THE FRANCHI$E

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Building Radio Brands

Lew Dickey
STRATFORD RESEARCH

NAB™
BROADCASTERS

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DEDICATION

This book is dedicated to my father, Lew Dickey, Sr., a forty-five year broadcast veteran who continues to be a constant source of knowledge, wisdom and vision.

Lew Dickey
February 1994

ACKNOWLEDGEMENTS

In preparing to write this book, I drew upon several years of academic study, coupled with ten years of in-the-trenches radio experience. It was an undertaking which required the help of several people without whose support this book would have been impossible.

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Finally, I want to thank Stratford's more than fifty clients in the U.S. and Canada who represent the fast-growing breed of radio's Brand Managers.

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INTRODUCTION

GETTING THE MOST FROM THIS BOOK

The objective of this book is to explain in layman's terms the basic fundamentals of franchise building and the discipline of brand marketing. It is filled with real life anecdotes from stations in a wide range of market sizes and formats, highlighting both successes and failures.

The book is broken into four logical parts which serve to first walk the reader through the history and fundamentals of branding, and then to provide specific frameworks to be used in the application of these fundamentals.

The first part outlines the context in which successful consumer marketers employ the principles of branding. A basic knowledge of consumer behavior is presented which will help management to more effectively use the tools outlined throughout the book. In addition, it contains a short history of branding, tracing it from the early civilizations of the Greeks and Romans to the multi-billion dollar global marketing battles which impact each of us today.

Part One details the fundamentals of branding and brand management. These fundamentals include the creation of a brand identity and successful association of positive brand images which differentiate the brand from its competition. Furthermore, it discusses the various methods of building brand awareness in the context of today's overcommunicated society. Having a brand identity and building awareness is only half the battle. This section then discusses in great detail the most elusive concept to marketers in every industry - brand loyalty.

Part Three takes the tools discussed in Part Two and applies them to the real world of radio broadcasting. It discusses specific formats and cites case studies of both branded and generic stations. This section contains lessons for all managers to apply to their own respective competitive situation.

Part Four explains the application of brand management to the broadcast industry as a whole. This is a "forest" rather than a "trees" examination of the direction of the industry. It is designed to help managers position themselves for long term competitiveness. It takes a critical look at duopolies from the brand manager's perspective to provide a strategic framework for managers to evaluate their intra-market franchises and possible consolidation opportunities. This part ends with a final chapter on the future of radio in the context of the new, unfolding multimedia world. It is guaranteed to provide something for all broadcast managers that will help them compete more effectively today, and position themselves for continued success in the future.

Beware, however, this book describes a competitive discipline, it does not contain a magic formula or list of positioning statements which will raise your numbers 20% in the next book. There simply are no shortcuts and no tricks. Building a franchise requires both hard work and smart work and for those managers who are willing to put the time in and really make a commitment, the dividends are high and the fruits of your labor will continue to pay off for years to come.

Let's get started.

PREFACE

RADIO: A HISTORY OF CHANGE AND A PROMISE FOR MORE

The first branded radio franchises saw their heyday some thirty years ago. The advent of rock and roll changed the music scene and Todd Storz' creation of Top-40 radio radically changed the role of radio in American pop culture.

Branded legends were created out of great stations such as KHJ, CKLW, WQXI, WLS and WABC. These were the days of boss jocks, big sounding stations, larger than life promotions and listener loyalty which rivaled that of today's religious cults.

During the seventies, FM came on the scene and brought with it a new breed of branded franchises, including great stations like KMET, WNEW, WMMS, WHYI, and WRIF. Borrowing from their AM ancestors, these stations too created larger than life personas. They used personalities and promotions to generate high degrees of listener loyalty, making them virtually invulnerable to competitive attack.

However, as radio moved into the eighties, the trend in broadcasting switched from franchises to formulas. Formulas ushered in the age of what we have come to call Robo Radio. There were many contributing factors to this formula-based approach to broadcasting, ranging from a difficult business climate to the expanded ownership limits to technological advances.

During the early eighties, the economy was tough. Interest rates were at an all time high, yet radio was still primarily an entrepreneurial industry. Doing radio on a large scale was expensive and cost prohibitive for many independent broadcasters. For many, the need to cut costs opened the door for programming shifts like automation and satellite-delivered formats fueling the trend toward Robo Radio.

This trend would only be exacerbated by the economic boom of the mid to late eighties in which Wall Street discovered a nascent industry run primarily by small businessmen. Raising the ownership caps and

the ensuing wave of non-broadcasters into the business ushered in a wave of generic cookie cutter formats. Investors and management alike loved the idea of formula radio because it offered greater controls which in turn made it easier to manage. Talent and creativity were replaced by safelists, music scheduling software, slogans and syndicated television spots.

As a result, the practice of building entertainment franchises was becoming a lost art. After ten years of liner-driven formats, the talent pool has dwindled considerably. So much so that today, many broadcasters interested in building their franchise with quality talent must look to the skies for a satellite savior.

Today, the trend away from the branded franchises and toward the generic Robo Radio stations has worsened as there are now even more signals vying for the same shares of a relatively fixed pie. The result has been unprecedented fragmentation. Move-ins, drop-ins, 80-90 allocations and upgrades have created greater competition in virtually every market. In fact, the competition has been so great that the FCC has attempted to provide relief for broadcasters through duopoly enabling broadcasters to consolidate.

The result is that the number of intra-format competitors is now at an all time high. Today, almost every market in the top 100 has at least two and sometimes three competitors in the primary formats of Rock, Country, Adult Contemporary, Urban and News/Talk. Fragmentation is now impacting Oldies ('50s & '60s vs. '70s) which previously had the kind of lock on format exclusivity enjoyed by Country just a few years ago.

The combined result of industry fragmentation and generic radio programming and marketing has been the absence of dominant format competitors and the converging of market shares to a level of parity. In fact, in the top 10 markets where fragmentation has been a factor for a longer period of time, stations are often separated by just tenth's of points. In radio today, there are very few dominant radio franchises which consistently own large leads in the ratings.

A strong argument can and should be made for broadcasters to learn from the many successful consumer marketing companies who have dealt with fragmentation and product proliferation for many years. Unlike the oligopolistic radio industry, most other industries have little or no barriers to entry. As a result, most consumer product companies have to

deal with much more than just two or three "format" competitors. These companies rely on the power of brand marketing to help them build branded franchises which vastly outperform their generic competitors. For successful consumer marketing companies, the quality and image of the brand consistently wins out over cost efficient generics when it comes to market share and profitability.

For broadcasters, it is more important to own a branded franchise in the minds of their target consumers (listeners) than it is for a packaged good company simply because of the way product consumption is measured. In radio, market share data is only an estimate which is derived from unaided recall. If consumer product companies relied on this type of methodology to measure their relative market share, the branded franchises would increase their already strong market share advantages to ridiculous levels given the number of competing product offerings.

Thus, the number of changes impacting the radio industry, including fragmentation and the convergence of advertiser demand to the same adult demographics, have created an environment similar to one faced by most consumer marketing companies. This type of environment dictates that companies either focus on building and maintaining a branded franchise or they are relegated to competing with the numerous generics for the marginal consumers.

A NEW AND BETTER WAY OF THINKING

The essence of this book is to present a relatively new (for radio) and better way of thinking. Throughout the text, managers will be directed to rethink both programming and marketing from their consumer's perspective. For most, this will be counter-intuitive at first, because they are accustomed to thinking about radio as an insider rather than as an outsider, which is the consumer's natural orientation.

Building a branded franchise requires managers and their respective organizations to orientate their thinking to an outside-in rather than an inside-out perspective. This may sound trite, but in the course of my involvement with over two hundred different radio and television stations, I can practically count on one hand the number of those who truly practice the fundamentals detailed in this book throughout their entire organizations – from programming and marketing to sales and promotions.

The first step to becoming an outside-in thinker is to approach the business from the customer's perspective when developing a strategic plan. Having spent the last ten years working with over two hundred management teams in developing broadcast strategies, it has become painfully clear that most broadcasters continually repeat two costly and dangerous mistakes which invariably lead them to a strategy based on inside-out thinking.

RADIO LISTENERS DON'T THINK LIKE RADIO PEOPLE

First and perhaps most important, broadcasters continually overestimate the importance of radio in the everyday lives of their listeners. This is an easy trap to fall into when you consider the highly emotional nature of the business and the daily interaction with a highly involved segment of the customer base. Outside of occasional focus groups, management is generally exposed only to station fans: active listeners who call the station, participate in its contests and attend its promotions.

Unfortunately, this group represents only a very small, yet highly vocal audience segment which can easily distort management's perspective of their station's competitive strengths and vulnerabilities, as well as their overall competitive standing. In broadcasting as in politics, the number of uninvolved or silent majority consumers far outweighs the highly involved or vocal minority. Management and politicians alike must never forget, however, that the vote of each counts equally.

WARFARE MENTALITY DIRECTS A COMPETITOR-FOCUSED ATTACK

The second mistake which encourages inside-out thinking is a preoccupation with the competition. Management teams which are competitor-focused rather than customer-focused tend to lose sight of their primary objectives which are ratings and profitability. Psychological warfare and dirty tricks may be great ego boosters for the staff and make for good barstool stories at conventions, but they rarely if ever translate into real and sustainable competitive advantages.

This mentality can be traced to books like *Marketing Warfare* and others which encourage managers to assess their competitive situation from the perspective of the competition rather than the consumer. Again,

this approach is an easy trap to fall into because it is far more intuitive for managers to assess their competitive environment from their perspective than from their consumers.

Brand marketers are competitively aware, but they are customer-focused. They understand all too well that consumers are not interested in anything else but themselves. Competitive battles which are fought on management's desire to "one-up" the competition rarely translate into clear victories in the minds of the consumers. In every market, stations go head to head spending a great deal of time and money trying to establish themselves as the "Only All Classic Rock" or the "Most Music" or the "Most Variety" stations.

These battles are waged to capture imaginary hills which management perceives to be the underlying reason why listeners will choose and "write down" one station over the other in an Arbitron diary. This approach is a mutually destructive strategy which causes the stations to be viewed as generic substitutes, increases product confusion and erodes brand loyalty.

These types of competitive battles illustrate the problems with marketing warfare. It encourages radio managers to make unrealistic assumptions about the listeners. Based upon the marketing warfare model, one would assume that listeners carefully "shop" the radio dial to find the station which plays the most music with the best variety, and they purchase the winning station and forget about the rest. The thinking is: after all, to the victor, go the spoils.

In reality, however, listeners don't "purchase" a single station, but rather they use several stations for many different reasons. The listener's evaluations are often shallow and fickle, not conscious and exacting. In a business where market share is measured by unaided recall, the real enemy of the broadcasters is product confusion, not a competitor trying to capture an imaginary hill.

Furthermore, I've seen management's preoccupation with their counterparts across the street cause them to underestimate their competitive challenge. This is especially true when management changes occur at an established competitor. The trap is easy to fall into, but keep in mind: listeners aren't aware of management changes and they don't care about them. We all buy our favorite brands every day without a care in the world as to what is happening in their corporate boardrooms.

The important lessons that should be learned are: Never underestimate the power of an established brand and never overestimate the level of involvement that the majority of your customers have with your station. Furthermore, having witnessed the dramatic changes that the broadcasting industry has undergone in the last ten years, with an even more radical period of change ahead in the next decade, it is evident that the status quo is dead. Simply put, managers who don't react to change will go the way of the dinosaurs.

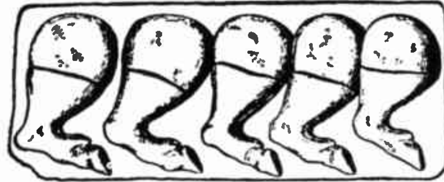
CHAPTER 1

THE HISTORY OF BRANDING

The history of branding can be traced back more than two thousand years to the Greek and Roman civilizations. Merchants realized early on that they needed to give their products a distinguishing characteristic that consumers would recognize and hopefully repurchase again and tell their friends about. Without really knowing what they were doing, these early merchants were differentiating their products to build brand loyalty and word of mouth advertising (see Figure 1.1).

These early brands used symbols rather than names to distinguish themselves from their competitors. Symbols replaced language because most of the customers were illiterate. For the successful merchants, these symbols came to represent quality and value in the consumer's mind. Hence created demand for their products. In the crowded medieval markets, consumers made their way to the familiar symbols to buy their goods in much the same way as we look for the familiar packages on the crowded store shelves today.

FIGURE 1.1



Example of an early Brand, from the Roman civilization of Pompeii (circa 70A.D.)

While our global economy has greatly evolved from the simple merchant economies of the medieval times, many of the fundamentals employed by those early merchants in branding their products are still in use by today's multi-national packaged goods giants.

Consumer marketing has witnessed its most dramatic changes in the twentieth century. The industrial revolution set in motion changes which have been greater in the last hundred years than in any time since. Mass production, communication, transportation, and distribution have all been turned upside down. These advancements have now made national brands possible and the industrialists who seized the opportunity

were the first owners of branded franchises — many of which are still in business today.

Early traders used brands to distinguish goods based on the product alone. Today, mass communication has changed the way marketers make use of the power of familiar brand names. They have layered an additional set of intangible characteristics (image and emotion) on top of the product characteristics which were originally represented by the brand. This evolution of branding has been fueled in total by the advent of modern day advertising.

Some of the largest advertisers from a hundred years ago may be active accounts on your station today! See if any of the following list sounds familiar: American Express, Armour Foods, Coca-Cola, Heinz, Ivory Soap, Kodak, Lipton Teas, Mennen, Pond's, Prudential, Quaker Oats, Regal Shoes, Sears, Shredded Wheat, Van Camp's, Winchester Firearms, and Waterman Pens.

These are all examples of branded franchises which have endured for a hundred years or more. Furthermore, in the face of incredible competition, many of the brands listed above still remain market leaders. Wall Street understands this and that is why the companies which own these brands command premium value. The reason is obvious: people don't buy products, they buy brands.

Dozens of companies make cola soft drinks and in numerous blind taste-tests, generic colas such as Safeway's store-brand have beaten Coke. Furthermore, store brands like Safeway cola cost far less, yet Coke outsells Safeway's product many times over. Consumers have come to trust and demand their favorite brands. Taste and cost are not enough to sway them en masse towards the generics.

Top consumer marketers like Coca-Cola realize the power of their brands. So much so that they continue to invest hundreds of millions of dollars in advertising and promotion to reinforce their brand's image in the minds of consumers. These firms routinely spend not only more dollars in brand advertising, but they spend a greater percentage of their marketing budgets on advertising verses promotion. In fact, a study conducted by the Arcature Corporation research firm of hundreds of consumer businesses revealed that leading brands allocate 26 percent more of their advertising and promotion budgets to advertising than do second tier brands, which devote an average of 60 percent of their budgets to promotion.

Second-tier brands find it so difficult to dislodge strong competitors like Coke, Nike and Marlboro that they focus the majority of their marketing budgets on promotion. This type of marketing is successful as it builds volume, but it does little to build the strength of the brand. Moreover, it leaves these second-tier competitors increasingly vulnerable to new product launches which undercut their promotions and price-incentives. It reduces their marketing battle to a fight for the scraps while the top-tier companies continue to enjoy both market share and higher margins.

Many radio managers who are reading this are undoubtedly comparing this to their own situations where they are battling with a strong competitor, perhaps the one who plays the most songs in a row or gives away the most amount of cash. These are short term marketing tactics which all too often have little or nothing to do with a long term strategy which invests in building the brand. Remember, no franchise worth owning is built on short-term tactics, not in soft drinks, not in athletic footwear, not in cigarettes, and not in broadcasting.

The world's top consumer marketers have all but perfected the discipline of branding and franchise-building activities. In talking with dozens of them, one fundamental tenet rings loud and clear. It has already been stated in this chapter, but it is worth repeating: people don't buy products, they buy *brands*.

Let's explore this further before moving on to the next section which outlines the fundamentals of branding and brand management that apply to all consumer marketers including radio broadcasters.

TODAY'S CHALLENGE: MOSAIC MARKETING

Today, people are the architects of their own lifestyle. Lifestyle is a concept which each and every one of us holds in the back of our mind. It can be as different and unique for each person as their personality. For some it is very obvious and even brash, while for others it is more reserved and private. The important point is that it is inherent in each and every one of us.

A lifestyle is analogous to a mosaic. It is composed of many disparate parts which are carefully chosen and assembled to create a finished product — one that expresses who we believe we are and how we would like to be seen by others. Each tile in the mosaic represents a different

part of our existence. These include but are not limited to: occupation, education, social status, style of dress, automobiles we drive, place of residence, type of residence including decor, social activities, circle of friends, diet, exercise, favorite restaurants, recreational activities, clubs, organizations, charities, vacation destinations, entertainment and media consumption.

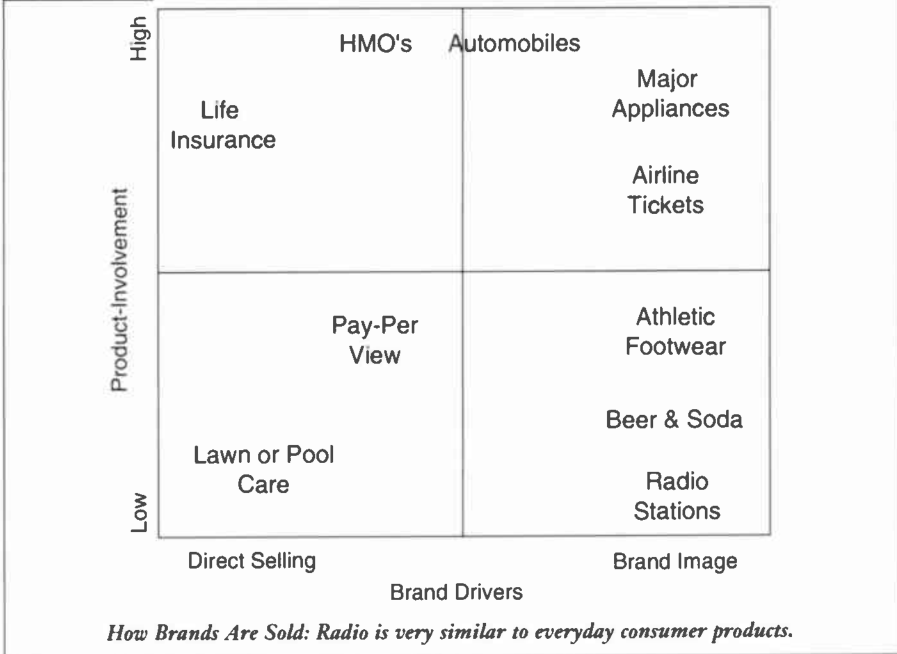
Consumers make choices every day in order to express themselves. They are, in a way, creating their own brand bearing *their* name. The smart marketers realize this as they systematically weave their brands into the fabric of their target consumers' lifestyle mosaic. This systematic approach is known as the product's brand strategy and it encompasses product development, packaging, advertising and promotion in a highly integrated and complex strategic plan.

Having researched hundreds of different consumer marketing companies, one single competitive advantage seems to separate the best from the rest across all product categories. This competitive advantage stems from a real and total understanding of the true nature of the relationship between the customer and the product. I am convinced that this understanding is part science including consumer research, and part art including experience and intuition. Both are explored in detail throughout this book.

As most radio managers are keenly aware, any kind of transaction in sales is dependent upon the relationship that exists between the buyer and the seller. The nature of the relationship varies greatly on a continuum depending upon the product being sold and bought. (see Figure 1.2) On one end of the continuum, the consumer relies heavily on the relationship with the individual who is selling the product. Conversely, on the other end of the continuum, people are buying the product based solely on their relationship with the brand.

For example, life insurance and financial planning services are purchased almost solely on the relationship with the salesperson. Trust is the overriding purchase criteria. It is why much of the local marketing effort is used to promote agents in an attempt to brand them as legitimate, trustworthy and competent professionals. These agents sell financial products by such branded franchises as MetLife, Prudential and Kemper, but in the final analysis, the majority of consumers are buying these products based upon their relationships with the agents and are following the agents' recommendations.

FIGURE 1.2



How Brands Are Sold: Radio is very similar to everyday consumer products.

Conversely, at the other end of the relationship continuum is product which is sold on its brand alone. A prime example of this is athletic footwear. When a consumer walks into a sporting goods store, they have generally made up their mind ahead of time as to which brand they intend to purchase. If their mind is set on Nike, they will more than likely purchase a pair of Nike shoes regardless of what the clerk tries to sell them. In this instance, the intermediary (clerk) is merely a facilitator as the relationship rests solely between the brand and the customer. This is why companies like Nike spend hundreds of millions of dollars in advertising and promotion to cement that relationship long before the consumer ever walks into the store.

As you can see from Figure 1.2, radio consumption falls squarely on the far end of the athletic footwear side of the continuum. The relationship between the consumers (listeners) and the product (stations) receives no interference from third parties. In fact, it is one of the more unique consumer/product relationships in all of marketing because the product is completely free with absolutely no switching costs or commitment. Furthermore, consumption is measured by unaided recall in radio. This places an even greater emphasis on the consumer/product

relationship for broadcasters because branded products fare far better in unaided recall measurement.

Conversely, for consumer marketers, the battle is fought and won up until the point that the purchase decision is made. Following the initial or trial purchase, consumer marketers rely on the quality of the product and continued reinforcement of their brand to stimulate the repurchase cycle. Measuring market share (their true report card) is then an academic exercise because it is based upon actual sales figures, not estimates based on unaided recall of consumption. Today, virtually all consumer marketers are able to access almost instantaneous data on sales volume and market share.

However, for radio brand managers, the challenge is much tougher. They too, must generate trial usage of their product by the target consumer and then must also rely on the quality of the product and their brand marketing to generate repurchase. But, unlike their consumer marketing counterparts, they must rely on estimated data to measure consumption. To complicate matters even further, the process of estimating consumption (ratings) is based on unaided recall of usage. Thus, the radio brand manager could conceivably (and often does) be selling more quarter hours of radio to the target consumers than the ratings report card reflects. This is the bane of the current audience measurement system which introduces another dimension into the brand marketing process.

It is not enough to affect consumer behavior and generate trial usage, brand switching or successfully changing behavior patterns. For the radio brand marketer, it's not a sale unless the customer can recall (unaided) "buying" quarter hours of radio from the lesser established brand. This is precisely why product confusion is more deadly in radio than it is in most other marketing environments. Radio managers must look for positive differentiation which cannot easily be copied if they are to create long term brand equity (see Chapter 9).

When considering the unique challenges of marketing radio, it is important to remember that all marketers are targeting part or all of the same consumers - the general population. Consumers are routinely bombarded with upwards of two thousand messages per day by hundreds of different consumer marketers all competing for a share of their minds. However, it is physically impossible for them to process all of the in-

coming messages; there are simply too many on too broad of a spectrum of subjects. The result for many consumers is sensory overload which results in a phenomenon called selective attention.

Selective attention is a process where consumers mentally "shut out" incoming messages which are believed to be unimportant or unusable at the time in which they are received. It's analogous to a mental trash can which captures all of the information which is not needed.

Often, this is dictated by the size and status of the consumer's consideration set for a given product category, be it for soft drinks, automobiles, long distance telephone services or radio stations. Consideration sets are like file folders which exist in the consumer's mind. We all store and access information in this fashion, much the same way as personal computers use files and directories. These mental folders are constantly being updated based upon the incoming messages from media, friends, family, co-workers and personal experience.

These consideration sets very rarely exceed a handful of brands per product category and often contain only two or three. To see how this aspect of consumer behavior functions in the real world, just ask yourself or someone in your home or office to quickly, without thinking, name three or four airlines, athletic footwear companies, overnight delivery services, personal computer makers, cigarettes, long distance services, cable networks, fast food chains, department stores or banks. You will be astounded to see how people, and possibly yourself, respond to this exercise in unaided brand recall.

In each of these categories, there are at least a dozen nationally marketed brands and some have more than twice that many competing brands — just open the Yellow Pages and see for yourself. The brands which are mentioned for each category in your quick survey are the top-of-mind brands which enjoy the enviable position of owning a place in the consumer's consideration set. This is why the top brands still remain firmly entrenched in the consumer's consideration sets year after year despite the tens of thousands of brands introduced each year.

If consumer marketers were forced to rely on unaided recall to measure consumption of their products the way that radio broadcasters do, the top brands could become almost invincible. For example, let's suppose that overnight delivery market share data was estimated by unaided recall. Who do you think would be the runaway winner? If you

guessed Federal Express you were right. In fact, branded franchises like Federal Express, Coca-Cola, Budweiser, Nike and Marlboro would all outperform their actual market share if their consumption was measured by unaided recall instead of by cash registers.

Most of us are familiar with the laws of entropy which state that for every action there is an equal reaction. In the battle of unaided recall, it means that for every consumer brand which outperforms its actual market share in unaided recall, there is a counterpart consumer brand which underperforms its actual share. Translated to radio, this means that the branded franchise will tend to outperform its actual listening share in the ratings with credit being made up for by non-branded or generic competitors.

Brand marketers know how difficult it is to establish a brand name and associate positive qualities with it. This is precisely why so many of the new product introductions are spin-offs or line extensions of the brand. In addition, many brands from the past are being brought back due to their residual brand equity. This is also true with entertainment products. More and more movies are being followed with sequels, with some even turning into popular television series using the original concept such as Star Trek. Each year the sweeps are increasingly being programmed with reunion shows from the Brady Bunch to Gilligans Island. Even the recording industry is releasing more covers of past hits than ever before.

It's not that consumers eschew anything new, it's just that they're often more comfortable with the old. Today, consumer marketing has become so difficult and complex due to the sheer number of competing products and accompanying messages all vying for the consumer's attention. In our over-communicated society where product proliferation is rampant, the smart marketers understand that *people don't know what they like, they like what they know.*

This statement bears re-reading as it is one of the underlying tenets of consumer behavior. People tend to gravitate towards the comfortable and the familiar because they are creatures of habit. Within the framework of their individual lifestyle mosaic, they develop routines in virtually every part of their personal, family, professional and social life. This is why the most successful brands have combined marketing and product usage to inextricably weave themselves into the fabric of their customer's lifestyle.

Consequently, brand marketers must understand the role of consumer behavior to effectively market their products. Brand marketers have realized that they must go beyond the target consumer's pragmatism in evaluating competing brands. In other words, they must transcend the product attributes and focus on the brand's image. As a result, most products are being sold on emotion and lifestyle rather than on a set of product benefits which may in fact be true, but they have little or nothing to do with the consumer's attitudes toward the competing brands which in turn drive purchase behavior.

The biggest mistake a marketer can make is to assume too much about the prospect's involvement with their product. Often times, this is ironically the result of market research on the consumer's themselves. Market research projects which evaluate a laundry list of product attributes are often too clinical and as a result, they tend to provide misleading information to management. Strategies which are based on this type of information are generally unsuccessful because they fail to address the dynamics which actually influence and ultimately drive purchase behavior.

KNOW THY CUSTOMER

The most basic tenet of marketing is to know your customer. This is the essence of outside-in thinking. It sounds pretty simple, but you would be shocked at the number of businesses of all types that develop marketing strategies failing to communicate effectively due to a basic lack of understanding of the target consumer.

Knowing the customer requires three important skills on the part of the marketing strategist. First, it requires feedback or information from the consumers themselves. We will discuss the role and caveats of market research extensively in Chapter 10.

Second, a successful strategist must have experience with the particular type of consumer/product relationship that he or she is seeking to develop. As we demonstrated on the continuum, each consumer/product relationship is unique depending upon the product category. Therefore, a successful marketer of packaged goods may be ill-equipped to compete in retail marketing even though the basic fundamentals remain consistent for both types of marketing challenges.

Finally, a successful marketing strategist needs instinct. Similar to professional athletes, this instinct is a game sense that leads managers to choose the better of two alternatives or to avoid a major mistake even when all signs indicate that it would seemingly be the right decision. It's a gut feel or instinct that separates the good strategists from the great ones in an often abstract discipline like consumer marketing.

Now that we have concluded an overview of consumer behavior and competitive strategy, the next section provides managers with the essential tools which serve as the building blocks to a successful marketing strategy.

CHAPTER 2

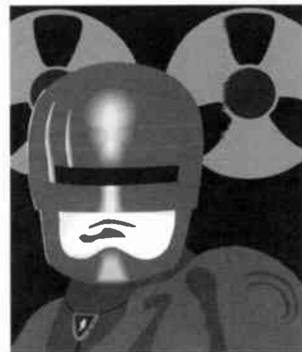
THE OBJECTIVE OF BRANDING

Branding is a competitive discipline. Like other disciplines found in economics, politics, religion, and philosophy, it is *a way of thinking* or a methodical approach to problem solving. As a discipline, branding has its own unique ideology or approach which follows a specific set of "rules" and "frameworks." It employs its unique set of frameworks and rules to help consumer marketers compete more successfully in an overcrowded product environment.

Unfortunately, radio branding is often misunderstood to be a clever positioning statement or a catchy name. As a result, managers mistakenly believe that they can vault a generic station with lackluster ratings into a market leader if they program the right music coupled with the right positioning statement. This approach to "generic" or Robo Radio dramatically underestimates the power of branding in creating a dominant franchise. If building a branded franchise were this easy, the industry would be filled with more turnaround stories than the trade magazines could cover.

Rather, the discipline of branding is a complex and systematic approach to product development, packaging and marketing. It is employed by the majority of today's successful consumer marketers in a multitude of different industries. Moreover, it is rapidly gaining popularity in both radio and television where its application is perhaps even more powerful than it is for packaged goods.

FIGURE 2.1



Robo Radio: The "generic format" approach to programming and marketing radio stations

There are two primary reasons why branding has not previously been adopted wholeheartedly by broadcasters the way it has been embraced by consumer marketers. First, the conventional or prevailing approach to radio strategy has been to produce and market *generic formats* (Robo Radio) which is the opposite goal of brand-

ing. This generic or "Robo" approach merely encourages product confusion that results in generic competition and poor ratings performance. Secondly, few, if any, radio managers have had formal training in the discipline of branding and its powerful application to broadcasting.

Unlike most other consumer marketing industries, radio has not been blessed with a cross-pollination of concepts, ideas and people with non-broadcasting backgrounds. This diversity serves other industries well and would probably add a desirable level of objectivity to radio.

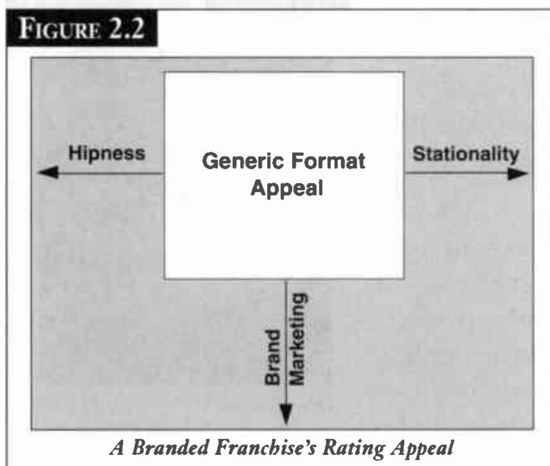
WHAT BRANDING IS NOT

Many radio managers who seek to harness the power of branding are constantly looking for a formula, a magic slogan, or a positioning statement which will "brand" their station at the expense of the competition. Those who do are confusing a marketing discipline with a marketing technique in the hopes of finding a quick hit in the next ratings book.

It is important to note that there is no such thing as a quick formula which represents the "promised land" in brand marketing. Building a franchise takes time and more importantly, it requires a strategic plan based upon a series of proven fundamentals which will steadily move a company ahead of its competitors in market share and profitability.

THE OBJECTIVE OF BRANDING

The objective of branding is to create a franchise which is practically invincible to a competitive attack — one that will evolve with the changing environment and most of all, one which will endure over time and pay handsome returns to its investors.



A Branded Franchise's Rating Appeal

Radio has always struggled with the notion of a discipline or a set of fundamentals which provides a consistent frame-

work for developing and following strategy. Moreover, radio is an industry which has been filled with far *too many followers* and *not enough thinkers* when it comes to innovation and creativity. Broadcasters are far too quick to copy a particular technique simply because it worked in another market without any thought as to why it worked or more importantly, why it wouldn't work in their market. The result is a series of hit and misses which do little to improve the competitive position of the station, much less to contribute toward the building of a franchise.

In an industry which is highly competitive and mature like radio, managers are constantly looking for an advantage which will give them a leg up on the competition in programming, marketing and sales. This is both natural and healthy providing that management understands the forces that drive ratings and profitability. Unfortunately, however, these forces are often not completely understood. It is this lack of understanding, not a lack of creative initiative, which fosters the copy-cat mentality and causes millions of dollars to be wasted on good intentions.

THE THREE FORCES THAT IMPEDE THE GENERIC FORMAT APPROACH

There are several factors which separate the great stations (those with franchises) from the good ones (the wannabees) and the also-rans (the generics). More often than not, these factors revolve around erroneous assumptions about the forces governing market share. When managers ignore these forces, their stations are much more likely to be generics or also-rans.

For instance, managers make major mistakes like changing their brand name or logos when simple product adjustments were all that were needed. Conversely, managers will err on the other side. They will put all of their marketing budgets behind a "slogan du jour" with the hopes that the phrase will vault them ahead of the competition because they now "own" this important image.

Before you can fix something, however, you have to know how it works. When it comes to radio marketing, the forces that govern market share revolve around the way listeners *use* the various stations in each market.

Let's examine the three forces that impede the generic format approach, and compare them to the branding discipline for the purpose of creating and implementing a radio strategy.

FORCE #1: LISTENERS PROGRAM THEIR OWN STATIONS

The generic format approach is implicitly based on the assumption that listeners think about radio as formats and use them based upon the format's appeal. There is a major flaw to this assumption that is evidenced in every Arbitron book that's ever been printed: *listeners program their own stations.*

A quick look at the back of an Arbitron book will clearly demonstrate that few, if any, stations ever achieve exclusive cumes of greater than 10%, as the generic format approach would assume. In fact, most exclusive cumes are under 5% of the total. This means that at least nine out of ten listeners use more than their favorite station on a weekly basis. Even in instances where stations enjoy complete format exclusivity — such as the only Country station in the market — the majority of that station's listeners also listen to one, or even several, other stations for music during the course of a normal week.

When you examine this data more closely, it can be surprising to see, for example, that the Country listeners are "two-timing" their station for radically different formats such as AOR, CHR, AC or Oldies. These figures are even more surprising when you consider that Arbitron relies on unaided recall, which leaves many of the generic competitors (that do not enjoy the same level of top of mind awareness) off of listeners' diaries completely. The same can be said for Rock stations when you look at the sharing with AC, Top 40 and Country.

Radio has made this self-programming easier and easier for listeners. For over the past ten years, the number of industry formats has grown by leaps and bounds. Most radio managers' list of radio formats would include: Mainstream Country, Hot Country, Traditional Country, Mainstream Top 40, Rock 40, Churban, Mainstream AOR, Classic Rock, New Rock, Hard Rock, Mainstream Oldies, 70's Oldies, Mainstream AC, Hot AC, Rock AC, Soft AC, Mainstream Urban Contemporary, Urban Adult Contemporary, Urban Oldies, Jazz, New Age Jazz, All News, Newstalk, All Talk, and Sportstalk. While this list is not exhaustive by any means, this example alone lists some twenty-five distinct formats.

From the listener's perspective, the delineations between these formats are not nearly as clear. Today, listeners hear their favorite songs played as part of many different radio formats. It is not uncommon for a new release by a mass-appeal artist like John Mellencamp, Bonnie Raitt, Phil Collins, or Elton John to be on AOR, CHR, AC and sometimes even Country stations.

Therefore, it should not be expected that listener's loyalty should be determined by the 500 titles on a single station's playlist. Rather, they program their own radio station both vertically (daily) and horizontally (weekly) through trial and error. The large amount of audience sharing demonstrates that broadcasters don't operate in a competitive vacuum just because they have a format-exclusive position. All stations in the market, regardless of format, compete for a fixed share of the key money-demos. This results in a zero-sum race for ratings.

The implication of this challenge should be clear: radio listeners don't consume formats, so the basis of any competitive strategy should not focus exclusively on marketing the format's differentiation.

Force #2: Radio is a low-involvement commodity

The generic format approach also assumes that radio listeners closely scrutinize the product, or at least understand what makes one format different from another. This is also an erroneous assumption.

The fact is, radio is a consumer product and radio's consumption is governed by the forces of consumer behavior. But unlike virtually all other consumer products, radio is free. In addition, because radio is free, there are no switching costs. This means that consumers are readily able to switch brands at a moment's notice. Switching costs impact a great deal of consumer purchasing decisions like cars, homes, jewelry, clothes and any other goods or services which are expensive and or have lengthy repurchase cycles. If the switching costs are high, consumers are likely to be more involved in the purchase decision because the stakes are higher. For example, if you make the wrong decision on a new car, it is very expensive to trade it in on a different brand.

Radio is a low-involvement commodity because it is both free and frequently repurchased. People "purchase" radio several times a day from morning to night. For the majority of consumers, radio is taken for granted. Sure, they would greatly miss radio stations if they couldn't

have them. But as long as radio is free and readily available, people will continue to treat radio as a commodity. This means that most people will not be highly involved consumers. As a result, h*abit* as much as anything else, will influence purchase decisions and listening behavior. Management must be cognizant of this dynamic when developing marketing strategies.

Fast repurchase cycles and frequent competitive sampling make the challenge of radio marketing more difficult than that of most other consumer products. Every day, listeners exercise their rights to "consume" different brands both within and outside of their preferred musical format. They may "buy" the majority of their radio in a particular format such as Country, Rock or Urban, but they may also sample other stations on a regular basis as well.

Thus, each station's customer base will always be made up of heavy, medium and light users just as it is for most consumer products. Like consumer marketing, successful radio marketing strategies must focus on retaining heavy users, converting mediums to heavies and lights to mediums, while continuing to introduce non-users to the product through trial sampling.

The low-involvement nature of the radio product means that this marketing must be very consistent and must strike a chord that relates to the way consumers are using the product. Otherwise, any message is likely to get lost in the general clutter of our commercial medium.

FORCE #3: RADIO COMPETES WITH ALL CONSUMER MARKETING

This may sound strange but it is really true. From the time they wake up to the time they go to sleep, consumers are deluged with marketing messages for goods and services. Establishing a brand in this sea of clutter is a difficult task. Yet the generic format approach is usually based on hammering home a format positioner — one that managers expect to be noticed *and* meaningful.

This is a problem because it leads many managers to misunderstand the challenge involved in creating an effective message. These managers make the mistake of evaluating the effectiveness of their marketing strategy in the context of their competitive environment — which

generally means their intra-format competition. Unfortunately, this is not the context in which the messages are processed by the consumers. For the consumer, a message is a message.

W.B. Donner said that for him, the two most important fundamentals of advertising are: 1) You have to stop them to sell them, and 2) People buy from people they like. *Stopping them* means getting noticed in a *positive* way. Anyone can rise above the clutter with obnoxious advertising, but remember the second thought, which says that consumers have to *like you* as well. This is why consumer marketers spend hundreds of millions of dollars each year on marketing strategies which stand out not only in their product category, but that stand out period.

This not only applies to the creative, but to the media as well. As the unit load continues to increase on television with the popularity of :10's and :15's, it becomes more difficult to make a memorable impression in this medium. Furthermore, excellent creative is everywhere on television and the standards have been raised in the consumer's minds. Today, they have come to expect advertising to entertain as well as to inform.

Consequently, with the increasing numbers of quality impressions that consumers are receiving from marketers, it is a requirement that even the best creative be given the proper weight to enable it to cut through the clutter.

This is the great Catch 22 for most managers when spending their marketing budget. If they spend too much on creative, then they will not have enough media weight behind it or, if they put all of their money into media, then they will have to settle for substandard creative. In today's overcrowded society, if this is truly the tradeoff, the station is better off to look for other more affordable marketing alternatives.

SUMMARY

Managers must keep the three forces that limit generic format marketing in mind: 1) Listeners program their own radio stations, 2) In so doing, listeners treat radio as a commodity purchase and 3) If you want to market to these listeners, you must realize that you are competing with all consumer marketing companies to be recognized and understood.

These forces all have one basic, and important, common thread running through them. They require managers to think outside of the box and to deviate from the conventional radio mentality of inside-out generic format thinking. The mastery of these forces becomes key success factors for franchise stations, because without a solid understanding of them, it would be very difficult for their managers to consistently compete successfully.

The discipline of branding demands this type of customer-focused thinking and planning. The object of branding, which is to create a franchise that is highly competitive, can only be mastered by adhering to the success factors discussed here and the fundamentals which will be introduced shortly.

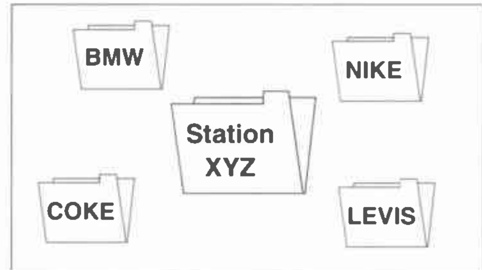
CHAPTER 3

CREATING A BRAND IDENTITY

Consumer marketers use a term to describe the overall feel, meaning, and image conveyed by their product: *the brand identity*. Their product's brand identity is more than its name. It is actually composed of two parts: its name *and* its brand personality (the brand personality is very similar to what many radio managers refer to as "stationality.") Together, the brand name and brand personality help to position and differentiate a product from its competitors.

The brand identity serves a very important strategic purpose — it serves as a "mental folder" in the minds of consumers. This folder contains the consumer's impressions of the brand which are created by product usage, packaging, promotion, and image marketing. The science of consumer behavior has demonstrated that the mental folder is required to log all of these impressions into the consumer's long-term memory.

FIGURE 3.1



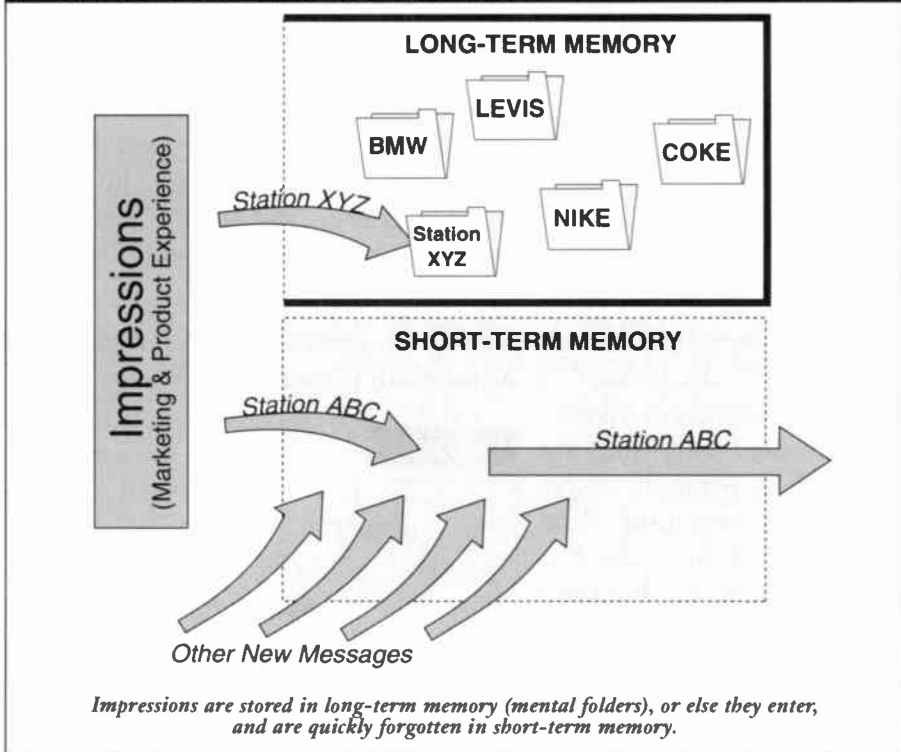
The Mental Folder: When a Brand establishes a clear identity, the consumer uses that identity like a folder – to organize all impressions about the brand.

Many radio managers take this process for granted. They mistakenly believe that 450 GRPs is all that it takes to create brand awareness. As Force #2 (low product involvement) and Force #3 (radio competes with all consumer marketing) imply, however, sheer media weight is not enough. The consumer needs a very clearly defined mental folder to store all of this information in long-term memory. Without the folder, or brand identity, exposure to the product or advertising campaigns has a very limited impact.

This is because these impressions only affect the consumer's short-term memory. The problem here is that short term memory is like the

RAM chips in a computer — there is only so much short term information that a consumer can retain. For every new impression, whether for a radio station, an automobile, a beer, or a detergent, an old impression must be thrown out.

Figure 3.2 – How Brand Awareness Works



Impressions are stored in long-term memory (mental folders), or else they enter, and are quickly forgotten in short-term memory.

Therefore it is paramount that a meaningful brand identity be established and continually reinforced. Anything that impedes this process almost certainly creates product confusion — the primary cause of inaccurate ratings accreditation in the unaided recall methodology.

The Importance of A Brand Name

A product's brand identity is used to create product differentiation in much the same way that names and personalities help to differentiate people from one another. If radio managers kept this simple fact in mind, the landscape of radio marketing would be far different than it is today. Let's examine this analogy in more detail.

Each of us has a unique name and a distinct personality. These two components are what give us our defining characteristics, which in turn serve to differentiate us from those around us (i.e. brand us as individuals.) Just as people are attracted to other people because of their personality (people buy from people they like), consumers are also attracted to brands because of their personality. Just like with consumer products, your brand identity serves as the mental folder which contains, among other things, information about your personality.

Most people have no control over their brand names because they received them at birth. The most common exception is entertainers, who change their brand names because they feel that it will help them to positively differentiate themselves from their peers. For most people, however, their name is an important link to their sense of family, belonging and heritage. Furthermore, most people are not marketing themselves to the general public as an entertainer would be. In fact, for the average person, a name change would most certainly send *negative* signals to family, friends and peers about their self-confidence and overall character.

This is why I am always amazed at radio stations which change their brand names without a radical format change. In ten years of researching radio audiences, I can count the number of times on one hand when a brand name change was required without an accompanying format change. The only justification for this is when the station's brand identity (brand name and characteristics) acts as a barrier that is so strongly entrenched in the minds of the target consumers, that it will be cheaper in the end to change the name and start from scratch than it would be to positively reposition the brand in the minds of the target consumers.

In the last few years, several established radio brands have changed their brand names without appreciably changing their formats and have suffered the consequences as a result. In New York, WNSR, which for years stood for New York's Soft Rock station, decided that they needed a better mix of music with more variety to help them compete more effectively in a predominately two station AC battle with franchise player WLTW (Lite FM). So they jettisoned a brand name which had millions of dollars invested in it and replaced it with the name "MIX."

They also changed the call letters to WMXV which stands for what else? Mix and Variety. The station has been less than competitive

ever since. This type of strategic thinking violates the fundamentals of branding because it destroyed a valuable asset: the customer's mental folder for WNSR.

Another set of examples are the name changes of two established Soft AC's — WJQI in Miami and KABL in San Francisco. Joy in Miami had also invested millions of dollars over the years branding itself as the softest spot on the dial in Miami. Likewise, KABL (Cable) in San Francisco was also an established brand for relaxing music. The stations changed their names to Tropix and B-98, respectively, and both have been watching their ratings go steadily downward.

Management may have felt the need to reinvigorate their brand with the hopes of shifting their aging demos downward, but a brand name change presupposes that management is willing to write-down the value of their brand to no more than stick value. It will take these broadcasters millions of dollars in promotion to simply create a moderate level of awareness for the new brand (see Chapter 4).

Again, the number of situations when a station is better off changing its brand name are very rare. Remember the Tylenol scare. Several people died after taking tainted Tylenol, yet the manufacturer still kept the brand name. The reason? They calculated that it would be far less expensive to rebuild the goodwill of the established Tylenol name than it would be to launch a new brand in the competitive analgesic market.

Brand Identity Is A Marketer's Key Positioning Tool

The first step towards building a franchise is to clearly understand how your brand will fit in. In other words, you must know how to position the brand to provide it with the best possible chance of success. Before this position can be determined, several key issues must be addressed regarding the brand's competitive environment, target consumers, business objectives and resources. Once the optimal position is determined, the brand identity must be carefully designed to clearly communicate this position to the target consumers.

The process of determining the optimal positioning of your brand is best completed in a logical three step process:

Positioning Step One: Determine the Competitive Landscape

In radio, as in most other industries, reviewing the competitive environment must be done from two distinct perspectives - that of management and that of the brand's target consumers.

Management must assess the business risks and rewards that are associated with competing in the chosen arena. In radio, these risks are quite difficult to accurately assess because product development is so fluid and dynamic. Competitors can react almost instantly — from adjustments in positioning liners to complete format changes. Unlike most other industries, radio managers don't have the luxury of patent protection or exclusive distribution rights for product (music). Furthermore, industrial espionage is as easy as monitoring the competition, because in radio, there really are no secrets. Rotations, playlist, positioning, content and promotions are all easily deciphered by the competition and often copied — or at least reacted to — within minutes of their debut on another station.

In determining the risks of a strategic direction, managers must understand that strategy simply cannot be developed in a vacuum. A research project which indicates a viable hole can be "filled" by virtually any one station or a combination of several competitors in short order. Therefore, managers should assess the likelihood of their in-market competitors reacting to a given strategy. A few keys to evaluating the competition are outlined below:

Past Competitive Behavior

Most managers are creatures of habit. If they have enjoyed success with a specific approach in another market, they will be likely to revert to this "proven" approach if things aren't going their way. It is smart business to know as much as you can about the past practices of your competition. For example, some managers become preoccupied with their competition and will frequently make irrational moves that are designed to "kill" their competitor regardless of the consequences. As the old saying goes, *history may not repeat itself, but it certainly tends to rhyme.*

In addition to past experience, look at the way your competitors have behaved within the market. Do they tend to innovate and lead, or do they tend to imitate and cover? For the most part, competitive be-

havior tends to be warlike and therefore is more reactive than proactive. This is contrary to the essence of branding which is to be customer-focused at all times, remaining above the fray of the "mental warfare" which rarely, if ever, impacts the listeners.

Corporate Culture

Companies, like the managers who run them, are also prone to pursue strategies which may not be optimal for a given market, but that are optimal from a corporate perspective. Some groups have excelled at Rock-based formats whereas others have enjoyed their success in Country. For example, CBS has recently blown up three soft AC's in top 10 markets in favor of an Oldies-hybrid which is unproven, but which fits more closely with the rest of their successful FM's programming Oldies. Again, it's difficult to believe that the optimal strategy was identical in each of these markets, but the corporate culture provided a rationale that prevailed in the end.

Resources

Every competitor has a set of resource constraints under which he or she must operate. These include their capital structure (debt load), business objectives, operating budgets, personnel quality, marketing acumen and corporate commitment to the individual market. Competing successfully requires more than just a plan, it requires the ability to execute it with people, money and time.

Competitive intelligence should be approached in a methodical and structured way. The more information you have on your competitors or potential competitors, the greater certainty you will have in predicting their respective competitive behavior as you move forward in executing your intended strategy. The fluid and dynamic nature of radio makes this exercise an essential component in strategic planning.

POSITIONING STEP TWO: DETERMINE HOW THE BRAND WILL BE USED

The brand's identity (*stationality*) must closely follow its usage. Will the station be used in a foreground or background context? Will it be a high involvement loyalty-based product dependent upon low turnover and high time spent listening, or will it be a relatively low-involvement, util-

ity product dependent upon high turnover and low time spent listening? Will the brand be a substitute (direct competitor) for existing products or will it be an alternative (hybrid competitor) to the existing product offerings in the market?

Product usage must be evaluated on two different dimensions. First, project how the brand will be used as a mature product. In other words, begin with the end in mind. What it takes to launch the brand may be slightly different, but if you don't have a solid understanding of how the brand will be used in its mature state, then critical mistakes can be made early on. Early mistakes made while constructing the brand's identity will impose an artificial cap on the audience potential.

For example, many of the male-AC stations launched their product with the explicit positioning of "no silly DJ's, games or contests." As a result, many painted themselves in a corner by establishing their brand identity based on an alternative, and seemingly boring presentation. As many broadcasters quickly found out, what may have been an effective differentiator in the launch turned out to be limiting as the brand reached maturity. This presentation *tactic* was used *strategically* as a cornerstone for the brand identity. As a result, if the promise is recanted, the brand loses credibility with its core and is then relegated to a lose-lose situation. Consequently, most of the stations which adopted this brand identity have been unsuccessful.

The second dimension of product usage is the current competitive context in which it will be introduced. This has strong implications for the positioning of the brand, which is the main function of the brand's identity. The most important question to address is: *Will the brand be used as a substitute or an alternative?*

If it is initially to be used as a substitute — meaning that there is a direct competitor from which you hope to pull both heavy and medium users away from — then the brand must be positioned as "better." Since *cost* does not factor into the purchase decision for radio like it does in most other consumer products, the brand identity must be based upon the *quality* of the listening experience. Again, because it is so easy for a competitor to react to "more music," "more variety" or "bigger contesting" as differences, the brand identity for a substitute product must focus on the bigger picture — *the forest, not the trees*. This would entail being more fun, more hip, larger than life, or omnipresent in the community.

The opposite of the "substitute" strategy is to position the brand as an "alternative." An alternative brand usually targets the medium and light users of usually two or more different stations. In this scenario, the brand identity must implicitly or explicitly (depending upon the situation) seek to position the brand by repositioning the other competitive offerings. The way to woo medium and light users is to provide a product which does not currently exist which will attract the somewhat disenfranchised consumers. Competitive repositioning is generally the most expedient way to do this because the consumers must be *educated* as to the limitations of their current product selection.

Repositioning the competition should be approached very carefully, however, as it can easily backfire. The trend in society today is against mean spirited attacks regardless of their validity. This is particularly true when the competitor has strong goodwill (i.e. is perceived to be a "good guy.") In any case, the extent of latitude will vary greatly from market to market and from one target audience group to the next due to sociological norms. This is explained in greater detail below in Step Three.

POSITIONING STEP THREE: DETERMINE WHO WILL USE THE BRAND

After determining the competitive landscape and the way the brand will be used, both in the early as well as the mature phases, the last step is to determine who the target consumers are. The previously mentioned phrase, "people buy from people they like" is one of the tenants of brand marketing. Because the brand identity — which is the personality of the product — is the most important step in the branding process, the brand's identity must first and foremost be likable by the target audience.

Specifically, the target consumers must inherently feel better about themselves for choosing your brand over the competition's. As Force #2 suggests, low product-involvement usually precludes them from making a rational brand choice simply because of an objective product evaluation. If consumers objectively evaluated products, then Safeway's generic cola would be selling as much as Coke in every store where they conducted side by side taste tests.

People don't buy products, they buy brands. People buy brands because they can identify with them and they feel more secure in doing so. Consequently, the brand identity must be developed with an understanding of what the "hot buttons" are for the target consumer. This requires a basic understanding of how and why consumers behave towards specific products such as automobiles, retail, television news or radio. A detailed knowledge of the target consumer's motivations is essential for the purpose of developing a brand identity which will be readily embraced by the desired group of consumers. Motivations, in turn, greatly influence purchase behavior or brand selection and can be uncovered by understanding the attitudes which drive them.

By "attitudes," I refer to the way we think, feel and act towards a particular aspect of our environment — be it media, politics, home, transportation, food, beverage, wardrobe or any other product which we may consume. Attitudes are formed throughout people's lives and they are prone to change and evolve. Smart marketers go to great lengths to understand the general attitudes in society, as well as the specific set of attitudes which apply to the product they are marketing.

For example, the eighties were, in general, the decade of excess and conspicuous consumption. The nineties, on the other hand, are rapidly becoming know as the decade of prudence and fiscal responsibility. These are general attitudes which impact many aspects of our environment. Specific attitudes with respect to a given product like radio must also be understood in order to create a brand identity which people will want to affiliate themselves with. Uncovering these prevailing attitudes will be discussed in greater detail in Chapter 10 on Research in the Branding Process.

SUMMARY

Every brand, like every person, has a personality. This personality is the key differentiating attribute that enables consumers to sort out the many product choices in their mind and select brands which will make them feel better about themselves as a result of their purchase decision.

To develop a brand identity for a particular product, you must know how the product will fit in. This is a three-step positioning process: 1) The product's competitive environment must be thoroughly understood,

2) The product's intended usage — as both a fledgling and ultimately as a mature brand — must be articulated, and 3) The brand must appeal to target customer attitudes (both general and specific).

In the next chapter, we will examine the fundamentals behind building brand awareness. Once the optimal brand identity has been established, the next step in the branding process is to put the brand on the map.

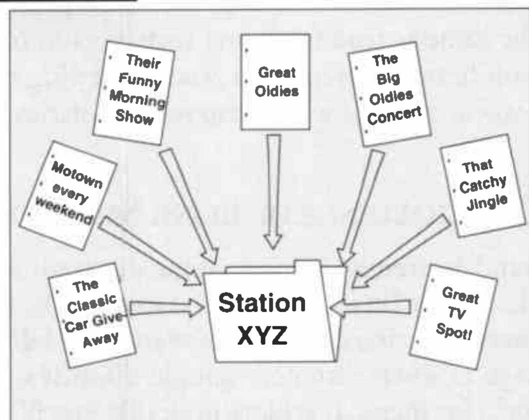
CHAPTER 4

STRATEGIES FOR BUILDING BRAND AWARENESS

Determining the brand's identity, which is the first step in building a branded franchise, is a methodical and complicated process. Regardless, it is an essential step: every brand must establish a mental folder among its target audience, or else future marketing and other impressions will be largely wasted.

Once the product and positioning strategy are developed, the next step is to *fill* the customer's mental folder. For only when the brand's mental folder is sufficiently full of impressions (hopefully positive impressions) does that folder begin to have any real significance. This process is analogous to putting your brand on the "mental map" of your target consumers — once they know that the brand is there, they will consider it whenever the need arises.

FIGURE 4.1



This station has a solid brand identity: Listeners use it to organize and store all of their positive impressions about the brand.

THE IMPORTANCE OF AWARENESS: UNAIDED RECALL

With the multitude of listeners "surfing" the radio dial, brand awareness is not a prerequisite for sampling like it is with most other consumer products. Odds are, most target customers will inevitably "sample" the product. Awareness, however, plays a somewhat different role in radio. *It is the prerequisite for accurate ratings credit, which is dependent upon unaided recall of listening.*

In contrast, packaged goods marketers must develop their product, create a brand identity for it, and then begin the complex task of building brand awareness in an already overcrowded product environment. As shoppers "surf" the crowded supermarket aisles, they are drawn to familiar brands, not unknowns. Unfamiliar brands will not turn over fast enough and with the intense competition for shelf space, they will be dropped in favor of a brand which will. Packaged goods marketers operate under intense pressure because supermarkets operate on extremely low margins and consequently, depend upon high inventory turnover to make a profit. Brand marketers understand the importance of firmly establishing brand awareness before the target consumers spot their products on the shelf.

Radio marketers also must focus on building brand awareness more for accurate ratings accreditation than for trial usage (sampling), unless the station is in the early phases of its product lifecycle (see Chapter 8). The same is true for brand managers in television as they too depend upon brand awareness to receive viewing credit in the majority of TV markets, most of which also rely on diaries in the ratings process.

THE CHALLENGE OF BEING SAMPLED *AND* WRITTEN DOWN

Brand awareness helps increase directed trial usage and minimizes the reliance on "inadvertent" trial usage. Directed trial usage is where listeners consciously turn to a station to fulfill a need. Inadvertent trial usage is where listeners sample a lot of stations, looking for one that works for them. It is more desirable to achieve directed trial usage, compared to the much more fickle inadvertent type. Directed trial usage is similar to the challenge faced by most consumer marketers. To launch a new brand on the "fast-track," they must communicate the new brand to the target audience amidst a sea of advertising clutter. An appealing brand identity, backed by good creative and heavy media weight, is only the ticket for admission in today's competitive marketing environment.

Directed trial usage in radio is very difficult due to the low involvement of the listener-station relationship. For most people, radio listening is habitual. They have their clock radio set on a station which wakes them up every day. They also have their car radio buttons pre-set to their favorite stations which they use throughout the week as they program their own "master" station. Furthermore, the radio at work is

also set on a station that will often be determined by consensus due to the number of people who must live with this selection.

In addition to the habitual or "fixed" listening, many listeners also periodically "surf" the dial in search of something new and interesting. This behavior is comparable to the way most people routinely scan dozens of cable channels, looking for one to hold their interest. Most managers fail to recognize, however, that relative to fixed listening, inadvertent sampling drives relatively small quantities of reported weekly listening.

For instance, much of this sampling takes place on weekends when people are temporarily off the workweek treadmill and use the opportunity to explore their options. The drawback, however, with this type of inadvertent sampling is that only a small percentage of it actually finds its way back to the diaries. This is because the "new" station which was stumbled upon has little or no top of mind awareness.

For example, if you are a regular Budweiser drinker and you attend a sporting event where they serve a different kind of beer that you are not a regular consumer of, you would not be likely to remember the stadium's "house" brand when it came time to write your week's worth of beer consumption in the imaginary beer diary. This problem is very real for new radio brands which are trying to break through the clutter to be sampled and then written down. These stations often sell a great deal more "quarter hours" than the ratings reflect due to their lack of top of mind awareness. This process — the brand's ability to convert real listening into reported listening — is called *brand strength*.

BRAND STRENGTH AND CONSIDERATION SETS

Most radio managers are familiar with the term "phantom cume" which refers to the under-reported cume figures in the ratings. What most managers don't realize is that there is a substantial amount of "phantom quarter hours" as well. In every market, both radio and television stations lose substantial amounts of listening and viewing credit due to their lack of brand strength.

Brand strength is derived from a combination of the brand's identity and its awareness. A strong brand is one which gets *considered* every time a particular listening need arises. Brand marketers refer to this process as the consumer's "consideration set." This is a very important

concept, so let's examine it in the context of a radio scenario that most managers are familiar with.

Let's look at the Oldies arena in a typical market. In most markets, a substantial percentage of 35-49 year olds will have an "oldies" button set on their car radios. Within this market there will also be segments of listeners that can be broken down further to reflect the amount of radio consumption devoted to oldies. A small "core" will be Heavy consumers of oldies, another group could be classified as Moderate users and the largest group will be Light users of the format. All of these consumers, however, will tune-in to their oldies station during the course of a typical week.

If a second oldies station arrives on the scene, the Heavy users will become aware of the new entrant almost immediately and will probably use the new station on a regular basis. The Moderate users will find the new product only if it presents a compelling point of difference from the existing oldies competitor. The Light users, however, will most likely be unaffected by the new station, as they will only have room in their radio consideration set for one brand of oldies. For these consumers, it will be very difficult to gain awareness, much less dislodge the existing competitor, due to their low level of involvement with the format.

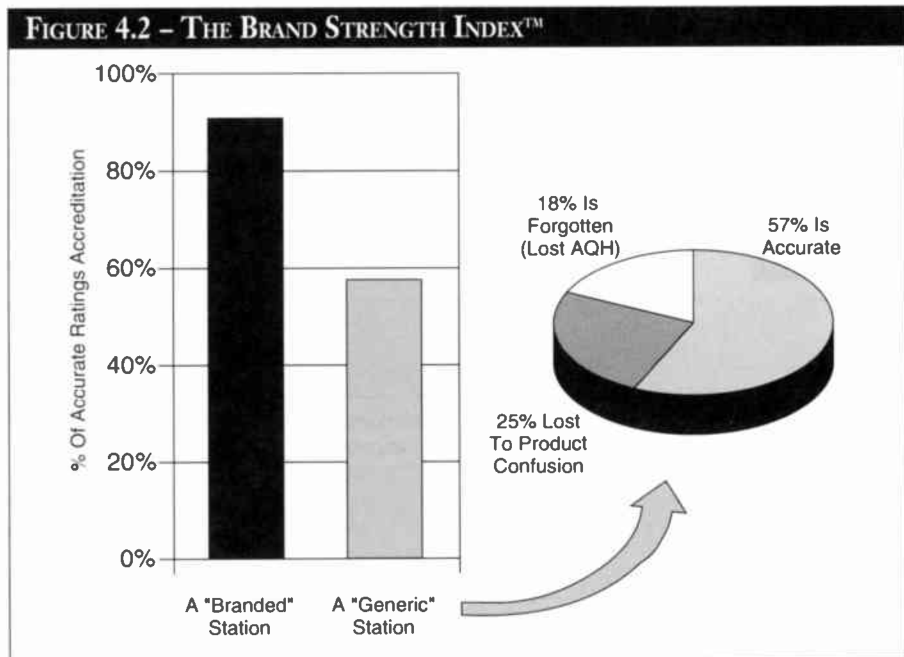
Thus, it is imperative for new or existing brands in virtually every product category to gain a valuable "position" in their target consumer's consideration sets. The easiest way to understand the concept of the all-important consideration set is to think of it as a mini *file drawer* — one that contains the mental folders described earlier. Just as each brand represents a mental folder which contains the consumer's numerous impressions of the brand, the consideration set is the file drawer which contains the mental folders of brands which are top-of-mind in that product category.

A file drawer or consideration set exists for each product category, be it airlines, fast-food, automobiles, long distance services, personal computers or radio stations. Typically, these drawers contain no more than seven folders and generally they contain only three to five. Again, each folder represents a different brand within that specific product category, and each brand usually fulfills a unique usage need (sometimes you need a red wine, sometimes a white, sometimes a Champaign, and maybe even a desert wine).

Since space within the drawer is limited, marketers in mature industries (like radio, where market growth is relatively static) must often replace an existing folder when trying to establish a new brand. This is the reason why it is so difficult to launch a new product in today's over-crowded marketing environment.

So how does the consideration set tie into brand strength, the determinant of accurate ratings accreditation? The answer is top-of-mind awareness. Brands within the consideration set are much more likely to be top-of-mind when unaided recall is used to measure consumption. The hypothetical new oldies station that we mentioned earlier is likely to be reported by the Heavy users. Their format involvement is higher and they are likely to place a new file in their drawer for that radio station. Most of the Moderate users, however, are not likely to report their trial usage of the new station. This is because the new Oldies competition didn't get a folder among most of these users, and it definitely didn't get a folder among Light users.

Figure 4.2 – The Brand Strength Index™



This example illustrates the burden that our unaided recall ratings methodology places on generic stations. A weak brand with heavy marketing exposure might perform well in aided recall testing, but it

will always fair poorly in unaided tests. Because radio depends upon unaided recall, heavy advertising exposure alone is no guarantee of reported listening.

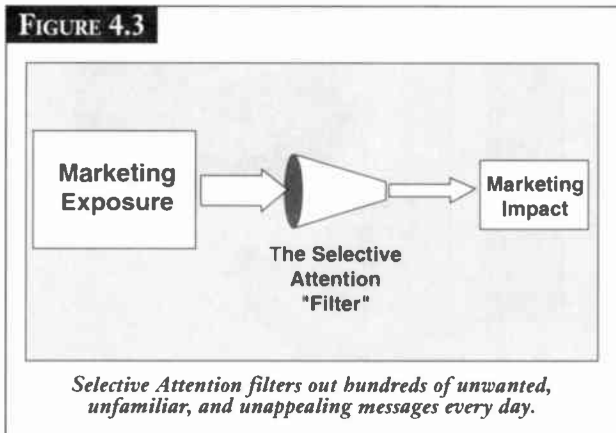
The other component of brand strength, brand identity (having a relatable brand), is essential for unaided recall because consumers only allow brands they can identify with into their consideration sets.

Thus, the key to achieving unaided recall and to eliminating both phantom cume and phantom quarter hours is a strong brand which exists squarely in the target consumer's consideration sets. Building a strong brand is not possible unless the brand's identity is appealing to the desired target segments (see Chapter 3). Furthermore, if the brand identity that is being communicated to the target consumers does not connect attitudinally, they will shut out the entire message and render it useless. This phenomenon is known as selective attention.

SELECTIVE ATTENTION: A BARRIER TO SUCCESSFUL COMMUNICATION

Selective attention is the consumer's built-in filtering system. It helps consumers process over one thousand messages that most of us receive each day. Selective attention is the subconscious mechanism which enables the consumer to say, "if you're not talking to me with this message, I will not even attempt to process it." In other words, they may be exposed to the message, but that exposure is practically meaningless.

FIGURE 4.3



Selective Attention filters out hundreds of unwanted, unfamiliar, and unappealing messages every day.

This is why building a *meaningful* brand identity is the first step in the branding process. Without one, it is impossible to create unaided brand awareness. Assuming that the brand's identity has been successfully developed, the next step in building brand awareness is to expose the brand to the target consumers.

GUIDELINES FOR BUILDING BRAND AWARENESS

Historically, consumer product companies have brought their products to market through two separate strategies: One for product development and the second for marketing. The product side relied on their own internal research and development departments to design, formulate and test product introductions. Once the product was approved for launch, it was then sent to a marketing group who would be responsible for packaging, positioning and promoting the brand in the marketplace.

In the last ten years, this rigid approach has changed dramatically as it has proven to be unresponsive to the needs of the customers. Companies are now finding success by relying on cross-functional teams in product development, research, finance and marketing to work together from conception to launch.

This "enlightened" approach implicitly states that the marketing strategy is an outgrowth of the positioning and product development strategies. In other words, consumer marketers are now, more than ever, relying on one central "branding" strategy to help build and market their franchise. This strategy is then communicated in every aspect of the brand's presentation — from its brand name, to its packaging and ultimately to its marketing and promotion.

Developing a marketing strategy that will place the brand squarely in the consideration set of target consumers requires a careful examination of the brand's heritage and the usage of the product. This analysis addresses the following questions: 1) Is the product new or is it established?; and 2) Is the product a substitute or an alternative?

New vs. Established Brands

The first order of business when developing a marketing strategy to build brand awareness is to understand exactly what kind of baggage has already been accumulated in the minds of the target consumers. To continue our analogy, the objective is to understand what kinds of notes have been placed in the station's mental folder.

In radio, it is very rare that a management team can launch an entirely new brand without any baggage associated with the "old" station. Formats, call letters, personalities and names can change, but the dial position will not and remains a key identifier of the brand for a

substantial percentage of the target audience. Thus, in almost every situation, managers of new brands never start with an entirely empty folder.

This left over baggage can be positive or negative. Thus, the key to developing a successful marketing strategy is, as the old song goes, to "accentuate the positives and eliminate the negatives." To do so, management must first identify what the positives and negatives are and then determine their relative importance in the context of the brand's strategic positioning. Furthermore, managers must be careful not to dismiss latent strengths as weaknesses, simply because they appear to be so on first blush.

When weaknesses are identified, the severity and "permanence" of their impact should be carefully measured. In many cases, the weaknesses can be addressed with an inexpensive change in the product, packaging, or marketing emphasis. In rare cases, where problems are extremely severe, the station must be divorced from as much of its prior brand identity as possible. An effort to do this can easily cost hundreds of thousands of dollars, so it is paramount that such a radical prescription only be used when absolutely necessary. It's comparable to taking a stalled car to a mechanic. Few rational people would allow the mechanic to rebuild an engine, or scrap a car entirely, when all that was needed was a new battery or a rebuilt fuel injector.

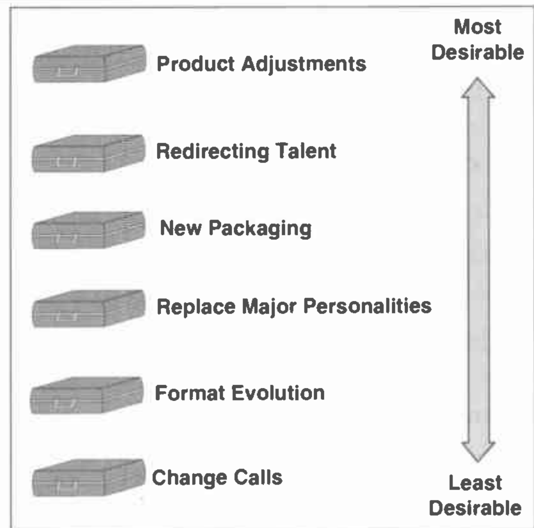
Many radio stations, however, have made this magnitude of misdiagnosis — not because they have extra cash to burn, but because they didn't understand how to correct the problem with a much more specific type of repair job.

The most expensive misdiagnosis often concerns call letters. It is incredibly difficult to get consumers to remember a brand name which consists of four letters — which is exactly what an Arbitron diary asks consumers to do when recalling their consumption. When a station has been around long enough, or has marketed effectively enough, the awareness of call letters is an important brand asset. Yet, over and over, managers jettison call letters that have tremendous brand awareness built up over the years, with millions of dollars of advertising and promotion, because they feel that a "fresh new start is required."

What these managers don't realize is that it's very rare for ill-will to be so strong that the baggage rests solely on the shoulders of the call

letters. Usually, the baggage can be unloaded in the following order: 1) Making musical shifts, 2) Redirecting talent, 3) Adopting new packaging (slogans & liners), 4) Replacing major personalities, or 5) Making a format evolution. The final option, changing the call letters, is rarely necessary — particularly when the format is not changed dramatically.

FIGURE 4.4



Unloading Negative Baggage: A Hierarchy For Radio Brands

Recent examples of major market radio stations which have dumped their calls and relaunched the brand with same basic format include: WNSR to WMXV in New York, WCLR to WTMX in Chicago, WJOI to WTPX in Miami and WBSB to WVRT in Baltimore. These are all examples of AC stations which have relaunched their stations in the same basic format with a different brand name and new calls to match. Each of these stations has followed a predictable path: they've spent considerable marketing dollars in the relaunch and the "new" stations have been less than competitive.

These stations were obviously not market leaders prior to the change, but their brands were in the consideration sets of the target consumers. For many of them, the problem was that they failed to evolve the brand with the changing attitudes and behavior of their target consumers (evolving the brand is discussed in detail in Chapter 8 on The Brand Lifecycle.) For these strategies to have been successful, the folders for the old brand names (call letters) would have had to be dropped from consideration sets, and the new folder (call letters) would have to be added. Both of these steps take considerable time, regardless of the dollars thrown at the problem.

Radio is a low involvement product, and AC radio has even lower involvement than does radio in general. This means that changing con-

sideration sets of listeners which have been exposed to the old brand's advertising and promotion for years is a long and uphill battle. As these managers and many others have found out the hard way, it is often much easier to resurrect an old brand, which may have lost its way, than it is to put a new brand on the map and successfully break into the consideration sets of the target consumers.

The reason is simple. The old brand may have existed in the consideration sets of two-thirds or more of the target segments, whereas the new brand exists in the consideration set of no one.

In summary, if the call letters or station name have any residual baggage, look long and hard before summarily jettisoning it in favor of the handle "du jour." Brand awareness is very difficult to achieve and brands themselves have proven to be quite durable and capable of overcoming adversity and still prevailing. Here's a look at just a few brand names which have faced considerable adversity and remained strong: Tylenol, Exxon, Perrier and Dow Chemical. An AC radio station which has become somewhat stale and misguided pales in comparison, yet managers make the mistake of wanting to start anew without a thorough understanding of what is being sacrificed and what the chances of success will be.

Substitute vs. Alternative

In addition to understanding brand's baggage, managers must also understand the relative positioning of the brand when developing a marketing strategy to build brand awareness. If the brand is positioned as a substitute (a direct competitor to one or more established brands), then the target audience will be the heavy and moderate users of the competition.

Achieving brand awareness for a new substitute competitor will depend upon management's ability to *minimize* product confusion between the two similarly programmed formats. It will be easier for the heavy users to distinguish between the two competing brands due to their higher level of involvement or greater passion for the product. Furthermore, the heavy users are likely to make room for both stations in their consideration sets due to their strong preference for the format.

The moderate users will be predisposed to sampling the new brand, but they will likely fall victim to product confusion and give credit to the established brand. Thus, the marketing strategy must focus heavily on a credible, unique and desirable point of difference and drive it home in

all aspects of the station's presentation and external marketing campaigns. The moderate users will more than likely only have room for one of the competing brands in their consideration set. Competitive repositioning, therefore, is more effective at building brand awareness with the moderate users than with the heavy users who will tend to evaluate based upon product quality alone.

For example, a second Oldies station signed on in Washington D.C. against longtime heritage competitor WXTR. The new competitor went head to head with "Extra" but attempted to reposition them — not on quality of product, but on quality of signal. They exploited the only vulnerability that Extra could do little or nothing about - their signal. The new brand WBIG was launched as "the Oldies station you can hear". The verdict is out for Extra and Big at this point. *Only* if Extra has been successful in converting their heritage advantage into real brand loyalty (see Chapter 6) will they survive. Listeners will know that they can turn to Big when they can't hear Extra, but they will continue to write Extra in their diaries.

Managers beware: Competitive repositioning can also backfire. WOWF in Detroit tried to take on the heritage giant WJR with an aggressive repositioning campaign to let Detroiters know that WJR was in so many words, "their father's Oldsmobile." Well, in this old rust belt town, listeners had come to develop an affinity for the station and its venerable jocks like J.P. McCarthy. When a new kid came to town and went to war shouting insults, the listeners thumbed their noses and the station was a complete failure. This is unfortunate, because it would have been an excellent experiment to watch Newstalk on the FM band if it had been launched and positioned properly.

Similarly, another station in a major market ruined its chances of success when WXTZ (Z-95) was relaunched as "Hell Radio" to compete against WBBM (B-96) in Chicago. Again, the strategy to build brand awareness would be successful in generating lots of press, lots of street talk and lots of phone calls, but no ratings. The reason is simple. The strategy didn't take into account the prevailing attitudes of the target consumers.

To win the CHR battle in Chicago, it is essential to generate big numbers with Hispanics. It shouldn't require a marketing wizard to realize that Hispanics have very deep religious roots and furthermore, that Chicago is one of the most Catholic cities in the United States. Hell

Radio flew in the face of the prevailing attitudes and the value systems held by the majority of the intended target audience. In short, they may have liked the music, but the brand was not making any friends. Hell Radio went off the air shortly after its launch and WLS-FM is now the only viable major market signal that simulcasts its sister AM.

Thus, it is easier to use outlandish tactics to generate fifteen minutes of fame than it is to creatively develop a marketing strategy which will create lasting and positive brand awareness — awareness that will place the brand securely in the consideration sets of the majority of the target listeners. Franchises take too long, and require too much money, to build. There is no need for these types of disappointments when managers have the well-worn discipline of branding to help them navigate successfully through radio's competitive landscape.

SUMMARY

Building brand awareness is a very complex process. It requires a basic understanding of consumer behavior and processes which govern unaided recall, which is a prerequisite for listening credit in a ratings diary. These processes include placing your brand in the target consumer's consideration set, which is essential for unaided recall.

Building brand awareness also deals with another phenomenon of consumer behavior known as selective attention, which is the filter that prevents most of the marketing messages we are exposed to on a daily basis from making a lasting impression on our minds. Successful consumer marketers know how to by-pass selective attention and design marketing messages which will "stop" consumers and encourage them to be introduced to a new or existing brand.

CHAPTER 5

MARKETING TACTICS FOR BUILDING BRAND AWARENESS

Once the strategy is in place, and the path to building brand awareness is well articulated, the next step is to determine the optimal set of tactics required to execute the strategy. The best laid plans will not work if specific policies or tactics are not enforced throughout the life of the strategy.

Before these can realistically be committed to paper, management must assess its internal resources which include skills, experience, bodies and money. In performing this candid self-assessment, remember that money can buy the first three types of resources, but only if management realizes that they are needed. Furthermore, the old adage about using smoke and mirrors sounds great, but while the saying goes, "you can fool some of the people some of the time," the truth is that you *can't* fool enough of the people enough of the time to consistently win the ratings war without sufficient resources to establish the brand in the market.

Assuming that management has the resources necessary to compete effectively, the next step is to develop the tactics and components necessary to execute the marketing strategy. A short list of the important items to resolve before launching or relaunching a brand is as follows:

- Audio & Visual Logos
- Positioning or Repositioning Liners
- Internal Imaging and Episodic Campaigns
- External Advertising
- Special Events

Let's take a look at how each element plays an important role in executing the marketing strategy.

THE AUDIO & VISUAL LOGOS

Every brand has a logo. Earlier in the book, logos were mentioned as important product differentiators for consumer marketers who wanted their brands to stand out on a crowded store shelf. As a consumer product, radio is no different, except that the logo becomes more of an audio object than a visual object.

For example, you can be drinking (consuming) a can of Coke and you and everyone around you knows that you are having a Coke. Conversely, you could be listening to a radio station in your car and never see the brand name of the station, as most of the car radios convert to a clock a few seconds after the selection is made. Furthermore, most stations use a different brand name other than their exact frequency so the visual logo is not a helpful tool in reinforcing brand awareness.

As a result, stations must rely more on audio logos than most every other consumer product. After all, radio is an audio medium, so this should not be counter-intuitive. Therefore, just as Coke, Nike, McDonalds and hundreds of other consumer marketers strive for consistency in their visual logo presentation, radio marketers must also strive for consistency in their audio logo presentation. This means that the station should only have *one* brand name such as Y-100 or SportsRadio 680. To maintain consistency, the brand name shouldn't be used with different variations and should always be said with the same inflection.

Jingles are effective tools to help people to remember your brand name. They work wonders for radio advertisers, yet they are often overlooked as strong tactical marketing weapons. Moreover, once a good jingle is found, it should not be shelved in favor of a fresher package that seems to working in another market. For example, the three bells of the NBC jingle are still used today, despite the fact that the network undertakes a complete packaging face lift before each fall season.

Though jingles are often underutilized, they are not the only way to create a memorable audio logo. Take CBS, for instance, which uses the same voice in the same cadence, bellowing out "This is CBS" year after year. For years, voices like Joe Kelly, Ernie Anderson and Charlie Van Dyke have been cutting liners, ID's and promos which have left an unmistakable stamp on their client's stations. For AOR stations, Joe Kelly's distinctive style has created an attitude of irreverence which is befitting of the Rock and Roll consumers. Thus, the concept of an audio

logo must fit the attitude of the brand (the brand personality) and be consistent in every element of the station's presentation.

The visual logo is no different. Too often, stations routinely change their logos because they are tired of them. Can you imagine Nike getting tired of the "swoosh" and replacing it with more of a high tech look? Sounds silly, but it is amazing how cavalierly most managers approach the redesign of their station's visual logo. Again, the same fundamentals apply for every station's logo. First, it must be clearly differentiated from the other logos in the market. Second, it must convey the look and feel of the brand's personality, and finally, it must be used consistently throughout all aspects of the station's visual presentation, including sales, promotion, marketing and programming.

Often, these diverse logo uses mandate that a simple color scheme or design be used — it makes little sense to create a logo that looks great on printed boards, but that cannot be used on promotional materials that have certain output limitations. It makes more sense to carefully design a logo that stands on its own, without color or fades that are typically used to dress up a generic design. Again, stations should do whatever is necessary to insure a uniform presentation of their brand identity.

POSITIONING/REPOSITIONING LINERS

These liners are the most misunderstood part of the branding process. Most managers mistakenly believe that this single packaging element is a key to success. Why else would so many stations blow up their heritage brand names for descriptors like Mix and Variety? A strong positioning or repositioning statement can be very helpful, but at best, it is only one piece of the complex branding puzzle.

The most important fundamental of positioning statements is that they should position the *brand, not the product*. It is very difficult to differentiate a brand when it's positioned as the "Favorites of the 70's, 80's and 90's" six to eight times per hour, twenty-four hours per day. Especially when two or more stations in the market are saying basically the same thing — remember the effects of product confusion on the unestablished brand!

Some of the most successful positioning statements like, "You deserve a break today," "The real thing," "Just Do It," "Fly the Friendly

Skies," "Oh, what a feeling," "Proud to be your Bud," "We bring good things to life," "The Right Choice," "We build excitement," "Snap, Crackle, Pop" and "We'll leave the light on" all transcend the product and position the brand. This is why they have been so successful in establishing their brands firmly in your consideration sets. To illustrate my point, how many of the slogans above *can't* you correctly associate with their respective brands?

Some examples of positioning/repositioning statements which transcend the format (and are service marked nationally by Stratford Research) are: "The kids have their station, now you have yours" used by WALR (Urban adult contemporary) in Atlanta and "Rock and Roll without the records" used by WCNN (Sportstalk) in Atlanta. Others include, "Sounds like Washington" used by WHUR (Urban Adult Contemporary) in D.C., "Power Pig" used by WFLZ in Tampa, "Young Country" used by KYNG in Dallas and "The World Famous K-Rock" used by KROQ in Los Angeles.

Managers should strive to find unique positioners which will set them apart and support the brand's personality as dictated in the strategy. Don't be afraid to be innovative and to deviate from the tried and true. Start paying attention to the hundreds of consumer products which advertise nationally to help you understand the difference between positioning the brand and describing the product. Remember, radio is supposed to be fun and entertaining — you are not selling life insurance — so position the brand accordingly.

INTERNAL IMAGING AND EPISODIC CAMPAIGNS

For both radio and television stations, the most important tactical component of the marketing strategy is the internal advertising campaign. No other consumer product has the ability to promote itself the way radio and television can as they all rely on radio and television to promote themselves in the first place. This may sound simple enough, but it is amazing how many broadcast managers do not use this marketing tool effectively.

One of the first questions I ask a management team is how much money do they spend on advertising and promotion. Invariably, the answer corresponds to the line item on the budget for marketing. I then ask them to calculate their internal marketing expense and the request

usually draws a look of surprise. The fact is, most managers don't realize the true value of their own inventory. This doesn't make sense to me, because stations are in the business of selling this value every day to other consumer marketers, but when it comes to their own consumer product (their station) they don't seem to equate the value to their own internal marketing. In fact, the value of the internal marketing budgets often exceeds the value of the external budget by a margin of four to one!

When it comes to internal promotion, radio and television each possess their own distinct advantages. With respect to inventory, radio has more to dedicate and more flexibility to do so, giving radio the edge on frequency. With respect to reach, television is in a class by itself, especially if it is a VHF network affiliate. Most television stations in this category can reach up to 95 percent of their metro over the course of a week, whereas fragmentation has reduced the typical FM to only about 20 percent. For mature radio brands, this number, however, is generally sufficient to reach two-thirds of their target listeners which means that external advertising and promotion is still necessary to maximize the market share of the brand.

An internal marketing campaign should consist of both image and episodic promos. Image promos are, by nature, very strategic and focused on communicating the brand's personality. Episodic promos, on the other hand, are very tactical and focus on promoting a particular feature, daypart, or personality. In television, episodics promote specific shows or newscasts. In both radio and television, image and episodic promos are essential to realize the full impact of internal marketing. Let's examine both in more detail.

Image promos are analogous to brand advertising. They are an essential brand-building activity which should be maintained throughout the life of the brand. In the early stages of the brand, image promos position the brand, consistently communicating the positive points of difference to the consumers. As the brand matures, image promos are used to staunch competitive threats and to evolve the brand with the changing attitudes of the consumers. This is why it is so important to have a clearly defined brand personality before embarking on the image campaign (see Chapter 3).

For radio stations, image promos should be carefully produced to reflect the intended *feel* of the brand. Copy points must be clear and uncomplicated, but this is only the beginning, as the *production values*

must sell the desired feel of the brand. They say that a picture is worth a thousand words, but in radio, a sound is worth two thousand words when it comes to communicating the brand's identity. Radio is an audio medium and thus the entertainment experience of the brand can best be communicated through radio's unique ability to create a theater of the mind. Unfortunately, production is becoming a lost art in radio, and the stations which understand the value of imaginative production have a distinct edge in the branding process.

Good production can create an identity which is truly unique to the station, helping to positively differentiate it from its competitors - something that music cannot. Furthermore, with today's technology, stations don't need a million dollars to create a million dollar sound, they just need a strategic commitment and a capable production director to do so. In fact, a strong argument can be made that the production director is one of the most valuable positions on the entire team. Far too often, however, this position is relegated to a technician who works with inferior equipment. This is one area where most stations would be wise to invest more in both people and equipment. If this is not feasible, stations should be creative in identifying freelance personnel and facilities — production is simply too important to ignore.

Once a strong imaging campaign is developed to position the brand, the next phase of the internal marketing campaign is to create a series of very focused episodic messages to sell the many benefits contained under the umbrella of the brand.

To put this in perspective, think of the consumer marketing giant McDonald's. Each year, McDonald's spends millions of dollars advertising their brand. They market to the family by targeting both children and their parents. They communicate a fun, wholesome atmosphere with Ronald McDonald, their Playland, and extensive promotional tie-ins with popular movies, television shows, and toys which all have interest to children. Secondly, they constantly promote the quality of their product and the all-American friendliness of their service to adults. Moreover, they support this warm and friendly image with their charities in the Ronald McDonald Houses for the parents of terminally ill children. This is brand marketing at its finest as they continue to differentiate themselves as more than just a fast food restaurant in an era of massive product proliferation.

Under the umbrella of the McDonald's brand, they also extensively use "episodic" advertising to promote their "features" just as a branded radio station should do. For example, McDonald's promotes a separate product line (breakfast) which, as managers know from the demos McDonald's buys, is targeted specifically at adults. The benefits are quality, price and convenience and you won't see clowns, toys, swing sets or other enticements which work for children. However, it all fits nicely under the umbrella of America's Favorite Restaurant and the look and feel of the campaigns are consistent with their on-going brand advertising.

For radio managers, the breakfast fare may be the morning show, it may be at-work listening, or it may be special evening or weekend programming. Regardless, these special "fares" are part of the brand and offer specific benefits to different segments of the target audience. They must be cross-promoted tactically to manage "flow" and recycle audience both vertically and horizontally.

The biggest mistake that most stations make when promoting specific features or components of their programming is dilution. Stations, like McDonald's, have far too many individual items to promote to do them all justice. Therefore, they must prioritize the items which will drive the most traffic into the store like McDonald's does with breakfast.

Much has been written on the OES method for effective advertising. The principal behind OES is that listeners must hear a spot several times before it sinks in. Therefore, advertisers are better off condensing their advertising dollars in a shorter period of time for maximum impact rather than spreading the schedule out over a period of time, where the message will likely be diluted. There are no arguments here, it's just that the business cycles of most retailers prevent them from spending a month's worth of advertising in just one week. In radio, we don't have these constraints. The internal promotional inventory is there everyday, all year long.

Consequently, managers should determine their own OES schedules for promoting their most important features that exist under the umbrella of their brand and provide them with the necessary weight to succeed. The general practice of trying to promote everything on the station by rotating several promos at a time often results in a series of confusing messages as none are given the required weight to influence the behavior of the consumers. The OES philosophy should be used to

help prioritize episodic campaigns – timing and scheduling the promos to have a positive impact, yet allow for the next priority promos, as strategies dictate.

Thus, the overriding objective of internal marketing is the successful retention, positive reinforcement, and "upselling" of existing customers. The primary objective of external marketing, however, is an entirely different game. It need only be used for the acquisition of *new customers.*

EXTERNAL ADVERTISING AND PROMOTION

With a well focused internal marketing campaign firmly in place, managers can then turn their attention to external marketing. For nascent brands, external advertising is essential to build trial usage (sampling). As the brand matures, the marginal gains are fewer, but a constant turnover in tastes and competitive environment will continually free new customers that are ripe for acquisition marketing.

While the primary purpose of external marketing is acquiring new customers, the positive effects of another impression on *existing* customers cannot be overlooked, though it is most difficult to quantify. All consumers want to feel as though they have made the right decision in choosing one brand over another because as the saying goes, "everybody loves a winner." Thus, as the brand matures, a successful external campaign will not only help to drive new cume into the station, it will also reinforce the positive internal marketing designed to make the current customer base feel satisfied with their purchase decision. This, in turn, will make them less likely to shop elsewhere.

Today, radio stations have several options when it comes to marketing their product. The most widely used options are listed below:

- Television
- Outdoor/Transit
- Direct Mail
- Telemarketing
- Events

Let's examine the relative merits of each and debunk some of the myths which are generally ascribed to when developing a comprehensive media plan. It goes without saying, however, that regardless of the medium, the message must unambiguously communicate the brand's image and identity.

Television

The beauty of television is that it can stimulate the visual and aural senses simultaneously. It can convey meaning with graphics, can sway emotion with images and color, and can even present less important details with text. There is no mystery why the world's top consumer marketers rely on broadcast television to build their brands. It provides unmatched reach in a very powerful and persuasive medium. For radio managers, however, the drawback is that it can be prohibitively expensive — radio stations don't operate on the sales volume of television's major advertisers, so it is much more difficult to justify the cost of ongoing TV advertising on a "percentage of sales" basis.

Regardless of cost, the primary advantage of television, relative to other mediums for advertising radio, is that it is the only medium outside of radio itself which enables broadcasters to give the consumers a free sample of their product. In fact, television can't do this for any other advertiser except for their own product. This advantage makes television the most attractive medium for acquiring new listeners.

From an image standpoint, television offers the visual perspective to show the types of listeners who "endorse" a particular radio station. This enables radio managers to sell a lifestyle experience to consumers, an effective brand building activity. It also allows stations to communicate an emotional experience, which is what most music-based stations are fundamentally providing. Again, the drawback continues to be cost, which is broken down into the cost of the time and cost of the creative.

Some television markets are more expensive than others due to the number of competitors, the size of the DMA (ADI) and the aggressiveness of local cable sales. Many managers address the cost factor through creative buying strategies which are designed to deliver the point levels without buying the expensive prime or news. As radio managers know, there is no better time to advertise on their own station like radio's prime which is 6A-7P. They sell TAP plans and rotators, but these are more for their own inventory management purposes than for anything else — and television is no different.

Managers are better suited with a buying strategy which focuses on news, prime and late fringe to deliver the necessary reach and use cost-effective vehicles like cable to deliver frequency. Furthermore, if the brand strategy dictates, having your spot run in the "hip" shows also

sends an additional message about the station itself by associating it with certain programs, in much the same way that large advertisers buy time.

The second cost issue is production. Today, there are dozens of syndicated television spots which are available to broadcasters. The problem is that many have been run throughout the years in each market and, after a while, they all begin to look alike. The result is a generic or me-too campaign which looks great in the conference room on the demo reel, but fails to cut through in the market place — even with good media weight behind it.

Similar to the discussion on internal marketing, the production value of the spot will speak volumes about the brand's image. Cheap or generic production communicates a cheap or generic image to the target listeners. Moreover, this effect is exacerbated when the spots are juxtaposed in a cluster with highly produced spots by major advertisers costing $250,000 and up. This is where television can really be a double edged sword for radio managers.

In the final analysis, go for creativity and uniqueness over generic, canned production which has been exposed in some variation or another. New ideas are generated every day, so don't take the easy way out because it's cheaper and more convenient. After all, it's your brand you're working to build. Anything (including cheap production values) that places a negative note in the consumer's mental file only works against you, so if you can't do it right, it may be better to delay campaigns until budgets permit a more flattering effort.

OUTDOOR/TRANSIT

Outdoor and transit advertising are the closest things that radio has to *point of purchase* advertising — a tactical marketing tool which has proven very effective in generating trial usage (sampling). Most of the sampling of radio stations occurs in the car because that's the environment where people have little else to do but concentrate on the radio. In addition, the car radio, more so than the clock radio in the bedroom or at the office, facilitates quick sampling with the pre-sets, as well as the seek and scan buttons.

Outdoor and transit are also effective in creating sampling if the message is compelling. Remember, you have to stop 'em to sell 'em, and

this is easier said than done. To develop successful outdoor or transit advertising for radio, managers should adhere to three fundamentals:

1. The design should communicate the brand's image in layout, colors, style, look and feel. Remember, a picture is worth a thousand words, so your brand should not be short-changed by the design. I have seen dozens of billboards where it was obvious that management's only intent was to display their calls and dial position as large and bold as they possibly could without any care as to its impact on the station's brand image. The only other outdoor advertising I have seen which ascribes to this philosophy is the "Last Chance" or "Crazy Eddie" fireworks billboards throughout the South...hardly a role model for most of the radio stations which unknowingly emulate them.

2. The design must prominently display the station's brand name which should include dial position. If the station's brand name consists of a whole number such as Q-104 or FM 100, then the exact dial position (digital) should be indicated below so as to provide clarification without competing visually with the station's logo. Remember, for outdoor/transit to function properly as a point of purchase vehicle, consumers must know exactly where to locate your product on the crowded store shelf known as the radio dial. If they have to think about it, their motivation is gone and you have lost a potential customer.

3. The design should contain a short piece of copy which entices the listener to try the station. Depending upon the maturity of the brand, it can range from an obvious plea to tune-in (recommended for a new brand launch) to a more subtle phrase which entertains and thus indirectly motivates people to listen (recommended for more established brands). Remember, the newer the brand, the more external advertising is used for acquisition marketing, and conversely, the more mature, successful brands should rely on external advertising more for retention of their already broad customer base.

Contrary to conventional radio wisdom, the copy on outdoor or transit boards should not necessarily be identical to the station's primary positioning statement. These statements tend to be unmotivating when read as copy, verses being heard over the music which it is attempting to define. Again, to find some creative ideas, simply look around at the efforts of the Fortune 500 marketers which spend hundreds of millions in outdoor, transit and print. It never ceases to amaze me at how cre-

ative these simple lay-outs can be. *Simple*, however, is the operative word here. Another major design *faux pas* is to try to pack too much into the design. Just like a radio station, if a board becomes over-cluttered, it will turn people away.

DIRECT MAIL

Direct mail has been a popular alternative to television advertising for radio managers. Its advantages are purported to be economy, more efficient targeting and that it tends to be more effective in reaching diary keepers because they are more likely to read their junk mail. P.T. Barnum once said that there's a sucker born every minute and anyone who believes that direct mail will help them talk directly to the elusive diary keepers proves Barnum right.

True, direct mail is more targeted than television providing that you don't mail the entire market. But where do you start to narrow it down? Much has been written about so called "hot zips" where stations tend to receive the majority of their diaries. If you look closely at the hot zips, you will find that in many cases, the zip codes from where the majority of your diaries are being returned just happen to be the zip codes with the largest population and thus they have the most diaries being returned period.

The exception to this rule is for ethnic zips and ethnic targeted stations. For example, if your station is Urban formatted, the majority of your diaries will be returned from the HDBA (High Density Black Area) zip codes and conversely, if your station's audience is primarily non-ethnic, then you will have relatively smaller returns in those HDBA zips. In fact, this is about as scientific as it gets when it comes to playing the "hot zip" game.

The real problem with direct mail, however, is that it has a frequency of at most one. That is to say, not everyone reads their junk mail. In fact, very few people take the time to do so. Just look at the amount of pre-selling American Family Publishing has to do just to get you to open up their envelope with Ed McMahon on it, where you have a chance to win 10 million dollars without buying anything.

Advertising a low involvement, frequently purchased product like radio where ratings success is dependent upon unaided recall of consumption requires a great deal of frequency in advertising. Direct mail-

ing twice a year is still only a frequency of two and the messages are spread far apart and are easily diluted. Furthermore, radio is distinctly an audio medium, so printed pieces which talk about the benefits of the station are rarely effective in imaging the brand.

The best idea I have seen in direct mail is to mail an audio cassette, which is similar to the way consumer marketers mail free samples of their product to consumers. This is a creative use of the vehicle because it doesn't constrain an audio medium to print's inability to convey sound. This technique is best used for the launch of a new brand much the same way consumer marketers use it to stimulate trial of new products.

Another effective use of direct mail is database marketing. This is where the station maintains an on-going database of its regular and heavy users. These listeners typically receive birthday cards, station newsletters and exclusive information about upcoming contests and promotions. These databases are built from a variety of sources including contest participation, sign-up tables at station events, and request lines. They are effective tools for retention marketing, but they must be maintained, which means continually purging and updating the list.

TELEMARKETING

During the past five years, telemarketing has enjoyed the largest growth of any of the marketing segments for radio. Its success has been primarily in the area of in-office or at-work listening and for good reason. The standard approach is to call offices with 50 employees or less which focuses the list to service businesses or small manufacturing concerns where they are not likely to have music piped into their place of work.

Generally, the telemarketer's job is to get someone at the place of business to commit to listening to the station and in return they will be eligible to win a contest directed specifically at the businesses they are calling. Again, this has a frequency of one, but in this case, if they switch the dial because of the call, they only needed a frequency of one. This is the advantage of a direct sales pitch and in some cases, a confirmation as the telemarketer waits on the phone while the employee switches the station.

The success of this vehicle has also become its worst enemy. Today, several stations in a market targeting at-work listening will all commission telemarketing campaigns. The phone lists of businesses are all

fairly standard, and each station is trying to impact the same important ratings sweeps at the same time, so the result is several stations calling the same businesses. Thus, as more competitors also discover and participate in this short-lived competitive advantage, it will and has had a marked neutralizing effect on subsequent campaigns.

Another innovative use of telemarketing is similar to the one discussed above for direct mail. The approach is to play a free sample of the station or a specific part of the station such as the morning show for the listener as a means of introducing them to the product. The telemarketer should then get a commitment and follow-up with a phone call within two days to check-in on the station's new customer. The problem with telemarketing individuals verses businesses is that it is extremely expensive and probably cost prohibitive. If it weren't, cars, beer and fast food would all be sold over the telephone one customer at a time.

SPECIAL EVENTS

When getting into the event marketing game, stations can either create their own event or become involved with an established event. For new brands, it is recommended that they associate themselves with established events for two reasons. First, new brands usually don't have solid relationships with either the listeners or the community to pull it off. A flop will reflect poorly on the brand's still-forming image. Secondly, a new brand can gain instant credibility by aligning itself with a successful and established event. The key to event marketing is to touch as many people as possible while they are enjoying themselves. Make certain that the station is everywhere, to the point where it is almost over done and be sure to have premiums galore. Everyone should go away with a piece of the station.

For mature brands, the successful ownership of a major annual event is a strong brand-building activity and it is highly recommended, provided it supports the brand's concept and image. Owning a major event can put the brand on a pedestal and serve to differentiate it from its competitors. Events, unlike playlists or advertising campaigns, cannot easily be duplicated on a grand scale, so managers should take full advantage of this opportunity to gain a real competitive advantage.

SUMMARY

With a basic understanding of consumer behavior and the processes which govern unaided brand recall, the next step in developing brand awareness is to develop a comprehensive marketing strategy. This strategy is based upon a thorough knowledge of the brand's personality, its usage characteristics and its competitive environment.

Once the general strategy is formulated for the internal and external campaigns, there are several key marketing tactics which must be addressed including design, logos, creative blueprints, copy, and media planning. All must be developed to support the brand's marketing strategy and they must fall within the realistic budget constraints of management. There is no right or wrong vehicle for the external campaigns, but rather it is a function of the maturity of the brand, the competitive environment and the resources of management.

The object of building brand awareness is to help the brand acquire new customers by placing it in the consideration sets of as many of the potential target consumers as possible. Once the brand is squarely in the consideration set, the awareness has been achieved and it is much easier to maintain. The next step, however, is to build loyalty with the target consumers to insulate the brand from competitive attack. The fundamentals of building brand loyalty are detailed in the next chapter.

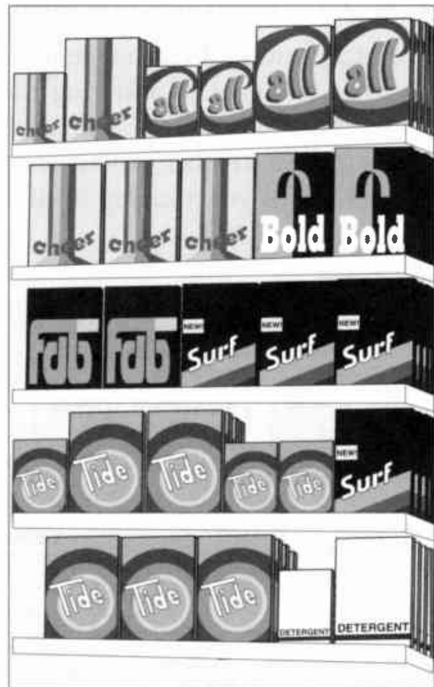
CHAPTER 6

BRAND LOYALTY

Brand loyalty is a popular term in the vernacular of most radio managers, yet it is perhaps the most misunderstood concept in all of radio marketing. Every manager strives for loyal listeners as well as loyal advertisers for obvious reasons. It's easier and more profitable to resell existing customers than it is to bring in new ones.

Radio is not alone in this quest, as brand loyalty represents the holy grail for marketers of all goods and services. In a wide range of consumer goods industries, including radio, brand loyalty helps separate the great competitors from the also-rans. This is why it is such a valuable strategic asset for marketers.

FIGURE 6.1



Today's radio dial is not unlike a crowded supermarket shelf

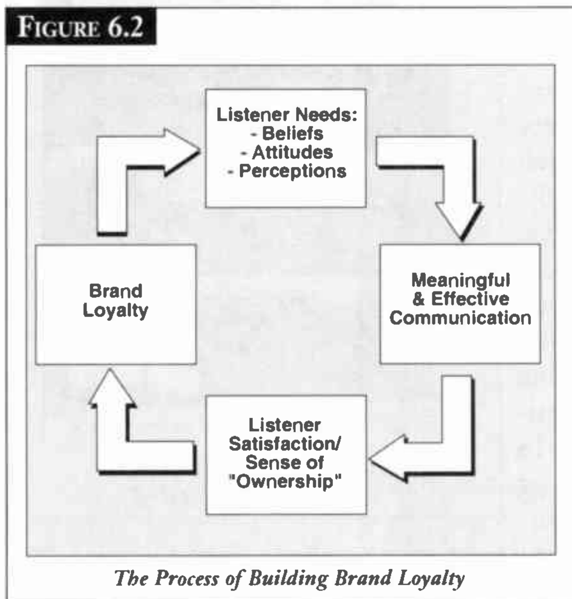
Much has been written about the fickle nature of the listener, but the majority of this is simply untrue. Listeners are the very same people who are referred to as consumers by every other type of business which markets to the general public. They are no more or no less fickle when it comes to radio consumption than they are when it comes to buying tennis shoes, soda pop, cigarettes, beer, blue jeans, long distance service, automobiles or television sets. In other words, these people, or "consumers," have not unanimously singled out radio as the consumer product which they will behave differently towards. Rather, they behave in a uniform fashion with

respect to all of their consumption habits. Moreover, when you look closely at the consumption habits of all consumers today, it becomes evident that they are becoming less fickle rather than more fickle.

The reason for this seemingly contrarian viewpoint is very straightforward and logical. There are more product choices available to consumers than ever before, yet the major brands continue to dominate in market share. In fact, if you index the market share of the major brands to the number of direct competitors they face, their market share has actually been *increasing*.

In many cases, however, several underperforming competitors actually have better products on the market, but they are unable to overcome the brand loyalty of the dominant brands. Consumers are not becoming more fickle, but rather they are seeking safe harbor in a world filled with too many product choices all promising to deliver the best product. This scenario should sound familiar to most of the radio managers who face this reality every day.

Furthermore, if radio listeners seem like they are becoming more fickle when it comes to adopting their favorite radio station, then it is the fault of *radio*, not the consumers, because they are not behaving this way with respect to other product categories. Specifically, radio has done a hell of a job of genericizing itself through Robo Radio programming and marketing. When viewed this way, it's clear that consumers don't *choose* to be fickle, but rather the lack of brand marketing in the radio industry has forced them to behave this way. On a positive note, however, this presents a tremendous opportunity for radio brand managers.



The Process of Building Brand Loyalty

Figure 6.2 illustrates the process of building brand loyalty. It is a continuous process

that is based on listener needs and is carried out through all aspects of brand marketing and internal communications.

In radio, the upside from creating true brand loyalty is: 1) It improves marketing efficiency; 2) It reduces the risk of competitive attack; 3) It provides a performance buffer; and 4) It provides a halo effect in the ratings. Let's examine each of these benefits of increased brand loyalty.

Loyalty Improves Marketing Efficiency

Brand loyalty improves marketing efficiency because it reverses the acquisition/retention ratio in favor of the station. This means that mature brands with loyal consumers are not forced to continually *resell* their heavy users to maintain their volume.

For example, if a radio station had to continually resell every single order with presentations and formal proposals as if the client were a first time advertiser, it would require a much larger staff to maintain the same sales volume. If this hypothetical situation were true, it would drive up the cost of sales, making the station's marketing efforts much less efficient. Likewise, stations which must continually resell their listeners due to poor brand loyalty and high turnover are forced to spend more dollars to maintain the same ratings than a station with a brand loyal core audience.

Conversely, stations with brand loyal core listeners are not held hostage to the "arms race" that often develops in contesting, advertising and promotion between competitive stations vying for the same listeners. Stations with high brand loyalty have the luxury of spending their marketing dollars on brand imaging, which serves to solidify the station/listener relationship even further. Thus, in brand marketing, the rich get richer through more efficient marketing expenditure and higher brand loyalty.

Loyalty Reduces Competitive Threats

The second benefit of brand loyalty is reduced competitive threats that result due to the difficulty in dislodging core listeners. This is where most managers make the mistake of confusing heritage for brand loyalty. Because so few stations use their heritage properly as a marketing tool, its value is often greatly overestimated by both the stations who have it as well as those who don't.

For managers who feel that they have heritage-based brand loyalty on their side, it produces a false sense of security which can be exploited in short order by competitors who are smart enough to realize it. A station's heritage is completely independent of its brand loyalty. Therefore, many stations with heritage enjoy strong ratings simply because they have not been tested in a head to head battle.

Thus, heritage has worked as a temporary buffer for many stations, but as more and more heritage competitors are falling to new competitors in Country, Rock, Urban and other formats, the false sense of security provided by heritage is diminishing. In the future, heritage will have to be supported by brand loyalty as well if the station is going to survive a competitive challenge.

A station with strong brand loyalty puts the onus on its competitors to present a demonstrably more compelling product, and have the ability to market it aggressively for an extended period of time before expecting to see substantial ratings shifts. Even if this effort is successful, it then takes even more time to convert the higher ratings into revenue. Thus, it takes real staying power coupled with an intelligent brand strategy to fight a station with strong brand loyalty.

More often than not, however, these upstarts get tired of banging their heads against the wall and look for an easier opportunity. Conversely, going up against an established station with low brand loyalty is relatively easy for a new competitor because audience shifts will happen much faster. This, in turn, will fuel the upstart's impetus to continue the attack even more aggressively.

Loyalty Provides a Performance Buffer

One of the great benefits of brand loyalty is the performance buffer it affords management. Generic stations that don't enjoy the benefits of brand loyalty are constantly being evaluated on their tangible product attributes. This is because having the "best mix" or "most variety" is the basis for their relationship with listeners in the first place. This is the bane of having a superficial or generic relationship with your customer base; they will be quick to defect if the product fails to meet all of their expectations.

Think of it in terms of your relationship with your family or close friends. Most people are much more likely to overlook transgressions by family or close friends than they are by acquaintances with whom they

don't enjoy the same type of relationship. The same holds true for consumer marketing. Brand loyal customers enjoy relationships with products that are analogous to that of family or close friends, verses the non-brand loyal or generic consumers which act more like acquaintances.

Any relationship, however, can only be stretched so far, but brand loyal customers will hang in there longer during a period of inconsistency before they start to shop around. Often, this buffer provides enough time to get things straightened out before it's too late.

Loyalty Creates A Halo Effect in the Ratings

Just as brand loyalty provides a competitive buffer, it also benefits managers by generating a halo effect in the ratings. The effects are similar, but they occur for different reasons. If the station/listener relationship is strong, then the brand is firmly entrenched in the listener's consideration sets. As a result, increased sampling activity of similarly formatted competitors will go largely unreported due to their inability to effectively replace the branded competitor in the consideration sets of the brand loyal listeners.

Accordingly, the brand loyal listeners will tend to over-report the relative amount of listening to their favorite station during the course of a normal week (because they under-report the usage of other stations). The size of the "halo" depends on the degree of brand loyalty that a station enjoys with its core audience.

THE FUNDAMENTALS OF BRAND LOYALTY

The benefits are real and it should be clear that it is in every station's best interest to incorporate the fundamentals of branding in their strategic plans for the purposes of developing brand loyalty with their consumers. Managers must beware, however, of confusing these fundamentals with gimmicks or tactics which will not pay long term benefits.

For example, many stations currently use "loyal listener" databases and other loyalty marketing programs to build brand loyalty with their listeners, yet in most cases, these efforts have served to address the symptoms not the problems. As a result, they have produced inconsistent and lackluster ratings dividends. The reason is that these loyalty building tactics merely scratch the surface when it comes to addressing the real drivers of brand loyalty.

Brand loyalty is the marketer's *reward* for having developed a successful relationship between the consumer and product. Earlier, when we examined the fundamentals of consumer marketing and branding, we stressed the importance of understanding the consumer/product relationship from several different angles before developing a brand strategy in product, packaging and marketing.

Implicit in this understanding is that every transaction between a consumer and a product (good or service) requires some kind of a relationship. This relationship may be very casual or it may be highly involved. Regardless of the level, however, consumers are inherently trained to evaluate this relationship and consequently, to develop a *feeling* about the brand, be it positive or negative.

As this book has stressed, the object of brand marketing is to firmly establish the brand in the consideration sets of the target consumers and then to build strong and positive relationships with as many of these consumers as possible. Building this relationship requires much more than birthday cards sent to a database of contest participants which reach only a small percentage of your station's cume. Human relationships are built over time through continual interaction between two people and likewise, consumer/product relationships are also built over time.

Building brand loyalty also requires *continual contact* between the product and the customer in order to establish and cement the relationship. When it comes to developing brand loyalty, radio holds a distinct advantage over most other consumer products in that its customers "consume" and "repurchase" it on a daily basis and often, several times during a day. While the interaction potential is high, most stations do little to take advantage of this opportunity to build brand loyalty using their own airwaves. In fact, most stations go the other direction with generic or robotic packaging and internal marketing which serves to weaken the relationship rather than to strengthen it.

Ironically, many of the stations which are the biggest perpetrators of Robo Radio are the most ardent supporters of loyal listener database marketing techniques. These managers subscribe to the theory that the station has to market to their listeners personally, such as in a birthday card, in order to build a positive relationship with them. They pay little or no attention, however, to the real opportunity to market to their listeners, which is on their own airwaves every day.

The most effective way to cement the relationship between a station and its listeners is not through database marketing, but through the product itself. Radio, by nature, is an intimate medium. For instance; radio is primarily consumed in a solo setting, whether it be in the car, the bedroom or the office. Listeners naturally relate to the product as individuals, and can — if properly encouraged — feel a sense of personal ownership of the station. Ancillary marketing activities such as database marketing are certainly positive, but no station has their entire core audience on a database. They can, however, reach out and touch each and every one of them on a daily basis through their own airwaves.

Building a Station/Listener Relationship

Brand loyalty, just like other forms of loyalty, is a relationship that is earned, rather than something that is simply asked for. This means that as a first step, the product must satisfy listener needs. Unless the product initially meets this test, no amount of marketing or communication can build this relationship into a brand loyal one.

The first objective of any brand marketer is to ensure that customer needs are being met. In other words, the brand must fulfill its end of the obligation. It's not a surprise, therefore, that the most successful consumer marketers are strong advocates of research and product testing. In order to ensure that needs are being met, they have to acutely identify those needs and assess the performance of the product in satisfying them.

The second objective is to consistently reach the target consumer (listener) with effective and meaningful communication. Stations can reinforce satisfaction with the brand through programming, packaging and marketing that clearly communicates usage benefits. However, before managers begin building this relationship, they have to know how to *communicate* with them. This is the proverbial fork in the road which separates the stations headed for branded status from the stations which will aimlessly drift in the generic sea.

Consumers inherently judge brands of competing goods and services on the basis of differentiable qualities. They do this in much the same way that they judge the people with whom they come into contact with. Brand marketers generally refer to these qualities as points of dif-

ference or unique selling propositions. Understanding the key points of difference which define the brand in the minds of the consumers is a key fundamental in the brand loyalty building process. This is because a firm grasp of the brand's personality is required to help focus the communication strategy solely on the brand's image.

Personalities for radio stations are as unique as they are for people. Different formats, however, share some commonalities from market to market regarding the broad make up of the station's personality. These personalities transcend the music and are conveyed through talent, production, promotions, information packages and even advertisers. They should reflect the personalities of their core listeners as determined by their attitudes towards themselves, towards society and towards radio.

For example, most AOR stations need to convey a brand personality which is irreverent, somewhat blue-collar and even a bit anti-establishment. Country stations, on the other hand, need to rap themselves in the flag, be traditional, heartland, basic values and all around salt of the earth. Urban stations become the community voice and sounding board to collect and disseminate information which is important to their listeners. They have more responsibility to their listeners than perhaps any other format with the exception of Spanish stations.

Defining the brand's personality in every aspect of the station's presentation, including product, packaging and marketing is fundamental to the loyalty building process. This process depends upon the ability of the brand to communicate its personality to the core listeners through a sea of clutter. In order to do so, the communication process must be intensely focused and extremely consistent over time. Remember, people buy from people they like and similarly, people become loyal to people they like very much. Getting people to like a consumer product, such as a radio station, enough to warrant loyal consumption behavior requires a compelling personality that is compatible with their attitudes and beliefs.

This is why different formats which attract different types of core listeners need to have different types of brand personalities. The key to building highly loyal listeners is to understand the market specific subtleties in attitudes and beliefs. This information is essential to the design and development of a brand personality which will lead to highly loyal listeners. It is important to understand that relationships with both people and products alike are built with meaningful and effective communication of personality traits or attributes. For brand marketers seeking to

build loyal relationships, these attributes must be correctly identified as attractive to the target consumers.

COMMON MISTAKES OF LOYALTY SEEKERS

Many stations fail to build brand loyalty for two primary reasons: 1) failed brand expectations and 2) flawed brand strategy. Let's explore both of these common mistakes and examine ways to avoid them in the pursuit of building brand loyalty.

The most common mistake broadcasters make is failing to meet their target's expectations of the brand. Based upon the general brand personality descriptions by format that were outlined earlier, the majority of radio stations can hone in on at least a general concept of what their brand's personality should be. The breakdown then occurs in the execution of the concept.

Again, too many strategies rely solely on external communication and fail to focus on an internal marketing strategy for the purpose of imaging the brand and defining its personality in the minds of the listeners. Building this relationship requires a consistent and integrated effort both on-air and off to take full advantage of the daily contact with the listeners. The external marketing efforts should function more as support and reinforcement rather than as the primary basis for defining the brand's personality.

Internally, the tools that managers have to work with are the presentation elements and the promotional opportunities. Presentation elements consist of talent, production and contesting. Promotional opportunities consist of on-air marketing campaigns, as well as vertical and horizontal cross-promotion.

Too often, both presentation and promotional opportunities are missed due to a lack of a comprehensive strategy which integrates both of these branding tools with the station's comprehensive brand strategy. It is this grand vision or brand strategy which defines the brand's personality for the target consumers with the hopes of encouraging adoption and ultimately the development of brand loyalty. The need for this integrated approach cannot be stressed strongly enough, for it is the bible of successful brand marketers in all categories of consumer products and services.

For radio managers, we recommend a systematized approach for insuring that all of the branding "levers" are working in concert to communicate the station's brand personality. This approach starts with taking inventory of the tools at your disposal. A standard list would include the following:

- Playlist
- Features
- Talent
- Information Package
- Production Values
- Liners/Positioning Statements
- Live/Recorded Image Promos
- Contests/Promotions
- Vertical/Horizontal Cross Promotions
- Live/Recorded Episodic Promos

The next step is to take each one of these "tools" and list all of the ways that they can be utilized to maximize their contribution in the defining of the brand's personality. For example, if the brand personality is to be irreverent, then is this irreverence being communicated in every one of the items listed above. If it isn't, the station is wasting a golden opportunity to image their brand in the minds of the target audience. Most managers will be surprised at the complexity of brand building after completing this exercise.

Once all of these levers are being maximized, they must then be constantly freshened with new and unique creative inputs. Otherwise, "*irreverence*" becomes "*predictable*" and "*hip*" becomes "*uncool.*" This is one of the biggest challenges for brand managers of entertainment products like radio. The brand must be presented and marketed more like *fashion* than like packaged goods due to the emotional nature of the product.

The second mistake which managers often make in the pursuit of brand loyalty is to execute a strategy which showcases incorrect or inconsequential points of difference. Often, these points of difference appear to be more important in the conference room during a research breakout than they are to the consumers in the world of every day radio listening. This is a classic example of how a poor strategy with great execution can fail to move a station forward while leaving it highly vulnerable to a formidable competitor.

In the following chapters we will discuss the formulation of strategy and go into further detail about the ways to avoid these two mistakes. In addition, we will provide strategic frameworks for integrating

the station's product, packaging and marketing into a successful brand strategy which is designed to build brand loyalty at the expense of the competition.

Summary

Brand loyalty is a measurable concept which quantifies the relationship between the consumer and product. It is the primary objective of all brand marketers as it insulates the brand from new and existing competitors and provides a cushion or margin of error for temporary transgressions in the brand's operating strategy.

Though brand loyalty is something that all radio managers strive for, most stations fail to optimize this relationship with their listeners. These stations are unable to synchronize all of their branding "levers" properly to communicate their brand's personality consistently in all aspects of their presentation. This includes product, packaging and marketing.

Moreover, stations also fail to develop this station/listener relationship to its maximum potential because they try to define their brand's personality based upon incorrect or meaningless point of difference. The net result is generic or Robo Radio which fails to strike the necessary emotional chords with listeners — the very chords that build lasting and meaningful relationships which are cornerstones for brand loyalty.

CHAPTER 7

DEVELOPING A BRAND STRATEGY

What do sports, politics, the military and business all have in common? They all function around the concept that is commonly referred to as strategy. In its purest form, strategy is a clearly articulated vision that serves as the blueprint for the team, the campaign, the armed force or the corporation.

Some organizations are better than others at developing and executing successful strategies because they follow the basic fundamentals which we will explore in this chapter. For managers of all types of organizations, understanding and employing these fundamentals is the most important value-adding activity that they can perform.

Sports teams, from high school to the professional ranks, develop strategies that help them to match-up successfully against their competition with the hopes of creating a winning season. An NFL franchise will employ a personnel strategy designed to optimize their draft opportunities and still leave cash on the table to compete in the free agency game. They will also employ weekly game strategies designed to give them a competitive advantage that is based upon *research* which usually consists of game films and scouting reports. As any journalist, coach, athlete, sports executive or knowledgeable fan will agree, the winning programs are all driven by successful strategists.

Strategy is also critical in politics. Top flight campaign strategists are paid large sums of money to direct local, state and national campaigns because they have proven their ability to out-think their opponents in the marketing of their products — the candidates. These "spin doctors" are adept in media manipulation, fund raising and the ability to organize scores of volunteers and integrate the entire operation into a focused strategy designed to get voters to the polls and to pull the lever for their candidate. They also use extensive research in the form of political polling, competitive intelligence and public opinion surveying.

The military represents the most poignant example of strategy determining success or failure. The history books are full of examples

which illustrate these strategies. They range from Hannibal's trek through the Alps, to Pickett's Charge, to Hitler's decision to battle on the Russian Front, to Schwartzcoff's end-around in Kuwait. While these examples only scratch the surface of the world's famous and infamous military campaigns, the role of strategy in their outcome is undeniable. In fact, there are several war colleges throughout the world which are chartered for the express purpose of studying great military battles with the hopes of teaching the skills necessary to formulate winning strategies in the heat of the next large scale conflict.

Like sports, politics and the military, business is no different in its dependence on strategy for success. Companies routinely employ strategies for finance, product development, sales and marketing, mergers and acquisitions, human resource development, production and public relations. They have strategies to increase shareholder value, to prevent hostile takeovers, to initiate hostile takeovers and to influence government regulation through lobbying. In fact, most large corporations have a specific department called Strategic Planning which is charged with the responsibility of steering the company into the future.

Radio managers also grapple with the concept of strategic planning on a daily basis. Competitive environment, ratings fluctuations, industry trends, market research, corporate dictates, LMA's and duopolies all influence management in the strategy formulation process. Before attacking the problem of how best to formulate winning strategies in radio, a brief look at the concept itself is in order.

What is Strategy

Strategy is best defined as a clearly articulated vision of how an organization should function for optimal results — whether it be a sports team, a political campaign, a military, a government, a corporation, or a radio station. By definition, this requires a clear understanding of what will be considered to be optimal results. For example, some radio stations can be clear profit winners by maintaining second place in the ratings. This can be optimal because the alternative — spending large sums to vanquish the market leader — could dramatically alter their cost structures and lower their profitability. As was stated earlier in this book, one of the first rules of successful strategic planning is to *begin with the end in mind.*

For consumer marketers, a brand strategy is one that clearly articulates the position that the brand is to occupy in the target consumer's mind. Depending upon the product that is being branded, it takes into account the product's usage, its competitive environment, the attitudes of its target consumers, and the key purchase criteria used to select the product over its competitors. With these issues in mind, the product must deliver on the expectations of the consumer in quality, value and uniqueness.

With the grand vision or brand strategy in place, management must then formulate a series of tactics which will enable them to accomplish their goals and objectives for the brand. Thus, strategy is more of a *vision* which contains clear goals for the brand, and tactics are the *means* by which the goals are achieved.

These two concepts are often confused and it is vitally important for managers to understand the difference between them. Tactics must follow strategy, not dictate it. A contrarian school of thought advances the notion that companies should find a tactic which seems to be successful and then build a strategy around it. This approach screams of incompetency, as it suggests that management is unable to set a course for the business. It dictates that management should "play it by ear" and hope that they stumble on to a successful tactic which can then be converted into a winning strategy. This is a classic example of "if you throw enough against the wall, something is bound to stick".

In order to articulate this grand vision and develop the policies to achieve it, management must first address of series of difficult and sobering questions. These questions serve as a logical framework for adopting the fundamentals of strategy development and should be followed by managers in any type or organization.

Ten Steps to Developing a Winning Strategy

In using the "Ten Steps", managers must be able to provide unambiguous and complete answers to each of the following ten questions. The resulting document will more or less serve as the strategic vision and plan of action for the organization.

1. What are our definitive goals?
2. Are they realistic given the constraints?

3. What do we need to do to get there?
4. How is that different from what we're doing now?
5. What specific adjustments need to be made?
6. What is a realistic timeline for making these changes?
7. What scenarios can render the strategy ineffective?
8. In this event, what are the likely contingencies?
9. Is the strategy understood and accepted by all?
10. How and when will the strategy be evaluated?

In this framework, ***questions 1 and 2*** can only be addressed by management and ownership, as everyone at the station has slightly different goals and certainly everyone has different resource requirements needed to achieve their goals. The key here is to remain realistic. This process will work only if the goals are truly achievable in the first place. Because of the adverse affects on morale, no manager should ever ask an organization to commit to a strategy which is unrealistic or impossible.

Questions 3-6 require extensive knowledge and experience of the task at hand. Management must have a clear understanding of the road map required to reach their final destination. Moreover, they must be able to candidly identify their mistakes and formulate a plan to correct them. These four questions are designed to generate the tactics required to achieve the goals set by the strategy.

***Questions** 7-8* reflect the dynamic nature of strategic planning, because all too often, managers make the mistake of operating in a vacuum which prevents them from making adjustments in a timely fashion. In other words, whether you are a field general, a football coach, a presidential candidate or a CEO, circumstances have a way of changing without warning, which means that managers should an*ticipate the unexpected* and be prepared for it when it happens.

Question 9 deals with the single greatest stumbling block in the successful execution of strategy. This is the unwavering commitment of the entire organization to the strategy and its tactics. The military is perhaps the only organization which is largely exempt from this pitfall, because its r*aison d'être* is built on extreme discipline and the concept of command, rank and unwavering allegiance. Most other organizations are not as fortunate, as they have to deal with political factions, power struggles and second guessing. Simply put, a strategy will not succeed unless it is understood and committed to by every member of the orga-

nization from top to bottom (including its advisors). It is senior management's duty to insure that this occurs.

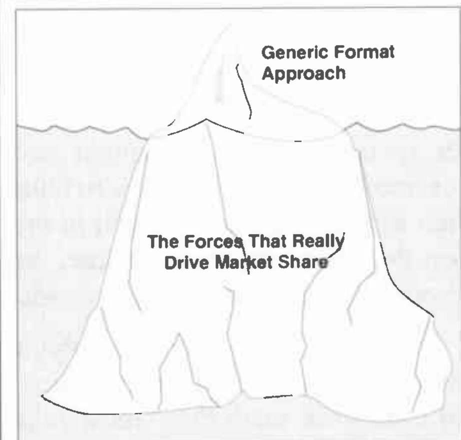
Question 10 is the critical point which brings the entire process to closure. Any strategy must be evaluated periodically to test its effectiveness. Circumstances change both internally and externally and management must be responsive to these inputs and have the ability to adapt. Depending upon the type of organization, the evaluation process may occur hourly on the battle field, during half-time on the football field, in yearly planning sessions in a multinational corporation, or every five years for a complex organization like NAFTA or NATO. Regardless of the organization, this evaluation process and timeline must be set up ahead of time to legislate the required responsiveness and flexibility.

On a broad spectrum, these are the fundamentals of developing and executing winning strategies. Bringing it closer to home for radio managers, the fundamentals remain the same, but the nature of the industry brings with it specific applications of these fundamentals along with a different set of traps and pitfalls which commonly serve as impediments to success.

THE PITFALLS OF CONVENTIONAL RADIO STRATEGY

In radio, the forces that drive market share encompass a wide range of related issues. The role of strategy is to harness these forces to increase ratings and profitability. Unfortunately, today's approaches to formulating strategy are over-simplified, often leading to less than optimal results. These strategies focus on just a sub-set of the important market forces which determine a station's success or failure.

FIGURE 7.1



The Generic Format Approach only deals with the tip of the iceberg, when it comes to the forces that drive market share. Branding focuses on the deeper issues that loom below the "surface" of conventional thinking.

This means that most stations are directing their efforts and resources on just the tip of the iceberg, while all of the other

unseen forces continue to work below the surface, unbeknown to management. They exert pressures that are unseen until an event such as a new competitive threat exploits a lurking vulnerability.

The brand marketer's approach focuses efforts and resources on the most important market force, which is the station/listener relationship. At this level, which exists deep in the minds of the listeners, brand marketers use specific types of research (see Chapter 10) to distinguish between the symptoms of under-performance and the causes of under-performance.

This is a vital difference that can make or break a strategic plan. When broadcasters focus on the symptoms (the tip of the iceberg), problems grow increasingly worse and become much more expensive to cure.

When the station/listener relationship is not on track; "quick fix" remedies or tactics that focus on near-term ratings improvement only delay the inevitable — if they are effective at all. These "band-aid" cures tend to mask real problems and consume valuable station resources in the meantime.

Consistent ratings fluctuation, anemic cume or declining time spent listening are all examples of symptoms that managers treat as real problems. These misdiagnoses are often treated with expensive snake oil, including syndicated TV spots, direct mail campaigns, or telemarketing projects which purport to be the cure because they take all of the credit for a spike in another market without any mention of the other forces which really drove the ratings increases.

While these promotional tactics may have worked in another market, their success in subsequent campaigns can vary dramatically. It is not uncommon for managers to invest heavily in a promotion and watch their ratings fall or remain flat in the next book. Generally, the promotion does not cause this decline, rather it's the root problem which is responsible because it was never adequately addressed.

At best, band-aid cures only prop up ailing stations, and it is very expensive to rely on these remedies over the long term. At worst, band-aid tactics can mask the critical vulnerabilities which eventually lead to terminal problems. The discipline of branding is designed to isolate and remedy the real problems because that's the *cost-effective* way to manage for the long term. It's an essential step in the successful building of a dominant franchise.

In a similar vein, managers can't find the answers to systemic problems in the "cutting-edge" management philosophies found in the newsstand best-seller racks. Radio managers should take the time to examine their business in the context of brand marketing. Quick fix management fads may sell books, but the majority of these theories are inadequate at best as blueprints for developing a winning strategy on a long-term basis. The tenants of sound broadcast management can't be found in these generalist and often contrarian publications, which is the driving force behind this text.

This book is designed to provide broadcast managers with a thought-provoking guide to using the time-proven discipline of brand marketing. If followed, it should serve as a framework for harnessing management's skills in the development and execution of franchise-building strategies. This includes the tools needed to understand the ever-changing relationship between the station and its listeners in specific competitive environments.

This is the essence of the brand marketing discipline. It helps managers to understand market dynamics in vivid detail and adds a powerful new dimension to management's current arsenal, rather than seeking to convince management that they have been doing things incorrectly for the bulk of their professional careers.

The other trendy cure for ratings ills is wholesale format change. While there are many valid reasons to change direction, every new launch has costs that cannot be ignored. Every "new" station must spend hard cash to recreate positive brand expectations, establish the station/listener relationship and build brand loyalty.

Stations that vacate established positions face a long, uphill battle. It's expensive to rebuild the station/listener relationship from scratch and there's no guarantee of future success. If these costs were completely understood, far fewer stations would jump on the bandwagon of "fad" formats that sweep the country — particularly if the goal was to remedy near term ratings ills.

Radio's most recent fad is "niche" or "hyper-targeted" programming. These formats are aimed at small, perpetually underserved market segments. In theory, these formats are more easily defended because they cater to listeners that aren't easily reached with mainstream, mass-targeted programming. This approach holds promise for duopoly strategies (see Chapter 12) because low-cost operations relieve some of the

pressure for ratings performance. However, when low ratings, not low cost, are the reason for a format switch, it;s quite likely that a solid "niche" is not going to solve the original problem.

Instead of jumping on new format trends, stations with lagging performance must find cost effective ways to be successful mass-market products. Brand marketing helps managers to accomplish this by directing them to focus on the next level of performance, which is building a dominant market franchise.

THE COMPONENTS OF A RADIO BRAND STRATEGY

The goal of branding is to increase market share and profitability. It is accomplished by leveraging brand awareness into a clearly positioned radio station with a brand identity that is desirable to the intended target audience. This process requires two parallel efforts; stations must focus resources on the forces that drive market share and they must do so with a minimum of wasted effort. The "how to" of developing radio brand strategy is a very complex topic. It can be boiled down, however, into a very simple idea: *To get more listeners, managers must think like listeners.*

FIGURE 7.2 – THE BRAND'S PERSONALITY

How Listeners perceive a station's differentiation: Rather than a single dominant image, they connect with the "feel" of a station. This feel is driven, at the core, by the playlist. For generic stations, this is the limit of their differentiation. For stations with a strong brand identity, however, this feel is further defined by all aspects of the station's exposure to its listeners.

Listeners think about and relate to radio stations in very general terms — stations either "work" for them or they don't. They don't separate each station's playlist, features, information package, presentation, on-air personalities, marketing and promotion into discrete elements. One or several of these elements

may stand out as a point of difference, but when they listen to a station over time, they build a general impression about the "whole", or the station's brand personality, also commonly referred to as its "stationality." Thus, the bottom line analysis by the consumer is that it either fits into their lifestyle or it doesn't.

Strategy and resources must, therefore, focus on creating a stationality that meets the needs of a large target audience. No single element, be it a musical shift, a new morning show, or a positioning statement, can successfully tip the balance unless all the other stationality elements also support that change.

Brand marketing frameworks consider the target listener's attitudes and behavior along with the competitive environment and the station's resources to develop the optimal personality for the brand. This brand identity is then executed and communicated through a brand strategy which breaks this approach into its most simple common denominators for management to implement through a specific plan of action.

The Branding Triad: Product, Packaging and Marketing

The brand identity is the concept which represents a single ideal that target listeners will relate to and remember. The brand identity, in turn, guides implementation in three inter-related components referred to as the Branding Triad. They consist of product, packaging and marketing. Each element of the triad will have a distinct sub-strategy (a strategy within a strategy) designed to maximize brand awareness and loyalty.

Figure 7.3 – The Strategic Triad

Product Strategy

The product strategy translates music, entertainment and informational needs into a cohesive

on-air sound. Depending upon the station and competitive situation, the product strategy often seeks to align and unify the direction of the playlist focus, flow and rotations, presentation, morning show, feature programming and talent roster. Radio brand managers must tackle these issues the way that the listener hears them — in unison. The elements can all be broken down into single elements for the purpose of refinement and adjustment, but they must be reassembled into a seamless "whole" if the listeners (consumers) are expected to "buy" them.

Packaging Strategy

The packaging strategy wraps the product in a single memorable brand identity that develops and reinforces the listeners' expectations. The issues that many stations mistakenly view as the brand strategy itself — such as brand names and positioning liners — are just single elements in the overall packaging of the station. Stations can't create meaningful differentiation simply by telling listeners how they're different, because the listeners' expectations don't begin and end when a jock reads liner cards. Rather, packaging encompasses every minute of air time and focuses effort on positioning the station with an identifiable stationality or brand identity.

Packaging is critical to the branding process, as it often presents the only truly unique elements which the competition cannot match. In fact, a talented radio brand manager can create several different "brands" with the same playlist and talent roster by altering the attitudinal spin in the packaging process.

The tools which effect this "spin" are: brand name, production values, jock content, positioning promos and liners, repositioning promos and liners, music promos and liners, vertical and horizontal cross-promotion, bits, features, jingles, drops, endorsements, set-ups, back-sells, intros, contests and tie-ins. Each of these branding "tools" must be carefully orchestrated with a common goal in mind in order to powerfully communicate the brand's identity.

Marketing Strategy

The marketing strategy shapes the message and communicates it effectively — both on-air and externally. The objective is to build awareness for the brand and to create brand loyalty through consistent exposure of the brand's identity to the target audience. As was discussed in Chapter 4,

brand awareness is the vehicle that precedes station usage and generates reported listening.

A critical mistake is often made in the pursuit of brand awareness. Managers forget that listeners have to know of more than a station's existence. They also have to know that the station is designed especially for them, or in other words, that it is the perfect fit for their lifestyle. Again, people don't buy products, they affiliate with brands which help them complete their lifestyle mosaic.

Along with the message that reinforces brand identity and awareness, audio and visual logos, which encompass jingles, ID's and visual external advertising, must communicate the same consistent message. These marketing elements must tie the brand identity to the listener's expectations much the same way as McDonald's Golden Arches direct hungry children and parents to a reliable source of fun, value, quality and convenience.

Thus, the marketing strategy must integrate the soft dollars (on-air marketing and promotion) with the available hard dollars (external advertising and promotion) into a comprehensive plan that complements one another and advances the trial, repurchase and ultimately the adoption of the brand.

SUMMARY

The discipline of branding directs all three components of the Branding Triad in unison with a minimum of wasted time, effort and money. The triad insures built-in consistency, which eliminates the problem of mixed signals and messages which dilute the impact of marketing dollars.

By design, all effort is directed at a single objective which is the creation, enhancement and communication of the brand's identity and in turn, greatly reduces the chances of confusing listeners with an unclear or generic brand identity. This identity is a brand's personality, which should always be defined by the attitudes and behavior of the target consumers and designed to strengthen the most important concept in all of marketing — the consumer/product relationship. The result is higher ratings, a strong long-term position and reduced marketing expenditures relative to the generic competitors.

CHAPTER 8

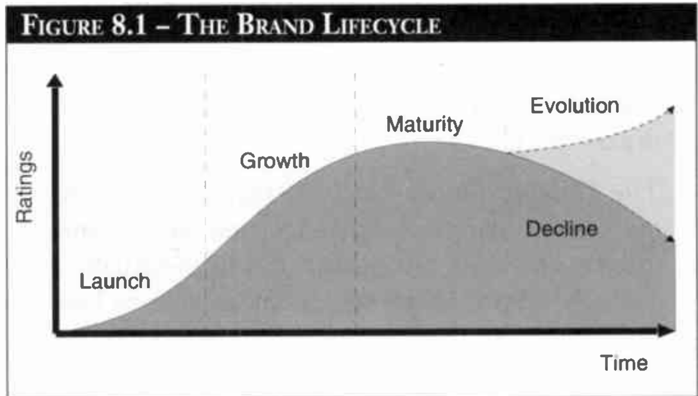
THE BRAND LIFECYCLE MODEL

The previous chapters in this book have been about the discipline, objectives, and techniques involved in branding a franchise radio station. It's now time to move on to the tools and frameworks of the branding discipline.

The first branding framework is called *The Brand Lifecycle Model.* This model is one of the most important single tools at the disposal of brand managers. Its power comes from its ability to explain past performance and predict future performance. In this regard, it serves as the "compass" that managers use to navigate the road map of a long-term competitive strategy.

The premise of the lifecycle model is that every competitive situation is *dynamic.* This dynamic nature arises from the fact that competitive landscapes continually change and market needs continually evolve. In fact, there is a very predictable pattern to these changes. The lifecycle model, which varies for every industry, charts the path that these changes are likely to take and prescribes ways to master different forms of predicted competitive scenarios.

FIGURE 8.1 – THE BRAND LIFECYCLE



For radio managers, the model explains why successful launch strategies often falter over time. It is usually not that the initial strategy was flawed, but that the strategy did not evolve as the competitive landscape and market needs changed. If the brand lifecycle model had been used to evolve the competitive strategies in many of radio's well-conceived

product launches, these stations might well have become branded franchises, rather than mediocre performers or one-book wonders.

OVERVIEW

Virtually everything in this world can be charted on a lifecycle model, ranging from plants, animals and people to government regimes and the global economy. When dealing with products, the brand lifecycle charts the evolution of the brand from inception to extinction in four distinct phases. These phases are:

1. ***The Launch Phase:*** The period when a new brand is introduced to the market and growth can range from very rapid (in an under-developed market) to relatively slow (starting a new brand in an established market).
2. ***The Growth Phase:*** The period when a successfully launched brand (many launches fail) gains market share rapidly, as brand awareness among the target market increases. As a result, the "early users" from the launch phase are quickly outnumbered by more of a mass-market following.
3. ***The Maturity Phase:*** A successful brand eventually runs out of new potential customers to fuel growth. At this point, the target is almost universally aware of the brand, a sizable majority have tried the brand and have formulated their impressions, be it positive or negative. At this stage, it is difficult to convert light or non-users without evolving the product.
4. ***The Decline Phase:*** A successful brand is susceptible to changing market needs and usually invites new competition. When a product is mature and does not evolve, it will eventually lose momentum and decline. Mature stations are vulnerable to both direct competition (substitutes) and indirect competition (alternatives). The onset of new competitors often changes the expectations of the market, which makes the mature brand look even less attractive to potential customers.

Within any industry, the lifecycle functions as a natural clearing house. Each year, just as hordes of new products are introduced, many existing products are phased out as they have run the course of their brand lifecycle. The challenge for brand managers is to lengthen their product's lifecycle. By paying careful attention to the principles of brand

marketing and the prescriptions of the lifecycle model, strategies can be evolved to lengthen the growth phase and extend the maturity phase. The model's predictive ability also helps managers foresee the approaching decline phase, allowing them the flexibility to relaunch the brand before they are faced with a broken product and little brand equity.

EXAMPLES OF THE BRAND LIFECYCLE

Industries which are dependent upon technology are ripe with examples of both companies and products which have either evolved to meet their changing environment or have gone by the wayside.

The most famous example of an industry's failure to adapt is the passenger railroad. As Tom Peters indicated in *A Search For Excellence*, the railroads thought they were in the *railroad* business instead of in the *transportation* business. As a result, they missed a golden opportunity to parlay their growth into the emerging trucking industry and later, the airline industry. As a result, they went the way of the dinosaurs. IBM, which once dominated the mainframe computer business, prided itself on its loyalty among major corporations world-wide. As a result of this "heavy user" focus, they reacted too slowly to the growth of the personal computer market (which, incidentally, they pioneered). As their stock price now indicates, it may be too late for Big Blue to ever dominate the next lifecycle of computing the way they owned the first one.

Other industries which are not as dependent upon cutting edge technology undergo severe lifecycle swings. For instance, the fashion and entertainment industries have experienced such short brand lifecycles that they are now successfully *reintroducing* phased-out product lines to recapture dormant brand equity. They do this because it is almost impossible to build brand equity when the lifecycles of new products can last less than a year. Recent examples in fashion include the "Woodstock" look for women and wide ties for men. In the entertainment world, it seems that everything old is new again. Nick at Nite has witnessed tremendous success bringing back old television shows like Dragnet, Get Smart, Leave it to Beaver, Bewitched and a host of others. In music, the retro or disco sound has made a comeback and even country music has gone through a complete lifecycle since the Urban Cowboy days.

Consumer products have also faced the same challenge, but many of the brand marketers in these companies have been more astute in

evolving their brands and thus avoiding a complete relaunch. For example, Proctor and Gamble, the king of brand marketing, has evolved one of their stalwart brands, Tide, from powder to highly concentrated and environmentally safe liquid detergent without skipping a beat. If they had relied on a new brand to pioneer the liquid detergent market, Tide would have been phased-out as consumers have gravitated towards the liquid-based detergents. Thus, as the brand managers at P&G would agree, it is much better to evolve a brand to meet the changing market before decline sets in because launching new brands is both risky and very expensive.

Brand Lifecycle Model as a Strategic Tool

The brand lifecycle model is a very important strategic tool for competitive positioning, marketing and product evolution. For most Fortune 500 brand managers, this tool is used in much the same way as a maritime navigator relies on charts. Like the navigator's charts, the brand lifecycle model serves to guide marketers, helping them to understand where their product is currently positioned, how far it has come and perhaps most importantly, what lies ahead. It is an indicator of when to evolve before it becomes too late.

This model has a strong role in the development of strategy because each inherent phase introduces a different set of circumstances which affect the nature of the consumer/product relationship. In other words, the strategy and accompanying tactics are different for the launch phase than they are for the maturity phase. A failure to understand this fundamental often leads to premature decline and the ultimate need for a brand relaunch. This relationship holds true for most consumer products and is especially applicable to radio due to the highly volatile nature of the competitive environment.

The brand lifecycle model is also predictive because historically, virtually every brand's growth has risen and fallen in the same general pattern and has been governed by the same competitive pressures and realities. Successful brand marketers have long relied on this model which illustrates a predictable and inevitable pattern, because knowing precisely where they are on the model's curve helps them to make the correct strategic moves. The goal of every brand marketer, therefore, is to prolong the two middle phases of the model (growth and maturity) with the

hopes of preventing the last phase, which is decline. Thus, the successful brands are the brands which endure through the process of continual evolution, rather than a revolution (relaunch).

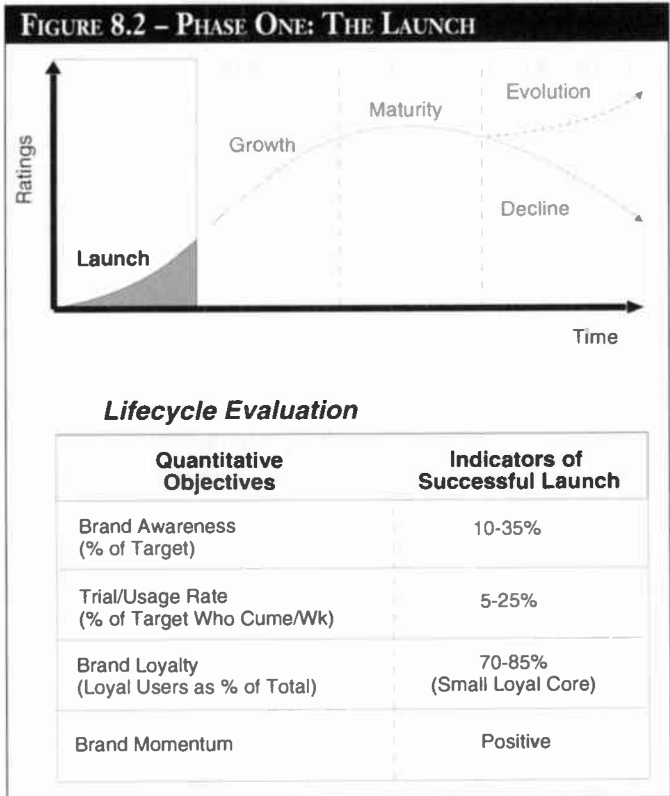
THE BRAND LIFECYCLE MODEL APPLIED TO RADIO

Realizing the predictive nature and strategic importance of the model, it is important to analyze each individual phase and the resulting implications on product development, packaging, and marketing for radio.

Phase One: The Launch

Most radio strategies are designed as if the product is in the launch phase. A basic assumption which is incorrect more often than not, as a launch strategy is only truly applicable for a brand new station meaning a station which is newly constructed (CP), a move-in which previously was unavailable to the listening audience, or a complete format change which targets an entirely new set of consumers. The common thread of these scenarios is that the station is a *new product* which has little or no awareness with the intended target audience.

FIGURE 8.2 – PHASE ONE: THE LAUNCH



Lifecycle Evaluation

Quantitative Objectives	Indicators of Successful Launch
Brand Awareness (% of Target)	10-35%
Trial/Usage Rate (% of Target Who Cume/Wk)	5-25%
Brand Loyalty (Loyal Users as % of Total)	70-85% (Small Loyal Core)
Brand Momentum	Positive

If the brand is not truly new, which is true for most, then the strategy is really more of a relaunch than a launch. These are quite different,

because a relaunch must also consider the brand's baggage, both negative and positive, when positioning and stimulating trial usage. This will be discussed in greater detail at the end of this chapter.

As a true brand launch, the product should be positioned as an *alternative* to the existing product offering unless there is a blatant vulnerability which cannot be easily corrected, such as a signal problem. If such a vulnerability exists, then the launch may be positioned as a direct substitute for an existing competitor with the strategic goal of usurping the competition's position in a short period of time (6-12 months).

Launching as a direct substitute can be very dangerous, however, if it is not done for the right reasons. If management perceives vulnerabilities which the established station can easily correct, such as too much talk or unfocused music, the result can be disastrous if the competition rises to the occasion. The new entrant's deficit in brand awareness, alone, can thwart progress and actually work in favor of the existing competitor when it comes to ratings credit that is based upon unaided recall. Moreover, substitute product launches face another difficult challenge. They must force the consumer to reevaluate their purchase decisions on the basis of quality, which is very tough to do. In addition, even if they generate trial and usage, they must then battle product confusion to capture real listening credit.

Thus, the strategic focus of every launch is to generate brand awareness and stimulate trial usage. This is much easier to accomplish as an alternative than as a substitute. It is analogous to getting a foot in the door of the consumer's mind (consideration set) in an already crowded competitive environment. Note, however, that launch strategies which position the brand as an attractive alternative to the current competitive offerings must be careful not to over position or niche the brand. If this occurs, it will undermine the credibility of the strategic shifts needed to stay competitive in the growth and maturity phases.

A prime example of this are stations which position themselves in the launch phase by telling the listeners what they are not, backed by further promises of what they will never do. This type of strategy may appear to be working in the launch phase, but it precludes the broadening and evolution required in the subsequent stages of the brand's lifecycle and generally leads to premature decline.

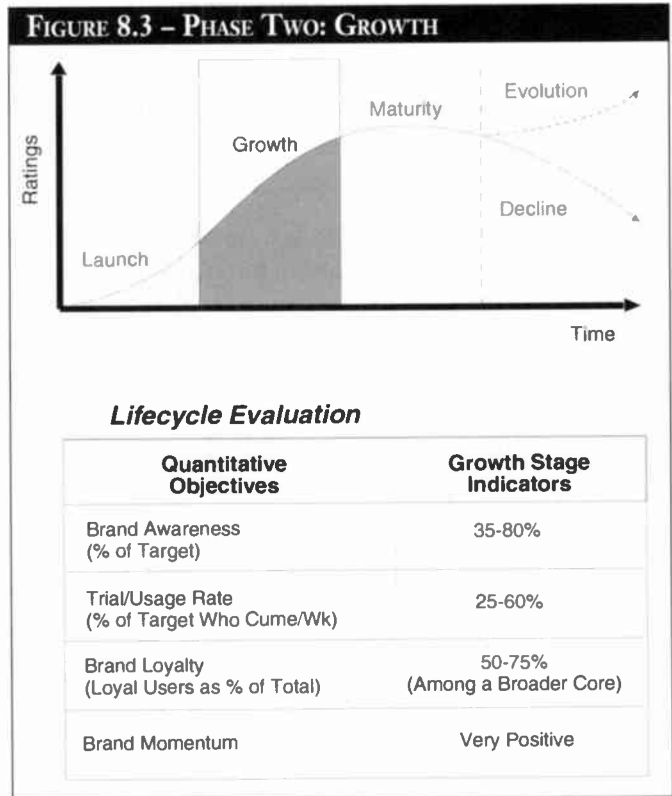
A true launch requires extensive external marketing, because of the lack of brand awareness and the low sampling rates. The message

should focus on the positive points of difference which uniquely position the brand as an alternative to the competition. The media weight required will depend upon the market, due to share of voice requirements. In other words, the larger the media market, the greater the required media weight to cut through and make a memorable impression on the consumers, which is the cornerstone to achieving brand awareness.

Phase Two: Growth

In the growth phase, market share comes at the expense of the direct competitors. At this point, the station must begin to evolve its strategy from a niche product or alternative to more of a substitute for established mainstream competitors. This is the point where most stations begin to make the fatal mistake of an unwavering allegiance to the launch strategy which invariably comes at the expense of mainstream growth.

FIGURE 8.3 – PHASE TWO: GROWTH



Lifecycle Evaluation

Quantitative Objectives	Growth Stage Indicators
Brand Awareness (% of Target)	35-80%
Trial/Usage Rate (% of Target Who Cume/Wk)	25-60%
Brand Loyalty (Loyal Users as % of Total)	50-75% (Among a Broader Core)
Brand Momentum	Very Positive

Moreover, as a product makes its way through the growth cycle, the nature of the competition will shift. As competitors witness market share loss at the expense of the emerging brand, they will begin to make corrections such as playlist shifts, presentation refinements and increased promotional activity with the hopes of regaining their lost momentum. Often times, however, these efforts are a day late and a

dollar short, provided that the new competitor has correctly evolved their launch strategy to meet the changing needs of the growth phase.

The launch phase, by nature, is more narrowly focused than the optimal growth phase, especially in packaging, positioning and marketing. As a result, the transition to growth phase strategy is critical. The product focus should not be altered to the point that it fails the brand expectations that were initially set during the launch phase. Focused product evolution, however, is a must and includes: building the morning show, adding feature programming throughout the week and upgrading talent where necessary.

The packaging, positioning and marketing changes in the growth phase must reflect a strategic shift away from the niche focus required to launch, to a more mainstream focus which will position the station for optimal growth within the target segment. Remaining steadfastly with the initial launch or niche positioning will create a "glass ceiling" for the brand with regard to its market share potential.

In other words, the launch phase functions to put the brand on the map, whereas the growth phase functions to put the brand in harm's way to acquire customers at the expense of its primary and secondary competitors. It is important to remember that growth is essentially a zero sum game. If the growth strategy fails, and the product is left in a niche, it will be incapable of generating profitable ratings and will remain vulnerable to shifts made by established competitors (see Chapter 12).

Phase Three: Maturity

The maturity phase of the brand lifecycle is marked by target saturation. At this stage, the brand's market share is highly dependent upon repeat purchasing and brand loyalty. This is the point where it usually becomes apparent that a radio station's strategy has failed to consider the product lifecycle. For the trained eye, the symptoms are anemic growth, increased competition and an uncertain outlook for the future. The unobjective manager, however, is generally seeing the situation through rose colored glasses. Managers tend to see a solid station with a good ratings track record and billings which have continued to rise. Remember, the revenue lifecycle tends to "lag" the product-based brand lifecycle by approximately six months. This means that a solid station can generally suffer through a couple of down books before it really starts to take a toll on its billing.

Unfortunately for most stations, it is the maturity phase where managers must not presume that they are on easy street, because in all probability, the ground is eroding beneath them. New competitors who are also going through their own respective launch and growth phases tend to have an invisible or insidious effect on the market share of mature brands. As a result, they function as termites, eroding the momentum or "hip factor" of the established stations.

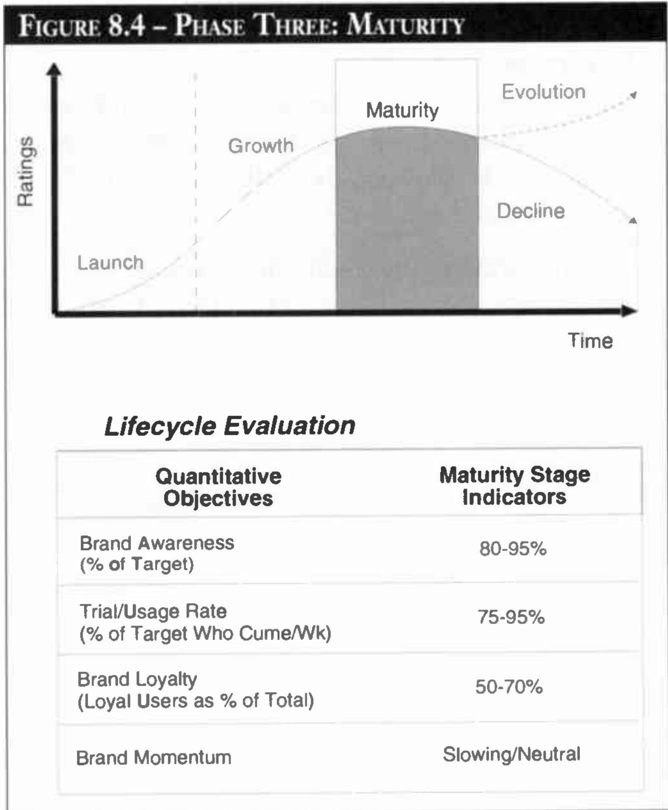


Figure 8.4 – Phase Three: Maturity

Lifecycle Evaluation

Quantitative Objectives	Maturity Stage Indicators
Brand Awareness (% of Target)	80-95%
Trial/Usage Rate (% of Target Who Cume/Wk)	75-95%
Brand Loyalty (Loyal Users as % of Total)	50-70%
Brand Momentum	Slowing/Neutral

The biggest mistake a manager can make at this point is to retrench and focus the station's strategy on the things which made them successful in the first place. This is analogous to driving by looking through the rear view mirror. While the conventional wisdom in the mature phase is to "dance with the date you brought," astute brand managers are always looking around for new partners.

The reason is that the circumstances which led to success in the first place are no longer applicable — remember the passenger railroad business. The competitive environment is always changing and as a result, mature brands tend to be the biggest losers because they continually confuse present success with future stability. Consequently, mature brands proceed onward and downward to the next phase of the brand lifecycle which is decline.

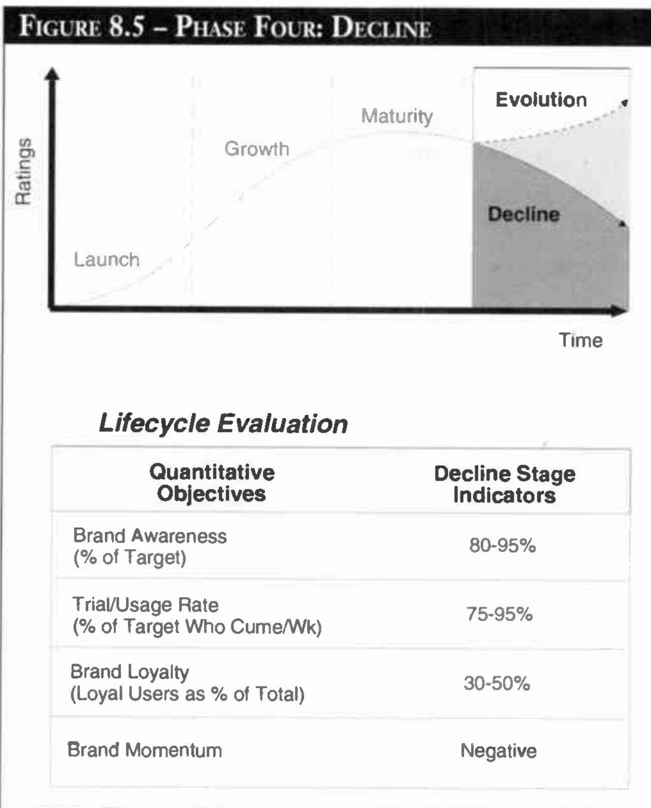
The primary objective of brand marketers, however, is to prolong the lifecycle through constant evolution in both the growth and maturity phases to meet the changing demands of their consumers and the competitive environment.

Phase Four: Decline

In addition to declining market share, the other symptoms which mark the decline phase are the existence of substitute products, advanced competition, and lack of positive differentiation which put the established brand on top to begin with.

This is the point where most management teams realize that they are in trouble. After failing to recognize the latent symptoms of maturity and evolving their strategy to address them, the brand ultimately enters the decline phase and ratings begin to slide. Worse yet, the decline phase is often recognized too late because the first bad book is often dismissed as a fluke, as management tends to believe the story that they are presenting to the advertisers. Consequently, short term tactical moves are made, such as tightening up the playlist or spending a lot of money in promotion and marketing to reverse the trend when in reality, these moves fail to address the fundamental problems of the brand's decline.

FIGURE 8.5 – PHASE FOUR: DECLINE



Lifecycle Evaluation

Quantitative Objectives	Decline Stage Indicators
Brand Awareness (% of Target)	80-95%
Trial/Usage Rate (% of Target Who Cume/Wk)	75-95%
Brand Loyalty (Loyal Users as % of Total)	30-50%
Brand Momentum	Negative

These problems invariably stem from a changing competitive environment in which momentum has fully shifted to new competitors who are well into their growth phase at this point. Reversing this momentum is often all but impossible, thus requiring a complete relaunch of the declining brand which is terribly expensive and full of risk. Just ask IBM, Wang, General Motors and Sears. It is important to remember that established brands which have let themselves move into the decline phase have no right of passage in the consumer's mind to a successful relaunch.

Thus, the decline phase is to be avoided at all costs through proactive, not reactive strategic shifts throughout the brand's launch, growth and maturity phases.

DETERMINING THE BRAND'S POSITION IN THE LIFECYCLE

Aside from the obvious launch or relaunch phases, determining the approximate position of a brand on the lifecycle curve requires several inputs. These are brand awareness levels, trial usage rates, brand loyalty and momentum. Management should make a conscious effort to revisit the lifecycle model every six months, and more frequently if a new competitor enters the equation or if the threat of a new competitor is eminent.

The four relevant inputs are useful barometers for understanding the competitive environment and the changing tastes of the consumers. Understanding these inputs requires careful and on-going monitoring of the competitive environment from the perspective of both management and listeners. Understanding the changing tastes of the consumers requires thorough and periodic research of the target listener's behavior and attitudes. These are discussed in detail in Chapter 10 — Research in the Branding Process.

Unfortunately, the ratings generally lag the lifecycle curve anywhere from three to nine months, depending upon the number of active competitors in the market. This lag period is shortest when the number of active competitors are greatest and likewise, the ratings will take longer to reflect true decline when there is a lack of viable product alternatives.

A rule of thumb for shifting from the launch phase to the growth phase is approximately six months if the brand is supported with adequate marketing to create brand awareness and generate sample usage.

As the brand enters the growth phase, the movement will be gauged by the penetration of the target segments.

As penetration increases, the incremental growth in real consumption will slow. It is at this phase that the brand enters maturity and must then be constantly evolved to maintain its momentum and prevent the inevitable onslaught of new competitors from growing at the brand's expense. This period of maturity can last anywhere from one book to twenty years as it has for branded franchises such as KGO-AM in San Francisco, where they have continued to evolve the product, packaging and marketing of the station to remain hip, fresh and dominant.

Of all four inputs, the single most important for gauging relative position on the curve is momentum. This accounts for a shift in consumption away from existing competitors to a specific brand. A brand's momentum can be positive, negative or neutral. Neutral momentum, however, doesn't last long as this is a transitionary state which precedes a shift in one direction or the other.

If the brand is supported by strong and effective marketing, positive product momentum is generally followed by positive ratings gains. However, if the brand is not well marketed, the product momentum is analogous to kinetic energy which means that the ratings lag will be longer, but the brand is still nevertheless very solid and moving forward. The reason is that unaided recall of consumption and actual consumption are often at odds with one another. This is because brand awareness is an essential component for ratings credit, but not necessarily for actual listening. These variables make ratings a very nebulous gauge of overall momentum.

Management is always better off acting too early rather than too late when evolving the strategy to prolong the growth and maturity phases of the lifecycle. The strategic planning process must incorporate these elements up front, with time frames for evaluation and reassessment, not based upon ratings, but based upon market changes and the brand's momentum.

SUMMARY

The brand lifecycle model is an invaluable strategic tool for brand marketers of virtually every product under the sun. It is broken down into four distinct phases which are launch/relaunch, growth, maturity and decline. Each phase represents different strategic needs in product development, packaging, positioning and marketing to optimize the ultimate growth and stability of the brand.

The most important lesson that the model teaches management is that to be successful, a brand's strategy must constantly evolve to reflect the changing environment of listener needs and competitive pressures. Managers who set a strategic course at the launch or relaunch of a brand may be fortunate enough to find success, but if they continue to follow the initial launch strategy, they are by design becoming the catalyst for failure as their brand will soon enter the decline phase. Successful marketers realize that the strategy which brought them success must be evolved if they are to maintain their market dominance.

Neither ratings nor billings are effective gauges of the brand's true position on the lifecycle, due to the lag effect that both experience for primarily the same reasons. Ratings are driven by unaided recall, so they tend to favor existing and established brands, as do billings. By the time ratings begin to show a real pattern of decline, it is often too late to evolve the brand for continued growth and consequently, a relaunch is required. Relaunches are both expensive and risky as new product introductions in today's overcrowded competitive environment meet with failure more often than success.

Understanding the approximate position on the lifecycle curve requires a thorough understanding of the consumer's attitudes with respect to the competitive offerings, as well as an understanding of their own changing tastes and needs. This is discussed in greater detail in Chapter 10 which focuses on the science of Brand Research.

CHAPTER 9

BRAND EQUITY

In the last chapter, we examined a tool (the lifecycle model) which brand marketers use to evolve their strategy throughout the life of their brand. This chapter deals with another important evaluative tool: the concept of *brand equity*. This concept enables brand managers to gain a "big picture" view regarding the worth of their brand. It also helps them identify ways to invest in its future.

Brand Equity provides managers with a sense of how the positives and negatives of their product, as well as those of their competitors, balance out to either generate or limit appeal. Brand managers use this concept to identify and describe the strength of competitive positions by *quantifying* the key factors in the station/listener relationship. At the end of this evaluation, they will have a very realistic and objective report card for the brand. This report card is known as the *Brand Equity Balance Sheet*. It should be of great importance to managers because stations that understand their equity value have a marked advantage when it comes to resource allocation, positioning decisions, and marketing strategies.

BRAND EQUITY BALANCE SHEET

The brand equity balance sheet is similar to a company's financial balance sheet. It is a snapshot in time that should be taken on a periodic basis to determine the health and momentum of the station. Like the financial statement that it is named after, the brand equity balance sheet attributes value to the individual assets and liabilities which drive competitive advantage. Using this tool, managers can clearly see where to focus their efforts and resources. In addition, by reconstructing this balance sheet at least every six months, management can track the progress of the strategic plan and gauge the brand's momentum, which is one of the key inputs in determining the brand's relative position on the lifecycle curve.

To better understand the brand equity balance sheet, a quick lesson in basic accounting is in order. As was mentioned earlier, a balance

sheet is a snapshot of a company's financial health at a particular point in time, much the same way as a research project or a ratings book is also a report card on a station's competitive health during the time the survey was taken.

The balance sheet consists of three primary components. These are: assets, liabilities and equity. The equation for calculating equity is: Assets - Liabilities = Equity. Thus, if the liabilities are greater than the assets, the resulting equity will be negative. Companies with negative equity generally don't last too long, and the same is true for brands. In both cases, they must either reduce the liabilities or increase the assets until the net equity is positive.

Identifying the assets and liabilities is much easier, however, for an accountant than it is for a brand manager. For example, the accountant has no trouble placing accounts receivable or plant, property and equipment in the asset column while putting accounts payable and long term debt in the liabilities column. Conversely, the brand manager isn't always certain if their playlist rotations or their television spot is an asset or a liability. This is where market research is needed to effectively place these station elements in the correct column (see Chapter 10).

CALCULATING BRAND EQUITY

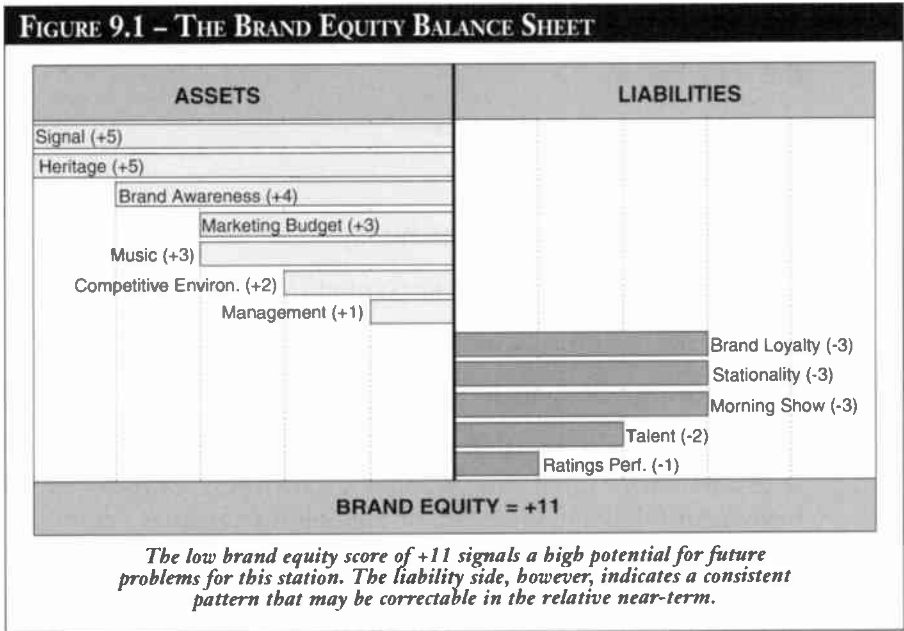
In order to calculate brand equity, one must first understand the individual components (assets and liabilities) which collectively determine the net equity of the station. The list of potential assets and liabilities for most radio stations include:

- Musical focus and playlist content
- Morning Show
- Stationality
- Marketing Budget
- Competitive Environment
- Heritage
- Signal Strength
- Brand Awareness
- Talent
- Management Skills and Experience
- Brand Loyalty
- Ratings performance

Note: each of these items could be categorized as an asset or a liability. They function as assets if your brand possesses them, but they quickly become liabilities if the scales tip in favor of the competition.

In preparing the brand equity balance sheet (an exercise which should be undertaken every six months), management should objectively assess each of the items listed above on a scale of negative five (-5) to positive five (5) with zero (0) representing a neutral score.

FIGURE 9.1 – THE BRAND EQUITY BALANCE SHEET



The low brand equity score of +11 signals a high potential for future problems for this station. The liability side, however, indicates a consistent pattern that may be correctable in the relative near-term.

Without the benefit of brand research that can help you quantify the value of the assets/liabilities, you can still calculate the balance sheet. You can do this in four steps:

Step 1: Compare your station to its competitors (using direct competitors for musical assessments and demographic competitors for all others) to judge whether you are better, worse, or roughly equal for each item in the balance sheet. If you are better, place a "+" by the item. If you think that you're worse, give the item a "-" score.

Step 2: Assess the magnitude of the pluses (assets) and minuses (liabilities). This process is somewhat objective, so start with an asset or liability that you know are at the extremes. For instance, if you have very low morning drive numbers (maybe because you just made your third morning host change in two years) and there are two venerable stars in your competitive arena that have

stellar ratings, give your station a "-5." Conversely, if you consistently spend heavily on marketing, while your competitors spend very little, give yourself a "+5." You can then use these extremes as benchmarks to assess the relative magnitude of all the other assets and liabilities.

Step 3: Add up all of the asset and liability scores and find your status on the scale below.

Score	*Brand Status*
45-60	Franchise
30-44	Solid, but potentially vulnerable
15-29	Ripe for direct competition
0-14	Drastic overhaul required
Negative	Relaunch

Step 4: Double-check the sensibility of your scoring. If you ended up with a score of 51 (i.e. your brand is a franchise), yet your ratings have been relatively unstable, or lag behind a primary competitor in target demos, or you do not have a strong relative cash flow, odds are that you over-estimated the value of several assets or underestimated the extent of several liabilities. Conversely, if you ended up with a score of 15 (borderline on relaunch), while your ratings and cash flow suggest otherwise, you may have been overly critical and should look for areas to revise.

If your score is somewhere in between, I recommend that you calculate the balance sheets of your primary competitors (this is always a good practice). By comparing the balance sheet scores of your station and the competitors against historical ratings performance and profitability, you will know whether or not your scoring was accurate.

While quantitative research is a preferable method for calculating the score, your final Brand Status score will serve as an accurate guidepost which you can use to diagnose the overall health of the brand. Momentum can be determined by retroactively calculating the brand equity scores in six month intervals going backwards, as long as the current competitive situation remains largely intact. The brand's momentum is a useful tool in tracking the brand's progress and current position on the brand lifecycle model (See Chapter 8).

BUILDING BRAND EQUITY

Once management has assessed the current status of their brand by calculating its brand equity score, the strategic objective will, no doubt, be to improve the score. Similar to a company that wishes to improve its balance sheet, a brand manager must seek to increase its assets and decrease its liabilities.

Some of the items on the balance sheet like signal strength may be difficult, if not impossible, to improve upon. If, however, the signal is the only glaring liability, then management has developed a potentially dominant brand which is unable to succeed due to a lack of distribution. In this case, management should seek to acquire another means of distribution in the form of a more powerful signal or a simulcast with a second signal which provides distribution into the underserved areas.

Short of a signal problem, most of the potential liabilities can be converted into assets through intelligent and focused strategic planning. Product elements such as morning show, musical presentation, production values and talent can be upgraded, improved and refocused to build brand asset value.

Other areas like brand loyalty and stationality are not as simple or straightforward to improve upon. This is because the radio industry as a whole is more focused on designing, building and marketing product-based "formats" rather than concept-based "brands". The marketing budget, therefore, becomes a hidden liability for most stations regardless of size.

INVESTING THE MARKETING BUDGET IN BRAND EQUITY

Throughout the radio industry, marketing and promotion is the least understood line item in the operating budget. In today's over communicated society, the size of the marketing budget is surpassed only by the number of ways to spend it.

Managers are continually besieged by vendors offering the latest and most surefire way to increase ratings. Many stations employ several different combinations of mediums, methodologies and messages that are each designed to build cume or increase time spent listening. In the final analysis, however, most find that these campaigns fail to provide the expected boost in the numbers or at best, they yield inconsistent results.

Conversely, when a promotional campaign is successful in generating positive ratings movement, stations usually find their competition adopting a similar marketing or promotional campaign in the very next sweep. Any appreciable gains are generally short-lived due to the nature of the campaign and these competitive forces. The result for many stations is a trial and error approach to marketing which is very expensive and ineffective at strengthening the station's long-term competitive position.

These marketing frustrations can be dramatically reduced when marketing becomes part of a comprehensive strategy to build brand equity. If executed correctly, many stations could actually *reduce* their promotional budgets and still produce greater ratings results. In today's economic climate, managers cannot ignore the financial benefits that await them in the form of marketing leverage.

The concept of *investing* the marketing budget to build brand equity is analogous to building equity in a purchased home verses renting which accrues no such benefit. For example, when you pay the mortgage each month, you are building equity in the home by investing in the property. As a homeowner, you have lasting value to show for your monthly *investment* and as a result, you are better off than the renter who has nothing to show for their monthly *expenses.*

When managers write a check each month for their station's cume or TSL-building campaigns, they are generally engaging in short-term marketing and are paying "marketing rent." The "industry's hottest campaign" may work in the short term, but if the marketing strategy is not building brand equity and using marketing leverage, the station is not getting the most from its marketing budget.

The key to building brand equity is developing a marketing strategy which is oriented towards building marketing leverage with lasting top-of-mind awareness. The only way to maximize this leverage is to view marketing as an integral part of the station's comprehensive brand strategy, along with product and packaging.

TACTICAL MARKETING OFTEN DOES NOT BUILD EQUITY

It may sound awkward, but most radio marketing strategies are not strategic in nature. They are comprised of a series of disjointed tactical promotions and advertising campaigns which are ineffective at generat-

ing real brand awareness. Moreover, paying promotional rent rather than building brand equity also prevents managers from creating real leverage with their marketing budgets.

Investing the marketing budget to build brand equity requires a fundamental rethinking of the marketing objective. The tactical orientation of today's promotion leads many stations directly away from branding and forces them to overspend promotional dollars to achieve brand awareness. This approach is analogous to paying rent because the marketing impressions are not geared towards building equity in the brand.

BUILDING EQUITY WITH MARKETING LEVERAGE

The preferred alternative to wasting marketing budgets on rent is to invest in brand equity. This is done by identifying the station's primary assets — the elements that create the brand equity — and then focusing the brand strategy and strategic marketing on these assets. We call this *marketing leverage* because the brand will get more than a dollar's worth of results for every dollar of marketing investment.

To understand how this works, let's walk through an example. Of all of the things that are positive and unique about a hypothetical station, the morning show stands out as a stellar asset on the brand equity balance sheet. The show has very high awareness and is well-regarded by the target audience. More importantly, the character and flavor of the show have a very strong impact on the perceived brand personality of the station. As a result of this finding, management *invests* in an image campaign that focuses on the show.

Every time the target is exposed to this campaign, something very powerful happens. Because the target is already aware of the show, no money is wasted on the first three or four impressions that are typically required to introduce a new message in a marketing campaign. From the first exposure, the campaign is able to stimulate the desired response among the target. *This saves money*, or conversely, allows the station to spend less money on the campaign than they would have had to spend to get the same results from a campaign that introduced a "new" message about the station.

The other benefit — the part that equates to investing — is that the campaign will reinforce a universally appealing aspect of the station's brand identity. As a result, the new impressions will have a more lasting

impact. Remember the mental folder analogy? A campaign that adds impressions to an existing mental folder creates long-term memory and top-of-mind awareness. New campaigns, on the other hand — particularly short-term tactical campaigns — never make an impression on long-term memory if they do not easily fit into an existing folder. As soon as such a campaign ends, new messages fill the consumer's short term memory and the response to the radio campaign is effectively ended.

It's far more cost effective, therefore, to invest in strategic campaigns that reinforce existing brand equity. The balance sheet helps identify which assets have the most potential for leveraging this equity. This process becomes more effective each time it is used if marketing and promotional campaigns are unified over time to communicate a consistent message.

Once the source of brand equity is identified, however, management is still faced with the responsibility of communicating the correct message. The message should be designed to build brand awareness by communicating the positive differentiation of the brand identity in the minds of the target listeners. Again, people buy brands, not products, and branding is a comprehensive discipline. It is not a positioning statement nor can it be accomplished through a series of disparate marketing campaigns which have seemingly worked in other markets.

RATINGS CAN BE DECEPTIVE

The challenges posed by radio's unaided recall methodologies impose an additional need to keep the message consistent and focused on the most leveragable aspect of a station's brand identity. Any other type of campaign generally will not impact target consideration sets, which is a prerequisite for receiving accurate ratings credit in Arbitron's unaided recall methodology.

Today, the seek and scan buttons on cars and home stereos, much like the remote control devices for television, have created an environment of rampant sampling. Listeners "consume" several different stations each week, but they generally only report the stations which are top-of-mind when they complete ratings diaries.

It's important to consider this behavior in the context of the brand lifecycle and the objective of the marketing campaign. Most listeners habitually sample stations by switching around the dial, yet millions of

dollars are tactically spent on *mature* brands, each ratings period, to encourage product sampling through both trial and forced listening promotions.

This tactically-oriented approach is seemingly driven by the axiom: "the station sounds great, now all we have to do is tell people about it." The ratings methodologies, however, dictate that this approach is not the most effective way to put share points on the board. The marketing strategies of broadcasters should be more attentive to the way that radio is consumed and measured.

Radio is a consumer product which is free, readily available, and contains numerous product choices on the store shelf (the dial). As a result, listeners consume different products depending upon their usage needs. Due to the unique nature of the repurchase cycle (several times daily) radio is one of a few consumer products whose consumption cannot be accurately measured by unaided recall. Ratings are merely estimates which are generated by the listener's ability to accurately recall a week's worth of listening.

Therefore, brand awareness is critical to receiving credit in the ratings methodologies which rely on unaided recall. A lack of brand awareness results in that station's absence in the listener's consideration set. As a result, it prevents most stations from receiving the total amount of listening credit they deserve on a consistent basis.

Thus, the ratings don't necessarily represent a true picture of the sampling which has occurred throughout the week, but rather only the stations which have made their way into the listener's consideration sets. Most tactical marketing, however, focuses on *generating trial usage*, rather than *building brand awareness* which entrenches the brand in the all-important consideration set. This is the essence of building brand equity.

Brand Strength Determines Ratings Performance

This discrepancy between real and reported listening is appropriately illustrated in television where markets with people meters report different viewing patterns than do the markets which rely on diaries. Branded franchise shows like "Oprah" far outperform their metered shares in diary markets and likewise, the generic talk shows generally perform more strongly in metered markets.

Similar to television measurement, the stronger radio brands will also outperform the weaker generics. A strong brand is the best strategic weapon (asset) to bridge the gap between real and reported listening. Nevertheless, most station's marketing strategies ignore this ratings "filter," acting as if radio consumption was passively metered, not based on unaided recall. In fact, many stations in the launch and growth phases of the brand lifecycle lose up to 50% of their actual listening credit due to poor brand strength, even though their products are solid and are actively marketed. These victims are guilty of blowing their marketing budgets on rent rather than investing them in brand equity.

STOP PAYING PROMOTIONAL RENT

A weak brand is generally the result of an unfocused strategy, not insufficient promotional spending. The industry is full of examples of major promotional campaigns (usually for mature brands) which result in down books even though the competitive environment was unchanged.

Building brand equity with the marketing budget requires a consistent strategy to promote the brand, not tactical gimmicks which worked well in another market. Promoting the brand requires a clear understanding of the brand's identity, which is also referred to as its stationality (one of the potential assets mentioned earlier). If contests and giveaways are an integral part of the brand, as they can lend an entertaining dimension to the station, then marketing campaigns which are centered around giveaways can be brand building activities.

Too often, however, these contests are disjointed from the brand's personality and they serve only to confuse the listeners about the brand's true identity, leading the station down a generic path. In addition, because they are not effective in strengthening the brand in the listener's minds, they leave the station vulnerable to a competitor who is more effective in establishing their own brand.

Managers should first determine what their marketing objectives are before they consider any type of promotional campaign. This is especially true when they evaluate campaigns that are pitched on the merits of prior performance in other markets. These *ad hoc* programs represent quick fixes, at best, unless they are exactly what the manager would have designed on his own, based upon the station's predetermined

marketing objectives. Remember, quick fixes are short term and rarely do little to bolster the station's competitive standing a year from now. Successful brand marketers plan marketing campaigns with the big picture in mind. They build on what they have done in the past and are working towards setting themselves up for the future.

In radio, this might include the building of a morning show, establishing the station as the branded franchise for at-work listening or a more general position such as the hippest Rock station in town. None of these goals can be established in eight weeks of television advertising, but they can be achieved over time if all of the marketing and promotional tactics are integrated into the brand's marketing strategy. If this approach is followed, the marketing budget can then be used as a strategic asset which will build brand equity.

SUMMARY

Brand equity is a useful tool to help managers take a snapshot of their station's competitive position and identify ways to improve its performance. Calculating brand equity is a worthwhile exercise which requires extreme objectivity and should be done every six months. A helpful framework for calculating and evaluating the resulting equity score is included in this chapter. Moreover, by calculating the equity over the past year or so, managers can gauge their brand's momentum,which is an important input for determining their relative position on the brand lifecycle curve.

Building brand equity is the strategic goal of successful brand managers. Similar to the way companies improve their financial balance sheets, brand managers must develop their brand strategies to build the value of their assets and reduce the value of their liabilities. Much of this is straightforward given reliable market intelligence. One area in particular which is more ambiguous, however, is the marketing budget.

Most stations make the mistake of failing to build brand equity with the marketing efforts by paying promotional *rent* with a series of disparate and disjointed marketing campaigns designed to provide a ratings boost in the next sweep. These campaigns are generally bought because they worked in another market, without a true understanding of how they fit into the long term strategy for building a branded franchise.

Consequently, managers must incorporate the discipline of brand marketing into their organization which, by nature, forces them to look at the big picture. It helps managers to invest their marketing budgets in brand building campaigns which leverage off the past efforts and position the station for future growth and competitiveness.

CHAPTER 10

RESEARCH IN THE BRANDING PROCESS

Research is an integral part of the branding process. Managers should view research as their primary source of market intelligence for developing a brand concept which will be appealing to their target consumers. The resulting brand concept then becomes the blueprint for all of the branding activities including product development, packaging and marketing.

Managers must be careful, however, not to confuse research designed to *adjust their product* with research used to *define their brand*. These two objectives are very different and require different types of research to achieve them. The industry-wide tendency towards generic or Robo Radio is the result of stations depending solely on product research to drive the positioning and marketing of their brand. Consequently, the strategic model for radio was *format-based*, rather than *brand-based*.

This conventional approach for radio has been in existence since the seventies and was quite successfully used until the late eighties. It worked in the early days, because a format was the only real point of differentiation. Today, however, with several choices in each format, the listeners can no longer differentiate stations based on format alone. This phenomenon is not new to today's consumers as they are challenged by several choices in virtually every type of product they consume. As a result, consumers have been trained by marketers to choose brands, not products, and the task of evaluation has been simplified for them in the process. They can feel good as consumers by choosing a brand which relates to them rather than conducting exhaustive evaluations about which product is really the best. This means that the role of brand research in radio is to help managers to define their brand so as to make this selection process easier for listeners.

Throughout this book we have referred to the relationship between the listener and the station as the cornerstone of brand marketing. The essence of which, is that people don't buy products, they buy brands. Consumers buy brands for two primary reasons: 1) they trust familiar

brands because they symbolize quality and value and 2) people identify with the brands they select. In other words, people's purchase behavior implicitly or explicitly expresses their self-concept. It is just another way of communicating a sense of individualism, belonging, self worth and positioning in society.

Just as consumer brands struggle to position themselves in a competitive environment, people also seek to differentiate themselves, seeking their own brand identity which is executed through a behavioral pattern commonly referred to as lifestyle. In the early chapters of this book, consumers were referred to as the architects of their own lifestyle which is analogous to a giant mosaic. Their personal mosaic is filled with tiles representing various aspects of their life including: family, career, neighborhood, automobile, interests, entertainment, leisure activities and favorite radio stations. These are just a few of the hundreds of potential tiles which in composite, "paint" a picture of a person's lifestyle.

Brand marketers have learned to operate within the framework of the lifestyle mosaic. They focus their efforts on developing an identity for their brand which will be appealing to their target consumers. Brand marketers want consumers to embrace their brand and include it as part of their lifestyle. This is how everything is sold today, from detergent to presidential candidates. In fact, Joseph Kennedy (JFK's father) was once quoted as saying that, "We are going to sell Jack like soap flakes." He did and Jack won. Likewise, Bill Clinton's brand concept was "change." Most people didn't evaluate Clinton by thoroughly reviewing his positions on a litany of different issues, rather voters responded to Clinton's brand identity which was a chance for a new beginning after twelve years of Republican administrations.

The fundamental axiom of brand marketing is that people want to feel better about themselves for having selected a particular brand over the others. As a result, it is the marketer's job to insure that they do, regardless of the product being sold. If this sounds like brand marketers are the "spin doctors" of consumer products, they are. When executed properly, as in the case of Marlboro, branding can give a product an almost chameleon-like existence by transcending the basic product and providing it with an attractive brand identity.

Most people are unaware that Marlboro was initially launched as a women's cigarette. It was a struggling brand that was relaunched with an entirely different brand identity — a valuable lesson for the many

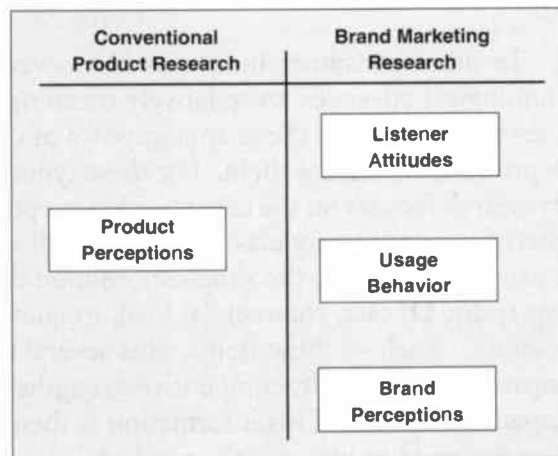
stations who are quick to scrap their own brand names. With the introduction of the Marlboro Man, the product was transformed almost overnight from an obscure brand targeted towards females to one of the most successful consumer brands ever. In a product category with almost no product differentiation, Marlboro has dominated for decades, pouring billions of dollars of profits into the coiffeurs of Phillip Morris, demonstrating the awesome power of branding.

Though the first concept for Marlboro was unsuccessful, the second attempt to image the brand hit the bullseye. The object, however, is to get it right the first time because in today's highly competitive environment, brands seldom get a second chance to succeed. As a result, brand managers have come to rely on consumer research to guide them in the critical areas of market segmentation, product development and the crafting of the brand's identity. For these marketing professionals, the cost of failure is high and the reward for success is even higher. Consequently, they have taken the fundamental tenet of marketing — to know thy customer — to new heights through sophisticated market research and analysis techniques which have been developed and tested in billion dollar battles of consumer marketing.

BRAND RESEARCH VS. CONVENTIONAL BROADCAST RESEARCH

Like consumer marketers, broadcasters also invest heavily to understand the needs of their target consumers. Broadcasting's standard approach, however, differs fundamentally and pales in comparison to the sophistication used by brand marketers. This, in turn, adversely affects strategic planning as it tends to steer broadcasters away from the discipline of branding due

FIGURE 10.1



The research objectives of Conventional, versus Brand Research

to a lack of information about how consumers really select, use and evaluate radio as a consumer product.

As a result, radio strategic planning is often based on false assumptions. These are driven by an incomplete set of inputs consisting of product research only. In other words, the big picture is often ignored, because it is easier for researchers to ask listeners about the more tangible product components than it is to address the larger and often intangible issues which ultimately determine how and why listeners choose stations.

PRODUCT RESEARCH HAS A ROLE

In today's competitive world, virtually no product can succeed unless it meets the needs of its target consumers. However, this alone is no guarantee as several products in every category routinely meet this threshold and competitive advantages are difficult to sustain based on product alone. This is especially true in radio as most of the product elements of a radio station except the branded personalities are relatively easy for a competitor to match.

Product research is routinely conducted in virtually every industry. It is typically used to develop new products and to refine existing ones. In industries where technology plays a major role, such as consumer electronics, the role of product research is to adapt breakthroughs such as miniaturization and speed into better performance at a lower cost.

In other consumer industries like beverages and apparel, where technological advances are relatively meaningless, the role of product research is to monitor the changing tastes of consumers and to help refine products to address them. For these types of industries, most product research focuses on the consumer's perceptions of the individual elements of competing product offerings. In radio, the research often breaks the product down into the simplest common denominators such as music quantity, DJ talk, commercial load, frequent traffic reports and cash giveaways. Each of these items, plus several more, are then evaluated comparatively to identify competitive strengths and vulnerabilities among competing stations. This information is then translated into a plan of action designed to improve the product.

Once the product strategy is firmly in place, the logical next step is to inform the target audience about the station through a well conceived brand marketing strategy. Unfortunately, this is where most radio stations short change themselves. Instead of marketing a well-defined brand, they resort to selling a format to the listeners, focusing on the product benefits as identified by the product research. This then becomes the station's packaging and marketing strategy — short, simple and vastly incomplete.

It is analogous to Midas promoting cost and convenience or Coors Light promoting the best mix of barley or hops. The marketing managers in charge of these billion dollar battles don't make radio's mistake of confusing product development strategies with packaging and marketing strategies.

The Whole is Greater than the Sum of its Parts

Conducting research specifically designed to generate branding strategies requires a big picture or wholistic understanding of how consumers will "fit" the brand into their personal lifestyle mosaics. This is very different from most radio research which attempts to develop a strategy without a true analysis of the big picture (the proverbial forest) by examining the individual product elements (the trees).

This approach is the antithesis of brand marketing which considers a quality product as the essential price of admission, but only half the requirement to building a branded franchise. What the product-based approach fails to recognize, however, is that consumers don't take the time to evaluate the individual trees, rather they consume and evaluate the entire forest. This is especially true for entertainment products like radio due to its low-involvement nature, frequent repurchase cycle, number of product offerings and free price tag.

To examine how this works in practice, let's consider another entertainment product — the movies. Think about the last action movie you watched either at home or in the theater. From a film maker's perspective, you were watching a very complex product which included: a script, actors, sets, makeup, lighting, score, special effects, scenes, locations, stunts and cinematography. Sound familiar to the number of elements which go into a day's worth of live radio programming?

As a consumer, you could be queried by a researcher on each of these elements to determine your satisfaction with the flick, much the same way a radio listener is surveyed. The film maker would no doubt be interested in his or her report card on each of these elements. However, it is unrealistic to ask this of even the most avid movie watchers, because when people watch movies, they consume the "whole," not the sum of the parts. When the movie was over, if you're like most consumers, you either enjoyed the experience or you didn't — even Siskel and Eibert don't break a film into such detail.

This analogy could be applied to dozens of different consumer products from automobiles to fancy restaurants with the same results. If the focus is on the "trees" at the expense of the "forest," the strategy is assuming far too much about the consumer's involvement with the product. The result is almost invariably a misunderstanding of the consumer/ product relationship which is the backbone of building a successful brand.

While it is important to understand and evaluate the satisfaction of the individual components of a product, it is even more important to understand the bigger picture. This is how the brand fits into the lifestyle of the target consumers. Remember, people don't buy products, they buy brands and the marketing world is full of examples where superior products are dominated by superior brands. This is true for radio as well.

Brand marketers realize the importance of good product research as evidenced by the billions of dollars invested in research and development each year. As the old saying goes, great marketing will only make a bad product fail faster. However, brand marketers also realize the necessity of building a good product into a great brand if it is to achieve franchise status. This is the primary difference between brand marketing and broadcast marketing, as broadcasters sell formats rather than market brands.

BRAND RESEARCH GOES BEYOND PRODUCT RESEARCH

Prior to the launch of a now-famous muffler chain, extensive product research was conducted to determine the buying criteria of the target consumers. They were asked to rate a number of tangible product benefits according to their perceived importance, similar to the parameters of importance ranking used in radio research to determine what is seemingly important to listeners when choosing one station over another.

The potential muffler buyers unanimously indicated that cost and convenience were their most important purchase criteria, similar to the way listeners respond that music quantity and variety are the real reasons why they select their favorite station. For a new entrant trying to break into the muffler business, cost and convenience would be very difficult "hills" to capture in their "battle" against the established players who already enjoyed both distribution (convenience) and scale (cost). This scenario is similar to the problems faced by a new radio station trying to break into the market against established competitors.

In fact, if cost and convenience (music quantity and variety for radio) were the unanimous reasons which motivated purchase behavior for mufflers, then it would appear that the new competitor was doomed to failure. Ironically, if it had pursued this product-based strategy as its primary point of differentiation, then you would still be guessing the company's name because chances are, it would already have gone out of business.

However, this company realized that they would need a brand strategy which would enable it to break through the competitive barriers and to succeed against the odds. The perceptual-based product research was inadequate at best in providing the answers. As a result, they looked to a higher level of understanding as to the real reasons why consumers buy with the hopes of building a successful brand strategy.

Instead of asking the perceptual product-based questions, this brand's research focused on the underlying attitudes which motivate behavior. For example, rather than ask the consumers what's important to them when buying a muffler, the research asked the consumers to recount their feelings when they last took their car in for service. They understood that as far as the consumer was concerned, car service was car service. Most consumers didn't differentiate between muffler replacement and a brake job — which is also the primary reason why this company was able to parlay its brand strategy into a dominant franchise in brake repair as well.

The unanimous answer to this question was a fear of being "ripped off" because they were novices at car repair. Thus, the marketing managers discovered through brand research that an attitude of mistrust towards all car repair in general existed. The universal mistrust presented a concept (trust) around which a successful brand could be built. The brand strategy was then spearheaded with the slogan "you can trust us" and as Paul Harvey says, that's the rest of the story.

Attitudes: The Key Ingredient of Brand Research

As the example above clearly illustrates, perceptual research is effective for developing the product, but it is entirely inadequate for packaging and marketing a brand. This is because product-based perceptual research fails to address the underlying attitudes which motivate consumer's behavior, or in other words, the real reasons why people choose one brand over the other. Every industry is chock full of countless examples of where the best product isn't the top selling brand. However, the *best brand* is the market leader. Thus, successful brand strategies are developed with the help of attitudinal research which uncovers these true motivations, which in the case of Midas was trust, not cost and convenience.

Consequently, the secret ingredient of brand research is really not a secret at all. In fact, the first nine chapters of this book have been focused on explaining it in great detail. The secret ingredient, which should be obvious, is the discipline of branding. Like any other discipline, branding is learned through practice. Reading this book will not make you an overnight expert in branding, but it will give you the tools you need to get started. Practicing the discipline of branding over a number of years will make you an expert in branding and therefore, a lethal weapon in virtually any competitive situation you will encounter.

When evaluating potential strategic research projects, don't be confused by gimmicks such as statistical analysis techniques which promise an advanced level of understanding. Often times, these gimmicks only compound the problem by focusing not on the "trees" at the expense of the "forest," but on the "limbs" of the trees as well. These approaches serve to shift the focus even further away from the big picture and the attitudes which define it.

Don't Confusion the Methodology with the Madness

Designing a research project which will identify the prevailing attitudes with respect to the product being evaluated for the purpose of developing a brand identity is an intricate task. It not only requires a strong working knowledge of the product and its usage, but it also requires a thorough understanding of the science of consumer behavior to be able to uncover the underlying attitudes which affect purchase behavior in

FIGURE 10.2

Strategic Objectives:	Conventional Product Research	Brand Marketing Research
Audience Targeting	Format Preferences	"Usage" Segmentation
Positioning	Define Format & Capture Images	Define An Attitudinally-Based Brand Concept
Product Development	Refine the Format, or "Square Peg"	Evolve Playlist & Stationality To "Expand the Hole"
Marketing	Measure Name Recognition & Advertising Awareness	Identify Leveragable Assets For Building Brand Equity

Comparison of the Conventional & Brand Research paradigms: How each approach is used to create a competitive strategy.

various competitive situations, as well as possessing the ability to manipulate them through sophisticated brand marketing techniques which integrate product, packaging and marketing.

This understanding for numerous competitive scenarios cannot be translated in a chapter or even a book, for it is a discipline and much like the practice of medicine, the formula for success is knowledge plus experience. This is why the task of developing a brand strategy should be undertaken with the help of trained professionals just as you would seek the advice of a lawyer, doctor or an accountant. For most managers, however, understanding that this is the direction you want to pursue is in and of itself, the first step toward developing a real competitive advantage over the folks across the street.

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SUMMARY

Consumer research in the branding process is very important. It provides the necessary information to build and strengthen the all-important consumer/product relationship which is the cornerstone of branding. Research is used to define the brand's concept (its identity) which in turn provides a "big picture" perspective for the product's position in the competitive environment. This type of research is referred to as brand research.

Product research, on the other hand, focuses on the details which are the individual elements of the product such as music, information, personality and presentation. Product research is more perceptual in nature whereas brand research focuses primarily on the attitudes which drive purchase behavior. To build and maintain a successful brand, managers need *both* types of information to paint a compete picture of their competitive challenge.

The radio industry in general has been guilty of designing their competitive strategies based upon incomplete information. They have relied on product research alone to base strategic decision making, which has kept them from integrating the discipline of branding into their organizations. Consequently, most stations have been steering themselves down a generic path which sell formats rather than markets brands to their target listeners.

Due to the complexity of design, statistical analysis, interpretation and fully-integrated implementation of research in the branding process, managers are wise to leave this aspect of the branding discipline to competent professionals with a thorough knowledge of the fundamentals of market research, consumer behavior and their application to radio brand marketing.

CHAPTER 11

BRANDING IN ACTION: RADIO CASE STUDIES

The first ten chapters of this book have been dedicated to teaching the fundamentals of branding, and to providing radio managers with a step by step process to integrate the discipline into their organizations. This chapter is going to feature several of the stations who have risen above generic product battles to create strong brands.

Their successes will be illustrated in the context of the branding discipline as outlined in this text, rather than providing a detailed account of the specific adjustments these stations made in their product, packaging or marketing. The case studies were selected to span the brand lifecycle curve as well as the format spectrum to provide examples of branding in several different competitive situations. Though very different in nature, each is similar in that it will focus on the big picture or brand identity which helped them to positively differentiate themselves from the pack. Furthermore, though each of these stations faced different challenges, they all had one competitive advantage working in their favor — a strict adherence to the fundamentals of branding.

As you read this chapter, it is important to keep in mind that the stations featured in case studies should not be copied or cloned in another situation though it may appear to be similar. After reading the first ten chapters of this book, it should be obvious that the optimal brand strategy for every competitive situation is by nature very different. Variances in the competitive environment, along with inherent differences in the station's position on the brand lifecycle curve, make each challenge unique.

Moreover, differences in brand awareness, brand loyalty and brand identity, coupled with nuances in the prevailing attitudes of listeners, dictate that all of these inputs are needed on an individual basis before an optimal brand strategy can be developed. Managers can learn from these successes, however, as they will see common threads emerge from several successful stations.

It is said that people generally learn more from their mistakes than from their successes. Consequently, it is helpful for management to reflect upon their own experiences, generating additional case studies which can then be evaluated within the frameworks presented throughout this book to spot potential problems within current competitive situations.

DISNEYLAND FOR ADULTS

One of the most successful major market brand relaunches has been Y-100 in Miami. As a legendary Top 40, the station enjoyed tremendous success throughout the seventies and early eighties. Then, as with most CHR stations, Y-100 passed through the maturity phase of its brand lifecycle and began to decline. With the product in decline, the brand deviated from its expectations of larger than life radio, and reverted, like so many of its counterparts, to a Robo Radio strategy. Similar to the fate of most of the Robo Radio stations which sell formats rather than market brands, the station's shift to Robo did nothing to rejuvenate the brand, rather it resulted in further decline.

Realizing the need for a relaunch, the station conducted brand research to determine the listener's attitudes towards and ultimate viability of their venerable brand. Furthermore, it identified that the larger than life promotions that the station was famous for over the years, had built tremendous brand equity in the minds of the consumers.

However, the ratings told a different story. The Arbitron book reflected a tired station in decline whose venerable brand name was possibly headed for the scrap heap. Furthermore, the station's shift to a Robo Radio type presentation had eroded much of the brand loyalty that the station had once enjoyed, and was also a strong contributor to the continued decline.

Using the latent brand equity for maximum leverage, Y-100 decided against a name change and opted instead, to reposition the brand based upon the strengths of its heritage. The Robo presentation and positioning elements were eliminated and adult fun and entertainment were returned to the station. Each product element from music, morning show, talent, features and production was fine-tuned to reflect the station's rediscovered fun, foreground and entertaining presentation.

Promotions, which had long been the stations' strong suit, were retooled to reflect the changing attitudes of their target consumers. They

were specifically designed to "fit" the station's relaunched brand concept of adult fun and entertainment. All the while a careful eye was kept on the on-air execution which would support the product elements. Moreover, Y-100's successful brand relaunch was accomplished without the help of large external advertising budgets, a testament to the management team's focused implementation of the branding discipline.

THE PRIDE OF WASHINGTON

WHUR was one of the first entrants into the nation's most hotly contested urban battles. The station went through its growth, maturity and decline phase of the brand lifecycle as the competitive arena grew from one to five format competitors. In decline and surrounded by competitors, the station was ripe for a relaunch.

Prior to the development of a strategic plan, the station conducted extensive brand research to understand the listener's attitudes towards their brand. The result was similar to the revelation experienced by young Dorothy in the Wizard of Oz.

The station needed to go no further than its own backyard to find success. In other words, the station had to rebuild its brand identity on the foundation it had laid in the community over the last twenty years. WHUR was fortunate to have had tremendous latent brand equity developed over the years. Now, however, it needed to develop a brand strategy which would capitalize on it. Contrary to the pundit's beliefs that a university owned station could not remain competitive due to its extraordinary pubic service commitments, WHUR has experienced tremendous success by integrating these elements into its brand identity.

The brand concept of the station was to transcend the intense music battles in the market with a unique and appealing brand identity by positioning the station on a higher ground. The station's brand identity was designed to be a reflection of the African-American community in the nation's capital. It strikes a responsive chord with its target adult audience which none of its competitors can credibly match. The rewards have been great as the station quickly leapfrogged two of its urban competitors and has positioned itself for a prolonged stay in the growth phase of its lifecycle.

SOFT BUT HIP

WJYE in Buffalo found itself at the bottom of the four station AC pack after unsuccessfully trying to make the transition from beautiful music to a soft AC station. This brand had also suffered through the decline phase of its lifecycle and was in dire need of a relaunch strategy in order to improve its competitive standing in the highly competitive AC market.

Contrary to many of the unsuccessful attempts to revitalize soft AC stations, the station's brand research demonstrated that the brand needed an image makeover, but not a new name. Thus, with the call letters and name firmly in place, the station underwent a complete overhaul in product, packaging and marketing. The look, feel and sound of the station were carefully orchestrated to reflect the brand's concept which enabled it to capitalize on its differentiation as the softest of the AC competitors.

Every element of the station including audio and visual logos, presentation, production values, morning show, features, services, promotions, contesting, and external advertising campaigns were overhauled and reformulated into a cohesive brand identity. Consequently, the station was able to maintain its intra-formatic differentiation and avoid costly product confusion. Moreover, its relaunched brand identity appealed to a broader audience segment, thus enabling the station to vault to the front of the AC pack and become a market dominant station with a long and profitable maturity phase to look forward to.

TURBO COUNTRY

KKBQ in Houston has exemplified the fundamentals of branding in their successful launch of 93Q Country. Up against two of the most venerable country stations in the nation (KIKK and KILT), KKBQ has built their brand identity on the concept of a hip, youthful, exciting, and entertaining stationality. Attitudinally, this was a positive point of difference from the more staid, predictable, robotic brands of the competition.

But, unlike many of the hybrid Top-40 Country stations which have emerged to challenge the heritage mainstream competitors, KKBQ recognized the need to transcend the product differentiation with a brand identity which offered much more than just the latest hits. In their situation — as is the case with every successful radio brand — product

differentiation is only one component in building a franchise. In other words, country listeners would use a current-based alternative format, but in order to generate true brand switching and build a loyal following, they would have to transcend this product differentiation with a compelling brand personality which represented an entertainment experience.

Again, as is the norm with other successful radio brands, KKBQ has carefully integrated every aspect of its on-air and external presentations with a fun, highly localized and entertainment-driven focus. As a brand — not just a format — the station has carved out its own following. This makes KKBQ far less vulnerable to current-oriented product shifts by competitors whose own brand identities preclude them from credibly moving in this direction. By transcending its product-based differentiation through branding, KKBQ has prolonged their growth phase and positioned itself for a stable run once it hits maturity.

Oldies – L.A. Style

Often imitated, but never duplicated, Bill Drake's branded oldies franchise, KRTH has enjoyed a long term lease in the maturity phase of its brand lifecycle. K-Earth continues to dominate not because it plays the best oldies in town, but rather, because it has transcended the format and become a true franchise. In other words, it competes not as a great oldies station, but rather as a great radio station which happens to play oldies.

In fact, over the last ten years, few if any other stations in Los Angeles' crowded stable have done a better job of consistently capturing the essence or feel of this unique market among the baby boomers. Simply put, K-Earth sounds, looks and feels like Los Angeles, a far cry from some of the unsuccessful attempts to unseat it from big sounding, northeastern type oldies stations which are "unhip" with the L.A. crowd.

Many attempts to compete against this brand have gone in a different direction which is product-based differentiation. Positioned as an alternative rather than as a substitute, the seventies-based oldies format will draw from a number of competitors in addition to K-Earth. However, should this and other seventies oldies stations not successfully transcend their formatic-based differentiation with a sustainable and appealing brand concept, they too, will experience a premature end to their growth phase and be relegated to a niche status.

A ROCKER CAN PLAY IN RODEO COUNTRY

KLOL in Houston, is another example of a station which has been doing things right for a long time. As a result, they have built a branded franchise that is theirs to evolve and maintain, or let slip into decline if they lose focus with their brand building activities.

Most rockers are successful in creating a basic stationality of irreverence. They accomplish this primarily by playing the music which naturally speaks volumes towards this attitudinal orientation. In addition, most have "spiced" their stations with drops and liners by hard voices like Joe Kelly and others. These guys would sound irreverent if they were reciting nursery rhymes.

Unfortunately for most AOR's, this type of positioning becomes very monodimensional. In so doing, is not effective in building brand loyalty among 25-34 men, which is the key to the format's success. Furthermore, it has left many rockers vulnerable to classic-based alternatives.

KLOL has been successful in transcending the music and its inherent irreverence has allowed it to become a larger than life, hip mainstream brand which has enjoyed strong marketshare in a predominantly Country-oriented market. A testament to the strength of their brand has been their ability to even transcend talent changes during their maturity phase. In perhaps an ultimate compliment to KLOL's brand, their "brand within a brand" morning show of Stevens and Pruitt has continued to perform with thr*ee different teams* playing the part of Stevens and Pruitt while simultaneously competing against the others.

SPORTSRADIO: IT'S NOT WHAT YOU THINK

Over the last few years, Sportstalk has been one of the more popular experimentations on the AM band. Many stations have switched to this clearly differentiated format, but none have accomplished the success throughout the critical 6A-7P dayparts like WIP in Philadelphia.

As is the case with most branded franchises, WIP has been successful in transcending what has become a two share format to become a great radio station which happens to program Sportstalk. Whereas most sports stations have narrowly targeted their product for the sports junkies, WIP has become an entertainment experience which more or less falls under the umbrella of sports.

The standard mainstays of the conventional approach to sports radio, including play by play and extensive interviews, have been eschewed in favor of a broader focus which appeals to the otherwise disenfranchised listeners. Their brand concept is built, and rightfully so, on the premise that the general market has only a passing interest in sports, but a passionate interest in listening to locally-oriented and entertaining talk. Thus, as a wolf in sheep's clothing, WIP enjoys general market success, but remains clearly differentiated as Philadelphia's Sportstalk station.

A News Talk Which Never Goes Out of Fashion

One of the prime examples of a branded radio station which has prolonged its run in the maturity phase of the curve is KGO in San Francisco. In a market known with several strong AM competitors, KGO continues to dominate as a broad-based news, talk and sports station.

KGO's larger than life market presence supported with unique and clever marketing campaigns enabled them to transcend formatic positioning and build a brand that is "hip" and interesting for adults.. Through their marketing and packaging, KGO has made their brand the fashionable choice for a broad segment of the adult audience.

Catchy outdoor copy featuring animated drawings with slogans like "It's food for your brain," among a host of other brand building activities, continue to position the brand as intellectually stimulating for a market which prides itself on its erudite reputation. Thus, KGO has been successful in evolving its brand to extend its maturity phase by carefully appealing to the prevailing attitudes of this very unique market. As a result, their brand is packaged and marketed more like The Gap (another Bay Area success story) than like other traditional Newstalk stations like WJR, WGN, WSB and KDKA.

The Common Denominators of Franchise Success

These successful brands compete in a myriad of different formats and markets, yet each has demonstrated some key success factors which merit a closer look. These common denominators of success for building a branded franchise are:

- Transcend the format for maximum appeal
- Build a Brand Identity which connects attitudinally

- Express the brand throughout all aspects of the station
- Continually evolve the brand to prevent decline

TRANSCEND THE FORMAT

Each of the stations discussed in the case studies, as well as any successful radio brand, has been successful in transcending their basic formatic appeal. You have seen the description that brands are not great executions of formats, but rather great executions of radio which happen to program certain formats. This distinction should be crystal clear as it is one of the most important tenets of the brand marketing discipline.

This is the difference between having a generic Robo Radio format and a branded radio franchise. Stations which program formats will always be vulnerable to new competitors which offer similar or hybrid formatic alternatives. Stations which adopt the branding discipline and go beyond the basic execution of a format, create a stronger bond with their listeners. Building this station/listener relationship is the key to competitive strength in the face of increased competition because it nurtures the all-important secret weapon of brand loyalty.

CONNECT ATTITUDINALLY

Deciding that you want to compete as a brand is the first step, but in order to be successful, it has to be the "right" brand for the competitive situation. Every market is different with respect to the indigenous or prevailing attitudes of the market. Furthermore, these attitudes vary within each market depending upon the segment of the population to be targeted.

Successful brand concepts for radio or any other consumer product must be designed with these attitudes in mind. Listeners can and regularly do "surf" through the radio dial in search of their favorite songs or required doses of information. But they always come back to and stay with their favorite brands. In a highly competitive industry, the station's brand identity is the one aspect of their environment which managers can control, provided they understand how to.

Branding is an All-Encompassing Activity

Once the optimal brand identity is identified, the station must then develop a strategic plan which integrates all aspects of its presentation to the listeners. This branding strategy must take into account the numerous branding levers which are available to the station including product, packaging and marketing.

Too often, however, branding is confused with basic formatic positioning. This incorrectly places the emphasis on a positioning statement which sells the format such as "The best hits without the hard rock or rap," but does little or nothing to market the brand's identity. This type of sell must connect attitudinally with the listeners in order to develop the much coveted prize of brand loyalty.

Managers have several branding levers at their disposal. A successful branding strategy must address each of them individually and collectively to insure that they are working together to communicate the station's intended brand identity to the target audience. Having the majority of these levers working in concert at all times is one of the key success factors or prerequisites for achieving franchise status.

Evolve the Brand to Prevent Decline

The brand manager's job is never done. Building a successful brand assures a station of a market dominant and profitable position in the mature phase of their product lifecycle. Prolonging this stay and thus avoiding the decline phase is another matter altogether, as even the Roman Empire was a victim of the inevitable decline phase.

The key to avoiding this final phase is through continual evolution of the brand. Staying at the top requires constant innovative thinking, continuing market intelligence, and even more attention to detail than in the launch or growth phases of the brand's lifecycle. Understanding the underlying forces which dictate momentum is the key, because by the time the ratings begin to show signs of decline, the damage may be irreversible.

Prolonging the maturity phase and thus avoiding decline is a brand manager's most difficult challenge because it means that the station is on top and everyone is gunning for them. It's not unlike the great running

backs or wide receivers of the NFL which continue to outperform their peers even when the linebackers and defensive backs are "keying" on them. It's an enviable position to be in, and for brand managers, it requires a keen sense of the changing environment around them and an ability to continually evolve their brand to maintain its positive momentum.

CHAPTER 12

BRAND STRATEGIES FOR DEREGULATION

Building a branded franchise should be a goal of management in every competitive situation. Deregulation and duopoly have merely added a new twist to an old game. In fact, compared to television, radio has enjoyed duopoly for many years with the ability to operate an AM and an FM in the same market.

Several companies including Cox in Los Angeles (KFI and KOST), ABC in New York (WABC and WPLJ), and CBS in Chicago (WBBM AM & FM) have long enjoyed powerful and profitable brands on both bands. In fact, in most cases, these stations are run totally separately with little or no attempt to consolidate costs, and for good reason. The amount of dollars that stations are playing for in the larger markets makes the savings gained from combining back office expenses a paltry gesture.

Though the rules governing total ownership within a market and by one entity are still not totally resolved, we can operate on the premise that most companies have the ability to control the programming and sales of no more than four stations per market (2AM's & 2FM's). As brand managers, broadcasters should always be focused on building dominant franchises with any signal they can get their hands on. As the saying goes, the best defense is a powerful offense.

In this chapter, we will explore the concept of deregulation in the radio industry in the context of the discipline of brand management. In addition, we will look at the ways other consumer marketers have used the ability to compete with several brands in the same industry.

CONSOLIDATION: A NATURAL FOR THE 90'S

We are all aware of the fact that we now have fewer airlines to travel on, fewer local banks to borrow from, and fewer grocery chains to sell radio time to. This is the result of a great shift towards consolidation which has impacted virtually every industry.

In consolidation, an invisible hand pushes the weak players aside to enable the stronger competitors to operate more profitably. Sometimes it involves two businesses merging to lower costs, similar to an AM/FM simulcast. Other times it involves the total removal of excess capacity, which in radio would be analogous to buying a signal and taking it dark. Consolidation is typically most severe in industries which have undergone deregulation such as the airlines and banking.

Historically, the competitive forces which are forced to "simmer" under the shelter of regulation come to a boiling point during the transition period. In this period between regulation and formalized deregulation, rules are bent, exceptions are made, and market forces are allowed to begin changing the industry. In radio, this transition period was the unformalized LMA policy which eventually gave way to duopoly.

The acquisition frenzy of the mid 1980's, coupled with a slowing economy, helped ensure that a consolidation would occur in radio. By the end of the decade, over half of the stations in each market were losing money on operations alone. Furthermore, the high debt loads which were taken on by several stations in every market added another burden to cash flow. Any station purchase at the prevailing high multiples or financed with pieces of high yield (junk) debt suddenly became vulnerable to a desperate competitors' price slashing. When the economy went into a recession, there was little financial cushion for most of these stations. The LMA concept was an ad-hoc reaction by the FCC to relieve some of this pent-up pressure.

The early LMA's offered many broadcasters an alternative to selling at fire-sale type prices. By joining forces, LMA's enabled weaker players to stay in the game and allowed the stronger stations to "remove" a troublesome competitor from a threatening position. From a competitive perspective, it added another dimension to everyone's strategy, because it allowed broadcasters to control more game pieces and potentially shift the playing field back in their favor.

Whereas many of the original LMA's were consummated out of desperation, today's duopolies are now viewed by strategic-minded operators as a straightforward means of increasing and solidifying operating cash flow. Consequently, the opportunity to attack broad-based competitors from both sides, protect flanks, preempt entry, and offer complete demographic packages to buyers has become too attractive for many stations to pass up.

Thus the ability to double-up via duopoly has become a strategic imperative for long-term players, but it comes with some very serious caveats. Cannibalization is a very real threat in several aspects of the duopoly including ratings, revenues and overall morale due to the forced blending of often disparate corporate cultures.

The jury is still out on the revenue side of the equation. It is simply too early to effectively measure the revenue increases which have been projected as the result of the consolidation. Currently, there are two distinct schools of thought regarding the optimal selling strategy for duopolies.

On one hand, some broadcasters have opted to consolidate sales forces by selling in combination. The theory is to select the most capable reps from each station and to distribute account lists so that each rep now has higher priced inventory to sell, thereby enabling the duopoly to reduce its cost of sales and achieve a very real economy of scale. While this approach has proven effective on the national level where total ratings points are bought, it has been met with great resistance on the local level.

Conversely, the other school of thought is to keep the staffs totally separate. In this scenario, the theory is that the total revenue will be maximized only through intense competition in the general marketplace. In other words, with only one product to sell, the sales team will remain aggressive and innovative enough to outweigh the benefits of selling in combination. Though the optimal solution will be different for each duopoly, the results by trial and error of each approach over the next few years will produce a model that most broadcasters will eventually adopt.

The verdict is still out on the ratings side of the duopoly equation as well, but the principles of branding shed some important light on the process of developing optimal competitive strategies in duopoly situations. Perhaps the most important of which is that both stations must function as brands independently. Generic "place holders" which are used to occupy a formatic territory, with the hopes of protecting the cash cow, are ripe for the picking by an astute competitor.

When Proctor & Gamble launches a detergent, liquid soap or other consumer product to compete with one of their "cash cows" like Tide or Ivory, they do so with a specific strategic objective in mind. The new brand will typically be aimed at a market segment in which their primary

brand is vulnerable. This may be the low cost segment or one with a segment requiring a specific usage need such as cold water washing or bleaching. In other words, their goal is to dominate as much of the category as possible and to occupy shelf space. Companies like P&G don't believe in "weak sisters," they hire separate brand management teams whose entire focus is to make their brand a success.

The automobile manufactures also launch competing brands that are designed to serve the broadest spectrum of consumers. For example, General Motors positioned Cadillac as an ultra-premium brand, Oldsmobile as a less flashy premium brand, Buick as a premium performance brand, Pontiac as a mid-range performance brand, and Chevrolet as their entry brand. It is interesting to note that much of GM's trouble throughout the eighties came from a blurred image between their brand lines. Consumers were still buying the brand, but the undifferentiated product lines were no longer supporting the brands' individual images built up over decades of advertising. Realizing their mistake, GM has trimmed product lines and concentrated on models which "fit" within their original brand concepts.

Unfortunately, broadcasters don't have the latitude that companies like P&G and GM have in launching several brands to occupy the entire format spectrum, but in most markets, they do have the capability to own and operate several brands to maximize their market and revenue shares. Thus, the brand manager looks at deregulation not as duopoly, but as quadopoly.

SIX STRATEGIC OPTIONS FOR FRANCHISE DUOPOLIES

Since the majority of broadcasters, however, are focusing their duopoly resources on the FM band due to its audience and revenue shares, a strategic framework is provided below which outlines the six basic brand strategies for duopolies. The fact that there are six primary ways to "double" up in a market further illustrates the need to evaluate each competitive situation independently. From the radio brand manager's perspective, the second FM must have a clear strategic benefit that is decided upon ahead of time. In other words, passing up an opportunity to add a second station should not take precedence over a compelling strategic rationale for having a duopoly in the first place.

Bracketing

This strategy is best used when a strong competitor exists in a formatic arena where a company currently operates a station. The objective of the bracketing strategy is to identify and then occupy an existing opportunity which is on the opposite side of the strong competitor. For example, if a broadcaster owns a Hot AC and is competing against a strong Mainstream AC then the optimal strategy would be to purchase the Soft AC (if one exists) and then to bracket the stronger competitor from both sides. It is analogous to a "squeeze play" in baseball. In this example, the Mainstream AC will lose share to the duopoly if they react to either station. The key success factor in this situation is the ability of both the Hot and Soft AC's to compete as brands rather than as formats.

If the two bracketing stations compete as brands, they will transcend their own formatic appeal, with the Hot AC gaining market share in the 25-40 demos and the Soft AC gaining share in the 35-49 year old demos.

Bracketing can work effectively in several musical formats including Country, Urban and AOR. The key to successfully implementing this strategy, however, is the understanding that both stations which are used to create the "bracket" must compete as brands, not just as formats or square pegs looking to fill square holes. Otherwise, the station in the middle can continue to function quite well as a brand which transcends its own formatic positioning, thereby suppressing the market share of the stations on either side of it.

Flanker

This strategy is most useful when bracketing is either not possible or economically feasible. Flanking is less desirable than bracketing because it invariably results in some form of cannibalization due to the natural sharing which occurs between similar formats. For example, if a broadcaster owns a Classic Rock, the best use of its resources may be to "flank" itself with an AOR rather than look for a Hard Rock, Alternative Rock, or Rock 40 station. The ratings of these low-end stations are generally much tougher to convert into revenue, and therefore, are not as desirable. The same can be said for the upper end, as bracketing with older demos generated by EZ listening, Classic Country, and Nostalgia are not typically in demand by advertisers.

The key to making flankers work is to follow the lead of consumer marketers who have several flanking brands on the shelves. They maximize the value of each of these brands by giving them their own individual brand identities and enabling them to compete as independents.

Failing to heed this advice in radio by combining the operations of two flanking brands can be very dangerous from an organizational standpoint. Often times, the two flanking brands have a long history of competing fiercely against one another and as a result, have developed a mutual disdain for the other station. When the two are combined, it then becomes a case of the conqueror and the vanquished. This generally results in the acquired station assuming the role of the neglected stepchild. Soon thereafter, it begins to lose its brand identity, becoming a generic "place holder" making it ripe for a direct competitor.

Divide and Conquer

For the broadcaster whose competitive advantage is their ability to build and maintain branded franchises, this is the most desirable strategy to pursue. It is truly a strategy which is based on the ability to compete from strength, rather than from a defensive posture.

The "divide and conquer" strategy is to own two stations which compete in two entirely different formatic arenas such as AOR and Country, or AC and Urban. Product-based strategists will avoid this type of strategy with all their equity and debt, contending that competing in two disparate formatic arenas is like fighting a battle on two different fronts. They feel that it increases the risk of being attacked and therefore losing two different battles. On the other hand, the brand manager views this type of strategy as a means of building branded franchises in two different areas which will not result in cannibalization. In other words, they are happy that they won't be competing with the market's most formidable competitor — themselves.

This approach shouldn't sound foreign or strange, because it has been used by highly successful broadcasters for the last twenty years in their own duopolies which are AM/FM combos. If the market is economically sound and an attractive opportunity presents itself, a broadcaster which believes in its ability to create real value through building a branded franchise should move on it.

Dividing and conquering offers companies the ability to transfer skill sets in operations, programming, marketing and sales to an

underperforming asset without risking cannibalization or the cultural problems which may arise in a flanking or even a bracketing strategy (if staffs are consolidated). Before considering this approach, it is advisable that one of the two stations (preferably the firm's existing market competitor) be in the late stages of its growth phase or well entrenched in its maturity phase of the brand lifecycle.

Building two brands simultaneously can be very taxing on a broadcaster's resources if they are competing against two established brands. It's therefore not recommended. However, for maximum return from an attractive market, it is the most desirable approach provided the management has the knowledge and skill sets required to build and maintain branded franchises.

Full Market Coverage

This strategy is applicable only in circumstances where the existing station's signal is not powerful enough to adequately cover the Metro. It is not really a duopoly because the two stations compete as one because of the simulcast. It is a creative way, however, to enter a market without paying the price of a full-market signal. Several companies have done so with varying degrees of success. NewCity combined WYAI and WYAY in Atlanta to compete very successfully as a Country outlet in one of the largest geographic metros in the country. Viacom employed the same strategy with Double 99 in the Bay Area, but without general market ratings success.

In addition to the regular fundamentals of competing, the simulcast strategy also requires creative packaging and marketing techniques that create one brand in the listener's mind. One brand that happens to be distributed through two different outlets. Unlike the AM/FM simulcasts which have historically been used to mothball the AM, the "Full Market Coverage" strategy is dependent upon consumers shopping at both stores depending upon their location. Regardless of the location, however, the product must be marketed as one brand to avoid confusion and barriers to shopping at one of the two stores. Otherwise, the strategy will backfire and the brand will not really achieve full market distribution.

Double Down

In the "double down" strategy, an FM is acquired to simulcast with an existing AM in hopes of prolonging its product lifecycle by placing the brand on the FM band and opening the product up to a host of FM only

listeners. This is a very defensive strategy which ultimately results in complete cannibalization of one of the stations. Most stations which have attempted this have watched their cume shift to the FM band, but not grow. With the number of FM signals competing in most markets, nearly every viable music format already exists on the FM band, which is why AM's have increasingly shifted away from music and to News and Talk.

The success of Rush Limbaugh (very definitely a branded franchise) and others have shown that listeners will come back to AM radio if the product is compelling enough. Uninteresting programming, however, will not be rejuvenated simply because it is now available on the FM band. Again, as long as the signal is sufficient in both daytime and nighttime patterns, the AM is better left to stand on its own as a brand. This frees up the FM signal to compete as its own brand as well. Broadcasters which resort to double down strategy are committing AM suicide as younger listeners will stop discovering the AM band as a venue for interesting and highly differentiated programming.

Kamikaze

The kamikaze strategy generically positions the second FM directly against the existing station's primary competitor from a revenue standpoint. The objective is to siphon off a couple of points which when added to the existing station give it the edge in ratings. The kamikaze station is run as a low cost "format" with absolutely no intention of beating its direct competitor, but rather with the intention of "wounding" it enough to bring it closer to the pack. This strategy is not generally recommended as it defies the principles of branding.

Further, it is an extremely expensive way to acquire market share due to the cost of the acquisition. Moreover, because the kamikaze is competing as a generic format, the established brand usually rebounds after the first six months and regains most of the time spent listening it lost due to the initial curiosity cuming by its listeners. When this rebound occurs, the company is generally left holding the bag as the generic is no more than an expensive "stick" looking for a relaunch strategy.

If management is not prepared to take a second FM and invest company resources to build it as a viable brand, it is generally not advisable to acquire it at all. The time and money are better spent in improving the competitiveness of the existing station to position it as a market franchise before looking to the next in-market challenge.

SUMMARY

Consolidation has occurred in many industries around us, and it is only natural that Adam Smith's "invisible hand" should touch the radio industry. Too many signals combined with a weakened economy were the catalysts which led the FCC to grant relief in the form of LMA's, which ultimately gave way to a formalized deregulation in the form of duopolies.

Broadcasters who are product rather than brand-oriented have used duopolies in a defensive manner to buttress existing stations. The results are now just starting to come in, but the early take on this type of defensive strategy is that one plus one equals less than two, due to cannibalization of the existing station's ratings and ultimately their revenues. Moreover, the cultural aspects of combining two competitors often results in poor morale and lost productivity.

Brand managers, be it in radio or packaged goods, view the opportunity to put multiple products on the shelf as an opportunity to create multiple brands which target distinct audience segments with minimal risk of cannibalization. They understand the need to keep the brands separate in order to maximize their competitiveness. For brand managers, the real value in adding the second station is not in the back-office savings, but in the ability to enhance the franchise value of the second station. It is an offensive rather than a defensive frame of mind. In fact, this is how successful broadcasters across the country have been operating their own original duopolies — owning an AM and FM in the same market.

When evaluating the acquisition of a second FM in a market, there are basically six different strategies to pursue. From a brand manager's perspective, only one of them is truly desirable which is to operate two separate branded franchises which don't cannibalize one another in ratings or revenues. They should be run entirely separately just as P&G does with their individual brands. Moreover, the primary rationale for a company entering into a duopoly should be because the market is attractive and they have identified an opportunity where they can leverage their skills and resources to improve upon the value of an existing station by transforming it into a branded franchise.

Regardless of which duopoly strategy is employed, the optimal approach must have the same general objective as a stand-alone brand strategy — to create great radio stations. Over the long-term, the eco-

nomic windfall created by operating efficiencies will largely be passed on to advertisers. At this point, the most successful duopolists will be those who invested in the right markets and who have created multiple branded franchises.

CHAPTER 13

THE FUTURE OF BRANDING IN MEDIA

In the last several years, branding has been one of the most talked about concepts in media, as the trend towards fragmentation has impacted virtually every segment of the industry. Newspapers, magazines, television and radio stations have witnessed increasing competition. As a result, they have all been scrambling for ways to differentiate themselves with the hopes of developing loyal customer bases. This book has focused specifically on the radio industry, outlining a step by step approach to apply the fundamentals of branding towards this end.

In this final chapter, we will take a look at the media industry as a whole. Its focus will be to illustrate how other forms of media have successfully employed branding, as well as to outline additional opportunities where branding will play a major role as we enter the age of the information superhighway.

THE PROMISE OF TOMORROW

While branding has only recently emerged as a popular concept for radio, it has been in use for several years by select media entities. Companies as diverse as Time/Life, NBC, Viacom, McGraw-Hill, and Gannett have all integrated branding into their long-term competitive strategies. Most of these companies use branding as a means of developing new media or extending the value of their well-known brand names into related ventures.

Within the past year, however, the importance of branding in media has taken on new meaning. The rapid emergence of interactive multimedia has positioned branding as *the survival tool of the '90s*. As these words are being written, telephone companies, cable operators, movie studios, television networks, satellite manufactures, computer companies, software publishers and a host of other related businesses are busily forming alliances. Their objective is to position themselves for success in the multi-channel environment which will usher in the age of interactive media.

At this early stage, no one knows for certain which form of voice, data and image distribution will prevail. Playing on Marshall McCluhan's famous quote, the future for the media and entertainment industries, however, will no longer be in the medium, but in the message itself.

No one can predict what the distribution systems of the future will be, nor how consumers will react to an almost overwhelming array of media services. The one thing that we can count on, however, is that new forms of entertainment (interactive games, virtual reality, etc...) and personal services (banking, shopping, education, etc...) will emerge as distribution systems evolve. These services will act as substitutes for our traditional print and broadcasting franchises, and forever change the competitive landscapes for every media manager.

In this environment, only the most highly regarded, and well-positioned brand names will be capable of pulling consumers across traditional boundaries of existing media. In a multi-channel environment, the product choices and scheduling options will be staggering. Real-time interactivity will give consumers access to information and entertainment on demand. People will no longer be restricted to "appointment viewing" of media products airing at specific times. The impact of increased competition from rebroadcasts, not to mention movies on demand, will force media managers to rethink the way they compete.

Furthermore, television viewing will no longer need to be linear, except for live programming. This means that viewers will have the option to enter and exit at any point in the program similar to the way a newspaper or magazine can be read today. They will not only be able to program their own blocks of entertainment and news, but they will also be able to alter the structure of existing shows through interactive media technology.

For example, in news programming, viewers will be able to specify which stories are of interest and how much depth they require. Likewise, in entertainment programming, viewers will eventually be able to choose their own characters and plots to their favorite shows and movies. Some newspapers such as the Wall Street Journal and others already offer this option to their consumers.

This environment will have a dire effect on generic, run-of-the-mill programming as technology will raise the standard for excellence in

the viewer's mind. As a result, many of the low cost opportunities in today's broadcasting environment will likely disappear. The winners in tomorrow's environment will be the survivors — the brands that offer compelling products which consistently meet a set of very well-defined expectations.

THE FUTURE IS HERE TODAY

The opportunity to position products for the multimedia marketplace exists today. To turn this era of change into an era of opportunity, managers must integrate four concepts into their vision and strategic planning.

The key success factors of the '90s can be distilled into the following four concepts:

- Compete with a clearly defined brand
- Divorce the brand from its distribution
- Technology will level the competitive playing field
- Strategic alliances will be essential

Let's examine each of these four key success factors for tomorrow, and illustrate how forward thinking media companies are integrating them into their competitive strategies today.

1. Compete With a Clearly Defined Brand

In the multi-channel environment, the discipline of branding will be more imperative than ever before for both local and network television. Dozens of new cable channels are waiting in "holding patterns" to "land" on the new video superhighway. The current barriers of channel capacity may no longer be a factor once nearly every household is able to receive upwards of 500 channels.

This environment will be analogous to the largest "entertainment and information shopping mall the world has ever seen." It will be populated by hundreds of specialty stores which have branded themselves based upon specific usage benefits. Consequently, the general department stores, which have long served as the malls' anchor tenants, may become retailing dinosaurs.

2. Divorce the Brand From Its Distribution

When viewed from a brand marketer's perspective, it becomes readily apparent that consumers don't care whether CNN, ESPN or MTV are cable networks or broadcast networks. Similarly, consumers don't care whether they are buying Levi's Jeans in Macy's or at Sam's Wholesale Club. Consumers have long ago learned to divorce the brands from their distribution, so should broadcast executives if they are to survive in the multi-channel world.

The brand of CNN stands for news in the minds of consumers all over the world. For the majority of Americans, there is no difference between broadcast and cable networks as both are readily available in their living rooms with no difference in signal quality. In other words, this *industry* distinction is transparent to the consumers. They consume brands, without any thought as to whether they are broadcast or cable originated.

In the future, whether the primary means of distribution is twisted pair, fiber optics, coax, satellite or terrestrial broadcast is irrelevant to the consumer. Regardless of which technology becomes the primary architecture for the video superhighway, the products on the store shelf will be consumed as brands just as they are in the supermarket or in the retail environment. They will not be differentiated based upon a parochial notion that cable is in some way inferior to broadcast. Consequently, they should build their brands with a competitive advantage which is not based upon distribution, but rather with a positive differentiation which enables them to compete successfully in a fragmented environment.

3. Technology Will Level the Competitive Playing Field

If broadcasters view the strategic planning process from the perspective of a level playing field, they will quickly realize that tomorrow's success will depend upon their ability to build branded franchises today. In fact, the fragmentation of radio provides a powerful insight into the future of broadcast television in the multi-channel environment.

In the 1960s and '70s, radio was truly in the broadcasting business, much the same way that television is now. The fragmentation which radio experienced through the proliferation of FM in the 1980s caused the share of the mass appeal stations to erode. In 1994, the number of

different commercial radio formats is at an all-time high, and as a result, the days of one radio station dominating a wide range of target demographics is all but over. Thus, fragmentation has caused radio to evolve into specialists which offer clearly defined benefits to the listeners.

Television will also undergo this fragmentation. The brand identities of local stations will most likely be built on their news programming because it will continue to be their strongest point of differentiation. As a result, local broadcasters will continue the trend to leverage the resources of their news departments much the same as the networks are now doing with extended news blocks and prime time feature news programs. Furthermore, as the competition for advertising dollars increases, just as it has in radio, establishing brand leadership in news may be the key to ultimate survival.

4. *Strategic Alliances Will Be Essential*

In television, broadcasters have been fortunate to control the distribution of programming and have therefore been able to control the software side of the business as well. This tremendous leverage has enabled broadcast television to remain extremely profitable. As we have discussed throughout this chapter, the multi-channel environment may dramatically alter their business model.

Their virtual monopoly in distribution will eventually vanish as several competitors will have the opportunity to "distribute" programming into the living rooms of viewers. As a result, the leverage which local broadcasters and networks alike enjoyed over program suppliers will be gone. Establishing strategic alliances will be the key to survival on both the local and national level as the natural fragmentation process takes place.

On the distribution or hardware side of the equation, many of these alliances are already in motion. For example, the world's largest cable company, TCI, has recently announced plans to merge with Bell Atlantic, which is one of the seven regional Bell operating companies. Even with their immense size and access to capital, TCI realizes that they are far too small to compete as a player in the formation of the planned superhighway. The cost of connecting millions of households with the interactive and multi-channel technology is analogous to rebuilding our nation's interstate highway system — it can only be tackled by firms with an enormous asset base and technological expertise.

Thus, TCI has already begun to shift their business model to software and are seeking further alliances with major studios to give them a competitive advantage in the programming side of the business. The networks will also have to move in this direction, and the relaxation of the fin-syn rules have paved the way for them to do so. More mergers and strategic alliances between broadcast and cable networks, as well as large and independent studios, will be forthcoming as companies jockey for position and scale under the information superhighway.

On a local level these strategic alliances will also be essential. As local television stations strive to build their local news brands, they will need the help of other key players in related industries. While radio, newspapers, TV stations, and cable systems are currently competing against one another for media dollars, broadcasters will need to work with their foes to build brand extensions.

The key to building successful alliances between local media will be to identify leveragable assets that can be cross-promoted under one brand umbrella which delivers real benefits to the consumers. Eventually, the lines between traditional mediums will be blurred. For example, newspapers will soon be available on the television, in a customized form which is specified by the viewer.

While the traditional notions of television, cable and newspaper will likely change, the brand assets such as personalities and expertise can be repackaged and sold under a larger and more powerful brand. For local television stations, building a branded news franchise will require strategic partnerships that capitalize on expertise, talent and technology to create a brand which is truly greater than the sum of its parts.

Thus, success in tomorrow's multi-channel world will depend upon the strategic vision of those who understand the challenge ahead. The survivors will begin to make alliances and brand extensions that will help them become dominant franchises. The less fortunate will continue to live in the past as the world changes around them.

SUMMARY

Today's technology promises to change tomorrow's media world as dramatically as the invention of television did. Traditional notions of distribution and hierarchy will be swept away, and the result will be a level playing field for a host of new competitors.

Network and local television will undergo a fragmentation process much the same as radio experienced over the last twenty years with the proliferation of FM signals. Television has had some early experience with fragmentation as cable channels sought to differentiate themselves by developing strong and focused brand identities. Fox demonstrated that it could also be accomplished in broadcast television by successfully launching the fourth network. Their success has already fueled talk of a fifth network from Paramount.

The virtual monopoly enjoyed by both the broadcast networks as well as their local affiliates has left both increasingly vulnerable to competition in a new multi-channel environment. The key to success for all players in this new competitive environment will be to establish clearly identified brands which are user-friendly and offer the consumers real benefits and positive differentiation.

For management, the key to building these brands will be strategic alliances with related companies which leverage key programming, marketing and technical assets. The information superhighway will blur the traditional notions of media forms, but the key identifiable assets will be leveragable across these new boundaries.

The impending changes in television, as well as the previous changes in the radio industry, are not unlike the fragmentation experienced in virtually every other consumer products industry from electronics to retailing. As the market becomes more fragmented, products become more specialized, and as the barriers to entry are reduced, more competitors compete for each available market segment. The winners in every industry, however, have one common trait which is the primary reason for their continued success. The key to competing successfully in any competitive environment, and media is no exception, is to build a branded franchise that attracts and retains a loyal base of customers.

This is the essence and objective of the discipline of brand marketing. Though it is relatively new to media, brand management has been employed by consumer marketers in virtually every industry. For most marketing professionals, it has become their competitive bible. For media managers, the ability to integrate the discipline of branding into their organizations will be critical to their survival in this rapidly changing environment.

GLOSSARY

Radio Brand Marketing Terminology

Audio Logo: The jingle, ID, drop, or production effect used by a branded station as its on-air "signature." An effective audio logo, such as the NBC Chimes, is used exclusively over time and is woven into other on-air packaging to maintain the integrity of a singular brand identity.

Brand Assets: These are the "positives" in the brand equity balance sheet equation. They can be any of the twelve primary levers that provide competitive advantage for a brand and build brand equity. They should be used as "leverage points" in brand marketing strategies, because they are already known to have a strong positive impact among target customers.

Brand Awareness: Every impression that is gained through a brand's usage or marketing can build brand awareness. These impressions are stored in the customer's mental folder so that when it is sufficiently full of information, the brand becomes top-of-mind for a particular usage need. Brand Awareness is essential for accurate ratings accreditation in the unaided recall process used to measure radio market share.

Brand Equity: The total amount of goodwill that is attributed to a brand by its target customer. This is quantified on the brand equity balance sheet, as the net difference between Brand Assets and Brand Liabilities. The total amount of brand equity is used as an indicator of a station's health and competitive viability.

Brand Identity: The station's name and its brand personality function together to serve as a "mental folder" that collects all associations of the brand. When the brand identity is exposed to someone familiar with it, it should communicate a clear expectation of what the brand will deliver.

Brand Liabilities: The "negatives," or sources of ill-will and dissatisfaction that prohibit a station from increasing its market share. They are the other half of the brand equity equation. To increase brand equity, liabilities should be reduced in the order of their importance to the target listeners.

Brand Lifecycle: A tool used by brand marketers to chart the natural evolution of market share from birth (the launch stage) until death (the decline stage). Every brand has a predictable lifecycle, due to the inevitable onset of changing technology, competition, and market needs. The length of the lifecycle is not fixed, however, and is determined by implementation of the brand strategy. A strategy that correctly anticipates market dynamics and allows for seamless evolutions will have the longest and most profitable lifecycle.

Brand Loyalty: The quantifiable result of a positive station/listener relationship. Brand loyalty lowers marketing costs and stabilizes market share, as it reduces the inevitable customer turnover that exists in all consumer markets. Brands that define clear and desirable expectations, and then consistently meet those expectations in a way that establishes a sense of "ownership" among customers have the highest degree of brand loyalty. In radio, this ownership is usually based on hipness and a solid attitudinal connection with the target audience.

Brand Research: A specific approach for gathering the market information needed to determine a brand strategy. This approach examines the attributes of a brand through the eyes of its customers, rather than through the perspective of inside management. This approach differs from product research in that it reveals three unique elements about the brand and its competitors: consumer's *attitudes* toward the products, their usage of the products, and finally their perceptions of the products. Product research, which is used extensively in radio, focuses on just the perceptual side of consumption dynamics.

Brand Strategy: The vision, or major objectives that guide a brand to its optimal performance. These principles drive specific tactics, which then serve as the "action plan" in day-to-day operations. A radio brand strategy is unique in that it reflects a "triad" of management objectives: programming, packaging, and marketing, which is driven by a central brand concept. Successful brand strategies are very specific, but also very flexible. Flexibility means that a strategy should be able to *evolve* within a dynamic market environment, without defaulting on established customer expectations.

Brand Strength: The quantifiable measurement of a station's ability to convert real listening into reported listening. This brand research tool accounts for "phantom cume" as well as "phantom AQH's" and is used

to trace lost credit/share to specific causes, such as product confusion, inconsistent brand identity, or low product awareness.

Competitor-Focus: A strategy that centers on beating a rival instead of creating a more user-friendly and relatable brand for its users. Competitor-focus diverts resources away from the customer and the forces that are really determining market share. Competitor-focus also sends unclear messages to consumers, which violates their brand expectations and destroys the consumer/product relationship.

Consumer/Product Relationship: People buy brands, not products. They choose brands that make them feel better about their purchase choice. This feeling is usually based on an aspect of the consumer's lifestyle, rather than based solely on how well the product actually works. In radio, this relationship is called the "station/listener" relationship. It is usually driven by a direct connection between listener attitudes and the stationality of the radio brand.

Consideration Set: Radio listeners usually have anywhere from three to seven stations that they repeatedly use to satisfy different usage needs. These stations, if used purposefully (rather than inadvertently through seek and scan buttons) comprise the listener's consideration set. Consumers have consideration sets for all categories of products that they consume. If a brand is not in this set, the likelihood that it will be recalled is very small. In radio, any consumption outside of the consideration set is usually not accurately reported in ratings dairies. Therefore it is a primary objective of brand marketing to place the brand into the consumers' (listeners') consideration set.

Customer-Focus: The opposite of competitor-focus. Customer-focus is much more involved than simply "caring" about what your customer thinks. It requires a thorough understanding of how customers find, select, use, relate to, and perceive radio stations. This approach is grounded in the science of consumer behavior, and the information required to understand the consumers is provided by brand research.

External Marketing: Every exposure to the brand which exists outside of the station's airwaves. This broad definition is not limited to billboards, TV, or direct mail. Rather, it encompasses any promotions, usage of visual logos, community involvement, and appearances by station representatives which are a direct reflection on the brand image and that

stimulates brand awareness. With this broad definition in mind, the branding discipline is used to unify all communication about the brand and ensure that maximum impact is achieved by employing maximum leverage to the optimal media or communication vehicle.

Franchise: A brand that consistently dominates its market. Franchises are at the extreme high-end of the brand equity scale and utilize this equity to continually leverage its strength and achieve the highest levels of profitability. This performance allows franchises to reinvest heavily in the brand and continue the cycle of market dominance. Analogous to "the rich getting richer," achieving franchise status should be the objective of all radio managers.

Generic Format Approach: The "conventional" approach to positioning and marketing a radio station. This approach is also called "Robo Radio" because it is based on the assumption that listeners "buy" formats (products) rather than stationalities (brands). This approach invites many potential pitfalls, which then give rise to premature lifecycle decline and relaunch. Few stations are able to maintain brand equity in the process, which makes them more expensive to market, renders them "generic" in the eyes of customers, and leaves them much more vulnerable to competitive attack. Radio brands transcend the basic formats to provide a more compelling listening experience.

Internal Marketing: All communication on the station's airwaves that conveys the brand identity to listeners. It includes everything used to package and differentiate a radio brand – from drops and liners, to the audio logo and episodic promotions (feature promotions). By calculating the value of internal marketing (all time at an average unit price), managers often find that internal marketing outlays dwarf the cost of external marketing.

Low Involvement Usage: The basis of product usage among the majority of radio listeners. Because radio is free, there are no switching costs, and there are many parity substitutes, customers pay only modest attention to the attributes of a station when they make a consumption choice. Instead of buying product features, they buy the general "feel" of the station. This means that many premises of the conventional format approach are invalid, and dictates that brand marketing be used to manage the listener/station relationship, which governs consumption in this type of environment.

Marketing Leverage: The technique of focusing marketing outlays on the brand assets which create the most brand equity. This approach allows stations to recapture awareness and positive expectations that already exist, and then build upon the established base, rather than face the more expensive task of creating brand awareness from scratch. This technique can easily double, if not triple or quadruple the effective impressions in a strategic marketing campaign. This approach is the equivalent of "investing" in the brand, as opposed to paying "promotional" rent to keep the station top-of-mind.

Packaging: The art of using production values, on-air content, presentation, and internal marketing to make a station more appealing to the listeners. Packaging can make two stations with identical playlists sound completely different to a target listener. This technique is one of the three legs of brand marketing's strategic triad.

Point of Difference: A unique characteristic that positively differentiates a station from its competitors and shapes its brand identity. In crowded markets, stationalities are much more effective points of difference than formatics, features, and liners that many stations rely upon. The strongest points of difference are those which cannot be copied or easily replaced by another station, such as morning shows, talent and packaging.

Product Development: Branding encompasses all aspects of radio management, including the art of programming. Because a quality product is the "price of admission" to today's fiercely competitive markets, product development is one of the three legs in the strategic triad. Brand research identifies the product alignments needed to support the brand concept and make the station appealing to the broadest potential target audience according to usage needs, not just format definition. This often includes refinements to morning shows and features, as well as flow and rotations.

Purchasing: A fundamental tenet of branding is that radio is a *consumer product*, not just a broadcast medium. This definition is based upon the way that radio's *customers* identify, select and use their radio brands. The branding discipline uses the term "purchasing" to reinforce this similarity in the minds of managers.

Stationality: The unique personality of a well-packaged radio station. When the music, presentation, talent, promotions, packaging and sev-

eral other elements all support a consistent and tangible "feel," the stationality becomes associated with the brand identity in a positive way that differentiates the station. A stationality can have much more meaning and impact than most of the other potential points of difference and have a very strong effect on the brand loyalty for the radio brand.

Strategic Triad: The three equally important aspects of a brand strategy which include: product development (programming), packaging, and marketing strategies. It is essential to every radio brand strategy that the triad carefully follow the concept of the brand in a consistent and unified manner.

Super-Group: This definition is the group-level equivalent to a dominant market franchise. It is applied to a group on the basis of management approach and performance, rather than simply by size. Super-Groups outperform other groups because they utilize brand assets (management, talent, marketing resources, etc...) across markets and broadcast bands. The concept of Super-Groups takes on an added dimension in radio's deregulated environment, where this management approach creates more value than does the simple (and temporary) operating synergies of duopoly ownership.

Targeting: Crafting a brand concept and strategy to meet the needs of the largest possible group of listeners that share similar needs and wants. A target segment includes heavy, moderate, and light users of the product and usually crosses demographic cells as well as rigidly defined "format" preferences.

Usage Segmentation: A targeting tool that is developed using brand research. This technique identifies similar attitudinal and behavioral patterns that are based on the way people use a station and its competitors (as opposed to strict format preferences which rarely explain why one station is chosen over another direct competitor). These patterns are used to understand market dynamics and define potential target segments.

Visual Logo: The counterpart to the audio logo. This is the station's signature outside of its airwaves, and must communicate the brand identity through the use of design, color and typography, as well as the way that it is produced and finally displayed to the public.

About the Author

Lew Dickey is the founder and president of Stratford Research, a leading provider of innovative solutions for radio and television broadcasters. Lew's company serves North America's leading broadcasters, both groups and stand-alones, in major markets from coast to coast.

Lew spent over two years working with the nation's leading experts on Fortune 500 marketing and strategy to develop Stratford's Branding discipline for broadcasters. He has over 10 years of experience in broadcast management and consulting, including programming, marketing, and operations management.

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