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Consumers are tuning out radio

I recently read a book that recounted the opinion of a number of trained economists and business leaders. These experts were certain that the emerging electronic media would mean the end of print advertising. This book was Bill Bryson's One Summer—America 1927, a history of events which took place more than eight decades ago. The media the pundits were looking at was AM radio, then in its infancy. This sounds eerily similar to what the “experts” are saying today about print and the internet and I believe they are just as wrong! In fact, print publishing is in much better shape than the radio advertising industry.

Radio reps, much like print reps, sell reach, frequency and audience. They use Nielsen Audio Ratings, formerly Arbitron, to justify the value of their products. The reach of a radio station depends on its power. The more watts the station puts out, the farther away the station can be heard. Station power ranges from weak AM “daytime” stations that reach a small area and are licensed to broadcast only during daylight areas, to “clear channel” AM stations which are allowed to ramp up their power after sundown and may reach several states with their signal. The majority of stations are broadcast in FM, frequency modulation. FM technology became popular in the 1960's and 1970's and provides a much clearer static free signal. I've found that most radio reps tend to have an inflated view of their stations range, quoting areas that may be true under ideal weather condition, but seldom reached in normal operations. In reality, the range of the station is not the issue. The question that advertisers should look at is how well the footprint of the station matches their business area. It does not matter if the station reaches a hundred thousand people, if only a few thousand of them are in an area serviced by the advertiser. Radio is a “BROADcast” media and cannot target geographic areas, like print publications. Radio is sold in “dayparts.” The most expensive buy in most markets is “drive time,” when commuters are stuck in traffic and are theoretically a captive radio audience. This is also the time that most national radio advertisers prefer, making it hard for smaller advertisers to get the best spots.

Radio reps like to sell open ended packages for a certain number of spots. This can mean that some customer's spots will run at 3 a.m. on a weekday. Advertisers should get a full schedule of spots before agreeing to advertise and demand a certified report detailing where and when their commercials were broadcast.

Radio people are well trained to sell frequency. They need to sell out their inventory, the available ad space on the station, and ads must run frequently to have any impact

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on consumers. Once upon a time, families gathered around the radio to listen to their favorite program, think about a quiet evening on Walton's Mountain, but today radio is just background noise. People will switch on the radio when they are making dinner or have it on in the car. Very few people actively listen to the radio. Recently, I was talking with a customer who was considering purchasing radio advertising. We were meeting on the sales floor of his business and I noticed a local "easy listening" radio station was playing on the store's public address system. I asked the customer to tell me how many commercials he remembered hearing that day. I was not surprised when he told me he couldn't recall a single spot. Radio reps encourage their customers to run their spots over and over in the hope that the message will sink in through repetition. This is also why radio producers use all sorts of technical tricks, such as increasing the volume or using spokespeople with annoying voices to grab the listener's attention. These audio tricks tend to put off more listeners than they attract, often causing the listener to switch stations when the commercials come on. As I've stated in earlier Link & Learn columns, "print advertising is a destination, other media is a distraction." People pick up and read our papers because they see the content of our publications as useful and interesting. We do not have to coerce them to read our customers' ads.

Audience demographics are a big part of the radio sales pitch. They claim that they can deliver a specific group of consumers to an advertiser's business. This is less and less true as the population of the country becomes more diverse. It is true that a Spanish language station playing Latino music will attract a Spanish speaking audience, while an AM talk radio channel tends to attract an older listener. In reality, there are many sub-sets within every demographic group and the narrow picture that radio reps paint of their audience is far from accurate. The demographics of radio in general are changing. Radio was once promoted as a way to reach the youth market, but that is no longer the case. The average radio listener is much older and much less affluent than they were in the past. Younger, wealthier consumers are more tech savvy and have more sophisticated musical tastes, so they are inclined to use digital musical devices. While this affects print as well, young people still consume community and free papers because of their unique content and availability.

Radio today faces a number of technological and internal challenges. The development of Satellite radio, portable digital music players, and online radio has taken a big bite out of the radio audience. We recently had a call with an auto dealer who was investing a large part of his budget with a local group of radio stations. During the call we asked the dealer how many of the cars he sold were equipped to receive satellite radio.

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He responded that all but a few low end models were set up for Sirius radio and that they also received this service free for the first year. We then asked him how many of his cars could interface with MP3 players. He told us that virtually every vehicle he sold includes a jack for these devices. Once he realized where this conversation was going, he began to wonder if radio was the best choice for his business. These advances in entertainment technology calls into question the wisdom of investing in high priced prime “Drive-time” radio spots. Internet radio has had the same impact on radio listening in the workplace. Stream radio has become increasingly popular. My company started its own online sports station a few years ago, focusing on local coverage and high school sports. (An idea that I have to admit, I thought was crazy at the time.) This station proved immensely popular and has overtaken a number of local broadcast stations in the short time it has been available. FYI, Online radio technology is relatively simple and very inexpensive to add to your existing website. Digital radio can be a profitable addition to your product mix.

One of the strengths of free and community papers is our localized coverage which matches our readers marketing needs. Radio, on the other hand, has become increasingly isolated from the communities they serve. Many local stations have been absorbed into large radio conglomerates as the radio industry has consolidated. They will broadcast the programming into a number of markets, inserting local call letters and advertising, creating an illusion of local coverage. These large radio networks partner with music publishers and try to use their reach to promote particular musicians or bands. Consumers have been accustomed to choosing from a wide range of musical options to create their own personal programming. The radio industry is no longer in a position to dictate musical tastes. This cookie cutter top down approach drives listeners away from broadcast radio in droves.

Radio does have its strengths. It is very personable; it is after all someone speaking directly to the listener. Radio can be used to raise awareness of a business. The problem is that impact radio advertising is fleeting and shallow. Listeners will soon forget what they heard if it is not supported. While I feel that there is value in other media such as cable, daily newspapers or direct mail, I generally feel that radio is a complete waste of money. If the customer insists on using radio, we can help them increase the response. We can help them leverage the name recognition generated by being on the air, and by running ads with a strong call to action. For instance, if a restaurant repeatedly runs a spot, saying they’re the “Best steak house in the area!” they will

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see a significant increase in sales if they support it with an ad in your paper repeating this claim and offering a coupon for dinner. Using print to “anchor” their media program gives consumers the information they need to act on their desires.

Radio was once a powerful force in local advertising. They still absorb a major portion of local businesses’ advertising budgets. Radio sales people are well trained and know how to present their product in a positive light. Unlike our industry, radio has failed to adapt and to stay in touch with their customers and their communities. Our job is to help our customers and prospects understand the reality of radio today and where broadcast fits into their media mix. In short, our job is to help them “tune out” the radio.

This article was written by Jim Busch of the Pittsburgh Pennysaver.

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