# KEY MEDIA QUESTIONS FOR 2011

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EACA NAC Spring Meeting 2011

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# Key Media Questions for 2011

1. How has the media landscape changed over time?
2. How have these changes impacted TV ad effectiveness?
3. Can Online add Incremental Reach to a TV campaign?
4. Can digital deliver the required return on investment?
5. How do I harness Social Media For Greater Effect?



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# How Has The Media Landscape Changed Over Time?

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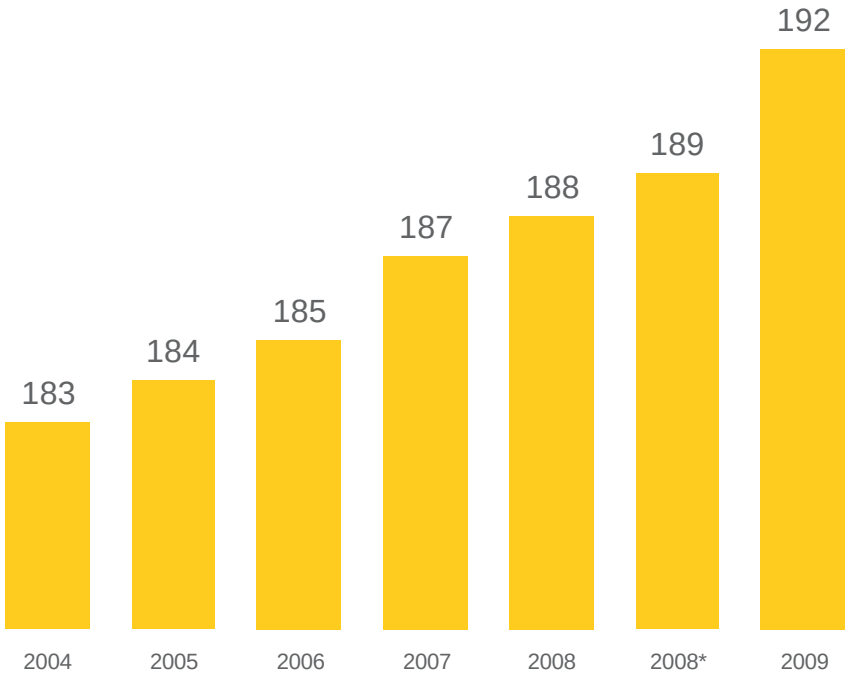
# TV Consumption is at an All-Time High Globally with 90% Penetration and 3+ hrs/day Viewing Time




Number of Eurodata TV Worldwide Territories available:

| 2004 | 2005 | 2006 | 2007 | 2008 | 2008* | 2009 |
|---|---|---|---|---|---|---|
| 70 | 63 | 76 | 80 | 76 | 86 | 86 |

Source: Eurodata; Average daily viewing times per individual, with weighted averages based on universe sizes



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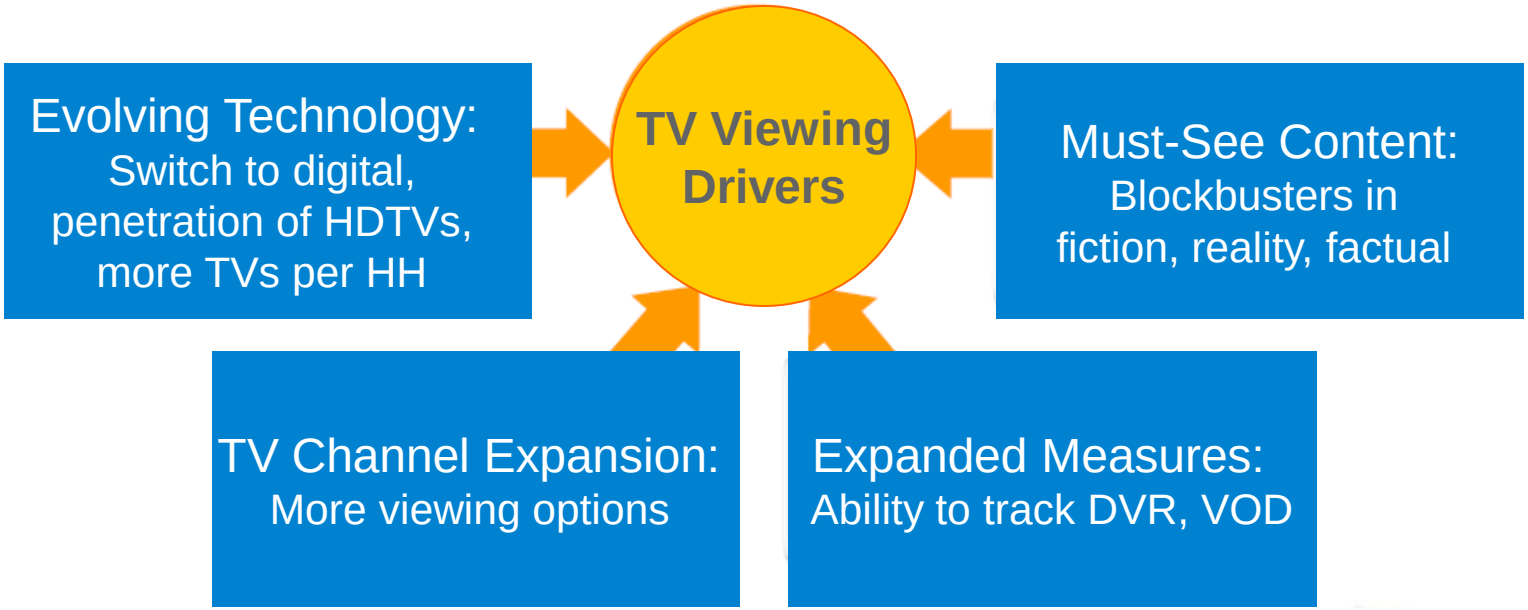
# The TV Viewing Just Gets Better and Better

Growth of emerging TV technologies such as 3DTV and internet connected TV will continue to fuel the improved user experience and engagement



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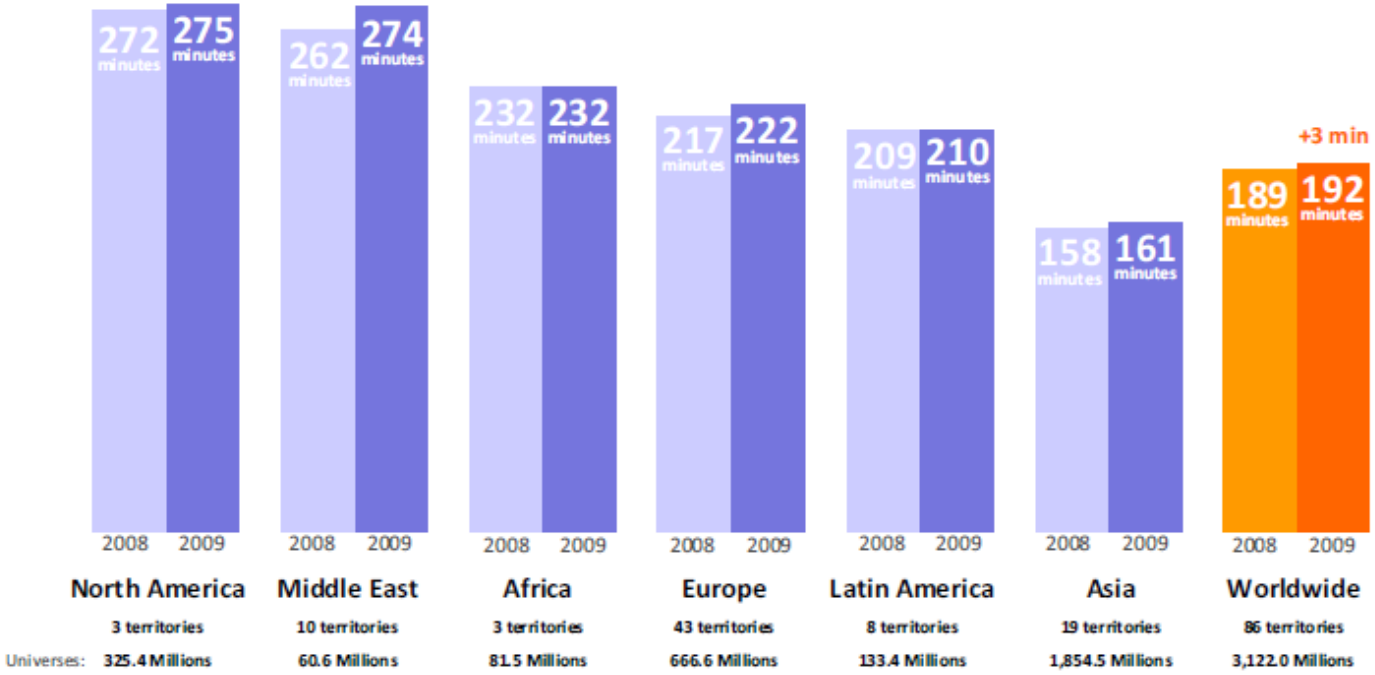
# North Americans Watch The Most TV While Viewers in Asia Watch The Least




Source: Eurodata; Average daily viewing time per individual, with weighted averages based on universe sizes



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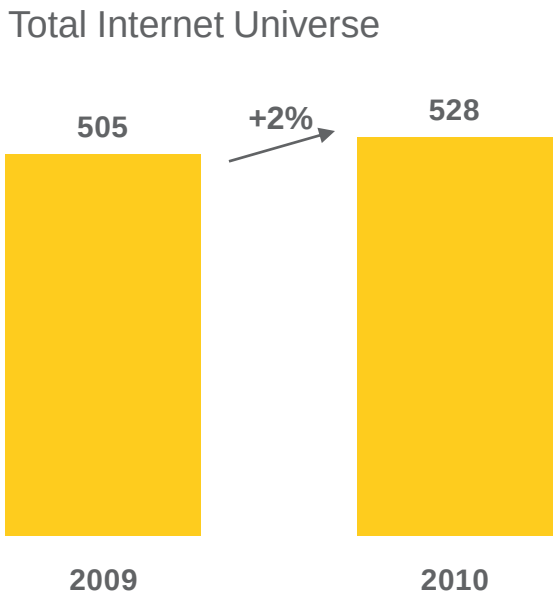
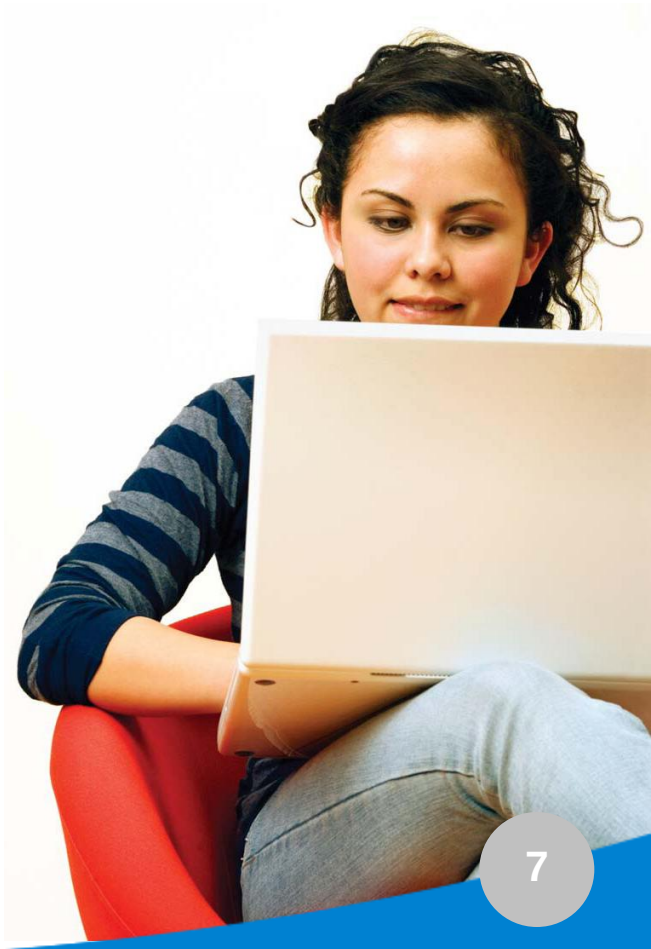
# Internet usage level rates flattening




*Source: Nielsen Online Global Index (Sep)*

*10 key markets: US, UK, France, Germany, Italy, Spain, Switzerland, Japan, Australia, Brazil*





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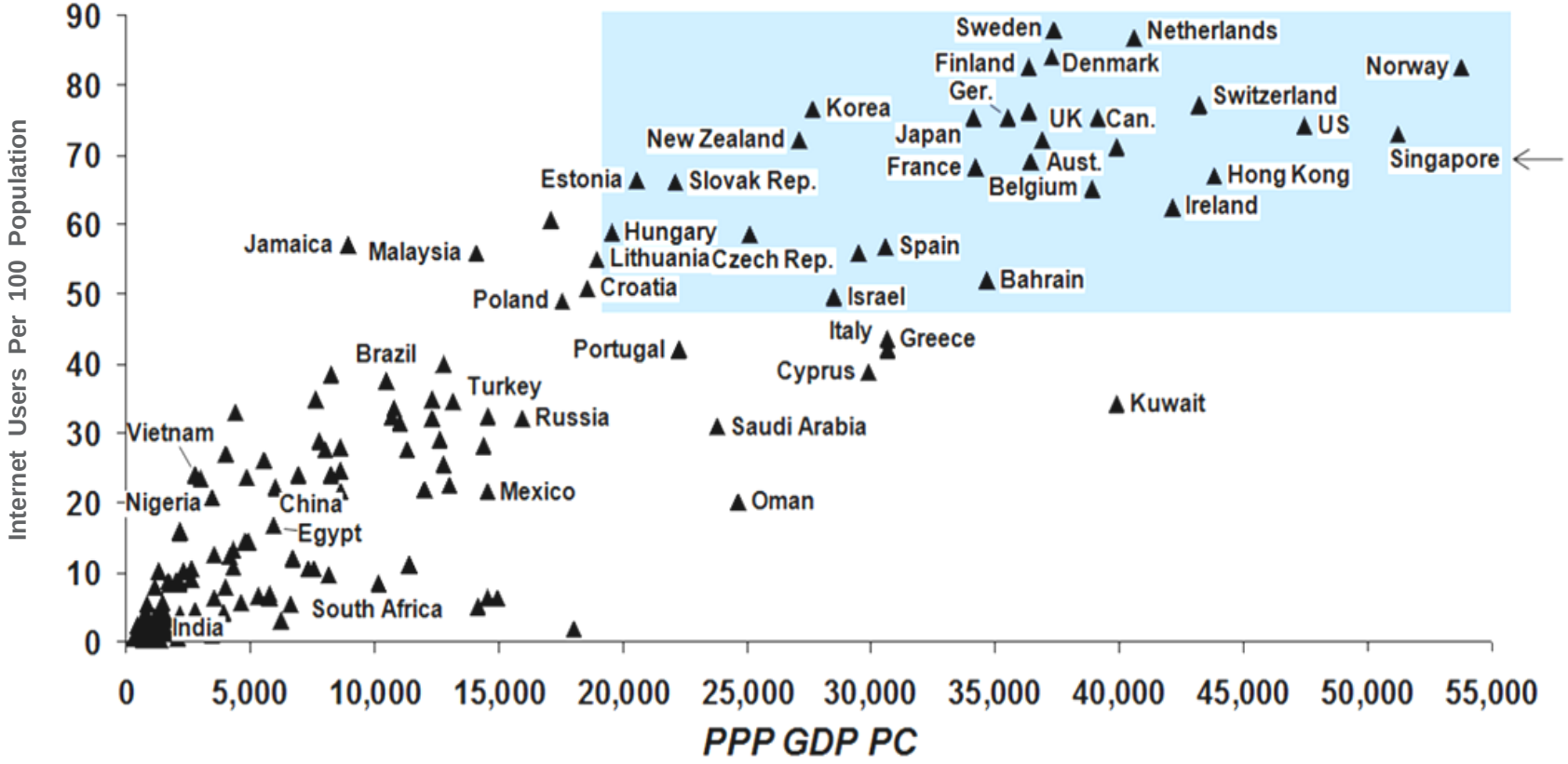
# Internet Penetration Has Hit Maturity In Most Higher GDP Markets



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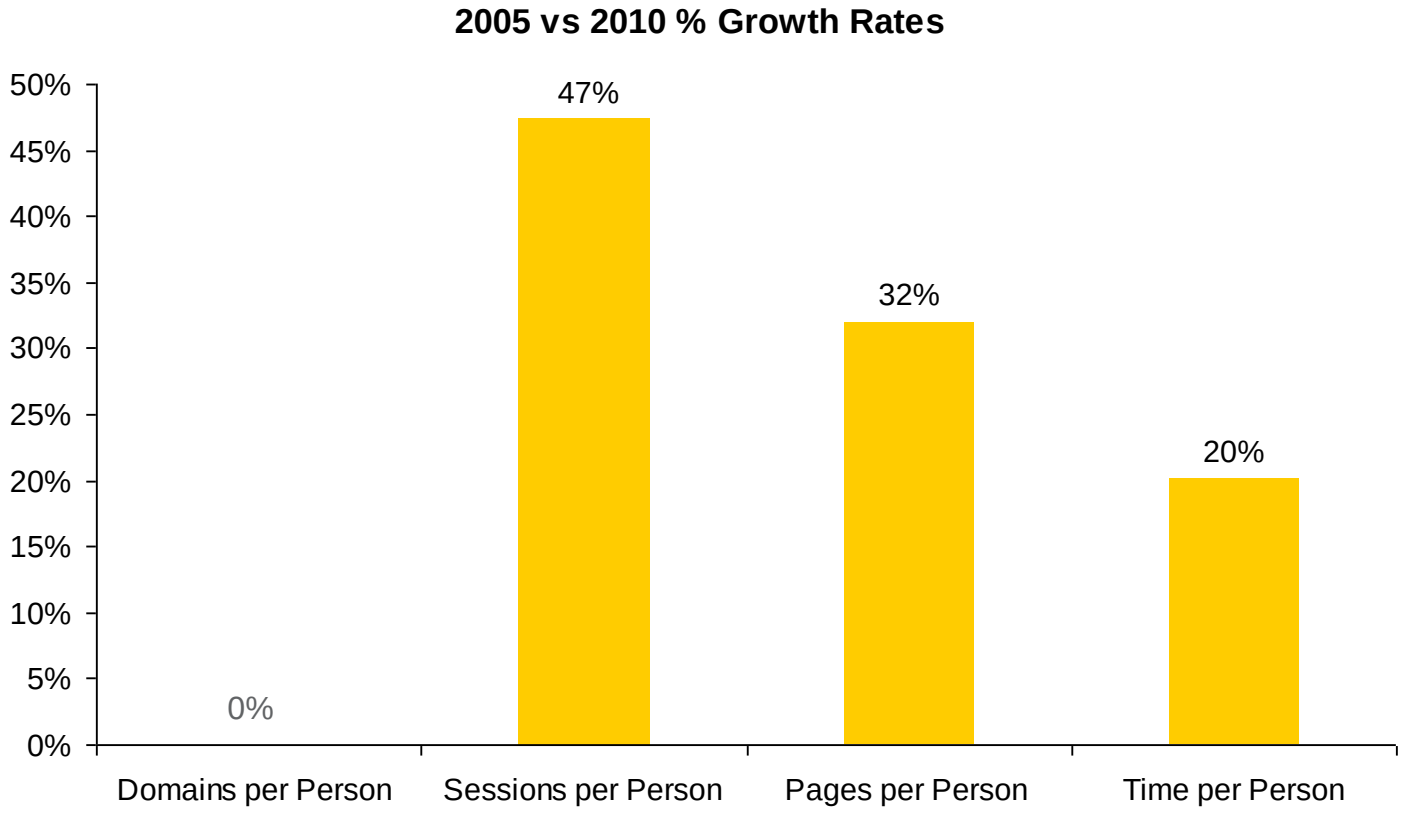
# Consumers are Formalising Digitaly Their Choices Around a Core Set Of Sites and Driving a Deeper Engagement With Them




| | Domains per Person | Sessions per Person | Pages per Person | Time per Person |
|---|---|---|---|---|
| 2010 | 88 | 54 | 2,271 | 55hrs 40mns |



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*Source: Nielsen Online Global Index (Sep)*

*10 key markets: US, UK, France, Germany, Italy, Spain, Switzerland, Japan, Australia, Brazil*

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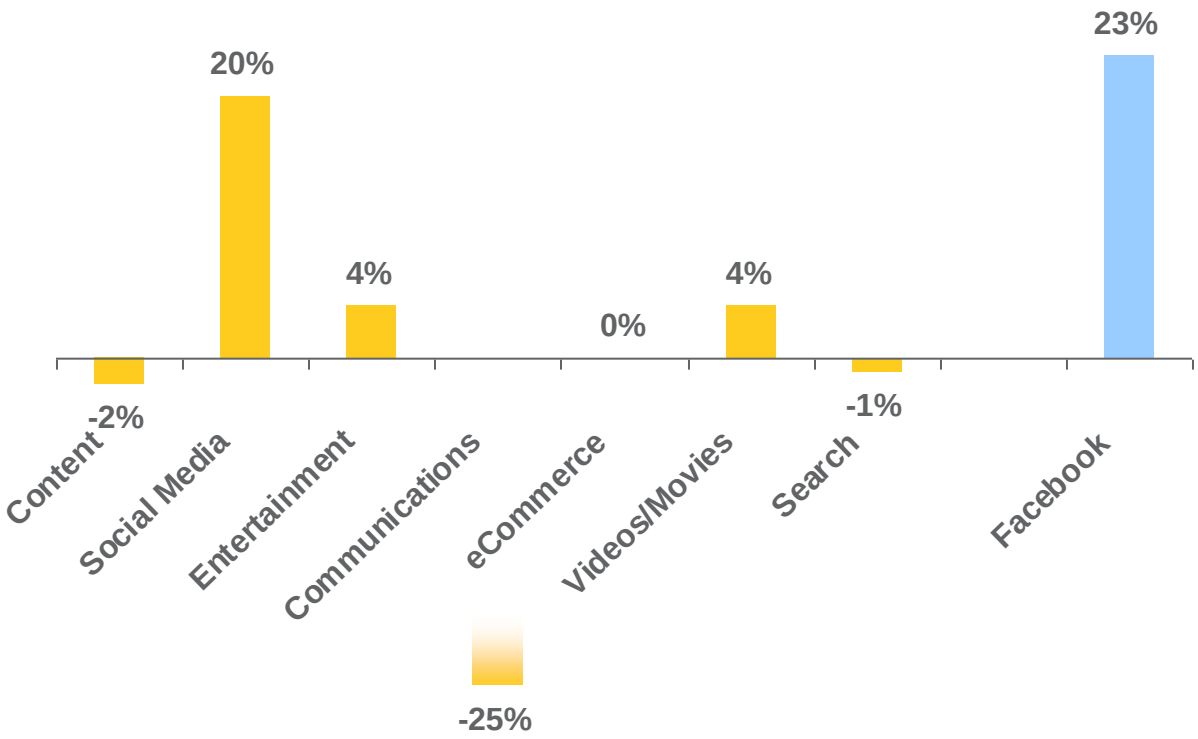
# with social media sites and in particular Facebook driving this engagement

Change in Share of Time in Europe: Sep 2010 vs. Sep 2009




CGM
now accounts
for
**1 in every 5**
online minutes
Facebook
**1 in 7**



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*Source: Nielsen Online, NetView Europe (UK, FR, DE, IT, ES, CH), home & work data (Home only data for CH)*

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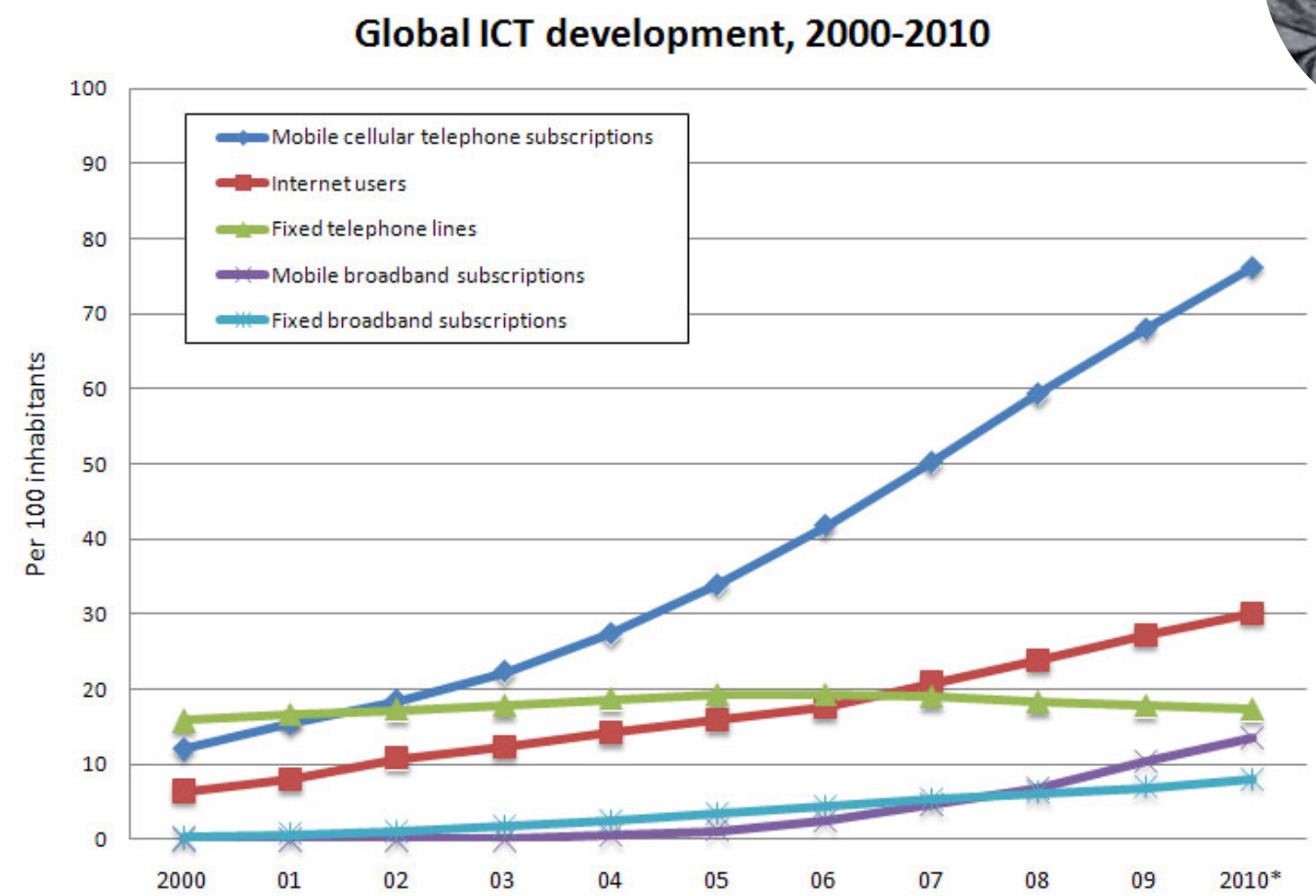
# Mobile is the Fastest Growing Technology in History




*Estimates
Source: ITU World Telecommunication /ICT Indicators database



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Source: International Telecommunication Union

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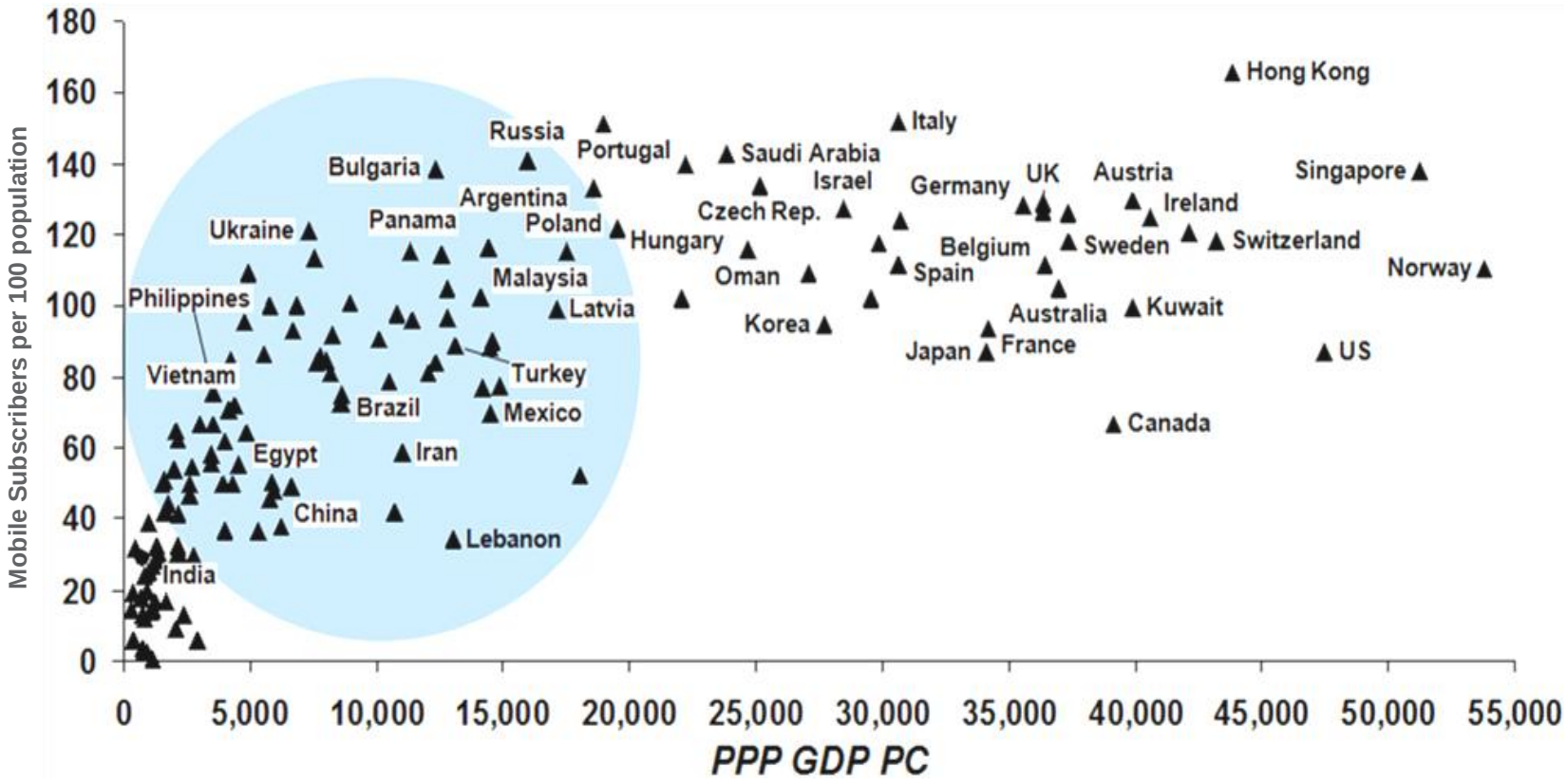
# and many emerging markets are moving straight to mobile



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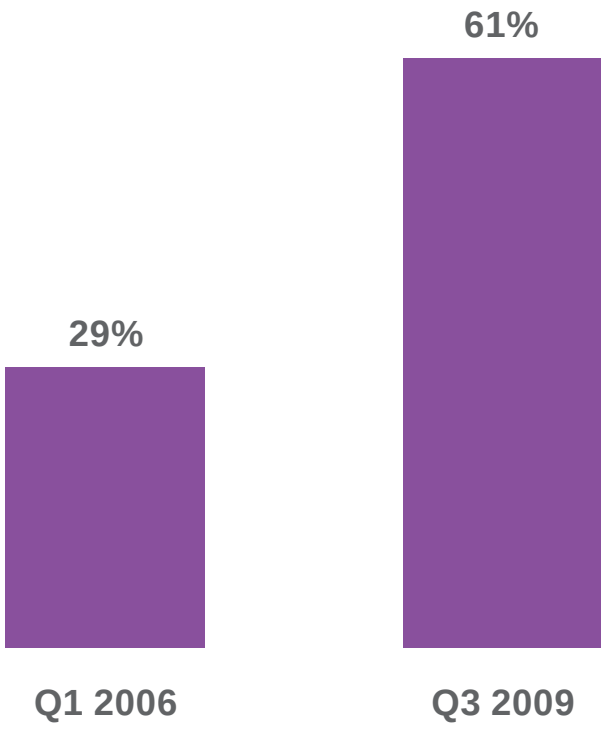
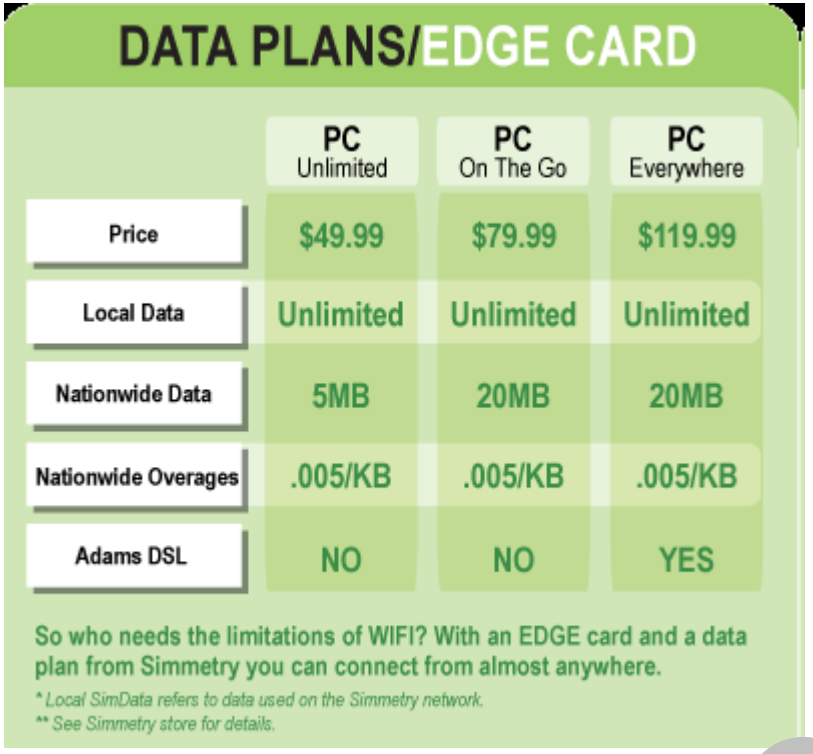
# 60% of US mobile subscribers now have data plans

**Total Data Package Penetration Trended**

Q1 2006 – Q3 2009, National



DATA PLANS/EDGE CARD

| | PC Unlimited | PC On The Go | PC Everywhere |
|---|---|---|---|
| Price | $49.99 | $79.99 | $119.99 |
| Local Data | Unlimited | Unlimited | Unlimited |
| Nationwide Data | 5MB | 20MB | 20MB |
| Nationwide Overages | .005/KB | .005/KB | .005/KB |
| Adams DSL | NO | NO | YES |

So who needs the limitations of WIFI? With an EDGE card and a data plan from Simmetry you can connect from almost anywhere.

** Local SimData refers to data used on the Simmetry network.*
*** See Simmetry store for details.*



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Source: Q3 2009, Nielsen US, CVM

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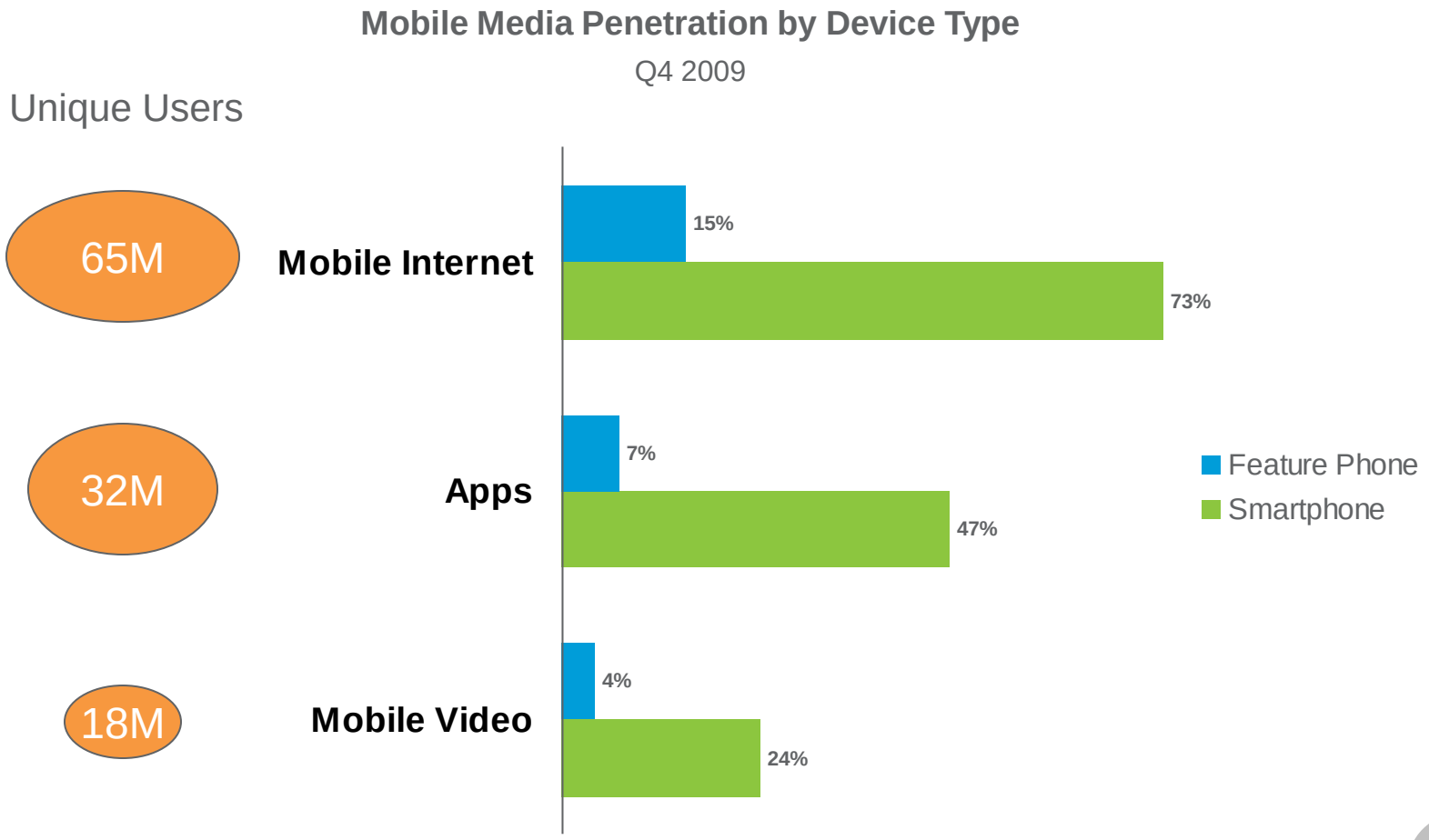
# As a Result, Mobile Media Consumption Has Exploded



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Source: Q4 2009, Nielsen Mobile Insights

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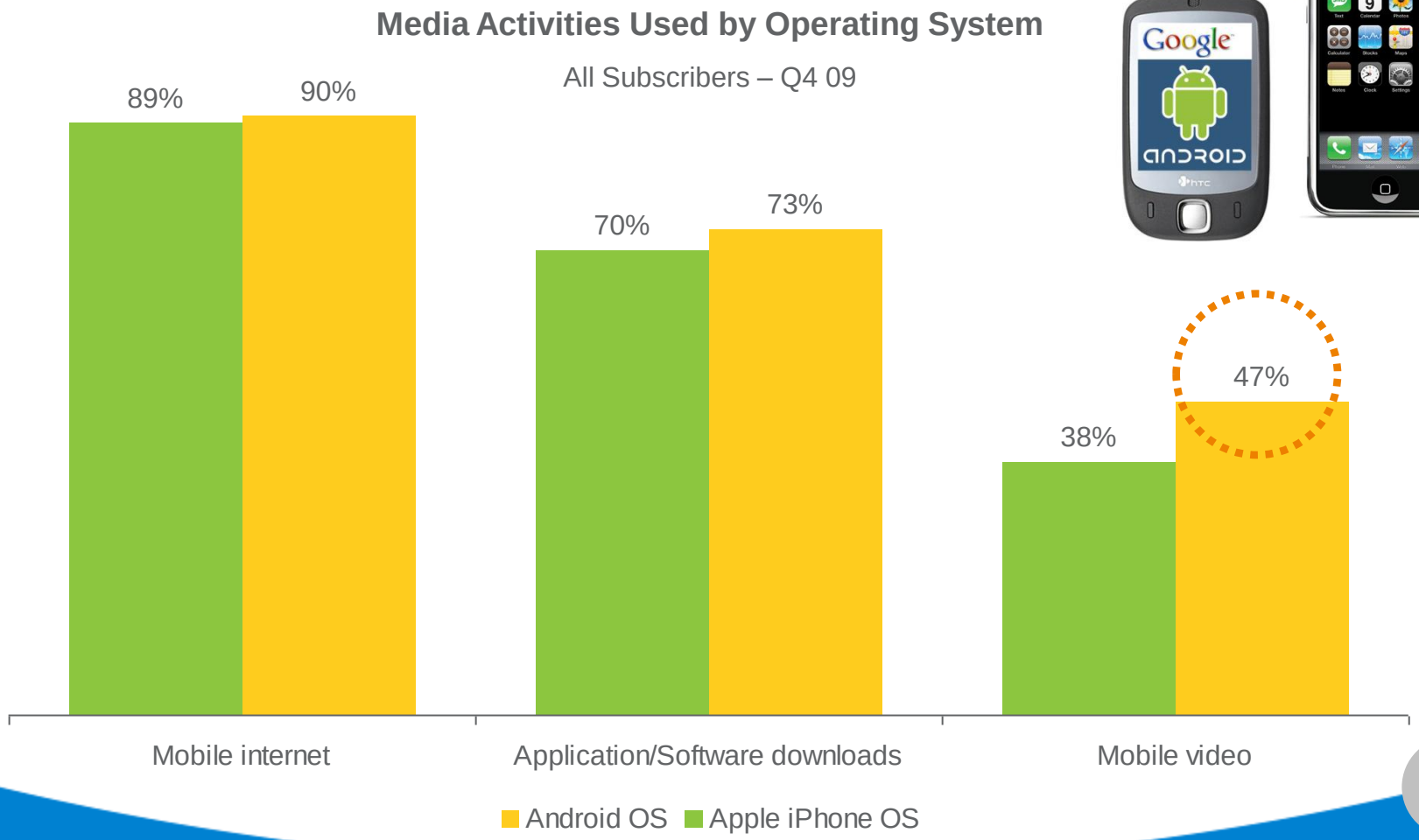
# iPhone was not an Anomaly: Android Users Behave Similarly



Source: Q4 2009, Nielsen US Mobile Video



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# Consumers are Engaging With These New Media Forms But TV Still Dominates the Landscape

| Overall Usage Number of Users 2+ (In 000's) – Monthly Reach | 3Q09 | 2Q09 | 3Q08 | % Diff Yr to Yr |
|---|---|---|---|---|
| Watching TV in the home° | 282,957 | 284,396 | 282,289 | +0.2% |
| Watching Timeshifted TV° | 84,920 | 82,297 | 67,656 | +25.5% |
| Using the Internet** | 190,481 | 191,035 | 160,070 | +19.0% |
| Watching Video on Internet** | 138,162 | 133,962 | 120,343 | +14.8% |
| Using a Mobile Phone^ | 237,411 | 233,722 | 225,392 | +5% |
| Mobile Subscribers Watching Video on a Mobile Phone^ | 15,744 | 15,267 | 10,260 | +53% |

*Source: The Nielsen Company*

| Exhibit 2: Monthly Time Spent in Hours:Minutes Per User 2+ | 2Q09 | 1Q09 | 2Q08 | % Diff Yr to Yr (2Q09 to 2Q08) | Absolute Diff Yr to Yr (2Q09 to 2Q08) |
|---|---|---|---|---|---|
| Watching TV in the home* | 141:03 | 153:27 | 139:00 | 1.5% | 2:02 |
| Watching Timeshifted TV* | 7:16 | 8:13 | 6:05 | 19.5% | 1:11 |
| Using the Internet** | 26:15 | 29:15 | 26:29 | -0.9% | 0:14 |
| Watching Video on Internet** | 3:11 | 3:00 | 2:12 | 45.5% | 0:59 |
| Mobile Subscribers Watching Video on a Mobile Phone^ | 3:15 | 3:37 | 3:37 | -10.0% | 0:22 |

Source: The Nielsen Company
Editor's Note: TV viewing patterns in the U.S. tend to be seasonal, with TV usage higher in the winter months and lower in the summer months leading to a decline in quarter to quarter usage, yet increasing from 2Q 08 to 2Q 09.

The TV and Internet figures in this report are calculated using Nielsen's National TV and Internet panels, which are measured electronically and reported on a regular basis. The Mobile Phone figures are collected by Nielsen via a quarterly survey and give a firsthand look at how early adopters self-report their usage of mobile video.



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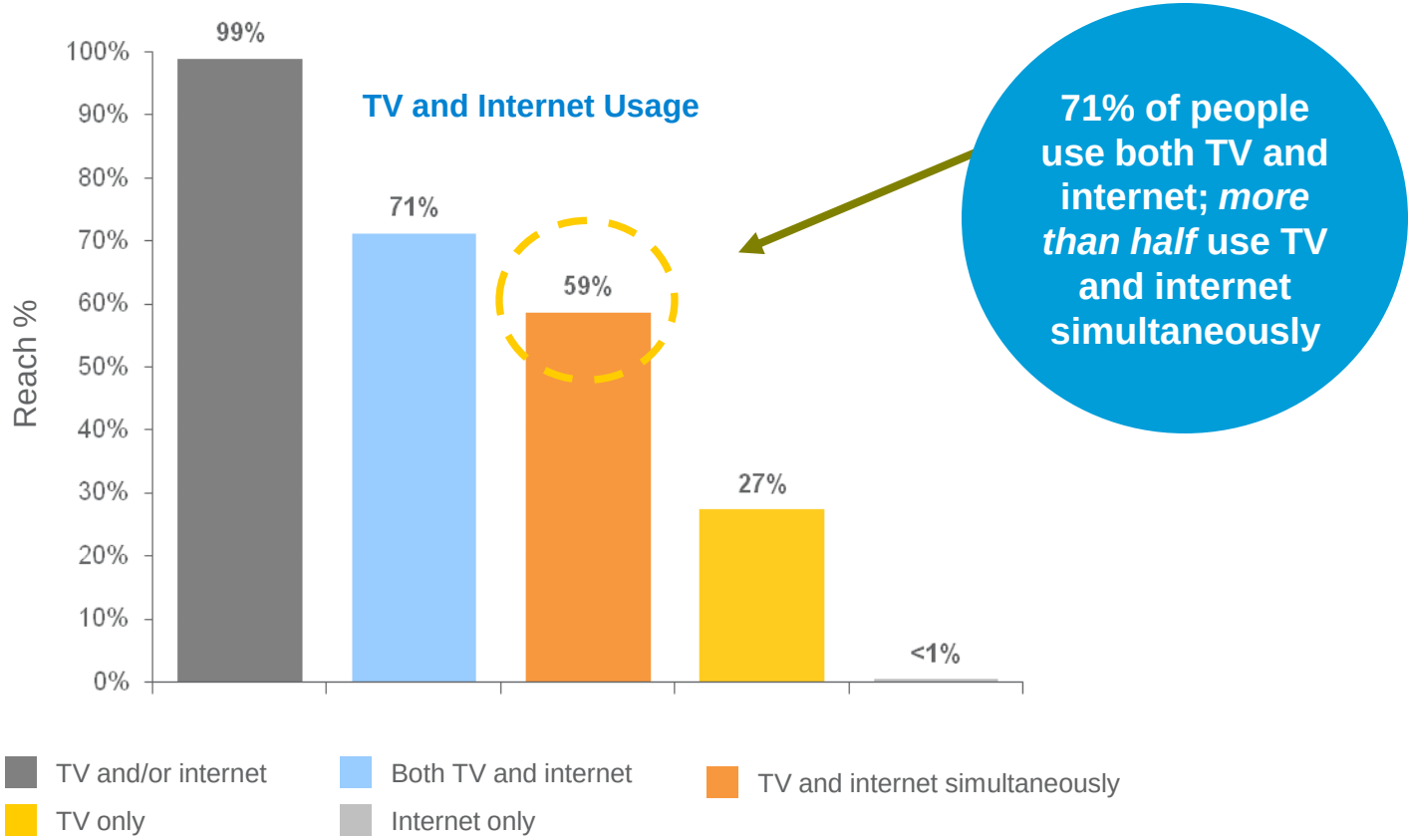
# and What We are Seeing is a Rise in Media "Multi Tasking"




Source: Nielsen US Cross-Platform Homes, March 2010; Simultaneous users are those who simultaneously used the TV and the internet for at least one minute during the month.



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# This is Most Evident During Major Broadcast Events

- In 2010 13% of people who watched the Oscars, and 15% who watched the Superbowl, were logged onto the Internet
- 34% of Internet users logged onto Facebook for 19 minutes during the Superbowl
- The audience who connected via Facebook during the Oscars watched 50% more of the broadcast than the average Oscars viewer.

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# Implications

- Media allocation/mix decisions becoming more complex; marketers need to evaluate effectiveness and efficiencies across media platforms
- Brands will need to focus on integrated campaigns that leverage the full range of available media to achieve reach targets and communication objectives
- Harnessing digital/mobile will be essential for advertisers looking to win in developing markets
- Social media offers the opportunity for brands to interact with their consumers
- As mobile, social networking and location-based services align, tremendous opportunities will emerge for marketing engagement at the point of purchase



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# How Have Changes In The Media Landscape Impacted TV Ad Effectiveness?

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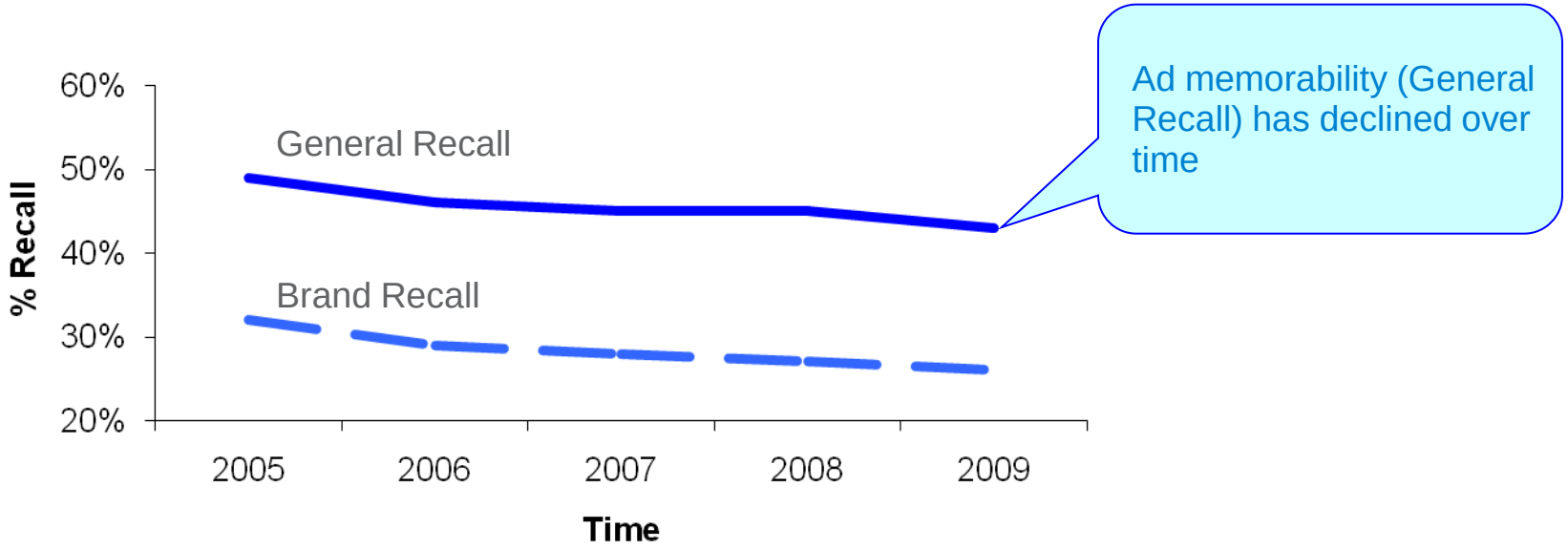
# Net Impact of CPG Advertising (General/Brand Recall) Has Declined Over Time

There are many factors at play in today's TV viewing environment that are contributing to this decay in overall ad memorability and brand impact.

**TV Advertising Net Impact: CPG**




Source: IAG US Ad Performance Data, W25-54, total CPG ad performance; total IAG database ad performance



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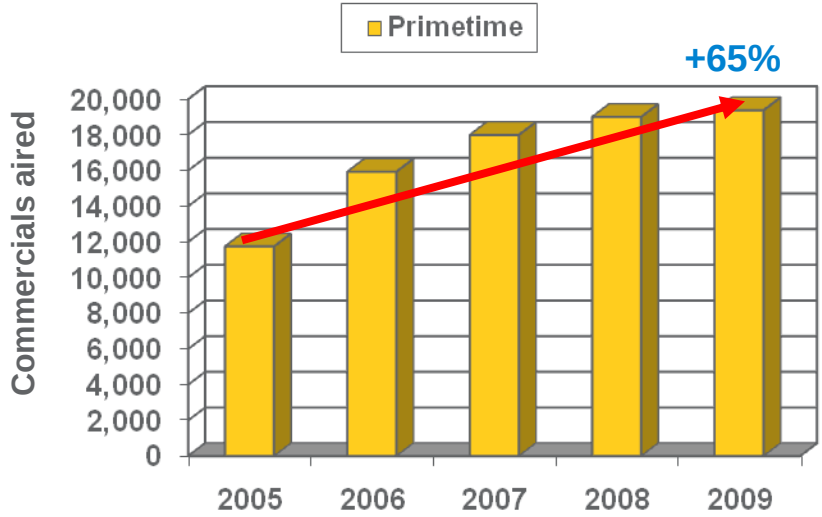
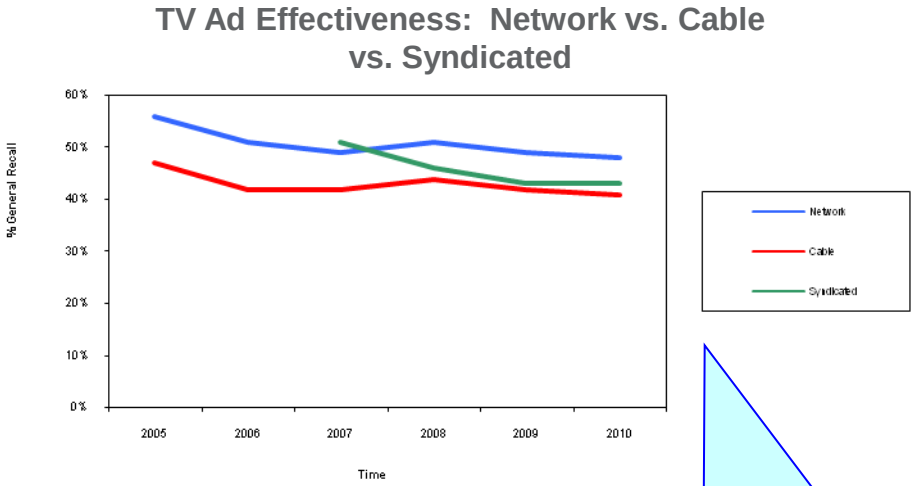
# Commercial Clutter, Shift To Cable, Alternate Screen Choices, And Screen Multitasking Have All Negatively Impacted Net TV Ad Performance Over Time




| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Commercial minutes aired | 5,300 | 7,346 | 8,032 | 8,505 | 8,618 |

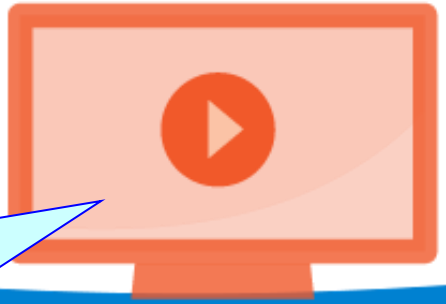
**Mon.-Sat. 8-11pm, Sun 7-11pm**




General Recall declines as advertisers shift dollars from broadcast to cable; 36% of spend in '07 to 45% of spend in '09

**DVR Viewing**

- 36% of HH have DVRs (+5% vs. YA)
- 17% of shows in our coverage DVR'd



DVR-viewed ads have roughly 30% lower memorability than non-DVR viewed ads



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Source: 2009 Nielsen US Television Audience Report

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# The Best Way To Improve TV Ad Effectiveness Is To Focus On: Creative Quality, Media Support & Program Elements

**Nielsen IAG General Recall Model:**

- Based on a review of the entire IAG database of Food & Bev ads (excl alcohol)
- Once creative, media and program specific elements are accounted for, no other single factor contributes more than 2% to overall ad effectiveness
- :30s vs. :15s account for a very small portion of overall ad effectiveness
- Other relatively unimportant factors include daypart and seasonality

| Percent Contribution of Factors That Make Up the Models | General Recall Models |
|---|---|
| **Ad/Creative Factors** | **25.82%** |
| Unique Ad Quality | 23.91% |
| :30s vs. :15s | 1.27% |
| Product Sub-Category in Ad | 0.64% |
| **Media Weight Behind Ad** | **13.67%** |
| **Program Specific Factors** | **28.72%** |
| Program Engagement | 12.94% |
| Genre of Program | 7.77% |
| Unique Program Quality | 7.34% |
| Program Age (Original vs. Repeat) | 0.34% |
| Series vs. One Time Show | 0.33% |
| **Placement Specific Factors** | 4.06% |
| IPP Adjacent | 1.06% |
| Daypart | 0.81% |
| Time of Year | 0.94% |
| Multispotting | 0.79% |
| Billboard Adjacent | 0.46% |
| **Other** | 27.74% |
| Survey Noise | 13.88% |
| Factors not in model | 13.86% |



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Source: Nielsen US IAG Isolation Model, Food & Beverage advertising, 5/2010

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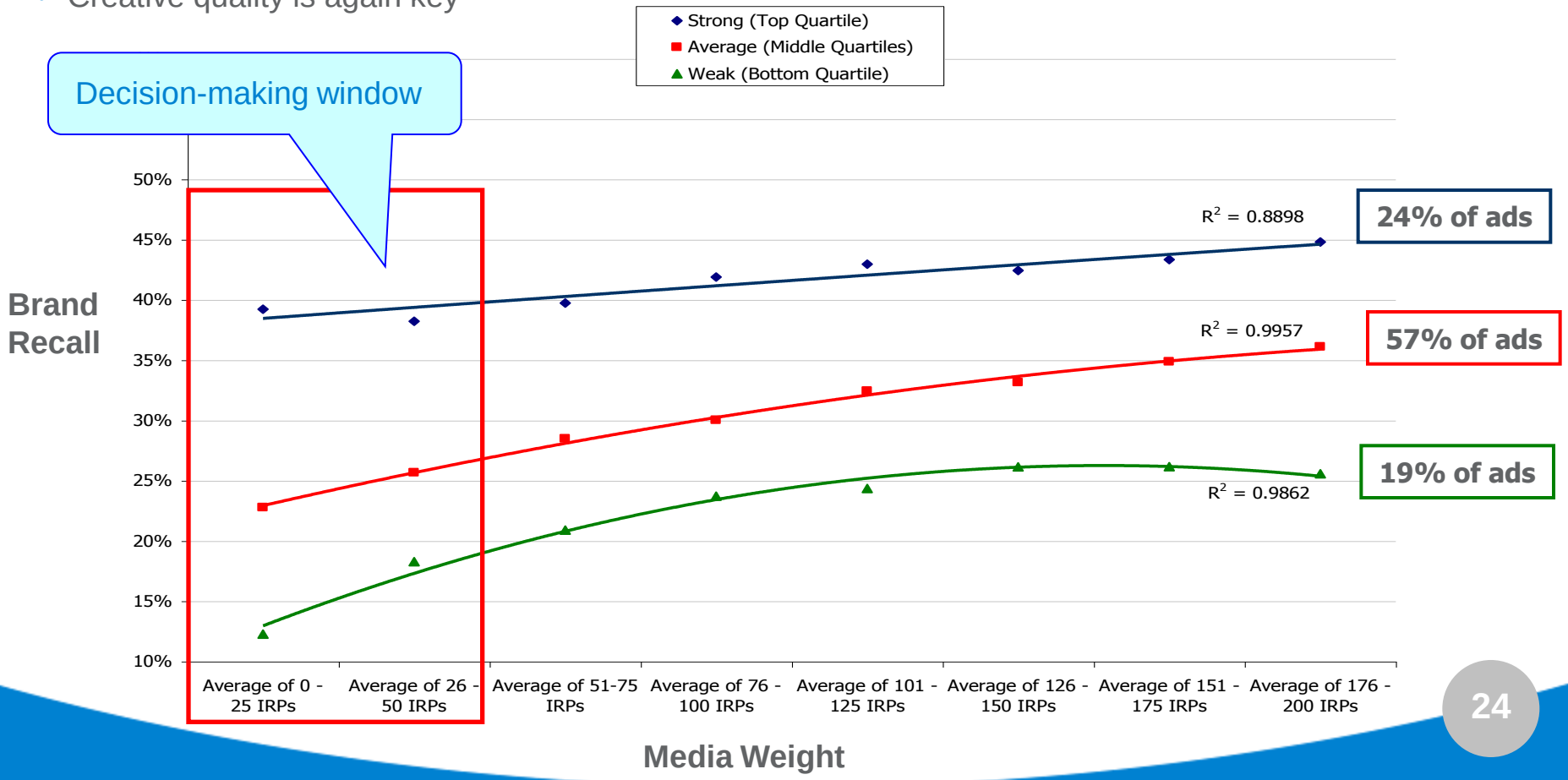
# What Does The Relationship Between Grps And Brand Recall Look Like?

- Reviewed IAG U.S. database to understand relationship of brand recall and GRPs
- Ads were grouped into strong, average and weak recall ads
- Wear in curves are highly predictive—where an ad starts is highly predictive of where it will end
- Creative quality is again key



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# Implications

- Identify and define factors that drive breakthrough
- Look for opportunities to break through ad clutter
- Develop smart strategies to minimize the negative impact of DVR usage
- Creative is the single biggest factor driving ad effectiveness
- Media weight has an impact but it doesn’t the problem of a bad creative
- Make in-flight changes, as necessary, to maximize your ad spend



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# TV + Online

## Can Online Deliver Incremental Reach Cost Efficiently

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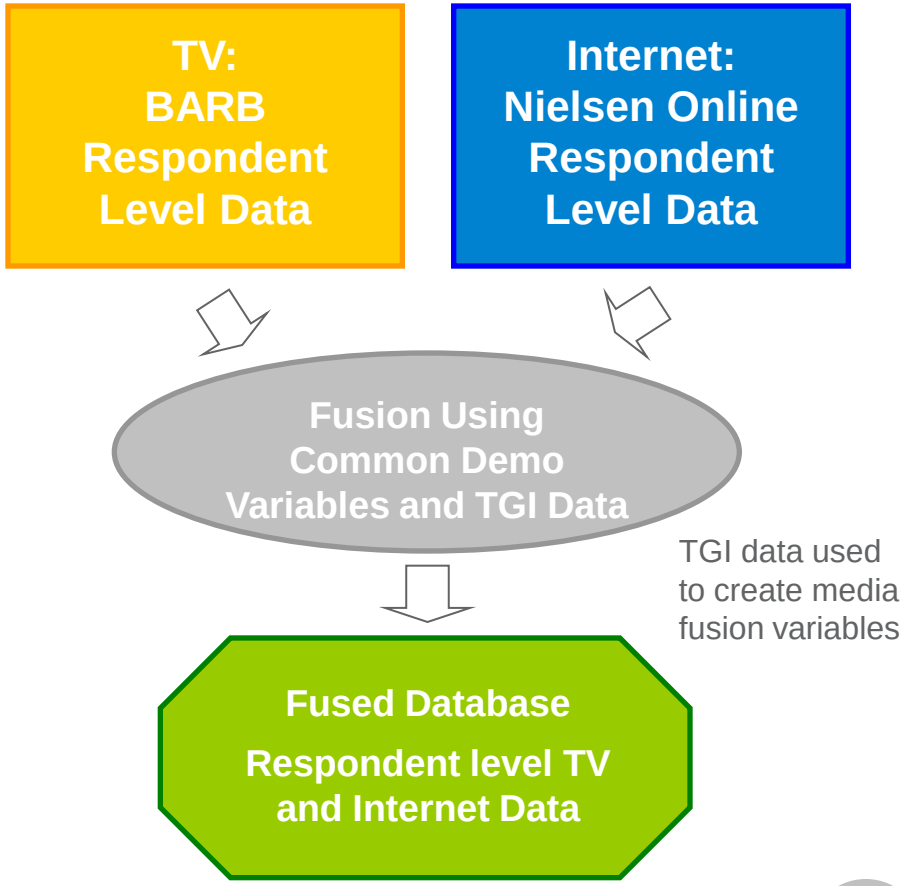
# Incremental Reach TV+Internet

- To isolate the impact of online advertising when combined with the TV campaign we utilised Nielsen-IMS' CampaignRF fusion tool
- This allows respondent level data of those exposed to both the online and the TV campaigns to be paired respondents from the NetView panel with those on the BARB panel by matching on common characteristics in both studies (i.e. demos, media, product consumption information etc) via a hub study (TGI)
- These linking variables were validated by a series of statistical tests and analyses to ensure they closely match to produce an accuracy level of 95% or higher



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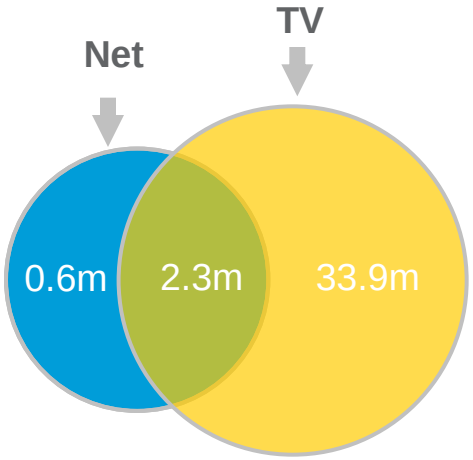
# Synergistic Audience

310 TV GRPS

## All Adults (15+)

Total Audience: **36.8m**

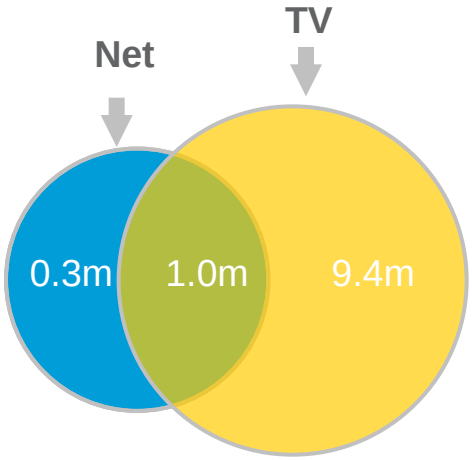



**19%** of Online users did not see the TV campaign

**6%** saw both the Online and TV campaign

## Adults aged 15-34

Total Audience: **10.7m**

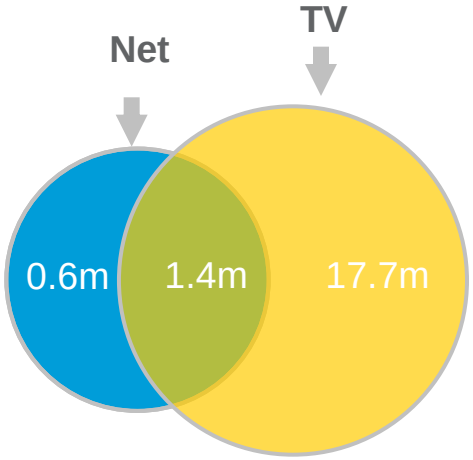



**26%** of Online users did not see the TV campaign

**9%** saw both the Online and TV campaign

## ABC1 Adults

Total Audience: **19.7m**




**28%** of Online users did not see the TV campaign

**7%** saw both the Online and TV campaign

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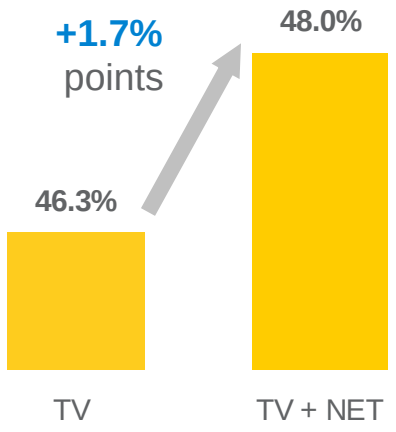
# TV/Internet Ad Schedule Reach Results

## 3+ Reach (%) Analysis

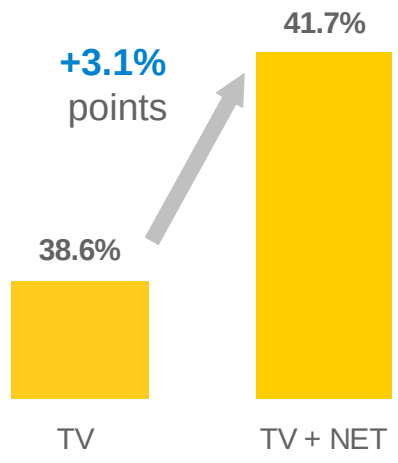
310 TV GRPS

### All Adults (15+)



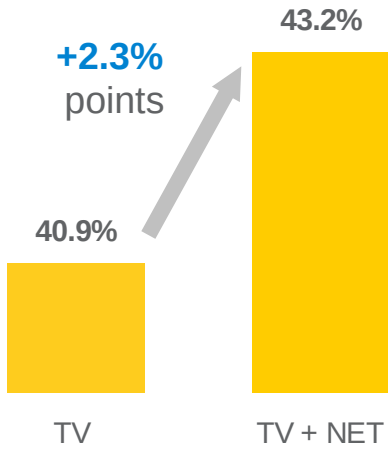

Adding Online to the TV campaign increases 3+ reach by **1.7% points**

### Adults aged 15-34




Adding Online to the TV campaign increases 3+ reach by **3.1% points**

### ABC1 Adults




Adding Online to the TV campaign increases 3+ reach by **2.3% points**



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# TV Only Ad Schedule Reach Results

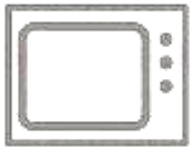
## 3+ Reach (%) Analysis

### All Adults (15+)

To get the additional

**1.7% points**

in 3+ reach using



would require an additional

**100**
GRPs

### Adults aged 15-34

To get the additional

**3.1% points**

in 3+ reach using

would require an additional

**94**
GRPs

### ABC1 Adults

To get the additional

**2.3% points**

in 3+ reach using

would require an additional

**99**
GRPs

In order to determine the number of TV ratings required to reach the same 3+ coverage as the combined schedule Nielsen-IMS ran an optimiser using the existing TV schedule/station distribution pattern at different rating levels of ratings until it reached the required reach points



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# TV/Internet Ad Schedule Reach Results

## 3+ Reach (%) Analysis

### All Adults (15+)

**100 GRPs**

on would cost

**£300k**

Online cost **£100k** to deliver the same incremental reach on TV would have cost **£300k**

### Adults aged 15-34

**94 GRPs**

on would cost

**£282k**

Online cost **£100k** to deliver the same incremental reach on TV would have cost **£282k**

### ABC1 Adults

**99 GRPs**

on would cost

**£297k**

Online cost **£100k** to deliver the same incremental reach on TV would have cost **£297k**

In order to determine the number of TV ratings required to reach the same 3+ coverage as the combined schedule Nielsen-IMS ran an optimiser using the existing TV schedule/station distribution pattern at different rating levels of ratings until it reached the required reach points



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# Can Online Drive The Bottom Line?

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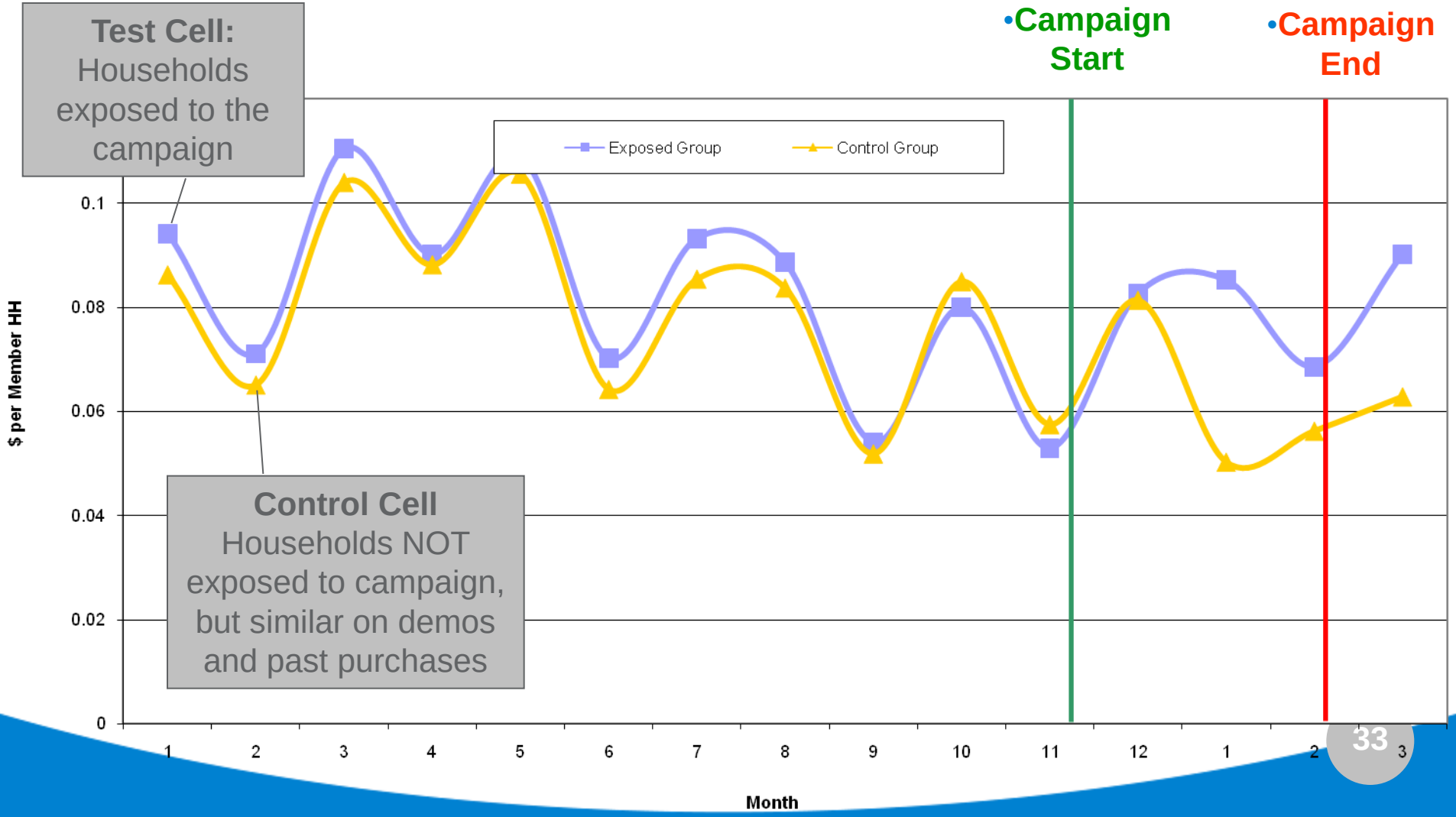
# Nielsen Measurement of the Offline ROI of Online



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# The Average Campaign Measured Drove a 157% ROI

Over 400 US digital campaigns measured, averaging…

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# The Average Campaign Measured Drove a 157% ROI

Over 400 US digital campaigns measured, averaging…

- Average increase in sales = 32%
- Average short term incremental retail sales = $1.1m
- Average ROI = 157%
- Average increase in penetration = 18%
- Average increase in buying rate = 14%
- Campaigns with sub zero ROI = 13%



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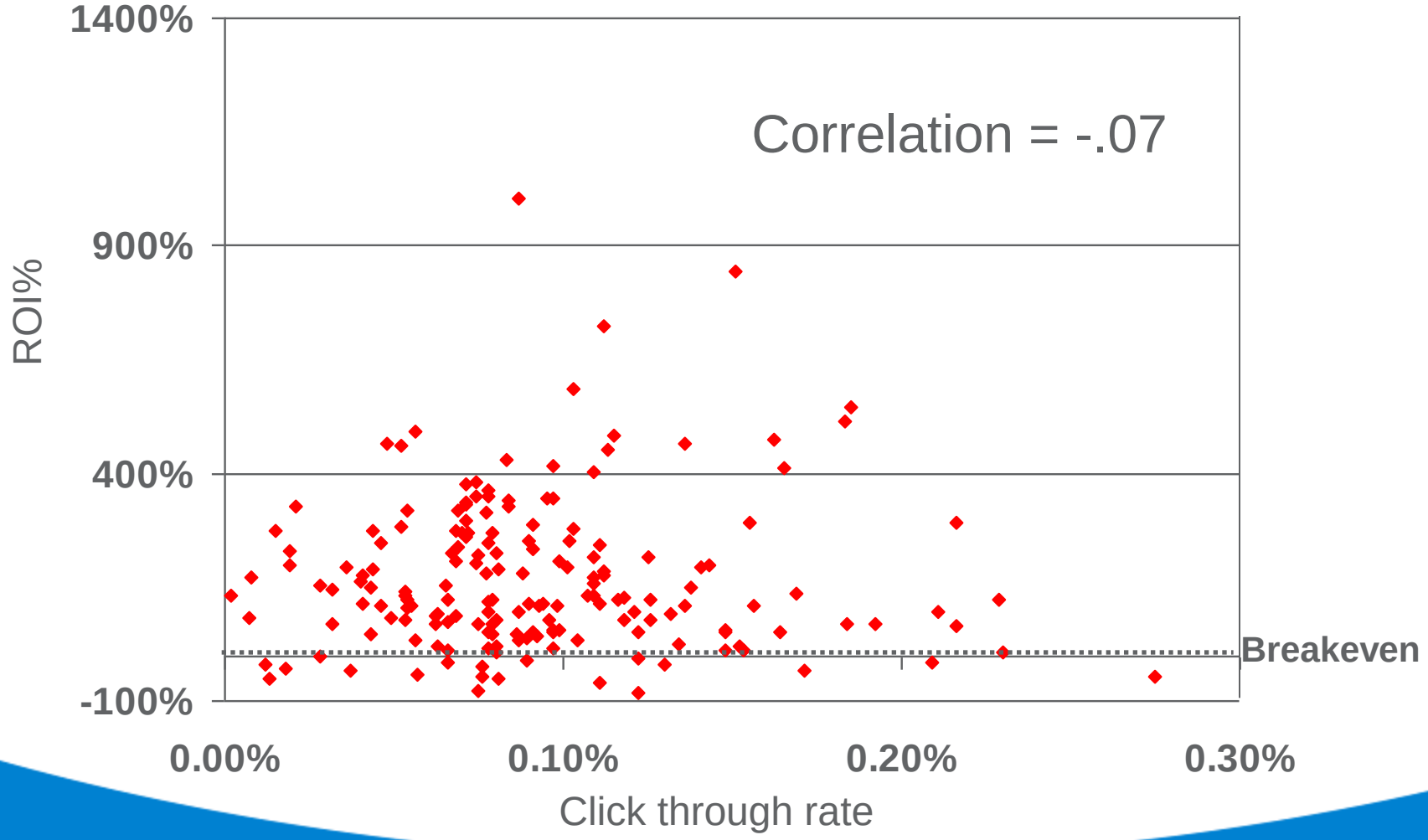
# There is No Correlation Between Click Through Rates (CTR) and ROI%



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# Going Big Does Not Substantially Compromise Campaign Efficiency

| Quintile | Average Impressions | Average ROI% | Average Penetration▲ | Average Buy Rate▲ |
|---|---|---|---|---|
| 1 | 139m | 144% | +17% | +14% |
| 2 | 82m | 172% | +18% | +13% |
| 3 | 68m | 142% | +18% | +15% |
| 4 | 63m | 165% | +23% | +13% |
| 5 | 56m | 180% | +16% | +14% |



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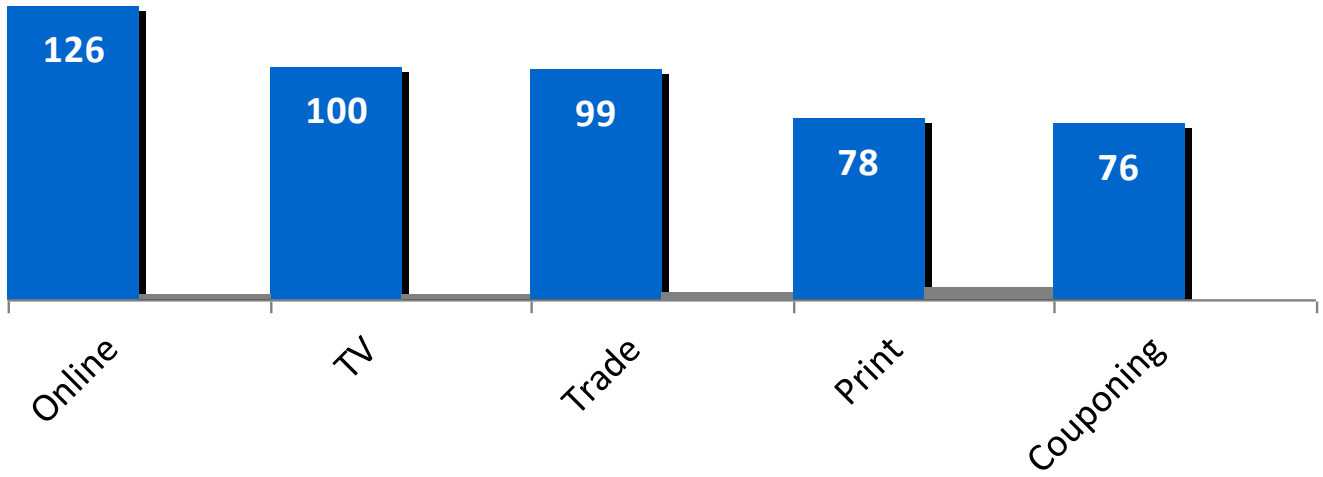
# Online Advertising Drives Sales and Delivers Better Returns Than Print And Couponing, Driven By Low CPMs

- Average Digital ROIs are amongst the highest in our mixed media models
- However in terms of driving volume and equity for mass market brands, TV remains key

Average ROIs (Indexed)

ROI = (incremental sales driven by campaign/cost of campaign) -1



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Source: Nielsen US TMG Meta Analysis, 2009, n=300 CPG client brands

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# Implications

- TV still dominant spend, but online is growing
- BUT online advertising does drive offline sales
  - Click through is NOT a predictor of short term ROI
  - There is every opportunity to go big
- The key components that drive effectiveness are:
  - The websites
  - Ad creative
  - Video advertising (can outperform TV and standard banner ads)
  - Low cost drives efficiency



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# How Do I harness Social Media For Greater Effect?

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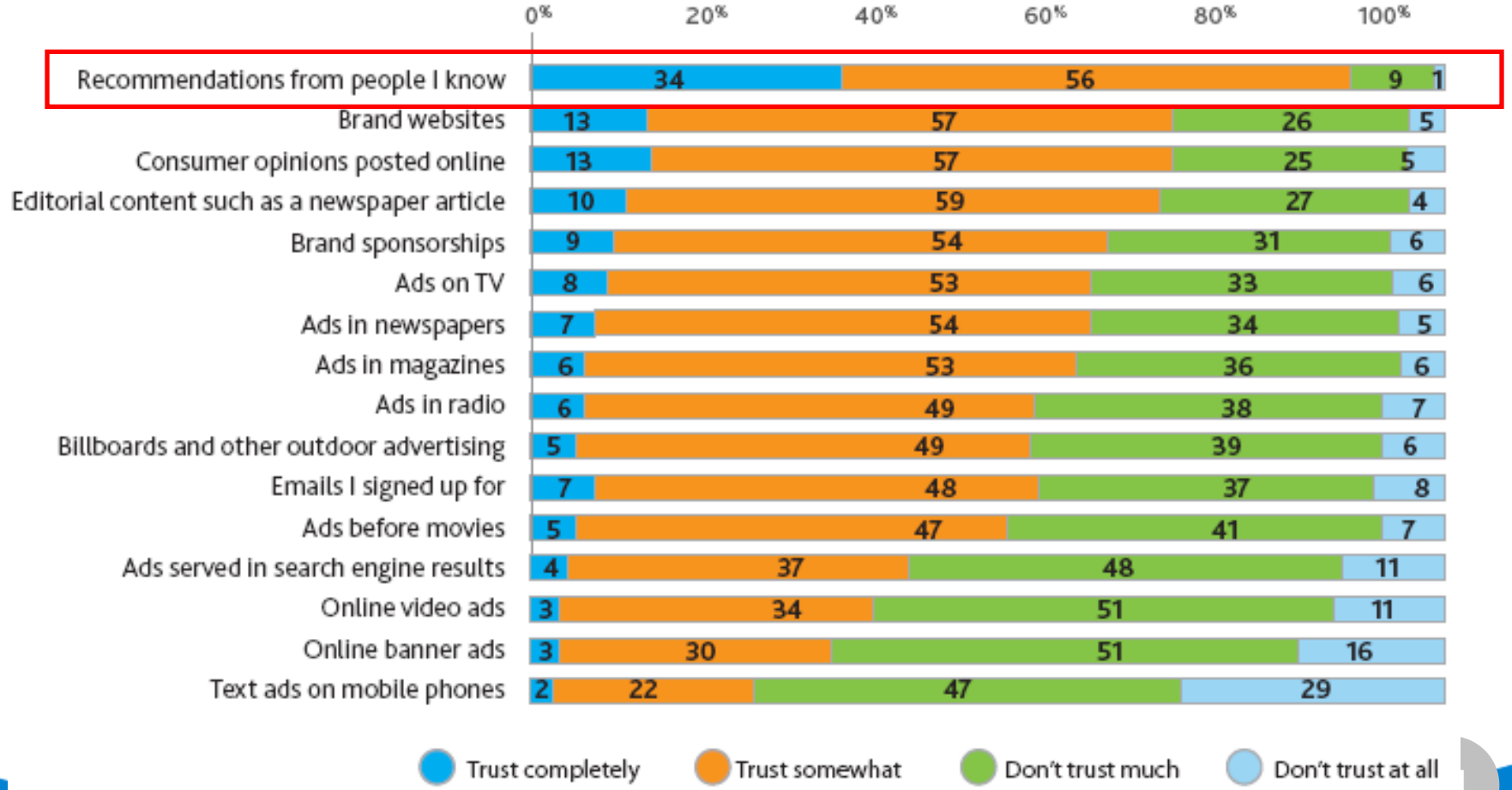
# Social Media Should Be A Key Ingredient In Your media plan; It Enables Advocacy From The #1 Trusted Source Of Information

60% Of Facebook Fans and 79% of Twitter Followers Are More Likely To Recommend Your Brand




Source: Nielsen State of Social Media, 10/09

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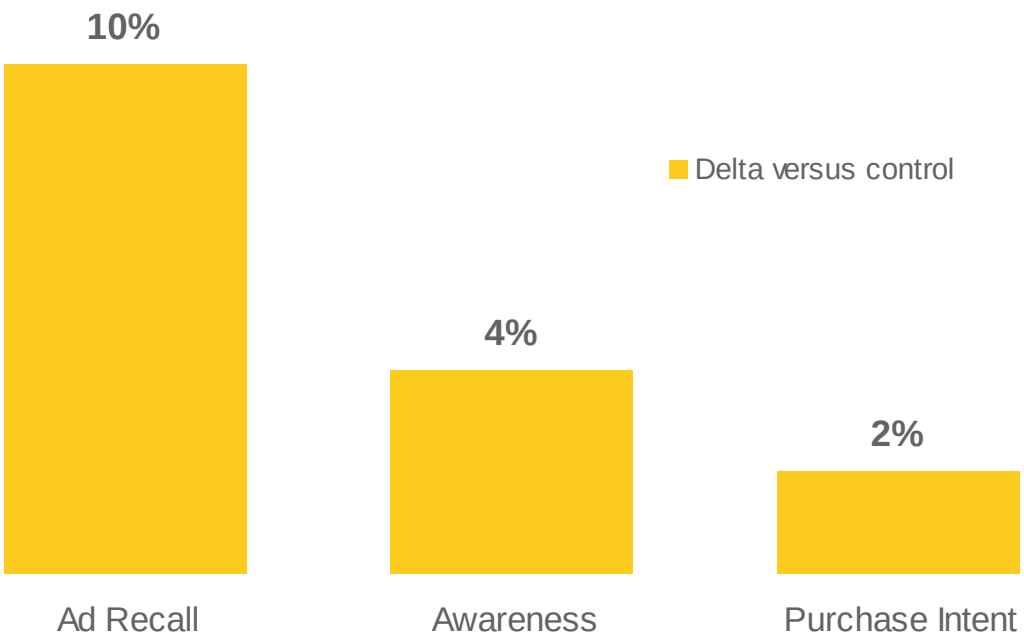
# **Impact** of Paid Media Exposure on Facebook

Difference between control group and exposed



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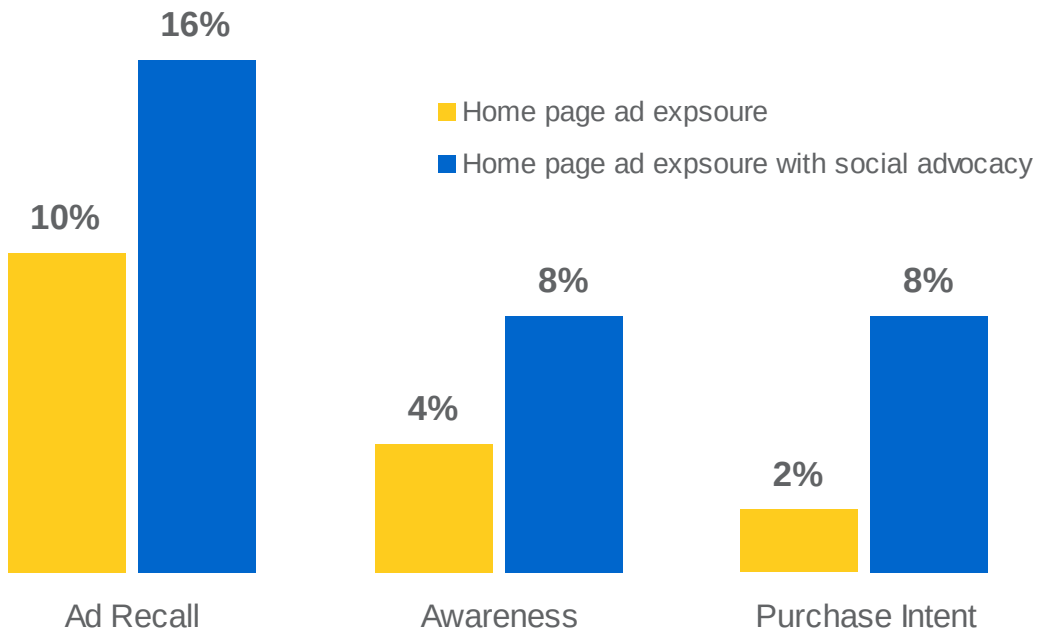
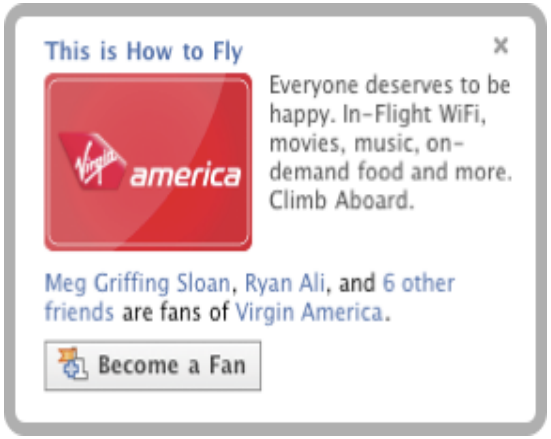
# Homepage Paid Ads with Social Advocacy **Improve** Campaign Performance

Difference between control group and exposed



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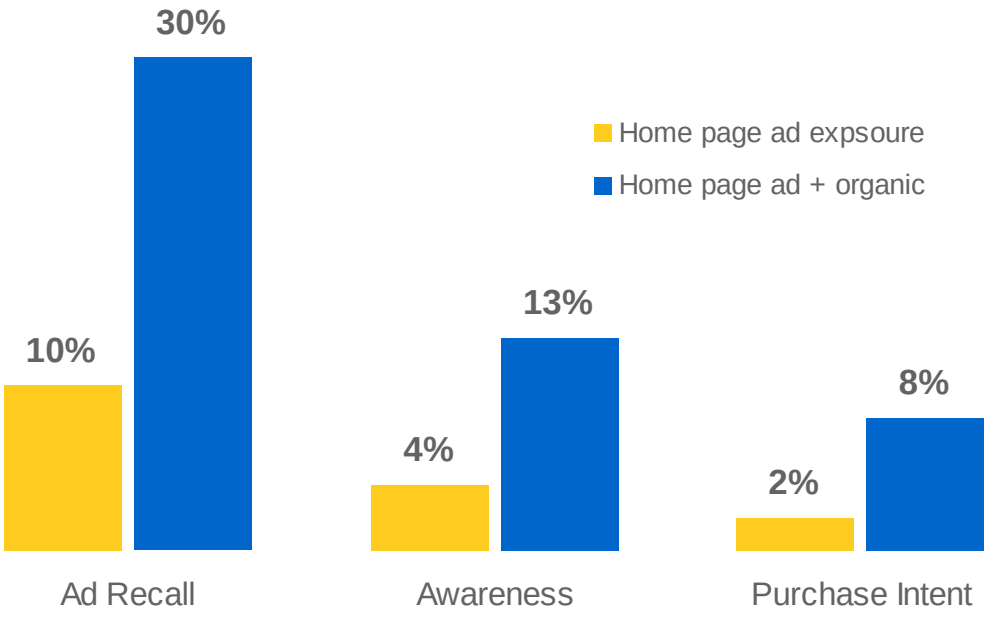
# **Marked Affect** on Brand Metrics if There is an Organic Element

Difference between control group and exposed



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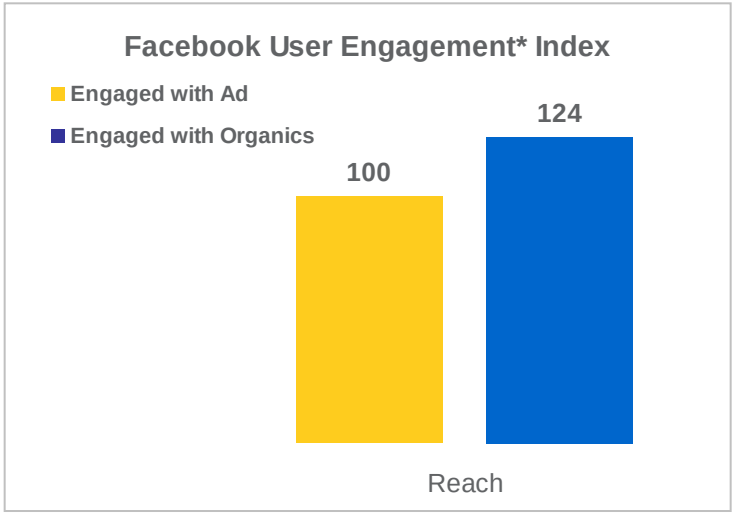
# How To **Maximise** Reach & Engagement

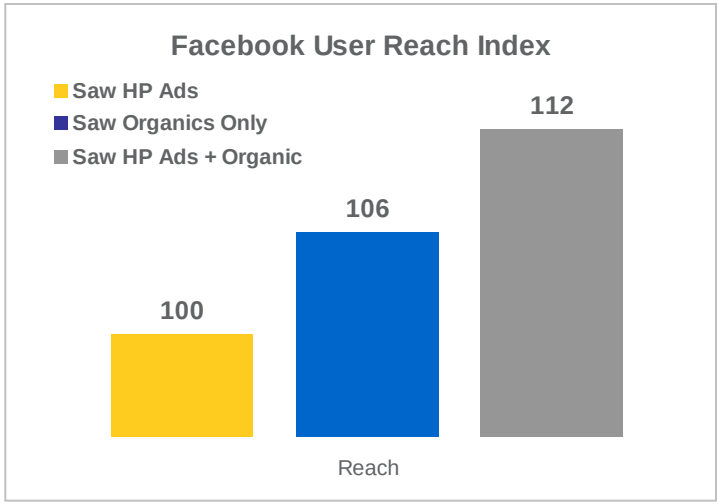
## Step1 start with engaging Home Page Ad

**Leads To**

**users interacting with ad unit in friends feed**




**And Increased User Engagement**




**Increased Reach**



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Source: Facebook

* Engagement = click through, video play, RSVP, vote on a poll etc

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# Paid Impressions Open The Door But Your Advertising Still Needs to Spark A Brand Engagement & Consumer Connection

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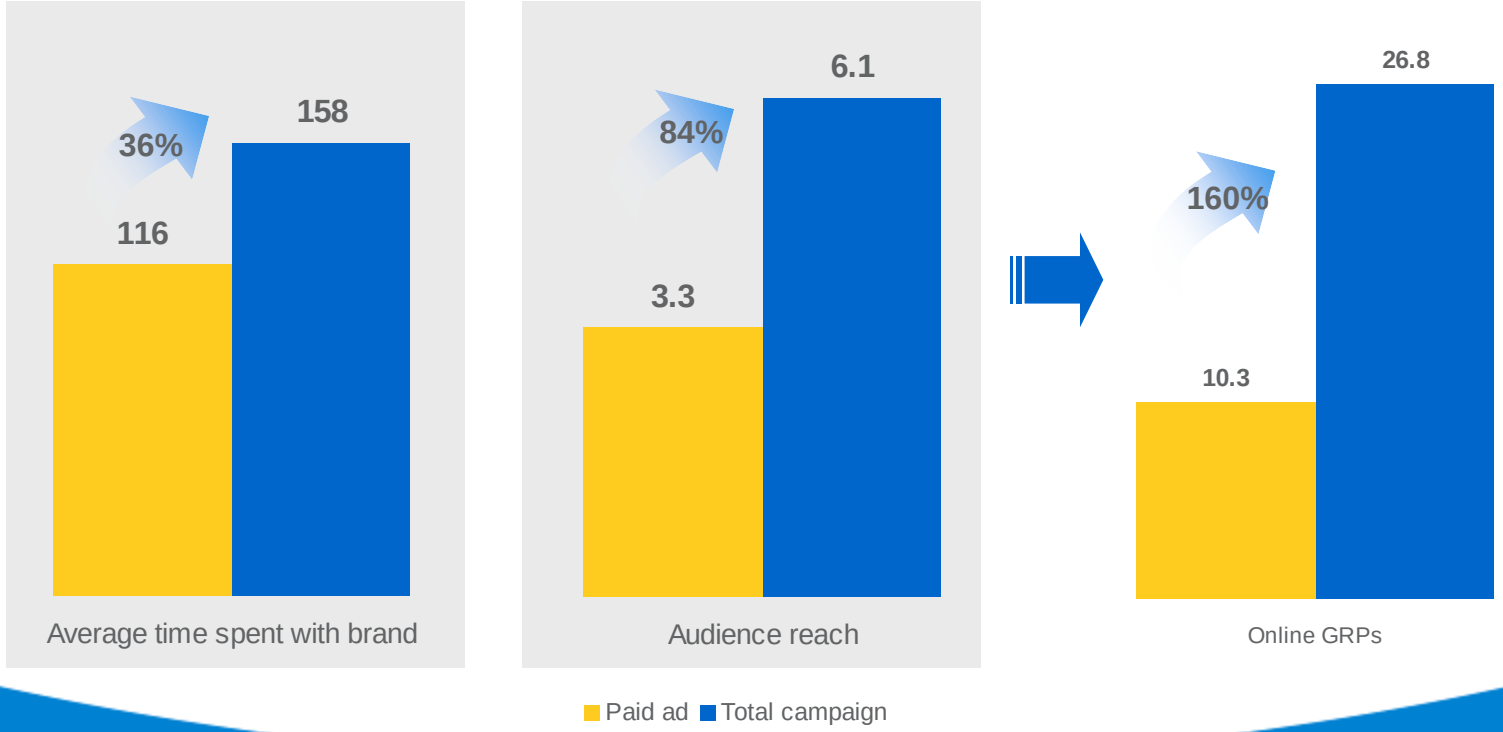
# Idea ~ 2 Amplify Your Message

Paid for Ad vs. Total campaign



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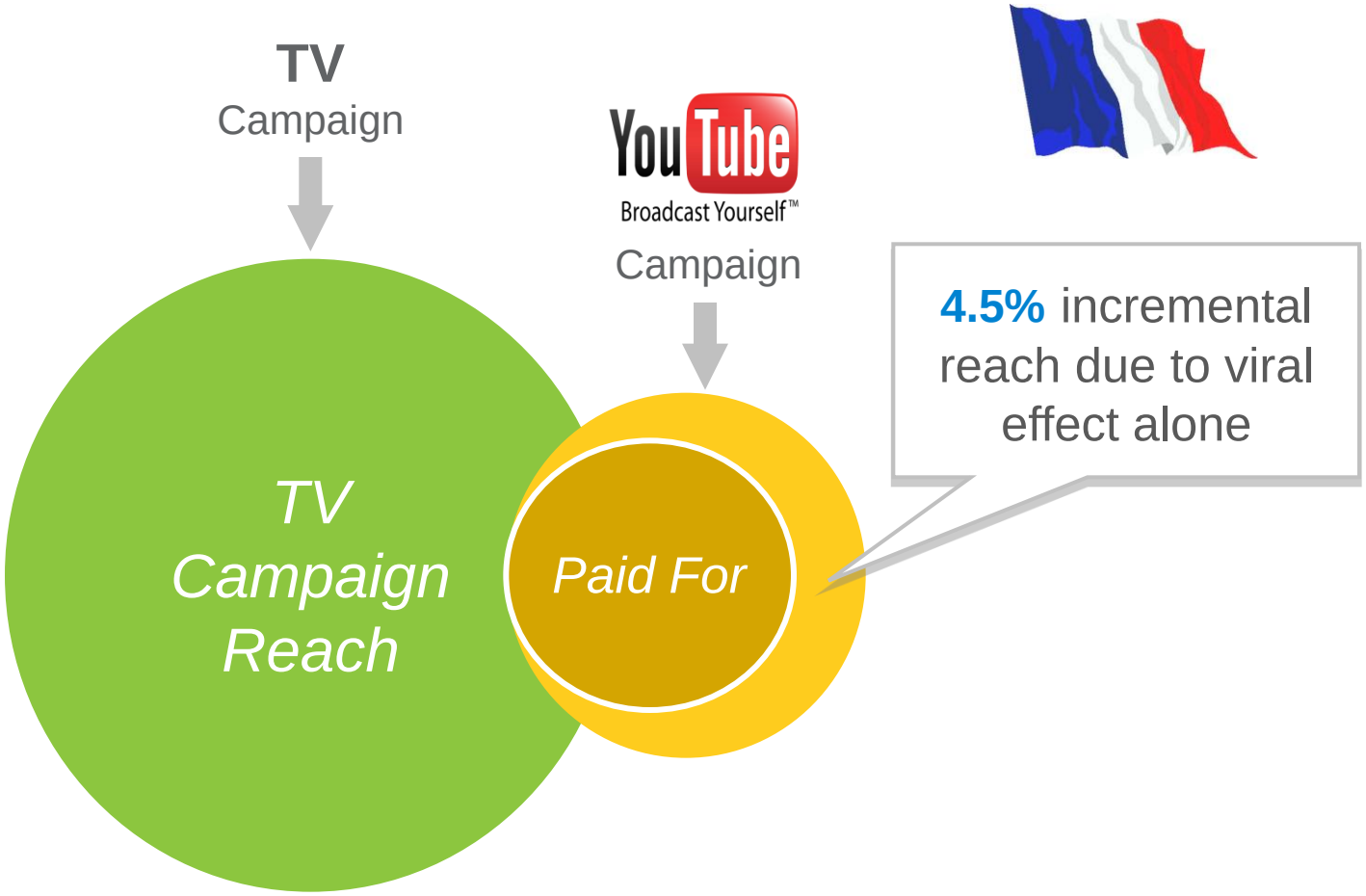
# Viral activity can have a significant impact on reach...



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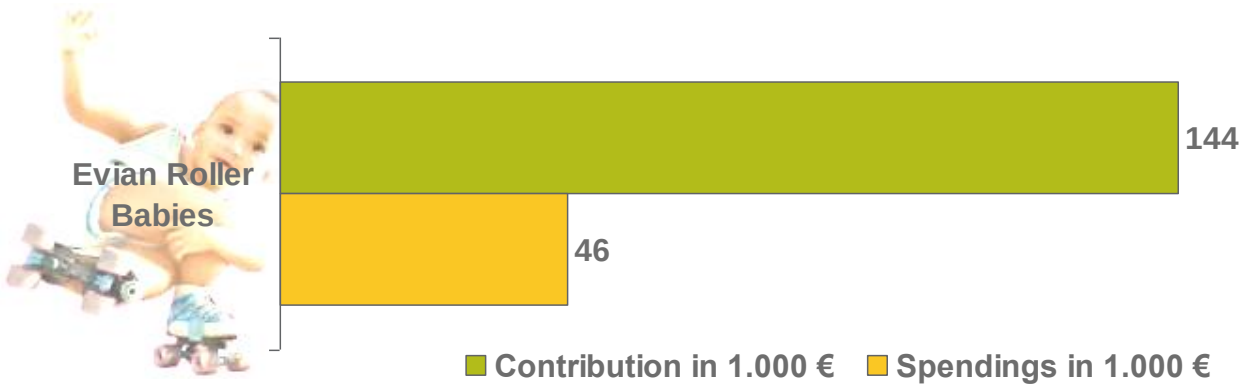
# The Evian Roller Babies Online Viral Campaign achieved 312% Gross ROI
# The high Gross ROI has been driven by the lower media costs

Nielsen European Online Benchmark = **121%** (n > 30)
"Roller Babies" within Upper Quartile of benchmark which ranges between 200% to 300%




| Gross ROI | Media Contribution (on Total Sales) |
|---|---|
| 312% | 3,0% |

**Evian Roller Babies Viral Campaign succeeds in achieving high Gross ROI**

- RoI is clearly outperforming benchmark for traditional media and falls into the top 2% of campaigns analyzed in Germany
- Weekly Media Contribution of 3% of Total Sales falls below average compared to traditional media – but is very high for a pure online campaign
- BUT: Based on limited net reach of the Internet as a Media Vehicle **lower absolute Incrementals** compared to TV Advertising



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# Implications

- Social/digital media should be an ingredient into everything else you do
- Buying social media is different than buying standard online media
- Critical to understand advertising both in terms of
  - Paid media and
  - How earned media & social advocacy contribute to campaigns
- Social advocacy and earned impressions can improve campaign effectiveness
- Build your Fan base to help drive the exponential reach of organic impressions
- Use creative interactivity to get consumers engaged
- All activities must be “synched” with your other “paid” investments if you are to fully optimise your investment.
- Initial returns on Social Media look strong; isn’t it time to allocate additional €€€



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# Thank You

andrew.felbert@nielsen.com

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