**Standard Media index**

## Year in Review

2020's Top Data-Driven Ad Industry Insights

Prepared by Standard Media Index (SMI), the most trusted source of advertising expenditure and pricing data in the marketplace. SMI accesses actual spend from media buying groups and leading independents to boost ad market transparency.

## The Impact of COVID-19

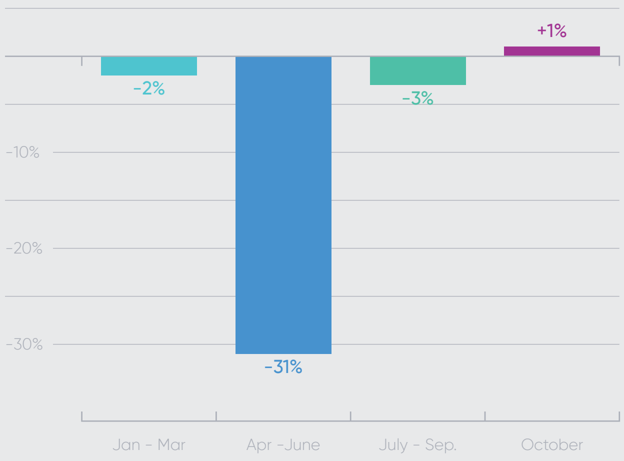
Ad revenue drops –31% in Q2, stabilizes in Q3, and looks to rebound in Q4

With lockdowns in effect, events and sports cancelled, and consumer habits shifting, national advertisers pulled back ad spend in Q2 resulting in a -31% drop in revenue across all media groups in comparison with the same time period last year.

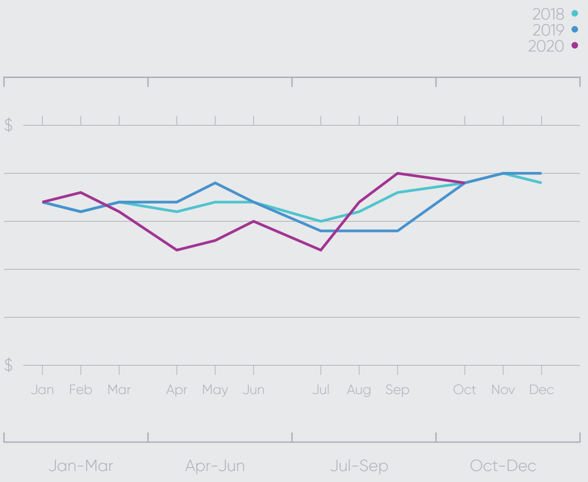
Q3 saw the beginning of a recovery period as lockdown restrictions eased and sports returned, with revenues down only -3%. In October 2020, ad revenue trended +1% as market stabilization pushed forward.

Q4 will be crucial as it consistently represents the leading investment quarter annually. Spend growth within the retail category and search channel are seeing year-to-date highs as marketers vie for share of wallet during gifting season.

### All Media Advertising Revenue Percent Change 2020 vs 2019




### Advertising Revenue Monthly Seasonality



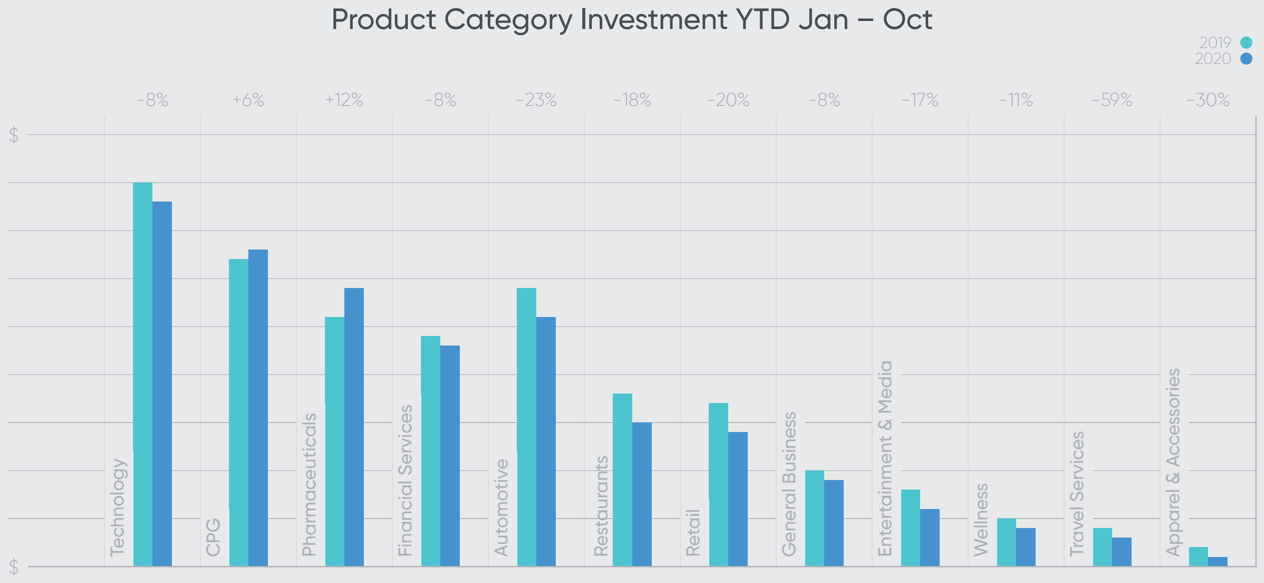

## Category Performance – A Growing Divide

Pharmaceuticals and CPG spend rose, while apparel, automotive, retail, and travel saw sharp declines

In the year-to-date period, through October 2020, pharmaceuticals and CPG are category bright spots, increasing investment by +12% and +6% year-over-year. Remaining sectors universally faced declines, which were most pronounced within travel, which decreased by -59%.

Pharmaceuticals and CPG alike ramped up digital investment +25% during the year, shifting attention to online touchpoints as consumers spent more time connecting.

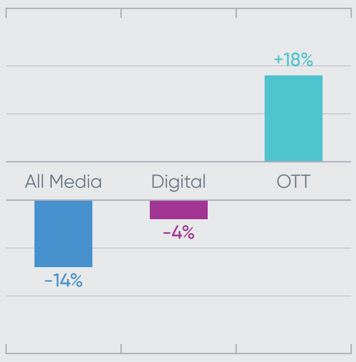
### Product Category Investment YTD Jan – Oct




## Explosive Growth in Streaming and Online Video

As overall US media revenue declined, OTT investment surged

Total US media revenue Jan – Sep 2020 fell by -14% compared with the same time period in 2019. Digital dropped by -4%, while OTT grew +18%.




National advertisers leaned into OTT investment as people began to spend more time at home and consumer behaviours shifted. In 2020, 25% of consumers increased video subscription services and spent a quarter of their TV time streaming content – up from 16% in 2019.

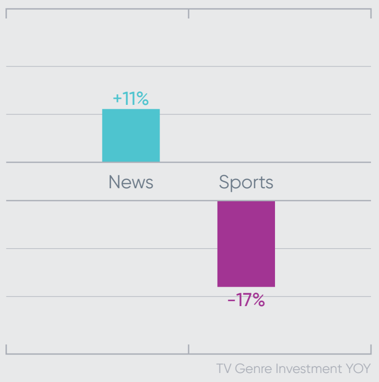
[Source: Nielsen | Beyond SVOD, Aug 2020]

2020 YTD, year over year, Hulu maintains industry leader status with expanding revenue but faces -2% market share loss as other players push into the top 15; Amazon sees highest ad revenue growth at +261%.

## The Rise of News and the Fall of Sports

In TV genre investment

Investment in news increased by +11% with cable channels performing best. Year-to-date, FOX News saw a +26% revenue increase, and CNN had a +29% increase, in comparison with the same period in 2019.




Continued COVID coverage and political coverage leading up to the presidential election drove strong viewership and ad spend.

Sports experienced an -17% decline year-to-date in comparison with the same period last year due to cancellations and low ratings. With the return of NFL Football in September, and the NBA Playoffs and NHL Stanley Cup Playoffs taking place that month, September saw a +22% increase in investment in Sports year-over-year.