

Living

with

the

pandemic

in October 2021

The IPA and Enders Analysis collaborated to produce this report on the theme of “living with the pandemic” for practitioners attending this year’s EffWorks Conference in October. It aims to reveal the economic and structural changes relevant to consumer behaviour **at this stage of the COVID-19 journey** and is linked with the IPA Touchpoints data on media consumption and industry sources, to help marketers increase the relevance of their communications and better assess their channel preferences. **This report is of particular relevance to B2C product marketers.**

The UK entered the pandemic in Q1 2020, and after three lockdowns designed to address the public health crisis, the Government declared the country would “live with the virus”. Facilitated by a successful vaccination drive, this turning point ends major disruptions to life and work, though international travel will remain impaired for some time. **The structural changes that have emerged are a result of the population-wide reduction in mobility.**

The large-scale exodus from offices to work-from-home (WFH) for the past 18 months is now reversing as many workers returned to their desks in September. That exodus caused the desertification of transport hubs of London and other cities, and the plunge of expenditure on associated media channels such as out-of-home (OOH) and print media. **One silver lining was the reduced carbon footprint and cleaner air for the UK, which hosts COP26 in November.** WFH is likely to continue in a hybrid form for some 37% of the workforce, implying a home-based existence part of the work week, which is good for home media channels, e.g. direct mail. **WFH is an opportunity for B2B activities and the civil sector, but not for workers in B2C activities or for essential workers, driving a wedge of savings inequality.**

The UK’s journey through the pandemic wrought profound changes to the way consumers live, work, and consume media. These will persist at lower levels due to hybrid WFH, as a majority expect the old normal to be postponed for at least six months to a year. **Suburbs and towns have powered the UK’s economic recovery to date, elevating the attraction of the country lifestyle for segments of the population. Wherever they live, people are spending more locally. The car is replacing public transport.**

The other profound change in consumer purchasing behaviour is **the structural increase in the online channel, contributing 25.5% of retail sales (excluding fuels) in both July and August 2021, thanks to a doubling of food & drink sales.** Prior to the pandemic, at 18%, the UK’s online channel for goods was already larger than any European country except for the Netherlands, and three lockdowns later, the gap has grown larger. Looking towards the next six months, retail sales are likely to be disrupted by growing shortages of products and inflationary pressures, notably on home energy costs.

The embrace of ecommerce by older and wealthier consumers implies an increasing need for brands to engage in an even better understanding of how online channels can drive discovery and brand-building objectives. It also explains the **booming expenditure of marketers on the online channel to encourage discovery and purchasing.** Other implications of the structural shift to ecommerce include direct-to-consumer (D2C) marketing and distribution on the open internet, including associated advertising media, or distribution via Amazon.

Media channels to young people such as OOH, the number one in 2019, and cinema were deserted by those eyeballs, massively shifting to digital audio-visual (AV) media such as TikTok, Netflix and YouTube. However, marketers still have the opportunity to stimulate brand-building in the conventional video style of TV ads. **The IPA finds the gulf between the media touchpoints of the “young” (25-34) and those of “older” (50+) audiences, centred on live broadcast TV, has never been larger.**

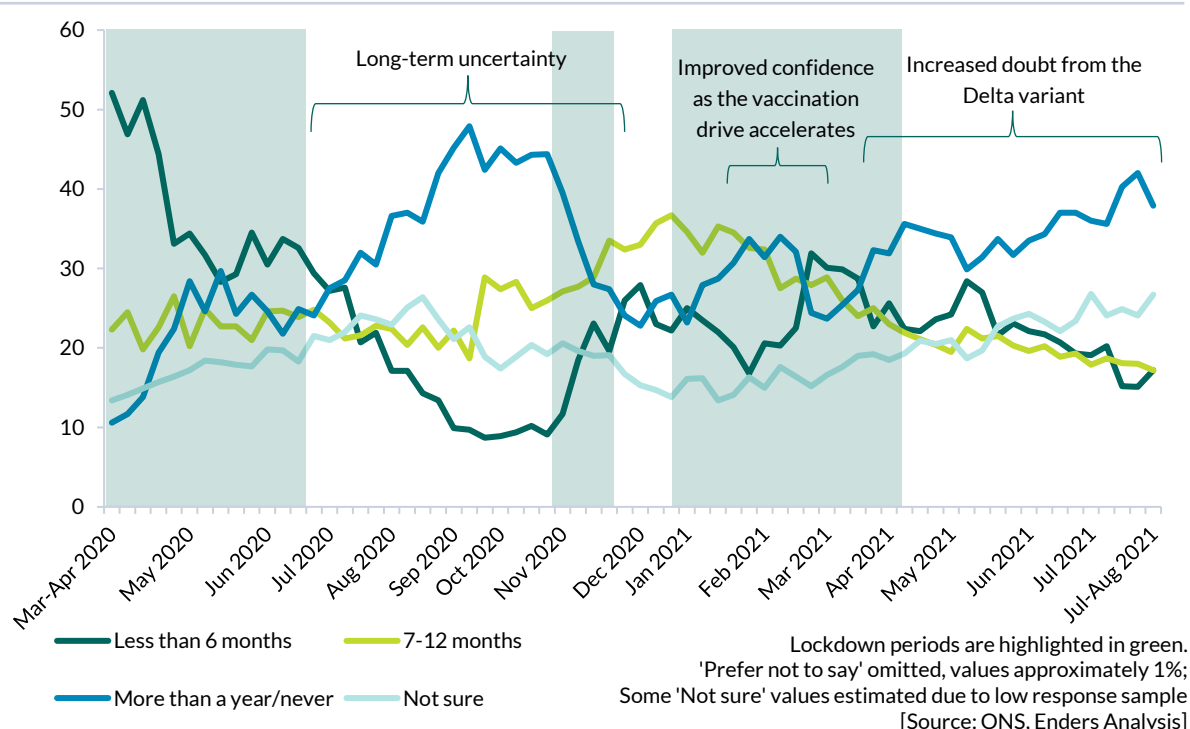
For marketers to grasp these changes, and their ebb and flow in terms of the opportunities for channels available to them, greater investment is required in tracking high-quality and wider sources of evidence, and that’s among the ambitions of this report.

Many consumers believe normal is postponed

A significant influence in the speed of return to 'normality' is consumer confidence. After 18 months of living with the pandemic's daily trials, tribulations, and silver linings amidst widespread WFH practices for B2B services and the civil sector, many consumers observe the pandemic is simply not over.

Surveying consumer confidence in a return to 'normality', the majority do not expect this to be imminent (marked in Figure 1 by 'less than 6 months', '7-12 months', or 'more than a year/never'), and just over a quarter of consumers are 'not sure'. Of note to marketers are first the dramatic ups and then downs in this confidence since the first lockdown, and second, the improved confidence since the successful vaccination drive in 2021. However, a growing share of consumers are not sure or believe the return to normal has been postponed by the ascent of the Delta variant. **Marketers may need to change the very definition of 'normal': the myriad of pressures on the old normal that have defined the pandemic will not snap back, and the population is likely to continue to modify behaviours in response.**

Figure 1: 'How long do you think it will be before your life returns to normal?' (%)



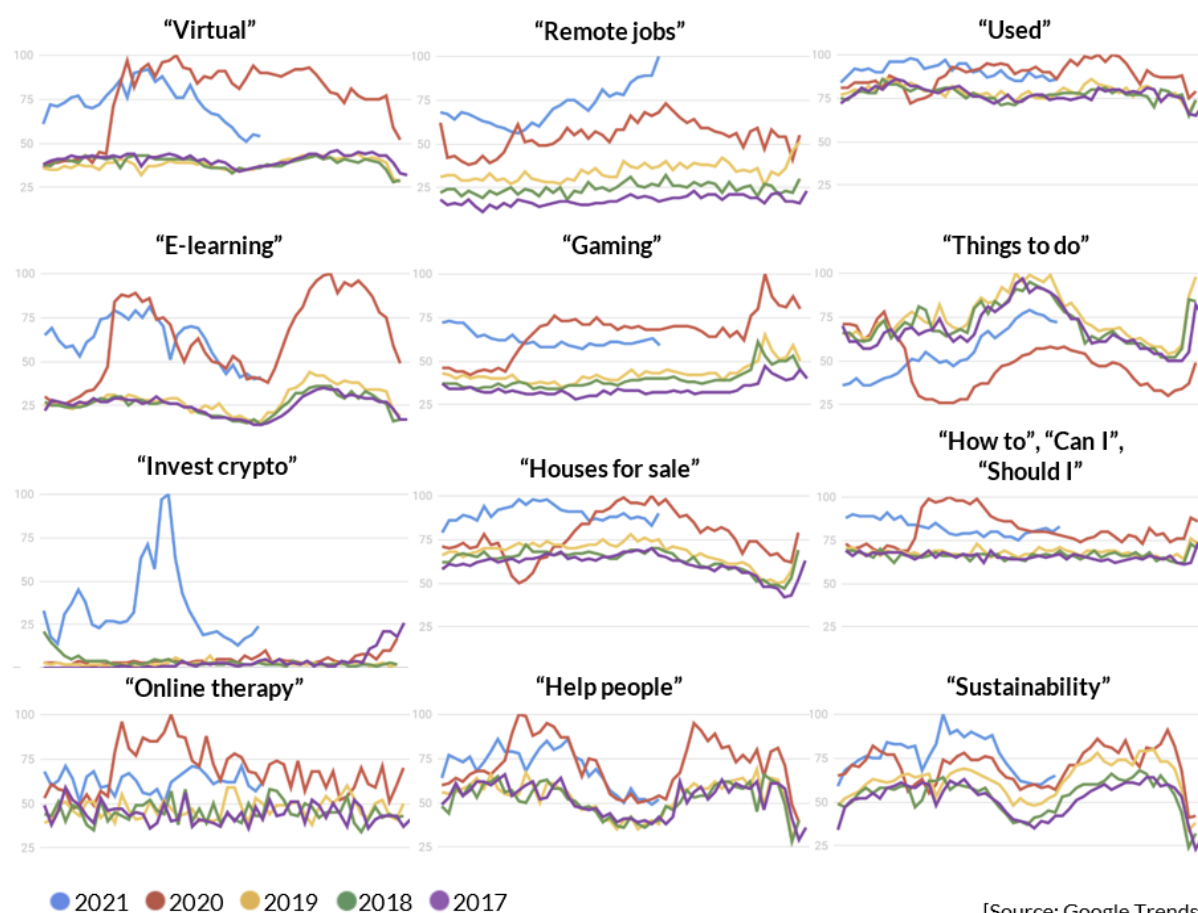
Revealing the influence of these 'new normal' preoccupations of consumers, which have influenced their elevated online purchases of goods (see below under ecommerce) and services (the latter not tracked by the ONS), Google, a partner of IPA Effworks, collaborated to provide analysis tracking search behaviour through the pandemic (Figure 2). The top takeaways are summarised as follows:

- Searches of the term "virtual" took off in March 2020, a trend that was maintained throughout 2020 despite changing restrictions on work, shopping and social lives, only beginning to wane in summer 2021. Despite the transition towards more optimistic approaches to in-person events and activities, interest in "virtual" remains higher than before, suggesting virtual activities will remain part of the fabric of everyday life;
- Categories that speak to long-term change in aspirations for life and/or work include those relating to "remote jobs". In defiance of the release of restrictions, interest in remote working has escalated to unforeseen levels in summer 2021, and "homes for sale", where interest in relocating away from urban centres, has continued despite the end of the stamp duty 'holiday';

- Interest in online provision of education and entertainment shows the shift to online and reliance on digital media is now increasingly entrenched. Amidst lockdowns and WFH for working parents searches for “e-learning” were elevated, as families adapted to remote schooling and adults sought to up-skill, while searches for “gaming” in 2021 have closely tracked the elevated levels seen in 2020 with no sign of returning to pre-pandemic levels;
- Speaking to the heightened adoption of DIY inclinations in the pandemic, the “how to”, “can I” and “should I” category leapt in 2020, since consumers had to do without many services for the home. The spike early in the pandemic gradually decayed to an elevated norm that persists to this day. Similarly, searches for “used”, including cars, books, and electronics, experienced a boost—albeit smaller— in early 2020 that has entrenched itself as part of the new post-pandemic paradigm;
- Mental health issues rose due to the pandemic, loneliness being a dramatic consequence of lockdown. Elevated searches for “online therapy” in 2020 reduced in 2021 as the success of the vaccination drive reduced the anxiety of severe outcomes for most consumers; searches for “sustainability”, depicting concern for the climate crisis, rose in 2020

The permanence of these changes signals long-term ramifications on the commuter economy and what ‘normality’ will look like. **Online activity is a significant barrier to the process of discovery: critically, the interest of others is more difficult to discern**, and requires additional steps to verify through social channels and reviews, unlike footfall to popular stores and events. It will become increasingly important for marketers to account for changes to consumer discovery and purchasing decisions within broader contexts of online privacy. A recalibration of consumer aspirations has already taken place, and this will have to become more visible to marketers.

Figure 2: Google Search interest, 2017-2021



[Source: Google Trends]

Emerging inequalities around WFH

Google mobility data is used to compare the 'old' versus the 'new' normal in relation to changing footfall patterns against a pre-pandemic baseline.¹ This data is collected and released to the public daily. Mobility to retail and recreation destinations remains below the baseline, with evidence of a cautious mood towards offline retail, despite recovery in 2021. **The much deeper reduction in mobility in cities—more reliant on public transport than suburbs and towns—is elevating the country lifestyle.**

The pandemic has created a two-tier recovery, divided between large cities which have retained income levels and accumulated savings, but have ongoing reduced mobility, and smaller cities and rural areas, which have seen a bounce back in mobility.

Across lockdowns (Figure 3) we have seen mobility dramatically impeded in big cities, reliant on office workers and tourism, whereas Local Authority Districts comprised of smaller cities, towns and suburbs recovered more rapidly to pre-pandemic levels of mobility. Large cities such as Manchester, Edinburgh, and Cardiff have seen significantly sharper drops in mobility than towns and rural areas in the UK, regardless of the varying lockdown policies across the UK. London has been the most affected, and mobility has not recovered to pre-pandemic baselines (see [London in the Pandemic Era: Consequences and Implications of COVID-19 on Mobility](#)). **While the economic recovery of the UK to date is centred on suburbs and towns, the partial reversal of WFH will perk up city centres in the coming year.**

Figure 3: UK mobility recovery across lockdowns by Local Authority District



A reliance on public transport has an enormous effect on recovery, and has proven to be central to hampered mobility levels across international contexts, evidenced in Germany, which has a less concentrated model of urbanism: German mobility remained consistently higher than that of its European counterparts throughout both during the initial lockdowns of early 2020, and also throughout 2021 (see [Better, more to come: European mobile in Q2 2021 \[2021-090\]](#)).

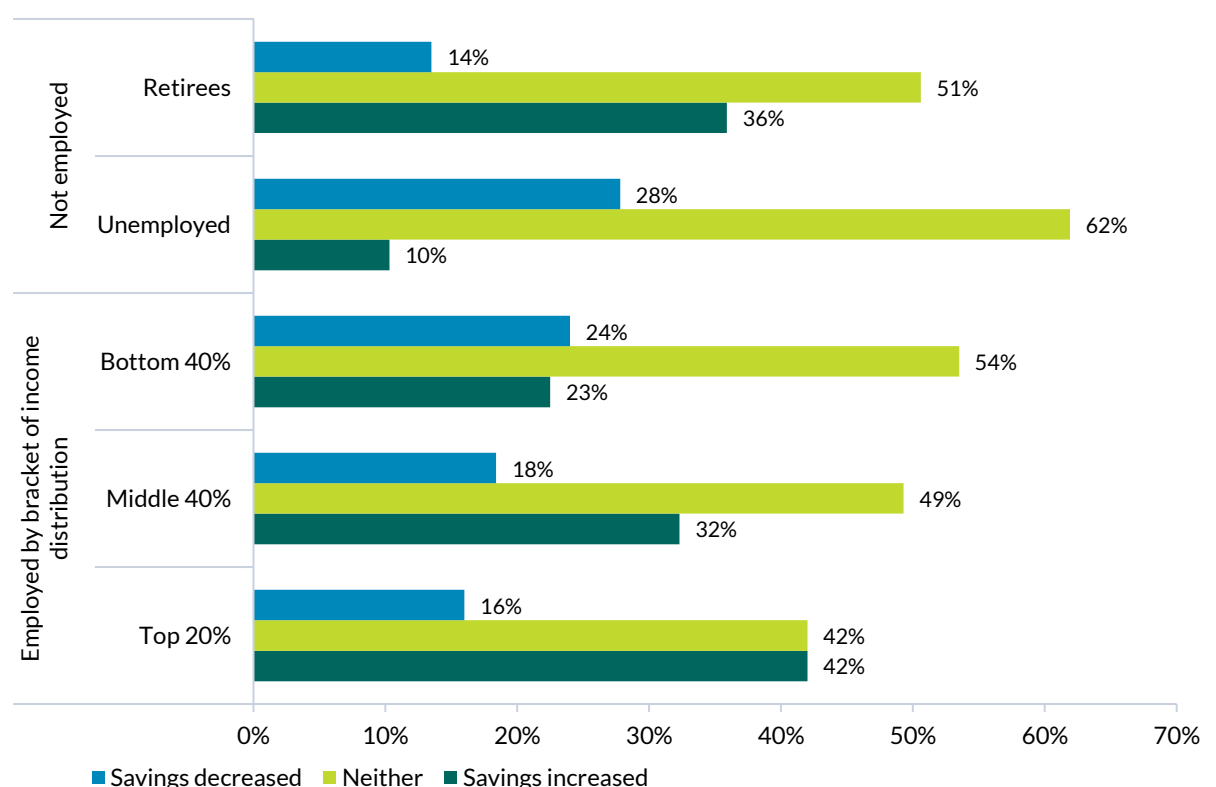
Fuel sales rose as the UK 'unlocked', increasing consistently every month from January 2021, though sales remain 3.7% lower than in June 2019 (the large caveat of current stockpiling excepted). However, mobility to workplaces and through transit stations remains below the baselines of February 2020, as the promiscuity of public transport continues to have a deterrent effect. **The car is back.**

¹ Enders has commissioned [a series of work](#) on the impact the pandemic has had on mobility across the UK.

As a result of WFH and staycations, a large component of household expenditure has been shifted from OOH services to in-home consumption of goods, as expenditures related to commuting—transportation, takeaway food, hospitality, and beauty services—have vanished into thin air. Households able to leverage WFH for all days of the week are saving on average about 25-30% of their weekly disposable income on foregone expenditure on transportation and OOH services, widening the income distribution with workers required to travel to work.

However, we should not expect a radical disgorging of these additional savings, due to inequalities in the households able to save, which tend to (a) be older, (b) have higher incomes and especially (c) have much larger savings to begin with. Among this group, only a quarter plan to consume from it, with 20% planning to spend half or less of it. Surveys suggest that expectations of an increase in spending are most pronounced among the young (and especially the vaccinated), who have the least purchasing power.

Figure 4: Households experiencing change in savings during the pandemic (%)



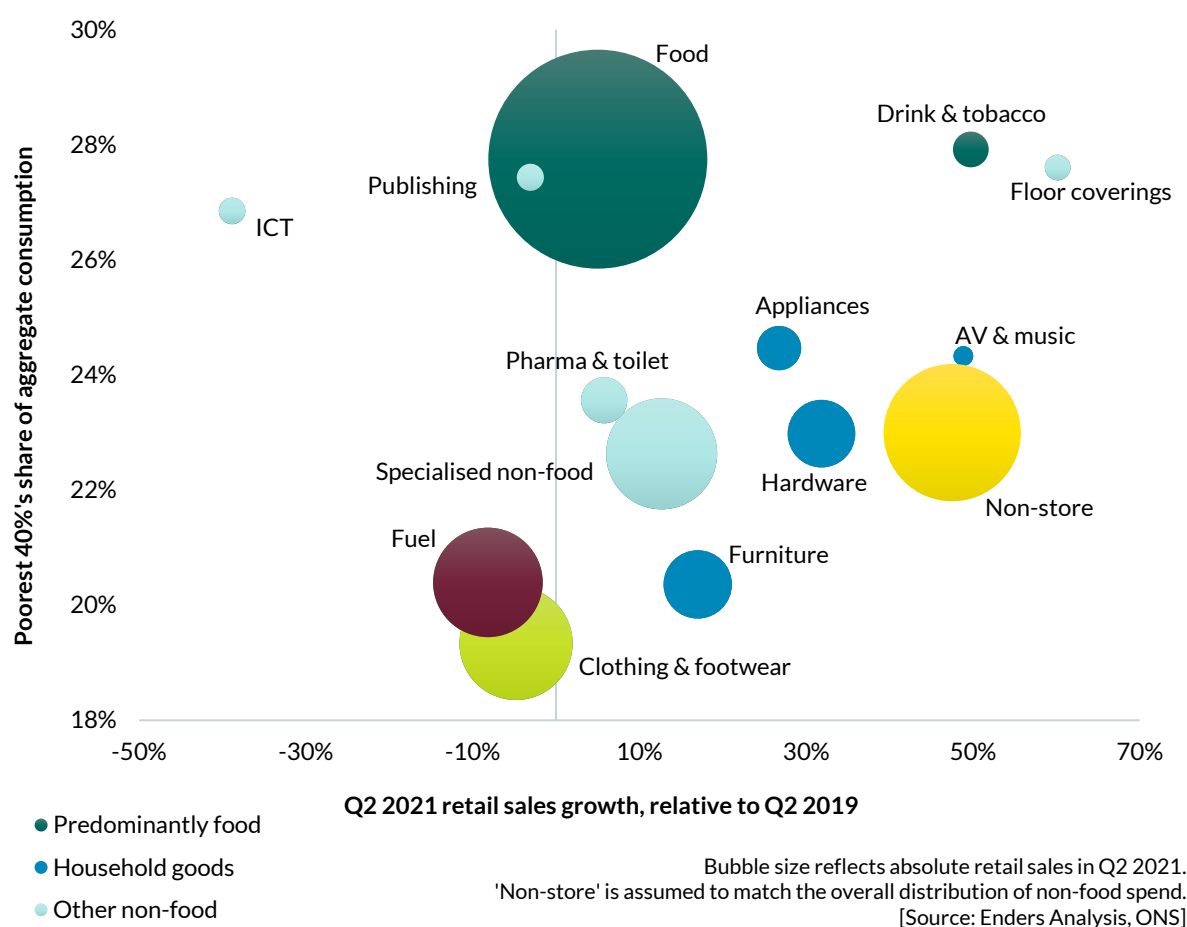
[Source: Bank of England, NMG, Enders Analysis]

Low-income households (the bottom 40% of the distribution), including essential workers required to travel to work, furloughed workers, and the unemployed, are more likely to have seen their savings *fall* during the pandemic, due to reduced earnings and, particularly in the case of key workers, ongoing costs of travel to work.

Retail categories that rely more heavily on the poorest 40% of households are more likely to be in a stronger position in Q2 2021 relative to the same period in 2019 (Figure 5).² For example, household goods such as new floor coverings did well in the pandemic, as life in the home was upgraded, including through the purchase of better household appliances and furnishings.

² N.B. Retail growth on the x-axis, as well as absolute Q2 2021 retail levels reflected in bubble size, refers to the category of retailer, whereas the distribution of expenditure on the y-axis refers to the category of goods being purchased.

Figure 5: Two-year growth by retailer category, vs distribution of consumption



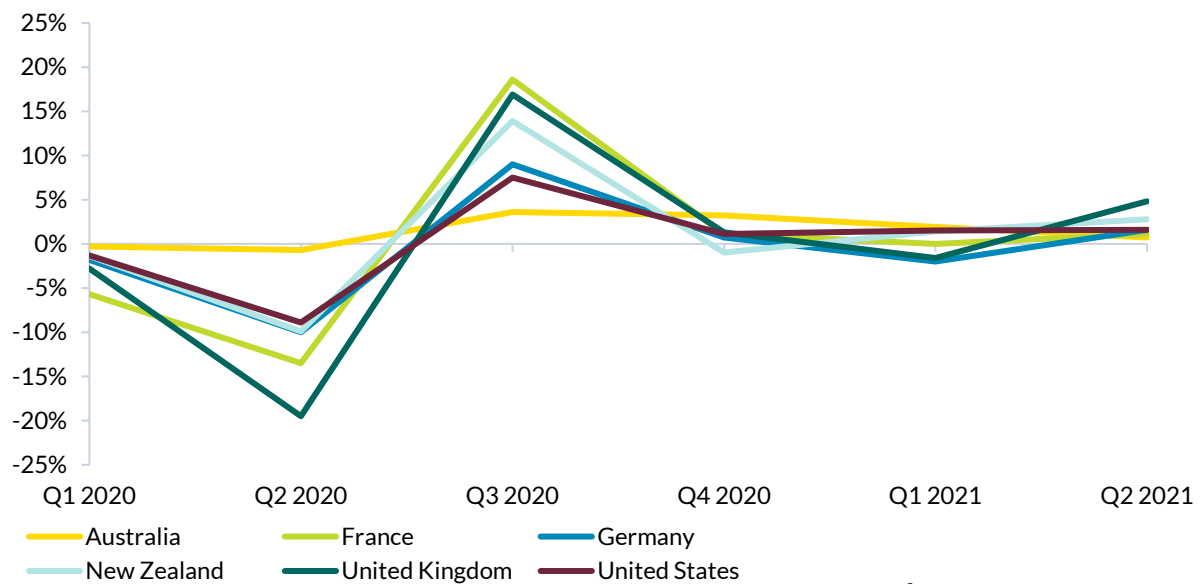
While the UK's level of GDP recovered in July 2021 to 2% below the pre-pandemic peak achieved in February 2020, impaired mobility has altered the distribution of growth by sector relative to pre-pandemic norms.

The giant services sector, which accounts for close to 80% of GDP, remains the driver of UK growth. Despite lockdowns, WFH ensured the resilience of high-value B2B activities, including financial, ICT consultancy, legal and accounting services, supported by the UK's telco infrastructure and service offerings. **The services sector remains impaired in office-related and OOH B2C services, and arts, entertainment and culture.**³ Recovery of accommodation and food has been in lockstep with changes to restrictions: up 37% month-on-month in May when indoor venues were unlocked, up 10% in June and then flattening in July. With the initial unlocking 'boost' starting to fade, the seasonal peak for many OOH services could have been reached in July-August 2021.

There have been disparities in international effects of the pandemic, with different approaches to mobility and ecommerce having notable effect. States that effectively locked down saw broadly similar drops to mobility in the early stages of the pandemic: with the lowest level of mobility reached in the UK dropping 75% below a pre-pandemic baseline, New Zealand down 86%, France down 85%, and Germany 70%. There were corresponding hits to GDP as the B2C services sector ground to a halt overnight, although the extremely strict lockdowns of Australia and New Zealand had the converse effect of protecting GDP in the longer term (see [Mobility and air quality in London: Silver linings of the pandemic \[2021-063\]](#)).

³ Just 80% of peak activity in July 2021, despite the return of music festivals.

Figure 6: Comparison of GDP (%) change, from previous period, Q1 2020 - Q2 2021



[Source: OECD, Enders Analysis]

Ecommerce (goods) increase to 25% is structural

The existence of a large and well-developed channel for online sales of goods and services is among the major factors of resilience in the UK's response to the public health crisis of the pandemic. The online channel allowed 'locked-down' consumers to supply themselves with the full panoply of goods, despite initial supply bottlenecks. Many consumers rapidly transformed their homes into offices, also expanding their capabilities to replace OOH services with in-home delights.

Looking back at the pandemic's impact on consumer purchases of goods, expenditure on various categories—and the extent to which households turned to online, or delivery to the home, to 'fill the gap' in their supply—was driven by the two basic tiers of lockdown:

- **'Essential' goods stores remained open** throughout the three major lockdowns in the year to March 2021, and WFH provoked a predominantly local pattern of shopping, accompanied by higher online "food & drink" purchases, noting the abundance of services of substitution such as home food delivery. Online reached 10% of the segment's retail sales in 2020, peaking at 17% in Q1 2021. Under deconfinement, substitution to OOH food and drink services helped bring this segment down to 13% in Q2 2021
- **'Non-essential' goods stores closed** (department stores, clothing and footwear shops, etc)⁴ and WFH provoked a predominantly online pattern of shopping, amidst an overall lower level of expenditure. In 2020, the astronomical rise in ecommerce's share of all sales by non-food retailers, peaking at 44%, was the principal upshot of the lockdowns of 'non-essential' stores in the UK, driving pent-up demand and footfall under deconfinement and a reduction in online purchases in Q2 2021

⁴ Note that the ONS categorises retail sales by vendor, not by the goods themselves. The category of 'predominantly non-food stores' therefore inevitably underestimates the sale of non-food goods, many of which are sold not only by supermarkets (we estimate 3-4% of pre-pandemic retail sales comprised non-food items sold by 'non-specialised food stores') but also by 'non-store retailers', who predominantly operate by online delivery (11-12% of total retail sales pre-pandemic). This disparity is especially pronounced in the 'other non-food stores' category. The ONS publishes a much richer breakdown of family expenditure on a annual basis, but the latest data is for the year ending March 2020.

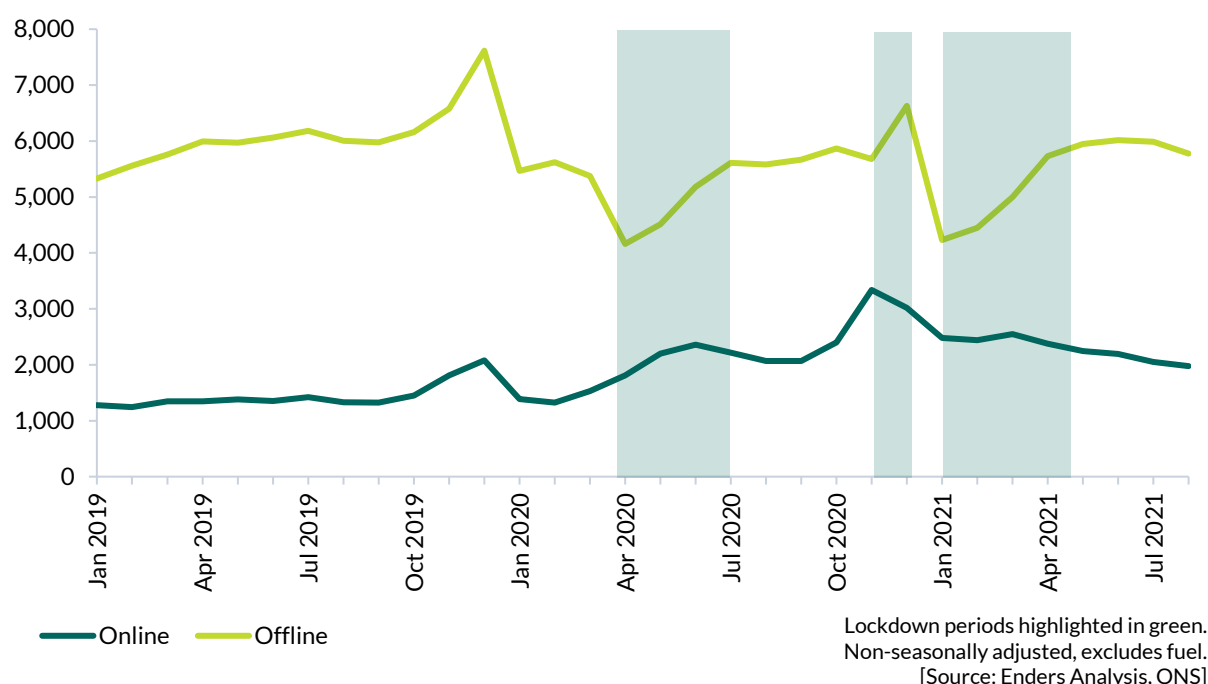
Non-essential retail sales can take place across whichever channel is more convenient, and flexibly shift from online to offline and vice versa as needed, thus amplifying the decline of the in-person economy in line with consumer confidence. The virtual sphere increasingly fulfils needs, rather than simply being the only available option, and will continue to draw elevated numbers of consumers who were initially exposed to the online economy as a direct result of the pandemic. **The strongest performing offline retail categories tend to be those with a mass-market profile, meaning that they are purchased by most households.** They have a more egalitarian spending profile, rather than a niche or high-end appeal, such as luxury goods.

The latest ONS retail sales figures for August show the share of online in the total (excluding fuels) held steady at 26% in August, the same as July. That ratio is driven by two factors:

- The overall level of retail sales (excluding fuels), which depends on the level of domestic demand, making the staycations of 2020 and 2021 important in expenditure trends, alongside substitution to services in the large and currently elevated category of food & drink;
- The distribution of retail sales between the online and offline sales channels respectively.

Deconfinement, and the slow progression to a perceived 'normality', has naturally greatly reduced the share of ecommerce of goods in retail sales (excluding fuels), from its peak level of 35% in Q1 2021 to 28% in Q2 and to 26% in Q3 thus far, beginning to stabilise. Benchmarked to the pre-pandemic time of normality in August 2019, when the share of online in retail stood at 18%, the new figure of 26% share attained in July and August 2021 remains a huge leap up for the online channel. **This could be a new baseline for the online channel, and thus associated marketing mechanisms.**

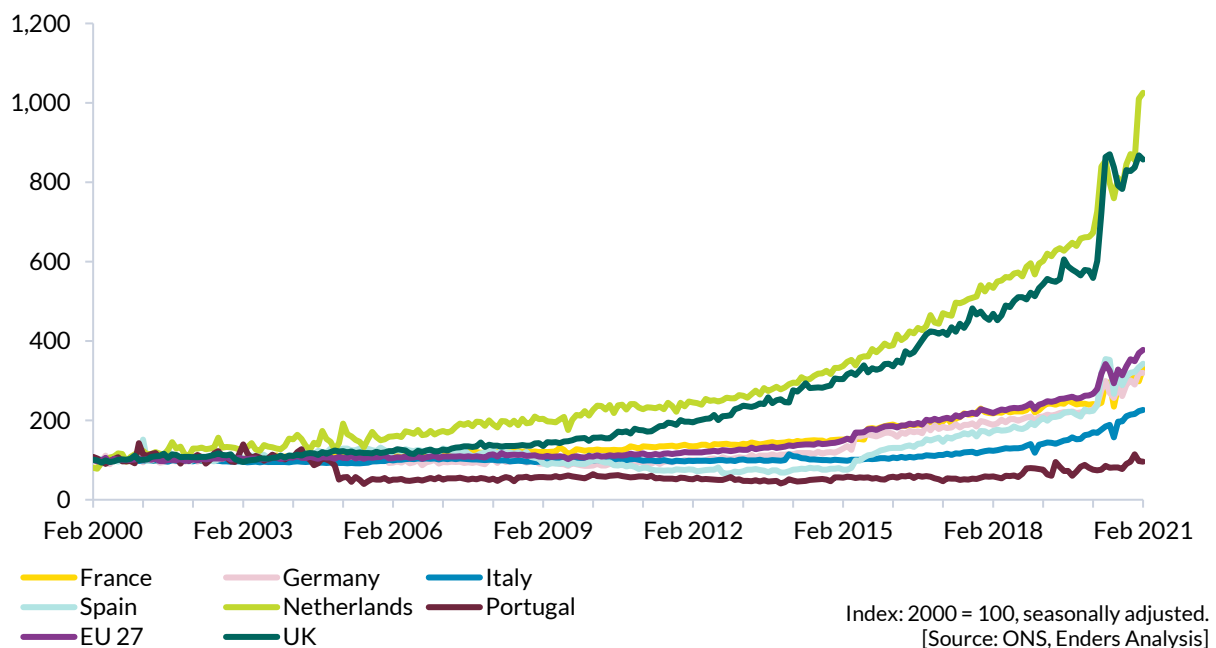
Figure 7: Average weekly value of retailing by channel (£m)



The pandemic lifted the (already structurally high) level of the online channel in goods purchasing in the UK relative to other European countries. **The UK has consistently surpassed other European nations (apart from the Netherlands) in the growth and expansion of the online channel since the dawn of the internet (see Figure 8).** The exceptional rise in retail sales in the UK over the period is also a factor.⁵

⁵ The United States does not produce figures for the online channel that are comparable to those produced by the UK due to the former's inclusion of auto sales in retail sales.

Figure 8: Retail Sales Index by country (volume), via mail order houses or internet



A specific feature of the UK relative to other European nations since the turn of the century is the high proportion of women that work—making them financially empowered—that also run households on a tight budget. Searching for a better value proposition for goods and services for the family is a major driver of using the online channel, especially for big-ticket items, such as homeware and autos.

A major trend during the past 18 months has been the wider and deeper engagement of older consumers with the online channel, mainly due to necessity during lockdowns, but also due to their exposure to pandemic risks prior to the successful vaccination campaign. A question going forwards is whether their engagement with the online channel will persist, in which case footfall will remain lower than pre-pandemic, or revert to their previous habits of shopping mainly in person or going out for meals, the latter a major trend since before the global recession of 2008-09.

Food and drink, which includes FMCG household products bought in supermarkets and corner stores, is a significant consumer expenditure category, with ecommerce growing to 10% of all retail sales over the past 18 months:

- Comparing August 2021 with August 2019, the last normal pre-pandemic reading of retail sales, online food sales are up close to double over the same period, while offline food sales are down 0.9% (online food & drink sales peaked in February 2021, which marked a 145% increase from February 2019, the pre-pandemic normal)
- Comparing July and August 2021, online food & drink sales values are down 7% month-on-month, while offline is down less, at 2%, a direct result of footfall releasing during the summer months and the likely substitution of food services. August 2021 marks a slight decline in online food & drink sales which have otherwise remained steady since April 2021, suggesting a new baseline is being reached at 10% of category sales being online

This category is a core one to watch, as it is highly substitutable for home delivery and OOH food and drink services, raising significant questions on whether online spend will shift to offline in the next year. WFH in a hybrid manner supports the continuation of higher levels of food and drink purchases among households, despite deconfinement. We believe there has been a paradigm shift in the purchasing of food & drink, masked by deconfinement in the summer, a period of staycations and better weather.

Despite the enormous increases in online food & drink shopping in the course of the pandemic, the proportion of the online channel is the lowest of all the ONS categories that are tracked. **For FMCG marketers, the shelf is now less of a location for the launch and discovery of new products, particularly if consumers routinely repeat-buy their standard basket online.** Distribution in the category is concentrated around a handful of supermarkets, which may often dictate the use of offline shelf space for marketing purposes or promote 'own-brand' competing products in online recommendation engines. **This brings to the fore the merits of using new channels to market FMCG products directly to consumers,** although aside from D2C sales for most such products, the purpose of marketing is mainly to promote discovery and brand-building (in the UK, Amazon is not yet a major factor in online food & drink sales, unlike the US).

Clothing sales have been a major casualty of the pandemic's closure of non-essential physical outlets, plus the reduced demand for clothing due to the shift to WFH for office workers and reduced social touchpoints with friends or family, including at important seasonal peaks, such as Christmas 2020. Expenditure is reduced on the category as a whole since August 2019: offline clothing sales remain 19% lower than August 2019 sales, while online sales are up 36%, to claim 24% of total sales. Like food & drink, clothing sales are stabilising at a new baseline that accounts for the increased uptake of online sales. The permanence of this shift appears to be making an impression on retailers, with Primark beginning to branch into the online sphere with a digital platform, configured to be used for a click-and-collect offering, after previously doubling down on its physical-only strategy during the pandemic.

The changes to mobility confirm the conclusions drawn from ecommerce figures: only trips to "grocery & pharmacy", which supply essential products, are above the baseline. In short, **non-essential retail destinations failed to realise the summer bounceback in footfall that retailers craved.** Drastic improvements in mobility to non-essential retail now appear unlikely, considering the tentative and gradual nature of the recovery we have already seen in the wake of prior restriction-easing.

If the shift to online persists, it also hastens the medium-term questions on the survival of the high street as a marketing channel for consumer products as diverse as clothing and footwear, cosmetics, and even homeware such as sofas that households like to touch and feel before buying.

For marketers, the boom of the online channel for sales of goods and services (the latter not tracked by the ONS) is closely tied to the growing significance of online channels for discovery and purchasing. Indeed, WARC reported that pure play online advertising channels were the only media channel to report a rise in expenditure in 2020, of 13%.

An overlooked channel to the home is direct mail, which is indirectly a direct response medium. As a result of hybrid WFH, as we continue to spend more time at home, mail's ability to reach and engage audiences offers huge potential for marketers. During the pandemic, engagement with mail was higher than ever, reaching 96% (up from 91% the year before) according to JICMAIL. The increased engagement with mail was actively recognised by consumers, with 88% of people reporting paying as much or more attention to mail during lockdown (Trinity McQueen for Royal Mail).

But while mail does a powerful job on its own, what really makes it stand out is how effectively it partners with digital to build online impact. During lockdown, JICMAIL recorded a 70% YoY increase of people reporting that they went online as a result of receiving mail. Whether it was to get more information, visit a brand's website or of course, to make a purchase, mail is a channel that grabs people's attention and, with the right messaging, directs them online to the next stage in their customer journey.

Given mail's role in brand-building and engagement, it has a key part to play in establishing a brand's genuine value and relevance in consumer's lives.

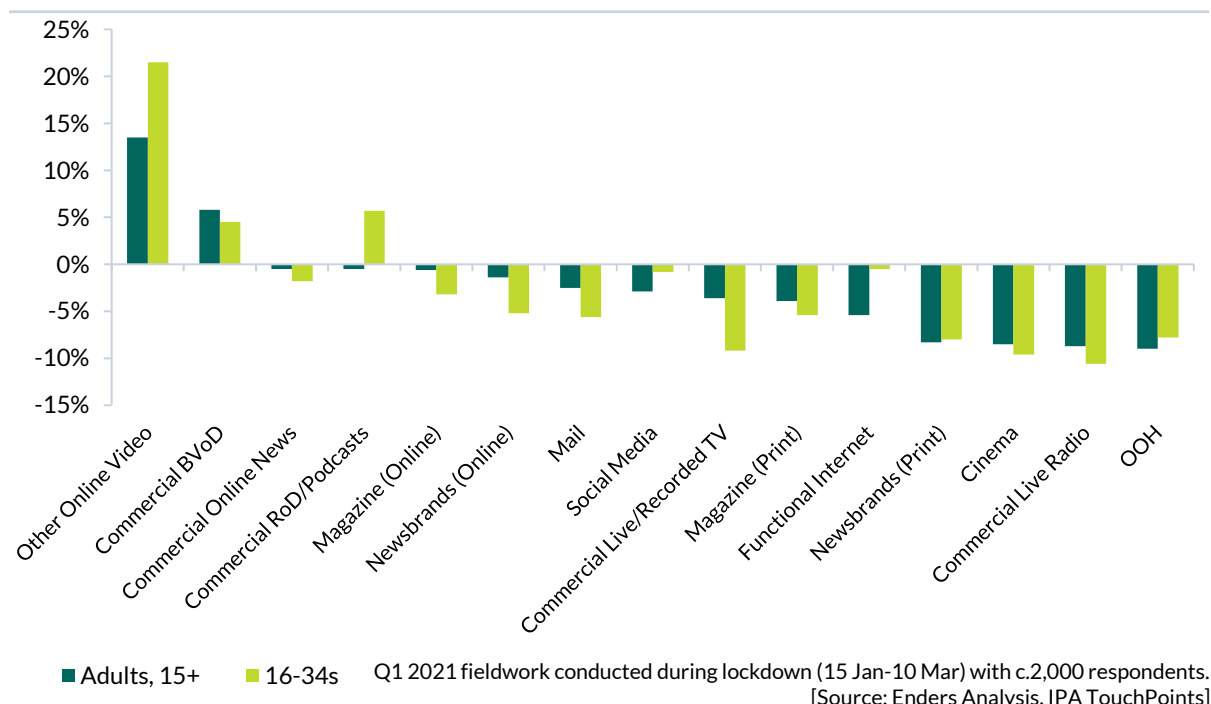
[Source: Enders Analysis, Royal Mail]

Shifting patterns of media consumption

Confined to their homes, media consumption massively shifted during the lockdown periods compared to 2019, a pre-pandemic “normal”. IPA TouchPoints data shed light on some of these transitions across demographics, particularly comparing 16-34s with all adults 15+.

Generally, in-home media consumption surged, with both time spent per person each day and overall reach rising across all adults (Figure 9).⁶ In terms of weekly reach, online video and commercial BVOD benefited most from increased time at home by leveraging large on demand content libraries. In contrast, OOH media and cinema were sharply impacted by COVID-19 restrictions which meant we spent less time in cinemas, commuting and in areas with outdoor advertising.

Figure 9: Change in weekly reach by commercial media channel, 2021 Lockdown vs. 2019, Adults 15+ and 16-34s



Although traditional media such as live and recorded TV and commercial live radio saw decreases in weekly reach, these were from much higher baselines of 87% and 52% respectively. Also, when looking at the mean hours spent consuming media per person, per day, commercial live and recorded TV received the greatest pandemic related increases across all demographics and the amount of time spent with commercial live radio remained stable. This is despite the fact production shutdowns meant that linear TV was more affected by a stale schedule from the summer onwards, with the number of repeats broadcast in primetime every week on many main channels increasing (see: [Broadcast television: Troubling trends in lockdown \[2020-058\]](#)).

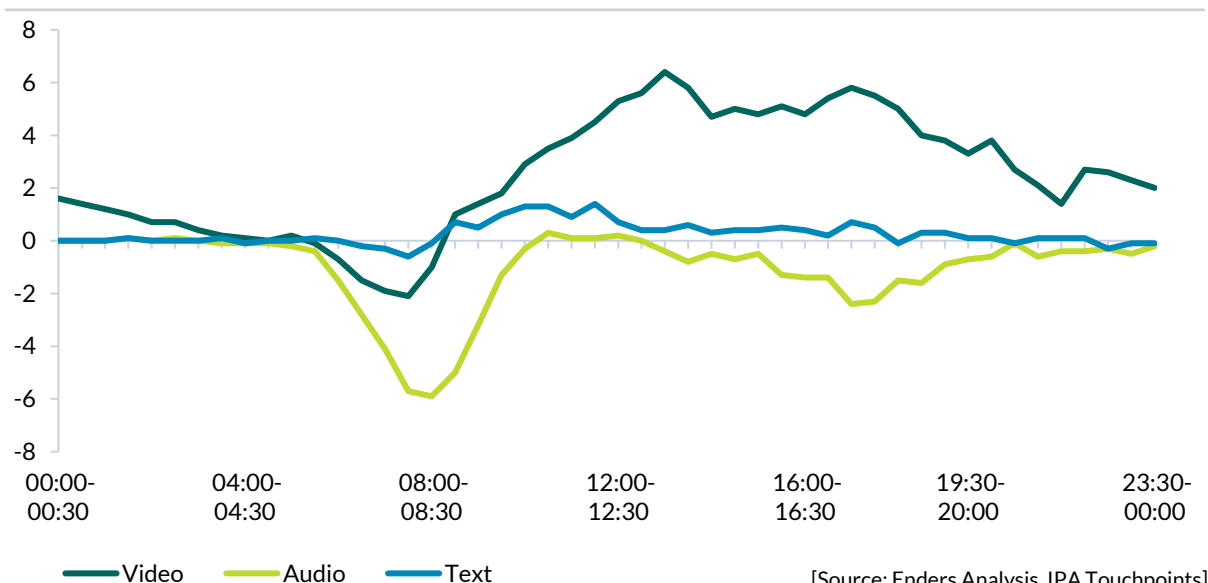
However, there was some variation between demographics, with daily media time spent watching live and recorded TV falling slightly for younger viewers, a pattern reflected in live radio. Podcast listening rose for the 16-34 cohort in terms of reach and share of daily time spent consuming media, in contrast to a marked decline for both metrics in magazines and newspapers, both print and online. There appears to be less of a demographic divergence in online video, with daily time spent increasing for all adults, albeit less quickly.

⁶ IPA, An Introduction to TouchPoints, May 2021.

As is often the case during periods of technological innovation, **younger people, as well as higher income groups are transitioning to new technologies and forms of media faster than everyone else.**⁷ The pandemic accelerated this trend, as the share of time spent with traditional media like TV, print news and live radio declined faster among households in the top third of the income distribution. The 16-34 cohort and higher earners were also much more likely to consume media through their mobile phone or laptop, with mobile now accounting for half the media day for 16-34s, double the time spent watching TV. This demographic was also more likely to switch off ad-funded content and move towards subscription-based models like Netflix and Spotify, with their share of non-commercial media time increasing from 29% to 30% since 2019.

Video media consumption has grown most in lockdown. Across the daytime, and into the early hours of the morning, video consumption is up between 2-6% (Figure 10). In contrast, mobility restrictions have disproportionately affected audio consumption, with the greatest declines concentrated during commuting hours in the morning and late afternoon, which are traditionally where radio listening is greatest. Text has been remarkably steady throughout the day, with little variation between pre-pandemic and the 2021 lockdown, with the exception of slight bumps at the beginning and end of a typical 9-5 working day.

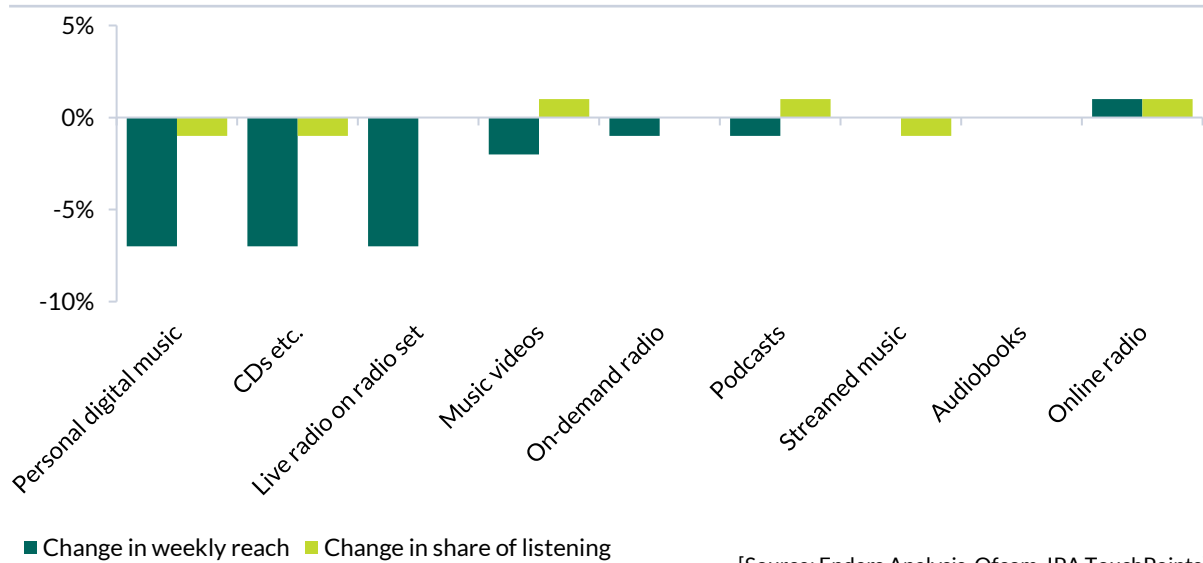
Figure 10: Change in daily reach of media by daypart, Adults 15+, 2021 Lockdown vs. 2019 (+/- ppts)



With RAJAR fieldwork on pause since Q1 2020, further analysis of audio's pandemic performance is still difficult. However, TouchPoints data reveal that many pre-lockdown trends have continued into 2021 (Figure 11). **Across all adults, the reach of traditional audio formats (analogue radio, personal music collections) has fallen, but share of hours remain largely stable.** Those that still default to traditional formats have listened for longer in lockdown, so the distribution of adults' audio time across formats is in fact relatively consistent YoY. For younger demographics the last year has had a material impact on reach and share of hours. Live radio on a radio set has lost 8% of 15-34 listening hours since Q1 2020, with more people listening online or through a smart speaker, as well as the fact music videos, podcasts and streamed music have been growing their shares.

⁷ Carlota Perez, [Technological revolutions and techno-economic paradigms](#), 2010.

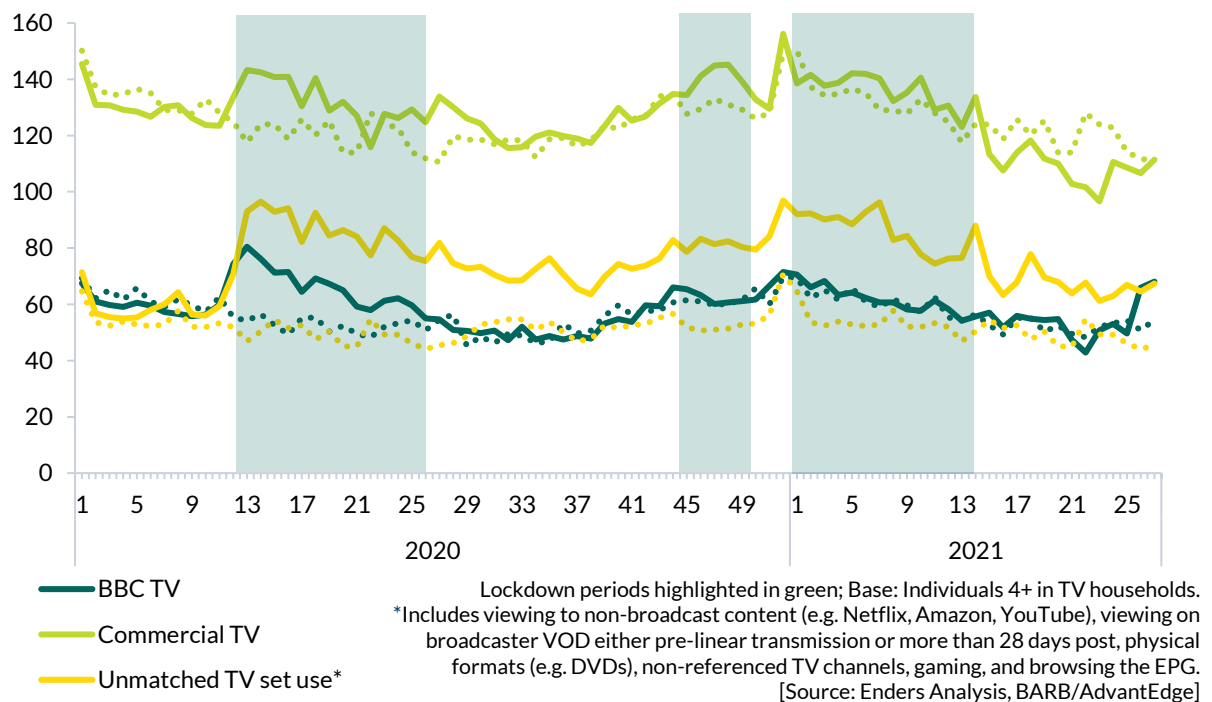
Figure 11: Change in reach and share of listening by audio type, 15+, Q1 2021 vs. Q1 2020



[Source: Enders Analysis, Ofcom, IPA TouchPoints]

In terms of video viewing, despite changing viewing habits, the great majority of all video consumption still takes place through a TV screen.⁸ BARB data shows that almost all forms of TV set use received pandemic related boosts in viewership (Figure 12). Daily minutes of TV use per person went up in lockdown periods for broadcasters—who are still the backbone of total viewing consumption—and streaming services alike.

Figure 12: Daily minutes of TV use per person, by week (2020-21 solid lines/2019 dotted)

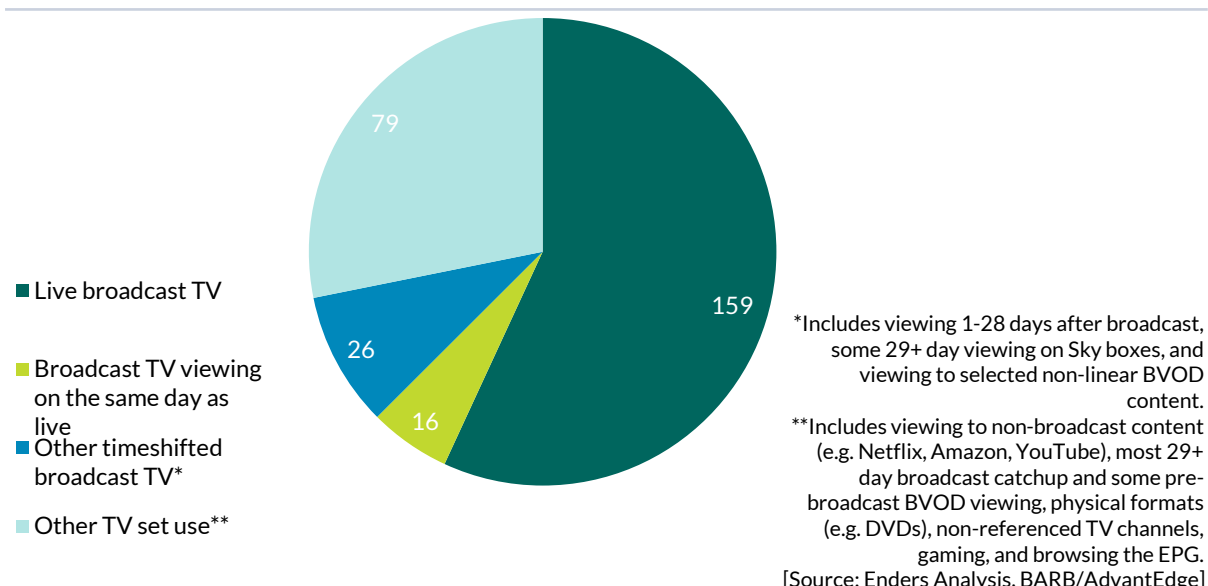


⁸ Enders Analysis estimates combining BARB and other industry sources estimate four-fifths of video consumption is through a TV screen. See [Video viewing forecasts: Trends accelerated \[2021-016\]](#)

However, unmatched TV set use (a proxy for SVOD, gaming and other online video not captured by BARB) better sustained its lockdown gains when compared to linear TV. 2020's elevated levels of live news viewing are returning to normal and SVOD penetration significantly advanced for 35+ adult households, and especially 45+ (traditionally some of TV's most loyal watchers). While the proportion of UK households with an SVOD subscription surged from c. 50% at the end of 2019 to over 60% in Q3 2020, as we have pointed out previously (see [Video viewing forecasts: Trends accelerated \[2021-016\]](#)) it is worth keeping in mind the overlap between services. For example, over 90% of Disney+ and over 80% of Amazon Prime Video households also subscribe to Netflix, and with only so many hours in a day, any additional service will not just steal time from broadcasters but also time from other SVOD platforms.

While the pandemic has accelerated the long-term decline in viewing of traditional linear TV in some ways, the pace of change is often exaggerated in contemporary debates around broadcast television. **Viewing, across all genres, is still overwhelmingly live, with live TV still commanding 57% of all time spent with the TV set in the UK** (Figure 13). Of all broadcast content, 79% is viewed live, with a further 8% seen later on in the same day. Live viewing and viewing on the same day as broadcast (VOSDAL) dominates not just viewing of sport and news, but a wide range of genres and across devices, with 86% of broadcast content viewed across devices seen on the day of broadcast (see [Television viewing: Most is still watched live \[2021-073\]](#)). This ranges from over 97% for news and sports programming, to roughly 70%—a still significant proportion—for non-soap drama and children's shows.

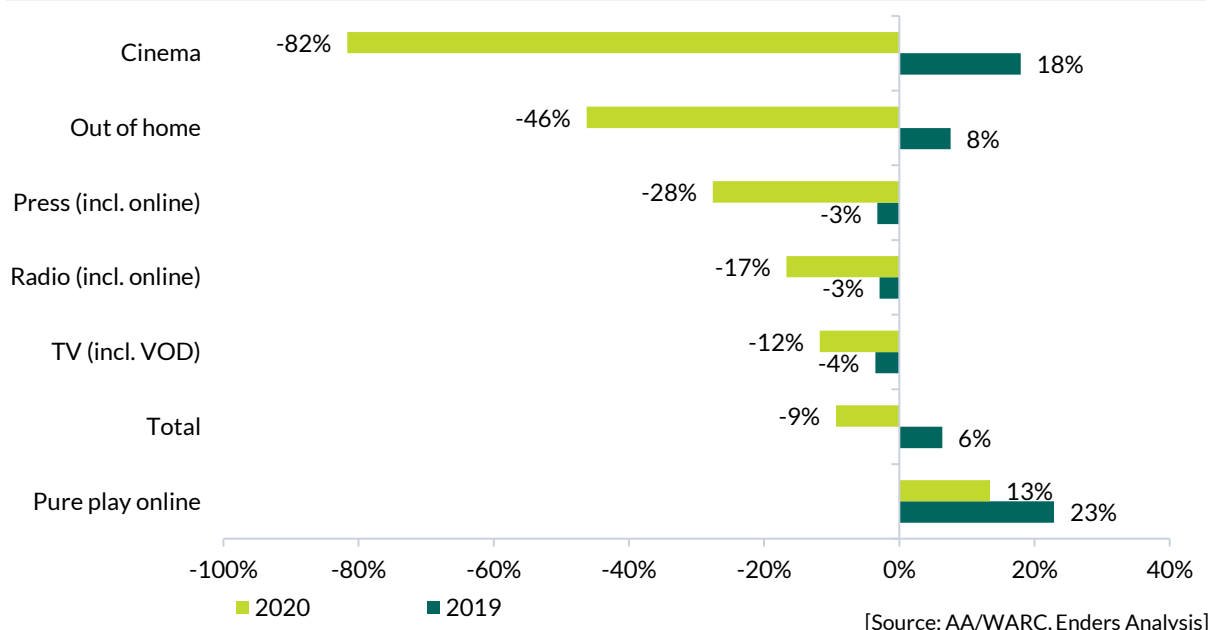
Figure 13: Average daily minutes of TV set use, 4+, June 2020-May 2021



Media consumption trends are reflected within advertising revenue, and we can compare the advertising spend by media between 2019 and 2020, noting that significant ad spend was sharply pulled in Q2 2020 (Figure 14). The greatest losses were for cinema (-82%), OOH (-46%) and press (-28%). **The only growth was from pure play online, which maintained double-digit growth of 13%, and increased its overall share of UK display advertising from 37% to 46% (Figure 15).**

Cinema advertising has been the most impacted by the pandemic. Cinemas were forced to close in March 2020, along with all B2C “non-essential” physical premises, and have not been able to fully reopen until recent months. Both supply and demand constraints have hit cinemas hard: many studios went direct-to-consumer using digital streaming services during lockdown periods, or have postponed blockbuster launches; due to indoor, enclosed nature of cinemas, and the requirement until recently in England to wear masks, cinema patrons have been unable or unwilling to return to the cinema. **It is expected that many regular cinema-goers will reduce the frequency of their visits, as new habits have been formed due to the pandemic.**

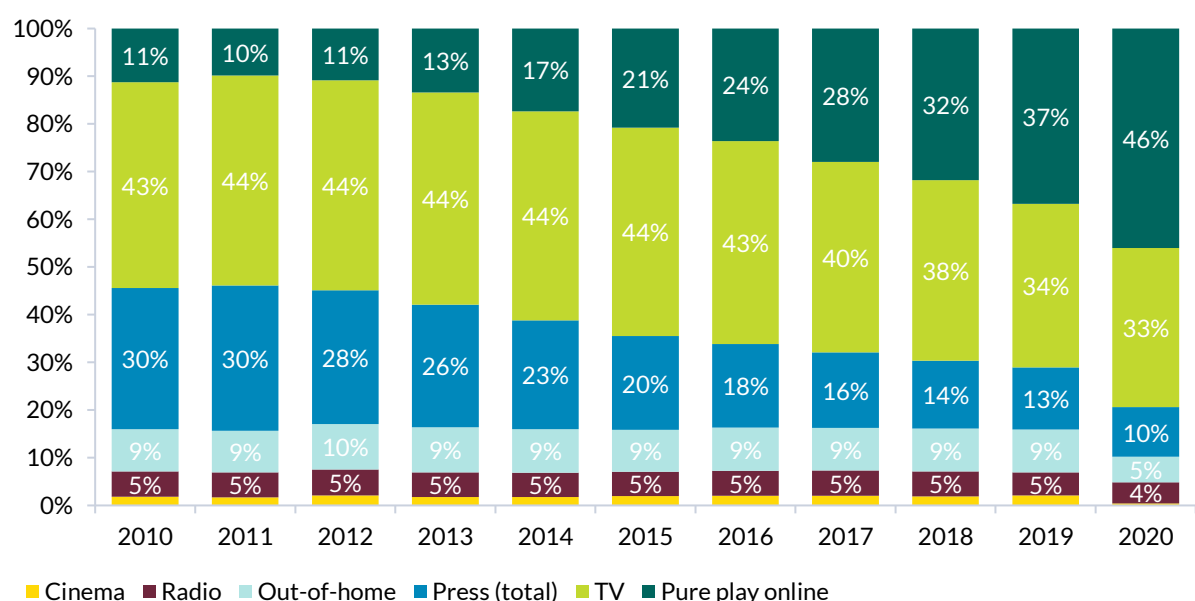
Figure 14: Year-on-year change in advertising spend by media (%)



OOH advertising suffered from the sharp pull of spend in Q2 2020, and in the subsequent January lockdown, however, **the phased deconfinement since April 2021 has led to a vast increase in OOH expenditure. The distribution of this spend is mixed. Roadside and premium locations have boomed, whilst airports and commuter public transport spend remains depressed.**

Linear TV's continuing strength as a flexible mass medium, capable of reacting quickly to new marketing strategies and putting pandemic-related messaging in its proper emotional context seems to have been recognised by the advertising industry. **Despite overall TV spending being down in 2020 on 2019, the advertising crash in Q2 2020, which WARC estimates left total TV advertising down 41% on the previous year, was followed by an impressive rebound in the subsequent quarter and hitherto sustained recovery throughout 2021.**

Figure 15: Share of display advertising (%)



Important notice: By accepting this research note, the recipient agrees to be bound by the following terms of use. This research note has been prepared by Enders Analysis Limited and published solely for guidance and general informational purposes. It may contain the personal opinions of research analysts based on research undertaken. This note has no regard to any specific recipient, including but not limited to any specific investment objectives, and should not be relied on by any recipient for investment or any other purposes. Enders Analysis Limited gives no undertaking to provide the recipient with access to any additional information or to update or keep current any information or opinions contained herein. The information and any opinions contained herein are based on sources believed to be reliable but the information relied on has not been independently verified. Enders Analysis Limited, its officers, employees and agents make no warranties or representations, express or implied, as to the accuracy or completeness of information and opinions contained herein and exclude all liability to the fullest extent permitted by law for any direct or indirect loss or damage or any other costs or expenses of any kind which may arise directly or indirectly out of the use of this note, including but not limited to anything caused by any viruses or any failures in computer transmission. The recipient hereby indemnifies Enders Analysis Limited, its officers, employees and agents and any entity which directly or indirectly controls, is controlled by, or is under direct or indirect common control with Enders Analysis Limited from time to time, against any direct or indirect loss or damage or any other costs or expenses of any kind which they may incur directly or indirectly as a result of the recipient's use of this note.

© 2021 Enders Analysis Limited. All rights reserved. No part of this note may be reproduced or distributed in any manner including, but not limited to, via the internet, without the prior permission of Enders Analysis Limited. If you have not received this note directly from Enders Analysis Limited, your receipt is unauthorised. Please return this note to Enders Analysis Limited immediately.

About EffWorks

IPA EffWorks is a cross-industry, long-term, global marketing effectiveness initiative, led by the IPA Effectiveness Leadership Group. It promotes evidence-based decision-making, addresses the issues that impact on marketing and advertising effectiveness and challenges the content and context of marketing communications outputs. Find out more at ipa.co.uk/effworks

About Enders Analysis

Enders Analysis is a research and advisory firm based in London. We specialise in media, entertainment, mobile and fixed telecoms, with a special focus on new technologies and media, covering all sides of the market, from consumers and leading companies to regulation. For more information go to endersanalysis.com or contact us at info@endersanalysis.com

IPA

44 Belgrave Square
London
SW1X 8QS

020 7235 7020

ipa.co.uk/effworks



@The_IPA



[linkedin.com/company/TheIPA](https://www.linkedin.com/company/TheIPA)

Enders Analysis

22 Meadowside
Dundee
DD1 1LN

020 7851 0900

endersanalysis.com



@EndersAnalysis



[linkedin.com/company/enders-analysis](https://www.linkedin.com/company/enders-analysis)