news Release

Radio Shows Double-Digit Growth in Digital Revenue for Q3 as Industry Continues to Build It's Strong Digital Platforms

Off-Air Revenues Also Show Significant Gains as Industry Revenues Indicate Improving Trends

New York, New York – November 21, 2014 – The Radio Advertising Bureau (RAB), the radio industry's advertising advocacy group serving more than 6,000 member Radio stations across the U.S., announced today that the Radio industry continues to build its digital profile as Digital revenue in Q3 showed growth of 11% over last year. In addition, despite a flat national advertising market across media, total Radio ad revenues showed signs of rebounding with improving trends over Q2 performance (-2% vs. -3%) – and Off-Air revenue posted a 14% gain, for its fourth consecutive quarter of double-digit growth.

Year-to-date through September changes for Spot and Network were identical to their Q3 showings (-3% and -4%, respectively).

Revenue Comparisons - 2014 vs. 2013
(In Millions)

Revenue	$Q3 '14	% Chg	$YTD '14	% Chg
Spot	3,571	-3%	10,066	-3%
Network	264	-4%	798	-4%
Digital	271	+11%	720	+12%
Off-Air	459	+14%	1,312	+14%
Grand Total	4,565	-2%	12,896	-1%

Source: Miller Kaplan Arase LLP*

"The increasing strength of Radio's digital platforms becomes more evident every quarter as advertisers recognize the unparalleled benefits of reaching Radio's dedicated audiences on every device and platform they are using," said Erica Farber, President and CEO of the Radio Advertising Bureau. "In addition, the growth in off-air opportunities for advertisers is a clear indication that Radio is focused on continuing to deliver more innovative solutions to help them reach their consumers."

"As radio broadcasters continue their focus on reaching consumers and enhancing advertiser ROI through broadcast, digital platforms and new off-air opportunities, advertisers are recognizing that the best way to communicate with consumers and build brands has evolved far beyond simply running a Spot schedule on-air," Farber continued. "On-air personality involvements, events, station websites and other digital options continue to generate support, use and results among major brand marketers as well as local businesses."

Growth Categories in Q3

There were upticks from Health Care (+4%), Professional Services (+5%), and Insurance Companies (+1%); these industries also showed increases in year-to-date spending - up 6%, 6% and 7% respectively. Nice growth signs while several of Spot Radio's top tier revenue categories registered dips while facing very strong Q3 delivery last year.

Additionally, there was upward momentum from many categories in the next tier that helped improve Radio's bottom line this quarter, many of which reflect the impact of increased consumer optimism and spending in the housing, travel and personal entertainment areas. These are (in rank order based on dollar volume):

Charitable/Religious/Non-Profit/Government Agencies	+ 2%
Home Improvement	+ 6%
Specialty Retail	+ 3%
Entertainment – Other	+ 2%
Sporting Events/Expos/Shows	+ 2%
Amusement/Theme Parks/Museums	+ 2%
Heating/Ventilation/Air Conditioning/Plumbing	+ 7%
Real Estate/Retirement Communities	+15%
Oil & Gas	+31%
Appliances and Electronics	+11%
Transportation	+32%
Recruitment/Employment	+29%
Security Services	+ 3%
Postal & Delivery Services	+59%

"Looking at this list of growth categories, much of the increased volume derives from locally-focused, Main Street businesses who can directly observe the impact of Radio advertising on their bottom lines," states Farber. "Additionally, Radio's ability to motivate listeners to action is reflected in the increased spending in such categories as Charitable/Religious/Non-Profit/Government Agencies, Entertainment, Sporting Events/Expos/Shows, and Recruitment/Employment - advertisers that count on Radio to help raise funds, fill seats, fill jobs and depend on results from their investments."

The diversity of Radio's top advertiser list continues to exemplify the ability of our medium to deliver for a broad spectrum of products and services. The "top ten" comprises a cross-section of major brands from seven different categories:

Radio's Top 10 Advertisers in Q3 2014

Comcast Xfinity
AT&T
T-Mobile
McDonald's
GEICO
PepsiCo
Sprint
Toyota Dealers Association
Allstate
Safeway

*Spot Radio, 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 LLP and extrapolated to the entire U.S. Digital Revenue is comprised from activity generated by websites, Internet/web streaming and HD Radio including HD2 and HD3 stations. Network Revenue includes seven major Radio network companies. Revenue data has been randomly verified since 2002.

The lineup of markets/stations may vary from year to year. Percent change is calculated on revenue adjusted to current year reporting.

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.

Political Overview

The fact that political spending is cyclical and can be sporadic was apparent during the lead-up to 2014 mid-term elections. Forty-three percent of year-to-date political dollars were spent during the July through September period within the Miller Kaplan markets. More than half of these dollars (54%) were spent by various PACs and issue advertisers with 35% spent by candidates. Total year-to-date spending within these markets was $38.6M.

Political Insights from Leo Kivijarv, Ph.D., VP/Research, PQ Media

In our last report you stated that Q2 ad buying tracked slower than anticipated. How did spending fare in Q3 in comparison to other non-presidential election years?

PQ Media's data analysis points to political media buying growing at a slightly slower pace than we anticipated in the three months leading up to the election, although still rising at a double-digit rate compared with 2010.

While there were more contentious Senate and gubernatorial races than in past elections, the media buying was done more smartly during this final election cycle as sophisticated databases became more vital to isolating key DMAs, cities and town, and neighborhoods that would influence the final outcome. Both parties shifted financial resources away from traditional media, including radio, and increased funds towards improving on-the-ground one-to-one engagement tactics that would yield higher returns in voter turnout for their respective candidates.

In your view, how was political ad activity distributed especially among radio?

Radio was particularly fortunate for the high number of gubernatorial races that went down to wire, as the medium proved to be the most flexible in reaching key demographics with new messaging as election day neared, particularly in those races that were gaining a reputation of being the "dirtiest." Concurrently, it was the medium of choice for smaller markets with other long-term messages that could be tailored to fit the psychographics of a particular town, which became vitally important when certain candidates wanted to counter strong support for their competitor in large cities.

Is there any indication of how political dollars were distributed among various radio formats that reach special population segments such as ethnic audiences or younger demographics?

While that is an interesting subject, it probably is more relevant during presidential elections than the off-year elections, particularly relating to the younger demographics that are not as engaged in the political process.

There was increased attention given to ethnic audiences, particularly Hispanics and African Americans, but probably not to the level that would drive a double-digit increase in radio inventory. Republicans sought to trim the high share of Hispanics that voted for President Obama in 2014, although they would continue to remain significantly behind the Democrats. PQ Media believes that there will be a significant increase in radio funding aimed at Hispanics in 2016 as the U.S. demographic profile continues to change in favor of the Democrats.

As to the 2014 elections and targeting the African American community, Democrats were seeking to increase voter participation in key races to counter the trend of undecided voters who tended to lean towards the Republican candidate.

It seems that the 2016 presidential race has already begun. Do you foresee any campaign spending in 2015 preliminary to the 2016 caucuses and primaries?

Yes, PQ Media expects political media buying in 2015 to break records for a non-federal election year.

As candidates begin to maneuver towards becoming frontrunners, SuperPacs will fund most of the media placements. The candidates themselves, however, will temper individual contributions to media buying in order to hold funds in reserve for the various "Super Tuesday" primaries in 2016, attempting to avoid peaking too early and then becoming an afterthought because they were unable to buy enough media to counter arguments raised by better-funded candidates.

Do you foresee radio benefitting from any of the runoffs that are taking place?

PQ Media thinks that radio will benefit from any runoffs, such as the one in Louisiana, but not to the level anticipated before Election Day when control of the Senate was still in doubt.

With the Republicans firmly ensconced in both chambers of Congress in 2015-16, the runoff elections won't alter the landscape enough for a significant influx of funds for political media buying. The more likely scenario is that some funds earmarked for runoffs a few months ago will be held in reserve for the 2016 Presidential election, as well as for new Senate races if the anticipated gridlock materializes in Washington, which will drive voter frustration that might help drive the Senate back to the Democrats.

Dr. Leo Kivijarv is a respected source of analysis for more than 100 news and trade sources including Bloomberg TV, NPR Radio, MSNBC, Fortune, Kiplinger's, and Broadcasting & Cable.

PQ Media is a leading provider of econometric data and strategic insights to executives in the global media, entertainment and technology industries. PQ Media employs a proprietary econometric methodology to provide clients with actionable market intelligence necessary to achieve their growth objectives in a fast-changing global marketplace. The PQ Medianomics™ research system relies on comprehensive databases, proprietary algorithmic models and exclusive industry leader panels. We track, analyze and forecast media operator revenues, end-user consumption and consumer spending across more than 100 digital, alternative and traditional media platforms and channels in leading markets worldwide, including the PQ Media Global Digital Media & Technology Research Series, a three-report series that provides the first holistic view of the world's media economies. For more information, contact Dr. Kivijarv at lkivijarv@pqmedia.com or 203-921-0368.

Advertiser Category Analysis

Q3 and Year-to-Date 2014

Auto Dealers/Dealer Groups/Manufacturers

In an industry that is on track for a banner year in 2014 but also beset with recalls, lack of product for some nameplates, and other issues impacting business through the quarter, Q3 Spot spending was down only slightly (-4%). The majority of the top echelon within the category cut spending by mere single digit percentages and retained the same rankings as Q3 '13. Notable exceptions adding dollars were #5 Chevrolet Dealer Association (+20%) and #6 Fiat Chrysler Automobiles (+26%), with Ford Dealer Association (-28%, now #2, down from #1 last year) and #10 Lexus Dealer Association down double digits (-13%). Toyota Dealer Association leads all automotive spenders in this quarter, though spend is down 4%.

Category spending year-to-date is flat (-2%).

Auto Parts/Service

Advertisers in the auto aftermarket arena have committed 8% more to Spot Radio in the first three quarters of 2014 (despite a 3% decline in Q3), led by the category's dominant top two – O'Reilly Auto Parts (Q3 +24%, YTD +16%) and Advance Auto Parts (Q3 +27%, YTD +235%). Tire Kingdom made a major play on Radio in Q3, increasing spending by more than seven-fold over last year. Other spenders with increases in the quarter were Just Brakes, up 12% and Monro Muffler Brake & Service, up 19%

Beverages

PepsiCo continued their reign as beverage spending leader and upped their Spot Radio presence 2% in Q3. This increase was not enough to offset prior quarter decreases, with year-to-date down 12%. Ranked at #2, Coca-Cola reduced their Q3 Spot Radio activity double digits (-20%), but ended the three-quarter period flat versus comps.

Other beverage brands that poured more into Spot Radio were:

Beverages
2014 vs. 2013 Spot Radio (% Change)

Advertiser	Q3 '14	YTD '14
Remy Cointreau USA	+348%	+375%
Brown Forman Beverage Co.	+57%	+45%
Boston Beer Samuel Adams	+72%	+23%

Source: Miller Kaplan Arase LLP: X-Ray Markets
(Revenue growth rates based on the 40 market X-Ray pool may not be fully indicative of the industry results as a whole.)

Casinos & Lottery
While this Spot Radio category experienced some losses in both the quarter and year-to-date (-13% and -6% respectively) within this category, there were some significant gains.

FanDuel.com, the fantasy sports site, is the Q3 gaming platform spending leader (up 92% in Q3 and 83% YTD). This increased spending was not enough to bump Caesars Hotel & Casino from the top spot for the YTD with a 200% increase (and a 130% increase in the quarter).

Charitable/Religious/Non-Profit
As one of Spot Radio's top 20 categories, it continues to show growth with 2% added to the quarter and 7% YTD versus comps.

Kars4Kids continues its reign as spending leader with 13% and 18% increases to the quarter and year-to-date respectively.

Additional organizations that upped spending during the nine-month period ending September ranked in order of spending:

Charitable/Religious/Non-Profit
2014 vs. 2013 Spot Radio (% Change)

Advertiser	Q3 '14	YTD '14
Goodwill Industries	+2%	+8%
YMCA	+4%	+2%
Salvation Army	-1%	+3%

Source: Miller Kaplan Arase LLP: X-Ray Markets
(Revenue growth rates based on the 40 market X-Ray pool may not be fully indicative of the industry results as a whole.)

Communications/Cellular
Q3 held steady with last year's strong Spot Radio presence, retaining the #2 spending rank behind Auto Dealers/Dealer Groups/Manufacturers. Year-to-date the category drops from #2 last year into #3 in a near tie with Financial Services.

Activity within the category has been volatile: AT&T has outspent all competitors by a wide margin for the nine-month period and is up 5% over YTD 2013; Q3 comps are down 10%. T-Mobile retains a solid second place YTD ranking even cutting spending 10% thus far and 20% in Q3; Verizon Wireless ranks 3rd YTD with volume up 18%, but down 36% for the quarter; MetroPCS (#4 YTD) is up 72% for the year but declined 47% in the quarter; while Sprint vaulted to the #3 spot for the quarter on a 40% increase (#5 YTD with a 48% cutback).

Concerts/Theaters/Movies
Live Nation again headlines the category, Doubling the next advertiser's spending. Paramount Pictures, ranked at number four for the quarter, significantly upped spending 369%.

Despite Live Nation's 18% and 10% lift to the quarter and year-to-date, it was not enough to offset the category's continued decline – down 3% (Q3) and 4% (YTD).

Department & Discount Stores
While three of the top five Department/Discount Stores and Shopping Centers advertisers increased their Q3 spending, it was not enough to offset the decline registered since Q1 of 2014.

Walmart continues its reign as lead retailer for the quarter and year-to-date but there were double digit declines of 39% and 47%. Target was a close second with a 59% increase for the quarter but ended the three-quarter period slightly down (3%) versus same time period comps.

Third Quarter advertisers ranked three to five with percent change were:

- Macy's – down 6%
- Simon Malls – up 161%
- TJ Maxx – up 43%

Category end lines for the quarter and nine-month period were -12% and -22%.

Financial Services
Spot Radio revenue for this category was down 9% for both 3rd Quarter and the three quarters ending September 2014. The category ranks second in a near tie with #3 Communications/Cellular in the quarter and ranks third based on cumulative spending to date.

MasterCard was the only major account to increase spending in Q3 (+14%), which moved it from 4th in its category last year to the #1 spot this quarter. Year-to-date MasterCard is down 20%.

Despite diminished Q3 activity, several Financial Services advertisers are up on YTD comps: JPMorgan Chase (#1, up 41%); American Express (#3, up over four-fold); Navy Federal Credit Union (#4, up 3%); Fortune Builders (#8, up 137%; also up 77% in Q3).

Grocery/Convenience Stores
Grocery/Convenience Stores' Spot spending declined 17% for the quarter based on double-digit belt-tightening among all of the top 10 chains save Fresh & Easy Neighborhood Market (#6), which was up 152%.

Spending across the first three quarters is down 13%, impacted primarily by category leader Safeway's 20% cut thus far, while #2 Kroger is virtually flat (-2%) and #3 Publix Supermarkets is up 2%.

Health Care
Comprising of hospitals, medical and personal image clinics, this #4 ranked category raised its Spot Radio spending 4% in Q3 and 6% YTD compared to same time period comps.

Ideal Image continues as category leader outspending the next largest advertiser by nearly five times in the quarter; Ideal Image increased spending 1% and 2% in Q3 and YTD respectively.

Lasik Plus and American Laser Center continue to focus on Radio with considerable increases over the nine-month period compared to virtually no activity over the same time period in 2013.

Home Furnishings
Five of the top seven advertisers are focused on mattress sales and few rested from promoting their products and deals:

Mattress Firm padded its dominant position with double digit increases for both the quarter (+20%) and nine-month period ending September (14%).

Laid out in the sixth position is national advertiser Ashley Furniture Store, also with double digit increases – 62% in Q3 and 30% YTD.

Third quarter's remaining five of these top seven advertisers and their percent change (ranked in order of spending) were:

Home Furnishings
2014 vs. 2013 Spot Radio (% Change)

Advertiser	Q3 '14	YTD '14
Select Comfort	-13%	-42%
Sleepy's Mattress Professionals	+7%	-4%
Sleep Train Mattress Center	+1%	+3%
Sleep Country USA	-3%	+4%
Bob's Discount Furniture Store	+6%	+2%

Source: Miller Kaplan Arase LLP: X-Ray Markets
(Revenue growth rates based on the 40 market X-Ray pool may not be fully indicative of the industry results as a whole.)

Home Improvement
Throughout the summer months, Home Improvement advertisers utilized Spot Radio to remind consumers to spiff up their homes, evidenced by 6% and 7% increases in the quarter and nine-month period ending September respectively.

An increase of nearly 300% secured Benjamin Moore Paint's position as the top Q3 spender, raising them up to #2 at the end of the three quarter period.

Each of the remaining top five category advertisers increased their Radio presence in the quarter:

Home Improvement
2014 vs. 2013 Spot Radio (% Change)

Advertiser	Q3 '14	YTD '14
Menards Building Supply	+4%	+3%
Renewal by Andersen Windows	+356%	+131%
Home Depot	+83%	+12%
Rhino Shield	+30%	+15%

Source: Miller Kaplan Arase LLP: X-Ray Markets
(Revenue growth rates based on the 40 market X-Ray pool may not be fully indicative of the industry results as a whole.)

Collectively these five advertisers increased spending 104% and represent 15% of Q3 category spending.

Insurance Companies
The Insurance category represents a bright spot in the Spot revenue picture, up 1% against Q3 2013 and up 7% YTD.

GEICO continues to dominate spending in this category despite showing a small dip (-4%) for both the quarter and nine-month period. A number of insurers substantially increased their Radio coverage in Q3; based on Q3 rank standing, these include:

Insurance Companies
2014 vs. 2013 Spot Radio (% Change)

Advertiser	Q3 '14	YTD '14
Allstate Insurance	+40%	Flat
American Family Insurance	+11%	-7%
Farmers Insurance	+66%	+143%
State Farm Insurance	+11%	-21%
AAA Auto Insurance	+30%	+28%
AARP Insurance	+190%	+64%

Source: Miller Kaplan Arase LLP: X-Ray Markets
(Revenue growth rates based on the 40 market X-Ray pool may not be fully indicative of the industry results as a whole.)

Professional Services
Representing a grouping of national advertisers that provide varied services locally, this category carries on with upticks – 5% in Q3 and 6% YTD.

It's is no surprise to see many of the names that we have seen in previous reports increasing their already dominant Spot Radio presence:

Professional Services
2014 vs. 2013 Spot Radio (% Change)

Advertiser	Q3 '14	YTD '14
1-800-411-PAIN	+14%	+13%
Zerorez	+13%	+10%
1-800-Got-Junk	+10%	+17%
Great Clips	-3%	+3%

Source: Miller Kaplan Arase LLP: X-Ray Markets
(Revenue growth rates based on the 40 market X-Ray pool may not be fully indicative of the industry results as a whole.)

Real Estate/Retirement Communities
While not one of Spot Radio's top 20 categories, double-digit increases for both the quarter and YTD (15% and 21% respectively) requires a thorough inspection.

According to the Commerce Department, new home sales jumped 18% in August and new home builders Lennar Homes and K. Hovnanian increased their presence on the airwaves to boost sales. For those that prefer rent over mortgage, regional advertiser and top category spender Renters Warehouse (a property management company) made consumers aware of the various options available to them.

Real Estate 2014 vs. 2013 Spot Radio (% Change)		
Advertiser	**Q3 '14**	**YTD '14**
Renters Warehouse	+ 54%	+59%
Lennar Homes	+18%	+30%
K. Hovnanian Companies, LLC	+16%	+63%

Source: Miller Kaplan Arase LLP: X-Ray Markets
(Revenue growth rates based on the 40 market X-Ray pool may not be fully indicative of the industry results as a whole.)

Upticks by other real estate companies and local/regional retirement communities helped to fund the category increase.

Restaurants
Restaurant advertisers served up much healthier Spot comps in Q3 '14 following lackluster delivery in Q1 and Q2 – down just 4% against same period last year. Year-to-date spending through September is off 11%, a sign of recovery compared to a 16% disparity registered at the half.

Category super-spender McDonald's lagged just 3% behind 2013 spending levels for Q3 and YTD, as Subway disappointed with 27% declines for both periods. On the positive side, Radio saw increased Spot revenue from these in Restaurants' top 10 (in rank order based on Q3 spending):

Restaurants 2014 vs. 2013 Spot Radio (% Change)		
Advertiser	**Q3 '14**	**YTD '14**
Dunkin Donuts	+ 5%	+2%
Wendy's	+19%	-3%
Chipotle Mexican Grill	+11%	Flat
Jack in the Box	+89%	-3%
Jimmy Johns	+24%	+11%
Bonefish Grill	+59%	-40%
Buffalo Wild Wings	+8%	+1%

Source: Miller Kaplan Arase LLP: X-Ray Markets
(Revenue growth rates based on the 40 market X-Ray pool may not be fully indicative of the industry results as a whole.)

Specialty Retail
Advertisers that sell specific product lines continue to boost their Spot Radio presence to communicate sales and special offerings as indicated by 3% increases for the quarter and YTD.

Leading the Specialty Retail category was national advertiser Michaels secured by a sizable uptick of over six-fold for Q3 and four-fold for the nine-month period ending September. Old Navy also boosted spending for the quarter and YTD, up 28% and 39% respectively.

Television/Networks/Cable Providers
Advertisers in this category didn't pull the plug on Spot Radio spending by any means, but there was some static as revenue was down 12% for the quarter, 9% YTD.

Comcast Xfinity continues to lead this category by a wide margin but was off 6% for the quarter, 9% for the first three quarters. This company is set to merge with Time Warner Cable, which was down 73% and 20% for the same periods respectively.

Radio garnered increased Q3 volume from ABC-TV (+37%) and NBC-TV (+39%), although all the major nets are down for the total year thus far.

Spot Radio Advertiser Category analysis is based on data from Miller Kaplan Arase LLP X-Ray Market Reports. X-Ray Market Reports are compiled from advertiser expenditure data direct from station billing in 40 markets. X-Ray Markets represent approximately 80% of the dollars from the total pool of over 100 markets.

The lineup of markets/stations may vary from year to year. Percent change is calculated on revenue adjusted to current year reporting.