement across and between countries has impacted the reach and effectiveness of OOH, which has impacted sectors where congregations and gatherings of people were part of the fabric and commerce of the industry: airports, shopping malls, cinemas, roadside, points of interest and transport. The London Underground has reported to be down on footfall over 80% below the average usage for the transport lifeblood of the city. This has impacted revenue of bill-board owners, landlords and niche mural firms being the first media casualties of stay at home guidance in response to the crisis.

Beyond the crisis, the growing digital OOH market is likely to continue in the long term due to its flexibility towards immediate change, contextual and flexible updates on a regular basis. Whether those marketers who shifted into mobile and brands return to OOH in the long-term is yet to be seen. The strength and benefits of OOH is that it is a medium that has long been trusted, and, importantly, during a crisis of any kind has been free of debates over negative and fake editorial. During the current crisis we have seen billboard owners (Clear Channel, JCDecaux and Intersection) working with brands, the Government and Royalty to deliver persuasive and emotive messaging, thanking front line workers and encouraging the public

to stay at home, like Paddy Power's UK OOH campaign which asks people to "Give our NHS better odds – stay at home this weekend". Despite OOH audiences significantly declining, specific environments by parks, supermarkets and pharmacies have provided fruitful footfall for audience viewability for those brands wishing to engage with OOH advertising.



Cinema

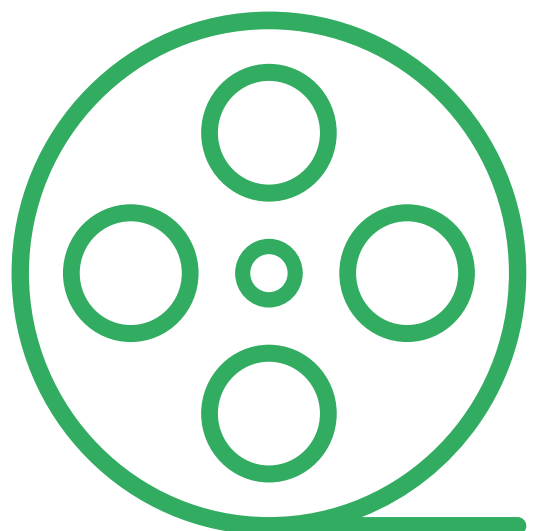
All cinema revenues have been significantly affected by the lockdown as doors have been firmly closed since the initiation of the current crisis. Release of major block buster films, James Bond thriller No Time to Die, Marvel's Black Widow and Wonder Woman 1984 to name but a few, have been delayed, affecting box office revenues. Several producers have used straight to home distribution models, with films previously planned for cinema release, having lockdown premiers and distributed straight to video on demand platforms. Early reports of straight to home releases have reported relative successes such as Trolls World Tour, which has been reported to make nearly \$100m in the first three weeks of release. Against this backdrop, AMC Theatres, which has the largest share of movie theatres in the US and is reported to be the largest movie theatre worldwide, has reported that it has substantial doubt that it can continue business beyond the current pandemic.

It is undeniable that the future of the cinema industry does not look promising, as the film industry contemplates straight to home releases over delayed cinematic releases, consumers too will be balancing the pricing of cinema trips and out of home viewing with the relative luxuries and cheaper cost of living room premieres.

When the doors open again

We are reminded that lockdown measures are temporary and when the proverbial doors open again, OOH will be uniquely placed to engage, and be part of, reunions culturally and socially. OOH inventory and opportunities are limited, and so in a crisis brands should be thinking about the opportunities beyond the crisis and strategically thinking about investing in specific OOH opportunities as part of their marketing plan.

"Already we're seeing potential bounce back in the market with Ofcom offering quick turnaround application for organisations of drive-in movies to apply for licenses for audience members to hear a film soundtrack in their car."





In the current crisis, sport has taken a significant financial hit in the short-to-medium term as sport events and seasons around the globe have been cancelled or postponed and considerable uncertainty remains over when normality (or a new form of it) will return to all fixture lists and broadcasters' programme schedules.

With the exception of a few outliers (such as the Belarus Premier League), traditional live sport has mostly been stopped for a considerable period and key domestic and international events in the sporting calendar have been postponed, such as the Tokyo 2020 Olympic Games, UEFA's Euro championships (Men's Euro 2020 and Women's Euro 2021) and Six Nations Championship 2020. While tentative steps are being taken in some cases to enable domestic seasons to resume and complete, including to mitigate the knock-on effect of delayed / incomplete seasons on international competitions, there is no uniform approach across and within

all sports, countries and international competitions. In addition, some sponsored talent have refused to return to training in the circumstances; for UK talent, this has been endorsed by current UK government guidance. In an industry where stakeholders are as tightly woven together as the shirts on player's backs, the impact on the hiatus of traditional live sports has an impact across the whole sports advertising ecosystem: broadcasters and on-demand sports streaming services, sponsors, sports league organisers and owners, governing bodies, as well as the individual teams and athletes.



Sports

Naturally, postponement of traditional live sport events results in a lack of new traditional sport content for audiences to consume in the short-term followed by the return of new content at some future date (hopefully in the not-so-distant term). In a crisis, brands in this channel would be ill-advised to 'hibernate' to weather the storm until sport events resume. Rather, brands must adapt and be agile with their advertising approach and budgets to redirect their focus and campaigns quickly to keep their sport audiences (which remain as passionate and eager for sport as ever!) engaged during and after the crisis. Brands should in particular consider: (i) esports alternatives, (ii) their messaging in the crisis; and (iii) preparation for the new normal.

Gambling and other regulated sectors

Brands in certain regulated sectors may face additional challenges in the event of a crisis due to the need to provide enhanced consumer protections and safeguard vulnerable individuals in a time of lockdown, social distancing and personal uncertainty over finances and health. In particular, brands in the gambling sector face significant financial impact in the short term from the absence of traditional live sport events as well as a significant reputational risk if their attempts to keep sport audiences engaged through online gambling are perceived to be exploiting people during a crisis.

In the current crisis, gambling brands have seen strong intervention from the European Gaming & Betting Association in how they advertise, and publisher-members of the UK Betting and Gaming Council have manoeuvred away from typical advertising on TV and radio (pledges have not been made in respect of direct marketing) by voluntarily pledging to remove ads completely, replace them with

safer gambling messages or donate slots to charities during the lockdown following significant public and parliamentary pressure. The need for agility and prompt change in approach is particularly crucial for some brands to remain relevant while avoiding regulatory scrutiny. In addition, where certain channels (such as direct marketing) remain open to these regulated brands, care must be taken to ensure the approach does not expose the brand to reputational risk.

Esports

Sport fans have turned with enthusiasm to esports to satisfy their craving for live, competitive action by following traditional sports / competitions as they move to the virtual environment (such as the Formula 1 Esports Virtual Grand Prix Series, UEFA's eEuro 2020 finals and the FIFA 20 Challenge by LaLiga) and tuning into Amazon's Twitch, Facebook and YouTube Gaming to view esports classics such as Counter Strike: Global Offensive and League of Legends.

Brands looking to engage audiences in the esports space should note esports is not a magic bullet in a time of crisis: notably live esports events, which are the primary source of advertising revenue in esports, may be cancelled along with traditional live sports and there are limited, directly equivalent esports which traditional sport audiences will turn to in earnest. Nevertheless, esports presents an opportunity to stay engaged with sport audiences through a time of crisis, albeit on a smaller scale for the time being, and brands should consider engaging with appropriate esports partners and lining-up league, team and/or talent partnership and sponsorship arrangements now in preparation for future crises, particularly as esports is considered a sink-or-swim environment for brands.

Relevant messaging during the crisis

In a crisis, all brands must strive to keep their messaging relevant to their audiences, maintain authenticity and avoid appearing to exploit a crisis, such as a global pandemic. Sport holds a unique position in consumers' lives and society, so brands should seek to maintain a connection with sports audiences which may be achieved through campaigns which provide some utility in a time of crisis, such as providing consumers with the opportunity through social media to compete and attempt challenges, providing public health information, engage with teams and talent, and fitness and positive mental health activities.

Brands should note campaigns in the current crisis which have leveraged digital and social media, encouraged engagement with audiences, including through mobilising talent and influencers, while focusing on solidarity and public health messaging. Noteworthy examples of pitching the right tone are Olympic partner Visa's "Do Your Part Like An Olympian", where Olympians showcase their skills from their own homes alongside tips and advice on social distancing and other best practices to combat the Covid-19 pandemic (despite the postponement of Tokyo 2020) and Nike's "Play inside, play for the world" campaign, its Living Room Cup initiative which allows individuals to compete against athletes in fitness challenges recorded in their own home and making the Nike Training Club app free of charge, which has involved leveraging influencer-instructor Nike Master Trainers to promote the initiative. Nike's digital sales should expect to increase post-crisis, but more importantly sport audiences will feel greater connection to the brand, along with other brands which have facilitated and promoted connectivity globally and performed a social purpose in a challenging crisis.

Preparing for the return to (the new) normal

Crucially, brands must prepare to swiftly return to normal advertising practices once the crisis is over and sport events and competitions are allowed to resume. As we're seeing in the current climate, the sport itself is returning before spectators do as social distancing measures are beginning to require fixtures to be played behind closed doors, meaning TV / radio broadcast advertising and digital advertising for sport should be favoured over the OOH channel for sport. In particular, as live sports resumes, it is expected that there will be a significant increase of sport on free-to-air TV and larger TV audiences due to restrictions on access to stadiums for fans for the foreseeable future and new deals with broadcasters and rights holders (most notably the BBC's deal to broadcast 4 live English Premier League games of the 2019–20 season), which presents a huge opportunity for brands in this channel and a likely increase in the cost of sport advertising. Germany's Bundesliga became the first premiere international soccer league to return to the pitch after suspending its season due to the coronavirus pandemic in early March. The limited return is showing early ratings success, the live simulcast of the first matches were reported to attract 3.68 million viewers, more than double the usual viewership. Niche opportunities are opening with the right to buy a spot to have your face featured in the crowd of matches offering fans the opportunity to embed themselves into the stadium technically, although without the atmosphere that live sports creates. In addition, after a crisis, competition from holiday and airlines industry advertisement may be diminished through cost-cutting initiatives, so brands should be ready with their messaging to celebrate the reunion on the pitch with sport fans. Early reports are suggesting that it's better for sports to be back with different goalposts than for it not to be back at all.





In the current crisis, music and other cultural festivals, concerts and events have been postponed or cancelled (such as Glastonbury 2020, Eurovision and Cannes Lions Festival 2020) and there is considerable uncertainty as to when such live events will resume and what measures and safeguards will be in place to enable people to congregate and enjoy them safely.

Live events giant, Live Nation, reported a 20% fall in Q1 2020 revenues in March 2020 as it, together with fellow live events giant, AEG, announced postponements of large festivals and tours to be re-scheduled. This uncertainty is particularly acute for events which rely on international audiences attending, as restrictions and guidance on international travel and mandated quarantines are not uniform regionally or globally and it appears restrictions and guidance on travel will remain a complex patchwork for event organisers, advertisers and audiences alike for some time. For sponsors of music and other live events which cannot roll over sponsorship rights under their contract or by commercial agreement with the event

organisers, and for sponsors with sponsorship rights for venues which sit dormant during a crisis, sponsors will face the commercial, and possibly legal, challenge in the short to medium term of seeking to recover sponsorship fees paid, prior to, or during the crisis, and possibly seeking to claim other costs and damages incurred via dispute resolution methods as a result of the crisis.

Even after the current crisis ends, the appetite for attending music and other live events will be unpredictable but likely limited in the short-term, notwithstanding the safety measures event organisers would need to put



Music and other live events

in place, which could keep attendance and audiences low. Indigo has found in its 'After the Interval National Audience Research survey' (16 April – 6 May 2020) in the UK that, of around 86,000 respondents, less than one fifth of theatregoers would return to attending events just because venues re-open and it will take 70% of respondents at least 3–4 months before they will be ready to start booking events again. For brands advertising in this channel, while cancelled and postponed events have resulted and will result in a financial hit, even greater challenges lay ahead, in apportioning risk and obligations of implementing mandated protocols and guidance once live events open their doors again. In the current crisis, a key risk for publishers advertising in this channel is the reputational damage that may occur if their brand is attached to an event where an outbreak occurs and/or to an event organiser which has failed to properly protect attendees.

Let's get digital

Music and other live event organisers have leveraged digital platforms and social media to host festivals, concerts and cultural activities for audiences to attend, and for talent to record or stream, from their own homes. Brands must adapt and be agile with their advertising approach and budgets, mostly by shifting their activity online and bolstering their digital presence alongside online events to engage audiences, which have transitioned quickly to virtual (and often free) attendance.

We are seeing events such as Cannes Film Festival 2020, Secret Cinema's "Secret Sofa" screenings and RHS Chelsea Flower Show moving online and new online events being launched, such as the joint World Health Organisation and Global Citizen's "Together at Home" virtual concert series and Glitterbox's virtual music festivals. In addition, telecommunications, news media and event-business publishers are leveraging digital and launching into

the burgeoning market for virtual events and conferencing. Reuters Events' hosted the Eyeforpharma Barcelona 2020 conference virtually through live streaming, on-demand content, audience interactivity, one-to-one meetings, a sponsored virtual exhibition and networking spaces, and sponsors such as Pfizer and Ferring Pharmaceuticals gained better insight into audience engagement than live events for enhanced lead generation and follow-up. We anticipate that partnerships with technology giants offering mixed, virtual or augmented reality solutions, notably Facebook, Sony, Microsoft and Google, will be an area of interest for publishers to this end.

Best of both worlds

During and after the current crisis, advertisers should prepare to leverage the digital arena in the live events channel for the foreseeable future together with normal advertising activities as it is likely we will see a hybridisation of music and other live events as event organisers assimilate in-person and online crowds to maximise access from across the country and around the globe. Advertisers should prepare to be agile in this channel as live events will return to some countries and regions sooner than others and there will be value in showcasing branded products and creating a memorable experience to those viewing in person and those participating online.





Corporate events

Corporate events provide various advertising opportunities, whether it's sponsoring an event or exhibiting at a tradeshow, however, the social distancing measures and restrictions on travel in place as a result of the current crisis have severely impacted the events industry and the ability of organisers to hold their events, which are now having to be cancelled, postponed or otherwise changed.

Cancelling events can be a particularly big hit for both organisers and advertisers who rely on such revenues and who may have already invested money in the event, while organisers of postponed events, even if they can roll over some of the costs, face the difficulty of re-scheduling in a time where it is still uncertain when they will be able to go ahead. If a date can be set, both organisers and advertisers of postponed events may still see the effect of the current crisis if numbers of attendees are reduced due to people still being reluctant to travel or attend large gatherings when the rules are relaxed.

Not all brands, however, have decided to cancel an event in its entirety or postpone it, with some instead moving their events online. Adobe is one such example, after it moved its Summit 2020 conference from real life Las Vegas to the digital sphere, using its technological know-how to seek to create a personalised experience for users by providing recommendations based on their on-site behaviours and any past data held. Towards the end of May, Adobe reported having had almost 500,000 visitors accessing their online conference from 195 countries and has made the decision to move all their planned 2020 in-person events onto an online platform.



Google initially announced that it too would be moving its annual I/O developer conference online but ultimately decided to cancel in full, citing health and safety concerns.

For those companies which are no longer able to advertise through corporate events, this does not necessarily mean a reduced ad spend. While this is the approach being taken by many companies (as it was during the 2008 recession), in the current crisis there has also been a trend of companies moving the money they had allocated to advertising through corporate events to reinforce their digital marketing instead.

“The current crisis may have a long term effect on corporate events as a channel for advertising.”

On the one hand, advertisers may be conscious of guarding against similar crises by focussing more on digital advertising in the future. This may particularly be the case if they have found that either their revenues have not been impacted as much as expected through not advertising at in-person events or that they can maintain similar revenues based on an increased digital marketing budget.

On the other hand, however, in-person events do still have clear advantages. While events from conferences to tradeshows can be hosted in an online space, in-person events offer the prospect of physically engaging with a business, including its people, products and services, and networking with other attendees, on a level that is difficult to replicate virtually.

There are indications that whether future events are held digitally or in-person, companies are still planning on using them as a channel for their advertising. In May 2020, AIM Group International published the results of

a survey titled “Sponsoring Events During the Covid Crisis”, which was conducted using a group of 350 pharmaceutical and biomedical company representatives covering all major therapeutics areas. The results included the following:

- “58% of respondents would sponsor traditional multi-sponsor or exclusive sponsorship of in-presence events, to be held between September and December 2020”;
- “72% would be interested in a hybrid solutions that combines in-presence with digital events”;
- “78% would be interested in sponsoring fully virtual events”; and
- “56% of sponsors would like to invest less in virtual events, 34% would invest the same and 10% are willing to increase budgets if greater visibility is guaranteed.”

This shows the opportunities for revenue to still be generated through advertising at both digital and in-persons events in the near future. Although sponsors may be more reluctant to commit to in-person events hosted towards the end of this year, many would be interested in sponsoring either fully virtual or hybrid events. This gives companies opportunities to consider how they can host their future events and, if they do go down the virtual route, what advertising opportunities they can offer with this, such as allowing sponsors to host segments, having sponsors’ branding appear on attendees’ screens and/or providing sponsored push notifications.

The current crisis also gives brands the chance to reflect on their ad spend. If they are able to relocate their budget for corporate events to online marketing, brands can see how this affects their revenues and also look to see what additional opportunities are out there with this increased digital budget.



First signs of recovery

As the world looks to grapple with the impact of the current pandemic and the fundamental adjustments to the way of life of billions of individuals, all commercial sectors have been significantly impacted and, as this report has explored, the advertising industry is no exception.

As companies look to tighten their belts, advertising budgets have been one of the first casualties, in many cases seen as superfluous to critical business requirements at this time, where focus instead rests upon fundamental survival.

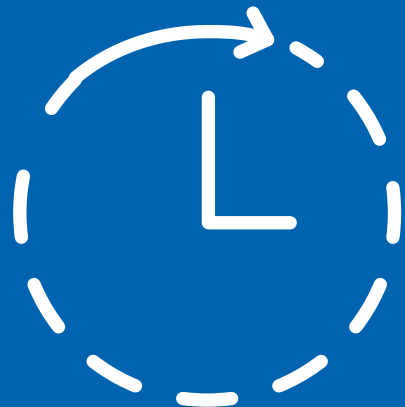
This reduction in budgets has had a profound impact across the advertising ecosystem, from agencies through to technology providers, and on to publishers and other media platforms.

However, it is not all doom and gloom. In Japan there exists the concept of “kinsukuroi”, the art of repairing pottery with gold or silver lacquer and understanding that the piece is more beautiful for having been broken. In a broader sense, it represents the fact that from crisis and disaster, we emerge still bearing scars but all the stronger for them.

We have no doubt that the advertising sector will return to full strength following this crisis. However, exactly what form that takes and how it reflects the changed world in which we all now reside, remains to be seen. With lockdown measures beginning to be eased globally, albeit slowly, the early shoots of recovery are beginning to be seen. What is important is to remember this time and the issues that everyone has faced. The global crisis will not be able to be, and should not be, just ignored as life moves forward.

And lastly, the messages of hope and solidarity that have been seen across the world, reflected also across the advertising ecosystem, have shown a strength, resilience and coming together that has so often seemed lacking in this modern world.

Hopefully, this new approach, mindset and sentiment will continue long past the last signs of this pandemic.



We assist a range of clients of all sizes and across all of our advertising and marketing work, our specialist teams ensure that our clients get the right advice.

Our clients

We act for brands, agencies and media owners. Our brand clients range from leading global brands to newcomers. Our agency clients range from advertising, media buying and branding agencies, through to PR, outdoor and market research, and digital agencies.

We are used to working with innovative people, with tight deadlines, and where creativity pushes the boundaries. They choose lawyers who are responsive, pragmatic and who understand what they need, and share their passion.

We bring these same qualities to the work we do for brands and media owners. We provide specialist marketing and advertising advice to all sectors, built on our market-leading understanding of the media sector and of the technology which increasingly drives advertising both on and offline.

Leading expertise

Campaigns and promotions benefit from our intellectual property, betting and gaming, food, medicines and other regulatory expertise. Our media lawyers are used to negotiating innovative sponsorship and endorsement deals. We offer expertise across jurisdictions.

We clear, protect, enforce and license brands, and focus on the protection of image rights and reputation management. We are experts in regulatory affairs including the CAP and OFCOM codes, and the PAGB, ABPI and ABHI codes.

We also have corporate lawyers with an extensive track record advising on acquisitions and disposals of marketing and advertising businesses. Our advice on tax, joint ventures and partnership agreements is pragmatic and perceptive.

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Adtech is where advertising and digital technology converge. To understand it, you need lawyers who have market-leading understanding of both technology and advertising. As a firm we can uniquely offer this expertise. Our taskforce of experts are fully immersed in the adtech market and understand the key issues impacting the sector from both buy-side and sell-side, allowing us to provide targeted, commercially relevant, practical advice in context.



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