



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

# Strategies for Selling to Co-Op Advertisers

BIA/Kelsey Webinar



July 27, 2016

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# Webinar Topics and Speakers

## Co-Op Advertising

SMBs that indicate they use co-op advertising funds for their advertising and marketing.



## Local Advertising Forecast

Highlights of the most recent update of the local advertising marketplace.



## Moderator & Speakers



**Mark Fratrik, Ph.D.**  
SVP and Chief Economist



**Celine Matthiessen**  
VP, Analytics & Insights



**Suzanne Ackley**  
Senior Research Analyst

# About BIA/Kelsey

Guiding Media. Inspiring Innovation. Leading Local

- We measure, analyze and interpret the local advertising and marketing market.
- Our sole focus on **“local”** offers proprietary data and expert guidance that translate into actionable recommendations.
- We help you make better decisions by sharing our data expertise and industry relationships built up in over 30 years of operations.

Competitive Intelligence

Strategic Consulting

Conferences

Industry Reports

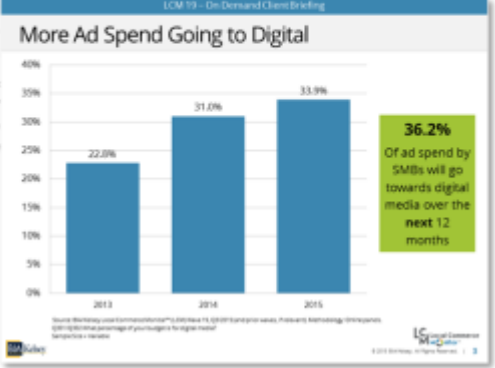
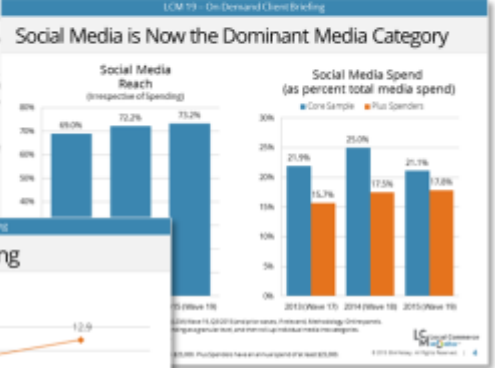
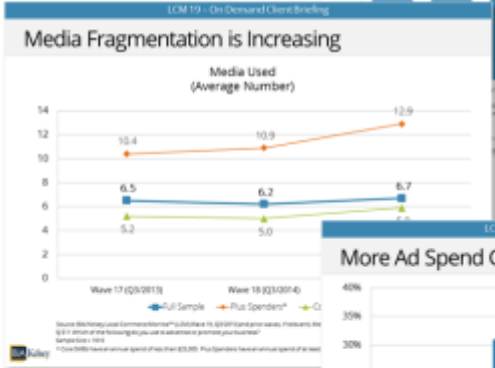
Proprietary Data – LCM, Forecasts



# What's Making Local SMBs Tick?

BIA/Kelsey's **Local Commerce Monitor™ (LCM)** tracks media usage, spend, performance assessments, online presence, new tools, co-op dollars, channels, loyalty and discount programs and more used by SMBs.

- Unique, fresh, trusted – since 1999.
- New survey: Wave 19, Q3/2015
- Tracks more than 50 different media and platforms
- Delivers insights into key trends, behaviors and dynamics driving local.
- Used to make data-driven market and product decisions.



# Where Are Ad Dollars Being Spent?

BIA/Kelsey's **U.S. Local Advertising Forecast** offers a comprehensive and authoritative view of all “local” advertising spent by national and regional companies and small and medium-sized businesses (SMBs).



Annual revenue changes for each media



Local video advertising revenues distribution across media



Share of mobile ad spend by format (e.g., display, search, SMS)



Local versus national ad spend for mobile and social



Local search versus top-line search revenue



Google: 2016 Top-Line Search Leader



Social trends around Twitter, YouTube and LinkedIn

Let's Get Started

# SMBs and Co-Op Ad Dollars

18.4% of SMBs Use  
Co-Op Advertising Funds.



For SMBs that use co-op,  
**10% to 50%** of  
Annual Ad Budget  
Comes from Co-Op  
Dollars.





**45.2%** of Co-op  
Advertising Users are  
also Franchisees.



A man with glasses and a beard, wearing a denim shirt and a brown apron, stands behind a wooden counter in a cafe. He is pointing towards a coffee machine. A woman with curly hair, wearing a red polka-dot top and a light-colored apron, stands next to him, smiling and holding a blue tablet. The background shows shelves with coffee-making equipment and bottles.

# Profile of SMBs That Use Co-Op Advertising Funds

# Who Are Co-Op Advertising Users?

<b>B2C COMPANIES</b>	<b>ESTABLISHED BUSINESSES</b>	<b>GREATER NUMBER OF EMPLOYEES</b>
<p>The majority of SMBs that use co-op advertising funds report that they serve consumers.</p>	<p>These SMBs are established and are either growing and expanding or maintaining size and share.</p> <p>More than 90% of co-op users have been in business for four or more years.</p>	<p>They have an average of 34.8 full-time and 120.4 part-time employees.</p> <p>Non co-op users, on the other hand, average 11 full-time employees and only 5.9 part-time employees.</p>

# What Businesses Use Co-Op Advertising?



**Construction/Contracting**



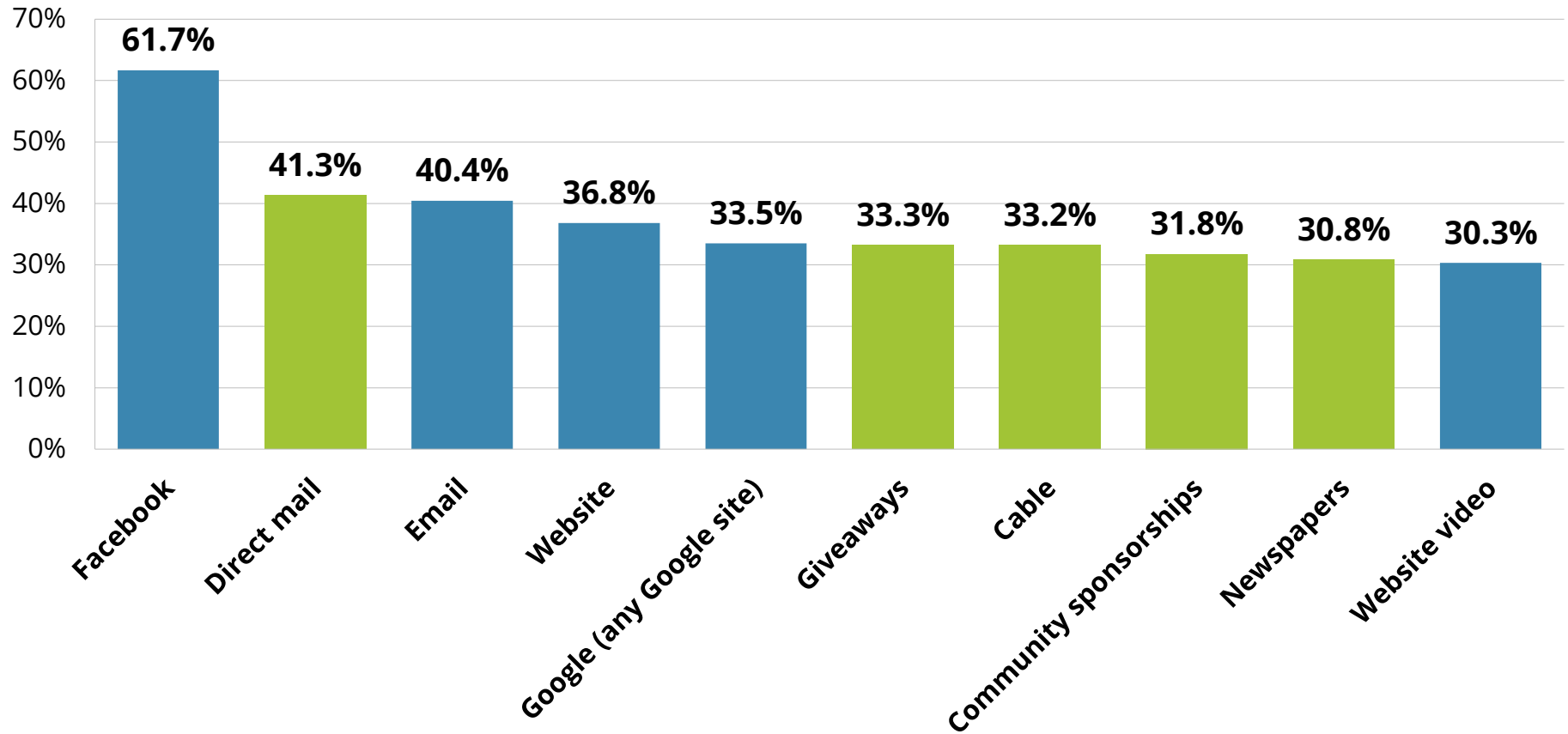
**Retail Shops/Stores**



**Accounting/Bookkeeping**

# What Do They Choose for Advertising & Promotion?

\* 5 of the top 10 media are traditional



Source: BIA/Kelsey Local Commerce Monitor™ (LCM) Wave 19, Q3/2015 (and prior waves, if relevant). Methodology: Online panels.

Q S11 Which of the following do you use to advertise or promote your business?

Sample Size = 138

# Are They Big Spenders?

## Yes, Big Spenders

### Core SMBs

(Spend less than \$25K/year)

**\$4,184** Average

Annual Ad Spend

**\$1,573** average is from  
co-op (37.2%)

### Plus Spenders

(Spend more than \$25K/year)

**\$82,610** Average

Annual Ad Spend

**\$32,383** average is from  
co-op (39.2%)

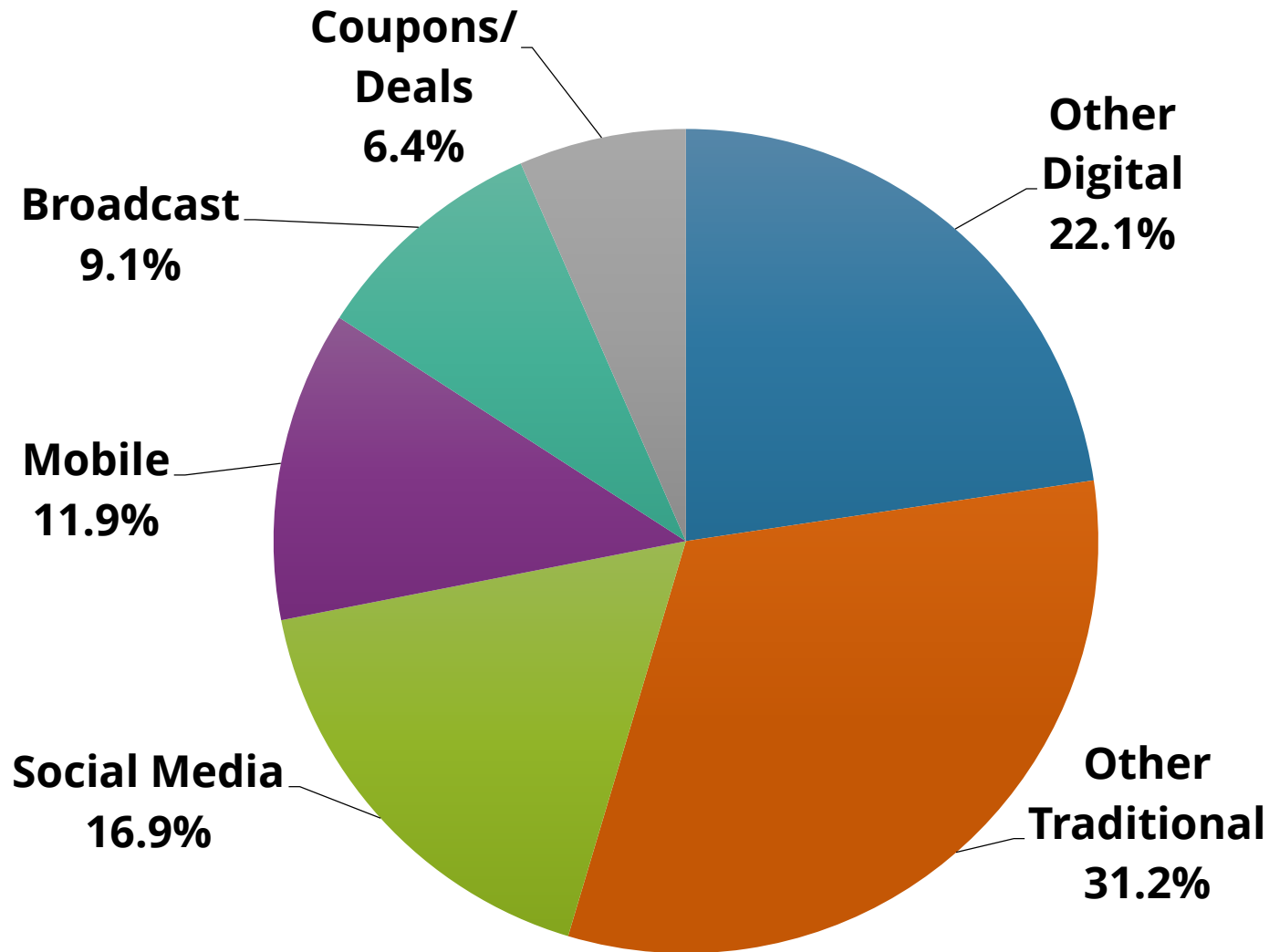
Source: BIA/Kelsey Local Commerce Monitor™ (LCM) Wave 19, Q3/2015 (and prior waves, if relevant). Methodology: Online panels.

Note: Due to margin of error and rounding, figures may not add up to 100%. See Appendix for more information on margin of error.

\*Core SMBs have an annual spend of less than \$25,000. Plus Spenders have an annual spend of at least \$25,000.

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# Where Are They Spending Dollars?



Source: BIA/Kelsey Local Commerce Monitor™ (LCM) Wave 19, Q3/2015 (and prior waves, if relevant). Methodology: Online panels.

Q100 Percentage of budget devoted to each advertising and promotional activity

Note: Due to margin of error and rounding, figures may not add up to 100%. See Appendix for more information on margin of error.

\*Core SMBs have an annual spend of less than \$25,000. Plus Spenders have an annual spend of at least \$25,000.

**7 out of 10** SMBs  
that Use Co-Op  
Advertising Work With  
an Advertising or Digital  
Agency.





# What Are Top Engagement Opportunities?

## Top Marketing Intentions

1. Email Marketing
2. SEM/SEO
3. Social Media Advertising
4. Print Advertising
5. Analytics/Performance Assessment
6. Mobile Advertising
7. Discount or Loyalty Programs
8. Broadcast Advertising
9. Video

Source: BIA/Kelsey Local Commerce Monitor™ (LCM) Wave 19, Q3/2015 (and prior waves, if relevant). Methodology: Online panels.  
Q608 What are your future marketing priorities for the following options?  
Sample Size = 138

# Takeaways & Strategies for Engaging

**Co-Op SMBS contribute more than the average SMB to the consistent growth in the local marketplace. Nearly half are raising their ad budgets in the next year.**

- Strategies for Engaging

- Sellers offering to navigate and provide guidance will get in early on large ad budgets and likely retain these SMBs.
- Sellers offering to manage their digital presence, including SEO and search marketing services, is attractive
- Cable and local media have the opportunity through local targeted advertising (email, direct mail, events/giveaways, community sponsorships) to help them build awareness and compete with other businesses.
- Traditional media companies should focus on the cross-channel opportunities when selling to this group.



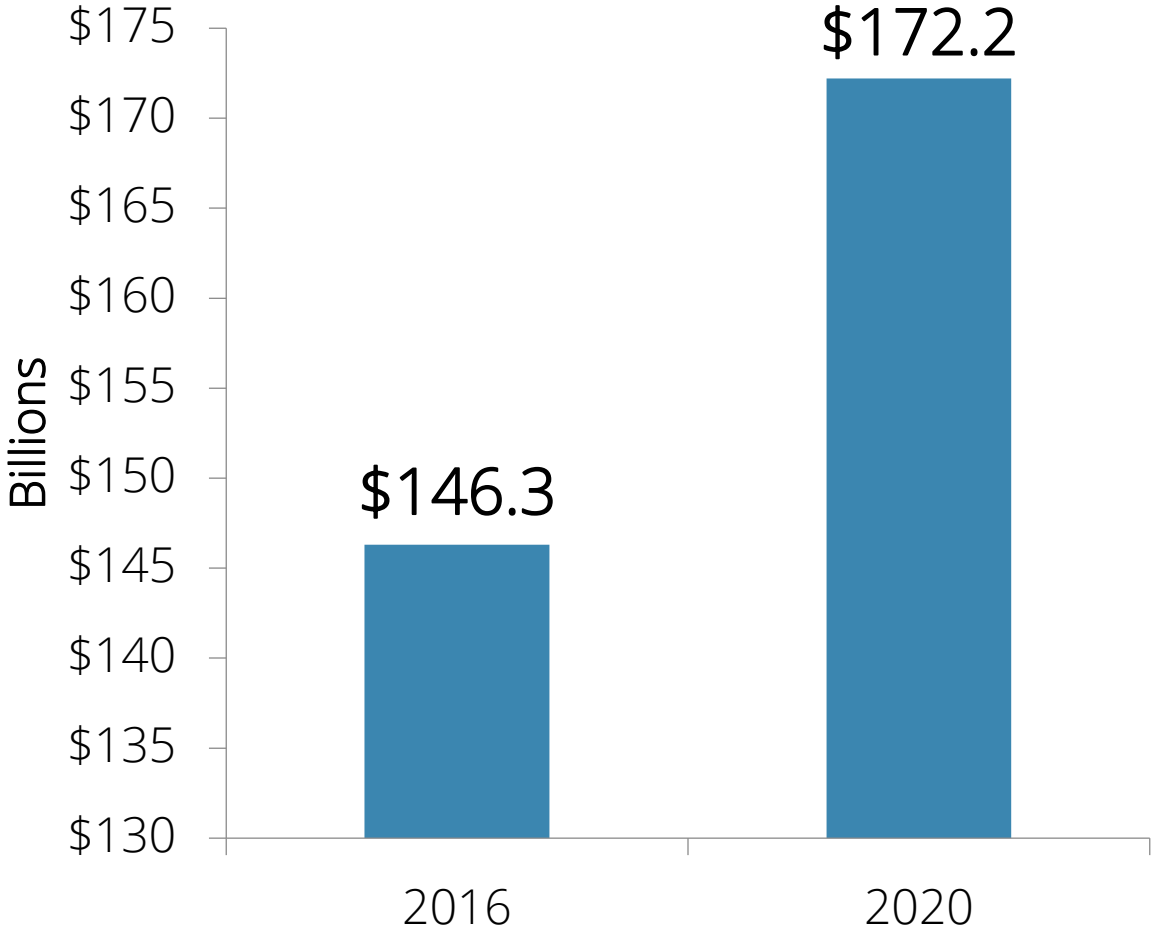
# View Into Current Ad Spending

# Local U.S. Advertising Forecast

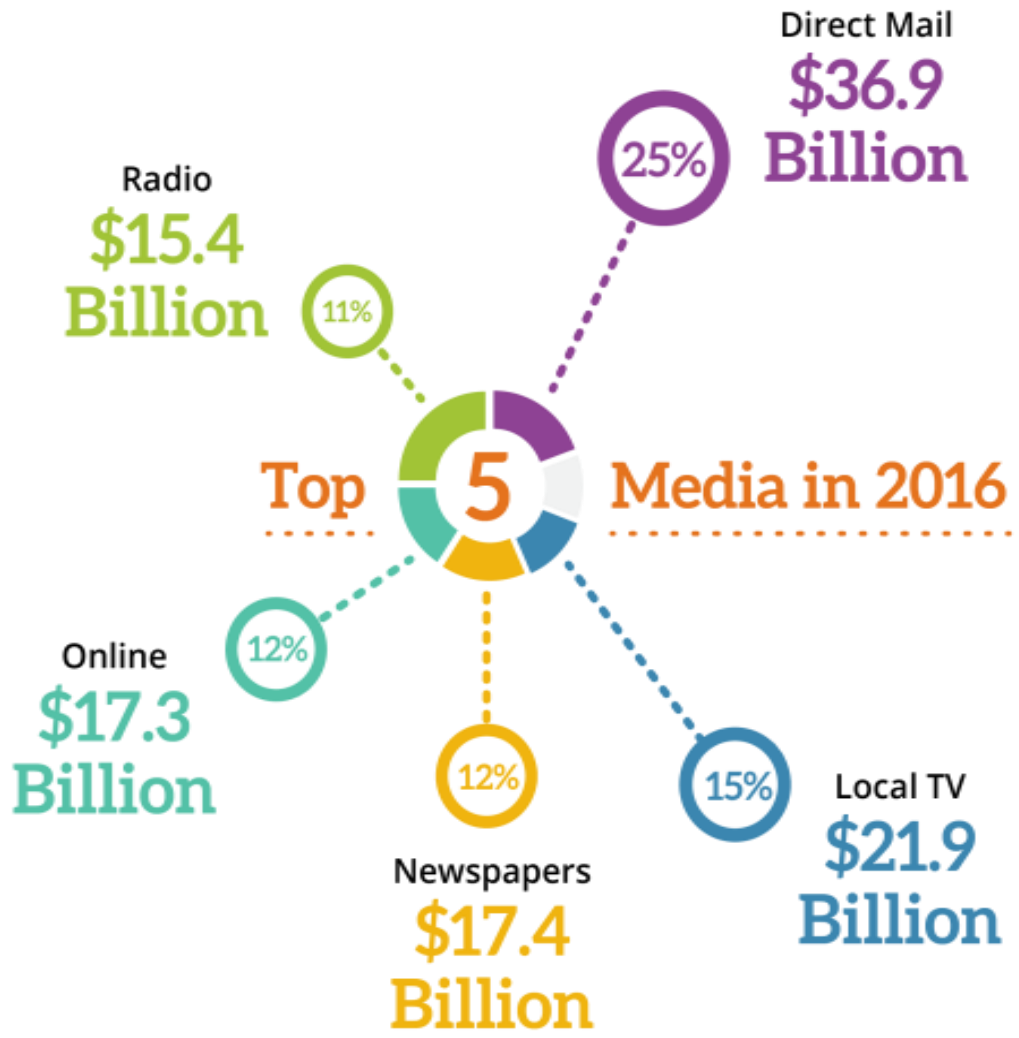
## Top 3 Takeaways

- 1. Overall local U.S. marketplace will see consistent growth of 4.2% CAGR from 2015-2020. Why?**
  - Exceptional growth in mobile and social advertising
  - Continued strong political advertising in even-numbered years
  - Overall growth in the U.S. economy
- 2. Growth in online/digital advertising revenues strong between 2015-2020.**
  - Online/digital - CAGR of 12.8%
  - Traditional advertising - CAGR of 0.0%
- 3. Weak performances of some traditional media causing slight decrease in total advertising estimate for this year**
  - \$146.3 billion in U.S. Local Advertising 2016

# Now and in 5 Years



# Top 5 Media for 2016

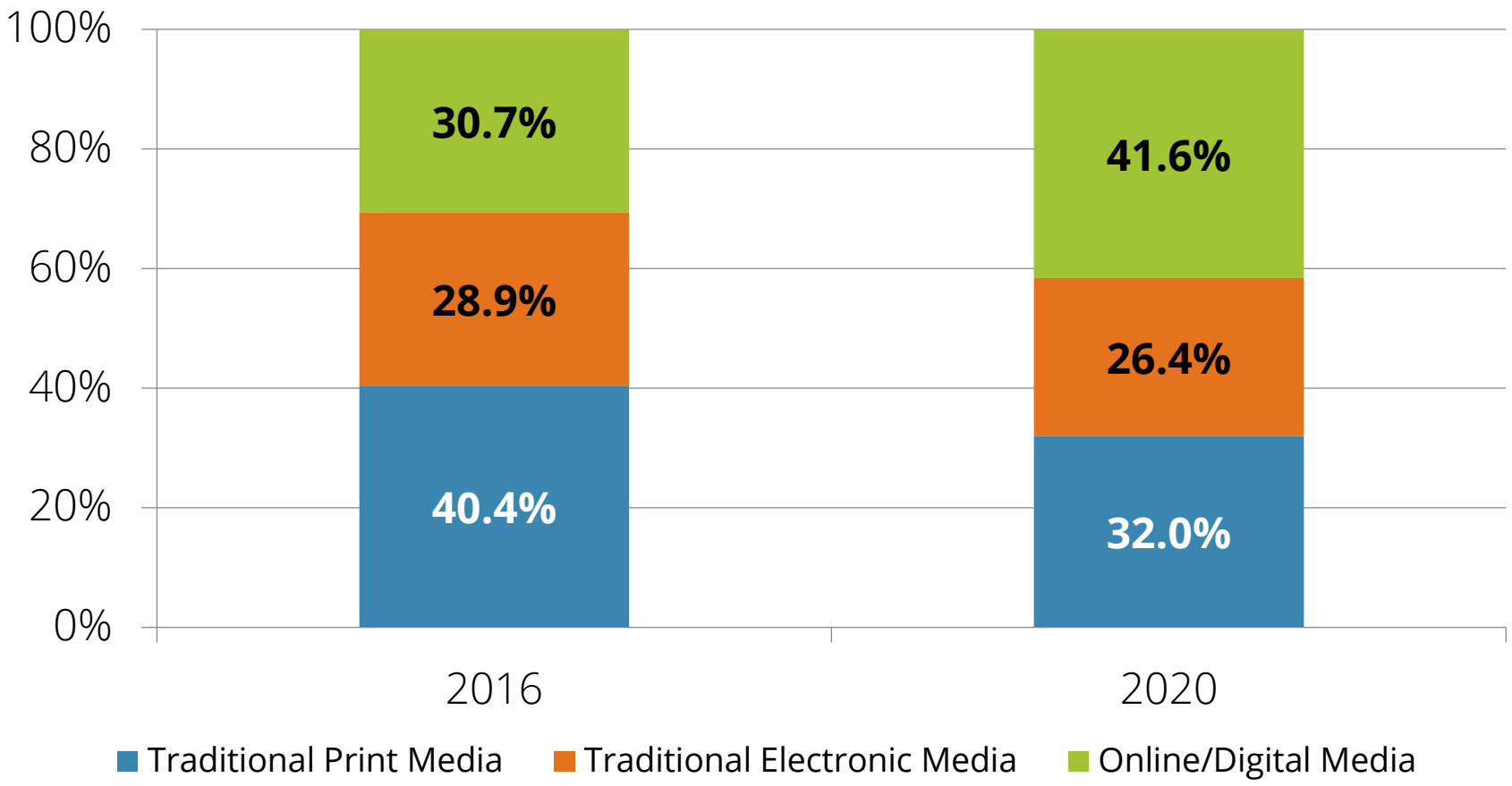




Traditional Media Decline Not Uniform:  
Traditional electronic  
media is only *slightly*  
losing share

# Local Online/Interactive Advertising Cutting Traditional Print

## Share of Local Advertising Revenue by Type



Note: Numbers are rounded.



# Our 2020 Forecast

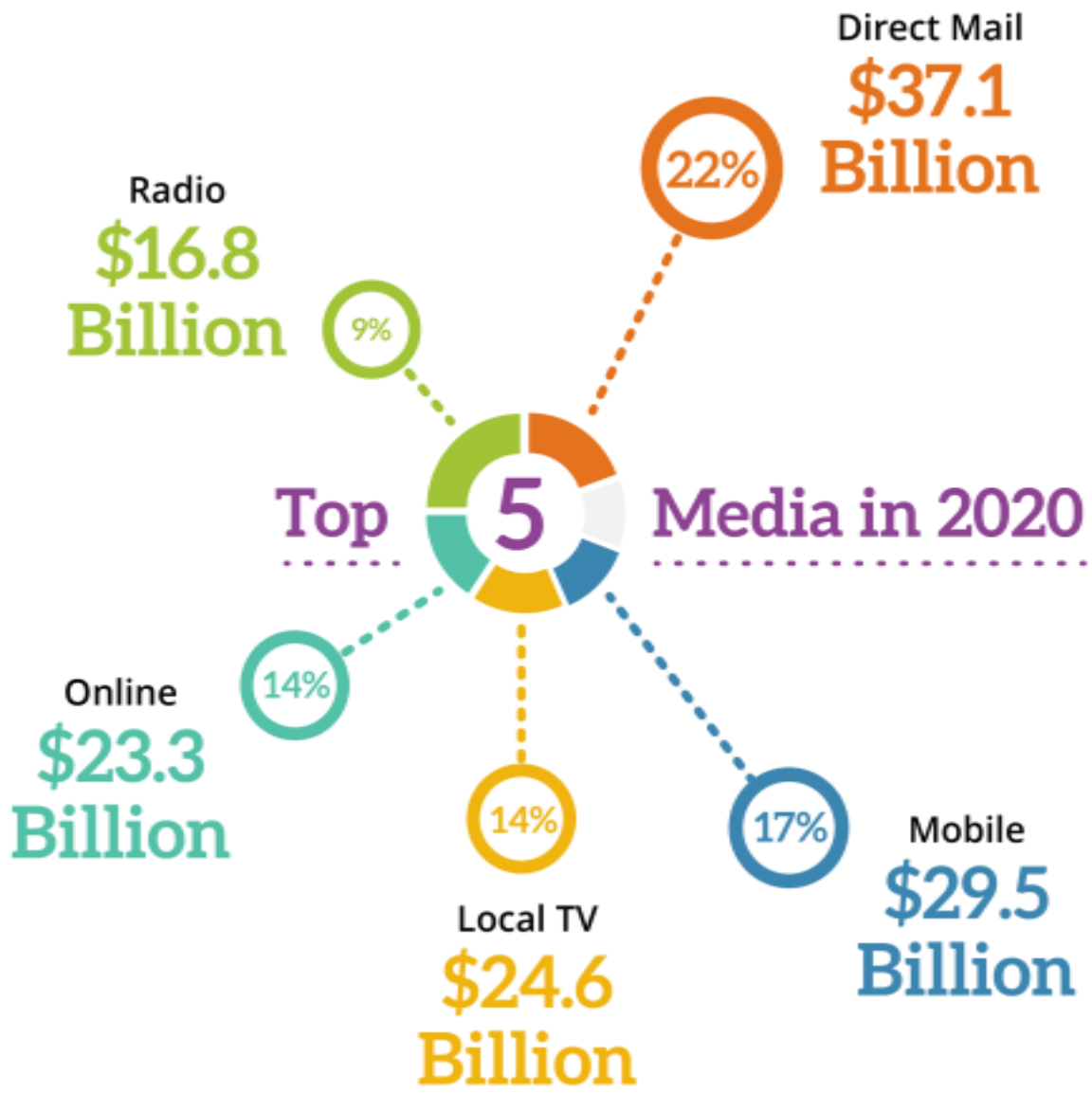
**By 2020**

Local Online / Interactive /  
Digital Ad Revenues

**\$71.6  
Billion**



# Top Media in 2020





Social Media Advertising  
Revenue rocketing  
higher, more than  
tripling by 2020



# Questions?

*Enter them into the  
Question box and we will  
answer them now.*

# Two Special Offers

- Purchase any report for **30% off** with code: **SUN30**.
  - Shop here: [shop.biakelsey.com](http://shop.biakelsey.com)
- **Pre-Purchase the full LCM Wave 20 Survey and Get Wave 19 free.** You'll get access to every question and every answer on the survey, as well as demographics for the SMB survey sample.
  - With new topics and the largest sample size ever, LCM Wave 20 will provide:
    - Spend and use of 55+ different media
    - The "why" behind SMB ad buying
    - Opinions on agencies and use
    - Profiles by type of SMB
    - Unparalleled view of DIY usage and perceptions
- *Interested?* Contact us at [sales@biakelsey.com](mailto:sales@biakelsey.com) for a demonstration and more details.

# Coming Soon:

## LCM Wave 20

Expanded (again) to deliver  
answers to questions you asked

# Blog Posts

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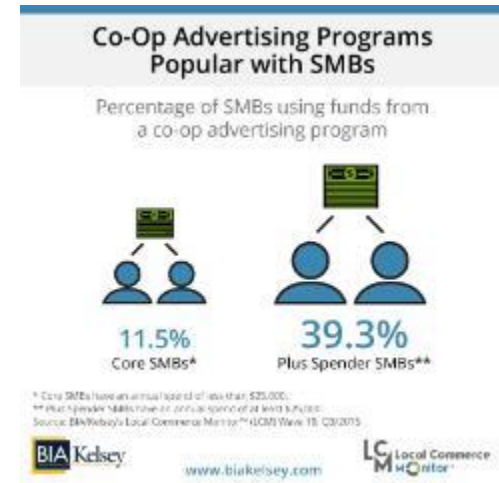
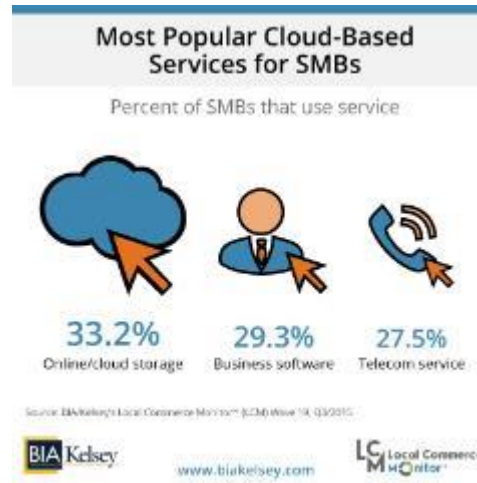
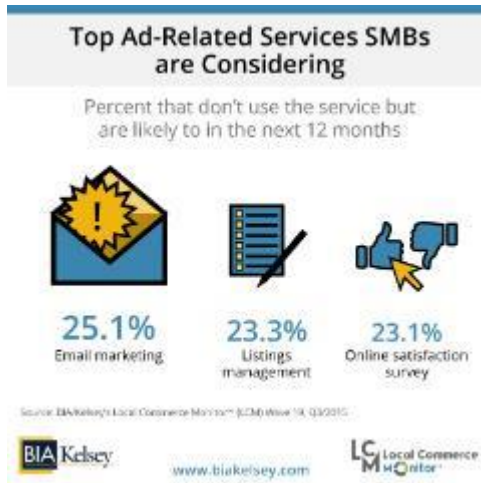
Contact

LOCAL MEDIA WATCH. The Nexus of All Things Local

**Check out BIA/Kelsey's blog, *Local Media Watch*, for posts about our LCM data, including our weekly series called "SMB Data Point of the Week."**

[Blog.biakelsey.com](http://Blog.biakelsey.com)

# Infographics



**Our LCM infographics are available at our website and Pinterest page.**

<http://www.biakelsey.com/research-data/local-commerce-monitor/>

[www.pinterest.com/biakelsey/](http://www.pinterest.com/biakelsey/)



# Questions & Comments:

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# LCM Track 50 Different Media & Platforms

LCM tracks more than **50 different media and platforms** used by SMBs for advertising, marketing and promotion. The media fall into these **10 top-level groups**:

- **Online**  
(e.g., search, display ads, blogs)
- **Traditional**  
(e.g., direct mail, newspapers)
- **Mobile**  
(e.g., search, SMS, display)
- **Local Coupons**  
(print and online)
- **Social**  
(e.g., Facebook, Twitter)
- **Video**  
(e.g., website videos, YouTube)
- **Broadcast**
- **Local Directories**  
(print and online)
- **Giveaway Items**
- **Community Sponsorships**

<http://www.biakelsey.com/research-data/local-commerce-monitor/>

# Local Commerce Monitor™ Survey

## Background

- This webinar contains a select set of data from Local Commerce Monitor™ (LCM), BIA/Kelsey's ongoing survey of the advertising behaviors of small and medium-sized businesses (SMBs).
- **Now in its 19th edition**, the LCM survey has become a trusted information source on the advertising and marketing behaviors of SMBs.
- The LCM survey tracks SMB advertising and marketing spending, web footprint, media performance assessments, and opinions about key topics like emerging media and sales channels.
- For this study, **SMB is defined as a business with one to 99 employees**. LCM draws its sample of business respondents from a mix of nationally scoped MSAs, which include first- and second-tier markets.

# LCM Wave 19

## Sample of 1,000

- Diversified across categories, market types, age cohorts
- More verticals, drill-down and granularity to findings
- Margins tighter\*
- Component samples:
  - Core SMBs: Annual spend up to \$25,000 (av. Headcount 5.5)
  - Plus Spenders: Annual spend above \$25,000 (av. Headcount 20.9)
  - Data is weighted to reflect incidence of SMBs by size.
  - We identify the sample (or slice) when presenting LCM data.

## Changes to Survey Questionnaire

- Additional services covered (cloud, automated marketing)
- More concise mapping of products to channels
- Tactical sales information (best days and day parts to make sales calls)
- Reasons for preferring DIY model
- Factors that determine advertising and marketing budget



\*Findings for the Core sample are now +/- 3.4% @ 95% confidence interval.  
Findings for the Plus Spender sample are now +/- 7.3% @ 95% confidence interval.