

Radio advertising effectiveness

Uwe Domke, RMS Radio Marketing Service, and **Christoph Wild**, ARD-Werbung Sales and Services GmbH, provide answers to ten frequently asked radio questions

THIS ARTICLE LOOKS AT 10 questions about radio advertising effectiveness that you were too afraid to ask.

1 Does a radio commercial have to be 'loved' to generate sales?

Boisterous commercials that elicit little response can generate successful sales.

The standardised media test IMAS-PsychoMeter provides an assessment of impact (penetration) and resonance (effect of content) for radio commercials. This way, tested radio commercials can be divided into four categories, like the BCG matrix (see Figure 1).

According to test results, a radio commercial used by German supermarket *real* in 2003 clearly belongs in the category of 'Noisy market traders'. Depending on the objectives, this kind of commercial can be successful. It achieved a high level of awareness, which resulted in people going into *real* stores and buying.

The commercial ran November to December 2003 as part of a sales promotion campaign in which a different non-food product was advertised each day. Using a campaign check on ACNielsen Single Source PLUS Radio (SSPR), an investigation was conducted to see what extra sales in the food section

were generated as a result of this campaign for non-food products.

This showed that the campaign for non-foods worked very positively on sales of food. *real's* market shares in the product groups analysed increased by up to 31% among those exposed to the advertising, compared to those with no contact with the campaign.

The short-term additional sales generated, which statistically can be significantly attributed to the radio campaign, amount to over eight euros per advertising euro invested. Further, the measured sales increases due to the campaign can be traced back to both increased purchase frequency among existing *real* customers and the acquisition of new purchasers.

2 Because listening is passive, is contact with radio commercials too fleeting to have any effect?

Radio advertising does not need targeted attention to have an effect.

In a fundamental study, *Qualitäten der Radiowerbung (Qualities of Radio Advertising) (QdR)*, more than 1,900 respondents said whether they normally listen attentively to the radio programme or more in passing, relative to 16 activities they may be involved in while listening. On the basis of their responses, respondents were divided into three groups: Attentive listeners (28% of respondents); Passive listeners (35%); and Listeners with varying listening intensity (37%). Designed as a study to measure the contact quality of radio as an ad medium, *QdR* makes it possible to compare identified radio campaign contacts with the characteristics of selected advertising effectiveness parameters, so that advertising response curves can be deduced. From these curves, we can draw conclusions about the effectiveness potential and the progression of effectiveness for different target groups.

On the basis of nine tested campaigns, we conclude that radio advertising is equally effective for both Attentive listen-

ers and Passive listeners; exposed respondents have higher values in both groups for aided advertising recall and spontaneous brand awareness than unexposed respondents; but there is little difference in the progression of the response curves for spontaneous brand awareness between Attentive and Passive listeners.

For aided ad recall, though the response curve for Attentive listeners starts at a lower level, it rises more sharply than for the comparison group. The generally higher noise to which Passive listeners are subjected leads to a flatter progression of ad effectiveness: against the backdrop of many other contacts: each individual (additional) contact cannot generate the same increase in ad recall as for the Attentive listener who has fewer competitor contacts.

3 Radio advertising is not very popular. Does this damage its effect?

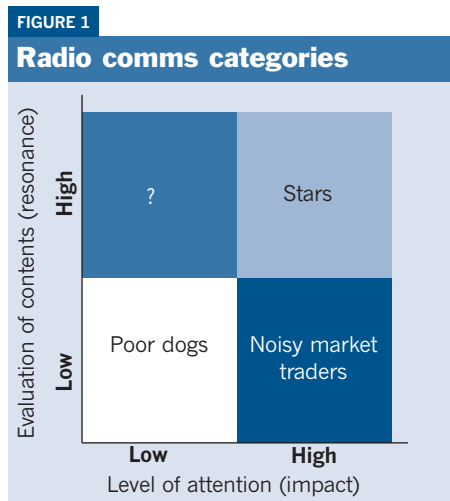
Campaign effectiveness is independent of general attitudes to radio advertising.

In *QdR*, an 11-item statement battery relating to respondents' attitudes to radio advertising was included. Cluster analysis divided respondents into groups with differing attitudes: 17% could be called Fans of advertising, and 35% Opponents.

No significant differences between the diametrically opposed Fans and the Opponents are apparent in spontaneous brand awareness. However, the progression for ad recall by Fans is steeper than for Opponents.

This does no harm to the development of brand awareness, but it also means that conscious ad recall is not a necessary requirement for an increase in brand awareness.

In the study *WerbeWirkungsWeisen 2002 (WWW)*, these results are largely validated. In this more recent study, approximately 4,300 respondents were divided into four categories based on self-evaluation on ten statements about listening to the radio: listeners who use





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the medium predominantly as a mood enhancer, either for stimulation or relaxation, are the largest group (30%). They are followed by those for whom radio is a universal daily companion and assumes a partner role (27%). A third group (23%) are seeking information, and particularly value the information service provided by radio. And finally, for one in five users, radio is merely background noise.

Eleven statements relating to attitudes to radio advertising were also incorporated in the questionnaire. Responses to these made it possible to identify proponents and opponents of advertising, making up 32% and 41% of the population respectively. From a different choice of campaigns compared with *QdR*, for *WWW* four campaigns for furniture stores were available. No response curves can be produced for these campaigns due to the smaller sample, but observation of the rates of increase for aided ad recall and brand preference shows that the qualitative criteria of attention to the radio and attitude to radio ads had no influence on ad effectiveness in 2002 either: for the various groups, increases in aided ad recall and brand preference are very close to the growth rates for the whole population.

4 Can radio campaigns be successful for telecommunications or internet providers?

Radio advertising is very good for communicating telephone numbers and internet addresses and encouraging people to use them.

A commercial by British Telecom for the product 01090 (directory inquiries) was among the top five radio commercials tested by IMAS in the *PsychoMeter* in 2004. This commercial, which created a great deal of impact and resonance, is the reason for 01090's success story. Within a short time this ad increased usage of 01090 from approximately 500,000 minutes to more than 5 million minutes per day.

5 Can brands be created with the help of radio?

Radio ads can make brands famous – and can turn the brand name or claim into a catchphrase.

Online travel operator Expedia has been on air with attention-grabbing commercials since 2002. The effect on brand awareness of Expedia was investigated in a *WWW* study. One hundred interviews representative of the population carried out each week from May to December 2004 provided a good database to ascertain the effectiveness of Expedia's campaign. For people who, later in the interview, recognised the radio commercial and claimed to know it, unaided brand awareness of Expedia was surprisingly high, at 26%. For people who did not know the commercial, the brand was (spontaneously) almost unknown at 1%.

The same mechanism could be observed for aided brand awareness. Contact with the commercial made Expedia familiar. So familiar, that the signature www.expedia.de has developed into a catchy jingle.

6 Does radio advertising pay?

Radio is *the* number one sales medium.

In the ACNielsen SSPR panel, among 4,500 representatively selected German households:

- ▶ purchases of fmcgs are registered by means of a hand scanner
- ▶ TV viewing figures for panel members are recorded to the exact second using a *PeopleMeter*
- ▶ by means of a written questionnaire as part of the structural survey, basic data relating to radio usage are ascertained for all panel members 14+.

This provides links for fusing contact probabilities from the most up-to-date media analysis (ma) available from media analysts *ag.ma* into the panel. By combining panel data with media plans for specific radio and/or TV campaigns, campaign contacts for an individual can be

directly correlated with their purchases.

This answers the question of whether advertising on radio and/or TV generates additional sales of the promoted brand. ARD-Werbung Sales & Services and Radio Marketing Service (RMS) have successfully tested 46 radio and mixed radio/TV campaigns. For radio, the average short-term return on investment (STROI) for the 46 campaigns came to 0.87 (sales increase per euro). If we chart the adspend and the additional sales, the scatter of the 46 campaigns appears almost random. However, five types of campaign of differing success can be identified.

1. 24% are highly profitable campaigns even in the short term, with average STROI of 1.93. This includes an above-average number of beer campaigns.
2. 26% are campaigns with good short-term profitability at an average STROI of 0.94.
3. 15% are campaigns with medium or long-term potential for success and an STROI of 0.50.
4. 17% are campaigns with restricted profitability with an STROI of 0.28.
5. 17% are campaigns with weak profitability with an STROI of 0.14.

At least 80% of successfully tested radio campaigns are positioned above the ACNielsen TV benchmark of 0.22, while 50% show an STROI of 1.00 or more.

7 What are the reasons for the significant effect of radio on sales?

Radio is near to the point of sale. Radio addresses its target groups immediately prior to purchase and therefore provides the decisive impulse for the sale. Radio usage is especially high during daytime – when heads of household do their shopping – so radio is often the medium used last before purchase. This becomes clear when you compare usage of radio advertising and heads of households' purchase behaviour during a day. The connection between listening to radio advertising and shopping could hardly be more obvious: radio advertising is heard by heads ▶

of households particularly intensively between 7 am and 10 am. Immediately after that, between 10 am and 11.30 am, an initial wave of purchasing follows. On returning home, the audience again turns its attention to the radio between 11.30 am and 2 pm, before a second shopping wave from 2 pm to 4 pm.

This means that a minimum of 63% of heads of household who go shopping have previously been listening to radio advertising; at the end of the shopping day, at about 6 pm, it is 81%. The comparative figures for TV are 8% and 31% respectively (see Figure 2).

Radio commercials are therefore ideal for refreshing recall of product names and utilities immediately prior to purchase, and so increase sales opportunities.

8 Does continuity, in the sense of recency planning, lead to success?

A continuous advertising presence creates temporal proximity to usage and/or purchase.

In 2003, a very consistent, continuous advertising presence on radio was maintained for the premium champagne brand, Mumm. Except during the champagne season (Christmas, New Year, Easter, Mother's Day), commercials were on air on Thursdays only over a six-month period. This strategy was based on the realisation that purchase of champagne, for example for an office or private party, primarily takes place on Fridays or Saturdays. In addition, it was known from an older study that radio commercials for Mumm have the greatest stimulating effect on purchase if they are heard one to two days prior to purchase.

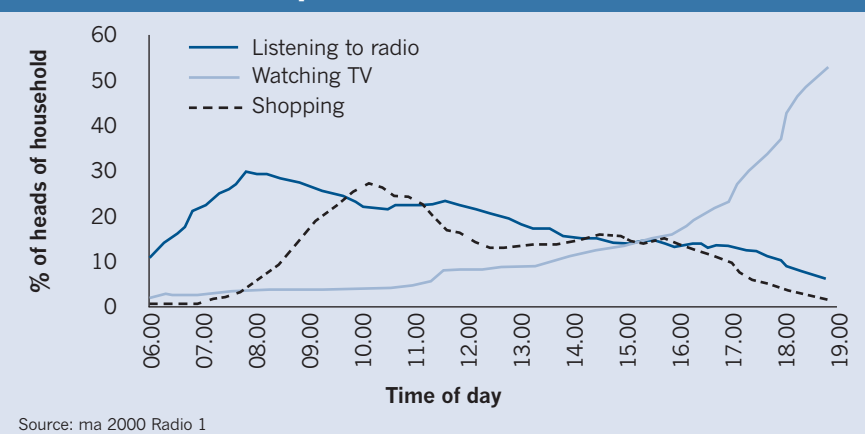
The results of the campaign check using ACNielsen SSPR were impressive. In a period of one week, for loyal Mumm buyers – that is, people who have already frequently bought Mumm and who obviously like the taste of the brand – one or several contacts had an immediate purchase effect. If at least one contact with the campaign occurred within one week prior to purchase, the sales share of Mumm was increased by up to 117%.

From the change in sales shares in relation to contact frequency over this seven-day period, it can be established that sales shares for loyal Mumm buyers increase by 56% compared to purchasing without any radio advertising.

With this continuous media strategy, the Mumm brand was reactivated for

FIGURE 2

Radio is close to the point of sale



Source: ma 2000 Radio 1

sparkling wine consumers in the short term as a result of the radio advertising and this led directly to purchase.

9 What good can radio do in combination with TV?

Radio increases effectiveness and, in particular, optimises targeting of selective viewers who cannot easily be addressed via TV.

A media strategy designed for continuity is bound to be orientated towards the recency theory. This requires as many potential consumers as possible to be reached in each week of the campaign. At the same time, the aim is to optimise advertising impact on selective viewers among potential consumers: while intensive viewers see 30 minutes of TV advertising each day, among selective viewers it is only four minutes. So, selective viewers are a much more attractive target segment than intensive viewers, who are easily reached via TV. Their share in each target group accounts for approximately 30%, they come from larger households with a greater income and they represent higher demand than intensive viewers, across virtually all product categories.

More consumption and less impact from competitors' campaigns are the reasons why every single advertising contact with selective viewers is more effective than for intensive viewers, where a campaign must establish itself against far more competitor contacts. This means that contacts with selective viewers generate more revenue than contacts with intensive viewers and are therefore particularly valuable.

To express this operationally, an opti-

mised media plan must achieve two objectives: a high level of net audience coverage over the highest possible number of weeks in the year – without overly long commercial breaks – with all potential buyers; and also with selective viewers among potential buyers. This strategy gives an advertising message the best chance of being heard whenever a purchase is about to be made, and by those consumers with the greatest degree of purchase probability. For it to be implemented effectively, it is essential that the media target group is defined by actual purchase behaviour.

It can be demonstrated that radio can make a vital contribution to the implementation of this strategy: the starting point of the example plans is a gross budget of 500,000. This could be a one-week flight for a large, established brand.

As planning units for TV, the private stations RTL, SAT1 and PRO7 with half-hours in the period between 6 pm and 11 pm are included, and for ARD and ZDF the half-hours between 6 pm and 8 pm. For radio they are the whole hours between 6 am and 6 pm for the ARD No. 2 Kombi and the RMS Super Kombi. This way, all national and high-coverage TV and radio advertising offers are covered, which helps achieve high net coverage.

For this example, three variants, each with the same budget (500,000 gross) are calculated:

1. 100% of the budget on TV
2. budget split – 90% TV, 10% radio
3. budget split – 70% TV, 30% radio.

These three variations are run for six target groups selected as examples. The aim of the optimisation is to maximise net coverage. The pattern produced is rel-

TABLE 1

Radio improves the conditions for ad effectiveness

Index: just private = 100%	Net coverage	Net coverage	Net coverage
	just TV	incl. 10% radio	incl. 30% radio
	%	Index	Index
Chocolate bar consumers in total	74.6	109	115
Selective viewers	58.8	115	135
Frozen pizza consumers in total	73.7	107	115
Selective viewers	59.2	115	132
Frequent drivers in total	74.4	109	117
Selective viewers	60.8	118	135
Mobile phone owners in total	73.3	108	116
Selective viewers	59.4	116	134
PC owners in total	71.7	110	118
Selective viewers	58.7	116	135

Source: VuMA 2005

actively similar across all target groups. A radio-TV mix makes a highly effective contribution to implementing a recency strategy.

Even a 10% share for radio increases net coverage in the various target groups by 7–10% (see Table 2). With 30% radio in the budget, the net coverage can be raised by 15–18%. However, only when the results for selective viewers are examined does it become clear how perfectly radio and TV complement one another: with a 30% share for radio, net coverage of selec-

tive viewers is increased by about a third. This means up to 35% more effective first-time contacts in a segment with a high level of consumption that are difficult to reach via TV alone. Therefore, the second optimisation objective is also well achieved. Further, for the example of chocolate bar consumers, the cost per thousand users (CPT users) is significantly reduced – here by 15% – when taking a 30% radio involvement into consideration, and with consistent recency planning and the inclusion of radio,

intensive viewers are in no way neglected: they too are reached more effectively.

10 TV and radio combined: is it possible to extend TV campaigns or reactivate learned images through radio? Is there a kind of 'cinema in your head'?

'Cinema in your head', or visual transfer, means that radio advertising appeals to the human imagination and generates images by creating associations, or by reactivating images already learned (for example, from TV).

An investigation was carried out for the Krombacher brewery into whether it is possible to make an island visible on the radio. A universally familiar German TV commercial is one in which an island can be seen, while the image is acoustically supported by an instrumental version of the song 'Belfast Child'. For this research, the tune was played as part of a sound logo check carried out by TNS EMNID for RMS. Seventy-four per cent of the 1,000 respondents claimed to know this tune/sound logo. And 40% of the respondents in this survey (which was representative of the population) said that this was part of the advertising for a brand of beer, or even for Krombacher. ■

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