AN UNCOMMON SENSE OF THE CONSUMER™

# ADVERTISING & AUDIENCES

## STATE OF THE MEDIA

APRIL 2013

# MONEY...

It influences just about all our decisions, from the products we purchase every day to when the bills are paid. In a landscape where technology offers a myriad of viewing options, from traditional TV to the latest wireless devices, earning power also affects when we view, how much we view, and even what else we're doing when viewing.

# AND SCHOOL

But it's not the only factor. For this year's Advertising and Audiences Report, Nielsen took a look at what drives people's viewing habits. We found that, whether it be streaming a kids' program from the backseat of an SUV or sitting in front of a TV at home, traditional and innovative ways to watch are linked to education as well as income.

# HANDS ACROSS AMERICA

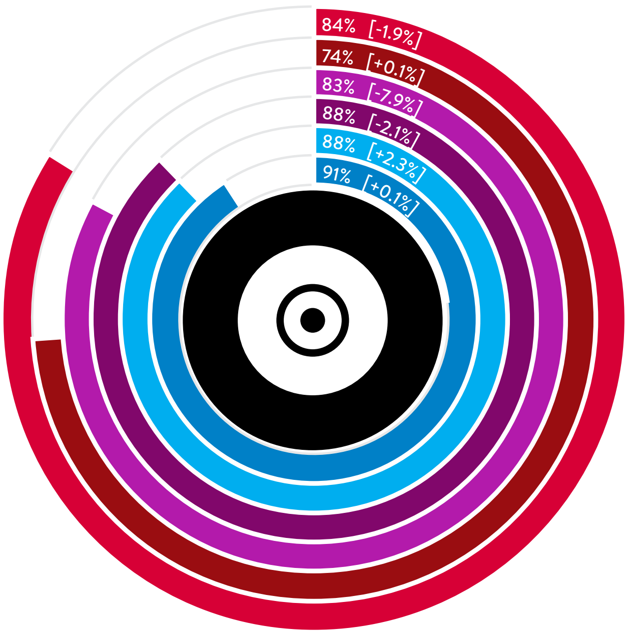
## WHAT DEVICES DO WE OWN?

Emerging technologies tend to follow a similar path into the hands of consumers. When the newest devices – from the smartest smartphones to ultra-high-definition TVs – first hit the market, adoption is limited to those with both the desire and the discretionary income to buy them. Most of us, however, wait until price points come down to earth, at which point market penetration broadens.

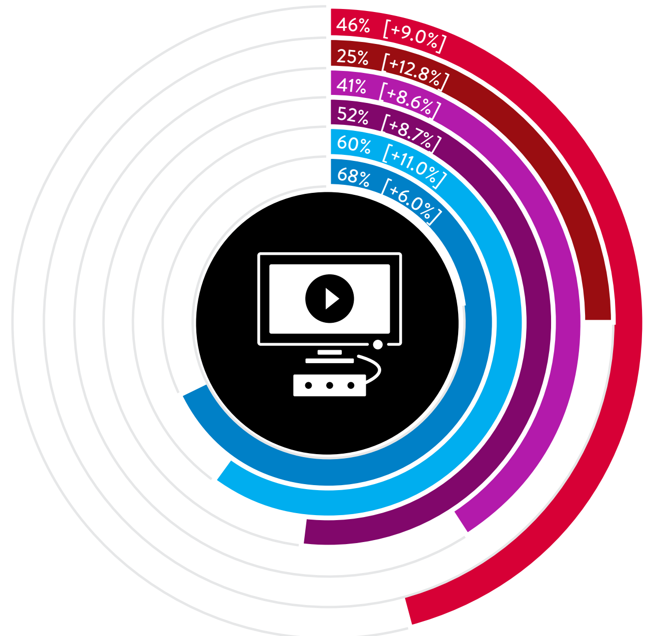
 

## DEVICE PENETRATION BY HOUSEHOLD INCOME

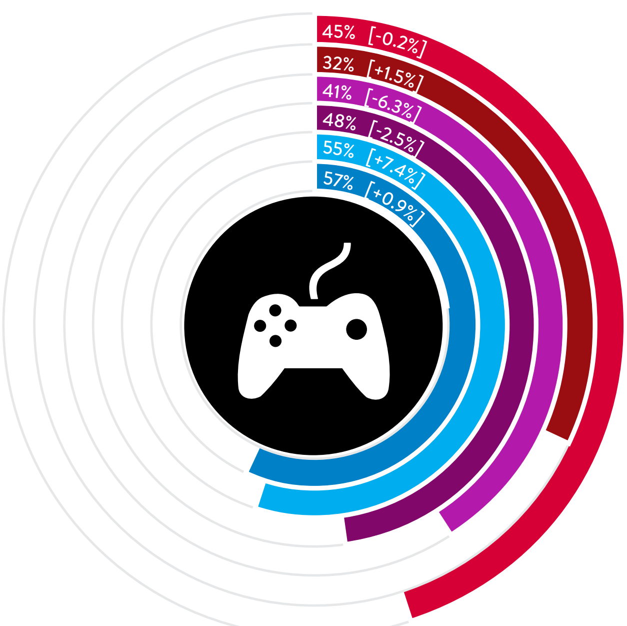
### DVD - 95.1M




### DVR - 50.7M




### GAME CONSOLES - 50.5M




- ALL HOMES
- LESS THAN $30K
- $30K - $50K
- $50K - $75K
- $75K - $100K
- $100K +

[ ± XX% ]
INDICATES YEAR-OVER-YEAR CHANGE ( 2012-13 VS 2011-12)

# DISTRIBUTION OF PRIMETIME TV VIEWING

## HOLDING STEADY

Sometimes the best news is no news at all. Primetime viewing remains generally stable and made modest gains among middle class homes. Homes with the highest incomes netted one fifth of primetime TV viewing. Further, the primetime viewing number for homes headed by a college graduate was over 25 percent.

### DISTRIBUTION OF PRIMETIME TV VIEWING BY INCOME (P2+)

| INCOME | 2010 / 2011 | 2011 / 2012 | 2012 / 2013 |
|---|---|---|---|
| Less than $30K per year | 23.8% | 26.0% | 26.9% |
| $30K - $50K per year | 22.4% | 21.5% | 20.4% |
| $50K - $75k per year | 19.2% | 20.1% | 20.3% |
| $75k - $100K per year | 12.4% | 11.7% | 11.3% |
| Over $100K per year | 22.2% | 20.6% | 21.1% |

### DISTRIBUTION OF PRIMETIME TV VIEWING BY EDUCATION (P2+)

| EDUCATION | 2010 / 2011 | 2011 / 2012 | 2012 / 2013 |
|---|---|---|---|
| No High School Diploma | 14.2% | 14.2% | 14.6% |
| High School Graduate | 28.3% | 27.4% | 28.5% |
| 1 - 3 Years College | 31.6% | 32.6% | 31.4% |
| 4+ Years College | 26.0% | 25.7% | 25.6% |

# VIEWING FROM MORNING 'TIL NIGHT...

Whether catching the news, getting sports highlights, or tuning in to their favorite shows, consumers are eager to watch TV. Traditional TV viewing differs throughout the day among households with different income and education levels. The numbers are further complicated by the fact that a subset of the morning audience leaves for work in the middle of that daypart. That said, almost all households share an arc that peaks at primetime.

## P2+ TV USAGE DURING SELECT PARTS OF THE DAY

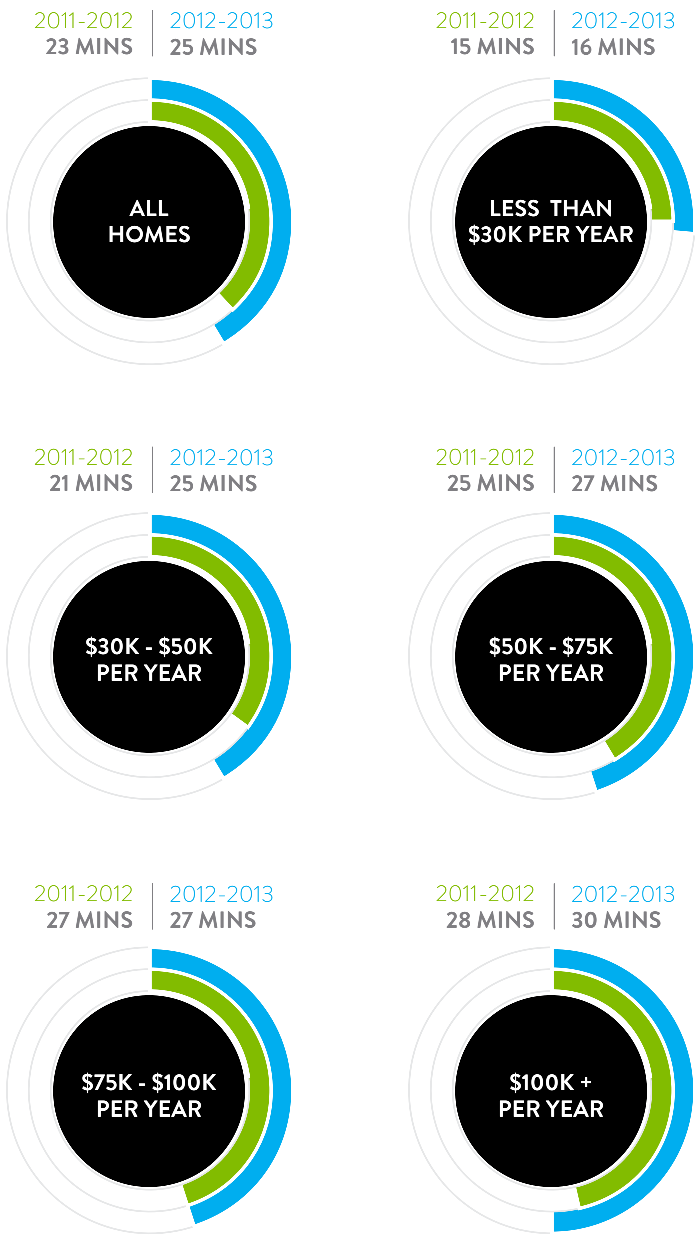

| | MORNING | DAYTIME | PRIME TIME | LATE NIGHT |
|---|---|---|---|---|
| **ALL HOMES** | 32 Mins | 1 Hr | 1 Hr 12 Mins | 38 Mins |
| INCOME | | | | |
| **LESS THAN $30K** | 44 Mins | 1 Hr 31 Mins | 1 Hr 23 Mins | 47 Mins |
| **$30K - $50K** | 36 Mins | 1 Hr 9 Mins | 1 Hr 16 Mins | 40 Mins |
| **$50K - $75K** | 31 Mins | 56 Mins | 1 Hr 12 Mins | 38 Mins |
| **$75K - $100K** | 26 Mins | 44 Mins | 1 Hr 5 Mins | 33 Mins |
| **OVER $100K** | 23 Mins | 37 Mins | 1 Hr 1 Mins | 29 Mins |
| EDUCATION | | | | |
| **NO HIGH SCHOOL DIPLOMA** | 40 Mins | 1 Hr 24 Mins | 1 Hr 19 Mins | 40 Mins |
| **HIGH SCHOOL GRADUATE** | 39 Mins | 1 Hrs 16 Mins | 1 Hr 20 Mins | 43 Mins |
| **1-3 YEARS COLLEGE** | 34 Mins | 1 Hr 2 Mins | 1 Hr 12 Mins | 41 Mins |
| **4+ YEARS COLLEGE** | 24 Mins | 40 Mins | 1 Hr 3 Mins | 30 Mins |

# TIMESHIFTING

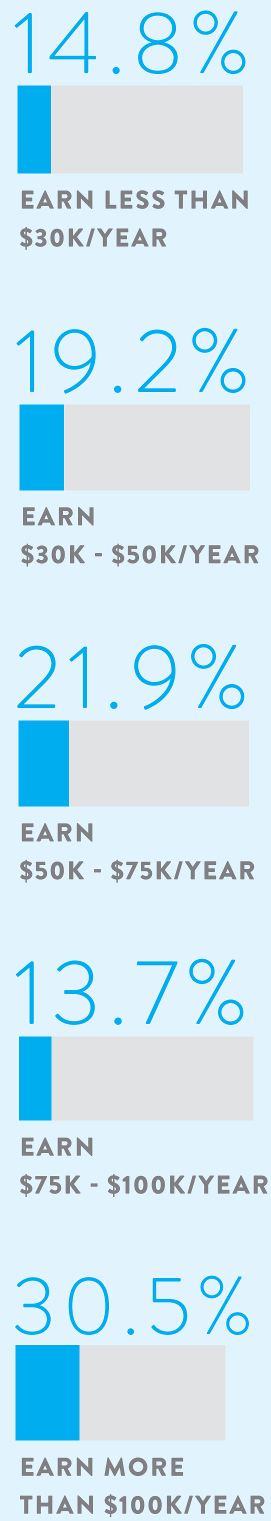
## MORE THAN BEFORE

Not surprisingly, consumers want what they want when they want it – and some more than others. While timeshifting has continued to increase among all income levels, higher earners timeshift the most.

DAILY TIME SPENT TIMESHIFTING IN MINUTES P2+




DISTRIBUTION OF TIME - SHIFTING BY INCOME (P2+)*

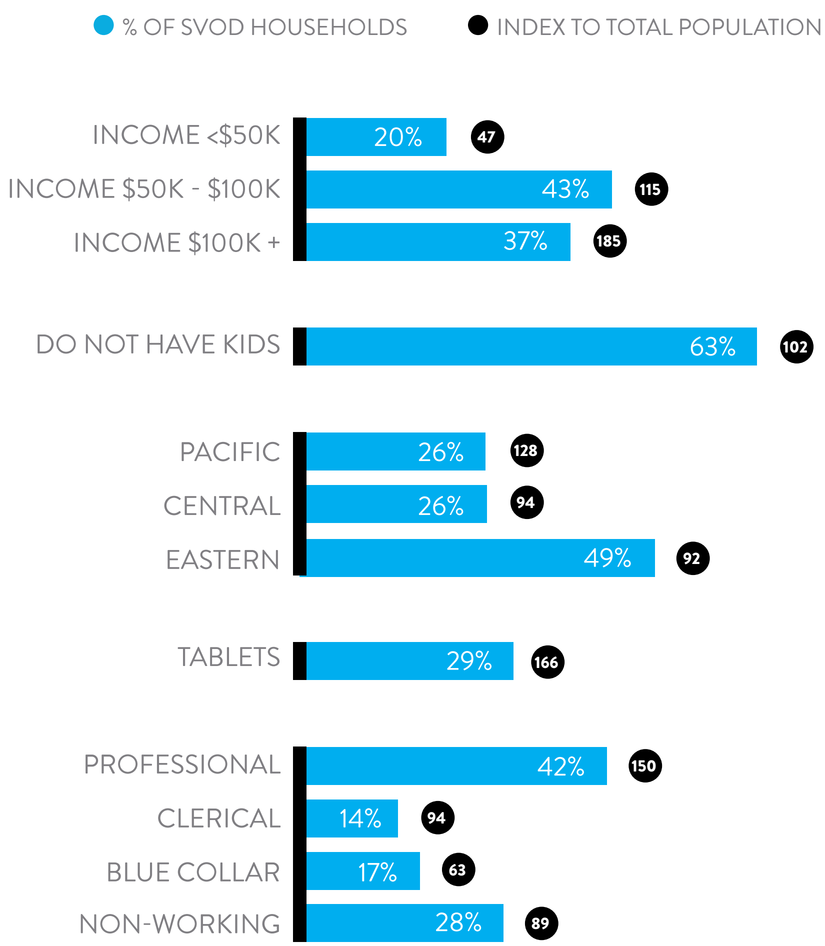



* *Based on total day*

# SUBSCRIBING TO NEW WAYS

## WHO ARE THE OPPORTUNISTIC VIEWERS LEADING THE RISE OF SUBSCRIPTION-BASED STREAMING SERVICES?

There's no denying that online video subscription services have made waves. For the Advertising & Audiences Report, Nielsen looked at homes that had a credit or debit card charge in the last 12 months to a service such as Netflix, Hulu Plus, Amazon Prime, Blockbuster.com, or Vudu. Not surprisingly, perhaps, wealthy households ($100K +) were 85 percent more likely to have a streaming service than the rest of the population. It's also noteworthy that homes with tablets over-index significantly in terms of their subscription-based streaming service.



# TABLETS & TVs

## A MATCH MADE IN TECH HEAVEN

Tablets are enhancing consumers' TV viewing experience during both the program and commercial breaks. Consumers love to visit social networks while watching. But that's not all they do. Over a third go shopping and 20 percent look up information on an advertised product while they watch.

### SIMULTANEOUS TV / TABLET ACTIVITIES, Q3 2012

**36%**
Visited a Social Networking site during the program

**33%**
Shopped while viewing

**29%**
Looked up information related to the TV program I was watching

**36%**
Visited a Social Networking site during a commercial break

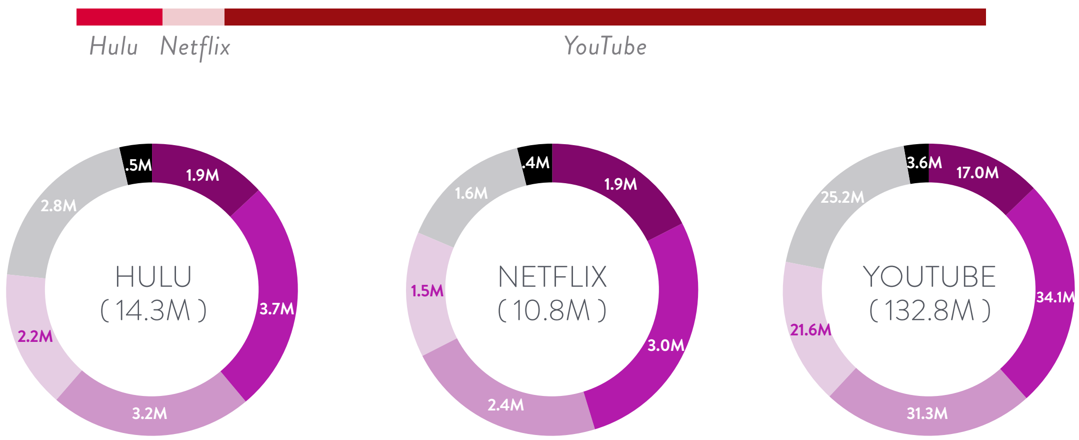
**20%**
Looked up product information for an advertisement I saw on TV

**13%**
Looked up coupons or deals related to an advertisement I saw

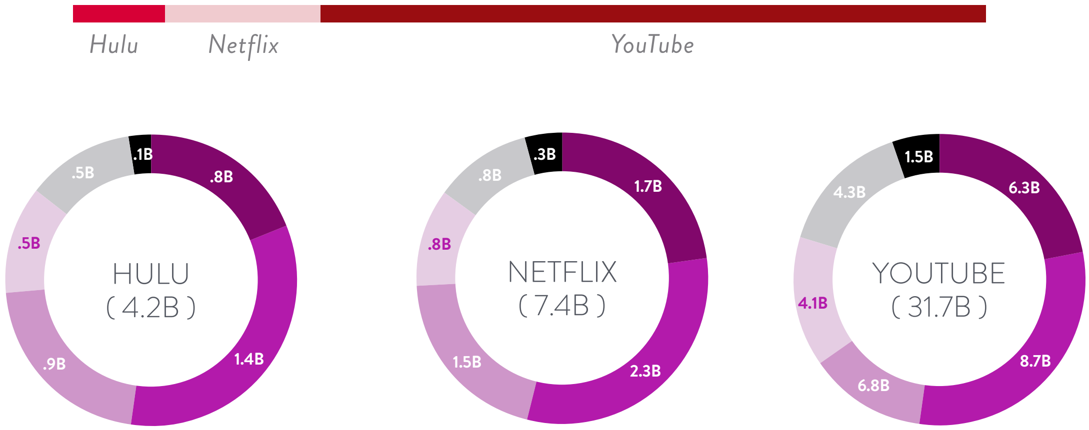
# WHO IS WATCHING VIDEO ONLINE?

Not all streaming services are equal, as attested to by the way groups at different income levels use them. While YouTube has an oversized lead over Netflix and Hulu in terms of average unique viewers, there is a distinct difference in the viewing experience. Netflix and Hulu serve viewers looking for long form, TV-like content.

**2012 UNIQUE VIEWERS PER MONTH BY HOUSEHOLD INCOME** *(Millions of Viewers)*




**2012 AVERAGE MONTHLY TIME SPENT BY HOUSEHOLD INCOME** *(Billions of Minutes)*




$0K - $25K
$25K - $50K
$50K - $75K
$75K - $100K
$100K+
NO RESPONSE

# SHOW ME THE MONEY

## HOW MUCH IS SPENT ON PRIMETIME ADVERTISING?

From getting into the minds of criminals to dealing with the fallout of a political scandal, TV dramas run the content gamut. Given that range, and their nail-biting or heart-tugging nature, it's no surprise primetime remains attractive to advertisers hoping to reach viewers. In 2012, advertisers spent almost 40% of their total TV dollars in primetime.

TOTAL TV AD SPEND ROSE FROM $71.8 BILLION IN 2011 TO $76.5 BILLION IN 2012—A SEVEN PERCENT INCREASE.

## 2012 PRIMETIME TV AD SPEND BY GENRE

$7.8B DRAMA
$5.6B REALITY
$5.6B SPORTS
$5.6B OTHER
$2.7B COMEDY
$2.2B NEWS

# LASTING IMPRESSIONS

## WHAT MAKES AN EFFECTIVE ADVERTISEMENT?

Getting consumers to remember your ads requires some of the same qualities that make for success in TV's best shows. Wit, humor, and creativity mark out the best-remembered new branded integrations of 2012.

### MOST RECALLED NEW BRANDED INTEGRATIONS IN 2012

#1 - Subway Restaurants
Show: Chuck, Network: NBC
Description: A new Subway restaurant is opened in a Buy More department store.
Brand Recall Index: 2.18*

#2 - Subway Restaurants
Show: Community, Network: NBC
Description: A new Subway restaurant is opened in the Greendale's cafetorium.
Brand Recall Index: 2.13

#3 - J. Crew Clothing
Show: Glee, Network: FOX
Description: Marley's mom sews a J.Crew tag onto a second-hand sweater.
Brand Recall Index: 2.11

#4 - Subway Restaurants
Show: Community, Network: NBC
Description: Shirley says that Greendale Community College listened to her dream of owning a sandwich shop.
Brand Recall Index: 2.05

#5 - Porsche Luxury Cars
Show: Two and a Half Men, Network:CBS
Description: Alan tells Robin and Bridget that he'd vote with them for a brand new red Porsche, then he is shown driving one.
Brand Recall Index: 2.0

**Read as: Viewers were 2.18 times more likely to recall the brand with this ad than with the average ad.*

### MOST LIKED NEW COMMERCIALS IN 2012

One of the top five characteristics of ads successful in terms of brand linkage, and a constant that runs through each ad below, is the fact that the advertiser established an "ownable" creative concept — from a signature character to a theme that spans across a campaign.

#1 - Ancestry.com
Ellen Harrington
Length: 15 seconds

#2 - Wendy's
My dad Dave Thomas
Length: 30 seconds

#3 - JCPenney
No receipt no return
Length: 60 seconds

#4 - Ocean Spray
Cran-Cherry George Washington
Length: 15 seconds

#5 - JCPenney
Why so many coupons?
Length: 60 seconds

# SOURCING

### SHARE OF TV UNIVERSE BY INCOME

Less than $30K per year – 31.3%
$30K - $50K per year – 18.6%
$50K - $75K per year – 17.6%
$75K - $100K per year – 11.5%
Over $100K per year – 21.0%

### SHARE OF TV UNIVERSE BY EDUCATION

No High School Diploma – 11.9%
1-3 Years College – 31.4%
High School Graduate – 26.1 %
4+ Years College – 30.7%

Based on Nielsen's 2012/2013 TV Universe Estimates.

### PAGE REFERENCES

4 Nielsen NPOWER; Device penetration based on Household Installed counts (2011-2012 vs. 2012-2013).

5 Nielsen NPOWER; Distribution of Persons 2+ viewing based on Traditional TV (PUT). Based on share of summed Projections. Season to Date: 9/20/10 – 1/30/11, 9/19/11 - 1/29/12, 9/24/12 - 1/27/13.

6 Nielsen NPOWER; Daily time spent in hours and minutes viewed by daypart for Traditional TV (PUT). Season to Date: 9/19/11 - 1/29/12, 9/24/12 - 1/27/13.

7 Nielsen NPOWER; Daily time spent timeshifting (DVR Playback viewing source) in hours and minutes. Season to Date: 9/19/11 - 1/29/12, 9/24/12 - 1/27/13.
Nielsen NPOWER; Distribution of time-shifting by income (P2+), DVR Playback viewing source. Based on share of summed Projections. 9/24/12 - 1/27/13.

8 Nielsen Buyer Insights, August 2012; SVOD (Subscription Video On Demand) Among P18+ included Netflix, Hulu Plus, Amazon Prime, Blockbuster, Vudu.

9 Nielsen Mobile Connected Device Report, Q3 2012.

10 Nielsen Video Census, 2012 average unique viewers (total);
Nielsen Video Census, 2012 average time spent viewing in minutes (total).

11 Nielsen Ad*Views, 2012. National ad expenditures on broadcast and cable.

12 "Most Recalled New Branded Integrations in 2012;" Nielsen TV Brand Effect, Full Year 2012.
"Most Liked New Commercials in 2012;" Nielsen TV Brand Effect, Jan-Nov 2012.

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## 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, mobile measurement, trade shows and related properties. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands.

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