

THE STATE OF THE MARKET

NYMIRAD

NEW YORK MARKET RADIO

Q4 2017



INTRODUCTION

Businesses, advertisers, and the Radio industry need to stay up to date on the New York economy and current Radio research. For this reason, [New York Market Radio \(NYMRAD\)](#) commissions [Provoke Insights](#) to write The State of the Market Quarterly Guidance Report. The Q4 edition covers the New York region from October to December 2017.

This report will focus on the financial industry, which includes investment, accounting, credit card, and banking services.

NEW YORK'S ECONOMY

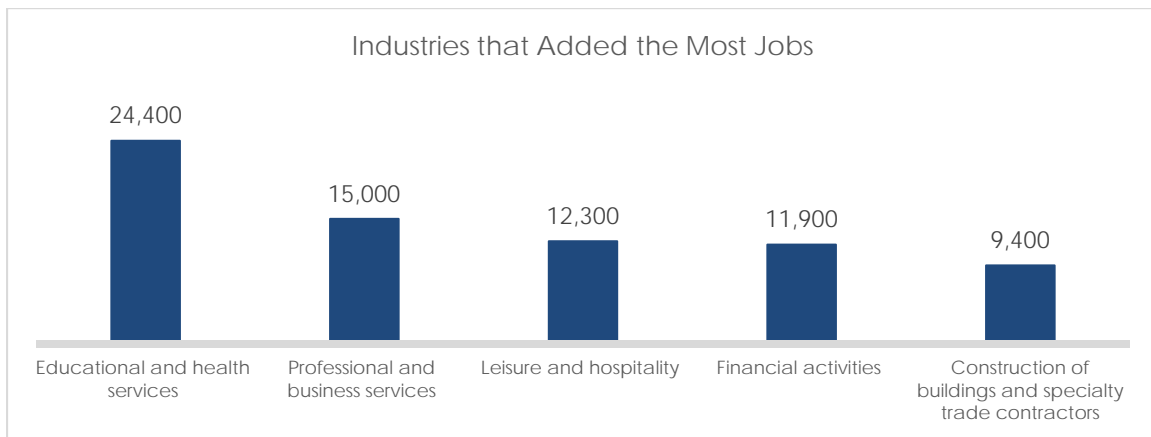
The economy of New York City continues the same trajectory of growth that we have seen in all previous quarters this year. This is seen in the increase in employment and expansion of the industries in the metropolitan area.

EMPLOYMENT GROWTH

In the last year, job growth in the private sector was up 1.8%, which represents 68,100 jobs since November 2016.

Industries that saw most growth were the following:

- Educational and health services (+24,400)
- Professional and business services (+15,000)
- Leisure and hospitality (+12,300)
- Financial activities (+11,900)
- Construction of buildings and specialty trade contractors (+9,400)¹



¹ "Labor statistics for the New York City region," New York State Department of Labor. December 2017. <https://labor.ny.gov/stats/nyc/index.shtm>

The city's job growth of 1.8% was higher than that of the state (+1.4%) and the country (+1.7). The unemployment rate in New York is down 0.3% from the same time last year to 4.7%.²

How does this impact Radio advertising?

Radio advertising can leverage job growth, targeting booming industries such as educational and health, professional, leisure and hospitality, financial services, and natural resources, mining, and construction services.

INDUSTRY EXPANSION

With New York Metro's economy continuing to flourish, there have been many expansion announcements.

Financial Services

Mastercard plans to lease a 212,000-square-foot space on Fifth Avenue to expand its New York City Technology Hub. This expansion will create more than 470 new tech jobs.

Ernst & Young, an accounting and consulting firm, will open a 600,000-square-foot office space at One Manhattan West.³

Technology

Call9 leverages technology to give patients remote, real-time, in-home care around the clock. The company will use \$24 million in raised funds to move to a 14,500-square-foot space in Industry City, triple the size of its Sunset Park, Brooklyn location.

Another tech company planning expansion in New York is Lyft. It has announced plans to open an 11,000-square-foot office on West 17th Street – it will hire 80 new sales, marketing, and engineering professionals.⁴

Retail

Ikea is planning to sign a lease on a 975,000-square-foot space to be the first retail space of the new Matrix Global Logistics Park on Staten Island.

Whole Foods Market 365, a smaller-store concept of the health and organic food brand, is opening a 40,000-square-foot space in Fort Greene, Brooklyn on January 31st, and the first on the East Coast. The company also broke ground in Weehawken, NJ this summer by beginning construction on the boutique store.⁵

² "Labor statistics for the New York City region," New York State Department of Labor. December 2017. <https://labor.ny.gov/stats/nyc/index.shtm>

³ "New York City region, expansions and contractions," New York Department of Labor. December 2017. <https://labor.ny.gov/stats/nyc/nycec.shtm>

⁴ "New York City region, expansions and contractions," New York Department of Labor. December 2017. <https://labor.ny.gov/stats/nyc/nycec.shtm>

⁵ "New York City region, expansions and contractions," New York Department of Labor. December 2017. <https://labor.ny.gov/stats/nyc/nycec.shtm>

Newell Brands, the Hoboken-based owner of consumer brands such as Rubbermaid, Oster, and Sunbeam, will open a 47,000-square-foot office space in Dumbo to support the growth of its e-commerce business. It will create hundreds of new high-paying jobs for New Yorkers.

UPS signed two leases in Brooklyn and Queens for distribution centers that will measure a combined total of 1.7 million square feet.⁶

How does this impact Radio advertising?

The companies mentioned are doing well in the New York Market and will have the budgets as well as the need to promote their expansions.

FINANCIAL SERVICES OVERVIEW

2018 will be another stellar year for commercial banks in the United States. Revenue is projected to reach over 405 billion U.S. dollars.⁷

Median profits has the potential to increase 20% among regional banks this year; many banks have disclosed that they will be providing one-time bonuses to non-executives.⁸

M&T Bank has partnered with the New York Jets on a multi-year contract to become the "Official Community Bank of the New York Jets." The partnership will result in New York Jets-branded debit cards being available at over 780 retail branches. It will aid youth football, support the New York Jets Generation Jets Kids Club, and highlight small businesses in the "small business showcase" as well as in local economies in the area.⁹

New Jersey's biggest bank, Investors Bank, is planning a partnership for its "Experts in the Field" campaign with NFL quarterbacks Boomer Esiason and Phil Simms. Esiason is also a broadcaster on a show at the WFAN studio, which will change its name to the Investors Bank Studio. The bank will also have a daily presence on the show.¹⁰

As the economy continues to thrive, the credit card industry is poised to grow due to low unemployment and higher disposable income. Also, with the convenience of digitalization, consumers prefer paying with credit cards to checks or cash.¹¹

6 "New York City region, expansions and contractions," New York Department of Labor. December 2017. <https://labor.ny.gov/stats/nyc/nycec.shtm>

7 "Revenue of commercial banking (NAICS 52211) in United States from 2009 to 2020 (in million U.S. dollars)," Statista. 2018. <https://www.statista.com/forecasts/409713/united-states-commercial-banking-revenue-forecast-naics-52211>

8 Hilary Burns, Paul Davis, Dean Anason. "Five pivotal questions for banks in 2018," January 2018. American Banker. <https://www.americanbanker.com/slideshow/five-pivotal-questions-for-banks-in-2018>

9 "New York Jets and M&T Bank announce new community-focused strategic partnership," September 2017. <https://www.prnewswire.com/news-releases/new-york-jets-and-mt-bank-announce-new-community-focused-strategic-partnership-300521885.html>

10 "BOGO: Simms, Esiason line up for Investors Bank in NYC ad campaign," May 2017. <https://www.bizjournals.com/newyork/news/2017/05/17/bogo-simms-esiason-line-up-for-investors-bank.html>

11 "Credit card issuing in the United States: Market research report," IbisWorld. August 2017. <https://www.ibisworld.com/industry-trends/market-research-reports/finance-insurance/credit-intermediation-related-activities/credit-card-issuing.html>

Growth is also anticipated in the accounting industry due to the overall strength of the economy. Private investments, the increase number of US businesses, and greater activity in the financial markets are all contributors to this positive trajectory.¹²

FINANCIAL SERVICES AND ADVERTISING

Financial Services increased their ad spend by 11% in October 2017 over October 2017.¹³

The insurance industry is among the top large US industries in ad spend growth. It is helped in large part by auto insurance ad spends. This industry spends more than \$5 billion on advertising.¹⁴

Bank marketing and advertising investment has seen a 0.05% increase to average 3.5% of total expenditures. The goal of most banks is to increase these expenditures to 3.6% in 2018.¹⁵

How does this impact Radio advertising?

With the financial industry booming, budgets in advertising are increasing. Radio is a key channel that needs to be part of the marketing mix. Sports Radio channels, in particular, have a huge opportunity to convert sports fanatics into loyal bank users. With Radio's broad reach, this type of channel has the potential to deliver the targets that will further propel the financial industry to the top.

NATIONAL RADIO USAGE

Baby Boomers spend 2 hours and 3 minutes a day listening to AM/FM Radio, more than any other generation. Those 50 years and older control 70% of the disposable income in the United States. 58% of retail sales are also made by Baby Boomers. Therefore, Baby Boomers are a key demographic for Radio advertisers.¹⁶

Only 14% of Radio listeners between the ages of 15 and 39 own an at-home smart speaker. However, the adoption of devices like Amazon Alexa and Google Home is growing rapidly. Smart speakers are a new and growing way consumers will be listening to Radio. Thirty-four percent of voice-activated device users employ their device to stream AM/FM Radio.¹⁷

12 "Accounting services in the US: Market research report," IbisWorld. October 2017. <https://www.ibisworld.com/industry-trends/market-research-reports/professional-scientific-technical-services/professional-scientific-technical-services/accounting-services.html>

13 "UBS: ad spend grew 3% in October, led by financial services," Inside Radio. November 2017. http://www.insideradio.com/free/ubs-ad-spend-grew-in-october-led-by-financial-services/article_ced2c41e-cea0-11e7-b663-bb5c3335662f.html

14 Tom Groenfeldt. "Insurance newbie bets on empathy over billion dollar ad budgets," Forbes. September 2017. <https://www.forbes.com/sites/tomgroenfeldt/2017/09/20/insurance-newbie-bets-on-empathy-over-billion-dollar-ad-budgets/#1100ba7f7faa>

15 Chris Nichols. "Finalizing your 2018 marketing budget," ABA Bank Marketing. December 2017. <https://ababankmarketing.com/insights/finalizing-2018-marketing-budget/>

16 "Boomers dig Radio and spend lots: What's not to love?," Inside Radio, December 2017. http://www.insideradio.com/boomers-dig-radio-and-spend-lots-what-s-not-to/article_6b3bd8e2-e3c6-11e7-b29f-a3be92903519.html

17 Matt Bailey. "Do People Really Ask Alexa to Play Local Radio?," Integr8 Research. October 2017. <http://www.integr8research.com/blog/do-people-really-ask-alexa-to-play-local-radio>

- 85% of smart speaker owners listen to music on local Radio at least once a week, whereas 82% of average music listeners listen to AM/FM Radio once a week.¹⁸
- On average, 3.4 devices are used weekly to engage with music, while AM/FM Radio listeners use on average 5.5 devices to listen to music.¹⁹

Radio continues to be the top method for discovering new music. Seventy-two percent of online music listeners listen to some form of Radio, and 37% say that they like listening to traditional Radio for the DJs.²⁰

How does this impact Radio advertising?

With active Radio-listening baby boomers' retail spending and their control of almost three quarters of the disposable income in the U.S., there is a huge opportunity to bring these shoppers into retail areas near them. Additionally, the adoption of home automation systems will increase Radio usage among millennials and Gen Z targets.

NATIONAL RADIO ADVERTISING

U.S. local advertising revenue is projected to grow from \$143.8 billion in 2017 to \$151.2 billion in 2018. The 5.2% growth is the highest in five years.²¹

Almost half of companies with over 500 employees (42.2%) include Radio in their marketing mix.²²

Radio remains the most consistent advertising medium for delivering ROI and reach. It continues to deliver \$10 for every \$1 spent. The steadiness of Radio should not be discounted: While television ratings are decreasing, 93% of Americans listen to the Radio weekly and are loyal live listeners.²³

Three of the top-ten Radio advertisers in the last week of 2017 were part of iHeartRadio (iHeartRadio Jingle Ball, iHeartRadio, and the iHeartRadio Music Festival). The most-aired Radio ad of the same week was from the retail giant Walmart. Macy's was fifth on the list, followed by AT&T Wireless, Amazon.com, JCPenney, and Walgreens.²⁴

How does this impact Radio advertising?

With advertising budgets at a five-year high, it is pertinent to allot some of the marketing spend to the channel that is most consistent in delivering ROI and reach.

18 Matt Bailey. "Do People Really Ask Alexa to Play Local Radio?," Integr8 Research. October 2017. <http://www.integr8research.com/blog/do-people-really-ask-alexa-to-play-local-radio>

19 "US music 360: 2017 report highlights," Nielsen. September 2017. <http://www.nielsen.com/content/dam/corporate/us/en/reports-downloads/2017-reports/us-music-360-highlights.pdf>

20 "US music 360: 2017 report highlights," Nielsen. September 2017. <http://www.nielsen.com/content/dam/corporate/us/en/reports-downloads/2017-reports/us-music-360-highlights.pdf>

21 "BIA/Kelsey forecasts U.S. local advertising revenue to increase 5.2 percent in 2018 to \$151.2B; largest annual increase in five years," BIAKelsey. December 2017. <http://www.biakelsey.com/biakelsey-forecasts-u-s-local-advertising-revenues-increase-5-2-percent-2018-151-2b-largest-annual-increase-five-years/>

22 "Advertisers and client-side marketers research study," Provoke Insights. December 2017. <http://provokeinsights.com/>

23 "The sound solution: Why Radio is the key to ROI and reach advertisers need now." Adage. December 2017. http://adage.coverleaf.com/advertisingage/december_4_2017/MobilePagedReplica.action?pm=1&folio=19#pg21

24 "Spot tens," Media Monitors, December 2017. <http://www.mediamonitors.com/company/news>

RADIO AND NEW YORK METRO

New York Radio Advertising

Traditional media is the most effective form of advertising. 56% of New York advertisers say that the best advertising is a mix of traditional media, such as Radio and television, plus digital.²⁵ Therefore, Radio is an important part of any marketing plan.

44.4% of New York companies with over 500 employees integrate Radio into their marketing mix, which is 2% higher than the national average. The automotive, retail, healthcare and pharmaceutical, and banking and financial services industries advertise on New York Radio even more heavily.²⁶

Financial Industry

The financial services industry spent upwards of \$11M on New York Radio in 2017. Wells Fargo, Bank of America, Citibank, Investors Bank & Trust, and Bethpage Federal Credit Union collectively doubled their expenditures in 2017 to over \$3.3M, representing a third of the overall category spend.²⁷

Insurance companies also spent over \$11M on New York Radio last year, with auto insurance leading the way among Insurance industry subcategories.²⁸

New York Radio can secure ideal banking targets: 8.7M listeners are currently employed, with an average household income of \$91.3K. Additionally, 90.6% of New York Radio listeners have credit cards; their most-used banks are Chase, Bank of America, TD Bank, Capital One, and Citibank.²⁹

New York Radio loyalists also have more loans than the general population; these include small business (94.1%), home improvement or home equity (93.7%), auto (93.5%), and student loans (92.9%).³⁰

²⁵ "Borrell survey finds Radio's strength is creating 'awareness'," All Access. October 2017. <https://www.allaccess.com/net-news/archive/story/170799/borrell-survey-finds-radio-s-strength-is-creating->

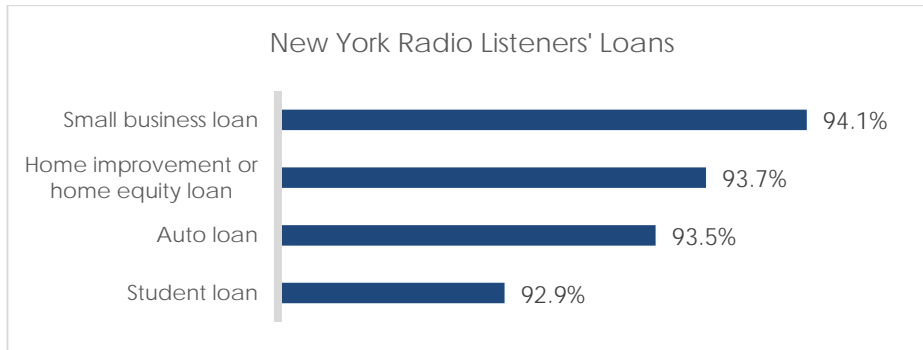
²⁶ "Advertisers and client-side marketers research study," Provoke Insights. December 2017. <http://provokeinsights.com/>

²⁷ "New York financial industry," Miller Kaplan. January 2018.

²⁸ "New York financial industry," Miller Kaplan. January 2018.

²⁹ "Banking and financial services for New York Radio listeners," Nielsen. January 2018.

³⁰ "Target profile: New York (metro survey area) Scarborough r2 2017: Oct16-Aug17 adults 18+," Nielsen. December 2017.



7.9 million New York Radio listeners invest their money, with 5 million putting money towards a 401K plan, 4 million saving in an IRA, and 2.9 million investing in stocks or stock options.

New York Radio listeners have spent over \$10B on certified public accountants and tax preparation services.³¹ In the past 12 months, these listeners have used a financial planner, insurance agent, or accountant for their professional service needs.³²

How does this impact Radio advertising?

Radio is still a traditional media channel held in high regard by New York advertisers. New York companies advertise more than the national average on Radio. The banking, financial, and professional services industries have the most to gain, since New York Radio listeners are big investors in these industries.

Helpful Links:

- <http://www.nielsen.com/content/dam/corporate/us/en/reports-downloads/2017-reports/us-music-360-highlights.pdf>
- <http://www.rab.com/Secure/RadioDrivesSearch/rdsexecsummary.pdf>
- http://adage.coverleaf.com/advertisingage/december_4_2017/MobilePagedReplica.action?pm=1&folio=19#pg21

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

³¹ "Banking and financial services for New York Radio listeners," Nielsen. January 2018.

³² "Target profile: New York (metro survey area) Scarborough r2 2017: Oct16-Aug17 adults 18+," Nielsen. December 2017.