



Advertising Through Uncertainty

HOW MARKETERS CAN NAVIGATE ECONOMIC DOWNTURN





Noor Naseer

VP, Media Innovations + Technology



Kaitlin O'Brien

Media Innovations + Technology Manager

What We'll Cover

Volatility Creates
Uncertainty

Understanding
the Consumer

Overcoming
Uncertainty

Key
Takeaways





Volatility Creates Uncertainty

The Compounding Challenges Facing
Consumers and Brands

The Past Few Years Have Had Their Share of Instability



Declining Confidence Adversely Impacts Consumer Spending

61%
of consumers
purchased little more
than daily essentials
in March 2022

65%
of consumers
expect to cut *back*
or cut *out* a
purchase altogether
to save money

Instability Creates Evolving Challenges for Brands

ECONOMIC CHALLENGES

- Manufacturing + Supply Chain Delays
- Increased Production Costs
- Demand Volatility
- Competitive Labor Market

CONSUMER CHALLENGES

- Increased Price Sensitivity
- Irregular Purchase Behaviors
 - Irrelevant Products/Services
- Faltering Loyalty

INSIDER
INTELLIGENCE | eMarketer

Economic uncertainty comes for the advertising industry

DIGIDAY

‘Forecasts on quicksand’:
Ad spending slows as
advertisers wade through
economic uncertainty

1 in 5

Advertisers have cut spend

13%

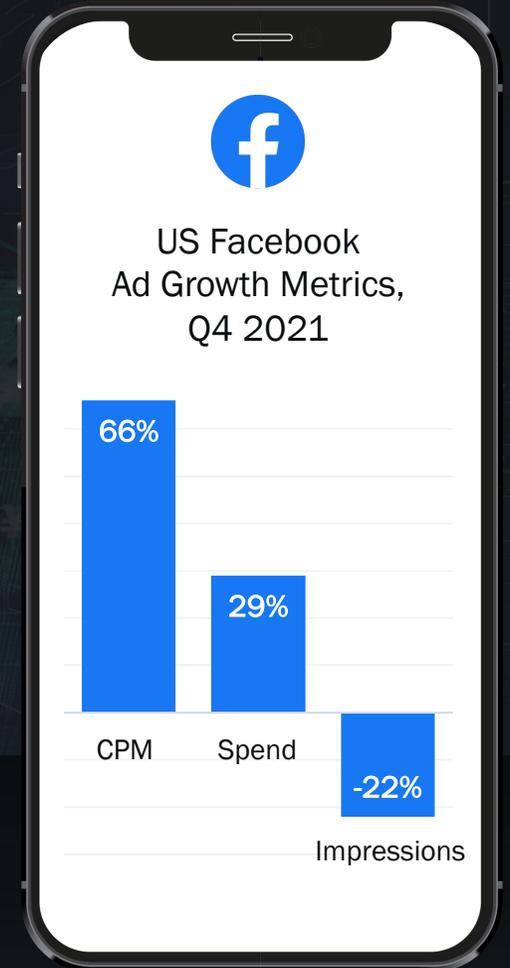
Ad spend declined YoY

It's More Expensive to Reach Audiences

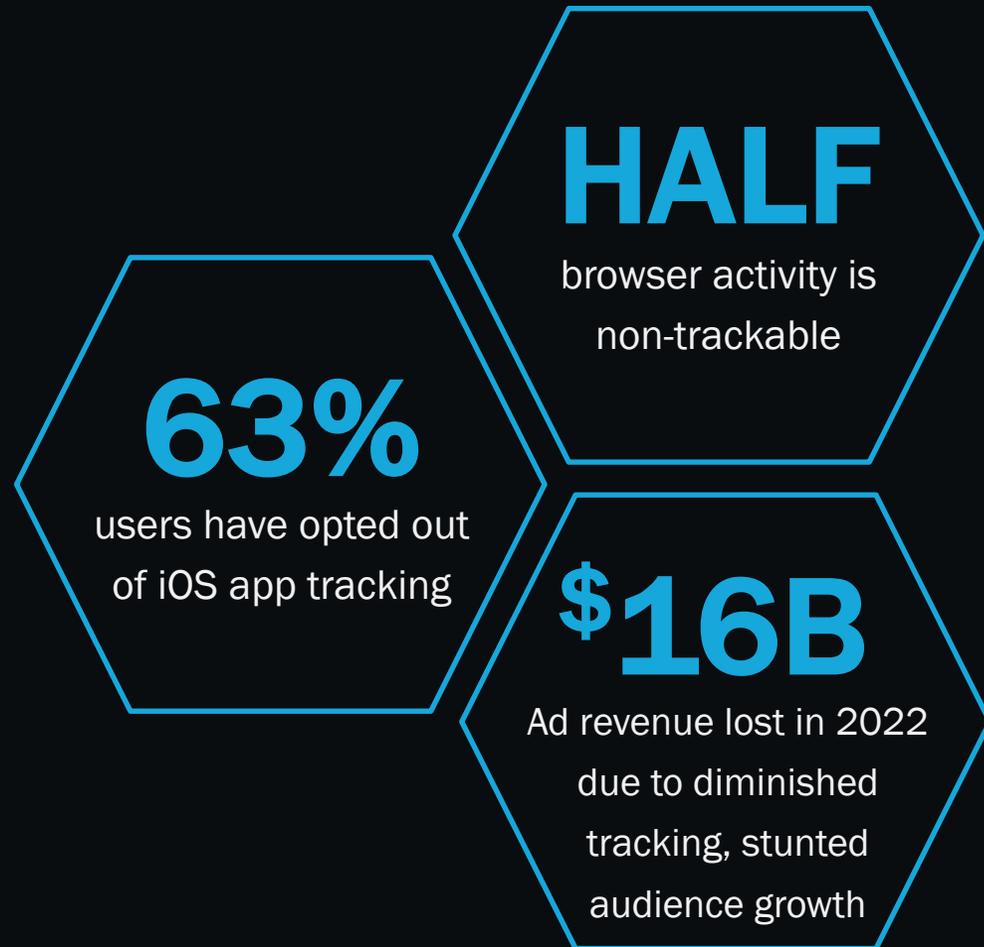
\$73

Linear TV CPMs in 2022

Linear TV CPMs have increased 44% since 2019



Tracking Loss Disrupts Familiar Media Strategies



Continued Ad Spend is an Investment for the Future

60%

brands that
increased spend
improved their ROI

17%

incremental sales
boost due to
increased spend

How Marketers are Prioritizing Budget in 2022

77%

plan to grow agency relationships

85%

companies plan to increase paid media spend

72%

plan to invest in technology

Marketers Must be Ready to Overcome New Hurdles

Understanding the Changing Consumer

Know how, why, and where they are – or aren't – engaging due to economic shifts

Adopt Agile Practices

Flexible solutions allow brands to keep pace with fluctuating conditions + build resilience



Activate the right media and marketing tactics to have continued impact

Advertising Through Uncertainty Builds For the Future

Entrance into new markets

Engagement + expansion to new audiences

Consideration for competitor brands

Prevent loss of market share

71%

of consumers
have switched brands
in the past year

90%

of consumers
plan to continue
doing so



Understanding The Consumer

How, Why, and Where They Spend
During a Downturn

Overconfident Consumers Didn't Slow Spending in Q1

Post-pandemic,
US consumers had

2x more

in personal savings

Priorities Moved to Services + Essentials



Consumers Feel the Squeeze and Reprioritize Spending

75%

of consumers
have changed their
shopping behaviors

Purchase Behaviors Shift

STOP

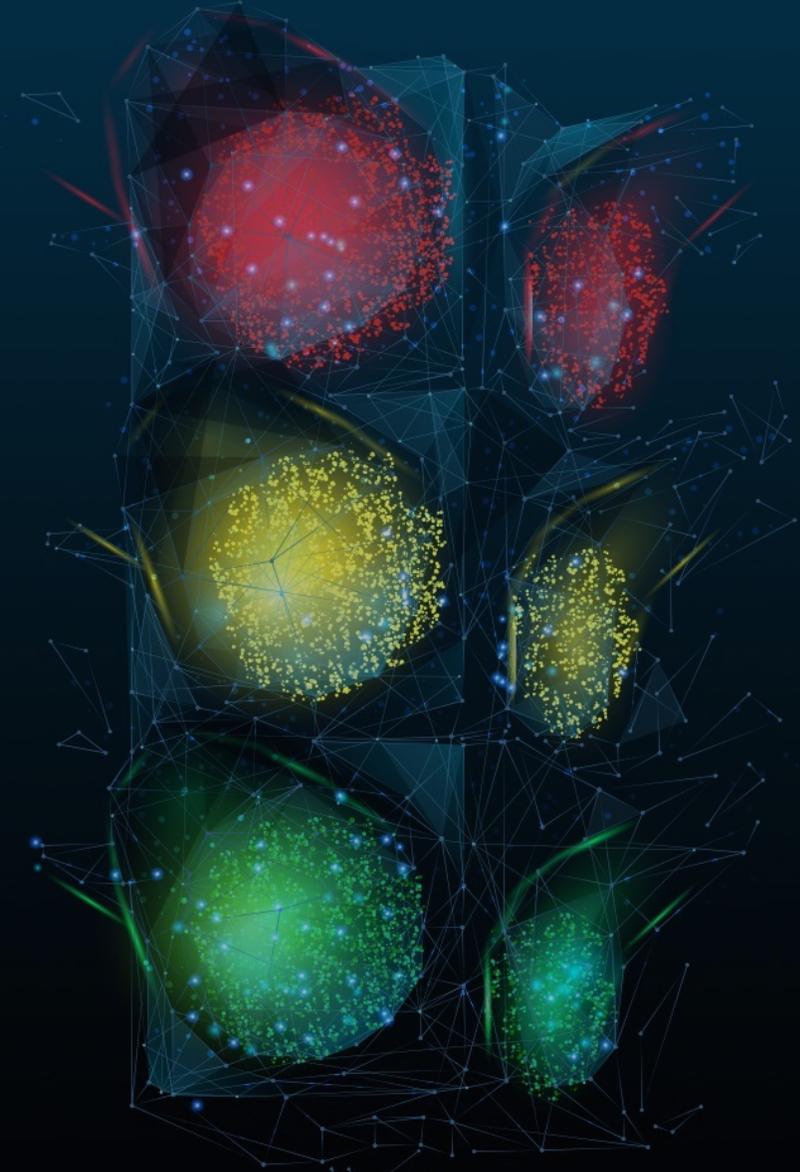
spending on discretionary
purchases + nonessential services

SLOW

spending and focus on deal hunting,
price comparing, brand switching,
using credit cards + BNPL

START

focusing spend on essentials – food,
energy (gas), services (mortgage/rent)



Economic Uncertainty Alters Consumer Behaviors

UNDERSTANDING THE CONSUMER

SLAM ON THE BRAKES



Most vulnerable + hardest hit

Cuts spending across the board

Mostly low-income, can include
higher-income

PAINED BUT PATIENT



Optimistic, resilient in the long-term

Less confident in near-term,
will economize in all areas

Majority of consumers

COMFORTABLY WELL-OFF



Secure in navigating uncertainty

Maintain consumption, may be
more selective

Top 5% of income brackets + less
wealthy but financially stable

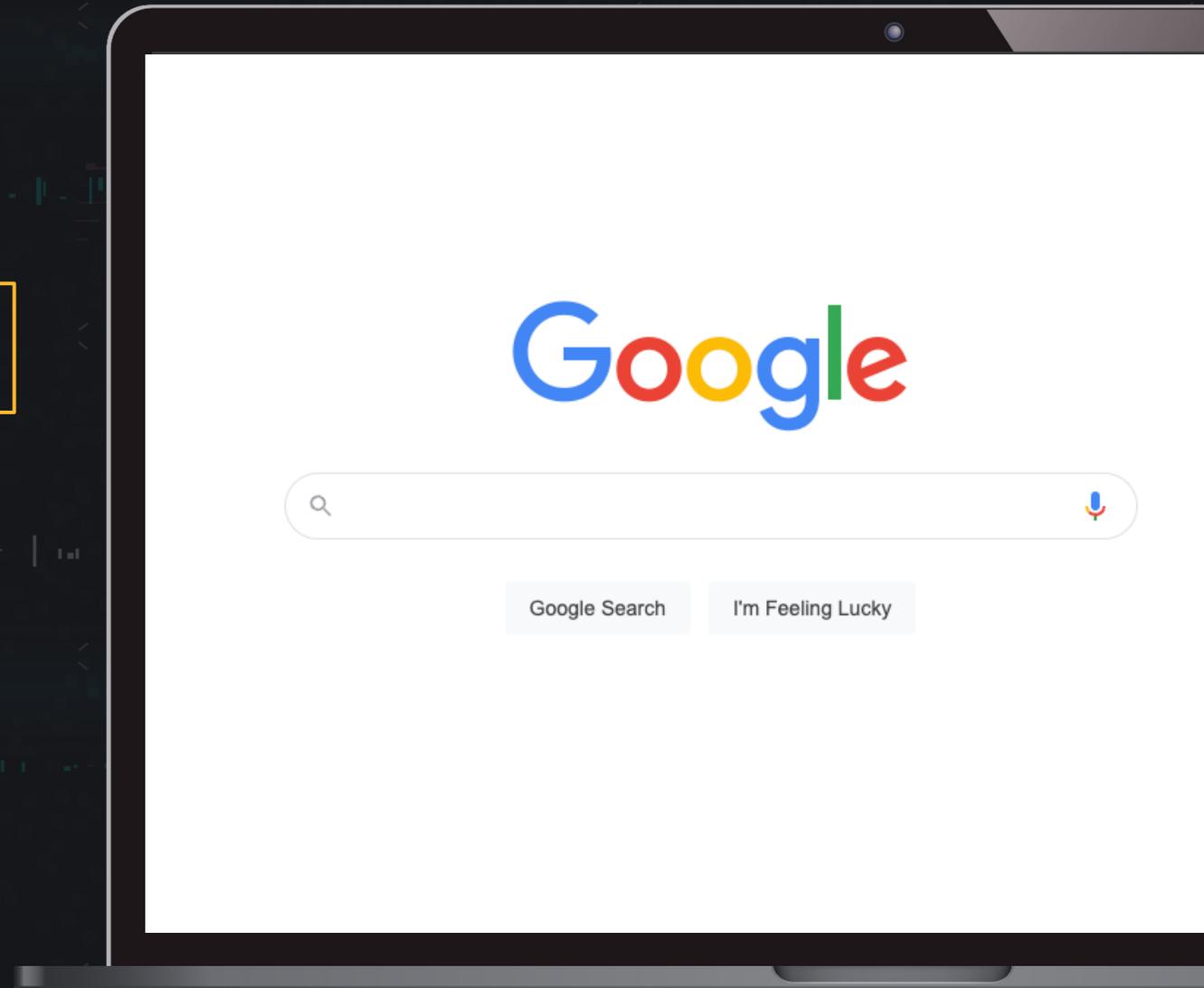
Purchases Face Consumer Scrutiny



Consumers are Deal Hunting to Retain Lifestyles

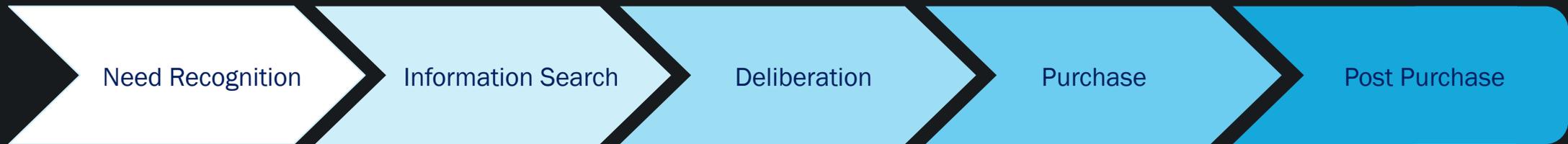
Reasons Why Consumers Worldwide Switched Brands in the Past Year, Feb 2022

% of respondents



Understanding the Path to Purchase Guides Brand Strategies

Consumer Decision Making Process



+ Essentials

+ Treats

+ Postponables

+ Expendables

+ Value

+ Quality

+ Offers

+ Discounts

+ Evaluate Need

+ Value

+ Price point

+ Options

+ Follow through on their final decision

+ Did I make the right decision?

+ Would I purchase again?

+ Would I recommend it?

ADVERTISING THROUGH ADVERSITY

T-Mobile Meets the Need for Speed



T-Mobile™

T-Mobile delivered low-cost access to high-speed internet in response to heightened need created by the pandemic

Early March 2020

The Pandemic sends the world into lockdowns

Late March 2020

Begin to reassess ISP service + phone plan to fit new lifestyle

Early April 2020

After evaluating all options, you make the switch to T-Mobile

Mid-March 2020

Internet load increases, creating unreliable connections

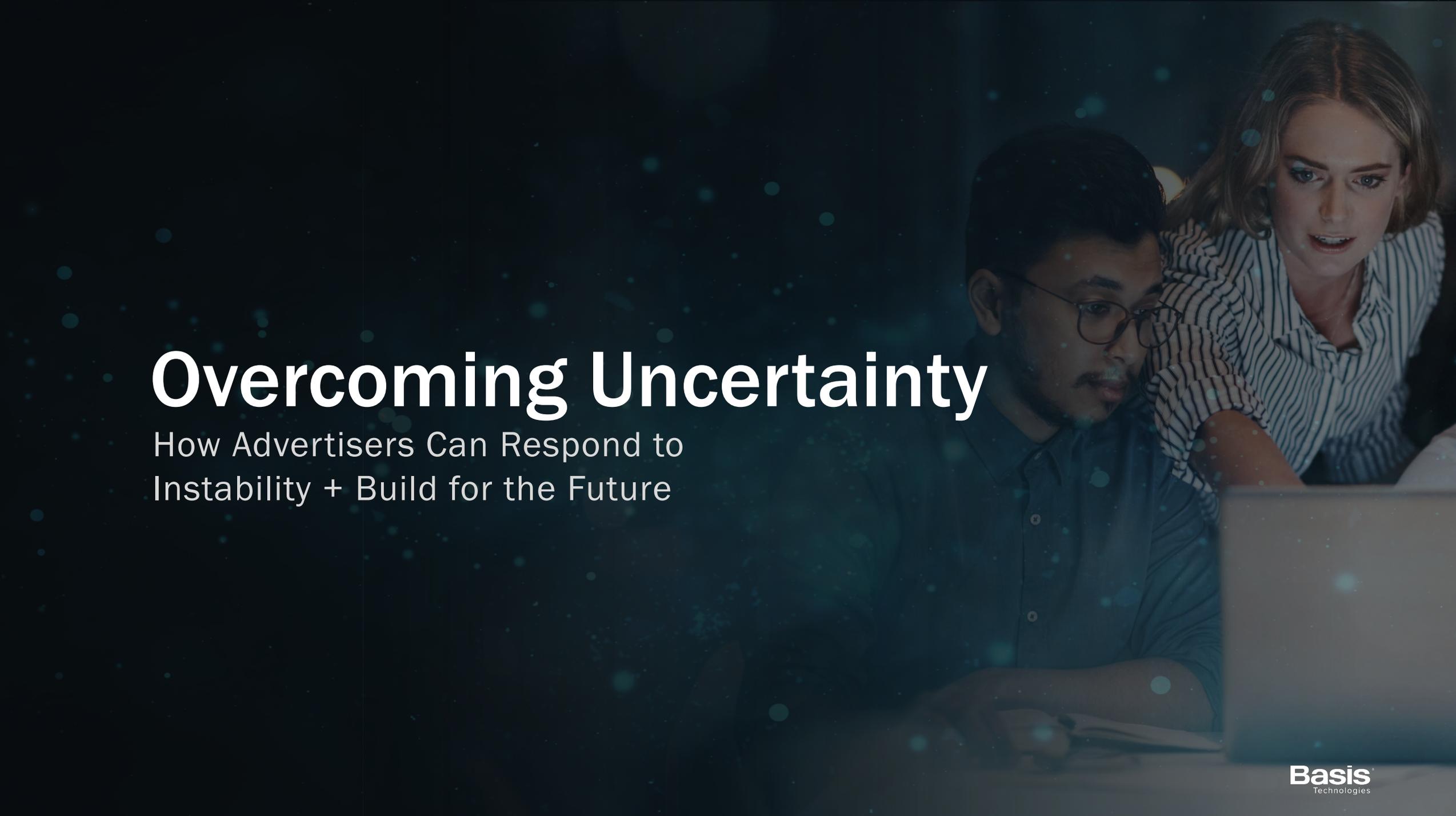
Early April 2020

T-Mobile advertises new low-cost plans for phone + internet

As of Q2 2022,
T-Mobile has added

1.5MM

to their high-speed internet service



Overcoming Uncertainty

How Advertisers Can Respond to
Instability + Build for the Future

OVERCOMING UNCERTAINTY

Commit to Contingency Planning

Standing the test of time

65%

brands planned to use scenario planning post-Great Recession

Scenario planning **empowers brands to take control over uncertainty.**

By identifying potential business impacts and their outcomes, brands can prepare strategies to combat these accordingly.

The Scenario Planning Process

START HERE ►

Define Your Focal Issue

1

Identify Driving Factors

Use the
PESTLE
analysis framework

2

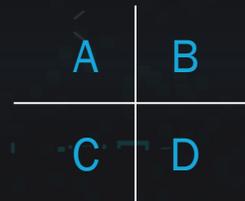
Pinpoint Critical Uncertainties



Factor 1
Factor 2

3

Plot Out Plausible Scenarios



4

Analyze Impacts + Outcomes



Scenario Planning in Advertising

START HERE ►

How Will We Engage With Consumers in 3 Years?

1

Identify Driving Factors

- Privacy Legislation
- Tech Advancement
- Consumer Sentiment

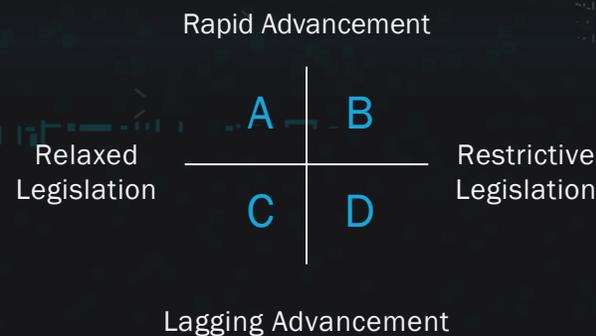
2

Pinpoint Critical Uncertainties

- Privacy Legislation
- Tech Advancement

3

Plot Out Plausible Scenarios



4

Analyze Impacts + Outcomes

- Explore crossover channels
- Reassess channel strategy
- Secure new resources

Personalize Your Message



With spending power increasingly limited, consumers scrutinize every purchase, seeking brands that meet their needs and maximize their budgets. **Messaging that meets the moment and builds loyalty** is integral.

Messaging That Meets the Moment

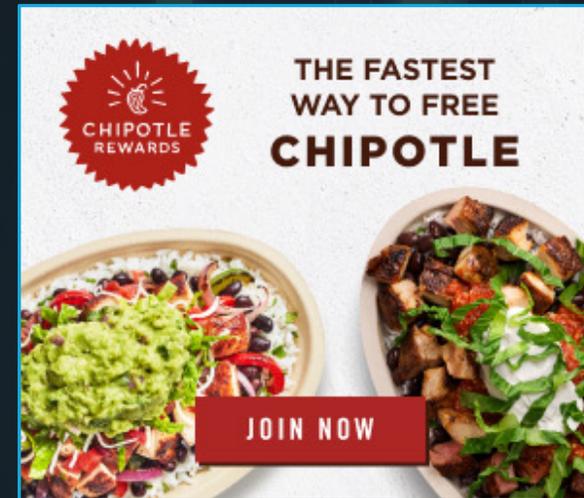
OFFER INCENTIVES TO GAIN AND RETAIN CUSTOMERS



ADDRESS FRICTION



OFFSET COSTS



BUILD LOYALTY

67%

of performance came from creative quality vs tactical elements

OVERCOMING UNCERTAINTY

Skip the Shiny

Economic uncertainty requires media spend to produce meaningful outcomes. Advertisers looking to make the most of budgets should **strike a balance between reliable and experimental tactics.**

TACTICAL OPTIONS

TRIED + TRUE

Paid Social

Linear TV

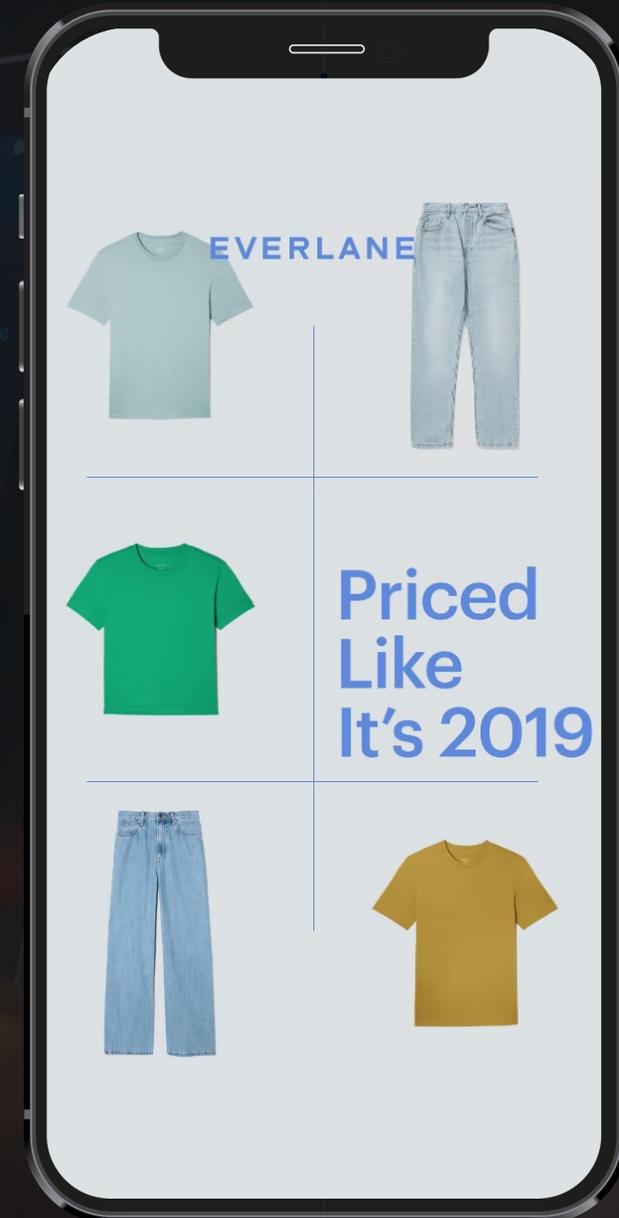
CALCULATED RISKS

AR Filters

CTV PMPs

Monitor the Market

Fluctuating market conditions directly impact how and when consumers choose to spend. **Analyze trends** in both market and consumer behaviors allows brands **to maintain proactive strategies.**



Plan to Automate

Agility is key to meeting fluctuating consumer needs throughout uncertainty. Automation allows advertisers to **rapidly adapt while maximizing their resources.**

77%

of advertisers said media planning platforms helped them move from planning to activation faster

Key Takeaways

- + Overcome Uncertainty by Remaining Agile
- + Develop a Roadmap to Navigate Fluctuating Markets
- + Control What You Can + Build for the Future



Questions?

Data Sources

- Slide 8
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 - <https://www.gartner.com/en/newsroom/press-releases/2022-07-25-gartner-survey-finds-consumers-stop-buying-from-brands-that-compromise-products>
- Slide 10: <https://content-na1.emarketer.com/july-was-worst-month-ad-spending-2-years>
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 - <https://content-na1.emarketer.com/shakeout-apple-privacy-update>
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 - <https://content-na1.emarketer.com/economic-uncertainty-comes-advertising-industry>
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- Slide 13: <https://www.marketingdive.com/news/marketers-increase-media-spend-recession-gain-ROI/628712/>
- Slide 14: Forrester + Analytic Partners Webinar – 8.25.2022: How to Thrive in the Face of Economic Uncertainty
- Slide 16
 - <https://www.mckinsey.com/business-functions/growth-marketing-and-sales/our-insights/how-us-consumers-are-feeling-shopping-and-spending-and-what-it-means-for-companies>
 - <https://content-na1.emarketer.com/top-reasons-consumers-switch-brands>
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- Slide 26: <https://hbr.org/2013/05/living-in-the-futures>
- Slide 30: Analytics Partners – ROI Genome: Rules of Recession Proofing
- Slide 33: Basis + Direction Research study