

Radio's effectiveness for the Alcohol Sector

April 2023



MEDIAMARK

bringing people & media together

What's the challenge?

Heineken's take-over of Distell and its crown jewels of Savanna and Hunters, will lead to fresh beer/cider wars.

What is the insight?

Beer and cider remains the biggest alcoholic beverage segment. The deal will see Heineken have a more leveraged portfolio with which to attack the market with, covering entry level to premium range. Yet, the South African beer drinker has been growing up with SAB and do not want to relinquish this stronghold.

Further radio has innovated in a way that sees the communication discipline deliver through robust ecosystems that enable consumers to engage across multiple touch points.

What's the proposition?

A highly receptive mood medium such as radio that compliments the conviviality and enjoyment of your favourite alcoholic beverage.

With an unmatched audience universe of 20 million, Mediamark and its brands are able to offer marketers a diverse portfolio of digital and audio offerings.



Alcohol Industry Trends





International Alcohol Industry Trends to look out for (2023 - 2026)

Non-Alcoholic
Drinks Go
Mainstream

A

The total volume of no-alcohol and low-alcohol beverages hitting the global market is expected to grow 31% by 2024.

Mix-Ins And
Enhancements Shake
Up The Market

B

Flavoured bitters, coconut water, coffee, and fermented mixers as the most popular ingredients that are piquing the interest of bartenders.

Alcohol Brands
Are Diversifying

C

In an effort to capture more sales, many beverage brands are diversifying their product offerings.

Canned Cocktails Give
Consumers A Step Up
From Hard Seltzer

D

The ready-to-drink (RTD) cocktail market was already growing pre-pandemic, but it got a huge boost from COVID. Data from Nielsen shows that sales of canned cocktails grew 126% last year.

Eco-Friendly
Packaging Offers
Benefits To
Producers And
Consumers

E

Consumers are demanding more convenient, sustainable, and environmentally friendly ways to carry their alcoholic beverages, and alcohol pouches is one example of non-glass packaging options.

DTC (The Distilled Spirits
Council of the USA)
Alcohol Sales See
Significant Growth

F

In 2021, they released a survey that found 80% of consumers believe distillers should be able to ship directly to customers.





Alcohol Trends in South Africa

- **Price is top-of-mind:**

The rising cost of living is impacting many aspects of consumer life, and alcohol is no exception, with more people waiting for discounts to purchase.

- **Trust in brands is highly valued:**

The Covid-19 pandemic had many consumers buying their alcohol in bulk from trusted sources, and this behaviour has persisted.

- **Ease of access is imperative:**

Alcohol is one of the few products that emotionally appeal to South Africans, and they want to be able to access it easily.

- **Drinking occasions have changed:**

Covid-19 forced many to change their consumption behaviours, and now many people consume alcohol at home for relaxation and celebration.

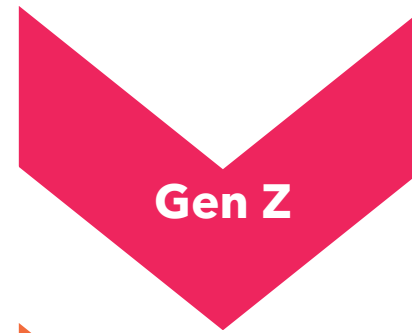
- **Brand purpose must shift:**

As younger generations come of age, their lifestyle choices affect buying behaviours, and many are looking for responsible brands that represent the individual.





Generational Differences in Alcohol Consumption



- The non alcoholic beverage trend is more prevalent amongst Gen Z, with some research suggesting that they're drinking 20% less than other generations did at their age.
- However, inclusive drinking and quality are important when considering alcoholic beverage-choosing a brand that is aligned to their values is important to them



- Three out of four millennial drinkers say they limit how much they drink most of the time they go out, and 38 percent say they moderate their alcohol every time.
- Millennials weight taste and quality as being more important than price and alcohol strength.



- Gen X accounts for a greater share of whiskey and vodka sales compared to other generations. It under-indexes on tequila and ready-to-drink cocktails, both of which are popular with younger generations.
- Gen X are more likely to have higher alcohol consumption than millennials and Gen Z. Gen X are ready to indulge in flavours that meet their evolving priorities around health, luxury and experience.



- These individuals grew up in an alcohol centric environment. In a survey conducted in 2021 in the US, individuals aged 60+ were some of the biggest wine drinkers. According to Nielsen IQ data for the 52 weeks ending Dec. 4, 2021, wine had the highest penetration among consumers aged 55 and older, with 49 percent of the population purchasing within the category. Beer saw the next-highest penetration with boomers at 47 percent, followed by spirits with 37 percent.

Source:

<https://latana.com/post/how-brands-are-adapting-to-gen-z-alcohol-trends/>

<https://nphic.org/blog/738-millennials-and-gen-zers-embrace-life-can-take-you-higher-than-alcohol>

<https://www.numerator.com/resources/blog/gen-z-drinking-trends>

<https://www.thedrums.com/opinion/2022/01/14/the-rise-alcohol-free-how-reach-millennials-and-gen-z-changing-the-drinks>

<https://www.theguardian.com/society/2021/sep/22/generation-x-heavy-drinkers-will-anything-persuade-us-to-stop>

<https://www.wgsn.com/en/blogs/future-gen-x-drinking>

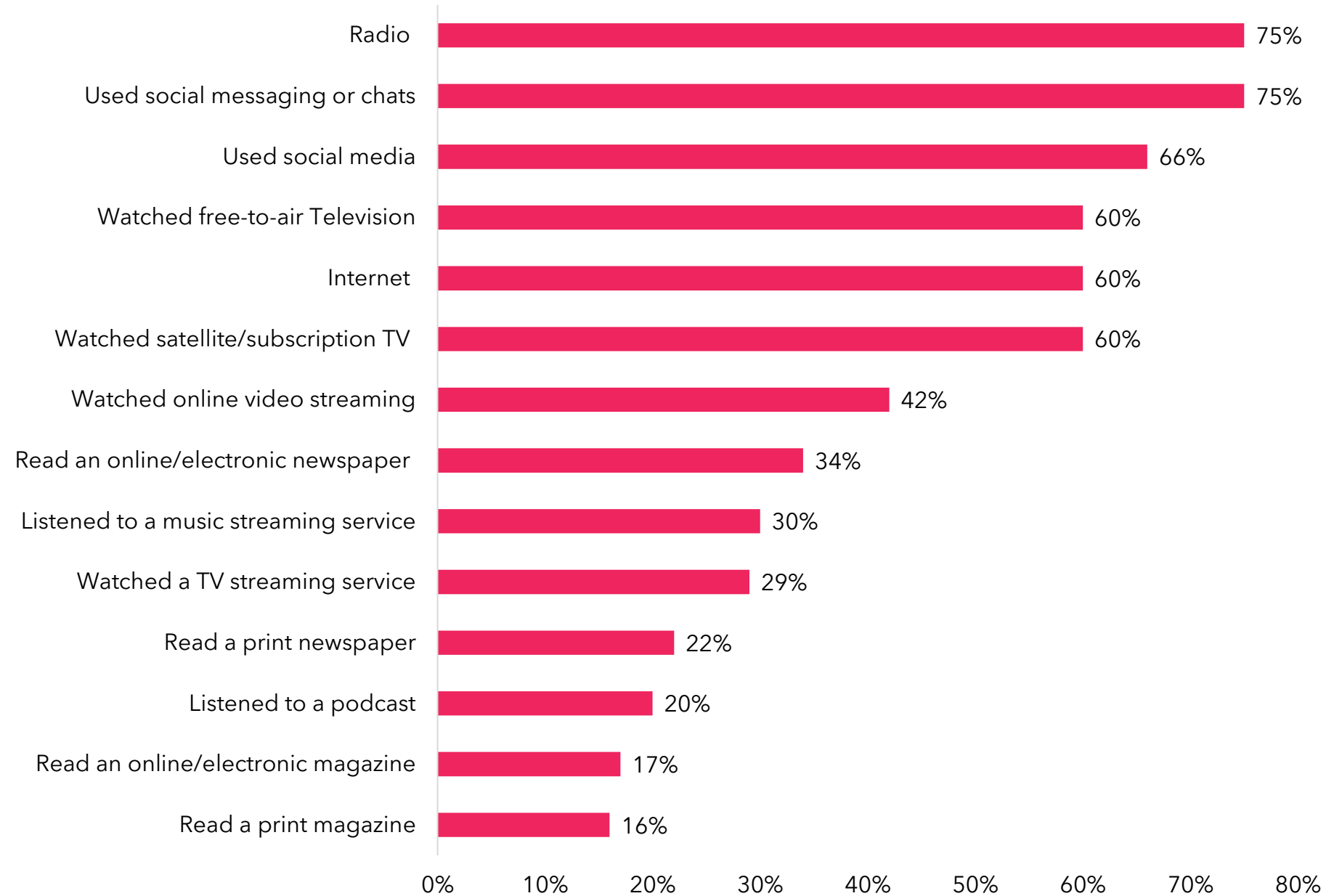


Radio's effectiveness for the Alcohol Sector





Radio has remained stable with 75% reach and has surpassed television reach for the adult 18+ population



Source : BRC RAMS AMPLIFY February 2022 - January 2023



Radio delivers ROI and sales lift for Consumer-Packaged Goods (CPG)

Food and Beverage

Beauty & Wellness

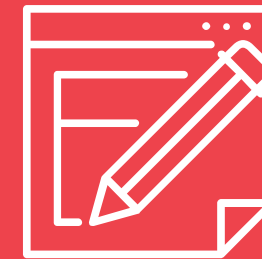
Apparel

Household Products

Radio Connects commissioned Nielsen to conduct a review of the activity of major CPG brands in Canada that used radio as part of their media mix over the last 5 years.



Nielsen looked at more than 1000 case studies from 2015 to 2020.



They evaluated ROI using their Marketing Mix Modelling (MMM) norms across TV, radio, OOH, online and trade activity to understand how radio impacted total market ROI.



Nielsen also analysed how radio worked in synergy with other media to improve sales volumes for CPG brands.

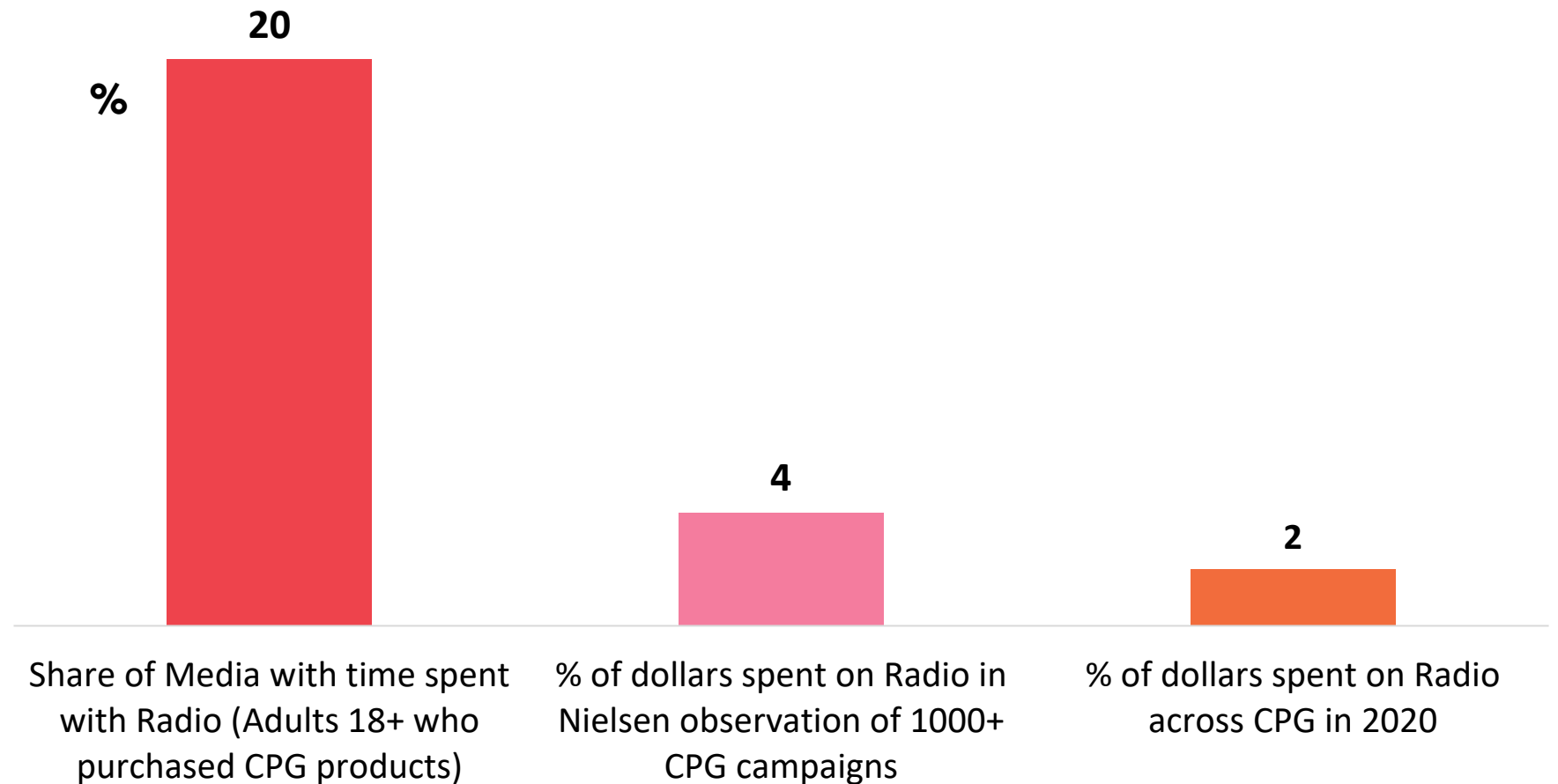




Radio delivers ROI and sales lift for Consumer-Packaged Goods (CPG)

Despite being a high-reach tactic, with fantastic short-term ROI, radio receives the lowest media investment share from CPG brands in Canada. Dollars invested in radio are disproportionate to the amount of media time consumers spend with the medium.

Dollars invested in Radio is disproportionate to amount of Media time consumers spend with Radio





Radio delivers ROI and sales lift for Consumer-Packaged Goods (CPG)

Main Findings

In the Canadian study, Nielsen found that, despite having the lowest share of investment from the observed media types, radio actually delivered the highest ROI for the CPG category. Radio ROI outperformed total media ROI by 128% and adding radio to CPG brand activity improved the total ROI by 2%. Radio also brought an uplift in sales volumes and improved sales outcomes overall.

1.3X

Radio ROI outperformed Total Media ROI by 128%



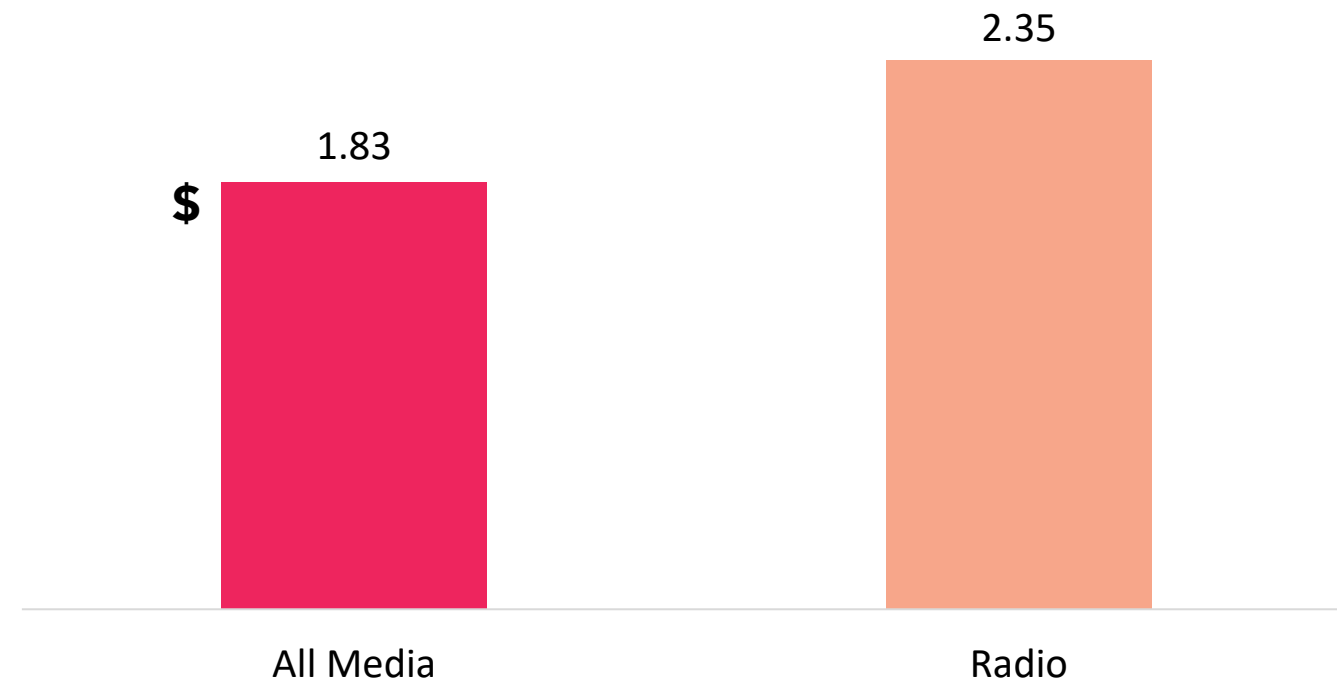


Radio delivers ROI and sales lift for Consumer-Packaged Goods (CPG)

Radio delivers high ROI and amplifies other media

When Nielsen compared radio ROI to other media channels, it performed 1.3x times better. Radio delivered 2.35 dollars (CAD) for every dollar spent versus 1.83 dollars when all media was combined.

Radio outperforms Total Marketing by 128% (1.3X higher)



When Nielsen looked at the brands that did not use radio as part of the media mix, the total ROI was in fact lower. Including radio in the media mix improved the ROI for all media activity by 2%. An increased spend in radio advertising further improves the overall media ROI.



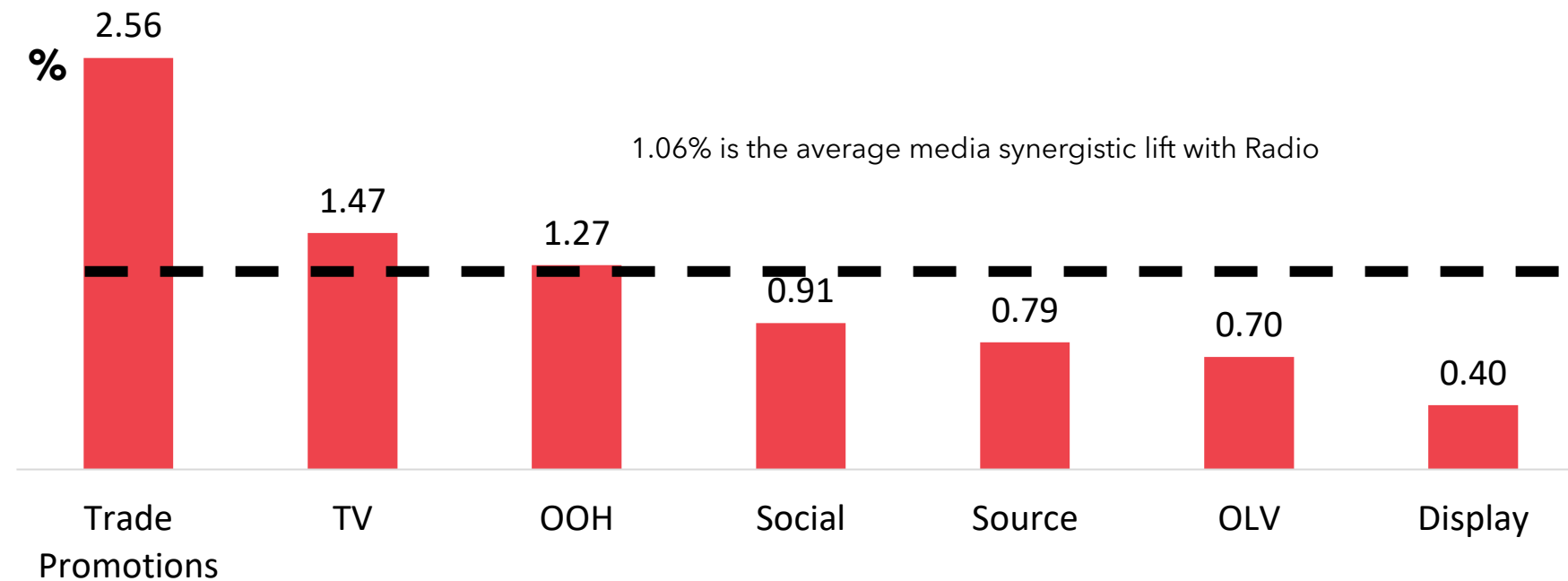
Source : https://www.egta.com/egta_bites/egta_bites_374_25022022/index.html

Radio delivers ROI and sales lift for Consumer-Packaged Goods (CPG)

Radio's halo effect

Nielsen also investigated radio's synergy with other media to drive sales volume. All media tactics saw an increase of sales volume when radio was added. Specifically OOH and TV saw the largest increase of volume due to the addition of radio in the media mix.

Radio generates additional sales volumes when added to the Mediamix



The largest driver of synergy volume was the combination of radio and trade promotions resulting in the highest volume lift 2.56 times better than all media. Radio in tandem with television delivered incremental sales lift of 1.47%.

Overall, the study proved that adding radio to CPG brand activity improves total media ROI, increases trade activity synergies and returns in overall improved sales outcomes.

Source : https://www.egta.com/egta_bites/egta_bites_374_25022022/index.html





Why Radio and Digital audio should be part of the Mediamix

The different characteristics of live radio and on-demand audio mean that they are suited to different need-states and play complementary roles in the listener's life. By serving different listener needs to on-demand services and creating new commercial opportunities .

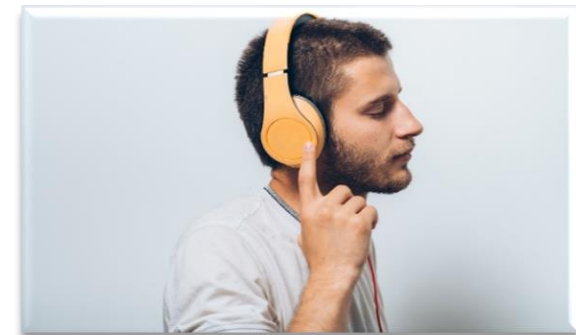
The use of digital audio and radio offers both the listener and the advertiser integrated solutions through multiple touch points



On Air



Online



On Target



Radio drives traffic, search and e-commerce

Radio drives
+29%
lift in
Google search activity¹

+92%
**Additional direct
online effect**²
Research showed that
radio drives up to 92%
additional direct effect
online

+43%
**average brand
web traffic lift thanks to
radio**³

Radio advertising boosts
brand browsing by
52%⁴

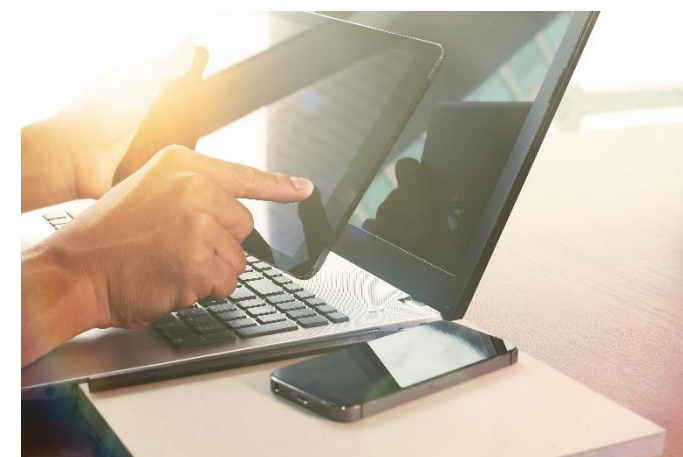
5x
more visits/GRP
generated on average by
radio campaigns with
clear call-to-action to
web/app³



Radio generates
+21%
lift in
**web activity
for D2C brands**⁵

+27.8%
**share of website visits
delivered** with only 10,2%
share of advertising on
radio⁶

Radio is
4x
**more cost effective at
stimulating brand
browsing** than other
media⁴

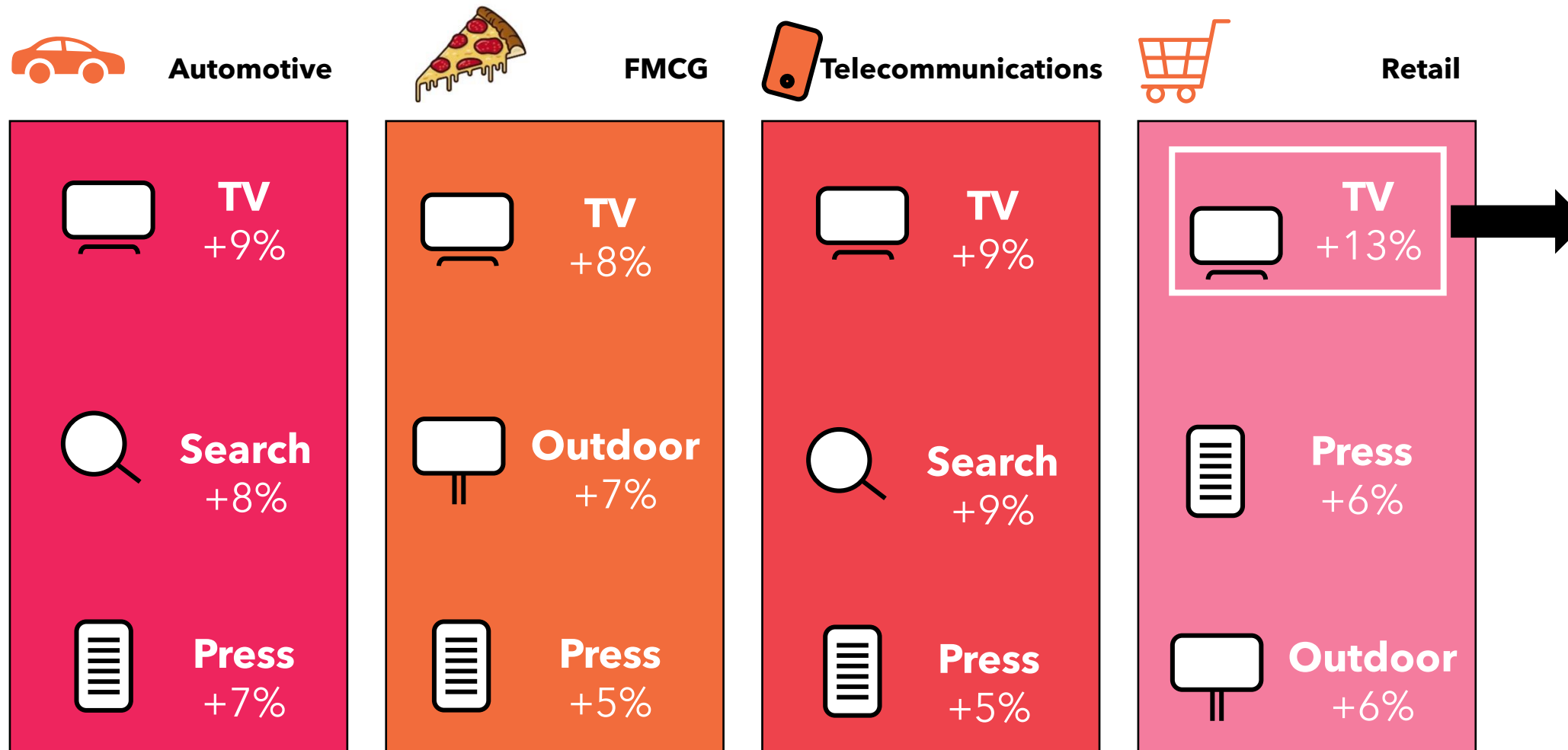


Source : : 1 - Radio Drives Search, RAB, Radio Monitors // 2 - Measuring radio's ability to drive web conversions - Talpa (NL) // 3 - Radio to Web, Nielsen, TVTY, 2022
// 4 - Radio: The Online Multiplier, Radiocentre UK // 5 - Radio: LeadsRx study of 62 D2C advertisers // 6 Drive2Web from radio campaigns: bynd on behalf of ARD //



A campaign that includes radio has more impact and is more effective

Top 3 channels for synergies with radio



On average, in the retail sector, adding radio to TV means a 13% gain in the efficiency of the two channels used together vs. their efficiency when played asynchronously

Radio and Digital audio offer both consumers and Marketers extended periods of exposure



Source : : Ekimetrics 2021. Scope: France, 4 sectors under study Benchmark. The study includes +50 models and ~200 campaigns

The Alcohol industry has an opportunity to take advantage of Radio's mobility and ubiquity

- **Radio is a hands-free, eyes-free medium that accompanies listeners in unique moments throughout the day**
- With additional touchpoints brought by digital audio radio becomes even more ubiquitous
- Digital audio further adds the visual aspects at more affordable level

74%

of listeners consume audio during their daily rituals,

when ears and minds are open, attentive and most perceptive to brand messaging

75% of all audio listening comes from live radio



A hand holding a pen is positioned over a car's audio control panel. A large, semi-transparent circle is overlaid on the panel, split vertically into a red left half and an orange right half. The text 'Mediamark' and 'Audio Proposition' is centered within this circle in white. The background shows various buttons on the car's stereo, including '5 RPT' and '6 RDM'.

Mediamark
Audio Proposition



Alcohol Industry

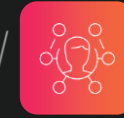
Benefits of Audio

Audio offers consumers multiple touchpoints to reach them when they're in the always on alcohol purchase cycle.



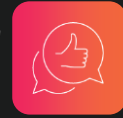
Creativity & Flexibility

Audio offers the most creative and flexible platform to execute campaigns



Reach

Reach millions of people every day and target the right people at the right time



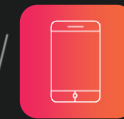
Digital's Bestie

Audio is the perfect platform to drive digital interaction with your brand



Believability

Audio is the most trusted platform for information



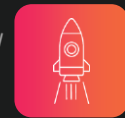
Mobility

Audio is the most mobile platform that can be taken anywhere



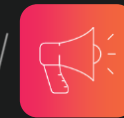
Innovation

Audio is at the forefront of driving innovation for advertisers



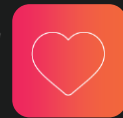
Branding Genius

Audio is the perfect platform to launch new brands and grow existing brands



Call-to-action

Audio activates people and is a strong ROI platform



Togetherness

Through information and entertainment, people develop a sense of belonging, making it the perfect platform for engagement



Alcohol Industry

The Mediamark audio proposition



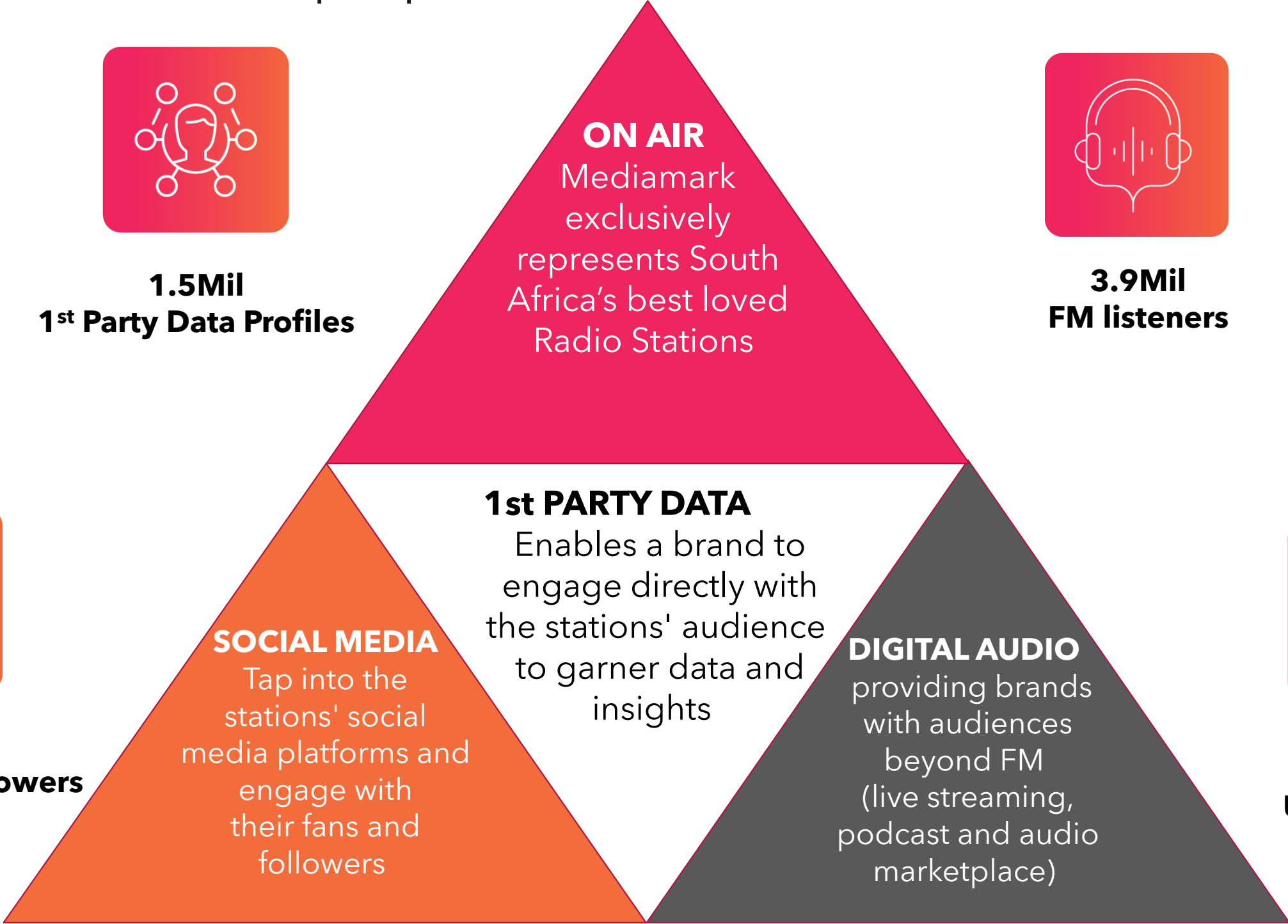
1.5Mil
1st Party Data Profiles



3.9Mil
FM listeners



3.7 Mil
Social Media followers

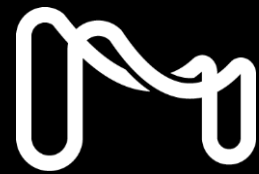


2.2 Mil
Unique Users

Source: Narrative - Aug 2022 & Internal sources, BRC RAMS Feb 2022 - Jan 2023, SharpStream - Mar 2023, iono.fm - Mar 2023, FB/TW/TT/IG/YT - 5 April 2023, *Duplicated audience



Case Study



Flensburger Pilsener Case Study

Background

The Flensburg brewery can look back on more than 125 years of tradition and has asserted itself as a family business in the highly competitive German beer market. Located in the north of Schleswig-Holstein, the North German identity is a central part of the brand. Another trademark of Flensburger is the swing top, which causes the characteristic "pop" when the bottle is opened.

Radio Campaign

The examined radio campaign ran regionally in northern Germany in the first half of 2015. According to Nielsen, the gross advertising expenditure was almost 800,000 euros. From February 2nd to June 27th, various flights were run, in which three spot motifs were used.

The result of the sales effect analysis is all the more gratifying that this advertising also works from the point of view of an immediate return on investment.





Flensburger Pilsener Case Study

Key Performance Indicators (KPIs)

The results of the analysis impressively demonstrate the sales effect of the radio campaign:

1

In terms of the percentage increase in sales, the campaign achieved the highest value of all beer campaigns tested to date, at 19.2%.

2

The additional turnover generated by radio was primarily due to the acquisition of buyers (plus 14.1% buyer households) and secondarily to intensification (higher expenditure per buyer household).

3

The campaign had an effect both in the segment of previous non-buyers and in the segment of those who had already bought Flensburger in the previous six months.

4

All in all, the campaign achieved an ROI of 95 cents per gross advertising euro spent during the analysis period. It should be noted that the effect of newly acquired buyers can go beyond this short-term ROI, for example if trial purchases later lead to further purchases.



Flensburger Pilsener Case Study



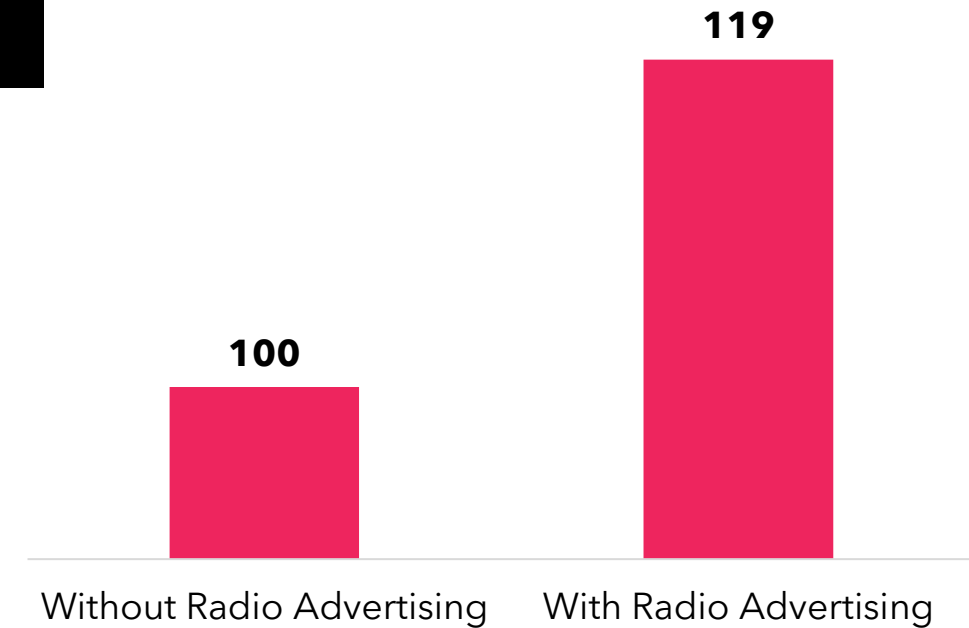
Radio advertising led to a significant increase in sales

**+19.2%
Sales volume uplift**

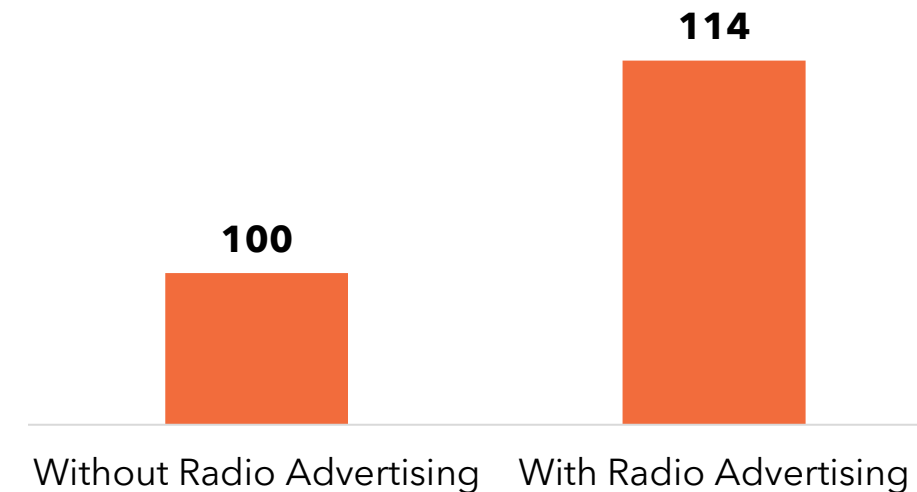
The radio advertisement activated the purchase of Flensburger

**+14.1%
Increase in buyer households**

Sales Volume Index



Number of buyer households Index



THANK YOU



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