

THE STATE OF THE MARKET

NYMIRAD
NEW YORK MARKET RADIO

Q2 2018



INTRODUCTION

Traditional media is sometimes overlooked in today's digital marketplace. Broadcast Radio, however, is a key and far-reaching channel for any brand's media plan. It is vital that companies and advertisers stay abreast of the importance of traditional media and advertising (as well as digital media) to get the best results from advertising. This is especially true for Radio, since it boasts a large audience spanning generations; Radio regularly reaches 93%¹ of adults nationally while 91% of adults with children living at home listen weekly in the New York City area.² New York Market Radio (NYMRAD) commissions Provoke Insights to write The State of the Market Quarterly Guidance Report. The Q2 edition covers the New York region from April to June 2018.

This report will focus on the Back to School aspect of the summer season.

NEW YORK'S ECONOMY

As during all of last year and the first quarter of 2018, the New York economy continues its trajectory of growth. The increase in employment and expansion of the industries in the metropolitan area are evidence of the continued health of the city and surrounding areas.

Population and Radio Listening

As of last year, New York City's population was at 8.6 million³ while the total population in the New York metro area hit nearly 20 million.⁴

There are currently 5.6 million New York City adults with children under 18 in the household; of those, 91% are reached by Radio weekly⁵. The number of adults with children under 18 has increased year-over-year by about 28,000, signaling market growth for Radio in the metro area. Of the parents with a child in the home, 56% are women; the largest proportion (32%) are aged 35-44. Half of all parents have annual incomes of \$75,000 or more, and 35% have incomes over \$100,000. Most of these parents have completed some college, while 16% have a postgraduate degree; most are also white-collar or blue-collar workers.⁶

Metro area adults are well-educated, with more than 60% of those 18+ having completed at least some college and 17% having done postgraduate work or completed a postgraduate degree. Twenty percent of adults are planning to go back to school or continue education in the next 12 months.⁷

Local adults are quite engaged in technology as well. Ninety-four percent of adults in New York own a computer, while 89% own a smartphone, and the same proportion own a tablet or e-reader.⁸

1 "Audio today 2018. How America listens," The Nielsen Company, 2018. <http://www.nielsen.com/us/en/insights/reports/2018/state-of-the-media-audio-today-2018.html>

2 "Back to school 2018," Nielsen Audio, New York Metro, Scarborough R1, 2018.

3 "2017 Population estimates," America Fact Finder. July 2017. <https://factfinder.census.gov/bkmk/cf/1.0/en/place/New%20York%20city,%20New%20York/ALL>

4 "2017 Population estimates," America Fact Finder. July 2017. <https://factfinder.census.gov/bkmk/table/1.0/en/PEP/2016/GCTPEPANNR.US24PR>

5 "Back to school 2018," Nielsen Audio, New York Metro, Scarborough R1, 2018.

6 "Back to school 2018," Nielsen Audio, New York Metro, Scarborough R1, 2018.

7 "Level of education summaries," Nielsen Audio, New York Metro, Scarborough R1, February 2018.

8 "Items in the home," Nielsen Audio, New York Metro, Scarborough R1, February 2018.

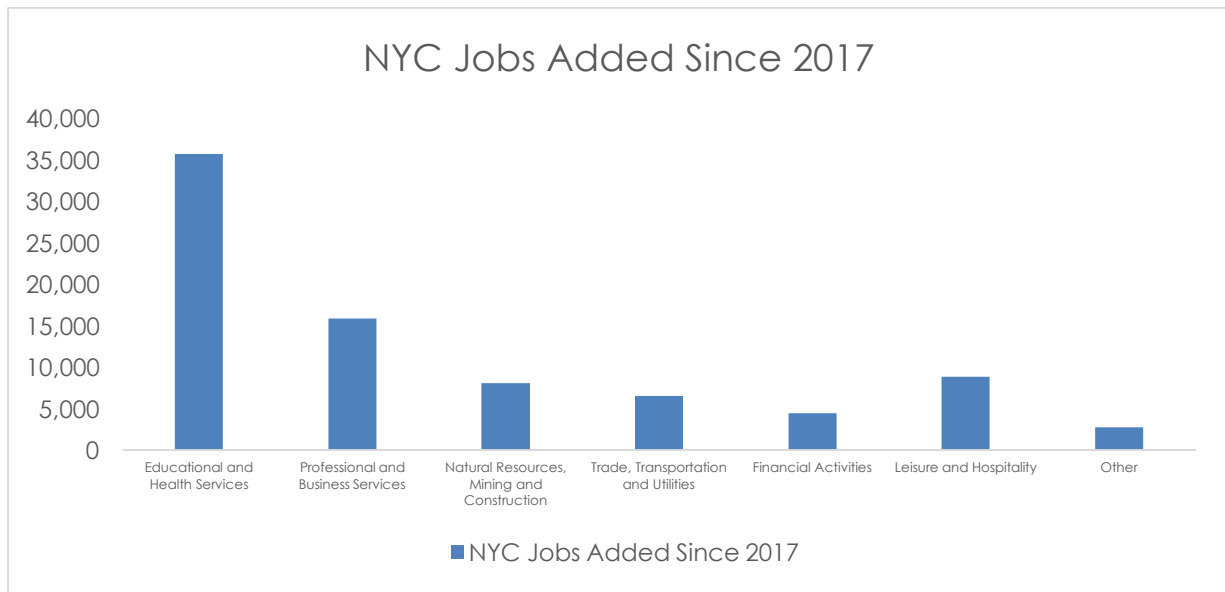
How does this impact Radio advertising?

The local market for Radio advertising to parents with children in the house is growing, and the market is educated and tech-savvy. The majority earn more than \$75,000. This group is worth marketing to on Radio.

Employment Growth

The economy of New York City grew from the second quarter of 2017 to the second quarter of 2018. Private sector jobs grew 2.1%. The unemployment rate in the city is at 4.2%, down 0.4% from the end of Q2 2017.

The largest job growth since last year in the New York City metro area in terms of real numbers occurred in the following areas: educational and health services (+35,600); professional and business services (+15,800); leisure and hospitality (+8,800); natural resources, mining, and construction (+8,000); trade, transportation, and utilities (+6,500); financial activities (+4,400); and other services (+2,700).⁹



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The May year-over-year percentage increases were most pronounced in the following areas:

- Natural resources, mining, and construction (+5.3%)
- Education and Health Services (+3.7%)
- Goods Producing (+2.7%)
- Professional and Business Services (+2.1%)
- Private Service Providing (+2%)¹¹

How does this impact Radio advertising?

Job growth such as that we are witnessing in Q2 can be leveraged by all types of advertisers. Radio advertisers can target thriving industries such as educators, healthcare providers, and business and financial services, as well as mining and construction.

⁹ "NYC current employment statistics (CES) latest month," New York State Department of Labor. May 2018. <https://www.labor.ny.gov/stats/nyc/>

¹⁰ "NYC current employment statistics (CES) latest month," New York State Department of Labor. May 2018. <https://www.labor.ny.gov/stats/nyc/>

¹¹ "NYC current employment statistics (CES) latest month," New York State Department of Labor. May 2018. <https://www.labor.ny.gov/stats/nyc/>

INDUSTRY EXPANSION

Expansion announcements within the New York metropolitan area are another result of economic success.

Healthcare

In Q2 2018, Mount Sinai Health System opened its second Manhattan practice, a floor specializing in respiratory and pulmonary care, in conjunction with Manhattan Jewish Health at its Union Square location.

Los Angeles-based cannabis dispensary MedMen opened its first New York outpost in Midtown Manhattan as part of its bet on upcoming industry growth in the state.

Retail

The developer of Empire Outlets, BFC Partners, has signed a five-year lease with Old Navy, along with 100 other stores, to open New York City's first and only outlet mall. The new development, a 34,000-square foot complex, is scheduled to open in Staten Island in the fall.

Wal-Mart-owned rival to Amazon, Jet.com, has leased a new 200,000-square foot warehouse in the Bronx to solidify its presence in New York City.

Away, a luggage retailer, secured \$4 million in State tax breaks for relocating the headquarters to a larger location in SoHo, New York City. They have promised to add 249 people to the workforce of 150 over the next 5 years.

Construction has begun on a new location of the family-owned supermarket chain Morton-Williams on the Upper East Side of Manhattan; the store will open before the new year.

Target, the second-largest retail store in America, is slated to open three new small-format locations in Queens, Staten Island, and Manhattan in lieu of big-box format stores, which have lost popularity among young people in urban areas and near college campuses.¹²

Technology

KPMG debuted a new, 86,000-square foot collaborative technology center in Montvale, New Jersey, in April. The high-tech hub is now home to 750 of the tax and audit firm's tech employees and features state-of-the-art tools and capabilities to be implemented for the company.¹³

How does this impact Radio advertising?

Expansions benefit local and national advertisers; these companies and organizations, which in Q2 notably include retail, healthcare, and technology, will provide new employment and increase the spending power of hundreds of thousands of people.

¹² "New York City region, expansions and contractions," New York State Department of Labor, May 2018, <https://www.labor.ny.gov/stats/nyc/nycec.shtm>

¹³ "This way forward: Business briefs," NJ Business magazine, April 2018, njbmagazine.com/njb-news-now/kpmg-debuts-collaborative-technology-center/

BACK TO SCHOOL OVERVIEW

The Back to School season is an important time for advertisers interested in children, teens, and parents of all backgrounds. In Q2, retail in particular experienced strong growth in the New York area.

The population of the New York Metro area is gearing up for the return to elementary school, high school, and college. After Fourth of July, the biggest event coinciding with Back to School is Labor Day weekend. Back to School shopping generally peaks in mid-August.¹⁴ In terms of retail, summer translates to school supplies and personal technology, as well as books, musical instruments, and personal care items.

Aside from retail, the yearly Back to School rush also impacts other sectors, such as housing. The student housing sector has grown exponentially in the last decade. College enrollments are expected to outpace high school graduations through 2025, signaling an ongoing and growing need for student-designated housing. Peak changes in sales volumes for student housing were nearly double the rates for the overall real estate market in last year's data and far surpassed those of any other niche real estate market such as hotels and self-storage. The growth of these transactions also outpaces the real estate market's growth in general.¹⁵

Banking and credit cards are another industry relevant to the Back to School market. Millennials, many of whom are college students, comprise the largest population segment in the U.S.; 67% of Americans aged 18-24 own a credit card while 42% plan on opening a savings account within the next year. Younger consumers, including those heading to college, tend to make riskier decisions when shopping with credit cards than those over 50 and are increasingly leaning toward mobile payment methods such as Apple and Samsung Pay.¹⁶ Over the past five years, students have dominated the online search results for credit cards; each year, searches for credit cards by students spike in July and August, coinciding with the Back to School season.¹⁷

In the New York City area, 13% of households currently have student loans, while 6% have a child in college.¹⁸ Millions of New Yorkers regularly use the following banks:

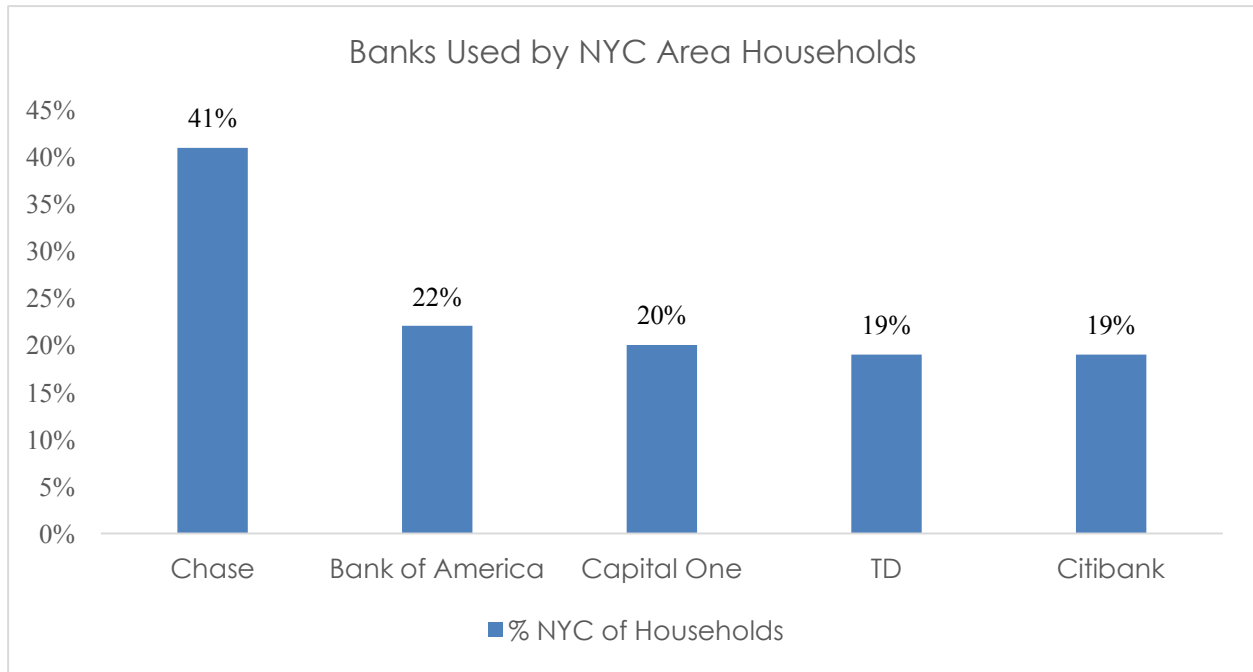
¹⁴ "8 Essential back to school shopping trends and marketing strategies," Rakuten Marketing, June 2017. <https://blog.rakutenmarketing.com/marketing-strategies/8-essential-back-to-school-shopping-trends-and-marketing-strategies/#shoppers>

¹⁵ "Back to school: An overview of the student-housing sector," Principal Real Estate Investors, 2017. <https://www.principalglobal.com/documentdownload/66313>

¹⁶ "The digital generation: Are millennials looking for credit cards or alternatives?" FICO Decisions, 2016. <https://www.creditcards.com/credit-card-news/assets/FICO-the-digital-generation-are-millennials-looking.pdf>

¹⁷ "College credit cards," Google Trends, June 2018. <https://trends.google.com/trends/explore?date=today%205-y&geo=US&q=college%20credit%20card>

¹⁸ "Banking/financial," Nielsen Audio, New York Metro, Scarborough R1, February 2018.



Furthermore, 81% of local households have a member with a checking account, while 61% have credit cards, and 69% have a debit/ATM card.¹⁹

How does this impact Radio advertising?

From banking to housing to retail, there are many opportunities for advertisers, especially on Radio, to showcase their brands in the months leading up to the new school season.

Experiences

Summertime offers plenty of New York experiences. June brought the U.S. Open Golf Championship, which attracted elite golfers to Southampton, NY to compete in the 118th edition.²⁰

The Belmont Stakes, which is the Long Island leg of the horse-racing Triple Crown, took place in Elmont, NY from June 7th to 9th. The event featured live music performances from bands such as Third Eye Blind and plenty of attendees in traditional Southern attire.²¹

A number of sporting events take place in Q2, including major games in basketball (the Knicks, Liberty, and Nets), and baseball (the Yankees and Mets).²²

New Yorkers can also experience the exclusive Catacombs by Candlelight tour of the storied resting places of famous clergy and historical figures underneath St. Patrick's Basilica. Tours will take place through the end of August.²³

¹⁹ "Banking/financial," Nielsen Audio, New York Metro, Scarborough R1, February 2018.

²⁰ "Best June events in NYC," NYC Go, June 2018, <https://www.nycgo.com/things-to-do/events-in-nyc/dont-miss-this-month/june>

²¹ "Belmont Stakes racing festivities," NYC Go June 2018, <https://www.nycgo.com/events/belmont-stakes>

²² "Best June events in NYC," NYC Go, June 2018, <https://www.nycgo.com/things-to-do/events-in-nyc/dont-miss-this-month/june>

²³ "Best June events in NYC," NYC Go, June 2018, <https://www.nycgo.com/things-to-do/events-in-nyc/dont-miss-this-month/june>

Many New Yorkers watched and participated in the NYC Pride March, which occurs annually in conjunction with LGBT Pride Month in June and is now going strong in its 25th year. This year's march took place on June 24th.²⁴

Arts & Culture

In Q2, New York City saw a number of recreational events.

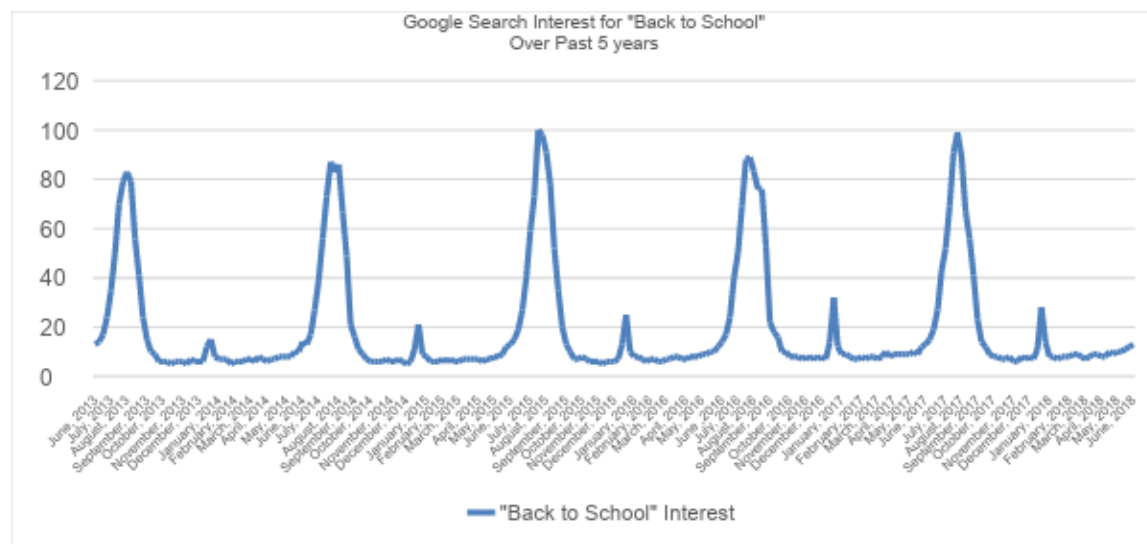
This year's theme at The Brooklyn Film Festival, which was held from June 1st to 10th, was "Threshold." As usual, the festival aired feature, short, documentary, animation, and experimental films, many of which premiered at this venue.²⁵

New Yorkers also experienced Shakespeare in the Park, two free yearly shows put on by the Public Theater. This year's program featured Othello, which ran from May 29th to June 24th, and will feature Twelfth Night from July 17th until the end of August.²⁶

The annual Met Gala in May led to the exhibition at the Metropolitan Museum of Art that will continue this year to October 8th; the theme is *Heavenly Bodies: Fashion and the Catholic Imagination*.²⁷

The Metropolitan Opera hosted its Summer Recital Series from mid to late June. Usually, the series calls Lincoln Center home, but this year, its performances were spread across Central Park, Clove Lakes Park in Staten Island, and Brooklyn Bridge Park.²⁸

BACK TO SCHOOL AND ADVERTISING



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24 "Something to do all 30 days of June," NYC Go. June 2018. <https://www.nycgo.com/articles/something-to-do-all-30-days-in-june-2018>

25 "Brooklyn film festival," NYC Go. June 2018. <https://www.nycgo.com/events/brooklyn-film-festival>

26 "Best June events in NYC," NYC Go. June 2018. <https://www.nycgo.com/things-to-do/events-in-nyc/dont-miss-this-month/june>

27 "Best June events in NYC," NYC Go. June 2018. <https://www.nycgo.com/events/heavenly-bodies-fashion-and-the-catholic-imagination>

28 "Best June events in NYC," NYC Go. June 2018. <https://www.nycgo.com/events/the-metropolitan-opera-summer-recital-series>

29 "Back to school," Google Trends. June 2018. <https://trends.google.com/trends/explore?date=today%20-%20y&geo=US&q=back%20to%20school>

Back to School is typically associated with fall, however an analysis of Google search results over the past five years shows that search activity relating to the Back to School season spikes yearly in July and August and typically peaks around the first of August. Search interest over time shows a steady increase, indicating broadened interest in all things Back to School.³⁰ The peaks in internet search are consistent with other figures indicating a strong start to the early August shopping season.

BACK TO SCHOOL AND RETAIL

Back to School shopping accounts for half of school-related shopping during the year and affects a quarter of U.S. households. Aside from school supplies, consumers shop concurrently for clothing and accessories (a close second) followed by computers and hardware, and finally, electronic gadgets.³¹ This is the country's second-biggest shopping season - an \$84 billion market as of 2017, including Back to College.³² The average shopper as of last year spent \$288 in-store and \$103 online.

Category Spending Changes: 2016-2017	
Category	% Change
Average spend	+3%
Clothing & Accessories	+10%
School Supplies	-4%
Computers and Hardware	-4%

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Shoppers in the southern U.S. spent the earliest (before August) and most on Back to School goods, while in the Northeast, shopping peaked in early August. Overall, those who shopped earliest and those who were undecided on where to shop were the most desirable advertising targets. Here, the digital experience comes into play: Most shoppers used their smartphones while shopping but completed their conversions on desktop computers. They also favored digital in-store experiences that boosted value and convenience.³⁴

Clothing and accessories was the category with the highest growth during the Back to School season last year, while electronic gadget sales remained steady. Average total year-over-year spending increased in 2017; computers and hardware had the highest spending in real dollars. In terms of merchants, mass merchants, dollar stores, and online-only retailers such as Amazon were last year's top-of-mind sellers.³⁵

More than half of moms are subscribed to Amazon Prime in 2018, putting them just a free click away from almost any type of item, and certainly all Back to School goods. Forty percent of mothers with children under 21 consider themselves less restrictive than they are expected to be, a higher proportion than those describing themselves as average or very restrictive mothers. Fifty-eight percent of moms believe that technology

30 "Back to school," Google Trends, June 2018. <https://trends.google.com/trends/explore?date=today%205-v&geo=US&q=back%20to%20school>

31 "2017 back to school survey," Deloitte, 2017. <https://www2.deloitte.com/us/en/pages/consumer-business/articles/back-to-school-survey.html>

32 "Back to school and back-to-college spending to reach \$83.6 billion," National Retail Federation, July 2017. <https://nrf.com/media/press-releases/back-school-and-back-college-spending-reach-836-billion>.

33 "2017 back to school survey," Deloitte, 2017. <https://www2.deloitte.com/us/en/pages/consumer-business/articles/back-to-school-survey.html>

34 "2017 back to school survey," Deloitte, 2017. <https://www2.deloitte.com/us/en/pages/consumer-business/articles/back-to-school-survey.html>

35 "2017 back to school survey," Deloitte, 2017. <https://www2.deloitte.com/us/en/pages/consumer-business/articles/back-to-school-survey.html>

is making their children smarter, and the same proportion feel that the rise of technology has impacted society over the past decade; this indicates moms generally hold favorable attitudes toward technology. Schools are changing their in-class experience to incorporate more technology, which is lending itself to the rise of laptop and tablet ownership by students.³⁶

Interestingly, not all Back to School shopping is done simultaneously. In fact, in 2017, shoppers made an average of 16 trips to seven different retailers before completing their shopping for the season.³⁷

How does this impact Radio advertising?

Swings in retail markets and sales tactics affect Back to School shoppers, who include moms, young adults, teens, and kids. Back to School shopping starts early in the season, and the typical shopper revisits stores multiple times. Radio advertising presents a huge opportunity to mass target these shoppers, both for online and in-store promotions, ahead of the school year.

NATIONAL RADIO USAGE

In Q2 of 2017, AM/FM Radio reached 93% of adults 18+ on a weekly basis in the U.S., demonstrating a higher reach than any other platform.³⁸ Radio is also a leader in monthly reach, surpassing TV/DVR, social media sites, smartphones, and gaming platforms last year. It is worth noting that broadcast Radio is expected to grow by 1.1% this year in terms of revenue.³⁹

While country music Radio dominates among American listeners 18-54, it falls to second behind news/talk Radio among listeners 55-64. While men and women ages 18-49 listen in roughly even numbers.⁴⁰

About half of Radio users reported discovering new music on the Radio, as opposed to just 27% for digital Radio formats; this underscores the important link between Radio and music.⁴¹

Of the mothers who listen to Radio online, including AM/FM sources, more listen on their smartphones than on any other device. The majority of mothers are over 35 and employed full time. Seventy-eight percent of mothers with children under 21 reported having listened to AM/FM Radio in the past week. Moms also reported spending nearly two hours of their daily media consumption listening to Radio.⁴²

GLOBAL AND NATIONAL RADIO ADVERTISING

Last year, Radio earned 6.2% of global advertising spend, surpassing both magazines and cinema. The U.S. is now the world's greatest contributor to global ad spending, surpassing China and India. In addition, Radio grew in global spending by more than \$1

36 "Moms and media 2018," Edison Research. April 27th 2018. <https://www.slideshare.net/webby2001/moms-and-media-2018-from-edison-research-96633593>

37 "Back-to-school shopping—not a one-stop occasion," NPD Group. September 2016. <https://www.npd.com/wps/portal/npd/us/news/infographics/2017/back-to-school-shopping-not-a-one-stop-occasion/>

38 "Audio today 2018. How America listens," The Nielsen Company. 2018. <http://www.nielsen.com/us/en/insights/reports/2018/state-of-the-media-audio-today-2018.html>

39 "Forecasters see up arrows for 2018 advertising," Borrell Associates. March 2018. http://www.insideradio.com/forecasters-see-up-arrows-for-advertising/article_c852e9f2-3255-11e8-b33a-8f4d73aaf3ee.html

40 "Audio today 2018. How America listens," The Nielsen Company. 2018. <http://www.nielsen.com/us/en/insights/reports/2018/state-of-the-media-audio-today-2018.html>

41 "Audio today 2018. How America listens," The Nielsen Company. 2018. <http://www.nielsen.com/us/en/insights/reports/2018/state-of-the-media-audio-today-2018.html>

42 "Moms and media 2018," Edison Research. April 2018. <https://www.slideshare.net/webby2001/moms-and-media-2018-from-edison-research-96633593>

billion, while desktop internet advertising along with print advertising spending decreased significantly.⁴³ Radio boasts significant reach – more than any other media platform – with more than 243 million monthly users over age 18.⁴⁴

Reach is not an abstract figure when it comes to advertising, but rather a critical measure for determining sales and general brand performance. Reach drove sales lift 2.5 times better than targeting, and more than 3x as well as recency. Broadcast Radio has also been shown to improve online search lift; last year, running Radio ads was demonstrated to provide up to a 370% boost in search results and drive significant traffic to websites⁴⁵; Radio's strongest dayparts usually happen to coincide with the time periods when online searching peaks.⁴⁶

On music stations, the top five advertisers last year were as follows:

1. McDonald's
2. Mattress Firm
3. Comcast Xfinity
4. Home Depot
5. T-Mobile

On spoken-word Radio, the top five advertisers were as follows:

1. Zip-Recruiter
2. Comcast Xfinity
3. Geico
4. Mattress Firm
5. Accufacts Research⁴⁷

This year, Radio earned more than \$13 billion in net ad revenue in the U.S., which translates to 7% of media market share, continuing to out-earn both out-of-home and video media.⁴⁸

How does this impact Radio advertising?

Q2 shows that ad revenue for broadcast Radio remains strong and growing. Its significant reach remains an important factor in remaining relevant with audiences. Major retailers remain a significant force in Radio advertising for the Back to School season.

43 "Advertising expenditure forecasts," Zenith, March 2018. <https://www.zenithmedia.com/wp-content/uploads/2018/03/Adspend-forecasts-March-2018-executive-summary.pdf>

44 "Audio today 2018. How America listens," The Nielsen Company, 2018. <http://www.nielsen.com/us/en/insights/reports/2018/state-of-the-media-audio-today-2018.html>

45 "Radio drives search," Radio Advertising Bureau, Media Monitors, Sequent Partners, In4mation Insights, 2017. <http://www.rab.com/Secure/RadioDrivesSearch/rdsexecsummary.pdf>

46 "Turbocharge search impact with AM/FM Radio," Westwood One, January 2018. <https://www.westwoodone.com/2018/01/22/turbocharge-search-impact-with-am-fm-radio/>

47 "Audio today 2018. How America listens," The Nielsen Company, 2018. <http://www.nielsen.com/us/en/insights/reports/2018/state-of-the-media-audio-today-2018.html>

48 "Magna advertising forecasts: Digital advertising soon to grab 50% of all ad dollars," Magna, 2018.

Helpful Links:

- <https://www2.deloitte.com/us/en/pages/consumer-business/articles/back-to-school-survey.html>
- <http://www.nielsen.com/us/en/insights/news/2018/how-america-listens-the-american-audio-landscape.html>
- <https://www.westwoodone.com/2018/01/22/turbocharge-search-impact-with-am-fm-Radio/>
- <http://www.edisonresearch.com/theresearchmoms/>
- <https://www.creditcards.com/credit-card-news/assets/FICO-the-digital-generation-are-millennials-looking.pdf>

NYMRAD commissioned Provoke Insights, a market research and strategy firm, to conduct a meta-data analysis to understand the Radio advertising landscape. If a particular industry that you would like additional insight on is not listed, please contact Debbie Beagan at DB@NYMRAD.org.