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Direct Response Radio: *Strategy • Media • Creative*

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The State of the Direct Response Radio Industry: It's Data or Die

By Jeff Small, CEO, and Brett Astor, Vice President of Strategic Media, Inc. (This is a reprint of an article that appeared in Response Magazine in February 2006)

In the early days of direct response radio advertising, much like with DRTV, it seemed you could put nearly any ad on the air with some level of media buying acumen, and it was profitable.

As with any profitable industry, however, competition increases as others attempt to get in on the action, forcing market players to innovate in ways that give them an advantage.

A number of factors in today's DR marketplace are driving increased competition for remnant time on the best media outlets. The fragmentation of TV audiences, the targeting ability of radio, and the demand for advertising accountability are steering more advertisers toward DR radio. Others are learning the advantages of DR radio for driving web traffic and for supporting retail sales.

So the key question is: What kind of innovations in the coming decade will provide the most sustainable competitive advantage to DR radio marketers? New ideas for copy creative, fresh twists on offers, and new back-end profit centers have sustained DR radio marketers over the last decade. However, the ability of these moves to produce a dramatic or sustainable lift in profitability is becoming increasingly limited.

There is one arena that is both relatively untapped and capable of providing a meaningful advantage: Data. Over the next decade, the most successful marketers will conduct more elaborate testing of a greater number of variables and develop more sophisticated analysis of the data that is produced. We will see greater customization of media schedules and creative elements that together

drive leads that are more likely to convert, whose credit cards will clear, and who tend to stay in continuity programs longest.

More testing, more data, more sophisticated analysis. This is the future of DR radio because those who leverage the systems, processes and skill sets required to capture, analyze, interpret and apply data-driven insights will get the maximum profit per advertising dollar.

That increased profitability will allow the data savvy to pay slightly more than competitors to be on each station while remaining as, or more, profitable. As a result, they'll win the most attractive conduits (radio stations) to new customers while preventing competitors from gaining a foothold. At that point, it's "Game Over" for the data averse. That's why in DR radio, it's "data or die", and the winners will be the ones finding and applying the insights that live within the data their campaign produces.



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