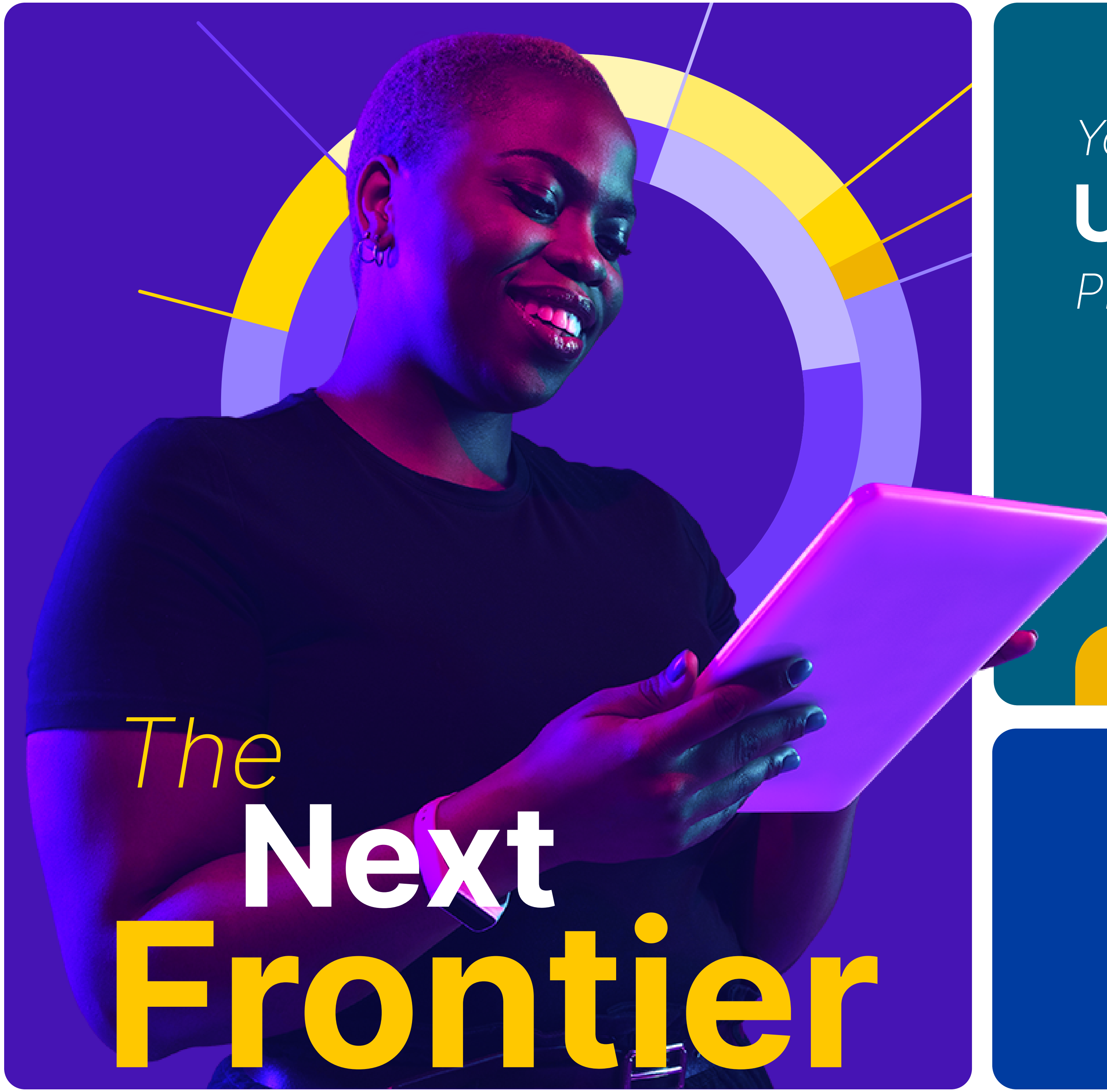

The Next Frontier

Your Guide to the 2024-25

UpfrontsNewFronts

Planning Season

Nielsen

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Have we entered a time loop?

If you're just back on Terra after a 20-year mission on the USS Enterprise, you're likely to do a double take when you see that the programs on TV screens today are the same that played before you left (*NCIS* came out in 2003, *Grey's Anatomy* and *Criminal Minds* in 2005). The screens are flatter, and you'd have to turn to Paramount+ instead of UPN to see your own *Star Trek* adventures now, but many of the most-popular programs are the same.

Is streaming the latest incarnation of TV syndication?

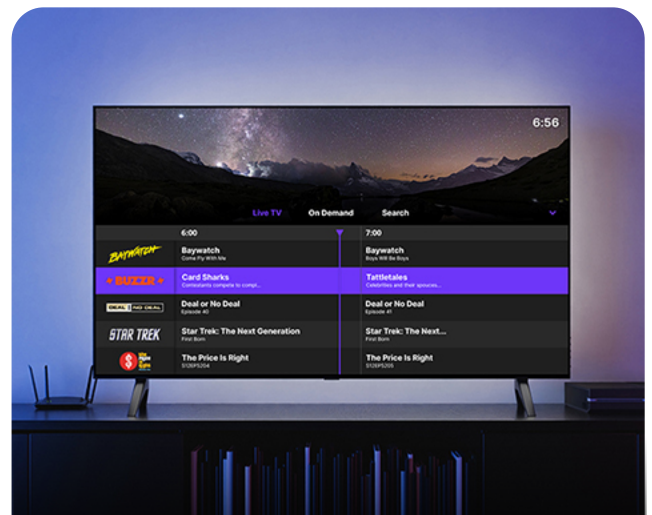
While top quality content will always find its way to the screen, the way that people are consuming that content today is radically different than it was only a few years ago. And those changes in viewing behavior, in turn, are transforming the industry.

How do you navigate these changes?

To help you chart your course, we put this guide together highlighting three paradigm shifts for the 2024-2025 Upfronts/ NewFronts planning season.

Suits **breaking records** week after week

NCIS, *Grey's Anatomy*, and *Criminal Minds* at the **top of the charts**



FAST and ad-supported streaming **picking up steam**

Media companies **bundling** channels like it's 1999

1

Platform and programming trends

The convergence of linear and streaming is redefining the planning season

In a world where linear broadcast and cable represent just half of overall TV viewing, the traditional TV season's rule over the calendar may be shifting, and buyers and sellers need to operate with more agility and flexibility. The Upfronts still have a critical role to play, but perhaps not as a harbinger of the whole TV schedule anymore.

In section 1, we'll look closely at new platform and programming trends to illustrate the rise of Convergent TV.

2

Audience trends

Your audience today isn't the same as yesterday's

The TV experience has new personalization potential, and now that people have an infinite aisle of programming options at their fingertips, age and gender GRPs certainly don't have the same pull. Succeeding in tomorrow's TV environment means striking the right balance of contextual, advanced targeting, and one-to-one advertising. It's a new game.

In section 2, we'll examine key audience trends to demonstrate the uniqueness of today's TV viewing audiences.

3

Ad trends and outcome insights

Linear TV is big but it's only half of the equation

People spend between 4 ½ and 5 hours a day with TV (live, time-shifted and streaming), but they now spend just as much time with other media. We are entering the world of Convergent TV, where the line of what is and isn't considered "television" blurs. As such, measurement silos and incompatibilities should be a thing of the past. Advertisers want to understand how their TV buys are performing not as stand-alone investments but in the context of their cross-media campaigns.

In section 3, we'll review important cross-media considerations through current ad trends and outcomes insights.

New platform and programming trends

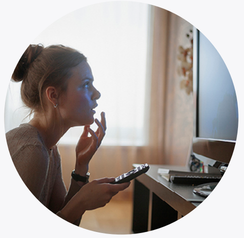
Section 1

Convergent TV is redefining the planning season

TV programming has historically been a seasonal affair: dips in offerings and total uUse of television (TUT) during summers (when more people were on vacation and away from their TV routines) and spikes in the fall (when new programs were released to coincide with the launch of new car models and the pre-holiday shopping season). But what does seasonality mean in the streaming age?

The advent of Convergent TV over the past few years—the combination of linear and streaming into a seamless viewing experience—is transforming the TV landscape: both the way that people consume content and in the way that media companies produce and release new programming to meet that demand.

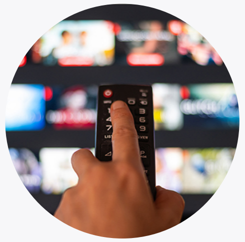
We'll answer that question through four key analyses.



BBO homes have steadily climbed at a rate of 8.5% per quarter for the past three years, but the majority (82%) of BBO homes access some type of linear content. (Figure 1.2)

TV reaches nearly 90% of the U.S. population in one form or another over the course of any given week, and the growing adoption of streaming and CTV devices may start to **smooth seasonality out of TV usage** for programming beyond sports. (Figure 1.3)

Streaming usage (whether from digital-first or legacy TV companies) passed cable for the first time at the end of 2022 and is now the dominant form of TV viewing in the U.S., accounting for nearly **40% of total TV usage.** (Figure 1.4)



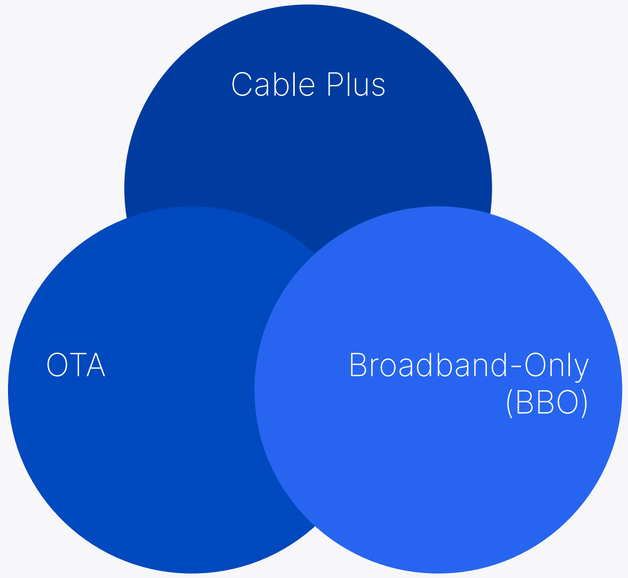
Streaming platforms are releasing new titles (both acquired and original) throughout the calendar year, as well as dropping whole seasons at once, which raises the public's expectations for new, bingeable TV programming **outside of the traditional TV season.** (Figure 1.5)

vMVPD: Virtual Multichannel Video Programming Distributor, which is streaming service that offers multiple channels over the internet, such as YouTube TV and fuboTV

BBO homes are rising, but they don’t just stream

To understand today’s TV audiences, it’s critical to know not only what they are watching but how they are accessing that content. Advertisers and agencies need to know what platforms to add to their media mixes, media owners where to distribute their new programs, and distributors how to value their inventory.

At a high level, TV households can currently access TV content in one of three ways: cable, broadband internet, or with an over-the-air (OTA) antenna: Of course, these three options are not mutually exclusive. Nearly 4% of Cable Plus homes have TV sets with OTA antennas.



Cable Plus

Homes that access TV content through a cable, satellite, or telco pay-TV provider, but not exclusively.

Cable, satellite and telco pay-TV are traditional MVPDs.

OTA

Homes that access TV content through an OTA antenna.

They’re not Cable Plus homes (no cable, satellite, or telco attached to any set), but they may access an SVOD or virtual MVPD (vMVPD) service through a broadband connection.

Broadband-Only (BBO)

Homes that access TV content exclusively through a broadband connection.

None of the TV sets in a BBO home receives a broadcast or cable channel from a traditional cable (MVPD), satellite, telco or OTA source. They may, however, access those channels through a vMVPD like YouTube TV or Hulu+ Live.

Definitions used by Nielsen to report state of industry

Nielsen will reclassify homes in 2024 to better reflect content access

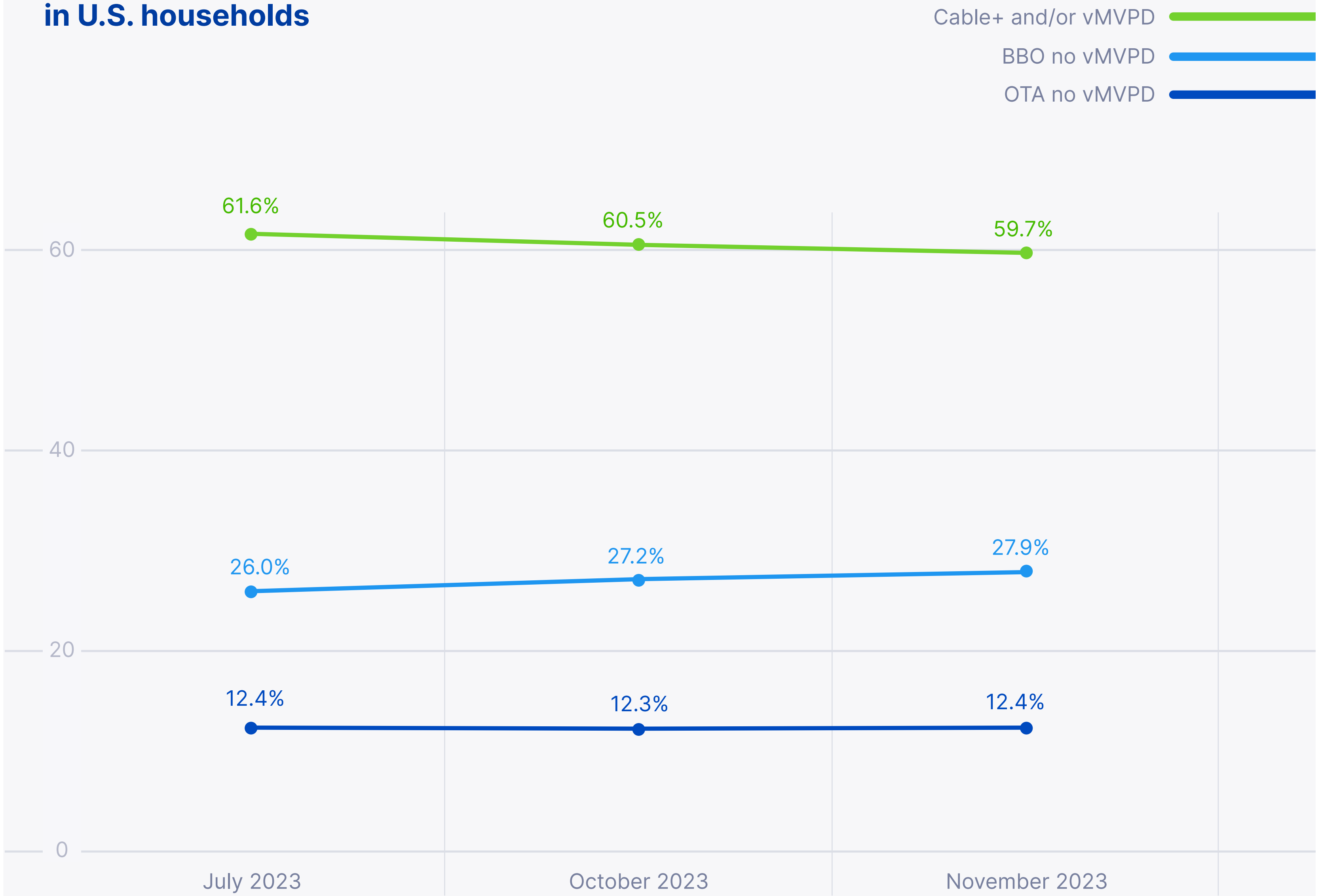
Nielsen's media-related universe estimate (MRUE) process classifies households based on their TV viewing sources. Given the rise of vMVPDs and the access to linear programming they provide, Nielsen plans to reclassify homes that have an vMVPD from broadband-only or OTA to Cable Plus in 2024. This change will reduce BBO and OTA universe estimates and raise Cable Plus universe estimates.

To help the industry better understand what TV content access actually looks like, we've prepared a set of informational universe estimates that break down the U.S. TV universe by access type.

Given this impending change, the definitions and trended data in figure 1.2 do not reflect the 2024 MRUE revisions.

Figure 1.1

Informational universe estimates for TV access in U.S. households



Note: The data in the chart above does not reflect forthcoming MRUE revisions that will reclassify homes that have access to an vMVPD to Cable Plus.

TV access is evolving, with caveats

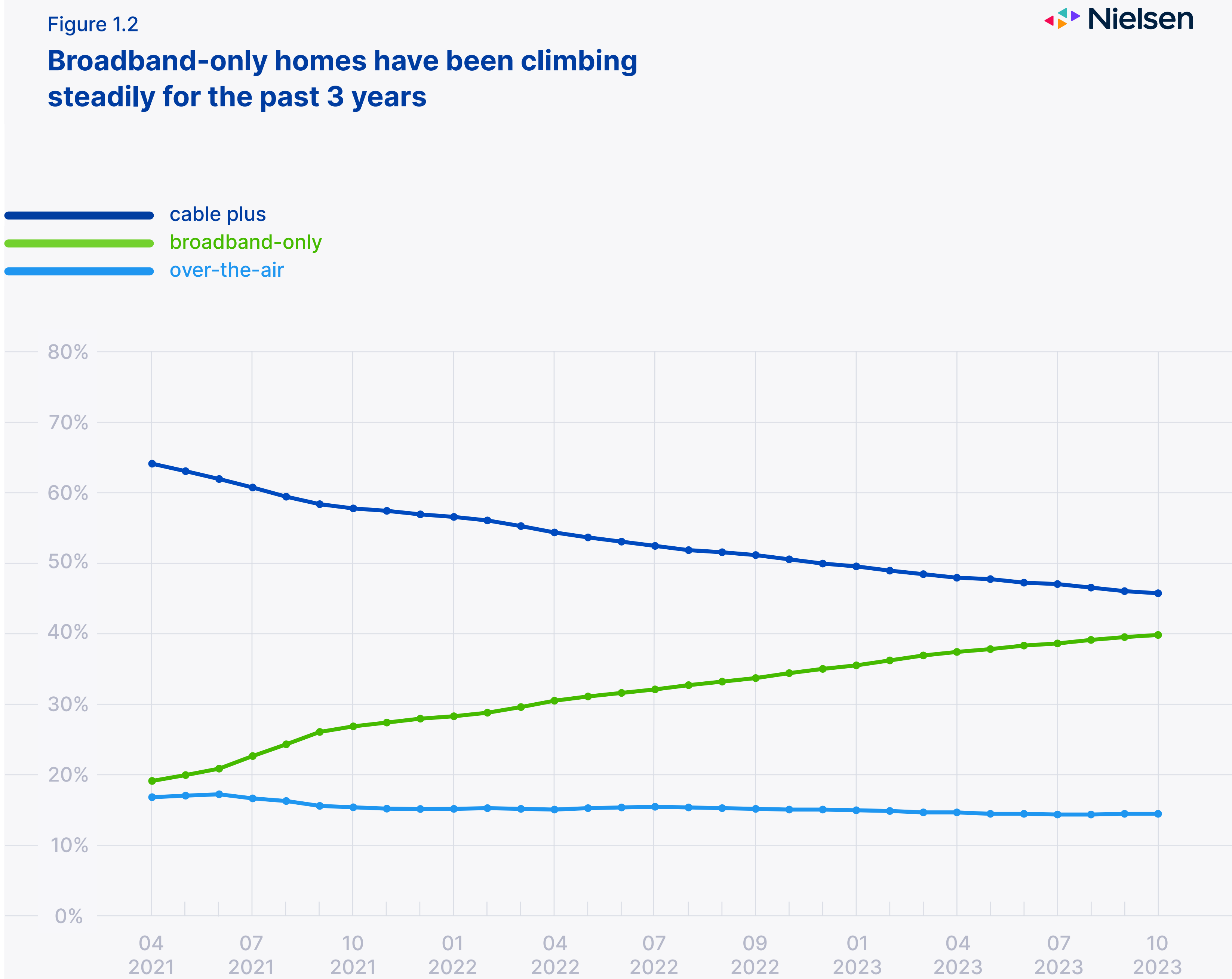
Figure 1.2 shows that three-way classification TV access has evolved over the past three years. BBO (inclusive of vMVPDs) homes climbed from 16% of all U.S. households in January 2021 to nearly 40% in October 2023, a quarterly rate of increase of 8.5%. And most of that rise has been at the expense of Cable Plus homes, which have dropped from 68% to 46% of U.S. households in that same timespan according to current definitions.

However, a recent review of linear tuning, found that 82% of BBO homes watch some form of linear content, which supports the forthcoming MRUE reclassification. Without vMVPD homes, the BBO universe drops to 28%.

For their part, OTA homes are holding steady around 14.5% of all U.S. households, and 80% of them are subscribing to a streaming service to complement their OTA experience.

Figure 1.2

Broadband-only homes have been climbing steadily for the past 3 years



Source: Nielsen U.S. National TV Panel, weighted households data April 2021-October 2023

Growing adoption of CTV devices may smooth seasonality out of TV usage

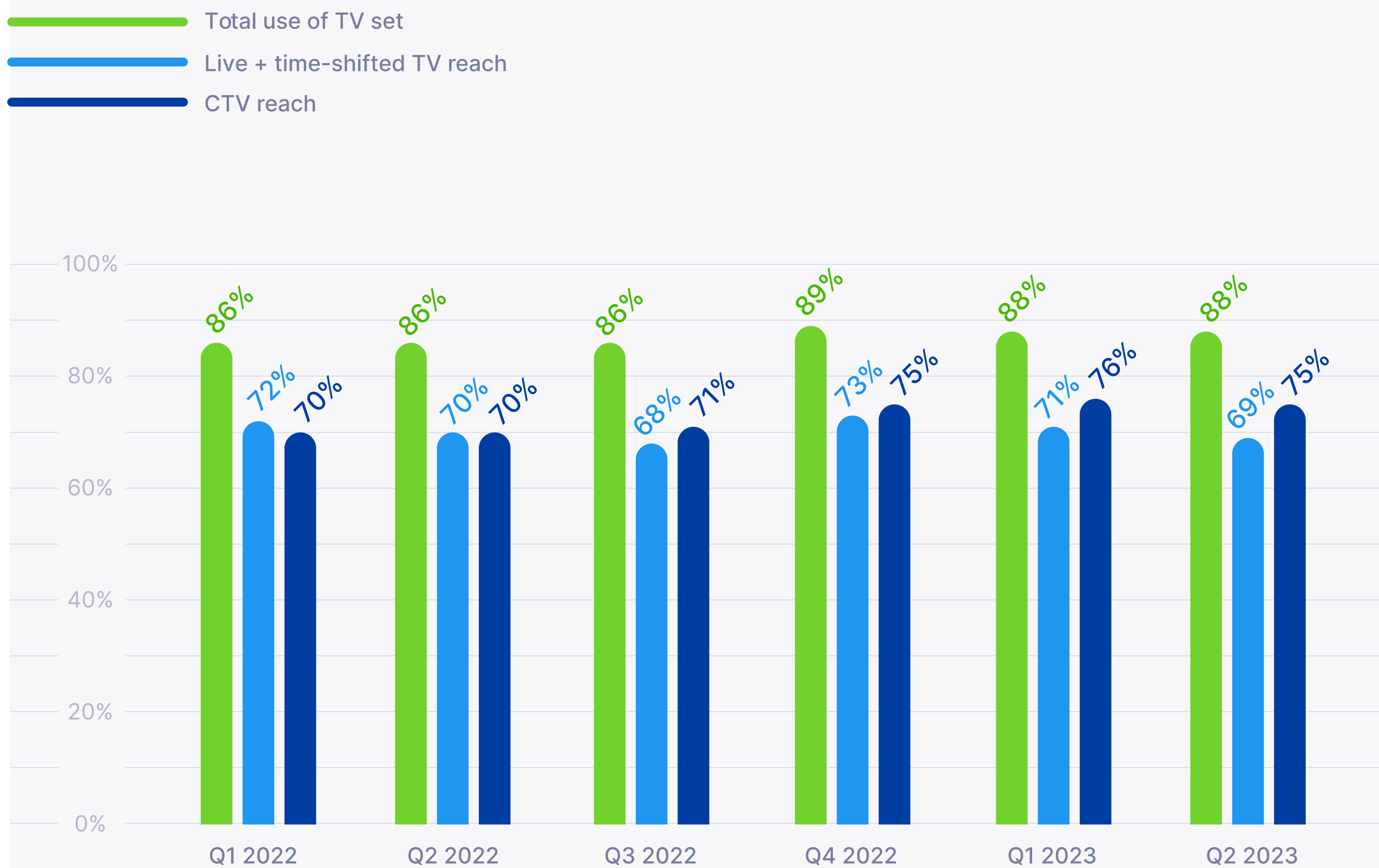
The recent rise of BBO homes—and growing adoption of smart TVs in cable and OTA homes too—has translated to a boost for CTV reach, as illustrated on Figure 1.3.

A useful metric to understand the ubiquity and potential impact of a marketing platform is its weekly reach. For CTV devices, weekly reach was 75% of all U.S. households in mid-2023, five percentage points higher than a year earlier. It passed linear TV (live + time-shifted) in the process. CTV devices have been a boon for the TV industry, boosting the total use of the TV set from 86% to 88%.

The ups and downs associated with the broadcast TV season are apparent in the reach curve for linear TV. Figure 1.4 will show a slight drop in time spent, but when it's seasonally-adjusted, the reach of linear TV remains largely untouched.

Figure 1.3

TV's usage continues to rise thanks to growing CTV reach



Source: Nielsen National TV Panel Q1 2022-Q2 2023

Streaming leads time spent with more than 36% of total TV minutes

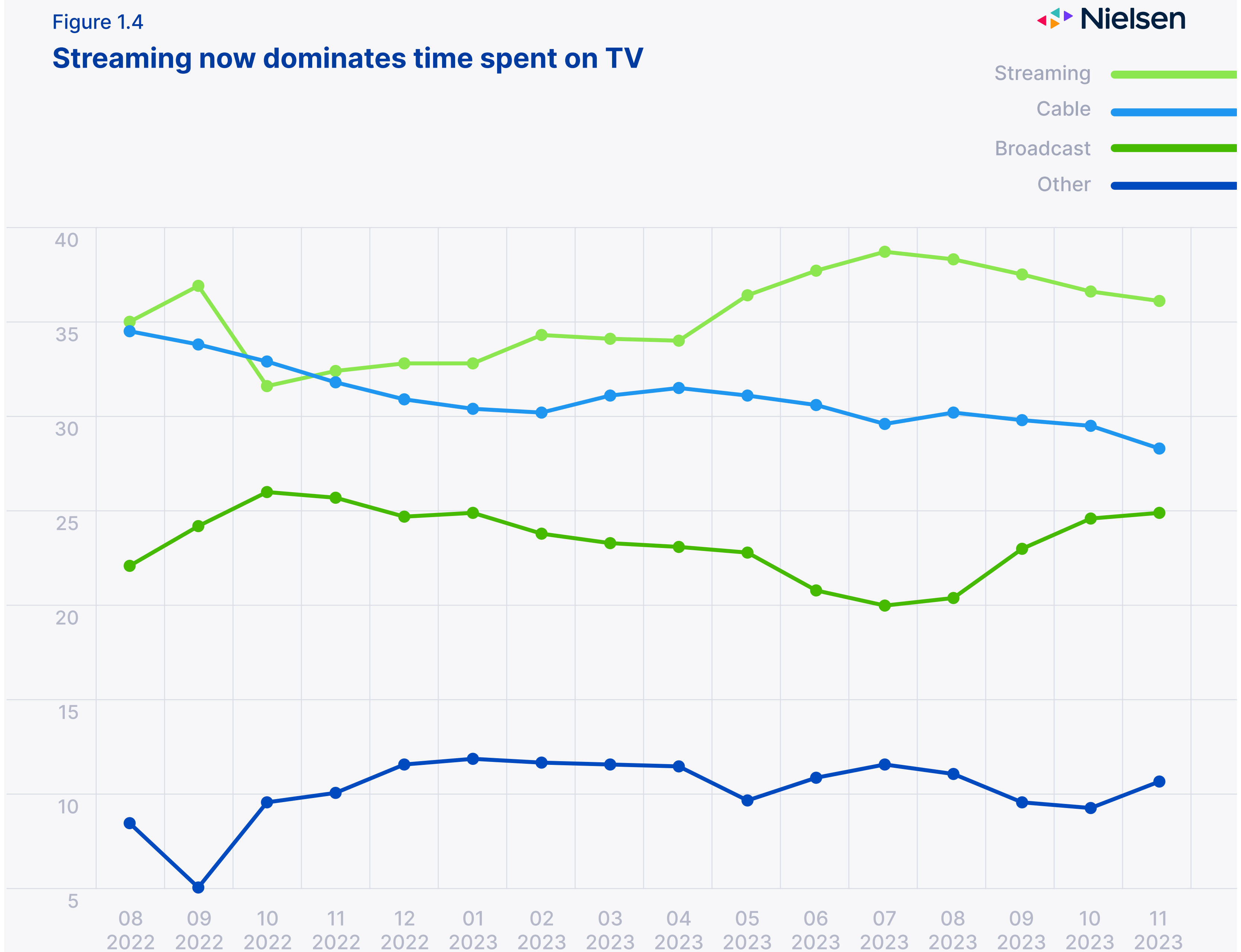
The growing importance of streaming in our daily lives is even more evident when we examine time spent instead of reach. Figure 1.4 shows that streaming rolled past cable in November 2022, and as of November 2023, accounted for 38% of total TV time, all ages combined.

Broadcast typically goes up in the fall thanks to football, new series and the return of old favorites. Cable sees a similar bump in the spring with *March Madness* and the NBA Playoffs. The WNBA tournament was particularly successful in 2023, both on ESPN and on ABC and ESPN+ for the final. In fall 2023, sports programming again drew viewers in and appears to be shielding broadcasters from the full impact of the WGA and SAG-AFTRA strikes.

The ongoing shift of more sports programming to streaming platforms is likely to have major repercussions in 2024, although new local sports rights deals and the rise of FAST TV might moderate that effect, especially in an Olympic and election year.

Figure 1.4

Streaming now dominates time spent on TV



Source: The Gauge monthly insights, August 2022-September 2023
Note: The dip in September of 2022 reflects a methodology change and not behavioral change

There's a constant flow of programs released outside traditional TV season

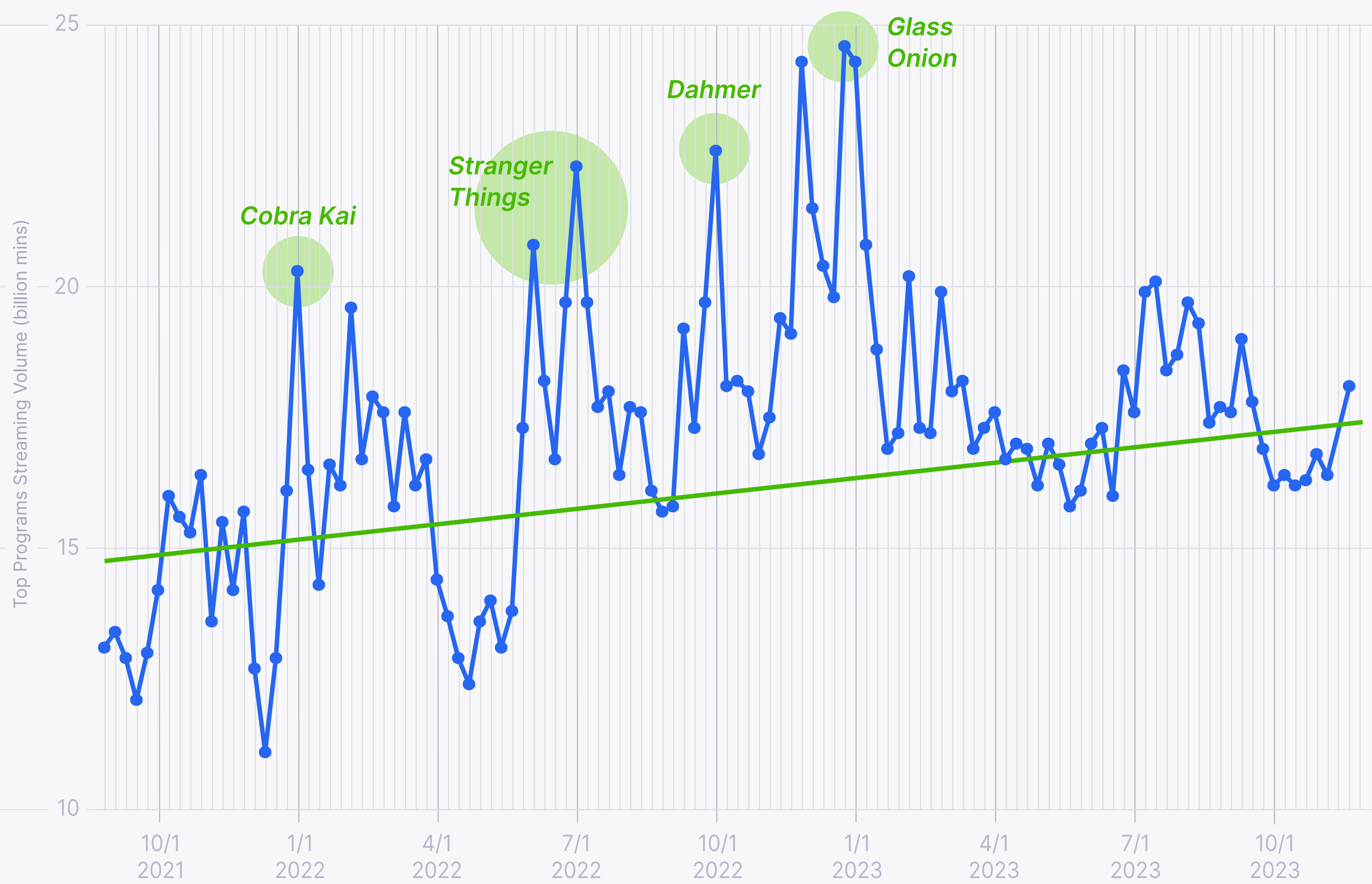
Figure 1.5 shows the combined weekly volume of the top 10 original streaming programs, top 10 acquired streaming programs and top 10 streaming movies in the U.S. from September 2021 to October 2023, as measured by Nielsen Streaming Content Ratings.

The peaks correspond to big streaming releases. Can you spot the back-to-back peaks associated with the release of season 4 of *Stranger Things*?

Streaming peaks tend to occur outside of top broadcast months (September-November, March-May), leveling out the ups and downs of the traditional TV season, and the overall trend shows a 30% growth in weekly volume for the top programs over that two-year span, from 15 to around 20 billion minutes.

Figure 1.5

Regular releases are boosting streaming volume for top titles throughout the year



Source: Nielsen Weekly Top Ten Streaming Programs, August 29 2021-September 23 2023

Implications for media stakeholders

Broadcast and cable programming are entertainment pillars—they still combine for more than 50% of total TV time—but we've clearly entered the streaming age. The platform and programming trends highlighted above confirm that the streaming headlines are not overhyped, and the changes we're observing in our own media behavior are part of a structural shift towards Convergent TV in the industry.

It's time to embrace those changes.

Advertisers & Media Agencies

For advertisers and media agencies, this is a clear reminder that **TV remains a central piece of the marketing mix.** It's a different medium than in the early days of television, or even 20 years ago when American Idol routinely had 30 million viewers tuning in, but it's just as relevant today as it ever was. In fact, it's a more complete full-funnel channel now because it's increasingly more scalable and addressable, and not just for the largest advertisers.

Nearly 60% of medium-sized brands[1] expect to spend more on streaming on CTV at the upcoming Upfronts and NewFronts, and 35% anticipate they'll spend more on linear as well[2]. This year, look for non-scripted content like sports, reality, game shows and news programming to continue to support linear TV, and for new waves of international content to light up streaming platforms.

Publishers

For publishers, seasonality isn't gone, but there are exciting ways now to fill the gaps in the traditional TV schedule (1.1 million ways, to be exact) and smooth out its ups and downs. There's also room for FAST services to continue blurring the line between streaming and classic TV.

This changes the TV programming (and counter-programming) game and puts pressure on the industry to adapt to the new environment, but it also creates a **major incentive for superior program scheduling.**

Measurement

For measurement, data and analytics companies, a top objective now is to develop an adtech ecosystem for TV that combines the best of linear and digital and gives its stakeholders the tools they need to buy and sell with confidence.

At the heart of that system, the industry needs **common, cross-media metrics:** a way to measure ad delivery and performance consistently across platforms. We have a few ideas.

[1] Brands with yearly revenues between $50M and $1B

[2] Source: Nielsen U.S. advertiser sentiment survey, November 2023

A new era of measurement

Nielsen's Data Evolution

This season is going to be pivotal for the future of measurement.

Nielsen plans to endorse **Big Data + Panel as our National TV currency** for the 2024-2025 TV season, consisting of the 45M+ big data households and 75M+ devices from Comcast, Dish, DirecTV, Roku, Vizio, combined with and validated by our gold-standard panel of approximately 42,000 homes/101,000+ real people.

Nielsen brings its unique mix of unrivaled data science expertise coupled with our patented people-powered measurement, ensuring our clients can trade with confidence. Nielsen's Big Data + Panel provides expanded coverage, greater scale and measurement stability all the while ensuring that planning and measurement is representative of the audience. By enabling our clients to take advantage of advanced audiences while capitalizing on linear addressable, Nielsen's Big Data + Panel unlocks new ways of confidently reaching the audiences that matter most.

Periods of transition can be disruptive, but this moment presents a unique opportunity for all players to study metrics side by side and discover deeper insights into linear TV ad and content performance. We look forward to helping clients get ready to plan, sell and buy National linear TV based on Big Data + Panel.

While Nielsen intends to endorse Big Data+Panel as National TV currency for the 2024-2025 TV season, we recognize that organizations evolve and adapt at different rates. To ease the transition to Big Data+Panel as National TV currency, Nielsen is providing the following:

- **Big Data + Panel:** Consisting of Comcast, Dish, DirecTV, Roku, Vizio, combined with and validated by our gold-standard panel this data set will calculate Average Commercial Minute (ACM) metrics from subminute crediting.
- **Individual Commercial Metrics:** Based on the same Big Data + Panel inputs as the ACM data stream described above this data stream will provide metrics for exact ads.
- **TV Panel**: We will continue to make our accredited TV Panel ACM data available for transactions. Crediting is based on viewing for the majority of seconds within the minute ("Win the Minute"; no change to prior years).

Currency-grade measurement demands trust, stability and innovation. By providing multiple data streams, Nielsen is able to ease the transition and deliver the level of granularity and transparency the industry needs to make the right decisions.

New audience trends

Section 2

Streaming audiences don't look the same

TV viewers aren't all buying into new platforms with the same enthusiasm, or even using them the same way. As of June 2023, Gracenote had cataloged nearly 100 streaming services in the U.S. alone and over 30,000 different channels. In such a highly fragmented landscape, it would be wrong to expect that a show like *Suits* would appeal to exactly the same types of viewers on Netflix and Peacock as it did on USA Network, or that *Yellowstone* would attract the same audience on CBS as it does on Paramount+.

How different are streaming audiences?

We use some traditional market segments to illustrate that even at that high level, streaming audiences are very different from linear audiences:

While CTV is growing across all segments, there are **persistent, sizable differences in weekly reach** across age and race/ethnic groups. (Figure 2.1)

While time spent with linear TV grows dramatically with age, it's more uniform on connected devices. Still, there are substantial variations in time spent by segment, with **different age groups leading the way for different race/ethnic groups**. (Figure 2.2)

Streaming represents a much **greater proportion of TV time for young viewers** than it does for older viewers: 60% (18-34) vs. 32% (50-64) and 18% (65+) as of August 2023. (Figure 2.3)

When deduplicated with broadcast and cable, CTV unlocks notable **incremental reach potential** when added to a TV media buy. (Figure 2.4)

There are persistent gaps in CTV reach by age, race and ethnicity

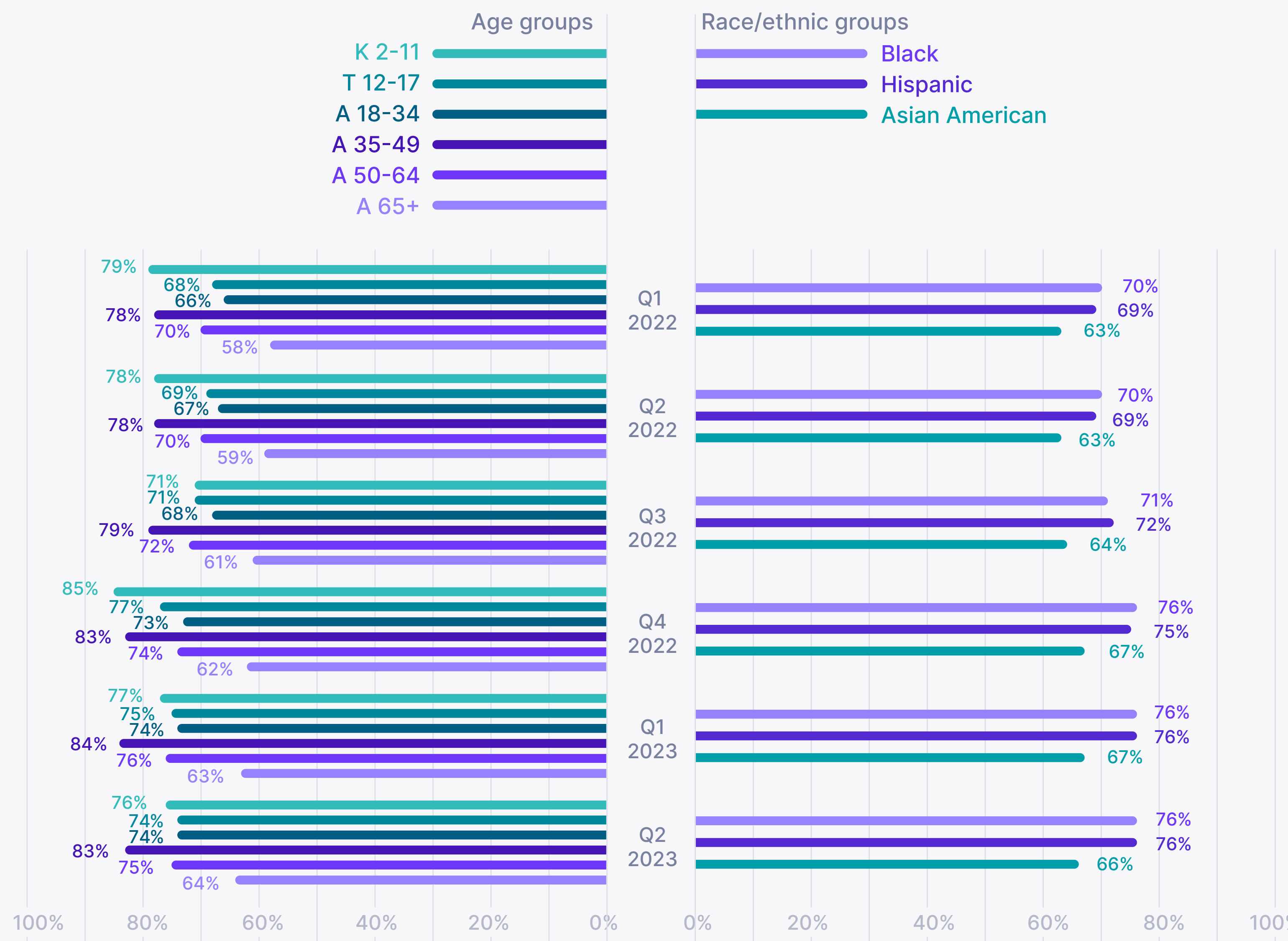
In section one, we pointed out that the weekly reach of CTV devices had climbed five percentage points from early 2022 to mid-2023, with CTV now accounting for a third of total TV usage. Let's drill down and see how it changed for various demographic groups.

Figure 2.1 shows that the weekly reach of CTV devices is rising across virtually every segment of the population. But there are wide and persistent gaps: Middle-age adults (35-49) and their young kids (2-11) are leading the way with a weekly reach of 83% and 85%, respectively, while older viewers (65+) are lagging 20 percentage points behind—but still growing at the same rate as the rest of the population" +8% YoY.

CTV's reach among Hispanic and Black viewers has been slightly above average since Q4 2022, but it's remained consistently below average for Asian American viewers, and the gap appears to be widening.

Figure 2.1

Weekly reach of CTV devices remains uneven across age and race/ethnic groups



Source: Nielsen National TV Panel Q1 2022-Q2 2023

Differences by age aren't the same for every race and ethnic group

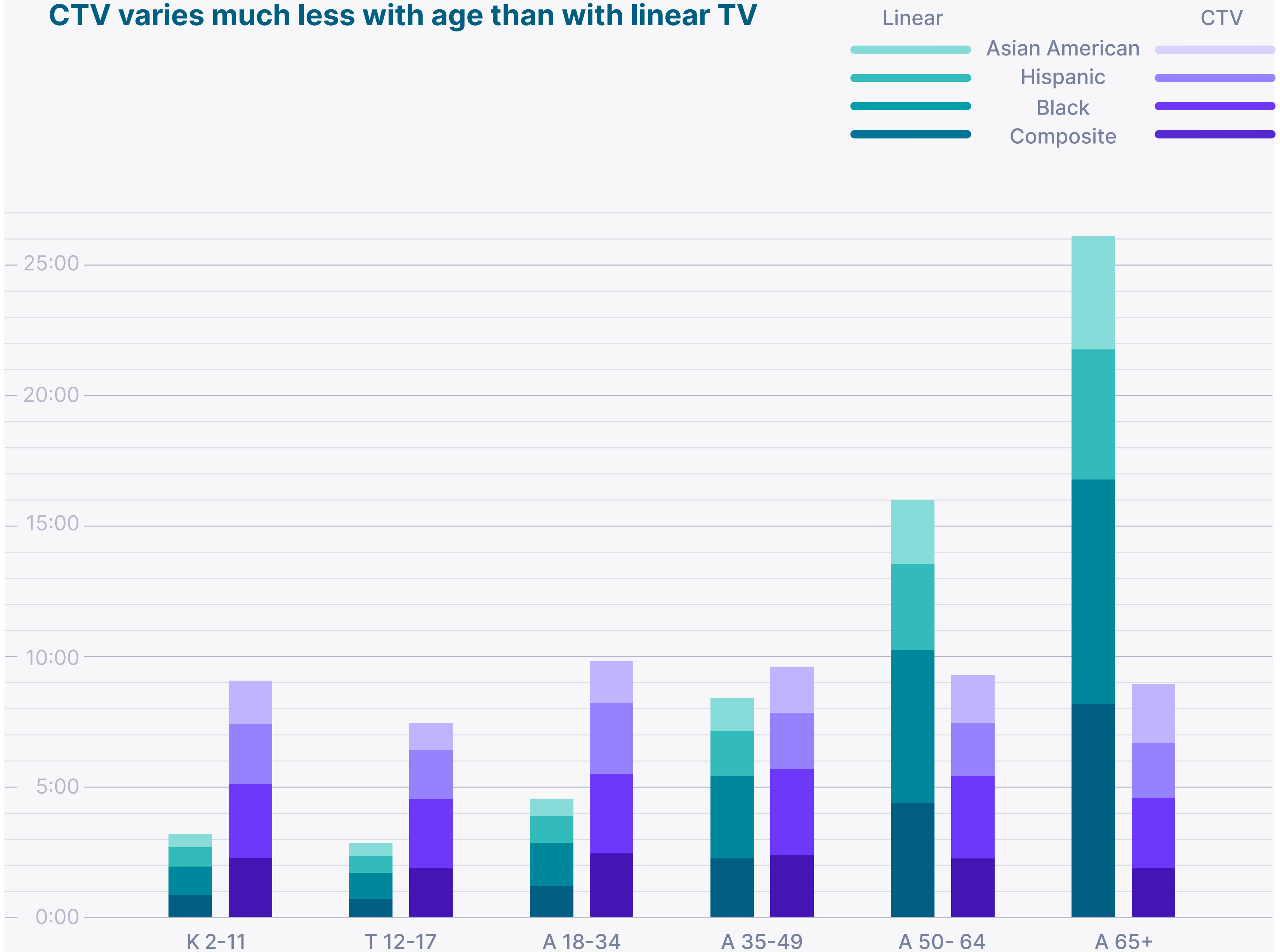
A basic truth in audience measurement is that older viewers spend a lot more time watching TV than the rest of the population. While that remains the case for linear TV (to the tune of 6+ hours a day for people over 65, and even higher for older Black viewers), the story is very different for CTV usage.

Figure 2.2 shows that among Black viewers, those spending the most time on CTV are 35-49. Among Hispanic viewers, all age groups spend around 2 hours a day on CTV, with young kids (2-11) edging slightly ahead. And for Asian American viewers, older audiences (50+) are leading the way. This is a snapshot of time (Q2 2023) and it will be very interesting to see if those trends continue as usage increases.

When we examine where the linear and CTV curves intersect for each race and ethnic group, we can see that people 35-49 currently spend about the same amount of time on linear and CTV, older viewers spend proportionally more time with linear TV, and younger viewers more time with CTV.

Figure 2.2

For every race/ethnic group, daily time spent with CTV varies much less with age than with linear TV



Source: Nielsen National TV Panel Q1 2022-Q2 2023

Streaming dominates TV time for young viewers

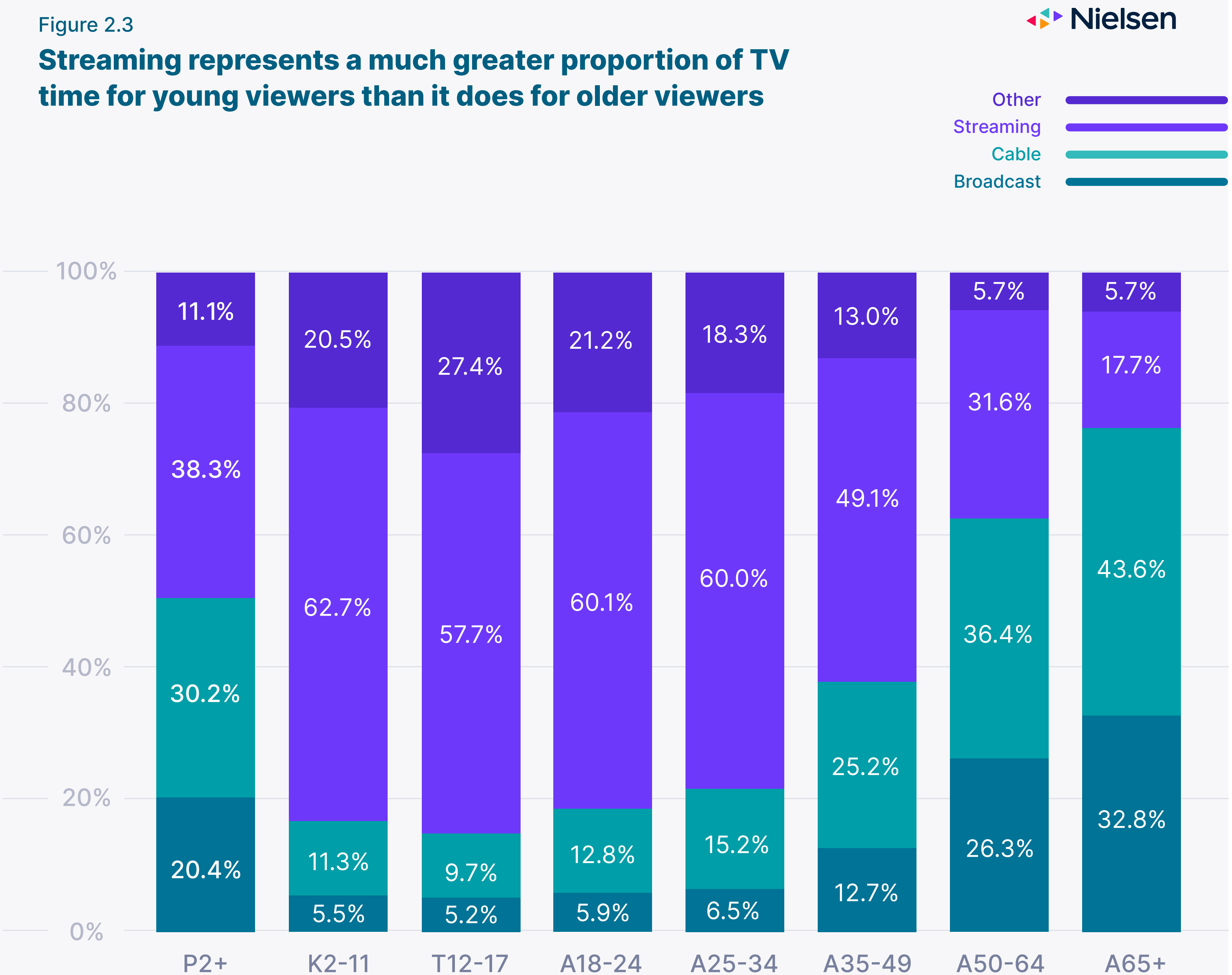
In August 2023, people ages 35-49 spent about half of their TV time streaming, as shown in figure 2.3. On either side of that age group, streaming's share of viewing was up or down substantially: 60% for viewers 18-34, around 32% for viewers 50-64, and under 18% for viewers 65+.

As people age, the viewing habits they're currently developing will continue to favor streaming, and we expect the overall share of streaming (38.3% in August 2023) to climb over time, with temporary fluctuations caused by sports and live events exclusive to linear TV.

At the platform level, Netflix currently appeals to all ages equally, but YouTube over-indexes among children (2-17), Disney+ among younger kids (2-11), Hulu among younger adults (18-34) and Amazon among older adults (50+). For more details about streaming audiences, check out The Gauge™.

Figure 2.3

Streaming represents a much greater proportion of TV time for young viewers than it does for older viewers



Source: The Gauge Total TV and Streaming Snapshot report, August 2023

CTV unlocks incremental reach opportunities

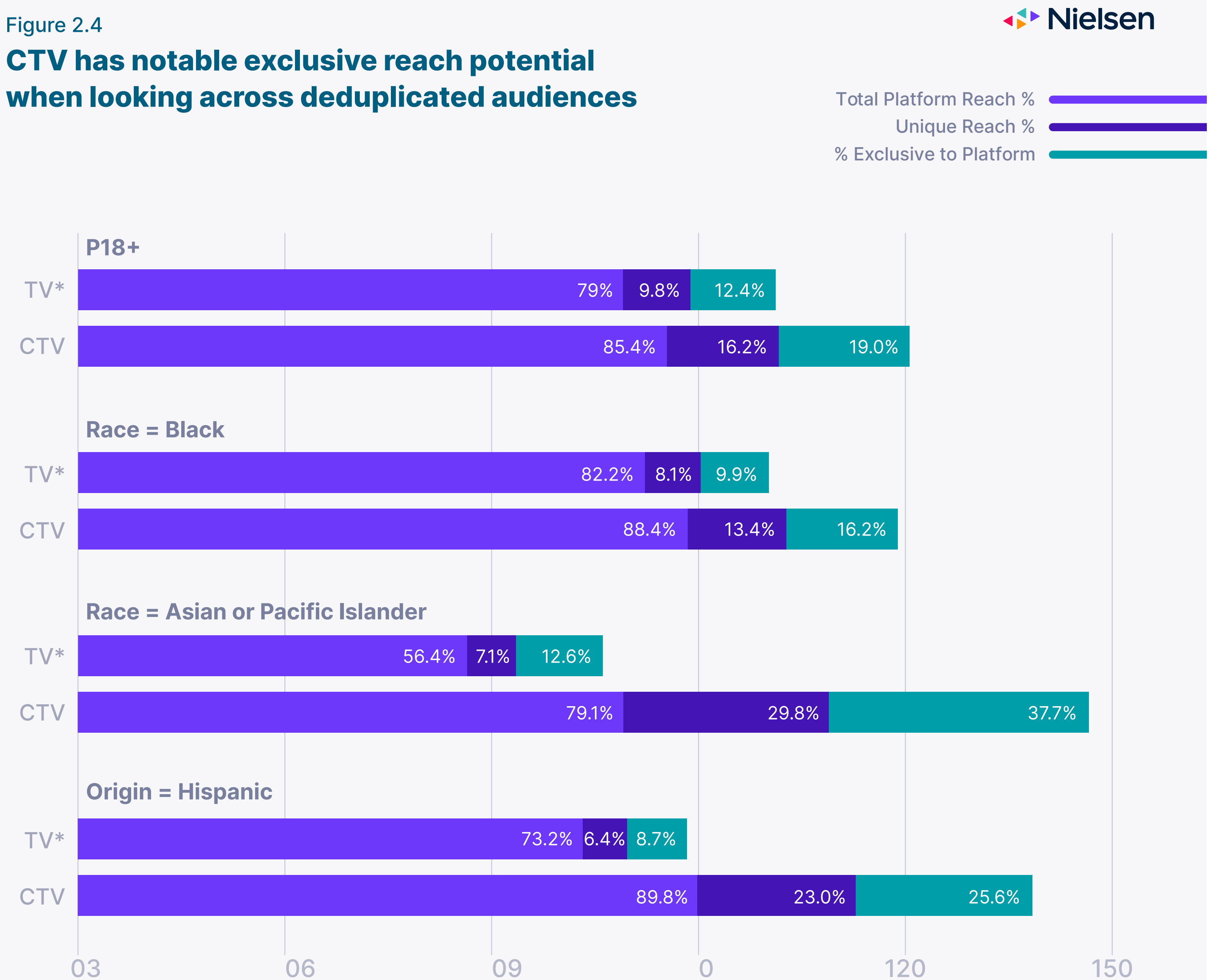
In a media reality where nearly 90% of the U.S. population use their television in some capacity every week (figure 1.3), it's unsurprising that many still consume linear TV. Even more watch a mix of linear and CTV. But, there's something else that's abundantly apparent: When deduplicated across both channels, there is a considerable audience you can only reach through CTV.

Figure 2.4 reveals the incremental opportunity of expanding a TV media buy to include CTV. When looking at all viewers 18+, broadcast and cable reach 79% and CTV apps reach 85%. When deduplicated, 19% of the CTV audience is unique and does not overlap with TV. Exclusivity skews even higher for Asian and Pacific Islander viewers (38%) and Hispanic audiences (26%) but dips lower (16%) for Black audiences.

It's important to note that the specific percentages are less important than the overall takeaway. This data doesn't reflect a realistic buying scenario; there are no parameters set such as CPM, max impressions or dollar amounts. However, the chart does represent the maximum reach potential and, in doing so, flexes the planning power of a deduplicated, cross-media view of your audience.

Figure 2.4

CTV has notable exclusive reach potential when looking across deduplicated audiences



* Broadcast and cable television
Source: Nielsen Media Impact data, 10/1/23-10/31/23 (Total Universe 18+)

Implications for media stakeholders

Broad demographics like age and gender have long been used for audience segmentation because it was reasonable for advertisers to expect that certain combinations of programs, networks and dayparts skewed more or less heavily along those dimensions. It's no longer the case. While it's still true, more is needed to address the incredible diversity of modern TV audiences.

Advertisers & Media Agencies

Advertisers and agencies need to start thinking about TV audiences the same way they do about digital audiences: **rich, varied, granular and quick-changing**.

TV has long been one of the best advertising vehicles for top-funnel, branding campaigns. But it's also a contextual platform at heart. And now that it's addressable, it can be used to reach a brand's target consumers much closer to the point of purchase and as an integral part of a well-orchestrated cross-media campaign.

Publishers

Publishers need to seize this opportunity to analyze their own audience data, find out what their strengths are and develop a distinct audience catalog that's **relevant to their advertising clients**.

There are many ways to define audience segments: TV viewership patterns are a key part of course, but also any other privacy-minded data that could help boost advertising performance, like psychographics, life stage or purchase data.

Measurement

The adtech ecosystem needs to evolve to accommodate those new requirements. It's not as simple as retrofitting the existing digital ecosystem.

Identity, data onboarding, audience creation, activation, measurement and optimization are all different in the TV space, and a big part of the challenge ahead is to develop these functions in a way that's not just compatible but **symbiotic with other media.**

A new era of **segmentation**

Nielsen Advanced Audiences

To drive powerful ad strategies, marketers and media owners need to understand who their audiences are, what they buy, the media they consume, the communities they're a part of, and more. Digital platforms' addressability advantage has shifted expectations across broader media investment and accountability. The industry wants to plan and measure against the same custom audiences across all platforms.

We're here to help. Nielsen's **Advanced Audience** capabilities help media buyers and sellers bring behavioral, attitudinal, purchase and lifestyle-based audience data—using first, second or third-party data—into the cross-media planning, activation and measurement process.

- **Flexible:** Bring your own first-party data or choose from available data sources to build new audiences
- **Efficient:** Build an audience once and then scale its impact across integrated Nielsen apps and use cases, including cross-media planning and measurement
- **Consistent:** Ensures audience definition and sizing is maintained throughout the user journey, across use cases

Additionally, **Nielsen Audiences** provide more than 20,000 custom and syndicated segments combining Nielsen's proprietary data with data from trusted partners in automotive, CPG, retail and other key industries. Marketers use these granular audience insights to enrich first-party data for a more complete view of the consumer and target digital campaigns with precision.

Nielsen's premium audiences include:

- **Automotive:** decades of retail transactions and 100% coverage of registration data
- **CPG:** transactional data from 100+ million individuals and 20,000+ retail stores
- **Household characteristics:** income, race/ethnicity, household composition, life stage, children and more
- **TV viewership:** proprietary TV panel media consumption data
- **Behavioral:** data covering 90% of U.S. population plus robust global data sets
- **Psychographic:** 40+ million directly measured profiles
- **Purchase:** 80% of U.S. credit card transactions

Ad trends and outcomes insights

Section 3

How to answer the ROI question

A top priority for all marketers is to tie media performance (views, impressions, clicks and likes) to business outcomes (sales, quotes, test drives, ROI, market share or lifetime value). For marketers, it often boils down to one question:

What's the ROI of a marketing campaign?

To answer that fundamental question, marketers need access to granular performance data and reliable, comparable metrics across all the platforms in their marketing mix. It's a complex puzzle. Only 20%* of marketing executives are confident that they'll be able to measure cross-media performance this year. Many channels are better at meeting either short-term or long-term objectives, but rarely both. And with so many streaming services offering ad-supported tiers now, the options keep expanding and the bar seems to be getting higher every day.

Here are four lessons to draw from the current trends in ad spend.

At the macro level, we estimate that ad spend in Q3 2023 dropped 9% YOY, but a look at the top-15 advertising sectors shows **substantial differences by industry**. (Figure 3.1)

Looking specifically at TV, radio and digital ad spend in Q3, 2023, 54% of total ad spend went to digital, 39% to TV and 7% to radio. But it's **not a one-size-fits all.** Some industries (like auto or pharma) over-indexed on TV, while others (like retail or apparel) over-indexed on digital. (Figure 3.2)

While every industry tends to favor a different marketing mix, that mix doesn't necessarily stay the same over time. The **top industries showed noticeable changes in spending priority** from Q3 2022 to Q3 2023. (Figure 3.3)

In a 2022 study, we analyzed thousands of marketing mixes and found that 50% of media plans are underinvested in critical media channels and **shortchanging their ROI by 50%**. (Figure 3.4)

*Nielsen U.S. advertiser sentiment survey, November 2023

Up or down? Ad spend decisions vary considerably by industry

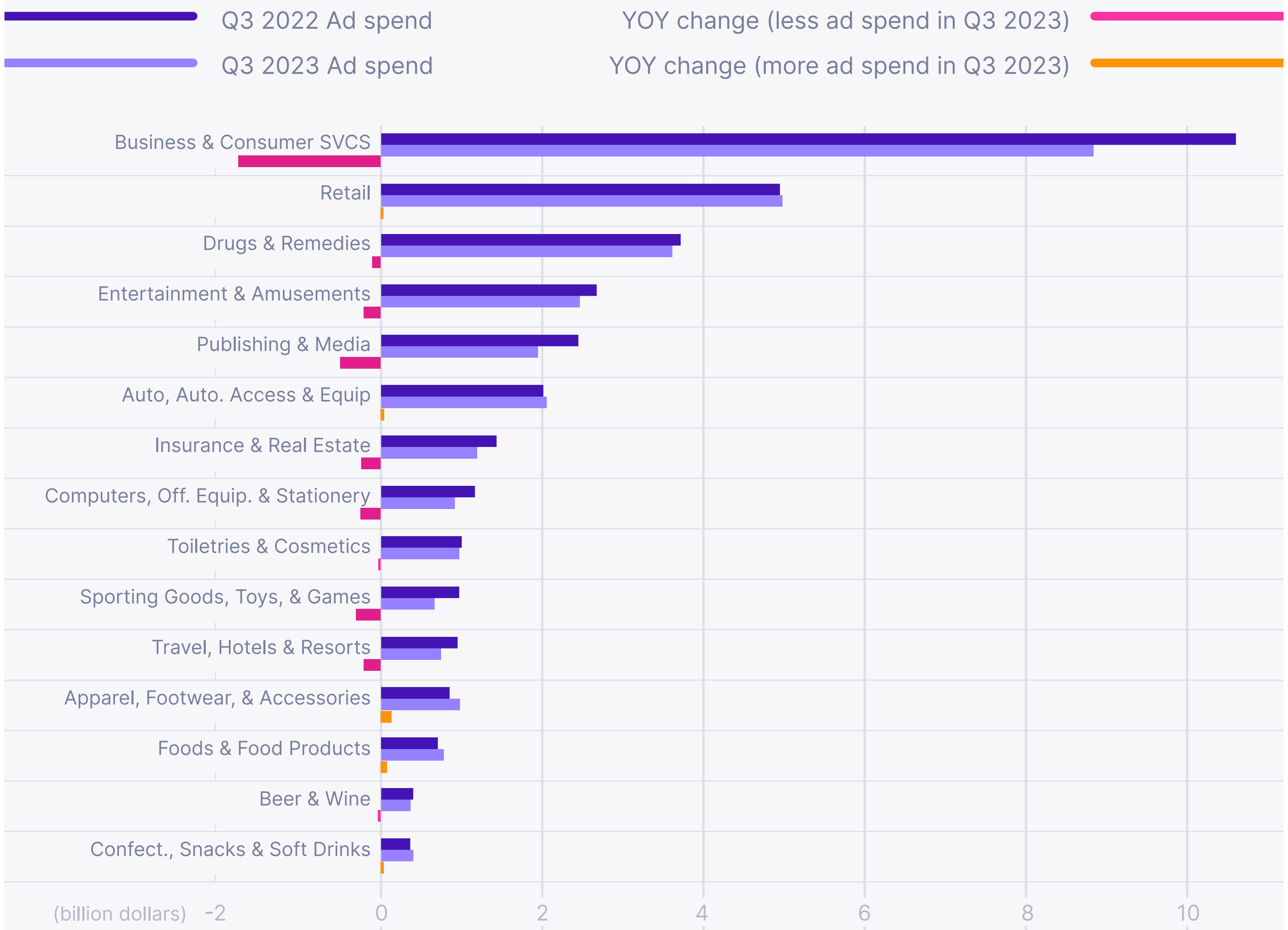
The post-pandemic economy so far has been a rollercoaster ride. For economists, chances of a recession in the next 12-18 months are close to a coin flip. With consumer confidence souring and personal savings dwindling, many companies are putting the brakes on advertising: YoY ad spend has dropped 9% from Q3 2022-Q3 2023.

But there are wide differences by sector. We used Nielsen's Ad Intel data to understand what's happening at the industry level and plotted the results in figure 3.1. Out of the 15 industries that spent the most on advertising in Q3 2023 the sporting goods, toys & games sector cut spending the most year-to-year (-31%), and the apparel, footwear & accessories sector raised spending the most (+15%).

Business & consumer services, a broad sector that includes banking, tax, legal, consulting, home security and many other services, was by far the largest ad spender in Q3 2023, even after trimming nearly $2B (-17%) off its spending a year earlier. Retail, pharma and auto maintained the same level of spending, but that doesn't mean that they kept the same media strategies from one year to the next.

Figure 3.1

YoY changes in quarterly ad spend for the top 15 industries (by ad spend)



Source: Nielsen Ad Intel, U.S. markets, Q3 2022-Q3 2023

Media allocations are not one-size-fits-all

If we drill down and look at companies' TV, radio and digital media budgets in Q3 2023, 54% of their total ad spend went to digital, 39% to TV and 7% to radio. But every sector has a different mix. The purchase cycle for a car isn't the same as for a pair of sneakers, after all. Some channels work better than others for different products and at different points in the customer journey. There are also substantial differences by population segments. Asian Americans, for instance, spend proportionately more time with streaming content than the general population, and they spend 18% more on electronics and 31% more on travel[4].

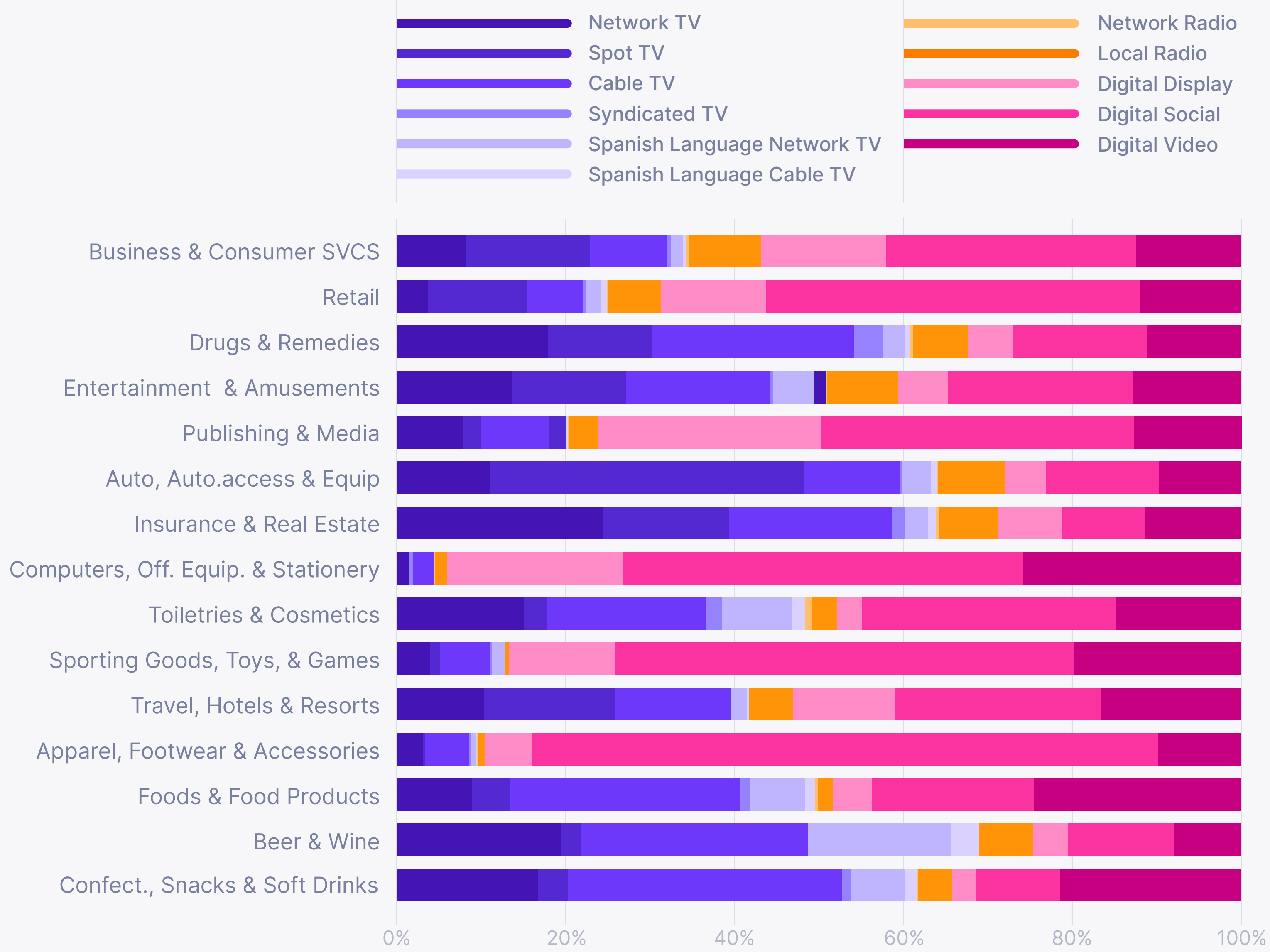
Figure 3.2 shows that some industries (like pharma, auto, insurance and CPG) over-index on TV, and others (like retail, apparel, and electronics) over-index on digital channels, with the lion's share of digital budget spent on social platforms.

Radio reaches more Americans every month than any other platform, linear or digital, and while its slice of media budgets remains comparatively small, its place in the media mix is secure because it reaches active shoppers: consumers who are more likely to travel, attend events, shop in person and plan major purchases.

[4] Source: Seen, heard, valued - engaging Asian Americans through media (April 2023)

Figure 3.2

Budget allocations to specific media channels vary greatly by industry (top 15 industries by ad spend)



Source: Nielsen Ad Intel, U.S. markets, Q3 2022-Q3 2023

Media preferences don't necessarily stay the same over time

Some channels are particularly well-suited to certain industries. Network TV for top-funnel branding campaigns for car companies, for instance, cable TV for pharma, or social media for retailers. But that doesn't mean that the media mix stays the same over time.

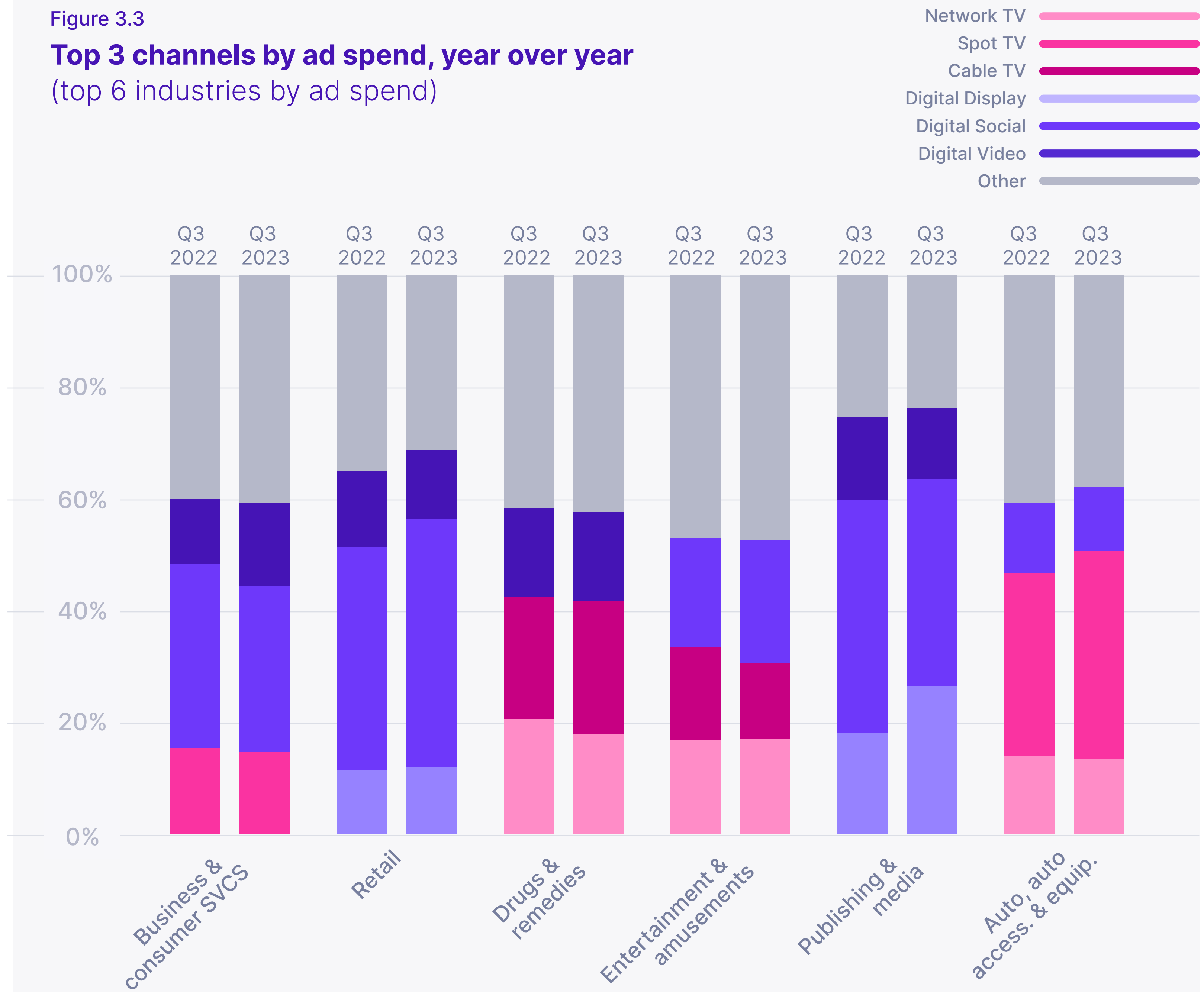
In figure 3.3, we take a look at the top three channels for key industries in Q3 2023, and how those media preferences evolved over the past year. Pharma companies, for instance, replaced digital video with social as one of their top three channels, publishing companies doubled down on display, and auto companies prioritized spot and cable over network TV.

Diversifying the marketing mix is generally a good idea—emerging channels can pay huge dividends down the road—but in well-established industries, companies tend to spend 50-75% of their media budget on just three dominant channels.

Figure 3.3

Top 3 channels by ad spend, year over year

(top 6 industries by ad spend)



Source: Nielsen Ad Intel, U.S. markets, Q3 2022-Q3 2023

Nielsen

ROI drives media decisions, but it isn't always optimized

Advertisers make budget decisions based on expected returns from each channel in their media mix, but the calculations can be complex in today's highly fragmented and fast-changing media marketplace. What works for one campaign may not work for the next, but measurement availability may be uneven from channel to channel. Media planners often fall back on past formulas to minimize risk but can often leave a lot of money on the table.

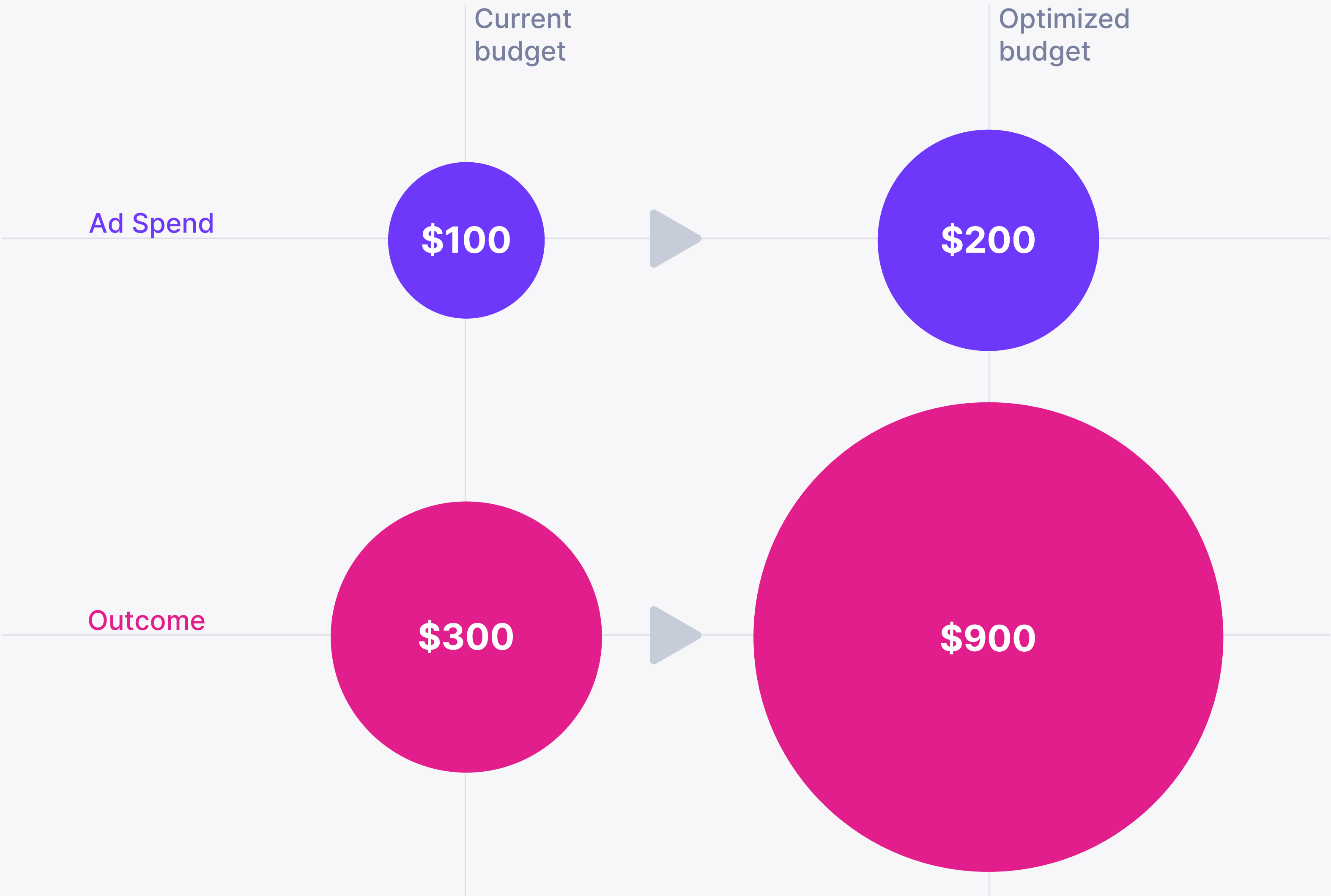
A 2022 Nielsen study of 150,000 observations of marketing ROI and client-supplied media plans found that 50% of planned media investments on channels as diverse as linear TV, digital display, digital video and social media were too low to achieve top ROI.

As shown in figure 3.4, we found that marketers at those companies could spend twice as much on those channels and triple their outcome.

Underinvestment is a chronic problem. Advertisers today are spreading their media budgets much thinner than ever before, failing to hit minimum investment thresholds, and leaving a lot of money on the table. Common cross-media metrics and more compatible measurement solutions will go a long way to address that challenge and unlock higher returns for all stakeholders.

Figure 3.4

Budget optimization can have an outsized effect on outcomes



Source: Nielsen Predictive ROI database, May 2022

Implications for media stakeholders

The dynamics of today's cross-media marketplace are indeed complex. With increased competition, media fragmentation and budgets under pressure, marketers have to make difficult decisions: invest in promising new channels and strategies (for instance, performance-based campaigns on CTV), even if they can't measure their ROI with absolute confidence quite yet; or stay with what worked in the past until standards or reliable common metrics emerge.

Advertisers & Media Agencies

Of course, advertisers and their agencies should refresh their marketing mix models frequently to keep up with consumer and viewer behavior.

The pace of change is too fast for old budget allocations to work for very long. There's a lot of room for improvement, even on well-established channels with a long research track record, like TV and display.

Publishers

It's in every publisher's interest to measure the value of its audiences and monetize its ad inventory for what it's truly worth.

Publishers need to be **more transparent with their data to help buyers assess whether they're a good match** for their campaign objectives, and to help them measure performance quickly and with metrics that are highly relevant to their business outcomes.

Measurement

Measurement companies should aim to deliver a clear set of metrics to provide a **fair, accurate and deduplicated view of performance across all platforms.** That doesn't mean that the industry should ignore the unique values associated with individual channels.

Multiple channel-specific metrics can and should coexist. But there needs to be a basis for comparison that cuts across all platforms and works for everyone.

A new era of **clarity**

Nielsen ONE

To meet the needs of media buyers and sellers in a fast-evolving TV environment Nielsen launched **Nielsen ONE** in January 2023.

It's a comprehensive cross-media measurement solution, with:

- Coverage across all devices, platforms and services, and direct integrations with the ever-expanding universe of digital publishers and streaming services
- Rigorous measurement standards and comparable metrics across all platforms to help media buyers and sellers speak the same language
- Top-quality person-level viewing thanks to a comprehensive ID system that incorporates panel, third-party identity data and direct publisher integrations

Currently, the Nielsen ONE platform has two broad components: Nielsen ONE Content and Nielsen ONE Ads. Together, they ensure publishers and platforms have a deep understanding of their content's audience and value and gives media buyers an unparalleled campaign view so they can plan, measure and optimize with confidence.

Conclusion
Conclusion
Conclusion

Change is everywhere.

People aren't tied to a TV or radio schedule anymore. Today, they can go back and forth between tentpole events on linear TV and spur-of-the-moment programming on streaming and social platforms. That liberation is transforming and converging the TV experience, but it's also stretching the media ecosystem into new and uncharted territory.

What can advertisers, agencies and media companies do to thrive in this new environment? In this guide, we reviewed recent trends related to programming and platform developments, key differences in audience behavior and how the top industries are adapting their media strategies to meet today's challenges. At Nielsen, we believe that there's no better way to understand the world we live in than to dive into the data, and no better way to move forward than to invest in unbiased, representative and accurate measurement solutions that everyone can rally around.

We hope that you'll find the analysis we shared useful as you plan for this Upfronts/NewFronts season. For more data and data-led recommendations, explore the constantly updating insights section on nielsen.com.

About Nielsen

Nielsen shapes the world's media and content as a global leader in audience measurement, data and analytics. Through our understanding of people and their behaviors across all channels and platforms, we empower our clients with independent and actionable intelligence so they can connect and engage with their audiences—now and into the future.

Nielsen operates around the world in more than 55 countries. Learn more at www.nielsen.com and connect with us on social media (Twitter, LinkedIn, Facebook and Instagram).