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new Revenue  
new Revenue

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**Radio**<sup>®</sup>

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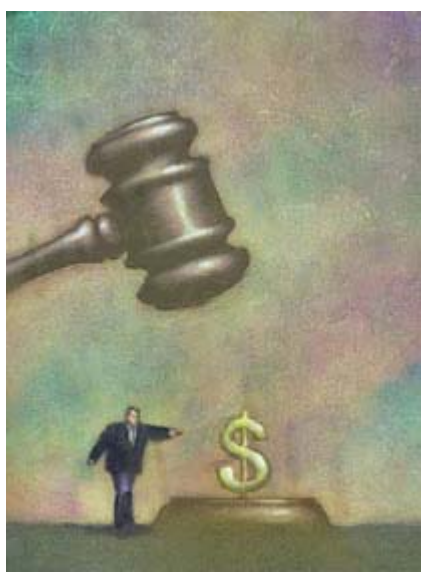
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# About This Guide

## Welcome to RAB's ezAuction!

This guide is designed to familiarize you with auctions and shopping shows, various program formats, payment and delivery options and sales strategies. The guide is divided into sections, but the total reading time is about 10 minutes.

After reviewing the guide, if you have any questions, or would like a demonstration of the ezAuction software, please call RAB at 1-800-232-3131 and ask for Dave Casper.





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## What Is It?

An auction can be a daily, weekly, monthly or even quarterly program where a station sells an advertiser's discounted product or service. There are many variations of this, but essentially, cash received is converted to advertising credit that may be spent by a given client to further market their business.

- **Advertisers: Generate ad dollars**
- **Stations: Generate cash**
- **Listeners: Save money**





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## Choosing a Format

Your station's auction may take a number of different styles and formats, all of which have been successfully launched and supported by stations in all size markets. These can be broken into two basic categories:

- Auctions
- Shopping Shows





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## Auctions

In a straight auction program, your station establishes opening bids for items, bid increments and the timeframe for each item featured in the program. Through promos, live announcements and/or a specific program, the station promotes items currently open for bid and listeners bid over the phone and/or online for a given item.

There are a number of important advantages in choosing this auction format over other variations. To start, auctions are fun. Listeners will enjoy the excitement of bidding on specific items and the possibility of getting a great deal on something they really like. From the station's standpoint, auctions generate significant revenue and offer an easy method of converting trade to ad dollars.

Alternatively, auctions require more air time to support. Many stations will feature an hour-long program once a day or once a week (usually on Saturday or Sunday) where air staff will talk about items open for bid and the current bids on specific items, creating excitement and enthusiasm.

Auctions also require more paperwork. Between tracking bids, monitoring inventory and maximizing sales, the traditional auction format requires close monitoring and management.





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## Shopping Shows

Shopping shows are a twist on traditional auctions. In a shopping show, the station establishes a price (65-75% of retail) for each item featured on the program. Instead of bidding, listeners may buy items directly. Online, this takes the form of a "BUY NOW" button. If listeners are phoning in, they can simply make their purchase and pay all in one transaction.

Different from auctions, shopping shows usually require less air time to support and less administration. Without bidding to track, promotion may be limited to promos and live drops.

On the downside, these types of programs lack some of the on-air appeal, as they don't generate the excitement of a bidding environment.

Most programs are a combination of both auctions and shopping shows, giving listeners the opportunity to buy small items directly while bidding on larger items. A nice mix is 30% bid items. The remaining 70% can be purchased outright either over the phone or online.

Also, both forms of the program offer your station terrific, proven methods of turning trade into advertising dollars. This can be especially helpful for smaller accounts as they struggle to generate the revenue needed for an effective campaign. Using inventory to leverage their marketing, your clients can grow into better, more consistent advertisers.







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# Payments and Delivery

Once you've chosen a format and know how you're going to accept orders, the next step is deciding how you will deliver certificates to and accept payments from your listeners. Once again, you have a number of options.

The first method is to simply sell certificates that can be paid for and picked up at the Radio station. It's simple, secure and gives listeners a chance to see the station up close. In this scenario, listeners ...

- Buy online or over the phone
- Pay for certificates with cash, check or credit card
- Pick up certificates at the station or via US Mail

Keep in mind, if you choose this method, you will need to set regular business hours, establish a cash drawer and system for tracking receivables, and have the ability to accept and process credit cards.

Alternately, you may choose a program where listeners ...

- Buy online only
- Pay for purchases with a credit card
- Receive certificates via US Mail



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## Administration

Whether you choose to sell items online, through telephone orders or some combination of both, ezAuction offers the necessary tools to maintain inventory, distribute certificates, process payments and track important financials.

Whichever method you choose, it's strongly recommended you have a designated auction administrator to:

- Maintain your auction inventory
- Monitor open auctions
- Track advertiser credit
- Print reports like sales tax collections and receivables
- Work with listeners
- Act as an Auction liason



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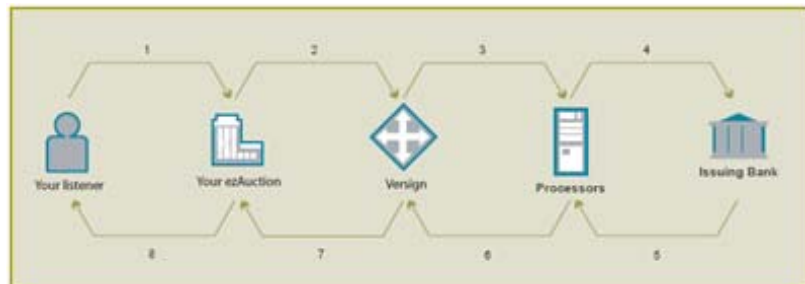
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# Credit Cards

## Online Credit Card Processing

Accepting online credit card payments remains a challenge for many stations. While the setup isn't difficult, it requires a number of steps as well as agreements with at least three companies: a payment gateway, a processor and a merchant bank account. ezAuction offers three options for processing credit cards:

- **Online credit card processing. If you choose this option, you will need ...**
  - A company like VeriSign to transmit the credit transaction and filter for fraud
  - A processor like Paymentech to process the transaction
  - An issuing bank where fund may be deposited



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# Credit Cards

ezAuction integrates seamlessly with most major credit card processing systems. However, for easy of use and simplicity, we recommend PayPal Website Pro.

Please visit the PayPal website for details and sign up information.

Before making this decision, you may want to consult your accounting department. However, whatever method you decide is best for your station, RAB will work to help facilitate a seamless system for collecting payments and delivering your certificates.



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# Final Preparations

Depending on how you approach your program, you will likely need a method for tracking and applying advertiser credit generated by your program. It's recommended that you use ezAuction's Advertiser Credit report to produce a summary on a regular basis – either daily or weekly as advised by your financial controller. Once a credit report has been printed, it can be delivered to traffic and billing where appropriate credit memos may be issued and posted to receivables.

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ezReports

**Reports**

Daily Receivables  
 Advertiser Credit  
 Sales Tax

Start Date  1

End Date  2

Submit





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## Selling ezAuction

With key decisions regarding your program in place, it's time to consider the sales process. This is where many programs fail, as a number of critical systems fall short of producing the desired results: ad dollars for your clients and revenue for your station.

To begin, it's highly recommended you keep this as simple and straightforward as possible for clients and sellers. Begin by asking your salespeople to think like a personal shopper for your listeners. What kinds of items are your listeners likely to buy? Never accept distressed inventory from a client and ALWAYS be representing the interests of your listeners.

When it comes to establishing advertiser credit, you may base it on the selling price of a given item. However, consider offering clients 85% of an item's retail value. For example, if a client places a \$1,000 item on the auction, they would receive \$850 in advertiser credit once the item is sold. This removes their profit margin for the equation and effectively levels the playing field.

In selling a given item, don't start too low. Consider placing the minimum beginning price at 70% of retail value. For example, a \$100 certificate would open for bid at \$70. Presumably, listeners will bid up the price on a given item, meaning you may actually sell it for more than the \$70 opening price. In cases where the item sells for less than \$85 (the advertiser credit) the station may lose a little. There's also the chance the item will sell for more than \$85, in which case the station wins. This sort of give-and-take will lead to a shared sense of commitment when clients know the station is willing to assume a small part of the risk.





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## Selling ezAuction

From the station's standpoint, this method is a great way of managing exposure. By setting acceptable floors and getting the most from a given item, it becomes much easier to produce predictable cash analysis from your auction history.

Along this same line, you may want to have a few policies in place for the use of auction credit. First and foremost, do not negotiate on rate. When an advertiser is placing a buy with accrued credit, they must buy directly from the rate card. You may also want to restrict advertising buys to exclude some of your most valuable dayparts like morning drive. This would preclude a client from buying them. Rather, they would be required to pay with a combination of cash and accrued credit.

To prevent the auction from becoming a sales crutch, you might also consider limiting the number of clients any single salesperson can carry on the program. For example, an acceptable level may be 15-20.

Finally, it's important to help your clients sell their products and services on the show. This may take the form of an in-store display where a certain item is featured in a high-traffic location.

You can help your clients by preparing signage, offering a certain number of promotional mentions as part of your auction package, or featuring key clients in live or recorded promos that spotlight an item and placement on the homepage of your ezAuction website.





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# Variations

As noted earlier, there are many creative, profitable variations on traditional auctions. These include special event auctions and category specific programs.

## Special Event Auctions

A special event auction is usually framed around specific events like Christmas, the changing of seasons, a charitable event or special station promotion. In each of these programs, auctions are usually held over a two-or-three-day timeframe with intense on-air promotion. For example, a station may host a spring sale for two days in March, featuring items that relate to spring and summer: family vacations, lawn and garden equipment and services, tickets to spring events, etc. For those two days, listeners may bid and buy items from the program. Naturally, the goal is to sell as much as possible before the program concludes.

## Category Specific Auctions

Another successful variation on tradition programs is a category specific auction. In this case, the station will feature items from a single (or closely related) category. For example, a station may produce an auction dealing specifically with dating. The program might feature dinners for two, tickets to movies and the theater, flowers, jewelry, other gifts, etc. These types of programs can be fun and generate a lot of listener interest.





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## Doing It Better

√ Use numbered certificates and make them look valuable. The numbering helps to prevent copies and makes it much easier to track redemption. ezAuction does this automatically and gives you several options for communicating the certificate numbers and bring information to clients.

√ Set certificate expiration dates of 60-to-90 days. This will prevent returns from clients who have gone out of business since the certificate was purchased by the listener.

√ Use customer phone numbers to ID successful bidders. Especially when you are asking listeners to pick up certificates directly at the Radio station, this makes it easy to look up orders.

√ Leave your auction open 24/7. With an online auction, there's little reason to NOT offer a 24/7 service, especially since so many people shop online in the evening.

√ Don't set prices too low. Many auctions start pricing at 50% of retail. Listeners will buy at higher levels, and as you know, you won't get what you don't ask for.

√ Only apply credit after an item is sold. This helps protect against exposure and motivates the client to aggressively promote given items in-store.





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## Get Started ...

In conclusion, trade is not bad when you can USE IT TO GENERATE REVENUE. Think of your auction as an alternative payment system for clients. Your auction will help you leverage closes, lock in pendings and 'upsell' to existing clients by providing them with additional funds. When administered effectively, it also assures advance collections and helps your station illustrate Radio's power to sell your clients' products or services.

RAB provides the technology and hosting of your ezAuction ... you simply link to it from your website and listener emails!

It's as easy as 1, 2, 3 ...

- 1 Set your format: Auction, shopping show or some combination of both
- 2 Choose the method of certificate payment and delivery
- 3 Sell-in the inventory and promote

And MAKE MORE MONEY!

