



THE IMPORTANCE OF SELLING INTO DIGITAL'S ADDRESSABLE MARKET

Insights into Local Advertising 2020

JUNE 2020

The Importance of Selling into Digital's Addressable Market

BIA's ad spending forecast shows how important digital advertising is becoming to buyers across all the 95 business verticals and sub-verticals we track.

For example, BIA forecasts in 2020 that \$60.0 billion will be spent in digital media targeting local audiences, around 42 percent of total spending. By 2024, this spend rises to \$89 billion, which is 49.8 percent of all local paid media ad spending across all business verticals.

How much of this digital spending is addressable (i.e., winnable) by traditional media sellers including local TV, local radio, local MVPDs?

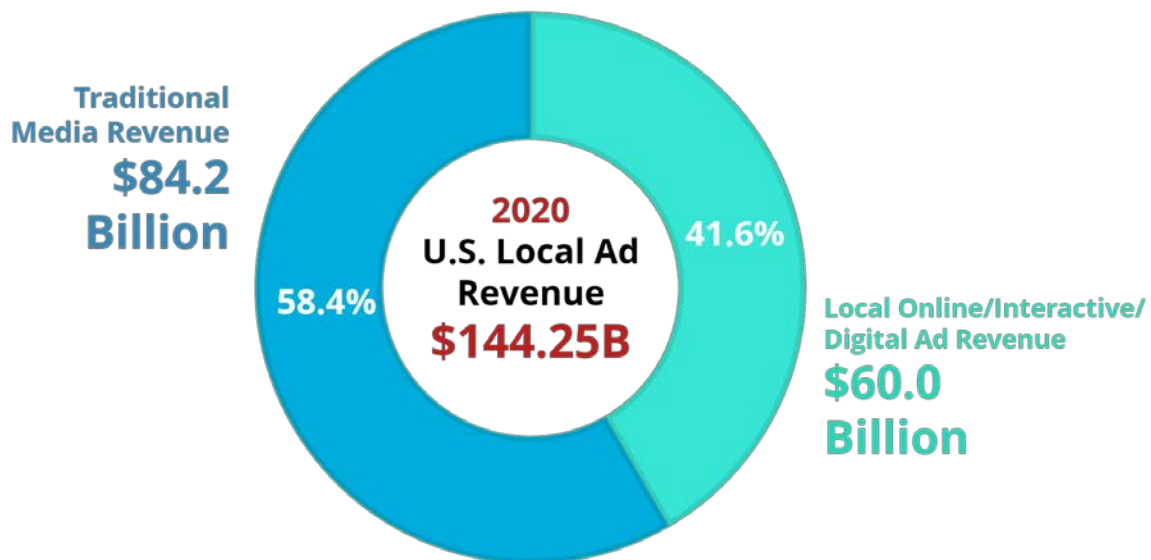


Figure 1. 2020 Traditional versus Digital Ad Spending (BIA Advisory Services, June 2020)

As everyone knows, Google and Facebook have won and will continue to win most of the digital ad spending in local markets.

Indeed, most local broadcasters are essentially complicit in this growth by adding SEM (i.e., Google with and social (i.e., Facebook) advertising offers into their own suite of advertising solutions they sell to clients. They will also add in their own websites (station home pages, news, weather, personalities sites) and mobile apps to differentiate and provide access to their specific audiences.

Broadcasters often stream their OTA services and have some inventory to sell but often that is bartered out as a service. Some broadcasters extend their digital agencies services into reselling OTT, email, web, and creative services.

Indeed, TV Online and Radio Online digital ad sales are growing faster than the OTA ad sales in broadcasters' revenue mixes.

Local traditional media sellers also offer digital ad solutions, but typically these digital sales are just single digits of their overall ad revenue mix.

Designing a Digital Selling Strategy

Let us consider three things that can form the basis of a digital revenue growth strategy.

1. The allocation to digital paid media targeting local audiences is not uniform across businesses.
2. Traditional media have rightly earned their place in the marketing mix by delivering results.

3. The growth of digital ad spending is largely driven by data, analytics, ease of buying and performance metrics.

Buyer Allocation to Digital Media

Overall, digital ad spending continues to grow while traditional media remains low growth, flat or in decline. This effect varies across business verticals. This means selling into digital effectively requires a deeper understanding of the dynamics in your local market.

One way to prioritize sales efforts to achieve digital revenue growth is to target business verticals that are spending disproportionately in digital.

That way, you are selling into a client base that already believes in digital and it then is the seller's challenge to show why their suite of digital services will be more effective.

For example, in 2020 already 48.0 percent of total local media spending by Auto businesses will be digital. In fact, most if not all increased spending in the Auto category will be in digital channels.

Auto buyers allocate most of their digital budgets to Mobile at \$2.3B, which is 17 percent of total Auto spending and Desktop (Online) at \$2.7B (20 percent of total spending in Auto).

It also makes sense to look at (and focus on) up and coming digital segments. For example, OTT and Online Radio each have only about \$200M in spending but are approaching 10 percent year-over-year growth rates. Make it a priority to sell into these growing areas of interest.

How much of this \$2.4B in increased digital spending is addressable by traditional media sellers?

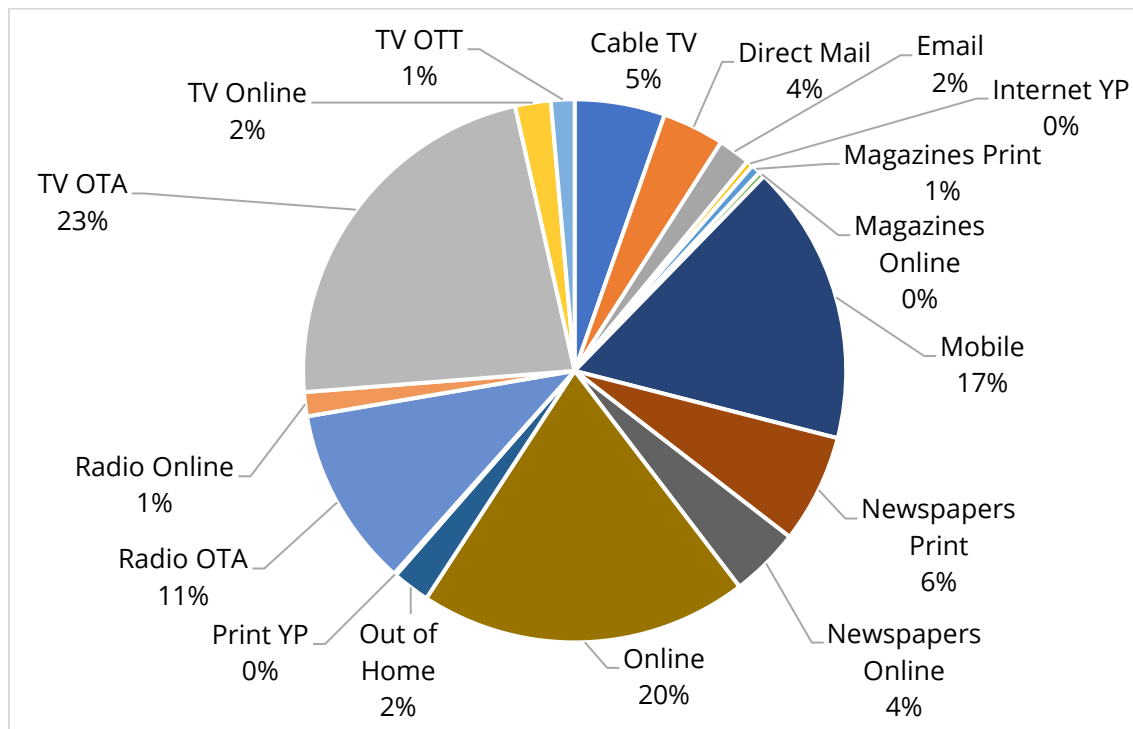


Figure 2. 2020 Automotive Vertical Ad Spending (BIA Advisory Services, June 2020)

Traditional Media Have Earned Their Place in the Media Mix

Unlike Google or Facebook – who do not have their own local feet on the street – local radio, TV, MPVDs have won their place.

Leverage those high value relationships and local knowledge along with specific business acumen you can bring to your clients. Work with clients to understand their state of business and what their overall goals are. Then help them translate into a media campaign, with clear KPIs matched to their expectations and levels of investment.

We know advertisers want to buy both traditional and digital media, but you can show them how to do that more effectively using traditional media as a foundation to drive incremental sales performance with digital ad spending. **Traditional plus digital beats digital only every day of the week.**

Let us focus on where most of the digital spending is. Auto will be spending \$1.6B more in Desktop (Online/Interactive) and \$0.6B more in Mobile from 2019-2024.

There are two ways traditional media sellers can get at Auto's Mobile and Desktop ad spending.

- They can sell their own suite of digital services, usually that includes a mix of their own sites and apps and reselling search and social. That will drive some sales and hopefully some incremental revenue growth.
- Or, traditional media sellers can compete for a portion of those digital dollars and show clients that by reallocating some of their digital spend back into local TV, local radio, and local cable – in ways that complement the remaining digital investments – they will achieve a higher overall sales response.

Automotive Vertical Ad Spend (billions) 2019-2024

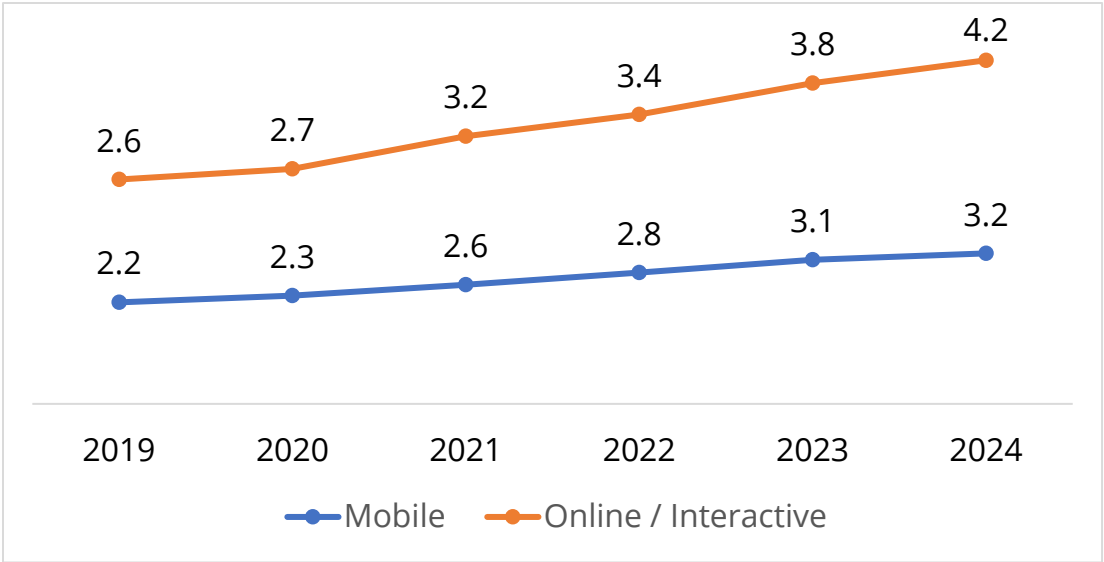


Figure 3. Mobile versus Online Ad Spending in Auto (BIA Advisory Services, June 2020)

Traditional media sellers can target that Mobile and Online spending by understanding the make-up of these media investments.

BIA data for 2019 show that most Mobile spending is for Search (44.2 percent) and Social (38.2 percent). It makes sense to focus selling strategies in these categories.

Traditional media sellers can either sell (or resell) their own search and social ad products and services to win more business or compete to get some of that spend back into their main ad platforms.

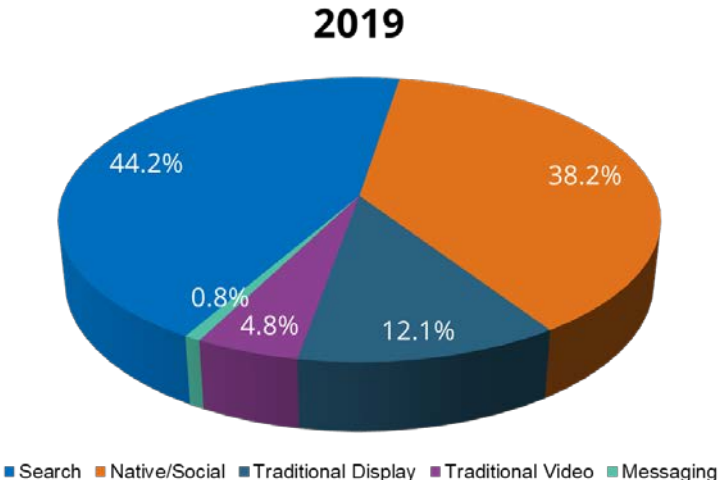


Figure 4. 2019 Mobile Ad Spend by Category (BIA Advisory Services, June 2020)

Digital Growth is Driven by Data, Analytics, Ease of Buying, Performance

The most important thing for traditional media sellers to do at this point is have a clear understanding of the strength of each media channel and based on client business and marketing criteria, which media belong in the buy... and why.

That “why” is used to define goals, KPIs and success metrics.

Whether media sellers use third-party attribution solutions or work with client data, the goal is to show increased performance in metrics such as brand lift, foot traffic lift, more calls, more website visits, lift in organic and paid search, etc. by comparing pre and post campaign performance.

In Auto, the KPIs often include looking for performance lift in dealer lot foot traffic and website traffic to vehicle detail pages. Use these data to your advantage:

- Show how traditional plus digital investments drive lift.
- Show how reallocating digital spend to top of the funnel traditional media can create more scale in your Auto client’s campaign because it will attract and convert more new clients than by just targeting (and retargeting) digital impressions.

Next Steps

Do you like the forecast data provided in this report? Get specific local market data for your TV or Radio market in BIA ADVantage. It provides the traditional and digital ad spend of 95 business verticals, along with other valuable analytical services. Clients use the service to increase their opportunities to grow local advertising revenue. [Click here](#) to read about the value a subscription delivers.

