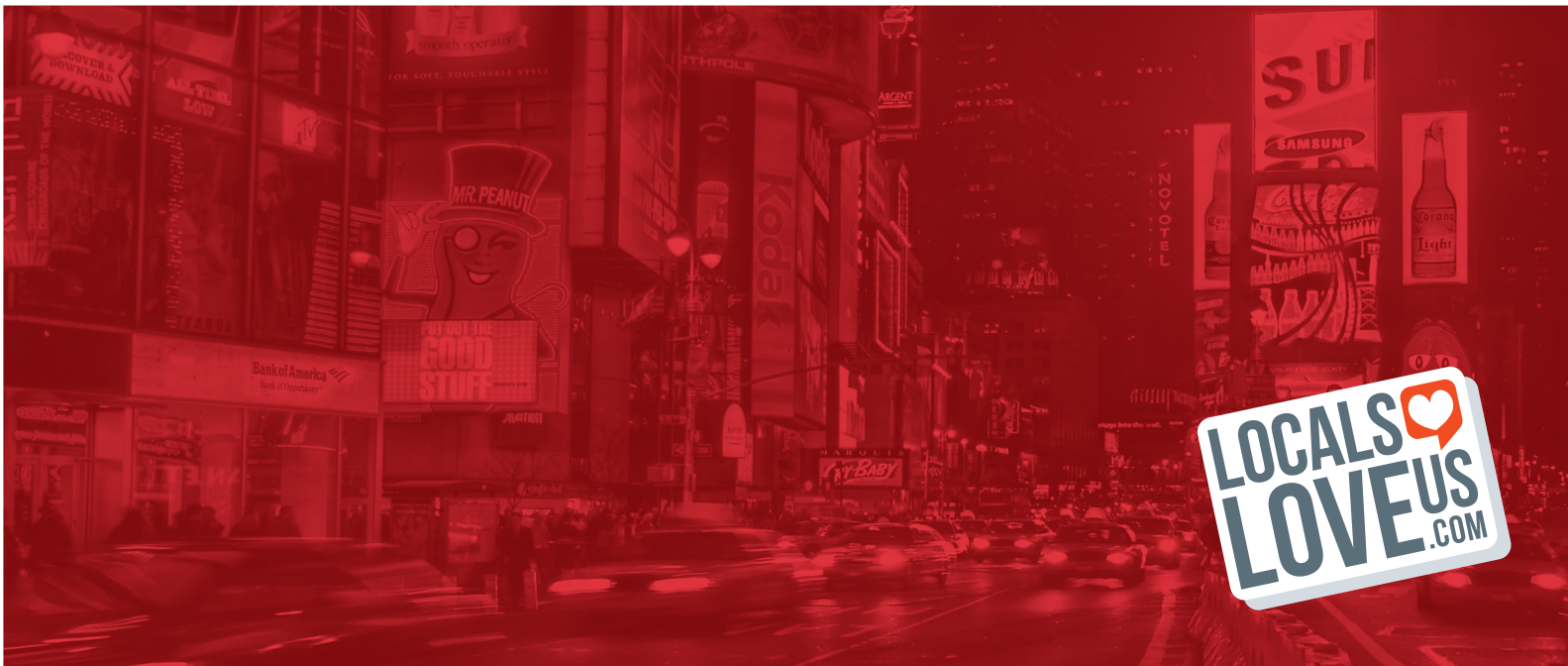


LOCAL MEDIA ADVERTISING

a \$130 billion industry in transition



Local media advertising is a \$130 billion industry in transition. The digitization and fragmentation of media is dramatically changing how consumers access information as well as their attitudes toward advertising.

When media options were limited to the Big Three television networks, a few radio stations, a handful of national magazines and a local newspaper or two, consumers were relatively easy for advertisers to reach. Today's media landscape has rendered that world unrecognizable and changed the consumer/advertiser relationship in three important ways.

The first important change has been **massive media fragmentation**. The Big Three have now become the Big Four and compete with countless cable and satellite stations. There's satellite radio, a wide variety of national and local newspapers and an ever-expanding number of niche interest magazines. Music and movies are being consumed in entirely different ways with iPods and Netflix.

But by far the largest media fragmentation is the result of easily accessible high-speed internet. Consumers are no longer limited to traditional media and can now select from an endless number of YouTube and Vimeo stations, create their own radio station on Pandora, TuneIn or others and can personalize their media consumption habits so that **no two consumers look alike**. And they're not even tethered to their desktop computers, with the majority of media consumption coming through mobile devices.

Advertisers have reacted to this fragmentation by chasing consumers down each one of these new channels so that advertising has become a ubiquitous part of our lives. Some experts suggest that we are now **exposed to as many as 5,000 advertising messages per day** – up from 500 in the 1970's.¹

That messaging barrage has instigated the second important change in advertising by driving consumers to do everything they can to avoid, skip and block every commercial possible.

¹ Walker-Smith, Jay, [Cutting Through the Advertising Clutter](#)

The Rise Of Ad Avoidance

Those same digital technologies that led to the proliferation of media sources have in many cases made it possible for consumers to avoid the ads that come with them:

- Pre-roll ads on online video are skipped by 94 percent of viewers; 52 percent skip frequently²
- In the second quarter of 2015, 45 million consumers used ad blocking software; a 48% increase from the previous year.³
- A third of everything watched on TV is viewed later and 74% in the U.S. do that so they can skip the ads. ⁴

But ad-blocking is more than just digital. Remember tele-marketers? That was before the FTC launched

the National Do Not Call Registry in 2003. Consumers were so sick of having their dinners interrupted by credit card offers that 62 million of them registered their telephone numbers in the first 12 months.⁵ By July 31, 2008, there were more than 168 million,⁶ which likely makes it the most successful government registry ever.

But perhaps the best indicator of dislike is the willingness of consumers to pay money simply to avoid advertising. In the first week after the launch of iOS 9, which for the first time allows users to block ads in Safari browsers, the #1 and #4 paid apps in the iPhone App Store were the ad blockers Peace and Purify.⁷



**Surf the web
without ads in**

Google chrome

² MetrixLab, [5 social video myths dispelled](#)

³ PaigeFair, [The Cost of Ad Blocking](#)

⁴ Boris, Cynthia, [Majority of DVR Users Record Shows Just to Skip the Commercials](#)

⁵ GAO, [Implementation of the National Do-Not-Call Registry](#)

⁶ FTC, [Report to Congress: Regarding the Accuracy of the Do Not Call Registry](#)

⁷ Bergen, Mark, [Ad Blockers Shoot to the Top of iPhone App Store Chart After Debut Day](#)

Seeking Trusted information

But consumers who are avoiding ads still need information to guide their purchases and that's led to the third important change in advertising. Those consumers are now turning to more trusted sources to obtain the information they need.

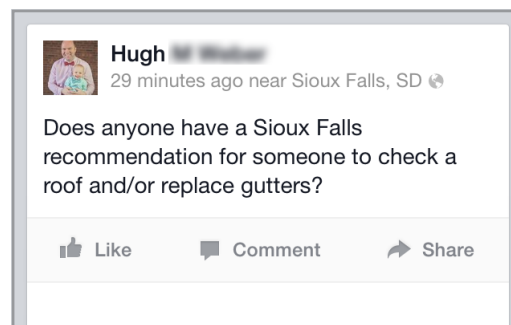
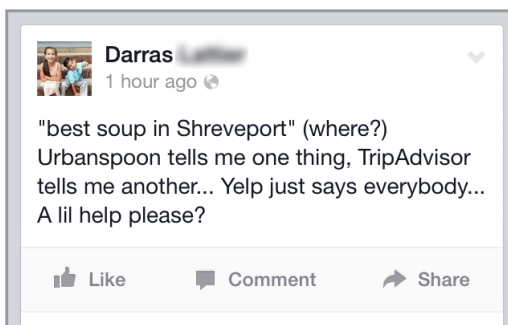
We've always known that what other people say about us has more impact than what we say about ourselves. But, again, what's changed is that consumers have access to far more information than they did just ten years ago. Slick packaging can't sell a bad product when we can all read the Amazon reviews. And no amount of advertising can make a bad Yelp score go away.

And those are just a few of the ways that consumers are searching for information. They're also using social media to reach out to their personal network. They're reading online reviews

and frequenting expert review sites. And they're consuming more sources of information to make purchasing decisions. For example:

- 88% of Americans research a product online before buying it online or in a store⁸
- 30% begin their online research by going to Amazon for product information and reviews⁹
- The average shopper used 10.4 sources of info to make a decision in 2011; up from 5.3 sources in 2010¹⁰
- More than half of millennials surveyed said they check product reviews on their phones while shopping in a physical store¹¹

The one thing these sources all have in common is that they have higher levels of trust than traditional advertising.



8 PWC, [Understanding how US online shoppers are reshaping the retail experience](#)

9 Forrester, [Why Amazon Matters Now More Than Ever](#)

10 Google, [Winning the Zero Moment of Truth](#)

11 Google, [I-Want-to-Buy Moments: How Mobile Has Reshaped the Purchase Journey](#)

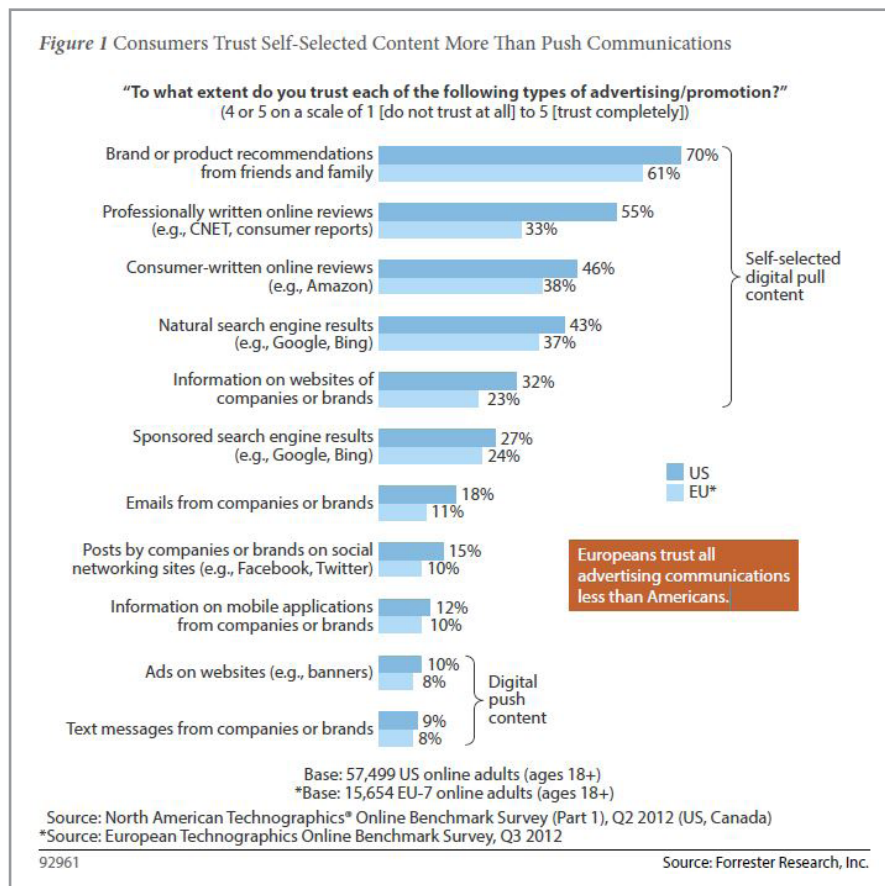
In their latest annual Global Trust in Advertising Survey, Nielsen once again found that **the most credible source of information was recommendations from family and friends**.¹² Not far behind, and ahead of all other forms of advertising, was consumer opinions posted online. So, consumers trust the people they know and the reviews they read online.

The annual Edelman TrustBarometer study has repeatedly found that **we trust people like ourselves** – friends and family – and experts; not a company or its spokespeople (no matter how famous they are).¹³ Everyone else who has researched

this comes up with the same result. Consumers trust advertising less and less; and trust family, friends, neighbors, experts and even anonymous reviewers more and more.¹⁴

So it shouldn't be surprising that **enhanced online reviews lead to enhanced real-world revenue**.

A researcher at the Harvard Business School found out that a one-star increase in a Seattle restaurant's Yelp rating leads to a 5-9% increase in revenue. The researcher also noted that there is a relatively large amount of information available on restaurants and that he expects a bigger impact in industries that are less well-known.¹⁵



12 Nielsen, [Global Trust in Advertising and Brand Messages](#)

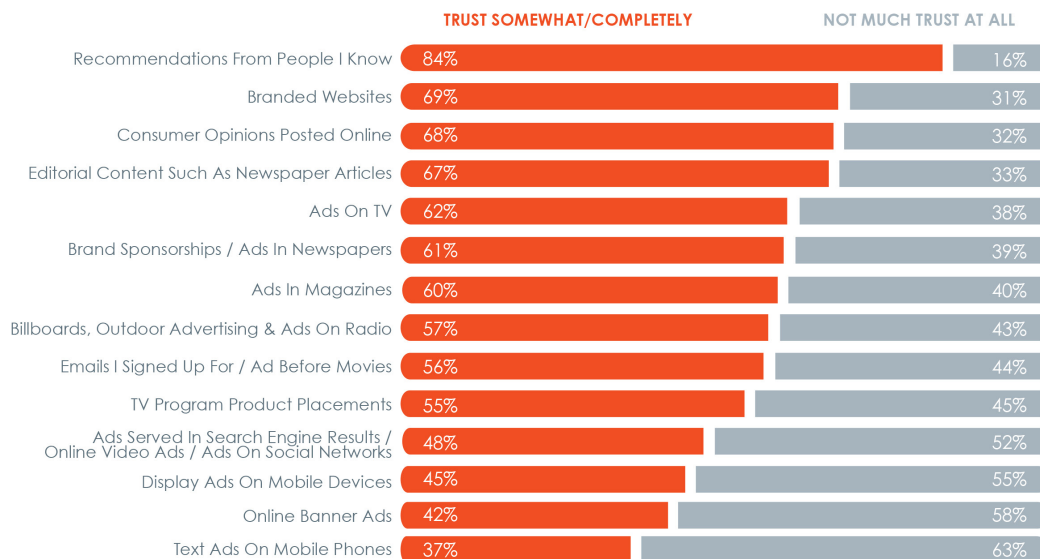
13 Edelman, [2015 Edelman TrustBarometer](#)

14 For another example, see Forrester, [How To Build Your Brand With Branded Content](#)

15 Luca, Michael, Reviews, [Reputation, and Revenue: The Case of Yelp.com](#)

The Future

Most forms of traditional media advertising are premised upon an uncertain information environment. But, as the authors of *Absolute Value*¹⁶ have shown, readily available information has forever altered the way consumers interact with advertising, inform themselves and make purchasing decisions. Consumers are relying more on the opinions of their friends, family and (often anonymous) neighbors and less on traditional advertising. The successful businesses of the future will be the ones who adapt to this new world.



Locals Love Us

Locals Love Us knows that most people trust their family, friends and neighbors for unbiased recommendations. So we ask all the locals to tell us what they love in more than 200 categories. The favorites are listed in print and online directories and then given an opportunity to purchase trust-based advertising in those directories. Because only the winners are allowed to advertise, consumers trust the messages that Locals Love Us spreads across the community. If you'd like to learn more, reach out to Locals Love Us by filling out our contact form, or by calling 605.759.4802.

¹⁶ Simonson, Itamar & Rosen, Emanuel, <http://www.absolutevaluebook.com/>