

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

December 2006

BUSINESS BRIEFS

RETAIL Raleigh Best Buy, Bebe, The Go Pack store, Town and Country Lifestyles, MAC Cosmetics, and Solstice Sunglass Boutique opened at Crabtree Valley Mall...Footwear store Journey's, Seagrove Pottery and Honey Baked Hams opened in Triangle Town Center. J. Jill will open in early Dec...BJ's Wholesale Club opened in Plantation Point shopping center across from Triangle Town Center...Rapid Refill Ink store will open in Dec. in Alexander Place Promenade on U.S. 70 W and in January in Plantation Point across from Triangle Town Center...Body Chic and JustSleep opened and Footwear store Monkee's will open next spring in North Hills...Carafe Wine Makers opened in Falls River Town Center off Durant Rd....Healthtrax Fitness & Wellness will open early next year at Lead Mine Rd. and Forum Dr...Lifestyle Family Fitness will open next year in the former Lowes Foods location at Six Forks and Wake Forest roads in Raleigh...Whimsical Cookies opened in City Market downtown...Trends 'n Traditions opened on E. Whitaker Mill Rd...**Cary** Soma by Chico, Coldwater Creek, Dewey's, and d.e.m.o. opened in Cary Towne Center...Trader Joe's opened in Shoppes of Kildaire...Rapid Refill Ink will open at 1249 NW Maynard Rd...Lifestyle Family Fitness will open next year in the former Lowes Food location at 1741 Walnut St...**Fuquay-Varina** Brooke Insurance and shipping store Goin' Postal will open in Jan. at King's Grant Commons at U.S. 401 and Ten-Ten Rd...**Apex** Lifestyle Family Fitness will open next year on Vision Dr... **Wake Forest** Housewares store The Robin's Nest and Sassy Glass opened in The Cotton Company...**Durham** HaircolorXPerts, Go! The Game Store and Clubhouse Sports opened, and Office Depot will open in late December at Northgate Mall...FedEx Kinko's and Verizon opened in Indigo Corners at Mt. Moriah Rd. and 15-501...Book Dabbler opened at 1821 Hillandale Rd...A Beautiful Day Bridal opened at 1804-E North Pointe Dr...Compare Foods opened at 2000 Avondale Drive... **Hillsborough** The Hillsborough Wine Co. moved to 118 S. Churton St.

Restaurants and Night Clubs Raleigh Los Cuates will open in Dec. in (cont. on page 3)

New Study Reports 3 out of 4 Moviegoers Use the Newspaper; Half Use Newspaper's Online Site

LOS ANGELES, CA – October 25, 2006 – Moviegoers use of newspapers is indisputable, a new newspaper study shows. The results of the recent study, conducted in May and June 2006, confirm those of one conducted in December 2005 and presented at ShoWest earlier this year. The two phases of research were designed and conducted to evaluate the various sources of information for gathering movie information among moviegoers.

Prevailing wisdom has been that moviegoers no longer use the newspaper to make decisions and that other emerging media are more effective. Until now, there has been no data to either support or dispel these broad ideas. By conducting phase 2 in early summer the results also illustrated the lack of effect that seasonality has on newspaper use by moviegoers. For the purposes of both studies, moviegoers were defined as those who see three or more movies per year.

Members of the newspaper community and the NAA (Newspaper Association of America) wanted to explore this question and established a Moviegoers' Newspaper Usage Research Committee to pursue it. As part of their process, the group selected Nielsen NRG (National Research Group) to design and conduct studies to uncover some answers. Key highlights from Phase 2 include:

- 77% of moviegoers use the print newspaper.
- 52% of moviegoers use the newspaper's online version.
- Print newspaper usage is stable across segments (17-24, 25-34, 35-44, 45-59, 60+), but with older consumers reporting higher frequency.
- Newspapers are third as a general source of movie information, only behind TV & movie trailers at theatres.
- Newspapers come in second in the movie decision-making process, only behind TV.
- The entertainment section of the newspaper is again the most frequented section of the newspaper by moviegoers.
- Movie related content heavily influences movie going decisions, with reviews and ads having the greatest impact on movie selection.

David Gillson, SVP at Nielsen NRG stated that, "The overall findings of Phase 2 are stable compared to Phase 1. This tells us two critical things: (1) seasonality, and the type of films in the marketplace, do not affect newspaper use and (2), the majority of moviegoers use newspapers.

Annotated results from both Phase 1 and Phase 2 of the study can be found and downloaded at www.moviegoersnewspaperusage.com. The Newspaper Usage Research Committee includes Belo Newspaper Group, Boston Globe, Calkins Media, Chicago Sun-Times News Group, Cox/Atlanta, Freedom Media Enterprises, Gannett, Hearst Newspapers, Media General, Media News Group, New York Daily News, San Diego Union Tribune, Tribune Company, Village Voice Media and The Washington Post. Nielsen NRG (www.nrg.com) is a full-service consulting and custom research firm serving the entertainment industries, with practice groups focused on motion pictures, independent film, home entertainment, Broadway, television, interactive, games and mobile services. The firm conducts both quantitative and qualitative research and collects data through a broad array of methodologies. Nielsen NRG is a sister company to Nielsen Music, Nielsen Media Research and Nielsen Net Ratings.

Join The N&O Zone

The News & Observer offers an incentive package for its subscribers that includes free and discounted offers from local retailers. These are usually 2-for-1 offers or a discount off a normal selling price.

Participating merchants receive valuable publicity in N&O promotional ads and brochures. To see a current Zone offer, click on newsobserver.com and go to keyword "zone." If you are a News & Observer contract advertiser in good standing, you can join the rewards program. Contact Allison Rankin at 829-4716 or e-mail her at allison.rankin@newsobserver.com

Fishing Presents Wanted

Every fisherman wants the latest and greatest fishing gear for Christmas, and The N&O's award-winning Outdoor Pages in every Thursday Sports section offer the best targeted and affordable method to reach people who fish or hunt. Here's why: The average daily N&O is read by 81,000 adults who fished in the past 12 months. Combine with The Sunday N&O and reach 120,000 net, unduplicated adult readers who fish. N&O readers have more disposable income than the general population and will buy your more profitable items.



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

Other Promotional Opportunities

Dec. 21	<i>1st Day of Winter</i>
Dec. 25 (Monday)	<i>Christmas</i>
Dec. 31	<i>New Year's Eve</i>
Jan. 1	<i>New Year's Day</i>
Jan. 15	<i>Martin Luther King Jr. Day</i>

January is National Hot Tea Month and Oatmeal Month.

DECEMBER 2006							JANUARY 2007						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
					1	2		1	2	3	4	5	6
3	4	5	6	7	8	9	7	8	9	10	11	12	13
10	11	12	13	14	15	16	14	15	16	17	18	19	20
17	18	19	20	21	22	23	21	22	23	24	25	26	27
24	25	26	27	28	29	30	28	29	30	31			
31													

DECEMBER 2005							JANUARY 2006						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
				1	2	3							
4	5	6	7	8	9	10	1	2	3	4	5	6	7
11	12	13	14	15	16	17	8	9	10	11	12	13	14
18	19	20	21	22	23	24	15	16	17	18	19	20	21
25	26	27	28	29	30	31	22	23	24	25	26	27	28
DECEMBER				'05	'06		JANUARY				'06	'07	
Weekdays				22	21		Weekdays				22	23	
Saturdays				5	5		Saturdays				4	4	
Sundays				4	5		Sundays				5	4	

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

Unusual Weather Patterns December 2005 and January 2006:

Unusually cold (high 31-45 degrees): December 8, 13, 14, 17, 18, 21
 Unusually cold (high 44-49 degrees): January 6, 7, 15, 23, 26
 Unusually warm (high 61-68 degrees): December 4, 24, 25, 28, 31
 Unusually warm (high 60-69 degrees): January 1, 5, 9, 11-13, 16-20, 28-30
 Precip. (0.1" +): December 4, 5, 9, 15, 18, 25, 28 (trace of snow 15, 17, 18)
 Precip. (0.1" +): January 2, 6, 11, 13, 18, 21, 31

Targeted Advertising Solutions for Your Store

Target your precise direct mail audience with reliable databases from The News & Observer's Direct Marketing division. Using accurate, up-to-date Claritas/PRIZM and Donnelly records, you can pick and choose as you wish. Databases are updated every three months. So, in addition to inserting your preprinted advertising sections within The N&O by zip codes and/or sending them to non-subscribers, we can design, print and mail the entire job. You can also advertise on the popular N&O Websites, newsobserver.com and triangle.com, where more than 20,000 are registered with their demographic descriptions. 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. Make your 2007 reservations now.

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), Greg Morris (919) 836-5610 (gmorris@newsobserver.com) or Doug Rogers (919) 836-5658 (dougr@newsobserver.com).

Business Briefs (cont. from page 1) Emporium Plaza on Capital Blvd...Mimi's Cafe will open in Mar. in Plantation Point across from Triangle Town Center...Hudson's Oyster Bar & Grille replaced Gino Russo's in Pleasant Valley Promenade...Cheeburger Cheeburger opened at Spring Forest and Falls of the Neuse roads...Prime Only opened in the former Southend Brewery at 505 W. Jones St...Bruegger's bagel store opened in Brier Creek Commons...Arby's will replace Schlotzsky's at Wake Forest and Six Forks roads...J. Betski's opened in Seaboard Station off Peace St...Yancy's opened in the Hudson in downtown Raleigh ...**Knightdale** Applebee's will open in Dec. at Midway Plantation...**Clayton** Four Seasons Gift Baskets & More opened at 104 W. Main St... Starbucks opened at 13024 U.S. 70 West...**Durham** Carrabba's opened in Indigo Corners at Mt. Moriah Rd. and 15-501.

Developments Raleigh Construction could start this spring on Crabtree Village, a 24-acre development by Atlanta-based Madison Retail and York Residential on a triangle of land bounded by Crabtree Valley Ave., Blue Ridge Rd. and Homewood Banks Dr. It will include up to 749 residences and 160,000 square feet of shops and restaurants in a first phase. A second phase will include one building housing up to 150 hotel rooms, along with offices, shops and restaurants...Toll Brothers plans to add up to three buildings with 22 two-bedroom condos in each on 7.9 acres at Brier Creek...**Durham** Greenfire Development bought Liberty Warehouse on Rigsbee Ave. and will redevelop it in about five years into housing, offices and shops.

Housing In the third quarter in the 6-county market there were 4,298 new home closings and median prices climbed 6.2% to \$222,000 compared to the same quarter in 2005, according to Market Opportunity Research Enterprises. Nationally, home sales were down 14.2% and prices fell the most in 35 years. However, sales in the third quarter locally were well below the 11.6% increase last year. In October, Triangle home sales dropped 4.5%, inventory grew by 6.6% and price cutting rose 17%. Although home sales rose 3.4% from a year ago to \$227,185, 37% of all listings had price reductions according to Triangle MLS. Houses sold faster than last year -- 72 days on average versus 82 days in October 2005...Woodfield Investments is building 669 apartments in two complexes in the Triangle... In the year ending Sept. 30, there were 1,972 apartments built in the Triangle, an increase of 26% above the annual past three-year average. The vacancy rate was 8.3% and average monthly rent was \$777, according to the Triangle Apartment Association.

Closings Raleigh Dick Purvis Antiques in Cameron Village and moving to Atlanta in Dec...Ward Stone on Lake Wheeler Rd...NuMarkets in North Raleigh...Auction Storehouse in North Raleigh...Touch of Gold on Falls of the Neuse Rd...Schlotzky's at Six Forks and Wake Forest roads and will be replaced by Arby's...Factory Card & Party Outlet at 6220-104 Glenwood Ave...Jezebel's Salty Fare Seafood Market and Grill in Falls River Village Shopping Center on Durant Rd...**Durham** Loehmann's early next year at Loehmann's Plaza off I-85 at Hillandale Rd.

At the Airports Mar. 11, Southwest Airlines will add a sixth flight to Philadelphia from RDU...Jan. 6, Kinston will lose Delta's air ser-

vice to Atlanta, but Jacksonville's Ellis Airport is picking it up. Allegiant Air serves Kinston with two flights per week to Orlando.

Banks RBC Centura will buy 39 AmSouth Bancorp branches in Alabama.

Employment Mail advertising company IWCO Direct will buy the Cox Target Media plant in Wilson, saving 440 jobs and creating 98 more jobs over the next 2 years...In Nash County landscaping company Hanes Geo-Components will create 212 jobs and spend \$4.5 million on a manufacturing plant and equipment in Middlesex, and Fawn Electronics of Wilson will hire or move 90 to 100 employees and spend \$5 million at a new plant in Nashville.

Newspaper Preprints Heavily Used for Shopping

"Consumer usage of Newspaper Advertising 2006," a survey on how consumers feel about and use advertising revealed...

- 55% of respondents said newspapers are the most used medium to check for what to purchase. The Internet came in second place at 19%.
- Top categories regularly checked by preprint users are (in order): grocery stores, department stores, discount stores, home-building centers, consumer electronics stores, drug stores
- Women and African Americans are the primary users of preprints. Two-thirds of primary shoppers in households are regular preprint readers.
- Use of preprints among 18-to-24-year-olds rose to 42%.
- Nearly half of respondents had recommended to a friend or family member to check out a preprint within the past 30 days.
- More than 40% of respondents had brought a preprint along with them while shopping. Preprints of interest are kept an average of four days.
- Although preprints in Sunday newspapers are the most often read, more than two-thirds of readers look at preprints during weekdays.
- Nearly three out of four insert users make it a point to check inserts when they are in the market for a particular product.
- Three out of four respondents who receive publications sent to non-newspaper subscribers (TMC products) look at some or all of the advertising inserts.

"So Long, Friends...It's Been a Pleasure Serving You"

I will be retiring December 29. After 32 years of writing this monthly newsletter, this will be my final one. I sincerely hope you have benefited from reading it. My main purpose in writing it is to help you with decisions about advertising and marketing, which as you know can be a very complex task.

I also want to thank those of you who are News & Observer advertisers for continuing to support the newspaper industry. My 41 combined years working at The News & Observer in Display Advertising and Market Research and in Display Advertising at the Charleston Gazette and Daily Mail in West Virginia have been very enjoyable.

I wish you much success in your business and hope you will continue to advertise in The News & Observer for many years to come.

-- Bob

ADVERTISING OPPORTUNITIES

December Top Retail Store Sales

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

	DEC	JAN
Appliances, TV, other electronics stores	14.2%*	7.6%
Automotive parts and accessories	8.3	7.3
Beer, wine, liquor stores	12.4*	6.5
Bookstores	13.1*(t)	12.4
Clothing stores, family	14.6*	5.7
Clothing stores, men's	14.4*	6.5
Clothing stores, women's	12.9*	6.3
Computer & software stores	11.6*	7.6
Department stores, convent. & nat'l chain	16.1*	6.2
Department stores, discount	13.4*	6.9
Drinking places	8.5	7.7
Furniture stores	9.4*	7.6
Grocery stores	9.1*	8.1
Home furnishings stores	11.6*	6.8
Jewelry stores	23.8*	5.2
Pharmacies and drug stores	9.6*	8.1
Restaurants, full-service	9.0*	7.6
Restaurants, limited-service	8.7	7.4
Shoe stores	11.6*	6.1
Sporting goods stores	13.6*	6.4
Warehouse clubs and superstores	11.4*	7.1

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, 2005 sales, as published in NAA Planbook 2007

Top Newspaper Advertising Categories

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

	DEC	JAN
Appliance sales, service & repairs	10.6%*	7.9%
Auto dealer associations	11.7*	7.9
Auto repair services/service stations	8.6	8.2
Auto supply & accessory stores	8.7	8.0
Book stores	12.8*	7.7
Candy, nut & confectionery stores	37.8*	2.1
Cameras, photo supplies & equipment	38.0*	1.4
Card & gift stores	19.4*	6.1
Clothing stores, children's & infants'	15.2*	5.3
Clothing stores, family	13.6*	5.0
Clothing stores, men's	11.4	6.8
Clothing stores, women's	16.2*	12.5
Computer sales, service, repairs	8.3	9.6
Consumer electronics stores	11.4*	9.0
Department stores	13.8*	5.7
Department stores (discount)	10.1	7.4
Drug stores, pharmacies	10.7*	9.4
Fabric & sewing stores	11.1	5.7
Farm equipment dealers & services	13.9	0.1
Food stores/supermarkets (chains)	8.6	8.2
Food stores/supermarkets (independents)	8.9	9.1*
General merchandise & variety stores	11.3*	6.0
Home furnishings stores	10.1	6.7
Jewelry & watch stores	22.5*	4.8
Liquor	11.5	2.6
Motion pictures	10.5	12.1*
Office supply & equipment stores	11.0	12.4*
Sporting goods stores	12.7*	7.6
Video rental, CD, tape & record stores	11.8	4.5

Source: TNS Media Intelligence (AdTelligence) 2005 as published in NAA Planbook 2007

*Peak for year

Average Monthly Household Expenditures

	DEC	JAN
Appliance, TV and other electronics stores	\$52	\$98
Automobile dealers	538	475
Automotive parts, accessories, tire stores	54	47
Beer, wine, liquor stores	39	20
Book stores	19	18
Building materials and supplies dealers	205	166
Clothing stores -- family	101	39
Clothing stores -- men's	12	6
Clothing stores -- women's	42	21
Computer & software stores	20	13
Department stores, conventional & nat'l chains	121	46
Department stores, discount	159	82
Drinking places	14	13
Furniture stores	49	40
Gasoline stations	286	231
Grocery stores	378	335
Home furnishings stores	54	32
Jewelry stores	60	13
Pharmacies and drug stores	149	126
Restaurants, full-service	142	119
Restaurants, limited-service	131	111
Shoe stores	26	14
Sporting goods stores	38	18
Warehouse clubs and superstores	275	173

Sources: Monthly Retail and Food Service Sales, 2005 Sales; Statistical Abstract of the United States, 2006. NAA 2007 Newspaper Advertising Planbook

Estimated households in Raleigh-Cary-Durham Metro:
Wake Co. 305,000; Franklin County 21,000;
Johnston County 57,000; Durham County 100,000;
Orange County 50,000; Chatham County 25,000;
Person County 16,000; Harnett County, 39,000

New Car Buyers Say Newspaper Print and Online Ads More Helpful than Other Media

A survey among 1,504 potential auto buyers conducted this past summer by GfK Automotive revealed newspaper ads in print and online are more helpful than ads in other media, beating out radio, television and magazines. Newspaper ads were noted for being more helpful than other media when narrowing possible vehicle choices and deciding which make and model to purchase. Two out of three respondents who read the newspaper at least once a week reported reading the paper every day in the three months prior to buying a vehicle, and eight out of 10 surveyed said they would like to see more ads from auto manufacturers in their newspaper.