

Spot TV Given a Boost by Political Spending

Companies: CBS, CMCSA, DIS, DISCA, GCI, NWS, SBGI, SNI, SSP, TWX, VIA

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Research Question:

Has television advertising spending grown in the third quarter year to year?

Summary of Findings

- Political spending, particularly in heated races, has been better than expected in the third quarter for the TV advertising market. This has driven rates up in the low double digits year to year. However, core spot TV advertising continues to be lackluster in some markets.
- The network TV scatter market has been soft in the second half of 2014, a continuation of Blueshift Research's [July 15 findings](#) for the first half of the year. We have found three quarters of softness in network TV advertising, including in the 2013–2014 upfront market. For the first time, most sources contend TV dollars are shifting more significantly into digital advertising.
- In the fourth quarter, the spot TV market will continue to benefit from political spending. Scatter spending will remain weak but then possibly will pick up in the first quarter of 2015 if the money that was kept out of upfront returns to TV.

Silo Summaries

[1\) TV Advertising Sellers, Buyers and Researchers](#)

These eight executives said spot TV was getting a boost from political spending while the network TV scatter market has remained soft during the third quarter. Rates have been up in the low double digits for spot TV and flat for upfront in network advertising.

Background

Blueshift Research's [July 15 report](#) found both network TV and local spot TV markets seeing weaker spending as national advertisers focused on making digital a larger percentage of their media plans. Network TV's 4Q13, 1Q14 and 2Q14 scatter markets were weak with rates on par with upfront. Blueshift's [June 30 report](#) discussed a weaker than expected 2014–2015 upfront market, with total dollars down 5% to 10% in broadcast and 5% in cable TV based on the shift to digital.

Current Research

In this next study, Blueshift Research assessed whether TV spending was increasing in the local markets because of political advertising and whether the network scatter market was rebounding from the last few quarters of weakness. We employed our pattern mining approach to interview eight sources, including seven sources who offered information in our previous reports:

- 1) TV advertising sellers, buyers and researchers (8)

Next Steps

Blueshift Research will publish a full report in mid-October on third-quarter advertising spending and trends.

Advertising Update: Television

1) TV Advertising Buyers, Sellers and Researchers

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KEY SILO FINDINGS

Spending and Rates

- Local spot sellers said political spending has been better than expected in the third quarter.
- Local spot buyers also said political has tightened inventory on a market-by-market basis and has driven up rates in the low double digits year to year.
- Network buyers said the fourth-quarter scatter spending is soft.
- Rates are up low double digits for spot TV and flat for upfront.

Visibility

- Local TV will continue to benefit from political spending in the fourth quarter.
- Network TV might see premium rates for scatter in the first quarter of 2015 if TV advertisers spend some of the money that did not go into upfront commitments.

1. General sales manager for a network affiliate station group; repeat source

The third quarter has been better than expected because of political dollars, particularly for a local, heated senate race.

Spending and Rates

- "We had estimated we would bring in \$15 million in political, and we've already doubled that amount."
- "Core will be down mid-single digits in the third quarter, but because of political we are doing better than expected."
- "Political is driving rates up 20% to 25% year to year."

Visibility

- "Fourth quarter will be up slightly because we are lapping last year when a big client exited the market."

We had estimated we would bring in \$15 million in political, and we've already doubled that amount.

*General Sales Manager
Network Affiliate Station Group*

2. General manager for a private station group

Improving internal conditions have strengthened spending overall. The third quarter has benefited from political spending, and the fourth quarter should see active auto spending.

Spending and Rates

- "Our political spending is better than expected."
- "Auto is spending strong in this market, and we continued to attract more newspaper spending."

Visibility

- "Fourth quarter will be up year to year and is pacing strong."

3. General sales manager for an unaffiliated station; repeat source

The second half of 2014 is better because the station is comping weak quarters in the back half of last year. However, the source reported having difficulty in competing against networks offering live sports.

Spending and Rates

Advertising Update: Television

- “We expected to be up 7% to 8% in the third quarter because we are lapping weak comps. That is for core advertising.”
- “Rates are mostly flat year to year.”

Visibility

- “Fourth quarter will be up low single digits year to year, without the Olympics.”

4. SVP group director of local media for a large buying agency; repeat source

Political spending is affecting certain markets with tight political races and is driving up rates. However, broadcast TV spending is flat year to year.

Spending and Rates

- “Spending is flat year to year. We have experienced tightness on a market-by-market basis in the third quarter due to political.”
- “The rates we are paying are 10% to 15% higher year to year.”

Visibility

- “Spending will continue to be flat year to year.”

Spending is flat year to year. We have experienced tightness on a market-by-market basis in the third quarter due to political.

SVP Group Director, Local Media for a Large Buying Agency

5. Managing director for a midsize media agency; repeat source

This media agency has acquired new clients and went from a flat first half of the year to being up in the low double digits in the second half. However, the agency has moved to more programmatic buying and is seeing lower rates across the board for the media it is buying.

Spending and rates

- “We are in growth mode with new clients, so our spending is up 20% year to year.”
- “Rates are down; we are doing a lot more programmatic buying.”

Visibility

- “We will be up about the same in the fourth quarter.”

6. President of network TV for a top-five media agency; repeat source

This top TV negotiator said the fourth quarter will be soft, but added that spending should pick up in next year’s first-quarter scatter market because advertisers did not commit all of their dollars in the upfront market.

Spending and Rates

- “Fourth-quarter scatter is coming in very late, but it will be soft. No one is dropping or adding.”
- “Scatter rates are flat to up 5% over upfront.”

Visibility

- “We will see some of the money that did not go into the upfront in first quarter. This is when we will start to see premiums in pricing.”

7. Group director of network TV for a top-five media agency; repeat source

Two clients put more money into TV for the fourth quarter because of particular, successful business launches. However, scatter rates are flat compared with upfront.

Spending and Rates

- “Fourth quarter scatter spending is flat year to year.”
- “Scatter rates are flat [compared] to upfront.”

Advertising Update: Television

- “We have two clients who are putting more money into the scatter market for business reasons. We were not holding this money back.”

Visibility

- “First quarter, we will not be spending more for one of these clients. I don’t know how what first quarter looks like yet.”

8. Director of broadcast research for a large TV network; repeat source

The source noted a definite shift to digital, which is claiming TV dollars. The only programs that appear bulletproof are sports and news.

Spending and rates

- “Television viewing appears to be going down, but at worst it has stayed the same.”
- “Spending is definitely shifting to digital.”

Visibility

- “Digital advertising will be used more as a complement to television rather than as a substitute.”

Digital advertising will be used more as a complement to television rather than as a substitute.

*Director of Broadcast Research
Large TV Network*

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