



## Neuhoff Media Case Study - October 2011

### Summary

Neuhoff Media achieved yearly streaming profitability in their first full month using Abacast's Digital Ad Sales Program and the Abacast Clarity™ Digital Radio System. In a one month period Neuhoff sold 40% of their annual streaming inventory, vastly exceeding all streaming costs and achieving annual profitability from their streaming operations. Annual gross profit margin totaled 50% after this initial one month period and included costs for all streaming services, bandwidth, and SoundExchange™ royalties.

*"Abacast provided a step-by-step program for digital sales and ad trafficking, and we followed it directly. In a relatively short period of time, we were able to bundle the inventory for efficient selling, create real value for our advertisers, and get our AE's up to speed on the program. We became profitable on a yearly basis within one month. This is the best system I've seen by far, and the numbers clearly demonstrate that."*

*Mark Hanson, General Manager, Neuhoff Decatur.*

### Background

Neuhoff Media, a privately held company, operates 12 radio stations in Illinois and three television stations in Idaho. The Decatur, IL radio cluster, the first cluster to launch the Abacast Digital Sales Program, consists of five stations.

Neuhoff's stations had been streaming prior to Neuhoff acquiring them in 2009. However, their current streaming vendor did not have a viable digital sales program or ad trafficking program, resulting in operating losses in streaming. With a desire to be innovative to advertisers and to capture a share of the growing online and mobile audience, Neuhoff began researching other streaming partners that offered a digital sales strategy and supporting ad scheduling tools that would appeal to their advertiser base and bring in new digital business without cannibalizing their broadcast sales.



### Solution

Neuhoff Decatur received a presentation by Abacast in June 2011 on the Abacast Digital Sales Program and Clarity™ Digital Radio System.

*"The concept made so much sense that I went back and sold it to our management and Account Executives. We attended an Abacast webinar that described it in more detail and switched to Abacast within one month."*

*Michael Hulvey, VP of Operations.*



The **Abacast Digital Sales Program** provides three key elements:

- Digital sales training for managers and AE's, conducted by Abacast digital sales experts.
- Station-brandable sales tools that outline the value propositions of in-stream advertising, the growth of digital audiences and importance of online to target demographics.
- A "share of voice" advertising product that spans multiple stations and provides premier exposure for advertisers to digital audiences in a bundled, cost effective package.

*... "We became profitable on a yearly basis within one month. This is the best system I've seen by far, and the numbers clearly demonstrate that."*

### Challenge

With no digital ad sales program in place and no guidance from their current streaming vendor for how to sell or traffic digital inventory, streaming was a low priority for Neuhoff Decatur. They were not actively selling their stream and were thus not inserting local ads into their streaming inventory. Consequently they were bleeding red ink from streaming.



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The **Abacast Clarity™ Digital Radio System** provides a complete solution for online radio streaming and includes the following services:

- Scalable, reliable online streaming
- Ad insertion
- Campaign management and ad trafficking
- Audience analytics which adhere to Arbitron guidelines
- SoundExchange-compliant royalty reports
- Listener Player including social networking and other interactive features

The “share of voice” plan, a central part of the Abacast Digital Radio Sales Program, calls for aggregating the digital inventory of multiple stations, and using a simplified scheduling formula that provides increased exposure and a chance at regular creative updates for advertisers. There are a limited number of packages, creating scarcity and driving advertiser demand. Packages were priced at \$250 to \$300 per month.

A key component of the solution is the Abacast Clarity™ Ad Insertion System. Clarity™ directly supports the Abacast Digital Sales Program, simplifying the trafficking, administration, and reporting of locally sold ad campaigns.

### Execution

Over approximately a one month period of time, Neuhoff switched streaming vendors to Abacast, implemented the Abacast Clarity™ Digital Radio System for digital ad trafficking and reporting, and trained their AE’s on the Abacast Digital Sales Program. For increased motivation, a contest between clusters was held for most digital revenue generated in a one month period. Decatur handily won the contest.

*“Everyone—AEs and our advertising clients—understands the benefits. Abacast’s tools make it easy to traffic. Abacast has made it quite easy for us to execute.”*

*Michael Hulvey, VP of Operations.*

Neuhoff guides their advertisers in tailoring the creative for digital. “From a listening perspective, the digital experience is different than broadcast. Many listeners are in an office setting or on mobile phones; the creative needs to speak to them in those settings,” said Michael Hulvey, VP of Operations.

### Results

After one month of using the Abacast Digital Sales Program, Neuhoff Decatur sold 40% of the available yearly digital ad packages, covering their annual streaming, bandwidth, and SoundExchange royalty costs and achieving annual profitability in streaming. Gross profit margins from streaming totaled 50% after the initial month. If Neuhoff sells all of their packages, they will realize an 80% gross profit margin on streaming for the year.

*“Our advertisers saw the value of the digital ad plan, and our AE’s are super excited at the results. It’s great to see black numbers next to digital.”*

*Michael Hulvey, VP of Operations*

### Looking Forward

Michael Hulvey, VP of Operations, said they will continue to use the Abacast program and tools for the foreseeable future.

*“Neuhoff Decatur wants to be innovative for advertisers and listeners. Having a compelling digital ad product and listener experience helps increase the value of our content. We are continuing to experiment and optimize on the digital ad program and continuing to eliminate the barriers for listeners to access our content.”*

*Michael Hulvey, VP of Operations*

### More Information

For more information on how the Abacast Digital Sales Program and Abacast Clarity™ Digital Radio System can help your station group be profitable, contact Abacast at [info@abacast.com](mailto:info@abacast.com) or 360-326-4798.

*“After one month of using The Abacast Digital Sales Program, Neuhoff Decatur... achieved annual profitability in streaming.”*