



Radio Ads and Product Sales

Objective Research Shows Radio Ads Move Products

Radio moves product as well as, or better than, TV as long as the weight is comparable. Advertisers should feel confident about the safety of testing Radio sales effects for themselves, and the Radio Ad Lab will support those efforts through the Radio Ad Lab Testing Partnership described later.



Imperial Study, Radio vs. TV

Radio at equal weight delivers same results as TV

One of the most compelling sales studies was reported in a paper by Sharon Paskowitz and Bill Bennett (Radio Ad Lab *Compendium*, page 22). It describes a 1998 Canadian test conducted in cooperation with Imperial Margarine, which was willing to completely shift weight from TV to Radio in two test markets. One test market received as much GRP weight in Radio as would normally be used in TV (and no TV ads at the same time); the other test market had 50% more GRPs in Radio.

“Actual sales were about the same when equal amounts of advertising weights in both radio and television markets were applied.”

Actual sales, as measured by ACNielsen scanner data in paired stores, went up as much in the equal-weight Radio market as they did in the control TV market, controlling analytically for other marketing factors. And sales went up even more (by a statistically significant amount) in the 50%-more-weight Radio market.

To quote from the authors:

“In other words, in the case where GRP levels were identical, sales of Imperial Margarine actually were higher in the Radio-only market (Calgary) than in the TV-only market (Winnipeg), but not significantly so. To the Radio industry, this tends to mean

that in this case and for this product, actual sales were about the same when equal amounts of advertising weights in both Radio and television markets were applied.”

In addition, in the market with 50% more weight in Radio than in TV, “a 50% higher weight of Radio advertising provided a 10.82% higher level of sales than the TV-only market.” And that higher weight in Radio still cost less than the TV campaigns.

The overall findings of this study are that:

- Radio’s power to move product can be measured when the weight is sufficient, and
- Radio can move as much product as TV when the weight is at least equal.

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Radio Affects Sales: Other Published Studies

Radio demonstrated to have greater ROI than TV

In addition to the Imperial Margarine study which measured sales directly, there have been some other recent studies which link Radio to sales with other methods.

In a 1999 paper by Lars Gibbe (Radio Ad Lab *Compendium* page 21), the author built a mathematical model for sales of the yogurt category in Germany, accounting for media weight, price, distribution, and retail activities. On average, **Radio delivered significantly more impact on sales per dollar of advertising than TV (by about 3-to-1).**

The most recent study to link Radio advertising to sales was presented at the ESOMAR Worldwide Radio Conference in 2001 by Germany's Christoph Wild (Radio Ad Lab *Compendium* page 23). The sponsoring companies worked with ACNielsen to statistically fuse the existing regular German Radio survey (AG.MA's Media Analysis survey) with the 10,000-person ACNielsen Homescan panel. That panel uses peplemeters and home scanners to track TV viewing and purchase transactions of FMCG products.

The bulk of the article concerns one case study (from 30 campaigns analyzed so far) concerning beer purchasing for a specific brand. The authors acknowledge that "not every Radio spot had a positive impact on sales, but it has been possible to determine a similar effect in more than 50% of the campaigns analysed." The key findings:

For this single case study, **Radio exposures were strongly correlated with increased sales of the brand, especially among "brand-disloyal" customers.**

The authors also concluded that the ads were most effective when the exposures were close to the time of purchase, suggesting support for the recency theory of ad scheduling.

Relating the size of the effect to the cost of the schedules, the authors concluded that **Radio had a much higher return on investment than TV for this brand**, leading to almost 2.5 dollars in short-term sales for each dollar spent in advertising. TV's short-term ROI was actually negative in this case study.



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Proprietary Research on Radio and Sales

100 GRPs of Radio delivered more sales at less cost than 60 GRPs of TV

In its *Compendium*, the Radio Ad Lab focused primarily on published studies. However, we know that many advertisers have also conducted their own proprietary research on media sales effects. Fortunately, some advertisers participating in the Radio A Lab have made their internal results available to the Radio Ad Lab.

For example, one advertiser of a major consumer OTC healthcare product recently tested the use of Radio instead of spot TV in two local markets, and contrasted the sales results with those of two matched control markets. Both test and control markets were carefully selected with the advertiser's standard test market criteria and the full endorsement of IRI.

In the test markets, Radio was bought at a level of 100 target GRPs per week for eight weeks. In the control TV markets, the buy was for 60 target GRPs per week.

After eight weeks of using Radio instead of TV, the **test markets showed a sales lift of +3.6 percentage points of sales growth over what was seen in the TV-only control markets** (after mathematically removing the impact of FSIs). In fact, the Radio test markets showed a larger percentage sales growth than all of the TV markets combined, regardless of their past usage of TV. Not only did Radio increase four-week reach/frequency but the cost was significantly less versus spot TV. As a result, this OTC product will be running 100% Radio in the off season.

These results are very consistent with the Imperial test, in which Radio at a weight of 150% of TV's (and less cost) delivered a significant increase in sales.

In short: Experimenting with Radio as a replacement for other media is low-risk when the weight is sufficient.

That's why the Radio Ad Lab is strongly urging advertisers to test Radio as an alternative medium, through the Radio Ad Lab Testing Partnership described below.

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