The Many Advantages of Ad Media Collaboration

A Special Report from Media Group Online, Inc.

Being competitive and collaborative is built into human DNA. We need both to survive and thrive. That dual universal drive fuels our professional aspirations, including ad-media reps and the marketing and advertising agencies and advertisers they serve.

As the media world and brands and retailers' ad spending becomes ever-more complex, competition is fierce, but more collaboration is required so everyone in that competitive arena can succeed.

The expansion of media channels to engage with consumers more effectively and efficiently has diluted audiences on some of those channels, but agencies and advertisers have more pathways to reach targeted consumers, which is a positive trend.

This month's Special Report from Media Group Online explores ad media collaboration and why it's a 21st-century success tool for media reps, agencies and advertisers.

2022 Will Be a Good Year for Most Media Ad Spending

Despite the surges in the Delta and Omicron variants of the COVID-19 virus during 2021, it was a banner year for US marketing and advertising spending.

According to the Winterberry Group, a specialized management consultancy, total 2021 spending increased 21.6% YOY to $436.3 billion. Although it was a major rebound from a 4.8% decrease for 2020, 2021's total also increased 15.7% from 2019 and 20.8% from 2018.

After 2021's big increase, Winterberry Group is forecasting a more modest, but certainly significant increase of 11.8% for 2022 to a total of $487.8 billion. Unsurprisingly, online spending will increase 16.6% to $280.3 billion while offline will increase 5.9% to $207.6 billion. Nonetheless, everyone welcomes a bigger pie.

More recent data from Standard Media Index's US Ad Market Tracker shows 2022 started on a very positive trajectory with January ad spending increasing 19.2% and February's increasing 14.7%. Comparing two categories of Ad Market Tracker's indices reveals some interesting trends.

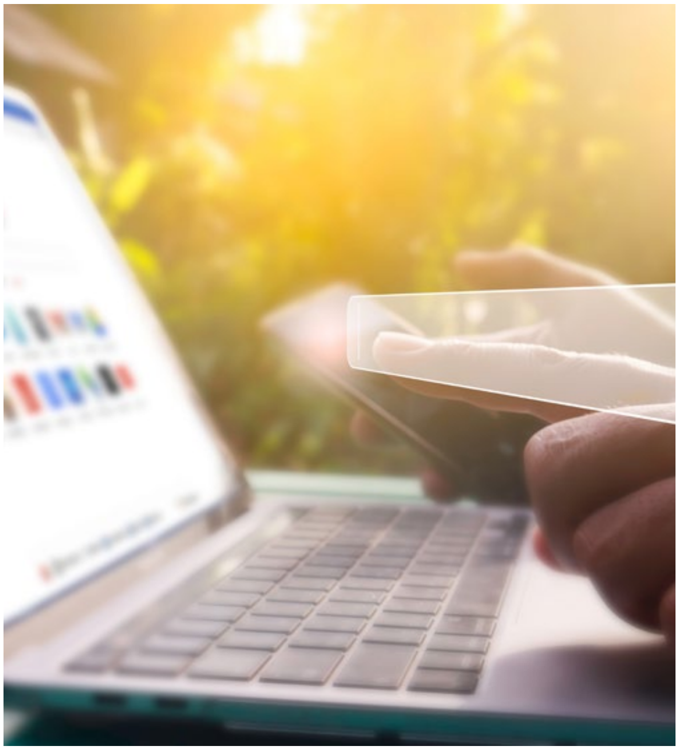
Comparison of Ad Market Tracker Indices

Ad Spending Categories	Jan 2022	Feb 2022
All media	107.92	111.05
Traditional media	55.67	51.05
Digital media	52.25	60.00
Top 10 product categories	97.97	103.84
All remaining categories	125.71	123.93

MediaPost (Standard Media Index), March 2022

Of the 10 offline ad media spending categories in the Winterberry Group report, all are forecasted to increase, except for magazines, decreasing 17.2% and newspaper -9.1%. Linear TV's 3.5% increase will result in a total of $62.1 billion, the largest share, while direct mail is second at $43.4 billion.

2022 ad spending for all 10 online categories will increase and nine will increase by double digits. The influencer category will have the largest increase at 51.3%, but with only $7.0 billion of the total. Search, with a 12.3% increase will have the largest portion of the total at $95.2 billion.



The Mix is the Fix

Despite the push and pull of competition and collaboration in media ad spending and sales, savvy reps, agencies and advertisers know a long-standing truth about media buying: a mix of media maximizes ROI.

Although its study dates to 2015, the Advertising Research Foundation's (ARF) extensive analysis of more than 4,000 case studies of advertising ROI from highly respected global research companies reinforces this truth.

While media reps naturally want to maximize their share of an advertiser's spending for a campaign or promotion, ARF's analysis shows they are serving their clients better when they help them find the most-effective media mix.

Adding one additional media to the first results in a 19% increase in ROI from using the first only. Utilizing a mix of the first media with two others increases ROI effectiveness by 23% and four additional media deliver a 35% increase.

Of course, many local advertisers don't have the ad budgets for four or five media, but at least two provide a competitive advantage. A media rep or ad agency's job is to identify the right two and explain the minimum budget required to make that mix work effectively – and collaborate with their counterpart.

TV and radio are recognized as the primary reach media and ARF's analysis of Analytic Partners' data reveals how ROI increases from pairing TV with three other media.

Increasing ROI with a TV/Other Media Mix, 2015

Media + TV	ROI Increase
Print + TV	+19%
Radio + TV	+20%
Digital + TV	+60%

Media Village (Advertising Research Foundation/Analytics Partners), March 2022

At a more granular level, Analytic Partners' data shows TV + paid search is less effective in delivering ROI in what it calls "low-involvement" categories, such as food & beverage. Based on an index of $1.00 for TV, TV + paid search will increase ROI by $0.71. For "high-involvement" categories, such as travel, the ROI for a TV/paid search combination increases approximately threefold to $2.13.

Building on a Foundation of Reach

TV and radio are the long-standing giants of reach media and advertising, historically having delivered 90% or more of the total media consumption audience. Although traditional TV and radio remain popular, they have become subsets of the broader categories of video media and audio media.

Advertisers will always follow consumers into the media they choose, but utilizing a reach medium to establish brand awareness and credibility is still the foundation of ad campaigns and spending. From that foundation, advertisers can then hyper-target and personalize their engagement with consumers on the new video media and audio media platforms. It's already proven to be a very effective collaborative strategy.

News programming continues to be a strength of TV, according to a December 2021 YouGuv survey for Samsung. It found almost two-thirds of the adults 18+ participating in the survey are more likely to access news on TV while 53% are finding news on the Internet and social media. Undoubtedly, many of these adults use both news sources.

- **62% watch local news**
- **55% watch national/political news**
- **24% watch international news**
- **60% watch local news once or more daily**
- **77% watch local news for weather forecasts**

Edison Research's latest "Share of Ear" report (for Q4 2021) reveals AM/FM radio's share of ad-supported audio was 76% and even among younger audiences: 18–34 59% and 18–49 66%. The share for podcast listening, which is popular among younger adults, was a distant 11% and ad-supported Pandora at 6%.

Despite the advanced entertainment center technologies in vehicles, AM/FM radio's share was even greater.

In-Vehicle Share of Ad-Supported Audio Time Spent, Q4 2021

Audio Media	18–34	18–49	25–54	35–64
AM/FM radio	84%	85%	87%	88%
Podcasts	8%	7%	5%	4%
Ad-supported SiriusXM	5%	4%	4%	5%
Ad-supported Pandora	2%	3%	2%	2%
Ad-supported Spotify	1%	1%	1%	1%

Inside Radio (Edison Research), March 2022

Fine-Tuning with Other Offline Media

An interesting trend referenced in other Media Group Online reports is Millennials' attraction to direct mail as a respite from heavy viewing of digital content. The Winterberry Group's report cited on page 2 stated direct mail volume increased 4.7% YOY and ad spending increased 10.4% YOY during 2021 to a total of $41.9 billion. Growth won't be as robust during 2022: a 3.5% increase in ad spending to $43.4 billion.

A 2022 survey of 200 retail executives conducted by Total Retail, NaviStone and NAPCO Research found 94% include direct mail in their marketing mix. Most of these respondents are utilizing personalization to target their audiences, but just more than half (55%) said their personalization efforts were "very effective."

OOH (out-of-home) media is experiencing a renewal as more people return to the workplace and social activities. Paired with the reach media of TV and/or radio, OOH messages maximize their exposure to a variety of consumer demographics throughout the day.

Although commuters may be OOH's prime audience, the many people working from home (and who are likely to continue to work from home all or some days/week) are also exposed to OOH. Data from five representative 2021 consumer/market surveys conducted by The Media Audit shows adults 18+ who work from home over-indexed at an average of 116 for heavy exposure to OOH (200+ miles during an average day).

The jury may still be deliberating about the future of the movie theater industry. BIA's US Local Ad Forecast 2022 indicates movie-theater ad spending will total $693.48 million. The industry is still significantly behind 2019's total of $949.77 million, but it did increase during 2020 and 2021. The table shows a robust media mix.

Top Local Media's 2022 Share of Movie-Theater Ad Spending

Local Media	Percent
Mobile	27.1%
PC/Laptop	18.6%
Direct mail	14.3%
OOH	13.1%
Radio OTA	4.2%
TV OTA	4.1%

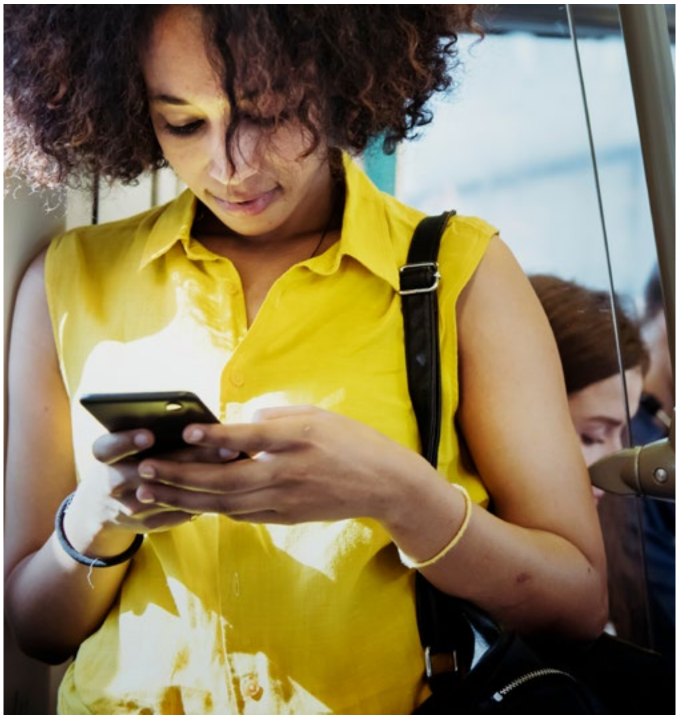
BIA ADVantage, March 2022

Digital Media: The Evolution Continues

With the Winterberry Group forecasting a larger increase and more ad spending in digital media than offline media during 2022, brands and retailers have no choice but to follow the crowd into the digital space.

Ad dollars may continue to flow into the major categories of search, paid social, digital video, CTV/streaming and display, but digital is still a very fluid and somewhat unsettled environment. True media maturity, compared to offline media, is a future event. This is also true for the existing and developing technologies on which digital media rely to identify and target audiences and deliver ROI goals.

For example, Q4 2021 data of more than 400 e-commerce brands from Bluecore reveals almost 60% of retailers know shoppers are adding products to their carts, but less than 30% identify who is searching their sites or viewing merchandise. For maximum effectiveness, Bluecore thinks retailers should be identifying 70% of their consumers throughout the buying process.



Social media remains popular with millions of users and was a critical information and social engagement platform for Americans during the pandemic, especially 2020. eMarketer, however, reports social media users spent an average of 97 minutes daily during 2021, but it will decrease slightly to 94 minutes during 2023.

The somewhat unsettled nature of social media is also reflected in how the “youngster” in the family, TikTok, is already surpassing the “adults,” Facebook and Twitter when comparing post engagement rates.

Comparison of Post Engagement Rates on Major Social Media Platforms, January 2020–December 2021

Platform	2020	2021
TikTok	5.11%	5.96%
Instagram	0.90%	0.83%
Facebook	0.20%	0.13%
Twitter	0.06%	0.05%

Marketing Charts (SocialInsider), March 2022

Undoubtedly, digital media is a valuable component of most brands and retailers’ ad spending and media mix, but it’s currently much more of a moving target than offline media and long-proven combinations, such as TV or radio and direct mail or OOH. Nonetheless, it’s still incumbent on media reps and agencies to understand the value of digital media and present collaborative opportunities to their clients.

Consumers' Media Mix

Ultimately, consumers' media habits are the primary factor impacting any successful ad campaign and cross-media collaboration.

Proprietary data from The Media Audit's extensive consumer surveys in markets across the US reinforces well-established trends about consumers' media habits and reveals interesting insights. For this analysis, data is averaged from five representative 2021 surveys in Miami-Ft. Lauderdale, Pittsburgh, Little Rock, Denver and Portland, OR.

For the two foundational reach media, TV and radio, the average age of those heavily exposed to TV (300+ minutes during an average day) was 49.4 and of those heavily exposed to radio (180+ minutes during an average day) was 45.2. Unsurprisingly, TV tends to attract more older adults while radio typically attracts younger adults.

Because TV attracts an older audience and many of them are on fixed incomes, it follows the average income in these five markets is $55,220 for TV and $58,620 for radio. Plus, many radio listeners are commuters and workers while a substantial portion of the older TV audience is retired.

When comparing 10 different media and adults' heavy exposure to them, the top five by average percentage were the Internet at 44.3%, followed by video streaming at 33.1%, TV at 31.0%, social media at 29.5% and direct mail at 27.1%.

Of more interest when determining an effective media is comparing adults heavily exposed to radio and TV to other media. The top five for each of these foundational reach media seems to mirror the older TV audience's more sedentary lifestyle and the slightly younger radio audience's more active/mobile lifestyle.

Top Five Media to Which Adults Are Heavily Exposed Correlated to Their Heavy Exposure to Radio and TV by Indices, 2021

Heavy Exposure to Radio		Heavy Exposure to TV	
Media	**Index***	**Media**	**Index***
#1: Audio streaming	205	#1: Video streaming	128
#1: Podcast listening	205	#2: The Internet	122
#3: Newspaper	177	#2: Social media	122
#4: Outdoor	132	#4: Radio	114
#5: Direct mail	129	#5: Direct mail	112

The Media Audit 2021 surveys
**average index of five markets*

Trends and Technology

Rural, and some urban, communities have lagged behind the rest of the country in access to broadband Internet service, which is critical to utilize the most effective media mix to reach these audiences. The recent federal infrastructure legislation allocated $65 billion for this effort.

Fixed wireless technology was developed specifically for these rural and urban communities. A cell tower and an antenna on a building are linked wirelessly, which is much less costly and time-consuming than laying fiber-optic or cables to neighborhoods and homes.

The data from Edison Research's latest "Share of Ear" report (for Q4 2021) clearly shows AM/FM radio's dominance in the audio media world. The same report, however, also reveals a substantial disparity among advertisers' and agencies' perceptions of Pandora's and Spotify's shares compared to AM/FM radio.

Comparison of Advertisers and Agencies' Perception of AM/FM Radio's, Pandora's and Spotify's Audience Share

Audio Medium	Perception	Reality
AM/FM radio	28%	76%
Pandora*	20%	6%
Spotify*	25%	4%

*Cumulus Media/Westwood One (Edison Research), March 2022 *ad-supported*

Some radio industry analysts think this disparity is a result of radio being perceived as a "utility." Too little effort has been made to evolve radio programming for today's digital audience.

NextGen TV or ATSC 3.0 is broadly touted as a breakthrough technology for local TV, and it certainly is. Because of the technical nature of NextGen TV, an advanced form of media collaboration is occurring. A TV station with this technology has the bandwidth to create a separate FM radio signal, often called "Franken" stations. This media collaboration is only currently found in a few markets but has the potential for a local advertiser with a limited ad budget to engage with consumers through NextGen TV and a "Franken" FM radio station.

Media ad sales will always be competitive. Ad media collaboration, however, will likely evolve as a significant trend as the media universe becomes more complex (think metaverse) and media reps and agencies are driven to serve their clients better.

Sources Winterberry Group Website, 3/22; MediaPost Website, 3/22; Media Village Website, 3/22; Rapid TV News Website, 3/22; Inside Radio Website, 3/22; Marketing Charts Website, 3/22; BIA Advisory Services Website, 3/22; The Media Audit Website, 3/22; eMarketer Website, 3/22; Fierce Wireless Website, 3/22; Jacobs Media Website, 3/22; TV Technology Website, 3/22.

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