Local Ad Dollars 2013 – What Business Categories Are Spending and Where

Wednesday, June 19, 2013
Introduction & Agenda

- Welcome, and thank you for joining us
- Trends from our Media Ad View Plus Forecast
  - Nationwide
  - Media and Business Categories
- Local Market Analysis
  - Local Market Totals for Media
  - Local Market Totals for Online Spending
- Use Case: Raycom
- At A Glance: Media Ad View Plus
  - New Data
  - Ease of Use
- Questions, FAQs

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Special Guest

Billy McDowell
Vice President of Research, Raycom
About BIA/Kelsey

- Local Media and Advertising Experts
- We help our clients solidify their position in local media with our market research, industry analysis, competitive intelligence and industry forecasts
- Today, we’ll be examining top level findings from our U.S. Local Media Forecast (2012 – 2017) and our most recent Media Ad View Plus forecast for 2013
BIA/Kelsey defines the local media advertising marketplace as those media that provide local audiences to all types of advertisers.

We initially projected the total of the local media market to be $134.6 billion in 2012.

- Now, we expect it to be $132.5 billion, only a slight increase from the 2011 level of $131.8 billion (+0.5%)

The total local media advertising revenue growth is *not* keeping pace with the overall economy.

The overall local media market will grow moderately through 2017 (at a 2.3% compound annual growth rate).

- By 2017, the total will be $148.8 billion
- Growth in online/interactive/digital advertising revenues will remain strong, CAGR of 12.3% and CAGR of -0.3% for traditional advertising revenues

By 2017 local online/interactive/digital advertising revenues will be $41.1 billion.
Local Media Five-Year Forecast

Source: BIA/Kelsey's U.S. Local Media Forecast (2012-2017)

Note: Numbers are rounded.
Local Ad Market Currently Dominated by Traditional Media

2012 U.S. Local Media Revenues — $132.5 Billion

- Newspapers: 17.0%
- Direct Mail: 27.0%
- TV: 15.7%
- Radio: 11.2%
- Cable: 5.1%
- OOH: 5.5%
- Magazine: 2.4%
- Online / Interactive: 8.2%
- Mobile: 0.9%
- *ERPM: 1.2%

Digital revenues associated with traditional media (e.g., websites associated with local TV stations, local radio stations, newspapers and magazines) are included in the revenues for the traditional media. Revenues for Internet Yellow Pages that are associated with print Yellow Pages are included in the overall Yellow Pages media category.
Steady Shift Toward Digital Media

2012-2017 CAGRs:
- Total Media CAGR 2.3%
- Traditional Media CAGR -0.3%
- Online/Digital Media CAGR 12.3%
Local Ad Market Less Dominated by Traditional Media in 2017

2017 U.S. Local Media Revenues — $148.8 Billion

Digital revenues associated with traditional media (e.g., websites associated with local TV stations, local radio stations, newspapers and magazines) are included in the revenues for the traditional media. Revenues for Internet Yellow Pages that are associated with print Yellow Pages are included in the overall Yellow Pages media category.
What’s Going on in Local Markets?

- **Media Ad View Plus**
  - Offers granular view of $132 billion local media industry
  - Provides a *local* and a *nationwide* comparative forecast
  - Allows for evaluation of opportunities across multiple dimensions:
    - Local Ad Markets
    - Media and Ad Categories
    - Business Categories

2013 Forecast Highlights… let’s review
Top Business Categories - Nationwide

- **Overall Advertiser Categories:**
  - Retail: $24.8 billion
  - Automotive: $16.1 billion
  - General Services: $15.6 billion

- **Business Advertiser Categories:**
  - Automobile Dealers & Automotive Mnftrs.: $12.4 billion
  - Warehouse Clubs & Supercenters: $5.5 billion
  - Wireless Telecommunications: $4.7 billion
Direct Mail dominates ad spend by local retail advertising, garnering over 43% of total retail advertising in 2012

Print Yellow Pages dominate the local General Services advertising category, generating almost $3.8 billion from this vertical in 2012

Local Radio advertising is diverse, generating over 10% of its advertising from five different verticals: Retail (18%), Financial/Insurance (17%), Restaurants (14.5%), Automotive (14%) and Technology (10%)

Despite declines in Newspaper circulation, local advertising on Newspaper was $22.5 billion in 2012, representing 17.1% of total advertising and second only to Direct Mail

Television still dominates the local Automotive advertising vertical, as well as the local Government/Political/Religion (“GPR”) vertical
Growth Ad Channels

Online local advertising exceeds $1 billion in 2012 for six different advertising categories. Top two:

- Technology ($2.1B)
- Retail ($1.8B)

Online and Mobile are top growing ad channels. By 2017:

- Real Estate will increase its online ad spend to an astonishing 40.8%
- Automotive dealers will focus on video, spending 11.4% of their $2.4 billion online ad budget on video display
- Quick service Restaurant category (subset of restaurants) will increase its online spending from $434.4 million to $618.6 million
- Financial/Insurance category to grow mobile spend from 1.6 percent in 2012 to 9.8 percent 2017

Report Charts… let’s look at some
Automotive Advertising Spending by Media – Nationwide Results

2012 - $16.073 Billion

- Television: 28.4%
- Radio: 12.8%
- Print YP: 1.4%
- OOH: 2.0%
- Online: 7.4%
- Cable TV: 6.3%
- Direct Mail: 15.6%
- Internet: 0.5%
- ERPM: 0.7%
- Magazines: 2.0%
- Mobile: 0.5%
- Newspaper: 22.4%

2017 - $17.523 Billion

- Television: 32.1%
- Radio: 13.5%
- Print YP: 0.4%
- OOH: 2.3%
- Online: 12.0%
- Cable TV: 9.6%
- Direct Mail: 13.5%
- ERPM: 1.1%
- Internet YP: 0.9%
- Magazines: 1.5%
- Mobile: 4.4%
- Newspaper: 13.7%

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Retail Advertising Spending by Media – Nationwide Results

2012 - $24.836 Billion

- Direct Mail: 43.2%
- Television: 8.7%
- Cable TV: 2.7%
- Radio: 10.6%
- Print YP: 0.7%
- Online: 7.2%
- OOH: 2.8%
- Mobile: 0.6%
- Internet YP: 0.4%
- Newspapers: 21.3%
- Magazines: 1.0%
- ERPM: 0.6%

2017 - $28.507 Billion

- Direct Mail: 43.2%
- Cable TV: 3.4%
- Radio: 10.7%
- Television: 9.9%
- Print YP: 0.2%
- Online: 7.9%
- OOH: 3.0%
- Mobile: 4.0%
- ERPM: 1.1%
- Newspapers: 14.9%
- Magazines: 1.0%
- Internet YP: 0.6%
Real Estate Advertising Spending by Media – Nationwide Results

2012 - $2.035 Billion

- Online: 23.9%
- Newspaper: 27.7%
- Mobile: 1.0%
- Magazines: 3.1%
- Internet YP: 2.8%
- ERPM: 2.4%
- Cable TV: 3.3%
- Television: 8.1%
- Radio: 5.0%
- Direct Mail: 13.2%
- OOH: 9.0%
- Print YP: 2.1%

2017 - $2.721 Billion

- Online: 40.8%
- Newspaper: 6.9%
- Mobile: 12.6%
- Magazines: 1.1%
- Internet YP: 2.8%
- Television: 8.3%
- Radio: 4.3%
- Direct Mail: 7.9%
- OOH: 7.5%
- ERPM: 4.3%
- Print YP: 0.4%

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Drilling Down To Follow the Money

- Media Ad View Plus allows you to drill into 94 different business categories to fully examine ad spending for that category both *nationwide* and in a *local market*
  - Ad Spending Share by Media (for each year five years out)
  - Estimated annual advertising revenues
  - Share of total annual advertising revenues by media
  - Annual growth in advertising revenues by media
  - Local Online Advertising Spending Distribution
  - Cumulative data that supports comparative analysis:
    - Ad revenue across all media in a local market
    - Local spend to nationwide spend
  - Pure online advertiser spends by business categories in local markets
  - *And, for multiple market purchasers, aggregate totals for each of the advertiser categories in those markets*
94 Detailed Categories

Automobile Dealers & Automotive Mnftrs.
Other Motor Vehicle Dealers
Automotive Parts and Accessories Stores
Tire Dealers
Gasoline Stations & Automotive Repair
Business Schools and Computer Technical and Trade Schools
Other Schools and Instruction Educational Support Services
Commercial banking
Savings institutions
Credit unions, federally chartered
Securities brokerage
Portfolio management
Investment advice
Direct life insurance carriers
Direct health and medical insurance
Auto Insurance
Direct property and casualty insurance
Insurance agencies and brokerages
Legal Services
Accounting, Tax Preparation, Bookkeeping
Architectural, Engineering Services
Specialized Design Services
Computer Systems Design and Related Management, Scientific, and Technical
Scientific Research and Development
Advertising, Public Relations Services
Other Professional, Scientific Technical
Temporary Help Services

Janitorial Services
Landscaping Services
Offices of Physicians
Offices of Dentists
Offices of Chiropractors
Offices of Optometrists
Hospitals
Nursing and Residential Care
Veterinary Services
Pharmacies and Drug Stores
Hotels-Motels
Airline Transportation
RV (Recreational Vehicle) Parks
Performing Arts Companies
Spectator Sports
Museums, Historical Sites Amusement Parks and Arcades
Gambling Industries
Other Amusement and Recreation
Motion Picture and Video
Newspaper Publishers
Periodical Publishers
Radio Stations
Television Broadcasting
Cable and Other Subscription Programming
Full-Service Restaurants
QSR/Fast Foods
Special Food Services
Bars
Supermarkets and Other Grocery
Convenience Stores
Beer and Wine, and Liquor Stores

Furniture Stores
Home Furnishings Stores
Floor Covering Stores
Other Home Furnishings Stores
Household Appliance Stores
Radio, Television, and Other Electronics
Computer and Software Stores
Home Centers
Paint and Wallpaper Stores
Hardware Stores
Lawn and Garden Equipment Stores
Men's Clothing Stores
Women's Clothing Stores
Children's and Infants' Clothing Stores
Family Clothing Stores
Clothing Accessories Stores
Other Clothing Stores
Shoe Stores
Jewelry, Luggage, and Leather Stores
Sporting Goods Stores
Hobby, Toy, and Game Stores
Book Stores
Department Stores
Discount Department Stores
Warehouse Clubs and Supercenters
All Other General Merchandise Stores
Office Supplies and Stationery Stores
Gift, Novelty, and Souvenir Stores
Wired Telecommunications Carriers
Wireless Telecommunications Carriers
Cable & Satellite Service Providers
Other Telecommunications
Automotive Dealers Online Spending by Segment – Nationwide Results

**2012 – $1.598 Billion**
- Classified/Verticals: 54.8%
- Search: 27.7%
- Video Display: 4.6%
- Other Display: 7.1%

**2017 – $2.413 Billion**
- Classified/Verticals: 51.3%
- Search: 30.9%
- Video Display: 10.7%
- Other Display: 4.3%
Market Level Advertising Spending – Austin, TX

2012 - $866 Million

- Direct Mail: 28.1%
- Newspapers: 17.7%
- TV: 12.9%
- Online: 8.5%
- Print YP: 4.3%
- Radio: 10.3%
- Out-Of-Home: 5.7%
- Cable TV: 5.7%
- ERPM: 1.3%
- Mobile: 1.0%
- Magazines: 2.9%

2017 - $1,050 Million

- Direct Mail: 26.3%
- Newspapers: 12.5%
- TV: 12.5%
- Online: 11.2%
- Print YP: 10.6%
- Radio: 10.6%
- Out-Of-Home: 6.3%
- Cable TV: 5.8%
- Internet YP: 2.3%
- ERPM: 2.1%
- Mobile: 6.4%
- Magazines: 2.5%
Automobile Dealers Online Advertising - Austin, TX

Austin, TX 2012: $11.7 Million

- Classified/Verticals: 55.7%
- Search: 31.2%
- Video Display: 5.1%
- Other Display: 8.0%

Austin, TX 2017: $19.1 Million

- Classified/Verticals: 52.0%
- Search: 32.4%
- Video Display: 11.2%
- Other Display: 4.5%
Media Ad View Plus – Use Case

• Reliable market intelligence is a necessity
  • Before BIA/Kelsey, we only had information on ad spending for television.
  • Now, with the BIA/Kelsey’s Media Ad View Plus, we get a perspective on the total ad spend for each of our markets.

• Advantage of Media Ad View Plus for us
  • Gaining perspective – perhaps the report’s biggest advantage
  • Ensuring our digital businesses are keeping pace with the market
  • Budgeting process – the data let’s us track changes over time and pace ourselves against specific categories
Quick Peek Inside Media Ad View Plus

*Media Ad View Plus Reports are data loaded yet exceptionally easy to use... let’s look*
Continuing the Conversation - SMB Digital Marketing Conference

BIA/Kelsey Research at Leading in Local: SMB Digital Marketing

Special Media Ad View Plus Presentation
- SMB and local spending trends from proprietary Media Ad View research

BIA/Kelsey-Hawthorne Search Sales Survey
- Online survey into sales force trends

Success Drivers in SMB digital marketing
- Insights and interviews with top industry leaders

SMB Success Digital Case Studies
- What works best for SMB franchise leaders marketing efforts?

SMB Mobile Adoption: What’s Working?
- Market share leaders and innovators to discuss what’s working and provide valuable case studies.

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Business Advantage of Media Ad View Plus

Seven Powerful Business Advantages

MEDIA AD VIEW PLUS
Driving Local Business Success

Never Miss Opportunities
Set budgets that correspond with accurate ad spending forecasts

Expand Your Offerings
Adjust your product mix to reflect advertiser desire

Diversify Your Media & Technology Offerings
Determine multiplatform offers that will be tantalizing to local market targets

Go After Real Dollars
Identify growing advertiser categories and defend where needed

Recognize All Competitors
Identify all the media businesses nipping at your heels

Scrutinize Local Effectiveness
Compare your local market to the national average

Capitalize on Digital
Understand where advertisers are migrating online (i.e., display, search, video, classifieds/vertical sites)
Special Purchase Offer

Current List Price
$2,495/market

Webinar Promo:
$1,295/market.
Want multiple markets? Bundle offer available.
Must be purchased by July 4, 2013

To purchase, email sales@biakelsey.com or call (703) 818-2425