



OFF-AIR GROWTH PACING TO APPROACH \$2 BILLION in 2009
RADIO REVENUE REFLECTS ECONOMY IN Q4, FULL YEAR 2008

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New York, New York – February 20, 2009 - Radio's fortunes paralleled the U.S. economy in 2008. While the year began optimistically, factors impacting myriad industries combined to create economic uncertainty by year-end and Radio finished the year down 9%.

Revenue Comparisons - 2008 vs. 2007				
(In Millions)				
Revenue	\$Q4 '08	% Chg	\$FY '08	% Chg
Local	\$ 3,172	-16%	\$ 13,607	-10%
National	\$ 735	-15%	\$ 2,930	-12%
Local & National Combined	\$ 3,907	-16%	\$ 16,537	-10%
Network	\$ 298	-4%	\$ 1,150	Flat
Off-Air	\$ 444	-2%	\$ 1,791	7%
Grand Total	\$ 4,649	-14%	\$ 19,478	-9%

Source: Miller, Kaplan, Arase & Co.*
 Off-Air was previously referred to as Non-Spot

Reflective of the consumer mindset, advertisers who focused on the home, as well as value or price, strengthened their commitments to Radio in Q4 and throughout the year, even as many traditional mainstay spenders pulled back on their advertising. Advertisers increasing Radio budgets may be heeding their own "value" message and capitalizing on the medium's efficiencies.

"There were some standout advertisers that increased Radio spending this year across all sectors, Local, National and Network" commented Radio Advertising Bureau (RAB) President and Chief Executive Officer Jeff Haley. "Major retailers in big box, QSRs, supermarket, and home improvement came on strong in Q4, as did accounts in the Communications and Insurance categories."

Continuing the 2007 trend, Off-Air advertising paced well ahead of total Radio spending. According to Haley, "Radio's stepped up efforts to follow advertiser

trends to emerging media channels paid off in 2008. Radio operators' commitment to growing Off-Air business opportunities netted a 7% increase in this platform for the year. This area will remain a focus as Radio rises to meet the challenges of 2009 and beyond. At the current growth rate, Off-Air is on target to reach \$2 billion in 2009."

Network Radio, ending 2008 even with 2007's performance, was a winner in comparison to Local and National sectors' combined 10% decline.

Radio won in the Political arena in this important election year. In the thirty-five markets that report advertiser detail to Miller, Kaplan, Arase & Co., Local and National Radio tallied nearly \$56M in fourth quarter - and closed out the year with a commanding \$108.3M. According to TNS Media Intelligence, Network Radio saw a similar influx of Political dollars at \$8.1M and \$20.9M for Q4 and the full-year, respectively.

Fourth quarter category spending grew in Home Improvement (49%), Grocery/Convenience/Liquor Stores (4%), and Professional Services (1%). For the full year 2008, spending was up in Professional Services (6%), Insurance (5%), and Restaurants (1%).

*Local, National, 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, 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. 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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Political Spending Analysis

Spending in the Local and National sectors was fueled predominantly by Presidential and Issue advertising in the Miller, Kaplan markets - with the bulk placed in the West region (48%).



- Obama outspent the McCain campaign in Q4 '08 by more than 2½ times (\$7.2M vs. \$2.7M) and by more than four times by year end (\$17.5 M vs. \$4.1M).
- Various Issue and Proposition campaigns accounted for 58% and 53% of political dollars for Q4 '08 and year-end, respectively.
- The top 10 political spenders within the Issue and Proposition categories accounted for \$20.2M of total Political in Q4 and \$31.6M for the year.

Network Radio also received funds from various organizations and campaigns, with the top ten spenders accounting for 79% of the quarter's political dollars (\$5.6M), according to TNS Media Intelligence.

Advertiser Category Analysis

Insurance Companies

Insurance Companies increased their Local and National Radio coverage by 5% (to \$968.1M) in 2008, although overall spending for the category lapsed in Q4 (down 23%). GEICO retained the uncontested top rank within the category as they finished the year with a slight uptick (+0.9%), even with their Q4 spending down 14%. Nationwide's additional 25% commitment in Q4 saw them ending up the year 148% ahead of 2007, while State Farm's additional outlay of 46% in Q4 pushed their year-end 2008 spending up 93%.

Network Radio realized increases along the same lines as Local and National sectors. TNS reports the Insurance and Real Estate category's bottom line grew 21% for the quarter and 28% for the year, with much of this gain due to State Farm's increased investment in the medium.

Insurance 2008 vs. 2007 Network Radio				
Advertiser	Q4 '08 (in Millions)	% Chg	YTD '08 (in millions)	% Chg
State Farm	\$ 3.1	133%	\$ 11.4	136%
National Assn/Realtors	\$ 2.0	8%	\$ 8.5	7%
GEICO	\$ 3.3	-13%	\$ 13.0	19%

Source: TNS Media Intelligence

Restaurants

While not exactly sizzling, the Restaurants category served Radio a 1% increase for full-year 2008 over 2007 (to \$1.5B, #3 in Local and National Radio spending). Top Restaurant category advertiser McDonald's retained its rank, keeping its brand top of mind on Radio with 3% spending increases in both Q4 and for the full year. Wendy's was up 13% for Q4 and up 60% for the year, while Burger King's full year pulled 11% ahead of 2007 despite flat spending in fourth quarter. Also notable, Taco Bell nearly doubled its Q4 Radio (up 88%) to end the year flat.

Retail - Including Home Improvement, Department/Discount Stores & Shopping Centers

Home Improvement advertisers as a group had tightened Radio's Local and National spending in early 2008 but rebounded with a strong 49% surge in Q4 (to \$96M), led by Lowe's. With an 81% boost versus a 17% increase by Home Depot, Lowe's outspent its primary competitor by 44% in the quarter. Q4 closed 8% lower than 2007 for the Home Improvement sub-category.

For Local and National spending, Department/Discount Stores and Shopping Centers ended 2008 virtually flat compared to full-year 2007 (-0.7%, to \$712M), although down 7% in the traditionally strong fourth quarter.

Importantly, Target presented Radio with a generous 164% increase over Q4 '07 spending – a move that boosted the discounter to the top of this sub-category for the quarter, supplanting Macy's. Target ends the year as the solid #3 in this retail segment (up from 5th in 2007), the result of a 110% full-year increase, while Wal-Mart remains second after raising spending a healthy 15% for full year 2008. Kohl's added 2% to Radio's Q4 coffers, and TJ Maxx charged ahead, nearly doubling its spending for the quarter, although neither significantly helped Radio's full-year bottom line.

Retail, Network Radio's largest spending category, finished 2008 well, posting Q4 and year-end increases of 4% (to \$84M) and 18% (to \$296M), respectively, over the same periods in 2007. Top three spenders Home Depot, Wal-Mart and JC Penney accounted for 41% of the category's Q4 '08 spend as their combined Network spending grew 40% (to \$35M) versus Q4 '07.

Retail				
2008 vs. 2007 Network Radio				
Advertiser	Q4 '08 (in Millions)	% Chg	YTD '08 (in millions)	% Chg
Home Depot	\$ 13.5	31%	\$ 46.9	3%
Wal-Mart Stores	\$ 12.4	75%	\$ 55.1	127%
JC Penney	\$ 8.9	18%	\$ 20.7	26%

Source: TNS Media Intelligence

Home Furnishings/Floor Coverings

While this category cut Local and National spending overall in Q4 and for 2008 based on challenges brought on by the housing crisis, one notable exception was IKEA. This value-price retailer rocketed to a dominant #1 position in the Furnishing category as they more than doubled year-to-date Radio spending (up 109%). Ranked #5 at year-end 2007, IKEA outspent its closest competitor by 83%

in 2008. Showing signs of a positive trend, IKEA's Q4 increase was even more impressive - up 135% over 2007.

Professional Services

Advertisers in this category continue to use Radio to communicate their various services. Although Q4 '08 growth was slight (+1%), at year-end Local and National Radio was ahead of 2007 by 6% (at \$535M) - making it 2008's largest growth category. Marketing Architects and Portfolio Media Management, companies providing services to multiple advertisers, accounted for 42% and 21% of the category's Q4 and total year spending, respectively. As we become a more service-oriented economy, additional emphasis will be placed by the service sector to market and advertise their offerings.

Grocery/Convenience Stores

Radio's sixth-largest Local and National spending category for 2008 was relatively flat year-to-year (-3%, to \$992.5M) – but a 4% increase in Q4 '08 over '07 brought an additional \$239.2M to Radio's bottom line. Safeway, the category's largest advertiser, grew their Q4 '08 spend by 25% to end the year up 8% over full-year '07. Growing rapidly through regional acquisitions, SUPERVALU, expanded their Q4 '08 spending nine-fold over the same period last year and closed out 2008 up nearly five-fold. C-store standout 7-Eleven rallied its presence in Radio in Q4, upping spending 109% over Q4 '07. Almost 43% of this category's spending was placed in the West region Miller Kaplan markets.

Radio's Top Revenue Categories

Looking at how Radio's traditional top categories contributed to the total picture, spending in the medium reflects challenges these marketers are facing – among them internal issues and economic conditions (automotive) and market saturation levels (communications):

Auto Dealers/Dealer Groups/Manufacturers/Rentals

Virtually every advertiser in Radio's key revenue field curtailed Local and National spending in Q4 '08 (down 40% compared to Q4 '07), continuing a trend that had been developing over the previous three quarters – and the category did well to end the year off just 22%. Despite the nearly universal cutbacks, Automotive remains Radio's top advertising category in 2008, at \$2.5B, representing approximately 15% of total Radio revenue for the year.

A few import nameplates that actually put more money into Local and National Radio compared to same periods last year were Mercedes-Benz Dealer

Association (up 74% in Q4, up 29% for the year), Mitsubishi Motor Corporation (up 149% in Q4, up 250% for the year), and Honda Motor Company (up 36% in Q4, up 161% for the year).

Network Radio, on the other hand, benefited from an additional 12% infusion from these advertisers in Q4 '08 versus '07 – driving the category up \$3.4M, according to TNS Media Intelligence. Those increases came from parent companies General Motors and Ford Motor: GM's Q4 increase of 21% (to \$14.5M) pulled them ahead by 13% for the year (at \$49.2M), while Ford's uptick was seen only in Q4 '08 (up an impressive 65% over Q4 '07, to \$6.8M). Automotive represents Radio's #2 Network advertising category.

Communications/Cellular/Public Utilities

Communications/Cellular/Public Utilities, which has been the solid #2 Local and National category for Radio throughout 2008, actually rose to become our top category for the fourth quarter – out-billing advertisers in the Auto Dealers/Dealer Groups/Manufacturers/ Rentals category by 20%. For the full year, Communication remains second, at \$1.7B).

With a slight uptick in Q4 (+3%) and holding flat for the year, AT&T remained the strongest (and uncontested #1) spender in this category – and for Radio overall. Several growing players in this area – many targeting price-conscious consumers with prepaid and value-priced wireless plans – added volume to Radio's bottom line for the year, most notably USCellular (up 104%), T-Mobile (up 32%), MetroPCS (up 21%), and Leap Wireless (up 14%). Among this group, USCellular and Leap Wireless also upped radio spending in Q4, +140% and +66%, respectively.

Beverages

With many advertisers cutting spending in Q4 to help fund Super Bowl presence, the Beverage category closed 2008 nearly flat. Anheuser-Busch increased their Radio commitment in the Local and National sectors by 4% - placing \$29M in the quarter. At year-end, there are clear leaders, with Pepsi reigning within the category and outspending long rival Coca Cola – ranked #2. Each of the advertisers finished 2008 with double digit increases – 18 % and 20%, respectively.

Top 4 advertisers: Pepsi, Coca-Cola, Anheuser-Busch and Miller Brewing Co., accounted for 54% of the category's year-end bottom line and represented a total \$490M.

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. 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.