Results from Borrell’s
2019 Local Ad Agency Survey

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<td>BORRELL’S TAKE Our observations</td>
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➢ Social Media and radio are the most popular forms of marketing (Page 5)
➢ Digital forms of marketing are the most profitable for agencies’ clients (5)
➢ Agencies are 3x to nearly 7x more likely to buy audio & video marketing (6)
➢ Traditional media is No. 1 for branding; digital for immediate sales (7, 8)
➢ Only 3 social platforms are used by more than half of agencies (9)
➢ Agencies have broadly adopted new platforms for video distribution (10)
➢ 1 in 10 agencies are helping clients with smart speakers or voice search (11)
➢ Agencies look to media companies for marketing advice (13)
➢ Agencies’ No. 1 concern is proving advertising ROI for clients (14)
About the Survey

Local Agency Survey | Fielded April-July 2019

446 Total Respondents

Participants were solicited from client lists of media companies across the U.S. from mid-April until early July 2019. More than 5,500 responses were received. We count the results only from respondents who completed all 40+ questions. We administered two separate surveys: One for “direct” local ad buyers, and one for agency buyers. We had 2,288 completions from direct buyers and 446 completions from agencies.

<table>
<thead>
<tr>
<th>TYPES OF COMPANIES</th>
<th>Count</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adv/mktg firm or agency</td>
<td>267</td>
<td>60%</td>
</tr>
<tr>
<td>Media-buying company</td>
<td>84</td>
<td>19%</td>
</tr>
<tr>
<td>Marketing services company</td>
<td>36</td>
<td>8%</td>
</tr>
<tr>
<td>Media/publishing company</td>
<td>27</td>
<td>6%</td>
</tr>
<tr>
<td>Public relations firm</td>
<td>14</td>
<td>3%</td>
</tr>
</tbody>
</table>

MARKETING/ADV EXPERTISE OF RESPONDENTS

Vast Majority Are ‘Master Marketers’
(>10,000 hours of experience with marketing/advertising)

Respondents by State

Agency Respondents by State
(n = 443)

Less than 50
50 - 99
100 or more

Total responses for agency survey n=446
Survey respondents came from three major sizes of business.

**NUMBER OF EMPLOYEES**

<table>
<thead>
<tr>
<th>Fewer than 5</th>
<th>36%</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 to 24</td>
<td>31%</td>
</tr>
<tr>
<td>25 or more</td>
<td>33%</td>
</tr>
</tbody>
</table>

Two-thirds of agencies responding have fewer than 25 employees.

**AGENCY RESPONDENTS BY EMPLOYEE SIZE**

- Fewer than 5: 36%
- 5 to 9: 15%
- 10 to 24: 17%
- 25 to 49: 11%
- 50 to 99: 9%
- 100 to 249: 5%
- 250+: 8%

Q. About how many full- or part-time employees work at your company (at all locations combined)?

**AGENCY RESPONDENTS BY YEARS IN BUSINESS**

- 5 or fewer years: 11%
- 6 to 20 years: 43%
- More than 20 years: 46%

Q. How many years has your business been operating?
Which of these media types generates the most profit (dollar-wise) for the business that employs you?

- Digital Media: Digital NET 68%, Non-Digital NET 32%
- Non-Digital Media: Search Engine Marketing 21%, Paid Social Media 20%, Broadcast TV 11%, Banner Ads 7%, Radio 7%

For agencies, social media is the most popular form of marketing, followed by radio.

Two-thirds believe digital media advertising delivers more profit for their agencies, while one-third selected traditional types.

Total responses n=356

Q. Which of the following media types did your company purchase or manage for clients in 2018? Which of those media types generates the most profit (dollar-wise) for the business that employs you? Total responses for agency survey n= 446
Greater Preference for AV Ads

LOCAL AGENCIES VS. DIRECT BUYERS
By a Factor of (X) Agencies Are More Likely to Buy . . .

<table>
<thead>
<tr>
<th>Type of Advertising</th>
<th>% of Direct Advertisers Buying This</th>
<th>% of Local Agencies Buying This</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid social media advertising</td>
<td>62%</td>
<td>82%</td>
</tr>
<tr>
<td>Radio</td>
<td>44%</td>
<td>77%</td>
</tr>
<tr>
<td>Search engine marketing</td>
<td>45%</td>
<td>74%</td>
</tr>
<tr>
<td>Banner ads on websites</td>
<td>38%</td>
<td>74%</td>
</tr>
<tr>
<td>Newspaper</td>
<td>50%</td>
<td>70%</td>
</tr>
<tr>
<td>Broadcast TV</td>
<td>20%</td>
<td>68%</td>
</tr>
<tr>
<td>Email advertising</td>
<td>46%</td>
<td>68%</td>
</tr>
<tr>
<td>Outdoor</td>
<td>26%</td>
<td>68%</td>
</tr>
<tr>
<td>Events/sponsorships</td>
<td>51%</td>
<td>67%</td>
</tr>
<tr>
<td>Magazine</td>
<td>38%</td>
<td>63%</td>
</tr>
<tr>
<td>Cable TV</td>
<td>15%</td>
<td>63%</td>
</tr>
<tr>
<td>Digital/streaming video advertising</td>
<td>11%</td>
<td>58%</td>
</tr>
<tr>
<td>Direct mail</td>
<td>38%</td>
<td>52%</td>
</tr>
<tr>
<td>Other printed publication</td>
<td>34%</td>
<td>49%</td>
</tr>
<tr>
<td>Digital/streaming Audio</td>
<td>6%</td>
<td>44%</td>
</tr>
<tr>
<td>Content marketing</td>
<td>13%</td>
<td>39%</td>
</tr>
<tr>
<td>Mobile ads or push notifications</td>
<td>13%</td>
<td>37%</td>
</tr>
<tr>
<td>Online directory listings</td>
<td>24%</td>
<td>32%</td>
</tr>
<tr>
<td>Mobile SMS/Text ads</td>
<td>10%</td>
<td>28%</td>
</tr>
<tr>
<td>Other non-digital</td>
<td>9%</td>
<td>21%</td>
</tr>
<tr>
<td>Other digital</td>
<td>9%</td>
<td>18%</td>
</tr>
<tr>
<td>Printed directories</td>
<td>15%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Q. Which of the following types of advertising did your business buy last year?
Total responses for direct ad buyers N= 2,288 and for agencies N=446

They’re Big on AV
Compared with direct ad buyers (those not using agencies), local agencies are more likely to be buying all types of media, except yellow pages (see bottom bar).

Streaming audio and any form of video advertising are most popular. Agencies are 3½ to nearly 7 times more likely to purchase those types of marketing.
Local Agency Survey | Fielded April-July 2019

Agencies were asked to name the types of media that best meet the goals of Brand Awareness, Brand Consideration, Driving Sales, and Providing the Best ROI Data. All responses were unaided and coded into two types of media – digital and traditional (non-digital). Percentages relate to the top five for each goal. (Example: 66% of respondents named traditional forms of media among the top 5 chosen for brand awareness.)

### Increasing Brand Awareness

- **Traditional Media**: 66%
- **Digital Media**: 29%

Agencies believe **traditional media** is better for spreading the word and making buyers think about a brand.

### Building Brand Consideration

- **Traditional Media**: 55%
- **Digital Media**: 39%

They believe **digital media** is better for delivering immediate action, and for its ability to prove whether it’s worth the investment.

### Driving Sales

- **Digital Media**: 52%
- **Traditional Media**: 44%

### Providing Data to Determine ROI

- **Digital Media**: 79%
- **Traditional Media**: 15%

Q. In general for all clients, what media type do you think... [is BEST to use for increasing brand awareness/ is BEST to use for building brand consideration/ is BEST to use for driving sales/ provides the BEST data for determining ROI]?  
Total responses for agency survey n= 446
Agencies were asked to name the types of media that best meet the goals of Brand Awareness, Brand Consideration, Driving Sales, and Providing the Best ROI Data. All responses were unaided and coded into 31 types of media. Percentages relate to the top five for each goal. (Example: 66% of respondents named traditional forms of media among the top 5 chosen for brand awareness.)

**Increasing Brand Awareness**
- TV (46%)
- Digital Media-General (12%)
- Social Media (11%)
- Radio (6%)
- Outdoor (4%)

**Driving Sales**
- Digital-General (29%)
- Broadcast/Cable TV (26%)
- Social Media (9%)
- SEO/SEM (8%)
- Radio (8%)

**Building Brand Consideration**
- TV (37%)
- Digital Media-General (19%)
- Social Media (10%)
- Radio (6%)
- SEM/SEO (4%)

**Providing Data to Determine ROI**
- Digital-General (55%)
- Social Media (9%)
- SEO/SEM (8%)
- Broadcast/Cable TV (6%)
- Email (3%)

TV is the clear winner on branding.

General forms of digital media, (not classified as one particular type) are best for driving sales & ROI data.

Q. In general for all clients, what media type do you think... [is BEST to use for increasing brand awareness/ is BEST to use for building brand consideration/ is BEST to use for driving sales/ provides the BEST data for determining ROI]? Total responses for agency survey n= 446
Agency Social Media Usage

Local Agency Survey | Fielded April-July 2019

Overall Effectiveness of Facebook

Don't Know | 1 - Not at all effective | 2 – Slightly effective | 3 – Moderately effective | 4 – Very effective | 5 - Extremely effective

9% 8% 25% 35% 21%

Overall Effectiveness of Instagram

Don't Know | 1 - Not at all effective | 2 – Slightly effective | 3 – Moderately effective | 4 – Very effective | 5 - Extremely effective

12% 4% 19% 31% 26% 8%

Overall Effectiveness of YouTube

Don't Know | 1 - Not at all effective | 2 – Slightly effective | 3 – Moderately effective | 4 – Very effective | 5 - Extremely effective

13% 5% 18% 33% 22% 9%

Top Ratings 56%

Top Ratings 34%

Top Ratings 31%

MOST-USED DIGITAL PLATFORMS

#1 Facebook 91%
#2 Instagram 73%
#3 YouTube 57%
#4 Twitter 48%
#5 LinkedIn 48%
#6 Pinterest 22%
#7 Snapchat 20%
#8 Yelp 17%
#9 Reddit 4%
#10 WhatsApp 3%

4 Average number of social media platforms used by respondents who use social media marketing.

Q. Which of the following digital platforms did your company use for marketing/advertising purposes on behalf of a client in 2018? Please rate the overall effectiveness of [platforms used].
Total responses for survey n = 446, Facebook n = 405, Instagram n = 327, YouTube n = 256
### Broadening Video Distribution

**Local Agency Survey | Fielded April-July 2019**

#### Digital Video

<table>
<thead>
<tr>
<th>% Using (among all respondents)</th>
<th>Average Effectiveness (1 to 5 scale)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital/Streaming Video Ads</td>
<td>58%</td>
</tr>
</tbody>
</table>

- 72% Of agencies post videos on client’s social media pages
- 72% Of agencies feature videos in social media ads
- 78% Of agencies post videos on YouTube
- 71% Of agencies distribute digital videos using TV/cable stations

#### Advanced TV

- **71%** of TV buyers buy advanced TV features

<table>
<thead>
<tr>
<th>% Using (among TV buyers)</th>
<th>Average Effectiveness (1 to 5 scale)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>OTT, Connected TV or VOD</td>
<td>61%</td>
</tr>
<tr>
<td>Multi-platform (not just TV set)</td>
<td>41%</td>
</tr>
<tr>
<td>Programmatic advertising</td>
<td>33%</td>
</tr>
<tr>
<td>Addressable advertising</td>
<td>30%</td>
</tr>
</tbody>
</table>

#### Traditional TV

<table>
<thead>
<tr>
<th>% Using (among all respondents)</th>
<th>Average Effectiveness (1 to 5 scale)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcast TV</td>
<td>68%</td>
</tr>
<tr>
<td>Cable TV</td>
<td>63%</td>
</tr>
</tbody>
</table>
- 25% Of TV buyers only buy traditional spots
- 78% Of TV buys were placed in local programming

- Average # of years developing video: 7.3
- Average # of videos developed per year: 16

*Among those who buy the media
Total cable or broadcast TV buyers n = 327
Total digital video buyers n = 258
How Digital Audio Is Used

Local Agency Survey | Fielded April-July 2019

44% of agency respondents bought or managed digital/streaming audio for clients

**Type of Digital Audio Bought**

<table>
<thead>
<tr>
<th>Type of Digital Audio</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-recorded spots inserted in-stream</td>
<td>78%</td>
</tr>
<tr>
<td>Programmatic ad buys</td>
<td>53%</td>
</tr>
<tr>
<td>Branded or sponsored content</td>
<td>49%</td>
</tr>
<tr>
<td>Native advertising</td>
<td>44%</td>
</tr>
</tbody>
</table>

**Top 5 Reasons for Buying Digital Audio**

1. To reach a specific demographic | 69%
2. To generate leads/boost conversions/drive sales | 57%
3. To educate consumers | 44%
4. To gain organic search traffic/time spent on site | 30%
5. To increase word of mouth marketing | 30%

**Smart Speaker Adoption**

- Website is optimized for voice search | 9%
- Have developed voice-activated content | 7%
- Marketing on Google Home or Amazon Echo | 5%

Total Responses: n= 195 who buy digital/streaming audio advertising
Voice marketing questions asked of all agencies n=446
98% of agency respondents use some form of targeting when buying ads.

**METHODS OF TARGETING USED**

- Geo or location-based (ZIP Code, address-based, trade area, or geofencing): 89%
- Age or Gender: 85%
- Digital behavior (sites viewed, apps used or actions taken): 67%
- Purchase behavior (brands or types of items or services bought): 64%
- Customer metrics (loyalty clubs, transaction value, etc.): 46%
- Other: 10%
- Didn't use targeting: 2%

**% OF THEIR AD BUYS THAT USE...**

- Geotargeting: 58%
- Age/Gender: 64%
- Digital behavior: 45%
- Customer Metrics: 36%
- Purchase Behavior: 38%

Q. How did you target advertising buys in 2018? Please select any methods of targeting that you used (select all that apply)

Q. About what percent of your 2018 advertising purchases used X (asked among those who used each type of targeting)

Total agency responses n=442
How Agencies Get Educated

Local Agency Survey | Fielded April-July 2019

**SOURCES USED MARKETING / ADVERTISING ADVICE**

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry experts / industry professionals</td>
<td>76%</td>
</tr>
<tr>
<td>Nielsen</td>
<td>70%</td>
</tr>
<tr>
<td>Colleagues</td>
<td>68%</td>
</tr>
<tr>
<td>Media Reps</td>
<td>67%</td>
</tr>
<tr>
<td>Ad Age</td>
<td>47%</td>
</tr>
<tr>
<td>Scarborough</td>
<td>43%</td>
</tr>
<tr>
<td>Ad Week</td>
<td>42%</td>
</tr>
<tr>
<td>Industry/Trade publications</td>
<td>41%</td>
</tr>
<tr>
<td>ComScore</td>
<td>39%</td>
</tr>
<tr>
<td>Kantar</td>
<td>34%</td>
</tr>
<tr>
<td>Media Post</td>
<td>29%</td>
</tr>
<tr>
<td>eMarketer</td>
<td>28%</td>
</tr>
<tr>
<td>Hubspot</td>
<td>19%</td>
</tr>
<tr>
<td>Newspapers</td>
<td>18%</td>
</tr>
<tr>
<td>Media Monitors</td>
<td>16%</td>
</tr>
<tr>
<td>Other firm</td>
<td>16%</td>
</tr>
<tr>
<td>Other publication</td>
<td>8%</td>
</tr>
<tr>
<td>Total responses for survey</td>
<td>n= 446</td>
</tr>
</tbody>
</table>

**TOP SUGGESTIONS FOR MEDIA COMPANIES**

We asked respondents what suggestions they had for media companies to improve how they partner with agencies. 206 comments, which we coded. Here are their top recommendations.

- **1. More advice/ be a resource**
- **2. Provide better metrics/ tracking/ effectiveness/ ROI**
- **3. More follow-up/ regular communications/ responsiveness**
- **4. Build the relationship/ partnership**
- **5. Listen to us / learn about us/ ask questions**

*Interesting…*

Two-thirds of agencies look to media sales reps for marketing information/advice.

When we asked agencies how media companies could be more helpful, the top recommendation was, “more advice/be a resource.”
Agencies’ Biggest Concerns

Local Agency Survey | Fielded April-July 2019

Total responses for agency survey n= 446

AGENCY CONCERNS

Proving ROI of campaign investments
- #1 Concern: 35%
- Within Top 3 Concerns: 74%

Clients pressing for project-based or one-off engagements instead of longer-term contracts
- 18%
- 49%

Staying up-to-date with our competition
- 17%
- 54%

Clients piecemealing campaigns to multiple agencies
- 15%
- 41%

Outsourcing and hiring the right talent
- 11%
- 38%

Business regulation and licensing changes
- 12%

Consumer privacy law changes
- 13%

NO. 1 CONCERN

35% said proving ROI of campaign investments is their TOP challenge; 74% said it’s within the top three challenges, making this the #1 concern of agencies.

SECONDARY CONCERN

Staying up-to-date with the competition is a concern of 54% of agencies, making it the second biggest issue.
Compared with direct ad buyers, agencies are the experts when it comes to marketing. So their actions can’t easily be dismissed as perhaps those who might flit to the next shiny marketing toy. And by a factor of 5 or more, they’re rushing at greater speeds to streaming audio and video advertising. Their love affair with TV and radio hasn’t ended; they appear to be just dating around.

What works for agencies is clearly a mix of traditional media with its vast reach and top-of-the-funnel branding capabilities, and digital media with its itchy-fingered audience and accountability. One looks and feels good to their end clients – the advertisers. The other helps them prove to clients that the big checks they’re writing are a good investment.

Advertising ROI is the biggest issue. Because digital media comes with data, it’s likely to be a key driver in agencies’ usage.

Finally, the complexification of marketing may have spurred a symbiosis between agencies and media companies. Two-thirds of agencies say they consider media companies a source of marketing information.
Questions?

Want Data for Your Market?

If you have questions about any of these results or would like to see detailed advertising and marketing services expenditures for any specific market in the U.S. or Canada, contact us at 757-221-6641 or email us at info@borrellassociates.com.