Rage Against the Machines

"Making predictions is so hard, especially about the future"

- *Yogi Berra*

It is not without some satisfaction to know that 2017 was a disruptive year for digital advertising. Proctor and Gamble and JP Morgan pulled over $200 million dollars out of their digital ad budgets based on poor ROI results, or to use digital's term, ROAS or Return on Ad Spend. Meanwhile, Facebook has endured blistering criticism and scrutiny about the accuracy of their audience data and reporting standards.

Adding to client rage is the nagging issue of bots, malware, and the environment of what sites are carrying a client's image through the numerous, unknown third party "networks". It is now projected that audience fraud, which is mostly ads seen or heard by non-humans, will approach a worldwide loss for clients of $16.1 billion with a B in 2017.

Material disruption in any industry always leads to significant change and opportunity for other industries to advance and so it is that 2018 should finally be the year that Radio and its pure digital platforms begin to receive the value and respect from major advertisers that Radio so richly deserves.

And here is why:

According to Ad Age, 64% of marketers are unclear about the origins of their data sources, and three of four admit they are not confident that their digital ads are reaching the right people. In an effort to make their ad budgets work harder and provide more return on investment, advertisers are starting to demand more transparency from the digital giants, including transparency on fees, which could cause consolidation for digital media buying.

The trend towards actually knowing if major brands are reaching their target will continue as Amazon looms over every marketer's thinking. Without fanfare, Amazon has created a one-billion dollar a year digital advertising monster convincing vendors to spend their advertising on Amazon's platform. Kroger has launched a similar model for its vendors, touting its loyalty program and consumer shopping habits. There has never been a more disruptive time for media spending at all levels and in all media.

According to GroupM, the projected share of media in 2018 will perform as follows:

43.3% for TV – 33.1% for Digital – 10.9% for magazines – 6.2% for newspaper – 4.2% for Radio – 2.4% for out of home. Additionally, when asked, 97% of agencies will invest in social media site Facebook, 64% will use Instagram, 60% will use YouTube, and 38% will still invest in Twitter.

Despite all of its ad fraud, lack of accurate consumer targeting, poor commercial and image environments, and documented non-human viewership, digital remains as broadcast Radio and

TV’s main ad budget killer. Our collective response to digital’s encroachment on “our clients” is either aggressive denial or worse, a belief that if we keep staying the course on how Radio does business, we will survive. Right.

May we suggest a better approach to growing our industry?

Let’s join the client conversation.

Radio needs to be in “the room where it happens” when target marketing, same store sales, market share, conversion rates, brand awareness, and actual, documented audience delivery is discussed. Not at the buyer’s desk, but at the planning meeting and the account team meetings and preferably, at the client meetings. The Internet Advertising Bureau continually hosts client industry events on both coasts using various aspects of internet advertising to begin (and continue) a conversation with clients. Radio should host its own industry summits; not just to sell, but to help facilitate the dialog and learn how best to blend Radio’s strength with client advertising goals and concerns.

We recently spoke to 350 auto executives at a J.D. Power Auto Conference in Los Angeles as the run up to the massive LA Auto Show. We met with astute auto industry people who asked solid questions about Radio and professed a lack of awareness of Radio as “digital is the big dog now”. It became obvious to us that if we could speak (and listen) to these executives at these types of conferences every month, we could change budgets, minds, and yes, misconceptions about Radio and our digital platforms.

Rediscover Radio.

From audience cume and TSL listener growth, Radio’s popularity, as measured by Nielsen’s actual listening data, (and not bots) is at an all time high with a 97% reach of the U.S. population. No other digital media can claim such audience reach, not even TV.

The commercial environment offered by Radio is filled with engagement, personality, peer to peer relatability, attentive and captured consumers in their vehicles, and a trust and believability from its listeners that no other media enjoys. And it’s all delivered in real time.

There are no ad blockers with Radio, no “skip this ad after 5 seconds” links, and certainly no doubt as to the target audience each Radio station is reaching. And since Radio licenses are still controlled by the FCC, clients can be assured their message will not be heard surrounding vulgar, racist, or unsavory programming. A client’s public image should be everything.

Radio’s digital platforms are real, measured, and highly targeted.

Radio’s digital platforms, mobile apps, and social media extensions are the ideal media full circle touch point. With broadcast Radio providing the needed reach and targetability, clients can then utilize the same station digital offerings to reach the same loyal audience again, in a different environment. And with a visual ad that complements the audio ad, and on a different device, and all at a different time of day. Imagine the client’s message mentioned to the morning team’s twitter following or at station sponsored concert or event? Imagine the trust clients have just built for their brand, and the affinity associated with their targeted consumer.

Can we also discuss zero ad fraud with Radio’s digital platforms?

The average Radio station in the U.S. in 2017 generated 90% of its revenue from over the air commercials, NTR and events, and 10% from its digital platforms. The cold reality is that percentage has not changes in years. If Radio is to grow its digital revenue, it must learn to collaborate with its clients in new, forward thinking partnerships that allow for multi media ad spending while increasing Radio's voice and spend in these right-brain conversations.

Radio can "rage against the machines" but it's a non-productive emotion. If we know "the machines", their strengths and their weaknesses, then Radio has the unique and enviable ability to adapt and grow with any of our clients and their digital partners. We will not be a tag along, but rather the equal and powerful partner that we are.

If the Radio industry develops this positive approach to creating value with a deeper dialog about our digital and broadcast worth, we will then be serving our clients with richer and more robust solutions to their growing marketing and competitive challenges.

We can "rage against the machines" or we can harness our inherent value and grow with them.

We can control our Radio's destiny, and our own.

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