

Let's Take the "NT" Out of



By Bob Davis, President/CEO, Sell Thru Marketing, Inc.

It is time to take the NT out of NTR. In fact it is time to rename NTR. It is time to start calling it what it is. New Revenue Development ... NRD. Our industry seems to be hung up on an acronym. NTR is new revenue development. New Revenue Development or just plain new business is not a magic button. It is a way to develop new marketing skills and to increase the potential client pool for a station as well as developing other revenue streams for a station. Every sales department should be developing new revenue. Who cares where it comes from or what name you call it? Maybe a new name will take the mystery out of NTR.

If you look at just about any radio station in America they probably have 1,000 to 1,500 clients that they do business with each year. These are their traditional accounts. In most areas this is no more than 20 percent of the potential traditional business in that market. There are over 140,000 manufacturers in America. There are over 25,000 new product introductions or line extensions introduced every year. That is over 1,400 new opportunities every month. NRD allows a station to increase their potential client base dramatically. Every one of these prospects is looking for ways to create brand awareness and make it in today's competitive marketplace. In most cases only one in four products survive. There is more money being spent on consumer promotion than on all forms of traditional advertising. It only makes sense for stations to master the skills necessary to capture some of these consumer promotion dollars.

We are currently in a very difficult time in our history. In addition to the changes that have taken place in our way of life since September 11th, the business world quickly is becoming a world of commoditization. More and more transactions hinge solely on price. Differentiating yourself from your competitors and making a profit are becoming increasingly difficult. More and more, clients and customers are making buying decisions based on price alone, reducing all products and services to the commodity level. How do you escape this commoditization trap? Not in any of the ways you're used to — like working harder or longer. The key is to create value in the form of a unique experience with every prospect, client, and customer. That is exactly what developing new revenue is all about.

One of the elements that holds back many stations from committing to the development of this revenue and creating substantial value for clients is the model that our industry has adopted as the way to get into NRD game. Let's look at that model. The predominant model involves the hiring of a consulting company, the hiring of a dedicated department director, and the attempt to gain sales staff involvement. So in our current economic environment we are spending a lot of money upfront before any revenue is developed. This model is not a six-month effort or even a one-year model; it is a two-year model. Keep in mind if the consulting company doesn't work out for you or the department director doesn't work out for you, you go back to zero and have to start the two-year cycle all over again. The model can and does work for many stations. But in our current environment of "bottom line, get the money now," fewer and fewer stations have two years to give the process.

So what is the alternative? Making the skill sets needed to develop new revenue a way of doing business. Our salespeople need to understand sales promotion tactics. Not just for manufacturers and retailers but for all of their clients. They need to understand how to increase business for clients. Not just with the package of the week but with the three ways to increase any business. Those three ways are understood by all businesses. They are: getting more customers, get the customers you have to buy more, and get the customers you have to buy more often. All of these elements can and will increase your value to the marketplace. It is a known fact that your earnings are in direct proportion to your value to the marketplace.

If you take a look at the new revenue you can develop with manufacturers and by partnering with retailers, it comes from trade and sales promotion funds. These funds are used to induce customers to buy their products. Currently this accounts for about 75 cents of every dollar used to market a product. The amount going to just advertise a product in traditional media continues to decrease while more and more money is being devoted to sales and trade promotion. The reason for this change in spending is simple: it works — and it moves product. These same tactics can be used for any of your products to differentiate your company from the competition.

Many stations that are in the hunt for NRD dollars bemoan the fact that retail-driven programs seem to be harder and harder to initiate. Some stations even have decided not to pursue developing the retail/manufacturer side of the NRD equation. If new revenue streams are important to your station, this is a risky strategy to pursue. It is true that there are fewer independent grocery stores and retailers in most markets than there were just five years ago. There are also fewer radio companies. Consolidation has taken its toll on most industries, and the retail sector has not been immune. Many stations have found it profitable to partner with some of the national mass merchandisers like Wal Mart and Target as well as national grocery chains to develop retail-driven programs. This has produced outstanding results in many markets. Traditionally the key to growing and controlling retail programs has been the ability to target locally owned and operated stores.

All of these efforts rely on utilizing sales promotion tactics to help these clients increase sales. It can be summed up best by a conversation I had with a Regional Manager from Kellogg's. He said, "If the sun comes up tomorrow, I'll sell Kellogg's cereal. What I need you for is to sell more." All of the revenue we develop in NRD is because we are able to help these new clients sell more. The same

principals can be used for any of your clients. So NRD is a lot more than a bookkeeping term. It is truly new business. It is creating new revenue streams for our stations so when the next rating book comes out and we lose audience, we don't have to lose revenue. We can truly control our own revenue destiny and help our clients increase sales. It is a way for you to escape the commodization trap and create value for your customers.

In order to be successful and create unique value for your clients and prospects, you must develop new selling skills. Don't be like everyone else anymore. Get the training and skills needed to take quantum leaps in your revenue.

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