LOTS OF WORK, BUT LOTS OF MONEY

Co-op advertising has been around a long time, but it hasn’t gotten much attention from brands and Madison Avenue until the past year or so.

But luckily, co-op hasn’t abandoned traditional media. In fact, three-quarters of co-op dollars are spent in traditional media—not surprising since it has a legacy that dates back to the late-1800s. Add to the mix a confusing and complicated set of rules—General Motor’s co-op guidelines stretch 74 pages—and local businesses full of co-op cash are primed for TV sales reps.

“That is where the bulk of co-op dollars are going now because they know how to do TV—once you get into digital there is a lot of mystery involved,” co-op advertising expert Tim Brennan said. Plus a lot of brands also direct local business owners toward TV. “They are less pushy about newspapers, about other media, but TV is still spot on—pun intended,” he said.

The biggest challenge for sales reps remains the fact that an estimated 40%—or about $14 billion—of the roughly $36 billion allocated each year to co-op advertising goes unused. Borrell Associates said that’s mostly because the labor-intensive process which includes lot of paperwork and a reimbursement timeline that can take weeks. Consider a local gift and jewelry store owner who told Borrell in a 2015 survey that Pandora offered them TV creative and co-op dollars to support it year round. But the store owner only used it for Valentine’s Day, Mother’s Day and Christmas promotions.

Borrell VP Corey Elliott said there may be fewer unused dollars in 2017, but the “PITA factor” (that’s ‘pain in the ass’) continues to scare away a lot of local business owners and media reps alike. And even as some brands have reduced co-op budgets, he notes others have added dollars. “In a large media company in a large market, it would not be foolish to have someone dedicated to keeping up on co-op programs,” Elliott said.

Brennan said brands that have delivered some of the larger amounts of dollars to TV stations in recent years include Benjamin Moore, Michelin, Yamaha, Snapper, and Quaker State. And at the local auto dealer there are three pots to tap into: new car sales, used cars, and service budgets.

The average dealer that sells 800 vehicles a year could have as much as $250,000 worth of manufacturer reimbursement. “These programs are not there because anyone likes anyone—these are all established to move inventory in specific time frames,” Brennan said. (Continued on page three)

ADVERTISER NEWS

Another report indicates that retailers are in for one of their best holidays in years. The year 2017 is projected to show the strongest holiday season growth rates since 2010, with the overall potential to surpass 5% year-over-year growth, according to Mastercard SpendingPulse, which reports on national U.S. retail sales across all payments types. The most recent SpendingPulse holiday shopping update, which looks at retail spending Nov. 1 through Dec. 9, reveals strong growth of 3.6% compared to last year.....Look for continued strong pharma dollars next year. Eli Lilly forecasts 2018 revenue will be above estimates in part due to strong demand for diabetes drug Trulicity and psoriasis drug Taltz. The company said it expects 2018 revenue of $23.0 billion to $23.5 billion...Costco’s membership-renewal rates remained steady in the first fiscal quarter after a warning last quarter that they could drop. Costco’s comparable-store U.S. sales have risen for 14 straight months, and the company has bulked up its online operations with more products and expanded same-day grocery delivery....Campbell Soup is in advanced talks to acquire snacks company Snyder-Lance, owner of Cape Cod potato chips and Snyder’s pretzels, sources familiar with the situation said on Friday. The deal, which would be Campbell’s largest yet, could be announced as soon as next week, they added. Acquiring Snyder’s would be 148-year-old Campbell’s boldest move in a series of smaller steps to move beyond its core soup business.....Meijer has agreed to add Wahlburgers restaurant locations at an unspecified number of new and existing store locations, the retailer said. Meijer said the partnership would also include the deployment of Wahlburgers’ new food trucks at select stores....Pier 1 reported that third quarter 2018 net sales fell 1.4% when compared to the same period last year. Same-store sales fell 0.7%. E-commerce sales penetration reached 26% in the quarter, up from 20% last year, the company said. Taking into account e-commerce orders placed in or picked up in store, some 90% of the company’s third quarter fiscal 2018 net sales directly touched a store...Fooddive.com says a study from Acosta and Univision finds that Hispanic shoppers are more profitable than total U.S. shoppers. The research shows that while spending per trip is similar between the two groups, Hispanic shoppers go to the grocery store more frequently than other U.S. shoppers.... Your dollar is going a long way at fast-food stores. Taco Bell is stepping up its $1 message as the fast-food industry gears up for its latest low-priced fight, says AdAge.com. Taco Bell’s latest dollar dive coincides with McDonald’s plans to promote its new $1, $2, and $3, a combo for under $5, and debuts in January.
NETWORK NEWS

NBC is again airing Red Nose Day in 2018. The network announced last week that it will support the fundraising campaign to end child poverty with a primetime TV special on May 24th. Walgreens stores will again sell red foam noses to raise money for the effort. According to organizers, Red Nose Day has raised $100 million for programs that provide food, education, and medical services to the neediest of children in the U.S. and abroad. The 2017 edition of Red Nose Day featured such stars as Julia Roberts, Mark Hamill, Jack Black and Orlando Bloom.....Telemundo is on pace to end the year as the No. 1 Spanish-language network season-to-date in primetime in the demographic of adults 18-34 and in total viewers, according to Nielsen. The network’s El Señor de Los Cielos currently in its fifth season, Sin Senos Si Hay Paraiso Season 2, and Season 4 of Señora Acero, La Coyote ranked as the top three regularly scheduled Spanish-language broadcast programs season-to-date among adults 18-49 and adults 18-34.....Variety is reporting that Bill Lawrence (Scrubs, Spin City, Cougar Town, Updateable) is developing a new space comedy with CBS. The project is titled Spaced Out and is described as a multi-camera workplace ensemble set in the world of commercial space travel. Lawrence will write the script and produce along with Jeff Ingold in association with Warner Bros. Television. The project was previously developed by NBC as a single camera project written by Adam Sztykiel. It went to pilot at the network but was ultimately not picked up. Lawrence is executive producer of the upcoming CW series Life Sentence and developed the CBS series adaptation of Rush Hour that aired last season.....ABC has announced the official premiere date for its revival of Roseanne. The new version of the classic sitcom will debut on Tuesday, March 27th at 8 PM (ET) with a special hour-long episode. Beginning on April 3rd, The Middle will follow Roseanne at 8:30 PM (ET). Original cast members Roseanne Barr, John Goodman, Sara Gilbert, Laurie Metcalf, Michael Fishman, and Lecy Goranson will all be on hand for the reboot. Sarah Chalke, who played the character Becky in the later season will appear on the show in a new role. Johnny Galecki of The Big Bang Theory on CBS is returning for a guest star appearance, while Ames McNamara and Emma Kenney have been cast as David and Darlene’s children.....NBC is adapting a British sitcom for American audiences, according to a report in Variety. The IT Crowd is from the original series creator Graham Linehan who will write, and executive produce the project revolving around the employees in the IT department of a massive corporation. Patrick Daly and Jon Rolfh will also executive produce with Universal Television producing. This mark’s NBC’s third attempt to create an American version of the series.....Hasan Minhaj will be appearing in the guest-starring role on the upcoming NBC comedy Champions. He will play the wealthy brother of Mindy Kaling’s character on the series. Minhaj is an actor, comedian, and writer who currently is a senior correspondent on The Daily Show with Trevor Noah on Comedy Central.

ECONOMIC NEWS

November retail sales rose 0.8 percent from October, according to the Commerce Department. November 2017 sales were up 5.7 percent over November 2016. Of that growth, furniture sales rose 1.2 percent (8.4 percent year-over-year), apparel sales rose 0.7 percent (and 2.8 percent year over year), department store sales grew 0.3 percent (2.8 percent year-over-year), electronic sales grew 2.1 percent (6.4 percent year-over-year), and e-commerce sales rose 2.5 percent (10.4 percent percent year-over-year). According to Retail Dive, online and other non-store sales rose 10.5 percent. “This has been an impressive start to the holiday season, perhaps the best in the last few years,” National Retail Federation’s Jack Kleinhenz said. “The combination of job and wage gains, modest inflation and a healthy balance sheet along with elevated consumer confidence has led to solid holiday spending by American households.”

November’s numbers show an impressive start to the holiday season, and according to a BigCommerce report, only 16 percent of purchases so far in December have included a discount.

AVAILS

WJAC-TV, Central PA, is looking for a Local Sales Manager who will lead their local sales department in maximizing all sales opportunities, with an emphasis on new business development. The LSM will oversee sales bureau offices in 3 different locations. At least 5 years broadcast sales experience, with televisions sales and management experience preferred. Computer software (PowerPoint, Word, Excel, etc.) competency required. CLICK HERE to apply online. Sinclair Broadcast Group, Inc. is proud to be an Equal Opportunity Employer and Drug Free Workplace.

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DISNEY/FOX DEAL MIGHT FACE DOJ
House Energy & Commerce Committee ranking member Frank Pallone Jr. (D-N.J.) has called for a hearing into the proposed Fox asset sale to Disney.

He actually wants a broader hearing, he said in a letter to Committee Chairman Greg Walden (R-Ore.), looking seriously at “all of the issues related to the video marketplace,” but with a special focus on the most recent deal.

“As the Committee with primary jurisdiction over the media industry, we have a responsibility to understand the potential effect of this merger on consumers and the media marketplace,” Pallone told Walden.

The sale already faces antitrust review-any deal valued over about $76 million does. And this one tops $52 Billion.

Broadcasting & Cable says the Dept. could look hard at Disney heavying up on sports, combining Fox’s regional sports nets and ESPN. After all, the DOJ pointed to the Turner must-have sports content as one reason it was trying to block the AT&T/Time Warner deal. It’s less clear whether the FCC will have a role in the deal, which would depend on the transfer of licenses—perhaps on the ownership positions of the Murdochs in both Fox and Disney given that each of those companies owns a network and there are limits on ownership interests in dual networks (under 5% of voting stock). But it would depend on how the deal is structured and how the ownerships of the individuals involved are attributed.

DISNEY DEAL MIGHT MEAN JOB CUTS
The expected synergies to come from Disney’s $52.4 billion purchase of most of Twenty-First Century Fox’s assets could mean job cuts at Disney, one media analyst said. Synergies are often code for ‘layoffs’.

The analyst explained that “a portion of the cost cuts will come from a reduction in film and television products as the combined company pulls down to the best overall products with termination of projects resulting in less hiring.”

Disney, in announcing the acquisition last week, said it expected “synergies” in combining the Fox assets with its own to range up to $2 billion. To get to its $2 billion goal, Disney would have to cut 5,000-10,000 jobs.

MOTORCYCLE SALES TAKE A HIT
The L.A. Times reports that the motorcycle industry is in deep trouble and needs help fast.

The report says the industry doesn’t need a better product. Instead, its marketing and advertising methods are failing to attract new riders in part because they are too focused on selling bigger, faster, more expensive machines to veteran riders. The industry has failed to appreciate the importance of the female rider, losing sight of the concept that mothers who ride tend to produce children who ride. Instead, manufacturers focus on the typical male consumer.

And don’t count on millennials to pull the industry out of despair. Many millennial consumers were “bubble-wrapped for safety in their youth” or raised by overprotective parents who discouraged risk-taking.

Harley Davidson, for example, reported U.S. sales were off 8.1% in Q3, when compared to last year’s Q3.

accoNT ACTIONS
Seoul-based advertising agency group Innocean Worldwide has bought independent U.S. creative agency David & Goliath, a deal that unites two companies known for their work with South Korean automakers. Innocean valued the deal at up to $71.7 million.

Innocean got its start in 2005 as an in-house agency doing media buying for Hyundai and its sister company, Kia Motors Corp, per autonews.com

Los Angeles-based David & Goliath has been creative agency of record for Kia Motors America for 18 years. Other clients include Universal Studios, HBO, Jack in the Box and the California Lottery.

Innocean plans to “aggressively expand business in the U.S.”

In other account news, Blue Bunny has chosen FCB Chicago as its creative agency of record after a three-month competitive review, according to Adweek. Blue Bunny spent $22.5 million on measured media in the U.S. in 2016 and $20.5 million in the first half of this year, according to Kantar Media.

CO OP DOLLARS...(Continued from page one)
For stations and reps willing to embrace co-op, the upside is the field isn’t particularly crowded. Few companies are dedicating resources to curating co-op offers or picking-up some of client’s paperwork duties. “It is a little much for your average rep to handle on top of everything else. But we all know unless someone or something is dedicated to this effort, it tends to be a flash in the pan,” Elliott said.

“There’s money there, but accessing it either needs to be made easy for a rep—or someone in the organization needs to be dedicated to handling it—and I know lots of media companies right now think that’s a luxury they cannot afford.”

The amount of a department store’s co-op advertising fund varies. Digiday notes that Macy’s generated $394 million co-op ad allowances in 2016, which accounted for around 25 percent of Macy’s gross ad costs, according to the company’s 2016 annual report. At Neiman Marcus Group, advertising allowances were approximately $50.1 million, or 1.1 percent of its revenues in fiscal year 2017, according to the company’s 10-K report released in July.

SATURDAY NIELSEN RATINGS - LIVE + SAME DAY

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