

# MEDIA *matters*

DECEMBER 2003

## RADIO GA GA !!! FM - The Road Ahead

### Background

Despite pre-dating commercial television by about 50 years, radio in India lags behind other media by many a mile in terms of share of the advertising monies - while worldwide radio garners 5-12% of the advertising monies, in India radio manages less than 2%. This is despite All India Radio having a huge network of 141 medium wave (MW), 54 short wave (SW) and 130 FM transmitters - one of the largest in the world!

### The Opportunity of FM Radio

Radio broadcasting uses either of two types of signals - AM or FM. Unlike AM (traditional radio) signals, FM signals do not need expensive transmission towers. In mature radio markets worldwide, the medium has survived the onslaught of commercial television with the help of FM. FM Radio enables a great degree of localization and hence brings along interactivity with a local flavour, at relatively low broadcast costs, which cannot be matched by television.

In 1999, the Indian Government decided to allow private FM stations in India through a bidding process where bids were invited for 32 cities. Four years later, after the initial euphoria died out and a number of the bidders defaulted, the remaining players are as follows:

Market	Stations			
	Times of India Group	Star TV	Living Media	Others
Mumbai	Radio Mirchi	Radio City	RED	GO, WIN
Delhi	Radio Mirchi	Radio City	RED	
Kolkata	Radio Mirchi		RED	Aamar, Power
Chennai	Radio Mirchi			Suryan
Bangalore		Radio City		
Pune	Radio Mirchi			
Ahmedabad	Radio Mirchi			
Indore	Radio Mirchi			
Lucknow		Radio City		
Thirunelveli				Suryan
Coimbatore				Suryan
Vizag				Visakha

Except for WIN 94.6 in Mumbai and twin channels Aamar FM and Power FM in Kolkata, all the other FM stations have been started by top media conglomerates - Times of India group, Star TV, Living Media, Mid-Day and Sun TV.

However most of the stations are feeling the pinch of the high bid prices they had entered to outbid other contenders, especially in Mumbai and Delhi, as the current revenue streams will not allow them to break even in the foreseeable future.

In this article we will examine the following issues :

1. The Indian FM audience today - the current tuners and their dynamics.
2. The current advertisers on FM and their strategies
3. Learning from radio mature media markets worldwide
4. Possible changes in the industry in the near future
5. How should Indian advertisers use FM Radio, as it stands today ?

In the absence of regular syndicated data on FM listenership, the information sources used on the audience behaviour are research reports commissioned by various radio stations in Mumbai & Delhi. To remove possible biases, only broader trends have been used. Wherever there are conflicting conclusions, we have relied on the research which had the most robust design.

### 1. The Indian FM Audience today

#### a. Profile of listeners and variance by stations

Listeners of FM stations are dispersed across SECs, and age groups.

<b>% Split of Listeners in Mumbai</b>									
Station	Sec A	Sec B	Sec C	Sec D	15-19 yrs.	20-24 yrs.	25-34 yrs.	35-44 yrs.	45+ yrs.
<b>%Population</b>	14	21	38	27	12	15	29	22	23
Mirchi	20	21	26	33	19	19	23	20	20
City	21	23	26	30	22	19	24	9	17
RED	22	21	31	26	20	22	22	14	22
GO	32	22	27	18	17	20	21	16	26
AIR FM 1	17	20	22	41	4	8	20	21	47
AIR FM 2	30	15	35	19	8	9	28	28	27

Source : AC Nielsen Radio Audience Measurement, March 19-April 20, 2003

The lead players, Radio Mirchi and Radio City have similar listenership profiles - a skew towards younger age groups and SEC A and D. GO has a distinct skew towards SEC A due to its programming content. Broadly, most of the stations have identical programming currently and are thus attracting audiences that are very similar. Stations have not been able to carve out a niche for themselves, in any of the markets.

Interestingly, a research commissioned by RED FM in Delhi carried out by Development and Research Studies ( DRS ) has proved that listeners cannot really identify stations accurately. In 74% of the cases, listeners attributed their favourite radio programme to the wrong FM station! This suggests a call-for-action for stronger brand positioning exercises by the stations - and ensuring that they do not sound just like the next competitor.

**b. Place of listening**

In-car listenership of FM is still very insignificant in India - an overwhelming fraction of FM listeners listen to radio "at home only". In fact only 15% of FM listeners own a car!

Place	% FM listeners
Only at home	72%
Only in car	3%
Only in bus/auto	4%
Only in Workplace	1%
Both home and car	7%
Both workplace and home	3%
Both home and bus/auto	10%

Source : FM Audience Measurement by DRS in Delhi, June 20 - July 22, 2003

**c. Time-bands dominant across audiences**

Although the morning prime time band is favoured by most target groups, early morning and late night bands seem to have untapped potential.

Parameter	Key Timebands
<b>Occupation</b>	
Shopkeepers	0800-1200
Small businessmen	0800-1000, 2200-2400
Businessmen/Industrialists	0600-1000, 2200-2400
Self Employed Professionals	0600-0800, 2200-2400
Supervisors	0600-0800, 1000-1200
Students	1000-1200, 1800-2000
Executives	0600-0800, 2200-2400
HWs/Retired	1000-1400
<b>Age</b>	
15-24	0800-1200
25-44	0600-1000, 2200-2400
45+	0600-0800

Source: AC Nielsen Radio Audience Measurement, March 19-April 20, 2003.

**d. Loyalty to the radio stations**

Claimed loyalty (listened to only 1 station) is surprisingly very high.

<b>% Split of Listeners in Mumbai</b>				
Details	Radio Mirchi	Radio City	RED	GO
Only 1 Station	53	46	47	34
2 stations	32	34	20	25
3 stations	10	12	16	14
4 stations	4	5	10	19
5 stations	1	2	7	8

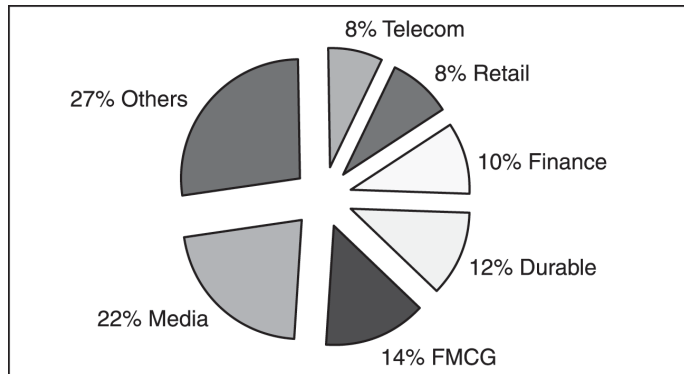
Source : AC Nielsen Radio Audience Measurement, March 19 - April 20, 2003

**2. Current advertisers on FM & their strategies**

To get directions on strategy of the current advertisers, we monitored the private FM stations over a 6 week period during Aug-Sep'2003 for Mumbai city only. The results of this exercise are given below:

**a. Top Categories**

FMCG, durables and media houses are the top three categories as shown below:



Source : Globestar Monitoring, Madison Media Analysis

**b. Channels Used**

Most of the top advertisers use 2-3 channels, to achieve maximum impact. Below are the top 10 advertisers on private FM channels in Mumbai between Aug 9 - Sep 16, 2003 and the number of stations they have used:

Brand Name	Rank	Go 92.5	Radio City	Radio Mirchi	RED	Win 94.6
Panasonic	1					
Panasonic Battery	2					
Humdard Safi	3					
Sony TV	4					
Jeeva	5					
Air Tel	6					
Lifebuoy	7					
Zee TV	8					
Cycle Agarbatti	9					
Fun Republic	10					

Source : Globestar Monitoring, Madison Media Analysis

In absence of reliable research on listenership, most advertisers prefer to spread their FM monies to minimize risk. Exceptions are television channels like Aaj Tak and Star Plus which have obviously limited their advertising to the radio channel owned by their networks.

**c. Spotting pattern**

The total number of spots used is 8-10 per day. If the plan has multiple stations, 4-6 spots per station are used per day. Below are the spotting pattern for the same advertisers in Mumbai private FM stations between Aug 9 - Sep 16, 2003.

Brand	Spots/Wk	Spots/Day	Spots/Wk Per Station	Spots/Day Per Station
Panasonic	85	12	42	6
Panasonic Battery	59	8	29	4
Humdard Safi	108	15	54	8
Sony TV	80	11	20	3
Jeeva	48	7	48	7
Air Tel	41	6	20	3
Lifebuoy	40	6	20	3
Zee TV	40	6	13	2
Cycle Agarbatti	39	6	13	2
Fun Republic	60	9	30	4

Source : Globestar Monitoring, Madison Media Analysis

**d. Distribution of spots across day-parts**

Most of the top advertisers have substantial spots in the afternoon band. In fact only about 10-15% of total spots are in the much-hyped morning prime or in the evening prime bands. While this could be attributed to the deal structure entered into by these advertisers with the various stations, the fact still remains that the consumer is exposed to over 60% of the messages in the “non prime” band.

# Spots	Time Band			
	Afternoon	Early Evening	Evening Prime	Morning Prime
Panasonic	47%	22%	17%	15%
Panasonic Battery	52%	18%	14%	15%
Humdard Safi	32%	17%	31%	20%
Sony TV	18%	22%	41%	19%
Jeeva	66%	20%	13%	0%
Air Tel	41%	24%	23%	12%
Lifebuoy	62%	7%	19%	11%
Zee TV	36%	11%	16%	37%
Cycle Agarbatti	40%	19%	32%	8%
Fun Republic	18%	18%	35%	29%

Source : Globestar Monitoring, Madison Media Analysis

**3. Learning from radio mature markets**

**a. Role of radio**

Research from Millward Brown and Radio Marketing Bureau, Canada indicates that there are four basic uses of radio in a TV heavy campaign :

1. Radio adds incremental reach over TV
2. If the same message is used in TV and radio, “Messaging Resonance” is attained - the campaign gets incremental frequency. This effect is usually most pronounced among light TV viewers. Although resonance does not increase reach, it indeed influences brand response beyond awareness - providing incremental message integration and purchase intent
3. Radio provides additional reasons for a brand’s claims & increases believability
4. Slows the decay in the TV ad recall

#### b. Radio Works !!!!

There is further evidence from single source research done for radio & TV ads in USA & Europe, which suggest that, Radio Works!!! Excerpts from some of the research :

1. In the 1980s the Pre-Testing Company tested the immediate effect of recall for both TV and Radio ads. It was found **radio ads were remembered 70% as well as the TV ads**. This study repeated over several years has yielded similar results.
2. In 1987, Capital Radio in the UK conducted a telephone recall study of about 200 ads that ran over TV and Radio channels - where only if the respondent recalled details of an execution, the recall was counted. Average for TV was 31-34% and Radio was 27%. Hence **Radio was about 80% as effective as TV in triggering ad recall**.
3. A 1997 study in Canada by Radio Marketing Bureau found that **aided recall for Radio ads was 83% that of TV**.

#### c. Radio: A cost efficient medium to build awareness

Through the research efforts of Radio Advertising Bureau, UK and USA, the cost-effectiveness of radio has been inarguably proved and documented. A celebrated study - “Radio Multiplier Study” conducted by Radio Advertising

Bureau, UK tried to pin-point radio’s cost-effectiveness vis-à-vis Television. Effectiveness here was defined as increment in advertising awareness. The study tracked perceptions amongst consumers aged 16-44 years for 17 brands advertised in two media-comparable areas, Coventry and Derby. For each brand, one town had radio advertising but the other did not, while TV advertising was the same in both towns. Millward Brown modeled effectiveness in terms of awareness index. Across the 17 brands,

- ◆ the average awareness index for Radio was 3
- ◆ the average awareness index for TV was 5

Radio, was therefore three-fifth as effective as TV. TV costs were roughly seven times that of radio costs. **The bottom line learning is if one reallocates 10% of TV budgets to radio, the campaign’s efficiency increases by 15% in building ad-recall.**

#### 4. FM in India - The future

The main problem plaguing the Indian FM industry is the mismatch of revenues to the high operating costs. The license fees paid by the operators in Mumbai alone, for the first year of operation is close to Rs 50 Cr- the revenues from Mumbai are estimated to be only around Rs 22 Cr annually. As a result the existing players, with the exception of WIN 94.6 and twin stations of Amar and Power in Calcutta, are part of top media houses, with pockets deep enough to absorb initial losses. In the face of such a revenue scenario, it is obvious why there is no experimentation with content - all the players are trying to cater to the biggest audience possible.

Industry sources reveal that a policy change is in the offing. As in the cellular phone industry, the Government has decided to roll out a one-time license fee and revenue sharing (pegged at 4% by the expert committee) and allow further players. The existing players who have already paid the previous license fee will be compensated either with licenses in new cities, where they would not have to pay a fee, or through some other mutually beneficial arrangement.

## Crystal gazing a few years ahead

- a. There will be a lot more channels - new players will enter. There should be multiple players in every city the Government opens up
- b. Channels will be able to cater to niches - although live news is not yet allowed, there is possibility of specialization like channels dedicated to old Hindi film music, traffic beat, college happenings, women's help lines etc.
- c. With newer niches being catered to, new audiences will probably tune in
- d. Rates that channels charge will become comparable to local cable TV rates and attract a lot more of retail advertisers. Mass brands, however, would continue to contribute to a significant share of the total revenue of the radio stations as they do currently.

Current Revenue Contribution Retail vs Non Retail		
Station Name	Retail	Non-Retail
Go 92.5	11%	89%
Radio City	10%	90%
Radio Mirchi	6%	94%
RED	14%	86%
Win 94.6	7%	93%
Grand Total	8%	92%

Source : Globestar Monitoring, Madison Media Analysis

- e. The industry will organize itself into forums like the Radio Advertising Bureau and fund neutral syndicated research on the lines TAM data for TV - there will thus be a single currency

## 5. How to use FM today? The Madison Media FM Sixer!

### 1. Target light TV viewers

Use FM to target medium and light TV viewers as they add significant incremental reach to the TV plan.

Analysis from NRS 2002 amongst two most commonly used target groups i.e. Males, Sec AB, 25 yrs+ and Females, Sec AB, 25 yrs+ suggest that radio can add 15-20% reach over TV amongst light TV viewers

### % Incremental reach of Radio over C&S TV

Males, 25 yrs +, SEC AB			
Markets	Heavy	Medium	Light
All 8 Metros	4	11	20
Ahmedabad	4	13	16
Bangalore	3	5	7
Kolkatta	7	14	24
Delhi	7	13	16
Hyderabad	2	6	17
Chennai	2	16	11
Mumbai	1	5	17
Pune	15	25	18

Females, 25 yrs +, SEC AB			
Markets	Heavy	Medium	Light
All 8 Metros	6	10	19
Ahmedabad	7	6	10
Bangalore	5	17	0
Kolkatta	7	15	26
Delhi	9	10	14
Hyderabad	4	5	10
Chennai	6	12	13
Mumbai	2	4	3
Pune	20	17	45

Note : In the table above radio should be read as "any radio" as it is based on NRS 2002 data; "any radio" can be equated to FM in these cities.

### 2. Be creative - do not just use the soundtrack of your TV commercial

Instead use a customised commercial for radio. A commercial created for radio that synergises with the TV campaign is the best bet

### 3. Station Usage

In a multi-station FM market, spread your budget with at least two stations thereby reducing the risk of "not being heard"

### 4. Spotting Pattern

Schedule at least 6 spots per day per station chosen to create sufficient salience. If budgets are a constraint, compromise on length of campaign

### 5. Time bands

Instead of spreading RODP spots through the day/week, focus on the time bands that work for your target audience - e.g early morning traffic time for working men and afternoons for housewives, even if they are at a marginal premium

### 6. Look beyond plain spot buys

RJ mentions, contests, interstitials and fillers are only a few of the innovations the stations would agree to. Use every opportunity to get your brand idea to the consumer like integrating the brand message with regular programming

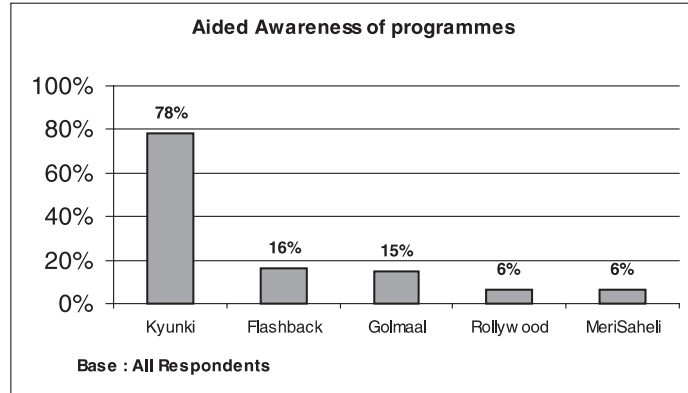


### Understanding Radio Operas - A Madison Media Study

Madison Media during the first week of December'03 conducted a dipstick in Mumbai amongst 100 housewives in SEC ABC to understand the impact of the recently launched popular soap operas like Kyunki Saas Bhi Kabhi Bahu Thi, Saans and other new programmes on Radio City. The top lines of this dipstick are as follows:

- Radio City and Radio Mirchi top the listenership charts
- There is no specific programme listenership or loyalty. 53% of the respondents named “film songs” as the “programme normally listened to” at the unaided level
- The spontaneous awareness of the new programme on Radio City was low probably as the promotions had just begun

- However, a large number when prompted recalled the new programmes on Radio City with Kyunki at a whopping 78% as can be seen in the chart:



- Nearly a fourth of the respondents claimed to have already tuned into Kyunki at the time of the dipstick

### Madison Media wins M.AD Quiz 2003 !

Madison Media’s two-member team of Rajiv Gopinath and Jaydeep Chaudhuri won this year’s M.AD Quiz (the Marketing and Advertising Quiz),

organized by the Bombay Ad Club on December 12th, 2003 at the City Studio, Lower Parel. The quiz master was Derek O’Brien.

**CONGRATS RAJIV & JAYDEEP**  
from all of us at **MADISON MEDIA**



Comments, queries welcome at : [mmrc@madisonindia.com](mailto:mmrc@madisonindia.com)