

Press Information

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Kantar Media Takes Historical Look At Winter Olympics Ad Spending

2014 Sochi Olympics Could Produce More Than 5,500 TV ad minutes

New York, NY, January 22, 2014 – The countdown is on to the 2014 Olympic Winter Games, which will take place in Sochi, Russia and is being televised by NBC Universal from February 6-23. For U.S. sports fans, the quadrennial event fills a gap between the Super Bowl and the NCAA Men's Basketball Tournament and puts a spotlight on a variety of winter sports that receive little media coverage in non-Olympic years.

Spectators and TV viewers will watch the participants vie for medals in 96 events on ice and snow. Skilled athletic achievements, unexpected outcomes and poignant storylines will add to the drama. For the advertising industry, there is additional interest in the efforts of marketers trying to leverage the Olympics for the benefit of their brands. Like the athletes, the sponsors also hope to cross the finish line without slipping or crashing and to earn marketing gold.

Kantar Media has mined its extensive database to compile a variety of statistics and insights on Winter Olympic advertising.

TV Ad Revenue vs. Rights Fees

U.S. TV ad spending in the Winter Olympics peaked in 2006 at \$851 million when NBC Universal used its cable channels to add 70 hours of programming coverage and create extra inventory. Ad time sales for the 2010 Games were conducted during the devastating 2009 recession, resulting in less demand and a five percent drop in TV ad revenue to \$809 million.

NBC Universal has announced it will show a record-setting 539 hours of TV coverage from the 2014 Winter Olympics, a 21 percent increase compared to 2010. The total volume of commercial time should increase by a comparable amount and provide some financial upside, as will new digital advertising opportunities from a significant expansion of streaming video coverage.

Escalating Olympics rights fees and higher production costs associated with more coverage require a growing financial investment from a media company. TV advertising revenue has not been keeping pace, even with more time available for sale. Digital ad spending is growing but external estimates still place it at less than ten percent of total ad revenue for the Olympics. The economics keep getting tougher.

Winter Olympics 2002-2010

Year	Location	Hours of US TV Coverage	US TV Ad Spending (millions)¹	US Media Rights Fees (millions)
2002	Salt Lake City	374	\$789	\$545
2006	Turin	444	\$851	\$613
2010	Vancouver	434	\$809	\$820
¹ TV ad spending includes broadcast and cable networks only.				
<i>Sources: Kantar Media; NBC Sports Group</i>				

Online Video Expansion

Over the past few Olympics, NBC Universal has significantly increased its streaming video coverage and improved the underlying infrastructure for user authentication and content delivery to consumer's digital screens, leading to enormous audience growth. Coverage will increase yet again for the Sochi Olympics with all competition in every event streamed live. It's the same model NBC Universal successfully used for the 2012 Summer Olympics. Highlight clips and playback of events will also be available.

	2010 Winter Olympics	2014 Winter Olympics		2008 Summer Olympics	2012 Summer Olympics
Available # of Hours of Live Streaming Video	400	1,000		2,200	3,500
# of Hours of Video Consumed (millions)	4.4	---		9.9	20.4
Total # of Video Streams Delivered (millions)	50.5	---		75.5	159.3

Source: NBC Universal

Because the Winter Olympics has far fewer events than the Summer Games, trend comparisons on the amount of online video content should be done within the Winter or Summer competitions.

Even with the huge increase of streaming video content and audience growth, the Olympics remain primarily a TV event. More than 90 percent of total video consumption and more than 90 percent of all ad revenue is TV-based.

More Hours of TV Coverage Equals More Ad Inventory

As TV coverage of the Winter Olympics has expanded, so has the supply of commercial inventory and the volume of ads aired in the U.S. The growth has mainly been driven by expanded coverage on NBC Universal cable properties. In 2010, about 55 percent of the total programming hours and commercial time was on these external channels. For the 2014 Sochi Games, the cable ratio is expected to be about 65 percent.

Winter Olympics: Programming Hours and Ad Time

	<u>2002</u>	<u>2006</u>	<u>2010</u>
Hours of TV Coverage	374	444	434
• (NBC Network)	168	182	189
• (All Other Channels)	206	262	245
Ad Minutes Aired¹	3,940	4,618	4,288
• (NBC Network)	1,776	1,906	2,031
• (All Other Channels)	2,163	2,712	2,257

¹ Ad time excludes network promotional advertising

Source: Kantar Media

NBC Universal has said it will air 539 hours of TV coverage from Sochi distributed across multiple channels. If the ratio of paid commercial time per hour is comparable to prior years, the 2014 Olympics could contain upwards of 5,500 TV ad minutes.

Ad Pricing

The blended average price for a 30 second unit in the 2010 Winter Olympics, across all network and cable channels, was \$94,300. The amount paid by individual marketers can vary considerably depending on how much ad time is purchased, the mix of premium and non-premium inventory, packaging of TV spots with online inventory, and other negotiable factors.

One outcome of more programming hours is audience dilution, as viewers distribute their Olympic tuning across the spectrum of available channels and hours and also watch events online. This programming strategy can increase the aggregate number of Olympics viewers even as the average audience per channel and per spot declines. Ad revenue growth has thus become more dependent on volume than average price.

**Winter Olympics:
Average Price Of A :30 TV Spot**

<u>2002</u>	<u>2006</u>	<u>2010</u>
\$100,100	\$92,100	\$94,300

Source: Kantar Media

A Concentration of Ad Spending

The impact of the recession on TV ad sales for the 2010 Winter Olympics was reflected in the fewer number of participating marketers and a reduced share of total spending from the top ten U.S. advertisers in the Games. Big sponsors trimmed their commitments and a number of smaller companies opted to sit on the sidelines.

In 2010, the Top Five marketers accounted for 27 percent of total ad spend and the Top Ten represented 41 percent of the dollar volume.

**Winter Olympics:
% Share of US TV Ad Spending By Top Advertisers**

	<u>2002</u>	<u>2006</u>	<u>2010</u>
Total # of TV Advertisers	179	216	171
% Share of TV Ad Spend			
• Top 5 Advertisers	30%	31%	27%
• Top 10 Advertisers	46%	49%	41%

Source: Kantar Media

Leading Advertisers

The Top Ten advertisers in the 2010 Olympics spent a total of \$334.6 million on TV advertising alone. In each Olympics several of the highest-spending advertisers also have top-level sponsorship deals with the global IOC and/or the domestic United States Olympic Committee (USOC). These arrangements entitle companies to additional marketing opportunities, category exclusivity and use of Olympics symbols and marks.

**2010 Winter Olympics:
Top Ten TV Advertisers**

Rank	Advertiser	Ad Spend (millions)	2010 IOC Global Sponsor	2010 USOC Sponsor
1	AT&T Inc	\$50.3		Yes
2	General Electric Co	\$45.9	Yes	
3	Procter & Gamble Co	\$44.4		Yes
4	General Motors Corp	\$41.5		
5	Visa USA Inc	\$37.3	Yes	
6	McDonalds Corp	\$31.7	Yes	
7	Coca-Cola Co	\$28.7	Yes	
8	Johnson & Johnson	\$20.9		
9	Comcast Corp	\$17.1		
10	Toyota Motor Corp	\$16.8		
	Total, Top Ten¹	\$334.6		
USOC Sponsors not included in the Top Ten				
11	BMW Ag	\$16.3		Yes
13	Anheuser Busch InBev	\$15.9		Yes
¹ Total differs from the sum of the individual companies due to rounding Sources: Kantar Media; IOC; USOC				

Top Ad Categories

The leading U.S. ad categories in the Winter Olympics are a reflection of the Top Advertiser list, since many of these elite companies have exclusivity deals that limit access by their main rivals. The Top 5 categories in 2008 invested \$359.8 million and accounted for 45% of the total TV ad revenue

**2010 Winter Olympics:
Top Five TV Ad Categories**

Rank	Category	Ad Spend (millions)
1	Automotive	\$130.8
2	Financial Services	\$68.4
3	Telecom	\$58.0
4	Retail	\$54.1
5	Restaurants	\$48.5
	Total¹	\$359.8

¹ Total may differ from the sum of the due to rounding
Source: Kantar Media

About Kantar Media

Kantar Media provides critical information that helps our clients make better decisions about communications. We enable the world's leading brands, publishers, agencies and industry bodies to navigate and succeed in a rapidly evolving media industry. Our services and data include analysis of paid media opportunities; counsel on brand reputation, corporate management and consumer engagement through owned media; and evaluating consumers' reactions in earned media. As the global house of expertise in media and marketing information, Kantar Media provides clients with a broad range of insights, from audience research, competitive intelligence, vital consumer behaviour and digital insights, marketing and advertising effectiveness to social media monitoring. Our experts currently work with 22,000 companies tracking over 4 million brands in 50 countries.

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