

NBCUniversal

2023

Tech Industry Assessment



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

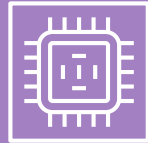
At NBCUniversal, we have a legacy of working with a diverse range of Tech partners to build their brands. This report has been created based on NBCU's:

- Ongoing Industry Evaluation
 - Conversations with Tech Advertisers and Agencies
 - Continual Marketplace Analysis
 - Examination of Consumer Attitudes towards the Tech Industry
-



NBCUniversal Has a Unique Perspective

In 2023, NBCU worked with:
60+ Tech Industry Advertisers



Consumer
Electronics



Software /
SaaS / Cloud



Internet Apps &
Websites



Social
Platforms

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Looking Back:
2023 in Review

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Key Industry
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to Watch

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The Power of
Advertising &
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Partnering
with NBCU

Looking Back

2023 IN REVIEW



After decades of
sustained growth,
**The tech
bubble burst**
as consumer
demand leveled off
post-pandemic



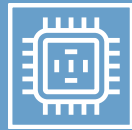
Tech Brands Re-Assess Strategy & Priorities in 2023

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 spending¹, 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” workflows²

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 category¹

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 2023¹ following 8 quarterly declines in smartphone shipments²

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 spend³

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 2023⁴

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 work⁵

MARKETPLACE PARTNERSHIP EXAMPLES

How Our Partners Are Evolving Their Media Strategy & Storytelling

Apple Music



Brand Sponsorships

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

a



Celebrity/Influencer Marketing

Amazon tapped Randall Park from "Fresh Off the Boat" to promote Amazon's back-to-school deals

INTUIT mailchimp



Experiential

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

Google



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 INDUSTRY TRENDS TO WATCH



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

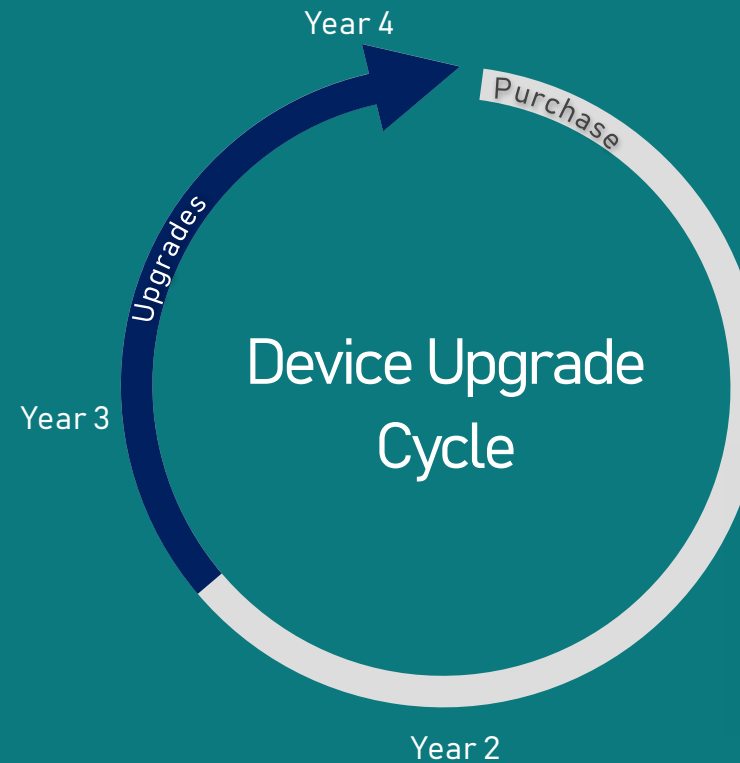


Emerging Sub-Categories & Brands
B2B SaaS

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



"Manufacturers that introduce innovative products and technologies, which were somewhat lacking during the pandemic, will see success [in the upgrade cycle]"

-Paul Gagnon, VP & Technology Industry Advisor, NPD



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 2025¹

Multicultural consumers will drive upgrades as 41% of Hispanic and 46% of Black consumers are early adopters²

Spike in hardware demand will require **increased spend** from advertisers to position their products as "must-haves"

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

Disillusionment with existing platforms

53%

view social media as responsible for eroding civility in society³

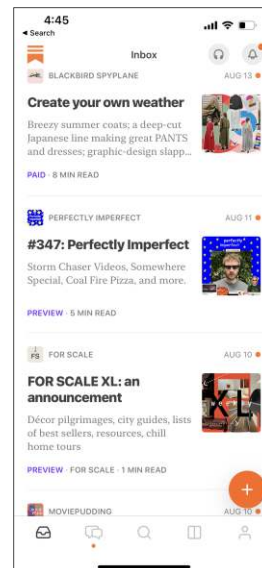
Users seeking community

38%

Anticipate their involvement in online communities to increase²

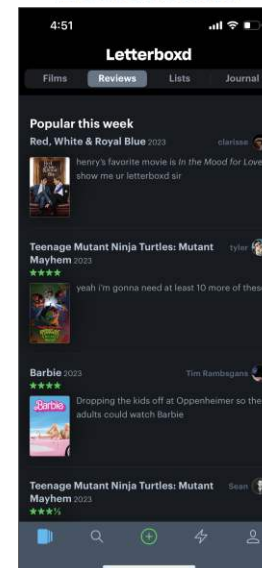
Growing Community-Based Social Platforms:

substack



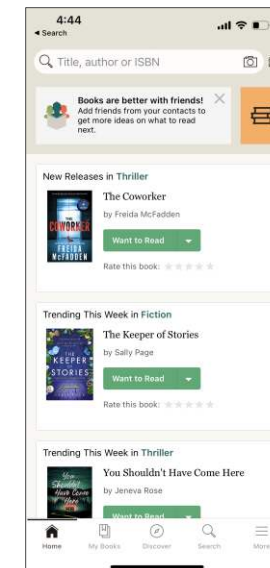
48M monthly visits

Letterboxd



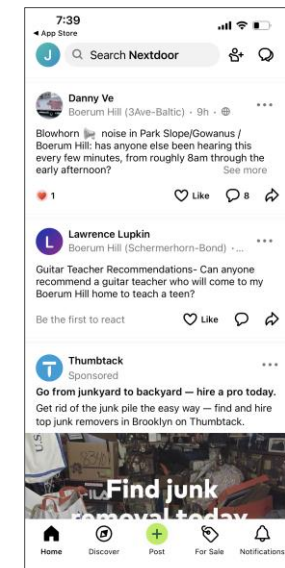
33M monthly visits

goodreads



109M monthly visits

nextdoor



183M monthly visits

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 economy¹

Median pre-money valuations for gen AI startups have grown

+16%

in 2023 so far vs. 2022 while all other startups dipped 24%²

Job Market

"Generative AI isn't going to take your job. Someone who knows how to use it will."³

– Professor & Entrepreneur
Scott Galloway

The most productive workers are

242%

more likely to be using AI compared to less productive workers⁴

Consumer Sentiment

61%

of salespeople believe gen AI will enhance their work, but over 50% don't know how to maximize its value⁵

52% of consumers believe gen AI will stick around, but

10%

believe its "very trustworthy"⁶

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



AXIOS

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% YoY¹

23 states

held committee hearings regarding the state of data privacy¹

5 states

have data privacy laws going into effect in 2023, including CA, VA, CO, CN, UT²

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 2023³

EMERGING SUBCATEGORY

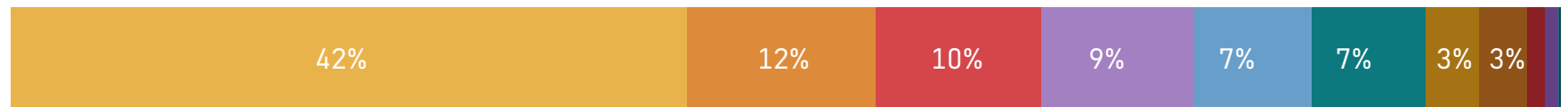
B2B SaaS

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. 2022¹**17%**YoY increase in spending on SaaS products by enterprises in 2023²**Brands to Watch**

workday. Canva intuit.  NETSUITE

bambooHR™  shopify +Babbel  PODIUM

Ad Spend**\$4.6B**Software 2022 Ad Spend
+45% vs. 2021³**2022 Media Mix**

Video

Cable

Display

Facebook

Instagram

Broadcast

SUMMARY

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



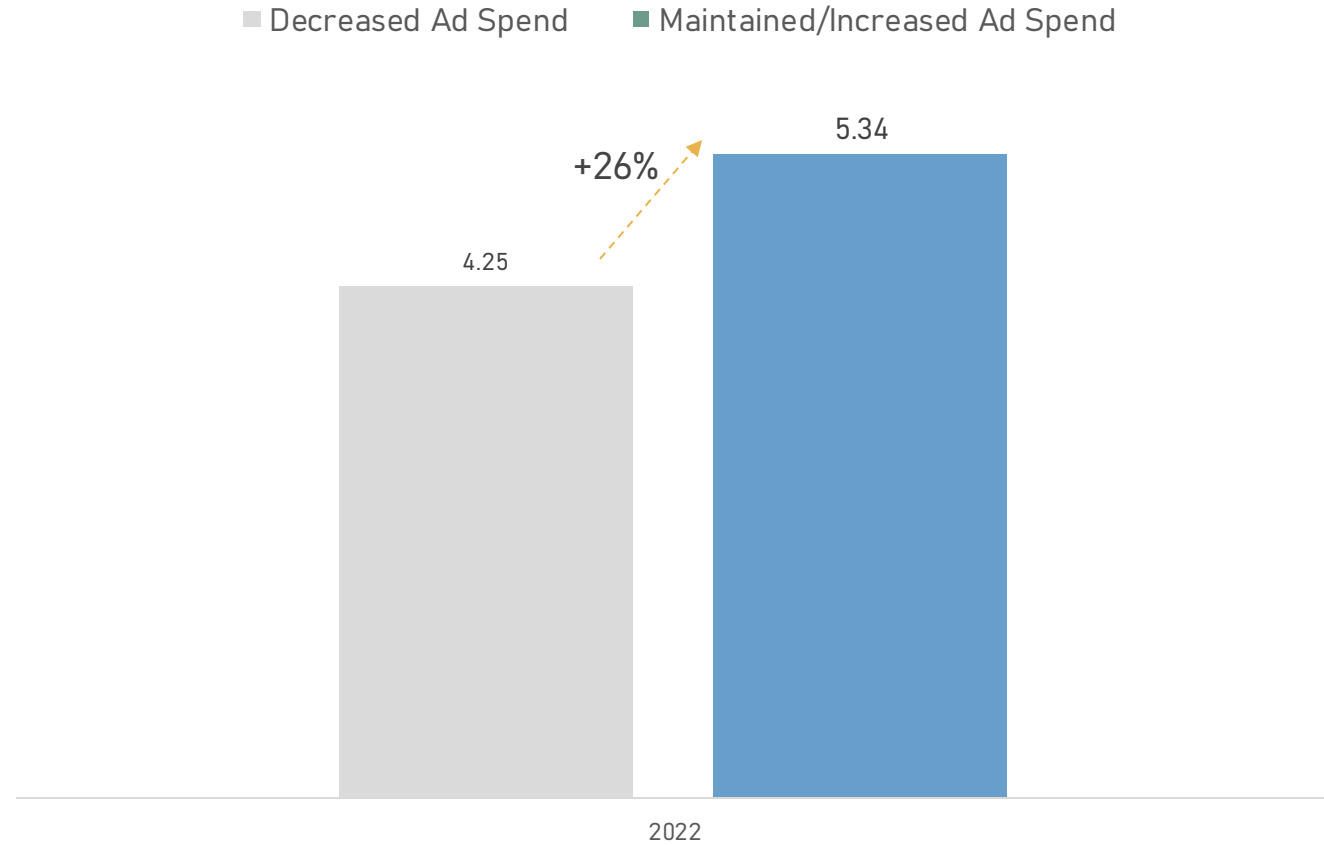
Tech companies that invested in ad spend in 2022 saw higher net purchase consideration

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



As part of the analysis,
**we compared net
 purchase consideration
 across consumer
 electronic companies**

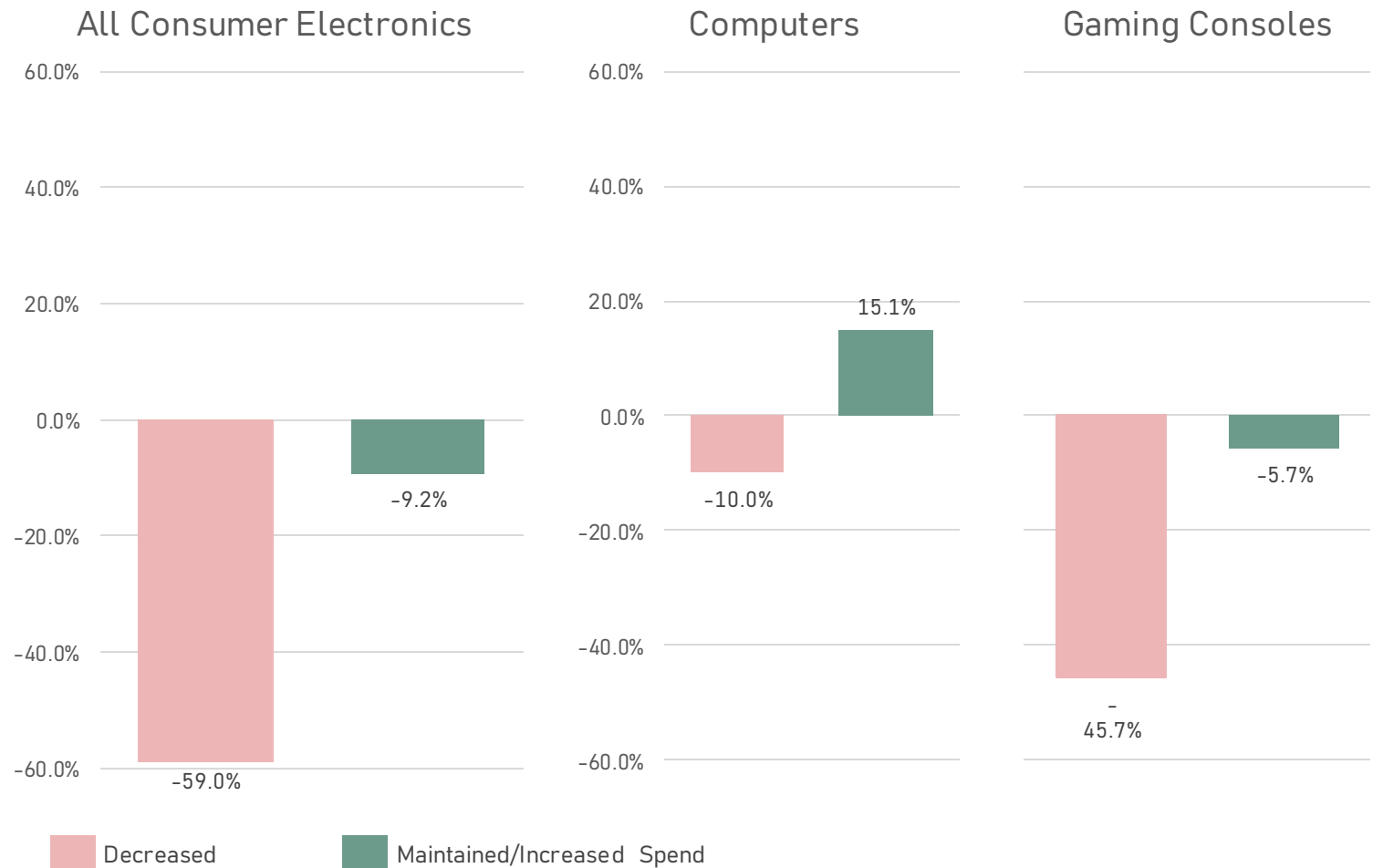
The average net purchase
 consideration for brands that
 maintained or increased ad
 spend in 2022 was

731% higher

compared to the average NPC of
 brands that decreased spend

Sources: Morning Consult, Internal Analysis, MediaRadar

Consumer Electronics Tech Companies % Change in Avg. Net Purchase Consideration Scores 2022 vs. 2021



Media Trends to Watch

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

Partnering with NBCU

CATEGORY PERFORMANCE, STRATEGIC CONSIDERATIONS
& PARTNERSHIP EXAMPLES



Tech Proven Impact: Across Brand KPIs



BUSINESS OUTCOME

NBCU TECH CAMPAIGNS – Test vs. Control

Brand
(Upper Funnel)

Brand
Familiarity
+14%

Ad
Recall
+36%

Brand
Favorability
+11%

Brand
Consideration
+19%

Performance
(Lower Funnel)

Search
Engagement
+92%

Purchase Intent
+15%

Campaigns Across Multiple Platforms are More Effective

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



+54%

Ad
Recall



+24%

Brand
Favorability



+13%

Brand Consideration



+7%

Brand
Recommendation

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

SCALE

Drive Awareness & Performance with Full Funnel Solutions



SNL50



bravo CON



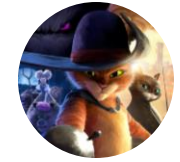
BIG



SUNDAY NIGHT
FOOTBALL



HALLOWEEN
FANDEMONIUM



peacock

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

PRECISION

Increase Engagement with Commercial Innovation



NBCUniversal
Checkout

NBCUniversal
SOCIAL SYNCH

ShoppableTV

88%

More likely to remember
the brand with commercial
innovation¹

NBCUNIVERSAL PARTNERSHIP EXAMPLES

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

NBCU TECH CLIENT STRATEGY TEAM:
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