

STATE
OF THE
MEDIA

TRENDS IN
ADVERTISING
SPEND AND
EFFECTIVENESS

June 2011

nielsen
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State of the Media: Trends in Advertising Spend and Effectiveness

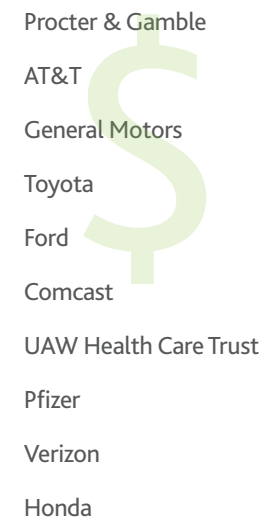
As consumer choice and media fragmentation continue to grow, advertising effectiveness increasingly depends on reaching the right consumer, with the right message, in the right time and place—and being able to understand the direct sales impact of those efforts.

Nielsen delivers a comprehensive understanding of advertising's impact by tracking the full spectrum of advertising spend and performance. Nielsen has prepared this fact sheet to provide a high-level snapshot of advertising spend, effectiveness trends and the latest insights on branded entertainment.

Advertising Expenditure

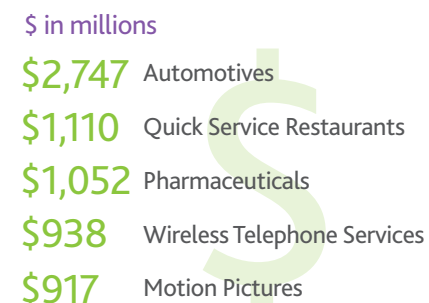
- Television advertising surpassed \$18 billion in the first quarter of 2011, growing almost nine percent versus the same period in 2010. Radio and Magazines also saw higher spend levels than last year, increasing between six and seven percent. Newspapers, however, saw a 10 percent drop.
- Procter & Gamble was the top advertiser in the first quarter. It also invested the most in advertising to Hispanics and African Americans. General Motors, Toyota and Verizon also were top advertisers with a strong advertising presence among both ethnic groups.
- Automotives was the leading product category in 2010, with 22 percent growth over 2009. This momentum continued into the first quarter of 2011, as Automotive companies were top advertising spenders and saw the most dollar growth in TV advertising (+\$526 MM) vs. the same period in 2010.

Top Advertisers (Q1 2011)



Source: Nielsen

Top 5 Product Categories (Q1 2011)



Source: Nielsen

Top 5 Product Categories

Percent changes 2010 vs. 2009



Source: Nielsen

Top 5 Ethnic Advertisers

African American Advertisers

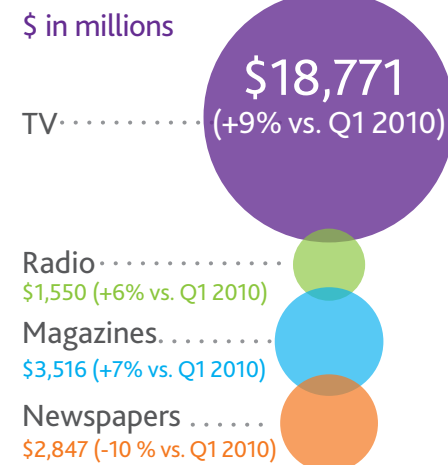
- 1 Procter & Gamble
- 2 L'Oreal
- 3 McDonald's
- 4 Johnson & Johnson
- 5 National Amusement

Spanish Language Advertisers

- 1 Procter & Gamble
- 2 AT&T
- 3 DIRECTV
- 4 McDonald's
- 5 Deutsche Telekom

Source: Nielsen

Ad Spend (Q1 2011)



Source: Nielsen

Advertising Effectiveness

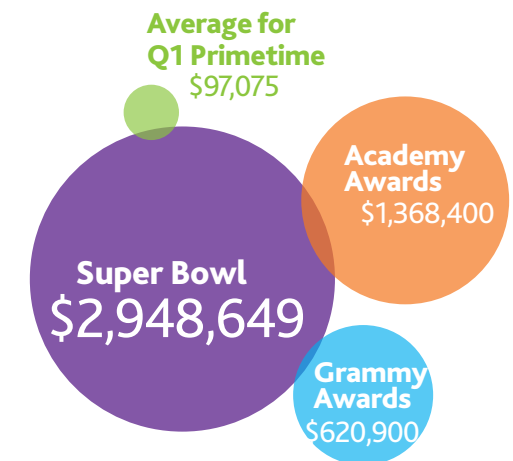
SPOTLIGHT: Super Bowl XLV

While Super Bowl ads require a substantial investment from advertisers, they get a measurable bump from their prominent placement. Viewers certainly perked up for Super Bowl commercials this year; on average, ads that aired during the Super Bowl were 58 percent more memorable than all commercials airing during regular programming in the first quarter of 2011. Brand awareness for commercials airing during the Super Bowl was up to 275 percent higher than awareness for the same creative during regular programming. Among the top 10 Most Recalled ads, the Doritos ad where a pug knocks down a screen door to get snack chips experienced 207 percent impact in memorability for the Super Bowl airing versus its performance during regular programming.

Nielsen found that Super Bowl ads including social media tags (directing viewers to a link on Facebook, Twitter, YouTube, etc.) were more memorable for viewers. These findings illustrate the benefits of using TV advertising to drive consumers to a brand's online presence; successful brands are breaking through the clutter and more effectively utilizing the wide range of options through which they can communicate with consumers.

The Super Bowl remains the premier advertising event, commanding over \$2.9 million for a :30 second spot. Other special events, such as the Academy Awards (\$1.4 million for a :30) and the Grammys (\$621,000 for a :30) also exceed the primetime average of \$97,000.

Cost of a :30 commercial—2011



Source: Nielsen

Super Bowl Bump: Brand Impact on Top 10 Most Remembered Ads

Recall Rank	Brand	Ad Description	Recall Index	Super Bowl Impact
1.	Doritos	Pug knocks down door (:30)	179	207%
2.	Budweiser	Cowboy in Western saloon (:60)	166	203%
3.	Doritos	Man licks cheese crumbs off of coworker's fingers (:30)	159	161%
4.	Pepsi	Pepsi Max - Couple on first date (:30)	153	115%
5.	Pepsi	Pepsi Max - Soda cans shoot out of cooler (:30)	150	N/A
6.	Snickers	Richard Lewis and Roseanne Barr complain while working (:30)	149	199%
7.	Doritos	Housesitter brings grandpa back to life (:30)	148	145%
8.	NFL	TV dips montage (:60)	147	N/A
9.	GoDaddy.com	GoDaddy.com - New spokesperson Joan Rivers (:30)	146	N/A
10.	Budweiser	Bud Light - Kitchen redesigned with a bucket of beer (:30)	145	163%

Source: Nielsen, 1/1/11 – 3/31/11. The Recall score is the percentage of viewers who can recall the brand of an ad they were exposed to during the normal course of viewing the Super Bowl. These scores are then indexed against the average score for all Super Bowl ads (Recall Index). 100 equals average. For example, with a Recall Index of 179, the Doritos "Pug" ad was 79% better-recalled than the average Super Bowl spot. The Super Bowl Impact Score is the percentage increase in Brand Recall for the original Super Bowl airing versus all other airings in the quarter. For example, Brand Recall for the top ranked Doritos "Pug" ad performed 207% higher in the original Super Bowl airing than the average for all other airings.

“Ads that aired during the Super Bowl were 58% more memorable than all commercials airing during regular programming in the first quarter of 2011.”

Super Bowl Ads with Social Media Tags



Brand Recall was 33% higher for Super Bowl ads with a social media-tag than those without them.

Likeability, however, was relatively consistent—3% higher.

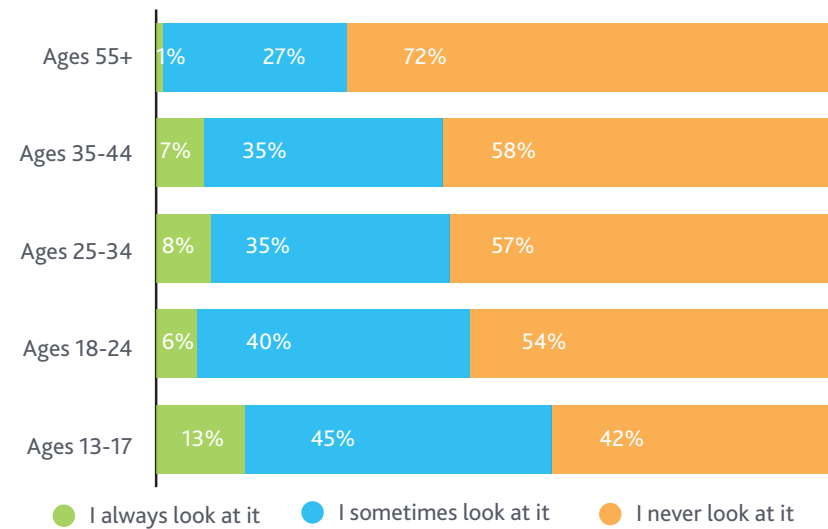
Source: Nielsen

Mobile Advertising

Mobile advertising is increasingly finding its way into mobile apps, with teenagers being much more receptive than their elders. 58 percent of teens say they "always" or "sometimes" look at mobile ads. In general, men of all ages are more receptive to mobile ads than women. Only 37 percent of men say they are not at all likely to respond to an ad on a mobile device, compared to 44 percent of women.

Approximately one-in-five apps users say they have used a search engine or looked elsewhere online for more information after viewing a mobile advertisement or told someone about the advertised product or service. Seventeen percent have forwarded a link or video to others and 10 percent have recommended an advertised product or service. Sixteen percent have used a coupon and 14 percent have entered a contest or sweepstakes.

Reaction to Mobile Advertising by Age Group



Source: Nielsen, 9/10

Multicultural Advertising

In an age of increasing cultural diversity and ethnic growth, advertising that speaks to different identities has become a vital component of any effective marketing plan. It is incumbent on marketers to understand these differences in order to successfully engage consumers. Nielsen examined the most memorable ads among African-Americans, Hispanics, and Asians; while there were some similarities across ethnic groups, such as the M&M's ad for the new Pretzel variety, each group otherwise recalled a different assortment of brands.

Most Remembered Ads Among African-Americans

Rank	Brand	Ad Description	Recall Index
1.	M&M's	Pretzel - Candy complains about pretzel being put inside him; pretzel isn't thrilled either (:30)	229
2.	McDonald's	Real Fruit Smoothie - Smoothie contains real strawberries, blackberries, blueberries, and bananas (:15)	209
3.	M&M's	Pretzel - Candy complains about pretzel being put inside him; pretzel isn't thrilled either (:15)	206

Most Remembered Ads Among Hispanics

Rank	Brand	Ad Description	Recall Index
1.	Yoplait	Save Lids to Save Lives - Company donates ten cents for every lid it received to breast cancer foundation (:15)	250
2.	Snickers	Peanut Butter Squared - Sharks decide which human tasted better (:15)	200
3.	Nationwide	Vanishing Deductible - Boulder hanging over woman's head shrinks into a pebble (:30)	198

Most Remembered Ads Among Asians-Americans

Rank	Brand	Ad Description	Recall Index
1.	M&M's	Pretzel - Candy complains about pretzel being put inside him; pretzel isn't thrilled either (:30)	235
2.	M&M's	Pretzel - Candy complains about pretzel being put inside him; pretzel isn't thrilled either (:15)	234
3.	Kay Jewelers	Leo Diamond - Men propose to women in different languages but all present the same ring (:30)	193

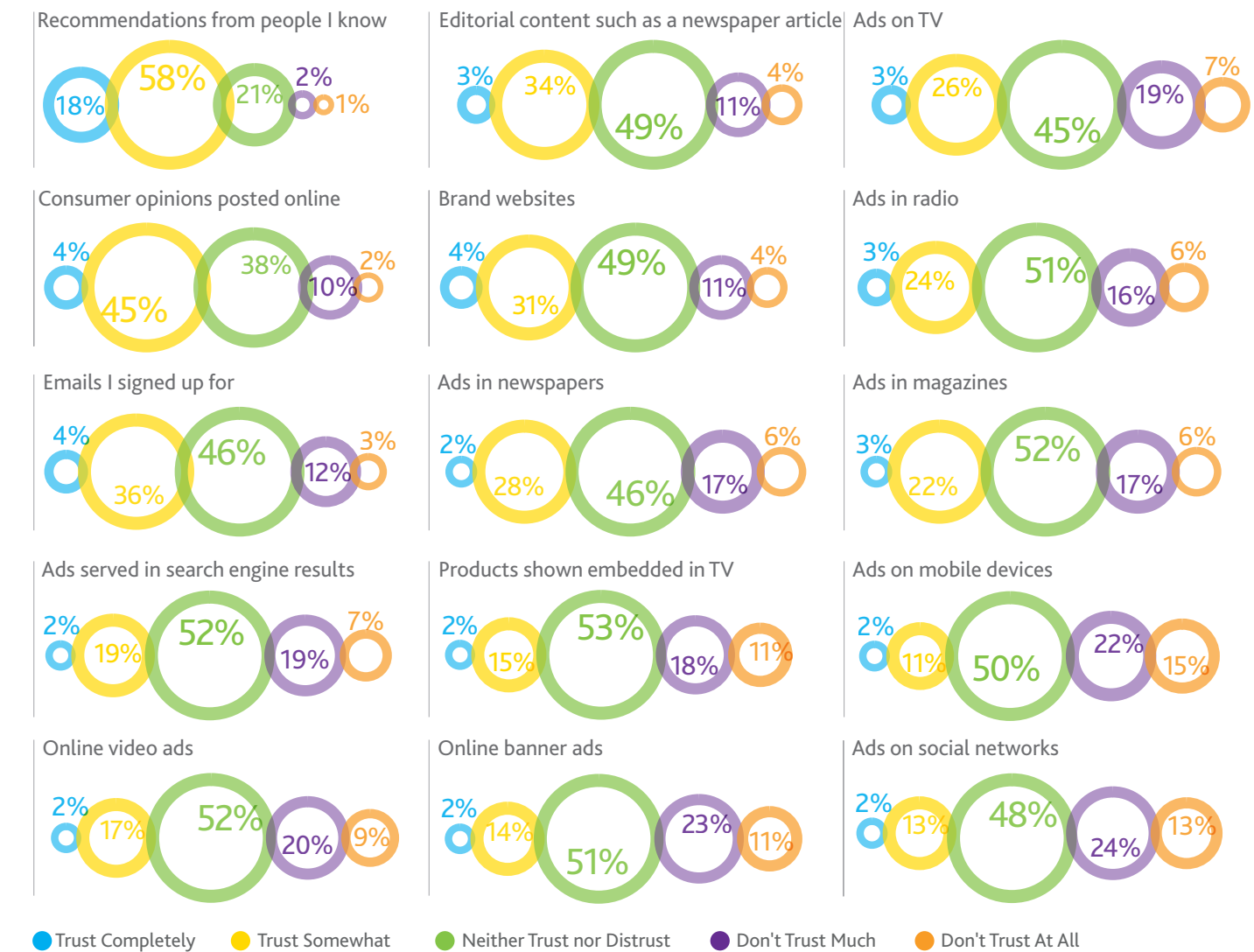
Source: Nielsen, 06/01/10 - 05/20/11

Only new ad executions considered, airing weeks of June 1, 2010 - May 20, 2011. The Recall Score is the percentage of TV viewers who can recall within 24 hours the brand of an ad they were exposed to during the normal course of viewing TV. These scores are then indexed against the mean score for all new ads during the period (Recall Index). 100 equals average. For example, with a recall index of 235 the top ranked M&M's ad has proven to be 2.35 times as memorable as the average new commercial among Asians during the measured time period.

Trust in Advertising

In a Nielsen survey on consumers' attitudes toward different types of advertising, 76 percent of US internet consumers said they most trusted recommendations from personal acquaintances, while 49 percent trusted consumer opinions posted online. Those two forms of "earned" advertising were also cited as the most relevant to consumers when they are looking for information on products they need and want. Forty percent of respondents also ranked "emails I signed up for" as one of the top three most trustworthy forms of advertising.

To what extent do you trust the following forms of advertising?



Nielsen, Global Online Survey, Q1 2011

Program Engagement

During the 2010-2011 television season, *The Event* emerged as a highly engaging show among all demographic groups, excluding Latinos. *Desperate Housewives*, in addition to engaging Millennials, also held the attention of a wide range of demographics, including females, Caucasians, African-Americans and viewers of all ages. While Dramas have traditionally been more likely to engage viewers, compelling Realities and Sitcoms can also hold attention. *Raising Hope*, *Rules of Engagement* and *The Amazing Race 17* were top shows that resonated with many viewer groups as well.

Most Engaging Programs 2010-2011 TV Season

Top 5 Most Engaging Overall (Total 13+)

- 1 *The Event* (NBC) Drama/Adventure
- 2 *Desperate Housewives* (ABC) Drama/Adventure
- 3 *The Amazing Race 17* (CBS) Reality
- 4 *Raising Hope* (FOX) Situation Comedy
- 5 *Rules of Engagement* (CBS) Situation Comedy

Top 5 Most Engaging by Key Demo Male

- 1 *Men of a Certain Age* (TNT)* Drama/Adventure
- 2 *Royal Pains* (USA)* Drama/Adventure
- 3 *The Event* (NBC) Drama/Adventure
- 4 *Life Unexpected* (CW)* Drama/Adventure
- 5 *Rules of Engagement* (CBS) Situation Comedy

Program Engagement measures viewer attention to TV episode content. Includes regularly-airing primetime series with at least ten telecasts. Data based on the time period 9/1/10 - 5/06/11 among persons and varying demographics 13+.

*Small average episode sample size, but measurable cumulative sample size.

Female

- 1 *Desperate Housewives* (ABC) Drama/Adventure
- 2 *Raising Hope* (FOX) Situation Comedy
- 3 *The Event* (NBC) Drama/Adventure
- 4 *The Amazing Race 17* (CBS) Reality
- 5 *Parenthood* (NBC) Drama/Adventure

Branded Entertainment

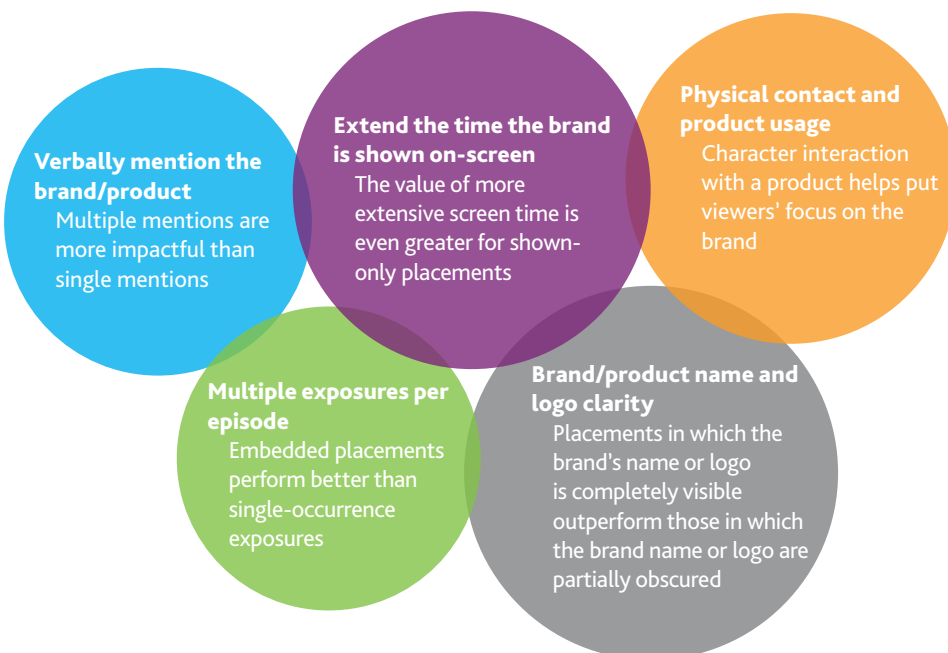
While technology advancements and time-shifted viewing have changed the scope of the advertising marketplace, television has been the most successful medium for marketers over the last 50 years. Through branded entertainment, advertisers have been able to successfully connect with viewers and stand out in a cluttered marketplace. Despite increases in the number of product placements, Nielsen found that brand memorability increased over time without having a negative impact on the perceived fit of placements or viewer opinion of the brands.

- Nielsen found that across 12 broadcast and major cable networks in primetime, there were 5,381 major product placements in 2010, up from 4,401 in 2006 (+22%).
- Reality shows dominated broadcast and cable with the most placement occurrences in the first quarter of 2011, accounting for over half of all placements. While consumers can better remember the brands of placements during Sitcoms, placements in Reality programs are the most effective at positively impacting viewer opinion of the integrated brand.

Long-term sponsorships and multiple visual and verbal placements per episode translate into more effectively branded placements. When traditional ads are used in addition to branded entertainment, this significantly increases viewers' abilities to remember brands.

In an analysis of in-program performance data from 2009-2010, Nielsen compiled some in-program branded entertainment best practices:

Creative Attributes Associated With Higher Impact Integrations



Top 5 Most Remembered Product Placements (Q1 2011)

Reality Programming

- 1 Sears on Survivor: *Redemption Island* (CBS)
- 2 Norwegian Cruise Lines on *Undercover Boss* (CBS)
- 3 Kellogg's Frosted Flakes on *Minute to Win It* (NBC)
- 4 Chipotle on *America's Next Restaurant* (NBC)
- 5 Qantas Airlines on *The Amazing Race: Unfinished Business* (CBS)

Drama/Sitcom Programming

- 1 Ferrari on *Castle* (ABC)
- 2 Subway on *Chuck* (NBC)
- 3 V8 on *Two and a Half Men* (CBS)
- 4 Scrabble Games on *Desperate Housewives* (ABC)
- 5 Mentos on *Two and a Half Men* (CBS)

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. For more information, please visit www.nielsen.com.

Top 5 Product Placement Brands (Q1 2011)

by Brand, Category and Total # Occurrences

- 1 **Coca-Cola** 187 Beverage
- 2 **Chevrolet** 133 Autos
- 3 **AT&T** 87 Telecommunications
- 4 **Everlast** 85 Apparel
- 5 **Apple** 76 Computer Hardware

Source: Nielsen

Top 5 Product Placement Shows (Q1 2011)

by Brand, Network and Total # Occurrences

- 1 **American Idol** 354 FOX
- 2 **The Biggest Loser** 238 NBC
- 3 **Extreme Makeover: Home Edition** 147 ABC
- 4 **The Celebrity Apprentice** 127 NBC
- 5 **America's Next Top Model** 103 CW

Source: Nielsen

“Across 12 broadcast and major cable networks in primetime, there were 5,381 major product placements in 2010 up from 4,401 in 2006 (+22%)”

* Prime time entertainment programming on 5 broadcast networks (ABC, CBS, CW, FOX, and NBC); first-run episodes only included. The total # of occurrences now reflect the number of show segments in which a brand placement appears.

The Nielsen Top 10 Most Recalled In-Program Placements focuses on brand/product placements occurring in scripted and reality programming on the broadcast networks during the Jan 1 - March 31 period. The Recall Score is the percentage of television viewers who can recall within 24 hours the brand/ product of an In-Program placement they were exposed to during the normal course of viewing television. Note: For this analysis, In-Program placements were only considered if the occurrence had visual elements (i.e., was "seen" on-screen) or both visual and auditory elements (i.e., was both "seen" and "mentioned"). Only first-run episodes were considered. Both planned and incidental exposures were included.



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