



Raleigh-Durham Market Report

A Monthly Newsletter for Advertisers in The News & Observer, Raleigh, NC

Prepared by the Market Research Department of The News & Observer August 2006

BUSINESS BRIEFS

RETAIL

Raleigh Dormia, an upscale mattress store, opened at Crabtree Valley Mall and kidswear store Janie and Jack will open soon...Ambiente, a contemporary furniture store, expanded and moved from Glenwood Ave. to Brier Creek on World Trade Blvd...The Grape, a wine store and wine bar opened in Cameron Village...Plumbing supply retailer Ferguson XpressNet opened its second Triangle store at 240 Newton Rd...The opening of Costco's new store at Wake Forest Rd. and Six Forks Rd. has been delayed until at least September...In November, Planet Fitness will open in Millbrook Collection shopping center at Millbrook Rd. and Atlantic Ave...JJ Antiques opened in Sutton Square on Falls of the Neuse Rd...Home Again, a furniture and antiques consignment store, opened at 4406 Wake Forest Rd...SuzAnna's Antiques opened at 9300 Durant Rd...A CVS drugstore will be built on Leesville Rd., just south of the Outer Loop across the street from an Eckerd store...TC Fitness opened at 4710 Fayetteville Rd...Curves for Women opened in Capital Commons near Capital Blvd. at Louisburg Rd.

Cary Trader Joe's will lease the former Winn Dixie store in Shoppes of Kildaire in Cary and should open by October...Perfumania opened in Cary Towne Center and 5-7-9, a women's apparel store, will soon open.

Wake Forest Pump it Up: The Inflatable Party Zone opened in Wake Forest.

Durham Chico's will expand and move to the Bailey, Banks & Biddle space in Streets at Southpoint in Durham. Bag N Baggage will move to the former KB Toys store near Belk, and women's fashion store Soma will replace KB's...In September, Riverview Shopping Center on North Roxboro Rd. in Durham will finish its expansion where China Star and Eze Packaging will locate...Fantastic Sam's opened in Alexander Village at Page Rd and T.W. Alexander Dr...Sci-Fi Genre opened at 3215 Old Chapel Hill Rd. selling comic books and games...Jigsaw, a comics book store, opened on Dillard St...Cruizers on (cont. on page 3)

Latest Market Leaders

According to the latest Scarborough Research survey April 2005-March 2006 among Wake, Durham, Orange and Johnston County adults, market share leaders are:

Malls shopped past 3 months:

- 1. Crabtree Valley Mall 47%
- 2. Streets at Southpoint 35%
- 3. Cary Towne Center 34%
- 4. Triangle Town Center 34%
- 5. Brier Creek Commons 30%
- 6. Crossroads Plaza 26%
- 7. North Hills 21%
- 8. Northgate Mall 18%
- 9. Cameron Village 17%
- 10. New Hope Commons 16%

Major stores shopped past 3 months:

- 1. Wal-Mart 80%
- 2. Target 68%
- 3. Best Buy 43%
- 4. Hudson Belk 41%
- 5. Dollar Tree 38%
- 6. Kohl's 38%
- 7. Kmart 37%
- 8. Sears 37%
- 9. JC Penney 34%
- 10. Dollar General 34%

Fast food restaurants visited past 30 days:

- 1. McDonald's 50%
- 2. Wendy's 44%
- 3. Chick-Fil-A 38%
- 4. Bojangle's 36%
- 5. Subway 32%
- 6. Taco Bell 31%
- 7. Burger King 30%
- 8. KFC 23%
- 9. Arby's 21%
- 10. Hardee's 18%

Sit-down restaurants visited past 30 days:

- 1. Golden Corral 25%
- 2. Chili's 17%
- 3. Applebee's 16%
- 4. Outback Steakhouse 12%
- 5. IHOP 11%
- 6. Olive Garden 11%
- 7. Cheesecake Factory 9%
- 8. Red Lobster 8%
- 9. Texas Steakhouse 8%
- 10. Bear Rock Cafe 6%

Radio stations listened to past 7 days:

- 1. WQDR 17%
- 2. WDCG 16%
- 3. WRAL 16%
- 4. WUNC 16%
- 5. WQOK 13%
- 6. WPTF 13%
- 7. WRSN 13%
- 8. WRDU 12%
- 9. WRVA 11%
- 10. WNNL 10%

TV networks watched past 7 days:

- 1. WRAL 67%
- 2. WTVD 60%
- 3. WNCN 42%
- 4. WRAZ 40%
- 5. WLFL 23%
- 6. WRDC 15%
- 7. Public 14%
- 8. WRPX 8%
- 9. WFPX 1%
- 10. Any Cable 78%

Grocery chains shopped past 7 days:

- 1. Food Lion 65%
- 2. Harris Teeter 42%
- 3. Wal-Mart Supercenter 35%
- 4. Lowe's Foods 30%
- 5. Kroger 30%
- 6. SuperTarget 16%
- 7. Sam's Club 16%
- 8. BJ's Wholesale 11%
- 9. Whole Foods 11%
- 10. Fresh Market 7%

Cable networks watched past 7 days:

- 1. Discovery 35%
- 2. Weather 33%
- 3. ESPN 32%
- 4. CNN 31%
- 5. TNT 29%
- 6. CNN Headline News 26%
- 7. Comedy Central 26%
- 8. History 25%
- 9. USA 25%
- 10. Fox News Channel 25%

AUGUST 2006							SEPTEMBER 2006						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5						1	2
6	7	8	9	10	11	12	3	4	5	6	7	8	9
13	14	15	16	17	18	19	10	11	12	13	14	15	16
20	21	22	23	24	25	26	17	18	19	20	21	22	23
27	28	29	30	31			24	25	26	27	28	29	30

AUGUST 2005							SEPTEMBER 2005						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5	6					1	2	3
7	8	9	10	11	12	13	4	5	6	7	8	9	10
14	15	16	17	18	19	20	11	12	13	14	15	16	17
21	22	23	24	25	26	27	18	19	20	21	22	23	24
28	29	30	31				25	26	27	28	29	30	

	'05	'06		'05	'06
AUGUST			SEPTEMBER		
Weekdays	23	23	Weekdays	22	21
Saturdays	4	4	Saturdays	4	5
Sundays	4	4	Sundays	4	4

Highest Payroll Dates are indicated by bold-faced red numbers; other payroll dates by regular-faced red numbers.

Unusual Weather Patterns August and September 2005:

- Unusually cool (high 81-82 degrees): August 17, 18, 23
- Unusually cool (high 73 degrees): September 30
- Unusually warm (high 95-97 degrees): August 4, 12, 15, 16, 20, 21
- Unusually warm (high 91-95 degrees): September 2, 3, 15-18, 20, 23
- Precip. (0.1" +): August 7, 9, 10, 13, 14, 16, 17, 23, 30
- Precip. (0.1" +): September 13, 20

The N&O Has A Database Solution for You

The News & Observer is not just a newspaper anymore. In addition to ads printed on news pages, you can choose targeted direct marketing using reliable databases from Claritas/PRIZM and Donnelly that include just about any type of target available. Our databases are updated every three months. In addition to inserting preprinted advertising sections in The N&O by zip codes, we can send them to non-subscribers. We can print them for you, too. We have more than 20,000 online Web site registrants with their demographic descriptions so you can advertise specifically to them.

Other options include Front Page Ad Notes that adhere to the front page (or other front sections) in a can't-miss format. For another first impression try printed plastic bags that subscribers see first when they pick up their papers each day.

Just ask your N&O account representative to work out a plan for you. For mail advertising, contact Ruth Doherty, (919) 836-5639 (rdoherty@newsobserver.com), Jo Baker (919) 836-5640 (jbaker@newsobserver.com) or Doug Rogers (919) 836-5658 (doug@newsobserver.com).

Free Media Evaluation

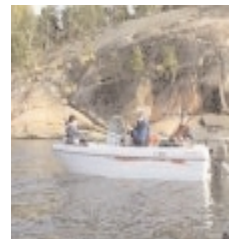
Having second thoughts about your media mix? Are you not getting the results you thought you would? It could be the media you are using, or how you're using them. We can evaluate your media buys using Scarborough's syndicated research which reports audience reach by local media.

And, we can evaluate your N&O ads regarding layout and copy, timing, section placement and product selection.

Just ask your N&O advertising sales representative or e-mail me at boney@newsobserver.com. It's free and there's no obligation.

Summer Fishing Days!

Fishing enthusiasts are reading our award-winning Outdoor Pages in every Thursday Sports section. Here are some numbers to consider: The average daily N&O is read by 81,000 adults who fished in the past 12 months. If you also run a combo with Sunday, you'll have 120,000 adult readers who fish. On a 6-week contract? With 6 daily/Sunday N&O combos, you'll get 174,000 net, unduplicated readers who fish. And, because N&O readers have more disposable income than the general population, they will buy your more profitable items.



Source: Total 23-county Raleigh-Durham survey area.
Source: Scarborough Research, April 2005-March 2006

Other Promotional Opportunities

- Sept. 4 *Labor Day*
- Sept. 10 *Grandparents' Day*
- Sept. 22 *American Business Women's Day*
- Sept. 23 *First Day of Autumn*

August is National Immunization Awareness Month and Back-to-School Month.
September is Baby Safety Month, National Chicken Month, National Cholesterol Month, National Honey Month and National Piano Month.

Business Briefs (cont. from page 1)

Sedwick Rd. will become the Triangle's first gas station to offer ethanol fuel E85, a blend of 85 percent ethanol and 15 percent gasoline. About 830 stations nationwide sell E85 which can be used only in vehicles designed for it. Holmes Oil of Chapel Hill owns Cruizers stations and plans to offer E85 in Pittsboro next .

Restaurants and Night Clubs El Tapatio Mexican restaurant opened on New Bern Ave...An as yet unnamed 5,000-SF restaurant will open in Millbrook Collection on Atlantic Ave. at Millbrook Rd...Quizno's will open sub shops in five North Carolina Handee Hugo stores, including one in Raleigh and two in Apex...Cinelli's will replace Andy's Pizza at North Hills in August...Pei Wei Asian Diner will open in September and Starbucks will open in August at Cary Towne Center...Big Island Smoothie opened at Streets at Southpoint in Durham...New Asia restaurant will open this fall in Leesville Town Center.

Developments The Boulevard Co. has decided not to build a condo development at Hillsborough St. and Boylan Ave...Duke Realty will build an office building at Perimeter Park in Morrisville. The 204,000 SF/5-story building will be near N.C. 54...Plans to build The Oaks at Hayes Barton, a 300-unit continuing-care community on Oberlin Rd., have been scrapped. They were to have been priced at \$700,000 to \$800,000 each. Developer Roger Perry feels it would have been too close to a competitor.

Closings The Record Exchange closed on Hillsborough St. and in Mission Valley Shopping Center...NV, a menswear store, will close at North Hills...Kotani Oriental Antiques and Art closed on E. Lane St. in Raleigh...Old Navy closed at Northgate Mall in Durham...Southend Brewery & Smokehouse closed in Glenwood South and will be replaced by Prime Only, a steak and sashimi restaurant, in November.

At the Airport JetBlue's first flight from RDU International Airport to its hub in New York's JFK airport was sold out and subsequent flights are booking heavily. JetBlue also began flights July 12 from Charlotte, and they are at least 95 percent full. Among all carriers there are now 41 daily round trips to New York from RDU.

Vehicle Sales In the first six months of this year compared with the same period in 2005, vehicle sales rose by 1,169 in the 8-county Raleigh-Cary-Durham Combined Statistical Area, which includes Wake, Franklin, Johnston, Durham, Orange, Person, Chatham and Harnett counties. Cars represented 49 percent; trucks, 51 percent. In the state, 7,335 fewer trucks were sold during that period.

Employment Novartis, a Swiss drug maker, will build a \$267.5 million flu vaccine plant in Holly Springs that will employ 350 people within five years with an average annual salary of almost \$50,000. Novartis manufactures many popular drugs, such as Lotrel, as well as Ex-Lax, Maalox, Gerber baby food and CIBA Vision contact lens cleaners. There are about 80 drug, research and device companies in the region, including GlaxoSmithKline. Merck is building a vaccine manufacturing plant north of Durham and Wyeth recently expanded in Sanford...Sysco opened its new food distri-

bution center in Selma which will employ 300 by August 27...Parata Systems, which makes robotic prescription dispensers, will keep its headquarters in Durham and hire 200 workers within five years...Satellite dish maker Andrew Corp. will stay in Smithfield instead of moving to Goldsboro as previously announced. This will keep about 230 jobs in Smithfield; another 204 jobs are planned eventually...Nortel, which employs 2,600 in the Triangle, will eliminate 1,100 jobs worldwide, but it has not announced how many will be reduced locally...North Carolina added 11,700 jobs in June, the third highest state in the U.S...John Deere in Fuquay Varina is furloughing 200 employees for a month with groups of workers taking July, August, September or October off. They will return at full pay after a month and can receive unemployment benefits while on furlough...The Pantry will move its corporate headquarters from Sanford to Cary but keep about 300 employees at Sanford for processing and accounting.

May unemployment rates (unadjusted)

County	May 05	May 06	County	May 05	May 06
Wake	3.8%	3.4%	Harnett	4.9%	4.6%
Durham	4.1%	3.8%	Person	5.9%	6.0%
Orange	3.6%	3.2%	Ral./Dur./Cary CSA	4.0%	3.6%
Johnston	4.2%	3.6%	No. Carolina	5.2%	4.6%
Franklin	4.6%	3.9%	U.S.	4.9%	4.4%
Chatham	3.7%	3.4%			

Banks SunTrust Bank sold its 17-story downtown tower in Durham to Greenfire Development for \$4.1 million. The bank will move 125 employees to Diamond View near the Durham Bulls Athletic Park but keep the ground floor of the tower for a branch.

Accolades Money Magazine named Raleigh number 4 in its 2006 Best Places to Live among large cities; Cary ranked number 5 among smaller cities. Greenville claimed the number 18 spot for highest percentage of singles (47.6%) and Jacksonville ranked number 1 with the lowest median age at 22.9 years.

The N&O Circulation Continues Rising

Compared with the previous annual audit for calendar year 2004, the new Audit Bureau of Circulations report for 2005 disclosed Sunday News & Observer circulation increased to 211,491, up from 211,042 in 2004. In order to coordinate with advertising price structures, the new report breaks out Monday-Thursday average daily circulation and Friday-Saturday circulation instead of Monday-Friday and Saturday separately. Monday-Thursday circulation in 2005 was 167,920 and Friday-Saturday was 179,543. In the past five years, Sunday circulation has increased 1,686, from 204,752 in 2001. In 2001, Monday-Friday circulation was 165,965.

Scarborough Research reported 404,306 adults read the average daily N&O in the 22-county Raleigh-Durham DMA (A.C. Nielsen's TV market) and Robeson County, and 500,812 read the average Sunday N&O. The DMA/Robeson County represents approximately 90 percent of The N&O's circulation distribution area. The survey was conducted April 2005-March 2006. It does not include readers younger than 18 years old.

ADVERTISING OPPORTUNITIES

August Top Retail Store Sales

Nationwide above-average retail store sales in August (8.3%+)

	AUG	SEP
Automobile dealers	8.9%	8.6%
Automotive parts, accessories, tires	8.8	8.3
Book stores	12.6	9.2
Building materials and supplies dealers	9.0	8.8
Clothing stores, family	8.5	7.6
Clothing stores, men's	8.4	7.5
Computer and software stores	8.4	8.5
Drinking places	8.6	8.4
Furniture stores	8.5	8.1
Gasoline stations	8.8	8.4
Grocery stores	8.3	8.3
Home furnishings stores	8.5	8.1
Restaurants, full-service	8.7	8.1
Restaurants, limited-service	8.7	8.1
Shoe stores	9.6	7.6
Sporting goods stores	9.2	7.8
Warehouse clubs and superstores	8.3	7.7

Use monthly sales trends to coordinate your advertising expenditures and to track how your store compares with U.S. trends.

Source: Monthly Retail and Food Service Sales, 2004 sales, <http://www.census.gov/mrts/www/data/html/nsalo4.html> as published in NAA Planbook 2006

Top Newspaper Advertising Categories

Nationwide above-average newspaper advertising in August (8.3%+)

	AUG	SEP
Auto dealers, new and used	8.3%	8.7%
Auto supply and accessory stores	12.5*	7.7
Bedding stores, sleep centers	8.8	8.6
Boats/motors/marine accessories	11.4	9.4
Clothing stores, family	11.3	7.2
Clothing stores, men's	9.5	6.6
Computer sales, services & repairs	8.3	8.1
Consumer electronics stores	9.0	7.2
Drug stores, pharmacies	8.5	6.3
Fabric & sewing stores	10.3	8.5
Food stores/supermarkets (chains)	8.5	8.5
Home furnishings stores	8.9	8.5
Hotels, motels, resorts	8.7	7.2
Musical instruments	12.6	2.9
Office supply & equipment stores	15.3*	7.9
Sporting goods stores	10.1	6.4

Use this information to see how retailers like you advertise in newspapers each month.

Source: Competitive Media Reporting, Inc. (AdTelligence Newspaper Services) 2004 / as published in NAA Planbook 2005

*Peak for year

Building Audience Reach

Many advertisers judge newspaper ads as a one-shot exposure, but audiences build considerably over the course of 13-, 26- or 52-week contracts offered by The N&O. Here is how net, unduplicated reach, average frequency and gross rating points accumulate among adults in the aggregate Wake, Durham, Orange and Johnston county region:

Average Monthly Household Expenditures

	AUG	SEP
Appliance, TV and other electronics stores	\$53	\$49
Automobile dealers	600	585
Automotive parts, accessories, tire stores	53	50
Beer, wine, liquor stores	23	23
Book stores	18	13
Building materials and supplies dealers	217	213
Clothing stores -- family	54	48
Clothing stores -- men's	7	6
Clothing stores -- women's	24	25
Computer & software stores	14	14
Department stores, conventional & nat'l chains	62	60
Department stores, discount	93	84
Drinking places	15	15
Furniture stores	44	41
Gasoline stations	255	243
Grocery stores	335	332
Home furnishings stores	36	34
Jewelry stores	16	15
Pharmacies and drug stores	129	128
Restaurants, full-service	129	122
Restaurants, limited-service	128	119
Shoe stores	20	16
Sporting goods stores	25	21
Warehouse clubs and superstores	184	172

Sources: U.S. Census Bureau's Monthly Retail and Food Service Sales, 2004, and Statistical Abstract of the United States, 2004. NAA 2006 Newspaper Advertising Planbook

Estimated households in Raleigh-Cary-Durham Metro:
Wake Co. 290,000; Franklin County 21,000;
Johnston County 57,000; Durham County 98,000;
Orange County 47,000; Chatham County 24,000;
Person County 15,700; Harnett County, 39,000

-----INSERTIONS-----

	1	13	26	52
Daily N&O				
Reach	35.2%	59.2%	64.0%	68.2%
Avg. Frequency	1.0	7.7	14.3	26.8
GRPs	35	457	915	1,830
Sunday N&O				
Reach	43.1%	67.8%	72.4%	76.2%
Avg. Frequency	1.0	8.3	15.5	29.4
GRPs	43	560	1,120	2,240
Daily/Sunday N&O, net				
Reach	50.0%	71.9%	76.6%	80.5%
Avg. Frequency	1.6	14.2	26.6	50.5
GRPs	78	1,017	2,035	4,070

Source: Scarborough Research, April 2005-March 2006