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2020

# Keep Calm and Advertise On

How to Successfully Navigate  
Your Brand Through an  
Economic Downturn

# About VAB

VAB is an insights-driven organization that inspires marketers to reimagine their media strategies resulting in fully informed decisions.

Drawing on our marketing expertise, we **simplify** the complexities in our industry and **discover** new insights that **transform** the way marketers look at their media strategy.

## Simplify

We save you time by bringing you the latest data & actionable takeaways you can use to inform your marketing plans.

## Discover

We keep you one step ahead with the latest thinking so you can create innovative, forward-looking strategies.

## Transform

We help you build your brand by focusing on core marketing principles that will help drive tangible business outcomes.



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# What You'll Learn...

- ▶ Marketers reacted swiftly to the current crisis, resulting in paused campaigns for Q2, however many are undecided on the impact to 2H 2020 campaigns.
- ▶ An economic downturn driven by a pandemic impacts society and our economy differently than a typical financial crisis, however, it does not effect the fundamental principles of marketing.
- ▶ There is overwhelming evidence that advertising during a downturn has significant business benefits both in the short and long term. This is proven by historical data, marketing principles, marketer and agency case studies and financial analysis.
- ▶ There is cause for optimism. Most experts agree this economic downturn will rebound quickly.
- ▶ Many brands have leveraged recessionary periods to their advantage, spending to catapult themselves to rapid success in the recovery period after.
- ▶ Messaging, as well as spending, should be thoughtfully considered.

# ‘Should I or should I not spend?’ is a major question marketers ask themselves in an economic downturn

“...**most firms tend to cut back** on advertising during a recession. **This behavior reduces noise and increases the effectiveness of advertising** of any single firm that advertises. Thus, the **firm that increases advertising** in this environment can **enjoy higher sales and market share**. When the economy expands, all firms tend to increase advertising. At that point, no single firm gains much by that increase. The **gains of the firms that maintained or increased advertising during a recession, however, persist**”

**Gerard & Kethan Tellis**

Journal of Advertising Research  
*Research on Advertising in a Recession:  
A Critical Review and Synthesis*  
(September 2009)

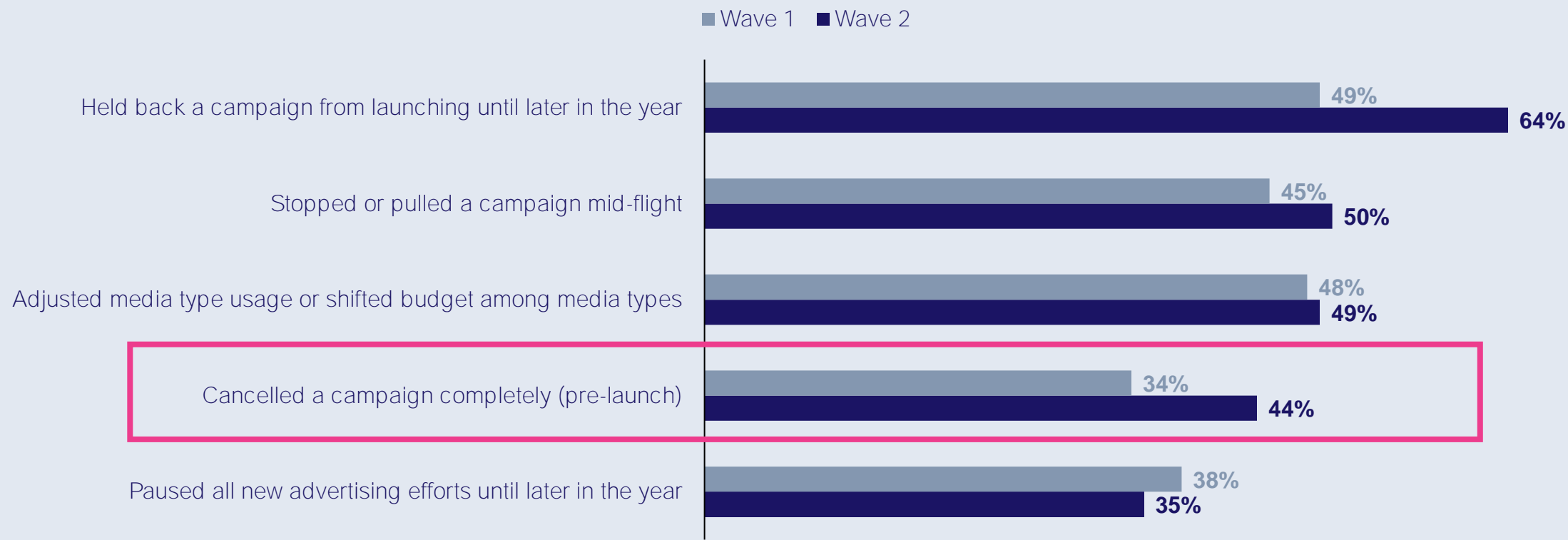
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# Advertiser Reaction to COVID-19



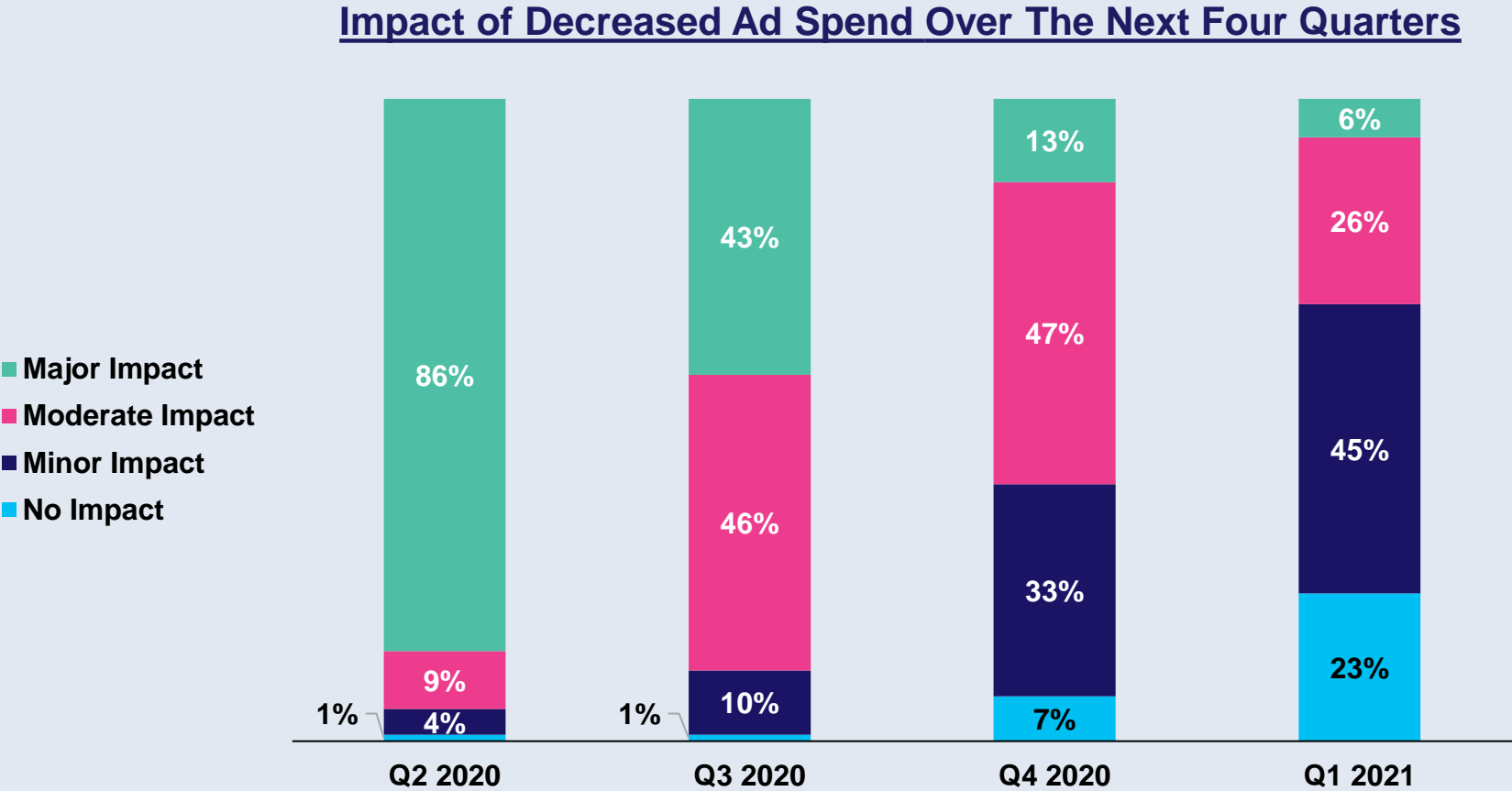
# Nearly **nine out of 10 advertisers (89%)** took action with their ad budgets because of **COVID-19**, with more brands recently canceling their campaigns completely

## How has Coronavirus impacted your advertising efforts?



Source: Advertiser Perceptions, "Coronavirus Effect on Advertising" Report. Q12: In which of the following ways has the Coronavirus (COVID-19) outbreak impact your recent or ongoing advertising efforts? Base: Total Respondents. Wave 1 = survey fielded March 17-20, 2020, 203 interviews conducted. Wave 2 = survey fielded April 1-4, 2020, 152 interviews conducted.

While advertisers expect the largest impact to be concentrated in 2Q, **over half** are anticipating further budget disruptions through at least the end of the year



Source: 'Advertiser Perceptions, Coronavirus Effect on Advertising' Report. Q19: Thinking about your 2020 decrease in ad spending as a result of the Coronavirus (COVID-19) outbreak, which quarters do you anticipate will be impacted most? Base: decreasing ad spending in light of Coronavirus. Survey fielded April 1-4, 2020, 152 interviews conducted.

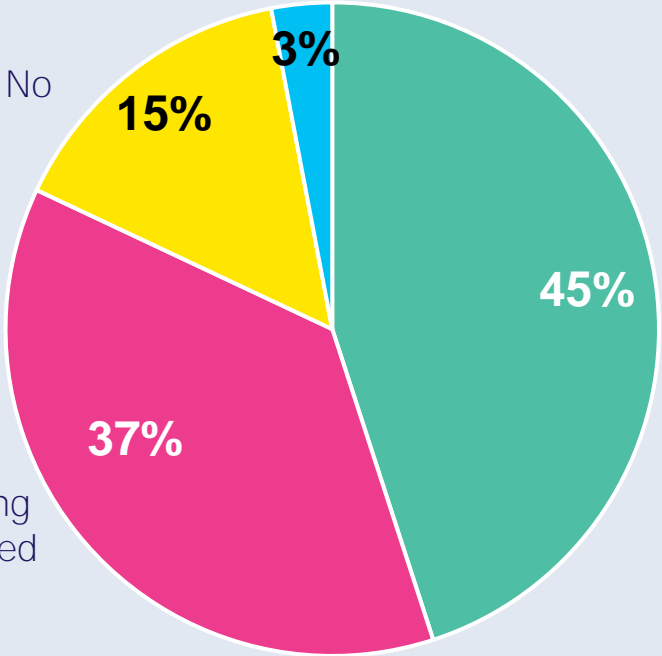


**82%** of buyers adjusted or paused their planned ad spend between April - June...looking ahead into 2<sup>nd</sup> half 2020, **two-thirds** of buyers are undecided about their ad budgets

**April – June 2020**

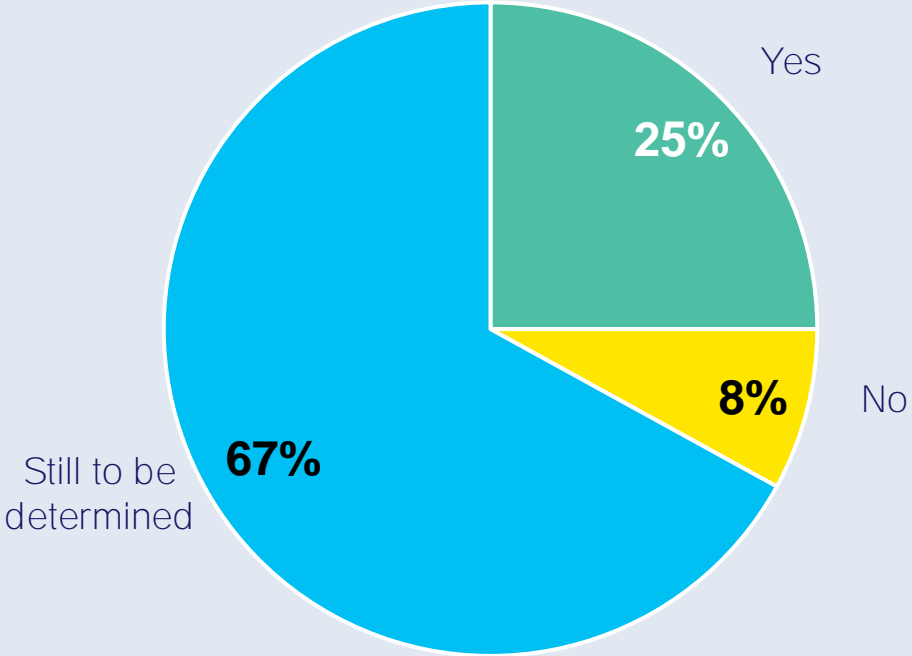
% Buyers Making Ad Spend Changes in 2Q

Still to be determined



**Second Half 2020**

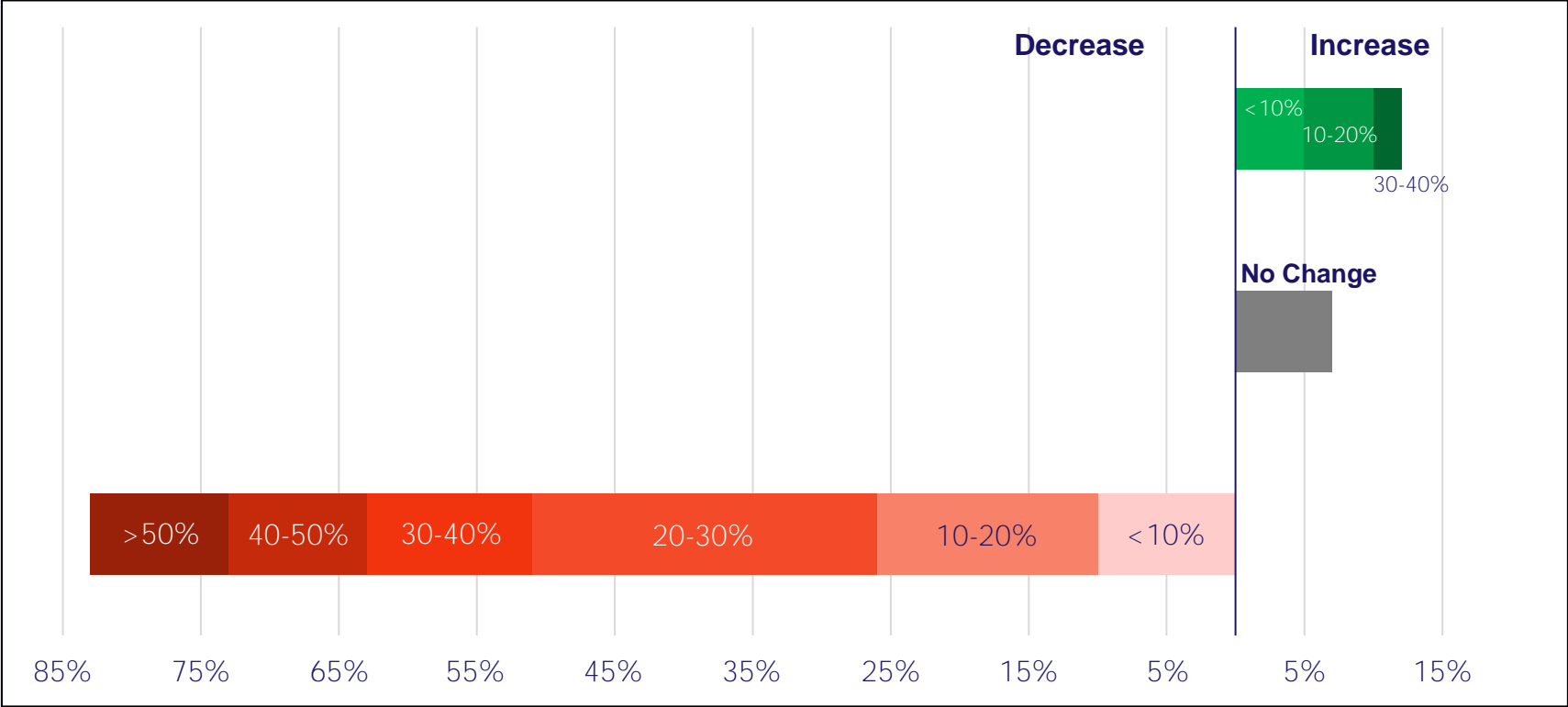
% Buyers Making Ad Spend Changes in 2<sup>nd</sup> Half



Source: IAB. Left-hand chart – ‘Coronavirus Ad Spend Impact: Brands, Agencies, Other Buyers – April 2020,’ 4/29/20. Survey fielded April 15-21, 2020. N = 294 completes from those responsible for US advertising spend in 2020 (media planners, media buyers, brands). Q: Are you making any Q2 (April-June) changes to advertising spend as a result of Coronavirus vs. planned investment you had originally planned? Right-hand chart - ‘Coronavirus Ad Spend Impact: Buy-Side,’ 3/27/20. Survey fielded March 18-24, 2020. N = 390 completes from those responsible for US advertising spend in 2020 (media planners, media buyers, brands). Q: Are you making any advertising spend changes in the second half of 2020 as a result of Coronavirus?

Approximately **80% of brands** are planning to reduce their media budget for the rest of the year; **more than half expect to cut spend by > 20%**

How do you expect your media budgets will change for the rest of the year?



Source: Ebiquity, 'COVID-19 & Media: Ebiquity Client Survey Results.' Survey conducted between March 19-31, 2020. n=43.



## Summary: Advertiser Reaction to COVID-19

- ▶ Most advertisers have reacted strongly to the current climate, with the common response being to pause or halt their campaign and spending
- ▶ While many advertisers have already changed plans for Q2, most are taking a “wait and see” approach to plans and budgets for the 2<sup>nd</sup> half 2020

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# Advertising Through Crises



Academic scholars, Fortune 100 companies, financial analysts, research firms and ad agencies all **conducted independent analyses** and agree **advertising through a downturn is better for your long-term brand health**













“Maintain marketing spending. This is not the time to cut advertising. It **is well documented that brands that increase advertising during a recession**, when competitors are cutting back, can **improve market share and return on investment at lower cost than during good economic times.**”

**John Quelch**

Harvard Business School  
*Marketing Your Way Through A Recession*

# The ability of advertising to drive business outcomes for brands during and after an economic downturn is not merely an opinion, it is a fact

Advertising has evolved into a data-driven, in fact data-obsessed, industry and we have **data covering the last one-hundred years of economic downturns that empirically prove advertising's ability to drive sales and increase share of market** during the time of recessions and beyond.

In this guide we feature a **compilation of eight case studies throughout the years that include over 2,000 brands** within the totality of the analyses. These studies were conducted by **highly-esteemed academic and marketing scholars** applying rigorous standards and methodologies to all their work and findings.

Taken together, the **link between well-researched, well-tested marketing principles**, such as share of voice driving share of market, **and business outcomes is undeniable**. These principles have stood the test of time and are just as applicable today as they were in past recessions.

# But isn't what we are experiencing now different than past financial crises? Yes, a pandemic has unique factors

COVID-19 has rapidly upended all parts of society across the world and particularly in the United States. This global crisis has led to skyrocketed unemployment rates, massive lockdowns and closures affecting all sectors and levels of commerce.

An economic downturn brought on by a pandemic or natural disaster is different than a typical financial crisis for **two main reasons**:

## 1. Varied Effects on Business Sectors

Rather than an overall decline across all economic sectors, during COVID-19, some categories have experienced rapid growth / 'panic' buying (virtual communications like Zoom, essential goods like toilet paper and other paper products) while others are closed completely or severely impacted (restaurants / bars, travel).

## 2. Recovery Rate

When the impetus for the economic downturn is based on external factors (a virus resulting in government restrictions) rather than deep-rooted issues with the economy, the rebound is much quicker as the financial system is more equipped to deal with the set back.



# Can we still look to the past to guide us during COVID-19?

## Yes, these economic factors do not change basic marketing principles

Although a pandemic affects businesses and the economy in different ways than a traditional financial crisis, it does not change the fundamental principles of marketing and consumer behavior.

Regardless of the economic conditions, sales, revenue and profitability are directly correlated to the relationship between share of voice and share of market.

**Share of Voice (SOV):** a company / brand's share of the total advertising dollars spent, or impressions delivered, within an industry / category.

**Share of Market (SOM):** the percentage of the total sales or revenues within an industry / category generated by a particular company / brand at a given time.

# During an economic downturn, marketers need to maintain their share of voice to avoid a prolonged and expensive recovery

During this time, some sectors will have no choice but to cut back or go dark, with closures or supply chain issues making doing business impossible. However, **for the other categories** whose sales are impacted but can function, **this is a crucial time**.

In both an uncertain or strong economy, advertisers who **decrease their share of voice** will experience **lower profits** and will be forced to **spend more money** to regain their position. Although this principle always holds true, we will illustrate how this correlation is amplified during an economic downturn, meaning **it will take advertisers who cut back or go dark longer to recover** when the economy rebounds.

Keep in mind, maintaining share of voice does not necessarily mean **maintaining your current budget**. As we previously illustrated, many advertisers cut their budgets during a recession, therefore there is the opportunity to preserve your position for a **lower overall investment**. The key is to **actively monitor** your **competitors' expenditures**.

This guide will demonstrate through **100 years of advertising data** how cutting back spend or going dark may provide **short-term relief**, but will cause **long-term harm** to your brand.



## Summary: Advertising Through Crises

- ▶ Experts all agree that advertising during a recession results in higher sales and increased market share
- ▶ While a pandemic is different than a typical financial crisis, experts also agree the fundamental correlation between share of voice and share of market still apply
- ▶ Advertisers who reduce their share of voice during an economic downturn suffer greater consequences; they experience lower profits and are forced to regain share later at a higher price in a more competitive marketplace
- ▶ However, in today's market environment there are certainly exceptions for advertising in some sectors and businesses that are currently unable to service their customers or have on-going supply chain issues

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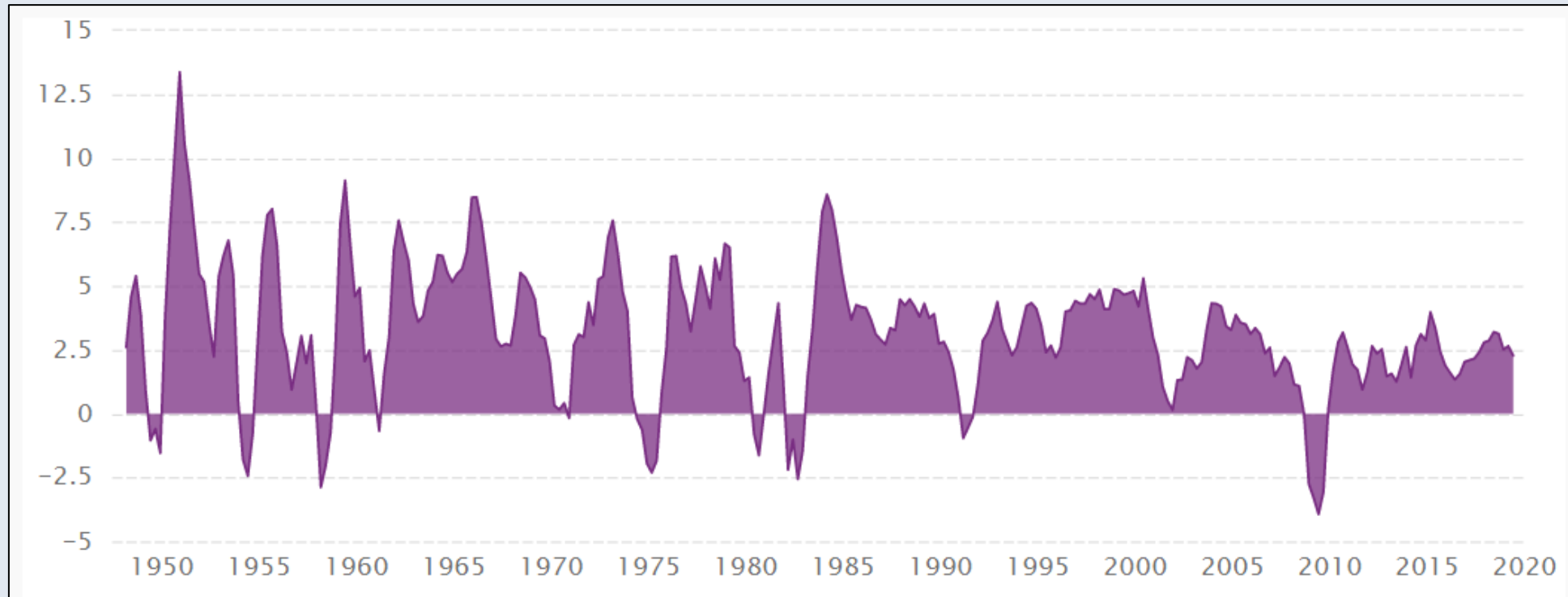
# Economic Trends & Projections



# Since the end of World War II, there have been 11 recessions in the U.S. and these recessions have had an average duration of 11 months with long periods of prosperity typically in-between

The shortest recession was in 1980 due to the increased interest rates by the Federal Reserve, the longest was 18 months in Dec '07- Jun '09 due to the subprime mortgage crisis. The 2001 recession was eight months with the economy rebounding rather quickly after September 11<sup>th</sup>.

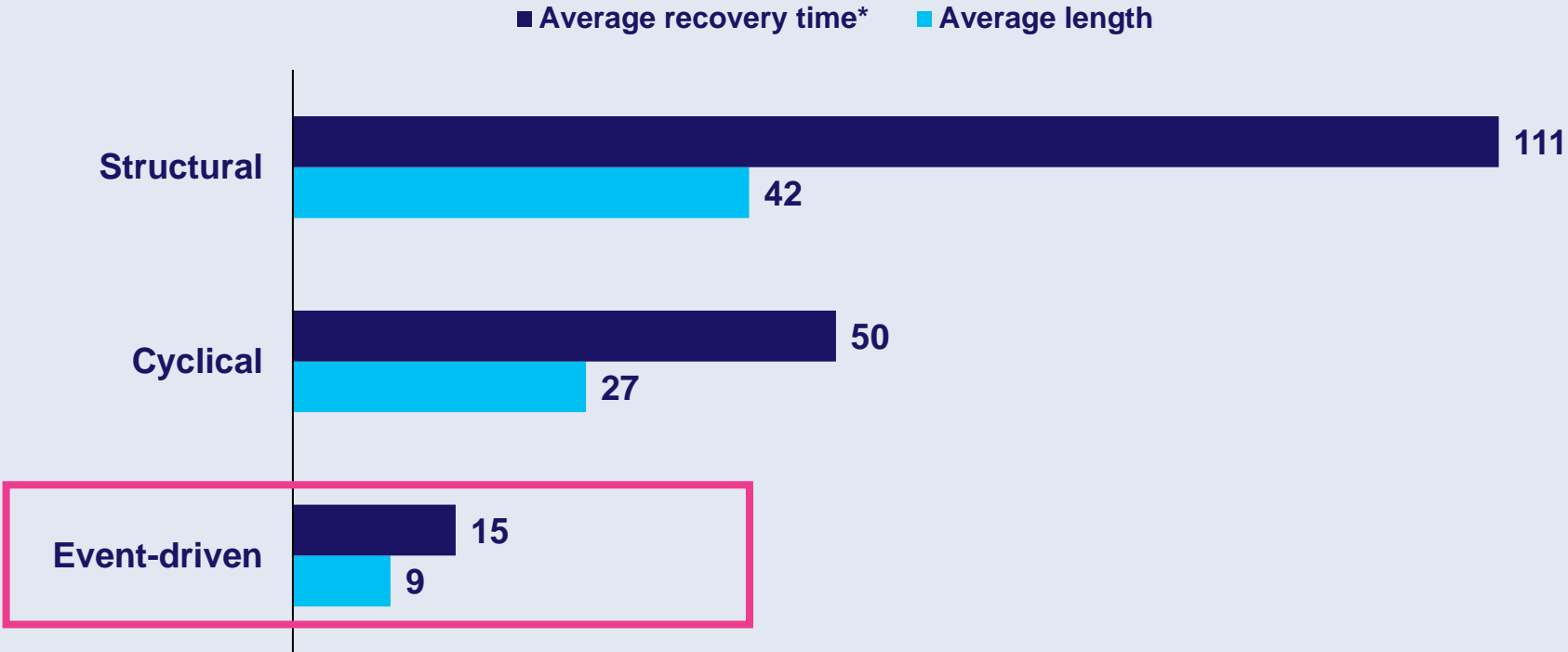
## United States Real Gross Domestic Product (GDP): 1948 – 2019 (YoY)



Source: Census and Economic Information Center, CEICdata.com, March 1948 – December 2019.; Wikipedia.com

# According to a recent report from Goldman Sachs, bear markets recover quicker after an adverse event than cyclical ones or those caused by underlying structural issues in the economy

Average length and recovery time of U.S. bear markets since 1800, by type of trigger  
(in months)

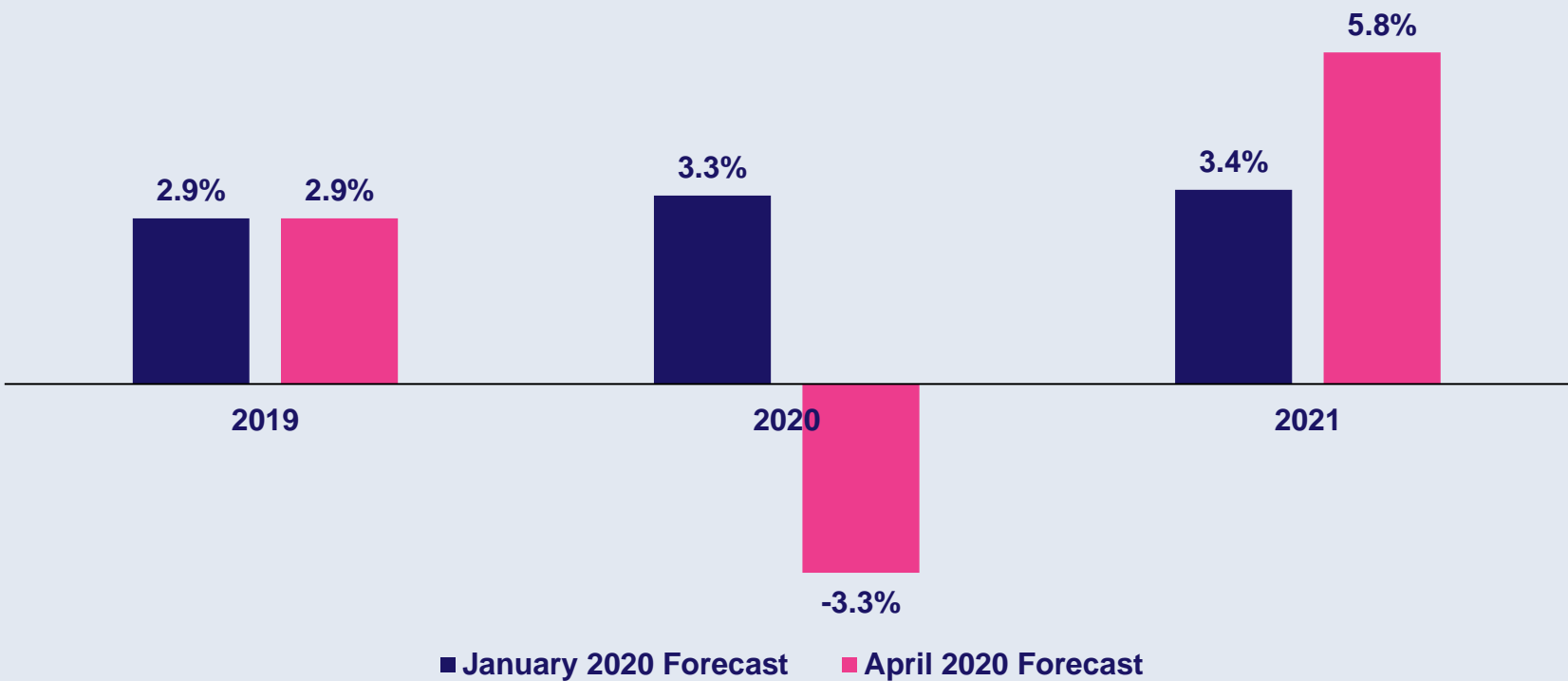


\*Average recovery time = time it takes to get back to previous level

Source: Goldman Sachs, Bear Essentials: A Guide to Navigating a Bear Market, 3/9/20. Bear markets include seven structural, 14 cyclical and 5 event-driven ones. **Structural** bear market = trigger by structural imbalances and financial bubbles. Very often there is a 'price' shock such as deflation that follows. **Cyclical** bear market = typically a function of rising interest rates, impending recessions and falls in profit. They are a function of the economic cycle. **Event-driven** bear market = triggered by a one-off 'shock' that does not lead to a domestic recession (such as a war, oil price shock, EM crisis or technical market dislocation)

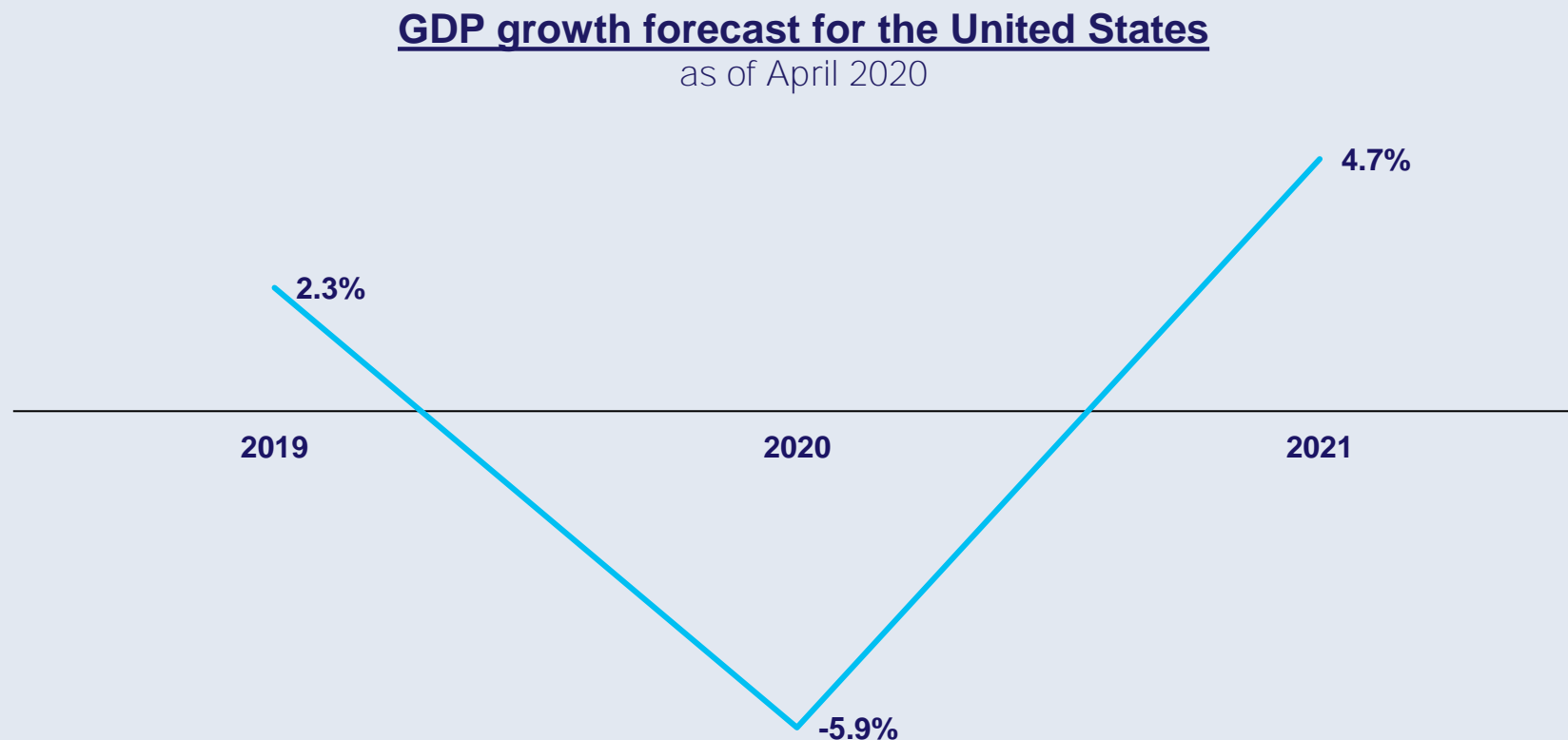
# Globally, the International Monetary Fund (IMF) currently expects a rather swift recovery after COVID-19 contraction

Global GDP growth forecasts before and during the COVID-19 pandemic



Source: International Monetary Fund, World Economic Outlook, January 2020 & April 2020.

# In the United States, most economists are projecting a 'V'-shaped recovery in 2021 after a sharp economic decline in 2020

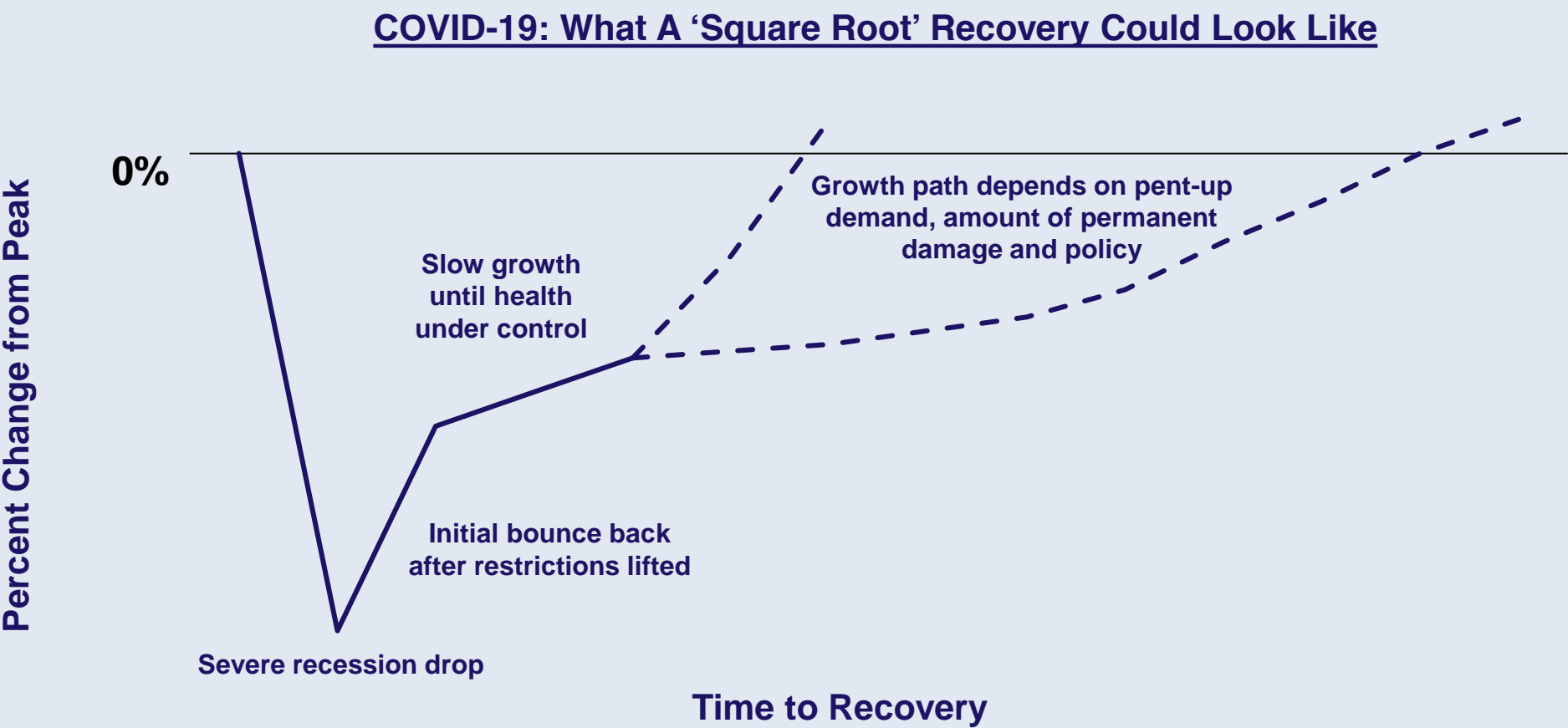


\*IMF projections based on the assumption that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound and that effective policy measures are taken to limit the economic harm done by lockdown measures.

Source: International Monetary Fund, World Economic Outlook, January 2020 & April 2020.



Depending on the economic outlook once the public health crisis is under control though, recovery could morph more into the shape of a reverse ‘square root’ from a classic ‘V’-shape

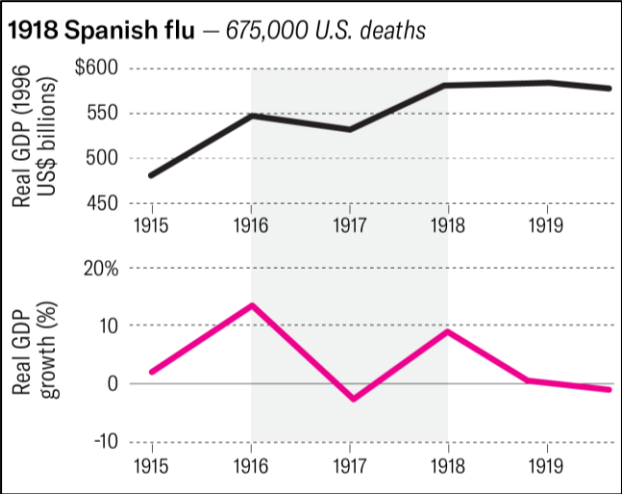


Source: Oregon Office of Economic Analysis, [“COVID-19: The Square Root Recovery?”](#), April 7<sup>th</sup>, 2020.

# COVID-19 recovery projections are in line with historical trends as economies in prior pandemics all experienced variations of a ‘V’-shaped recovery

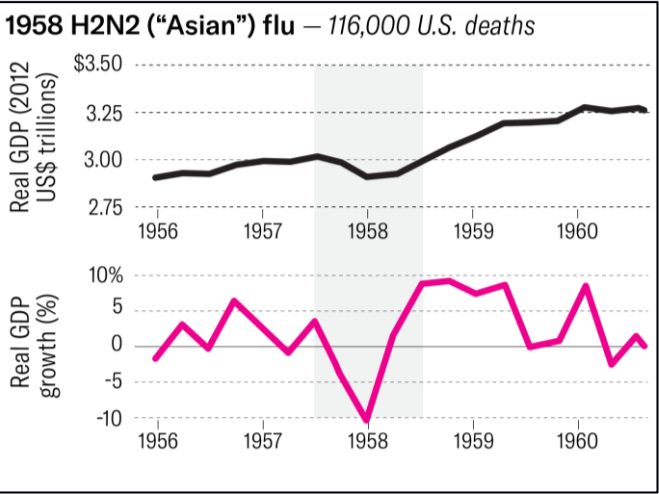
## 1918 Spanish Flu

675,000 U.S. deaths



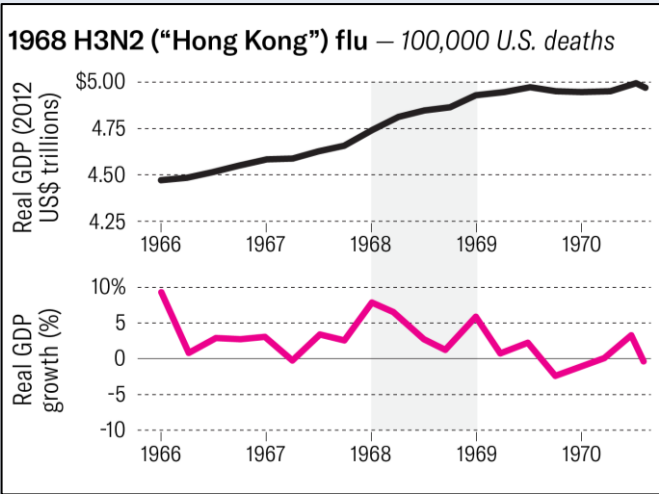
## 1958 H2N2 (‘Asian’) Flu

116,000 U.S. deaths



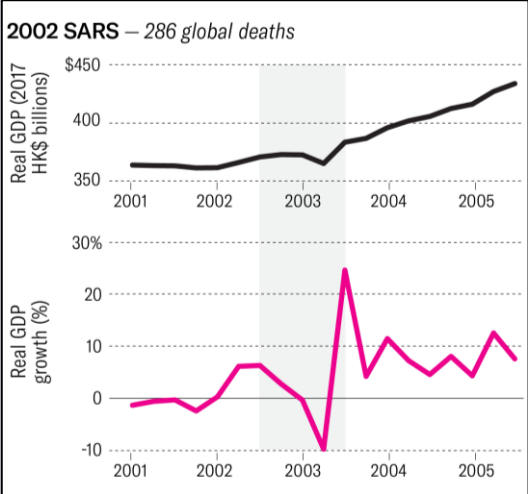
## 1968 H3N2 (‘Hong Kong’) Flu

100,000 U.S. deaths



## 2002 SARS

286 global deaths



Source: Harvard Business Review, ‘What Coronavirus Could Mean For The Global Economy,’ 3/2/20. Note: Real GDP growth is quarterly except for 1918, when it’s yearly. Sources are based on U.S. Census Bureau, Bureau of Economic Analysis (BEA), CDC, Census and Statistics Department (Hong Kong), BCG Center for Macroeconomics analysis.




## Summary: **Economic Trends & Projections**

- ▶ Many predict a quick recovery into 2021, however forecasts vary on the rate of full recovery vs. a plateauing based on the state of economic factors once the public health crisis is under control
- ▶ There are typically long periods of prosperity in between recessions
- ▶ Historically, the economy has rebounded quickly after pandemics

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# A One-Hundred Year Perspective





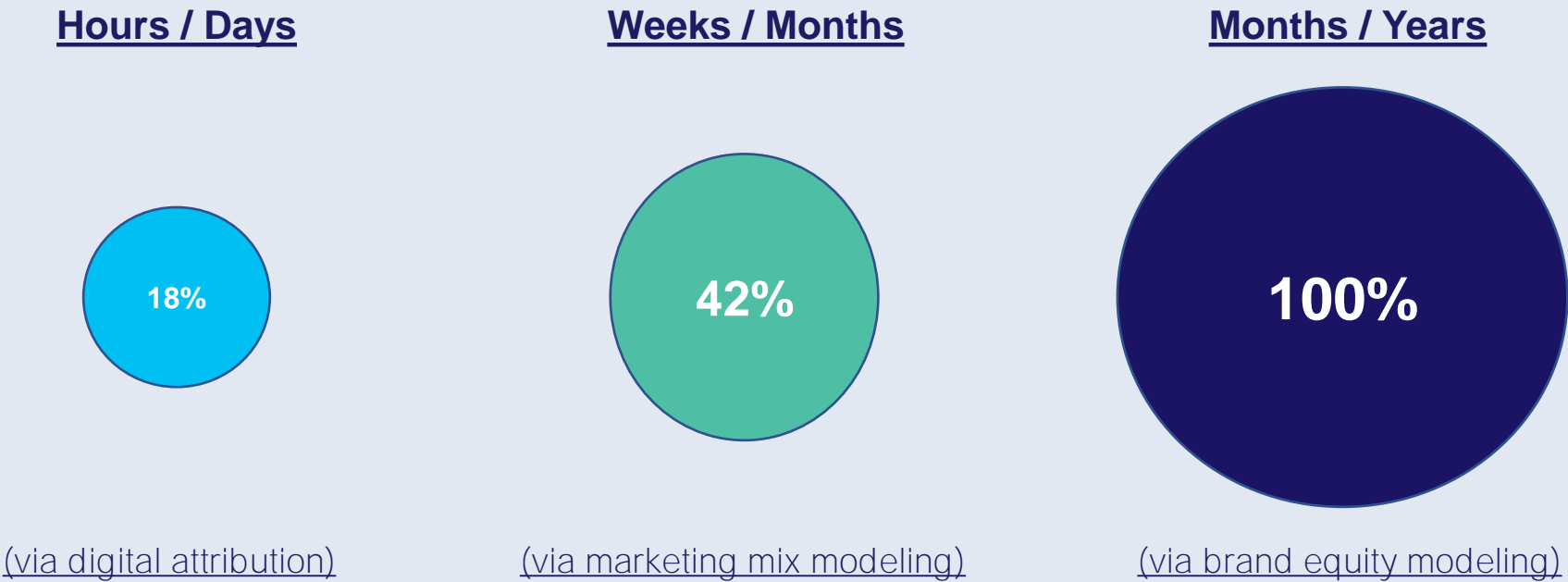
“Because the **purpose of business is to create a customer**, the business enterprise has two — and only two — basic functions: marketing and innovation. Marketing and innovation produce results; **all the rest are costs. Marketing is the distinguishing, unique function of the business.**”

**Peter Drucker**

Management Consultant, Educator, Author  
*The Practice of Management (1954)*

First, it's important to understand that the **full impact of advertising's effect is not seen immediately** which helps explain how brands that spend during a recession continue to see significant share gains in the years after it

Share of Sales Impact by Timeframe



How to read: 18% of sales derived from advertising occurs within hours/days of exposure

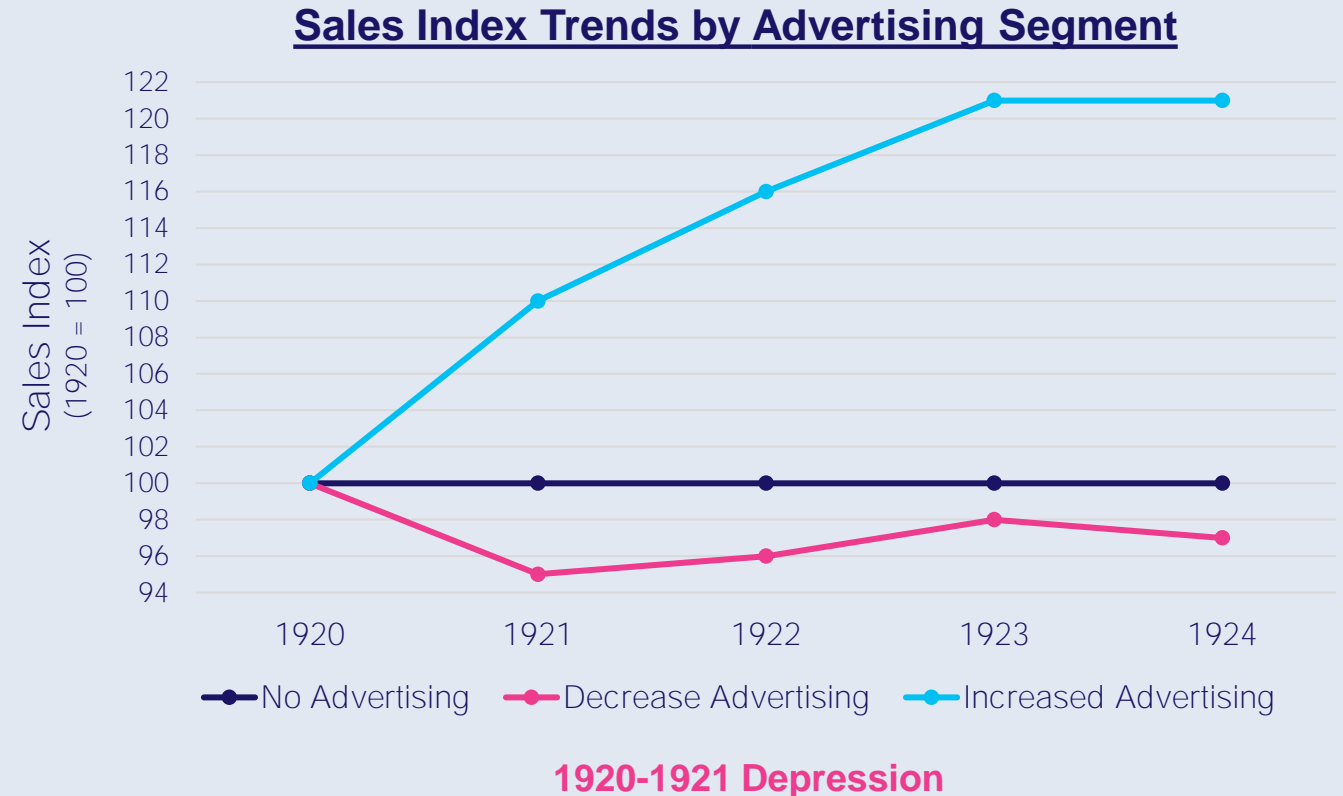
Source: Ebiquity, 'Advertising Through a Recession,' April 2020.

For **100 years**, scholars have been demonstrating how brands that increase their ad budgets during an economic downturn **grow sales much faster** than their competitors – both during the time period and beyond it

In the 1920's, companies that decreased their advertising spend saw sales decline both during the recession and then for the following three years.

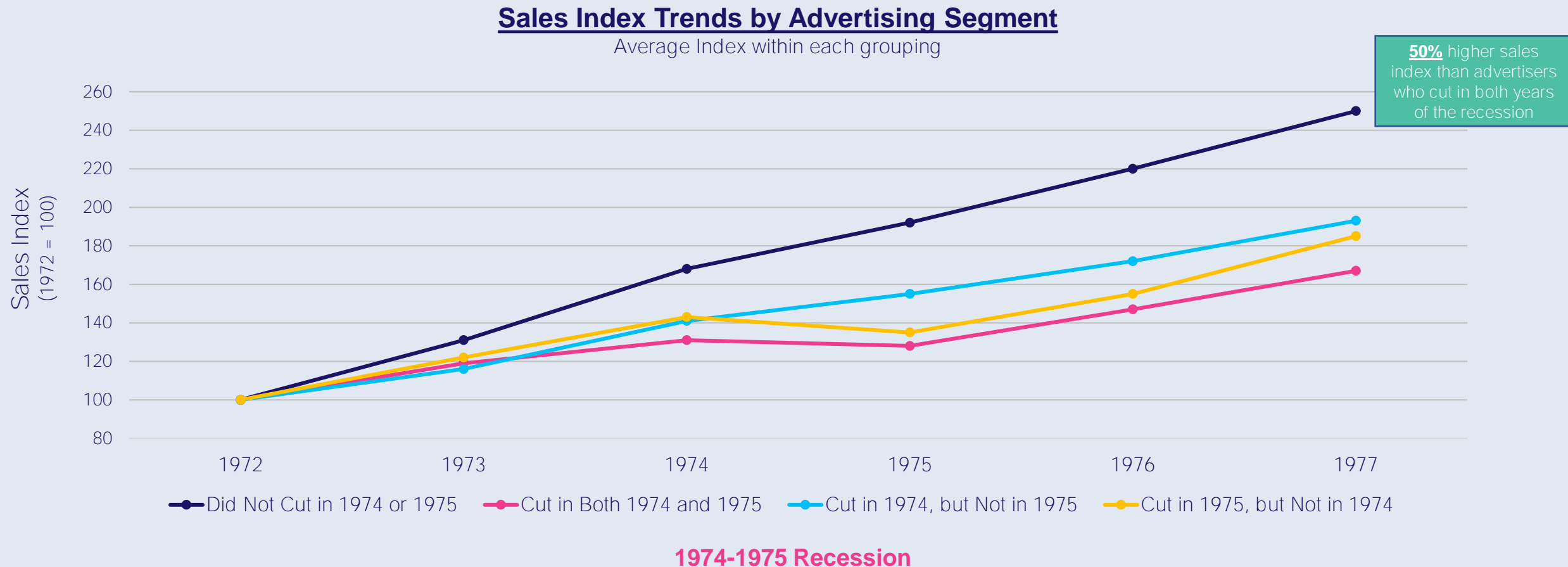
In relative terms, **these companies actually underperformed even those that elected to do no advertising at all.**

This was the first in a series of proof points over the last century to prove the ability of increased advertising during a recession to drive outcomes.




Source: Roland S. Vaile, 'The Use of Advertising During Depression,' Harvard Business Review 5, April 1927. Analysis includes 250 companies. Specific sales index data points based on Mark Ritson's, 'Marketing in the Time of Coronavirus' webinar, April 2020 (Marketing Week, Mini MBA in Marketing program).

# 1974-1975 Recession: Similar patterns were seen in the 1970's as companies that **did not cut their advertising** budget not only remained strong during the recession but emerged even stronger after it



Source: Meldrum and Fewsmith, Inc, Associated Business Publications, 1979, based on an analysis of 143 companies. Specific sales index data points based on Mark Ritson's, 'Marketing in the Time of Coronavirus' webinar, April 2020 (Marketing Week, Mini MBA in Marketing program).





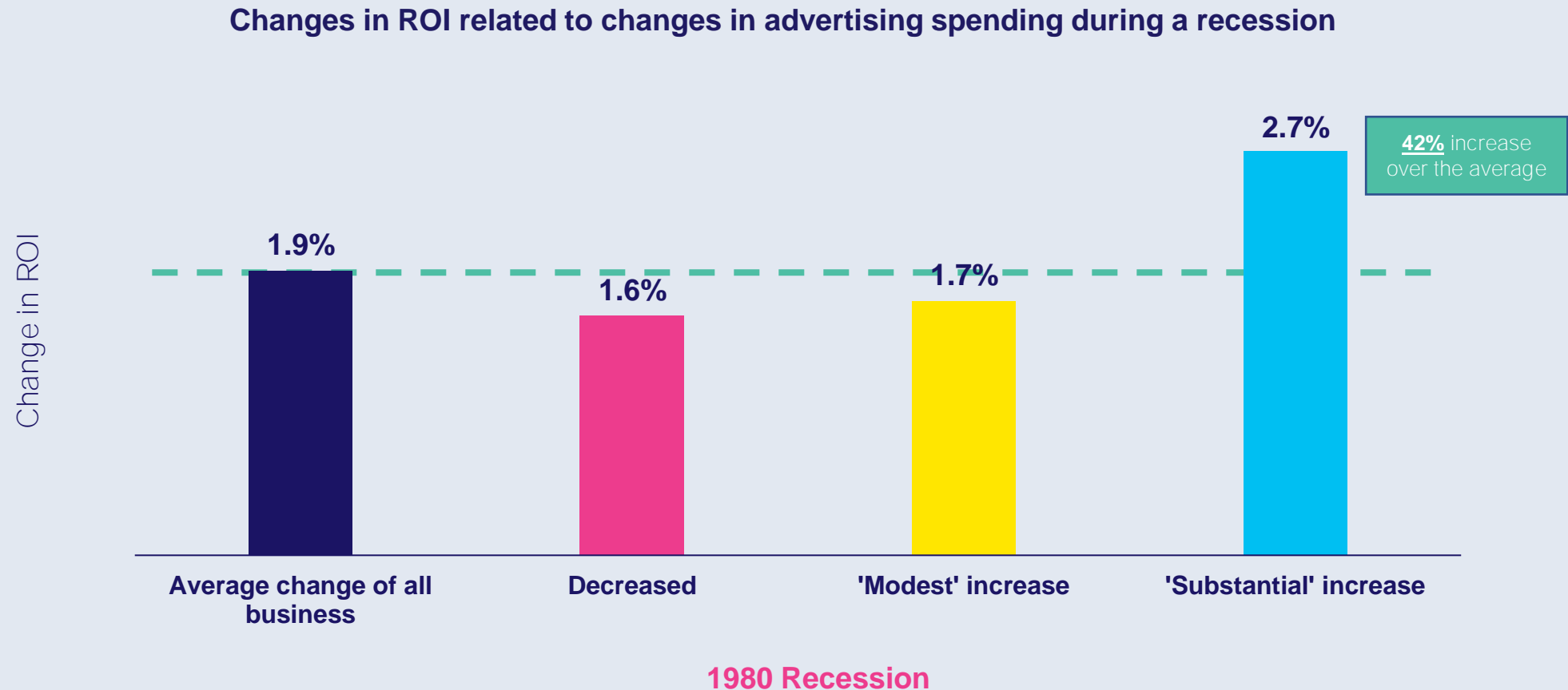
**“The gangster move in a recession is not just to maintain the budget but actually increase ad spend. That sounds like a lunatic move until you understand ESOV and the dynamics of long-term brand building.”**

**Mark Ritson**

Marketing & Branding Consultant  
Former Professor of Marketing at Melbourne Business School  
Founder, Marketing Week Mini MBA  
*Marketing Week, 4/6/20*

ESOV = Excess Share of Voice (see slide 42 for more detail on the concept of ESOV).

# 1980 Recession: An analysis conducted by WPP across almost 400 companies proved that **increasing advertising** during a recession has a positive impact on return on investment (ROI)



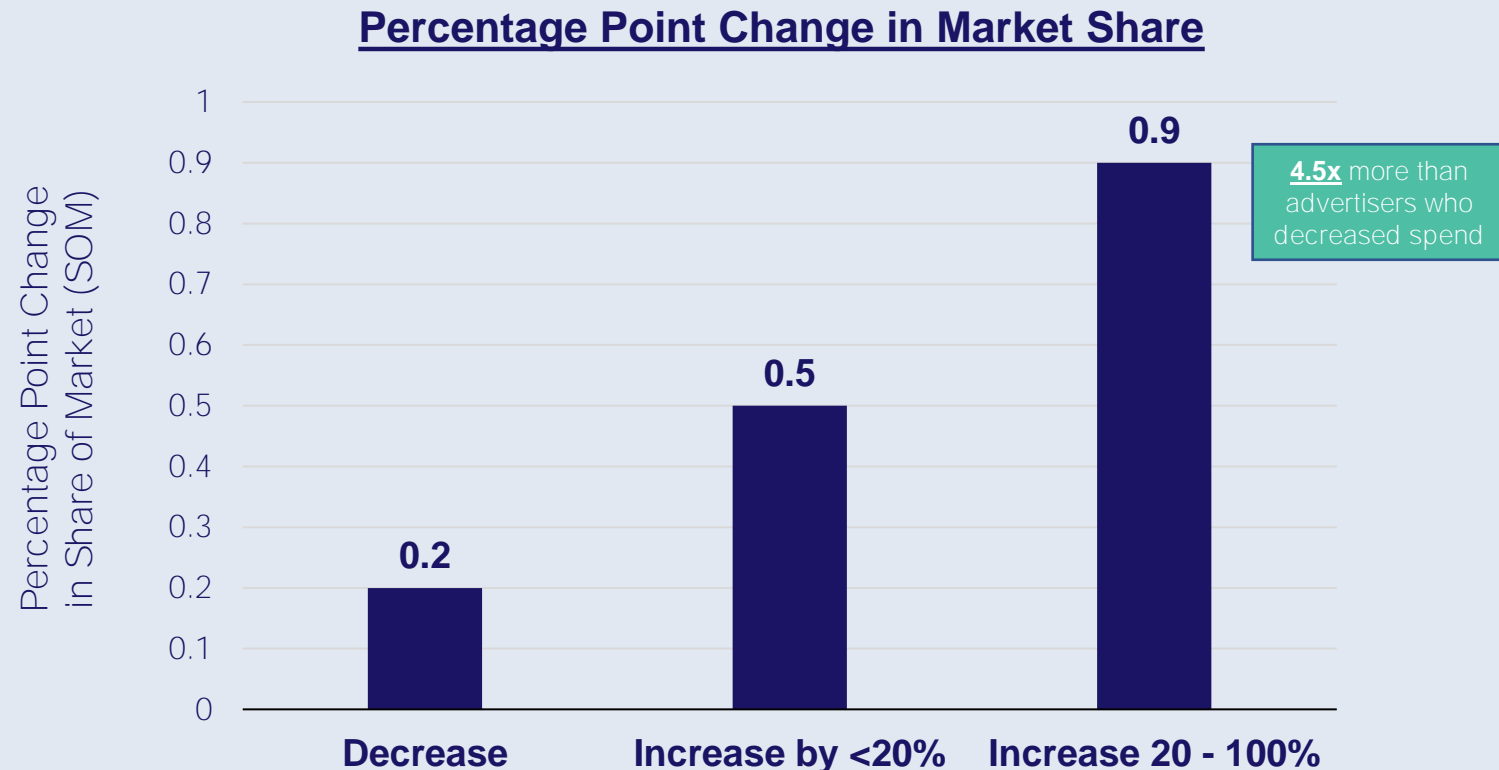
Source: Biel and Stephen King, 1990, WPP Center for Research and Development . Analysis includes 390 companies utilizing data from the Profit Impact of Market Strategy (PIMS) database.

# 1980 Recession: This same WPP analysis also showed that brands who invested in advertising during the recession saw a considerable increase in market share over those that decreased their spend

The brands cutting ad spend didn't lose market share during the recession due to the extinction of some competitors, however they didn't see any increase in profitability.

Brands that increased their spend enjoyed a significant increase in market share.

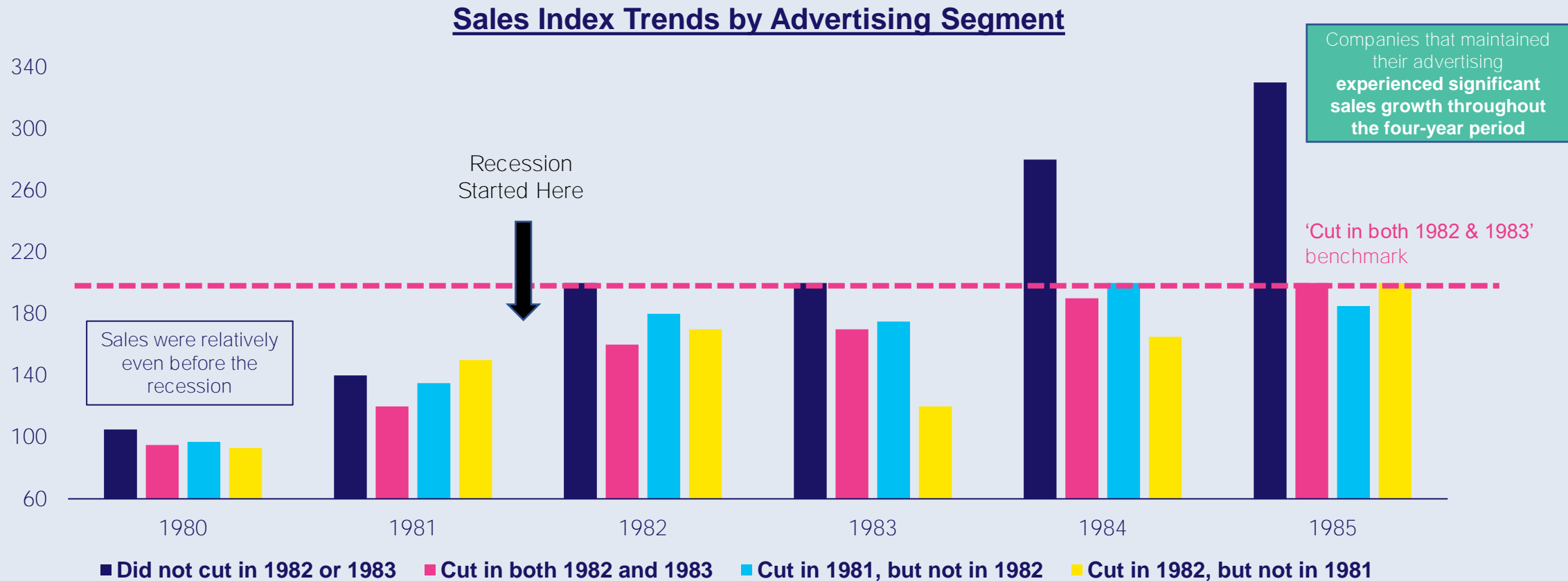
Most of their market share gains were achieved during the recessionary period and then maintained during the growth that followed.



1980 Recession

Source: Biel and Stephen King, 1990, WPP Center for Research and Development . Analysis includes 390 companies utilizing data from the Profit Impact of Market Strategy (PIMS) database.

# 1981-1982 Recession: A McGraw-Hill research analysis of 600 companies showed that those who maintained or increased their ad spend averaged significantly higher sales growth for three years after the recession

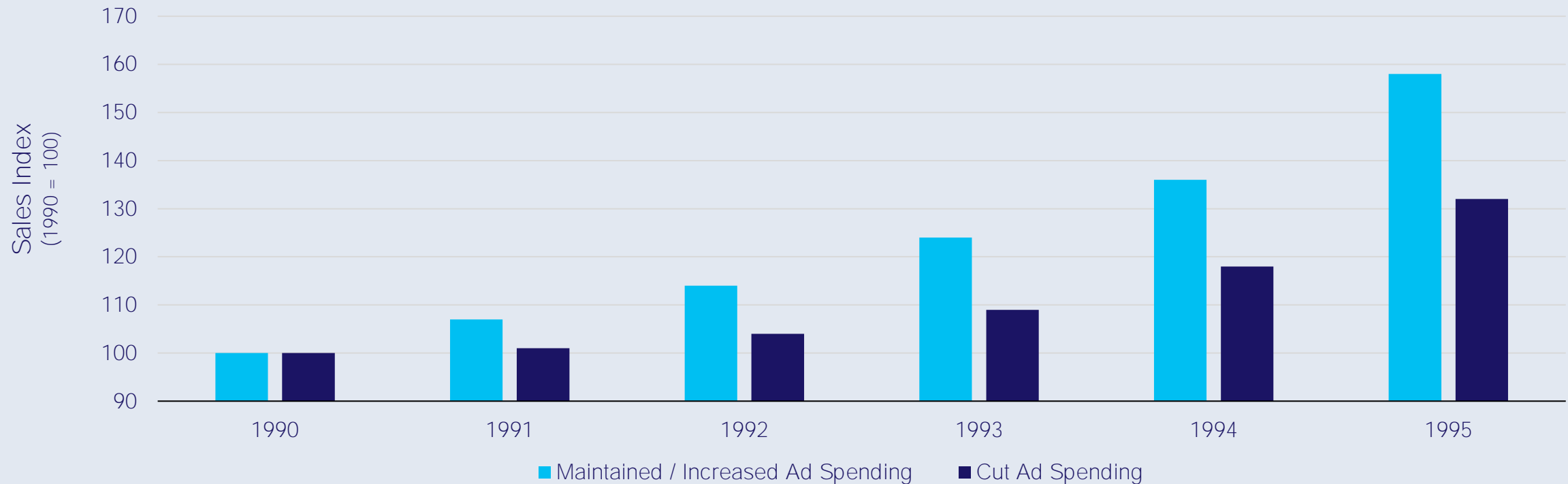


## 1981-1982 Recession

Source: McGraw-Hill Research, analysis of 600 companies covering 16 different industries from 1980 – 1985. Forbes, 'When A Recession Comes, Don't Stop Advertising,' Brad Adgate, 9/5/19.

**1990-1991 Recession:** the same principles continued to hold true through another scholar-driven analysis that showed the **negative effect of cutting ad spend** resulted in **significant share loss** to competitors

Sales Index Trends for Brands Who Maintained / Increased Ad Spending vs. Cut Ad Spending



**1990-1991 Recession**

Source: Thomas Kamber, Journal of Brand Management; 2002.



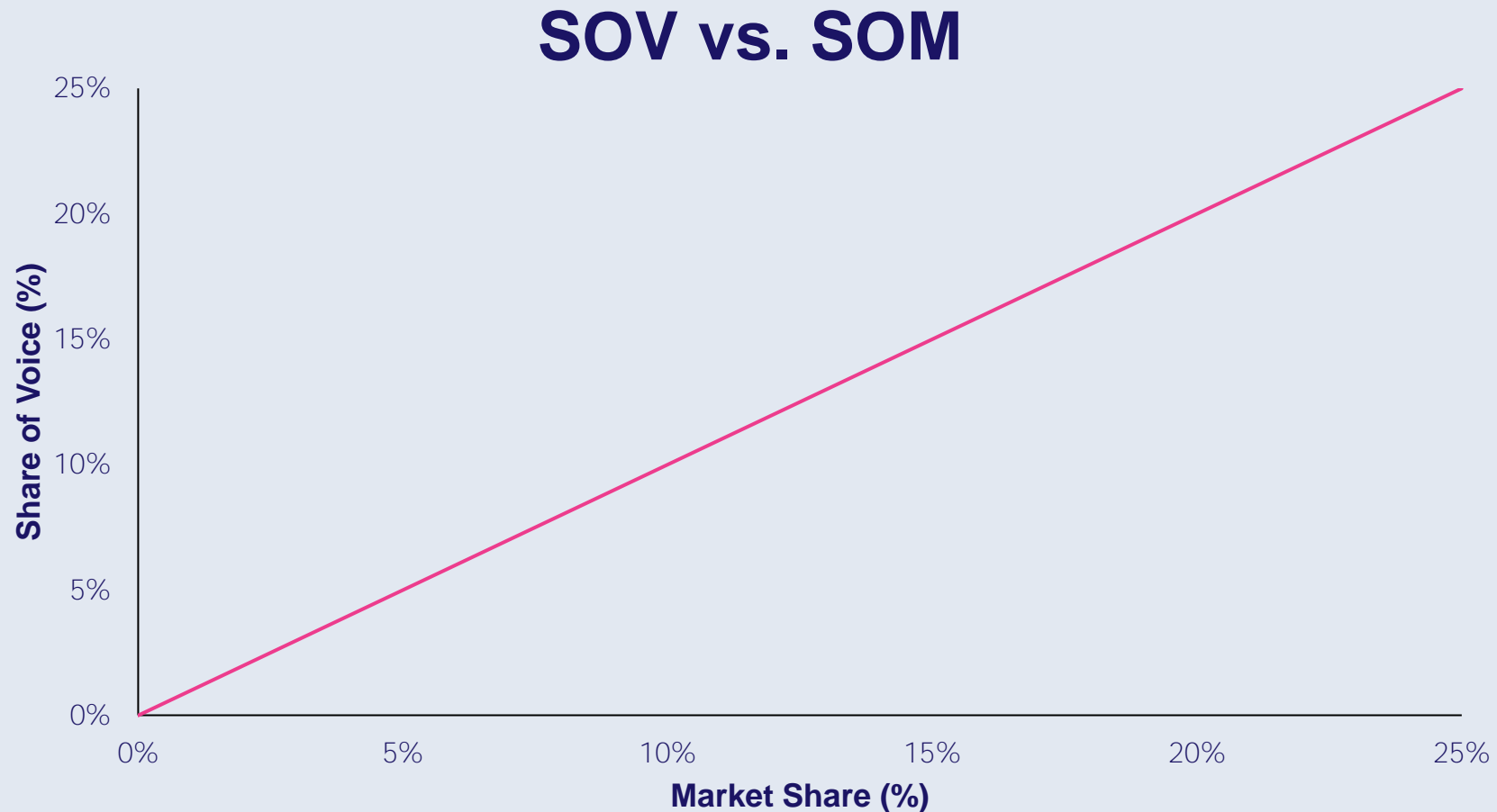
**“I thought about it and  
decided not to take part”**

**Sam Walton**

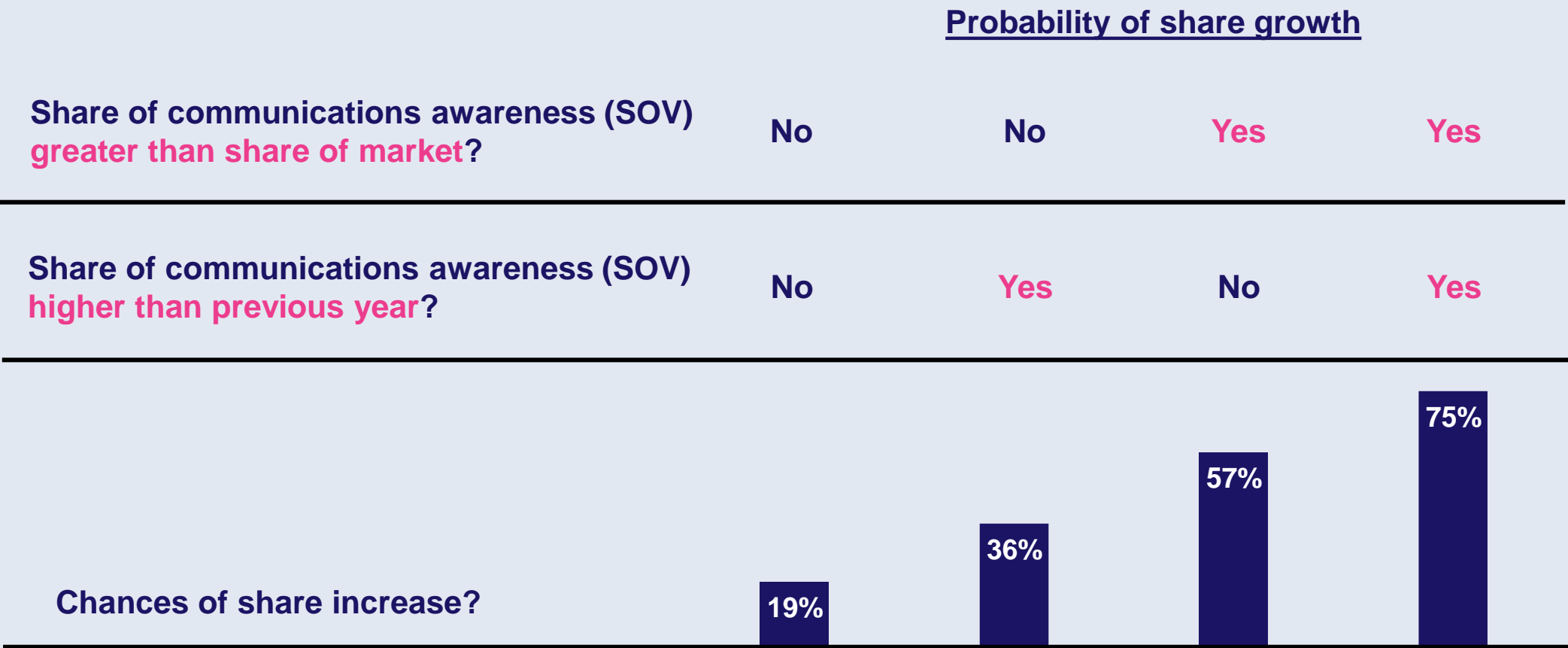
Walmart Founder

*quoted after being asked about the 1990 recession*

In the early 1990's, professor John Philip Jones analyzed the relationship between Share of Voice (SOV) and Share of Market (SOM) and found there's a rather clear **equilibrium that exists between the two**



This is also substantiated by Millward Brown tracking data which finds a brand is most likely to gain market share when it's **SOV increases** and when it is **higher than it's share of market**



Source: Kantar Millward Brown, 'What happens when brands go dark?' Millward Brown Knowledge Points, July 2018.



# 1980s – early 2000s Recession Periods: According to a wide-ranging study by PIMS, companies that sustain investment during a recession do better relative to competitors during a recession and grow more quickly after it

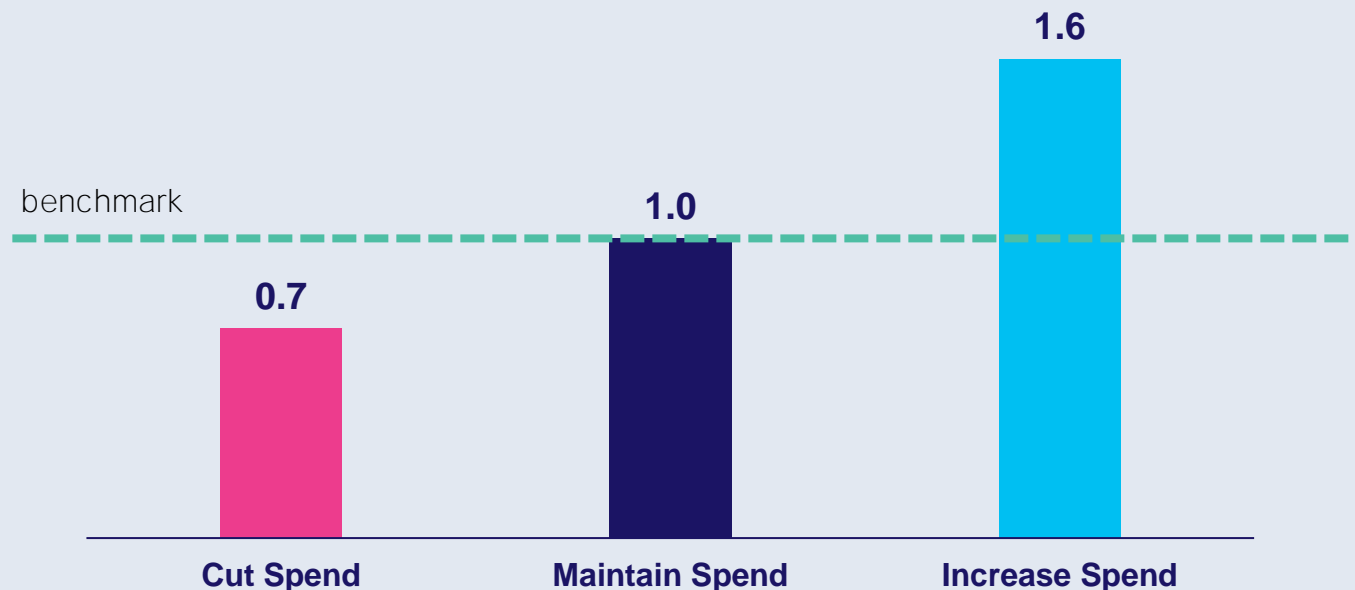
Using brands that maintain their spend as a benchmark, brands that cut ad spend see their market share **shrink after a recession by 0.7%** on average, while those that increase spend realize a **market share increase of 1.6%**.

Why?

Because their relative share of voice increases in comparison to their competitors who scale back investment, which in turn grows their share of market.

## Changes in Market Share (percentage points) for Brands Cutting, Holding and Increasing Marketing Spend During Recessions

Market share gains in first two years of recovery (1980s – early 2000s)

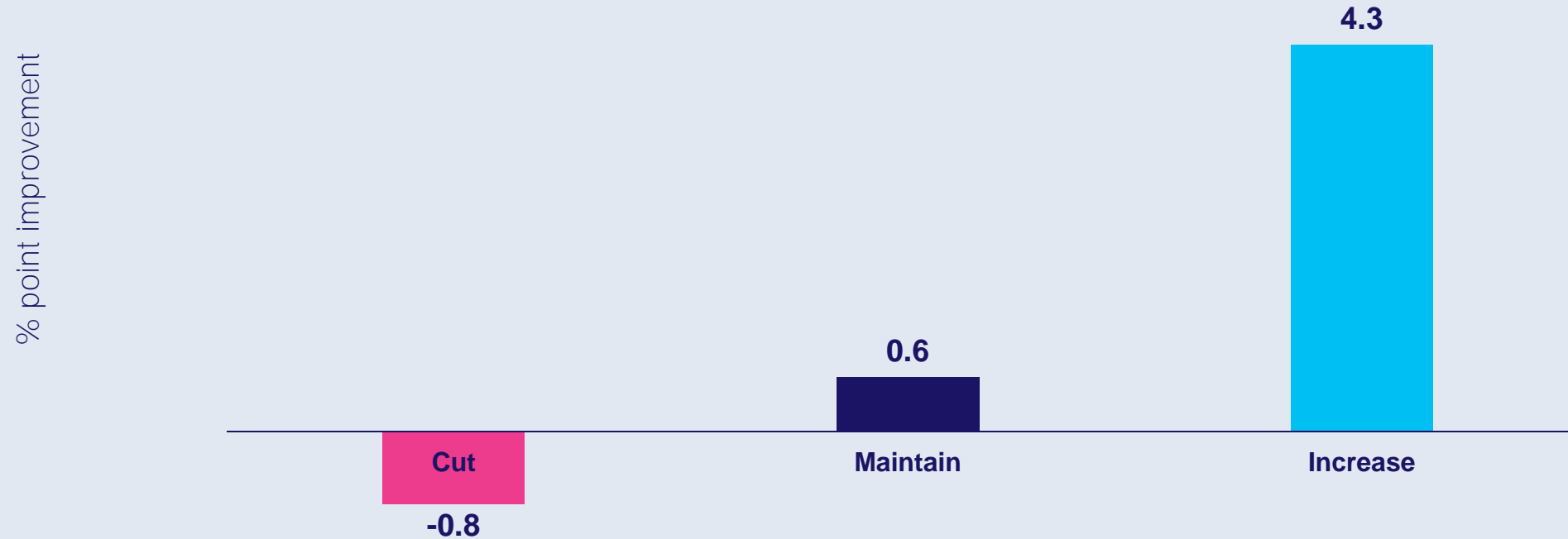


1980s – early 2000s Recession Periods

Source: Ebiquity, 'Advertising Through a Recession,' utilizing data analysis from PIMS – the Profit Impact Marketing Strategy database.

# 1980s – early 2000s Recession Periods: The same PIMS study demonstrated that companies increasing their advertising investment also improved their ‘Return on Capital Employed (ROCE)’

Companies increasing their investment, improved their ‘Return on Capital Employed (ROCE)’



‘Return on Capital Employed’ = a financial ratio that measures a company’s profitability and the efficiency with which its capital is used (i.e., a measurement of how well a company is generating profits from its capital).

Source: Ebiquity, ‘Advertising Through a Recession,’ utilizing data from PIMS – the Profit Impact Marketing Strategy database. The PIMS database at that time of this analysis covered 749 consumer business containing both marketing data and financial information for those business.

# Furthermore, the concept of 'Excess Share Of Voice' (ESOV) is central to understanding why advertising in a recession makes sense

Market share is a function of many things. But one of the *biggest drivers of sales* is a brand's **share of voice**.

The more a brand spends on advertising vs. its competitors, the more it will grow. This proven relationship is called '**Excess Share of Voice (ESOV)**.'

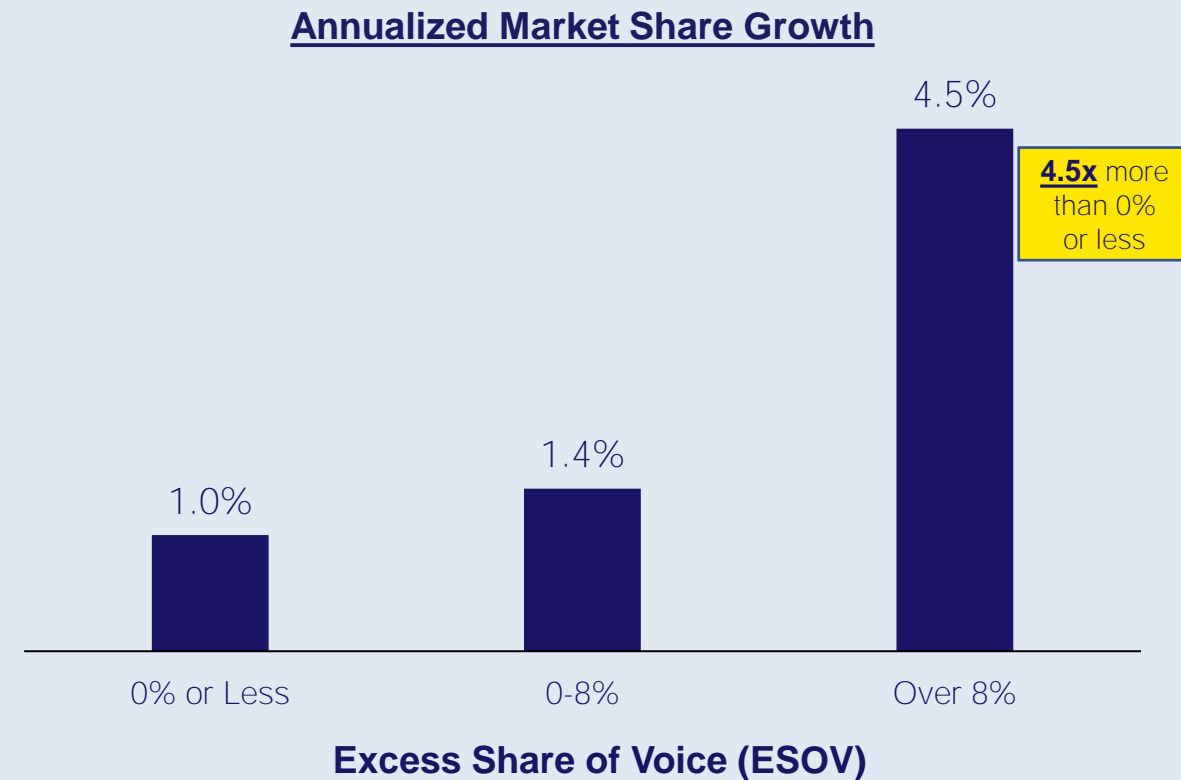
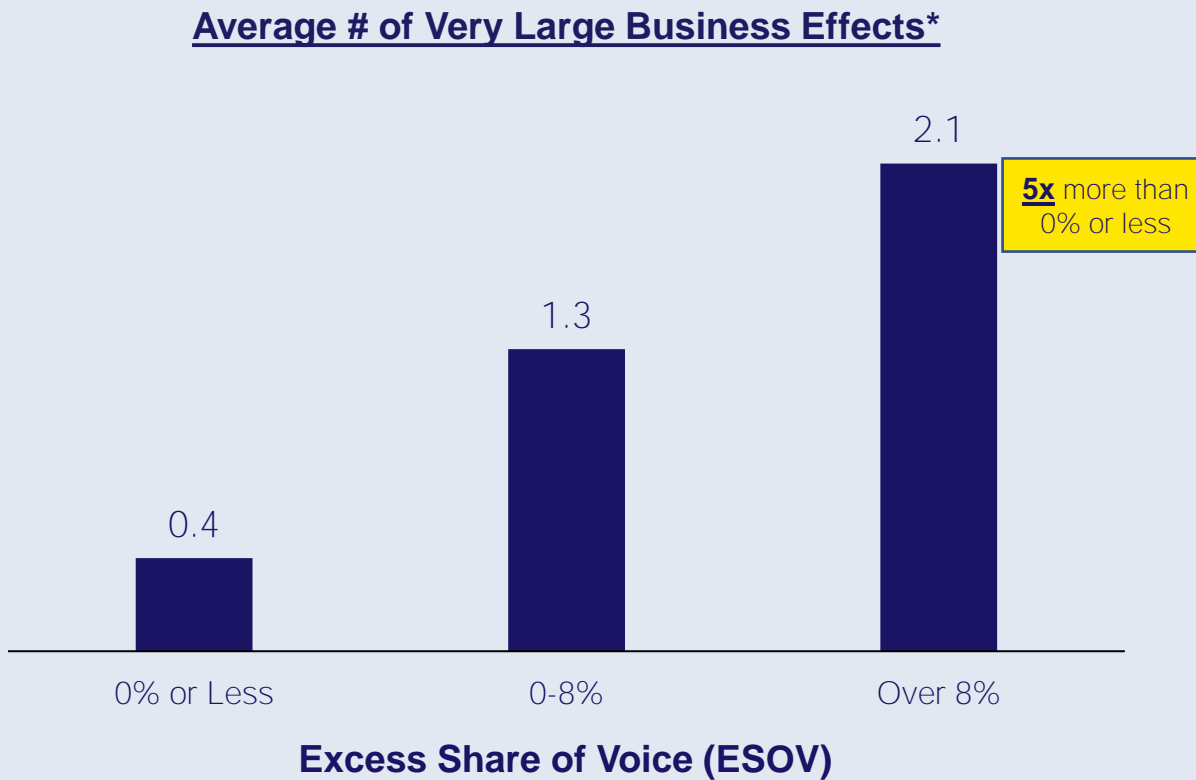
If a brand has a **20%** share of market but a **30%** share of voice, it has an ESOV of **+10**.

In almost every recorded instance, a brand with a positive ESOV will gradually grow its share of the market to a level that will eventually match its share of voice.

*-Mark Ritson, The Australian Business Review, 4/6/20*

# 2008-2009 Recession: According to marketing effectiveness expert, Peter Field, investing in SOV drove strong growth through the recession

- ▶ Companies whose 'excess share of voice' (ESOV) was over 8% generated **5x more** effects than companies who maintained or decreased their share of voice

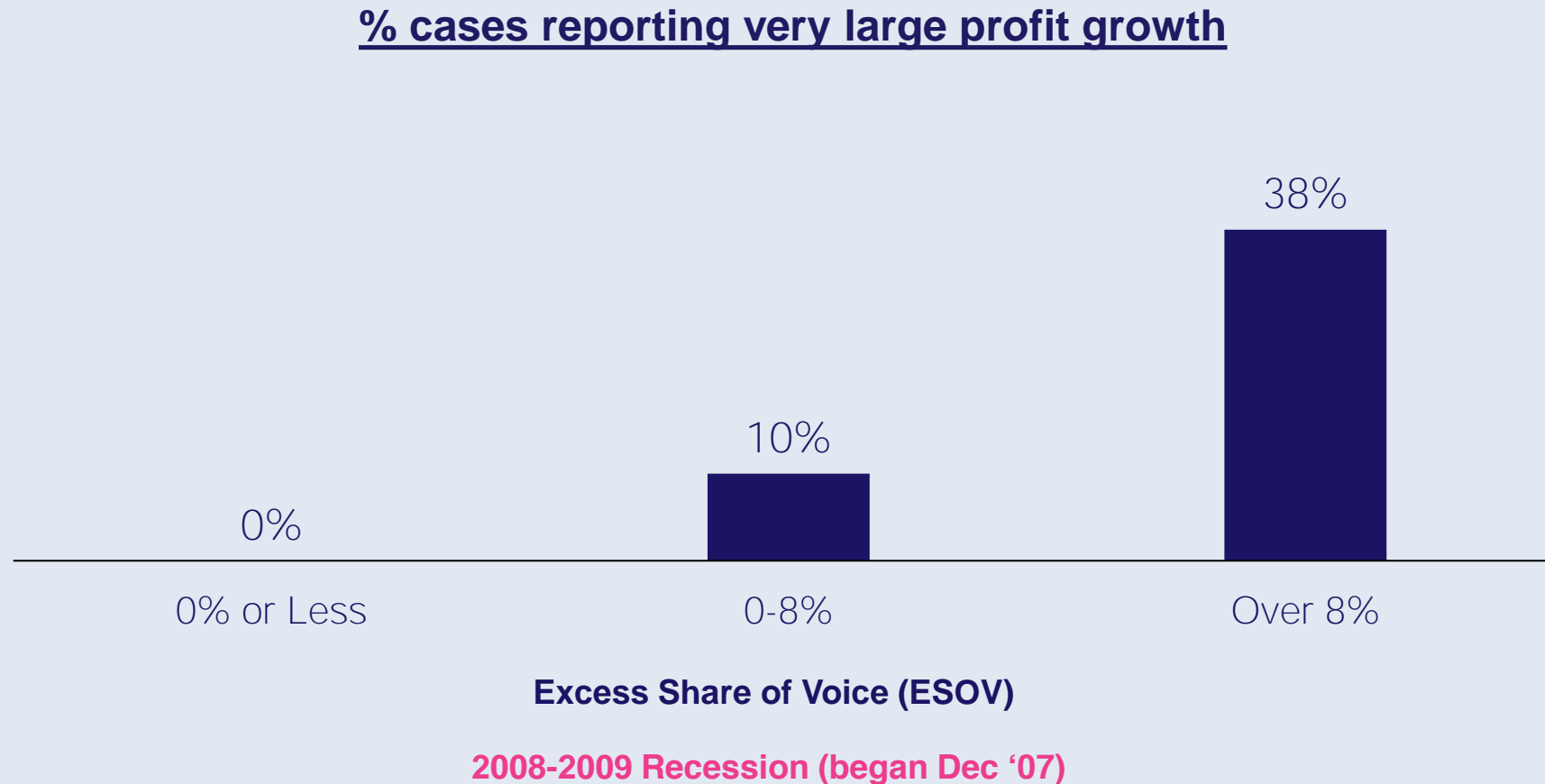


2008-2009 Recession (began Dec '07)


\*'Very Large Business Effects' = metrics like profit, sales, market share, penetration, loyalty, and price sensitivity

Source: Peter Field's 'Advertising in Recession – Long, Short, Dark? Guide to Advertising Best Practice in Recession,' 4/6/20, LinkedIn 2020 B2B Institute. Base: IPA Databank 50 cases covering 2008 recession (the Institute of Practitioners in Advertising).

**2008-2009 Recession:** Based on the same analysis, investing in share of voice during the recession **drove large, long-term profit growth afterwards as well**



Source: Peter Field's 'Advertising in Recession – Long, Short, Dark? Guide to Advertising Best Practice in Recession,' 4/6/20, LinkedIn 2020 B2B institute. Base: IPA Databank 50 cases covering 2008 recession (the Institute of Practitioners in Advertising).



“The **only sensible course** for any advertiser who wants to maintain a presence through this recession – and if your business is teetering on the edge of bankruptcy you aren’t going to be able to do this – is to be **putting money into long-term brand building** because the role of that investment **is for the recovery, not for now.**”

**Peter Field**

Author & Independent Marketing and Advertising Consultant

*Marketing Week, 3/26/20*

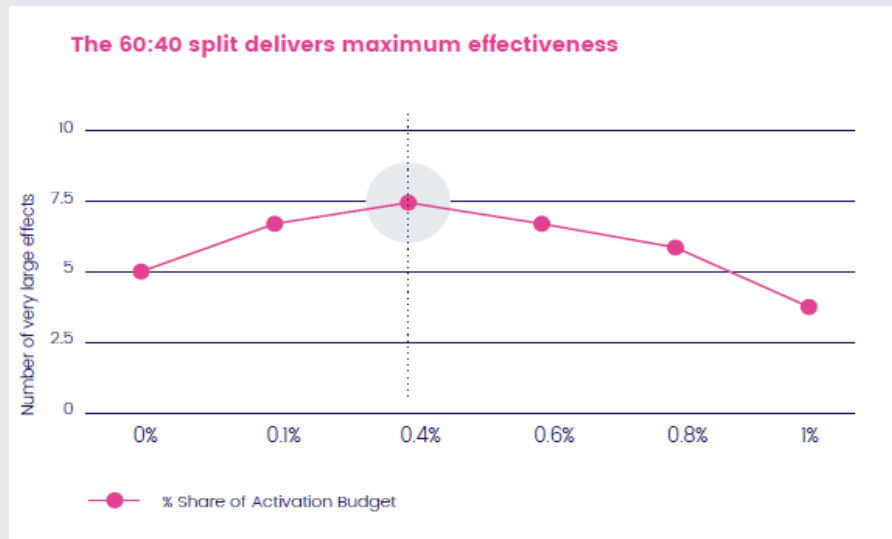
# Even during crises, marketers need to find a **balance** between **long-term branding** and **short-term performance** to maximize results

## What is the Right Balance Between Long-Term and Short-Term?

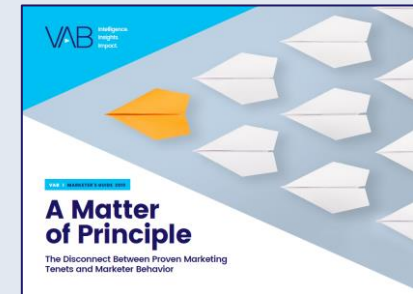
As a brand considers prioritizing its marketing investment, the natural question is how much emphasis should be put on equity-building (longer-term) vs. activation (shorter-term) tactics. In their comprehensive analysis, *The Long and Short of It*, Les Binet and Peter Fields demonstrate that, on average, effectiveness is optimized when approximately 60% of the communications budget is devoted to brand building and 40% to activation.<sup>34</sup>

The chart on the right indicates that a 60%/40% budget split between brand and activation coincides with peak effectiveness and efficiency for a campaign. This is the point at which a brand peaks in experiencing very large effects – metrics like profit, sales, market share, penetration, loyalty, and price sensitivity.

Of course, this split can vary somewhat depending upon the category/product. If brand building is easy in a category, that spend can be decreased in favor of activation. Similarly, if activation is easier, then the ratio can shift toward brand-building to achieve closer to a 70/30 ratio. This would apply to categories where consumers will naturally do a significant amount of online research and 'brand' becomes more of a deciding factor when choosing between parity products such as consumer electronics.



Source: *The Long and Short of It*, Les Binet & Peter Field, 2013.



Click here for the full VAB report to learn more about the **10 marketing principles** that are **equally applicable** for brands during both bull and bear markets.

**Brand building** strategies particularly matter during a recession as they provide **long-term sales growth** and **increased pricing power**



Source: Binet & Field, 2013. 'The Long and the Short of It: Balancing Short and Long-Term Marketing Strategies.'



**2008-2009 Recession:** Savvy marketers, including retail titans like Amazon and Walmart, focused on long-term branding efforts by **increasing their TV investment** which delivered **positive business outcomes** as a result



Ecommerce



Amazon **launched its first TV campaign** in the middle of the recession in 2008 and saw a **compound annual growth rate of 34%** between 2008-2012



Retail



Walmart significantly **increased their TV investment** in both 2008 & 2009 and saw **high single digit sales increases** in each year with continued growth after the recession



Telecommunications



T-Mobile had a **moderate increase in their TV investment** in both 2008 & 2009 and saw a **compound annual growth rate of 21%** between 2008-2011



CPG (Household)



Church & Dwight **increased their TV investment** in both 2008 & 2009 and **increased their sales by 10%** in each year

Source: U.S. TV spend based on VAB analysis of Nielsen Ad Intel data, national TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV), CY 2007-2012. U.S. revenues are based on company filings (10-K) for U.S. revenue via SEC.gov (EDGAR). Church & Dwight's primary TV support was for Arm Hammer.

# 2008-2009 Recession: Regardless of category or investment level, brands who increased their TV spend experienced **positive business outcomes**



## Department Stores



TJX **increased their TV investment** in both 2008 & 2009 and saw a **compound annual growth rate of 6%** between 2008-2012



## Food



General Mills **increased their TV investment** in both 2008 & 2009 and **increased their sales an average of 9%** over both years



## Restaurants



Darden **increased their TV investment** in both 2008 & 2009 and **increased their sales by an average of 14%** over those two years



## Confectionary



Hershey **increased their TV investment** in both 2008 & 2009 and saw a **compound annual growth rate of 6%** between 2008-2012

Source: TV spend based on VAB analysis of Nielsen Ad Intel data, national TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV), CY 2007-2012. U.S. revenues are based on company filings (10-K) for U.S. revenue via SEC.gov (EDGAR). TJX's primary TV support was for TJ Maxx & Marshall's, Darden's was for Olive Garden.

**The Drum.**

**P&G ramps up marketing amid coronavirus demand: 'This is not a time to go off-air'**



“There's a big upside here in terms of reminding consumers of the benefits that they've experienced with our brands and how they've [met] their family's needs, which is why **this is not a time to go off air. This is not a time to retrench and really that's all in service to our consumers** and service to our retail partners, and – we believe – **in service to our society.**”

**Jon Moeller**

Chief Financial Officer, Procter & Gamble  
*Fiscal Q3 '20 Procter & Gamble Quarterly Earnings Call,  
4/27/20 (via The Drum)*



## Mondelez Shifts Investments To Paid Media To Capture Online Orders And US Snacking



“This is a moment to really, what I would call, **attack the market** in the second half.”

**Dirk Van de Put**

CEO, Mondelez International  
*Q1 '20 Mondelez Quarterly Earnings Call,  
4/29/20 (via AdExchanger)*



## Summary: **A One-Hundred Year Perspective**

- ▶ **The full impact of advertising is seen over time**
- ▶ **For that reason, brands that maintain or increase their spend during a recession are rewarded well into recovery**
- ▶ **Brands that increase their spend, especially relative to their competitors, will grow sales and share of market faster**
- ▶ **Savvy brands leverage recessionary periods to grow their brands exponentially**

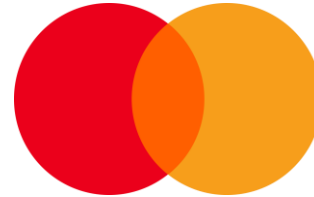
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# Creative Messaging That Is Right for the Time





## Mastercard's CMO on sustaining brand-building — including sonic marketing — amid coronavirus



“Our strategy remains the same, our objectives remain the same, but our approach has been modified. **The brand has to be visible.** We cannot go dark. But the **time is not to sell**, this is a **time to serve**. This is a **time to enable** and **not be opportunistic.**”

**Raja Rajamannar**

Chief Marketing Officer, Mastercard

*Marketing Dive, 4/23/20*

# A shift towards ‘right-brain’ messaging involving **empathy, connection** and **understanding** can drive greater effectiveness for advertisers during a recession

## Features of ads described as ‘left-’ or ‘right-brained’

Ads about **humanity** and **community** are **more effective** and garner **greater attention** than those about self, self-image and performance

### Left Brain

- ▶ Flatness
- ▶ Abstracted product, feature, ingredient
- ▶ Abstracted body part (e.g., hands, mouth)
- ▶ Words obtrude during the ad
- ▶ Voiceover
- ▶ Monologue (e.g., testimonial)
- ▶ Adjectives used as nouns
- ▶ Freeze-frame effect
- ▶ Audio repetition (metered prose, sound effects)
- ▶ Highly rhythmic soundtrack



### Right Brain

- ▶ A clear sense of place
- ▶ One scene unfolding with progression
- ▶ Characters with agency (voice, movement, expression)
- ▶ Implicit, unspoken communication (knowing glances)
- ▶ Dialogue
- ▶ Distinctive accents
- ▶ Play on words or subversion of language
- ▶ Set in the past (costumes & sets)
- ▶ Reference to other cultural works (pastiche / parody)
- ▶ Music with melody

Source: System1, 'COVID-19: A right-brain reset for advertisers', 3/23/2020 System1's Orlando Wood via LinkedIn, 'What Should Ads Look Like in the Time of Recession?', 4/21/2020; Peter Field, 'Advertising in a Downturn Revisited', April 2020.



# Brands began evolving their messaging in March as the realities of COVID-19 began to set in and are poised to make further changes to align with **consumers needs** and the **mindset of society as a whole**

In a recent ANA members survey, **46%** of advertisers who said they had adjusted their creative in response to COVID-19 agreed that the changes made had been '**substantial**'

## Guiding Principles Among Advertisers Who Made 'Substantial' Creative Modifications

- ▶ **Display** empathy for what stakeholders are facing – and demonstrate the brand is there to help
- ▶ **Pull** most price- and item-focused messaging
- ▶ **Craft** new ads from existing footage to ensure cultural relevance
- ▶ **Scrap** creative executions that are not representative of the current climate
- ▶ **Acknowledge** school closures and social distancing
- ▶ **Provide** essential/useful information
- ▶ **Avoid** certain lifestyle imagery (e.g. based on travel, spring break, and social gatherings)

**89%** of advertisers expect to **adjust creative messaging going forward** as well, in reflection of the current climate

## How Brands Are Adjusting Their Creative Messaging Going Forward

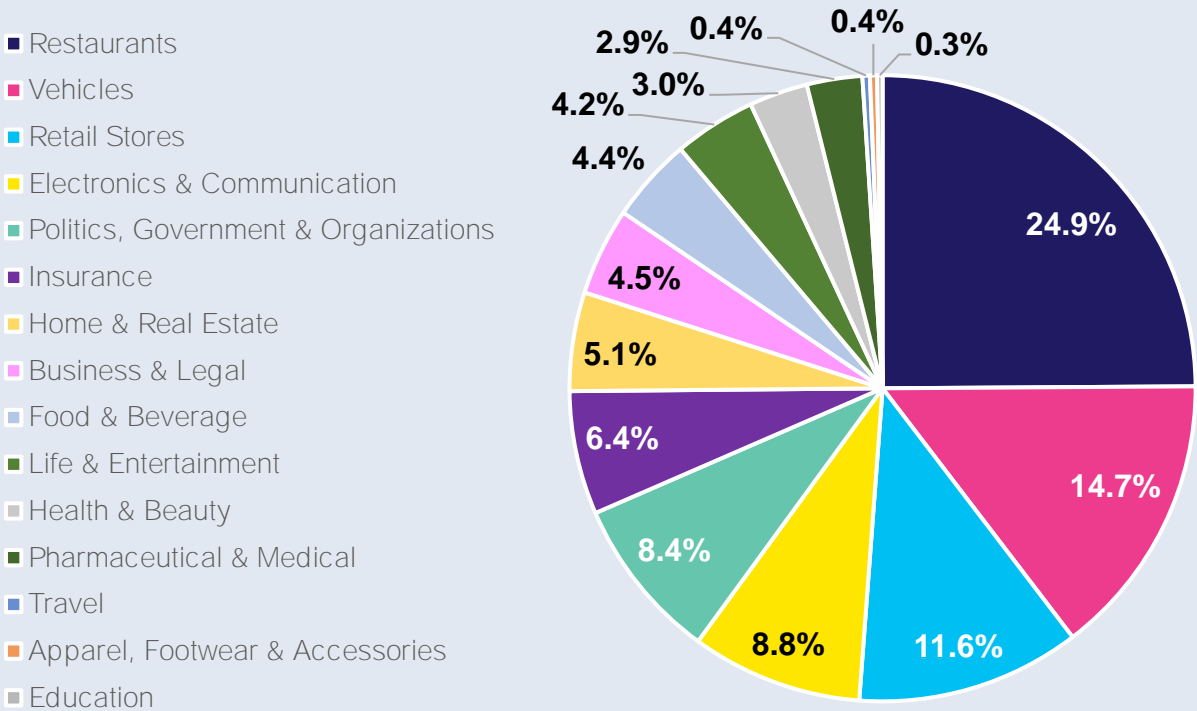
- ▶ **Showing** empathy for the contemporary situation while retaining brand relevance
- ▶ **Removing** content that may be inappropriate, insensitive or tone deaf
- ▶ **Being** more comforting and less promotional
- ▶ **Adapting** to emerging consumer needs on an on-going basis
- ▶ **Focusing** on products that are most pertinent and useful in an increasingly "virtual world"

Source: WARC, 'How marketing creative is evolving in the COVID-19 era', 4/17/2020. Association of National Advertisers (ANA), survey of 196 companies within ANA's membership, survey fielded March 30 – 31, 2020. 92% of companies within the survey adjusted their marketing creative in response to COVID-19.

# In fact, 420 brands across 15 major industries had launched COVID-19 related messaging on national TV through the sixth week of the pandemic

## COVID-19 Related National TV Imps By Industry

80 Billion Total Nat'l TV Imps



## Top Brands by Industry

Industry	Brand	Nat'l TV IMPs
Restaurants	Burger King	2.2 B
Vehicles	Lexus	1.3 B
Retail	Lowes	1.3 B
Electronics	Sprint	1.4 B
Government	CDC	2.4 B
Insurance	State Farm	1.7 B
Home	Cottonelle	822 MM
Business	H&R Block	509 MM
Food & Beverage	Kellogg's	329 MM
Life & Entertainment	CNN	707 MM
Health & Beauty	Dove	681 MM
Travel	Hotels.com	219 MM

iSpot.tv

Source: VAB analysis of iSpot.tv data released 5/5/20; reported national TV impressions for COVID-19-related creative, 2/26/2020 – 4/26/2020, P18+. World Health Organization formerly announced COVID-19 as a pandemic on 3/11/20.

# A VAB custom study found companies choosing to share COVID-19 specific messaging can **gain positive brand perceptions**

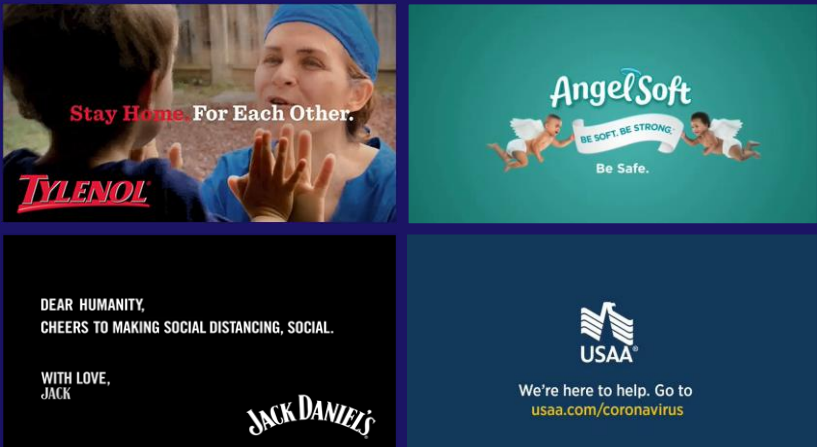


Click here for the full VAB custom study

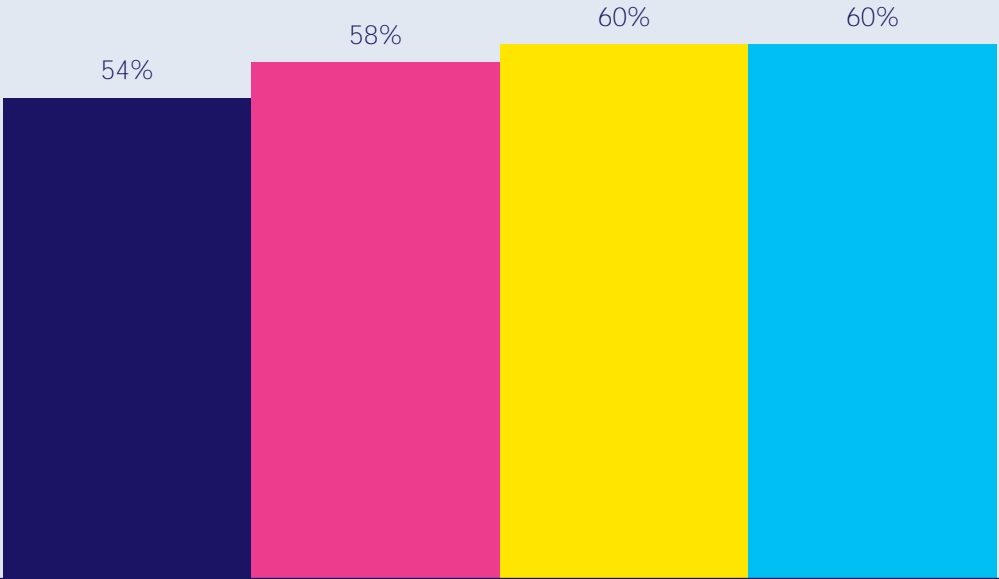
“Companies with specific COVID-19 related advertising messages positively impacts my perception of the brand”

% that agree with the statement

52%  
of all respondents



■ P18-34    ■ P35-44    ■ HHI \$100k+    ■ HH w/ Kids



Source: VAB's 'As Time Goes By: How Media Consumption Is Helping America Cope'. VAB / Lucid 'Media Usage In The Time of COVID-19 Survey,' April 2020. Survey base: P18+ & household subscribes to cable, telco, internet TV or satellite TV (n=1,004). Q14: Some companies have created specific COVID-19 related advertising messages (e.g. Guinness, Ford, Burger King, Verizon). How do these types of advertisements typically impact your perception of a brand?

...And companies who demonstrate an **authentic** commitment to helping communities during this crisis will likely **increase purchase intent**

**“I am more likely to purchase a product or service from companies that are lending resources or helping local communities during the crisis”**

% that agree with the statement

**55%**

of all respondents

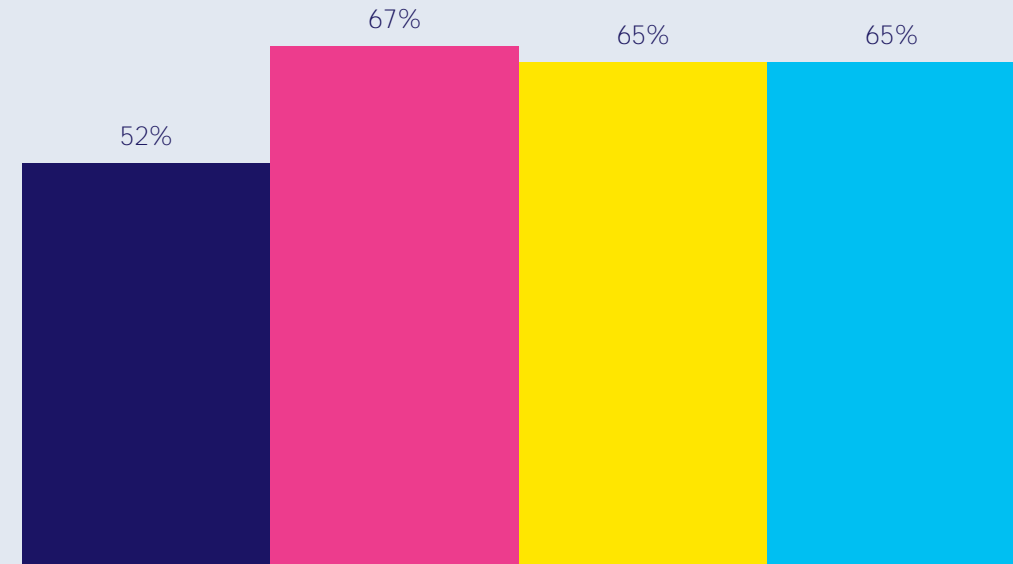
**Comcast offers free Xfinity WiFi nationwide amid COVID-19 pandemic**

**MILLER LITE CREATES A VIRTUAL TIP JAR TO SUPPORT BARTENDERS DURING THE PANDEMIC**

**30 companies that are donating their proceeds to coronavirus relief charities**

**Ford, 3M, GE and the UAW to build respirators, ventilators and face shields for coronavirus fight**

■ P18-34   ■ P35-44   ■ HHI \$100k+   ■ HH w/ Kids



Source: VAB's '[As Time Goes By: How Media Consumption Is Helping America Cope](#)'. VAB / Lucid 'Media Usage In The Time of COVID-19 Survey,' April 2020. Survey base: P18+ & household subscribes to cable, telco, internet TV or satellite TV (n=1,004). Q15: Some companies are lending resources (e.g. Comcast donating free internet, Ford, 3M and GE Healthcare making healthcare equipment), or helping local communities during the crisis (Miller Lite starts 'virtual tip jar' to support out-of-work bartenders). How does this affect your likelihood to purchase a product or service from this company?



## Summary: Creative Messaging That is Right for the Time

- ▶ During this time of heightened emotions, many brands are re-evaluating their messages
- ▶ Empathy often equals effectiveness when talking to consumers in times of crisis
- ▶ Research indicates consumers look favorably on brands who are responding to the crisis in a helpful yet authentic manner

# Five key reminders for marketers



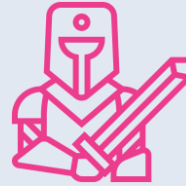
## Maintaining your SOV now will cost you less in the long-term

'Going dark' or significantly cutting your advertising spend will not only result in more pronounced short-term losses but it'll also be a more expensive recovery for your brand post-recession.



## Advertising during a recession is for the recovery

Brands that maintain or increase their SOV experience significant gains over the long-term and the principle of 'excess share of voice' shows that the more a brand spends on advertising vs. its competitors, the more they will grow.



## Be a fierce protector of your market share

Stay vigilant and keep a watchful eye on your competitors in order to determine the investment needed to maintain, or grow, market share. Be prepared to pivot your own strategies quickly as a result.



## Recessions can be an opportunity for expansion & growth

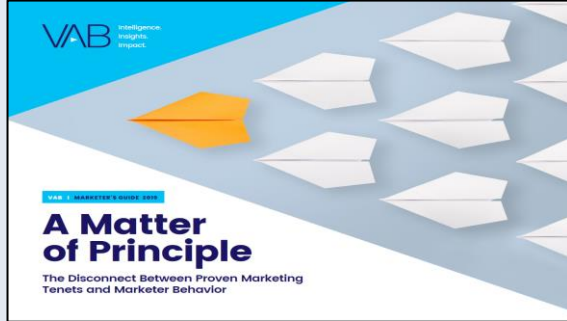
If your competitors pull back spending and the market becomes less saturated with competing messages, advertisers can seize the opportunity to distinguish their brands in the minds of consumers.



## Messaging should evolve to be 'right for the time'

Creative should align with evolving customer needs and current consumer sentiments through more compassionate brand-building efforts. Companies that show an authentic commitment to community will likely increase purchase intent.

# To learn more, check out these related marketer's guide and reports from VAB...



Learn about the 10 marketing principles that are equally applicable for brands during both bull and bear markets and also the most common pitfalls that thwart business growth.



Through this custom study, learn about the changes in consumers' media behaviors as well as their views on brands and advertising during the COVID-19 pandemic.



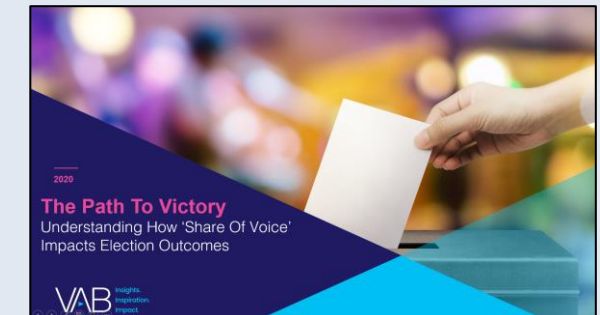
Learn how marketers launched campaigns balancing long-term brand health by focusing on a relevant, purpose-driven message that also has a clear call-to-action during COVID-19.



Learn how brands have responded to adversity in uncertain times by reviewing cases studies focused on their approach to crisis management at the company level.



Learn how TV advertising drives business outcomes across the purchase funnel including 'intent' through increasing website traffic for a set of 'direct-to-consumer' brands.



Learn about a real-world category analysis utilizing data from the 2018 midterm elections proving out a central marketing tenet that 'share of voice' drives 'share of market.'

*Click on the cover imagery above to download each report*



## ...and click on the below 'advertising in a recession' marketing articles and research pieces to read **what others in the industry are saying**

- ▶ [AdAge - History Shows Marketers Who Keep Spending During Downturns Fare Much Better](#)
- ▶ [Forbes - How to Adapt Your Marketing to a Possible Slowdown in an Economy Shaped by the Coronavirus](#)
- ▶ [Forbes - When A Recession Comes, Don't Stop Advertising](#)
- ▶ [Harvard Business Review - Advertising as an Anti-Recession Tool](#)
- ▶ [Harvard Business Review - What Coronavirus Could Mean for the Global Economy](#)
- ▶ [Journal of Advertising Research - A Critical Review and Synthesis of Research on Advertising in a Recession](#)
- ▶ [Mark Ritson - If You're In Marketing, Now Is The Time To Spend, Not Bend](#)
- ▶ [Mark Ritson - Marketing in the Time of Coronavirus](#)
- ▶ [Marketing Week - It's the Recession on Steroids - Why Brands Need to Think Long-Term Amid the Coronavirus Pandemic](#)
- ▶ [Marketing Week - Marketing in the Time of COVID-19](#)
- ▶ [Marketing Week - The Best Marketers Will Be Upping, Not Cutting, Their Budgets](#)
- ▶ [Peter Field - Advertising in Recession - Long, Short or Dark? A Guide to Advertising Best Practice in Recession](#)
- ▶ [System1 - COVID-19: A Right-Brain Reset for Advertisers](#)
- ▶ [The Drum - P&G Ramps Up Marketing Amid Coronavirus Demand](#)
- ▶ [WARC - Lessons for Adapting to Recession from Peter Field](#)
- ▶ [WARC - The Opportunity To Grow Market Share Is Clear, But Marketers Aren't Taking It](#)



# Thank You

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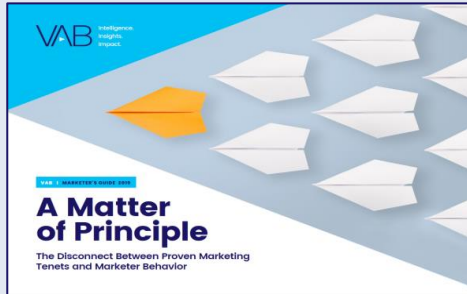
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The Disconnect Between Proven Marketing Tenets And Marketer Behavior



### **Brands In Crisis:**

Changing Perceptions Through TV Advertising



### **Direct Outcomes:**

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