



The Drivers of Local Media Transformation

Thank you for attending today's presentation.

IMPORTANT NOTES:

The slides and a recording of today's event will be available by tomorrow morning for download.

To submit questions, use the GoToWebinar control panel located on your screen.

Today's Agenda

1. Key Drivers of Changing Landscape
2. Six Steps for Transformation
3. Highlights from BIA/Kelsey's "Local Media Forecast"
4. How Are We Using Media?
5. Preview of DSB Conference
6. Questions and Answers

Our Speakers Today

Neal Polachek

President
BIA/Kelsey

Rick Ducey

Chief Strategy Officer
Program Director,
Digital Strategies for Broadcasting
BIA/Kelsey

Mark Fratrik

Vice President
BIA/Kelsey

Steve Passwaiter

Vice President,
Business Development
BIA/Kelsey

Neal Polachek, President, BIA/Kelsey



Neal Polachek

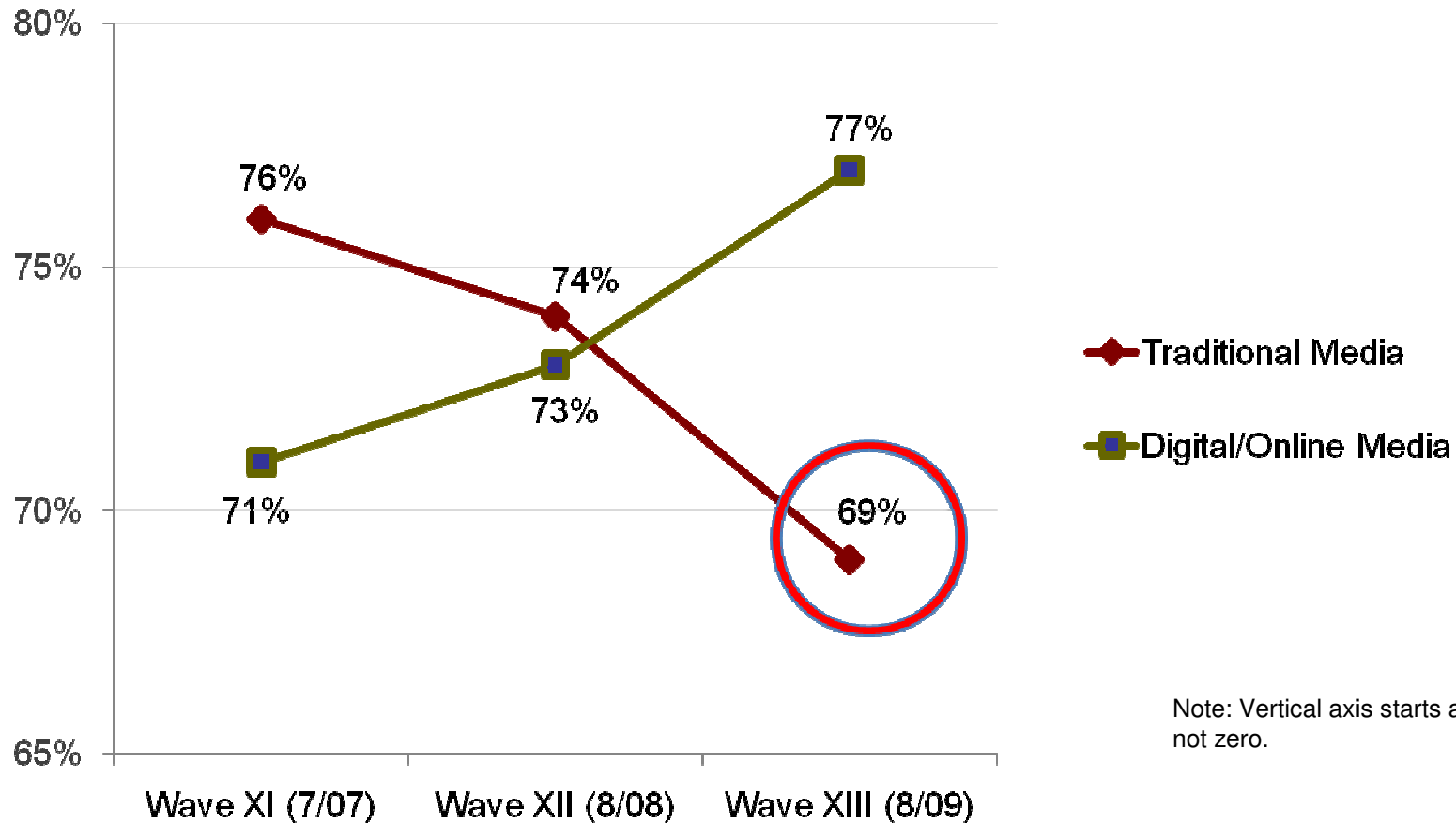
President
BIA/Kelsey

Neal Polachek is president of BIA/Kelsey. He has been with the company since 1998, and led its foray into developing proprietary research initiatives that deliver a comprehensive and informed view of the local media and advertising sector, and essential component for BIA/Kelsey's Advisory Services.

Neal also has been instrumental in the development of the new "Market Ad View Reports," market specific custom reports that provide an efficient way to estimate the local advertising opportunity available in each local market.

Penetration of Online Media Exceeds Traditional Media for the First Time

Percent of SMBs Using Each Type of Media



DSB 2010 – Core Drivers of Change

Digital

- Un-tethered Access

Social

- Conversations

Mobile

- Location

Six Steps to Transformation

1. Acknowledge that world has changed forever and silos are gone
2. Gain organization agreement to #1
3. Hire one or two very senior people whose expertise is digital – business development and sales
4. Build a product roadmap that advertisers will desire and will deliver audiences - requires partners
5. Build an achievable revenue plan
6. Execute against above *relentlessly*

Step 1: Acknowledge Change

- No sidestepping around the issue
- Substantive declines in top-line revenues
- Audience fragmentation and desertion
- Content consumption patterns changing daily
- Power centers are upside down
- The past is gone – don't look back
- Identify and recognize problems so recovery can begin to take shape



Step 2: Gain Organizational Agreement

- Nothing more difficult than senior leadership team turning left while the “rank and file” turns to the right
- Recognize those who are unwilling or unable to acknowledge change with appreciation and wish them well . . . but move forward
- Rely on “institutional” knowledge less and less often – “institutional” knowledge is often a scapegoat for holding onto the past



Step 3: Hire Digital Expertise and Analytics

- Bring in new management that “gets” the digital models
- Hire in three areas –
 - Digital business development – This means partnerships and alliances not sales
 - Digital sales – Thousands of experienced sales managers from the likes of AOL, Yahoo, Google, Advertising.com, etc.
 - Digital analytics – Potentially the most important new addition to the management team. This person understands the new and emerging role of digital audience analytics



Step 4: Build a Product Road Map

- Outline a product roadmap – short term and long term
- Make sure the roadmap is defined by the advertiser needs
- Identify partners that can offer products your advertising customers expect and demand
- Recognize that a product roadmap today is very different from what it was 10 years ago
- Understand fully the fulfillment and execution challenges of new products and build in the necessary process improvements/changes to succeed



Step 5: Build an Achievable Revenue Plan

- Transformation takes time – *Keep in mind:* nothing kills transformation like a failure to achieve revenue goals
- Set modest revenue goals that can be achieved and then keep raising the bar
- Use industry experts to help set the expectations based on experience in other local media sectors
- Expect churn as advertising customers often trial a variety of new media options before knowing which one works best



Step 6: Execute Relentlessly

- Be patient - these are excruciatingly difficult changes
- Don't waiver in commitment
- Anticipate failure and prepare for the consequences
- Identify anyone holding back progress and manage effectively
- Recognize the early adopters internally and reward their commitment



Mark Fratrik, Vice President, Research, BIA/Kelsey



Mark Fratrik
Vice President
BIA/Kelsey

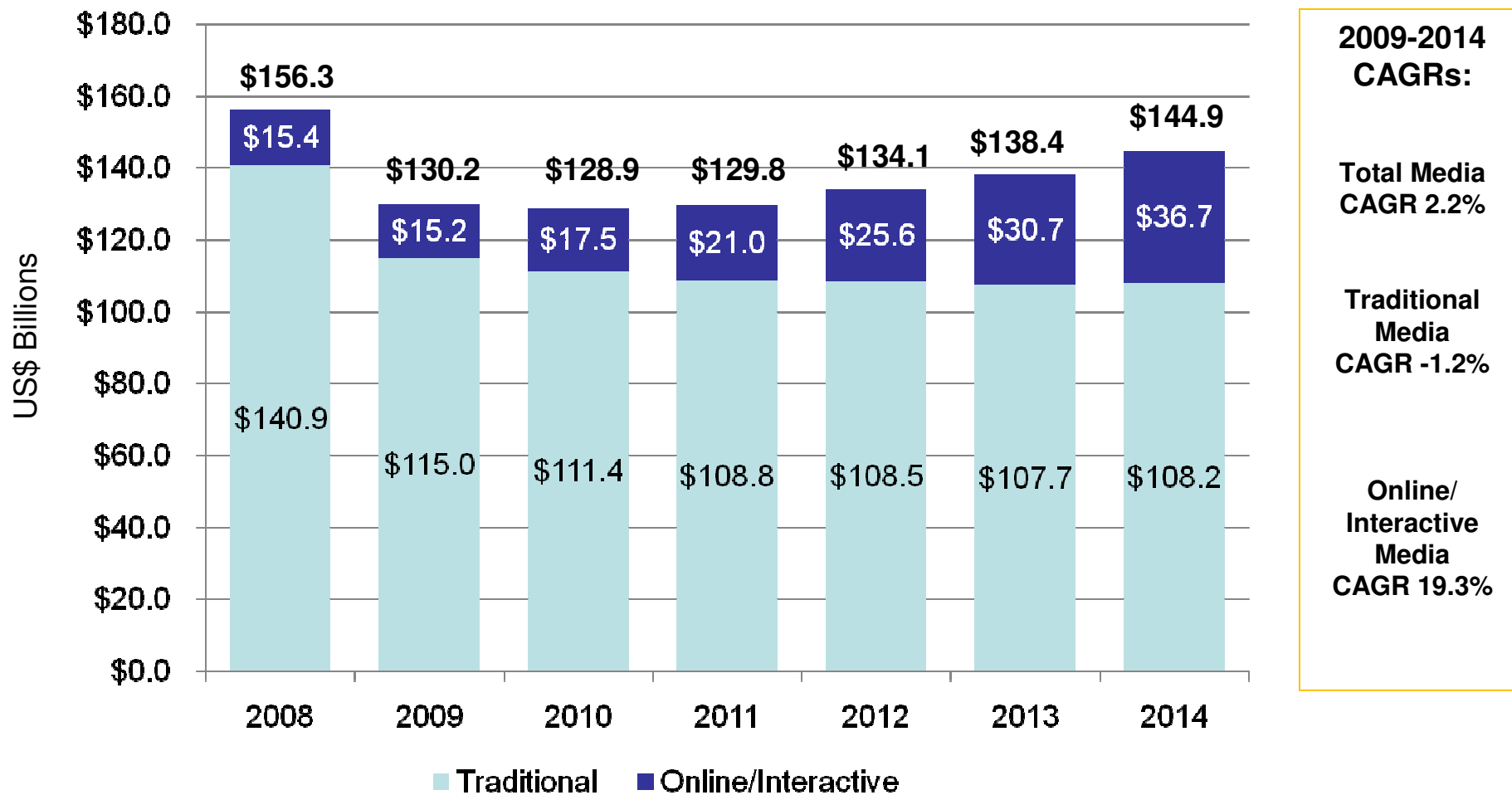
Mark R. Fratrik, Ph.D. is a Vice President, BIA/Kelsey. In that role, he supervises the maintaining of the many BIA databases and conducts primary research on various trends as they affect the broadcasting and related communications industries. He is also involved in conducting research and analysis for clients on matters related to the broadcasting and related communications industries.

Prior to joining BIA, Mark was with the National Association of Broadcasters (NAB) for nearly 16 years as Vice President / Economist. While there, he conducted primary research and wrote several books about the broadcasting and related industries.

The Economy - Drivers

- Consumer and business deleveraging
- Consumer confidence and spending
- Unemployment pattern and impact on advertising spending
- Business led recovery
- Stimulus spending
- Healthcare impact

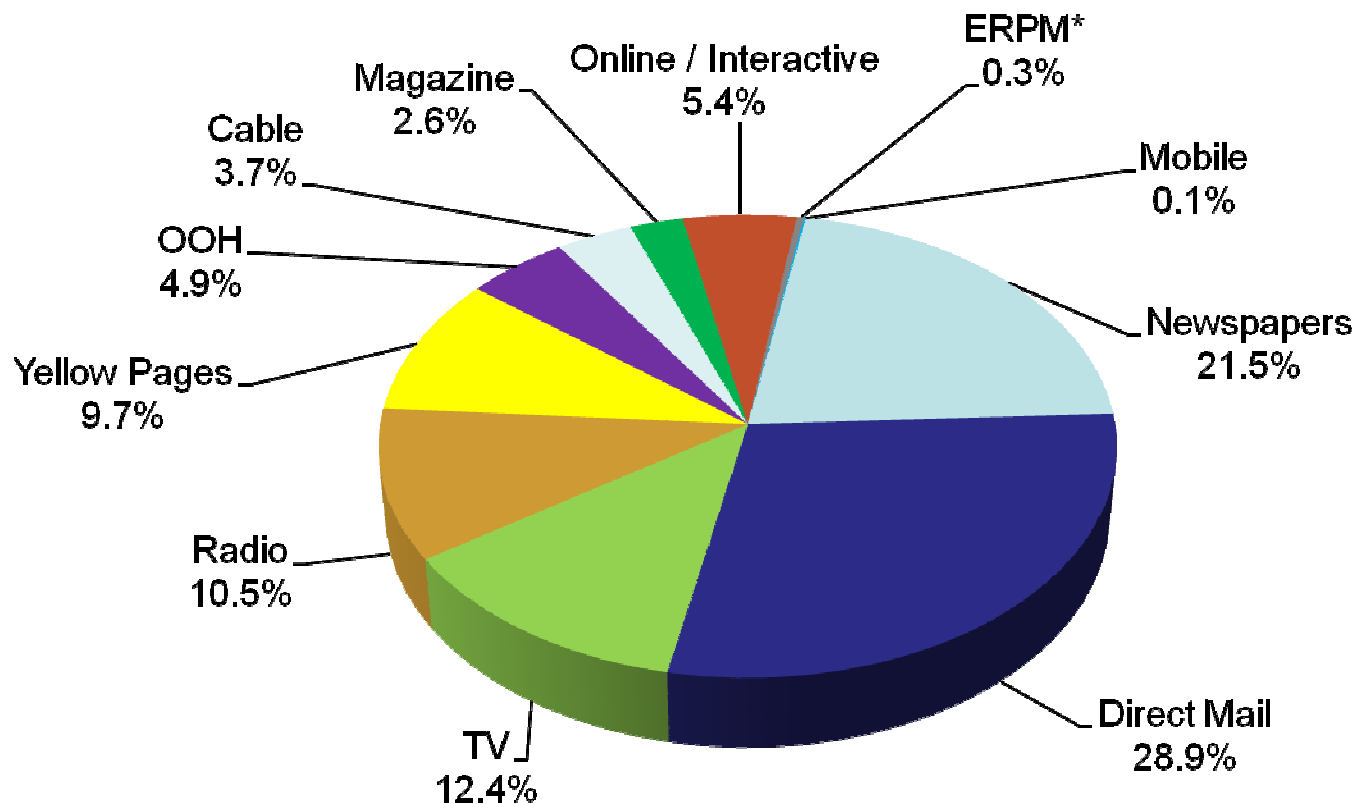
Steady Shift Toward Digital Media



Note: Numbers are rounded.

Local Ad Market Currently Dominated by Traditional Media

2009 U.S. Local Media Revenues — \$130.2 Billion



Digital revenues associated with traditional media (e.g., Web sites 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 are included in the overall Yellow Pages media category.

*ERPM = E-Mail, Reputation and Presence Management

Radio

- Given the short turnaround time for placing radio advertisements, any increase in economic activity could quickly lead to some pickup in radio revenues.
- Audiences are generally holding steady with the recent Nielsen radio measurements showing strong listenership levels, even among teens and younger adults.
- Political races will be more competitive than previously thought, and while radio does not get a large share, it should benefit a little from this increased activity in 2010.
- Certain radio groups are “getting it” by expanding into developing their Web sites and positioning themselves as more than just over-the-air broadcasters selling spots.

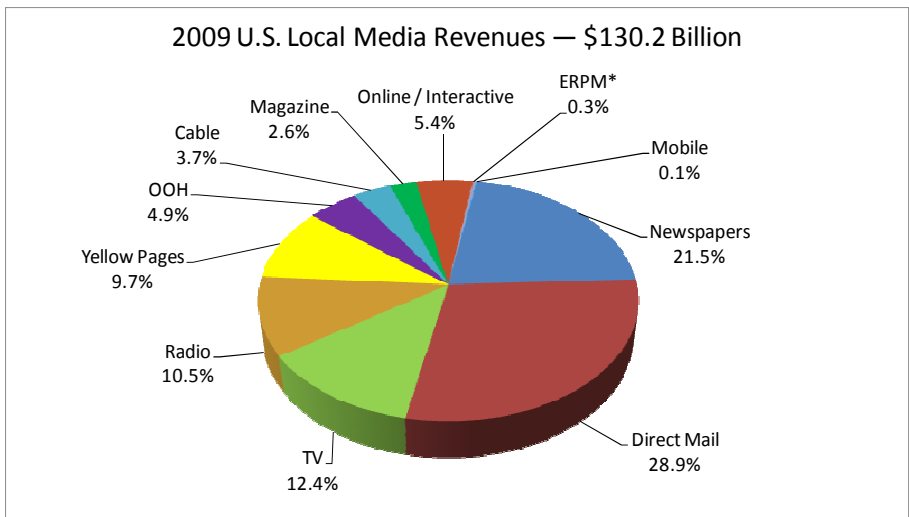
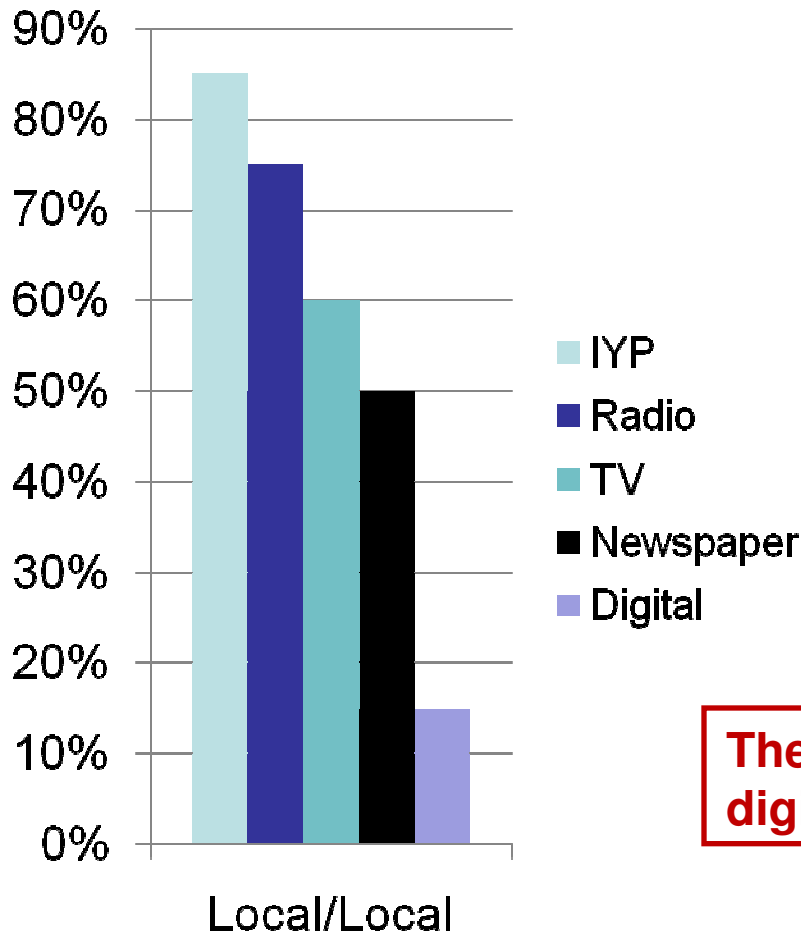
Television

- As with radio advertising, the television industry took such a large hit in 2009 that the comparable monthly totals in many markets will be “easier to hit” in 2010.
- We expect political advertising in 2010, 2012 and 2014 to be stronger than originally expected for two key reasons:
 - Political races are apparently more competitive in more states
 - The recent Supreme Court decision removing limits to corporate campaign spending
- Audiences are generally holding steady with the recent Nielsen measurements showing continued viewership, except for NBC affiliates that were losing audiences (to other OTA stations and cable networks) because of Jay Leno. The recent Super Bowl record audience showed potential for big events.

Television

- Multicasting by television stations has exploded, and while these additional programming streams do not necessarily attract huge audiences, there generally is little cost for that programming.
- Mobile service is still in the testing phase, but the potential is strong for attracting audiences and expanding the revenues.

How much of “local” digital ad spend is addressable by local sales teams?



There is about \$4.5 billion in “local/local” digital spending – local buyers/local media.

Note: “Local/Local” refers to spending by Local businesses in Local media.

Create an Understanding of the Changing Local Media Marketplace (Including Online)



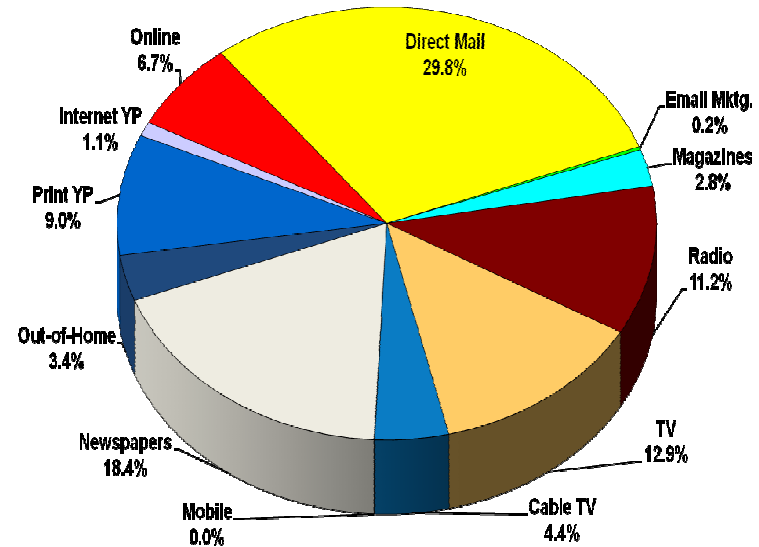
Who are the key players that customers are using for local and Internet marketing?

What are their key capabilities?

Who are the vertical industry players?

How can we compete with them?

2014 Orlando Media Ad View



Rick Ducey, CSO and Program Director for DSB, BIA/Kelsey



Rick Ducey

Chief Strategy Officer, and
Director of Digital Strategies for Broadcasting
BIA/Kelsey

Rick is the Chief Strategy Officer for BIA/Kelsey and the program director for Digital Strategies for Broadcasting. Digital Strategies for Broadcasting addresses how new technologies, competition, shifting consumer demographics and media usage trends are driving changes in the media ecosystem and what traditional media companies must do to be successful in the new environment.

Prior to joining BIA in 2000, Rick was senior vice president of NAB's Research and Information Group. In this position, he was in charge of the association's new technology assessment, audience and policy research, strategic planning, information systems, including all Internet operations and he also developed publications and seminars.

How Are We Using Media Today?

Our relationship with technology is changing.



92% of Americans use more than one platform; 46% use 4-6 platforms.

PEW Internet Research

The digital media experience is an integrated and participatory experience.

Platforms

- TV
 - Cable
 - Satellite
 - OTA
 - OTT
- PC
- Mobile
- Players

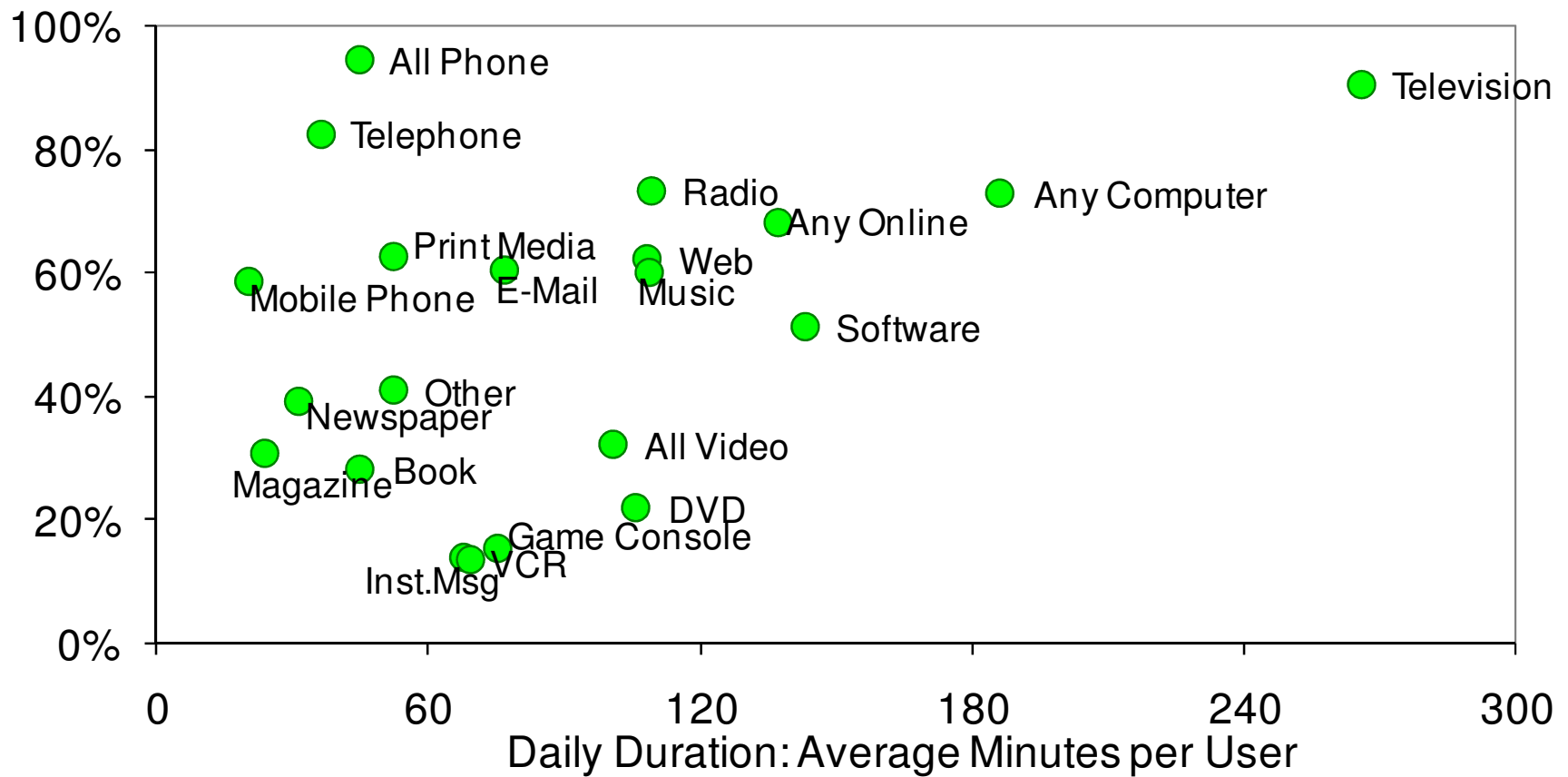
Experiences

- Inform & Entertain
- Social
- Branded and user content
- Transact
- Search
- Personalized

Daily Reach and Duration

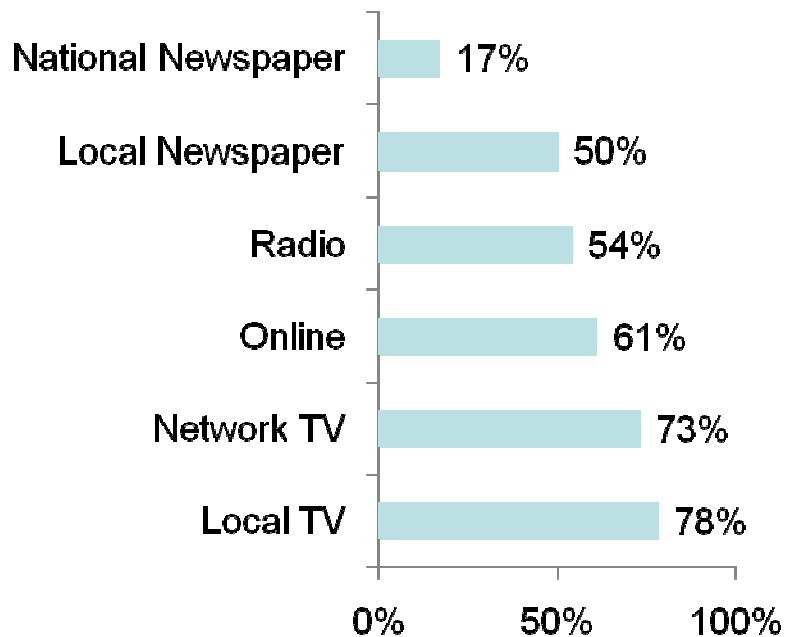


Daily Reach and Duration for Various Media Among 350 Adults in the Middletown Media Studies II



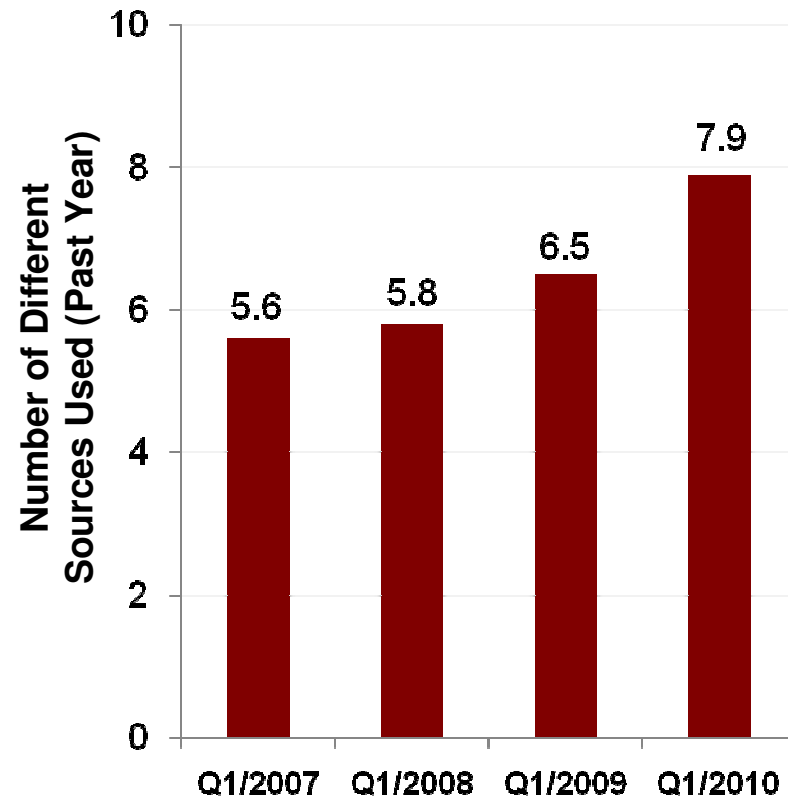
Americans Using Information Sources

92% of Americans use more than one platform;
46% use 4-6 platforms.



Source: Pew Internet, 2010

Number of Sources Used in Shopping for
Local Products or Services

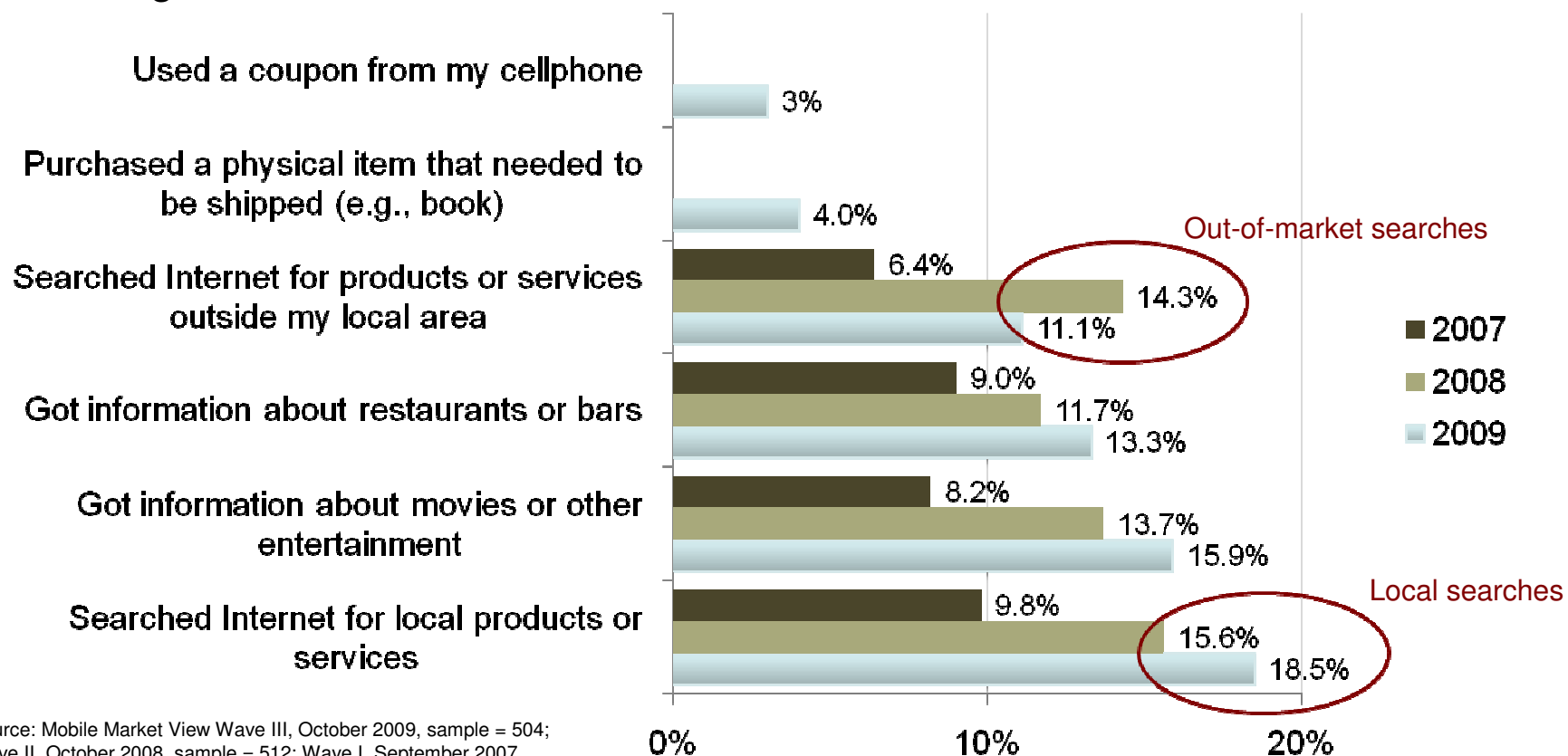


Source: User View. Wave VI: February 2010 sample 1,002.
Methodology: Online. Cosponsor: ConStat.



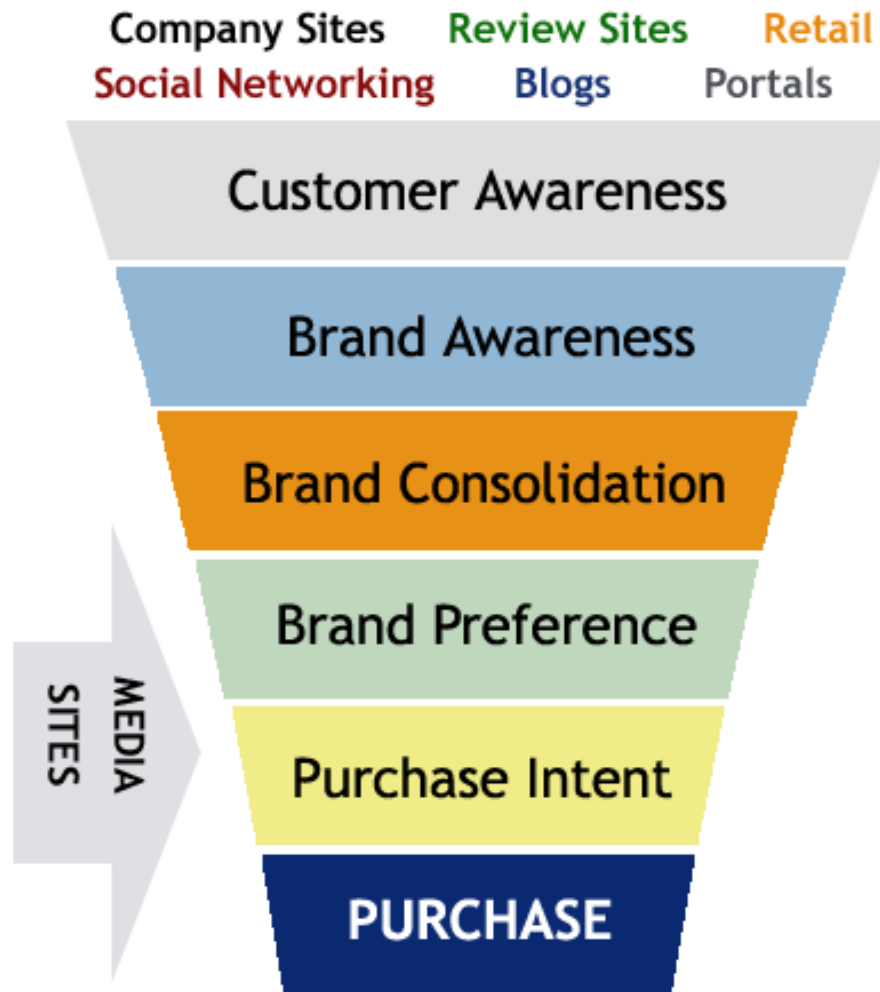
Mobile Use Accelerates

Searches for local products or services now exceed out-of-market searches by a wide margin.



Source: Mobile Market View Wave III, October 2009, sample = 504; Wave II, October 2008, sample = 512; Wave I, September 2007, sample = 500. Methodology: Online. Cosponsor: ConStat.

The purchase funnel ROI varies across media platforms.



The Drive Towards A Digital Strategy

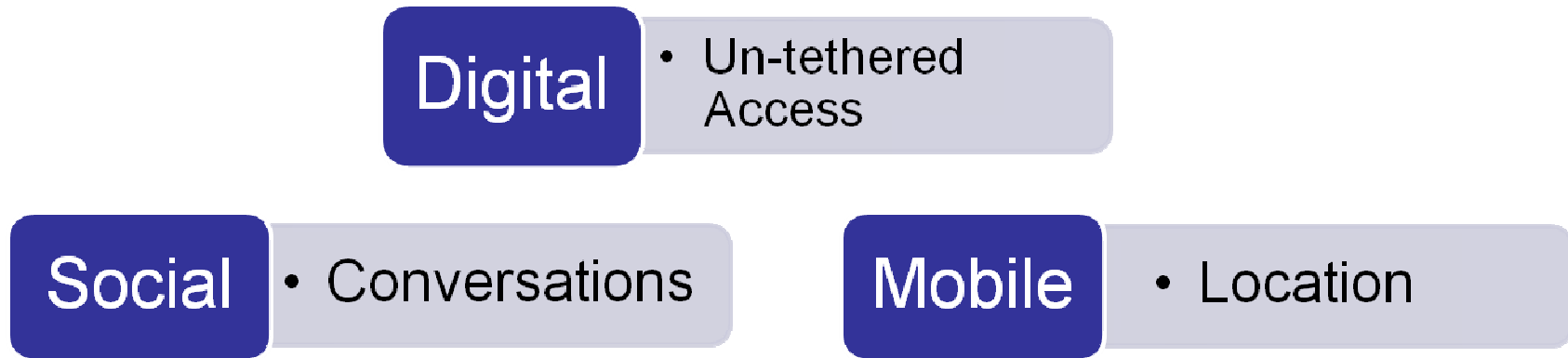
Make It Happen Now...



...Tomorrow May Be Too Late!

What Have We Talked About?

Core Drivers of Change



Penetration of Online Media Exceeds Traditional Media for the First Time

Six Steps to Transformation for Your Organization

Latest Market Data for TV and Radio Broadcasters

Now You Need The Strategies To Make It Happen



New Platforms, New Revenues
 May 17-19, Hyatt Regency on the Hudson, NJ/NYC
 Website: www.bia.com/dsb2010

AGENDA HIGHLIGHTS

	DAY 1 MONDAY, MAY 17	DAY 2 TUESDAY, MAY 18	DAY 3 WEDNESDAY, MAY 19
KEYNOTES	RAB, TVB	Fisher, Wachovia, Triton	Emmis
TOPIC FOCUS	Multiplatform selling; marketing sizing and outlook	New platforms and revenues, mobile, social; reinventing local TV and radio; hyperlocal; equity outlook	Cross-platform audiences, deals and partnerships; radio chips on cell phones; OTT video; VOD; online video; offline presence
SCHEDULED NETWORKING OPPORTUNITIES	Afternoon networking and refreshment break Opening cocktail networking reception in the exhibit hall	Continental networking breakfast Networking luncheon Morning and afternoon Networking and refreshment breaks Cocktail networking reception in the exhibit hall	Continental networking breakfast Morning networking and refreshment break
EXHIBITS	Open during the opening cocktail networking reception	Open during continental breakfast, breaks, lunch and the cocktail networking reception	

Steve Passwaiter, VP, Business Development, BIA/Kelsey



Steve Passwaiter

Vice President, Business Development
BIA/Kelsey

Steve Passwaiter brings more than 20 years of experience to his role as Vice President of Business Development for BIA/Kelsey. Since joining BIA/Kelsey in 1998, Steve has led the firm's business development efforts with a focus toward quality client service that extends into BIA's consulting, research and investment banking divisions. In addition, he takes an active role in the media consulting practice by assisting broadcasters with strategic operational challenges and is a regular contributor to BIA/Kelsey's blogs.

Prior to joining BIA/Kelsey, Steve gained valuable sales and sales management experience in the broadcasting industry, and brings first-hand knowledge of the many challenges broadcasters face day-to-day and long-term. His media sales career began in the newspaper industry before migrating to radio.



Day 1 – Multiplatform Selling

Keynote: The Next Generation of Local Radio – Jeff Haley, President and CEO, RAB

Keynote: Local Television and Multiplatform Selling, Steve Lanzano, President, TVB

Other Sessions

- 1. Radio and Television in the Era of Local Multiplatform Media*
- 2. Can Radio Be a Cross-Platform Sales Leader?*
- 3. TV Cross-Platform Sales Panel*
- 4. Never Sell Alone*

Day 2– New Platforms and Revenues

Colleen Brown, Fisher Communications

- Mobile technology is redefining the media industry by creating new opportunities for local broadcasters.
- More personalized content, greater neighborhood involvement and enhanced advertising solutions for local businesses.”
- “The power of traditional broadcast remains unsurpassed and we must leverage these inherent strengths as we expand our digital portfolios and look to capitalize on the opportunities that lie ahead for our industry.”

Neal Shore, President/CEO, Triton Media Group

- Triton seeks to close the “accountability gap” between traditional and new media and provide proof that our advertising campaigns move product and services.
- We need to rationalize and optimize our inventories.
- We will have to entertain and engage in new ways that retain and enhance the affinity of our core audiences no matter how, where, and when they are listening.

Day 2 – New Platforms and Revenues

Marci Ryvicker, VP, Equity Research, Wachovia Capital

- What we're hearing is an increase in demand, a tightness of inventory and a firming up of pricing. That is producing obviously tremendous top-line growth for TV, and it's trickling down into other media so all of advertising right now is very tight.
- I am very happy when I hear these things, but the problem is going to be when we go into the second half of 2010.
- My customers are investors. They'll start to worry about 2011 and how sustainable the 2010 trends are and what happens when you go into a year where you're competing against very difficult numbers.

Other Sessions

1. *Revitalizing Local Television*
2. *Revitalizing Local Radio*
3. *Make It Happen Now – Tomorrow May Be Too Late*
4. *Consumer and Social Trends Affecting All Media*
5. *We're Not in Kansas Anymore – What Is the New Normal for Broadcasting?*

Day 3 – Cross-Platform Audiences

Jeff Smulyan, CEO, Emmis Communications

- Taking Emmis private.
- 23 radio stations in the U.S., including in New York and Los Angeles, plus five more in Eastern Europe.
- Radio on cell phones – Where do things stand?
- Extending the radio brand into digital.

Other Sessions

1. *Slicing and Dicing Audiences*
2. *Making Deals and Partnerships Win, Win, Win*
3. *New Ad Revenues for New Times: Monetize Digital Fast!*

In Summary: What Does DSB Offer?

- 1. Drill-down on strategies** developed by broadcast industry peers that can help you to diversify your business model and capitalize on the digital opportunity.
- 2. Face-to-face discussions with executives from the digital space** to determine beneficial strategic partnerships and other opportunities.
3. Enjoy **ample time for networking** at our sponsored breakfasts, lunches, and evening receptions.
4. The **convenient location** in NJ/NYC affords you the opportunity to plan meetings in the city while attending DSB2010.
5. Attendees receive special hotel pricing at the highly rated [Hyatt Regency on the Hudson](#). Discount room rate expires April 29 so book your room today!

Exclusive Offer for \$200 Off Registration

As a **thank you** for attending today's webinar, save \$200 on your DSB2010 registration. Register online and enter the promotion code: **DSBWebinar**



**We hope to see you at Digital Strategies for
Broadcasting in May!**

Questions and Answers

**Thank you for attending today's event.
We will now take questions from the audience.**

For more information about:

[Media Ad View](#)

Advertising forecasts across 12 media categories in markets nationwide

[Digital Strategies for Broadcasting CAS](#)

Transforming Local TV and Radio

[Digital Strategies for Broadcasting 2010](#)

May 17-10, 2010

BIA/Kelsey's 2nd conference focused on digital services and strategies transforming the broadcast industry.

Visit www.bia.com/dsb2010

Please contact: Steve Passwaiter - spasswaiter@bia.com - 703-802-2973

Please use the GoToWebinar control panel to submit questions.

For all other inquiries, please email us at: webinars@bia.com