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Listening to what people who don't listen to Radio listen to

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Abstract:

This paper discusses the rationale and the ways in which Canada's largest private radiobroadcaster, Astral Radio, is transforming its business model and strategies in order to adapt to the imperatives of the digital environment and the new set of codes, practices, listening behaviors as well as advertisers' constant search for engaged consumers that it infallibly entails. A recent initiative, code-named FUSION, serves to illustrate the ways in which Astral Radio is establishing its presence and relevance on the most prevalent digital platforms of the day. An analysis of some 6 000 clients spread over the various French-language markets of the province of Quebec provided the following observations: a) Over the initial six-month period of the FUSION roll-out, digital sales had increased by 81% YOY and were on target with the objectives set out in the initial plan; b) After the first six months of 2011 digital sales, 65% were associated with new digital clients, i.e. advertisers who had never bought any form of digital advertising from Astral before; c) Half of the 2011 digital dollars (51%) were coming from cross-selling radio and digital to the current radio clientele base. In today's mediascape, radio like all of its media competitors, must focus on leveraging technological partnerships to engage, grow and retain a higher percentage of their target customers.

Keywords: Canadian private radio, on-line advertising, digital strategy, engagement

This paper discusses the rationale and the ways in which Canada's largest private radiobroadcaster, Astral Radio, is transforming its business model and strategies in order to adapt to the imperatives of the digital environment and the new set of codes, practices, listening behaviors as well as advertisers' constant search for engaged consumers that it infallibly entails. A recent initiative, code-named FUSION, serves to illustrate the ways in which Astral Radio is establishing its presence and relevance on the most prevalent digital platforms of the day.

As such, a five-year \$6 million in capital expenditure agreement signed in the Winter of 2010 with Emmis Interactive, a fully-owned subsidiary of Chicago-based Emmis Broadcasting, is designed to significantly reposition Astral Radio's image on the web through a combination of a new look, dynamic content and functionalities, a more integrated interplay with the on-air hosts and programming elements as well as innovative rich-media advertising concepts. In this sense, this undertaking constitutes not only a major investment in the broadcaster's everyday operations but more importantly in organizational culture and human resources as well, where 55 new

¹ The author wishes to acknowledge the valuable assistance provided by Teilhard Gentillon during the research phase of this paper.

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positions have been created across Astral's radio properties bringing the total tally of the venture to \$25 million over the five-year covenant.

The Canadian Radioscape

Canada's 1,221 licensed radio and audio services make it one of the better community-based broadcasting systems among the G20 countries. From a language standpoint, 75% of the radio and audio services are broadcast in English (n=910), 22% in French (n=265) and 3% in another language (n=46) (CRTC 2010). With the exception of the United States with its 14,000+ licensed stations, Canada has more radio stations than France (886), Australia (688), the U.K. (510), Japan (368), Germany (278) and Italy (202) (ACMA, 2009; CRTC, 2009). Of these Canadian services, 98% are over-the-air and 60% are provided by private commercial broadcasters, while the national broadcaster (CBC/Société Radio-Canada) accounts for 9%. The remaining 31% consist of religious, community, campus, Aboriginal and other radio and audio services.

One of the defining characteristics of the Canadian radio market is the fact that more than two-thirds of private stations operate in "small markets", i.e. with a population base of less than 250,000 people. The remaining third are located in metropolitan areas of 500,000 people and higher. From an economic standpoint, the 644 private commercial radio undertakings that were operating in 2009 generated some \$ 1.5 billion (€ 1.07 billion), a 5% pullback over the previous year.

One cannot speak of the Canadian radio market as a single commercial entity as the linguistic idiosyncrasies of the English and French-speaking markets³ not only bring about significant business differences but, as we will see shortly, regulatory ones as well. For its part, the English-language market is dominated by five operators which together account for 68% of total national revenues. They are: Astral Radio with 21% of English-language market revenues; Corus Entertainment Inc. at 16%; Rogers Broadcasting Ltd with 14%; Bell Media at 11% and Newcap at 6%.

The French-language private radio market is concentrated around three operators which together account for 81% of total national revenues. Astral Radio is the dominant player with almost half the revenues (45%), followed by Corus Entertainment Inc. at 21% and Cogeco Inc at 15% (CRTC, 2010).

Not surprisingly, average weekly hours dedicated to radio listening in Canada in 2009 were down across all age groups by a collective 3,2%, to 17.7 hours. More troublesome are the comparative numbers for 2008 and 2009 for the following three demographic groups: Teens 12-17 show a year-over-year decrease of 6,2% at 6.8 hours a week; Adults 18-24 down 8% at 12 hours a week and Adults 25-35 at -4.1% with 16.6 hours a week going to traditional radio listening (CRTC, 2010). Such numbers only serve to reinforce what everyone in the industry has feared for many years: the slow but gradual erosion of the younger public to the benefit of digital distribution platforms.

Astral

Astral is a leading Canadian media company, reaching people through a combination of highly targeted media properties in television, radio, out-of-home advertising, and digital media. Astral employs some 2,800 people at its facilities in Montréal, Toronto, and a number of cities throughout Canada.

Astral is Canada's largest radio broadcaster with 83 licensed radio stations in 50 markets. With 23 television services, the Company is also the country's largest broadcaster of English- and French-language pay and specialty television services. Astral Out-of-Home is one of Canada's most innovative out-of-home advertising companies with more than 9,500 faces located in the largest markets in Québec, Ontario and British Columbia. Astral also operates over 100 websites with a high level of interactivity and a variety of different products and services online.

³ Based on the 2006 federal census, Canadians who declared French as their mother tongue represent 22.1% of the total population. Source: <http://www12.statcan.ca/census-recensement/2006/as-sa/97-555/p6-eng.cfm>

Astral has built a portfolio of diversified media properties in order to alleviate business risks and maximize Return On Investment (ROI) based on the following three principles:

1. Concentrate, and be a dominant player, in high potential growth media properties such as pay and specialty television, out-of-home, radio and to a lesser degree digital, since the path to profitability in the latter is yet to be clearly established;
2. Optimize a blend of revenue streams to benefit from an upswing in the economy while limiting downturn when Canadians are going through difficult economic times such as now, since people are expected to increase TV subscriptions instead of spending their discretionary dollars outside of their home.
3. Since economic realities from western, central and eastern regions of Canada differ significantly, reduce advertising risks by geographically diversifying media properties that generate the bulk of advertising revenue.

To this day, this strategic orientation has been most beneficial for Astral as it almost constantly earns it an "outperform" rating from the Canadian investment community. However, like most media and entertainment businesses in Canada, Astral Radio is currently experimenting with finding the optimal play in digital. Advertisers are increasingly requesting channels that can simultaneously deliver the maximum number of consumers within the targeted socio-demographics while solidly engaging them with the experience provided by the content that they elect to listen to. In addition, the widespread availability of pure play digital icons such as Pandora, Last FM, Spotify and the like are -or will soon be- offering music on an on-demand basis⁴, providing young listeners with access to music that suits their tastes and preferences as well as those of their peer group. These types of factors and environmental conditions combined to convince Astral Radio's senior management of the urgency to develop a cohesive digital strategy that would have a twofold objective: a) repatriate the so-called "Lost Generation" within the newfangled Astral digital initiatives and, b) send the signal to advertisers that Astral is doing what it takes to bring them as close as possible to where their target customers are. It is thus in this context that Astral Radio designed a business model that strives to synergize radio properties with digital activities.

Astral Radio

By acquiring Standard Broadcasting Corporation in 2007, then the country's largest English-language radio broadcaster, Astral Radio became Canada's *de facto* leader in both official languages with its stable of 62 English-language and 21 French-language stations scattered over eight provinces. The map⁵ below shows the geographical locations of the 83 radio properties and their concentration in the provinces of British Columbia, Ontario and Quebec.

⁴ Although, as of September 2011, Pandora and Spotify are not yet legally available in Canada, many similar services such as Grooveshark, Rdio and Slacker are offering personalized, on-demand musical content.

⁵ URL: <http://www.astral.com/en/advertising/radio/our-radio-stations>

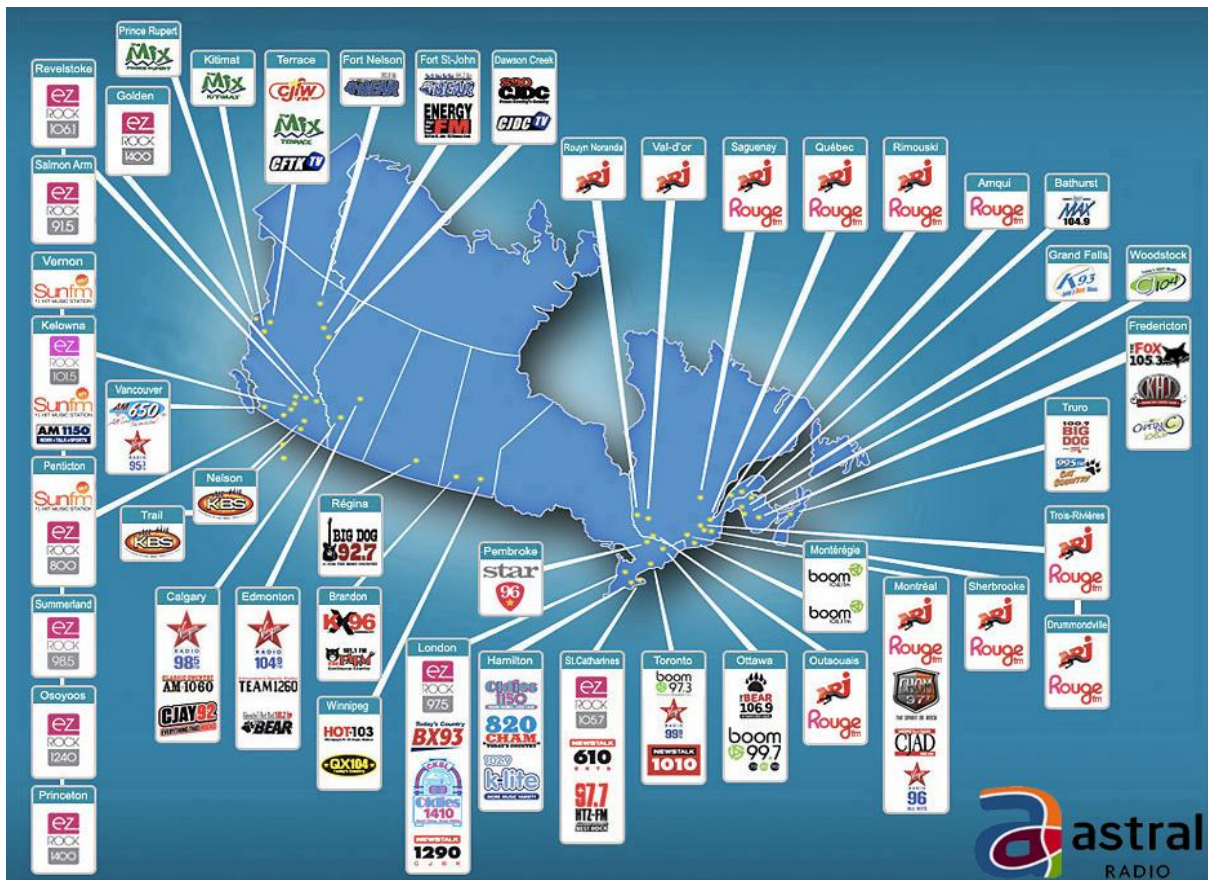


Figure 1: Astral's radio stations

As expected from a traditional private radio broadcaster, Astral Radio revenues are heavily dependent upon spot advertising which provides some 97% of income, the other 3% coming from digital sales (approximately 2%) and various merchandising activities (1%). As such, geographical diversification and a portfolio of well-known brands offer a safeguard against any national and/or regional adverse economic conditions. With its staple of some of the country's best-known brands such as Virgin, NRJ, Rouge FM, EZ Rock and The Bear, Astral's 83 radio stations reach some 17 million Canadian listeners every week in 50 markets with a 15% share of tuning to English-language radio and a 28% share to French-language radio stations. These numbers make Astral the leader among private commercial radio operators in Canada.

Astral Radio's perennial challenge has been to nimbly adapt to a media environment in constant flux and be able to transmute both years of loyal engagement on the part of its listeners and an enviable relationship with local and national businesses into innovative and engaging advertising concepts that could deliver small groups of very interested consumers to advertisers. This seemingly natural objective strikes at the very heart of the transition that most traditional radio broadcasters are currently undergoing. After years of successfully offering popular and generalist content to broad audiences on a market basis, radio operators must now fight a war of relevance with a host of new, and for the most part unregulated, digital entrants that not only cater to personalized content choices but also make them available on a variety of distribution platforms.

The Canadian Media & Entertainment (M&E) Context

One of the best known facts about Canada and certainly one of its biggest tourist draws, is its geographical expanse. Its 33 million inhabitants are scattered over a territory of 10 million km² bridging the Atlantic, Pacific and Arctic oceans, with 75% of the population living within 150 km of the United States border. Not surprisingly, with 3.5 inhabitants per square kilometer, Canada has one of the lowest population densities in the world.

From a media and entertainment standpoint, Canada is the 8th largest market in the world, with a total spent of 38.2 billion dollars in 2010 as estimated by PricewaterhouseCoopers in its latest Global entertainment and media outlook: 2011-2015 (see figure 1).

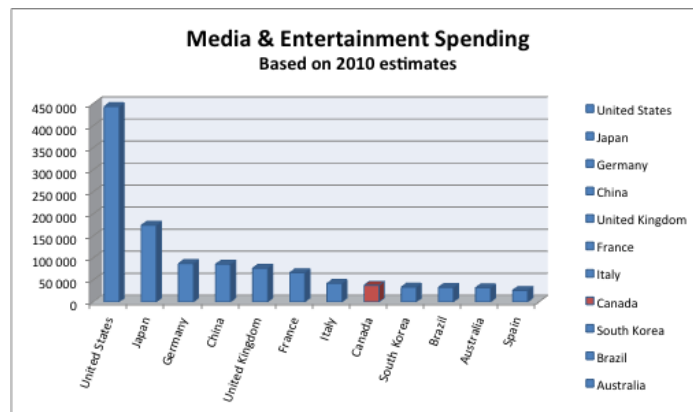


Figure 2: Media & Entertainment Spending
Source: PricewaterhouseCoopers (2011)

As an industry, the Canadian M&E is a healthy one, having grown at a compound annual growth rate (CAGR) of 2,9% over the last 5 years despite the severe economic downturn of 2008 and the subsequent spillover effects that, in many cases, are still being felt. When combining consumer, advertising, digital and non-digital spending, the compound annual growth rate for the period 2011-2015 is estimated to double at 5,8% (see figure 2), a level that would appear to justify the investments made both in the emerging platforms and in their associated products and services.

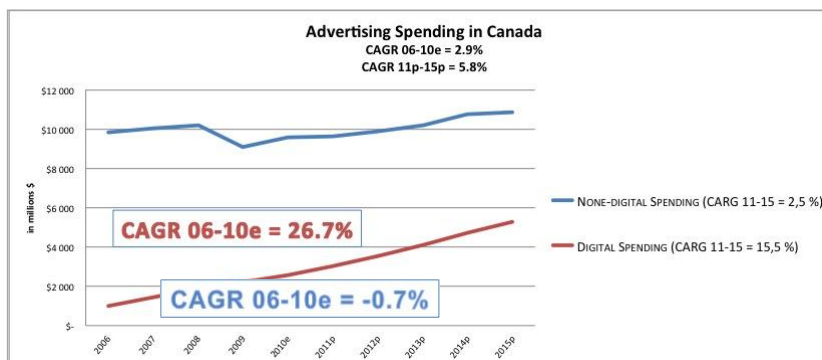


Figure 3: Media & Entertainment Spending in Canada
Source: PricewaterhouseCoopers (2011).

Figure composed with "data explorer" tool at www.pwcmediaoutlook.com

For both traditional and digital media, one of the key vectors of growth is linked to advertising activities. Predictably, the global recession of 2009 significantly impacted the revenues that traditional media generated from advertising dragging the 2009 numbers to pre-2006 level with a return to the 2008 echelon not expected before 2014 (PwC, 2011). For the 2006-2010 period, PwC estimates that the compounded results for non-digital advertising spending in Canada came in at -0.7%. Conversely, digital media continued their growth during the same period with an estimated CAGR of 26.7%. As PwC comments in its 2011-2015 outlook, digital media's forte resides in the advertiser's ability to appear where the right people are, especially when they can provide interaction with the target audience in a personalized way.

"Advertising agencies are responding ... by providing their clients with new ideas for connecting with consumers via digital platforms, thus enhancing ad effectiveness and RoI (return on investment). Agencies are also investing in the success of digital advertising by sharing the risks and rewards with brand owners, and experimenting jointly with new ideas. At the same time, advertisers are increasingly demanding transparent, verifiable evidence that they are hitting the right segments with the right messaging via the right platform, a requirement that is seeing audience measurement move away from volume toward engagement. (PwC, 2011b:2)

The strength of the gradual transition from traditional media advertising toward digital media is unquestionably gaining traction: while spending on digital media represented 9% of total budgets in 2006, it has climbed to 21% in 2010. PwC forecasts that advertising on digital venues should represent a third (33%) of all Canadian advertising spending by 2015. For any traditional broadcaster, the 2.5% compound annual growth rate for the period 2011-2015 envisaged by PwC pales when compared to the 15.5% pace at which digital advertising is expected to progress (see figure 2). In this sense, the writing has already been on the wall from some time now and Astral Radio's digital strategy is but an adaptive reflex to an otherwise rapidly evolving media eco-system in which it still occupies a leading position.

Redesigning Astral's Digital Persona

Although by some standards Astral Radio's decision to establish a marked presence in the digital sphere could have come sooner, its earlier efforts, albeit timid, were far from delivering the sort of unambiguous signals that one would expect. While the Canadian radio industry's yardstick set a range of between 3 to 5% for the portion of advertising revenues attributable to digital properties, Astral Radio's performance was a paltry 1.5%, a number that understandably did very little to convince the administration of the merits of a massive investment in digital ventures. The counter argument of course was that it was precisely because of a lack of a clear, aggressive and efficiently executed strategy that Astral Radio was missing out on the irreversible digital transition. The decision was thus made to extend what was an indisputable dominant radio footprint into the high growth digital media space.

By acquiring Standard Broadcasting Corporation's radio assets Astral Radio was inheriting its collection of antiquated Content Management Systems (CMS) that only added complexity to what Astral was already using. Dealing with a variety of CMS's within the same company is a costly, time-consuming, resources-heavy infrastructure that considerably hinders one's ability to innovate and be nimble.

Soon after the hiring of a Chief Digital Strategies Officer in the summer of 2009, Astral elected to streamline its web activities and migrate its three main CMS's and related sub-systems into a common web CMS. That decision was motivated both by the urgency to bolster many of the group's then stale-looking web properties and by the need to revitalize the entire collection of websites so that they could be a contributing factor in the digital sales strategy that was being developed. The objective was clear: build a dynamic business model capable of expanding, responding and adapting to the changing online landscape while increasing revenue through multiple sources. By proceeding with a massive overhaul of its web operations, Astral Radio was counting

on making significant gains in the way its business partners would now perceive its capacity to blend on air and online strategies.

The decision to proceed with a company-wide integrated web CMS was a no brainer. Everyone in management saw the tangible benefits that would ensue and acknowledged that fast tracking the project was the only way to close the gap with the competition and send a clear signal to the industry that Astral was making the required commitment to extend its leadership in traditional radio over to the digital platforms arena.

In February 2010, Emmis Interactive, a spin-off of Emmis Broadcasting from Chicago, Illinois, was selected as the sole vendor of the web CMS, a service marketed by Emmis as an Engagement Management System. Emmis committed to fully integrate Astral's various CMS models into its BaseStation system and guaranteed its fluid functionality. Most importantly, Emmis promised the launch of a redesigned version of the radio group's 83 websites by the end of the summer, no small feat considering the number of radio brands involved and the French and English language issues.

The external provider chosen had indeed a very good story to tell. For starters, the platform it had developed for Chicago Q101 was being used in some 20 American markets where the proportion of web-driven advertising revenues to total station sales averaged 9% - even climbing as high as 16% in one case-, a hearty number that would get any radio operator's attention. What made those numbers all the more enticing was the way by which they were obtained: they were the direct by-product of a carefully planned business model and developmental strategy that made the BaseStation proposition a compelling one.

For Astral Radio, partnering with Emmis Interactive was much more than simply buying a technological platform that would make its 83 websites look, feel and function better. Astral Radio was getting a fully integrated solution. A suite of services that promised to invigorate its web properties and optimize their full revenue potential. Astral put together a multifunctional team made up of representatives from sales, content, technology, HR and finance whose mandate was to evaluate Emmis' model and develop a tailor-made business model. The project was code-named FUSION, an acronym that stands for Force, User, Synergy, Interactive and ON, as in "all engines running".

The FUSION model is predicated upon a three-pronged strategy: 1) provide local markets with qualified web and sales staff; 2) equip them with the right toolset, and 3) allow for sufficient on-site training to take place. On the face of it, this is a most simple approach. Nonetheless, it calls for a massive financial commitment because of the number of new hires required, the redesign of the website templates and functionalities as well as the associated mentoring costs.

Since the launch of FUSION, it is now incumbent upon each local market to generate, update and publish daily targeted local content and advertisement on Astral Radio's interactive platforms. To that end, two new positions were created and a third one redefined:

- The Digital Content Producer's (DCP) primary role is to make sure that all websites under his care spawn locally pertinent and frequently updated material (see figure 4). He works closely with the Digital Account Manager to produce and implement custom advertising solutions capable of delivering strong return on investment for the buyer. The Digital Content Producer collaborates with Programming and Promotions to build and maintain a meaningful and viral database of the stations' members.
- The Digital Account Manager (DAM) is the new in-house expert at delivering compelling pre-sell presentations and is accountable for making sure that the right message gets delivered to the right prospective client. As such, the DAM works closely with the local Digital Content Producer in overseeing successful execution and launch of campaigns as well as post-campaign reporting. In addition, the DAM is responsible for the on-going digital coaching and training of sales representatives.
- The Brand Manager (BM) of a local market is the new title given to what was formerly known as the Program Director in radio parlance and is accountable for Astral's assets across all platforms. As the steward of his

brand(s), he has final say over on-line content as well as over any programming, promotional or sales partners associated with the various brands present in a given market. The BM is responsible for content, layout, and promotion, both on-air and online, and must ensure the best online experience for his market stations' fans. Ultimately, it is the BM who is answerable for achieving targets for page views and unique visitors while sharing digital revenues responsibilities with the Sales Manager.

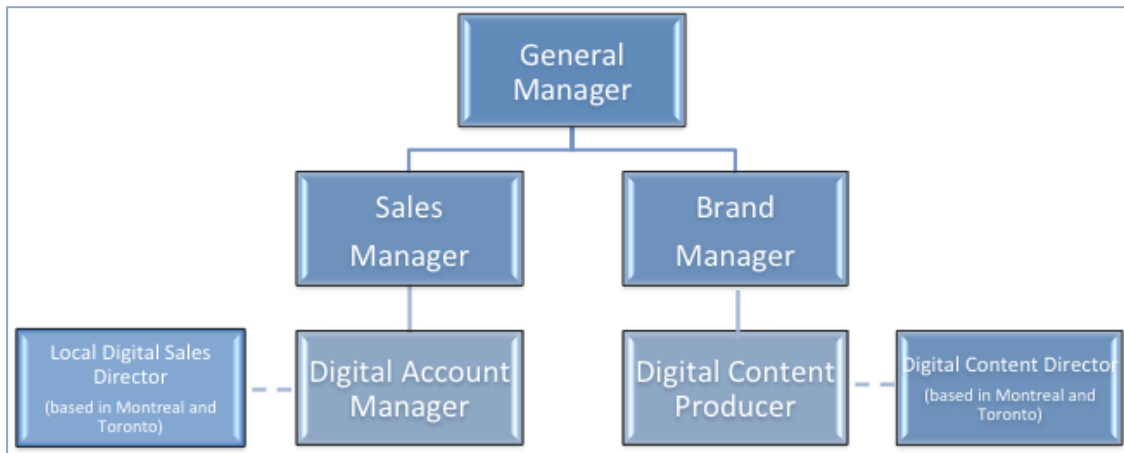


Figure 4: Local Responsibilities

Despite the kinds of repercussions that any operation of this magnitude unavoidably provokes on the organizational structure and daily operations of the company, FUSION was launched because it first and foremost made financial sense for Astral Radio. It is estimated that should the new strategy succeed in raising the proportion of web-based revenues to 5%, the investment will be recouped within three years and become accretive on EBITDA⁶ as soon as the second year after implementation.

After the usual back and forth on the specifics of the contract between the two parties, the agreement was finally sealed in the spring of 2010. Astral Radio was now committed more than ever before to building a two-way thoroughfare between its on-air and online properties and providing to advertisers the desired targeted consumers along with a much improved level of engagement with the brands that they consume and identify with.

Operationalizing the Solution

Senior management was adamant. Now that the agreement was signed, all 83 sites had to be promptly revamped, web and sales-dedicated staff hired and trained before the start of the 2010 Fall season. To coordinate the mission at Astral, a triumvirate was formed and was comprised of: a) a project leader responsible for the financial and organizational elements of the project; b) a former station director, highly regarded and perceived as "one of them" in both French and English markets, in charge of evangelizing throughout the various markets, and; c) a digital platform officer overseeing the technological components of the new solution being implemented.

And so the Road Show began. Starting in March, every radio market was first visited by two members of the triumvirate whose objective was both to explain the details of the upcoming web overhaul and, more importantly, to tell local market staff about the ways in which they would be supported in making the transition. Because Astral Radio was entering uncharted territory, it was felt that in order for this project to develop any traction, everyone needed to understand the nature of the changes coming, the extent of their involvement as

⁶ EBITDA: earnings before interest, taxes, depreciation, and amortization.

well as management expectations. Attending those meetings were the markets' General Manager, the Brand Manager and the Sales Manager.

They were informed that starting now, Head Office was freeing up the required budget so that each market could hire a webmaster, also known as the Digital Content Producer, a specialist in web sales, a.k.a the Digital Account Manager and could convert the program director's job description into that of a Brand Manager. Because Astral was buying the rights to use Emmis' platform and business philosophy, one of Emmis' co-presidents was directly involved in the hiring process advising Astral's human resources and local market's management on the types of candidates best suited to implement BaseStation. In most markets, webmasters and Brand Managers were provided with a full day of on-site technical training where guidelines were spelled out and design and framework standards demonstrated. French-language markets were allocated one and a half days in order to account for *in situ* translation services. Sales teams were also run through a full day of workshops. At the end of the Road Shows in June 2010, a grand total of some 1,000 hours of training had been dispensed. This intense and personalized "on the ground" coaching approach was clearly one of the key features provided by Emmis personnel which swayed Astral to buy into the BaseStation solution.

As critical as it is, adequate training is but one element in a complex series of interdependent factors. Corporate support must not only be clearly expressed and unwavering but frequently reiterated and above all tangibly articulated. As in the way sales compensations have been restructured to create momentum around the launch of FUSION. Thorough discussions were held by executives to evaluate which of the following two scenarios was better suited to the FUSION advertising sales model: a) in order to attain 100% of his target remuneration package, a rep would need to have fully attained both his radio and digital targets and bonuses would be awarded solely on the basis of combined radio and web sales over and above the set targets, or b) turn the digital sales into a lucrative incentive, meaning that whatever is sold over and above the targeted on-air sale generates a premium. At the end of the day, Astral Radio was making a substantial investment into FUSION and wanted to make sure that employees would recognize and be motivated by the financial advantages that it represented for them. Thus, the second scenario prevailed which means that at least during the first year of implementation any web sale would generate the radio sale's normal rate plus an additional 2% commission for the sales rep and the sale managers. Furthermore, a bonus is paid out upon achieving either the radio or web targets with a 50% premium awarded when both targets are reached. This sort of gratification-by-premium program is the time-tested formula to boost sales as reps and their supporting cast are naturally conditioned to respond to this sort of motivation.

Management did not spare any effort in providing the sales team with the wherewithal required to make the digital shift. To that end, a comprehensive playbook was prepared by digital sales directors that spelled out all the new business rules and strategies to promote digital. Both the Digital Sales Process and the Campaign Execution Process guides (see figure 5 and 6) contain definitions of roles and responsibilities, a description of the sorts of digital products that Astral can offer, their technical specifications, pricing, inventory management, on-air promotions of digital products, etc..



Figure 5: Digital Sales Process Guide
Source: Astral (2011). Integrated Radio-Web Playbook Sales.

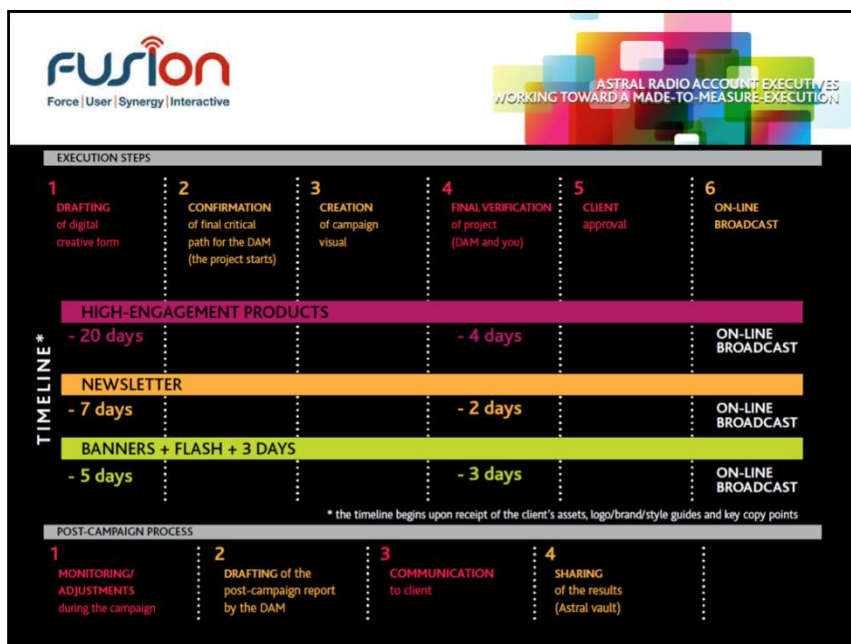


Figure 6: Campaign Execution Playbook
Source: Astral (2011). Integrated Radio-Web Playbook Sales.

Furthermore, a "31 Length" award program was created. Named after the historical 1973 Belmont Stakes race in which jockey Ron Turcotte beat his competition by an unprecedented 31 horse lengths (see figure 7), this program is designed to ignite competitiveness among Astral radio markets and celebrate the over-achievers.



Figure 7: 31 Length Award Inspirational Picture
This is the defining image of Secretariat as it roars to a record breaking 31 length victory.

When FUSION was launched, Astral Radio's sales force jumped out of the gate and quickly closed an encouraging number of digital sales. Momentum was palpable. Clients were presented with innovative products that allow them to engage in a more dynamic and personalized way with their consumers than ever before. Initial reaction from advertisers was auspicious as FUSION was able to deliver progressive concepts that were in tune with the standards and expectations that have become the new digital norm. In an internal memo sent to employees on December 7, 2010, Astral Radio announced that sales numbers for the first quarter under the FUSION strategy had come in at 112% of set target, an achievement that, while still early to make any claims, was the sort of signal everyone was hoping for.

Producing an innovative rich-media digital campaign was a challenge for a sales team used to sell, conceive, produce and air a radio campaign within a day (see figure 6). But there was more. The real challenge was in fact managing sales reps' and advertisers' expectations as both parties saw the potential of this new platform and wanted to push the creativity to new heights. With time and experience, pricing was revisited to better reflect actual traffic generated and as the sales force became more comfortable selling digital, advertisers were not only better supported and advised but their expectations were also better managed. In some cases, in the spirit of openness and exploration, Astral Radio went as far as sharing the risks and rewards with advertisers as they experimented with new concepts.

Lessons Learned

Although it is premature at this point to determine whether FUSION has proven to be a success, initial indicators are sending all the right signals. Twelve months after the rollout, sales growth is coming in at 75% year-over-year (YOY), which is in line with the corporate objective to have web-based activities generating after Year 1 an overall average of 2.5% of broadcast revenues, with a range set at between 2 and 5% per market. As aggressive as these targets might seem, almost every single station gave it its unconditional support. It speaks to the natural entrepreneurial DNA of private commercial radio operators who feel that, given the set of resources that they are now provided with, these sorts of numbers are realistic and achievable, barring any major economic slowdown like the one the western world is still painfully working its way out of. Individual radio markets are now the masters of their own destiny. The targets are clear and the strategy used by Astral Radio has delivered convincing results in over 20 U.S. markets.

Although the online sales numbers are to date unmistakably positive, they nevertheless raise a fundamental question: are they being attained at the detriment of on-air results, that is to say is it possible to establish any kind of correlation between gains made in digital and their potential adverse impact on traditional on-air sales? Could we be witnessing yet another example of media cannibalization and if so, why invest so many financial, human and technical resources if it all ends up in a zero-sum game? The whole FUSION endeavor was predicated upon the premise that digital would contribute to overall sales growth and not simply result in shifting money from one silo to another with minimal benefits other than those related to the broadcaster's organic growth.

Six months into the implementation of FUSION, Astral conducted a thorough study to assess whether any sales indicators could be attributable to the new digital strategy. An analysis of some 6 000 clients spread over the various French-language markets of the province of Quebec provided the following seven observations:

- Over the initial six-month period of the FUSION roll-out, digital sales had increased by 81% YOY and were on target with the objectives set out in the initial plan;
- After the first six months of 2011 digital sales, 65% were associated with new digital clients, i.e. advertisers who had never bought any form of digital advertising from Astral before;
- Even more interesting, 24% of total digital revenues for the first six months of 2011 were coming from new advertisers to Astral, i.e. clients that had bought neither digital nor traditional spots before. Those new advertisers brought over 1.7M\$ in additional new on-air spot revenues;
- Half of the 2011 digital dollars (51%) were coming from cross-selling radio and digital to the current radio clientele base;
- On a net basis, radio spot revenues had increased when Astral was able to sell clients both digital and radio campaigns, albeit both not necessarily aired simultaneously;
- There were no significant transfer of spending between radio spots and digital ads which tends to suggest that those platforms were seen as complementary; and,
- When Astral sales reps were including both media in their offering, there was a noticeable reduction in the churn rate which now stood at 11% compared to the standard 25% to 30% in the radio industry. In the eyes of Astral, that was interpreted as a sign that sales reps might have been perceived by advertisers as media consultant/advisers which in turn might have contributed to increasing their loyalty to Astral's radio properties and brands.

Ostensibly, it would be hasty to draw any sort of definitive conclusions on the relative impact of Astral Radio's digital overhaul. However, as the project unfolds, as people get comfortable with their role and expected contribution, as web traffic and sales numbers move up and technical glitches get ironed out, the road traveled over the last year yields a number of edifying lessons.

In hindsight, although everybody at Astral Radio recognized that something had to be done to steer the ship in a more progressive direction, senior management needed to see the evidence that FUSION was the way to go. Among the factors fuelling the initial skepticism were: the business model seemed exceedingly optimistic; the 100-day timeframe allotted to significantly alter the culture of the enterprise appeared short considering the extent, complexity and amount of hiring associated with the project; how many people whose skills were deemed to be no longer compatible with the FUSION requirements had to be let go?; what was a fair level of pressure to be put on the sales force to make the project work?; was Emmis really capable of dispensing the required training to as large a number of markets within such a tight schedule; how about the websites templates, their initial functionalities, those planned for phase 2 and 3, and road testing them?; and would the magnitude of the focus that was going to be put on implementing this digital sales strategy impact radio traditional spot sales?, etc.. All valid concerns that required factual and measurable answers for any administration to sign off on.

At the end of the day, implementing a dynamic digital strategy to freshen one's online image and combining that change with the imperative to increase advertising revenues because one is facing headwinds in one's traditional business units boils down to being more a human resources challenge than a technological one. Without a doubt, the biggest challenge of this sort of undertaking has to do with giving people a chance to prove themselves and contribute. That fact applies to the Brand directors of course but equally to the entire sales force and the station's management as well as on-air talent who all must now learn to do old things in different ways in order to fully capitalize on the radio/web synergy.

Today, nobody would dispute the fact that the outstanding rise of social networks has provoked a massive paradigm shift in the advertising industry and has consequently forced traditional media to revisit the way they connect their business partners with the clientele that they are seeking to reach. In its Global entertainment and media outlook: 2011-2015, PricewaterhouseCoopers writes about the digital "new normal" as now involving "...new platforms and technologies as central brand touchpoints, and using developments such as location-based marketing and addressable advertising to target ad content and messages at consumers based—respectively—on their location or demographics and interests" (2011b: 2). While digital currently accounts for just over a quarter of total industry revenues, its share is expected to account for 58.7 percent of all *growth* in advertising spending during the next five years (PwC, 2011c) a telling indicator of where the action will be taking place.

By all accounts, to remain relevant in today's highly dynamic mediascape, radio must rise to the battle of mindshare, a battle that is simultaneously being fought at the juncture of traditional, digital and mobile fields. Radio, like all of its media competitors be they traditional or digital, must focus on leveraging technological partnerships to engage, grow and retain a higher percentage of their target customers.

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