Welcome!

Introduction
Explore NBCUniversal’s latest perspectives and insights into the Entertainment industry. This report provides an overview of recent marketplace dynamics, our prediction of key future trends impacting the industry, and strategic recommendations for Entertainment brands and marketers as they navigate what’s next.

Our Approach
At NBCUniversal, we have a legacy of working with a diverse range of Entertainment partners to build their brands. This report has been created based on NBCU’s:
- Ongoing Industry Evaluation
- Conversations with Entertainment Advertisers and Agencies
- Continual Marketplace Analysis
- Examination of Consumer Attitudes towards the Entertainment Industry
In 2022, NBCU worked with:

**Entertainment Industry Advertisers Across Major Subcategories:**

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<th>TV Networks</th>
<th>Video &amp; Audio Streaming</th>
<th>Studios &amp; Film</th>
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<td>Pro Sports &amp; Betting</td>
<td>Live Events</td>
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- 2022 Landscape
- Entertainment Forward-Looking Trends
- NBCU Entertainment Strategic Considerations
- NBCU Relevant Materials
2022 Landscape

Overview of Key Entertainment Marketplace Dynamics
2022 ushered a new evolution of **Post-Pandemic Entertainment Norms** as consumers balance in-person and at-home activities.
THE ENTERTAINMENT LANDSCAPE IS Adapting to Changing Mindsets & Behaviors

**Live In-Person Events Return**
Demand and revenue for live events dramatically recovered to surpass pre-pandemic highs mainly thanks to concerts & live sports

+22%
Increase in live event global revenue in 2022 vs. 2019

**Competition for Share of Time**
As the entertainment landscape evolves and re-emerges post-pandemic, competition for consumer share-of-time has become fiercer than ever

200+
Number of streaming services available globally across video, music, & gaming

**Streaming Overtakes Cable**
As streaming platforms continue to compete for viewership, the medium has finally surpassed cable (& broadcast) as the most popular way to consume TV content

1/3
Share of total TV consumption attributed to streaming, more than any other medium

**Box Office’s Slow Rebound**
Thanks to blockbusters, the Q3 box office neared pre-pandemic levels. With fewer wide release titles, a full recovery is still pending but perhaps fate rests with AMC’s renewed Nicole Kidman deal

-30%
overall number of movies slated for wide theatrical release in 2022 vs. 2019

**Massive Growth in Sports**
Pro sports benefited from massive growth due to new revenue streams, e.g. sports betting, new D2C & web3 offerings, and landmark streaming deals

$10-11B+
NBA & NFL record-breaking revenues of $10B & $11B+ respectively in 2021-22

Sources: 1. Statista; 2. EarthWeb; 3. Axios; 4. CNBC; 5 Sports Media Pro; Sportico
Entertainment Forward-Looking Trends

Key Trends We Expect to Influence Entertainment Marketing & Media Strategies
Streamers Embrace Ad-Supported

Valuable Content IP Only Grows More Valuable

Studios Reevaluate Release Distribution

Web3 to Democratize Events

Sports Industry Doubles Down on Deeper Fandom
Streamers Embrace Ad-Supported

As consumers grapple with an abundance of pricey subscriptions, streamers are capitalizing on less expensive ad-supported options.

As streamers answer AVOD demand, they will need to aggressively market new tiered offerings and exclusive content to retain/grow their userbase, compete in a crowded market, boost revenue, & attract advertisers.

Additionally, digital media owners will face increased competition for ad dollars as streaming AVOD becomes an enticing digital video option for brands.

Less Time Spent with SVOD

Between Q1 2021 & Q3 2021, SVOD time decreased by 8.6%, while AVOD time increased by 9.3%.

Growing Demand for AVOD

Nearly 60% of US consumers favor AVOD options with lower fees vs. only 41% preferring pricier SVOD options.

Multicultural Drives CTV Growth

Diverse audiences make up 40%+ of CTV streaming households.

Hispanic audiences outpace total streaming viewers by 10 percentage points (82%).

AVOD Growth Outpaces SVOD

The number of AVOD streaming households via CTV grew 29% YOY compared to only 21% for SVOD.

Sources: Forbes, Deloitte, Tube Filter, Financial Times, Comscore, Horowitz State of Viewing & Streaming
Valuable Content IP Only Grows More Valuable

As production costs skyrocket, & streaming aims for profitability, production studios will lean on pre-existing reliable IP more than ever before.

Last year, only 2 original films made the top 20 grossing films, accounting for only 7% of box office gross & establishing persisting trends in 2022 so far.

Studios will balance the risk of new IP by investing heavily in proven content. They will also maximize fan-favorite IP by extending to other monetizable mediums e.g., the metaverse.

“It is a balance, trying to figure out how to be aggressive and make smart investments, take advantage of the franchises that you already own where you are already strong, but building on the new things. There is a lot of balancing to be done. How much is prudent to invest?”

DAVID NEVINS
Chairman & CEO, Paramount Premium Group

“I think movies in theaters are going to become more expensive, event-ized. And there’ll be 40 movies a year theatrically, probably, all IP, sequel, animated.”

BEN AFFLECK
Actor, Producer, Academy Award Winner, Dunkin’ Donuts Enthusiast

“How many [Game of Thrones] shows will make it to air? I don’t know, but I hope the answer will be several. And we’ll have something akin to the Marvel or Star Wars model by the time it’s all settled.”

GEORGE R.R. MARTIN
Author & Creator of the “Game of Thrones” Universe

D23 2022 Content Announcements

12 Marvel Projects
8 Star Wars Projects
Studios Reevaluate Release Distribution

After the introduction of streaming releases, new audience preferences are forcing studios to optimize box office vs. streaming approach

As more releases transition to streaming, studios will continue shifting dollars to digital marketing & precise targeting in order to effectively achieve ROI & bolster subscription numbers

Additionally, studios will prioritize theatrical release & mass promotion for blockbusters & proven franchises, cementing the growing importance of valuable IP moving forward

Majority of Movie-Watchers Prefer Co-releases via Theatrical & Streaming

- Simultaneous theater & streaming release: 46%
- Theaters release, streaming 45 days later: 19%
- Theaters release, streaming 90 days later: 13%
- Streaming release only: 6%
- Don’t know or no opinion: 16%

Sources: CNN, Morning Consult
Web3 to Democratize Events

As virtual options gain mass appeal, web3 & the metaverse will become increasingly attractive options to drive attendance & engagement

The U.S. events market size is expected to reach over $538B by 2030, registering a CAGR of 13% from 2021 to 2030

But despite the rebound, there have been hiccups with many consumers continuing to opt for virtual attendance over in-person tickets. Web3 integrations are predicted to serve as a strong solution to further accelerate the entertainment rebound.

Some live events are facing hesitancy...

-54%
Broadway 2021-22 Revenue vs. 2018-19

-76%
SXSW 2022 Attendance vs. Pre-Pandemic

-6%
MLB Attendance @ 2022 All-Star Break, down for 23 of 30 teams vs. 2019

But Web3 is revealing its use cases

Theme Parks
Disney recently filed a patent for a “virtual-world simulator” to reproduce its theme parks in 3D

Museums
Gucci & Roblox co-created a virtual replica of the “Gucci Garden” in Florence, allowing virtual visitors from afar

Concerts
Many musical artists such as Ariana Grande & Travis Scott leveraged VR for live events
Sports Industry Doubles Down on Deeper Fandom

In pursuit of continued growth & relevance, sports entities are investing in new interactive opportunities for fans – chiefly, via sports betting

With a CAGR of 35%, sports betting will generate $30B in revenue from $400B in total wagers by 2030 as fans level-up their game-viewing experience

This substantial revenue will be invested back into marketing & new offerings as the industry uses contextual partnerships & diversified business lines (e.g. original content & NFTs) for consumer education, acquisition, & ultimately deepened engagement

Sports’ Golden Opportunity in Betting:

1. Customer Acquisition
   Grow users by leveraging the existing customer fanbase of reputable pro sports & media partners

2. Fan Interaction
   Educate fans & prompt betting behaviors via contextual programming integrations e.g., live betting odds & data overlays

3. New Revenue Sources
   Increase revenue via newly launched LOBs, such as transaction fees, direct advertising, partnerships, & affiliate marketing

Recent Partnerships Fueling Fan Betting:

- Fanduel
- DraftKings
- Caesars Entertainment
- BetMGM
SUMMARY

Key Entertainment Trends We Expect to Influence Marketing & Media Strategies

Streamers Embrace Ad-Supported
AVOD options will continue taking over the market as streamers seek to achieve profitability, increasing competition for ad dollars.

Valuable Content IP Only Grows More Valuable
Existing IP will continue shaping future production strategies for studios grappling with high costs & unpredictable reception of new releases.

Studios Reevaluate Release Distribution
The success of releases now hinges upon the studio’s ability to simultaneously build hype around theatrical releases & effectively reach streamers.

Web3 To Democratize Events
As in-person ticket sales remain low, entertainment advertisers will strategize new ways to reach skittish consumers with immersive alternatives.

Sports Industry Doubles Down on Deeper Fandom
In pursuit of continued growth & relevance, sports entities are investing new interactive opportunities for fans – chiefly, via sports betting.
NBCU Entertainment Strategic Considerations

Key Considerations for Driving Growth for Entertainment Brands
01. Build Awareness Through Cultural Connection
Align major releases & promotion with mass reach content, influential talent, & cultural moments

02. Engage Target Audiences Where They Are
Leverage audience data & targeting to drive growth with audiences primed for entertainment offerings

03. Leverage Innovative Custom Ad Solutions
Utilize customizable ad formats to drive impact, such as ticket sales, mass awareness, & generating buzz

04. Extend Valuable IP in Web3
Test, learn, & innovate ahead of the curve by unlocking new immersive experiences for fans
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<td><strong>01. Build Awareness Through Cultural Connection</strong></td>
<td><strong>02. Engage Target Audiences Where They Are</strong></td>
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<td><strong>Why:</strong> Leverage live premiere moments with built-in mass appeal to catapult awareness &amp; relevance for releases</td>
<td><strong>Why:</strong> Leverage data solutions to identify &amp; follow target audiences, plus identify new growth segments</td>
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<td><strong>Good For:</strong> Awareness</td>
<td><strong>Good For:</strong> Targeted Reach</td>
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<td>Mass Reach</td>
<td>Incremental Reach</td>
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<td><strong>03. Leverage Innovative Custom Ad Solutions</strong></td>
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<td><strong>Why:</strong> Increase conversion &amp; consumer action with innovative ad solutions designed for engagement, purchase, &amp; recall</td>
<td><strong>Why:</strong> Capitalize on fan-favorite IP by extending to new, innovative mediums for fans to experience, enjoy, &amp; own</td>
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<td><strong>Good For:</strong> Purchase Intent</td>
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01. Build Awareness Through Cultural Connection

Align major releases & promotion with mass reach content, influential talent, & cultural moments

Alignment with IP
Align with NBCU’s premium, brand-safe, passion point content via sponsorship & integration opportunities

Premier Live Events
Tap into the breakthrough moments & events that shape today’s cultural conversation to reach mass awareness

Live Sports
Utilize the power, passion, & wide reach of live sports for branded integration and contextual storytelling

Talent Room
Leverage NBCU’s influencer hub connecting brands with relevant & compelling talent to authentically amplify storytelling
Engage Target Audiences Where They Are
Leverage audience data & targeting to drive growth with audiences primed for entertainment offerings

Brands can bring their audiences to match to NBCU IDs or partner to develop custom audiences.

NBCU can create new custom audiences by combining a client’s or agency’s data with ours.

Audiences can be further expanded through lookalike modeling.

AdSmart provides seamless connection to NBCU inventory for audience targeting.
03. Leverage Innovative Custom Ad Solutions
Utilize customizable ad formats to drive impact, such as ticket sales, mass awareness, & generating buzz

**Prompt Action with Commercial Innovation**
- Seamlessly blend advertising and content to better encourage consumer interaction and action towards your offerings
- Additional format opportunities include Shop Drop, Countdown Clock, PIP, Pause Ads, In-Scene Ads etc.

**Influence Behavior via Apple News Ad Formats**
- Reinforce product messaging and generate quality conversions via Apple News ad solutions
- Tap-to capabilities can drive users to site, app download, deep link within app, email, chat, map, wallet, etc.

**Collapse the Funnel via NBCU Commerce**
- Create seamless shopping experiences for consumers to purchase offerings
- Commerce opportunities include experiential, social commerce, ShoppableTV, & Interactive web

Note: Activation feasibility would require further discussion
Extend Valuable IP in Web3

Test, learn, & innovate ahead of the curve by unlocking new immersive experiences for fans

Use NBCU’s One Platform to promote web3 activations
- Take advantage of NBCU’s mass reach to promote your brand’s innovations in web3
- Drive desired engagement with tech-savvy consumers with NBCU’s advanced targeting & data solutions

Leverage NBCU IP for co-branded experiences
- Utilize NBCU IP to co-create meaningful & valuable activations for audiences to experience fandom in new mediums
- Co-create NFTs & web3 activations that support shared social impact initiatives

Activate your IP with NBCU Web3 programming
- Launch authentic storytelling by bringing your IP to life in NBCU web3 experiences
- Build consumer trust by safely engaging fans in web3 & empowering new immersive experiences with your IP

Note: Activation feasibility would require further discussion
NBCU Relevant Materials

Example Entertainment Industry Partnerships
Entertainment Partnership Examples
Category Content & Strategies

- Fueling the Cultural Conversation: Premier Live Events
- Using Context to Take Planning from Great to Amazing
- Blending of Worlds: Rise of a Global Culture
- A Marketer's Guide to the Metaverse

Entertainment Case Studies

- Bravo + Trolls
- Bravo + Paramount's Rocketman
- AdSmart Contextual + Movie
- Studio Action Release
- AdSmart + Horror Comedy Movie
2022
Entertainment Industry Assessment

NBCUniversal

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