nielsen

CONSUMERS TODAY

EMBRACING THE TRENDS

NIELSEN ADVERTISING SPEND AND RETAIL SALES

Karen Mooney, Nielsen Ireland

AGENDA

Embracing the Trends

Trust in Advertising and Advertising Spend

What are the most credible advertising formats globally?
Global and Irish Ad Spend trends

Consumer Mindset

How is the Irish Consumer feeling?

How and why are we shopping?

TRUST IN ADVERTISING

GLOBAL TRUST IN ADVERTISING REPORT SEPT 2013

WHICH AD FORMAT WAS THE ONLY ONE TO SEE A DECLINE IN TRUST FROM 2007 to 2013?

TV

NEWSPAPER

MAGAZINE

61 PERCENT OF RESPONDENTS FOUND NEWSPAPER ADS CREDIBLE, DOWN FROM 63 PERCENT IN 2007

60 PERCENT OF RESPONDENTS FOUND MAGAZINE ADS CREDIBLE, UP FROM 56 PERCENT IN 2007

Ads in newspapers - Percent somewhat/completely trust

65%
Asia Pacific

46%
Europe

69%
Middle East/Africa

75%
Latin America

63%
North America

Ads in Magazines - Percent somewhat/completely trust

65%
Asia Pacific

44%
Europe

66%
Middle East/Africa

72%
Latin America

62%
North America

Nielsen Global trust in advertising and brand messages Sept 2013

DOES TRUST IMPACT ACTION?

Global
62%
(+2)

Ads on Magazines - Percent always/sometimes take action

Asia Pacific	67%
Europe	48%
Middle East/Africa	69%
Latin America	76%
North America	56%

Nielsen Global trust in advertising and brand messages Sept 2013

WHAT PERCENT OF GLOBAL RESPONDENTS TRUST ONLINE BANNER ADS?

10 PERCENT

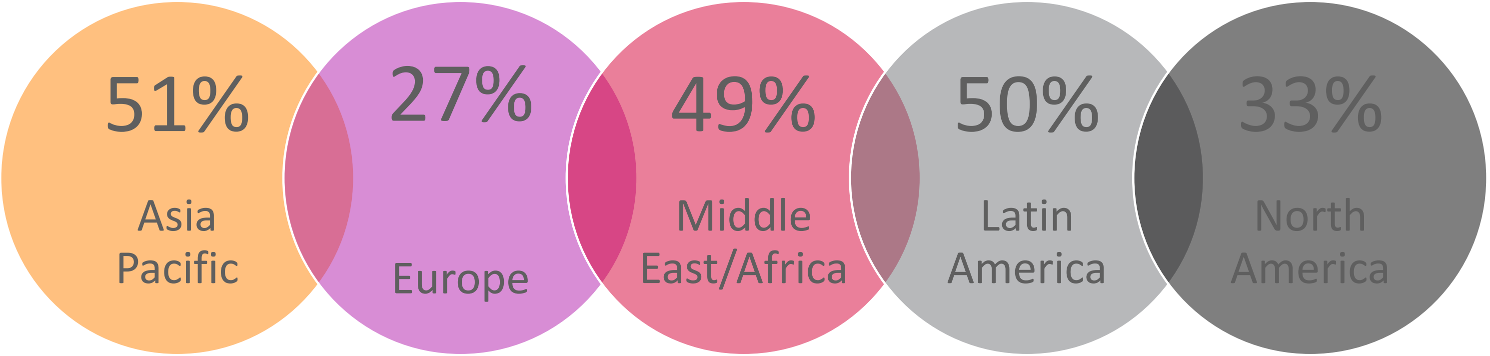
25 PERCENT

42 PERCENT

61 PERCENT

ONLINE BANNER ADS ARE STEADILY INCREASING. AD DOLLARS SPENT WITH THEM SAW A 26 PERCENT GROWTH IN THE FIRST QUARTER OF 2013

Online banner Ads - Percent somewhat/completely trust



Nielsen Global trust in advertising and brand messages Sept 2013

WHICH DIGITAL AD FORMAT PROMPTED THE MOST WILLINGNESS TO TAKE ACTION *AT LEAST SOME OF THE TIME* ?

TEXT ADS ON MOBILE PHONES

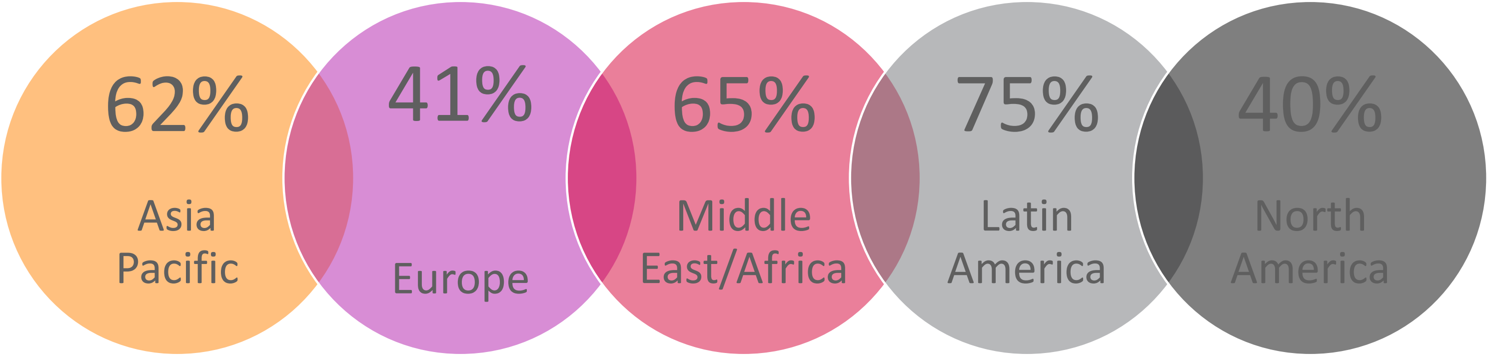
SOCIAL NETWORK ADS

ONLINE VIDEO ADS

DISPLAY ADS ON MOBILE DEVICES

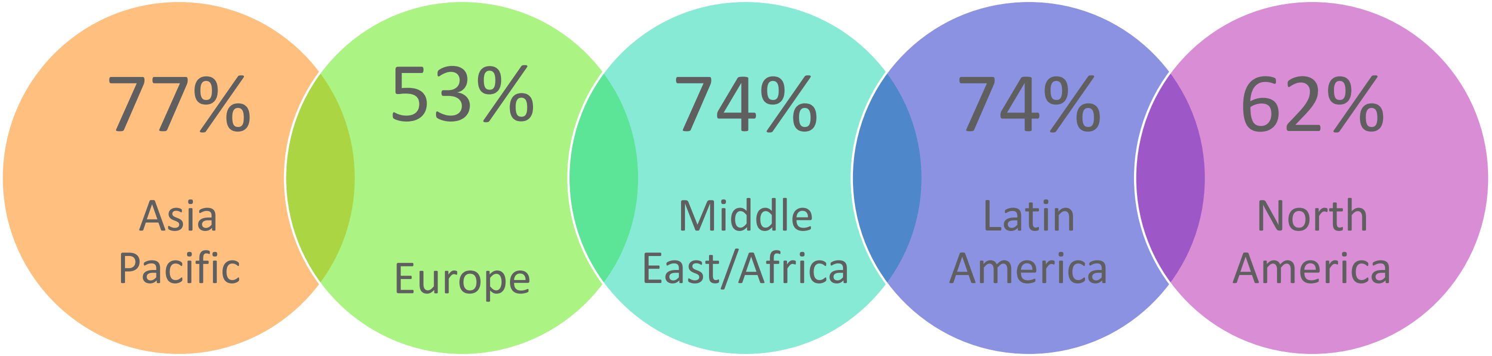
55 PERCENT OF RESPONDENTS SAID THEY TAKE ACTION AT LEAST SOME OF THE TIME BASED ON SOCIAL NETWORK ADS

Ads on social networks- Percent always/sometimes take action



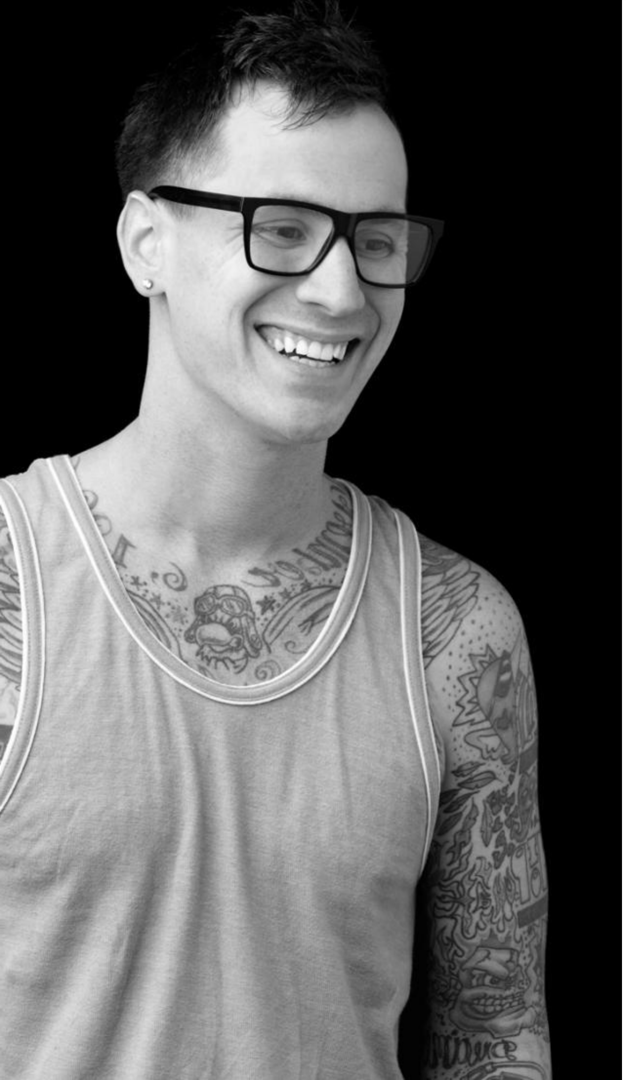
Nielsen Global trust in advertising and brand messages Sept 2013

Branded websites - Percent somewhat/completely trust



AN OWNED FORM OF MEDIA – BRANDED WEBSITES– MOVED TO THE SECOND MOST TRUSTED ADVERTISING FORMAT GLOBALLY (69%) FROM FOURTH PLACE IN 2007

Nielsen Global trust in advertising and brand messages Sept 2013



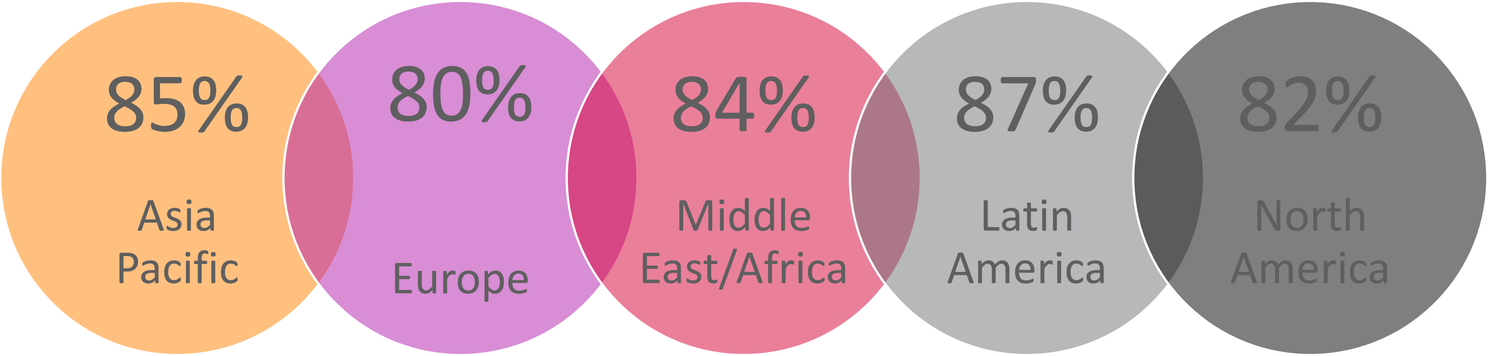
RECOMMENDATIONS FROM FRIENDS AND FAMILY REMAINED THE MOST CREDIBLE FORM OF ADVERTISING IN 2013

TRUE

FALSE

IT CONTINUES TO BE THE MOST INFLUENTIAL SOURCE AMONG 84 PERCENT OF GLOBAL RESPONDENTS

Recommendations from people I know - Percent somewhat/completely trust



Nielsen Global trust in advertising and brand messages Sept 2013

nielsen

GLOBAL AD SPEND

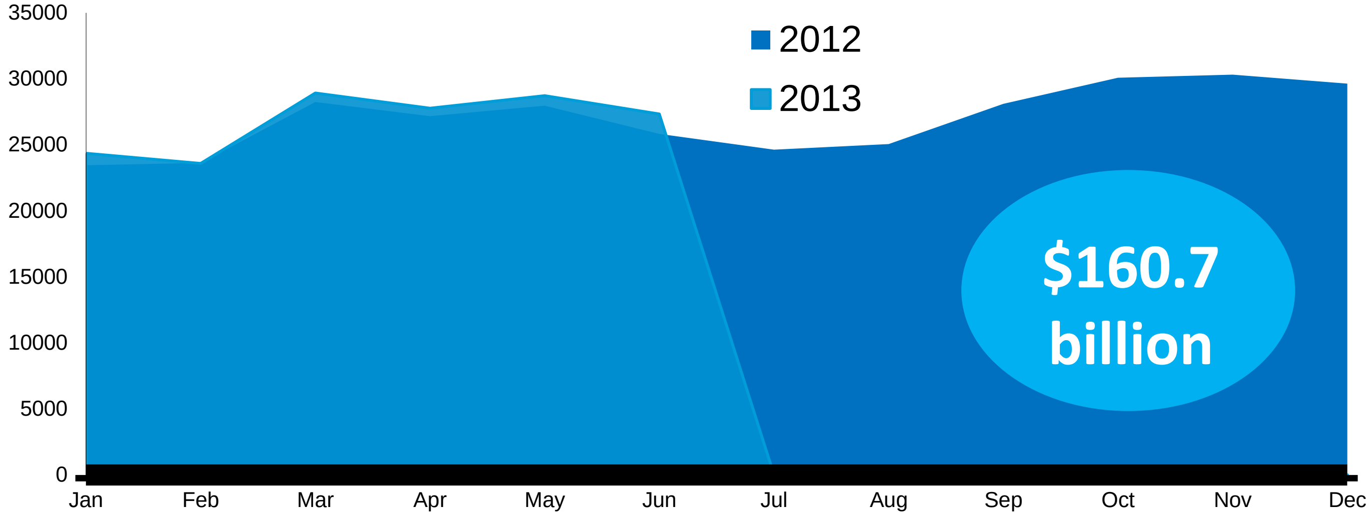
AD SPEND - GLOBAL ADVIEW PULSE Q2 2013

GLOBAL AD MARKET GAINS MOMENTUM IN Q2

Advertising expenditure year-on-year

+2.8% YTD

(+3.5% Q2 '13)

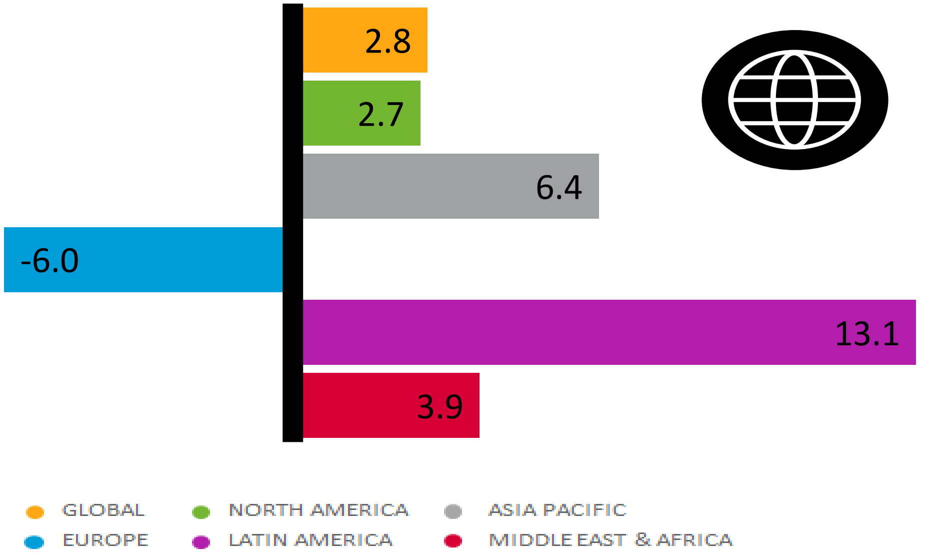


Source: Nielsen Global AdView Pulse Q2 2013

Based on net figures estimated with Nielsen Global AdView weighting factors

ASIA PACIFIC & LATIN AMERICA DRIVE GROWTH

North America also comes back into growth, while Europe still suffering



Source: Nielsen Global AdView Pulse Q2 2013
Based on net figures estimated with Nielsen Global AdView weighting factors

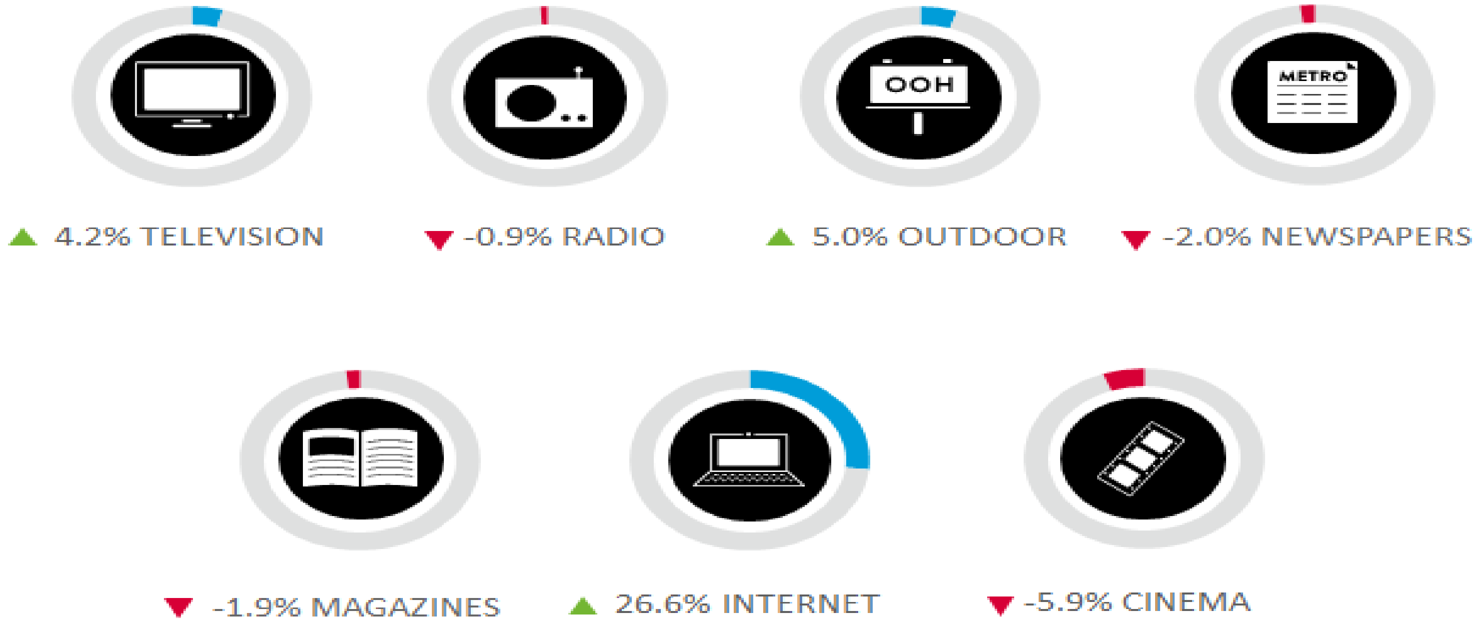
GLOBAL AD SPEND GREW +2.8% YTD, WHICH TRADITIONAL PAID FORMAT CONTINUES TO OWN THE MAJORITY OF SHARE OF ADVERTISER SPENDING?

TV REM... FAVOUR...
MEA... NICAT...
CON... 58 P...
SHAR...

NEWSPAPERS 19 PERCENT
MAGAZINES 10 PERCENT
RADIO 5 PERCENT
OUTDOOR 4 PERCENT
CINEMA <1 PERCENT
INTERNET 4 PERCENT

WHICH FORM OF ADVERTISING IS DRIVING GROWTH YEAR ON YEAR?

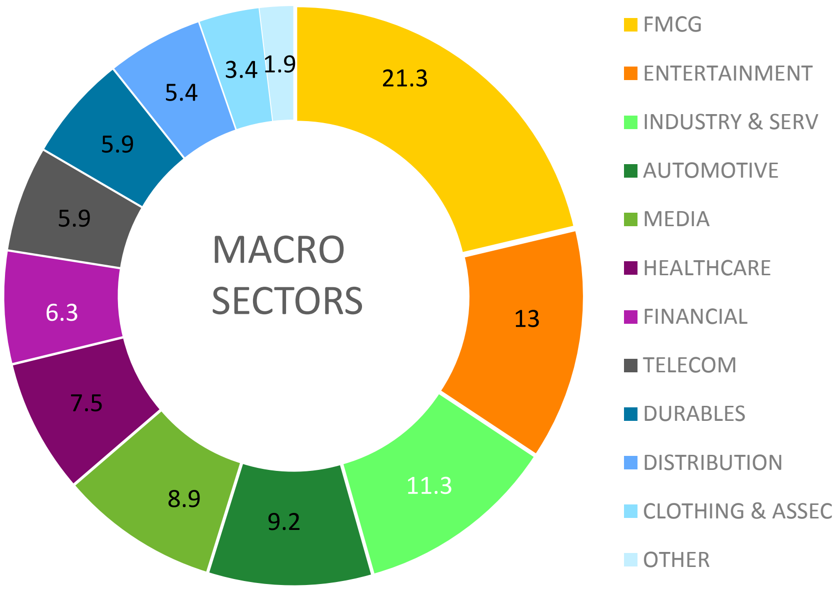
Global Advertising expenditure - percentage change year-on-year – YTD

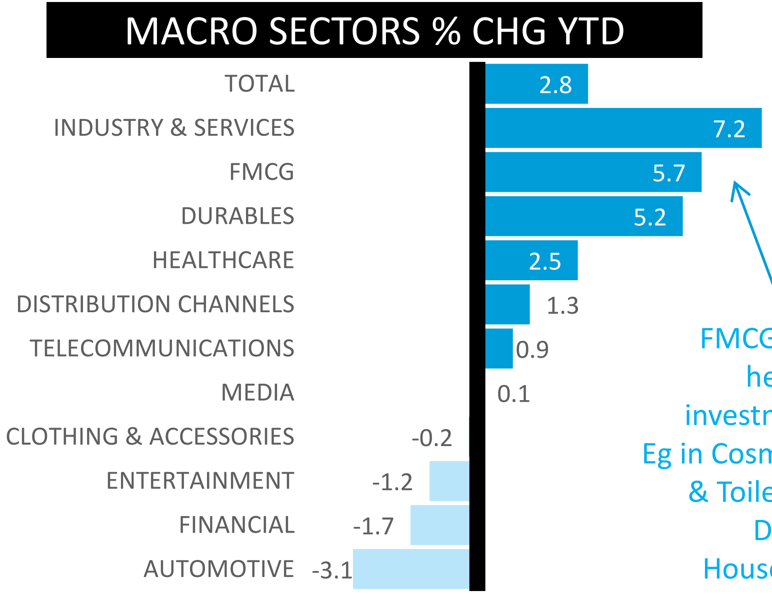


Source: Nielsen Global AdView Pulse Q2 2013
Based on net figures estimated with Nielsen Global AdView weighting factors

WHICH SECTORS ARE DRIVING GROWTH IN ADVERTISING SPEND YTD?

Global





FMCG sees healthy investments Eg in Cosmetics & Toiletries, Drinks, Household

Source: Nielsen Global AdView Pulse Q2 2013 - YTD
Based on net figures estimated with Nielsen Global AdView weighting factors

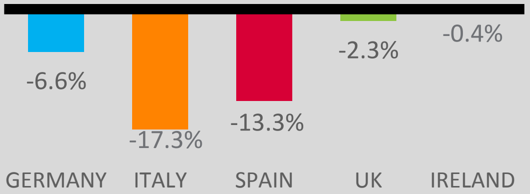
EUROPE CONTINUES TO STRUGGLE

Italy and Spain still showing double-digit declines, UK & Ireland faring better though

Europe – percentage growth YOY

-6.0%

Europe Countries – percentage growth YOY



Media types – percentage growth YOY

OUTDOOR: **+4.2%**

TELEVISION: **-5.0%**

Macro sectors – percentage growth YOY

- Durables + 2.6%
- Healthcare + 0.9%
- Financial - 8.1%
- Media - 8.7%
- Clothing & Acc. - 10.1%
- Automotive - 13.7%

Source: Nielsen Global AdView Pulse Q2 2013 – YTD figures
Based on net figures estimated with Nielsen Global AdView weighting factors

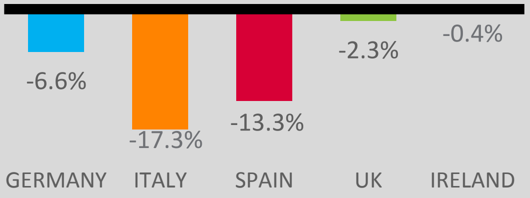
IRELAND

TV and Outdoor are driving growth YTD. Some larger categories still to recover…

Ireland – percentage growth YOY

-0.4%

Europe countries – percentage growth YOY



Media types – percentage growth YOY

OUTDOOR: **+12.1%**

TELEVISION: **+4.6%**

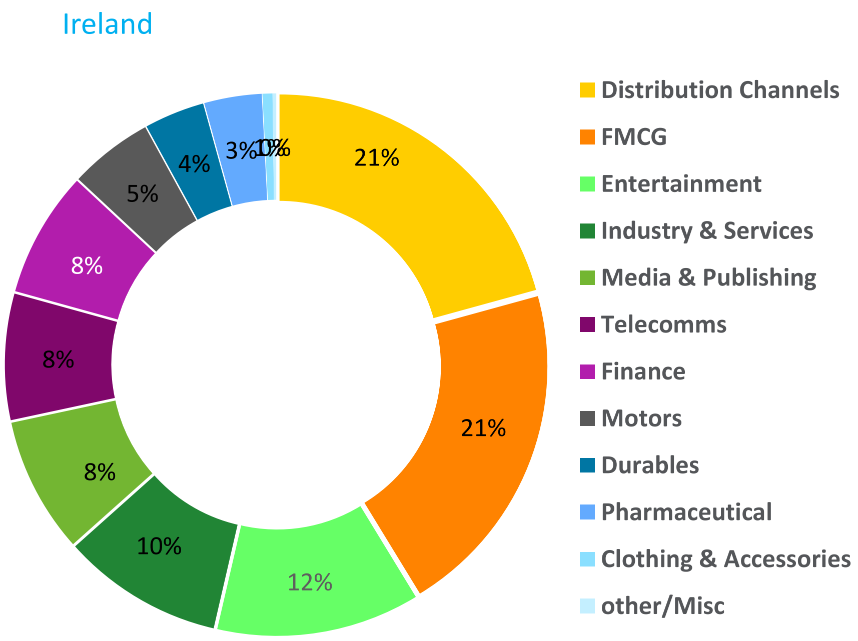
PRESS: **-4.3%**

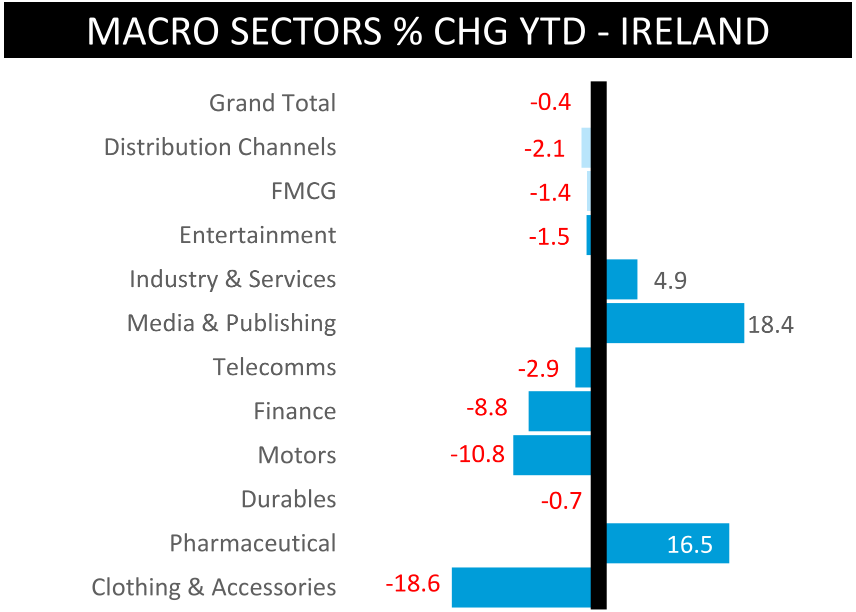
Macro sectors – percentage growth YOY

Media & Publishing	18.4
Pharmaceutical	16.5
Industry & Services	4.9
Durables	-0.7
FMCG	-1.4
Entertainment	-1.5
Distribution Channels	-2.1
Telecomms	-2.9
Finance	-8.8
Motors	-10.8
Clothing & Accessories	-18.6

Source: Nielsen AdDynamix Ireland YTD to June 2013
Based on net figures estimated with Nielsen Global AdView weighting factors

IN WHICH SECTORS IS ADVERTISING SPEND CONCENTRATED YTD? - IRELAND

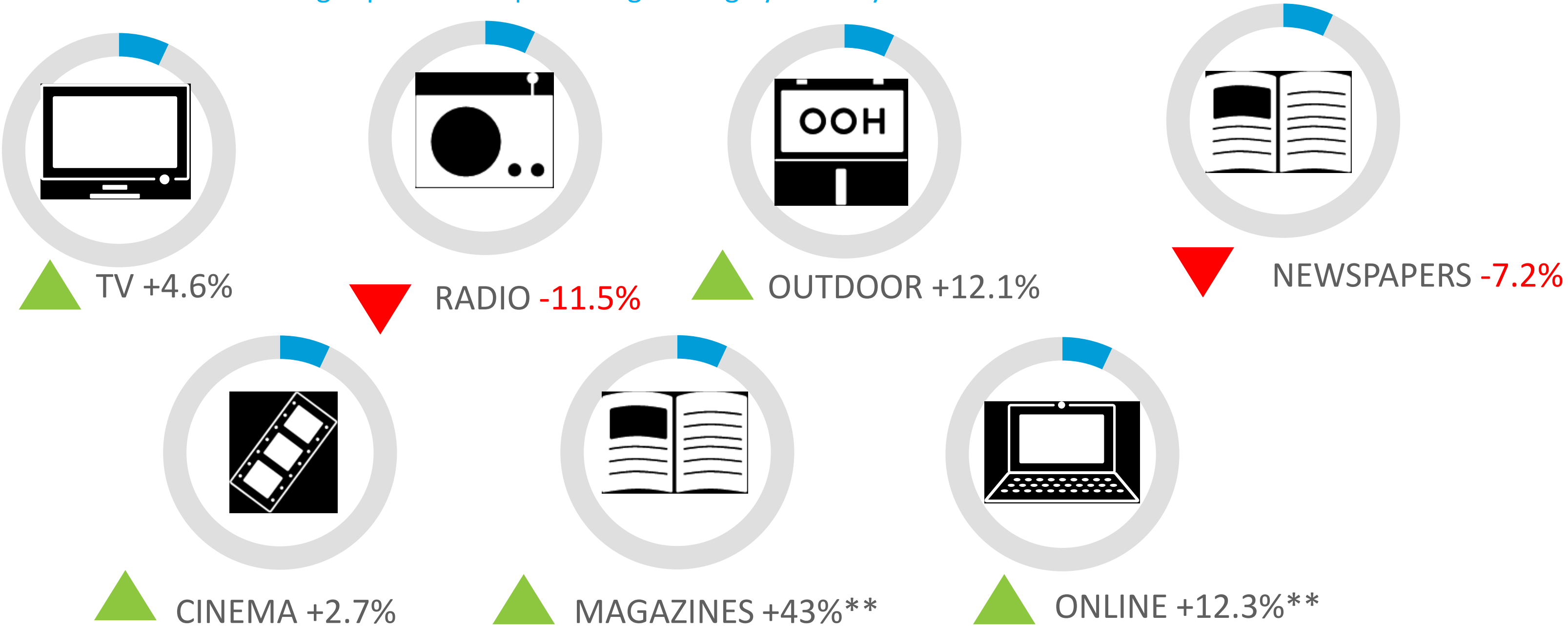




Source: Nielsen Ireland AdDynamix YTD to June 2013

WHICH FORM OF ADVERTISING IS DRIVING GROWTH YEAR ON YEAR? - IRELAND

Ireland - Traditional Advertising expenditure - percentage change year-on-year – YTD



Source: Nielsen AdDynamix YTD to June 13 - Ireland

- Note Magazines have extra coverage in 2013 on 2012 which accounts for high growth figure
- ** IAB Online FY 2012 Figures

Total Press -4.3%

TV VIEWING IN IRELAND REMAINS STRONG

Even with availability of time shifted viewing devices, most TV (91%) is still viewed live.

Ireland Average daily viewing 2012

3hrs 23 min Individuals

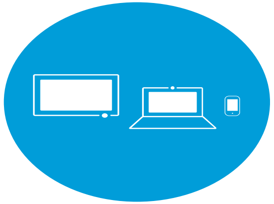
3hrs 35 min Adults 15+

2hrs 24 min Children

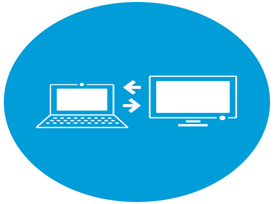
91% Of content was viewed Live

Higher time-shift viewing uplifts of **15.7%** for Adults 15-34 and **15.1%** for Housekeepers with Children

4% homes claim to view TV content via tablet (TV & non-TV)



16% homes claim to view TV content via laptop (TV & non-TV)



Source- Nielsen/TAM Ireland – Arianna –Average Minutes per person, 000s by activity, TVR – January to December 2012 – Live, VOSDAL, Time-shift by Day, Consolidated

Source- Establishment Survey – January 2013 fieldwork, April 2013 universes

WHO ARE THE BIGGEST SPENDERS YTD?

TOP 20 GLOBAL SPENDERS YTD

Proctor & Gamble
Unilever
L'Oreal
Ford Motor Co.
General Motors
Toyota
McDonalds
AT&T
Volkswagen Group
Nestle
Honda Motor
Microsoft
PepsiCo
Time Warner
Coca Cola Company
Nissan
Mars
Johnson & Johnson
Samsung
Pfzier

TOP 20 IRELAND SPENDERS YTD

Bskyb
Unilever
Eircom
Proctor & Gamble
Lidl
Upc
Supervalu
Kelloggs
Three Ireland
L'Oreal
McDonalds
Aldi
Diageo
Vodafone
National Lottery
Road Safety Authority
Tesco
Nestle
Reckitt Benckiser
FBD Insurance

Source: Nielsen Global AdView Pulse Q2 2013 – YTD, Nielsen Ireland AdDynamix 2013
Based on net figures estimated with Nielsen Global AdView weighting factors

nielsen

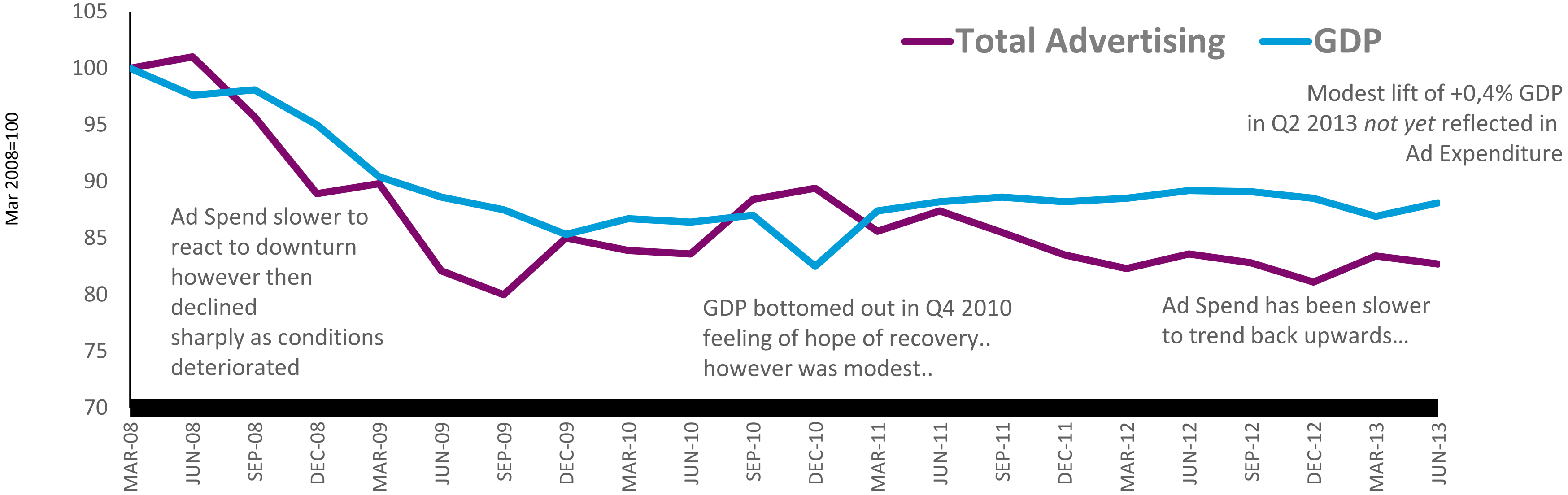
ADVERTISING SPEND VERSUS THE ECONOMY

AAI / NIELSEN ADVERTISING BAROMETER SEPT 2013

ADVERTISING SPEND FELL MORE SHARPLY THAN GDP AND BEEN SLOWER TO REACT UPWARDS, THOUGH SIGNS ARE IT IS BEGINNING TO LEVEL OUT

AAI/Nielsen Advertising Barometer Sept 2013

Trends in Advertising Expenditure & GDP (Seasonally Adjusted)



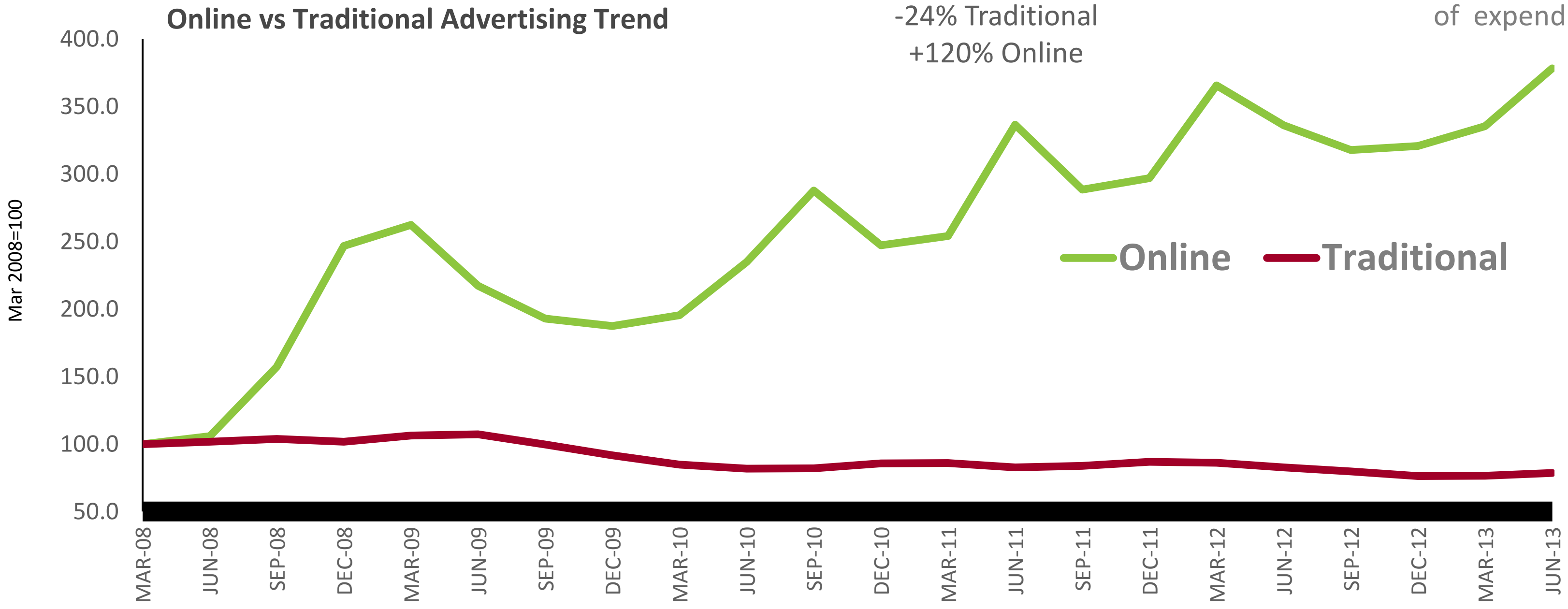
Source: Nielsen, Core Media, IAB & CSO

ONLINE IS DRIVING GROWTH IN MARKET VERSUS TRADITIONAL

AAI/Nielsen Advertising Barometer Sept 2013

2007-2012
-15% overall
-24% Traditional
+120% Online

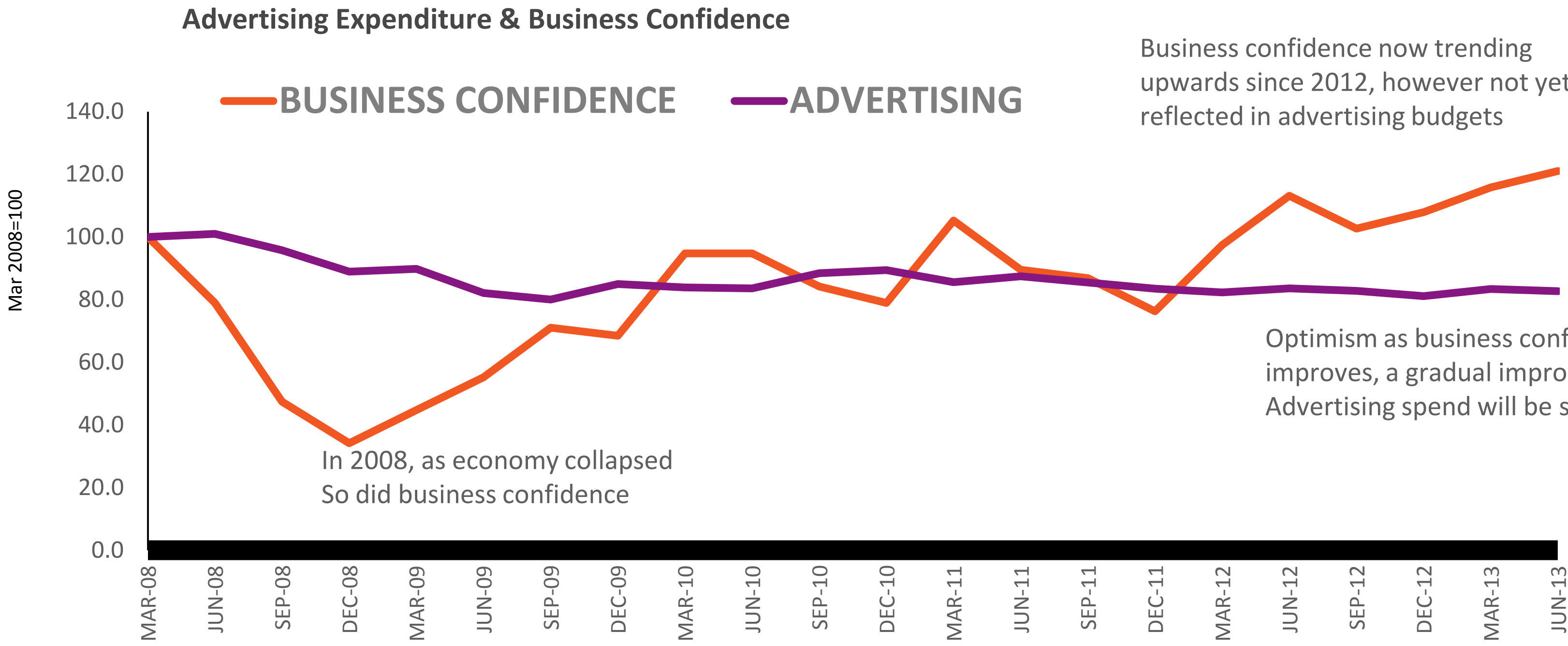
Online growth from 6% share to approx 16% share of expenditure



Source: Nielsen, Core Media & IAB 2013

CONTINUED FOCUS ON CUTTING BACK ON ADVERTISING EXPENDITURE IS SOURCE OF CONCERN

AAI/Nielsen Advertising Barometer Sept 2013



Business confidence now trending upwards since 2012, however not yet reflected in advertising budgets

Optimism as business confidence improves, a gradual improvement in Advertising spend will be seen….

Source: Nielsen, Core Media, IAB & KBC/CAI

nielsen

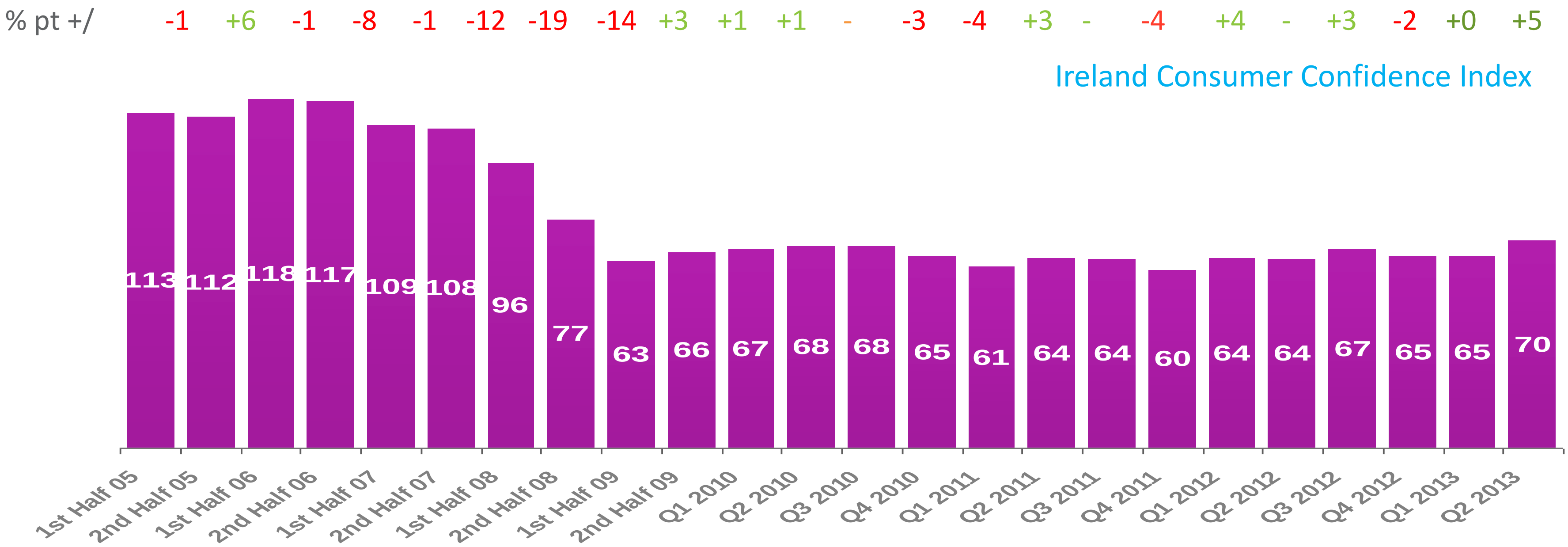
CONSUMERS' SENTIMENT AND MINDSET

IRELAND CONSUMER CONFIDENCE SURVEY Q2 2013

HOW AND WHY WE SHOP JULY 2013

IRELAND CONSUMER CONFIDENCE Q2 UP 5 POINTS

Highest score since Q3 2008 suggesting some optimisim. Of the 3 components of the Consumer Confidence Index, there is increased positivity on ‘*personal finances’* and ‘*job prospects’*, however ‘*readiness to spend’* remains unchanged.

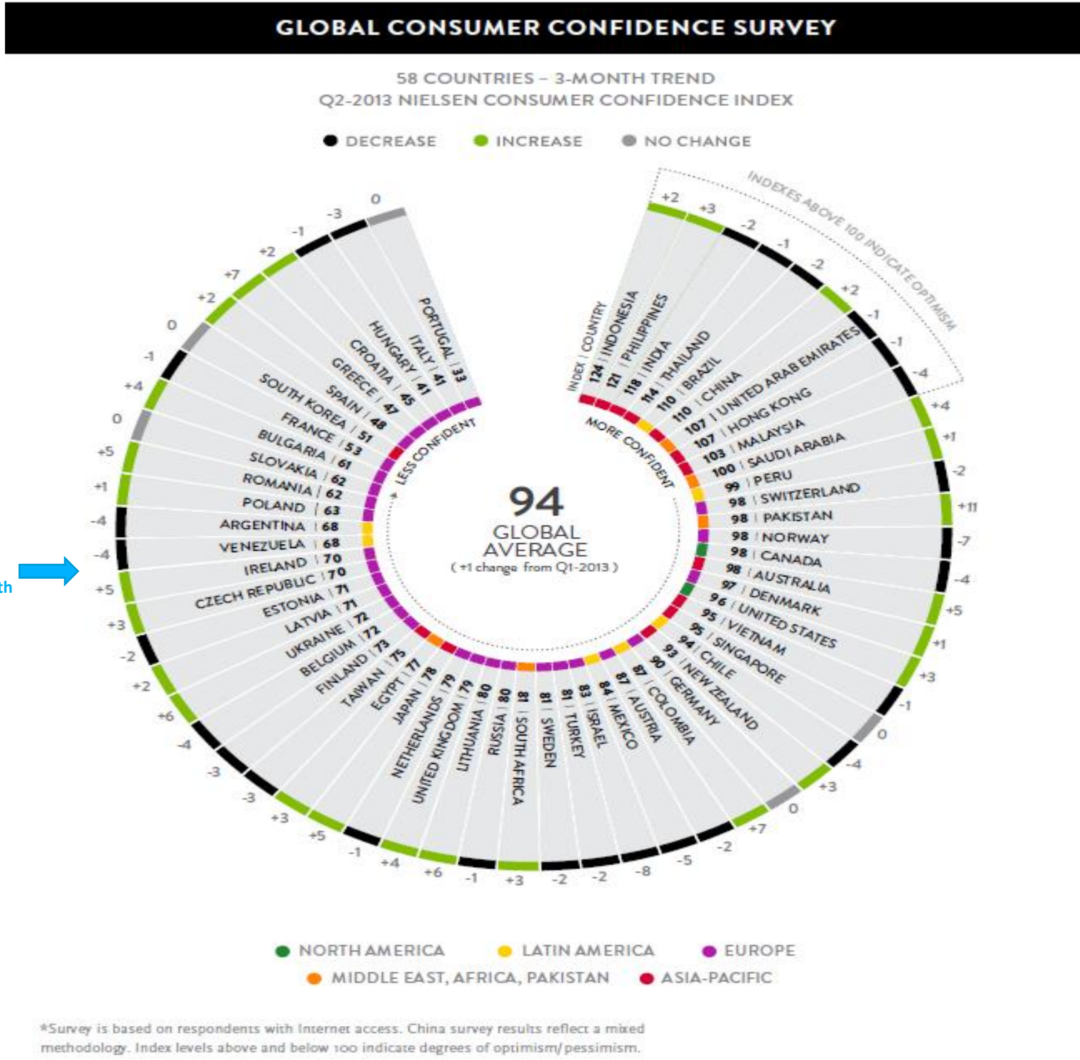


Source: Nielsen Global Online Survey – Ireland Results Q2 2013

3 European markets with a confidence reading above the benchmark : Switzerland, Norway, Denmark

Ireland ranking 15th lowest,

9 of the 10 lowest confidence scores of 58 countries hailed from Europe



Source: Nielsen Global Online Survey Consumer Confidence - Q2 2013

Biggest Concerns

1. Job security (+4)
2. Economy (-4)
3. Debt (-1)

Cutting Back

1. 72% Saving on utilities (+7)
2. **69% Cheaper Grocery Brands (+3)**
3. 69% Less new clothes (+3)

Spare Cash

1. 35% put into savings (+2)
2. 27% paying of debts (-)
3. **26% have none (-2)**

STILL DIFFICULT TIMES FOR IRISH CONSUMERS…

26% HAVE NO SPARE CASH, 69% SWITCHING TO CHEAPER GROCERY BRANDS. BRAND MESSAGES/ADVERTISING NEED TO RESONATE WITH TODAY'S CONSUMER

Source: Nielsen Global Online Survey – Ireland Results Q2 2013

61% CLAIM IN THE PAST YEAR, THEY HAVE ONLY HAD ENOUGH MONEY FOR SHELTER, FOOD AND BASICS, **31%** SAID THEY HAVE BEEN ABLE TO LIVE COMFORTABLY, WHILE **9%** SAID THEY HAVE BEEN ABLE TO SPEND FREELY

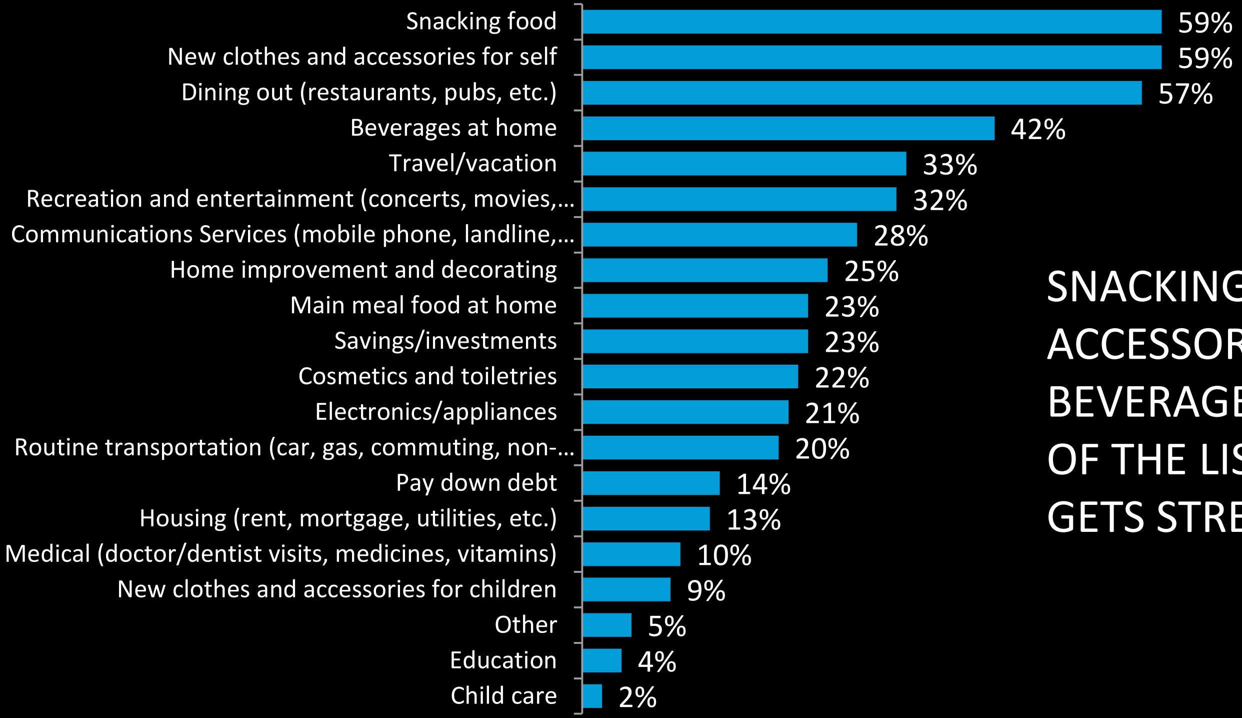
WHEN ASKED IS THERE ENOUGH FLEXIBILITY IN YOUR HOUSEHOLD BUDGET TO AFFORD A RISE IN FOOD PRICES WITHOUT MAKING DIFFICULT SPENDING CHOICES ELSEWHERE?

66% SAID NO

Source: Nielsen Global Online Survey Rising Prices– Ireland Results Q1 2013

CUTTING TACTICS IF PRICES RISE

Q: If food prices rise, please identify the top 5 areas where you would change your spending … - Ireland results



SNACKING, CLOTHES & ACCESSORIES, DINING OUT AND BEVERAGES AT HOME ARE TOP OF THE LIST TO CUT IF BUDGET GETS STRETCHED

Source: Nielsen Global Online Survey Rising Prices– Ireland Results Q1 2013

SHOPPING TACTICS IF PRICES RISE

47% OF IRISH RESPONDENTS SAY THEY WOULD BUY MORE PRIVATE LABEL

11% SAY THEY WOULD BUY MORE BRANDS

47% OF IRISH RESPONDENTS SAY THEY WOULD SHOP MORE AT DISCOUNT STORES IN TIMES OF RISING PRICES

IT WILL BE ESSENTIAL TO FOR BRANDS TO ENSURE ADVERTISING CONTENT IS HEARD, RELEVANT AND RESONATES

Private Label continues to grow, squeezing Brands.

€2.3 billion

the MAT Value of Private Label

22%

the Value Share Private Label currently has

+2%

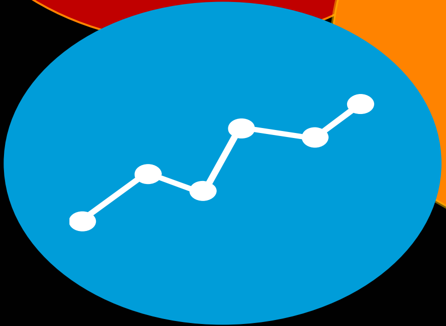
the rate of Value Growth of Private Label Year on Year in TOTAL MARKET

+10%

the rate of Value Growth of Private Label Year on Year in CONVENIENCE

Branded products Worth €8.3 billion

But branded declining at -1.2% value Year on Year



Source : Strategic Planner June 2013, Total Available Coverage

SAVING TACTICS IF PRICES RISE

67% WILL DECREASE SPEND PER TRIP

57% WILL DECREASE TRIPS TO THE SHOP

42% WILL PURCHASE ONLY SALE ITEMS

41% WILL LOOK FOR DEALS ONLINE

40% WILL PURCHASE LARGER PACKS

28% WILL USE SOCIAL MEDIA TO FIND DEALS

20% WILL SHOP MORE ONLINE

4
6

IT WILL BE ESSENTIAL TO ENSURE ADVERTISING CONTENT IS HEARD, RELEVANT AND RESONATES

STRONG BRAND MESSAGES, NPD IMPORTANT

63% HOWEVER INDICATE WILLINESS TO EXPERIMENT WITH NEW BRANDS

4
6

58% like when manufacturers offer new products

56% wait until a new innovation is proven

60% buy new products from familiar brands

54% like to tell others about new products

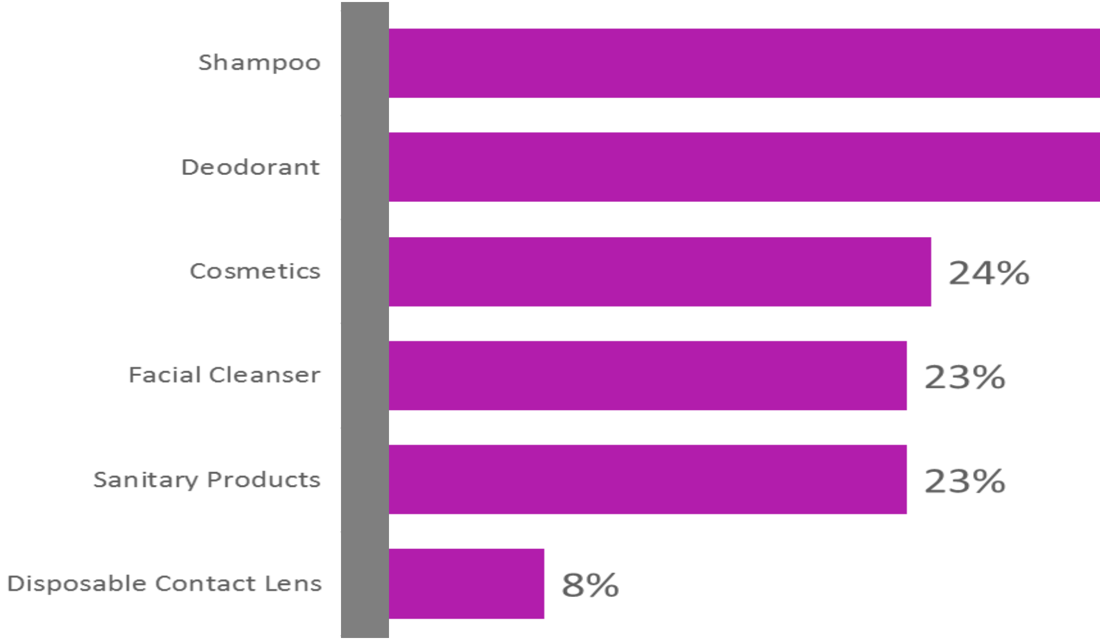
CONSUMERS WILL RESPOND TO STRONG NPD ADVERTISING FROM BRANDS

Nielsen Online Survey Q3 2012 – New Product Purchase Intentions Sentiment Survey

CATEGORIES WHERE BRAND SELDOM CHANGES

For Shampoo and Deodorants, our survey reveals almost half of consumers use a particular brand which they seldom change, suggesting good loyalty

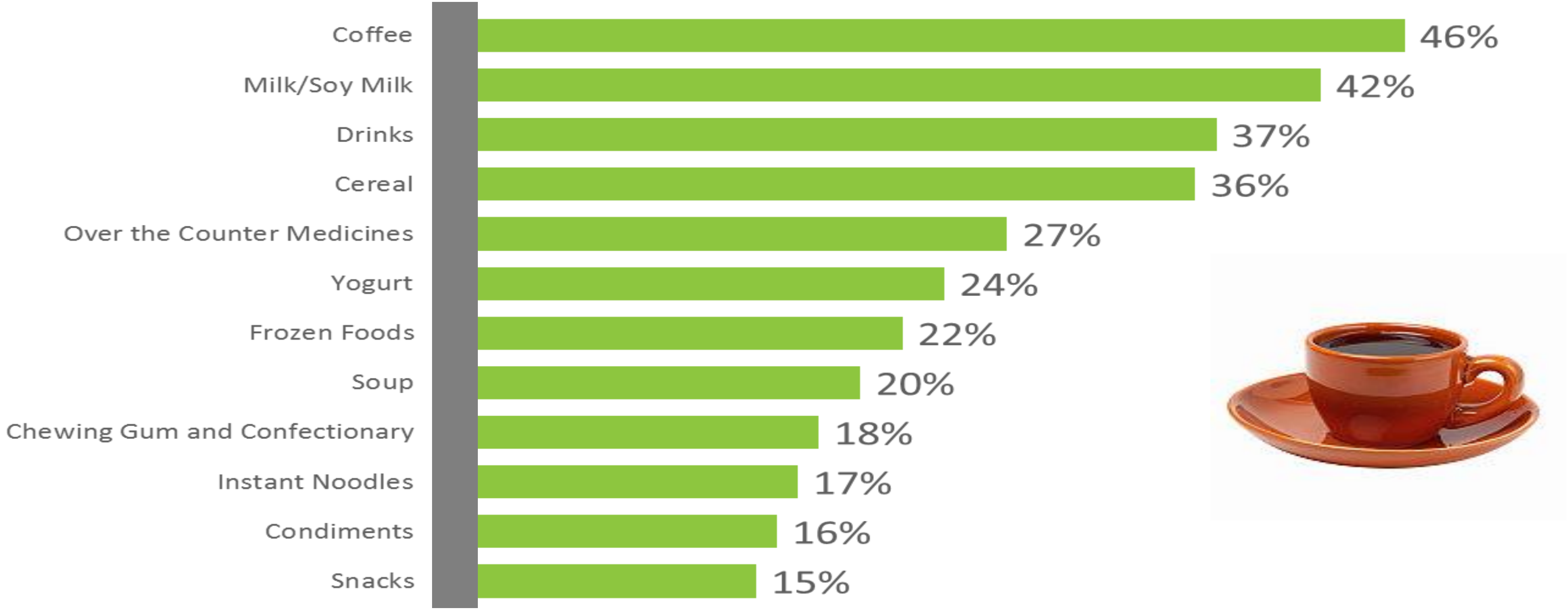
Q. For the following personal product categories, which categories do you always use a particular brand and seldom change? (Ireland)



CATEGORIES WHERE BRAND SELDOM CHANGES

Almost half of consumers are loyal to their Coffee brand, while 42% are loyal to a particular milk brand

Q. For the following personal product categories, which categories do you always use a particular brand and seldom change? (Ireland)

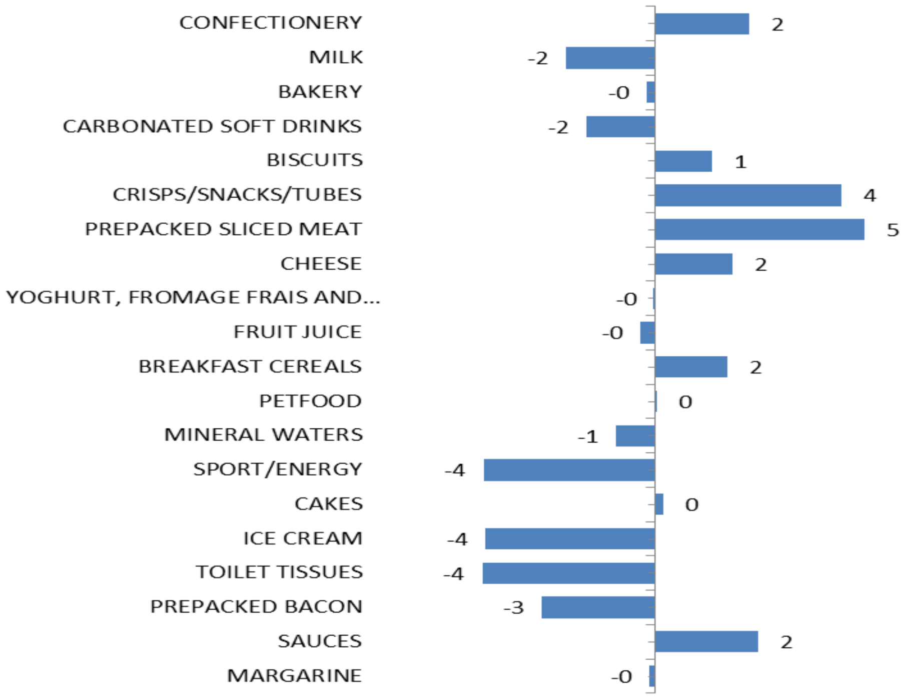


WINNING CATEGORIES IN A RECESSION

NIELSEN IRELAND RETAIL SALES DATA

FEW TOP 20 GROCERY CATEGORIES SHOWING GROWTH

Only crisps/snacks and sliced cooked meats showing real growth - inflation playing a key role.



Top 20 grocery categories, % chg in value

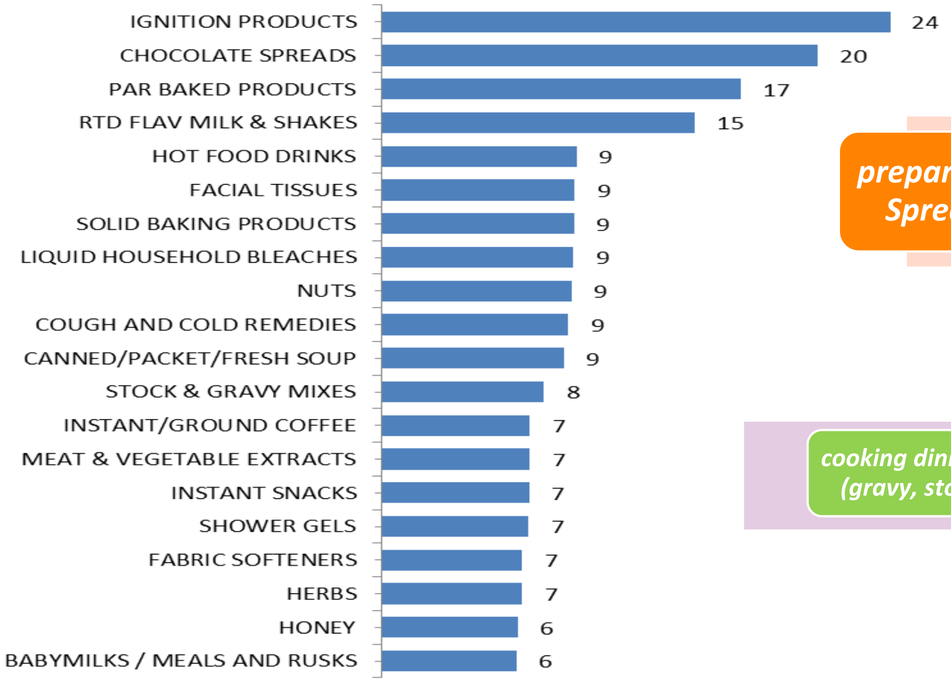
Top 20 categories account over 50% of sales

Source : Strategic Planner June 2013, Total Available Coverage

TRENDS IN THE FASTEST GROWING CATEGORIES FOR "EATING IN" AND "NESTING"

Consumers looking to save on out of home food, and the cold weather impacting "nesting".

20 fastest growing categories, % chg in value (categories > €5m)



Source : Strategic Planner June 2013, Total Available Coverage

preparing lunch @ home (Choc Spreads, Soup, inst Snacks)

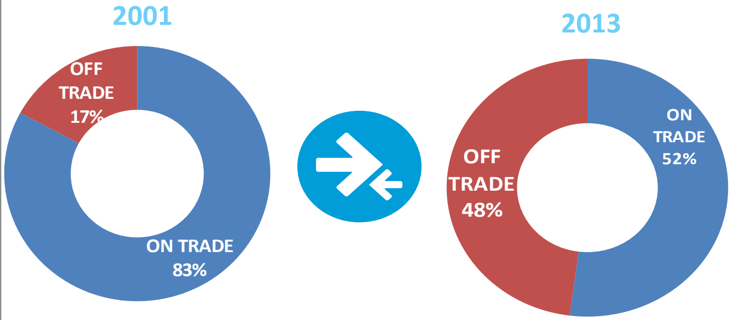
cooking dinner @ home (gravy, stock, herbs)

Nesting: Home Baking, Ignition products, Hot Food Drinks

SWITCH TO “BIG NIGHTS IN” FROM “BIG NIGHTS OUT”

Total Alcohol Volume split 2001-2013

Split of Alcohol sales



CONSUMERS CUTTING BACK ON ALCOHOL OVERALL

Price increases driving value growth. Champagne sales plummet. However Sparkling Wine and Craft Beer sales grow.

Sparkling wines
Value **+1%**

Spirits
Value **+2%**

Beer
Value **-3%**

Table Wines
Value **+2%**

Champagne
Value **-14%**

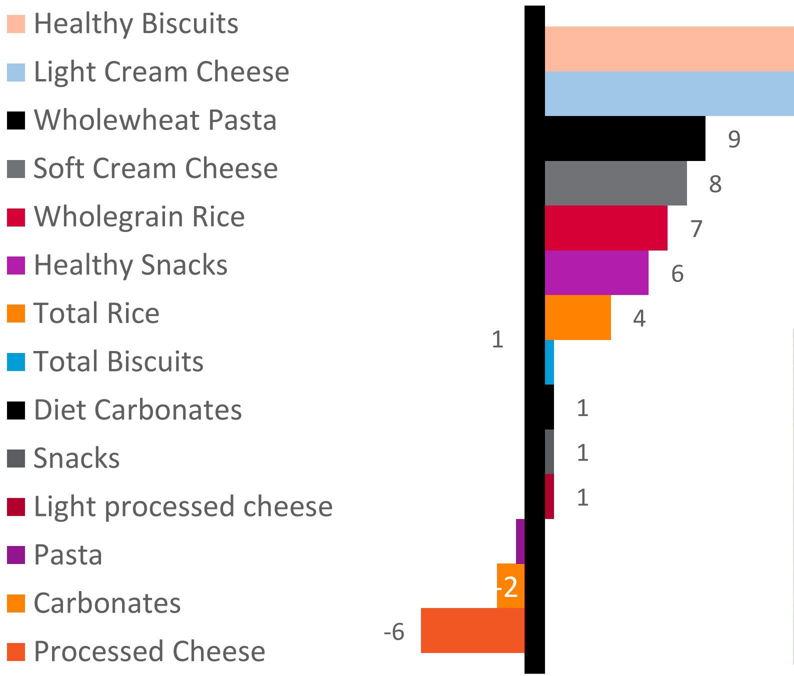
Cider/Perry
Value **+1%**

Total ROI Off Trade Excluding Dunnes, Excluding Discounters, Alcohol CCA Report, Data to MAT April 2013

OFF PREMISE SALES

MANY HEALTHY PRODUCTS CONTINUE TO PERFORM AHEAD OF THEIR CATEGORY

Healthy biscuits in particular a real success story.



Source: Total Scantrack incl Discounters to June 2013 Value MAT % Chg

THERE IS STILL A PLACE FOR PREMIUM PRODUCTS

Trends in diverse categories such as yoghurt and cat food show there is still demand for those luxury items and premium products for the right occasions.

TOTAL YOGHURT
-4%

LUXURY POTS
+9%

TOTAL CAT FOOD
-6%

SUPER PREMIUM SINGLE SERVE
+20%

TOTAL CHEESE
+2%

SPECIALITY
+12%

Source: Total Scantrack inc Discounters June 2013 Value % Chg

INNOVATION AND NPD A GOOD HOOK

Innovation can meet consumer needs, disrupt the category, or drive value – 33% say they look out for new products.

New Cons. Occasion

Brand EquityTransfer

Packaging

Health

Sustainability

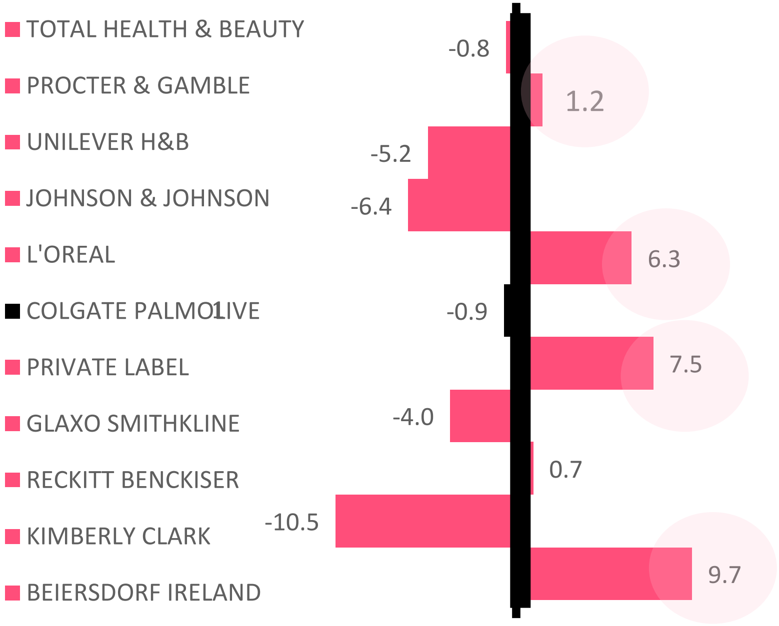
Marketing

Shopper Trends 2012 and Nielsen BASES

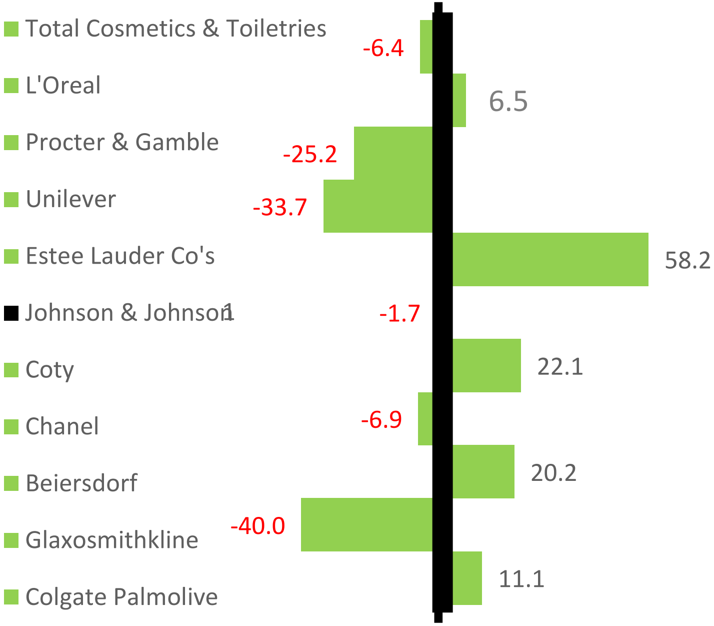
HEALTH & BEAUTY - L'OREAL SEES SALES GROWTH IN LINE WITH STRONG ADVERTISING SPEND GROWTH

(% Change latest 12 months)

Top Ranking Manufacturers (Sales % Change)



Top Ranking Advertisers (Ad Spend % Change)



Source: Total Scantrack to Aug Value MAT % Chg / Nielsen AdDynamix MAT %Chg

STRONG GROWTH IN PRESS BY SOME KEY ADVERTISERS

Ad Spend % change latest 12 months

Top 10 Ranking Advertisers	Total	TV	Press
Total Cosmetics & Toiletries	**-6%**	**-20%**	**19%**
L'Oreal	7%	2%	29%
Procter & Gamble	-25%	-39%	-5%
Unilever	-34%	-45%	1%
Estee Lauder Co's	58%	79%	39%
Johnson & Johnson	-2%	-2%	-24%
Coty	22%	-15%	65%
Chanel	-7%	-15%	-4%
Beiersdorf	20%	428%	-19%
Glaxosmithkline	-40%	-46%	365%
Colgate Palmolive	11%	13%	53%

% Change by media latest 12 months to Aug 13

Share of Spend
Latest 12 months

TV – 54%
Press – 38%
Outdoor – 4%
Radio – 2%
Cinema – 2%

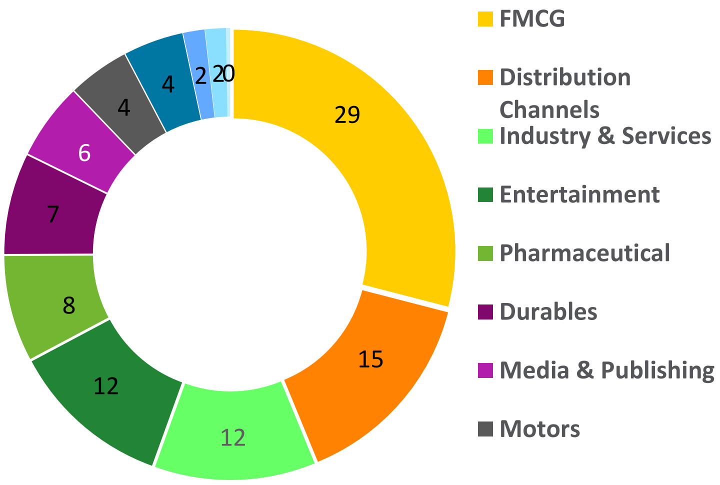
Source: Nielsen AdDynamix MAT %Chg

FMCG COMPRISES ALMOST 30% OF CURRENT YTD MAGAZINE SPEND, OF WHICH COSMETICS AND TOILETRIES IS ALMOST 60%

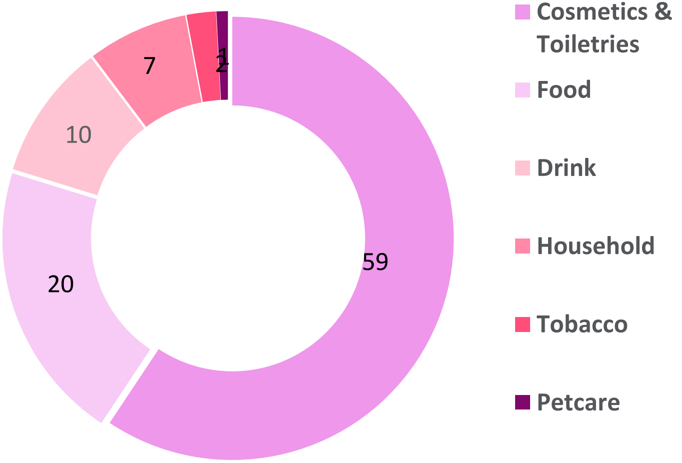
Please note these are latest YTD figures to represent the new coverage of titles in 2013 % change year on year is not available for most titles yet

Magazine YTD Ad Spend	
Total	**18,807,487**
Consumer	13,466,689
B2B	5,340,798

Total Magazines Ad Spend Split
YTD to August 2013



Magazine FMCG Ad Spend Split
YTD to August 2013



Source: Nielsen AdDynamix to YTD Aug 2013

TOP 3 ADVERTISERS COMPRISE 11% OF SPEND YTD

Top 10 Advertisers Magazine Ad Spend YTD Jan – Aug 2013 (Nielsen)

	Top 10 Advertisers	Macro Sector	Spend YTD
	Grand Total	**Total**	**18,807,487**
1	Procter & Gamble Ireland	FMCG	1,173,528
2	Loreal	FMCG	546,483
3	Unilever	FMCG	313,566
4	Coty	FMCG	175,387
5	Aldi Stores Ltd	Distribution Channels	161,033
6	Regina	FMCG	159,712
7	Radio Nova	Media & Publishing	150,032
8	Boots Ireland	Distribution Channels	146,252
9	98 Fm	Media & Publishing	131,235
10	Fbd Insurance	Finance	105,177

Source: Nielsen AdDynamix to YTD Aug 2013

Embracing the latest trends to deliver more effective advertising results

- Trust in Traditional Advertising is still strong
- Identify latest trends your valuable customers are tapping into
- Gauge the 'mindset and mood' of the consumer for messages
- Consumer hooks – eg New Brands, NPD, Eating in, Premium…
- Analyse key Advertiser media mix strategies – opportunities?

nielsen

AN UNCOMMON SENSE OF THE CONSUMER™

Karen Mooney
Nielsen Media
The Nielsen Company Ireland

karen.mooney@nielsen.com