



SCBA Digital Information Series

April 17, 2018

Where the digital money is going by 2020

Platform	2017 Spend Estimate	2020 Spend Estimate	Average Growth Rate
Search	\$86.4 billion	\$109.6 billion	8.24%
Social display	\$48.1 billion	\$76.2 billion	16.6%
Video display	\$26.8 billion	\$43.2 billion	17.25%
Classified	\$18.6 billion	\$23.1 billion	7.4%
Other display	\$23.6 billion	\$21.7 billion	(2.86%)

DATA SOURCE: ZENITH.

The above chart projects substantial growth through 2020 for digital ads, especially in the social display ad and video display ad segments. YouTube will continue its growth pattern as 1.5 billion users spend 1.3 hours per day streaming video on average. And while Facebook is also investing heavily in video content, the real growth for social display ads will come from Instagram. Parent company Facebook reports that Instagram video ad revenue will hit \$10.9 billion by 2019, which is \$6 billion more than 2018 revenue projections. From all we know, digital advertising growth seems unstoppable.

More concerning to our industry, 50% of all U.S. advertising in 2018 will be spent on non-Radio digital platforms such as Facebook, Google, Instagram, YouTube, and search engines. ***That is an \$11 billion dollar increase over 2017.***

Before we get discouraged by this growing juggernaut, we need to ask our sales teams three important questions:

1. Do we know enough about non-Radio digital platforms to advise and suggest to our clients how Radio can complement, supplement, and enhance a digital campaign? Do we know **who** to have these conversations with?
2. Can our clients point to more sales growth year over year as a result of using more digital advertising or is their ROI based on some other metrics? And do we know what they are in order to compare Radio's ROI to Digital's ROI?
3. Do we know the senior management of our clients, who is really making these decisions, and who has the most to lose or gain by the direction of their budgets?

These are not simple questions and not readily answered; but they need to be if Radio is to gain a larger share of advertising budgets and compete effectively with digital.

After we have established real value for Southern California Radio with decision makers, it is important we understand the following:

- 66% of Tweets that link to digital content come from bots, which are accounts generated by software, and not human tweeters.
- Bots were responsible for 76% of all tweeted links to sports sites and 67% to news and current event sites.
- It is now estimated that 15% of all Twitter accounts are fake.

And if that does not give clients, who are spending social media dollars pause, consider the following:

- 82% of all U.S. digital display advertising in 2018 will be bought through automated channels known as programmatic buying or open source networks.
- That is \$46 billion in 2018, up \$9.5 billion over 2017.
- It is now projected that \$12-\$13 billion spent through programmatic buying in the U.S. is seen or heard by bots, not humans.
- Bots can spread nasty malware that infects computers, steals personal data, and ruins your PC.
- Procter and Gamble pulled \$200 million from digital in 2017 because of its unintended exposure in hate monger, sex sites, and other lewd sites that do not reflect P&G's image. All thanks to programmatic buying and mysterious third-party networks.
- Unilever, makers of Dove soap, Lipton's ice tea, Hellman's Mayo, Ben and Jerry's ice cream, and so many other products, reduced its digital advertising exposure from 1,500 web sites down to 400 and saw **no erosion** of market share or sales in 2017.

- The fear of exposing their brands to lewd and dangerous web sites has made these consumer giants pause or reduce their digital spend. Our clients should follow that lead.
- 250 out of 300 major marketers in a CMO Council survey had major concerns about digital ad placements with 45% saying they had problems with how their ads were viewed and where.

Radio offers our clients:

- Safe, reliable, targeted, and real listeners. There are no bots in Radio.
- Radio's audience is real with no fraudulent data or loss of audience.
- Radio ads have never stolen personal data.
- Radio ads have never infected a PC.
- Radio ads will never run adjacent to porn sites, hate group sites, or any extreme political or socially offensive sites.
- Our clients know their brand is protected on Radio.
- Radio is held responsible for its content by the FCC and our own communities.
- There are no content guidelines or FCC rules for digital and the internet.
- And Radio offers its own digital platforms, ready to reach the same targeted audience as broadcast, with real digital viewers and listeners.

Of course, all of this information is muted if we are not talking to **decision makers**, building Radio's value as an important partner, and providing the right information for clients to make intelligent decisions about their advertising.

Becoming an informed resource to our clients and knowing their business *builds trust*. Understanding their media spending challenges and guiding them to a more effective media placement *builds relationships*.

Thom Callahan

SCBA

Sources:

Bloomberg, Zenith, Magna, Wired, AP, eMarketer, IAB, Adexchanger.com, fool.com, warc.com