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# 2021 Marketplace Outlook Survey Results

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The logo for the Interactive Advertising Bureau (IAB), consisting of the lowercase letters 'iab.' in a bold, white, sans-serif font. The background is a dark red with a pattern of glowing, out-of-focus light spots and lines, creating a bokeh effect.

# Executive Summary

- Buyers are generally optimistic about 2021 while showing some concern for the year ahead:
  - Preparing for a cookie-less future/loss of identifiers
  - The need for 1<sup>st</sup> party data
  - Cross-platform measurement solutions
- Media budgets will be flexible in 2021; 39% of Buyers report their 2021 budget as ballparked
- Buyers expect a 6% overall increase in their 2021 budget (vs. estimated actual spend in 2020)
- 71% of total U.S. 2021 media budgets will be Digital media, with four areas dominating: 16% Social; 16% Paid Search (SEM); 14% Display; 13% Video
- Buyers report that their Traditional media budget will drop by -5% vs 2020
  - The leading area of Traditional investment remains Linear TV (Note: Traditional media is estimated at 29% of the total media budget for 2021, vs. Digital at 71%)
  - 60% of Digital Buyers plan to shift Linear TV dollars to CTV in 2021; 21% of their 2021 Linear TV budgets are expected to be reallocated to CTV

# Executive Summary (cont'd)

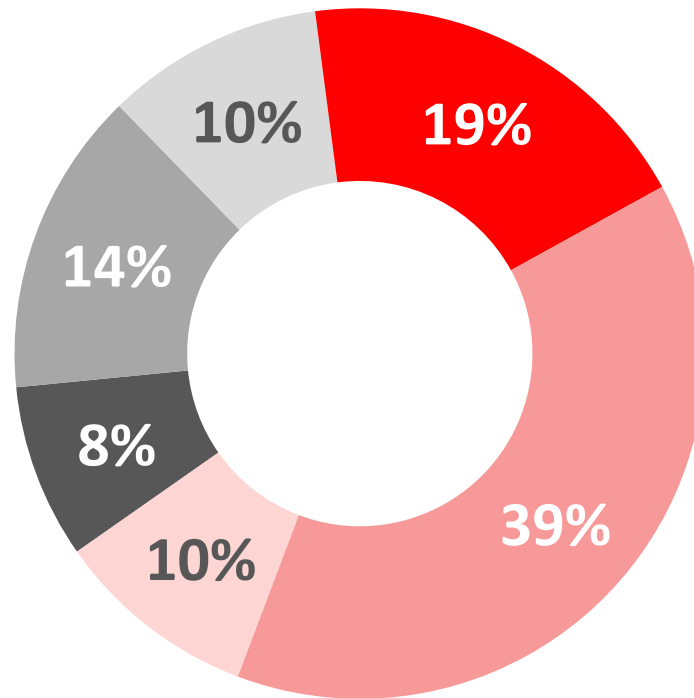
- The sales cycle for Publishers and Platforms has been disrupted
  - Nearly two-thirds of Media Buyers are evaluating plans more frequently than they have in years past
  - As a result, the selling cycle is expected to run across the full year, quarter by quarter/month by month
- Buyers expect 46% of their buys to be Direct (vs. 54% Programmatic) in 2021
- Data privacy and ad tracking are top challenges in 2021
  - 41% of media Buyers do not know if their stakeholders have a clear understanding of the implications they will face once cookies and identifiers are terminated/blocked
  - More than a third of Buyers believe that they need more first party data
- Diversity & Inclusion is top of mind...but will the industry take action?
  - Half of Buyers say they are looking to place more business with minority-owned media companies in 2021—although just as many Buyers don't know whether their company has a specific list of minority-owned businesses on which they can rely

# I. Full Year 2021 Ad Budgets

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# No matter what the number, media budgets in 2021 will be flexible

## Degree of Flexibility:

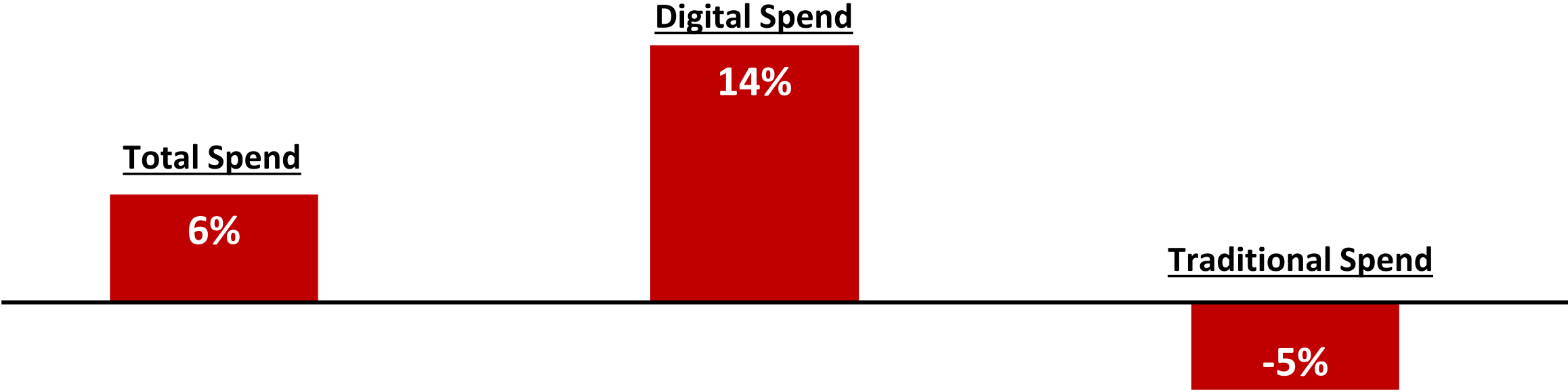


- Firm 2021 full year budgets
- Firm for Q1 2021, flexible for rest of year
- Firm for 1H 2021, flexible for rest of year
- Total 2021 firm, flexible throughout the year
- Ballpark estimates for 2021
- No idea

# Overall, 2021 ad budgets are up—with Digital increasing by double digits

Traditional media is down 5% (vs. 2020 est. actual spend)

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



# Digital media is expected to represent 71% of total budgets

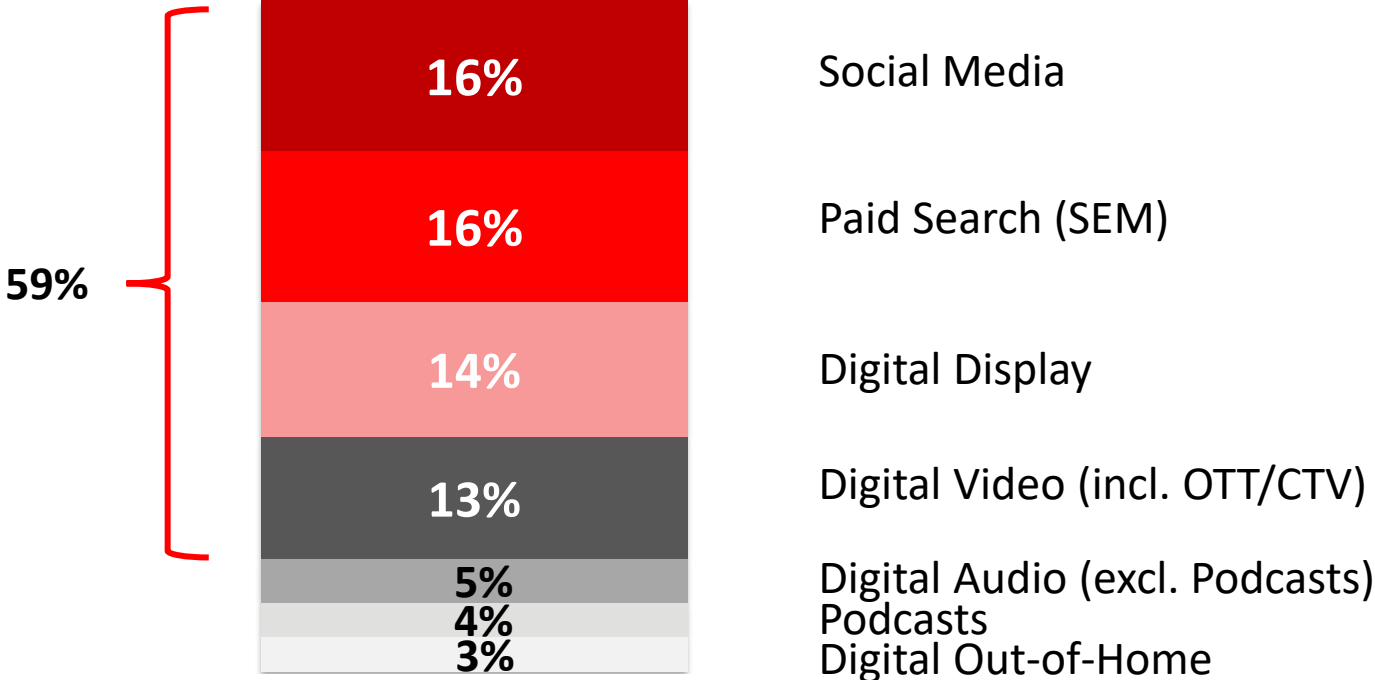
## 2021 Budget: Share by Channel





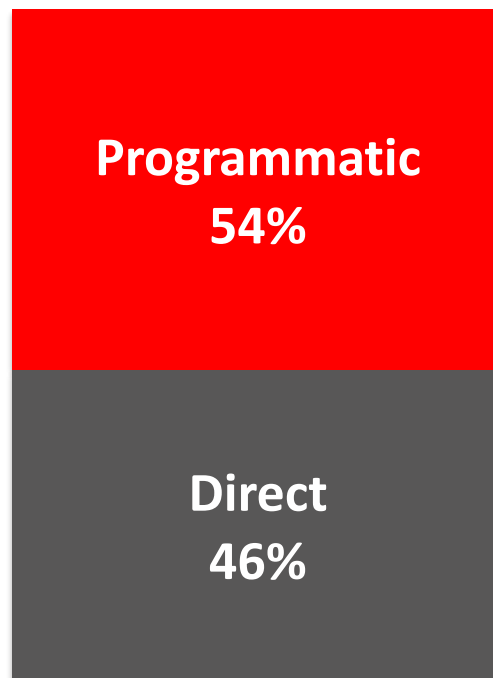
# Social, SEM, Display, and Video = nearly 60% of 2021 total budgets

## 2021 Budget Share by Digital Channel

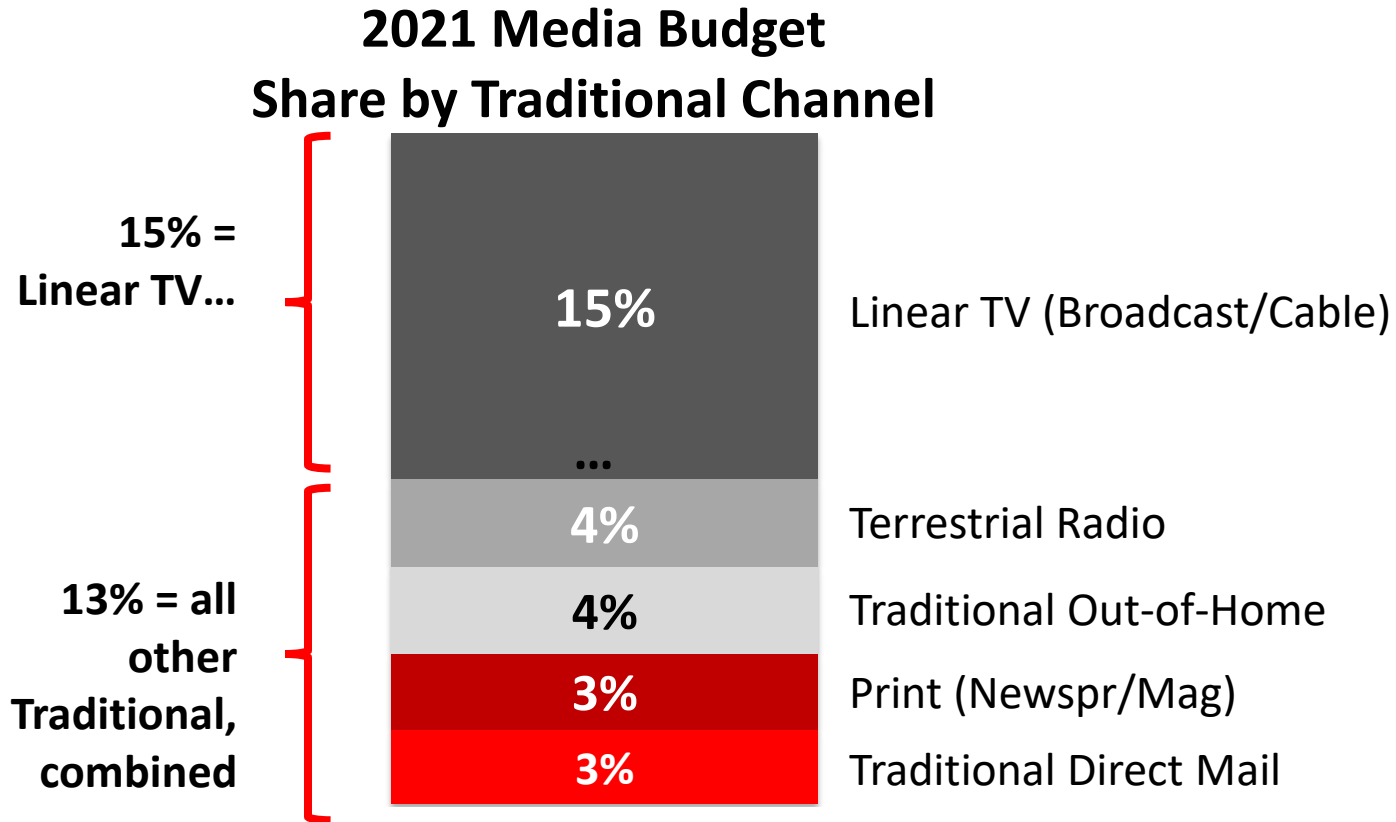


# A near-even split between Programmatic and Direct buys is expected in 2021

## 2021 Budget Share by Buy Type



# Within the Traditional media budget, Linear TV will get the majority

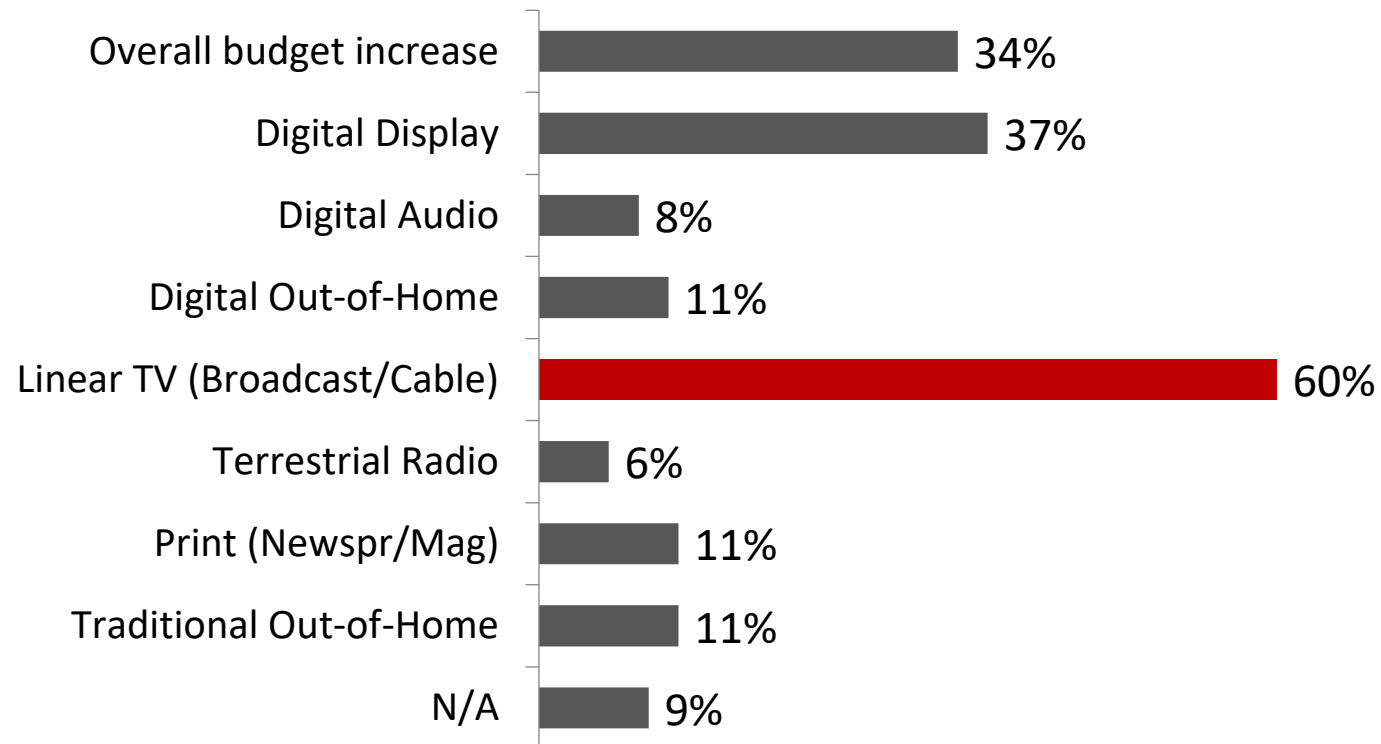


## II. Digital Video Deep Dive

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# Digital Video Buyers are shifting budget from TV and Digital Display to CTV

## Sources for 2021 CTV/OTT Ad Budgets



**On average, Digital Video Buyers are moving 21% of their Linear TV budgets to CTV**

**Average shift of budget from  
Linear TV to CTV in 2021 is**

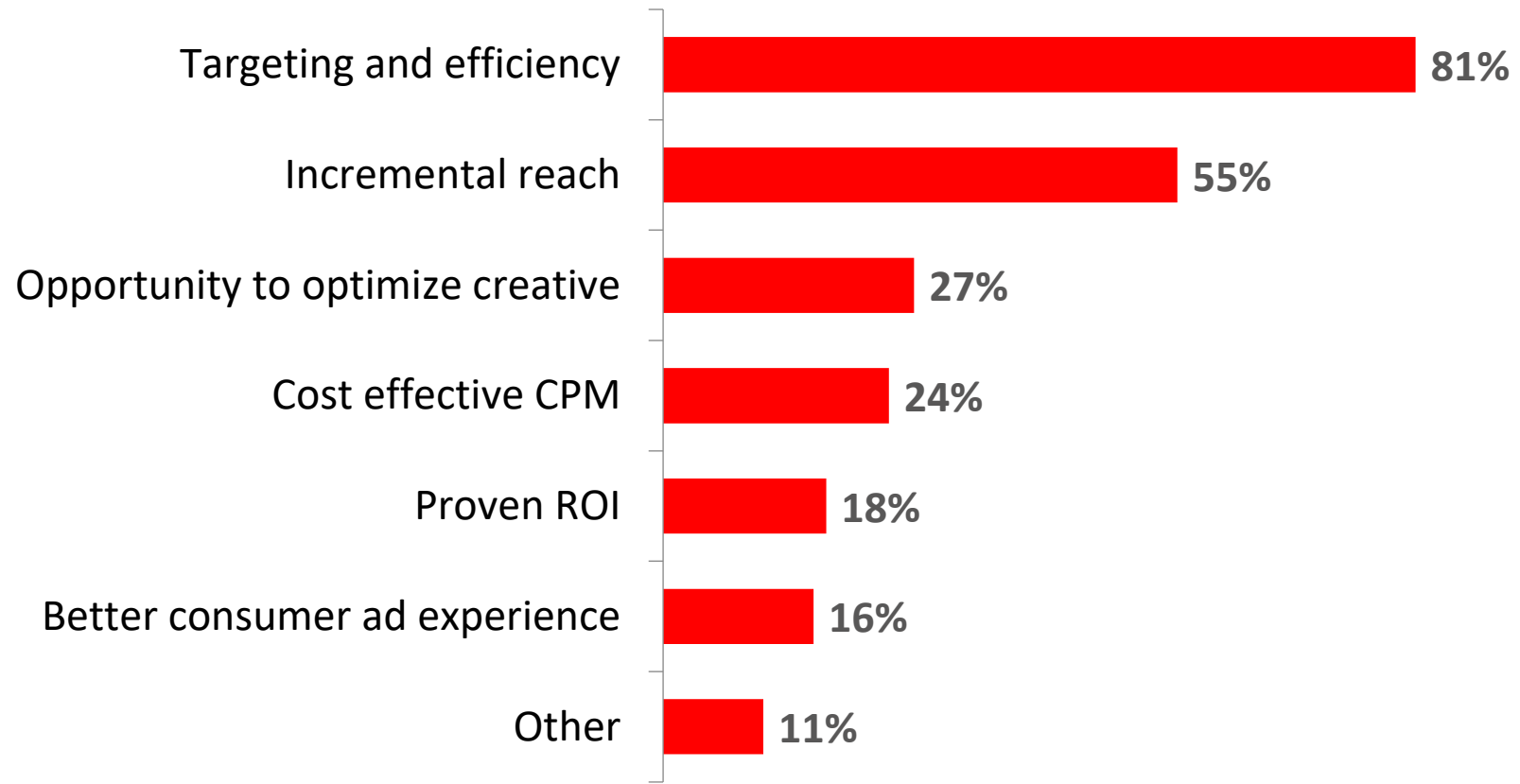
**21%**

**among Digital Video Buyers**

# Buyers see CTV as more targeted, efficient and scalable

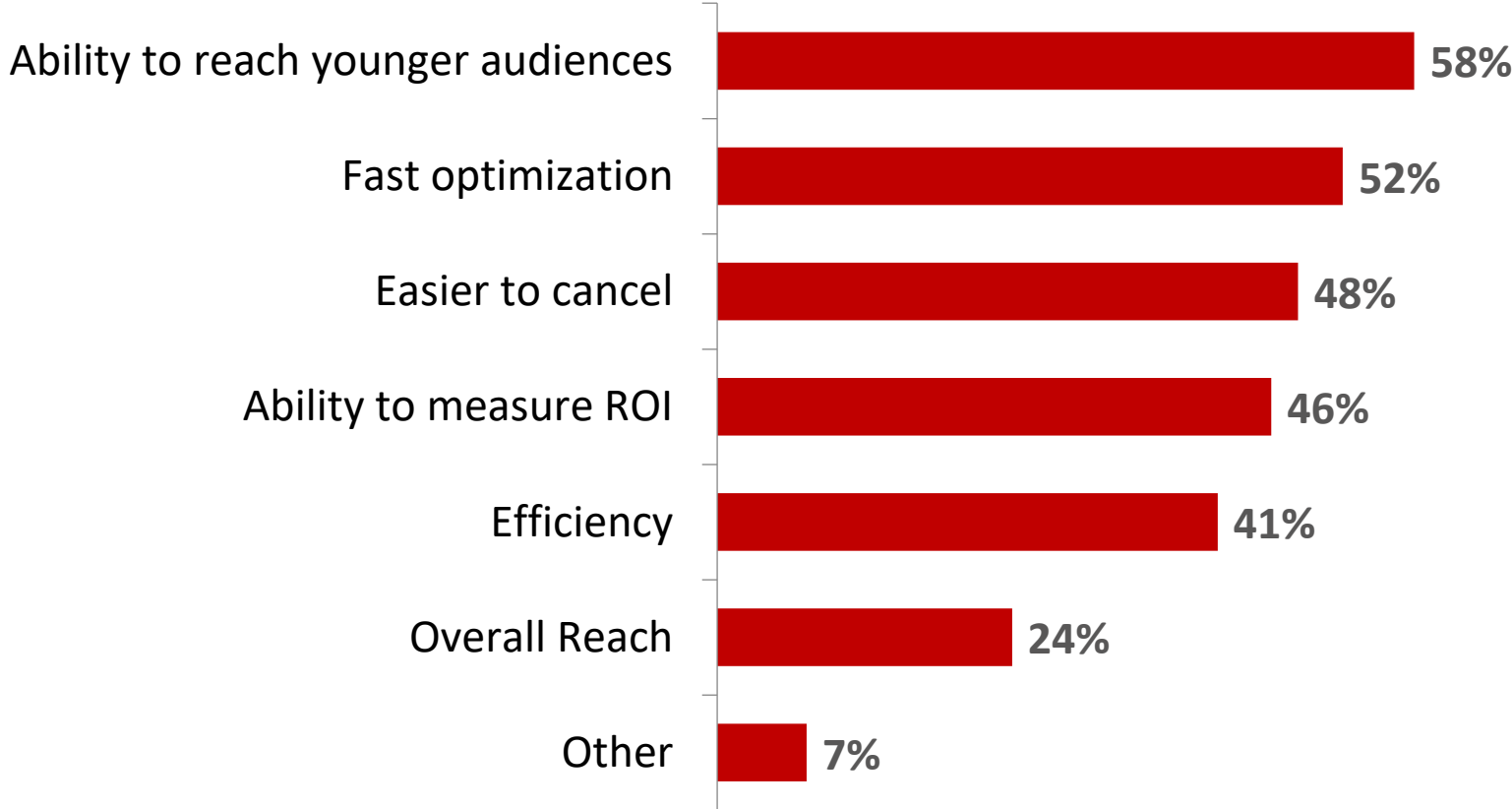
## Reasons for Shifting Budget from Linear TV to OTT/CTV

*Among Buyers Shifting Linear TV Budget to OTT/CTV in 2021*



# CTV is valued most for its ability to reach younger audiences

## CTV/OTT Delivers Better than Linear TV in terms of...

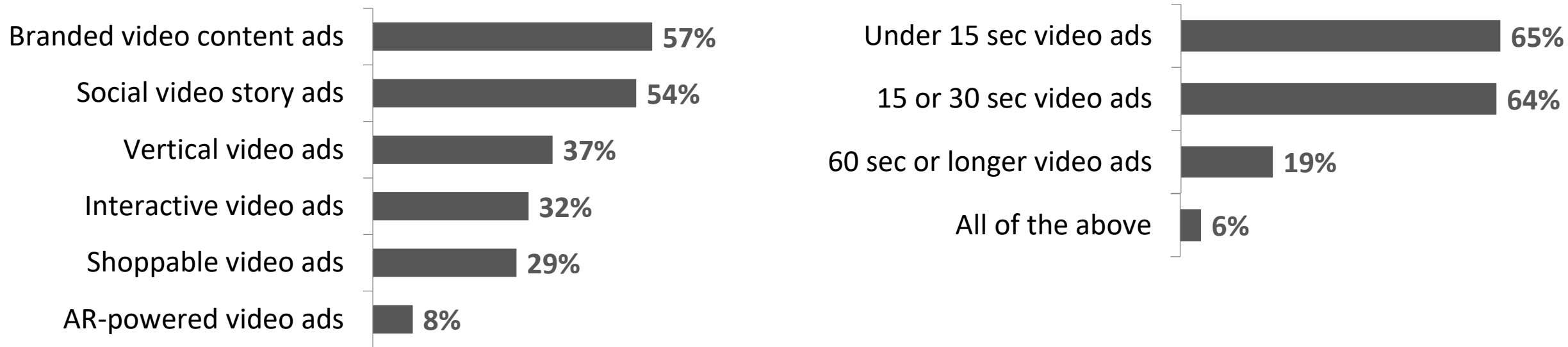




# Branded Content and Stories will lead Digital Video ad formats in 2021

## Digital Ad Formats Expected to be Created in 2021

*Among Buyers with Digital Video as part of 2021 Media Budgets*

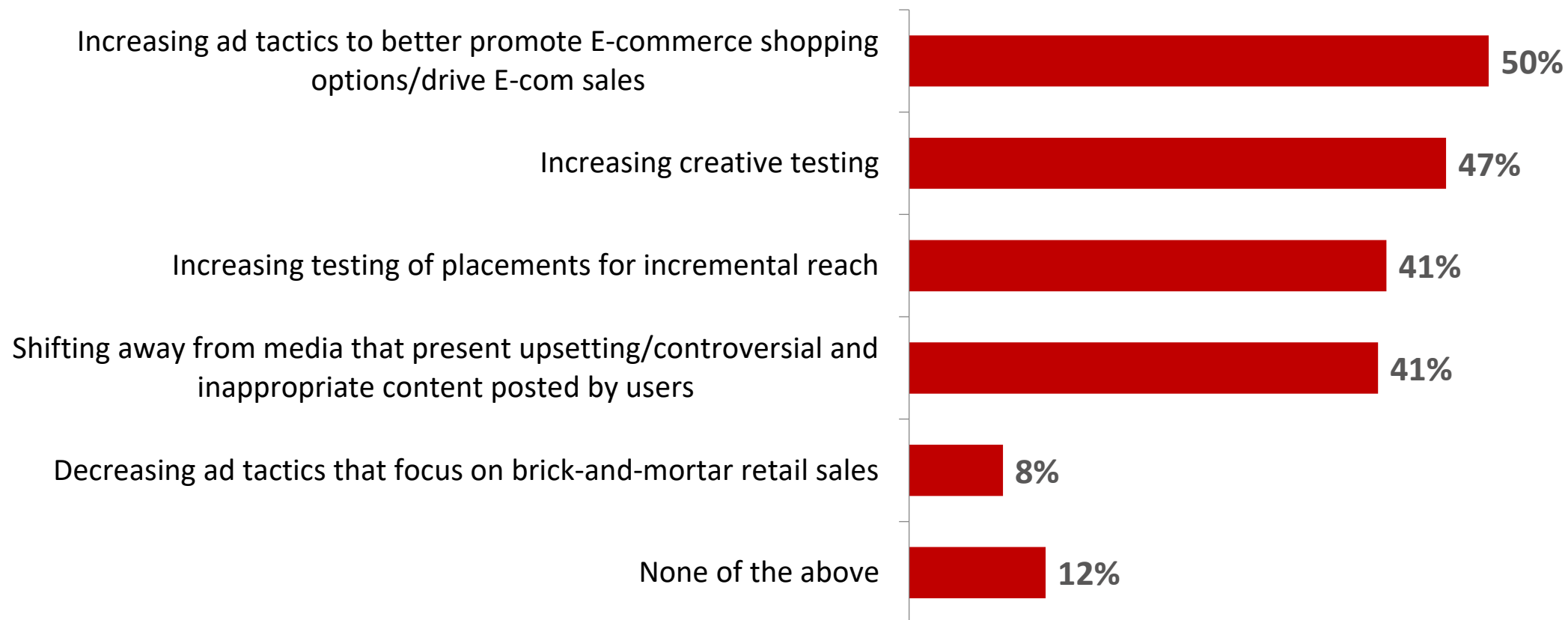


# III. Strategic Shifts & Tactical Pivots

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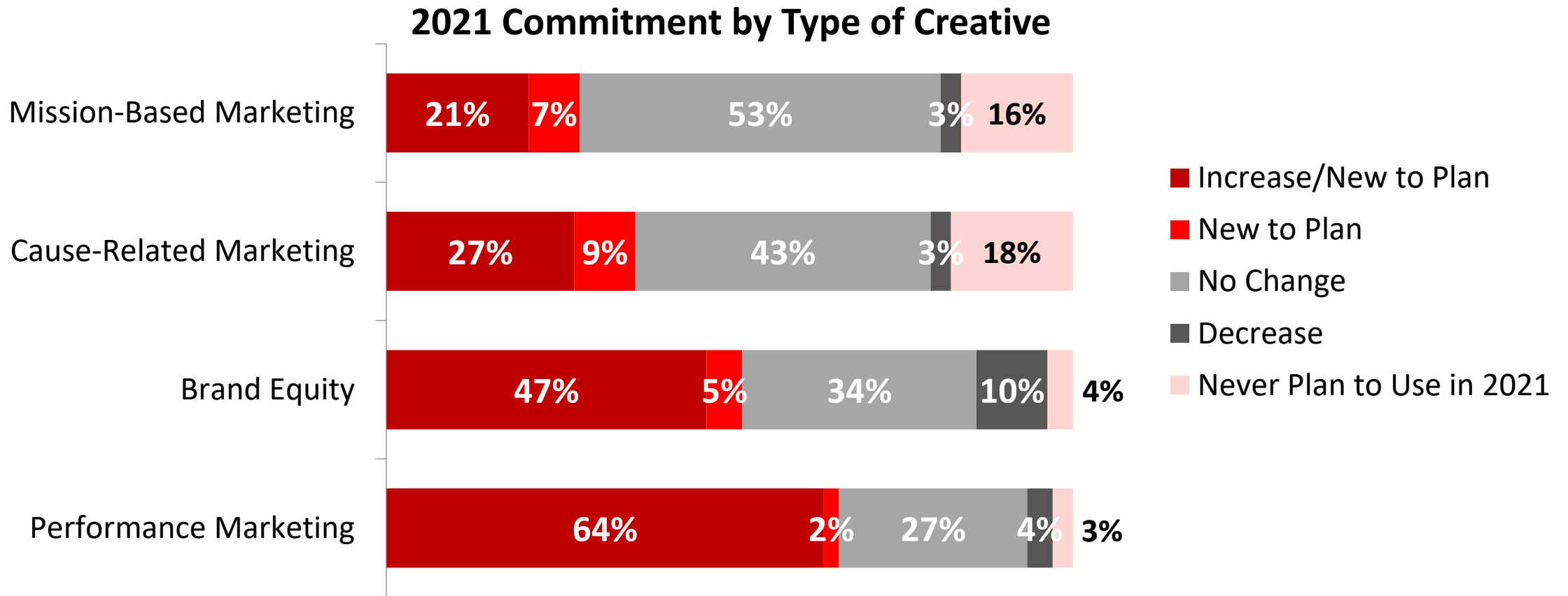
# Buyers chase COVID-accelerated behavior shift to E-commerce

**Are you shifting strategies and/or tactics in 2021 as a result of continuing societal, health and market challenges?**



# Buyers will focus on performance marketing in 2021

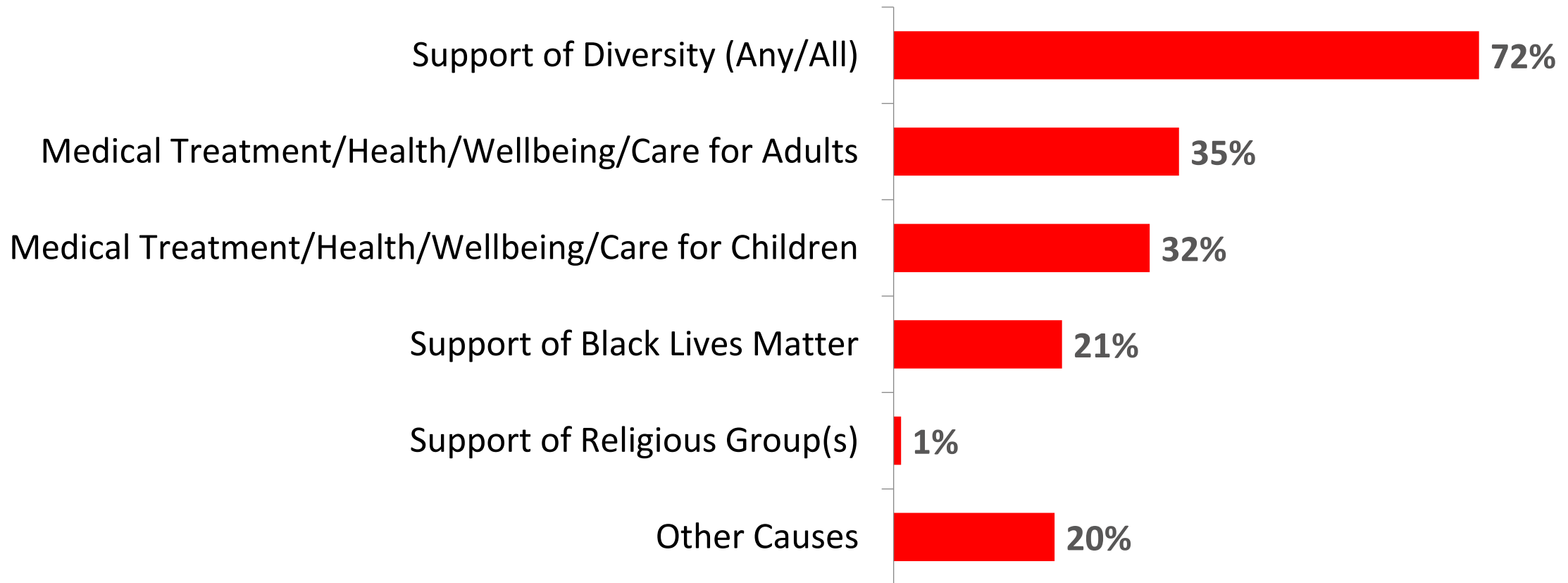
Cause-related and mission-based advertising spiked at the end of Q1 and during Q2 of 2020; the pendulum swing to Performance marketing in Q3 of 2020 will continue in 2021



# Diversity messaging leads cause-related creative in 2021

## Causes Buyers Expect to Support with 2021 Creative

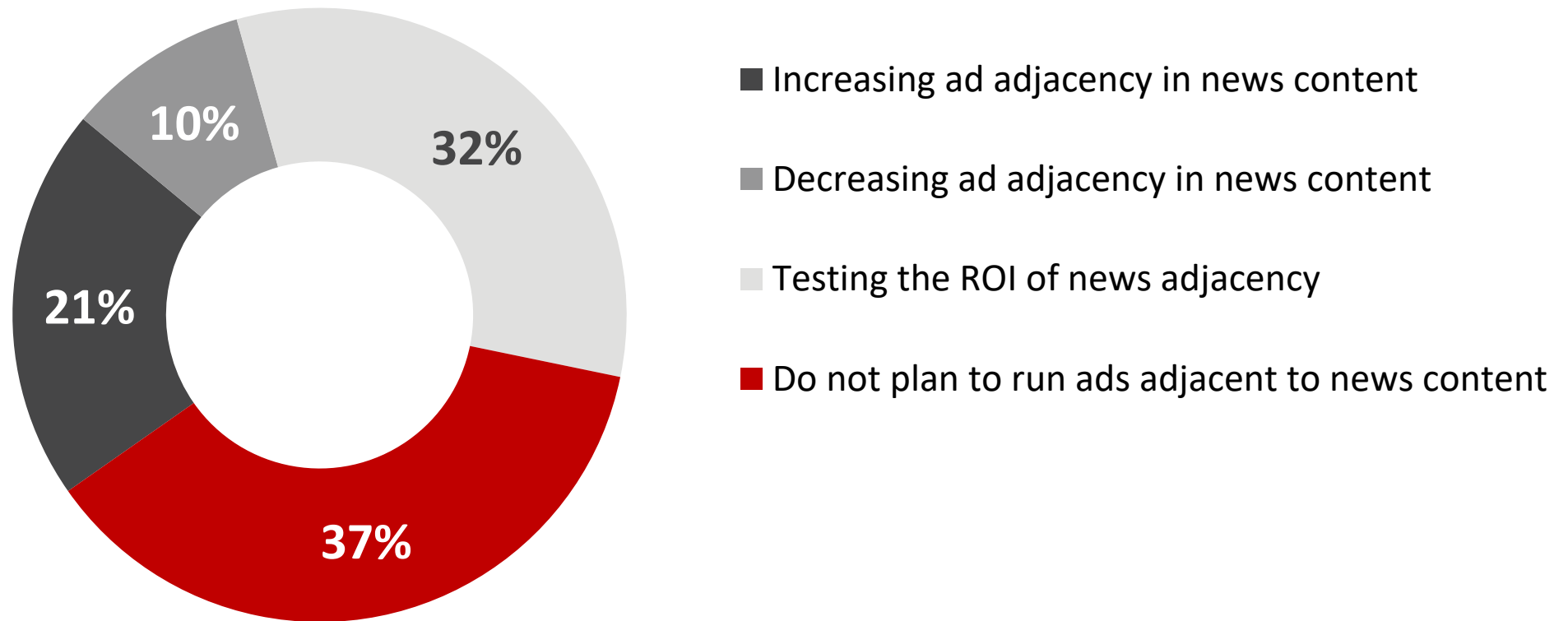
*Among Buyers Planning to Leverage Cause-Related Marketing in 2021*



# There is a re-evaluation of news for Buyers in 2021

21% plan to increase spending for news advertising placements

## Plans for Ad Adjacency with News Content in 2021



## **IV. Preparing for the Loss of 3<sup>rd</sup> Party Identifiers**

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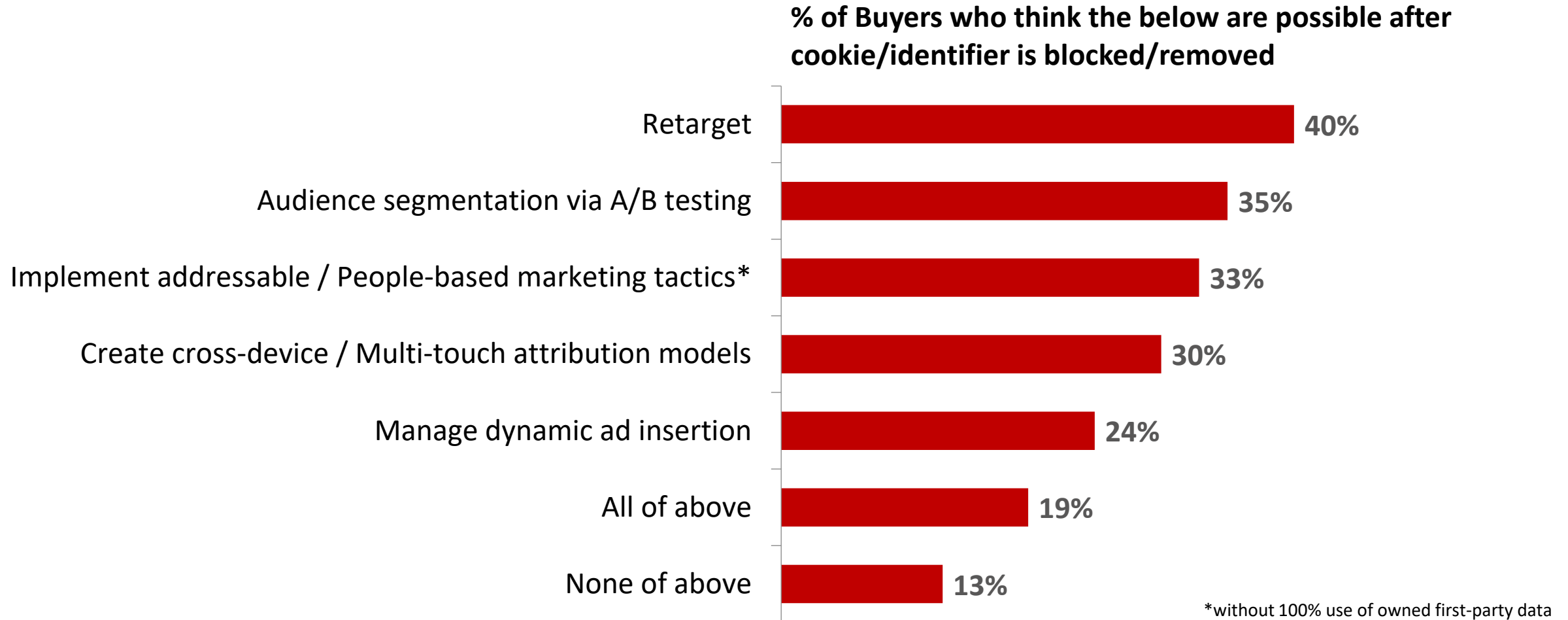
# Buyers are reasonably confident in their organization's readiness for the loss of 3<sup>rd</sup> party identifiers...

On average, Buyers rate their organizations' level of preparedness for the loss of third-party identifiers to be:



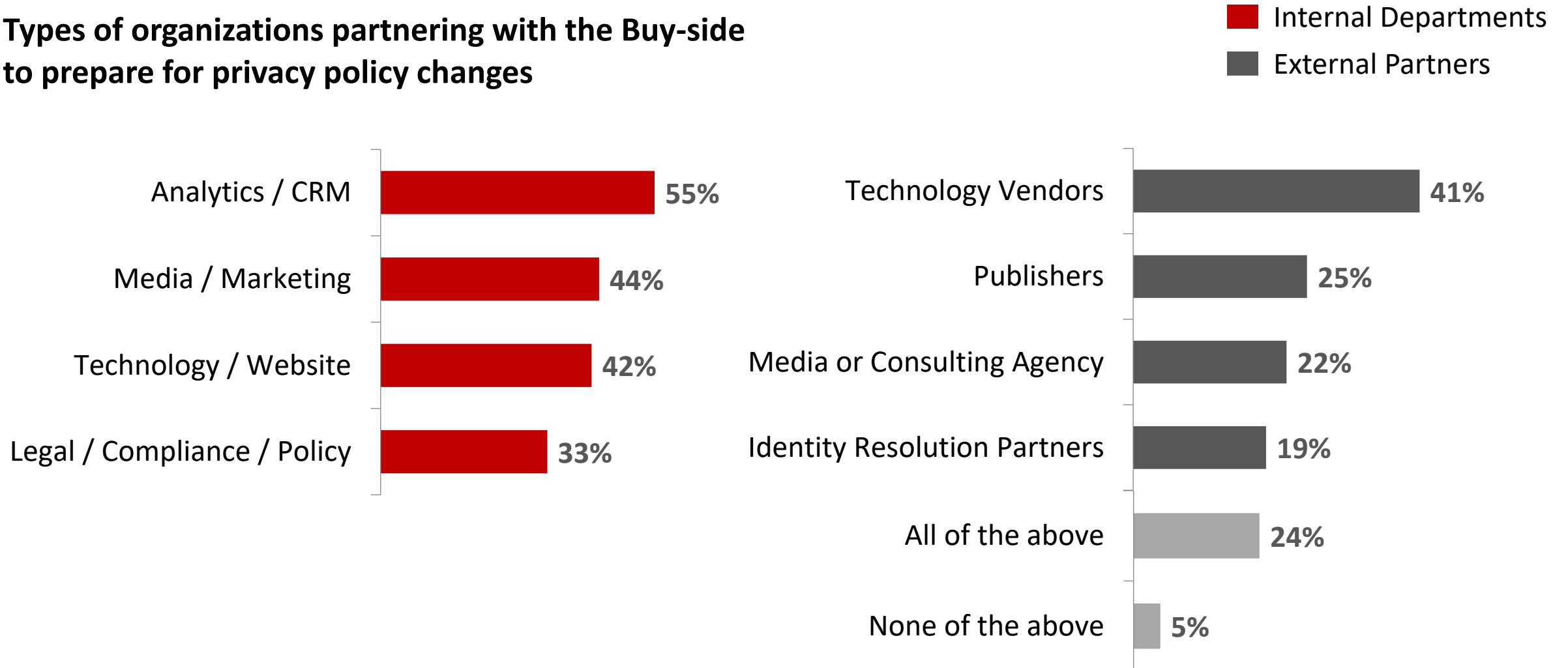


# Buyers may not fully understand the impact of 3<sup>rd</sup> party identifier loss



# Buyers are managing multiple partners in preparation for changes in privacy

## Types of organizations partnering with the Buy-side to prepare for privacy policy changes

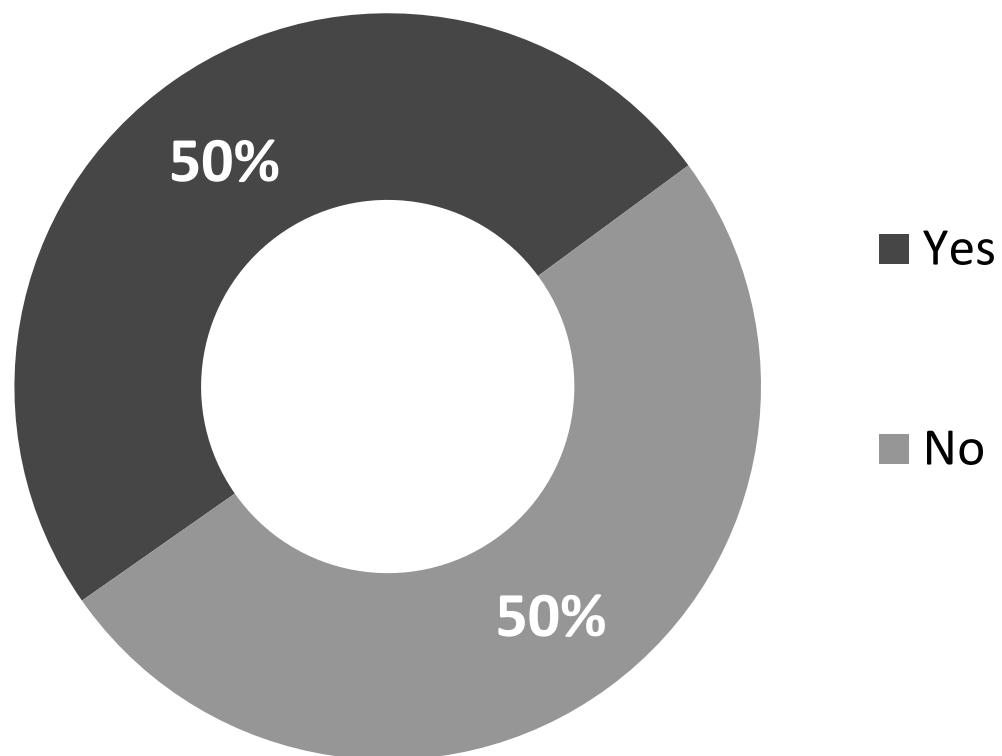


# V. Diversity & Inclusion

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# Half of Buyers intend to INCREASE spend in minority-owned media in 2021

## Buyers Looking to Place More Advertising with Minority-Owned Media in 2021



# Buy-side average increase is +26% on minority-owned ad placements

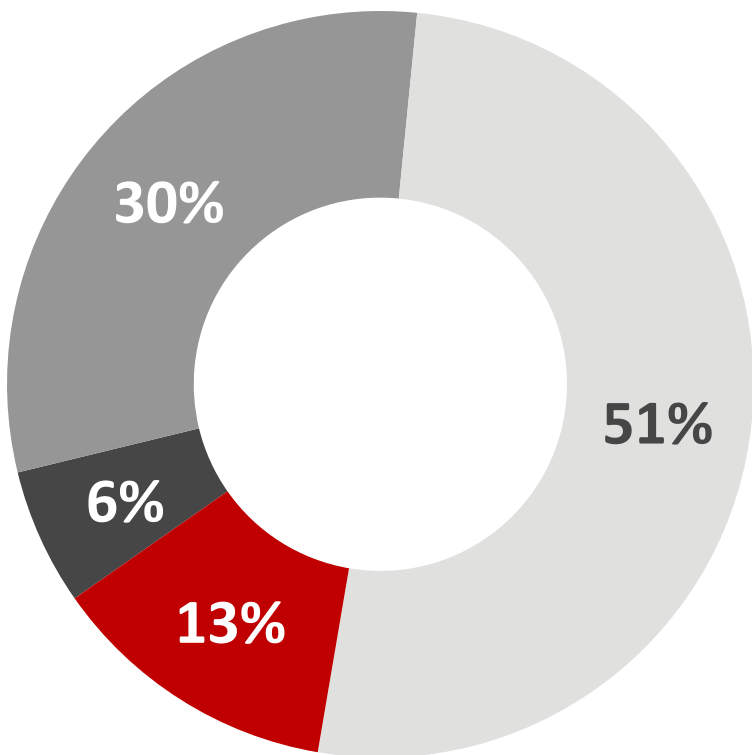
Buyers looking to increase advertising with minority-owned media expect an increase of

**26%**

**for minority-owned media**

# But half don't know if they have a preferred list of minority-owned media

## Minority-owned Media Selection Process



- SSP has a preferred list of minority-owned media
- Aggregated own list of minority-owned media
- Unsure
- Other

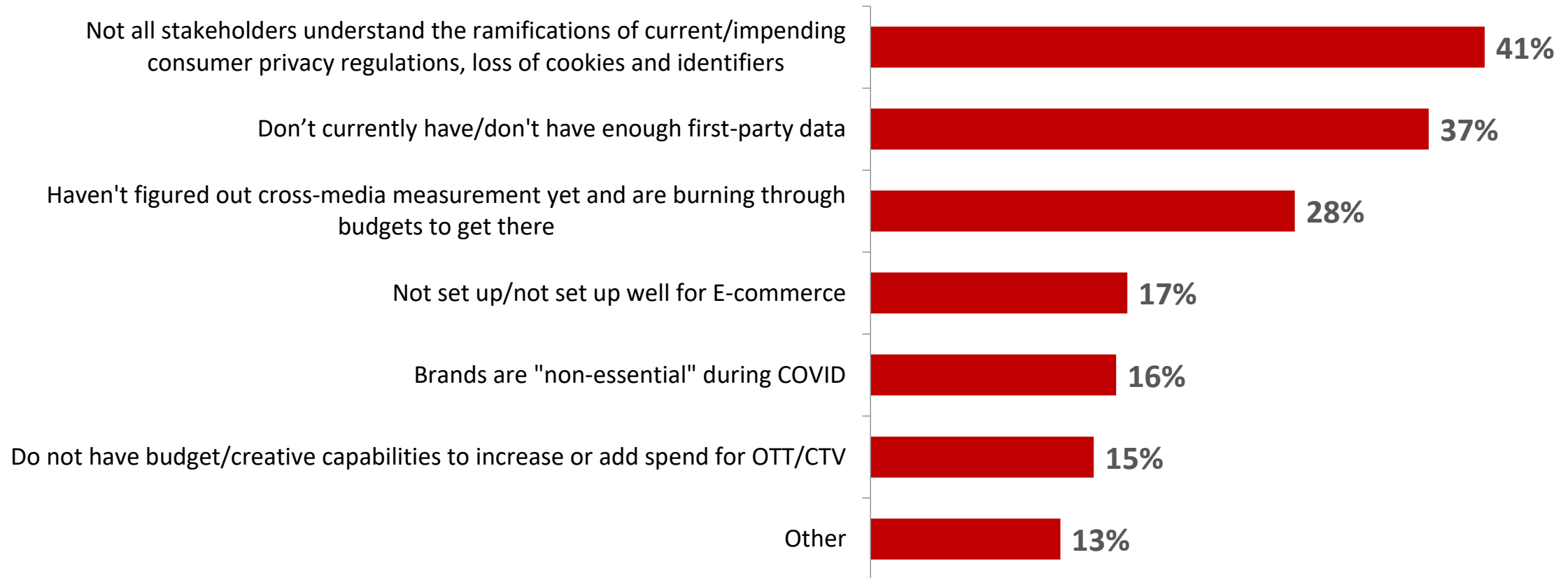
If your company has a minority-owned media list, please contact [Research@iab.com](mailto:Research@iab.com) to help build a comprehensive list for the industry

# VI. Challenges & Optimism

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# Buyers are trapped between the loss of 3<sup>rd</sup> Party identifiers and lack of 1<sup>st</sup> party data

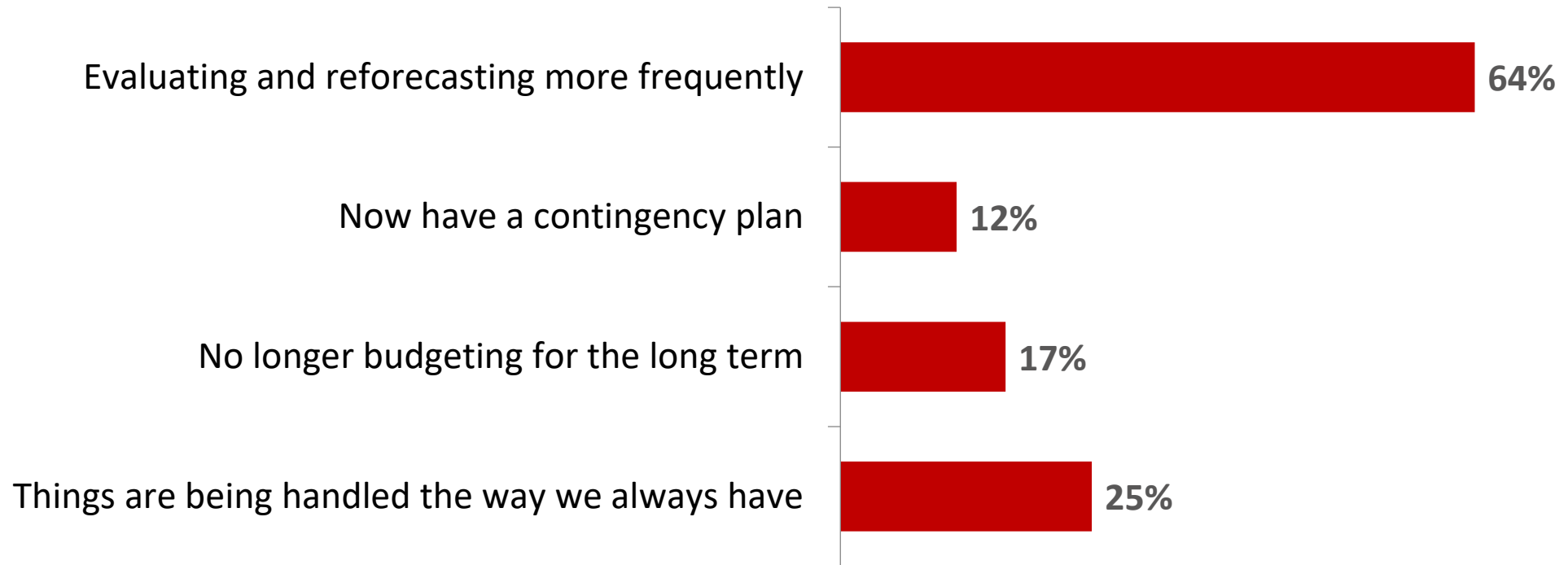
## Greatest Concerns for Media Spend & Measurement in 2021





# Buyers are responding to a dynamically-changing world

## Approach to 2021 Media Budgets



# Key reasons for Buyer optimism: e-com, ad/channel testing, and surer footing



Better economy

Test new channels and diversify spend

Increase in consumer online shopping

More support of media owners with Brand Suitable business practices

CPM will drop for OTT

Accelerate adoption of technology

Better omnichannel experience

Brand ability to adapt (and pivot)

Return of spend to OOH and cinema

We feel our current clients (and agency) are COVID-resistant at this point



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# Methodology

# Survey sample: profile

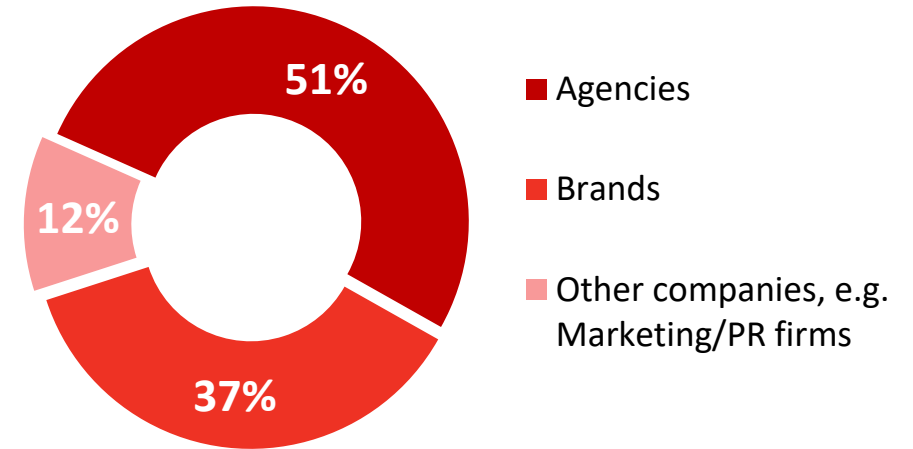
- 15 min. survey
- Fielded Nov 12-Nov 30, 2020
- N=266 from those who have purview into US advertising spend and revenue in 2020.

Respondents include Brand and Agency:

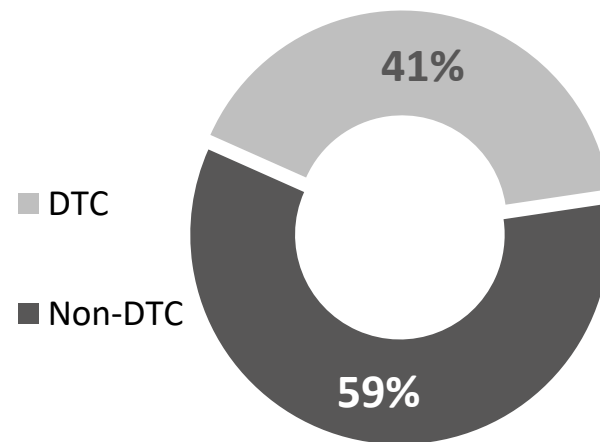
- Media planners
- Media Buyers
- Marketers

Note: Sample size varies by question and indicated

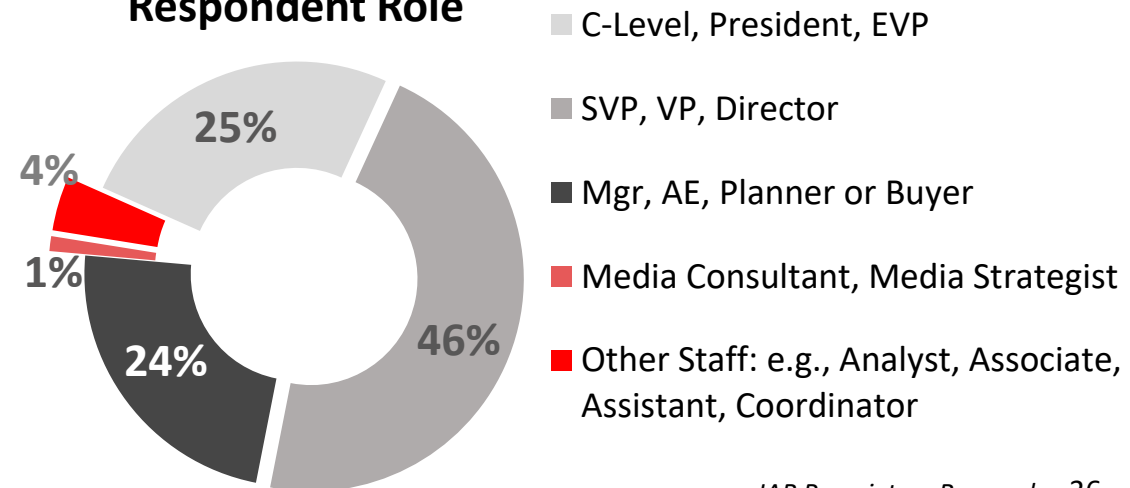
### Company Type



### DTC vs. Non-DTC

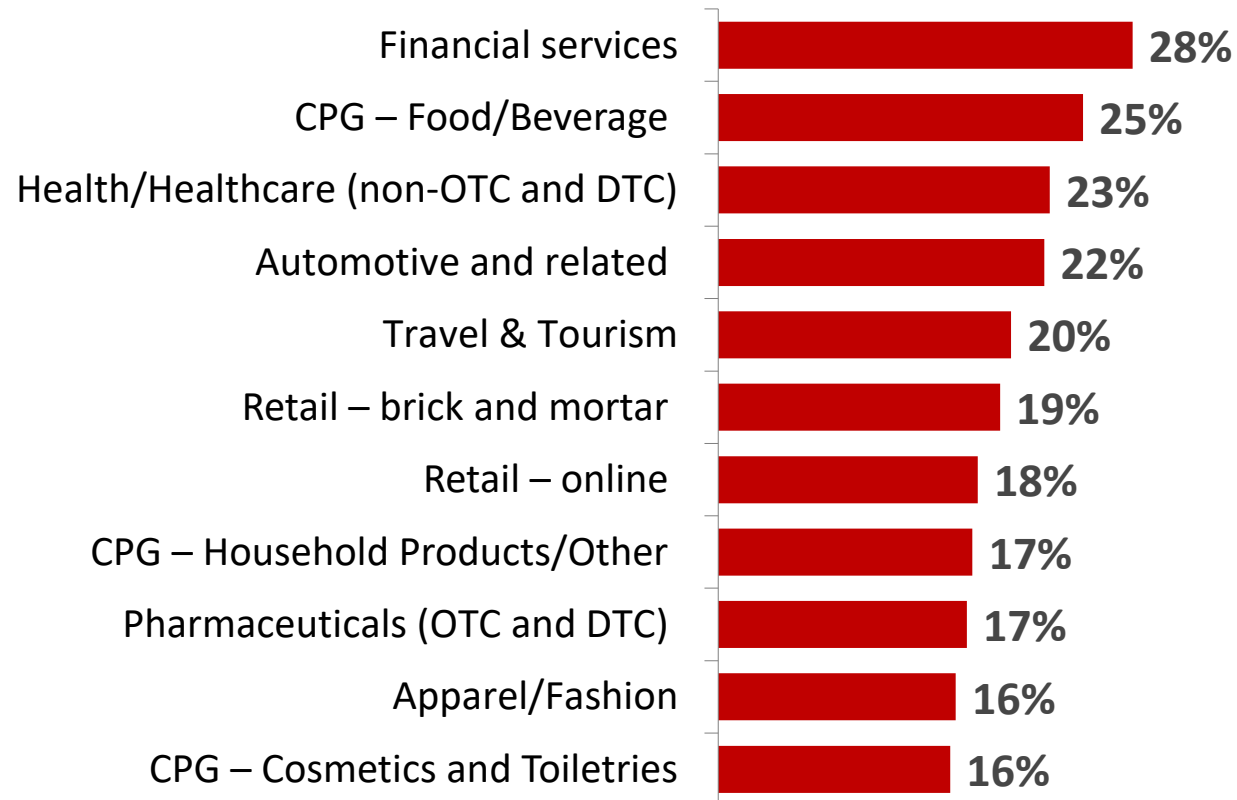


### Respondent Role



# Survey sample: by category

Respondents to this survey were comprised of both brands and agencies representing a wide spectrum of U.S. advertising categories:



## \*Other Categories include:

- Education/Government
- Media
- Restaurants
- Consumer Electronics
- Technology
- Baby, Child or Parenthood-related
- Beer, Liquor and Wine
- Home & Appliance
- Fitness and Wellness
- Telecommunications
- Energy
- Gaming
- Real Estate
- Jewelry & Watches
- Pets/Pet Supply
- Politics, Organizations or Public services
- Toys and Hobbies
- Misc.

# About Us



The Interactive Advertising Bureau (IAB) empowers the media and marketing industries to thrive in the Digital economy. Its membership is comprised of 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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