

Working Together in Difficult Times

How Our Industry Navigates
Turbulent Times Together

NBCUniversal

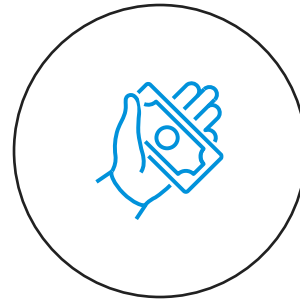
Advertising in a Challenging Time

Based on historical information and insights gathering, we have focused on the following three dynamics that many brands may face in economically turbulent times:



Maintain

Sustain engagement with the market by continuing to invest in advertising to drive sales in this uncertain time.



Secure

Protect your existing customer base to sustain revenue and enable future growth.



Thrive

Pivot messaging to inspire your audience around core values, community, and country.

Maintain:

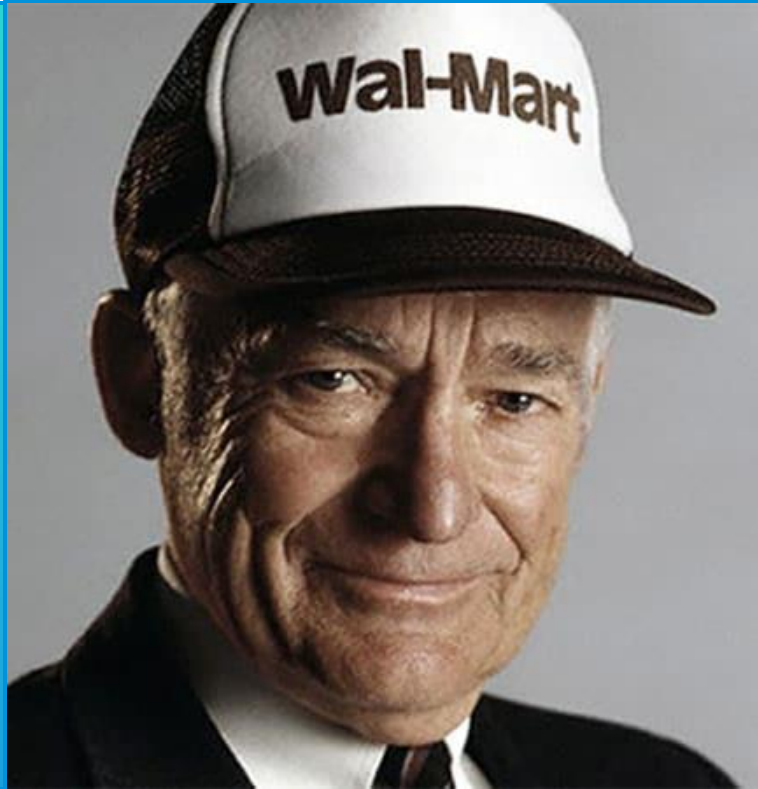
Why continue to invest in engaging your audiences in this tough climate?



Maintain

Maintain advertising spend:

Decades of research show cuts in downturns hurts the brand and long-term sales dramatically



When asked about 'what do you think about a recession?', Walmart founder Sam Walton responded:

“I thought about it and decided not to participate.”

Five Brands that Thrived in an Economic Downturn



The Great Depression
1929

The number 1 cereal brand in America cut all advertising. Kellogg's doubled ad spend and became the #1 share leader, a position they have held for nearly 100 years.



The Oil Embargo
1973

Pushing fuel efficiency, Toyota increased ad spend and moved from 3rd place in the Import Auto category to being 1st in imports by 1976.



The 1991 Recession
1991

While market leaders were cutting spending, Pizza Hut and Taco Bell saw their opening and increased spending. By the end of the recession, Pizza Hut and Taco Bell increased 61% and 48% respectively.



The Great Recession
2008

P&G's Bounty line grew market share even as the market leader, picking up 2 share points at the height of the Great Recession, even stealing share from private label. During that time Bounty saw a debut in new creative and growth in TV spend.

Successful Brands Break Convention to Defend Market Share

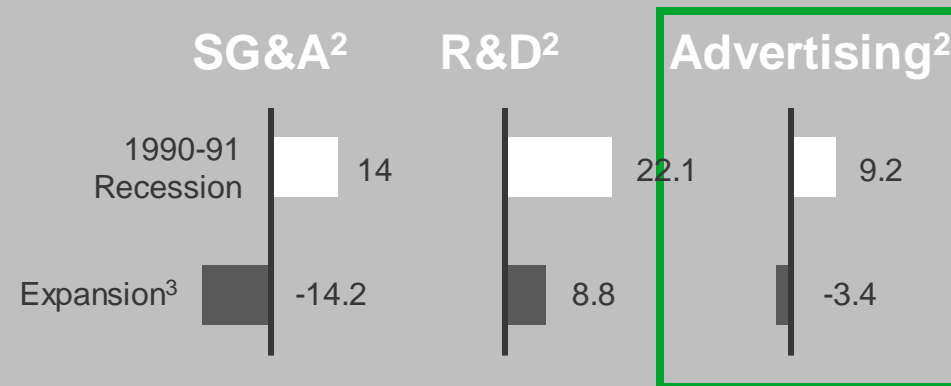
- During crises, brands that emerge most successfully invested in countercyclical patterns to outperform competitors with purely defensive strategies.
- They spend more on Selling, General, and Administrative expenses (SG&A), as well as R&D and Advertising.
- They focus budgeting and planning on market share, earnings, and growth

McKinsey Quarterly

A Contrarian Approach to Operating Expenses

Change in spending behavior, percent

Gap Between Successful Leaders¹ and Less Successful Former Peers



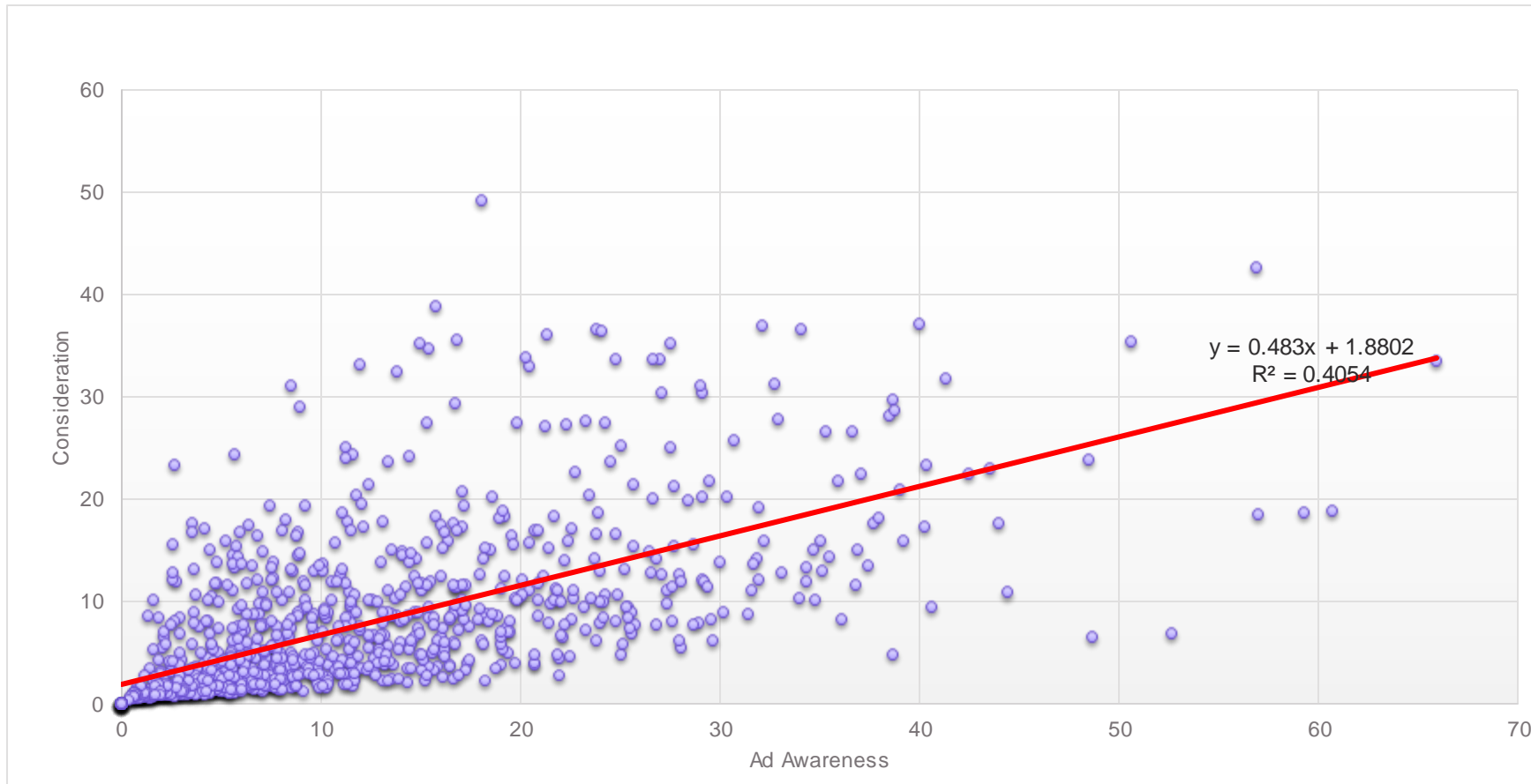
¹Successful leaders remained in top quartile of their industries as reckoned by market value added and return on invested capital during the period 1982-99

²Selling, general, and administrative (SG&A) expenses are measured by index of SG&A spending to sales, R&D expenses by index of R&D spending to sales, and advertising expenses by index of advertising spending to sales; all are measured on size-adjusted basis and compared with industry averages.

³1985-86 and 1995-96

Advertising Is a Critical Part in Driving Consideration

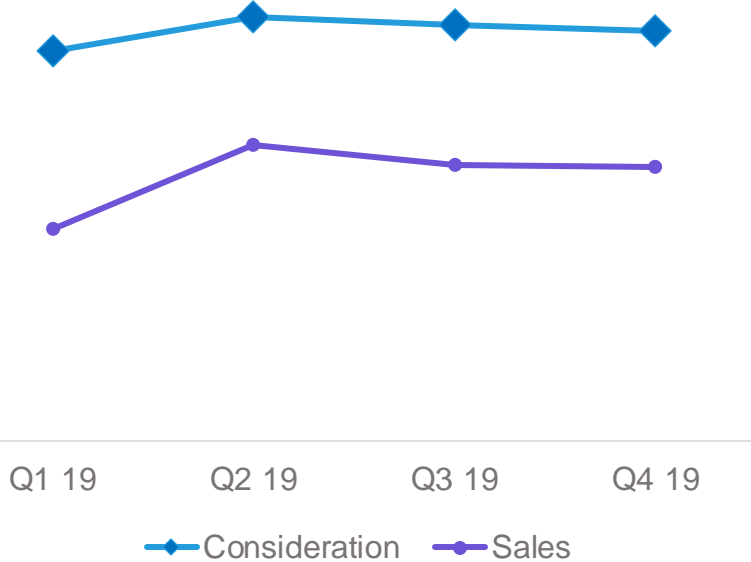
Consideration vs. Ad Awareness



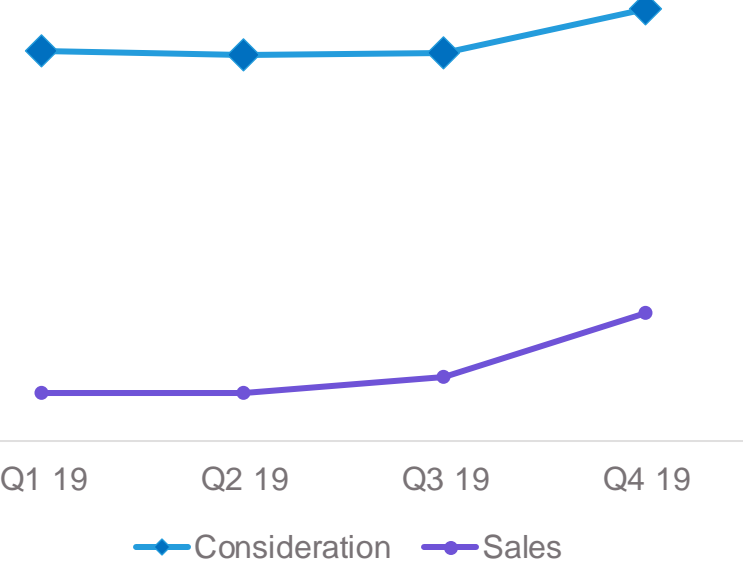
Source: YouGov Purchase Consideration and Ad Awareness 2019 annual average for 1000 brands across the retail, cpg, dining, travel, and finance categories

And Consideration Ultimately Drives Sales

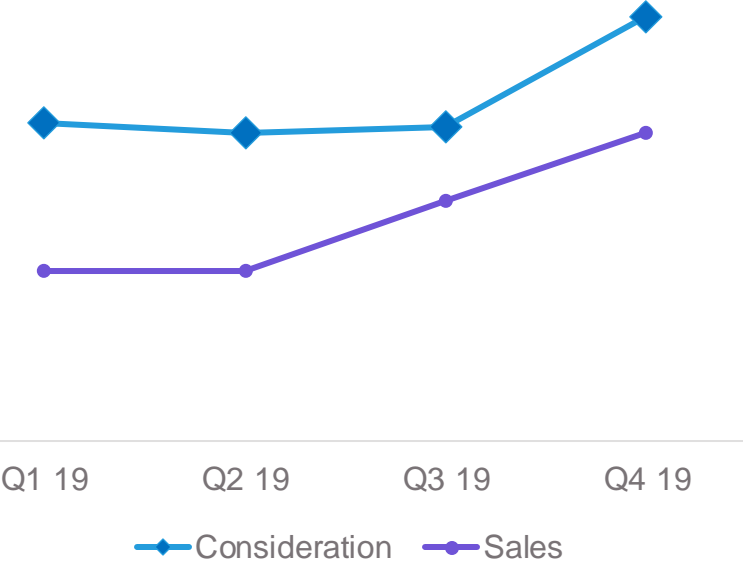
QSR Brand



Retail Brand



Tech Brand



Source: YouGov 2019 Monthly Trend. Categories made up of CP Target Accounts.

When One Brand Gains, Another Brand Loses

Consideration in most categories is a zero-sum game

Autos

Category Leader



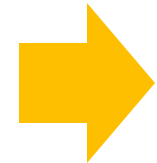
.7%

Category Laggard



-.8%

Category Average



-.1%

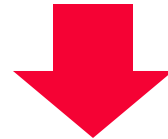
Insurance

Category Leader



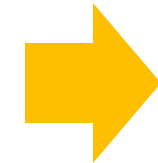
.7%

Category Laggard



-.8%

Category Average



-.1%

Retail

Category Leader



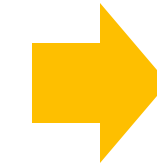
1.1%

Category Laggard



-1.6%

Category Average

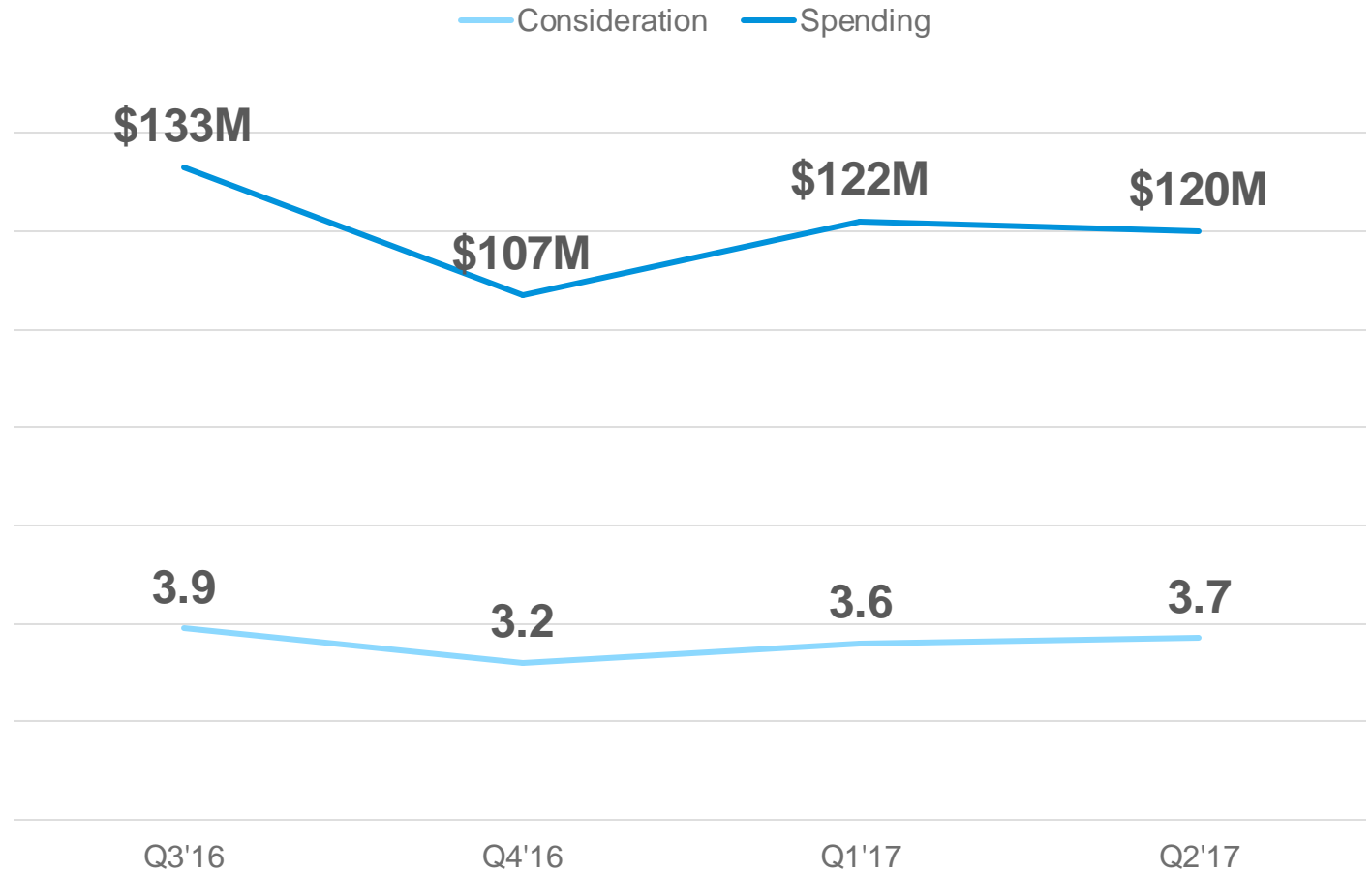


-.4%

Impact On Consideration When Ad Budgets Are Adjusted

Tech Brand Example

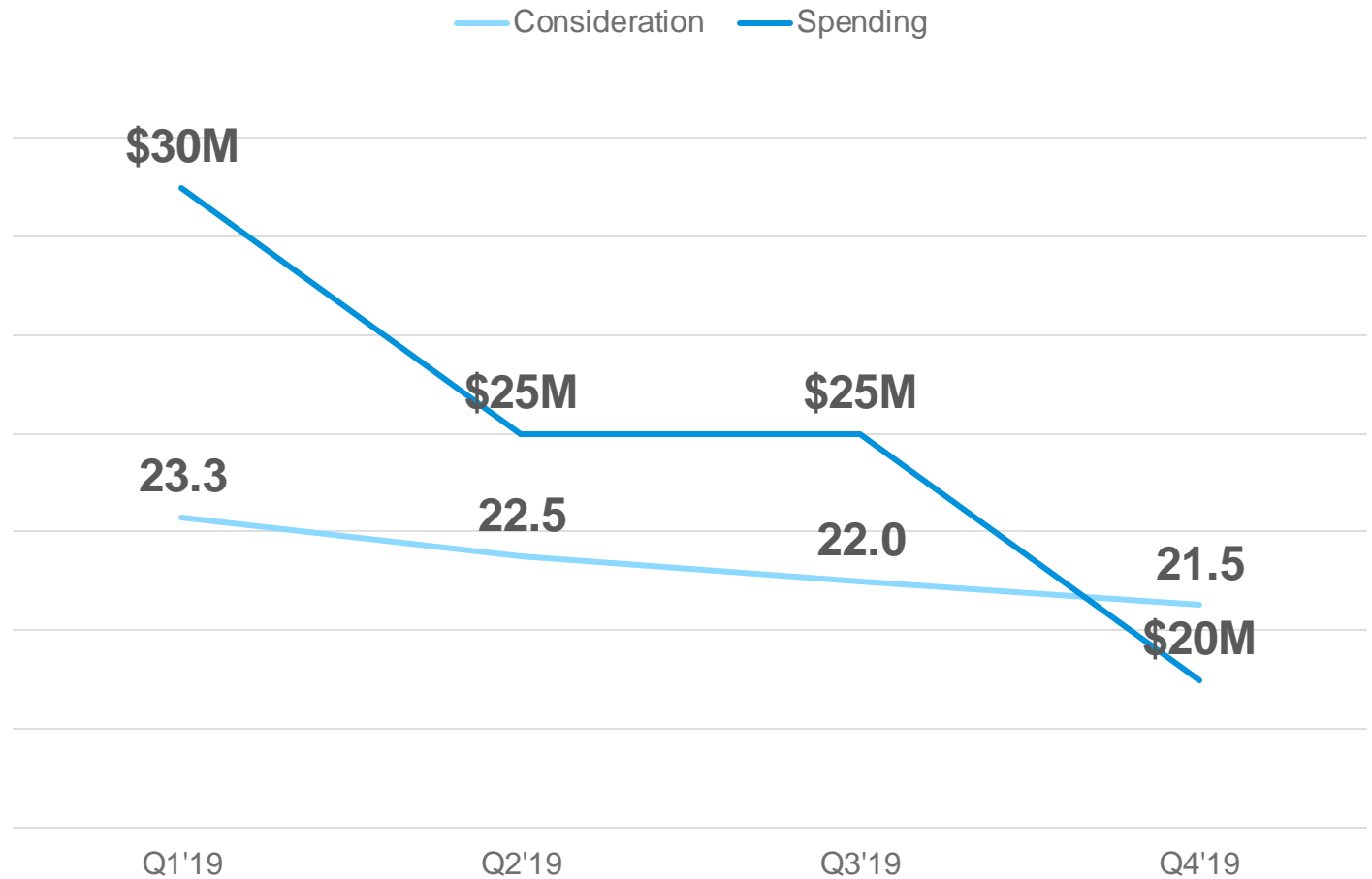
A strong correlation exists between Advertising Spending and Consideration



Impact On Consideration When Ad Budgets Are Adjusted

QSR Brand Example

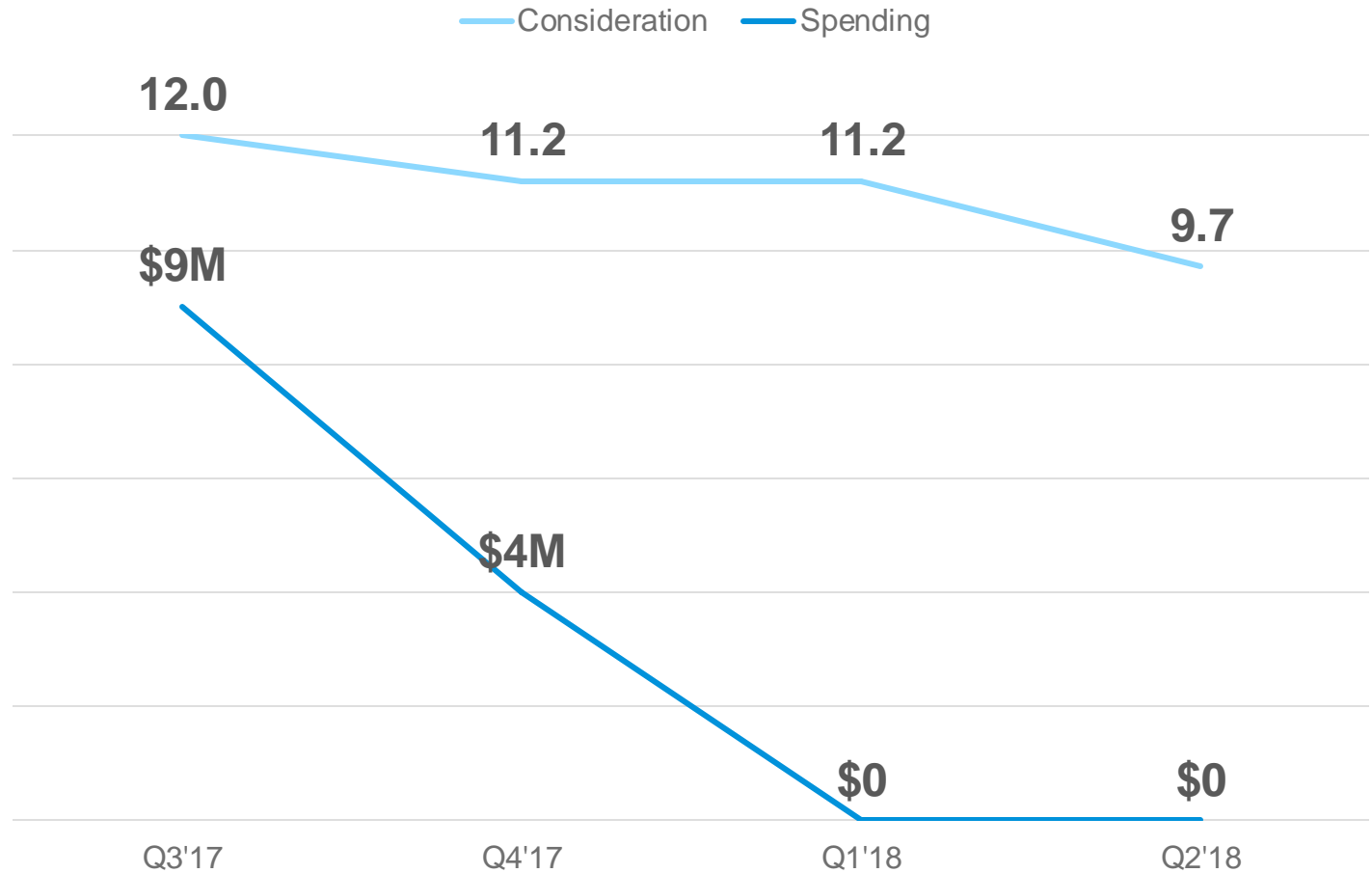
A strong correlation exists between Advertising Spending and Consideration



Impact On Consideration When Ad Budgets Are Adjusted

Retail Brand Example

A strong correlation exists between Advertising Spending and Consideration



Thank You!

For more on how to partner with NBCU or learn how to thrive in turbulent times, please reach out to the Client Strategy team [here](#)

NBCUniversal