Local Advertising Forecasts for 2022

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Welcome

COREY ELLIOTT
EVP of Local Market Intelligence
Borrell Associates Inc.

GORDON BORRELL
CEO
Borrell Associates Inc.
Introducing Our Newest Team Members

LEAH MUENCH
Director of Client Services
Leah@borrellassociates.com
757-221-6641

YANJIE LONG
Data Analyst
Ylong@borrellassociates.com
757-221-6641

ANDREW FOSTER
Front-End Web Developer
757-221-6641
Built on key data from *your market geography*
- Data for 2020, 2021, & 2022
- Advertising & Marketing/Promotions spending
- #, Size, & Types of Businesses
- Growth patterns
- Changes relative to rate of market recovery
- Interactive
- Full training/support from Borrell

How others are using it
- Forecast for next year
- Identify businesses to pursue
- Set goals for sales teams
- Measure & track market share
- Identify pockets of opportunity

For a Sample Report, Visit BorrellAssociates.com
Agenda

What We’ll Cover

➢ Right to the Story: 2022 Forecasts
➢ What fueled the changes
➢ Why 2019 is an important base year
➢ The Long View of Advertising
2022 Forecast Change in Local Advertising Expenditures

Local Advertising Expenditures

+ 6.4%

Digital Forms of Advertising

+ 9.1%

Non-Digital Forms of Advertising

+ 1.3%
## 2022 Forecast Change in Local Advertising Expenditures

<table>
<thead>
<tr>
<th>Category</th>
<th>Change in Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cable TV</td>
<td>5.3%</td>
</tr>
<tr>
<td>Cinema</td>
<td>3.1%</td>
</tr>
<tr>
<td>Direct Mail</td>
<td>3.9%</td>
</tr>
<tr>
<td>Directories</td>
<td>8.2%</td>
</tr>
<tr>
<td>Email</td>
<td>2.0%</td>
</tr>
<tr>
<td>General Paid Search</td>
<td>6.5%</td>
</tr>
<tr>
<td>Listings Paid Search</td>
<td>12.3%</td>
</tr>
<tr>
<td>Local TV Stations</td>
<td>-6.0%</td>
</tr>
<tr>
<td>Newspaper</td>
<td>-7.5%</td>
</tr>
<tr>
<td>Other Print</td>
<td>5.1%</td>
</tr>
<tr>
<td>Out of Home</td>
<td>-4.6%</td>
</tr>
<tr>
<td>Radio</td>
<td>17.8%</td>
</tr>
<tr>
<td>Streaming Audio</td>
<td>18.5%</td>
</tr>
<tr>
<td>Streaming Video/OTT</td>
<td>12.6%</td>
</tr>
<tr>
<td>Targeted Banners</td>
<td>8.7%</td>
</tr>
<tr>
<td>Telemarketing</td>
<td>-4.6%</td>
</tr>
<tr>
<td>Untargeted Banners</td>
<td>-4.6%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>6.4%</strong></td>
</tr>
</tbody>
</table>
YOY % Change in Local Advertising Expenditures

- Cable TV
- Cinema
- Direct Mail
- Directories
- Email
- General Paid Search
- Listings Paid Search
- Local TV Stations
- Newspaper
- Other Print
- Out of Home
- Radio
- Streaming Audio/OTT
- Streaming Video/OTT
- Targeted Banners
- Telemarketing
- Untargeted Banners
- TOTAL

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What We’ll Cover

Agenda

➢ 2022 Forecasts (overall)

➢ What fueled the changes

➢ Why 2019 is an important base year

➢ The Long View of Advertising
What Fueled The Changes

➢ Employment data
➢ Retail sales
➢ SEC & other financial documents
➢ COVID-19 infections/deaths, business restrictions, etc.
➢ Our ongoing surveys of SMBs, Agencies
Employed Persons – U.S.

Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Labor Statistics

fred.stlouisfed.org
Monthly Retail Sales

- 2016
- 2017
- 2018
- 2019
- 2020
- 2021

Hardware Stores
Monthly Retail Sales

- 2016
- 2017
- 2018
- 2019
- 2020
- 2021

Hardware Stores

Graph showing monthly retail sales for Hardware Stores from 2016 to 2021.
Monthly Retail Sales

Office Supplies

- 2016
- 2017
- 2018
- 2019
- 2020
- 2021

$0.50
$0.70
$0.90
$1.10
$1.30
$1.50

JAN  FEB  MAR  APR  MAY  JUN  JUL  AUG  SEP  OCT  NOV  DEC
It’s Become Harder to Sustain a Business

Over the past 6 months do you think it's easier or harder to sustain a small business in the U.S.?

<table>
<thead>
<tr>
<th>Month</th>
<th>It's harder now</th>
<th>No change</th>
<th>It's easier now</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug-18</td>
<td>34%</td>
<td>40%</td>
<td>12%</td>
<td>24%</td>
</tr>
<tr>
<td>Dec-18</td>
<td>34%</td>
<td>37%</td>
<td>52%</td>
<td>15%</td>
</tr>
<tr>
<td>Apr-19</td>
<td>35%</td>
<td>45%</td>
<td>17%</td>
<td>15%</td>
</tr>
<tr>
<td>Aug-19</td>
<td>39%</td>
<td>42%</td>
<td>10%</td>
<td>17%</td>
</tr>
<tr>
<td>Dec-19</td>
<td>86%</td>
<td>7%</td>
<td>3%</td>
<td>10%</td>
</tr>
<tr>
<td>Mar-20</td>
<td>89%</td>
<td>6%</td>
<td>3%</td>
<td>7%</td>
</tr>
<tr>
<td>Aug-20</td>
<td>83%</td>
<td>11%</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>Nov-20</td>
<td>56%</td>
<td>28%</td>
<td>6%</td>
<td>15%</td>
</tr>
<tr>
<td>Feb-21</td>
<td>48%</td>
<td>26%</td>
<td>6%</td>
<td>26%</td>
</tr>
<tr>
<td>May-21</td>
<td>48%</td>
<td>26%</td>
<td>6%</td>
<td>26%</td>
</tr>
<tr>
<td>Aug-21</td>
<td>57%</td>
<td>23%</td>
<td>6%</td>
<td>18%</td>
</tr>
</tbody>
</table>
And Economic Conditions Could Get Worse

During the next six months, economic conditions for sustaining a small business in the U.S. will...
...Which is influencing what they’ll spend

Over the next 6 months, my business will spend ... on adv/marketing than it did over the past 6 months.
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U.S. Local Advertising Expenditures, 2019, 2020, 2021, 2022
Local Digital Advertising Expenditures

Springfield MO DMR

- 2019 to 2020: 4.9%
- 2020 to 2021: -18.0%
- 2021 to 2022: 29.7%
- 2019 to 2022: 11.6%
Local Non-Digital Advertising Expenditures

Las Vegas NV DMR

- 2019 to 2020: -20.6%
- 2020 to 2021: -20.1%
- 2021 to 2022: 21.1%
- 2019 to 2022: -23.1%
Local Non-Digital Advertising Expenditures

Orlando FL DMR

- 2019 to 2020: -24.1%
- 2020 to 2021: 29.3%
- 2021 to 2022: -8.9%
- 2019 to 2022: -10.6%
Local Digital Advertising Expenditures

Albany NY DMR

- 2019 to 2020: 1.6%
- 2020 to 2021: 27.9%
- 2021 to 2022: 1.5%
- 2019 to 2022: 31.9%
U.S. Local Advertising Expenditures, 2019 and 2022
Digital Share of Local Advertising

We might be done talking about digital vs non-digital...
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3 Sources Account for 75% of All Digital Advertising

Spending on streaming video surpasses search in 2025

For those buying OTT/CTV/VOD and other forms of online video, we asked respondents who’s selling it to them.

**OTT Vendors Advertisers Are Using**

- Local TV sales rep: 25%
- Local cable sales rep: 20%
- Local digital agency rep: 17%
- Local radio sales rep: 15%
- National provider: 14%
- Programmatic – bought by my company: 8%
- Local newspaper sales rep: 7%
- Other: 9%
- Don’t know: 13%

65% buy it from a local media company.

Source: Borrell’s April-June 2021 Survey of 2,881 local ad buyers

Online Video is the 3rd Wave, and It’s Local
What Will 3rd Decade Look Like?

U.S. LOCAL ADVERTISING EXPENDITURES, 3RD DECADE OF INTERNET MEDIA

INFORM YOUR BUDGET, PLAN YOUR YEAR
WITH BORRELL’S 2022 FORECAST WORKBOOK

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Thank You!