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RAB REVEALS HOW RADIO CAN UNLOCK MILLIONS IN POTENTIAL REVENUE FOR ADVERTISERS

Brands using radio for their advertising get nearly eight times the return on investment (ROI), according to a first-ever analysis of confidential cross-agency data. Data was collected from the world's leading econometric specialists, representing all of the major global media groups.

In a world first, The Radio Advertising Bureau (RAB) studied radio advertising effectiveness in terms of revenue return on investment (ROI) and found that in many sectors, radio offers the best of any media.

On average **radio advertisers get their money back 7.7 times over**, although some categories show exceptional performance, notably automotive and retailer brands, as well as impulse products. This makes radio the medium with the second-highest return on investment (TV is first), out-performing press, outdoor and online.

The study revealed that using radio can boost overall campaign ROI. Currently radio carries 6% of all advertising budgets, but if budgets were reallocated to give radio a 20% share of total – with no increase in overall expenditure – the total campaign ROI would rise by over 8%. For the Top 100 radio advertisers, this is equivalent to getting an extra £1.4 billion return on their advertising investment.

The data also reveals an important finding about best practice radio planning – campaigns which maximise weekly reach up to and beyond 40 per cent (rather than optimising on frequency), deliver significantly stronger radio ROI. This is news for the way agencies normally plan radio as “the frequency medium” and suggests that coverage is the new touchstone for optimising radio effectiveness.

The study highlights how creativity plays a role in enhancing ROI – brands which have the highest radio ROI use commercials which stand out, fit well with the brand and communicate information simply.

The results are based on an analysis conducted by Holmes & Cook of confidential ROI data supplied by nine econometrics agencies covering over 2,000 individual media campaigns across 517 separate brand campaigns. The campaigns covered ten major sectors, and used a variety of multi-media combinations. All data were supplied unbranded to preserve client confidentiality.

Simon Redican, Managing Director of the RAB commented: “When Martin Sorrell calls econometrics ‘The Holy Grail’ of advertising, you can be sure agencies place high importance on it.

“With data sourced from all of the world’s major agency groups the RAB analysis provides the most detailed and robust perspective on radio ROI in the world. We wouldn’t be surprised if the game-changing findings prompt Finance Directors to ask their marketing teams ‘Are we allocating at least 20% of our media budget to radio?’”

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