BLUEGRASS TODAY

2012 SPECIAL REPORT

By Barry Silverstein

How to Reach Bluegrass Fans
Where They <u>Want</u> to Be Reached

A Special Report on Bluegrass and the Internet
Sponsored by Bluegrass Today

<u>Contents</u>

Introduction: Bluegrass Fans are Going Online

About Bluegrass Today

Introduction:
Bluegrass Fans are Going Online

Bluegrass music has withstood the test of time and it continues to attract an enthusiastic fan base. Look at these key statistics[*] from leading consumer research firm Experian Simmons:

- 18.7 million bluegrass consumers in the U.S.
- 51% male / 49% female
- 56% between the ages of 25-54
- 30% have a minimum of a college degree
- 76% earn more than $30,000 per year
- 61% are married
- 87% are registered to vote
- 4.26% of bluegrass consumers have a Spanish/Hispanic or Latino origin
- The largest percentage of bluegrass consumers reside in the South (42 percent)
- There are about as many bluegrass consumers in the Midwest (22%) as in the West (21%); the Northeast has the lowest percentage (15%).
- 77% listen to music for entertainment / #1 Leisure Activity
- 18% play a musical instrument / 84% more likely
- 36% have attended a live show in the last year / 29% more likely

Bluegrass consumers are generally happy, involved, quality-conscious, and socially active – and, of course, they share a passion for music:

- 67% say "I'm very happy with my life as it is"
- 68% say "How I spend time is more important than money"
- 67% say "It's worth paying extra for quality goods"
- 77% say "I'm willing to volunteer my time for a good cause"
- 71% say "Music is an important part of my life"

All of these facts are encouraging for advertisers who want to reach bluegrass fans. As you can see, over half of bluegrass consumers are ages 25 through 54, and more than three-quarters of them earn over $30,000 annually. This represents an audience that is interested in and capable of purchasing bluegrass-related products and services.

Not surprisingly, over 75 percent of this audience says "listening to music for entertainment" is their top leisure activity, and 65 percent of bluegrass fans have recently attended or are more likely to attend a live show.

The Shift to Digital Music

Obviously, bluegrass music is the heart and soul of these consumers. But traditional music doesn't equate with traditional music delivery; in fact, there has been a major shift that advertisers need to think about – **the shift to digital music**.

Younger consumers may not even know what records and cassette tapes look like, but consumers young and old know all about CDs. While CDs continue to be popular, the migration to digital music delivered online is happening now, and the growth is impressive. A study conducted by Insight Research Group in September 2011 indicated that 53% of U.S. online music consumers purchased music files online vs. 51% who bought physical copies of CDs or vinyl.

Each year, a leading market research firm, NPD Group, conducts an Annual Music Study. The most recent study showed that the number of paid music downloads increased to 45 million, **up 14 percent in 2011** from the prior year. Digital music buyers spent 6 percent more in 2011 at such stores as Amazon and iTunes, with an average annual purchase per buyer of $49.

The study also found that **online radio is the fastest growing music listening option** among U.S. consumers. In 2011, 43 percent of Web users chose to listen to music via online radio, a 9 percent increase over the prior year. There were 18 million more online radio listeners in 2011, according to the Annual Music Study. NPD Group noted that while free online radio is most popular among 18- to 25-year olds, strong listener growth is occurring in 36- to 50-year olds.

Advertisers looking for the best ways to reach bluegrass fans need to be aware of the rapid growth of digital music downloads and online radio. In the context of the larger shift to the online world as the preferred way for consumers to connect and consume media, the influence of the Internet on bluegrass fans is even more significant.

* Statistics current as of 2010

1. The Connected Consumer

You have probably noticed it in your own life and the lives of your family and friends: Everyone is more connected to each other, and they want to be connected all the time. According to eMarketer, a leading online research firm, 44 percent of the U.S. population uses mobile phones, and 107 million of them use smartphones.

Mobile phones are not just connecting consumers, they are helping them conduct their personal and business lives on the go. A May 2012 report from the Pew Internet & American Life Project indicates that 70 percent of cell phone users and 86 percent of smartphone users had used their phones in the previous 30 days to perform such tasks as decide whether to visit a business like a restaurant, get up-to-the-minute traffic information, or coordinate a meeting or get-together.

A significant number of people use their phones to go online. In November 2011, over 89 million Americans used their mobile phone to access personal or work email, an increase of 28 percent over the prior year, according to online research firm comScore. About six in ten adults (63 percent) go online wirelessly with a cell phone, laptop, eBook reader, or tablet computer, according to the Pew Internet & American Life Project. Pew says mobile phones have become the basic preferred Internet connection for people who traditionally don't have in-home access to the Internet, including young adults, those with no college experience, and those with lower household incomes.

The Impact of Mobile Devices

Ever notice the number of people at bluegrass concerts who are taking pictures with their mobile phones or texting friends while they're listening to the music? How about the people who increasingly use their phones to find and "check in" at restaurants and stores? These are the same consumers who are downloading songs from their favorite bluegrass artists, right to their phones.

That's just phones. The incredible popularity of Apple's iPad has created a new way of connecting. Since the product's launch, almost 60 million iPads have been sold. As a result, the iPad has spawned a whole new movement to the "tablet." Retailers have caught on – WiFi "hot spots" are increasingly common in coffee shops, fast food restaurants and stores.

In that same realm are Amazon's Kindle Fire, an enhanced eBook reader that also downloads music and videos, and Barnes & Noble's nook, an eBook reader buoyed by a recent investment from Microsoft. According to Pew, by the end of 2011, 43 percent of Americans 16 and older said they had read an eBook or other long-form content such as magazines, journals, or news articles in digital format or on an e-reader, tablet, computer, or cell phone.

Consumers are Comfortable with Online Buying

Another factor fueling the connected consumer is the broad acceptance of e-commerce. Online buying is no longer a novelty; the Internet is simply another retail channel.

In fact, online buying is so commonplace that now consumers participate in a practice known as "showrooming": They walk into a retail store to look at items they may want to purchase and then look them up on their phones to see if they can buy them at a lower price online. More often than not, they leave the store and place an online order on their way out the door. Best Buy recently reported a $1.7 billion quarterly loss and closed 50 stores; part of the reason could be attributed to showrooming.

The Rise of Social Media

Finally, the rise of social media, in particular such networks as Facebook, Twitter, and Pinterest, is a new force advertisers need to understand. Now, the consumer has the ability to influence others or be influenced by sharing ideas, opinions, and commentary concerning just about anything. While advertisers can put the power of social media to good use, it also means that every company, product, and service is fair game for criticism or praise that can spread across the Internet like wildfire.

2. The Transition to Online Media

At the same time that consumers are living more connected lives, they are exhibiting a greater desire to receive online content. The reason is obvious: The information they need and want must be delivered in a form they can consume through their connected devices.

It is no surprise, then, that major daily newspapers such as *The Wall Street Journal* and *The New York Times* have made substantial investments in online versions of their publications. Both of these newspapers have seen the largest subscriber growth on the digital side.

In fact, newspapers are a telling example of the rise of digital content. The Newspaper Association of America shows a precipitous decline in print newspaper circulation and advertising revenue over the past decade. In 2000, for example, newspaper advertising revenue was over $60 billion; by 2010, that number had plummeted to a little over $20 billion.

Circulation numbers among print magazines are also on the decline. According to the Audit Bureau of Circulations, magazines' paid subscriptions declined around 1% in 2009 and again in 2010 and were flat in 2011. Single copy newsstand sales were way off, declining 9.3% in 2009, 8.2 percent in 2010, and 8.9 percent in 2011. Ad pages, which did recover significantly from 2009 to 2010, were down again in 2011, according to Publishers Information Bureau.

Finally, here is definitive proof that the tide has turned. A study released in January 2012 by eMarketer projected online advertising to generate $39.5 billion in 2012, 23.3% more than in 2011. This will exceed print advertising, projected to be $33.8 billion. For the first time in history, **U.S. advertisers will invest more in online advertising than in print advertising**.

Preference for Digital Content

Consumers' hunger for digital content is almost insatiable. This accounts for newspapers and magazines feverishly making the transition to digital versions, including mobile applications.

Online media consumption statistics are staggering. Nielsen Online, the online division of a leading audience research firm, reports that the top 25 news websites in the United States recorded over 340 million average unique monthly visitors in 2011, an increase of 17% over the prior year. In fact, by the end of 2010, the Internet overtook print newspapers as the source of international and national news. Only television remains more popular.

The same is true of other online media. We already mentioned the increase in digital downloads and the rising popularity of online radio. Online video has also seen explosive growth. In 2011, there were 158 million online video viewers. That number will grow to

169 million in 2012, according to eMarketer. Over 45 million U.S. consumers view videos on mobile devices. On YouTube, the Internet's leading video site, over 4 billion videos are viewed each day. Over 800 million unique users visit YouTube each month. More video is uploaded to YouTube in one month than the three major U.S. television networks created in 60 years.

At *Bluegrass Today*, we have witnessed this remarkable shift in the preference for digital content first-hand. For example, in Q2 of 2012:

- *Bluegrass Today* was visited by 189,609 absolute unique visitors

- During that same period, they visited *Bluegrass Today* 359,423 times

- These unique individuals generated 670,815 pageviews

- *Bluegrass Today* had more than 10,000 visits from each of ten states. In descending order, they were: North Carolina, Virginia, Tennessee, California, Ohio, New York, Pennsylvania, Georgia, Kentucky, and Illinois.

Implications for Bluegrass Advertisers

Research from Experian Simmons indicates that bluegrass consumers are actually **ahead** of other consumers in terms of their online usage:

- 60% of bluegrass consumers – some 11.5 million people – have an Internet connection in their homes. That's **9% higher** than the average consumer.

- In a typical 30-day period, 3.2 million bluegrass consumers with a home Internet connection visit an online newspaper or magazine website. That's **33% higher** than the average consumer with a home Internet connection.

- Bluegrass consumers are **39% more likely** to spend 5 or more hours online than the average consumer. This just relates to U.S. bluegrass consumers at home – the time spent is higher when work time is taken into consideration.

What does this mean to you? Very simply, if you advertise any product or service to bluegrass consumers, *you cannot afford to miss out on the online marketplace!*

3. A Plan for Reaching Bluegrass Fans

Despite the compelling facts cited in this report, bluegrass advertisers might be anxious about moving all of their advertising dollars from print media to online media. If you've been relying on print advertising for a number of years, that's understandable. Still, you want to be seen where the fans are – and that's online.

The good news is there is a simple, low-risk way to determine the effectiveness of online advertising: **Test online advertising directly against print advertising.**

If you are currently running advertising in a print publication that targets the bluegrass consumer, take a modest portion of your budget and allocate it to an online test by placing an ad on a site such as ***Bluegrass Today***. With ***Bluegrass Today***, you can even target by geography to make sure your ad is reaching just the right audience.

When you run the test, be sure to buy a comparable amount of ad impressions. You can't make an objective comparison between print and online media unless you reach about the same number of people with the same number of impressions. For example, if you run a one-half page ad in a print publication for three months, don't try to compare it to a small rectangular ad on a website that runs for one month with a minimum number of impressions.

Use the same offer and the same creative approach for your online ad that you use for your print ad so you can keep the variables to a minimum. That way, you will be testing only one thing, the advertising medium. Use the same criteria to measure the results from each ad, too. Then evaluate the ads and see which one performed better.

Even if you decide you would rather not eliminate your print advertising entirely, you are likely to find that supplementing your print advertising with online advertising will significantly boost your results. Remember, online media is on the rise while print media is declining, and that trend will only continue. That's why you can be confident online advertising will be effective for your business.

Use Direct Marketing Principles to Make Your Advertising Work Harder

When you place an online ad, you're making an investment in marketing and you want it to pay off. Finding the right website for your ad is just part of the story. Applying proven direct marketing principles to your advertising will help make it work harder:

1. **Make a compelling offer.**

   The most enticing online ads make an offer that elicits a response. This tried-and-true technique originated in the early days of direct mail marketing and works just as well in online marketing. An offer consists of something you are willing to give to a prospect to get him or her to respond. It could be free information, a free song download, or entry into a contest to generate a lead. It could be a discount on

a musical instrument, a reduced-fee admission to a festival, or free shipping on a product to generate a sale.

Free offers can result in a lot of responses. The people who respond aren't necessarily qualified buyers, but that's not a bad thing. Someone who responds to a free offer is a lead. If you capture that person's name and email address, you can begin to communicate, first by fulfilling the free offer, and then by keeping in touch periodically so you can cultivate the person's interest in your product or service.

An offer related to a purchase, such as a discount, may generate fewer responses, but these responders tend to be higher quality leads. Again, it is important to get contact information and fulfill the offer. Treat these responders as "qualified prospects" and be sure to send information and additional offers that keep them engaged.

2. **Break through the clutter.**

In addition to employing a strong offer, you should create an ad that stands out from the crowd. Take a look at other online ads, especially those of your competitors, and strive to be different.

Choose an ad format that is both cost-effective and provides you with the "real estate" you need to market your product or service. These days, online ads can include more than static images. Depending on where you advertise, you may be able to use rotating graphic images, embedded video, ads that expand, and other creative formats. Think about what is most appropriate and most affordable for your situation.

Your objective is to get a website visitor to click on your ad. Use graphics that pull the prospect in. Say just enough with the copy – but not so much that the prospect won't want to find out more. Look at an online ad as a kind of miniature electronic billboard.

3. **Measure results.**

With online ads, it's easy to measure results, but be sure the results you measure are meaningful. It's fine to measure clickthroughs from an ad to your website, but it's even better to know how many of those clickthroughs turn into prospects, and how many prospects become customers.

How do you know? One way is to develop a "landing page" for your ad. Someone who clicks on your ad is directed to this special page instead of to your website home page. A landing page gives you the ability to know exactly how many responses were generated from your ad at any given time. Include a simple form for the prospect to fill out on the landing page. Now you have captured a lead that

you can add to an email contact list. If you keep track of that lead, you can determine if the prospect eventually becomes a customer. Then you'll be able to trace that customer back to the online ad.

How to Boost Your Advertising Effectiveness

Whether you are evaluating *Bluegrass Today* or any other website or traditional publication, ask these three basic questions before you decide where to place your ad:

1. **How can I target my advertising to a particular geographic area?**
   Many advertisers who reach the bluegrass community are promoting festivals, artist appearances in select areas, clubs, or other local events. With geo-targeting, IP addresses are used to identify and target regions, states, and even cities with your advertising, so you get maximum efficiency and reach the audience in the location you want. Make sure you can geo-target your ads if that's important to you.

2. **How can I get a variety of ad placements to suit my needs?**
   The advertising you buy should be based on getting the most efficient ad space for your budget. If you want to get maximum impact for a new product introduction or a major festival, for example, consider a leaderboard, a large horizontal ad which appears at the top of a page, or a skyscraper, a large vertical ad which runs along the side of a page. To advertise a new recording efficiently, you might consider a smaller square, rectangle, or horizontal ad that sits within a page. You can gain exclusivity by becoming one of just a few advertisers in an email newsletter that goes out to a website's subscribers. Maybe you want to start out small and just buy a premium listing in a directory of events. Determine if the websites you are considering offer many advertising options to meet varying promotional needs.

3. **How do I know my ads are working?**
   Online advertising offers reach and frequency, but it also offers measurability. Any website you select for your advertising should be able to provide you with detailed analytic reports. Ideally, a website should be able to give you access to your own live banner activity control panel so you can get real-time results and even make changes to your program on the fly.

Resources

Checklist: Comparing Print and Online Media

Use this checklist to compare the characteristics and advertising capabilities of print and online media.

	Print Media (such as magazines)	Online Media (such as websites)
Declining circulation	√	
Increasing popularity		√
Published/updated periodically	√	
Published/updated continuously		√
Reaches limited, defined audience	√	
Reaches unlimited, global audience		√
Can be geographically targeted	√	√
Delivered in a single printed format	√	
Delivered on multiple electronic devices and available anywhere		√
Long lead times for ads	√	
Ads can be inserted within 24 hours		√
Ads have to wait until the next issue to be updated	√	
Ads can be updated on the fly		√
Only static ads can be used	√	
Multimedia ads can be used		√
Ads are interactive and response is immediate		√
Ads can link directly to any webpage to facilitate response		√
Ad response can be measured	√	√

Common Online Media Buying Terms

Above the fold	The placement of any ad, text, or graphic in such a way that the viewer does not have to scroll down a webpage
AdWords	An advertising product that allows advertisers to purchase ad space on Google's search engine based on keywords
Banner ad	A display ad on a webpage
Clickthrough	The act of clicking on an ad or a link
Conversion rate	The rate at which individuals who click convert to leads or sales

CPC	Cost Per Click
CPM	Cost Per Thousand Impressions
CTR	Click Through Rate; the number of clicks divided by the number of impressions
Download	To transfer any document or content from one system to another
Geo-targeting	The act of targeting a webpage ad to a specific geographic area
GIF	(Graphical Interchange Format); a "GIF" generally refers to an ad or area of a webpage that uses multiple image in rapid succession to give the impression of fluid motion
Hit	The accessing of a single file by a single user on a webpage. The number of hits does not represent website popularity, as commonly believed.
Home page	Typically, the first or main page of a website
Hyperlink, Link	Highlighted or active text or graphics that takes a user to another place
Impression	A single time that an ad is displayed on a webpage to an individual user
IP Address	Unique string of numbers that represents a computer's Internet location
Interstitial	An online ad that appears between two wepages
JPEG	Usually refers to a graphic image
Keyword	A word someone searches for, typically on a search engine
Landing page	The first page viewed by someone who clicks on an ad
Leaderboard	A horizontal banner ad that typically appears on the top of a webpage
Pop-up	An ad or box that pops up during a website visit
Rich media	Online ads or webpage elements that have interactive and/or multimedia components
Rotation	The act of selectively serving up a banner ad on a webpage
Run of Site (ROS)	Indicates that an ad could appear on any page of a website
SEO	Search Engine Optimization
Skyscraper	A vertical banner ad that typically runs on the left or right of a webpage
Social media	Broadly defines a class of interactive networks and tools that facilitate information sharing
Tracking code	A specific code, generally included in the URL, that allows a link, an ad, or other online element to be tracked
URL	"Uniform Resource Locator" – an address on the Internet
Web form	An area used to capture information on a webpage
Webpage	A single viewable page on a website
Website	A collection of webpages

Information Sources

Experian Simmons
http://www.experian.com/simmons-research/simmons-consumer-research.html

Insight Research Group
http://www.insightrg.com/

NPD Group
https://www.npd.com/wps/portal/npd/us/home

eMarketer
http://www.emarketer.com/

Pew Internet and American Life Project
http://pewinternet.org/

comScore
http://www.comscore.com/

Newspaper Association of America
http://www.naa.org/

Audit Bureau of Circulations
http://www.accessabc.com/

Publishers Information Bureau
http://www.magazine.org/advertising/index.aspx

Nielsen Online
http://nielsen.com/us/en/measurement/online-measurement.html

About Bluegrass Today

Bluegrass Today is the most vibrant online gathering place for bluegrass music. Fans, writers, musicians and industry professionals visit daily for up to the minute breaking news, reviews and airplay charts. Complete with our own social network, classified ads, artists, agent, festival and event directories and more, Bluegrass Today is the essential place to promote and market your products, services and talents to the bluegrass community.

Your ad in ***Bluegrass Today*** isn't limited to the small subscriber base of traditional media. It can be viewed by anyone, anytime and anywhere with an Internet connection. With hundreds of thousands of page views every month, your ad will be seen by bluegrass fans around the world!

As the premier source for all things bluegrass, your presence within the pages of ***Bluegrass Today*** is not only an essential component to maintaining top of mind awareness, it's an essential connection to your target audience. Your peers, customers and fans visit ***Bluegrass Today*** every day to see what's happening in the world of bluegrass.

To discuss an advertising strategy that will help you reach bluegrass fans where they **want** to be reached, please contact:

Bluegrass Today Advertising Department
Phone: (615) 410-4905, extension #2
Email: advertising@bluegrasstoday.com