Q4 2017

THE NIELSEN LOCAL WATCH REPORT

A FOCUS ON STREAMING TRENDS IN OUR CITIES

JUSTIN LAPORTE
VP, AUDIENCE INSIGHTS

EVEN STREAMERS CAN'T RESIST THE ALLURE OF TRADITIONAL TV

Did you know that the average streaming adult aged 25-54 consumes two hours and 28 minutes of over-the-top (OTT) content per day? Even if you did know, you probably didn't realize how much this demo still relies on traditional TV. In fact, in a typical day during November 2017, 93% of streamers watched traditional TV. Forty-seven percent (47%) of those streamers watched TV only, 46% were reached by a mix of traditional TV and streaming, and 7% streamed exclusively.

Technology has officially taken over our living rooms. The average American now has more ways than ever before to view content. First, it was the exciting entry of VHS into the world. Then came video game consoles, DVD players and the life-changing DVR. Soon after, small screens became a thing. And now, we're knee deep in TV streaming devices.

As of November 2017, over 65 million U.S. homes own an enabled device capable of streaming content to the TV. That's a big number, and it continues to grow. While 59% of U.S. homes are streaming enabled, the story varies by market. With "OTT-savvy" homes more likely to be in urban areas, mid-size markets are showing more growth. San Diego is currently winning the race, with 71% of homes having access to an enabled streaming device.

In this edition of Local Watch, we examine over-the-top trends in our cities and how it's redefining the media landscape. With today's streamer transcending a broad spectrum of geographies, generations and household types, there is a unique opportunity to reach audiences in new ways that can drive incremental reach.

Further evidence of TV's stronghold reveals itself when examining streamer segments. Traditional programming shows impressive resilience in today's digital age. Even the heaviest of streamers can't seem to shake broadcast viewing. A true story in Nielsen data, reaffirming the powerful reach and relevance of local media in our daily lives.

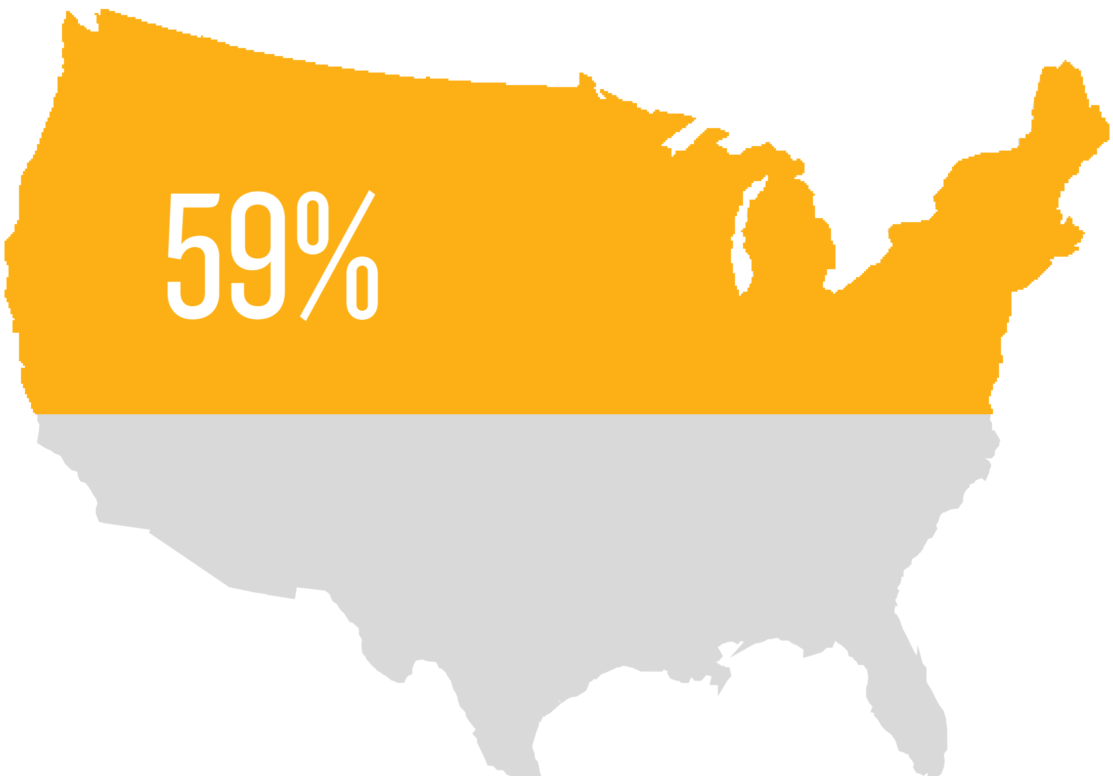
JUSTIN

STREAMING TRENDS

Q4 2017

65.3 MILLION

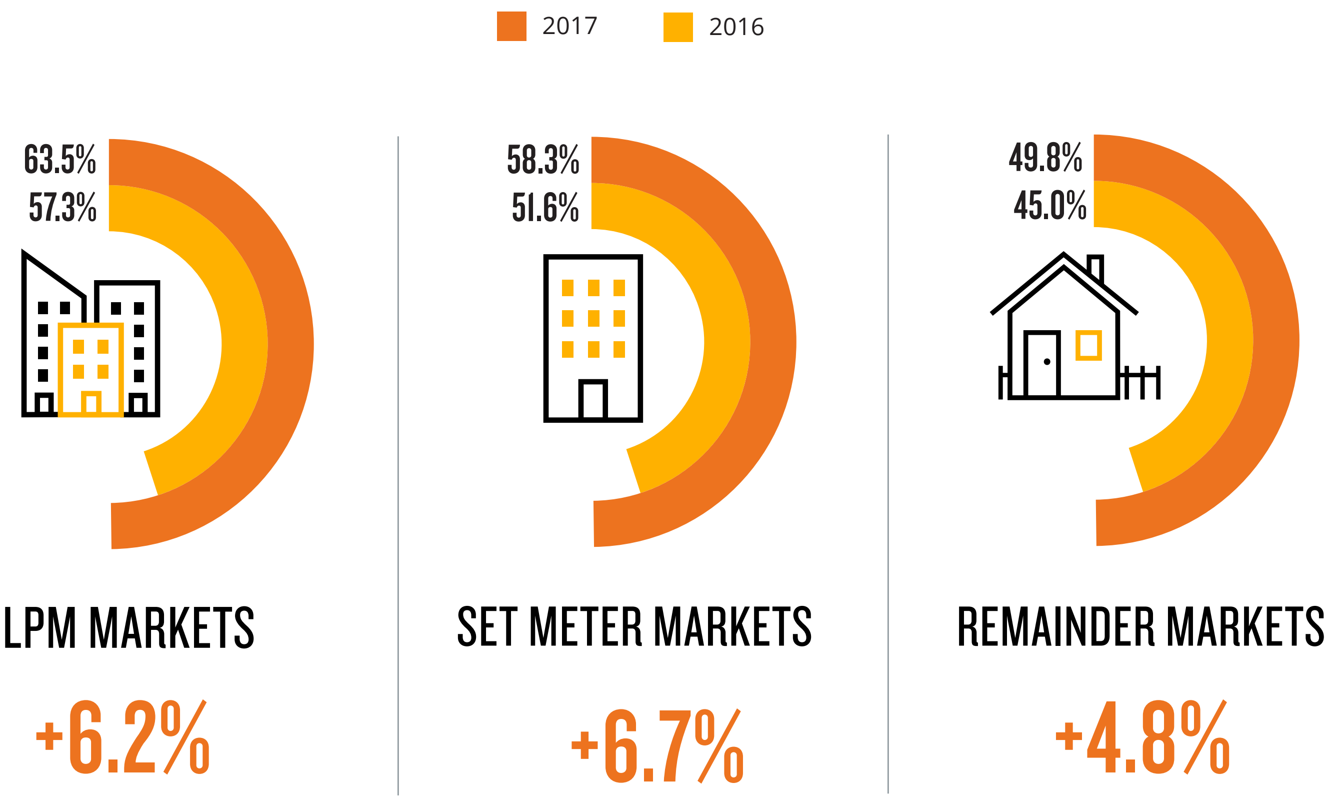
US HOMES HAVE AN INTERNET ENABLED DEVICE CAPABLE OF STREAMING CONTENT TO THE TV, WHICH INCLUDES VIDEO GAME CONSOLES, SMART TVS OR INTERNET DEVICES SUCH AS ROKU, APPLE TV, GOOGLE CHROMECAST OR AMAZON FIRE TV. AS OF NOVEMBER 2017, THIS GROUP ACCOUNTS FOR 59% PERCENT OF THE TOTAL POPULATION AND CONTINUES TO GROW EACH YEAR.



Source: Nielsen NPower, Total US Households, Excludes BBO Homes, November 2017.

GROWTH ACROSS ALL MARKET TYPES

PERCENT OF HOMES THAT OWN ENABLED STREAMING DEVICES

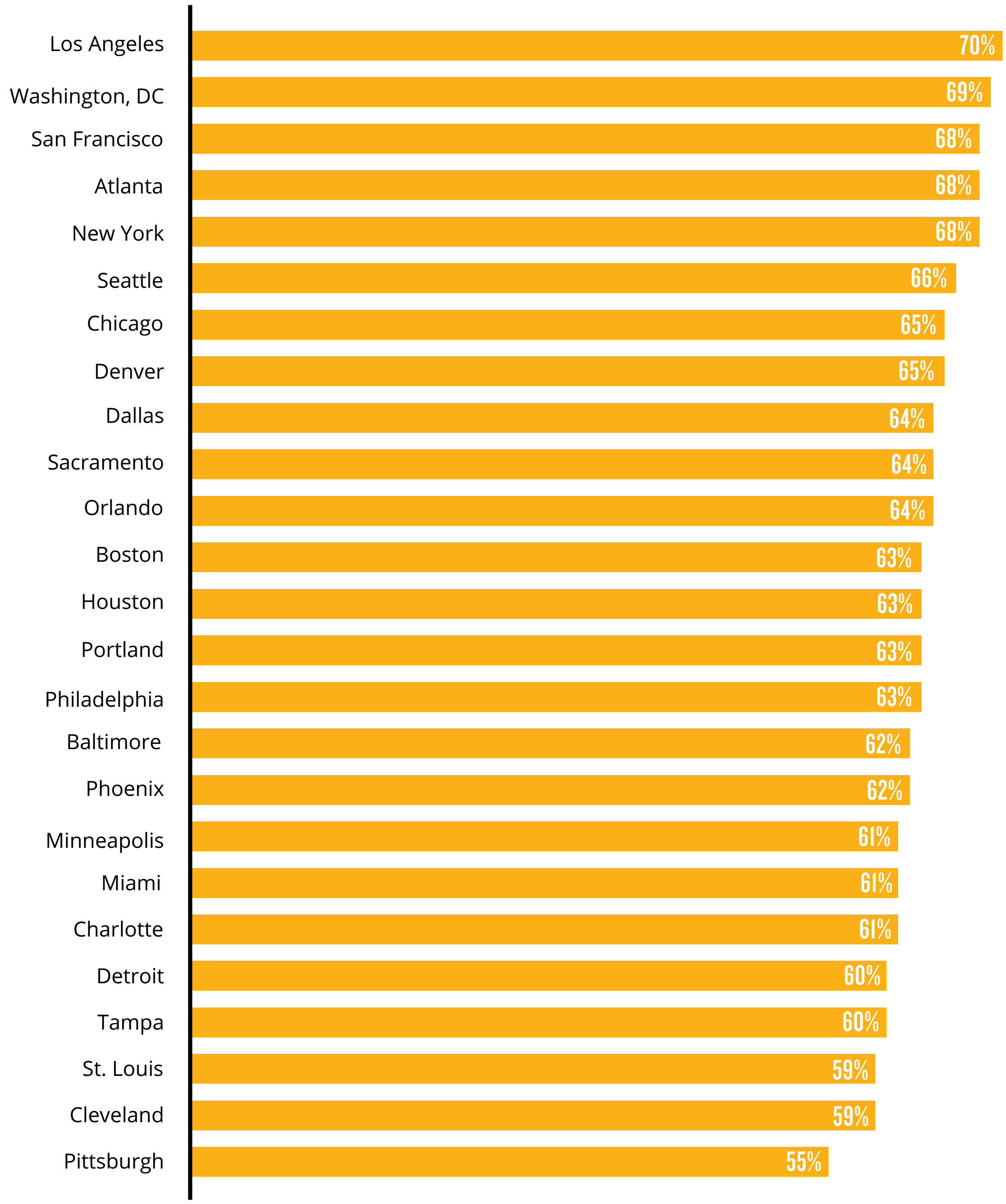


WHILE PENETRATION OF STREAMING DEVICES IS HIGHEST IN URBAN AREAS, ALL MARKET SIZES SHOW GROWTH, WITH MID-SIZE MARKETS INCREASING MOST OVER LAST NOVEMBER

Nielsen Npower, November 2017, TV Households (excludes BBO homes), Streaming Device Home = Access to Internet Enabled Game Console, Smart TV or Internet Connected Device (Roku, Google Chromecast, Amazon Fire or Apple TV). Remainder Market group includes Code Reader and Diary markets.

STREAMING DEVICES IN LPM MARKETS

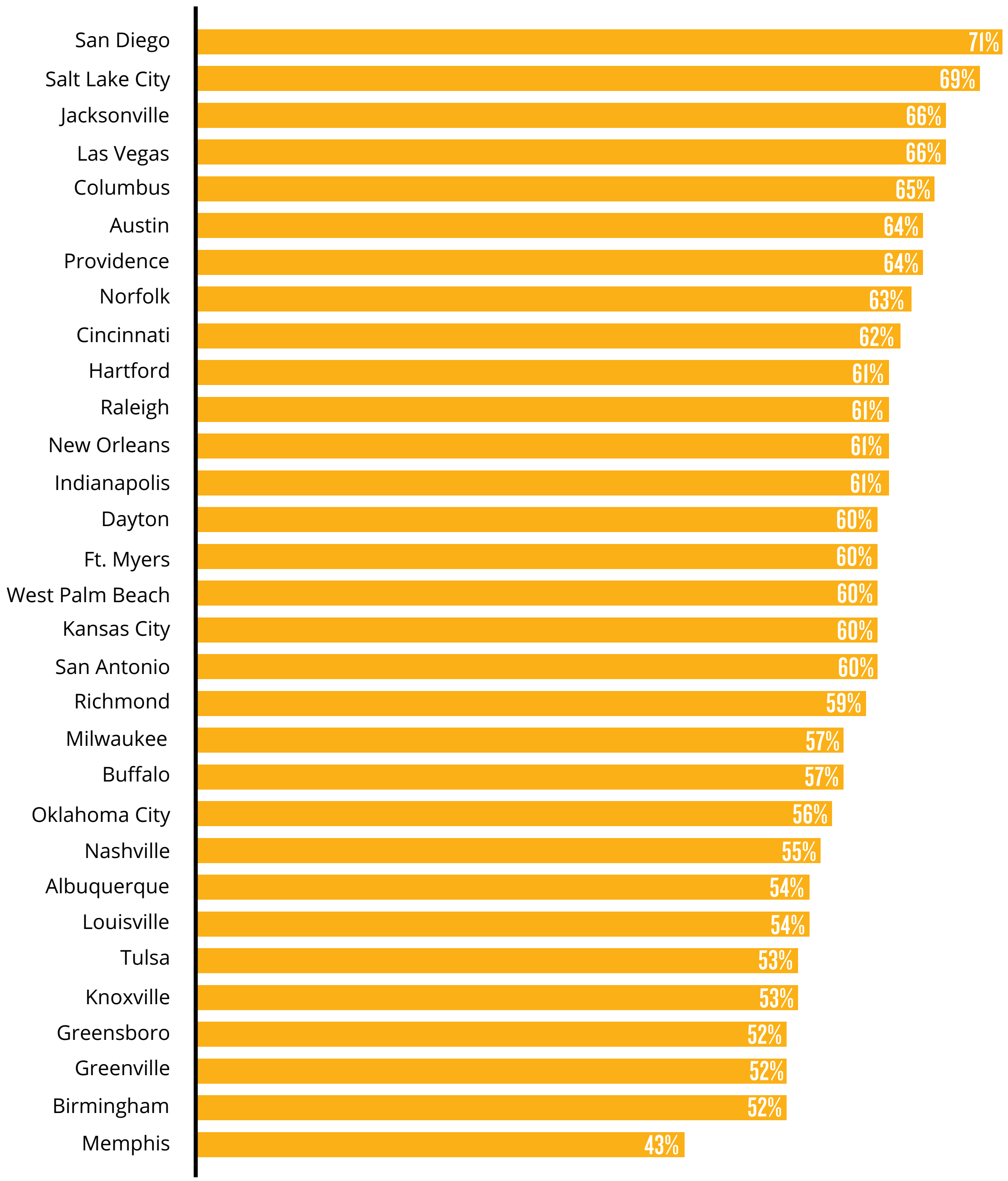
PERCENT OF HOMES THAT OWN AN ENABLED STREAMING DEVICE



Source: Nielsen Npower, November 2017, TV Households (excludes BBO homes), Streaming Device Home = Access to Internet Enabled Game Console, Smart TV or Internet Connected Device (Roku, Google Chromecast, Amazon Fire or Apple TV).

STREAMING DEVICES IN SET METER MARKETS

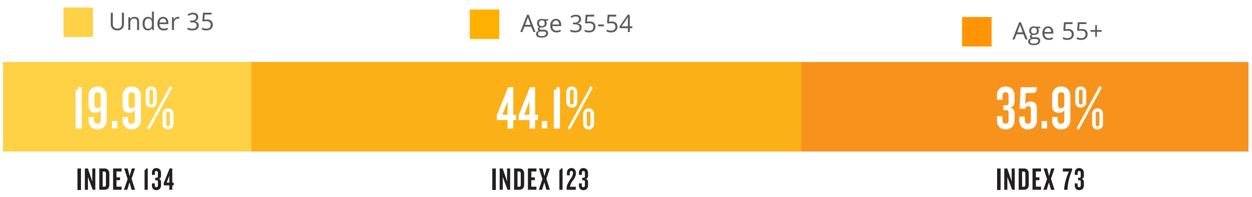
PERCENT OF HOMES THAT OWN AN ENABLED STREAMING DEVICE

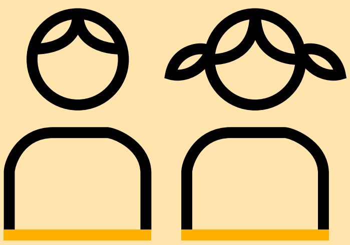


Source: Nielsen Npower, November 2017, TV Households (excludes BBO homes), Streaming Device Home = Access to Internet Enabled Game Console, Smart TV or Internet Connected Device (Roku, Google Chromecast, Amazon Fire or Apple TV).

STREAMING DEVICES ATTRACT A YOUNG, AFFLUENT AUDIENCE

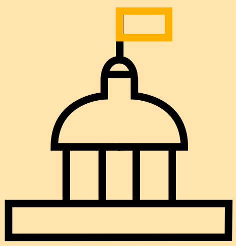
STREAMING DEVICE HOUSEHOLD PROFILE





32%

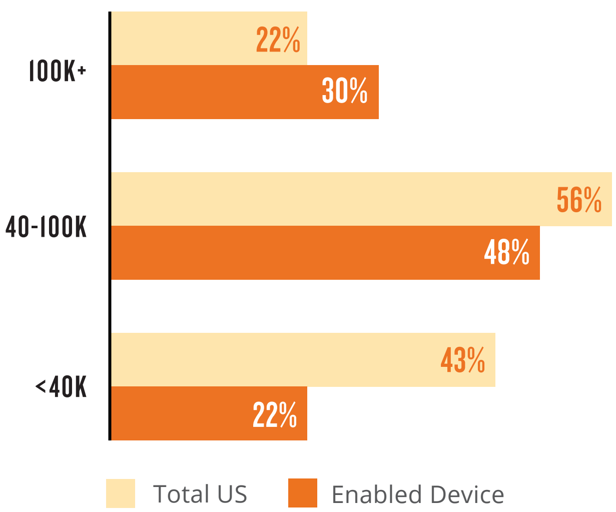
MORE LIKELY TO HAVE CHILDREN



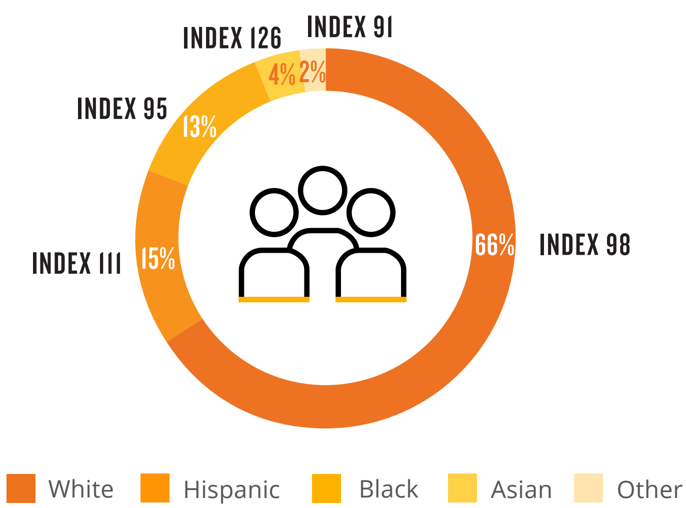
17%

MORE LIKELY TO HAVE A COLLEGE DEGREE

INCOME



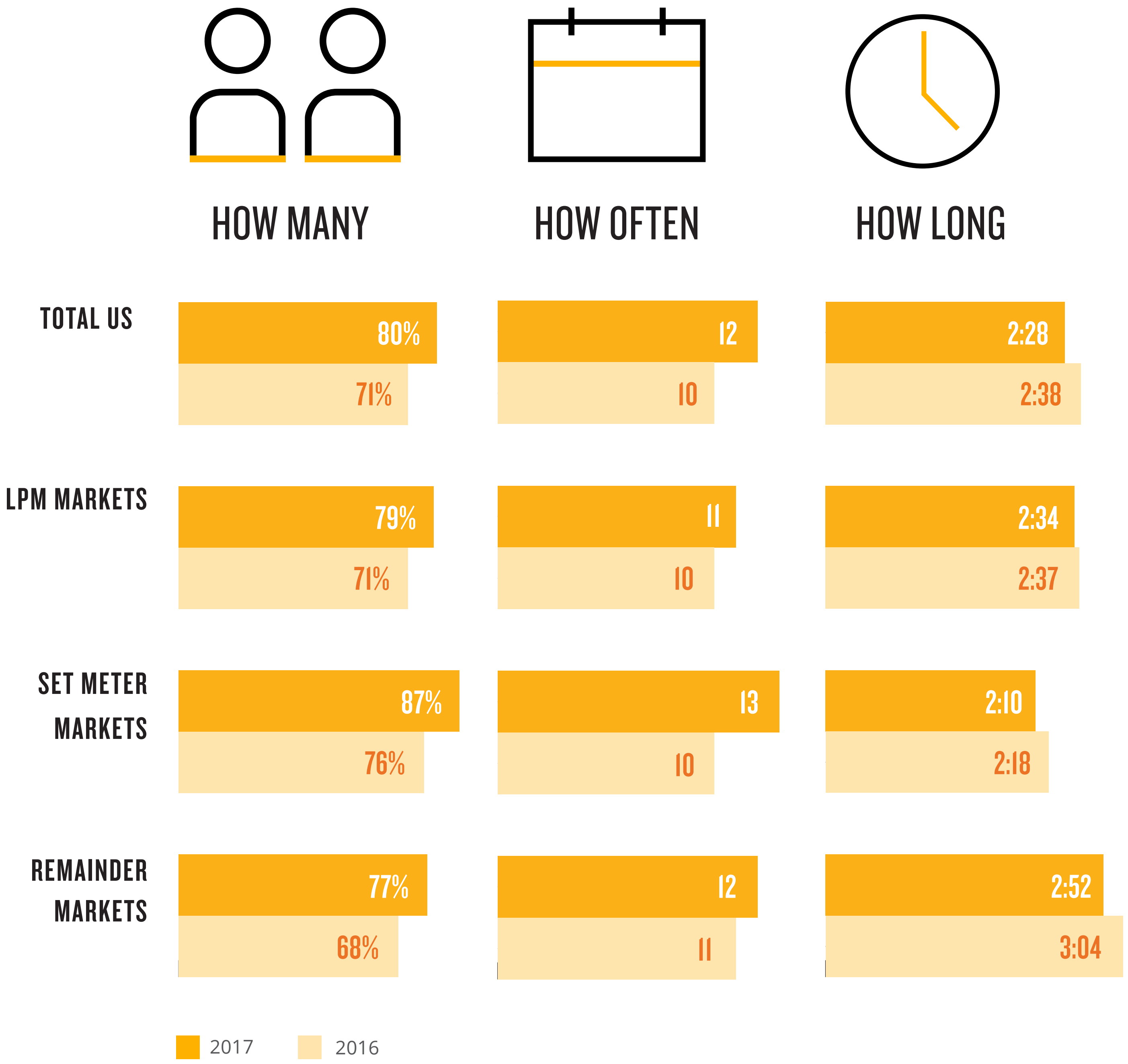
RACE/ETHNICITY



Source: Nielsen Npower, LPM Market Average, November 2017, TV Households (excludes BBO homes), Streaming Device Home = Access to Internet Enabled Game Console, Smart TV or Internet Connected Device (Roku, Google Chromecast, Amazon Fire or Apple TV).

A MONTH IN THE LIFE

MONTHLY REACH AND FREQUENCY AMONG STREAMING DEVICE USERS

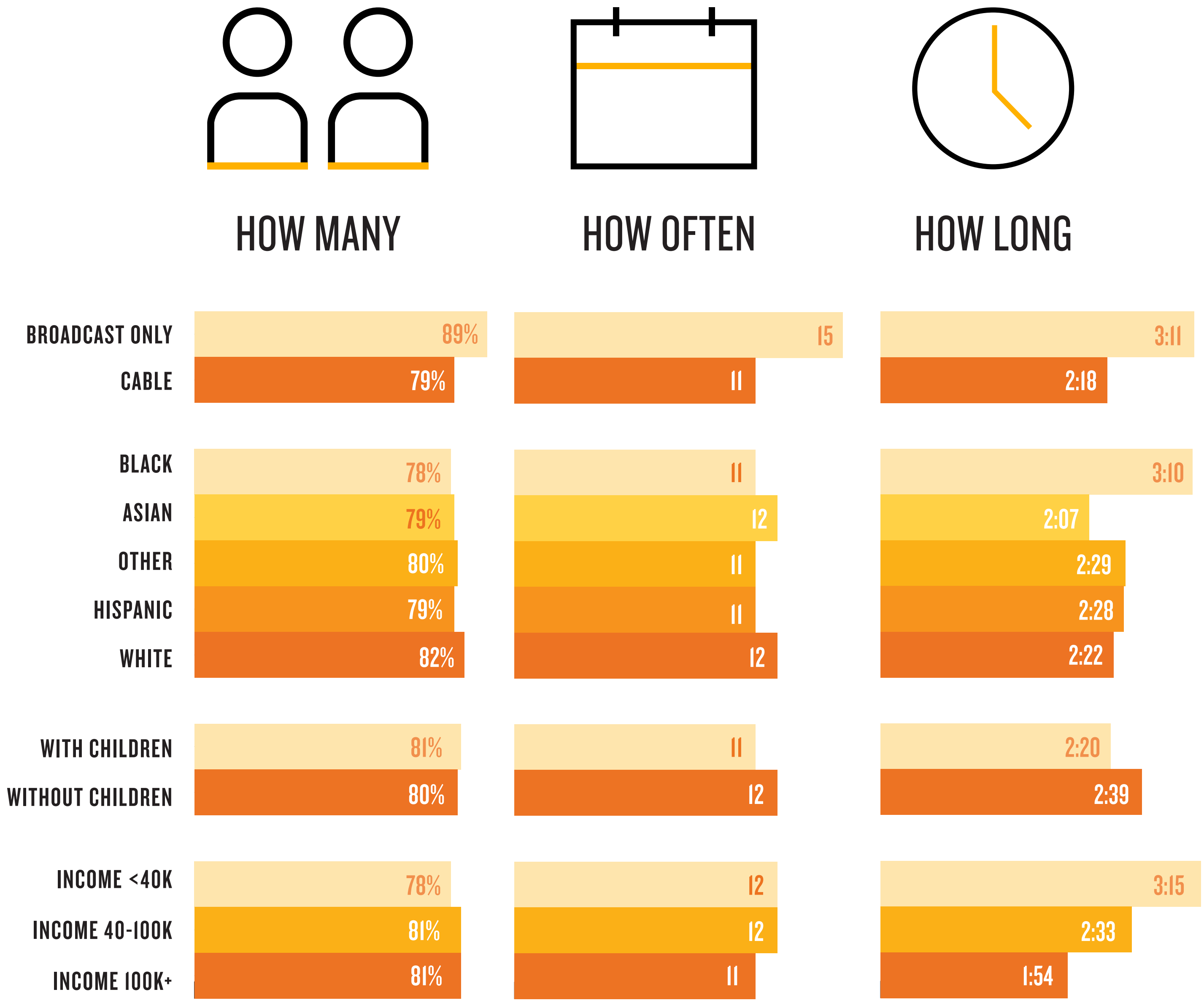


How Many: Monthly reach percent of streamed content among streaming enabled homes; How Often: Number of days of usage in the month; How Long: Daily hours: minutes spent watching streamed content on the TV.

Source: Nielsen Npower, November local measurement, Persons 25-54, Excludes BBO Homes, Streaming Device Home = Access to Internet Enabled Game Console, Smart TV or Internet Connected Device (Roku, Google Chromecast, Amazon Fire or Apple TV). Remainder Market group includes Code Reader and Diary markets.

STREAMING VARIES BY CHARACTERISTIC

MONTHLY REACH AND FREQUENCY AMONG STREAMING DEVICE USERS



How Many: Monthly reach percent of streamed content among streaming enabled homes; How Often: Number of days of usage in the month; How Long: Daily hours: minutes spent watching streamed content on the TV.

Source: Nielsen Npower, November 2017, Persons 25-54, Excludes BBO Homes, Streaming Device Home = Access to Internet Enabled Game Console, Smart TV or Internet Connected Device (Roku, Google Chromecast, Amazon Fire or Apple TV).

STREAMING DEVICE USAGE AMONG USERS IN LPM MARKETS

	How Many		How Often		How Long	
Market	**Nov-16**	**Nov-17**	**Nov-16**	**Nov-17**	**Nov-16**	**Nov-17**
LPM Average	**71.3%**	**78.6%**	**10**	**11**	**2:37**	**2:34**
Atlanta	73.5%	79.8%	9	11	2:40	2:49
Baltimore	70.3%	85.1%	9	11	2:03	2:34
Boston	68.4%	80.6%	10	12	2:29	2:14
Charlotte	63.3%	76.5%	11	13	3:16	2:45
Chicago	68.2%	80.7%	9	12	2:36	2:13
Cleveland	70.5%	83.8%	10	13	2:30	2:15
Dallas	72.0%	82.9%	9	12	2:59	2:53
Denver	73.7%	82.7%	11	12	2:53	2:23
Detroit	70.5%	80.2%	10	11	2:19	2:22
Houston	72.6%	74.5%	10	12	2:46	2:42
Los Angeles	70.3%	79.4%	9	11	2:37	2:26
Miami	68.4%	76.6%	9	11	2:58	2:30
Minneapolis	73.7%	84.0%	11	12	2:30	2:38
New York	67.0%	75.1%	9	11	2:29	2:25
Orlando	81.3%	80.9%	9	12	2:25	2:27
Philadelphia	69.2%	77.6%	9	12	2:24	2:33
Phoenix	74.4%	81.7%	10	11	2:36	2:37
Pittsburgh	66.8%	76.4%	9	11	2:38	2:09
Portland	74.1%	83.4%	9	12	2:30	2:15
Sacramento	74.4%	83.9%	9	11	2:13	1:54
San Francisco	68.1%	77.1%	9	10	2:22	2:08
Seattle	78.3%	87.7%	10	11	2:31	2:05
St. Louis	68.6%	77.4%	11	12	3:05	2:51
Tampa	67.6%	83.6%	9	12	2:23	2:12
Washington, DC	67.1%	77.7%	10	11	2:37	2:34

MARKET WITH HIGHEST STREAMING USER REACH IN NOV'17

MARKET WITH GREATEST INCREASE IN USER REACH OVER NOV'16

MARKET WITH HIGHEST TIME SPENT STREAMING IN NOV'17

How Many: Monthly reach percent of streamed content among streaming enabled homes; How Often: Number of days of usage in the month; How Long: Daily hours: minutes spent watching streamed content on the TV.
Source: Nielsen Npower, Persons 25-54, Excludes BBO Homes

STREAMING DEVICE USAGE AMONG USERS IN SET METER MARKETS

	How Many		How Often		How Long	
Market	**Nov-16**	**Nov-17**	**Nov-16**	**Nov-17**	**Nov-16**	**Nov-17**
Set Meter Average	**75.9%**	**86.6%**	**10**	**13**	**2:18**	**2:10**
Albuquerque	73.9%	85.0%	12	13	2:22	2:34
Austin	66.5%	85.9%	11	14	2:15	2:27
Birmingham	60.7%	83.6%	9	12	2:39	2:15
Buffalo	58.5%	89.5%	9	13	2:26	2:04
Cincinatti	80.9%	89.8%	9	13	2:18	2:17
Columbus, OH	69.9%	89.5%	10	13	2:43	2:06
Dayton	67.6%	91.6%	9	13	2:43	2:13
FT. Myers	75.0%	88.8%	8	12	2:13	1:44
Greensboro	75.8%	88.2%	9	13	2:31	2:23
Greenville	69.9%	81.7%	10	12	2:40	2:29
Hartford	65.5%	83.8%	8	12	1:44	1:38
Indianapolis	75.5%	86.6%	10	14	2:15	2:27
Jacksonville	64.7%	79.9%	9	13	2:16	2:19
Kansas City	68.6%	86.6%	9	13	2:09	2:12
Knoxville	64.0%	81.4%	10	12	2:01	1:56
Las Vegas	68.1%	88.9%	11	12	2:26	2:11
Lousiville	71.2%	86.2%	10	13	2:15	2:07
Memphis	63.4%	82.9%	8	13	2:12	2:26
Milwaukee	76.5%	88.9%	10	13	2:11	2:09
Nashville	77.6%	87.2%	11	13	2:51	2:25
New Orleans	69.1%	87.8%	10	12	2:45	2:16
Norfolk	72.4%	87.4%	9	14	2:15	2:20
Oklahoma City	67.9%	85.7%	11	13	2:49	2:15
Providence	67.5%	92.1%	9	12	2:21	2:19
Raleigh	67.4%	85.9%	11	13	2:27	2:25
Richmond	68.1%	87.7%	9	12	2:07	1:59
Salt Lake City	75.4%	86.2%	10	13	2:05	1:47
San Antonio	60.0%	84.7%	9	12	2:07	2:21
San Diego	75.1%	90.0%	9	13	1:45	1:37
Tusla	74.4%	87.5%	8	12	2:00	1:59
West Palm Beach	60.3%	80.2%	8	11	1:45	1:53

MARKET WITH HIGHEST STREAMING USER REACH IN NOV'17

MARKET WITH GREATEST INCREASE IN USER REACH OVER NOV'16

MARKET WITH HIGHEST TIME SPENT STREAMING IN NOV'17

How Many: Monthly reach percent of streamed content among streaming enabled homes; How Often: Number of days of usage in the month; How Long: Daily hours: minutes spent watching streamed content on the TV.

Source: Nielsen Npower, Persons 25-54, Excludes BBO Homes

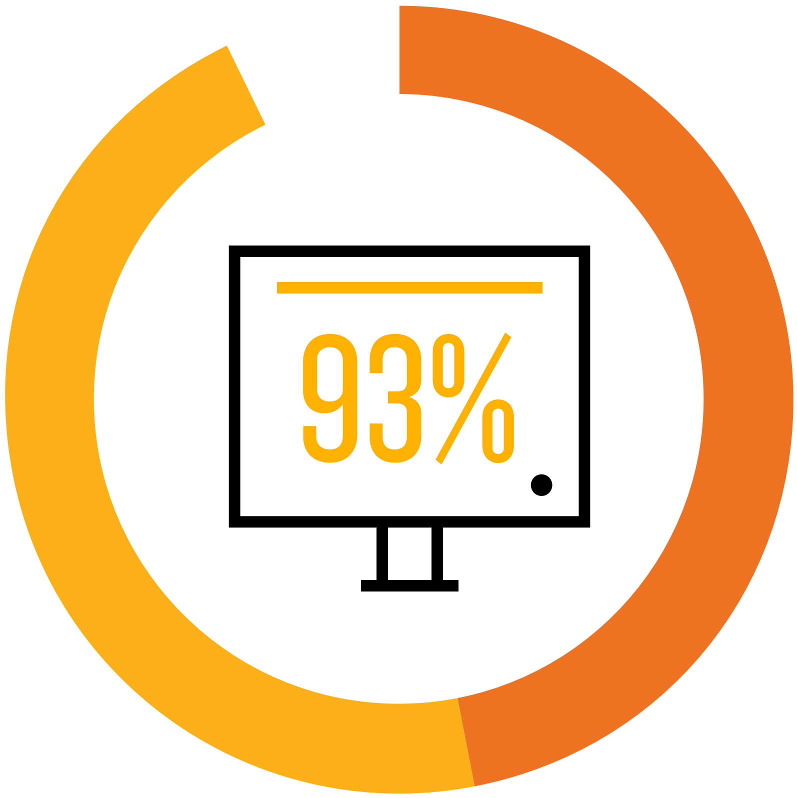
STREAMERS SHOW STRONG ENGAGEMENT WITH TRADITIONAL TV

Despite the growth of streaming device adoption, it's proving hard to unseat traditional TV (live and time-shifting) as the dominant medium. Even the average streamer is spending the majority of their time with traditional television. For the purposes of this analysis, a "streamer" is defined as adults 25-54 who used a streaming device during November 2017.

In an average day during this period, 93% of streamers were reached by traditional cable or broadcast programming. This group is almost evenly split among those who watched only TV (47%) and those who used a combination of TV and a streaming device (46%). Only 7% of streamers exclusively streamed content to the TV set in a typical day.

AVERAGE DAILY REACH AMONG STREAMING ADULTS 25-54

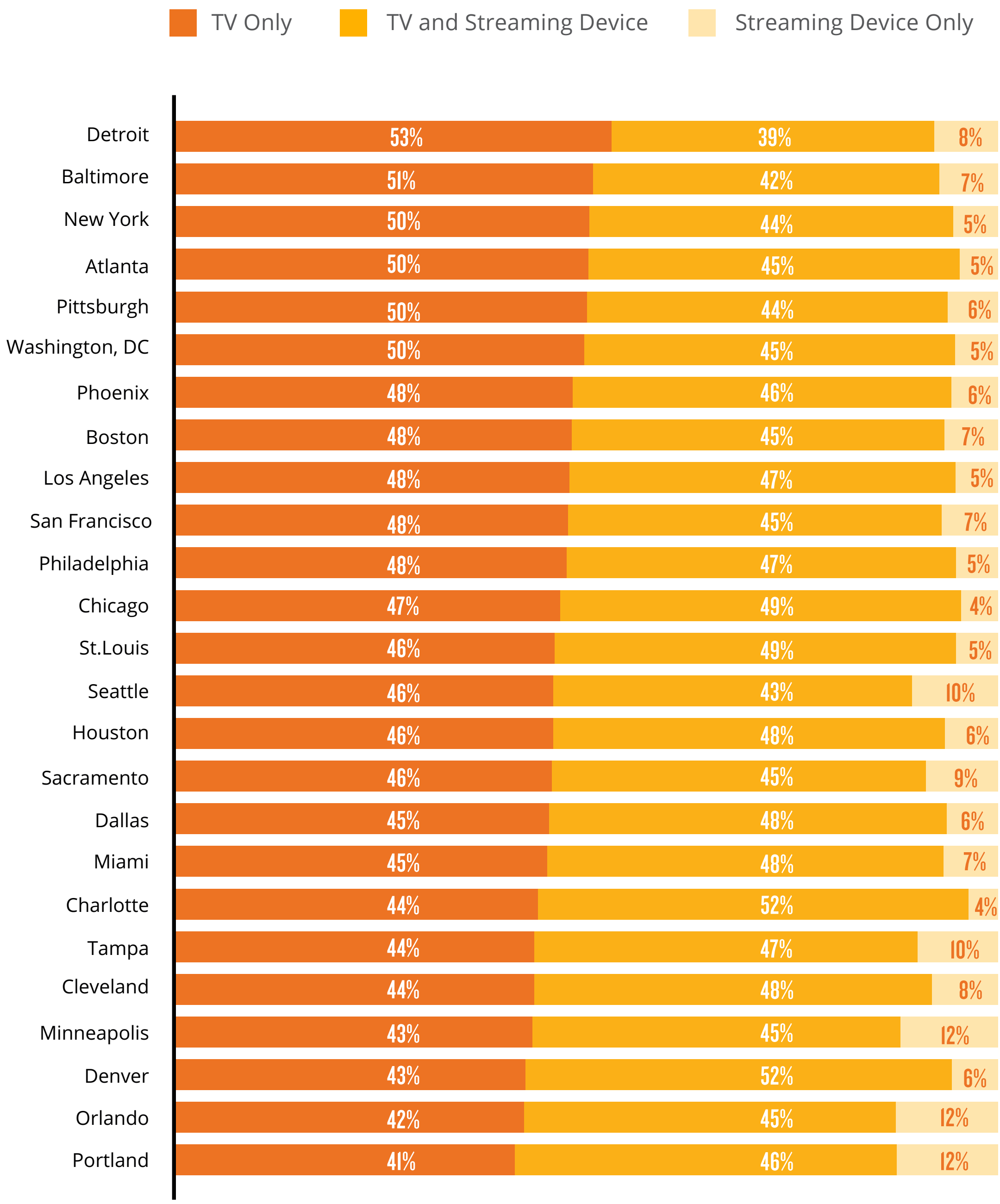
TV and Streaming Device | TV Only



OF STREAMERS ARE REACHED BY TRADITIONAL TV IN AN AVERAGE DAY

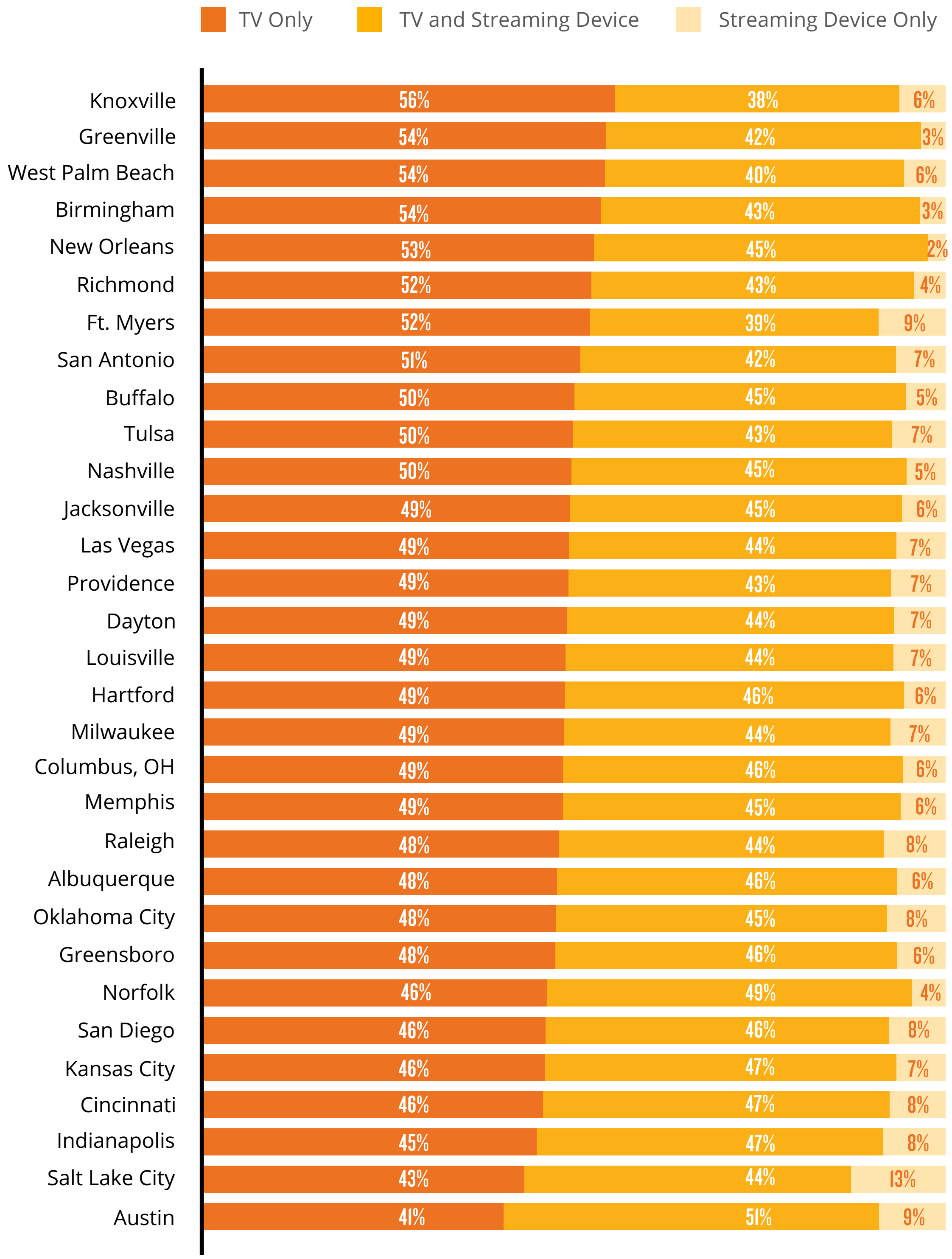
Source: Nielsen Npower, 25 LPM Market Average, Average daily reach among P25-54, Excludes BBO Homes, November 2017

DAILY TV USAGE AMONG STREAMERS IN LPM MARKETS



Source: Nielsen NPower, Average Daily Reach Among Persons 25-54, Excludes BBO Homes, November 2017

DAILY TV USAGE AMONG STREAMERS IN SET METER MARKETS



Source: Nielsen NPower, Average Daily Reach Among Persons 25-54, Excludes BBO Homes, November 2017

NOT ALL STREAMERS ARE ALIKE

STREAMER SEGMENTS BEHAVE DIFFERENTLY, YET ALL SHOW ATTACHMENT TO BROADCAST TV

HEAVY STREAMER

MEDIUM STREAMER

LIGHT STREAMER

NON-STREAMER

SHARE OF POPULATION

3%	10%	52%	35%

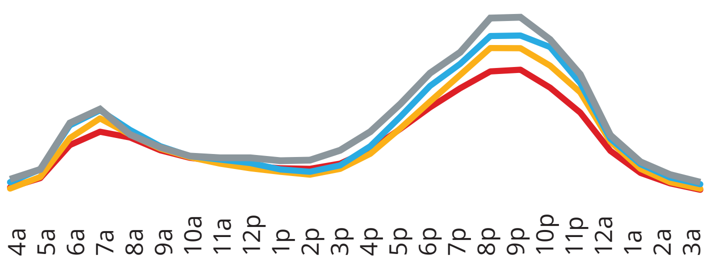
HH:MM SPENT STREAMING PER DAY

6:10

2:28

0:24

LINEAR BROADCAST TV RATINGS BY HOUR

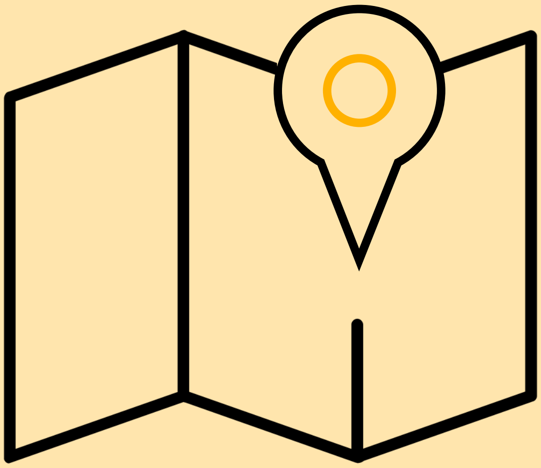


BROADCAST TV REACH ACROSS STREAMING GROUPS

85% 89% 93% 98%

Source: Nielsen NPower, Average Daily Reach Among Persons 25-54, Excludes BBO Homes, November 2017. Streamer segments based on total streaming minutes divided into thirds. Heavy = Top Third of Usage, Medium = Middle Third of Usage, Light = Bottom Third of Usage.

REACH POTENTIAL STREAMERS WITH LOCAL MEDIA

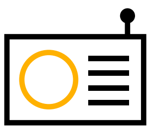


91% OF STREAMING DEVICE OWNERS ACCESS LOCAL MEDIA ON TV OR ONLINE

51%

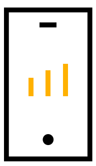
TYPICALLY WATCH LOCAL NEWS

51%



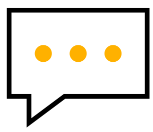
USED INTERNET OR APP ON A MOBILE DEVICE TO ACCESS LOCAL NEWS

43%



USED INTERNET OR APP TO LISTEN TO LOCAL OR INTERNET RADIO IN THE PAST MONTH

40%



COMPLETELY OR SOMEWHAT AGREE THAT IT'S IMPORTANT TO USE SOCIAL SITES FOR LOCAL INFORMATION

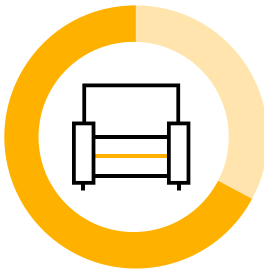
Source: Nielsen Scarborough, USA+ Release 2, 2017, GfK/MRI Attitudinal Insights Data. Base = Adults 25-54 who own a Video Game Console, Smart TV or Streaming Media Player.

STRONG PURCHASE POWER

POTENTIAL STREAMERS MAKE UP...

73% INDEX 125 — OF THOSE PLANNING A HOME IMPROVEMENT PROJECT

68% INDEX 118 — OF THOSE WHO PLAN TO BUY A MAJOR APPLIANCE



67% INDEX 115 — OF THOSE WHO PLAN TO BUY FURNITURE

65% INDEX 112 — OF THOSE WHO PLAN TO BOOK A FAMILY VACATION

64% INDEX 110 — OF THOSE WHO PLAN TO BUY A NEW VEHICLE

Read as: "Streaming Device Owners aged 25-54 make up 73% of all persons 25-54 who are planning a home improvement project".

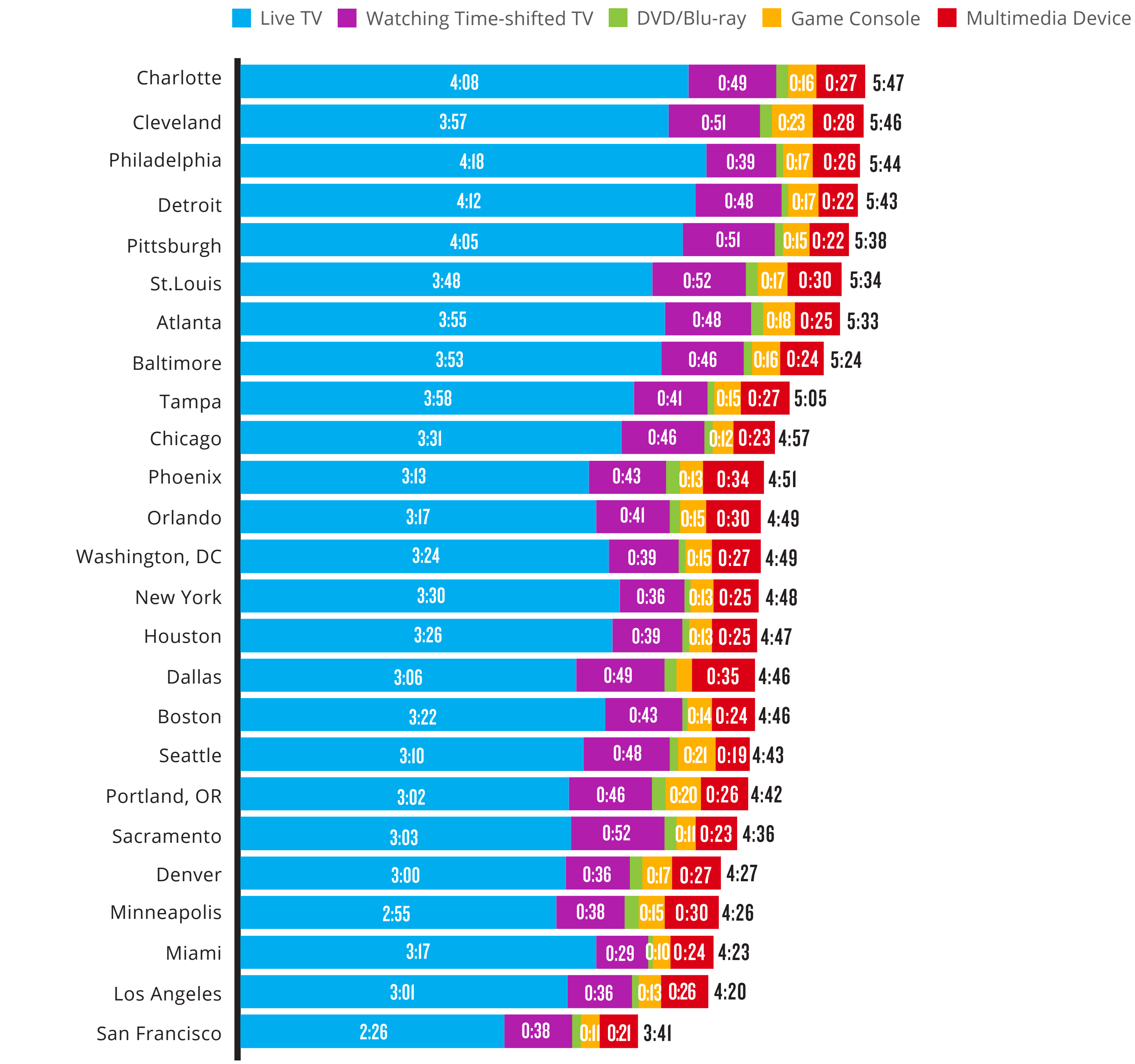
Source: Nielsen Scarborough USA+ Release 2 2017, Persons 25-54, Streaming Device Owner Population = 74,435,556 (58% of Total Persons 25-54).

LOCAL MARKET TV USAGE UPDATE

Q4 2017

DAILY TIME SPENT WITH TV IN LPM MARKETS

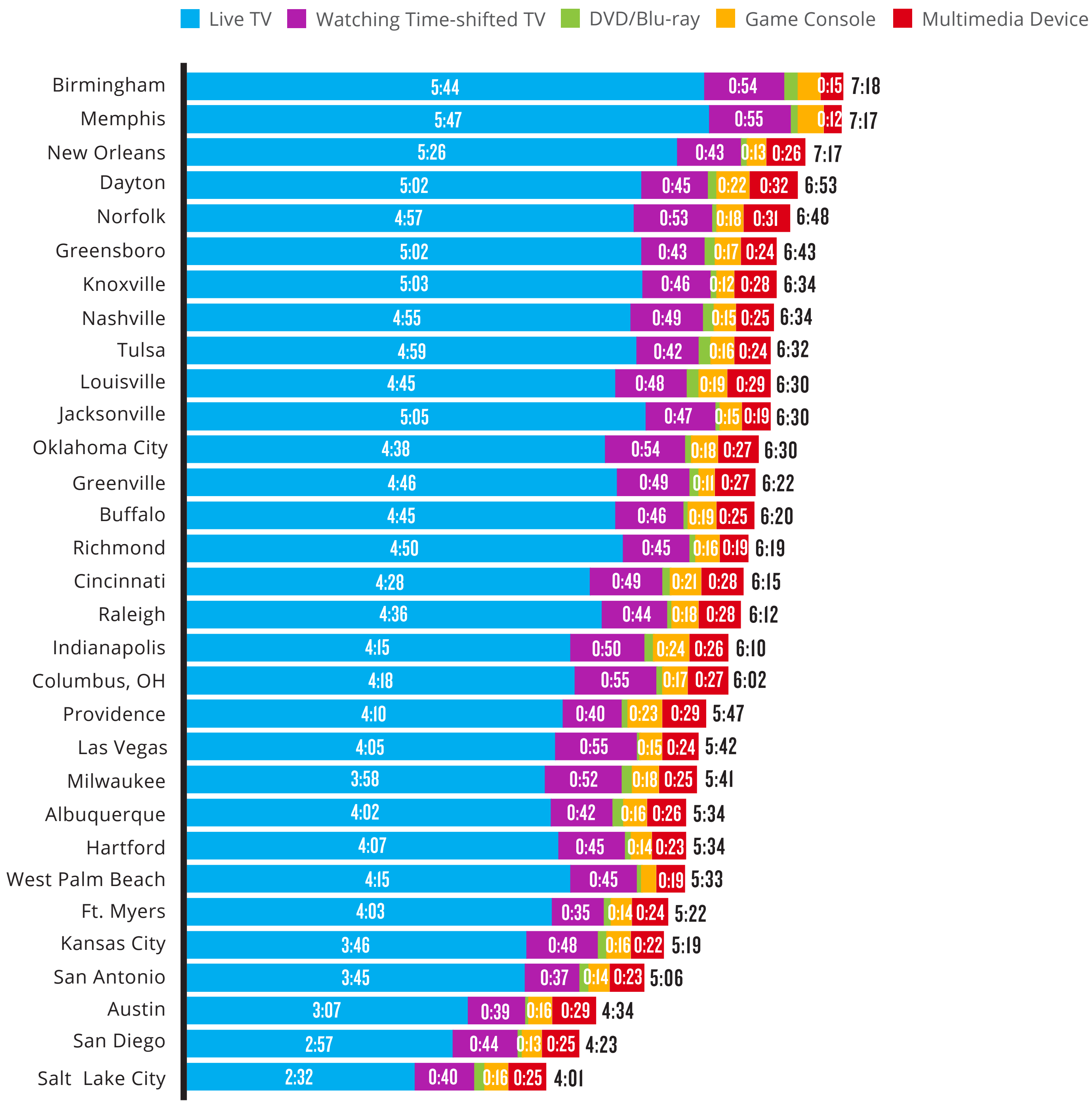
AVERAGE DAILY TIME SPENT (HH:MM) PER ADULT 25-54



Source: Nielsen Local TV View, Live Data Stream, November 2017, P25-54, based on total TV population in each market (excludes BBO).

DAILY TIME SPENT WITH TV IN SET METER MARKETS

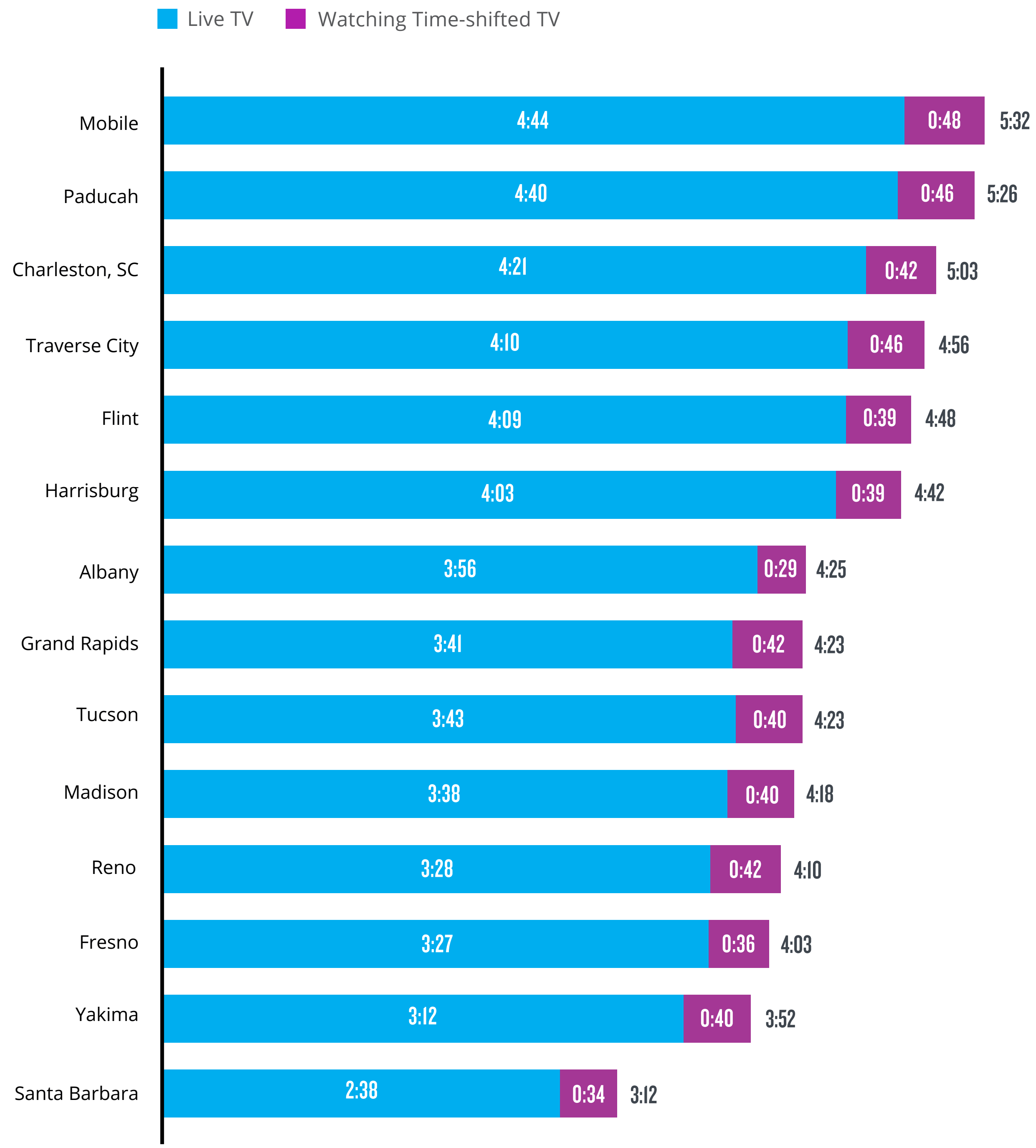
AVERAGE DAILY TIME SPENT (HH:MM) PER ADULT 25-54



Source: Nielsen Local TV View, Live Data Stream, November 2017, P25-54, based on total TV population in each market (excludes BBO).

DAILY TIME SPENT WITH TV IN CODE READER MARKETS

AVERAGE DAILY TIME SPENT (HH:MM) PER ADULT 25-54



Source: Nielsen Local TV View, Live Data Stream, November 2017, P25-54, based on total TV population in each market (excludes BBO).

SOURCING AND METHODOLOGIES

TELEVISION METHODOLOGY

Live TV includes live usage within the measurement period. DVR/Time-shifted TV is playback primarily on a DVR but includes playback from video on demand, DVD recorders, server based DVR's and services like Start Over. TV-connected devices (DVD, Game Console, Multimedia Device) includes when these devices are in use for any purpose, not just for accessing media content. For example, Game Console would also include when the game console is being used to play video games. Multimedia Devices is a combination of usage of the Internet Connected Devices viewing source and Audio-Video viewing source. It includes viewing on an Apple TV, Roku, Google Chromecast, Smartphone, Computer/Laptop, etc. connected to the TV. All data was pulled from Nielsen Local TV View and is based on average quarter hour. Broadband Only homes are excluded.

MARKET TYPES

Local People Meter (LPM) – Top 25 DMAs measured by an electronic people meter, providing daily information about what is viewed on a TV set and which members of the household are watching.
Markets: Atlanta, Baltimore, Boston, Charlotte, Chicago, Cleveland, Dallas, Denver, Detroit, Houston, Los Angeles, Miami, Minneapolis, New York, Orlando, Philadelphia, Phoenix, Pittsburgh, Portland, Sacramento, San Francisco, Seattle, St. Louis, Tampa, Washington, DC.

Set Meter – 31 mid-size markets that provide tuning information on a daily basis. Viewer assignment provides demographic information about who is watching.
Markets: Albuquerque, Austin, Birmingham, Buffalo, Cincinnati, Columbus, OH, Dayton, Ft. Myers, Greensboro, Greenville, Hartford, Indianapolis, Jacksonville, Kansas City, Knoxville, Las Vegas, Louisville, Memphis, Milwaukee, Nashville, New Orleans, Norfolk, Oklahoma City, Providence, Raleigh, Richmond-Petersburg, Salt Lake City, San Antonio, San Diego, Tulsa, West Palm Beach

Code Reader – 14 smaller markets measured by a device that tracks audio codes to determine household tuning. Viewer assignment provides demographic information about who is watching.
Markets: Albany-Schenectady-Troy, Charleston, SC, Flint, Fresno, Grand Rapids, Harrisburg, Madison, Mobile-Pensacola, Paducah, Reno, Santa Barbara, Traverse City, Tucson, Yakima

ABOUT NIELSEN

Nielsen Holdings plc (NYSE: NLSN) is a global measurement and data analytics company that provides the most complete and trusted view available of consumers and markets worldwide. Our approach marries proprietary Nielsen data with other data sources to help clients around the world understand what's happening now, what's happening next, and how to best act on this knowledge. For more than 90 years Nielsen has provided data and analytics based on scientific rigor and innovation, continually developing new ways to answer the most important questions facing the media, advertising, retail and fast-moving consumer goods industries. An S&P 500 company, Nielsen has operations in over 100 countries, covering more than 90% of the world's population. For more information, visit www.nielsen.com.

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