

REACH TRUMPS FREQUENCY

How Radio Can Build Business in A PPM World.



BACKGROUND

Whenever I hear “Radio is a frequency medium” I shudder. It implies two things, neither good. Either Radio messages don’t communicate very well, so you need say it again and again just to be sure. Or Radio’s reach is so limited that any typical schedule soon runs out of new listeners.

Both are harmful to radio and neither is true. They are the result of faulty theory and, I think, old fashioned selling. The new Arbitron PPM data clearly shows Radio is much more of a reach medium than traditional thinking would have it, and recall testing shows Radio scores are close to TV. But the part of the problem that can’t be solved by the PPM or recall scores is the way Radio is planned and sold.

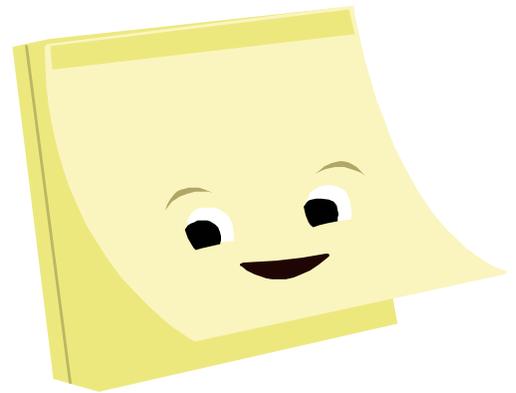
MEDIA’S GIFT TO ADVERTISING

In today’s marketing, reach trumps frequency. It’s easy to see why. Reach is media’s gift to marketing. It is fundamental to how mass advertising appears to work.

The key concept is “Recency” which is the common sense idea that advertising is most effective when it reminds people about brands they know, when they happen to need the product.

Here’s a Sesame Street example (hypothetical):

1. At breakfast, Mary sees the cereal box is empty.
2. Driving home from work, Mary hears a Cheerios commercial on the Radio, which reminds her she needs cereal.
3. Mary stops at the Supermarket for her regular brand, but she sees the Cheerios box on the shelf and buys it instead.

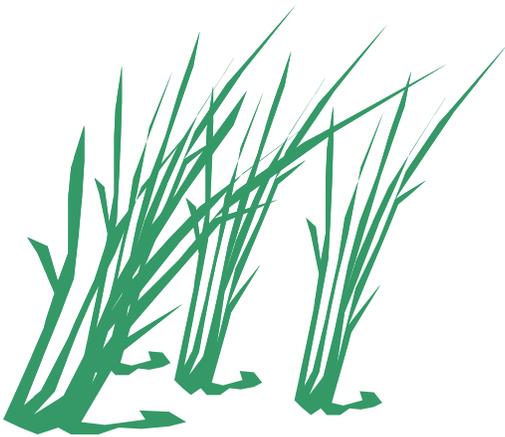


There are several important things about this scenario.

- The advertising itself did not get Mary to buy cereal (and the frequent repetition of Cheerios messages wouldn’t do it either). The empty cereal box did it.
- The advertising simply reminded Mary she needed cereal and at the same time told her about Cheerios -- a brand she knew, but hadn’t bought recently.
- In fact, Mary had heard the Cheerios message on Radio the week before, but didn’t pay much attention at the time because she didn’t need cereal.

That sums it up. Most advertising usually works by reminding people about brands they know, when they happen to need the product.¹ On the face of it, a perfect set-up for Radio, but not when used as a frequency medium.

FREQUENCY IS CRABGRASS



Recency is a “reminding” not a “remembering” model. The difference is critical because reminding is a stimulus that can be controlled; remembering is a response that cannot be.

On the face of it, reminding is a perfect job for Radio, but not when used as a frequency medium. Frequency – contacting one consumer three times with a message, is not as good as reach – contacting three consumers once, because that one consumer is far less likely to need the product than any of the three would be.

And given that someone in the market for a product is usually more receptive to advertising for that product, fewer messages are needed. Again, reach not frequency.

¹ There are exceptions, especially with breakthrough new products or services where the information can be more essential than the timing.

These ideas about how advertising works, together with growing media fragmentation which tends to produce more frequency, have made frequency a kind of media crabgrass. The planner's challenge is to kill it.

All said, today it is not good to be thought of as a frequency medium.

REACH DIRECTS PLANNING

How does Recency theory affect media planning? Planners schedule for moderate weekly reach and more weeks of advertising. In TV, the typical weekly reach goal is 35% to 40% of target; the 4-week goal, 65-70%.

They avoid concentrated, flighted schedules because that builds too much frequency. Instead they reduce weight and add weeks of advertising. TV Planners rely more on dispersion of messages across programs, channels and stations (which builds reach) and somewhat less on targeting (which limits dispersion and tends to build frequency). More on this later.

Reach and Television is where national advertiser dollars go today. Radio is largely ignored because it is thought of as a frequency medium. When Radio is planned differently, especially with the help of the new Arbitron PPM data (used below), it is an ideal reach medium.



THE TARGETING BOX

To rethink Radio planning we have to understand the targeting box. Strange as this may seem, Radio's reputation as a frequency medium probably grows more out of how well it targets, than from any reach limitations.²

Radio formats target specific listener groups far better than Television channels target specific viewer groups. The essential reason is TV, with its high cost structure, needs to attract broad audiences to be successful and it is programmed with that goal in mind.

Radio with lower costs and many stations can more profitably focus on narrow market segments. News, talk and various music formats are carefully designed for their specific appeal to different age and socio-economic groups.

FORMATS TARGET LISTENERS

Adults 25-54

<i>STATION</i>	<i>FORMAT</i>	<i>% COMP</i>
A	Spanish Tropical	95.9
B	Classic Rock	92.6
C	Album Rock	87.8
D	Album Rock	85.9
E	Album Adult Alt.	82.7
F	Country	82.7

Arbitron PPM, Philadelphia

² In the course of a day, both Radio and Television reach 90+ percent of the adult population and with the growth of satellite and cable, TV is rapidly becoming as fragmented as radio. In the US, the average household can now receive more than 100 TV channels.

Because radio targets so well, a high percent of listeners to a selected station will be the advertiser's target, so the total listeners CPM will be close to the target CPM. In the examples shown, it is common for 80% to 90% of a station's listeners to be in a broader demo target group, 50% to 80% in a narrower one.

HOW TARGETING LIMITS REACH

So far, so good for Radio, but here's the problem. Radio's targeting selectivity, especially among younger demos, like Adults 18-to-34, leads advertisers to use only the few best targeted stations to keep the costs-per-points low (see following table).

This emphasis on target CPP and few best stations artificially restricts the reach of a schedule, creating the familiar Radio buy-low to moderate reach, high frequency.

FIVE BEST-TARGETED STATIONS

Adults 18-34

<i>STATION</i>	<i>FORMAT</i>	<i>% COMP</i>
A	Pop Contemporary	84.7
B	Country	76.6
C	Country	67.1
D	Alternative	61.2
E	Pop Contemporary	59.9
F	Album Rock	53.8
G	Pop Contemporary	51.1

Arbitron PPM, Philadelphia

Reach planning would increase the list of stations, reduce the number of weekly announcements per-station and pay a higher

target CPP for the higher reach schedule if that were necessary. This higher CPP is still far lower than Television.³

HIGH-REACH RADIO SCHEDULING

Here are two demonstrations of reach radio schedules using Philadelphia PPM data and real station costs. The new PPM data is especially helpful because it captures the full audience of a station and on average roughly doubles its weekly reach.

The demo targets are Adults 25-to-54 and Adults 18-34. The first schedules compare the one-week and four-week reach of a five station and a 10 station buy (6A to 7P, M-F) Adults 25-to-54.⁴ Schedules are constructed to hold costs reasonably constant.

MORE STATIONS MEAN MORE REACH

Adults 25-54

Stations	Weekly:			CPP	1-week R/F	4 week R/F
	Spots	TRP's	cost			
5	18	86	28,350	\$328	31/2.4	50/6.9
10	10	95	28,500	\$300	45/2.1	68/5.7
					+45%	+36%

Arbitron PPM Philadelphia, Tapscan

The five station buy produces a one-week reach of a 31 and a four-week reach of a 50. The similar-cost 10 station buy increases the one-week reach by 45% to a 45, and the four week reach by 36% to a 68.

³ In these examples the costs are equal or lower. In other markets the expanded schedules costs may be higher.

⁴ The five station buy uses the five top-rated stations A25-to-54. The 10-station buy uses several lower rated stations.

The second example shows a five- versus an eight-station buy targeting Adults 18-to-34. The eight station buy increases weekly reach by 36%, to a 41, and increases the four week reach by 47% to a 62.

MORE STATIONS MEAN MORE REACH

Adults 18-34

Stations	Weekly:				1-week R/F	4 week R/F
	Spots	TRP's	cost	CPP		
5	18	70	20,700	\$295	30/2.4	42/6.7
8	13	85	18,850	\$223	41/2.1	62/5.4
					+36%	+47%

Arbitron PPM Philadelphia, Tapscan

These are television reach numbers at a fraction of the TV costs. To duplicate the reach in TV would cost roughly three to four times as much.⁵

The net is using more stations and days with lower weekly weight per station turns radio into a highly competitive reach medium.⁶

A FINAL WORD

Planning for continuous reach has become common practice among national advertisers because it's mostly common-sense and it works better than high frequency flighted scheduling. But there is a nagging concern, especially among Radio station owners, that reaching consumers with fewer messages will make radio less

⁵ SQUAD-based weekly cost estimates for a reach equivalent Philadelphia TV schedule are \$80,000 for Adults 18-to-49, \$87,000 for Adults 25-to-54.

⁶ Similarly, the value of dispersion in generating reach would lead advertisers to add weekend radio to the schedule.

effective. It's the retail experience that high frequency schedules produce results.⁷

Here, as in most decisions, it's a matter of trade-offs. Certainly sales are lost because of too little frequency, but more sales are lost because of no advertising at all. And that's what happens when Radio is planned for frequency and concentrated into fewer weeks.

Advertising doesn't do it alone. Recency's greatest contribution to media planning has been to focus it on the consumer's role in making advertising work. Ads work best when the consumer is ready to buy. That tells planners that reminding a lot of consumers is better than lecturing a few.



In today's planning, reach trumps frequency. It is media's gift to advertising and, as this paper has tried to demonstrate, Radio with new PPM measurement can deliver it by the carload.

Erwin Ephron

⁷ In my experience retail schedules are often promotional, selling a specific deal for a limited period of time, which would argue for higher frequency. Most national advertising attempts to be more-or-less continuous.