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# Q1 2021 Impact Study

4/22/21

# Executive Summary

This is the second of two studies conducted by IAB to determine whether ad investments, planning, strategies, and tactics are shifting for 2021. The initial survey was conducted in November 2020. This comparative work was conducted at the end of Q1 2021.

In both cases, the survey was completed by those with line of sight into budgets, strategies, placements, and campaign KPIs: media planners, media buyers, and brand marketers. The results are offered to help both the buy- and sell-sides:

- plan for the year ahead
- use the data as a benchmark for their own positioning in the market
- identify potential white space from messaging/campaigns, to opportunities to grow business

## Study Objectives:

The IAB Q1 Impact study offers buy-side trends and insights, with its primary focus on the following areas:

### **The stability of the advertising marketplace**

- Has 2021 share by channel shifted in the past five months? Where are buyers placing their big bets?

### **Digital Video: Expectations for Upfronts/Newfronts**

- What can we expect from the “Fronts” in 2021? How is the growth of CTV impacting TV Upfronts/NewFronts? How is the growth of Digital overall impacting the way video is bought/sold?
- Will the TV and Digital Video buying marketplaces merge?

**Can we expect to see DEI initiatives reflected in advertising spend?**

# Executive Summary

## Key Findings

1. Ad buyer optimism for 2021 has increased in just the past five months
2. Confidence in 2021 ad budgets has reduced the need for frequent re-examination and reallocation of spend which was common in 2020
3. First-party data investment is a top priority for the majority of buyers this year
4. The TV Upfronts season will begin to experience a decline in 2021 investments as digital video spend increases
  - The Scatter TV buying model is expected to gradually increase over the next few years
  - This shift is a harbinger for rethinking Upfronts / NewFronts scheduling—perhaps into smaller “all video” events with greater frequency throughout the year
5. DEI initiatives are expected to increase ad spend among minority-owned media, as well as media reaching minority audiences

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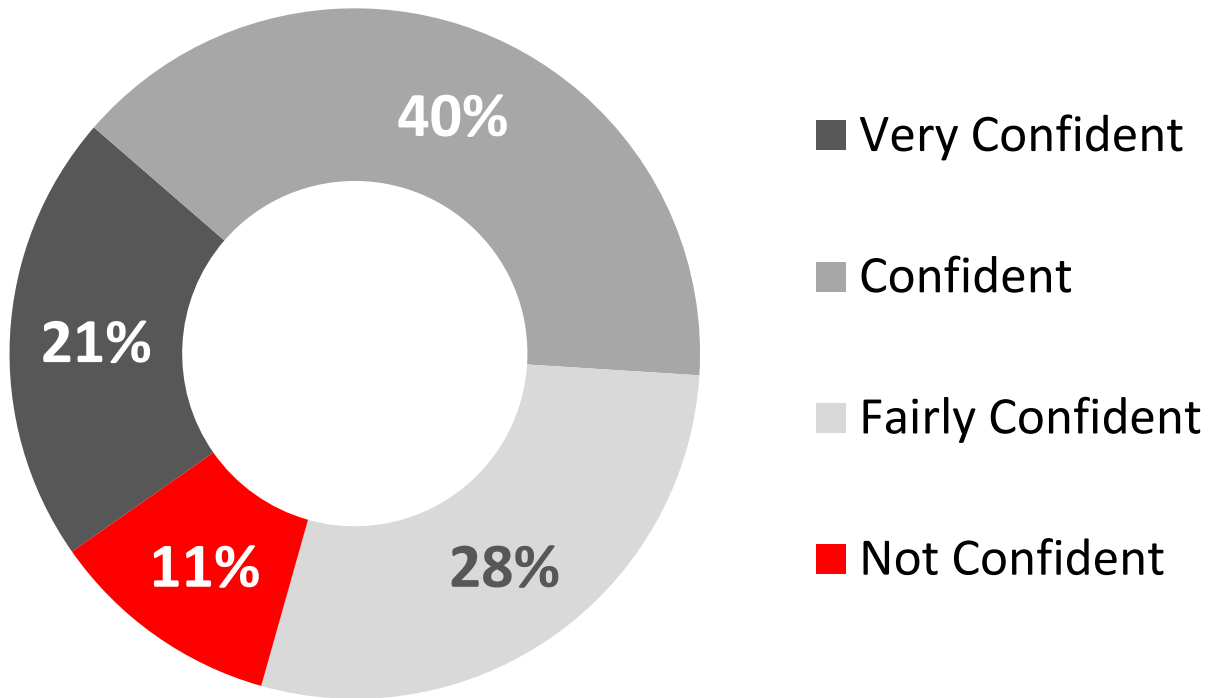
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# I. FY 2021 Media Ad Budgets

Buyers are optimistic about ad spend for 2021

The logo for the Interactive Advertising Bureau (IAB), consisting of the lowercase letters "iab." in a bold, white, sans-serif font. The logo is positioned in the upper right quadrant of the slide, set against a dark red background that features a pattern of diagonal lines and circular bokeh effects.

2021 Media Budget Confidence

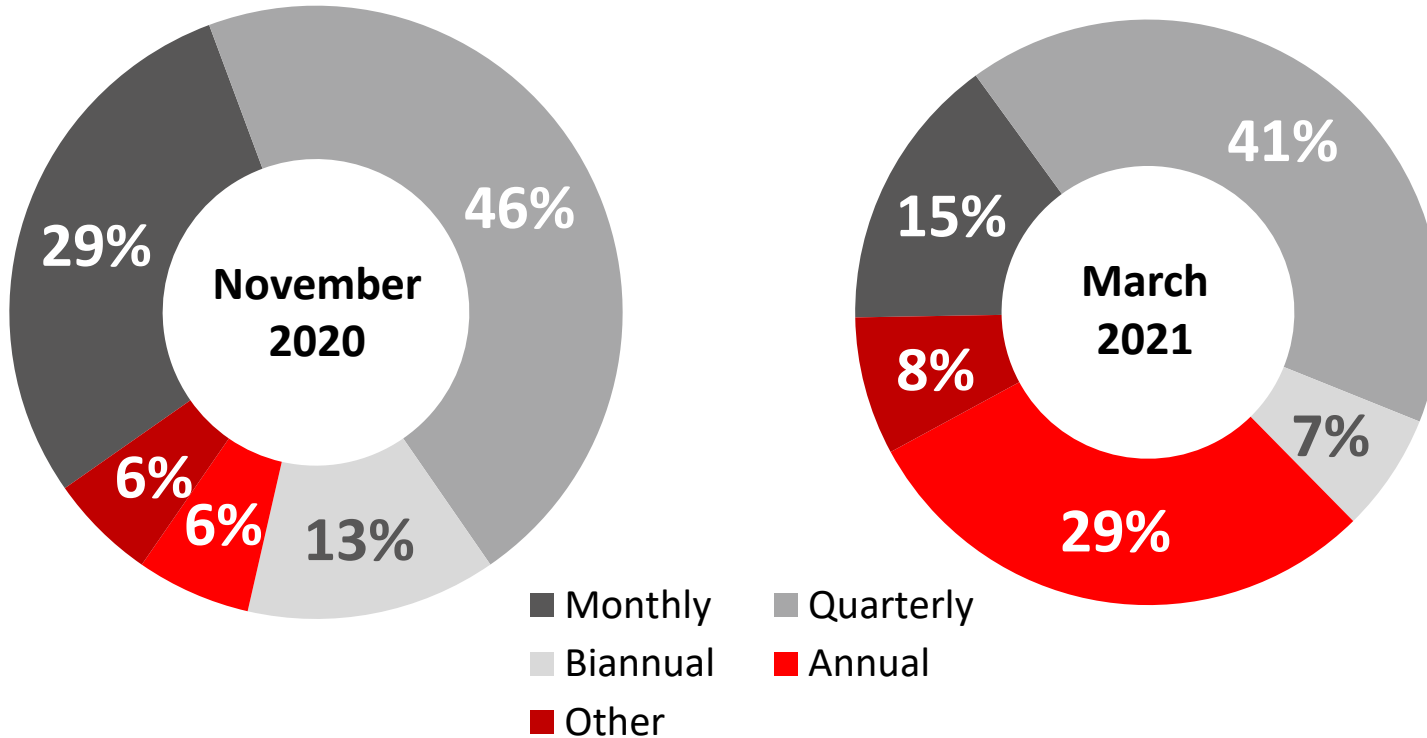


**IAB PERSPECTIVE**

Ad buyer confidence in the stability of their 2021 media budgets indicates optimism, and is at least somewhat attributable to the gradual reopening of the US economy.

# The frequency of revisiting media budgets dropped in Q1 2021

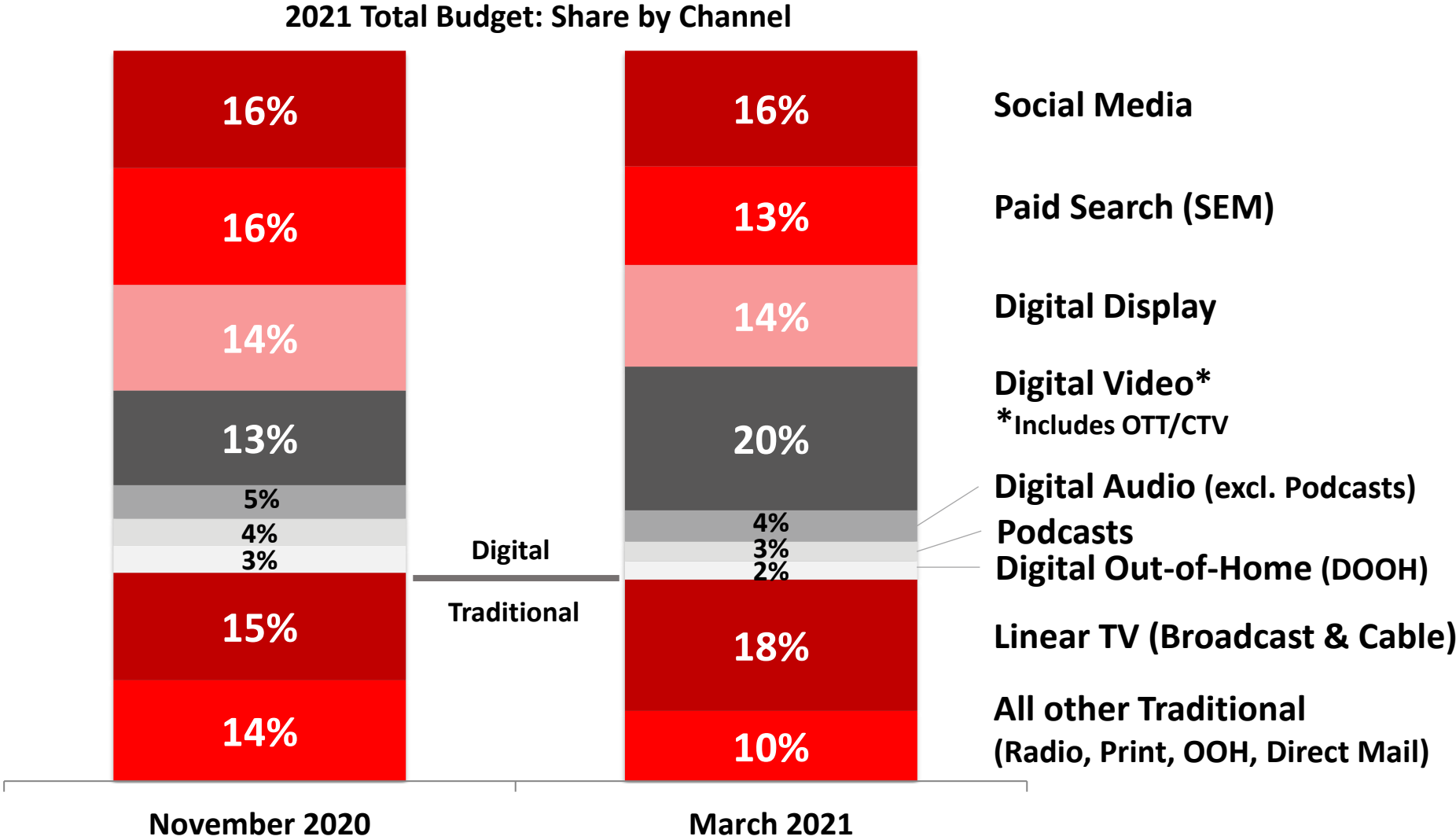
2021 Frequency in Media Budgeting Exercises



## ◆ IAB PERSPECTIVE

When asked in Nov 2020, 75% of buyers expected to re-examine/reallocate ad spend on a monthly or quarterly basis throughout 2021. By the end of Q1 2021, only 56% reported that frequency. Many have shifted their budgeting to an annual basis—a shift indicating both confidence in the stability of 2021 budgets and confidence in the marketplace as they return to pre-Covid practices.

# Digital Video is expected to grab the highest share of media budgets in 2021

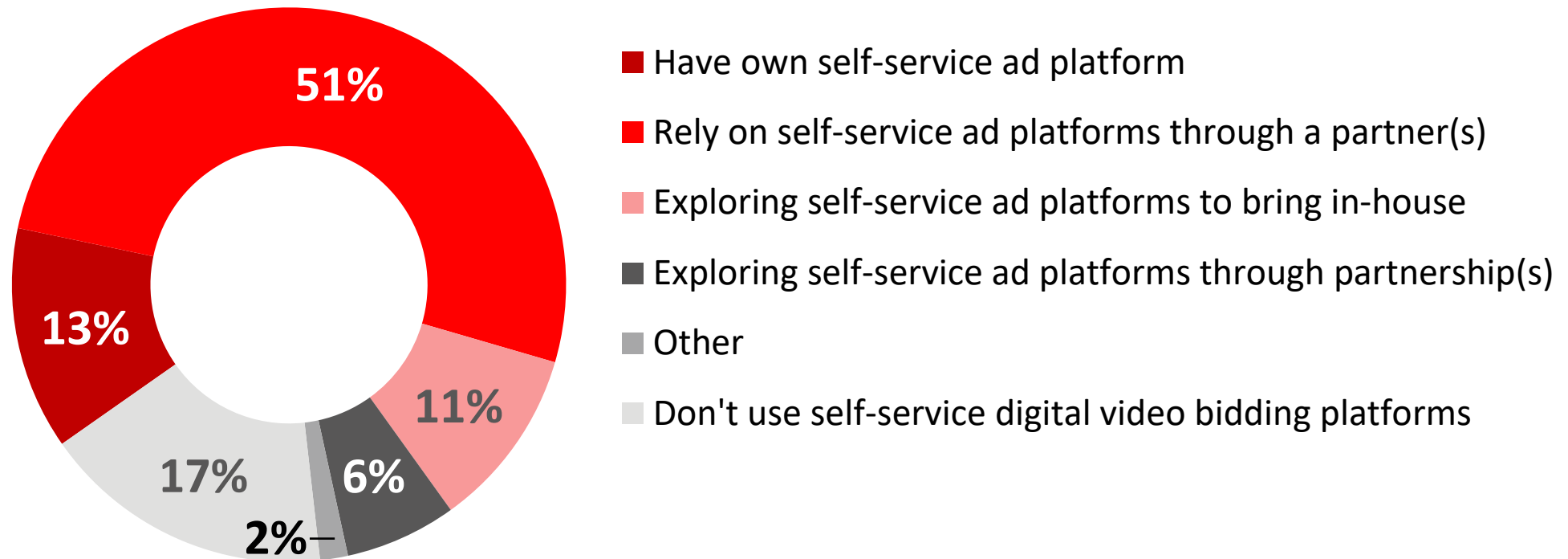


n=215; November 2020 Impact Survey, n=178  
 Q: Please identify the percent share of your 2021 media budget by CHANNEL.  
 November 2020 Impact Survey Q: Please identify the percent share of your 2021 budget by CHANNEL.

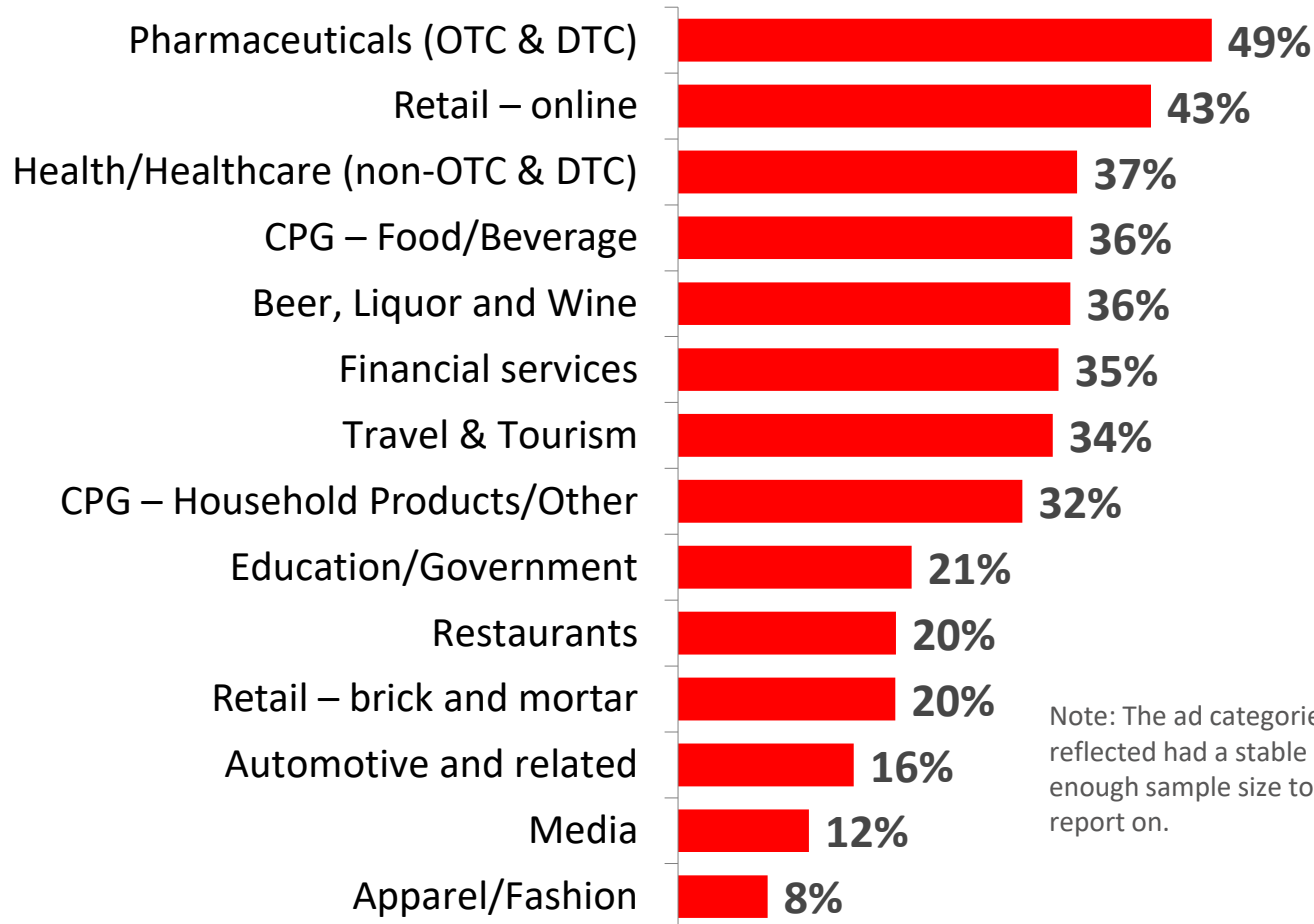


## Plans/Current State for Self-Service Digital Video Bidding Platforms for Ad Buying

Among Digital Video Buyers



Est. % Change Total Ad Budget Y/Y 2021 vs Est. Actual 2020 by Category



Note: The ad categories reflected had a stable enough sample size to report on.

**IAB PERSPECTIVE**

Within the categories at left, those with the greatest increases either reflect our current at-home lifestyle or are categories growing in ad spend in anticipation of people leaving their homes more often (e.g., travel, restaurants, education, traditional retail).

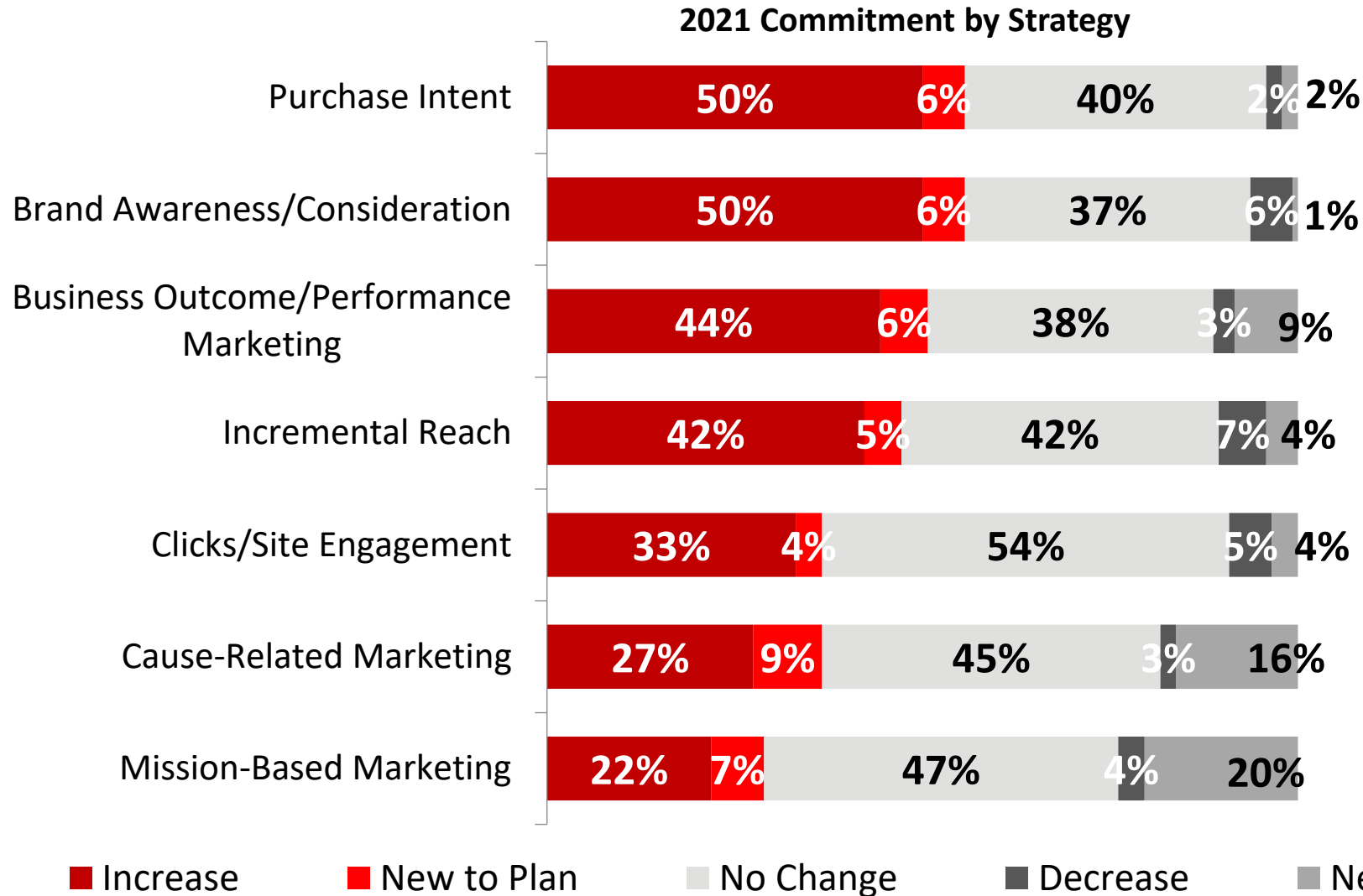
The nearly \$2T coming into the economy via stimulus could explain the upswing in spend among financial services.

## **II. 2021 Investments**

**First-party data is top of mind for buyers**

The logo for iab. is displayed in white, lowercase letters with a period, set against a dark red background. The background features a pattern of diagonal lines and circular bokeh effects.

# 2021 campaigns have swung back from mission/cause-related marketing messages



## ◆ IAB PERSPECTIVE

In 2020 (during the early months of COVID, the BLM movement, and widening political polarization), ad buyers retreated from performance to cause-related/mission-based marketing.

A year later, increased investment in Brand health metrics and performance marketing are top of mind.

# 64% of buyers

are investing in first-party data acquisition/partnerships  
and with content publishers that have first-party data

 IAB PERSPECTIVE

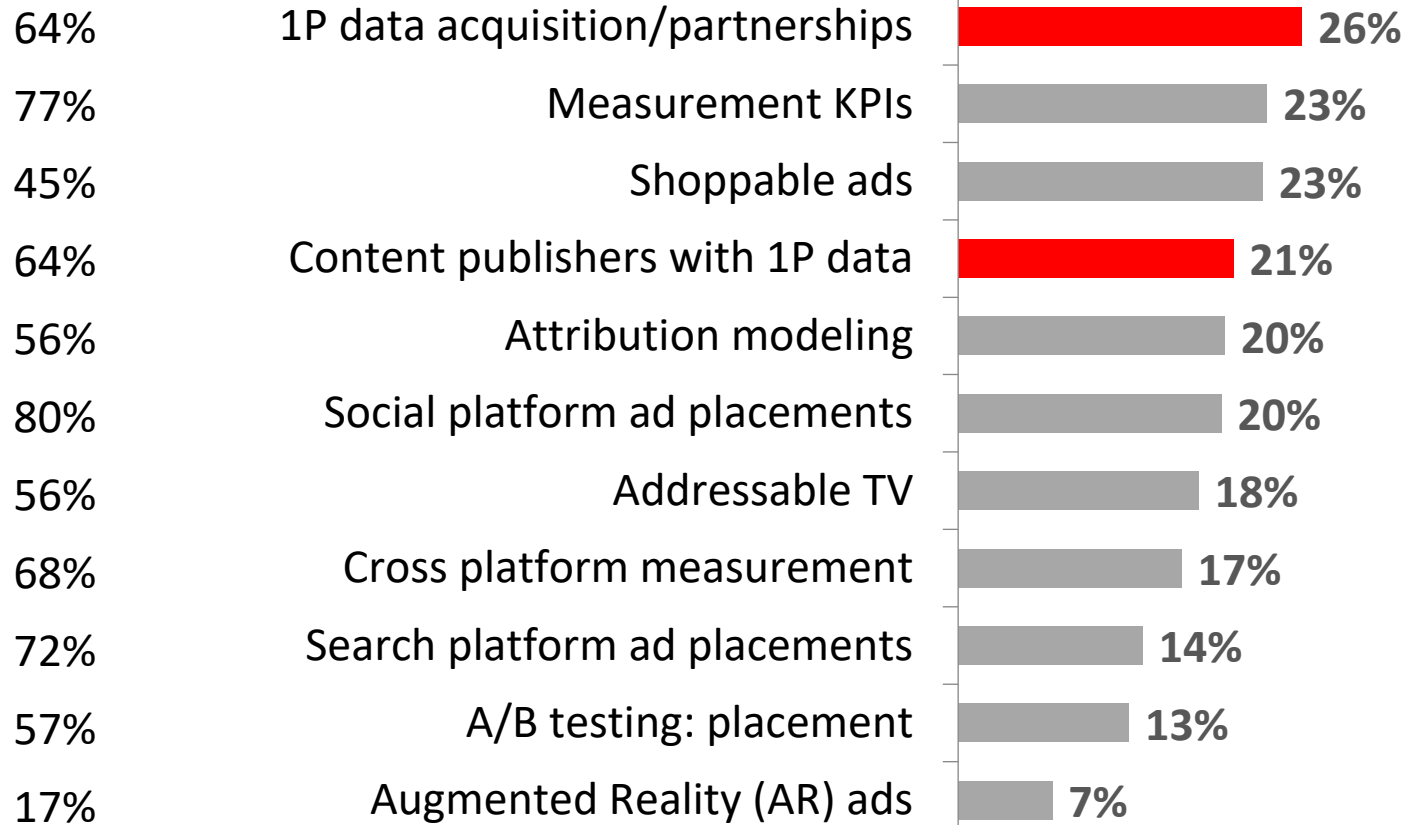
Nearly 2/3 of buyers are investing in first-party data. There is an increased urgency to solve for the changes in the addressable market which will disproportionately affect brands that do not have a direct connection to consumers.

# Of the 64% of buyers investing in first-party (1P) data acquisition/partnerships, the average budget increase is +26%

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**% of Buyers Investing in 2021**

**Average % Increase in 2021 Investment (vs. 2020)**



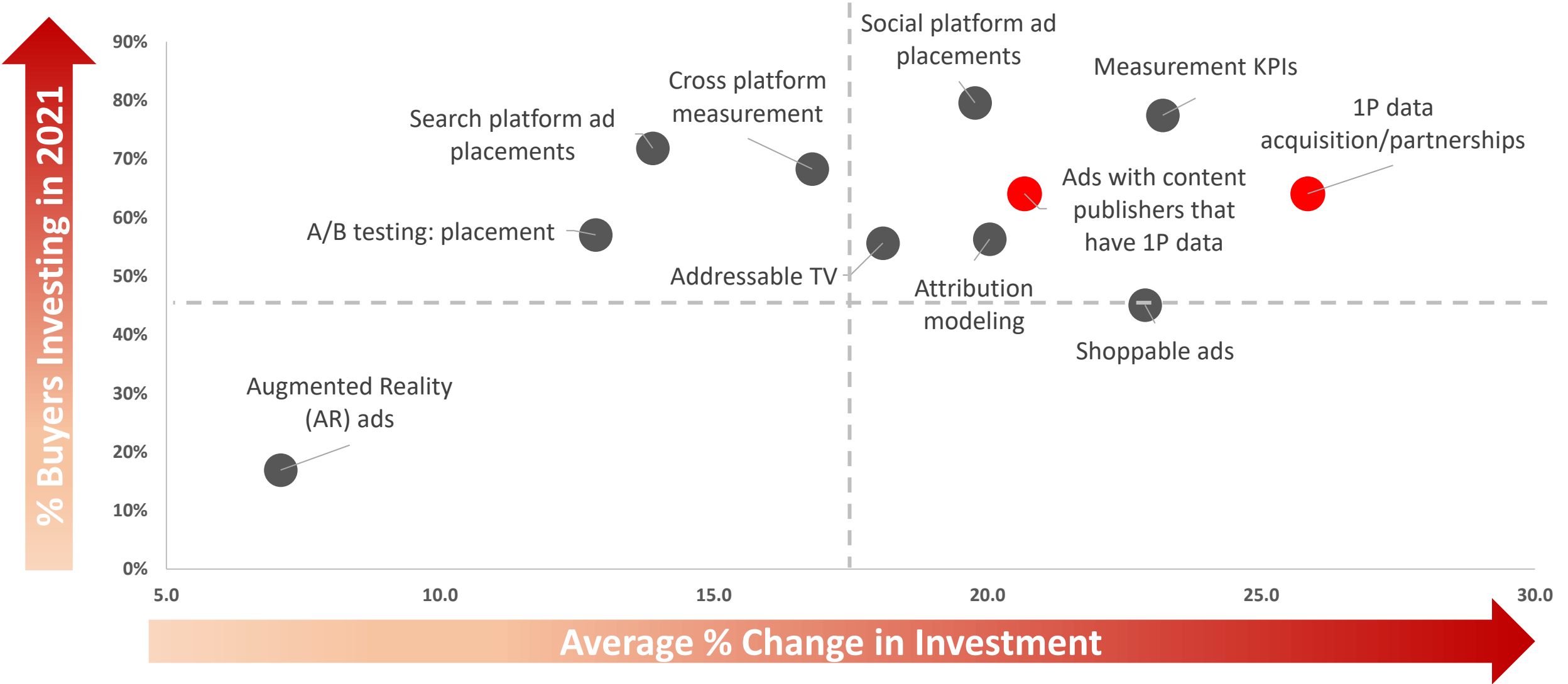
## **IAB PERSPECTIVE**

**1P data investment shows the greatest positive shift since November for those 64% with intent to invest. This underscores growing buyer concern over the impending loss of cookies and other identifiers.**

**Note: click here for the [IAB State of Data 2021 report](#) which illustrates the lack of industry preparedness for the loss of 3<sup>rd</sup> party ad tracking capabilities among brand marketers, and offers ways to lean into creating solutions.**

# First-party (1P) data collection is the key opportunity in 2021, and is expected to represent the greatest increase in investment

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n=142

Q: Do you expect to have an increase/decrease in investment during 2021 (vs. actual spend in 2020) for any of the following?

# Shoppable ad formats are on the rise in 2021, with Incumbents more likely to invest than DTCs

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Average % Increase in 2021 Investment (vs. 2020)



Average % Increase in 2021 Investment in Shoppable Ads (vs. 2020)



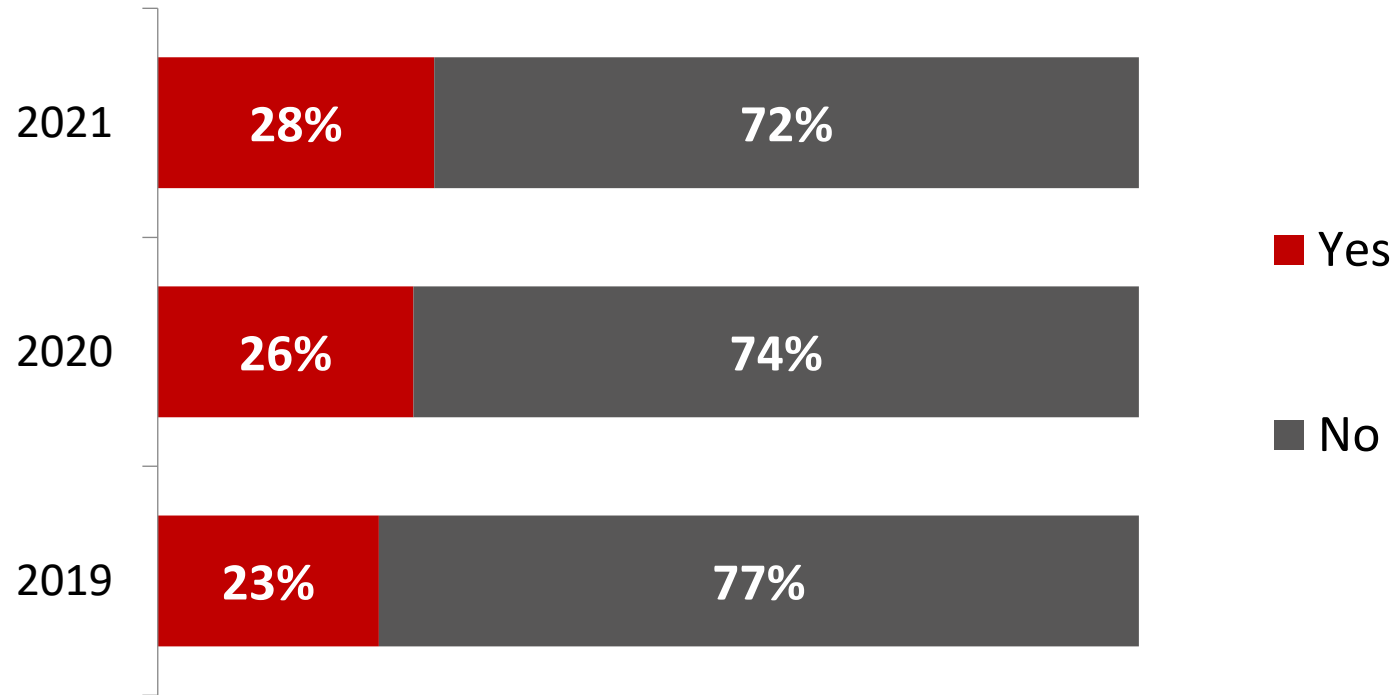
## IAB PERSPECTIVE

Shoppable ads are expected to show an average increase of 23% this year.

A deeper look at shoppable data shows the increase can be largely attributed to Incumbent brands.



% of Buyers Allocating Budget to Retail Media Networks

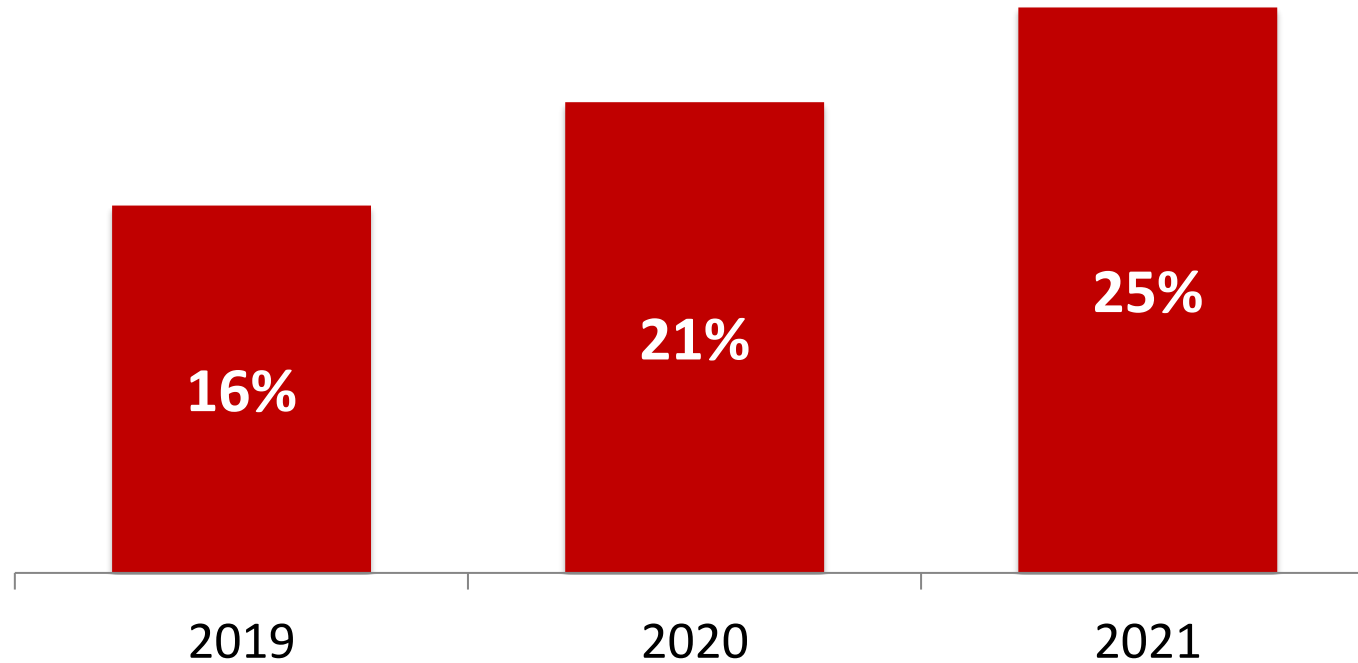


**IAB PERSPECTIVE**

Retail media, although not new, is in a growth stage. There is increased focus now, with retailers looking to create new revenue streams through media and/or replace “below the line” shopper marketing dollars. Buyers shared that slow adoption centers around three key areas:

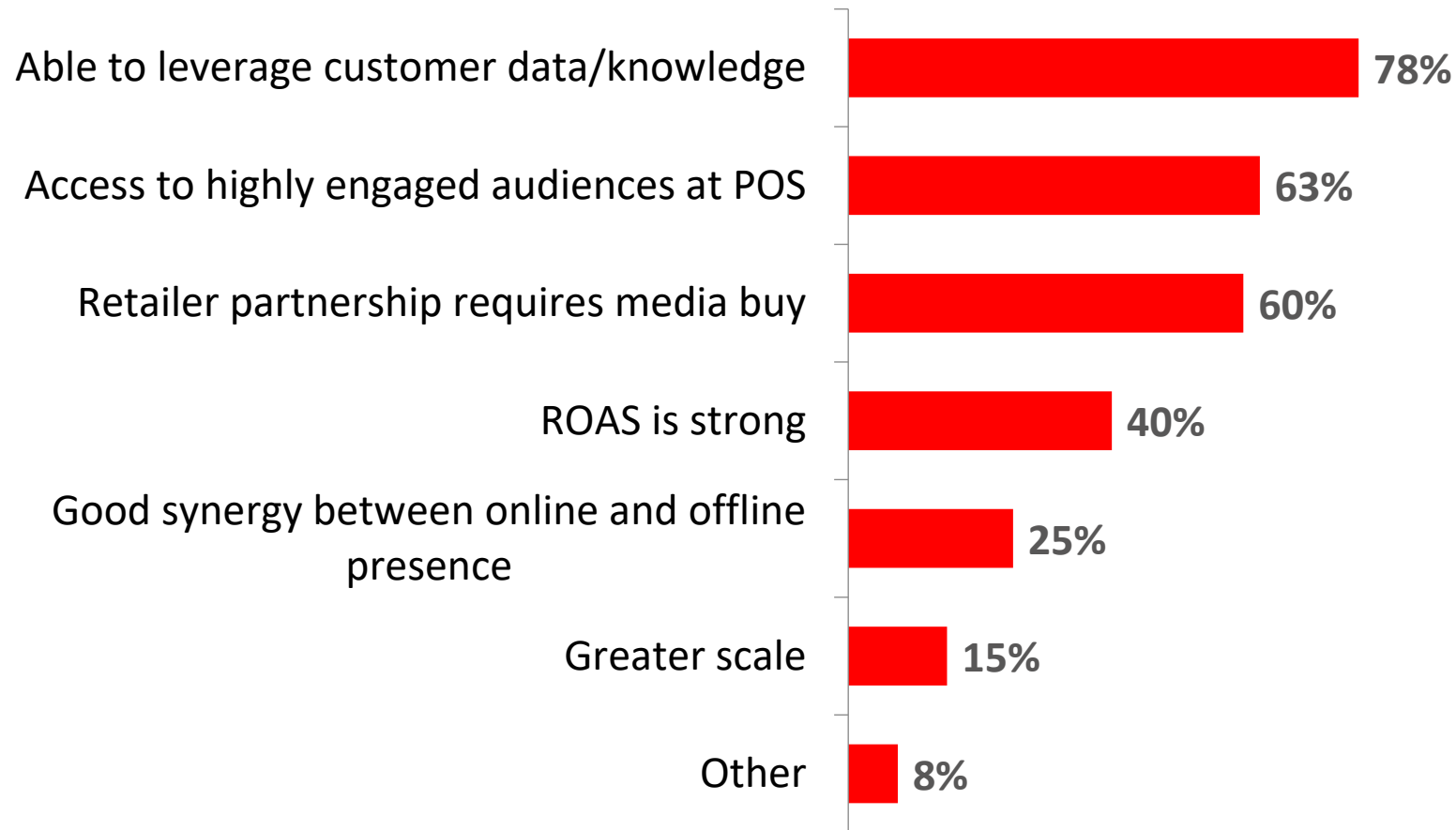
- 1) Scale
- 2) High CPMs
- 3) Lack of tools/data brands require (e.g., viewability, brand safety, tracking, reporting, etc.)

**Average % of Budgets Being Allocated to Retail Media Networks**  
*Among Retail Media Network Buyers*



## Reasons for Investing in Retail Media Networks in 2021

Among Retail Media Network Buyers



### IAB PERSPECTIVE

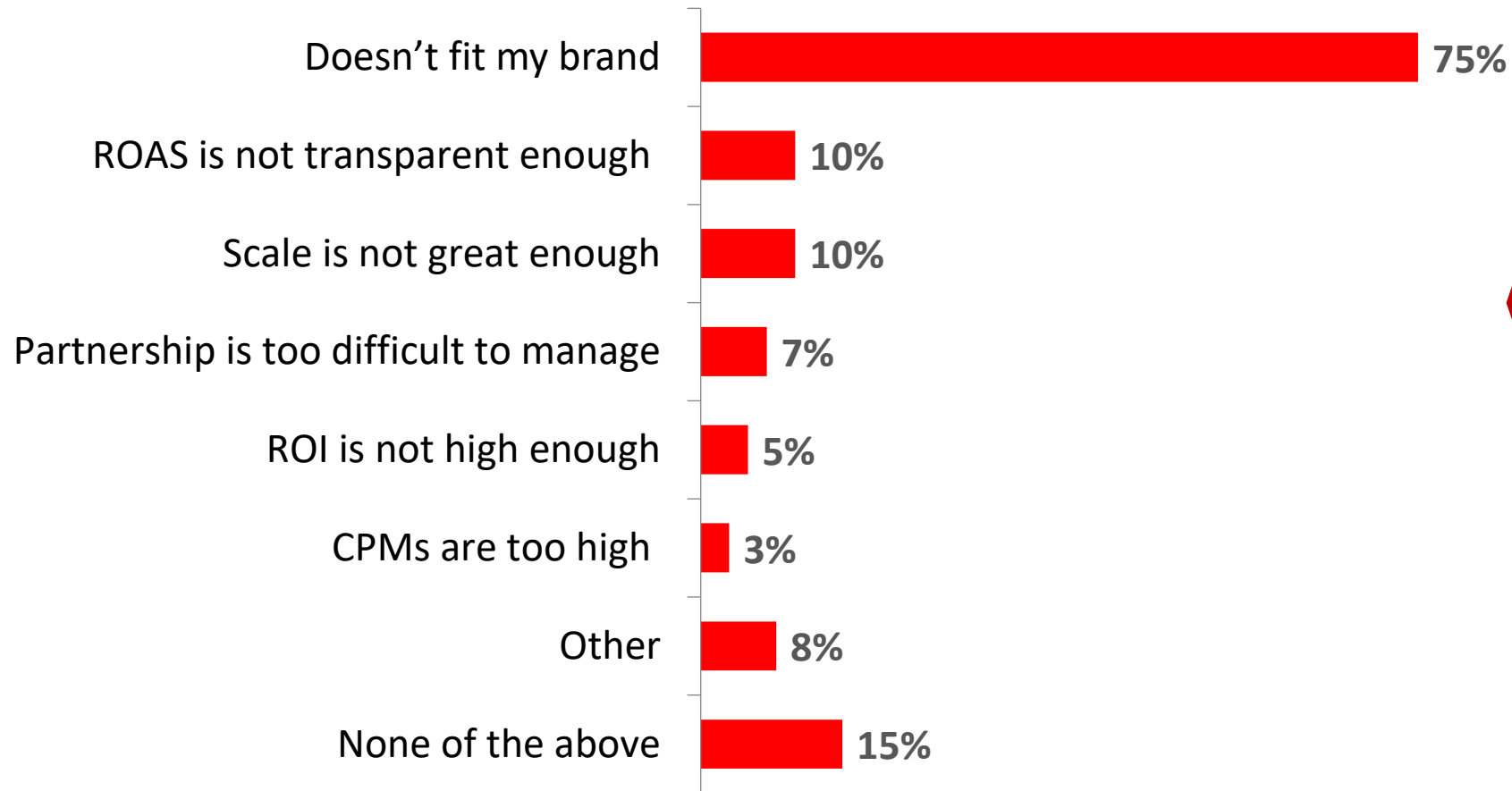
Retailers are increasingly being viewed by ad buyers as a first-party data source. There is no doubt that this is to take advantage of closed-loop measurement and the anticipation of the decline of third-party data.

# Of the 72% of respondents not buying Retail media, 3/4 do not see “brand fit”

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## Reasons for NOT Investing in Retail Media Networks in 2021

*Among Non-Retail Media Network Buyers*



### IAB PERSPECTIVE

Retail media is not for all brands. While highly suitable for particular types of brands—e.g., CPG, some health/wellness and home goods products—there are brands which will not turn to Retail media due to fit (e.g., luxury, high end fashion and home décor, auto)

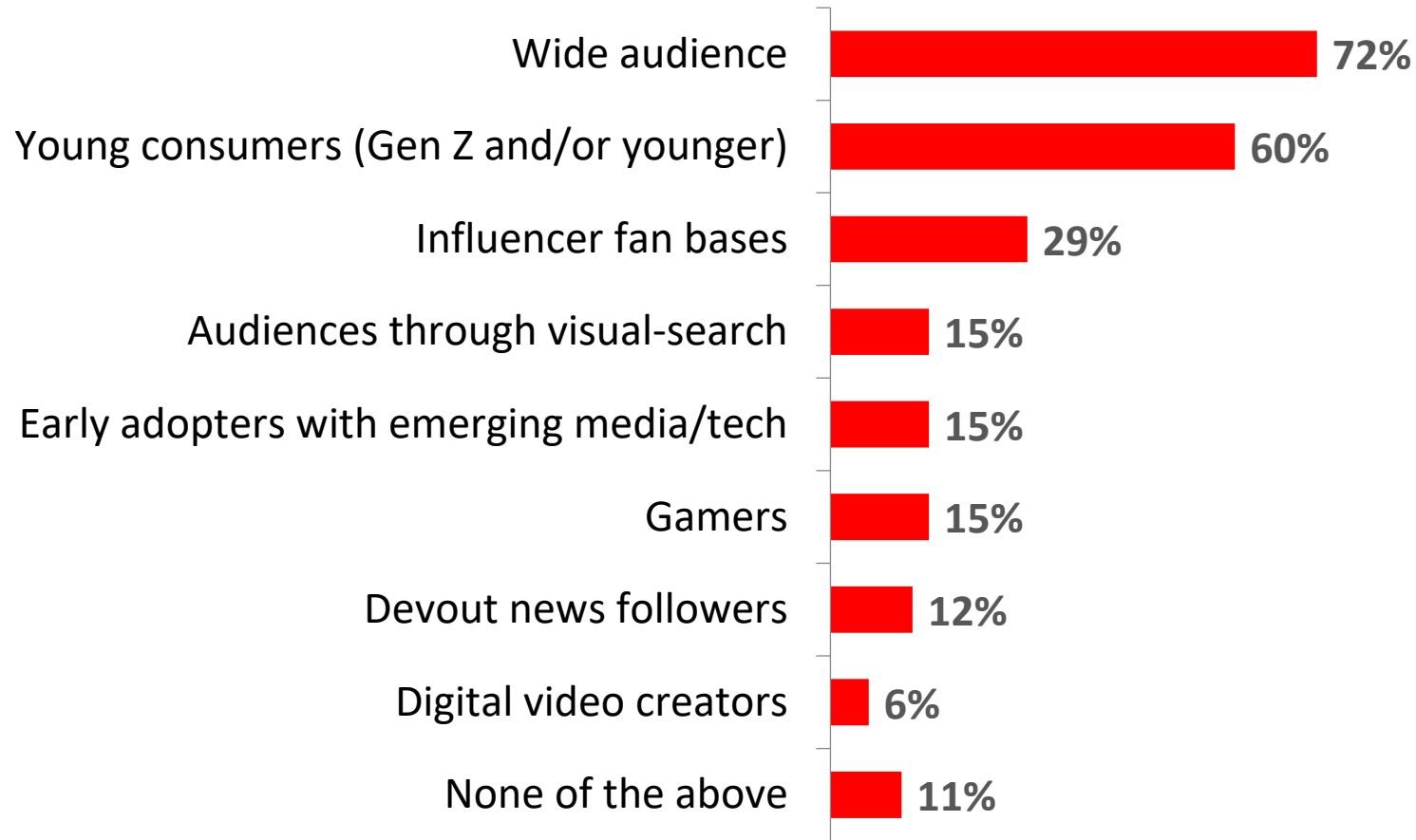
# III. Expectations for Overall Video Spend, and the “Fronts”

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# Overall, buyers are embracing Digital Video, including CTV, for its combination of depth, breadth and younger viewership

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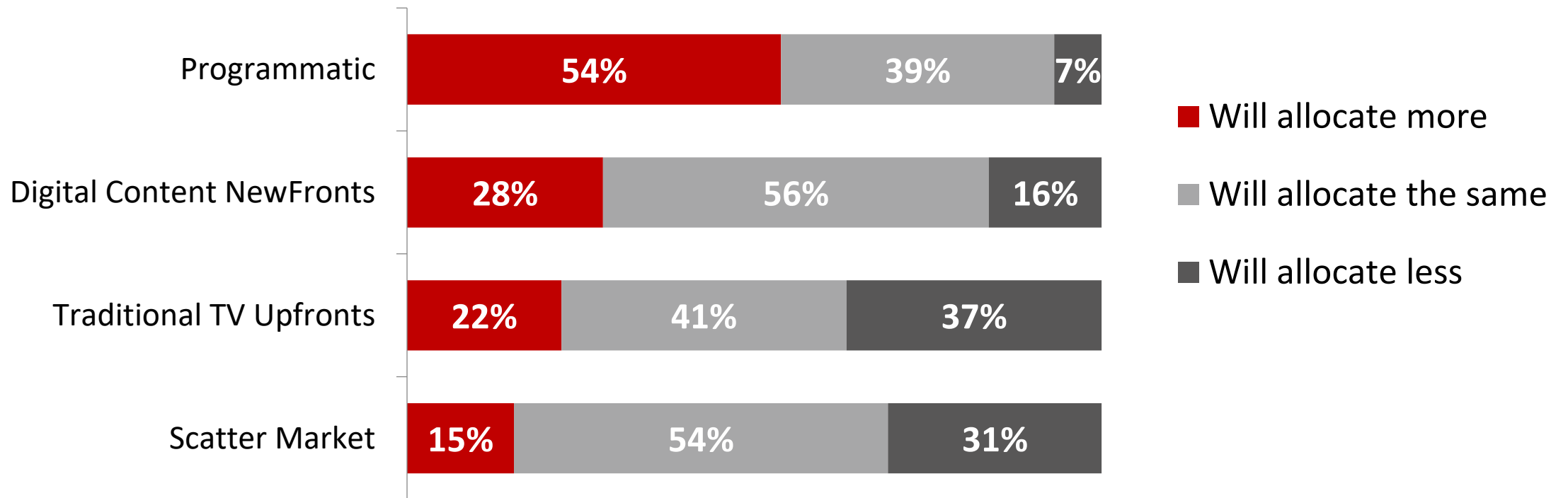
**Reasons for Investing in Digital Video**  
*Among Digital Video Buyers*



# CTV buyers are shifting more spend to Programmatic, stealing share from 2021 TV Upfronts and Scatter

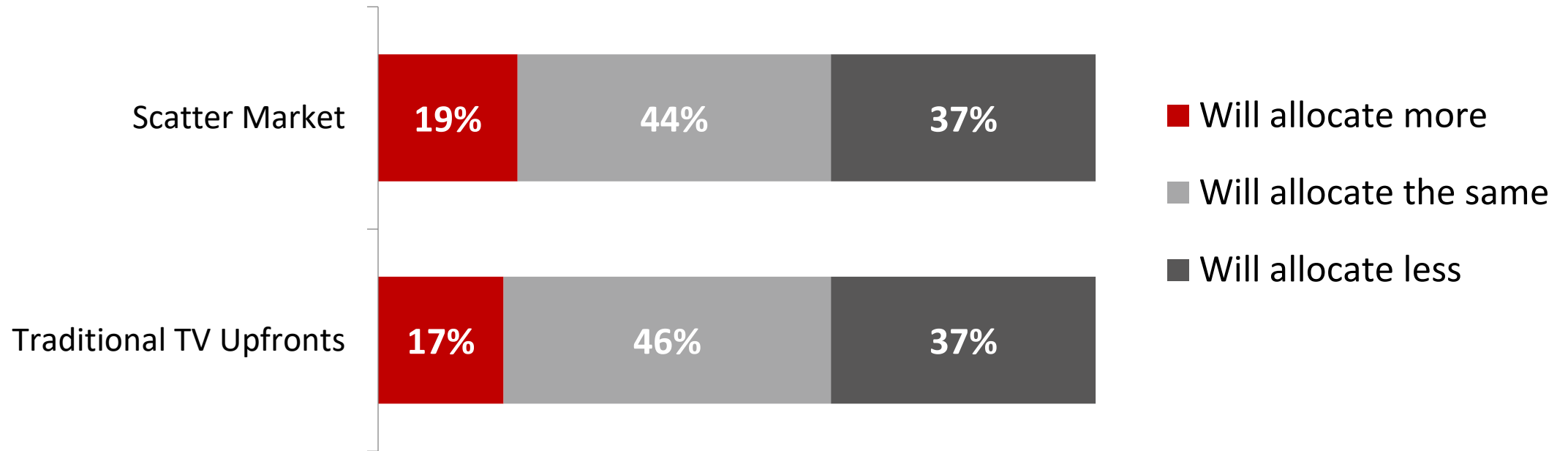
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**2021 Plans for Digital Video OTT & CTV Investment vs. 2020**  
*Among CTV Buyers*



## 2021 Plans for Linear TV (Broadcast/Cable) Investment vs. 2020

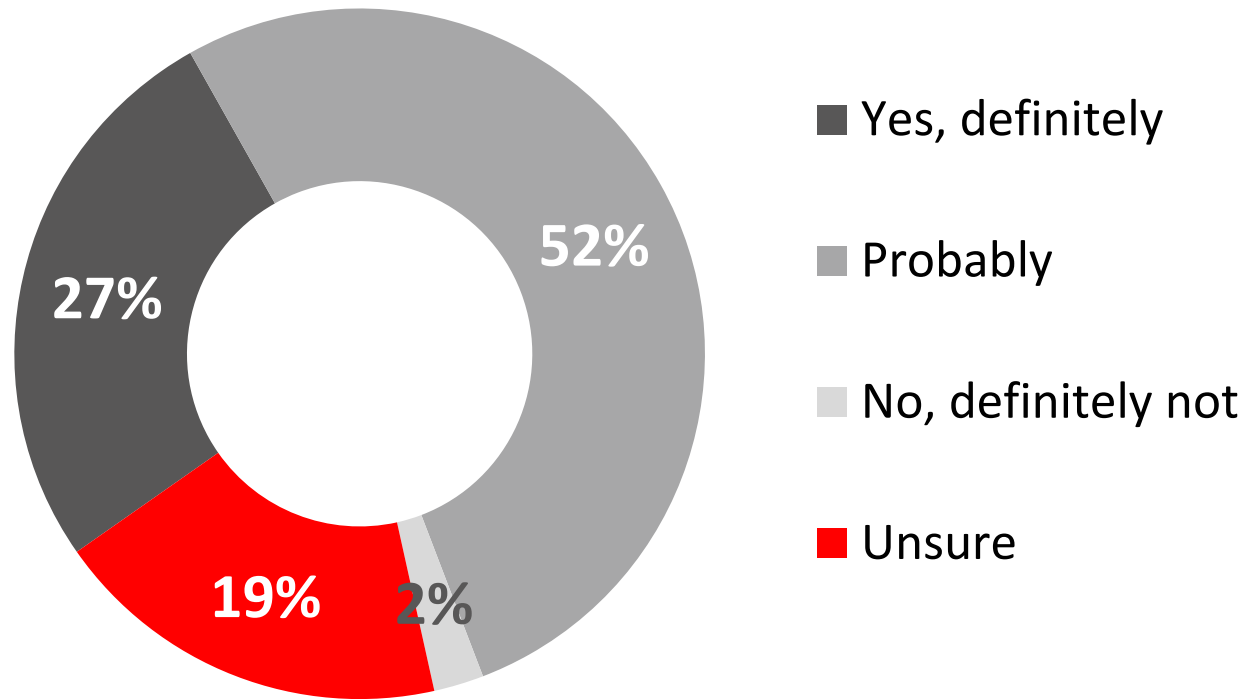
Among Linear TV Buyers





Will reserve-based TV buying ultimately become more scatter-like as Programmatic buying continues to grow?

Among Video Buyers



## IAB PERSPECTIVE

All buyers of video—of any kind—see a shift in buying frequency in the coming years.

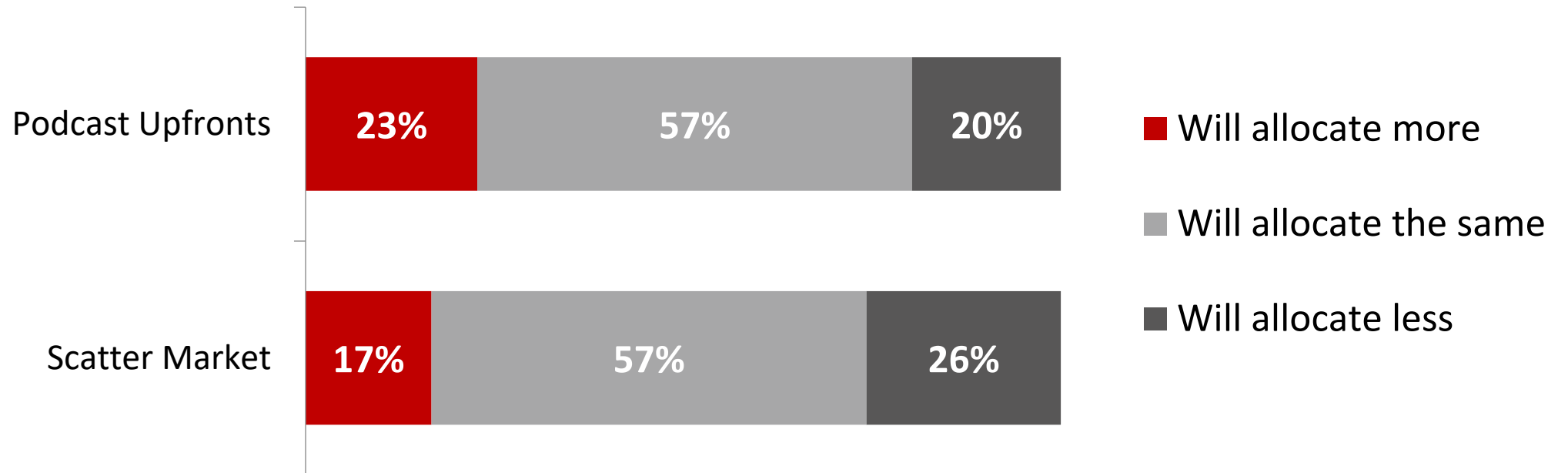
As Digital Video offers enhanced buying flexibility and measurability, buyers expect more frequent opportunities for planning/buying in the future.

# Nearly a quarter (23%) of Podcast buyers expect to increase Upfront allocation in 2021

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## 2021 Plans for Podcast Investment vs. 2020

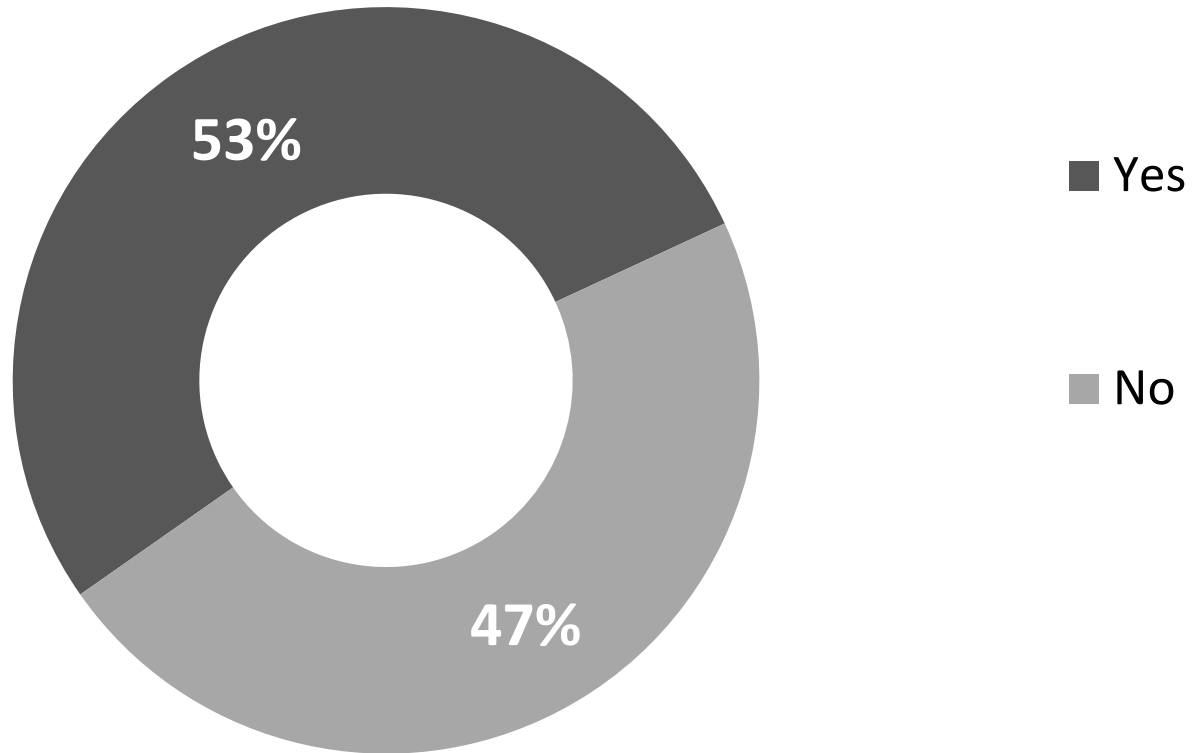
*Among Podcast Buyers*



## IV. Messaging & DEI

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**% of Buyers Looking to Place More Advertising with Minority-Owned/Minority Content-Focused Media in 2021**



**IAB PERSPECTIVE**

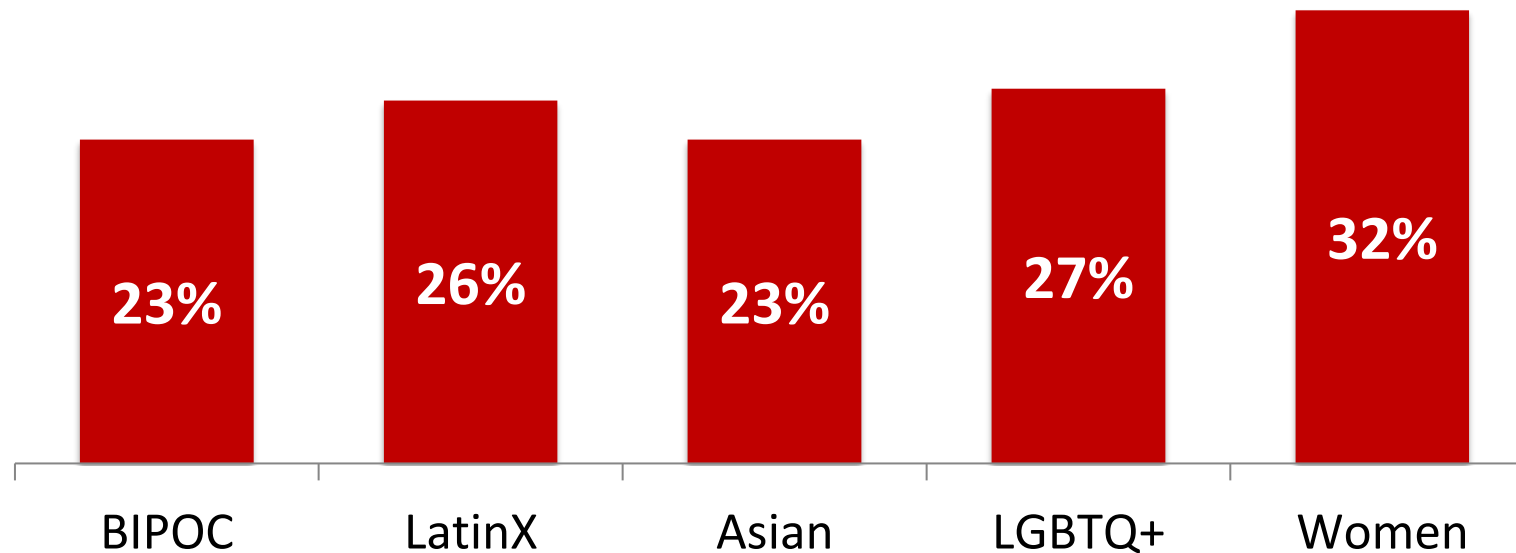
Of buyers looking to increase investment with minority-owned media/minority-focused content (53%), the average increase to budgets is 36%—indicating that the industry is starting to walk the talk.

# Buyers increasing DEI-related spend are directing the greatest share of that spend to Women

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## Average % Increase in DEI Advertising with Minority-Owned/ Minority Content-Focused Media in 2021 per Audience

*Among Buyers Looking to Place Ads Positioned Near More Minority-Owned/Minority-Focused Content in 2021*



## ◆ IAB PERSPECTIVE

**The dust is settling.**

**Confidence in ad budgets is up. Buyers are embracing CTV and that, in turn, is expected to change the buying cycle to a more frequent cadence. Buyers are leaning into first-party data solutions. And lastly, there are DEI initiatives across the industry which will result in better delivery of messaging—and more relevant messaging—to reflect the actual world in which we live.**

**Moving forward, IAB will be keeping our eyes on these trends and encouraging that you join us to solve for the challenges in our near future.**

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# Methodology

# Survey sample: profile

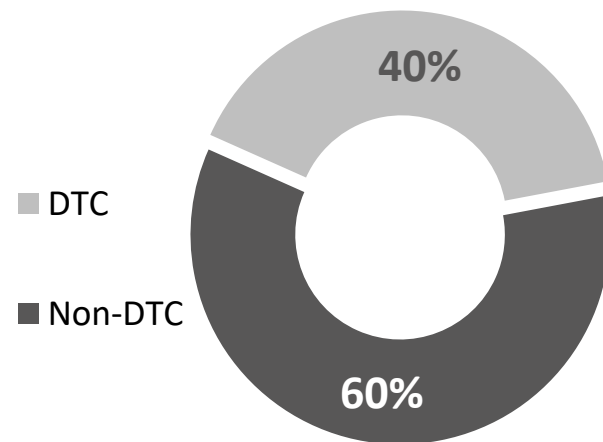
- 15 min. survey
- Fielded Mar 15-Apr 5, 2021
- N=275 from those who have purview into US advertising spend in 2021

Respondents include Brand and Agency:

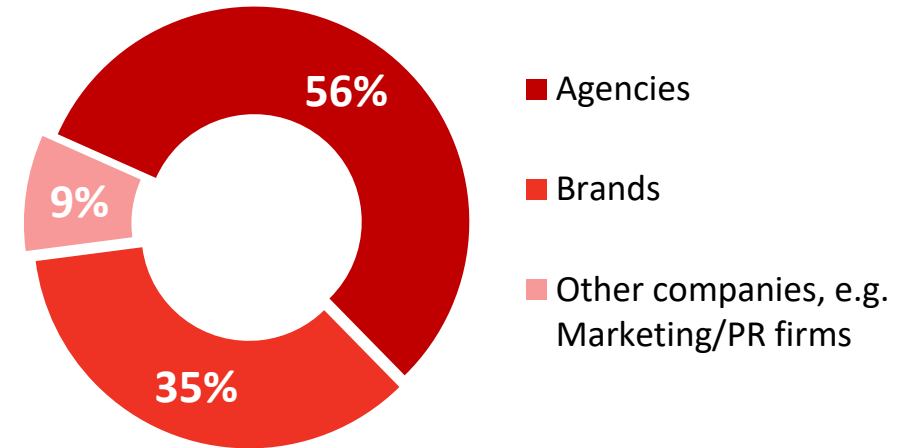
- Media planners
- Media buyers
- Marketers

Note: Sample size varies by question and indicated

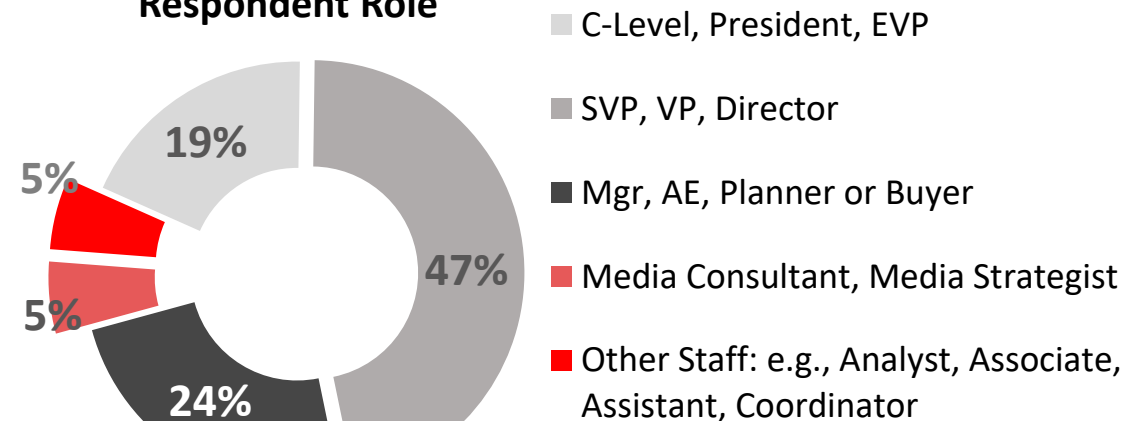
### DTC vs. Non-DTC



### Company Type



### Respondent Role





# About Us



The [Interactive Advertising Bureau](#) empowers the media and marketing industries to thrive in the digital economy. Its membership comprises more than 650 leading media companies, brands, and the technology firms responsible for selling, delivering, and optimizing digital ad marketing campaigns. The trade group fields critical research on interactive advertising, while also educating brands, agencies, and the wider business community on the importance of digital marketing. In affiliation with the IAB Tech Lab, IAB develops technical standards and solutions. IAB is committed to professional development and elevating the knowledge, skills, expertise, and diversity of the workforce across the industry. Through the work of its public policy office in Washington, D.C., the trade association advocates for its members and promotes the value of the interactive advertising industry to legislators and policymakers. Founded in 1996, IAB is headquartered in New York City.

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