



WEBINAR: July 14, 2020

# U.S. Local Radio: State of the Industry Now and 2021

ON AIR

# Welcome Everyone!

## Today's Agenda & Speakers

- Current economic outlook thru COVID-lens
- Radio's position in the local media marketplace now and going forward
- Competition for consumers
- Verticals that rely on Radio and how much they are spending
- Cross platform and digital opportunities
- Audio trends that are creating new opportunities for local sellers
- Positioning for the rebound and revenue generation
- Q&A

Note: See Attendee Report in the Handouts area. Grab and drag to your computer.



**Rick Ducey**  
Managing Director  
BIA Advisory Services



**Mark Fratrik**  
SVP/Chief Economist  
BIA Advisory Services

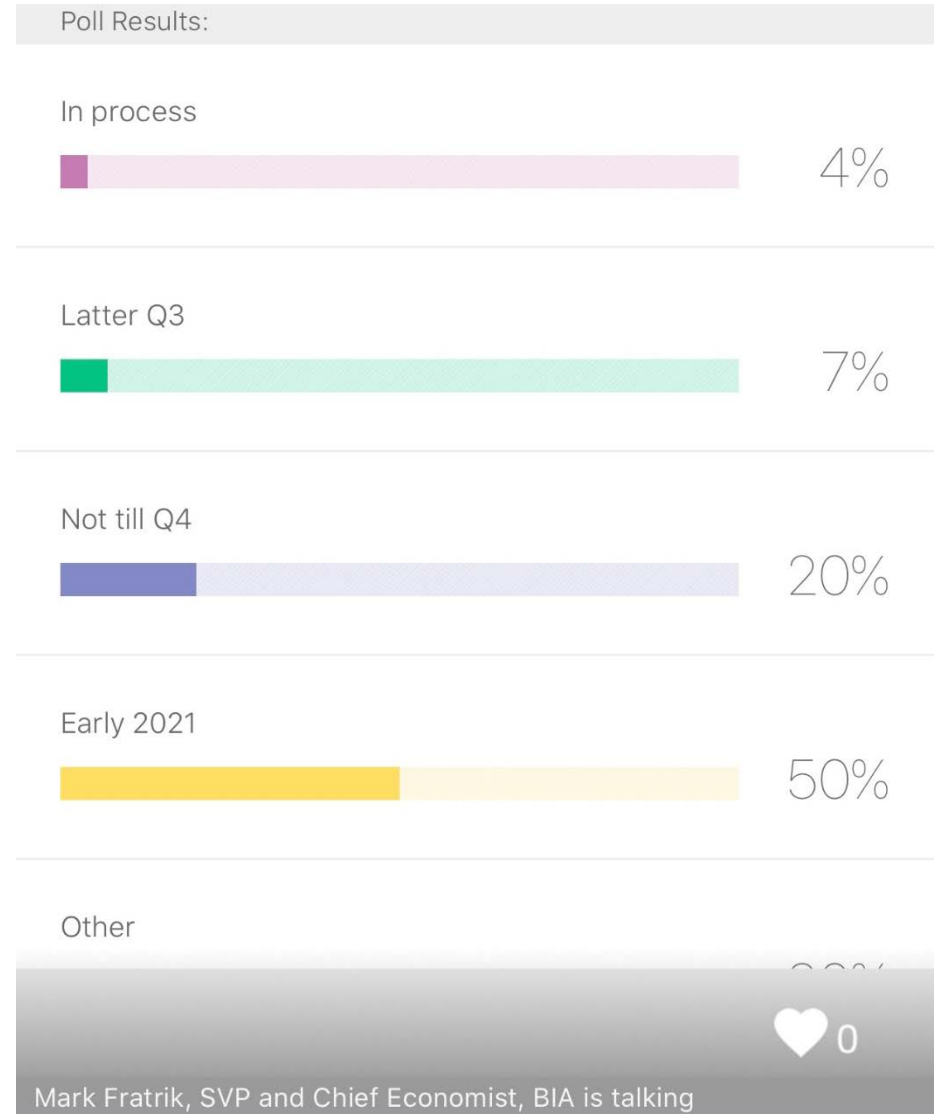


**Mark Levy**  
President/CEO  
Revenue Development Resources, Inc.



## WHAT DO YOU THINK?

- **When do you see the market coming back to early 2020 levels?**
  - In process
  - Latter Q3
  - Not Till Q4
  - Early 2021
  - Other



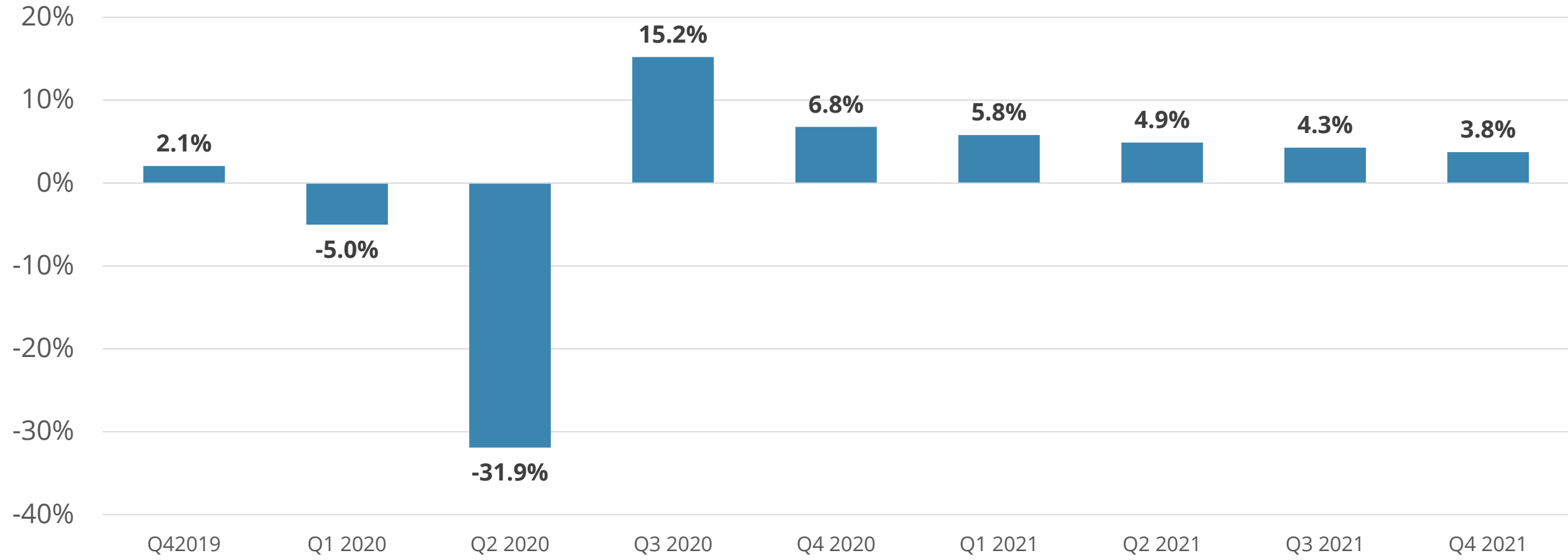


# FORECAST

Economic outlook underlying Ad revenue estimates

While some of the country recovering, pockets still very much affected by pandemic.

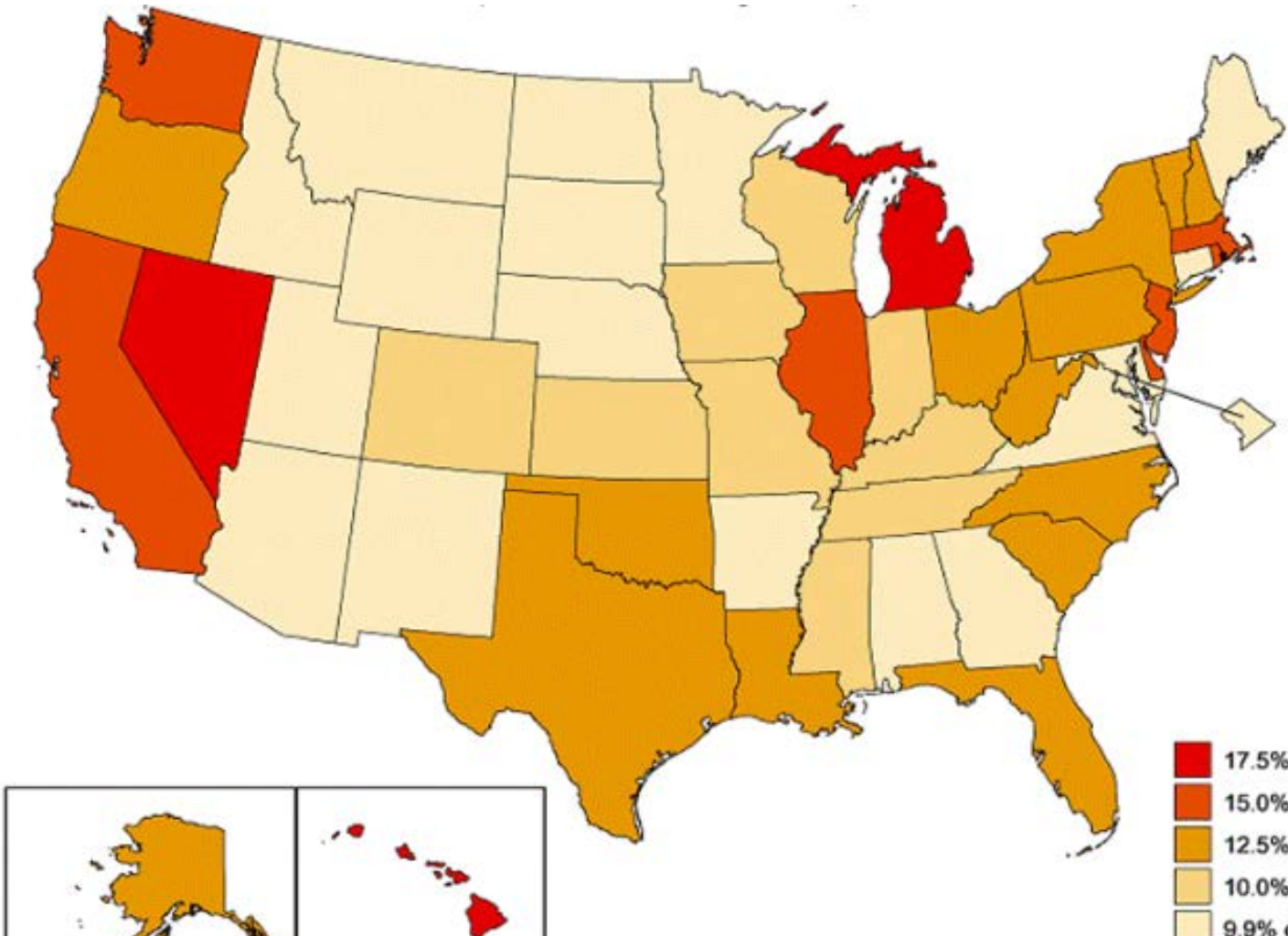
# Nationwide Quarterly Real GDP Real Growth



Source: WSJ Economic Forecasting Survey, July 2, 2020

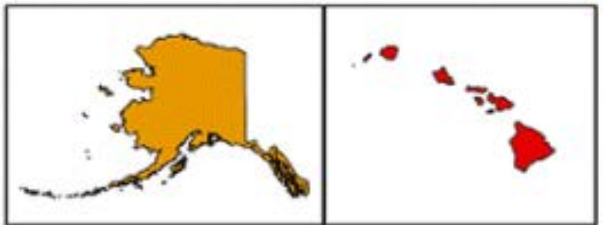


# Unemployment Rate By State, May 2020



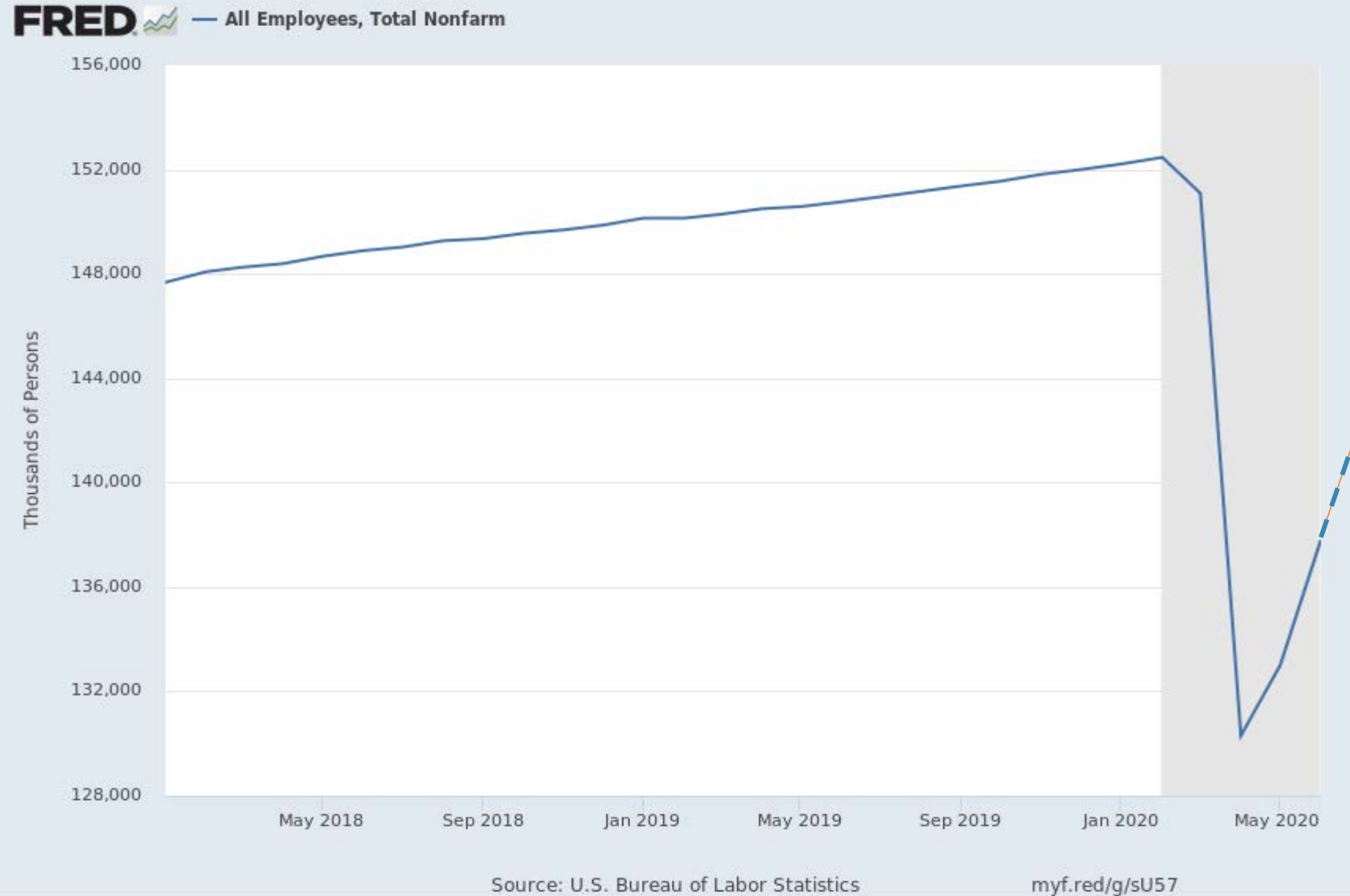
Note: 4.8 million jobs added in June, dropping unemployment from 13.3% in May to 11.1% in June.

- 17.5% or higher
- 15.0% to 17.4%
- 12.5% to 14.9%
- 10.0% to 12.4%
- 9.9% or lower



SOURCE: Bureau of Labor Statistics  
Local Area Unemployment Statistics

# Total Non-Farm Payroll



Note:  
June: \$142.2M



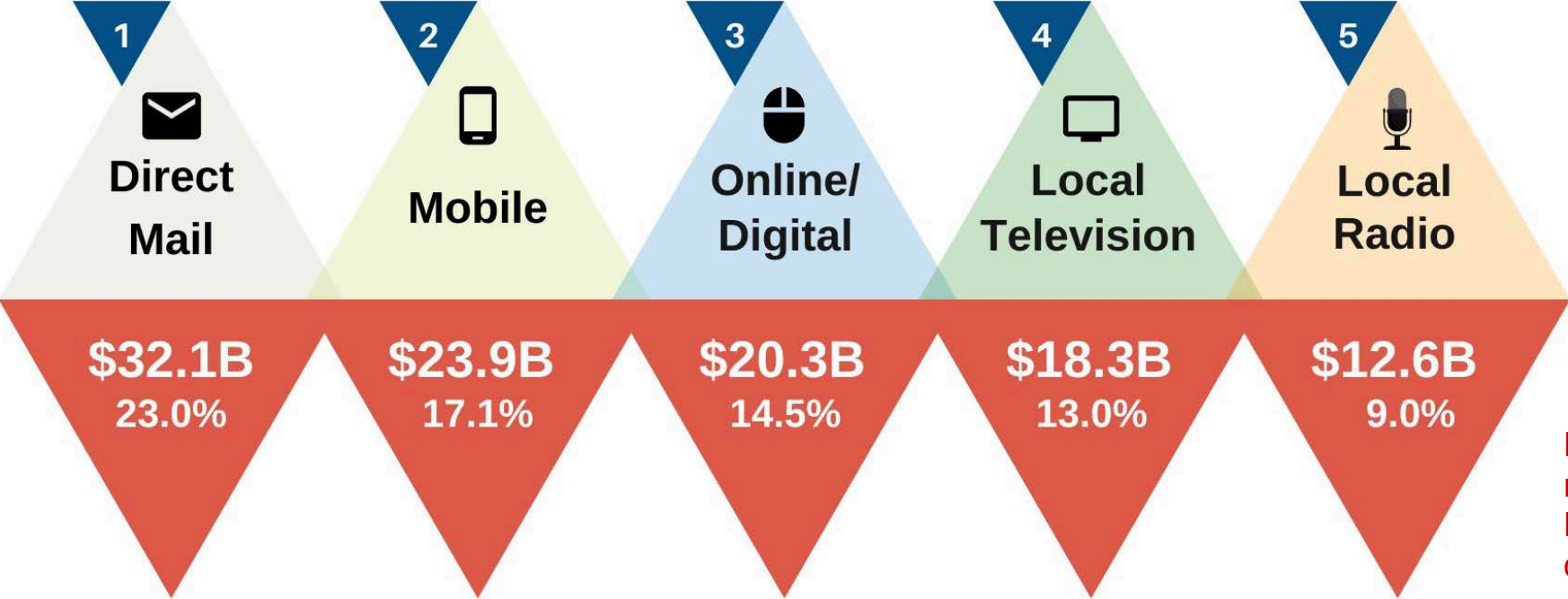
# Radio's Position in the Media Marketplace



# Radio is a Top 5 Media

## Top Five Media in 2020

Total Ad Spend \$139.9B  
Dollar Spend and Percentage Share by Media



Note: These numbers are from BIA's upcoming quarterly forecast release set to publish in mid-July.

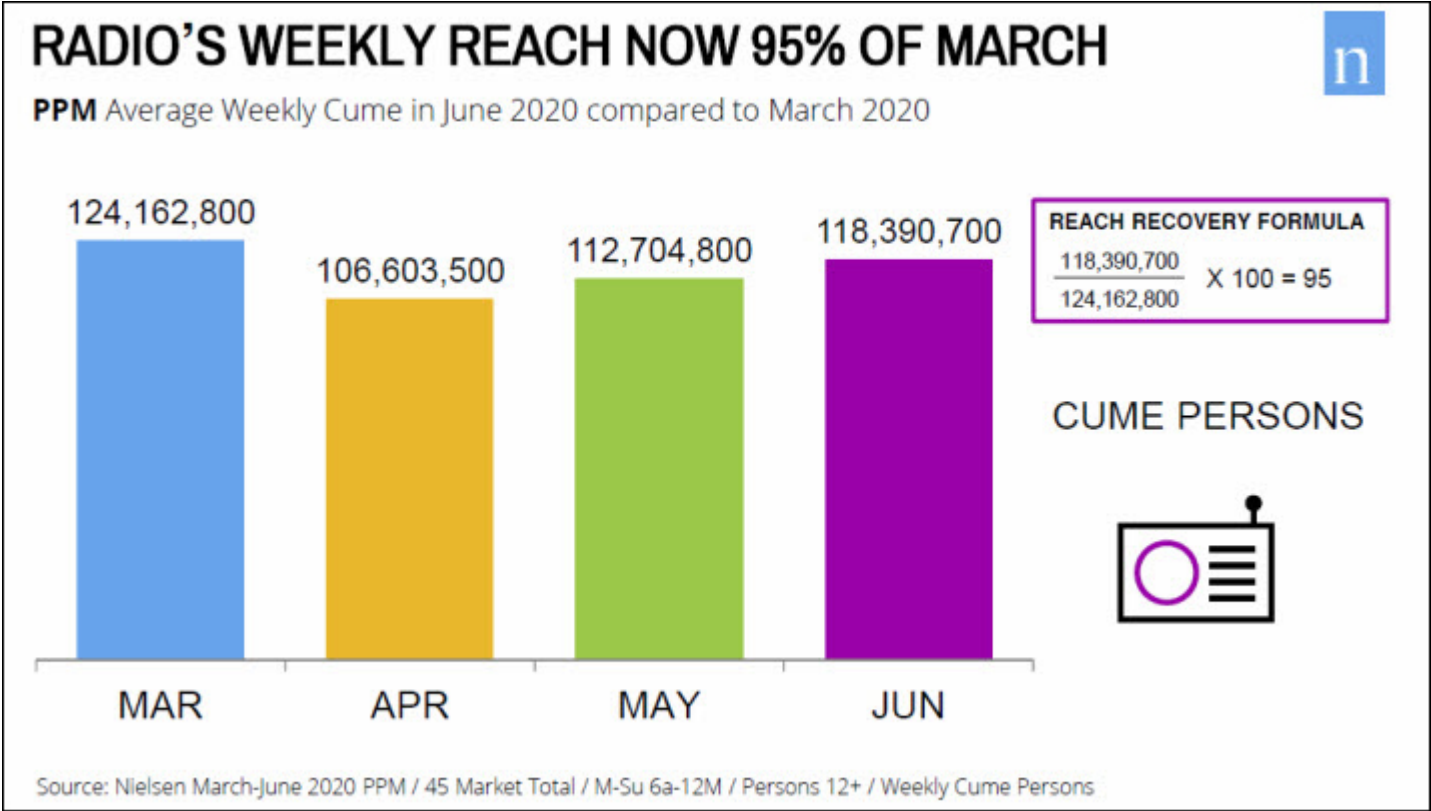


Source: 2020 BIA's U.S. Ad Forecast July 2020

Note: Local radio includes over-the-air and digital advertising.

# New Good News

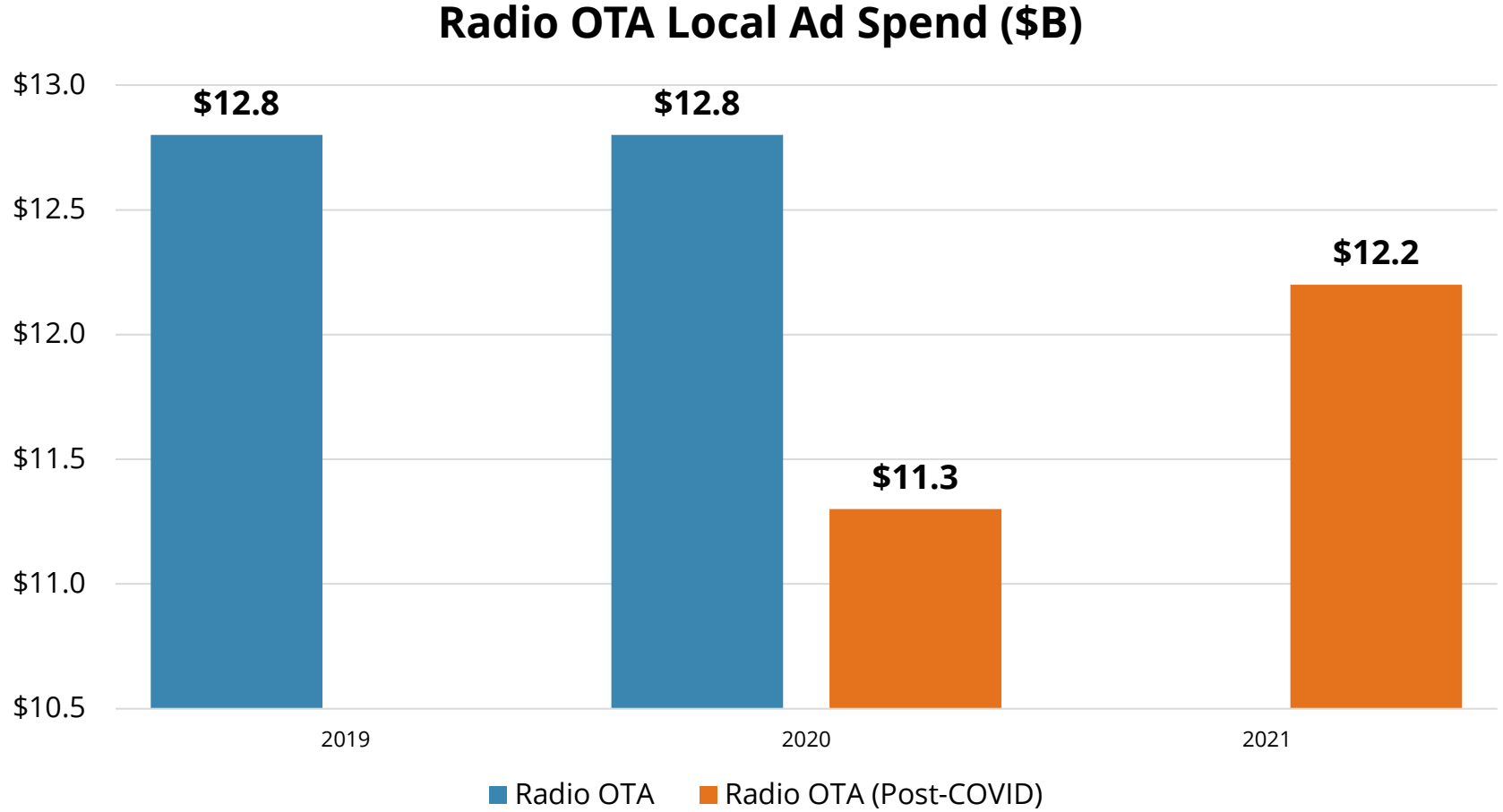
Listening Continued To Climb In June, Across Demos and Dayparts.



- Radio's audience recovery continued in June with listening on the rise across demos and dayparts in Nielsen's PPM markets.
- June marked the third month in a row where listening is on the upswing, according to updated metrics from Nielsen.

# Estimated OTA Revenue Projections 2020-2021 w/COVID-Lens

BIA's upcoming Radio estimates show a small recovery in 2021, but will still pace below 2019



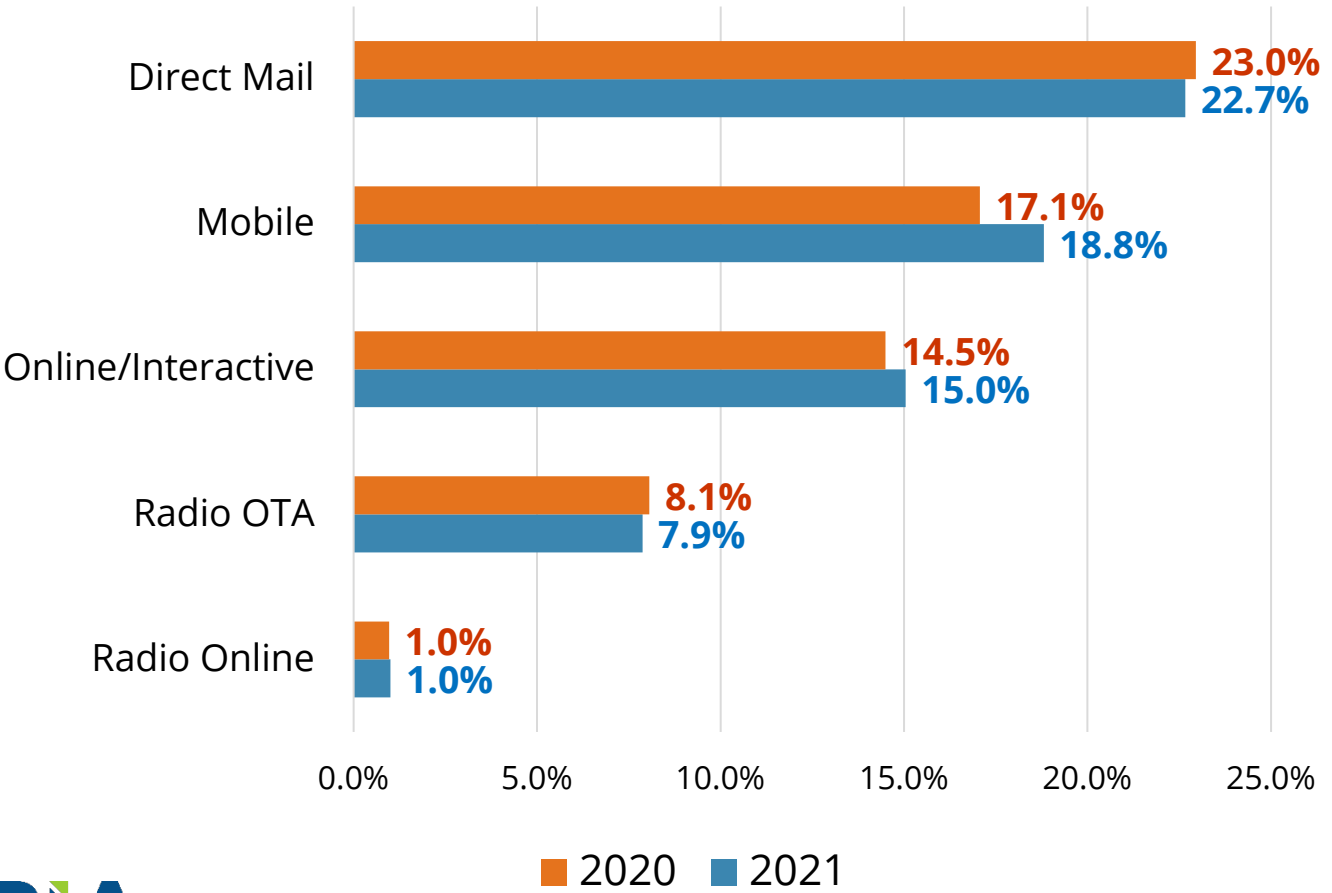
**Note: This estimate is part of the U.S. Local Ad Forecast quarterly update BIA will issue late July 2020.**





# Share of 2020 Local Media Revenue with Eye on Digital

Share of Local Ad Spend



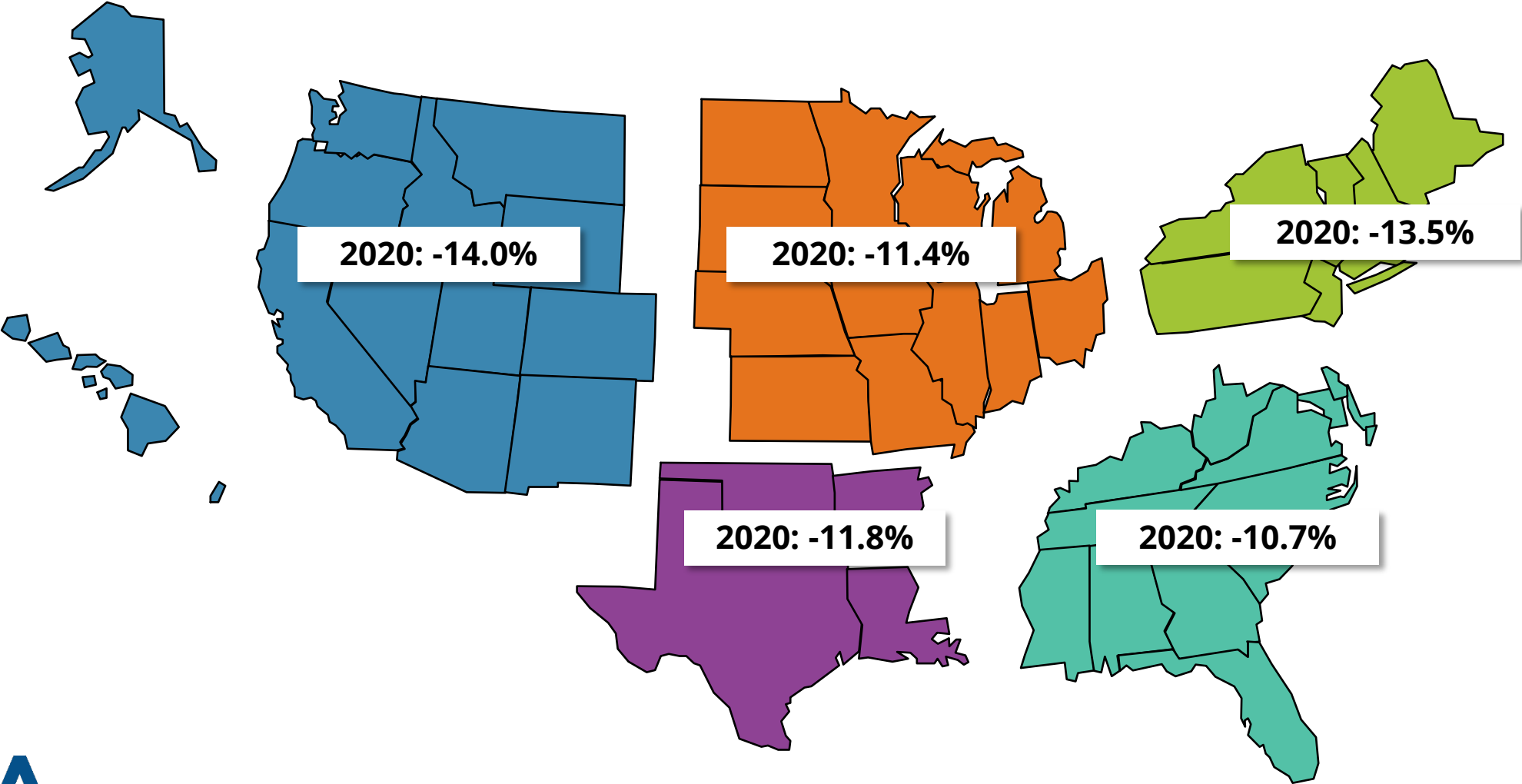
- In May 2020, the latest Share of Ear® update from Edison Research, a portion of AM/FM radio listening online hit 10 percent for the first time.
- Critical to sell into digital's addressable market.



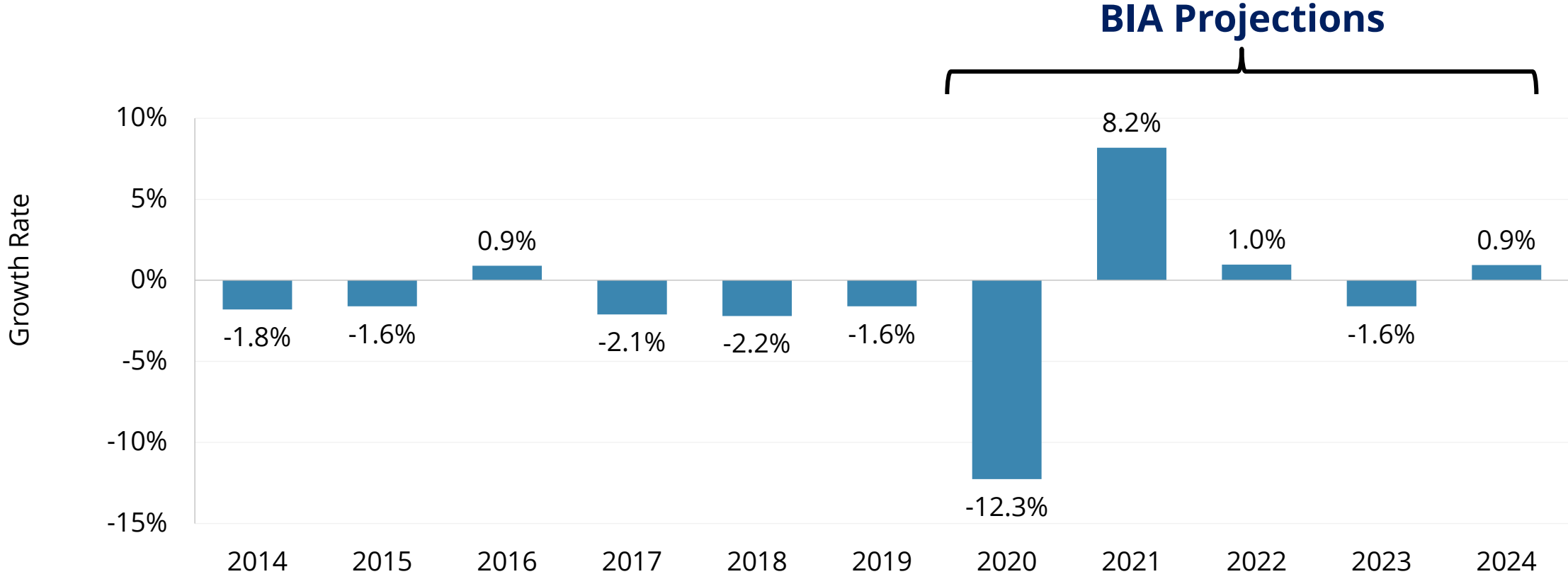
*Download our free report on this topic in the handout area.*



# 2020 OTA Radio Ad Revenue % Change by Region



# Historic & Projected Radio Revenue: Growth 2014-2024





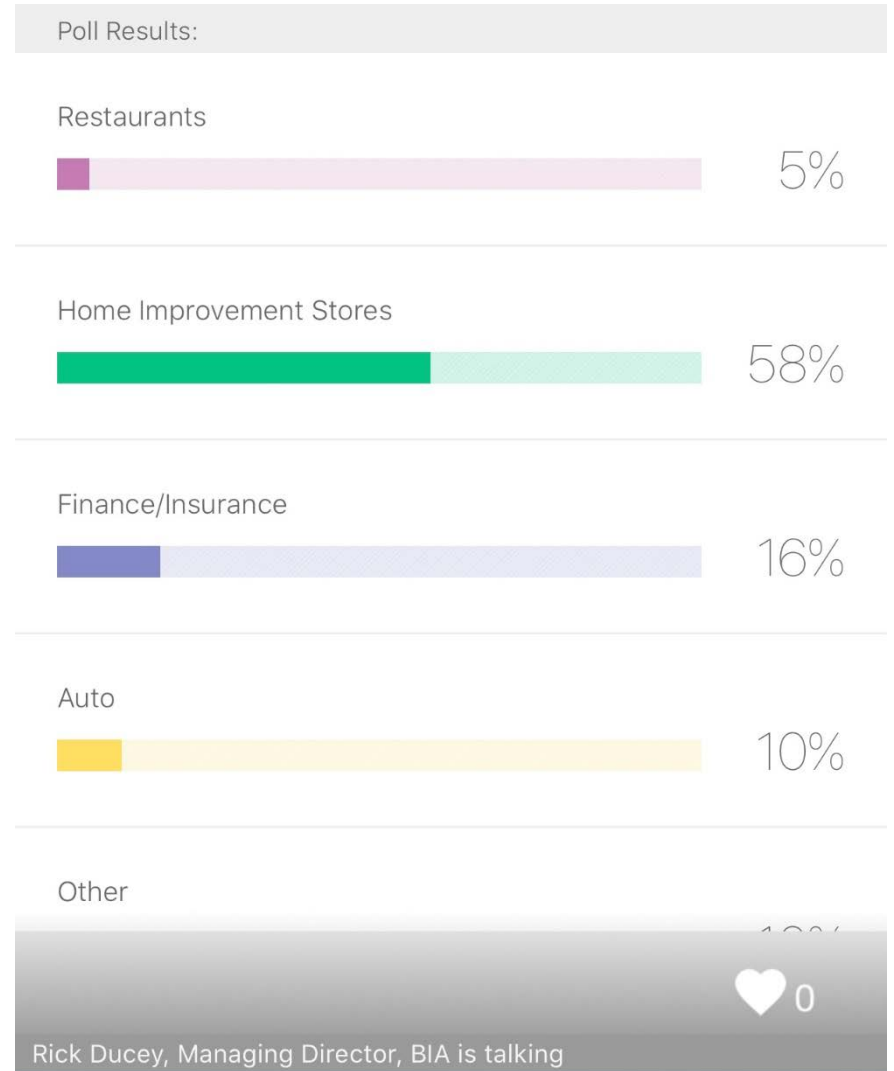
# Radio Selling Strategies

## Prioritizing by Vertical





- **Right now, what verticals are maintaining and possibly growing their ad spend?**
  - **Restaurants**
  - **Home Improvement Stores**
  - **Finance/Insurance**
  - **Auto**
  - **Other**



# Top Vertical Spenders – Follow the Money

- BIA's forecasts shows exactly which verticals will spend the most on radio in 2020:
  - Finance/Insurance **\$2.00 B**
  - Retail **\$1.97 B**
  - Automotive **\$1.50 B**
  - Technology **\$1.30 B**
  - *Also worth noting:* Home Improvement **\$480.1 M**
- *Let's examine how to prioritize selling.*

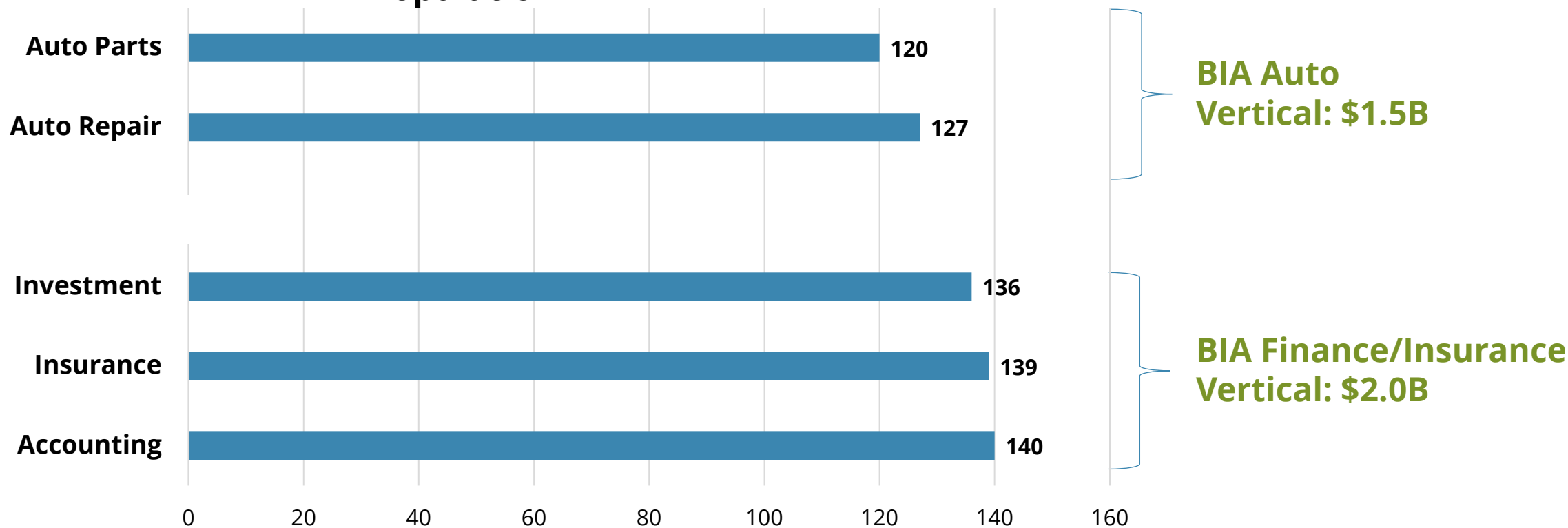




# Target Verticals Where Heavy Radio Listeners Over-Index

*“Intend to spend more money than you are now within 2 months after restrictions are eased”*

## Heavy Radio Listeners Over-Index vs General Population



Sources: BIA Advisory Services, Nielsen.

Custom Nielsen study conducted 6/22-6/24, via an online survey, based on a weighted sample of 1000, P18+  
How to read this: For Auto Parts, heavy radio listeners are 120% more likely than the average consumer to agree that they, “intend to spend more money than you are now within 2 months after restrictions are eased.”

# Focus on Digital Solutions: Example Auto Advertisers

- Like other advertisers, Automotive advertisers use digital's advance targeting to reach, engage and close prospects.
- Local sellers need to be part of the digital tech people are using steadily now.
  - *More in a moment on this specifically*
- **BIA ADVantage vertical reports** show you and your advertisers the digital media to reinforce your best cross channel strategies.

## Growth Media

2019-2020

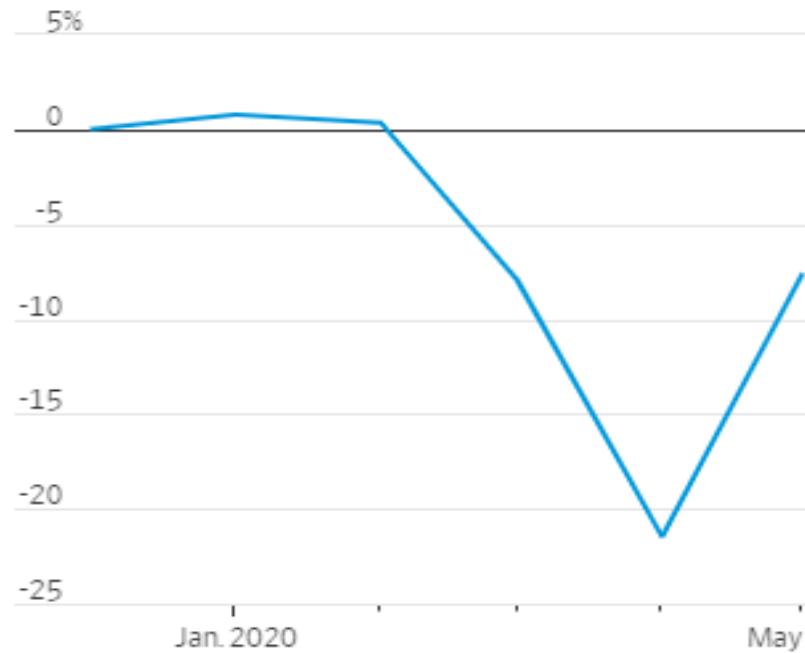
OTT	9.3%
Radio Online	9.2%
Mobile	6.5%
Online (Search, Display, Video)	3.1%



Source: BIA ADVantage, May 2020

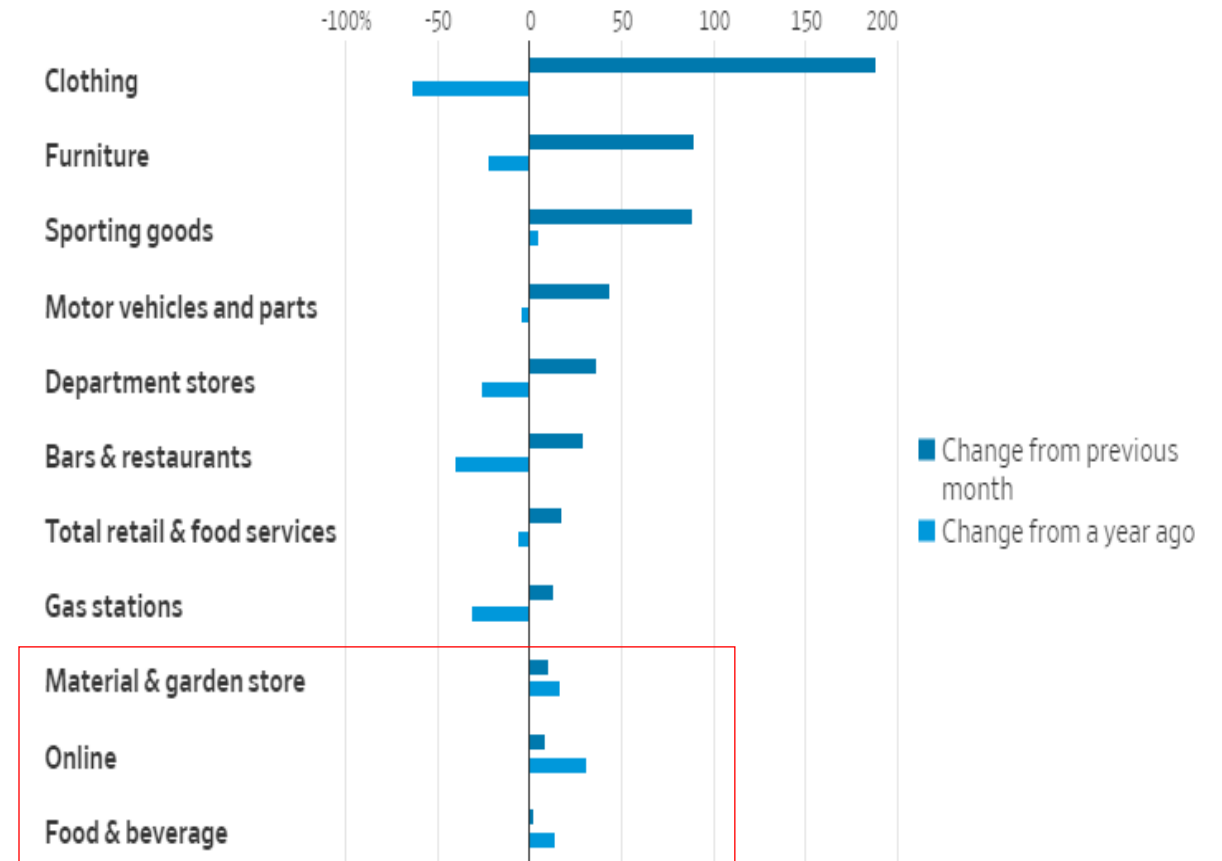
# Take a Second Look at Retail: Important Vertical for Radio

Cumulative change in retail sales, year to date



Note: Seasonally adjusted  
Source: U.S. Census Bureau

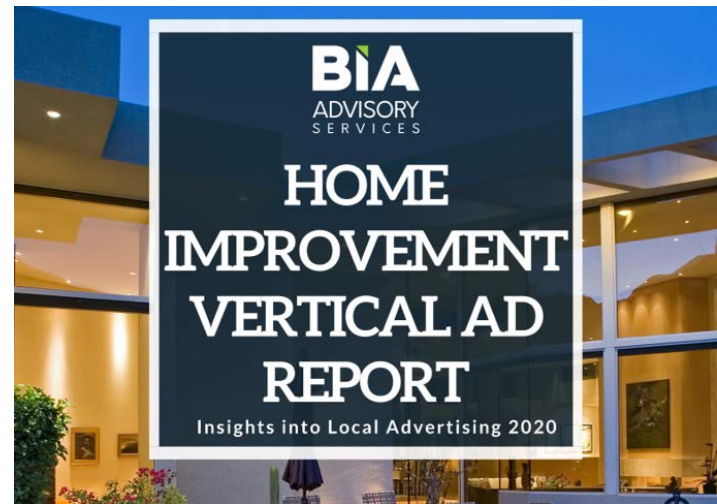
Retail sales in May by sector



Note: Retail sales up 17.7% in May.

# Show Correlation that Listeners Equal Buyers

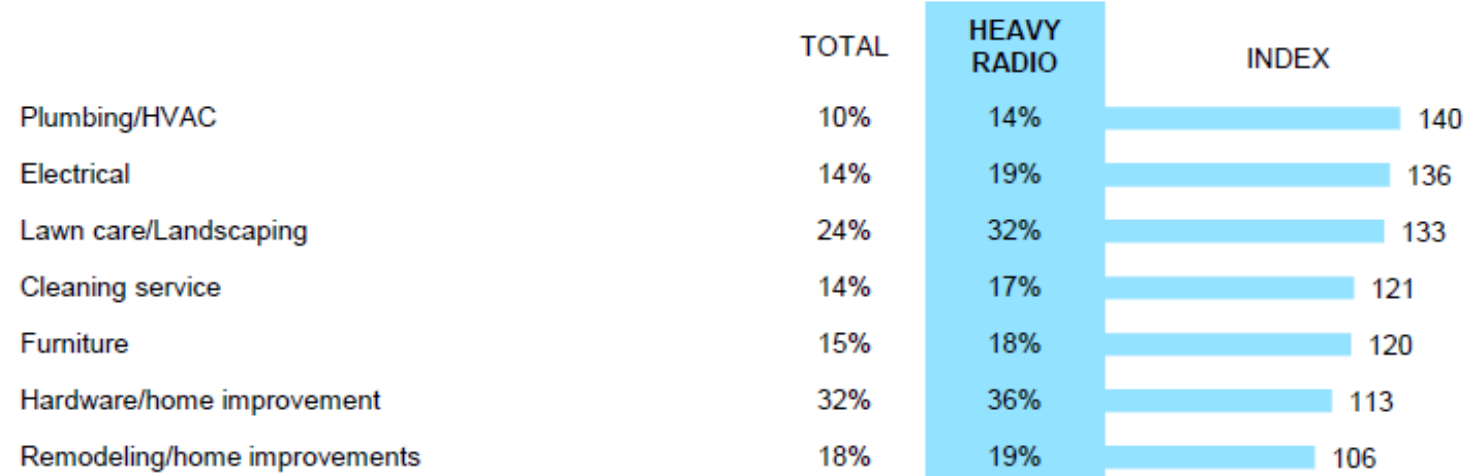
Heavy Radio listeners are higher spenders in Home Improvement, for example



Note: BIA estimates businesses in the Home Improvement vertical will spend just over \$7.05B this year. Our Home Improvement Vertical Ad report details spend across all media.

## HEAVY RADIO LISTENERS LIKELY TO SPEND MORE ON HOME IMPROVEMENT

Intend to spend more money than you are now within 2 months after restrictions are eased



Source: Custom Nielsen study conducted 6/22-6/24, via an online survey, based on a weighted sample of 1000, P18+



# Track Activity in Your Local Market

Let's look at Technology Media Ad Spend for a Radio Market in BIA ADVantage

**BIA ADVANTAGE**

5 verticals available... Abilene-Sweetwater, TX Abilene-Sweetwater, TX - TV Rank #164 Feedback Account Log out

### 2020 Technology Media Ad Spending (000)s

TV Market: Abilene-Sweetwater, TX

TV Market: Abilene-Sweetwater, TX, Vertical: Technology

Media Type	2019 Local Advertising (000)s	2020 Local Advertising (000)s	Percent of Total	Annual Change
Mobile	\$3,117	\$3,214	26.5%	3.1% ↑
Online	\$2,380	\$2,468	20.4%	3.7% ↑
Direct Mail	\$2,245	\$2,159	17.8%	-3.8% ↓
Radio OTA	\$1,523	\$1,418	11.7%	-6.9% ↓
TV OTA	\$802	\$846	7.0%	5.5% ↑
Out of home	\$538	\$471	3.9%	-12.5% ↓
News Print	\$563	\$428	3.5%	-23.9% ↓
Email	\$420	\$370	3.1%	-11.9% ↓
News Online	\$300	\$286	2.4%	-4.7% ↓
TV Online	\$143	\$201	1.7%	40.8% ↑
Cable TV	\$97	\$85	0.7%	-12.7% ↓
OTT	\$44	\$83	0.7%	85.9% ↑

# Sales Planning Expert Tips



Maybe if we are not getting the money that we think we should, it might be because our competitors are better than we are at answering...

**“And just why should I advertise with  
you... NOW?”**





# The Boredom of...

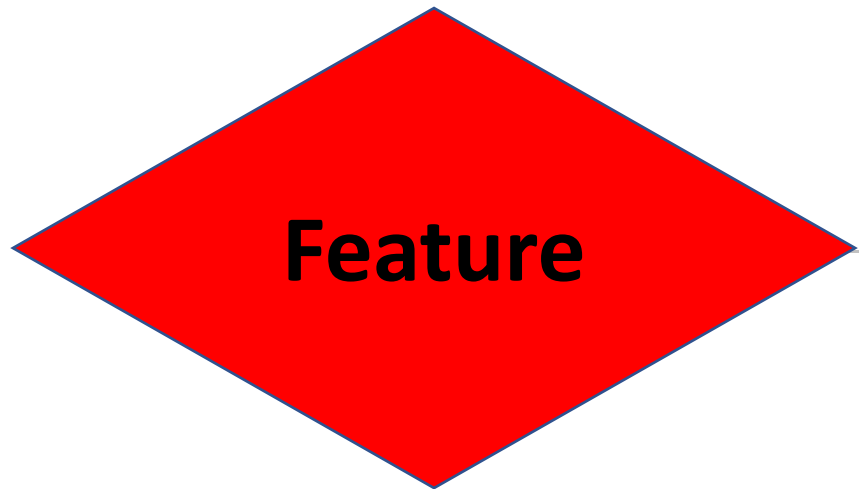


# My love of Wilbur, my fear of ...



# Features vs. Benefits

## What's the difference?



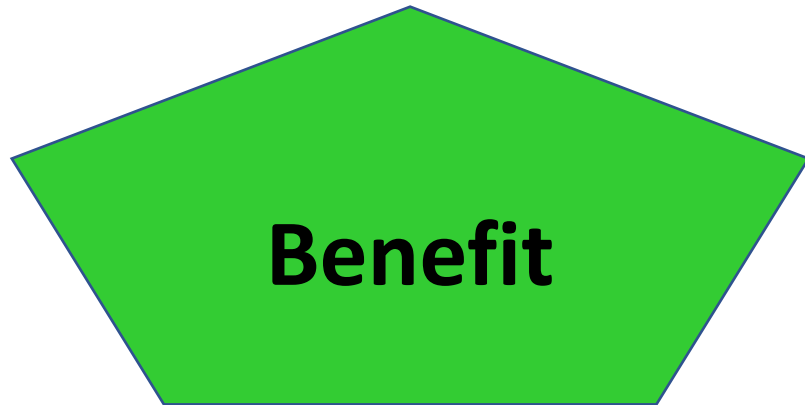
**An attribute of the  
media/your station from  
*your* point of view**

**Usually begins with  
“We” or “Our”**

# **Benefits vs. Features**

## **What's the difference?**

**That same attribute of your business from the client's point of view**



**Usually begins with  
"You" or "Your"**



**Move from “Feature” Lead:**

**“ \_\_\_\_\_ which means that you will \_\_\_\_\_.”**

**To “Benefit” Lead:**

**“You will \_\_\_\_\_ because we...”**

**LEAD with Benefit → SUPPORT with Feature**

Now, I love Wilbur  
AND Mr. Ed!



Mr. Ed

# Real Progress is going from

“Radio does \_\_\_\_\_ which means that you’ll \_\_\_\_\_.”  
(leading with the feature - supporting with the benefit)

*TO*

“You’ll \_\_\_\_\_ because Radio \_\_\_\_\_.”  
LEAD with the Benefit - SUPPORT with the Feature



# Cross-Platform and Digital Opportunities

Radio plus other ad platforms drive higher overall lift.

- **Podcasting:** Radio and streamers investing.
- **Streaming:** Smart speakers drive growth
- **Video:** OTT for tight targeting
- **Search and Social:** Resell GOOG, FB
- “Eating your own dog food”

*“I saw the pandemic shift to OTT viewing and figured, why not buy an ad there to promote my radio station? Listenership is up in a down market. Hard to prove, but I think it helped.”*

**- Medium Market GM**

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Supreme Court sends House subpoenas for Trump financial records back to lower courts for further review, likely shielding the do

CMO TODAY

### Omnicom Plans \$20 Million in Podcast Ads on Spotify

Podcasters try to lure more marketers with high-profile talent and better ad technology





# 3 Steps to Prepare for the Rebound and Nurture Revenue Generation

1. Get a deep, data-driven understanding of the marketplace and competitor strategies
2. Track how consumers are using their audio technologies and engage there.
3. Map out your client goals for audience segmentation activation and deliver a campaign plan with clear, measurable KPIs.



# The Best Sellers

- ✓ Make others comfortable
- ✓ Articulate
- ✓ Deal well with the unexpected
- ✓ Good listeners



# BIA ADVantage Answers Critical Questions for Success

## Like what we've covered in this webinar?

Get predictive analytics into the local media marketplace with the BIA ADVantage service.

BIA ADVantage will answer these questions (and a lot more) for you:

- What is the **ad spend** opportunity in my market?
- How are advertisers **allocating their ad budgets** between different media?
- How does my **media compare** to other local and nationwide competitors in my market?
- Which **digital platforms** could drive new revenue?
- What **market opportunities** should we address?



## Realize Local Advertising with BIA ADVantage

*Local Radio Market Forecasts, Digital Analysis, Vertical Ad Reports, Local Market Profiles, Weekly Analysis, Custom Market Research, Expert Client Services*

Learn more here: <http://bit.ly/BIA-ADVantage>  
Clients login here: <https://advantage.bia.com/>  
Subscription info: [advantage@bia.com](mailto:advantage@bia.com)





# Other Ways Clients Work with BIA Advisory Services

Our goal is to help you achieve your business goals.

We can help with assignments such as:

- **Corporate positioning and branding:** We'll create thought leadership, content marketing pieces for lead gen and engagement.
- **Corporate briefings:** Provide informative and actionable briefings on market conditions for Board, C-suite, division heads
- **Market sizing and projections:** Prioritizing and directing resources, business modeling, opportunity assessments.
- **Sales planning and strategy:** Budget forecasting scenarios, analyzing performance of product mix, direct and channel strategies.
- **Competitive intelligence:** Insights into what your competitors doing and how they compare to your current, planned strategies.
- **Product strategy and road mapping:** Customer segmentation, use cases, product evolution, product margin analytics, trends.
- **Strategic planning:** Lead strategy planning sessions and initiatives with facilitation, presentations, SWOT analyses, etc.
- **Investment and M&A:** Due diligence on potential investors, acquirers or acquisition targets, company and sector briefing books.



Q

&

A





Guiding **Media**. Inspiring **Innovation**. Leading **Local**.

# Questions & Comments:

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