nielsen

THE SALES IMPACT OF RADIO

A LOOK AT PERFORMANCE IN FOUR MAJOR CATEGORIES

2015

BACKGROUND

RESEARCH OBJECTIVE

To measure the *sales impact* of radio advertising in four major spending categories

CATEGORIES

Department Stores

- 4 Brands
- Test Period: Q3 2014
- Pre Period: Same Time Prior Year

Mass Merchandisers

- 2 Brands
- Test Period: Q4 2014
- Pre Period: Same Time Prior Year

Home Improvement

- 2 Brands
- Test Period: Q2 2014
- Pre Period: Same Time Prior Year

QSR/Fast Food

- 3 Brands
- Test Period: Q3 2014
- Pre Period: 3 months prior

METHODOLOGY: EVALUATE SALES IMPACT FOR AGGREGATE CATEGORY AD SPENDING AND SALES

DATA SOURCES

RADIO AD EXPOSURE:

Nielsen Portable People Meter (PPM) Panel matched to **Media Monitors** commercial occurrence data

PURCHASE BEHAVIOR:

Credit & Debit Card Expenditures of 125 MM unique cardholders

- 80%+ US credit card transactions
- 30% of US debit card transactions
- 12B transactions accounting for a total of $1.2 trillion spent annually

SINGLE SOURCE DATABASE:

~40,000 Persons 18+

AD SPENDING: SQAD

MEASURE THE IMPACT

ANALYSIS APPROACH:

Analysis Measures the Sales Impact of Aggregate Ad Spending and Aggregate Sales for all Brands Measured in the Category

- **EXPOSED GROUP:** Listeners exposed to radio advertising on PPM measured stations for any of the brands measured in each category during the Test Period.
- **UNEXPOSED GROUP:** Listeners not exposed to radio advertising on PPM measured stations for any of the brands measured in each category during the Test Period.

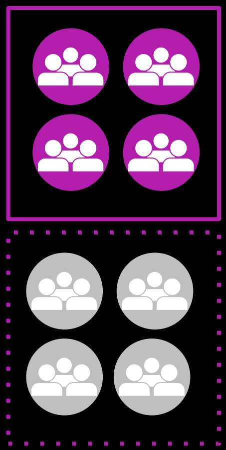
KEY METRICS:

- Total Sales/Spend lift
- Buyer Penetration
- Transactions/Trips per Buyer
- $$ per Transaction
- $$ per Buyer
- ROAS - Sales Return per Advertising Dollar

METHODOLOGY: APPLY WEIGHTING FACTORS TO ISOLATE THE IMPACT OF EXPOSURE TO RADIO

WEIGHTING FACTORS

- Groups EXPOSED and UNEXPOSED to radio advertising were weighted to be identical on the following characteristics:



Audience
EXPOSED
to radio advertising

Audience
UNEXPOSED
to radio advertising

- Age
- Gender
- Race
- Education
- Employment status
- HH size
- Presence of children
- Buying history *(prior spending/transactions)*

- After weighting, the key difference in the two groups is RADIO EXPOSURE.
- Each group has an equal opportunity to be exposed to other media where the campaign is running.

3 PILLARS THAT DRIVE RETURN ON ADVERTISING SPEND

MORE BUYERS

BUYERS SHOPPING MORE OFTEN

BUYERS SPENDING MORE PER TRIP

INSIGHT INTO INDIVIDUAL CATEGORIES

DEPARTMENT STORES

$17 OF INCREMENTAL SALES FOR EVERY $1 SPENT

EXPOSURE TO RADIO CAMPAIGNS DROVE A **10%** INCREASE IN SALES OVERALL

RADIO BROUGHT IN MORE SHOPPERS AND THEY SPENT MORE EACH TIME THEY SHOPPED

3% increase in total number of buyers

6% increase in $ spent per buyer

IMPACT OF RADIO EXPOSURE
$356,966,946
Incremental spend for customers exposed to the radio campaigns in Q3 2014

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RADIO AD INVESTMENT:
$20,999,788 *
Total Q3 2014 radio ad spend

= **$17 ROAS**

Q3 2014 FOR FOUR BRANDS COMPARED TO SAME TIME PRIOR YEAR

* Ad spend source is SQAD

MASS MERCHANDISER

$16 OF INCREMENTAL SALES FOR EVERY $1 SPENT

EXPOSURE TO RADIO CAMPAIGNS DROVE A **1%** INCREASE IN SALES OVERALL

RADIO WAS SUCCESSFUL AT GETTING MORE PEOPLE INTO THE STORES AND THEY SPENT MORE WHEN THEY SHOPPED

2% increase in total number of buyers

2% increase in $ spent per transaction

IMPACT OF RADIO EXPOSURE

$227,707,290

Incremental spend for customers exposed to the radio campaigns over 3 months

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RADIO AD INVESTMENT:

$13,908,650 *

Total Q4 2014 radio ad spend

= **$16 ROAS**

Q4 2014 FOR TWO BRANDS COMPARED TO SAME TIME PRIOR YEAR

* Ad spend source is Sqad

HOME IMPROVEMENT

$10 OF INCREMENTAL SALES FOR EVERY $1 SPENT

EXPOSURE TO RADIO CAMPAIGNS DROVE A **4%** INCREASE IN SALES OVERALL

RADIO CAMPAIGN EXPOSURE DROVE MORE PEOPLE TO SHOP AND TO SHOP MORE OFTEN

8% increase in total number of buyers

2% increase in number of transactions

IMPACT OF RADIO EXPOSURE

$368,666,119

Incremental spend for customers exposed to the radio campaigns in Q2 2014

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RADIO AD INVESTMENT:

$38,885,290 *

Total Q2 2014 radio ad spend

= **$10 ROAS**

Q2 2014 FOR TWO BRANDS COMPARED TO SAME TIME PRIOR YEAR

* Ad spend source is Sqad

QSR/FAST FOOD

$3 OF INCREMENTAL SALES FOR EVERY $1 SPENT

EXPOSURE TO RADIO CAMPAIGNS DROVE A **6%** INCREASE IN SALES OVERALL

RADIO DROVE MORE PEOPLE INTO THE RESTAURANTS AND THEY SPENT MORE EACH TIME

6% increase in total number of buyers

1% increase in $ spent per transaction

IMPACT OF RADIO EXPOSURE

$87,302,965
Incremental spend for customers exposed to the radio campaigns in Q3 2014

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RADIO AD INVESTMENT:

$29,044,889 *
Total Q3 2014 radio ad spend

= **$3 ROAS**

Q3 2014 FOR THREE BRANDS COMPARED TO PRIOR 3 MONTHS

* Ad spend source is Sqad

HISPANIC AND AFRICAN-AMERICAN INSIGHTS

% CHANGE IN TOTAL SPEND

	PERSONS 18+	HISPANICS 18+	AFRICAN-AMERICANS 18+
	10%	43%	10%
	1%	9%	-2%
	4%	49%	IFR
	6%	23%	8%

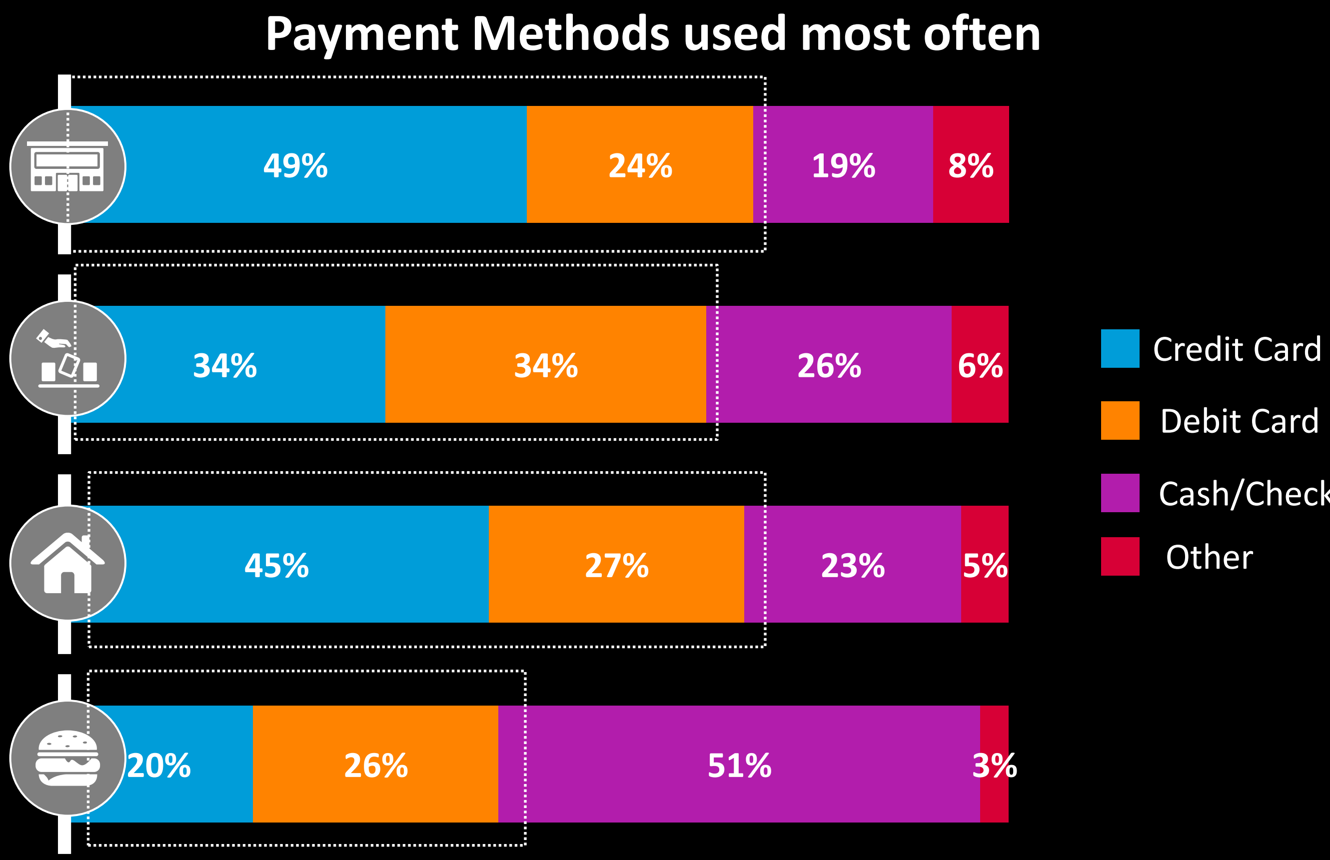
SHARE OF WALLET: CREDIT & DEBIT CARDS USED MOST OFTEN FOR PURCHASES IN MAJORITY OF CATEGORIES

73% of people use Credit or Debit cards most often for department stores purchases

68% of people use Credit or Debit cards most often for mass merchandiser purchases

72% of people use Credit or Debit cards most often for home improvement purchases

46% of people use Credit or Debit cards most often for QSR purchases



Nielsen 2014 Share of Wallet Study

RADIO ADVERTISING POSITIVELY IMPACTS BOTTOM LINE SALES FOR MANY CATEGORIES

RADIO PAYBACK PER $1 AD INVESTMENT

RETAIL (B)	$23.21
DEPARTMENT STORES	$17.00
MASS MERCHANDISERS	$16.37
TELECOM	$14.00
RETAIL (A)	$11.15
HOME IMPROVEMENT	$9.48
SNACKS (A)	$7.33
SNACKS (B)	$4.33
BEER	$4.17
SOFT DRINK (A)	$3.81
CANDY	$3.12
QSR	$3.01
SOFT DRINK (C)	$1.97
BREAKFFAST BAR	$1.81
SOFT DRINK (B)	$1.38