2020 – Year End Review

20/20 Vision

2020 Trends That Will Continue to Shape 2021

VAB

Insights.
Inspiration.
Impact.

About VAB

VAB is an insights-driven organization that inspires marketers to reimagine their media strategies resulting in fully informed decisions.

Drawing on our marketing expertise, we **simplify** the complexities in our industry and **discover** new insights that **transform** the way marketers look at their media strategy.

Simplify

We save you time by bringing you the latest data & actionable takeaways you can use to inform your marketing plans.

Discover

We keep you one step ahead with the latest thinking so you can create innovative, forward-looking strategies.

Transform

We help you build your brand by focusing on core marketing principles that will help drive tangible business outcomes.

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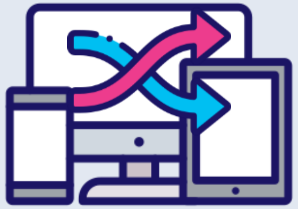
2020 Trends that Will Continue into 2021

- Social reform and the on-going pandemic, which drastically changed the daily lives of most people and triggered a recession, have accelerated already evolving media habits and consumer behavioral trends. These events have also solidified the value of core marketing principles in ways that will continue to shape the foreseeable future.

1

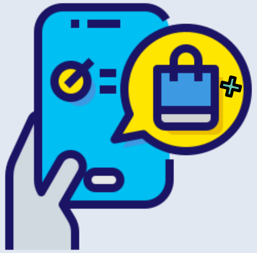
Diversity & inclusion leads the conversation

2



Video consumption is evolving and expanding across audiences

3



Consumer adoption of e-commerce accelerates

4

Advertisers are going back to basics as economic uncertainty persists

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Diversity & Inclusion Leads the Conversation

Multicultural audiences represent significant buying power and they have a high affinity for their favorite TV programs and personalities which is much more likely to drive product purchases

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% vs. Non-Hispanic White 18+

Black A18+ | Hispanic A18+ | Asian A18+

'I have **purchased a product** *I saw while watching a TV program or endorsed by a favorite TV personality / actor'*

Black A18+	Hispanic A18+	Asian A18+
+65%	+59%	+52%
68%	66%	63%

XX% = % of Respondents

Source: VAB / Dynata 'Multicultural Video Engagement Survey,' August 2019. Q10: Please indicate how often you do the following. Respondents Answer = Always, Frequently or Occasionally. African American/Black/Caribbean American = 302 Respondents, Hispanic = 300 Respondents, Asian American/Pacific Islander = 100 Respondents, Non-Hispanic White = 300 Respondents.

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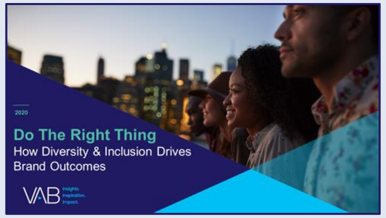
Ad campaigns with a core message of diversity and inclusion resonate more with consumers and drive greater business outcomes for brands



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Ulta case study: In September 2018, Ulta Beauty launched their '*The Possibilities are Beautiful'* campaign with a positive message of inclusiveness through both an English-language and Spanish-language spot. The ads featured people from a spectrum of age groups, ethnicities, body types and gender identities, illustrating the brand's belief that nothing is more beautiful than possibility.

Results: Ulta Beauty maintained strong, steady growth in their monthly female website visitors through the duration of their inclusivity campaign with average visitation up over one-quarter vs. the 18-month average before the campaign launch (during which time other campaigns were periodically active, totaling 80% of TV spend as 'The Possibilities are Beautiful').

'The Possibilities are Beautiful' TV spot (two creatives) - $47.5 MM

20-Month Campaign: 9/2/18 – 4/5/20

14,814 Airings / 3,670.0 MM HH IMPs

click either image above to watch English-language spot

click image above to watch Spanish-language spot

Business Outcomes

Women 18+ Website Traffic: +28% increase

in Ulta Beauty's average monthly unique W18+ website visitors during the first 18 months of the campaign vs. the 18-month pre-campaign average (Mar '17–Aug '18).

Black Women 18+ Website Traffic: +21% increase

during the same 18-month time period as above for Women 18+.

Source: VAB analysis of iSpot.tv TV occurrence data, time period: 1/1/17 – 2/29/20, estimated media spend. Impressions represent US TV HHs and include activity within measured national broadcast and cable TV linear, national time-shifted, local, VOD and OTT. VAB analysis of Comscore mediametrix multiplatform media trend data (desktop and mobile), Women 18+, Black Women 18+. Comparisons reflect March '17 – August '18 (18 months) vs. September '18 – February '20 (18 months).

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Population growth, even among adults 50+, will be driven almost exclusively by multicultural segments

- By 2030, 10 million more multicultural people will have aged into the adult 50+ population and future growth will be driven primarily by these segments

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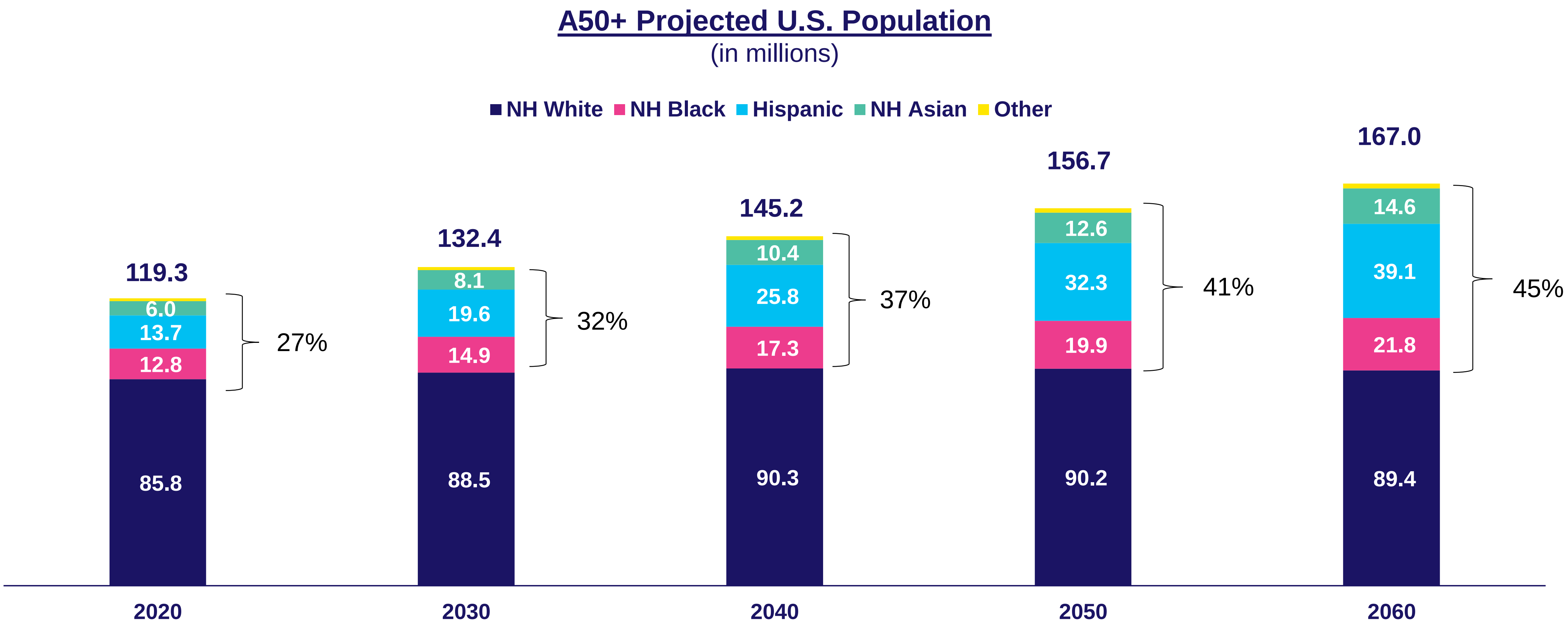

Source: VAB analysis of U.S. Census Bureau data, Population Division: Washington, DC., *Projected Age Groups and Sex Composition of the Population: Main Projections Series for the United States, 2017-2060*. NH = Non-Hispanic. Other – includes Non-Hispanic American Indian, Alaska Native, Native Hawaiian and Other Pacific Islander.

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Speaking of adults 50+, many brands continue to fixate on adults 18-34 while ignoring the fast-growing older audience

- By the end of 2020, there will be over 42 million more A50+ than A18-34, and by 2030 that gap will increase to over 55 million

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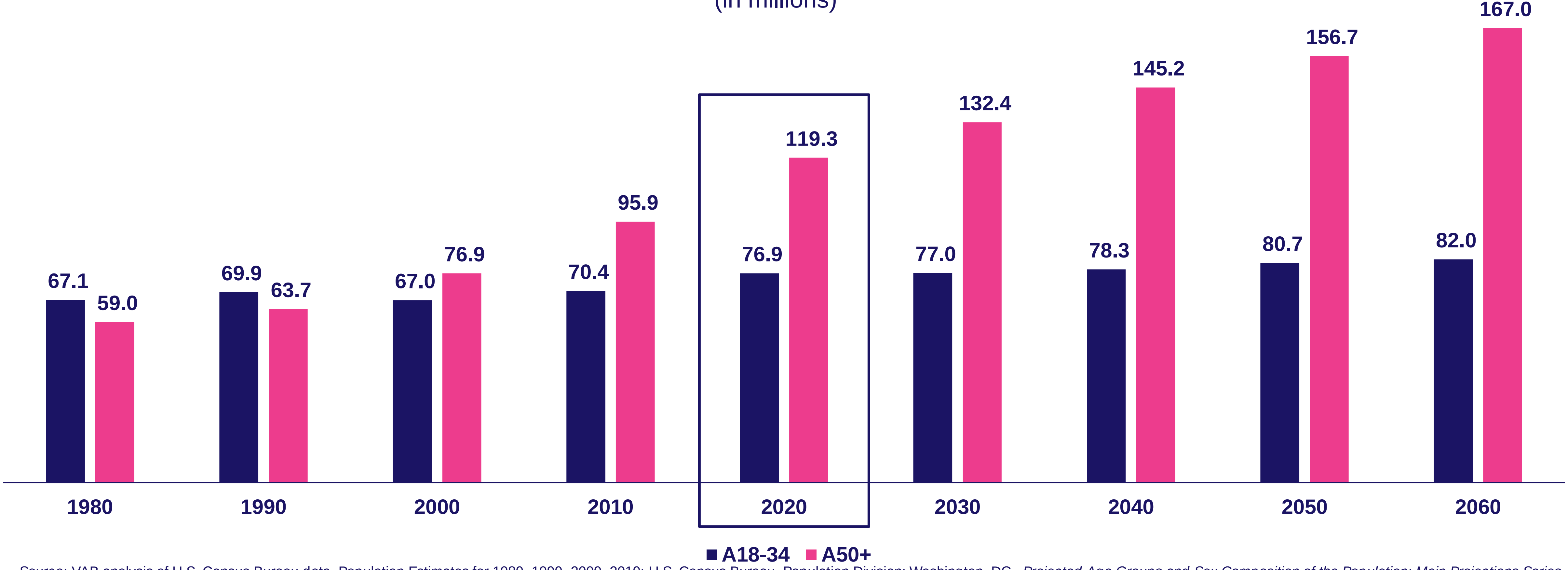
A18-34 & A50+ Actual & Projected U.S. Population

(in millions)



Source: VAB analysis of U.S. Census Bureau data, Population Estimates for 1980, 1990, 2000, 2010; U.S. Census Bureau, Population Division: Washington, DC., *Projected Age Groups and Sex Composition of the Population: Main Projections Series for the United States, 2017-2060*.

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Summary: Diversity & Inclusion Leads the Conversation

- Culturally relevant programming and diversity among personalities are more likely to drive product purchases by multicultural audiences

- Ad campaigns that tie diversity and inclusion into their brand messaging are not only necessary in today's social and economic climate, but have proven to deliver outcomes across crucial brand metrics from awareness to sales

- Marketers should not ignore the purchasing power of adults 50+, particularly multicultural segments which will be the driving force of future growth

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Video Consumption Is Evolving and Expanding Across Audiences

Overall media usage has increased as a direct result of the COVID-19 pandemic

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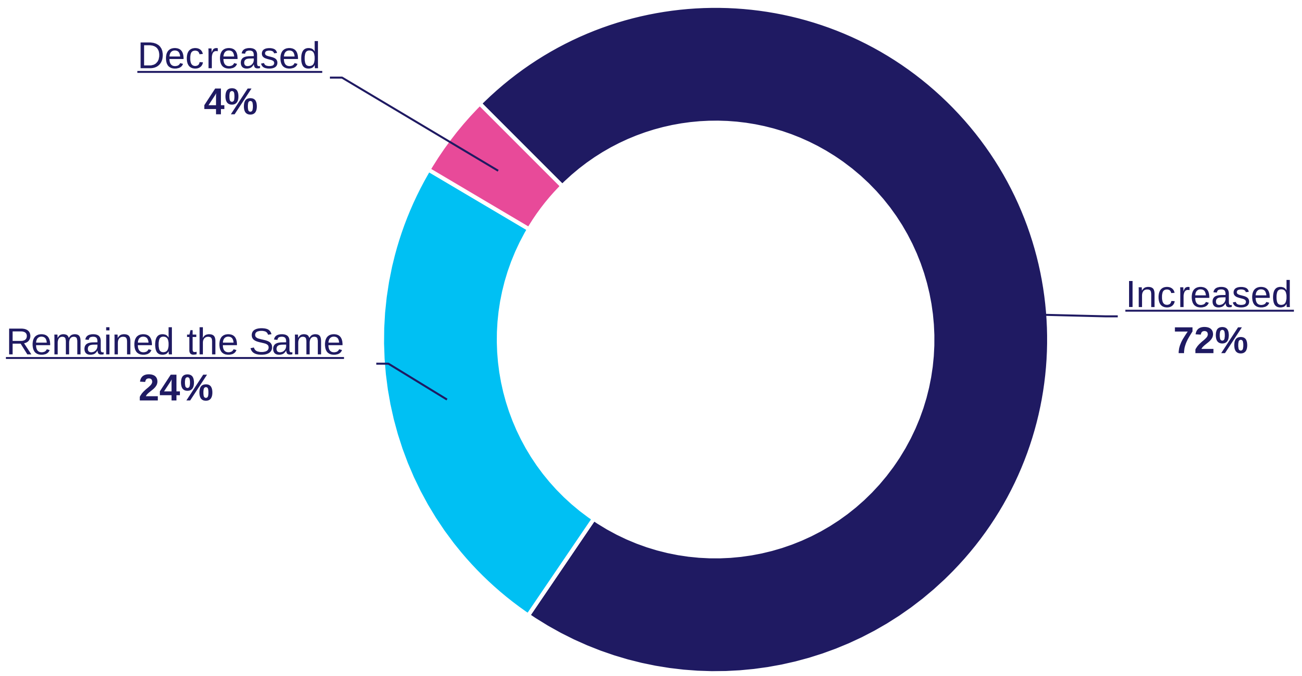
Media Usage Since COVID-19 Outbreak
P18+



Source: VAB's 'As Time Goes By: How Media Consumption Is Helping America Cope'. VAB / Lucid 'Media Usage In The Time of COVID-19 Survey,' April 2020. Survey base: P18+ & household subscribes to cable, telco, internet TV or satellite TV (n=1,004). Q1: Overall, please choose the statement below that best describes your media usage since the outbreak of the COVID-19 Pandemic.

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TV has become the centerpiece of the household, with 8 out of 10 people saying they couldn’t imagine not having a television right now

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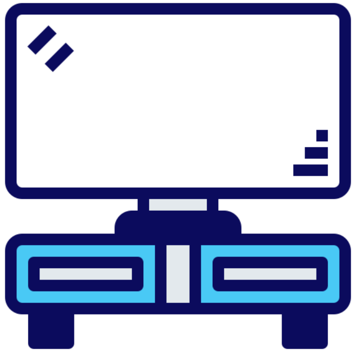
% of respondents who agree with the statement
P18+



83%

“I couldn't imagine not having a television set right now”

72%

“Watching TV or movies together as a family has become more common”

70%

“I binge watch more TV shows or movies”

67%

“TV has become the central focus of our home”

Source: VAB / Lucid ‘Media Usage In The Time of COVID-19 Survey,’ April 2020. Survey base: P18+ & household subscribes to cable, telco, internet TV or satellite TV (n=1,004). Q7: Thinking of your behavior since the start of COVID-19, please indicate below how much you agree or disagree with the following statements & Q9: Thinking of your behavior during the COVID-19 Pandemic, please indicate below how much you agree or disagree with the following statements

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With sports back but in-person attendance severely limited, fans are maximizing their at-home viewing experience

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% of Sports Fans Who Agree

	All	Avid	Male	Female	Black	Hispanic
I **bought a bigger TV** screen just so I could have a better viewing experience for sports	63%	76%	66%	59%	68%	76%
I watch sports on a **high definition** TV so I can see the action clearer	60%	66%	60%	61%	52%	61%
Whenever possible I watch sports on the **largest screen** available in my home	48%	54%	49%	47%	41%	46%

Source: VAB / Dynata 'Sports Viewing Experience Survey,' September 2019. Survey base = self-identified sports fans, P18+. Q17: Please rate how much you agree or disagree with the following statement (Top 2 Box: Somewhat Agree & Strongly Agree), Q20: Which of the following statements do you believe are true for you? Avid Fans Respondents (habitually watch sports on TV, intensely follow teams / players, etc), All Sports Fans based on P18+.

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With more time in their day during the pandemic, people of all ages utilized new platforms and discovered the full functionality of their existing and new video devices

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% of respondents who agree with the statement

P18+

84%

"I have more time to watch/listen/read media"

66%

"I am more open to trying new types of media"
(e.g. new streaming services, podcasts, social media platforms, etc)

54%

"I have learned how to use more features on my smart TV or a TV related device/platform"

Source: VAB's 'As Time Goes By: How Media Consumption Is Helping America Cope'. VAB / Lucid 'Media Usage In The Time of COVID-19 Survey,' April 2020. Survey base: P18+ & household subscribes to cable, telco, internet TV or satellite TV (n=1,004). Q9: Thinking of your behavior during the COVID-19 Pandemic, please indicate below how much you agree or disagree with the following statements

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Time, comfort, technology adoption and more choices have all combined to establish video streaming as a habitual, daily activity for many viewers

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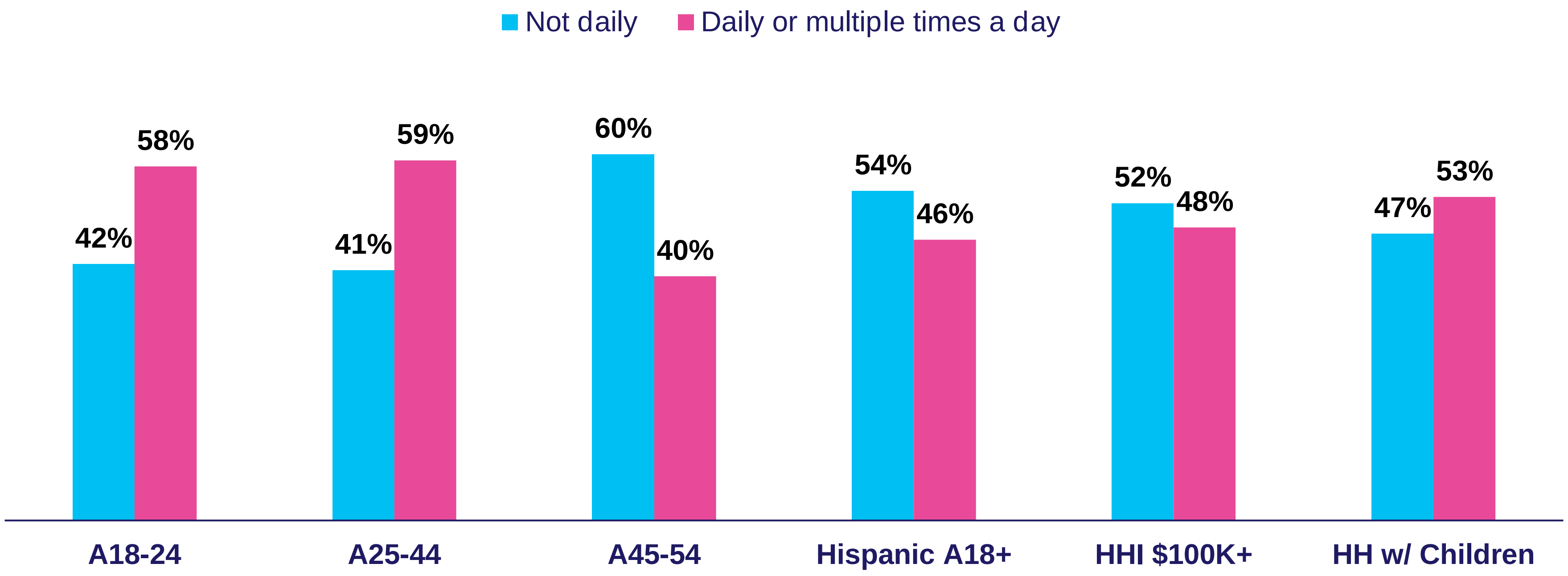
On average, how many times per week do you watch a video streaming service?



Source: VAB / Lucid 'COVID-19 Streaming Behavior Survey,' June 2020. Survey base: A18+ in households with access to streaming services and have viewed content on streaming services (n=1,000). S3. On average, how many times per week do you watch a video streaming service? (e.g., Netflix, Disney +, Tubi, Hulu, CBS All Access, etc.)

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Increased streaming usage has driven higher engagement among both paid and free ad-supported services

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Since the COVID-19 Pandemic, have you done any of the following?

P18+

37%

Watched a free streaming service

(e.g. Roku, Pluto or Tubi)

36%

Added a new streaming service

(i.e., Apple TV+, Disney+, Netflix, etc.)

9%

Unsubscribed from a streaming service

(i.e., Apple TV+, Netflix, etc.)

Source: VAB / Lucid 'Media Usage In The Time of COVID-19 Survey,' April 2020. Survey base: P18+ & household subscribes to cable, telco, internet TV or satellite TV (n=1,004). Q10: Since the COVID-19 Pandemic, have you done any of the following? Note: Percentages don't add to 100% because it excludes "none of the above" response. Digital TV Research via Cynopsis Media (North American AVOD Revenues), May 19, 2020.

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Trial and adoption of AVOD has accelerated as viewers stack free services on top of their paid subscriptions because of their large appetite for streaming content

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27%

of SVOD users also **subscribe to AVOD services**

67%

of AVOD users like having access to **every show, past or present**, through a streaming service

38%

of AVOD users **wish** there were **more** free streaming services available

53%

of AVOD users **appreciate** the fact that ads make a streaming service cheaper for them

Source: VAB / Lucid 'COVID-19 Streaming Behavior Survey,' June 2020. Survey base: A18+ in households with access to streaming services and have viewed content on streaming services (n=1,000). **AVOD Users** = respondents who regularly watch free subscription streaming services with commercials (e.g., Crackle, Pluto TV, Tubi TV) (n= 298).

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In the absence of large gatherings, livestreaming has grown in popularity and is creating more ad opportunities

- The format is poised for even greater growth as more events become virtual and, in a post-pandemic world, more virtual experiences are created to complement live, in-person events

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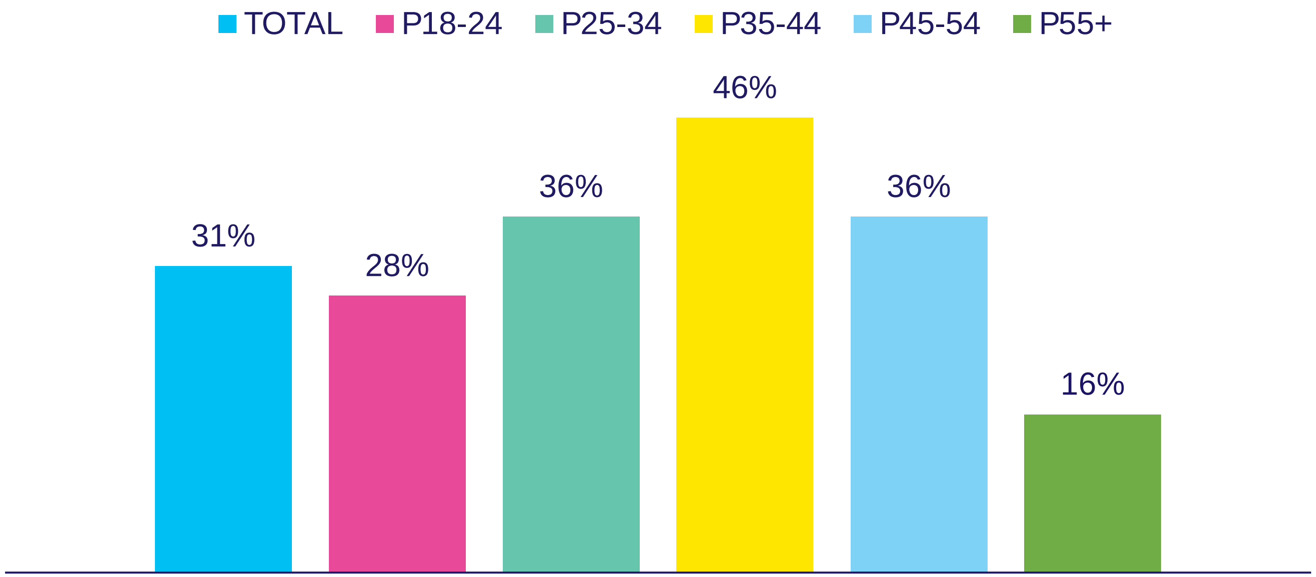
"I have livestreamed concerts and / or events while in quarantine"

% who agree



Source: VAB / Lucid 'COVID-19 Streaming Behavior Survey,' June 2020. Survey base: P18+ in households with access to streaming services and have viewed content on streaming services within the past seven days (n=1,000). Q14.When thinking about livestreaming, by which we mean: streaming a program online live as it happens (e.g., Concert - One World: Together at Home, Sporting Event – Virtual NFL Draft) - which of the following statements do you feel apply to you?

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Social engagement around video content is huge and ad-supported TV is the leading platform among the ‘most talked about’ trending topics

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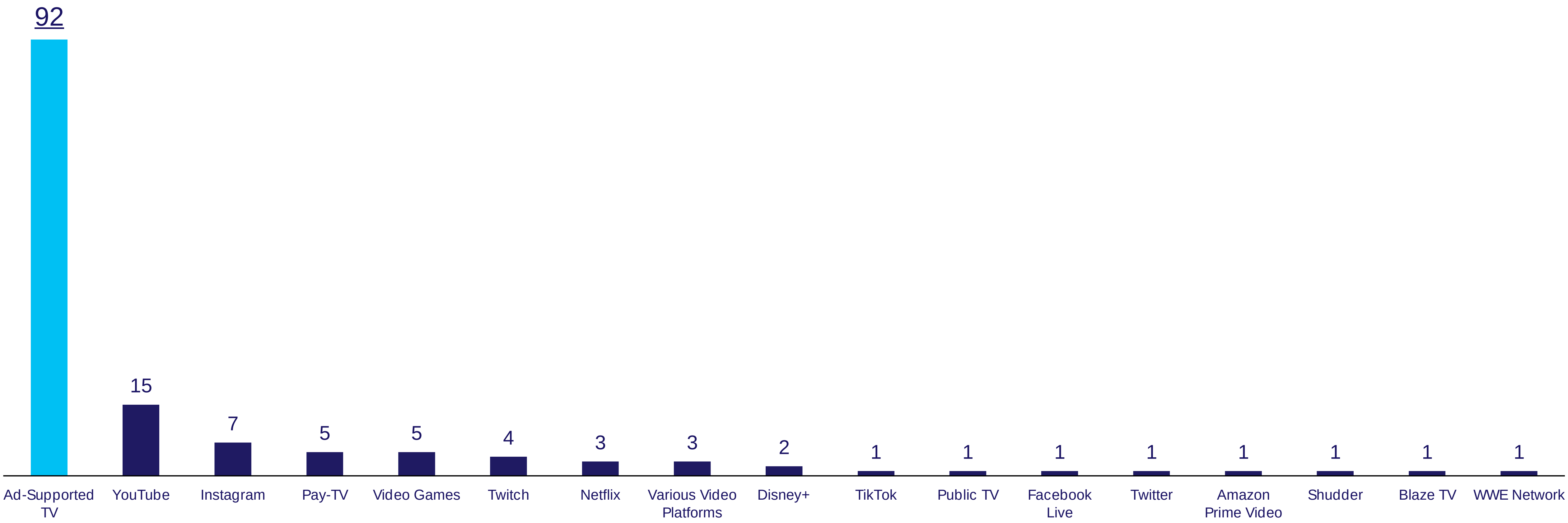
of Unique Top 10 Trending Programs / Content by Video Platform

(March 16th – April 26th)



Source: VAB custom analysis of Top 10 trending Twitter Topics each night (9:30p &11p) (3/16/2020 – 4/26/2020). Results include both ‘direct’ and ‘related’ topics. Various Video Platforms include Epic Games, and various concert streaming partners. Pay-TV: insecure (HBO), Westworld (HBO), Homeland (Showtime). Netflix - #BlackAF, Extraction, Homecoming: A Film by Beyonce. Disney – Onward. Amazon Prime Video – Happiness Continues: A Jonas Brothers Concert Film.

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Summary: Video Consumption Is Evolving & Expanding Across Audiences

- TV is the focal point of the household as people's daily lives changed during the pandemic and more people consume more media
- As live sports return with limited attendance, fans are maximizing their at-home viewing experience through bigger and better TV screens
- Increased free-time during the pandemic allowed people of all ages to discover the full functionality of their video devices and utilize new platforms
- As many viewers become habitual daily streamers, marketers should investigate ad opportunities in growing video segments
  - Streamers are stacking free, ad-supported services in addition to their paid streaming service subscriptions
  - Live streaming events have grown in popularity in the absence of large, in-person gatherings
- Video content sparks social conversation and engagement with ad-supported TV as the leading platform

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Consumer Adoption of E-commerce Accelerates

DTC brands deliver many benefits to consumers over traditional retailers and were well-positioned for growth at the onset of the pandemic

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Primary Reasons For Purchasing DTC Over Traditional Retailers

48%
Cheaper Cost

43%
Fast, Free Shipping & Easy Returns

26%
Positive Media Coverage Or Reviews

26%
Superior Customer Service

22%
Better Product Design

16%
Better Company & Brand Design

15%
Company Donates To People In Need With A Product Purchase

12%
Ability To Subscribe To Automatic Refills Of Product

Source: Diffusion, *2020 Direct-To-Consumer Purchase Intent Index*, 2019; respondents able to select multiple options.

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The median age of many DTC brand platforms is rising as they attract a new, broader customer base and older adults become more comfortable with technology

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Median age by digital platform
September 2020

Blue Apron	Calm	Carvana	Chewy	DoorDash
43.1	44.9	45.3	48.9	34.8

Purple	SimpliSafe	Warby Parker	Wayfair	Zillow
48.4	58.2	53.8	52.2	45.0

Source: VAB analysis of Comscore MediaMetrix Media Trend multiplatform (desktop + mobile) data, September 2020. Base: P18+, total digital population, median adult age.

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DTC brands who are new advertisers on TV are seeing **quantifiable business outcomes** at all levels of investment

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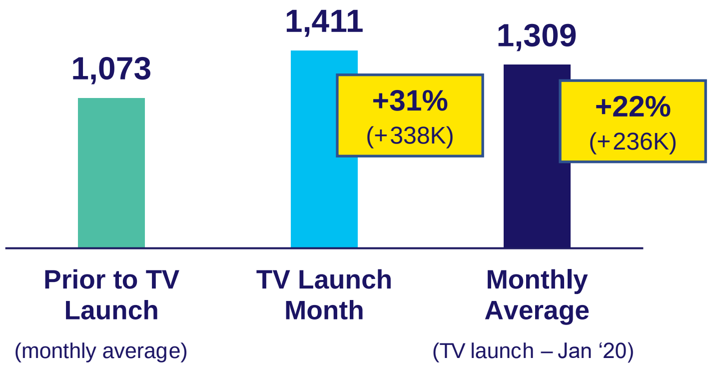
36 'Emerging' DTC Brands*

Average Monthly Website Unique Visitors (000)

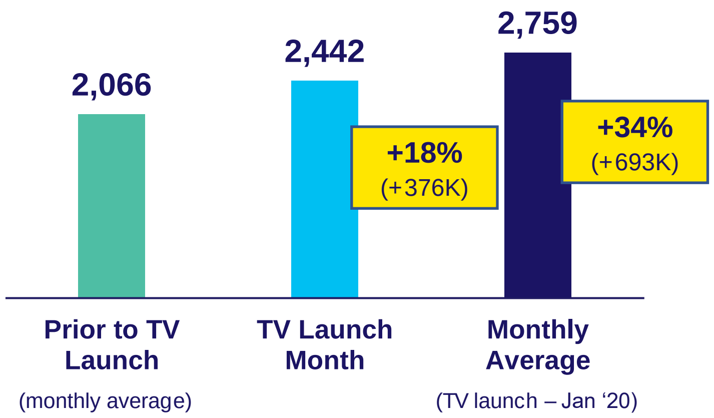
Based Over a Four-Year Time Period: Jan '16 – Jan '20

8 Brands: $500K - $2MM TV Spend



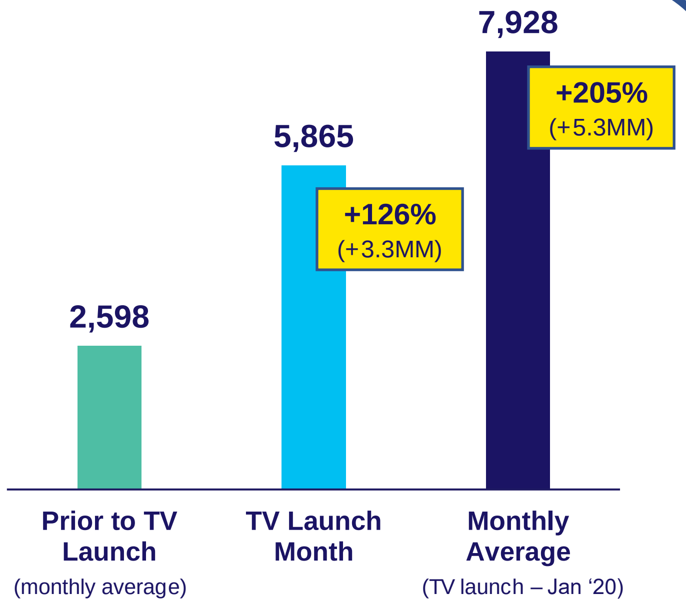
(% & MM) vs. monthly average prior to TV launch

16 Brands: $2MM - $10MM TV Spend



(% & MM) vs. monthly average prior to TV launch

8 Brands: $10MM+ TV Spend



(% & MM) vs. monthly average prior to TV launch

Source: VAB analysis of Nielsen Ad Intel data, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV), Feb '18 – Jan '20 (calendar months). VAB analysis of Comscore mediametrix multiplatform media trend data, total audience (Desktop P2+, Mobile 18+), Jan '16 – Jan '20 (calendar months). 'Prior to TV Launch' reflects the average monthly unique visitors based on when each brand's website began being measured by Comscore, or starting from January 2016 if measurement began before that month. *Reflects the 36 brands that are measured in Comscore and had reported monthly unique visitors in at least one month prior to their campaign launch.

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Many DTC and non-DTC brands are launching their first TV campaigns earlier in their life stage and seeing greater impact to their digital performance because of it

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“When On TV” Monthly Average vs. Three-Month Average Prior To TV

Average Website Unique Visitors

	Three Years Old or Younger	Between Four – Seven Years Old	Eight Years or Older
Unique Visitors % increase:	**+138%**	**+72%**	**+23%**
Unique Visitors increase:	**+811K**	**+1,383K**	**+803K**

Source: VAB analysis of Nielsen Ad Intel data, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndicated TV), Jun ‘16 – Jun ’20 (calendar months). VAB analysis of Comscore mediametrix multiplatform (desktop + mobile) media trend data; P18+, Jun ’16 – Jun ‘20 (calendar months).

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Summary: Consumer Adoption of E-commerce Accelerates

- DTC brands' e-commerce business model and core principles gave them an edge when demand for online delivery surged during the pandemic
- DTC brands have been attracting a broader base, particularly among older shoppers, as consumers of all ages grow more comfortable with ordering online
- This broader base has also been aided by DTC brands' investment in TV which has driven quantifiable business outcomes at all budget levels
- Brands at all stages of their life cycle are also seeing results from TV, but younger brands who invest earlier see the greatest impact on their digital performance

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Advertisers are Going Back to Basics as Economic Uncertainty Persists

Like in past recessions, after some initial cuts, many brands are now seeking to **maintain or increase their advertising share of voice** to grow market share during and after this pandemic

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Business outcome examples of brands who increased their TV spend during the last recession (2008-2009)

Ecommerce

Amazon **launched its first TV campaign** in the middle of the recession in 2008 and saw a **compound annual growth rate of 34%** between 2008-2012

Retail

Walmart significantly **increased their TV investment** in both 2008 & 2009 and saw **high single digit sales increases** in each year with continued growth after the recession

Telecommunications

T-Mobile had a **moderate increase in their TV investment** in both 2008 & 2009 and saw a **compound annual growth rate of 21%** between 2008-2011

Restaurants

Darden **increased their TV investment** in both 2008 & 2009 and **increased their sales by an average of 14%** over those two years

Source: U.S. TV spend based on VAB analysis of Nielsen Ad Intel data, national TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV), CY 2007-2012. U.S. revenues are based on company filings (10-K) for U.S. revenue via SEC.gov (EDGAR). Darden's was for Olive Garden.

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Many new TV advertisers saw an opportunity to gain market share this year as other advertisers pulled back spending

- In the first half of 2020, 110 first-time TV advertisers across 59 categories invested nearly $460 MM in the national TV marketplace; 70% of these dollars were invested during 2Q, the heart of the pandemic

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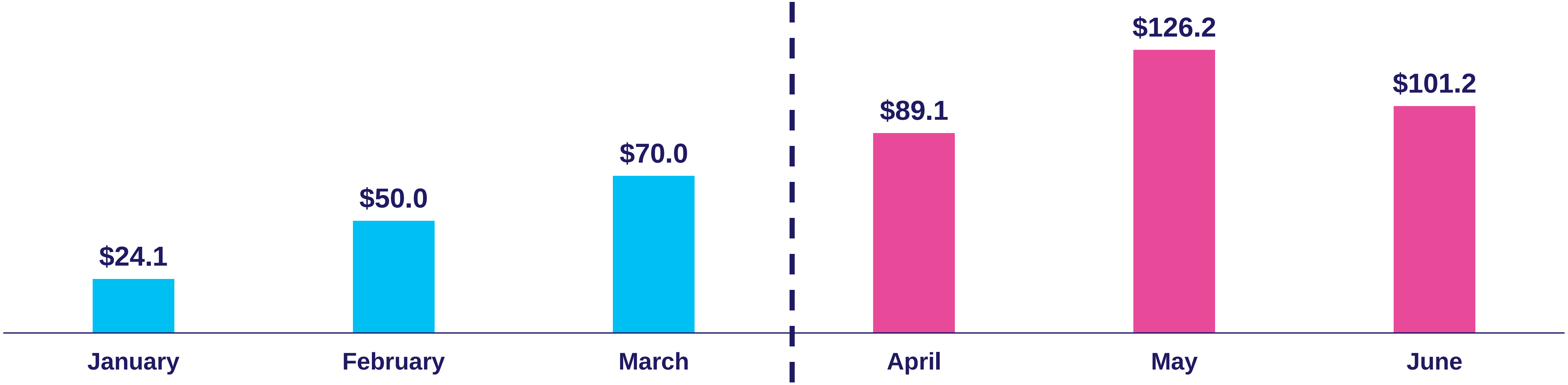
2020 New Nat'l TV Advertisers Monthly Spend

Millions

Sampling of Q1'20 brand entrants

Sampling of Q2'20 brand entrants



Source: VAB analysis of Nielsen Ad Intel data, Q1'20-Q2'20. TV spend includes national cable TV, broadcast TV, Spanish language cable TV, Spanish language broadcast TV. Brands reflect those with national TV spend over $100k.

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As strategies are reassessed, more brands are leaning into proven marketing principles during this time of economic uncertainty

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Awareness

PRINCIPLE NO. 1
Balance Broad-Based Reach With Hyper-Targeting to Grow Market Share, a Key Driver of Profit

PRINCIPLE NO. 2
Virality Tactics Should Be a Part of an Integrated Campaign, Not the Sole Focus

PRINCIPLE NO. 3
Protect Your Brand by Investing in Only Premium, Viewable Content

Consideration

PRINCIPLE NO. 4
Brand Building Leads to Increased Long-Term Profitability

PRINCIPLE NO. 5
In an Information-Heavy, Opinion-Saturated Environment, Brand Building Is Essential to Support Brand Perception and Foster the Loyalty That Protects Pricing and Profits

PRINCIPLE NO. 6
Brand Building Media, Such As Premium Video, Fosters a Deep Emotional Connection

PRINCIPLE NO. 7
Content Environment Matters Everywhere

Purchase

PRINCIPLE NO. 8
Success Should Be Measured and Evaluated Against Both Short- and Long-Term KPIs

PRINCIPLE NO. 9
Brand Leaders Need to Equip Themselves With the Data to Defend Decisions Based on Core Marketing Trends

PRINCIPLE NO. 10
The Balance of Brand Building and Short-Term Tactics Drives Both Immediate Demand and Long-Term Equity

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Summary: Advertisers are Going Back to Basics as Economic Uncertainty Persists

- Past recessions have shown that brands who maintain or increase ad presence in the face of economic uncertainty recover quickly and see more positive long-term business outcomes
- By entering the national TV marketplace during a time of economic uncertainty, a new class of brands are seizing the opportunity to grow their market share while other brands may have pulled back spending
- Brands reassessing their strategy in an unprecedented time are relying more than ever on core marketing principles to lead them to success

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Key Takeaways For Marketing Plans

- Consumer behaviors and media habits continue to evolve but, by keeping important trends top of mind and staying principled, marketers can understand what to expect heading into 2021

Make diversity & inclusion a core part of your messaging

Future growth will come from multicultural segments and older consumers so broadening your brand's messaging to include audiences of all backgrounds will resonate more and deliver greater outcomes.

Identify opportunities within evolving video consumption

The pandemic has had a huge impact on media consumption and is shaping the future of video viewing behaviors. As viewers grow more comfortable testing out ad-supported streaming services and livestreamed events, opportunities for marketers will continue to expand.

Brands across categories and stages can benefit from thinking like DTC

Digital-native brands with an e-commerce model were poised to succeed when demand for delivery surged during the pandemic. Now is a pivotal moment for brands, young and old, to broaden their own capabilities and grow their customer base by investing in multiscreen TV advertising.

Rely on core marketing principles in times of uncertainty

Growth brands are relying on key marketing principles and maintaining, or increasing, their presence even amid economic and societal uncertainties.

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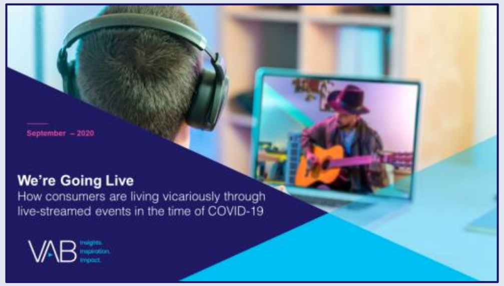

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