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CASE STUDY #9

Good Music Broadcasting Corporation: Ebb Tide

I. SUMMARY

Good Music Broadcasting Corporation (GMBC) operates ten radio stations across different regions in the Philippines. The company's revenue comes primarily from advertisements by national companies like San Miguel Corporation and Ayala Life. Advertisements are delivered as cassette tapes and written scripts, broadcast regularly across all stations. These advertisements are billed based on the frequency of exposure, with messages limited to one minute. Each station is managed by a station manager who oversees local operations and reports to the general manager, Engineer Frederick Panganiban. Local advertisements are also accepted based on available slots after accommodating national advertisers. Revenue for each station is credited from a combination of head office-assigned income and local advertising. A consolidated advertising income report from 1995 to 1997 shows total income growing in 1996 (₱134,758) but slightly declining in 1997 (₱134,602). Some stations, like Cebu, consistently generate high revenues, while others, such as San Pablo, show a downward trend. Engineer Panganiban is analyzing the sales report to find ways to improve operations and boost the company's overall income.

II. PROBLEMS ENCOUNTERED

1. Declining Advertising Income

- The consolidated advertising income slightly declined from ₱134,758 in 1996 to ₱134,602 in 1997, indicating a potential stagnation or reduction in revenue growth.

2. Uneven Performance Among Stations

- Some stations, like Cebu, consistently perform well, while others, such as San Pablo and Dumaguete, show declining or low revenue, highlighting disparities in station performance.

3. Dependence on National Advertisers

- GMBC heavily relies on national companies for advertising income, which may limit revenue opportunities if national advertisers reduce their spending.

4. Limited Local Advertising Opportunities

- The availability of local advertisements is restricted to remaining slots after accommodating national advertisers, potentially underutilizing local revenue sources.

5. Lack of Innovation in Advertising Formats

- GMBC primarily relies on traditional advertising methods, such as cassette tapes and written scripts, which may not be as engaging or competitive in a changing media landscape.

II. SOLUTIONS

1. Declining Advertising Income

- **Solution:** Implement more aggressive marketing campaigns to attract new advertisers and retain existing ones. Offer promotional packages, discounts, or bonus exposure for long-term advertising contracts to incentivize advertisers to increase their spending. Additionally, explore digital advertising options to supplement traditional revenue streams.

2. Uneven Performance Among Stations

- **Solution:** Conduct an in-depth analysis of low-performing stations to identify factors affecting their performance, such as market competition, audience engagement, or ineffective management. Develop targeted strategies, such as providing additional training for station managers, improving content quality, or implementing advertising approaches to local market demands.

3. Dependence on National Advertisers

- **Solution:** Diversify revenue sources by actively seeking partnerships with small and medium-sized local businesses. Introduce affordable advertising packages for local advertisers to encourage more participation. Additionally, explore alternative revenue streams like sponsored programs, events, or cross-promotional deals with local organizations.

4. Limited Local Advertising Opportunities

- **Solution:** Optimize programming schedules to allocate dedicated slots specifically for local advertisements, ensuring local businesses have guaranteed access. Offer flexible advertising formats and time slots to accommodate smaller businesses. Strengthen relationships with local communities to build trust and encourage more local advertising engagements.

5. Lack of Innovation in Advertising Formats

- **Solution:** Introduce innovative advertising formats, such as interactive radio ads, live endorsements, or integration with social media platforms. Additionally, adopt modern technologies like digital audio broadcasting (DAB) and programmatic advertising to appeal to a broader and more tech-savvy audience. This can help attract younger advertisers and audiences while keeping GMBC competitive in the market.