

# 11 - Radio's Proximity to the Purchase

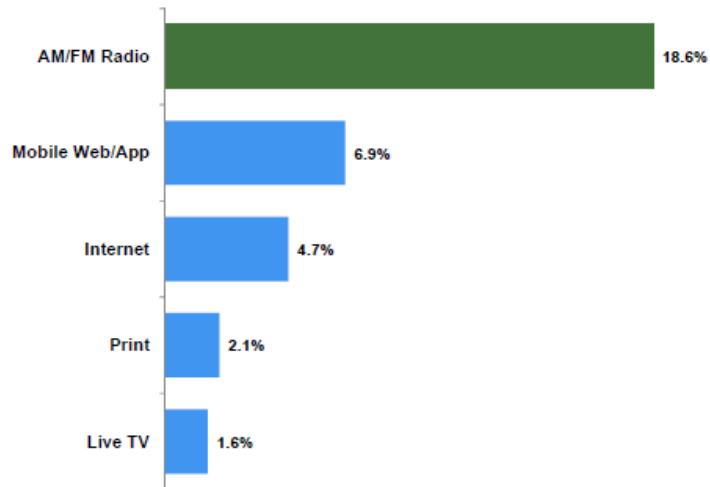
**Retail PPM beacons may one day show radio's power to drive sales.** The concept of installing beacons at retail locations to demonstrate the relationship between radio advertising and retail visitation has been discussed since 2010. Now Arbitron confirms it is conducting preliminary research and development to evaluate the use of location beacons. According to sources, the hardware would transmit a signal that would be detected by PPMs when panelists visit a participating retailer's store. Arbitron would then correlate exposure to the retailer's radio ads with store visitation to better quantify radio's ability to drive in-store traffic. While the beacons wouldn't initially gauge an ad campaign's impact on sales, they could lead to improved accountability for radio among retailers and automotive dealerships. Sources say Arbitron is working with broadcasters to line up three retailers to test the beacon technology, which is expected to be operational sometime late next year. A retail service would provide Arbitron with another way to monetize its 70,000-member national PPM panel. It would also help agencies better demonstrate return on investment to retailers for their radio campaigns. Buyers say radio's ability to drive in-store traffic is something they've long accepted as one of the medium's strengths, based on experience and instinct. But with clients scrutinizing every media dollar they spend, they're looking for empirical proof. "To be able to measure and quantify [retail] visits as a result of exposure would greatly increase accountability," says Jackie Davenport, director of local broadcast at The Martin Agency, whose client list includes Wal-Mart. Whether beacons would cause retailers to spend more on radio depends on what they show, Davenport says. "It's not enough to know someone was exposed, we want to know if it had an impact," she says. She says buyers are looking to measure whether the consumer engaged with the product as a result of advertising exposure and whether the influence can be measured based on specific goals such as sales.

- **The 1994 finding from AdImpact data that “a single exposure in close proximity to purchase occasion exerts a powerful influence on sales” (Reichel and Wood, 1994) still holds true across all categories, brands, and single-source data-sets. Moreover, it is every bit as valid if the denominator is either total brand share or nonexposed brand share, and if other marketing variables are covariated out. The finding holds up particularly well when the brand definition is narrowly focused on an exact brand that is being advertised. The broader the definition of the brand, particularly within large complex brand families, the lower the “powerful influence on sales.”**
- **Advertising Decay**
- **The second generalization, the short-term effect on sales decays across time, is very intertwined with the first. The decay across time is consistently reported regardless of how the short-term measure is calculated (Jones, 1995; Longman, 1997; McDonald, 1970; Reichel and Wood, 1994; Roberts, 1999; Wood, 1990).**

- **COPY—CREATIVE IMPACT**
- The third generalization is the recognition that the creative copy is the largest driver of the effect of the advertising. Powerful copy can produce dramatic effects, sometimes 10 or 20 times more effective than mediocre copy. Looking at Project Apollo data, a single brand with many subbrands is supported by different copy for each of those subbrands, over the course of the two years of the project. Each campaign will produce different levels of advertising effects. AdImpact curves for the different executions for the same brand area shown in Figure 6.

## AM/FM Radio Offers The Greatest Media Proximity to Shopping Occasions

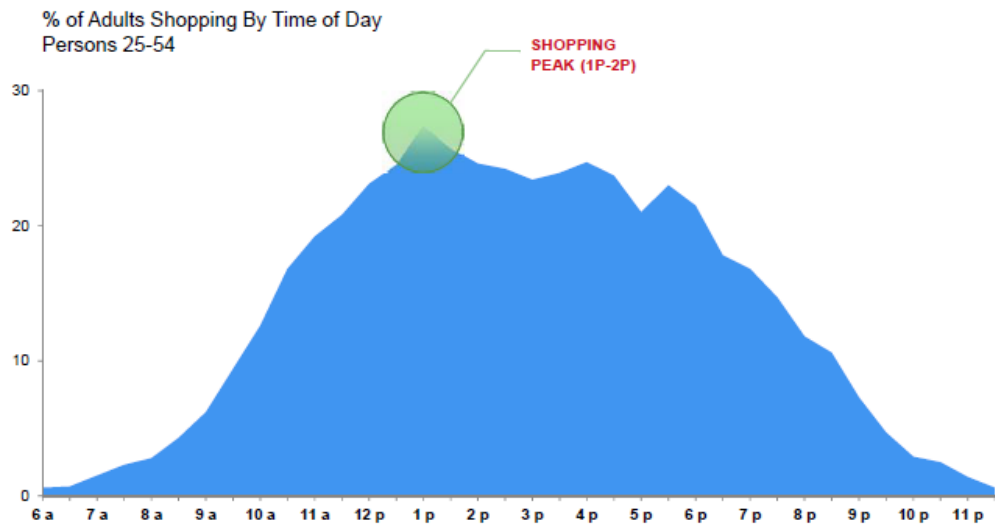
% Exposed to Given Media Within the Half Hour that Shopping Occurs  
Persons 25-54



Source: MBI Touchpoints™

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## The Peak Shopping Hour is Between 1-2PM

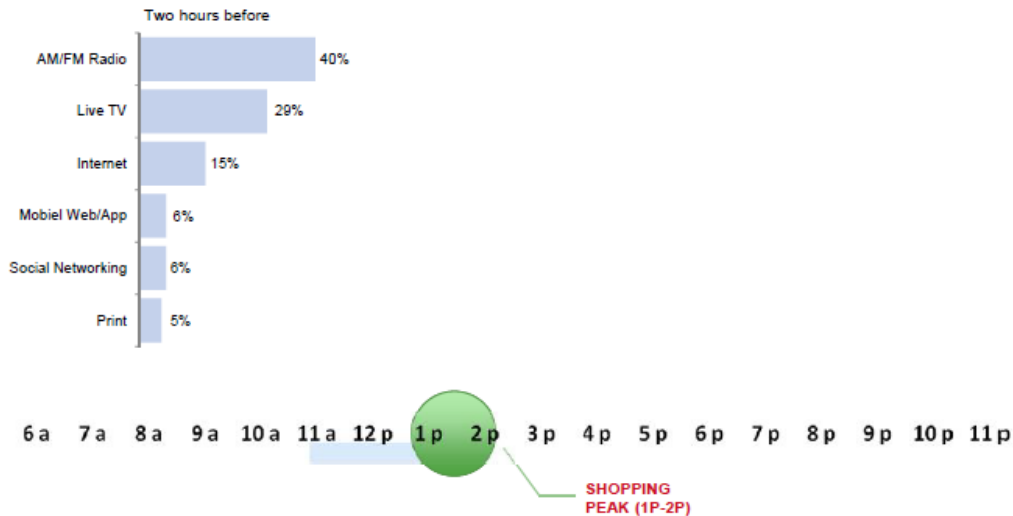


Source: MBI Touchpoints™

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## By Far, AM/FM Radio Is The Strongest Pre-Shopping Medium

Reach for given medium in the specified time period before peak shopping hour  
Persons 25-54

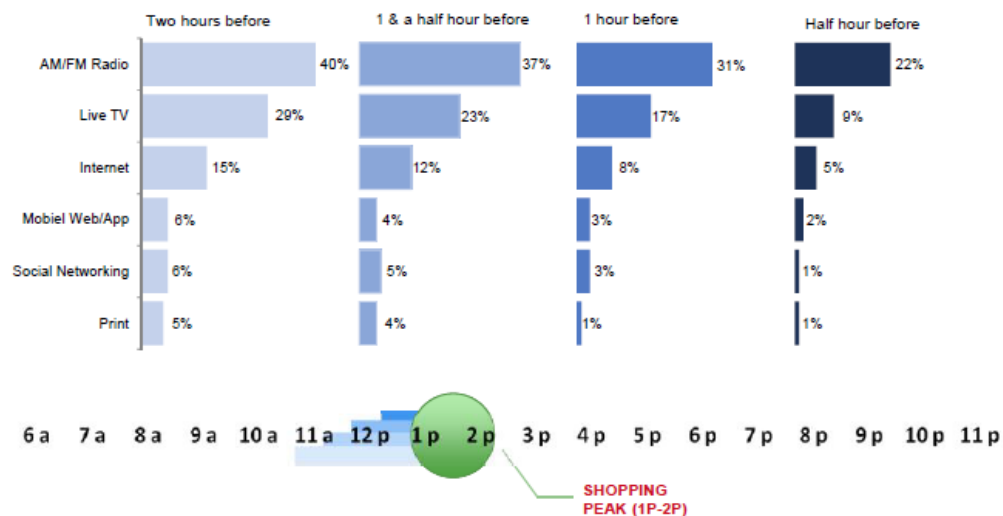


Source: MBI Touchpoints™

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## By Far, AM/FM Radio Is The Strongest Pre-Shopping Medium

Reach for given medium in the specified time period before peak shopping hour  
Persons 25-54

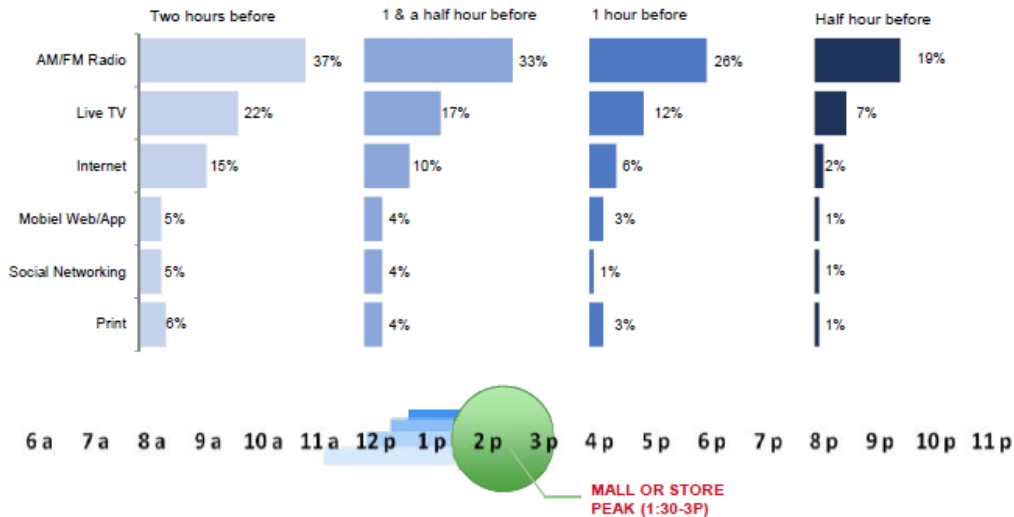


Source: MBI Touchpoints™

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## AM/FM Radio Dominates Media Exposure Before MALL or STORE Visits

Reach for given medium in the specified time period before peak shopping hour  
Persons 25-54

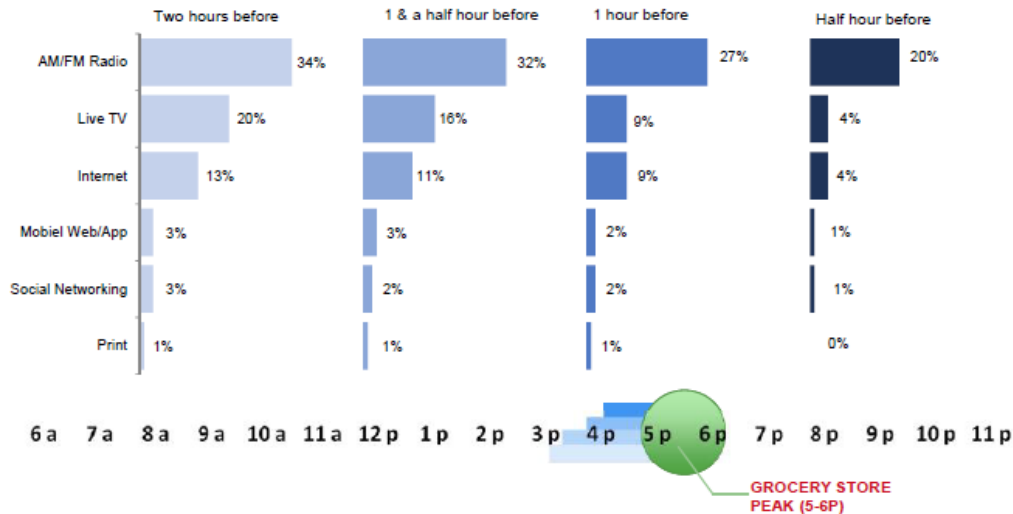


Source: MBI Touchpoints™

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## AM/FM Radio Tops Media Exposure Prior to GROCERY Store Visits

Reach for given medium in the specified time period before peak shopping hour  
Persons 25-54

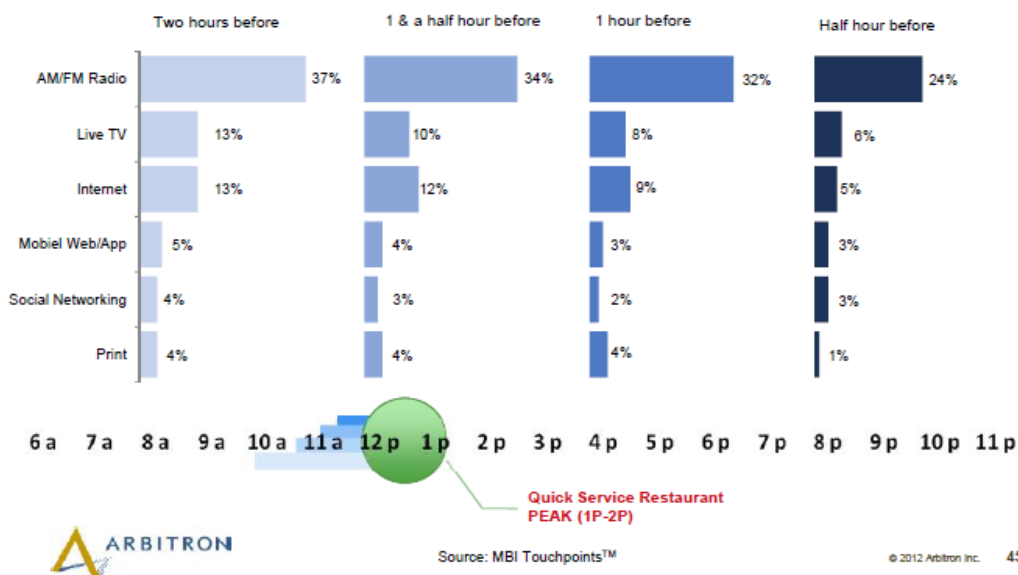


Source: MBI Touchpoints™

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## AM/FM Radio Reaches More 25-54s Before QSR Visits Than Any Other Medium

Reach for given medium in the specified time period before peak shopping hour  
Persons 25-54



## Radio Claims Largest Pre-Shopping Reach

by Erik Sass, Sep 21, 2012, 1:11 PM

Radio reaches the largest audience immediately before peak shopping hours, and also reaches a larger number of adults ages 25-54 than do digital competitors like the Web, social networks and mobile during an average day, according to a new study by Arbitron and MBI Touchpoints.

The study, carried out in two waves from October 2010-March 2011 and August 2011-January 2012, looked at media consumption, consumer activities and related behaviors for 2,000 adults ages 18-64.

Broadcast AM/FM radio reaches 31% of adults ages 25-54 during the hour prior to the peak shopping period of 1 p.m.-2 p.m., according to the Arbitron study, titled "Where Radio Fits: Radio's Strengths in the Media Landscape." That's almost twice the reach of live TV during the same period (17%).

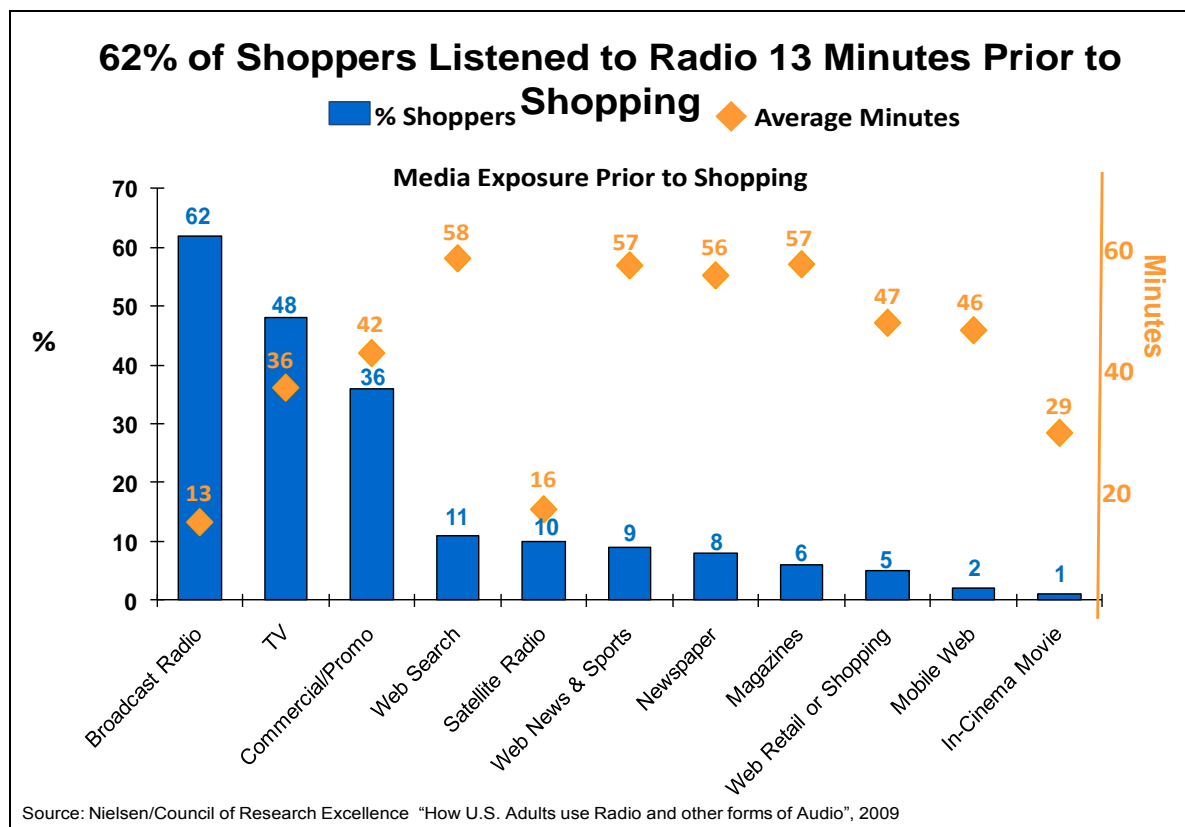
Over the course of the whole day, radio reaches 59% of adults ages 25-54 -- second only to TV, which reaches around 80% of adults, and ahead of the Internet (49%), social networks (19%), and mobile Web and mobile apps (16%).

Among audio media, radio accounts for 86% of total time spent listening by adults ages 25-54 -- around eight times the amount of time spent listening to satellite radio and 17x the amount spent listening to online radio.

Radio also expands total audience reach when combined with other media. For example, when added to TV, radio increases reach among adults ages 25-54 by 16%, and the proportion grows to 60% additional reach when radio is combined with the Internet.

Earlier this month, the Radio Advertising Bureau announced that total ad revenues increased 1% in the second quarter, to \$4.3 billion. Total ad revenues were also up 1% in first half of the year, to \$7.9 billion

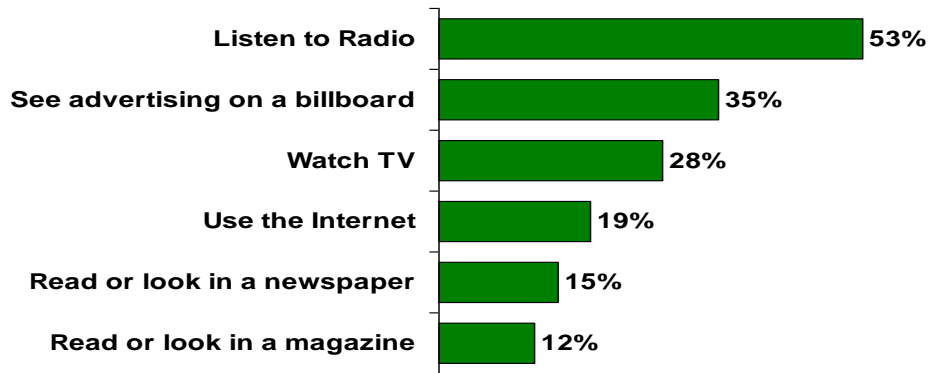
Per Nielsen 2009 CRE





## Radio Reaches the Most Consumers Right Before They Buy

% Who Used Medium Within 30 Minutes of Last Purchase



© 2011 Arbitron Inc./Edison Research/Scarborough Research  
Slide 27

Base: Bought something at supermarket, department store, or any other type of store in past 24 hours

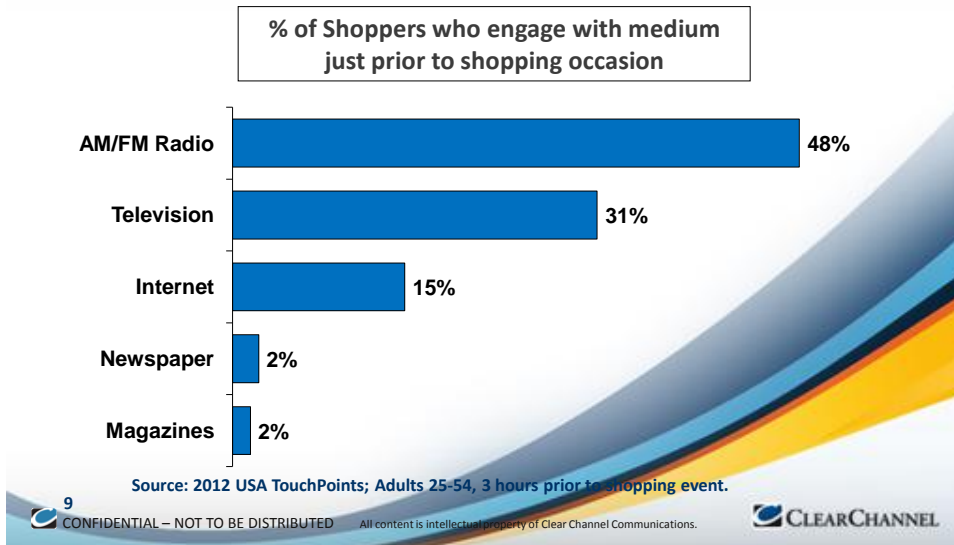
ARBITRON

edison  
research

SCARBOROUGH  
RESEARCH

COMMENT: RADIO ENJOYS TWO KEY COMPETITIVE ADVANTAGES- TARGETING-IN-TIME AND NEARNESS TO PURCHASE OR PROPINQUITY. THE SLIDE BELOW CONFIRMS THE 2010 CRE INFORMATION WHICH SHOWS THAT RADIO EXCELS AT BOTH. A PERFECT STORM OF MESSAGE DELIVERY)

## Leading into the purchase occasion, Radio reaches more shoppers than any other media

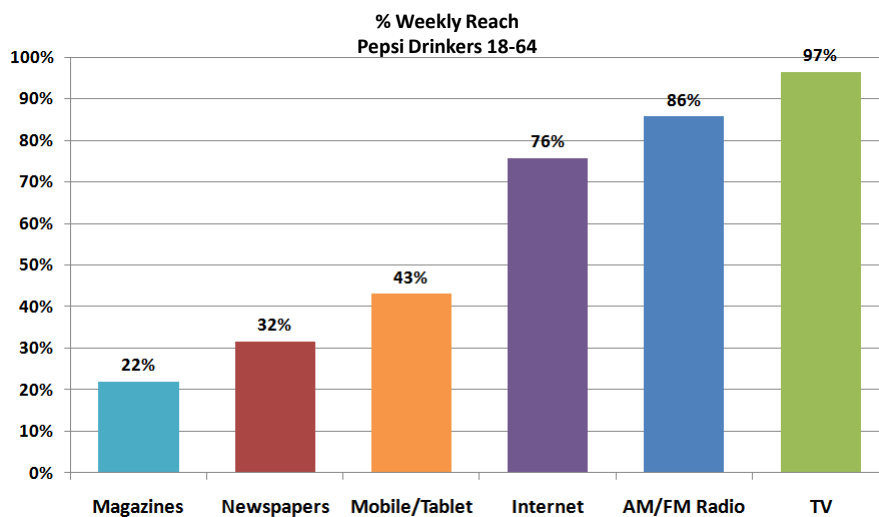


The following slides were derived from USA Touchpoints that confirms that Radio's usage coincides with Pepsi shoppers much more so than TV:

The Internet does not include email, but includes internet activity via any platform – pc, mobile, tablet.

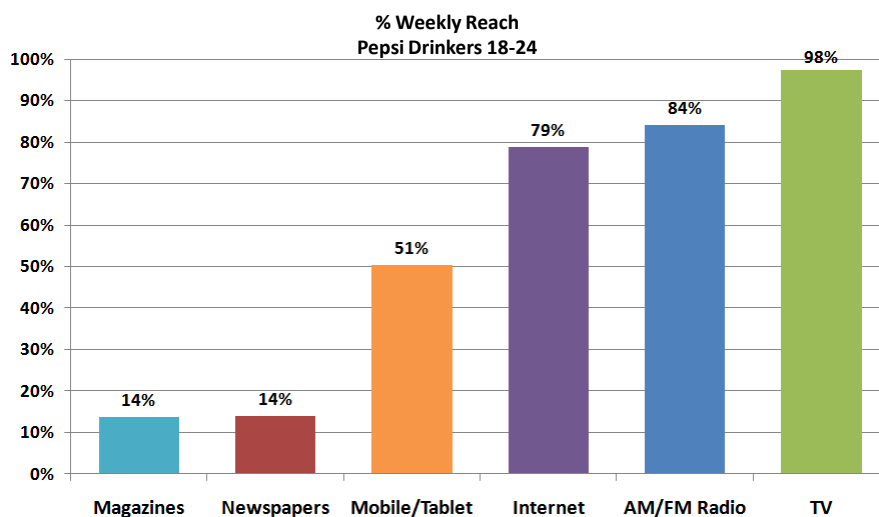
Mobile/Tablet includes internet/apps via the mobile device – not talking/texting.

## 86% of adult Pepsi drinkers listen to Radio each week



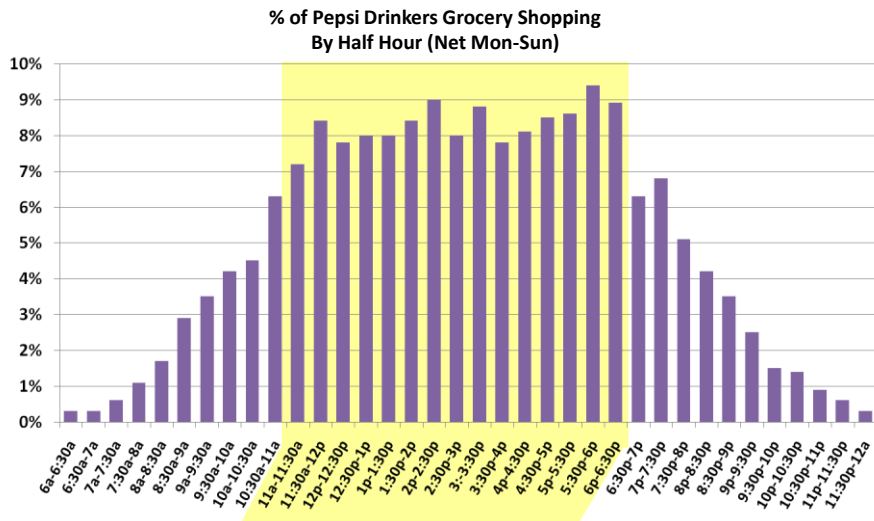
Source: 2012 USA TouchPoints

## Even among younger Pepsi drinkers, Radio is the 2<sup>nd</sup> highest reaching medium



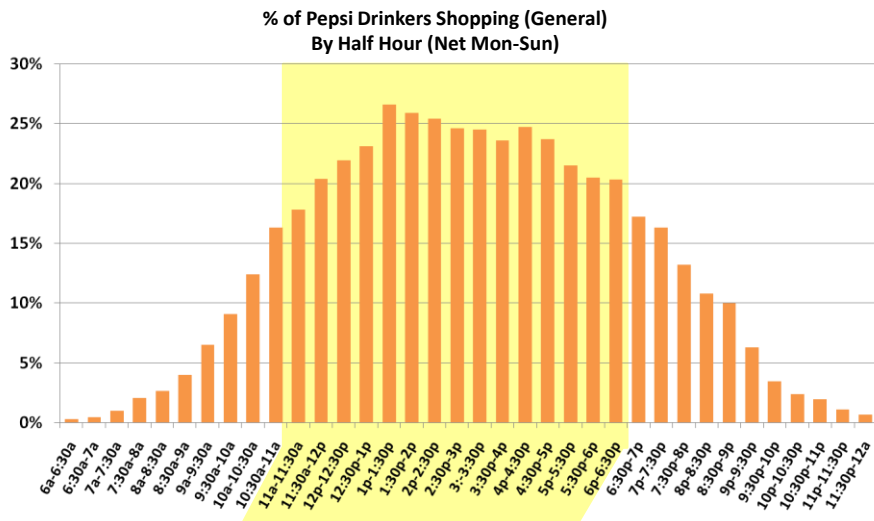
Source: 2012 USA TouchPoints

## Key grocery shopping times for Pepsi drinkers



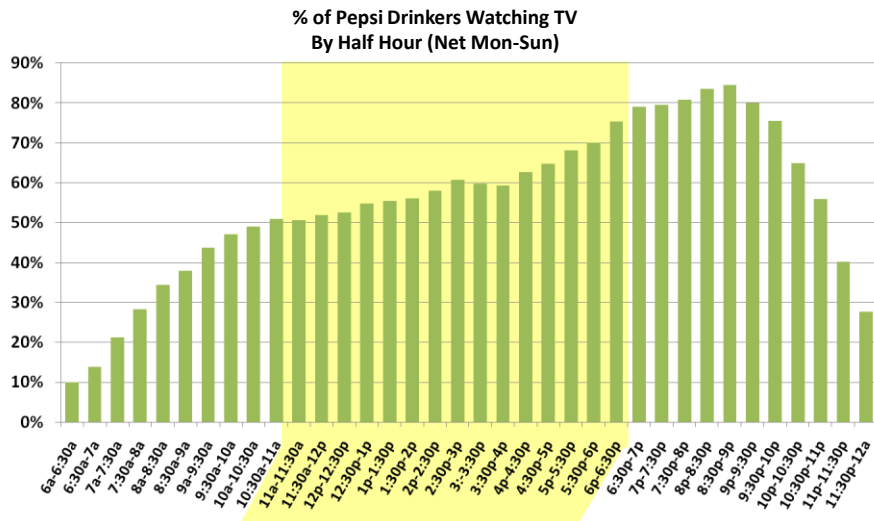
Source: 2012 USA TouchPoints

## Pattern of “general” shopping among Pepsi drinkers



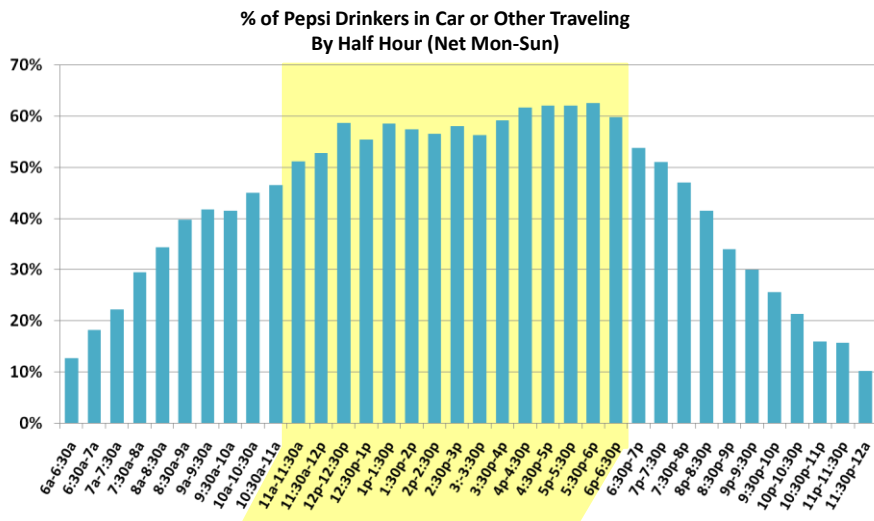
Source: 2012 USA TouchPoints

**TV's usage profile is skewed much toward the evening when shopping is less prevalent**



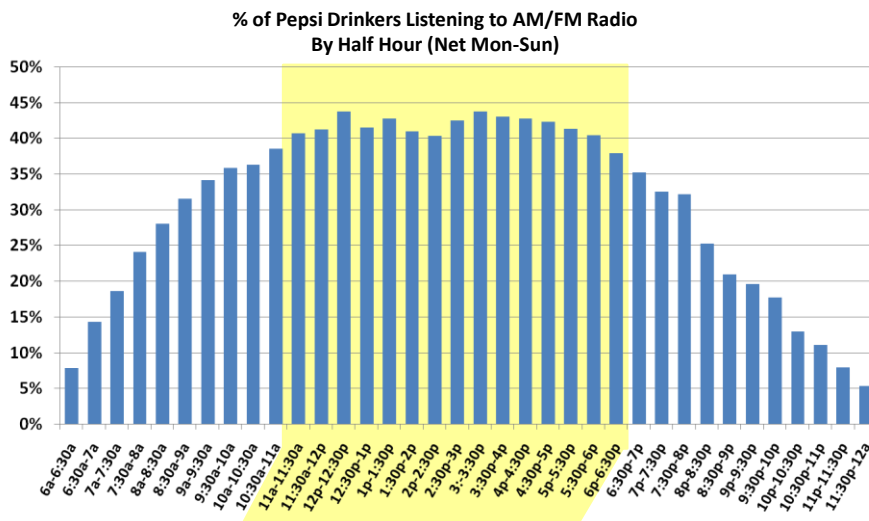
Source: 2012 USA TouchPoints

**Automobile usage among Pepsi drinkers peaks during prime shopping hours**



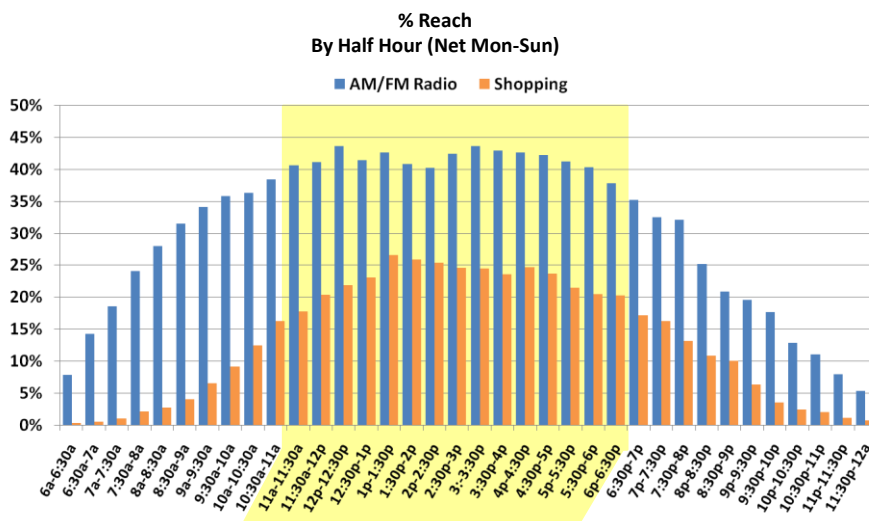
Source: 2012 USA TouchPoints

## Radio usage among Pepsi drinkers also peaks during prime shopping hours



Source: 2012 USA TouchPoints

## Pepsi drinkers' radio usage matches their shopping pattern ...potential to influence shoppers close to point of purchase



Source: 2012 USA TouchPoints

Marketing Evolution conducted a test for McDonald's flatbread chicken sandwich campaign measuring how different ads at different times of the day generated as much as 40% higher impact around lunch and dinner meal times versus when the exact same ads ran at different times when people were not as receptive to a chicken

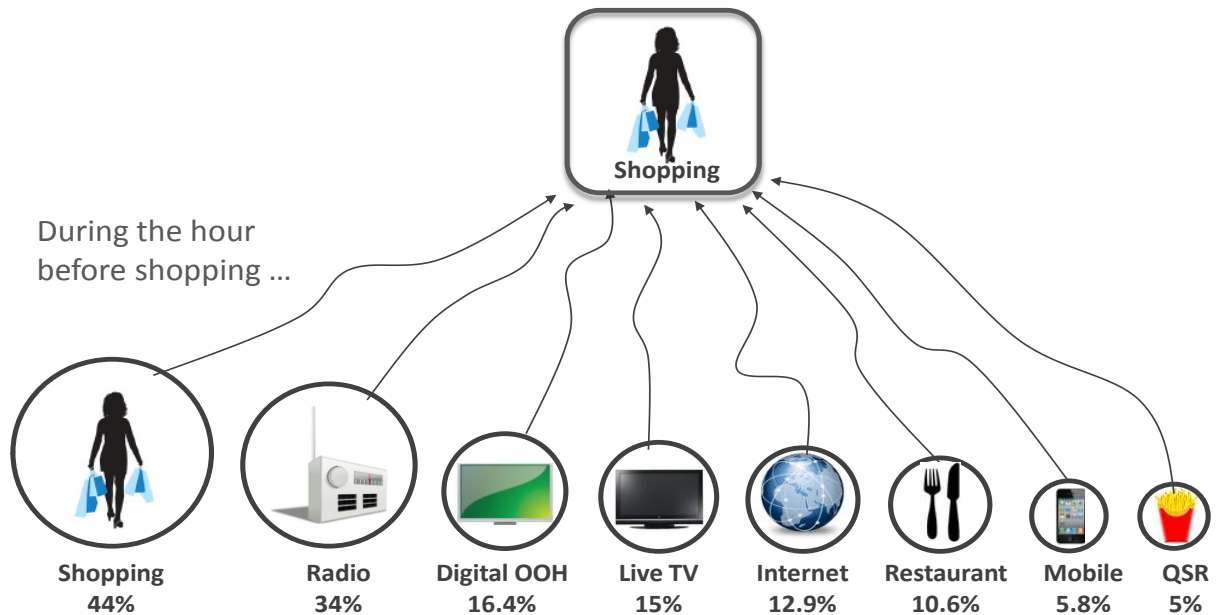
sandwich. (Editorial: there is no mass medium that is as effective as radio when an advertiser wants to target-in-time)

The information below is taken from USA Touchpoints 2011 Pilot data. Radio is the #1 medium enabling an advertiser to target-in-time and to deliver a message when it can be acted upon.

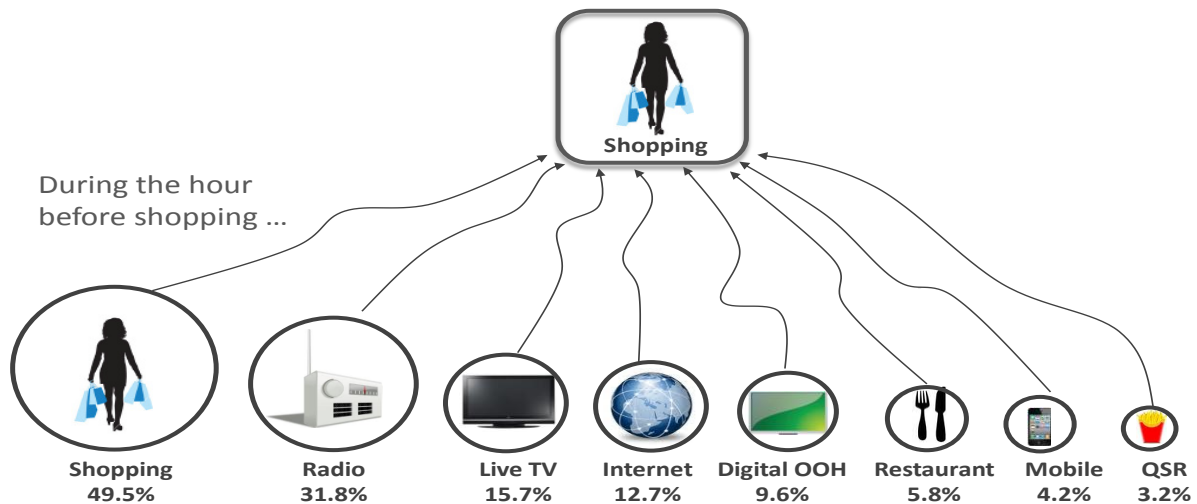
### Path-to-Purchase from USA TouchPoints

May 2012

## The Early Afternoon Paths to Purchase



## The Late Afternoon Paths to Purchase



Radio excels in reaching people on the go. The Council of Research Excellence published data extracted from the 2009 Video Consumer Mapping Study noting that 62% of shoppers are exposed to radio 13 minutes or less before walking into a store.

Advertising and the creative influences brand preference, but it's a ***medium's job to deliver that message in the key window of opportunity*** -- radio does this more effectively than any other medium. It can also deliver commercial messaging in different contexts at different moments of receptivity and to places other media simply don't go, i.e. the automobile.

2011 USA Touchpoints confirms radio's dominance to "target-in-time". 42% of the customers who visited McDonald's between 8A-9A were listening to radio 30 minutes or less prior to going there. 24% were listening to radio 30 minutes or less prior to going to McDonald's between 11:30A- 1:30P.



McDonald's Past 6 months				
At QSR between	Radio 1/2 hr before	Internet 1/2 hr before	Mobile 1/2 hr before	TV 1/2 hr before
8a-8:30a	60.6	11.9	0.0	23.3
8:30a-9a	23.4	4.4	0.0	18.4
<b>8a-9a Avg</b>	<b>42.0</b>	<b>8.2</b>	<b>0.0</b>	<b>20.9</b>
11:30a-12n	25.9	12.1	0.0	6.0
12n-12:30p	27.3	9.3	1.9	5.6
12:30p-1p	19.3	3.8	4.9	5.3
1p-1:30p	23.3	8.1	1.5	1.5
<b>11:30a-1:30p Avg</b>	<b>24.0</b>	<b>8.3</b>	<b>2.1</b>	<b>4.6</b>
5p-5:30p	23.3	5.9	8.2	8.6
5:30p-6p	11.8	5.7	3.1	11.1
6p-6:30p	36.1	2.2	8.1	7.0
<b>5p-6:30p Avg</b>	<b>23.7</b>	<b>4.6</b>	<b>6.5</b>	<b>8.9</b>

## Case Study Background

### Business challenge:

- Although many fast food brands do use radio in their marketing plans, it is usually a secondary medium when compared to the ad spend in other major media, particularly TV.

### Research goal:

- To provide QSR advertisers and their respective planning agencies evidence that the Radio medium absolutely be a primary medium on plans.

### USA Touchpoints application:

- USA Touchpoints has enabled Katz to identify which medium fast food customers are exposed to prior to entering to purchase
- Results:
- Katz has produced an analysis that will provides a concrete rationale as to why QSR marketers should have radio become a more important part of their media and marketing plans.
  - We will produce similar “media build up” analyses for other product categories such as grocery, retail, restaurants and travel.

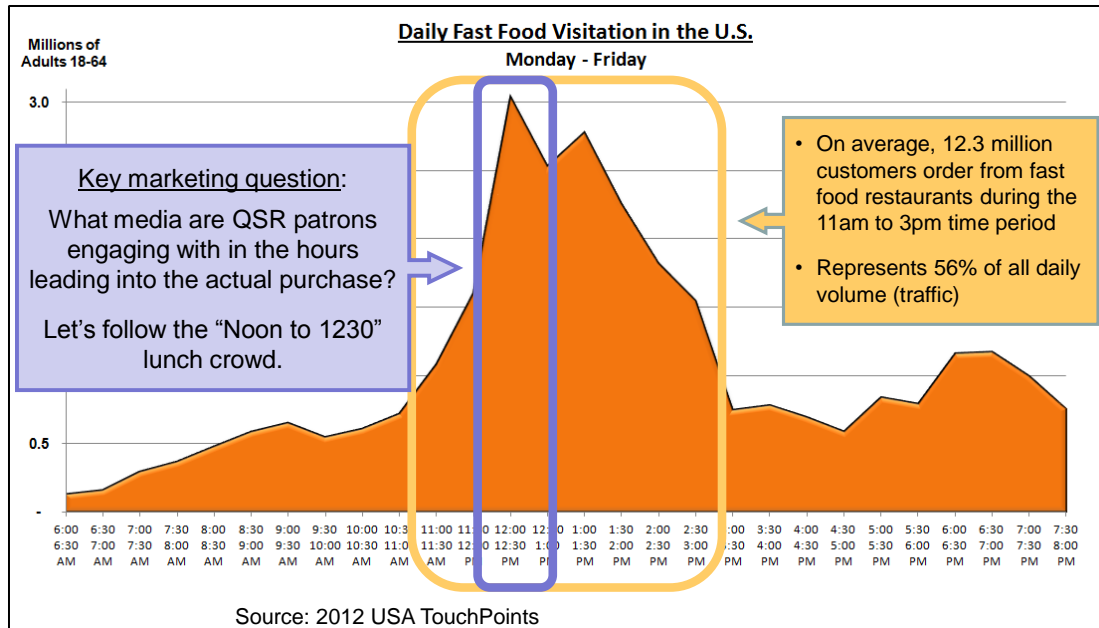
## **Fast Food Facts per USA Touchpoints**

### **The latest estimates from USA TouchPoints**

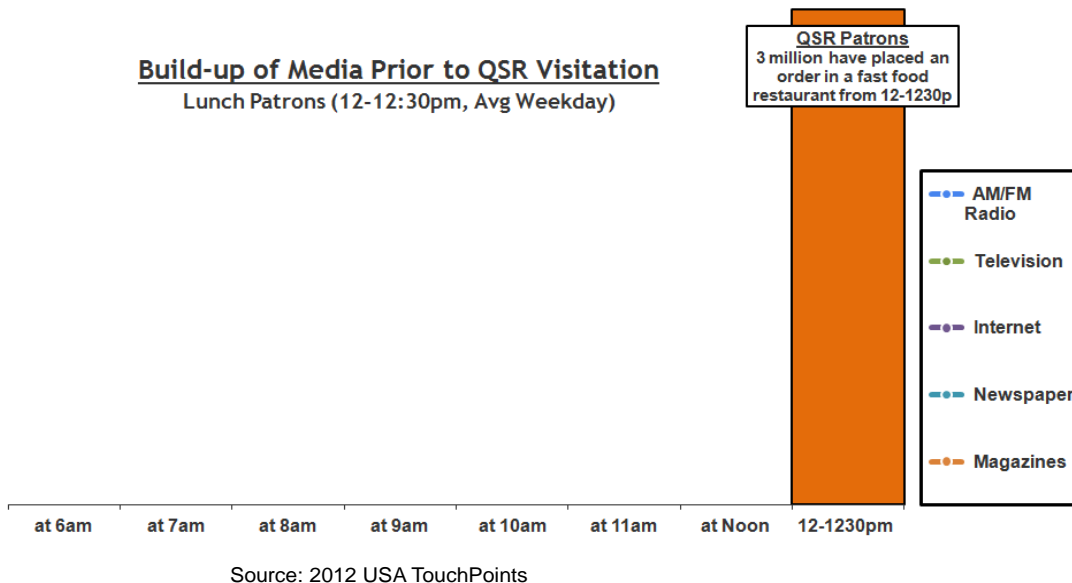
- 47% of Americans eat at fast food restaurants in the average week
  - 13% during the typical weekday
- Top 5 QSRs: (% of adults who visit in the avg week)
  - McDonalds (33%)
  - Subway (13%)
  - Burger King (12%)
  - Wendys (11%)
  - Taco Bell (10%)
- 56% of QSR volume occurs during lunchtime hours (11am to 3pm)
- QSR visitation peaks from 12 to 1230pm on weekdays

## “Lunchtime is Primetime” for QSRs

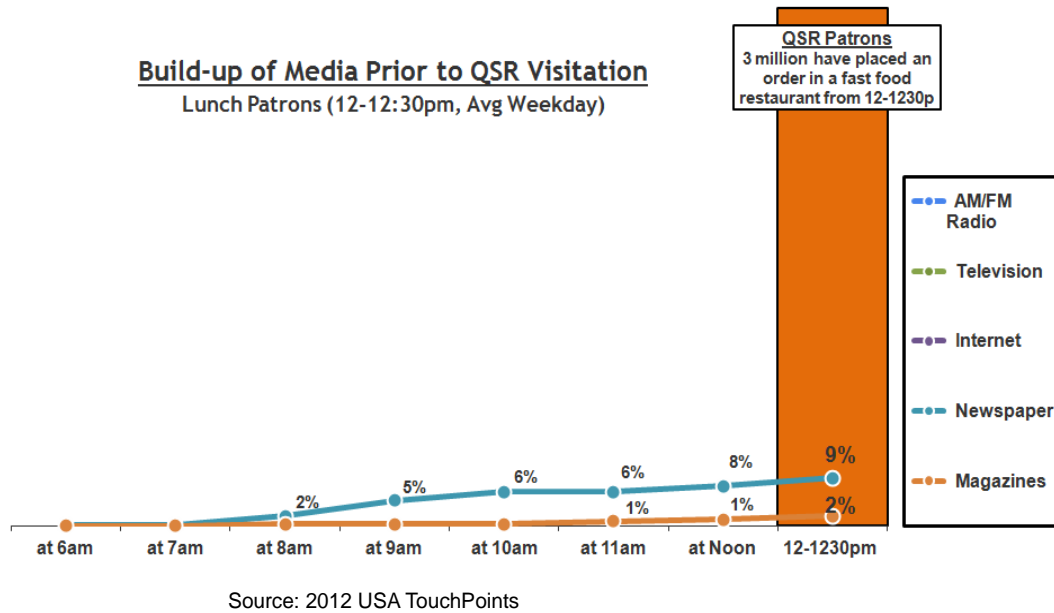
**56% of daily traffic occurs from 11am to 3pm  
....while peaking at 12:30pm**



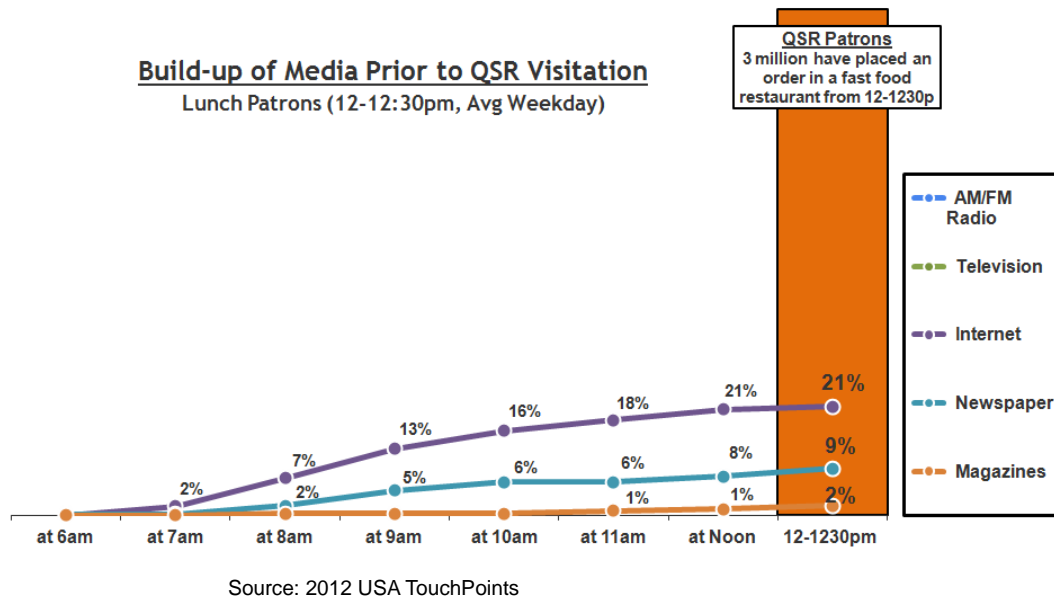
## What media have Lunchtime QSR Patrons engaged with prior to their visit?



## Only 9% of these QSR Patrons read any Newspapers prior to their lunch purchase

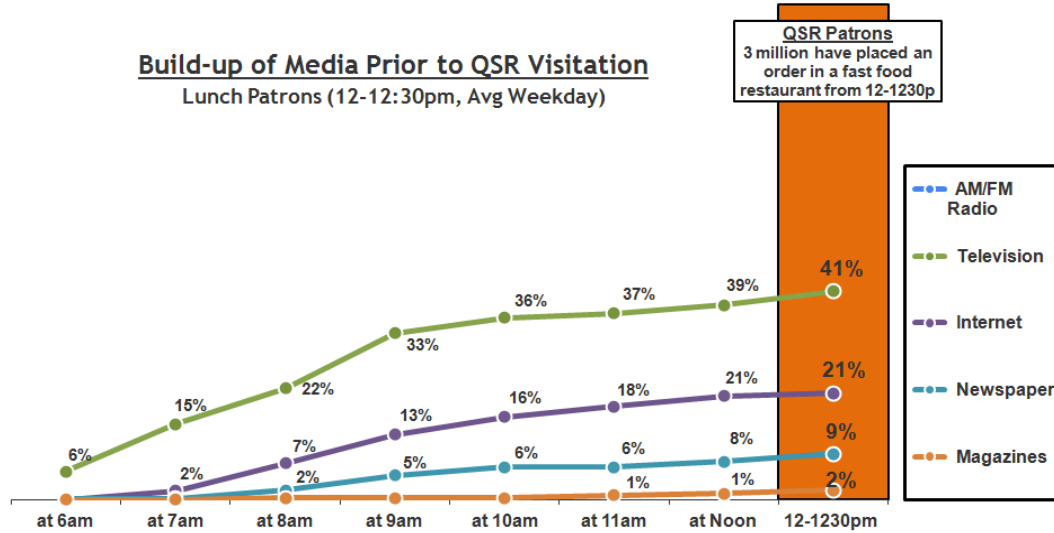


## 21% of these QSR Patrons will use the Internet in the hours leading into their 12:30 lunch purchase



## The majority of QSR patrons do not watch Television prior to their lunch purchase that day

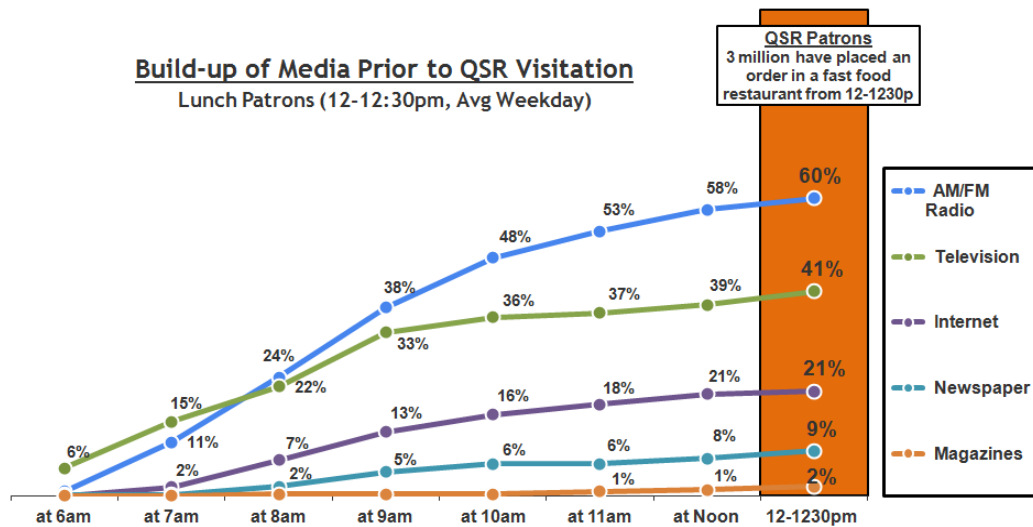
...of the 41% that do watch TV, most do so before 9am



Source: 2012 USA TouchPoints

## Proximity to the Purchase!

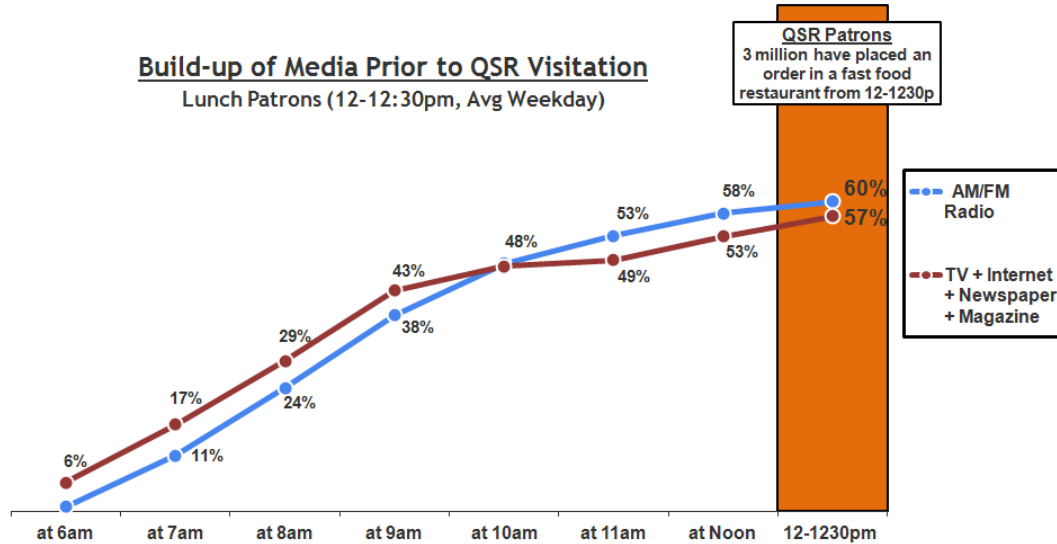
**60% of Lunchtime QSR Patrons have been engaging with AM/FM Radio prior to their visit!**



Source: 2012 USA TouchPoints

## Proximity to the Purchase!

**In fact, more QSR patrons engage with AM/FM Radio before lunch than the other 4 media combined**



Source: 2012 USA TouchPoints

## Media Definitions

### AM/FM Radio

- Does not include Streaming

### Television

- Watching live or DVR
- Network TV
- Cable TV
- Premium Channels

### Newspapers

- Via print copy
- Via PC
- Via mobile
- Via tablet
- Via eReader

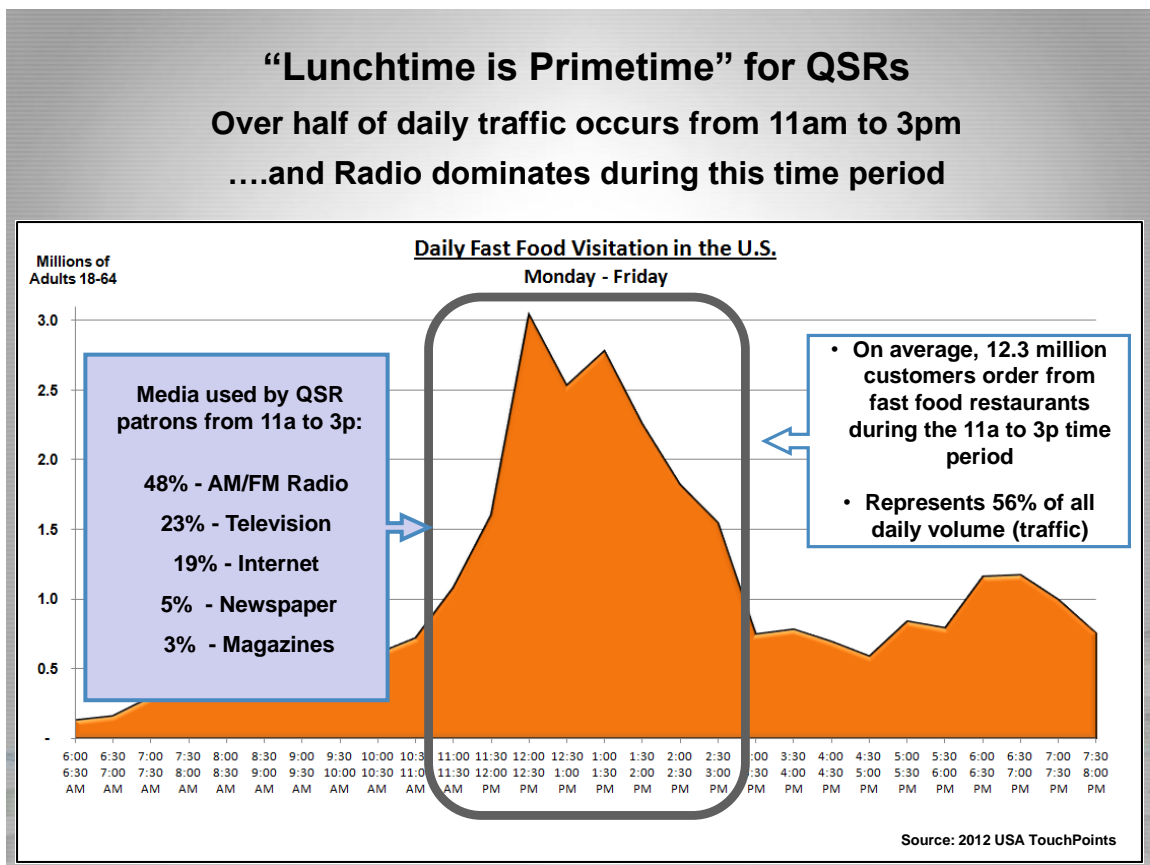
### Magazines

- Via print copy
- Via PC
- Via mobile
- Via tablet
- Via eReader

### Internet (does not include email, apps or software programs)

- | • Via PC  | • Via Mobile                      | • Via Tablet                        |
|---|-----------------------------------|-------------------------------------|
| • Apparel and beauty                            | • Auction (e.g., eBay)            | • Automotive                        |
| • Banking (e.g., paying bills online)           | • Chatting                        | • Computer and consumer electronics |
| • Coupons and rewards                           | • Face-to-face chat or Skype      | • Investments and insurance         |
| • Food and cooking                              | • Health, fitness and nutrition   | • Hobbies                           |
| • Home and garden                               | • Kids, games and toys            | • Maps and travel information       |
| • Music, radio or podcasts                      | • News                            | • Portals (e.g., AOL, Yahoo!)       |
| • Reading books, newspapers or magazines online | • Search                          | • Shopping                          |
| • Social networking                             | • Sports event                    | • Sports information                |
| • Watching full TV episodes                     | • Watching movies (e.g., Netflix) | • Travel planning                   |
|   | • Weather                         | • Adult entertainment               |

Close to 60% of people who visited a fast food restaurant between the hours of 11AM-3PM when 56% of the daily fast food business is done were exposed to radio during that period, thus giving an advertiser the opportunity to influence choice of restaurant. Compare this to only 23% for TV and 19% for the internet. **In fact, Radio reaches more fast food customers than all other media combined during this crucial period.**



## “The Right Place at the Right Time” – A Real Benefit for Advertisers

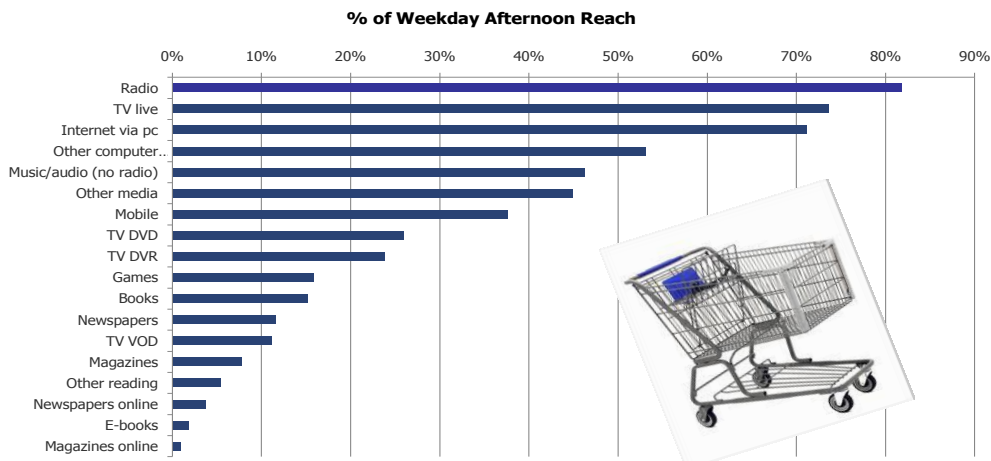
- **90%** of purchasing decisions are made the day of the purchase, **70%** just prior to the purchase
- **82%** of all shopping trips are unplanned shopping – no one knows what’s for dinner until they’re on the way home
- **72%** of drivers frequently or sometimes shop on their way home from work
- **95%** of *working people* listen to the radio during the day and/or in their cars on the way home each week
- More people are likely to be exposed to radio prior to shopping than to any other medium
- Radio is the highest ranking out-of-home medium

**Radio gets your message across when the timing is right –  
just before people decide what to buy or where to shop.**

Source: Nielsen Video Consumer Mapping Study, Council for Research Excellence, with Ball State U. June 2010; Arbitron In Car Study October 2009; Domino's Pizza Consumer Study 2006; Source: The Nielsen Company e: <http://blog.nielsen.com/nielsenwire> Jan 2011; RADAR 110, Sept 2011; Arbitron/Edison "The Road Ahead" Oct 2011; "Radio in the context of daily life" – MBI August 2011, Adults 18-49

**KATZ** | RADIO GROUP  
|||||

## Radio Is There When People Are Most Likely To Go Shopping



**A18-49**

Source: Media Behavior Institute: USA TouchPoints 2011

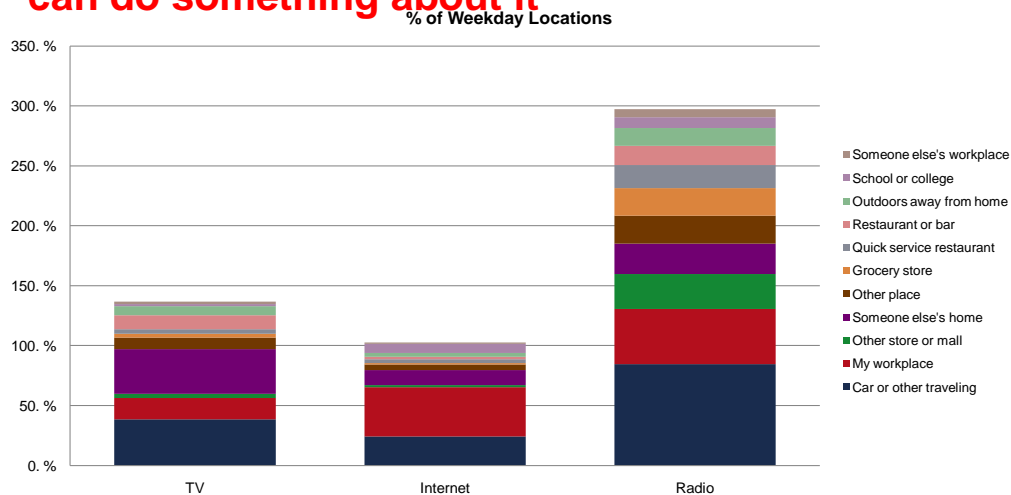
**KATZ** | RADIO GROUP  
|||||



Reaches people when and where decisions are being made. 2011 CIMM data collaborates- reaches more people in more locations outside the home:

## Radio Reaches More Consumers In More Locations

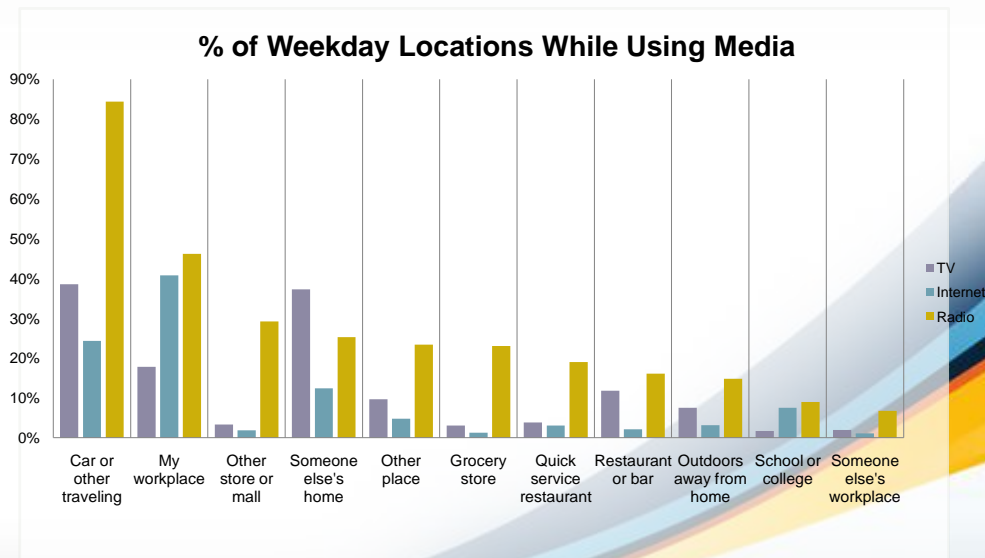
**Huge Radio Advantage- exposure when they can do something about it**



A18-49

Media Behavior Institute USA TouchPoints 4

## Radio Is The Highest Ranking Out Of Home Medium



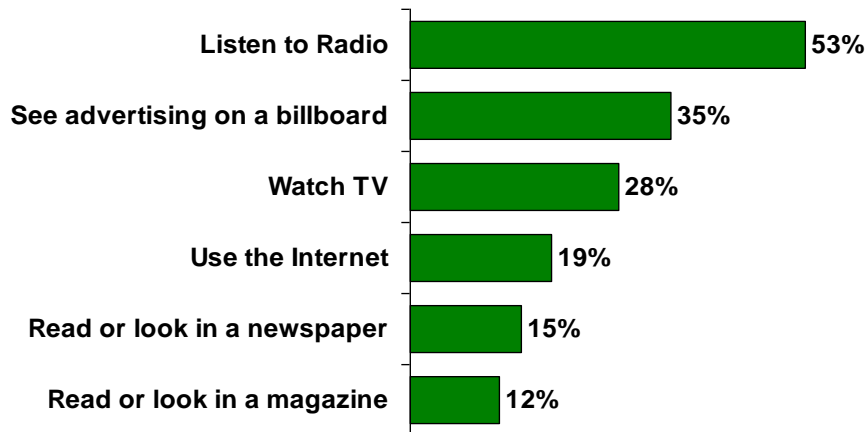
Source: *Radio in the context of daily life* – MBI August 2011, Adults 18-49  
All content is intellectual property of Clear Channel Communications

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This is also confirmed by Arbitron's 2011 In-Car study:

# Radio Reaches the Most Consumers Right Before They Buy

% Who Used Medium Within 30 Minutes of Last Purchase



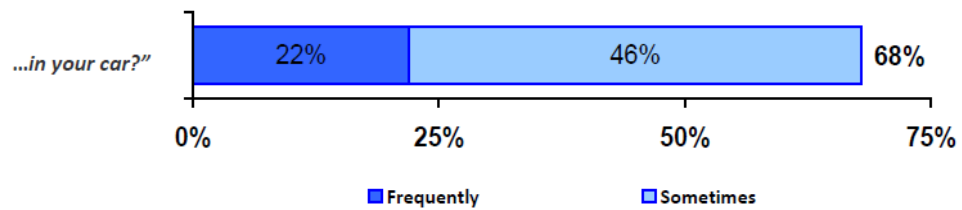
© 2011 Arbitron Inc./Edison Research/Scarborough Research  
Slide 27

Base: Bought something at supermarket, department store, or any other type of store in past 24 hours

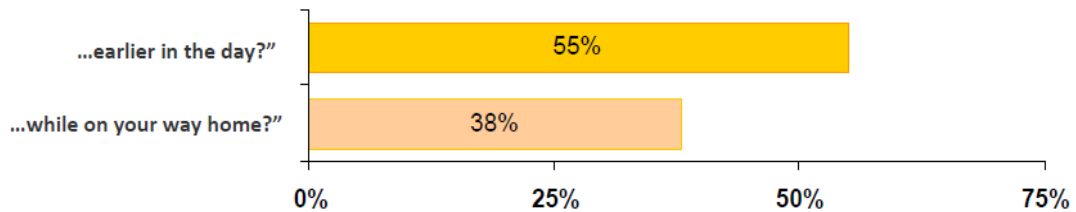


The 2009 Arbitron In-Car Study also illustrated that purchase decisions are made while people are utilizing their automobiles. **68% of consumers say they frequently or sometimes make shopping decisions while driving.** Radio reaches the consumer when they are not only receptive to messaging but also when they have the ability to immediately act upon that messaging.

How often do you think about and make *shopping decisions* while you are...



"Now think about the shopping you do on your way home from work. In general, when do you usually make the *decision to stop* at a store on your way home from work..."



Base: United States residents aged 18 or older who notice the advertising message on roadside billboards each time, most of the time or sometimes.

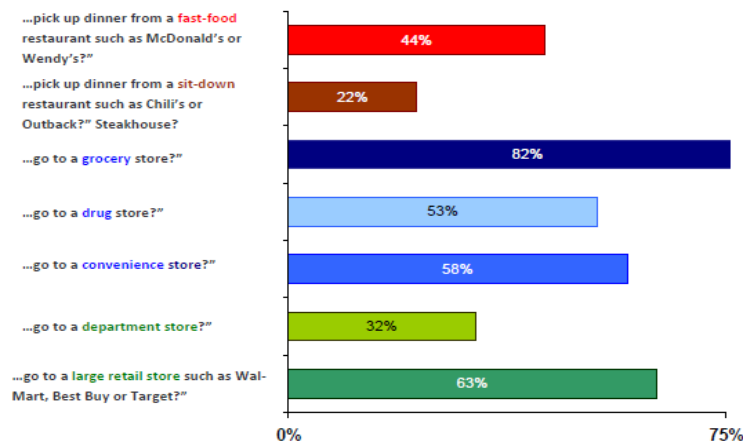
Source: Arbitron In-Car Study, 2009.

## Radio reaches people in the car when purchasing decisions are being made

*Radio is the next best thing to in-store advertising for last chance opportunity to reach consumers*

### Where Consumers Shop on Their Way Home From Work

"IN THE PAST MONTH have you stopped on your way home from work to..."

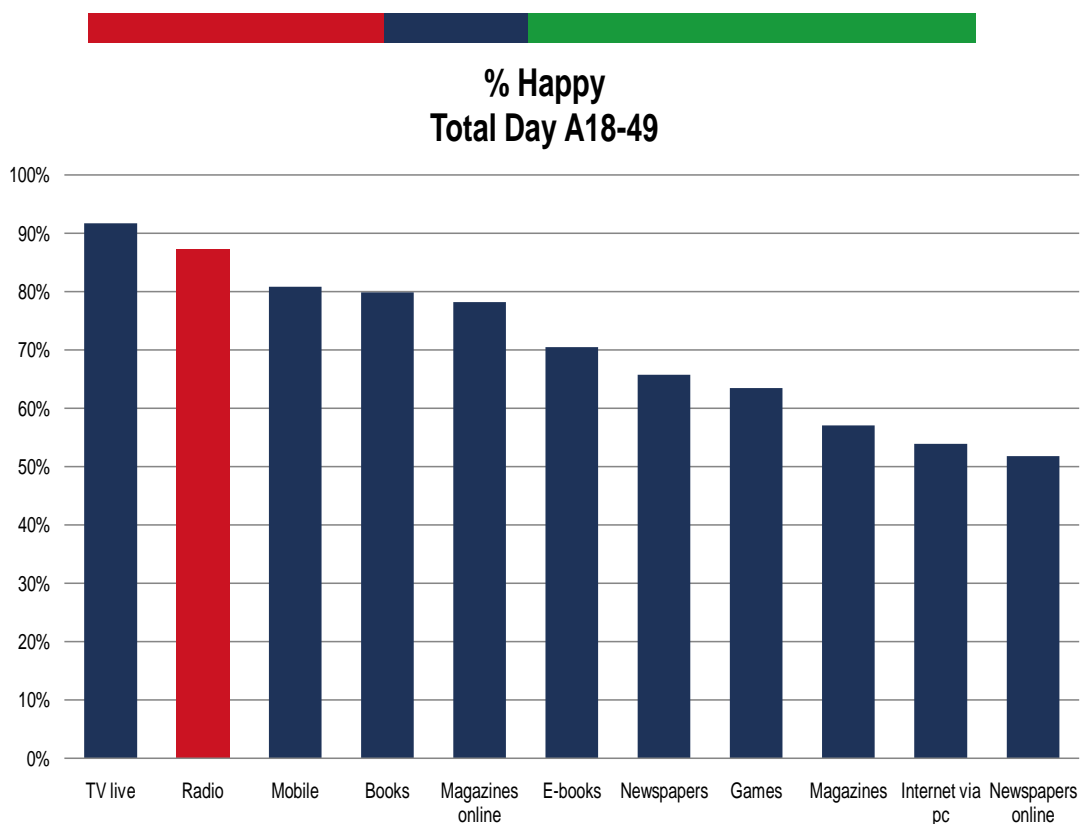


Base: United States residents aged 18 or older who travel to work and notice the advertising messages on roadside billboards each time, most of the time or sometimes.

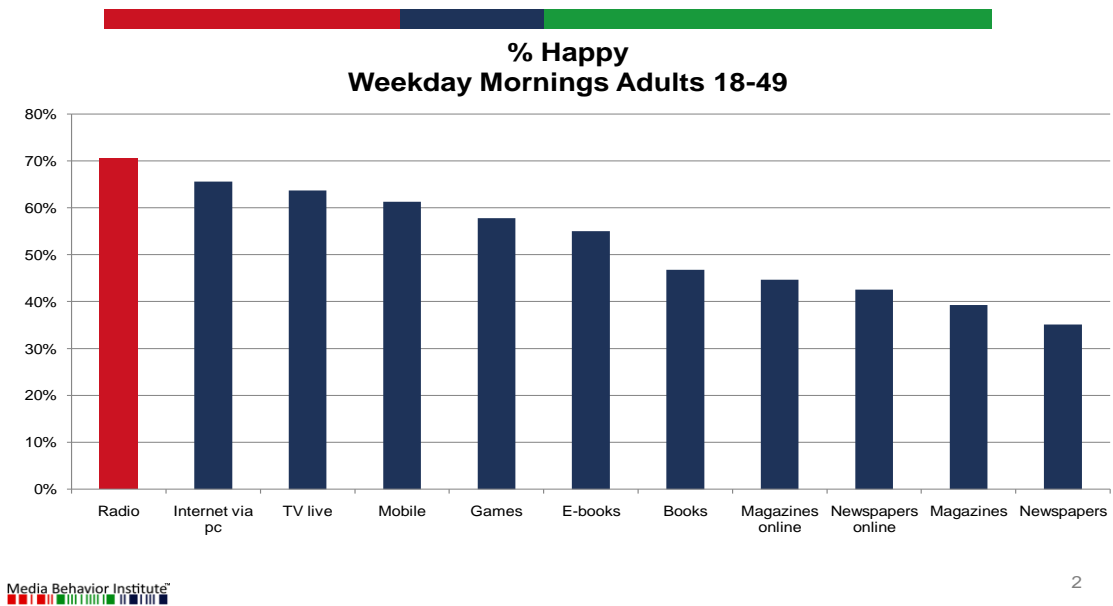
Source: Arbitron In-Car Study, 2009.

A consumer's mindset at the time of exposure is key to the message's effectiveness. Radio does a better job of providing a receptive mindset than any other medium. People are more receptive to advertising when they are in the proper frame of mind and the latest CIMM information confirms that radio is among the most effective mediums reaching people when they are most receptive to advertising. When people are relaxed and in a good mood and not task oriented, they are more open to commercial messages and being influenced.

## “Happy” audiences flock to Radio

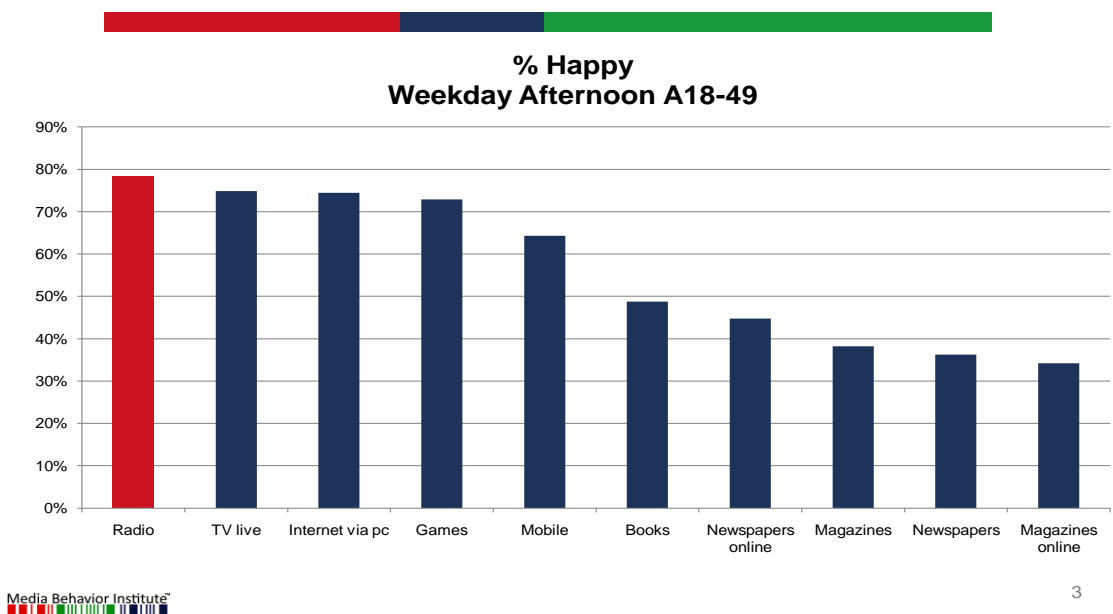


## Audiences start their days “Happy” with Radio



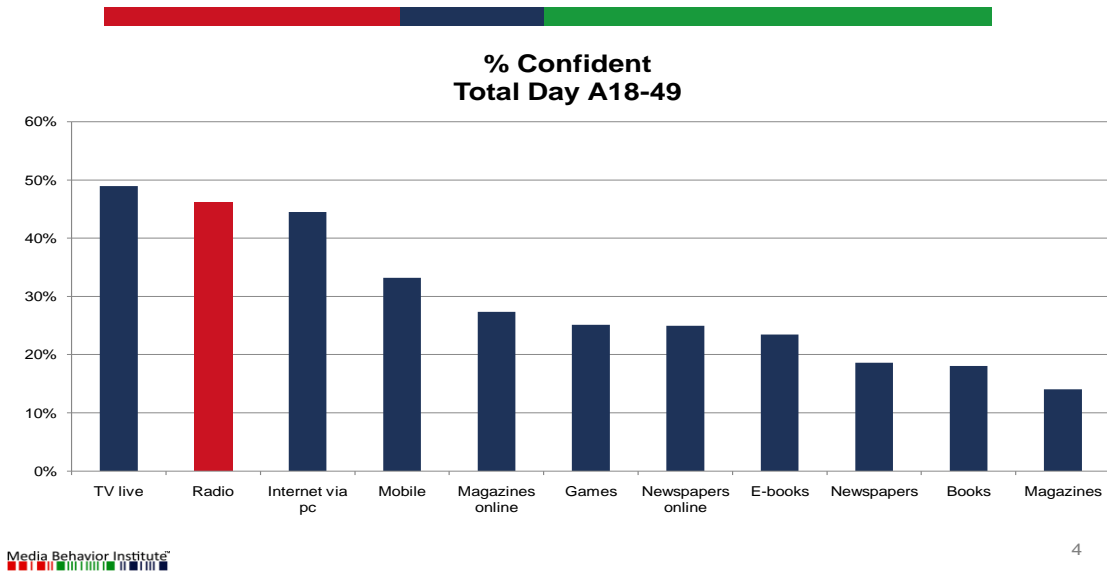
2

## Radio keeps “Happy” audiences throughout the afternoons



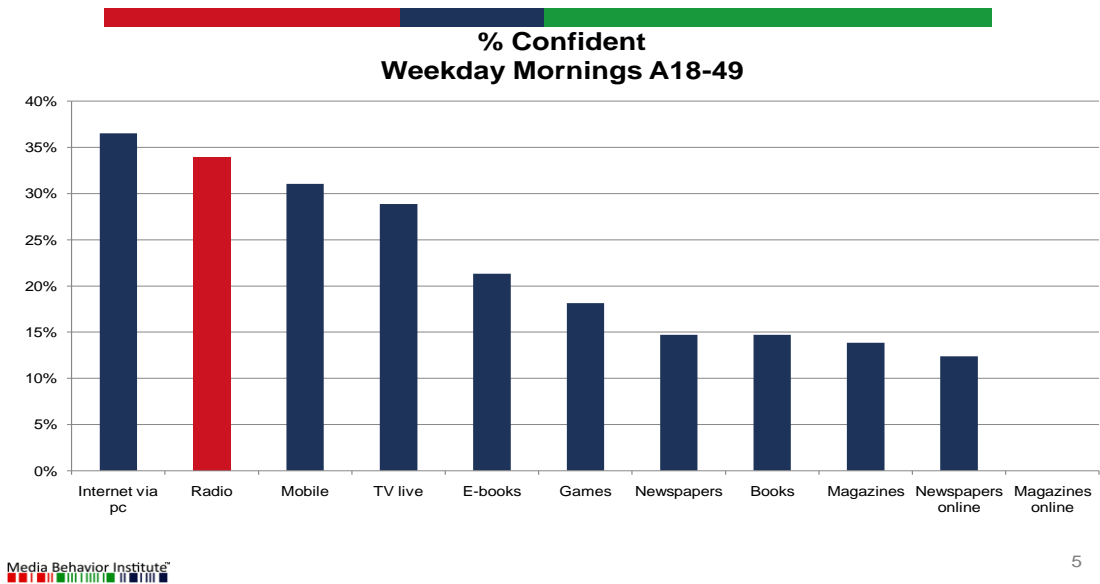
3

## Audiences are “Confident” while listening to Radio



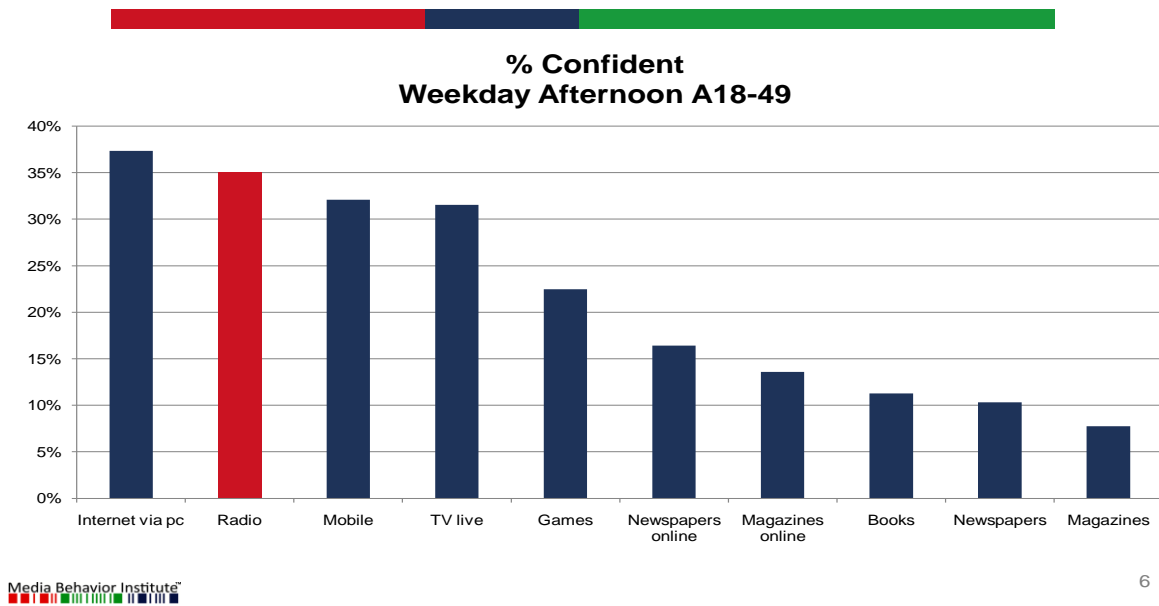
4

## Weekday mornings the “Confident” turn to Radio



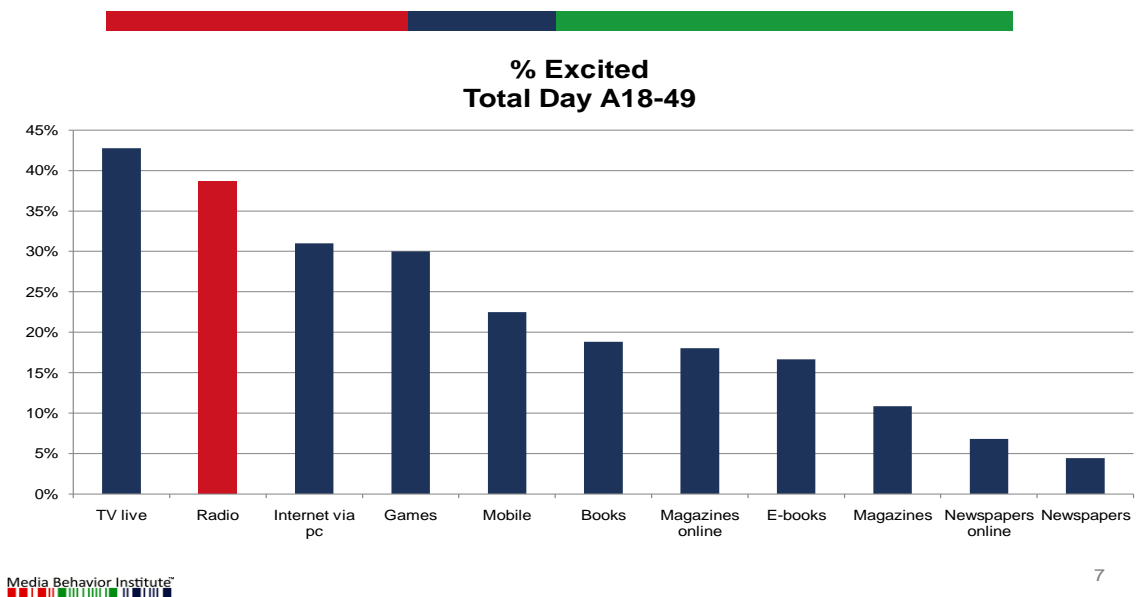
5

## “Confident” audiences stick with Radio in the afternoons



6

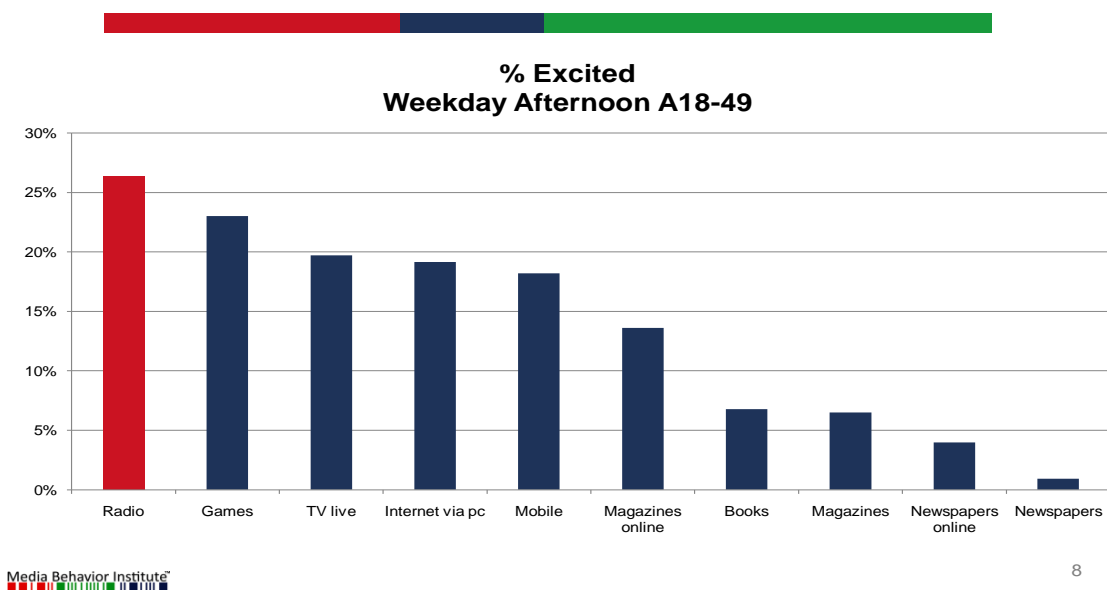
## Radio attracts “Excited” audiences



7

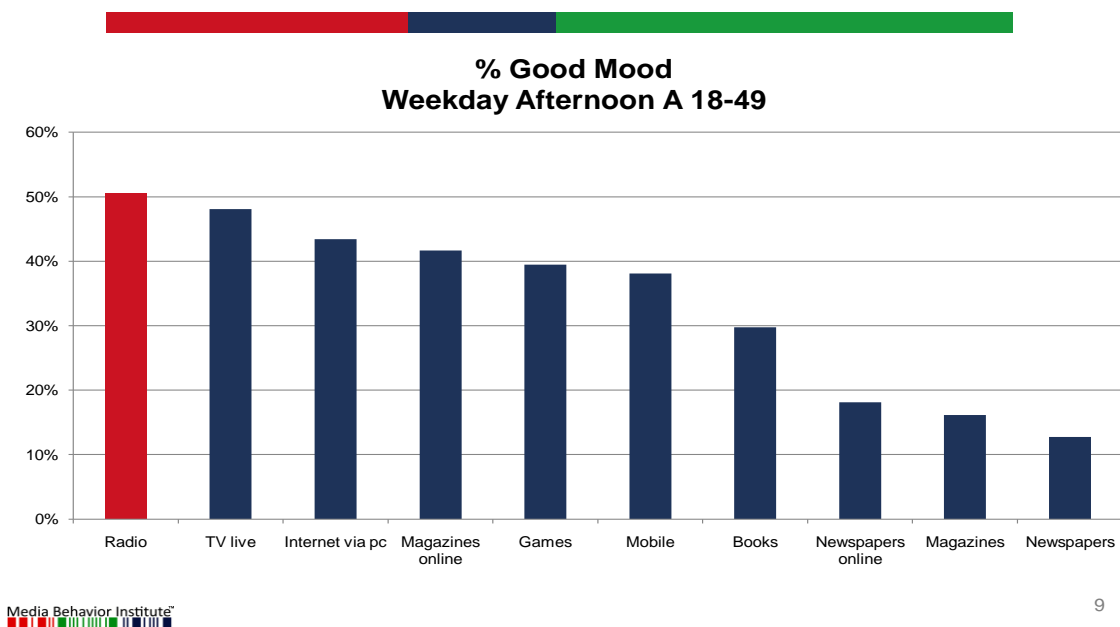


## “Excited” audiences look to Radio for afternoon doldrums days



8

## Overall weekday afternoon Radio listeners are in a “Good Mood”



9