matrix

# 2017 ADVERTISING SPEND REPORT




# OVERVIEW

Media ad sales organizations are hungry for information about how to drive additional revenue. With internal data derived from more than 10,000 active users, Matrix Solutions is well-positioned to share aggregated and anonymous advertising spend data to help paint a picture of media ad sales trends in the industry. This annual report, created by Matrix Solutions, is designed to help media ad sales teams improve their bottom line.

The following conclusions are a result of looking at advertising dollars managed by Matrix Solutions' media ad sales platform. In addition to a holistic view of the ad spend data, the report also provides ad spend insights by platform - *broadcast, radio, and digital* - and category.

# MEDIA AD SALES TRENDS

## YEAR OVER YEAR COMPARISON

**1** In 2016 over **$12.5 billion advertising dollars** were managed within Matrix. **Political ads comprised more than 12 percent** of the media industry's advertising spend, totaling more than $1.5 billion.

**2** Post-election, the political ad spend decreased to $220 million in 2017, reducing the overall ad spend to $11 billion dollars – **a 12 percent decrease.**

**3** Taking political ad spend out of the equation, **2017 ad spend was nearly flat with less than a 2 percent decrease from 2016**.

**4** In looking at the annual spend by platform and excluding political, **broadcast ad spend decreased 2.9 percent, digital increased 10.16 percent, and radio decreased 1.2 percent.**

**5** As a whole, **broadcast comprises 86.6 percent of the overall ad spend, radio 9.4 percent, and digital 4 percent**.

> **Political ad spend in 2016 tops $1.5 billion**

> **Excluding political, ad spend was nearly flat from 2016 to 2017**

> **Digital comprises 4% of ad dollars, radio 9.4% and broadcast 86.6%**




# ADVERTISING SPEND

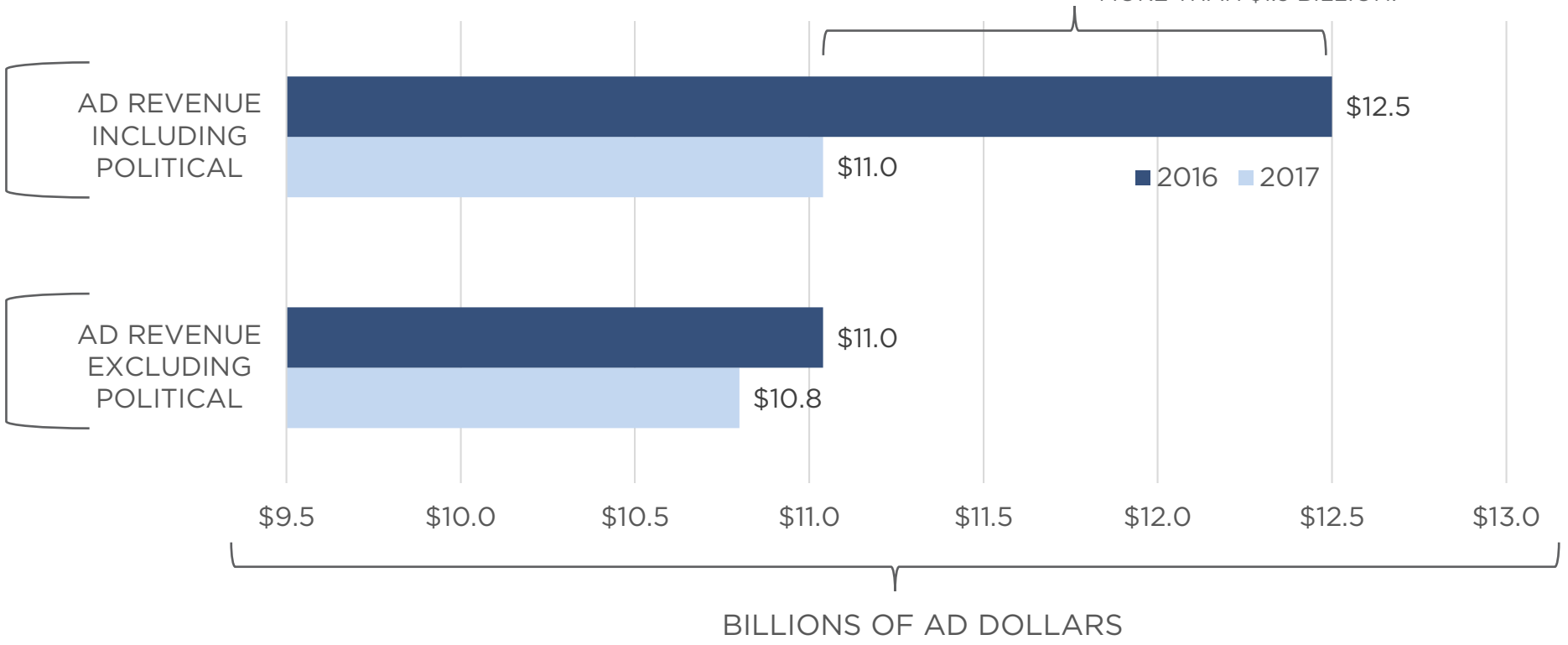
## YEAR OVER YEAR COMPARISON

# ADVERTISING SPEND

## YEAR OVER YEAR COMPARISON

**THE POLITICAL IMPACT**

POLITICAL ADS MADE UP MORE THAN 12 PERCENT OF THE MEDIA INDUSTRY'S ADVERTISING SPEND IN 2016, TOTALING MORE THAN $1.5 BILLION.




Moving forward in this report, Matrix Solutions removed political advertising from the metrics to get a more holistic view of the media ad sales industry year-over-year. Immediately, we learned that the overall ad spend remained relatively flat from 2016 to 2017 (-1.95 %).

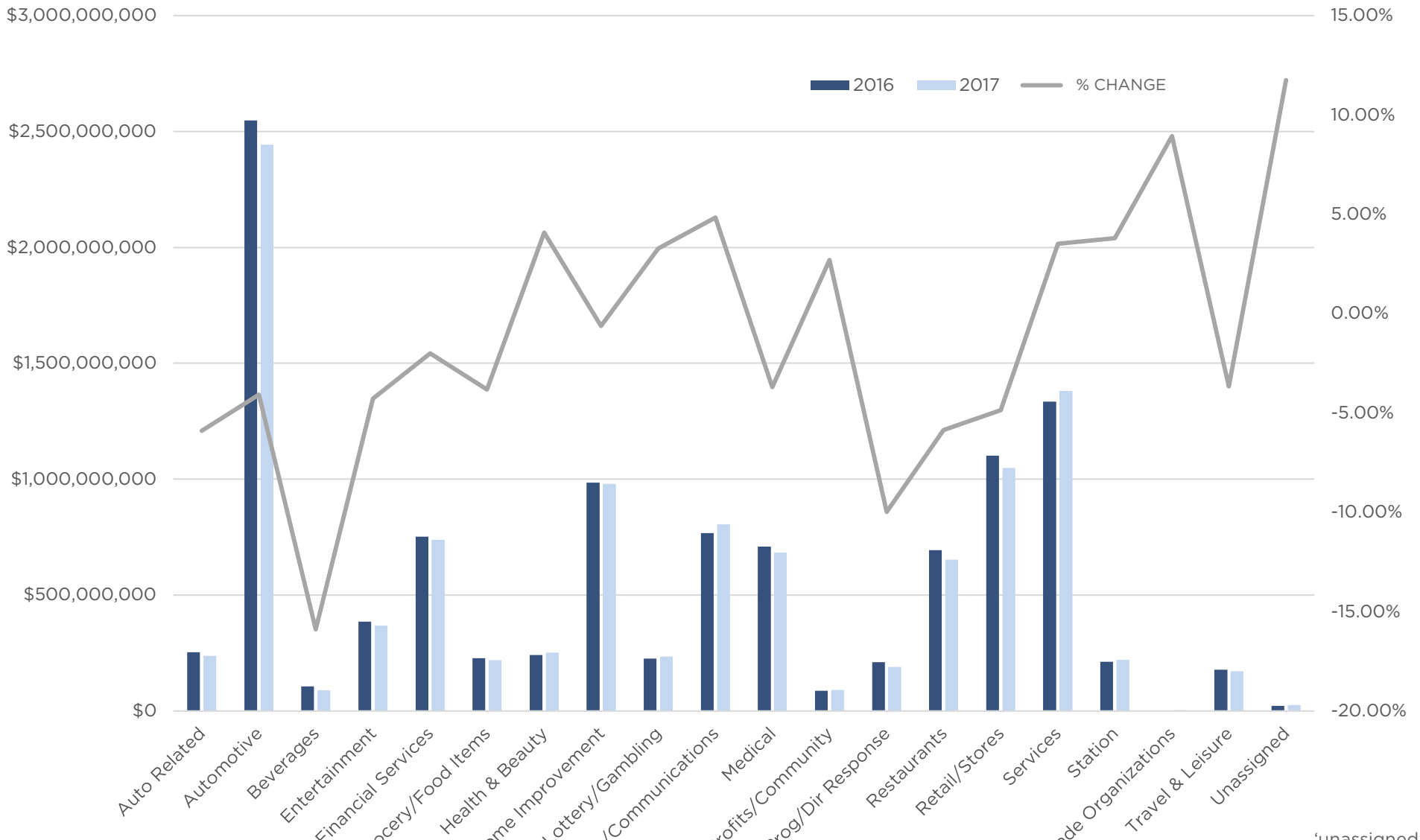


# ADVERTISING SPEND

## BY CATEGORY

# ADVERTISING SPEND

## YEAR OVER YEAR COMPARISON BY CATEGORY




'unassigned' means no ad category was assigned.

# ADVERTISING SPEND

## YEAR OVER YEAR COMPARISON BY CATEGORY

| AD CATEGORY | 2016 | 2017 | % CHANGE |
|---|---|---|---|
| Auto Related | $253,168,436 | $238,241,509 | -5.90% |
| Automotive | $2,547,312,710 | $2,443,381,983 | -4.08% |
| Beverages | $105,737,726 | $88,940,653 | -15.89% |
| Entertainment | $384,476,463 | $367,992,185 | -4.29% |
| Financial Services | $752,472,366 | $737,474,687 | -1.99% |
| Grocery/Food Items | $228,239,743 | $219,508,573 | -3.83% |
| Health & Beauty | $241,844,657 | $251,728,185 | 4.09% |
| Home Improvement | $985,055,362 | $979,025,225 | -0.61% |
| Lottery/Gambling | $226,513,806 | $233,938,598 | 3.28% |
| Media/Communications | $767,563,093 | $804,695,868 | 4.84% |
| Medical | $709,210,756 | $682,960,959 | -3.70% |
| Non Profits/Community | $87,802,501 | $90,179,248 | 2.71% |
| PD Prog/Dir Response | $211,295,936 | $190,232,789 | -9.97% |
| Restaurants | $692,858,283 | $652,209,150 | -5.87% |
| Retail/Stores | $1,101,612,621 | $1,048,172,512 | -4.85% |
| Services | $1,334,316,740 | $1,381,224,145 | 3.52% |
| Station | $212,069,378 | $220,117,877 | 3.80% |
| Trade Organizations | $2,158,857 | $2,351,875 | 8.94% |
| Travel & Leisure | $177,761,480 | $171,250,378 | -3.66% |
| Unassigned | $22,292,600 | $24,912,805 | 11.75% |
| GRAND TOTAL | $11,043,763,515 | $10,828,539,204 | -1.95% |

# ADVERTISING SPEND

## YEAR OVER YEAR COMPARISON BY CATEGORY

## KEY INSIGHTS

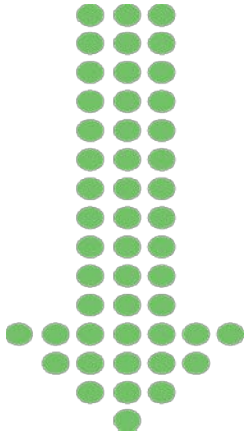
- While Home Improvement remained flat, a few categories that saw growth were:
  - Trade Organizations
  - Health & Beauty
  - Media/ Communications
  - General Services
- Significant decline in Automotive/Auto-related and Beverages

Trade Organizations **(8.94%)**

Media/Communications **(4.84%)**

Health and Beauty **(4.09%)**

General Services **(3.52%)**



Beverages **(-15.89%)**

Automotive/Auto-related **(-9.98%)**

Restaurants **(-5.87%)**

Financial Services **(-2%)**

# ADVERTISING SPEND

## BY PLATFORM



matrix

# ADVERTISING SPEND

## BY PLATFORM



BROADCAST

$8.6 BILLION

-2.9%



RADIO

$943 MILLION

-1.21%



DIGITAL

$402 MILLION

10.16%

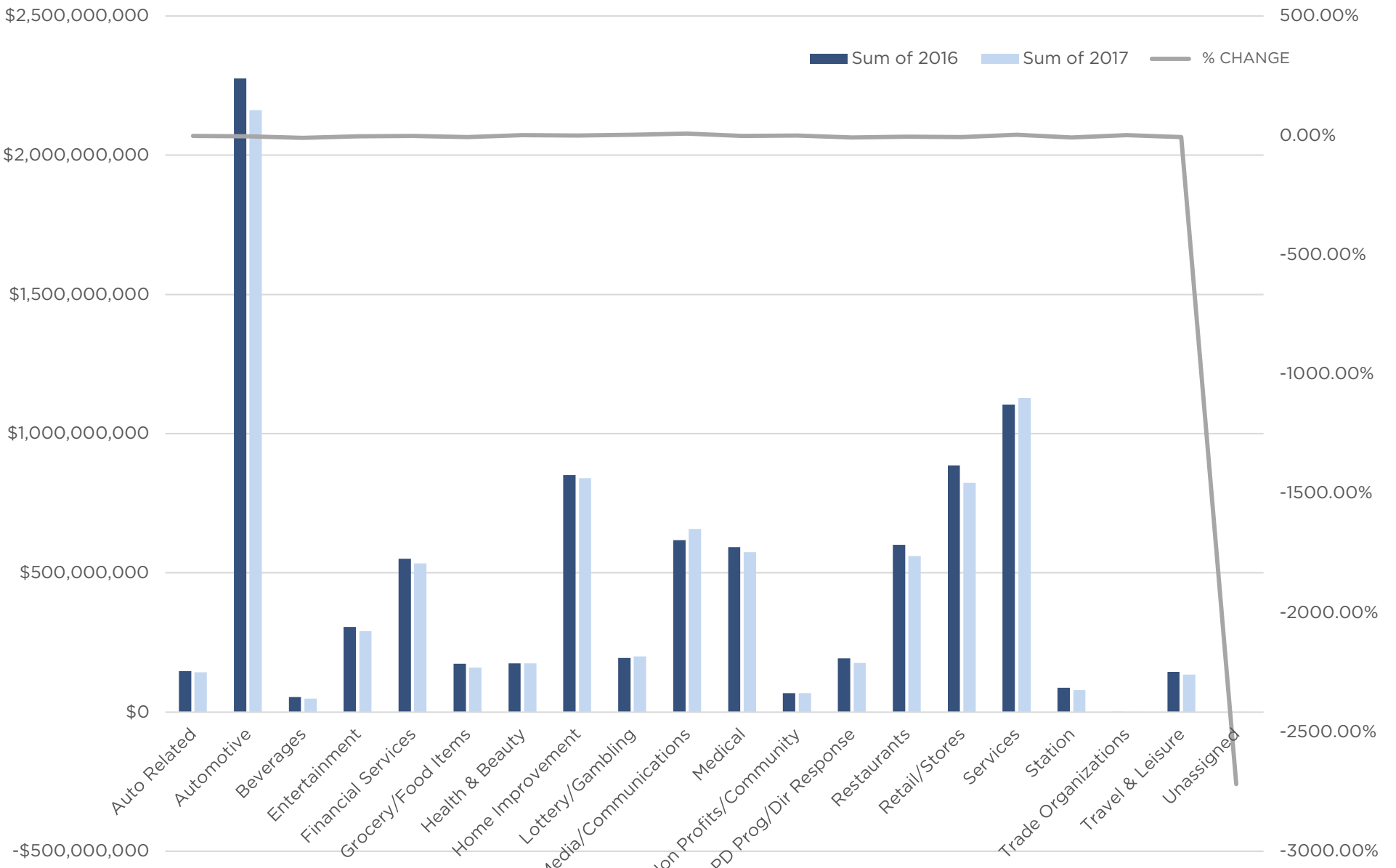



# ADVERTISING SPEND

## BY PLATFORM | BROADCAST

# ADVERTISING SPEND

## BY PLATFORM | BROADCAST




'unassigned' means no ad category was assigned

# ADVERTISING SPEND

## BY PLATFORM | BROADCAST

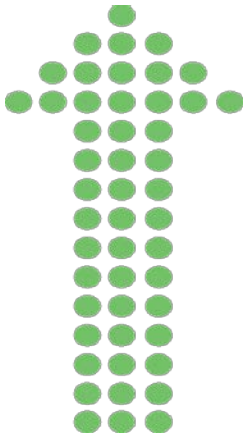
| AD CATEGORY | 2016 | 2017 | % CHANGE |
|---|---|---|---|
| Auto Related | $147,487,979 | $142,972,664 | -3.06% |
| Automotive | $2,275,449,825 | $2,162,230,047 | -4.98% |
| Beverages | $53,904,052 | $48,506,545 | -10.01% |
| Entertainment | $305,426,706 | $290,268,402 | -4.96% |
| Financial Services | $550,618,058 | $534,509,715 | -2.93% |
| Grocery/Food Items | $173,639,479 | $159,667,013 | -8.05% |
| Health & Beauty | $174,412,104 | $175,641,480 | 0.70% |
| Home Improvement | $851,413,907 | $840,624,408 | -1.27% |
| Lottery/Gambling | $194,140,627 | $200,001,981 | 3.02% |
| Media/Communications | $617,139,076 | $657,602,639 | 6.56% |
| Medical | $593,097,532 | $573,969,536 | -3.23% |
| Non Profits/Community | $68,450,165 | $67,950,612 | -0.73% |
| PD Prog/Dir Response | $193,374,425 | $177,044,593 | -8.44% |
| Restaurants | $600,265,167 | $560,838,740 | -6.57% |
| Retail/Stores | $886,191,648 | $823,687,753 | -7.05% |
| Services | $1,103,928,656 | $1,128,602,300 | 2.24% |
| Station | $87,443,516 | $79,198,205 | -9.43% |
| Trade Organizations | $1,740,391 | $1,746,386 | 0.34% |
| Travel & Leisure | $144,928,132 | $135,045,069 | -6.82% |
| Unassigned | -$51,533 | $1,349,204 | -2718.13% |
| Grand Total | $9,022,999,912 | $8,761,457,293 | -2.90% |

# ADVERTISING SPEND

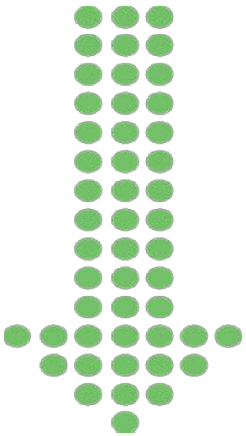
## YEAR OVER YEAR COMPARISON BY PLATFORM BROADCAST

### KEY INSIGHTS

- Media ad sales in broadcast was down slightly in 2017 (-2.9%)



Media/communications **(6.56%)**
General services **(2.24%)**
Health and Beauty **(0.70%)**



Beverages **(-10.01%)**
Grocery/food items **(-8.05%)**
Automotive **(-4.98%)**

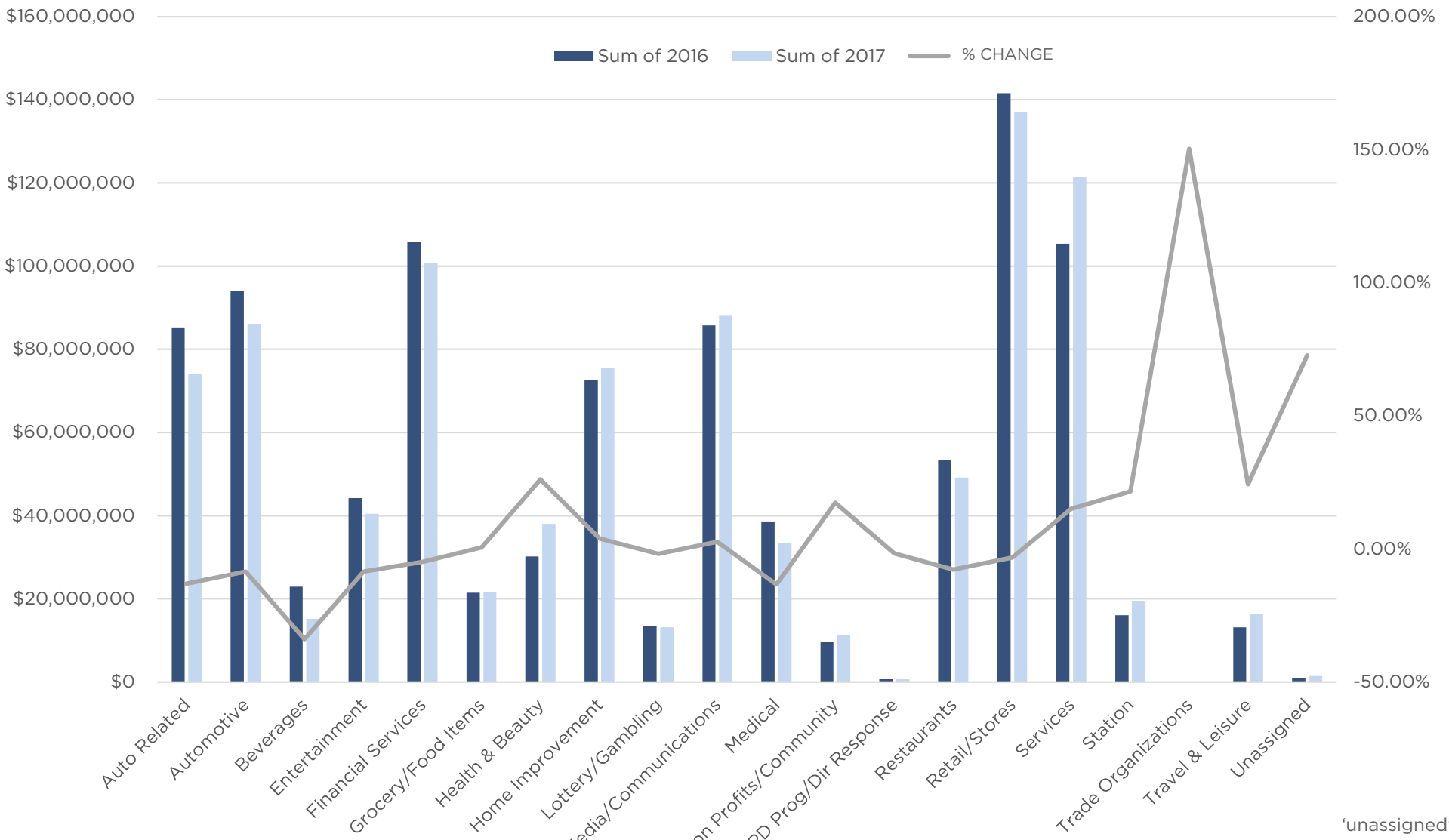



# ADVERTISING SPEND

## BY PLATFORM | RADIO

# ADVERTISING SPEND

## BY PLATFORM | RADIO




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# ADVERTISING SPEND

## BY PLATFORM | RADIO

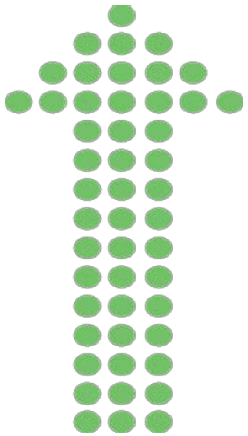
| AD CATEGORY | 2016 | 2017 | % CHANGE |
|---|---|---|---|
| Auto Related | $85,268,761 | $74,182,052 | -13.00% |
| Automotive | $94,055,518 | $86,134,274 | -8.42% |
| Beverages | $22,992,125 | $15,207,313 | -33.86% |
| Entertainment | $44,201,943 | $40,455,706 | -8.48% |
| Financial Services | $105,811,931 | $100,720,655 | -4.81% |
| Grocery/Food Items | $21,456,730 | $21,589,567 | 0.62% |
| Health & Beauty | $30,171,245 | $38,061,583 | 26.15% |
| Home Improvement | $72,649,604 | $75,463,221 | 3.87% |
| Lottery/Gambling | $13,444,165 | $13,192,862 | -1.87% |
| Media/Communications | $85,773,190 | $88,092,532 | 2.70% |
| Medical | $38,638,827 | $33,478,738 | -13.35% |
| Non Profits/Community | $9,550,869 | $11,210,531 | 17.38% |
| PD Prog/Dir Response | $666,010 | $654,638 | -1.71% |
| Restaurants | $53,307,418 | $49,210,750 | -7.68% |
| Retail/Stores | $141,585,036 | $137,031,866 | -3.22% |
| Services | $105,375,362 | $121,327,083 | 15.14% |
| Station | $16,070,137 | $19,537,733 | 21.58% |
| Trade Organizations | $32,831 | $82,169 | 150.28% |
| Travel & Leisure | $13,200,431 | $16,404,850 | 24.28% |
| Unassigned | $874,574 | $1,510,586 | 72.72% |
| **Grand Total** | **$955,126,707** | **$943,548,709** | **-1.21%** |

# ADVERTISING SPEND

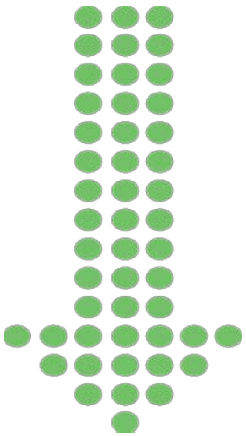
## YEAR OVER YEAR COMPARISON BY PLATFORM RADIO

### KEY INSIGHTS

- As a platform, radio was slightly down (-1.21%)



Health and Beauty **(26.15%)**
Travel and Leisure **(24.28%)**
General Services **(15.15%)**
Home Improvement **(3.87%)**



Beverages **(-33.86%)**
Automotive **(-8.42%)**

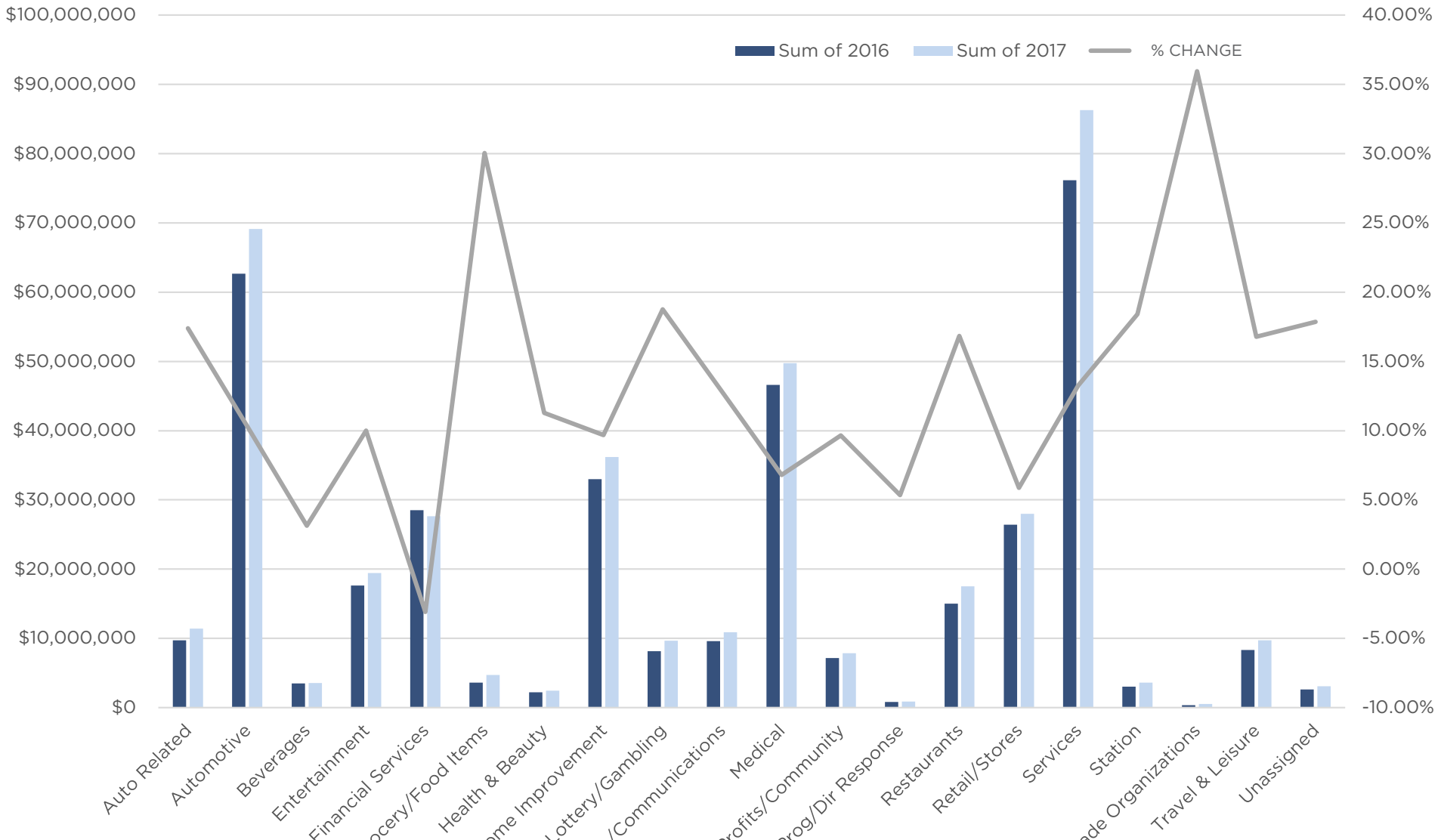



# ADVERTISING SPEND

## BY PLATFORM | DIGITAL

# ADVERTISING SPEND

## BY PLATFORM | DIGITAL




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# ADVERTISING SPEND

## BY PLATFORM | DIGITAL

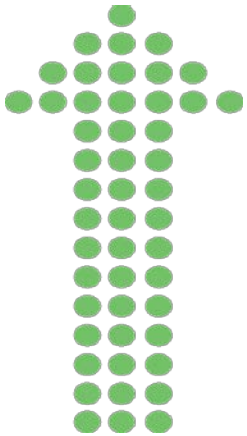
| AD CATEGORY | 2016 | 2017 | % CHANGE |
|---|---|---|---|
| Auto Related | $9,743,635 | $11,436,709 | 17.38% |
| Automotive | $62,655,536 | $69,122,567 | 10.32% |
| Beverages | $3,472,983 | $3,581,944 | 3.14% |
| Entertainment | $17,652,595 | $19,415,956 | 9.99% |
| Financial Services | $28,510,314 | $27,629,050 | -3.09% |
| Grocery/Food Items | $3,615,992 | $4,701,710 | 30.03% |
| Health & Beauty | $2,203,856 | $2,452,705 | 11.29% |
| Home Improvement | $32,988,531 | $36,185,208 | 9.69% |
| Lottery/Gambling | $8,131,132 | $9,656,183 | 18.76% |
| Media/Communications | $9,624,448 | $10,857,818 | 12.81% |
| Medical | $46,588,098 | $49,755,127 | 6.80% |
| Non Profits/Community | $7,179,549 | $7,871,671 | 9.64% |
| PD Prog/Dir Response | $823,603 | $867,550 | 5.34% |
| Restaurants | $15,015,493 | $17,545,564 | 16.85% |
| Retail/Stores | $26,434,222 | $27,984,000 | 5.86% |
| Services | $76,152,739 | $86,258,284 | 13.27% |
| Station | $3,041,646 | $3,601,971 | 18.42% |
| Trade Organizations | $384,915 | $523,321 | 35.96% |
| Travel & Leisure | $8,301,777 | $9,696,047 | 16.79% |
| Unassigned | $2,600,586 | $3,064,941 | 17.86% |
| **Grand Total** | **$365,121,650** | **$402,208,326** | **10.16%** |

# ADVERTISING SPEND

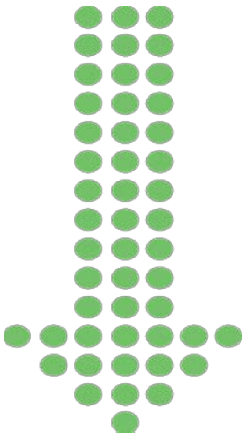
## YEAR OVER YEAR COMPARISON BY PLATFORM DIGITAL

### KEY INSIGHTS

- Media ad sales grew across nearly every category (**at an average rate of 13%**)
- The only category that decreased from 2016 to 2017 was financial services (-2.09%)



Automotive/Auto-Related **(27.80%)**
Restaurants **(16.85%)**
Home Improvement **(9.96%)**
Medical **(6.80%)**



Financial Services **(-3.09%)**




# ADVERTISING SPEND

## NATIONAL VS. LOCAL / REGIONAL

# NATIONAL VS. LOCAL

## ADVERTISING SPEND

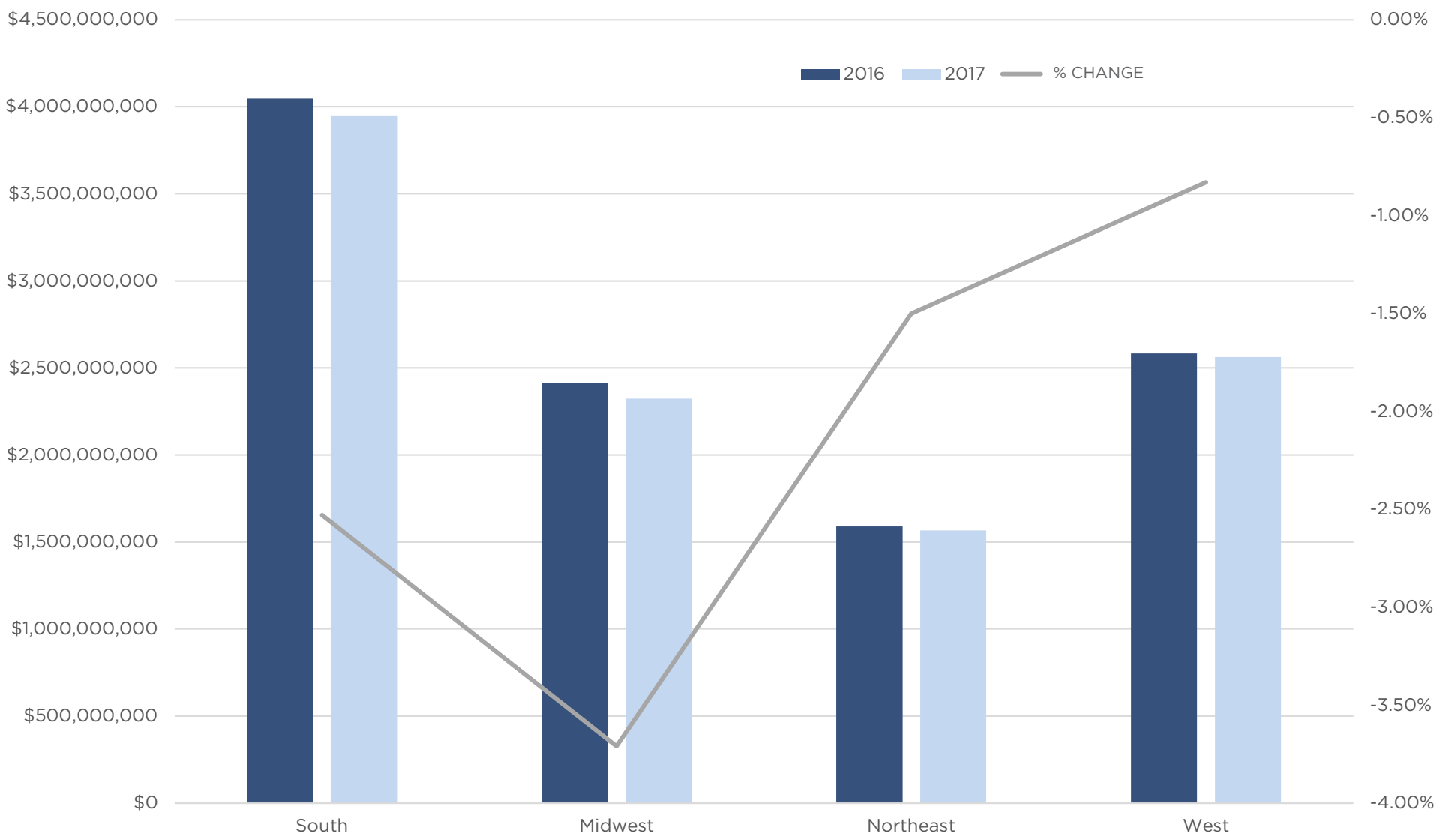
Local advertising is becoming more important than ever, with local spending remaining flat/slightly down (-1.02%) and national spending down by more than $155 million (-4.15%) – excluding political advertising, which made up a significant portion of national budgets in 2016.

> *In order to effectively change the way we approach local advertising, advertisers need to make a commitment to looking – really looking – at results in a different way. Beyond understanding the foundational metrics that will bring them value, like requesting a high frequency of ads, negotiating the most affordable rates, and getting their timing right, advertisers need to look at the best ways to track the success of their ads through promotions. And in so doing, they will be able to make better-informed decisions about the types of ads they run, and where, that will serve them well as they work to measure results against their established goals."* - Mark Gorman, CEO, Matrix Solutions



# REGIONAL

## MEDIA AD SALES TRENDS






# LEVERAGING THE DATA

## METHODOLOGY

Matrix Solutions looked at $11 billion worth of media ad sales deals in 2017 to see which categories and platforms were most popular across the media ad sales industry. The data from the ad spend report is designed to help media companies improve their bottom line by providing perspective to actionable advertising insights by category, platform, and region.

# SUMMARY

As the advertising sales process grows more complex, sales teams need a platform to aggregate their vital data into a single hub. That is what Matrix Solutions does for media.

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