

FOR THE TUNE

FEBRUARY 2018
NUMBER 2
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ASIA PACIFIC
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WORLD'S

MOST

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COMPANIES

APPLE
JPMORGAN CHASE
FACEBOOK
BERKSHIRE HATHAWAY
AMAZON
NETFLIX
WALT DISNEY
SOUTHWEST AIRLINES
ALPHABET
STARBUCKS
MICROSOFT
FEDEX
& MORE

2018

PLUS

THE MOST UNDERRATED
& OVERRATED CEOs

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Extreme weather is becoming more common, and the economic impact is soaring. **Text by BRIAN O'KEEFE; graphic by NICOLAS RAPP**

CORRECTION

"To Catch a Cryptothief" (Nov. 1, 2017) mistakenly referred to JSEcoin as a Monero miner. It is not. Rather, it mines its own coin—the eponymous JSEcoin.

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▷▷ Kantar Media North America.

Last year's broadcaster, Fox, fetched \$534 million in advertising revenues from the one-day bonanza. This year's, NBCUniversal, also has rights to the 2018 Winter Olympics, and expects to rake in more than \$1 billion between the two sporting events.

That will be a boon to the network in 2018. But after the glamour of the gridiron has faded, and the fans have moved on, the TV ad industry will still be slowly and surely headed for a reckoning.

Traditional television, long the most reliable and wide-reaching of media, is losing ground (and lots of young viewers) to ad-free streaming services and other digital alternatives. The ranks

of cord cutters reached 22.2 million in 2017, a 33.2% increase from the year before, according to eMarketer. Netflix now has more U.S. subscribers than cable. And while Americans over the age of 65 still watch roughly 50 hours of traditional TV per week, 18- to 24-year-olds tune in for less than 13 hours—44% less time than five years ago, according to an analysis of Nielsen data by MarketingCharts.com. Ratings for must-watch live events like the Oscars and pro sports, the last bastion for ambitious TV advertisers, have also started to slip. Even the Super Bowl, TV's most reliable event, may not be immune: Viewership declined slightly in 2016 and 2017.

Brands, following the lead of their audiences, are beginning to turn away from traditional television too. Last year, for the first time, global ad spending on digital platforms exceeded the dollars spent on TV—by a solid \$31 billion margin (see chart). The U.S. hit that milestone in 2016, and the spread is widening.

However, not every marketer is sold on the superiority of online ads. While they dominated the marketplace in 2017, they've also come under considerable scrutiny for brand-safety concerns (ads running alongside unsavory content like ISIS videos) and charges of fraud (ads being viewed solely by bots, for example). Facebook, which admitted to overstating the reach of ads on its platform in 2016, was freshly accused of doing the same thing in 2017. "We keep feeding the beast by pouring in-

credible sums of money into this unproductive, unmanageable abyss," Bob Liodice, CEO of the Association of National Advertisers, told an audience at the group's annual conference last October. Some heavy hitters agree: Procter & Gamble, the world's largest advertiser, cut its online ad buy by more than \$100 million last year while reportedly upping its buy for TV at the 2017 Upfronts.

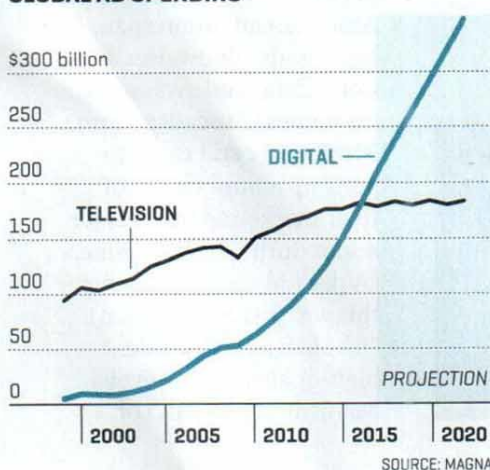
Digital's biggest advantages—precise targeting and the seeming ease of measurement—may be under assault from TV now too. There are industry efforts underway to develop audience-targeting as well as attribution tools that better demonstrate TV ad effectiveness. In theory the latter could trace video ad exposure to consumer purchases or other shows of interest. The television industry is hoping that, once it catches up, the data will make its case.

But for the foreseeable future, the question for many companies won't be which media, but how much of each. Big-game commercials, for example, are usually part of larger campaigns that garner plenty of online attention on Facebook, YouTube, and more. The only thing sure to reach more viewers than a Super Bowl ad, after all, is a Super Bowl ad that goes viral.

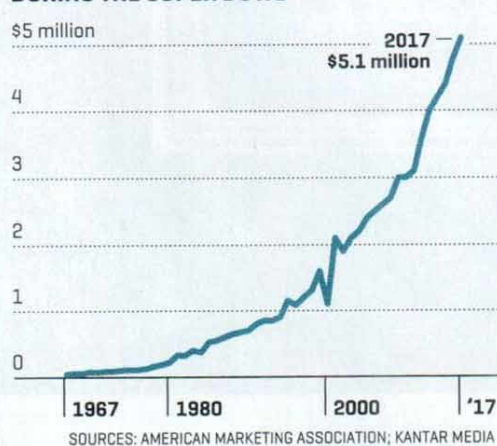
DIGITAL ADS ARE KING, SUPER BOWL ASIDE

Global TV ad expenditures were finally overtaken by digital spending last year, and the disparity is growing. Super Bowl ads, however, now sell for \$5 million and remain a bright spot for networks.

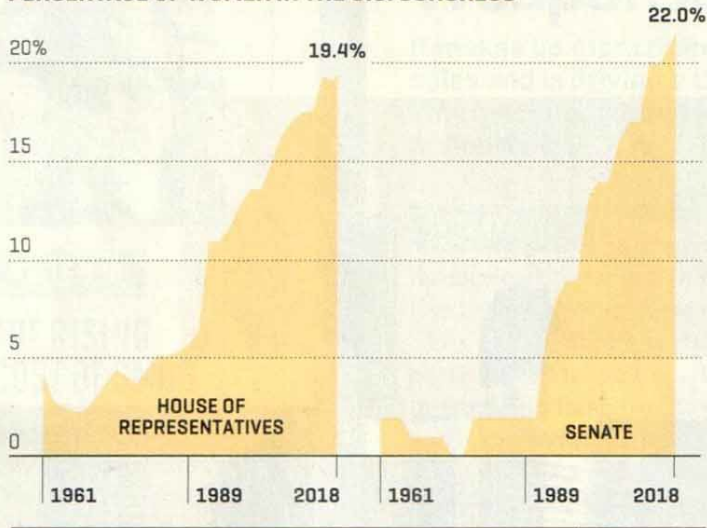
GLOBAL AD SPENDING



AVERAGE COST OF A 30-SECOND COMMERCIAL DURING THE SUPER BOWL



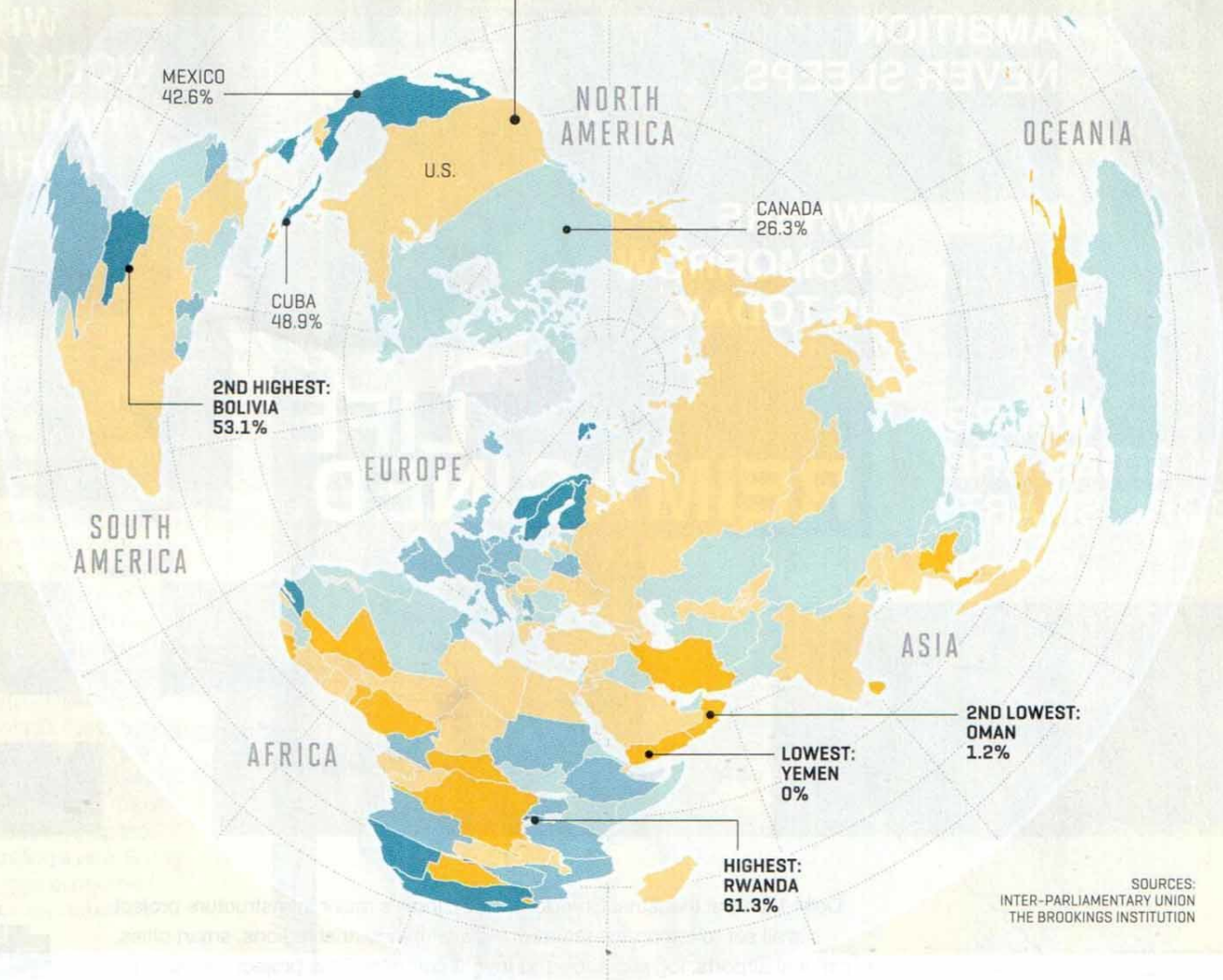
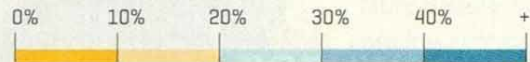
PERCENTAGE OF WOMEN IN THE U.S. CONGRESS



WOMEN SENATORS BREAK A RECORD, BUT THERE'S STILL A LONG WAY TO GO

AFTER EMBATTLED MINNESOTA Sen. Al Franken resigned his seat in January, Democrat Tina Smith took his spot. Her swearing in was a watershed moment, bringing the number of women in the Senate to a record 22. But despite recent years' progress, just 19.4% of members of the House of Representatives are women [it's only slightly higher in the Senate], a weak showing relative to the rest of the world. The U.S. places 99th globally in terms of percentage of female legislators or parliamentarians—two spots below Saudi Arabia.

PERCENTAGE OF WOMEN IN THE LOWER OR SINGLE HOUSE (EQUIVALENT TO U.S. HOUSE OF REPRESENTATIVES) As of December 2017



SOURCES:
INTER-PARLIAMENTARY UNION
THE BROOKINGS INSTITUTION