



Network, Digital, Off-Air Shine as Radio Ends 2013 in the Black
Insurance, Healthcare, Professional Services Spending Surges in Q4

New York, New York – March 14, 2014 – Radio revenues for Q4 and Full-Year 2013 were flat against comparable 2012 periods which had been buoyed with an influx of political spending at the culmination of the presidential campaign. Final figures were \$4.602B and \$17.649B respectively.

Spot revenue declined 3% in Q4, in large part due to it being an off year in the political arena. This was offset by strong performances in Digital (+18%), Off-Air (+11%), and Network Comp (+7%). For the total year, Spot was off just 1%, with gains recorded in both Digital (+16%) and Off-Air (+5%); Network ended the year at -4%.

Revenue Comparisons - 2013 vs. 2012				
(In Millions)				
Revenue	\$Q4 '13	% Chg	\$FY '13	% Chg
Spot	3,626	-3%	14,054	-1%
Network	294	+7%	1,122	-4%
Digital	244	+18%	889	+16%
Off-Air	438	+11%	1,584	+5%
Grand Total	4,602	Flat	17,649	Flat

Source: Miller Kaplan Arase LLP*

“Digital continues to gain momentum among advertisers looking to maximize their use of all Radio platforms,” states Erica Farber, President and CEO of RAB. “Based on the recent Borrell Associates forecast of a 22% rise in Digital spending on Radio in 2014, this category is poised to surpass the \$1B mark.”

Automotive retained its position as Radio’s top Spot category based on 2013 full-year spending, followed by Communications, TV/Networks/Cable, Restaurants, and Financial Services – these five categories representing Radio’s top echelon consistently since 2009. Based on competitive factors within their respective industries in 2013, only Communications and TV/Networks/Cable have shifted their positions within Radio’s Top 5 this year.

Revenue Trend – Radio’s Top 5 Categories
 (% of Total Top 5 Category Spending – Ranking Based on 2013 Expenditures)

	2009	2010	2011	2012	2013
Automotive	23%	24%	26%	29%	29%
Communications	22%	22%	19%	18%	22%
TV/Networks/Cable	17%	18%	19%	18%	17%
Restaurants	21%	18%	19%	18%	16%
Financial	17%	18%	17%	17%	16%

(Note: Percentages represent share of total top 5 category spending only and not percentage of total radio revenue)

Categories posting the greatest Spot gains year-over-year were:

Professional Services	+23%
Communications	+18%
Concerts/Theater/Movies	+12%
Department/Discount Stores/Shopping Centers	+ 7%
Home Furnishings/Floor Coverings	+ 5%

“The list of categories with upticks underscores Radio’s efforts to diversify and expand revenue growth beyond the top five,” Farber added. “Advertisers within these categories continue to recognize Radio’s contribution to the successes that advertisers in the top tier categories have experienced and want to tap into it.”

The “who’s who” of Spot Radio’s leading advertisers of 2013 is heavy on Communications category advertisers (4 of the top 10), yet the list contains representatives from TV/Networks/Cable Providers, Restaurants, Insurance, Grocery/Convenience Stores, Automotive, and Beverages – again underscoring Radio’s utility to advertisers of all types of products and services.

Radio’s Top 10 Leading Advertisers – Q4 and 2013 Full Year

Q4 '13	FY '13
AT&T	AT&T
Comcast/Xfinity Cable	Comcast/Xfinity Cable
McDonald’s	McDonald’s
T-Mobile	T-Mobile
Verizon Wireless	Verizon Wireless
Safeway	GEICO
GEICO	Safeway
Toyota Dir. Assn.	Toyota Dir. Assn.
Kroger	Sprint
Ford Dir. Assn./Honda Dir. Assn. (tie)	PepsiCo

Fourth Quarter Spot Radio saw major increases in two key industries aligned with the impending implementation of the Affordable Care Act (ACA):

	Health Care	+32%
	Insurance	+21%
As well as:	Professional Services	+23%
	Concerts/Theater/Movies	+19%

*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.

Advertiser Category Analysis

Q4 2013 and Full-Year 2013

Auto Dealers/Dealer Groups/Manufacturers

Automotive Spot spending in Q4 and Full-Year 2013 didn't quite keep up with the strong surge in the industry's 2012 rebound year, as volume was off 1% for the quarter and 3% in total – but the category again out-delivered all others. Here's how Radio's leading Automotive spenders fueled the bottom line:

- Top spender Toyota Dealer Association was flat in Q4 and off 7% FY, but led the #2 spender by 46% and 26% for those periods, respectively
- Honda Dealer Association captured the #2 spot while decreasing Q4 spending by 1/3; ranked #3 after FY drop of 4%
- Ford Dealer Association increased Q4 spend by 42% to rank #3; rose to #2 rank for the year with a 22% uptick
- Nissan Dealer Association – up 34% in Q4, up 10% FY – ranks #4 for both periods
- Chevrolet Dealer Association – up 21% in Q4, up 2% FY – ranks #5 for both periods
- Toyota Motor Corporation more than doubled Q4 comps (+207%) to rank #6; results in 49% total year growth (#15 rank)
- Ford Motor Corporation – up 29% in Q4, up 32% FY (#7 ranking in both periods)

Beverages

Holiday festivities feature the consumption of all kinds of beverages and within the quarter, there were advertisers that uncorked their ad budgets.

Top Q4 spender Anheuser-Busch increased its Spot Radio presence by 6% but ended 2013 down 3%. Brown Forman, parent company of brands such as Canadian Mist, Jack Daniels and Korbel Champagne, also upped spending 16% for the quarter and was up 33% at year end.

Other advertisers with upticks for the quarter and year end were:

- California Milk Advisory Board Q4, +350%; FY, +78%
- Banfi Vintners Q4, +118%; FY, +26%
- Yuengling Brewing Company Q4, +58%; FY, +33%

For the quarter and 12-month periods, the Beverage category's spending declined 27% and 13% respectively.

Casinos & Lottery

Despite a 3% decrease for the quarter, this category ended 2013 flat versus 2012.

State Lotteries upped their over-the-air presence by 10% for the quarter and ended 2013 up 1%.

Although Hotels & Casinos registered a decrease of 18% for Q4, the subcategory ended flat by year end. There were some bright spots within this subcategory. Revel Resorts and Casino had the highest percent increase (up 590%) in Q4, following a similar pattern as in Q3 and ended 2013 up 175%.

Additional Hotel & Casino increases:

Casinos		
2013 vs. 2012 Spot Radio (% Change)		
Advertiser	Q4 '13	FY '13
Harrah's	+59%	-3%
Hollywood Casino	-32%	+18%
Resorts Casino & Hotel	+27%	+62%
Mohegan Sun Casino & Hotel	+68%	+51%

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

With carriers ramping up their efforts to attract consumers to new devices and competitive service plans, Spot advertising dollars streamed into Radio in 2013. Radio garnered an impressive +18% increase over FY 2012, while Q4 spending grew 2% – placing Communications in the #2 overall category rank for both periods.

Advertisers in this category comprise four of Radio's Top 10 advertisers for 2013. AT&T regains the #1 Radio ad spender title based on a 63% increase in full-year spending. For the year, T-Mobile's spending grew 29%; Sprint, +91%; MetroPCS, +16%; Tracfone Wireless, +41%; and AIO Wireless LLC had a sizable presence on Radio (not on the air in 2012).

Concerts/Theaters/Movies

A 19% increase in Q4 2013 secured this category a growth seat for the quarter. Increases were made by entertainment companies and movie houses concluding year-end with a 12% increase.

Live Nation, ranked as the category top spender for the quarter and full year, raised their Spot Radio presence 60% and 11% respectively.

20th Century Fox increased Q4 spending by 482%, moving into #2 from 13th same period 2012, and ends 2013 up 156% (in the #4 slot, up from #8 last year).

Increases seen by other entertainment advertisers were:

- Walt Disney Pictures Q4, +88%; FY, +15%
- Sony Pictures Q4, +28%; FY, Flat
- Warner Brothers Pictures Q4, +71%; FY, +33%

Financial Services

With the U.S. economy continuing to send mixed signals throughout 2013, Spot Radio advertising derived from the Financial Services category also had its ups and downs. Spending for the year declined 9% as Q4 came in 31% lower than the same period last year.

Radio's Q4 bottom line benefited from significant increases by Capital One (+211%), MasterCard (+112%), American Express (+64%), and Cash Call (+32%).

With their spending up 5% for the full year, JPMorgan Chase took the lead within the category (up from #3 last year), followed by PNC Bank (-39%, in 1st place in 2012). Reflecting the improving housing market, Cash Call places third this year based on a 77% increase in spending – up from 8th for FY 2012.

Grocery/Convenience Stores

Food store marketing via Spot Radio was up 3% in the last quarter of 2013; the category's full-year spending registered virtually no change from 2012's level.

Safeway continued to outspend all competitors on the airwaves by a wide margin but was down 5% on the quarter and 2% for the year. Second-ranked Kroger Food Stores placed 30% more dollars on Radio in Q4 to end the year up 7%. Other top ad spenders increasing both quarterly and annual Spot spending were Albertson's (+68% and +17% respectively) and Publix Supermarkets (+55% and +70% respectively).

Health Care

As the Affordable Care Act (ACA) registration deadline approached there was an influx of ad dollars to the Health Care category -- +32% to the Q4 and +3% by year end.

Top Q4 spender Kaiser Permanente increased their Spot presence by 33% but slipped to the #2 spot for the year despite a 21% increase. Ideal Image took the category lead at the end of 2013 with a 46% increase supported by a 54% uptick to the quarter.

In addition, there were advertisers that could be considered new to Radio, with little to no prior spending: Centers for Medicare and Medicaid Services and Dignity Health. Both of these advertisers contributed a substantial amount to the category's overall increase.

Home Furnishings

Category advertisers continue to use Spot Radio to support their campaigns as increased housing purchases drove consumers to furniture purchases. A 3% increase for the quarter sprung this category to a 5% increase at year end 2013. Fourth Quarter 2013 is the fifth consecutive quarter that this category has increased its over-the-air presence.

The top two bedding advertisers, Select Comfort (#1) and Mattress Firm (#2), collectively increased spending 28% in Q4 and 17% at year end.

Home Furnishings 2013 vs. 2012 Spot Radio (% Change)		
Advertiser	Q4 '13	FY '13
Select Comfort	+49%	+33%
Mattress Firm	+8%	+3%
Mattress Discounters	-3%	+2%
Sleep Train Mattress Center	+3%	+5%
Sleep Experts	+7%	+14%

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.)

Insurance Companies

As anticipated, Spot Radio spending in the Insurance category enjoyed a significant uptick in Q4 (+21%) as health insurers moved to take advantage of a new market created by the Affordable Care Act (ACA), combining with the ongoing competition among companies offering Auto and Property/Casualty coverage. The category's year-end total was up 1%.

In Q4, Radio benefited from increases (in spending rank order) by Blue Cross Blue Shield (+56%); State Farm Insurance (+21%); USAA Insurance (+50%); United Health Care Insurance (+124%); AARP Insurance (+151%); Wellpoint (+425%); Cigna (up nearly eight-fold); Farmers Insurance (+18%); and Aetna Health Insurance (up over six-fold). Perennial category leader GEICO's spending dipped slightly (-2%) but still represented a 51% lead over #2 for the period; GEICO's full-year spend was up 12%.

Professional Services

With a fifth consecutive quarter of increased spending, Professional Services bolstered its Spot Radio presence by 23% -- for both Q4 and Full-Year 2013.

Increases by a diverse array of service advertisers continue to position this mid-tier category well:

Professional Services 2013 vs. 2012 Spot Radio (% Change)		
Advertiser	Q4 '13	FY '13
Supercuts	+98%	+127%
Zerorez (carpet cleaning)	+12%	+13%
Regis Salons	+100%	+620%
Massage Envy	+2%	-3%
Great Clips	+27%	+13%
1-800-Got-Junk	+289%	+65%

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.)

Restaurants

Radio Spot spending in the Restaurant arena declined 16% in fourth quarter, resulting in a 10% decline from 2012 full-year comps.

McDonald's remains the uncontested leader in Restaurant advertising on Radio even as dollar commitments dropped -4% in Q4, -5% FY; #2 Subway also cut some Radio (-16% in Q4, -10% FY). Dunkin' Donuts stepped up with an 11% increase for Q4 but ended the year down 5%. Firehouse Subs continued to pump increasing amounts of money into Radio (+13% Q4, +19% FY to rank #6 and #7 in the category for those periods

respectively), as did Jimmy John's (+58% Q4, +23% FY to rank #7 and #9 for those periods respectively) and Jack In the Box (currently ranking #10 for the quarter and #11 for the year based on +9% and +14% increases for those periods respectively).

Retail – Including Department & Discount Stores and Home Improvement

With fewer holiday shopping days and severe weather, the **Department & Discount Stores** subcategory reduced their Q4 Spot Radio presence by 20% but still ended the year up 7%.

Despite the fourth quarter decline, there were many advertisers that rang up a large presence. TJ Maxx's triple digit increase in Q4 boosted it to the #1 position. Top tier advertisers with increases for the quarter and full-year are:

Department & Discount Stores 2013 vs. 2012 Spot Radio (% Change)		
Advertiser	Q4 '13	FY '13
TJ Maxx	+129%	+298%
Macy's	+40%	+21%
J.C. Penney	+45%	+39%

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.)

As old man winter approached, the top spending **Home Improvement** advertisers decreased their spending, leading the subcategory to spending decreases for both the quarter and full-year, down 6% and down 9% respectively.

Mid-tier advertisers building up their presence:

- Menards Building Supply Q4, up 2%; FY, up 4%
- Orchard Supply Hardware Q4, up 59%; FY, down 32%

Also noteworthy is Clockwork Home Services that has gone from close to no advertising on Spot Radio to the 7th spender at the end of 2013. Clockwork Home Services is the parent company of plumbing, HVAC and electrical industry franchises.

Specialty Retail

While the larger retail category decreased spending, Specialty Retail increased spending 1% in the quarter. Contributing to this increase were Michael's (+362% in Q4; +279% FY) and Toys'R'Us (+35% in Q4; 163% FY).

Specialty Retail ended 2013 down 8%.

Television/Networks/Cable Providers

This category was off 8% for both Q4 and total year 2013. Overall Spot Radio ranking for the year slipped to 3rd from #2 in 2012, with Q4 consistent at #3 for both years.

Comcast Xfinity Cable Service – dominating its category with spending in excess of the next six advertisers combined in 2013 – was up 5% over FY 2012. Other access providers were also up for the year, including Charter Communications Cable (+46%, ranked #3 in the category); Time Warner Cable (+7%, rank #7), Cox Communications Cable (+26%, rank #8).

Also for the full year, ABC-TV Network turned up their Radio by 28% and CW Network (#9) was up 26% as broadcast competitors' volume declined: Fox (#2 spender, -7%); CBS-TV Network (#5, -12%); and NBC-TV Network (#6, -49%).

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.

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