

Frank N. Magid Associates, Inc.



Local News Advertising Positioning Opportunities

Presentation to:

H E A R S T *television inc*

November 2010

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Objectives And Methodology

Objectives

- Determine key attributes to be used for television advertising sales based on the performance of local TV news relative to other genres and other media platforms across the following categories:
 - Importance
 - Emotional attachment
 - Level of engagement in advertising
 - Advertising effectiveness
- Understand how local TV news Web sites perform relative to other news and information Web sites on attributes relevant to advertisers
- Evaluate attributes of weather on local TV news and local TV news Web sites and determine the distinct advantages of weather content on local TV news/Web sites relative to competitors

Methodology

- Online survey of 2,500 local news viewers (watch local news twice a week or more) in the Hearst local news footprint
- Respondents evaluated a maximum of two of the genres and two of the media listed below relative to local news. To rate a genre or media, respondents were required to watch or use twice a week or more
- All respondents are age 25-54
- Field period: October 5 - October 13, 2010

| <u>Genre</u> | <u>Sample Size</u> |
|--------------------------------------------------------|--------------------|
| Local television news | 2500 |
| Cable news | 528 |
| Broadcast network news | 536 |
| Broadcast network prime time dramas/situation comedies | 589 |
| Broadcast network prime time reality TV | 513 |
| Cable network prime time dramas/movies | 512 |
| Court shows | 168 |
| Game shows | 351 |
| Informational talk shows | 275 |
| Entertainment talk shows | 278 |
| Entertainment news | 323 |
| Sitcom reruns | 575 |

| <u>Media</u> | <u>Sample Size</u> |
|---------------------------------------------------------------|--------------------|
| Local television news | 2500 |
| Print magazines | 795 |
| Radio | 1073 |
| Newspapers | 902 |
| Web sites | 1074 |
| Mobile web or access applications on a mobile phone or device | 906 |

Methodology – Number Of Completes By Market

| Market | Completes |
|----------------------------------------------|-----------|
| Boston, MA | 300 |
| Sacramento/Stockton/Modesto, CA | 200 |
| Orlando/Daytona/Melbourne, FL | 200 |
| Baltimore, MD | 210 |
| Cincinnati, OH | 140 |
| Pittsburgh, PA | 140 |
| Kansas City, MO | 140 |
| Greenville/Spartanburg/Asheville, GA, NC, SC | 90 |
| Greensboro/High Point/Winston, NC, VA | 90 |
| Louisville, KY | 90 |
| Harrisburg/Lancaster/Lebanon, PA | 90 |
| Oklahoma City, OK | 90 |

| Market | Completes |
|------------------------------------|-----------|
| Milwaukee, WI | 90 |
| New Orleans, LA | 90 |
| Albuquerque, NM | 90 |
| West Palm Beach/Ft. Pierce, FL | 90 |
| Omaha, NE | 45 |
| Jackson, MS | 45 |
| Ft. Smith/Fayetteville, AR, OK | 45 |
| Honolulu, HI | 45 |
| Burlington/Plattsburgh, NH, NY, VT | 45 |
| Des Moines/Ames, IA | 45 |
| Portland/Auburn, ME | 45 |
| Monterrey/Salinas, CA | 45 |

Executive Summary

Executive Summary – Genre Comparison

Overall, local news continues to be an important and influential part of viewers' lives

Viewers are more engaged in local news than most other genres

Local news is more “DVR-proof”

- Viewers who record are less likely to fast forward through local news than other genres

Online video viewing of local news is higher than most other genres

- Online video viewing of local news is higher than cable and broadcast network news

Local news is an effective place to advertise

- Advertisements during the local news do a better job than advertisements in most other genres in terms of:
 - Keeping viewers in the know regarding products and services
 - Driving purchase of products
 - Trustworthiness
 - Advertising products that appeal to the viewer

Local news does well compared to cable and broadcast network news

- Local news is considered a more important source for news than cable and broadcast network news genres
- Local television is a much more important source of weather information than cable and broadcast network news

Executive Summary – Website Comparison

Local TV news Web sites continue to be an important resource

- After search engines, local TV news Web sites are the most frequently used Web sites for local news
- Among weather sources on the Web, local TV news Web sites are the most important source for weather information
- Additionally, local TV news Web sites are an important source for community information

Local TV news Web sites are an effective place to advertise

- Advertisements on local TV news Web sites do a better job than advertisements on most other types of Web sites in terms of:
 - Keeping viewers in the know regarding products and services
 - Driving purchase of products
 - Trustworthiness
 - Advertising products that appeal to the viewer

Executive Summary – Media Comparison

Local TV news is the preferred media for news and political information

Local TV news is important to consumers

- It is an essential information source
- Many feel attached to local TV news personalities
- It is the most important source for weather

Local TV news performs near the top on key advertising effectiveness metrics

- Keeping viewers in the know regarding products and services
- Trustworthiness
- Respectability

Consumers have higher engagement with local TV news advertisements than other media advertisements

PART I: GENRE COMPARISON
Genre Engagement And Advertising Effectiveness

Local News Wins As Part Of Viewers' Daily Routines And Viewers Are More Engaged In Local News Than Most Other Genres

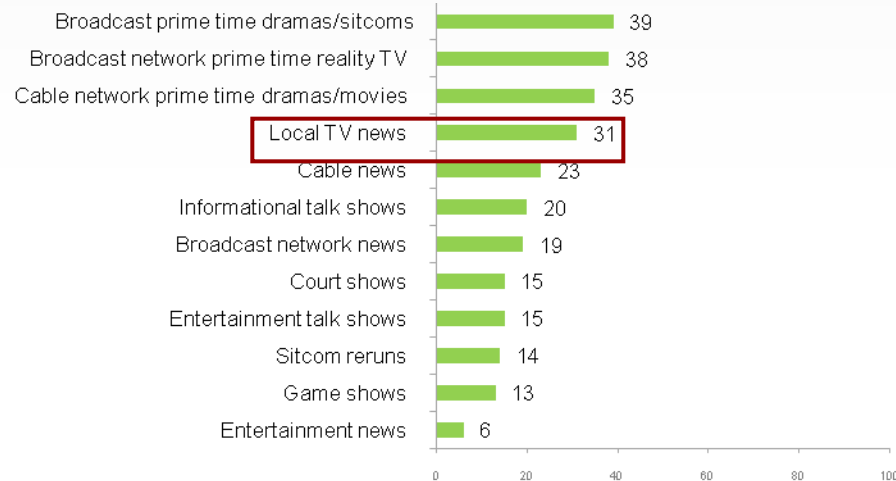
Watching this type of program is a major part of my daily routine



I pay more attention when watching this type of programming than when watching other types

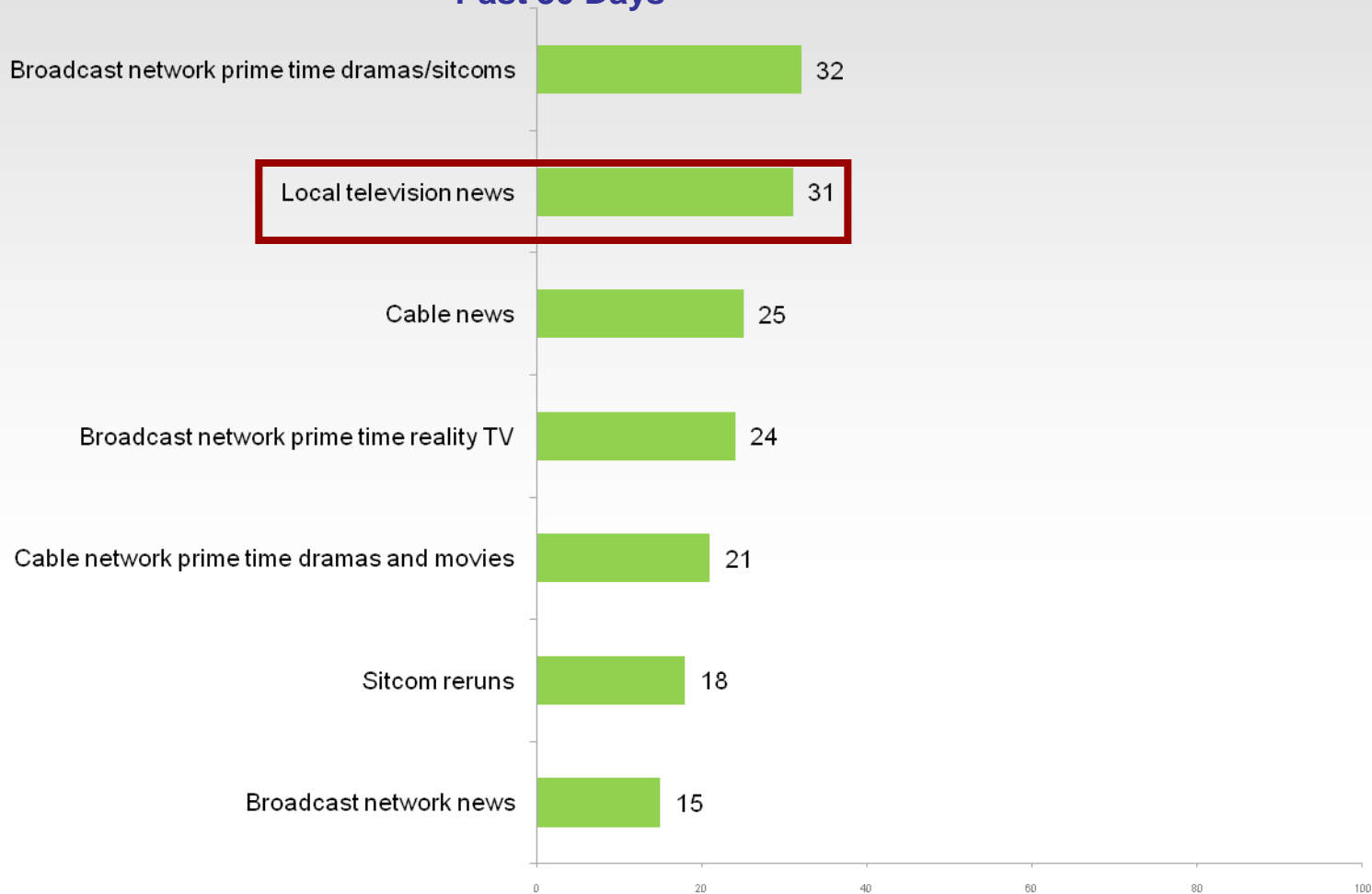


It is essential that I watch this program



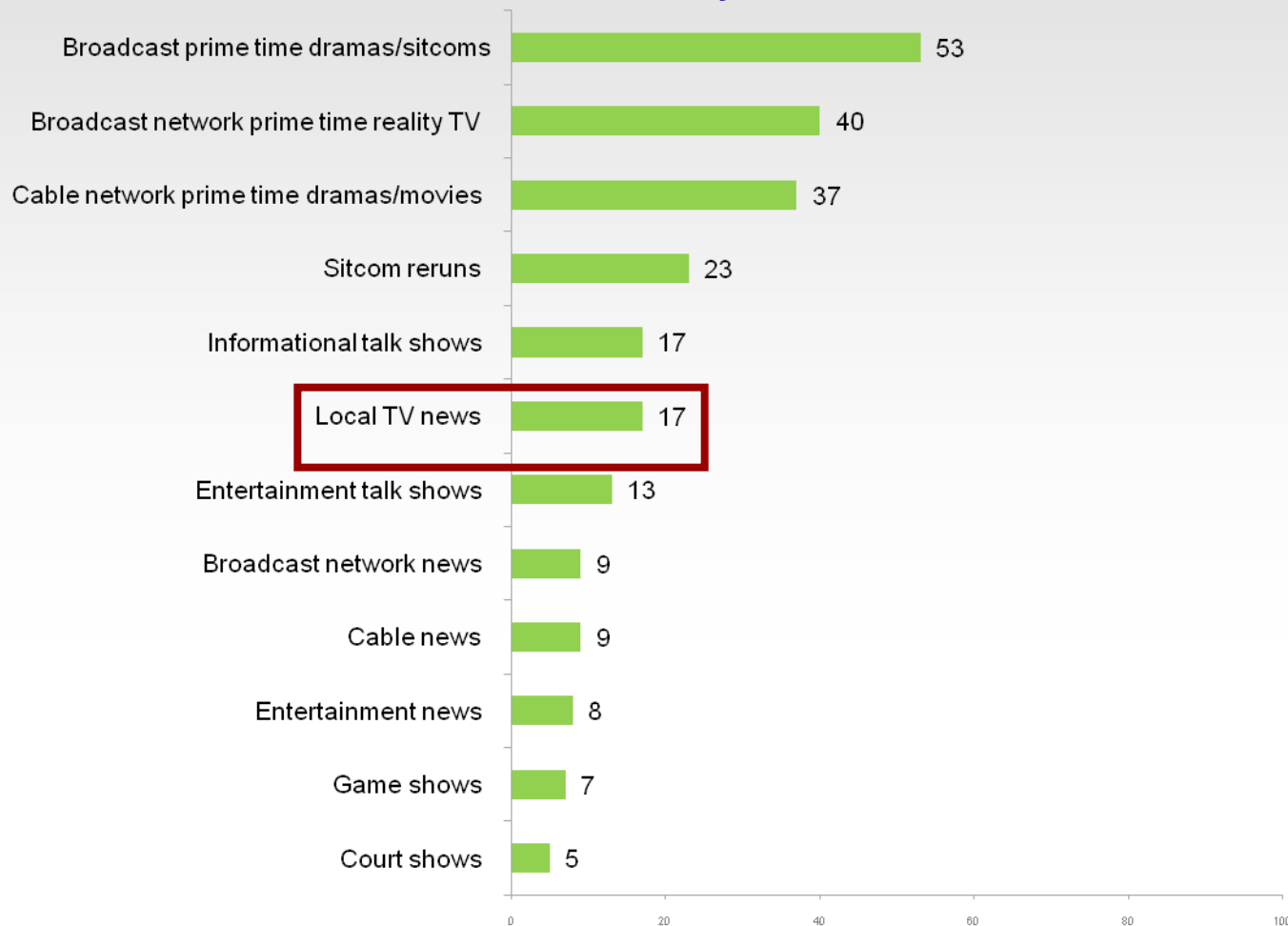
Online Video Viewing Of Local News Is Higher Than Most Other Genres

Percent Who Have Watched Online Video In The Past 30 Days



Local News Is More “DVR-Proof” Than Other Genres

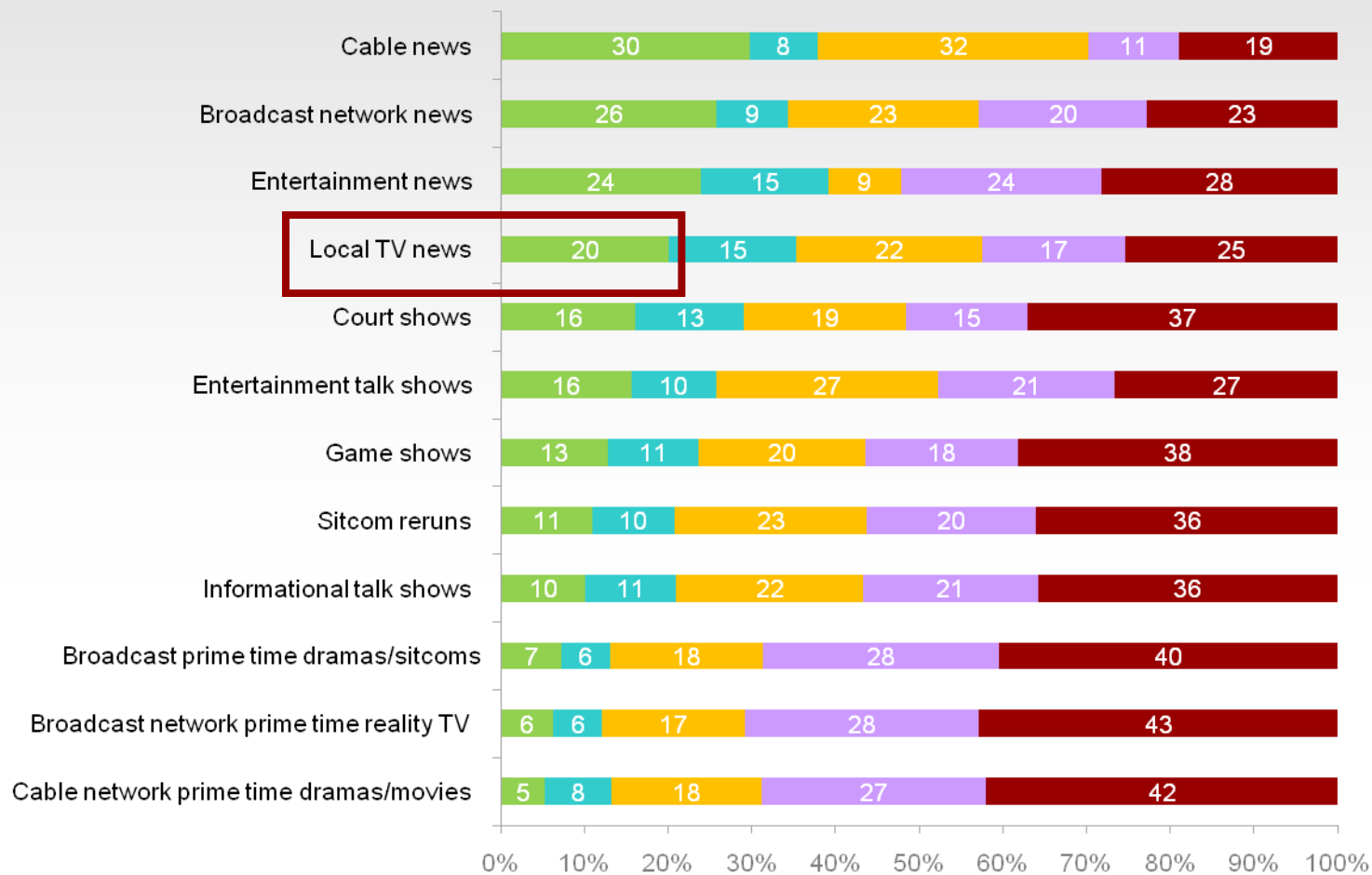
Percent Who Have Recorded-To-View At Another Time In The Past 30 Days



Viewers Are Less Likely To Fast-Forward When Watching Local News Than When Watching Many Other Genres

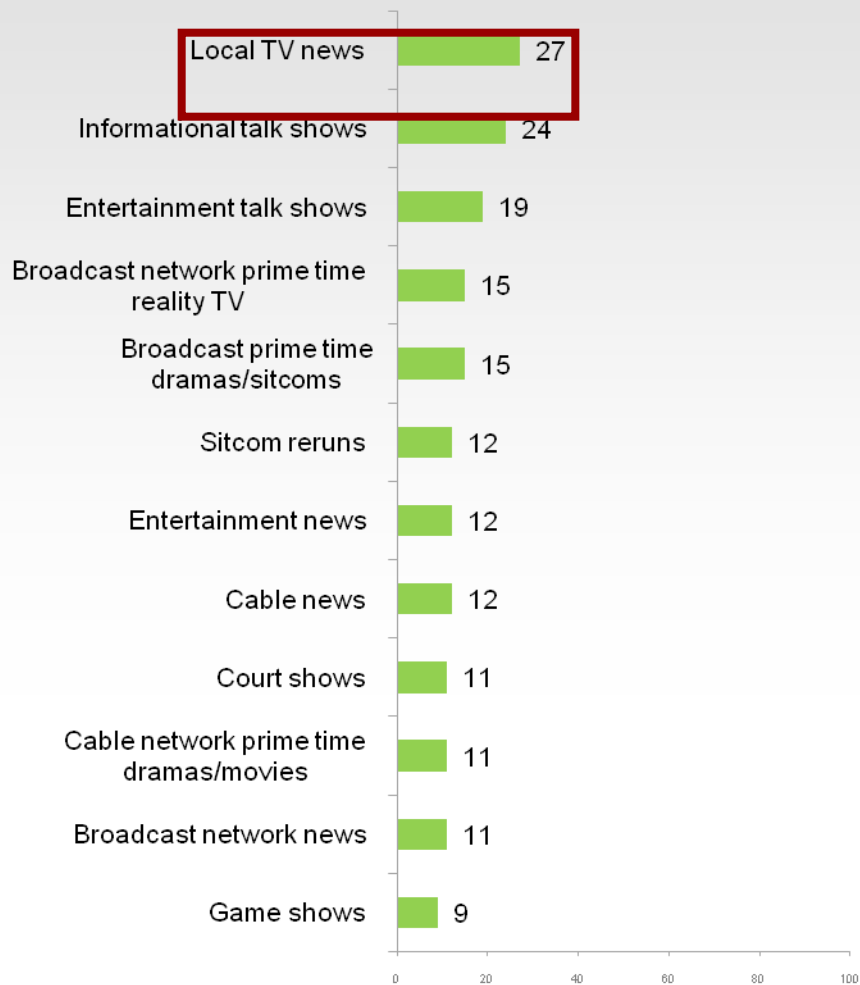
Frequency Of Fast-Forwarding When Watching

■ Never
 ■ Rarely
 ■ Sometimes
 ■ Most of the time
 ■ Always

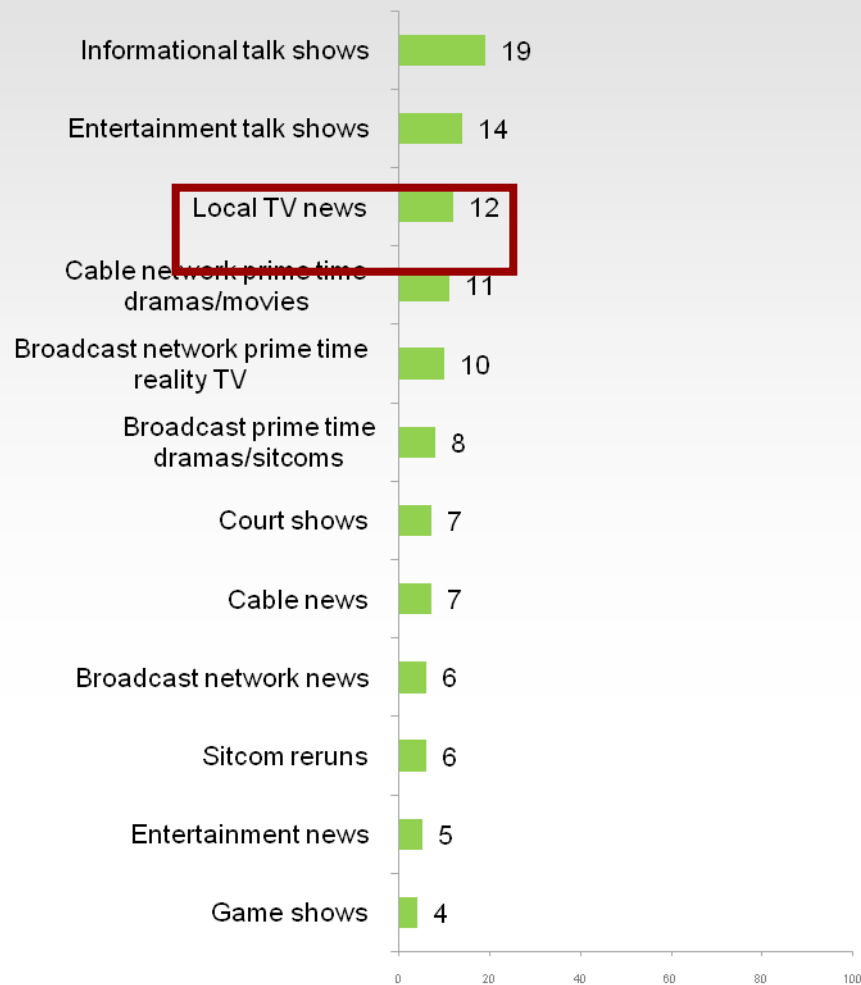


Advertising During Local News Creates Awareness And Drives Purchase Of Products And Services More Than Most Other Genres

The advertisements on this type of program keep me in the know with regard to products/services in the local marketplace

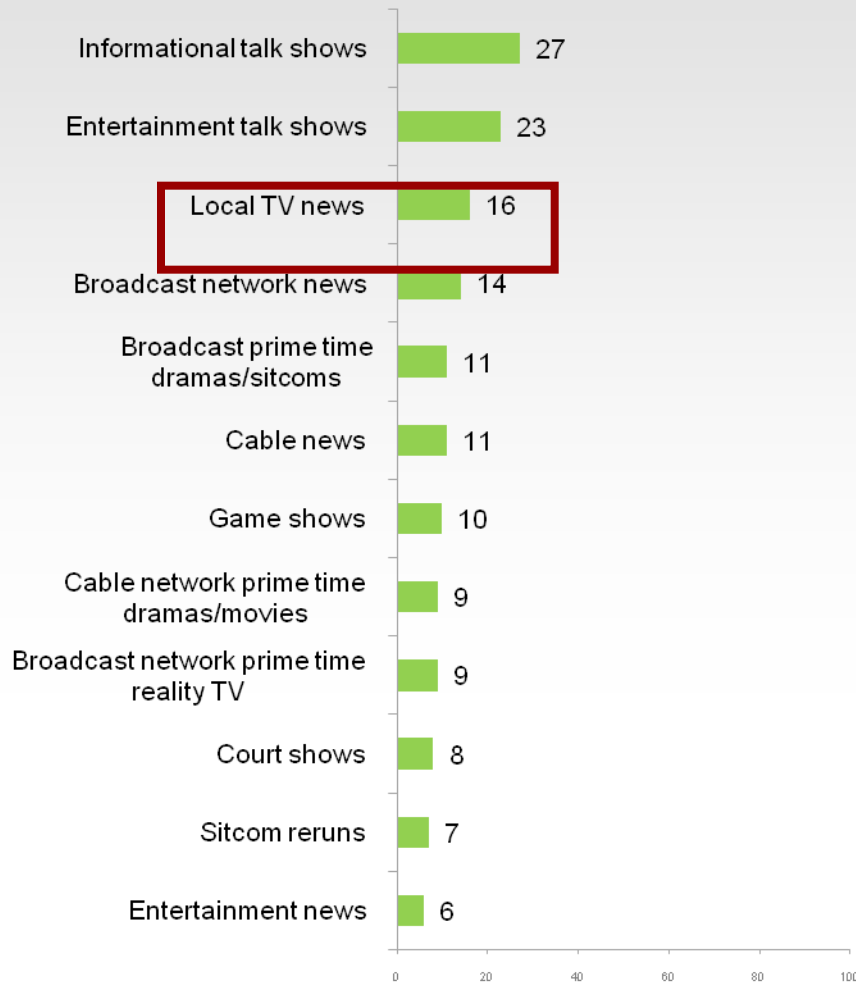


I have purchased a product/service as a result of an advertisement on this type of program

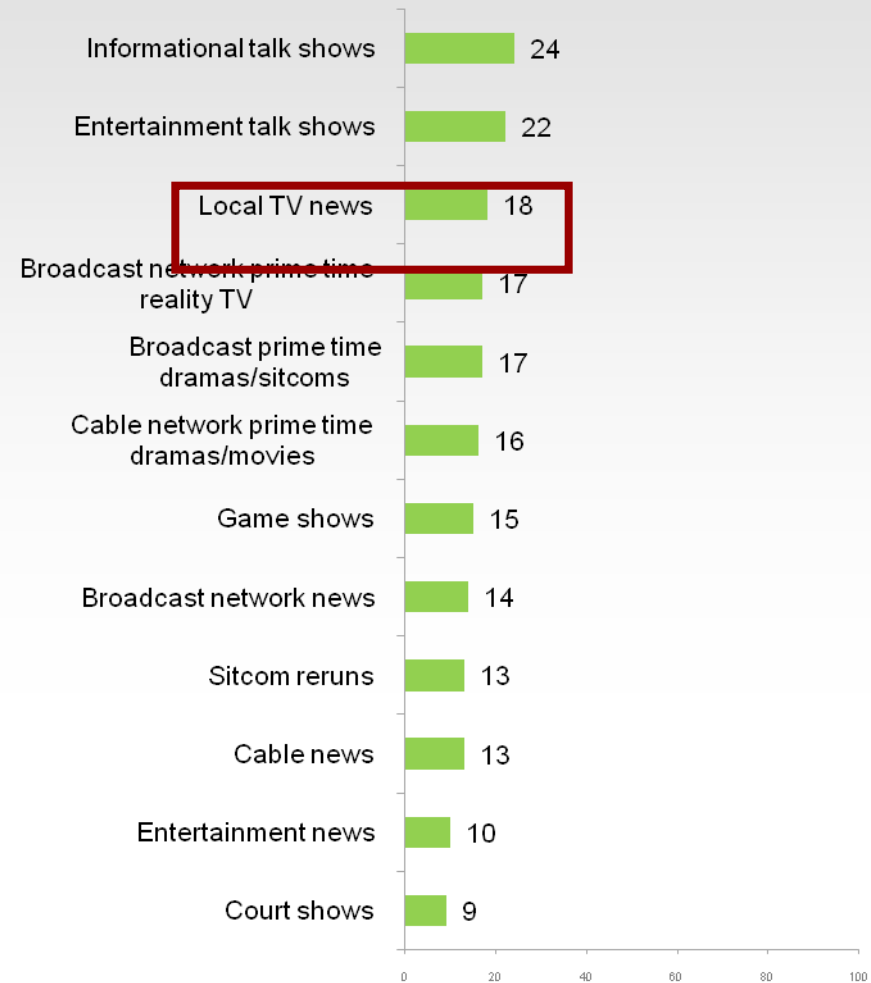


Relative To Other Genres, Products/Services Advertised During Local News Are Among The More Trustworthy And Represent Viewers' Interests

I can trust products or services that are advertised during this type of program



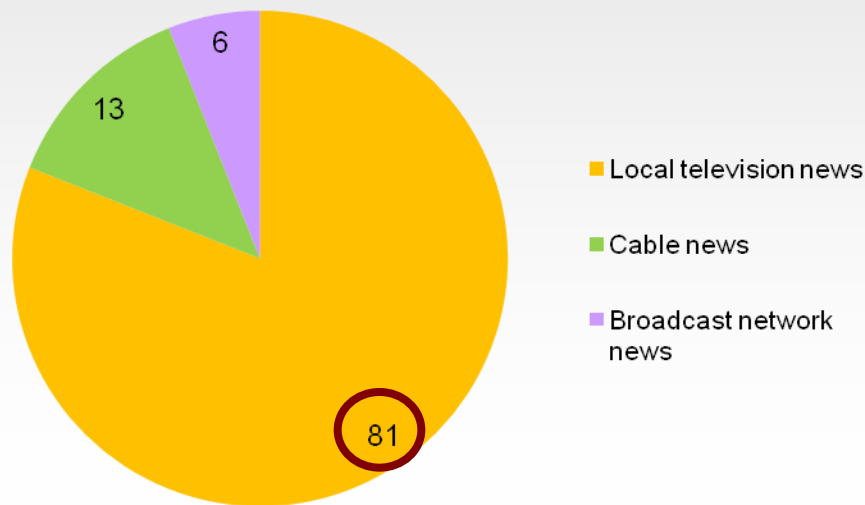
Products or services advertised during this type of program are meant for people like me



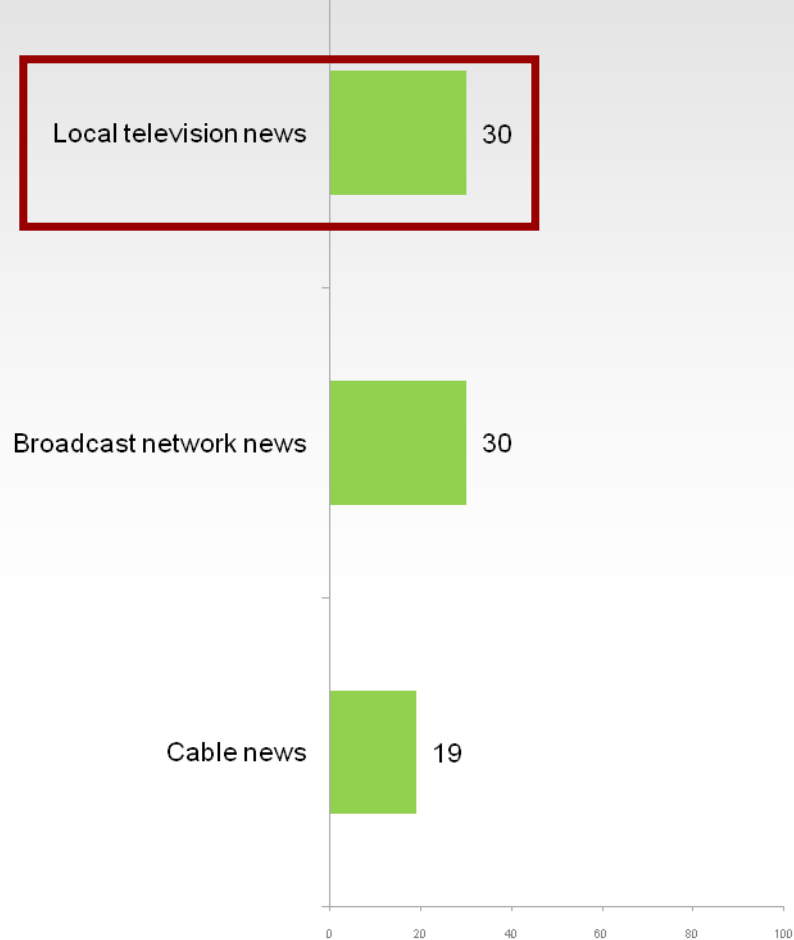
Local News Vs. Cable News And Broadcast Network News

Local News Is More Important Than Cable Or Broadcast Network News And Viewers Are More Likely To Watch Local News From Start To Finish Than Cable News

Most Important News Source

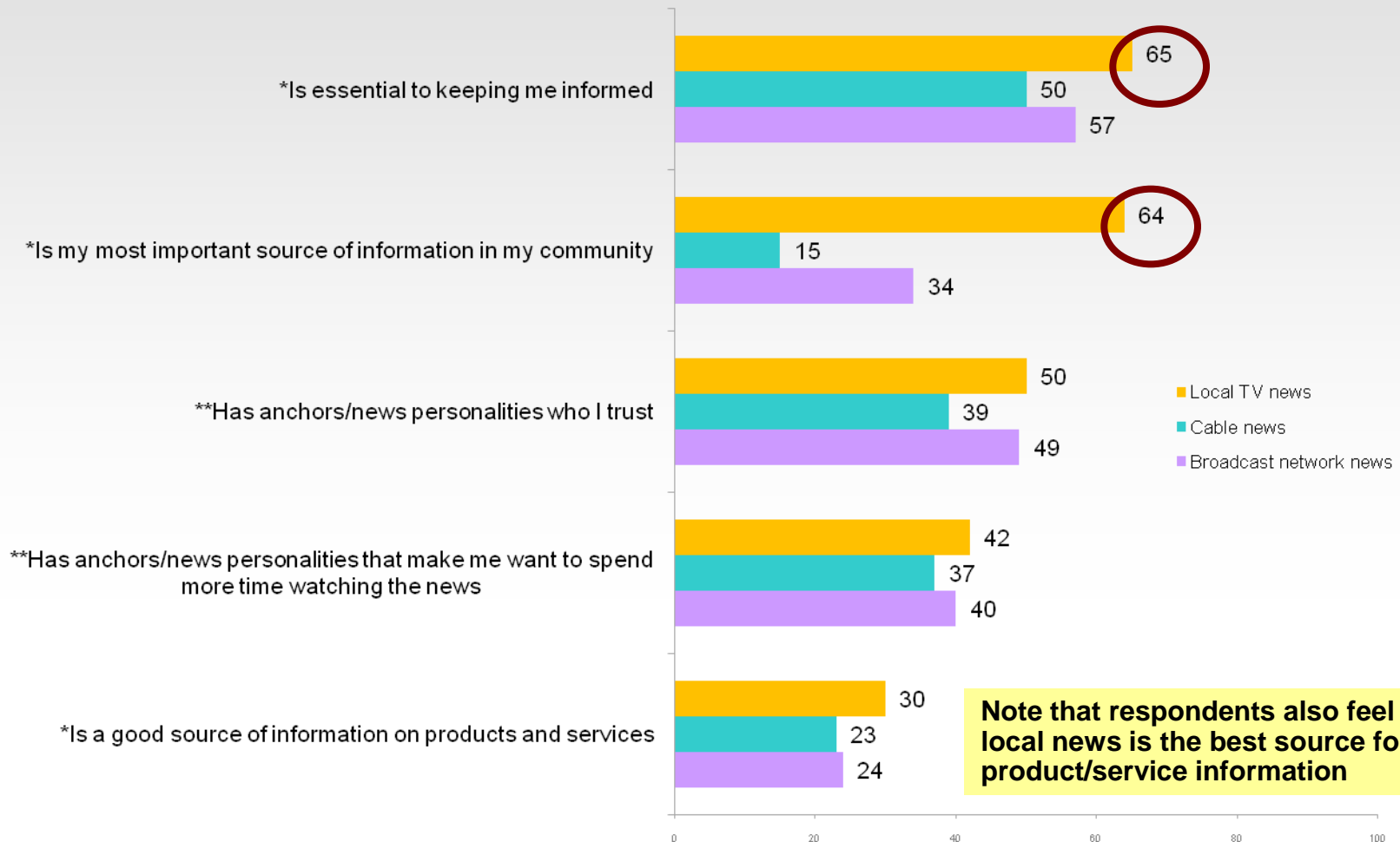


When watching this type of programming, I watch from start to finish



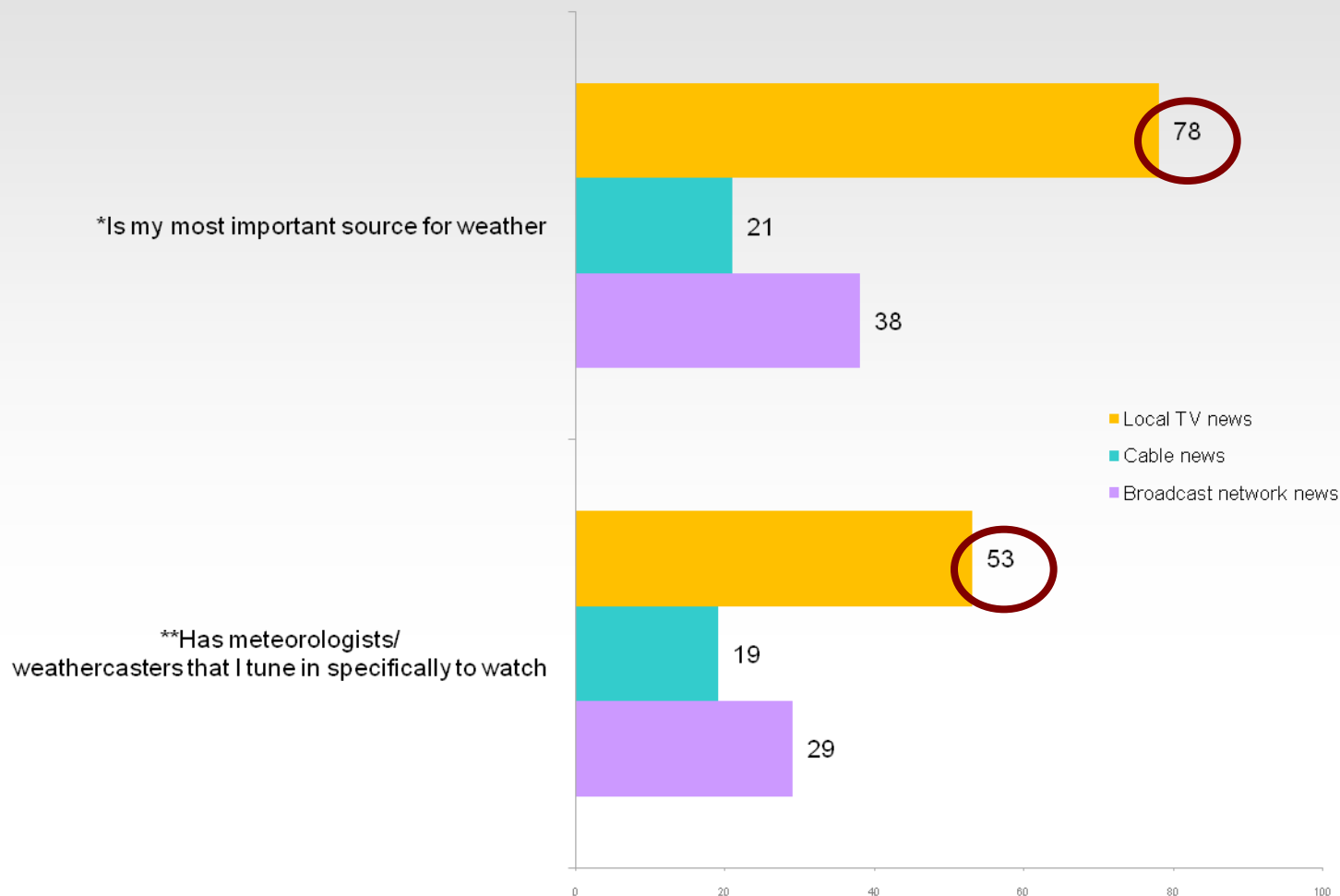
Relative To Cable And Broadcast, Local News Is An Essential Information Source And Is The Most Important Source For Community Information

News Essentialness and Personality Trust



Local News Is By Far The Most Important Source Of Weather Information And Also Has Meteorologists That Viewers Tune In To Watch

Meteorologists And Weather Information

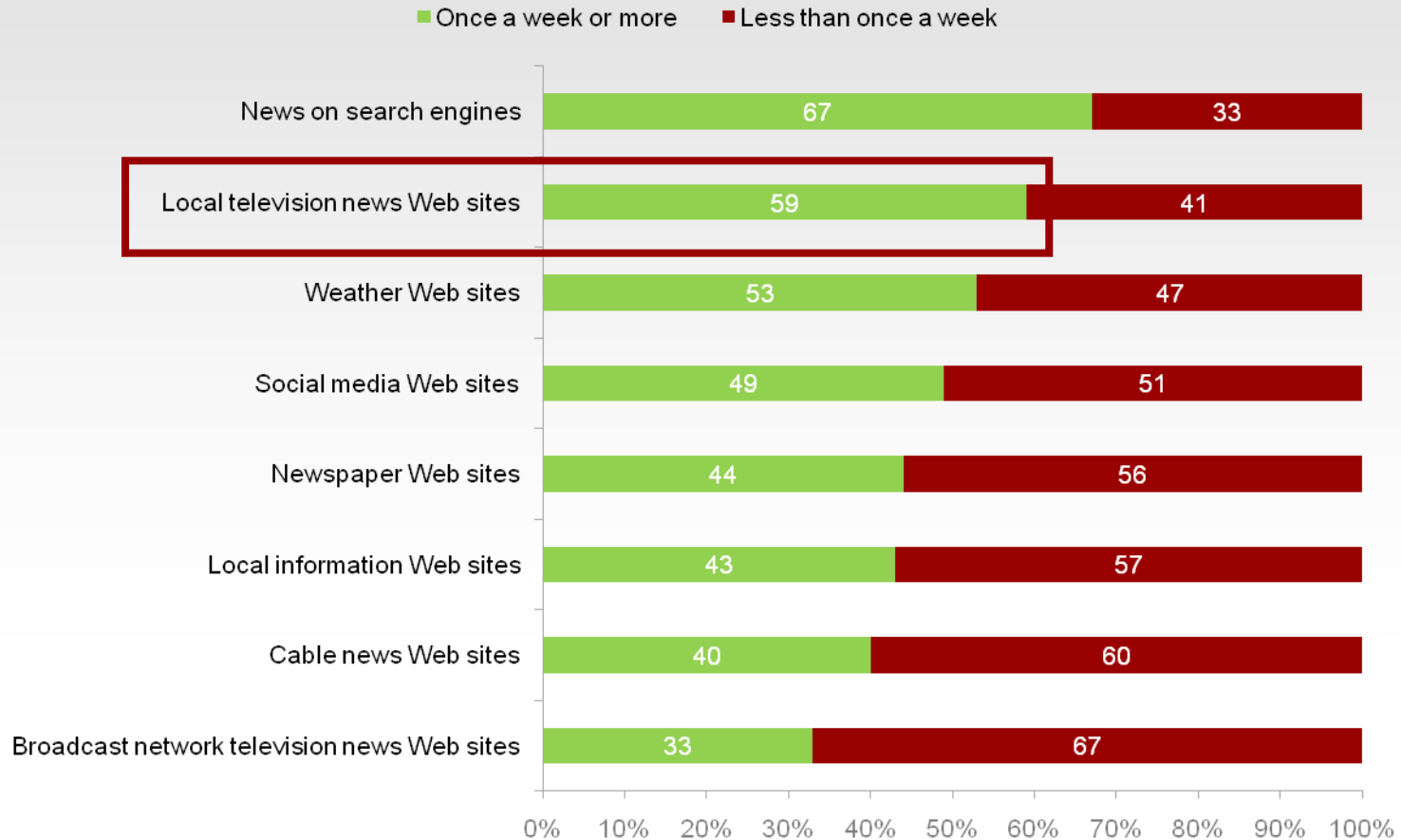


PART II: WEBSITE COMPARISON

Local News Web Sites Vs. Other Web Sites

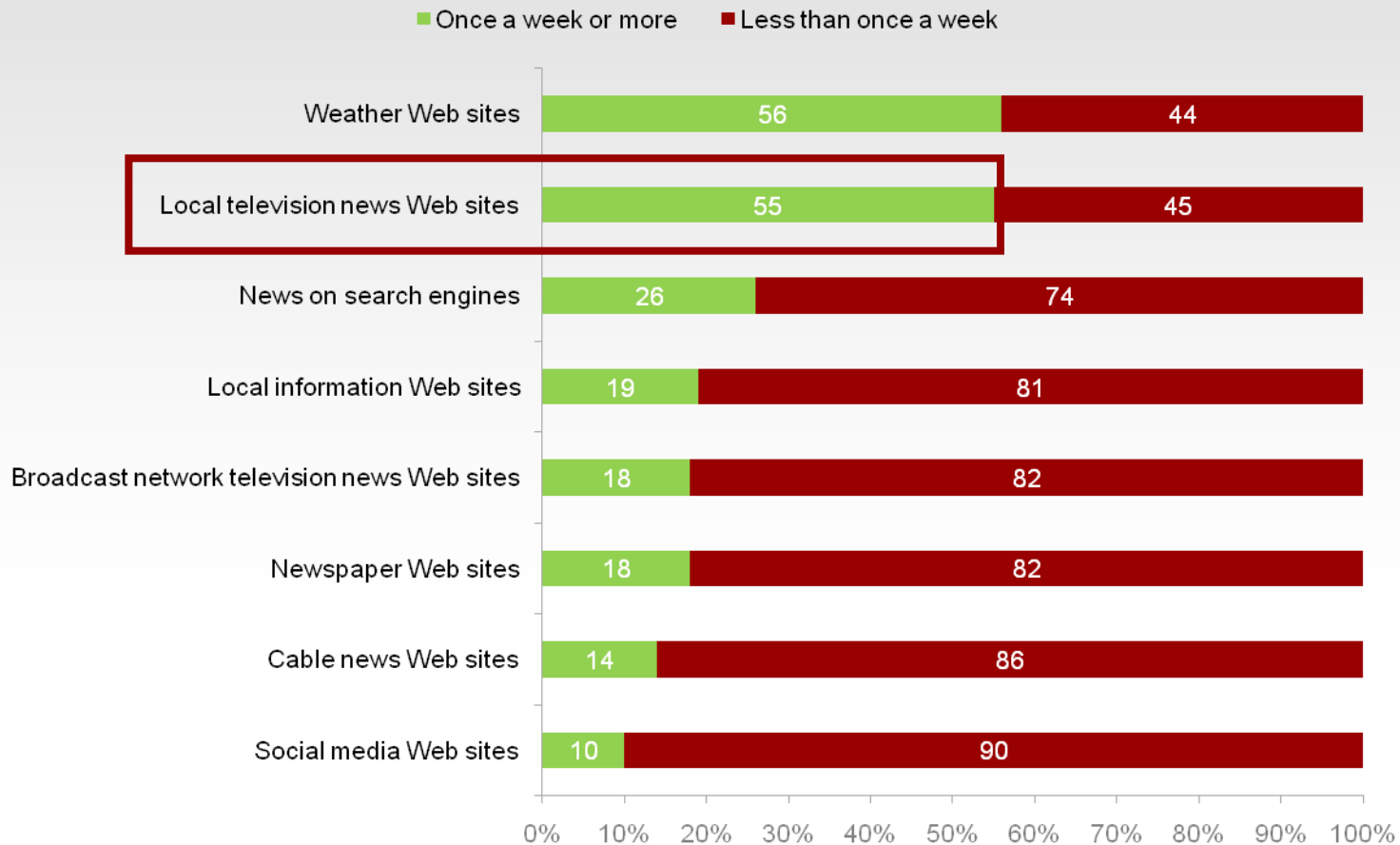
After Search Engines, Local Television News Web Sites Are Most Frequently Used For News

Web Site Usage Frequency For News



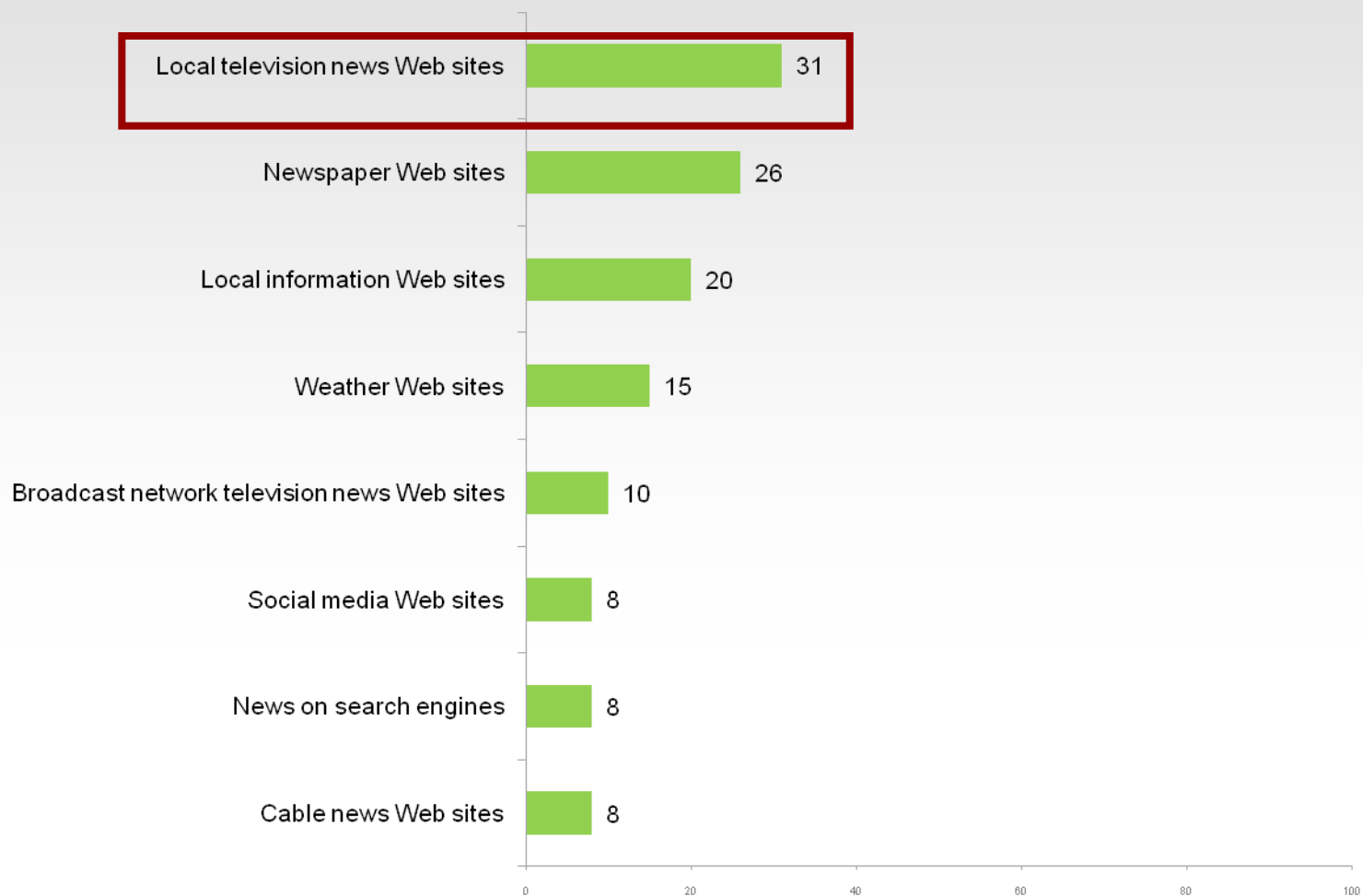
Local Television News Web Sites And Weather Web Sites Are The Most Important Sources For Weather Information

Web Site Usage Frequency For Weather Information



Local Television News Web Sites Are The Most Important For Community Information

This type of site is my most important source of info in my community



Advertising On Local Television News Web Sites Has A Strong Impact On Products And Services Relative To Other Web Sites

I can trust products/ services advertised on this type of site



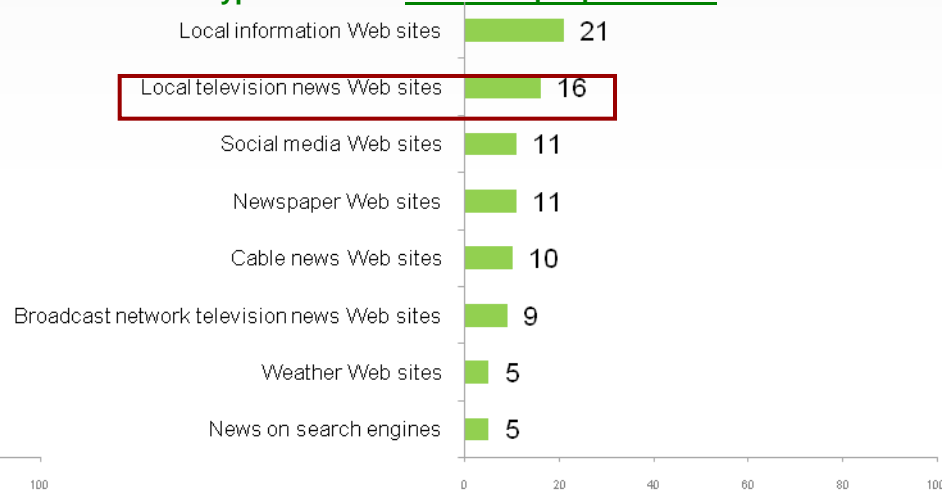
The ads on this type of site keep me in the know with regard to products/services in the local marketplace



I have purchased a product/service as a result of an ad on this site



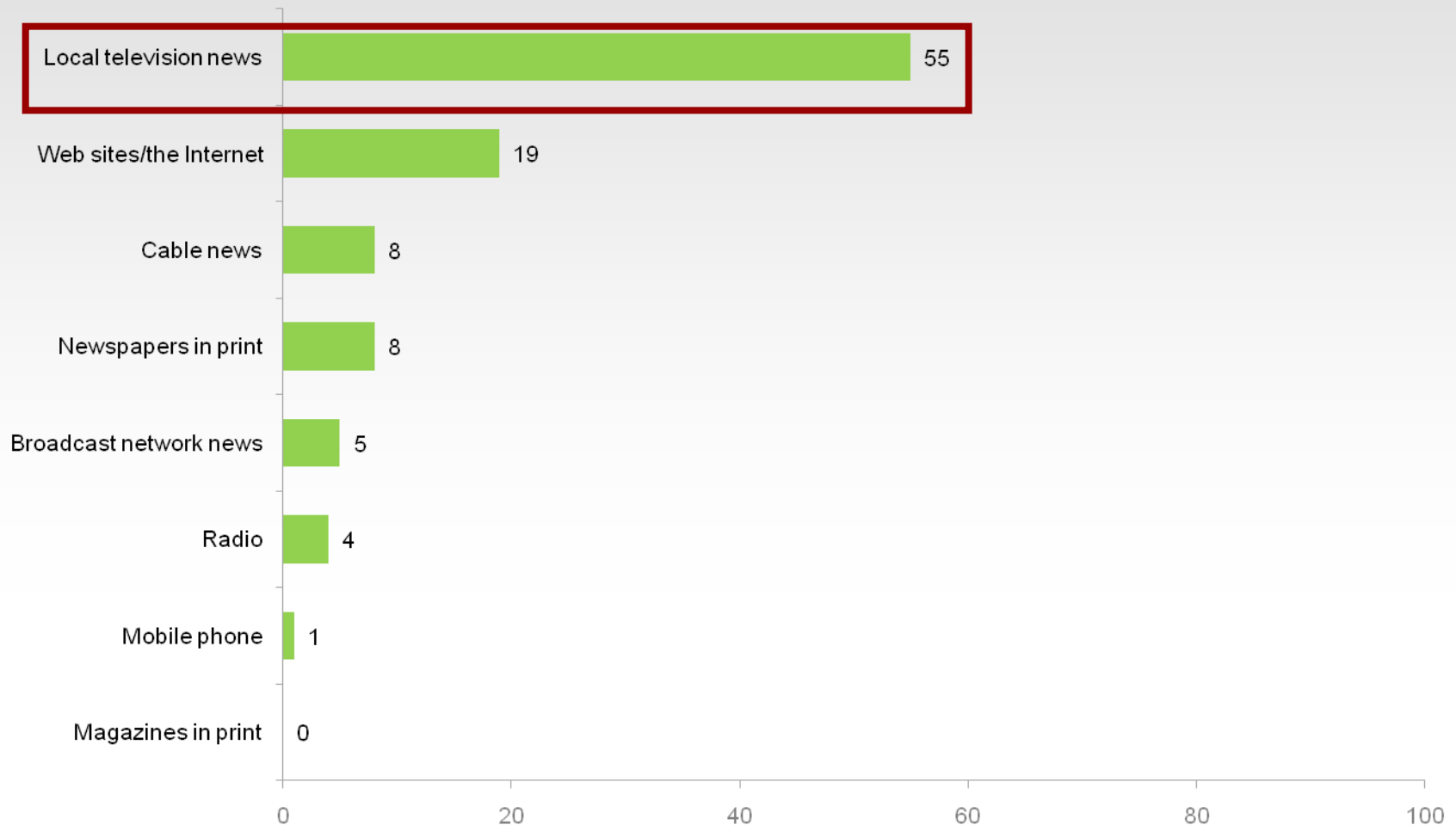
Products/services advertised on this type of site are meant for people like me



PART III: MEDIA COMPARISON
Media Preference, Engagement, And Advertising Effectiveness

Most Prefer Television As Their Source For News Information, Followed By Web Sites

Preferred Media For News

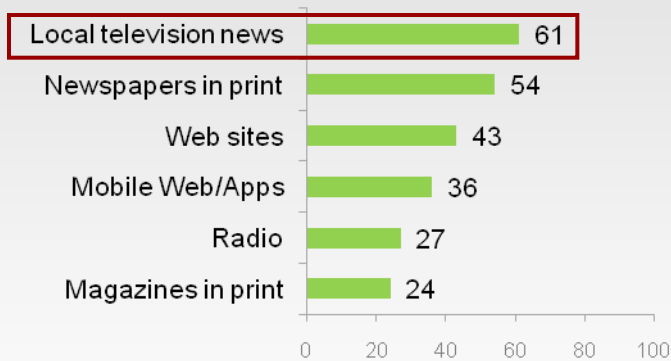


Relative To Other Media, Local Television News Is An Essential Information Source

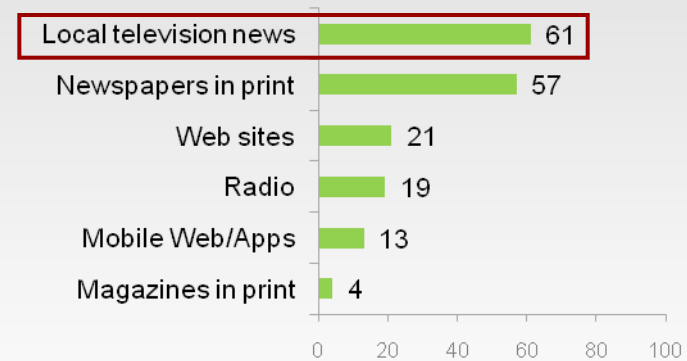
Charts show percent who rate each media a "4" or a "5" where a "5" means "strongly agree"

Media Importance

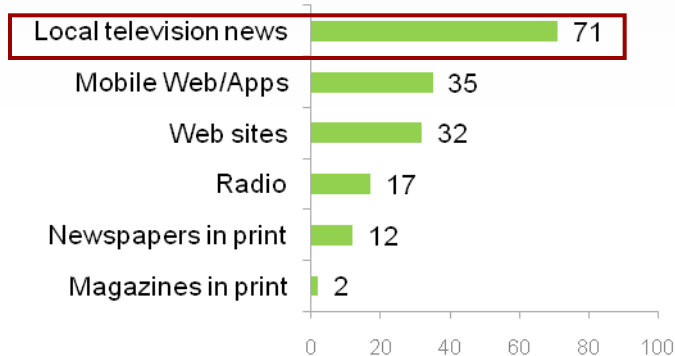
Is essential to keeping me informed



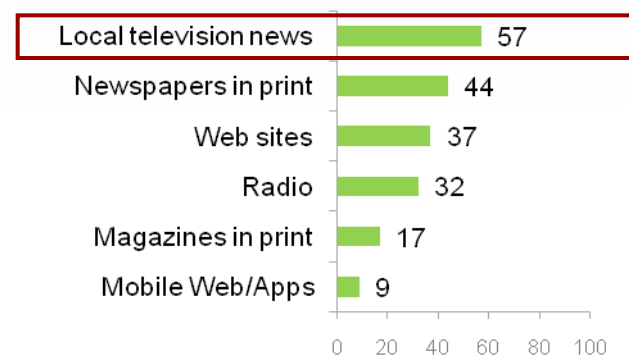
Is my most important source of information in my community



Is my most important source for weather



Media Importance As A Source For Political Information



BASE: Those who use each form of media twice a week or more

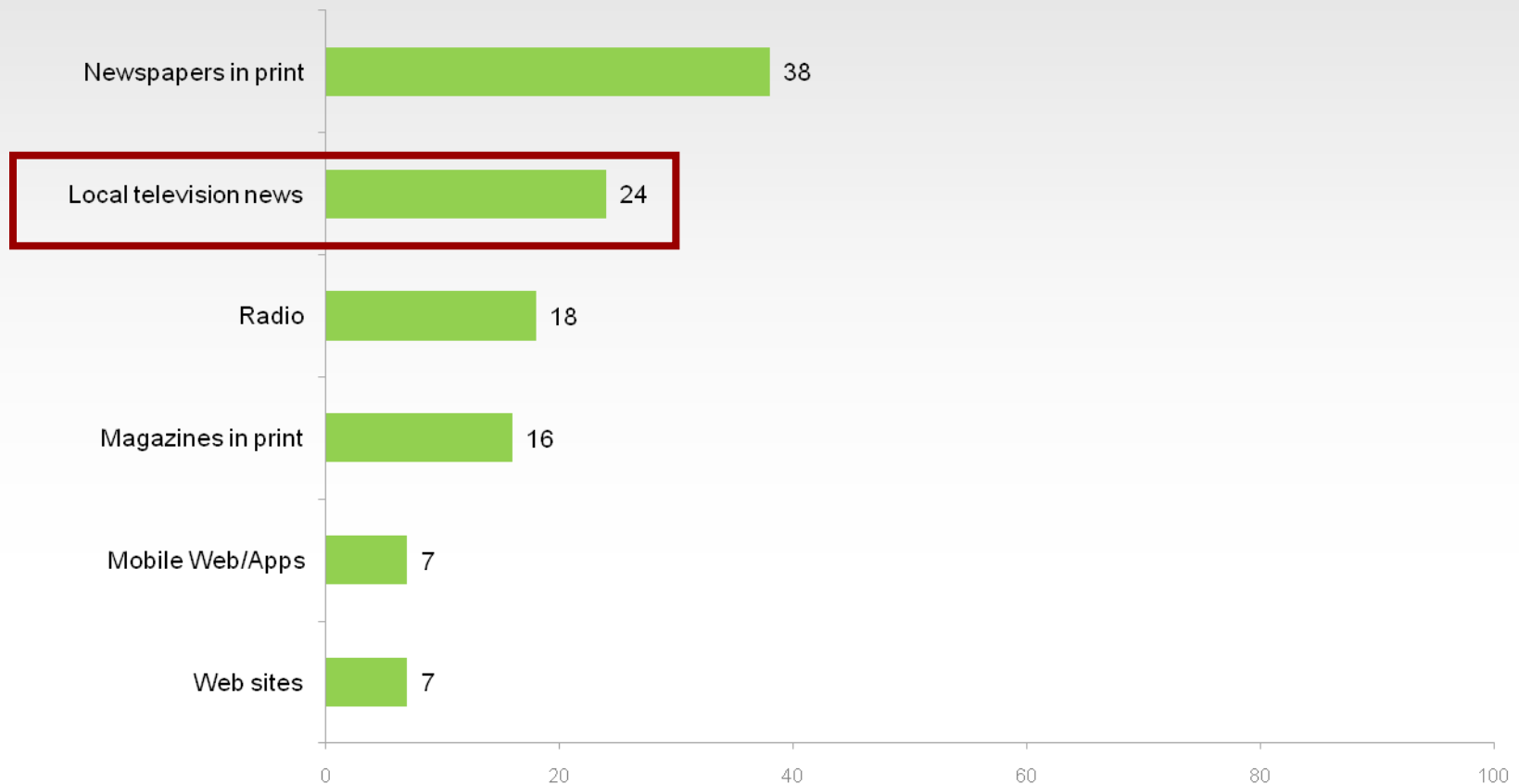
Q.900-925 Please indicate the extent to which you agree with the statements below with regard to

Q.1350 For this question, please think about political issues, politicians and elections. How important are each of the following in understanding about political issues, politicians and elections?

Ads In Local TV News Do A Better Job Than Most Other Media At Keeping Consumers Up-To-Date With New Products/Services

Chart shows percent who rate each media a "4" or a "5" where a "5" means "strongly agree"

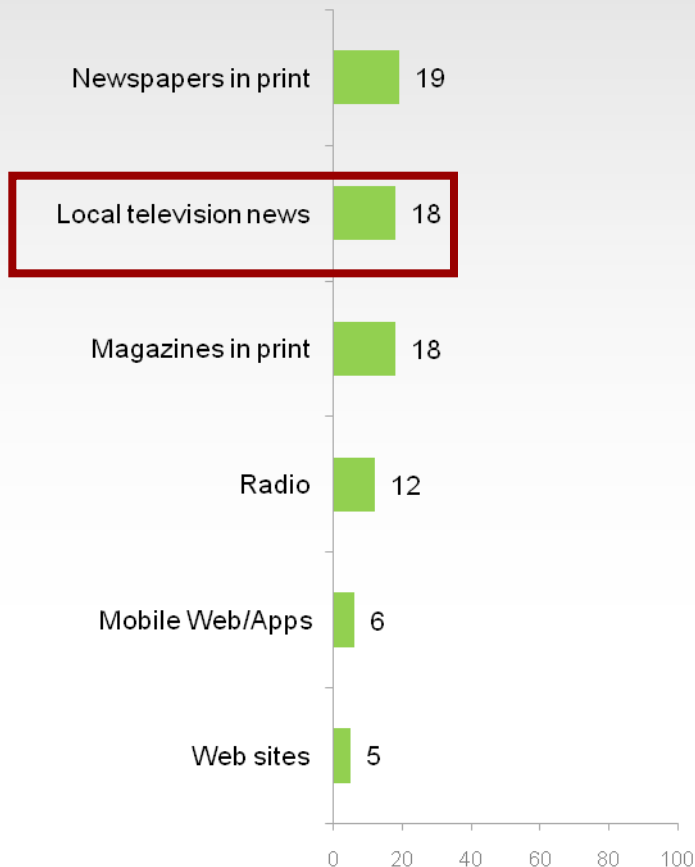
The advertisements on this type of media keep me in the know with regard to products/services in the local marketplace



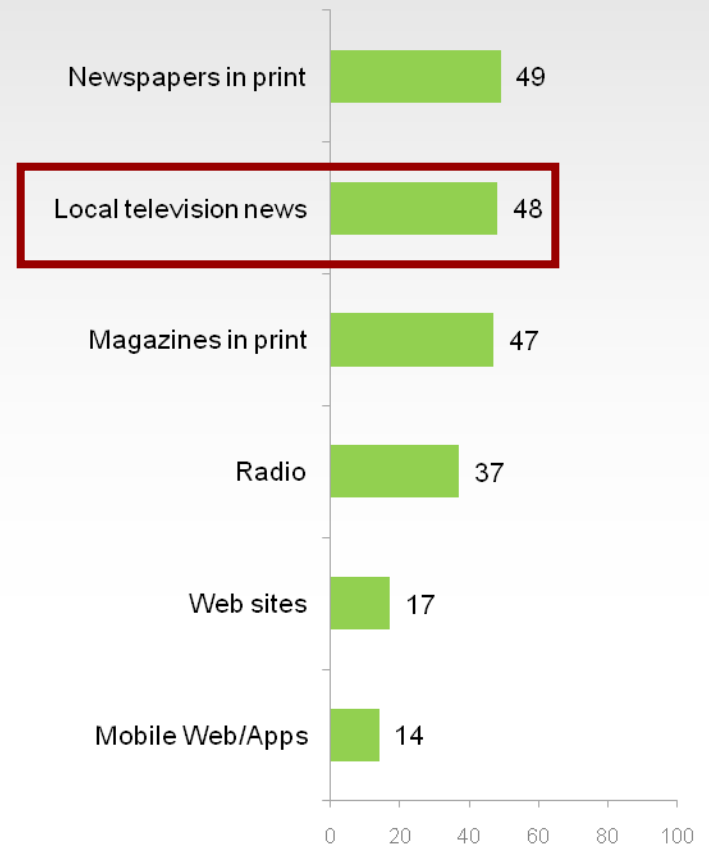
Users Perceive Local TV News As One Of The More Trustworthy And Respectable Media For Advertising

Chart shows percent who rate each media a "4" or a "5" where a "5" means "strongly agree"

I can trust products or services that are advertised on this type of media



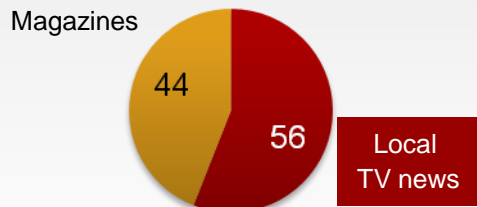
Is a respectable place to advertise



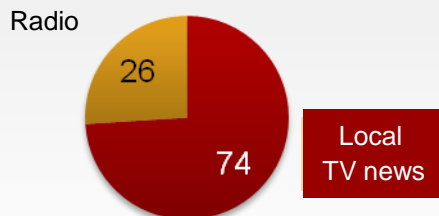
Despite Distractions Inherent In TV Medium, Respondents Are More Engaged With Ads In Local TV News Than Advertisements In All Other Media Evaluated

Advertisement Engagement Comparison

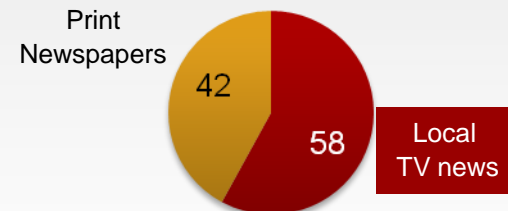
Local Television News Ads
Vs.
Print Magazines Ads



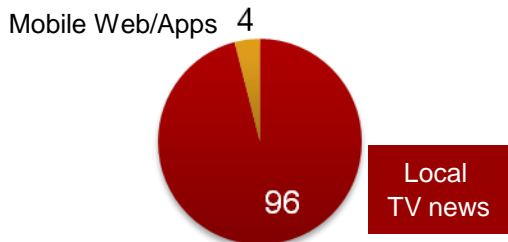
Local Television News Ads
Vs.
Radio Ads



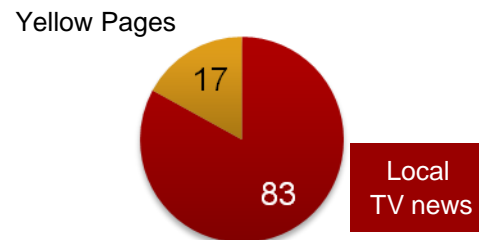
Local Television News Ads
Vs.
Print Newspapers Ads



Local Television News Ads
Vs.
Mobile Web/Apps



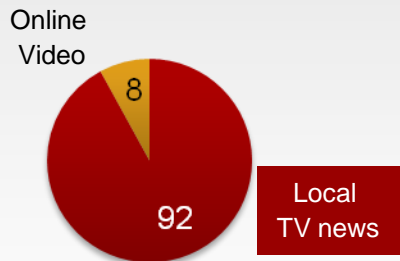
Local Television News Ads
Vs.
Yellow Pages



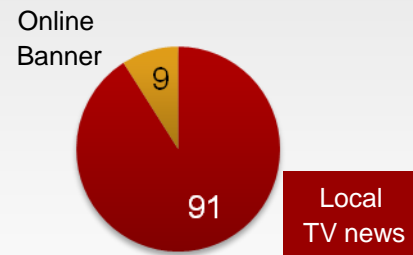
Respondents Say They Pay More Attention To Ads In Local Television News Than To All Forms Of Online Ads

Advertisement Engagement Comparison

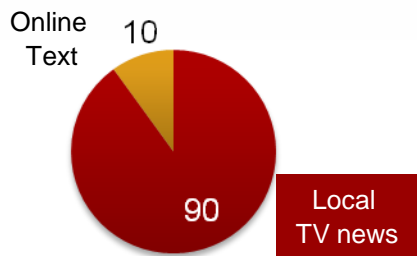
Local Television News Ads
Vs.
Online Video Ads



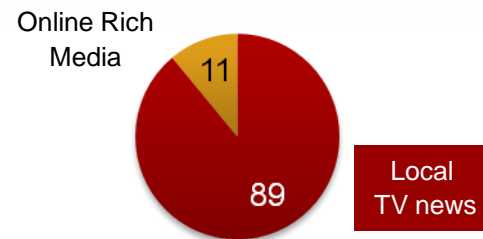
Local Television News Ads
Vs.
Online Banner Ads



Local Television News Ads
Vs.
Online Text Ads

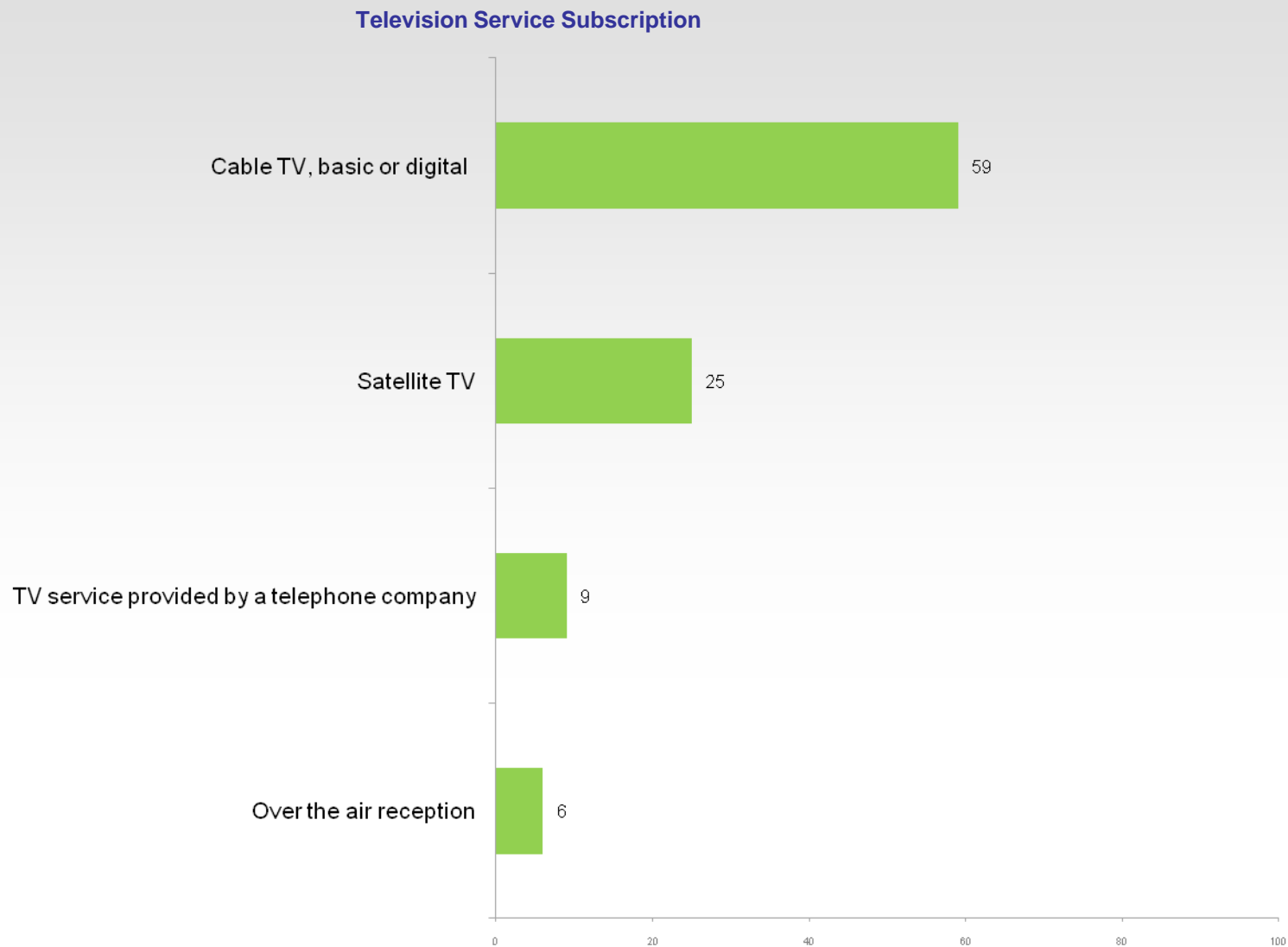


Local Television News Ads
Vs.
Online Rich Media Ads



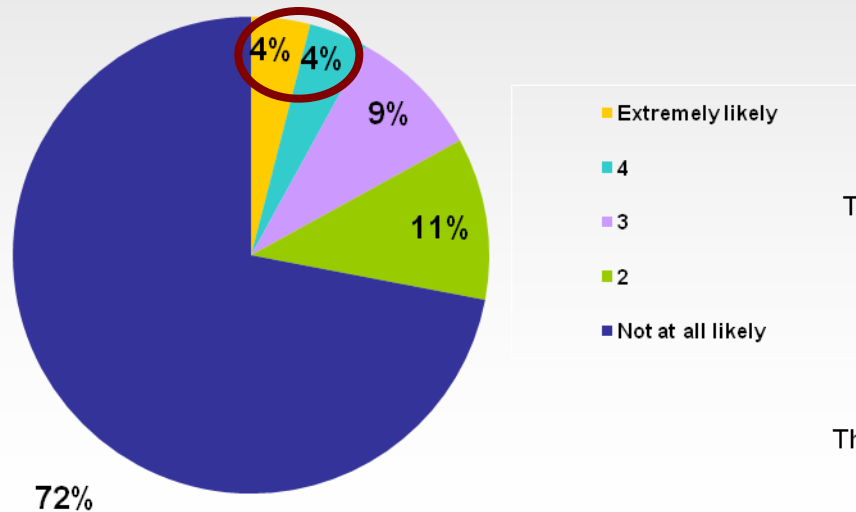
Appendix I - Technographics

Most subscribe To Cable

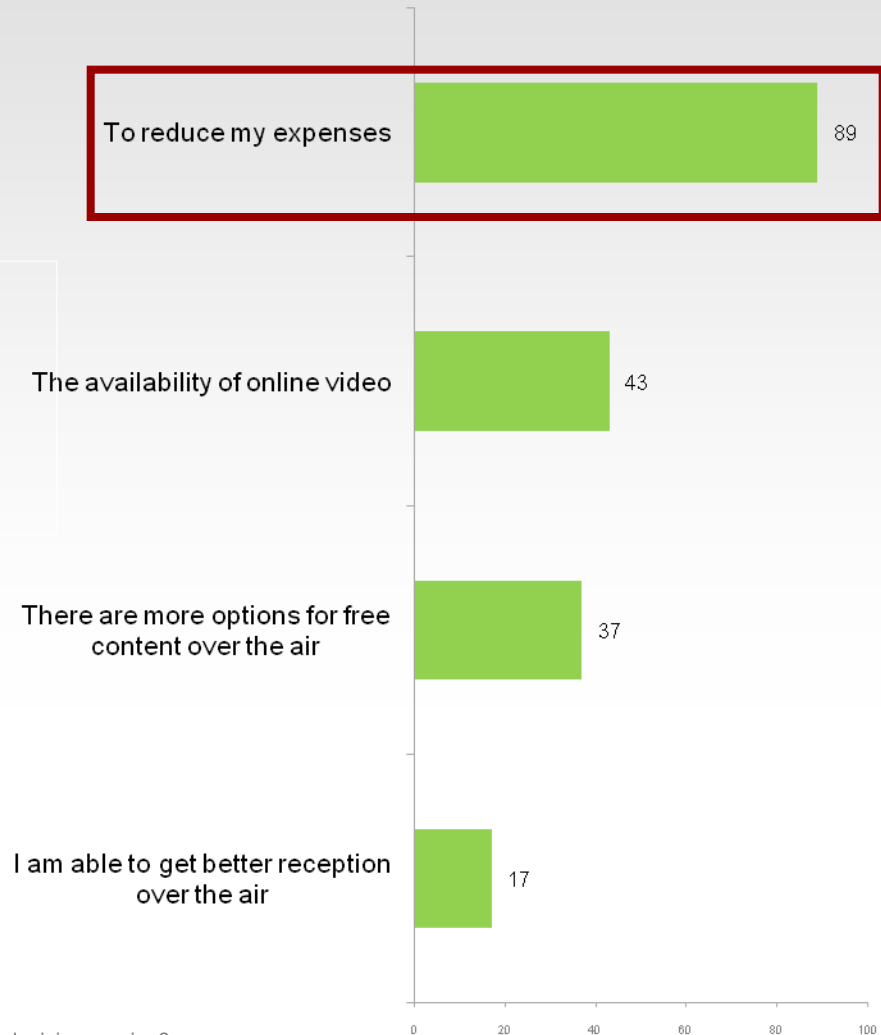


Less Than 10% Say They Are Likely To Stop Subscribing To Television Service; Those Who Plan To Stop Cite Expenses As The Major Reason

Likelihood To Stop Subscribing To Television Service

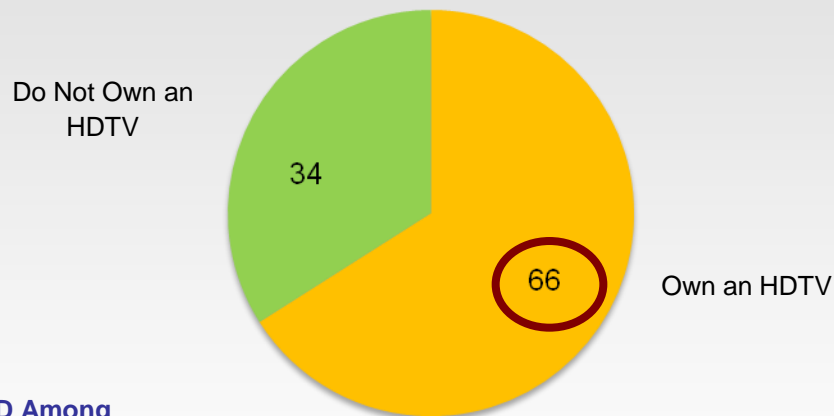


Reasons For Discontinuing Service Among Those Who Say They Are Likely To Discontinue

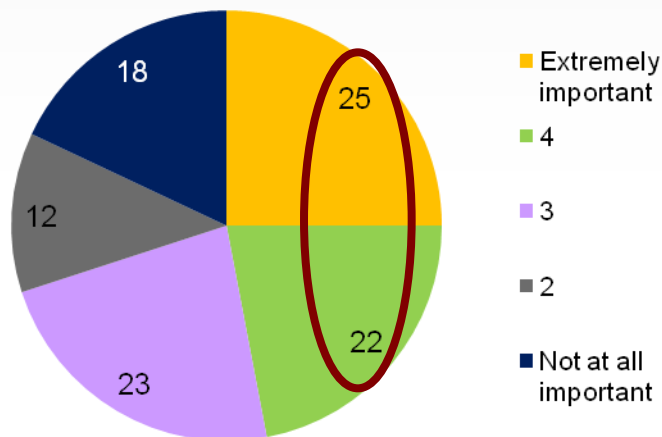


Local News In HD Is Important To About Half Of HD Owners; About 1/4 Would Switch If Their Favorite Newscast Is Not Available In HD

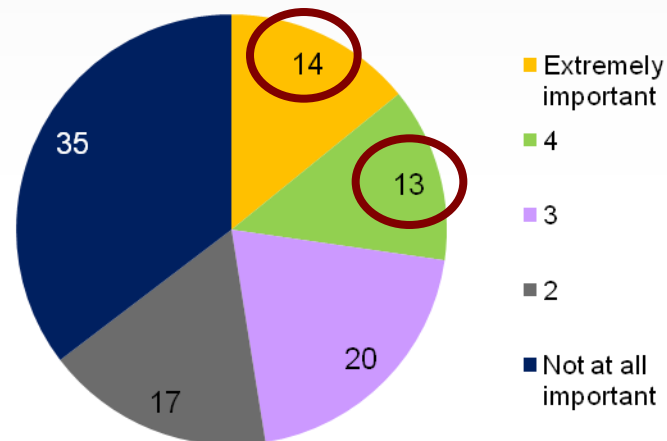
HDTV Ownership



Importance Of Local News In HD Among HDTV Owners



Likelihood To Switch Newscasts If Favorite Newscast Is Not In HD Among HDTV Owners



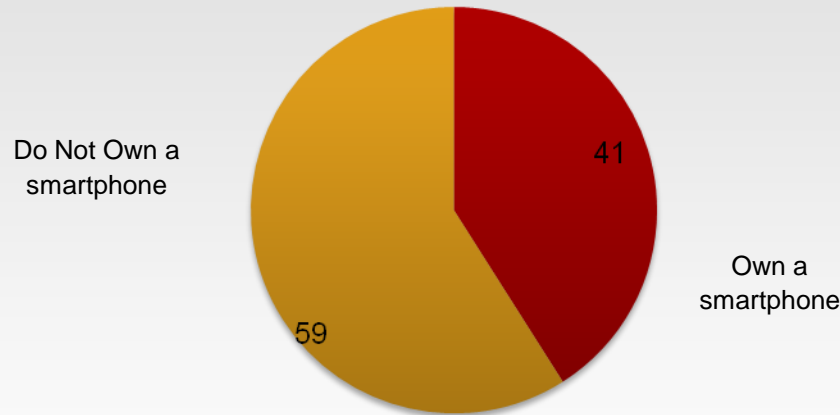
Q.1315 How familiar are you with high-definition television, or HDTV?

Q.1320 How important is the availability of your local news in HD (High Definition)?

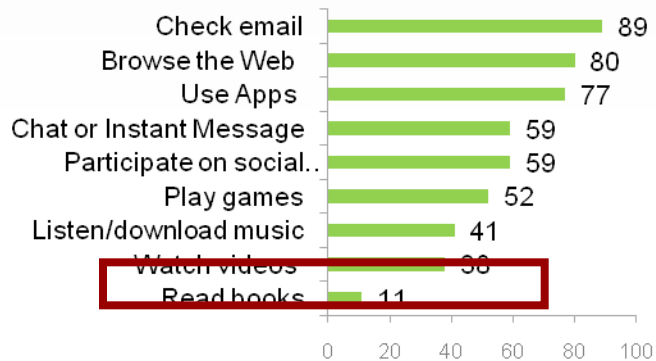
Q.1325 If your favorite local newscast was NOT available in HD, how likely would you be to watch another local newscast that is available in HD?

Almost 40% Of Smartphone Owners Watch Video On Their Smartphone, Almost Half Are Interested In Watching Live Local News On Their Smartphone

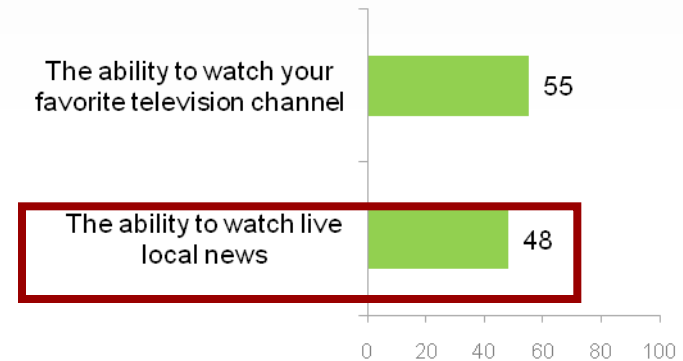
Smartphone Ownership



Once A Week Or More Smartphone Activities Among Smartphone Owners



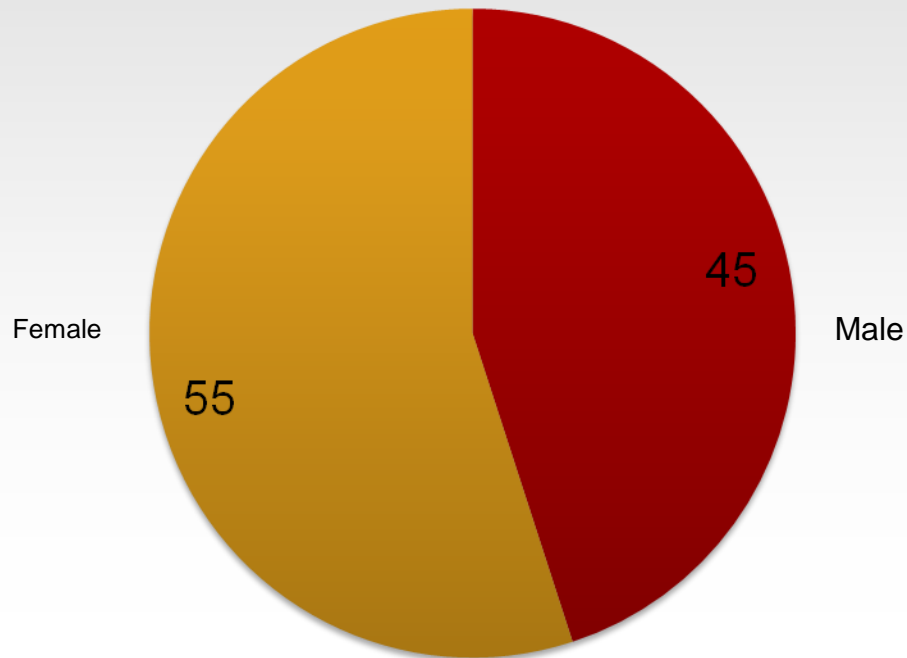
Interest In News Smartphone Activities Among Smartphone Owners



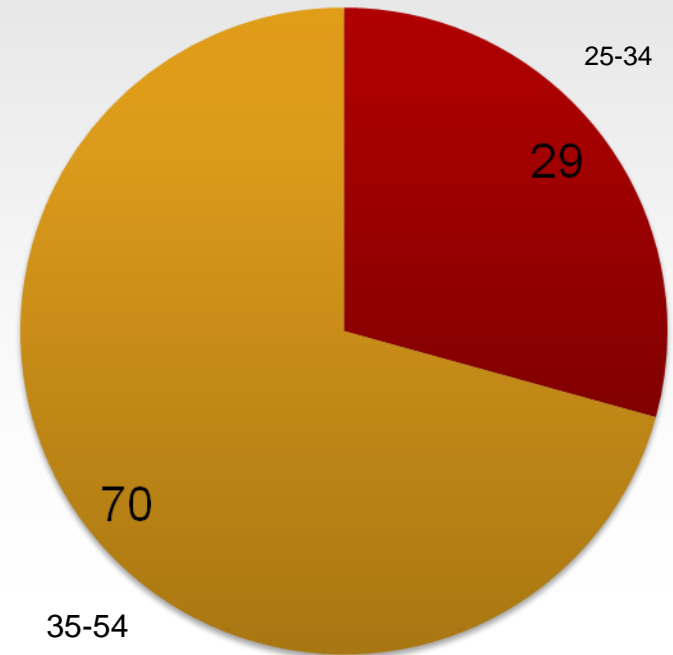
Appendix II - Demographics

Gender And Age

Gender

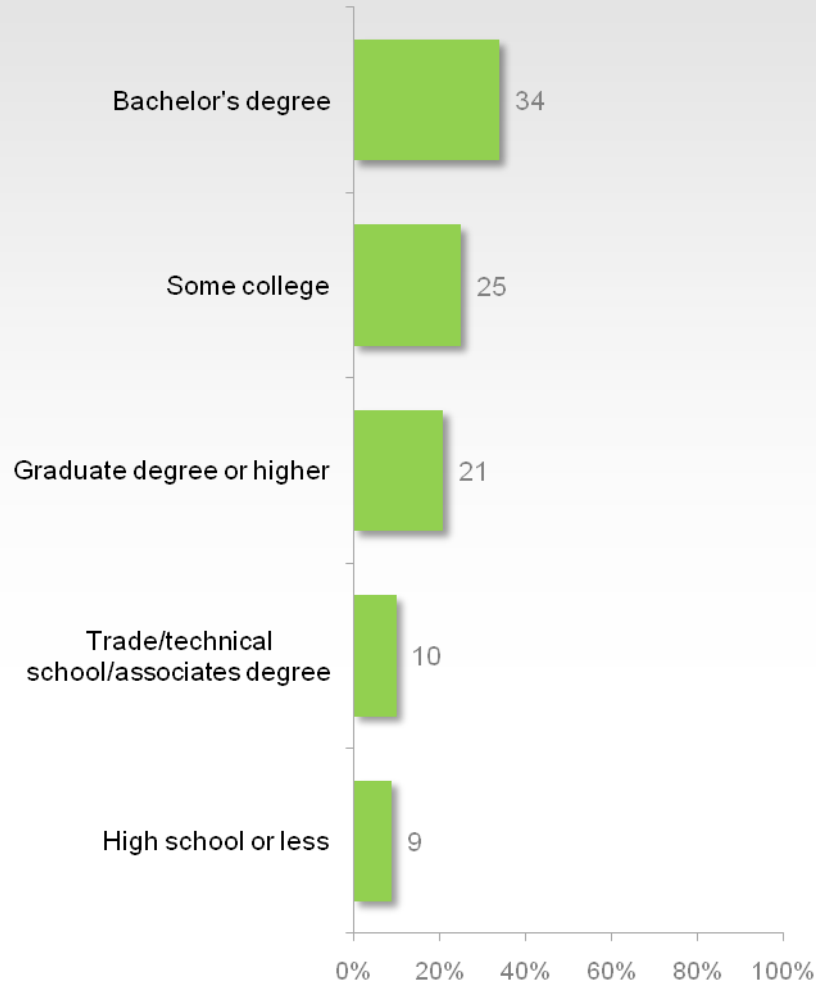


Age



Education And Income

Education

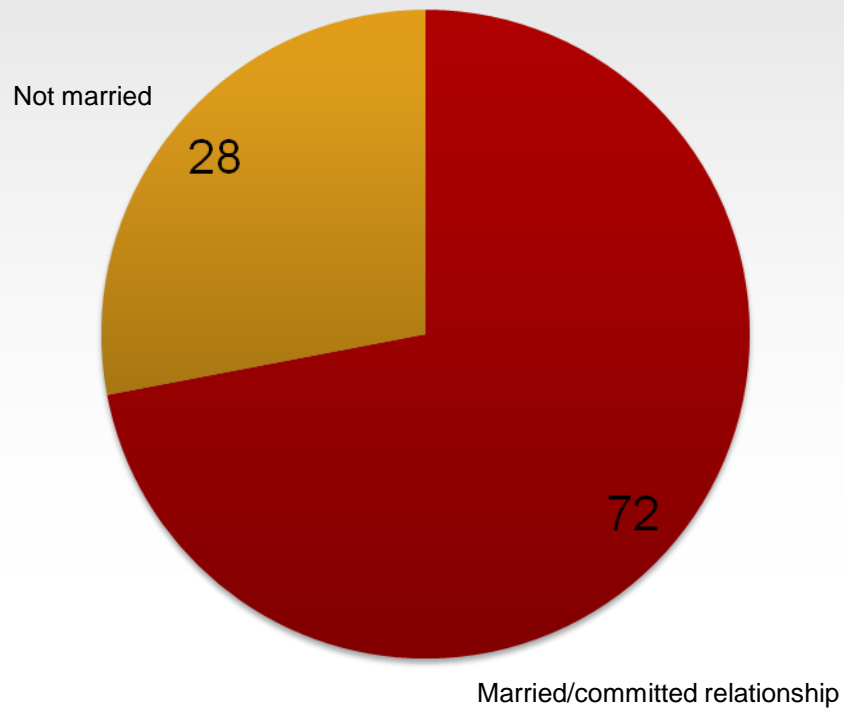


Income

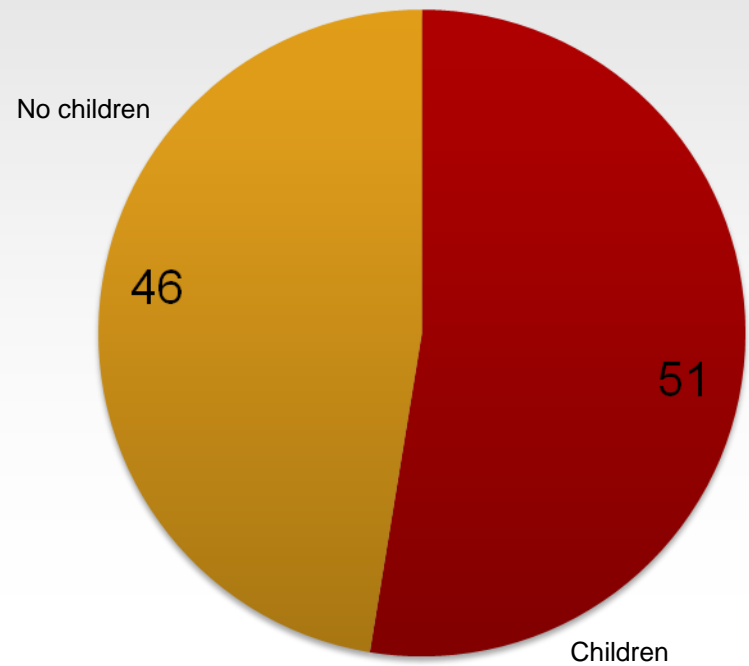


Marital Status And Children

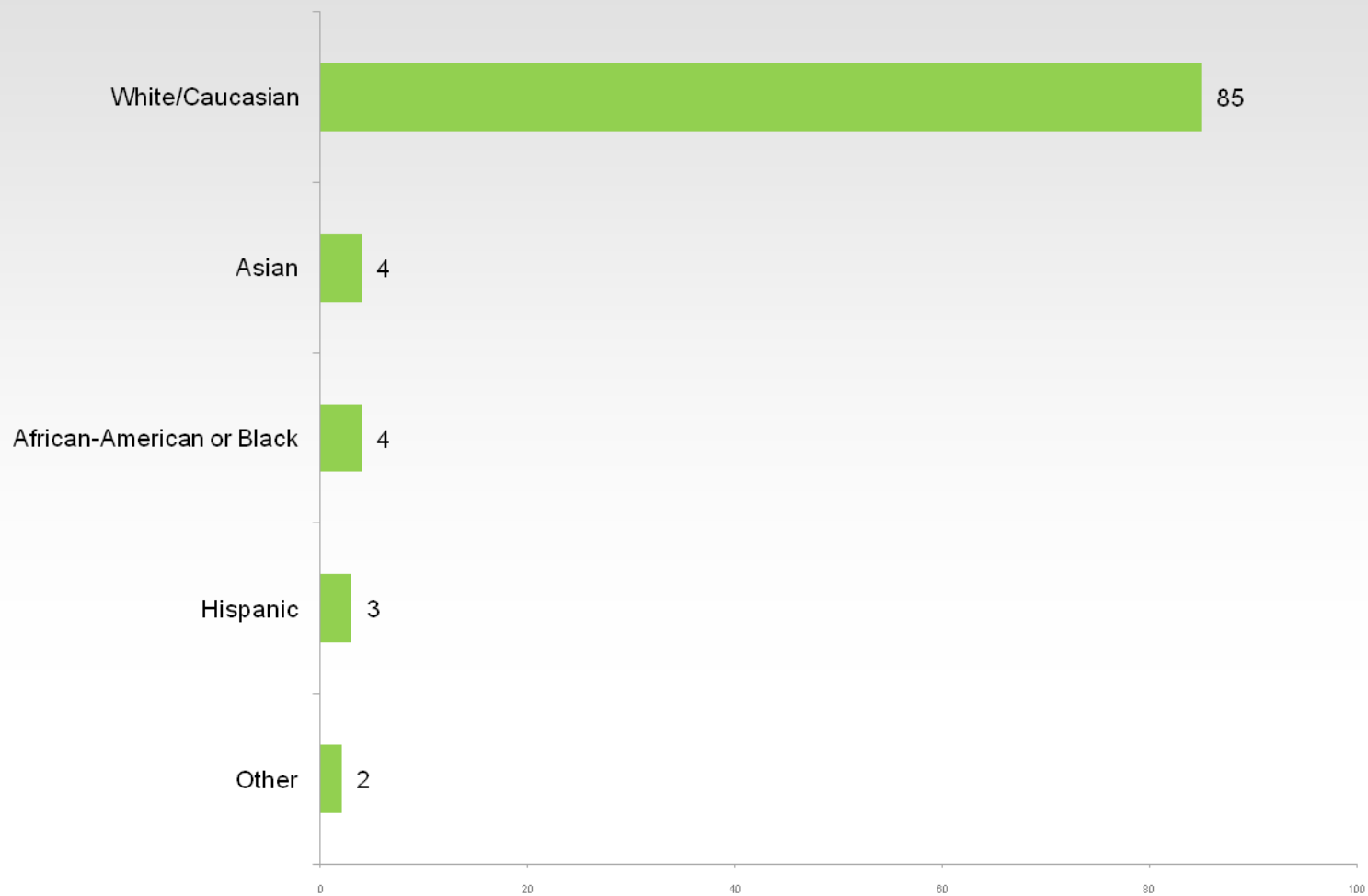
Marital Status



Children



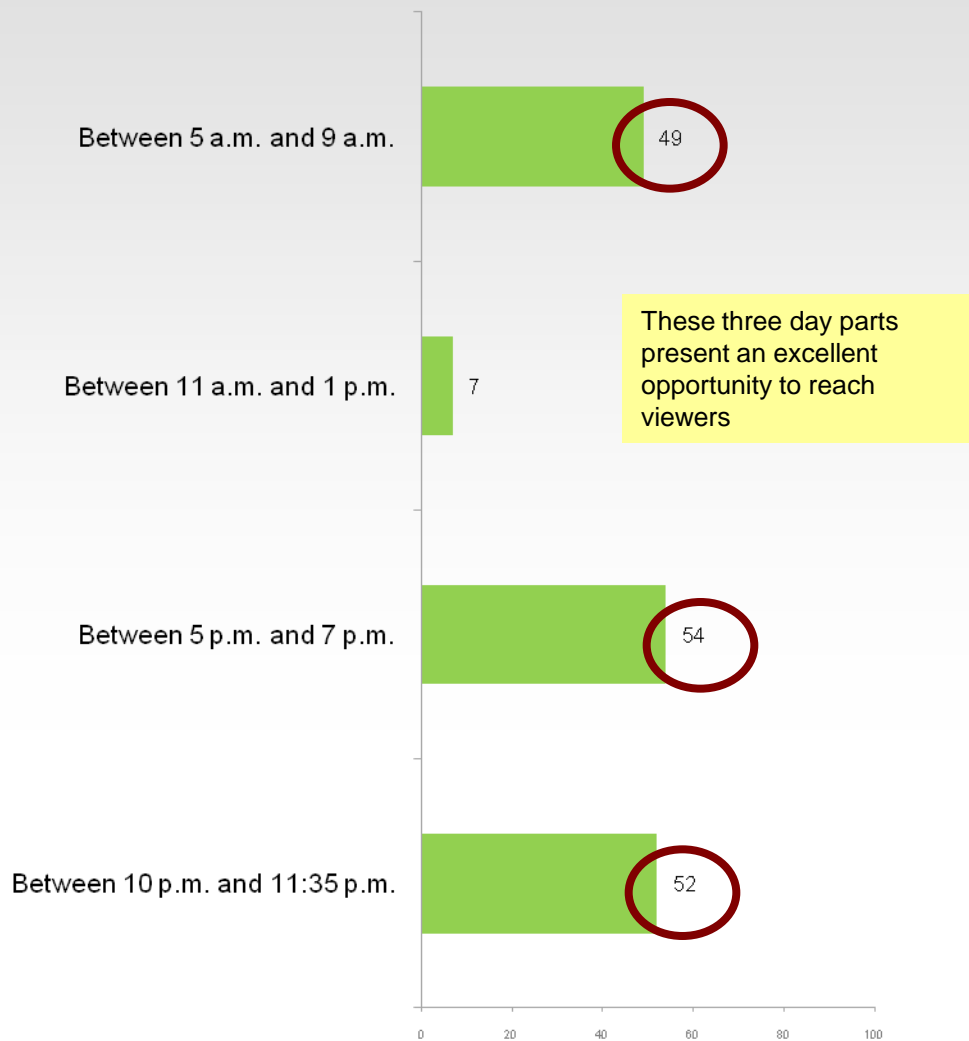
Ethnicity



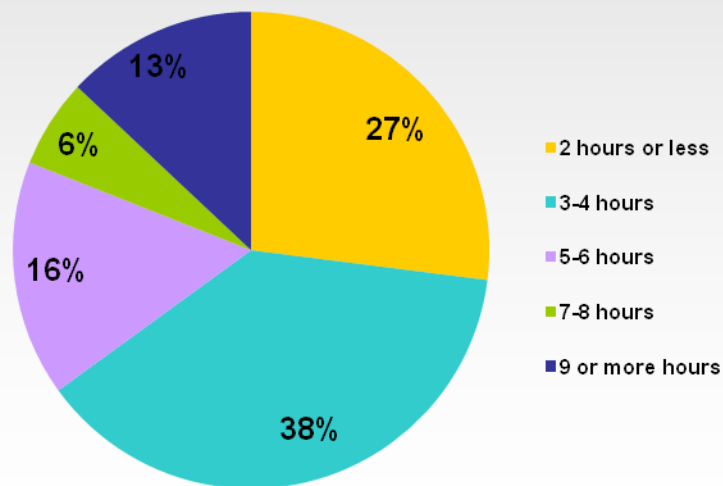
Appendix III – Supplemental Findings

Most Watch Local News During Non-Business Hours And Most Watch At Least Three Hours of TV Per Day

Day part for local news viewing



Total hours of television watched in a typical day



Super Bowl Is Heavily Watched

Programming Watched In The Past 12 Months

