



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

What's Next?

BIA/Kelsey 2017 Analyst Predictions

Tuesday, January 24, 2017



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Welcome & Agenda

- Meet the Moderator & Analysts
- Snapshot of BIA/Kelsey
- Top Predictions
 1. Social media usage will continue to increase among SMBs.
 2. Social commerce changes everything.
 3. National brands will outpace regional and local SMBs in total spend to target local audiences.
 4. Local TV station OTA advertising will go down, while online revenue will go up and retransmission consent will soar.
 5. Video will be the next big social ad tool for SMBs.
- Q&A
- BONUS: New Mobile Forecast Paper – Complimentary Download
- Upcoming Webinar on AI – Wed. Feb. 1

BIA/Kelsey Snapshot

WHO WE ARE



BIA/Kelsey is a leading strategy advisory firm serving the needs of the **local** advertising and marketing marketplace by providing solutions to media, marketers, agencies, solution providers and other firms.

Our primary expertise lies in our unique point of view regarding the business, consumer, economic, and technology trends impacting current and future local media and the advertising marketplace.

We combine data, analytics and insights to provide our clients with the information they need for grounded financial and strategic action.

PRACTICE AREAS

Market Sizing- The size of the local ad pie nationwide, in every market in the country and for different verticals and business categories.

Forecasting- Developing economic models to estimate how economic, technological, competitive factors and advertising trends will impact future local advertising

Understanding the Advertiser- Providing customized survey results and other research, with a layer of analytics and insights about SMBs, Brands and Franchisees

Competitive Intelligence- Custom research on the positioning, products, pricing and packaging of selected direct and indirect competitors

Innovation in Social/Mobile/Video and Emerging Business Models- Written reports on key trends in these rapidly changing sectors that will be driving future local advertising

Strategic/Financial Consulting- Special project of greatest interest to the client, including: go to market strategies, new product launches, appraisals, fair market valuations, M&A, due diligence

AT A GLANCE

- Founded in 1983
- Serving hundreds of clients globally across traditional media, technology, and financial/investment industries.
- Focused team of 40+ Industry Analysts, Researchers, Economists, Financial Analysts and support staff.
- *BIA Capital Strategies*, a registered broker-dealer investment bank working on media and telecom M&A
- *BIA Digital Partners*, two mezzanine funds that invested \$330 million in 38 media, telecom and business services
- Metropolitan Washington DC based headquarters with offices in San Francisco, Seattle and Dallas

Meet the Moderator & Analysts



Jed Williams
Moderator

Chief Innovation Officer
Local Media Association



Suzanne Ackley
Sr. Research, Analyst
BIA/Kelsey



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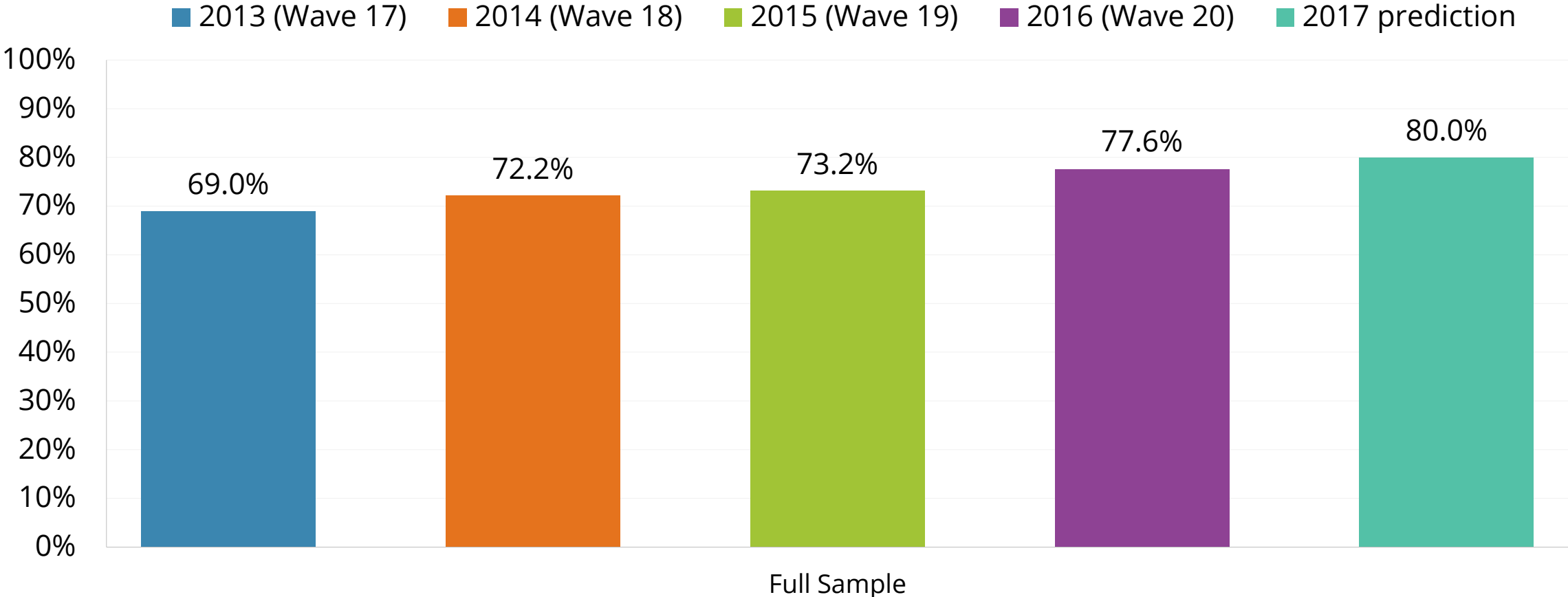
Suzanne Ackley

Social media usage will continue to increase among SMBs.

- Social media usage for advertising and promotion will continue to grow in 2017, reaching an estimated 80% among small and medium businesses.
- As social media usage increases, so will demand for reputation monitoring tools and services.

Social Media Usage

Social Media Reach (Irrespective of Spending)



Source: BIA/Kelsey Local Commerce Monitor™ (LCM) Wave 20, Q3/2016 (and prior waves, if relevant). Methodology: Online panels. Sample Size = 1000



Mitch Ratcliffe

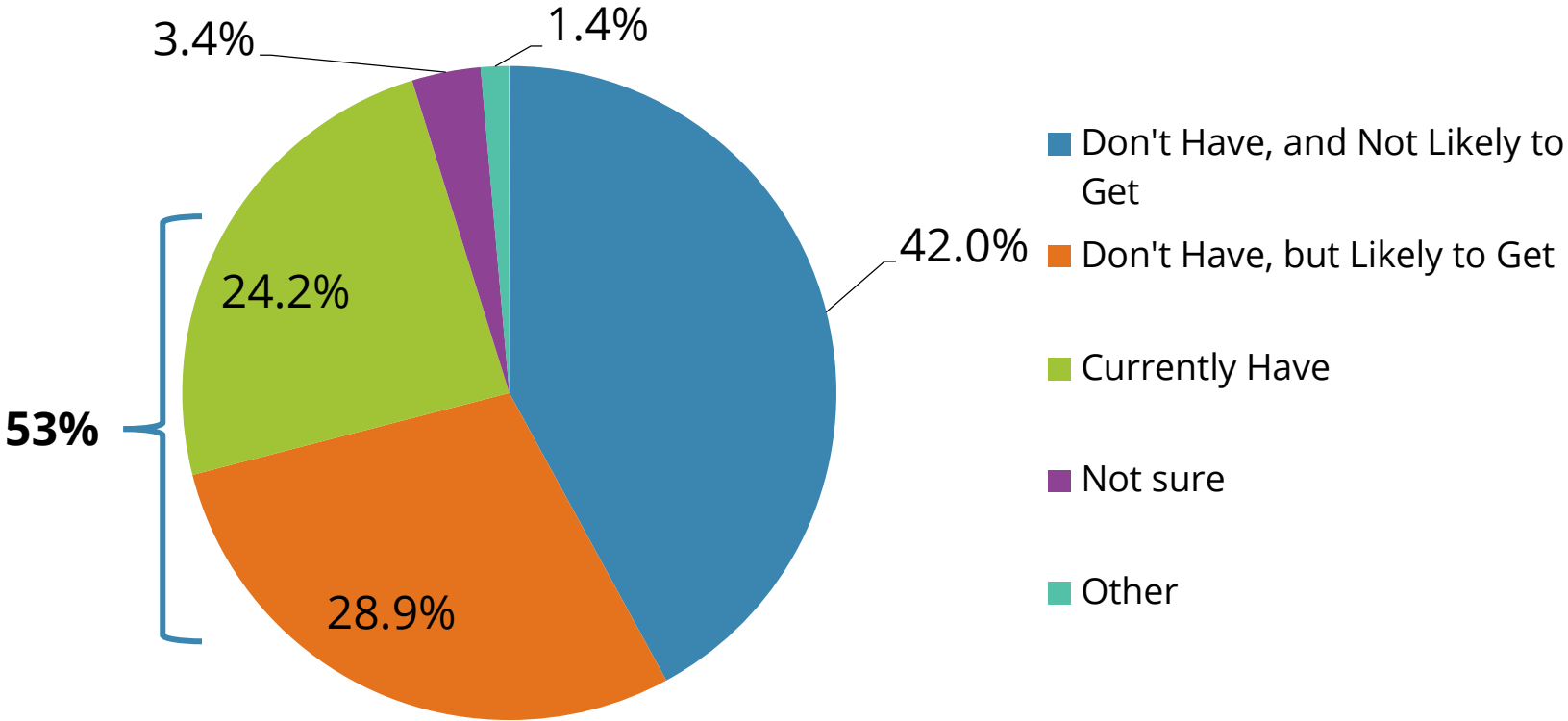
Social commerce changes everything.

Service commerce, the combination of social tools, scheduling tools for individual and fleet management, and CRM and transactional tools, will become common in the SMB market during the next two years.

- 24.2 percent of SMBs have embraced CRM tools.
- 33.3 percent of SMBs are currently interested in CRM and cloud-hosted scheduling tools in 2017.
- Bundling is essential for SMB adoption.
- Service commerce will achieve 20 percent penetration among very small business (1 employee) and SMBs (two to 100 employees) by 2020.
- Service commerce will achieve \$2.5 billion in vendor revenue by 2020.

SMB Offers A Customer Loyalty Program

Loyalty/ CRM program automation is a big opportunity



Source: BIA/Kelsey Local Commerce Monitor™ (LCM) Wave 20, Q3/2016 (and prior waves, if relevant).
Methodology: Online panels.

Sample Size = 1,000
Q114 Do you offer a customer loyalty program?



Rick Ducey

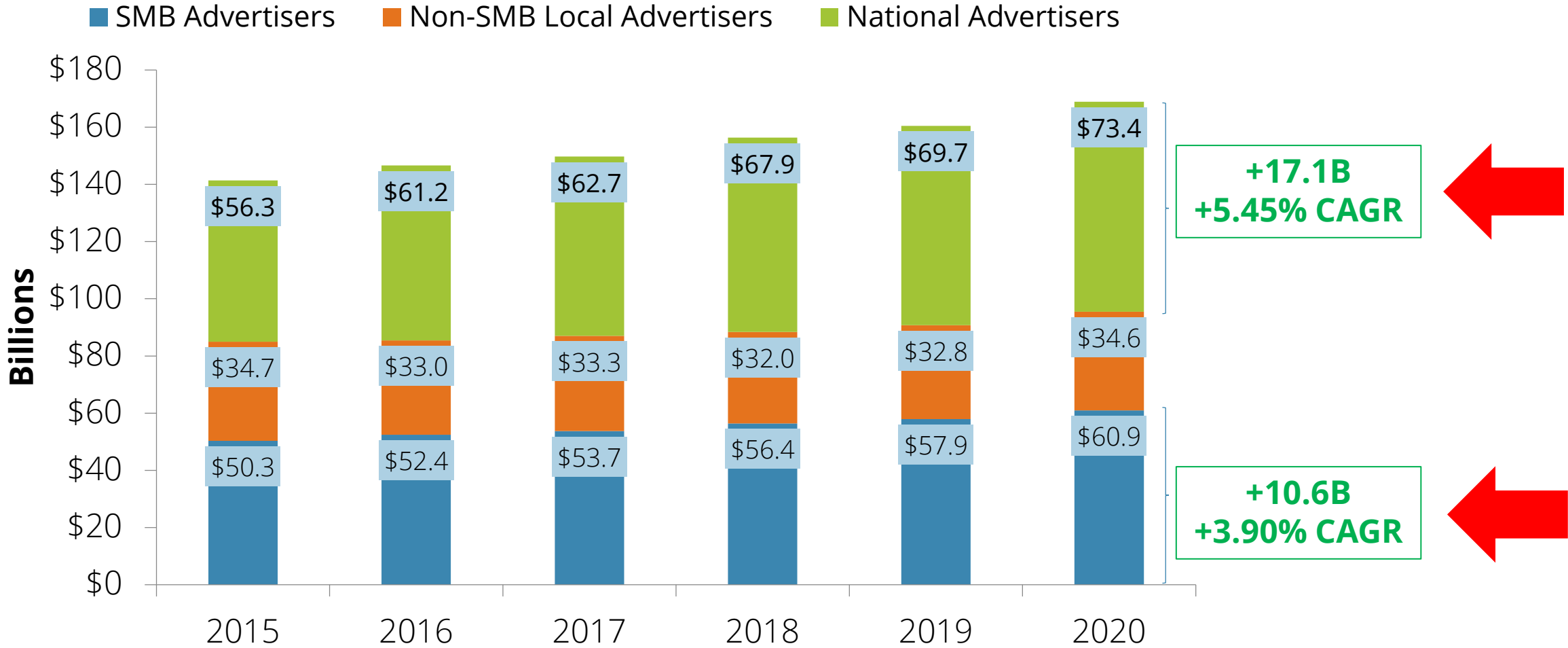
National brands will outpace regional and local SMBs in total spend to target local audiences.



- Agencies and marketers for national brands will increase their ad spend targeting local audiences by \$17.1 billion from 2015 through 2020.
- Regional advertisers' spending will be relatively flat, and local SMBs will increase their spend by \$10.6 billion.
- We see the large increase in ad spend by national marketers as reflective of better and more usable data about local audiences in media planning and buying and the greater return on investment in local instead of national media investment and activations.

National Brands and SMBs Increasing Spend \$27.7B by 2020

Non-SMB Local Businesses Will Be Flat 2015-2020 in Ad Spend



Source: BIA/Kelsey, October 2015



Mark Fratrik

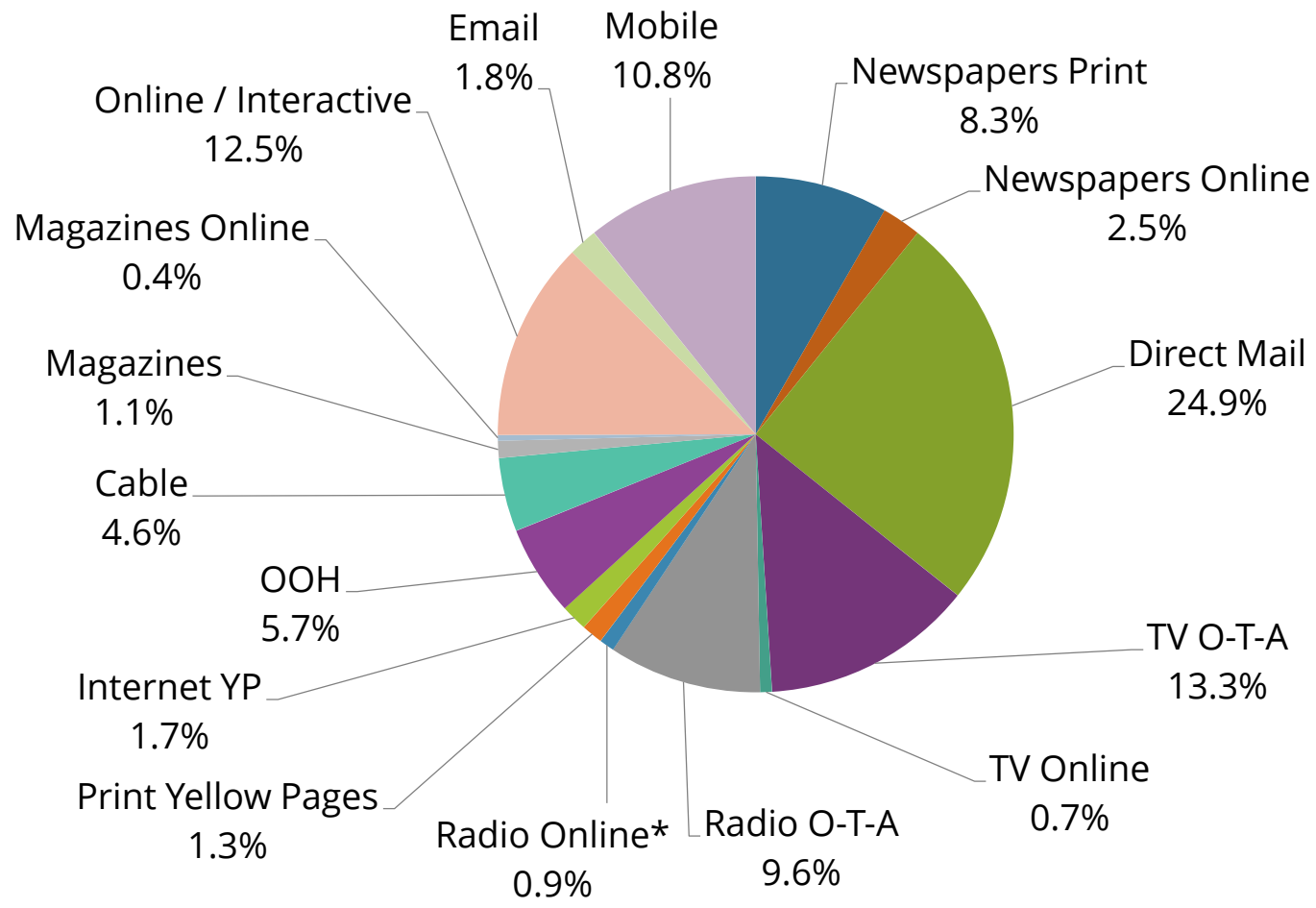
Local TV Station OTA Advertising Down, Online Revenue Up, Retransmission Consent Soars

- Political, though not as strong as expected in 2016, still big boost to local TV stations.
- General economic conditions bode well for core advertising spending.
- Local TV stations becoming more adept selling online/digital services.
- Retransmission consent revenue increases due to the strength of consolidating television groups-building.
- Advent of new transmission standard, opens up new revenue streams.



Traditional Media Maintain Noticeable Share of Local Ad Market in 2017

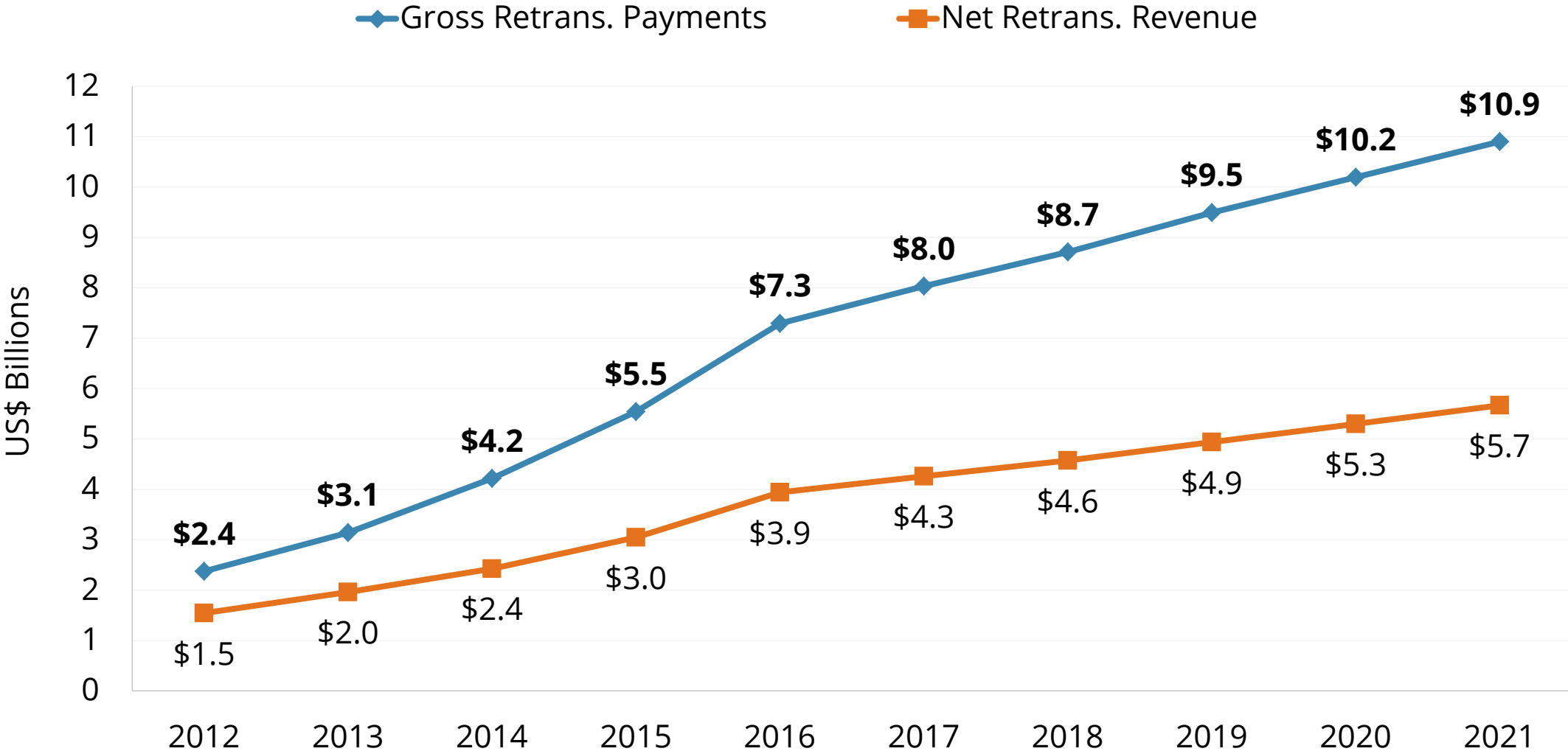
2017 U.S. Local Advertising Revenues — \$148.8 Billion



*Radio online revenues include online revenues from terrestrial and online streaming services.

Note: Numbers are rounded.

Gross & Net Industry Retransmission Revenues



ATSC 3.0 Transmission Technology

New Opportunities for Broadcasters

- Targeted Advertising
- Targeted Content
- Subscription Services
- More Channels
- Mobiles Services
- Greater Capacity
- Second Screen





Celine Matthiessen

Video: Next Big Social Ad Tool for SMBs



THE ULTIMATE QUICK FIX



The Nike Trainer One is not a magical toning shoe. It's a training shoe. Its DiamondFLX technology activates your muscles to work how they're supposed to, giving you faster results from all those squats, lunges and classes that you do. So you get fit faster.

THIS SHOE WORKS IF YOU DO.

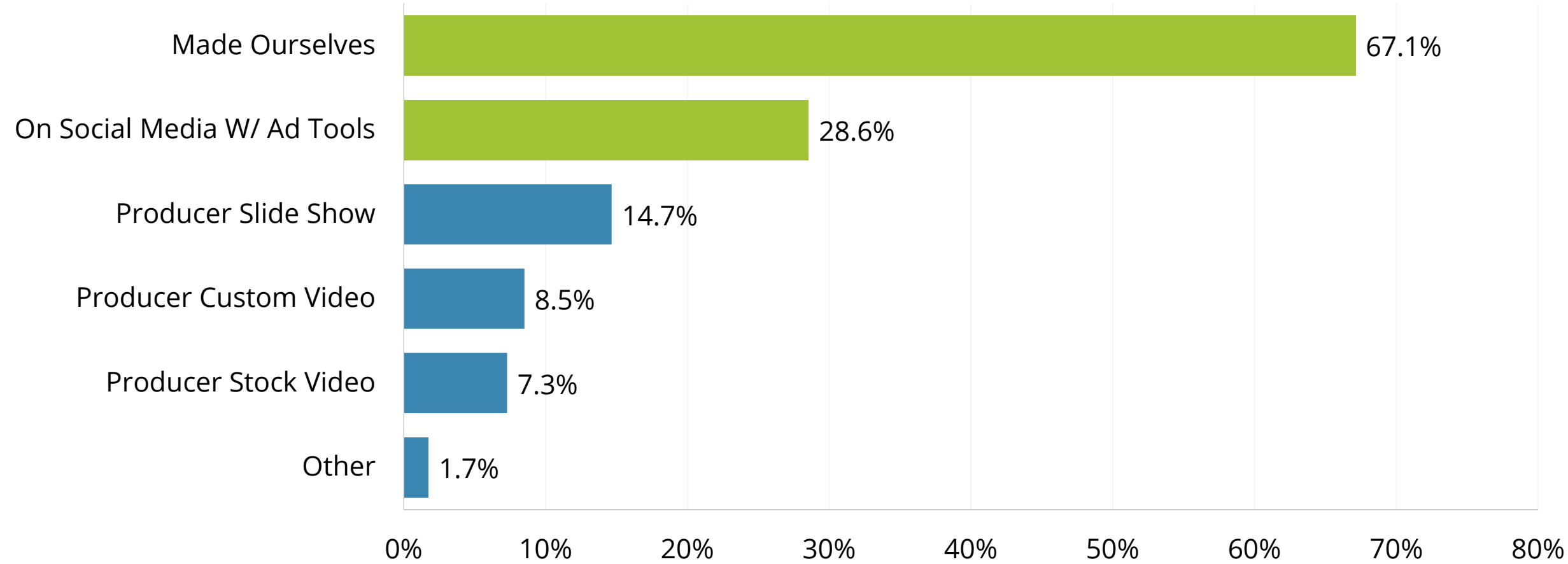


nike.com

- Next several years we will see video and live streaming as a key ad tool for all SMBs.
- Driven by consumer adoption - 2/3rds of US Population Watches Digital Video.
- Driven by technology - iPhone 10-year anniversary, Facebook, SnapChat, YouTube.
- SMB social saturation, but not for video!
- Easy to create mobile-ready content.
- More than ¼ of SMBs creating videos in 2017 many using video across channels which will continue to grow yet SMBs will still have a hard time figuring out how to use it to drive sales.

What Method Did You Use to Make a Video?

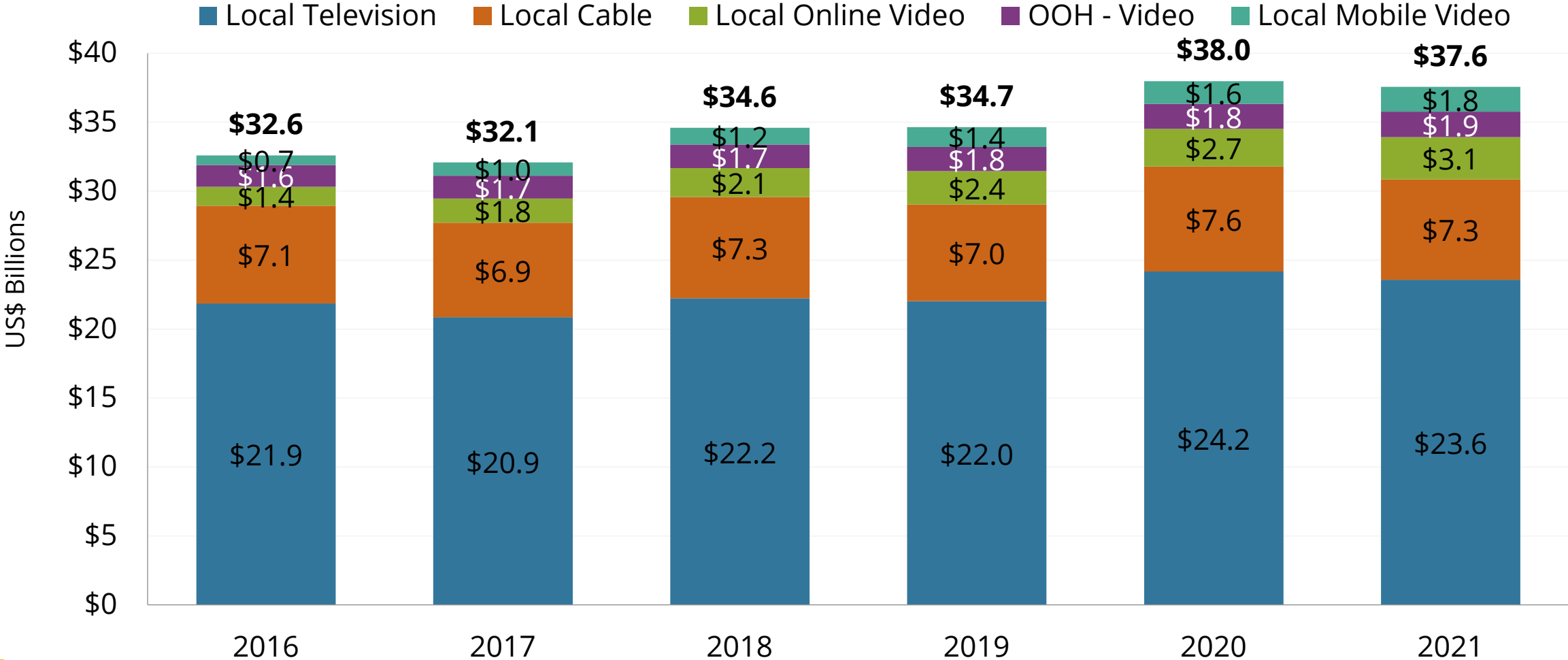
SMBs that made a marketing/advertising video in the past year




Source: BIA/Kelsey Local Commerce Monitor™ (LCM) Wave 20, Q3/2016 (and prior waves, if relevant). Methodology: Online panels.

Local Video \$32.1B

While local television stations and cable systems have the largest shares in this segment, online and mobile video options are cutting into those shares.



Note: Numbers are rounded.



Get All 20 Predictions in the full report:

Report offers immediate, dependable insights on key topics for print, broadcast, mobile, social and digital media companies.

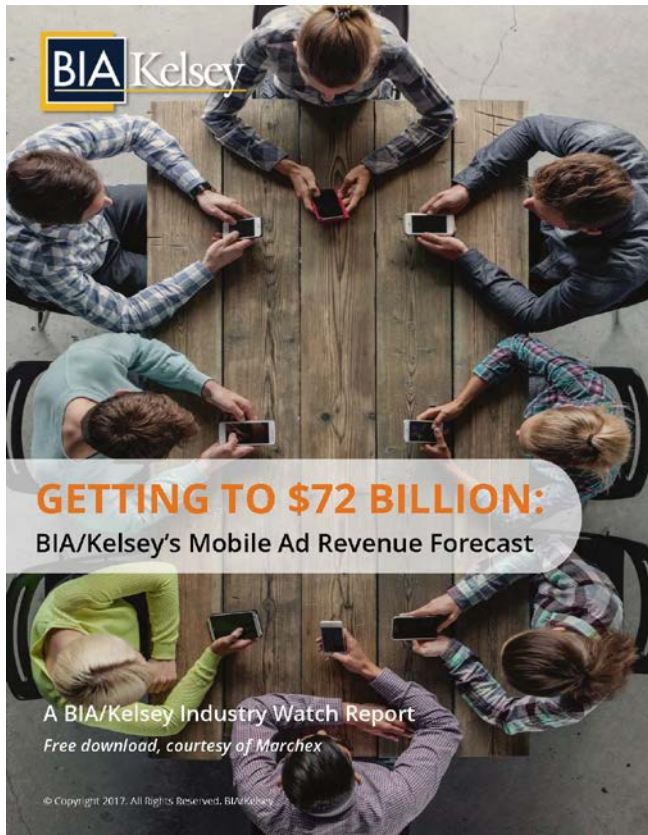
Details on purchasing:
bit.ly/2017predictionsreport



Advisory Clients receive full version of the report. Don't have your copy? Email us: clientInfo@biakelsey.com.

New Mobile Forecast Detailed in New Paper

Just Released Today:

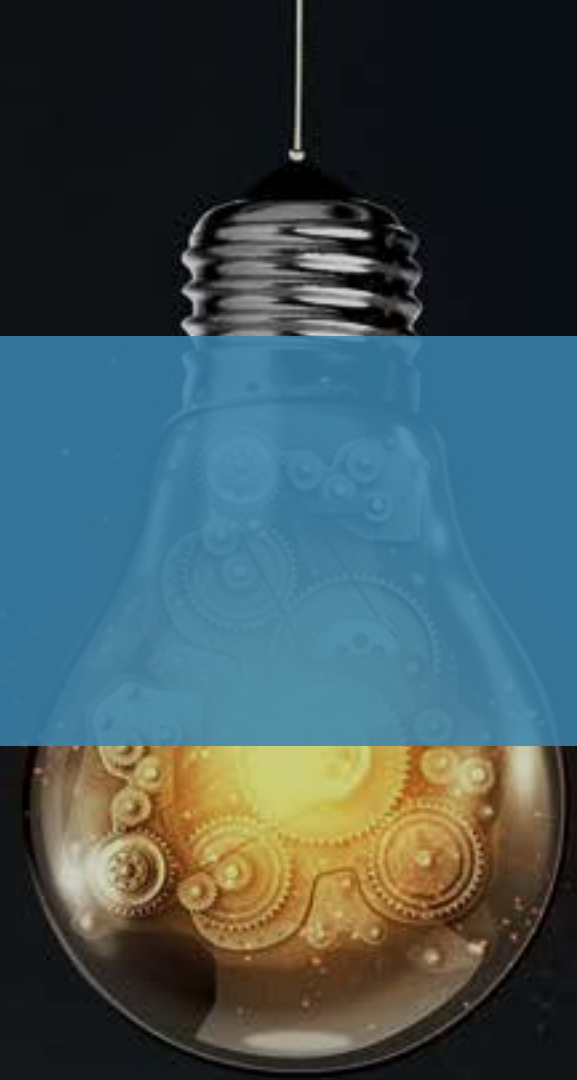


Getting to \$72 Billion: BIA/Kelsey's Mobile Ad Revenue Forecast

- New BIA/Kelsey Industry Watch report explores one of the fastest growing areas of location-targeted media: mobile.
- Our estimates show annual U.S. mobile ad spending will grow from \$33 billion in 2016 to \$72 billion by 2021.
- The location-targeted portion of that overall mobile ad spend is projected to grow from \$12.4 billion in 2016 to \$32.4 billion in 2021. BIA/Kelsey's mobile figures *do not include tablets*.
- The mobile forecast covered in the report mirrors BIA/Kelsey's cross-media [U.S. Local Advertising Forecast for 2017](#) that covers 12 media.
- **Download here:** <http://bit.ly/MobileAdForecast> (*Free download, courtesy of Marchex.*)

BIA/Kelsey's Industry Watch series examines key trends and opportunities in tech and media sectors. Applying BIA/Kelsey's analytical and editorial eye, the Industry Watch analyst team selects topics based on the criteria of industry growth, disruption, opportunity or notable lessons. Distribution is underwritten by industry participants, allowing complimentary access to the industry. BIA/Kelsey maintains editorial and publishing autonomy.

Ask Us Questions!





EQUALS 3

ARTIFICIAL INTELLIGENCE + LOCAL MARKETING – New Budding Romance [Lucy Meets Watson]

Wouldn't it be a dream come true if someone could intelligently sift through mounds of your data to mine predictive customer segments and match them to data-driven, optimized media investments and activations?

Join BIA/Kelsey and Equal 3's Scott Litman for a conversation exploring the intersections of marketing, cognitive computing, big data and artificial intelligence agents like IBM's Watson and Equal 3's Lucy.

REGISTER NOW: bit.ly/meetlucy-aiwebinar

WEBINAR

WEDNESDAY, FEB. 1, 2017 | 2 PM ET





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Questions & Comments:



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