

AM/FM Radio Boosts Trade ROI:

A Study from Nielsen's MMM
Normative Data

June 2022

THE TASK



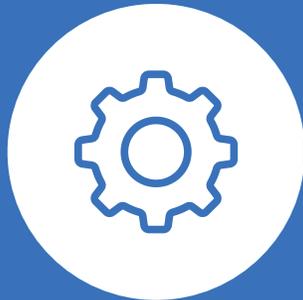
Understanding AM/FM Radio's Contribution to CPG Media ROI, the impact on brand sales when Radio is included in the Media Mix, and how Trade Activity impacts CPG brand budgets.

THE OBSERVATIONS



NIELSEN MMM NORMS

MMM studies help
advertisers predict ROI
impacts



5 YEARS OF MMM NORMATIVE DATA

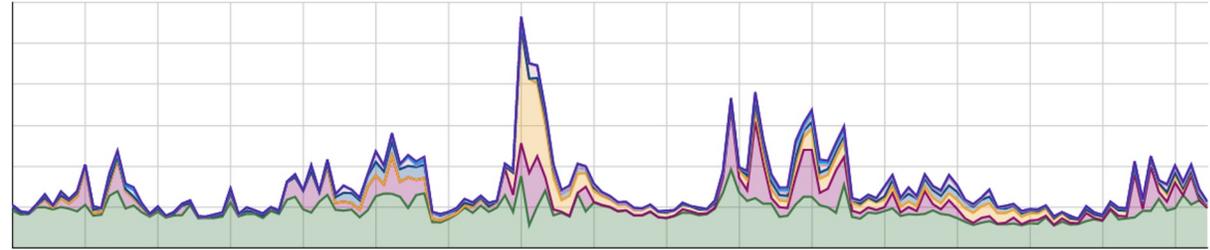
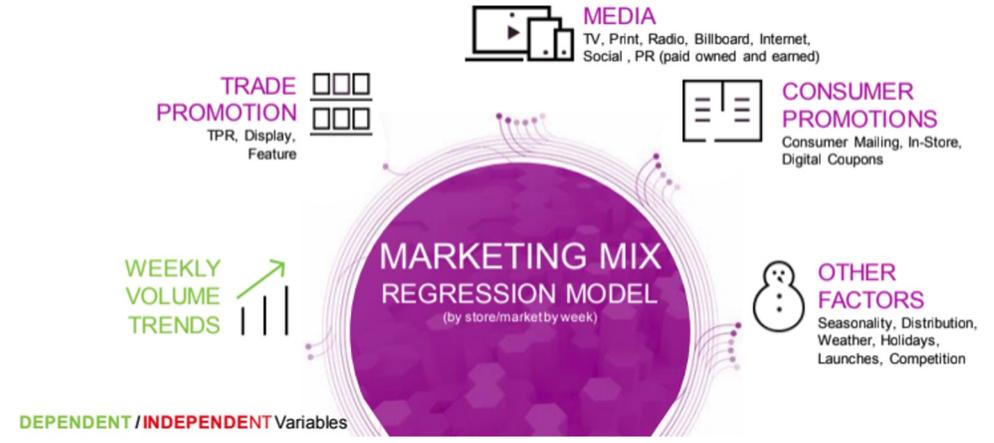
1,000+ observations of unique
CDN CPG brand activity in TV,
Radio, OOH, Online and Trade
from 2015-2020



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

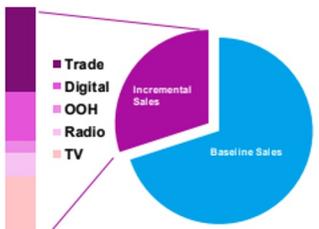
MARKETING MIX INCORPORATES A BROAD RANGE OF INPUTS TO EFFECTIVELY MEASURE MEDIA IMPACT & ROI



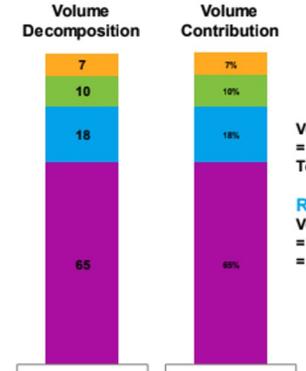
Brand Volume Decomposition: Base vs. Incremental

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 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%

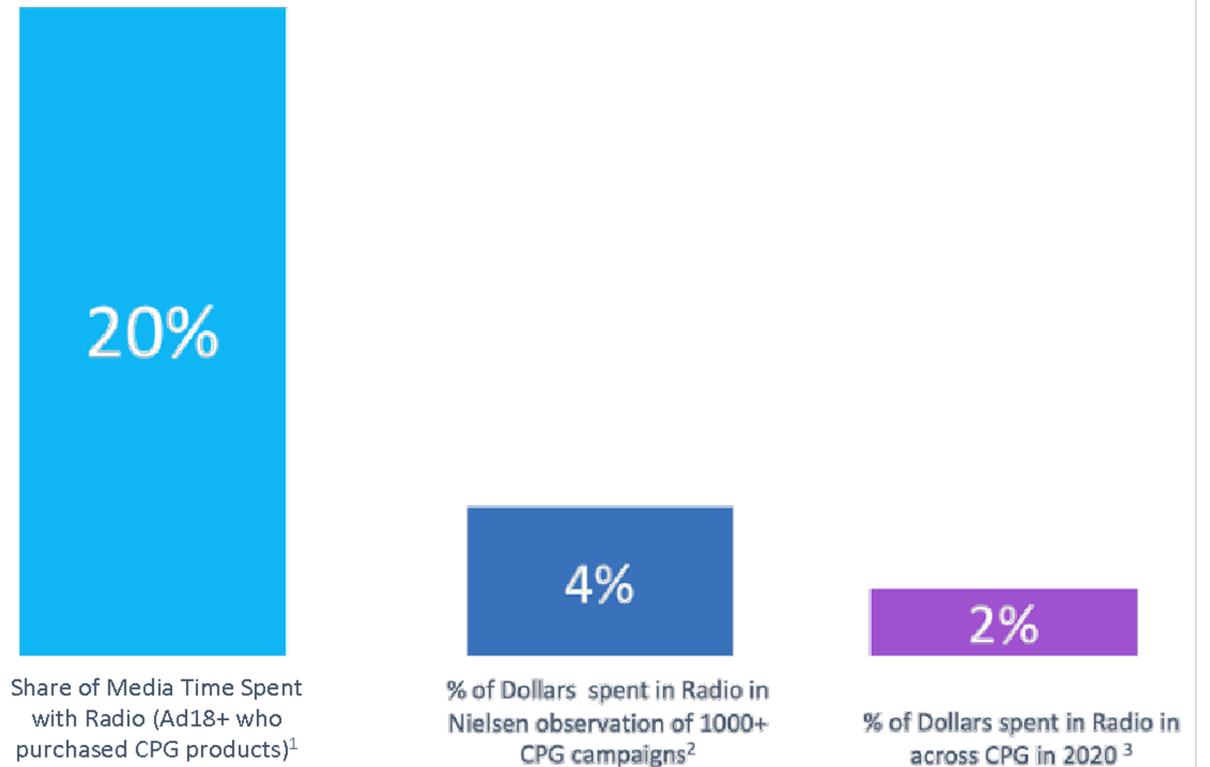
Sales volume lift
when Radio activity
runs in tandem
with **Other Media**

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



Source: 1. RTS Fall RTS Canada FALL 2021 / A18+ / Total Canada / Purchased CPG goods / *Media Mix Radio / TV / Daily Newspaper / Community Newspaper / Magazine / Internet | 2. CPG Norms Database Analysis | 3. Numerator Annual Data, CPG Categoria, 01/01/2020 - 12/31/2020

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**

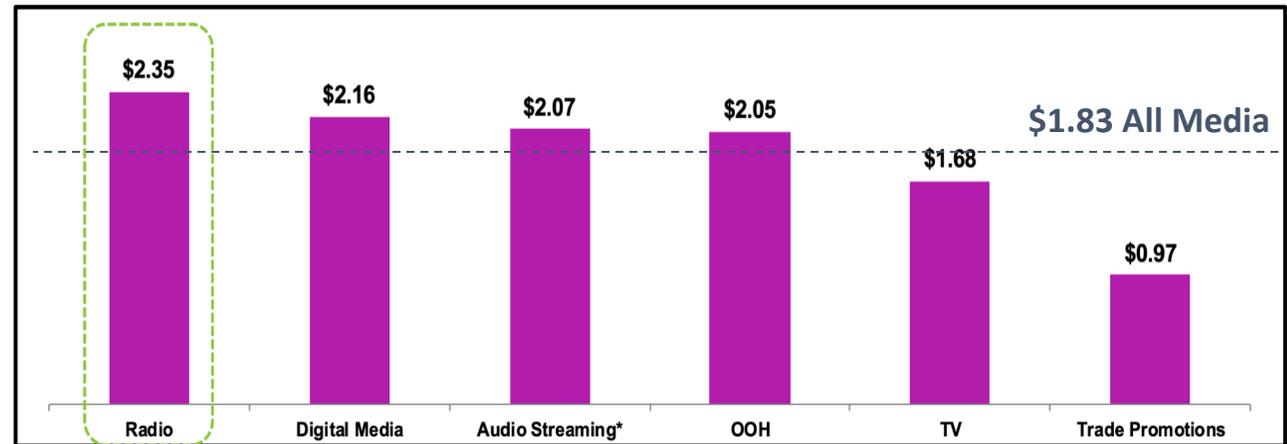
CDN Revenue ROI
CPG Norms 2015 – 2020



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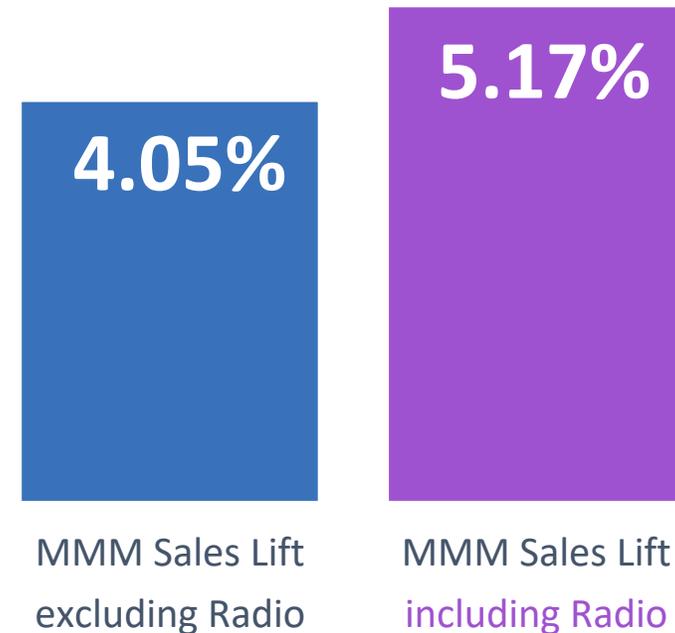
CDN Revenue ROI
CPG Norms 2015 – 2020



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

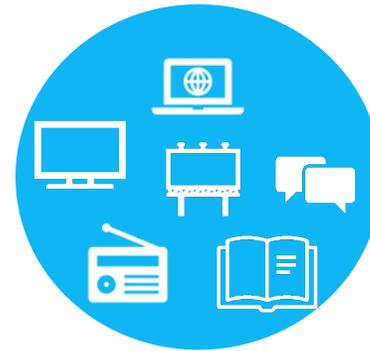


TRADE ACTIVITY
STRONGLY IMPACTS
CPG BRAND
SPENDING IN
CANADA



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

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

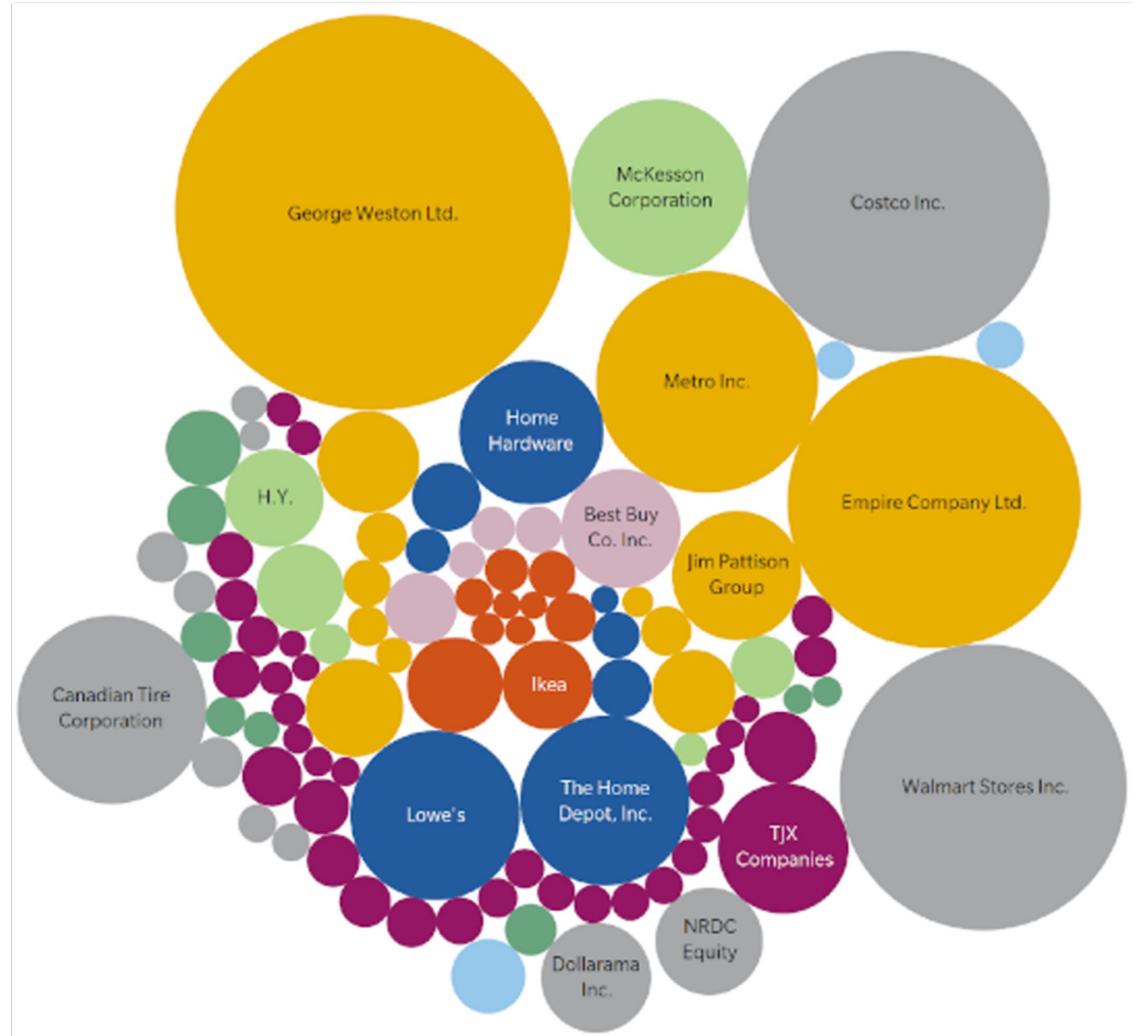


**ABOVE THE
LINE:
\$2 – \$3
Million
Media Budget**



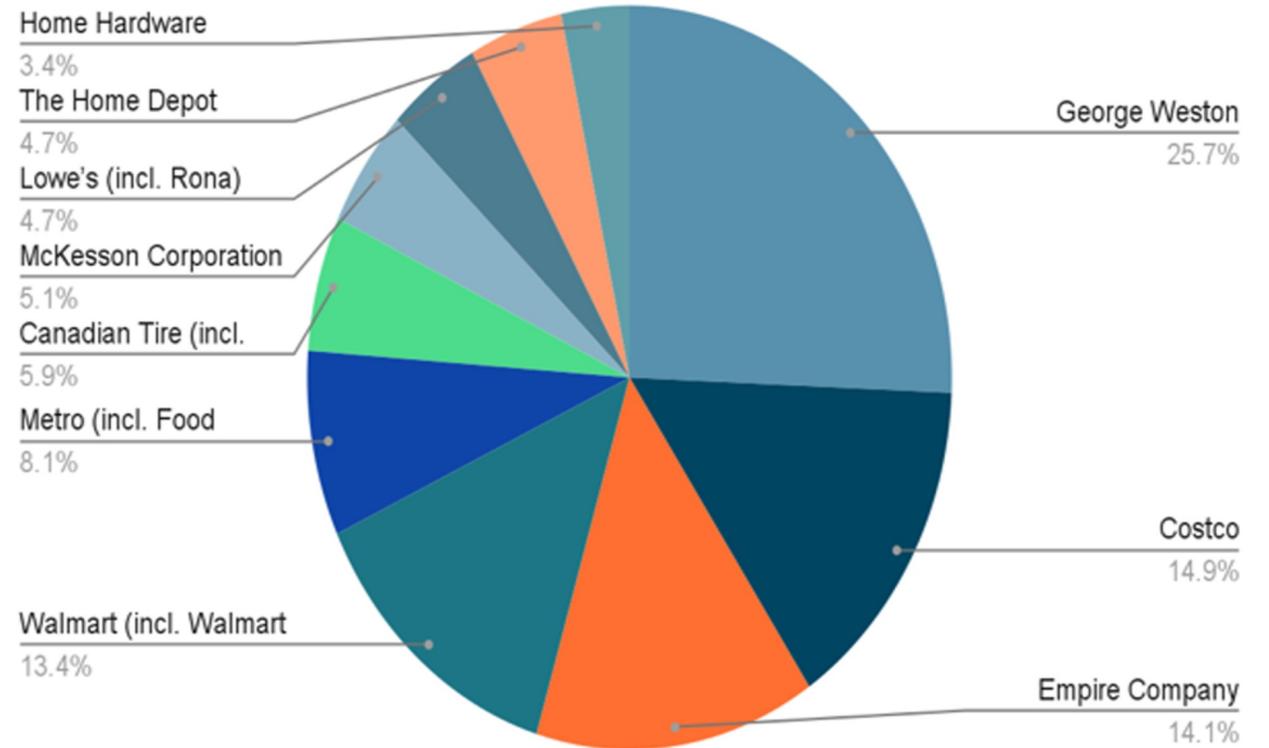
**BELOW THE LINE:
\$20 - \$30
Million
Trade Budget**

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



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

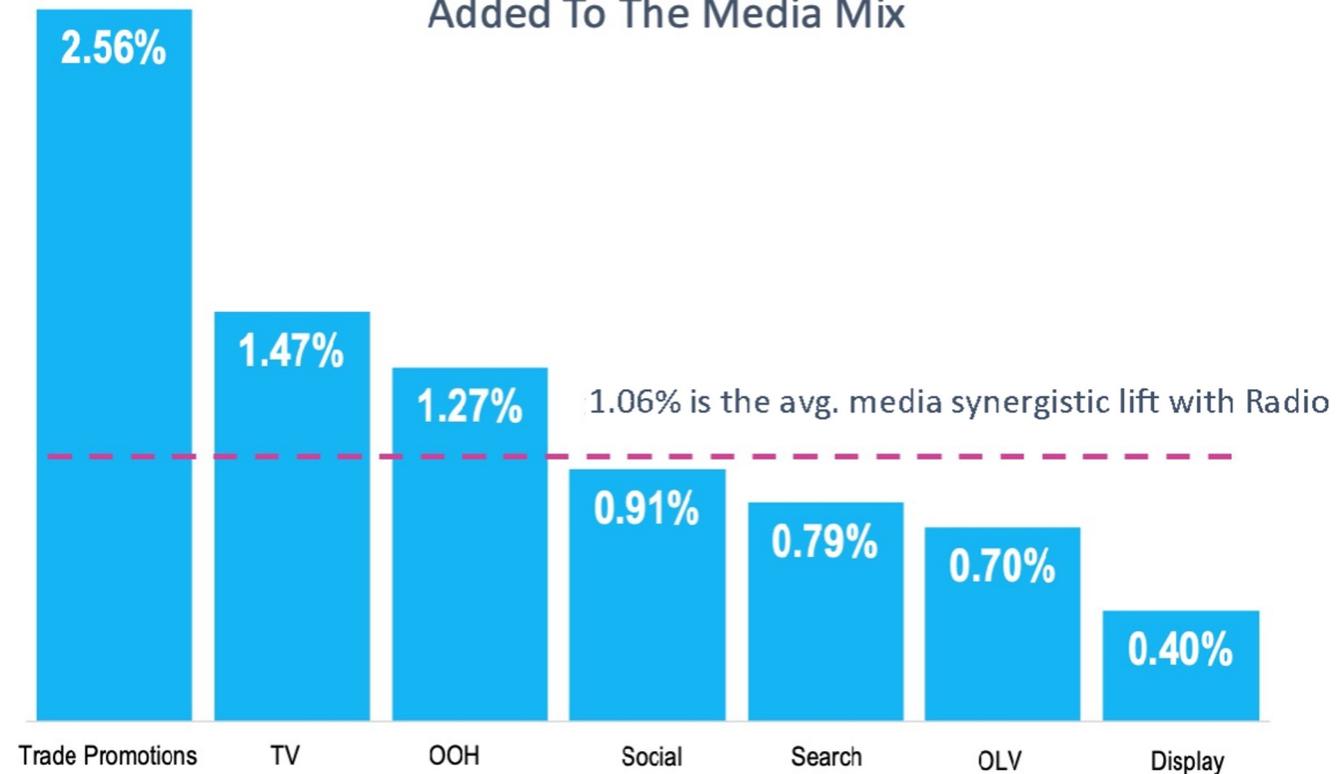
- Radio **reaches 9/10** Canadians each week. (Source: Numeris R04 21 PPM)
- Radio + TV improves **Reach by 20%** at 20% cost savings (Source: Numeris Cross Media Data Base)
- Radio **reaches 7/10** Canadians en route to buy groceries/personal care products. (Source: Radio On the Move 2022)
- Radio wins 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

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

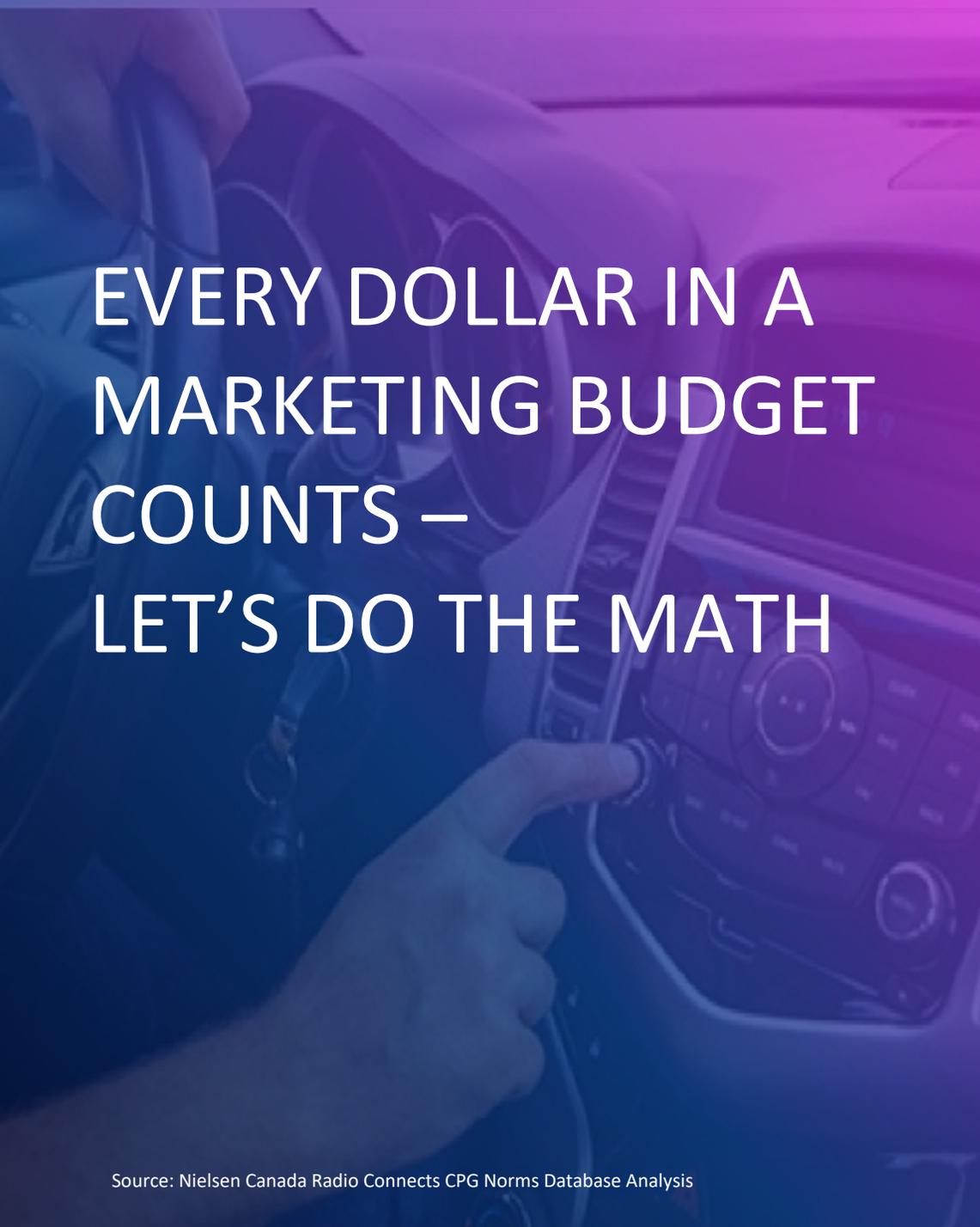
Radio Generates Additional Sales Volume When Added To The Media Mix



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

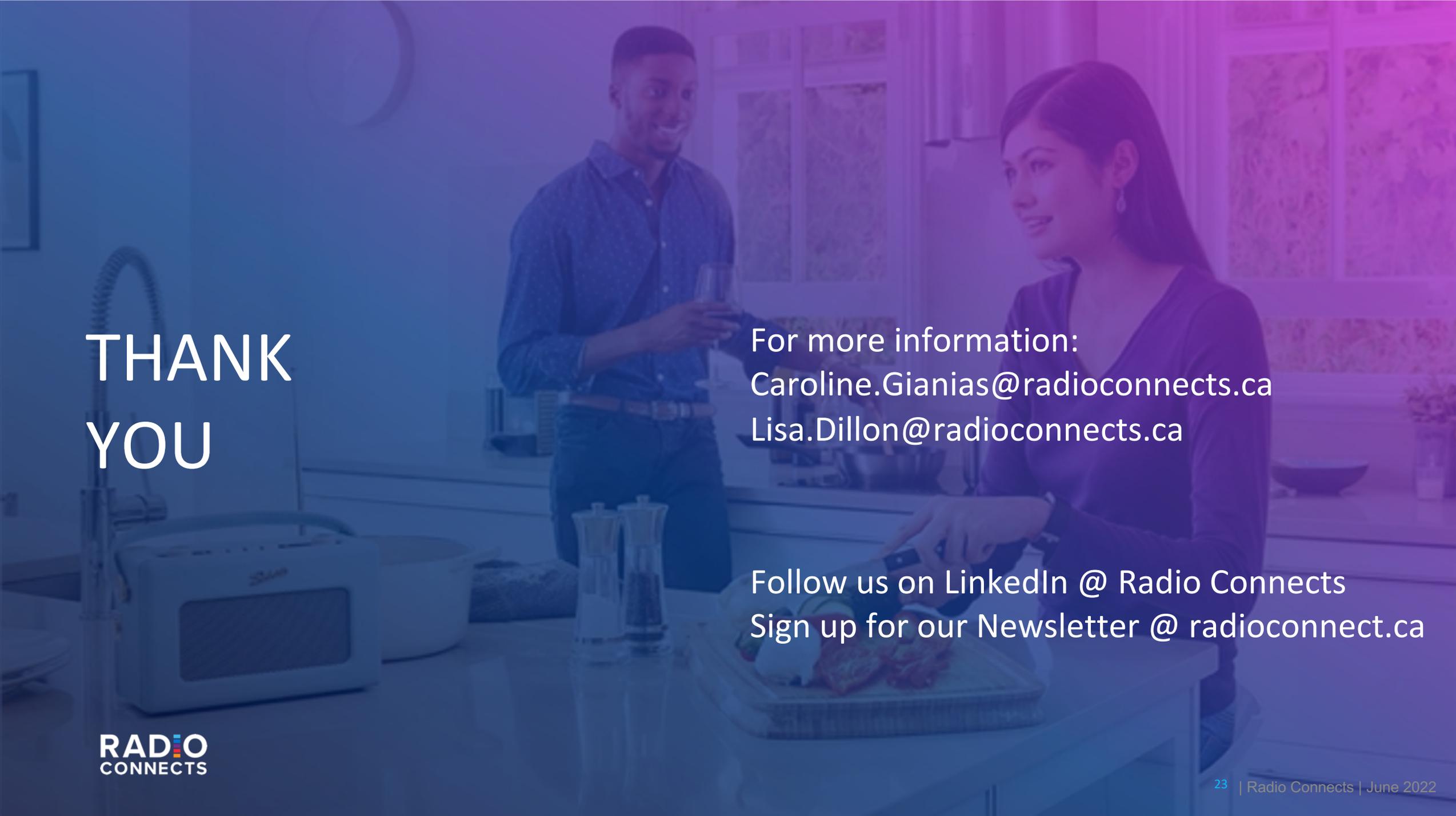
For every \$1 spent, Radio generates over 2X the value in short-term sales (1.3x higher than the Total Media ROI)

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



THANK YOU

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