

THE STATE OF THE MARKET

# **NYMIRAD**

***NEW YORK MARKET RADIO***



## NYMRAD Quarterly Market Guidance Report Q3, 2018

### **INTRODUCTION**

Radio is finding its way forward in the new digital age. Broadcast Radio is still a key and far-reaching channel for any brand's media plan. It is vital that companies and advertisers stay abreast of the importance of traditional media and advertising (as well as digital media) to get the most from advertising. This is especially true for Radio, since it boasts a large audience spanning generations. It reaches almost 270 million American listeners each week.<sup>1</sup> New York Market Radio (NYMRAD) commissioned Provoke Insights to write The State of the Market Quarterly Guidance Report. The Q3 edition covers the New York region from July to September 2018. This quarter, the focus will be on politics, real estate, and gambling.

### **NEW YORK'S ECONOMY**

Since the last quarter, the economy has had a steady increase in growth. The rise in employment and expansion, such as in healthcare and retail in the metropolitan area, indicate the continuing growth and development of the city and its surrounding areas.

#### ***Population and Radio Listening***

The New York metro area is home to almost 20 million people with 8.6 million residing in the five boroughs.<sup>2</sup>

#### ***Employment Growth***

New York City saw private sector jobs grow by 74,200 (+1.9%) in August 2018. The August year-over-year percentage increases were most pronounced in the following areas:

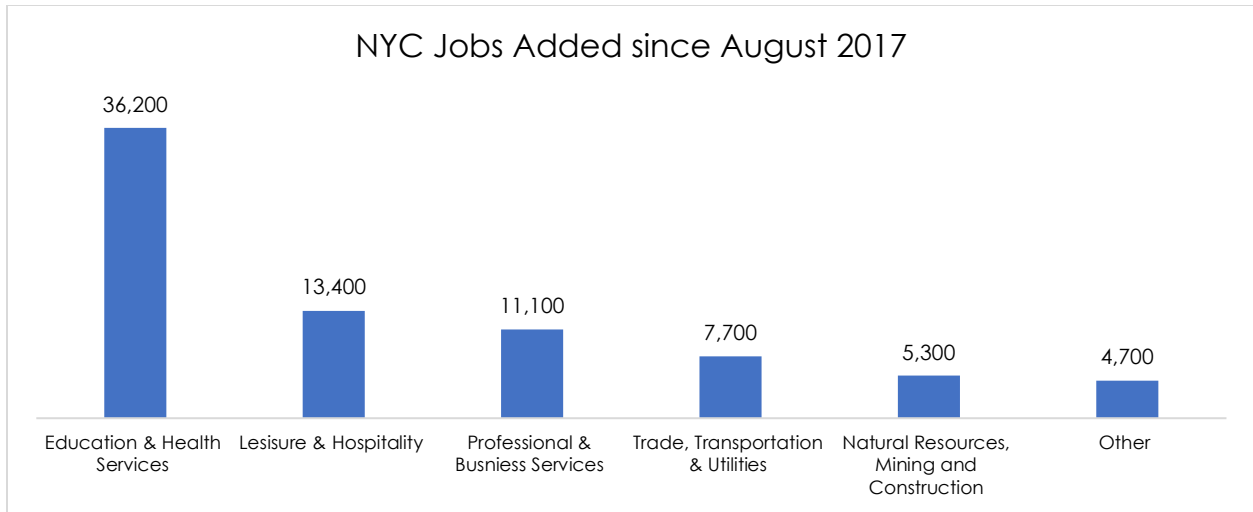
- Education and health services (+3.9%)
- Natural resources, mining, and construction (+3.5%)
- Goods producing (+1.9%)
- Private services (+1.9%)
- Professional and business services (+1.5%)

Despite these increases, employment in the financial industry remains stagnant, while information (-3,300) and manufacturing (-1,000) lost jobs.

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<sup>1</sup> "Nielsen audio," Nielsen, October 2018, <https://www.nielsen.com/us/en/solutions/capabilities/audio.html>

<sup>2</sup> "Labor statistics," New York State Department of Labor, August 2018, <https://www.labor.ny.gov/stats/>



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*How does this impact Radio advertising?*

*Job growth as seen in Q3 can be seen as an advantage to all advertisers. Radio advertisements can be targeted to workers in thriving industries such as educators, students, and health care providers.*

## INDUSTRY EXPANSION

Expansion announcements within the New York metropolitan area are another reflection of the region's economic success.

### Healthcare

NYU Langone Medical Center is expanding 150,000 square feet in Murray Hill. Other areas of the city have also seen continuous growth in the healthcare space, including plans to open Kimmel Pavilion, a 21-story hospital building on 34<sup>th</sup> Street. <sup>4</sup>

In response to the shortage of eye doctors in East Harlem, Union Square Eye Care plans to open uptown. Eye care services from routine exams to treatment for retinal disease will be offered at the new location. An estimated 100 patients will be seen every day in the first year. <sup>5</sup>

### Retail

November will see FAO Schwarz's comeback with a 20,000-square foot location in Rockefeller Plaza. The store is being developed by ThreeSixty Group, who intends to fully revive the brand after purchasing the entire FAO Schwarz brand from Toys R Us in 2016. <sup>6</sup> In the next year, the brand is planning to open a store in LaGuardia Airport and a range of pop-up shops in department stores around the world. <sup>7</sup>

July 21<sup>st</sup> saw the grand opening of a 27,000-square-foot Target store located on 14<sup>th</sup> Street Avenue A. Target has aims to expand its reach across the city with another store planned to open next year in Kips Bay on 29<sup>th</sup> and Second Avenue. <sup>8</sup>

<sup>3</sup> "Labor statistics," New York State Department of Labor, August 2018. <https://www.labor.ny.gov/stats/>

<sup>4</sup> "New York City region, expansions and contractions," New York State Department of Labor, August 2018. <https://www.labor.ny.gov/stats/nyc/nycec.shtml>

<sup>5</sup> "New York City region, expansions and contractions," New York State Department of Labor, August 2018. <https://www.labor.ny.gov/stats/nyc/nycec.shtml>

<sup>6</sup> "New York City region, expansions and contractions," New York State Department of Labor, August 2018. <https://www.labor.ny.gov/stats/nyc/nycec.shtml>

<sup>7</sup> "The world's most iconic toy store is reopening after suddenly shutting down 3 years ago," Business Insider, October 2018. <https://www.businessinsider.com/fao-schwarz-reopening-after-suddenly-shutting-down-3-years-ago-2018-8>

<sup>8</sup> "Target's East Village outpost due to open in July," Curbed, May 2016. <https://ny.curbed.com/2016/5/16/17360218/east-village-new-york-target-opening-date>

One of New York's most historic brands, Harry Winston, is set to reopen its flagship store on 718 Fifth Avenue by the end of 2018 after temporarily residing at 701 Fifth Avenue.<sup>9</sup>

## Technology

TransPerfect, the world's largest language-translation-services firm, has created 290 jobs this year so far while generating huge profits. Revenue is predicted to surpass \$700 million, which is up \$615 million from the prior year.

*How does this impact Radio advertising?*

*Industry expansion benefits both local and national advertisers; expanding companies and organizations, which in Q3 include healthcare, retail, and technology, will provide new employment opportunities and increase spending power of hundreds of thousands of people. In addition, brands such as FAO Schwartz, Target, and East Harlem Union Square Eye Care need advertising to help promote the success of their openings.*

## NATIONAL RADIO USAGE AND ADVERTISING

91.5% of the US population has listened to AM/FM or satellite Radio in 2018. Radio accounts for 11.4% of time spent on media daily. Radio has the highest reach among millennials (91%) of all generations.<sup>10</sup>

In the US, news/talk is the most popular Radio format (9.9%), followed by adult contemporary (7.7%), country (7.6%), and pop contemporary (7.6%).<sup>11</sup>

Targetability is a key benefit of radio advertising; different stations target different ages and genders.

- Brands can efficiently deliver their message to the correct audience. Persons 45+ make up over half of average radio listeners, while persons 25-44 make up 27%.<sup>12</sup>

Brands should be aware that the radio is an excellent marketing opportunity for advertising to different ethnicities.

- Over a quarter of Hispanics listen to the radio weekly.
- Nineteen percent of African Americans listen weekly. While African American audiences are smaller than Hispanic, they are similarly enthusiastic radio consumers.<sup>13</sup>

Spend on traditional advertising is still 2.7 times that of digital advertising.<sup>14</sup> Radio is thus a critical tool for a retailers' success—on average, Radio ads lift in-store traffic by 22%. Beauty and automotive retailers experienced a lift of 32% followed by quick-service restaurants, which saw an increase of 23% with Radio advertisements. This boost in sales results directly from the reach of Radio.<sup>15</sup>

<sup>9</sup> "The house of Harry Winston announces the opening of a new temporary salon in New York City," Harry Winston, April 2017. <https://www.harrywinston.com/en/news-events/harry-winston-opens-new-temporary-salon-new-york>

<sup>10</sup> "Radio ads still drive sales," eMarketer PRO, September 2018. <https://retail.emarketer.com/article/Radio-ads-still-drive-sales/5bad272ab0e5e604a4ad5975>

<sup>11</sup> "Popular radio formats in the United States in 2017," Statista, 2018. <https://www.statista.com/statistics/286645/leading-Radio-formats-us/>

<sup>12</sup> "Hit your target customer, a key benefit of radio is targetability," Nielsen: An uncommon sense of the customer, October 2018.

<sup>13</sup> "Ethnic Composition: Stations attract different combinations of ethnic groups," Nielsen: An uncommon sense of the customer, October 2018.

<sup>14</sup> "Results from the Borrell 2018 local advertising survey," Borrell, 2018. <https://www.borrellassociates.com/industry-papers/papers>

<sup>15</sup> "Radio ads still drive sales," eMarketer PRO, September 2018. <https://retail.emarketer.com/article/Radio-ads-still-drive-sales/5bad272ab0e5e604a4ad5975>

Almost a quarter of internet users are also influenced by Radio spots, saying they may make a purchase decision because of a Radio ad.<sup>16</sup>

In the luxury category, spend in Radio advertising is expected to grow by \$2 million in 2019.<sup>17</sup>

## GAMBLING OVERVIEW

Earlier this year, the Supreme Court overturned a federal law that outlawed sports betting. Each state will decide independently if it will accept the lucrative sports gambling business.<sup>18</sup> Since the Supreme Court struck down the federal ban in May, New Jersey has joined the states that have legalized it.

New York Radio listeners spend over \$565 million annually in the gambling industry. One out of 4 (over 5 million) New York Radio listeners have visited a casino in the past year. The average New York casino patron is 47 years of age with a household income of \$92,000. 1.1 million listeners confirm they have taken a gambling casino trip within the last year.<sup>19</sup>

While casinos provide other forms of entertainment, playing slot machines is the most popular activity for those who visit casinos, attracting 3.7 million people. Going to an upscale restaurant or going to a bar/nightclub are the second- and third-most-common reasons respectively for visiting a casino.<sup>20</sup>

## GAMBLING AND ADVERTISING

Broadcasters believe that legal sports gambling could become the new most lucrative ad category for Radio. The underground sports betting industry is believed to have topped \$100 billion. Some analysts estimate the industry could grow into a \$6 billion to \$16 billion industry depending on which states legalize it.<sup>21</sup> It is estimated that around \$300 million of new ad revenue for Radio.<sup>22</sup> It is predicted that sports betting will contribute \$22.4 billion to the United States GDP.<sup>23</sup>

Sports gambling is becoming more widespread and is becoming incorporated into the fabrics of popular American spectator sports such as football and baseball.<sup>24</sup> The ability to bet on live sports will change the viewer experience.

*How does this impact Radio advertising?*

*There are economic opportunities if sports betting becomes legalized, including sales tax revenue, job creation, and tax revenue from betting.<sup>25</sup>*

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<sup>16</sup> "Radio ads still drive sales." eMarketer PRO. September 2018. <https://retail.emarketer.com/article/Radio-ads-still-drive-sales/Sbaq222ab0e5e604a4d9d5975>

<sup>17</sup> "The state of luxury advertising." MD Advertising. August 6, 2018. <https://www.mdqadvertising.com/marketing-insights/the-state-of-luxury-advertising-5-trends-to-watch/>

<sup>18</sup> "Games within games." Washington Post. October 2018. [https://www.washingtonpost.com/graphics/2018/sports/gambling-fan-experience/?hpid=hp-sports%3A%20betting%3A%20could%20grow%20into%20a%20\\$241.68%20billion&utm\\_medium=Email&utm\\_source=Listrak&utm\\_term=be1feba8efdb](https://www.washingtonpost.com/graphics/2018/sports/gambling-fan-experience/?hpid=hp-sports%3A%20betting%3A%20could%20grow%20into%20a%20$241.68%20billion&utm_medium=Email&utm_source=Listrak&utm_term=be1feba8efdb)

<sup>19</sup> Nielsen audio. New York; Scarborough R12 2018; Metro Adults 18+; Retail Spending Power: New York; Sept 2018; Metro Adults 18+; M-Su 6a-12m

<sup>20</sup> Nielsen Audio. New York; Scarborough R12 2018; Metro Adults 18+; Retail Spending Power: New York; Sept 2018; Metro Adults 18+; M-Su 6a-12m

<sup>21</sup> "Games within games." Washington Post. October 2018. [https://www.washingtonpost.com/graphics/2018/sports/gambling-fan-experience/?hpid=hp-sports%3A%20betting%3A%20could%20grow%20into%20a%20\\$241.68%20billion&utm\\_medium=Email&utm\\_source=Listrak&utm\\_term=be1feba8efdb](https://www.washingtonpost.com/graphics/2018/sports/gambling-fan-experience/?hpid=hp-sports%3A%20betting%3A%20could%20grow%20into%20a%20$241.68%20billion&utm_medium=Email&utm_source=Listrak&utm_term=be1feba8efdb)

<sup>22</sup> "Incoming: sports gambling could become booming business." Inside Radio. October 2018. [http://www.insideradio.com/tree/incoming-sports-gambling-could-become-booming-business/article\\_aad3e7a-cb8c-11e8-9191-f70cb123dcb.html](http://www.insideradio.com/tree/incoming-sports-gambling-could-become-booming-business/article_aad3e7a-cb8c-11e8-9191-f70cb123dcb.html)

<sup>23</sup> "Economic impact of legalized sports betting." Oxford Economics. May 2017. <http://www.americangaming.org/sites/default/files/AGA-Oxford%20-%20Sports%20betting%20Economic%20Impact%20Report1.pdf>

<sup>24</sup> "Games within games." Washington Post. October 2018. [https://www.washingtonpost.com/graphics/2018/sports/gambling-fan-experience/?hpid=hp-sports%3A%20betting%3A%20could%20grow%20into%20a%20\\$241.68%20billion&utm\\_medium=Email&utm\\_source=Listrak&utm\\_term=be1feba8efdb](https://www.washingtonpost.com/graphics/2018/sports/gambling-fan-experience/?hpid=hp-sports%3A%20betting%3A%20could%20grow%20into%20a%20$241.68%20billion&utm_medium=Email&utm_source=Listrak&utm_term=be1feba8efdb)

<sup>25</sup> "Report on sports betting in New York advises lawmakers to be careful." Albany Business Review. September 2018. <https://www.bizjournals.com/albany/news/2018/09/06/report-on-sports-betting-in-new-york-advises.html>

## REAL ESTATE OVERVIEW

225,000 daily commuters will be forced to find alternate means of transport when the L train shuts down in April 2019 to facilitate MTA repairs. This transportation disruption will bring some benefits: Average rents in Williamsburg, Greenpoint, and Bushwick saw 0.6% decreases from the previous year.<sup>26</sup>

New York has the most active hotel development in the country, with 117,300 hotel rooms (October 2018) and an expected inventory of 140,000 hotel rooms by the end of 2021.<sup>27</sup>

FiDi Moxy Hotel is close to completion with 298 rooms in its 30-story building.<sup>28</sup>

The St. John's Terminal project, which is located in the West Village, has shifted its primary focus from luxury residential to commercial development. Oxford Properties, best known as the developers for the Hudson Yards, has released its new plan for the space. The project is set to kick off in 2019; the office building will include 1.3 million square feet.<sup>29</sup>

## Leisure

New York City has launched an interactive map of privately-owned public spaces (POPS). Showing the more than 550 POPS in New York, this map helps residents and visitors locate and enjoy public spaces provided by private owners.<sup>30</sup>

Real estate developments for recreational use are becoming increasingly popular: Domino Park opened its gates June 10, 2018. The park features views of the Manhattan skyline and Williamsburg Bridge; the recreational area lets residents and tourists take advantage of the unique spot for picnics, dog-walking, and sports.<sup>31</sup> Coney Island's Wildlife Conservation Society's New York Aquarium also opened this summer, marking its reopening after Hurricane Sandy.<sup>32</sup>

## REAL ESTATE AND ADVERTISING

The top 5 real estate websites among US internet users, ranked by market share of visits, August 2018, are the following:

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<sup>26</sup> "The L train shutdown is a year away- what effect will it have on rent prices?" Curbed, May 2018. <https://ny.curbed.com/2018/5/15/17353760/mta-l-train-shutdown-new-york-rent-predictions>

<sup>27</sup> "What's new in NYC," NYC Go, August 2018. <https://business.nycgo.com/press-and-media/resources/whats-new-in-nyc>

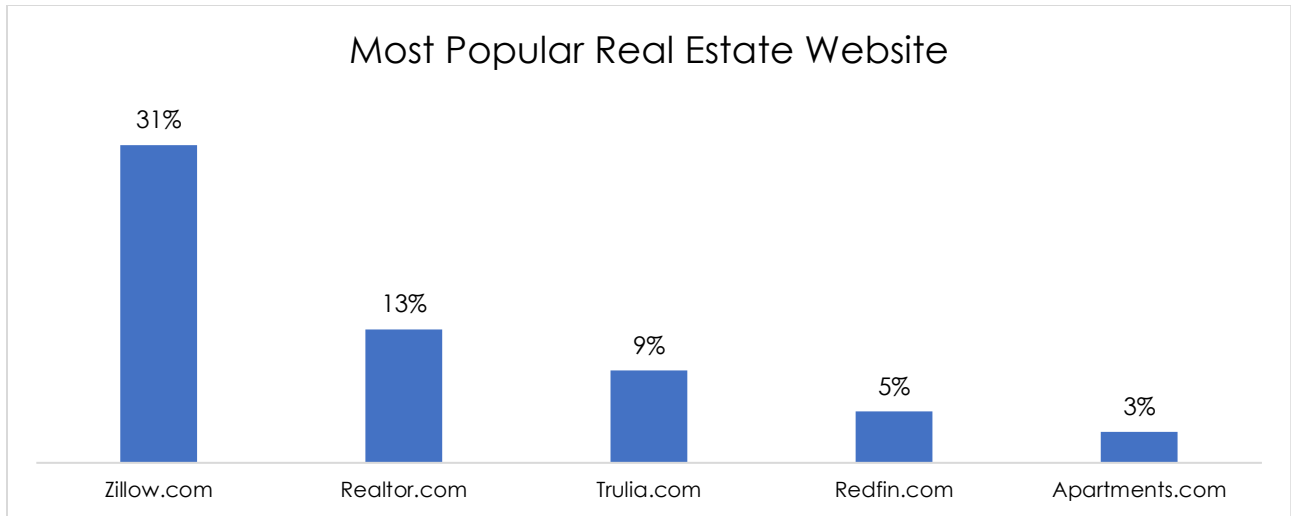
<sup>28</sup> "New York City region, expansions and contractions," New York State Department of Labor, August 2018. <https://www.labor.ny.gov/stats/nyc/nyccec.shtml>

<sup>29</sup> "First look at St. John's terminal," Curbed NY, October 2, 2018. <https://ny.curbed.com/2018/10/2/17924694/st-johns-terminal-550-washington-oxford-offices-first-look>

<sup>30</sup> "New York City's privately owned public spaces," NYC Planning, 2018. <https://www1.nyc.gov/site/planning/plans/pops/pops.page>

<sup>31</sup> "Attractions, tours & sports," NYC Go, May 2018. <https://business.nycgo.com/press-and-media/resources/whats-new-in-nyc/attractions-tours-sports/>

<sup>32</sup> "Attractions, tours & sports," NYC Go, May 2018. <https://business.nycgo.com/press-and-media/resources/whats-new-in-nyc/attractions-tours-sports/>



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## POLITICS OVERVIEW

The political industry in New York grew 55.3% from August, 2017 to the same month in 2018.<sup>34</sup> This is due to the gubernatorial race and midterm elections set for November. Radio influences New Yorkers when it comes to politics. Over 14 million New York Radio listeners are registered to vote. Over 3 million of them are swing voters, and almost 2 million of these swing voters are between the ages of 18 and 49.<sup>35</sup>

It is important for brands to note that politics drives US consumer purchasing behavior. Twenty-five percent of the US population say that they have stopped buying a particular brand's product due to protests, boycotts, or the brand's perceived political leanings.<sup>36</sup>

## POLITICS AND ADVERTISING

The 2018 midterm election is expected to draw \$8.9 billion dollars in ad spend. This is 8% more than the spend in 2014. Ad expenditure for Radio is expected to reach \$700 million dollars.<sup>37</sup>

Political campaigns have been advised not to rely too heavily on digital advertising to reach the core voters who swayed the 2016 election. This population lives in rural areas where broadband is not as reliable as in metropolitan areas. Traditional media, such as Radio, is a more stable option for reaching these crucial voters.<sup>38</sup>

<sup>33</sup> "Top 10 real estate websites among US internet users, ranked by market share of visits August 2018," eMarketer PRO, October 2018. <http://totalaccess.emarketer.com/chart.aspx?r=222487>

<sup>34</sup> "Market industry growth," Miller Kaplan, 2018.

<sup>35</sup> "Nielsen audio, New York; Scarborough R12 2018; Metro Adults 18+"

<sup>36</sup> "Study: 25% of Americans say politics drove them to boycott brands?," AdAge, June 2017. <https://adage.com/article/cmo-strategy/study-25-americans-stopped-buying-politics/309322/>

<sup>37</sup> "Bracing for impact, 2018 political advertising," Borrell Associates, 2018. <https://www.borrellassociates.com/industry-papers/papers/fall-update-2018-political-advertising-set-to-break-records-detail>

<sup>38</sup> "Political media buying 2018: late September update – where does radio fit?," Radio Advertising Bureau – Radio Matters, September 2018. <http://www.Radiomatters.org/index.php/2018/09/24/political-media-buying-2018-september-update-where-does-Radio-fit/>

Local Radio also usually benefits from non-presidential election cycles (such as 2018) due to the increase in gubernatorial races during these periods. This year, dollars are also flowing below the state level, which can boost local radio.<sup>39</sup>

The three weeks leading up to the election are generally when political ads are most prevalent. Often, broadcast television slots are sold out, which provides an opportunity for Radio advertisers.<sup>40</sup>

*How does this impact Radio advertising?*

*Political advertisers should keep an eye on these trends and ramp up advertising for the midterm elections. It may also mean that Radio advertisers should reach out to these advertisers at this time.*

## **NEW YORK RADIO ADVERTISING**

Traditional advertising accounts for 48% of New York's local budget. For 2019, New York local advertising spend is expected to increase by 2%.<sup>41</sup>

Local advertising spend for New York City is projected to reach \$11.5 billion this year. The top spenders on advertising in the city are automotive, education, financial/insurance, general services, and government/political/religious groups. Radio over-the-air ads total \$769.7 million.<sup>42</sup>

*How does this impact Radio advertising?*

*It can be tempting to focus solely on digital advertising. However, New York Radio is thriving and is a worthwhile advertising outlet.*

## **HELPFUL LINKS**

- [HTTPS://WWW.LABOR.NY.GOV/STATS/](https://www.labor.ny.gov/stats/)
- [HTTPS://WWW.LABOR.NY.GOV/STATS/NYCEEC.SHTM](https://www.labor.ny.gov/stats/nyceec.shtm)
- [HTTP://WWW.AMERICANGAMING.ORG/SITES/DEFAULT/FILES/AGA-OXFORD%20-%20SPORTS%20BETTING%20ECONOMIC%20IMPACT%20REPORT1.PDF](http://www.americangaming.org/sites/default/files/aga-oxford%20-%20sports%20betting%20economic%20impact%20report1.pdf)
- [HTTPS://WWW.WASHINGTONPOST.COM/GRAPHICS/2018/SPORTS/GAMBLING-FAN-EXPERIENCE/?NOREDIRECT=ON&UTM\\_CAMPAIGN=SPORTS%20BETTING%20COULD%20GROW%20INTO%20%2416B%20BUSINESS&UTM\\_MEDIUM=EMAIL&UTM\\_SOURCE=LISTRAK&UTM\\_TERM=.FE91B5221256](https://www.washingtonpost.com/graphics/2018/sports/gambling-fan-experience/?hpid=hp_hp-top-table-main-gambling-fans%3Aexperience%3Ahomepage%2Ft%3Aexperience&hpid=hp_hp-top-table-main-gambling-fans%3Aexperience%3Ahomepage%2Ft%3Aexperience&utm_medium=email&utm_source=listrak&utm_term=.fe91b5221256)
- [HTTPS://BUSINESS.NYCGO.COM/PRESS-AND-MEDIA/RESOURCES/WHATS-NEW-IN-NYC/ATTRACTIONS-TOURS-SPORTS/](https://business.nycgo.com/press-and-media/resources/whats-new-in-nyc/attractions-tours-sports/)
- [HTTPS://WWW1.NYC.GOV/SITE/PLANNING/PLANS/POPS/POPS.PAGE](https://www1.nyc.gov/site/planning/plans/pops/pops.page)
- [HTTPS://ADAGE.COM/ARTICLE/CMO-STRATEGY/STUDY-25-AMERICANS-STOPPED-BUYING-POLITICS/309322/](https://adage.com/article/cmo-strategy/study-25-americans-stopped-buying-politics/309322/)
- [HTTP://WWW.RADIOMATTERS.ORG/INDEX.PHP/2018/09/24/POLITICAL-MEDIA-BUYING-2018-SEPTEMBER-UPDATE-WHERE-DOES-RADIO-FIT/](http://www.radiomatters.org/index.php/2018/09/24/political-media-buying-2018-september-update-where-does-radio-fit/)

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<sup>39</sup> "Bracing for impact, 2018 political advertising," Borrell Associates, 2018. <https://www.borrellassociates.com/industry-papers/papers/fall-update-2018-political-advertising-set-to-break-records-detail>

<sup>40</sup> "Political media buying 2018: late September update – where does radio fit?," Radio Advertising Bureau – Radio Matters, September 2018. <http://www.radiomatters.org/index.php/2018/09/24/political-media-buying-2018-september-update-where-does-radio-fit/>

<sup>41</sup> "Total local advertising spend- New York," Borrell, October 2018. <https://www.borrellassociates.com/total-local-online-ad-spending-mag#1:4949>

<sup>42</sup> "New York City local advertising spending forecast to top \$11.5B in 2018," BIA Advisory Service, September 12, 2018. <http://www.biakelsey.com/new-york-city-local-advertising-spending-forecast-top-11-5b-2018-leading-categories-include-automotive-retail-financialinsurance-according-bia-advisory-services/>