



Welcome to the Webinar:

Examining the Local Cross-Platform Video Media Ecosystem

***Drill Down Analysis of Market Opportunities and
the Video Ad Spend in Local Markets***

You may listen via your computer speakers or dial-in:

Toll: +1 (312) 878-3086
Access Code: 276-973-197

Today's Speakers & Discussion Agenda

Discussion Agenda

- Video Explodes into the Local Market
- BIA/Kelsey SMB Research
- Attitudes and Purchasing Behavior of SMBs
- Revenue Dollars Driven by Video Advertising
- Video Local Media Advisory Service
- Upcoming Research Reports
- Local Ad Market Reports
- ILM West: Closing the Local Loop

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Local Video Advertising is Explosive in the Local Market

- Web video is on a fast growth trajectory as users fully engage with content ranging from Netflix to web video advertising.



- Businesses of all sizes are now able to produce high-quality video content due to more affordable technology.
- Video distribution has evolved from what was once the sole province of local over-the-air broadcasts into multiple forms of video being distributed on heterogeneous networks (e.g., Out-of-Home, online, mobile, etc.) and devices.

Emerging Business Models to Support Video Distribution

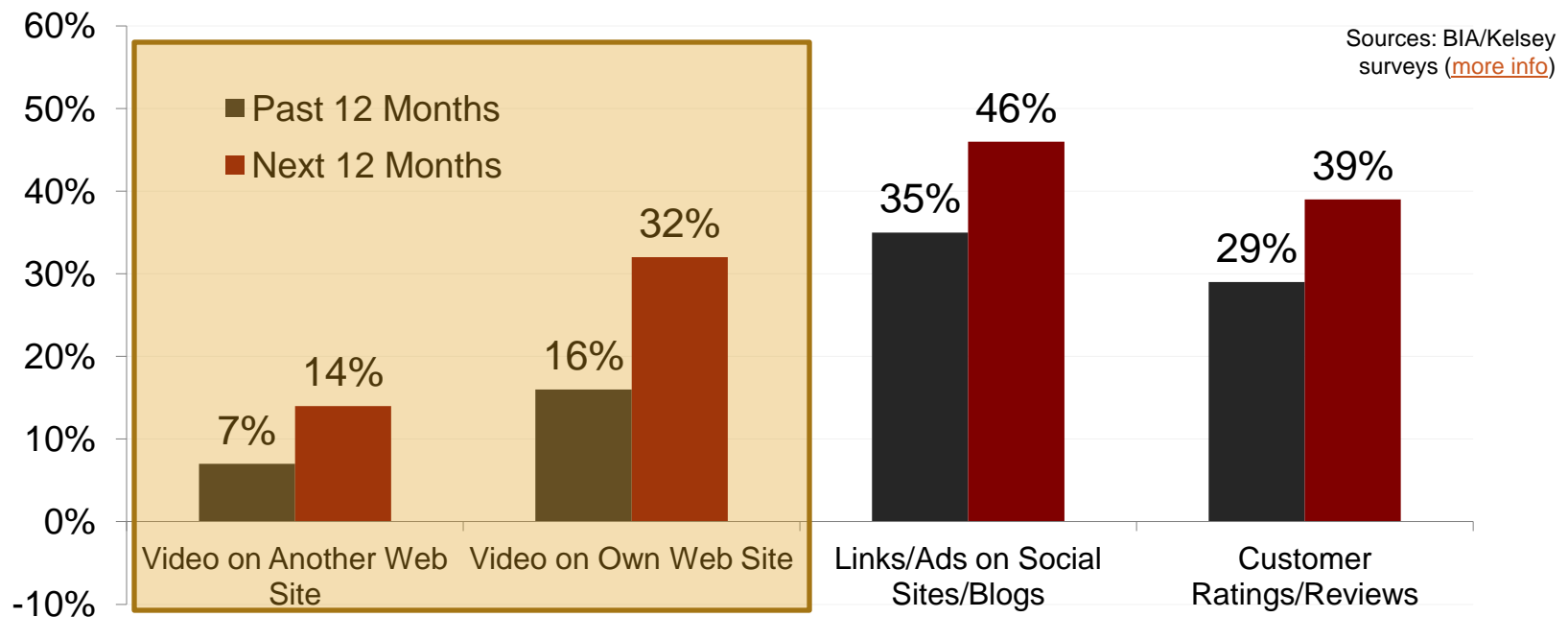
- Emerging business models among offline and online video media are changing the rules of engagement in local markets in terms of audiences, advertisers and media.
- Success in serving audiences and advertisers in video media is driven by technology, content, and competitive strategies.



BIA/Kelsey Research Confirms the Adoption of Video Media

- Our SMB surveys show that video advertising usage by Plus Spenders (*small and medium-sized businesses spending at least \$25,000 annually on advertising*) is on track to **double** year over year.

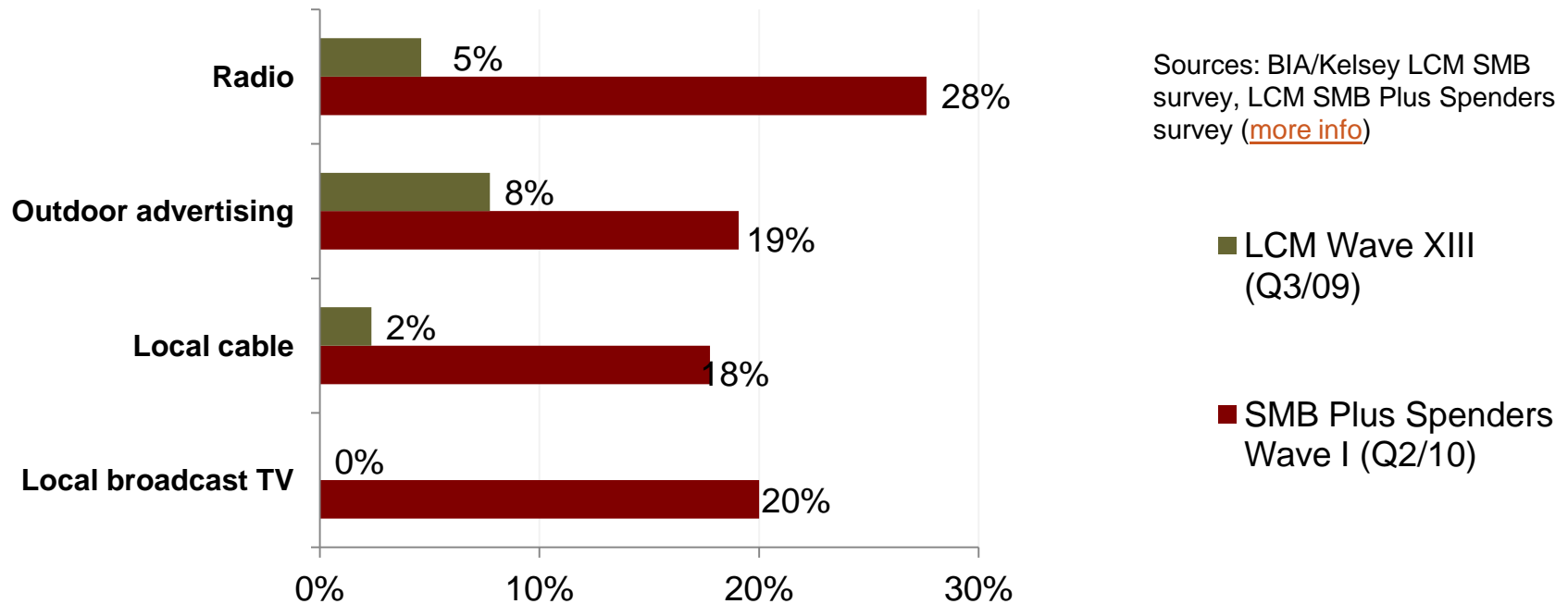
Advertisers Intend to Use New Capabilities Aggressively



Media Usage by SMB Plus Spenders

- BIA/Kelsey research shows that although one-fifth of SMB Plus Spenders use local TV, it is beyond the budget of smaller SMBs.
- The “video appetite” will be complemented by other video media.

Percentage of Respondents Using Each Medium

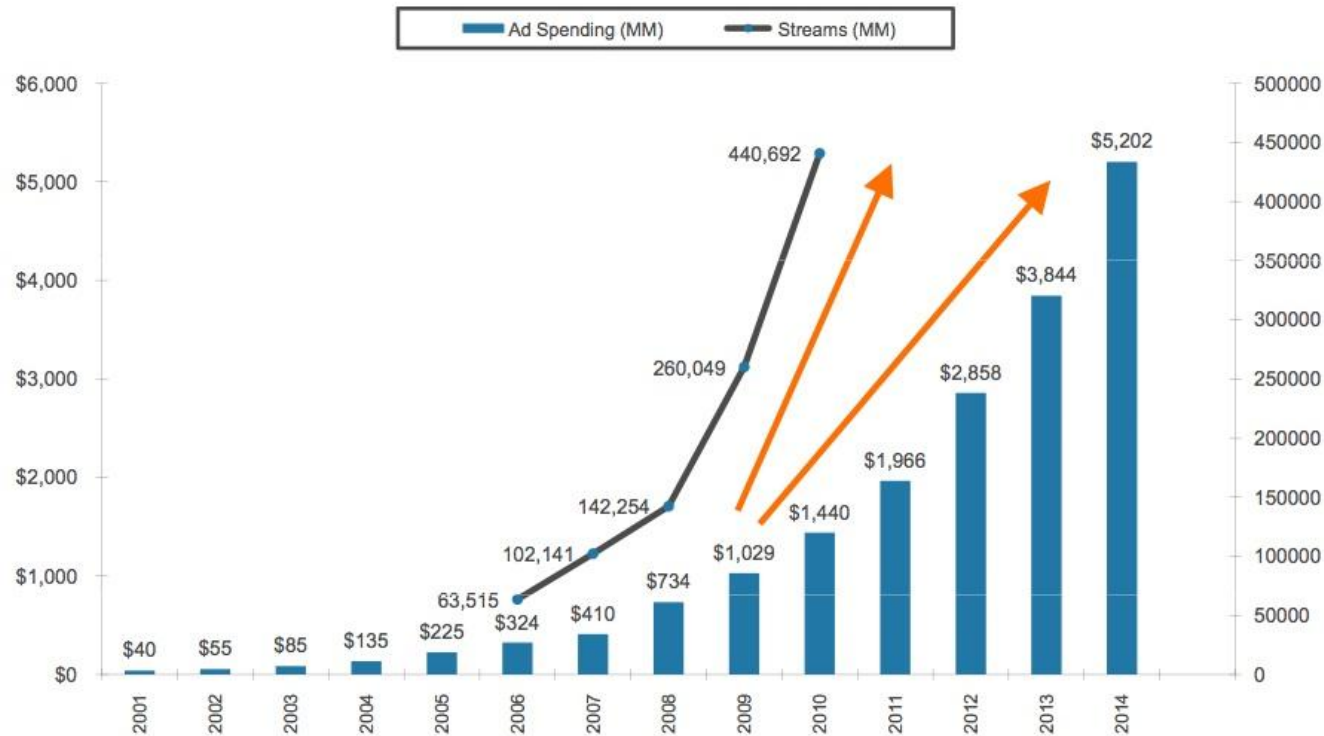


Further Analysis Indicates Comprehensive Adoption of Video

- SMB Plus Spenders allocate on average 16.1% of their ad budget to radio, local TV and cable.
- They plan to budget X% to video.
- Usage experience:
 - As a group, they have had excellent experiences with online video advertising, with only 6% reporting they were “dissatisfied” with it.
 - 54% of Plus Spenders are interested in buying video advertising from one source but having it run across multiple platforms.
 - 47% of Plus Spenders reported “demonstrated performance” (e.g., ROI) as the single biggest influence in making media purchase decisions. When it comes to radio, local TV and cable, their performance assessments are decent, if not generous.

Online Video Viewing Growth Tied to Ad Spending Growth to \$5.2B in 2014

Online video viewing growth is outpacing ad spending growth



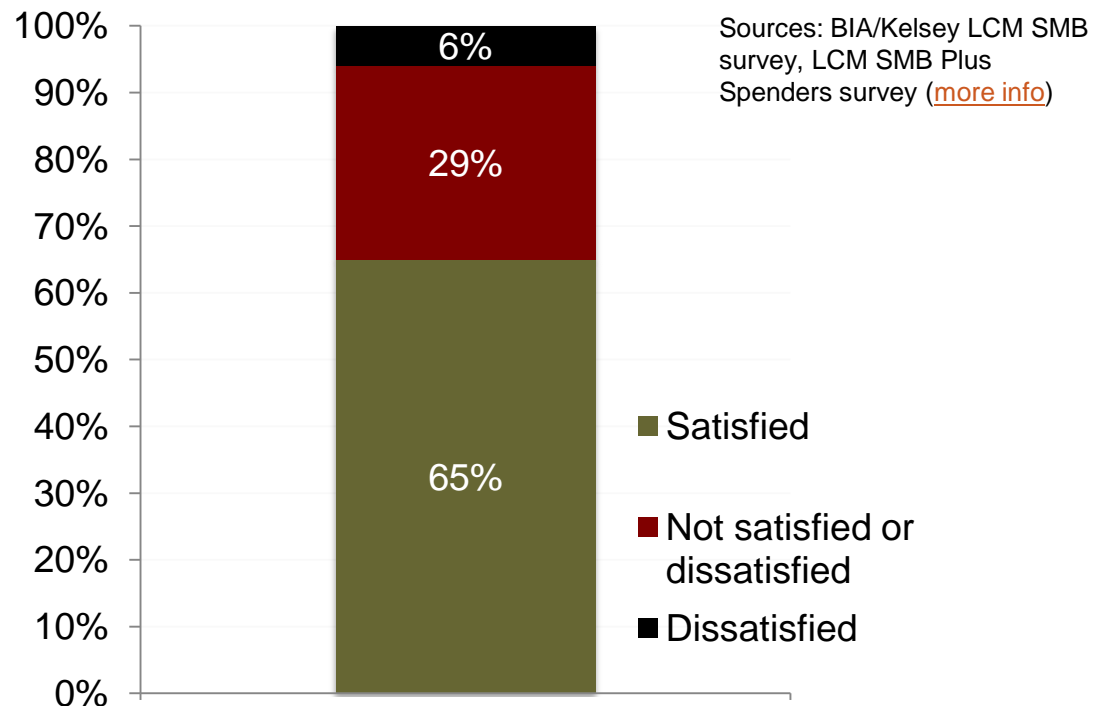
Source: comScore, The State of Online Video, Jan 19, 2011



High Satisfaction With Results of Online Video Advertising

Most Online Video Advertisers Satisfied With Results

- BIA/Kelsey research shows the overall satisfaction level with online video advertising by SMB Plus Spenders came in surprisingly high, with only 6% saying they were outright dissatisfied with the results.
- Remarkable level of satisfaction for such a young format.

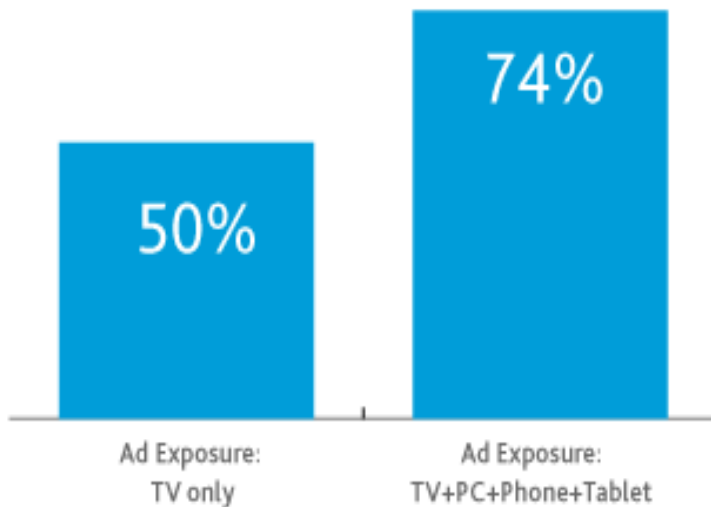


Cross-Platform Video Yields 50% Lift in Recall and Engagement

Aided Recall of Auto Ad

"From the list below do you recall seeing any advertisements for the following brands?"

% indicating *Aided Recall* of Auto Ad



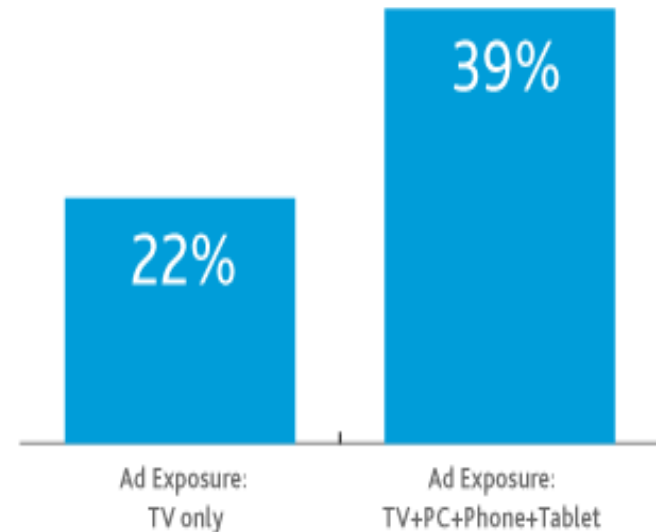
Source: Nielsen, Google Cross-Platform Ad Effectiveness Study, 2011.



Engagement

"You mentioned you saw a video advertisement for [auto brand]..."

% properly indicating [auto brand] ad featured a four-door sedan



Source: Nielsen, Google Cross-Platform Ad Effectiveness Study, 2011.



Personalized Video Ads Work

- Eyeview, personalized video ad provider, sponsored research by Knowledge Networks comparing two video pre-roll ads.
 - One group saw standard Kayak (travel provider) TV ads; the other group saw a video ad with personalized messaging (e.g., specific flight information from their airport).
 - Personalized TV ads:
 - 100% improvement in brand favorability
 - 27% increase in likelihood to visit website for planning travel
 - 73% increase in likelihood to recommend to friend
 - 40% increase in participants believing “advertising is a fair price to pay for being able to watch online video for free.”



Attitudes about Video Advertising (All Formats)

- BIA/Kelsey's SMB Plus Spenders gave mixed responses when asked a series of attitudinal questions about video advertising (TV, cable, online.)
 - Surprisingly large percentage interested in a one-stop destination.
 - Content repurposing close second in terms of importance.

Need proof that video advertising is cost-effective before purchasing it (again) for my business

More inclined to purchase video advertising in stronger economy

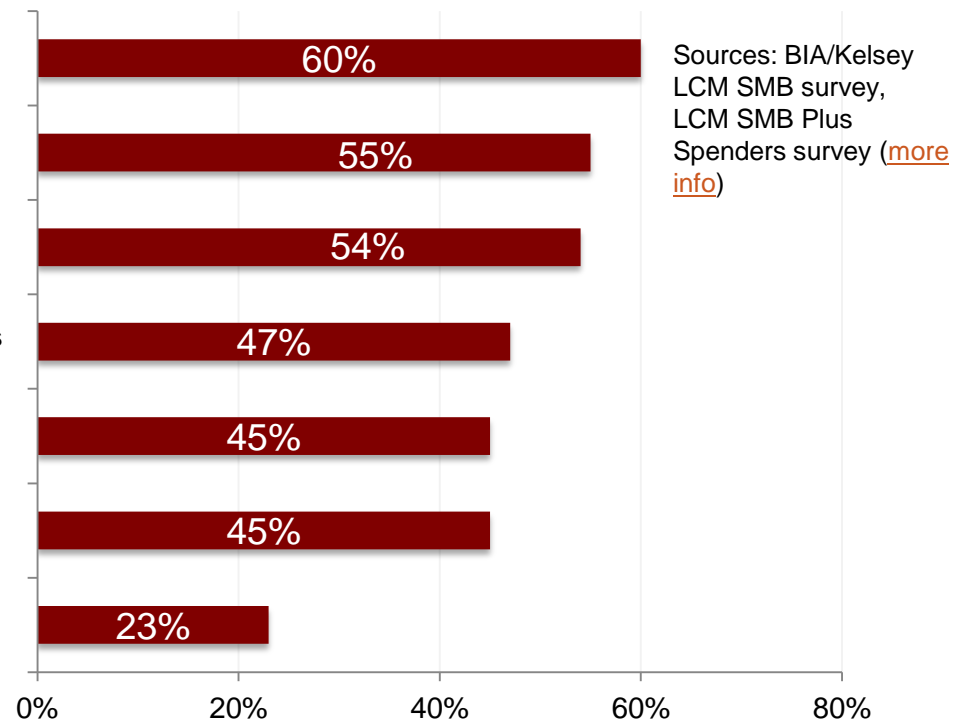
Like a "one stop" destination that would submit my video advertising to more than one platform

Inclined to use the same video ad content on multiple platforms (e.g., TV, online)

Don't know much about purchasing video advertising

Video advertising is relevant to my business or profession

I'd look to local TV stations for guidance in making video



Local Ad Market Report for 2010 – Fast Foods



Minneapolis-St. Paul-Bloomington, MN-WI

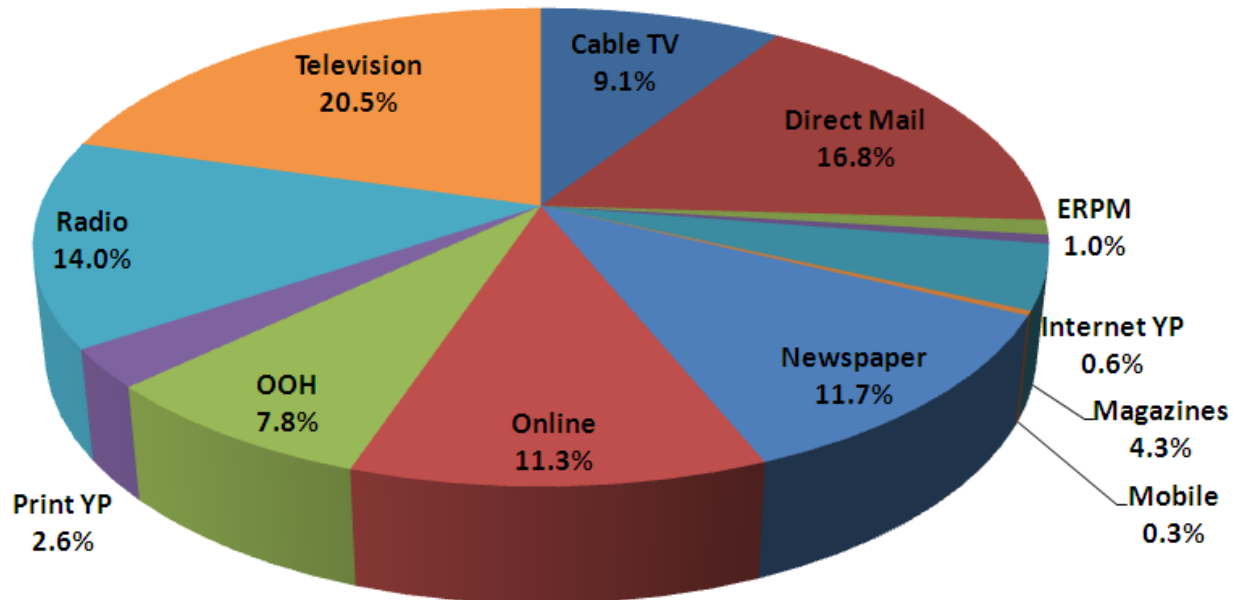
CBSA Rank: 16



Sub-category Spending View: Restaurants: Quick Service Restaurants/Fast Foods

Video Advertising Dollars:
\$13.5 million
33.7% of total

2010 Ad Spending Share by Media



Local Ad Market Report for 2015 – Fast Foods



Minneapolis-St. Paul-Bloomington, MN-WI

CBSA Rank: 16

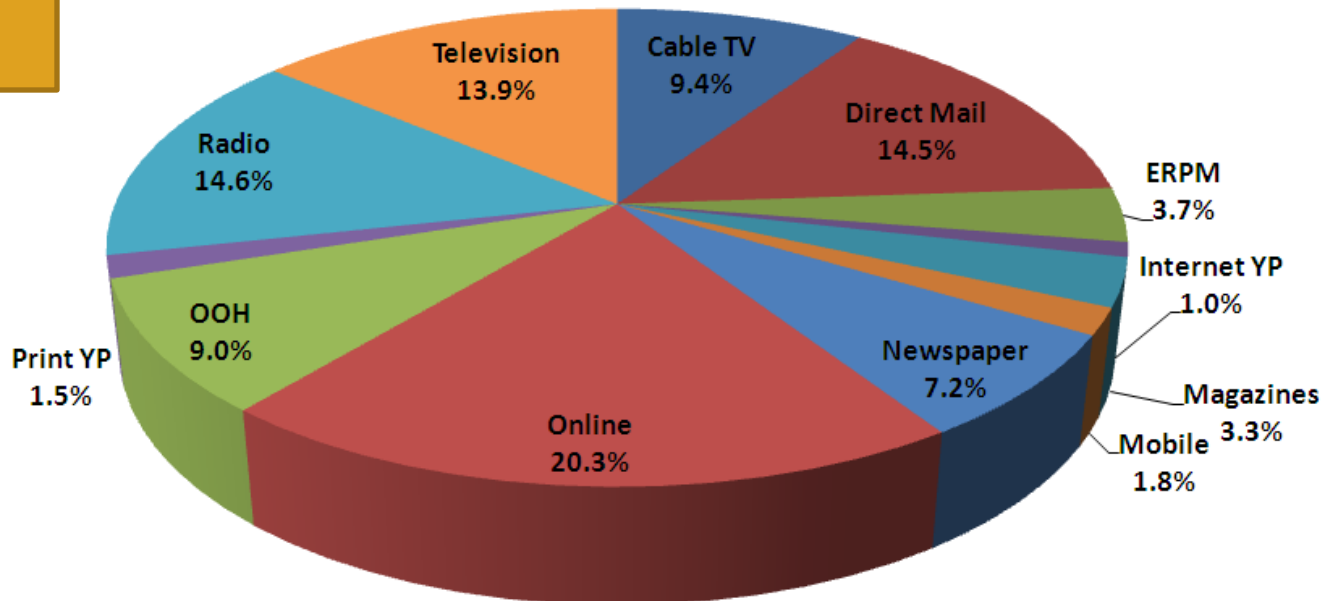


Sub-category Spending View:

Restaurants: Quick Service Restaurants/Fast Foods

Video Advertising Dollars:
\$17.4 million
34.3% of total

2015 Ad Spending Share by Media



Local Ad Market Report for 2010 – Tire Dealers



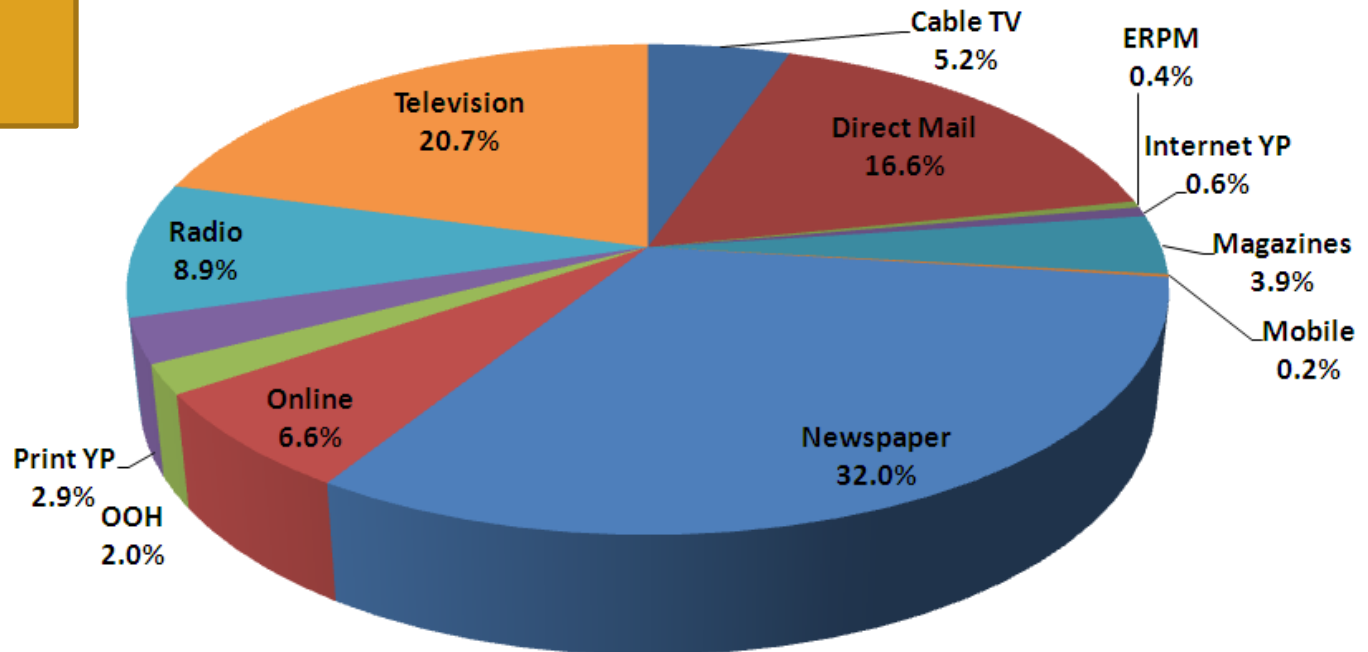
Minneapolis-St. Paul-Bloomington, MN-WI

CBSA Rank: 16



Sub-category Spending View: *Automotive: Tire Dealers*

2010 Ad Spending Share by Media



Video Advertising Dollars:
\$1.14 million
27.5% of total



Local Ad Market Report for 2015 – Tire Dealers



Minneapolis-St. Paul-Bloomington, MN-WI

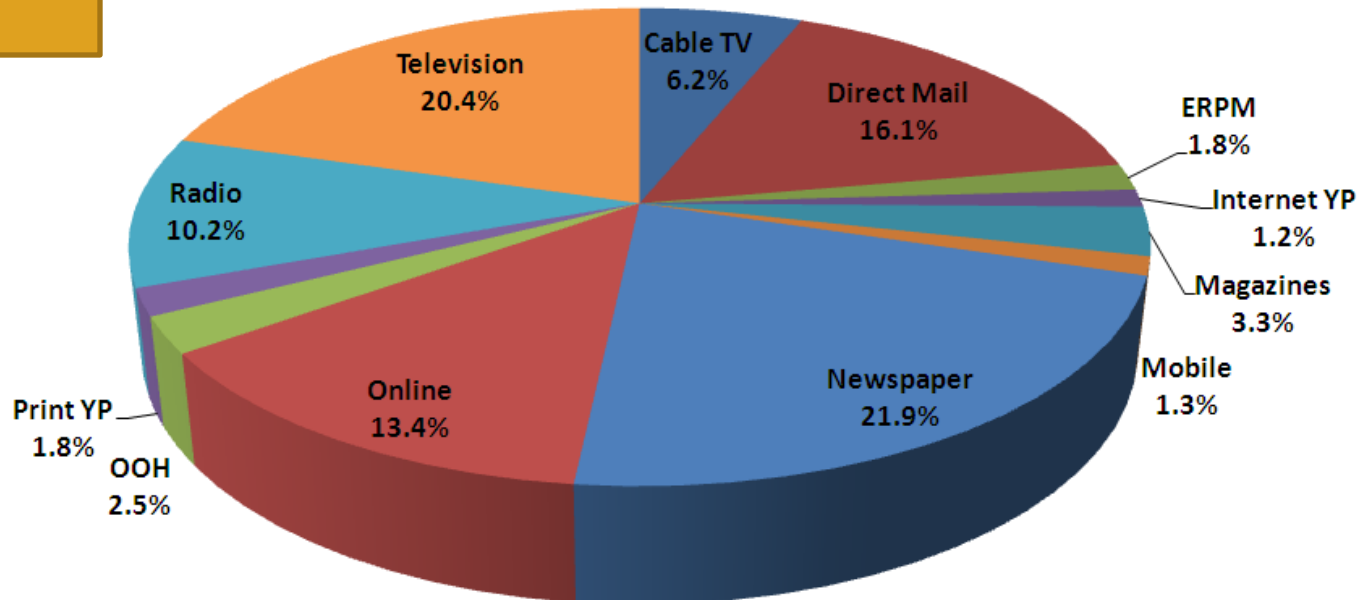
CBSA Rank: 16



Video Advertising Dollars:
\$1.47 million
32.2% of total

Sub-category Spending View: *Automotive: Tire Dealers*

2015 Ad Spending Share by Media



Video WORKS in the Local Market



Tracking these Market Dynamics

- **What does all this add up to?**
- There isn't a single broadcast business environment, but a whole ecosystem of content, technology and media businesses that now must work together to set new rules of engagement with audiences, advertisers and media.
- To reflect market inflections, disruptions and economic opportunities, we are evolving our Digital Strategies for Broadcasting advisory service to offer a new focus on the business and technology strategies in local video networks, devices, content market segments.



New Program Focus, and New Name



Digital Strategies In Broadcasting

- Broadcast transition to digital



Video Local Media

- Video networks
- Video devices
- Video advertising
- Video content
- Out-of-home video
- Mobile video
- Cross-platform video
- Social video



Video Local Media Coverage Areas

- **Video Networks – Cross-Platform Coverage**
 - *Broadcast*: local television over-the-air and mobile DTV
 - *Cable*: local cable systems video and broadband data
 - *Satellite*: direct satellite operators
 - *Telephone*: local telephone company video and broadband data
 - *DOOH*: place-based and video digital signage (“Digital Out Of Home”)
 - *Internet*: streaming, download, IPTV, Over-The-Top
 - *Mobile*: 3G/4G video
 - *Home/WiFi*: in-home wireless networks and media servers
 - *Physical distribution*: video stores and kiosks
- **Video Devices**
 - TV, PC, mobile phones, automotive video, media tablets, eReaders, video players, DVRs, set top boxes, gas pump TV, elevator TV, automobile video
- **Video Content**
 - News, entertainment, information, advertising, social (reviews and ratings)

Program Advantages



Video Local Media delivers many high-impact deliverables to clients including:

- Ongoing, direct analyst access (24/7/365)
- Data Access
 - Local Media Forecasts
 - Advisory Reports on the business and technology strategies in local video networks, devices and content market segments
- Client Inquiry Access
- Conferences
- Business Development/Partnering/Networking Assistance
- Industry Exposure



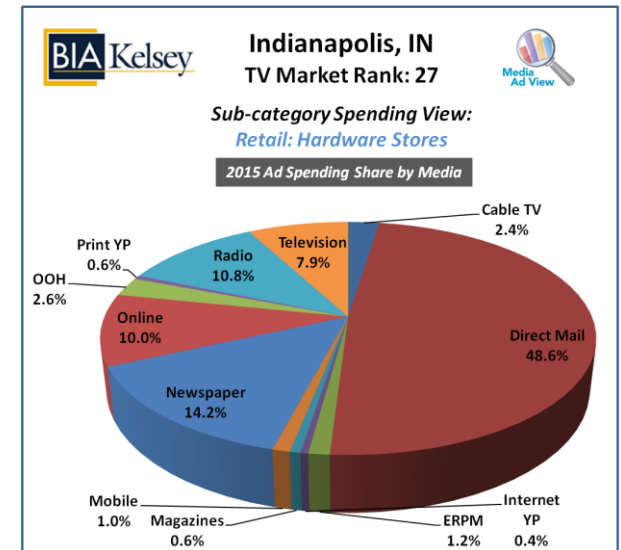
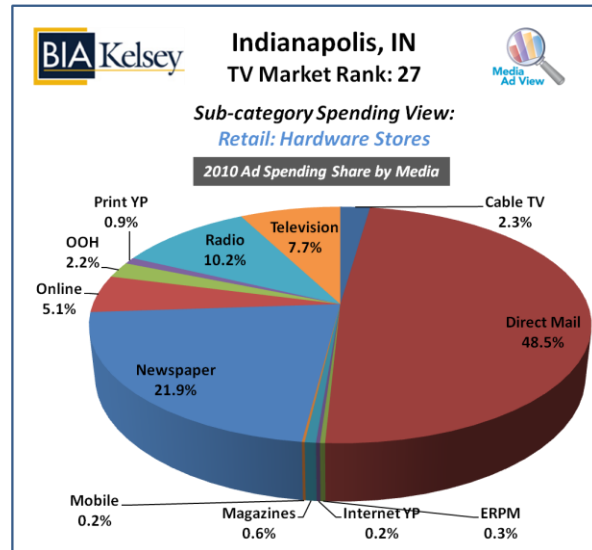
Upcoming Program Activities

- DSB CAS will transition to VLM CAS effective today, October 20, 2011.
- Upcoming VLM Advisories
 - Video Analytics: What Works?
 - Video Vendor Profiles
 - Over The Top Video: Local Market Developments
 - Social + **Video** + Local
- Updated U.S. Local Media Forecast
 - In-depth, independent, objective and credible five-year revenue forecasts of the markets we analyze
 - Offers a view into the key drivers and assumptions behind the top-line numbers
- Track program updates at www.biakelsey.com/VLM

Tracking Video Ad Dollars in Local Markets

- In addition to market intelligence, BIA/Kelsey tracks local advertising spending by media for the most recent year and for five years out in its **Media Ad View Reports**.
- In seven of the 12 media categories, local video advertising dollars are estimated:

- Mobile
- Online Advertising
- Television
- Cable TV
- Internet Yellow Pages
- Out-Of-Home



- Local advertisers utilize video in different amounts in different markets. Drill downs to over 93 subcategories reveal the specific spend. (www.BIAKelsey.com/MAV)

REGISTRATION NOW OPEN >>>

- BIA/Kelsey's **Interactive Local Media** is the definitive conference on the local digital opportunity.



- Join us in San Francisco, Dec. 12-14, for **ILM West: Closing the Local Loop**, where we'll focus on the latest developments in local online media, **video**, search, mobile, social, deals and transactions.

- Highlights include:

- **Session: The New Local Social Video/TV** - We'll dig deep into the hot trends and next steps for local video.
- **Redefining and Expanding Local Search** – *Hear how video and other criteria are playing increasingly important roles in local search rank*
- **Featured Speaker:**



Bob Pittman, CEO, Clear Channel Communications
Pittman will share his unique vision of local media and commerce.

www.biakelsey.com/ILMWest2011



Thank you.

Questions and comments:

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