



# 8 Competitive Advantages of Selling (and Buying) Local TV Advertising

In this Media Group Online, Inc. white paper, we present 8 of the most compelling, enduring and forward-leaning topics and trends that reinforce and preserve television's position as the largest and most important window on the world of the last 70 years – and into the future.

Television has proven – and continues to prove – its status as the premier advertising medium, despite the continued presence of other traditional media, some of which (print and radio) pre-date TV and the addition of new media – the Internet, social media, mobile marketing and a long list of new technologies.

Whether you're a local TV advertising salesperson or a local advertiser who relies on TV to create maximum awareness of your business and its products and services, you can be assured that TV will maintain its power, strength and reach – and introduce new technologies and opportunities.

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## More Than a Tradition

Television is often categorized as a “traditional” medium. Television, however, has been – and continues to be – a cultural phenomenon central to virtually every individual and family’s private lives. It is woven deeply into the fabric of our society, which no other medium, traditional or new, has ever or yet exceeded.

Proof of TV’s challenged, but unassailable, position is clearly revealed in data from the Consumer Technology Association’s 19th annual study (June 2017) of consumer technology ownership.

### Top 5 Consumer Technology Devices, by US Household Penetration, 2017

Device	Penetration	Ownership
Television	96%	308 M
Smartphones	80%	238 M
DVD/Blu-ray player	70%	142 M
Wired headphones and earbuds	70%	352 M
Notebooks, laptops or netbooks	69%	172 M

Marketing Charts (Consumer Technology Association), June 2017

Nielsen reported in its latest TV universe estimates an increase of 1.2 million TV homes for the 2017-2018 TV season, to a total of 119.6 million. In addition, the total number of Americans, 2 years of age and older, living in those TV homes increased 0.9% to 304.5 million.

Despite the smaller percentage of adults 18–34 in the table top right for “TV shows,” they still capture the largest percentage of these young adults of all the entertainment options measured. This trend should not be viewed as somehow destroying TV’s preeminence and there is every likelihood it may even reverse course as younger adults age.

### How US Consumers Allocate Their Entertainment Time, January 2018

Entertainment Options	Adults 18–34	Adults 35+
TV shows	28%	48%
Online video	16%	8%
Gaming	16%	7%
Social media	15%	10%
Movies	14%	16%
Other	10%	11%

Marketing Charts (Hub Entertainment Research), January 2018

Nielsen’s Q4 2017 Local Watch Report reveals some very compelling insights into adults 25–54s’ use of a streaming device and their engagement with traditional TV.

During an average November 2017 day, traditional broadcast or cable TV’s reach among “streamers” was 93%, with a virtually equal percentage who only watched TV, 47%, and those who viewed both TV and content on a streaming device, 46%.

Equally compelling was the potential reach of streamers with local media.

### Reaching Potential Streamer with Local Media, November 2017

Metric	Percent
Streaming device owners access local media on TV or online	91%
Typically watch local news	51%
Used Internet or app on a mobile device to access local news	51%
Used Internet or app to listen to local or Internet radio during the past month	43%
Completely or somewhat agree it’s important to use social sites for local information	40%

Nielsen, 2018



# The Power and Prestige of Local TV News

It is a fact viewership of local TV news has decreased, but a closer look at the research from the Knight Foundation's four-part report: Local TV News and the New Media Landscape, tells a slightly more nuanced story.

It examined an East Coast and West Coast market in the #20 to #30 range and found from 2004 to 2016, the local news ratings (percentage of viewing of all possible viewers) decreased 12.4% in the East Coast market and 9.8% in the West Coast market. The number of actual adults 18+ watching the news, however, in the East Coast market decreased 8.9% and in the West Coast market, 4.3%.

Other significant findings from the research were the amount of broadcasted local news had increased 90% and there were 39% more stations providing local news since 1997. In addition, another part of this picture is TV is the only local news medium where video is a primary component of any broadcast, generating more reach than newspaper and radio, which has essentially eliminated all news segments. The video component of TV also gives it an advantage in the online environment, which is addressed in more detail on page 4.



The 2018 TVB/Engagement Labs American Conversation Study offers another perspective on why local TV news may be much more powerful and influential than the perception.

- “TV affects 47% of conversations about the news, while online content affects 22% and social media only affects 14% of those conversations.”
- “[TV affects] 55% of [political] conversations, compared to 24% influenced by online content and 21% sparked by social media.”

*(Hadassa Gerber, ANA Website, May 8, 2018)*

Research from the report also indicated local television is the largest source from which Americans are likely to share news.

## Sources Americans Are More Likely to Share News, 2018

Source	Percent
Local TV	65%
Social media	45%
Online-only news	39%

*ANA (TVB/Engagement Labs American Conversation Study), May 2018*

The recent revelations about Facebook and its relationship with Cambridge Analytica (and possibly the Russians and the Trump campaign) focus on another factor affecting news reporting, in general: trust and the perception of fake news.

## Where Americans Believe Fake News Is Most Common, 2018

Source	Percent
Social media	64%
Online-only news	24%
Cable TV news	20%
Local broadcast TV news	3%
Local TV station Websites	3%

*ANA (TVB/Engagement Labs American Conversation Study), May 2018*

Some in the TV and TV news industries have speculated that this trend may result in younger adults returning to local TV news from social media news sources, which is where most of them access news content.





## The Quest to Rule Social Media

To date, TV stations and their news departments' use of social media has been a bit of trial-and-error, with some aggressively creating a presence, especially on Facebook, and others seemingly hesitant about developing and implementing a strategy.

Despite the struggles of TV stations to gain a larger social media audience, they are in advantageous position as compared to other local media.

- Newspapers are finding some success with digital models, but the industry and individual publications continue to experience significant erosion of readership and advertisers. If traditional newspapers continue to disappear, then they will lose their reputation as a primary local news source, thus allowing TV stations to fill the void.
- Many, if not most, radio stations have eliminated newscasts, so their online presence is focused on their programming, whether talk, sports or music, and are unlikely ever to compete with local TV stations online.
- According to research presented in the Knight Foundation's report, Local TV News and the New Media Landscape, very few of the online-only news and information Websites are likely to survive, and only as minor players.

Clearly, a major goal for local TV news is to attract younger adults who are less likely to watch a traditional newscast. If stations can't attract them to newscasts, then, at least, they can attract and hold their attention through news content on social media.

Many stations have discovered, however, that they must do much more than simply add their live news broadcasts to social media. Those who have been innovative are experimenting some success.

- KGMB-TV in Honolulu, HI has created digital-only newscasts, which it promotes as "shortcasts." It also has eliminated the sports segment from its TV newscasts and moved it online because it determined that is where the active, engaged sports fan congregate.
- WDIV-TV in Detroit, MI created a totally separate digital news team and set.
- Many stations, such as KATC-TV in Lafayette, LA, have hired digital-only reporters and adopted the old practice of the "roving reporter," walking the streets and neighborhoods to find and report local stories in real-time.
- With one of few AR (augmented reality)/VR (virtual reality) studios, WRAL-TV in Raleigh, NC has been able to offer news via a technology certain to attract the attention of younger audiences.



# The Most-Effective Medium to Reach Baby Boomers

Many experts, pundits and observers bemoan the fact the 50–64 and 65+ age groups are the largest viewers of traditional TV, which Nielsen's Q2 2017 Total Audience Report clearly supports.

## Traditional TV Viewing\* Trends, by Age Group, Q1 2011 vs. Q2 2017

Age Group	Q1 2011	Q2 2017
12–17	24:21	11:47
18–24	26:28	12:43
25–34	30:34	18:23
35–49	36:23	26:59
50–64	44:54	39:35
65+	49:17	48:02

Marketing Charts (Nielsen), December 2017 \*weekly hours:minutes

The reasons for the decline in viewing time among all age groups are well understood, from more content channels and choices, more technologies, etc. Instead of bemoaning this situation, however, TV stations and local businesses and retailers may want to celebrate this trend because it provides them with a very efficient and cost-effective channel to reach Baby Boomers and older seniors.

For decades, the prime consumer audience for TV (and most all other advertising channels) has been adults 18–49 and, although there are slightly more of them than Baby Boomers, many younger adults are marrying, starting families and buying homes later than their parents and grandparents.

The Baby Boomer generation is not “going gently into that good night,” as poet Dylan Thomas penned, adding, “Old age should burn and rave at close of day,” which Boomers are doing.

Because so many are still very healthy, not only are they enjoying a very active life, but also 38.7% of them are still employed, which has been increasing steadily since 30% during 1997. Plus, older Americans have some of the largest median earnings, providing them with more disposable income to spend than their younger counterparts.

## Median Earnings, by Age Group, Q2 2017

Age Group	Weekly	Annually
16–19	\$422	\$21,944
20–24	\$525	\$27,300
25–34	\$776	\$40,352
35–44	\$976	\$50,752
45–54	\$975	\$50,700
55–64	\$966	\$50,232
65+	\$904	\$47,008

CNBC (US Bureau of Labor Statistics), August 2017

More Boomers also plan to remain in their homes, so they are likely to be mainstream consumers for some time, buying furniture, appliances, etc.

Baby Boomers are not the target audience for many advertisers, but you have the opportunity (and so do they) to use TV to reach this audience because they are still primary consumers.





## TV Is First on the List of Complementary Media Buys

Virtually every local advertiser will benefit from TV being the primary medium for any advertising buys in a multiple-media campaign. This has been the case, historically, as advertisers gained a greater penetration of the market with the traditional combinations of TV + newspaper, TV + radio, TV + outdoor and TV + direct mail.

The reason is that TV was and continues to be the strongest medium to build brand awareness, with the other traditional media supplementing that awareness and/or serving as the source of specific offers in a print ad or a direct mail piece.

Then, the digital world was added to the mix and many advertisers flocked to its use (and sometimes solely at the expense of brand building) because they perceived digital would allow them to identify, understand and target consumers as individuals. This is certainly the strength of digital advertising, at least to date.



As a 2018 study from Ebiquity, a global provider of independent marketing analytics, revealed, the evidence from its study of the most effective ad media was strikingly different than the perception of advertisers and agencies.

### Effectiveness of Ad Media, Ebiquity Study vs. Perception of Advertisers and Agencies, 2018

Study Evidence	Score	Advertisers/Agencies	Score
TV	107.1	TV	48.9
Radio	103.2	Online video	41.6
Newspapers	87.8	Social media	41.3
Magazines	79.5	Out of home	39.6
Out of home	71.7	Cinema	39.1
Direct mail	67.9	Radio	38.9
Social media	65.8	Newspapers	36.3
Cinema	61.4	Direct mail	36.3
Online video	57.6	Online display	35.5
Online display	50.0	Magazines	35.1

*The Drum (Ebiquity), March 2018*

Undoubtedly, the perception of advertisers and agencies is why a number of major brands and retailers moved most, if not all, of their ad dollars from traditional to digital media during recent years. Many have discovered this was a hasty decision, however.

Granted, Ebiquity's data is a snapshot of today's situation and online video, for example, is likely to increase in effectiveness during the future and print and other traditional media will lose some of their effectiveness.

Nonetheless, most local advertisers don't yet have the experience, dollars or personnel to use digital media-only ad campaigns. Even once they are able to use digital very effectively, TV will be "driving the bus" for almost every campaign.





## You Are Your Market's Video Production Specialists

Almost from the first time a local advertiser decided to buy TV time, stations have been a source (and, often, the only source) of production facilities and expertise to create advertisers' commercials. This is particularly true for the smallest local advertisers/retailers without the budget to hire an independent production company and/or seek the assistance of an ad agency.

Today, TV stations and their video production teams find themselves in an advantageous position, as local advertisers still need someone to create their commercials, but also need a constant supply of video content to reap the benefits of adding them to their digital media mix.

Although the table on page 6 shows online video scores quite low in the Ebiquity study, its preference as a content source among consumers is likely to increase, as the following table from a Q3 2017 HubSpot study of US, German, Colombian and Mexican consumers indicates.

### Online Content Preferences from Supported Brands/Businesses, by Age Group, Q3 2017

Content	18-24	25-34	35-44	45-54	55+
Videos	57%	56%	54%	57%	47%
Emails/Newsletters	22%	39%	44%	57%	68%
Social images	60%	56%	42%	30%	20%
Social videos	52%	47%	35%	25%	14%
Blog articles	17%	21%	18%	18%	14%
Downloadable PDFs	13%	15%	16%	20%	19%

MarketingProfs (HubSpot), January 2018

Although some of these content types resonate better with one age group versus another, videos are clearly a consistent favorite among them all.

In addition, there are many studies that emphasize the many other benefits of using online video content, from ranking higher in search results to telling a stronger story to increasing conversions to simpler, less costly production.

TV stations can not only continue to offer the video production services they have for decades, but also help local advertisers/retailers to plan the production of commercials to include additional shooting time for online video content and/or script commercials, so it is easy to extract shorter portions for this use.

This is simply a service no other local medium can provide and another advantage to securing more appointments and closing more contracts.





## TV's Technological Improvements

Of all the traditional media, only TV is in a position to make significant technological enhancements to capture even more of audiences' attention. No doubt, digital media will introduce additional technologies, but TV has just entered a new era with the official (but partial) launch of the new ATSC 3.0 broadcast transmission standard, as of March 5, 2018.

WRAL-TV in Raleigh, NC, which has a reputation for being a forward-leaning station, tested the new standard during February with a live broadcast from the Winter Olympics in South Korea via NBCU's 4K UHD HDR technology.

In terms of TV set technology, ATSC 3.0 is certain to provide the consumer electronics industry with a jolt, as the new standard will enhance the picture from the latest HDTVs, the next-generation 4K UHD video and the future 8K UHD.

Although a sharper picture may be the wow factor for people sitting in their living rooms, or wherever they are watching TV, it's the other enhancements, especially related to advertising, that will surely provide TV with an even greater advantage over other local media.

*Sources: Marketing Charts Website, 5/18; Nielsen Website, 5/18; Nieman Lab Website, 5/18; Nieman Reports Website, 5/18; Knight Foundation Website, 5/18; CNBC Website, 5/18; USA Today Website, 5/18; The Drum Website, 5/18; MarketingProfs Website, 5/18; Vidyard Website, 5/18; TV Technology Website, 5/18; Broadcasting & Cable Website, 5/18.*

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TV stations will be able to use the ATSC 3.0 standard to create a more interactive experience, including emergency alerts, video on demand and geo-targeting of ads. For decades, one of the primary complaints of local advertisers is their TV commercials were being broadcast to the entire geographical area of the market and many of those seeing their commercials lived too far from a store or business to become a customer.

Now that TV stations will be able to offer geo-targeting similar to what is achievable in the mobile channel, TV can become even more efficient and cost-effective for the smallest advertisers/retailers.

In addition, the technology effectively boosts the signals of low-power stations, so viewers with small home antennas and watching from their basements and/or on the road will receive a stronger, sharper picture.

Another benefit of the ATSC 3.0 standard will be its capability to collect data, but this portion of the regulation has yet to be approved.

Now is the time to be touting this new technology among your prospects and clients and preparing them for the new ways in which they can use television advertising that were previously unavailable.