



Case Study #1: Radio's Effect on Health-Care Product Sales

100 GRPs of Radio delivered more sales at less cost than 60 GRPs of TV

The Radio Ad Lab's other publications referenced a recent test of a major consumer over-the-counter (OTC) healthcare product in which Radio very clearly out-delivered TV. This Case Study write-up will provide additional details on this compelling proprietary research, conducted in early 2002.

This healthcare product plans its advertising on a seasonal basis, using spot TV in a growing number of markets. In the prior winter, the advertiser ran about 60 GRPs in local spot TV covering about half the country for 8 weeks. This pattern of winter advertising with spot TV had been in place since 2000. The TV advertising had received standard pre-testing by a third party, with scores well above the norm.

The advertiser knew that sales would benefit from expanded winter advertising. History taught them that adding local markets to the spot TV buy would help overall sales, since the last expansion of markets had shown more sales increase in the new markets than in markets bought previously. But with spot TV already covering 50% of the population, did it really make sense to keep adding more local markets to the TV campaign? Would a national TV campaign really make sense?

In fact, the company's internal modeling experts estimated that expanding TV advertising to 100% of the country might actually have a negative Return On Investment, costing more than would be returned in increased sales.

Enter Radio...

This advertiser decided to test Radio as an alternative means of reaching the national population efficiently. The cost temptations were obvious; they could cover 100% of the country with Radio for less than they were spending to cover half the country with spot TV. Alternatively, they could use Radio nationally at a higher weight than they could use TV nationally, and still reduce costs.

But would the actual sales benefit be the same (or perhaps even better)?

To answer this question, the advertiser tested the use of Radio instead of spot TV in two local markets, and contrasted the sales results with those of two matched control markets. Both test and control markets were carefully selected with the advertiser's standard test market criteria and the full endorsement of IRI, which provided the sales measurement.¹

In the test markets, Radio was bought at a level of 100 target GRPs per week for eight weeks. In the control TV markets, the buy was for 60 target GRPs per week, as had been done in the past. Because the advertiser's Radio plan had about half the cost per rating

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point as the TV campaign, they were able to increase GRPs over the usual TV plan while still saving money.

After eight weeks of using Radio instead of TV, the test markets showed a sales lift of +3.6 percentage points of sales growth **over** what was seen in the TV-only control markets (after mathematically removing the impact of Free Standing Inserts).

In fact, the Radio test markets showed a larger percentage sales growth than all of the TV markets combined, regardless of their past usage of TV.

As a direct result of this test, starting in 2003 this OTC product will be running 100% Radio in winter. For them, this is expected to yield:

- More sales growth in the previously TV-only markets;
- More overall sales growth by adding potent advertising in the other half of the country (not previously covered by TV at all);
- And a net savings of \$800,000 over the cost of expanding TV to a national winter campaign.

The Radio Ad Lab Commentary:

This proprietary study was, we believe, an excellent and fair test of Radio as an alternative to TV for this product. The measures were objective, the design was relatively clean, and Radio was implemented at a competitive weight.

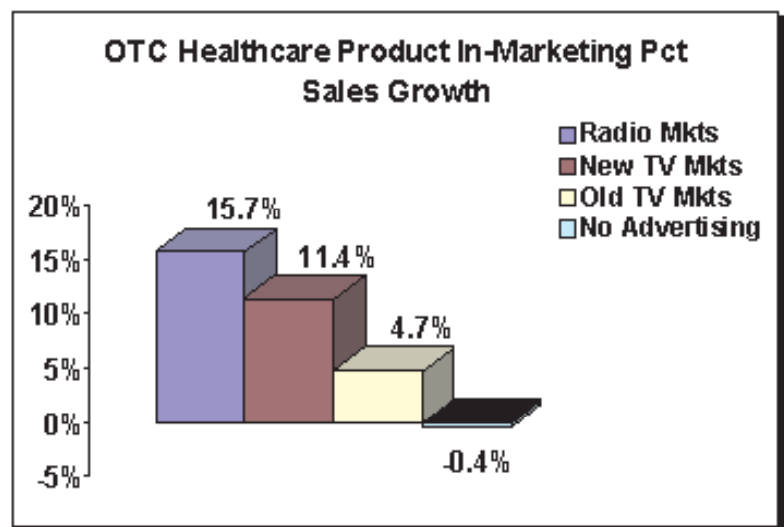
A seasonal test of one healthcare product may not be predictive of all products, executions, or plans. This particular advertiser has experience with Radio, and its execution and planning were carefully considered.

“This OTC product
will be running 100%
Radio in winter.”

But note that these results are very consistent with the 1998 Imperial Margarine test in Canada, in which Radio at a weight of 150% of TV's (and less cost) delivered a significant increase in sales over matched TV markets. That published study is summarized in the The Radio Ad Lab Compendium and in the first Radio Ad Lab White Paper.

Perhaps more importantly, the Radio Ad Lab believes that this Case Study is one more piece of evidence that there is little downside risk, and actually evidence of significant upside potential, when Radio is used as a replacement for other media **and the weight is sufficient**.

The Radio Ad Lab is hoping to expand the amount of published sales research on Radio through the Radio Ad Lab Testing Partnership. In the meantime, the Radio Ad Lab hopes to encourage more private research as well, and we invite other advertisers to share their proprietary work with us. The Radio Ad Lab will work with each advertiser to ensure that their proprietary interests are protected.



Footnotes: ¹ Note that the Radio ad was not pre-tested in advance of the experiment, but later testing of recall and persuasion suggests that the spots used in the sales test were above the norm in impact for this category. Also note that there were no other TV or Radio ads for this product category running at the time of the test.