KAGAN: CHALLENGES, OPPORTUNITIES FOR TV IN 2021

DIGITAL TRENDS COULD HARM STATION AD SALES

Kagan analysts say while there continue to be challenges facing broadcasters, it also sees opportunities for television and radio in the months to come.

Without political revenue levels anywhere near the record-breaking numbers seen last year, Kagan, a research unit within S&P Global Market Intelligence, says 2021 will be a “transitional year” for local stations. “While core ad revenues are improving in the first quarter of 2021, it is not the snapback many had hoped for,” it says.

But the appeal of digital is two-way street for broadcasters. “National and local spot advertising budgets may move further away from legacy media to digital alternatives,” notes Kagan. It says the shift toward digital sales could compress station ad sales and margins.

Television stations are even more at risk than radio, as they could see slowing retransmission consent fee growth as more customers unplug from cable and satellite TV and shift to video-on-demand and OTT options.

In terms of local advertising, Kagan says broadcasters have benefited from a focus on local news during the past year as people look for information about the pandemic.

“We expect local advertising to deliver mid- to high-single-digit growth in 2021, with small and midsized markets likely outperforming large markets and urban centers with high COVID-19 infection rates, as it will take longer to vaccinate their populations,” it says.

In many ways, 2021 looks a lot different than last year. Kagan notes broadcasters’ national spot advertising, excluding political, was down 40% or more during the first wave of pandemic-related shutdowns in Q2 2020. Things then started to improve later in the year as live sports returned and local businesses reopened. By year’s end, national spot was doing even better according to Kagan, which credits strengthening automotive and retail advertising.

“National core ad revenues in 2021 should be up by low to mid-single digits,” predicts Kagan. How big those numbers grow will depend on whether the Summer Olympics are held in July and August.

Legacy media will miss the record-breaking political advertising of last year. Kagan estimates about $4 billion was spent, or about $1 billion more than the $3.05 billion it had projected in early 2020.

But analysts say it may not be long before the spigot is turned back on. “There is already talk that the 2022 midterms could also break political ad-spending records, given the slim margin for Democrats in the

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Toyota Motor and Honda Motor are halting production at plants in North America as the pandemic’s continuing effects on the global supply chain create shortages of essential components. Toyota cited an unspecified shortage of petrochemicals at some North American plants. Honda said it would halt production at most of its U.S. and Canadian car factories next week because of supply-chain issues, including port backlogs that have delayed the delivery of parts... BMW expects at least half of its sales to be zero-emission vehicles by 2030, setting a more conservative target than some rivals in the race to embrace cleaner driving. In the short term, the German carmaker is forecasting a big year-on-year rise in pretax profit for this year, with a strong performance in all areas — from MINIS through its upmarket BMW brand to top-of-the-range Rolls-Royces... Ashley Furniture has opened a new 100,000-square-foot production facility near Pottsville, Pa., that will expand its upholstery manufacturing capacity. The multimillion-dollar investment will create more than 50 new jobs for the area... PepsiCo has poached LeBron James from Coca-Cola. The basketball megastar will be the face of the new Mtn Dew Rise Energy drink as part of a larger endorsement deal that will include other brands across PepsiCo’s food and beverage lineup, as well as social justice endeavors, the company says. Coca-Cola said in January that it had parted ways with James, ending a relationship that began in 2003 when he was 18 years old... Visa and Mastercard say they’re postponing plans to raise interchange fees on card transactions after criticism from members of Congress. Plans to increase the fees prompted Sen. Dick Durbin (D-III.) and Rep. Peter Welch (D-Vt.) to send a letter to the CEOs of the two companies calling on them to put off any changes in light of the impact the pandemic has had on so many businesses... Nordstrom is launching its own Livestream Shopping channel to drive online sales. The retailer plans to host a variety of shows on beauty trends, including Q&A

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DARK DAYS FOR AMERICA’S SHOPPING Malls

Shopping malls across the U.S. have been reeling as restaurant and retail tenants struggle to keep their doors open.

Data compiled by Coresight Research shows about a quarter of U.S. malls could close over the next three to five years, accelerating a trend that began before the pandemic. Simon Property Group — the nation’s biggest mall owner — said in February that its Q4 revenue dropped by 24% on a year-over-year basis to $1.1 billion. However, some analysts think Simon — with its portfolio of A-rated malls and a healthy balance sheet — will benefit as distressed malls operated by its rivals close their doors. The company is also expected to see gains from new additions like hotels and luxury residences.

“Unfortunately there are a lot of centers that don’t fit that high profile and that have lost their competitive edge,” said Piper Sandler analyst Alexander Goldfarb. “The thing about Simon is they’ve been really focused on maintaining it, and that’s both been through a combination of culling the lower productive centers as well as making sure that they keep investing in their top centers.”

SAMSUNG SMART TV PLATFORM GLOBAL LEADER

Though Roku and Amazon Fire TV are two of the top and fastest-growing connected TV/streaming platforms in the U.S., the Samsung Tizen system leads worldwide.

Of 1.28 billion global streaming TV devices/platforms, Samsung maintains a dominating 12.7% share of the worldwide market, now at 162 million devices at the end of 2020, according to Strategy Analytics. That’s up 21% from a year earlier. Tizen is tops in 22 of the 25 countries surveyed.

The total number of connected TV devices/platforms rose 11% (122 million) to 1.28 billion in 2020 over the year before.

After Samsung comes LG smart TV devices, a 7.3% share, to 93 million, which ranks second in 13 markets. Three other systems are close behind LG: Roku, Amazon Fire TV and Sony Playstation, each have a 6.4% share with 82 million global devices/platforms. Google Android TV is at a 5.9% share with 75 million.

The fastest growth is recorded with Roku, Amazon Fire and Google Android TV, up 40%, 35% and 42%, respectively.

In the U.S., among the monthly active users measure, most recent reports have Roku at 51.2 million MAUs and Amazon Fire TV with 50 million.

VIZIO PLATFORM+ UNIT DOUBLES AD SALES

Smart TV set manufacturer Vizio says all its advertising business — inventory sales, data licensing and other related services through its Platform+ unit — witnessed rapidly growing revenue in 2020, hitting $147.2 million.

Revenue more than doubled from 2019, which was $63.2 million. Results were from a recent SEC filing for Vizio in preparation for its initial public offering.

Vizio says all Platform+ revenue comes through advertising sales, data licensing through its Inscape unit, sales of branded buttons on TV remote controls and content distribution.

AVAILS

KLAS-TV Las Vegas / Nexstar Digital sales team is looking for two (2) Integrated Digital Specialists, responsible for assisting the sales team with generating and growing digital marketing service revenue for the company. The IDS will be the Las Vegas market expert on digital services and will work, in conjunction with the sales team, to achieve budgeted revenue goals in the digital marketing services area. CLICK HERE for full job details and to apply now. Nexstar Media Group, Inc. is the parent company of Nexstar, Inc. & Nexstar Digital LLC. EOE/M/W/V/D.

WESH 2, the Hearst Television NBC affiliate in Orlando, Fla., has an immediate opening for an experienced Sales Professional. If you are motivated by great compensation, an excellent suite of product offerings and the tools to be successful, look no further. We provide the resources for powerful marketing solutions, and you provide client focus and the desire to win. Come join one of the fastest-growing markets in the country! Click HERE to apply.

See your ad here tomorrow! CLICK HERE for details.

‘DREW BARRYMORE’ GETS SEASON 2 RENEWAL

The Drew Barrymore Show has been officially renewed for a second season, Steve LoCascio, president of CBS Media Ventures, said yesterday.

The renewal had been expected since the daytime talk strip had been sold in many markets in two-year deals. Drew Barrymore is anchored by the CBS Owned Stations in most major markets, including New York, Los Angeles and Chicago.

Meanwhile, Relative Justice, the first show to launch into syndication from Lexington, Ky.-based Wrigley Media Group, will debut this fall.

The half-hour court show is cleared in 75% of the U.S., including in the top 43 of the top 50 markets, on the CBS, Sinclair, Nexstar, Scripps, Tegna, Weigel and Gray station groups. The show stars Judge Rhonda Wills. The show will focus on conflicts between family members, hence the title.

THIS AND THAT

A staggering 65% of U.S. air travelers think digital vaccine passports, which would confirm a passenger has been inoculated against the coronavirus, are a good idea for air travel, eMarketer reports. Still, 19% believe these passports are a bad idea altogether, reflecting the persistent divide among coronavirus precaution beliefs...

Nielsen has signed a multiyear agreement to provide national and local TV to Barrington Media Group, a direct response agency based in Sheldon, Conn. Barrington, whose clients are in the insurance, healthcare, consumer products and business services categories, will get data covering all TV markets. Financial terms were not disclosed...

The IRS and Treasury Department will postpone the April 15 tax-filing deadline to May 17, the agencies announced yesterday. In addition, taxpayers can also delay payment of any money owed the IRS until May 17.
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House of Representatives and a 50-50 tie in the Senate,” says Kagan.

One wild card ahead is what the new Democrat-controlled FCC will do when it comes to local TV and radio. Kagan notes that a proposal floated by the National Association of Broadcasters to relax some ownership rules didn’t get far when Ajit Pai led the FCC. With the new administration in charge, Kagan believes the rules are “less likely to change under a new Democratic-led FCC.”

That could have an impact on the deal market. The pandemic caused the broadcast deal market to plummet in 2020 to just $1.02 billion worth of transactions, an 87% drop from 2019. It was the lowest deal volume since 2010’s $810 million as all the major deals were in TV last year.

Even so, even without significant deregulation, Kagan expects more action in TV M&A this year as the consolidation drive continues. Gray Television’s $925 million deal to buy Quincy Media in February only gave its outlook more credence.

Kagan says there remain questions about whether Tegna could be a takeover target again after attempts last year were sidelined by the pandemic.

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sessions with celebrity makeup artists and fashion advice shows on how to wear such brands as Burberry... Lands' End CEO Jerome Griffith said his company is focused on getting its clothing and accessories in front of as many consumers as possible. The brand’s deal with Kohl's to place its products in 150 stores went so well that the two companies decided to double that number... Shake Shack is partnering with Uber Eats to make it possible for fans of the chain to use its app to have orders delivered. Customers using Shake Shack's app will pay a flat delivery fee of 99 cents, and no charge on orders over $35.

TUESDAY NIELSEN RATINGS - LIVE + SAME DAY

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<th>Time</th>
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<th>Viewers in Millions</th>
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