



RadioWorks for Property

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1. Summary

Radio advertising has been successful for property clients such as Taylor Wimpey, Persimmon and Barratt Homes recently and the signs show that radio can continue this success in the future. This report shows how radio can continue to work alongside other media (press and online) as well as showing that radio on its own can be a strong media able to provide good results for the property market.

Recently Merrill Lynch (*Telegraph*, 11/6/08) stated that the property market is headed to a step downturn similar to that Britain saw in the early 1990s. However, houses are still being built and thus need to be sold. At this time advertisers are looking for cost effective and efficient ways in which to sell their products to ensure that they get the most for their money. This report has made a few suggestions.

2. Observations

- People tend to move no more than 10miles
- The main reason people move is for greater space
- The internet is increasingly being used by people buying/selling or researching houses
- Currently, a lack of affordability is preventing some people from getting on to the property ladder
- New build properties are a consideration for many
- Radio and newspapers are the most likely places that property adverts are heard/seen
- Newspapers and radio can work well together for property clients
- Radio and online work well together for property clients
- Radio can provide many creative angles for property clients to take



3. Introduction

This report has been written to provide the reader with top line information on the property market (including information as house builders) and why they should advertise using radio as a medium.

The report provides a list of ten of radio's strengths, reviews the property market using collated research and then goes on to look at why radio advertising is a good fit for property clients.

4. Radio Advertising

Listed below are ten reasons why radio advertising should be considered.

4.1 Efficient targeting

The average age of those that use property websites is 41 (*TGI*). Radio reaches 94% of all 41 year olds and shows us that their listening is high during the day. Using the joint radio industry figures it is possible to plan against specific target audiences during the most efficient times of the day.

4.2 Reaches people at relevant times and places

Radio can hit people when they are driving back to their current homes. Property commercials can provide the listener with alternatives ("going back to your small, old flat? Why not buy a large new house with..."). Radio can also reach people in their homes and when partners are spending time together.

4.3 First for Information

47.2% choose radio as their most important source of information (*Bauer, The Inside 2006*). Consumers tune to the radio for information, property clients can use advertising and broadcast PR to provide relevant information to those consumers.

4.4 Breaks through in an ad avoidance world

Those that are not specifically looking for a new property find it easy to flick straight through the property pages of a newspaper without even noticing them. One of radio's strengths is that it can break through, the nature of listening to the radio means that it is rare for people to 'turn over' when the commercials come on.

4.5 Creates a large 'share of mind' for a brand

Radio, being the 'frequency medium', helps a brand build awareness and share in the consumers mind. Being told of a house builders strong brand message time and time again helps reinforce that message in the consumers mind.



4.6 Radio drives response especially online

With the majority of property developers now providing information online the benefit of radio to push listeners to websites is an important one. More details are in section 6.2

4.7 Immediate and flexible

Imagine this; there's been a sudden reduction in interest rates meaning that property developers can offer better deals. Radio's fast turn around time means that you can get to the market first with your offers, leaving the competition in your wake.

4.8 Measurable results

By using response mechanisms such as text numbers or bespoke URLs it is possible for a property client to measure the response levels from the radio commercial. Texting for more information can provide exact response times which can be measured alongside the times the commercial was aired.

4.9 Innovative solutions to reach your target market

As a medium the radio industry is always moving forward and looking for new solutions, whether it's in the form of online, mobile, on air or a completely different solution. Recently Redrow Homes were the first property company to give-a-way a home live on air in South Wales, building awareness and footfall to the site.

4.10 Radio is a friend

Buying a home can be a very personal experience and one that you discuss with your friends and family. Radio has often been spoken about as a friend due to its ability to speak to listeners on their level, provide companionship and a trusted voice.

5. The Property Market

5.1 The Market

In the UK it is still important for people to own a home and this can be seen in the research carried out by *nVision* in 2006, which showed 35% of people in the UK claiming to have a mortgage. Apart from the Nordic countries and the Netherlands, the UK has the highest amount of borrowers, Italy and Germany have around 10%. Although in recent months there has been a reduction in house prices in the UK the big picture shows that since 1996 house prices have more than tripled.

The bite of the 'credit crunch' has produced uncertainty in the housing market as people struggle to borrow the amount of money necessary needed to purchase a home. This uncertainty has been reflected in *Bauer Advertising's Inside Panel*, which found 84% of people stating that they "cannot afford to get on to the housing ladder at the moment". The *nVision* research has also suggested that the introduction of Home Information Packs (HIPs)



are likely to have put off speculative sellers (that makes up 20% of the market) due to their cost, resulting in less properties available in the market place.

In summary, the above factors leave the market in a state of flux – where people want to get on the property ladder but are being prevented to because of a lack of affordability.

5.2 Moving House

Recent research conducted in association with Bauer Advertising via their *Radio Listening Club (April08)* has shown that over 35% of people move house because they require more space. The same research has also shown that over 52% of those surveyed would move between 0-10 miles from where they are currently living.

The British Household Panel Survey carried out between 1991 and 2004 found that the peak month for moving house is September, while removal company Pickfords have also found Thursday to be the most popular day of the week (*nVision Research*).

Those that are moving are not moving far and are doing so because of the need for more space, and it's likely that they will be moving on a Thursday in September.

5.3 Finding a House

With broadband reaching in excess of 30% of homes in the UK (*RAB: Using Radio with Online*) consumers are increasingly turning to the internet to buy/sell or research a home move. Research carried out by *nVision* (in January 06) found that **over 7% of all adults had used websites to buy/sell or research** such as Rightmove.co.uk. This figure is expected to have grown in the intervening years as such sites grow in popularity while consumers are looking to collate and search for information themselves rather than relying solely on an estate agent, broker, etc.

TGI information into who use property websites shows that they are more likely to be; 41 years old, with earnings in excess of £40k, and already a property owner. Their radio consumption is also high with 13% more likely to listen to radio (than not) and 30% more likely to listen to digital radio (than not).

The *Radio Listener Club* research found that **only 14.7% of those surveyed would not consider buying a new build**. This is good news for property developers, especially Barratt, Wimpey, Bryant, and Persimmon Homes as each delivered awareness scores in excess of fifty percent. Achieving awareness scores of; 93.3, 81.5, 56.7, and, 52.2 percent respectively. In addition to this, the study was also able to show **that 45.3% of those surveyed had heard a home builder's commercial on the radio, showing that radio works for home builders.**

When looking for a house, consumers are increasingly turning to the internet for information. New build properties are being considered with over 80% of people not ruling them out. While radio and newspapers are still the most likely places that adverts are heard / seen.



6. Radio Advertising for Property Clients

Historically property clients such as home builders have used the press to advertise. Local and national newspapers provide a section dedicated to house sales and this is often a prospective purchaser’s first point of call. As the above research by *nVision* has suggested consumers are now looking to the internet more than ever to gather information on properties and advertising online is also fast becoming an important advertising tool for property clients.

This section highlights the compatibility of radio advertising alongside press and online and also points to the strengths of radio being used as a stand alone medium.

6.1 Radio and Press

While radio and press are both high reaching and habitual, they predominantly offer different strengths. The below table from the RAB’s guide to *Using Radio with Newspapers* helpfully labels the differences.

Radio offers:

- real-time communication
- high frequency of impacts
- reaches out-of-market consumers

Newspapers offer:

- room for detail
- “keepability”
- well-segmented editorial environments

Radio seen as:

- personal
- human
- “at my level”

Newspapers characterised by:

- public
- stature
- authority

Radio is a “push” medium:

- all ads reach all listeners regardless of relevance

Newspapers are a “pull” medium:

- readers select according to interest or relevance

Just from considering these differences it is possible to see how a press campaign can be added to by also using radio. Specifically being able to have a more personal connection with the consumer and speaking to them “at my level” can be a huge benefit to advertisers, especially with such a personal decision as buying a home. Radio can also reach ‘out of market’ consumers, making this more relevant to property clients – Radio can reach those consumers that aren’t specifically looking to move as it is a push medium.



6.2 Radio and Online

A previous *RadioWorks* review of radio and online provided the below key facts each of which indicate how the use of radio and online combining well together...

- Online provides access to 'My World' while Radio provides access to 'My Wider World'
- In a one week period, 48% of people will have listened to the radio while being online
- At any given time, 20% of web users are listening to the radio
- Listening to the radio makes an online session longer as people are more relaxed
- Radio can push listeners to the pull of the internet
- Radio can provide a trusted voice to encourage people to broaden their repertoire of sites
- 57% of those who listen to the radio while online say that they have 'checked out things on the internet after just hearing about them'
- Hearing a brand on the radio can increase the likely hood of brand specific search by three times

The above facts and figures can point to the benefits of using radio and online together. For property developers that are making more and more use of the web the facts are just as relevant. Radio commercials have the ability to get through to people even when they are not specifically in the market. Hearing the commercial on air can then push the listener to the internet to find more information. And the internet advertising or web search works best by pulling the consumers in to the relevant material. House builders can also take heart in the figure that one in five people are listening to the radio while online (*RAB: Using Radio with Online*) as a radio commercial can push the listener to the appropriate website.

Radio's strength is in providing the consumer with something to search for.

6.3 Radio and Radio

Radio advertising works well as part of the media mix but there is more to radio advertising than simply supporting other mediums. For property clients radio has a number of uses some of which are listed below...

Radio Promotions – These normally take the form of a competition where the station gives away a prize in association with an advertiser. Real Radio Wales recently ran a hugely successful promotion in association with Redrow Homes that involved giving away a house! This raised awareness of the Redrow brand in the region and also directed consumers to the show home and website.

Radio Sponsorships – Are normally long-term (minimum of three months) and work by bringing a brand closer to the stations programming. Sponsorships work hardest when there is a close fit between the brand and the programme being sponsored, i.e. a cereal company



sponsoring the breakfast show or even a house builder sponsoring the drive home show (“helping you to get back to a nice new home”)

Radio Events – Radio stations can be involved in many events from festivals to store openings. Road Team activity is very popular with property clients; normally it consists of a team from the radio station giving out merchandise at a show home launch while also being talked up on air driving consumers to the site.

Broadcast PR – This allows the client to get into the fabric of the radio station. If the property developer has a news worthy story to tell it provides the opportunity to sit within station programming. For example, if a large site is building new schools, hospitals, providing more jobs, etc. it may be possible to get a spokesperson into the local station to discuss it live on air.

Podcasts – It is possible to produce podcasts that provide further information to consumers, hosted on station websites, iTunes and client websites. For property clients podcasts provide a good platform to provide further information on the development and surrounding area.

Station websites – Banner ads, interactive games, competitions and, in the, future property portals via the station websites which are cross promoted on air.

Creative Spot Advertising – All advertisers can benefit from creative spot advertising such as being first in break, using longer/shorter ads, top and tail ads, placing solus spots, etc. Property clients can also take advantage of this, one possibility being to place commercials around traffic and travel during drive time – tagged “drive home to a nicer home” for example.

Creative Commercials – A truly creative commercial can really help a client to stand out and the creative’s at Maple Street studios are there to help.

Last Minute Spot Advertising – On occasions it is necessary to place a campaign at the last minute and take advantage of potentially reduced rates. Property clients that have only a couple of properties remaining on site may look to this method rather than a standard campaign. This can be arranged via Bid4Spots.co.uk



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9. Source Information:

nVision

The Mortgage Market Overview, UK, 2008

Bauer Advertising – Inside Panel

The Inside on Finance, March 2008

Radio Listening Club

RadioWorks and Bauer joint research, April 2008

RAB: Radio and Online

<http://www.rab.co.uk/rab2006/showContent.aspx?id=1271>

TGI Information

From Q2 2008, Base: those who visit property sites

Bauer Advertising – Inside Panel

The Inside on Information Sources, April 2006

RAB's guide to *Using Radio with Newspapers*

<http://www.rab.co.uk/rab2006/showContent.aspx?id=1200>

RadioWorks, Radio and Online Overview

An overview created in April 08

Telegraph 11th June 2006

<http://www.telegraph.co.uk/money/main.jhtml?xml=/money/2008/06/11/bcnhouse111.xml>



10. Appendix

Further Reading: Sub-prime crisis

It is the 'Sub-prime crisis' that has taken much of the blame for the problems facing the property and mortgage market recently, therefore, I have shown below explanation from the FSA/nVision.

Financial Services Authority review of the behaviour of intermediaries and lenders within the sub-prime mortgage market

For Intermediaries:

- In a third of the files reviewed there was an inadequate assessment of consumers' ability to afford the mortgage.
- In almost half of the files there was an inadequate assessment of customers' suitability (e.g. needs and circumstances) for the mortgage.
- In over half of the files customers had self-certified their income but it was not clear in many cases why they had been advised to do this.
- Significant numbers of consumers were advised to re-mortgage, thereby incurring early repayment charges, without the adviser being able to demonstrate that this was beneficial to the customer.

For Lenders the main weaknesses were found in their lending policies:

- None of the lenders adequately covered all relevant responsible lending considerations in their policies. For example, some firms' lending policies contained unclear affordability or self-certification requirements.
- In many cases, lenders did not apply their own policies in practice. For example, some firms failed to check the plausibility of information, as required by their own lending policy.
- There were also failings by lenders to monitor the application of their policies, which resulted in the approval of potentially unaffordable mortgages.

The sub-prime market is designed to allow those with adverse credit histories to borrow, but at higher rates than in the prime market because of the increased risk of non-payment.

Unfortunately, this model of lending, whereby banks borrow from credit markets rather than lending directly to the customer has led to a sub-prime crisis in the US. The problem stems from the fact that brokers and lenders often fail to adequately assess customer income and property values and a large amount of bad debt can easily be the consequence.

The sub-prime crisis has caused several of the biggest US sub-prime lenders to go bust and made banks across the world reluctant to lend to each other or buy mortgage debt. Thus, UK consumers have experienced a tightening of lending conditions and Northern Rock, which makes most of its money through selling mortgage debt, was famously unable to keep the cash flowing, leading to the first "run" since neolithic times.

A FSA investigation (July 2007) found that not one of lenders they investigated had policies covering all the appropriate responsible lending considerations. Even more worrying was that more than 50% of the intermediaries' files they examined showed customers had self-certified their income. Not surprising then that a BBC survey found 70% of repossession cases involved lenders who offer or specialise in sub-prime mortgages.