

Radio – The Ultimate Media Survivor?

Like many traditional formats from pre-digital days, Radio has seen its place in the modern media landscape questioned and doubted. But this is not the first time. Back in the 40's and 50's the arrival of the TV in the American household led to the prediction of doom and gloom for this "old media" format. Yet while a few stations closed, the creation of stereo signals and new content formats led radio to new heights. This was driven not least by the penetration of radio into that other great human device – the automobile.

In today's heavy digital landscape what place does radio play in our lives and more importantly in our marketing and media plans? Well the good news is radio is still finding ways to survive and even flourish.

Firstly, let's consider content channels. Radio now has, through the web, a new delivery platform. The radio still thrives in the car, perhaps its single most important listening environment. It also lives in many offices and homes. The total listening hours per week remain pretty stable compared to even five years ago. Most importantly the podcast has enabled content to be saved and consumed by audience's way beyond the power of the original signal.

Consider BBC Radio film reviewers Mark Kermode and Simon Mayo, who have seen their small radio show distribution grow from local radio signals in the UK to a true global audience. This is helped in no small way by the podcast growth from just 42 downloads of the original show in 2005 to over 150,000 per week in 2013. Their content distribution now includes YouTube video shot directly in the studio, with yet more global listeners.

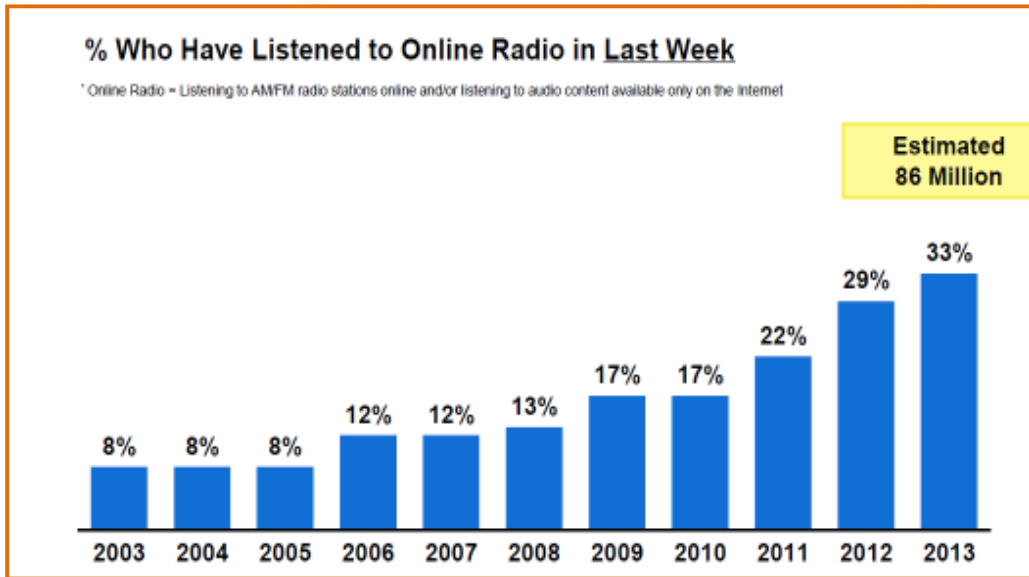
But what does all this mean to advertisers?

More than 90 years after its introduction as a commercial medium, radio is still known for its broad reach. To this day, approximately 92% of consumers aged 12 years or older listen to radio each week. Like the rest of the media world radio is experiencing unprecedented change at warp speeds, and the dollars that are shifting to new platforms are not going to return to traditional media. The Radio Advertising Bureau in February reported total 2012 revenues (including over-the-air and digital) totaled \$16.5 billion a 1% increase over 2011. But digital now accounted for \$767 million (8%) of the radio industry's total revenue.

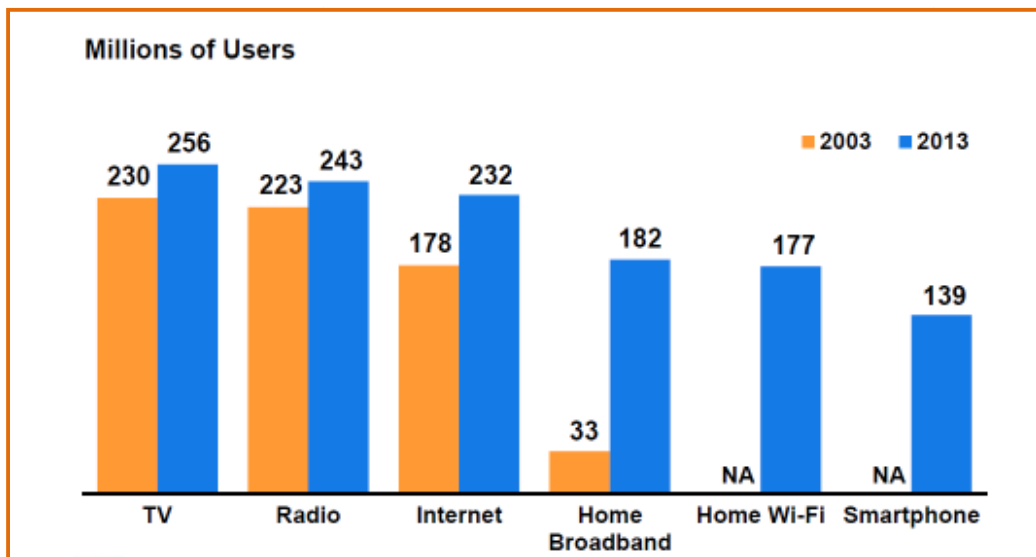
A report from BIA/Kelsey indicates radio station’s revenue mix will continue to shift and income from online advertising is expected to rise at a rate of 10.8% annually over the next five years versus 2.5% for over-the-air. In January/February 2013, Arbitron and Edison Research conducted a national survey providing estimates of emerging digital platforms and their impact on the on the media landscape.

Here are a few key headlines pertaining to radio from the study:

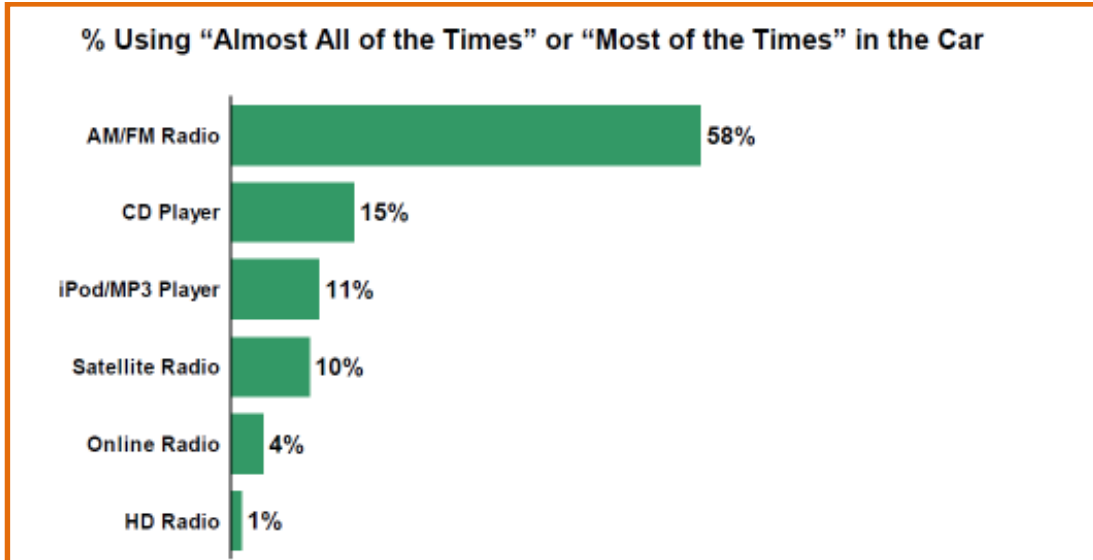
- “Online Radio continues its growth trajectory reaching new highs for weekly usage.”



- “During the same span of time, AM/FM Radio has grown to 243 million weekly listeners.”



- “AM/FM Radio rules the road with far more frequent users than all other in-car audio options.”



A key observation from the study is that “media consumption is not a zero sum game. Digital platforms do not replace media usage... they enhance it.” Radio’s accessibility continues to expand. This is evident as the vast majority of online radio listeners also listen to over-the-air radio. According to the study 82% of weekly online radio listeners also listened to over-the-air AM/FM radio.

What does radio offer the advertiser?

One reason radio continues to be relevant for the advertiser is the actual ad format. Securing 30 seconds of dedicated user attention, let alone 60 seconds, is an amazing feat in a time when web page consumption may literally be a few seconds. Most importantly, the format is actively pushing content out to audience, enabling a more complex sales message to be delivered. Ads can be enhanced with humor, music, celebrity endorsements, offers, call to actions, web addresses, phone numbers and, of course, those high speed disclosures we all love!

But critical to all is reach and frequency. Radio ads can be heard on a consistent basis, driving home the message and even establishing lasting memory recall of jingles and catch phrases in ways digital ads can only dream about. Advertisers know how important this can be. Many purchases are random, driven by a need that cannot be predicted. So

seeding an audience with deep recall and product understanding that they call upon when the quick purchase decision is being made can make all the difference.

When should an advertiser look to use radio?

Radio briefs continue to be part of our clients media mix. But it's not right for all and a few key considerations are these:

How concentrated is the target audience?

Radio typically has strength for broader audience demographics, but careful radio selection, timing and content targeting can deliver quite focused sub categories. Age, sex and income demos are common segments and some job functions obviously lend themselves to radio. Road warriors, small businesses and home workers are just some examples.

What is the message?

Creating a radio advert can be one of more simple yet effective creative processes. Almost all radio stations offer access to talent and can produce great copy quickly and easily. Good copy writing is important, but it's much simpler than creating impactful TV, print or even digital ads. Better still, personality driven ad campaigns are not only simple but massively effective. They scream "my trusted radio celebrity endorses this so it must be good". Radio can do this better than any other media.

The call to action?

Radio copy can drive users into retail stores, online sites or to the phone. As with any format repeated recall of the call to action is important. Remember drivers are unlikely to recall complex web pages or phone numbers so radio should use simple call to actions or strong search marketing support to help close the cycle.

Performance tracking?

Tracking can be done using codes, unique numbers or call logs. Just this year our agency ran a campaign for a client that we tracked to a doubling of web traffic and an 8% increase in retail market share. Simple reporting of data and matching of dates isolated the impact of radio (satellite in this case) proving the effectiveness of the campaign.

Leverage the media fully

One of the best ways to really gain success with radio is be creative in its use. Many local stations will discuss products, set up radio booths at retail outlets or major local events, create competitions and sponsorships and be very open to being an active part of the



advertising campaign. Indeed the relationship between content, listener and advertiser can be a very mutually beneficial and all parties are generally comfortable with this.

Finding methods to be present across all radio distribution platforms is also important. Stations often have great email lists, website traffic, digital streams, podcast content in addition to regular radio feeds.

Think also about traffic spots, regular news sections, specific personalities, local sports affiliations, weather and even social events. Radio integrates all types of content and so can the advertiser message. Most importantly think outside the box. Radio is not just a drive time phenomenon. Listening patterns peak for sure, but there's a ton of listeners in cars throughout the day, workers streaming content into offices and sports fans tuned in outside normal hours to catch the late night game commentary or post game analysis.

Summary

Radio is still a favorite media platform for our agency and many of our advertisers. It is not a dying media type and is as relevant to media mix now as it has ever been. It is powerful, emotional and creates a connection with the audience that any advertiser should be excited to be able to leverage.

Alan May, Media Director, Just Media, Inc.

For some great case studies and additional fun reading and infographics we recommend visiting some of these great sites:

http://www.arbitron.com/downloads/radiotoday_bynumbers/spring13/radio_delivers_numbers_spring13.pdf

http://www.arbitron.com/home/studies_chron.htm

<http://www.nfib.com/business-resources/business-resources-item?cmsid=61885>

<http://radioworld.com/article/infographic-the-power-of-sports-radio/220043>

<http://gigaom.com/2010/08/11/evolution-of-car-radio-an-infographic/>



6475 Christie Avenue | Suite 100 | Emeryville | CA 94608 | p: 510-740-2300

Contacts:

Alan May, Media Director alanmay@justmedia.com

Dick Reed, CEO dick@justmedia.com