

The Impact of COVID-19 on Entertainment Advertising

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## **Introduction**

The COVID-19 pandemic has drastically affected advertising agencies, particularly those associated with the entertainment sector. The cancelation or postponement of popular summer events has resulted in great economic losses as well as incited discussion on the ad-buying system for television networks. The risk of infection has restructured how commercials are developed and messages found within advertisements today have also transformed. In addition, focus has shifted to digital platforms for their intimate connection with users. The world that advertising experts knew back in February has been changed entirely.

## **Background**

Today, advertisers must adapt to an altered media landscape in order to reach consumers. Slated schedules, production procedures, and methods of viewer engagement have shifted with the pandemic and experts are attempting to obtain a grasp on the new normal. With marketers and brands scrambling to communicate with the public, advertisers are now focused on understanding their hindered abilities to create commercial content.

The economic losses tied to COVID-19 have been tremendous for television networks. This year was set to host a number of exciting summer events such as the 2020 Summer Olympic Games and the annual Wimbledon Championship to name a few. Due to public health concerns, however, these events were cancelled or scheduled for a later date. Consequently, NBCUniversal, which hosts the Olympics, lost over a billion in advertising revenue (Fischer.) Other significant losses include spring sporting events such as the suspension of the NBA season (\$240 million loss) and the cancellation of the NCAA men's basketball tournament (\$200 million loss) (Steinberg.) By April of this year, harsh ad revenue losses were experienced across most forms of television, with cable losing 24.8% and broadcast suffering a greater decrease at

33.4% (Steinberg). Overall, the total amount of U.S. ad revenue predicted to be lost because of the worldwide crisis is set at \$26 billion (Taylor.) The sudden derailment of large-scale media events has resulted in economic woe for both channels and ad agencies alike.

The upfront process is another aspect of advertising that has been changed due to the pandemic. Usually taking place around May, television networks around this time of year sell their advertising inventory for the fall, cementing plans for the fall (Duggan). The crisis has disrupted this process and has worried companies as they try to analyze current purchasing behavior and the instability of today's market. The Association of National Advertisers suggested that the upfront season should be postponed until January (Duggan). Many ad businesses are not in good positions to be making important commitments, what with current rates of employee dismissal (Beer) as well as the cutting of advertising budgets (McCall). Delaying the upfront sessions would allow advertising companies and television networks alike time to regain their footing and prepare "COVID friendly" marketing strategies.

Another part of the regular advertising industry heavily impacted by coronavirus is the production of commercials. Today, instead of face-to-face meetings with creative teams, all aspects of pre-production have been relegated to online spaces. Conferences now take place on Zoom and storyboards for video projects are sent in emails (Kessler). In regard on-set production, safety guidelines have reduced the number of crew allowed in one place, have lessened the number of shooting locations and have prohibited lavish craft services (RP3 Agency). Despite these limitations, cutting-edge technology has been able to make this transformed production process manageable. For example, video applications on phones are utilized to capture footage from set and is directly sent to executives for notes (Dejana). In regard to post-production, commercials today now include animated segments in place of live action

content as well as reuse stock footage from past projects in final cuts (Dejana). The way in which ad agencies create media today is dictated by serious health concerns.

Additionally, the tone of advertising has changed significantly. 89% of advertisers have delayed campaigns that would be regarded as tone death in our current pandemic-ridden world (McCall). There is now an increased focus in informing viewers about safety protocol as well as appealing to the emotional side of viewers (Dejana). The messages found in television and social media commercials are slightly homogeneous in nature. As one article explained, the same five ideas can be found in most video ads. These include giving thanks to medical professionals and expressing concern for the well-being of consumers and employees (Schwab “9 Specific”). The focus of advertising today is still rooted in marketing, but the selling of brands has been layered with sympathetic wishes and hopeful spirit.

Finally, an increased interest in digital marketing has become a trend in the current advertising industry. Slashed budgets have fueled anxiety over how to stay afloat with less spending money available. As a result, ad companies are currently looking for less expensive methods to continue conducting business. The answer for many executives has been virtual and Internet-based platforms. The digital world provides many advantages for ad companies such as the tracking of a user’s conversion paths, the display of an individual’s demographic information, as well as information on shopping preferences (Zhao). Some agencies view digital advertising as a safer investment as decisions can be based on hard data, allowing for more informed choices when creating campaigns (Zhao). The pandemic has forced advertising businesses to be more efficient with where they invest their resources. With the proliferation of virtual devices in most middle and upper-class homes, CEOs are leaning towards researching the customization of messages linked to internet-connected TVs (Hsu). Playing it safe is the standard

many American businesses will be adhering to as the world awaits the end of the pandemic. For the advertising industry, the realm of technology may provide a saving grace.

### **Solution**

I propose that advertising agencies further their investigation into the power of virtual platforms. As Schwab comments in his article, “COVID-19: The Impact on the Future of the Media Industry,” marketing and ad agencies alike must analyze consumer behavior during this crisis and adjust their strategies accordingly. Indeed, one study illustrates increased investment in virtualization technologies by advertisers (Schwab “The Impact”). As previously stated, industries are currently looking for safe answers to their budget problems in addition to ways to effectively engage the public. With the pandemic solidifying the extinction of big-statement ads (Hsu), the door is open for ad agencies to pursue cost effective yet wide-reaching alternatives to television. Metrics are a dependable source of information. User data can be tracked to create tailored content that leaves a greater impact on viewers stuck at home (Hsu). There is a comfort in knowing what your target audience likes and seems interested in purchasing.

Some drawbacks to this solution include the time and effort needed by some ad companies to begin developing virtual foundations and relations. In addition, moving to the digital sector does not rectify the current issues that television is facing. Should advertisers risk venturing into new territory or remain in their current states to ameliorate problems tied to network channels? While I would encourage ad agencies to pursue digital opportunities, there exist pressing issues regarding where advertising companies should be creating content.

## **Conclusion**

The pandemic has crafted new terrain for advertisers to traverse. Given the economic losses, change in production practices and rising interest in digital platforms, ad agencies should consider online avenues to make the most of their slashed budgets and reach the masses. The world may have changed business procedures as we once knew them, but adaptations can and will be made.

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