How is the coronavirus affecting the business strategies of Publishers and Advertisers?

Szymon Pruszyński  11th March 2020

Crisis situations such as the current global threat of the coronavirus epidemic are affecting many industries in the world economy, which can be best seen on stock exchanges where the share prices of most companies are taking a significant hit. It is no wonder that the coronavirus is also presenting significant challenges for the advertisers and the publishers.

Coronavirus is affecting Publishers and Advertisers: Slumps, cuts and caution
The past several weeks have seen new analyses and data relating to the first ever year-on-year decline of the advertising industry, significantly impacted by expenditure cuts on the part of advertisers related to the tourism industry (but not only). What is more, general anxiety and reluctance to advertise during this time has led to a decrease in the number of advertising emissions.

News services have been the first to feel the pinch. Even though record numbers of views have been generated by people glued to the reporting of unfolding events, with risk limitation in mind, these channels are the first to be excluded from media advertising plans, and algorithm tools (not always rational) verifying the brand safety of a given advertising space based simply on context or words used in the articles. A perfect example, raised last weekend by Ari Paparo of Beeswax, was the blocking of a top advertisement on the New York Times homepage.

Of course, these types of situations are not only widely-discussed curiosities, they also have a real impact on financials. The New York Times is forecasting openly that its revenues will fall by nearly 10% quarter to quarter as a result of the
current situation, which will also adversely impact its share price.

There are plenty of similar forecasts to be found; yet the most interesting feedback is coming out of China, the country most affected by the coronavirus. **At the end of February, the Dentstu Aegis Network asked its customers from China how the current situation is affecting their advertising activities, strategies and results.** Of the 155 obtained answers, the most interesting numerical aspects were:

- **47%** declared a noticeable negative impact of the current situation on their business.
- **7%** confirmed that they had completely ceased advertising activities and expenses.
- **22%** reported that as a result of the virus they had changed their creative and geographical strategies.
- **14%** said they are pushing budgets away from offline media.
- **61%** plan to change their strategies in the short term, and 9% in the long term.

Silver linings...

However, not all publishers and advertisers are being adversely affected by the coronavirus. And here we may mention not only the producers of medicines or cleaning products, **but also brands less related to health and safety**, such as Netflix, **which, due to the greater number of people spending more time at home in front of the screen**, may become accidental beneficiaries of the current crisis. It is no wonder that such Teflon-
like companies are not planning large spending cuts; thanks to which the advertising revenues of Publishers are remaining in a healthy state.

Another trend already visible in many markets, one that may help Publishers to survive this difficult time, is the switching on the part of advertisers, continuing with their marketing activity, to digital channels, through which they will be able to reach those users who are remaining at home. This means that the money which Advertisers would normally spend on the advertising of their products and services on billboards or on the radio has moved to internet advertising. So two main questions remain:

1. Will the benefits of the switch balance out the downsizing of advertising emissions?
2. Do Publishers who publish a large number of news touching on sensitive subjects stand any chance of regaining some of their lost volume.

**Forewarned is forearmed**

In the current situation, there is no perfect solution that would help Publishers to stem the decline, but the market has already seen several major trends, mainly related to booking and reasonable advertising emission in various content categories. The three most popular
undertakings by Publishers around the world include:

1. Limiting the amount of content related to the subject of the coronavirus in the overall structure of content created by websites, which may deprive the Publisher of a certain percentage of visits to websites, but will allow them to maintain a healthier advertising performance.

2. **Consider limiting the emission of advertisements (mainly Programatic) in articles dealing with epidemic-related topics, which will obviously mean limiting the advertising space that can be monetized. In the long run, this may protect Publishers** (especially Publishers of news and health content) from tagging all of their domains as potentially risky from the perspective of brand safety for the most sensitive brands.

3. A more detailed approach in terms of an ad-blocking policy, especially when it comes to entities endeavoring to exploit the situation by selling ineffective virus protection measures, which, in the absence of a response, can negatively affect the image of the Publisher and cause a further drop in the number of users.

As in any crisis situation, it is important to remain calm and to not take radical, emotional actions that could do more harm than good. When working with our Publishers, we at Yieldbird have endeavored to follow market trends and take note
of the data available on the behaviour of the largest Advertisers conducting communication on their spaces. This has allowed us in most cases to maintain a stable advertising performance and to avoid problems in the context of increased pressure on the part of brands to control the brand safety of the advertising environment on the Internet. If you have any additional questions regarding this topic, please contact us.

Szymon Pruszyński
Head of Global Communication
Dynamic Monetization 2.0 in Adfox. Increasing revenue from monetization with ADX demand

Vadym Kriuchok