

Internet Radio Advertising Impact Study

A Parks Associates white paper developed for



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FOREWORD

No advertising medium exists in a vacuum. As marketers increasingly consider advertising campaigns holistically, measuring impact and effectiveness across media is an ever-larger priority for the industry. Of course, the measurement of cross-media ad effectiveness only grows more complex as media themselves diversify, as digital media become more central, and as media plans become more subtle.

Over seven years ago, the Interactive Advertising Bureau launched a pioneering series of studies, the Cross Media Optimization Studies (or “XMOS”) that were among the first public, real-world, quantitative assessments of the contributions, individually and collectively, of individual media to total advertising campaign return on marketing investment. These studies, still an important benchmark in the industry, form a foundation that many others across the ecosystem have built on over the years.

The IAB views this new TargetSpot study in the spirit of furthering understanding of cross-media advertising impact. This paper presents evidence for the power of Internet Radio advertising to increase the effectiveness of both digital (Internet) and Broadcast Radio ads. The IAB hopes these findings encourage marketers to think holistically about their advertising campaigns, and explore and take advantage of the synergistic benefits of well conceived and executed cross-media advertising campaigns, including digital audio.

Joe Laszlo, Deputy Director, Interactive Advertising Bureau



RAB is pleased to introduce TargetSpot’s important new research on the multiplier effect of Internet Radio advertising combined with Broadcast Radio schedules.

While providing new insights into the synergies that exist among Broadcast Radio and an expanding array of digital audio platforms, TargetSpot’s *Internet Radio Advertising Impact Study* also reinforces findings of earlier Radio Ad Lab studies¹ on the powerful synergy that occurs when Radio and its digital platforms are used within any given media plan:

- Radio and the Internet have complementary roles in a media plan
- Ad recall drastically improves when Radio and digital platforms are used in tandem
- A positive impact on brand preference, purchase behavior
- Increases in advertised brand website visitation



The positive results of the *Internet Radio Advertising Impact Study*, evident across multiple ad categories are illustrated. The addition of Internet Radio listening impacts Broadcast Radio ad response rates more than any incremental increase in time spent with Broadcast Radio alone.

As marketers increasingly gravitate to the Internet, this study makes a clear case for Internet Radio and Broadcast Radio as a key component in an effective media plan.

Radio Advertising Bureau

¹ Source: Radio Ad Lab & The PreTesting Company, Inc., *The Benefits of Synergy: Moving Money Into Radio*, 2004
Source: Radio Ad Lab & Harris Interactive, Inc., *Radio and the Internet: Powerful Complements for Advertisers*, 2007

RESEARCH OBJECTIVES

TargetSpot set out to quantify the additive value of Internet Radio advertising when combined with either Online advertising or with Broadcast Radio advertising. The research provides a statistical analysis of the increase in advertising impact when including Internet Radio advertising with either of these media.

Internet Radio includes both online-only Radio stations and Broadcast Radio stations streamed on a computer, mobile/smartphone, or tablet device

KEY FINDINGS: INTERNET RADIO USE INCREASES BOTH AD RECALL AND AD RESPONSE

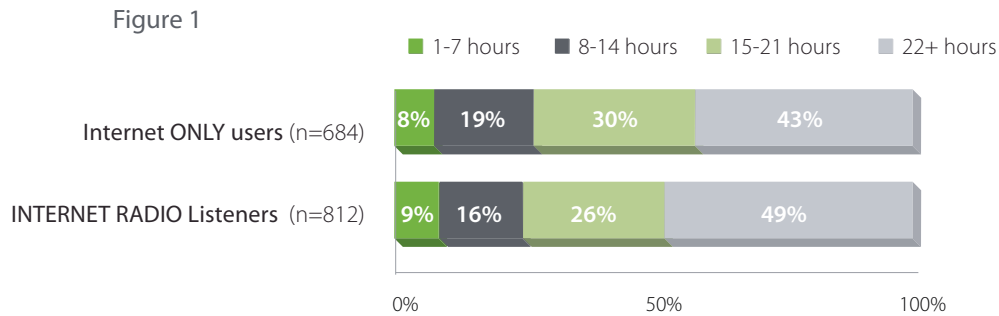
Internet Radio advertising is effective both on its own and in combination with Online advertising or with traditional Broadcast Radio advertising

- Online and Broadcast Radio **advertising response rates increase 2 to 3.5x** among consumers who also listen to Internet Radio.
- The addition of Internet Radio use contributes more to increased ad response of both Online advertising and Broadcast Radio advertising than increased usage of those media.
- Specific brand or ad category recall and response improve when Internet Radio is combined with an Online or Broadcast Radio campaign.

INTERNET RADIO INCREASES ONLINE ADVERTISING EFFECTIVENESS

Weekly Online use is higher among those who also listen to Internet Radio, demonstrating **Internet Radio** use complements Online usage (Figure 1).

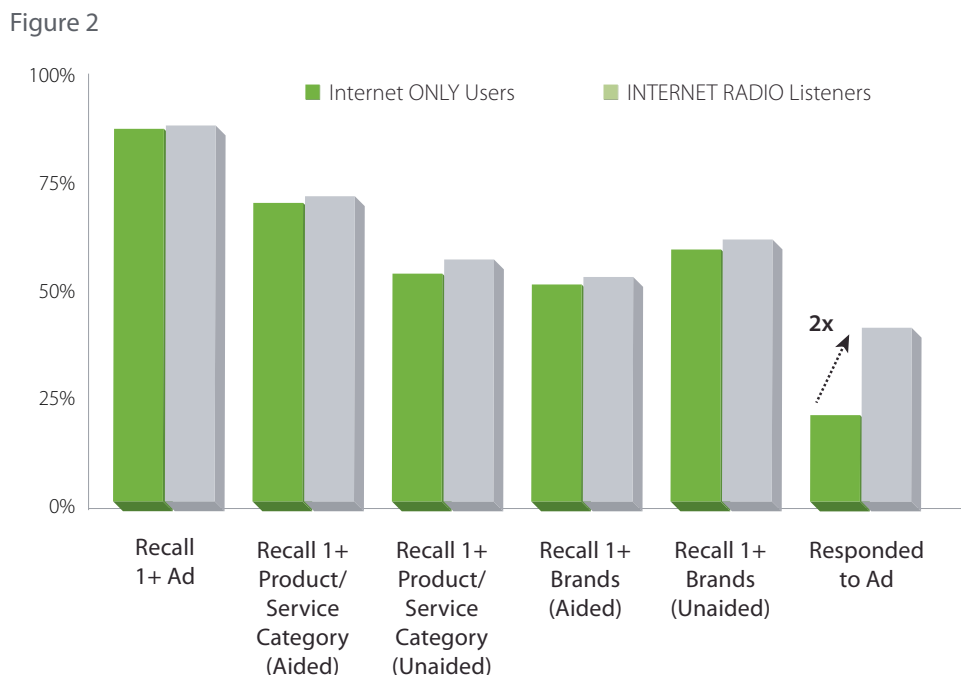
The Most Engaged Internet Users are those who Also Use Internet Radio Weekly Online Use



Source: TargetSpot Internet Radio Advertising Impact Study
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Online ad recall and response rates significantly increase when combined with Internet Radio use (Figure 2). The data reveal that users who listen to **Internet Radio** are twice as likely as Internet-only users to respond to an Online ad.

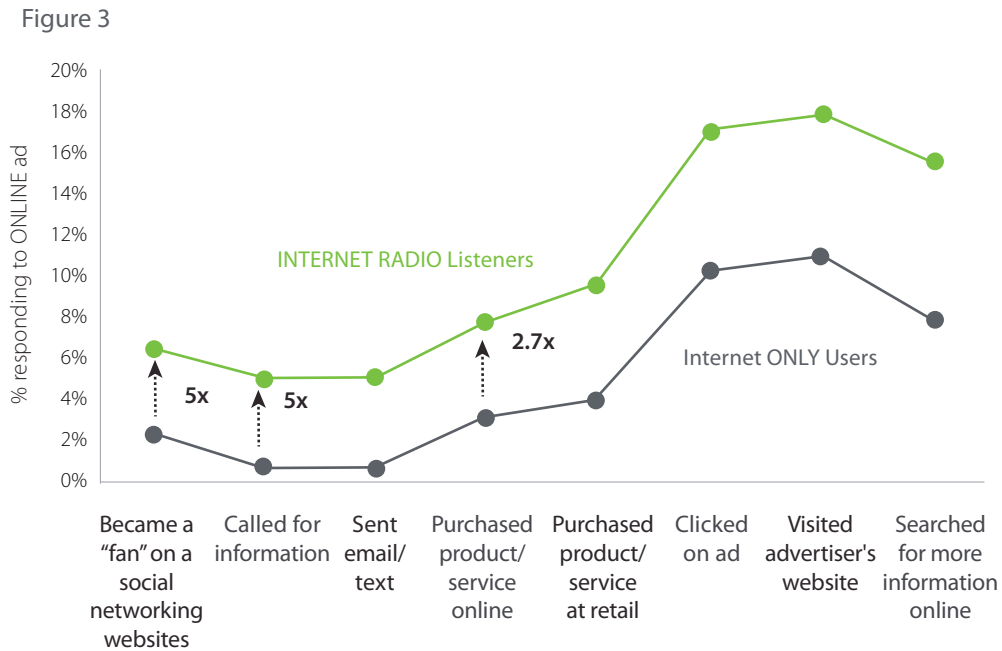
Internet Radio Use Increases Ad Recall and Ad Response of Online Advertising



Source: TargetSpot Internet Radio Advertising Impact Study
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The positive impact of Internet Radio listenership on Online ad response is significant as well as broad, and it influences both online and offline actions—well beyond the click (Figure 3). **Online ad response increases up to 5x** among users who also listen to Internet Radio.

Internet Radio Use Increases Online Ad Responses, Across the Board: Online and Offline



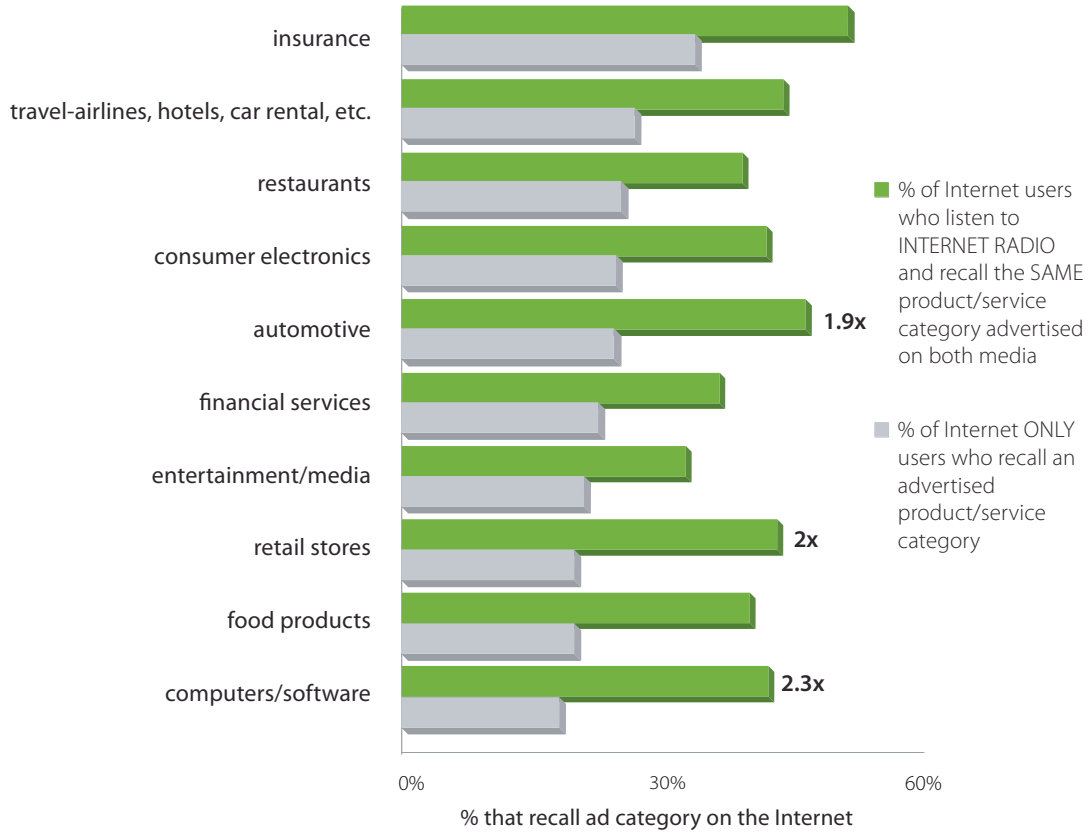
Source: TargetSpot Internet Radio Advertising Impact Study
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86% of respondents listen to both pure-play Internet Radio and AM/FM simulcast Internet Radio stations

The synergy of cross-media advertising on both Internet Radio and Online is evident when quantifying ad recall rates of key product/service categories (Figure 4).

Internet Radio Impact: Recall of Online Ads Increases up to 2.3x

Figure 4



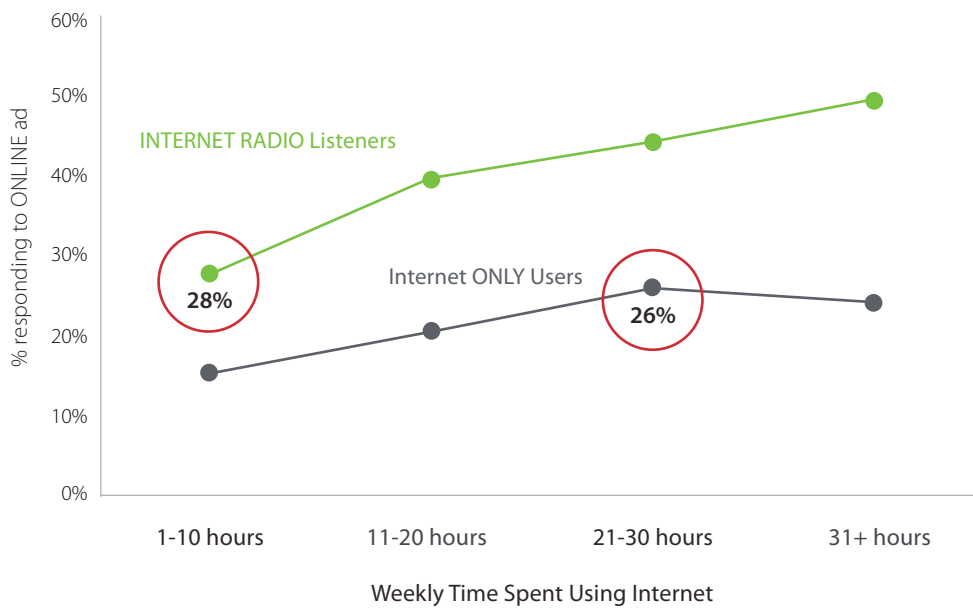
Source: TargetSpot Internet Radio Advertising Impact Study
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The addition of Internet Radio listening impacts Online ad response rates more than any incremental increase in time spent Online alone.

This profound synergistic impact is evident even among users listening to Internet Radio for 1 to 10 hours per week. The addition of Internet Radio boosts ad response rates by a greater percentage than increasing Online usage time by 3x or more (Figure 5).

Adding Internet Radio Listening Impacts Online Ad Response More Than Increasing Online Usage

Figure 5



Source: TargetSpot Internet Radio Advertising Impact Study
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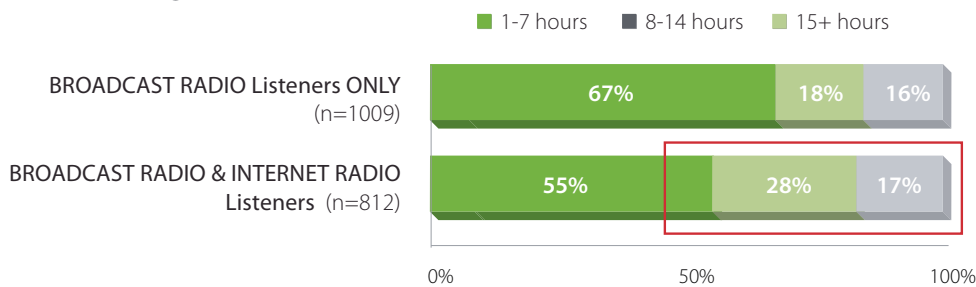
Users who spend the minimal amount of time listening to Internet Radio had higher ad response rates than heavy Internet only users

INTERNET RADIO ENHANCES BROADCAST RADIO'S ADVERTISING EFFECTIVENESS

Weekly Broadcast Radio listening is higher among those who also listen to Internet Radio, demonstrating use of **Internet Radio complements Broadcast Radio** listening patterns (Figure 6).

The Most Engaged Radio Users are those who also Use Internet Radio

Figure 6

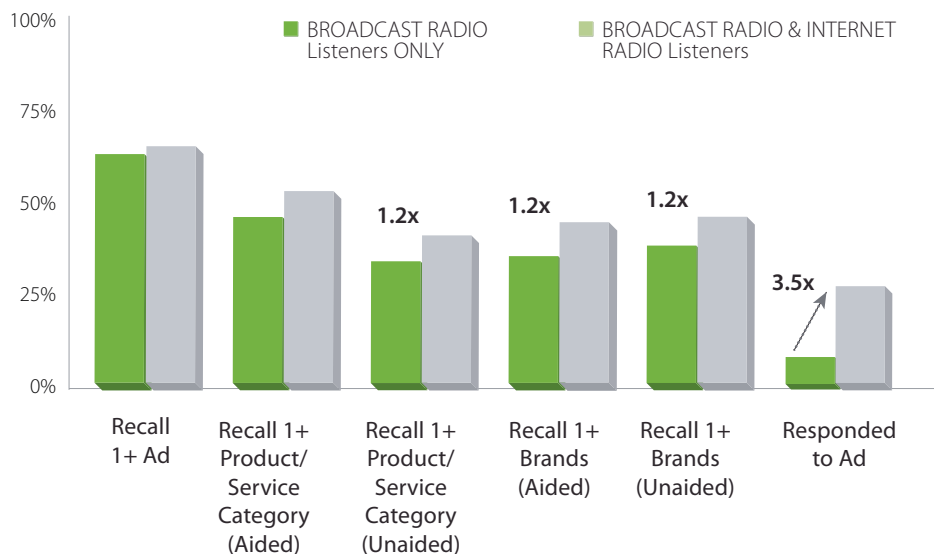


Source: TargetSpot Internet Radio Advertising Impact Study
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Broadcast Radio ad recall and response rates significantly increase when combined with Internet Radio use (Figure 7). The data reveal a **3.5x difference in ad response** between Broadcast Radio only listeners and those who listen to both Broadcast and Internet Radio. Consumers are **more likely to take action** on a Broadcast Radio ad if they also listen to Internet Radio.

Internet Radio Use increases Ad Recall and Ad Response of Broadcast Radio Advertising

Figure 7

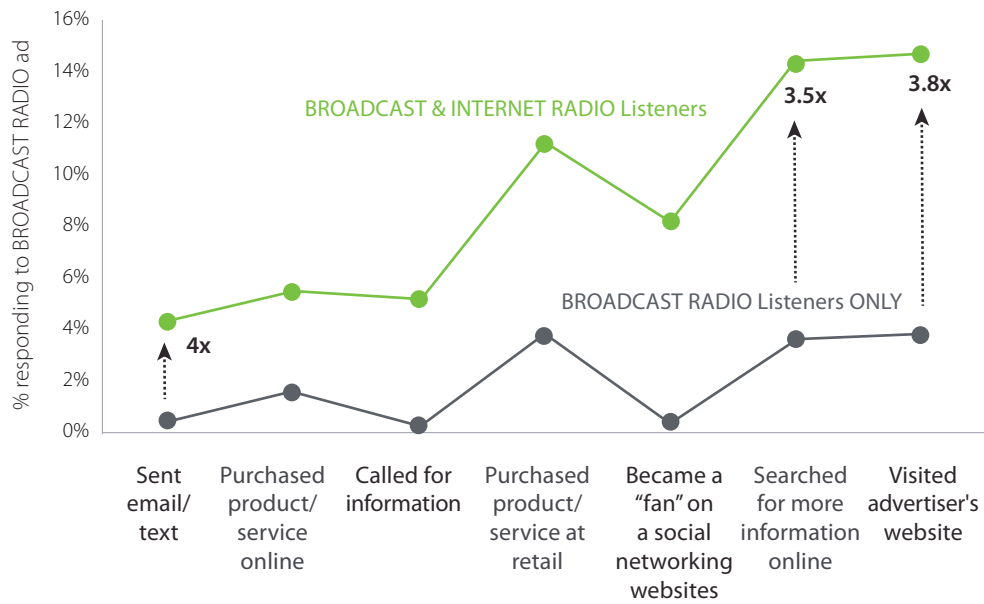


Source: TargetSpot Internet Radio Advertising Impact Study
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The positive impact of Internet Radio listenership on Broadcast Radio’s ad response is significant as well as broad and includes both online and offline actions—well beyond the click (Figure 8). Users who also listen to Internet Radio were more than 3x more likely than Broadcast Radio-only listeners to take specific action from an ad, e.g., search for more information or go to an advertiser’s website.

Internet Radio Use Increases Broadcast Radio Ad Responses, Across the Board: Online and Offline

Figure 8

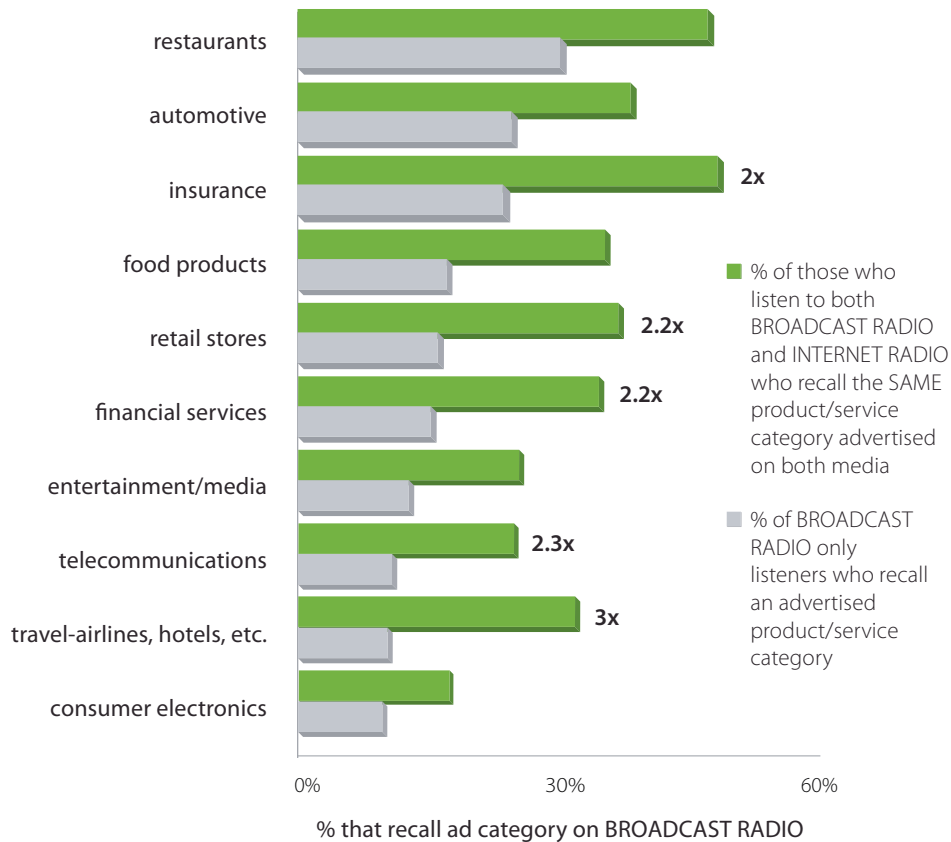


Source: TargetSpot Internet Radio Advertising Impact Study
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The deep synergy of cross-media advertising on both Internet Radio and Broadcast Radio is evident in increased ad recall of key product/service categories (Figure 9).

Internet Radio Impact: Ad Recall of Broadcast Radio Increases up to 3x

Figure 9



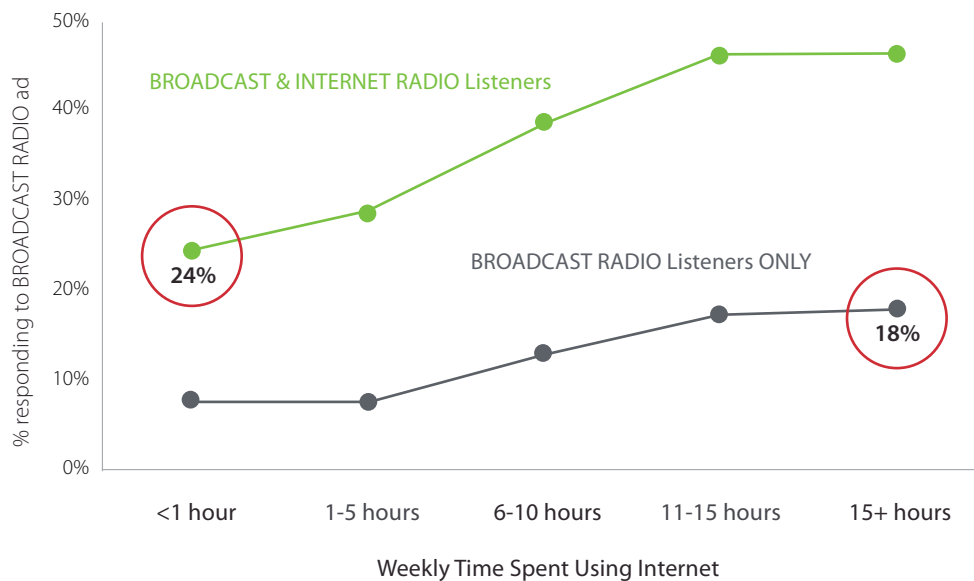
Source: TargetSpot Internet Radio Advertising Impact Study
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The addition of Internet Radio listening impacts Broadcast ad response rates more than any incremental increase in time spent listening to Broadcast Radio alone.

This profound synergistic impact is evident even among users listening to Internet Radio for less than one hour per week. The addition of Internet Radio boosts ad response rates by a greater percentage than increasing Broadcast Radio listening time by 15x or more (Figure 10).

Adding Internet Radio Listening Impacts Broadcast Radio Ad Response more than Increasing Broadcast Radio Listening

Figure 10



Source: TargetSpot Internet Radio Advertising Impact Study
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Internet Radio listenership has reached ~39% of U.S. broadband households

CONCLUSION

INTERNET RADIO: AN ESSENTIAL ADDITIVE COMPONENT FOR ONLINE AND BROADCAST MEDIA BUYS

The findings highlight the synergistic, additive value of including Internet Radio into the Broadcast Radio and digital advertising planning and buying process. Internet Radio users, a highly engaged demographic overall¹, are also highly engaged in digital media and Broadcast Radio. Including Internet Radio with either digital media or Broadcast Radio ad buys will dramatically increase campaign ad recall. Moreover, it will increase ad response rates to the campaign, across a broad array of actions, online and offline, well beyond the click. The incremental benefit of adding Internet Radio to an Online or Broadcast Radio campaign is shown to have a much greater impact on the campaign Ad Response than an increased usage of these media.

TargetSpot's research findings offer quantifiable rationale for supplementing existing and future advertising campaigns with Internet Radio. The data demonstrate the value of Internet Radio as a complementary component of Online and Broadcast Radio advertising, offering a compelling case for brands to utilize Internet Radio to engage consumers with maximum impact.

SOURCES

TARGETSPOT INTERNET RADIO ADVERTISING IMPACT STUDY, 2011

TargetSpot's *Internet Radio Advertising Impact Study* is an online survey of broadband households in the United States (U.S.). The study fielded between January 11- 26, 2011. The sample population included 2,127 U.S. broadband households (ages 18+) who listen to Broadcast Radio and Internet Radio and use the Internet once a month to daily.

¹ Source: *TargetSpot Digital Audio Usage Trends: A Highly Engaged Listenership*

RESEARCH METHODOLOGY

Using an online survey, TargetSpot tested four independent user groups to quantify and compare ad exposure, awareness, and response. The groups include:

- Internet users (no Internet Radio)
- Internet users that listen to Internet Radio
- Broadcast Radio listeners (no Internet Radio)
- Broadcast Radio and Internet Radio listeners

The survey measured the following variables:

Dependent Variables

- Ad awareness by product/service category—Unaided & Aided*
- Brand awareness—Unaided & Aided*
- Ad response by product/service category
- Brand purchase by product/service category

Independent Variables

Demographics & Psychographics

- Gender
- Age
- Income
- Ethnicity
- Marital Status
- Household composition
- Place of residence
- Time spent with advertising medium
- Attitudes towards advertising

* Ad monitoring sources Nielsen AdRelevance, U.S. (for Online advertising) and Media Monitors (for Broadcast Radio advertising) were used to verify active brands tested in the study.

ABOUT TARGETSPOT

TargetSpot is the largest digital audio advertising network. TargetSpot connects top national brands, regional, and local advertisers to highly engaged internet and mobile audiences. Advertisers work with TargetSpot's team or use its self-service platform to create rich media campaigns delivering high-impact audio, display and pre-roll video advertising across thousands of online properties. TargetSpot advertisers can target consumers by demographics, listening preferences, and geography down to zip code level; while benefitting from real time reporting and analytics. TargetSpot has 80 distribution partners, including CBS RADIO, AOL Radio, Entercom, Live 365, Yahoo! Music, and MySpace Music. TargetSpot is based in New York City. For more information, please visit www.targetspot.com.

ABOUT PARKS ASSOCIATES

Parks Associates is an internationally recognized market research and consulting company specializing in emerging consumer technology products and services. Founded in 1986, Parks Associates creates research capital for companies ranging from Fortune 500 to small start-ups through market reports, primary studies, consumer research, custom research, workshops, executive conferences, and annual service subscriptions.

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