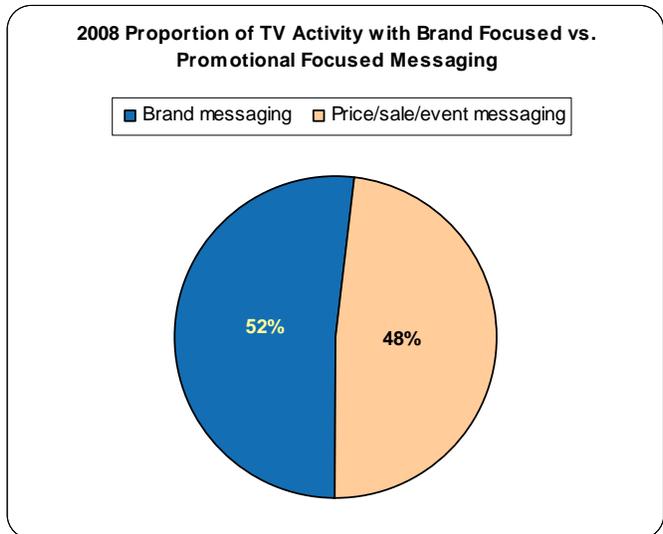
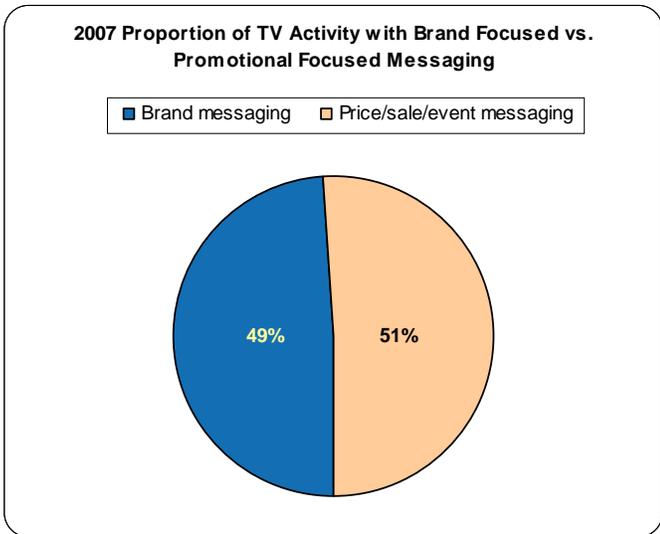


IAG Retail Holiday Report: Most Effective TV Advertisements of the Season

The 2008 holiday shopping season has been anticipated by many to be a challenging one for U.S. retailers. As stories about the current economic crisis fill the news pages every day and consumer confidence weakens, low expectations for store sales figures abound. With this very different climate as the backdrop during the most critical time of the year for retailers, advertisers are banking on their marketing efforts to calm worried consumers and motivate them to spend at their stores.

With consumers anticipated to pull back on their holiday spending dollars, one might expect that retailers would concentrate their advertising campaigns – including TV commercials – on hard-hitting prices/sale/event messaging in order to better resonate with a price-conscious viewer. However, according to IAG monitoring of broadcast primetime national ad activity thus far, it does not appear that retailers have run proportionally more promotional advertising this year. In fact, as in the 2007 holiday season, about half of the activity thus far this holiday season was allocated to brand ads and the other half was devoted to more sales/price/event-focused messaging.



Source: Nielsen IAG, 11/12/07 - 12/09/07, 11/17/08 - 12/14/08; based on Broadcast Primetime ad airings only

In an ordinary year, breaking through the holiday retail advertising clutter can be difficult – so to do that and develop an execution and message that resonates in the current environment is an even more formidable challenge. Nielsen IAG, which measures the impact of every national TV ad every night on television, is uniquely able to provide insight into the kinds of commercials that are connecting with consumers this season, and conversely, those that are not working as well.

IAG examined the results from nearly 20,000 viewer response surveys about 100 different Retail commercials during the holiday season, from November 17 thru December 14, and ranked ads based on how much viewers reported to “like” them. What follows are some of the common thematic elements present in the Top 10 most-appealing spots:

➤ **Tell a story**

Of the 10 ads on the list, eight of them were thirty-second spots that utilized various kinds of narratives to capture viewer appeal. Only two of the ads on the list were 15-seconds in length. And while some of the ads did itemize specific merchandise offered at the store or mentioned a certain price point, none of these spots were solely focused on a sale or promotional message. All of the ads relied more heavily on brand elements.

➤ **Tap our emotions**

Nostalgia and good old-fashioned romance were successful holiday themes this year as well. One of the best-liked ads from Macy’s features clips and scenes from TV shows and movies from past to present; in each case the featured actor is speaking about the store. And Kay Jewelers scored with a spot featuring a man who learned to say “Merry Christmas” through sign language to his significant other, while presenting her with a gift from the store.

Meanwhile, Victoria’s Secret focused on their own type of romance theme, as their models roamed through an expansive mansion with holiday music playing, dressed elegantly in ruffled skirts and bras, exchanging gift boxes.

➤ **Make it about the kids**

A number of the top 10 ads featured a storyline involving children and family. For example, the two top-ranking Target ads contain grade-schoolers in a holiday play, while proud parents and theatre workers mouthed the lines along with the youngsters.

An ad from Best Buy tells a story of a sales associate showing a grandfather webcams so that he can see his grandkids, now in Africa, open their presents. Meanwhile, another woman talks about how a Radio Shack employee helped her find the perfect gifts for her daughters, allowing them to put on an impromptu concert for the family on Christmas morning.

Another well-liked Macy’s ad features various celebrities speaking to the kid inside all of us, as they quote lines from the famous newspaper editorial “Yes Virginia, there is a Santa Claus”.

➤ **Provide a practical message – but not necessarily one that is price-focused**

Notably, few of the best-liked ads contained direct price/sales messages, but instead they tended to focus their messaging on other benefits offered by the retailer. The ad that was most liked was a resurrected Wal-Mart spot which shows lights atop all of the cash register lanes flashing on and off, in sync with a well-known holiday song. The key message? Wal-Mart will be opening more register lanes this year, to make your shopping experience more convenient.

The aforementioned Best Buy and Radio Shack spots presented the store associate as hero. The main message of these? In-store help will make your shopping experience a more productive one.

Nielsen IAG Top Ten Most Liked Retail Ads during the Holiday Season, November 17 to December 14, 2008

Rank	Brand	Description	Likeability Index
1	Wal-Mart	Employees turn on register lights to the tune of a Christmas song; we're opening more lanes (:30)	171
2	Macy's	TV and film clips from the past to the present; the magic of Macy's (:30)	155
3	Macy's	Celebrities read "Yes, Virginia there is a Santa Claus" (:30)	154
4	Best Buy	Employee talks about showing webcams to man whose grandkids are now in Africa (:30)	150
5	RadioShack	Best gifts ever; woman talks about twin daughters; iPod Nano and speaker dock, sales associate helped her (:30)	136
6	Target	Children's holiday school play; includes "elves are elated; splurging is dated" (:30)	133
7	Best Buy	Employee talks about helping woman buy new phone for husband; has her call phone to ring while under the Christmas tree (:30)	133
8	Kay Jewelers	Man uses sign language with woman; gives her diamond earrings for Christmas (:30)	132
9	Target	Girl in fairy costume sits on swing during school play (:15)	132
10	Victoria's Secret	Models wander through mansion in bras and ruffled skirts; gift boxes shown being passed around (:15)	130

Source: Nielsen IAG, 11/17/08 - 12/14/08; among Persons 13+; based on Broadcast Primetime ad airings only

Ads from all Retailers considered, airing from November 17 thru December 14, 2008. The Likeability Score is the percentage of TV viewers who report to like "a lot" an ad they were exposed to during the normal course of viewing TV (among those recalling the brand of the ad). These scores are then indexed against the mean score for all ads considered during the period (Likeability Index). 100 equals average.

For example, with a Likeability index of 171, the top-ranked Wal-Mart spot was 71% better-liked than the average Retail commercial during the stated time period.

And what did not work as well this year? It seems that the shorter-length ads did not garner as much appeal, as seven of the 10 least liked ads were 15-seconds spots. Some of those ads were cutdowns of longer versions, with the full-length counterparts falling somewhere in the middle of the overall ranking.

IAG data across categories has revealed that creative quality is the number one driver of effectiveness, regardless of commercial length. So in the end, it may have been less about their shorter duration and more about the ad content that hindered their appeal levels. Although most of the commercials at the bottom of the pack were not solely focused on sales or price messages, their promotional elements generally accounted for a greater share of the creative compared to the top ads – in other words, they left proportionally less room for the “entertainment value”.

So, while times might be tough out there, it's not necessarily all about the best deal or the biggest sale when it comes to advertising response. People seem to most enjoy TV spots that make them feel good about the holidays... whether that be finding the perfect gift, being proud of their kids, or spending time with loved ones.