

AM/FM Radio Boosts Trade ROI:

A Study from Nielsen's MMM
Normative Data

June 2022

THE TASK



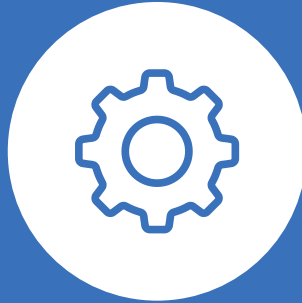
Understanding AM/FM Radio's Contribution to CPG Media ROI, the impact on brand sales when Radio is included in the Media Mix, and how Trade Activity impacts CPG brand budgets.

THE OBSERVATIONS



NIELSEN MMM NORMS

MMM studies help
advertisers predict ROI
impacts



5 YEARS OF MMM NORMATIVE DATA

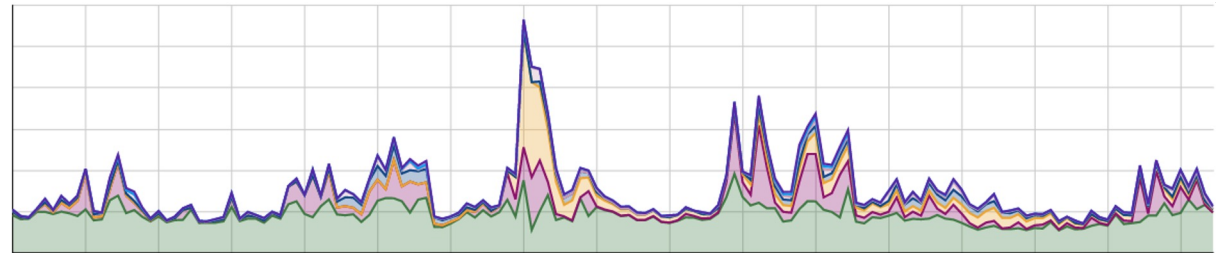
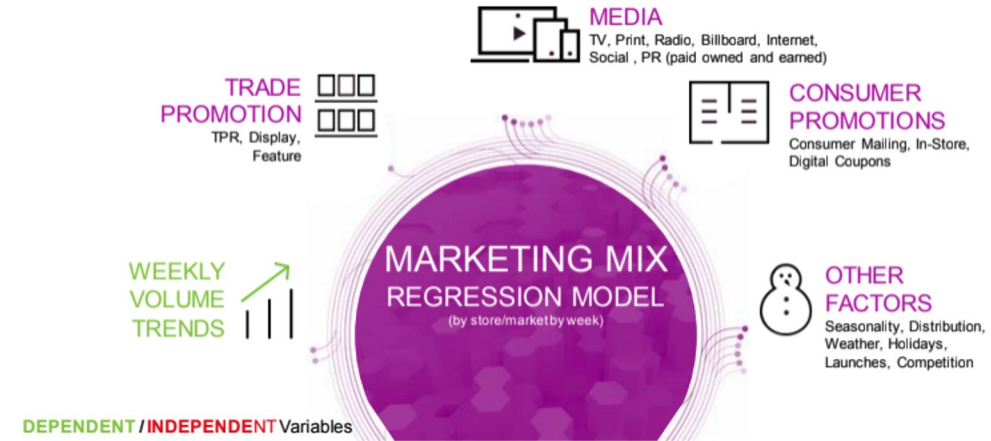
1,000+ observations of unique
CDN CPG brand activity in TV,
Radio, OOH, Online and Trade
from 2015-2020



INVESTIGATE IMPACT OF RADIO IN THE MEDIA MIX

Nielsen evaluated CDN ROI norms to
understand how Radio advertising
impacted ROI and worked in synergy with
other media to improve sales volumes

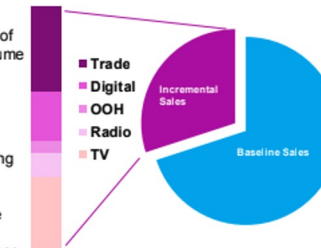
MARKETING MIX INCORPORATES A BROAD RANGE OF INPUTS TO EFFECTIVELY MEASURE MEDIA IMPACT & ROI



Brand Volume Decomposition: Base vs. Incremental

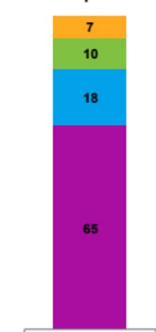
Incremental Volume
Volume sold as a result of marketing activities, volume which would not have accrued otherwise.

Base Volume
Volume that is sold independent of marketing support, including subsidized and non-promoted volume. In the absence of marketing, volume would drop to base levels.

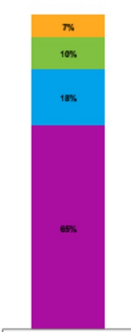


Drivers of Base volume: distribution, price, seasonality, incremental volume from line extension due to distribution, competitor activities, equity, long term impact of marketing support, not measured marketing executions

Volume Decomposition



Volume Contribution



Volume Contribution
= Media Volume/
Total Volume

Radio:
Volume contribution
= 18/100
= 18%

FINDINGS SPECIFIC TO CPG BRANDS

1.3X

Radio ROI
Outperformed
Total Media ROI
by 1.3X

+2%

Total Media ROI
is higher with
Radio in the mix

1.06%

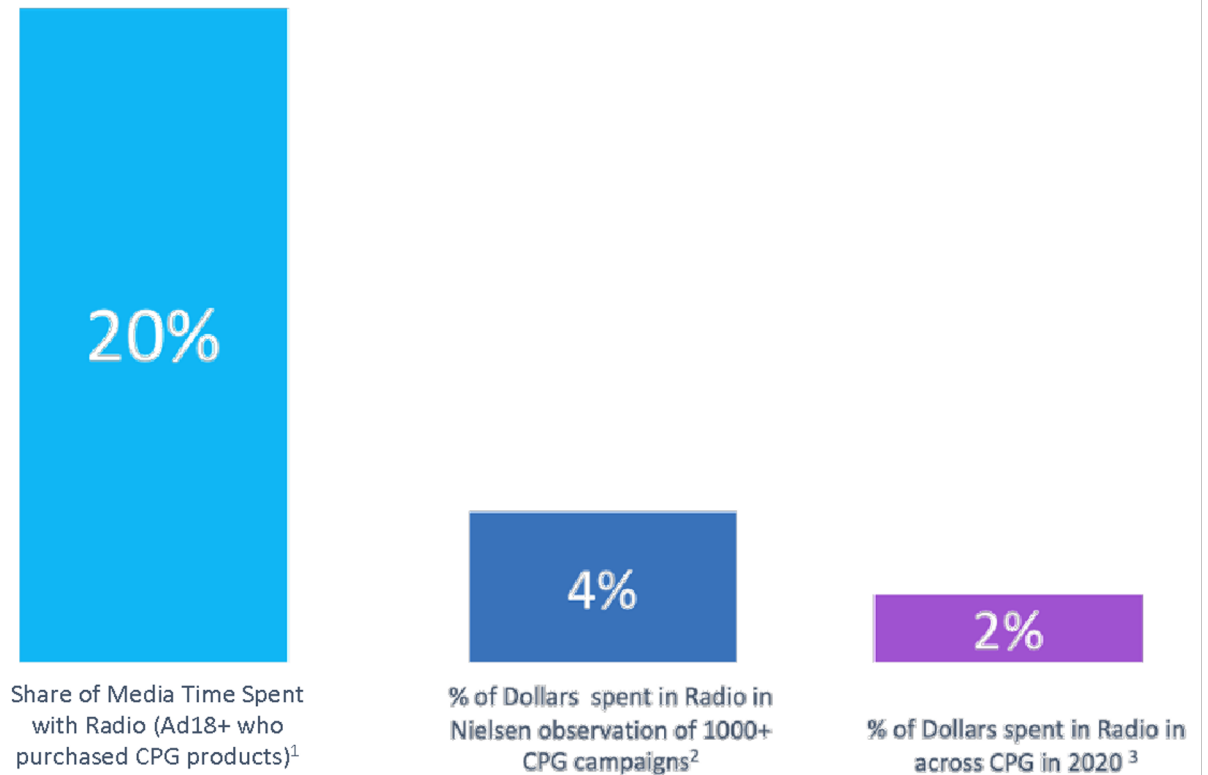
Sales volume lift
when Radio activity
runs in tandem
with **Other Media**

2.56%

Sales volume lift
when Radio activity
runs in tandem with
Trade Activity

DESPITE BEING A
HIGH REACH TACTIC,
WITH FANTASTIC
SHORT-TERM ROI,
RADIO RECEIVES THE
LOWEST MEDIA
INVESTMENT SHARE
FROM CPG BRANDS

Dollars Invested In Radio Is
Disproportionate To Amount Of
Media Time Consumers Spend With
Radio



MEDIA BUDGETS
CONTINUE TO FACE
THE CHALLENGE OF
BALANCING
TRADITIONAL AND
DIGITAL \$\$, NOW
WITH MORE RETAIL
DIGITAL OPTIONS

Digital Marketing Plans are
becoming **MORE** complex

Digital Budgets



Shopper Marketing Digital Budgets



RADIO'S ROI IS HIGHER THAN OTHER MEDIA TACTICS

Radio Outperforms Total
Marketing by **1.3X**

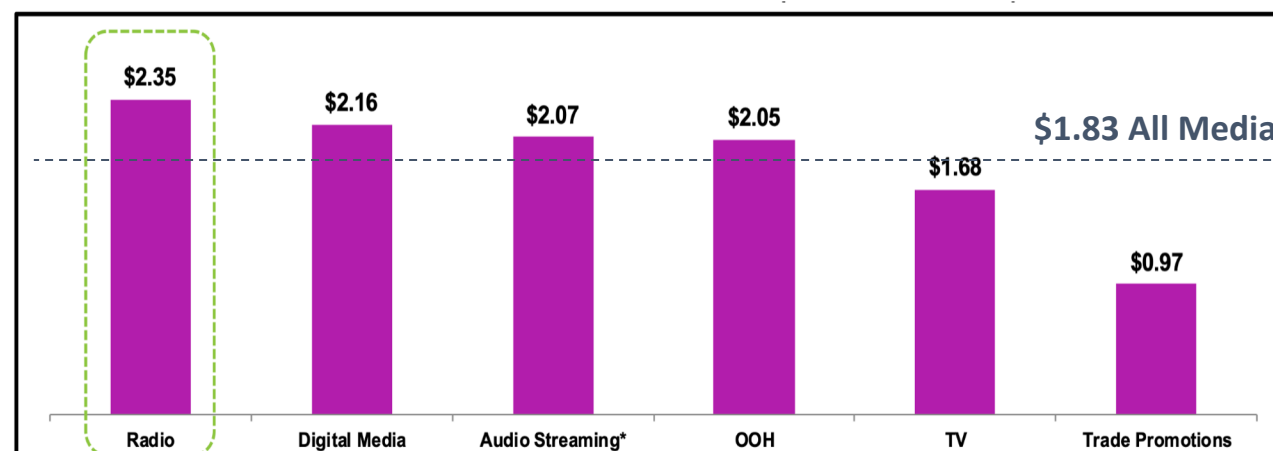
CDN Revenue ROI
CPG Norms 2015 – 2020



RADIO'S ROI IS HIGHER THAN OTHER MEDIA TACTICS

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CDN Revenue ROI
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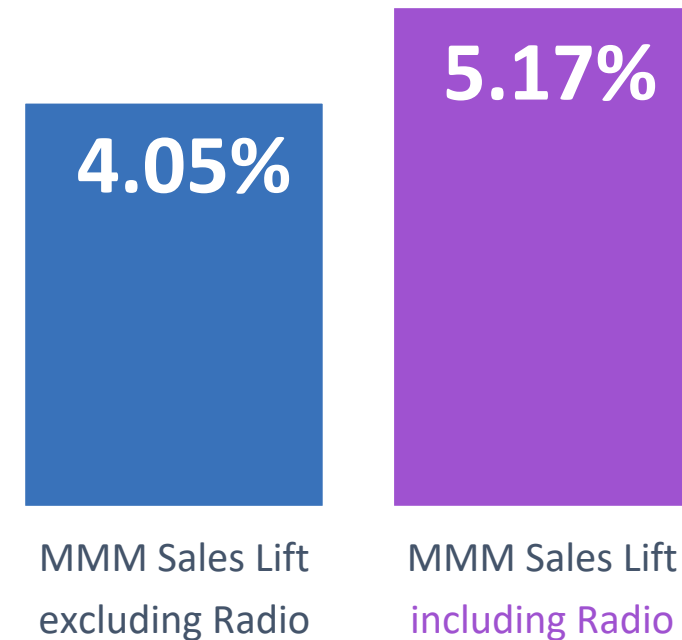


INCREMENTAL
VOLUME IS
GENERATED
WHEN RADIO IS
PAIRED WITH
OTHER
MARKETING
ELEMENTS

Radio drives an additional 1pt
synergistic lift, which is **28%** greater
than other Media tactics combined

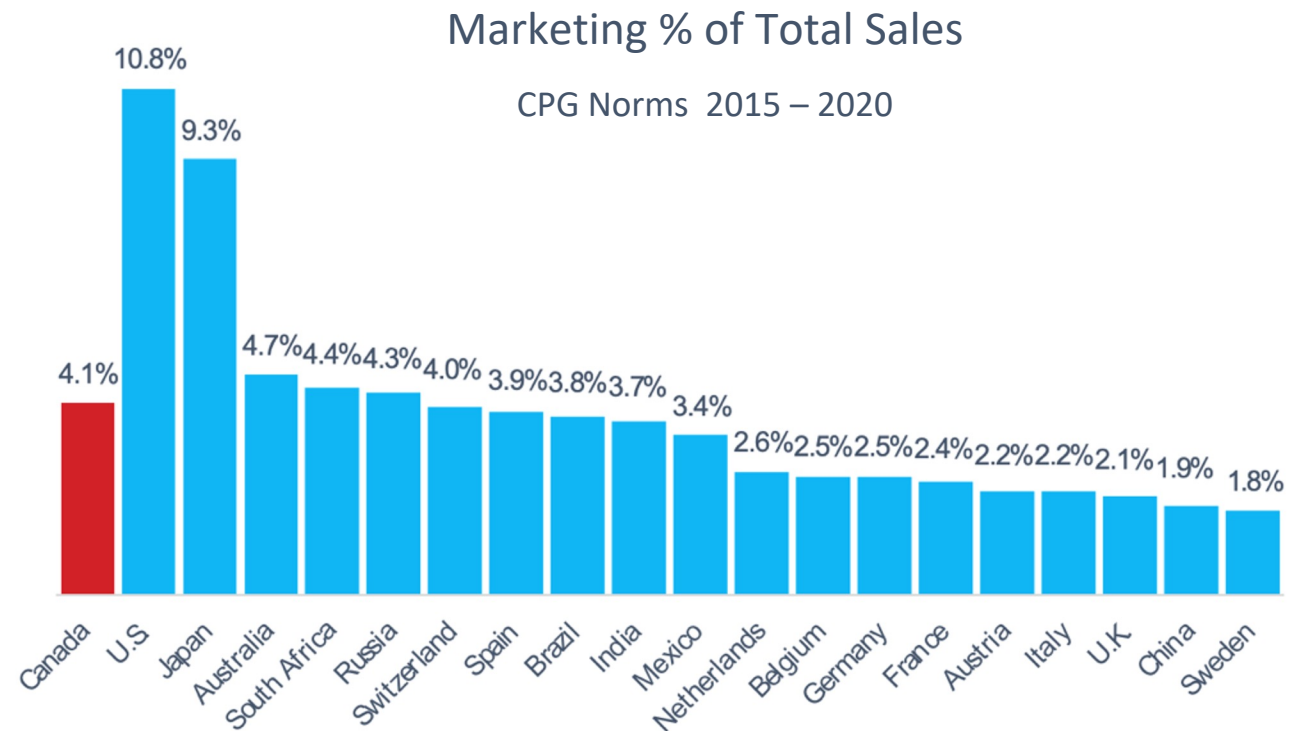
CDN Media Synergy Lift

CPG Norms 2015 – 2020



ONLY 4% OF
CANADIAN CPG
SHORT-TERM SALES
ARE DRIVEN BY
MEDIA BUDGETS,
COMPARED TO 10%
IN THE U.S.

Canadian Media Dollars Have To Work Harder To Impact Sales



TRADE ACTIVITY
STRONGLY IMPACTS
CPG BRAND
SPENDING IN
CANADA



**Diving into the why and
how Radio helps Bolster
Trade Performance**

MEDIA BUDGETS ARE TYPICALLY 10% OF A CPG BRAND'S TRADE BUDGET



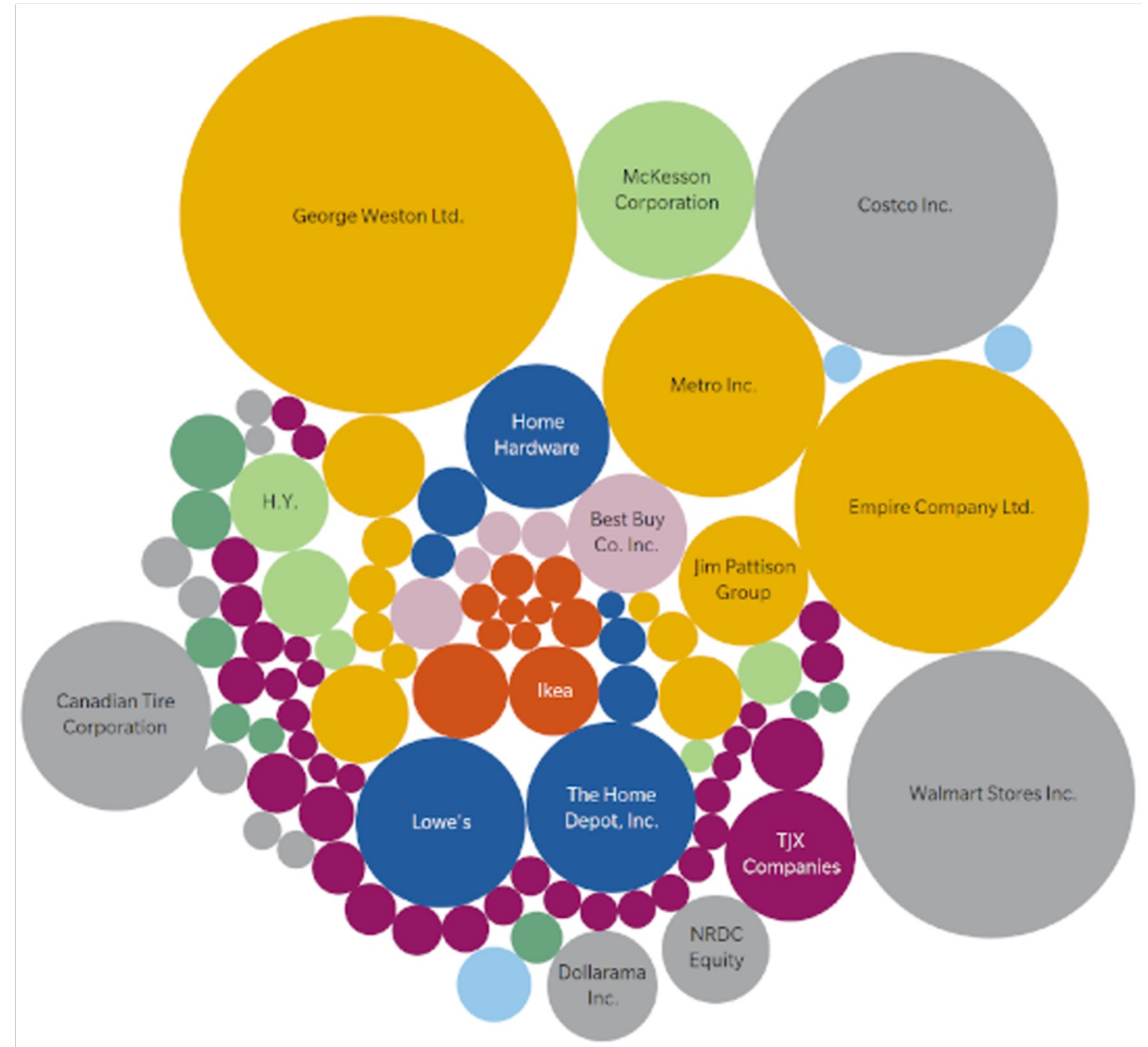
**ABOVE THE
LINE:
\$2 – \$3
Million
Media Budget**



**BELOW THE LINE:
\$20 - \$30
Million
Trade Budget**

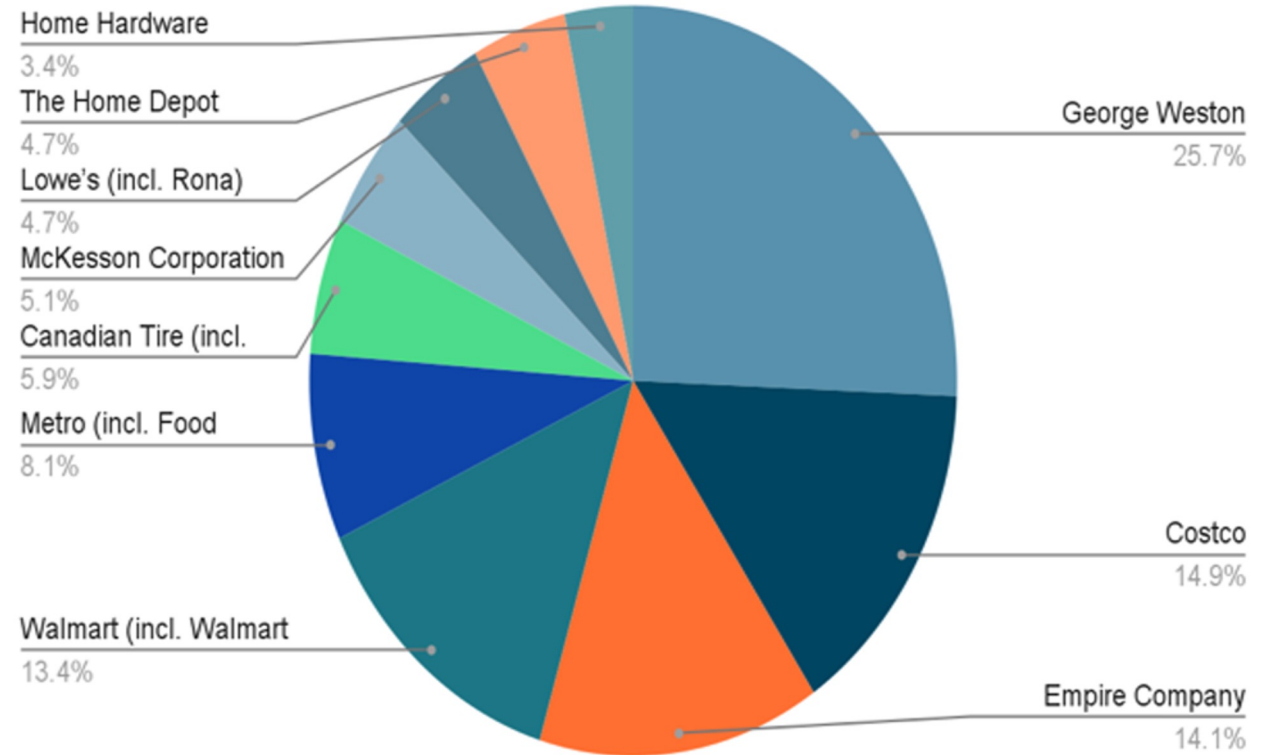
CANADA'S CONSOLIDATED RETAIL LANDSCAPE PUTS PRESSURE ON ADVERTISERS ACROSS ALL CATEGORIES TO INVEST MORE IN TRADE EACH YEAR


Source: retailcouncil.org, the-top-100-retailers-and-canadas-top-10-retailers-2019 www.ufc



GEORGE WESTON,
COSTCO, SOBEYS,
WALMART, AND
METRO REPRESENT
OVER 75% OF THE
RETAIL SECTOR

Top 10 Retailers (2019)





TRADE WILL REMAIN
IMPORTANT -
CANADIAN
CONSUMERS ARE
PRICE SENSITIVE EVEN
THOUGH NOT ALL
PROMOTIONS MAKE
MONEY

Total Grocery CPG sales grew **10%**
in the 40-week period post covid, driven
mostly by regular-price sales growth of **18%**

Canadians search for deals and tend to find
them, with **1 in 2 units** sold at a discount
(down 4 pts from 2019)

Promotions still matter - activate their power
72% of categories remain highly sensitive
to promotions

Every week counts - **63% of shoppers**
decide where to buy based on weekly sales
and promotions



NAVIGATING CPG TOWARDS BETTER RESULTS

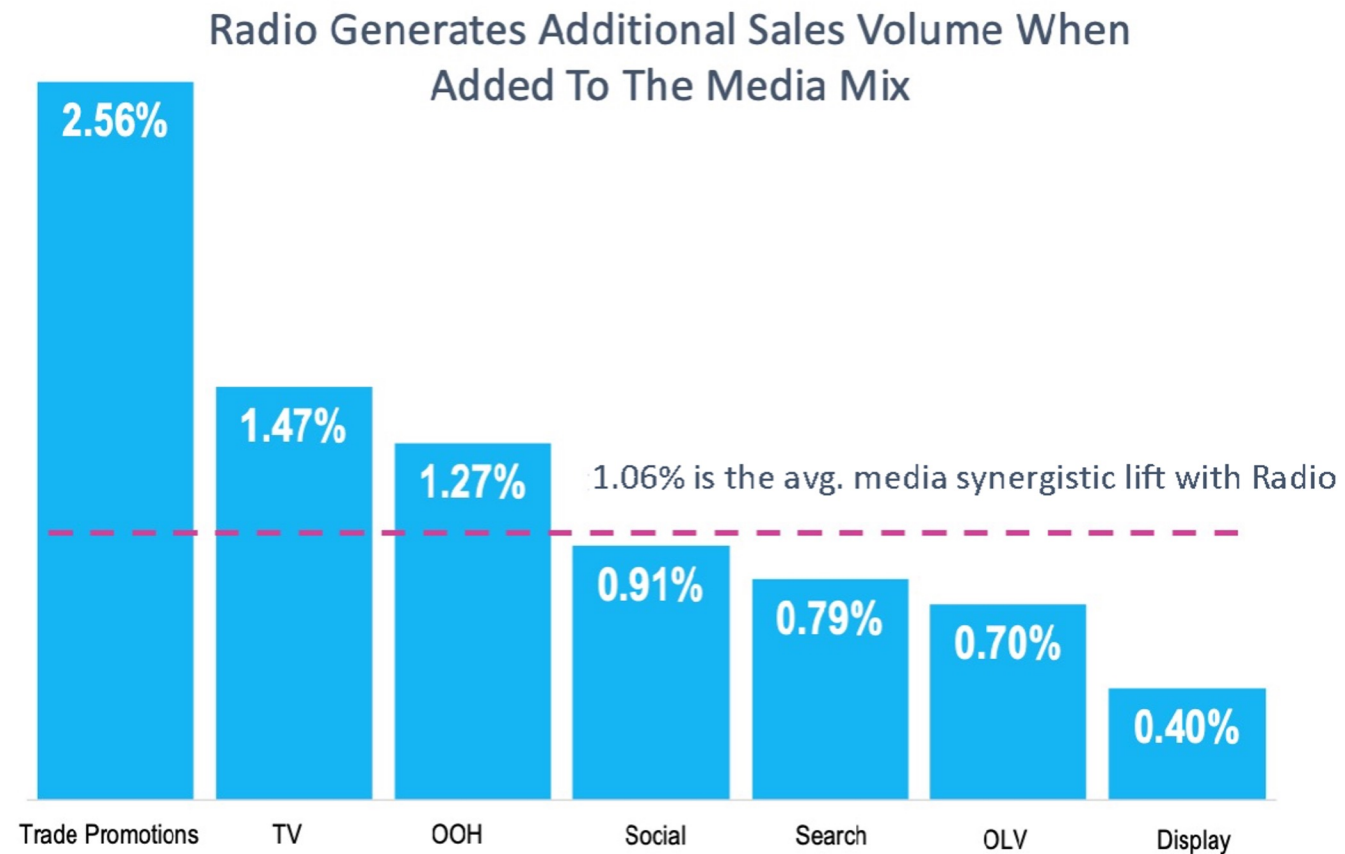
- Radio **reaches 9/10** Canadians each week. (Source: Numeris R04 21 PPM)
- Radio + TV improves **Reach by 20%** at 20% cost savings (Source: Numeris Cross Media Data Base)
- Radio **reaches 7/10** Canadians en route to buy groceries/personal care products. (Source: Radio On the Move 2022)
- Radio wins on **Recency** improving band visibility at shelf +11%, retention +30% and acquisition +40% (Source: Radiocentre – Shoppercentric 2020)
- Radio ads deliver powerful **cognitive impact** across attention, connection, encoding and neural engagement. (Source: Brainsights)



RADIO IN COMBINATION WITH TRADE, TV AND OOH DRIVE THE LARGEST MEDIA SYNERGY SALES VOLUME LIFT FOR CPG BRANDS

Source: Nielsen Canada Radio Connects CPG Norms Database Analysis

Radio's Halo Effect On All CPG Media Tactics Drives Sales Lift



THE SOLUTION



Utilize Radio's halo effect with TRADE and other CPG media tactics to drive incremental sales lift.



EVERY DOLLAR IN A
MARKETING BUDGET
COUNTS –
LET'S DO THE MATH

Radio's impact on Trade ROI

\$0.97 ROI * 0.0256
is another **2.5** cents on the
Canadian dollar

Trade Spend: \$20,000,000

Trade ROI without Radio: \$0.97

Trade ROI with Synergy from Radio: \$0.995

Revenue Gain from Radio Synergy:

\$500K



THE RESULTS



**Adding AM/FM Radio to
CPG brand activity
improves Total Media
ROI, increases Trade
Activity synergies and
results in overall
improved sales
outcomes**

IMPROVED OUTCOMES

\$2.35

For every \$1 spent,
Radio generates over 2X
the value in short-term
sales (1.3x higher than
the Total Media ROI)

2.4X

Radio is more
synergistic than all
other Media in
supporting prioritized
Trade Activity

28%

Improvement to
synergistic sales volume
when added to other
Media Tactics

A man and a woman are in a kitchen. The man is standing and holding a glass, smiling. The woman is sitting at a counter, smiling. There is a toaster and some food on the counter.

THANK YOU

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