Programmatic Ad Spend Down 9% Since Beginning of 2020, Driven by Travel and Auto

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Programmatic ad spend is still slumping due to the economic impact of coronavirus as a result of major pullbacks from the travel and automotive sectors.

Overall, programmatic spend in April was down 9% compared to the beginning of the year. Travel brands spent 79% less on programmatic advertising in April compared to March, and auto brands pulled spend by roughly 40% over the same time period, according to data from MediaRadar.

“We’re not seeing a big turnaround yet,” said Todd Krizelman, CEO of MediaRadar. “When they stepped out, that created a hole that was not easy to fill.”

Krizelman added that pre-pandemic, travel accounted for nearly 10% of programmatic spend across digital. This drastic reversal in spend has forced travel-dedicated ad-tech shops like Adara and Sojern to lay off staff and halt parts of their businesses.

The third-biggest drop in programmatic spend in April was from event marketers. The overall number of companies buying ads programmatically fell by 8%.

Stay-at-home orders and the cancellation of sports are two key reasons for the drop in spend from auto advertisers. However, MediaRadar forecasts that auto brands will be the first major vertical to ramp up spending, since carmakers are already

changing their creative campaigns to emphasize safety features, the fun of driving and aggressive offers on pricing.

The travel industry faces a harder challenge, especially small businesses, Krizelman said.

“There are many companies that are going to face liquidity crises is if the economy doesn’t open up soon,” he said.

Ad tech is also facing a liquidity crisis due to the pandemic. Companies continue to cut staff and intermediaries are looking to curry favor with publishers who are fearful of another potential bankruptcy leaving them empty-handed.

There were some areas that spent more during April. The education and training vertical was up 70%; technology was up 63%; and beauty was up 35%, driven mostly by skincare advertisers. The brands that saw the biggest uptick in programmatic spend were Slack, Electronic Arts, GrubHub, Bank of America and Facebook, according to MediaRadar.

“The brands are viewing the pandemic as an opportunity. They are unexpected beneficiaries. They are leaning in,” said Krizelman.

Time spent streaming television has doubled during the pandemic since last year. Naturally, streaming services are using this time as a marketing opportunity. Krizelman said programmatic spend from streamers has increased by 18%, mostly from Hulu, Disney+ and Apple TV+. He added that Netflix is still marketing, but not more than usual.

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