

Radio Account Executives Perceptual Study

What Are Your Salespeople Thinking?

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Overview:

Welcome to Arbitron and coLearn's Radio Account Executives Perceptual Study, "What Are Your Salespeople Thinking?" The study provides valuable insight into how radio sales is perceived as a career by those in the field.

Contents of Study:

- Profile of radio sales AEs
- Training issues
- Availability of resources
- Management issues
- Career issues
- Turnover issues

Significant Highlights:

- Generally AEs are satisfied with their jobs due to the perceptions of realistic goals, fair compensation, opportunity and respect, and most say they are not likely to move to another station in the next year.
- Training is an important part of the radio sales business, both in developing and retaining quality salespeople. Training effectiveness and focus have changed over the years.
- Almost all AEs have access to computer resources and have some degree of technological literacy when it comes to computers and the Internet.
- A majority of AEs believe that personal hard work and business relationships with clients are most important for influencing their sales managers' assignments of accounts. However, 70 percent of the AEs surveyed have had to turn down business at least once because the station was sold out. They feel that that erases the gains they have made in the marketplace.
- Various factors contribute to turnover in radio sales: training commitment and effectiveness, compensation, respect, opportunity, and a sense of fairness.

Key Findings:

1. “Typical account executive” profile.

The typical AE who participated in this study was 35.5 years old and had been selling radio for 3.5 years. They had been with their current station one to two years and have worked for three different stations over the course of their career. Slightly over half of them were women. On average, the AEs surveyed reported that they make six face-to-face new-business calls in a typical week and develop 10 or more presentation proposals for specific clients in a typical month.

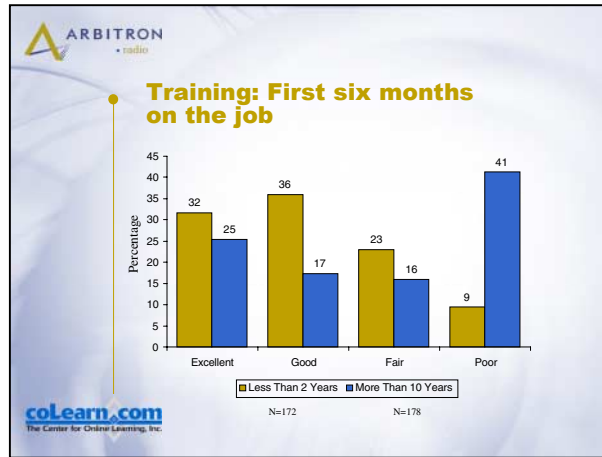
2. Generally, AEs are satisfied with their jobs.

When asked about their overall satisfaction with their jobs on a one-to-seven scale, 57 percent said they are satisfied. In addition, 61 percent said they are satisfied with the people to whom they directly report. Eighty-three percent of AEs feel they are fairly compensated for the work they do and that their budgets and goals are realistic. Almost 60 percent reported that they feel very respected as a professional by advertisers, agencies and others in the media industry. In fact, 80 percent reported that they have opportunities for professional growth and advancement at their current stations.

3. There is a disconnect in perceptions of how radio salespeople think versus how local advertisers think, at least in three areas: “respected as professionals,” “well trained” and “cluster selling.”

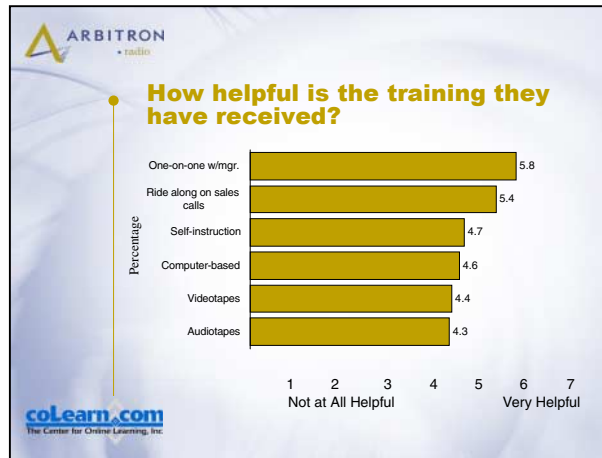
In the “Radio’s Biggest Local Spenders Speak Up!” study, 57 percent of the local advertisers rated television salespeople as the “most professional” compared with only 21 percent for radio salespeople. Also, 52 percent of local advertisers rated television salespeople as the “best trained” versus 28 percent for radio salespeople. Thus the perception of advertisers regarding the professionalism of radio salespeople doesn't coincide with the radio sales AEs' level of respect they perceive from the media industry. In addition, 70 percent of these advertisers reported that cluster selling makes buying radio more difficult. In contrast, 57 percent of radio account execs report that cluster selling makes their jobs easier, and 15 percent say that cluster selling doesn't make a difference. This is a compelling disconnect since selling a cluster is fairly common (70 percent of the AEs surveyed sell more than one station).

4. Initial training during an AE's first six months is better today than it was ten years ago.



A little over half the AEs rated the training they received early in their careers as good to excellent. However, that perception changes based on years of experience: 68 percent of rookie AEs rated their initial training in radio sales as good to excellent compared with only 42 percent of the veteran AEs.

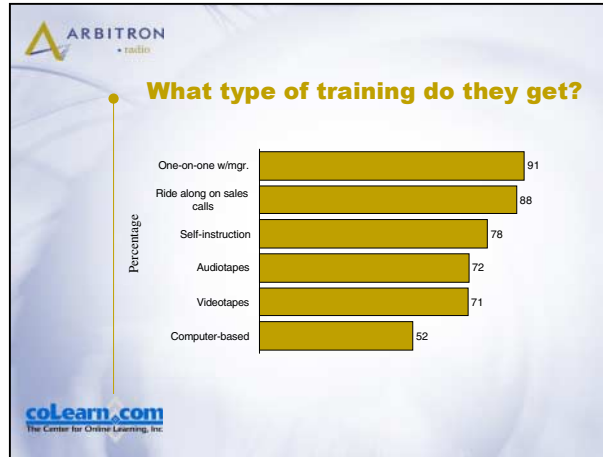
5. Nothing can replace the effectiveness of one-on-one training for a sales manager.



Personal interaction between manager and salesperson, either through one-on-one training or as feedback/coaching during ride-along sales calls, is rated the most helpful sales training method.

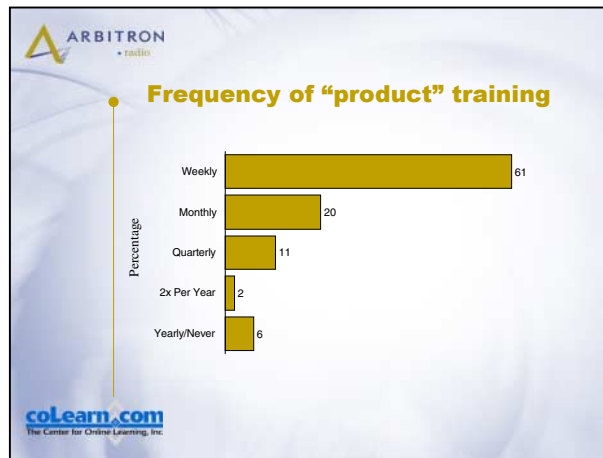
6. **While computer-based/Web training is not common yet (just over 50 percent of all sellers have been exposed to it), it is preferred by AEs over video- and audiotape training.**

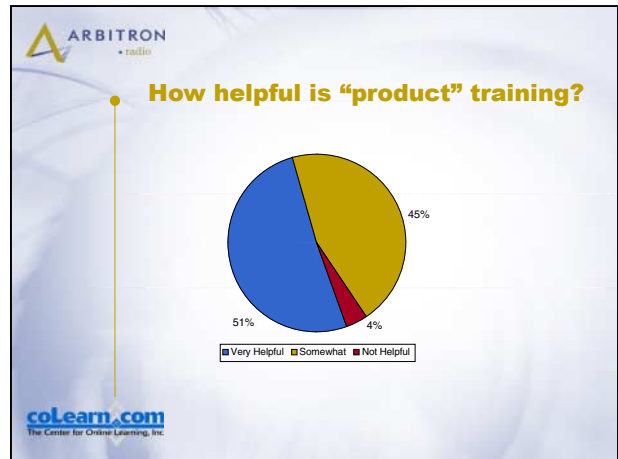
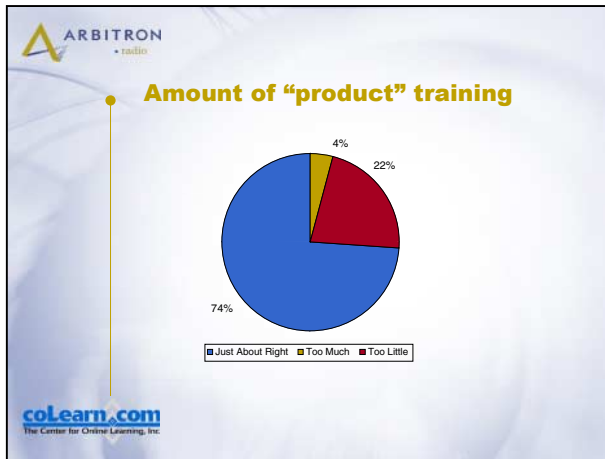
Ninety-three percent of AEs consider themselves computer proficient and probably feel they benefit from the interactive nature of computer-based training.



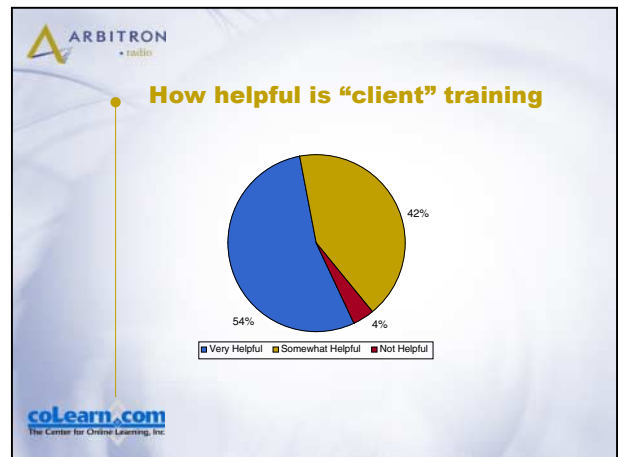
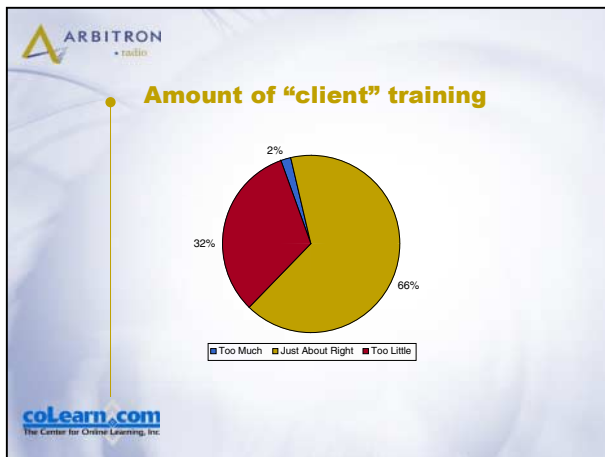
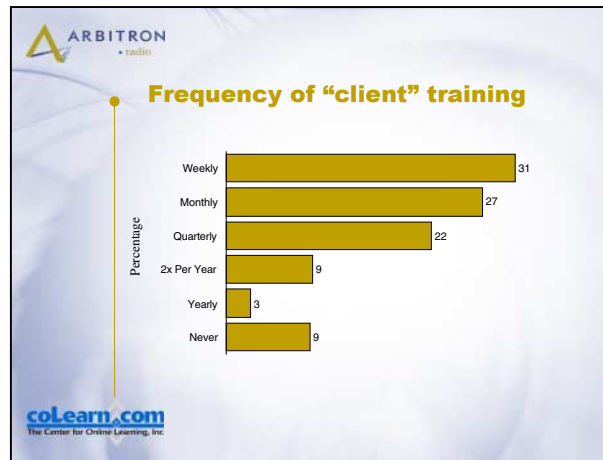
7. **Most training at the station level is still focused on the “product,” that is, station-oriented information, more than “client,” or marketing-oriented, information.**

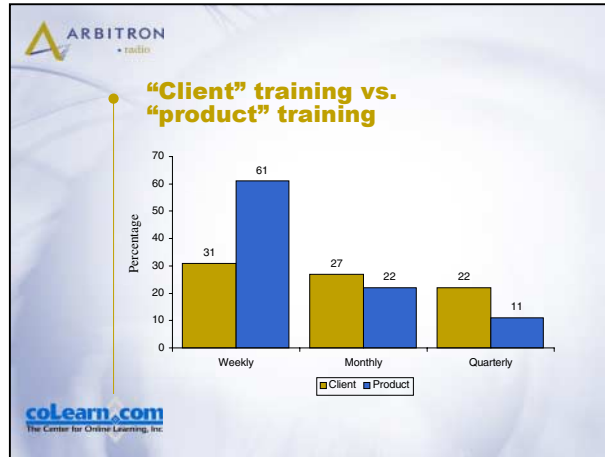
Almost three-quarters of the AEs said they receive the right amount of sales training on their station, its programming, ratings, rates, promotions, and/or packages. That "product" training was rated helpful.





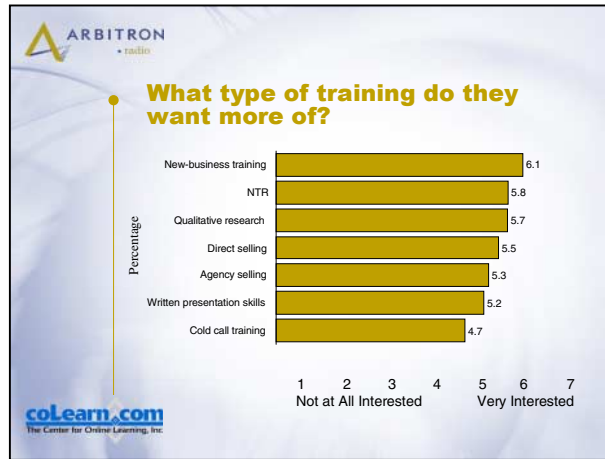
Only two-thirds of the AEs reported that they receive the right amount of sales training on advertising, marketing, building client relationships and problem solving. "Client" training was also rated helpful.



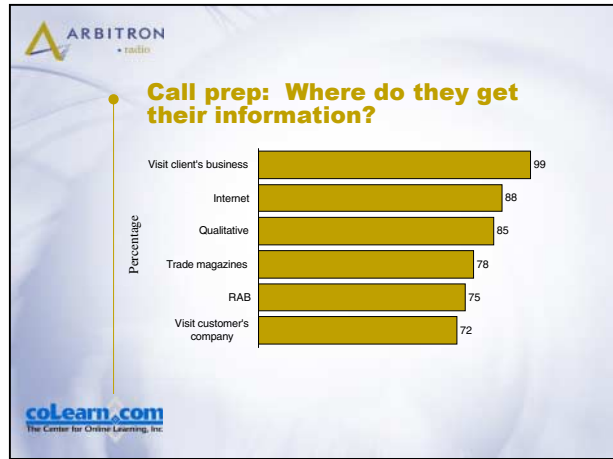


8. Account execs want more training related to “non-agency” selling, such as developing new-business and nontraditional revenue and direct selling.

With more companies requiring more NTR and direct-business efforts from their stations, an AE's interest in "non-agency" selling is very high.



9. Account execs are using the Internet more and more to research clients and prepare for calls.



Since 99 percent of AEs have computer access at work and 80 percent of AEs have Internet access at home and work, it isn't surprising that 88 percent of the AEs reported that they use the Internet to find information on customers or potential customers. So when AEs appear to be "playing on the computer," they are likely to be spending valuable time in call preparation. This research method is second only to actually visiting their clients' businesses.

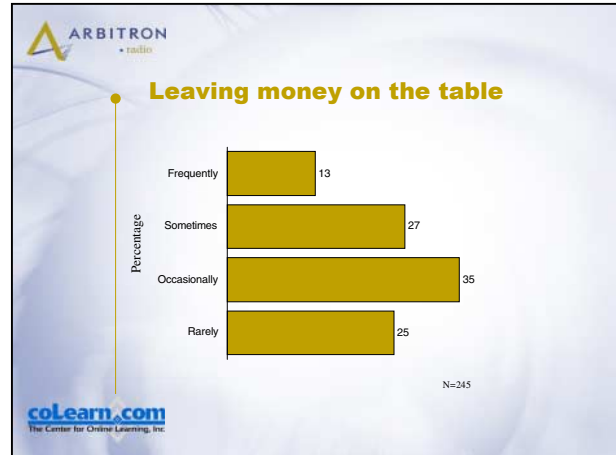
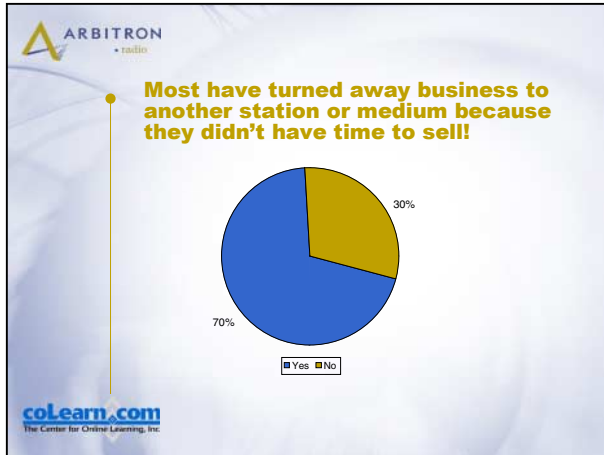
10. Most account execs feel that revenue goals are generally realistic.

Two-thirds of AEs report that their budgets and goals are generally realistic, and another 20 percent go one step farther to say their quotas are very realistic.

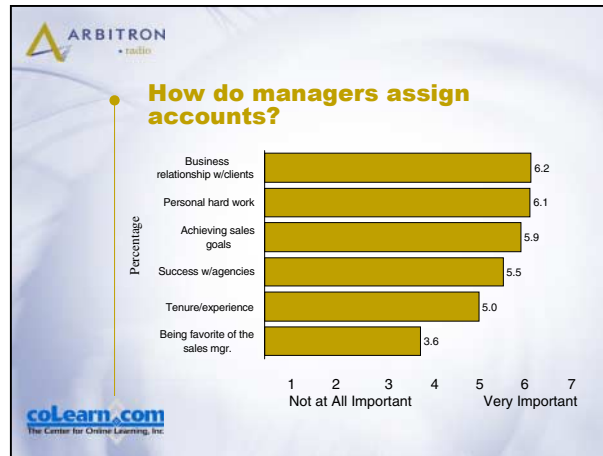
11. Many account execs have some input in setting their goals.

Seventy-three percent of AEs have some input in setting their quotas. Only 17 percent report that they have no input at all in setting their quotas. Another 10 percent say that management asks for input but doesn't take it into consideration when determining goals.

12. Seventy percent have turned down business because they have sold out their inventory, and a smaller percentage of AEs have turned down business “frequently.”

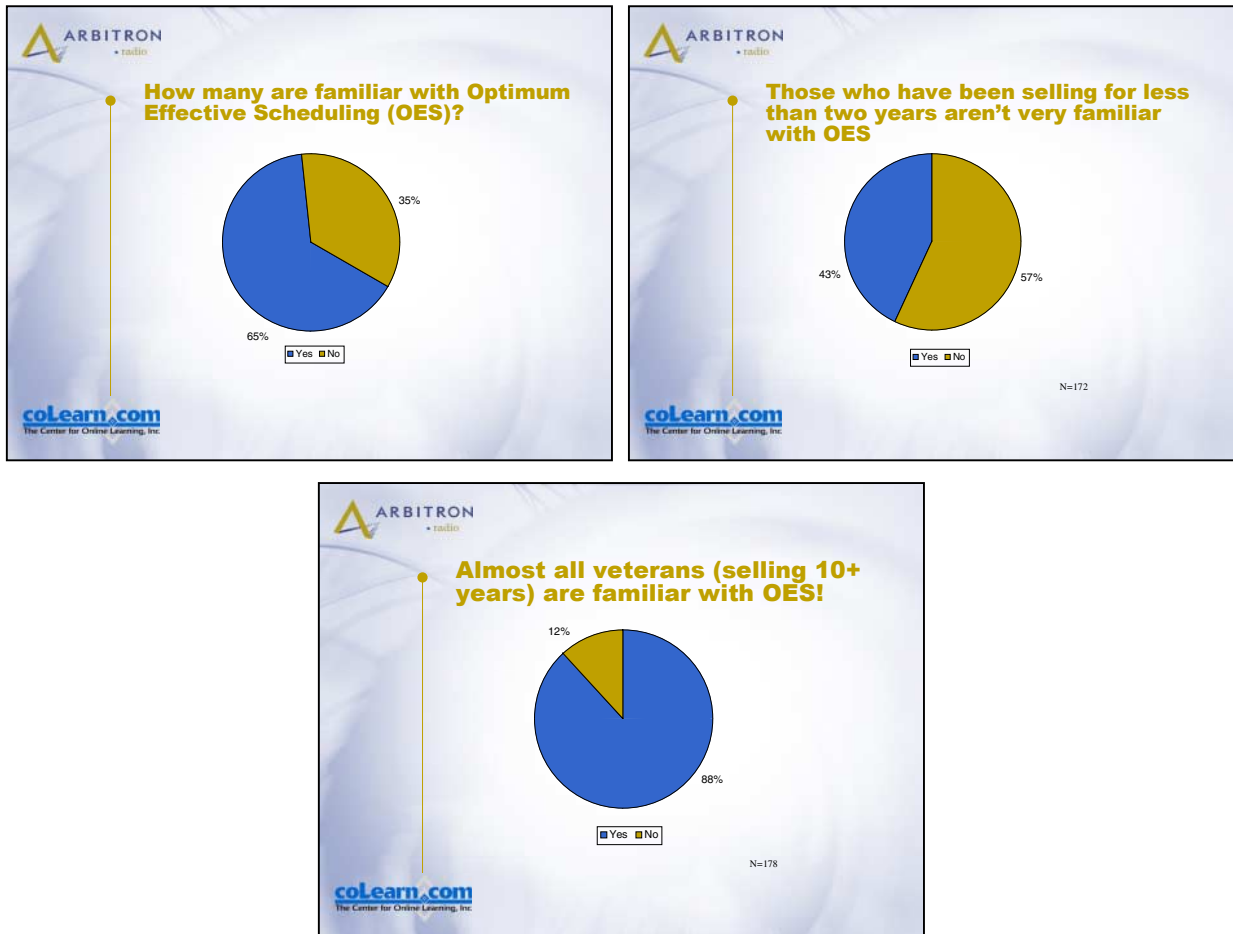


13. Account execs attribute “business relationships with clients” and “hard work” as the top criteria their managers use to assign accounts to salespeople.



14. Most account execs are familiar with the concept of Optimum Effective Scheduling (OES). However, AEs that have recently joined the radio sales profession are much less likely to have been exposed to this concept.

AEs who have been in the radio sales business two years or less make ten or more face-to-face new-business calls in a typical week. Since 70 percent of a junior AEs' business is direct, OES is an important strategy for them to understand to increase the likelihood of getting new customers and renewals.



15. Most account execs feel that consolidation has had no effect on their careers. More AEs feel that consolidation has benefited their careers than those who feel it has negatively effected their careers.

Slightly more than half of AEs feel that consolidation has made no difference in their careers and 30 percent feel that consolidation has actually helped them.

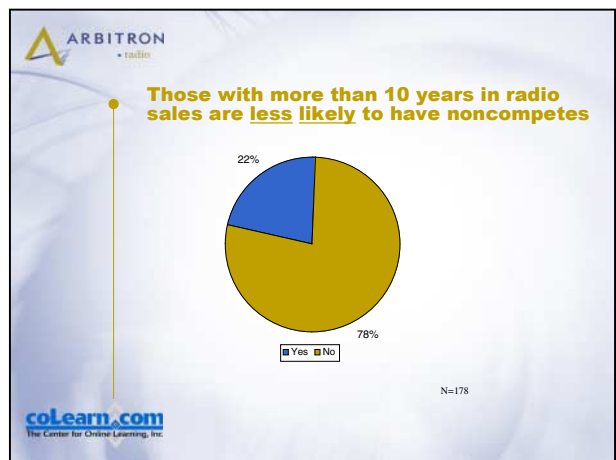
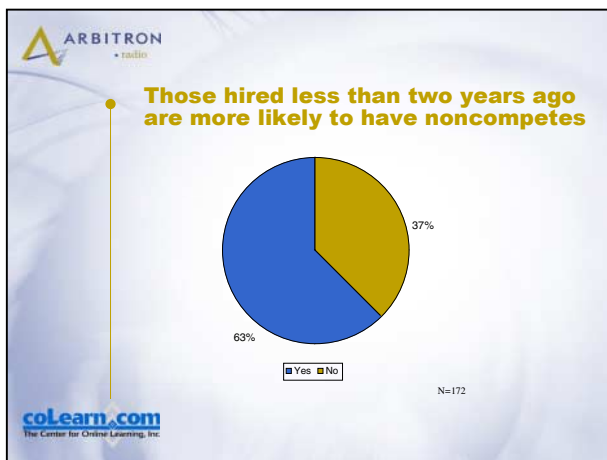
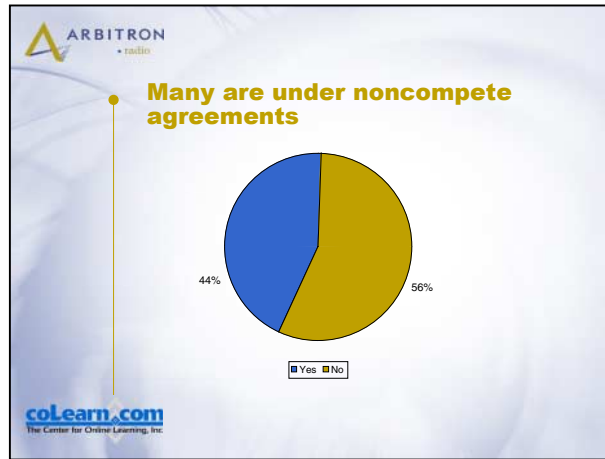
16. Radio stations are not proactive in finding new sales talent.

Less than 8 percent of all sellers were recruited in their first job. Since some of the AEs surveyed reported they majored in a related field in college or completed an internship at a radio station, job fairs at college campuses and in the private sector show promise for attracting new talent.



17. Close to half of the respondents are under noncompete agreements. Noncompete agreements are more common among rookie AEs.

Sixty-three percent of AEs hired in the last two years are under a noncompete agreement, compared to only 22 percent of those with more than ten years in radio sales.



18. Account execs planning to leave radio in the next two years perceive the state of radio sales differently from those who plan on staying.

This provides valuable insight into the warning signs and some proactive measures needed to retain good salespeople.

Reasons for Turnover	Plan to Leave	Plan to Stay
Company Committed to Training	35%	61%
Fairly Compensated	63%	89%
Noncompete Agreement	52%	41%
Respected as a Professional	52%	61%
Product Training Very Helpful	29%	58%
Client Training Very Helpful	33%	61%
Future Opportunities/Career Growth	57%	87%
Top 3 rd of Station Billers	56%	60%
Very Satisfied with Job	10%	37%
Very Satisfied with Manager	22%	46%
Consolidation Not Beneficial	29%	15%
Rarely Turn Down Business	19%	27%
Very Realistic Budgets and Goals	7%	24%
Shares Computers	54%	43%

Very Important for Assigning Accounts	Plan to Leave	Plan to Stay
Good Business Relationships	56%	58%
Hard Work	49%	63%
Hitting Sales Goals	49%	52%
Success with Agencies	36%	38%
Tenure/Longevity	27%	22%
Sales Manager's Favorite	23%	12%

How Quotas Are Set	Plan to Leave	Plan to Stay
Work with Manager	21%	34%
Some Input but Manager Final Say	40%	42%
Input but Manager Ignores	13%	10%
No Input, Manager Sets Goals	26%	14%

Those AEs planning to leave their jobs soon have much in common. They view training at their stations as less helpful, feel their company is less committed to training, are more likely to have to share a computer at work, are less likely to work together with their manager in setting their annual quotas, and are less likely to say their budgets and goals are very realistic. In addition, those AEs planning to leave are less likely to say they are fairly compensated, feel very respected, or have an opportunity for growth and career advancement. They are twice as likely to say that consolidation has not been beneficial to their careers. Surprisingly, they are also more likely to be under a noncompete agreement.

Recommendations:

1. **Actively seek new sales talent.**

Less than eight percent of AEs selling radio today were proactively recruited! Most just applied to ads or were referred to the job by friends. While sales managers complain about turnover and lack of salespeople to hire, very few have an ongoing system to recruit new sales talent. Regardless of whether your company is committed to training or not, managers can have a lasting impact by always looking for new sales talent.

2. **Make the training commitment.**

Sellers want more training and they especially want more training about marketing and serving their customers. While they are receptive to product training, by a wide margin they prefer training beyond the product. They want to learn about marketing, how advertising works, how to develop new business and nontraditional revenue, and how to better solve their clients' problems and meet their clients' needs.

3. **Provide the right “non-agency” and “new business” tools and training.**

Sellers are yearning for more help on NTR, direct and new business. Critical training for sellers to be successful in these areas includes OES, copywriting and improved marketing or “client” knowledge.

4. **Become personally involved in the training process.**

Sellers want you to be involved in their training. Whether in the office or during ride-along sales calls, radio salespeople state clearly that no training can replace one-on-one interaction with their manager. If you are considering using a consultant or some other form of sales training, make certain that you remain involved. Manager participation amplifies the training and makes it more meaningful and important to the seller. Don't expect great results if all you do is send the seller to the conference room and make them watch/listen to tapes or read books. The most effective training requires your involvement.

5. **Provide more qualitative training.**

Radio AEs desire for qualitative research training ranks just behind their desire for more NTR and new business training. This is important since 85 percent of AEs surveyed use qualitative information to prepare for sales calls.

6. **Focus on Inventory Management.**

Poor inventory management frustrates both buyers and sellers and sends business to other stations and other media when an oversold situation exists. Successful operations are making pricing decisions at least once a week.

7. **Provide your sellers with the latest technology: computers and Internet access.**

Although only half of the AEs surveyed have used Web-based or computer training, those who used these new training methods clearly preferred them over traditional audio- and

videotapes. Your investment in computers and Internet access will not only offer the potential for an effective training platform, it will also provide a powerful research tool for your sellers.

8. Realize that noncompete agreements multiply your training challenge.

More than 40 percent of all sellers surveyed and 60 percent of these sellers with less than two years of experience have signed noncompete agreements. This means that you will need to recruit new sellers from outside the industry. These new recruits will need even more training than ever, and at a quicker pace.

9. Turnover is costly. Nearly 25 percent of all sellers are expecting to leave or are considering leaving the radio industry within the next two years. Constantly check the pulse of your sales staff.

- Do your people feel respected by the peers in their profession?
- Do they envision a promising career path?
- Do they feel fairly compensated?
- Do they feel that the training they receive is frequent enough and helpful?
- Do they feel that account assignments by their managers are rewarded based on merit and hard work rather than preferential treatment?

If the answer to any of these questions by any individual on your staff is “no,” then they could be considering a career change and you are faced with having to recruit and train a new employee. Remember that people don’t leave their company, they leave their managers.

How the Study Was Conducted:

Since a directory of radio sales account executives doesn’t exist, Arbitron and The Center for Online Learning (coLearn) first needed to build a sample frame for the survey. In order to make this representative of the market, Arbitron and coLearn considered the percent of the population living in each market segment (top 10, 11-25, 26-50, 51-100, and 101+) and matched the sample percentage with the population percentage for each market segment as follows:

<u>Metro Rank</u>	<u>% of Sample Goal</u>
1-10	33
11-25	18
26-50	16
51-100	16
101-283	16

Approximately 300 stations of 72 different owners in the above market segment criteria were initially contacted. The sales department administrative assistant was asked to provide the names of two account executives in each of the following tenure categories: one year or less, one to three years, and more than three years. Tenure was used as a means to gather names across all levels of experience. The interviewer recorded up to six names from each station according to the years of service. Most stations cooperated with this request to generate the sample frame, resulting in a 77 percent response rate.

Next, the interviewers began calling the account executives at the cooperating stations. In the end, 350 radio sales account executives were interviewed for this survey, with the following sample results:

Metro Rank	% of Sample Achieved
1-10	34.9
11-25	17.9
26-50	16.0
51-100	16.9
101-283	14.0

Thus Arbitron and coLearn achieved a response rate of 37 percent for the survey. An incentive of a free copy of the study summary report was offered to AEs if they would agree to complete the interview. Ninety-six percent of the AEs who participated in the survey requested this summary report.

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The study is available as a PDF file at www.arbitron.com and www.colearn.com.

Note: At RAB 2001, this study was titled "Are Your Salespeople Ready to Fire You?"