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Nielsen's Message To Marketers In 2021: Don't Cut Ad Budgets, Think Omnichannel.

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There is never a good time to stop marketing, and as advertising begins to rebound from pandemic cutbacks, a new report from Nielsen says brands need to be smart about their strategies and tactics if they want to reach audiences whose habits and preferences may have shifted during the past year. "There is no more one-size-fits-all approach for businesses looking to engage with consumers," says Nielsen's Annual Marketing Report.

Ad spending continues to recover after cutbacks a year ago. But many businesses' budgets remain "significantly constrained" according to Nielsen, which issues a warning to those facing leaner times – don't cut ad budgets.

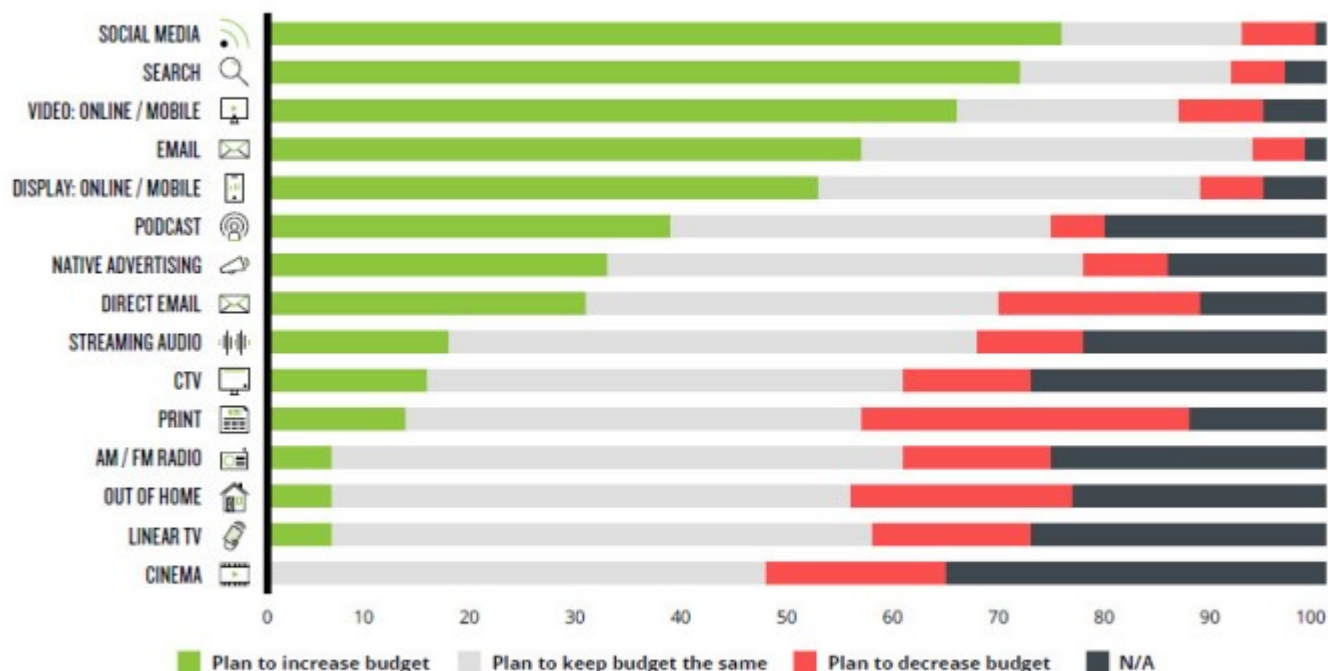
"Brands can't run the risks associated with going silent," the report says. "In addition to reducing top-of-mind awareness, short-term decisions to stop advertising put long-term revenue at risk—both incremental revenue and base sales."

Some brands could already be facing the impact of such decisions. Nielsen says its database of long-term effect models suggests that brands that stopped advertising in the second half of last year could see revenue declines of up to 11% this year.

In a survey of businesses of all sizes, Nielsen found some encouraging news for radio. Six in ten marketers said they plan to either increase their radio budget to keep spending the same in 2021. About 15% say their radio budget could face decreases while the remainder is unsure where things are headed.

The outlook is even brighter for streaming audio and podcasting. Nearly seven in ten advertisers think their streaming audio budgets will expand or at least keep pace with last year. And for podcasting, three-quarters expect their podcast ad budgets to grow or hold steady in 2021. Just five percent expect cutbacks.

ANTICIPATED CHANGES IN ADVERTISING BUDGET OVER THE NEXT 12 MONTHS



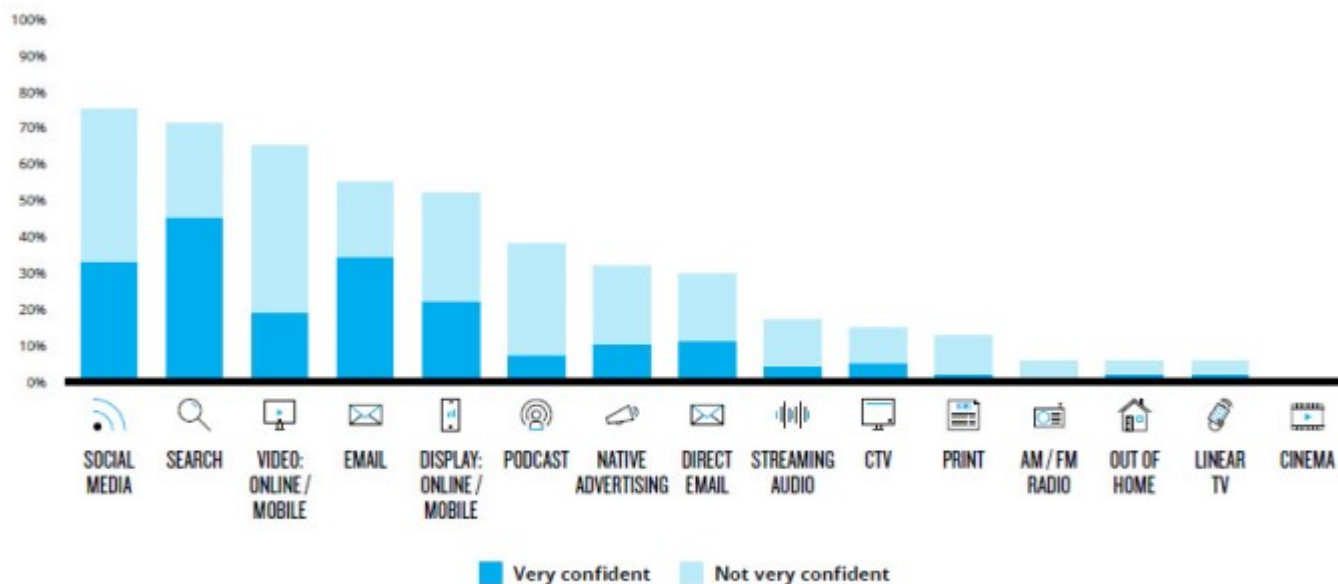
Q. As COVID-19 continues to evolve, how do you expect your organization's advertising budget to change in the next 12 months for each of the following paid media channels?

One of the biggest challenges for audio mediums, according to the survey, is that ad buyers surveyed have limited confidence about whether they can measure return on investment. Thanks to its digital nature, podcasting and streaming audio scored the best among buyers. Yet fewer than one in ten said they were “very confident” about ROI measurement of either audio format.

Audio is far from alone, however. Confidence seems to be in short supply in general and it is not necessarily a deal-breaker for buyers. Nielsen found 65% of advertisers are planning to spend more on online and mobile video this year but three out of four are unsure about how to accurately measure ROI.

“COVID-19 notwithstanding, measurement and proving ROI remain universal challenges across brands and industries,” the report says. The Nielsen survey suggests radio could have the most success targeting consumer packaged goods and health care/pharmaceutical marketers as those surveyed in those industries do not view data quality or accuracy as big a problem as do marketers in the technology, retail and travel and tourism categories.

AMONG THOSE PLANNING TO INCREASE BUDGET, WHO IS CONFIDENT THEY CAN MEASURE ROI?



Q. How confident are you in your ability to accurately measure return on investment (ROI) for each of the following paid digital and traditional media channels? 'Very confident' stands for the top-2 responses on a 5-point scale.

Nielsen's survey found that the pandemic has had the biggest impact on the marketing mix of those in the travel and tourism category, not surprisingly, with 79% reporting they had to adapt a lot. That compared to 44% of retailers who said the same thing, or 41% of those in consumer packaged goods. The data is based on an online survey conducted among 260 marketing professionals between October and December 2020.

Nielsen also found that brands across the spectrum say customer acquisition is their top marketing objective. Yet respondents in its survey also said that they plan to increase their marketing spend on a few select channels rather than embrace a holistic focus. Nielsen suggests advertisers instead need to think "omnichannel," something that could help open more to radio.

"It's time for them to take that a step further so that they're thinking about creating seamless experiences for consumers from touch point to touch point—not just at the point of purchase," the report says. "And given the heightened focus on ROI, marketers need to measure across all of the channels they allocate funding to, no matter how small the allocation."

Download Nielsen's Annual Marketing Report [HERE](#).