

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

June 2006

BUSINESS BRIEFS

Retail This fall, Best Buy will move from Pleasant Valley Promenade to Crabtree Valley Mall's convenience center where Toys "R" Us was located...Kem, a handbag store, opened in Crabtree Valley Mall...In August, Auto Zone will open at 7400 Glenwood Ave...The Alexander Place Retail Center is being built next to Carolina Ale House at Brier Creek where a Goodwill Community Foundation store and several retailers will open...A Hampton Inn is planned at Brier Creek...The Room Store, which opened in the former Rhodes Furniture building on Glenwood Ave., plans a second store on Glenwood near Lake Anne Dr...CC & Co. Dance Complex opened in Leesville Towne Center...Asian Mart opened on Glenwood Ave. across from Fred Anderson Toyota...Floral Accents & Interiors, Traditions, Sunglass Hut and Acorn opened in North Hills...Aldi will open in October in Eastgate Shopping Center on Wake Forest Rd. in Raleigh...Bead Delite opened in Forest Oaks Place shopping center on Old wake Forest Rd...This summer, An Chau Plaza, a 21,000-SF Vietnamese market, will replace the former IGA store in Stony Brook Shopping Center off Brentwood Rd. at Capital Blvd...Premier Paints opened in Trawick Corners Shopping Center in Raleigh...Ramada will take over the former Hotel Europa on Capital Blvd. with plans to qualify as a 4-star hotel...Casanova, a high-fashion boutique, opened in Triangle Town Center...A YMCA will open in The Factory in Wake Forest...In June, Performance Bicycle will open in Village Square shopping Center in Cary...H2Only Cleaners opened in Cary's MacGregor Square and another will open in June in Alexander Village near RT P...Butterfly Life, a women's-only gym, opened in High House Crossing in Cary...Listwise Realty Services opened in Cary's Crossroads Plaza...Lauth Retail of Indianapolis may build a 700,000-SF shopping center on the northeast corner of I-40 and Hwy. 42, about 10 miles south of Raleigh. A schematic of Spring Branch Promenade on Lauth's Web site indicates nearly 40,000 SF for a theater, a 25,000-SF Haverty's, a 20,000-SF Office Max, a 15,000-SF Petco, a 15,000-SF Sports Authority, a 40,000-SF Circuit City, a 15,000-SF DSW Shoes, a 25,000-SF Marshall's and 203,091 SF for a (cont. on page 3)

Gas Prices are Up, So What Do you Do?

The recent increase in fuel costs is undermining business profits, even in the relatively prosperous Triangle. Some businesses operating on a shoestring may file Chapter 11 as a result of the increases. Others will need to make up for the shortfall by cutting costs, laying off personnel, hiking prices or simply biting the bullet by operating on smaller margins. Below are some basic steps you can take.

1. Keep loyalty among your customers. Consider printing offers on cash register receipts for discounts on future purchases, like grocery stores do, or drop separately printed offers into customers' shopping bags for discounts.
2. How well maintained is your Web site? Have you tested it yourself or asked others to check it? Is it up-to-date and easy to navigate? Does it have click-throughs for additional information? Can an order be placed directly on your site? A poorly maintained site is worse than no site at all - frustrated visitors have little patience.
3. Are you advertising in the right media? You can request a free media evaluation from The News & Observer Market Research Department. There's no cost nor obligation, and the information is based on an independent research company's survey results. We can quickly show you if a radio station's listeners are a good match of your shoppers, or if a TV schedule is reaching your target with the desired frequency.
4. Do your newspaper ads follow basics of good layout and copywriting? Is your product selection, timing and section placement on target? It is important to know how illustrations, screens, overprinting, etc., will reproduce on newsprint. Is your logo complete, offering important information such as phone numbers, specific location directions, days and hours of opening, etc.? Does your ad make it clear that merchandise can be ordered by phone or via your Web site, so customers don't have to drive to your store? If you need guidance in newspaper ad design, just ask your N&O sales representative or send your ad(s) to me. Again, there is no cost or obligation.
5. Does your overall advertising plan fit your business and your budget? Are your broadcast ads (radio and TV) in keeping with the image you want the public to perceive? Do you use professional talent, or are you trying to save a buck by appearing in the commercials yourself? It's a bitter lesson to learn, but a store's image can be ruined quickly and easily - even permanently - by improper use of commercials. Although they can be very expensive, good TV and radio production can be a bargain in the long run.
6. Consider new options available from The News & Observer. In addition to ads printed within the newspaper (zoned or full-run), you can reach non-subscribers with preprinted inserts by zip code. First-impression options include printing ads on subscriber polybags and front-page stick-ons. The N&O's Direct Mail division can prepare your customer profile match and design a mailing program to meet your needs. If the Internet is your choice, The N&O has one of the most advanced and successful Web sites in the country and offers many affordable options to target your specific category. Whether it's full-run circulation, zoning, preprinted advertising sections, the Internet or direct mail, The N&O offers a way to reach almost everyone in the greater Triangle region. And, if your customers come from smaller Triangle towns, we also offer ads individually or in combination with The Cary News, Triangle East (Zebulon, Wendell, Knightdale), The Chapel Hill News, The Durham News, and The Herald (Johnston County). Just ask your N&O sales rep about these options.

Let us know how we can help you.

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

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

Peak Payroll Dates are indicated by the colored numbers above.

Unusual Weather Patterns May and June 2005:

- Unusually cool (high 65 degrees): June 2
- Unusually cool (high 80 degrees): July 29
- Unusually warm (high 95-96 degrees): June 6, 15
- Unusually warm (high 95-102 degrees): July 1, 5, 6, 12, 17-22, 25-27
- Precip. (0.1" +): June 2, 7, 10, 28
- Precip. (0.1" +): July 6, 7, 17, 19, 21, 28-31

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. In addition to inserting preprinted advertising sections in The N&O by zip codes, we can send them to non-subscribers. If you don't have preprinted inserts, we can print them for you. And, 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. Our databases are updated every three months.

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 (dougr@newsobserver.com).

Free Media Evaluation

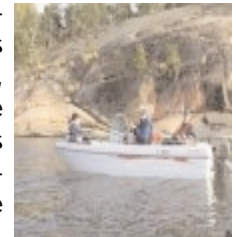
Thinking about a media mix? Having disappointing results from your current advertising program? It could be the media you are using, or how you're using them. We can evaluate your media buys using Scarborough's syndicated research which shows you audience reach by local media.

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. We can also critique your newspaper ads. It's free and there's no obligation.

It's Fishing Season !

Fish are biting everywhere -- lakes, ponds and saltwater! And, fishing enthusiasts are reading The N&O's award-winning Outdoor Pages in the Thursday edition.



The average daily N&O is read by 93,000 adults who fished in the past 12 months. Take advantage of a combo discount with Sunday and get 141,000 fishing enthusiasts. On a 6-week contract? With 6 daily/Sunday N&O combos, you'll get 197,000 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, October 2004-September 2005.

Other Promotional Opportunities

June 14	Flag Day
June 18	Father's Day
June 21	1st Day of Summer
July 4	Independence Day

Business Briefs (cont. from page 1) major anchor. None of these retailers has confirmed plans to open there, and Wal-Mart has stated it would not be the anchor. Lowe's Home Improvement opened recently near the site...Beaver Creek Cinema 12 opened in Beaver Creek Commons in Apex with 12 screens and stadium seating...The Guitar Center opened in Durham's Northgate Mall...University Village, a \$95 million development of condos, retail, office space and hotel will replace the Best Western University Inn on N.C. 54 in Chapel Hill. About 30% of the condos will cost \$100,000 or less...It Figures Athletic Apparel opened on Hyannis Dr. in Holly Springs...Interior design store Creighton Manor opened in Clayton's Flowers Plantation Shopping Center on N.C. 42...Berry Towne Crafts opened at The Cotton Company in Wake Forest...Chatham Marketplace opened in Pittsboro...Anytime Fitness plans 40 more locations in the state including one in June in Morrisville and one in Knightdale in July...Releve Dancewear will open in July in Holly Springs.

Restaurants and Night Clubs in June, Shane's Rib House at Poyner Place near Triangle Town Center will open...Raising Ale will replace the former Darryl's on Hillsborough St...Doc Green's will open in Cary's Centrum Station...Greenshields Pub reopened in Cary's Preston Walk Shopping Center...Bistro 64 opened in Cary's MacGregor Village...Red Robin Gourmet Burgers opened in Cary replacing Copeland's...Moe's opened in May in Fuquay-Varina and others will open in Durham's Patterson Place and Knightdale's Shoppes at Midway Plantation...T.Q. Zheng's Asian Bistro opened on Rink Road near Brier Creek shopping center...In June, Rudino's will open in Sunset Village in Holly Springs...Milltown opened on Main St. in Carrboro...Vincent's Pizza will open at The Factory in Wake Forest this summer.

Developments Boylan Development is planning Windsor Manor with about 300 apartments or condos, 15,000 SF of services and shops and parking for about 125 near Six Forks Rd. and Atlantic Ave. Boylan is also building The Windsor, a 55-unit apartment building adjacent to Windsor Manor. North of the apartments, Stratland Homes is building 198 condos on Meadow Wood Blvd. and to the east, Mercury Development plans several hundred condos or apartments on about 50 acres ...Broadstreet Partners of Charleston, S.C., will build 1,200 apartments just inside the Beltline off Atlantic Ave...Soleil Group, which is building the 43-story Soleil Center tower near Crabtree Valley Mall, plans an 18-story mixed-use building alongside. Inside the Tower will be a 264-room Westin Hotel, plus offices, condos and retail. It replaces a Clarion Hotel which was razed May 7...Gregg Sandreuter is planning West, a 14-story complex of 155 condos and 17,000 SF of shops, offices or restaurants on N. Harrington St. that could open by 2008...Crosland is planning a \$100 million mixed-use community at High House Rd. and Davis Dr. in Cary, including about 350,000 SF of shops and offices, several hundred townhomes, condos, apartments and possibly single-family homes. Construction could begin in 2007. At the northwest corner of that intersection, Stone Creek Village will contain Harris Teeter and could include up to 210,000 SF of shops and offices by this fall. And, at the southeast corner, SearStone, a 75-acre planned community, may also include shops and homes.

Closings Wil-Mar Golf Club in East Raleigh will close after 2007

and probably become a residential development...Est! Est! Est! and Cuba restaurants closed in downtown Raleigh...Suncoast Motion Picture Co. is closing at Triangle Town Center.

At the Airport July 1, Delta will add a 4th flight to New York's JFK Airport. American Eagle offers 5 daily trips. July 20, Jet-Blue begins 4 daily round trips...Chavez Properties is planning a 3,000-car parking lot for RDU passengers near the airport.

Media News According to a Harris Interactive Poll, 77% of U.S. adults watch local broadcast news, 71% watch network broadcast or cable news, 64% read news online, 63% read a local daily newspaper, 54% listen to radio news, 37% listen to talk radio stations, 19% listen to satellite news, and 18% read a national newspaper. Reading a daily newspaper increases with age, from 43% of 18-to-27-year-olds to 80% of 59-and-older. The survey was conducted online among 2,985 U.S. adults in Jan., 2006...June 27, WTVD will begin producing a 10 p.m. newscast for WLFL. Next fall, WLFL will be come an affiliate of the new CW network, created by the merger of WB and UPN networks...Mintel International of Chicago reported in "Attitudes Toward TV Advertising" TV audiences have fragmented drastically since 1990 when there were only 4 networks and about 60 cable and satellite channels in the U.S. In 2003, there were 7 networks and about 263 subscription channels. Mintel estimates that 20% of households will have DVR services by the end of this year and that 90% of DVR subscribers use the service to skip commercial content. The study also reported 44% typically avoid watching TV commercials, 40% change the channel when commercials play and 37% feel all TV advertising annoys them...Winter Arbitron radio station ratings for the Raleigh-Durham market: WOOK (African-American contemporary), 8.3; WNNL (religious), 7.3; WQDR (country), 6.9; WDCG (pop hits teens/young adults), 5.3; WYMY (Mexican), 5.2; WPTF (news/talk), 4.3; WRAL (adult contemporary), 4.3; WFXK (African-American adult), 3.8; WFXC (African-American adult), 3.2; WRSN (adult contemporary), 3.2. A rating indicates the percentage of people 12 and older who listened at least 5 minutes within an average 15-minute period.

Industry and Jobs North Carolina could be where Novartis will locate an 800-employee, \$400 million flu vaccine plant...Forbes named the Raleigh-Cary metro No. 2 and the Durham metro No. 8 among best in the U.S. to do business or have a career, citing low costs, educated labor supply, strong job and income growth.

March unemployment rates (unadjusted)

County	Mar 05	Mar 06	County	Mar 05	Mar 06
Wake	4.0%	3.3%	Harnett	5.2%	4.4%
Durham	4.2%	3.6%	Person	6.7%	5.9%
Orange	3.5%	3.1%	Ral./Dur./Cary CSA	4.2%	3.5%
Johnston	4.5%	3.5%	No. Carolina	5.3%	4.5%
Franklin	4.8%	3.8%	U.S.	5.4%	4.8%
Chatham	3.9%	3.6%			

Banks SunTrust may move from downtown Durham to another place in downtown Durham...In May, Winston-Salem-based Southern Community Bank and Trust opened on Glenwood Ave. and may move its regional headquarters within two years.

ADVERTISING OPPORTUNITIES

June Top Retail Store Sales

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

	JUN	JUL
Automobile dealers	8.5%	9.0%*(T)
Automotive parts, accessories, tires	8.8	8.8
Building materials and supplies dealers	9.4*	9.0
Gasoline stations	8.7	9.0
Restaurants, full-service	8.3	8.9*
Restaurants, limited-service	8.5	9.1*
Sporting goods stores	8.8	8.8

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 June (8.3%+)

	JUN	JUL
Auto repair services/service stations	9.4*	8.3
Boats/motors/marine accessories	10.0	10.3
Bookstores	9.7	3.7
Cameras, photo supplies & equipment	23.3	0.1
Clothing stores, men's	9.7	6.5
Food stores/supermarkets (independents)	8.4	6.8
Hobby & craft products	19.7	0.0
Home centers/lumber/building supplies	9.8	5.5
Hotels, motels, resorts	9.6	8.2
Lawn & garden machinery & equipment	11.7	4.6
Liquor	9.5	12.3
Men's footwear	15.3	0.9
Paint, wallpaper & glass stores	12.0	14.2*
Sporting goods stores	10.0	6.1

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

The News & Observer Circulation is Rising

The ABC FAS-FAX report for daily and Sunday newspaper circulation for 6 months ending March 31, 2006, reported all 3 editions of The News & Observer gained circulation over the same period a year prior. Very few U.S. newspapers' circulation rose during that time.

Compared with the same period in 2005, circulation of the Monday-Friday N&O was 178,210, +2,098 (1.2%); Saturday, 176,256, + 667 (0.4%); and Sunday 213,878, 2,647 (1.3%).

The Durham Herald-Sun's Monday-Friday circulation fell to 44,651 (-8.2%); Saturday dropped to 39,102 (-15.9%) and Sunday slipped to 45,114 (-13.4%). Nationwide, daily newspaper circulation fell 2.5% and Sunday fell 3.1%.

Average Monthly Household Expenditures

	JUN	JUL
Appliance, TV and other electronics stores	\$50	\$51
Automobile dealers	577	613
Automotive parts, accessories, tire stores	53	53
Beer, wine, liquor stores	24	26
Book stores	10	10
Building materials and supplies dealers	228	216
Clothing stores -- family	47	51
Clothing stores -- men's	6	6
Clothing stores -- women's	25	24
Computer & software stores	13	13
Department stores, conventional & nat'l chains	59	57
Department stores, discount	88	90
Drinking places	15	15
Furniture stores	42	44
Gasoline stations	251	259
Grocery stores	332	349
Home furnishings stores	34	35
Jewelry stores	17	16
Pharmacies and drug stores	130	129
Restaurants, full-service	124	133
Restaurants, limited-service	125	133
Shoe stores	16	18
Sporting goods stores	23	24
Warehouse clubs and superstores	180	185

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

How Much Should You Spend on Advertising?

Advertising-to-sales ratios for selected U.S. retailers 2005:

	% of Sales	% of Margin
Apparel & accessory stores	3.7%	11.3%
Department stores	4.4	13.6
Drug & proprietary stores	0.8	4.1
Family clothing stores	2.2	6.0
Furniture stores	7.2	18.1
Grocery stores	1.0	3.8
Jewelry stores	4.9	11.6
Lumber & other building materials	2.8	7.5
Shoe stores	2.4	6.9
Women's clothing stores	3.7	9.1

Source: Advertising Age/Schonfeld & Associates, Inc.