



egtabites

get inspired by
... innovative ideas!



Now that's what I call ROI! Radio's new story

This week's egtabite features perhaps the most important – and wonderfully simple – story that radio has to tell: that the medium offers exceptionally high ROI for advertisers, and that the proof comes from robust and independently verifiable single-source research! A groundbreaking new piece of research from the US demonstrates that, on average, radio advertising delivers a sales uplift of more than \$6 for every \$1 spent in the 28 days after consumers hear an ad.

The background



clearchannel
MEDIA + ENTERTAINMENT

As media buying decisions become increasingly influenced by data-driven analysis, radio faces a challenge to prove its ability to generate high ROI for advertisers. As it typically attracts a low percentage of adspend from major brands, radio fails to register its true effect in the econometric marketing-mix analyses used by today's marketers, and this is holding the medium back.

And when absolute levels of spending are low in comparison to other media, radio needs to provide hard, independently delivered evidence that an advertiser's investments in radio directly drive product sales.

Nielsen
Catalina
SOLUTIONS



A new measurement paradigm

To establish a direct link between advertisers' radio spend and consumer purchases, Clear Channel Media & Entertainment commissioned a new piece of research that combines results from Nielsen's PPM radio audience measurement with data from Catalina's frequent shopper loyalty card database. By combining two robust data sets, Nielsen Catalina Solutions provides a single-source methodology to match *listening* with *buying* within the same household.

The single-source dataset is comprised of more than 14,000 households that are within both the PPM panel and the frequent shopper database, offering a large sample in which exposure to radio and supermarket purchases can be measured.

Although it sponsored the research, Clear Channel did not play any part in the data analysis. The eye-popping results are completely independent ... and very compelling.

The ten brands measured – which included drinks, snacks and retailers – all showed a positive ROI. Whilst the smallest return was \$1.38, one of the retail brands delivered a staggering \$23.21 in sales lift for every \$1 invested. Commenting on the results, Clear Channel's Executive VP Radha Subramanyam said, "I have never seen such consistent delivery against advertising metrics and this kind of massive return on investment."

Impact was strongest in the time shortly after ads were aired, supporting radio's powerful ability to quickly convert advertising messages into sales.

RADIO PAYBACK

Per \$1 Ad Investment



Ratio of incremental sales revenue per thousand to advertising cost per thousand = Payback
Copyright 2014 © Nielsen Catalina Solutions

Why does this matter to egta members?

This study demonstrates firstly that it is possible to measure the actual retail sales impact of radio advertising for households and secondly that radio delivers consistently high ROI. Whilst the study benefited from the large PPM panel and extensive shopper card data available in the US, this groundbreaking study is an effective demonstration of how single-source measurement can highlight the role of radio, a medium that has so far been inhibited in econometric modelling due to its relatively low adspend share.

Using this research, all of the major US radio groups are coming together to tell a better story: radio can now prove to advertisers that their investments can be linked directly to actual retail sales and that radio buys should be included in data-driven marketing campaigns.

Combining strong research with relevant, targeted communication across the industry could significantly shift the perception of radio advertising, leading Nielsen to suggest that radio may just now be coming into its golden age.



What they said



"We are very pleased with the outcome of this study. We have always known that radio delivers big returns for advertisers and these studies provide the much needed support of that return. The deep personal connection and trust that consumers have to their radio stations and on air personalities generates significant value for advertisers."

— Radha Subramanyam, EVP/Insights and Analytics – Clear Channel Media & Entertainment



"The advertising industry has longed for a much more comprehensive understanding of the effectiveness of audio advertising. Our single-source measurement solution will help advertisers better understand where their ad spend will have the most sales impact and can best be used for future campaigns."

— Leslie Wood, Chief Research Officer – Nielsen Catalina Solutions



Background info

Please click on the links below to access the relevant documents:

» *Measuring the unmeasured* - presentation (please click [here](#))