

**Radio Advertising Decision-Making  
in the  
Tri-State -- Huntington, West Virginia;  
Ashland, Kentucky; and Ironton, Ohio  
Radio Market**

**A Thesis  
Presented to the Faculty of the  
W. Page Pitt School of Journalism and Mass Communications  
at Marshall University**

**In Partial Fulfillment  
of the Requirements for the Degree of  
Master of Arts in Journalism and Mass Communications**

**by**

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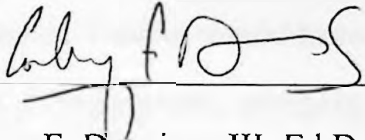
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This thesis was accepted as meeting the research requirement for the degree of Master of Arts in Journalism and Mass Communications.



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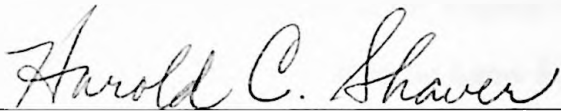
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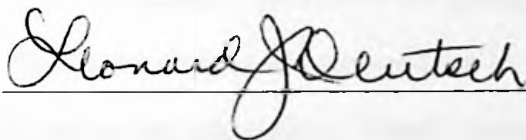
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## CHAPTER ONE

### INTRODUCTION

Modern radio came into being November 2, 1920, in Pittsburgh, Pennsylvania. The nation's first federally-licensed radio station, KDKA, broadcast the Harding-Cox election returns:

These words changed our world forever . . . 'This is KDKA of the Westinghouse Electric and Manufacturing Company in East Pittsburgh, Pennsylvania. We shall now broadcast the election returns . . . ' (StratiComm America 2).

The first radio announcer, or disc jockey, was ham radio operator Frank Conrad of Westinghouse. In 1919, Conrad played records supplied by a local store in exchange for free plugs on the air, the equivalent of today's bartering or trading in which stations receive merchandise from a business or company in exchange for radio commercial time (Warner and Buchman 247). The forerunner of today's KCBS in San Francisco, KQW in San Jose, California, claims to be the first radio station in existence, beginning as far back as 1909. However, KQW accepted no advertising until 1925 (StratiComm America 4).

In the beginning, radio advertising was considered in very poor taste. Dr. Lee De Forest, the creator of the vacuum tube, said:

What have you done with my child? You have sent him out on the street in rags of ragtime to collect money from all and sundry. You have made of him a laughing-stock of intelligence, surely a stench in the nostrils of the gods of the ionosphere (StratiComm America 4).

The founder of NBC, David Sarnoff, said " . . . radio should be a public service medium 'untainted' by money-making, and the costs be borne by set manufacturers, distributors, and retailers." Secretary of commerce at the time and later president of the United States, Herbert Hoover "was shocked at the prospect of radio being 'drowned in

advertising chatter” (StratiComm America 4).

Advertising on radio dates back to the early part of the 20th century:

As early as 1922, station WEAF had sold radio time for ten-minute talks on behalf of a Long Island real estate company that was selling lots. Then major companies began to sponsor programs. A department store paid for an hour-long musical program. A tobacco company sponsored a radio variety show. A candy company presented two comedians. The public was much drawn to these shows, and audiences wanted more. At first, these sponsors made no direct advertising appeal for their products. Their name was simply mentioned as sponsor or the program was titled after the name of the product. This form of subtle advertising found little criticism. The general goal of sponsoring such a program was to create goodwill among the audience (DeFleur and Ball-Rokeach 105).

WEAF in New York, owned by AT&T, ran the very first radio commercial ever for the Queensborough Corporation on August 28, 1922. Queensborough needed to obtain renters for the Hawthorne Court apartments in Jackson Heights. Griffin Radio Service, the first radio rep [national or regional sales representative firm specializing in selling avails on many stations in different markets to national or regional advertisers (Warner and Buchman 436)], sold ten minutes of air time for \$100 to Queensborough. Even though audiences were small in that day, all of the apartments were rented and Queensborough continued to use the radio medium to rent and sell its other properties (StratiComm America 4).

The copy for the first radio commercial was:

‘Let me join upon you as you value your health and your hopes and your home happiness, to get away from the solid masses of brick, where the meager opening admitting a slant of sunlight is mockingly called a light shaft, and where children grow up starved for a run over a patch of grass and the sight of a tree . . . Friends, you owe it to yourself and your family to leave the congested city and enjoy what nature intended you to

enjoy. Visit our new apartment homes in Hawthorne Court, Jackson Heights, where you may enjoy life in a friendly environment' (StratiComm America 4).

In the 1920s and on through the 1930s, many businesses built their brands through radio advertising, including: American Express, AT&T, Budweiser, Procter & Gamble, Ford Motor, Coca-Cola, Ralston Purina, Colgate-Palmolive, Chevrolet, Metropolitan Life, General Electric, General Motors, and Quaker Oats. Even in the worst times of the Great Depression, advertisers were spending \$600,000 a year in radio with sales gradually improving as the economy improved. Pioneer advertisers had to work a little harder to sell their products. They were allowed "no price-and-item hard sell, no mention of competitors, no sound effects." The following is an example of a sponsorship: "These facilities are now engaged by (name of sponsor) for the broadcasting of (name of program)." As one might imagine, creativity did not exist (StratiComm America 8).

At the close of the 1920s, the stock market crashed. However, "radio rose to new heights: 618 stations on the air, nine million households (30%) owning at least one set. Advertisers spent . . . \$35-40 million locally in 1929" (StratiComm America 8).

Even in the early 1920s a profit was to be made by both businesses and the radio stations:

At first, advertising was restrained and dignified. Soon, however, it became increasingly direct and to the point. It would be incorrect to say the public welcomed advertising, but it is certainly true that it welcomed what advertising revenue made possible. People were willing to hear the sponsor's pitch in order to be able to listen to their programs (DeFleur and Ball-Rokeach 106).

Even in 1941, advertising experts, including Otto Kleppner, were writing about choosing radio station(s) on which to advertise:

**Selecting the station.** In choosing the station or stations for the broadcast, we do so with these considerations in mind:

1. Territory to be reached.
  2. Stations available in that territory
  3. *Potential* audience of a station.
  4. *Actual* audience of a station.
  5. Availability of desirable time on that station.
  6. Adjacent and competing programs.
- (Kleppner 338).

Kleppner wrote that advertisers should pick the area that they are most anxious to reach, the large city or the small town, and that advertisers should choose a station that reaches or covers that particular area. Next, advertisers should find out the potential audience the station is able to reach. Then, advertisers should find out the actual audience the station reaches. "Two stations in town may have the same potential coverage, yet one may be far more popular than the other, may have more listeners, and may give an advertiser a larger audience for his messages" (Kleppner 338, 340):

It may carry the big-time network show; it may carry a particularly popular network show; it may have an enthusiastic local following; its management may have been more alert in tying up with community events; it may have developed a certain type of following by its general policies and programs (Kleppner 340-341).

During World War II, families crowded into their living rooms to listen to Franklin D. Roosevelt's famous fireside chats. They listened carefully as Edward R. Murrow described wartime Europe (Pirto 40). Listeners were getting what they wanted -- entertainment and news. Businesses were getting what they wanted -- customers buying their products and services. Radio stations were getting what they wanted -- advertising dollars. The arrangement was fine until television came along.

Television competed with radio during the postwar years. At first radio kept up with television by claiming that people have grown so loyal to radio, they would never "be lured away to a flashy new thing like television" (DeFleur and Ball-Rokeach 109). However, as families could afford to buy television sets, they began turning off their radios:

Or, to put it in the language of structural functionalism, radio had been satisfying certain needs within the American society as a social system; when a more effective functional alternative became widely available, the earlier medium had to change or become obsolete (DeFleur and Ball-Rokeach 109).

Radio was removed from the living rooms of Americans and placed in cars, at work, on beaches, in kitchens, and in bedrooms. Transistors and solid state technology kept radio from postwar decline, like that of motion picture theaters when television came along (DeFleur and Ball-Rokeach 110). Now people listen to radio when they can not watch television. They wake up to radio on clock radios and listen while they eat breakfast. They drive to work with radio. Some people listen to radio at work. They drive home with radio. When they get home, on comes the television set. In 1989, radio remained "... one of the most massive of our mass media in terms of the ownership of sets ... Americans now own well over five and a half sets per household" (DeFleur and Ball-Rokeach 110).

"Americans now [1994] demand unlimited access to radio, just as they assume that all houses have electricity. Radio has 'become part of the culture,' says Gary Fries, president of the Radio Advertising Bureau (RAB)" (Piirto 40). Currently, out of every 100 U.S. households, 99 have at least one radio. In addition, the average home has 5.6 radios (Piirto 40).

### **INTRODUCTION TO THE PROBLEM**

Otnes and Faber reviewed advertising research literature in 1989. They found that "... less than 4 percent of the articles in two major advertising publications directly addressed issues pertaining to local advertising spending or decision making." More research should examine the media perceptions and decision-making processes of local advertisers because it is extremely important for media to find and maintain additional advertisers (Nowak, Cameron, and Krugman 39).

Advertising effectiveness is very important, yet little research has been conducted in this area. “Good planning and control of advertising depend critically on measures of advertising effectiveness” (Helgesen 22). In 1991, Lotler quoted Forrester (1959) as saying the following:

I doubt if there is any other function in industry where management bases so much expenditure on such scanty knowledge . . . probably no more than 1/5 of 1 percent of total advertising expenditure is used to achieve enduring understanding of how to spend the other 99.8% (qtd. in Helgesen 22).

Kotler refers to an idea dating back more than thirty years ago. Does the same hold true today? In 1991, Chris Whittle, at the Annual Conference of the Advertising Research Foundation said, “Advertising may work, but too much research is devoted to measuring everything but effectiveness” (Helgesen 22).

Over the past twenty years, many references have been made to the need for relevant and valid advertising research, including Calder in 1977, Zaltman and Moorman in 1987, and Aaker, Batra, and Myers in 1992. These individuals and others have come to the conclusion that little is known about the effectiveness of advertising, while the amount of advertising is continually increasing. The estimated global advertising billings, in measured media and markets, increased from \$199 billion in 1987 to \$265 billion in 1990 (Helgesen 22).

Most of the research conducted on local advertising to date “has relied on content analyses to identify differences between local and national advertisements”(Nowak, Cameron, and Krugman 40). These types of studies have been helpful as far as creative strategies and approaches are concerned; however, they do not provide a look into the criteria local businesses use when making their advertising decisions. Even most textbooks outline what local advertising is and what options are available to local advertisers, but they often fail to mention the actual local advertiser practices or their advertising decision-making processes (Nowak, Cameron, and Krugman 40).



The question of how Tri-State area businesses decide which radio stations to use for their advertising is of great importance to the hundreds of radio sales representatives, sales managers, and general managers in the Tri-State area. The Tri-State metro area is made up of Cabell and Wayne Counties in West Virginia; Boyd, Carter, and Greenup Counties in Kentucky; and Lawrence County in Ohio (Arbitron Fall 1996, 2). There are 29 radio station signals in this area (23 listed with Arbitron plus six additional stations not rated by Arbitron). The business community comes from three cities in three states: Huntington, West Virginia; Ashland, Kentucky; and Ironton, Ohio, in addition to surrounding smaller cities and communities (Arbitron Fall 1996, 5-5.1).

The research in this study will help sales representatives and managers become better informed as to why Tri-State area business people are advertising and where they are advertising. It will also allow Tri-State area sales representatives and managers to gear their sales presentations and approaches toward the needs and wants of the business people of the Tri-State. In addition, this research has emphasized radio's selling points. It will not only allow radio station managers and sales representatives to better understand why local businesses choose one radio station over another, but it will also show them the reasons why businesses should use radio for advertising. In addition, this research will present what Tri-State area radio advertisers believe to be the most important reasons for using radio and particular radio stations in this area. This new understanding will enable Tri-State area sales managers and representatives to obtain the advertising dollars for their station(s) and keep the money out of the hands of competing radio stations and media (i.e. newspapers, television stations, magazines, etc.).

## **THE PROBLEM**

### **Statement of the Problem**

Why do individual Tri-State area advertisers choose to advertise on one radio station instead of another?

In general, the rationality of advertising decision-making suffers from severe deficiencies:

Among the most important faults are lack of empirically-grounded and operationally-defined marketing objectives, making a definition of logically adherent and operationally-defined advertising objectives impossible. Also, vague descriptions of advertising objectives, arbitrary budget and media decisions, and lack of control with the advertising results further reduce the rationality (Helgesen 29-30).

Another reason advertising decisions are ineffective is poor company decision-making rules, allowing advertising decision-makers different routes to escape control.

There are arguments that radio research is a waste of time because radio only makes up a small percentage of total advertising dollars spent. Researchers must decide whether the 6.9 billion dollars spent on radio advertising per year warrant studies conducted in this area. Another important fact is that radio reaches 96 percent of the nation's total population weekly. In addition to the great amount of money spent on radio advertising and the great reach radio offers, the average person listens to the radio three hours per day (Schiavone RC-11). Persons ages 12+ spend an average of 3 hours and 12 minutes listening to radio daily. These people spend an average of 4 hours and 42 minutes listening to radio on the weekend (Radio Advertising Bureau 1996). Radio also reaches, on a weekly basis, upscale audiences including 96.9 percent of adults ages 18 and up, making a total household income of \$50,000+ per year (Radio Advertising Bureau 1996). Weekly, radio reaches 97.5 percent of college graduates with \$50,000 per year household income (Radio Advertising Bureau 1996). Weekly, radio reaches 97.8 percent of all

professional/managerial adults ages 18+ in addition to reaching these same types of people who make \$50,000+ household income per year (Radio Advertising Bureau 1996).

Radio listeners buy cars. Of those who plan to make a purchase in the next 12 months, radio reaches (weekly) 95.4 percent of those who plan to buy a car, truck, or van; 95.8 percent of those who pay \$15,000+ for a vehicle; 95.5 percent of those who purchase a domestic vehicle; 95.9 percent of those who purchase an imported vehicle; 96.1 percent of those who purchase a new vehicle; 95.3 percent of those who buy a used vehicle; 95.1 percent of those who purchase a car; and 96.2 percent of all who buy vans or trucks (Radio Advertising Bureau 1996).

Radio listeners buy groceries. "Radio Reaches 67.6 percent of all grocery shoppers every day" (Radio Advertising Bureau 1996). "Yesterday, more grocery purchasers were exposed to radio than any other medium" (Radio Advertising Bureau 1996).

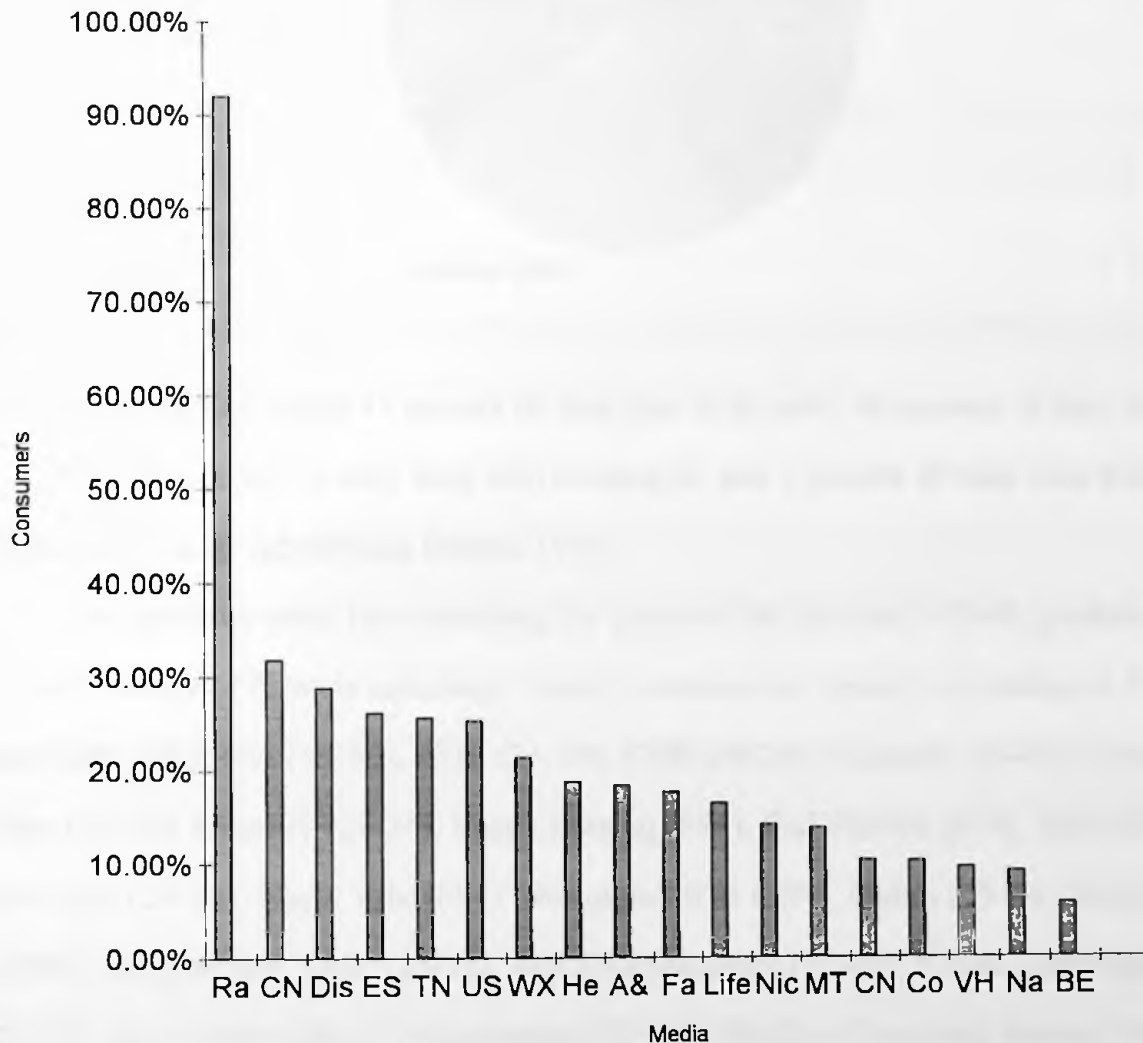
Daily, radio reaches those who have shopped in shopping malls in the last 4 weeks (69.6%), shopped in a department store in the last 3 months (69.7%), made a purchase in a discount store in the last 3 months (69.3%), bought clothing from a clothing store in the last 3 months (71.6%), shopped in wholesale/membership clubs during the last 3 month period (69.3%), purchased a department store gift certificate in the last year (71.2%), shopped at an appliance or electronics store in the last few months (70.4%), and shopped at a hardware or home supply store over the last three months (69.4%). "Yesterday, more purchasers of women's clothing were exposed to radio than any other medium" (Radio Advertising Bureau 1996).

"Radio reaches seven out of ten drug purchasers every day" (Radio Advertising Bureau 1996). "Radio reaches three out of four financial customers every day" (Radio Advertising Bureau 1996). "Radio reaches seven out of ten computer purchasers every day" (Radio Advertising Bureau 1996). "Radio reaches seven out of ten restaurant customers every day" (Radio Advertising Bureau 1996). "Radio reaches seven out of ten

beer and wine drinkers every day” (Radio Advertising Bureau 1996). Radio reaches an average of 70 percent of all travelers every day, 70 percent of all consumer electronics purchasers every day, and over 70 percent of all entertainment consumers every day (Radio Advertising Bureau 1996).

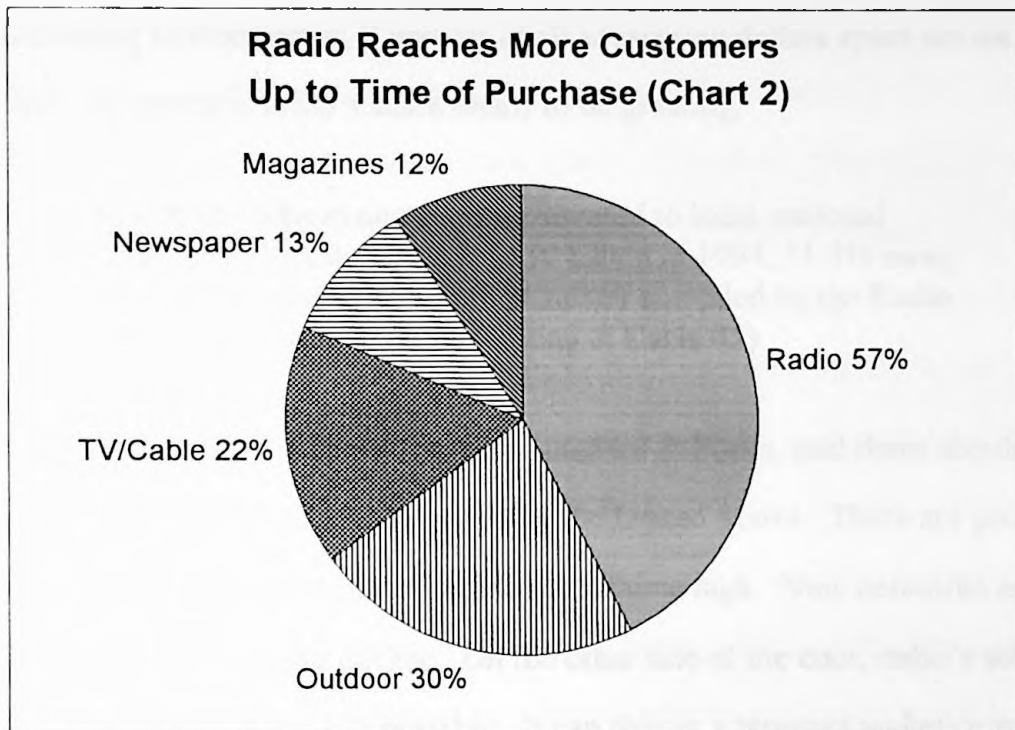
“Radio reaches more consumers than any cable networks;” more than CNN, Discovery, ESPN, TNT, USA, Weather Channel, Headline News, A&E, Family Channel, Lifetime, Nickelodeon, MTV, CNBC, Comedy, VH1, Nashville, and BET (Chart 1). Consumers are people who may buy products and are possible customers.

**Radio Reaches More Consumers Than Any Cable Networks (Chart 1)**



(Radio Advertising Bureau 1996).

Radio reaches more customers right up to time of purchase; more than outdoor advertising, television/cable, newspaper, and magazines (Chart 2). Customers are people who buy certain products and have already made up their minds to buy those products.



These same people spend 45 percent of their time with radio, 40 percent of their time with television, 10 percent of their time with newspaper, and 5 percent of their time with magazines (Radio Advertising Bureau 1996).

In addition, radio has something for people of all ages and of both genders through its wide variety of formats including: Adult Contemporary (mainly appealing to 25-34 year olds), All News (45-54), AOR (25-34), CHR (18-24), Classical (35-44), Classic Rock (25-34), Country (25-34), Easy Listening (65+), Full Service (65+), Jazz (35-44), New Age (25-34), News Talk (65+), Nostalgia/MOR (65+), Oldies (35-44), Religious (35-44), Rhythm and Blues (25-34), Soft Contemporary (35-44), Urban Contemporary (25-34), and Variety (Block Programming) (25-54) (Radio Advertising Bureau 1996).

As relaxed ownership laws have come about, larger radio groups are developing. Fritz Beesemyer, senior vice president, media, Oppenheimer & Co., says that "the radio industry is probably in the best position it's been in for decades and will be the best-positioned medium for at least the next five years" (Broadcasting & Cable 45).

According to Beesemyer, 7 percent of all advertising dollars spent are on radio commercials. In addition, radio's share seems to be growing:

Combined advertising revenue devoted to local, national and network radio exceeded \$10 billion in 1994, 11.3% more in 1993, according to a market survey compiled by the Radio Advertising Bureau (Broadcasting & Cable 45).

In 1995, William Donald, media analyst with Standard & Poors, said there should be a 7.5 percent gain in total advertising dollars spent in the United States. There are problems with network television. Channel surfing is at an all time high. New networks appear daily. Viewership continues to decline. On the other side of the coin, radio's selling points are stronger than ever. It's portable. It can deliver a targeted audience and reach consumers close to the point of purchase (Broadcasting & Cable 45).

The radio advertising growth rate continues "... to outpace all other measured media (TV, daily newspapers, magazines) except cable" (Veronis, Suhler & Associates, Inc. 1). By the year 1999, radio's share of measured media advertising will rise to 12 percent. Total radio advertising is expected to go up to \$14.5 billion in 1999, from \$10.3 billion in 1994. Total radio advertising will grow at a 7.1 percent compounded annual rate. As far as local radio advertising is concerned, it "will increase at an estimated 7.4 percent rate and national radio advertising at a 6.0 percent rate" (Veronis, Suhler & Associates, Inc. 1). Total radio advertising has increased 4.3 percent compounded annually, 4.9 percent for local and 2.6 percent for national, over the past five years. Local radio advertising spending is expected to increase at a 7.4 percent compound annual rate,

to \$11.4 billion by the year 1999. Local advertising growth, in the last five-year period, averaged 4.9 percent compounded annually:

As the economy moderates, local radio's targeting advantage and favorable unit costs should help it expand faster than television stations and daily newspapers (Veronis, Suhler & Associates, Inc. 1).

The uses and gratifications theory provides another answer as to why Tri-State area businesses advertise on one radio station instead of another. This theory looks at why individuals choose certain media outlets. A person will seek a medium to gratify a need. People will not always sit and listen to someone or something who/that differs with their opinions, beliefs, and attitudes. However, people are comfortable with and will listen to messages that are consistent with their own. People look for messages that will reinforce their opinions, beliefs, and attitudes, not those that are contrary to their views (Vivian 286). This study will investigate whether Tri-State area radio advertisers advertise on radio stations they themselves enjoy, stations with agreeable messages, or stations where they have good interpersonal relationships with the sales representative. Radio listeners, including prospective advertisers and prospective customers, do more than simply listen to radio:

They identify with their favorite radio station. They select one or two stations that match their lifestyle. Each station's programming meets the unique needs for entertainment and companionship of its listeners (Radio Advertising Bureau 1996).

According to Arbitron, the average person has two or three different radio stations he or she listens to. However, one station is usually labeled his or her favorite. Gary Fries, president of RAB, says, "People develop a special relationship with one station." They also converse about their favorite station like they own it (Piiro 40).

All advertisers should choose radio as their primary medium for selling their products and services:

There is no other media option that allows you to establish

an immediate, personal, one-to-one relationship with consumers. With selective Radio, you can target your best prospects. With cost efficient Radio, you can afford to deliver the message frequency that is necessary to reach today's busy customer. And with mobile Radio, you can reach and influence consumers wherever they are and whatever they're doing - just prior to purchasing your product or service . . . You want to establish a relationship with your customers. Radio listeners are almost fanatically loyal to their favorite stations and personalities, and as a result, they spend more time with Radio than with any other medium (Radio Advertising Bureau 1996).

Businesses should match their advertising dollars with radio stations that will expose their businesses to people who are prospective customers. Demographics are defined as "the classification of an audience by social and economic characteristics. Among the characteristics commonly used for demographic classification are age, gender, race, income, education, and employment status" (Warner and Buchman 432).

### **Demographics and ratings**

Demographics first appeared in a 1934 Starch personal interview survey of 80,000 adults. In late 1936, A.C. Nielsen introduced the audiometer. This type of measurement calculated radio audiences and program popularity. Nielsen continued measuring radio until the 1960s (StratiComm America 12).

Before the 1930s, there was no ongoing scientific research conducted on radio listening patterns. The only key to measuring audiences was station fan mail or responses to promotions. These factors gauged audience size and attention. In the 1920s, Atwater Kent, a leading radio set manufacturer, sent out Radio Log forms. Listeners were asked to record what stations they could pick up, the city, and the dial position. This is possibly the earliest form of diary research. In the early 1930s, Hygrade Radio Tubes passed out "My Favorite Broadcasts" weekly diaries. Included at the bottom of every diary page was a plug for their business: "Hygrade Broadcasts The Weather Every Day" (StratiComm 12).



Crossley, Inc., on behalf of the Cooperative Analysis of Broadcasting in 1930, conducted the first major national audience study. Forty-eight thousand people were interviewed by telephone in 33 markets. It was found that "75% of set owners listened on the average day . . . a figure virtually unchanged over 65 years" (StratiComm 12).

C.E. Hooper brought about national Hooperatings in 1934. This type of radio ratings lasted until 1950 when the Nielsen company bought the Hooper company keeping the Hooper name even after the buyout. Hooperatings broke down market-by-market personal audience surveys using the telephone coincidental approach. When the growth of out-of-home listening and multi-set ownership came about, radio's true audience size was very understated. It is at this time when Pulse, using aided recall through personal interviews, came about. Pulse asked "for the past week's listening . . . the first weekly cumes" (StratiComm America 12).

Today's radio ratings service leader is Arbitron:

The Arbitron Radio service provides estimates of the size and characteristics of local market radio audiences. One-week diaries are filled out by a sample of respondents age 12 and over in each market. The reports issued for each market are based on thirteen weeks of survey data.

The estimates provided by Arbitron provide age, sex, and place of listening in addition to duplication of radio station listening. Ethnic composition of the audience is also provided to each market (Radio Advertising Bureau 1996). Listening habits are also broken up into fifteen-minute time periods:

. . . from the top of the hour to fifteen after, from fifteen after to the half hour, and so forth. To simplify analysis, the ratings companies count someone as listening or viewing if he or she reports hearing a given station for five continuous minutes within a quarter hour. This is why many broadcast stations avoid placing commercials at the quarter hours; they hope to pull their listeners . . . at least five

minutes into the next quarter hour before giving them a reason to tune out. This quarter-hour structure may also affect the scheduling of contest and promotional announcements as stations attempt to retain their audience across several quarter hours (Warner and Buchman 144).

### **Demographics and radio formats**

Radio stations, after conducting research in a certain area, choose a format to reach certain people, of certain ages. According to the Radio Advertising Bureau, here are some of the more common radio formats in the United States and the age compositions of each (Table 1):

**Radio Formats (Table 1)**

Adult Contemporary (AC)	18-24 = 16.3%
	25-34 = 25.3%
	35-44 = 24.3%
	45-54 = 17.4%
	55-64 = 8.1%
	65+ = 8.6%
All News	18-24 = 8.3%
	25-34 = 15.1%
	35-44 = 19.2%
	45-54 = 21.2%
	55-64 = 16.8%
	65+ = 19.5%
AOR (Album Oriented Rock)	18-24 = 30.2%
	25-34 = 38.4%
	35-44 = 21.7%
	45-54 = 5.3%
	55-64 = 2.1%
	65+ = 2.4%
CHR (Contemporary Hit Radio)	18-24 = 32.9%
	25-34 = 31.8%
	35-44 = 20.4%
	45-54 = 8.9%
	55-64 = 3.3%
	65+ = 2.7%

Classical	18-24 = 6.8%
	25-34 = 11.0%
	35-44 = 28.4%
	45-54 = 15.8%
	55-64 = 18.8%
	65+ = 21.3%
Classic Rock	18-24 = 22.7%
	25-34 = 39.0%
	35-44 = 28.8%
	45-54 = 7.7%
	55-64 = 1.4%
	65+ = 2.5%
Country	18-24 = 15.2%
	25-34 = 23.5%
	35-44 = 21.7%
	45-54 = 19.0%
	55-64 = 9.3%
	65+ = 11.3%
Easy Listening	18-24 = 4.7%
	25-34 = 19.6%
	35-44 = 13.6%
	45-54 = 15.1%
	55-64 = 21.2%
	65+ = 25.8%
Full Service	18-24 = 3.2%
	25-34 = 16.6%
	35-44 = 19.0%
	45-54 = 15.2%
	55-64 = 22.3%
	65+ = 23.8%
Jazz	18-24 = 11.9%
	25-34 = 23.1%
	35-44 = 31.3%
	45-54 = 10.4%
	55-64 = 11.2%
	65+ = 12.2%

New Age	18-24 = 22.7%
	25-34 = 37.6%
	35-44 = 20.4%
	45-54 = 15.3%
	55-64 = 2.4%
	65+ = 1.5%
News Talk	18-24 = 3.6%
	25-34 = 13.5%
	35-44 = 20.0%
	45-54 = 21.7%
	55-64 = 16.8%
	65+ = 24.4%
Nostalgia/MOR	18-24 = 2.9%
	25-34 = 10.2%
	35-44 = 12.1%
	45-54 = 15.5%
	55-64 = 24.0%
	65+ = 35.3%
Oldies	18-24 = 8.4%
	25-34 = 18.8%
	35-44 = 39.0%
	45-54 = 19.5%
	55-64 = 7.1%
	65+ = 7.2%
Religious	18-24 = 8.1%
	25-34 = 23.0%
	35-44 = 26.9%
	45-54 = 18.8%
	55-64 = 10.2%
	65+ = 13.1%
Rhythm & Blues	18-24 = 10.5%
	25-34 = 45.5%
	35-44 = 10.3%
	45-54 = 12.1%
	55-64 = 7.5%
	65+ = 14.1%

Soft Contemporary	18-24 = 7.8%
	25-34 = 18.8%
	35-44 = 33.3%
	45-54 = 12.6%
	55-64 = 15.2%
	65+ = 12.2%
Urban Contemporary	18-24 = 22.1%
	25-34 = 28.8%
	35-44 = 29.3%
	45-54 = 8.5%
	55-64 = 5.3%
	65+ = 4.9%
Variety (Block Programming)	18-24 = 8.6%
	25-34 = 25.9%
	35-44 = 22.1%
	45-54 = 24.2%
	55-64 = 10.4%
	65+ = 8.8%

(Radio Advertising Bureau 1995).

If an advertiser's store mainly caters to men ages 18-44, advertisements should be placed on radio stations to which men ages 18-44 listen, such as classic rock stations, AOR stations, and CHR stations. For example, many FM radio stations bid on the radio rights for the broadcasting of NFL games. The stations know "... the demographics of their listeners often mirror those of football fans, who tend to be young and male (Crowe F-1).

### **Research questions**

Do the majority of Tri-State radio advertisers take the extremely important factor of demographics into account when placing ads on Tri-State area radio stations? Demographics of the business' customers and statistics showing that a radio station reaches people with those demographics are the most important factors when deciding on which radio stations to place advertising.

What factors do Tri-State area radio advertisers consider when deciding where to place radio advertising? This is an extremely important question to Tri-State radio sales representatives, sales managers, and general managers.

How do Tri-State radio advertisers make their radio advertising decisions? The purpose of this study is to seek information pertaining to these questions:

- 1.) Do Tri-State area radio advertisers consider their customers' demographics and the demographics of radio stations' listeners as the most important factors when deciding which radio stations to use?
- 2.) Do Tri-State area radio advertisers base their radio advertising decisions on the quality of the relationship between themselves and their sales representatives?
- 3.) Do Tri-State area radio advertisers choose to advertise on Tri-State radio stations to which they themselves enjoy listening?
- 4.) Do Tri-State area radio advertisers base their radio advertising decisions on the cost of radio advertising? and
- 5.) What other factors influence a Tri-State area business owner/manager to advertise on a certain Tri-State radio station?

### **Hypotheses**

- H1: Tri-State area radio advertisers do not consider the demographics a radio station targets and the demographics their business targets most important when buying advertising on Tri-State radio stations.
- H2: Tri-State area radio advertisers' radio advertising decisions are based on the quality of the relationship between themselves and their sales representatives.
- H3: Tri-State area radio advertisers advertise on Tri-State radio stations to which they themselves like to listen.
- H4: Tri-State area radio advertisers base their radio advertising decisions on the cost of a station's advertising.

### **Importance of the problem**

In the Huntington-Ashland-Ironton radio market alone, consumers spend more than \$2.5 billion annually in total retail sales (TAPSCAN). Radio station sales representatives must compete with other radio station sales representatives for the advertising dollars that Tri-State area radio advertisers spend to attract their share of the people who spend \$2.5 billion annually in total retail sales in our area.

If Tri-State radio sales representatives learn why Tri-State radio advertisers are advertising and what factors are important in their radio advertising decisions, they will be better prepared when approaching Tri-State area radio advertisers about buying radio advertising and they will close more sales.

It seems, when listening to radio stations in this area, that Tri-State area advertisers do not think the most important factor in advertising, demography, is in fact the most important decision-making factor when deciding on which Tri-State area radio station to advertise. Why is a cemetery company advertising on a hot AC/borderline CHR station? Why does a car repair shop only advertise on a gospel music station? Why does a fairly large grocery store with a big-name franchise advertise on a small, low-wattage AM radio station? It appears as if the cost of advertising, the relationship between sales reps and advertisers, and the advertisers' personal favorite formats are the deciding factors on which radio station to advertise.

It would also seem that Tri-State area radio advertisers think cost is one of the most important factors in making their Tri-State radio advertising decisions for the following reason:

Total advertising cost, however, was rated more important than the other media-selection factors . . . [with the exception of the number of people who will hear the ad and the ability to target/reach specific audiences] suggesting most local advertisers were not willing to pay (or pay more) for increased advertising frequency or for media that effectively reached the entire market. Further, local advertisers were more concerned

with total cost . . . than with cost per thousand--a sentiment that helps explain the relatively low-importance rating given to rate discounts or incentives (Nowak, Cameron, and Krugman 45).



## CHAPTER TWO

### REVIEW OF THE LITERATURE

#### Theoretical Framework

Radio Stations, consumers, and businesses are “interdependent units which work together to adapt to [a] changing environment” (Infante, Rancer, and Womack 539). The system perspective is the theoretical paradigm in which its followers view the “. . . true nature of reality [as] contained in systems...” such as the interdependent units listed in the previous sentence. The system perspective, “...based on the general systems theory of biologist Ludwig von Bertalanffy...” shows how communication systems are open systems interacting with their environments:

An organization communicates with customers, suppliers, the government, and other groups of individuals or institutions that form its environment. If it were a closed system which did not communicate with its environment, it would die. Closed systems tend toward entropy, chaos or total disorganization.

Organizations take in materials and information from their environments and transform the intake in some manner “. . . (such as using research information to create an advertising campaign),” then send the finished product back to their environments. Cybernetic systems strive to keep their environments balanced through the homeostasis process. This self-regulation comes about after a change in the environment takes place. “[T]he system adapts to maintain an equilibrium.” The equilibrium that comes about may not be the equilibrium point that came about before the change took place. However, the system comes to some sort of balance point (Infante, Rancer, and Womack 89-91).

Radio stations interact with all types of businesses in their communities.

Businesses interact with consumers and consumers/listeners interact with radio stations.

There is constant communication taking place between the three types of organizations. A radio sales representative goes into a business that sells products or services that persons (consumers) in the station's listening audience purchase. The sales representative learns all he or she can about the business and matches the business' goals with an effective advertising package that will create the necessary "traffic" the business needs to move its services or products. The business purchases the advertising package from the radio station sales representative. As the commercial schedule runs, listeners, a.k.a. consumers, hear the business' message and learn about the business' products or services. The listener/consumer then may go to the business, view the products or check out the services, and make a purchase. The business' traffic has increased because the radio advertising campaign reached the listeners/consumers who use the products or services of the business. The business is then pleased with the performance of the radio station and continues to use it for its advertising. It is a repetitive cycle. This is a classic example of how radio stations, consumers/listeners, and businesses are interdependent on one another for survival.

What happens if the types of businesses change in an area? What if over a period of years the population shifts, grows older, maybe the older members of the population move to retirement areas and younger population members now make up the area, or tastes simply change? A balance must be maintained. The environment has changed so the system must adapt to maintain an equilibrium. How can this occur? An example would be a radio station's format change. Research should be conducted to determine who is listening to the radio stations in the area and who is buying from the businesses in the area. What is the new demographic breakdown of the area? How old are the people? How about gender? Are males buying and listening or are females? Once these factors are determined the station can transform itself into the radio station playing the music or featuring the format these people enjoy and tune in to everyday. Radio sales representatives can now sell effective advertising packages to the businesses and reach the

consumers/listeners who purchase the products or services the businesses sell. A new equilibrium point has been reached. Homeostasis has occurred and the cycle continues.

### **Advertising definitions of radio stations and local advertisers**

Local advertisers are:

... companies, businesses, or establishments that primarily ... [serve] ... consumers (rather than other businesses) ... [operate] in a single, relatively narrow geographic area (i.e., a single county), and recently had used one or more advertising media ... (Nowak, Cameron, and Krugman 41).

Local advertising decision-makers are:

... individuals at these local business who ... [make] decisions regarding advertising spending and media use. Businesses that ... [rely] ... on outside consultants such as ad agencies to make advertising decisions ... [are not considered local advertising decision-makers] (Nowak, Cameron, and Krugman 41).

Radio stations are businesses. They must make a profit just like any other local business. Radio stations make a profit by generally selling 15, 30, and 60 second spots, to run on a commercial schedule to reach the people who buy the products the businesses sell. Advertisers buy these spots to expose the listeners to their businesses and entice the listeners to come to their businesses and check out their products or services before buying, and hopefully, buy from them. Almost half of all money spent on advertising is derived from local businesses and retail stores (Nowak, Cameron, and Krugman 39). Advertisers advertise locally to target their markets. They are in the business of “... capturing the attention and dollars of (their) local customers.” This is crucial to their business’s success (Adamczak 1).

### **An understanding of the decision-making process for local media**

Lately, it seems as though all local media have had to redesign their rate packages. They have also “formed advertising networks, created new audience delivery products,

resort[ed] to cross promotions, and/or implemented ‘value-added programs’” so that they may obtain advertising revenue from local businesses. The reason--an increase in competition among all media to obtain advertising dollars has “increased the complexity of local media planning and buying” (Nowak, Cameron and Krugman 39).

(Nowak, Cameron, and Krugman 39).

Radio sales representatives and managers must make sure local advertisers and prospective advertisers understand, implement, and care about market segmentation, microtargeting, and audience-delivery options (Nowak, Cameron, and Krugman 40).

It will be beneficial to Tri-State area radio sales representatives and managers to better understand the decision-making process of local advertisers:

... a group that, in terms of dollars spent, is one of the most significant groups in advertising ... Many established local media ... sales representatives likely have much to learn when it comes to servicing non-national accounts (Nowak, Cameron, and Krugman 40).

It is suggested that Tri-State area radio sales representatives and managers continuously take the necessary steps to emphasize radio advertising’s value and importance (Nowak, Cameron, and Krugman 48).

### **Main advertising goals and decision-making factors of advertisers**

When a person opens a business, their main advertising goals should be the following:

... to reach every possible customer ... to talk to prospects everywhere ... to pinpoint specific consumers for specific products and services ... to maximize your advertising investment by reaching your best prospects ... to break through competitive advertising clutter ... reach active, on-the-go customers ... (not) miss an opportunity to influence a purchasing decision ... to establish a relationship with your customers ... to make the most of your entire advertising program ... to respond to changes in the market at a moment’s notice ... (to)keep advertising costs under control ... (be) constantly looking for new ways to impact the market (Radio Advertising Bureau 1996).

Bernard Hodes in The Principles and Practice of Recruitment Advertising, shows the decisions advertisers should make when selecting what type(s) of media should be used for an advertising campaign. These same decisions should be made when choosing on what radio stations to advertise:

Which general type of medium should be used?  
Which specific media should be used?

Here . . . [is] . . . the most important [question] to consider when comparing media:

How effectively can the medium reach your audience?  
(Hodes 75).

For example, if a business is advertising in a publication, the greater the percentage of the publication's circulation that goes to people in the target audience, the more efficient the publication will be (Hodes 75). The same holds true for radio. If a radio station's ratings in a certain demographic are high, then more people in that specific demographic will be reached by the advertiser's message when it is placed on that station. The effect would be an increase in the business' traffic and the potential for an increase in profits.

Another question that advertisers need to ask themselves should be: "What amount of coverage does the medium provide?" What amount of coverage does a particular radio station provide? Coverage is the ". . . ability . . . to reach a certain percentage of homes or people in a given geographic area or group of people with particular common traits (Hodes 75).

### **Radio is everywhere**

The Radio Advertising Bureau, headquartered in New York City, states that ". . . approximately 97 million U.S. households have radios, with an average of five radios per household." It is also documented that ". . . the average person listens to the radio for about three hours a day" (Adamczak 2).

Walkmans, car radios, shower radios, and jamboxes or boomboxes have made radio portable. People take radio literally everywhere. They listen at home, at work, in their cars or trucks. They listen while they exercise. They listen while they mow the lawn. They listen while they travel. They listen while they commute to and from work. They listen while they wash their cars. "By selecting the station, program format and time of the broadcast, you can reach virtually any target market you want. When it comes to mass media, radio is often the best way to get the most from your advertising dollar" (Adamczak 2).

Radio is a mobile medium and still the only advertising medium available in cars, trucks, and other vehicles. This factor has helped radio keep its audience although the use of other media, such as cable television, home video, and video games, have increased (Veronis, Suhler & Associates, Inc. 2). Advertisers want to talk to prospects everywhere. "Radio is everywhere. It's an invited guest in virtually every home, car, and workplace in America." When people work, relax, exercise, travel, shop; whether these activities happen at home, while at play, behind the wheel, or even at work, radio is there. Thirty-six percent of all adults listen to radio while on the job. Sixty-four percent of all adults listen to the same radio station in their car and at work. Eighty-two percent "... of all males and 76% of all females who listen at work have control of the radio station." Seventy percent of all adults listen to their favorite radio station at work (Radio Advertising Bureau 1996).

Advertisers "... must reach active, on-the-go customers ..." Radio goes wherever prospective customers go; it's "... the only truly portable, mobile medium ..." While commuting, running errands, shopping, and on the run, radio can take a selling message wherever customers go. "Four out of five adults are reached by car radio each week" (Radio Advertising Bureau 1995). Eighty point seven percent of all adults 18 and over are reached in their cars, by radio, Monday through Sunday, over a 24-hour period (Radio Advertising Bureau 1996).

### **Advantages to advertising on local radio stations**

The following is a list of some of the advantages of advertising on local radio stations:

Radio stations are often willing to barter with you to get your advertising dollars. For example, many radio stations will agree to run your shop's commercials in exchange for floral arrangements for their reception desk or for other products and services you provide.

Radio stations enjoy high audience loyalty. Often, listeners turn on the same station day after day and keep the dial on that station for most of the day.

There are so many radio formats, there's bound to be one that your target market listens to. Here are the typical radio formats: top 40, rock, easy listening, oldies, classical, country western, religious, urban/contemporary, news/talk, and jazz.

To target your market even further, run your commercials during the times your prospective customers are listening to the radio. These times are referred to as dayparts [sic] and are typically divided into the following segments: Morning drive time, weekdays from 6 a.m. to 10 a.m., listened to by adults and teens. Daytime, weekdays from 10 a.m. to 4 p.m., listened to mostly by women and older adults. Afternoon drive time, weekdays from 4 p.m. to 7 p.m., listened to by men and women. Evening, from 7 p.m. to midnight, listened to primarily by teens. Overnight, from midnight to 6 a.m., is listened to by adults and teens. Weekend time is 6 a.m. - 7 p.m. Saturday and Sunday and is listened to primarily by adults.

Radio ads can elicit immediate responses. For example, the announcer could say at the end of the ad, "Call our flower shop now for more information on this bouquet and to learn how to receive a complimentary flower arrangement" (Adameczak 2).

### **Unique qualities of local radio**

Advertising can bring a logical prospect, a person who is in the market to buy, into the place of business only once. Advertising can not sell something to someone who is not in the market to buy or to someone who can not afford the product (White 3).

Due to its unique qualities, radio is appealing to advertisers. Radio is adaptable--it can shift formats in a moment's notice to "adapt to tastes of audiences"--making it appealing to a wide array of demographic groups and advertisers. In 1994 alone, in an average month, 118 radio stations switched formats in order to line up their formats with the tastes of their market, or to simply reach a new market. This adds up to 1,416 format changes for 1994, "... or more than 12 percent of all commercial stations" (Veronis, Suhler & Associates, Inc.).

When advertising, local radio advertisers need the same option to adapt. Advertisers must be able "... to respond to changes in the market at a moment's notice. Radio is the most flexible of all your advertising options!" Flexibility is one of radio's greatest strengths. An advertiser can make copy changes at a moment's notice. New spots can be produced quickly, efficiently, and added to program log instantly (Radio Advertising Bureau 1995).

Half of all radio programming is composed by three formats. Country makes up 27.4 percent of stations; AC or adult contemporary, although it is declining in popularity, accounts for 15.4 percent; and news/talk, the fastest growing format at the moment, has 11.6 percent. The key to the growth in news/talk lies in "... its interactive appeal and use as a 'forum' by such popular national personalities as Rush Limbaugh and Howard Stern." Classic Rock and Triple A (Adult Album Alternative) are "... other 'big gainer(s)'." Triple A "... appeals to the enormous baby-boomer market." Advertisers want to reach every possible customer. "Radio reaches virtually every U.S. consumer ... and they're listening more than three hours each and every day!" Nearly every American listens to radio, every week of every year. These same Americans not only tune in to radio but also stay tuned in. Ninety-five point one percent of persons 12+ are reached by radio every week. These same people listen to radio an average of three hours and eighteen minutes per day (Radio Advertising Bureau 1995).

Radio is structured to be a low cost medium, easily accessible to advertisers who



can not afford to buy ads on television stations or in metro daily newspapers. According to Media Targeting 2000, "U.S. adults spend more time with radio between 6 a.m. and 6 p.m. - the prime shopping hours - than with any other major medium," and "No other major medium reaches consumers closest to the point of purchase than radio." In addition, Media Targeting 2000 points out that "Brand-loyal shoppers spend more time with Radio between 6 a.m. and 6 p.m. than with any other medium." One unique aspect of the medium of radio is that it allows an advertiser to influence his or her "... best customers and prospects all day long where other media can't: at work. Radio's varied formats appeal to people of all professional backgrounds, and half of all U.S. workers have a Radio at work." Media Targeting 2000 also notes that radio reaches an advertiser's customers "... no matter where they are: at work, out shopping, or simply relaxing at home. Radio's in-car reach is outstanding, reaching 87% of commuters each week" (Radio Advertising Bureau 1996).

While network television and newspapers are struggling to retain their audiences, radio has kept up with people becoming more mobile and pressed for time. "Radio listening has grown in step with population increases because its immediate, portable nature meshes well with a fast-paced lifestyle" (Piiro 40). Seventy-seven percent of people ages 12 and up listen to the radio every day. "Ninety-six percent listen during a given week, according to RAB" (Piiro 40). There are many more radio stations than there are television stations or daily newspapers:

Number of radio stations - 11,528

Number of television stations - 1,145

Number of daily newspapers - 1,538

(Veronis, Suhler & Associates, Inc. 2).

"... [R]adio deliver[s] narrowly targeted audiences at affordable rates" (Gunnerson 26). Local radio is affordable and is worth investigating (Gunnerson 26). Radio is a flexible medium; its audience is flexible as well. The size of a station's audience

is influenced by promotions, advertising campaigns, format, and national special programming (Evans 26). Advertisers must keep advertising costs under control. The most cost-effective of all advertising media is radio:

Radio targets and motivates the specific customers you select--and it does it more cost-efficiently than any other medium. Minimum production time and expense make it the most cost-efficient advertising medium in America today (Radio Advertising Bureau 1996).

In addition, "radio's cost-per-thousand has increased the least among all major media since 1984" (Radio Advertising Bureau 1996).

### **Radio promotions**

Advertisers are always looking for new innovative ways to impact their markets:

Radio uniquely offers pro-active, promotional opportunities simply not available from any other medium! Radio stations know how to build and maintain an audience . . . through great programming often supported by promotional activities that keep listeners coming back for more. And no other medium knows more about how to plan and execute a successful promotion than Radio! When available, the right promotional tie-in or cross-promotion can enhance that impact of your advertising campaign tremendously. Some examples:

- Remote broadcasts
- DJ appearances
- On-air contests
- Concerts/ticket giveaways
- Multi-sponsor tie-ins
- Cause-related events
- Event marketing
- Register-to-win promotions

Every radio salesperson has unique ideas available to all prospective and current advertisers (Radio Advertising Bureau 1996).

WKTI in Milwaukee helped one advertiser capitalize on its listeners' demographics in addition to their "frisky nature" with a very successful promotion:

Warner-Lambert's goal was a 3 percentage point increase in the Milwaukee market share for e.p.t.,

an over-the-counter pregnancy test. Thomas McMillian, zone manager for e.p.t., used WKTl exclusively because it is the highest-rated station in the area among women in the peak childbearing ages, 18 to 34. The ad featured five women and one man asking, "Am I pregnant?" It was coupled with a promotion called "The Baby Derby," during which three couples competed to conceive for big cash prizes.

During the two months it took for a couple to get pregnant, listenership and media interest climbed. As the couples became Milwaukee celebrities, e.p.t. got free publicity on local television shows and newspapers. When it was all over, the product's local market share had jumped 20 percentage points. "It sometimes helps to be a little offbeat," says Todd Gatzow, WKTl account executive. "Some people called it risqué, but it really got people listening."

Always remember this: Advertisers get more for their money when they tie their products to their station's programming as opposed to simply being a part of a commercial break. (Pirto 41).

Promotions benefit both radio stations and their advertisers. During Arbitron ratings periods, promotions keep listeners tuned in. A great promotion can push a radio station to the top of the demographics group. Radio stations and advertisers use promotions to create higher listenership and increase cumes. Quite a few advertisers request value-added promotions with every buy they make. According to Gaye Ramstrom, national sales manager at WMMS-FM in Cleveland, Ohio, "Nine out of 10 avails have promotion requests." Ramstrom goes on to say that promotions keep advertising dollars from leaving the radio station (Dupree 24).

### **Radio's increase in revenue**

In 1994, radio experienced double digit increases in revenue. The year 1995 was expected to be just as good. The Radio Advertising Bureau breaks down local radio revenue (in millions) as the following:

1990 -- \$6,780

1991 -- \$6,578

1992 -- \$6,899

1993 -- \$7,532

1994 -- \$8,374

(StratiComm America 13).

Radio listeners “. . . act more like magazine subscribers than television viewers.”

They are loyal, listening by habit, normally at the same times, to radio stations with narrowly targeted formats. Radio listeners are identifiable “. . . and cheaper to reach than are TV audiences.” For these reasons, “. . . radio advertising revenues nearly tripled between 1980 and 1992, from \$3.5 billion to \$8.7 billion ( Piiro 40).

### **The power of targeting--demographics**

For many years, radio was labeled too fragmented, confusing, and difficult for businesses to buy. At one time this was a weakness. However, times have changed and what used to be a great weakness in the eye of the advertiser, has become radio's greatest strength:

With the power to target groups by characteristics as varied as geography, age, sex and lifestyle, radio is positioned to take advantage of the shift from "mass" marketing to "target" marketing (Norjean 8).

"Historically, radio has been a narrowcast medium that has allowed an advertiser to efficiently reach its target" (Carter and Kramer 27). "One-to-one marketing,' 'maxi-marketing,' 'niche marketing' . . ." these have important meanings to broadcasters today (Norjean 8). ". . . You must do more than attract people. You have to attract the right people" (Brown 159). Radio delivers ". . . narrowly targeted audiences at affordable rates" (Gunnerson 26). Radio is a ". . . targeting vehicle and a mover of consumers to special events" (Josephson 46). Today, in order to bring the type of entertainment that neither television nor any other medium can bring, radio is segmented. Segmentation is "one of two major marketing strategies for broadcasters and cable systems operators in which a format or programming is positioned to appeal in a unique way to a particular

market segment; also known as niche strategy" (Warner and Buchman 437). " . . . Stations can align the demographics of their specific audience with the precise buyer profiles . . . " (Norjean 8).

"Radio's greatest strength is its targetability" (StratiComm 13). Radio is a powerful medium, able " . . . to reach consumers where and when an advertiser's message will have the greatest chance of producing solid results." Radio stations fine-tune their formats, using quantitative demos. This approach makes it easy to target core customers. Next, stations " . . . fine-tune consumer psychographics, lifestyle, and motivational research" (StratiComm 13).

The advertising decision-maker is responsible for realizing advertising objectives and creating advertising programs, while staying along the lines of the total marketing and communications program. Tasks of the advertising decision-maker include: "the selection and definition of target groups, the setting of advertising objectives, the development of message positioning and format, budget allocation, and media selection" (Helgesen 23).

Advertisers are able to check research conducted by Arbitron. By reviewing Arbitron ratings, a local advertiser can see demographic data and can determine what potential segment of a target audience a radio station can reach. These demographic data are divided into groups such as all persons ages 12 and up, 12-34, adults ages 35 and up, and so on. The local advertiser can focus on stations that are tailored for his or her demographics (McGuire 91-92).

After an advertiser takes a look at Arbitron data, he or she should "define one demo only, and stick to it. If you want to hit Men 25-49, don't let a sales rep talk you into buying his Women 25-54." When defining the demo, advertisers should look at the customer profile. Are there more women than men? Are there more men than women? Are there fairly equal amounts of women and men? Are customers in the 15-24 age group? How about 25-34? Maybe 35-44? Do customers make an average income or below average? Does this business appeal to customers of all income levels? Do

customers have higher than average incomes? Where do customers come from? What counties? What cities? Advertisers should also define the sales area. If 80 or more percent of their customers come from the Metro Survey Area (MSA), they should not look at the Total Survey Area (TSA) (Kern Media Associates).

Demographics “accurately predict the match between a person and his or her radio station. The demographic profiles of listeners to different radio formats are highly consistent” (Piirto 40). Danny Clayton, program director of WKTI in Milwaukee, says that women who listen to the country music format have extremely different attitudes from the listeners of his radio station’s format. WKTI plays Top 40 music. Its audience is made up of women between the ages of 18 and 34. While country radio listeners are mostly women, they are between the ages of 25 and 54 and have lower incomes than those women who listen to Top 40. Clayton goes on to say that country radio listeners are more apt to have “. . . a melancholic outlook” than Top 40 listeners. He calls his station “. . . the up, bright, fun spot on the dial” (Piirto 41).

Everywhere, in information concerning radio advertising, are the words target, marketing, niche, segmentation, and demographics. The primary method of identifying prospective customers is the categorization by demographic characteristics. In marketing studies, these categories are usually confined to things such as sex, education, income, and age. Other media buys require information such as marital status, number of children, type of living quarters, and ethnic origin (McGann and Russell 79).

Stations identify a portion of a market that is not being served and design a product to meet that need (Warner and Buchman 24). This product, or format (type of programming, i.e.--country music, all-talk, all-sports, etc.) reaches certain people, of certain ages, genders, races, income levels, education levels, and of certain employment statuses (demographics). Businesses should advertise on radio stations that reach the people of the age, gender, race, income level, education level, and employment status, who buy the product or service the business has to offer. Advertisers “. . . need to

pinpoint specific consumers for specific products and services . . . . Radio offers the ultimate in targetability via a host of programming and format options!" (Radio Advertising Bureau 1996).

"Radio has a tenacious ability to adapt to changes in popular tastes and to mold itself to listeners' lifestyles" (Piiro 40). Senior citizens listen to nostalgia formats. In the same town as the nostalgia format you may find a gangsta rap format capturing the young urban listeners. According to Gary Fries, president of the Radio Advertising Bureau (RAB), 'There's something out there for everybody . . . Whenever people develop a new taste, radio develops a new format' (Piiro 40).

When the economy becomes tight, many business owners/managers look for alternative marketing choices. These choices usually "deliver specific groups of high-potential prospects with minimum waste and maximum cost efficiency. No medium meets those requirements better than radio" (Norjean 8). Advertisers recognize that radio is a valuable positioning tool. It targets and it moves consumers into businesses (Josephson 46). Advertisers ". . . have to maximize (their) advertising investment by reaching (their) best prospects:"

Radio reaches the big spenders! Upscale individuals with above-average incomes and affluent lifestyles spend more of their disposable income on "big-ticket" items -- and spend more of their time with Radio . . . Want professionals and managers? Radio delivers! These decision-makers have money to spend . . . and Radio is the best marketing medium to reach these influential men and women (Radio Advertising Bureau 1996).

In addition to delivering inner-city residents, radio delivers the suburban area residents. Radio reaches those who do not read the newspaper. Radio reaches exclusive demographic groups such as teens, young adults 18-34, educated people, and families with higher incomes. Local advertisers use radio because it provides greater frequency of message exposure than newspaper:

Others plan radio to reach specific segments of the population who cannot be pinpointed through newspapers. By careful selection of radio stations, the retailer can zero in geographically on the area where he needs exposure, or he can reach a particular age/sex group or psychographic (lifestyle) group (Murphy 47-48).

Numerous industry experts encourage local media that seek out local advertisers to put emphasis on market segmentation and targeting capabilities. Other experts show local media ways to bring highly targeted audiences to local businesses (Nowak, Cameron, and Krugman 40).

For example, a radio sales representative may be dealing with a Chevrolet dealer group that wants to introduce the new Caprice model throughout a selected designated market area that has 35 dealer locations. The sales rep may introduce the dealer group to demographic information about typical, current Caprice owners. The information provided by Simmons Market Research Bureau, enables the sales rep to help the advertiser determine certain characteristics of a potential Caprice buyer. An example would be information such as “. . . over 50 percent of Caprice buyers are aged 45 or older.” Advertisers can also review demographic profiles of people who own the primary competitors:

. . . in the case of the Caprice, the Ford Taurus. Here you'll find many striking similarities in age, sex, and media usage. One area in which the owner profiles vary the most is preferred radio formats. The Caprice owner is more apt to tune in to information-intensive programming like News/Talk. When he does listen to music, he tunes to Middle-of-the-Road stations featuring Sinatra and Streisand. The Taurus purchaser, on the other hand, leans toward more music-intensive formats, with a marked preference for Adult Contemporary and Country. This unique difference provides the dealers with plenty of creative options. They can run one series of messages on stations favored by Caprice owners, emphasizing how they have improved the product, touting the service department's commitment to current Caprice owners, or promoting special deals on Caprice-related servicing. On stations with heavy Taurus listenership, they may run ads arguing that Caprice is the better car, with actual cost and feature comparisons.



Another example is the Detroit radio market. In this area, Dodge dealers showcase their Caravan on a Lite FM radio station that caters to a large female-skewed audience. On the other hand, these same dealers emphasize their new Neon younger demographics stations on an exclusive basis, in this case on the alternative rock station 89X (Dobrez 68).

Fred Catona, an infomercial marketer for such companies as ThighMaster, has created ways of matching the "... top-selling products with those radio stations whose demographics fit those products." For example, the ThighMaster would go great on a soft-rock station (Darrow). Now, more than ever, clients need the results the targeted power of radio can generate. Our opportunities have never been greater" (Norjean 8).

Even in politics and in gaining political office, demographics are extremely important. John McLaughlin, a graduate of Fordham and Columbia Universities, was a part of the team effort to bring Steve Forbes to the presidency. Representative Peter King (R-Seaford) states that McLaughlin "... is adept at plotting when and where to purchase radio ... time and customizing spots to fit the demographics of a particular station" (Douglas A08).

Advertising decisions become more arbitrary and less rational when there is no marketing program (Helgesen 25). An advertising/marketing program should be made up of decisions about target groups, advertising objectives, positioning, and format, budget, and media (Helgesen 25). In Thorolf Helgesen's study of "The Rationality of Advertising Decision ...," only a small number of "... companies had operationally-defined marketing objectives, to which the advertising objectives could be tied" (Helgesen 28). Most of the companies described their marketing objectives in a broad way, in general terms, some not being able to describe them at all. In the advertising campaigns studied, there were either weak or no marketing frames of reference. Most of the campaigns were based on "... insufficient and/or inadequate information about the market conditions. Most of the target group definitions were either broadly defined, or they were vague

descriptions, or even nonexistent" (Helgesen 28). The majority of companies studied had no operationally-defined advertising objectives:

Where advertising objectives had been formulated, the descriptions were broad generalizations in terms of, e.g., awareness and attitudes. Very few campaigns had been subject to valid pretesting before insertion. Also, the methods for budgeting and media selection were largely arbitrary (Helgesen 28).

The primary reason a business uses a particular medium is its targeting capability, its ability to reach a specific audience such as children, college graduates, older women, business people, or some other demographically defined group. The secondary reason a business uses a particular medium is its large audience reach. Effectiveness, cost effectiveness/media cost, and tradition are other reasons businesses advertise on a particular medium (Nowak, Cameron, and Krugman 44). Reasons for not using a particular medium include lack of results or consumer response, media cost or expense, and inability to reach the target audience. Lack of results was the primary reason radio was not used (Nowak, Cameron, and Krugman 45).

The demographic factor is so important, radio stations will change formats to cater to businesses that target a specific format. One example of such a change is KZZP-FM in Phoenix, now known as KVMY-FM. A company named Nationwide completely changed the station, creating a contemporary hit format to reach women aged 25-34. The station was shut down for three days and a ticking clock was broadcast. Every fifteen minutes, a voice would say "If we build it they will come." The station's share ratings jumped over 50 percent in three months (Koselka 96).

The following is a list of Tri-State radio station call letters and wattage, according to Arbitron: WCMI-AM-1,000 watts, WRVC-FM (formerly WCMI-FM)-6,000 watts, WEMM-FM-50,000 watts, WGOH-AM-5,000 watts, WKEE-AM-5,000 watts, WKEE-FM-53,000 watts, WLGC-FM-11,500 watts, WMLV-FM-3,000 watts,

WRVC-AM-5,000 watts, WDGG-FM (formerly WRVC-FM)-100,000 watts, WTCR-AM-5,000 watts, WTCR-FM-50,000 watts, WBVB-FM (formerly WXVK-FM)-3,000 watts, WFXN-FM (formerly WZZW-FM)-520 watts, WKLC-FM-3,600 watts, WNXT-FM-760 watts, and WPAY-FM-100,000 watts. Notice that four radio stations have changed call letters. All four of these radio stations have changed formats to target a specific audience. They are targeting prospective people who advertisers in the Tri-State area wish to reach. Eight of the other radio stations have switched formats in the past to do just the same (Arbitron Fall, 1995).

Radio station MIX 92 in Canada switched formats and slogans to attract a different audience, though the same age demographic. MIX 92 was a soft rock station. The station is now MX 92.1, a hot, new country station. The station switched formats after research was conducted in their market, Regina, Saskatchewan. The research showed that young people, 18-40 wanted new country. Regina already had one country station, a traditional country station, a sister station to MX 92.1. The 18-40 demographic group was also the target of the old MIX 92 format, a hot adult contemporary station playing up-tempo music from mid to early 1980s to today. Since it is the same demographic, many MIX 92 listeners have stayed with MX 92.1. Station management stated "...as good as we were doing as MIX 92, we could do better with this new hot country format." Station employees have monitored area businesses and noticed that more and more businesses play MX 92.1 (Street Cents Online).

Not everyone in Regina was happy with the change. Thirteen-year-old Jay Reichel said 95 percent of his school listened to the old format of MIX 92, the soft rock station. He and his friends were all upset when the station changed and they refuse to listen to the new country format on MX 92.1. According to a marketing professor at St. Mary's University, teens are usually accidentally excluded as radio listeners. However the marketing professor has gone further and "... stressed that teens are becoming an increasingly attractive market to advertisers because they have a steadily increasing level

of disposable income.” The marketing professor also says: “Radio is not a service. It is designed to deliver an audience to the advertiser” (Street Cents Online). The marketing professor goes on to say the following:

... [T]eens represent a relatively new demographic for advertisers; traditionally they have gone after the baby boomers and adapted as the boomers aged. But as teens continue to increase their disposable income and exert their influence on buying decisions, and as advertisers continue to search out new markets for their products and services, advertisers will pay more attention to teens as a market. Teens are found to be very brand-loyal for certain products, such as jeans. We can expect to see advertisers go after consumers younger and younger - the old “get them while they’re young” story (Street Cents Online).

Currently most radio stations think that “. . . 70% of all retail purchasing decisions are made by women between the ages of 18-40, so advertising targets this group.” For this reason radio stations have designed and are designing their formats to attract men and women in this demographic. This way, they can deliver people ages 18-40 to their advertisers (Street Cents Online).

In a move to attract a younger audience, the Kansas City Chiefs moved from AM radio to a Classic Rock FM station. The team had several average seasons containing nothing phenomenal and exciting. Much of the team’s support was washed away and new support was nowhere in sight. In order to create a new, hip image, all games were broadcast on Classic Rock KCFX, bringing the games to a 25-44 age group. The Chiefs now have an average season ticket-holder 34 years old. The average season ticket-holder was 49 years old (Crowe F-1).

In 1991, John Stewart started a company called Audio Computer Information, Inc. He created a series of audio-tape tutorials for computer users. At first he marketed his tapes through a national daily and weekly regional newspaper. The response was terrible; very disappointing. Stewart then created radio ads narrated by himself. He placed the ads

on radio networks aimed at business people. Calls poured in from potential customers. The reason for his success--his ads were put on programs that attracted the customers for whom he was looking. He spoke person to person with his audience (Nation's Business 53R). "You have to attract the right people . . . you're beginning to see ads for cold remedies placed in magazines that are found only in doctors' waiting rooms. The goal is to zero in on the *right* customer. As the new trite saying along Madison Avenue goes, 'It's better to use a rifle than a shotgun'" (Brown 159).

### **The importance of cost**

The cost of advertising is important in making advertising decisions. However, it is not the most important advertising decision-making factor. Audience reach and the ability to target/reach a specific audience are the two most important factors considered when making advertising decisions. Local advertisers seek advertising vehicles that reach the largest number of people in their target market. Almost all advertisers who have large advertising budgets are willing to pay more for advertising media that are effective at reaching the most people in their target audience. Total advertising cost, however, was the primary factor considered when choosing a medium. This means that local advertisers are not willing to pay for more advertising frequency or for media that effectively reach the entire market (Nowak, Cameron, and Krugman 45).

In deciding how much an advertising budget would be, 66 percent of local advertisers use percentage-of-sales method. Fifty-two percent of those advertisers use last year's sales as a base. Forty-eight percent use anticipated sales. However, many local advertisers use judgmental and unsophisticated advertising budgeting approaches. These include "whatever I can afford" and "arbitrary" (Nowak, Cameron, and Krugman 46).

Local advertising media decisions are primarily driven by the desire to effectively reach a specific target audience. Cost is important but not of primary importance to local advertisers. Audience reach and targeting are the key determinants. Based on the tradeoff analyses, local advertisers seem to be concerned, first of all, with a medium's ability to

reach a specific audience and then with the total number of people in the audience. Almost all local businesses that advertise seem to have a particular audience in mind and want to advertise on media that will most likely reach that audience. Then they hope to use media that will reach as many of the people in the target audience as possible (Nowak, Cameron, and Krugman 47). Media perceptions and evaluations usually differ when it comes to advertiser characteristics. Most of these differences are related to advertising spending (Nowak, Cameron, and Krugman 48). The Radio Advertising Bureau is providing its members with marketing tools to demonstrate to prospective advertisers, radio's unique benefits of targetability, flexibility, and to show how cost efficient it is (Norjean 8).

### **What drives media decisions?**

Local advertising decisions are driven by:

. . . a desire to effectively reach and stimulate a specific target audience. Thus, contrary to popular belief, media cost, particularly cost per thousand, may not be the primary concern of local advertisers when it comes to selecting media. Rather, the key determinants of local media selection and use appear to be audience reach and targeting. Further, based on the tradeoff analyses, local advertisers appear to be initially concerned with a medium's ability to reach a specific audience and secondarily with the total number of people in that audience (Nowak, Cameron, and Krugman 47).

Therefore, nearly all local advertisers seem to have a specific audience defined and use media that will reach that particular demographic group:

Reach comes into play as local advertisers seek to find media that will encompass as many of those people as possible. The first task for local media thus appears to be convincing local advertisers they reach the most people in the desired target market(s). The second challenge is then showing, on a total cost basis, that a medium is more cost effective than its competition (Nowak, Cameron, and Krugman 47).

Local advertisers are active media decision makers who are loyal to their

frequently used media. This loyalty makes media changes unlikely. Most local advertisers seem to stick with those media that have performed well for them. At the same time, the local advertisers are looking for ways to increase the efficacy of their media expenditures (Nowak, Cameron, and Krugman 47).

### **Radio advertising decisions in the future**

In the year 2020, “. . . the issues faced in making advertising decisions will be the same . . . as they are today.” The same important question will be asked. Who is the target audience? Advertisers should target a small, highly defined demographic. The behaviors and attitudes of the people making up that small, highly defined demographic should also be defined. Advertisers must reach the target (Morgan and Cameron 40). In a book by Ben Duffy from 1951 (the original was written in 1939), it is pointed out that even nearly five decades ago advertisers were targeting specific audiences. Daytime programs contained “. . . advertisers who sell products to women. Food advertisers and household accessory and appliance advertisers are large users of daytime radio” (Duffy 183).

An advertiser must research the target market and understand the characteristics of radio formats. The audience must be identified. “. . . [W]ho do you want to hear or see your message?” Radio stations create profiles of their listening audience “. . . using a variety of raw demographics: 20 - 45-year-old female listeners, urban teens, men and women over the age of 55, etc.” Ratings are tools used to “. . . measure what percentages (shares) of those demographic types are tuning in . . . as well as their . . . listening patterns during different time frames, day parts or program slots.” Advertisers use ratings to gauge how well a particular station attracts an audience’s attention based on that station’s past performance. Psychographics are becoming more popular in allowing advertisers to catch a glimpse of the lifestyles of radio listeners such as their “. . . purchasing habits, recreational interests, family profiles and more.” This, coupled with demographics, gives a true picture as to who exactly is listening, when, and where

they are listening, and allows advertisers to pinpoint and target their customers (Carson 31).

### THE DIGITAL ADVERTISING REVOLUTION

The digital advertising revolution is a result of the convergence of several factors. First, the widespread adoption of the internet and mobile devices has created a massive, always-on audience. Second, the development of sophisticated targeting technologies, such as cookies and algorithms, has allowed advertisers to reach specific individuals with tailored messages. Finally, the rise of programmatic advertising has automated the buying process, making it more efficient and data-driven.

Programmatic advertising, in particular, has transformed the industry. It uses algorithms to automatically buy and place ads on websites, apps, and other digital platforms. This has led to a significant increase in the efficiency and effectiveness of advertising campaigns. Advertisers can now reach their target audience at the right time and in the right place, leading to higher conversion rates and lower costs per acquisition. Additionally, the availability of real-time data allows advertisers to optimize their campaigns on the fly, ensuring they are always performing at their best.

As a result of these changes, the digital advertising market has grown rapidly, becoming a major force in the overall advertising industry. This growth has also led to increased competition and innovation, as companies strive to develop new and better ways to reach their target audience.

- 1. Targeted Advertising: Advertisers can reach specific individuals with tailored messages.
- 2. Programmatic Advertising: Automated buying and placement of ads on digital platforms.
- 3. Real-time Data: Allows advertisers to optimize campaigns on the fly.



### CHAPTER 3

#### METHODOLOGY AND DESIGN

Local radio advertisers are businesses, companies, or establishments that primarily serve consumers; operate in a single, relatively narrow geographic area; and recently had used one or more radio stations for advertising purposes (Nowak, Cameron, and Krugman 41). Advertisers need radio, because it is unquestionably “. . . the most-used, most-flexible, most-accepted, most-targetable, and most-cost-efficient medium available today” (Radio Advertising Bureau 1996).

#### Procedure

The data was collected on Wednesday, January 17, and Thursday, January 18, 1996, using a survey (Appendix A) designed to test the hypotheses of this study and to study the attitudes and behavior of Tri-State area radio advertisers toward advertising on Tri-State radio stations. The survey was conducted over the telephone to a population of 150 Tri-State radio advertisers. The population is made up of advertisers from all stations located in the Arbitron six-county metro area: Boyd (population 43,600), Greenup (population 31,500), and Carter (population 21,200) Counties in Kentucky, Cabell (population 83,100) and Wayne (population 35,700) Counties in West Virginia, and Lawrence (population 52,600) County in Ohio; the total population of this six-county area is 267,700 people. Any FM radio station to be considered in this study must have its city of license, studios, and tower/transmitting facilities in these six counties.

The following stations meet the above criteria (dial position, call letters, city of license, studio's location, tower location):

- 92.7 WRVC-Catlettsburg/Huntington/ Lawrence County, Ohio
- 93.7 WDGG - Ashland/Huntington/ Boyd County, Kentucky
- 97.1 WBVB-Coal Grove/Huntington/Lawrence County, Ohio

- 100.5 WKEE-Huntington/Huntington/Cabell County, West Virginia
- 102.3 WUGO-Grayson/Grayson/Carter County, Kentucky
- 103.3 WTCR-Huntington/Catlettsburg/Cabell County, West Virginia
- 105.7 WLGC-Greenup/Greenup/Greenup County, Kentucky
- 106.3 WFXN-Milton/Huntington/Cabell County, West Virginia simulcast  
with 107.1 WMLV-Ironton/Huntington/Lawrence County, Ohio
- 107.9 WEMM-Huntington/Huntington/Cabell County, West Virginia.

All other radio signals in the Tri-State area were not included because they did not meet the outlined criteria (Arbitron Fall, 1995).

This study focuses on FM radio only. The great majority of people in the Tri-State area listen to FM radio. The total average listening share of AM radio stations in the Tri-State area is only 6.9% as opposed to 74% for FM radio stations. That's only 16,062 people listening to AM radio in the Tri-State as compared with 198,098 Tri-State area residents listening to FM radio (Arbitron Fall, 1995).

AM listenership has dropped drastically over an eleven-year period:

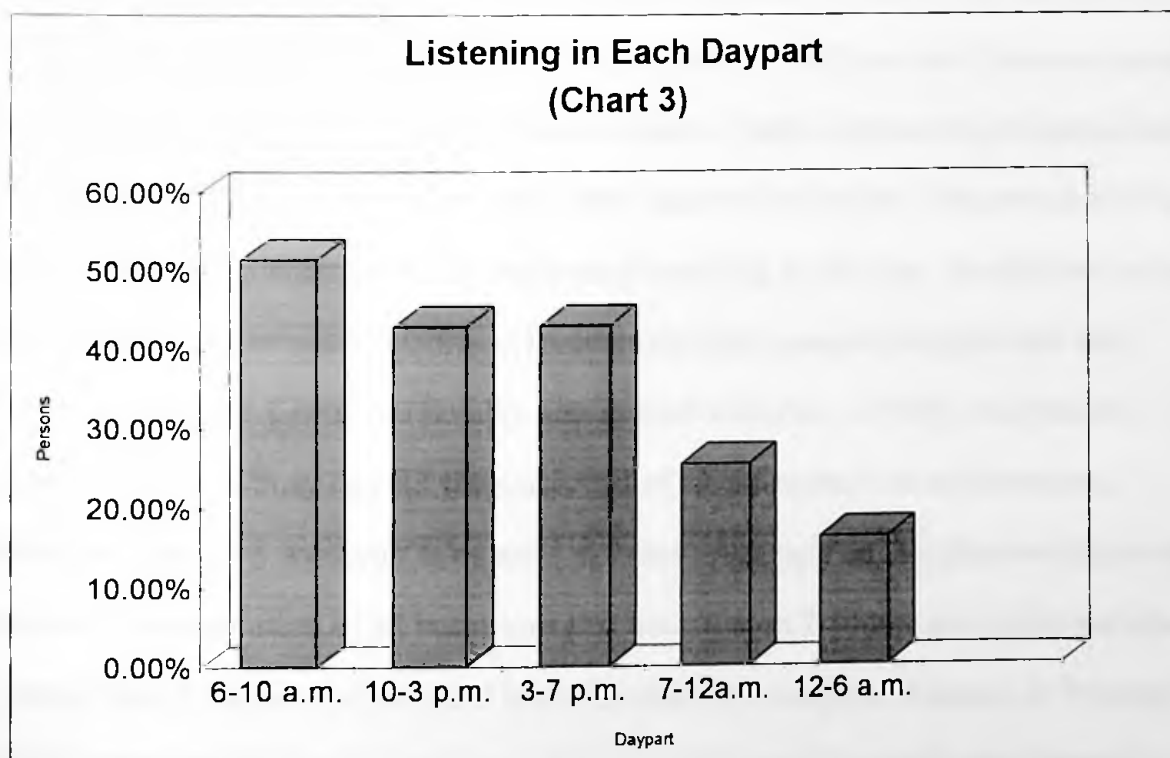
The average number of people reached per quarter hour by AM stations declined 48 percent between 1981 and 1992, according to an annual survey conducted by Veronis, Suhler & Associates of New York City. The number of AM stations has fallen from a 1990 peak of 4,987, according to RAB, while the number of FM stations increased 9 percent between 1990 and 1993 (Piiro 42).

The main reason AM has declined in listenership is a technical problem that is not going to change any time soon. According to Larry Rosin, vice president of Bolton Research in Philadelphia, people listen to FM radio because it sounds much better than AM radio (Piiro 42).

On Friday, November 17, 1995, all nine Tri-State radio stations meeting the above criteria were recorded, one hour in morning drive and one hour in afternoon drive. In

radio, these are the two most-listened-to dayparts, because people are awake, getting ready for work, driving to work, and driving home from work. Studies show that most people listen to the radio in their automobiles as they drive to work and drive home from work. These are the times that radio is most effective. The hours are typically between 6-9 a.m. and 3-7 p.m. weekdays. Advertisers recorded during these times are advertisers who are committed to radio and to that particular radio station. In addition to those advertisers who realize the importance of using a particular station to target demographics and use that station's two most-listened-to time slots (morning and afternoon drives), a true representation of all radio advertisers is made complete by obtaining those businesses that purchased ROS (Run-of-schedule) spots. These spots are entered in the station's traffic computer and may appear on the station's program log at any time during the course of the broadcast day. The ROS spots could appear during these two important drive times.

Among persons 12+ who listen to radio, here is the breakdown of each day part and the percentage of persons who listen to each particular day part (Chart 3).



Note that the two most-listened-to times in radio, in the United States, are morning drive, 6 a.m.-10 a.m. (51.5%), and afternoon drive, 3 p.m.-7 p.m. (43.1%). In the midday daypart, 10 a.m.-3 p.m., 43.0 percent of people ages 12+ listen to the radio. In contrast, 25.5 percent of people ages 12+ listen to the radio between 7 p.m. and midnight; 16.3 percent of all people ages 12+ listen to the radio between midnight and 6 a.m. (Radio Advertising Bureau 1996).

Audiences in radio are at their largest during "drive time." "Drive time" listeners are mostly commuters in their automobiles which creates a "... vast captive audience:"

During the morning drive time (6 a.m. to 10 a.m. weekdays), 56 percent of car-bound adults and 85 percent of all Americans aged 12 and older tune in to the radio. During the afternoon drive time (3 p.m. to 7 p.m.), 60 percent of commuters and 80 percent of all Americans tune in. (Piiro 40).

Radio stations know that these are the prime hours to advertise so premium prices are sought during these times. Certain types of businesses having weekend sales would most likely advertise Friday and Saturday (Radio 101).

November 17 was the chosen date because all radio stations were near the end of the Fall Arbitron Radio Ratings book. The date was also well into the Christmas buying season and near the "true" Christmas holiday season. Radio stations are presenting their best programming at this time and selling their stations the hardest. This means Tri-State business owners/managers who use radio are advertising at this time. In addition to this, because the date was near Christmas, Tri-State business owners/managers who only advertise during the Christmas holiday season were included. A Friday was chosen because it is a very busy day for the placement of advertisements on radio stations. Businesses that have weekend sales were included. A sample on this date would provide the truest representation of all businesses that advertise on Tri-State area radio stations. It is certain that if a business is located in the Tri-State (Huntington, Ashland, or Ironton) and advertises on Tri-State radio (one of the nine radio stations meeting the criteria

outlined previously), then the advertiser's commercial will be heard on one of the nine radio stations. Therefore, this study is approximating a survey of the entire population.

The telephone survey was conducted by the author, Terry Hapney, mass communications graduate student; Melanie Hapney; paralegal studies undergraduate student; and Brian Rawlins, mass communications undergraduate student; all three students attending Marshall University. Assistance was also provided by David Daniels and Ronnie Coburn, friends of the author. The calls were made from a bank of three telephones in the offices of Commodore Media in Catlettsburg, Kentucky and from a bank of two telephones at the home of the author, Terry Hapney, in Ashland, Kentucky. All interviewers were briefed on the exact procedure of the survey. When calling each business in the sample, the interviewer asked for the radio advertising decision-maker.

After taping the nine radio stations meeting the criteria, 150 businesses were identified as Tri-State area radio advertisers. There were some businesses that advertised on more than one radio station. Therefore, there were 150 different businesses in the 18 hours (morning and afternoon drives equal two hours times nine stations) of tape. The entire 150-member population was contacted and an attempt was made to survey each member. A population of this size is large enough to be an accurate representation of the business population using radio in the Tri-State area because the number of respondents in each area turned out to be ranked in the same order as the number of businesses in each area. For example, the most respondents were identified as working for or owning businesses in Cabell County. Cabell County also has the most businesses.

A telephone interview was used for several reasons. A survey of this type keeps the cost of the study at a reasonable level. The questions in the survey are detailed. Any misunderstandings were cleared up at the time of the survey. The response rate for a telephone survey is fairly high. Any respondents not reached were contacted again; therefore data was collected quickly. In addition, this is a Tri-State area and even though Huntington/Ashland/Ironton are local cities, they are in different states and mail usually

goes through a much larger city in each state before reaching respondents (in the case of a mail survey). For example, if something is mailed from Ironton, Ohio, to Ashland, Kentucky, that particular piece of mail usually goes to Columbus first. Also, if something is mailed from Ashland, Kentucky, to Ironton, Ohio, it goes to Lexington first. The same is true for the return mail. A telephone survey is a much quicker way of collecting data. In a telephone survey, questions can be explained in detail; misunderstandings can be cleared up right away; and response rates are usually high. All respondents were told the following: Any questions or comments may be directed to Dr. Corley Dennison, Professor of Journalism and Mass Communications at Marshall University at (304) 696-2809. This was intended to assure doubting respondents that this survey was not being conducted by their competition and was legitimate research being conducted by a graduate student in the School of Journalism and Mass Communications at Marshall University.

Prior to the official telephone survey, a pilot test was conducted by surveying business owners/managers in the Tri-State area. Twenty businesses from Huntington, Ashland, and Ironton were surveyed over the telephone. At the end of each of the 20 telephone surveys, respondents were asked for comments and criticisms. The pilot test helped make the survey reliable and valid. The pilot test also ensured that the questionnaire contains the questions needed for analysis. The test also revealed problems concerning the questions and the format of the questionnaire.

### Survey

For respondents who have not always handled the radio advertising decision-making for their business, open-ended questions were used to see what radio stations the respondents' predecessors used if they differ from those of the respondents. Dichotomous response questions, yes/no questions, were used to find out if respondents have always taken care of their business' advertising, if those who have predecessors advertise on the same stations as their predecessors, and if respondents are personal

friends with a station employee at the station(s) on which they advertise. Multiple-choice questions were used to find out how often respondents advertise on Tri-State radio stations; what percentage of respondents' gross revenue was spent on Tri-State radio advertising in 1995; age, education levels, and gender of respondents.

Rating scales were used to gauge the opinions of Tri-State area business owners/managers on qualities of sales representatives; importance of wattage and coverage area; importance of the station signal/quality of air sound; importance of station promotions, trades, and station advertising; station facilities; cost of advertising; and the importance of local and national air personalities in making their Tri-State radio advertising decisions. Likert scales were used to gauge respondents' opinions on the importance of demographic factors in deciding on which radio station to advertise and how important ratings are in the radio advertising decision.

Demographic information was requested at the very end of the survey. This showed the characteristics of those surveyed such as age of respondents, educational levels achieved, gender, business age, and retail/business/marketing training and experience of respondents. Demographic information was requested at the end of the survey to ensure that all data were recorded before respondents were asked for personal information.

### **Analysis**

The Statistical Package Social Sciences (SPSS-x) program was used on WVNET's IBM Mainframe to conduct the statistical analysis.

Frequencies and percentages were calculated on demographic information such as respondents' age, education, gender, business age, and years of retail/business/marketing training. Frequencies and percentages were also calculated on the importance of these decision-making factors: coverage area, signal/air quality, local air personalities, national air personalities, promotions, trades, station advertising, station facilities, cost of advertising, demographics, and radio station ratings. In addition, frequencies and

percentages were calculated on whether or not respondents are personal friends with their radio sales representatives.

Frequencies and Percentages were calculated on whether or not respondents base their Tri-State area radio advertising decisions on the cost of local radio advertising. The calculations included whether or not respondents have always taken care of their business' advertising and, if not, whether or not their predecessor advertised on the same station(s). In addition, frequencies and percentages were calculated on how often respondents advertised on Tri-State radio in 1995, what percentage of gross revenue was spent on advertising in 1995, and on how important sales representative qualities (radio sales reps being helpful, courteous, knowledgeable, professional, friendly, and personal friends) are in making radio advertising decisions.

To test hypothesis three, Pearson Correlation Coefficients were calculated between the radio stations respondents used for advertising (dependent variable) and the station formats respondents listen to themselves (independent variable). This type of calculation will determine whether or not there is a statistical significance, an association between the two, and determine if Tri-State area radio advertisers are tied to advertising on stations to which they themselves enjoy listening.



## CHAPTER 4

### RESULTS OF THE DATA

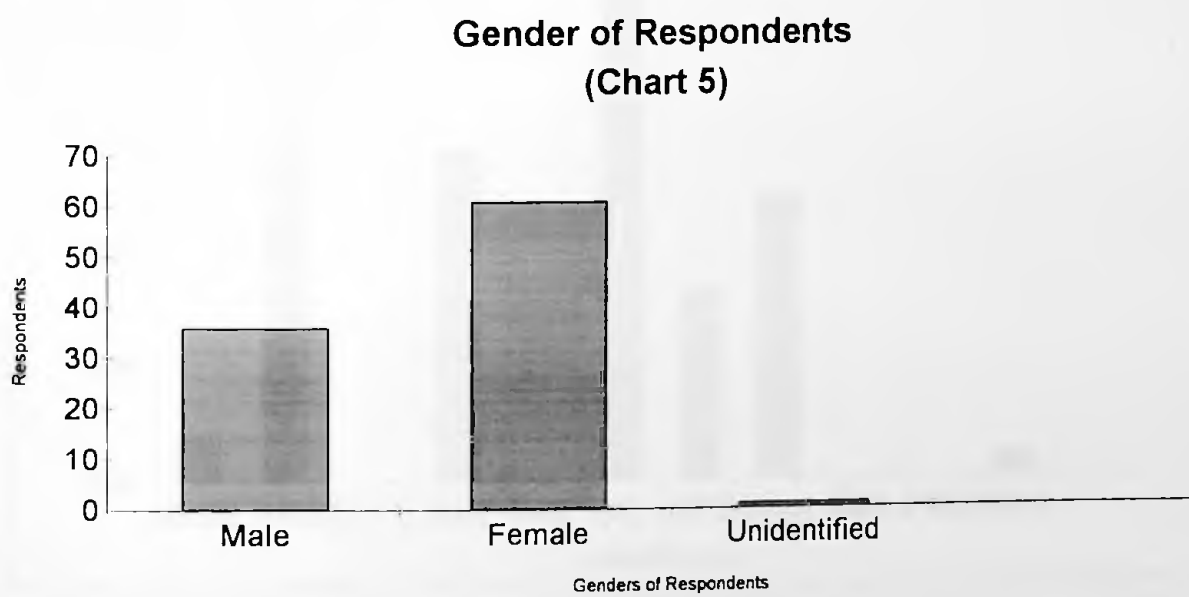
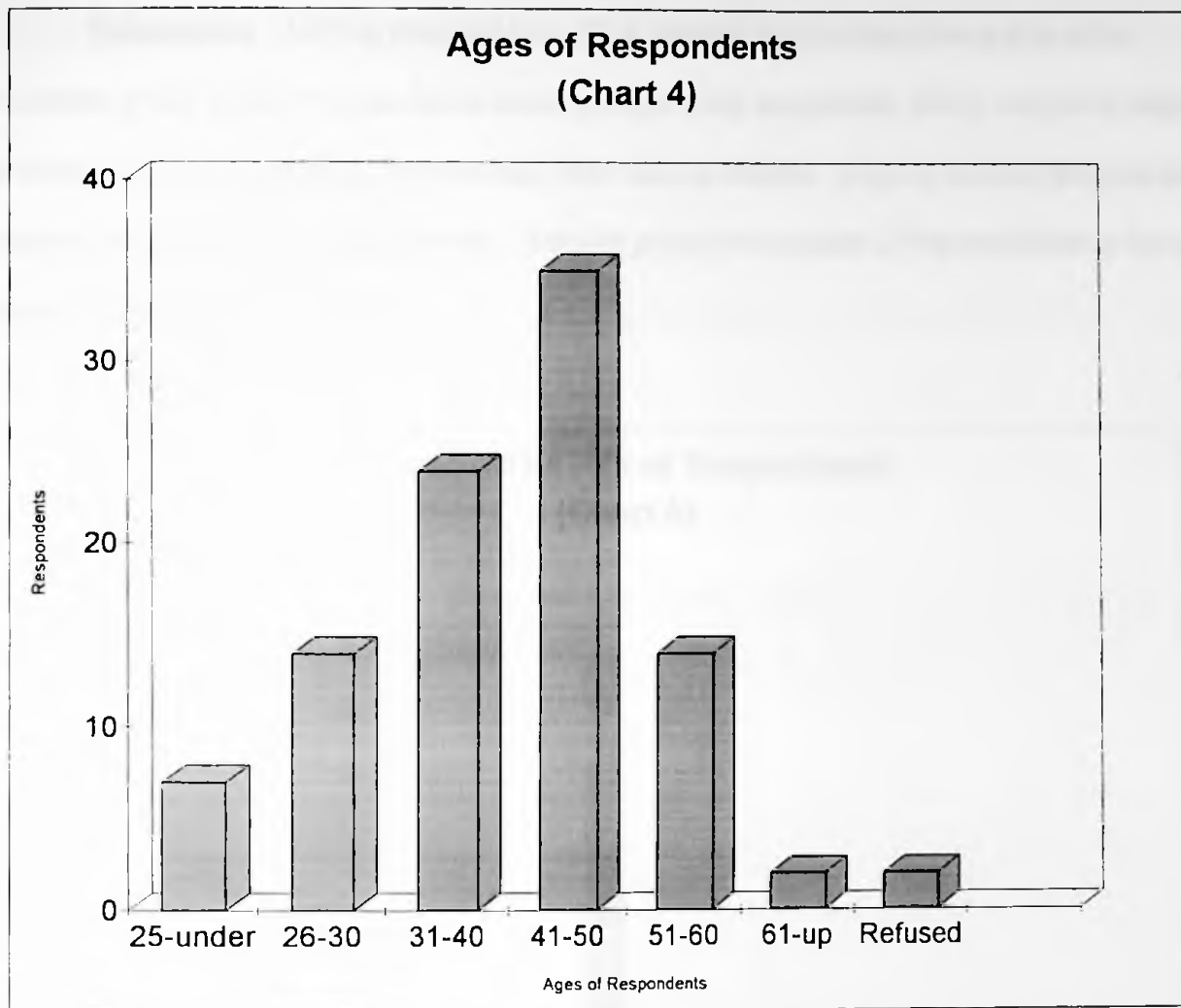
After the pilot test was conducted, the last two questions in the survey were omitted. None of the 20 pilot test respondents would give out personal information such as their business' gross revenue in 1995 and their personal gross income in 1995. This is understandable, as the survey was not anonymous. The names of the businesses and the names of the advertising decision-makers were known when calls were made.

In total, 98 surveys were fully completed, not including one that was deemed invalid because of missing data. This number of surveys was completed because in some cases, it was very difficult to survey the radio advertising decision-maker. Most radio advertising decision-makers are the owners or managers. In either case, it was very difficult to reach these people due to the nature of their positions. If after four tries, the decision-maker could not be surveyed, that business was omitted from the list of 150. The overall response rate was 66 percent. The data used came from 98 valid surveys from a target population of 150. The adjusted response rate was 65 percent.

A demographic breakdown of the target population is:

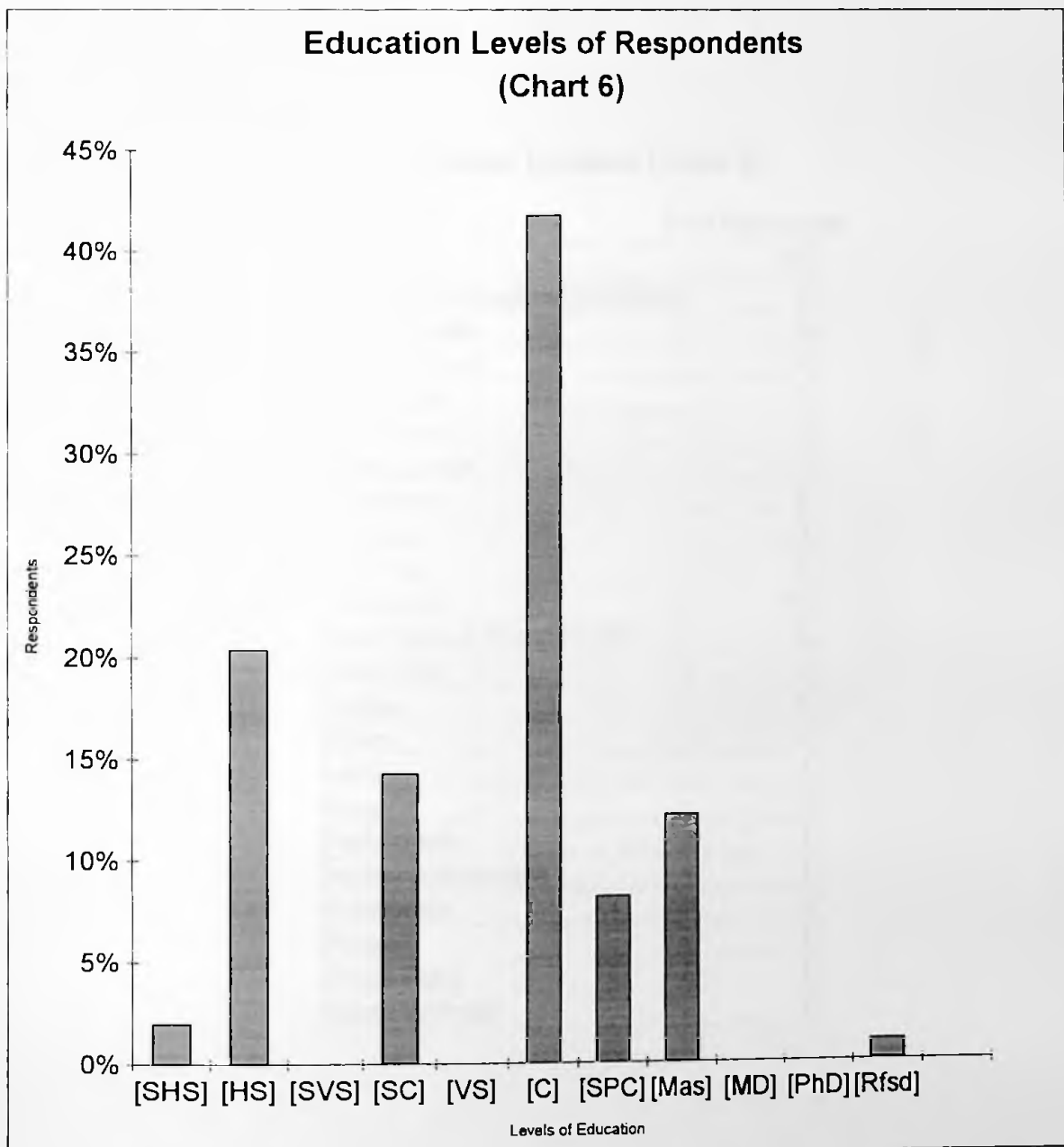
**Age by group.** There were 7 people in the 25 and under age group. Fourteen people said they were in the 26-30 age group. Twenty-four said they were in the 31-40 age group. Thirty-five people made up the largest group of respondents, the 41-50 age group. There were fourteen people in the 51-60 age group. The 61 and up age group was comprised of 2 people. Two respondents did not report their ages (Chart 4).

**Gender.** There were more women respondents, 61, than men, 36. One person was not identified as being a male or female (Chart 5).



**Education.** Of the respondents, 20.4 percent have a high school education.

Fourteen point three percent have some college work completed. Forty-one point eight percent of the respondents have a four year college degree. Eight point two percent have completed some post college work. Twelve point two percent of the respondents have Master's Degrees (Chart 6).



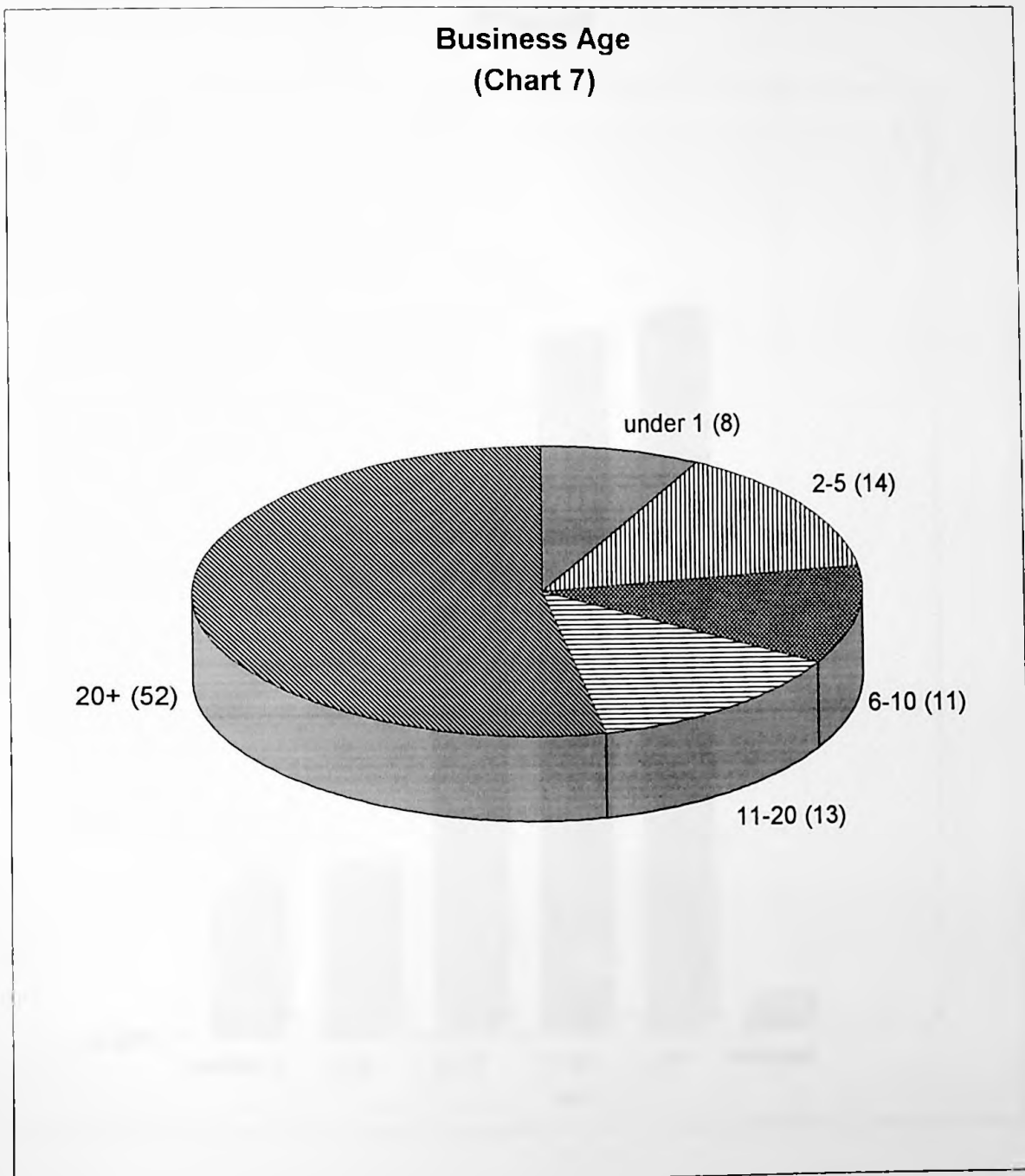
**Business Location.** Forty-two of the businesses are located in Huntington.

Fifteen are located in Ashland. Six of the respondents' businesses are located in Grayson. Five are located in Barboursville, followed by 4 in Ironton, 3 in Proctorville, 3 in Milton, 2 in Hurricane, 2 in Huntington/Ashland/Ironton, 2 in Flatwoods, 2 in Greenup, and 1 business in each of the following locations: Ashland/Huntington/Charleston, Russell, Cross Lanes, South Webster, Portsmouth, Nitro, Cannonsburg, South Point, Poca, Coal Grove, Charleston, and Portsmouth/Ironton (Table 2).

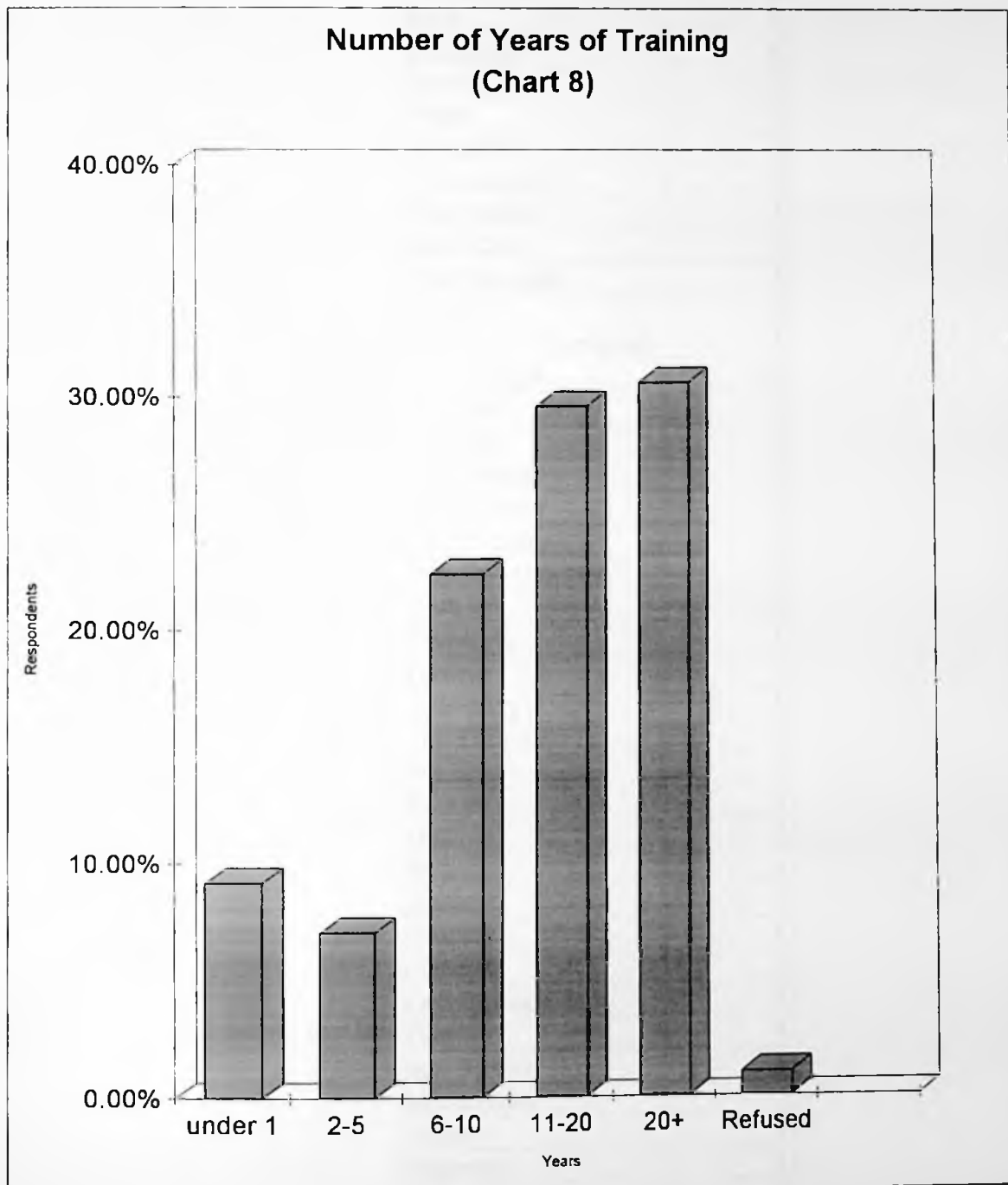
**Business Location (Table 2)**

Location	# of Businesses
Ashland	15
Ashland/Huntington/Charleston	1
Barboursville	5
Cannonsburg	1
Charleston	1
Coal Grove	1
Cross Lanes	1
Flatwoods	2
Grayson	6
Greenup	2
Huntington	42
Huntington/Ashland/Ironton	2
Hurricane	2
Ironton	4
Milton	3
Nitro	1
Poca	1
Portsmouth	1
Portsmouth/Ironton	1
Proctorville	3
Russell	1
South Point	1
South Webster	1

**Business Age.** There were only 8 people working for or owning businesses that are under 1 year old. Fourteen people were with businesses that are between 2 and 5 years old. Eleven people work for or own businesses that are 6 to 10 years old. There were 13 people in the 11-20 business age category. The largest group, over 20 years in business, was made up of 52 people (Chart 7).



**Training.** Twenty-two point four percent of respondents had 6-10 years of retail, business, or marketing training/experience. Twenty-nine point six percent had 11-20 years. Thirty point six percent of the respondents had 20 or more years of training/experience (Chart 8).



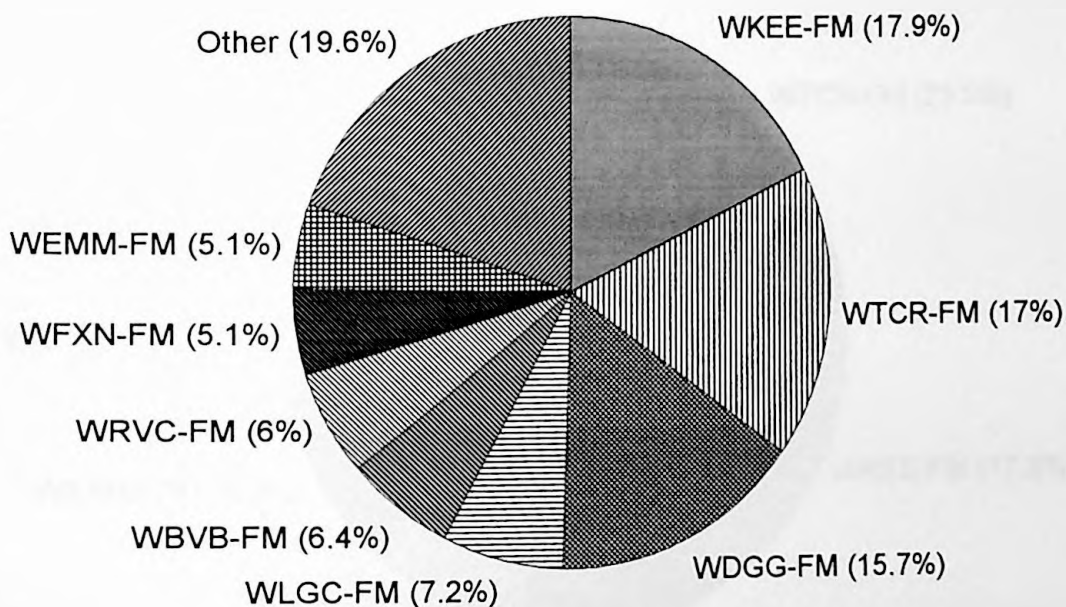
**Types of Businesses.** Here is a breakdown of the types of businesses owned and/or operated by respondents (Table 3).

**Types of Businesses (Table 3)**

Auto Dealership	9
Retail Specialty	9
Resturant	8
Bank	7
Insurance	4
Jewelry	3
Retail	3
Media/TV	3
Entertainment	3
Food Retail	3
Night Club	3
Auto Specialty	3
Bicycles	3
Heating/Air Conditionin	3
Media/Cable	2
Furniture	2
Tobacco	2
Auto Repair	2
Credit Union	2
Health Care	2
Gasoline Distribution	2
Craft	2
Cemetery	1
Printing	1
Pharmacy	1
Farm Supplies	1
Pet Stores	1
Cellular	1
Utility	1
Beauty	1
Glass	1
Grocery	1
Concerts	1
Convenience Store	1
Beer	1
Bus System	1
Motel/Hotel	1
Bakery	1
Financial	1
Carpet	1

**Radio Station(s) Respondents Advertise on most.** Of the respondents, 17.9 percent stated they advertise on WKEE-FM while 17 percent advertise on WTCR-FM, 15.7 percent on WDGG-FM, 7.2 percent on WLGC-FM, 6.4 percent on WBVB-FM, 6 percent on WRVC-FM, and 5.1 percent on WFXN-FM and WEMM-FM each. Other stations on which respondents advertise their businesses include: WRVC-AM (2.6%), WGOH-AM (2.6%), WUGO-FM (2.1%), WPAY-FM (2.1%), WQBE-FM (1.7%), WKEE-AM (1.7%), WCMJ-AM (1.3%), WMOR-FM (.9%), WKLC-FM (.9%), WNXT-FM (.9%), WLGC-AM (.4%), WJYP-FM (.4%), WSCW-AM (.4%), WMLV-FM (.4%), WTCR-AM (.4%), WZIO-FM (.4%), and WIRO-AM (.4%) (Chart 9).

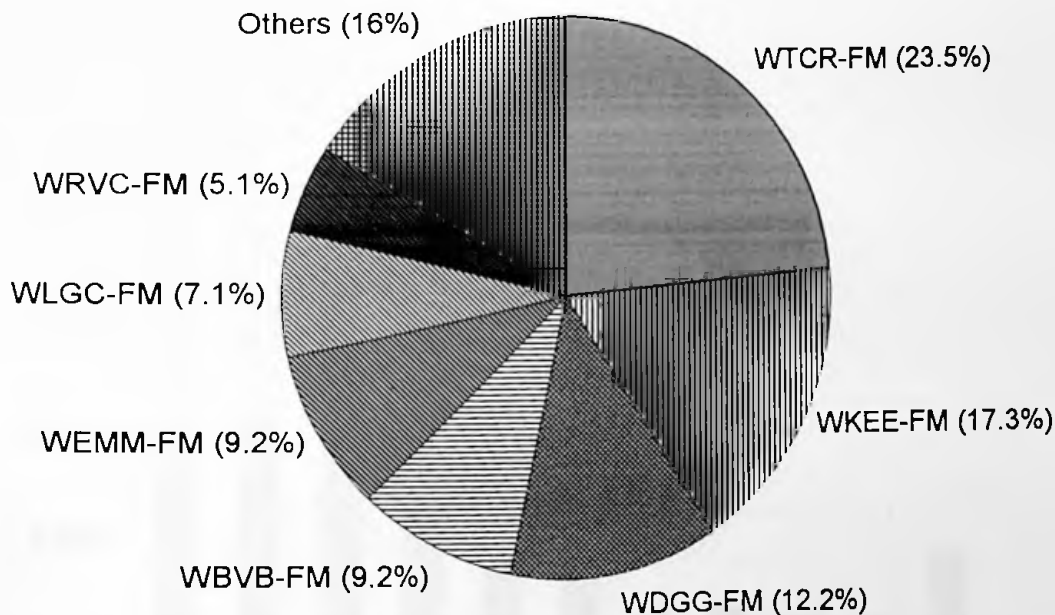
**Radio Stations on Which Respondents Advertise (Chart 9)**





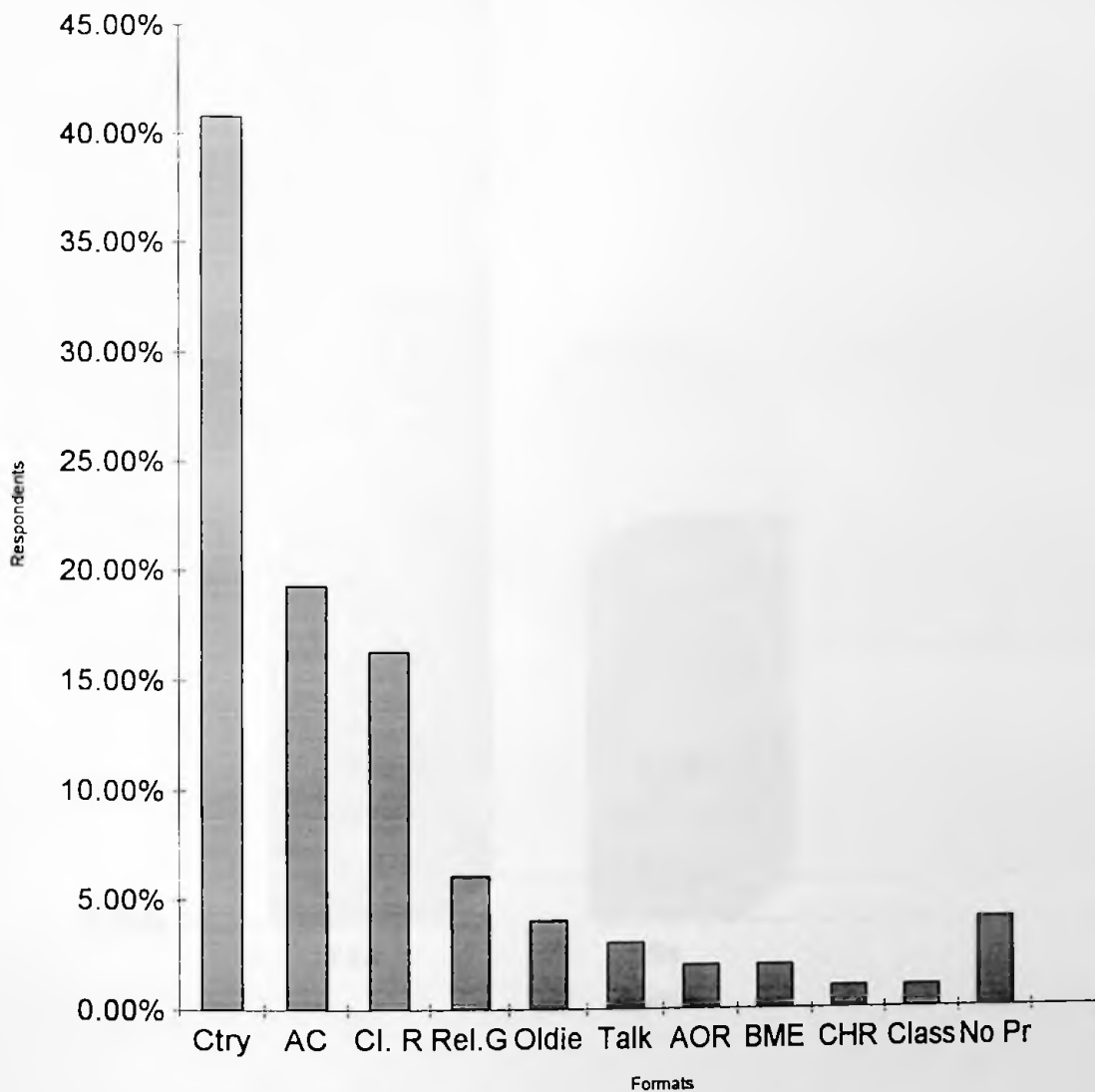
**Primary Station on which Respondents Advertise.** WTCR-FM (23.5%) is the Tri-State radio station on which most respondents state as their primary station for advertising. The primary station used for advertising is the radio station into which the advertiser puts the majority of his or her radio advertising dollars. WKEE-FM (17.3%) is second. WDGG-FM (12.2%), WBVB-FM (9.2%), WEMM-FM (9.2%), WLGC-FM (7.1%), WRVC-FM (5.1%), WFXN-FM (3%), WGOH-AM (3%), WNXT-FM (2%), WCMJ-AM (2%), WUGO-FM (2%), WQBE-FM (2%), WRVC-AM (1%), WPAY-FM (1%) round out the top nine radio stations on which respondents advertise and use as their primary radio station for advertising. Note that there are four ties for fourth, seventh, eighth, and ninth place (Chart 10)

**Primary Station Used for Advertising  
(Chart 10)**



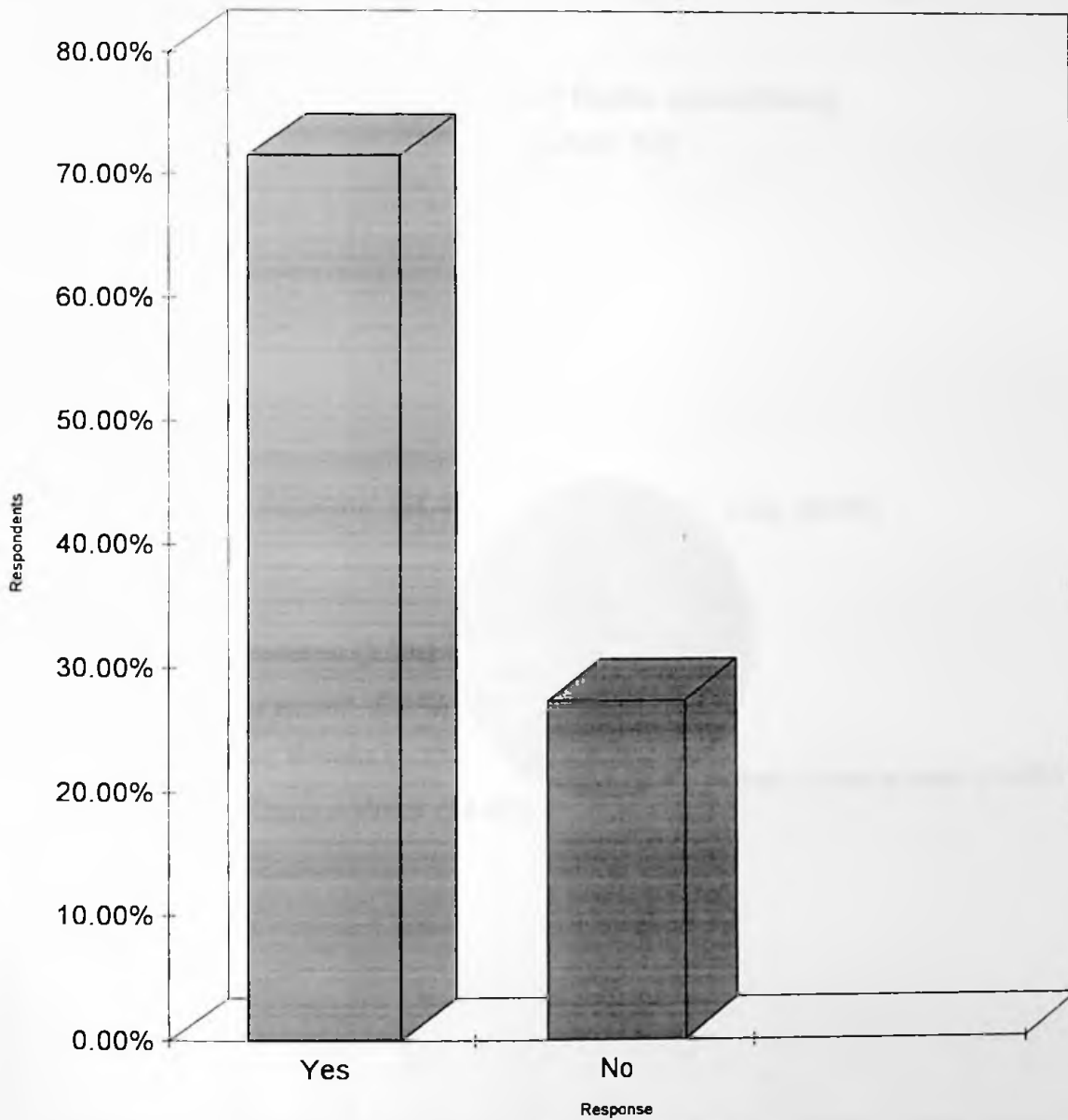
**Format Advertisers Personally Like Best.** The majority of advertisers (40.8%) personally like the country music format best. Adult Contemporary comes in second (19.3%), while Classic Rock (16.3%), Religious/Gospel (6.1%), Oldies (4%), Talk (3%), AOR (2%), Beautiful Music/Easy Listening (2%), CHR (1%), and Classical (1%) round out the top eight formats personally enjoyed by respondents. Four percent of respondents did not state a personal preference (Chart 11).

**Formats Advertisers Personally Enjoy**  
(Chart 11)



**Business' Advertising.** When asked if they have always taken care of their business' advertising, 71.6 percent of the respondents said yes. Of the respondents, 28.4 percent said no (Chart 12).

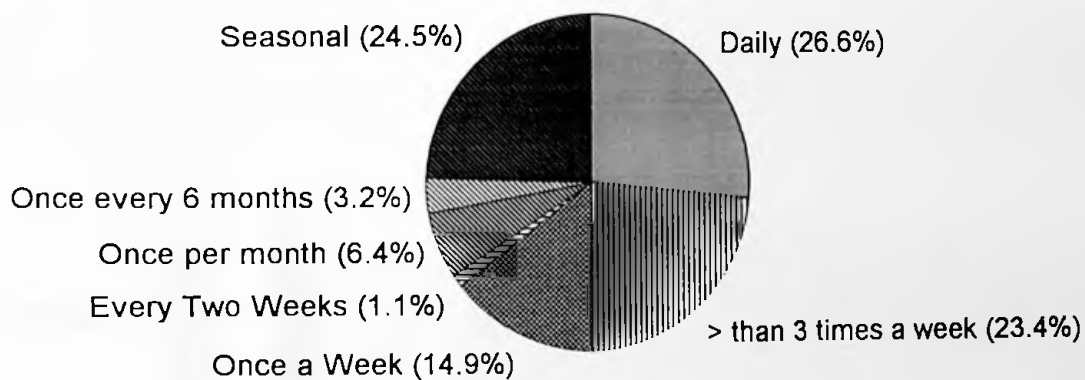
**Always Taken Care of Advertising  
(Chart 12)**



**Predecessor's Advertising.** Of the 27 respondents who stated that they have not always handled their business's advertising, 25 stated that their predecessor advertised on the same station(s) that they are currently using.

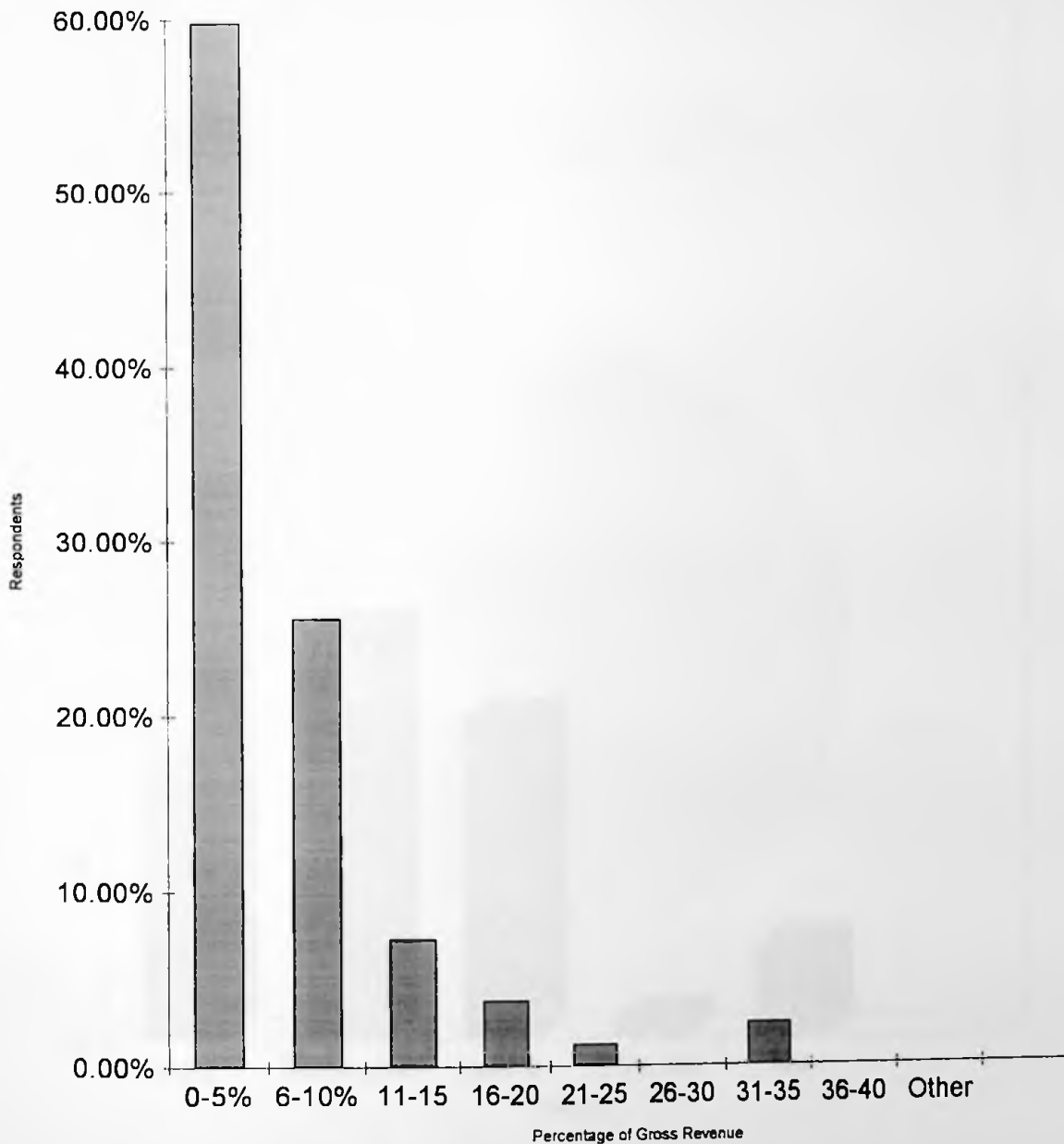
**Frequency of Advertising.** Of the respondents, 64.9 percent stated they advertise daily (26.6%), more than three times a week (23.4%), and once a week (14.9%). In addition, 1.1 percent advertise once every two weeks, 6.4 percent once a month, 3.2 percent once every six months, and 24.5 percent on a seasonal basis (Chart 13).

**Frequency of Radio Advertising  
(Chart 13)**



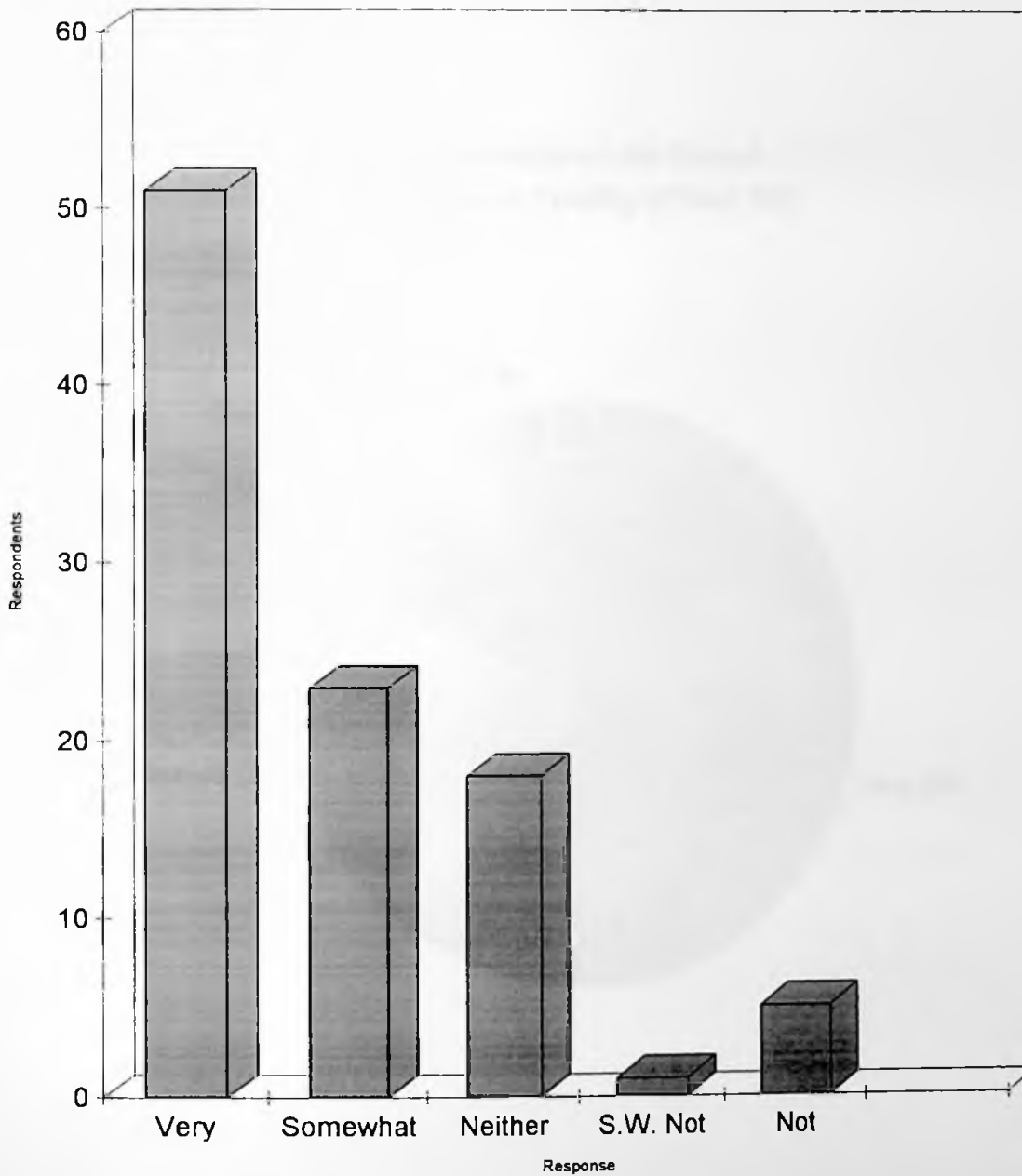
**Amount Spent on Advertising.** In 1995, 59.8 percent of the respondents spent 0-5% of their business's gross revenue on radio advertising; 25.6 percent of the respondents spent 6-10%; 7.3 percent spent 11-15%; 3.7 percent spent 16-20%; 1.2 percent spent 21-25%; and 2.4 percent of the respondents spent 31-35% (Chart 14).

**Amount Spent on Advertising  
(Chart 14)**



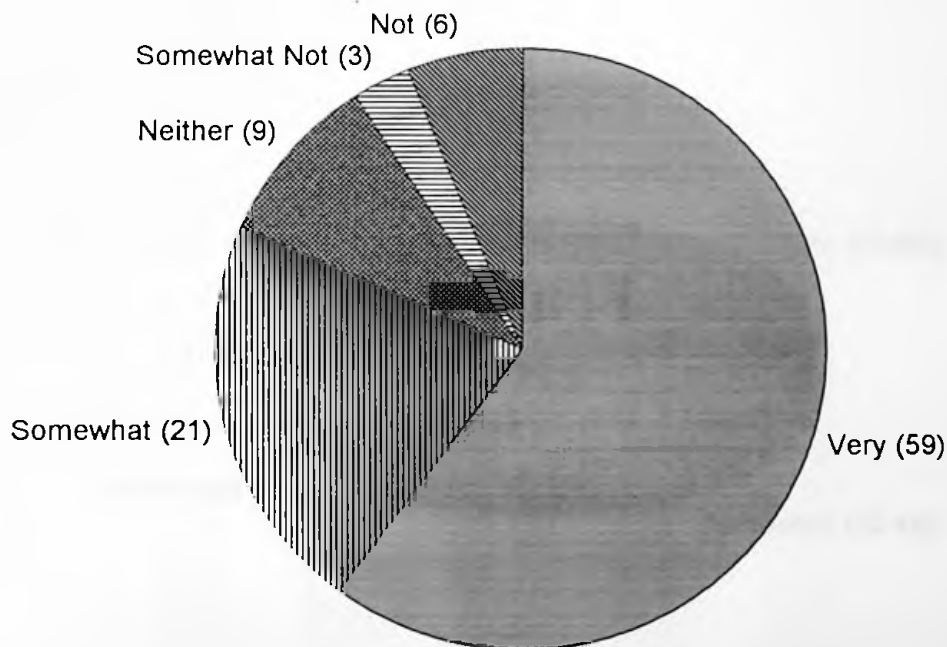
**Importance of Coverage Area.** The majority of respondents stated that the coverage area was somewhat (23) and very (51) important in making their advertising decisions. Eighteen respondents said the coverage area was neither important or unimportant (Chart 15).

**Importance of Coverage Area  
(Chart 15)**



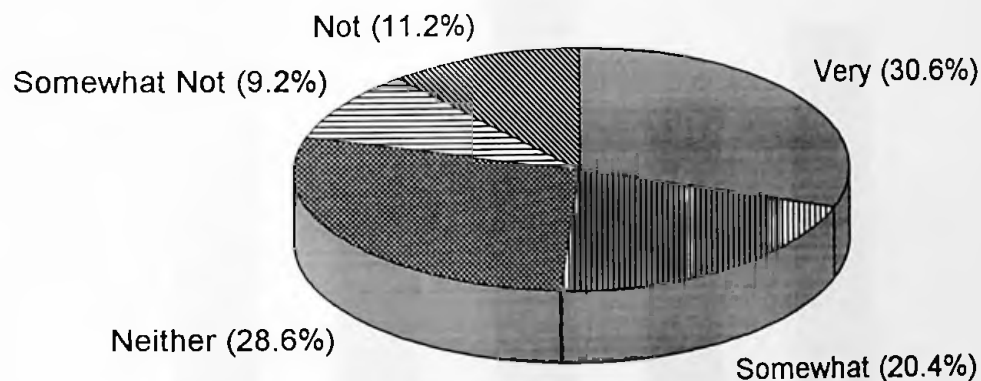
**Importance of Quality of Air Sound.** The majority of respondents found the quality of the station's air sound and the station's signal quality to be important in making their advertising decisions. Fifty-nine advertisers reported that the signal quality and the quality of the station's air sound is very important. Twenty-one stated that it is somewhat important. Nine respondents stated that the signal quality and the quality of the station's air sound is neither important or unimportant. Three respondents stated that the signal quality and the quality of the station's air sound is neither important or unimportant. Three respondents stated that it is somewhat not important. Six reported not important (Chart 16).

**Importance of Air Sound  
and Signal Quality (Chart 16)**



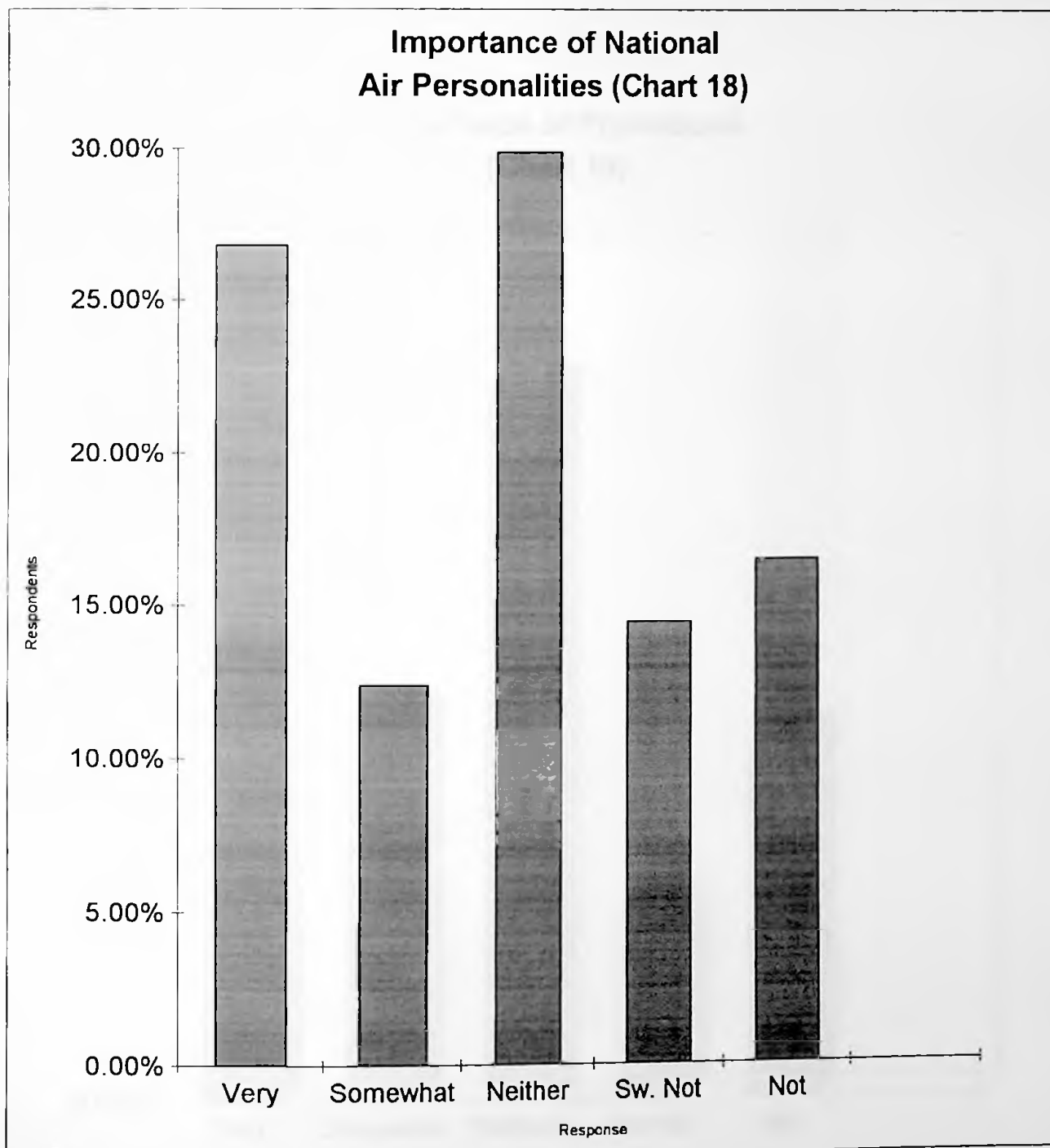
**Importance of Local Air Personalities.** The majority of advertisers, 51 percent said that local air personalities are important in making their radio advertising decisions; 30.6 percent very important, 20.4 percent somewhat important; 28.6 percent said local air personalities were neither important or unimportant in their decisions. Only 9.2 percent and 11.2 percent stated local air personalities are somewhat not or not important (respectively) in making their advertising decisions (Chart 17).

**Importance of Local Air Personalities**  
(Chart 17)



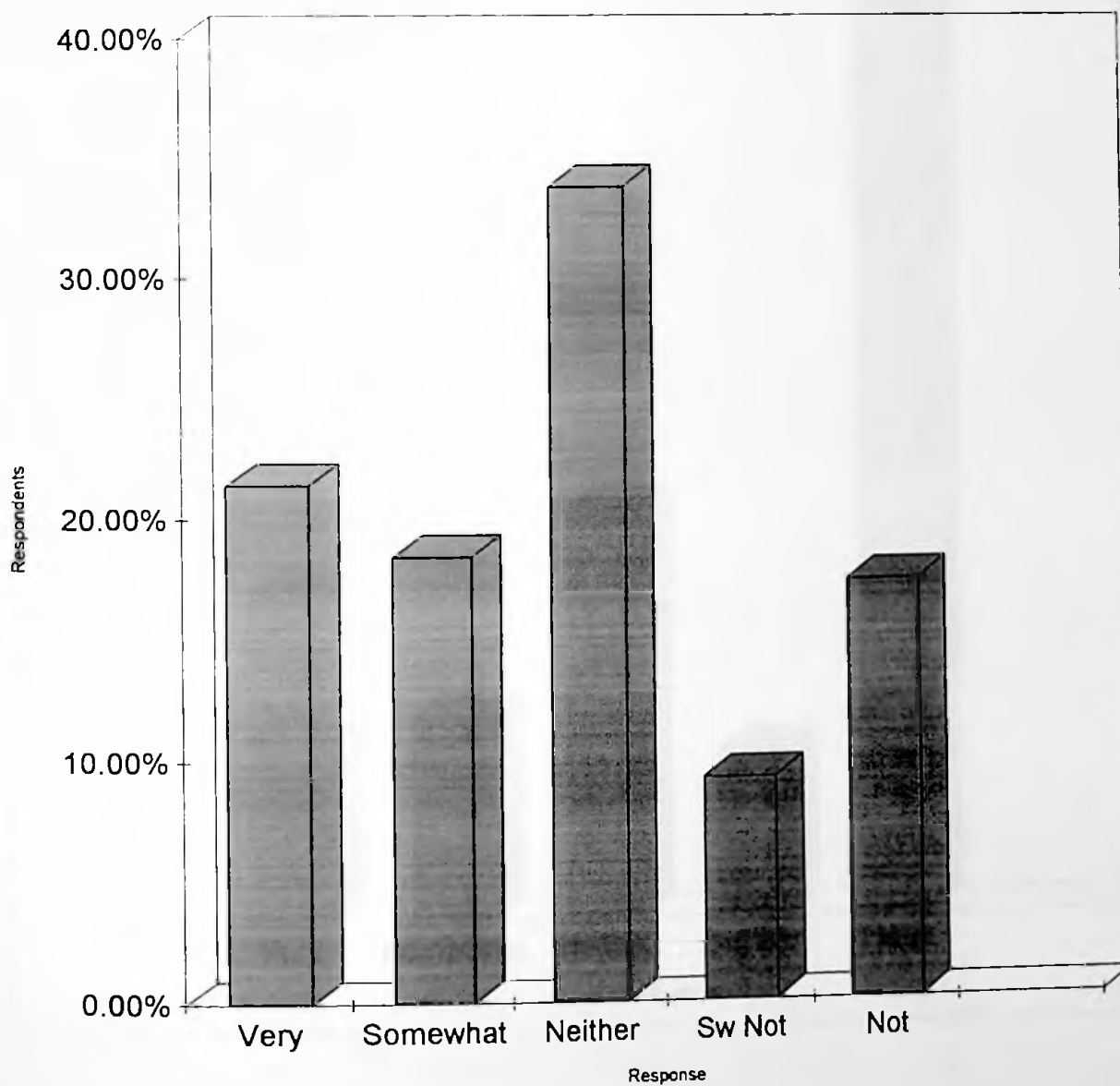


**Importance of National Air Personalities.** For 60.8 percent of the respondents, national air personalities are a neutral or unimportant factor in their radio advertising decisions while only 12.4 percent of the respondents reported that national air personalities are somewhat important. Of the respondents, 26.8 percent stated that national air personalities are important (Chart 18).

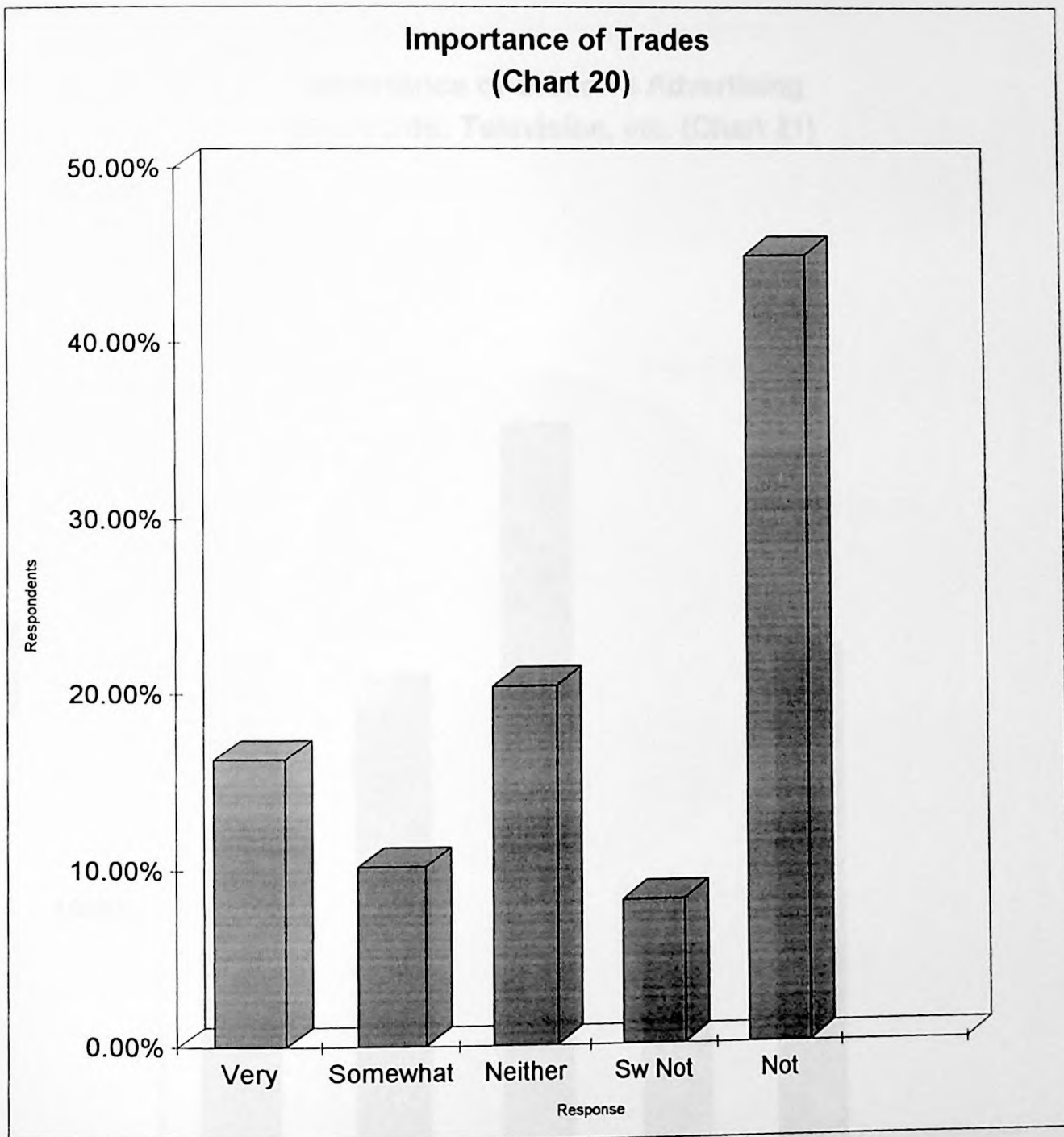


**Importance of Promotions.** As far as promotions are concerned in advertisers' decision-making, 21.4 percent of the respondents stated that promotions are very important; 18.4 percent said promotions are somewhat important; 33.7 percent said promotions are neither important or unimportant. Only 9.2 percent of respondents stated that promotions are somewhat not important. And 17.3 percent of advertisers reported that promotions are not important (Chart 19).

**Importance of Promotions  
(Chart 19)**

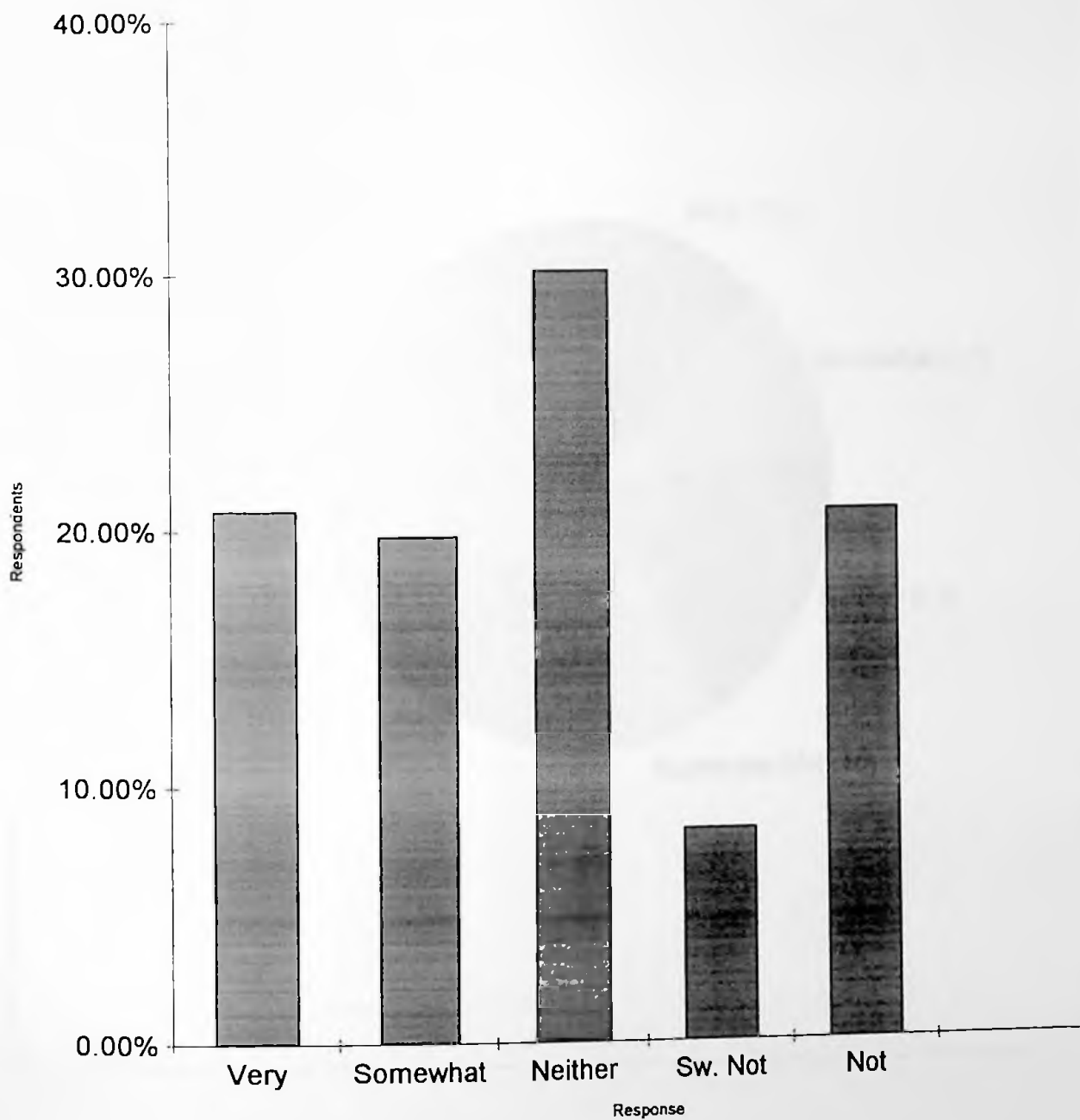


**Importance of Trades.** The majority of advertisers, 53.1%, stated that trades are not important or somewhat unimportant in their advertising decisions; 20.4 percent said that trades are neither important nor unimportant. Nearly 27% of the respondents stated that trades are somewhat (10.2%) and very (16.3%) important in their advertising decisions (Chart 20).



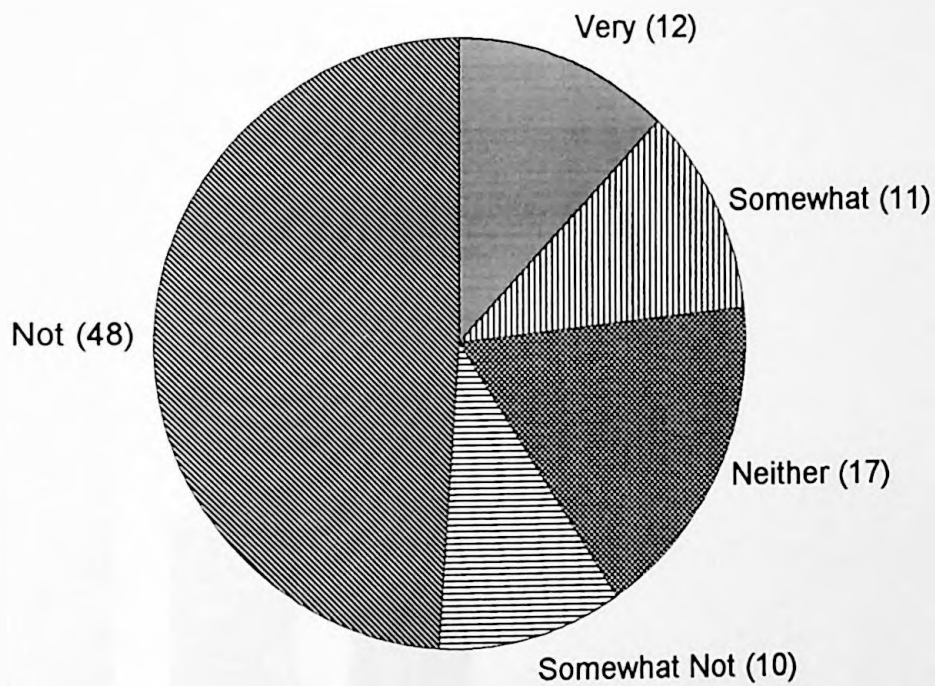
**Importance of Radio Station's Advertising.** In the area of a radio station's own advertising such as billboards, television commercials, etc., 20.8 percent, 19.8 percent, 30.2 percent, 8.3 percent, and 20.8 percent of advertisers find it very, somewhat, neither, somewhat not, and not (respectively) important in making their radio advertising decisions (Chart 21).

**Importance of Station's Advertising  
Billboards, Television, etc. (Chart 21)**

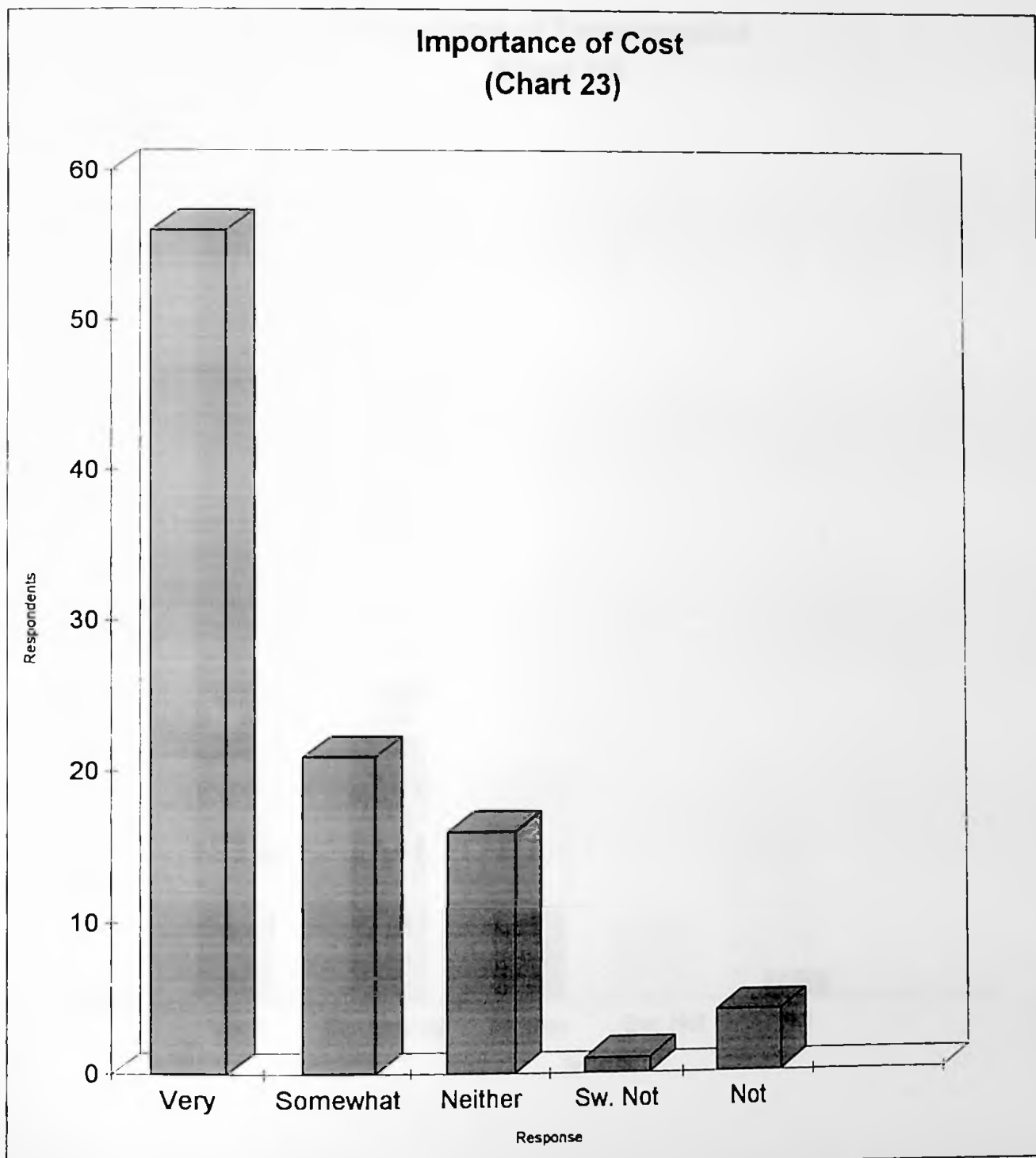


**Importance of Station Facilities.** Seventy-five respondents reported that the station's facilities are not important, are somewhat not important and are neither important or unimportant in their advertising decisions. Eleven advertisers said they are somewhat important. Twelve respondents stated that facilities are important (Chart 22).

**Importance of Station's Facilities**  
(Chart 22)

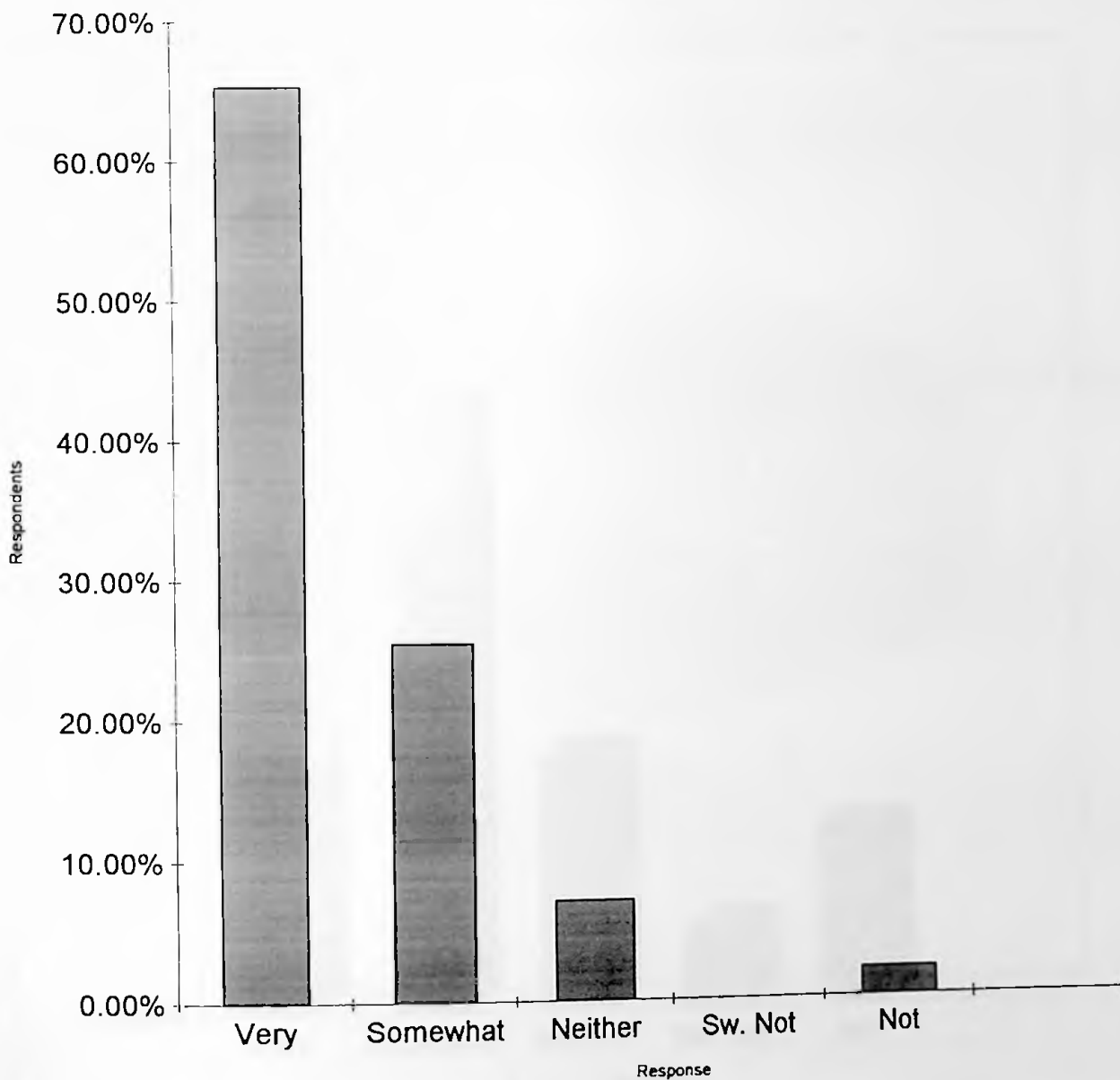


**Importance of Cost.** The majority of advertisers, 56, stated that cost is very important in their advertising decisions. Twenty-one respondents said that it is somewhat important. Sixteen reported that cost is neither important or unimportant. One advertiser stated that cost is somewhat not important. Only 4 advertisers claim cost is not important (Chart 23).

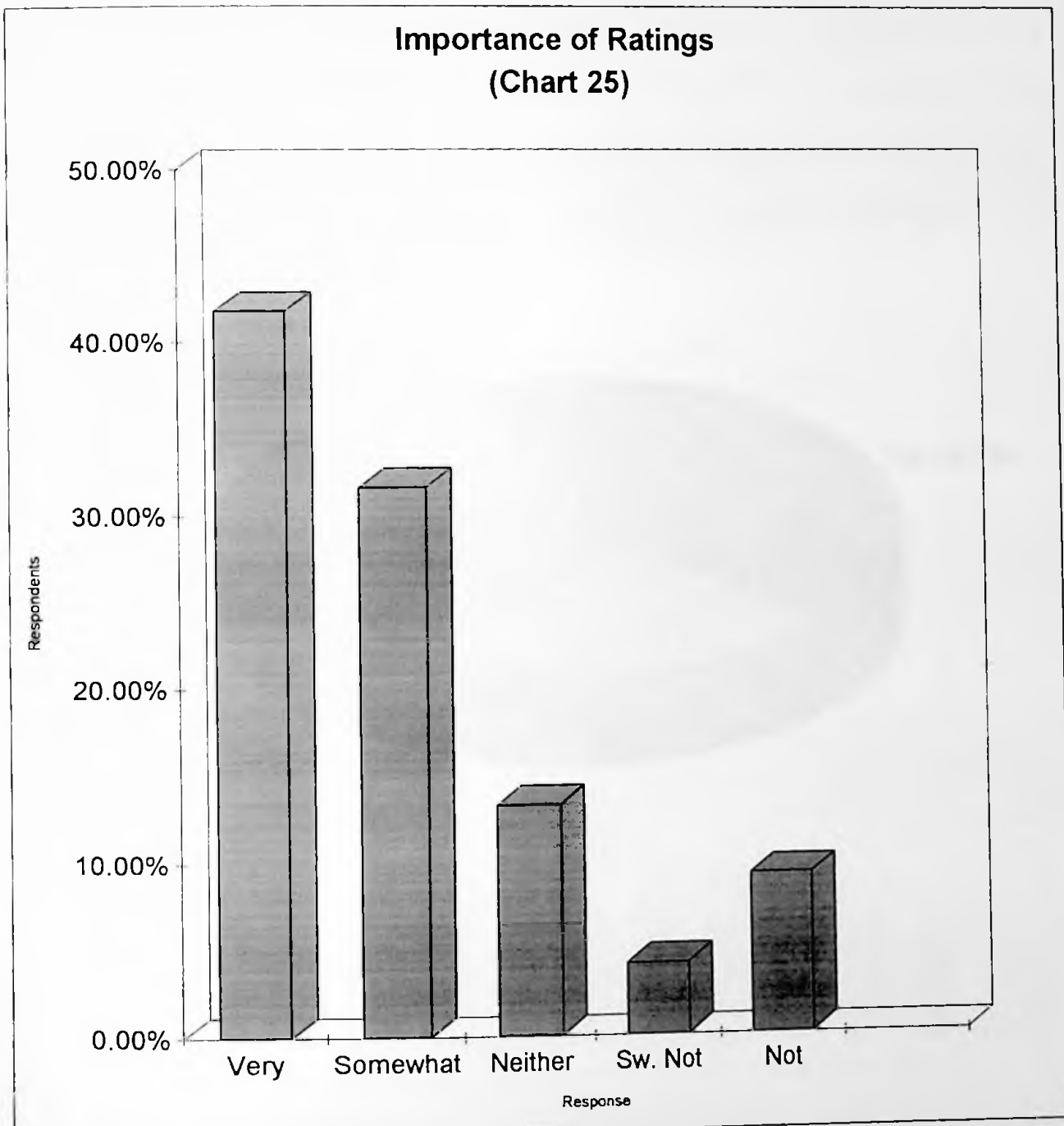


**Importance of Demographics.** The majority of advertisers, 65.3 percent stated that demographics are very important in making their advertising decisions; 25.5 percent said demographics are somewhat important. Only 7.1 percent stated that demographics are neither important or unimportant. A mere 2.0 percent of respondents claimed demography was not important (Chart 24).

**Importance of Demographics  
(Chart 24)**

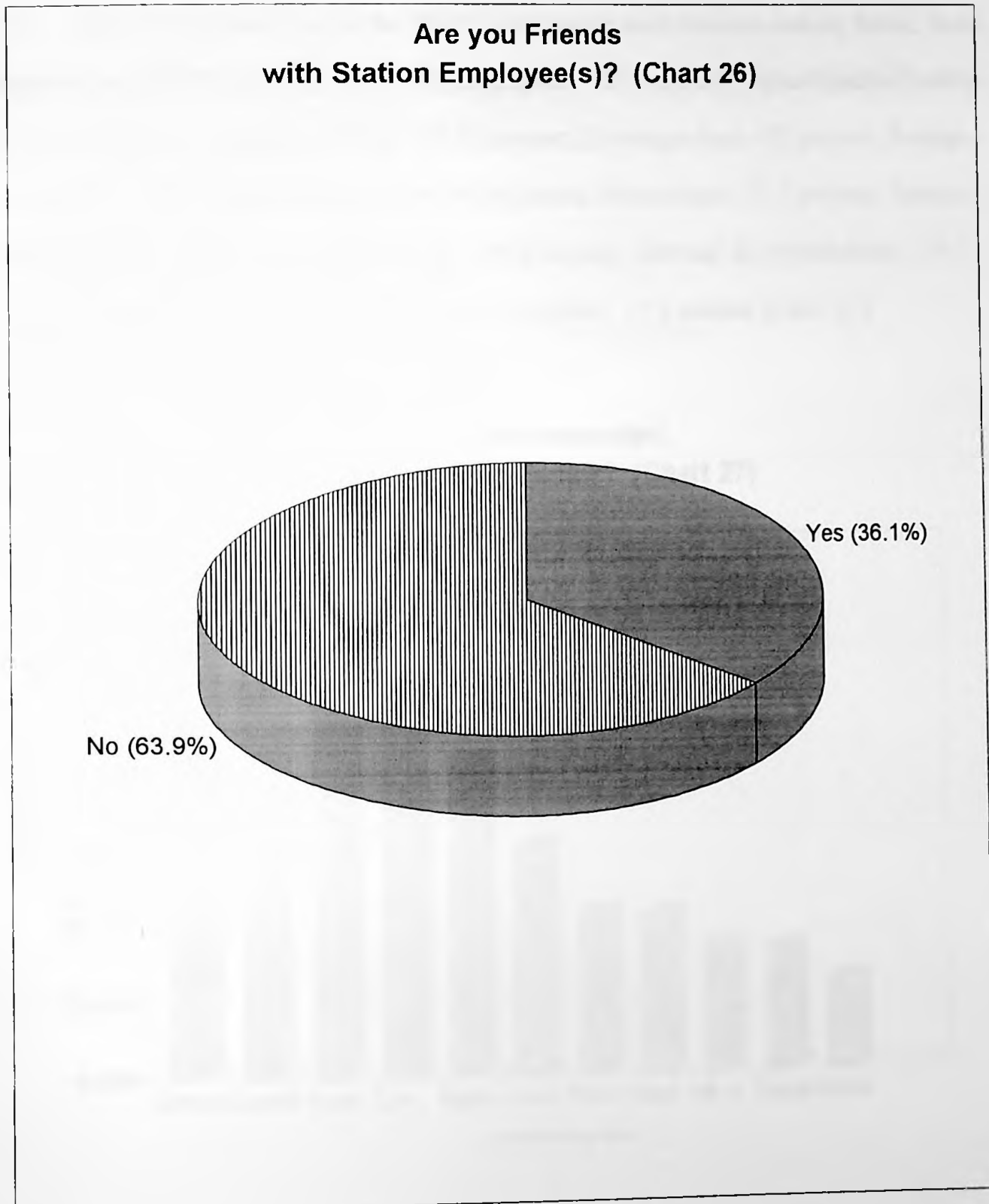


**Importance of Ratings.** For 41.8% percent of advertisers ratings are very important; 31.6 percent said they are somewhat important; 13.3 percent of advertisers said ratings are neither important nor unimportant. A small percentage, 4.1 percent said ratings are somewhat not important while 9.2 percent of advertisers claim ratings are not important in making their advertising decisions (Chart 25)





**Are You Friends?** When asked if they are personal friends with anyone employed by the radio station on which they advertise, 63.9 percent said no and 36.1 percent said yes (Chart 26).

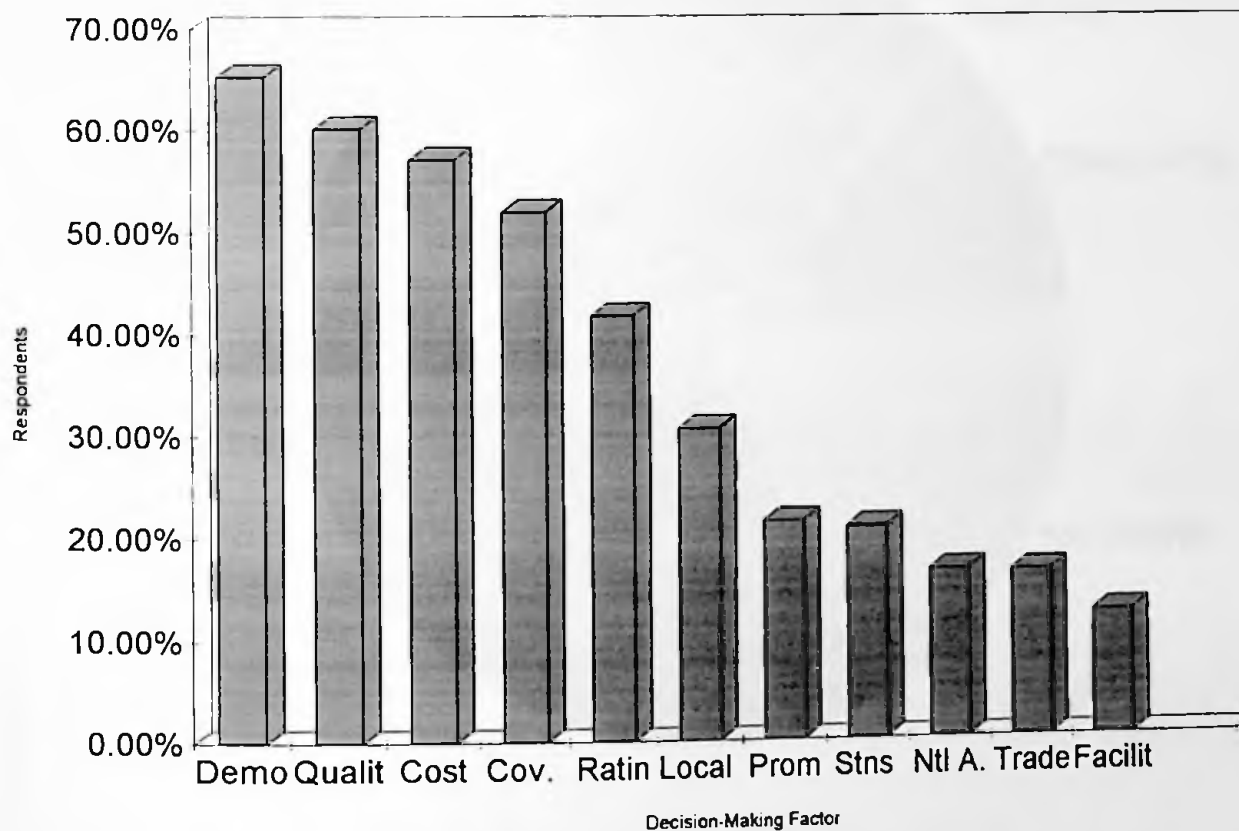


**Hypotheses.**

**H1.** *Tri-State area radio advertisers do not consider the demographics a radio station targets and the demographics their business targets most important when buying advertising on Tri-State radio stations.*

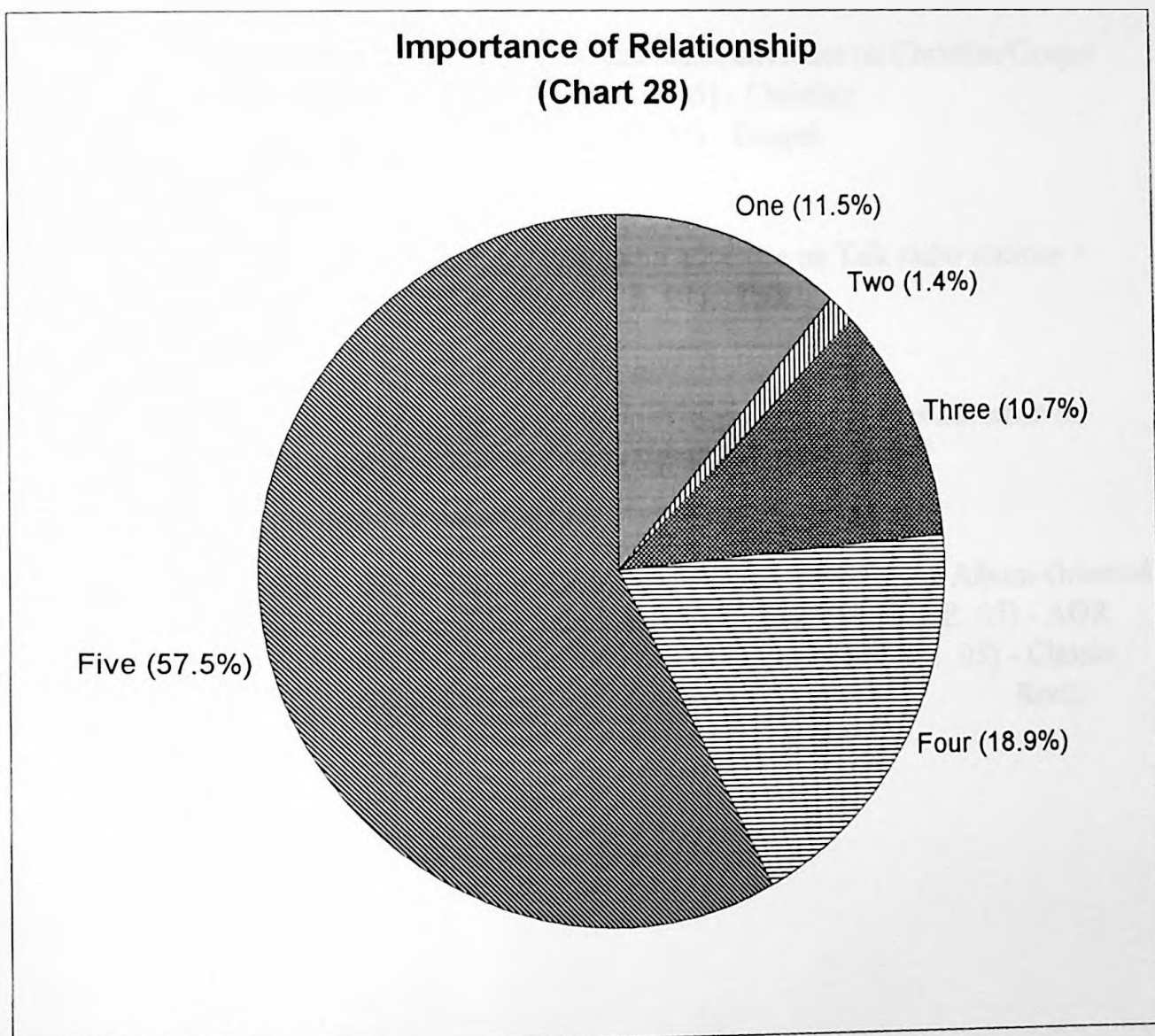
Here is a breakdown of the “Very” category in each decision-making factor, from most-important to least-important: Demographics - 65.3 percent, Signal Quality/Quality of Air Sound - 60.2 percent, Cost - 57.10 percent, Coverage Area - 52 percent, Ratings - 41.8 percent, Local Air Personalities - 30.6 percent, Promotions - 21.4 percent, Station’s Advertising (Television and Billboards) - 20.8 percent, National Air Personalities - 16.5 percent, Trades - 16.3 percent, and Station Facilities - 12.2 percent (Chart 27).

**What’s Most Important Decision-Making Factor? (Chart 27)**



**H2.** *Tri-State area radio advertisers' radio advertising decisions are based on the quality of the relationship between themselves and their sales representatives.*

Of the respondents, 57.5 percent gave their sales representatives the highest rating of importance, "Five," in the "Helpful," "Courteous," "Knowledgeable," "Professional," "Friendly," and "Personal Friends;" 18.9 percent rated these factors a "Four;" 10.7 percent chose "Three." Only 1.4 percent rated these factors a "Two," while 11.5 percent gave these sales representative factors the lowest rating of importance, "One," when making their advertising decisions (Chart 28).



**H3.** *Tri-State area radio advertisers advertise on Tri-State radio stations to which they themselves like to listen.*

Correlation coefficients were determined between each advertiser's taste in music and each format of stations on which the advertisers place advertising dollars. The results are as follows:

### **Advertisers Advertise on Stations to which They Enjoy Listening**

**(Table 4)**

Advertisers listening to Classical music advertise on Christian/Gospel radio stations = .2522 (Signif. LE .05) - Christian  
.2532 (Signif. LE .05) - Gospel

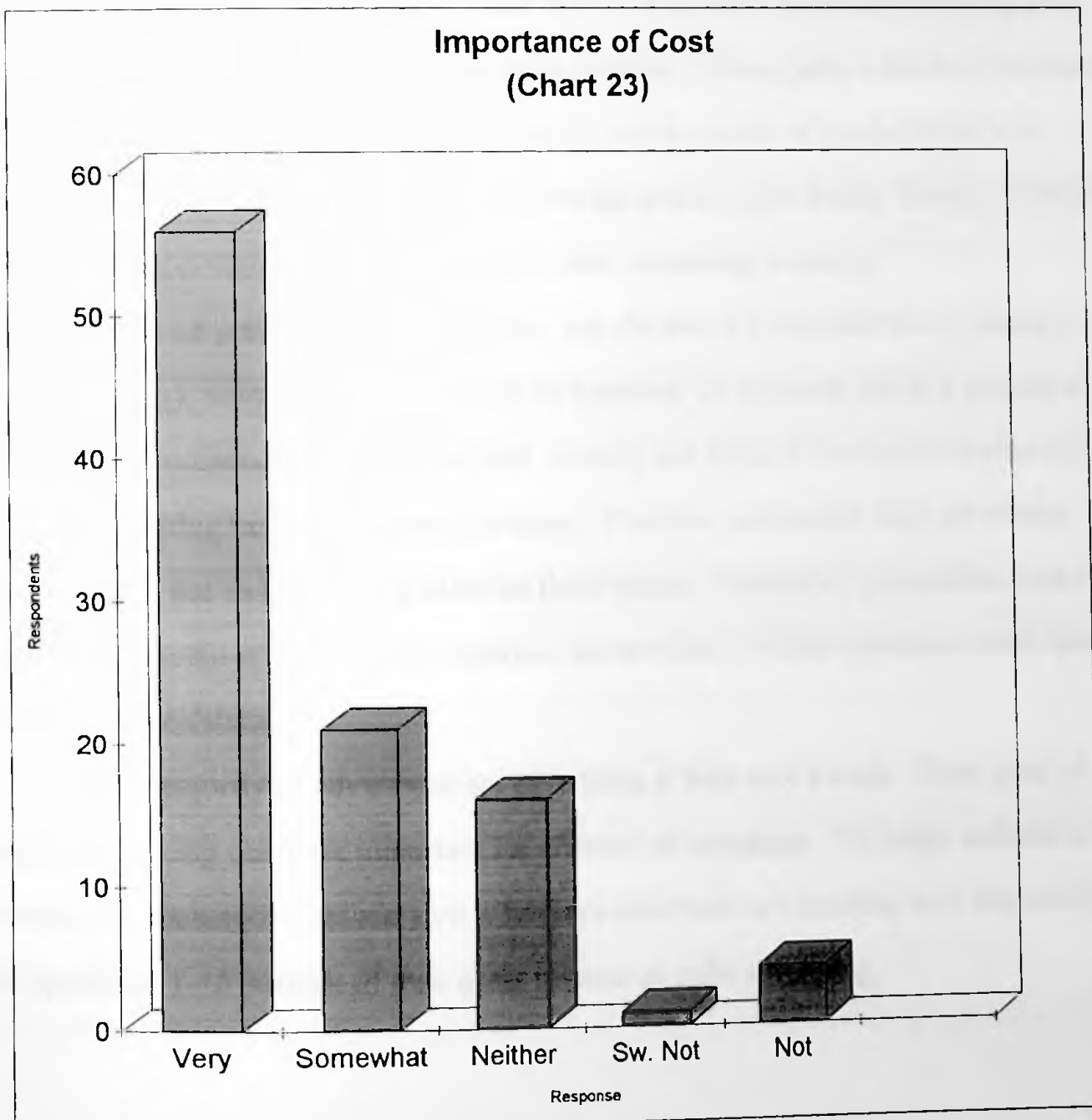
Advertisers listening to Talk radio advertise on Talk radio stations = .3332 (Signif. LE .01) - Talk

Advertisers listening to Religious/Gospel radio stations advertise on Gospel radio stations = .5193 (Signif. LE .01) - Gospel

Advertisers listening to Rock radio stations advertise on Album-Oriented Rock and Classic Rock radio stations = .2446 (Signif. LE .05) - AOR  
.2387 (Signif. LE .05) - Classic Rock

**H4.** *Tri-State area radio advertisers base their radio advertising decisions on the cost of a station's advertising.*

The majority of respondents, 56, stated that cost is a very important factor in deciding on which radio station(s) to advertise (Chart 23). Of the respondents, 57.1 percent view "Cost" as third most important factor when making their radio advertising decisions, closely following "Demographics" (65.3%) and "Signal Quality/Quality of Air Sound (60.2%). "Coverage Area" (52%) comes in a not so distant fourth and from there the numbers drop drastically.



## CHAPTER 5

### SUMMARY AND INTERPRETATION

Looking at the information gathered from Tri-State area radio advertisers, the following research questions can be answered: *How do Tri-State area businesses decide which radio stations to use for their advertising; Why do individual Tri-State advertisers advertise on one radio station over another?*

The research in this study showed that Tri-State radio advertisers are using good criteria when making their radio advertising decisions. Demography is the most important factor in making their decisions. Signal quality and the quality of a radio station's air sound is second. Cost is a close third. Coverage area is a close fourth. Ratings is fifth in the line of importance of factors in making radio advertising decisions.

Local air personalities, promotions, and the station's own advertising (television and billboards), while most important to 30.6 percent, 21.4 percent, and 20.8 percent of Tri-State advertisers, are viewed as sixth, seventh, and eighth in the line of importance of factors in making radio advertising decisions. Therefore, advertisers' radio advertising decisions are not as likely to be based on these factors. National air personalities, trades, and station facilities are the least important factors when Tri-State advertisers make radio advertising decisions.

The majority of advertisers are advertising at least once a week. These types of radio advertising plans are important for effective ad campaigns. The target audience is hearing the messages over and over. Tri-State advertisers are spending what they need to be spending, 1-10 percent of their gross revenue on radio advertising.

The majority of Tri-State advertisers, 63.9 percent, are not advertising on radio stations for which their friends work. Therefore, they are not buying radio just because their friends work at a particular radio station.

As expected, the vast majority of surveyed businesses come from Huntington and Cabell County. Why is this? It could be because Huntington is the largest city in the Tri-State area and Cabell is the largest county in the area. Huntington is more than twice the size of the second largest city, Ashland. Therefore, it is probable that sales representatives focus the majority of their selling attention on Huntington. For the most part, the number of respondents are pretty well weighted as far as the size of the county. For example, Cabell County has the most respondents, 50. Cabell County also has the most businesses, 3,788 (Marshall University REDC). Boyd County is second in the number of respondents, 16. Boyd County is also second in the number of businesses, 2,017 (Marshall University REDC). Lawrence County is third in the number of respondents, 9, and the number of businesses, 1,364 (Marshall University REDC).

**Hypothesis one**, *Tri-State area radio advertisers do not consider the demographics a radio station targets and the demographics their business targets most important when buying advertising on Tri-State radio stations*, was rejected because the most important factor Tri-State area advertisers consider when making their radio advertising decisions is indeed demography. Out of all decision-making factors the most important is demography, with 65.3% of the respondents stating that demographics are very important in making their radio advertising decisions. As reported previously on page 40, according to Nowak, Cameron, and Krugman, audience reach and the ability to target/reach a specific audience are the most important factors considered when making advertising decisions. Again, according to Nowak, Cameron, and Krugman, local advertisers seek advertising vehicles that reach the largest number of people in their target market.

**Hypothesis two**, *Tri-State area radio advertisers' radio advertising decisions are based on the quality of the relationship between themselves and their sales representatives*, was accepted.

When asked to rate six sales representative factors in terms of importance to making advertising decisions, a large percentage of respondents, 76.4 percent rated "Helpful," "Courteous," "Knowledgeable," "Professional," "Friendly," and being "Personal Friends" a "Five" and a "Four," the two highest ratings. Therefore, hypothesis two was accepted because 76.4 percent of respondents think that their sales representatives being helpful, courteous, knowledgeable, professional, friendly, and friends with their sales representative ARE important factors in making their Tri-State area radio advertising decisions.

**Hypothesis three**, *Tri-State area radio advertisers advertise on Tri-State radio stations to which they themselves like to listen*, was rejected with the exception of a limited set of formats.

For this hypothesis, this study is only looking at an independent variable, the formats advertisers enjoy, and a dependent variable, stations from which advertisers buy commercial spots. No other variables are included. Therefore, because the association is not zero, there are statistically significant results. Just because the association is real does not mean it must be strong. It is a weak association because only one dependent variable is included. For only one variable, the findings are statistically significant.

Tri-State radio advertisers who enjoy listening to rock music radio stations DO advertise on radio stations with a rock music format. There is a statistically significant relationship between advertisers who enjoy listening to Album-Oriented and Classic rock music and these same advertisers who purchase advertising on Rock music stations. While there is a statistical significance, it is not very strong.

Tri-State radio advertisers who enjoy listening to Religious and Gospel music radio stations advertise on Religious and Gospel music radio stations. There is a



statistically significant relationship between advertisers who enjoy listening to Religious programs and Gospel music and these same advertisers who purchase advertising on Religious and Gospel music stations. This may be due to the "offensive" nature of other radio formats, to Christian, Religious, and Gospel radio listeners and advertisers. Again, just like the relationship between rock listeners and rock advertisers, it is not a strong statistical significance although much stronger than the other three statistical significant findings in this study.

Tri-State radio advertisers who enjoy listening to Talk radio stations advertise on Talk radio stations. A statistically significant relationship is present. However, the significance is not very strong. Talk radio listeners, just like Religious radio listeners, are extremely loyal. This loyalty carries over from the advertiser's "listener" role to the advertiser's "advertiser" role.

Tri-State radio advertisers who listen to Classical music radio stations advertise on Religious/Gospel radio stations. There is a statistically significant relationship between the two. This relationship may be due to the inoffensive presentation of radio stations playing classical music, instrumental music with no words. However, there is not a very strong relationship present.

There are no relationships present between Tri-State radio advertisers who listen to radio stations playing oldies, those listening to country music radio, those listening to nostalgia formats, those listening to adult contemporary radio, and any other radio format available and the stations on which they advertise.

**Hypothesis four**, *Tri-State area radio advertisers base their radio advertising decisions on the cost of a station's advertising*, was accepted because a majority of the respondents, 77 percent, view "Cost" as very important and somewhat important in making their Tri-State radio advertising decisions. The majority of Tri-State area radio advertisers are indeed basing their radio advertising decisions on cost in addition to demography, signal quality/quality of air sound, and coverage area. Again, according to

Nowak, Cameron, and Krugman the cost of advertising is important in making advertising decisions. The research in this study supports the findings of Nowak, Cameron, and Krugman.

### **Conclusion.**

Although the findings of this study are limited by the regional look it takes at radio advertising decision-making, the research findings provide much information about local radio advertising decision-making and practices.

The author of this study believes that Tri-State radio advertisers are using good criteria when making their advertising choices. They are not tied to advertising on radio stations for which friends work. There is evidence that in some cases they advertise on radio stations to which they themselves enjoy listening. While there are correlations, they are not significant. This may be the only drawback to the criteria respondents are using to make their advertising decisions. In other words, advertisers should not simply advertise on a radio station because he or she likes the music. There is evidence of this in some cases but it's not very strong evidence.

Tri-state area radio advertisers do base their radio advertising decisions, in part, on the quality of the relationship between them and their sales representatives. They are purchasing advertising plans that are consistent and effective. They are interested in the most important factors, demography, quality of station's signal and the station's air sound, cost, coverage area, and ratings, when making their radio advertising decisions. Tri-State radio advertising decisions are based on the need and want to reach the demographic category each individual business is trying to reach. Therefore, against this author's opinion of Tri-State area radio advertisers' decision-making processes, cost, while one of the most important factors, is not the most important. That title goes to demography.

The majority of respondents said that local air personalities are important in making their Tri-State radio advertising decisions. They do not base their Tri-State radio

advertising decisions on the station's facilities, the radio station's own advertising (such as billboards, television commercials, etc.), trades, promotions, or national air personalities.

The respondents are mostly college-educated women in their 30s and 40s. They own or operate 20+ year-old businesses in Huntington and Ashland. They have 20+ years of retail/business/marketing training/experience. They own or operate restaurants, retail specialty shops, banks, and auto dealerships. They advertise on the top three rated radio stations in the Tri-State, WKEE-FM, WTCR-FM, and WDGG-FM. They use WTCR-FM, WKEE-FM, and WDGG-FM as their primary stations for radio advertising and put the majority of their radio advertising dollars into these stations respectively.

It would also seem the Tri-State area radio advertising decision-makers are using wise criteria to make their decisions. They have been making these decisions for quite some time now and they have figured out what advertising plans will work and what plans will not work. Most have always handled the advertising decision-making processes at their businesses. They know the demographic breakdown of their customers/clients and what radio stations will reach their customers/clients. The ability to make wise advertising decisions may have something to do with the fact that the decision-makers are college-educated, work for or own businesses that are 20+ years of age, have 20+ years of training/experience, and have always taken care of the advertising decisions for their business. The respondents overwhelmingly enjoy listening to country music. They have always taken care of their business' advertising; advertising on a daily, more than 3 times per week, and a once a week basis. They spend 1-10% of their gross revenue on radio advertising.

For the most part, Tri-State area radio advertisers' minds are where it counts, the bottom line. They are using good criteria to make their advertising choices to better their businesses and themselves. It is therefore recommended that Tri-State radio advertisers continue using the criteria they are using to decide on which radio station or stations to advertise.

It is also recommended that Tri-State radio sales representatives and managers use the information in this study to create better advertising packages for their clients. Sales representatives and managers should not sell an advertiser a package for the simple sake of making more money for himself or herself. Because the relationship between a sales representative and an advertiser is important in making advertising decisions, sales representatives may lose the sacred trust of their clients or prospective clients if this practice continues. Therefore, sales representatives and managers should only make calls on businesses that will benefit from advertising on their particular radio station. If a Tri-State radio station's demographic reach is also the customer base for a business in the Tri-State, a sales representative should make a cold call on the business.

Due to a station's signal quality and the quality of the overall air sound being ranked second in order of the most important decision-making factors, Tri-State radio general managers should make sure they have qualified engineers on staff. The engineers should make sure the station's signal quality and the quality of the station's air sound is the best it can technologically be. Tri-State radio general managers and sales managers should make advertising packages as affordable as possible. Tri-State radio general managers should make sure their engineers are making sure that their stations' signals reach the entire legal coverage areas.

If the above goals are met and are coupled with other factors such as decent ratings, good local air personalities, fun promotions, and some local television, billboard, and newspaper advertising, Tri-State area radio stations are more than doing their jobs to not only satisfy their advertisers, but their listeners as well.

### **Future Research.**

This study could be expanded to look at established businesses versus non-established businesses. How do their radio advertising decision-making practices differ? Which group has had the most success with their practices? What factors made the difference in a poor advertising plan and a successful advertising plan? A branch of

this study could also include breaking down the decision-makers demographically. For example, what are the most important decision-making factors for women ages 26-30; who have MA degrees; who are employed by businesses that are 6-10 years old; and who have 2-5 years of retail/business/marketing training or experience. Research such as this would pinpoint exactly what decision-making factors are most important to specific groups of advertising decision-makers.

Further research should be conducted to examine the effectiveness of advertising on specific radio stations in the Tri-State. Is one station more effective than another? Research should also be conducted to find out if the more an advertiser spends on advertising (the larger the percentage of gross revenue) the greater the advertiser's gross revenue becomes. In addition to these factors, did those who targeted but spent a lesser percentage of their gross revenue on radio advertising have more of a gross revenue increase than the advertiser who spent more money but did not target?

Further research should be conducted to find out the same information as in this study, for the local television stations in the Tri-State area. Then that information could be compared to the information found in the radio survey. The same could be done with cable, newspaper, magazines, etc. Why do Tri-State area newspaper advertisers buy advertising from one newspaper over another? It would be interesting to expand this study and find out what media the majority Tri-State advertisers use or prefer. Why does a business advertise in the newspaper over radio? Why does a business advertise on radio as opposed to television? A study could show why certain media are used over other media.

It would also be beneficial to find out why some businesses do not advertise at all. What are the reasons? Did they give advertising a chance? If not would they be willing to give it a chance?

## APPENDIX A

## Tri-State Radio Advertising Questionnaire

City in which the business is located \_\_\_\_\_

May I speak to the owner or manager of business name?

Good morning, my name is \_\_\_\_\_. I am calling on behalf of a graduate student in the School of Journalism and Mass Communications at Marshall University. This graduate student is writing his thesis on Tri-State area businesses and their Tri-State radio advertising decisions. I would like to include your opinions.

(Interviewer's directions are in parentheses.)

1. What station or stations do you advertise on the most? Give me the top three in the order of amount of advertising bought on each. (List in the order of amount of advertising, 1, 2, 3.)

- \_\_\_\_\_ WBVB-FM
- \_\_\_\_\_ WCMI-AM
- \_\_\_\_\_ WCOZ-AM
- \_\_\_\_\_ WDGG-FM
- \_\_\_\_\_ WEMM-FM
- \_\_\_\_\_ WFXN-FM (Simulcast with WMLV-FM)
- \_\_\_\_\_ WGOH-AM
- \_\_\_\_\_ WIOI-AM
- \_\_\_\_\_ WIRO-AM
- \_\_\_\_\_ WKEE-AM
- \_\_\_\_\_ WKEE-FM
- \_\_\_\_\_ WKLC-FM
- \_\_\_\_\_ WLGC-AM
- \_\_\_\_\_ WLGC-FM
- \_\_\_\_\_ WMGG-FM
- \_\_\_\_\_ WMLV-FM (Simulcast with WFXN-FM)
- \_\_\_\_\_ WNST-AM
- \_\_\_\_\_ WNXT-AM
- \_\_\_\_\_ WNXT-FM
- \_\_\_\_\_ WOKT-AM
- \_\_\_\_\_ WPAY-AM
- \_\_\_\_\_ WPAY-FM
- \_\_\_\_\_ WRVC-AM

WRVC-FM  
 WTCR-AM  
 WTCR-FM  
 WZIO-FM  
 Other (list other here.) \_\_\_\_\_

2. Have you always taken care of your business' advertising? a. yes b. no  
 (If yes, skip to question #4. If no, go to question #3.)

3. Did your predecessor advertising on these stations? a. yes b. no

(If no, list stations on which the predecessor advertised.) On what stations did your predecessor advertise?

4. How often did you advertise on Tri-State radio stations in 1995? (Read the following.)

- a. Daily
- b. More than 3 times a week
- c. Once a week
- d. Once every two weeks
- e. Once a month
- f. Once every six months
- g. Other \_\_\_\_\_

5. Approximately how much did you spend on advertising during 1995? (percentage of gross revenue) (Read the following.)

- a. 1-5%
- b. 6-10%
- c. 11-15%
- d. 16-20%
- e. 21-25%
- f. 26-30%
- g. 31-35%
- h. 36-40%
- i. other \_\_\_\_\_

6. What radio format do you personally like best?

AC     AOR     Beautiful-Music/Easy Listening  
 Classic Rock     Classical     CHR  
 Country     Heavy-Metal     Oldies  
 Religious/Gospel     Sports     Talk

7. Using 5 as the highest rating, and 1 as the lowest rating, as far as importance in making your radio advertising decisions, please rate your radio sales representatives in the following areas: (Circle appropriate answer. Do the same in #9-10.)

- |                     |   |   |   |   |   |
|---------------------|---|---|---|---|---|
| a. Helpful          | 5 | 4 | 3 | 2 | 1 |
| b. Courteous        | 5 | 4 | 3 | 2 | 1 |
| c. Knowledgeable    | 5 | 4 | 3 | 2 | 1 |
| d. Professional     | 5 | 4 | 3 | 2 | 1 |
| e. Friendly         | 5 | 4 | 3 | 2 | 1 |
| f. Personal Friends | 5 | 4 | 3 | 2 | 1 |

8. Using 5 as the highest rating, and 1 as the lowest rating, please rate the following radio station factors in terms of importance in making advertising decisions:

a. wattage/coverage area (strength of signal)	5	4	3	2	1
b. signal quality/quality of air sound	5	4	3	2	1
c. local air personalities	5	4	3	2	1
d. national air personalities	5	4	3	2	1

9. How important are the following, using the same rating scale?

Station promotions	5	4	3	2	1
Trades	5	4	3	2	1
Station Advertising	5	4	3	2	1
Station Facilities	5	4	3	2	1
Cost	5	4	3	2	1

10. How important are the demographics a station reaches in selecting on which station to do your advertising? (Read the following.)

a. very                      b. somewhat  
c. neither                d. somewhat not        e. not

11. How important are ratings in your advertising decision? (Read the following.)

a. very                      b. somewhat              c. neither                      d. somewhat not  
e. not

12. Are you personal friends with anyone employed by the radio station on which you advertise?    a. yes                      b. no

Finally, I have just a few questions for classification purposes. The following will be kept confidential.

13. What is your age? (Read the following.)

a. 25 and under              b. 26-30  
c. 31-40                      d. 41-50                      e. 51-60                      f. 61 and up  
(Don't Read.) g. Refused

14. What is your completed education level? (Read the following.)

a. some high school  
b. high school    c. some vocational school    d. some college              e. voc. school  
f. college              g. some post college    h. Master's Degree              i. MD or equivalent  
j. PhD or equivalent (Don't Read.)    k. Refused

15. (Interviewer, distinguish the following on your own. If unable to distinguish, say "My phone line is not fully clear, so may I ask if I am speaking with a man or woman?")

Gender                      a. male                      b. female

16. How old is your business? (Read the following.)

a. under 1 year    b. 2-5 years              c. 6-10  
d. 11-20              e. 20 +



17. How many years of retail/business/marketing training do you have?

(Read the following.)

- a. under 1 year   b. 2-5 years   c. 6-10   d. 11-20   e. 20 +

18. What was your business's Gross Revenue in 1995? (Read the following.)

- a. 50,000 and less   b. 50,001-100,000   c. 100,001-250,000  
d. 250,001-500,000   e. 500,001-750,000   f. 750,001-1,000,000  
g. 1,000,001 and up   (Don't Read.) h. Refused

19. What was your personal gross income in 1995? (Read the following.)

- a. 25,000 and less   b. 25,001-50,000   c. 50,001-75,000  
d. 75,001-100,000   e. 100,001-250,000   f. 250,001-500,000  
g. 500,001-1,000,000   h. 1,000,000 and up   (Don't Read.) h. Refused

(Thank and Terminate.)

## APPENDIX B

### Responses to Open-Ended Question

Of 98 respondents from the target population, 4, (4.08%), were able to respond to the open-ended question, the second part of question 3 in the survey. These 4 respondents' predecessors did not advertise on the same radio stations that they currently use or they did not know what radio stations were used by their predecessors.

WKEE, WTCR.

WTCR.

I Don't Know.

## APPENDIX C

Additional Comments

Of 98 respondents from the target population, 6, (6.12%), made additional comments. These comments are very interesting and are closely associated to this study.

Retail/Clothing Chain. "I mainly use print."

Bus System. "I hope your survey is very successful, and you have a very pleasant voice."

Retail/Furniture. "WPAY's rates are too high."

Retail/Specialty. "We do not advertise on radio any longer."

Retail/Specialty. "I listen to WTCR."

Retail/Auto Specialty. "I would like to spend every penny I have on WTCR."

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