Welcome!

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

Our Approach
At NBCUniversal, we have a legacy of working with a diverse range of Tech partners to build their brands. This report has been created based on NBCU’s:

- Ongoing Industry Evaluation
- Conversations with Tech Advertisers and Agencies
- Continual Marketplace Analysis
- Examination of Consumer Attitudes towards the Tech Industry
In 2023, NBCU worked with:
60+ Tech Industry Advertisers

- Consumer Electronics
- Software / SaaS / Cloud
- Internet Apps & Websites
- Social Platforms
Contents

01. Looking Back: 2023 in Review

02. Looking Ahead: Key Industry Trends to Watch

03. The Power of Advertising & Media Trends to Watch

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Looking Back
2023 IN REVIEW
After decades of sustained growth, **The tech bubble burst** as consumer demand leveled off post-pandemic.
Tech Brands Re-Assess Strategy & Priorities in 2023

The “Year of Efficiency” Emphasizes Profitability

Rising interest rates and supply chain disruptions continue to burden the category. 53% of tech executives say rising interest rates have slowed overall spending, leading to shuttered LOBs and extensive job cuts.

Enterprises Driving Category Growth

New businesses and established enterprises alike are becoming increasingly reliant on technology and SaaS apps, with 30% of orgs relying solely on SaaS for “mission-critical” workflows.

Regulatory Scrutiny Threatens Perception

Tech leaders are facing regulation at every turn as companies such as TikTok, Meta, Microsoft, Alphabet, and Twitter/X receive legislative and judicial pushback on data-privacy, anti-trust, and content moderation practices.

Expanding LOBs to Revitalize Tech Hype

Suddenly, every major tech brand seems to have its own gen AI initiative, reviving optimism after a tough 2022. 47% of top technology officers say that AI is their top priority for tech spending over the next year, more than any other category.

Sources: 1. CNBC, 2. CIO Dive
BRANDS ACROSS TECH SUB-CATEGORIES ARE Navigating Newly Unstable Terrain

Consumer Electronics

Persistent inflation, supply chain challenges, and a leveling-out of demand post pandemic have caused a rapid cooling of the consumer electronics market

-5% drop in electronics sales in 2023 following 8 quarterly declines in smartphone shipments

Software / SaaS / Cloud

Heavy financial pressure has increased the reliance on cloud and “as-a-service” offerings for companies looking to scale IT capacity, cut costs, increase agility, and minimize risk

40% of global enterprise IT spending is in cloud, and “as-a-service” represents a majority of software spend

Social Platforms

Platforms transition from “social” sites towards pure entertainment and pursue new revenue streams in commerce and subscription to boost profitability

+28% increase in global social media subscription revenue YoY, reaching $22 billion in 2023

Generative AI

Generative AI is poised to transform the tech category and beyond as consumers become more comfortable with its uses and applications

79% have had some exposure to gen AI either in their work or outside of work

MARKETPLACE PARTNERSHIP EXAMPLES
How Our Partners Are Evolving Their Media Strategy & Storytelling

Brand Sponsorships
Apple hosted the Super Bowl Halftime show this year for the first time and promoted Apple Music alongside Rihanna’s performance

Celebrity/Influencer Marketing
Amazon tapped Randall Park from “Fresh Off the Boat” to promote Amazon’s back-to-school deals

Experiential
Intuit Mailchimp unveiled an exhibition at the Design Museum which explores the impact of email on our world

Leaning into Cultural Moments
Google tapped into the major “Barbie” movie buzz to create a campaign promoting its new Google App in Barbieland
LOOKING AHEAD
Key Tech Trends & Emerging Sub-Categories We Expect to Influence Marketing & Media Strategies

Preparing for Gadget Upgrades

Nichification Of Social Media

Integration Of Gen AI

Data Protections Level the Playing Field

Emerging Sub-Categories & Brands B2B SaaS
Preparing For Gadget Upgrades

A consumer electronics turnaround is approaching, given that users typically upgrade devices 3–4 years post-purchase.

The electronics segment faced a rapid cooling after the pandemic boom. But after a few years of use, those who purchased gadgets are gearing up to upgrade and take advantage of the advancements across these product categories.

The upcoming spike in hardware demand requires investment to drive awareness.

Following a 5% drop in electronic sales in 2023, sales will level-off in 2024 and increase 2% in 2025.

Multicultural consumers will drive upgrades as 41% of Hispanic and 46% of Black consumers are early adopters.

Spike in hardware demand will require increased spend from advertisers to position their products as “must-haves”.

Sources:
1. NPD
2. Early Adopters & Emerging Consumer Technology - US - 2022
3. Trends: Spotlight on Content
Nichification of Social Media

Reduced trust and social connection have users looking elsewhere for digital communities

Social connection is increasingly hard to come by online as big social networks prioritize connecting users with brands and influencers while using algorithms to (oftentimes) provoke outrage and drive clicks.

Developers are taking matters into their own hands to create smaller digital communities that espouse the original mission of these legacy platforms.

Growing Community-Based Social Platforms:

- **substack**: 48M monthly visits
- **Letterboxd**: 33M monthly visits
- **goodreads**: 109M monthly visits
- **nextdoor**: 183M monthly visits

53% view social media as responsible for eroding civility in society

38% anticipate their involvement in online communities to increase

Integration of Gen AI

Gen AI will move out of its experimental phase and cement itself as a critical component of daily life

As consumers test out gen AI’s extreme breadth of capabilities for the first time, they have barely scratched the surface of what this technology can unlock.

The next five years will see gen AI upend industries and conventional practices as consumers and enterprises develop their understanding of large language models.

### Growth Landscape
- McKinsey predicts gen AI could contribute up to $4.4T annually to the global economy.

### Job Market
- “Generative AI isn’t going to take your job. Someone who knows how to use it will.”
  – Professor & Entrepreneur Scott Galloway

- Median pre-money valuations for gen AI startups have grown +16% in 2023 so far vs. 2022 while all other startups dipped 24%.

- The most productive workers are 242% more likely to be using AI compared to less productive workers.

### Consumer Sentiment
- 61% of salespeople believe gen AI will enhance their work, but over 50% don’t know how to maximize its value.

- 52% of consumers believe gen AI will stick around, but 10% believe its “very trustworthy.”

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**Gen AI in the Advertising Landscape:**
AI-enabled marketing today accounts for nearly half of all advertising globally. By 2023, AI will influence 90% of all ad revenue – over $1.3T.

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Data Protections
Level the Playing Field

Digital transformation, gen AI, and cloud reliance have put our data at risk – demanding more regulation to ensure data protection

The past year has seen nearly all big tech leaders exposed for dubious practices surrounding personal user information. High-profile hearings assessed the safety of apps like TikTok and Facebook/Instagram/WhatsApp

The influx of new data privacy legislation will threaten the dominance of tech giants and allow smaller brands to compete

1. Big tech companies have been heavily reprimanded

Roblox, YouTube, others face class action lawsuits over AI, ads, data privacy

Google hit with class-action lawsuit over AI data scraping

Meta Fined $1.3 Billion for Violating E.U. Data Privacy Rules

Oops, I Did It Again: Apple Faces Fourth iPhone Privacy Lawsuit

TikTok faces $29M fine in UK for ‘failing to protect children’s privacy’

Samsung’s Biometric Data Clash Opens New Mass Arbitration Front

Twitter to pay $150 million penalty for allegedly breaking its privacy promises – again

2. Legislators are imposing protections

59 bills related to consumer data privacy were considered in 2022, up 103% YoY

23 states held committee hearings regarding the state of data privacy

5 states have data privacy laws going into effect in 2023, including CA, VA, CO, CN, UT

3. Tech brands will feel the impact as platforms and advertisers

1. There will be more competition in the space as tech leaders see a depletion in accessible data

2. Ad supported tech platforms will have less data to help advertisers reach their target audiences

3. Tech companies that sell extensive data to third-party brokers will reckon with a loss of revenue

4. Tech leaders will need to invest in more cybersecurity as 39% of businesses experienced a breach in 2023

Sources: 1. iapp, 2. Secure Privacy, 3. Thales
Emerging Subcategory
B2B SaaS
Software services optimizing operations for a wide range of functions, such as Medical, eCommerce, HR, and Finance

Why To Watch

$232.2B
Projected 2024 Market Size | +39% vs. 2022

17%
YoY increase in spending on SaaS products by enterprises in 2023

Brands to Watch

Ad Spend

$4.6B
Software 2022 Ad Spend | +45% vs. 2021

2022 Media Mix

Key Tech Trends We Expect to Influence Marketing & Media Strategies

- **Preparing for Gadget Upgrades**
  Electronics brands will seek to engage consumers ready to upgrade their pandemic device purchases

- **Nichification of Social Media**
  Consumers will increase usage of niche social platforms that provide a stronger sense of community

- **Integration of Gen AI**
  Gen AI will move from the testing phase into the integration phase, making a tangible difference in daily life

- **Data Protections Leveling the Playing Field**
  New regulation will reshape the role of big tech in the tech landscape and encourage competition from smaller brands

- **Emerging Sub-Categories & Brands**
  B2B SaaS
The Power of Advertising

& MEDIA TRENDS TO WATCH
Tech companies that invested in ad spend in 2022 saw higher net purchase consideration.

Tech brands that maintained/increased ad spend saw an average net purchase consideration score that was 26% higher vs. the average of brands that decreased spend.

Overall Tech Companies
2022 Average Net Purchase Consideration Score

- Decreased Ad Spend: 4.25
- Maintained/Increased Ad Spend: 5.34

+26%
As part of the analysis, we compared net purchase consideration across consumer electronic companies. The average net purchase consideration for brands that maintained or increased ad spend in 2022 was 731% higher compared to the average NPC of brands that decreased spend.

Sources: Morning Consult, Internal Analysis, MediaRadar
Macroeconomic challenges and industry dynamics of the past year have contributed to slashed marketing budgets. Tech advertisers have shifted their strategies to respond, leaning heavily into digital and broad reach linear programming to keep audiences aware and engaged.

**Digital Maintains Strength**

Despite more conservative linear budgets, digital remained flat in 2022.

Overall dollars and linear spend are down, and while digital is flat, its share has grown dramatically.

**Sports Wins Dollars**

Tech brands are using the broad reach of sports to drive awareness and engage target audiences across channels.

Tech advertisers increased investment in Soccer (+111%), NHL (+108%), Golf (+21%), NBA (+9).

**Importance of Performance**

Lower-funnel KPIs are driving investment from tech advertisers.

Social and Search up +13% and +5% YoY respectively.

**Emphasis on Premium Shortform**

Advertisers are choosing to flex budgets towards premium placements.

Google Preferred and Twitch up +56% and +48% YoY respectively.

Source: SMI Core 2.0, SMI Digital

*All percentages show 2021 vs 2022 spend*
Partnering with NBCU
CATEGORY PERFORMANCE, STRATEGIC CONSIDERATIONS & PARTNERSHIP EXAMPLES
Tech Proven Impact: Across Brand KPIs

**BUSINESS OUTCOME**

<table>
<thead>
<tr>
<th>Brand (Upper Funnel)</th>
<th>NBCU TECH CAMPAIGNS – Test vs. Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Familiarity</td>
<td>+14%</td>
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<tr>
<td>Ad Recall</td>
<td>+36%</td>
</tr>
<tr>
<td>Brand Favorability</td>
<td>+11%</td>
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<tr>
<td>Brand Consideration</td>
<td>+19%</td>
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</table>

<table>
<thead>
<tr>
<th>Performance (Lower Funnel)</th>
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<tbody>
<tr>
<td>Search Engagement</td>
</tr>
<tr>
<td>+92%</td>
</tr>
<tr>
<td>Purchase Intent</td>
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<tr>
<td>+15%</td>
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</table>

Source: NBCU Ad Impact Database 2017-2022, 38 Brand Impact NBCU measured Technology campaigns. Custom research, vendors vary. Average of exposed vs. control cells for NBCU. Top 2 box. Search Engagement (SER Index): EDD, Volume in five minutes following ads airing on NBCU vs. same brand competitive averages expressed as an index (192).
Campaigns Across Multiple Platforms are More Effective

Technology Category NBCU Campaigns: Multi-Platform vs. Single Platform

<table>
<thead>
<tr>
<th>Metric</th>
<th>Multi-Platform</th>
<th>Single Platform</th>
<th>Lift</th>
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</thead>
<tbody>
<tr>
<td>Ad Recall</td>
<td>+54%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Favorability</td>
<td>+24%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Consideration</td>
<td>+13%</td>
<td></td>
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</tr>
<tr>
<td>Brand Recommendation</td>
<td>+7%</td>
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</tr>
</tbody>
</table>

Source: NBCU Ad Impact Database 2017-2022, 38 Tech Brand Impact Studies
Custom research, vendors vary. Average of test cells for 2+ platforms vs. single platform campaigns
Strategic Consideration for Driving Growth for Tech Brands

### Drive Awareness & Performance with Full Funnel Solutions

**Why**
Balancing lower & upper funnel spend drives further ROAS vs. prioritizing only lower funnel, helping to drive sales & customers

**How**
Live Events, Sponsorships, Branded Integrations, Commercial Innovation, Targeting

### Combat Perception Challenges with Credibility

**Why**
Combat category perception challenges by demonstrating your commitment to & impact on consumer passion points & causes

**How**
Capitalize on high impact storytelling to build brand trust, affinity, & credibility with viewers

### Engage Multicultural Audiences and Upgraders

**Why**
Multicultural demos are highly desirable targets for collective spending power, accelerated adoption, & affinity for innovation

**How**
Leverage audience data & targeting to drive growth with audiences primed for tech upgrades

### Increase Engagement with Commercial Innovation

**Why**
Increase conversion & consumer action with innovative ad solutions designed for engagement & purchase

**How**
As tech marketing budgets snap back, enhance sales efforts with commercial innovation solutions to help achieve lower-funnel KPIs
NBCU solutions for delivering
Brand & Business Impact for Tech Brands

Drive Awareness & Performance with Full Funnel Solutions

Combat Perception Challenges with Credibility

Branded Content

Issue Oriented Programming

Moments that Matter

Reach Multicultural Audiences and Upgraders

Audience Targeting & Automation Across One Platform

✓ NBCU Streaming
✓ Data-Driven Linear (DDL)
✓ Cross-Platform (XP)
✓ Managed Service
✓ Programmatic
✓ Fandango360

Increase Engagement with Commercial Innovation

Source: 1. NBCU, Latitude Custom Commercial Innovation Study

88%
More likely to remember the brand with commercial innovation

1
How Our Partners Are Evolving Their Media Strategy & Storytelling

**Tapping into IP & Talent**
Adobe tapped into NBCU’s suite of commercial innovations to create this contextual pause ad integrated with a promo from Universal’s “Bros” movie.

**Harnessing Custom Content**
Spotify and NBC’s On Her Turf sat with U.S. and Canadian national soccer team players to discuss their soccer experiences and how music influences their personalities on and off the pitch.

**Demonstrating Use Case with Integrations**
Salesforce integrated into NBC’s Tour de France coverage by using its data measurement capabilities to contextualize the wattage of force used by pro riders.

**Leveraging Partnerships**
Google partnered up with the Macy’s Thanksgiving Day Parade to showcase their Google Pixel camera technology across the Parade broadcast, Peacock, and NBC social.
2023
Tech Industry Assessment

NBCUniversal

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