

nielsen

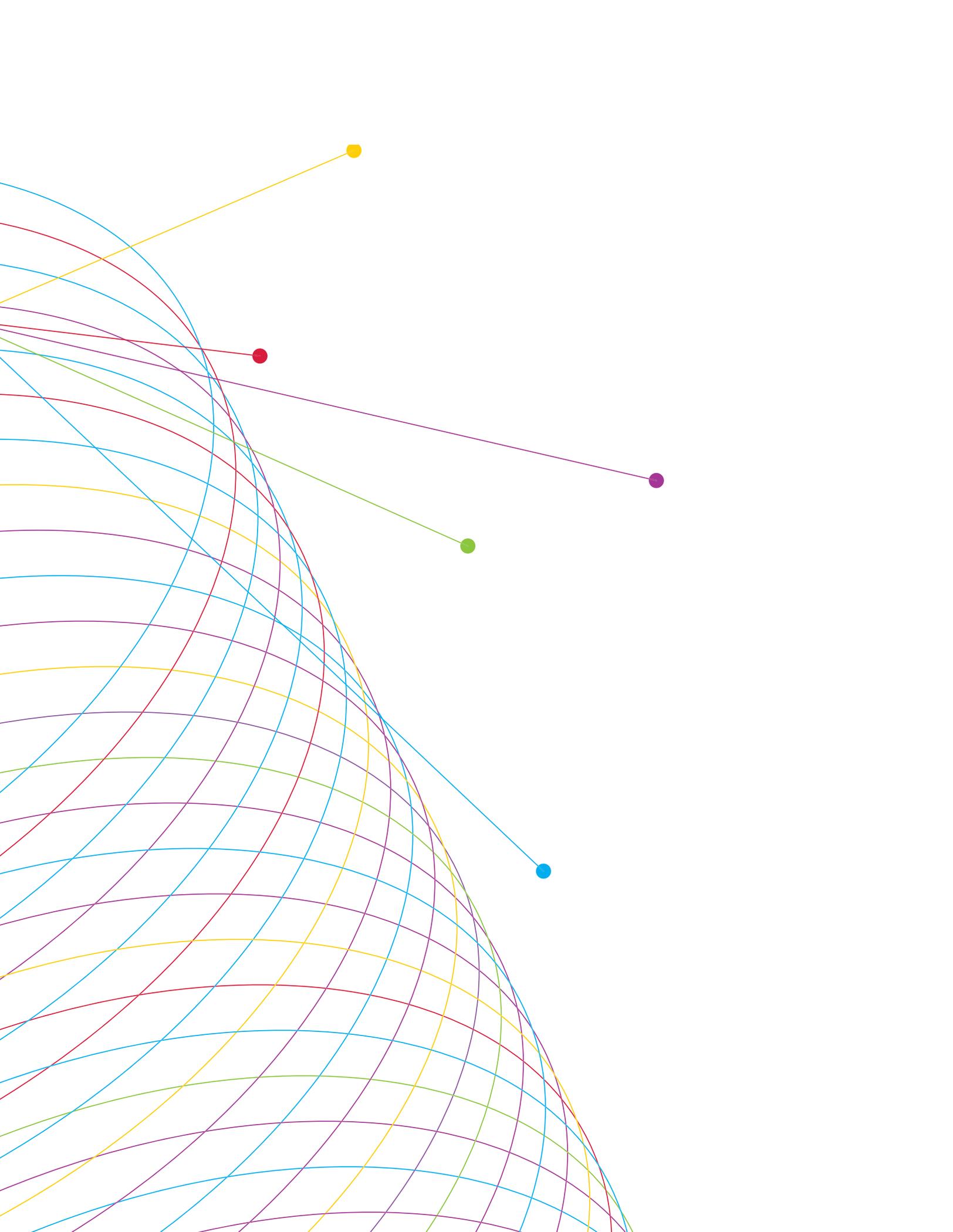
AN UNCOMMON SENSE
OF THE CONSUMER™

ADVERTISING & AUDIENCES

STATE OF THE MEDIA

MAY 2014





SHIFTS IN THE MEDIA LANDSCAPE

HOW ADVERTISERS CAN CAPITALIZE ON CHANGES IN THE MEDIA MARKETPLACE

The advertising landscape is evolving at an unprecedented rate, influenced largely by two factors: media fragmentation and population shifts. Changes in the population are creating a younger, more diverse, more tech-savvy consumer base. Identifying how to reach them has become more complicated due to an exploding number of viewing options.

Media fragmentation, oft-perceived as a hindrance, is emerging as one of the industry's greatest opportunities. The ever-increasing range of media channels available for viewer consumption has allowed marketers to connect with consumers in new ways and opened the minds of intended audiences to embracing new mediums for receiving information about goods and services.

As accountability from the largest global advertisers is becoming increasingly important, marketers and media planners seek ways to optimize advertising efforts in a way that yields return on investment through measurable, quantifiable results that align directly with overall business objectives. While massive amounts of data are available, sorting through it all in a straightforward, easy-to-understand way that provides specific, ad-performance based insights is the true challenge.

Fortunately, data measurement solutions exist to optimize reach and resonance to garner the greatest reaction. These “three Rs”—reach, resonance, and reaction—as a marketing effectiveness framework are a simple yet powerful and, most importantly, proven way to understand advertising performance. In order to achieve maximum effectiveness, advertisers need to optimize and measure audience delivery, brand lift and sales impact with common metrics across screens.

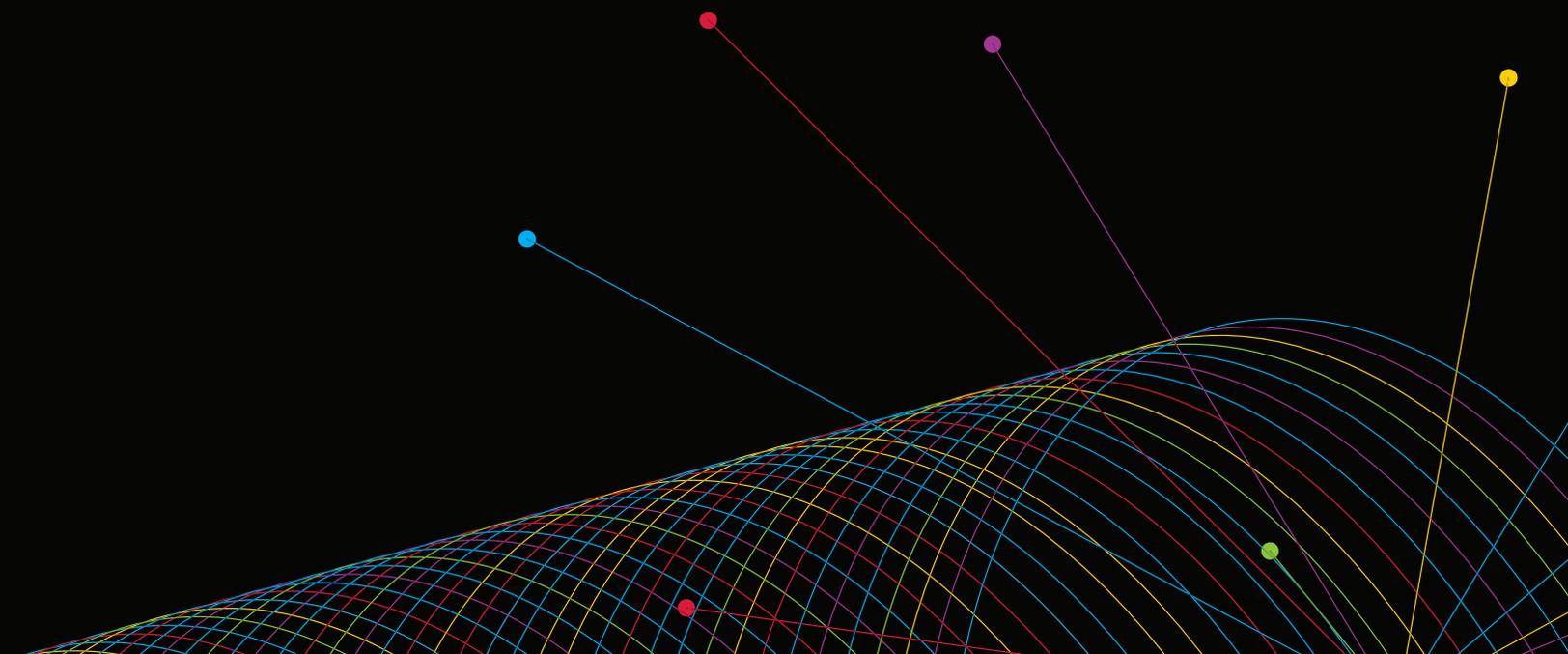


REACH...

While marketers' primary advertising goal might be the same as in years past—reaching not just the most people but the right audience—knowing how to get there is much more complex. They need to know not just how many eyes are tuned in, but who those eyes belong to, what they watch and when, and how. With \$78 billion dollars of annual TV ad spend on the line, this is a true business imperative.

The indisputable fact is that audiences are moving seamlessly across platforms to view and talk about their favorite shows. A whopping 86 percent of U.S. smartphone owners say they use their devices as second-screens while watching TV, and nearly half do it every single day.

And it's not just viewing habits that are evolving—the U.S. viewing audience is transforming, too, which is another important layer for marketers to consider as they seek to grow their businesses and reach new customers. In less than 20 years (since 1995), the amount of African-American TV households increased by almost 40 percent, and Hispanic TV households more than doubled.



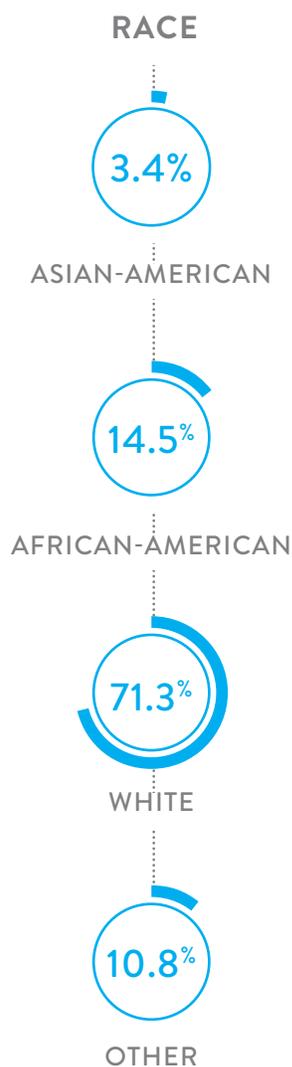
WHO'S WATCHING?

TV HOUSEHOLDS BY RACE/ ETHNICITY, 1995 TO 2014

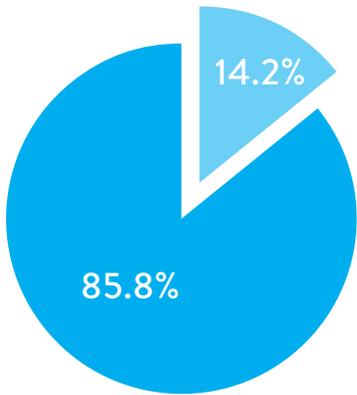
TV HHS IN MILLIONS



SHARE OF PRIMETIME TV USAGE PERSONS 2+, 2013-14 SEASON-TO-DATE



SHARE OF PRIMETIME TV USAGE,
HISPANIC VS. NON-HISPANIC
PERSONS P2+
2013-14 SEASON-TO-DATE



● HISPANIC ● NON-HISPANIC

WHEN ARE WE WATCHING?

2013-14 SEASON-TO-DATE PRIMETIME TV USAGE BY DAY OF THE WEEK



DAY	PERSONS WITH SETS IN USE
MONDAY	120M
TUESDAY	114M
WEDNESDAY	113M
THURSDAY	112M
FRIDAY	107M
SATURDAY	108M
SUNDAY	125M



THANK GOODNESS IT'S.... SUNDAY?

GONE ARE THE DAYS WHERE THE FRIDAY NIGHT LINEUP OR MUST SEE TV THURSDAYS GOVERNED OUR CONTENT CONSUMPTION SCHEDULES! WITH REALITY SHOWS, NEWS PROGRAMING AND SPORTS PROGRAMMING CAPTIVATING VIEWERS, SUNDAYS ARE THE GO-TO DAY TO TUNE IN.

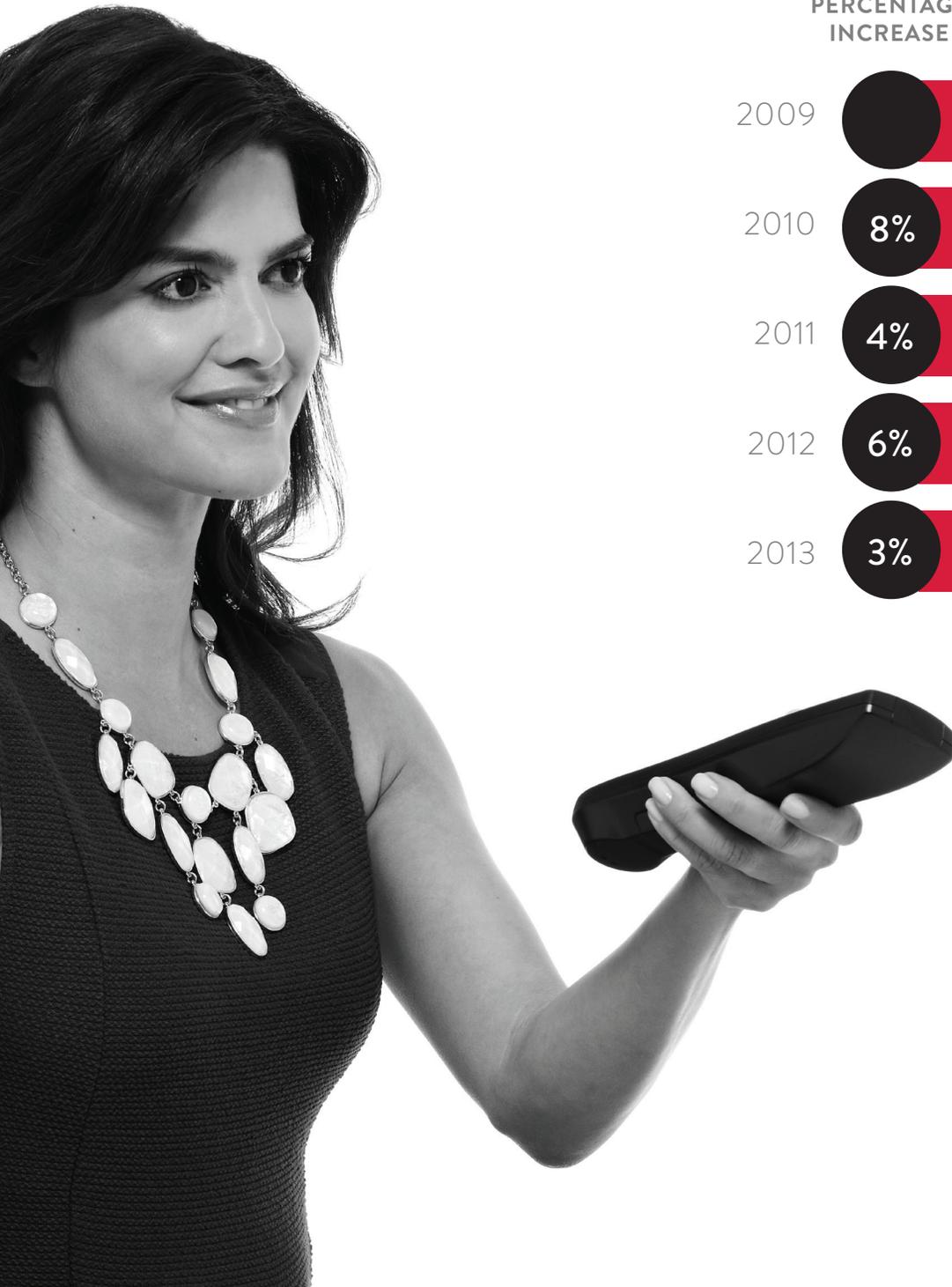
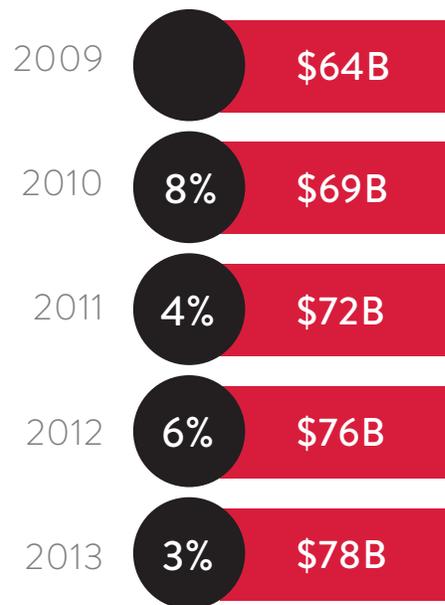


MONEY TALKS

HOW ADVERTISERS ARE MAKING THEIR DOLLARS MAKE SENSE

TELEVISION AD SPEND, 2009-2013

PERCENTAGE
INCREASE



TOP GENRES BY AD SPEND, 2013



DRAMA
\$12B



GENERAL NEWS
\$9B



SITCOMS
\$6B



SPECIAL NEWS PROGRAMS
\$5B



FEATURE FILMS
\$5B



REALITY/VARIETY
\$5B



DOCUMENTARIES
\$4B



NFL REGULAR SEASON
\$4B

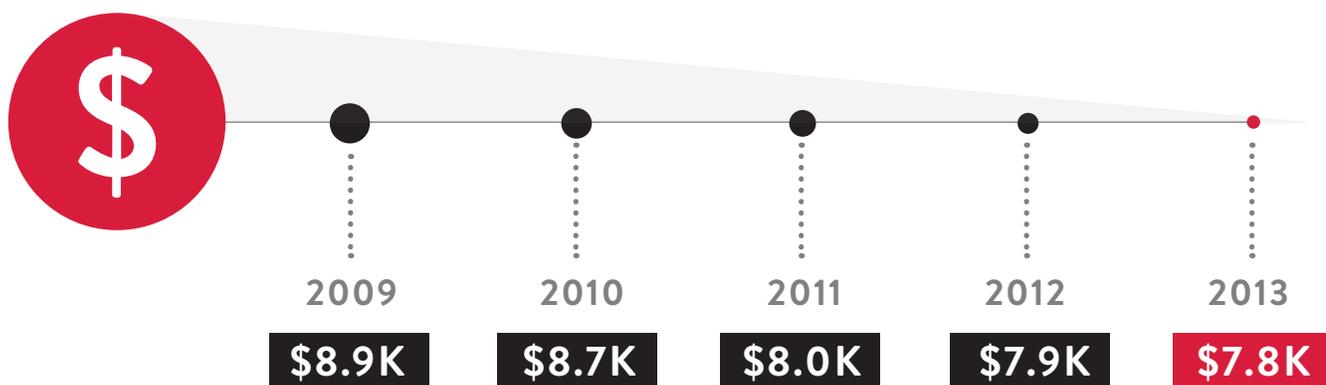


PARTICIPATION VARIETY
\$3B



INTERVIEW/
CHAT/TABLE TALK
\$3B

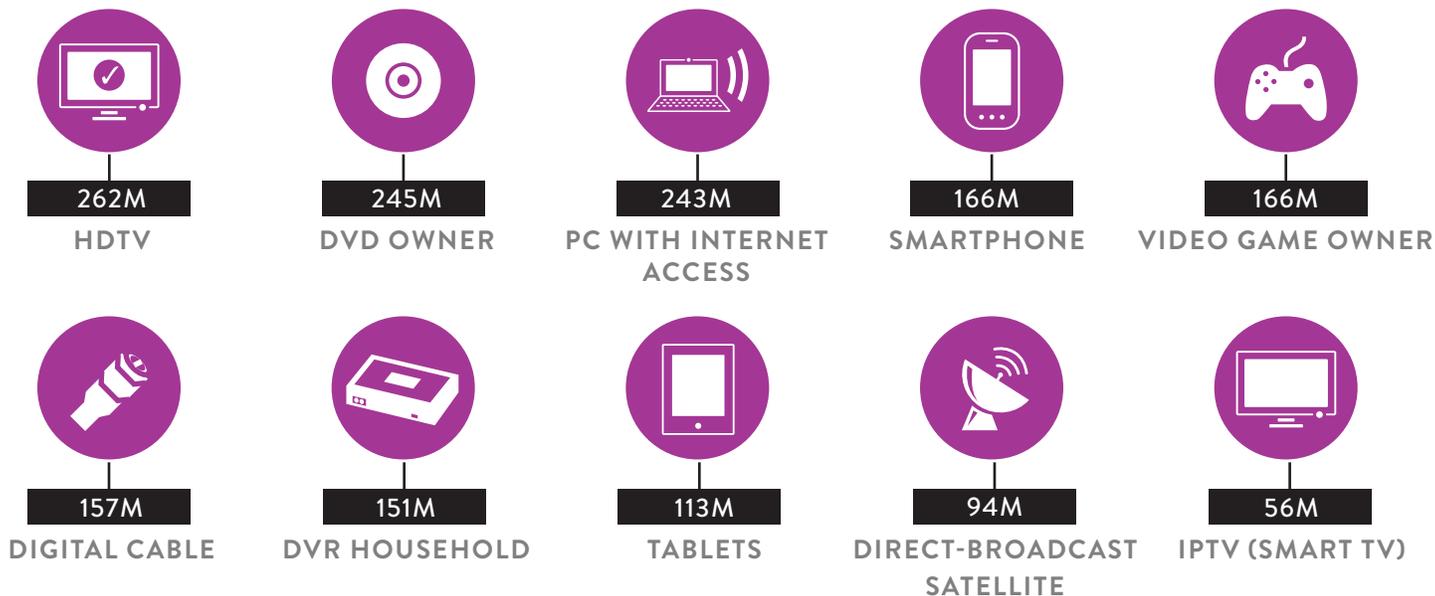
AVERAGE COST OF A :30 SECOND PRIMETIME TV ADVERTISING SPOT*, 2009-2013



*Broadcast and Cable

THE MANY WAYS TO WATCH

FEBRUARY 2014 DEVICE PENETRATION P2+ UNIVERSE ESTIMATE



MONTHLY TIME SPENT USING DEVICES IN HOURS: MINUTES, P2+, Q4 2013



Video viewing using multimedia device is on the rise, with viewers averaging 1 hour 12 minutes per month streaming video to their TVs

Asian-Americans are leading the trend in multimedia devices, averaging more than 4 hours per person each month streaming video

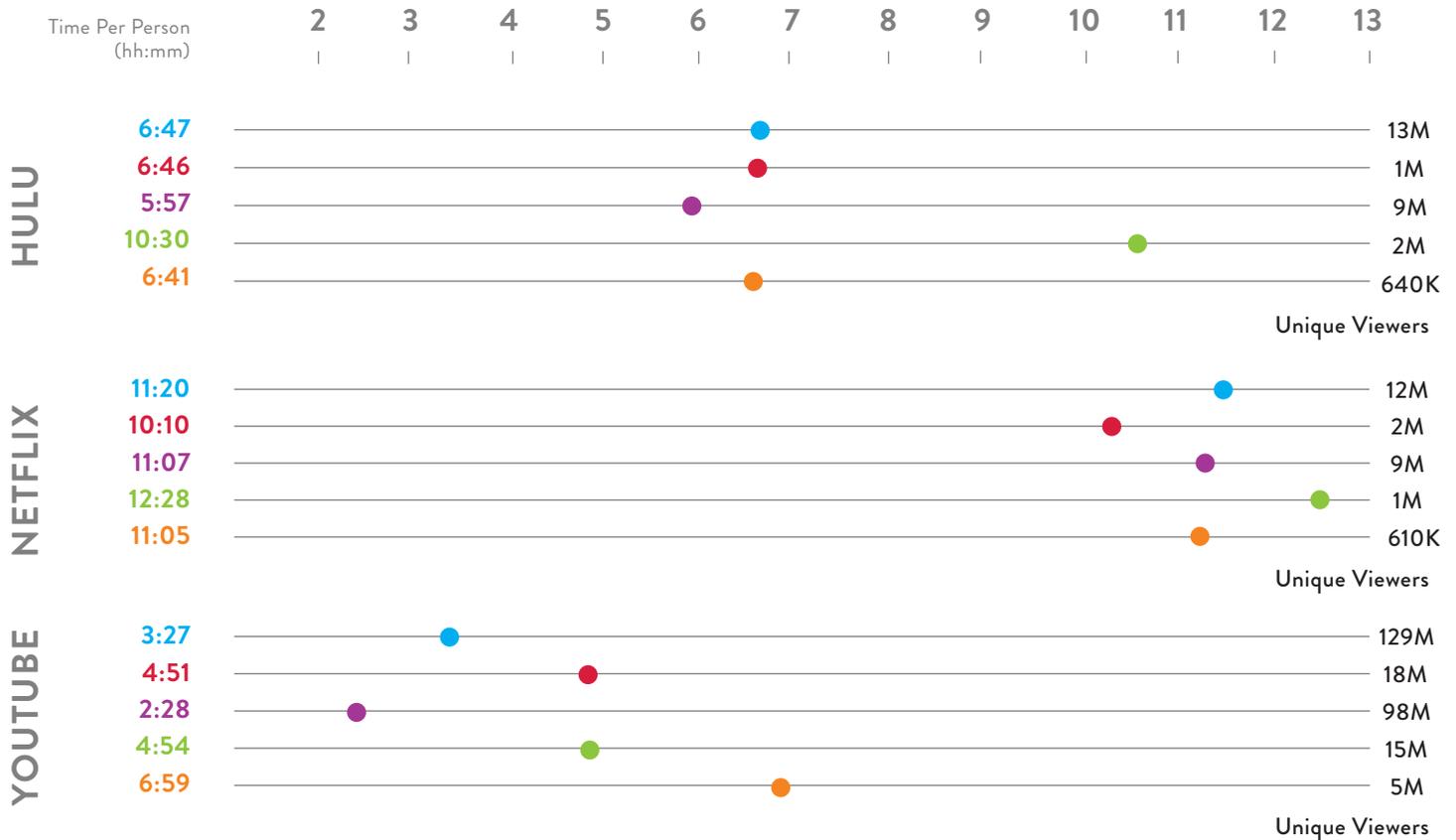
Online video viewing has grown over the last several years, with Americans now averaging 7.5 hours per month streaming video on their computers

Smartphone video viewers averaged 1 hour, 23 minutes watching video each month in Q4, up from under an hour (59 minutes) in 2012

* MULTIMEDIA DEVICE: Viewing on an internet connected device, such as an Apple TV, Boxee, Roku, or Google Chromecast, through the television. This does not include DVD/Blu Ray devices, game consoles, or computers.

2013 MONTHLY AVERAGE FOR POPULAR STREAMING VIDEO SOURCES

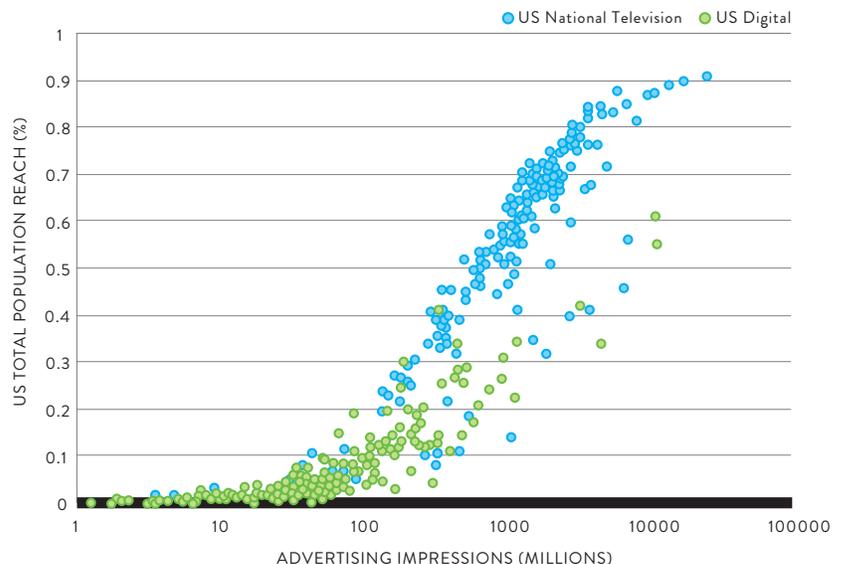
● P2+ ● Hispanic ● White ● African-American ● Asian-Pacific American



Read As: In 2013, 2 million unique African-Americans, on average, streamed videos on Hulu each month and spent 10 hours 30 minutes per person viewing.

REACH, FREQUENCY AND CROSS-PLATFORM CAMPAIGNS

NATIONAL TV DRIVES CAMPAIGN REACH, BUT DIGITAL PROVIDES INCREMENTAL REACH AND THE OPPORTUNITY TO REINFORCE ADVERTISER MESSAGES ACROSS PLATFORMS WITH INCREASED FREQUENCY.



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RESONANCE...

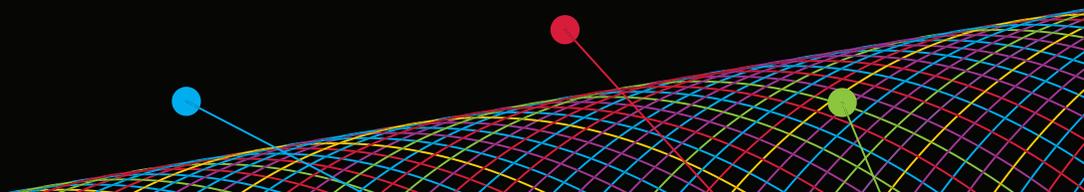
With an average of 38 ads airing every minute across national TV, breaking through the clutter is essential. All the many new ways for us to consume media have only added to the number of messages consumers are bombarded with on a daily, even hourly basis. In addition, consumers' attentions are pulled in different directions thanks to the proliferation of "second screen" devices.

Beyond reaching the right consumers, advertisers are tasked with finding creative ways to stand out in this complex media environment. How do some ads resonate with viewers while thousands of others are readily discarded from our thoughts?

On TV, ad characteristics such as the use of a relatable storyline, a connection through humor or emotion or attention-grabbing sights and sounds, are proven factors for the success quotient. Focusing on creating an entertaining ad first—and educating the consumer second—is a key way to boost memorability and branding. Understanding the impact that factors such as ad characteristics, program engagement, complementary reach and frequency have on an ad's success is vital—in fact, for every 2 percentage point improvement in a viewer's program engagement, advertisers can (on average) expect a 1 percentage point improvement in sustained ad memorability.

In the fourth quarter of 2013, time spent streaming online video using computers increased on average to 7 hours 34 minutes per month, up from just 5 hours 54 minutes in 2012. And between 2008 and 2013, the average amount of channels received by viewers increased by 60, but the average amount of channels actually tuned in remained constant at about 17, illustrating that competition for viewers' attention is growing steeper.

As options for consuming media become more plentiful, and content across the board becomes richer, advertisers have to employ different tactics to ensure that messages hit their mark.



REMOTE CONTROL

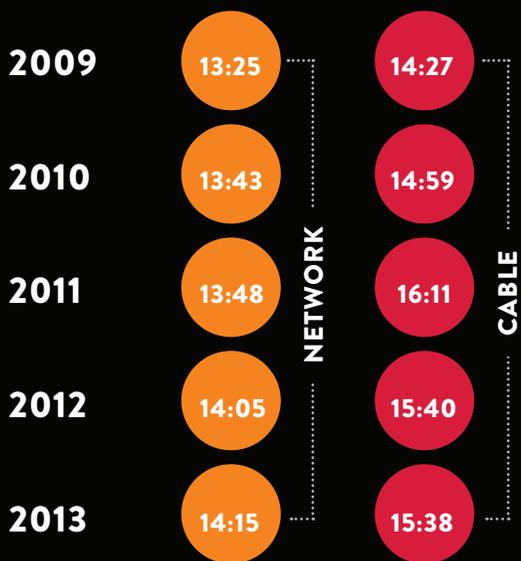
CHANNELS RECEIVABLE AND TUNED PER TV HOUSEHOLD

WHEN LESS IS MORE: DESPITE THE GROWING NUMBERS OF CHANNELS CONSUMERS HAVE ACCESS TO, THE AVERAGE NUMBER OF CHANNELS WE WATCH REMAINS CONSTANT AT AROUND 17. THE INCREASING NUMBER OF CHANNELS RECEIVABLE ISN'T INCREASING CHANNELS TUNED, SO QUALITY CONTENT WILL BE THE MITIGATING FACTOR AS OPTIONS BECOME MORE PLENTIFUL

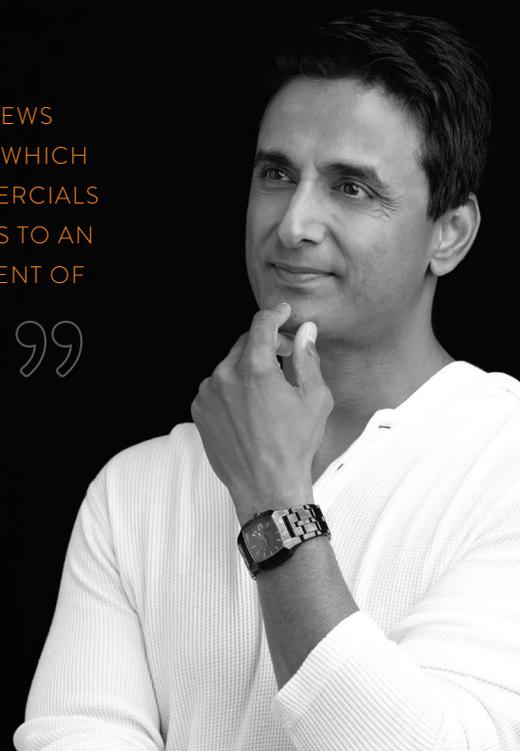


CONNECTING THROUGH THE CLUTTER

YOY COMMERCIAL CLUTTER MM:SS

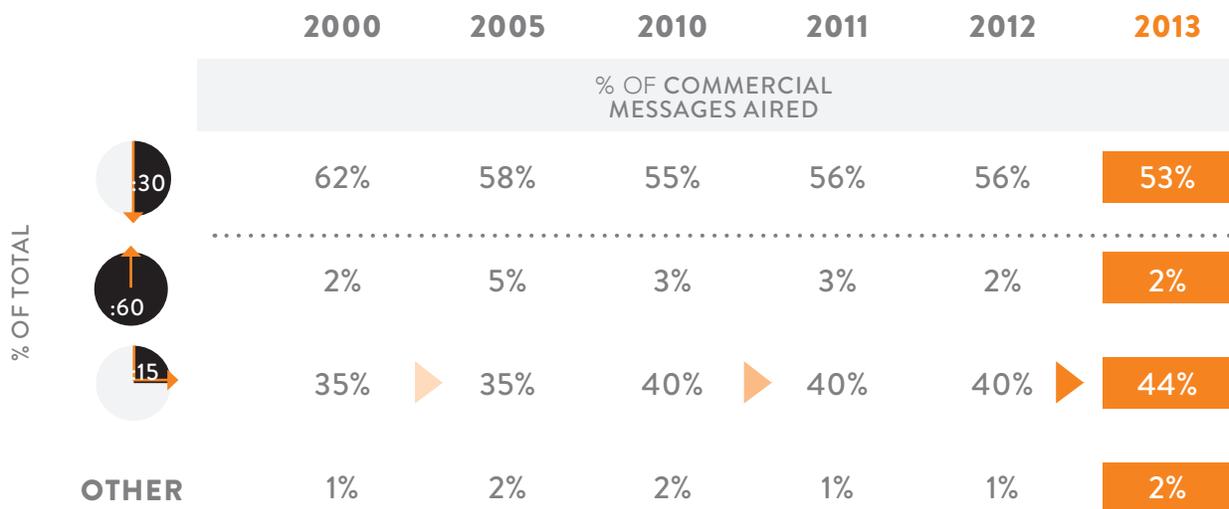


“ THE AVERAGE PERSON VIEWS 5 HOURS OF TV PER DAY, WHICH AT 15 MINUTES OF COMMERCIALS PER HOUR ACCUMULATES TO AN ENORMOUS BOMBARDMENT OF ADVERTISING EXPOSURE ”



Read As: In 2013, 14 minutes of commercials aired during each hour of Network TV programming,

PERCENTAGE OF COMMERCIAL MESSAGES AIRED BY COMMERCIAL LENGTH, 2000-2013



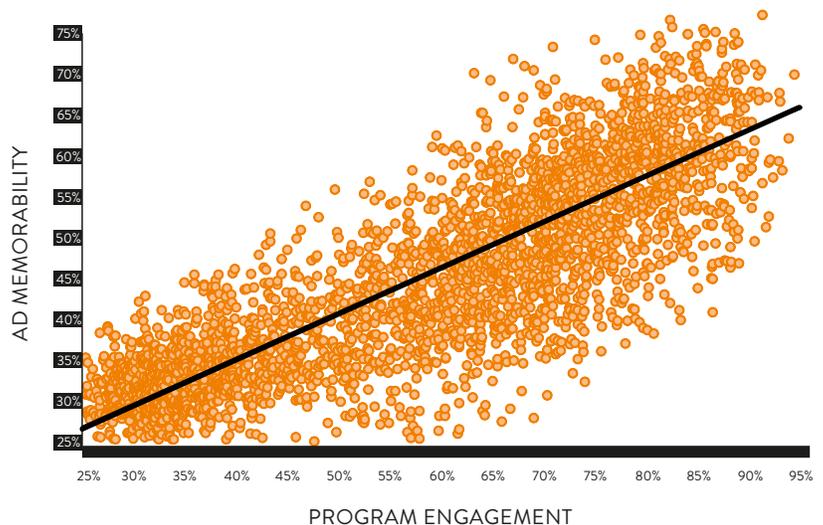
FIFTEEN SECOND ADS ARE ON THE RISE! ACCORDING TO NIELSEN NEURO, 95 PERCENT OF NEURO-OPTIMIZED, SHORTENED ADS PERFORMED AS WELL AS OR BETTER THAN THEIR ORIGINAL :30 COUNTERPARTS.

MAKING IT STICK - TACTICS FOR ACHIEVING AD RESONANCE

PROGRAM ENGAGEMENT AND AD MEMORABILITY

THE CORRELATION IS CLEAR

NIELSEN TV BRAND EFFECT DATA HAS SHOWN THAT WHEN VIEWERS ARE PAYING MORE ATTENTION TO A PROGRAM, THEY WILL ALSO PAY MORE ATTENTION TO THE ADS THAT AIR WITHIN THAT PROGRAM.



FOR 3,000 RANDOM HIGH SAMPLE PLACEMENTS BETWEEN OCTOBER 2009 AND JUNE 2012



DRAMA QUEEN! CONSUMERS MAKE A DATE WITH DRAMA

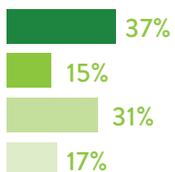
ALTHOUGH THEY REPRESENT 37 PERCENT OF SEASON-TO-DATE PRIMETIME PROGRAMMING, DRAMAS ACCOUNT FOR ROUGHLY TWO THIRDS (62%) OF TIMESHIFTED VIEWING, ILLUSTRATING THAT VIEWERS ARE ACTIVELY MAKING A DATE WITH DRAMA.



SEASON-TO-DATE SHARE OF PRIMETIME PROGRAMMING AND TIMESHIFTED VIEWING BY GENRE (P2+)

● DRAMAS ● SITCOMS ● SPORTS ● VARIETY

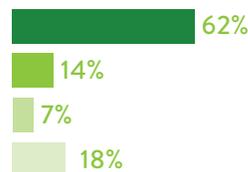
Season-to-Date Share of Primetime Programming



YOY % Change in Primetime Programming



Season-to-Date Share of Timeshifted Viewing

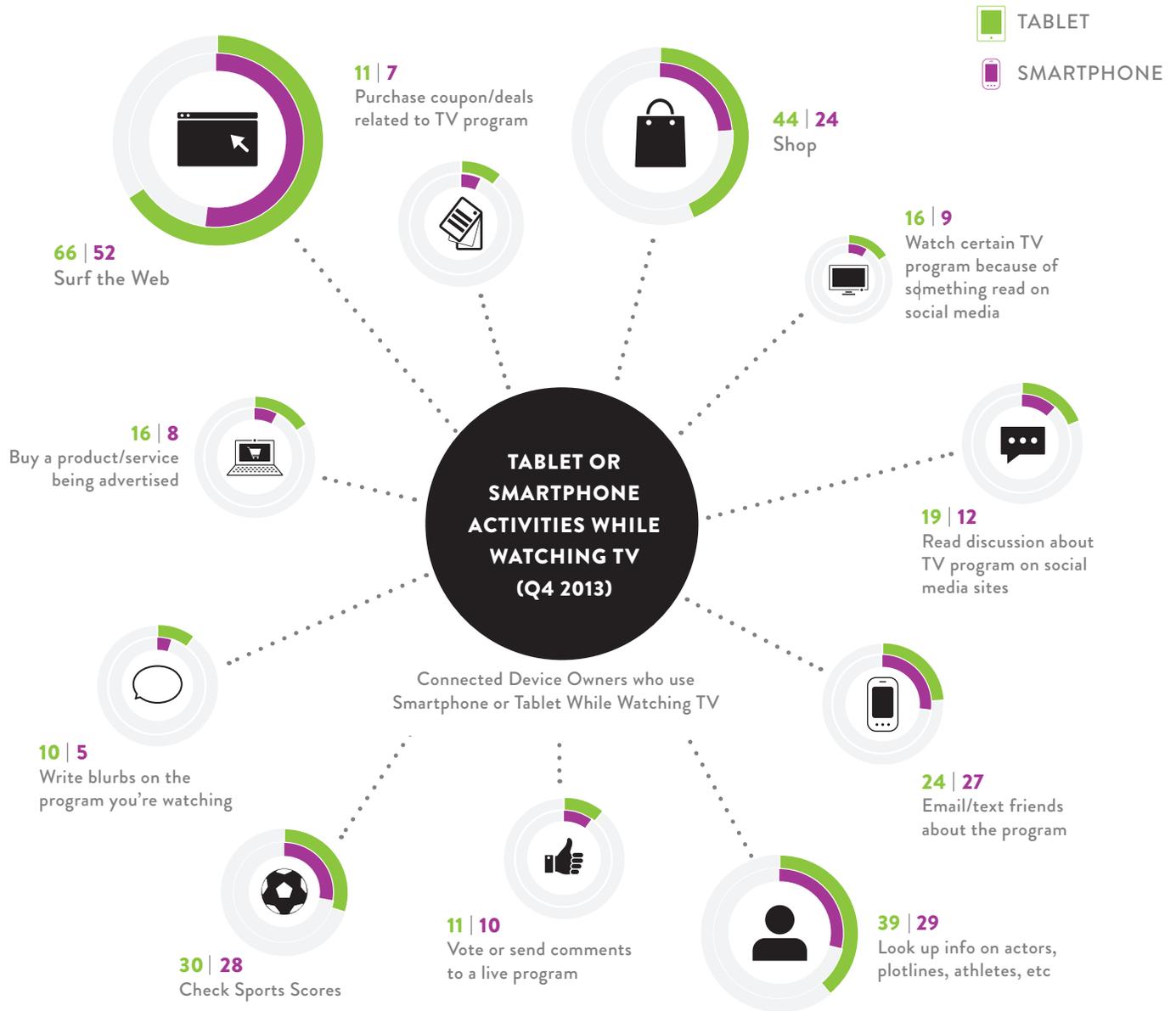


YOY % Change in Timeshifted Viewing

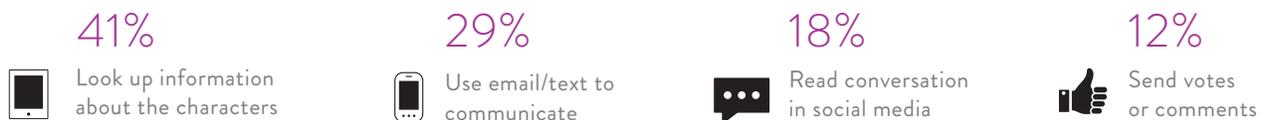


CONNECTED TO CONTENT

HOW SECOND SCREENS ENHANCE THE ENTERTAINMENT EXPERIENCE



U.S. CONSUMERS ARE USING SECOND-SCREENS IN WAYS THAT ARE NATURAL EXTENSIONS OF THE PROGRAMMING THEY WATCH



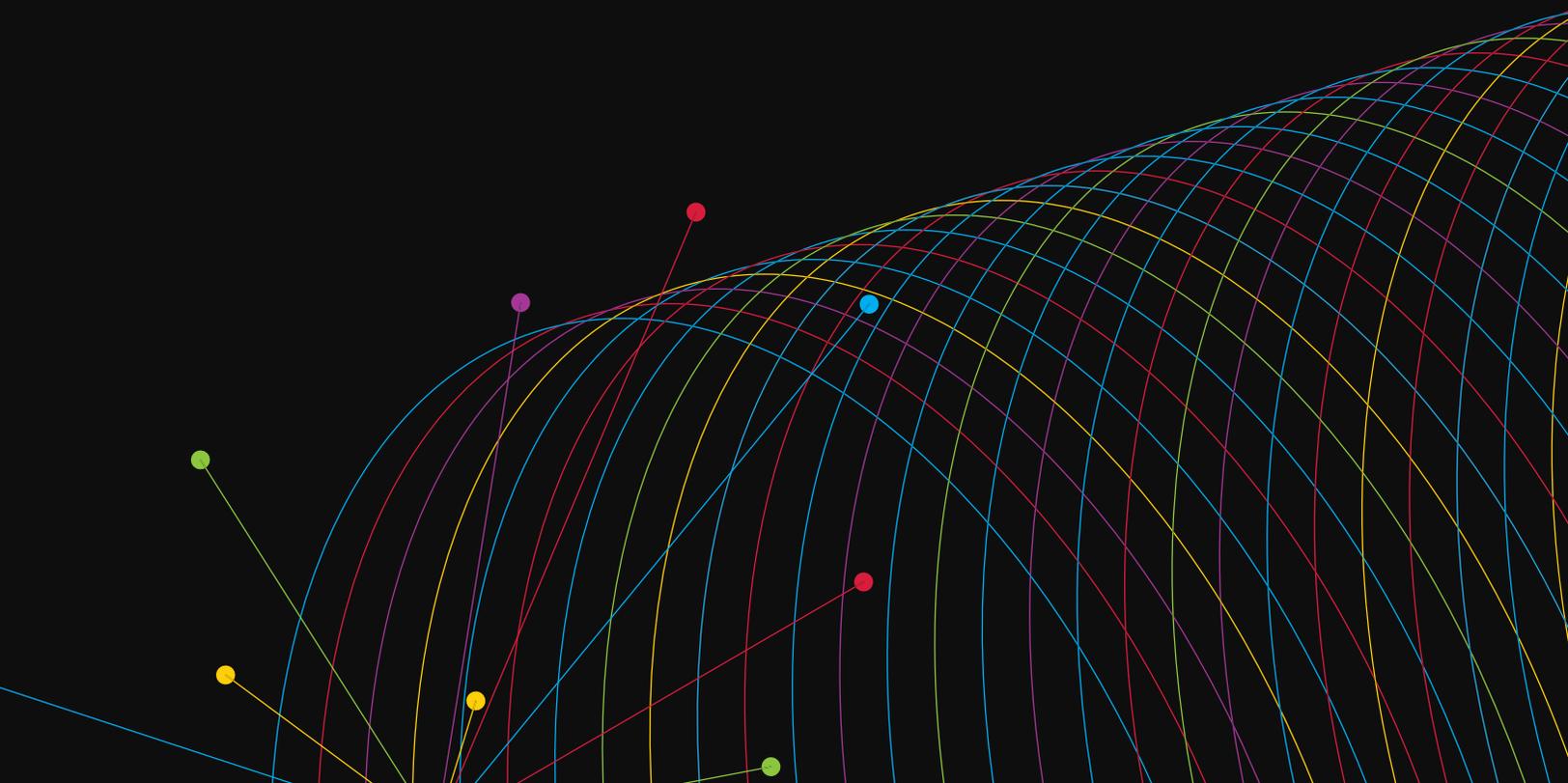


REACTION.

It's the holy grail of measuring the success of campaigns against actual business objectives. By the end of 2013, U.S. consumers spent \$771 billion in the grocery store. Did your ad affect their shopping cart? Roughly one million Americans turn to Twitter to discuss TV on an average day. How does that impact brand perceptions?

Connecting what we watch and how it affects what we buy is the ultimate measure of the impact of an ad. Advertisers and media planners can only truly know if they've hit their marks in terms of reaching and resonating with the right audiences if it drives a reaction—whether that be sales, a shift in consumer attitudes, or a desired action such as tuning in to a new show or visiting a website.

With consumers being bombarded with messages, the path to purchase isn't a straight line anymore. The more we can understand about ad exposure and the decision making process, the better.

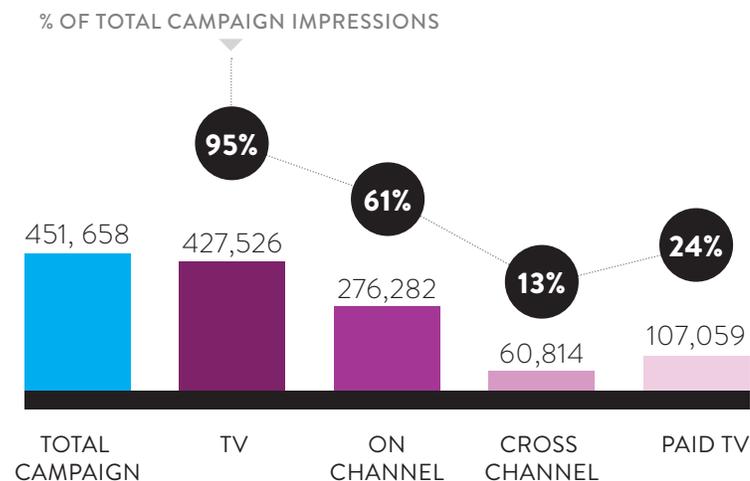


IMPRESSION IMPACT

HOW TV PROMOS AFFECT TUNE-IN

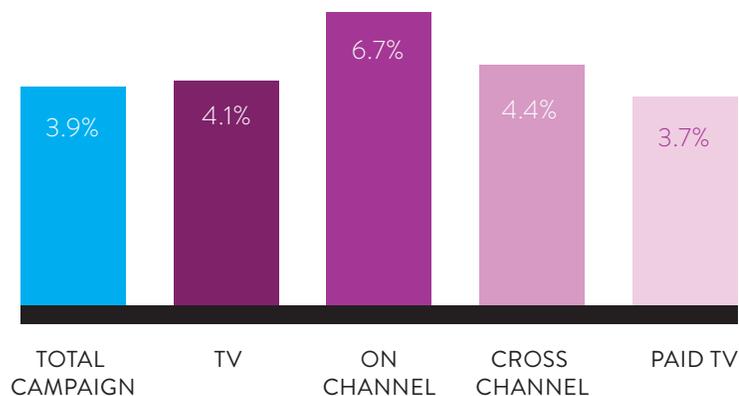
TV PROMOS CAMPAIGN IMPRESSIONS

P25-54 AVERAGE CAMPAIGN IMPRESSIONS (000)



TV PROMOS CAMPAIGN TUNE IN

P25-54 AVERAGE TUNE-IN CONVERSION PERCENTAGE



- On-Channel Promos: Unpaid TV program promotions aired on the same network that the show is aired
- Cross-Channel Promos: Unpaid TV program promotions aired on a “sister network” of the network on which the show is aired
- Paid TV Promos: Paid TV program promotions aired on a network unaffiliated with the network on which the show is aired

“

ALTHOUGH CROSS-CHANNEL PROMOS DELIVER THE LEAST NUMBER OF IMPRESSIONS, CONVERSION FROM CROSS-CHANNEL EXPOSURE IS HIGHER THAN PAID TV.

”

SOCIAL STUDIES

SOCIAL MEDIA'S EFFECT ON THE TV EXPERIENCE



During 2013, 36 million people sent 990 million Tweets about TV, according to Nielsen Social.



The Twitter TV audience for an episode is, on average, 50 times larger than the number of authors who are generating Tweets.



Commercial breaks aren't Tweet breaks: Viewers send the majority (70%) of their Tweets during program time rather than during commercial time. In fact, the percentage of tweets during programs versus commercials was driven by the share of commercial time within the program's airtime.



The two-way relationship between Tweets and TV ratings: Live TV ratings had a meaningful impact in Twitter activity among 48 percent of the episodes. The results also showed that the volume of tweets caused significant changes in live TV ratings among 29 percent of the episodes.

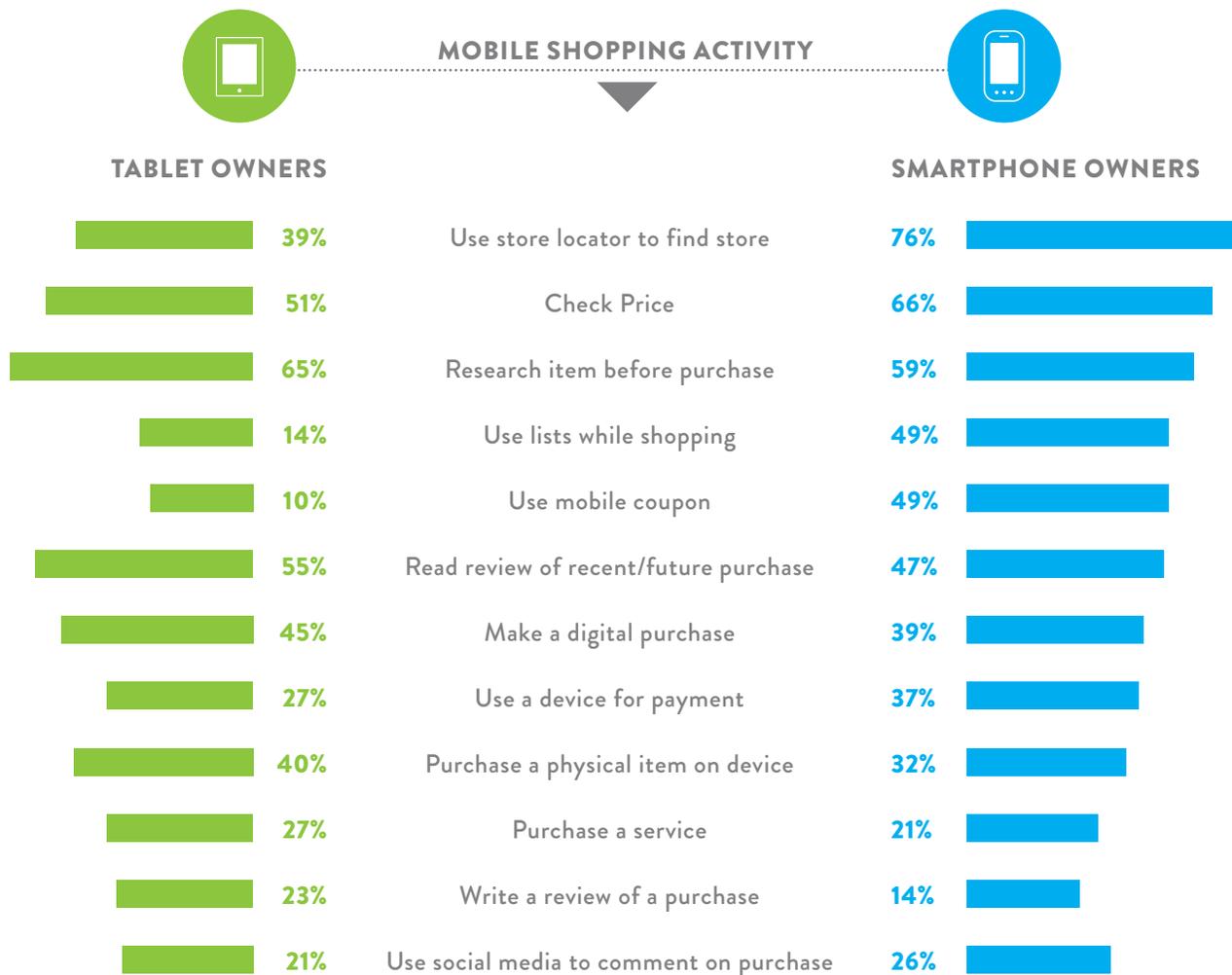


In an analysis of the overlap of brand and TV tweeters between August-October 2013, Nielsen Social found that 5.5 million people tweeted about both brands and TV during that period.



TV tweeters made up 73 percent of the total number of people who tweeted about brands during that time, and they sent an even greater portion—89 percent—of the Tweets about brands.

COMPARING ACTIVITIES AMONG MOBILE SHOPPERS (Q3 2013)



MOBILE RETAIL IS GAINING MOMENTUM

87%
use mobile for shopping

66%
use mobile to check price

49%
use mobile coupons

76%
locate a store using smartphones

65%
use tablet to research
an item before purchasing



HOW WE SPEND:

THE DECISIONS WE MAKE AT THE POINT OF SALE

	Baby Food	\$5B		Fresh Produce (UPC)	\$24B
	Baking	\$5B		Fresh Meat (UPC)	\$5B
	Bottled Water	\$12B		Packaged Meat	\$18B
	Bread & Baked Goods	\$24B		Detergent	\$10B
	Candy	\$20B		Household Cleaners	\$4B
	Soda/Carbonated Beverages	\$34B		Air Fresheners/Deodorizers	\$3B
	Cereal	\$10B		Paper Goods/Products	\$22B
	Coffee	\$10B		Personal Bar Soap	\$5B
	Juice	\$14B		Wrapping & Storage Bags	\$5B
	Pet Food	\$14B		Beer	\$28B
	Pet Care	\$5B		Liquor	\$6B
	Snacks	\$28B		Wine	\$10B
	Soup	\$6B		Batteries	\$3B
	Frozen Foods	\$50B		Cosmetics	\$6B
	Ice Cream	\$6B		Cough & Cold	\$7B
	Butter	\$4B		Medication/Remedies	\$13B
	Cheese	\$16B		Hair Care	\$8B
	Eggs	\$5B		Oral Hygiene	\$7B
	Milk	\$19B		Shaving	\$4B
	Yogurt	\$7B		Vitamins	\$11B
	Deli	\$11B			

Read As: In 2013, Americans spent \$19 billion on milk products at retail grocery and convenience stores.

CONCLUSION

By measuring the reach, resonance and reaction of ads across all screens and advertising models—linear and dynamic digital—the media industry is on the path to better understanding and increasing the ROI of video ad spend.

The ability to understand the 3Rs is becoming more important every day as measurement solutions emerge and keep pace with the evolution in media consumption. With real-time capabilities, performance can be examined, evaluated and adjusted in-flight, allowing for optimization before ad dollars are wasted.

Reach. In recent years, the industry has coalesced around a single set of metrics to compare the reach of a campaign in our complicated cross-platform world. Solutions like Nielsen Online Campaign Ratings, which delivers TV-comparable reach measures with unparalleled precision, have been adopted by advertisers, publishers and agencies, integrated into core planning and buying tools and programs, and—importantly—used as the basis for video guarantees. Nielsen Cross-Platform Campaign Ratings takes this one step further by providing insight into the duplicated and incremental reach of TV and online campaigns, helping marketers understand who saw their campaigns online, on TV and on both platforms. The industry is aided by sharper planning tools—like Nielsen Audience Segments – TV Viewing—that provide insight into how to reach consumers online based on their offline viewing habits.

Resonance. Did consumers remember my ad? Did they like it? Solutions like Nielsen Brand Effect measure the resonance of ads on TV, online and on mobile devices with market-leading methodologies and vast normative databases to level-set the industry. Nielsen Neuro, which uses brainwave analysis to measure message response and emotional engagement, is a cutting-edge solution for understanding what makes consumers tick at the most fundamental level.

Reaction. There is endless research into how consumers spend their money and their time. But very few companies have the ability to connect the two to demonstrate how ad exposure leads to sales. Nielsen can now measure how TV or online ad exposure can drive offline sales as well as behavior like social media activity or additional TV tune-in. Nielsen Buyer Insights combines Nielsen's TV or online activity with actual online and offline purchase activity from anonymized, privacy-protected credit card data. Nielsen Catalina Solutions helps CPG marketers and media companies measure and improve advertising performance by accurately linking what consumers watch, see, or hear (whether on television, the web, in print, or on the radio) with what they buy.

SOURCING

TELEVISION METHODOLOGY

Television usage statistics come from Nielsen's national panel of TV homes. This data was based on a Season-To-Date through January 26, 2014 measurement period and any Year-Over-Year references are based on comparable measurement periods. Traditional TV includes Live usage plus any playback within the data stream noted. Metrics for using a DVD/Blu Ray device and using a game console are based on when those devices are in use for any purpose, not just for accessing media content. Device penetration figures are based on February 2014 Universe Estimates.

CHANNELS TUNED ANALYSIS – NPM SAMPLE SOURCE: Nielsen Custom Data, 08/19/2013 – 08/25/2013 v comparable weeks in the prior years, Household

SEASON TO DATE SHARE OF PRIMETIME VIEWING:

Analysis was based on all National rated Broadcast, Cable and Syndication programs. SPORTS includes Sporting Events, Sports News, Sports Commentary and Sports Anthologies.

CHANNELS RECEIVABLE ANALYSIS – NPM SAMPLE SOURCE:

Nielsen NPOWER (Custom), 08/19/2013 – 08/25/2013 v comparable weeks in the prior years, Household

NIELSEN VIDEOCENSUS (2013)

Nielsen's VideoCensus product measures streaming video activity in web browsers on home and work computers. Using a hybrid methodology, streaming video activity is projected to be representative for the entire U.S. population. There are 200,000+ panelists ages 2+ in the U.S. that participate in the online panel for VideoCensus. The data cited in this report comes from a monthly average during 2013.

NIELSEN CROSS-PLATFORM REPORT (Q3 2013)

A quarterly report compiling measurement from across Nielsen products. The data included in this report are based on users of each medium per month. Sources include: Traditional TV, Timeshifted TV, DVD, Game Consoles 07/01/13 - 09/29/13 via Nielsen NPOWER/NPM Panel, Online 07/01/13 - 09/30/13 via Nielsen NetView and Nielsen VideoCensus, Mobile 07/01/13 - 09/30/13 via Nielsen Mobile Video Report/Mobile Insights.

CONNECTED DEVICES REPORT (Q3 2013)

The insights from Nielsen's Mobile Connected Device Report were gathered from general population sample of 13+ years and with 8,907 respondents who own a Tablet, e-Reader, Smartphone or Streaming Capable Device. Device owners were identified from a general population sample as well as through Nielsen's Mobile Insights syndicated tracking study. The respondents completed an online, self-administered survey at the start of December 2013.

SOURCING (CONTINUED)

NIELSEN SOCIAL (2013)

Nielsen Social collects Tweets about TV programs across 250 U.S. TV networks in real-time. Using data from Twitter's fire hose, Nielsen Social ensures comprehensive, accurate collection through automated and dynamic classifier creation, a rich TV program metadata database, and human auditing. Nielsen Social collects relevant Tweets from three hours before, during and three hours after an episode's initial broadcast, local time. Unique Audience and Impressions of relevant Tweets are measured from when the Tweets are sent until the end of the broadcast day at 5am.

NIELSEN MOBILE SHOPPER REPORT (Q3 2013)

The insights from Nielsen's Mobile Shopper Report were gathered from general population sample of 18+ years and with 3,032 total respondents who own either a Tablet or a Smartphone and have done a mobile shopping activity in the past 30 days. A "Mobile Shopper" is defined as someone who has done a mobile shopping activity on a Smartphone or Tablet in the past 30 days. The respondents completed an online, self-administered survey in September 2013

NIELSEN TV BRAND EFFECT PROGRAM ENGAGEMENT STUDY

Program engagement and ad recall was determined by surveying the Nielsen TV Brand Effect panel the day after they saw the program & ad. Then logistic models were created to isolate the effects of ad, show and placement factors (such as ad quality, age of ad, time of day, or genre of show), along with program engagement itself and five cross effects between program engagement and other factors. We then removed the modeled influence of all the non-engagement factors from the ad recall to measure the linear program engagement effect. Program Engagement is defined as the percentage of viewers who can recall within 24 hours the network content they were exposed to during the normal course of viewing TV.

NIELSEN AD*VIEWS

Nielsen Ad*Views is a reporting tool that measures US advertising data for TV, newspapers, magazines, radio, outdoor, cinema, FSI coupon and Internet display advertising.

NIELSEN CROSS-PLATFORM CAMPAIGN RATINGS

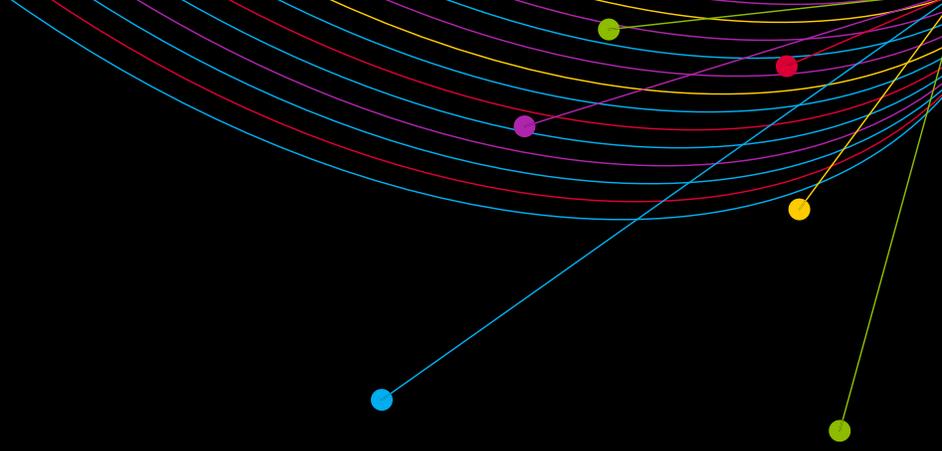
The TV/online reach data came from an analysis of 200 Nielsen Cross-Platform Campaign Ratings-measured campaigns. This included all types of online advertising, including video and display.

ABOUT NIELSEN

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence and mobile measurement. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands.

For more information, visit www.nielsen.com

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AN UNCOMMON SENSE
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