

# THERE IS A WAY TO BUY RADIO ADVERTISING THAT IS THOUSANDS OF TIMES BETTER THAN USING RATINGS POINTS

Thoughts on Impressions Based Buying for AM/FM Radio

October 27, 2021

Miles Sexton, President, Southern California Broadcasters Association  
Tony Hereau, VP-Cross Platform Insights, Nielsen



**SCBA**

COMMISSIONED STUDY

# HERE ARE THREE LASTING “IMPRESSIONS” WE WANT TO LEAVE WITH YOU

WHY THE SHIFT TO BUYING IMPRESSIONS INSTEAD OF RATINGS

---

COMBINING RADIO AND DIGITAL ADVERTISING EFFECTIVELY

---

QUALITIES THAT MAKE RADIO IMPRESSIONS UNIQUE AND VALUABLE

---

Q&A

# THE MOVE TO IMPRESSIONS HAS BEGUN

## INSIDERADIO

THE MOST TRUSTED NEWS IN RADIO

🏠 | [Classified Ads](#) | [People Moves](#) | [Q&A](#) | [Deal Digest](#) | [Resources](#) | [Subscribe](#) | [Adve](#)

FEATURED

### TV Is Shifting To Impressions Measurement. Will Radio Follow?

Sep 19, 2019

## Broadcasting+Cable

[Advertising](#) [Programming](#) [Streaming](#) [Biz](#) [Stations](#) [Policy](#) [Tech](#) [Events](#) [Resource](#)

[Home](#) > [Blogs](#) > [BC Guest Blogs](#)

### Why TV Is Moving to Impressions-Based Measurement and Audience Trading

Viewers, advertisers have come to expect more personalization, focus

Brian Golbere, IPONWEB Dec 17, 2019

## INSIDERADIO

THE MOST TRUSTED NEWS IN RADIO

🏠 | [Classified Ads](#) | [People Moves](#) | [Q&A](#) | [Deal Digest](#) | [Resources](#) | [Subscribe](#) | [Adver](#)

### Radio Aims To Fast Track Transition To Impressions-Based Measurement.

Oct 7, 2019

## IMPRESSIONS



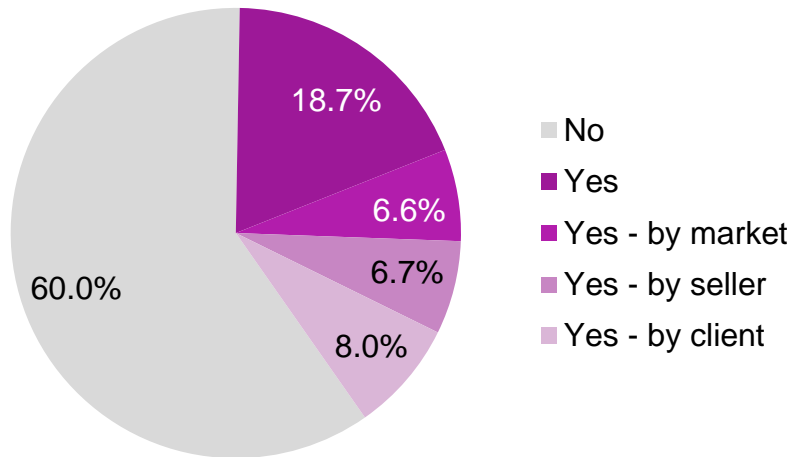
[f](#) [t](#) [in](#) [e](#) [p](#) [b](#)

Changing the way radio transacts business, from the long-used cost per point ratings model to an impressions-based system, is quickly gaining momentum among broadcasters. The topic was the top agenda item during the NAB's Committee on Local Radio Audience Measurement (COLRAM) meeting at the Radio Show last month in Dallas, fueling an hour-long discussion where participants said there was an urge to fast-track the transition.

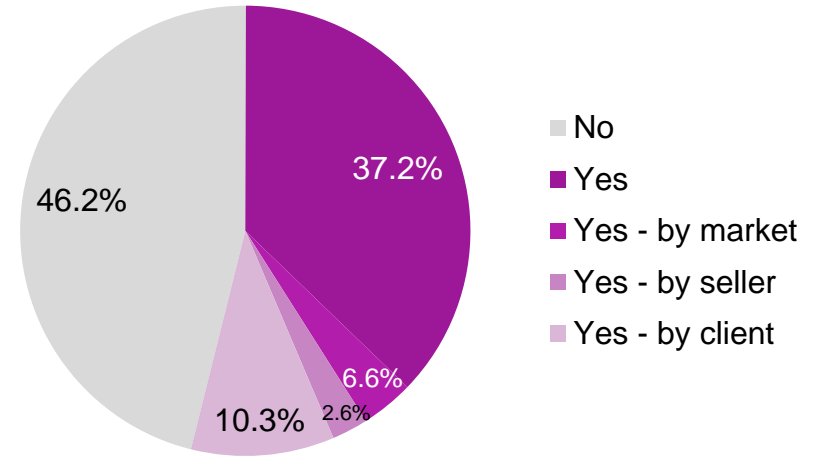
# THE SHIFT TO BUYING ON IMPRESSIONS IS ACCELERATING

Are you transacting on impressions currently?

October 2020



August 2021



Source: Nielsen Agency Client Survey

**54%** of agency professionals are now buying on impressions

# So What's The Difference Between Impressions And Ratings And How Does The Math Work?

# DEFINING CPM & IMPRESSIONS

## Compared to Cost Per Point

### GROSS IMPRESSIONS (GIs)

The sum of the Average Quarter-Hour Persons audience for all spots in a given schedule.

$$\text{AQH Persons} \times \text{The Number of Spots in an Advertising Schedule} = \text{GIs}$$

### COST PER THOUSAND (CPM)

The cost of delivering 1,000 gross impressions.

$$\frac{\text{Cost of Schedule}}{\text{GI}} \times 1,000 = \text{CPM}$$

### COST PER RATING POINT

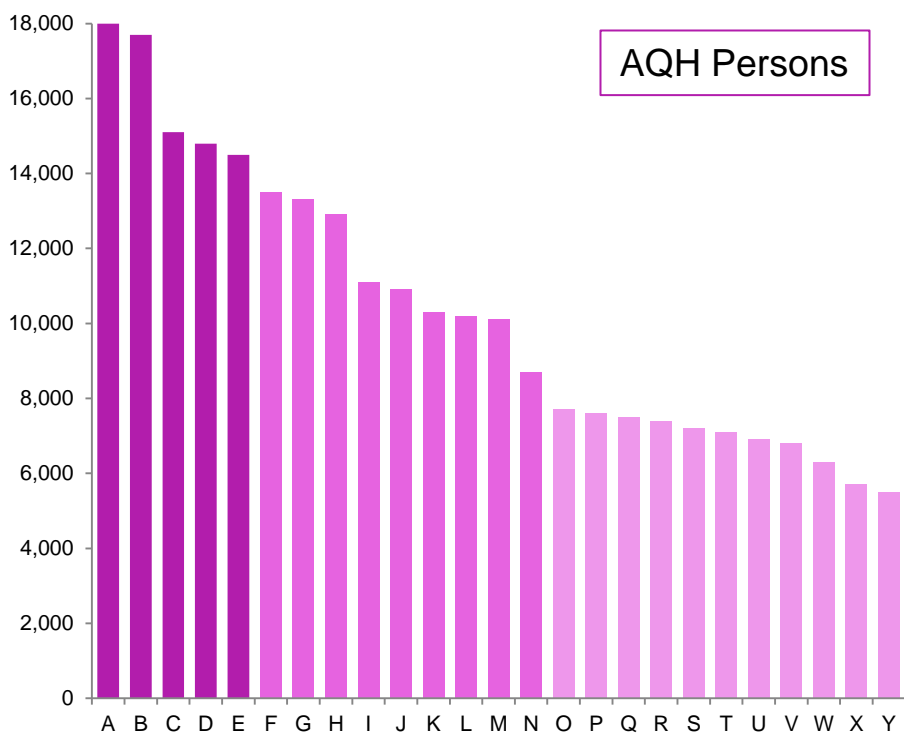
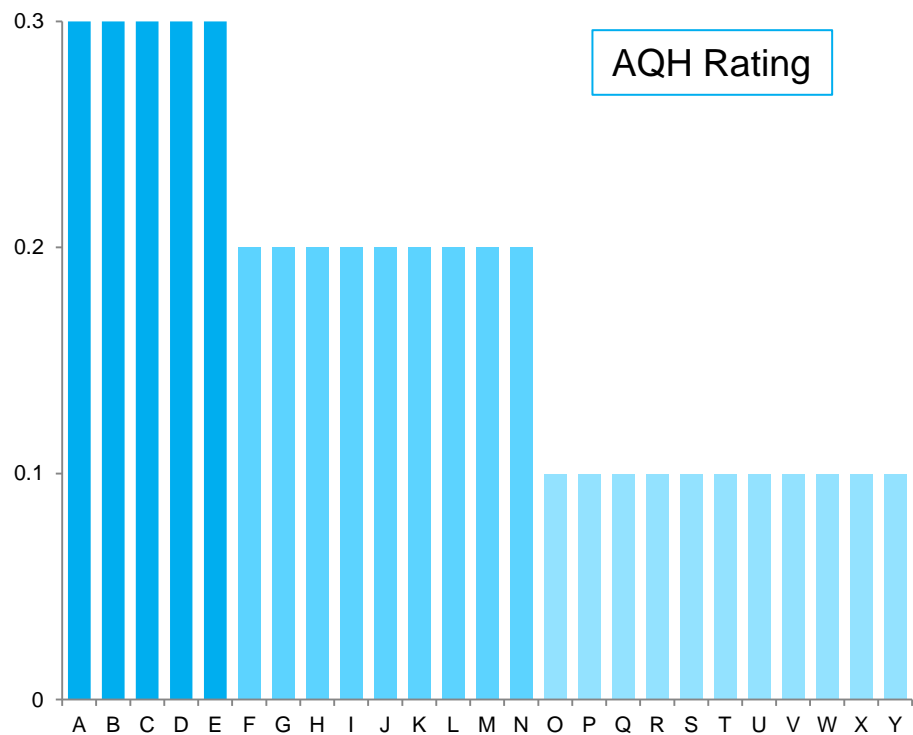
The cost of reaching an Average Quarter-Hour Persons audience that's equivalent to one percent of the population in a given demographic group.

$$\frac{\text{Cost of Schedule}}{\text{GRPs}} = \text{Cost Per Rating Point}$$

# Here's How Making The Shift Helps You Make A More Informed And Accurate Buy

# IMPRESSIONS OFFER INCREASED GRANULARITY

## Top 25 stations in Los Angeles by Rating and Impressions



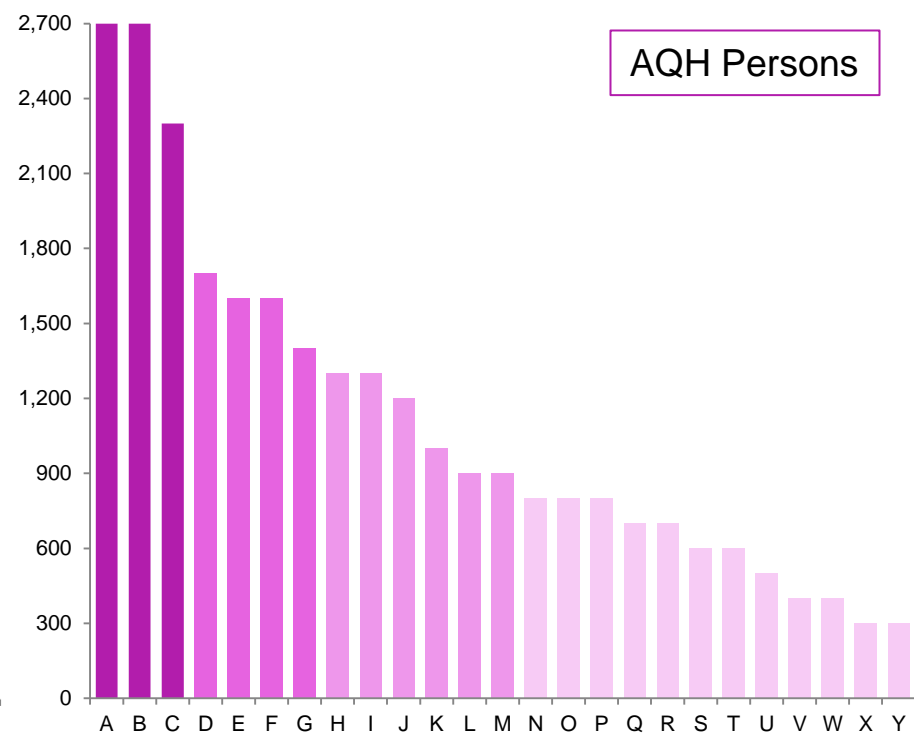
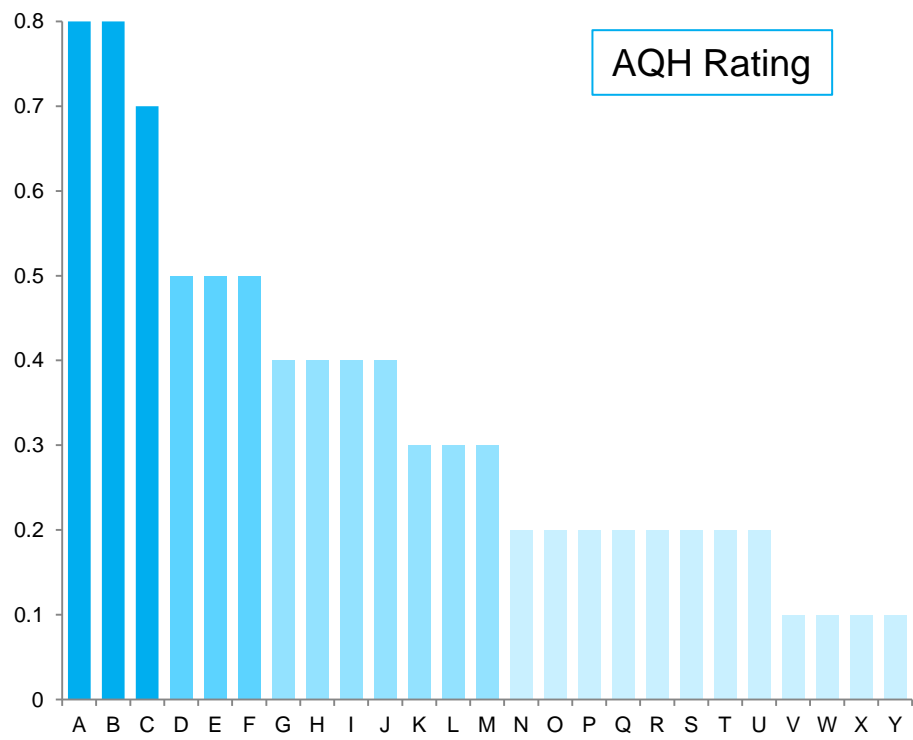
Source: Nielsen Los Angeles PPM, June 2021. M-Su 6a-12M, Adults 25-54, Average Quarter Hour audience of top 25 stations by rating and persons



# And Buying On Impressions Works Great Regardless Of Market Size

# IMPRESSIONS OFFER INCREASED GRANULARITY

## Top 25 stations in Bakersfield by Rating and Impressions

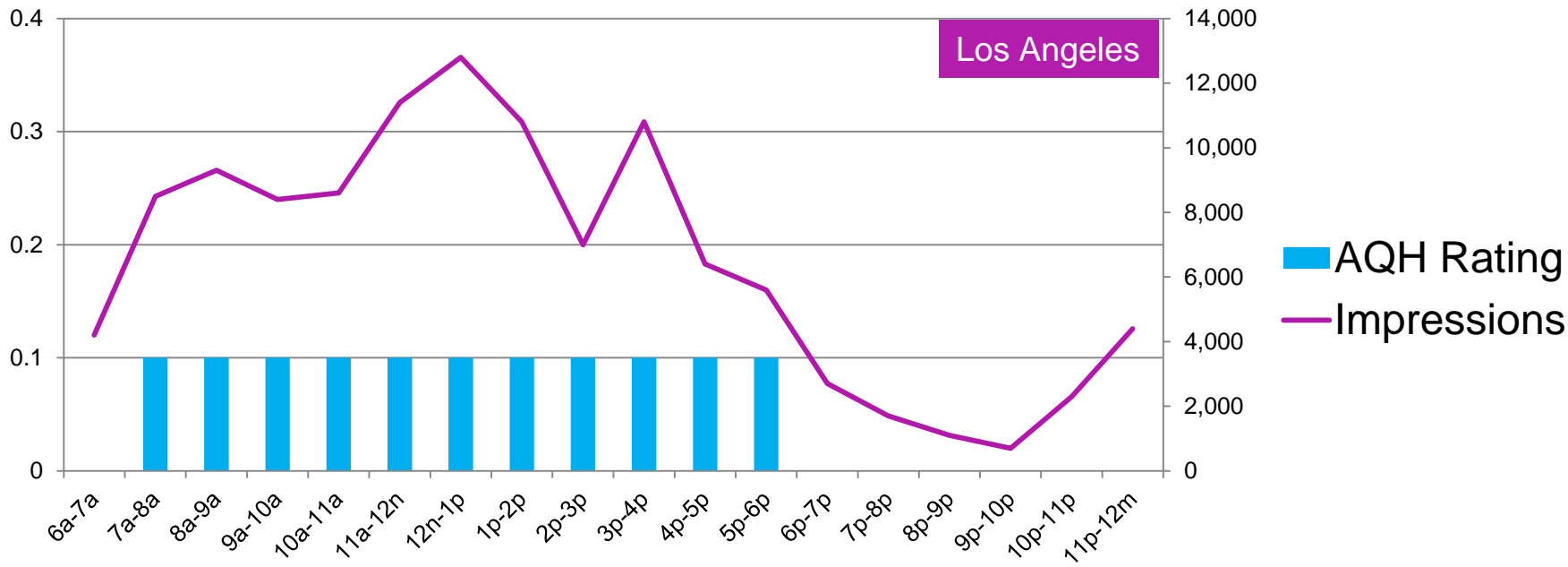


Source: Nielsen Bakersfield Metro, June 2021. M-Su 6a-12M, Adults 25-54, Average Quarter Hour audience of top 25 stations by rating and persons

**And Because Listening Varies  
Throughout The Day,  
Impressions Paint A More  
Complete Picture**

# IMPRESSIONS ADD VALUE TO MORE DAYPARTS

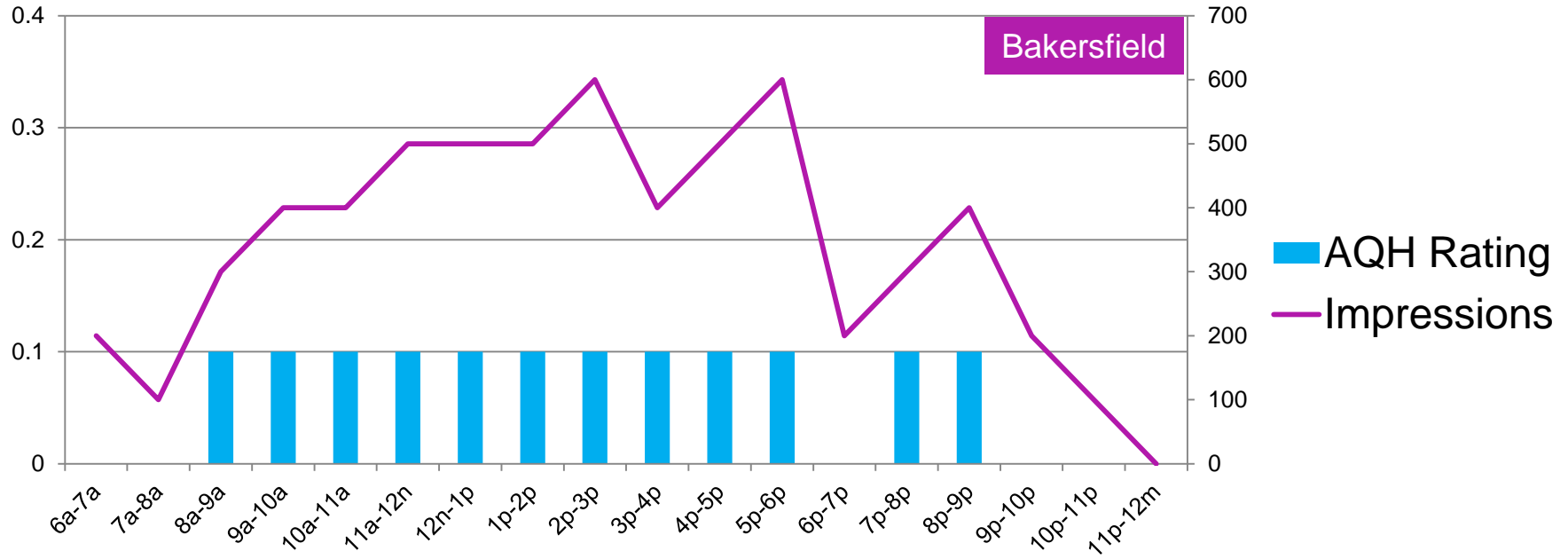
Zero-rated time periods can be monetized with impressions



Source: Nielsen Los Angeles PPM, June 2021. M-Su 6a-12M, Adults 18+, Average Quarter Hour audience by rating and persons for a top 30 station in LA

# IMPRESSIONS ADD VALUE TO MORE DAYPARTS

Zero-rated time periods can be monetized with impressions

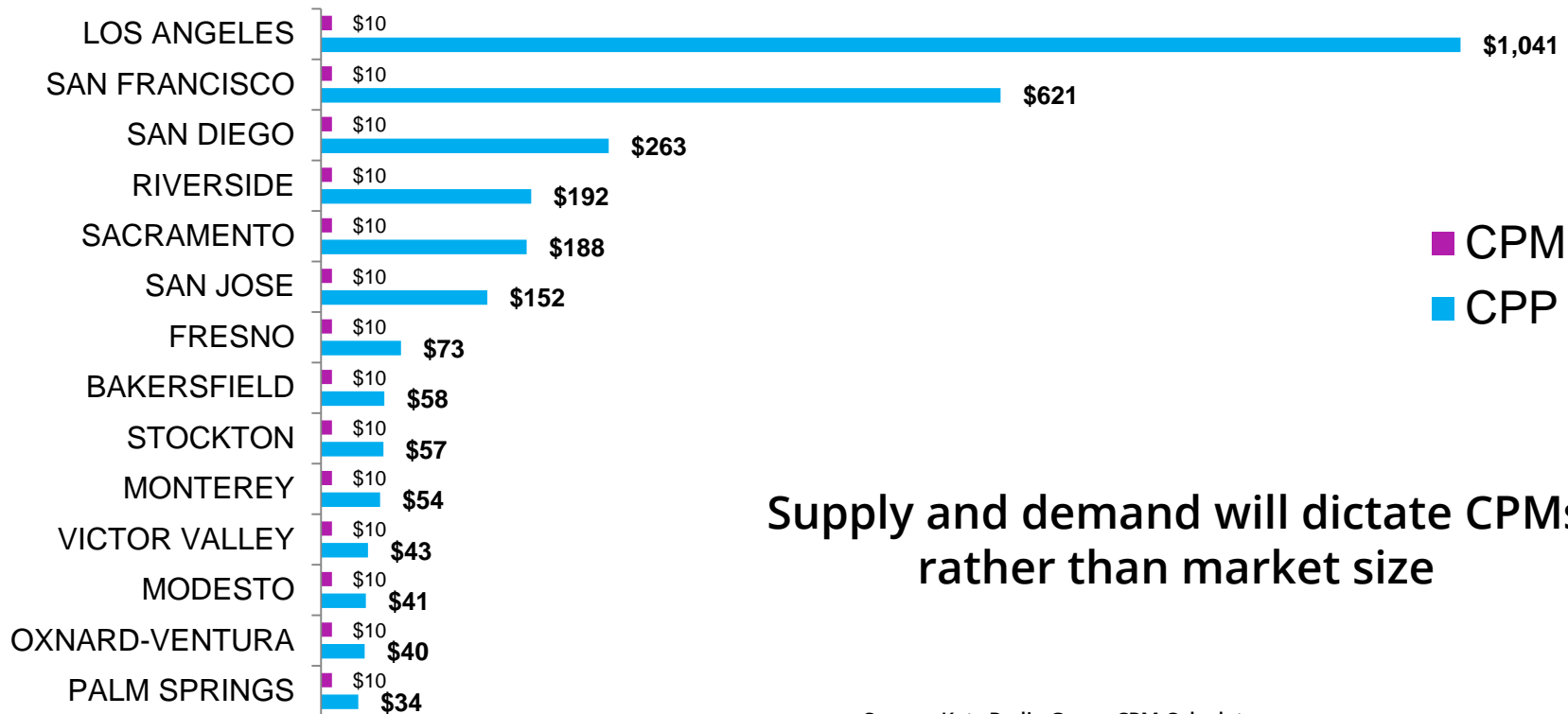


Source: Nielsen Bakersfield Metro, June 2021. M-Su 6a-12M, Adults 18+, Average Quarter Hour audience by rating and persons for a top 30 station in Bakersfield

# Buying On CPM Levels The Playing Field Where Supply And Demand Determine Pricing Rather Than Market Size

# CPMs ARE EASY TO COMPARE ACROSS MARKETS

A comparison of CPM and CPP among California markets



Supply and demand will dictate CPMs rather than market size

# Converting From CPP To CPM Is Fairly Easy And Here Is A Chart That Shows A Typical Index For Conversion



# CPP TO CPM CONVERSION TABLE FOR LOS ANGELES

Unlike CPP, CPMs will increase with narrow demos

Los Angeles Metro CPP	Adults 18+	Adults 18-49	Adults 25-54	Adults 35-64	Women 18-49	Women 25-54	Women 35-64	Men 18-49	Men 25-54	Men 35-64
<b>\$500</b>	\$4.80	\$8.43	\$8.90	\$9.57	\$17.03	\$17.90	\$18.91	\$16.69	\$17.71	\$19.39
<b>\$600</b>	\$5.76	\$10.12	\$10.68	\$11.49	\$20.44	\$21.48	\$22.70	\$20.03	\$21.26	\$23.26
<b>\$700</b>	\$6.72	\$11.80	\$12.46	\$13.40	\$23.85	\$25.06	\$26.48	\$23.37	\$24.80	\$27.14
<b>\$800</b>	\$7.68	\$13.49	\$14.25	\$15.32	\$27.25	\$28.64	\$30.26	\$26.71	\$28.34	\$31.02
<b>\$900</b>	\$8.64	\$15.18	\$16.03	\$17.23	\$30.66	\$32.22	\$34.05	\$30.05	\$31.89	\$34.89
<b>\$1000</b>	\$9.60	\$16.86	\$17.81	\$19.15	\$34.07	\$35.80	\$37.83	\$33.39	\$35.43	\$38.77

**Best Method:** Convert an old buy from **CPP** to **CPM**

# CPP TO CPM CONVERSION TABLE FOR BAKERSFIELD

Unlike CPP, CPMs will increase with narrow demos

Bakersfield Metro CPP	Adults 18+	Adults 18-49	Adults 25-54	Adults 35-64	Women 18-49	Women 25-54	Women 35-64	Men 18-49	Men 25-54	Men 35-64
<b>\$40</b>	\$6.84	\$11.03	\$12.46	\$14.28	\$23.34	\$26.08	\$29.05	\$20.91	\$23.85	\$28.07
<b>\$50</b>	\$8.55	\$13.79	\$15.57	\$17.84	\$29.17	\$32.59	\$36.31	\$26.14	\$29.82	\$35.09
<b>\$60</b>	\$10.27	\$16.54	\$18.69	\$21.41	\$35.01	\$39.11	\$43.57	\$31.36	\$35.78	\$42.11
<b>\$70</b>	\$11.98	\$19.30	\$21.80	\$24.98	\$40.84	\$45.63	\$50.84	\$36.59	\$41.74	\$49.12
<b>\$80</b>	\$13.69	\$22.06	\$24.91	\$28.55	\$46.67	\$52.15	\$58.10	\$41.82	\$47.70	\$56.14
<b>\$90</b>	\$15.40	\$24.81	\$28.03	\$32.12	\$52.51	\$58.67	\$65.36	\$47.05	\$53.67	\$63.16

**Best Method:** Convert an old buy from **CPP** to **CPM**

# COMBINING RADIO AND DIGITAL ADVERTISING EFFECTIVELY

# AGENCIES WANT TO BUY RADIO LIKE DIGITAL

What drove your decision to move to impressions?

“With advent of **digital**, it just made sense to look at everything on CPM basis”

“Gives a better apples-to-apples when comparing with **digital**”

“Integration with **digital**”

“**Digital** convergence, comparative methodology”

“To work with traditional and **digital** partners for holistic video and audio approach”

“Its the only common audience delivery across **multiple media platforms**”

“The need for a consistent currency **across channels**”

“Easiest way to buy/compare **across multiple media**”

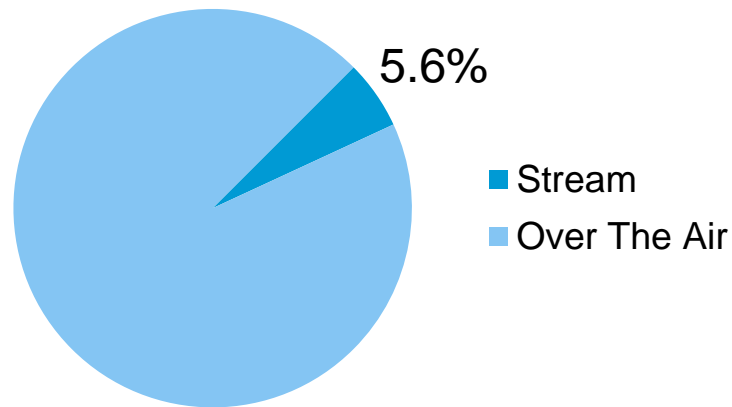
“Levels the playing field”

# Surprise! You Are Already Buying Digital Impressions When You Buy Radio

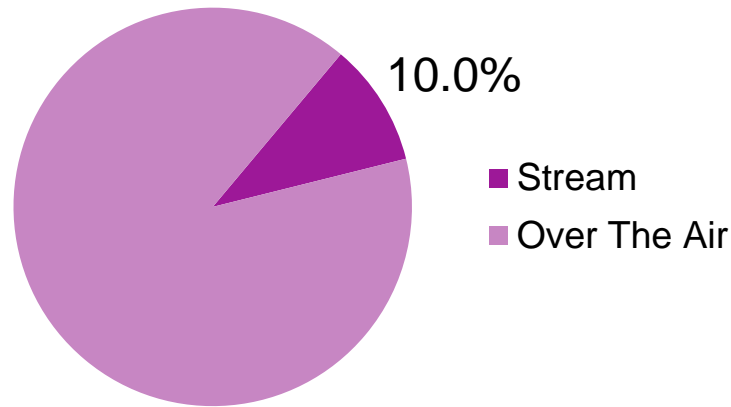
# 10% OF RADIO IMPRESSIONS ARE DIGITAL

% of PPM Total Radio audience from encoded AM/FM streams

## March 2020



## March 2021

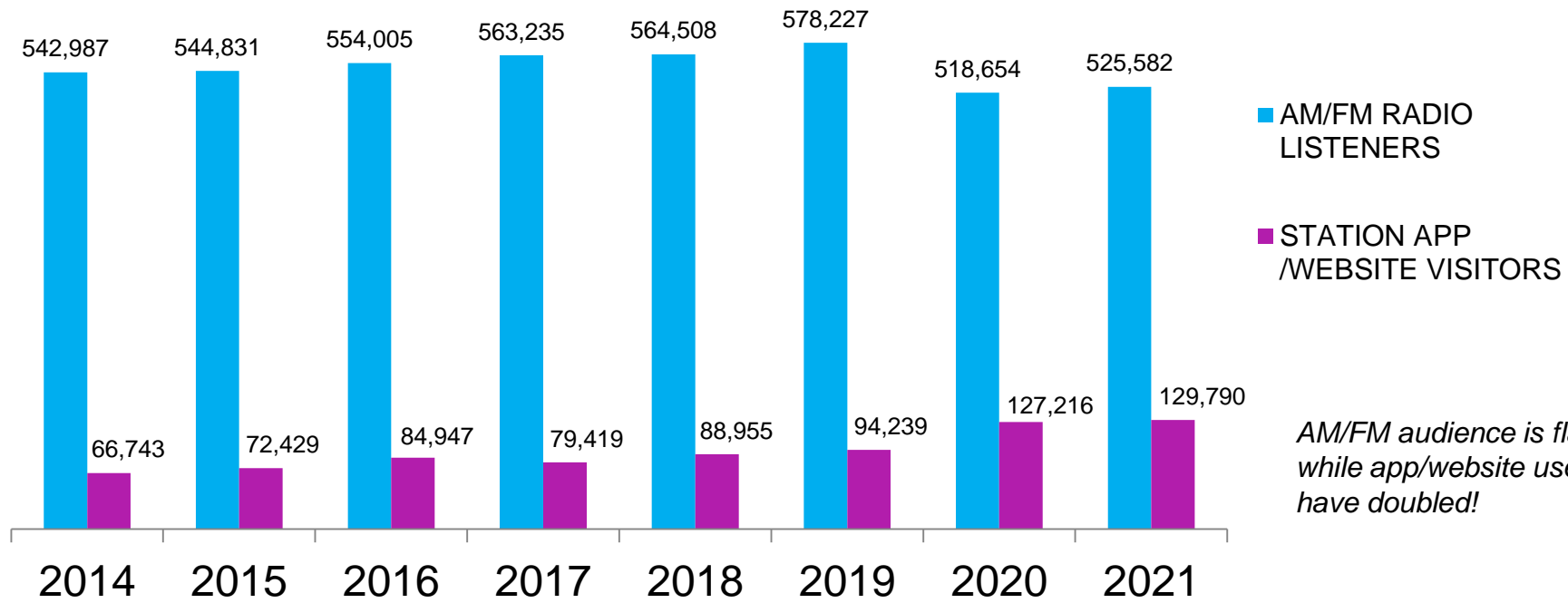


Source: Nielsen Mar20-Mar21 PPM / Persons 12+ / M-Su 6a-12M / AQH Persons to Encoded Streams as percent of Total Radio Audience

Note: In October 2020 Nielsen introduced the headphone adjustment to better account for headphone listening which primarily occurs while listening to digital streams. As a result, this methodology upgrade resulted in a trend break from Oct20 onward.

# IMPRESSIONS ARE KEY TO EVALUATING RADIO STATION APP & WEBSITE AUDIENCE

Bakersfield

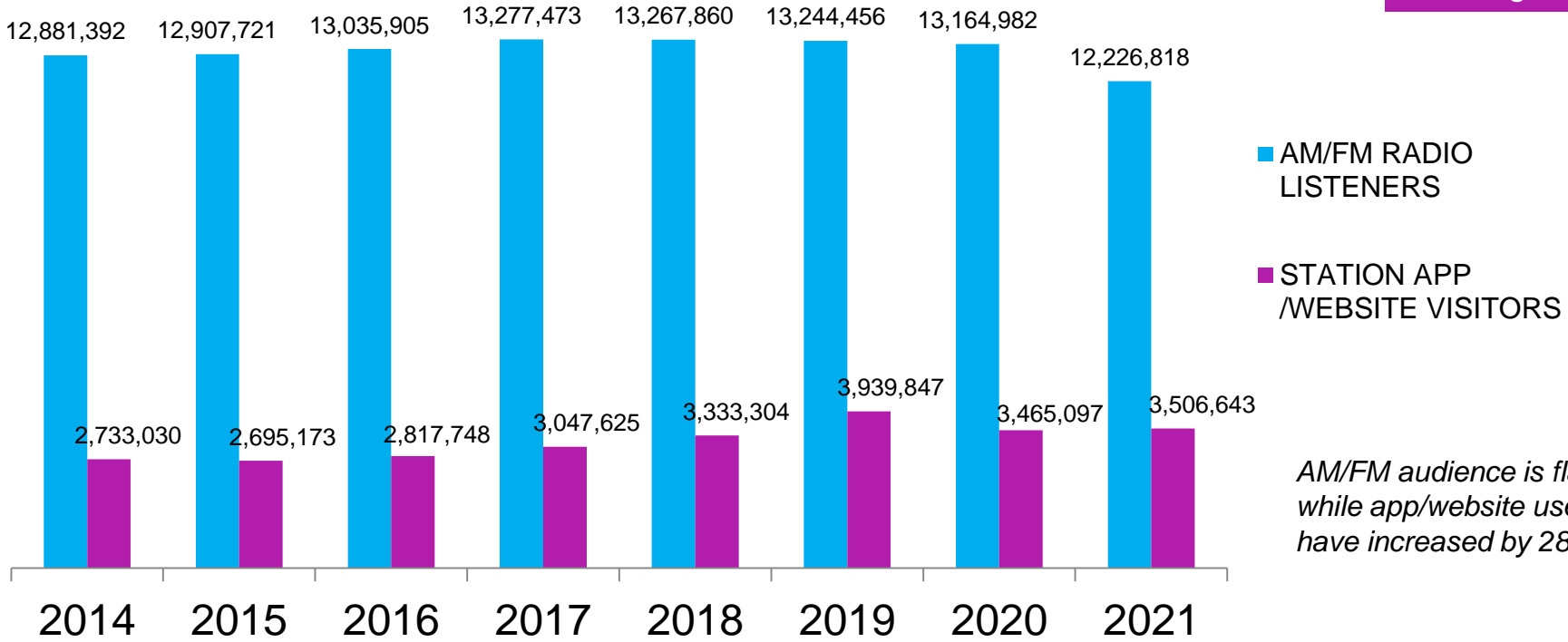


*AM/FM audience is flat while app/website users have doubled!*

Source: Nielsen Scarborough Bakersfield, R1 2014-2021, Adults 18+, Weekly AM/FM Radio listeners, Radio station app/website visitors in past 30 days

# IMPRESSIONS ARE KEY TO EVALUATING RADIO STATION APP & WEBSITE AUDIENCE

Los Angeles



*AM/FM audience is flat while app/website users have increased by 28%*

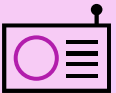

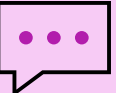
Source: Nielsen Scarborough Los Angeles, R1 2014-2021, Adults 18+, Weekly AM/FM Radio listeners, Radio station app/website visitors in past 30 days



# Creating A Mix Of Radio And Digital Is Like Strapping A Booster Engine On Your Cross-Platform Campaign

# IMPRESSIONS ARE THE BUILDING BLOCKS OF A SUCCESSFUL CROSS-PLATFORM CAMPAIGN

<u>100% SOCIAL MEDIA</u>	1 MONTH CAMPAIGN	<u>50% RADIO / 50% SOCIAL</u>
43.2%	Reach %	<b>69.1%</b>
2,518,000	Net Reach	<b>4,021,000</b>
6.6	Frequency	<b>3.9</b>
16,667,000	Impressions	<b>20,834,000</b>
\$30	CPM	<b>\$24</b>
<b>\$500,000</b>	Budget	<b>\$500,000</b>

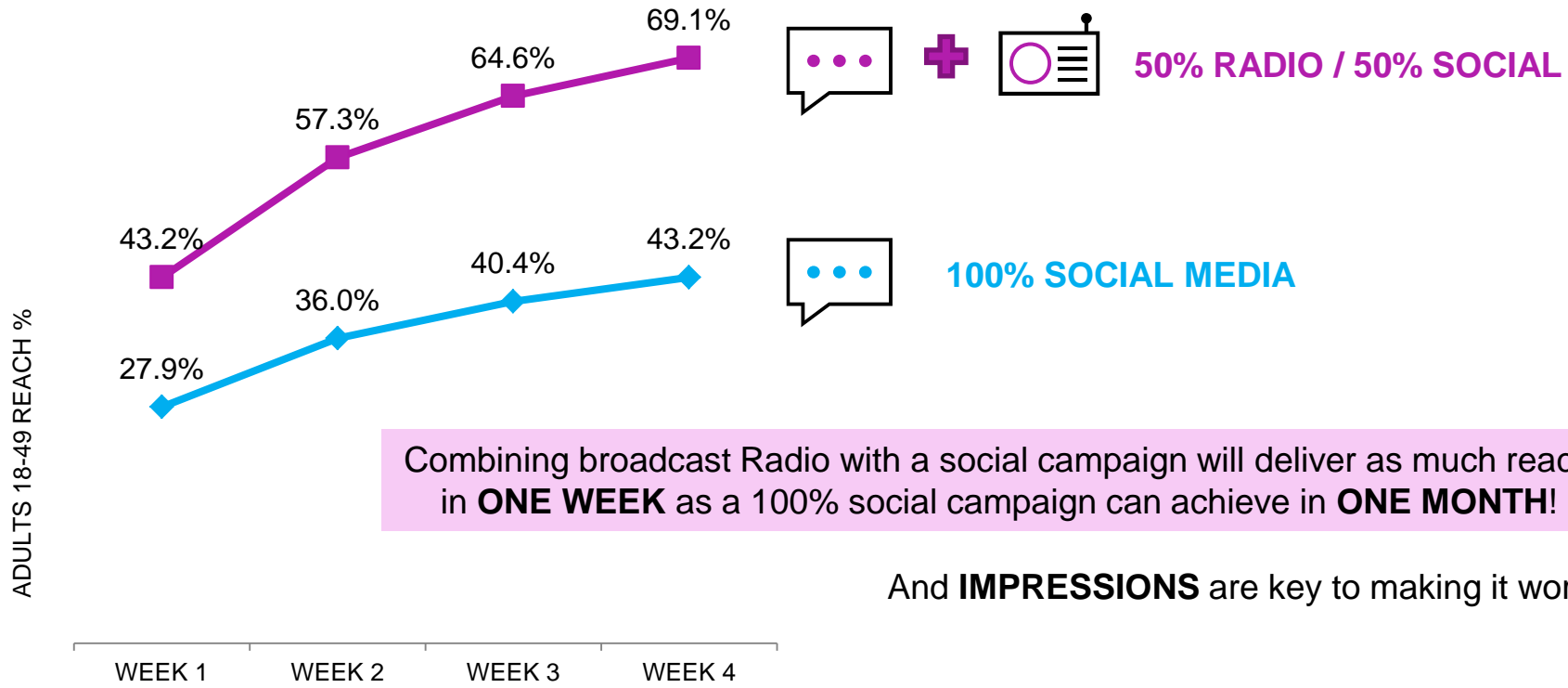

  

  


LOS ANGELES / AD 18-49

**RADIO + SOCIAL DELIVERS 60% MORE REACH AT NO ADDITIONAL COST**

Source: Nielsen Local Media Impact, All Social Media Sites & AM/FM Radio outlets in Los Angeles, Adults 18-49

# IMMEDIATE IMPACT WHEN RADIO + SOCIAL ARE USED TOGETHER



Combining broadcast Radio with a social campaign will deliver as much reach in **ONE WEEK** as a 100% social campaign can achieve in **ONE MONTH!**

And **IMPRESSIONS** are key to making it work

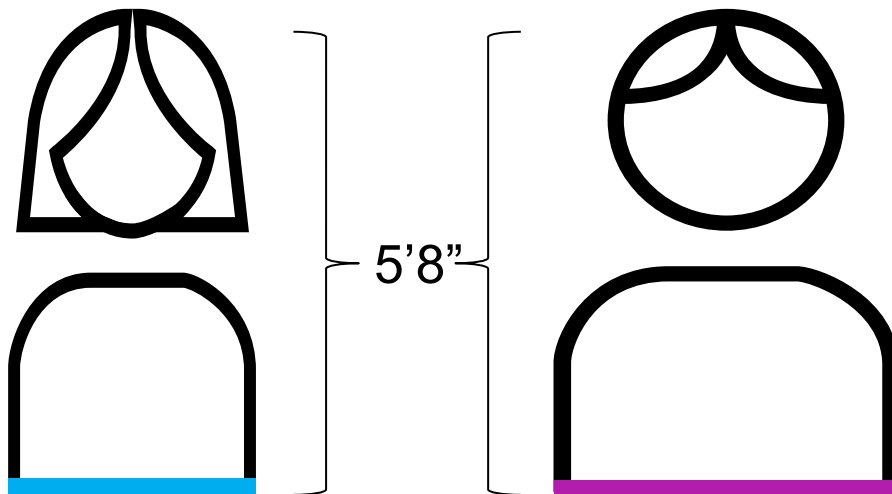
Source: Nielsen Local Media Impact, All Social Media Sites & AM/FM Radio outlets in Los Angeles, Adults 18-49

# QUALITIES THAT MAKE RADIO IMPRESSIONS UNIQUE AND VALUABLE

# CPM IS JUST ONE WAY TO EVALUATE MEDIA

Example: Two people may be the same height but different in many other ways

- Female
- Long Hair
- Weighs Less
- Younger
- Married



- Male
- Short Hair
- Weighs More
- Older
- Single

**We Have Shown That Buying  
On Impressions Makes Sense,  
But It Is Also Important To  
Remember That Not All  
Impressions Have Equal Value**

# PUTTING CPM INTO PERSPECTIVE

Agencies say lower isn't always better

CPM (cost per thousand) is the most used KPI but ranks #22 in importance.

One interviewee commented, "CPMs need to be relevant, as lower isn't always better. CPM isn't the first thing to look at because it's more of a tracking/efficiency KPI. It needs to be augmented with more specific metrics."

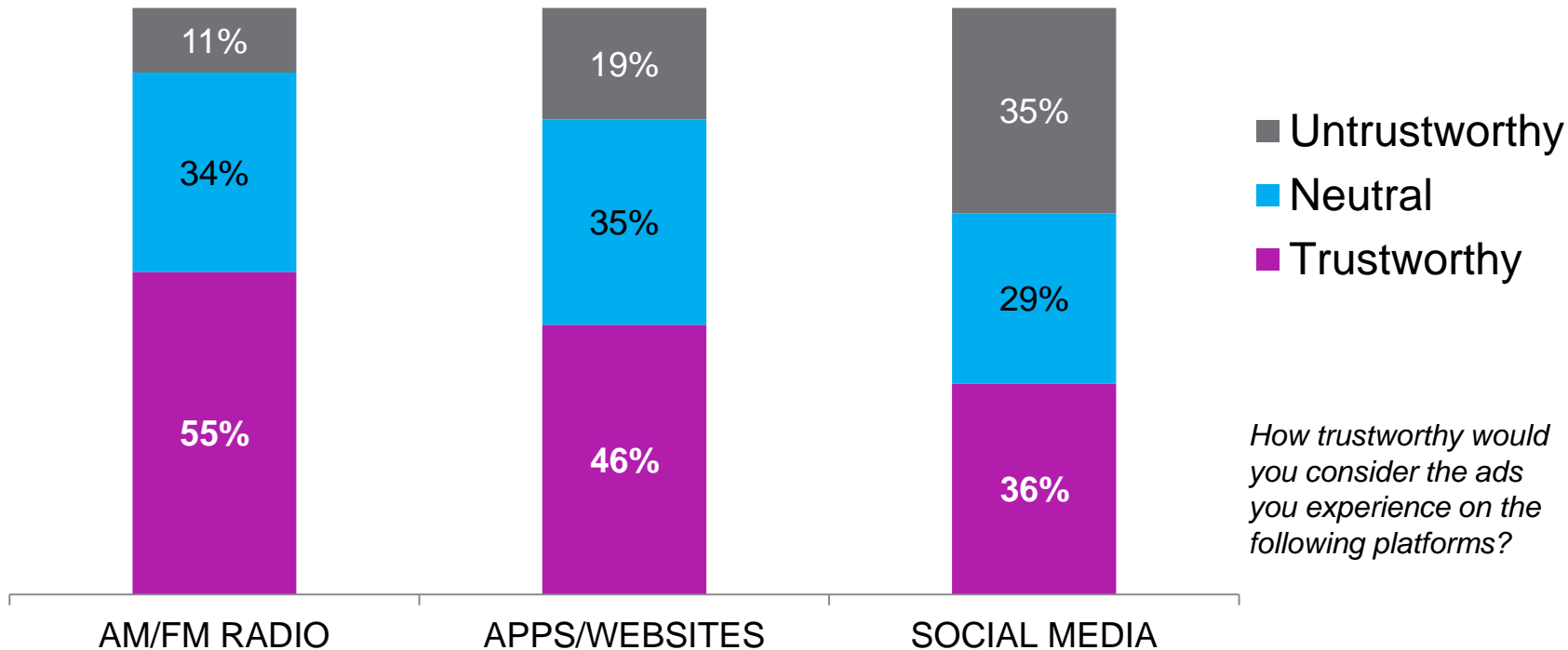


# When Evaluating The Value Of Media Impressions, Consumer Trust Becomes A Major Consideration



# CONSUMERS TRUST RADIO MORE THAN DIGITAL

Share of users who trust content on each media platform



*How trustworthy would you consider the ads you experience on the following platforms?*

Source: Nielsen Total Audience Report, Mar 2021, National Online Survey-1500 adults 18+, App/Website excludes Social Media (Base: users of each media)

# **Caveat Emptor: How Can You Know That The Impressions You Are Buying Are Verifiable?**

# AD FRAUD IS WIDESPREAD IN DIGITAL MEDIA

THE  
NATIONAL LAW REVIEW

“King of Fraud” is Convicted of \$7 Million Digital Advertising Scam!

Tuesday, June 1, 2021

# Forbes

May 29, 2021, 10:43am EDT | 1,135 views

## Another Case Against Ad Fraud Comes To Fruition



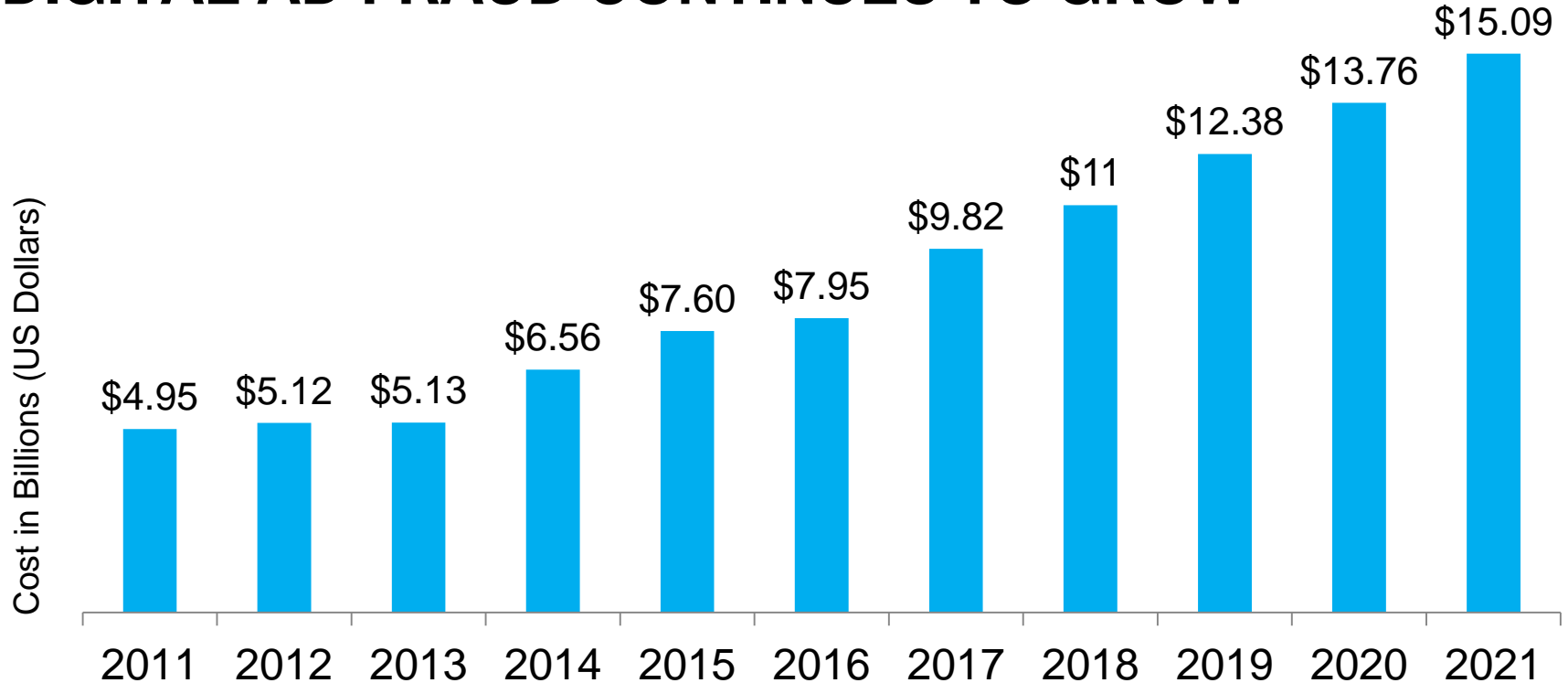
## Our Fight Against Market Research Fraud: Using Next-Gen Fraud Defenses

July 22, 2021

By [Bonnie Breslauer](#)

**Digital Has Proven To Be  
Valuable To Campaigns, But It  
Has Also Proven To Be Easy To  
Manipulate The Delivery**

# DIGITAL AD FRAUD CONTINUES TO GROW



Projected to be over **\$15 BILLION** in the U.S. in 2021, Worldwide the estimate is **\$44 BILLION**

Source: Statista

**Along With The Importance Of  
Trust, The Environment Your  
Message Is Associated With Is  
A Critical Consideration**

# ADV. REVOLT OVER SOCIAL MEDIA HATE SPEECH

More than 1,000 companies pause advertising on Facebook as part of civil society campaign to stop spread of hate & discrimination on the platform

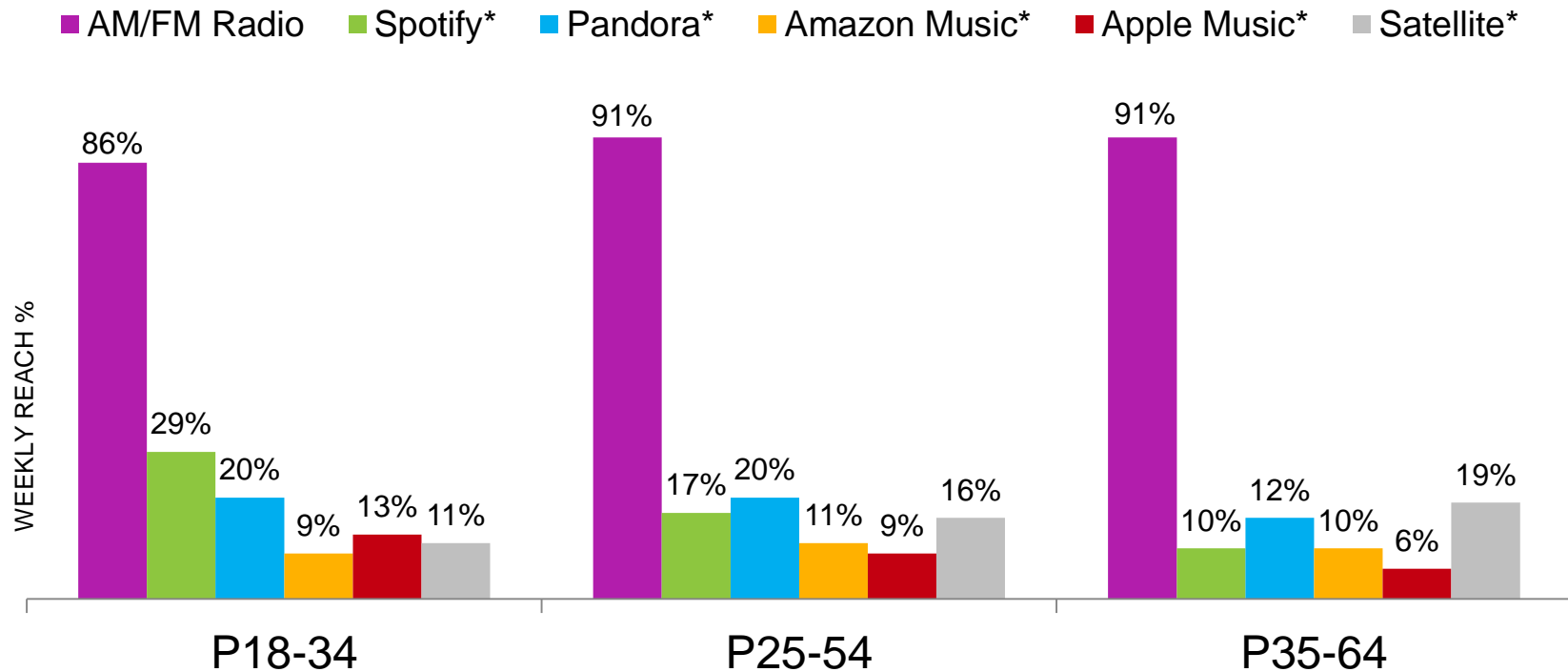


1. Unilever
2. Verizon
3. Hershey's
4. Honda
5. The North Face
6. Ben & Jerry's
7. REI
8. Patagonia
9. Eddie Bauer
10. Upwork
11. Mozilla
12. Magnolia Pictures
13. Birchbox
14. Dashlane
15. TalkSpace
16. LendingClub
17. Levi Strauss
18. Diageo
19. Lululemon
20. Adidas
21. Reebok
22. Conagra Brands
23. Microsoft
24. Puma
25. Vans
26. Denny's
27. Edgewell Personal Care
28. Pfizer
29. Chobani
30. HP
31. Best Buy
32. KIND Snacks
33. Madewell
34. UGG

# Audience Reach Is Paramount To Delivering Impressions, And One Audio Medium Stands Tall



# IN THE AUDIO LANDSCAPE, ONLY AM/FM RADIO CAN DELIVER THE SCALE ADVERTISERS NEED



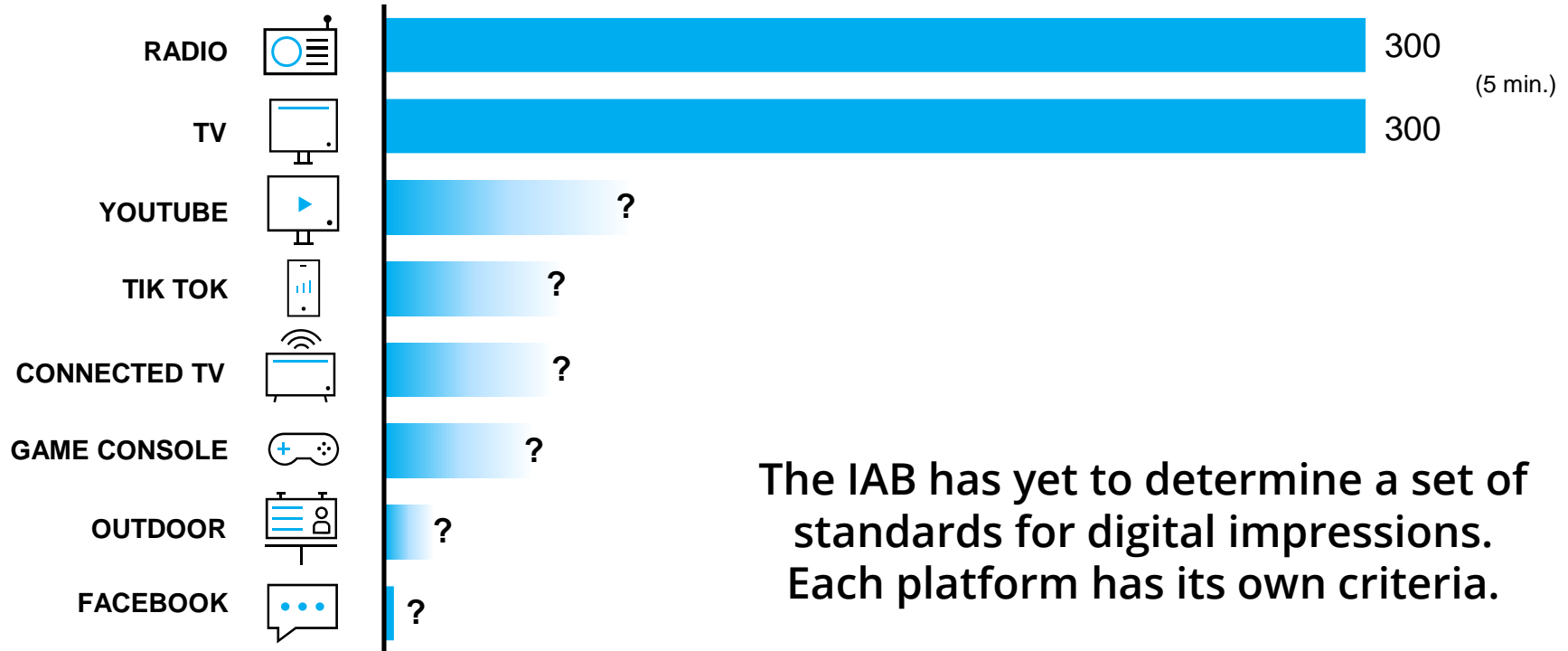
Source: Nielsen Scarborough USA+ R1 2020

\* Reach figures include subscription-only consumers who receive no ads

# Length Of Impressions Varies But Broadcast Media Is In A Class By Itself

# LENGTH OF AN IMPRESSION VARIES BY PLATFORM

Minimum number of seconds of engagement to qualify as an impression



The IAB has yet to determine a set of standards for digital impressions. Each platform has its own criteria.

# Compare The Pros And Cons Between Radio And Digital

# FACTORS TO CONSIDER ABOUT DIGITAL MEDIA

AM/FM RADIO	DIGITAL/SOCIAL MEDIA
DECADES OF TRUST	REPUTATION FOR DISTRUST
FCC REGULATED CONTENT	NO CONTROL FOR BRAND SAFETY
FRAUD FREE	INCREASING FRAUD
3 <sup>RD</sup> PARTY MEASUREMENT	IMPRESSIONS ARE SELF-REPORTED
LOCAL OR NATIONAL	PAY EXTRA FOR LOCAL IMPRESSIONS
CONTROLS FOR DAYPARTS	NO CONTROL FOR SPECIFIC TIME
IN-CAR AUDIENCE	DON'T TEXT AND DRIVE

**We've Given You A Lot To  
Think About So Let's Recap  
And Review The  
Important Takeaways**

# BENEFITS OF IMPRESSIONS-BASED BUYING

- Offers **increased granularity** over ratings
- Adds value to **more dayparts**
- Easier comparison **across markets**
- Aligns **Radio with other media** (most of which are already being bought on CPM basis)
- It gives audio and digital platforms the ability to **capture all their audiences** no matter where content is consumed
- Provides a **brand-safe environment** to advertisers looking for premium impressions at the local level
- Allows radio to **add scale** to the media plan in a cross-platform environment

# BEST PRACTICES ON CONVERTING TO CPM

## For Buyers and Sellers in the radio industry

- **Start adding the CPM/Impressions tab next to your CPP analysis**
- **Do some historical analysis of your past buys or top 50 agency accounts. Enter the last schedule and compare CPM to what current pricing is now**
- **Engage your agencies/ reps in this discussion and monitor their move to impressions**
- **Readjust to the idea that market size does not dictate higher CPMs like it does for CPP**
- **Look for opportunities to combine radio and digital impressions for cross-platform opportunities**
- **Use this transition to look beyond price and evaluate other items that add value**
- **Focus on quality over just quantity...as all impressions are not equal**



*We hope we have left you with some lasting IMPRESSIONS*

*If you are ready to CONVERT...Amen!*

*Your radio representatives are equipped and ready to help you now*

**Thanks a THOUSAND!**

**Miles Sexton**  
President, Southern California Broadcasters Association  
Miles.Sexton@scba.com  
805.701.0031

**Tony Hereau**  
VP-Cross Platform Insights, Nielsen  
tony.hereau@nielsen.com  
719-208-6282