

Personal Relevance Two: Radio's Receptive Ad Environment

A Summary on the African-American and Hispanic Audience Findings

A Major New Study of How Radio Ads Affect Consumers in Unique Ways From The Radio Ad Effectiveness Lab.

The First in a New Series: "Radio and the Consumer's Mind: How Radio Works." Published September 2006.



Making Radio More Effective

In 2004 and 2005, the Radio Ad Effectiveness Lab (RAEL) conducted three major studies on different aspects of Radio advertising. With this 2006 study, RAEL is beginning a new series of research projects under the general theme, "Radio and the Consumer's Mind: How Radio Works."

Our goal is to shed new light on the psychology of Radio advertising more than on the mechanics. We've established in previous studies, especially the landmark Radio's ROI Advantage, **that** Radio works, and it works in extremely cost-effective ways. Now we want to help the industry better understand **how** Radio works.

In particular, we want to help advertisers understand Radio's role in the overall media mix. While RAEL is oriented toward understanding Radio specifically, each of our new studies is designed to better understand Radio in the larger context of marketing communications.

Going Beyond "Personal Relevance, Personal Connections" More Sample, and Comparisons to the Internet

Much of the inspiration for this first study in the new series came from the initial research conducted by RAEL, which we called "Personal Relevance, Personal Connections." That study was conducted in 2004, and the full report on its findings remain available for free at the RAEL website.

In 2004, we found that Radio is the most personal medium of the three we studied. Consumers choose Radio to satisfy personal wants and needs, and as a result, Radio affects listeners at a very individual and emotional level.

Furthermore, Radio **advertising** also benefits from that personalized connection. Radio ads, like the programming that contains them, are seen as "speaking to me," and Radio advertisers are associated with "trying harder to reach me personally."

Based on feedback from advertisers, agencies, and the RAEL Research Committee, RAEL decided to revisit those topics with a substantially larger study (to allow for more demographic drill-downs), and to field a study that also contrasted Radio advertising with ads on the Internet. Therefore, this new study compares consumer perceptions of Radio and Radio advertising with corresponding perceptions for television, newspapers, and the Internet.

The full paper, "Personal Relevance Two," is available for free download at <http://RadioAdLab.org>. You can also download the entire selection of RAEL research studies and papers at the site.

Study Confirmations Emotional Connections and Receptivity to Radio Exceptionally Strong Among African-Americans and Hispanics

A deep dive into the multicultural findings of "Personal Relevance Two: Radio's Receptive Ad Environment" reveals that African-Americans and Hispanics have exceptionally high receptivity to advertisements on the Radio compared to other media. It is the fourth study from the Radio Ad Effectiveness Lab (RAEL) and the first to examine emotional connections, ad relevance, and ad acceptance of media across race and ethnicity.

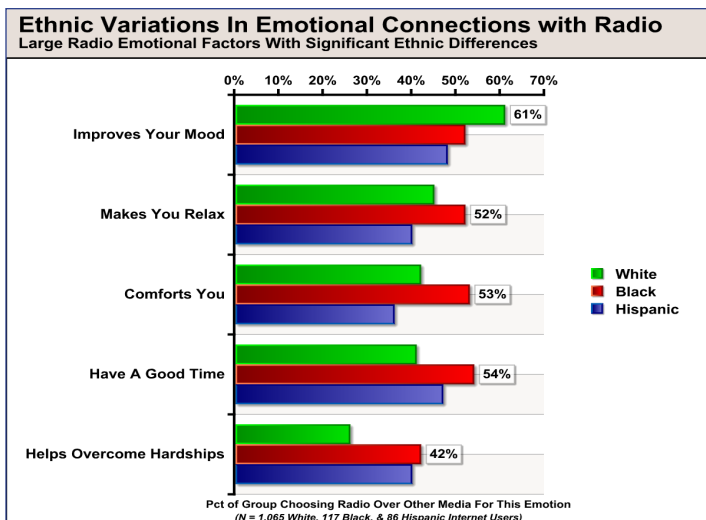
The study confirms that:

- Radio's receptive ad environment is especially strong among African-Americans and Hispanics (especially Spanish-Dominant Hispanics)
- African-American and Hispanic populations show some additional, unique emotional connections with their Radio stations, indicating strong lifestyle bonds with formats targeting those populations

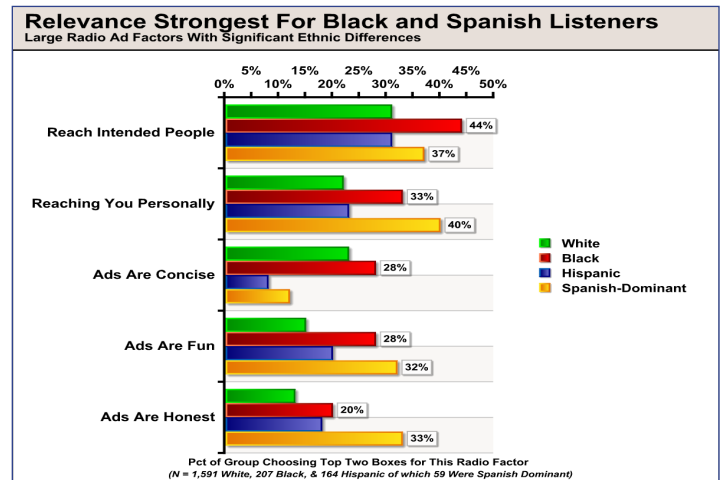
"Personal Relevance Two" identifies ad receptivity by closely examining emotional connections, ad relevance, and ad acceptance across four media: Radio, the Internet, TV, and Newspapers. While the basic finding that Radio listeners appear to be especially receptive to the advertising they hear on the medium was generally true across all ages, genders, race/ethnic groups, and Radio formats, that conclusion was especially true for African-Americans and Hispanics.

"Multicultural consumer segments represent key growth engines for the majority of brands and categories today and in the foreseeable future," observed Jeff Haley, President and Chief Executive Officer, Radio Advertising Bureau (RAB). "This new study from RAEL provides valuable insights into the special relationship that these segments have with Radio and their super-receptivity to advertising on their Radio stations. The results of 'Personal Relevance Two' make it clear that a strong Radio presence is essential to a robust multicultural marketing initiative."

Among the findings, for example, African-Americans were even more likely than other groups to say that Radio is the medium most likely to "make you relax" and "comfort you." African-Americans and Hispanics strongly associated Radio with the statement "helps me overcome hardships," a characteristic that was less associated with Radio for the general population.



The new "Personal Relevance Two" study also showed that African-Americans and Spanish-Dominant Hispanics hear particular "relevance" in the commercials on their Radio stations. Among Spanish-Dominant Hispanics, 40 percent said that Radio advertisers "care about reaching you personally," and 33 percent of Blacks said the same thing -- both numbers were significantly higher than for other listeners. Both groups were also more likely to say that Radio ads "reach the intended people," one of RAEL's key indicators that listeners expect ads to be relevant to them.



African-Americans and Spanish-Dominant Hispanics were also more likely to associate Radio ads with "honesty" and "fun."

RAEL's "Personal Relevance Two" study took a close look at how well advertising is accepted across a variety of media, and Radio ads were generally much better accepted than those on TV or the Internet. This pattern also held for African-Americans, where both TV and Internet ads were seen as being much more likely to "be repeated too often" and to "appear at inconvenient moments" compared to Radio.

For Hispanics, TV and Internet ads were both much more likely to be seen as "getting in the way of enjoying" the media and as "appearing at inconvenient moments" compared to Radio.

Over half of African-Americans perceived TV ads as being repeated too often, while 25 percent fewer said that about Radio. And for Hispanics, 48 percent said TV ads "get in the way of enjoying" television and 21 percent fewer said that about Radio.

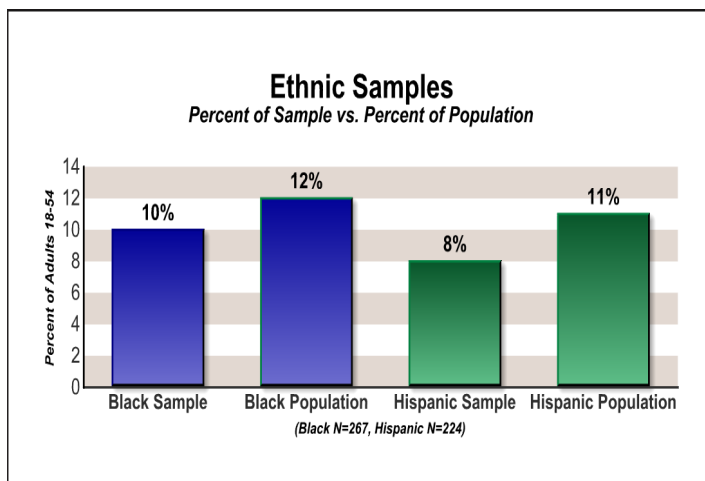
RAEL also observed that the Urban Radio format audience exhibited some exceptional advertising perceptions. Significantly more Urban listeners said that Radio ads were "interesting and engaging" compared to other formats, and more Urban listeners also said that Radio ads are likely to "get you to seek more information." Urban listeners were also less likely to say that Radio ads "get in the way of" enjoying Radio. These were distinctive advertising strengths for the Urban format.

How the Study was Done

Efforts to Achieve a Quality Survey

Under the supervision of the RAEL Research Committee, a 44-member group of experienced researchers from advertisers, agencies, and broadcast organizations (see our website for details), RAEL contracted with Harris Interactive, Inc., to field a nationally projectable RDD telephone survey during June and July 2006. We achieved a very respectable 37 percent "true" response rate as we tallied 2,649 completed media interviews with randomly selected adults 18-54.

Higher incentives and bilingual interviewers were used in high-density Black and Hispanic ZIP codes in order to optimize cooperation from ethnic populations. The approximately 20-minute questionnaire was pre-translated into Spanish. We achieved well over 200 completed media interviews each from Blacks and Hispanics. Many more details about the survey methodology are available in the full research report.



Coming Soon

The Next Study: Radio-Internet Synergy

In Winter 2007, the Radio Ad Effectiveness Lab plans to release the second study in our new series, "Radio and the Consumer's Mind: How Radio Works." This project will examine the extent to which adding Radio to an Internet-only advertising campaign might trigger effectiveness synergies.

As we saw in the study reported here, Radio and the Internet have very different consumer perceptions, and presumably, very different advertising strengths. The new study will examine various combinations of Internet-only and Internet-plus-Radio exposures to determine whether those varying attributes can add up to useful synergies for advertisers.

The Radio-Internet Synergy study is in the field now, so stay tuned for details. Like all RAEL research, the project's results will be published in their entirety and for free at <http://RadioAdLab.org>. We encourage you to sign up for our announcement mailing list at the website to make sure that you're notified of its release.

The Radio Ad Effectiveness Lab (RAEL)

The Radio Ad Effectiveness Lab (RAEL) is an independent organization established in 2001. RAEL is funded by radio industry companies and works with advertisers, agencies and radio broadcasters to further the understanding of how Radio advertising works, to measure radio's effectiveness and to increase advertiser and agency confidence in radio.

The RAEL Research Committee is responsible for determining the direction of all research projects funded by RAEL and includes members from the advertising and client communities in addition to the Radio industry. RAEL Research Committee members are:

Chair-Jerry Lee, WBEB-FM; Vice Chair-Mary Bennett, Radio Advertising Bureau; Consultant-James Peacock, Peacock Research, Inc.; Gerry Boehme, Katz Media Group; Kathleen Bohan, Univision Radio; Shari Anne Brill, Carat; Paul Bronstein, Westwood One Radio Networks; Michele Buslik, TargetCast; Sean Clark, Radio Advertising Bureau; Dr. Ed Cohen, Arbitron, Inc.; Rex Conklin, Wal-Mart; Bill Cook, Advertising Research Foundation; Jeni Cramer, Pfizer Consumer Healthcare; Mark Dorrill, The Home Depot; David Ernst, Initiative Media NY; Dr. Tom Evans, ABC Radio Networks; Matt Feinberg, Zenith Media; Barry Feldman, American Urban Radio Networks; Janice Finkel-Greene, Initiative; Allison Gelardi, Jones MediaAmerica; Carol Hanley, Arbitron, Inc.; Jess Hanson, Clear Channel; Dr. Gary Heller, CBS Radio; Kaki Hinton, Pfizer Inc; Paul Hunt, Burrell Communications; Irene Katsnelson, Universal McCann; Helen Katz, Starcom MediaVest Group; Len Klatt, Premiere Radio Networks; Charlotte Lawyer, Cumulus; Betsy Lazar, General Motors; Agnes Lukasewych, MPG; Madalyn Mako, Carat; Michael Orgera, Universal McCann; Andy Rainey, Radio Advertising Bureau; Glenn M. Roginski, GlaxoSmith-Kline; Paul Silverman, Novartis Pharmaceutical; Michele Skettino, Interep; Natalie Swed Stone, OMD; Kim Vasey, mediaedge:cia; Jeff Voigt, J. Walter Thompson; Matthew Warnecke, MediaCom.

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All RAEL research including white papers, studies, and summaries, is available in its entirety and for free download at <http://RadioAdLab.org>.

We encourage you to sign up for our announcement mailing list at the website to make sure that you're notified of new RAEL research.

Radio Ad Effectiveness Lab
22 Cortlandt Street, 17th Floor
New York, NY 10007-3107

(800) 364-3239
Info@RadioAdLab.org
<http://RadioAdLab.org>