



Believe it or Not, Radio is Still an Effective Direct Response Mechanism



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By Les Stern, L. Stern & Associates

"The reports of my death have been greatly exaggerated."

Those words, uttered by Mark Twain, could just have well have been stated the last few years by the entity now known as "terrestrial" radio — the old FM and AM stations we used to know and love, but apparently no longer listen to.

iPods, the Internet, satellite radio, cell phones... they all battle for entertainment and information-gathering time we used to spend listening to the radio. And indeed, according to Arbitron, Inc., the amount of time people spend listening to the radio has gone down.

Still, as a client and I recently learned, radio can be a great direct marketing medium, generating

significant revenues and an impressive (and quantifiable) return on investment.

The Situation

Our client was a dentist who wanted to extend his practice into "sleep dentistry." Sleep dentistry is a service in which dentists fit oral appliances (think, retainer) that patients who snore or have sleep apnea (or both) wear during the night. It stops snoring and, for people with sleep apnea, is much quieter and less cumbersome than the traditional Continuous Positive Airway Pressure (CPAP) treatment.

We began by doing the usual branding and identity things. We created a new name to differentiate

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Results from a Typical One-Week (25 spot) Radio Investment

Revenues:	\$15,000
Variable Cost:	\$ 2,500
Marketing Cost:	\$ 5,000
Total Cost:	\$ 7,500
Profit:	\$ 7,500

Return on Marketing Investment: 150%
(\$7,500 profit/\$5,000 marketing cost)

Note: Fixed costs are not included since program requires virtually no additional overhead. Additionally, revenues do not include general dentistry revenues generated for those sleep dentistry patients that then became general patients (about 10%).

this service from his general dentistry practice. We developed letterhead, business cards, brochures, and letters to existing patients. Then it was time to start generating leads.

We actually began with newspaper, using as our target men aged 45-64. We tested two creatives: one focused on the benefits as a way to stop snoring; the other focused on the benefits of using the appliance in lieu of a CPAP machine. Much to our surprise, the CPAP message won — by a lot. The newspaper ads were actually produc-

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ing decent results. Then the radio ad salespeople saw the ads...and began calling.

Testing Radio

A couple of stations sent proposals, and the numbers looked intriguing. The investment of a few thousand dollars for a one-week test seemed reasonable. So we thought, why not?

We wanted to test different radio stations. But we did not want to spend a lot of money until we knew it worked, so we decided to start with one. The decision on which station to use was made purely on the data. How many impressions will we generate for people in our target market? How much will it cost to obtain those impressions? Simple math. We did the math, and decided to start with an all-news station.

Next came creative development. We know we had to get our market's attention fast. So we tried to grab them with the first three words: "Sleep apnea sufferers." Listeners in our target market immediately knew we were talking to them.

The next six words found their pain. "Are you tired of your CPAP?" From there, we talked about the benefits of using an oral appliance, and provided the requisite phone number three times. The fact that we had a pneumatic toll-free number probably did not hurt either.

Results

The rest, as they say, is history. The results:

- The marketing campaign has generated several hundred thousands dollars of revenue
- About 22% of phone calls resulted in appointments, and 85% of those appointments resulted in appliances being made
- The return on investment, after taking into consideration not only the marketing costs but the cost of the oral appliance, is approximately 150% for radio (see box). While newspaper generated an outstanding ROI of 123%, radio was even better. The reason the client does not do both is because of time and resource constraints

- Additionally, not shown in the above figures, many of the sleep dentistry patients also became general dentistry patients, further increasing the return on investment.

The client now advertises one week a month on the news radio station. We have also tested other stations and have had some successes and some learning experiences.

Lessons Learned

So what did we learn? Simply, it reinforced a lot of the tenets of good direct response that we already know.

1. The offer is key. So it certainly helps to have a product for which there is a compelling need and unique niche. The benefits of our core product were so strong that we did not have to provide any "free consultations" or discounted pricing.
2. Know your audience. We knew "men 45-64" was the dominant demographic of sleep apnea sufferers. We also targeted them because commercial medical insurance often would pay for the treatment, whereas Medicare would not.
3. When analyzing different media sources, focus only on how much it will cost to reach your target market. If the numbers you are shown by the radio station are not for your target market, ignore them. "We reach more men than any other station" does no good if the men are under 45.
4. Test your assumptions. Remember, we thought our "snoring" ad would pull better than our "no CPAP" ad. We were wrong.
5. Make the creative compelling. In radio, you need to get your target market's attention immediately, and find their pain. And of course, have a clear call to action and repeat the telephone number numerous times.
6. Radio is not dead. And as far as we are concerned, may it continue to live. ■

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