

# 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.**

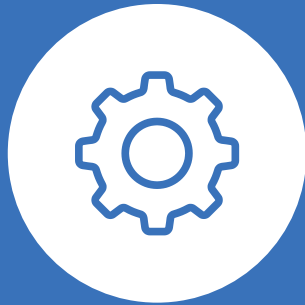
# THE OBSERVATIONS



## **NIELSEN MMM NORMS**

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MMM studies help  
advertisers predict ROI  
impacts



## **5 YEARS OF MMM NORMATIVE DATA**

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

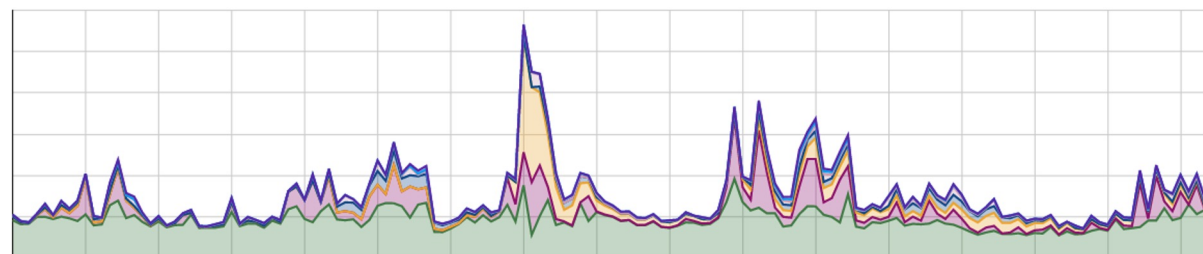


## **INVESTIGATE IMPACT OF RADIO IN THE MEDIA MIX**

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Nielsen evaluated CDN ROI norms to  
understand how Radio advertising  
impacted ROI and worked in synergy with  
other media to improve sales volumes

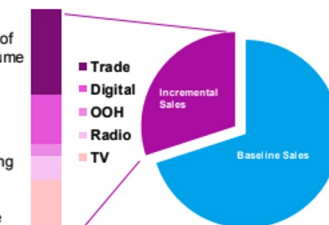
# MARKETING MIX INCORPORATES A BROAD RANGE OF INPUTS TO EFFECTIVELY MEASURE MEDIA IMPACT & ROI



**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



# FINDINGS SPECIFIC TO CPG BRANDS

**1.3X**

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Radio ROI  
Outperformed  
Total Media ROI  
by 1.3X

**+2%**

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Total Media ROI  
is higher with  
Radio in the mix

**1.06%**

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

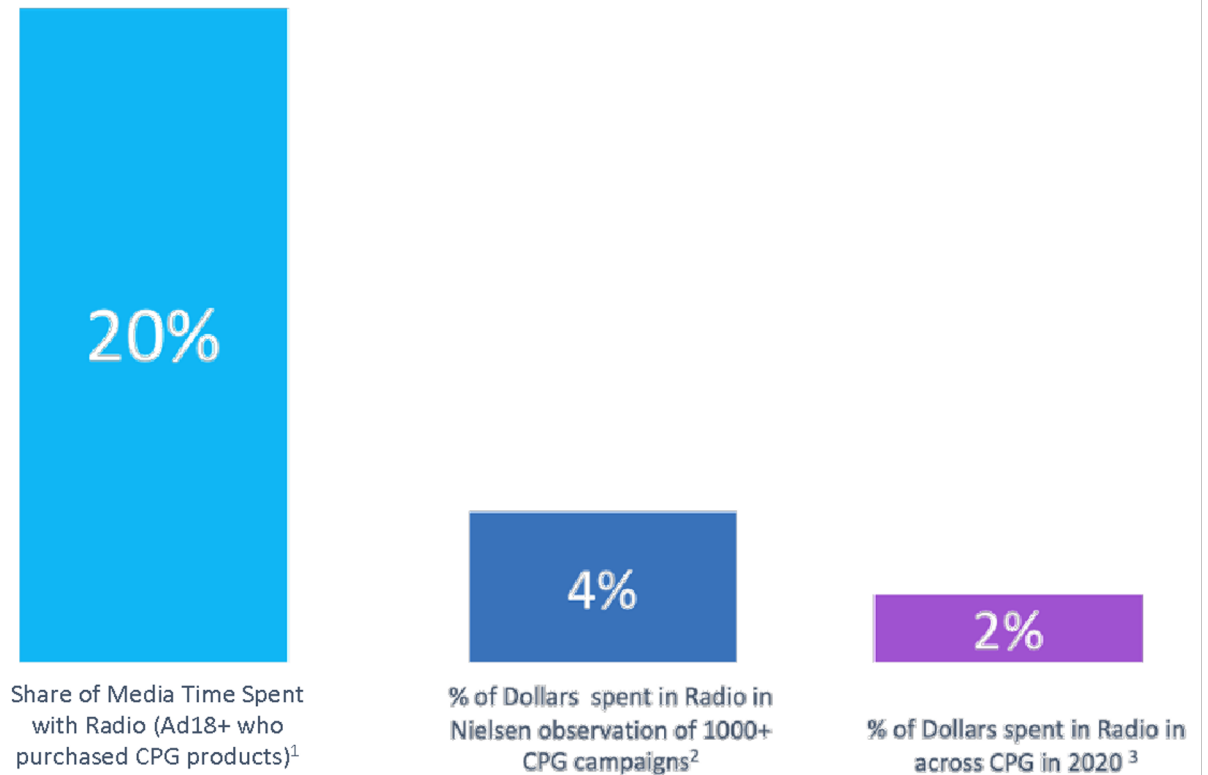
**2.56%**

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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



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

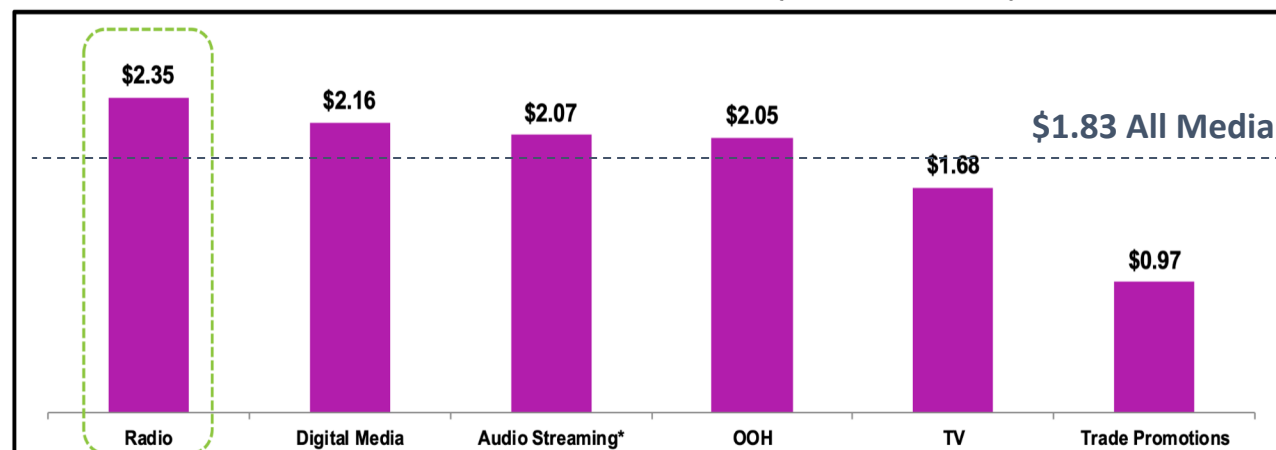


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CDN Revenue ROI

CPG Norms 2015 – 2020

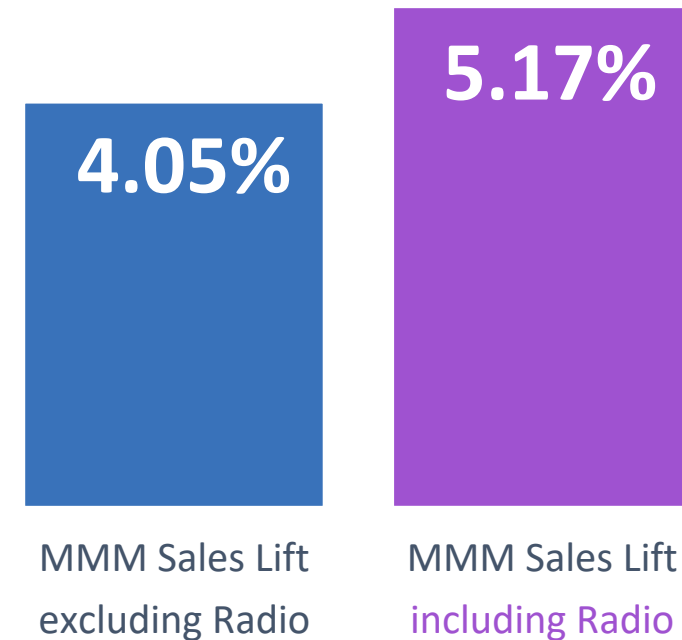


INCREMENTAL  
VOLUME IS  
GENERATED  
WHEN RADIO IS  
PAIRED WITH  
OTHER  
MARKETING  
ELEMENTS

Radio drives an additional 1pt synergistic lift, which is **28%** greater than other Media tactics combined

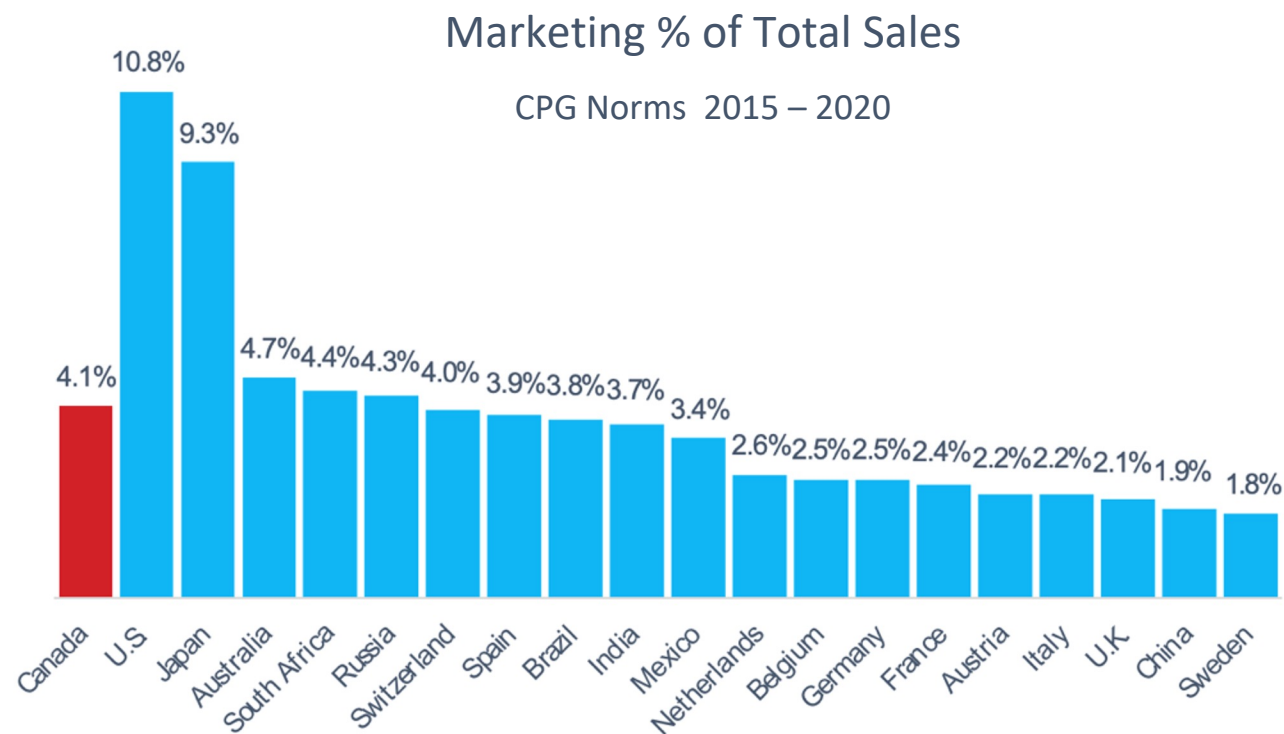
### CDN Media Synergy Lift

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



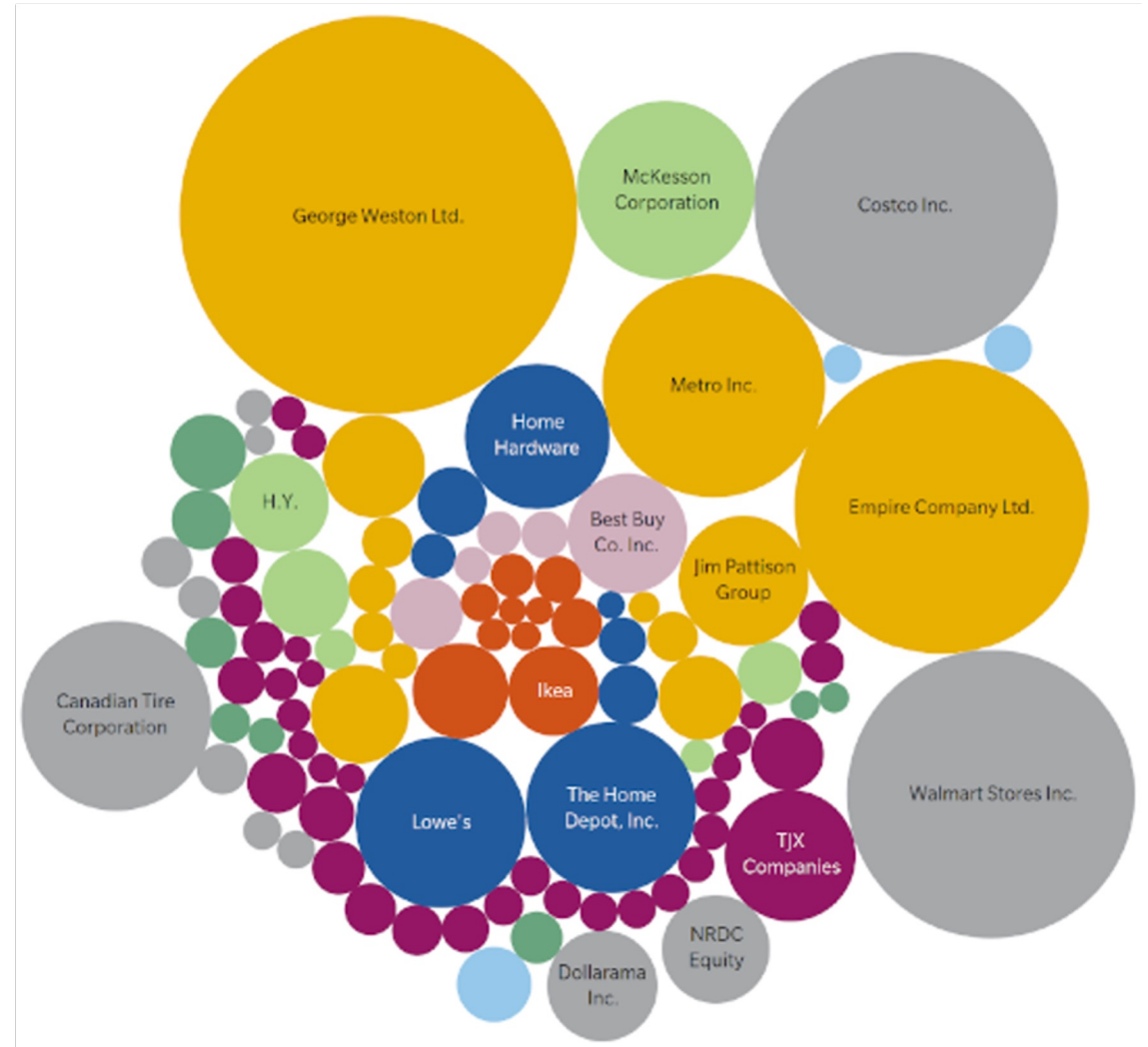
**ABOVE THE  
LINE:  
\$2 – \$3  
Million  
Media Budget**



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

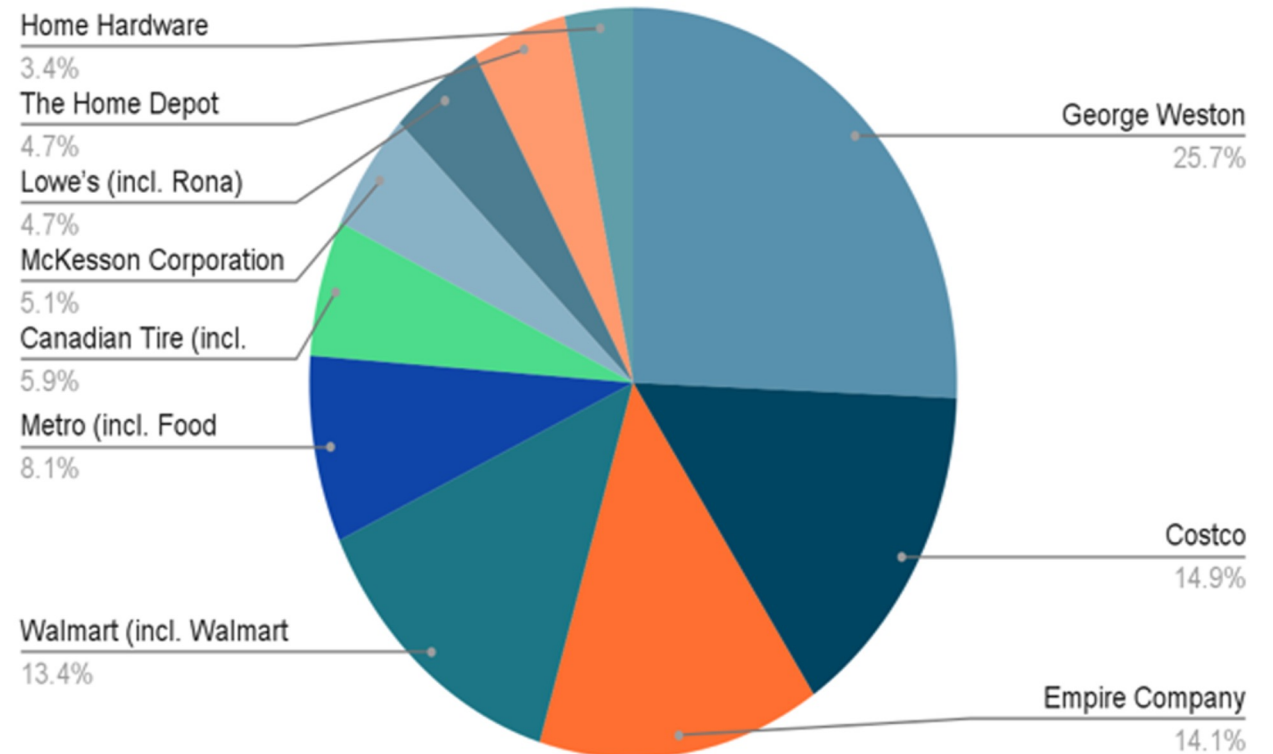
# CANADA'S CONSOLIDATED RETAIL LANDSCAPE PUTS PRESSURE ON ADVERTISERS ACROSS ALL CATEGORIES TO INVEST MORE IN TRADE EACH YEAR

Source: retailcouncil.org, the-top-100-retailers-and-canadas-top-10-retailers-2019 [www.ufc](http://www.ufc)



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

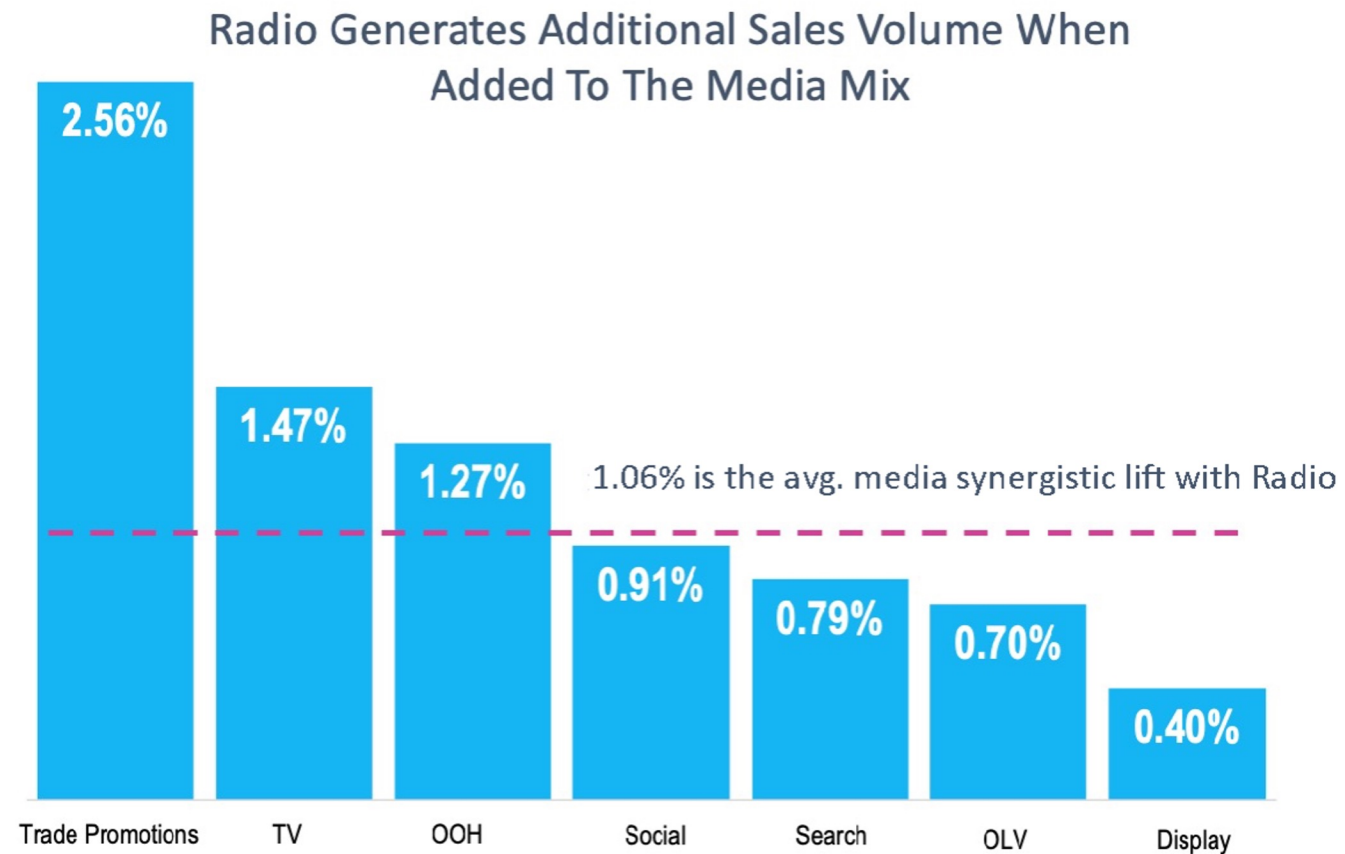
- Radio **reaches 9/10** Canadians each week. (Source: Numeris R04 21 PPM)
- Radio + TV improves **Reach by 20%** at 20% cost savings (Source: Numeris Cross Media Data Base)
- Radio **reaches 7/10** Canadians en route to buy groceries/personal care products. (Source: Radio On the Move 2022)
- Radio wins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

Source: Nielsen Canada Radio Connects CPG Norms Database Analysis

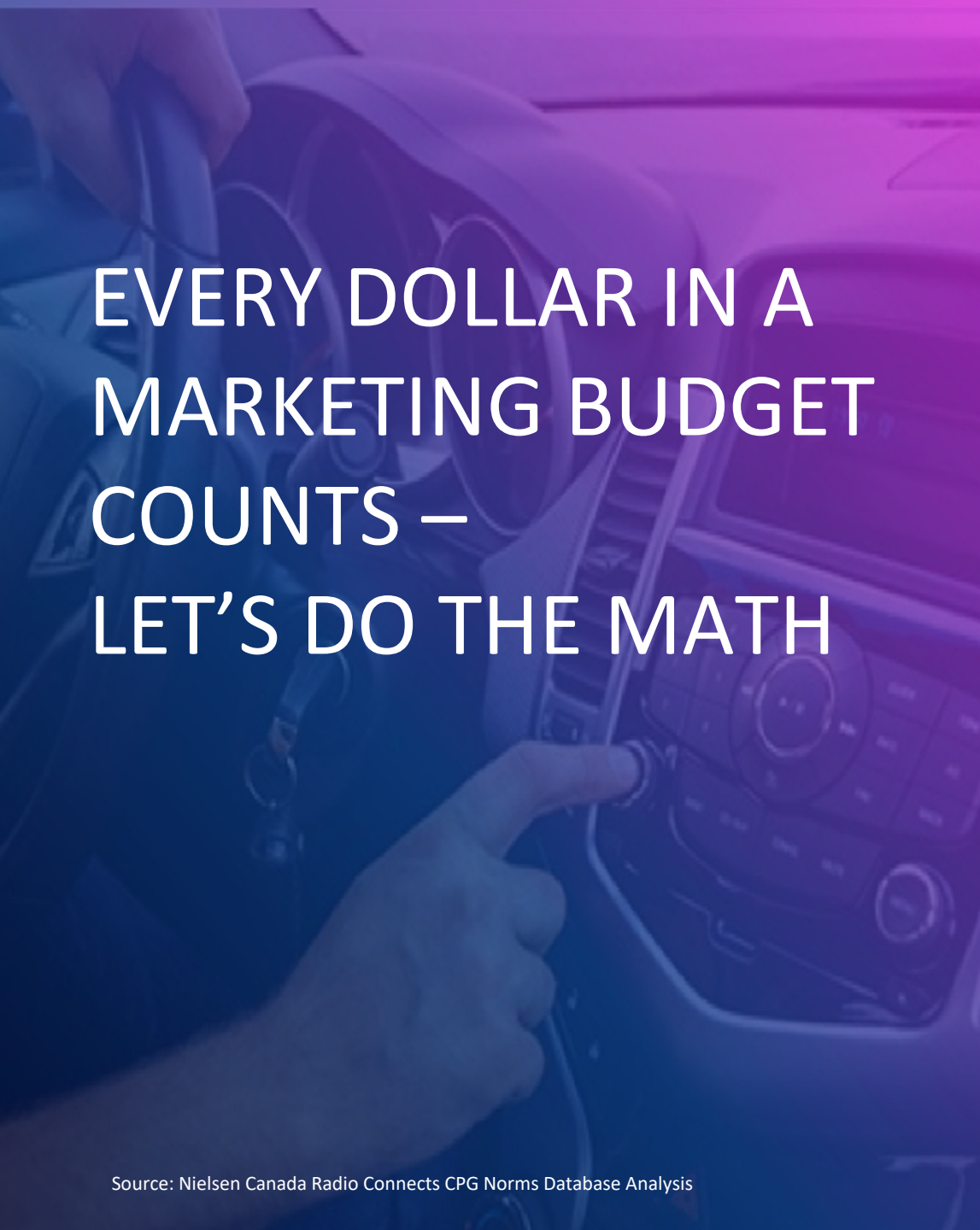
## Radio's Halo Effect On All CPG Media Tactics Drives Sales Lift



## 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

A man and a woman are in a kitchen. The man is standing and holding a glass, smiling. The woman is sitting at a counter, smiling. There is a toaster on the counter. The image has a blue and purple gradient overlay.

# THANK YOU

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