

# Media Buyers Get More Pessimistic About Future Spending

## ARTICLE |

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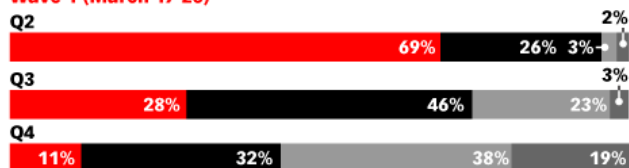
**M**ost US advertisers had started holding back their spending due to the coronavirus pandemic in mid-March, expecting to make deep cuts in Q2. But early April research suggests those cuts may be worse than previously anticipated.

During the first week of April, research firm [Advertiser Perceptions](#) fielded a second wave of its survey of advertisers and agencies in the US about the effects of the pandemic on their spending plans. The first wave, conducted between March 17 and 20, found that about seven in 10 respondents thought there would be a “major impact” on Q2 ad spending. That share rose to 86% of respondents two weeks later.

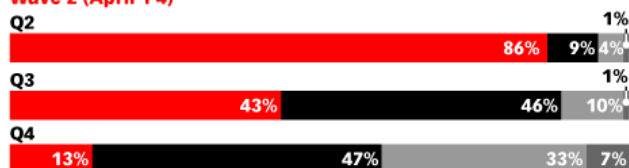
## Which Quarters Do US Agencies and Brand Marketers\* Anticipate Will Be Impacted Most by the Coronavirus Pandemic?

% of respondents, Q2-Q4 2020

### Wave 1 (March 17-20)



### Wave 2 (April 1-4)



■ Major impact ■ Moderate impact ■ Minor impact ■ No impact

Note: numbers may not add up to 100% due to rounding; \*among those who are decreasing ad spending  
Source: Advertiser Perceptions, "Coronavirus Effect on Advertising Report: Wave 2," April 13, 2020

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Hopes for a quick, V-shaped recovery are all but gone. Respondents were notably more likely to anticipate a major effect on their ad spending extending into Q3, at 43% in April vs. 28% two weeks earlier. Only about one in 10 respondents expected little or no effect in Q3, compared with about one in four in the first wave. And respondents were more pessimistic about Q4 as well.

US advertisers also reported having taken more steps to pull back on their spending. The share that said they had stopped a campaign due to launch later in the year rose by 15 percentage points between the two waves, and the share reporting they had canceled a campaign completely was up by 10 points.

The [Interactive Advertising Bureau \(IAB\)](#) also surveyed media buyers in mid-March. In early April, the IAB conducted a second survey among publishers, media companies and programmatic partners, including supply-side platforms. The initial research had found that 70% of ad buyers were changing their spending plans. According to the sell-side survey, about the same share of ad sellers were re-forecasting their own ad revenues for March through June.

But it seems sellers may not have fully caught up to buyers in downgrading their view of ad spending during H1 2020. Sellers

expected digital media budgets to be 21% below plan, while buyers pegged this figure at 33%, for example. Across digital formats, sellers expected significant, double-digit cuts to budgets, but not as great as what buyers had said they expected in mid-March.

**Estimated Short-Term\* Change in Digital Ad Revenues due to the Coronavirus Pandemic According to US Sell-Side Advertisers, by Format, March 2020**  
 % change vs. original plan



*Note: n=103 respondents who monetize digital media; n=15 respondents who monetize traditional media; among respondents who are reforecasting ad network revenues/advertising sales/supply side revenues per channel for March-June vs. their original plan; \*March-June 2020*  
 Source: Interactive Advertising Bureau (IAB), "Coronavirus: Ad Revenue Impact on Publishers & Other Sellers," April 15, 2020

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Among the sell-side respondents, news publishers were more likely than other publishers to report having advertisers pause or cancel spend, and publishers generally were more likely to say their business had been affected in this way than were programmatic partners. For example, 49% of programmatic specialist respondents said buyers had asked them to cancel a campaign, compared with 77% of publishers, including 88% of news publishers and 70% of other publishers.

One thing may keep buyer and seller views of the crisis from syncing up: Sellers surveyed by the IAB were more likely than buyers to say they were watching economic indicators, while buyers tended to focus on virus-related indicators. The top three things the sell side was watching were shelter-in-place orders (65%), the stock market (61%) and business openings (57%). The top three on the buy side were quarantine status (65%), shelter-in-place orders (62%) and COVID-19 cases (49%).

The US advertisers surveyed by Advertiser Perceptions were also paying more attention to coronavirus-related indicators than economic ones, and that held across both waves of the survey. Overall, 89% of second-wave respondents were deciding when to resume ad spending

for a virus-related reason, while 51% were looking to economic reasons.