SMI: AD SPENDING PLUNGES IN TOP ANGLO MARKETS

RESULTS UNDERSCORE IMPACT OF PANDEMIC
The first wave of the COVID-19 pandemic saw a 28% drop in ad spending across the major Anglo media markets — the U.S., United Kingdom, Canada, Australia and New Zealand.

That’s according to a new analysis released by Standard Media Index.

SMI, which collects and publishes media agency payment ad spend data, says it based the analysis on its collection of advertising payment data from multinational and independent media agency partners in the U.S., UK, Australia, New Zealand and Canada. The analysis runs from the start of the pandemic in March to the end of May.

While the actual levels of decline varied by 14.3% across the five markets, all reported record declines in ad spending during the three-month period, according to SMI Global CEO James Fennessy.

“This global pandemic is having an impact on advertising markets which is far more severe than what we ever reported during the 2008/9 global financial crisis when the size of the year-on-year declines being reported each month never reached more than 16%,” he said.

“So this has been an unfortunately unique experience given the sheer size of the ad spend declines being reported. The fact the average decline is an extraordinary 28.2% really highlights the level of devastation wrought on some of the media markets where we track ad spend.”

The analysis compares ad spending for March through May 2020 to the same period in 2019. Big advertisers represented by major agency holding companies put the brakes on their TV ad spending in the U.S. and the UK, according to the data.

Canadian advertisers were most aggressive in disrupting their digital ad spending vs. TV.

Of all the Anglo markets, Canada experienced the most severe ad-spending decline, dropping 36.2% over the period. Meanwhile, the UK, with an ad-spending decline of 21.9%, proved to be the most stable of the major Anglo nations.

SMI didn’t release discrete category-level data. But it did say the pharmaceutical industry was the only major category to significantly increase ad spending in the U.S.

On the flip side, the travel industry reported the most severe decline across all the nations tracked.

SMI forecast U.S. ad demand has bottomed out, with ad spending in June down just 20%, though it hasn’t yet released precise figures for the month.

“The key message here is that the advertising markets are moving off the bottom and are beginning to rebuild,” Fennessy said. “SMI will continue to work with our subscribers and agency partners to help them move through the changing media landscape and grow as the media world tries to return to a new normal.”

ADVERTISER NEWS
Ford Motor Co. and Volkswagen are warning that a swirling legal dispute between two South Korean battery suppliers could threaten their plans to start producing electric vehicles in the U.S. The dispute between SK Innovation Co. and LG Chem Ltd. could undermine Ford’s intention to make an electric version of the F-150 in Michigan from 2022 and VW’s efforts to build battery-powered cars in Tennessee the same year... Amazon has confirmed that it’s postponing — but not cancelling — this year’s Prime Day shopping event, which normally would take place in mid-July but has been put on hold because of the pandemic. Last year, the two-day event booked bigger sales than Amazon reported on 2018’s Black Friday and Cyber Monday combined... eBay will sell its classified advertising division to Norway-based Adventa ASA in a cash-and-stock deal valued at $9.2 billion. The sale will give eBay the ability to simplify its operations and focus on its e-commerce marketplace business... Saks Fifth Avenue’s sales have rebounded since the retailer’s 40 stores in the U.S. and Canada re-opened last month, and same-store sales are up, President and CEO Marc Metrick said in a letter to vendors. He wrote that customers have responded to new services, including virtual events and off-hours shopping appointments... Aldi U.S. plans to open more than 70 new stores by the end of the year. The discount retailer is in the middle of a five-year, $5.3 billion effort to open new stores, remodel old ones and add to its grocery assortment. The company wants to become the third-largest U.S. grocery retailer with 2,500 stores by the end of 2022... About 68% of consumers plan to start shopping at least three weeks before school begins in preparation for back-to-school this year, according to the National Retail Federation... Chipotle Mexican Grill has teamed with Tractor Beverage to roll out a new beverage line that includes teas, agua frescas and lemonades. Five percent of the profits from sales of the drinks will be donated to causes that support farmers... Winn-Dixie, which is warning that a lawsuit filed by suppliers could undermine Ford's intentions to start producing electric vehicles in the U.S... Tapestry has resigned from the company for personal reasons. The parent company of Coach and Kate Spade has named CFO Joanne Crevoiserat interim CEO as it searches for a successor to Zeitlin... Tailored Brands says it has identified up to 500 store locations for potential closure “over time” and will eliminate 20% of its corporate positions by the end of fiscal Q2, according to a press release. CFO Jack Calandra will exit the company July 31. His responsibilities will be divided between CEO Dinesh Lathi and Holly Etlin, a managing director at AlixPartners. She has also been appointed to the new role of chief restructuring officer.
PARKS: U.S. ONLINE VIDEO GAMES EYE $3B IN SUBS

Online video games are growing in popularity, especially among multi-player formats. New research from Parks Associates finds the U.S. cloud gaming market could generate nearly $3 billion in annual subscription revenue, as 30% of domestic broadband households currently express interest in this service.

Parks reports 74% of U.S. broadband households play video games for at least one hour per week.

Gamers play for an average of 22 hours per week, a number skewed towards heavy gamers, and PC gaming shows the biggest gains as a result of COVID-19 pandemic.

“There is a renewed interest in offering cloud gaming experiences that replicate Netflix’s value proposition by allowing consumers to stream games over the internet, across multiple platforms, and without having to download files or use local processing power,” senior analyst Kristen Hanich said in a statement.

Hanich estimates the cloud-based gaming market could generate more revenue via service stacking and add-on sales as multiplatform gamers are the key consumer segment to target for initial rollouts.

The research also notes the average number of hours played per week has increased since the COVID-19 outbreak. PC gaming in particular saw a large increase in the number of hours played weekly, while gaming consoles were the only platform to show a decline in usage among heads of household from Q3 2019 to Q1 2020.

VIEWERS AFTER HOME ENTERTAINMENT SAVINGS

COVID-19-related economic woes have accelerated TV consumers looking to cut home entertainment costs, in part because they use more free TV streaming services.

About half of all TV households in a recent survey said they have been streaming more free TV during the pandemic than they did previously, according to a Roku-backed study on cord-cutting.

Last month, a Deloitte survey found 39% of American consumers reported a decrease in their household income since the pandemic began. During this period, 47% of consumers said they used at least one free ad-supported streaming video service.

A week ago, NBCUniversal launched its Peacock premium streaming platform. One of Peacock’s main options is a free-to-consumer, ad-supported streaming platform.

Roku, a digital media player/smart TV platform company, also looks to make gains with many free ad-supported apps on its service.

The Roku study also says more than half of traditional pay-TV subscribers and so-called “cord-shavers” (those who have reduced their pay-TV monthly costs) are now looking to reduce subscription streaming costs.

In addition, research says 45% of cord-shaver pay households say they are likely to cut the cord completely by the end of this year.

The study, done by Macro Consulting, surveyed 7,000 Americans ages 18 and over in March 2020. In May, it surveyed another 2,000 Americans ages 18+.

AVAILS

WRAL-TV in Raleigh, N.C., is seeking a Strategic Accounts Manager. The mission of the Strategic Accounts Manager will be to prospect and develop new business and grow existing business on local, regional and national accounts that we have identified as business development accounts. While new business is a primary focus, the Strategic Accounts Manager will grow existing business shares through promotions, content development and partnership opportunities. To apply, visit www.capitolbroadcasting.com. A pre-employment drug screening is required. EOE. M/F.

Senior Account Executive: WMBF-TV, the NBC affiliate in sunny Myrtle Beach, S.C., is seeking an experienced, dynamic, self-motivated individual to join our winning sales team. This position is responsible for growing existing accounts and developing new business by providing excellent customer service and offering multi-platform advertising solutions which include: WMBF-TV, Bounce TV and a suite of digital media products. Minimum of 3+ years in broadcast media and digital sales and a bachelor’s degree in business or a related degree is preferred. Please apply ONLINE and be prepared to attach a resume. EOE.

See your ad here tomorrow! CLICK HERE for details.

DESPITE PANDEMIC, ZEAL FOR BIG TVs ENDURES

Even the coronavirus pandemic can’t quench Americans’ thirst for big TVs. During the spring as state and local regulations across the U.S. recommended people stay at home, consumers purchased televisions at levels normally seen during the holiday season, USA Today reports.

Some used the $1,200 government stimulus payments they were sent to buy a new TV, while others took funds originally targeted for vacations.

Sales of TVs 65 inches and larger were up 53% (in units) over the first half of 2020, according to The NPD Group. Especially big sellers were TVs bigger than 65 inches, which were up 77% in April-June compared to a year ago.

With prices on 65-inch displays dropping, NPD had expected sales to be up this year, but were forecasted as about 20% higher than a year ago. The sales surge happened despite many workers being laid off and furloughed.

“Obviously the numbers have accelerated as the pandemic has kept many people in their homes,” said Stephen Baker, The NPD Group’s VP of industry analysis. “During the pandemic, TVs have served as a refuge for people, as we have seen double-digit increases in sound bars, streaming players, and mounts.”

The average price for a 65-inch TV in the April-June period was $644, about $200 lower than a year ago, NPD says.

Screens larger than 75 inches have become one of the fastest-growing segments, says James Fishler, SVP for Home Entertainment at Samsung Electronics America.

“As consumers spend more time at home, work from home, and even teach their kids from home, they’ve invested more in home improvement projects to make their homes more comfortable and enjoyable,” he said.
NIELSEN REVAMPING ITS DIGITAL METHODOLOGY

Nielsen said it’s overhauling its digital measurement methodology and will begin a phased rollout to clients in early 2021, Adweek reports.

Amid new privacy rules — enforcement of the California Consumer Privacy Act began July 1, and Google will stop supporting third-party cookies in its Chrome browser by 2022 — the company said media owners will be able to use the new methodology to better monetize assets and optimize media spend.

“Over the last year, we’ve been laser focused on transitioning Nielsen to become a platform company. With a privacy-centric lens, we are creating a flexible platform that we can quickly adapt to new technology, data and regulatory changes,” Nielsen COO Karthik Rao said in a statement. “We believe these changes will also position our clients to monetize their assets today and well into the future. We expect these investments to drive significant value for the rapidly growing digital ecosystem.”

Nielsen said the methodology will apply to its entire digital measurement suite, which includes Digital Content Ratings, Total Content Ratings, Digital in TV Ratings, Digital Ad Ratings and Total Ad Ratings.

CONSUMER CONFIDENCE SEES UPTICK IN JUNE

The Conference Board Consumer Confidence Index increased last month, after remaining virtually flat in May. The index now stands at 98.1, up from 85.9 in May.

Consumers’ assessment of current business and labor market conditions — the Present Situation Index — improved dramatically, from 68.4 to 86.2, but still suggests that economic conditions remain weak. The index based on consumers’ short-term outlook for income, business and labor market conditions (Expectations Index) increased from 97.6 in May to 106.0 in June.

The monthly Consumer Confidence Survey is conducted for The Conference Board by Nielsen. The cutoff date for the preliminary results was June 18.

“Consumer Confidence partially rebounded in June but remains well below pre-pandemic levels,” said Lynn Franco, senior director of economic indicators at The Conference Board. “Faced with an uncertain and uneven path to recovery, and a potential COVID-19 resurgence, it’s too soon to say that consumers have turned the corner and are ready to begin spending at pre-pandemic levels.”

CONSUMERS OPT FOR TRADITIONAL PAYMENTS

During the coronavirus pandemic, many consumers have preferred to pay local businesses using traditional payment methods over contactless channels, eMarketer reports.

According to May 2020 polling from Podium, the highest share of U.S. internet users surveyed (42.9%) said they preferred using a credit card reader, with cash coming in second at 18.4%.

Contactless options were favored by only fewer consumers. Just 10.3% of those polled said they prefer to pay that way, while slightly fewer said the same about Venmo. And no surprise, just 2.8% of respondents said they prefer to read their credit card information aloud when paying.

STUDY: FRAUD COSTS RISE 7.3% ON YOY BASIS

Retailers experienced increased online and e-commerce fraud volumes and monetary losses correlating to a mass shift to online and mobile transactions during the COVID-19 pandemic.

That’s according to the 11th annual Lexis/Nexis Solutions for 2020 True Cost of Fraud Study: E-commerce Retail Edition, which found that increased fraud volumes translated into a 7.3% increase in the cost of fraud year-over-year for U.S. e-commerce and retail merchants.

The LexisNexis Fraud Multiplier — the total amount of costs related to fees, interest, merchandise replacement and redistribution per dollar of fraud for which the merchant is held liable — showed that fraud now costs companies $3.36 for every dollar lost to fraud, compared to $3.13 in 2019 and $2.40 in 2016.

This is an increase of $0.96 over five years. U.S. costs are significantly higher than the cost that Canadian retailers face per $1 lost to fraud at $2.87.

The True Cost of Fraud Study is a comprehensive survey that compares fraud rates, impacts and challenges related to fraud detection and prevention year-over-year and during COVID-19.

WIEDEN+KENNEDY LAYS OFF 11% OF ITS STAFF

Independent agency Wieden+Kennedy, which had been on a new business tear before the pandemic, is laying off 11% of worldwide staff due to client cutbacks, Ad Age has learned.

Within the past few months, staff reductions have swept the industry, but the move at standout W+K, which topped Ad Age’s 2020 Agency A-List, shows the extent of the damage COVID-19 has wrought on the industry at large.

The Portland, Ore.-based agency operates offices in Amsterdam; Delhi, India; London; New York; Sao Paulo; Shanghai; and Tokyo. The agency reported 1,522 worldwide employees at year-end 2019, according to Ad Age Datacenter. Signature clients include Nike, Coca-Cola, Anheuser-Busch InBev, Ford, McDonald’s and KFC.

MONDAY NIELSEN RATINGS - LIVE + SAME DAY

<table>
<thead>
<tr>
<th>Time</th>
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<th>Program</th>
<th>Adults 18-49 Share/Share</th>
<th>Viewers in Millions</th>
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<td>The Titan Games</td>
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<td>The Neighborhood</td>
<td>0.5/3</td>
<td>3.74M</td>
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<td>0.5/3</td>
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<td>0.4/2</td>
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