

Webinar


The Future of Radio: Why Now is the Time for Digital Advertising

MarketronNXT





 **All Participants are muted**

 **Today's webinar is being recorded
and will be shared with registrants**

 **Questions encouraged via chat box**

- Q&A after discussion
- Any unanswered questions will be followed up on by a team member



Jim Howard

CEO

Marketron



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SVP Product

Marketron

Radio is facing significant challenges



Radio is facing challenges

1 

Radio revenue is declining & COVID is an exacerbating factor

2 

Competition has products that are more measurable and targeted

3 

Change is hard and radio hasn't reacted quickly



1

Pre-COVID estimate: radio revenue is flat

Total U.S. Ad Spending in Dollars (millions)*

	2019	2020	2021	2022	2023	2024
Revenue	\$16,664.80	\$17,208.20	\$16,861.30	\$17,667.00	\$17,206.40	\$17,992.00
Growth	-0.7% ▼	3.3% ▲	-2.1% ▼	4.2% ▲	-2.1% ▼	4.6% ▲

Overall revenue is flat, but core radio ad revenue is declining - \$1B of digital ads sold by radio in 2019 = 6% of total.

*Forecast was published pre-COVID-19.
Inside Radio, 02/25/2020

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1 The reality with COVID

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Our analysis shows 20% decline in pacing
year-over-year due to COVID.

*Analysis included 150 customers covering small, medium and large organizations across markets.

2 Competition for local ad dollars is fierce

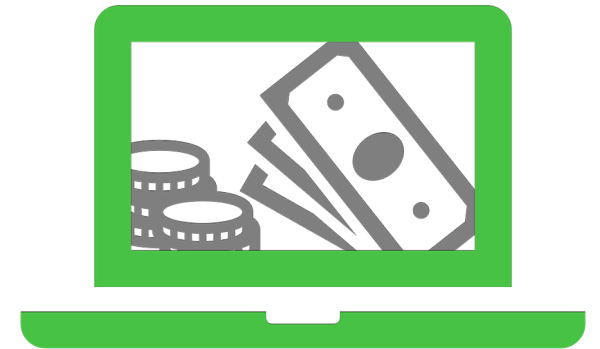
	RADIO	AGENCY	
Product(s)	Radio	Radio/TV/Cable OTT/CTV/YouTube Video Social	Print Display SEM Outdoor
Product Value	A single tactic with great reach and historical effectiveness	Ability to offer the right mix of media and targeting to solve the campaign objective.	
Sales Pitch	"We have great reach in our geography, and it's worked well in the past. If you want an integrated campaign, you will have to figure that out yourself or use an agency."	"We create an integrated campaign targeted to just your audience to meet your specific campaign objective and can measure and prove results. We will handle all of the creative and reporting."	

2 Agencies are the #1 competitor for radio stations

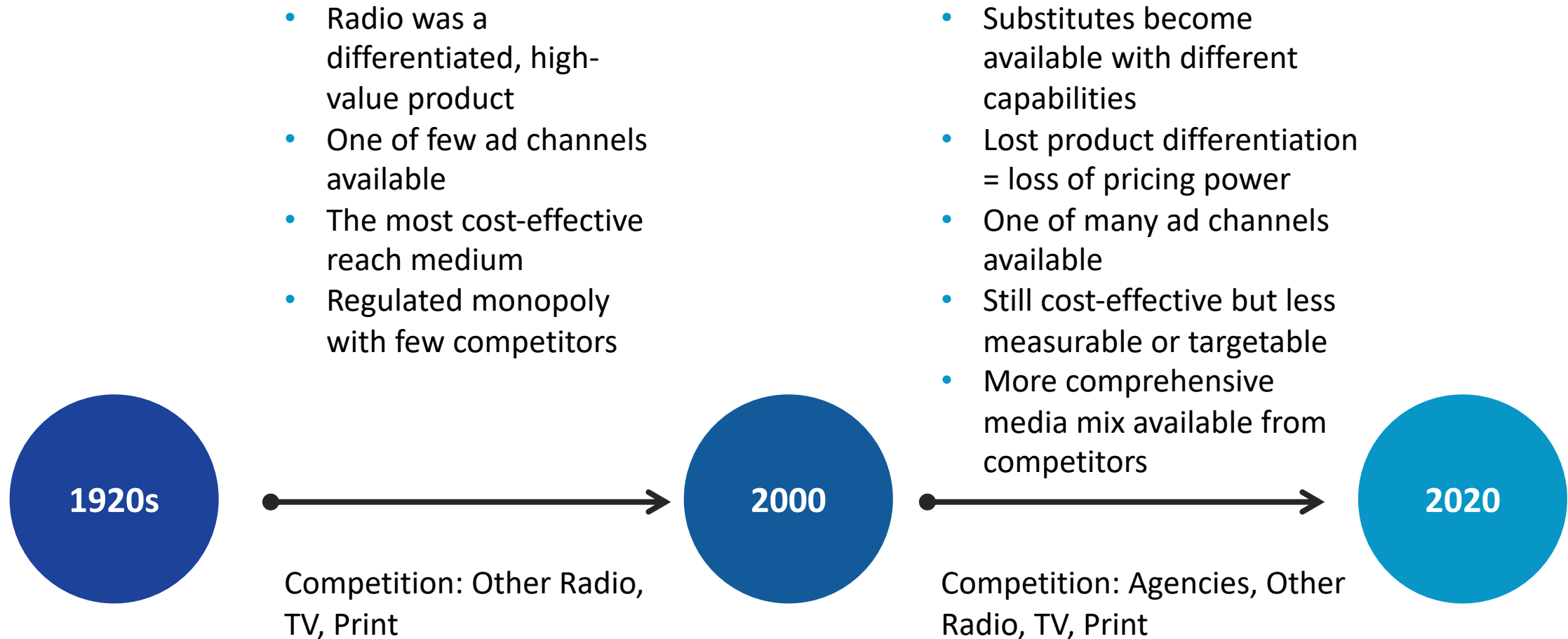
Agencies bring advertisers a complete media mix, creative and targeting to meet the advertiser's specific goals

By allowing agencies to resell radio products, radio stations are no longer in control of:

- Client relationships
- Pricing
- Differentiation and targeting



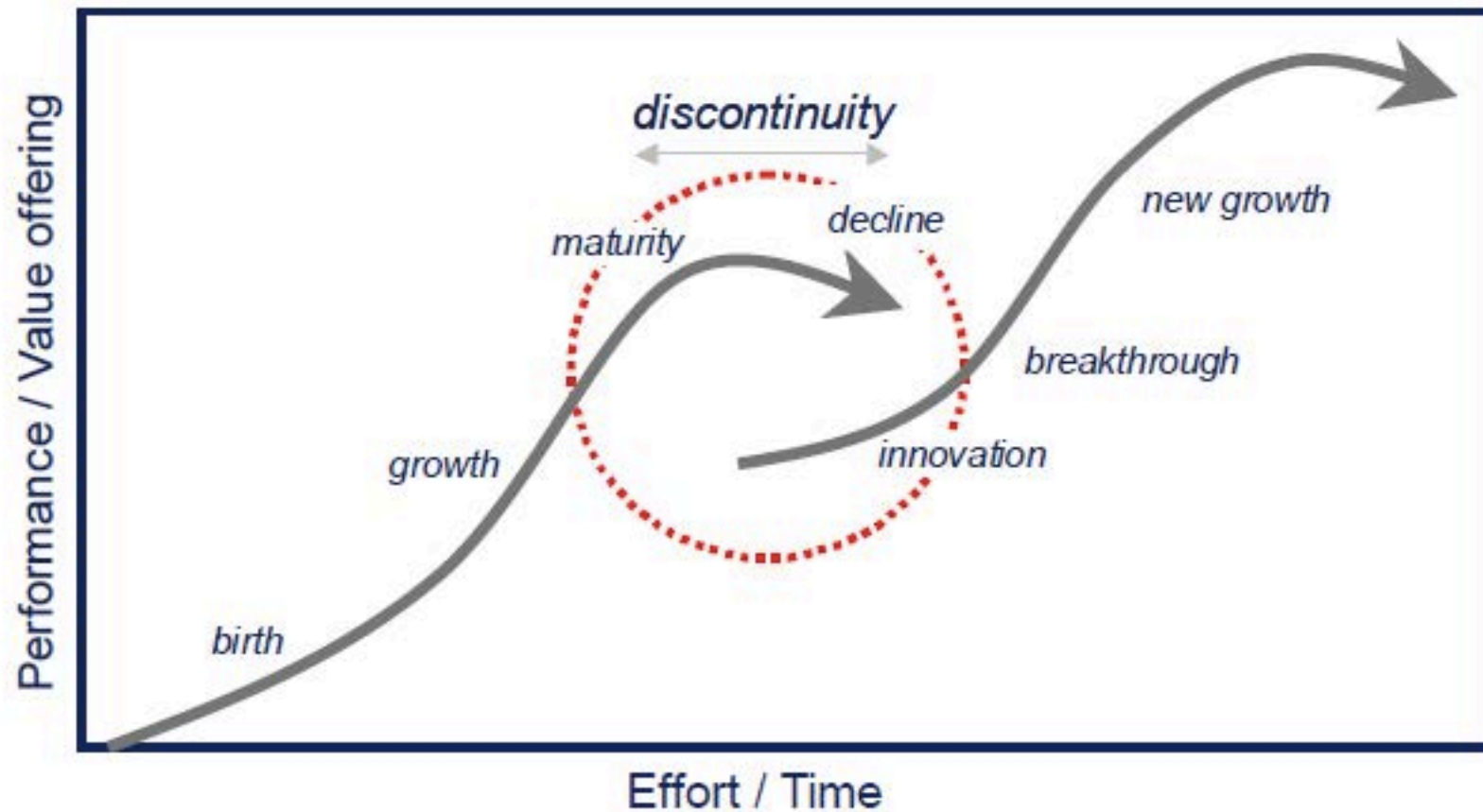
Loss of Strategic Value: How did we get here?



3

We are in a period of market discontinuity

Discontinuity is when industry segments go through periods of disruptive change, creating new sets of winners and losers



The ability to innovate will determine winners and losers in the next stage of development

Image Source: Innovisio

Digital advertising matters for radio



Types of digital advertising

Owned & Operated Digital Advertising (O&O)

- Website
- Audio ads in your internet streams
- Your social media channels
- Newsletters



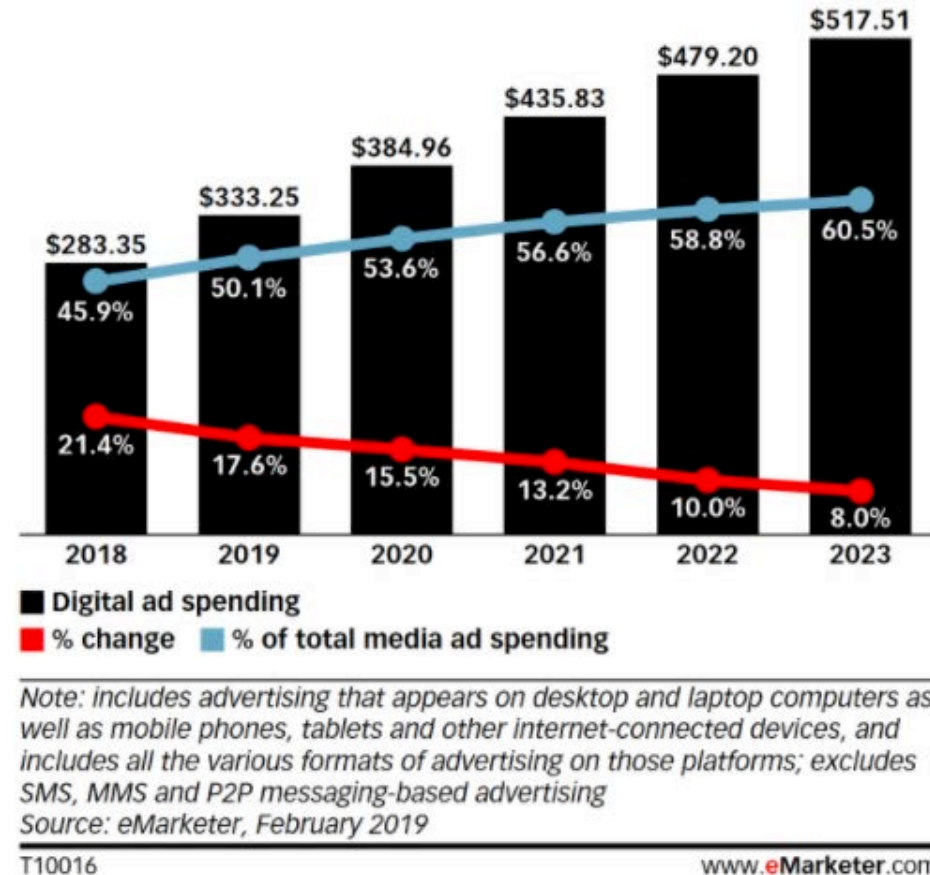
Third-party Digital Advertising

- Targeted display ads
- Video (pre-, post-, mid-roll)
- OTT/CTV
- Targeting with geofencing
- Foot traffic attribution
- Targeted email
- Paid social media ads
- Search (PPC, keyword)

Digital advertising continues to grow

Digital Ad Spending Worldwide, 2018-2023

Billions, % change and % of total media ad spending



eMarketer, February 2019

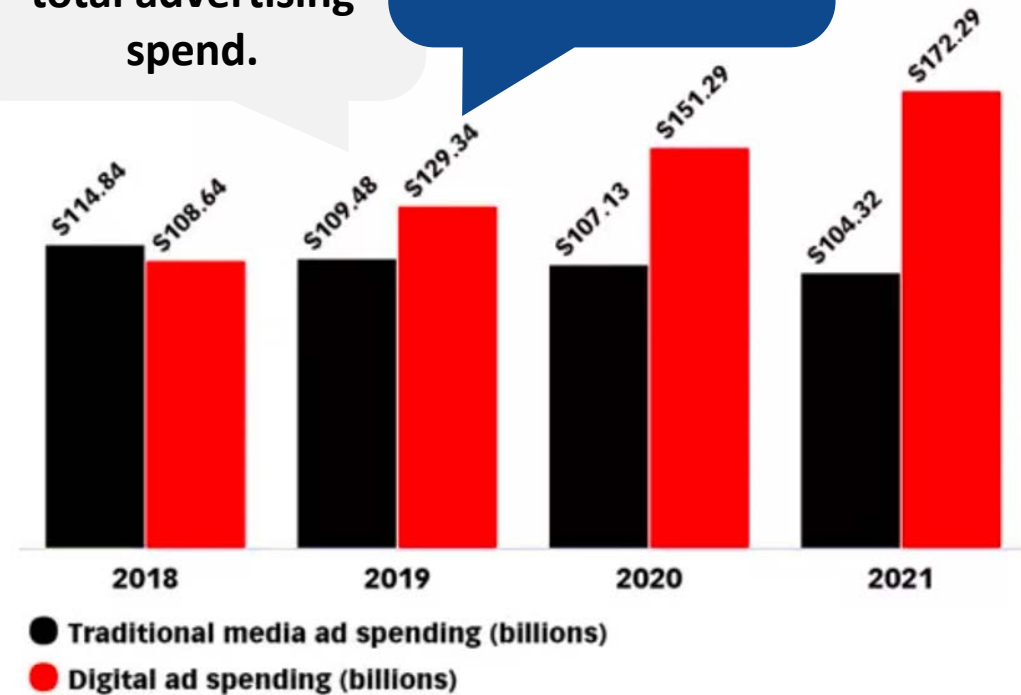
Radio + digital grows market from 7% to 61% of total ad market

Digital vs. Traditional Ad Spending

United States, 2018-2021

Radio is \$16.2B
(6.7%) of \$239B
total advertising
spend.

Digital is \$129B
(54%) of total
advertising spend.



Source: eMarketer, Feb 2019

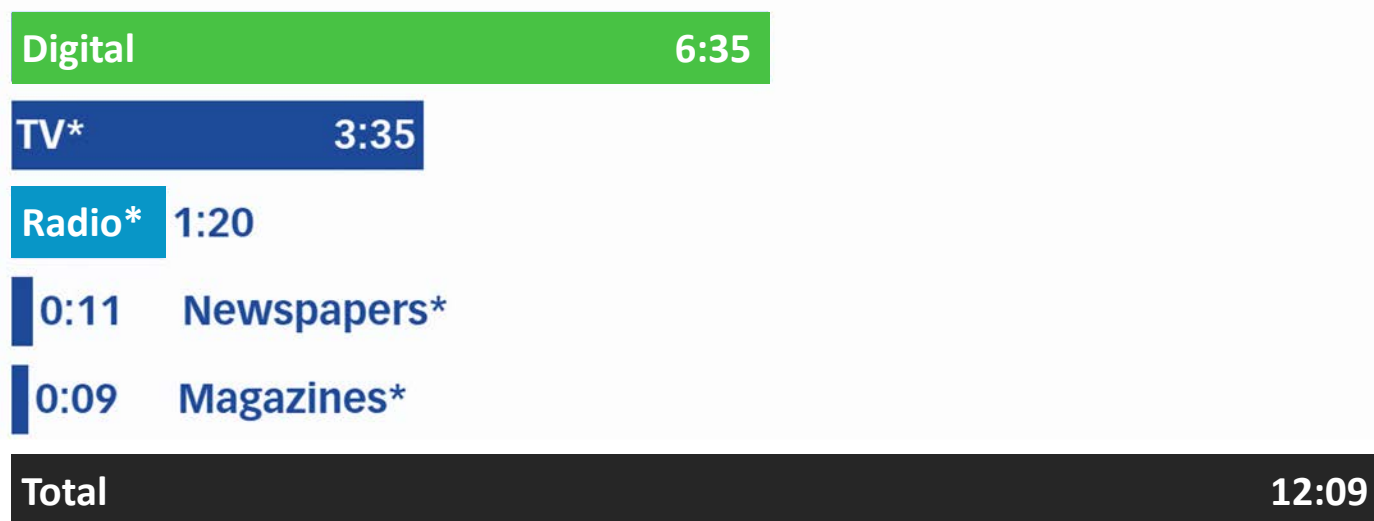
www.eMarketer.com

eMarketer, February 2019

Time spent with media

Average Time Spent in the US, 2019

hrs:mins per day among population



While radio has sustained momentum as a medium, **digital has exploded.**

Note: ages 18+; time spent with each medium includes all time spent with that medium, regardless of multitasking; for example, 1 hour of multitasking on TV while listening to radio is counted as 1 hour for TV and 1 hour for radio; *excludes digital
Source: eMarketer, April 2019

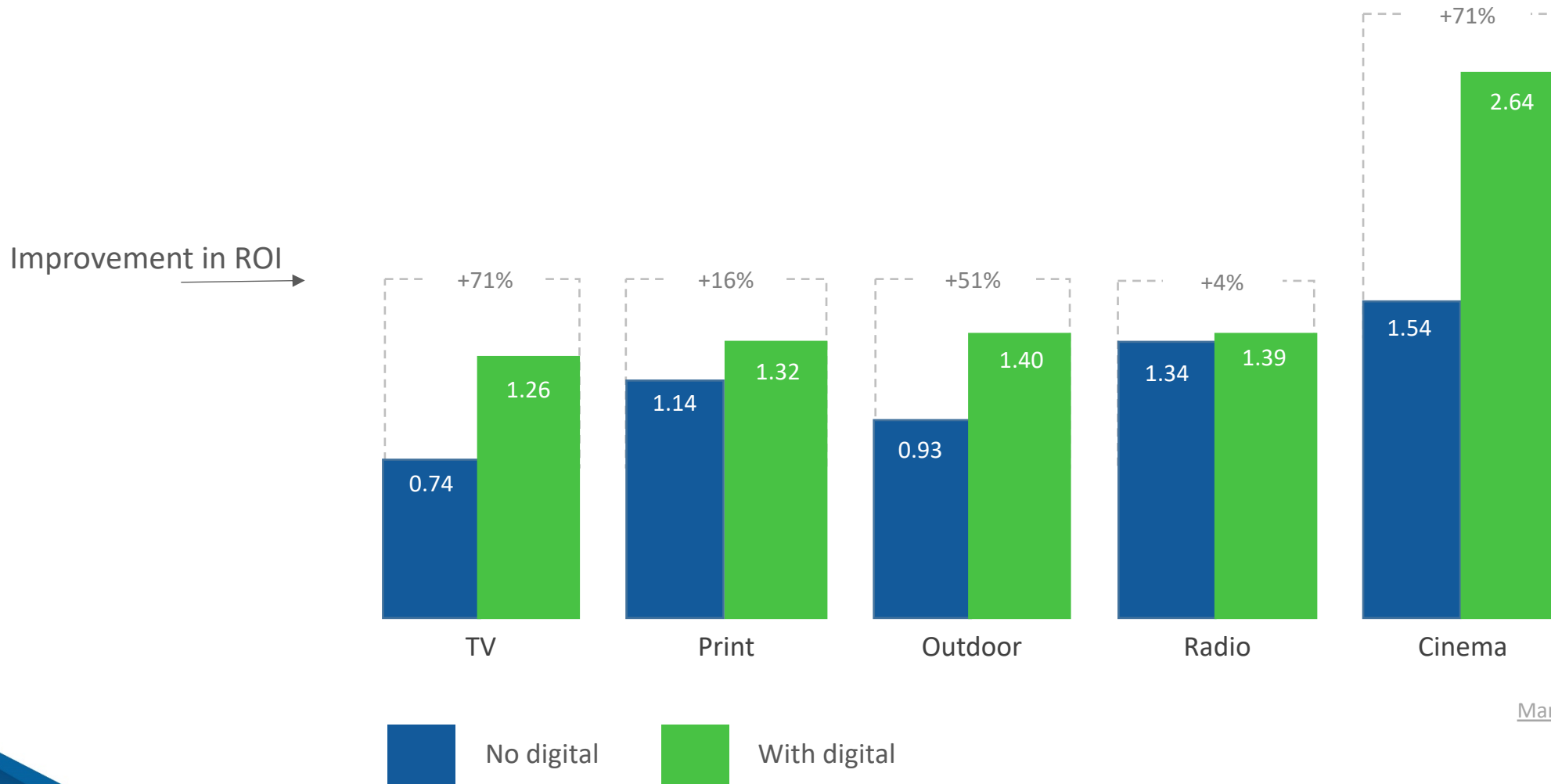
Radio is well positioned to sell digital



Recapturing Strategic Value: The future



Adding digital increases ROI of all media



Marketing Land, 8 Reasons Why Digital Advertising Works For Brands



Radio is the local expert

Radio salespeople have strong relationships with local advertisers and are a trusted marketing resource.

New revenue comes with new challenges



The entire organization will face hurdles



Executive Team

- A clear plan for organizational change
- New company goals and compensation plans
- Continuous emphasis on organizational change management and accountability

Sales

- Adoption of an adjusted sales methodology
- Education on digital advertising tactics
- Sales enablement materials and on-going training
- Ability to deliver competitive proposals quickly

Finance/Operations

- Streamline the order entry process and creative management
- Provide advertisers a single invoice for integrated campaigns
- Deliver comprehensive reporting on campaign performance
- Deliver business reporting to track finances across radio + digital

Your organization today & tomorrow



Core Radio
Broadcast Business

Engineering /
Infrastructure

Product /
Programming

Sales / Account
Management

Sales Ops / Training /
Sales Support

Accounting / General
Management

Leverage existing
functions as platform
for expanded revenue



Addition of
Digital Functions

Digital Campaign and
Reporting Software

Digital Campaign
Management / Digital
Creative

Can be provided
by partners

Digital Sales Skills

Digital Campaign
Design / Strategy,
Digital Sales Support

Skillset must be
built in-house



Our goal is to create a *growth partnership*

*Enable our customers to create, sell, manage and deliver **significant** new revenue sources through a mix of technology and services*



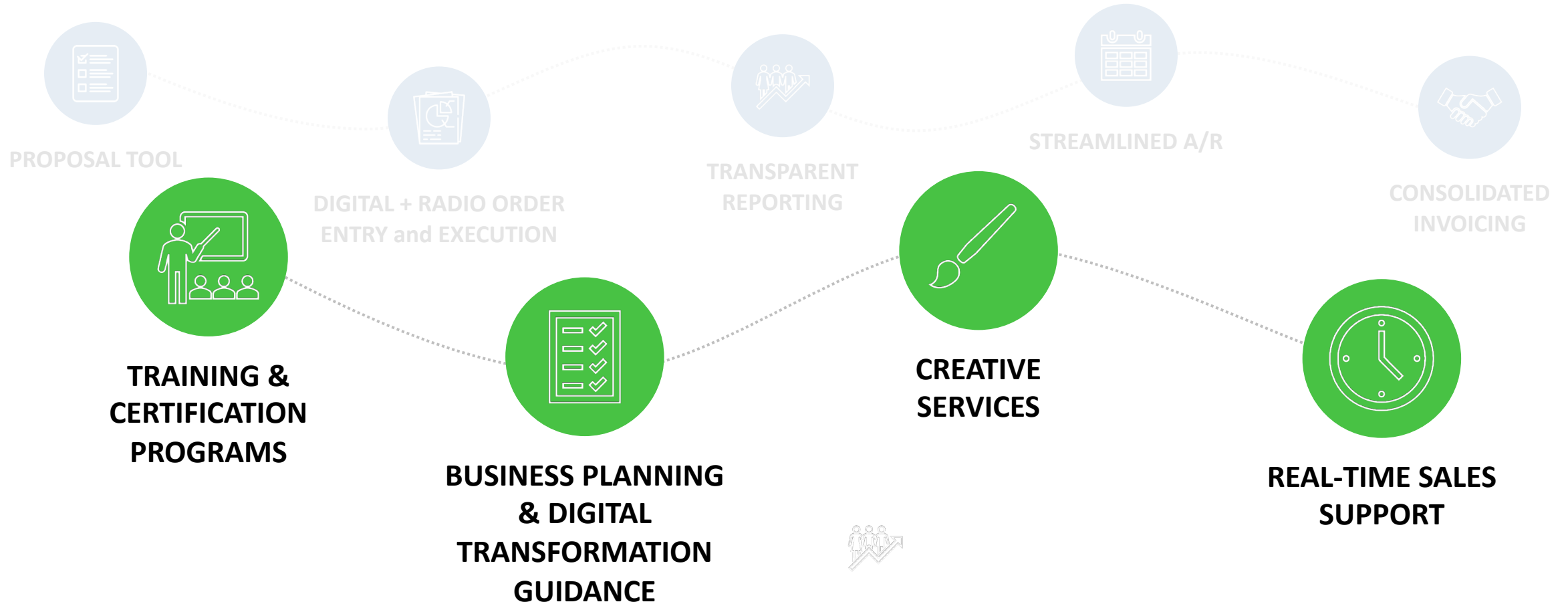
MarketronNXT

From quote to cash, Marketron NXT enables radio stations to increase revenue by selling **third-party digital advertising** that amplifies existing advertising programs.

NXT: A software platform that covers it all



Layered with support & service for success



Case Study for Digital Advertising

REVENUE	2018	2019	2020 (to May)	2020 Projection
Digital Revenue	\$43,350	\$615,420	\$397,510	\$900,000
Margin on Digital Products (32%) (after commission)	\$10,820	\$153,609	\$99,218	\$224,640
EXPENSE				
Active Reps Selling Digital	13	13	13	13
Sales Commission (22%)	\$9,537	\$135,392	\$87,452	\$198,000
Digital Education, Training & Sales Enablement	Included	Included	Included	Included
Software Fee (volume-based annual fee)	\$1,734	\$18,463	\$27,000	\$27,000
PROFIT	\$9,086	\$135,146	\$72,218	\$197,640
DIGITAL ACTIVITY				
Proposals	115	619	291	
Orders	26	106	35	
Avg. Order Size	\$1,846	\$5,932	\$10,957	

Next steps for digital transformation

1. Connect with our team

- Learn more
- See a demo
- Schedule your upgrade

2. Start the transformation

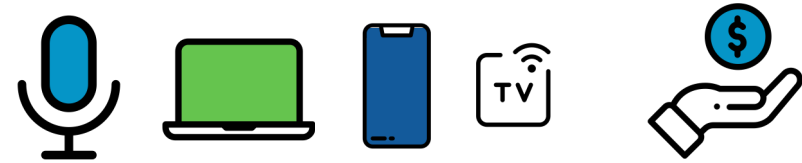
- Success Plan creation with executive team
- Review best practices for org structure, comp., skills

3. Prepare to sell

- Sales training - onboarding and ongoing
- Engage with Marketron sales support team
- Develop sample proposals

4. Start selling digital

- Engage with customers/prospects
- Quarterly business reviews
- Continuous improvement



Join us:

- **Live Demo**, July 8, noon ET
- **Digital Transformation Series**, 6-part series starts July 15



Q&A



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