



## **RAL: Research You Can Use**

*Suggested Voiceover Text for Three-Study Summary Presentation*

**(Slide 1 is simply an optional placeholder slide to use until you wish to fire up the motion-filled title slide, #2.)**

### **SLIDE 2: TITLE SLIDE**

Welcome, and thank you for joining us as we present “Research You Can Use,” a brief summary of three major studies from the Radio Ad Lab—or RAL.

[Insert speaker introduction here.]

### **SLIDE 3: AGENDA**

We appreciate the opportunity to share highlights from three of the Radio Ad Lab studies with you today. Before we go into details about the studies themselves, we thought it might help to give you some background about RAL, and why it’s so unique among research organizations.

Then we’ll cover the key findings from each of its three main studies, showing how well radio can deliver return on investment; how radio is able to engage consumers in unique ways; and how the addition of radio ads can improve on single-media campaigns.

### **SLIDE 4: THE RADIO AD LAB**

The Radio Ad Lab was founded in 2001 as a nonprofit organization dedicated to providing *objective* research about how radio advertising works in the United States.

One of its distinctions is the active participation of advertisers and agencies in the design of the research and in the communication of its results. That’s a rare collaboration of buyers and sellers, and it’s combined with the serious financial commitment of the radio industry.

### **SLIDE 5: RAL RESEARCH COMMITTEE**

Here is a representative list of advertisers and agencies who have participated on the RAL Research Committee since its inception. Their involvement guarantees that, while our objective is to evaluate Radio’s effectiveness, each new research project remains media-neutral in its design and methodology. In some cases, RAL has gone well beyond reasonable expectations to assure balanced results in the new research projects.

## **SLIDE 6. RAL'S RESEARCH (SO FAR)**

Today, we'll tell you about three of those studies:

- The most recent study is known as *Radio's ROI Advantage*, and it's a real-world test of the financial payback that advertisers can get from radio advertising compared to national TV ads.
- In *Personal Relevance, Personal Connections*, RAL found that the personal nature of the radio medium is also reflected in the perception that radio *advertising* is directed personally to the listener.
- And in *The Benefits of Synergy*, RAL learned how powerful radio can be when some ad dollars are shifted from television or newspapers into radio.

## **SLIDE 7: WHAT WE'VE LEARNED (Subtitle Slide)**

In the next few slides, we'll just touch on the key findings from each of those three studies. Of course, there's a lot more to each study than the few numbers we'll be highlighting today, so we really hope you'll get more familiar with the details about each one. All Radio Ad Lab studies are published in detail and are available for free at the website you see here – [RadioAdLab.org](http://RadioAdLab.org). That's where you'll find more information about how the studies were conducted, along with more interesting results than we can hope to share today.

And of course, if you want to present some of this information yourself, we strongly recommend that you learn more about the studies than we'll have time to present today. [RadioAdLab.org](http://RadioAdLab.org) is where you'll find all the research background you'll need.

## **SLIDE 8: RADIO DELIVERS SOLID ROI**

Now, let's talk about the first of these three studies. This one was truly a real-world test of advertising effectiveness, and it involved four actual campaigns over a six-month period. RAL worked with two of the most respected names in ad research, IRI and Millward Brown, to do a controlled test that compared the real sales effects of four campaigns. Then, by factoring in the costs of those campaigns, IRI estimated each advertiser's Return on Investment from the ads.

The bottom line in this study was that for these four campaigns, radio advertising averaged a 49% better return on investment than the corresponding TV campaigns. Across four very different products, the advertisers realized almost 50% more profit per dollar spent on radio advertising than they did for the dollars spent in television. And that was for campaigns of about the same advertising weight in radio and TV.

In order for there to be profit, of course, there had to be sales. It's worth pointing out that this study provides some of the first public documentation that radio really does move product in the

U.S. For these advertisers, the radio campaigns raised sales by an average of 4% over the six month period, and for national advertisers like these, that can represent a significant volume.

RAL also observed an interesting result about combining radio and TV together. The TV campaigns averaged about 50-100 Target Rating Points a week; the radio campaigns were about the same. In this study, the value of that radio ad weight was the same, whether the TV ads were present or not.

That means that advertisers would get the additional benefit of using radio, *even if they were already using up to 100 points of national TV*. In fact, there was even a hint of *added* effect from using the two together—a suggestion of synergy from using two media. But what was certain in these results was that radio continued adding to sales, even when “normal” levels of TV were already in place.

In addition to measuring sales in this study, RAL also worked with Millward Brown to measure branding effects before and after the campaigns. Here, the results were even more striking: Without even accounting for the lower cost of the radio campaigns, the test found better effects on brand awareness from radio than from TV, and identical effects on purchase intention measures. Clearly, at roughly equal weight, radio was able to move the branding needle as well or better than TV for these four national advertisers.

So no matter how it was measured, in this real-world test, designed objectively with advertiser and agency participation, radio showed that it can deliver high levels of Return on Investment. That’s an important milestone for radio, because no public studies have ever tried to document this pattern in the U.S. before.

Now let’s talk a little bit about *how* radio ads can be so effective.

## **SLIDE 9: RADIO ADS ENGAGE CONSUMERS**

In the first study conducted by the Radio Ad Lab, the respected research company Wirthlin Worldwide explored how radio advertising *affects* consumers in ways that are different from television and newspaper advertising. The goal was to better understand how consumers interact with radio ads, and how that can be used to make radio advertising even better.

This study used a high-quality RDD sample of adults 18-54 to contrast perceptions of radio and its advertising with perceptions of TV and newspapers. To make it fair, the newspaper questions were only asked among people who read a newspaper at least once a week.

The initial learning wasn’t surprising to people who know radio. The study showed that radio is the most *personal* of those media—something which people choose to satisfy very personal wants and needs. Consumers think in terms of “my” stations, and they often have a very one-to-one relationship with the medium.

What was even more interesting, though, was how that personal relationship spills over to the relationship with radio *advertising*. Listeners expect radio ads to be more *relevant* to them; they think the products advertised on “their” stations are more likely to be of interest to them.

Some of that is a function of demographic targeting by advertisers. Radio is often used to zero in on specific groups of consumers, and the products *should* be more relevant to those listeners. But what the study shows is how listeners now *expect* that relevance. Consumers realize that a cluster of TV ads probably won’t have much that interests them, and that a newspaper is full of ads that aren’t intended for them. But on their favorite radio station, there’s an *expectation* that the ads might actually be useful to the listener.

What a powerful advertising environment that can be—listeners *expecting* an ad to be relevant to them, and being primed to pay more attention than in other media. We think that helps explain why radio can be so powerful when it’s used properly.

Of course, there’s also an implied risk to this observation. When a commercial on radio *isn’t* targeted to that audience—when it really *isn’t* relevant to that station’s audience—a listener expectation has been violated, and that dissonance can be bad for both the station and the advertiser.

Nevertheless, when the relevance is there, there’s also a special kind of bond. In this study, consumers indicated a greater *trust* in radio advertising, and a sense that radio ads were more likely to be honest. Those were some suggestions in the study that radio ads can trigger a more *emotional* connection with consumers, and that’s a good thing. While rational appeals are important in advertising, tapping into emotions can be even more powerful.

All of those findings help explain the real power of good radio advertising. Listeners have a personal relationship with their stations, along with an expectation that the ads will be relevant to them. That’s an advertising environment in which consumers are more emotionally open to marketing communication—as long as that communication is consistent with their expectations.

Overall, this study—called “Personal Relevance, Personal Connections”—helps advertisers better understand radio’s real power as *unique* medium. When radio ads anticipate that unique relationship with consumers, there’s almost no limit to the communication that can occur.

So now we’ve seen how radio can move product, and how radio communicates with consumers in a unique way. Let’s examine one more study, one that takes a look at how radio can work well in *combination* with other media.

## **SLIDE 10: RADIO WORKS “IN THE MIX”**

The third of RAL’s studies is called “The Benefits of Synergy: Moving Money Into Radio.” That’s because it examined what can happen when *some*, but not all, of a single-medium budget is moved into radio.

For this study, The PreTesting Company constructed a controlled lab test in which they could be sure that each participant received an exact number of exposures to certain ads. The details are spelled out in the full research paper at RAL's website.

In a nutshell, they exposed some people to a situation that included two exposures to a TV ad. A matching group of people was exposed to a similar situation that included only one exposure to a TV ad, but they also received two exposures to a radio ad for the same product.

There was a parallel study in which the same idea was tried with newspapers. One group got two newspaper ad exposures; a matching group got only one newspaper ad exposure, but they also received two radio ad exposures.

The study used *two* radio ads instead of one for this swap-out in order to simulate swapping out advertising *budgets*. The newspaper ads tested were full-page, full-color ads, which are significantly more expensive than a single radio ad. And the same can be said for TV ads. So the test simulated a budget reallocation from TV or newspapers into radio, which explains the second radio ad.

The test used five different campaigns for a wide variety of products, and it found some very powerful effects from the switch to radio-mix exposures. When one of two TV ads was swapped for a pair of radio ads, *unaided brand recall improved by a third*. And the same comparison for newspapers was even more striking; *unaided recall almost tripled* when a newspaper exposure was swapped out for two radio exposures.

Of course, recall isn't always the best proxy for marketing impact, so the study also considered some other measures. For example, RAL examined how well the various combinations were able to actually communicate the main message of the ad campaigns.

There too the findings were impressive. Despite radio's often-cited "lack of pictures," the radio-mix exposure groups were able to play back the campaign messages just as well as the TV-only groups, and significantly better than the newspaper-only groups. Clearly, the advertisers' communication was "getting through" to consumers in the radio-mix groups.

Finally, in one of the most interesting results, the radio-mix groups were *more persuaded* to prefer the advertised brands than were the single-medium groups. The study participants were asked to choose their #1 brand choice both before and after the test exposures, and there was more shift toward the advertised brands after the radio-mix experiences than after either the TV-only or newspaper-only exposures. Since persuasion is often considered a significant precursor to actual purchase, the persuasion results from this study are especially striking.

Overall, across five different real ad campaigns, this study highlights how powerful radio can be when it's added to the media mix. And remember that this study tried to simulate a constant ad budget; it examined *moving* money into radio, not simply spending more, and not simply eliminating other media. The real story is that synergy can and does happen when radio is part of the media plan.

Ultimately, it's not about spending more. It's about spending what you have more wisely.

### **SLIDE 11: RADIO LEARNINGS SUMMARY**

No one study can answer every question about radio, of course. But we think we've learned some valuable new intelligence across these three studies from the Radio Ad Lab.

We've seen—for the first time in a published U.S. study—that radio really can deliver better Return on Investment than television. In a major and rigorous piece of research, radio moved product significantly, and it did so more cost effectively than the corresponding national TV campaigns.

We also gained some new insight into *how* radio ads work. Radio really is a unique medium that reaches consumers in unique ways, and it creates a powerful and receptive environment for marketing communications. Radio listeners actually expect radio ads to be relevant to them, and the opportunity is there for emotional and powerful connections with advertisers.

Finally, we saw that radio has the ability to add marketing power when people are already reached with television or newspaper advertising. We've always known that radio can reach people that other media can't, but now we know just how powerful radio can be when its effects are *added* to the effects of other media.

And fortunately, thanks to the Radio Ad Lab, we find these results in objective research that's designed with the support of all advertising sectors, and published freely with full transparency about how it was done. That's a major step forward for radio.

### **SLIDE 12: WHAT'S NEXT**

Fortunately, the Radio Ad Lab continues to receive significant financial support from the radio industry, and its 30-member cross-industry Research Committee is moving forward on designing new projects for 2006. A new Request for Proposals was issued in the Fall of 2005, and new large-scale studies will continue to flow in 2006. Topics like radio and the Internet, imagery, ad creativity, and engagement are all likely to receive attention in the months to come, so we hope you'll stay tuned for new work from RAL.

### **SLIDE 13: RAL RESOURCES FOR YOU**

In the meantime, remember that everything done by the Radio Ad Lab is available to anyone for free at their website, RadioAdLab.org. All three of the studies we just discussed are available for free download, in full "research paper" form along with executive summaries. The Research Committee insists on full disclosure, so you should find almost any question you might have about these studies answered in one of those documents.

In addition, RAL also created a major reference resource call the *Research Compendium* which is available at the website. It's a summary of twenty years of historical published research about radio advertising, and there's a lot of good information about how radio works in that document.

The website also includes a series of *White Papers* which summarize some of themes that were found while creating the *Compendium*, along with several *Case Studies* provided by major advertisers that did their own research about radio ad effectiveness.

So by all means, spend a little time at [RadioAdLab.org](http://RadioAdLab.org). It's all free, and it's all objective information about radio ad effectiveness.

**SLIDE 14: THANK YOU!**

That's it for now. We hope this quick overview of research from the Radio Ad Lab piqued your interest in this work, and perhaps made you think about radio a little differently. You may have already believed in radio's effectiveness; now you can back it up with some useful research.

Thanks for your time today.