

Are Advertisers Tuning to Radio? A Cross Sector Empirical Investigation

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Abstract

Over decades radio has been used as a medium of advertisement. Off late radio lost its glamour to television. However with liberalization of economy and licensing of FM stations to private players, radio is again buzzing. This paper evaluates radio as medium of advertisement, its advantages and disadvantages. Primary survey is carried out to understand preferences of ten difference sectors like telecom, tours & travels, retails etc. Findings suggest that services sector dominate in advertisements on retail.

Keywords:

Radio Advertising, FM radio, Radio advertisers, India etc.

Introduction

The Indian Media & Entertainment (M&E) sector is an emergent industry. 2011 was a good year for the Indian media & Entertainment (M&E) Industry with a growth rate of 12 percent over previous year (FICCI-KPMG, 2012). Attributed to encouraging demographics and increasing disposable incomes, the impetus of spends on leisure and entertainment is higher than the economic growth. With novel media like digital media, getting popular, the Indian M&E industry is footing at a new threshold (IBEF, 2012). The M&E industry is expected to grow at CAGR of 15 per cent to achieve Rs 1,457 billion by 2015 (FICCI-KPMG, 2012). Radio is losing its volume, as compare to 2010 when radio registered growth of 30 per cent; there was miniscule growth of 2 per cent in 2011. However, PMMAO 2012 estimate better year for radio and expect radio to register growth of 5 per cent with revenue in tune of Rs. 950 crore (exchange 4 media News Service, 2012). It's a commotion time for radio and hence a study requires finding out the right advertisers for radio stations.

Literature Review

Radio Advertising in India

Radio has been the most affordable mode of entertainment in India over decades. Radio has approximate reach to 99%. With emergence of new technology India is witnessing new forms of radio like satellite, internet and community radio (advertising in india, 2009).

Advantages of Radio Advertisement

Reach to Mass Audience

Daily millions of people tune to their favourite radio stations. People listens to radio while the wake up, on the way to work, while working, retuning to home and at bed time, bad time and good time (Mitch Carson, 2012).

Low Cost

Radio is a low cost alternative for marketer as compare to other media like television, print and outdoor. With radio affordability is not an issue for small and medium enterprises. (About Radio Advertising, 2012)

Target Specific

Typical radio station reaches to a small market i.e. city or community enabling marketer to design and executive specific advertising campaign to reach target audience. Further, campaign can be designed to suit particular audience i.e. people who tunes to Radio Mirchi and AIR are significantly different. Radio can reach to business people as effectively as it reaches to students (Sugars, 2011).

Creativity

Only sound is at disposal for creative producer of radio. Radio producer needs to blend music and voice to create a desired output. The constraint pays way for creative sound modulation and selection to give aesthetic language and expression (Hollick, 1993).

Proximity to Purchase

Unlike other media radio follows wherever a customer goes. For radio listeners it may be the last exposure to any advertisement before purchase. Many a times radio is even present at point of purchase, giving last moment brand recalls for advertisers.

Disadvantages of Radio Advertisements

Misinterpretation

Now a day's multi-media is prevalent in market be it television or internet. Radio lacks visualization and that may lead to misinterpretation of communication by audience. Television offers both audio and visuals minimizing changes of miscommunication (Media Resource, 2012).

Poor Attention

Radio reaches everywhere but do people listen to it? Radio doesn't get full attention of listeners as they are busy doing their work, driving, or swapping stations. Radio gets divided attention of listeners (Linton, 2012).

Fragmented Audience

Market is survey with large no. of radio stations. Advertisers who want to reach mass will have to buy slots at multiple radio stations increasing budget and planning requirements. It is difficult to reach target audience without buying multiple slots in multiple radio stations (Branding, 2010).

Buying Radio Media

There is no established going rate for radio time slots. Though there are rate cards, advertisers every time required to negotiate the ad rates with multiple stations and multiple locations resulting into a cumbersome process (Irani, 2012).

Lack of Durability

In case of print advertisement reader sometime keep the cutting with them and even carry it to outlets. It is said that news paper is having life of 24 hours, however in case of radio advertisement it is

only fraction of second. Once you have listened to it you don't have any option to remember it (Joshi, 2011).

Few others can be mentioned as lack of trained RJs, and listenership data across all radio stations.

Problem Statement

Advertisements are the major source of revenue for the Radio Station. It needs to convince various sectors to advertise in the Radio in to survive and grow. However, with the dominance of the Print Ad, Television Ad and rise of internet, Radio Ad takes a back seat and is thus ignored. The research was primarily conducted to identify the sectors who are involved in Radio Ads.

Objective

1. To understand the perceptions of the various organizations about promoting their business using radio as a medium of advertisement.

Hypotheses:

Hypothesis 1

H₀: There is a statistical significant perception that advertisement in radio is beneficial.

H₁: There is no statistical significant perception that advertisement in radio is beneficial.

Hypothesis 2

H₀: There is statistically significant evidence that size of the Radio budget is proportional to the percentage increase in sales.

H₁: There is no statistically significant evidence that size of the Radio budget is proportional to the percentage increase in sales.

Methodology

Research Design: Descriptive

Population: Advertiser in Vadodara City

Sample Unit: Advertisers in Vadodara City who primarily advertise through print media.

Sample size: 200

Sampling method: Non probability convenience sampling

Research instruments: Questionnaires and Unstructured Interview

Assumptions

- The selected samples represent the whole population.
- There are no bias responses from respondents
- The selected samples are those who have already advertised through print or other media.

Scope of the Research

- It can be a useful to understand discretely the trends of advertising in Radio by various sectors
- Media planning for radio stations.

Limitations of the study

Personal bias

Some respondents may have had personal bias due to which they may not have shared correct information.

Geographical Scope

The area was limited only to Vadodara city. The result may have varied, if it was conducted somewhere else.

Sample size

The Sample size taken is 100; which may not result in very accurate results.

Results

Sector Wise Break Up of Respondents

Table 1: Sector Wise Break Up of Respondents

Name of sector	No. of organizations included in survey
Cellular phones (Retail)	20
Education (Classes/ School/ Institutes)	20
Hospitals and clinics	20
Hospitality Sector	20
Textile Retailers	20
Jewellery Retailers	20
Immigration and Visa consultants	20
Real Estate	20
Tours and Travels	20
Heavy Industries	20
Total	200

Fair importance was given to all sectors to get unbiased responses

Selection of Respondents

First question was regarding whether organization advertises or

not and those organizations which are using paid advertisements were included in the survey.

Table 2: Preferred Media for Advertisement

Response	No. of Respondents (Multiple Responses)
Print	200
T.V	126
Radio	103
Road shows and Promotional events	32
Outdoor	72

Out of the 200 respondents all of them are involved in advertisement through Print media. T.V advertisements are the next most popular medium mainly due to high visibility. Thus there are 126 respondents who prefer T.V also as a means of promotion. Moreover, 103 organisations spend on advertisements through Radio in one or more local stations. The popularity of Radio Ads is increasing considerably as it involves low costs and mass appeal.

32 respondents are involved in Road shows and promotional events. Not many have yet explored this option mainly because it has still not worked very well with the masses. Moreover, there are 72 respondents who advertise outdoors in the form of hoardings. This is an age- old method used extensively mainly due to a very high visibility factor. However its cost is very high thus cannot be afforded by many local brands.

Sector Wise Break Up of Advertisers Using 'Radio Medium'

Table 3: Radio Advertisers- Sector wise Break Up

Sector	Yes	No
Cellular phones (Retail)	18	2
Education (Classes/ Schools/ Institutes)	17	3
Hospitals and clinics	5	15
Hospitality	11	9
Textile Retailers	20	0
Jewellery	15	5
Immigration and Visa Consultants	14	6
Real Estate	10	10
Tours and Travels	18	2
Heavy Industries	7	13
Total	135	65

Finding suggests that service sector is leading in using radio as a medium of advertisement. Hospitals, Heavy Industries and Real

Estate sectors are still not keen in spending on radio advertisement.

Preferred Radio Station

Table 4: Preferred Radio Station

Response	No. of Respondents
Radio Mirchi	58
Radio City	42
BIG FM	74
Red FM	20
AIR	6

74 organisations would have already advertised or would like to advertise in BIG FM. Next is Radio Mirchi with 58 organisations followed by Radio City with 42 organisations. 20 organisations

would like to or have already advertised their brand in Red FM and 6 respondents would like to associate themselves with AIR. Every organisation has a different reason for this preference as can be

Reasons for Preference for a Particular Radio Station

Table 5: Reasons for Preference for a Particular Radio Station

Response	No. of respondents (%) Multiple Responses
Lower cost	22.5
Perceived larger listenership	34.5
Larger listenership by Target Group	30.5
Peer Group companies advertise in this Radio station	12.5

Out of them 34.5% of them attributed the preference to their perceived larger listenership. Then 30.5 % of them advertised in a particular station because the listenership of that radio station comprises of their target group. In this way they are able to tap maximum customers. Cost also plays an important role. However

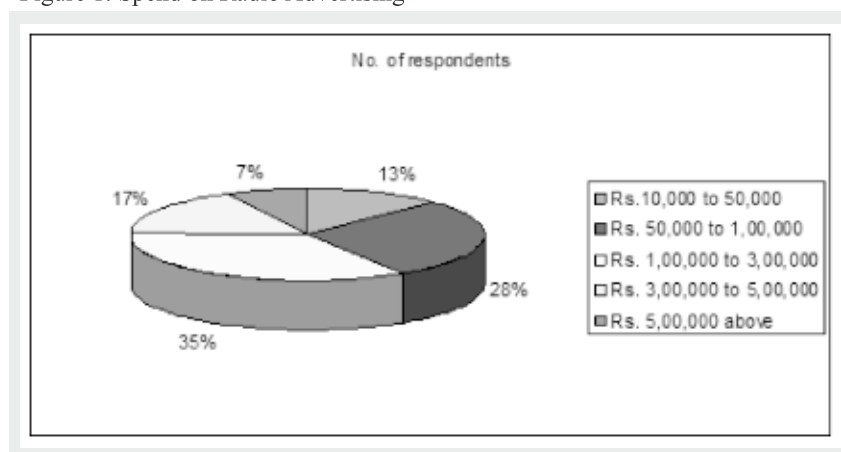
as there is no specific rate card that prevails in the radio industry, the role of cost minimises. Hence, we have only 22.5% respondents who prefer a particular station because they offer lower price for playing the Ads.

Spend on Radio Advertising

Table 6: Spend on Radio Advertising (INR)

Sector	10,000 to 50,000	50,000 to 1,00,000	1,00,000 to 3,00,000	3,00,000 to 5,00,000	5,00,000 above
Cellular phones (Ret)			9	6	3
Education (Classes/ School/ Institutes)	6	5	6		
Hospitals and clinics			3	1	1
Hospitality	2	6	2	1	
Textile Retailers	2	3	10	4	1
Jewellery Retailers		5	6	4	
Immigration and Visa consultants	3	7	4		
Real Estate			5	3	2
Tours and Travels	4	12	2		
Heavy Industries				4	3
Total	17	38	47	23	10

Figure 1: Spend on Radio Advertising



Out of the 200 respondents only 135 of them advertise in Radio. Out of these 135 respondents 13 % of them spend Rs. 10,000 to 50,000 annually on Radio. 28% of them spend Rs. 50,000 to 1,00,000 annually to promote their brand through Radio. Maximum no. i.e. 35% of them who spend Rs. 1,00,000 to 3,00,000 annually on Radio Ads and other activities. 17% respondents spend Rs.

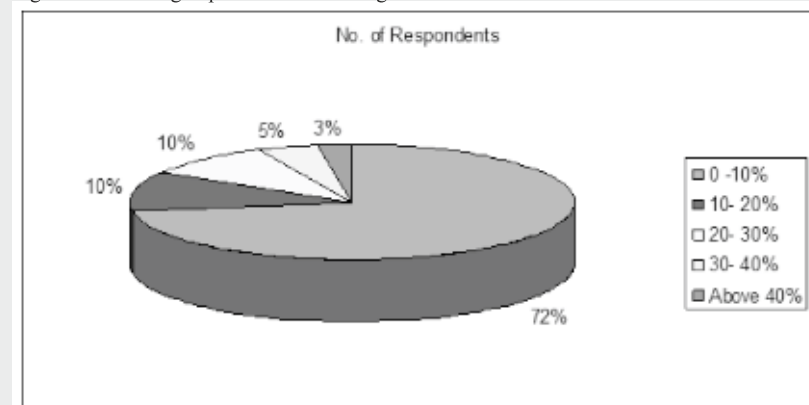
3,00,000 to 5,00,000 for Ads and 7% who spend more than Rs. 5,00,000 annually on Radio. These are mainly the big players of the local market who also indulge heavily in CSR campaigns and other promotional activities through Radio. This main aim is to promote their Brand name among the local people.

Percentage Spend of Media Budget on Radio

Table 7: Percentage Spend of Media Budget on Radio

Response	No. of Respondents (%)
0 -10%	72
10- 20%	10
20- 30%	10
30- 40%	5
Above 40%	3

Figure 2: Percentage Spend of Media Budget on Radio



Out of 200 respondents involved in the survey, 65 of them do not advertise in Radio and hence spend 0% of their annual advertising budget on advertising through Radio. Including them we have 145 respondents who spend 0- 10% of their annual budget on radio advertisements and thus we can conclude that Radio has still not gained a lot of fame as an effective tool for advertising heavily on them. 10 % respondents spend 10- 20% on advertising and these mainly the larger sectors who prefer spending more on print

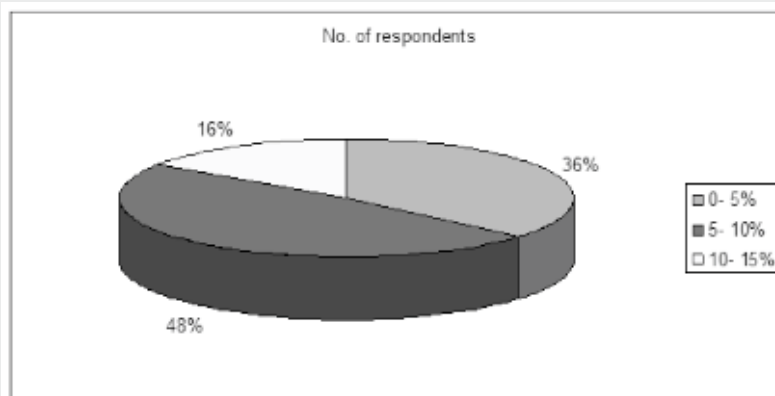
medium than Radio. 10 % respondents who mainly belong to the retail sector spend 20- 30% of their annual advertising budget on Radio. Then we have 5% respondents who spend 30- 40% of their ANP budget and 3% respondents who spend more than 40% on Radio advertisements. These are mainly the local retail shops who consider Radio as a cheaper and more beneficial medium of advertising.

Rise in Sales Attributed to Radio Advertisement

Table 8: Rise in Sales Attributed to Radio Advertisement

Sector	0- 5%	5- 10%	10- 15%
Cellular phones		13	5
Education (Classes/ School/ Institutes)	2	12	3
Hospitals and clinics	5		
Hospitality	2	9	
Textile Retailers	7	4	9
Jewellery Retailers	2	11	2
Immigration and Visa consultants	6	7	1
Real Estate	8	2	
Tours and Travels	10	7	1
Heavy Industries	7		
Total	49	65	21

Figure 3: Rise in Sales Attributed to Radio Advertisement



Out of 200 respondents for 36 % of them, there is a 0- 5% increase in sales. For 48 % of them there was a 5- 15% increase and for 16% there was a 10- 15% increase. This increase in sales cannot be only

attributed to radio ads, but this increase had been caused post the Radio promotion.

Preferred Types of Advertisement of Radio

Table 9: Preferred Types of Advertisement of Radio

Response	Nn. of Responses (%), (Multiple Responses)
Jingles	65
Promotional Events	10
RJ mentions	22
Sponsorships	11
CSR Campaigns	9

A jingle is a short 15-40 seconds Ad which is used on Radio to advertise the brand. Jingles are the most common medium through which advertisers advertise on Radio. Almost 65% of them advertise in the form of jingles. 10 % respondents indulge in promotional events and 22% of them spend on RJ mentions. RJs are the life for any radio station. In this tool the RJs while interacting with the listeners mentions the name of the brand and promotes it too. This is considered as an attractive option because the RJs are considered as celebrities of the radio industry and the listeners, because the RJs are considered as celebrities of the radio

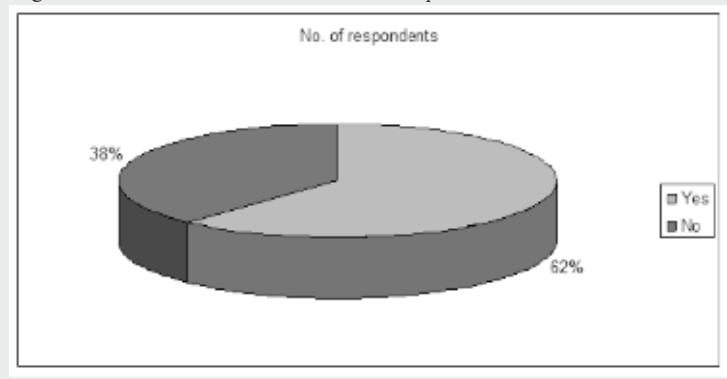
industry and the listeners think highly of them. Hence when they promote a brand, the listeners trust their choice and also get attracted to that particular brand. 11% respondents promote their brand by sponsoring a show on Radio or by giving free gifts, vouchers etc. Lastly there are 9 % respondents who involve themselves in CSR campaigns. These comprise mainly of the corporate sector that do not have any consumer goods to promote. However, they need to advertise their brand name and thus indulge in CSR Campaigns such as promoting environment day, spreading awareness etc. through Radio.

Is Radio Advertisement Beneficial?

Table 10: Radio Advertisement- Benefit Perception

Sector	Yes	No
Cellular phones (Retail)	15	5
Education (Classes/ Schools/ Institutes)	16	4
Hospitals and clinics	7	13
Hospitality	9	11
Textile Retailers	20	0
Jewellery	13	7
Immigration and Visa Consultants	11	9
Real Estate	13	7
Tours and Travels	14	6
Heavy Industries	6	14
Total	124	76

Figure 4: Radio Advertisement- Benefit Perception



All the respondents were asked whether they consider advertising in Radio beneficial for their brand or not. The table gives us an in-depth analysis about how many respondents of which sector considered it beneficial or not. Almost 124 of them consider it

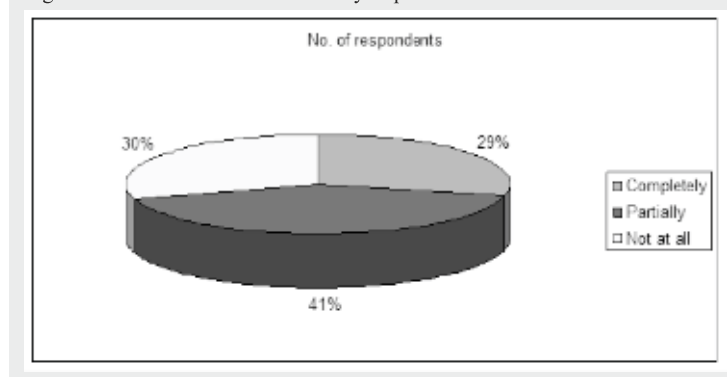
beneficial while the other 76 believe that it is not beneficial. As 135 respondents actually advertised in Radio but out of them 124 of them consider it beneficial.

Effectiveness of Radio to Communicate Key Aspects of Brand

Table 11: Effectiveness of Radio –Key Aspects of Brand

Response	No. of respondents (%)
Completely	29
Partially	41
Not at all	30

Figure 5: Effectiveness of Radio –Key Aspects of Brand



Out of 200 respondents, 58 of them think that Radio is an effective means to communicate what your brand stands for. 82 of them partially believe that Radio communicates the key aspects of their brand. However there are 60 of them who don't believe the same. This also constitutes of those who do not advertise through Radio.

Key Findings

- Cellular phones retailers engage heavily in advertising and

have started considering Radio as a very good means of promoting their brand name.

- Education today has become a business and thus brand promotion has become an inevitable factor considering the no. of competitors in the market. As a result the coaching classes and institutes spend huge amounts on advertising during the summers as the new academic session commences during this period.

- Schools and colleges have also started advertising a lot. With competition becoming intense every year, schools and colleges consider Radio as an effective tool for advertising. They have started promoting their events and achievements also in order to fix their brand name in the minds of the listeners.
- Hospitals and clinics are involved in a very ethical business. They cannot advertise their services like other sectors. However they too are running a business and need to promote their Brand and increase their brand value. As a result they get involved in CSR campaigns and celebration of days such as World Heart Day, promoting blood donation etc. For this they advertise intensely on Radio.
- Hotels too promote their brand but not extensively on Radio. They still consider print as a viable and better option.
- Retailers follow the herd mentality. If one advertises in Radio the others follow lead. Following this pattern retailers have started investing heavily on Radio especially during the sale season and NRI season.
- Large-scale jewellers have also started spending extensively on Radio. They usually advertise during the time of festivals.
- Immigration and Visa consultants advertise moderately during the month of September when the in-take of students takes place and during the summer vacations.
- Real Estate is one sector which needs to be tapped vigorously. Real estate spends heavily on Print and now their awareness about Radio Ads has also increased, thereby, they have started advertising in Radio. However a lot of work needs to be done in this sector.
- Tours and travels also spend but only during the vacation period.
- Heavy Industries do not have the listeners as their Target group. However they need to promote their brand image. Hence, they indulge in CSR campaigns to promote their brand
- Print is pre-dominantly the most effective tool of advertising according to the advertisers.
- A creative jingle is always helpful in attracting the client to advertise in Radio
- Radio advertising is used as a complement of Print. Radio cannot replace print but can always support print and other mediums. It helps to fix the name of the brand in the mind of the listeners by continuously reminder.

Conclusion

Radio has always remained on media plans of advertiser due high reach, specific target, listener loyalty, recall, retention and above all low cost of medium. With opening of new FM stations, the maturing market of radio has got new life. Private radios are going to play a big role in tier II and tier III cities. With feature of FM radio on mobile, more no. of listeners is hooked to radio now. Radio Advertising is viewed differently by different sectors and

brand. Thus there is an immediate need for radio station to develop specific programs for specific sectors.

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