



**Q3 2009 Revenue Comparisons Show Positive Turnaround Signs**

**Top Segments See Spending Increases**

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**New York, New York – November 20, 2009** – As Q3 approached, consumer confidence slowly inched upwards, providing encouraging signs of an economic recovery. “As the quarter came to a close, it showed promise of an upswing in advertising spend by marketers,” stated Jeff Haley, President and CEO of the RAB. “Increases in expenditures in highly competitive categories continue to positively influence Radio’s bottom line.”

“Although there have been shifts in rank, Radio’s top 5 categories have been consistent since 2005” Haley commented. “Within these top 5 categories we continue to see some advertisers aggressively increase their share of voice when compared to their higher spending competitors.” Some notable examples of these Local/National accounts include: Subway, Dunkin’ Donuts, MetroPCS, as well as Volvo and Hyundai Motor Corporations.

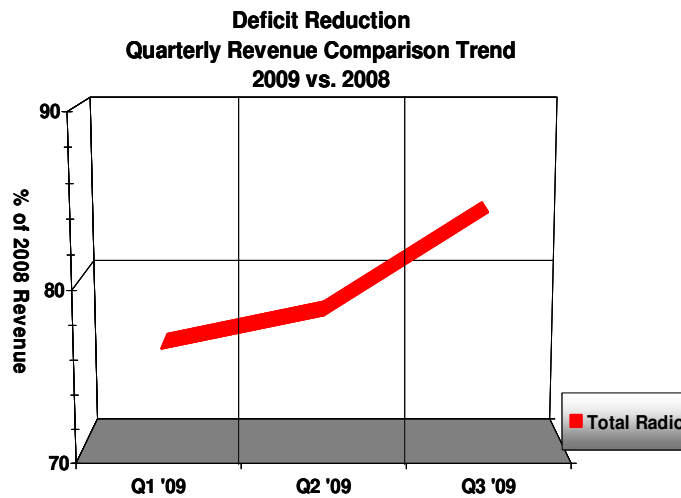
<b>Revenue Comparisons - 2009 vs. 2008</b>				
<b>(In Millions)</b>				
<b>Revenue</b>	<b>\$Q3 '09</b>	<b>% Chg</b>	<b>\$YTD '09</b>	<b>% Chg</b>
Local	2,798	-19%	7,983	-23%
National	639	-17%	1,703	-22%
Local & National Combined	3,437	-19%	9,686	-23%
Network	253	-11%	765	-11%
Digital	126	14%	347	12%
Off-Air	335	-9%	954	-11%
<b>Grand Total</b>	<b>4,151</b>	<b>-16%</b>	<b>11,752</b>	<b>-21%</b>

Source: Miller, Kaplan, Arase & Co.\*

Off-Air was previously referred to as Non-Spot

Digital consists of all revenue derived from radio websites

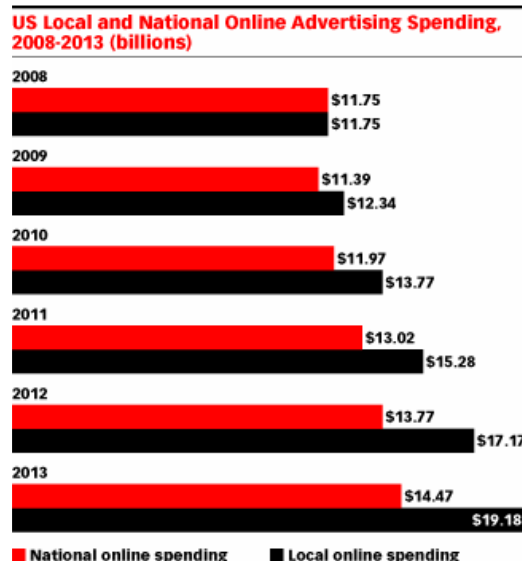
Throughout 2009, Radio has seen narrowing gaps between previous year comps with each successive quarter. Q3 '09 total revenue stands at 84% of the Q3 '08 level – significantly improving on Q1's 76%.



## Digital

Radio's Digital sector also shows positive signs with quarter and year to date increases of 14% and 12% respectively. Although there have been economic hurdles, stations supported and improved upon their brand's online extensions – websites, online streaming, mobile applications - providing content and programming that addressed listeners' demands therefore providing advertisers with additional marketing options.

Radio's digital platform offers both local and national advertisers an additional venue to reach consumers across the audio spectrum. Recently Piper Jaffray indicated "that small businesses will begin to catch up with consumers online, bringing significant growth to the local online sector and moving local dollars from offline to the Web".



Source: Piper Jaffray & Co., "Always Be Closing: The ABC's of Local Online Lead Generation," provided to eMarketer, October 22, 2009

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www.eMarketer.com

\*Local, National, Digital and Off-Air revenues are based on a pool of more than 100 markets as reported by the accounting firm of Miller, Kaplan, Arase & Co. and extrapolated to the entire U.S. The methodology to derive the 2007 local, national, digital and Off-Air (non-spot) quarterly dollar amounts has been recalibrated and maintains previously reported quarterly total revenue while reflecting a shift in the dollars within the sectors. Digital Revenue is comprised from activity generated by the websites, internet/web streaming and HD Radio including HD2 and HD3 stations. Network Revenue includes the top five Radio network companies. Non-Spot data has been collected and verified since January of 2002, and reported since September of 2004.

The RAB began reporting quarterly Radio revenue in dollar amounts with the 2007 results.

The Radio Advertising Bureau serves more than 6,000 member Radio stations in the U.S. and over 1,000 member networks, representative firms, broadcast vendors, and international organizations. RAB leads and participates in educational, research, sales, and advocacy programs that promote and advance Radio as a primary advertising medium.

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If you have any questions, please email [revenue@rab.com](mailto:revenue@rab.com) or call 212-681-7200.

**Radio Overview**

A September American Express survey revealed that certain expenses have become more important to consumers than they were a year ago – including:

<b>Higher Priority Rating Today vs. One Year Ago</b>		
	<b>% of Respondents</b>	
<b>Expense</b>	<b>More Important Today</b>	<b>Important One Year Ago</b>
Salon hair styling	46%	18
Auto maintenance	43	5
Home improvements	14	7
<i>Source: American Express Spending &amp; Saving Tracker, September 2009</i>		

Our analysis of areas where Radio spending has been on the rise in Q3 and YTD reflects advertisers capitalizing on the changed priorities of the American consumer.

**Advertiser Category Analysis**

**Communications/Cellular/Public Utilities**

Communications advertisers continued to call on Radio in the third Quarter, ringing up \$337.6M in Local/National spending to bring YTD to nearly \$1.1B.

The category retains the #1 Radio category rank for the fourth consecutive quarter – and Radio’s two top spenders lead the category: AT&T (\$106.4M in Q3, \$353.0M YTD) and Verizon Wireless (\$107.5M in Q3, \$320.5M YTD).

A number of smaller carriers - several targeting the budget-conscious - increased their coverage of Radio’s airwaves in Q3: Sprint (+176%), Leap Wireless (+27%), Qwest Communications

(+24%), and MetroPCS (+20%). Boost Mobile made an \$8.1M commitment this quarter (vs. under \$0.5M in Q3 '03), and TracFone spent \$7.0M (vs. only \$0.75M this period last year).

Based on year to date expenditures, Boost Mobile is up over four fold, followed by MetroPCS (+37%), TracFone (+36%), Leap Wireless (+31%), USCellular (+28%), and Qwest Communications (+10%).

## Restaurants

Radio has continued to enjoy increased traffic from fast-food and fast-casual chains in Q3. For the quarter, spending in this category is at 95% of same period last year. Year to date is also outpacing Radio as a whole, currently at 90% of last year.

A standout earlier in the year, Dunkin' Donuts again added weight to Radio, up 24% this quarter and up 33% year to date. Q3 '09 increases have secured Dunkin Donuts a position as one of the top 5 category spending leaders for the quarter.

Overall, the price/value category has dished up impressive increases for Radio. Among the leading spenders:

<b>Restaurants</b> <b>2009 vs. 2008 Local and National Radio</b> <b>(in Millions)</b>				
<b>Advertiser</b>	<b>\$Q3 '09</b>	<b>% Chg</b>	<b>\$YTD '09</b>	<b>% Chg</b>
Taco Bell	28.9	31%	70.8	19%
Subway	27.2	12%	71.4	18%
Dunkin' Donuts	21.7	24%	69.2	33%
Jack in the Box	7.9	306%	19.7	181%
White Castle	7.3	109%	18.2	135%
Romano's Macaroni Grill	7.1	285%	17.8	189%
Arby's Restaurant	5.7	331%	15.8	484%

Source: Miller, Kaplan, Arase & Co. X-Ray Markets

(Extrapolated dollar amounts based on the 35 market X-Ray pool may not be fully indicative of industry results as a whole.)

Engaging in intense burger warfare, both McDonald's and Wendy's – Radio's top Restaurant spenders – have propelled their Q3 spending to the highest quarterly level thus far this year, at \$75.8M and \$31.5M, respectively. Year to date, McDonald's has spent nearly three times as much as Wendy's in Radio (\$225.8M vs. \$81.5M) and remains Radio's #3 spender.

## Auto Dealers/Dealer Groups/Manufacturers/Rentals

The government's "Cash for Clunkers" program provided Radio with a welcome stimulus in Radio's Local and National sector's Automotive category in Q3, driving spending up to its highest level all year. With spending on the rise, automotive advertisers closed Q3 at 60% of last year's spend – a significant turnaround from just 40% in the Q1 '09 - Q1 '08 comps.

A number of nameplates who had been aggressive on Radio in the first half of the year continued to increase their commitments this quarter; all are up YTD, as well:

<b>Automotive 2009 vs. 2008 Local and National Radio (in Millions)</b>				
<b>Advertiser</b>	<b>\$ Q3 '09</b>	<b>% Chg</b>	<b>\$ YTD '09</b>	<b>% Chg</b>
GMC Motor Corporation	16.7	101%	27.9	16%
Volvo Motor Corporation	10.0	26%	25.2	73%
Hyundai Motor Corporation	7.4	65%	13.4	32%
Kia Motor Corporation	3.8	145%	8.6	162%
Kia Dealer Association	3.5	246%	6.0	53%
Audi Motor Corporation	2.8	60%	9.6	91%

Source: Miller, Kaplan, Arase & Co. X-Ray Markets

(Extrapolated dollar amounts based on the 35 market X-Ray pool may not be fully indicative of industry results as a whole.)

Additionally, Mini Cooper Motor Corporation increased its Radio spend over eight fold in Q3 (to \$8.4M), boosting YTD to \$15.2M (+261%). Both Chevrolet Motor Corp. and Mazda Motor Corp. posted gains in Q3 – up 28%, (to \$10.7M) and 83% (to \$2M), respectively.

For Q3 and year to date, the Automotive category ranks third in total ad spending – down from its perennial top spot in 2008 and earlier.

Toyota Dealer Association remains Radio's dominant spender YTD (\$62.9M) with a sizable lead over #2 Ford Dealer Association (\$44.9M). Rounding out the top 5 are CarMax (\$34.1M), Honda Dealer Association (\$33.6M), and Nissan Dealer Association (\$33M). Ranking Q3, it's Toyota Dealer Association (\$28M), Honda Dealer Association (\$17.6M), GMC Motor Corporation (\$16.7M), Ford Dealer Association (\$14.4M), and CarMax (\$13.5M).

The Network Radio sector was not without its bright spots, with automotive category increases of 9% for Q3 and 14% year to date. Although more focused within the Local and National sectors, General Motors still proves to be Network Radio's spending leader for both third quarter and year to date. Ford Motor Company increased their Q3 '08 spending an additional \$2.4M over same time period last year but was no competition for GM who outspent them by 64% - a \$6.8M difference. Safelite AutoGlass, reminding consumers the importance of windshield maintenance, continues to invest in Network Radio with \$7.2M in the quarter. With year to date spending of nearly \$14.3M, Safelite can be considered a new advertiser when compared to no Radio investment a year ago.

### **Television/Networks/Cable Providers**

With cable access providers vying for market share and the TV and Cable outlets phasing in promotional marketing for their fall program lineups and sports programming, TV and Cable advertisers' spending moved Radio's Q3 '09 to a welcomed 86% of the Q3 '08 level (compared to 72% in Q1 and 78% in Q2 – indicating a very positive trend for Radio's fourth-largest spending category).

Across the board increases for the quarter included: DirecTV (+129%), Time Warner Cable (+29%), Bright House Networks (+19%), Lifetime Cable Network (+17%), CBS TV Network (+13%), Comcast Cable (+8%), Cox Communications Cable (+6%), CW Network (+5%), and ESPN (+2%). Starz premium service added \$2.6M to the bottom line, compared to no expenditure in Q3 last year.

For the year, category leader Comcast Cable (\$179.1M) is up 3%. Also up over last year's three-quarter spending are Spike TV (+84%), Showtime TV (+77%), TNT Turner Network TV (+75%), A&E TV and Fox Sports Network (both up 51%), Lifetime and USA Cable Networks (both up 12%), Bright House Networks (up 8%), and ESPN (up 3%).

### **Grocery/Convenience/Liquor Stores**

This category performed very well this quarter, ending the Q3 period roughly flat at \$203M.

Category topper Safeway led the Q3 Radio shopping spree with a \$16.9M increase (+33%) over last year. Other stores that added more Radio in their carts this quarter were Fresh & Easy Grocery Stores (+253%), Whole Foods Market (+134%), Shop Rite (+81%), HEB Food Stores (+68%), Giant Foods (+37%), Meijer Food Stores (+25%), Giant Eagle Supermarket (+22%), Stop & Shop (+18%), Lucky Supermarkets (+16%), and Rainbow Foods (+7%).

Year to date, Safeway's expenditures have been nearly flat. Biggest dollar increases have come from HEB Food Stores (up \$11.7M, or 169%), 7-Eleven (up \$9.6M, or 38%), and Publix Supermarkets (\$6.6M, or 35%).

### **Beverages**

The merger of SAB Miller and Coors Brewing became official during third quarter 2008 and had a great impact on Radio's fifth highest spending category for Q3 within the Local and National sectors. One year later, Anheuser Busch, #2 ranked beverage advertiser, increased their Q3 '09 spending an aggressive 66% - nearly \$20M in additional advertising revenue versus same time period year ago.

Diageo, a premium drinks business with well recognized brands like Jose Cuervo, Guinness, Bailey's and Captain Morgan to name a few, also increased their spending by 177% in third quarter, closing year to date up 29% (+\$10.3M and +\$5.6M respectively).

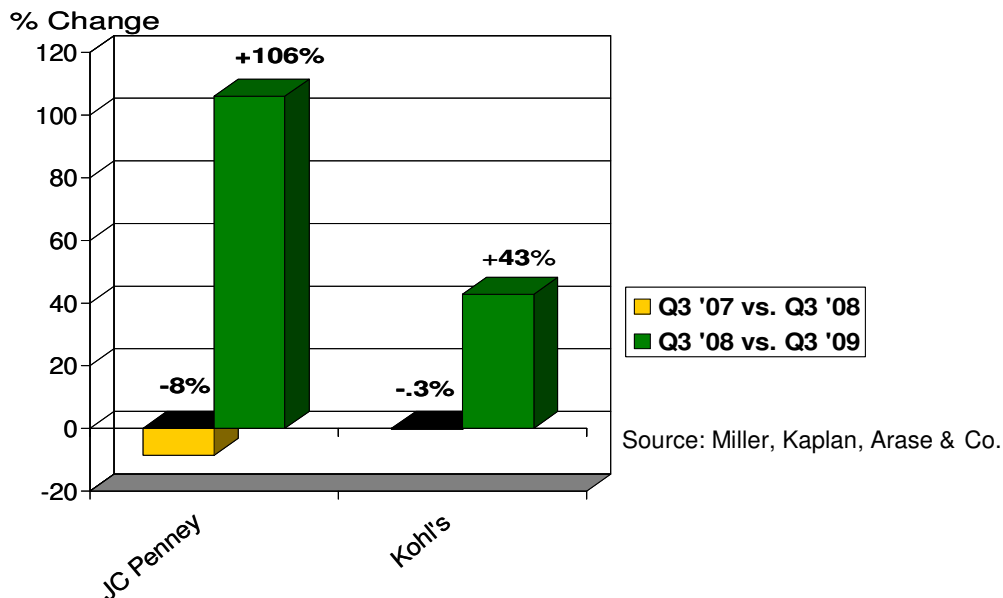
Combined, MillerCoors and Diageo accounted for 25% of the \$262.9M beverage category spending for the third quarter.

### **Retail – Including Home Improvement, Department Stores, Discount Stores & Shopping Centers**

Fringe advertisers within this category continue to promote value to cost conscious shoppers. Specifically, within the subcategory of Department Stores, two retailers continue to promote low cost, well known designer fashions and home goods within the Local and National sectors – JC Penney and Kohl's. JC Penney increased its Q3 '09 spending 106% to \$17.3M and year to date 34% to \$35.8M.

Kohl's was the third highest category advertiser directly following JC Penney based on a third quarter increase of 43% (to \$17.2M).

The JC Penney and Kohl's upticks are positive indicators when compared to Q3 '07 to Q3 '08 decreases.



Kohl's also increased their Q3 investment within the Network Sector 18% to \$3.5M closing out year to date up 17% to \$8.7M.

Within the subcategory of Home Improvement, Home Depot remains the spending leader. Within the Network sector, Home Depot increased Q3 '09 spending to \$15.1M closing out year to date at \$42.5M – up 28% and 27% respectively. Lowes boosted its third quarter spending up 16% to \$26.1M across the Local and National sectors, and increased its use of Network Radio by 118% (to \$1.3M).

Retail, comprised of Home Improvement, Department Stores, Discount Stores & Shopping Centers, was Network Radio's third quarter spending leader.

### Specialty Retail

A rivalry between sibling retailers proved beneficial to Radio's Local and National Sectors. GAP Clothing and Old Navy, both owned by GAP Inc. Brands, significantly increased their Q3 spending by \$11.9M and \$6.3M respectively. However, indicative of a denim war, Levi Strauss is no longer a dark horse in this category. A whopping \$12.3M increase in Q3 '09 vs. Q3 '08 created a positive impact within the category - up 34%. Levis Strauss YTD up over 20-fold to \$17.9M also contributed to the Specialty Retail category's 3% YTD increase. These three advertisers combined to account for 52% of the \$69.5M category's third quarter spending.

### Political



With the health care reform debate and other hot issues commanding the nation's attention, as well as many mayoral races and two off-year gubernatorial contests,

political spending flowed into Radio's coffers at the Local/National level. Of the \$7.8M spent within 3<sup>rd</sup> quarter 2009, nearly 67% was dedicated to issue advertising with a focus on healthcare. Mayoral and gubernatorial races within the Northeast region dominated political candidate advertising and made up 28% of the category's revenue. Third quarter political spending accounted for 38% of the \$20.9M year to date revenue within the Miller, Kaplan markets.

In the Network sector, the U.S. Government was the leading advertiser in Q3 '09 and year to date - \$2.2M and \$5.3M respectively. The government ran messages from various divisions including, but not limited to, National Highway Safety, Department of Health and Human Services and ONDCP.

## Professional Services

Economizing is still within the vocabulary of many Americans and as part of an on-going trend from Q2, salons touting low cost stylists continue to promote their businesses within the Local and National sectors. Combined, three advertisers increased their third quarter spending 9%.

<b>Professional Services</b>				
<b>2009 vs. 2008 Local and National Radio</b>				
<b>(in Millions)</b>				
<b>Advertiser</b>	<b>\$Q3 '09</b>	<b>% Chg</b>	<b>\$YTD '09</b>	<b>% Chg</b>
Great Clips	6.5	11%	19.7	11%
Supercuts	2.9	11%	6.5	23%
Fantastic Sams	0.5	2%	7.0	5%

Source: Miller, Kaplan, Arase & Co. X-Ray Markets

(Extrapolated dollar amounts based on the 35 market X-Ray pool may not be fully indicative of industry results as a whole.)

Local and National Advertiser Category analysis is based on data from Miller, Kaplan, Arase & Co. X-Ray Market Reports. X-Ray Market Reports are compiled from advertiser expenditure data direct from station billing in 35 markets, extrapolated to the entire U.S. Extrapolated dollar amounts may not be fully indicative of industry results as a whole. X-Ray Markets represent approximately 80% of the dollars from the pool of 100 markets.

Network Radio Advertiser Category spending analysis is based on data from TNS Media Intelligence.

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