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New Research Sheds Light On How Radio Works For Advertisers.

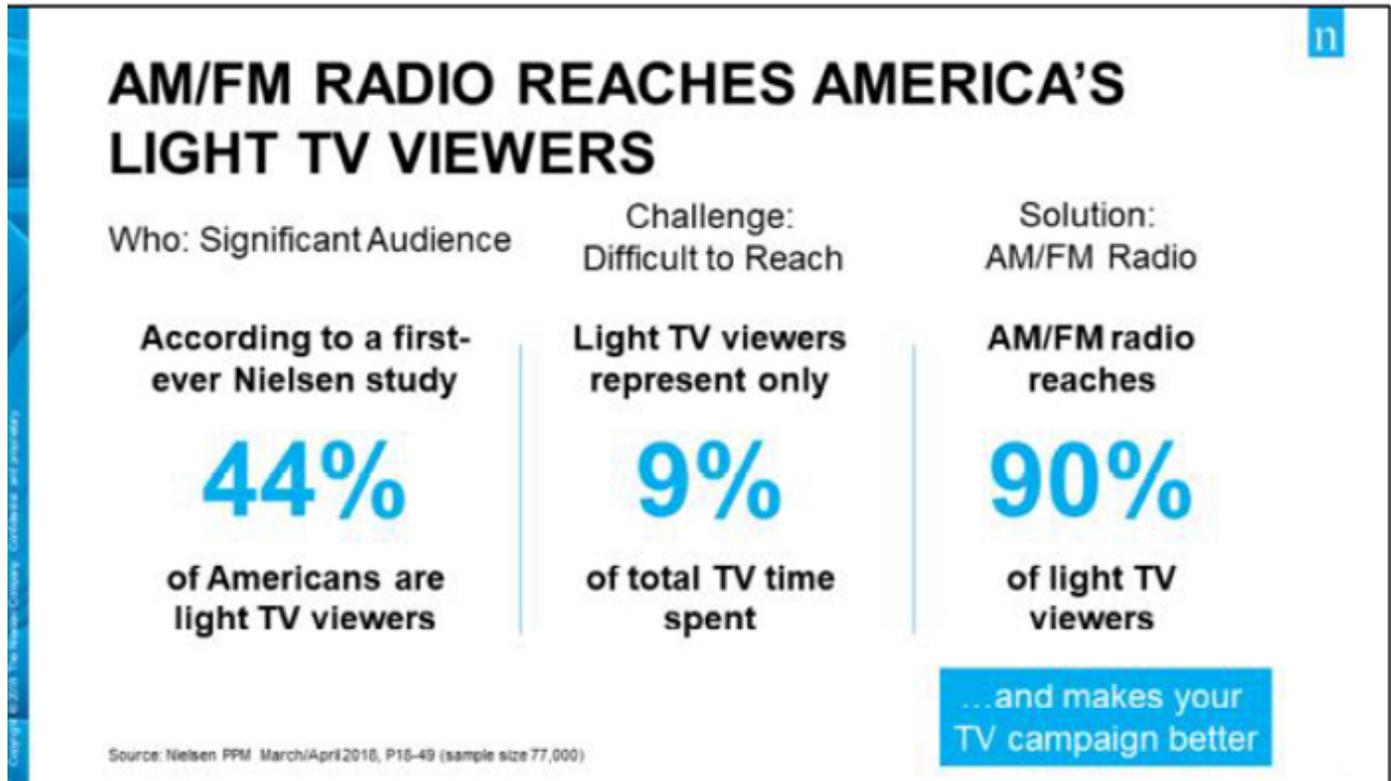
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For a medium that's been around for nearly a century, the broadcasting industry is just beginning to understand how, exactly, radio works to deliver results for advertisers. New research is showing how AM/FM functions in a complementary manner with other media, like TV, making those channels work

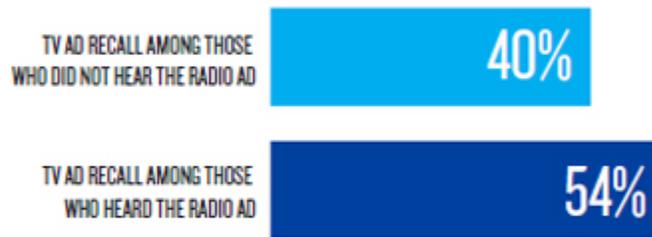
harder for marketers.

According to a first-ever Nielsen study of 77,000 persons 18-49 fielded in PPM markets in March and April, 44% of Americans are light TV viewers and represent only 9% of total time spent with TV. Yet radio reaches 90% of these difficult-to-reach consumers, many of whom are younger consumers. A separate Nielsen study for a large TV network found that adding radio spots to the network's TV campaign for a drama program's season premiere increased the campaign's frequency by 80%.



"What we find is adding radio into the broadcast mix does two things. First it increases the reach and the frequency of the campaign very efficiently," says Gayle Troberman, chief marketing officer at iHeartMedia. "On top of that, we often find clients will heavy up on radio at the beginning of the campaign and it will accelerate the impact of both TV and digital media." Another Nielsen study, this one for a major national insurance company, confirmed this dynamic. It found that running a radio campaign alongside TV created 35% higher awareness for the brand than TV alone. "The headline is that radio makes your TV better," says Pierre Bouvard, chief insights officer at Cumulus Media and Westwood One. "Putting radio on the plan will bring you new and different people along with the folks only exposed lightly by TV, thereby amplifying the frequency."

RADIO BOOSTS THE MEMORABILITY OF YOUR TELEVISION ADVERTISING



CONSUMERS WHO HEARD RADIO ADS HAD A 35% HIGHER AWARENESS OF THE SAME ADVERTISER ON TV.

TV isn't the only media for which radio strengthens campaign impact. A Katz Radio study showed radio delivered a 261% awareness lift among radio-exposed adults for the same campaign on mobile internet, a 100% lift for newspaper ads and 92% for outdoor. Other media channels that experienced radio-induced campaign lifts were PC internet (+81%), direct mail (+78%) and magazines (+42%).

The research suggests that upping a campaign's ad frequency by adding radio's big reach helps brands get inside consumers' heads so when they see the TV or digital ad, it adds credibility to the brand. This is known as multi-source validation, a relatively new term that is gaining traction in advertising circles. "The idea is that hearing the message and seeing the message from different sources creates greater validity, awareness and recall in the mind of the consumer," says Brad Kelly, managing director of Nielsen Audio.

As a result, some radio broadcasters are taking a new approach in sales pitches to big billion dollar brand advertisers. Rather than disparaging TV, sellers are suggesting marketers shift a portion of their TV budget to radio to get more mileage out of their TV buys. "For my entire career, we were taught to think of radio and TV as competing media. Now we're understanding that's no longer true, that they are actually highly complementary of each other," Kelly says. "Individually they deliver something, but together they create something more."

One reason why the whole is often greater than the sum of the parts is that radio and television reach different audiences. Radio listeners skew younger, TV viewers are older. Radio is primarily an out-of-home media whose prime time consumption period is during the day. TV is mainly an at-home media and mostly consumed in the evening.

Building an advertising 'scenario'

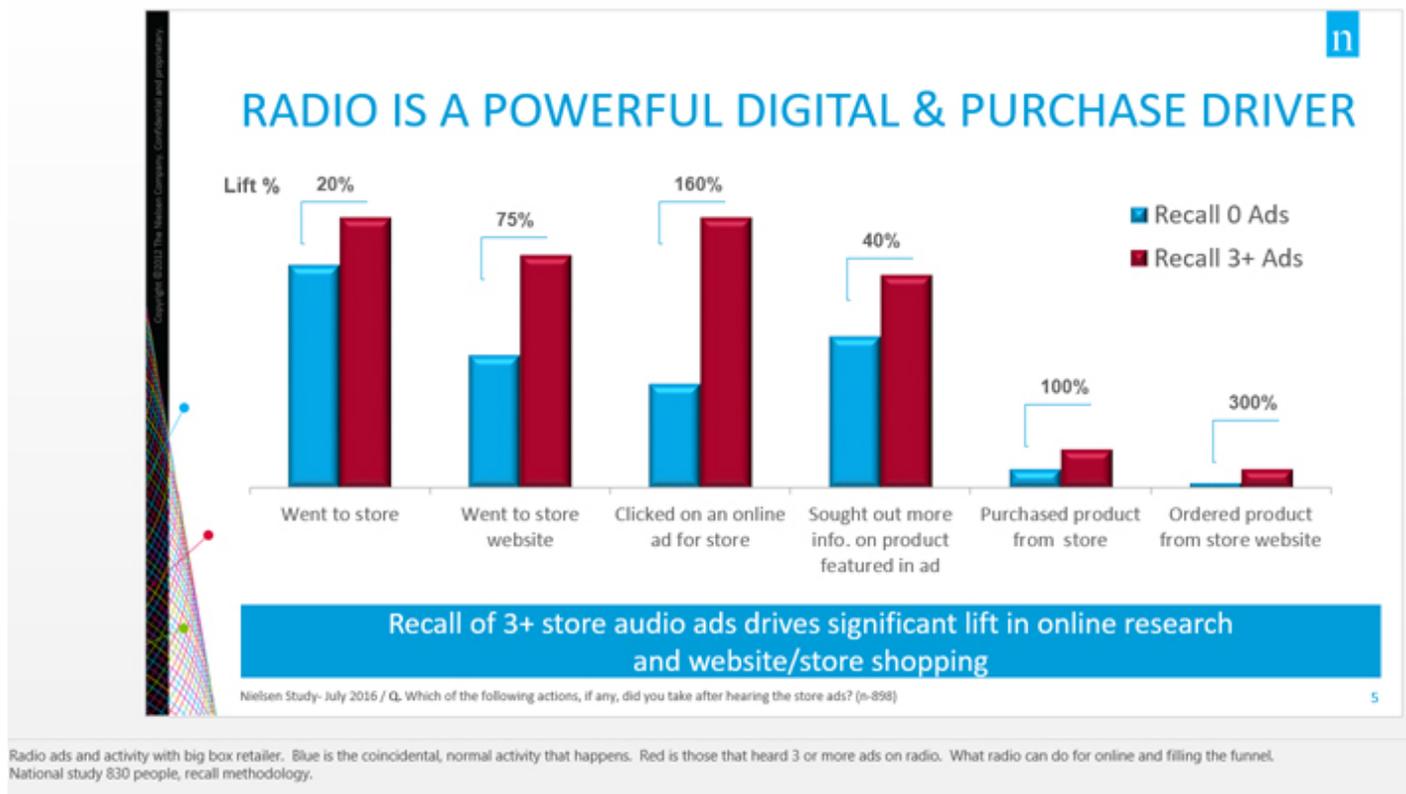
To discover how the two media work together, advertisers no longer have to rely on anecdotal information. Last week Nielsen launched Local Media Impact, the first multi-channel media planning tool for agencies and advertisers that includes local radio listening data. LMI could have a dramatic

impact on how radio is bought and used on the local level. “The agency response has been overwhelming,” Bouvard says. “This allows the agency to ask what-if questions – if I put 10% or 20% of my budget into radio, what does that do to my reach and frequency? It’s like a scenario builder.”

While initially available only in the top 25 markets, LMI fills a gaping hole for granular local radio listening data to be used in the media planning process, something that had dogged the industry for years and is now increasingly important in data-driven media buying decisions. “I think it will help all of us in the industry who promote radio to get people to pay attention, which is very hard when you can’t put the metrics in front of them,” says Stacey Lynn Schulman, chief marketing officer at rep firm Katz Media Group. “If you are out in front of people and show them how radio works in tandem with other media, you’re more inclined to be in the consideration set.”

Coming at a time when marketers are grappling with how to replace reach lost to declining TV viewing – radio reaches 92% of persons 18+, while live and time-shifted TV has slipped to 88% – the timing of the LMI launch could be all the more fortuitous for radio. “As TV reach is declining and radio is holding steady at mass scale, we’re seeing more demand and interest from clients with better data and better planning tools,” Troberman says.

Recent research and new analytics providers, meanwhile, are piling up convincing evidence that radio drives search activity and website traffic for advertisers. A July 2016 study from Nielsen of 898 respondents showed a big box retailer experienced a 20% in-store traffic lift and a 75% boost in website visitors among consumers who heard three or more of the retailer’s radio ads.



And a recent Interactive Advertising Bureau-commissioned study conducted by Research Now showed digital media used simultaneously with radio and TV drove positive brand perception and intent to shop for a major U.S. retailer. The IAB cross-media ad attribution study showed exposure to

media on multiple channels was a key driver, accounting for 90% of purchase intent and 68% of brand perception. Also of note: No media used alone drove significant brand lift.

Further proof of radio's ability to drive online search activity came in a 2017 RAB-commissioned study from Sequent Partners and Media Monitors that showed advertising on radio drove a 29% incremental lift in brand online search results. The analysis was based on more than 2,100 local radio ads across six categories. The practical relevance of the findings is that radio can play a pivotal role in influencing a consumer's path to purchase, as they continue to hear of, learn about and shop for brands and products across a multitude of devices.

While studies like these help frame the conversation between buyers and sellers, many radio companies have partnered with marketing attribution vendors that can measure radio advertising's impact on search volume and website visitation for individual client campaigns. Companies such as Analytic Owl, C3 Metrics, Elytics and LeadsRX are able to document the corresponding bump in search and website traffic during the radio spot flight and measure the impact of changing the radio creative. Katz is working on developing its own capability to gauge the impact of specific radio spot creative. This type of attribution research is resonating especially well with local and regional auto dealers, where web search is almost always part of the purchase equation.

"For a dealership to be top of mind when a consumer starts searching is critical," Troberman says. "Most dealers track their radio campaigns by the impact of web search and they continue to be among some of our biggest and most predictable radio advertising clients because radio gets the brand in your head and accelerates and increases the impact of digital search."

PART TWO: As Radio Is Rediscovered, New Questions For Marketers.