

# AdAge

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## HOW PROCTER & GAMBLE IS RE-INVESTING IN RADIO TO FIND TV AUDIENCES

### RADIO IS HELPING THE CPG GIANT FIND AUDIENCES LINEAR TV NO LONGER REACHES AT FRACTION OF CTV COST

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Radio is helping the CPG giant find audiences linear TV no longer reaches at fraction of CTV cost.



P&G upped spending on the radio by 43% last year to \$235 million. Credit: iStock

Procter & Gamble Co. invented soap operas on the radio nearly a century ago, but it moved the soaps and its budgets to TV in the 1950s, and for decades never really looked back. Now, the marketing giant is diving back into radio in a big way, despite a plethora of options to deeply target consumers.

P&G upped spending on the radio 43% last year to \$235 million, according to Vivvix (formerly Kantar Media), led by a big jump in local radio. This came as the company, under margin pressure from rising costs and trying to minimize price hikes, cut measured spending overall by more than 10% to \$2.2 billion.

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Chairman and CEO Jon Moeller last year told P&G brand marketers to focus on how many people they reach and how often, rather than how much they spend. And Chief Brand Officer Marc Pritchard, in recent talks to investors and marketers, has focused on the role of programmatic connected TV and digital media buying, particularly free ad-supported TV (FAST), in moving beyond linear TV, as the company pushes brands toward an aggressive goal of reaching up to 90% of their target audiences.

But while radio doesn't sound nearly as modern or cool as other linear TV alternatives, it's becoming a meaningful part of P&G's plans. This comes as U.S. media nears a surprising milestone where 18- to 49-year-olds are spending more time listening to radio than watching linear TV.

### **Media's Hamburger Helper**

In times of media inflation (which Cortex Media estimated at 7%-8% last year), radio appears to be working as the Hamburger Helper budget-stretcher of unduplicated reach for P&G.

The cost-per-thousand (CPMs) to reach those audiences via connected TV is steep, often as high as \$35 to \$65. YouTube video CPMs range from \$20 to \$25, and linear TV is in the \$10 to \$15 range. But radio can be bought in the \$5-\$6 CPM range.

P&G actually began experimenting with broader use of radio in 2017, said Pierre Bouvard, chief research officer of Cumulus Media. The idea came from a media analyst, John Fix, who started his career in manufacturing and came into media analytics with relatively few preconceptions, he said. Fix talked publicly about the effort in 2021.

As more P&G brands tried radio and liked the results, spending grew. P&G spent \$70 million on radio in 2018, per Vivvix, gradually increasing that spending even as the pandemic hit commuting and radio audiences hard in 2020. By 2021, P&G was the biggest radio spender in the U.S., even before last year's big jump. At least part of P&G's accelerated local radio spending last year likely also resulted from the company's efforts to spend more with Black-owned media.

P&G declined to comment on specifics of its radio spending, but a spokeswoman in an email said: "We continue to adjust where we invest as part of our overall strategy to reach our consumers where they are, when they are receptive, and in media that resonates with them."

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## **Why radio boosts P&G reach**

P&G's moves come as AM/FM radio has surprisingly neared (or, depending on the measure, passed) linear TV in time spent among people 18-49 in the U.S. for the first time since such data has been collected in the Nielsen Total Audience Report. This isn't because radio audiences are growing, but because they've rebounded from the pandemic and have been far more stable than linear TV audiences, which have declined at an accelerating pace due to cord-cutting in recent years.

Radio's appeal isn't just that its audience has held up relatively well, but also that it's substantially different than that of linear TV. Nielsen TAR data show radio is much stronger than linear TV with younger (18-34) and Hispanic audiences in particular.

The impact can be seen for P&G brands in a study Cumulus did last year using Nielsen and Media Monitors radio and TV spot data plus Nielsen audience measurement and media planning tools.

Radio increased reach beyond linear TV by an average of 44% for P&G brands in the 18-49 demo in May 2022, based on an analysis of actual P&G spending, covering markets accounting for 84% of the U.S. population. Olay Body Wash increased reach from 43% to 71% by adding radio to linear, Zevo from 43% to 72%, and Metamucil from 32% to 53%. These numbers are across the 18-49 demo as a whole, rather than any narrower target P&G brands may have been seeking.

Nielsen planning tools show “you can get incremental reach with connected TV, but you don’t get a lot,” Bouvard said. “And it’s very expensive. The CPMs are sky-high because of so much demand. The fact that you can get sizable lifts and incremental reach pretty affordably with network radio CPMs is a surprise to a lot of brands.”

Indeed, not a lot of brand marketers appear to be aware of it. Or if they are, they’re unwilling to dive into radio the way P&G has. P&G competitors haven’t ramped up radio in a similar way, Bouvard said. And some of the biggest traditional spenders on radio—the U.S. government and T-Mobile—both cut spending 20% or more last year, per Vivvix.

But pharmaceutical advertisers, including Pfizer, Johnson & Johnson and AbbVie, have started to spend more, Bouvard said. Vivvix data show Pfizer became a top five radio advertiser last year, more than doubling spending to \$125 million. And Bouvard is hoping more advertisers follow, in part because of radio’s resilience in the face of linear TV’s decline.

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### **Radio passing linear TV audiences**

Radio passed linear TV (live plus time-shifted viewing) in the third quarter by 3% in total minutes spent by users of each medium for the first time ever in Nielsen Total Audience Ratings data. Linear TV was still ahead of radio by 5% in average time spent on each medium across the whole U.S. population.

Given the accelerating pace of cord-cutting tracked by MoffettNathanson, radio appears likely to pull ahead on both measures soon. That data showed a 10.5% decline in cable and satellite subscribers in the third quarter following an 8.8% decline a year earlier.

Weekly reach of radio actually pulled ahead of TV years ago, most recently standing at 83% in the 18-49 demo, well above the 59% for linear TV (down from 82% only four years earlier). It's also been in the lead in time spent among the 18-34 demo, a big part of its unduplicated reach potential.

Still, linear TV outpaces radio handily in overall time spent per user across all demos, per the Nielsen TAR data. It also remains well ahead of radio in average time spent for the whole adult population, counting people 50 and up, and among Black people of all ages.

Radio's relative strength isn't because it's on a hot streak, but it's losing audiences to streaming competition far slower than TV has lost cable and satellite subscribers. As of the fourth quarter, AM/FM radio stations (including their own streaming audiences) accounted for 67% of time spent with ad-supported audio among people ages 25-54, according to Edison Research, compared to 33% with all other ad-supported streaming formats, led by podcasts, at 18%.

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## **Multiscreen world**

Video Advertising Bureau CEO Sean Cunningham downplayed any milestone in radio passing TV audiences, arguing that TV buying is a multiscreen effort today. And regardless of cord-cutting, time spent on all TV-connected devices remains well ahead of

radio, per Nielsen TAR, though that also incorporates gaming consoles and ad-free streaming time.

“Nearly all U.S. marketers that plan, buy and track performance of 2023 multiscreen TV do so on a multi-platform basis,” Cunningham said, integrating linear, CTV, over-the-top, mobile, digital and video on demand. “The collective customer engagement and brand/sales impact realized by those TV combinations do not make any of its subsets a real world, real practice candidate for being swapped out for an audio-only ad instrument.”

Modern versions of TV and radio play different roles for marketers, he said. “Both are judged ‘effective’ differently, and it’s unfair to ask an audio-only medium to perform multi-screen TV’s role in the media mix.”

Bouvard countered that much of what counts as video impressions is really just audio, given that people may be in earshot but not watching. TVision, which measures in-home viewing through devices that monitor viewing in 5,000 homes, recently reported that viewers were paying attention to linear and CTV ads 36% and 34% of the time, respectively, and present while the ads ran (i.e. within earshot) 70% and 63% of the time, respectively, in the second half of last year.

Research from ABX, which tests ads across multiple media with consumers, indicates radio ads generally aren’t as effective as TV, but the difference isn’t huge. Since January 2020, ABX found radio ads indexed at 103 vs. 115 for TV on effectiveness (based on such things as purchase consideration), or about 89% as effective as TV.

So, while P&G may not be getting the same impact as video with its ramped-up radio buys, it’s reaching people at less than half the cost of linear TV and less than a fifth the cost of targeted CTV.

Inline Play

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