

FOURTH EDITION

ADVERTISING MEDIA PLANNING

A Brand Management Approach



Larry D. Kelley,
Donald W. Jugenheimer, and
Kim Bartel Sheehan

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Advertising Media Planning

FOURTH EDITION

The planning and placement of advertising media is a multibillion dollar business that critically impacts advertising effectiveness. The new edition of this acclaimed and widely adopted text offers practical guidance for those who practice media planning on a daily basis, as well as those who must ultimately approve strategic media decisions.

Full of current brand examples, the book is a “must-read” for all who will be involved in the media decision process on both the agency and client side. Its easy-to-read style and logical format make it ideal for classroom adoption, and students will benefit from the down-to-earth approach, and real-world business examples.

Several new chapters have been added to the fourth edition, including:

- International advertising
- Campaign evaluation
- The changing role of media planning in agencies, to give the reader a better grounding in the role of media in an advertising and marketing plan today
- Evaluating media vehicles, filled with up-to-date examples
- Search engine marketing, and a thorough revision of the chapter on online display advertising to address the increased emphasis on digital media
- Gaming, and many new examples of the latest digital media with an emphasis on social media, and a new framework for analyzing current and future social media
- Increased coverage of communication planning

- Added focus on the importance of media strategy early on in the book
- Separate chapters for video and audio media (instead of lumping them together in broadcast). This creates a more in-depth discussion of radio in particular.

An online instructor's manual with PowerPoint slides and sample test questions is available to adopters.

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Preface

This is the fourth edition of *Advertising Media Planning: A Brand Management Approach*, a book that will benefit anyone making advertising and brand communication decisions. Media planning is a crucial part of the brand communication process yet little has been written on the topic. Our goal with the first three editions was to fill the void in the market and provide a resource on how brand management can impact media decisions. The initial two editions focused on the media planning process from the viewpoint of a media planner as well as brand management who ultimately will approve how advertising dollars are allocated. The third edition expanded on the concept of media planning to consumer engagement reflecting the ever expanding array of media choices for connecting a brand with the consumer. In the third edition, we provided much more detail regarding media alternatives. We added or expanded on digital media, social media, in-store media as well as ethnic and alternative media. To provide a more holistic view of media, we included chapters on sponsorships, promotion, and publicity.

The fourth edition builds on the holistic viewpoint of the third edition to provide an overall media framework for media planners and brand managers. Brand communication is not confined to paid media. Today's brands communicate with their own media and encourage conversation with consumers through earned media. The Paid, Owned, Earned framework for brand communication is rapidly becoming the industry standard. By adopting this framework, we are rapidly moving from advertising media planning to brand communication planning. This edition is built on this changing paradigm. New chapters have been added that capture this evolution from media planning to communication planning. There is a chapter describing the media framework. Other chapters include how to develop a communication idea and communication strategies. Because media convergence is here to stay, we have broadened our viewpoint on media categories. Video and audio replace older definitions of media distribution channels. We have

added a chapter on gaming which has carved out a major niche in the media landscape. International media are included for the first time as the business of media is certainly global. Chapters on social media, digital media, print, out-of-home, as well as television and radio have all been updated to reflect the constant change in the media marketplace.

Like our previous books, this edition of *Advertising Media Planning* ties into the new, fourth edition of *Advertising Media Workbook and Sourcebook*, also published by Taylor & Francis. For students and instructors of media planning courses, the workbook offers a detailed perspective on each facet of media and the strategic media planning process. Practical exercises offer students the opportunity to put sometimes abstract concepts into real-world situations.

Within the dynamic field of media, there are more reasons than ever to have a “go-to” source that any level of communication decision maker can use to help make crucial decisions that affect a brand’s value. Brand managers who have little formal training in communication planning, students of advertising, integrated marketing communication, and marketing programs, and other practitioners such as agency account managers, junior media personnel, and media salespeople can benefit from this book’s content and practical application.

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Chapter 1

The Changing Role of Media Planning in Brand Support

Media Planning and IMC

Brand communication boils down to two fundamentals. One is content—what the brand communicates. The second is contact—how the communication connects to its intended audience. Media planning is the art and science of making that connection.

Making that connection is crucial to the success of the brand. Whether you are a brand manager, an advertising account manager, or even a top-level executive seeking profits for the entire company or corporation, you need to understand the impact of media on the company and its brands.

The importance of effective media planning is a central ingredient to that success. Media ultimately connects the business of the brand to the consumer. Imagine a planning schematic. At the top is the business problem. Marketing develops a plan to solve that problem by analyzing the various levers of its discipline. The classic four are product, price, place, and promotion. Communication is a capstone of promotion. It is what connects the plan to the audience.

Advertising is a significant aspect of communication. Historically, the media planner's role has been to connect the advertising message to the audience through various media channels. While this role is important, it leaves out numerous other communication considerations. What role—if any—should public relations play in the communication mix? Should promotions take a greater or lesser role? How about social media or the brand's website?

It is not enough to just plan advertising media in today's communication world. That's why this book approaches media planning from an *integrated marketing communication perspective*. The media plan should consider all consumer brand touchpoints regardless of their origin. In this text, we call

Table 1.1

Evolution of Media Planning to Communication Planning

FROM	TO
Advertising support	Brand support
Reaching	Influencing
Multimedia strategy	Multichannel strategy
Placing ad units	Impacting multiplatform content

the media planner a *communication planner* to ensure that we address all potential aspects of a brand's communication platforms.

Media planning has evolved to communication planning. Table 1.1 provides an overview of the four key ways this shift has occurred. The first is the evolution from advertising support to overall brand support—a move that gives the planner a broader role. The second is reaching versus influencing. In today's dialogue media, it is not enough to think about simply reaching the right audience; you need to understand how your actions will influence them. The third component is moving from a multimedia strategy to a multichannel strategy, and the fourth and final major shift is from placing advertising units to impacting multiplatform content.

Brand vs. Advertising Support

A fundamental change in the planning of media revolves around the notion of brand planning support versus advertising support. Advertising media planning has been the historical role of media planners, those professionals charged with crafting the best possible delivery for an advertising message. Traditionally, advertising media planners assessed the strengths and weaknesses of various classes of media to determine the optimum approach for a given product or service. The limitation on this approach was that it did not consider alternatives outside of the broad media classes.

The standard media classes considered by advertising media planners include television, radio, magazine, newspapers, out-of-home, Internet, and cinema. Table 1.2 provides an estimate of the billions of dollars spent by marketers on each of these broad classifications. Television, which includes network, cable, syndication, and local support, accounts for just over 38 percent of the spending; the Internet, which includes search or pay-per-click ads, display, social media, and online video, is second at 22 percent of total spending.

Table 1.2

Estimated Spending in Major Media and Marketing Services

Sector	2013 spending (\$ billions)	By subtotal (%)	By TTL (%)
TV	63.9	38.4	19.4
Radio	17.2	10.3	4.5
Magazines	17.4	10.5	4.6
Newspapers	23.0	13.8	6.0
Outdoor	8.0	4.8	2.1
Internet	36.2	21.7	9.5
Cinema	0.8	0.5	0.2
Subtotal major media	166.5	100	43.7
Direct marketing	51.5	24.0	13.5
Telemarketing	52.5	24.5	13.8
Sales promotion	70.2	32.7	18.4
Public relations	4.2	2.0	1.1
Event sponsorship	27.9	13.0	7.3
Directories	8.1	3.8	2.1
Subtotal marketing services	214.3	100	56.3
TOTAL	380.8	—	100

Sources: 2012 ZenithOptimedia; *Ad Age*, December 31, 2012.

The major media spending highlighted in Table 1.2 is sometimes called *above the line spending*. Above the line (ATL) and below the line (BTL) were terms that came from accounting departments in large consumer packaged-goods organizations to classify spending on brands. ATL referred to spending in media and through advertising agencies. This was considered a capital expense. BTL encompassed activity that was not mass media related. In Table 1.2, this includes items such as direct mail, telemarketing, sales promotion, public relations, event sponsorship, and directories. BTL activities were considered a current expenditure and were largely executed by companies that were not advertising agencies (although many were owned by advertising agencies or advertising agency holding companies).

Integrated marketing communications, or IMC, is a *through the line* (TTL) activity. In an IMC plan, media planners are not restricted to above the line activities. Rather than approaching the communication from the perspective of media type, an IMC plan looks at how the consumer engages with the brand and the brand with the consumer.

Changing Nature of Media

The need to move to an IMC planning perspective is driven by the rapidly changing world of media. Advertising media have evolved in previously unforeseen ways over the past 10 years, led principally by the digital media revolution.

The decade between 2005 and 2015 has certainly seen the rise of new kinds of advertising media, and the Internet has led the way with a wide variety of media. Search engine marketing, the largest aspect of digital advertising, is almost as old as the Internet. Other advertising media spawned online include banner ads that paved the way for more engaging online advertising such as rich media or video. And new channels of communication from smartphones to iPods to video games and satellite radio have extended the rise.

In the more recent past, social media have provided a new level of engagement for brands and consumers. Through social media, the ascent of consumer-generated media is helping to redefine the media landscape. Now, anyone with a smartphone or video camera can shoot commercials or footage and post them to the Internet. Blogs, shorthand for weblogs, or digital personal journals, allow everyone the freedom to comment on whatever they want. All of this consumer-generated media can be linked to your favorite social media network for viewing by thousands and sometimes millions of consumers. Fundamentally, anything can become a medium these days—for better or worse.

Existing media have evolved as well. The area of point-of-sale advertising has been transformed with opportunities in seemingly every venue. Malls have digital signs that not only show television commercials but can serve relevant ads based on facial recognition of passersby. In some markets, buses contain television sets that are programmed to show a retail ad within a block or two of the advertising establishment. Ads are popping up in elevators, on escalators, inside fortune cookies, and even on celebrity or wannabe-celebrity body parts.

Changing Nature of the Consumer

As media have evolved, so have consumers. There was a time when network television programs were called appointment television—consumers actually listed the time their favorite program aired on their appointment calendars. Those days have come and gone. In today's media environment, consumers are in control of how they use media. They can consume it when they want, where they want, and through whatever method or device

they want. This represents a huge change in an industry where advertisers controlled when consumers received media messages. If you scheduled your media on Thursday to support a Friday sales event, you expected the targets of your message to see it on Thursday; that expectation no longer holds up. In the past, if you scheduled an ad to appear online, you expected the consumer to view it on a computer; now, consumers might see it from a tablet or, even more likely, from a smartphone.

Digital technology has reshaped how consumers use media. With the rapid penetration of tablets, smartphone devices, and wearable technology such as wristwatch smartphones, consumers are increasingly attached to some form of media machine. Because consumers have so many media consumption choices and have largely mastered the ability to multitask, the use of media has skyrocketed. A variety of studies indicate that people consume more hours of media in a day than they are awake.

The rapid rise of social media has changed the course of consumer brand engagement from a distant link to a one-on-one connection. Marketers no longer communicate in a one-sided conversation. The consumer is now talking back and even initiating brand-related discussions. Once a marketer's dream, this trend toward extreme engagement can, it seems, turn into a nightmare when consumers hijack the brand's message. Media professionals now must go beyond finding the right media to reach the consumer. They must understand users and learn how to influence them once they are engaged with the medium and the brand.

Changing Nature of Media Effectiveness

Media plans and media buys have long been judged by their reach, frequency, and efficiency. The stalwart measures of media effectiveness answer questions like, How many people were exposed to a given message? How many times? Was the media buy cost efficient? And did it deliver the desired results?

Reach, frequency, and efficiency remain key components in media planning and buying. However, the quest to achieve reach is rapidly giving way to a goal of achieving *influence*, with a growing emphasis on understanding how consumers use media, how media impact the creative content, and when consumers are most susceptible to a given message.

Let's tackle the area of susceptibility first. Psychologists have long debated whether primacy or recency is more important in advertising. Is it more important to be the first brand message seen or heard in a product category, or is it better to be the last impression seen or heard before the consumer makes a purchase decision?

For example, if you know that most consumers make a meal decision an hour or two before they eat, you may want to load up your food-related messaging to intercept them at that point. This involves looking at media through the eyes of the consumer. In the past, media planners used syndicated research to determine what consumers watched, read, or listened to, and then they constructed a media plan that brought together the most efficient combination of those elements.

Today, media planners continue to look at syndicated data, but they are more likely to conduct their own brand research. They may observe how consumers use media, or how various media influence consumers' decisions about the brand. A recent study showed marked differences in consumers' views of media for impulse items versus planned purchases. So, effectiveness in certain cases might mean finding media that fit best with impulse-purchase decisions. This type of thinking is much more in line with consumer behavior theory than media theory, and the idea has led to a number of studies regarding the role of media in the creative message. For example, if a brand's success is based on a high degree of trust, you would be better off associating your brand's message with media that are deemed trustworthy, or should you just look for the most efficient media regardless of the trust factor? Media effectiveness is certainly an evolving aspect of the media landscape.

Media are also evaluated from a return-on-investment perspective. In fact, media are sales channels for many brands. Retailers may have a combination of stores, website sales, social media, apps, catalogs, and kiosks. They may know exactly what their Sunday newspaper insert or their Twitter promotion does for their business. Most service and business-to-business brands track the source of their leads, which might stem from search engine marketing, a blog, a print ad, or a series of seminars. Brand marketers conduct rigorous analyses to determine the lift that each medium and media vehicle or activity gives to incremental brand sales.

These recent changes and future developments in media make it mandatory for marketing professionals to have a working knowledge of how media operate and the role they play in the overall marketing effort.

Changing Industry Structure

The media industry has also undergone major structural changes. It seems quaint to think that at one time in the not-too-distant past, media ownership was a mom-and-pop business. Individual families owned local newspapers, radio, or television stations. But family-owned, community-based media outlets have largely disappeared. Media ownership has been massively consolidated. In fact, fewer than 20 companies control more than

50 percent of the entire media advertising revenue in the United States. Every aspect of the media industry has seen rapid consolidation. At one time, there were hundreds of individual radio owners. As of 2014, Clear Channel Communications owned more than half of all U.S. radio stations and controlled approximately 60 percent of all outdoor locations. Large media conglomerates such as Comcast and Time Warner manage a host of mass and interpersonal media, from television and magazines to Internet and even motion pictures. And despite the existence of thousands of online media properties, Google controls more than two-thirds of search volume and about 70 percent of online video through its ownership of YouTube. Facebook controls more than 80 percent of all social media traffic and is constantly adding to its portfolio through acquisitions. Instagram is just one of the many media properties owned by Facebook.

Given that the growth of the media universe is accompanied by the consolidation of ownership power, *multichannel media strategies* are on the rise. Instead of focusing on multimedia strategies, media companies are taking a lesson from packaged-goods brands. For example, CNN is not only a popular cable news channel but also a leading content provider with a huge presence that includes airport television networks, radio networks, mobile apps, and a worldwide online news portal. Media content is being delivered in a variety of forms—and not within a single medium.

As the media industry landscape has changed, so has the process of planning, buying, and supplying ad content. The advertising industry has followed the same pattern of growth and consolidation as the media industry: At one time, there were thousands of locally owned advertising, public relations, and sales promotion agencies; by 2014, more than 75 percent of the industry belonged to eight holding companies. Within that set, the three most dominant global holding companies are Omnicom, WPP, and Publicis; the balance is made up of either Japanese networks like Dentsu and Hakuhodo or Western-based networks such as Interpublic, MDC, or Havas. Publicis and OmniCom were to merge but it failed. These companies own hundreds of marketing services companies specializing in advertising, PR, sales promotions, and even market research.

As large holding companies acquired advertising agencies, they found it more efficient to consolidate their swelling media planning and buying operations into firms devoted solely to that function. Fundamentally, this approach split the advertising function, with an agency devoted to message strategy and creative on the one hand and a large media company devoted to media planning and buying on the other. Large media agencies such as Starcom, MediaCom, and Mediaedge now control three-quarters of all advertising placed in the United States and more than 40 percent placed worldwide.

On an individual company basis, the agency business continues to specialize. Some agencies focus solely on search engine marketing or social media or events and promotions. Others have carved out a niche in a specific business area such as health care. Within this consolidated landscape is a very diverse cottage industry of agencies of different sizes, makeups, and areas of expertise.

Who Connects the Dots?

The biggest question brand managers wrestle with concerns unity: Who connects the dots? Who develops an integrated marketing communication plan that considers all channels—both above and below the line?

The answer seems straightforward enough: Just have one of the large media planning and buying companies develop the plan; their specialists can cover every area of above the line media, and they can draw on sister companies to provide below the line work. But it's important to consider that these below the line companies have their own profit and loss to worry about, and they may or may not want their compensation dictated by a media company. Going directly to the advertiser will get them a bigger share of the pie. Another drawback is the possible loss of continuity in the overall communication strategy, with lots of moving pieces and parts to manage and coordinate.

An alternative is to go to an independent agency or an agency that has a variety of internal resources. Again, there are potential problems: The issue with this approach is that the agency may lack the appropriate resources to meet every need. It is difficult, after all, to be an expert in every facet of the communication world.

Very large advertisers such as General Motors are developing their own agency models, taking resources from the big holding companies to ensure control of the entire process. But the typical brand doesn't have this type of financial clout. For smaller companies, then, connecting the dots typically becomes a task shared by the brand and the agency.

Summary

Media planning is a dynamic and ever-changing field of study. Its emphasis has shifted from allocating dollars to media in order to reach consumers to understanding consumer behavior and matching it with a brand's benefits. All brands view media planning as an IMC effort. The trick is to figure out how to connect the dots in the most opportune way.

Chapter 2

Establishing a Media Framework

Historically, media planning involved allocating dollars to single types of paid media. For example, a television station sold airtime; a newspaper sold ad space on a page or a portion of a page; an outdoor company leased space on a billboard. That model of media planning no longer exists.

From a brand perspective, looking solely at paid media is a bit naïve. The challenge is recognizing how to use *any* communication method to help promote the brand. Paid media is one of those options—but certainly not the only one. Media types have undergone striking changes that mirror the evolution of technology. Television programming can now be viewed on a television, a laptop, or a mobile device. Newspapers can be accessed through print and/or digital devices. Even outdoor, the world’s oldest medium, can provide digital messages. These changes make the historical ways of approaching media obsolete. This chapter offers media planners an updated framework for looking at the world of media.

Brands as Media and Media as Brands

The marketplace is abuzz with the media convergence movement—providing content in a variety of forms. Established forms of media such as television, radio, newspaper, magazine, and outdoor are doing it. They are providing their content in digital formats and with new functions.

Media convergence goes well beyond just providing content in new ways. It is the convergence of content, branding, and consumer engagement. In essence, brands are now media and media are now brands. It used to be that brands did something and media provided a forum for brands to

say something. Now both media and brands do something, say something, and engage with consumers directly.

For example, Red Bull is a manufacturer of energy drinks. Red Bull also publishes a monthly magazine. And Red Bull produces a variety of extreme sports events and entertainment. Is Red Bull an energy drink, a media company, or a lifestyle? Red Bull is a classic case of taking advantage of today's media world to become a brand platform for living life to its fullest.

On the other hand, media have changed from being just a conduit for brands to tell their story; media are becoming brands themselves. *Better Homes and Gardens* (BH&G) is a venerable magazine that provides content in a variety of forms. Just like Red Bull, it has broadened its brand by licensing it (in BH&G's case, to the real estate and retail market). Now there are Better Homes and Gardens real estate agents and house wares and furniture exclusively for Walmart. And BH&G engages consumers through a variety of digital and physical sponsorships and events.

Brands are acting like media companies and media companies are acting like brands. It's no wonder that the historical way of looking at media needs a new framework.

Paid, Owned, and Earned Media Framework

Suppose you have determined that Facebook should be a big part of your brand communication plan. The question becomes how to use it. You have a variety of options. One is to purchase ads that are posted on the Facebook timeline. The second is to create a Facebook page dedicated to your brand. The third is to devise a contest where consumers share their most unforgettable brand stories. Or you can do a combination of all three.

This example helps explain how the media landscape is changing. Media used to be a channel where you purchased advertising to promote your brand. Now media is a brand platform. Instead of determining the role various media play in your plan, you need to be exploring the role your brand plays in various media.

Facebook is a great example of the media framework that is based on a brand's integrated marketing communication (IMC) plan. The framework is paid, owned, and earned media, sometimes referred to as POE. Table 2.1 provides a definition of each media type.

The first media type is *paid media*. This is the history of media planning. In this case, the brand pays to leverage a media channel. It could be buying an ad on Facebook, a banner on Yahoo!, or a television schedule across a variety of networks. Regardless of the purchase, the key to paid media is that the brand is directly paying a media company for access to

Table 2.1

Paid, Owned, and Earned Media Framework

Media type	Definition
Paid media	Brand pays to leverage a channel
Owned media	Brand controls the channel
Earned media	Brand has consumers/companies become the channel

their audience in the hopes of turning that audience into brand buyers. This is Advertising 101.

The second media type is *owned media*. In this case, the brand controls the channel. Brands have become a medium in today's marketplace. Most companies and brands have their own website. This channel is totally controlled by the brand. In many cases, a brand's website becomes a consumer hub where customers can comment on a brand, get promotional discounts, and engage in contests or other promotional events. In our Facebook example, a brand can create its own Facebook page to interact with consumers. Brands have many opportunities to create their own media. Later in this textbook, we devote a complete chapter to owned media.

The third media type is *earned media*. This is where consumers and/or companies become a channel for the brand. Earned media has become a quest for many brands, since the benefit of earned media is a lot of brand exposure for no money. Earned media includes publicity that is initiated by the brand. The broader area of earned media also includes any activity regarding the brand stimulated by the consumer and/or other companies. In our Facebook example, the brand is developing or initiating a contest to stimulate consumer-shared stories. The goal is to seed a conversation that grows on its own. Brands have embraced this media type. Just as we devote an entire chapter to owned media, we also dedicate one to earned media for a more extensive view of how marketers are using this media type.

Paid Media Classifications

Advertisers and media planners have segmented paid media into a variety of subclasses. A common typology is *traditional media*, *nontraditional media*, and *new media*. Others classify media as *traditional*, *digital*, and *nontraditional*. These classifications are largely a result of media's digital revolution. In terms of advertising, any medium that was developed prior the Internet is considered a traditional medium.

This type of classification is misleading. Television is a highly digital medium with content accessible via laptop, tablet, or phone. While its origins predate the Internet, it has adapted to the times. Radio, print, and out-of-home have digital components as well. Digital media have moved into so-called “traditional” space. For instance, Spotify, an online radio service, purchased a radio station so it could adjust its costs for purchasing content.

Convergence of media forms is rendering these simple classifications a moot point. If social media is new media, then what is television programming that contains a built-in social media platform? Is it traditional media or new media or new traditional media?

When does a new medium become an old or traditional medium? Many digital or online media are 10 or more years old. Google has been around for more than a decade. Is it really that new? There are many new methods of providing an existing service. Pandora is a self-programmable radio station accessed online. Flipbook is a digital print product that allows the consumer to aggregate the content they want from a variety of media sources. While digital is rapidly changing the landscape of how consumers can get content, the content itself is much the same as in the past.

The paid media world boils down to two broad categories: One is advertising-supported consumer content. The second is advertising that provides content or items that can be connected to advertising.

Advertising-Supported Consumer Content

The majority of paid media falls into this category, providing content to consumers with a revenue model that is based primarily on advertising. The original media in this category include television, radio, magazines, and newspapers.

Social media companies such as Facebook and Twitter provide a platform for consumer content with an advertising-supported revenue model. They create content and allow consumers to create content on their media platform. While the content may differ from other media, the idea is the same. More eyeballs equals more advertising revenue. That’s what drives the needs of the advertising community.

Google and Yahoo! are portals that provide either access to information or unique information and/or services. Just like other media companies, they are dedicated to advertising as their revenue model.

Whether the medium is new or old, the similarities are that they provide consumer content in exchange for advertising revenue.

Advertising Connections that Provide Content or Items Connected to Advertising

A growing number of advertising connections provide content or items connected to advertising. The largest category in this type is out-of-home advertising. Whether it's outdoor billboards, bus benches, or mall advertising, out-of-home is an opportunity for a brand to connect its message to its audience. Media such as out-of-home are advertising-supported structures with no consumer content other than the advertising message itself.

Besides the large out-of-home advertising, there are other types of media—typically called nontraditional—that fall into this category. Like out-of-home, they usually carry no consumer content other than the advertising message. Some examples are ads on items such as coffee sleeves, shopping carts, escalators, and dry cleaning bags. All of these items have functional uses other than advertising, yet they carry advertising.

Guerrilla advertising also falls into this category. Guerrilla advertising is using unconventional means to get your message across. An example is KFC, the chicken restaurant chain that purchased manhole covers for the city of Louisville in exchange for making the covers look like buckets of chicken. Another example is the cable network TNT, whose marketers staged a “drama” in a Belgium city square to promote their channel to the market.

What do both of these paid media types have in common? The brand is purchasing something in exchange for providing its message.

Framework for Strategy

Paid, owned, and earned media capture the essence of today's media marketplace. The lines between them can sometimes be blurry. Rather than looking at POE as a classification system, a media planner can use the framework as a strategic tool.

For example, suppose that a brand wants to extend its campaign through earned media. One way to do this is to pay a group of bloggers to promote their brand. Is this paid media (since the bloggers are being paid), or is it earned media (since the bloggers are interacting with their respective audiences who are furthering the brand discussion)? Does it really matter? The point is that the brand is leveraging one media type to gain another.

Red Bull's Extreme Mountain Bike Race is a great example of an event that extends the boundaries of the brand. Red Bull is the creator and sponsor of the event. In essence, it pays for the content and owns the event. The event itself is extended through earned media in a number of facets. The

event is publicized. Other brands participate in the event, which extends its reach even further. Participants and attendees carry on a conversation about the event.

You can ask yourself if your media purchase can result in “owning” that medium or creating earned media. The POE framework helps guide that discussion and sets the stage for a broader view of connecting the consumer to the brand in a relevant manner.

Summary

Paid, owned, and earned media provide a framework for developing a brand communication plan. This framework comes at it from a brand and IMC perspective. It is used to help media planners establish how the consumer comes in contact with the brand. Each media type has its role in the communication plan. It is the job of the media planner to weigh each broad type to meet the brand’s objectives. Hopefully, the media planning team will work to leverage its media selection to extend the brand’s consumer connection.

Chapter 3

Outlining the Components of a Communication Plan

Every communication plan should begin with an outline. Outlining what is contained in the plan is an efficient way to begin the communication planning project. Of course, all plans are unique depending upon the advertiser, but there are some fundamentals that should be part of any communication plan.

Exhibit 3.1 contains an outline for a communication plan. It covers 10 broad areas, beginning with an executive summary and ending with ways to measure the results of your plan. Other than the executive summary, each component of the plan builds on the prior component. For example, marketing objectives/strategies lead into the role that communication plays in solving the marketing challenge. This leads to communication objectives, which then lead to communication strategies and tactics. Each communication plan is not unlike a book. It tells a story. In this case, the story is how you plan to solve the brand's marketing challenge.

Communication Plan vs. Media Plan

A communication plan and a media plan have very similar components. The key difference is the approach they take to solving the marketing problem. In an advertising media plan, it is assumed that advertising is the solution to the marketing problem. Therefore, a paid media plan is necessary to convey the advertising message to the appropriate target market.

In a communication plan, advertising is one of a myriad of alternatives to solving the marketing challenge. It may or may not be the solution, or it may be a part of the solution in combination with other communication alternatives. A communication plan then assesses advertising, promotions,

Exhibit 3.1

Components of a Communication Plan

1. Executive Summary
 - a. Summary of marketing objectives/strategies
 - b. Summary of communication objectives/strategies
 - c. Budget summary
2. Situation Analysis
 - a. Marketing
 - b. Communication
 - c. SWOT
3. Marketing Objectives/Strategies
 - a. Business
 - b. Brand
4. Role of Communication
 - a. Message
5. Communication Objectives
 - a. Target segment
 - b. Geography
 - c. Seasonal/Timing
 - d. Reach/Frequency/Continuity
6. Communication Strategies
 - a. Mix
 - b. Scheduling
7. Communication Tactics
 - a. Vehicle
 - b. Rationale
 - c. Costs
 - d. Impressions
8. Communication Budget
 - a. Dollars by communication channel
 - b. Dollars by month
9. Communication Flowchart
 - a. Weekly schedule
 - b. Recap of dollars
 - c. Recap of impressions
 - d. Reach/Frequency
10. Testing and Evaluation
 - a. Test programs
 - b. Evaluation methods

publicity, direct response, and any other form of communication. It embraces the paid, owned, and earned framework. The communication plan should be strategy neutral. It doesn't assume that one method of communication is better than another going into the planning process.

Components of a Communication Plan

There are 10 components to the communication plan, as highlighted in Exhibit 3.1. The following are brief descriptions of each element.

1. Executive Summary

An executive summary focuses management on the link between the marketing objectives and strategies and the communication objectives and strategies. From a management viewpoint, it is crucial to understand how communication is tied to the business goals of the brand. Management will also want to understand the strategic nature of the plan and the budget necessary to implement it. All of that information is contained in the executive summary.

2. Situation Analysis

The situation analysis forms the context for the plan. It should contain a marketing/brand analysis as well as a communication analysis. A marketing analysis contains a review of pricing, distribution, resources, and product differentiation compared with competing brands in the category. A brand analysis should contain measures of brand awareness, brand usage, and perceptions of the brand. A communication analysis contains message, copy, and communication channel comparisons with competing brands in the category. All of these analyses should roll up into a strengths, weaknesses, opportunities, and threats summary, better known as a SWOT analysis.

3. Marketing Objectives/Strategies

All communication plans derive from a marketing strategy. It is paramount to recap the marketing objectives and strategies in your plan. These objectives and strategies should have two focal points: (1) business-related aspects, typically defined by number of customers and sales, and (2) brand-related aspects, which may be defined by specific brand attributes such as quality or value.

4. Role of Communication

The role of communication defines how communication is going to solve the marketing challenge or meet the objectives—in other words, how the brand will communicate with its consumers. Some typical roles of communication are to increase awareness, change perceptions, announce new “news,” and associate the brand with quality perception. Within this section is the overall communication idea that leads into the creative strategy. This is the foundation for the communication plan.

5. Communication Objectives

The Big Four communication objectives are target segment, geography, seasonal/timing, and reach/frequency/continuity, which respectively address: (1) the target audience for your message, (2) where you are targeting, (3) when you are targeting, and (4) how much pressure you plan to apply.

6. Communication Strategies

Communication strategies are the methods you’ll use to achieve your objectives. Each objective should have a corresponding strategy. There are two major strategies for a communication plan. The first is the communication mix—the blend of communication channels you plan to use. This is where you address the weight given to paid, owned, and earned media. The second is scheduling—that is, when you plan on deploying each channel.

7. Communication Tactics

Communication tactics reflect the details of the strategies. For example, if a strategy to support a specific local market contains print and radio, then the tactics would be which print vehicles and radio formats or stations to recommend. Tactics are the specifics of the plan that include supporting rationale. They should address each vehicle recommended, the creative unit, costs, and the impressions that the vehicle will deliver.

8. Communication Budget

The communication budget is a recap of the dollars allocated to each communication channel and not to the specific vehicle. For example, funds would be allocated to magazines as a category—the broad communication

channel, not *Vanity Fair*, *Wired*, and *GQ* individually. Communication budgets include dollars by channel and also a recap of dollars by month.

9. Communication Flowchart

A communication flowchart is a schematic of the plan on a single page. It contains a weekly schedule of activity, a recap of dollars by vehicle and category, a recap of impressions by vehicle and category, and a reach/frequency analysis. The communication flowchart is a summary of all activity, scheduling, and costs.

10. Testing and Campaign Measurement/Evaluation

Testing is an optional aspect of a communication plan. Many communication plans have test programs. A test program may be used to see how an increase in media pressure might impact a specific market, or it may be a way to try out an emerging medium. Any test would be covered in this section. The other aspect of this section is how to evaluate the success of the plan. This may involve a recap of a research method or a recap of the measure and methods to ensure that the communication plan meets the overall campaign objectives. A second part of the evaluation process measures whether the overall plan and each tactic reach their impression objectives.

Summary

Before exploring a particular communication plan, it is important to outline its components. Doing so will provide the best and most efficient method for developing the plan. It is vital that each section of the plan build on the prior section. A communication plan is a strategic road map showing how you plan to solve marketing challenges.

Chapter 4

How Marketing Objectives Affect Communication Planning

Never, under any condition, should you begin an advertising media plan without first establishing your objectives. But even before establishing those objectives, there's something else you need to do.

Of course, it makes perfect sense to set forth your objectives before you begin your planning effort, whether in media or any other aspect of your marketing program. But media objectives rely on other objectives, and those must be established prior to laying out your media objectives.

Objectives: Marketing, Communication, Advertising, Then Media

Always begin by establishing your overall marketing objectives. Then set separate advertising objectives, which must be in concert with and derived from the overall marketing objectives. Finally, set the communication and media objectives, which are based on the advertising objectives (which, as we just saw, are based on the marketing objectives). Again, the communication and advertising media objectives will be stated separately from the other objectives, but they will derive from and support both the advertising objectives and the marketing objectives. Advertising media do not operate in a vacuum; they must be part of the overall plan. Of course, not everything goes as intended, which is why contingency plans are also necessary (see Exhibit 4.1).

Exhibit 4.1

Contingency Plans

Perhaps the best time to prepare for next year's taxes is right after you finish this year's taxes. That way, you'll have all your documents and figures, and you will know what you wish you had done better for the current year.

Similarly, the best time to do a contingency media plan is right after the proposed media plan has been completed. That way, you have all your documents and figures, and you are well aware of the other options that came to mind.

A contingency plan is not the same as a reserve fund. A reserve takes part of the advertising media budget and sets it aside for unanticipated emergencies. Doing that indicates two negative ideas: you are not confident about your proposed plan, and you don't need your entire budget.

A better strategy is a contingency plan, which is an alternative to the plan that has been proposed. Rather than setting aside budgeted monies, it allows for transfers among media choices.

Contingency plans usually answer three questions, all of which start with the same phrase: What will you do during the year if . . . ? The questions are these:

1. What will you do during the year if sales expectations are not being met?
2. What will you do during the year if sales expectations are being exceeded?
3. What will you do during the year if a competitor takes some unexpected action?

If the campaign proposal is for some period other than a year, substitute "during the campaign period" for "during the year."

The more complete and accurate you can make your contingency plans, the better. If they are actually needed, it will likely be an emergency situation, so you will not have time to re-do media plans or to finalize details. You need contingency plans that you can put into action on short notice.

Along with media objectives, you are likely to include specific advertising message objectives and perhaps research, production, or other types of objectives for your advertising campaign.

Based on Research

Ideally, all objectives will be based on research. Be wary if someone proposes using advertising media, or using advertising at all, without first doing research. Some people seem to have an innate feeling or sixth sense about advertising and media, but they are not really operating without research foundations; instead, they are using their own experience and expertise, which qualify as a type of research—one based on the results of past efforts.

Most people, though, must make their research efforts clear. You draw up a list of questions that need answers, and then design or contract for research that will provide insights into those answers.

Perhaps surprisingly, the research may not include such questions as, What advertising media should we use in the upcoming campaign? Instead, questions may focus on the best kinds of people to target or the best kinds of locations in which to market. The answers to these questions will help you derive your target markets and target groups—and, then, your media selections.

Utilizing research makes the task much easier when it is time to establish the marketing, advertising, communication, and media objectives.

Objectives as a Road Map

Imagine that you are in Kansas City and you want to drive to Tulsa. Unless you are familiar with the route, you would likely consult a GPS road map.

When you look at the map, you first find Kansas City, then you find Tulsa, and on the map you might work your way back from Tulsa to Kansas City. If you just start out driving from Kansas City, you have no idea which way to go: north, south, east, west, or, in this case, southwest. So knowing where you already are is important, but that knowledge alone is not enough. You need to know your destination, too.

If you track back from Tulsa to Kansas City, you are working from your objective back to your starting point. That is not the way you will drive it, but you might find it helpful to plot your course from your intended destination back to the point of origin.

That's the way you make your marketing plan, advertising plan, communication plan, or media plan work, too. You know your point of origin, and then you set up your objectives, but first you work backward from your destination to find out what is needed to meet your goals.

Objectives, Strategies, and Tactics

So far, we have used the term *objectives* for the place you wish to go. Sometimes the term *goals* will be used. In advertising, objectives are what you want to accomplish in the long term and goals are what you want to accomplish in the short term. In business, the short term is usually within the coming year, and the long term applies to things beyond the coming year. Use this vocabulary consistently with your coworkers.

Most of the time, you will have a five-year plan, which is the long term, with details for the coming year, which is the short term. Each year, you will update the short-term goals and plans, and then extend the long-term plans and objectives for another year, always working about five years ahead. Whether the time frame is three years or five years or ten years does not matter as much as the fact that you always have short-term and long-term achievements and plans, and that they are updated regularly—because things often change rapidly in advertising. The long-range plans may be for a shorter period and the updating may occur more often.

So objectives and goals are what you want to achieve. The plans you establish to meet these objectives and goals are called *strategies*. And the actual implementation or execution of those plans are the *tactics*. Remember that distinction. Tactics put the plans into action.

Advertising Media Are Strategies, Not Objectives

Even though you will eventually establish media objectives and goals, the advertising media themselves are not objectives or goals. Media are strategies.

Your advertising media goal may be to reach a certain number of consumers, with a certain frequency, with some impact. The media goal is not to use newspapers or television or outdoor billboards. Rather, the media are the ways that you plan to achieve those goals of reach, frequency, and impact, and maybe even continuity, cost efficiency, and creative considerations.

Keep this distinction in mind. Media are strategies, not goals or objectives. Do not establish goals to use certain media. Instead, establish goals of things that you hope to accomplish with your advertising media, and leave the actual media selection to the strategy stage.

Why make this differentiation? Because if you establish the use of certain types of media as part of your goals, you are setting out on your trip without knowing where you want to go. It would be like driving in any direction from Kansas City, on any highway, without having the vaguest sense of

where Tulsa is located. If you spell out the media as goals, you are likely to overlook some good alternatives because your mind is already made up.

Make this a three-stage process. First, set your media goals and objectives, without detailing which actual media might be used. Then plan on how to achieve the goals and objectives using the best types of media. Finally, implement the plan and execute the actual advertising campaign.

Setting Good Objectives

We've already established that good goals and objectives are crucial to success because they help you determine where you want to go with your marketing, advertising, communication, and media efforts.

To compose good objectives, use the infinitive form of a verb, as in "to do" something. Your objectives might be "to accomplish," "to sell," "to convince," "to change," "to increase," "to communicate," "to eliminate," "to compete," "to modify," "to promote," "to reach," or to do any of a host of other things, or some combination of these things.

Note that the advertising media themselves could not possibly be objectives and goals because they are not verbs. You could not have "to newspaper" or "to outdoor" as a media goal.

Good objectives will also be quantifiable. It is easy to say that you wish to increase sales. But by how much? If this year you sell 3,000,000 items, will you really have met your goal if next year you sell 3,000,001? It is more helpful to state quantifiable terms such as, "Next year, we will increase our sales by 2.2 percent," or "Next year, we will increase sales by 60,000 units." Then you will know for sure whether you have increased your sales, and you will know for sure whether you have met your goal.

Consistency with Message Strategies

It is also important for your media goals and objectives to be consistent with other goals and objectives, as well as with other strategies. We have already seen that advertising media goals must be consistent with marketing and advertising goals. The same goes for message strategies. If, for example, the copy and art teams have already decided that they must use demonstrations to make the advertising campaign effective, then the media goals must reflect the need for media that allow for demonstrations. Such media include television and cinema, but it is too early to state what media type will be used; in the goal-setting stage, it is enough to state that the eventual media selection must include media that permit ease of demonstration.

A long-standing controversy exists over which should be decided first: the advertising message or the advertising media. It makes sense for media to come first, because it would be silly and wasteful for the message and creative strategies to develop messages for, say, billboards if outdoor advertising is not included in the schedule. However, more often than not, message dictates media. If the creative, message, or copy staff needs certain capabilities, it is usually up to the media goals and plans to accommodate them. In the best case, both media and message will be developed alongside each other—simultaneously—so that each can draw upon the expertise and capabilities of the other. Because of the time constraints involved in advertising, this situation is more of an ideal than a reality (see Exhibit 4.2).

Exhibit 4.2

Examples of Marketing, Advertising, Communication, and Media Objectives

Here are examples of categories that might be used for objectives in marketing, advertising, communication, and media.

Marketing objectives	Advertising objectives	Communication objectives	Media objectives
Sales levels (in dollars and in units)	Merchandising support	Message	Efficiency
Sales shares (in percentages and in competitive indices)	Creative considerations	Points of recall	CPP and CPM—
Product position	Media considerations:	Major stressed items	Then, TAI and GRP targets can be derived
Geographic distribution	Flexibility	Order of items	Reach
General consumer profile	Contingency	Target audiences	Frequency
Competitive goal	Timing:	Need for awareness, knowledge	Impact
Timing during year	Flights	Budget considerations:	Continuity
Timing by seasons	Hiatus periods	Allocations to:	Targets:
Packaging	Sustaining periods	Regions	Groups
Pricing	Budget considerations:	Markets	Regions
Types of store or other outlets	Allocations to:	Geographic distribution of messages	Markets
	Regions	Geographic distribution of messages	Audiences
	Markets	Formats	Creative considerations and support
	Media functions	Audience calculations	Media capabilities
	Targets	Size	Flexibility
	Target markets: ^a	Composition	Merchandising support
	Areas or regions		Competitive strategies
	Target groups ^a		

Marketing objectives	Advertising objectives	Communication objectives	Media objectives
Relative needs for awareness, knowledge, interest, desire, and sales	Target audiences ^a Levels of awareness, Circulation numbers desire, and purchase		Audience sizes ^b Matched with Media mix vs. media
Distribution knowledge, preference, considerations	Competitive prospects numbers Show package? concentration ^c		
Tell price? Coupons	Advertising units		

^aTarget markets, target groups, and target audiences are often left to the strategy stage, rather than included as objectives.

^bAll given in audience terms, not simply in demographics.

^cNote that media types to be used are usually considered strategies rather than objectives.

Marketing Goals Bring Media Plans

So there you have the outline of how to establish goals and objectives, whether for marketing, advertising, communication, media, or any other phase of the marketing effort. You also have an understanding of the process: first, goals and objectives, then strategies, and finally tactics. And you can see how the various phases must work together and support each other.

Good objectives and goals are essential in every phase of your work, and advertising media work is no exception.

In some cases, the campaign targets are established as part of the goals and objectives, but more often, targets are part of the strategies. In the next chapter, you will learn more about setting up and reaching your advertising media targets.

Chapter 5

The Role of Communication in Advertising and Marketing

A media plan is part of a larger marketing communication program. It isn't, nor should it be, crafted in isolation. Media planners are part marketers, part behavioral scientists, part researchers, and part negotiators. They must have exceptional critical thinking skills and knowledge of a variety of disciplines.

Media planning is a crucial part of the overall communication strategy. The communication strategy is a key component of the marketing plan. The marketing plan is a key element of the business strategy. They all need to work hand in glove. One supports the other.

The business of a brand is to deliver revenue and profit to the company, so a firm knowledge of profitability is crucial to media planning. The secret to growing a brand is to ensure that its growth generates money. Typically, media (and particularly advertising media) take up a large portion of the communication budget as well as the overall marketing budget.

Media time and space can be expensive. It is not uncommon for media to account for 80 percent or more of the total communication budget. The remaining 20 percent may be allocated to cover research, production, evaluation, and agency fees. Because media can be a large expenditure for a brand, financial managers at the brand will scrutinize these figures. They will be asking questions such as, If you allocate \$10 million to media, what will be the return on investment?

We will cover return on investment (ROI) in a later chapter in this text. It's a vital component to any plan. No brand is going to invest millions of dollars in anything without understanding what it's trying to get.

As a media planner, there are a couple of lessons here. One is that you need to understand how the brand makes money and how your plan fits into that equation. Second, understand there is always a

trade-off when spending money. A company could invest millions of dollars in advertising, or they could use that money to upgrade their manufacturing plant. In many cases, monetary resources (or a lack thereof) become a much larger issue in a company than a media planner might realize.

Part of the 4Ps

You may recall the 4Ps mentioned in a basic marketing class. The 4Ps—*product*, *price*, *place*, and *promotion*—are the broad definition of the marketing mix. Media planning is the coordinated effort behind promotion. Within the 4Ps, the term *promotion* is used in its broadest sense to mean anything that is a part of brand communication. We typically use it to describe a type of communication rather than a class of activity.

The media plan is a part of this overall marketing mix. From a brand perspective, all of these components need to work together. A poorly designed media plan can actually sabotage an entire brand effort.

Let's take the impact of not aligning with price. Suppose that you are marketing an \$80,000 automobile. It's a luxury car by almost anyone's standards. The message strategy is to position this car as the ultimate luxury experience. The media team places advertising in the *National Enquirer*. The message and the media audience are obviously a bit of a disconnect. In this case, the media team should be looking for media properties with which they can better associate this upscale auto brand.

Media advertising may play a role in the timing of a brand being able to raise its price. Media timing may also be affected by pricing. Suppose a cola company wants to raise its price in the next few months. Research shows that if you have strong brand communication that leads into a price increase, the consumer will be more willing to accept it. Understanding of the pricing impact of the brand will be helpful in crafting a solid media plan.

Changes to the product also have an impact on media planning. If a brand develops a "new and improved" feature, a certain level of media support will be needed to announce this "new news." A brand's specific features may help dictate certain media support. A hybrid auto might suggest a different media approach versus a muscle car.

Place or distribution is a crucial component to media planning. Where the brand is actually sold can dictate media strategies and tactics. Suppose you are selling canned soup. You find that the brand doesn't have distribution in Walmart. That would have a big impact on how you approached supporting the brand since a large percentage of consumers may not have access to the brand. Or perhaps the brand is gaining distribution in the

convenience store arena. Or maybe the brand is placing soup vending machines in college dorms. All of these initiatives would have an impact on media planning.

The point is that media planning is interwoven with the other 3Ps of the marketing mix. As a media planner, you need to understand the brand's entire marketing mix so that you can ensure that your efforts are aligned.

Part of the Marketing Strategy

Media planning is a part of the overall marketing mix. It is driven by the overall marketing strategy, or how the brand will achieve its business goals. The brand has a goal of increasing sales and/or market share along with a profit contribution.

To gain sales and/or market share requires the brand to plot a course of action. There are a few fundamental strategies that brands pursue.

1. A brand can switch competitive brand users to its brand.
2. A brand can get new users (outside the category) to try its brand.
3. A brand can get its current user base to increase its purchase frequency of the brand.

Brand marketing strategies boil down to increasing brand penetration or buy rate. Brand penetration means getting more users into the fold. Brand buy rate deals with increasing the frequency of usage of the brand. Brands can elect to have programs that increase penetration and buy rate. These two paths are not necessarily mutually exclusive.

For example, in order to convince competitive consumers to switch to your brand of a given product, you may elect to use targeted incentives directed solely at those brand users. Or you may scrutinize the competition's media plan to ensure that your media investment trumps them on a macro or micro basis.

Let's say you want to gain new users to the brand and category. This means that you are reaching out to consumers who don't know your brand. Using intrusive media such as television might be a good way to get your point across. On the other hand, if your charge is to get current users to use your brand more often, you may elect to develop a strong social media program that encourages current brand users to share tips about the different uses for the brand.

Regardless of the marketing strategy, the media plan must follow suit. The marketing strategy will largely dictate the target market for the media plan. Focusing on the brand's existing user base is radically different than

attempting to convince a new market to try the brand. It's like comparing apples and oranges. Convincing competitive brand users to switch to your brand also sets into motion a specific set of objectives for the media plan.

In addition to the 4Ps discussion, the media planner must clearly understand the marketing strategy for the brand. The marketing strategy dictates the target market that the plan must address. If the media plan is not aligned with the marketing strategy, it will greatly hamper marketing efforts.

The Role of Communication

A media plan is part of the overall communication plan. The role that communication plays in supporting the marketing strategy is where the media plan resides. As with the need to align the marketing mix with the marketing strategy, a media planner must understand the broader context of how the media plan fits into the overall communications plan.

Communication problems are somewhat different from marketing problems. An example of a marketing problem is a brand being priced too high or low in the market. The communication problem may be that consumers who should be part of the target audience believe the brand is too expensive or too cheap. Communication problems are an outgrowth of a broader business challenge. Communication may or may not be the solution to the business problem. That's why it's important to understand what communication can do.

The following are basic roles that communication can play with a brand.

1. Communication can help to increase awareness of a brand. This might include raising brand awareness, informing consumers about “new news,” or informing consumers about what the brand has to offer.
2. Communication can help to change the perception or overall attitude toward the brand. This typically involves persuading consumers to rethink their feelings about the brand.
3. Communication can help to associate the brand with a specific image.

Informing, convincing, and associating are three key functions of any communication plan. While this is not an all-inclusive list, each of these roles dictates how a media planner would approach developing a plan.

For example, if the charge was to increase brand awareness among a specific target market, you might consider media such as television—one of the best for generating immediate awareness. Or the communication task may be to reach out and inform a different audience about “new news”

that would be relevant. This could dictate a complete change in the media approach going forward. For example, print in beauty publications may be used to introduce a new cosmetic brand or ads on tech websites may be used to introduce a new software product.

Changing brand perception or attitudes toward a brand is very different from merely increasing awareness. Awareness for the brand can be increased rapidly. Consider brands that launch with commercials that air during the Super Bowl. Those commercials reach nearly 50 percent of the adult population in the United States. If the message is relevant and powerful, generating awareness can be done in relatively short order. On the other hand, it can take time to change deep-seated perceptions and/or attitudes about a brand. Consider the attempts that JCPenney has made to change its brand perception from that of a discount seller of fundamental clothing to that of a bolder, more fashion-forward retailer. Their struggles to do this have gone on for many years. The implication for a media planner is that brand media support must recognize the need for continued pressure over a long period of time. A media planner who allocates all of the available dollars in a one-month period to change a deeply engrained perception will likely fail.

One central role of communication is to help associate a brand with a specific image. This might be achieved by targeting a particular group. For example, Mountain Dew has positioned itself as a soft drink for consumers who go to the extreme. They target extreme sports such as the X Games and other high-profile events. This brand is focused on a specific image and audience. Even though this target group may also like tennis, an association with that sport may not be appropriate for the brand. When the central role of the communication is to establish or reinforce the brand's image, the context within which any message appears is paramount. Context may be the driving force behind the media selection for the brand with reach or cost as a secondary consideration.

Summary

Media planning is a part of a larger brand effort. It begins with the overall business goals of the brand. The media plan is how the brand delivers on its promotional support. This part of the marketing mix needs to be executed in concert with the rest of the 4Ps. The brand's marketing strategy may dictate which audience the brand targets. The role that communication plays in supporting the brand provides the overall context for how a media planner delivers the communication strategy. The media plan is interwoven with all of these facets of the brand. As a media planner, you need to understand how your piece of the plan works with the total brand support plan.

Chapter 6

Working with a Situation Analysis

Before providing a strategic recommendation for an advertising media plan, assess the situation. That's the first step in the planning process. A properly constructed situation analysis should provide you with the necessary information and insights to construct a communication plan that will meet the brand and marketing objectives.

SWOT Analysis

The situation analysis is typically called a SWOT analysis. SWOT stands for *strengths*, *weaknesses*, *opportunities*, and *threats*. Exhibit 6.1 diagrams the SWOT analysis and its components.

1. Strengths

Strengths are something that the brand has that will be helpful in achieving the marketing objectives. For example, Frito-Lay has a sophisticated and highly developed distribution network for providing its products to all types of retail outlets, including grocery stores, convenience stores, and large institutions. If Frito-Lay is introducing a new product, this would be a great asset.

2. Weaknesses

Weaknesses are elements of the brand that might prove harmful to achieving the marketing objectives. For example, Cadillac has an old and stodgy reputation that must be shaken in order to attract a younger buyer to the company's new cars.

Exhibit 6.1

SWOT Analysis

	Opportunities tomorrow	Threats tomorrow
Strengths Today	You are poised to take advantage	You are strong to defend against threats
Weaknesses Today	You are not positioned well to seize opportunities	Your survivability is threatened

3. Opportunities

Opportunities are external forces that will aid the brand in reaching its objectives. For example, if birthrates for young women are rising by 5 percent, that is a good trend for Pampers. Or if the U.S. government taxes soft drinks, that could be an opportunity for bottled water brands to increase sales.

4. Threats

Threats are external forces that will be harmful or will get in the way of a brand's ability to achieve its objectives. If, for instance, Pepsi increases its marketing budget by 50 percent, that could have a negative impact on Coke and other brands in the soft drink category. Another example is the government banning soda machines from all public schools.

Putting SWOT in Context

It is important to construct a SWOT analysis with a clear goal in mind; otherwise, the SWOT becomes a mere listing of unrelated items that have no impact on the future strategy of the brand. So, if the brand's objective is to grow by 5 percent and the strategy for doing this is by expanding the brand's user base, then the SWOT analysis should be done within that context.

In this case, it means looking at consumers who are not currently using the brand. A brand strength may be that the brand is accessible to new users. But a weakness may be that it is perceived as being too expensive. An opportunity could be that there is a movement toward quality within the

category. A threat could be that another brand completely dominates this sector of the market.

The key to an effective SWOT analysis is thinking about how each item will either help or hurt the brand's cause. That's what makes your SWOT analysis more powerful and actionable.

Integrated Marketing Communication SWOT

As you develop a SWOT analysis for an integrated marketing communication plan, you should identify marketing elements and communication elements that can influence the brand. The third category—consumer trends—has an impact on both areas. Here are examples of marketing and communication items that should be considered for the SWOT analysis.

1. Marketing

Marketing elements include distribution, pricing, and product comparisons between the brand and each of its competitors. Marketing can also include factors such as how financially strong the company is, how experienced its management is, and whether or not the company has any patents or other proprietary items of value. Additionally, it takes into account brand perceptions by the consumer and other perceptual items related to the brand.

2. Communication

Communication elements include message, copy platforms, and communication outlet comparisons between the brand and each of its competitors. Communication can also include perceptual elements such as how strong the creative message is and if there are any media or sponsorships associated with the brand. Cost and consumer trends in media consumption figure in this mix as well.

The aforementioned examples do not make up an exhaustive list of items for either marketing or communication. The key to success is identifying all the elements relevant to the brand and its competitive set. It is also important to view the brand from the consumer's viewpoint. How the consumer sees the brand is crucial in determining how to tackle the marketing challenge. All of this information should be captured in the SWOT analysis.

Summary

The SWOT analysis is a tremendous tool for determining future communication strategy. Remember that the best SWOT analyses start with an objective in mind. This puts the process in proper context. Media planners must consider both marketing and communication elements when preparing a SWOT analysis. These suggestions and a thorough review of consumer trends will aid in developing a meaningful analytical tool.

Chapter 7

Defining the Target Audience

Nothing is more important in building an effective media plan than properly defining the target market and audience. An efficient execution of an improperly targeted media plan is not going to produce results. As brand manager, you need to ensure that the media plan and the creative execution are working together. If the agency's creative group is crafting commercials for affluent, suburban soccer moms, while the media group is working on an efficient media plan targeted to college students on a shoestring budget, then your advertising program is likely to be ineffective and may even come off as offensive.

The term *target* has a wide variety of uses and meanings. A *target market* typically refers to the geographic market you are considering for your advertising. Some advertisers use the term *target group* to define a demographic target, whereas others use *target audience* to mean just the media target. In this chapter, we use the term *target audience* to mean the media audience.

Honing in on the right target audience appears on the surface to be a simple exercise, but it takes careful crafting and tremendous coordination to get the most out of your marketing budget. The target you choose must make sense from a business perspective, a marketing perspective, a media perspective, and a creative perspective. Unless all your stars are aligned, your spaceship will likely hit an asteroid.

In the mid-2000s, Burger King was on a roll. They worked with Crispin Porter + Bogusky (CP + B) to create a number of award-winning campaigns directed at the heavy fast-food user, young men. For the first few years, sales soared. The “King” was an icon, even making an appearance as a video game. While things seemed to be going smoothly for Burger King, there were some underlying consumer trends that didn't bode well

for the future of the brand. By relying primarily on young men as their target market, Burger King was losing other consumers. Moms, in particular, left Burger King for other alternatives. When the economy took a downturn and resulted in double-digit unemployment for young men, Burger King sales quickly dropped. Young men weren't eating out, no matter what the marketing effort; they simply didn't have the money to eat at Burger King. So, what started out as a brilliant target audience strategy turned into a real dilemma for Burger King.

Another example of the business impact of target market selection is Chef Boyardee. In the late 1990s, Chef Boyardee changed its target emphasis to teenage boys, who made up the largest consumer category of the brand. Message strategy was crafted and tested, and a media plan was fully developed. The program resulted in a double-digit decline in brand sales for Chef Boyardee. But doesn't targeting your best consumers make sense? The answer is, only if they are buying the product. In this case, mom still bought the brand and, although kids were the ultimate consumers, mom was still making the purchase decision. When the target was subsequently changed to favor mothers, brand sales began to rise. The moral is that you must start with the right objectives before moving toward a proper target.

Start with the Right Objectives

Isn't getting the proper target as simple as finding out who is using the brand and getting your message to them? As we saw in both the Burger King and Chef Boyardee situations, just finding the consumer who uses the brand may not be enough. Obviously, understanding who uses your brand is paramount to the targeting process, but it is not always the best place to begin.

The place to begin to define the target is with the behavior you want to change. This behavior may be included in the creative brief but is many times left out of the media discussion. For example, you may have a marketing objective of increasing the user base of your brand. You need to attract new users. If your media plan targets heavy users of the brand, are you going to meet that goal? Of course not.

It is important to outline the specific objective that your marketing plan seeks to accomplish before evaluating the appropriate media target. As we will see, the media planning group should be right in the midst of defining the target, but it is more than strictly a media exercise.

Let's take a look at the soup category. Campbell's dominates the U.S. soup market, so the company must try to expand the category in order to attain growth. Campbell's can do this either by getting more people to eat

soup or by getting current users to use it more frequently in recipes. Brands such as Progresso and Healthy Choice need current soup users to switch to their brands. Other brands, such as Lipton and Knorr, look for niche markets: Lipton wants people who will cook with dry soup, and Knorr wants people who rarely if ever use prepared soups.

As brand manager, you need to assess the strengths and weaknesses of the brand in question. If your charge is to grow the brand by 5 percent, then you have a number of ways to get there.

One of the most likely ways to accomplish this goal is to get your current users to use your brand more often. In this case, you would target your current user base. You may also have to attract new users away from other brands (stealing share) or grow the category. This would lead to a target that might not necessarily be your brand's existing audience. Perhaps there is an ethnic niche that hasn't been mined. Or there may be a purchase influence dynamic at play, where the influencer, rather than the actual purchaser, drives the business.

Again, all your goals must align. Start with the business goal, which is typically growing the business at X percent. Then ask yourself how you are going to get there. From this point, you should assess your brand versus the category and the competition. Is the product category growing at the same rate as the brand? Is there a gap between your brand and the category that could lead to a potential source of business? Or is there some sort of competitive threat or opportunity that would lead to a growth opportunity for the brand? Once these issues are raised with both the agency and the brand group, you can begin to define the proper target audience.

Tools for Defining the Target Audience

A number of secondary research tools can aid in defining the media target. Over the years, there have been several improvements in linking actual brand purchase data to media behavior. These have led to a recent rise in the ability to model schedules and to determine the sales impact potential of various media alternatives.

Historically, the two nationally syndicated research studies used by media planners have been those of Mediamark Research Inc. (MRI) and Simmons Market Research Bureau. Both annual studies were initially designed to support the magazine industry with sales and audience data. MRI has now become the standard for most brand media planning, and Simmons has moved into the custom research arena. Simmons recently teamed up with MasterCard to offer brand purchase data on an aggregate basis—a very powerful tool for goods that are not tracked by panel data from the

Nielsen Company or Information Resources, Inc.'s (IRI) InfoScan. Nielsen and IRI are the two services that track manufacturers' brand movements through grocery store chains. Both have powerful databases of purchase behavior, which are used in helping media planners to understand the purchase dynamics of a multitude of brands and categories.

MRI is currently the preferred national media planning tool, providing information on more than 500 categories and 6,000 brands. It is the most widely used syndicated research service for determining magazine readership. Measuring 235 magazine titles for readership, MRI uses a "recent reading" technique with logo cards and a "sort board" with which respondents sort logos based on their reading habits of the past month. MRI also collects information on television, cable, radio networks and formats, newspaper readership, and Internet usage.

MRI's sample is 26,000 adults aged 18 and older (18+), so it is highly reliable. The company conducts surveys twice a year, with most media planners using the MRI Doublebase, which has 50,000 respondents as the key media targeting tool. The Doublebase is linked to other segmentation schemes such as PRIZM (Claritas's market segmentation system), Spectra (a specialist in local aspects of segmentation), and NPD Group (a tracker of the gamer segment), all of which have developed consumer segmentation analyses that divide the population into common groups based on geography, demographics, and purchase behaviors. A typical segmentation study may have as many as 60 discrete groups. This brings us to the second major media planning tool—one used in the packaged-goods industry.

Nielsen and Spectra have developed a tool that bridges the gap between retail tracking and consumer targeting. This tool connects actual product purchase behavior with Spectra's lifestyle segmentation grid, which allows the brand manager to analyze consumer behavior not only for media but for consumer promotion. With this segmentation scheme becoming very popular for brands, Spectra has become much more important in the media planning process with its link to MRI data.

Using this system, the media planner can get actual brand purchase data that can be linked to media behavior. Until this time, media planners used MRI for both media and marketing data. Now media planners can confirm MRI marketing data and use the same MRI data for media planning.

The Simmons National Consumer Survey (NCS) is another brand planning tool that is particularly powerful in the retail sector. It offers much the same data as MRI but is more extensive in terms of its own segmentation schemes. It is also a nice double-check for media planners to use in conjunction with MRI.

There are two local market tools available primarily for local retail planning. Scarborough Research, a service in joint partnership with the Nielsen Company and Arbitron, Inc., measures local media markets for the leading 75 U.S. markets. The Media Audit is a competitive product that offers a deeper market list at 86 markets, but not quite the level of detail in terms of advertisers measured. Both are excellent sources for analyzing local market activity and can be manipulated to include custom regions.

Those are the key secondary resources used in broad-based media planning. Once a plan is developed, media buyers use specific audience measurement tools for negotiation purposes. The key broadcast sources are Nielsen for television and cable and Arbitron for radio. Recently, there has been a move toward primary research studies for the brand that can be geocoded by either a PRIZM or Spectra database and linked back to other studies such as MRI.

Target Groups and Target Audiences

Keep in mind that not every target group can be reached by media. For example, if you are selling dog food, you'll obviously want to target dog owners. But there is no advertising medium that reaches all dog owners and only dog owners. Even media aimed at dog owners, such as *Dog Fancy*, reach some people who do not have a dog but (1) would like to adopt or buy one in the future; (2) have recently lost a pet and are not quite ready to get another; or (3) are not in a position to be a pet parent due to lack of space or an erratic schedule that involves a lot of travel. But these people may still read the magazine. Of course, even *Dog Fancy* doesn't reach all owners of dogs. And there may be people who buy dog food who do not have a dog; perhaps they donate the food to a local shelter.

So, it's important to have a target group, but you also need to specify a target audience: a group that can be reached by media and that can be clearly defined.

At the same time, you also want a communication target, which may or may not be the same as the target audience. Again, if you want to target dog owners, that's your target audience: households with dogs. But it's unlikely that the entire household is buying food for their dog. The principal purchasing agent is the communication target: the person who actually goes to the store to buy dog food.

The Heavy-User Definition

Now that you have the right tools, how do you go about defining an audience? There are a number of ways to look at an audience. We have identified

some of these from the marketing objectives. An important way to look at your audience profile is in terms of consumption.

The Pareto principle states that 20 percent of any given audience represents 80 percent of the consumption. There is a heavy-user segment for nearly every brand. The heavy user may not represent 80 percent of consumption, but there is a strong ratio—typically in the 2-to-1 range—for usage-to-users ratios. The procedure of looking at the heavy, medium, and light users of a brand is an excellent analysis tool and a viable way to target (see Tables 7.1 and 7.2).

Let's look at Hunt's tomato sauce. Here, the heavy user for tomato sauce represents 17 percent of the user base but accounts for 50 percent of the usage. This might suggest that Hunt's must not lose the heavy-user group because it is a small yet vital part of the category. But the real opportunity may be in targeting those other 83 percent of the users to get them to use the brand more often.

Table 7.1

Tomato Sauce Category Usage Analysis

Sauce category range	Users		Volume		Avg.
	(000)	%	(000)	%	
Heavy 6+	3,587	17	40,030	50	11.2
Medium 3–5	5,892	28	22,208	28	3.8
Light 1–2	11,395	55	17,359	22	1.5
	20,874	100	79,597	100	3.8

Source: MRI Doublebase.

Table 7.2

Diced Tomato Category Usage Analysis

Diced category range	Users		Volume		Avg.
	(000)	%	(000)	%	
Heavy 6+	1,867	14	15,406	41	80.0
Medium 3–5	2,481	18	8,487	22	3.4
Light 1–2	9,456	69	13,970	37	1.5
	13,804	100	37,863	100	2.7

Source: MRI Doublebase.

You can extend the heavy-user analysis to look for gaps between how your brand attracts users and how the category attracts users. In this Hunt's example, suppose that the category of heavy users is concentrated in the range of 25 to 34 years of age, but Hunt's heavy users are 35 to 49 years old. This means that Hunt's has an opportunity to grow the brand by attacking this usage gap.

Another gap to analyze is the gap between competitive brands. For example, there is a definite difference in usage between Hunt's and its major competitor, Del Monte. After assessing the reason for this difference, the brand can determine if this gap is something that advertising can alter or if it is the result of a product trait.

The heavy-user concept is certainly one that packaged-goods brand managers use regularly. In addition, retail and business-to-business brand managers can use this theory to segment their audiences.

For example, a grocery retailer knows that a mom with kids is likely to spend more on groceries than a single retired adult. The grocery retailer may use basket size (how many products a person is buying from the store, which translates into how many dollars a person is spending at the store) as a barometer of a heavy user. So, a shopper who spends \$200 on an average visit is worth more than the one who spends \$50 per visit. With sophisticated retail databases so prevalent in today's retail landscape, this type of analysis is relatively easy to conduct.

In the business-to-business world, transactions aren't usually as frequent as in retail or packaged goods. Nevertheless, there is still a size dimension that relates to heavy usage. One way that business-to-business marketers can evaluate their sales database is to see how large the sales are in rank order, or to have their financial department help them assess the profitability of each customer in terms of sales versus customer support required to service that customer. Each of these methods can be used to arrive at some form of ranking of heavy to light usage or of profitable to less profitable customer.

Lifestyle and Life Stage Segmentation

Beyond the usage method of targeting, there are a number of lifestyle and life stage assessment methods that affect media targeting. It is possible to gain insight into your target audience by looking at their lifestyles and life stages. We noted that the key tools for assessing lifestyles and life stages are PRIZM and Spectra. Both of these research tools define lifestyle largely

by where you live and how affluent you are. For example, the lifestyle of a consumer who lives in an upscale suburb of a large metropolitan area is very different from that of a consumer living in a small, rural farming community. This type of analysis helps put a face on your target and may suggest that you need different media approaches to reach various lifestyle groups.

Another way to look at your target group is by their life stage. Consumer patterns of behavior are sometimes dictated by where you are in your life. There is a huge difference between a 25-year-old mother of two and a 25-year-old working woman with no kids. In many cases, life stages serve as marketing milestones that require different media approaches. For example, if you are a senior in college, it is likely that credit card companies have been soliciting you, because they know you will be getting a job soon and establishing credit. Similarly, new parents receive all sorts of coupons for various baby products as well as banking products to save for their children's education.

Let's look at an example of lifestyles and life stages of users of PAM Cooking Spray (Table 7.3). The PAM brand attracts an older and more affluent audience. The challenge for the PAM brand is to generate a new base of users with a younger audience.

Table 7.3

PAM Cooking Spray

Spectra lifestyle	Life stage						Total lifestyle
	18–34 w/kids	18–34 w/o kids	35–54 w/kids	35–54 w/o kids	55–64	65	
Upscale suburbs	105	53	112	104	136	154	116
Traditional families	73	55	93	107	130	178	111
Mid/upscale suburbs	62	60	108	82	122	142	108
Metro elite	78	34	88	71	121	130	83
Working-class towns	77	45	94	86	145	157	104
Rural towns and farms	48	44	86	103	127	145	99
Mid-urban melting pot	48	38	83	73	108	148	89
Downscale rural	49	35	90	86	119	162	103
Downscale urban	56	30	85	71	97	148	87
Total	65	42	94	87	124	151	100

Sources: AC Nielsen and Spectra/MediaPLAN. Reprinted with permission.

Generations as a Target

We have discussed various demographic and brand usage approaches to targeting. One other method of targeting is to find common ground among various generations of consumers. Generations are brief periods of time that are connected with popular culture. Consumers of the same generation are connected not only by age but by the various milestones they have reached together. Some unifying characteristics include music, fads, inventions, politics, and social movements. For example, the 1960s ushered in the British invasion of rock stars to the United States, led by the Beatles. World War II colored two generations: The first has been termed the G.I. Generation because its members fought in the war as adults; these Americans were later referred to as the “Greatest Generation” for defeating the Axis of Evil. The second generation impacted included those who were children during World War II; dubbed the Silent Generation, these Americans grew up in families that were preoccupied with the war. Table 7.4 offers a list of U.S. generations for the past 100 years.

Generations can be a very effective targeting approach. Members of these groups are connected not only demographically but also emotionally and historically. Many times an advertiser will choose music or images that stir emotions within a particular generation. From a media perspective, it is important to be sensitive to the demographic nuances of generations as well as to patterns of culture, either of which may be a good forum for delivering an advertising message.

Table 7.4

List of U.S. Generations

Generation	Born	Notable occurrences
Lost Generation	1883–1910	• Experienced WWI
G.I. Generation	1911–1924	• Fought WWII as adults • Called the “Greatest Generation” • Great Recession
Silent Generation	1925–1942	• Repressed childhoods due to WWII
Boomer Generation	1943–1965	• Civil Rights movement • Woodstock
Generation X	1965–1985	• Rise of mass media • End of Cold War • MTV
Generation Y	1986–2001	• Rise of Information Age • Internet
Generation Z	2002–	• 9/11 • Social Media

Behavioral Targeting

Another way to target your market is by how its members behave. This type of targeting is very popular in the online world, where it is possible to track the websites someone is visiting in real time. For example, if you have just visited a website on border collies, you are likely to be a pet owner and receptive to a new dog food brand. That's how behavioral targeting works in the online world. But this type of targeting is not exclusive to cyberspace. Offline, you can target people who drive Corvettes. Or you can target golf enthusiasts. The idea of behavioral targeting is to have a relevant message for someone at the time it is most relevant to them—that is, when they are actually demonstrating or behaving in a way that indicates your brand is important to them.

This type of targeting can be stretched to more than just activities. You might consider targeting bargain hunters, those people who clip coupons or visit websites that sell discounted goods. In this way, you are discovering some behavior outside of the brand's purchase dynamics that might be a good fit for the audience.

Purchaser vs. Influencer

So far we have talked about the brand in terms of who is buying a given product. For packaged goods, this is typically the mother in a household. But she is not always the one consuming the products. Although our secondary research tools do an excellent job of defining the purchaser, they do not necessarily define the actual consumer of the product.

To understand this dynamic, the brand needs to do primary research to see whether or not there are influences that tip the scale beyond the actual purchaser of the product. For many items, the child in the household exerts the brand influence. Many households purchase private-label cereal and put that cereal in an already used branded box so children will think it is from their favorite branded source.

In James U. McNeal's 1999 book, *The Kids Market: Myths and Realities*, the author offers estimates of children's influence on parents' spending for various items. These range from items such as toys, candy, and video games (where you might guess the children's influence on purchasing is high), to items where children have smaller influences (such as sporting goods, sunglasses, and salad dressing) (see Table 7.5).

The challenge for the brand manager and the media group is to determine how to balance these influences. In the case of cereal, do you target mothers or do you target only the children? Of course, you would like to

Table 7.5

Estimates of Children's Influence on Selected Product Purchases

Selected products	Industry sales (billion \$)	Influence (percent)	Influence (billion \$)
Amusement parks	5.0	45	2.3
Athletic shoes	5.6	20	1.1
Autos	221.7	8	17.7
Bakery goods	26.1	10	2.6
Baking mixes/dough	2.8	15	0.4
Bar soaps	1.5	20	0.3
Batteries	3.5	25	0.9
Beauty aids (kids)	1.2	70	0.8
Bicycles	2.9	40	1.2
Blank audio cassettes	0.4	15	0.1
Bottled water	2.0	9	0.2
Bread	13.0	20	2.6
Cameras (still) and film	4.6	12	0.5
Candy and gum	19.0	35	6.7
Canned pasta	0.6	60	0.3
Casual dining	21.0	30	6.3
Cereal, cold	0.7	27	0.2
Cereal, hot	8.0	50	4.0
Clothing (kids)	18.4	70	12.9
Condiments	5.0	10	0.5
Consumer electronics	36.0	12	4.3
Cookies	5.4	40	2.2
Costume jewelry	4.0	12	0.5
Dairy goods	40.2	12	4.8
Deli goods	11.1	9	1.0
Eyewear	13.5	10	1.4
Fast foods	89.8	35	31.4
Fragrances (kids)	0.3	70	0.2
Frozen breakfasts	0.6	15	0.1
Frozen dinners	4.0	15	0.6
Frozen novelties	1.5	75	1.1
Frozen sandwiches	0.3	30	0.1
Fruit snacks	0.4	80	0.3
Fruits and vegetables, canned	3.0	20	0.6
Fruits and vegetables, fresh	52.1	8	4.2
Furniture, furnishings (kids)	5.0	35	1.8
Greeting cards	6.2	15	0.9
Hair care	3.8	10	0.4
Hobby items	1.0	40	0.4
Home computers	4.5	18	0.8
Hotels, mid-price	5.5	12	0.7

Selected products	Industry sales (billion \$)	Influence (percent)	Influence (billion \$)
Ice cream	8.7	25	2.2
Isotonic drinks	1.0	15	0.2
Jellies and jams	2.6	23	0.6
Juices and juice drinks	11.8	33	3.9
Meats, fresh	43.1	12	5.2
Meats, packaged	17.1	18	3.1
Microwave foods	2.3	30	0.7
Movies	1.6	30	0.5
Over-the-counter drugs	11.0	12	1.3
Peanut butter	1.4	40	0.6
Pet foods	8.2	12	1.0
Pet supplies	3.7	12	0.4
Pizza, frozen	0.9	40	0.4
Pudding and gelatin	0.9	25	0.2
Recorded music	3.4	22	0.7
Refrigerated puddings	0.2	20	0.0
Salad dressing	3.0	10	0.3
Salty snacks	13.6	25	3.4
School supplies	2.3	35	0.8
Seafood	8.0	15	1.2
Shoes (kids)	2.0	50	1.0
Soda	58.0	30	17.4
Software, learning	1.3	50	0.7
Soup	3.0	20	0.6
Sporting goods	30.0	15	4.5
Spreadable cheese	0.3	20	0.1
Sunglasses	2.0	10	0.2
Toaster products	0.3	45	0.1
Toothpaste	1.5	20	0.3
Toys	14.0	70	9.8
Video games	6.0	60	3.6
Video rentals	11.0	25	2.8
Wristwatches	5.9	12	0.7
Yogurt	1.6	12	0.2
Total	\$932.7		\$187.7

Source: James McNeal, *The Kids Market: Myths and Realities* (Ithaca, NY: Paramount Market Publishing). Used by permission.

do both, but if you lack sufficient funds, which one do you pick? Or should you blend the funds in a ratio of, say, 70 percent for mothers and 30 percent for children? These issues certainly need to be resolved before the media plan can be fully developed.

The issue of purchase influence is not confined to mothers and children. Many household purchases from the family car to the house to vacations are made with varying degrees of influence from both members of a two-headed household. Recent trends in health care show that adult children assert influence over their now-senior parents. So the issue of purchase influence is very far-reaching and can be the key decision in the media targeting process.

Other Brand Influencers

The issue of brand influence is not just the domain of brand purchaser versus brand user. In the retail and service area, the employee exerts a huge influence on the delivery of a service and is the key to customer satisfaction. As a result, a retailer or service brand manager often makes sure that the employees are a media target for the advertising.

Sometimes retail or service advertising is based around a promise made to consumers—a promise that employees must fulfill. For example, a grocery chain ran this promotion: if you aren't checked out within five minutes, you'll receive a discount off your groceries. To ensure that the employees were up for the challenge, the marketing manager ran an advertising campaign saluting the great employees of the store. This campaign led to a big increase in store pride on the part of the employees, so when the promotion hit, they were more than ready to execute it.

The world of business-to-business marketing has a very complicated set of influences. Because the purchase of a business item for your company doesn't involve your own money, it comes with an entirely different dynamic. For instance, when a company buys a computer, the user of the computer wants something he or she can be comfortable with; the information technology (IT) group wants something that fits into their overall IT framework; the finance group wants to minimize costs; and the CEO wants the greatest productivity. All of these customers have influence over the purchase. In many cases, the actual purchaser (the person who writes the check) has the least amount of influence over the purchase.

So, as a business-to-business brand manager, it is important to walk the advertising agency and the media group through the sales process so that they understand its various components.

Target Persona

While targeting can become a numbers game, you should constantly work to humanize the target. After all, you will be marketing to human beings regardless of what you are selling. One way to do this is by developing a

target persona. A persona is a fictitious character that embodies the characteristics of the target market. Rather than list a variety of target attributes, buying behavior, and/or motivations, the persona encompasses all this information in a nice neat story.

Persona development is very common for use in messaging. It is much easier to write for a specific person than for a set of personal attributes. Persona development is also common in developing online experiences as well as in personal selling. The persona becomes a shorthand version of the target market.

The media team can add a lot of value to creating a persona. Broad media habits can be integrated into a persona to round out what this person is all about. This helps the brand manager visualize how media play a role in a day in the life of the target market.

Persona development can be done through a personal name or by a descriptive segment name. For example, imagine that you are targeting a married working mother with two children, an eight-year-old son and a 14-year-old daughter. They live in a middle-class suburb near Washington, DC. This segment could be called “Amanda” and/or “Pressure Cooker Mom.” Here is a brief persona example.

Pressure Cooker Mom (Amanda)

Then it's bedtime at 10:00 P.M. Amanda is always on the go. She is up at 5:00 A.M. preparing to get her third-grade son and teenage daughter off to school. Once she gets them on the school bus, she drives 40 minutes to her accounting job. While in the car, she listens to her favorite morning radio show. She finds that the show keeps her company on her long commute. At work, she juggles her time between meetings and analysis. At noon, she takes a break and usually surfs the Internet, checking her Facebook page and looking at Pinterest. On her way home from work, she grabs a ready-to-prepare meal from the grocery store. She demands that her family have a family meal together; so at 6:30 P.M. every night, it's family meal time. When the meal is over, she helps her son with his homework until 8:00 P.M. From 8:00 to 9:00, they watch television. They like “light” sitcoms. Then, it is the children's bedtime at 10:00 P.M. Amanda stays up until 11:00 or so, reading or watching her favorite drama that she recorded on her DVR.

From this brief persona development, you can get a sense for what this target is like as a real person. You sense her busy lifestyle and can begin to think about how you can find ways to ensure that your brand message fits in. Once the target audience is defined, personifying the target is a great way to help bring it to life.

Growing Ethnic Diversity

In the golden age of television, the media target was fairly easy to discern. Take a look at *Leave It to Beaver* and you have your audience. It consisted of a white family with a working husband, a stay-at-home mom, and two kids. Of course, that was around 1960. The times have changed a lot since then.

Everyone knows that more women now work than stay at home, although that figure has topped out at about 60 percent, according to the latest U.S. Census Bureau data. The larger trend in the United States is the ethnic diversity of the population. There are many large markets, such as those in Los Angeles and Miami, where whites are not the majority. The most rapid growth in the population is coming from Hispanic and Asian populations, followed by African Americans.

These growth patterns have a lot of bearing on media planning and targeting. Ethnic audiences watch, listen to, and read general-market media, but each ethnic group also uses culture-specific media. The media planning dilemma is to determine when additional resources should be funneled into ethnic media.

There are two schools of thought on this issue. The first is to determine what percentage of the ethnic population is underdelivered by the general-market media and then to make up that difference in ethnic media. For example, if you were targeting beer-drinking men, you might schedule a commercial on *Monday Night Football (MNF)*. If *MNF* delivers a 12 rating for all men but only an 8 rating for Hispanic men, there is a 33 percent shortfall for Hispanic men. You can either accept this shortfall or look for programming that will balance the delivery for Hispanic men. Assessing underdelivery of various target groups is an excellent form of media analysis. This example suggests that the current buy of *MNF* might not be enough if Hispanic men are a key part of your target.

This brings us to the second school of thought, which focuses on marketing versus media. If Hispanic men are a crucial target audience, then you should market to them. Scheduling support in ethnic media is as much a political statement as it is a method of reaching the right audience. It means that you recognize the importance of this group, and that such recognition has an impact that goes well beyond the impact of the standard media analysis.

It is important in ethnic markets to understand the media impact of the plan in terms of media delivery. If an ethnic segment is growing and is important, then develop a marketing program to cultivate that group. That is where the brand manager and the media team need to work together

to ensure that all aspects of strategic thought are represented before proceeding.

Economic Impact of Targeting

We have looked at media targeting from the perspective of who makes up the best audience to reach in order to make your business grow. There are also economic implications of targeting. Each decision you make on defining your target audience has an effect on the cost of media. Thus, assessing the cost impact of your target decision is crucial to finalizing your target audience.

In your analysis of various target segments you will discover that each segment consumes media in a different way. This consumption leads to various cost trade-offs as you finalize your target audience. For example, research indicates that women watch more television than men. Therefore, the cost of reaching a certain number of men through television is more than the cost of reaching the same number of women. Suppose you decide that it is important to reach both men and women based on the purchase influence dynamics of the brand. If you change the target audience for the media plan from women to adults, you raise your costs by more than 10 percent. Why? You are paying a premium to reach men.

This same dynamic holds true for age. Older adults watch more television than do younger adults. It costs dramatically more, based on cost per rating point, to reach adults aged 18 to 34 than it does to reach adults aged 55 and over. If you change your target from the 18 to 49 group to the 18 to 34 group for a television plan, you will have to pay another 5 to 10 percent in costs.

The harder the group is to reach, the more it costs to reach them, which seems like a pretty basic maxim. The curveball here is that some media are designed to reach a very narrow audience rather than a broad one. This holds true for the regular television networks, but it does not necessarily apply to cable, where programming is very specific (see Table 7.6).

Television and newspapers are very much alike: the broader the audience, the lower the cost to reach them. Radio is just the opposite. Radio formats are tailored for narrow age cells. Each station is trying to own a key demographic. On radio, the tighter the audience, the lower the cost. For example, if you are targeting all men with a radio buy, you would likely need to purchase a news station for the older men and a rock station for the younger men. If you are just targeting young men, you could cut the news and reduce your costs considerably.

Magazines have similar dynamics. There are broad-reach publications, such as *Time*, *Sports Illustrated*, and *Good Housekeeping*. If you are

Table 7.6

Media CPM Efficiencies Based on Target Size

Target	TV	Cable	Radio	Newspaper	Magazines	OOH	Online
Broad Target	*****	**	*	*****	*****	*****	*
	****	**	**	****	****	****	**
	***	***	***	***	***	***	***
	**	****	****	**	****	**	****
Niche Target	*	*****	*****	*	*****	*	*****
CPM Scale	*****	Highly Efficient					
	*	Not Efficient					

targeting just people who like spicy food, though, you might be better off with *Chili Pepper* magazine.

The Internet is cut from the same cloth as magazines, with large search engines as the broader reach vehicles and individual sites as niche properties.

The other economic implications of targeting involve your media budget. If you are like most brand managers, you usually do not have enough resources to do what you want to do. Every brand is under pressure to deliver profits, and media support is one of the easiest budget cuts because it is considered a variable expense.

If you are faced with marketing a national cereal brand with only \$3 million for advertising, and the competition spends \$15 million, you have some tough challenges. Your \$3 million will not go far against a broad “mothers” target, but it is certainly enough to generate some noise in the children’s market. Or you may want to tackle an ethnic market with your limited budget. Therefore, when working with the media-planning group, it is critical that you understand the cost/impact dynamics of a target.

Summary

The target audience is the cornerstone of the media plan. Defining the proper target is crucial for success. It begins with setting the right objectives and then using the tools at your disposal to better identify the audience. Once you have weighed your options from the perspectives of opportunity and economics, you are ready to finalize this aspect of the media plan.

Chapter 8

Geography's Role in Planning

Where your product is marketed is just as important as *who* makes up your target audience. Whether your brand is international or found only in the corner grocery store, when it comes to media planning, *geography* is an essential strategic issue. How you define where you want to advertise and how much weight you give to one market versus another are key questions in deciding resource allocation.

Geography ties in to the target audience definition. As mentioned in Chapter 7, PRIZM or Spectra data can be mapped to provide a look at regional pockets of strength or weakness for a brand's target market. Then, as the brand manager, you can decide whether to support geography that has a high concentration of customers or to go fishing for new customers.

Before we get into geographic analysis and the impact of geography on media costs and media vehicle selection, we first need to define our geography.

How to Define Geography

Consider this scenario: You, the brand manager, tell the media planning group that you want to “heavy-up” (or apply more advertising weight to) Birmingham, Alabama. The media planning group walks away thinking that you simply want to advertise in the Birmingham designated marketing area (DMA). You, on the other hand, are thinking that the media planning group is looking at the Birmingham Information Resources, Inc. (IRI's) InfoScan market, which consists of seven different DMAs (see Table 8.1).

Obviously, you have a problem. One of the most common problems a brand manager faces is matching up marketing areas to media planning

Table 8.1

IRI (InfoScan) Market to Nielsen Designated Market Area*INFOSCAN Market (ISM): Birmingham, AL*

DMA	InfoScan market coverage	
	TVHH (000)	% of ISM
Birmingham	530.7	39.7
Huntsville–Decatur, Florence	317.8	23.7
Montgomery	211.2	15.8
Mobile/Pensacola	117.4	8.8
Tuscaloosa	59.4	4.4
Columbus, GA	50.7	3.8
Anniston	43.2	3.2
Other spill	7.8	0.6
Total	1,338.1	100.0

Source: IRI (InfoScan).

geography. This may sound fundamental, but it is a crucial area that is often overlooked until it is too late, or until a critical mistake is made.

The media planner generally defines geography based on television DMA from Nielsen. A DMA is a group of counties that get the majority of their television viewing from the same home market. There are 210 DMAs in the Nielsen television system. DMAs are fairly static but changes can occur. For example, at different times Sarasota, Florida, was both its own DMA and a part of the Tampa/St. Petersburg DMA, depending upon how strongly its local station performed in its home market. Although counties may shift from one DMA to another, DMAs are fairly consistent from year to year.

A second geography, or geographic unit, used by media planners is the metropolitan statistical area (MSA). An MSA is a central metropolitan area as designated by the U.S. Census Bureau. Each MSA comprises a certain number of counties and is smaller than a DMA. Radio stations typically use the MSA as their geography for their signal strength. Some brands use the MSA as their trading area because the MSA contains a considerable amount of census data that can be used to analyze the area. There are approximately 280 MSAs in the United States.

Packaged-goods marketers use either Nielsen panel data or IRI data to analyze sales information. Each of these sources uses broader marketing areas than either a DMA or an MSA. To describe their geography,

Nielsen and IRI use approximately 60 market areas, which incorporate the 210 DMAs.

Regardless of the source you are using, it is important to match up these market areas with DMAs before proceeding into media planning. Thus, when you say "Birmingham," you will get all the DMAs in the area and not just the 40 percent of the total marketing area that lies in the Birmingham DMA.

If you are a brand manager of a retail chain, then you define your market by the store's trading area. A trading area is a geographic area based on where your customers actually live or work. For example, most fast-food restaurants use a three-mile trading radius as their standard for defining their individual stores' trading areas. Other retail stores may draw from a wider area, but most retailers have a specific part of the market that makes up the majority of their customers. To market effectively to this group, a retail brand manager conducts a trade area analysis. This is usually done by evaluating the point-of-sale system used by retailers to capture customer names and addresses. Table 8.2 shows a zip code analysis for a fast-food chicken restaurant in Georgia.

As Table 8.2 shows, a concentration of sales comes from just a few zip codes. This provides the media planner with information to make an intelligent decision on a variety of media. Perhaps there is a billboard location that makes sense in this area. Or there may be a need to provide inserts or direct mail with coupon offers to area residents.

Geography can play a role in business-to-business marketing as well. The difference in business marketing as opposed to consumer marketing is

Table 8.2

Georgia Trading Area Analysis: BoJangles Chicken

Zip Code	# Households	Sales	% Total	Sales per HH
30327	4,760	\$150,000	10	\$31.51
33110	5,110	\$135,000	9	\$26.42
32112	4,210	\$120,000	8	\$28.50
35333	4,510	\$120,000	8	\$26.60
30353	5,010	\$105,000	7	\$20.96
32121	4,420	\$105,000	7	\$23.76
31760	4,130	\$90,000	6	\$21.79
32211	4,610	\$90,000	6	\$19.52
30761	4,750	\$75,000	5	\$15.80
34276	5,000	\$60,000	4	\$12.00
Top 10 Total	46,510			
All Others	54,000	\$450,000	30	\$8.33
Total	100,510	\$1,500,000	100	\$14.92

that the decision process can involve more than one market. For example, a cellular phone company that markets to the offshore oil industry found that the users of their service lived in rural markets near the coasts of Louisiana and Texas; the decision makers, on the other hand, working on the oil rigs with the workers, lived in more urban markets such as Houston, New Orleans, and Baton Rouge. In addition, the headquarters for most of the oil companies were in a western suburban area of Houston, more than 100 miles from the coast. In this case, the brand manager had to develop a different strategy for rural-based users of the service versus the urban-oriented users at corporate headquarters.

So, any goods or services will have geographic influences, whether they are national, based on a local market, or even as micro as a city block. Regardless of your brand's situation, the same discipline and tools should be used to determine the appropriate geographic media approach.

How to Analyze Geography

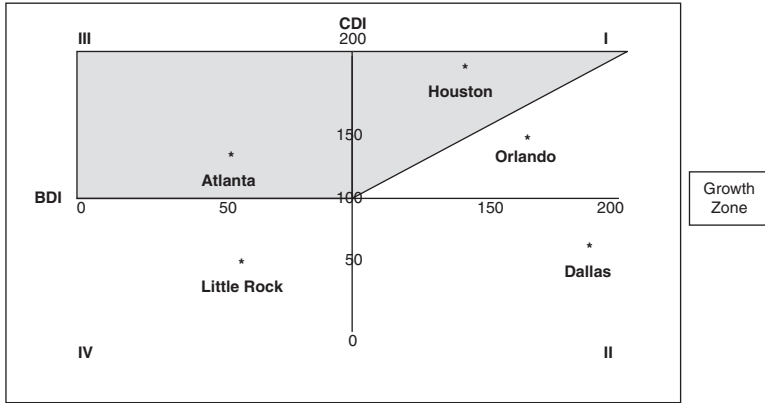
Now that everyone is working with the same definitions, it's time to analyze your sales by geography to determine strengths and weaknesses. The classic method is to develop a BDI/CDI analysis.

BDI stands for *brand development index*, which tells how strong a market's sales are in relation to its population size. This index is the percentage of your brand's sales compared to the percentage of the population in a certain market. Suppose you have 3.4 percent of your sales in Dallas, a city that represents 1.7 percent of the population of the United States. The BDI would be 200 for your brand ($3.4 \div 1.7 \times 100$).

An index of 100 means the brand sales in that market mirror the population. If the index is less than 100, then the brand is not consumed up to the per capita level; if the BDI is over 100, consumption is greater than the per capita level.

CDI stands for *category development index*. Just like a BDI, a CDI is the percentage of category sales compared to the percentage of the population. You use the CDI as a measure of potential, whereas the BDI is a measure of actual brand strength.

The best way to look at a BDI/CDI analysis is to graph it in a quadrant chart. Exhibit 8.1 shows a quadrant chart with each grid reflecting a different relationship between the brand and the category. In quadrant I, both the brand and category are strong. This is a good area to defend. Quadrant II shows that the BDI is much stronger than the CDI, which means that the only brand growth here would be limited to growing the category. In quadrant III, the category is stronger than the brand. This

*Exhibit 8.1**Brand Opportunities Analysis*

is the area of opportunity. And quadrant IV shows that both the brand and category are weak. This is an area where you will avoid spending advertising dollars.

One last analysis involves creating your own *brand opportunity index* (BOI). This is done by dividing the CDI by the BDI. For example, you have a brand where Atlanta has a CDI of 120 but a BDI of 80. That would correspond to a BOI of 150 ($120 \div 80 \times 100$). On the other hand, if Orlando has a CDI of 120 but a BDI of 150, then the BOI of 80 ($120 \div 150 \times 100$) might make it less attractive as a growth market than Atlanta, even though both the BDI and CDI would put Orlando in the top quadrant (see Table 8.3). Both Nielsen and IRI research show that advertising has the best opportunity to “grow” a brand where it has a strong BOI. So, once you calculate your BDI and CDI and put them in a quadrant chart, calculate your BOI for the final opportunity analysis.

The same BDI/CDI analysis can be done in the retail as well as the business-to-business arena. In retail, you may want to look at BDI/CDI on a market level, not just on a trading area basis. Because the number of stores can determine the strength or weakness of a market, retailers use a sales-per-trading-area analysis to evaluate one store versus another. This can be done by simply calculating the sales of the store and dividing by the number of households within the store’s trading area.

Factoring in Distribution

The BDI/CDI analysis is a classic one, but before finalizing your market “heavy-up” decision, you should dig a bit deeper to understand the reason behind the numbers. Suppose that in the Atlanta example, where your BDI is only 80, your brand was in less than 50 percent of the available points of distribution. Now the opportunity market that you thought you had may not be one after all until you gain full distribution.

For packaged-goods products, the term for distribution is *all commodity volume* (ACV). This is a fancy name for the percentage of the distribution channel in which the brand is available.

Distribution is an important element when looking at sales by market. Distribution, or the lack thereof, may be one of the reasons why a brand performs the way it does. One way to equalize the effects of spotty distribution is to do a sales-per-distribution-point analysis. This analysis looks at the sales-velocity-per-distribution percentage. It may uncover where a brand is performing well yet has distribution weaknesses. This can be a good tool for the brand manager to use with the sales group to shore up any weaknesses in the distribution area. For instance, suppose that your brand has 2 percent of its sales in Dallas/Fort Worth, which has roughly 2 percent of the U.S. population. You would say that Dallas is an average market with a BDI of 100. But if you found that you had your brand in only half the available retail outlets in Dallas, then you would say that Dallas actually has a BDI of 200 in the outlets where your brand is available. Based on this analysis, Dallas looks like a great market, once you gain that crucial missing amount of distribution.

From a media planning perspective, understanding the distribution of the brand is critical in selecting markets to “heavy-up” or markets for testing. Before proceeding with the BDI/CDI analysis, it pays to step back and ask about the brand’s distribution.

Table 8.3

Brand Opportunity Index

DMA	BDI	CDI	BOI
Dallas/Ft. Worth	200	80	40
Atlanta	80	120	150
Houston	150	200	133
Little Rock	90	50	55
Orlando	150	120	80

Applying Media to Geography

Now that you and your team understand what markets you want to target and are working from the same market definitions, you can begin to analyze which media to apply to various levels of geography.

Although most media can be purchased nationally, regionally, or locally, each medium has its geographic nuances. Let's review the major media and how they can be purchased at various geographic levels.

Television airtime can be purchased on a DMA basis locally or on a network television basis nationally. The major networks—ABC, CBS, NBC, and Fox—can even offer broad regional coverage based typically on five large regions. The only distinction is that network television uses syndicated programming, which is “cleared” locally. For example, a syndicated program such as *Wheel of Fortune* is actually sold DMA by DMA to a local series of unrelated local stations. In exchange for taking the program, the local station gets a certain amount of commercial inventory to sell, while the syndicator keeps its “national” inventory. Depending upon the syndicator's success, a program might “clear” all 100 percent of the country or just a portion of it.

Cable television airtime can be purchased locally and nationally. Most cable networks do not offer regional opportunities; nevertheless, there are regional cable sports networks available to purchase. Cable is a tricky medium from a geographic perspective. Cable channels are purchased by local cable operators. Each cable network is available in various percentages of the cable universe. Popular networks like CNN and the Discovery Channel are in most cable lineups, whereas a niche channel like the Food Network may not be. Of course national cable has its own set of geographic issues, but purchasing cable locally is even more challenging. A local buy must be purchased from individual cable operators in that market. In a market such as Dallas/Fort Worth, that may require dealing with more than 10 different cable companies. This complexity means that executing a local cable buy on a DMA basis can be quite difficult in some markets.

Radio airtime can be purchased locally, nationally, or on an MSA basis. Locally, radio is similar to television; the only difference is signal strength. Some stations are stronger than others, which can impact listening on the fringes of the MSA. Network radio is fairly similar to network television and syndication. You can purchase commercials that air on stations across the country, and you can purchase what is known as long-form programming, which is similar to syndication. *American Top 40*, a radio countdown of the week's most popular songs, is an example of a long-form program.

Magazine space can be purchased locally, regionally, or nationally. It is possible to purchase space in a magazine such as *Good Housekeeping* on

a national basis, or just in the Southeast, or just in the Chicago DMA. The smaller the publication's circulation, the less likely it is that you can purchase space in it on a regional or local basis. Obviously, there are regional and local magazines of every shape, topic, and size available to purchase.

With the exception of *USA Today*, the *Wall Street Journal*, and the national edition of the *New York Times*, newspaper space cannot be purchased nationally. Nevertheless, there are products that come within a newspaper that you can purchase. Free-standing inserts (FSIs) run in the Sunday newspaper and carry a wide variety of coupons. The largest purveyor of FSIs is a company called Valassis. You can create a national, regional, or local buy using these inserts. *Parade* magazine is another vehicle that is distributed in the Sunday newspaper, and space can be purchased as in any other magazine. Newspapers offer the opportunity to market on a micro level, targeting inserts by zip code; insert-only companies such as ADVO provide the same service.

Online advertising can be purchased on all, including worldwide, geographic levels. A Web portal like Yahoo! offers any level of banner or other program support to the widest or narrowest geography possible. Search engines such as Google also offer these opportunities. Social media sites—Facebook and Twitter among them—also offer an advertiser the ability to target on a micro level. Social media as well as online media are increasingly moving to mobile platforms. This offers advertisers the ability to target not only geographically but by time of day or by geographic behavior. For example, if you have used social media to “check in” at your favorite Starbucks, you could receive an ad that may promote a sale at a retailer down the block. Digital media is a tremendous opportunity for geographic targeting.

Out-of-home media (OOH)—billboards and signs on subways and buses—are, for the most part, a local medium. Still, you can buy advertising space on a rolling basis—that is, on bus routes that cover much of the country. Beyond these standard OOH media, alternative media such as airplane banners, beach logos, telephone-booth advertisements, and bathroom ads are extremely local.

Relevant Places to Target

Another way to approach geography is from a consumer brand connection perspective. Where does the consumer come into contact with the brand? What would be a relevant place where the consumer might need the brand? Where does the consumer hang out? By answering these types of questions, you can begin to connect your brand message to appropriate places where your target market goes.

For example, a brand campaign for Wisk laundry detergent targeted mothers who had active young children. Active young children translate to

lots of clothes washing. To understand this target market, the media team followed moms with active children to better understand their lifestyle. When they were done, they developed a media strategy called the “point of dirt.” This was where moms and their children were when the children were getting dirty. You can probably guess where that was: playgrounds, soccer fields, football fields, baseball fields, parks, and Laundromats. Armed with this information, the media team put together a plan to place the Wisk brand message at these locations. This unique approach broke from the traditional media approaches in the category and helped Wisk grow its sales.

Finding relevant places where the brand and the consumer connect goes to the heart of the job of a media planner: to understand the consumer. This can be as simple as not overlooking where a brand may be sold (such as a grocery store or convenience store). Or it may be connecting to where the consumer spends a lot of time. If you are targeting locally mobile salespeople, you may find that they stop often at convenience stores. Or they may be doing business sipping on a latte in their favorite coffee shop. These places then can become media planning opportunities.

Economics of Media by Geography

We have had a cursory look at how media can be purchased on various levels of geography. There are economies of scale moving from local to national levels of support. Because each medium is a bit different in its national-to-local break-even point, it is sometimes more efficient to schedule a national advertising placement than to buy a number of markets on a local basis.

The rule of thumb for calculating when network television becomes more cost efficient than buying spot television is when the brand is available in approximately two-thirds (66 percent) of the states in the United States. Prime-time and sports programming have the lowest national-to-local break-even point, which is usually at 66 percent. Morning, daytime, and evening news programs can be slightly higher than this level, but the two-thirds rule is a good one to go by.

Because cable is not as efficient as television on a local basis, its national-to-local break-even point is very low. If you are in the top five media markets in the United States, it is less expensive to purchase national advertising than to buy just those five markets. The national-to-local break-even point for cable is around 25 percent of the United States, although it can be even lower if you are comparing some very inefficient local markets. In Table 8.4, we have radio and magazine at similar break-even points; both are at 33 percent of the United States. Yet there is a subtle distinction in the radio analysis. Local radio typically comprises 60-second commercial units. Many local radio stations have gone to unit-rate pricing, where

Table 8.4

National-to-Local Break-even Points

Media	Break-even %
Network TV to spot TV (prime)	66
Network radio (:30) to spot radio (:60)	33
Network cable to local cable	25
National magazine to local edition of national magazine	33

it costs the same to purchase a 60- or a 30-second commercial; as a result, 30-second commercial units are becoming less common locally. On the other hand, national network radio charges 50 percent of the 60-second commercial rate for a 30-second commercial, making network radio much more likely to have 30-second units. So the break-even point for radio uses a 60-second commercial locally and a 30-second commercial nationally.

Now that you know it is more efficient to purchase national rather than local advertising for your brand, even if the brand does not have national distribution, should you be concerned that you are advertising where the brand is not available? This decision can be a double-edged sword, but there are certainly more reasons to advertise nationally than not if you have the opportunity.

Beyond the cost implications, national commercials or advertisements get more favorable placement in a given program or publication than local ads; studies have shown that national advertising can have upwards of 25 percent more impact or retention value for your commercial message. From a marketing perspective, this type of advertising can help seed your brand in future expansion areas so you may not have to spend as much once you gain that distribution. In today's retail climate, if you can land distribution in a chain like Walmart, you have a national brand instantly.

Summary

Geographic planning is a key element in media planning. The first step in the process is to understand your market-area definitions. From there, you can analyze your brand's strengths and weaknesses. Next, develop your BDI/CDI analysis. Determine how you are going to treat different market groups. Then look for economies of scale as you roll out your brand nationally.

The next chapter deals with another cornerstone of good media planning: the seasonal issues of brand consumption and media costs.

Chapter 9

Seasonality and Timing

The time of year your advertising runs is a critical factor in your advertising campaign. Just like your target audience or your geographic selection, proper timing can make the difference between an effective campaign outcome and a marginal result. The time of the year affects media costs, media effectiveness, and consumers' buying patterns. Nevertheless, there are lots of other advertising media scheduling factors that you must take into account, including schedule flexibility, the pace or rate of advertising, the share of advertising, and possible scheduling remedies for competitive actions.

Seasonality and Timing Strategies

Understanding when to apply communication pressure is one of the key components of your media plan. Grasping the timing component requires doing market and consumer research. From a market perspective, you want to understand when the brand is purchased. Is it purchased on a certain day, at a certain time, in a certain month? Or is there no distinctive sales pattern to its purchase? The first step in determining when you want to schedule support is to analyze when consumers are buying your brand and competitive brands. You should also review when the competitive brands historically schedule their communication efforts.

From a consumer perspective, you want to understand when the consumer uses the brand, how often they use it, and what steps they take in purchasing the brand. Is it an impulse purchase or a studied purchase? Is it something they consume often or only once in a while? By understanding the consumer's approach to buying the brand, you can better direct your communication timing.

To a large degree, your message is going to dictate your timing as well. There are three basic ways to view timing relative to the consumer's purchase of the brand.

- Pre-need: Timing your communication to lead into the typical time when a consumer buys the brand.
- At-need: Timing your communication to be at the time when the consumer needs the brand.
- Post-need: Timing your communication to be after the time a consumer buys the brand.

Let's take a look at each of these timing approaches. Have you ever noticed how you start seeing messages touting Mother's Day approximately two weeks before that specific holiday? That is an example of pre-need advertising. By creating awareness prior to an event, advertisers hope to increase the pool of people who may buy their product. This is a standard retail approach for just about any holiday or time when there is a natural buying event. An example of a natural buying event is in August/September, which is when most students go back to school.

Trying to time your communication to intercept consumers when they actually need the product is another strategic approach. For example, if you are driving in your car listening to the radio around noon, you are likely to hear a number of fast-food restaurants advertising. These restaurants assume you may be hungry. They want to seed their message while you may be considering where you are going to eat. Another example is an auto parts store scheduling advertising for wiper blades during days when it is likely to rain. They are putting their message at the time of need. This technique is exactly why search or pay-per-click advertising is so popular. There is no better time to place your ad than when someone is actually looking for the product.

Timing your communication to fall after the consumer buys the brand is in recognition of relieving post-purchase cognitive dissonance, a phenomenon typically associated with a consumer purchase of expensive products. Having made a large purchase, consumers sometimes are unsure if they made the right decision and often look for support or rationale for why it is a good purchase. This type of advertising can help bolster overall customer satisfaction with the brand and assure consumers that they have made the right choice. Luxury goods such as jewelry, watches, and certain automobiles make use of this type of timing.

The timing of communication can either capture demand or help create demand. By timing your communication to coincide with when consumers

are in the market for your product, you are attempting to capture demand. This is why so much advertising is done in November and December. Companies are using communication to help capture demand for holiday spending. Another method of timing is to help create demand at times that are normally slow. For example, De Beers, the world's largest diamond trader and manufacturer, developed a spring/summer campaign to encourage women to "reward" themselves by purchasing a diamond. The goal of this campaign was to stimulate off-peak demand, since more than half of all diamonds are sold in November and December.

Seasons and Quarters

Certainly, advertising makes use of the seasons of the year: winter, spring, summer, and fall. But advertising media seasonality refers to a bit more than the four seasons. It also refers to quarters of the year. The first quarter is January through March, the second quarter is April through June, the third quarter is July through September, and the fourth quarter is October through December. These four quarters do not line up exactly with the 12 months of the year; rather, because there are 52 weeks in the year, a quarter is 13 weeks long. Therefore, advertising flights, or waves, are often 13 weeks long as well.

The cost and effectiveness of media vary with the time of year, too. Because so much advertising appears during the Christmas shopping season, the fourth quarter has the most advertising—in all media, print as well as broadcast. That means higher levels of competitive advertising during the fourth quarter, which also means that each advertising placement may be less effective during the fourth quarter simply because there are so many competing messages (see Table 9.1). Because

Table 9.1

Media Effectiveness by Quarters of the Year

Network television	Average household rating			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Daytime	3.4	3.2	4.1	3.3
Early news	8.0	7.1	6.7	7.8
Prime time	8.8	8.3	6.9	8.8
Late fringe	3.4	3.3	3.2	3.3

Source: Advertising Media Services.

Table 9.2

Advertising Costs by Quarter of the Year

Network television	Average cost per :30 commercial (\$)			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Daytime	18,000	21,000	29,000	21,000
Early news	67,000	73,000	49,000	77,000
Prime time	146,000	160,000	132,000	189,000
Late fringe	49,000	54,000	47,000	53,000

Source: Advertising Media Services.

of the high demand for advertising during the fourth quarter, the media vehicles may raise their advertising rates then, too, which can make advertising in the fourth quarter not only less effective, but also more expensive (see Table 9.2).

On the other hand, there is comparatively little advertising in the first quarter, not because it is the beginning of the year, but because it follows the highly used fourth quarter. Many advertisers expend the bulk of their advertising budgets during the fourth quarter, so they pull back during the first quarter of the following year. But it is during the first quarter that consumers' media usage goes up because bad weather keeps many people at home. In broadcast, especially television, there may also be good programming during the February ratings sweeps, because high-quality programs build viewership. So the first quarter may be a bargain for television advertisers. Choice of insertion times is broad because fewer advertisers are trying to buy television advertising time, there are fewer competitive advertisements on the air, and viewership is at one of the year's highest levels.

Other media have their own seasonal patterns. For example, newspaper readership is apt to drop during the summer, when people go on vacation and suspend their subscriptions. Magazine readership may dwindle during the Christmas shopping season and then increase after the holidays, when the weather is poor for out-of-home activities. Online usage follows a similar pattern, with more usage in the winter months and less in the summer. Radio usage increases in the summer when school is out. And because in the summer the days are longer, people spend more time outside than they do in the winter, resulting in good opportunities to schedule out-of-house advertising.

Buying Patterns Affected by the Weather

Consumer purchasing patterns vary during the year, depending on both the product category and the weather. If there is a heavy snowfall at the beginning of winter, consumers may look for snow blowers, thinking it will be a long, snowy winter. If snow falls in March, consumers are less likely to shop for snow tires, figuring they have already made it through the worst of the winter without them. Similarly, a heat wave in May will spur sales of air conditioners, but a heat wave in September may not, again because consumers believe that they have already been through the worst that the hot summer season has to offer.

Packaged goods may benefit from weather changes at any time, though. Whether there is a heat wave in May or September, sales of soft drinks will jump. No one is going to refuse a cool drink in September just because most of the summer has already passed. Cold weather in winter typically causes canned soup sales to climb; during the warm summer months, though, hot soup is not nearly as popular.

Weather can be an important advertising strategy. For example, Quaker Oats ran a historic campaign based on the theme: “Below 50 degrees is oatmeal weather,” and the company worked with the media to trigger the message when the local temperatures fell below 50 degrees.

By using Google Analytics, you can predict the seasonal impact of a given brand. Just by analyzing the keyword for the category, competitors, and the brand, you can establish a seasonal pattern on which weeks and months consumers most often search for those words. This is a handy tool to establish or confirm the seasonal consumption patterns for the brand.

Day of Week and Time of Day

The season or quarter and the annual climate may affect your media selections and insertions. Similarly, the time of day and the day of the week may be important, too. Golf balls may be advertised on daytime television, but likely only on the weekend. Hair products and packaged food items may do well advertised on daytime television during the week. Lawn fertilizer and health items may do better during the early news or on prime time (roughly 8:00 to 11:00 in the evening).

Other Scheduling Factors

Season, quarter, day, and time are all important, but they may be largely intuitive, and they are among the least complex factors in timing. Several

other kinds of timing considerations also come into play in advertising media scheduling, all of importance, yet perhaps not as intuitively obvious.

Susceptibility

Consumers may be more susceptible to a message at certain times. Sylvania has had success in focusing its advertising for light bulbs on the day when daylight saving time ends and it gets dark earlier. Consumers are more attuned to lights at that time. A classic campaign was conducted for Brink's Security, which ran a radio announcement during work hours that asked, "While you are at work, who is watching your home?" These are good examples of exploiting certain times of day, based on consumers' susceptibility.

Flexibility

You may need flexibility in your media buys so you can switch from one media placement to others. Quick tactical maneuvers or other media schedule changes may be needed to meet competitive assaults or to take advantage of such external shifts as economic changes, unusual weather, consumer fads, and real or perceived threats.

When the World Trade Center was brought down by an act of terrorism on September 11, 2001, sales opportunities increased for security products and decreased for vacation packages. When crime rose on one Caribbean island, that locale developed a serious marketing problem; at the same time, other Caribbean islands made gains in tourism as they promoted their safety and security. When Vanilla Coca-Cola became a hit, opportunity suddenly opened up for other vanilla-flavored foods and beverages. If the economy takes a dip, sales of packaged goods may remain steady, but consumers may switch to smaller packages that require less cash outlay. A longer-than-normal rainy season in spring may delay purchases of lawn weed killers, making it necessary to extend the advertising flights to match; the same can happen with automotive antifreeze when extended warm weather lasts into autumn.

Rate of Advertising

Even your advertising budget may be a scheduling factor. Low levels of advertising are likely to bring low levels of customer response. High levels of advertising, on the other hand, are extremely and sometimes prohibitively expensive.

We have already seen how advertising expenditures can be ameliorated or leveled out by advertising in waves. High-expenditure flights can be offset by low-advertising hiatus periods. Waves of advertising permit you to gain high visibility when it is needed, followed by reminders during less intense time periods. At the same time, the advertising budget is stretched out so the campaign can cover more of the year.

Share of Advertising

Another type of unanticipated challenge may come from your competitors. If you have more to spend on advertising than any of your competitors do, congratulations! You are in a rare position. But even then you need to turn your dominant share of money into a dominant share of advertising, which is not always as easy as it might seem. It requires at least parity in advertising message strength and competitive efficiency in media selection and buying. Otherwise, the financial advantage will disappear and your firm will be just another part of the competitive pack.

More likely, you do not have as much money to spend on advertising as your largest competitor does. If your competition is spending at a level that you cannot possibly match, then you will probably choose to advertise in waves. Determining when the waves should run depends on a number of factors: the purchase cycle of your brand, the likelihood of brand-switching by your customers, the anticipated levels of competitive activities, and the life cycle of your brand and your product category.

You can also meet a larger competitor by not trying to match dollar-for-dollar and insertion-for-insertion across the board. Instead, you may be able to match the strongest competitor during parts of the year; if so, why waste money by spreading it thinly throughout the entire year? Another approach is to match your largest competitor in certain markets rather than throughout the entire country. Or you may be more selective in your choice of target audiences; this strategy will give you matching advertising weight against the primary target, even though you may have to sacrifice reaching audiences of lesser importance.

Varying Advertising Scheduling Patterns

There are several reasons why you may wish to vary your advertising placement schedule. Sometimes customers can be “unsold” by too much advertising. In broadcast, it is possible to induce an *irritation factor*, when potential customers become so tired of seeing your advertising that they not only flip channels but actually begin to have a negative reaction to the

surplus of advertising. You may not advertise so much that you irritate your audience, but there is no reason to advertise past the optimum point of exposure; going past the optimum advertising level is wasteful, even when it isn't irritating.

If you are using the same advertising schedule from day to day, and you have more than one television commercial that you can run, you may want to alternate the commercials so the viewers do not tire of seeing the same message over and over. If you have only one or two similar commercials, then consider varying the times when they appear so you are not always exposing the same audience to the identical message.

As mentioned earlier, some products have life cycles. If your goods fall into this pattern, it may be advisable to reduce or quit advertising for a while, allowing for a "gestation period" when the advertising information can sink in and have an effect.

Sometimes short bursts of advertising, such as in a wave pattern, can produce more sales than a steady amount of heavy advertising. Saving money while gaining greater impact would certainly be attractive and it would make sense to follow through.

These possibilities may be unique to your brand or to your product category. Because of the differences between products and brands, it is not possible to lay out rules or standards for every kind of advertising media operation. Good research, close observation, and insightful common sense will determine which, if any, of these situations applies to you and how you should proceed.

Starting Date

Many advertising campaigns are scheduled for a year at a time—typically a fiscal year or a sales year rather than a calendar year. But no matter what kind of year, the advertising starting date need not be the first day of the campaign.

Let's say that your advertising is planned for the calendar year. Should you start your advertising placements on January 1? If you have an item that fits appropriately into New Year's parades and football games, maybe you should start then. Most products and services, however, do not fit that mode. New Year's Day advertising is competitive and thus expensive, yet viewers do not always pay close attention; they are often gathered in groups, talking and eating while the television set is on, and some members of the audience are likely to be recovering from the night before. All these factors make New Year's Day a less attractive advertising opportunity—unless, of course, your item fits in well and you can afford it.

Similarly, if your advertising campaign year begins at any other time during the year, you do not need to begin advertising placements on the very first day. Look at the buying patterns, competitive advertising, your budget, and your preferred waves or other advertising patterns. Base your decisions on your objectives and your strategies, including your scheduling strategies.

Different Calendars

When most people refer to a calendar, they are talking about a January through December calendar year. Many brands budget for a calendar year; others do not. As a media planner, it is crucial to understand your brand's budget year. That year will have a huge impact over how you schedule your communication.

Many brands work on a fiscal year that is not the same as a calendar year. A fiscal year is how the brand or company reports their financial performance. If the company is publicly traded, each quarter is a crucial milestone for the company with Wall Street and its shareholders. It is not uncommon for a company to delay advertising or to cut advertising to meet a short-term financial target. As you build a media plan for such a company, understanding the financial implications of your plan can help you optimize how you schedule the support.

Most retailers operate on a February to January fiscal year. Instead of the first quarter being January, February, and March, a retailer's first quarter would cover February, March, and April. The purpose of a fiscal year is to help the company mitigate its financial risk and to provide time for proper accounting of its revenue. Since most retailers generate a large amount of their income from sales in December, they use January to sort out their year's financial situation. Consumer packaged-goods food companies often operate on a July–June fiscal year, otherwise known as a crop year. Crops are planted in the spring and harvested during the fall. By having a July–June fiscal year, these companies understand the impact of commodity prices on their various brands. This allows them to make decisions regarding pricing.

Many brands, advertising agencies, and/or media buying companies schedule their media using a broadcast calendar. A broadcast calendar is a standard calendar used to purchase television and radio time. It always begins on a Monday and ends on a Sunday. Every month in a broadcast calendar has four or five weeks with up to 35 days in the month. The number of weeks in a broadcast month is based on the number of Sundays that fall in that month with the period ending on the last Sunday in the

month. As a result, a January broadcast month could contain days from the previous December—in fact, it is not uncommon for broadcast months to cross calendar months. Broadcast calendars are important in the advertising industry since much of the media billing is based on this calendar and not a calendar year. This becomes important as a brand ends its fiscal year and must reconcile its budget.

Advertising Scheduling

When you plan your campaign schedule, start with a good calendar that includes all the holidays and special events; note, for instance, that candy sales increase for Secretaries' Day, an event that is not included on all calendars. Then begin to put together your advertising schedule. Most of the time, the calendar is transferred to a flowchart, which shows the patterns of advertising along with the levels of advertising, all on a sheet or slide that incorporates the proposed advertising schedule, advertising weights, and respective target audiences for the entire campaign period.

In addition to your marketing and advertising objectives, your audience targets, your geographic targets, and your scheduling aims, you will want to take into account the competition and the creative needs of your brand's message and their implications for your advertising media plan. That is the subject of chapters 10 and 11.

Political Windows and Their Impact on Media Scheduling

By law, political candidates get the lowest media rates offered by a media outlet, along with first rights to that inventory. There are specific times, called political windows, when this law is evoked. Typically, a political window is a six-week period that leads into primary elections (usually in the spring) or a specific election, held in November, for a local, state, or national position.

The impact of the political window is particularly relevant to advertisers who use broadcast media where only a limited number of commercial units are available. The risk that an advertiser runs by scheduling advertising during a political window is that the ad may not run as scheduled. For example, there have been times in recent history when more than 50 percent of all news commercials have been aired by various political parties. Meanwhile, advertisers who may have booked that time well in advance are left looking for alternative programs or media.

The second impact of the political window is on media costs. Since broadcast properties must sell political commercials at their lowest unit

rate, they are less likely to negotiate low rates with their regular advertisers during these political time periods for fear of losing considerable dollars per unit sold. For these reasons, your role as a savvy advertising media planner becomes even more crucial—and complicated—during an election year.

Summary

Seasonality and timing play a crucial role in your media plan. The seasonality of the brand's consumption pattern will help dictate when you schedule media. Seasonality also plays a role in the cost efficiencies of different media. Tactically, the timing of advertising can be used to make a larger than life impact on the media schedule.

Chapter 10

Competitive Analysis

Implications in Planning

If all we had to do to succeed in advertising media planning was figure out the right message to send, the right target to receive that message, and the right number of times to send it, advertising planning would be a breeze. But most brands don't live in isolation. Just as we are trying to persuade the consumer to try our brand, some other brand manager is looking to do the same thing.

Competitive analysis is crucial for establishing a point of difference for your brand as well as for developing the competitive attack plan. Using a competitive analysis in a strategic manner can lead to a number of media strategy decisions. For example, suppose you see a trend emerging where all the competitors in your category are moving their money from television to magazines; that might indicate an opportunity to stand out from the pack by increasing your television exposure. Perhaps your spending is not keeping up with the other brands in the category; this may force you to rethink your national strategy and place greater emphasis on key spot markets where you have the greatest volume.

In today's environment, you must be able to react quickly to competitive threats. Most brands have contingency plans that are based on competitive scenarios. Fortunately, there are a number of competitive information tools on the market today that offer a wealth of data about your brand and the brands against which you compete.

Competitive Tools

There are two major national competitive media tracking tools available for assessing media placement. The larger of the two is Competitive Media Reporting (CMR), now owned by Kantar Media. The second is Ad*Views,

which is owned by Nielsen Media Research. Each service offers a good national overview of media spending. CMR covers a more expansive list of media, whereas Nielsen's Ad*Views is a bit more in line with the packaged-goods industry.

CMR tracks over a million individual brands for 15 media categories. For television, it provides—on a program-by-program basis—the estimated dollars spent and ratings for network and cable. It also offers spending information in the top 100 media markets in the United States, including network and spot radio as well as more than 300 Internet websites. On the print front, CMR tracks consumer magazines, including Sunday magazines (Sunday supplements) and national and international business print media. In addition, CMR monitors outdoor spending for posters and rotary programs.

Ad*Views tracks media similar to CMR; nevertheless, there are some differences. Ad*Views does not cover international print or business-to-business print, but it does cover free-standing inserts (FSIs), which CMR does not.

Although the usual lag time between gathering data and actually reporting on it is approximately six weeks, both services offer quick “topline” reports. These allow you to see information on a competitor's broadcast commercial within a week, so the data can be very current.

Both services are extremely accurate with their television and consumer print reporting. Reports on local radio spending are a bit spotty, because much of it is done locally and the services only capture dollars placed through national representatives. Newspaper inserts are also difficult to measure, and there is no measure of direct mail. Even with these caveats, the data are relied upon heavily in advertising media planning. Let's take a look at how we can use some of this competitive intelligence.

SWOT

As discussed in Chapter 6, a common approach to analyzing an advertising and marketing competitive situation is the SWOT method, which stands for strengths, weaknesses, opportunities, and threats. The strengths and weaknesses analyze the internal situation as it is now; the opportunities and threats analyze the external situation as it will be in the future, usually three to five years from now. Exhibit 10.1 shows how these analyses work together to cover good and bad situations, both now and in the future.

Exhibit 10.1

SWOT Analysis

	Opportunities tomorrow	Threats tomorrow
Strengths today	You are poised to take advantage	You are strong to defend against threats
Weaknesses today	You are not positioned well to seize opportunities	Your survivability is threatened

Exhibit 10.2

Sample Advertising SWOT

	Opportunities	Threats
<p>Strengths Financial strength Strong local franchise Ad content Local relationships Autonomy Ads get results</p> <p>Weaknesses Lack of diverse workforce Only two revenue streams Low understanding of customers Nonresponsive to audience Not tech savvy Cost structure</p>	<p>Targeted ads Partnerships Growing audience High demand for research database Need for information</p>	<p>Local economy downturn Aging population Operating expense inflation Competition for employees Audience expectations changing Stagnation</p>
	You are poised to take advantage	You are strong to defend against threats
	You are not positioned well to seize opportunity	Your survivability is threatened

The SWOT process is widely used because it is relatively simple and quick to administer. It provides useful information about a firm, a brand, an advertising agency, or any other similar organization. Many advertising managers make use of SWOT or similar techniques because of these advantages.

The outcomes of a SWOT analysis are simply assessed in a combination of visual and written analyses, as Exhibit 10.2 shows.

Share of Spending vs. Share of Voice

The classic way to use competitive information is to understand how much your brand spends in relation to your competitors. Sometimes *share of spending* (SOS) is called *share of voice* (SOV) analysis. Although many media people use these two terms interchangeably, they are different. Share of spending is just that—the percentage of total dollars you spend in the category. So SOS uses absolute dollars as the measuring stick regardless of the medium. In SOS, a dollar is a dollar whether it is spent on television, print, or outdoor advertising. For example, in 2010, Subway was spending at an \$80 million level in the fast-food category, which was 6 percent of the total spending for its category. Share of voice, on the other hand, involves the actual impressions delivered as a percentage of the total category impressions. SOV then takes into account the delivery for each medium, so it draws a distinction between television and print. Whereas Subway represented 6 percent of the total spending, the firm may represent 10 percent of the total impressions in the category because Subway had a more efficient mix of media than did the category as a whole. Because these two measures of competitive spending may yield different results, it is extremely important to clarify which analysis is being performed.

SOS/SOM or SOV/SOM Analysis

Once you get a grip on your brand's SOS or SOV, you will want to compare those figures to the market share (*share of market*, or SOM) levels you and your competitors have. This comparison is called either SOS/SOM or SOV/SOM analysis. For example, if your brand has a 30 percent market share with a 15 percent share of category spending, then you would have a ratio of 50; to find this figure, divide the 15 percent share of spending by the 30 percent market share ($15 \div 30 \times 100$). If you are aggressively trying to gain market share, you may want to spend at a level above your current share. If you are the leader in the market, you may want to maintain a spending level equal to your share so that competitors won't erode your market share. Regardless of your strategy, the SOS/SOM analysis is a good building block to guide you to the proper amount you should invest in your brand.

Many studies correlate these two variables. That is why many brand management teams review these calculations. Table 10.1 shows such an example in the fast-food category. Notice that McDonald's, the category leader, has advertising spending that is very much in line with its market share. The other competitors are spending disproportionately in an effort to take market share from McDonald's.

Table 10.1

Ratio of SOM to SOS in Quick Service Restaurant Category

Top 10 brands	Share of market (SOM)	Share of spending (SOS)	Ratio
McDonald's	33	30	91
Burger King	14	14	100
Wendy's	10	11	110
Pizza Hut	8	7	88
Taco Bell	8	9	113
Kentucky Fried Chicken (KFC)	7	10	143
Subway	7	8	114
Domino's	5	5	100
Arby's	4	4	100
Dairy Queen	4	2	50
	100	100	100

Source: Brandweek (Technomic Information Services/CMR expenditures).

New Brand Introductions

Suppose you had to introduce a new line of frozen entrées into a very crowded category. How much would you spend to introduce them? Without a market share, it is tough to do the SOV/SOM calculation. But competitive spending is still crucial to your budget plans. Most brands estimate the market share they want to garner in their second year, after the brand is introduced. Then they analyze the competition's spending. New brands typically peg an introductory rate at one-and-a-half to two times that of their Year 2 market share goals. For example, if your goal is to get 5 percent of the frozen entrée market, then you would spend up to 10 percent of the current category spending. This type of analysis is evident in today's marketplace. For example, Healthy Choice was spending aggressively at a \$17 million level versus market leader Stouffer's at a \$10 million level because Healthy Choice was obviously trying to take share from Stouffer's. Any marketer who is planning to introduce a new product relies on competitive spending analysis to help determine how much money should be allocated to advertising.

Media Strategy

Competitive spending is a good strategic tool for making media decisions. The Heath candy bar was a small brand that faced strong competition in its category. The majority of spending was done leading into Halloween. Heath's sales spiked in October. It had another spike in the spring, around Easter, when category

Table 10.2

Media Mix Comparison: Frozen Dinners and Entrées

Brand	Total media (millions)	Percent allocation		
		Network TV	Spot TV	Magazines
Stouffer's	10.3	50	5	45
Lean Cuisine	5.7	—	50	50
Smart Ones	2.7	—	—	100
Healthy Choice	17.2	60	20	20

Source: Brandweek (CMR expenditures).

spending was less pronounced. Heath shifted its spending to emphasize Easter and other key times of the year when the brand could make an impact.

Another strategy decision might be in the media choice itself. If the majority of the category dollars are going to television and you have the opportunity to stand out in radio, then shifting your advertising to radio might be worth considering.

Competitive spending can also be used to determine tactical decisions: In what specific part of the day could your brand make an impact? Is there a creative unit that you might want to use to tell your story? Is there a specific day or days of the week when it may be more beneficial for your brand to run its spot?

All of these questions point to competitive gaps that can be exploited. So, when approaching media strategy, ask yourself if there is something that you can do to stand out from your competitors.

This is certainly the case in the frozen dinner and entrée category shown in Table 10.2. Because Healthy Choice and Stouffer's dominate the spending, other brands are forced to look at alternative media in order to stand out. Weight Watcher Smart Ones puts all its money in magazines to make an impact in a certain medium, while Lean Cuisine allocates a significant amount of its resources to spot television in order to be competitive in selective market areas.

Advertising-to-Sales Ratios

Another use of competitive spending analysis is to determine the advertising-to-sales ratios for your competitors to see what percentage of their revenue they are spending on media advertising. Advertising-to-sales ratio is calculated by dividing the total advertising expenditures by the total amount of brand sales, or revenue. For example, Healthy Choice was a \$230 million brand spending \$17.2 million on advertising. Healthy Choice's advertising-to-sales ratio was 7.5 percent. Contrast those figures with Stouffer's, a \$475 million brand spending at a \$10 million level, or an advertising-to-sales

Table 10.3

Advertising-to-Sales Ratio

	Healthy Choice	Stouffer's
Sales	\$230.0 million	\$475.0 million
Advertising expenditures	\$17.2 million	\$10.0 million
Advertising-to-sales ratio	7.5 percent	2.1 percent

Source: Brandweek (CMR expenditures).

ratio of 2.1 percent. Healthy Choice was spending almost twice the amount Stouffer's was spending on an absolute basis, and more than three times that amount on a percent-of-sales basis (see Table 10.3).

Advertising-to-sales percentage is a senior management tool for determining overall budget allocation. Management can use this analysis to determine if the company is being too aggressive or not aggressive enough in its allocation of overall marketing and communication resources. When an overall discussion of how a company should allocate its money comes up, analysis such as advertising-to-sales competitive benchmarks become a crucial factor in overall brand marketing communication funding.

Determining Trends in Spending

Another great use of competitive spending information is to calculate a trend line analysis. The media planner should be updating such an analysis every year. You want to see whether spending in the category is increasing or decreasing over time and at what rate. You can compare this result to the sales growth in the category to determine the vitality of the category. If the category is growing at only 2 percent per year in sales, yet advertising is growing at a 10 percent rate, it tells you that a healthy return is going to be tougher to attain. Conversely, if you have a fast-growing category with slower advertising growth, it might suggest that you could step up your own support of the brand.

Trends can be helpful to identify a change in spending patterns over time. Perhaps the category is gradually moving money from television into print, or maybe dollars once funneled into the fourth quarter are now in the third quarter. Over time, you can see how the category is behaving and use this information to help chart your media course.

Marketing-Mix Models

Many brands today are conducting sophisticated marketing-mix modeling. This research is made possible by the availability of a tremendous amount

Table 10.4

Marketing-Mix Model: Bob's Beans

Item	Incremental profit per \$1 spent
Media advertising	\$1.50
FSI coupons	\$1.00
Trade promotions	\$0.85

of consumer data. With so many grocery chains using loyalty programs that capture individual purchase behavior, the ability to track purchases and relate them to various marketing elements is a ready-made laboratory. Both Nielsen and IRI use these purchase data and work with manufacturers on developing marketing-mix models. They combine this robust information with powerful multivariate statistical analysis to determine what aspects of the marketing mix are most effective. One element of designing a marketing-mix model is the brand's media spending and the competitors' spending. Marketing-mix models can help brand managers understand the impact of all their marketing elements, as well as how individual media perform.

For example, in Table 10.4 we see that our fictitious brand, Bob's Beans, is extremely sensitive to advertising. For every dollar that Bob's Beans spends on media advertising, the brand receives a return of \$1.50. This return is much higher than the return from using an FSI with a coupon or using trade promotions. So, based on this analysis, Bob's Beans should be an aggressive advertiser.

Each brand is going to have its own set of dynamics. One brand may be especially sensitive to advertising, whereas another may respond well only to trade promotion or couponing. With the power of these customer databases, much of what works and what doesn't work can be explained. Competitive media spending plays a crucial role in this sophisticated analysis.

Competitive spending information is a powerful tool for media planning. It can lead to breakout strategies, help determine specific spending levels, and be trended and analyzed within sophisticated marketing models. Competitive spending can be significant in setting communication goals.

Online Competitive Analysis

As more and more advertisers use interactive web-based marketing strategies, keeping up to date on your competitor's online strategy is crucial in the case of most brands. Whereas certain online spending is similar to other media, the aspect of *search engine marketing* (SEM) is not.

All other competitive media spending reports contain the media schedules and the estimated media costs of that schedule for a given competitor. SEM is the only medium where the advertiser pays only when someone clicks on

Table 10.5

Nielsen/NetRatings Ad Relevance

Impressions and Estimated Spending by Category for Custom Advertiser
“Athletic Shoes”

Company	SEM impressions (000)	Banner impressions (000)	Estimated banner spending
Nike, Inc.	17,282	789,315	\$4,704,400
Adidas-Salomon Ltd.	13,485	425,898	\$2,164,700
Reebok International Ltd.	7,356	177,366	\$731,500
Skechers USA, Inc.	11,185	101,642	\$329,500
New Balance Athletic Shoe, Inc.	12,128	471,930	\$262,700
ASICS Corporation		4	\$0
Total	61,436	1,966,155	\$8,192,800

Source: NetRatings, Inc.

their ad. Because this is reported on an individual basis, there is no secondary service that reports estimated SEM spending. Table 10.5 shows an example of both SEM and banner advertising for the athletic shoe category. SEM competitive spending is reported in the number of SEM impressions. There is no estimated spending for those impressions. Still, you can get a deep understanding of the SEM strategy as these competitive reports also include the specific keywords that a competitor has included in their SEM campaign.

For banner advertising, there is an estimated media spending amount provided for these impressions. Banner advertising in this case can mean anything from static banners to rich media. The specific creative unit is detailed in the media planning report so you can understand the mix of creative elements being deployed in a competitor’s online campaign, as well as the specific sites where they advertise.

Summary

Competitive media analysis provides a framework for making a variety of strategic decisions. It begins at the top by providing senior management with a method to gauge how much they should allocate to a brand’s marketing communication budget; it then becomes a strategic tool for how the brand actually allocates this budget. This type of analysis can be used tactically to adjust the media mix to gain a competitive advantage.

Chapter 11

Working with Creative

Implications in Planning

In most advertising agencies, the term *creative* is used to describe the function whereby the actual advertising campaigns and specific advertisements are thought up and developed. Sometimes the term *creative* applies only to the copywriter and art director teams that work on an account; other times, it may involve production or digital development as well. Even though we are talking about the creative implications for the media portion of the advertising campaign, don't think that creative work occurs only when dealing with those who produce the message. Creative elements are vital to media selection and planning, in research, and in other phases of the advertising effort, too; creativity is not limited just to those who develop and produce the actual advertisements. Perhaps a better term would be *message functions*, like media functions, research functions, production functions, and management functions.

In this discussion, we use the terms *creative* and *message* interchangeably to reflect their use in the advertising industry, while recognizing that there can still be creativity in other advertising functions.

Creative Wants

“We've got to use television. It's the only thing that is able to handle our message,” says the creative team, while the media team looks at the advertising budget and replies, “Television is completely out of the question. We can't afford it.”

Many times, the creative people working on an advertising account will have definite needs that influence the media selection; other times, they have preferences that may not be absolute requirements but that match

their initial campaign approaches. For example, if a new shaving cream lends itself well to demonstration, there may be a concomitant need for such media as television, cinema, and the Internet, all of which offer forms of demonstration. Similarly, if vivid color is needed, that requirement may preclude the use of newspapers and nonvisual media such as radio, whereas television and the Internet may remain under consideration, and other print media with good color capabilities (such as outdoor billboards and magazines) would be strong candidates for the media campaign.

At other times, though, the creative department may have a preconception about the creative approach that may or may not deserve control over media choices. A copywriter may say, “I envision a television commercial with a woman in a flowing gown, walking through a series of video montages.” That may be a nice image, but it is essential to determine whether or not there is a real marketing-, product-, or service-related circumstance that actually requires the use of television or other visual media. It is simply an idea, one that may be accommodated by the media plan if it can be afforded.

In still other instances, the creative department may want to use certain media that are simply not good media choices because they do not reach the target audience. If a creative person indicates that newspapers should be used to distribute coupons for an acne cream, it may be a poor media choice because the likely targets—teenagers—do not usually read newspapers, either regularly or closely. If you need to reach teens and teens are exposed to radio, cable television, and the Internet, then those are the media that should be considered for the media buys. Don’t get locked into preconceptions of how certain media work; for example, coupons and similar offers can be distributed through many kinds of media, not just print.

Creative Necessities

As we just saw, there are some instances when there are creative necessities, as opposed to creative wants, that should or even must be accommodated by the media selection process.

Motion and Demonstration

If demonstration is needed to communicate the selling idea, visual media are a must, most likely the Internet, television, and cinema. Similarly, if other kinds of motion are needed, visual media are again indicated.

Do not limit yourself to the most obvious choices. The human mind has a tremendous capacity for imagination and visualization, even when the visual is not actually present. Tell people to imagine driving a car in

the Indianapolis 500, and they may do well providing their own motion pictures in their minds. That approach will save media money and greatly reduce the cost of production.

Visuals

If other types of visuals are needed, the media choices can expand to include print media, such as newspapers, magazines, and outdoor advertising. Don't think only of television when visuals are required.

And again, do not limit yourself to even those most obvious choices. Imagine yourself on the first tee at Pebble Beach, or lounging in a hot tub while gazing at the Caribbean and sipping a cool drink. You can see the image in your mind, even though you may never have actually experienced it. In the same way, you can suggest visual images to the audience through radio, sometimes at lower cost and with the resultant higher reach and frequency that the budget will provide.

Coupon Distribution

Mention coupons and people automatically think of print media such as newspapers and magazines or online couponing websites. Outdoor advertising is not typically considered: Yet by adding a QR code or an option to text and receive a coupon, an outdoor billboard can be transformed into a coupon delivery vehicle.

There's no doubt that magazines, newspapers, and direct mail are important media choices for distributing coupons. If you use them, place the coupon near the outer edge of the page so readers can tear out the coupon easily and quickly; most people do not have scissors with them when they are reading, and they do not want to destroy the entire issue just to get at your coupon. But Internet users can print out their own coupons. And coupons can be attached to posters, flyers, or an in-store display.

Another way to look at couponing is as a way to provide an incentive. There are companies such as Groupon that brands can tap into to provide short-term sales incentives. An increasing number of mobile coupon companies also provide a variety of sales incentive opportunities for brands.

Coupons do not have to be actual items provided by the advertisers. They can take almost any form. Ask consumers to get your product and use it as the coupon: "Bring any Pepsi item to the water park this week and get \$4 off a regular admission." You may get both sales *and* the coupon incentive. Even better, get consumers to make their own coupons. When they write out the name of your product, their memories have an even stronger

impression of your brand name than when they simply hear or see it. Ask them to print your product name, service logo, or advertising theme on a piece of paper and bring it along in order to save on their purchases. By couponing in this way, you can use almost any advertising medium, including cinema, radio, transit, and outdoor.

Information

When you want to impart specific information to the audience, there may be legitimate media implications. Long passages of detailed wording may not lend themselves to broadcast media but may be handled quite well with some print media and with the Internet.

When providing information in your advertising, your media choices will depend on a number of other factors, such as audience familiarity, message complexity, and legal requirements.

Exhibit 11.1

Some Thoughts from an Experienced Media Planner

Maybe the point to be made upfront is that the overall media selection is an *advertising* decision. It requires that media and creative work together on the best approach to get the job done. There may be compromise on either side.

For example, when Motel 6 first broke its Tom Bodett radio campaign on network radio, the media group argued for a :30 because it is half the cost of a :60. Stan Richards, the principal of the Richards Group, didn't feel that Tom could pull it off in a :30, so they went to a :60. It has been one of the most successful campaigns in radio.

On the efficiency side, nearly 50 percent of all network television commercials are :15, so media planners have had a real impact there.

What we do is a series of trade-off exercises with the creatives to see what is possible. That brings me to the other point, which is the actual creative unit used; that is the other major trade-off on creative. Do we use a magazine full page or can a 2/3 page do the job? How about :30s versus the cost savings and time for the message in :15s on television?

Audience Familiarity

How familiar is the audience with your service or product, or with your advertising theme? They already know what facial tissues do and you do not need to demonstrate them, but they may not understand what a new car-wax wipe does and how it is used, so they may need to see it in action. You need not explain what Dr Pepper is; most consumers already know. But if you have a brand-new soft drink entry, you may need to tell them about it and even show the can or bottle so they recognize it next time they shop.

Message Complexity

A very long or complex message requires adequate space. Sometimes it is possible to read those explanations very rapidly over broadcast media, although nobody will really hear them, or to superimpose passages in small type at the bottom of the screen, although the audience probably will not read them or understand them. Billboards do not lend themselves to long passages of body copy, either.

But newspapers and magazines do, as do direct mail and perhaps Internet and in-store displays. Your media choices may be influenced greatly by the complexity and length of the intended message.

Legal Requirements

If you conduct a contest, you must provide certain information about the prizes, odds, entry methods, and purchase requirements and their alternatives. Not all of this information needs to be in the body copy; often, it is presented in small type as a footnote. Still, it must be there, and including it affects your media choices. You may be able to include such footnotes on a television screen, but they will be read and understood by very few and may only marginally meet the legal standards, and radio may not be conducive at all to including lengthy legal language.

The same considerations apply for including loan requirements, prescription medication caveats, and other messages under similar circumstances.

In-Depth Information

Sometimes you want to include information not because you are required to, but because it enhances your selling message.

For example, you want consumers to understand how they might make use of a new product; for either a new or an existing product, you need to

convey the benefits of your brand. If you are selling a food product, you may want to induce usage by providing recipes that include the product. These message requirements will certainly affect your media choices.

Political Advertising

Selling political ideas, whether lobbying for charitable support or running political advertising, may lend itself to certain media. Research shows that audience members are most likely to read and listen to media that seem to agree with their own views: Republicans read Republican newspapers and Democrats read Democratic newspapers. Independents would like to read independent newspapers if they could find them. To promote a candidate of a certain political party, advertising in media vehicles that are read primarily by the opposition may not be productive, whereas promoting an independent candidate through those same media vehicles may prove fruitful.

These political considerations take into account the ideas and parties that you are selling, as well as the competing ideas and parties.

Integrated Marketing Communication (IMC) Implications

Brands may use a creative agency, a media agency, a public relations agency, plus a variety of other specialty agencies ranging from events to digital and social media. Each one will likely have its own perspective on the brand's message. A *creative* solution from a public relations point of view may be very different from that of a creative agency. Digital agencies come at the problem from a digital viewpoint, and so on. In this case, a media agency may be asked to be the communication planner. Or that may fall to the brand manager. Regardless of who ultimately makes the call, it is important to provide a structure so that the brand can elicit creative problem-solving feedback from all types of communication specialists.

Coordinating media in today's multifaceted media environment is no easy task. The way a brand may structure its agency communication relationships can play a big role in the outcome.

Efficiency vs. Impact

Advertising media can be used in varying weights and patterns. Spending a lot of money on reach may limit how many advertisements can be included for each medium, as well as the impact that each ad carries. Spending money on large print ads or long broadcast commercials will

necessarily limit the size of audience that can be reached. This situation is the classic “efficiency versus impact” dilemma encountered in almost every media plan.

Whether emphasizing impact or efficiency, the advertising can be directed at wholesalers and retailers. This method uses a “push” strategy—to force the product or service through the distribution channel. Or the advertising can focus on the eventual consumers, trying to “pull” services and products through the channel.

Only one brand can have the largest budget within any product or service category. Thus, all the remaining competitors must work with budgets that do not match that of the leader. It may be possible to have better advertisements, although there is always the danger that a highly entertaining ad will draw the audience’s attention to the wrong elements. Many campaigns that have been recognized for their originality, creativity, or entertainment have failed to impress the brand name in the audiences’ minds.

Those trailing brands may be able to match the budget leader in certain areas of the country, or in certain media, or for certain periods during the year, even if they cannot match up in all media for the entire campaign.

Summary

Creating the best media plan possible requires the media team to work hand in glove with other agencies and sometimes outside company disciplines. Each discipline has its distinctive point of view. It is up to the media team to help manage this process and vet different creative ideas. Ultimately, it is through creative problem solving that the best communication and media plans are developed.

Chapter 12

Working with a Communication Budget

All communication plans begin and end with an accounting of the communication budget. The amount of dollars allocated to the communications task will largely dictate the type of communication channels and tactics that are possible. For example, if your communication budget is \$1 million, you won't be scheduling a national Super Bowl commercial for \$3 million. The budget puts a parameter around what can be done.

Companies develop their communication budgets in a variety of ways. Some develop the budget based on the task or objective. Others update their budget based on the previous year's efforts. Still others develop their budget based on the competition. There is no right or wrong way to develop the communication budget. It is up to the company and the precision with which they can tie communication dollars to a specific marketing and business outcome.

Communication Budget as a Percentage of Sales

Regardless of the method of developing the communication budget, it will undergo scrutiny from senior management. Every budget is put into the context of the total sales or revenue of the company. The marketing or advertising manager will be asking senior management for money, but so will other departments such as information technologies, human resources, and operations. No company has unlimited resources, so the CEO must ultimately decide what percentage of his or her company's sales will be devoted to marketing and to communications.

Table 12.1 is a hypothetical example of four companies who compete in the life insurance category. Each brand is detailed in terms of total sales

Table 12.1

Communication Budget as a Percentage of Sales

Brand	Communication budget (million)	Total sales (million)	%
Boston Life	\$5.0	\$125	4.0
American Life	\$7.5	\$250	3.0
Great Lakes	\$15.0	\$250	6.0
Sierra Madre	\$20.0	\$1,000	2.0
Total	\$47.5	\$1,625	2.9

Note: Fictitious life insurance agencies.

and in terms of how many dollars and what percentage of their budget they allocate to communications.

For example, Boston Life allocates \$5 million to communications. They have total annual revenue or sales of \$125 million. The percentage they allocate to communications is 4 percent of their total sales. This is calculated by dividing \$5 million by \$125 million ($5 \div 125 \times 100 = 4.0$ percent).

From this simple analysis, you can see that the average percentage spent on communication among the four brands is approximately 2.9 percent of total revenue. The range is from a low of 2 percent for Sierra Madre to a high of 6 percent for Great Lakes.

A CEO would request this type of analysis to understand the context in which her competition is allocating their resources compared to her brand. Based on such an analysis, she may adjust the overall amount of dollars allocated to communications up or down.

Categories of Communication Dollars

Once an overall communication budget has been determined, there are four broad categories that the marketing director or advertising manager reviews. The four categories are as follows:

1. Working Dollars

These are dollars that are allocated to programs that will have an impact on the market. They can be spent on paid media, promotions, publicity, or digital initiatives. Any activity that is directed outward or is influencing the marketplace is a working dollars activity.

2. *Nonworking Dollars*

These are dollars that are allocated to the creation of the programs. They can be spent on the production of the creative unit, or message; the talent cost for a spokesperson or celebrity; or other items that facilitate the activity. The nonworking costs are necessary to activate programs, but without a program they will not have an impact on the marketplace.

3. *Contingency Dollars*

These are dollars that are set aside for a variety of situations. They may provide a cushion for potential cost overruns, or serve as a fund to purchase opportunistic media properties or programs that might arise during the course of the year.

4. *Agency Compensation*

These are the dollars that are allocated to compensate the agency or agencies for their work. This can be done on a fee or a commission basis, or by a hybrid of methods. The budget item is how much the advertiser will compensate their agency partners for their work in devising and activating the programs.

The goal of the marketing director or advertising manager is to optimize the working percentage of the communication budget. More working dollars lead to greater market success. These four areas become discussion items in management meetings regarding the overall use of the communication dollars.

Communication Allocation

The challenge of the communication planner is to allocate the dollars to the appropriate channels. The communication budget may include agency compensation and contingency or it may exclude those items. Regardless, the task is to allocate the dollars across the channels.

At this stage of the process, the communication budget is allocated in broad terms to working areas such as paid media or advertising, promotions, public relations, and digital areas. It is also allocated to nonworking areas such as production. Once this is established, each respective area is responsible for developing the strategies and tactics from their specific budget.

Table 12.2

Communication Allocation

Company	% Dollars of Budget				
	Paid media	Promotions	Public relations	Digital	Production
Sierra Madre	50	—	20	20	10
American Life	35	—	—	45	20
Great Lakes	30	30	10	15	15
Boston Life	40	20	10	20	10

Note: Fictitious life insurance agencies.

Table 12.2 is an example of the communication budget allocation for each of the four hypothetical insurance companies introduced in Table 12.1. As you can see, each brand has a slightly different weighting of the communication channels. For example, Sierra Madre allocates 50 percent of their budget to paid media, whereas American Life allocates just 35 percent. Great Lakes and Sierra Madre allocate resources to promotions, while the other two brands do not.

There is no overall right or wrong way to allocate communication dollars. The allocation is driven by each brand's marketing and communication objectives. As we have seen in Chapter 10, communication planners do review how budgets are allocated in a competitive context, just as the CEO reviews overall budgets within a competitive context.

Summary

In summary, allocating the communication budget is the key strategic item in meeting the larger communication objective. The overall budget is reviewed by the CEO and the specific allocation of resources is then reviewed by the marketing or advertising manager. The communication planner is responsible for the complete strategy of the budget and works with the marketing and/or advertising director to determine the overall budget.

Chapter 13

Setting Communication Objectives

Once you have determined whom you want to reach, where they are, and when you need to reach them, you must determine how much pressure you need to put behind your message. This is where media communication objectives come into play. Setting media communication goals can be a challenge. It's like someone with a weakness for sweets going into an ice cream shop: you want it all, but you have to make some tough choices.

Media communication objectives are often reduced to the Big Four dimensions. The first dimension is *reach*: which potential customers do you want to reach? The second dimension is *frequency*: how often do you want to reach them? The third dimension is *continuity*: how many days, weeks, months, and patterns of advertising do you need at the appropriate reach and frequency levels? Another consideration is *impact*: how much weight do you need to accomplish the task? Impact can also relate to tactical items such as creative size or type of activity that gains attention. Impact is a measure of density.

The first data point you need to consider to set proper media communication objectives is your brand's purchase cycle.

Product Purchase Cycle

The brand's product purchase cycle is the lead factor in determining how many weeks you need to advertise. Suppose you market a brand of Christmas candy, and 90 percent of your sales are done in the four or five weeks between Thanksgiving and Christmas. You would likely set your communication goals on a weekly basis for that critical period or prior to it to account for the lag effect of advertising.

Conversely, suppose you are marketing a brand of bread. Consumers buy bread every week of the year. You may set a weekly purchase cycle, but then you need to cover a lot of weeks.

Most packaged-goods brands have product purchase cycles of three to four weeks. That means that the consumer is buying the brand about once a month. As a result, many media planners use four weeks as the benchmark for developing reach and frequency estimates. Most reach and frequency models are also built on this four-week curve because one week's advertising may have an unusual pattern, whereas four weeks' worth shows a pattern that is more typical.

It is important to know your brand's purchase cycle. It forms the frame of reference for establishing reach and frequency goals, as well as continuity. Continuity is the pattern of advertising. Obviously, you want the advertising to be active before and during the time periods when people are buying your service or product, whether time of year, season, day of week, or time of day. Yet, there is more to continuity than mere timing; it is an effective pattern where the recall of an advertisement is still in the audience's mind when the next advertisement appears, resulting in a cumulative effect for the campaign.

Many advertisers believe in the theory of *recency*—that is, that consumers react to purchase opportunities if the message has appeared recently. This concept is an application of the primacy versus recency theory in psychology: Some research has found that the first message in a generic category may carry the most impact in terms of recall and sales reactions. Other research indicates that the most recent appearance is the most memorable. Of late in the advertising industry, the recency theory is winning out, so many advertisers want their message to be the most recent one received before the buyer makes a purchase decision. This theory is discussed again from a different perspective later in this chapter.

Setting Reach Goals

Now that you know your brand's purchase cycle, you are ready to establish reach and frequency goals. Suppose that you are marketing an established line of frozen dinners. The brand's product purchase cycle is four weeks. You want to set your reach and frequency levels to that four-week period.

First, let's tackle the reach dimension. To continue to grow the brand, you want to reach the majority of your consumers with some sort of message within that four-week time frame. Let's set a goal of 80 percent target reach.

How did you get to 80 percent? Media planners can run an analysis of how much it costs to reach your audience. There is a point at which it is difficult to get incremental reach. Typically, that point begins at around 80 percent. So that's why you don't set your goal at 90 percent.

Why not less than 80 percent? Assuming that the brand needs to reach the majority of its consumers, you pick the point at which it is most economical to do just that. Reaching less than 80 percent seems like you would be leaving revenue on the table.

This doesn't mean that you should always set 80 percent as the reach level. There are reasons to set it lower and reasons to set it higher. Most brands rarely set their reach goals at less than 50 percent for the purchase cycle; rather, they stay in the 66-to-80 percent range.

Setting Frequency Goals

Now that you have the reach level established, how many times should you reach your potential customers? In the above example, you set your goals based on a four-week purchase cycle. It seems like common sense that you would want to reach potential customers at least one time per week, an average of four times per month.

Most reach and frequency objectives use the average-frequency concept. Whether it is 3, 4, 5, or even 20, that is the average number of times a consumer would see or hear your brand's commercial message in a given time frame.

In this example, we have a reach goal of 80 percent and an average frequency goal of 4.0 within the four-week time frame. But 80 percent of the consumers aren't exposed to your message four times each. Some may see it only once; others may see it eight times or more. Because it is an average, about half will likely see it fewer than four times, whereas the other half will see it more than four times.

This dynamic of frequency of exposure has led media planners to set certain levels of effective frequency.

Effective Frequency

Research studies indicate that consumers do not retain an advertising message until they have seen it at least three times (3.0+). This figure is the basis for *effective frequency*—that point at which the advertising frequency becomes effective or motivating. Many media planners use 3.0+ as the sacred rule of thumb because this body of research is so compelling.

Table 13.1

**Frequency Distribution for 80 Percent Reach, 4.0 Average
Frequency Television Schedule**

Frequency	Exposed (%)	Exposed at least (%)
1	17.4	80
2	11.9	63
3	8.5	51
4	6.3	42
5	4.7	36
6	3.6	31
7	2.8	28
8	2.2	25
9	1.7	23
10+	5.2	21

Note: Based on women 25 to 54 years old, multiple dayparts.

Source: Telmar.

Media planners then translate effective frequency into effective reach level—the percentage of the audience reached more than three times. In the case of the 80 percent reach at an average frequency of 4.0, the effective reach or percentage of consumers exposed 3.0+ times is 51 percent, which means that half of the consumers have been effectively reached (see Table 13.1).

Setting an effective frequency goal and subsequent reach level can be a good way to establish a delivery goal. In this example, you want to reach at least 50 percent of your audience 3.0+ times within a given four-week purchase cycle.

We have used 3.0+ as the effective frequency level. However, the majority of that research was done in the 1970s with mature brands. So is 3.0+ always the standard for effectiveness? No. Is there value in the first or second impression that a consumer sees? Yes.

Developing the appropriate effective frequency level is as much an art as a science. There are factors that might suggest the need for more frequency or less frequency. Weights can be applied to the first and second impressions ranging from 100 percent effective to 25 percent effective, depending upon message strength and creative approach.

Some advertisers want even higher frequency levels. Research indicates that it may require 10 or more messages to result in effective recall of a

sales message, so sometimes the 3+ effective frequency is expanded to a 3–10 effective frequency.

Keep in mind that even though this concept is referred to as effective frequency, it is actually a reach level: the percentage of the audience that will be reached at least 3 or more times, or the number of audience members that will be reached 3 to 10 times during the campaign period. Setting the effective frequency level can be a complex process. Let's look at some of the factors that might affect your decision.

Communication Matrix

Obviously, you want to reach your target audience at least once. So the real question becomes, How many more times do you need to reach them with your message before it sinks in and motivates them to act? This is the million-dollar question, but there are some commonsense ways to narrow it down.

For example, if you were introducing a new brand, you would need to have more frequency than you would need for an established brand. The same would be true if your brand had very low awareness.

Perhaps you are in a category that has had a number of new entries, and the marketplace is becoming a real dogfight. That may warrant more frequency just to maintain your current position in the category.

The advertising message can also have an impact on the amount of frequency you assign. If, for instance, you have new copy that would warrant more frequency to seed the message, or if you have a limited-time offer that expires in a week, then you would want more frequency to ensure that it is noticed and remembered.

Table 13.2 shows a frequency planning matrix that takes into account brand maturity, awareness, competition, the newness of the copy, and the type of message that is to be advertised.

Depending upon where your brand falls in relation to these elements, you simply add the outcome to the base level of one. If your brand is more than five years old, totally dominates the category, has over 90 percent awareness with every audience available, faces no competition, and has a brand campaign that is over two years old, then we applaud you. Based on this matrix, you don't need to advertise. We have yet to meet a brand manager who doesn't need to advertise, so until we do, the matrix stands as an example of how to assign values to get effective frequency—that is, the appropriate frequency level.

Just to put the matrix to the test, let's suppose that you are introducing a new product into a heavily advertised category. Because your brand is new

Table 13.2

Frequency Planning Matrix

Factor	Add to base level of 1		
	High (1)	Average (0)	Low (-1)
Brand maturity	New	Brand in market 2–5 years	Brand in market 5+ years
Brand awareness	New or low awareness	Average awareness	Strongly established leader
Competitive category	Very aggressive	Some spending but your brand is on par	Little spending. Your brand has over 50 percent share
Advertising campaign	New campaign/ message	In second year	Has run for 2+ years
Type of response	Short-term promotion	Mix of promo/brand	Long-term brand

and has no awareness, you would add frequency to the base of one. Also, you have a new campaign and a very competitive category, so you add frequency there as well. Although you are using short-term promotional tactics such as coupons and price promotions in-store to gain immediate consumer trial, you have decided that your advertising message will be a brand-differentiation message that is in it for the long haul. Using the matrix, you come to the effective frequency level of 4.0+, so you would peg your objectives to reaching so many of your target consumers four or more times within a given product purchase cycle.

So those are ways of defining effective frequency solutions to your brand's communication problems. Effective frequency is certainly a viable method for developing communication goals. But it is not the only one. In the past few years, we have seen the rise of a new philosophy called *recency* (see Table 13.3).

Advertising campaigns today are placing increased emphasis on engagement; it is no longer enough simply to inform the audience. Instead, it is essential to engage the audience with interaction, involvement, searches for additional information, and other methods in conjunction with the product or service. Keep in mind that it may be possible for the audience to be engaged with the medium without being engaged with the item being advertised; take, for example, the television program *American Idol*, which induces millions of viewers to vote for their favorite performers. The audience is thus engaged with the medium, but not with an item or items being

Table 13.3

Recency Planning Matrix, New Product Introduction in Heavily Advertised Category

Factor	Add to base level of 1			Comment
	High (1)	Average (0)	Low (-1)	
Brand awareness	X			New product with no awareness
Competitive category	X			Highly competitive category
Advertising campaign	X			New ad campaign
Type of response			X	Long-term brand
Brand maturity	X			New introductions
	4	0	-1	= 3 incremental + 1 base level = 4+ frequency level

advertised. Actively voting for their favorite performers is not the same as actively searching for where they might purchase a featured service or product.

Many people are skeptical about advertising, so engagement can help build emotional relationships between audiences and products or services. A communication goal of establishing an emotional link, such as trust, helps overcome the skepticism, and it may lead to more interest in the brand and eventually to greater involvement, engagement, and trust.

Recency

Recency theory suggests that you want to have your advertising impressions as close to the point of sale as possible. So recency theory puts much more emphasis on being constantly in the market with advertising, rather than being in the market only with a higher level of impact or effective frequency. Recency planning has been in vogue the past several years, particularly with mature brands, where it has proved to be a very effective strategy. Consumers need constant reminders to purchase the mature brands.

In recency planning, the emphasis is on covering as many product purchase cycles as possible. Many recency plans use weekly goals of, say, a 60 percent reach with a once-per-week frequency but advertise on the air 75 percent or more of the weeks of the year.

Whereas the term *recency* is a relatively new one when used in the context of advertising, the concept of continual advertising is not. Brands such

as Campbell's Soup have been advertising consistently for more than 20 years. Many leading packaged-goods brands have long embraced the theory of recency to post the leading market share in their respective categories.

Continuity vs. Impact

We have now discussed *effective frequency*, which determines the desired frequency level at which you want to advertise, and *recency*, which is a lower-level, continuity-based approach to advertising. So which approach is the best?

Each approach has its own merits. There is no one size that fits all. As we have discussed, it all depends on your brand's situation and relationship to the category in which it competes.

If you have a new brand or are restaging an old brand, then you are more likely to use the effective frequency concept for setting your communication goals. If you are in charge of a mature brand that is consistently purchased and you need that constant contact with a broad target group, then you are more likely to go down the recency path.

As with most strategies, there are hybrid strategies that come from either side. The real trade-off is the amount of media weight in a given purchase cycle versus the number of purchase cycles with media weight.

Let's say that your brand is canned green beans and that you can afford 1,800 target rating points (TRP) a year. Let's assume that canned green beans have a relatively flat seasonal purchase skew and are purchased every four weeks.

For the same budget dollars, you could schedule 60 TRP for 30 weeks and cover nearly 60 percent of the year with your advertising, or you could schedule 120 TRP a week and cover 15 weeks of the year. One schedule offers continuity and the other impact. It's the age-old trade-off.

In this case, scheduling media on the air more weeks than not seems like the best course of action. This is particularly true if each week basically represents approximately 2 percent of sales. One schedule covers around 60 percent of sales, while the other covers only 30 percent of sales. So the impact of the second schedule must be worth two times that of the first schedule for it to pay out.

The other aspect of impact is the need to break through competitive clutter. This can refer to the amount of media weight or pressure necessary or it can refer to creative implications. From a pure media communication perspective, a retailer setting a goal of reaching 90 percent of the audience 3.0+ times in the four weeks from Thanksgiving to Christmas could, theoretically, be effective. There is a research basis to make this decision. But

suppose that the retailer's competitors have historically spent at twice this level during the same time frame. Now that decision seems less likely to work. The need for impact should adjust the other media communication objectives. In this case, those effective frequency objectives may need to be weighted for competitive clutter. This tactic can be used when approaching creative units. For example, if you are a fashion advertiser, then you may elect to schedule a magazine campaign in fashion publications such as *Glamour* or *Vogue*. If your competitors are all scheduling full-page ads in these publications, then you should find a way to stand out. That may mean developing an ad that combines digital properties with print or doing a series of consecutive full-page ads. Whatever the tactic, your overall goal is to create an impact in an important yet cluttered environment.

Response Goals for Communication

Throughout this chapter we have discussed setting communication goals based largely on achieving brand awareness. This is a typical approach to media planning, regardless of the type of industry or brand that is being advertised. But reach, frequency, and continuity of exposure are all just different means to the same end. That end can range from an awareness gain to a change in attitude to generating more traffic to a store. Regardless of your situation, you are looking for some form of response from your advertising dollars.

Another way to approach setting communication goals is to start with the response that you are trying to achieve and working backward. For example, if you have an advertising budget of \$1,000 and you know that you need to generate \$10,000 in incremental sales to be successful, you now have a goal. If you also know that the average customer spends \$50 in your store, then your advertising must generate 200 additional customers for you to be successful. Armed with these facts, you now know that you have a ceiling of \$5 per new customer, or your advertising will not pay out. (This rate was calculated by dividing the \$1,000 ad budget by 200 new customers.)

So, if your media plan has a mix of media that costs 10 cents per person, it would generate 10,000 impressions. If 2 percent of these people respond to your offer, you are home free.

The point of this exercise is to show that sales response is a crucial component to setting communication goals. Whether it is through sophisticated marketing-mix models or just looking at next-day sales, the response to advertising is the barometer for how much advertising you are likely to do. This type of information is vital to media planners as they begin to

construct a plan. There is no sense in coming up with a plan that won't deliver the expected results. Over time, most brands have a track record of what works and what doesn't. Using response information in conjunction with reach and frequency analysis is an excellent method of determining how many resources you should allocate toward a campaign.

Response analysis is the core of setting communication goals for online media. Online media have built-in response analysis tools, so online plans are highly measurable. Most online campaigns have specific response goals established as benchmarks prior to the campaign. As the campaign unfolds, the online media professional begins to adjust creative or media strategies to meet these goals.

Summary

Setting communication objectives is a complex task, but much of it involves commonsense decisions. The first step in the process is to understand your brand's purchase dynamics. From there you can assess the appropriate levels of reach and frequency necessary to achieve the specific advertising response. It is important to meld reach and frequency information with any sales or other response metrics to build the appropriate communication goals.

Chapter 14

Communication Idea and Briefing

Every communication plan must be based off of a Big Idea. A Big Idea drives all the activity of the media plan as well as the creative execution. To provide maximum value for the brand, all communication must be focused. The communication idea provides that focus.

If you ask communication and marketing professionals for an example of a Big Idea, you're likely to get a variety of responses. Most will cite some form of creative execution or advertising campaign. Some may cite a specific tagline. Others may cite a particular moment in the advertising or even a jingle. Like it or not, most Big Ideas are associated with some form of advertising.

Yet a true Big Idea is more than an advertising campaign. Executions of individual advertisements or even a great advertising campaign are not Big Ideas in and of themselves. In his book *Ogilvy on Advertising*, David Ogilvy makes the following point: "Unless your campaign contains a big idea, it will pass like a ship in the night." Getting a Big Idea is crucial to the success of both the media plan and the overall campaign. We know that a Big Idea *is not* an advertising campaign, so let's discuss what it *is*.

The Big Idea

So what is a big idea? We define it as the central idea of all communication. It is the one thing that should be the key takeaway from any communication by the brand—whether through advertising, public relations, or packaging.

A well-conceived Big Idea can be expressed in a single sentence. If it takes a paragraph to write your idea, it likely isn't a Big Idea. The Big Idea should be broad enough to encompass any form of communication. It should be simple yet based on a compelling insight.

The Big Idea should establish a platform for the creative expression and the media plan. It is the glue that binds the message and media together. Remember the MasterCard “Priceless” campaign? Who hasn’t laughed at some of the situations featured in their ads. While this campaign was one of the classics of our time, “Priceless” is not the Big Idea. The Big Idea is “MasterCard is the best way to pay for anything that matters.” The *expression* of that idea is “Priceless.” The communication then focuses on dramatizing things that matter. You can begin to imagine what types of media implications are based on delivering “things that matter.” It has infinite possibilities.

Dove is another example of a brand with an award-winning campaign. The idea behind the Dove campaign was to change the conversation from selling soap to selling “self-esteem.” The big idea was that “Dove makes any woman feel better about herself every day.” This set the platform for the “Campaign for Real Beauty,” which created a debate about how beauty should be defined. This shaped the media plan to focus on engaging with women so that they could share their stories and join in the conversation. Without a Big Idea, the campaign could have been just another cosmetic media plan.

The Big Idea is a crucial component to developing the media plan. Just like the creative expression, the media plan must rally around a central idea. Many times the media plan is an extension of the expression rather than a strategic expression of the Big Idea. To get all communicators to rally around a central Big Idea, it is important to have a central briefing.

The Communication Brief

When most brand managers refer to a brief, they are usually referencing a creative brief. Historically, an agency brief was really a creative brief that focused on message development. With the increasingly complex world of communication came the need to expand the creative brief to a communication brief. That way the creative team, media team, digital team, public relations team, and perhaps a marketing services company can all be working toward the same vision.

Exhibit 14.1 is an example of a contemporary communication brief. Many companies and agencies have their own proprietary briefs. In general, they all deliver the same information. A good brief should discuss the problem from the consumer’s perspective; give a description of the target; and discuss what the consumer *currently* thinks and what you would *like* them to think. Then comes the Big Idea, which gets them to think that way. Since a communication brief goes to a wide variety of communicators,

the author(s) of the brief should provide some thought starters on how to connect the idea to the consumer. All briefs should enumerate the ways in which success will be measured, as well as any items that are mandatory to the campaign.

Exhibit 14.1

Contemporary Communication Brief

1. What is the problem?
2. Who are we marketing to?
3. What do they currently think and do?
4. What would we like them to think and do?
5. What is the most persuasive idea to get them to think that way?
6. What are the best ways to connect the idea to the consumer?
7. How will we measure success?
8. What are the mandatories?

Now let's walk through each aspect of the brief as it relates to the media planning team.

1. What Is the Problem?

The first part of any good brief is a clearly stated problem—the problem being whatever the communication must solve. Stating that sales are soft is not a communication problem. We need to know the underlying consumer-centric reason why sales are soft. The problem stated should be a consumer or target market problem. That is what communication solves.

Properly stating the problem will get you halfway toward a solution. A good way to frame this discussion is to ask *why* you are advertising. An example of a simple problem that communication can solve is, “Young adults are not buying our brand because they are not aware of it.” Another is, “Young adults are not buying our brand because they perceive it to be old and stodgy.”

The media team should also be briefed on the marketing objective of the campaign. This helps the team put together return on investment (ROI) information, which becomes important later in the plan. Together, the marketing objective and the consumer problem to be solved form two cornerstone pieces of information for the media plan.

2. *Who Is Our Target Market?*

This section of the brief describes the target—the audience, the consumers, the people you want to reach. Painting a vivid picture of the target market in human terms is crucial for communication. Attaching a target persona to the brief can be helpful. The media team may need more detail than just a persona. To analyze media habits, the media team will want to understand the behavior and demographics of the target market. For example, is the target market a heavy or light user of the brand? The answer to this question could have an impact on future media analysis. The same holds true for demographics. Since some media tie their rates to demographics, the media team needs a clear understanding of the demographic makeup of the audience. Because the target market is such a crucial part of any campaign, it is important to ask all parties working on the brief to provide input on what they would like to see in a target description.

3. *What Does the Target Currently Think and Do?*

This section of the brief adds depth to the problem. Here, a description of what the consumer thinks about the brand and their resulting behavior toward the brand is in order. For example, if consumers think that all auto insurance is the same, then their behavior is to shop for the one with the lowest price. The media team would want to understand the diagnostics behind this section. In assigning a media objective, the team may want to set specific goals in terms of awareness or brand preference and behavior. Clearly stating how the consumer thinks and behaves towards the brand is the first step. Providing the underlying research is the second step in this section of the brief.

4. *What Would We Like the Target to Think and Do?*

This section gives voice to the team's objectives. It involves crafting a brand vision. It should be inspirational for the creative team as well as practical for the media team. It should contain high-level aspirations along with some detail for the goals. For both this section and the prior section of the brief, research details for the media team can be provided as document attachments. Other members of the team may not need or want this level of detail. Media professionals will likely want a deep understanding of the facts behind the broader vision statement.

5. *What Is the Most Persuasive Idea to Get Them to Think That Way?*

This section is where you state the Big Idea. This is the overarching idea that everyone must follow. State it in a one-sentence format. You may want to provide a reason why this idea is compelling so that everyone understands the thought process behind the idea.

6. *What Are the Best Ways to Connect the Idea to the Consumer?*

The purpose of this section is to stimulate thoughts regarding how to put the Big Idea into the marketplace. Typically, a brand manager and/or account planner is the author of this brief. Their job is to not develop a media plan. Their job is to get the creative juices flowing for everyone involved with bringing the idea to life. For example, in the Dove case, the connection idea was to create a discussion and movement regarding women's beauty. That idea led to various media strategies and tactics on how best to accomplish this goal. This section of the brief should stretch the boundaries of how you think about connecting the idea to the consumer.

7. *How Will We Measure Success?*

This is a crucial section in the brief. Everyone's job is based on achieving success. How success is measured is one of the keys to its delivery. For a communication campaign, it is important to measure the brand perceptions and behavior among the consumer target markets. It is possible to change a perception about the brand but not the behavior. On the other hand, a short-term sales incentive may change behavior but not significantly alter the brand's perception. Understanding these dynamics and the impact the plan is having is a crucial component to the program. Success measures will factor into the media planning objectives. The media objectives should be aligned with the ultimate brand success metrics.

8. *What Are the Mandatories?*

Mandatories are items that are required in the campaign. For example, a creative mandatory may be to use the brand's slogan, an icon, a certain color, or a piece of music in a campaign. Important media items in this section should be budget, geography, timing, and creative implications (specific media, creative units, and so on). Mandatory items should include any media purchases

or sponsorships that the brand may have purchased. For example, the brand may sponsor a PGA golf tournament every year. Or the brand may have already purchased space in a magazine so that they can tie into that publication's promotional support.

Any legal disclaimers or restraints should be outlined in this section. This is especially true in the case of a pharmaceutical product, where you may have to run a full-page ad of legal disclaimers for every ad you schedule in a magazine.

The other part of the mandatory section is the timeline for developing the plan. Every plan must have due dates. In a communication plan, it is important to establish a few check-in points where you bring all parties together to discuss their progress on the plan. A media idea could spark something in the creative area or vice versa.

Summary

Every communication plan must be driven from a single Big Idea. A Big Idea is the overarching theme that focuses the message and the media. To bring that idea to life requires that everyone working on the plan be on the same page. To accomplish this, a communication brief should be developed that forms the foundation for the future campaign.

Chapter 15

Media Communication Strategy and Tactics

If media objectives are the “what,” then media strategies are the “how.” Media strategies are inextricably linked to media objectives. Media strategies are the answer to how you would achieve the objective.

Media objectives outline where you want to go. Media strategies outline how to get there. Media tactics provide the specific details of how to get there. So, if your objective is to get to Dallas and your strategy is to fly there, the tactic is to take Southwest Flight #9 that departs Tuesday at 2:00 P.M., arrives at your destination at 4:00 P.M., and costs \$99 one-way.

One simple way to frame objectives is through action words (“to do something”); strategies explain how to accomplish the action (“by doing something”). Media strategies, then, are the overall use of media to achieve the media objectives, and they take two basic forms. The first is the media mix—what combination of media you recommend to achieve the outlined objectives. The second is media scheduling—recommendations for deploying the various media types to meet the objectives.

Media strategy is often confused with media tactics. Media strategy is the broad strategy of using media, whereas tactics are the specific media vehicles. For example, a media objective may be to reach 80 percent of women who are homemakers. The strategy to accomplish this objective is to use a combination of cable television, magazines, and online display. The tactics would be to use Lifetime cable network, *Good Housekeeping* magazine, and Yahoo! for online display.

So media strategies refer to categories of media, while media tactics are the specific media vehicles. The only time that this is not the case is when there is no broader umbrella for the category. A sponsorship of the Super Bowl would be an example of this.

Media Strategy Examples

Media strategies should match specifically to media objectives. You shouldn't devise a media strategy in a vacuum. The best way to organize media strategies is to match them to the four overall media objectives: *target*, *geography*, *seasonality/timing*, and *reach/frequency*. Here are examples of media strategies for each of these objectives.

Objective	Strategy
1. To reach 90 percent of teenage boys an average of 1x per week	By using a mix of television, print, online, and gaming
2. To provide support for all four-week product purchase cycles	By providing continual magazine support and four-week flights of television
3. To provide national support with emphasis in the top 10 DMAs	By using national cable and magazines for national support and by using radio and in-store media within the top 10 DMAs

Media strategies follow media objectives. They are the action plan for how you are recommending allocation of the budget. Some media planners use allocation percentages as a part of their media strategies. For example, if the objective is to provide national brand support, a strategy statement could be: "By allocating 80 percent of the available dollars to national print and television."

Strategy Scenarios

There is more than one way to meet the objectives outlined. Media strategy involves the allocation of resources. Basically, where are you going to place your bet? Do you put all your money on a single media channel or do you spread it around? Do you focus all of your activity at a specific time or do you parse it out across the year? Those are the strategic decisions that media planners make on a daily basis. It does become a game of playing "what if?"

A method that many media planners use when developing a media plan is to cultivate a variety of scenarios. Scenario planning allows the media team and client to understand the trade-offs of different media channel alternatives. For example, if the overall goal of the plan is to reach 90 percent of the target an average of four times per month, the media planner may develop three or more alternative plans for review. These plans would have different combinations of media or different weighting of the same media. One plan might be a television-only plan. A second plan might be a combination of television and print. And a third plan might be a combination of television, print, online, and radio. Each alternative strategy would be analyzed in terms of how it meets the overall media objectives. This is a routine method that media planners use to justify their specific recommendation. Basically, it's a traditional media mix exercise using paid media.

Where scenario planning gets more interesting is when you approach it from very different angles. What if we just used social media and publicity to build our brand? Now let's compare that approach to a program where we focused on only digital media. Or could we develop a plan that is built on the media that the brand owns? Scenario planning helps media planners challenge conventional category wisdom. It is a systematic way of applying creative thinking to solve the problem.

Channel Planning through the Purchase Funnel

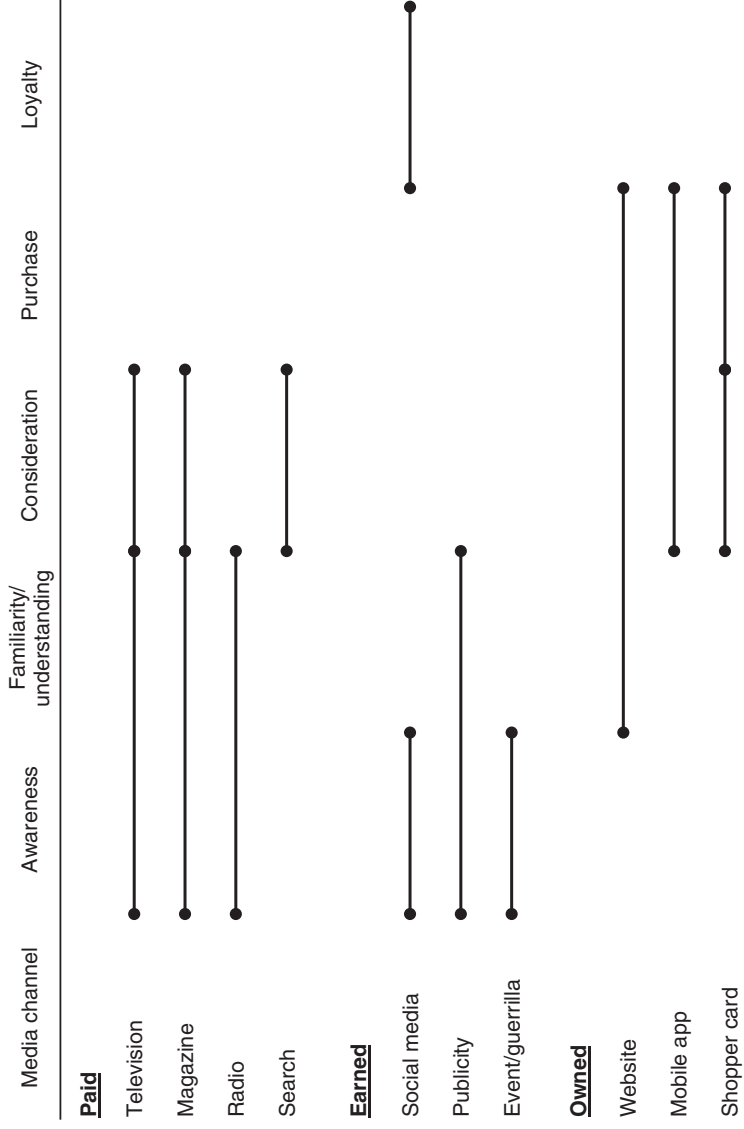
One of the main questions to ask when developing media strategy is: What stage of the purchase funnel are we trying to impact? Understanding the problem brings focus on the solution.

Different media have differing strengths and weaknesses in the role they play in each stage of the purchase funnel. For example, if the goal is to gain immediate awareness, broad-based media such as television or out-of-home may be appropriate. If the problem is understanding/familiarity, then perhaps a print schedule or a program that directs consumers to the brand's website may be in order. On the other hand, if the goal is consideration, then it is crucial that the brand has a strong online search engine marketing program. Or if the goal is to build more brand advocates, then emphasis on social media may be the right strategy.

Exhibit 15.1 is an example of how different media impact various points of the brand purchase funnel. In this example, media channels are organized by paid, earned, and owned categories. Within each aspect of this framework are individual media channels. By organizing the media planning strategy to match the purchase funnel dynamics, the planner directs media channels that are appropriate to the task at hand.

Exhibit 15.1

Purchase Funnel



Media companies and advertising agency media departments can employ sophisticated software tools for strategic planning. These tools provide quantitative weights for the various media channels within the purchase funnel concept. Channel planning software requires input regarding the communication task—whether it is to raise awareness, change brand perception, or have an impact on point of sale. Then, each media channel under consideration by the media planning team is given an individual weight based on its ability to achieve the communication goal. Once this is completed, the media planner can develop a variety of media scenarios using this information to develop the optimum media plan.

Another way that media planners approach strategy is through the eyes of the consumer. Rather than reviewing media based on the brand's viewpoint through the purchase funnel, the media planner constructs a theoretical model of how the consumer approaches buying the brand. This approach is typically called “defining the customer journey.” Just like the brand purchase funnel, the customer journey is a set of interrelated actions that consumers take when purchasing the brand. For example, the first stage of a home improvement project may be inspiration. Consumers see something on Pinterest or in a magazine or go to a model home that inspires them to take action. The second stage may be research. Here, consumers actively seek information about the project from online searches, magazine articles, and blogs. They may review similar projects on YouTube. The third stage is shopping, where the consumer goes to a variety of stores both in person and online to get a sense of the costs involved in a proposed project. Stage four is purchasing the products. Stage five is actually doing it. Stage six may be posting pictures of the finished project to their Pinterest board or to Instagram or other social media platforms.

Walking through the process like a consumer allows the planner to see which types of media may be important to consider in the strategic planning process.

Media Tactics

Media tactics are the details of your media plan. Tactics become the actual plan—you can't implement strategies without them. It is important to map each tactic back to a specific strategy. It is also important to detail the use of each media channel. One way to provide such a framework is to include these four components: *description*, *cost*, *impressions*, and *rationale*.

1. Description

The description details what you are recommending. In the case of print, it would be the specific publications, the creative unit placed, and the purchase

frequency. For example, if your strategy is to schedule women's magazines, a tactic would be to schedule six full-page four-color ads in *Good Housekeeping*.

Descriptions vary by the medium chosen. So, in the case of broadcast, a tactic written in a media plan would include the types of stations, the dayparts to be purchased, and the creative unit to be used. It may or may not include the specific programs at this juncture because they have yet to be negotiated. This is done once the plan is approved. It could be done simultaneously, though, if the marketer has "bought off" on the broad direction of the media strategies.

Outdoor media include the type of unit, the number to be purchased, and the general locations for the ads. Specific details are conveyed upon the final purchase.

Online display contains the sites, the creative unit, and the dayparts to be purchased. Search engine marketing would include the pool of keywords to be tested and the geography of the test.

2. Cost

All tactics include costs. Costs are provided at the category level and at the tactic level. For example, you may allocate a budget of \$4 million to national magazines. The plan would itemize each publication's cost, which would then be added together to reach the \$4 million magazine budget.

The cost for each element in the media plan should reflect the agency compensation agreement. If the agency is working on a commission basis, then the media should contain the appropriate commission. If the agency is working on a fee basis, then the media should be shown in net dollars. At the tactic level, the marketer will want to understand the specific costs that he or she will be billed. The tactical cost aspect of the plan becomes the financial road map for the marketer in working with the brand's internal accounting.

3. Impressions

All tactics will include the amount of the target reached. The amount can be determined in a number of ways. It can be shown by gross rating points (GRPs), by number of impressions, or both. As communication plans contain a greater variety of elements—from paid media to digital media to promotions and more—the planner is moving toward impressions as the measurement standard for reach in tactics. This is the simplest form of showing reach and the easiest to use across any form of communication.

For example, you might show that *Good Housekeeping* cost \$750,000 for three ads and generated 9 million impressions based on a target of women aged 25 to 54. Showing impressions in the media plan for each tactic helps the marketer understand the target for which the impressions

are calculated. It provides a frame of reference for the client to understand the strength of each element.

4. Rationale

There are a number of ways of executing a media strategy. Therefore, the tactics you recommend should contain a detailed rationale. The rationale for a media tactic focuses on how it reaches the target, how cost efficient it is, and how it may benefit the brand through association. For example, your rationale for selecting *Good Housekeeping* could be as follows:

- *Good Housekeeping* has the highest coverage of our target.
- *Good Housekeeping*'s cost per thousand (CPM) is 12 percent below average for the women's service group.
- *Good Housekeeping* will endorse our brand through the *Good Housekeeping* seal of approval.

This is a strong rationale for why *Good Housekeeping* should be a part of the magazine plan. Each media tactic should have a similar rationale. Not all tactics will have all of these components. The important part of writing a rationale is to answer the question, Why use this specific vehicle instead of another?

Summary

Media strategies should accomplish the objectives outlined in the media plan. To provide a strong media plan, align your strategies specifically with the objectives. If you find that you have strategies that do not match an objective, then you should reconsider those strategies. Once you provide a recommended strategy, consider (or benchmark) alternative plans. This way there can be no argument: your recommendation is the best path to take to meet the objectives.

Media tactics are the backbone of the media plan. It is what the marketer wants to understand, because it outlines the specifics of what will be in the marketplace. Each tactic should contain a detailed description, the cost, the number of impressions desired, and a detailed rationale for why it was selected.

Chapter 16

Learning the Language of Media Planning

Once you understand the strategies you may be using, you need to deal with the media for specific tactics. These can be broadcast programs, magazines, websites, or a myriad of other media and vehicles. Each media category has its own language; nevertheless, there are some terms that are common to most. To understand how any business operates, you must know the language of that business. It is the same in advertising: when you know the terminology of advertising media, you will be well on your way to understanding the process and function of the mass media in your advertising campaign.

Knowing terminology can do even more. By knowing the terms and concepts of advertising media, you can contribute your own ideas and precepts, you can envision how the entire advertising campaign fits together, and you can be accepted as a knowledgeable, contributing partner in the campaign development process.

Advertising media terminology is not difficult or complicated. Nobody tried to create complicated terms to describe how the media work. Instead, the terminology just developed along with the industry, so many of the terms make logical sense in how they are defined and used. But at the same time, nobody wants to stop in the middle of a discussion to define terms for you; everyone assumes that you know the terminology. You must know these terms as well as you know other basic concepts, like “right” or “left,” or “up” or “down.” You will not have time to stop and figure out the terms in the middle of a meeting; work and ideas move rapidly in advertising, so the terminology must be second nature to you.

Here, then, in simple and direct language, are the basic terms used in advertising media planning.

We can start with the term *media*. The *media* are go-betweens, the facilitators that make it possible to deliver an advertising message. The term

media is plural; the singular is *medium*. The alternate plural, *mediums*, refers to fortune-tellers and seers, not advertising. A single media outlet, such as a magazine, a broadcast network, a radio station, or a newspaper, is called a *media vehicle*. The specifications of the individual advertisement are the *advertising unit*. For example, if your media choice is magazines, your vehicle might be *Family Circle*, and your advertising unit might be a full-page, four-color bleed advertisement.

The Five Basics

There are five basic concepts that underlie most advertising: *reach*, *frequency*, *impact*, *continuity*, and *recency*. Be sure to master these five basic terms because they are used commonly and serve as a foundation for much of what happens in advertising media planning. For example, many persons think that frequency and repetition are the same thing, but as Exhibit 16.1 explains, they differ.

Reach

There are two kinds of reach: *numerical* and *percentage*. Numerical reach is the number of persons (or households, or adult women, or whatever your target population happens to be) to whom your advertising will be

Exhibit 16.1

Frequency and Repetition

Some people believe that frequency and repetition are the same thing, but they are not. Frequency is the number of times you advertise, whether the same message is repeated or not. Repetition is using the same advertising message over and over again, whether it is done frequently or not.

A local store buys 25 spots per week on a local radio station and has the messages delivered impromptu by one of the station's on-air personalities. The advertising is appearing frequently, but it is unlikely that any of the messages is repeated exactly. Here we have frequency without repetition.

A large insurance company runs its Christmas message in magazines every December, using the same message every year. Advertising one time per year is definitely not frequent advertising, so here we have repetition without frequency.

communicated. Numerical reach is usually rounded, so you may try to reach 8 million male teens or 1.5 million households.

Percentage reach is the percentage of all the persons (or, again, households, or working women, or whatever your target) you will reach with your campaign. If there are 35 million college students in the United States and you reach 10 million of them, you are reaching about 28.6 percent of them. Because percentage reach is often rounded to the nearest integer (whole number), you would have 29 percent reach in this case.

Reach is often abbreviated as “R” in tables and informal reports.

Frequency

There are also two kinds of frequency: *frequency of insertion* and *frequency of exposure*.

Frequency of insertion describes the number of times your advertisement appears in the media. Often, frequency is described on a per-week basis, rather than the frequency per year or the frequency during the course of a campaign. So you might be running your advertising 25 times per week on a radio station during your 13-week campaign.

Just because you run advertising insertions frequently does not mean that the audience will see or hear your advertisement every time it runs.

In fact, it is unlikely that any member of your audience will be exposed to your advertising every time it runs. If you have a frequency of insertion of 25 times per week, the average audience member will see or hear that advertisement only three or four times each week, which would be your frequency of exposure.

When scheduling multiple advertisement insertions, you are likely to reach your audience members with varying degrees of frequency. If you schedule, say, 10 advertisements, perhaps only 10 percent of the audience members will see all 10 of them, and 30 percent will see only one. One method a media planner uses to analyze the impact of an advertising media schedule is to look at a frequency distribution of the impressions.

There are different schools of thought on how many times consumers must see or hear an advertisement before it registers in their minds. The concept of effective frequency pegs a specific frequency number, such as 3.0+ (persons who see or hear the advertisement three or more times), which is when it is believed that a consumer will retain the message.

Frequency is often abbreviated “F” in informal plans and tables. Because no single week may be completely representative or average, we often count up the frequency over a four-week period and then divide the

figure by four to come up with the weekly average. That way, a week that is higher or lower than average will not skew the figures.

Impact

The *impact* that an advertisement has on the audience is the result of a number of factors, many of which relate to the message: headline, illustration, body copy, and other message components. The media contribution to impact comes from the size of a print advertisement or the length of a broadcast commercial or from the use of color or “bleed” (print that appears to “bleed” off the edge of the page) or reverse (e.g., white type on black background) printing. These advertising unit specifications, then, define the impact that is derived from the media portion of the campaign.

Continuity

Continuity involves the scheduling of the advertisement. You want to plan the pattern of your advertising so that subsequent messages build on top of the gains made by previous insertions. If the advertisements are scheduled too far apart, you may be starting over with each new ad because the audience has forgotten what you said in previous advertisements. On the other hand, if you schedule your advertising properly, each subsequent ad will appear before the effects have worn off from previous advertising, so you gain a cumulative effect. Proper scheduling can provide continuity. Continuity is the pattern of advertising, with messages scheduled for maximum effect.

Buying more reach in advertising costs more money. Similarly, buying more frequency costs more money. And buying more impact (larger advertisements, longer commercials, color, etc.) costs more money. Continuity, on the other hand, does not necessarily cost more money; it involves scheduling the optimal pattern of advertising, not necessarily buying more advertising.

Recency

Recency is the idea that an advertising exposure is most potent when it occurs close to a purchase occasion. For some brands, arguably, even one exposure placed at an optimal decision-making time can influence a purchase decision. Recency explains why some pizza restaurants advertise their delivery service late at night, when people staying up late are hungry and might not want to leave the house for something to eat.

Audience Measures

Copies Printed vs. People in the Audience

Different media accumulate their audiences in different ways. In print media, such as newspapers and magazines, the first part of the statistic is the actual number of publications distributed—the circulation. However, more than one person usually reads each copy of a publication; for example, most newspapers average two readers per copy, while certain magazines, such as *People*, may have upwards of eight readers per copy. So the total audience is the circulation multiplied by the readers per copy. Thus, in print media such as newspapers and magazines, the circulation is the number of copies printed, whereas the audience is the number of persons who read those copies of the publication. Because you want to attract more than one reader per copy of the publication, the number for the audience will usually be larger than the number for circulation.

Outdoor advertising also has a circulation measure. Each billboard has a daily effective circulation, or DEC, which is the actual number of people who drive by or see that billboard. To get the total audience, you simply multiply by the number of days that particular poster is showing.

Broadcast media, on the other hand, have no circulation measure. The audience is measured by a random sample of viewers or listeners. The Internet also has no circulation figures but is measured in a manner similar to that of broadcast, with one single measurement.

Accumulative Audience

As we have just seen, numerical reach measures the size of your audience. But confusion can result between the reach for a single advertising insertion and the total reach for a series of advertisements or for an entire campaign. To reduce this confusion, the term *accumulative audience* (also called *cumulative audience*, or *cume*) is used to refer to the audience of a series of advertising placements or of an advertising campaign (see Table 16.1).

If you run a series of advertisements in a single media vehicle, the total number of audience members you have reached is the accumulative audience. For example, let's say you run three advertisements in the *Chicago Tribune*. The accumulative audience is the total number of different people who have been exposed to your campaign in that single media vehicle. Each audience member is counted only once, no matter how many times he or she may have seen the advertising.

Table 16.1

Accumulative Audience

Insertion #	New readers
1	500,000
2	100,000
3	<u>50,000</u>
	650,000 Total

Note: New readers are those who have not seen the advertising before.

Unduplicated Audience

Similarly, if you run your advertising in a combination of vehicles, the total audience size is called the *unduplicated audience*. Again, each audience member is counted only once, no matter how many times he or she may have heard or seen your advertisements; counting a person again would inflate your unduplicated audience figures.

Let's say you are advertising in *People* magazine and on *NBC Nightly News*. Whether audience members see your advertising in *Time* or hear it on the nightly news or both, they are each counted only once.

The unduplicated audience is very much like the accumulative audience. The difference is that the accumulative audience involves the total number of different people who are exposed to your advertising through a combination of advertisements in a *single vehicle*, whereas the unduplicated audience is the total number of different people who are exposed to your advertising through a series of advertisements in a *combination of vehicles*. These terms are often misused in the advertising business, particularly by persons who are not knowledgeable or experienced in the media portion of the business. The most common error is for someone to use *unduplicated audience* for both unduplicated and accumulative audiences. Such an error is not a major sin, but keeping the terms straight can help avoid confusion and add efficiency and accuracy to your media planning.

Audience Percentage Measurements

The terms *rating* and *share* are not difficult to understand once you grasp the basic concepts that underlie them. Because they began as broadcast terms, perhaps using broadcast examples will make them easier to comprehend. Although both terms deal with the percentage of audience members

who are exposed to your advertising, each percentage is calculated as a portion of different populations.

First, it will help to understand what is meant by a *television household*, abbreviated as TVHH in the media business. A household is a group of people who live together, most often a family, but also a single person living alone, persons of the opposite sex sharing living quarters (what the government abbreviates as POSSLQ), or roommates. A television household is a household that has an operating television set; the set may be on or off, because the term *operating* means that the receiving set works, not that it is being used at any particular moment.

Another common term is *households using television*, abbreviated as HUT. It refers to the television households with a set turned on as a percentage of all television households. The major radio ratings service reports on *people using radio*, abbreviated as PUR, which is persons listening to the radio expressed as a percentage of all people with radios.

Rating

In television broadcasting, the rating refers to the persons who see or hear a particular program, station, or network expressed as a percentage of all TVHH, whether they have a set on at that moment or not. The rating can be for a certain region or broadcast area, or it can be for the entire country.

Similarly, a radio rating is those persons tuned to a particular program, station, or network expressed as a percentage of all the households that have operating radio receivers. All radios are counted, including those in use and those turned off at that particular time.

Rating is often abbreviated as “Rtg.”

Share

Again using television broadcasting as an example, the share is those persons tuned to a particular program station or network as a percentage of all television households with sets turned on—that is, as a percentage of HUT. The share could be for the entire country or for a particular geographic market. A radio share is those persons tuned in as a percentage of all households that have their radios on at that time (the households using radio, or HUR). Share is often abbreviated as “Shr.”

So both rating and share involve the same people, those tuned to a particular program, station, or network at a particular time. Rating is those persons as a percentage of all the households with receiving sets, whether they are on or not at that particular time, and share is those same persons as a percentage of all those with sets on at that moment. (See Exhibit 16.2.)

Exhibit 16.2

An Example of Ratings and Shares

Palookaville has four television stations serving its population of 250,000 television households (TVHH). For 8 P.M. on Wednesdays, when 54,000 TVHH have their sets on, here are the ratings and shares for the four stations.

Television station	TVHH sets on	Rtg	Shr
KAAA	12,000	$\frac{12,000}{250,000} = 4.8$	$\frac{12,000}{54,000} = 22$
KBBB	15,000	$\frac{15,000}{250,000} = 6.0$	$\frac{15,000}{54,000} = 28$
KCCC	18,000	$\frac{18,000}{250,000} = 7.2$	$\frac{18,000}{54,000} = 33$
KDDD	9,000	$\frac{9,000}{250,000} = 3.6$	$\frac{9,000}{54,000} = 17$
		21.6 HUT	100%

$$\text{HUT} = \frac{54,000}{250,000} = 21.6\%$$

Note that you can quickly check your calculations by adding the ratings to compare with the HUT that you have calculated.

Let’s say that there are 100,000 television households in Erie, Pennsylvania. Suppose 60,000 of those households have their television sets on at 8:00 P.M., and 20,000 of those households are watching a particular station in Erie. The station’s rating would be 20 percent and its share would be 33 percent.

$$\text{Rating} = \frac{20,000}{100,000} = 20 \text{ percent}$$

$$\text{Share} = \frac{20,000}{60,000} = 33 \text{ percent}$$

Because the concepts of rating and share are so useful, they have been applied to all types of media: print, outdoor, and new media, as well as broadcast media. In print, we cannot have a publication turned on or off at a particular time, so instead we usually use the entire population or all the

households as the size of the potential audience. A newspaper with a circulation of 25,000 in a market of 100,000 households would have a 25 percent rating. In print media, ratings are commonly discussed as *coverage*.

Rating is likely to be applied to all media, because rating is a more useful concept for advertisers than is share. The share tells how well a media vehicle competes with other vehicles in that marketplace, which is most useful to the broadcaster or publisher. Rating, on the other hand, tells how that time or space segment fares with the total potential audience in that marketplace. These terms are applied to the particular time segment when a commercial runs or the particular print segment where an advertisement appears, so the rating or share for an advertisement concentrates on only that time or place where the advertisement is run.

Combining Reach and Frequency for Audience Totals

Because reach and frequency are so important, it makes sense that a figure combining both reach and frequency would also be useful. In fact, we have two such combination figures.

Gross Rating Points and Target Rating Points

The sum of the ratings for a certain period of time is measured as *gross rating points*, or GRP. Let's say you are running five advertisements a week on a television network, and the ratings look like this.

Spot #	Rtg (%)
1	11
2	8
3	12
4	10
<u>5</u>	<u>9</u>
Total	50 GRP

You have run five spots for a total of 50 GRP, which means the average spot pulled a rating of 10 percent. So 5 is the frequency (F) and 10 is the average rating, or the average percentage reach (R). Thus, our 50 GRP gave us averages of 10 percent reach or an average rating of 10 combined with the frequency of 5. As you can see, the GRP gives us a combination of reach (10 percent in this example) and frequency (5 in this example) in a single figure.

$$10R \times 5F = 50 \text{ GRP}$$

So *reach* (as a percentage) multiplied by *frequency* produces *gross rating points*.

$$R\% \times F = \text{GRP}$$

Also keep in mind that a single rating, called a rating point, reaches 1 percent of the audience.

Exhibit 16.3

An Example of Reach, Frequency, GRP, and TAI

A furniture store realizes that it cannot achieve 100 percent reach in its local community of 50,000 population, but it would like to get close to 100 percent. Here are the advertising results from 11 weekly advertising insertions.

Insertion	Reach %	Reach #
1	11	5,500
2	8	4,000
3	9	4,500
4	6	3,000
5	13	6,500
6	5	2,500
7	17	8,500
8	10	5,000
9	8	4,000
10	6	3,000
11	6	3,000
F = 11	99 GRP	49,500 TAI

$$R\% \times F = \text{GRP}, \text{ so } \frac{\text{GRP}}{F} = R\%, \text{ so } \frac{99 \text{ GRP}}{11 F} = 9\%R \text{ (avg.)}$$

$$R\# \times F = \text{TAI}, \text{ so } \frac{\text{TAI}}{F} = R\#, \text{ so } \frac{49,500 \text{ TAI}}{11 F} = 4,500 R \text{ (avg.)}$$

$$R\% \times F = \text{GRP}, \text{ so } 9\%R \times 11F = 99\text{GRP}$$

$$R\# \times F = \text{TAI}, \text{ so } 4,500R \times 11F = 49,500 \text{ TAI}$$

With 99 GRP, did the store get close to its goal of 100 percent reach? It is unlikely, unless no audience member was exposed to more than one advertising insertion, which is doubtful. More likely, the average audience member was exposed to perhaps three of 11 insertions, so the percentage reach would be about 33 percent.

$$R\% \times F = \text{GRP}, \text{ so } \frac{\text{GRP}}{F} = R\%, \text{ so } \frac{99\text{GRP}}{3F} = 33\%R$$

As advertising media planners, we are often more concerned about how well we cover our target audience than how well we cover the total audience, which includes people who are not even prospective customers. Thus, we can apply the concept of GRP just to our target audience to figure the *target rating points* (TRP). If we have targeted correctly and selected media that go to those targets, our TRP figures should be higher than our GRP figures, which would include waste coverage; obviously, you do not want much reach or frequency to go to waste coverage.

Total Audience Impressions

Reach and frequency can also be combined into a single figure using *total audience impressions* (TAI), but using numerical reach instead of percentage reach. Let's use our same example with audience numbers instead of ratings.

Spot #	Millions of people
1	27.5
2	20.0
3	30.0
4	25.0
5	<u>22.5</u>
	125.0 TAI

So again we have a frequency of 5 but now with an average of 25 million audience members for each insertion. So our average numerical reach is 25 million. TAI gives us both numerical reach and frequency in a single figure.

$$25 \text{ million } R \times 5F = 125 \text{ million } TAI$$

So *reach* (as a number, not percentage) multiplied by *frequency* produces *total audience impressions*.

$$R\# \times F = TAI$$

Some people get confused by the fact that reach multiplied by frequency can produce both GRP and TAI. The key is to remember that *using reach as a percentage produces GRP*, whereas *using reach as a number produces TAI*.

The term *impression* is used to represent every time a piece of advertising is seen or heard. An audience impression is a member of the audience being exposed to your advertising one time, and here we count every time that any member of the audience is exposed to the advertising, whether it is the same person or a new audience member. These impressions are sometimes abbreviated as “IMPs.”

Media Cost Comparisons

In addition to selecting media that reach our target, we must judge how efficient the media are, often comparing the cost of one media vehicle with another on the basis of cost efficiency. Because costs vary so much from one medium to another, these cost comparisons are usually made for one vehicle versus another, not one medium versus another. Only a person who is highly skilled and experienced in selecting and comparing media uses these cost comparisons to compare one medium with another. It is difficult to know whether a full-page, four-color bleed advertisement in a national magazine is equivalent to a 30-second network television commercial (called a :30), or a 60-second commercial (a :60), or perhaps a :15. It is safest, then, not to use these cost comparison figures for intermedia comparisons.

Total Impressions as One Media Standard

We have gone through how we derive total impressions from the dimensions of reach and frequency. When the media landscape was devoid of the Internet, gross impressions were a nice boxcar number that marketers used largely as sales tools. Many brand managers used these terms to sell into the grocery trade to make their media plans bigger than life. “Our media plan reaches over 36 million women,” came from one sales sheet for a food brand trying to get space into a grocery chain.

The Internet has made total impressions a more meaningful number—and one that is looked at with greater scrutiny. Search engine marketing is

reported by total impressions. Other online media such as placements in video games and text messages via mobile phones are sold by total impressions. Most new out-of-home media use some form of total impressions as a way to measure the potential reach of the vehicle.

Total impressions are one measure that can be used regardless of the medium. As one evaluates media alternatives in an ever-fragmented media landscape, total impressions are one way to compare a television campaign to an effort using both online and out-of-home media.

Online Terminology

The rapid rise in online advertising has added some new terms to the media language. Although the terms are new, the principles behind them are similar to those previously discussed in the text relating to offline media.

The online term for unduplicated audiences is *unique visitors to a site* (see Table 16.2). For example, based on the May 2013 comScore numbers, there were a little over 31 million different online consumers who visited ESPN online. Their total impressions for the month should be higher than 31 million, though, as many consumers are prone to visit ESPN frequently to catch the scores of their favorite teams.

The online world has some advantages over the offline world in terms of metrics. For those of you who are measuring the offline world, you are getting audience numbers for the medium or program and not specifically for the ad you may have placed there. Although there are new measures coming out that better define commercial ratings, it is certainly not a standard within the industry.

In the online world, on the other hand, commercial ratings are similar to direct-response advertising. An *ad click* is a measurement of a user's response to an ad that causes a redirect to another web location or another frame or

Table 16.2

An Example of Unduplicated Audiences Online

Sport sites	Unique visitors (thousands)
ESPN	17,806
FOX Sports on MSN	15,852
Yahoo Sports	13,026
AOL Sports	11,695
NFL Internet Group	8,393

Source: Ad Age Fact Pack; comScore Media Metrics.

Table 16.3

Prototype Online Campaign

Item	Number
Total impressions	10,000,000
Click	200,000
Click-through rate	.02%
Applications completed	50,000
Conversion rate from click-through	25.0%

Source: Ad Age Fact Pack; comScore Media Metrics.

page within the ad. The *click rate* is the number of clicks divided by the total number of ad impressions. Because there are a variety of ad units now available in the online world, an ad click can be defined as a *click-through* (taking action on the ad) or a *mouseover* (hovering, or placing the mouse over the ad without clicking on it). So, as the online world evolves, it is important to get operational definitions of some of these terms, because they can have subtly different meanings. Once an action has been taken on the ad, you can track this action all the way to its end result. That is called a *conversion* or *response*: people take action based on your ad to fill out an application, or go to your website, or purchase an item if you are offering e-commerce (see Table 16.3). This level of detail in terms of response is why online advertising is so popular among advertisers. It is one medium that is certainly highly measurable.

There are many kinds of advertisements available online, and some of them are listed in Exhibit 16.4.

Exhibit 16.4

Types of Cyber Advertisements

- Banner ads
- Rich-media ads (e.g., animated)
- Pop-up ads
- Interstitials (appear in a separate browser, streamed)
- Superstitials (same as interstitials, but cached)
- Extramercials (must scroll sideways to see ad)
- Video banners
- Webmercials
- Advertorials/infomercials

Summary

In this chapter, we have discussed the measurement of media in terms of reach and frequency as well as total impressions. These concepts on their own are not difficult to understand, but they can become difficult to use in a practical sense.

The reason why reach and frequency can be elusive is that each medium can have very different universes upon which they base their information. As one who controls the media budget, it is crucial for you to understand the basis for the numbers that are being sold to you.

For example, 99.9 percent of all households have a television set. So, if you see a 5 rating for a program, you know that 5 percent of the audience has viewed it. However, cable household penetration is hovering around 80 percent. So, a 5 rating in the cable universe is really only a 4 rating in the broader television universe, because 20 percent of the population doesn't have an opportunity to see the program.

Radio stations are likely to tout their ratings based on a metro or SMSA (standard metropolitan statistical area). Most metros are considerably smaller than a television DMA (designated marketing area), so if you are comparing a rating between these two media, you will need to establish common ground for a meaningful comparison.

As you review online impressions, it is important to realize that as of 2013, an estimated 23.5 percent of Americans did not have Internet access at home. Nevertheless, more than 85 percent of the U.S. population has been online, gaining access through their work or at a public school or library. Again, it is important to understand the base and how the numbers are being used.

The best place to start with understanding the media universe is to understand your consumer universe and convey that universe to the media team so that everyone is on the same page. If you are a brand manager in charge of a national peanut butter brand, you are likely to have millions of users. But if you are in charge of selling oil rig equipment, chances are you are marketing to fewer than a thousand potential buyers. Whatever the circumstances, in today's ever-changing and expanding media world, understanding the fundamentals of your brand's customers and their media habits will pay dividends.

Chapter 17

Learning about Media Costs

Understanding Media Costs

Once you understand the audience of a medium or a media vehicle, the reckoning of media planning comes about when you assess its value. Media planning and negotiating are based on judging how efficient media are and comparing the cost of one media vehicle with another.

In the advertising industry, there are *absolute costs* and *relative costs*. Absolute costs, sometimes called unit costs or vehicle costs, refer to what you are going to pay for placement in a specific media vehicle. A full-page black and white advertisement in the national edition of the *Wall Street Journal* costs approximately \$240,000. Running a 30-second commercial during the Super Bowl costs approximately \$4 million. Buying a local radio commercial during a popular morning show in Sherman, Texas, might cost \$40. So, unit costs vary widely and are based largely on the total number of impressions that the individual media vehicle delivers and the value that advertisers place on those impressions.

That brings us to relative costs. It is important to understand the relative efficiency of the Super Bowl and the *Wall Street Journal*. Without such an understanding, how would you know what the best value is? To compare one media vehicle to another and one medium to another, the gold standard in media cost comparison is *cost-per-thousand*, or CPM.

Cost-per-Thousand

In advertising, the number 1,000 can be abbreviated as K (*kilo*) or M (*mille*). Most often, K is used for money and M is used for audiences. Because $1,000 \times 1,000$ equals a million, we use MM to mean a million. (Do not be

confused by media headlines, which often abbreviate million using just one M.)

All this is a bit of background to explain the abbreviation of “cost-per-thousand” as CPM rather than CPT. With that little history lesson under our belt, we can put the CPM term to work. CPM is a mainstay for comparing one media vehicle to another, as well as comparing one medium to another. Let’s start off by looking at how to use CPM to compare one media vehicle to another.

It can be difficult to compare one media vehicle to another because you must take into account the advertising unit rates or prices along with the reach or impressions that they deliver. Let’s say that you are looking at two different magazines that have different unit rates and different circulations. Say that Magazine A, with a circulation of 2.1 million, charges \$23,500 for a full-page advertisement, and that Magazine B, with a circulation of 1.2 million, charges \$13,500 for the same full-page ad. You might expect that the magazine with the larger circulation charges more because costs rise as you reach more people, but is it the more economical way to reach your audience?

This is where CPM comes into play. Instead of trying to compare the cost and circulation at the same time, we assume that each magazine has a circulation of only 1,000. We compare the cost for each 1,000 circulation by dividing the advertising rate by the circulation to get the cost of advertising in a single copy of the publication. Then we multiply the answer by 1,000 to compare the cost of a thousand-copy circulation.

Here is the CPM for Magazine A:

$$\text{Magazine A} = \frac{\$23,500}{2,100,000} \times 1,000 = \$11.19 \text{ CPM}$$

Doing the same for the other publication gives a comparison CPM.

$$\text{Magazine B} = \frac{\$13,500}{1,200,000} \times 1,000 = \$11.25 \text{ CPM}$$

So, according to this CPM analysis, Magazine A has a CPM (based on its circulation) of \$11.19, whereas Magazine B has a CPM of \$11.25. In this case, the CPMs are virtually identical. Because Magazine A has a 75 percent higher circulation than Magazine B and is priced at relatively the same cost as the smaller circulation publication, Magazine A seems to be the better value of the two.

CPM is used in every media analysis from print to broadcast to online. The only difference between the various media is the method used to

calculate the audience. Raw circulation figures are typically used as a point of comparison for print, whereas audience estimates are used for broadcast and online audience figures. Still, the same analysis can be performed whether you are comparing two websites or two television programs.

CPM as an Intermedia Comparison Analysis

It is difficult even for the most seasoned media professional to compare advertisements in different media. Is a full-page, four-color bleed advertisement in a magazine the equivalent of a 30-second network television commercial? Or is the placement in a video game worth the same as a banner ad on a gaming enthusiasts' website? These are difficult questions, and although there is some research in the area of intermedia comparisons, much of it remains proprietary, meaning the research is generally owned by a medium itself (such as a video game company), and often they choose not to share.

In the case of intermedia comparisons, CPM is a standard to apply but certainly should not be the only analysis that a media planner uses. The following is a general CPM estimate for a wide variety of media.

As you can see in Table 17.1, if you were selecting based on CPM alone, outdoor would be the medium of choice for every advertising campaign. Yet, of the media listed in Table 17.2, outdoor has the lowest media impact or advertising revenue. So, although outdoor has a low CPM, advertisers are voting with their dollars on other media.

As a brand manager looking at the media landscape, you will work with your media group to determine the impact of each medium for

Table 17.1

Media CPM Based on Adults

Medium	CPM
TV	\$25.00
Magazine	\$12.50
Radio	\$9.50
Newspaper	\$35.00
Outdoor	\$5.00
Online	\$20.00

Source: FKM.

Table 17.2

Delight Salad Dressing
CPM Adjusted by Media Impact Weights

Medium	CPM	Media impact	Adjusted CPM
TV	\$20.00	100	\$20.00
Magazine	\$10.00	70	\$14.30
Radio	\$8.00	30	\$24.00
Newspaper	\$30.00	50	\$60.00
Outdoor	\$5.00	10	\$50.00
Online	\$20.00	40	\$50.00

Note: Media Impact score 1 to 100.

your particular brand. The impact value of each medium can then be compared to the CPM or used to weigh the CPM for a more definitive analysis.

For example, if you feel that an outdoor ad has the same impact as a television commercial, then you can purchase considerably more outdoor impressions for your dollar than you can with television. However, if you feel that television is worth 10 times the value of outdoor ads, then outdoor may not be such a bargain.

Table 17.2 is an example of weighing CPMs based on an impact score for each medium for a packaged-goods brand (Delight Salad Dressing). The goal of the brand is to convey appetite appeal and to demonstrate how it is used in a wide variety of situations.

The CPM is the standard measure for comparing media, but it should not be used within a vacuum. It provides the basis for determining value but is not the only aspect to assigning value to a medium.

Cost-per-Point

CPM is the main cost comparison criterion when looking at a variety of media, but planners working with broadcast costs on both a national and local basis use a standard called *cost-per-point* (CPP). A cost-per-point compares broadcast vehicles on the basis of how much it costs to reach 1 percent of the audience. Remember that 1 percent reach is the same as a rating point, so we call this comparison cost-per-point.

Let's take a look at how you might use a CPP in comparing two radio stations. Radio Station A costs \$5,300 per commercial unit and reaches

2.2 percent of our audience (the rating). So we simply divide the cost by the rating to derive the CPP.

$$CPP = \frac{\$5,300}{2.2 \text{ Rtg}} = \$2,409 \text{ CPP}$$

Now look at Radio Station B, which charges \$6,200 per unit and achieves a rating of 2.5 percent. Its CPP would be as follows:

$$CPP = \frac{\$6,200}{2.5 \text{ Rtg}} = \$2,480 \text{ CPP}$$

In this example, Radio Station A is slightly more efficient in reaching a rating point (1 percent of the audience) than is Radio Station B. When media negotiators are rapidly calculating hundreds of programs and stations, the CPP is a key measure for efficiency. Think of it as the currency for local broadcast negotiations.

The reason CPP is used in broadcast planning instead of CPM is that CPP is a much simpler method of assessing costs across various markets or across various dayparts. CPM is a great analysis tool to determine value, as is CPP; but CPP allows for the quick addition of costs across various markets. If you are planning to advertise in the top five media markets in the United States in daytime television, you would not want to add up all the hundreds of possibilities of unit costs for this television period across all these markets. The CPP allows you to quickly figure costs by taking into account the size of the market, because 1 percent of the population of New York City is a lot bigger than 1 percent of the population of Boise, Idaho. Table 17.3 is an example of how media planners use CPP to add up media costs for a local market campaign.

Table 17.3

Daytime TV Local Costs for Bob's Baked Beans

Market	DMA Rank	Women 18–49 Daytime CPP
New York City	1	\$798
Dallas/Fort Worth	7	\$303
Buffalo, NY	44	\$65
Boise, ID	157	\$40
Victoria, TX	204	\$20
Total		\$1,226

Source: Spot Quotations and Data (SQAD).

Online Cost Analysis

As we said earlier, the online media world offers much deeper diagnostics than most other media. CPM is the initial standard for all online analysis, whether it is in search engine marketing or in traditional online advertising.

The second layer of cost analysis beyond the CPM is the *cost-per-click* (CPC). The cost-per-click is calculated by simply dividing the media cost by the number of clicks obtained within a certain time frame. Most online media professionals analyze their online plans after a week or two of activity to determine what sites and what creative executions are producing the lowest CPC. Then adjustments are made to the subsequent schedules to (1) add more impressions to proven performers, (2) eliminate poorly performing sites, or (3) add contingency sites to the campaign.

Depending upon the category, online media planners negotiate with the websites on either a CPC or on a *cost-per-lead* basis (CPL). CPL is the cost an advertiser pays for an explicit sign-up from a potential consumer interested in the advertiser offer. For example, if the advertisers know they will make money if their campaign hits a certain cost-per-lead target (say, \$20), then they will negotiate with the web publishers to pay that much for that target response, but not pay for leads above that threshold. For established categories with known conversion rates, such as auto insurance, this is a standard method for online placement. It also ties in nicely with search engine marketing pricing, which is done on a bid basis for selective keywords: the more popular the keyword, the more it may cost. For example, the insurance business is highly competitive online, so a keyword such as “auto insurance” could command as much as \$200 per click. On the other hand, a lower-interest category, such as hazardous waste hauling, may be only \$10 per click.

Some online media planners also use the term *cost-per-action* (CPA) to describe the cost of generating a sale, acquiring a customer, or making some sort of transaction. Again, this is calculated by dividing the online campaign cost by the action that it is designed to generate.

Internet Pricing

Advertising on the Internet uses some of the same pricing approaches, such as cost-per-thousand, as does advertising in other media. Nevertheless, there are additional systems used with the Internet that do not apply to other advertising media. As Exhibit 17.1 shows, the most common pricing systems include techniques such as counting the number of click-through searches, where Internet users go beyond a website by clicking on an icon or some other connection that takes them to another site. Total time spent

Exhibit 17.1*Some Systems Used for Internet Advertising Pricing*

- Cost per thousand (CPM)
- Click-through rates
- Time spent listening/viewing/visiting
- Size-based pricing (more space or more pages, the higher the cost)
- Cost per transaction
- Hybrid deals (combinations of other approaches)

on a site is another pricing approach, but it can be misleading because a person may access a website and then leave the room while still connected. That would add up to a large amount of time viewing, even though no viewing is actually occurring. Size-based pricing is dependent upon the size of the advertisement as a portion of the web page, but many if not most Internet ads are full-page insertions so that measure may not be very reliable. Cost-per-transaction charges only if an actual purchase is made, which would diminish the role of common Internet searches that do not result in buying behavior at that particular time. Most Internet advertisers now use a combination of these other approaches, known as *hybrid deals*.

Social Media Pricing

Social media such as Facebook, Twitter, and others often use pricing systems adopted from other media, especially from various online methods such as CPM or CPC for banner advertising. Much advertiser use of social media is not actually involved with placing advertising but rather with using the social media to track how often the company and its products and services are discussed—and whether such discussions are favorable. Because many advertisers are not skilled in handling these newer media types, they often use a specialized advertising agency or a consulting service that knows these media well, so a fee for that consulting or agency service is often added to the social media costs.

Production Costs

In addition to the costs of media space and/or time, there is a cost for producing the advertisements. This can involve typesetting, art services, broadcast production, Internet development, and similar costs.

Cost-Plus

Many advertising agencies that handle production for their clients simply take the production costs and add a certain percentage, commonly 15 percent or 18 percent or 20 percent, depending on the type of work and the contact in force between the agency and the advertiser. Such an approach can work, but there are other approaches that may provide a more realistic reflection of the actual work involved.

Time-Based

With time-based production compensation, some hourly reimbursement rate is established and then simply multiplied by the number of hours spent on this work. An approach like this reflects the investment by the agency in the production work, but it is easy to spend a lot of time on details that the advertiser may not want. Unexpected problems often arise in advertising work, which makes advance budgeting difficult or inaccurate. Thus, although time-based pricing may be somewhat more reflective of the actual costs than simpler cost-plus pricing, it still poses problems.

Performance-Based

This approach tries to measure the outcome of the advertising and then base reimbursement on the performance; simply put, the more sales generated by the advertising, the more the production costs. But such an approach is difficult to establish, and perhaps even more difficult to measure. It may, for example, be difficult if not impossible to measure what role the advertising played in the marketing work, or how much the advertising came into play in swaying the purchase decisions.

Value-Based

In this case, the value of the overall work is measured and then the agency reimbursement is calculated. A print advertisement of a certain size is considered to have a certain value, and a television commercial of a certain length is considered to have a certain value. By setting these values in advance, both the agency and the advertiser know what compensation will be accrued. Some productions may take longer, or require more investment than others, which is difficult to predict and to account for using this system. It may encourage agencies to do work rapidly rather than well, or to prepare more versions of an advertisement than might otherwise be warranted.

Other Fees

The costs of public relations work are most often based on the time spent working on the account. However, like advertising costs, some work has more value and some measure of outcome needs to be considered.

Other common fees include campaign set up, campaign monitoring, and reporting for a search engine marketing program that includes Internet search engines such as Google, Yahoo!, or Bing. There are also fees for all sorts of other services, such as overnight delivery, attending special seminars or training sessions, or even entertaining the top executives of the client company.

Cost Trade-Offs

Going back to the beginning of this chapter, we discussed the two kinds of cost analysis: the initial analysis is absolute costs and the second is relative costs. These two pillars of media value analysis are used by media planners in their ongoing determination of the best media plan for the dollar.

As a brand manager in charge of media dollars, it is important that you ask a variety of questions regarding media costs. The first question is, What can I do effectively for the dollars that I have to invest in media? This is not asking what the best CPM is, but what the best media plan is. Let's take a look at an example for a national packaged-goods brand on a \$1 million budget. Here are three plans developed for the same product by different media agencies:

1. Plan A was developed by a CPM-driven agency, which said that the brand should schedule national television spots for eight weeks within the daytime television daypart, with approximately 40 target rating points, or TRPs, per week, or 15 to 20 commercials per week.
2. Plan B recommended only magazines as the support plan. Their plan consisted of six months of support using six publications with four insertions per publication or a total of 24 insertions.
3. Plan C recommended allocating the dollars to the six best markets for the brand to develop a television and print support plan that would cover 75 percent of the year with activity.

Based on the question of effectiveness, which of these plans do you feel meets the criteria? Do you get the same answer if you ask the question, Which plan is the most cost efficient?

Common sense would tell you that whereas Plan A might be cost efficient, it may not be very effective. On the other hand, Plan C may be the most effective but it might be too limiting in terms of sales and efficiency. And so, there you have the trade-offs that happen with every media plan and negotiation. There is always a trade-off between what can be done well and what is most efficient for the brand.

As you assess media plans, it is important to understand the fundamentals of cost analysis, but it is even more important to understand the fundamentals of trade-off analysis.

Chapter 18

General Characteristics of Media

There are plenty of factors other than costs by which to compare advertising media. In fact, if you rely solely on advertising rates and costs, you are likely to place your advertising in front of an unresponsive audience. Let's look at some of the most commonly used characteristics in advertising media analysis and selection.

Audience Qualities

What is the audience like? Are the audience members similar to one another (homogeneous), or are they very different from one another (heterogeneous)? It makes sense that it is easier to reach a homogeneous audience than a heterogeneous one; people who are alike usually engage in the same kinds of activities and pay attention to the same kinds of media offerings.

Demographics

Are the audience members rich or poor, employed or searching for work, well educated or saving for college? Of course, these descriptions are the extremes, but these demographic characteristics are still important. Demography is the study of populations, so demographic characteristics are population factors: age, income, gender, educational level, employment, number of children at home, whether urban or rural, and the like.

It is easier to sell a Lexus 400 to someone with a sizable income than to someone who has trouble meeting basic monthly expenses. The Great Books series is likely to be purchased by someone who has a college education. Sweetened breakfast cereal is sold mostly to households with young children.

Of course, there are other ways to segment a media audience than through demographics. These methods include psychographics, based on psychological differences, and sociographics, based on social and cultural differences.

Audiences can also be segmented according to heavy and light users of a product or service, or by lifestyle, which will be discussed later. Certain segmentation patterns include such geographic segments as parts of the country or urban versus rural, and a combination of such elements as geodemographics, a combination of geography and demography; for example, the U.S. Navy may find good enlistment prospects in such landlocked states as Montana and North Dakota because of a combination of population factors and geographic factors.

Activities and Habits

Certain media types and vehicles reach certain audiences. Magazines are read mostly by those with good incomes and educations, while television is viewed by almost everyone, although lower-income groups spend more of their time with broadcast media. Even within a media type, there are differences: all kinds of men watch football games on television, but televised golf matches are viewed mostly by men with higher incomes.

Audience Involvement

Do members of the audience pay close attention to a particular medium, or are they somewhat remote and removed from media involvement? People may sit down in the evening to watch television with no outside distractions. Or they may be watching television with the radio playing in the background, not giving it their full attention. Some people scan a newspaper while others read it carefully. A person driving down a highway may not give much notice to a billboard, but another person caught in a traffic tie-up on the same road has several minutes to read and remember the billboard message.

Along with involvement, a related factor is a person's distraction rate. We know that people who view prime-time television in the evening hours pay closer attention than do people who watch daytime television. One reason for this difference is that there are more distractions during the day: telephone calls, children's needs, meal planning, and the like. Another reason may be the increased number of commercial messages during daytime television, which provides more opportunities to leave the television set in order to complete chores.

Influentials vs. Followers

Within your circle of family and friends, is there someone who always seems to know about the latest movies, someone else who is knowledgeable about politics, and yet another person who keeps up with current fashion trends or music or current events? If these knowledgeable individuals tell others their opinions, they are considered to be *influentials*, whereas those who listen to and heed their advice are considered *followers*.

Many advertisers try to select advertising media that reach influentials in hopes of persuading these individuals to learn about products and services and then tell others about them. Other advertisers prefer using media that reach followers; the media plays the role of influentials to persuade these followers to listen to and act upon the advertising message. Still other advertisers may avoid using these same media, believing that followers are persuaded more by influentials than by the media.

Lifestyle

Different people have different lifestyles. Some want to acquire physical goods; others want to live in rustic settings with few possessions. Some people read many magazines and watch little television, whereas others do just the opposite.

Lifestyle impacts people's tendency to purchase certain kinds of products. It is useless to try to sell beer to teetotalers, but it is fairly easy to sell electronic gear to those who want the latest computers, sound systems, and telephones. Some media vehicles appeal to one kind of lifestyle, while others attract a completely different type.

Media Attributes

Advertisers use many factors other than the audience in their media analyses and plans. Several of these attributes are characteristics of the mass media themselves.

Cost

Obviously, media costs are a major consideration. Some media are expensive while others are less so; television has high advertising rates for airtime, and the cost of producing a television commercial may also be steep. Radio, on the other hand, is much less expensive. Although costs are

important, the costs must be balanced against all the other factors. Does an inexpensive medium have the same audience impact, or is there a trade-off for the less expensive media outlet?

Most advertising media also offer discounts, which can be based on the amount of advertising purchased—a quantity discount—or on regular purchases of advertising—a frequency discount.

Cost Efficiency

As we saw in the previous chapter, there are various measures of cost efficiency, such as cost-per-thousand (CPM) and cost-per-point (CPP, where *point* refers to *rating point*). Efficiency in media is usually a solid advertising media goal, and many advertisers try to consider cost efficiencies as well as the basic costs of advertising. Keep in mind that (1) many cost efficiency ratios are used only for comparing one vehicle with another, but within the same general media type, and (2) effective intermedia comparisons of cost efficiencies require careful limits and provisos, as well as much experience and caution (see Exhibit 18.1).

Reach

One major factor when considering various media is *reach*. How many people in the target group have access to and use a certain medium or vehicle? (This is generally expressed in terms of unique impressions.) Or what part of the target group sees or hears that medium or vehicle? (This is generally expressed in terms of a percentage.)

A media vehicle that reaches many people in a specific target audience is usually desirable, but that vehicle may also cost more than other vehicles that may reach fewer people—on both an out-of-pocket and a CPM or CPP basis. So many factors must be considered together: reach, cost, cost efficiency, and others.

Frequency

Because *frequency* is often an essential advertising media goal, media planners generally consider vehicles that offer frequency at reasonable rates as long as they meet the strategy of the campaign. Some media offer frequency as an almost natural part of their package; broadcast media like cable television and radio are known for advertisements that appear frequently, and the Internet also can build frequency fairly

Exhibit 18.1

Intermedia Comparisons

Several references have been made to intermedia comparisons, such as comparing radio with television, or television with magazines.

It should be obvious that a thirty-second (called a :30 in the business) radio commercial does not carry the same impact as a :30 on television. The television medium combines sight and sound and offers motion and, thus, demonstration. Not only does television provide more impact than does radio, but these added dimensions of television also offer more creative breadth.

At some point, however, more radio may be equivalent to television; maybe two or five or eight commercials on radio carry a weight equal to one commercial on television. And radio advertising tends to cost much less than television advertising does, so it might be used to attain more reach and frequency in exchange for the lessened impact.

Similarly, does a :30 on network television equal a full-page advertisement in a national magazine, or a full-page with color, or a full-page with both color and bleed—or what? The problem is that every individual brand's case is unique, and it is difficult to project an answer from past history. Although selective companies may have proprietary research regarding the value of one medium versus another, there is a dearth of published research on the topic. As you see in Table 18.1, most of the published research was in the 1960s and early 1970s. Its historical relevance to today's issues is questionable, and there is no consensus in the research itself.

For all these reasons, it is unwise for novice marketers and media planners to involve themselves with intermedia comparisons. It is far safer to compare one media vehicle with another; say, one radio station with another, or one television network with the others, or one group of magazines with several others. However, more and more companies are using sophisticated marketing-mix analyses to help them judge the value and economic benefits of their advertising media plans.

Table 18.1

Summary of Classic Television vs. Print or Radio Advertising Impact Studies

Sponsor/Date	Methodology	Findings
CBS TV Network/ 1960–61	Teen spies observe TV and magazine ad exposure among adults, ask brand awareness/desire-to-buy questions before and after exposure	TV ad exposures in prime time generate double the brand awareness gains than magazine ads and 3–4 times the desire to buy
<i>Look</i> /1962–63	Telephone recall studies of <i>Look</i> subscribers and prime-time TV viewers	Page 4C ads outscored TV :60s, 24 percent to 18 percent in verified recall for six advertisers
<i>Life</i> /1968–69	Telephone recall studies of <i>Life</i> subscribers and prime-time TV viewers	Page 4C ads outscored TV :30s and :60s by 45 percent to 50 percent for seven advertisers
C.E. Hooper, Inc./1968–69	Telephone coincidental studies of persons just exposed to TV, radio, magazines, newspapers; ability to name last brand ad seen/heard	TV outscored radio 19 percent to 14 percent but trailed behind magazines (34 percent) and newspapers (23 percent)
Gallup-Robinson/ 1960s–70s	Invited viewing and reading copy tests using 24-hour recall	TV scores twice as high as magazines in verified recall
AAAA/1964	Adults claiming ad exposure to TV, radio, magazines, and newspapers rated them on several criteria	TV commercials were rated as predominantly enjoyable (38 percent) and informative (21 percent), but 31 percent found them annoying or offensive. In contrast, only 15 percent of magazines and 18 percent of newspaper ads were rated negatively.
ABC/CBS/NBC/ 1970–71	Adults exposed to TV commercials and magazine ads. Criterion: Pre-/post-coupon redemption claims (vs. “control”) for 12 brands	TV commercials induced 82 percent greater increments in advertised brand coupon redemption than magazine ads

Source: FKM agency research.

quickly, especially among heavier users of the medium. Newspapers appear less frequently, and magazines even less so, so generally they do not build frequency in a way similar to broadcast vehicles. Keep in mind, though, that there are two kinds of frequency: frequency of insertion and frequency of exposure. No audience member will be exposed to your

advertisement every time it runs. Media plans, therefore, tend to provide information on average reach and frequency of a specific schedule.

If you need more information about reach, frequency, cost efficiency, and similar basic media terms, look back at chapters 16 and 17.

Irritation Factor

Along with high frequency comes the risk of *irritating* the audience. People who see or hear an advertisement too often may turn it off in their minds or, even worse, develop a negative reaction to that message. Irritation most often occurs with disruptive and annoying advertisements, but it can happen with any advertising message. The Internet, television, and radio cause the most advertising irritation because messages may be disruptive, are presented often, and are beyond the audience member's control. If an advertisement were to appear on several pages of a newspaper, the reader would only have to turn the pages to avoid it, and turning pages is a regular part of newspaper reading. But if an advertisement appears several times an evening on a cable network, the viewer would have to switch stations or stop viewing to avoid the commercial.

Color

For some advertisements, *color* is crucial. In a print environment, color ads stand out from black and white editorial copy. Portraying fashion items may need color, and showing the unique colors of a detergent box creates brand registration but at the same time may require special colors with a cost premium. Color quality is generally good in most magazines, but not so good in many newspapers. Television and Internet color can be good, but color quality also relies on the type of reception and appliance used by the audience members.

Motion and Demonstration

To demonstrate a product or service, *motion* may be necessary. Media such as television, motion pictures, and the Internet may therefore be required.

Scheduling

When your advertisements appear is an important factor, and some media permit more scheduling flexibility than do others. There are several components of scheduling, such as *exposure*, *flexibility*, *waves*, *preparation time*, and *availabilities*.

Exposure

Running a television advertisement during prime time will bring more audience *exposure* than will a daytime commercial, because more people watch television at night, and they generally pay closer attention to the content in the evenings than at other times of the day. A print insertion in a fashion magazine may reach many women in September, when they are planning fall wardrobes, but it will reach fewer women in January, when it is too early to think about spring clothes and when post-holiday bank accounts may be lower than normal.

Flexibility

Flexibility considers how easy it is to have the ad appear when you want it, and is particularly important if recency is a key element of the media plan. An Internet advertisement appears at any time that an audience member calls up that website. A television or radio station can schedule advertising at any hour of the day. Newspapers cannot offer advertising at any particular hour, but daily newspapers can offer advertising any day of the week. Magazines may offer only weekly or monthly schedules, which provide for less flexibility in scheduling the advertising.

Waves

Scheduling in *waves* considers taking a break after a period of advertising activity: for example, a TV campaign could run for five weeks and then stop for two weeks. This can help avoid the irritation factor and can keep an advertising campaign fresher for a longer time. It can also save money by extending the campaign over a longer period.

The high point in the waves is the period of intense advertising, called a *flight saturation*, or simply a *flight*. A period of low advertising intensity or of no advertising is known as a *hiatus*. If there is a level of moderate advertising after a period of waves, it is called a *sustaining period*.

Preparation Time

How much *prep time* do you have to create, produce, and perfect your campaign before it appears in the media? Magazines often require that advertising placements reach them weeks or even months in advance of publication. On the other hand, it may be possible to call a radio station and have an announcement read on the air within an hour or so, if time is still available for purchase.

Availabilities and Preemptions

In broadcast media, there is limited inventory (measured in amounts of time) that advertisers can purchase. Some of these limits are set by the Federal Communications Commission; others are set by the stations themselves. If another advertiser has already reserved a particular time slot, it is no longer available; you must choose from the remaining available time slots, which are known as *availabilities*, or *avails*.

Some broadcast stations offer *preemptible time* at a discounted rate. For example, you could purchase a spot in a local news station for a low cost, but if another advertiser comes along and offers the full price, your advertising will be preempted: either it will not run or it will be shifted to another time slot.

Availabilities are not pertinent to print media because there is little limit to the number of advertisements a newspaper or magazine can accept; if more advertisements are purchased, more pages will be printed, resulting in a larger issue. In fact, the number of advertisements in a newspaper or magazine is usually the determining factor in the number of pages in a given issue.

Coverage

Previously we discussed audience factors. *Coverage* is basically the same kind of consideration—but from a media perspective rather than an audience viewpoint. Certain media do a better job of covering certain audiences.

For example, daytime television dramas and talk shows do a good job of covering stay-at-home mothers, but a relatively poor job of reaching teenage boys who are at school or at work. On the other hand, hip hop music radio formats reach teenage boys but not older, retired persons.

Selectivity

Selectivity is related to coverage. If you desire coverage of a certain demographic group (such as adults aged 25–54), you will have a wide choice of media options. However, some of those will also cover many kinds of people other than your primary target. Selectivity offers coverage without as much waste; it allows you to select media that cover your target group well but without a lot of coverage of groups you are not interested in.

Responsiveness

Some consumers respond to some media types better than they do to others. For example, a coupon may elicit a much greater response from a mother with a large family, who must stretch the family purchasing dollars, than from a mother with a smaller family. In fact, every medium has groups of consumers who respond better to it than others. Many packaged-goods marketers are now using a part of their marketing mix analysis to determine the *responsiveness* for each medium by different target groups.

Relevance

In today's increasingly fragmented media world, there are media that are certainly on target for specific audiences and products. This concept is known as *relevance*. For example, the Food Network is a cable network devoted to making great meals. A product that is marketed to people who like to cook is a likely match. The same can be said for magazines such as *Good Housekeeping* or *Southern Living* where recipe ideas are a major part of the editorial content. In fact, the media vehicle can actually become a marketplace unto itself. *Vogue* magazine devotes as much as 75 percent of an issue to advertising; consumers look at these advertisements to make their fashion decisions.

Support for Other Media

Certain advertising media are of questionable efficacy when used on their own but work well in combination with other media.

For example, if demonstration is required, radio might not be an appropriate choice, but radio might well be used to combine with and supplement the demonstrations shown in television commercials. If the same themes, messages, music, and words are used in both media, the radio commercials will extend the impact of the television ads, gaining both reach and frequency at a lesser expense. Similarly, transit and outdoor advertising are generally noticed only in passing, which may not be enough for a complicated message; however, it might be quite good for reminding audience members of the messages carried through other media.

Audience Portrayal through Media

Another media characteristic combines media and audience factors: how the audience is portrayed through the media. Many television commercials, for example, portray users of the product or service being promoted, and

from these portrayals the audience members learn what kinds of people are being targeted and what uses and benefits they might gain from purchasing the service or product. If people see themselves in a commercial, they may feel that they should also use the advertised item. Earlier, we discussed audience involvement, which might also be a combination of audience and media factors.

Slice-of-life commercials, in which the scene shows a part of people's everyday lives, are actually based on portrayals of persons using the advertised product or service. In contrast, a hard sell utilizes strong messages aimed at convincing the audience to consider buying; these strong arguments are likely to be delivered by an announcer or spokesperson, which diminishes the opportunity to portray real users. Both types are also used in other media, but television provides a handy and universal example.

Subsequent chapters give detailed information about each of the major advertising media. As you read those chapters, keep in mind what you have learned from this chapter.

Chapter 19

Evaluating Media Vehicles

Identifying the optimal media vehicles for the media plan is a key component of the planner's job. This process involves comparing one medium to another: Should an advertiser use magazines or television? Should an ad be purchased on a search engine or as an online display ad? In addition, knowing how different vehicles work together is another important aspect of a planner's work.

There is no single way to make good decisions; most media planners utilize a number of different perspectives, including the research findings provided by ratings sources and by a specific medium, and their own experiences that inform a subjective appraisal of the media vehicles.

Reach, Frequency, and Impact

Planners begin by analyzing the reach, frequency, and impact of the different vehicles under consideration. The media plan will contain specific reach and frequency goals, and the planner will evaluate which vehicles best achieve those goals, either alone or working together. Rarely does one medium do the job on its own: some types of television can develop high reach but might not develop the frequency levels needed, whereas radio provides a high level of frequency but rarely generates the needed reach on its own.

Part of selecting the right vehicles is understanding the overall messaging goals and how different media can have an impact on the message. If there is quite a bit of detail needed in the message, then print ads might be a viable option. A decision must be made between a full-page and a two-page spread, based on the amount of information to be conveyed. The cost

trade-offs must be balanced against the need for sufficient space to tell the brand's story. The planner also needs to understand the specific creative units being developed by the creative team in order to make sure that the media plan does not feature only print ads and that the creatives haven't only developed television ads.

Additionally, the target audience's engagement with the medium must be taken into account. With a target audience of 18 to 49-year-olds, an important consideration is the difference between the 18 to 34-year-olds and the 35 to 49-year-olds. A network television ad will do a good job of reaching the older portion of the segment, who are likely to pay attention and engage in the message. However, the younger portion is much more likely to engage with the message if it is delivered to them digitally.

Cost-per-Thousand

The best "apples-to-apples" comparison is a cost-per-thousand comparison: the cost to expose the message to 1,000 people in the target audience. Chapter 17 featured a section on intermedia comparisons that explained the philosophy of identifying and comparing the cost-per-thousand of different media. However, this apples to apples consideration should take some specific aspects of each media vehicle into account.

First is an idea of audience quality. This says that 1,000 target audiences members watching a prime-time ad may be more or less valuable than 1,000 audience members listening to the ad on the radio. One must consider that more attention will be paid to the television ad, and so the message is more likely to be delivered. However, if the message features a call to action to visit a store (for example), the radio ad may reach a higher-quality audience. As mentioned before, there is no right or wrong answer, and this audience quality factor must also be taken into account.

Although television ratings and print audits rarely give information beyond demographics on the audience quality, other syndicated sources like Kantar Media SRDS or Mediamark Research Inc. (MRI) can be utilized to understand a bit more about how a specific target audience matches the vehicle's known audience. These syndicated sources can tell you, for example, whether packaged cheese users prefer country radio or rock, or prefer *Grey's Anatomy* over *Saturday Night Live*. Understanding how a very specific user audience uses a particular vehicle can help rationalize higher CPMs in a media plan.

The planner should also consider audience engagement. Audience engagement is some idea of how well the target audience shows that they

are interested in the vehicle. Are there specific TV shows that people tweet about? Are there magazines that show a high level of comments and clicks on the website? Is the media vehicle reaching a small number of people? But are those people likely to influence their friends and family about the purchases they make and about the ads they see? Syndicated research is beginning to tap into these types of engagement, which again can help rationalize higher CPMs.

Finally, the media planner must consider the environment in which the ad is going to appear. One thing to think about is clutter: Will the ad be showcased in the front of a magazine, or will it be one of many ads in the main news section of the newspaper? Can a television ad appear in the first or last position of the commercial pod? Understanding the specific level of clutter for a vehicle and how that affects the message is a first step. The planner must evaluate whether the environment is a positive match for the product or service. For example, a designer shoe outlet store may be interested in reaching fashion-conscious women, but the ad may not be a good fit with the high-priced fashions pictured in *Vogue* magazine. An ad for a financial product may have the same target profile as people who watch a program like *American Idol* or *The Voice*, but placing an ad in these programs might not be the best editorial fit.

Timing

A campaign usually spreads over a specific period of time, and the mix of vehicles should allow for some consistency of advertising exposure over that time. Some campaigns “front load” a message to seed the message strongly with a target, but making sure that there is some degree of consistency in a campaign will address consumers’ purchase cycles and increase the odds that the message is in front of the consumers when they are ready to buy.

Geography

For a national campaign, ensuring that the mix of vehicles delivers the brand’s message consistently across the entire country is also important. While *The Big Bang Theory* is often one of the top three programs nationally, it is often rated much lower in major markets than in smaller markets. If only top-rated prime-time shows are part of the media mix, then larger markets may not be getting the desired media weight. Having an increased presence in local news or in prime access programming helps solve this dilemma.

Summary

Clearly, media planning is not just a science, it is also an art; a media planner's experience and subjective understanding of media vehicles combines with the statistical data and syndicated research to provide optimal recommendations for clients.

Chapter 20

Video Media

When we refer to television and radio, we generally call them *broadcast media*, even though today they are not always transmitted by broadcast. Television and radio can be sent by satellite transmissions or digitally via the Internet, and television can be sent via cable. Nevertheless, the traditional term *broadcast* is still used when referring to these advertising media.

When all kinds of television advertising are grouped together, television is the largest advertising medium in terms of dollar expenditures. Television's share of the media pie has diminished somewhat over the past few years as newer media take a larger part of the total advertising investment, but television is still number one in advertising sales.

Industry Structure

Many local television stations are joined together in chains called *networks*. Traditionally, networks provide the programming to the stations and pay the stations to carry the programming. As a result, stations are called network *affiliates* when they reach an agreement with a network.

The Big Four television networks are CBS, NBC, ABC, and Fox, and they have affiliated stations in most of the U.S. television markets. Smaller networks, such as the CW, have chains of fewer stations, usually in the larger cities. The public television network PBS is a rather informal affiliation in which the stations are less obligated to carry network programs and may choose to air them at different times. PBS does not carry advertising in the same manner as the Big Four, although it does have companies that help underwrite program expenses. Many of these underwriting messages look identical to a commercial that airs on another network.

So-called cable networks are not really broadcast networks in the traditional sense. Instead, a cable network may have only one channel of programming that is distributed via cable and satellite systems. While cable networks do not air local news, opportunities for local advertising exist.

Networks, stations, satellite companies, and cable operators all sell advertising. The sales representatives are called “reps” in the business; some broadcast enterprises have attempted to upgrade the roles of the reps by referring to them as “account executives,” although they do not fill the same role as do account executives at advertising agencies.

The Internet allows different ways for individuals to find and watch their favorite programs. The Big Four networks make some, if not all, of their programs available online at their own websites. For example, NBC’s website, nbc.com, provides full episodes of current programs such as *The Voice*, *Days of Our Lives*, and *Late Night with Jimmy Fallon*. Advertisements air before, after, and occasionally during the programs. Services like Hulu allow viewers to watch selected programs from multiple networks (as well as original programming) via their website (hulu.com), via mobile devices, and on television through a game console like Xbox. Hulu is similar to other digital channels in that it offers both a “free” service with commercials and a “subscription” service with a reduced number of commercials.

Types of Television Commercials

Commercial announcements within the body of a program are called *participating program announcements*, often shortened simply to *participations*. Commercials between programs are known as *spot advertising*. At one time, participations were sold by networks, while stations sold spot time. In recent years, though, the differentiations have become muddled as networks also sell commercials outside the program time, called network spots.

Large advertisers once sponsored entire television programs, or alternated with other advertisers. Because television advertising has become more expensive and advertisers want to reach a varied audience, sponsorships have declined and participations are the common pattern. There are many other patterns of television advertising; for example, infomercials are program-type commercials that take up a full 30 or 60 minutes.

Television Advertising Rates

The costs of advertising time on television depend on the size of the audience, which varies by station or program, of course, but also by time of day. The higher the audience rating, the higher the cost of advertising. Costs also vary by the length of the spot.

In an average television show broadcast on a network like ABC, there is a limited amount of time available for advertising; the amount of time is regulated by the Federal Communications Commission (FCC). Buying television advertising time depends on availabilities (often called *avails*), which is the television broadcast time still available for purchase. An advertiser can pay a full rate and guarantee having that particular time in which to advertise, or can risk paying a preemptible rate that is cheaper but that can be taken away by another advertiser who is willing to pay more.

As broadcast time approaches, a strange thing occurs. Time that has been sold at a preemptible rate goes up in price as other advertisers express a willingness to pay more to gain that time slot. But unsold time decreases in price as the station or network tries to sell it at bargain prices, rather than have no advertising to run in a particular time slot.

On television networks, the highest-rated time is prime time (8:00 to 11:00 P.M. Eastern Standard Time) in the evenings, with other categories labeled throughout the day, as shown in Exhibit 20.1. Stations use their own labels for time categories, such as letters or numbers. At one time, Class A time was usually the highest rated, but now some stations have 5A or 6A time, ranging down to Class A as the lowest-rated time. Therefore, it is not possible to compare advertising costs of different stations by looking at the time classification; it is necessary to check the actual time and the audience ratings.

Exhibit 20.1

Television Dayparts

Below are listed the commonly titled parts of the television broadcast day and the times that they refer to. Times for the mountain time zone vary more widely.

	Eastern time	Central time
Daytime	Before 5 P.M.	Before 5 P.M.
Early fringe	5–6:30 P.M.	5–6:30 P.M.
Prime access	6:30–8 P.M.	6:30–7 P.M.
Prime time	8–11 P.M.	7–10 P.M.
Late fringe	11–11:35 P.M.	10–10:35 P.M.
Late night	After 11:35 P.M.	After 10:35 P.M.

Cost comparisons are often made using cost-per-thousand (CPM), which compares the costs of reaching 1,000 audience members or 1,000 households or any other measuring unit for which ratings may be available. Cost comparisons also often use cost-per-point (CPP), which compares the costs of reaching 1 percent of the audience or of a particular target group.

Like other media, discounts are available for most television advertising based on either quantity or frequency. A variety of broadcast advertising slots is often referred to as a *scatter package*, where the advertiser may be able to specify which spots are to be used and earn a discount for multiple purchases. For television, there is also the additional cost of preparing the commercial itself, and if people appear in the commercial, regular continuing residual payments to the actors, called *residuals*, may be required in addition to the time cost of running the ads.

Several decades ago, the start of a new television season in the fall was a huge event for advertisers and television ad salespeople. The fall schedules were announced at the start of the *upfront* period sometime in May. During the upfront season, large advertisers committed significant portions of their budgets—up to 75 percent of their full year’s television budget—to the upcoming season’s programming. Although the seasonality of network television has diminished somewhat and new programs are introduced at any time of year, the fall is still a key time for networks to introduce new programs. The upfront market still exists, although to a smaller extent: during the 2013 fall season, for example, about 33 percent of network spending was committed at the upfronts. *Scatter buys* follow the upfront period, occurring in the month or so before a given program airs. About a week before a program airs, *opportunistic buying* of leftover slots takes place. In both the upfront and the scatter markets, smart advertisers ask for an “out” option so that advertising can be canceled if a new program flops.

Placing television advertising in local markets is known as *spot buying*. Spot buying is similar to the scatter market process, although last-minute opportunities are also available. Local spots are available in both network and syndicated programs (such as *Wheel of Fortune*), and in locally produced programs such news.

Advantages and disadvantages of television advertising are listed in Exhibit 20.2.

Audience Measures

Broadcast audiences are measured by the ratings services, which in the case of television are provided primarily by Nielsen. Because these audience surveys use a sample of the total audience, the research determines

Exhibit 20.2

Television Advertising

Advantages

- ❖ Demonstration
- ❖ Impact; combination of sight and sound
- ❖ Mass coverage
- ❖ Extensive viewer time; people spend a lot of time in front of the television set
- ❖ Repetition; better and easier than for print
- ❖ Flexibility: of coverage, of commercial content
- ❖ Prestige of the medium
- ❖ Versatile: sound effects, color, motion, stills, voices, etc.
- ❖ Hard to tune out a commercial message; broadcaster controls exposure, to some degree
- ❖ Personal involvement of audience members
- ❖ Techniques of television advertising are so effective they are used for educational purposes (e.g., *Sesame Street*)

Disadvantages

- ❖ Control in the hands of telecaster and audience, not the advertiser
- ❖ Cost can be very high
- ❖ Mortality rate; commercials get old quickly
- ❖ Distrust of “personal selling”; print advertisements carry more of a stamp of authenticity
- ❖ Lack of selectivity; the mass audience can be a disadvantage as well as an advantage

the percentages of the audiences, and most of the audience measures are reported as percentages. Nielsen uses the concept of the *designated market area* (DMA) to measure individual markets; a DMA is the entire area where most of the households receive their television from a certain market, such as the Chicago DMA, which stretches out into much of northern Illinois as well as part of Indiana, or the Albuquerque DMA, which covers most of New Mexico and a small part of some bordering states. You can see the map of all the DMAs through an Internet search for “Nielsen DMA Map.”

Households using television (HUT) is the percentage of all television households that have a television set operating at any given time. If you are more interested in individuals than in households, *persons using television* (PUT) is the percentage of television viewers who are watching at a given time. The program rating, usually just called *rating*, is the percentage of all television households that are viewing a particular program or network. This percentage can be of the entire U.S. television market or of individual DMAs.

The share of audience, usually simply called *share*, is the percentage of the HUT that are viewing a particular program, station, or network. The rating and share actually count the same audience: those with sets on and tuned to a particular program, station, or network. The difference between them is that the share is those households or persons as a percentage of sets that are on, whereas the rating is those same households or persons as a percentage of all television households, whether their sets are on or not.

If you add up all the ratings for all the programs on which you advertise, your total is measured as *gross rating points* (GRP). If you do the same for only the ratings of your target group, your total is measured as *target rating points* (TRP).

Projected audience is determined by taking the rating survey percentages and projecting them onto the total audience numbers to estimate how many households or persons are viewing; it is an estimated number, not a percentage. You can also conduct research to show a minute-by-minute tracking of the audience size during a program. And, of course, advertisers are often interested in the composition of the audience, most often in demographic terms.

Nielsen has been tracking digital video recorder (DVR) viewership since 2005. The service reports these ratings estimates for live viewing plus all DVR viewing until 3:00 A.M. after the program first airs (called Live+SD for live plus same day), and for live viewing plus all DVR viewing for three days (Live+3D) or seven days (Live+7D) after the program first airs. This can increase ratings anywhere from 30 to 75 percent.

Nielsen also provides a metric called C3 or C+3, which is the average commercial viewing during a show for live viewing and up to three days of DVR viewing. Advertisers requested these commercial ratings to find out how many people are watching their ads, as opposed to how many people watch a program. Nielsen's Extended Screen system captures viewing on TV and computers and reports it into a single C3 rating. This requires an episode or broadcast to have the exact same commercial structure on-air as online.

These measurements are important, since “live” viewership of television shows has been declining, with some estimates showing that less than 50 percent of television programs are watched live. Additionally, many people use multiple devices to access television content. While most Americans still use a television set with cable or satellite access, many viewers are now watching at least some of their programs through computers or other devices such as tablets and smartphones.

Data Collection

National television ratings are collected via small devices called People Meters, which are connected to televisions in selected homes. Each family member in a sample household is assigned a personal viewing button that identifies each household member’s age and sex. Using a remote control, individuals log in when the TV is turned on. Data is transferred nightly to Nielsen.

Local ratings surveys are collected via diaries—paper forms mailed to sample households in local markets across the country that allow people in the home to keep track of their viewing. This information is collected as many as four times a year in the largest television markets, and perhaps only three or even two times a year in smaller markets. Ratings survey periods are known as the rating *sweeps*, and Nielsen conducts them in November, February, May, and August.

Commercial Formats

The traditional advertising format is a 30-second advertisement (abbreviated as :30). This is a change from 50 years ago, when the standard was :60. Today, a number of different offerings are available on both network and digital television, including units lasting as little as 10 or 15 seconds as well as longer 60- or 90-second units.

Buying Broadcast Advertising

The commercial break when commercials are run is called a commercial *pod* and can consist of as few as two and as many as eight different commercials. Networks tend to rotate advertisers through a pod—so if you bought one spot in a weekly program for seven weeks, you may have the first pod position the first week, the second during the second week, and so on. The first or last pod position is generally seen as the “better” positioning, as there is a great chance someone will see at least

part of the ad before changing the channel, or before returning to the program after leaving the commercial pod for some other reason. The more ads in a pod, the more the viewer is exposed to clutter, which reduces overall ad recall.

If your commercial is run improperly, such as without sound, or if there is a mechanical problem with your commercial, you will usually be offered a *make-good*, which is the opportunity to run the commercial again in an equivalent time slot. You are not obligated to take the make-good, and you can cancel the *buy* instead; you will not yet have paid anything for the spot. After all, if you were running a political advertisement on the day of an election, for example, you would not want a make-good at some future date after the election is over.

Chapter 21

Audio Media

Radio

In many ways, radio operates much like television, although there are some differences that merit discussion. Network programming is less prevalent in radio; there are greater numbers of independent stations in radio than is the case with television. Individual radio personalities (the on-air announcers and hosts) are in some cases an important factor in attracting audiences. And terms such as *prime time* and *fringe* do not apply to radio; instead, other time periods dominate the listening periods, with different terminology, as shown in Exhibit 21.1.

Types of Radio

Radio networks are similar to TV networks in that stations affiliate with a content provider. Often, the content is fairly specific: for example, there are radio networks for sports fans such as the Dallas Cowboys Radio Network and Fox Sports Radio, along with other niches such as the Business Talk Radio Network and Univision. Some of these networks provide significant levels of programming; others (such as the Cowboys Radio Network) only provide specific coverage that may be seasonally driven. And many of these networks provide what would be considered syndicated programs such as *American Top 40* and *House of Blues*.

Spot

Most radio advertising occurs on local stations; it's known as spot radio. Advertisers can find the best stations to reach their target audiences, and

Exhibit 21.1

Radio Scheduling Terms

Drive time	The highest-rated radio listening times in most markets, during morning and evening commuting periods
Shift time	A high-rated radio listening time in some markets where factory work shifts constitute a large part of the driving commutes
Morning and noon news	News programs when people are preparing to go to work or school and when they drive to lunch; evening news is more highly rated for television than for radio
Sports	Programming at any time when sports programs are aired or during regularly scheduled sports scores and news
Late evening	Listening periods for talk shows, call-in programs, and similar scheduling, often after the television has been turned off for the night

most clients select a mix of four to 10 stations on which to run their ads. (The number varies according to the size of the market, with larger markets generally have more stations to choose from.) Many local stations also live stream their content via the Internet, either on their own websites or through other digital services (see below).

Satellite

The merging of Sirius and XM in 2008 created a single satellite-based direct-broadcast radio service. Digitally encoded material is broadcast to receivers from either an orbiting satellite or from a repeater station. To listen to satellite radio, consumers need a special satellite receiver; several automobile manufacturers offer such a receiver in new vehicles. Subscriptions are sold to either the entire network or to specialized networks such as music, kids, talk, sports, and the like. The service provides a wider variety of musical programming than “terrestrial” AM/FM radio stations, and programming contains far fewer commercials since revenue is primarily subscription based.

Online Radio

In addition to the live streaming of terrestrial radio stations over the Internet, music streaming programs like Pandora and Spotify are Internet-only offerings that feature a personalized experience and comprehensive selection. Pandora and similar stations (such as Jango and Slacker) allow users to create their own “radio channels” based on the artists the user selects: the channels intuitively generate upcoming songs based on user endorsement of selections. Spotify and similar stations (such as Grooveshark) differ in that they provide unlimited choices that are selected by the user. Services are generally available with advertising for free, or with reduced advertising for a monthly fee ranging from \$5 to \$10. Advertising opportunities include traditional radio ads as well as visual banners to accompany them.

Strengths and weaknesses of radio as an advertising medium are found in Exhibit 21.2.

Radio stations try to sell blocks of commercials, typically packages of 30 or 40 or more ads each week. But for many advertisers, those patterns may not reflect the best radio advertising opportunities. In retail, for example, if a big sale is planned, the best pattern is to run 60 to 70 percent of the radio commercials for the first big selling day and then save the balance to promote the next biggest selling day. For a sale that runs Wednesday through Sunday, use the bulk of the money to promote the Wednesday opening and put the rest toward Saturday, which is likely to be the next biggest sales day.

In any advertising medium, the most important buying consideration is choosing the times and spaces that best match your needs, not necessarily those that the sales rep is pushing or that have an attractive packaged price.

Types of Ads

Radio ads are either produced spots or live reads; and some produced spots may have a period of silence, known as a donut, allowing the local announcer to provide a short live announcement during the spot.

In a live read, the on-air announcer reads an advertiser’s spot on the air. This can be delivered via a script, a fact sheet, or ad-libbed from the announcer’s personal knowledge. A live read can also be an endorsement, when the on-air announcer personally recommends an advertiser’s product or service during the program.

Most spots, however, are produced spots, where either the station or the ad agency record the spot for a client. This allows for the use of music, sound effects, jingles, and the like.

Exhibit 21.2

Radio Advertising

Advantages

- ❖ Timely, flexible
- ❖ Can be economical
- ❖ Penetration into all homes and all rooms; dorms, kitchens, etc.
- ❖ Complements other media; can reiterate and supplement campaign
- ❖ Useful for reaching specialized audiences: farm, foreign-language, ethnic, etc.
- ❖ Strong on-air personality can build large audience of listeners
- ❖ Daily continuity, which may be too expensive in other media
- ❖ Penetration into suburbs
- ❖ Can make excellent use of slogans, music, sound effects
- ❖ At the moment of impact, there is no competition; especially good for small retailers
- ❖ Can reach people anywhere: in cars, on picnics, at the beach, while exercising
- ❖ Good for merchandising; can tie in with promotions

Disadvantages

- ❖ Perishable
- ❖ Rate policies not standardized; must deal with each individual station
- ❖ Advertisements can be easily ignored

Ratings

Radio ratings are generated by a company called Arbitron, which collects data by selecting random samples of populations throughout the United States and providing respondents with a paper diary to record their listening habits over a designated period (generally, seven days). Respondents are paid a small cash incentive for their participation. Arbitron releases data several times a year. In 2007, Arbitron introduced a Portable People Meter (PPM)—a wearable device similar to a pager. The PPM electronically gathers inaudible codes that identify the source of a broadcast that a

user listens to (i.e., the specific radio station). Recruited consumers wear the meter for between a year and two years, with data released monthly. PPMs are in use in 48 radio markets.

The key ratings data include the *cume* (the cumulative number of unique listeners over a specific period of time), the *AQH* (the number of people listening in a specific quarter hour or 15-minute period), and *TSL* (time spent listening—the amount of time an average listener spent listening to a station at one time before changing the channel or turning off the radio). The *cume* counts a listener one time, while the *AQH* is a product of *cume* and *TSL*. For example, if you looked in a room and saw that your brother and father were listening to a baseball game on the radio, then 15 minutes later looked in and saw that your brother had left the room and your mother had walked in, the *cume* would be 3 (Dad, Mom, brother) and the *AQH* would be 2 (an average of two people were in the room in a given 15-minute period).

Dayparts

Unlike television, which sells specific programs, radio stations sell dayparts. Dayparts include the morning drive (roughly 5:30 A.M. until 10:00 A.M.), midday (10:00 A.M. to 3:00 P.M.), afternoon drive (3:00 P.M. to 7:00 P.M.), evening (7:00 P.M. to 12 midnight) and overnight (12 midnight to 5:30 A.M.). Though the schedule of dayparts can vary slight from station to station and market to market, most stations run similar daypart lineups and sell their advertisements accordingly. The two most popular dayparts are morning and afternoon drives, when people are commuting. As a result, advertising rates are likely to be higher during these times.

Rates might also change given the time of year. Since more people are out and about during the summer months, listenership is higher, and rates might reflect that. Ad rates also vary based on the spot length. Availabilities include a 60-second spot (which is standard in the industry), a 30-second spot, and even 10- and 5-second commercial units. The latter are known as “blinks.”

Today, many media planners wonder if radio as an advertising medium will survive given other more affordable and interactive options. Radio has consistently been a key player in many media plans for local retail businesses (such as car dealers, banks, fast-food outlets, and so on) and is likely to remain a viable medium for such businesses in the future. Radio stations are also participating in services such as iHeartRadio, which allows local stations to have access to national audiences via the Internet. While it’s clearly a medium in flux, we predict that radio will be around for a while.

Chapter 22

Print Media

When learning about the various types of media, it is important to keep in mind that many media types overlap with others. For example, newspapers are a traditional print medium, but newspaper content can be read online as well as on tablet or mobile devices. In fact, many newspapers have a larger online audience than a traditional printed audience. So, when we talk about print, it is really the origin of the medium that we are talking about.

This chapter explores printed media: newspapers, magazines, and similar publications.

Newspapers

When we think of a newspaper, we usually think of the typical daily news. A daily paper is published at least four days each week, but most dailies come out all seven days of the week, or perhaps every weekday, or weekdays plus one weekend day. Publishing may be a combination of online and print or just an online version of the original printed newspaper.

A weekly newspaper is a newspaper issued three or fewer days per week. A local newspaper that is published twice a week is still considered a weekly.

There are other types of newspapers, too, such as college newspapers, ethnic newspapers, foreign-language newspapers, and “shoppers,” which are often free-distribution papers filled with local classified advertising.

Kinds of Newspaper Advertisements

Two kinds of advertising dominate the commercial print side of newspapers: display advertising and classified advertising. Perhaps it will be easier to differentiate between the two types if we start with classified advertising.

Classified advertising is so named because it is organized by classification. Also known as “want ads,” classified advertisements are the smaller advertisements, usually toward the back of the newspaper, organized so the potential buyers can easily find the category needed, such as used cars, part-time jobs, lost pets, and garage sales. Although online products such as Craigslist have taken a large bite out of the classified marketplace, it remains a strong revenue stream for many newspapers.

Display advertising is the regular advertising, marked by larger sized ads that are found throughout the rest of the newspaper. The boundaries between types of advertising are disappearing, though, and these days most newspapers will accommodate “classified display,” which are larger announcements, like other display advertisements, but still in the proper categories with other classified advertising.

One problem with placing advertisements nationally using many newspapers is that there is no uniformity in the page size of newspapers. Some use five columns, some use six or seven or eight, and the lengths of columns vary as well. This wide variety makes it difficult to prepare a single advertisement and have it appear in many newspapers. To help solve this problem, the standard advertising unit (SAU) was developed; it lists several standard sizes of newspaper advertisements so that an announcement of a certain size will fit into most newspapers, although in some there may be extra space appearing around the advertisement. Using the SAUs, regional and national advertisers can run advertising placements in almost all U.S. newspapers, without the need to re-size the advertisements for each individual paper. (See Exhibit 22.1.)

The other aspect of newspaper advertising is digital ads. Newspapers offer a variety of digital advertising units plus the opportunity to sponsor pages of content. The typical digital ad units include skyscrapers, vertical and horizontal banner ads, and squares. Newspapers are offering advertising the opportunities to play video on their sites, so pre-roll advertising is beginning to creep into the print world.

In addition, newspapers are moving to applications. This offers the advertising opportunities to engage with the newspaper audience in more dynamic fashion, including video as well as rich media ads.

Newspaper Print Advertisement Size

Newspaper print space is usually sold by the column-inch, which is a space measurement one column wide by one inch high. Thus, an advertisement that is six inches high and three columns wide would total 18 column-inches (6 columns \times 3 inches = 18 column-inches). But remember that

Exhibit 22.1

Standard Advertising Unit (SAUs) for Newspapers

Depth in Inches	1 COL 2-1/16"	2 COL 4-1/4"	3 COL 6-7/16"	4 COL 8-5/8"	5 COL 10-13/16"	6 COL 13"
FD*	1xFD*	2xFD*	3xFD*	4xFD*	5xFD*	6xFD*
18"	1x18	2x18	3x18	4x18	5x18	6x18
15.75"	1x15.75	2x15.75	3x15.75	4x15.75	5x15.75	
14"	1x14	2x14	3x14	4x14	5x14	6x14
13"	1x13	2x13	3x13	4x13	5x13	
10.5"	1x10.5	2x10.5	3x10.5	4x10.5	5x10.5	6x10.5
7"	1x7	2x7	3x7	4x7	5x7	6x7
5.25"	1x5.25	2x5.25	3x5.25	4x5.25		
3.5"	1x3.5	2x3.5				
3"	1x3	2x3				
2"	1x2	2x2				
1.5"	1x1.5					
1"	1x1					

* FD=Full depth

different newspapers have different column widths, which means that the size of an advertisement may vary from one newspaper to another; that is precisely why the SAU was developed. What the advertiser is buying is space; do not think of the ad size as type, because some of the space may be left blank.

Newspaper advertising can also be purchased in larger quantities, such as quarter-page, half-page, and full-page ads. Again, these sizes vary from one newspaper to another.

Newspaper Advertising Rates

Most advertising media offer discounts to advertisers based on a variety of factors. For all media including newspapers, a *flat rate* indicates that no discounts are available; no matter how much advertising is purchased, the rates will not change. An *open rate* indicates that discounts are available, although an open rate is not a discounted rate; it is the highest rate charged before discounts begin to be applied to the cost of an advertisement. When advertisers see an open rate, they know that—eventually—discounts may be earned.

For all media, the advertising rates are listed on a rate card, whether there is an actual printed card or only an online listing of advertising prices.

A combination rate applies if a single publisher owns more than one newspaper, offering a lower advertising rate to advertisers who use multiple papers in the chain.

If an advertiser signs a contract for advertising space, the eventual anticipated discount may be figured into the contract. If the advertiser fails to earn the discounted rate in the contract, the advertiser must pay the difference in costs, known as a *short rate*—that is, money paid from the advertiser to the newspaper because the advertiser failed to advertise enough to earn the contract discount rate. Similarly, if the advertiser uses more advertising than anticipated and earns an even better discount than was stipulated in the contract, there may be a rebate paid from the newspaper to the advertiser. Short rates and rebates are terms that apply to all media, not only to newspapers.

Newspapers are bundling print advertisements with digital advertisements. Just like other media, newspapers offer a variety of ways to obtain their content. This has led newspaper marketing and sales staffs to create integrated print and digital programs for their advertisers.

Types of Discounts

For all media including newspapers, quantity discounts are based on the amount of advertising purchased over time; as an advertiser uses more

advertising space or time, larger discounts may be earned, leading to reduced advertising costs. Frequency discounts are earned for advertising often. Continuity discounts may be earned for regular advertising. Frequency and continuity discounts are similar; frequency applies to the total number of ad placements, while continuity applies to regular placements, such as every week or every day. Dollar volume discounts are also a way for newspapers to reward advertisers who increase their spending either in print or online.

Special Newspaper Rates

In print media, color costs extra because it involves extra steps in the printing process. Black ink is included with the advertising space, and then one or two or three extra colors cost more; full-color printing is black plus three colors, known as a four-color process (even though black is not considered a color in printing). Color can be added in advance (known as a preprint) or during the regular printing process (known as ROP color, for run-of-paper or run-of-press). Spot color is just exactly that: a few spots of color, such as a border or headline. Process color uses tiny dots of color to make a color picture.

Position in the printed issue may mean an extra charge for an advertiser, who may be willing to pay more to be sure that a specific ad is in a particular place—say, the sports section or the recipe section of the newspaper. Position on the page may also cost extra; most advertisements are on the bottom half of the page, so an advertiser may be willing to pay more to be sure that an ad is not “buried” or surrounded by other advertisements.

See Exhibit 22.2 for advantages and disadvantages of newspaper advertising.

Newspaper Circulation and Audience

Circulation is the number of copies of the publication that are actually distributed. There will be some extra copies that are returned as unsold, and some free copies that are given to advertisers to prove that the advertising appeared as ordered. Advertisers are usually interested in the paid circulation—that is, the number of copies that were delivered to paying readers. Advertisers are also interested in the size of the audience, which is the number of persons who actually read the publication.

Many large newspapers offer city-zone editions, which are distributed in the central city and any contiguous areas that appear to be the same as the city itself. There may be separate suburban editions for other areas.

Exhibit 22.2

Newspaper Advertising

Advantages

- ❖ Timely
- ❖ Contents vital to audience; thus, good readership
- ❖ Broad reach; appeal to all kinds of people
- ❖ Localized circulation; can target geographically
- ❖ Complete coverage; almost everyone reads newspapers
- ❖ Edited for all ages; can reach adults, teens, men, women
- ❖ Frequent publication; daily advertising results in continual impressions
- ❖ Can handle emergency situations; short ordering time
- ❖ Can tie in advertisements with news
- ❖ Can direct customers to stores
- ❖ Advertising budgets of all sizes can use newspapers
- ❖ Quick results
- ❖ Can include many different items in a single advertisement
- ❖ Reader controls exposure (as opposed to radio or television)

Disadvantages

- ❖ Many differences in sizes, deadlines, etc., so advertiser must have separate dealings with each newspaper; can be costly to change mechanical specifications for each newspaper (however, can utilize standard advertising units)
- ❖ Great variation in production quality
- ❖ Color may be of poor quality or difficult to use
- ❖ Short life
- ❖ Hasty reading

Oftentimes, advertisers want to know the circulation within the retail trading zone (RTZ), the entire area where people live who shop for major purchases in the city zone. Other advertisers may want total market coverage (TMC), with advertising reaching every household in the market.

Newspapers also measure the number of unique visitors to their digital newspaper. It is a key measure of the newspaper's overall reach. Total audience for the newspaper is provided through third-party research services.

Scarborough and Media Audit are two local-market-media measurement services that provide readership information for print. These sources allow advertisers to better understand the audience dynamics of newspapers for both the printed and digital versions.

Mechanical Print Considerations

As mentioned before, an advertiser may sign a contract to indicate how much and how often that advertiser foresees placing advertising with that medium. Whether or not there is a contract, each advertising placement is accompanied by an insertion order, telling how and where and when the ad is to appear. These terms are used with all media, not just print.

Newspapers offer advertisers a tearsheet, which is a page torn from the actual newspaper that contains the particular advertisement that was run. Do not confuse a tearsheet with a proof. A proof is an advance copy either of the advertisement or of the page provided, so the advertiser can check the ad for accuracy.

Buying Newspaper Advertising Space

Recall the following definitions: *frequency* is advertising often, and *repetition* is using the same ad more than once. It is possible to have frequency without repetition and also to have repetition without frequency. Few advertisements work when run only once or a few times, so frequency is often an important factor. Larger-size advertisements attract greater readership than do small ads.

Many advertisers believe that an advertisement on a right-hand page of a publication draws more attention than one on the left-hand page. Similarly, they believe that an advertisement in the front of a publication is better than one in the middle or back sections. Thus, they often specify “right-hand page, far to the front,” although research shows that these factors are not significantly better in newspapers.

We have already seen that an ad on the upper half of the page may have less competition from other advertising. Whether or not the advertisement is near the “gutter” (the center of the layout where two pages meet) does not matter with newspapers.

Timing for newspaper advertising depends on the shopping patterns of the audience members. For example, most newspapers can tell you what day is their “best food day,” when national food advertisers along with local grocery stores run the most advertising. Auto tires may do best on a Saturday, when more readers have time to shop for tires.

Preprinted Inserts

One of the bright spots in newspaper advertising is preprinted inserts. Preprinted inserts are typically retail sales pieces inserted in the daily or Sunday newspaper. In effect, the newspaper becomes a delivery vehicle for other advertisements. The popularity of preprinted inserts among retailers is a driving force in their importance. Preprinted inserts can account for up to 70 percent of the total revenue for the Sunday newspaper. Since advertisers can deliver preprints by the newspaper's carrier route, they are able to tailor sales messages to various geographical parts of a city or town. Research has shown that consumers value preprinted inserts. Some consumers buy the newspaper largely for access to these inserts.

Consumer Magazines

There are several types of magazines. Consumer magazines are covered in this section. Business publications are also magazines, but they differ somewhat in use and structure from consumer magazines, so they are covered separately. Farm publications are often an amalgam of consumer magazines and business publications, so they have some traits of both categories.

Consumer magazines are either general-interest or special-interest publications. The days of general-interest magazines are largely over, with only a few survivors such as *TV Guide* and *Reader's Digest*. Magazines that are distributed by newspapers, such as *Parade* and *USA Weekend*, are also general-interest magazines. Most magazines today are special-interest publications, and there is a magazine to cover almost any interest, from model trains to retirement locations to gaming. The largest circulation category for magazines are women's interest publications and health and beauty publications.

Subtypes of magazines include regional and metropolitan (metro) editions, which are circulated in limited areas within the wider national circulation of large magazines. International editions of several publications are available, sometimes simply translated and other times completely reedited. Special-audience editions are also published, such as college-student editions of news or sports magazines carrying advertising that might not interest a more general audience.

Just like newspapers, magazines have pushed into the digital arena. Most large circulation publications offer online content as well as tablet and/or mobile editions.

Circulation and Audience

Circulation of magazines, like newspapers, is measured by the number of copies distributed, either to subscribers or through newsstand sales. The primary audience is defined as those persons who receive the publication because they subscribe to it or buy it, and the secondary audience, also called the “pass-along audience,” is defined as those persons who get the publication from someone else.

Several audience concepts apply to all advertising media, but are perhaps easiest to understand when applied to magazines. The accumulative audience (the cumulative audience, or *cume*) is the total number of persons who see or hear an advertisement at least once in a single media vehicle (in this case, in a single magazine), even though the campaign may appear in multiple vehicles. The unduplicated audience, measured as *net reach*, is composed of all the persons who are exposed to an advertisement at least once in a combination of vehicles—say, when four magazines are used in a campaign. The duplicated audience (also called *dupes*) is defined as those persons who are exposed more than once to an advertisement in a campaign. If we add up every time the advertisement is seen by the entire audience in all the media vehicles, that figure is referred to as *total audience impressions (TAI)*, also known as the *gross audience* or *gross impressions*. The average number of times that an audience member is exposed to an advertisement from the campaign is called the *average frequency* or *average exposure*.

Mediamark Research Inc. (MRI, first discussed in chapter 7) is the key third-party audience measurement service for the consumer magazine industry. Simmons Market Research (SMRB) historically began as a print measurement service but has now expanded to offer special research services. Through MRI, a media planner can learn about the audience dimensions of a wide variety of publications. Since MRI also collects brand-buying habits of its respondents, a media planner can develop an analysis that details approximately how many brand users read a specific publication. This type of information can be crucial to making a magazine purchasing decision.

Frequency and Repetition

Like newspapers, consumer magazines measure frequency as the number of times people see or hear an advertisement during the campaign, whether or not the same advertisement is repeated. Repetition refers to using the same advertisement more than once, whether or not it is done frequently. In

Exhibit 22.3

Consumer Magazine Advertising

Advantages

- ❖ Reader lingers over editorial and advertising matter; gives longer time to sell
- ❖ High quality of production and color; can show package
- ❖ Flexible scheduling: weeklies, monthlies, etc.
- ❖ Selective readership; permits market segmentation
- ❖ Prestige of the medium, in many cases
- ❖ Advertising message retained for a long time; has long life
- ❖ Better audience data than from most other media
- ❖ Flexibility in format: size, foldout, insert, color, smell, etc.

Disadvantages

- ❖ Waste circulation, especially in general consumer magazines
- ❖ Advertisements easily ignored, compared to television or radio

general, frequency is preferable to reach; that is, people need to be exposed more than once to a campaign, so it may be preferable to have more exposures to the same audience rather than expanding the size of the audience. (See Exhibit 22.3.)

Advertisement Position

Again, as with newspapers, many advertisers ask for their ads to be on a right-hand page, far to the front of the publication. In fact, research shows that in consumer magazines, left-hand or right-hand page placement makes little difference, and placement at the front, middle, or back of the issue also makes little difference. It does not matter whether the advertising appears in a thin or thick issue of the publication. What determines readership of an advertisement is the subject of the ad, the interests of the audience, and the size and frequency of exposure to the advertising. Remember, these characteristics are for consumer magazines; later in this chapter, we'll see how the outcome differs when business publications are involved.

Cost Considerations

Like all printed media, color advertising in magazines costs extra; of course, color is now expected for television and cinema advertising, so there is no extra charge involved. In magazines, the illustration can go right off the edge of the page (known as *bleed*), and costs more than printing a magazine advertisement with an unprinted border.

Sizes of Magazine Advertisements

The largest regular magazine size is the size of the old *Life* magazine, so it is called a *Life*-sized page, about 12 inches \times 15 inches. Most magazines are printed in an 8-inch \times 11-inch format or an 8- or 9-inch \times 10-inch format, about the size of *Time* magazine, thus called a *Time*-sized page. Smaller magazines utilize a 5-inch \times 8-inch format, the size of *Reader's Digest*, and called a *Digest*-sized page.

If a *Time*-sized advertisement is placed on a *Life*-sized page, it is called a “junior unit,” and a *Digest*-sized ad on a *Time*-sized page is a “digest unit.” This allows the advertiser to use a printing plate in more than a single size of publication and permits the magazine to place other advertising or editorial material on the page, so the cost is often lower.

Sectional Editions

To test various versions of an advertisement, an advertiser may ask for a *split run*, when different versions of the ad go to various divisions of the audience. By measuring the sales response, the strength of the advertising appeal or message can be gauged. Split runs can be used for various sections of a city through a local newspaper or for different sections of the country through regional editions of magazines.

Magazine Advertising Deadlines

The deadline for placing advertising in a magazine may be months in advance of publication. The publication issue date is when the magazine is printed and distributed—often first to newsstands and then to subscribers. The cover date is typically set a few weeks or a month in advance, to tell newsstand operators when to take the issue off sale and to expect a newer edition.

Business Publications

Business publications and farm publications are similar to consumer magazines in most respects, so it is not necessary to repeat all the information that applies for all of them. Nevertheless, there are some differences for business publications that should be observed.

Business publications are categorized as (1) vertical publications, those that reach all levels within a single industry, such as *Advertising Age*; and (2) horizontal publications, those intended for a single job function within a cross-section of industries, such as *Sales & Marketing Management*. Sometimes business publications are categorized as industrial publications, those that appeal to a certain industry; institutional publications, intended for those employed in institutions such as prisons, clubs, or colleges; professional publications, aimed at certain professions; and merchandising publications (also called trade papers), to aid in marketing efforts. These categories may not be mutually exclusive; *Advertising Age* is an industrial publication, a professional publication, and a merchandising publication. (See Exhibit 22.4.)

Business publications can become true thought leaders in their respective industries. The *Oil & Gas Journal* is the standard bearer for the energy industry. As a result, it has a huge presence at the Offshore Technology Conference (OTC), one of the largest trade shows that influence the oil and gas industry. Business publications can become a trusted industry source and carry significant weight as a marketing vehicle.

Exhibit 22.4

Business Publication Advertising

Advantages

- ❖ Appeal to business interests; no frills, thus avid readership
- ❖ Often read during business hours; reader's mind on business
- ❖ No distractions; no other news or entertainment material
- ❖ Produces direct inquiries, from people who have that concern and responsibility
- ❖ Flexibility in timing and format, same as consumer magazines

Disadvantages

- ❖ Lots of other competitive advertising

Advertising Rates

And like other media, business publications offer quantity discounts, which are often called bulk rates, and frequency discounts, sometimes known as frequency rates. Many business publications are published monthly and offer per-issue rates, based on the number of issues used—not to be confused with frequency rates, based on the number of advertising insertions.

Most advertising media offer rate protection policies so that advertisers with a contract will not have their rates increased during the term of the contract, although they may benefit if rates are lowered.

Magazines usually charge premium prices for ad placement on the outside front cover (Cover 1), the inside front cover (Cover 2), the inside back cover (Cover 3), and the outside back cover (Cover 4). There are sometimes other preferred positions as well.

An advertisement that is inserted into the publication rather than appearing on a regular page also usually costs more. Inserts can be bound into the publication or can simply be inserted between some of the pages.

Color rates, short rates, and rebates may all apply, as they do with other kinds of publications.

Business publications offer a variety of other marketing services. We previously mentioned that helping develop a trade show presence is one aspect of certain publications. Because a business publications audience is highly prized, these publications market their subscriber lists to advertisers to carry out direct marketing campaigns.

Circulation

Many business publications are distributed for free, with the income coming solely from advertising (called free circulation); others charge for subscriptions and single copies (called paid circulation). Some publications control who can receive their publication (controlled circulation), while others do not. A publication sent to customers by a business may use franchise circulation, or “distribution paid,” the latter being when a publisher sells the magazines in bulk to the business, which then provides them free to good customers.

Checking

A checking copy of a magazine serves the same purpose as a tearsheet of a newspaper: to prove that the advertisement ran as ordered. Many

publications include reader-service cards, which can also help measure audience response.

Frequency and Repetition

Frequency is essential for successful advertising in business publications, just as it is in newspapers and consumer magazines. Studies have shown that frequent and steady business publication advertising helps increase readership and recognition, produces buyer inquiries, and helps build brand preference.

In addition, business publication advertising can help increase an advertiser's share of voice (SOV), which is the percentage of messages within an industry category that come from a particular advertiser or firm.

Business publications have special patterns of monthly and seasonal response, so advertisers need to be aware of the readership patterns within a certain industry as well as for a particular publication.

Buying Advertising

Unlike the situation with newspapers and consumer magazines, ad placement (position) within an issue of a business publication is an important factor. Advertisements are more effective in the front one-quarter of the publication, as well as more effective on a right-hand page and when facing another advertisement, rather than facing news and editorial material.

There are thousands of business publications, making it difficult for a media buyer to be familiar with all of them. Many business publications feature a media data form that provides insights into the publication, its readership, and its editorial and advertising policies, which can help the media buyer determine how well the publication matches the target group and advertising goals.

Future of Print

In the past five years, many have written off print as a viable medium. It's no wonder why. As of 2014, core print advertising revenue for newspapers was off by nearly 50 percent compared to 2008. Magazine advertising pages also dropped 32 percent in the same time. Yet, for all the doom and gloom, there are recent hopeful signs of a turnaround. Sunday newspaper circulation has stabilized and is on an uptick. Magazine ad page sales appear to have turned the corner. More important, original print content

providers are recognizing that they offer superior and premium content that consumers are willing to pay for.

One key trend is the move to gain a more equitable balance of subscription to advertising revenue. Print revenue has been heavily weighted toward advertising, with upwards of 85 percent of total revenue coming from this source. Two key items are turning the tide. For newspapers, it is the realization that providing free online content is not the road to success. More and more newspapers are moving to digital subscription plans, and approximately 40 percent of the 1,380 daily newspapers in the United States have adopted a digital paywall. Once a consumer samples a few free online articles, they must pay to read more. Magazines have found success through the use of tablets. Rather than discounting, magazines use tablet subscriptions as a way to increase prices. As of this writing, the consumer is accepting it.

Another key trend in the print world has been the addition of digital dynamics to the medium. Advertisements that contain QR codes allow the consumer to scan an ad with their smartphone to view a video. Tablet ads contain links directly to an advertiser's website. A one-dimensional medium now has become much more dynamic.

Summary

In summary, print is here to stay. As with other media, the content may be distributed in a number of platforms, but it is going to have a home. While there is a movement toward digital publishing, printed newspapers and magazines continue to have their place in the media landscape.

Chapter 23

Out-of-Home Media

Many of the major advertising media reach into the home. Television, radio, newspapers, magazines, Internet, and social media can all be delivered to the home. Yet there are several types of media that are available primarily outside the home—commonly known as out-of-home media—reaching consumers when they are traveling, waiting, shopping, or otherwise situated outside their residences. While you might think of outdoor advertising as old fashioned, the growth of use of digital technology has created new opportunities for consumer reach and engagement. Additionally, advertisers take advantage of creative opportunities to make memorable outdoor messages.

Outdoor Advertising

Printed (or static) outdoor advertising consists of billboards, which can be changed periodically, and permanent signs, such as those for a nearby motel or business. The standard-sized billboard is called a 24-sheet or 30-sheet poster, because once it required many sheets of printed paper to cover it. Today these billboards can be covered by just six, or even three, sheets of paper or one single large sheet of printed plastic made of flexible polyethylene film. Billboards smaller than the standard size are commonly referred to as junior panels.

At one time, outdoor billboards were purchased in *showings*, and even though outdoor advertising has shifted to using gross rating points (GRPs), buys are still often referred to as showings. Billboards are usually purchased within a market zone, and once a year the average daily circulation of cars, buses, trucks, and pedestrians is measured for each billboard location. This

information helps formulate how many billboards are required within a market zone to achieve a certain audience level. In outdoor advertising, the standard buy is 100 GRP over a four-week period, which results in the audience levels shown in Exhibit 23.1. Other levels of advertising (25 GRP, 50 GRP, 150 GRP, and so on) are available, but only as divisions of multiples of the number of billboards used to achieve 100 GRP; there is no guarantee that a billboard buy of 200 GRP will achieve twice the audience impact as 100 GRP—only that you will be using twice as many billboards. Billboards near shopping centers can also be purchased through a shopping-center network. (See Exhibit 23.2.)

Of course, there are outdoor advertising signs that are not billboards. Painted bulletins stay up for several months, sometimes for years. Advertisers

Exhibit 23.1

Outdoor Advertising GRP

A purchase of 100 GRP of outdoor advertising is intended to result in an audience that achieves a reach of:

- 90 percent of the local adult population, with a
- frequency of slightly more than once a day
- over a period of 28 days.

Exhibit 23.2

Outdoor Advertising

Advantages

- ❖ Reaches potential customers close to point of sale
- ❖ Communication can be quick and simple
- ❖ Repetition easy in high-traffic areas

Disadvantages

- ❖ Short message may limit creative breadth
- ❖ Despoiling the landscape; may earn public's enmity
- ❖ Legal restrictions

may also paint entire sides of building walls with messages, or build three-dimensional structures that attach to buildings to enhance messages. When Chevrolet introduced the electric car the Volt, for example, the company created a 10-story-tall poster featuring the car and the slogan “Now charging.” On a wall adjacent to the poster, the company installed a two-story-tall structure depicting an electric outlet, and a power cord ran from the poster to the outlet. Spectacular signs such as those in Times Square in New York City are another specialized type of outdoor advertising. LED signs and digital billboards allow messages to be quickly changed and are much more visible and engaging. Some of these boards even provide an interactive experience.

Locations for billboards and other outdoor advertising must be bought or rented, and there are several national firms that have billboard availabilities across the United States.

Other Outdoor Signs

Many stores post signs outside their locations to attract customers. These signs are not usually thought of as outdoor advertising because they are on the establishment’s property and are not considered part of the overall advertising campaign plan. Certain companies, especially soft-drink and beer vendors, offer free or discounted signs to small businesses with part of the sign space devoted to the name of the business and the remainder of the space used to promote the beverages.

Today, many signs are displayed inside the businesses. These are covered in Chapter 26 on in-store media.

Transit Advertising

Transit advertising makes use of both the inside and outside of transit vehicles, as well as transit stations. Inside buses, subway cars, and commuter trains, the signs above the windows are called car cards. These are usually 11 inches high, although signs above doors must be shorter, and the widths vary. The exterior of buses can carry displays on the sides of the vehicles as well as front-end and rear-end posters. Buses can also be wrapped with a high quality vinyl product that turns the entire bus into an advertising message. Posters inside train or subway stations and in airline terminals can vary a great deal, depending on the exact location, the need for illumination, and the pedestrian traffic patterns.

Transit advertising is similar to outdoor advertising, sold by a showing, or a *run*. A full showing or full run has one car card inside every vehicle in

Exhibit 23.3

Transit Advertising

Advantages

- ❖ Economical; very low cost per thousand
- ❖ High repetition
- ❖ Continuous exposure, day and night
- ❖ Limited number of competitive messages
- ❖ Captive audience

Disadvantages

- ❖ People are not thinking of advertising; hurrying elsewhere
- ❖ Advertisements subject to mutilation and vandalism
- ❖ Some doubts as to quality of the market

the transit system; a half showing or half run would allow for one car card in every other vehicle. Because passengers usually stay in one car and often in one seat, double showings (double runs) and triple showings (triple runs) are common, providing two or three—or possibly even more—car cards within every vehicle.

Signs on the exteriors of taxicabs are usually displayed on the rear trunk or perhaps on the roof of the cab. Trucks can also carry advertising, with some trucking companies offering vehicles with lighted signs for nighttime viewing. (See Exhibit 23.3.)

Transit advertising offers a huge audience with an approximate cross-section of the area population. Because people are mobile, the opportunities for repeat exposures to an ad are quite possible.

Other Digital Out-of-Home Media

Like so many other media types, out-of-home media cannot be simply divided into neat categories because there is some overlap. Digital out-of-home media overlap with outdoor advertising as well as with signs.

Digital media refer to moving or changing advertising, such as video screens, and are sometimes referred to as *dynamic media*. Such displays can be located in stores, sports arenas, shopping centers and restaurants, along roads, and in similar public places. Sometimes kiosks and other accessible locations are used for interactive addressable video screens.

Other Out-of-Home Media

By some counts, there are more than 100 format types of out-of-home media. These include such things as skywriting or airplane-towed banners, mobile billboards, benches and other street furniture, signs on gas pumps and at rest areas, and wallscapes, which are very large signs attached to buildings.

More types of out-of-home media are constantly being developed, which may offer better audience selectivity and higher cost efficiencies. Many of these new types take advantage of interactivity. For example, some digital offerings use touch screen technology or integrate mobile and social activation technologies such as QR codes. For instance, a poster at a bus station could have a QR code that connects a passenger to a mobile application such as a clothing store or newsstand. Using out-of-home media to capture consumers while they are waiting for something might be the next “killer app.”

Chapter 24

Search Engine Marketing

Search engine marketing (SEM) is a media placement tactic that promotes a client's website by increasing their visibility in *search engine result pages* (SERPs). Search engines have existed since the early days of the Internet, even before the World Wide Web, in order to help people use keywords to find what they needed to find. After the web browser was invented, search engines morphed into graphic interfaces. SEM can be a valuable part of a media plan, as a variety of advertisers can benefit from this direct communication with consumers, whether the consumer has an acute need that a brand can solve, is in need of information for a highly involved purchase decision, or is looking for a great deal.

In the search engine marketing arena, the key player is Google, which accounts for about two-thirds of all online searches. The website Alexa estimates that Google has more than one billion unique visitors per month. Microsoft's search engine, Bing, and Yahoo each generate about one-fourth of the traffic of Google. Google reports that in 2013 it hosted, on average, 5.9 billion searches per day. In 2012, Google generated more than \$50 billion in revenue, mostly from search engine marketing.

SEM Basics

The discipline of search engine marketing includes *paid search results* and *organic search results*. Paid advertising is accomplished using tools like Google Ad words or Bing Ads with a variety of formats, placements, and payment structure. Organic searches, also known as *search engine optimization* (SEO), are often considered unpaid advertising. SEO is frequently achieved by ensuring that the text on a page or site matches the types of searches that people undertake. Additionally, SEO considers the number

of links on a site as well as where users to the site come from, along with other types of behaviors displayed by consumers.

The concept behind SEM is straightforward: people go to a site like Google and enter search words in order to find a site online that can provide them with the information they need. Technology allows search engines to constantly “crawl” through the Internet and index websites. Indexing websites means identifying the keywords that would describe that particular site. The SERP, then, connects individuals searching for information to the pages that are likely to provide the information that they need. In addition, SERPs provide paid placements from companies that have purchased keywords matching the users’ needs. Search engines use proprietary algorithms to make these matches and are constantly updating and refining the algorithms to make the best matches.

This consumer mindset is somewhat unique from other types of consumer behavior since it indicates that the person is actively looking for information. When consumers are actively looking for product or service information, it is likely that they are into the purchase cycle, making them good prospects to purchase a specific brand. Providing branded information on the SERP is different from other types of advertising messages in several ways:

- It is fairly nonintrusive, as it reaches an individual when they are actively seeking information.
- It derives from a voluntary, consumer-driven search, where the consumer actively selects to respond to a specific link.
- It derives from a fixed inventory of searches—search engine technology minimizes the chances that a consumer will be exposed to worthless results.

Planning SEM

Advertisers most often use the following types of SEM:

- *Paid placement:* Advertisers purchase specific keywords and when these keywords match a user search, they are featured on the SERP. This might be at the top of the SERP or in a box along the side.
- *Directory paid inclusion:* Advertisers pay a fee to a search engine in order to be included in that search engine or directory, guaranteeing that the brand’s website will be included in a SERP. Some websites are developed using technology that is difficult for search engines to “crawl,” and so the paid inclusion helps their brands appear on the SERP.

Selecting appropriate keywords can be a challenging aspect of planning media, and Google now provides some important tools to help in that area. A good place to start is Google Trends (www.google.com/trends/). The Google Trends webpage provides up-to-the-minute information on which search terms are currently trending. It also provides snapshots of search term popularity, including a tool where a search term can be entered to examine interest over time, regional interest, and popularity of related searches. This information is quickly available to anyone via the webpage.

The Google Keyword Planner allows you to find keywords for a new campaign that hasn't used search engine marketing in the past. Additionally, the Keyword Planner can help you expand your current keyword lists for ongoing campaigns. Performance metrics on the different keywords are also provided, so you can assess which ones are very popular (and possibly more expensive), as well as which ones may be *long tail* keywords—meaning they do not have a high search volume, but may be more likely to lead to clicks and conversations. The Keyword Planner also offers assistance in advance targeting; for instance, you could find keywords that are attractive to people who live in Chicago and speak French, if that is what you are looking for. Keyword Planner is available to anyone with a (free) Google Adwords account.

Most search engines have rules that advertisers must follow regarding both the keywords bid on and the content of the landing page (the branded website where the consumers' click would take them). Specifically, the keywords and the landing pages should be well matched to ensure a good consumer experience. If a company selling pet supplies bid on the keywords "hot girls" or "boy toys" to direct people to their website—well, you can see how the consumer would be disappointed. However, many companies try to do just this, and search engines are highly aware of this technique and stop it.

Pricing for *paid placement* is different from other types of media placements. Sites tend to use a bid method as opposed to the negotiation method that many media planners are familiar with. The bidding process assumes that multiple advertisers want to reach the same group of people (say, buyers of new cars). Advertisers would then provide a bid on how much they wanted to pay to reach those buyers. With search engine marketing, the higher the advertiser bids on a keyword, the higher in the rankings the ad appears, and the more likely it is that web searchers will see the ad. Ranking means visibility, though you do not have to be at the top of the rankings or make the highest bid in order for prospects to see your ad and click on it. Your goal is to get the lowest cost-per-click and the highest quality clicks (sales and leads) for your budget.

To add to the complexity of SEM, there are different types of pricing structures that advertisers can use for their bids. One popular type is the aforementioned *cost-per-click* (CPC), where payment of the ad only applies if the brand's link has been clicked on. Other advertisers are more comfortable using a *cost-per-thousand* (CPM) payment, where advertisers pay for every exposure to an ad, even if it is not clicked on.

Local Search

Search engine marketing is not only for large national and global clients. Local search marketing targets and shows ad listings based on the brand's physical (or geographical) location. This is the digital equivalent of the Yellow Pages, which is the original medium for local search. In 1996, BellSouth created online local search marketing when they unveiled the first online directories. Eventually this would inspire a whole host of other companies to create many of the large local search services that are available online to potential advertisers. Today, there are many online local search services for any prospective advertiser to choose to from. Among the more popular local search marketing services are Google Maps (Google+ Local), Yahoo! Local, Bing Maps, YP.com (Yellow Pages), Superpages, and Citysearch.

Testing

Given that advertisers can burn through their ad budget in a flash, it is very important for media planners to constantly test and assess different keyword combinations in order to efficiently drive traffic. For example, bidding \$1,000 per click is going to generate a lot of clicks, but will also cost a lot of money. SEM involves understanding the fine line between a bid that reaches a lot of people and a bid that results in ads that are never seen. Therefore, testing different bids and keywords—using a very small budget initially—provides data to help planners make important SEM decisions.

Chapter 25

Online Display Advertising

The Internet is an integral part of most Americans' lives. According to the website Internet World Stats, about 78 percent of Americans are connected to the Internet on average for about nine hours a day, with about a third of this time spent using social media and texting. This usage is remarkably consistent for kids and adults: adults are using the Internet at home and at work, and kids use it both at home and at school. In addition, increased use of smartphones allows the Internet to be accessed from virtually anywhere a signal exists.

Advertising and Online Behaviors

Many people spend time online doing *directed activities*—searching for information about news, current events, and various things that interest them (including products and services). Online users encounter advertising throughout these activities: search engines like Google display results of a search and include digital advertisements on the results pages. Advertising also plays a part when people use the Internet for social reasons or for entertainment. Ads appear at social networks and in online games, providing revenue for the companies providing the content.

The primary purpose of most digital advertising is to direct people to online sites that are of interest and value to them. Some digital ads direct people to branded sites and online storefronts (also known as *e-tail* sites), where people can purchase goods or learn more about products they are considering purchasing. Other digital ads direct people to websites where they find out information and, in some situations, pay for additional content. Still other ads may point people to competitive

products, or to ratings services that provide consumer opinions of products and categories.

There are numerous digital advertising options and creative units, and finding a mix that efficiently builds reach and frequency against a specific target can be difficult. Millions of different websites accept advertising, and finding sites that are “sticky” (sites that have visitors that stick around for a while and don’t hurry off to another website) can be tough. Finally, the different types of rate options can be confusing to some clients (and frankly to some agency people, too). Should you run ads on site-based and pay-based impressions or click-throughs? Or should you bid on a campaign and see what happens? There is no right or wrong answer, but information in this chapter should help you understand more about the complex world of digital advertising.

Digital advertising spending has increased significantly since the year 2000. Categories representing the highest level of advertising spending include financial services, telecommunications, and automotive. Business-to-business advertising is also increasing.

Display and banner advertising embeds advertisements into web pages. The advertisements can include both text and images and, like SEM, attract traffic to an advertiser’s website via a link. Generally, the online user needs to click somewhere on the ad to be redirected. Audience responses is generally measured in exposures and in clicks.

Rich media ads provide an interactive online experience for the user. For example, some ads expand and provide a new online context when users click or roll over the ads. Other examples of rich media include embedded video ads or ads that seem to “float” over the page itself. Such ads arguably gain more attention than a static ad (such as a banner ad) and often do not force users to leave the site they are currently on. Depending on the ad, different types of audience behaviors can be tracked (e.g., the amount of time spent viewing a video).

Most of these types of online advertising are placed through advertising content networks. These are companies that connect advertisers to websites that want to host advertisements. The key function of an ad network is to aggregate available ad space from online publishers and match it with advertiser demand. There are three types of online advertising networks.

1. Vertical Networks

Vertical networks clearly identify which websites are part of the network, and advertisers always know exactly where their ads will run.

These types of networks are priced slightly higher than other networks. The rationale is that they promote high-quality traffic at market prices and are heavily used by brand marketers. In general, vertical networks offer two types of media placement: run-of-site (ROS) advertising across specific channels (auto or travel, for example) and site-wise advertising in a single website.

2. Blind Networks

Blind networks offer lower costs than vertical networks but do not provide information on where ads will run prior to the flight; hence, the media planner is “blind” to the content where the ads will run. Most networks offer a “site opt out” method which allows for certain categories or sites to be excluded. The networks usually run campaigns on a run-of-network (RON) basis, across a range of different sites that are part of the network. Blind networks achieve their low pricing through large bulk buys of typically remnant space.

3. Targeted Networks

Targeted networks are referred to as the next generation of targeting. This type of content network focuses on specific targeting technologies such as search-based, contextual, or behavioral targeting. Targeted networks specialize in using consumer click stream data to enhance the value of the inventory they purchase. As in traditional media planning, the planner must carefully identify the key target audiences for the digital advertising campaign. To make these decisions, planners determine whether to use search-based targeting, contextual targeting, or behavioral targeting.

Search-based targeting derives from search engine marketing (SEM, which has already been discussed). Conducting searches online is a popular activity, and most online users are familiar with these kinds of ads. For that reason, search advertising continues to soar in popularity. *Contextual targeting* provides users with ads about a subject that is of particular interest to them. Instead of basing the ads on what customers are searching for, contextual advertising looks at the content customers look at as they navigate through the Internet. To market to consumers, true contextual advertising relies on relationships between online advertisers and web publishers. The high degree of an ad’s content relevancy promises the potential for a higher click-through rate and an increase in sales and profitability.

Table 25.1

Consumer Responses to Digital Advertising

Consumers say they best respond to:		Clients believe the best type of targeting is:	
Contextual advertising	(62%)	Contextual targeting	(41%)
Demographic targeting	(28%)	Search targeting	(30%)
Geographic targeting	(24%)	Behavioral targeting	(27%)
Behavioral targeting	(18%)		

Source: Dawn Anfusio, "Contextual vs. Behavioral Targeting," *iMedia Connection*, March 31, 2006, www.imediaconnection.com/content/8863.asp.

Behavioral targeting monitors the behavior of an individual as he or she moves from site to site. Ads are then generated to correlate with this behavior. For example, when using behavioral targeting, the online shoe store Zappos can identify users who visit their website. Then, when the users visit other sites that are part of the network where Zappos has purchased ad space, those potential customers will see an advertisement enticing them to purchase shoes through Zappos. Behavioral targeting allows advertisers to appeal to consumers with different ads based on their past behavior, even as different consumers view the same web page; while one consumer is seeing the Zappos ad, another might be seeing an ad for Nordstrom's. The downside is that behavioral targeting has been considered by many to be invasive. Consumers express concerns about the tracking and usage of their browsing habits.

How consumers respond to these tactics is found in Table 25.1.

Measurement

Measurement of online users involves fairly large samples as well as passive technology. Participants in data collection have special software integrated onto their own computers and data are collected whenever the participants use their computers. The data are transmitted daily to the measurement service. Two of the leading services are Nielsen//NetRatings and comScore. Nielsen//NetRatings is a division of the same company that does television ratings. In 2013, Nielsen has a ratings service that will track online viewing of digital media, which is a blending of their online and traditional television metrics. The newer company comScore focuses on all types of digital measurement, including search engine optimization and mobile marketing.

Many websites track their own statistics using a system such as Google Analytics, which provides daily counts of visits to the site, identifies the country of origin of a visitor, and determines whether the visitor is new or returning (based on IP [Internet protocol] addresses). These analytics programs can also indicate the amount of time a user spends on different pages that make up a site. In-depth demographic information is generally not available, though, and as a result, media planners might use multiple data sources for evaluating web properties.

Planning Decisions

In addition to making decisions about targeting, the planner must be involved in two other key decisions: the advertising creative format and the payment method. Questions regarding the advertising creative format include, Will the ad be text only, a clickable image, or rich media? Will it be placed in an environment that is most likely to be seen on a computer, on an iPad, or on a smartphone? Should the ad be adapted for different devices? Questions regarding the payment method include, Will budget decisions be made on an impression (cost-per-thousand, or CPM) basis, or on a bidding (cost-per-click, or CPC) basis? Digital advertising revenue is generated from both CPM (impression-based) and performance (CPC) measures. Negotiated CPM advertising is analogous to other types of advertising: the planner or buyer estimates the number of impressions that an ad will generate against their target and a cost is assigned to the impressions. With negotiated CPC, the advertiser will only pay for the people who click on the advertisement. For example, one ad might cost 40 cents on a CPM basis or \$2 on a CPC basis (Table 25.2). In this case, the advertiser would set a daily budget and once the goals are reached, the ads would stop running for the day.

Table 25.2

Cost Comparisons for Digital Advertising

	Impressions: .40 CPM	Clicks: \$2 per click
Daily budget: \$20	Total daily impressions: 50,000	Total daily clicks: 10 Approximate click-through rate: 10/50,000

The Migration from Offline to Online

Digital advertising is often part of a traditional medium's migration from offline to online, as different media channels recognize that a large portion of their audiences spend their daily media time on the Internet. Traditional media has addressed this in different ways.

The Future of Digital

You have probably heard that Big Data is revolutionizing business. Big Data are collections of data sets so large that they are difficult to process and understand using traditional tools. The trend toward larger data sets was spawned by consumer media usage habits that allow for companies to collect a wide range of information; this information, in turn, allows researchers to spot trends and patterns among different types of activities. Couple this with the immense increase in advertising channels and the result is that advertisers can better understand consumers' buying patterns—where they shop, how much they spend, what they need in their lives, where they spend time, and what they do in the digital space. Big Data can help advertisers hone in on target audiences in a way never before imaginable.

Wired magazine predicts that most Internet activity will be shifting over to the use of apps, computer software designed to help the user perform singular or multiple related specific tasks. Marketers are developing brand-specific apps for computers as well as for smartphones and tablets. Apps have been developed by restaurant chains that allow users to locate restaurants (with maps) in any city. Sunglass brand Oakley has a customizable “Surf Report” app, delivering a value to its key target. Sherwin-Williams paints allow users to take photographs of colors they love and receive a recommendation on the best paint match. AAMCO has a transmission troubleshooting app; if your car breaks down, you answer a few questions and the app suggests what the trouble is (and also tells you where the closest AAMCO dealer is).

Many online and computer video games now include advertising in the content of the game, and this usage is expected to grow. Ads can be static (programmed into game content) or dynamic (ads that are personalized to the individual, who must be playing the game online or connected to the Internet via a gaming system).

A new technology called Augmented Reality adds digital imagery to real-time media content. For example, during some broadcasts of UK soccer matches, advertisers' brands were digitally inserted onto the soccer

pitch and rotated regularly. *Esquire* magazine has experimented with augmented reality by allowing subscribers to download software and hold up the magazine to the computer's webcam in order to access additional content from *Esquire's* website.

Finally, pricing is evolving in several different ways. First is the change from CPM and CPC pricing to engagement pricing, which is based on attention delivered rather than impressions and pay-per-click. In this model, a brand provides a number of branded experiences on a website (such as a sponsored game) and pays for the amount of time an individual spends on the experience. Next is real-time bidding (RTB), a type of automated buying of advertising placements. The key idea behind RTB is that ad impressions should not be sold in bulk; rather, each ad impression is regarded as unique, and advertisers know the best prospects for their messages. The media planner provides a set of demographic and psychographic parameters to one of many digital trading desks, along with a bid for an impression for an exposure to someone who meets the parameters. When someone matching the parameters visits a website that is part of the ad network, the advertiser with the highest bid has their message shown to the individual.

The digital world is constantly changing, and the best brand and media planners devote a bit of time each day to keeping up with these changes and leveraging new opportunities for their clients.

Chapter 26

In-Store Media

In grocery store chains across the country, shoppers see brand messages from the moment they park their cars until they complete their purchases at the cash register. And it isn't just in grocery stores: Walmart, Target, Best Buy, and other big box retailers now embrace in-store advertising. These messages are valued because they reach consumers close to the point of purchase. According to research by Cisco Systems, about 75 percent of brand choices are made in the store. For example, a shopper may have a list with "butter" written on it, but he probably won't decide on the specific brand of butter to purchase until he is in the store. In-store advertising also can encourage impulse buys—those unplanned purchases that are stimulated by seeing the brand (or an ad for the brand) in the store.

Another value of in-store media is that consumers often buy on impulse, and some estimates show that about half of the total purchase at the grocery is spent on items consumers were not planning to purchase. Younger consumers, in particular, respond to in-store marketing. One study found that they were more willing to consider and purchase brands that they learned about via in-store marketing.

Given the amount of decision making going on in a store, it is not surprising that advertisers are trying to get their messages in front of consumers when they are making these decisions. From a simple "shelf talker" (a small sign on a shelf pointing the shopper to a product) to digital opportunities, in-store advertising has become a key element of many media plans. In addition, individual stores advertise loyalty programs to make sure their store is the one most visited by customers. (See Table 26.1.)

Table 26.1

Pros and Cons of In-Store Media

Pros	Cons
<ul style="list-style-type: none"> • Recency: brand message appears very close to point of purchase • Capitalizes on impulse buys • Register sales data available to connect exposures to sales • Ad can be located anywhere—in stores, next to merchandise, on shopping bags, on ceilings 	<ul style="list-style-type: none"> • Limited space: finite space for messages; may be blocked by other shoppers, employees, etc. • Limited effects on new users, primarily reminds current users • Message exposure time very short • Relatively expensive compared to other media

The consumer now shops Omni-channel, meaning that they move seamlessly from in-store to online. The rise in smartphone penetration allows the consumer to research products on the go, access mobile coupons, and sometimes even pay for their purchase via phone. A recent survey showed that retailers' websites and other online channels eclipsed physical stores as the top channel for marketing. In-store media, then, will be discussed for both the physical and digital shopping world.

Types of Messages

Three broad categories of in-store advertising are *mass messages*, *personal messages*, and *loyalty programs*. Mass in-store messages display the same information to all customers, whereas personal messages provide an interactive experience where the consumer can get information appropriate for an individual purchase decision. On average, about 10 percent of U.S. advertising budgets are spent on in-store media. In-store advertising space is managed by many different companies, most with a specialty in one or two types of messages. (See Table 26.2.)

Mass In-Store/Online Messages

In-store signs promote a single product (such as Kraft Miracle Whip) or a group of products from the same manufacturer (such as Post cereals). These messages are placed in aisles near to the product(s) being promoted, providing a persuasive message close to the purchase decision. Within this category are:

- Shelf talkers: small signs that point customers to products on shelves.
- Banners: larger vertical signs that span two or three shelves.

Table 26.2

Players in the In-Store Industry

Type of media	Key companies
In-store signage	Valassis, CBS, Floorgraphics, Inverted Media
In-store coupons	Smartsouce and Catalina Marketing
Shopping carts	Cart America
In-store video	PRN, Target Inhouse Video

- Floor signs: large graphics placed on the aisle floor to point customers to products on lower shelves. Today, you might even catch a 3-D graphic on a grocery floor: a soda or snack that looks like it is placed on the floor, or a plane ready for take-off.

Ads on shopping carts used by consumers as they shop provide messages on the cart. The ads are exposed both to the shopper with the cart and to the other shoppers as they roam the store. These include:

- A small sign on the child seat of the cart
- A larger ad on the side of the cart
- A complete wrap of the cart in an advertisement
- A touchscreen shopping list with coupons

Video advertisements provide messages on large screens near the checkout aisles or at other key locations in the store. The screens feature content from cable channels such as the Food Network, Discovery, *Entertainment Tonight*, and *Inside Edition*, and content is updated regularly. Advertisements are embedded into the programming. Whereas the screens near the checkout counters get a higher level of attention, screens throughout the store may be more influential on purchases. The Walmart Smart TV network provides advertisers with the opportunity to deliver television messages to their respective areas in Walmart stores. This network now generates more reach than ABC, CBS, and NBC combined.

Store websites and applications for tablet and mobile devices provide huge opportunities for brands. Store websites feature digital sale events and special deals for the online shopper. Applications for tablet and mobile devices allow the consumer to review products online and get in-store discounts by checking in through a location-based service such as Foursquare. The integration of social media platforms along the lines of Facebook allows the consumer to share ideas with friends and get social media coupons.

Personal In-Store Messages

Digital Out-of-Home

Digital out-of-home advertising provides messages targeted at specific locations in the store at specific times. For example, prepared meals can be advertised at a grocery store after 5:00 P.M. to attract after-work shoppers. Digital signs also allow a store to sell ads to other businesses (a grocery store, for example, could sell a digital sign to the local dry cleaner and the local liquor store, changing these throughout the day). Newer types of digital ads include interactive displays on walls and floors that use motion control technology. This allows the images to change when shoppers wave their hands or move their bodies in other ways near the displays. Coors beer, for example, projects life-sized games like foosball onto floors of beverage aisles in grocery stores, and shoppers can play a game of foosball by moving their legs near the projection. The foosball table features the Coors logo.

Interactive Kiosks

Interactive kiosks are stand-alone structures that allow consumers to access product information, recipes, and coupons. Kiosks can be placed near the front of the store or the promoted department to maximize customer exposure. Types of kiosks include:

- Leaflet dispensers that provide nutritional information and recipes to customers, often including shopping lists and meal-planning ideas to cross-promote products.
- On-shelf coupons, a small device attached to a shelf near a product, allowing a customer to obtain a coupon for that product to use at the checkout.
- Self-service gift cards, a credit card–based device to vend gift cards to customers, freeing up sales associates for other tasks.

Intel has introduced a Magic Mirror device that uses an avatar to show how consumers would look in clothing they're considering buying without having to visit a dressing room. Interactive kiosks are being combined with social media to provide a more personal experience. For example, Maybelline is testing a touchscreen beauty kiosk in New York that is Facebook-enabled so users can share their latest looks with their friends.

Register Coupons

Personalized register coupons are based on an individual's purchases. Checkout terminals can be programmed to print out price coupons on customer register receipts. The coupon may be either for a future purchase of a product just purchased or for a competitor's product. For example, the purchase of Iams dog food might generate a coupon for Kal Kan dog food.

Coupons have embraced the digital world. Social media coupons and mobile coupons offer the consumer the ability to tap into coupons relevant to them just by entering their shopping list. Large retailers such as Kroger have their own coupon application that allows the consumer to swipe their smartphone at the register to get the latest manufacturer discounts.

Loyalty Programs

Loyalty programs encourage loyal buying behavior by rewarding customers for their purchases. Loyalty programs issue a membership card—sometimes called a rewards card, a points card, or a club card—to an individual shopper. Cards typically have a bar code or magnetic strip that can be scanned easily in order to track an individual's purchases. After a certain number of purchases (say, 10 cups of coffee) or a certain dollar amount spent on purchases (\$200 worth of books at a bookstore), the shopper receives a reward—a free product, a discount, or some other benefit on a future purchase. To join a loyalty program, a customer provides a certain level of demographic information, which is then compared with her purchases, allowing for the collection of data that can be used to make marketing decisions. One store, for example, uses frequent shopper data to program handheld scanners that shoppers carry on their shopping trips, accessing special deals and promotions targeted just for them.

Loyalty programs have expanded rapidly into the digital arena. The goal of digital loyalty programs is to localize the loyalty program to the customer's favorite store. One way that retailers are doing this is through social media. For example, Walmart and Sears have partnered with Facebook to allow customers to interact with their local store and get personalized local store messages. Sears takes this aspect of loyalty one step further by adding GPS technology to the mix. Now, when shoppers check in at a specific store via smartphone, local store associates know they've arrived, can find them, and then direct them to items saved on their digital shopping lists. By checking in, special discounts appear on those items saved on their smartphone.

Measurement

Measurement of in-store media involves an assessment of both exposure to the message and reaction to the message. Three types of measurements can assess customer activity and thus gauge exposure:

- Traffic counters measure the actual number of people who enter a store. This can be done through technology such as a laser beam across a store entrance. The number can then help to generate the potential “reach” of an in-store vehicle, given that reach is defined as the opportunity to see the advertising in a given time frame.
- Video recognition systems such as wall-mounted cameras count the number of people who walk past a certain place in the store (generally the location of the in-store advertisement). This type of system can also track whether or not customers stopped to look at the message, and for how long, and can generate the total exposures, or impressions, for a specific media vehicle during a defined time period.
- Ceiling-based cameras can assign a unique numerical ID to each customer who enters the store and track the movements of each customer through the store, creating a log of the customer’s activity and exposure to advertisements.

Data provided by the Point of Purchase Advertising Institute allow reach and frequency to be calculated. The average supermarket in the United States hosts 6,000 shopping trips per week, and the average trip has 1.25 people doing the shopping. Thus, the average exposure of an in-store sign per week is 7,500. The average household shops 1.5 times per week, and the number of unique visitors to a supermarket is 5,000 per week, with an average frequency of 1.5.

Therefore, the average frequency for an in-store campaign can be calculated by multiplying 1.5 times the number of weeks the campaign runs.

Like gross rating points, in-store rating points are calculated by multiplying reach by frequency. This can be used to compare cost measures as well on both a CPP and CPM basis. Measurement of digital initiatives such as website or tablet or mobile devices can be calculated by the number of unique visitors to each site and through engagement metrics on the length and depth of the visit. Transaction information can be obtained from the unique user as well.

Future of In-Store Media

It is highly likely that you'll be seeing more *personal* and less *mass* media in your local store in the years to come. Technology such as a shopping cart with a small computer attached to the handle is one example. The computers have cell phone-style navigation buttons on the handle and a self-scanning feature to use at checkout.

GPS systems can direct you from your house to the store, and now technology is allowing for "in-store" GPS. One supermarket chain launched a mobile app that provides a database of the entire store's offerings, showing customers where restrooms and customer services kiosks are located and directing consumers to the supermarket's most enticing promotional offers and sale items. It also reminds customers where they parked. The app takes advantage of multiple Wi-Fi hotspots in each store, since GPS does not work indoors.

A lot of activity is being centered on the idea of SoLoMo—the convergence of social media, location-based services, and mobile devices. This combination is about helping the consumer engage with the brand regardless of the channel. Retailers are working feverishly to make the physical and digital experience as seamless as possible.

The Innovation Lab at the international agency IPG has developed a variety of new technologies that are being seen in the marketplace. Among them is a device that transforms the front window of a store into a giant touchscreen. Designed for use at retail clothing boutiques, it allows customers to interact with a screen to select outfits for a virtual avatar instead of looking at an outfit on a mannequin. A similar device developed by IPG is a mirror that enables a shopper to scan a dress and then project that clothing onto her body before going to the dressing room. The interactive screen allows the shopper to examine different colors of the clothing and find matching accessories. An image of the outfit can be posted on the shopper's Facebook page.

Retailing has become less about a battle between bricks-and-mortar and online and more about integrating channels into a single experience. With mobile devices as a constant consumer companion, it is a matter of bringing that retail experience to engage consumers at home, on the go, and in the store.

The retail experience is becoming a battlefield, and smart media planners will look for interesting and new ways to break through the clutter to showcase products in the store aisles.

Chapter 27

Social Media

Social media advertising is an emerging field that represents a blending of traditional and digital media with a dose of word-of-mouth thrown in for good measure.

Social media include most types of Internet-based applications that focus on interactivity and that allow the creation and exchange of content designed both by users and by brands. Social media sites not only support but also encourage interaction. Marketing messages on social media sites no longer focus on one-way, top-down messages from a brand but rather become dialogues between a brand and a customer. Furthermore, social media is no longer an ancillary aspect of a brand's marketing plan. A 2012 study by research company Millward-Brown showed a direct correlation between how successful a company is and how well it uses social media.

This idea of interactivity differs from that of other types of digital advertisements. Digital messages such as banner advertisements want the online user to click on the ad and be directed to a branded website. Social media messaging can be used for that kind of directional interactivity and to provide purchase incentives, too. But social media advertising is also used to build communities of users focused on the brand. These communities develop positive word-of-mouth for brands.

Social media is unique in that it includes paid, earned, and owned media. *Owned media* are social media that a brand controls, like a website, a blog, or a Twitter account. Owned media is often used to build long-term relationships with customers and increase trust in the brand. *Paid media*—the type of media a brand pays for in order to leverage a channel—includes display ads on a social media site and search engine marketing. Paid media builds on the foundation established by owned media and often directs online users to the owned media properties. *Earned media* is when

customers become the channel, sharing the content created by the brand. It reflects the brand's understanding of what customers are most interested in and willing to share.

Social Networking Services Defined

When we think of social media, we specifically think of social networking services (SNS). An SNS has a goal of building and encouraging social networks or social relations among people, often people who share interests, activities, or offline relationships (see Table 27.1). When your business is part of one person's network, your interactions with that individual can be seen by everyone in that network. What this means is that one individual's conversation can start a chain of conversations within that individual's social group or network, leading to positive word-of-mouth for your business.

Many large and small brands have an SNS presence because large numbers of consumers spend time online. Facebook has over 1.1 billion users visiting their site each month and over half of those people visit the site daily. The average Facebook network size is 120 people (meaning each time a user posts a message at Facebook, it is seen by at least 120 others). Twitter has 500 million users and 200 million "regular" users (meaning active accounts or accounts that have posted something in the past month), and 500 million tweets are posted every day YouTube reports more than 1 billion unique visitors each month, with each visitor viewing an average of six hours of content per month. One of the newer social media sites, Pinterest, has about 70 million users worldwide, a remarkable achievement for the current four-year life of the site. Another fast-growing social network is Instagram, which is owned by Facebook.

Table 27.1

What Is a Social Networking Service?

Component	Explanation
Profile	A representation of the user including name, image, and list of interests
Social links	A way for users to connect with each other, such as "follow" on Twitter and "friend" on Facebook
Channel of communication	Method of sharing information (text, video, image, audio)

A word of caution: Social media success can be fleeting, with new applications coming into existence regularly, all focused on providing new, fun, and involving ways for people to engage with each other and with brands. The top social networking site in 2007, MySpace, now counts only 25 million users, with only about 18 percent of those being active users.

Types of SNS

SNS allow users to share ideas, activities, events, and interests within their individual networks. What this means for a media planner and a brand is that the campaign is not just planned, negotiated, and left to run. The campaign must have consistent involvement with someone (either at the agency or at the client level) monitoring and participating in the activities at the social network site. Without this type of commitment, any type of social network campaign will fail.

There are several different categories of SNS (see Table 27.2). The major sites for media planners to be familiar with (and which we focus on in this chapter) include:

- Social networking sites, which allow for multiple forms of communication between a user and his or her network.
- Microblogging sites, which provide short messages, primarily in a text format. Microblogs often limit entries to fewer than 300 characters, resulting in brief messages. Microblogging applications also allow for the embedding of links to other websites.
- Multimedia sites, which allow for sharing of photographic and video images. Users can tag and arrange content so others can search and find images.

Table 27.2

Major Types of Social Network Services

SNS portals	Micro blogging	Photo sharing	Video sharing	Blogging	Review sites	Geosocial
Facebook	Twitter	deviantART	YouTube	Wordpress	Yelp	
MySpace	Jaiku	Flickr	Viddler	Blogger	Insider pages	
Friendster	Plurk	Photobucket	Vimeo	Typepad	Angie's list	Bright kite
LinkedIn	Tumblr	Picasa	sevenload	Livejournal		
Ning		Smugmug	Zide			

Other types of social media that media planners should know about include:

- **Blogs:** The term *blog* comes from the term *weblog*, which is a website that is generally created and maintained by an individual and includes regular entries of commentary, descriptions of events, or other material such as graphics or video. Many blogs focus on commentary or news on a particular subject. Others more closely resemble personal online diaries.
- **Review and opinion sites:** These types of sites allow online users to rate products, services, and businesses (although currently retail stores and services represent the bulk of the reviews). Although these rarely accept advertising, companies can set up branded accounts to respond to user reviews and provide information about the brand.
- **Geosocial networks:** These are tools that use geographic services such as GPS to engage users who submit their location data to a service either through their computer or, more likely, through their mobile phones. Users can see where their friends are frequenting, and businesses can reward frequent visitors who “check in” at their location.

Within a single category, some sites offer simple and streamlined tools and applications; others offer ones that are more complex. Some appeal to younger people, some to older. Some are brand new, and some have been around for quite a while. Most of these sites have their own analytics systems modeled after Google Analytics. At a minimum, these sites will track followers (different sites have different names, such as friends or fans) and give some indication of the level of engagement (i.e., interactions between the brand and the followers). We focus the discussion in this book on the most used and most popular services as of 2014, including Facebook, Twitter, and YouTube, and on an emerging service, Pinterest.

Social Advertising and Media Planning

Because this type of media is changing every day, one role of the media planner is to be aware of the different social media offerings available, to track their popularity and their demographics, and to assess how well the medium would match the consumers. Working with others in the agency, the media planner also needs to assess whether there is a commitment to consistently providing content for the social networking site as well as a commitment to responding to online interactions. Because there are multiple levels of involvement with social media, the media planner may also be responsible for negotiating media placements in the new media.

Initial Level of Involvement: An SNS Presence

Many brands jump into social media by setting up a simple site and populating it with some content. Examples include a Facebook page dedicated to the Wendy's Frosty Brand, a Twitter feed that outlines new offerings from Barnes & Noble, or a YouTube Video Channel for the sports giant Nike. The key to success is to have a large number of people following the SNS. Many online users will search for brands that they like and choose to join those social networks. Other online users will see that their friends in the SNS like certain brands and will choose to follow those brands at the SNS as well. What this suggests is that a social networking site can be set up with no cash outlay as long as some content is available to populate the site. The media planner, then, will be tracking the increases in followers and monitoring the effects of different content.

Second Level of Involvement: SNS Advertising

The established SNS allow advertising on their sites. These ads work similarly to different types of digital advertising, discussed in Chapter 19. An overview of how the sites work is next.

Facebook

Advertisers can create highly targeted advertisements and present them to Facebook audiences. Facebook users provide information about themselves, not only demographic information but psychographics as well. Using the Facebook advertising tool, a media planner can select demographic characteristics for the advertisement including age, gender, and geographic location; advertisers can even choose to target people on their birthdays. Additionally, target audiences can be segmented based on what types of other Facebook sites they have affiliated with; that is, ads can target people who like *The Rachael Ray Show* or "fly fishing." Ads on Facebook can direct people to a site on the Facebook network or to a site off the network.

Twitter

"Promoted Tweets" are paid tweets from advertisers that appear at the top of a Twitter search results page. "Promoted Trends" are updates of the most popular Twitter topics that are promoted by advertisers. They initially appear at the bottom of the Trending Topics list on Twitter and are clearly marked as "Promoted." Users who click on a Promoted Trend will see

Twitter search results for that topic, with a related Promoted Tweet from the advertiser appearing at the top of the page. Rates are impression based.

YouTube

YouTube's direct advertising plan includes video clips that begin 15 seconds after a viewer starts watching a video. Another option is placing Google AdWords, where advertisers can select keywords or categories where their ads appear, or can target based on geography, interests, and demographics. Costs are based on CPC bids (see Chapter 19 for more information on bidding).

Pinterest

While Pinterest does not take paid advertising yet, "promoted pins" have moved into a paid test phase. Many brands have Pinterest accounts and display the merchandise they sell on the social network site. Brands can also provide price information. For example, cosmetics retailer Sephora uses Pinterest in several ways. First, at the Sephora website, it encourages customers to "pin" pictures of Sephora products that they purchase and enjoy. The pinned images then show up in consumers' Pinterest boards. Sephora also creates its own boards, providing more images that people can pin. The pin can track users and update them on specials and sales at Sephora.

Third Level of Involvement: Social Ads

Innovative marketers are looking for new and different ways to integrate a traditional type of advertisement with a social network, termed a *social ad*. According to the Internet Advertising Bureau, a social ad is an online ad that incorporates user interactions that the consumer has agreed to display and to share. With this definition, then, a social ad is an ad that contains information about the user (such as a picture or name) associated with some ad content. As a result, this can be seen as a personal endorsement, almost like a word-of-mouth message. Examples include display ads with polls. Ads for feature films, for example, might ask, "Will you see this movie this weekend?" along with response options such as "yes," "no," and "not sure." Once the individual votes, the responses will appear to him or her in a new box, along with a number of names of friends who have also voted in the poll.

Social advertising is currently evolving to generate new and interesting modes of consumer engagement. In the summer of 2010, perhaps the most talked about ad was one for Old Spice, featuring former NFL player Isaiah

Mustafa. (Mustafa reprised his role in a British version of the ad in 2014.) Ads ran on network and cable television, but also on YouTube and Facebook sites. As people began to interact with the ads, the agency listened to comments and questions, and they created new content where Mustafa responded to questions. And in a final (and what some critics call brilliant) move, the ads spoke to people directly, beginning with a “get well soon” message to Digg founder Kevin Rose and other personalized messages to online celebrities such as Perez Hilton, as well as to movie and sports stars. When the campaign ended in mid-July, fans were disappointed to see it go, and a key challenge to social advertisements was identified: the ability to sustain the community around them. Old Spice took on that challenge by creating a 2012 campaign with Terry Crews, a retired NFL football player. The campaign featured a video of Crews playing musical instruments by flexing his muscles. After viewing the video, viewers could then use their keyboard to play their own tune. More ads with Crews are planned.

As most media planners will quickly see, social ads are similar to videos that have gone viral and other types of video messages—messages that speed through Internet channels very quickly with minimal traditional advertising support (although in the Old Spice case, the traditional television advertisements did not hurt in getting the viral element started). Integrating the content with the social media sites, and then measuring and monitoring the effects, would be a key element in the media planner’s job.

Pricing Options

In addition to the traditional cost-per-click (CPC) and cost-per-thousand (CPM) pricing, discussed earlier in this book, some other pricing options are being considered and occasionally implemented by some advertisers. These include:

- **Cost-per-install:** With this option, which is similar to cost-per-click, the advertiser pays each time a user downloads and installs a widget or application on a computer or smartphone. While this guarantees distribution of content, it does not guarantee the user will interact with the content.
- **Cost-per-action:** The advertiser pays each time a user takes a specific action, such as becoming a fan or friend, posting to a profile, looking at a video, or playing a game. This works best when a single, specific action is desired.
- **Cost-per-engagement:** The advertiser pays each time an engagement takes place over a given time period, such as submitting branded,

user-generated content, interaction with such content, votes, and reviews and ratings.

Future of Social Media

With new applications being invented all the time, it is difficult to foresee the future of social media. One application mentioned earlier in this chapter, geosocial networking, also known as “lo-so” for “location social,” seems poised to become a key advertising vehicle. Applications like Tumblr blend social networking, digital advertising, direct marketing, and games. Users “check in” when they visit physical locations such as restaurants, bars, and retail stores, and their status is sent to people in their own networks. When they check in, they receive incentives such as badges and awards based on visit frequency, and also offers from nearby businesses.

Many new SNS are in development, and it is important to see whether those succeed or not. One example is a site called Medium, which was developed in 2012 by Ev Williams, who founded both Blogger and Twitter. Medium allows for content that is longer than a tweet but shorter than a blog. Another is Viddy, a site which hosts user-generated videos of 15 seconds or less. The videos tend to be shot using mobile phones, and the Viddy site allows users to create special effects to improve the look of their content. Viddy has been bought out by Fullscreen, so whether or not the app will continue remains to be seen (Kafka 2014).

As new SNS come online, keeping track of how they evolve from an advertising perspective is important. For example, as of early 2014, Pinterest did not feature paid advertising, yet brands were capitalizing on the opportunity to post visual images of their products and for others to share those images. Pinterest is currently collecting data in order to make recommendations to users, similar to the tools used by sites like Amazon and Netflix. Recent hires at the site indicate advertising opportunities are imminent.

Another emerging SNS are sites that want to serve as portals. Social networks like Facebook and Twitter don’t like to think of themselves as websites; instead, they see themselves as stand-alone applications that can organize a user’s entire web experience. Facebook, in particular, is moving toward becoming a “hub”—given the fact that Facebook usage dominates online time for many individuals. One way Facebook is doing this is through a program called Facebook Connect, which is not a media channel but rather software that integrates the Facebook experience into a branded website. At its basic level, a user could log in to branded sites via Facebook, saving them the need to have multiple log-ins and user names. At

a more effective level, users indicate their preferences for specific brands using the Facebook “like” feature at the branded website, and the brand uses this information to send the user specific branded messages via Facebook. A cosmetics e-tailer like Sephora, for example, would notice that one individual likes two specific brands and buys a lot of mascara, and ads and other messages delivered via Facebook would be focused on those purchases.

There is also a growth in social network product placement. Integrating brands into social experiences is a challenge, but one that certain companies are attempting to address

Summary

Instead of interrupting a user experience, brands need to find ways to be part of a user experience when they participate on SNS. The evolving digital landscape is a challenging yet fascinating environment that can allow for creative brands and for media planners to reach new levels of engagement with consumers.

Reference

Kafka, Peter. 2014. Viddy, the “Instagram for Video” That Wasn’t, Acquired by Web Video Startup Fullscreen. *re/code*, January 15. <http://recode.net/2014/01/15/viddy-the-instagram-for-video-that-wasnt-acquired-by-web-video-startup-fullscreen/>.

Chapter 28

Direct Response

Every piece of advertising should elicit a response. So, what is the difference between direct response media and just plain media? The industry is currently wrestling with this question, and there are many different opinions on the answer.

The Direct Marketing Association (DMA) has defined direct marketing as “any direct communication that is designed to generate a response in the form of an order, a request for further information and/or a visit to a store or other place of business for purchase of a specific product or service.” Others view it as a measurable system of marketing that uses one or more advertising media to build transactions and a relationship database.

Direct response is different from other media in two areas. The first is that direct response media is an interactive marketing system. It links the buyer and the seller directly. Most advertising campaigns use media to help persuade consumers to take action. Direct response media is the conduit for action. Instead of asking you to go to a store to buy something, direct response media is a store where you can buy something.

The second area where direct response is different from other media is in how it is measured. Media are typically measured by how many people are reached. The advertising measurement is gauged in the form of brand measures as well as sales measures. But it assumes that advertising is one element of a broad array of tools for generating sales. Direct response media has an immediate and measurable response. This response can take many forms, from responding to a mail offer, to calling on the phone, or going to a website. The point is that direct response media is measured based on the transaction rather than the reach.

Landscape of Direct Response

Is it any wonder that direct response media is a favorite among marketing directors? Unlike much of the advertising world, direct response is accountable. Managers know what their return on investment (ROI) is. In a world where ROI reigns supreme, direct response media is king.

That is why direct response is such a big business. As *Ad Age* reported in 2012, the CRM/direct marketing slice of the advertising agency pie is approximately \$5 billion. It is 17.4 percent of the total advertising revenue ahead of digital, public relations, and promotion.

In fact, as Table 28.1 shows, the top-ranking CRM/direct response advertising agencies all have over \$100 million in individual revenue. To put this in perspective, the top two agencies, Acxiom and Epsilon, are larger than the top two general market advertising agencies in the United States. The top revenue advertising agency in the United States in 2014 was McCann Erickson, with \$450 million in revenue. Acxiom is nearly 50 percent larger than McCann Erickson, while Epsilon is comparable in size.

In addition, direct response has been an increasingly growing part of the advertising mix. It has made steady gains while other media have shrunk. Direct response, once the bastion of mail order or interesting late-night television products, has now moved mainstream. Large national advertisers such as Procter & Gamble have used direct response to market some of their larger brands.

Table 28.1

Top 100 CRM/Direct Marketing Agencies by Revenue

Rank	Agency	U.S. revenue (millions)
1	Acxiom Corp	\$632
2	Epsilon	\$488
3	Rapp	\$340
4	OgilvyOne	\$300
5	DraftFCB	\$297
6	Wunderman	\$262
7	Merkle	\$233
8	Aspen Marketing Service	\$156
9	Rosetta	\$152
10	The Agency Inside Haute-Hearnes	\$141

Role of Database Marketing

The rise of direct response is tied to the use of database marketing. Database marketers build and maintain a vast amount of information on current and prospective customers. With the increase of available personal information and the ability to aggregate this information via computer technology, marketers can communicate with individuals in a personal manner using a variety of media.

A good database enables marketers to profile and segment their customers and prospects. It provides them with the knowledge of who their customers and prospects are, when they have purchased, how much they have purchased, and how to best communicate with them.

This leads to the CRM, or customer relationship management programs to which direct response campaigns are tied. Direct response is associated with generating an initial sale, whereas a CRM program is associated with subsequent sales. In building more and more sales from the same customer, the marketer establishes a relationship with that customer. The more purchase history, the more the marketer can anticipate what the customer needs or wants. This is why direct response and CRM play such a large role in many integrated marketing communication programs.

By properly profiling or segmenting the database, the marketer can gain efficiencies of the marketing dollar that are difficult to achieve any other way. One of the basic ways that database marketers segment their customers is through the RFM method. RFM stands for *recency*, *frequency*, and *monetary*. It is used to identify the best customers and the ones most likely to buy again. Those best customers are typically those who have bought recently and frequently, and spend the most money. Through this type of segmentation, a marketer can elect to serve the most profitable customers.

By using the database as a learning tool, markets can constantly test different media, offers, and creative messages (creatives) to keep improving their return on investment.

Types of Direct Response

Advertising that asks the consumer to provide feedback directly to the sender is termed *direct response advertising*. Any medium can be used for direct response advertising. Whereas the most commonly used direct response media are direct mail, catalogs, and television, an array of digital media that correspond to each of their traditional counterparts is growing rapidly.

Table 28.2

Traditional and Digital Media of Direct Response

Category	Traditional	Digital
Broadcast	DRTV & radio	Video/Audio podcasts
Print	FSI	iPad
Mail	Direct mail	E-mail
	Catalogs	E-commerce
Out-of-home	Take ones	Interactive kiosks
Directory	Telephone book	Search engine marketing

Table 28.2 shows the traditional and digital direct response media for the broadcast, print, mail, out-of-home, and directory categories. Let's discuss each category and how digital media have expanded the direct response universe.

Broadcast

Who hasn't seen an infomercial? Infomercials are those 30- or 60-minute paid programs on television that sell everything from fitness equipment to kitchen appliances to get-rich-quick schemes. Direct response television is largely associated with the Ron Propeils of the world (think Veggiematic, pocket fisherman, and so on). Still, many brands use direct response television as a key part of their marketing mix. Some recent large brands that use direct response (DR) television include Dell, Allstate, and Tide.

Radio is also a large direct response medium. Like television, radio has paid programming that provides content and then sells a product. And radio is the home of radio announcers and commentators like Dave Ramsey who pitch a wide variety of products.

On the digital side, video and audio podcasts are popular ways to gain traction in the marketplace. A number of media outlets provide free content in video or audio podcasts as a means of enticing consumers to subscribe to their paid content. The *Wall Street Journal*, *Barron's*, and other media outlets regularly provide podcasts as a marketing means to gain future subscribers.

Print

Print has always had a number of direct response advertisers that feature coupons or toll-free numbers as response mechanisms. Print is also the delivery mechanism for large-scale couponing efforts and product inserts.

The introduction of the iPad and similar tablet devices takes print into a new realm of direct response. Traditional one-dimensional print ads can now be dynamic, where consumers can click on a website on the ad to purchase the product directly. The tablet is a convergent media delivery system that combines the best of brand media with direct response.

Mail

Direct mail is the grandfather of direct response advertising. Nearly a quarter of all direct response advertising is spent on some form of direct mail, followed closely by catalogs, the next largest category of direct response. Catalogs are a huge business with nearly 10 billion of them hitting the mail every year.

As paper and postal costs increase, marketers are turning more to digital alternatives for mail activity. Email marketing is a growing category of direct response because it is easy to execute and extremely cost efficient. However, with the increase in spam and more sophisticated spam filters, nonpermission-based email is rapidly falling out of favor with marketers. However, permission-based email is one of the staples of a multiple-channel direct response plan. Just like traditional postal mail moving to email, paper catalogs are moving to digital catalogs and sophisticated e-commerce websites. Many retailers have an e-tail component to their business, which is driven by direct response media.

Out-of-Home

Most people think of billboards when they think of out-of-home media. But there are a number of direct response mechanisms that are outside the home. The simple “take-ones” that are omnipresent at retailers and other public venues is an example of an out-of-home tactic. Billboards that feature a text response can be made into an effective direct response vehicle.

Digitally, interactive kiosks found in shopping malls or at ballparks are examples of how electronic forms of an old medium can breathe new life into a response vehicle.

Directory

Direct response is not always the most glamorous media. That is so true of the directory category. Telephone yellow pages are an old but still effective direct response vehicle. Whereas paper directories are on the wane, their electronic counterparts such as Internet Yellow Pages (IYPs) and Mobile Search have gained considerable traction. Obviously, the most used direct response vehicle today is *search engine marketing* (SEM). Business searches on Google alone are a dominant form of direct response.

Measurement and Cost

Unlike other media, direct response media has its own measurement system and currency. Most media are purchased based on cost-per-thousand (CPM). The media audience has a certain CPM value. Multiplying the audience by the CPM yields the *media unit cost*. The measure of efficiency, then, is how low the CPM is. The idea of a media plan is to reach the largest number of consumers for the least amount of money.

Direct response media, on the other hand, is not based on CPM. It is based on a cost-per-response. That cost-per-response can be a cost-per-lead or it can be a cost-per-sale. The key concept, though, is that every media vehicle purchased is based on a behavioral cost.

Success in the direct response world is based on driving down the cost-per-lead or sale. Unlike other media, the idea of direct response is to get the most leads or sales for the least money. This may actually mean reaching fewer consumers overall—but reaching more active consumers.

Most direct response campaigns have a test phase where the media buyer allocates funds to a variety of media or vehicles within a specific medium. Based on this initial investment, the media buyer then determines the optimum cost-per-lead or sale from which to benchmark future costs. Rather than negotiate with the media based on a CPM, the media buyer will negotiate based on a cost-per-lead or sale. The media partner is rewarded based on sales or activity rather than on total audience.

Table 28.3 provides an example of a direct response direct television analysis for a fictitious product, HYPO Exercise, priced at \$50. As you can see, the media buyer purchased programs in a variety of dayparts.

Table 28.3

Direct Response Direct TV Analysis HYPO Exercise Product \$50 (fictitious)

Daypart	Cost	Leads	CPL	Conversion (%)	Sales*	ROI (%)	Cost per sale
M–F 9a–7p	\$300	30	\$10	40	\$600	100	\$25.00
M–Su 5p–12a	\$600	25	\$24	50	\$625	4	\$48.00
M–Su 12a–12p	\$200	25	\$8	30	\$375	88	\$26.67
S/S 10a–5p	\$400	20	\$20	50	\$500	25	\$40.00
	\$1,500	100	\$15	42	\$2,100	40	\$34.90

Source: *Advertising Age*, April 26, 2010.

*Conversion \$50

Each program in those dayparts has a specific commercial unit cost. For example, the M–F 9a–7p daypart has a unit cost of \$300. So, each time the commercial airs, it costs HYPO Exercise \$300. The balance of the analysis is the response. Just reading across, the M–F 9a–7p program generated 30 leads. By dividing the leads by the unit cost of \$300, you get a cost-per-lead (CPL) of \$10 ($\$300/30 = \10). The next column shows the percentage of those 30 consumers who purchased the product. In this case, it is 40 percent or 12 customers ($30 \times .40 = 12$). Those 12 customers each bought a \$50 HYPO Exercise product, making the total sale for this commercial in this daypart \$600 ($\$50 \times 12 = \600). The ROI is 100 percent. This is calculated first by subtracting the total cost of advertising by total sales and second by dividing the incremental sales by the cost of the advertising ($\$600 - \$300 = \$300$ and $\$300/\$300 = 1 \times 100 = 100\%$). Another way to evaluate it is that it cost \$25 for every sale made.

So, this particular daypart was very successful. Contrast this with the next daypart, M–Su 5p–12a. Here, the buyer paid \$600 for a commercial yet only generated \$625 of sales. In this case, the sales barely covered the cost of the media purchased. This particular media placement was not nearly as effective as the prior one.

Armed with this information, the media buyer knows that the average cost-per-lead is \$15. Forty-two percent of those leads convert to sales with the average cost-per-sale at \$35. The media buyer may work with the media to set a benchmark on the cost-per-lead to be no greater than \$15 or even lower. And the media buyer may tell the television media partner that because certain dayparts work much better than others, he or she will purchase more commercials in the better-performing dayparts.

This type of analysis and concept can be used with every medium. So, in the interactive area, it may be a cost-per-click and then a cost-per-sale. In the print area, it would be a cost-per-lead and then a cost-per-sale. Other media would also be the same. Direct response advertisers view each media purchase in two ways. The first is the amount they made for each advertisement; the second is the learning gained from each media placement. Each placement opportunity is one step closer to optimizing their investment.

The push and pull of purchasing direct response advertising is different from a brand or promotional message. In the case of the latter, the media placement is done at a specific time when the message is most relevant. For direct response, the placement is done based on making the most money regardless of the time. If that means scheduling all your broadcast ads after midnight, then so be it.

The direct response media buyer is evaluating media based on cost and response. If prices get too high on a highly responsive media vehicle, the

media buyer will not agree to place the schedule. It is better to save the dollars rather than to purchase media inventory where you will not make a profit.

This type of media purchase strategy is the opposite of a brand strategy. In the brand strategy, you look to purchase media that is popular with consumers. This may be high-demand media where lots of advertisers are supporting the media vehicle. In direct response, you look to purchase media that has weak advertising demand. The weaker the demand, the more likely you are to gain a favorable rate where you can make the most profit.

Creative Units

As we have discussed, direct response advertising is different from brand advertising. Brand advertising is designed to continue to build goodwill over time. It has a cumulative effect. Direct response advertising needs to pay out each time it runs.

Because of these differences, direct response creative units are more involved than brand messages. It is unlikely that a direct response advertiser can develop a compelling story and a call to action in a 15-second television commercial. Yet brand advertisers regularly use this length of unit to communicate brand differences.

Size may not necessarily make a difference in print advertising. A small space ad with a phone number or mailing address that is properly targeted may elicit as much response as a large full-page advertisement. Or a quarter-page ad with a coupon may generate as many takers as a full-page advertisement. Every brand and offer is unique.

Determining the optimum creative message, offer, and size or length are key variables that direct response advertisers continually test. Combined with the media placement, these become the test cells for a direct response campaign.

Where there are key creative unit implications for the media team is in the broadcast category. There are three types of creative units: short-form units, long-form units, and paid programming. *Short-form units* are commercials that are 30 or 60 seconds in length. These are commercial units that are also popular with brand messages. *Long-form units* are commercials that are 2 minutes, 5 minutes, or other lengths of time. They are longer than standard lengths but they are not paid programming. *Paid programming* is purchasing a 30-minute or an hour program of time in one chunk.

The logical extension of long-form commercials is an entire network devoted to direct selling. The Home Shopping Network and QVC are the two dominant networks that have provided a forum for product sales of

all types over the past decade. Everything from jewelry to collectibles to general merchandise is sold on the airwaves.

The tenet of direct response is to continually look for opportunities where you can maximize the return on investment. This means that both the media team and the creative team must constantly seek ways to improve performance.

Future of Direct Response

Direct response has moved from a specialty advertising area to a mainstream one. The growth of direct response should outpace that of brand advertising in the coming years. There are a few trends that are fueling that growth.

Convergence of Media

There is no doubt that we are in the midst of a convergent media revolution. With new devices that combine the immersion of print, the emotion of broadcast, and the response of the Internet, all media types can be interactive. Print ads can be opened up directly to buy products on a website. Television programs will offer point-and-click technology for deeper dives and product purchase. Radio will have voice-activated purchasing opportunities. So, direct response will morph into the call to action for much of what was traditional brand advertising.

Mobile and Social Media

The rise of mobile media will greatly enhance direct response capabilities. By triangulating your location through your cell phone, marketers will be able to push offers to you as you drive or walk by a store. With greater access to media content via mobile phones, the ability to add this geotargeting dimension to existing content is a marketer's dream come true.

Social media is a new frontier for direct response advertisers. On social media platforms, pay-per-click direct response advertisements are a part of the advertising landscape. Direct response brands are experimenting with their own social media platforms where they can sell their products and build a community of followers.

Mobile Payment

The ability of consumers to pay for goods and services whenever or wherever they want is another boon to the direct response world. As technology

accelerates the accessibility coupled with the safety and privacy of electronic payments, the opportunity to make a sale is greatly enhanced. Electronic payment systems such as PayPal are being tested on mobile devices as well as on broadcast. Both Comcast, the largest cable system in the United States, and TiVo, a popular digital video recording device, have begun to integrate PayPal into their systems so that a consumer can immediately order and pay for a product without leaving their couch.

Summary

Direct response media is very different from other media. Whereas all media can become direct response in the way it is bought, sold, and measured, direct response is very different from other media types. Direct response is rapidly moving forward as a mainstream marketing method. As technology advances, there is no doubt that direct response will be a crucial part of every marketer's planning arsenal.

Chapter 29

Alternative Media

Alternative media is in some ways a catchall term for various types of media opportunities that don't fit easily into other categories discussed in this book. A better definition, though, is that alternative media are those opportunities that are generally not part of the primary targeted campaign but are used:

- for a special, one-time promotion such as a product launch
- to reach a specific (and generally hard-to-reach) audience
- to deliver a message through a nontraditional media channel

The term *alternative media* is now used interchangeably with the term *guerrilla marketing*, which was invented as an unconventional system of promotions that relies on time, energy, and imagination rather than a big marketing budget. These messages, appearing in unexpected places, may surprise the viewer (in a positive way) and thus form a positive impression. They may also drum up public relations and press coverage. In general, the messages are fairly simple and easy to grasp. The primary purpose of alternative media ads is to make an impact in a short period of time, and as a result many guerrilla campaigns are highly localized to narrow traffic areas and use the element of surprise in order to engage people. The message has an impact on its immediate surroundings and often causes people experiencing the message to want to share it with others—that's the concept of buzz.

Both planning and gaining approval for alternative media require some creativity on the part of the planner. Specifically, the planner must be able to compare the pros, the cons, and the media value of an alternative medium to a traditional medium that the client understands (and likely

utilizes). Often, this type of comparison must be done in the absence of any strong metrics other than those provided by the medium itself—third-party measurement of alternative media is rare.

Types of Alternative Media

Many types of media vehicles start out as alternative vehicles but then move into the mainstream as they gain in popularity. Advertising in video games, for example, started out as an alternative medium and now is considered a mainstream vehicle. Companies are coming up with new ideas on where to place advertisements all the time. These innovative practices do fall into some clear categories, though, which we discuss here.

Ambient Media

Ambient media messages are delivered via an object. In some ways, ambient media are the next step in the evolution of outdoor advertising, where messages are provided to consumers outside of the home at a microlevel (see Tables 29.1 and 29.2). Instead of being exposed to a passing message on a billboard, consumers are exposed to the message while they are using the object that is carrying the message. In general, the object (such as a coffee cup sleeve) serves some primary purpose other than providing a media channel. For some ambient media, customers carry the object and the message with them as they move through their day. This allows for message

Table 29.1

Alternative Media Opportunities

Ambient media		Public space marketing	Wait marketing
Restaurants/coffee shops	Nightclubs and bars		
Coffee sleeves	Drink coasters	Stenciled messages	Gas station pump video
Napkins	Swizzle sticks	Painted messages with nonpermanent paints	Doctor's office video
Napkin dispensers	Bar glasses	Removable stickers	Vet office video
Carry-out containers	Matchbooks		Post office video
Pizza boxes	Mints		
	Condom sleeves		

Table 29.2

Key Players in Alternative Media

Ambient media	Public space marketing/Street marketing	Wait marketing	Word-of-mouth
GoGorilla	GoGorilla	Gas station TV	BzzAgent
Street Factory Media, and Attack!	Massive Media	MediaLife networks and Norvision	Avenue A/ Razorfish

exposure to others whom they meet as they walk down the street or ride the elevator to their job. A coffee sleeve, for example, is viewed by one primary user (the coffee drinker) and up to six secondary users.

Ambient media opportunities are found in the following locations.

Restaurants and Coffee Shops

These messages are often for local businesses other than the coffee shop or restaurant where the object was distributed, but can also be used for national campaigns. Because these objects are often carried away from the establishment, the messages on them may include URLs or phone numbers so people can act on the message. Often people are surprised to see a message for a brand other than the one at the place where the food was purchased, which increases interest and involvement. Placements don't stop at paper objects, though; one company sells sponsored messages in fortune cookies.

Nightclubs and Bars

These messages reach younger consumers in a social setting, and are often taken from the venue as a memento of the evening.

Pharmacies

Messages are placed on the bags that hold prescription drugs purchased in pharmacies. The benefits are similar to those of ambient media in restaurants, with the added benefit of having an implied endorsement from the pharmacy. If the prescription is picked up inside the pharmacy, the customer will be carrying a personal billboard serving as a reminder message as he or she walks to the front door. Pharmacy bag advertising has been

seen as particularly effective when advertising pharmaceutical products or promoting brands related to health care and welfare.

Schools

Messages can be placed on book covers teachers provide students in libraries and classrooms. Messages are exposed to students every time they pick up their texts.

Clothing

Although brands have been putting their names on clothing they sell for decades, a new twist has emerged where brands are paying people to wear their branded clothing. KFC, for example, paid college women to wear sweatpants with the logo for the Double Down sandwich product on the seat of the sweatpants.

Public Space Marketing

Similar to outdoor advertising, *public space marketing* provides a message in an outdoor, public location. The difference is that instead of using a preprinted poster, messages are placed on sidewalks using nonpermanent techniques. Placed at high-traffic locations, they receive a high level of attention and can generate buzz. *Allure* magazine, for example, used stickers to announce the availability of a new issue; placed near newsstands, they direct customers to purchase.

Wait Marketing

Building on the popularity of in-store advertising at the checkout counter, several companies have developed media channels to reach people while they are waiting in line. It's called *wait marketing*. This captive audience is usually receptive to messages, most likely because there is nothing else to do while waiting. Ad messages are integrated into existing content (such as ESPN and CNN reports), and often ads are for products sold at nearby stores (such as the store affiliated with a gas station).

Word-of-Mouth Advertising

Whereas word of mouth (WOM) is not new, the action of providing messages delivered from one person to another person is growing in popularity.

This can happen either in person (when one individual delivers a message to a friend, colleague, or family member) or electronically, when it is known as eWOM.

Word-of-mouth marketing can happen organically. When customers are very happy with a product, service, or retail establishment, they tell people they know about it, and that endorsement is a positive motivation for others to consider that purchase or store as well. Paid WOM involves recruiting individuals to use and promote the product to their families, friends, and colleagues, or perhaps even to strangers. Depending on the type of campaign, the individuals may or may not disclose that they are part of the promotion.

The firm BzzAgent, for example, solicits individuals to become *buzz agents* for different products. The buzz agents are sent new products (such as a new book release) and tell friends and family about the product, and/or write a review at the buzz agent website. Agents write reports covering who they told and what they said, and receive incentives and prizes for their participation.

The key elements of a word-of-mouth campaign involve finding the appropriate people to talk about the product—that is, people who are good communicators and who, in general, have large networks of acquaintances. Providing these people not only with products but also with product information allows them to create a review or a recommendation that is persuasive. Monitoring the activities, such as the reports that are written for BzzAgent, is also important. You want to be able to track how the WOM is moving through the networks. As a result, these types of campaigns are not inexpensive, with campaigns using 1,000 agents priced at a minimum of \$150,000.

Street Marketing

This new type of alternative media delivers messages to a specific audience via a team either performing a service or distributing a product at a specific venue. It differs from traditional sampling (where one individual passes out free samples to passersby) in that consumers are encouraged to spend time engaged in the marketing experience to receive the branded messages. These events usually occur at high-traffic shopping districts, parks and beaches, busy downtown work areas, and nightclubs and bars.

Street marketing is, in a way, the sponsored version of something known as a flash mob, which is a large group of people who assemble suddenly in a public place, perform an unusual and pointless (but definitely flashy) act for a brief time, then disperse. The term *flash mob* had generally been

applied only to gatherings organized via telecommunications, social media, or viral e-mails, not advertisers. However, branded flash mobs are today becoming more prominent.

To promote a new drink, the beverage marketer Fuze worked with their agency to send costumed street teams throughout New York on a double-decker bus. The bus advertised the drink and dropped the teams off at various sites around the city where they put on a performance showing how two things come together (green and black tea). T-Mobile filmed a flash mob and used it in a traditional television ad.

Measurement

These alternative vehicles are rarely part of any third-party monitoring program, and so it is important that metrics be set prior to the event and the actual delivery calculated during the campaign. Agencies that use a company specializing in guerrilla marketing should be able to request some data for comparison purposes. In particular, some of the metrics to be examined include:

- Impressions: how many people saw the marketing campaign
- Response: how many people engaged with the brand during the campaign
- Conversion: how many people bought something as a result of the campaign (measured using coupons or other coded items)
- Buzz: commentary on social media

Look closely at impression estimates and see if they seem to make sense to you, and then look for comparable media to make CPM comparisons (see Table 29.3 for some places to start).

Table 29.3

Comparing Alternative Media to Other Media

Medium	Compare to
Ambient media	Specialty outdoor, such as taxi tops
Public space marketing	Outdoor, such as transit shelters
Wait marketing	In-store media such as video at checkout, outdoor media such as video at airports
Word-of-mouth marketing	Direct response
Street marketing	Direct response, outdoor

What is the future of alternative media? Stated simply, anything goes. Brands and agencies will work together to find unique and interesting user experiences, to introduce new brands, and to strengthen customer loyalty. Creativity is key, and creative media planners can blaze the trail in this area.

Chapter 30

Gaming

Games are one of the most popular downloads for digital devices, including computers, tablets, and mobile phones. People play games to take a break from other tasks, to compete with friends, and to entertain themselves when bored or on long trips. Many people report that they play games while watching television, adding to the trend of multitasking in our society. Certain games available for these devices are free, and most of these free games feature ads. Even paid games may feature an advertisement. As the amount of time spent in gameplay has increased, players' exposure to ads has also grown, with more than half of game players clicking on an ad at least once a week.

Gaming Demographics

In 2012, the game developer PopCap shared results of a study showing that almost half of Americans play a game at least once a month; of these people, nearly half play daily. In 2013, Americans spent more than \$20.5 billion on games, with about 65 percent of that amount spent via digital means through online downloads for consoles, PCs, smartphones, and tablets (Takahashi 2013). More than half of game players purchase games.

Gamers cut across demographic lines, with social games (such as FarmVille) skewing toward women and other games garnering various levels of appeal among people ranging from 13 to 50 years old. As a result, advertising in games can be used in a broad range of strategies. If the plan is to reach many women aged 18+, a game like Words with Friends could be used. If the plan is much more targeted, say to people interested in basketball, then a game like EA Sports "NBA LIVE" would be appropriate.

Game Advertising Placement

Just as a media buyer works with a television network, there are game networks that allow media planners to place brand messages in a number of different games through a single network. Game networks like Ad4Game and MochiMedia work with a wide variety of advertisers. With networks such as these, games are selected for inclusion in the media plan based on different criteria, including gender and age demographics, application preferences, type of mobile device used, and carrier network type. Networks provide metrics that can include impressions, taps, tap-through rates, unique visits, average time spent, and the like. Pricing for these types of messages are similar to the pricing strategies of other companies that offer bidding and fixed costs for clicks and click-through. With so many games available, it is difficult to compare the value of a game to the value of an ad on Google. However, anecdotal information suggests that click- (or tap-) through rates are much higher for ads on games than for other types of ads.

Companies that want to create a game around a specific brand generally work directly with a game developer to do so. Developers that created the game Angry Birds (Rovio) and FarmVille (Zynga) work with agencies to develop games that are fun and easy to play but simultaneously deliver a strong, branded message.

Advertising in Games

Games offer a range of advertising opportunities and formats. A few ways to think about the different types of game placement options are listed below:

1. Around-game environment ads: ads that are in the space surrounding a game, such as banners, digital video ads, and downloadable content on consoles such as Xbox.
2. In-game environment ads: static ads that appear in the game such as banners, billboards, and retail storefronts.
3. In-game immersive ads: ads that appear in an element associated with gameplay such as a brand name on a car being driven in a racing game or branded items that can be downloaded as part of the gameplay.
4. Advergaming: a game designed around a product or service being advertised.

Each of these options has different strengths and weaknesses:

Around-Game Environment Ads

These types of ads appear in the space surrounding a game, often as a banner or a logo. For example, the game may be on the center of the screen with a banner directly to the right of the game. This type of placement works well for advertisers—banners tend to encompass quite a bit of ‘real estate’ on a game screen, especially compared to the amount of space banner ads receive on websites. In fact, these types of ads can take up anywhere from one-sixteenth to one-eighth of a screen. In addition to increasing the chances of being seen by the gamer, the size of the ad can make it easy for someone to click on it—both on purpose and accidentally. Even an accidental click can have a benefit of driving traffic to a branded website.

In-Game Environment Ads

In-game environment ads are static ads that appear in the game environment: during a racing game, the ad may appear on the wall of the race-track, or on the front of a store that the driver passes on a street. These types of ads contribute to the verisimilitude of a game experience, with a drawback that the game player may not take time to stop the game to click on the ad.

Alternatively, these could be ads that appear when a user progresses from one level of gameplay to another. Advertisers can show short videos or still screens that users have to see before continuing play, which ensures your business gets attention. The pop-ups are displayed after users complete certain segments of a game or when there is a transition in the story plot. Some users may find pop-up ads annoying on mobile phones, but that doesn’t discount the fact that they are willing to deal with them in order to continue playing their game. And, unlike TV commercials, where people tend to flip channels, mobile game users tend to stay on the pop-up advertisement, especially if the ad is short. This almost guarantees that your business will get some form of attention.

In-Game Immersive Ads

In-game immersive ads appear in an element associated with gameplay—such as a brand name on a car being driven in a racing game or a branded t-shirt being worn on a character—and are downloadable. Some of the most effective in-game advertisements are those that reward the user. For instance, users can be given bonus coins for viewing an advertisement or

performing some other action, like visiting a website. Reward-based advertisements are particularly easy to display in quest-style games in the form of pop-ups or even integrated right into the game options or features.

In-game ads can extend beyond the game itself. Gamers can earn points or game tokens by following a brand on a social media site like Facebook or Twitter, sharing a brand's post with friends, or posting a photograph of a high score to a site like Instagram.

Advergaming

This is a game designed around a product or service being advertised. Companies as varied as M&M's, Lego, Burger King, Chipotle Mexican Grill, and fashion designer Roberto Cavalli have created advergaming. These games tend to be highly targeted to a specific group of consumers and can add greatly to brand loyalty as the game player associates a positive experience with the brand. However, success can be marred by obstructive or intrusive advertising experiences, games developed for only certain devices, poor development quality, lack of awareness due to clutter and competition, and lack of update maintenance to keep up with device upgrades and bugs.

Pricing of Games

Like all digital media, there are a variety of pricing models for advergaming, including:

- Cost-per-thousand (CPM): inventory is purchased by the advertiser on the basis of the number of impressions delivered.
- Cost-per-click (CPC): the advertiser pays whenever the user clicks on the banner ad.
- Cost-per-action (CPA): the advertiser pays when the user or game player takes a desired action with the advertiser: for example, the advertiser pays a fee whenever the game player downloads or purchases a branded t-shirt. This is an example of a performance ad network.
- Cost-per-view (CPV): the advertiser pays when the user or game player clicks on a video.
- Cost-per-session (CPS): the advertiser pays for every gameplay session that features a large amount of brand integration.
- Sponsorship: the advertiser pays for every branded opportunity in a gameplaying environment.

As may be evident from this chapter, game advertising is not at all standardized, which can be a boon to some brands but may be challenging to more traditional brands that want to compare the costs of one type of experience to another. Additionally, there are unclear definitions as to what constitutes an impression in an in-game ad: Is it 10 seconds? Five seconds? What is optimal for a brand? Also, there are challenges with cross-platform placements. With new platforms invented all the time, and customers shifting among platforms, brands must be constantly assessing where the best space is for them to reach their audiences; creative executions must be adapted accordingly.

Advertisers must also be aware of problematic content, as some advertisers may not want to be associated with questionable violent or sexual content of video games. Some studies show that even though a brand may wish to be in a popular video game that features violence, many consumers have negative reactions to the brands appearing in such games. It is hypothesized that our natural negative reactions to blood and gore may transfer to the brand, which limits the effectiveness of the placement. There is also a backlash against branded games targeted to children, particularly games sponsored by foods that parents may not wish promoted to their children. However, much still needs to be learned about this opportunity—our appetite for video games is not diminishing.

Reference

Takahashi, Dean. 2013. Americans will spend \$20.5B on games in 2013, with 65% of that via digital channels. *VentureBeat*, December 18. <http://venturebeat.com/2013/12/18/americans-will-spend-20-5b-on-games-in-2013-with-65-of-that-via-digital-channels/>.

Chapter 31

Ethnic Media

Although advertisers may talk about *ethnic media* specifically, the types of media used for targeting groups by ethnicity are the same as for all other advertising: broadcast, print, Internet, social media, and so on. The term *ethnic media* refers to media vehicles that target particular subgroups of the population such as members of ethnic groups, speakers of foreign languages, members of certain religions, and similar specialized audiences.

In New York City alone, there are 270 community and ethnic outlets that produce news in 36 languages, whether for print, radio, TV, or the web.

Television

Television is usually considered a mass medium—that is, one that reaches a broad cross-section of the population, which it does, but there are specialized programs aiming for certain audiences, as well as specialized networks. Spanish-language television networks include Univision and Telemundo, along with several others. Some specialized television programs are also aimed at the Spanish-speaking audience, particularly on local channels in certain markets. Table 31.1 displays the top Spanish television markets. Los Angeles is the largest Hispanic or Latino market, and several other markets are listed that do not rank as high in terms of general-audience size as they do in Hispanic markets.

Table 31.2 shows the top 25 African American markets in the United States, and as you can see, New York tops the list—not only as the largest African American market but also as the largest market overall; but the number-two African American market is Atlanta, which ranks only eighth overall. Because of the predominance of the African American population

Table 31.1

Hispanic Markets

Total U.S. Hispanic TV households number 12,950,000, or 11.27% of all U.S. TV households (HH), which total 114,900,000.

Rank	DMA rank	Market	Hispanic TV HH	DMA % of total U.S. Hispanic TV HH	Cumulative % total U.S. Hispanic TV HH	Hispanic TV HH % of DMA HH
1	2	Los Angeles, CA	1,868,200	14.426	14.43	33.01
2	1	New York, NY	1,251,460	9.663	24.09	16.70
3	17	Miami-Fort Lauderdale, FL	666,230	5.144	29.23	43.32
4	10	Houston, TX	561,390	4.335	33.57	26.44
5	5	Dallas-Ft. Worth, TX	506,020	3.907	37.48	19.89
6	3	Chicago, IL	492,170	3.800	41.28	14.06
7	12	Phoenix, AZ	391,770	3.025	44.30	20.91
8	37	San Antonio, TX	388,800	3.002	47.30	46.84
9	6	San Francisco-Oakland-San Jose, CA	382,460	2.953	50.26	15.28
10	87	Harlingen-Weslaco-Brownsville-McAllen, TX	294,640	2.275	52.53	83.20
11	20	Sacramento-Stockton-Modesto, CA	264,100	2.039	54.57	18.80
12	44	Albuquerque-Santa Fe, NM	248,590	1.920	56.49	35.82
13	55	Fresno-Visalia, CA	240,950	1.861	58.35	41.60
14	28	San Diego, CA	239,520	1.850	60.20	22.31
15	16	Denver, CO	234,750	1.813	62.01	15.25
16	98	El Paso, TX	222,800	1.720	63.73	71.70
17	19	Orlando-Daytona Beach-Melbourne, FL	202,710	1.565	65.30	13.93
18	14	Tampa-St. Petersburg (Sarasota), FL	194,490	1.502	66.80	10.77
19	4	Philadelphia, PA	189,490	1.463	68.26	6.41
20	9	Washington, DC (Hagerstown, MD)	184,970	1.428	69.69	7.92

Source: Television Bureau of Advertising.

Table 31.2

Top 25 African American (A-A) Markets and Their Television Consumption

Rank	DMA rank	Market	A-A TV HH	DMA's % of total U.S. A-A TV HH	Cumulative % total U.S. A-A TV HH
1	1	New York	1,257,450	9.2	9.2
2	8	Atlanta	634,820	4.7	13.9
3	3	Chicago	599,620	4.4	18.3
4	9	Washington, DC (Hagerstown)	557,930	4.1	22.3
5	4	Philadelphia	527,930	3.9	26.2
6	2	Los Angeles	487,590	3.6	29.8
7	11	Detroit	391,600	2.9	32.6
8	10	Houston	350,360	2.6	35.2
9	5	Dallas-Ft. Worth	341,800	2.5	37.7
10	16	Miami-Ft. Lauderdale	297,580	2.2	39.9
11	24	Baltimore	294,390	2.2	42.1
12	28	Raleigh-Durham (Fayetteville)	281,090	2.1	44.1
13	47	Memphis	261,000	1.9	46.0
14	42	Norfolk-Portsmouth-Newport News	223,170	1.6	47.7
15	17	Cleveland-Akron (Canton)	214,170	1.6	49.2
16	25	Charlotte	204,140	1.5	50.7
17	21	St. Louis	194,030	1.4	52.1
18	40	Birmingham (Anniston, Tuscaloosa)	176,240	1.3	53.4
19	6	San Francisco-Oakland-San Jose	175,400	1.3	54.7
20	19	Orlando-Daytona Beach-Melbourne	168,630	1.2	56.0
21	13	Tampa-St. Petersburg (Sarasota)	163,940	1.2	57.2
22	59	Richmond-Petersburg	155,240	1.1	58.3
23	53	New Orleans	154,930	1.1	59.4
24	90	Jackson, MS	147,020	1.1	60.5
25	81	Columbia, SC			

Source: Media Information Center.

in some markets, programming aimed at this audience makes good marketing sense.

In addition, there are a few television stations in the United States that broadcast in a foreign language, such as Korean, Japanese, and some Chinese dialects, in markets where there are many residents who have emigrated from those countries. There are also television stations that rebroadcast programs that originate in other countries.

Radio

Because it is less expensive to operate a radio station than it is to run a television station, and because there are many more radio stations in the United States than there are television stations, there are quite a few radio stations that program in a foreign language. Table 31.3 shows how many radio stations operate in each language.

Table 31.3

Number of Foreign-Language Radio Stations in the United States

Hispanic	1,339
Chinese	9
Polish	7
Korean	6
Greek	4
Italian	4
Russian	3
Hindi	2
Japanese	2
German	1
Hungarian	1
Iranian	1
Pakistani	1
Punjabi	1
Romanian	1
Slovak/Czech	1
Slovenian	1
Ukrainian	1
Vietnamese	1

Source: Station programming descriptions.

Radio stations can also be owned by groups who wish to promote certain views or values, such as labor unions, religious groups, political contributors, and others.

Newspapers

Foreign-language newspapers have been around since the earliest days of settling the Western Hemisphere. Newspaper publishers in the United States continue to print papers in a wide variety of languages, including Arabic, Chinese, Danish, Dutch, French, German, Italian, Japanese, Korean, Norwegian, Portuguese, Russian, Spanish, Swedish, and even Urdu.

Of course, there are also newspapers aimed at certain ethnic groups, such as African Americans. By some estimates, there are more than 250 such newspapers and similar publications, and there are even groups or chains of African American newspapers.

As was the case with radio, some newspapers are also owned by and aimed at certain political affiliations, labor unions, and religious groups. Newspapers published in other countries are also shipped to and sold in the United States.

Most ethnic and foreign-language newspapers earn all their revenue from advertising, not from circulation. Additionally, these niche newspapers are typically published on a weekly basis, offering an added benefit for advertisers since the message will be available in the home for an entire week.

Magazines

Some magazines, like other mass media, are also intended for certain ethnic groups. Several large magazines are aimed at or owned by African American interests, and as you can see in Table 31.4, some of them are published with a general audience in mind.

There are also several magazines published in the United States in foreign languages, but many magazines published in other countries are also shipped to the United States. With newspapers, the coverage is usually timely. With magazines, however, the coverage may focus on events that are less time-sensitive, or the editors may choose to run feature stories that have little—if any—time relevance. These factors make the importation of magazines more widespread than it is for newspapers.

Table 31.4

Top Magazines by African American Audience Composition

	Percentage of total readership that is African American
<i>Jet</i>	95.1
<i>Black Enterprise</i>	92.8
<i>Ebony</i>	89.7
<i>Essence</i>	87.0
<i>Vibe</i>	68.8
<i>Source</i>	54.0
<i>Soap Opera Weekly</i>	34.3
<i>Entrepreneur</i>	33.2
<i>GQ (Gentlemen's Quarterly)</i>	27.0
<i>Soap Opera Digest</i>	26.1
<i>Esquire</i>	25.7
<i>O, The Oprah Magazine</i>	23.4

Source: Publication claims and U.S. Census data.

Other Media

In regions or neighborhoods with large populations of foreign-language speakers, business signs often appear in those languages. Certainly there are thousands of Internet sites originating in the United States that use languages other than English, and because the Internet is so easy to access throughout the world, foreign-language websites are readily available to U.S. residents. Religious groups, political parties, labor unions, local political-action groups, interest groups, and every other imaginable kind of interest or view also have Internet information available. With the growth of new media and social media, such interests are likely to be served even better and more specifically in the future.

Like other digital advertising, advertising networks serving ethnic audiences now provide simple ways for advertisers to provide content to audiences through one media buy using the standards metrics of digital advertising. Some of these network opportunities are also cross-platform opportunities, which maximize reach and frequency against these target audiences.

Chapter 32

Sales Promotion

Sales promotion isn't a medium. Nor is it a special method of buying a medium such as direct response. Sales promotion is an activity to stimulate short demand for a product. Because most brands are under short-term pressure to perform, sales promotion activity is a large part of many brands' integrated marketing plans.

As a communication planner, you will be faced with planning, developing, and analyzing sales promotion activity. Even if you are not directly involved in that activity, the marketing director or brand manager will be weighing sales promotion activity and dollars versus that of alternative approaches to communication.

So what is the world of sales promotion? The term *sales promotion* can be misunderstood. Sometimes it is associated with advertising. Other times it is associated with publicity. Still other times it is seen as a sales responsibility. The truth is that sales promotion can fall into a number of camps. Let's define what sales promotion is and how we treat it in the context of media planning.

Sales promotion is a direct inducement that offers extra incentives anywhere along the marketing route to accelerate the product's movement. There are two types of sales promotion: *trade* and *consumer*.

Trade Promotion

Trade promotion is called *push marketing*. It consists of activities designed to secure the cooperation of the retailer by the manufacturer. These activities may have an impact on the consumer, but they are aimed at the distribution channel.

In trade promotion, the manufacturer provides an incentive to the retailer to feature its products. This can be as simple as discounts or other dollar incentives to stock or sell the product. Many times retailers will pass either all or part of this savings onto the consumer through a short-term sale or special.

Other trade incentives include advertising allowances either as a percentage of gross costs or as a fee, where the retailer can purchase advertising that features the brand as well as other retailer private-label products.

Another popular trade promotion is a display allowance, in which the manufacturer pays a fee for in-store floor displays to promote the product.

Consumer Promotion

Consumer promotion is called *pull marketing*. It involves activities aimed at the consumer to persuade them to buy or request your brand on the spot.

Consumer incentives can take a variety of forms. Normally they involve a direct incentive to buy now or buy more, visit a store, request literature, or take some form of action. The incentives can be money, prizes, gifts, or special information.

The idea behind a consumer promotion is to get the product off the shelf *now*. From a marketing standpoint, consumer promotions should accelerate the purchase process by one of two methods: (1) creating an incentive for current customers to stock up on a given product, or (2) convincing new customers to try the brand.

Of course, you need to be aware of trade promotions, because they do compete for your integrated marketing dollars. Nevertheless, the focus of this chapter is on consumer promotions. *Consumer promotions* can involve traditional media as well as alternative media channels. Regardless of the type of promotion, the goal of sales promotion is to make sales happen in the short term. That is the measure of success.

Consumer promotions are welcomed by the consuming population. One study showed that 95 percent of all consumers are interested in products that come with some form of rebate. Another study reported that 50 percent of shoppers cut coupons and 88 percent have bought Buy One, Get One (BOGO) offers. Consumer promotions are a key part of the marketer's toolkit.

Landscape of Sales Promotion

Although most advertising and public relations agencies do sales promotion activity, there are agencies that specialize in sales promotion, taking this activity to a very high level.

Table 32.1

Top Promotion Agencies by Revenue

Rank	Agency	Revenue (million)
1	Carlson Marketing	\$166,400
2	Mosaic Sales Solutions	\$133,000
3	Integer Group	\$127,000
4	George P. Johnson	\$123,460
5	Momentum Marketing	\$114,000
6	Tracy Locke	\$104,000
7	Marketing Arm	\$100,000
8	Jack Morton	\$80,000
9	GMR Marketing	\$78,000
10	Octagon	\$76,500

Source: Advertising Age, April 26, 2010.

Table 32.1 shows the top 10 sales promotion agencies in the United States. These agencies are not as big as the direct response specialty agencies, but they are extremely large. Carlson Marketing, Mosaic Sales Solutions, and Integer Group all would be ranked in the top 20 advertising agencies in the United States.

Each of these agencies takes a bit of a different view on what sales promotion is. In the case of George P. Johnson, they view themselves as helping marketers create an experience. Their experiential marketing approach combines large-scale events with short-term promotional strategies. Carlson Marketing, on the other hand, combines customer relationship management with sales promotion activities so that they move into *brand engagement*. Mosaic Sales Solutions specializes in the human resource side of sales promotion. They hire, train, and develop promotional solutions that require an extensive field force for staffing promotional booths, going door to door, or acting as an extension of a company's sales force for a short period of time.

The Integer Group is the type of agency most people imagine when they think of sales promotion agencies. It's an advertising agency that focuses on "the intersection between brand and sales." The Integer Group develops retail promotions for manufacturers to move product off the shelf and functions as a marketing partner within a brand organization.

As you look at others names on this top 10 list (refer again to Table 32.1), you will find that sales promotion is a catchall for a variety of marketing communication activities. Every company defines its specific niche in its own way. Sales promotion does overlap with direct response advertising

and event marketing. Because promotions are designed to elicit a response, there are elements of direct response used in sales promotion. Many times these responses yield customer names, so there can be a database component to sales promotion. And because promotions can take on large-scale events as a catalyst for consumer interaction, there can be an event component to sales promotion as well.

These varied companies are a reflection of the wide array of sales promotion activities available to today's marketer. Let's examine the most popular sales promotion types.

Types of Sales Promotion

The types of sales promotions available to a marketer are based on fulfilling several distinctive objectives, the most common being: to gain consumer trial of the product; to reward brand loyalty; to encourage a consumer to trade up; and to stimulate the consumer to buy more of the brand. These are all offensive marketing strategies. Defensively, a marketer might use promotional tactics so that other brands don't steal share when they are also implementing promotions. The sections below cover the key promotional strategies that fulfill these objectives.

The role of media planning in sales promotion strategies may be to find the best medium to deliver the strategy or to find a media partner to best execute a strategy. Much of the sales promotion media strategy is to determine the role of retailer or in-store versus outside media.

Couponsing

Sales promotion is sometimes defined by *couponsing*. A coupon is a certificate that provides a value that, when presented to a retailer, will offer a discount on the specific product purchased. There are approximately 300 billion coupons in distribution in the United States, yet only about 1 percent are actually redeemed.

The media role in providing coupon support is to find the most effective means of distributing the coupons. This may be through a wide variety of media. Newspapers, magazines, door to door, on packages, and direct mail are all options for coupon distribution. There are specific media vehicles whose sole function is to provide coupons. One of the largest is Valassis Corporation, which provides the free-standing insert (FSI) that contains coupons found in your Sunday newspaper.

A rapidly growing distribution point for coupons is online. Online shopping sites such as coupon.com, couponmom.com, and yahooshopping.com

are but a few of the large number of websites where consumers can get coupons. The influence of digital coupons is growing. One study showed that shoppers use digital coupons when pre-planning their shopping trips. A little over a third of all consumers have logged onto their computers to access a coupon, while one in five has visited a brand's website for specific coupons. And social media is becoming a couponing platform. Social media sites have sprung up that are built around coupon sharing.

There are a number of coupon methods that involve in-store media. Many supermarkets have interactive touch-screen kiosks where consumers can load up their store membership card with electronic coupons. Coupon dispensers can be put at the point of purchase so that consumers can simply hit a button and a coupon will be available as they buy the product.

To incent consumers to switch brands, Catalina Marketing offers a coupon method where you receive coupons at the checkout stand. Coupons are dispensed based on the category you purchased but for a brand you didn't purchase. For example, suppose you bought Crest toothpaste. You may then get a coupon at the cashier for Colgate once you have checked out.

Mobile couponing is a burgeoning area where you use your mobile phone to scan the bar code of the products you are purchasing. Based on your purchase habits, you may be rewarded with a coupon that you can then scan at the cashier's aisle, all by using your mobile phone. Applications for smartphone and tablet devices help extend the coupon to the on-the-go consumer.

Companies such as Groupon offer a twist on discount coupons. Groupon promotes deep discount coupons triggered when a specific number of consumers agree to accept the coupon promotion. This crowd-sourced couponing is another way that retailers and brands help generate consumer excitement for their brands.

Coupon incentives are a large and complex part of sales promotion. There are media specialists who focus solely on this area of media planning and buying. Each coupon method has its pros and cons. And each has a number of cost components, which we will discuss later in this chapter.

Sampling

Salespeople offering free samples—it's a common marketing technique. You can't make it through the cosmetics aisle of a department store or turn a corner in a grocery store without running into someone offering you a smell or taste of something.

Sampling can be a very costly way to incent someone to use your brand. However, it is one of the most effective methods for new products because

it offers consumers a free trial in hopes of converting them to become loyal customers.

Just like coupons, samples can be distributed by mail, door to door, via coupon advertising, or in person at the store. Because sampling is so expensive, marketers are always looking for targeted methods to ensure that their samples reach their specific target market.

One method of doing this is through *polybagging* in selected print media. In polybagging, samples are delivered in a plastic bag along with the specific newspaper or magazine. This allows marketers to target their audience either by reader type or by geography or both. It is also a benefit to the newspaper or magazine because it is giving that reader something of value at no charge.

Another method of sampling is to develop *sampling events* that are promoted by the media. Examples include sponsoring a concert, or a race, or a community event where you provide free samples to the audience. Sampling events involve organizing a relevant event for your audience and then promoting it through the media. Although this type of promotion can be complex logistically, it offers the brand exposure through the media along with the opportunity to convert consumers to loyalists.

Event sampling programs are often driven by the media themselves. To encourage advertisers to buy their media, many media brands extend their reach by developing events. For example, *Southern Living* has a cooking school event that moves from city to city within their dominant circulation area. In the school, they feature the brands that advertise with them, along with recipes for these brands and samples. Programs like this are offered by many different media companies. They can be a part of the paid media program for the sponsoring brand.

Sampling, like couponing, can be simple or complex. It can be done in-store or through the media or by developing an event.

Media Celebrity Tie-In

Just as the media are looking to extend their brand through events, they offer an advertiser the opportunity to leverage their on-air or editorial talent. Giving you the opportunity to *tie in* with a media property and to use their talent to promote your brand is an attractive method of sales promotion.

One common way that local retailers or auto dealers develop short-term promotional excitement is by having a radio station schedule an *on-site promotional event*. In radio parlance, this is called “scheduling a radio remote.” This remote, or event, features one of the station’s on-air personalities who provides prizes and other incentives to get his or her listeners

to stop by the local retailer's location for a limited-time event. The remote usually has a short time limit, so there is an incentive for consumers to act quickly.

Another variation on this theme is sponsoring a tour that features, for example, a key editorial person from the print media. A financial institution might sponsor a traveling event where the publisher of the *Wall Street Journal* speaks. This may be an *invitation-only event* through which the marketer is using the media personality as an inducement for customers to sample his or her brand.

As media planners work with a media vehicle, they are on the lookout not only for how to find the proper advertising fit, but also for how to use personalities within the media to further promote the brand.

Sweepstakes

Sweepstakes offer prizes based on a chance drawing of an entrant's name. What a great opportunity for an advertiser to stimulate some excitement about the brand and to build a database of prospective buyers. *Sweepstakes* is a catchall term for games, contests, and sweepstakes (drawings). Games are similar to sweepstakes but are usually conducted over longer periods of time. A sweepstake is a one-time event, whereas a game may be played out over the course of months. The advantage of a game is that consumers must continue to engage with the brand or the retailer, so it leads to repeat purchases or visits. A contest technically offers prizes based on an entrant's skill. Contests are another way that customers engage with the brand.

Media play a huge role in sweepstakes, games, and contests. One example of a sweepstakes is the partnership between a marketer, Cost Plus World Market, and a media outlet, Home & Garden Television (HGTV). The idea was to create a partnership where HGTV would promote the "Cost Plus World Market and HGTV Spooktacular Sweepstakes" as an incentive to drive traffic to Cost Plus World Market during the pre-Halloween shopping season. Viewers would register at Cost Plus World Market and win prizes such as a room makeover, a free in-home consultation with an HGTV celebrity designer, and a personalized Cost Plus World Market shopping experience. This is a great example of how the retailer and the media worked together to benefit each other.

Contests are a popular way to engage with loyal consumers. Doritos once held a contest for its consumers to make a Super Bowl commercial. The winning entry actually got to produce their television commercial, which aired during the game. All of the entries posted their commercials to Doritos as well as the YouTube online video site. This generated millions

of page views, which enhanced the brand's popularity. Each entry received a coupon for Doritos which stimulated short-term sales.

Sweepstakes must be promoted aggressively by advertising to be effective. And a sweepstake program must be well thought out from a retail perspective. It is important that the manufacturer, the retailer, and the media all work together to ensure success.

Cost and Measurement

There is nothing like a successful promotion to stimulate short-term sales of a brand. However, the more successful you are with sales promotion, typically the more money you spend. So sales promotion can become a double-edged sword. You want it to be successful, yet you want to ensure that you don't make it so successful that you can't afford it.

It seems counterintuitive to question success. However, with sales promotion tactics, you are offering a discount incentive to consumers to buy your product. That means you are not selling it at full price. If you discount too much, you erode your profit margin. And you must pay incentive dollars at the time of purchase. You may not get all your money from the retailer or the consumer until later, so sales promotion can have a negative impact on short-term cash flow.

All this means that when you plan sales promotion media, you need to take into account more than just the media cost. You need to understand the impact of the discount as well. Table 32.2 provides an example of a sales promotion cost analysis for Bob's Baked Beans.

Table 32.2

Bob's Baked Beans

Sales Promotion Cost Analysis

Item promotional media	Percentage of cost (\$ million)
Broadcast	3.0
Print	1.0
Online	0.5
TTL Media	4.5
Incentive redemption	
\$1.00 incentive at 1% redemption rate	2.0
Processing fee	0.2
Misredemption contingency	0.4
Total redemption cost	2.6
Total cost	7.1

In this example, there was a media support for a \$1.00 coupon incentive. The media total included broadcast media, print media, and online media. The total paid media was \$4.5 million. Two million consumers used the \$1.00 discount, so the cost of the coupon redemption was \$2 million. Processing the coupons from the retailer to the manufacturer cost an additional \$200,000. The marketer also budgeted \$400,000 for the possibility of misredemption of coupons. All told, this program cost \$7.1 million, yet the media total was only \$4.5 million.

The lesson in this example is that if the media planner had only factored in the paid media for the budget instead of estimating the outcome of the promotion, there would be a \$2.6 million budget discrepancy.

As sales promotion programs are developed, the media team must budget for media while simultaneously estimating the success rate of the promotion. Success for the promotion is usually measured by the number of consumers who take advantage of the offer. Future success of the promotion is based on those consumers who return to buy the brand without the offer.

Sales promotion costs include a number of items outside that of traditional paid media. We have just mentioned that one big aspect is the actual redemption rate or consumer response. Other costs that may be included are talent charges if the plan uses a celebrity from the media. And there can be legal charges for developing the rules of a contest to ensure that it meets federal guidelines, along with a myriad of processing and handling or logistics charges.

Future of Sales Promotion

It is safe to say that marketers will always have a need to drive short-term sales. It is equally as safe to say that consumers are always receptive to a discount or a deal. Those two factors combine to make sales promotion a growing force for the future.

Just like direct response, sales promotion has been impacted by digital media and the growing sophistication of database marketing. The future of sales promotion will be influenced by the following trends.

Paper Coupon to Digital Coupon

Even with the rapid rise of online couponing, 90 percent of all coupons are paper based. The key hurdle for online couponing has been the redemption security for the manufacturer. As online couponing becomes safer, it will certainly grow at a much faster rate than print couponing has.

Mobile Incentives

Mobile couponing is the wave of the future. Imagine that while shopping you present a coupon at the checkout without having done a prior online search or cut the coupon out of the newspaper. This is possible in the mobile coupon arena, where your cell phone becomes an incentive magnet. Arm & Hammer has been running a mobile-enabled coupon offer, using a purchase validation solution from the mobile technology company SNIPP! The customer simply takes a photo of the original receipt showing the products they have purchased and submits them by text or email. This triggers an automatic confirmation, and within a week the consumer receives the rebate.

Convergence

Just as you see with the leading sales promotion agencies, there is convergence in terms of direct response and sales promotion. The ability to link incentives to store-loyalty programs is rapidly gaining steam. Developing incentives that are both new customer and loyal customer-centric, and that are tied to an ongoing program, is the wave of the future. The development of applications is one way to tie many of these programs together. For example, Lay's potato chips wanted to engage consumers regarding their brand. To do this, they developed a Facebook app where consumers could share their ideas for new Lay's flavors. The creator of the winning chip flavor received \$1 million.

Mega-events

With over 50 percent of the United States using some form of coupon and more than 80 percent involved in at least one store-loyalty program, it is difficult for marketers to break established purchase cycles. This leads to mega-events, where marketers go over the top to provide an experience that leads to trial. For example, JCPenney has experimented with pop-up retail stores. These are short-term lease stores that generate excitement and trial in the marketplace. Coca-Cola introduced a super large-scale social media game called "Coke Chase." In this game, a cast of characters including Cowboys, Badlanders, and Showgirls battle to reach a Coke as they charge across a hot virtual desert. Consumers are put in charge of the outcome of the race through their votes. Consumers can also vote to "sabotage" the least favorite team. To make this more interesting, the game is being played on a worldwide basis. The first 50,000 players who register to

play will get a coupon for a free Coke. Large-scale events such as this will be the norm in the future.

Summary

In summary, sales promotion is more than just a media purchase. It is an inducement to buy a product based on a time-limited incentive. These incentive programs can take many shapes and forms from simple couponing to elaborate sweepstakes. Sales promotion is a crucial part of the marketing and media mix.

Chapter 33

Owned Media

When most think of a media plan, their thoughts immediately are directed to purchasing media or developing a great public relations or social media plan. Yet, for many brands, you need to look no further than to the brand itself for terrific media opportunities.

In fact, media planners should look to leverage the existing brand assets first *before* considering other media. Why wouldn't you take advantage of consumer touchpoints that you already control? It is the best way to maximize cost efficiency. If you already own it, you don't need to repurchase it. Building a brand that engages with the consumer is all about developing and building owned media assets.

Owned media are items such as a company or brand website, packaging, company employees, and events and sponsorships. These are assets that the company or brand has developed or is a part of doing business. Since all of these items or people touch consumers, you can consider them a media opportunity. Owned media fall into three camps. There are physical assets, digital assets and created assets that include events and sponsorships. Before we review each area, let's discuss the overall strengths and weaknesses of this media area.

Strengths/Weaknesses of Owned Media

Owned media is an underappreciated area in media. Yet, it offers the brand so much promise. Unlike any other media alternative, you are not confined to any pre-existing requirements. You have a blank canvas.

Owned media is especially powerful in building a long-term relationship with existing customers. That is a role that this area of media can play for the brand. Owned media has some real strength to influence the lower end

of the brand purchase funnel—the area of repeat purchase and brand loyalty and advocacy. This role is supported by the benefits of owned media.

- *Control*: Owned media allows you to control the message. There is no other media filter or context, so the message you deliver is a pure brand message.
- *Timely*: Owned media can be very timely. You can respond to a situation or consumer at any moment. You can be very topical and relevant.
- *Lasting*: Owned media allows you to have a lasting message. Unlike other media, where your message is fleeting, you can maintain the same message for a long period of time.
- *Personal*: Owned media can be very personal and flexible. You can develop different messages for different targets. It offers the opportunity to be highly targeted and relevant to your consumer base. You can speak to consumers on a one-to-one basis.
- *Cost efficient*: Owned media can be highly cost efficient. Owned media typically doesn't involve paying for media, so costs can be relatively low compared to other media choices.

There are a lot of benefits to developing a strong owned media portfolio. This should be a goal for the majority of brands in today's crowded communication marketplace. While owned media offers a lot of opportunities, it does have some downsides. Here are a few weaknesses to consider.

- *Not trusted*: Owned media is obviously providing a company or brand message. Consumers know this so they may be skeptical of the message. This is particularly true when brands are engaging directly with consumers. If the brand says one thing and behaves differently, there is the potential for trouble.
- *Time consuming*: Owned media may not cost a lot in terms of media outlay but it can be time consuming. This is especially true of managing digital assets such as a Facebook page or Twitter feed. Developing continuous content takes time and dedicated people to do it.
- *Lack of consistency*: Owned media can have many owners. That can lead to a lack of consistency in the brand's voice. For example, a company website may report to the IT director. A blog may report to the corporate communication director. And a brand microsite may be developed independently for a specific brand manager.

The more owned media, the more potential problems it can create. Most problems with owned media can be summed up as departmental

coordination challenges. Getting everyone aligned and working together to develop a consistent brand voice is the top challenge for maximizing owned media. Although there may be challenges, owned media offers the brand some great opportunities. Let's discuss the three broad areas of owned media, beginning with physical assets.

Physical Assets

If you are marketing a consumer packaged-goods brand, the package that contains your brand may be your biggest media asset. Think about it. Wouldn't you want a medium at the point of sale that consumers see every day? Of course you would. The outside of the package is a daily billboard that can be refreshed with new messages or offers. The inside of the package offers an opportunity to reward and/or engage the buyer. It is a great medium. Simple packaging changes can make a huge difference in sales.

Imagine that you are a fast-food restaurant with the need to communicate a limited time offer. You can purchase television or radio airtime to communicate this or you can paint your windows with the message. Which is less expensive? If you don't have the money for broad-based media, a simple message on your window can help drive sales. Restaurants using window messaging have seen sales increase by as much as 15 percent. Not bad for a little time and paint.

To introduce its environmental "Think Green" message, Waste Management used its fleet of garbage trucks as rolling billboards. Messages were affixed to the side of the truck touting its environmental stewardship. Rather than buying a billboard in every market in North America, Waste Management produced messages for their own truck fleet at a fraction of the cost.

People can become a media asset. Polo shirts embossed with a company logo worn by your company's associates are an easy way to get name recognition in the marketplace. Plus associates can hand out flyers, business cards, or promotional items. All of these can be effective consumer touchpoints.

Physical assets from packaging to plants and trucks to people can all become a part of an effective media campaign. Make a list of all the physical assets your brand and/or company has to offer and you will likely be amazed at the number of media choices you already own.

Digital Assets

Just about every company has a website. Many times your brand's website is the face of the brand. Company websites are used for all types of

purposes. Usually, a company will tell its story, profile its management, provide customer information and have a place for consumers to contact them. If the company is publicly traded, it will have an investor relations tab. Depending upon your relationship with the customer, your website can take on great importance. For example, if you are marketing in a business-to-business environment, your website is a crucial new business tool. Case studies and white papers can be posted to the website. Interactive videos can be used to demonstrate your company's expertise. The website can be constructed to tailor messages to a variety of potential needs.

If you are marketing a consumer brand, then you may use the corporate website for corporate activities and rely upon other digital assets to engage the consumer. Social media platforms such as Facebook and/or Twitter can become valuable consumer engagement platforms. The current rise in upscale food trucks has been driven by Twitter. Food trucks use Twitter to announce their lunch locations and engage with consumers over menu items. Facebook is an engagement platform to offer incentives, games, and other interactive content. YouTube is another platform that provides an opportunity for business marketers to tell their story and for consumer brands to provide content that is outside the normal media channels.

Tablet and mobile applications provide a brand with a mechanism to engage with consumers on the go. Tablet applications offer the opportunity for a deep dive or immersive experience, while mobile applications can provide quick reference or incentives for the consumer. For example, Nike offers a series of training applications for a variety of sports such as soccer, tennis, basketball, and track. These applications allow you to customize your workouts. The mobile application allows the user to input real-time training information to get feedback and analysis. Applications such as these provide an immersive experience that just isn't possible through other forms of media.

Digital assets are becoming a mainstay of the brand experience. For those consumers who want to engage with a brand, this is their opportunity. Digital assets provide a way for the brand to develop a customer relationship that is ongoing and meaningful.

Created Assets: Events and Sponsorships

Brands can create their own events or sponsorships. For example, McDonald's created the McDonald's All American Games team that highlights high school athletic achievement. There is a McDonald's All American list for basketball, football, and soccer. McDonald's also extends this by creating televised all-star games with the McDonald's All Americans. The

sponsorship has become a part of America's popular culture, especially in basketball. Many college teams refer to how many McDonald's All Americans they have recruited.

McDonald's also has invested in the Ronald McDonald House, temporary housing for parents with children who are hospitalized with severe medical conditions. The Ronald McDonald House charity has houses across the country that helps parents stay close to their children during treatment. Just like the McDonald's All American program, the Ronald McDonald House is an example of a company that created a program to help society and to extend their brand.

Created events and sponsorships are different from just sponsoring a cause or a sports team: The event or sponsorship wouldn't exist if the brand hadn't created it. If Capital One decided not to sponsor the Orange Bowl (which is not a created event), the Orange Bowl would find another title sponsor. The same is true of causes such as the Susan G. Komen Race for the Cure. Every year, a variety of sponsors associate themselves with this event.

Created events can be a large part of a business-to-business media plan. By creating a branded seminar or event that is relevant to the audience, a brand can elevate its position in the marketplace. Brands can create their own training or certification programs that position the brand as an expert in the field. Google is famous for its Google certification program that provides extensive training in search engine marketing. Oracle provides a certificate program in becoming an expert in their software. By providing these programs, Google and/or Oracle become a part of that customer's life. Their value extends beyond the services they provide; they actually add value to their customers.

Created events and sponsorships can be a very valuable brand platform. They allow the brand to gain publicity in a relevant context. Events and sponsorships can be extended through other owned media channels.

Summary

Owned media is an opportunity for a company or a brand to stake its claim to proprietary media channels. In today's over-communicated world, having a strong owned media program can set the brand apart from its competition. Whether it is physical, digital, or created events and sponsorships, owned media should be at the forefront of a brand's media plan.

Chapter 34

Earned Media

Most advertising consists of a paid placement, such as a print ad, a TV commercial, or a spot in an advergame. These examples are referred to as paid media and are often considered a branch of traditional advertising. Paid media can include many of the types of media placement discussed in this book. Paid media targets prospects in an effort to create brand awareness or acquire new customers; it has been the coin of the realm for decades in the advertising industry. However, there are disadvantages to using only paid media in a campaign. Today, consumers may ignore pure brand messages since they are already inundated daily with advertising messages.

Earned media consists of *branded messages* that another entity distributes for your brand. While social media has increased the visibility of earned media, it has always existed (e.g., via video news releases on television and through advertorials in magazines). Today, though, earned media refers to a mix of brand mentions on news pickups and shares on social media sites like Facebook, Twitter, YouTube, and Google+. Earned media is the natural result of ad campaigns, events, and the content that brands create, but it is not a new concept: brands have always hired PR firms to reach out to the media in order to get them to write stories about the brand. The new influencers are popular bloggers, individuals on Facebook with large numbers of friends, and Tweeters with lots of followers. Additionally, positive reviews on social media sites like Yelp can be considered earned media. A whopping 68 percent of Facebook users say they are more likely to buy based on an earned media recommendation from a Facebook friend (Ransom 2012).

Agencies sometime refer to this phenomenon as a campaign *going viral*. For example, the brand Dove produced a video where a sketch artist drew pictures of women based on their own self-images, as well as pictures of

the same women based on impressions by others. The video was featured on the homepage of Reddit, a news website where online users contribute the content. The video was then featured on blogs and news sites and two days after it was posted, it was featured on the *Today* show. It has been estimated that a successful campaign can convince up to 5 percent of viewers to share the campaign with the people in their networks. This is an example of a strategy called *flare and connect*, which suggests that an agency has to “light a flare” underneath a piece of media content and then make as much noise as possible online to promote the content.

Pros and Cons of Earned Media

Earned media has a number of advantages. It’s “free” in the sense that clients are not “billed” for the earned media placement. It is fairly transparent in that the agency and client do not have to rely on ratings services to measure the impact. Many consumers trust earned media more than they trust a traditional message. In particular, people trust the recommendations of their friends and acquaintances much more than a traditional television ad.

Earned media does have some drawbacks, though. Earned social media relies on consumer participation, and there are no guarantees that all consumers will love your brand all the time. In addition, earned media has many hidden costs that sometimes the client is challenged to recognize. Creating earned media takes time and effort as well as investment in internal and external social media content generation and development.

Many agencies now hire an earned media director (EMD). This individual assists brands to strategically plan earned media campaigns; ensure broad reach of content through paid media buys, PR, and free social distribution strategies; and measure the impact of earned media on bottom-line sales and brand reach. An EMD’s job is to guide the creation and execution of earned media campaigns—and then provide clear metrics showing the impact these earned media campaigns have on brand reach, sales, and marketing ROI. In particular, they are tasked with finding all earned media channels to ensure campaigns achieve the greatest impact. At media agencies, EMDs help clients better understand which social platforms will produce the most sharing for which campaigns, and how to strategically use paid media to increase the reach of earned media campaigns. At creative agencies, EMDs help direct the full creative process from concept to execution, ensuring that campaigns incorporate the right social triggers and content to generate maximum earned media. The EMD is actually a bridge position between creative and media, as earned media becomes strategically woven into the brand strategy.

Quantity vs. Quality

One of the challenges of earned media is measuring its results. One way to measure is quantity—for example, the number of Facebook fans and Twitter followers. This is analogous to the reach of a brand. However, getting these fans and followers to share the content created by the brand is an indication of the quality of the results. The people who share content are the people who are most likely to influence others, making them more valuable fans and followers for brands.

There are several ways that an earned media campaign can help audiences share content. The brand message must match the channel, and the brand personality must come through. If a brand message is somewhat complex, for example, it might not work well on Twitter and may work better on a blog or through a video. A brand that is social or entertainment-oriented may work best on social media like Facebook, since users are often there to be social. Brands should also find out what kinds of opportunities their target audience enjoys. If members enjoy contests, the brand should sponsor a contest. If they like quizzes, the brand should create fun quizzes. Clearly, this requires a depth of knowledge of the target audience that goes beyond simple demographic information.

There should also be a plan to reward audience members who share information. Most influential people did not become that way because they spammed their friends with information, and so they are often highly conscious of not creating clutter. Understand what users do and do not see as shareable information. Think about the benefit that the influencer will get from sharing the content. For example, people share their quiz results when the result is consistent with their own self-image. If an individual finds content highly entertaining, their friends might find it entertaining as well.

It is important to note that there is a difference between messages that influence consumers to interact with brands and messages that are heavily shared. For example, people are less likely to share that they've entered a sweepstakes or giveaway, since sharing it decreases their chances of winning. That's why many brands offer an additional entry if the sweepstakes information is shared.

Summary

The bottom line is that an earned media plan, like every other media plan, must have specific goals in mind. Earned media should attract audiences to the brand, and should complement, not replace or compete, with traditional

messages. To that end, think about the following areas when developing your earned media plan.

- Create a positioning statement that distinguishes your business from others in the industry. This will provide your competitive benefit and is a way to make sure that the content that is built refers back to what you want consumers—both influencers and their friends and fans—to think and feel.
- Match the goals of earned media plan to the goals of the overall media plan.
- Work with others in the agency to develop content that actually delivers solutions to people and reflects the brand. A good earned media director will be able to track and assess the type of content that is shared most often by members of the brand's target audience in order to have the best opportunities for a message to go viral.

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Chapter 35

Perspectives on International and Global Media Planning

The world has changed in the past few decades in numerous ways: economically, politically, and environmentally. Therefore, it should not be surprising that media usage has changed globally as well. Around the world, people consume more media than ever before. This growth rate, though, is inconsistent across countries. Certain countries, including the “BRIC” group of Brazil, Russia, India, and China, are growing in terms of media usage (and subsequent ad spending) at a rate far beyond the growth rate in the United States.

Media multitasking is evident on a global scale. The growth of multitasking using multiple digital devices connects people around the world to media messages throughout the day. Almost 75 percent of the media consumed globally is digital media. Print and television usage is shrinking around the world, although both are still used widely by many, in particular those individuals over the age of 35. Around the world, almost half of Internet users are under the age of 25. As these individuals grow up, they will be used to doing all of their business online; therefore, advertisers cannot ignore the impact of global digital usage. Even in the developing world, mobile penetration quadruples every two or three years. Mobile phones are as ubiquitous in Africa and the Middle East as they are in North America and Japan, and in some developing countries mobile phones serve as the primary way of connecting to the digital world.

Global and International Strategies

In 1983, a marketing professor named Ted Levitt suggested that people are becoming globally homogenized in spite of deep-rooted cultural differences. He suggested that all products be standardized so the same

product is sold everywhere around the world to take advantage of huge economies of scale in both production (manufacturing the product) and distribution (providing access to the product) in addition to economies of scale in developing and producing a single campaign around the world. This would result in low prices for consumers and high sales volumes and market shares for brands. Additionally, consumers would be exposed to a consistent brand message wherever they went. Levitt's idea is considered a global strategy. Global and international advertising are communication strategies that companies use to drive demand for goods and services in markets outside their home markets.

However, the two terms, *global* and *international*, are not always used interchangeably. *International advertising* strategies are tailored to reflect regional, national, and local market cultural differences and preferences. For example, Pepsi used the phrase "The Pepsi Generation" in the United States and "The Pepsi Revolution" in Brazil, selected words that best express the idea of a "movement" in each place. In contrast, *global advertising* embraces standardized strategies in which advertising content is the *same* worldwide under the premise that the entire world is one entity, such as in Under Armour's "I Will" campaign.

Most brands that are marketed in multiple countries use an international strategy that considers unique aspects of culture in the advertising executions. There are differences in how people view themselves relative to others in the country and differences in economic structures that affect what consumers purchase and how often. Different countries have different laws about what products can and cannot be advertised, and there are time and place restrictions on media placement in some categories as well. For example, fast-food advertising is banned in Quebec, and toys ads are banned in Greece from 7:00 A.M. to 10:00 P.M. on television. Cigarette advertising is banned in Africa, Hong Kong, Singapore, Australia, New Zealand, and Canada, while television advertising for cigarettes is banned in Europe and the United States. Alcohol advertising is banned in Iceland, Norway, Sweden, Saudi Arabia, Libya, Iraq, and parts of India; in Brazil, it is banned between 8:00 A.M. and 8:00 P.M.

There are also differences in lifestyles that mandate different size packages depending on the amount of storage space in a home: in the United States, the average single family home is more than 2,100 square feet in size. In France, it is a little over 1,200 feet, and in the UK, a little less than 900 feet. To implement international strategies, agencies often have offices in all the countries where they are advertising to make sure the local flavor is infused into the executions and that media choices are optimized for each local market.

In comparison, global strategies work best in categories where the trend toward global integration is strong and local cultural influences are weak, such as the consumer electronics market. Agencies tend to focus the planning and execution of the campaign among a single team in a single office.

Glocal Advertising

Many multinational marketers embrace a compromise between global and international advertising, known as *glocal* advertising, where brands “think global and act local.” Glocal marketers standardize certain core elements of the advertising strategy while incorporating local cultural influences into advertising executions. The strategy combines a global appeal that recognizes a consistent audience motivation—but with tactics that take local nuances into account. Most media planning prior to the digital age was done based on a local analysis of a country or market. Before the Internet, it was impossible for an American to watch a British television advertisement. Even today, there are no broadcast or print media with true global coverage. While a publication might be available around the world, the nature of the medium’s content is directed to a single entity. As a result, global or international media planning still involves multiple media planning and buying groups, at offices around the world, monitoring GRP levels or planning an ad’s run-time and duration on various media

What does this mean for media planning? In a global situation, there may be a core message that is distributed via global media, along with country-specific media plans to address the local consumers’ media usage patterns. Large companies like Kraft and Unilever often consolidate global media planning and buying for all their brands with a single agency. However, with the growth of the Internet and digital media, brands are looking to leverage local strengths while achieving some level of consistency across regions and media platforms. Many agency executives say that global planning is fueled by the globalization of brands brought about via partnerships with global digital players such as Google, Microsoft, YouTube, and Facebook (Bruell 2013). One media executive indicated that if a site like YouTube can scale video content on a global basis, a lot of money will flow to the Internet. For instance, a global planning agency might produce TV or digital content to air on YouTube and look for other media outlets on a market-by-market or country-by-country basis. About 70 percent of YouTube traffic is now from outside of the United States, with 43 localized sites currently operating.

Globally, digital technologies are popular among the young and well educated. In almost every country polled as part of a Pew Center survey,

people under age 30 and those with a college education are more likely to engage in social networking and to use a smartphone. Mobile media is having a huge impact on media planning and buying as more and more people around the world own a cell phone. Three-quarters or more of the population in 18 of the 21 countries surveyed in Pew Center poll say they have a mobile phone, while at least half say the same in Mexico (63 percent), India (56 percent), and Pakistan (52 percent) (Pew Research 2012). The increase of mobile media worldwide suggests that media planners need to better understand how media habits differ not only by country but also on a local scale; media usage can change from moment to moment depending on where the consumer is.

Social media is also affecting media planning and buying. Worldwide, more than 1.2 billion people are participating in online social networks—and in many cases, individuals outside the United States have access to the exact same online offerings that people in the States have. Marketers are struggling to find ways to both manage and engage global audiences with their social media marketing efforts. Marketers must make decisions about whether they'll have a single brand profile or multiple brand profiles for every country, and at the same time maintain consistency in brand messaging, design, and the overall voice for their brand. The Pepsi audience in the United States can easily find the Facebook page for Pepsi in Brazil. Social content and communications must make sense to people in a particular region but must also match your brand's true identity.

A global social media strategy takes more than just translating tweets into different languages. Many marketers are surprised to find that the United States is not the center of the social media universe. For example, social media site users around the world all have different preferences when it comes to platforms. Media planners need to research which social media channels are most used by target audiences, but it does not stop there. Studies have shown that a site like Facebook may be popular in one country, while higher instances of video- or photo-sharing through YouTube or Instagram may be the norm in another. Some countries have a social media site like Facebook (such as Hyves in Holland, Gree in Japan, and Orkut in Brazil) which attracts its users, so when planning global media a first step is to put aside the idea that Facebook is always the best site for engagement. Understand other social media sites that are more appropriate for the countries where you are advertising.

People in different countries are likely to express themselves uniquely and share different kinds of content. Expressing opinions about music and movies is popular around the world, but politics, community issues, and religion are particularly common in the Arab world. For instance, in Egypt

and Tunisia, two nations at the heart of the Arab Spring, more than 60 percent of social networkers share their views about politics online. In contrast, in the rest of the world, a median of only 34 percent post their political opinions (Sonderman 2012).

Additionally, there can be both obvious and subtle differences in how people from different cultures engage online. One example is that people in different countries have different perspectives on scrolling through websites: Australians are much more likely to scroll than Americans. In Germany, for example, Wikipedia is huge, but blogging is relatively inactive. Americans like Twitter, but the platform is not as engaging outside of the United States. The next top countries of Twitter users, Brazil and Japan, have only about a third as many users. Pinterest is seen as a social networking site that has a strong reach among American women. However, in the UK, men outnumber women on this site. Instagram, another photo sharing site, has seen its strongest growth in Singapore.

The agency organizational structure tends to have global advertising media planners located in one central office, with local implementers around the globe. A large agency may have more than 100 local offices available for media implementation; other agencies may have a smaller group of 10 to 20 hubs around the globe that are responsible for a specific region. As a result, there are many opportunities for global employment for savvy media planners and buyers. Most important, those media planners that truly grasp the concept of glocal media planning are most likely to succeed.

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Chapter 36

Preparing a Communication Plan

When you propose an advertising communication plan, you need to keep several things in mind: logic throughout the plan; sensible progression from one stage of the plan to another; fully explaining and justifying every recommended decision; and meeting the stated objectives.

The steps in a communication plan are fairly straightforward. Most plans use a format similar to the one illustrated in Exhibit 36.1.

Overview or Executive Summary

In this chapter we will elaborate on the elements of a communication plan that was originally introduced in Chapter 3.

As we do with most business reports and proposals, we start with an *overview*, often called an *executive summary*, in which major recommendations are summarized. This summary should not be used to rehash things that are already known about a company or a brand. Instead, this section should be a summary of the media recommendations that are contained in the body of the report.

Use the executive summary to preview what is to come. With this advance knowledge, you can read and make more sense of the actual proposed communication plan. Some top executives may read only this summary, but the brand manager needs to read and study the entire proposal, using the overview to provide background information and expectations before getting into the heart of the communications plan.

Even though the executive summary is the first section of the communication plan, it cannot be written until the rest of the plan is completed because it provides a review of the entire proposal.

Exhibit 36.1

Outline of a Media Plan

An advertising media plan may take more than one approach and there is no industry-wide outline that is always used. The organization below includes the necessary topics and can serve as a guide to prepare a media proposal for an advertising campaign.

- Overview/executive summary
- Competitive analysis
- Market situation
- Objectives and goals
 - Marketing objectives
 - Communication objectives
 - Advertising objectives
 - Media objectives
- Media strategies
 - Targets
 - Markets
 - Groups
 - Audiences
 - Media types
- Media tactics
 - Media vehicles
 - Media units
 - Media schedule
- Media promotions
- Media logistics
- Continuity plans
- Calendar
- Budget
- Integrated marketing and media

Competitive Analysis

Complete analysis of your major competitors should be detailed in your communications plan, along with the competitors' marketing and advertising efforts and their targets and media used. It is essential that the competition

be analyzed thoroughly and completely before getting into the objectives. Because some of the objectives will likely deal with meeting the competition, the competitive analysis is an important input to those objectives.

Market Situation

If the marketplace is complex and its analysis cannot be covered in the competitive analysis, it will require a separate section. Again, information needs to be analyzed prior to the formation of objectives.

Objectives and Goals

Next come the actual objectives—what you will try to accomplish with your advertising communication plan. There are usually at least three categories of objectives: *overall marketing objectives*, *advertising objectives*, and *media objectives*.

Marketing Objectives and Communication Objectives

The *marketing objectives* deal with the overall selling goals. They may be established at the corporate or company level, or at the marketing level. The advertising staff may be involved in establishing the marketing objectives, but oftentimes the objectives have already been set by the time the advertising media planner gets them, leaving little chance for input or adjustment to these goals. Communication objectives support the marketing objectives as discussed in Chapter 4.

Advertising Objectives

Similarly, the *advertising objectives* are essential. They must support the overall marketing objectives and focus on the overall advertising effort, including the research, message, visual, and media phases of the advertising campaign. Again, the media planner may be given these advertising objectives and told to follow them; fortunate is the media planner who has a chance to provide input and to influence the formation of the advertising objectives.

As is the case for all objectives, the advertising objectives need to be spelled out in detail, with thorough justification provided for each one.

Media Objectives

The *media objectives* must be consistent with the overall advertising objectives, which in turn must complement the overriding marketing objectives.

In fact, sometimes the marketing objectives and advertising objectives are summarized here, providing lead-ins to and references for the media objectives. Look back at Chapter 3 for examples of the various topics that might be included under each type of objective.

Media Strategies

Remember that strategies are plans, so this section contains the actual plans that are proposed to meet the media objectives.

Targets

Although some media planners include the targets in their objectives, in many ways the targets are part of the planning to meet the objectives, rather than objectives in themselves. Therefore, it often makes more sense to place the targets in the strategic phase of the plan.

Targets should be fully described and their selection should be justified. There are at least three types of targets that may be considered.

Target Markets

If the term *markets* is limited to geographic areas, then the geographic planning for the media campaign is spelled out here.

Target Groups

The kinds of people that the media plan attempts to reach, usually outlined in demographic terms, are given here.

Target Audiences

Because there is no advertising medium that reaches *all* of a target market or target group and *only* that target market or group, the media audiences are often defined separately.

Media Types

Remember that advertising media are ways of achieving ends—they are not objectives in and of themselves. That is why the media to be used are included as strategies rather than goals. The selection of each advertising medium proposed for a campaign must be fully justified. In addition, other advertising media that were considered and not selected should also be listed, along with the reasons for not using them.

Media Tactics

The tactics are the implementation of the plan—the actual advertising campaign being carried out. Even though the tactics do not come into play until the proposed media plan is approved, there still should be some discussion at this point of the tactics to be used and complete justification of each one.

Media Vehicles

It is likely that the media types will be spelled out in the strategies section. A media type is categories of media such as magazine or digital. Individual media vehicles will likely not be discussed at the time. A media vehicle is the specific media such as *Good Housekeeping* magazine or Yahoo.com. Under *tactics*, each specific media vehicle selection should be discussed and then justified.

Media Units

The length of broadcast commercials, size of print advertisements, and specifications such as the use of bleed, color, and the like should be presented here, again with justification.

Media Schedule

The advertising campaign schedule may be discussed in the advertising objectives, or it may be set earlier. Still, there should be some detail on the proposed timing of the advertising, including starting and stopping dates, flight and hiatus plans, levels of advertising, coordination of scheduling across the various media, and recognition of the selling calendar and other timing factors. Again, justification is required.

Media Promotions

If the use of nonadvertising promotions is not discussed anywhere else, it should be included here. Although its proposed use may come in an earlier section, it is most likely to appear in the tactical stage.

Media Logistics

Support activities such as special media research, photography, print and broadcast production, and similar concerns may need to be treated, discussed, and justified.

Contingency Plans

The contingency plans should be complete enough to be used if they are actually needed. If something in the original campaign must be changed, it will likely be on short notice, leaving little opportunity to develop complete plans in a high-pressure situation.

See the detailed discussion of contingency plans back in Chapter 4, Exhibit 4.1.

Calendar

The scheduling may be discussed elsewhere in your media plan, but it is a good idea to have one central place where the media and promotion schedules can be included. This schedule is often presented in the form of a flowchart. See Exhibit 36.2 for an example of a flowchart.

Budget

The advertising media budget needs to be presented, with allocations shown for each major type of medium and other major uses, along with any necessary explanation and complete rationale.

Integrated Marketing

Because so many firms make use of integrated marketing, the integration of the advertising media plan into the overall marketing picture may need to be disclosed. The use of integrated marketing communication and of integrated media, if used, can also be included here.

Summary

A sound communication plan needs justification and rationale at every stage, along with a logical progression from objectives through strategies to tactics and outcomes. Check back to make sure that all the media objectives are being dealt with and can be accomplished.

Media planners should keep in mind that a solid media plan is vital to bringing a successful conclusion to your advertising and marketing efforts.

Chapter 37

Media and Campaign Measurement

The media plan has been developed. It is now being executed in the marketplace. Now, how do we know if it worked? It's a question that has plagued advertisers for years. As the famous department store guru John Wanamaker once said, "I know that half of my advertising is wasted. I just don't know which half."

Media measurement, part of the broader *campaign measurement*, seeks to answer the question, Did my media plan reach its intended audience? Campaign measurement, on the other hand, seeks to answer the question, What was the impact of the media plan on the audience? Let's examine each of these areas.

Media Measurement (Postanalysis)

Media professionals typically develop a media postbuy analysis that looks at how the plan performed in the marketplace. The following are a number of key points addressed in a postanalysis:

- Did the media run as planned? Did the actual media units run as they were ordered?
- Did the media reach its intended audience? Was the level of the projected audience in the media plan or purchase actually achieved?
- Was the media on budget?

Media postbuys are a combination of accounting and media audience analysis. Accounting is the first step. Here are the accounting basics:

- For broadcast, you'll need monthly bills that provide an affidavit of the time, day, and creative unit for each commercial aired, along with

the cost of each commercial unit. This information is then compared to the original buy to determine if there is a discrepancy. If a discrepancy exists, the buyer asks the station for additional commercial units or *make-goods*.

- For print, you'll need monthly bills that provide the day and creative unit and cost for each advertisement. Buyers also request a copy of the publication or a tearsheet (copy of the ad within the print publication) to review placement and reproduction of the advertisement.
- For outdoor, you'll need monthly bills that provide the number of units, creative costs, and cost per unit. Buyers also request pictures of the outdoor units for examination. In some cases, a buyer may want to see the unit in person.
- For online display, you'll need monthly bills that provide an affidavit of time, day, creative unit, and cost per unit.
- For search engine marketing (SEM) or pay-per-click campaigns, the advertiser either budgets a set amount per month or pays based on the total activity per month. SEM campaigns can be tracked daily to understand the number of actions taken.

For media other than SEM, the second step in the process is to understand the media audience that has been reached. Each medium has its own nuances regarding this type of postbuy analysis.

- For broadcast, a media buyer will compare the forecast of the audience they agreed to purchase with the latest measurement of that audience through Nielsen or Arbitron rating information.
- For print, a media buyer will compare the circulation of the publication that formed the basis for their purchase with the latest circulation audit conducted by the Audit Bureau of Circulation (ABC), a third-party auditing firm that verifies the number of copies published by various newspapers and magazines.
- For outdoor, a media buyer may request a traffic count or an eyes on the board analysis from the Traffic Audit Bureau (TAB), which historically has measured the number of cars that drive past an outdoor board. More recently, they have developed a research panel that provides measure of actual viewership of each billboard. This approach has helped to elevate the industry measures to be more comparable to other media.
- For online display, a media buyer can track their audience through accessing Nielsen and/or comScore audience information. These two companies provide audience measures for thousands of consumer online media properties.

- For online campaigns, ad-serving companies such as Doubleclick provide deep measures of audience engagement, interaction, and interaction time.
- For SEM campaigns, tracking can be constant. SEM professionals focus on understanding the top performing keywords, the average position of the keywords, and the optimum bid level for those keywords.

By combining the accounting of the media schedule with the postbuy media audience analysis, a media planner can evaluate the marketplace performance of the media plan. The latter postbuy analysis is designed to measure the paid media schedule. What about any earned media? A media planner or perhaps a public relations professional may be in charge of developing this analysis. Any digital media can be captured. Publicity can be recorded. Once the team has evaluated the number of impressions garnered by an earned or owned media schedule, an estimated value is applied to this activity. Adding the paid media to the earned and owned media schedule provides the brand with an accounting of the communication plan in terms of dollars invested and impressions generated.

Campaign Media Measurement

We now have an accounting of the media schedule and an understanding of the amount of people reached. Our next goal is to understand behavior. Were there specific effects that the media brought about? Some of the key behaviors that are media related include:

- Coupon redemption
- Request for information
- Leads generated
- Traffic generated

If the communication campaign is designed to have the consumer take a specific action, then that action can be tracked. Many advertisers tailor coupon offers, requests for information, and lead generation device (printed and digital) to a specific media vehicle. By doing this, each media vehicle can be analyzed for a specific return on investment. For example, if you invest \$100,000 in a paid media campaign and generate 1,000 leads; you could develop a cost-per-lead analysis. In this case, it would be $\$100,000 / 1,000 = \100 per lead. Compare that to an event that costs \$10,000 and generated 500 leads. This yields a cost-per-lead of \$20 ($\$10,000 / 500 = 20$). You could conclude that an event is five times the value of media in generating leads.

It is relatively easy to track a coupon redeemed or a request for information. When measuring traffic—that is, consumers coming into a store or going online—it's not as simple to peg this action to a specific media tactic. Traffic generation is a broader activity that, in aggregate, is easy to measure but difficult to apply to the specifics of a plan.

Digital media offer a wealth of opportunity to measure behavior. Digital media can be tracked to measure forms of engagement (how long someone has viewed an ad), action (clicked on or went to a website), and even purchase or request for information. That is one of the most attractive features of digital media: the ability to finitely measure the impact.

Digital media were initially viewed as direct response vehicles. Measurement largely drove this perception. Since you were able to measure an action (when a consumer clicked on an ad), advertisers viewed this as a digital version of direct marketing. As online display ads have matured, click-through rates have consistently gone down. This has led advertisers and digital media owners to look for new ways to measure online impact.

One way that advertisers, agencies, and the media are viewing online behavior is based on detailed research about the online campaign. Research companies such as Dynamic Logic, a Millward Brown Company, conduct research using a standard/control exposed methodology. Two online groups are surveyed. One has been exposed to the communication campaign and the other group has not. The results of each group are then compared to understand the impact of the campaign. Measures more commonly found in broad-based brand studies have been incorporated into this methodology. So, advertisers can review brand metrics such as awareness, favorability, and purchase intent on a comparative basis between those exposed and not exposed to the campaign.

Campaign Measurement

Most brands measure their overall success through some form of *awareness, attitude, and usage* (AA&U) research study. These research studies form the foundation for defining the problem that advertising must solve, as well as providing a benchmark for how well the total integrated marketing communication campaign performs.

Such research is usually referred to as a *tracking study*. The purpose of the study is to monitor the consumer perceptions of the brand. Awareness refers to awareness of the brand. This feeds into the top of the brand purchase funnel. Attitude refers to the consumer perception of the brand. This is usually where the advertising problem comes from. Usage refers to consideration, purchase, and loyalty of the brand. This feeds into the lower

part of the purchase funnel. With all these measures, an AA&U study is a fundamental piece of brand research.

There are two basic ways to conduct an AA&U study. One method is to conduct a *premeasure and postmeasure study*. A study is conducted prior to a campaign's launch. Then, a second study is conducted after the program has been in the marketplace. The two studies are compared to measure the differences or movement of key objectives. Brand managers can determine if the campaign did indeed increase awareness, improve perceptions of the brand, and increase brand consideration, purchase, and/or loyalty.

Most marketers conduct AA&U research studies annually, semi-annually, or quarterly. These point-in-time measures have their drawbacks. At any given point in time, there can be marketplace disruptions from outside forces such as a competitor or the economy that can influence the results of the study. This brings us to the second method of conducting an AA&U study: *the continuous tracking method*. Rather than picking a point in time to conduct research, the brand continually measures consumer sentiment on a weekly basis. Typically, the brand aggregates the weekly information into a monthly report. By always having a research measure in the market, the brand manager can analyze what may be affecting the brand in the short term and adjust the campaign accordingly.

Another benefit of a continuous tracking AA&U study is the possible analysis of these consumer perception measures with weekly sales. If sales are tracked on a frequent basis, then sales plus AA&U can be combined to create a very powerful diagnostic tool. Through advanced statistical analysis, a brand manager can correlate the impact of the campaign with actual marketplace sales. This is the holy grail of campaign measurement.

Media planning and buying is a continual loop process. A plan is developed. It is executed in the marketplace. It is tracked in the marketplace. Then it is updated. The process begins again. With increased frequency of media audience measurement and consumer behavior analysis, brand managers and media planners are in a better position to learn the impact of the media schedule. Monitoring the media schedule is a crucial aspect of maintaining the integrity of the media plan. It is important to place as much emphasis on execution as on the plan itself. As the saying goes, "A mediocre strategy well executed is better than a great strategy poorly executed."

Chapter 38

Impact of Media Ownership on Advertising Execution

Imagine working on an account at a large advertising agency. If you need research, you contact the research department, which knows about the major marketing research firms and the kinds of work they do. But if your advertising agency is owned or controlled by a large media holding company, perhaps you can simply pick up the telephone and contact a research firm that is owned by the same parent company.

In recent years, there have been many mergers and acquisitions of broadcast companies, advertising and public relations agencies, research firms, publishing houses, Internet marketing firms, and all other kinds of media-related businesses, with many of them sometimes controlled by the same media holding company or corporation, known as a *media conglomerate*. Table 38.1 shows some of the world's largest media conglomerates.

The benefits of media conglomeration are many, at least to the holding companies themselves. If a media firm has what are known as multi-platform operations, they may have radio and television networks and stations, cable systems, magazine publishers, Internet operators, advertising agencies, newspaper publishers, outdoor companies, and even more—all under the same corporate umbrella. Perhaps the television network is producing a cartoon program, which can then be printed in comic books, offered on the Internet, shown as repeats on television stations or a cable network, and promoted on outdoor billboards—all working together smoothly, in an integrated fashion. That is why multi-platform media acquisitions have grown so important and fashionable in recent years.

As you can see in Table 38.2, there are many overlapping holdings and services, covering just about the entire media spectrum. Companies such

Table 38.1

Some of the Largest Media Conglomerates (listed alphabetically)

Bertelsmann AG
 CBS Corporation
 E. W. Scripps Company
 General Electric
 Grupo Prisa
 Hearst Corporation
 Lagardère Group
 Liberty Media
 National Amusements
 News Corporation
 Organizações Globo
 Sony
 Time Warner
 Viacom
 Vivendi SA
 Walt Disney Company

Note: When this book was written, The Walt Disney Company was the world's largest media conglomerate, with News Corporation, Time Warner, and Viacom ranking second, third, and fourth, respectively, based on the *Fortune 500* list of largest corporations.

as Comcast, Disney, and Time Warner are some of the largest of the media conglomerates.

Many of the advertising holding company parent firms operate in many countries. Look at the holdings of WPP, a very large advertising holding company, in Table 38.3. The company is so big that it has operating headquarters in England, Ireland, the United States, Japan, China, India, and Latin America; employs more than 140,000 people; and operates in more than 100 countries.

An advertiser could easily buy just about all needed services from this one corporation: advertising, public relations, digital media services, research and production. Certainly there might be economies of scale, and the work of all these combined firms might operate more smoothly and with few snags, all of them sharing the same information. Yet if some research finding were in error, all the work would reflect that same mistake. And there might be pressure to save money and to cut corners, allowing the work to overlap from one firm to another instead of each doing its own work with its own preparations and its own due diligence.

Table 38.2

Internet

America Online

AOL, AOL.com, AOL Instant Messenger, AOL Wireless, AOL Music Now, AOL Local, McAfee VirusScan Online (bundled with AOL services), AOL by Phone, AOL Call Alert, AOL CityGuide, AOL PassCode, AOL Voicemail, AOL Europe (Germany and Luxembourg), America Online Latino (Brazil, Mexico, Argentina, Puerto Rico, Venezuela, Chile, AOL Global Web Services, AOL Latino).

Other online holdings

CNN.com, CNNMoney.com, CNNStudentNews.com, MapQuest, Moviefone, Movietickets.com, RED, Advertising.com, CompuServe, ICQ, KOL, SI.com, People.com, Pipeline, GameTap, CartoonNetwork.com, DCComics.com, Time.com, VeryFunnyAds.com, Cwtv.com, Golf.com, Truveo, Weblogs, TMZ.com, Momlogic.com, AIM, Bebo.com, NASCAR.com, NASCAR.com en Espanol, PGA.com, PGATour.com, Play On!, superdeluxe.com, MyRecipes.com, MyHomelideas.com, ThisOldHouse.com, buy.at, MedioTiempo.com, Goowy, Sphere Source, Mousebreaker.com.

Time Warner “operates” NBA.com until 2016.

Cinema

Production

Warner Bros. Pictures, New Line Cinema, Castle Rock, Warner Premiere, Picturehouse, Warner Bros. International Cinemas, Warner Independent Pictures, a joint venture with Village Roadshow Pictures, and a joint venture with Alcon Entertainment.

Distribution

Distribution to more than 125 international territories.

Print

Comics

DC Comics, E.C. Publications, Inc. (publisher of MAD magazine).

Publishing

Time Warner Book Group, with publishing companies The Mysterious Press, Time Warner Book Group UK, Warner Faith, Warner Vision, Warner Business Books, Aspect, and Little, Brown and Company (includes Little, Brown Adult Trade, Little, Brown Books for Young Readers, Back Bay, and Bulfinch Press); Oxmoor House, Inc.; Sunset Books; Book-of-the-Month Club, Inc.; Southern Progress Corporation; Grupo Editorial Expansion (publishes 15 magazines in Mexico).

Magazines

People, Time, Sports Illustrated, Fortune, This Old House, 25 Beautiful Homes, 25 Beautiful Kitchens, 4x4, Aeroplane, All You, Amateur Gardening, Amateur Photographer, Ambientes, Angler's Mail, Audi Magazine, Balance, Bird Keeper, Business 2.0, Cage & Aviary Birds, Caravan, Chat-Its Fate, Chilango, Classic Boat, Coastal Living, Cooking Light, Cottage Living, Country Homes & Interiors, Country Life, Cycle Sport, Cycling Weekly, Decanter, Entertainment Weekly,

Essence (joint venture), *Essentials*, *EXP*, *Expansion*, *European Boat Builder*, *Eventing*, *Family Circle* (U.K.), *Fortune Asia*, *Fortune Europe*, *FSB: Fortune Small Business*, *Golf Magazine*, *Golf Monthly*, *Guitar*, *Hair*, *Health*, *Hi-Fi News*, *Homes & Gardens*, *Horse*, *Horse & Hound*, *Ideal Home*, *In Style*, *In Style U.K.*, *International Boat Industry*, *Land Rover World*, *Life*, *Manufactura*, *Marie Claire* (joint venture), *MBR-Mountain Bike Rider*, *MINI*, *MiniWorld*, *Model Collector*, *Money*, *Motor Boat & Yachting*, *Motor Boats Monthly*, *Motor Caravan*, *NME*, *Now*, *Nuts*, *Obras*, *Outdoor Life*, *Park Home & Holiday Caravan*, *People en Espanol*, *Pick Me Up*, *Practical Boat Owner*, *Practical Parenting*, *Prediction*, *Progressive Farmer*, *Quien*, *Quo* (joint venture), *Racecar Engineering*, *Real Simple*, *Rugby World*, *Ships Monthly*, *Shoot Monthly*, *Shooting Times*, *Soaplife*, *Southern Accents*, *Southern Living*, *Sporting Gun*, *Sports Illustrated for Kids*, *Stamp Magazine*, *Sunset*, *Superbike*, *Synapse*, *Targeted Media*, *Teen People*, *The Field*, *The Golf*, *The Golf+*, *The Railway Magazine*, *The Shooting Gazette*, *This Old House Ventures*, *Time Asia*, *Time Atlantic*, *Time Australia*, *Time Canada*, *Time for Kids*, *Time, Inc. Content Solutions*, *Time Pacific*, *TV & Satellite Week*, *TV Easy*, *TVTimes*, *Uncut*, *VolksWorld*, *Vuelo*, *Wallpaper*, *Webuser*, *Wedding*, *What Camera*, *What Digital Camera*, *What's on TV*, *Who*, *Woman*, *Woman & Home*, *Woman's Own*, *Woman's Weekly*, *World Soccer*.

Joint ventures

Groupe Marie Claire (U.K.).

Media Marketing and Other Media

Marketing businesses

Synapse Group Inc., Targeted Media, Inc., Media Networks, Inc., Third Screen Media, LLC, ADTECH AGTACODA LLC, Quigo Technologies.

Other

CNN Mobile, CNNRadio, Warner Bros. Interactive Entertainment Inc., Monolith Productions (game developer), GameTap, Warner Bros. Consumer Products Inc. (licensing), HBO Properties (licensing and merchandising), HBO distributed over AT&T Wireless, Warner Bros. Animation (including Hanna-Barbera and Looney Tunes), Time Warner Investments, Winamp.

Sources: Time Warner; Free Press; Fairness and Accuracy in Reporting; Los Angeles Independent Media Center, cjr.com.

Table 38.3

WPP: Advertising and Media Holdings

Like other media holdings, entities are often bought, sold, or merged, so this type of chart cannot remain accurate and timely for very long; but it does reflect the scope, size, and holdings of a large multinational advertising group, WPP.

Category	Company
Advertising	10AM Communications
	1861united
	ADK
	AdPeople
	Advertures
	APP (Agência Portuguesa de Produção)
	Bates 141
	Berlin Cameron United
	Blaze Advertising
	Blue Hive
	BPG Group
	BrandBuzz
	bsb comunicacion
	BTS United
	CHI&Partners
	Chime Communications Plc
	Cole & Weber United
	Contract Advertising
	Dawson
	DCSNET
	Dentsu, Y&R
	Diamond Ogilvy
	Diebitz, Stöppler, Braun & Kuhlmann (DSB&K)
	Digitaria
	Enfatico
	George Patterson Y&R
	Grey
	Grey Group
	HS Ad
	Jan Kelley Marketing
	JayGrey
	Johannes Leonardo
	JWT
	JWT Specialized Communications
	LDV United
	Les Ouvriers du Paradis United
Master Comunicacao	
MetropolitanRepublic	
MONDAY	

Branding and identity

Ogilvy & Mather Worldwide
Ogilvy Noor
Red Cell
RedWorks
Santo
SCPF
Sharp Shooter Films
Signposter.com
Soho Square
TAPSA
TAXI
Team Detroit
Testardo Gram
The Brand Shop
the campaign palace
The Jupiter Drawing Room
The United Network
True Worldwide
Wildfire
Y&R
Young & Rubicam Brands
Addison Corporate Marketing
Always Marketing
B to D Group
BDG McColl
BDGworkfutures
Bisqit
CAW Marketing
CB'a
Chime Communications Plc
Coley Porter Bell
Designworks
Dovetail
Fitch
Lambie-Nairn
Landor Associates
Menacom
Neo'@'ogilvy
PeclersParis
Penn Schoen Berland
swat marketing
Team Detroit
The Partners
The Brand Union
VBAT
Young & Rubicam Brands

(Continued)

Table 38.3 (Continued)

Category	Company
Consumer insights	Added Value
	All Global
	All Global Viewing
	BMRB
	BPRI
	Center Partners
	Cheskin
	Cymfony
	Dynamic Logic
	Everystone Group
	Firefly
	Glass
	IdeaWorks
	IMRB International
	Japan Kantar Research
	JWTAction
	Kantar
	Kantar Health
	Kantar Media
	Kantar Operations
	Kantar Retail
	Kantar Video
	Kantar WorldPanel
	KMR Software
	Lightspeed Research
	Millward Brown
	ohal
	Red Dot Square Solutions
	SRDS
	The Focus Network
	The Futures Company
	TNS
	TNS Employee Insights
TNS Gallup	
TNS Research International	
TNS-RMS	
TRU	
Corporate/B2B	Chime Communications Plc
	Fitch
	Food Group
	MJM
	Ogilvy Primary Contact
	The PBN Company
	Penn Schoen Berland
Young & Rubicam Brands Geneva	

Demographic marketing	Bravo Etcom K&L Advertising UniWorld Group Wing
Digital	Blue State Digital
Digital, direct, viral, ecommerce, and CRM	LaComunidad
Direct, digital, promotion, and relationship marketing	141 Premiere Sports & Entertainment 20:20 Brand Action A.Eicoff Actionline Actis AGENDA all access ltd Aqua Online argonauten G2 BCG2 Big Idea Group Blast Radius Blue Hive Brierley+Partners Burrows Catalyst Search Marketing Comwerks Designkitchen Dialogue 141 Digit ETECTURE GmbH EWA Bespoke Communications Forward Futurecom interactive G2 G2 Australia G2 Knowledge Consulting G2 Market Data global3digital Grass Roots Grey Group Headcount Field Marketing Limited HeathWallace Ltd HighCo I-Behavior i-Cherry Kassius

(Continued)

Table 38.3 (Continued)

Category	Company
	KBM Group
	Mando Brand Assurance
	Maxx Marketing
	MEC Access
	MediaCom Interaction
	Midia Digital
	Neo@ogilvy
	OgilvyAction
	OgilvyOne Worldwide
	Quisma
	Reddion
	RMG Connect
	RTCRM
	Smollan Group
	Sonic Boom Creative Media
	Spafax
	Studiocom
	TAPSA
	tattoo
	Teledirect
	These Days
	VML
	Wunderman
	Wunderman MENA
	XM Asia Pacific
	XM London
	Young & Rubicam Brands
	ZAAZ
Employer branding/Recruitment	JWT Specialized Communications avh live communications
Event/Face-to-face marketing	Encompass facts+fiction Fitch Grass Roots IEG, LLC MJM Pro Deo
Foodservice marketing	Food Group
Healthcare communications	All Global All Global Viewing Chime Communications Plc Feinstein Kean Healthcare (FKH) GCI Health Grey Group Grey Healthcare LOb Conseils

	MJM
	Ogilvy CommonHealth
	Ogilvy CommonHealth Worldwide
	Ogilvy Healthworld
	Sudler & Hennessey
	WG Consulting
	Young & Rubicam Brands
Information, insight, and consultancy	IBOPE Media Information
Manufacturing	Wire and Plastic Products Ltd
Media and production services	Clockwork Capital
	Hogarth Worldwide
	Imagina Group
	Metro
	Plush Films
	Sprint Production
	The Farm
Media investment management	Blue Hive
	BrandAmp
	Chime Communications Plc
	Compas
	Data Intelligence
	GroupM
	Happi Mindshare
	H-art
	Kinetic
	KR Media
	MAXUS
	MEC
	MEC Interaction
	MediaCom
	Menacom
	Meritus
	MindShare
	mInteraction
	Motivator
	oOh!media
	Outrider
	PQ Plakat Qualitaet
	TAPSA
	Team Detroit
	The Midas Exchange

(Continued)

Table 38.3 (Continued)

Category	Company
Public relations and public affairs	Beyond Communications Hong Kong Limited
	Blanc & Otus
	Buchanan Communications
	Burson-Marsteller
	Carl Byoir & Associates
	Chime Communications Plc
	Clarion Communications
	Cohn & Wolfe
	Dewey Square Group, LLC
	Direct Impact
	Encoder Public Relations
	Essence Communications
	Finsbury
	GCI Canada
	Grey Group
	HERING SCHUPPENER
	Hill & Knowlton
	Intermarkets
	IPAN Hill and Knowlton
	Menacom
	Ogilvy Government Relations
	Ogilvy Public Relations Worldwide
	Penn Schoen Berland
	Polaris Public Relations
	PPR
	Prime Policy Group
	Proof Digital Media
	Proof Integrated Communications
	Public Strategies Inc
	Quinn Gillespie & Associates
	Robinson Lerer & Montgomery
	RPCA
	Sonic Boom Creative Media
Triwaks Public Relations Consultants	
Wexler & Walker Public Policy Associates	
Young & Rubicam Brands	
Real estate marketing	PACE
Social media and conversational marketing	SocialMedia8
Specialist communications	Communicator
Sports marketing	Alliance
	B W R, An Ogilvy PR Worldwide Company
	IEG, LLC
	PRISM

Technology marketing	Adgistics Banner
Viral and online video measurement	ViralTracker
WPP digital	24/7 Real Media Deliver Possible Worldwide Proclivity Syzygy The Media Innovation Group (MIG)
WPP digital partner companies	iconmobile JumpTap LiveWorld-WPP SAY Media Spot Runner Visible Technologies Visible World Wild Tangent Yield Software
WPP knowledge communities	The Channel The Store
Youth marketing	Geppetto Group

Source: WPP, “A full list of all WPP companies worldwide,” <http://www.wpp.com/wpp/companies/company-list.htm>.

Problems with Conglomeration

What if there is an advertising agency, a broadcast ratings research firm, a public relations firm, a publicity firm, and an Internet services firm all under the same corporate umbrella? Even though it may be illegal for a ratings firm to charge a corporate partner less than an outsider, it is possible that the ratings might be available a few days in advance to the partner agency, thus providing a real competitive advantage.

Think about a midsized American city where the local newspaper, the two largest television stations, several radio stations, a homebuyers’ guide, a weekly entertainment guide, and a retail discount coupon book all operate as part of the same company. Certainly they could save money by sending only one reporter to cover the local city council meetings, instead of a separate reporter for each media outlet. But then the news perspective is narrowed and the populace receives only one viewpoint on all local issues. This firm would have tremendous power in favoring certain political

candidates. It would also have possible undue influence on advertising rates for both local and national advertisers who want to promote their services and product in that community. Advertising sales representatives could sell advertising for all the media at the same time, which might pressure local advertisers to buy more from these particular media vehicles.

Now imagine an advertising agency that is owned by the same corporation that also owns magazines. Could there be internal pressure to place more advertising in those company magazines than if there were no corporate ties? Could the magazine provide a better level of service to its agency partners than it does to outside vendors and purchasers? Might a single advertiser unduly influence both the agency and the magazine?

Future Impact

As you can see, small advertising agencies, independent publications, local broadcasters, and many other media operations could have trouble competing with these large conglomerates. Local firms might be neglected because they are too small to be of interest to—or to be profitable to—large multinational corporations.

What if a large advertiser were to begin buying up media properties, and then decide to run its advertising only in the media vehicles that it owns or controls? Independent media would suffer. Suppliers to the large advertiser might be pressured to purchase advertising in the media owned by the advertiser. The daytime television dramas were originally developed by the large soap and detergent manufacturers. That's why they're referred to as soap operas. Could it happen again?

What if the large advertiser also owned or controlled the advertising agencies that it uses? Could that ever happen? Today there are many "house" agencies owned by advertisers, sometimes working only on that advertiser's campaigns and in other cases also working on external work for other advertisers. But what if there are only a few large agencies remaining, all working under the same corporate umbrella with advertisers, media, research, and similar services? What is the future impact on the advertising media business if there is increasing partnering with large media companies and advertisers?

Another crucial future area to consider is privacy. Huge conglomerates such as Google and Facebook have control over a considerable amount of personal information on individuals. Other media conglomerates have information about us as well. When a few large companies gain access to so much data, serious privacy concerns naturally arise. And so, as technology speeds the progress of Big Data and as the ability of companies to intrude on our privacy continues to grow, the ethics of targeting as a marketing tool may be called into question.

Chapter 39

Developing Test Plans

Every brand is looking for the optimum way to allocate its funds. Some brands spend a lot on advertising; others don't. Some use television; others use print. Because every brand is unique, it is important to develop a base of knowledge that, over time, guides the brand's support. That's why many brands develop test plans—it is a relatively safe and low-cost way to learn what works and what doesn't for your brand.

Test marketing is the use of controlled tests in one or more geographic areas to gather information about the brand, its customers, and its competitors. There are two basic reasons to test market: The first is to gain knowledge about a new product or line extension in a limited area before rolling it out nationally. The second is to test different marketing-mix strategies for an existing brand. These strategies can include a media-weight test, a media-mix test, a comparison of different copy strategies, or a test of a different blend of advertising-to-trade support.

Test marketing gives the brand management a lot of opportunities to fine-tune the brand strategy. It helps reduce the odds of failure for a future strategy, and it can lead the brand to a bolder strategy. Success depends on setting up an effective and representative test-market situation.

Establishing a worthwhile test-market scenario requires the proper research structure, appropriate test markets, and the ability to act on the information on a broad scale.

Guidelines for Test Marketing

It's a terrible thing when you believe you have an appropriate test but later find that something has muddied the waters, rendering the results

Table 39.1

Test Marketing Standards

2+ Test markets
1+ Control market
Geographically dispersed
Demographically representative of the United States
Test length at least 6 months
Weight levels tests at 50 percent \pm

unreadable or unreliable. It is important to set up the proper structure for having test markets that are reliable and projectable, with the ability to broadcast to a broader area.

There are no hard-and-fast rules about what makes for a proper test, but there are some standards that, over the years, have served brand managers well. Table 39.1 lists the standards that are recommended for test marketing. Ideally, there should be a minimum of two test markets in addition to a control market; if you are introducing a new brand, however, you would likely want three or four test markets in order to protect yourself from a regional bias.

Be sure to select markets that are geographically dispersed. If you concentrate your entire test in a certain region and the regional economy tanks, then you have an unreadable test.

Markets should be representative of the United States, unless there is a specific ethnic or demographic skew to your brand. Then you would want markets that mirror the category in which you compete. You also want the markets that you select to cover 3 percent or more of the country, so you'll have a sizable population base that has good projectability.

Most tests should run for at least six months. For most brands that have a four-week purchase cycle, a six-month test would allow for six complete purchase cycles and 26 individual data points that allow for statistical comparison to a baseline. If possible, it is desirable to schedule a test for 12 months to offer greater numbers of data points so that your test period can be statistically validated. If you have a product with a longer purchase cycle than four weeks, then you should consider testing for longer than a year in order to be able to read and trust the results.

If you are testing media-weight levels, you should look to increase or decrease the weight level by a minimum of 50 percent. If you adjust it

less than this amount, you run the risk of not having data on which you can rely.

Selecting Test Markets

One of the most important elements in test marketing is selecting the right markets in which to test. For example, if you are testing a new baby formula and pick Fort Myers, Florida, where more than 50 percent of the population is over the age of 55, that might not pan out for you. The market must reflect the population of the United States or whatever the population base is in which your brand operates.

The second aspect to a test market is to select a market that is neither too small nor too big. Typically, a test market should be no less than 0.2 percent but no more than 2.0 percent of the United States. This usually translates to markets that range from 30 to 150 of the top 210 designated market areas. Table 39.2 shows some of the more popular test markets.

If you select a market that is too small, it might not have the appropriate number of media outlets to translate your test plan. If it is too big, it is not very cost efficient. Who wants to test a plan in New York, where media rates are sky high? As we discussed before, once you are in a few of the top 10 markets, you may have the media equivalent of a national brand.

Table 39.2

Examples of Top Test Markets

Designated market area	Market rank	Percentage of United States
Oklahoma City	45	0.597
Louisville, KY	50	0.574
Tulsa	60	0.466
Toledo	68	0.406
Des Moines	72	0.376
Omaha	78	0.363
Syracuse	80	0.352
Rochester, NY	77	0.364
Spokane	79	0.357
Madison, WI	86	0.327
Colorado Springs	94	0.284

Source: Nielsen Media Research. U.S. TV Household Estimates.

Media Requirements

A test market must have a variety of media outlets available. It should be representative of the normal market. A market should have at least four television stations—basically the Big Four networks. Cable penetration should be no more than 10 percent above or below the national average; if it is outside this range, then you run the risk of a skewed viewing environment. The market should have a good range of radio stations covering a variety of formats. It should also have a dominant local newspaper that includes a daily and a Sunday edition. The Sunday newspaper should contain Sunday supplements and free-standing inserts. It is essential that the medium you want to test is contained in the test market.

Another aspect of test markets is their degree of media isolation. For example, San Angelo, Texas, receives more than 20 percent of its television viewing from Dallas/Fort Worth. You wouldn't want to purchase both San Angelo and Dallas stations for a test market. This is known as *spill-in*, when television signals from one market may be seen in another market.

Conversely, you don't want to air your commercials in one market and have them seen in another market where consumers can't get your product. You don't want to have consumers coming to your future retailing partner looking for a product that is not on the shelf. Television spill-in or spill-out should be restricted to less than 15 percent.

Marketing Criteria

If you are developing a test market for an existing product, you will want to find markets in which it makes sense to test. First, you want a market where you have solid distribution; it makes little sense to do a heavy spend test if you are not in 50 percent of the distribution outlets in the market. Once you have the proper distribution, then you should find markets that have average sales characteristics. If you have a 70 percent market share, the chance of pushing it up 20 percent, to 84 percent market share, is a lot less likely than if you picked a market where you start with only a 20 percent market share.

Use your brand and category development indexes (BDI and CDI) to help establish the criteria. For a test market, you should keep within a range of 115 to 85, or plus or minus 15 percentage points, from the average. The goal is to keep the markets as typical as possible, assuming that your test is designed to be rolled out nationally.

BehaviorScan Markets

For consumer packaged-goods brands, one popular method of test marketing is to use Information Resources Inc.'s BehaviorScan test-marketing method. BehaviorScan uses a household panel in discrete designated marketing areas (DMAs) to measure the impact of advertising and actual product-sales movement of the test brand.

Respondents in the panel use a wand to scan their grocery and drug purchases. These same respondents also have their television viewing metered so you can understand their viewing behavior. In addition, respondents are profiled regarding their other media habits as well as their purchase behavior.

BehaviorScan has markets that cut across the country. You can choose from markets such as Cedar Rapids, Iowa; Midland, Texas; and Pittsfield, Massachusetts. When you choose to use a BehaviorScan test, obviously the test-market criteria are already taken care of. If you elect to do your own study, then stick to the criteria in the previous section.

Test-Market Translations

When you are developing a test plan, you should start with how your plan will ultimately be executed. For example, testing a plan that might translate to a \$50 million national plan is a waste of time if you know you can't afford such a plan. If your goal is to be a national brand, start with the objective of how you would execute the tested plan on a national basis; if your goal is to be a regional brand, focus on executing the plan on a system-wide basis.

Assuming that your goal is to be a national brand, or to implement your test nationally, let's review the techniques for doing just that. There are two commonly used techniques for translating national media plans into local test plans. The two techniques are called "Little USA" and "As It Falls."

"Little USA," sometimes called "Little America," assigns each test market the average national rating-point level. This technique assumes that the local market will behave similarly to the whole United States. So if a national media plan calls for 100 network television rating points and 100 magazine rating points, then each test market would be assigned those weight levels. The plan at the local level is a replication of the plan at the national level.

The "As It Falls" method is a bit different from the "Little USA" approach. In the "As It Falls" method, each test market's media delivery is based on what that delivery would be if the plan were to be implemented

nationally. So if the national plan calls for 100 network television rating points and your test market normally delivers 10 percent above the average in terms of network delivery, then the test market would receive 110 rating points. The purpose of the “As It Falls” method is to replicate as precisely as possible the actual national plan that would be implemented.

There are reasons to select one method over the other. “Little USA” is best used when the advertiser is testing a new brand and has no benchmark category sales data available on a local market level. In this case, you want to understand the performance of the product and not necessarily the media variation. On the other hand, if a brand has a good amount of historical sales data, then the “As It Falls” method is preferable because it is closer to what will actually happen once the plan is implemented nationally. You may want to compromise if you find that the “As It Falls” test markets produce abnormally low or high rating-point delivery compared to the national plan. Then you either go to a “Little USA” method or reexamine your test markets.

Translating National Media to the Local Level

You’ve figured out what you want to test. The media group has developed the perfect national plan. You’ve selected your test markets. Now you have to take that hypothetical national media plan and execute it in the test markets. In doing so, you need to make some media decisions. Unfortunately, the process is not as simple as taking one plan and executing it. National media and local media are different. Each medium has its own nuances. Getting the stars to align takes some work. Let’s examine the four major national media, starting with network television.

In scheduling commercials, the biggest difference between network television and spot or local television is that network purchases are usually made within an actual program whereas spot purchases are made between the programs. For example, if you use CBS’s *The Big Bang Theory*, your commercial will run within the actual program, either at the 10-minute or 20-minute commercial break after the show begins. Spot television, on the other hand, offers commercials at the program break, so your commercial would air between *The Big Bang Theory* and the following program. Why is this important? Research shows that retention of commercials at the between-program break drops 20 to 30 percent compared to commercials within a program. Therefore, you may want to boost your test plan to compensate for this inequity.

Unlike network television, 15-second commercials are immediately pre-emptible in spot television. This means that unless a local station has another

advertiser running a 15-second unit during the same program that you are, your commercial will not air. There are few natural breaks for 15-second commercials on a local basis, so the chances of your commercial not running can be great. With that in mind, you may want to schedule 30-second commercials on a spot basis to guard against being bumped off the air.

Cable television is difficult to translate to a local market. Many local cable operators sell advertising only on selected channels, which may not be the ones you would purchase. Even on those channels that they do sell, they may offer only broad rotation schedules so you cannot pick the time you want. In some areas, local cable operators may not sell advertising. Local cable is problematic at best. If national cable is a part of an overall plan, you should consider purchasing that test weight on over-the-air television. Local early fringe, late fringe, and/or weekend times can be good substitutes for cable weight.

Network radio translates well to the local level. In radio, it is important to ensure that whatever station format you plan on using nationally, you end up purchasing locally. The only other nuance to radio is the cost implications of 60-second commercials versus 30-second commercials. Usually, :30s are half the price of :60s nationally, yet many local stations charge the same for :60s and :30s locally.

Magazine placement has its own set of issues as well. Depending upon the publication, it may not have a large enough circulation to offer a test-market edition. Most large circulation publications such as *Good Housekeeping*, *Time*, and *TV Guide* offer very detailed local editions. But if your strategy is to be in more of a “niche” publication such as *Chili Pepper*, then you are going to run into problems. All you can do is to find publications that are similar in nature to what you plan on scheduling.

The other major issue with magazines is the type of unit that can be scheduled in a test-market edition of a national publication. Because publications must actually make a mechanical plate change in the printing process to accommodate your advertisement, they usually allow only full-page advertisements to be in a test-market edition. So if your test plan calls for checkerboard advertisements or a fractional unit, you may want to rethink your test. A checkerboard is scheduling quarter-page ads in each of the four corners of a two-page spread; fractional units are anything less than a full page, such as a two-thirds-page or half-page unit. Regardless of your creative wishes, you must use some practical sense when testing in magazines.

Developing test plans does take some serious thought. You need to have your objectives honed with the understanding that what you test can actually be rolled out. Then, select the proper test markets and develop your test translation. Finally, work the local plan so that it fits the national plan as closely as possible.

Tactical Testing

This chapter has focused on developing classical test-market plans typically used with CPG brands. The basic tenets of this type of planning can apply to any brand situation regardless of category. However, you don't have to develop classic test-market scenarios to have a valid test.

As a brand manager, you should always be looking at ways to improve your advertising and media program. Learning what works or doesn't work provides a golden opportunity to further your brand's cause in the marketplace. There are plenty of areas to do small tactical tests that can reap big rewards: all you have to do is isolate the variable to be tested and have test and control markets.

For example, suppose that you are a retail brand that relies on weekly inserts to drive traffic to your store. You could test if you want your ad to be inserted in the weekday or Sunday newspaper. Or you could see if paid newspapers outperformed free distribution papers. A home accessories retail chain recently ran a test where they changed their insert drop from Sunday to Thursday. They found that their sales had no change by moving the date but they saved nearly 30 percent on their media costs since the Sunday paper had a higher cost per thousand than the daily, plus it distributed more copies. By doing this small tactical test, this retailer saved millions of dollars for the company.

The same is true for business-to-business marketing. You can isolate a market or a particular job title to do a test. One business-to-business marketer had a publication sort his database with their circulation. For the customers that they had in common, he sent one message; to the prospects, he sent another. This led to an increase in both new customer acquisition as well as retention of existing customers.

If you have an online component to your marketing plan, you are in a constant state of testing. Most online campaigns are built similar to direct marketing campaigns with message, creative, offer, and media testing all available. It is like being in a test kitchen for a restaurant chain. Just about anything that can be thought of can be tested in the online arena. Online media can be an effective laboratory to test ideas before rolling them out to offline media.

Whether you are developing classic test-market scenarios or you want to understand how one media vehicle performs, test marketing should be a part of any media plan. As a brand manager, you want to continually add to the brand's knowledge base. Test marketing is one consistent method of doing just that.

Chapter 40

Agency Compensation Structures

What does a media planner have to do with agency compensation? The answer is plenty. Media is a direct and indirect generator of agency income and ultimately profitability. Historically, advertising agencies were compensated on media commission. The business began as an agent for the print media and grew from there. Even if media isn't the direct measure of compensation, it usually forms the basis for other forms of compensation. The advertising budget is a barometer of the agency's compensation. And the media budget is typically the lion's share of the advertising budget.

Media can also exert an impact on the agency's profitability indirectly. Media becomes cash flow that an agency can earn interest on. In the halcyon years of moderate or high inflation, media budgets in the multimillion-dollar range at 5 percent interest could generate a significant amount of profit for the agency. In a traditional advertising agency, media billing is typically the largest portion of the dollars flowing through the agency.

With the ever-expanding array of media and the rise of media-only agencies, media planning and buying have become big businesses. The top media planning and buying agencies are larger than the top-billing public relations agencies. They command a large place in the advertising world.

You don't have to be a financial genius to be a media planner. But you do need to understand the fundamentals of how the agency is compensated. The compensation philosophy of the agency will have a large impact on your media plan and how you manage the execution of that plan.

Compensation Structures and Philosophy

Compensation is the cornerstone of any business. The approach to compensation is as much philosophical as it is methodological. There is an underlying method to doing business that involves how you charge for your services and what you give the client. There is a philosophical approach to each method that ensures that each side is fairly rewarded.

Although methods and philosophies can vary from agency to agency, there are three fundamental methods for developing agency compensation.

- Commission based
- Fee based
- Value based

Each of these methods has media planning implications. Let's review each method and how it impacts the media planner's job.

Commission Based

The advertising industry was based on media commission as the primary source of agency revenue. Fifteen percent agency commission was the standard during the 1960s through the 1980s. That meant for every \$100 placed in media, the agency would receive \$15. This was a simple form of compensation because it was a rebate from the media rather than a direct payment from the client.

This form of compensation also carried a simple philosophy that was based on the success of the advertising. The greater the advertising success, the more the client would spend on advertising and the more the agency would make. In an era when there were limited media choices, a more homogeneous population, and broad-based products, it was a formula for success.

The implication of the commission system for the media planner was that all media were billed at gross. This means that fees already reflected a built-in 15 percent commission. Other variations on the commission system included a sliding scale based on the level of advertising. For example, the agency might have received a 15 percent commission on the first \$10 million of advertising, 10 percent commission on the next \$10 million, and 5 percent on the next \$10 million. This sliding scale assumed that there was a point where the agency gained economies of scale with the placement of advertising.

With the compensation of the agency tied to the media spending, it was in the best interest of the agency to protect and/or grow the media budget. So, there was pressure on the media team to find new ways to increase the budget.

This might be through test markets or other areas where gaining a greater budget was possible. Of course, the budget growth was based on growing the client's business, but the agency was driven to constantly increase budgets.

These led clients to sometimes question agency motives. The solution to corporate growth is not always to advertise more. Yet, with agency compensation based on advertising, it was in the agency's best interest to maintain or expand advertising budgets. This potential conflict of interest led to our second form of compensation: the agency fee.

Fee Based

Fee-based agency compensation models are usually based on personnel hours. This means that the advertising agency estimates how many people and how much time those people will spend working on the client's account. The philosophy is that the agency charges the client based on the time it takes to do the task. So, the client pays only for the time spent working on his or her behalf.

There are a variety of fee models. Some are capped at a certain number of hours so that there is a ceiling to the amount the client will be charged. Other models are project based, where each task is estimated in advance so that the client knows what he is paying for.

The media implication for the fee-based model is twofold. One implication is that most fee-based models require that media be placed at net, or without commission. This means that a media budget may go further because the agency is rebating the 15 percent commission to the client. The second implication is that the agency is usually rewarded for efficiency. Many times a flat fee is negotiated so that if the agency is more time efficient, it will make more money.

The fee-based system is the most common form of agency compensation. The benefit is that the client and agency both know what they are receiving. It takes the pressure off the agency to be more objective in its viewpoint regarding recommending advertising as a solution. It puts the agency more in a management-consultant role.

There is also a hybrid system where an agency may establish a fee for the day-to-day people working on the client's business, along with either a commission or a discounted commission for media placed. The idea of the hybrid is to cover daily costs but to have a variable cost for media placement. Typically, this scenario focuses on a discounted commission to fund the hours of the media placement.

The downside of the fee-based system is that there is no reward for the agency for doing a great job. If the advertising program works well, the agency receives the same compensation it would get if the program

were only moderately successful. It also puts the emphasis on efficiency rather than on taking whatever time is needed to generate a big idea. This lack of an upside has led to another form of compensation.

Value Based

Value-based compensation is based on the value delivered. For example, you may negotiate that for every new dollar of revenue you generate, you get 10 cents. So, if the client generates \$100 million of revenue, you would receive \$10 million. The more you enable a client to generate new revenue, the more you make. It is similar to a sales commission.

Another value-based method is to put a number on the program or idea. The agency pegs a value to the idea. It may be \$1 million or it may be \$5 million. There may be a formula based on agreed-upon metrics for the final value of the idea. But the philosophy is the same. Pay us for what we generate and not the activity that we do.

The media implication for this method is similar to the fee-based system. Media would be placed at net or no commission. The bigger implication for the media team is that they are under the gun to make the program a success or their work will be for naught.

Ideally, value-based compensation does put the agency and the client on common ground. The goal is to succeed. Each party should be driven to succeed because the more the client succeeds, the more the agency succeeds. On the other hand, whereas value-based compensation sounds ideal, few clients embrace it because it is sometimes daunting to have to determine the actual impact of advertising on the business.

More agencies and clients are experimenting with a hybrid of value-based compensation and fee-based compensation as the model for the future. With more tools that track accountability, this is the area toward which the industry is migrating.

With more and more emphasis on accountability from clients and profitability from the agency, the media planner must understand not only how the client's business works but also how the agency works. Of course, the media planner must do what is right for the client, but selection of media does have agency financial implications.

Impact of Media Selection

The kinds of media selected for a campaign have different degrees of execution efficiency. For instance, it takes just one network buyer a small amount of time to place a \$3 million commercial on the Super Bowl. It takes a wide variety

of people a much longer time to place a \$3 million mix of local television, newspaper, and online display. A digital-only plan may take even more time.

If the agency is compensated the same for each of these activities, it should make a lot more money when placing the one network television commercial versus a mix of media. So, what does this mean for media planning? Do you have to constantly consult with your CFO before doing a media plan? Should you take into account the personnel hours necessary to complete a media plan?

While it is incumbent upon the media strategist to develop the right plan for the client, it is equally important to understand the economic impact of that plan on the agency. The media strategist isn't consulting with the CFO on the best plan, but may be alerting the CFO to any significant change in media strategy that could affect future agency workload. If the agency doesn't make money, then the media strategist will not have a job.

There are some fundamental aspects to media execution that warrant discussion.

National vs. Local Media

As a rule of thumb, national media are more time efficient to purchase than local media. This goes for broadcast as well as print and online. The more complex the media purchase, the longer it takes. The implication for you as media planner is that your agency management may request a higher fee or commission rate based on a local versus national media plan.

Online Media

Online display and search engine marketing (pay-per-click) are both highly measurable. You can measure the impact of the media weekly, daily, even hourly. Most digital media plans do analytical reports after a few weeks to determine what is working and what isn't. Based on these data, the media purchase is adjusted. Each time a media planner does an analysis and adjusts a plan, he or she is spending time doing it. So, the more extensively you track the plan, the more it may cost the client. The media implication for digital media is that you need to have an agreement with the client on the parameters of the analytics prior to a purchase. The time spent tracking and analyzing will weigh on agency compensation.

Promotional Media and Sponsorships

Sometimes you purchase media that contain promotional elements. For example, you may buy a schedule on a radio station that contains both

airtime and a caller giveaway. Coordinating this giveaway may take obtaining prizes, getting sponsorship rules approved, governing the contest, and then providing the prizes to the winners. All of this takes time and money. The media implication for promotional media is the possible need to build a coordination fee into the program. The same holds true for sponsorships. If a brand is sponsoring an event, then someone must activate the sponsorship to get the most out of it. Just like promotional media, sponsorships typically involve much more work than a media purchase. Tickets, suite rentals, and appearances by those associated with the sponsorship are all common parts of the package. Someone must manage and coordinate these activities to ensure success.

Social Media

Social media is another channel that has cost implications for the agency. Social media advertising can be purchased just like any other online media. Pay-per-click advertising is available on the large social media platforms such as Facebook, Twitter, or LinkedIn. Social media is usually used in a way that goes beyond mere advertising. These platforms can be active consumer engagement mechanisms. For example, the Allstate Insurance “Mayhem” campaign features “Mayhem” talking to consumers about his various misadventures. The page also features a history of “Mayhem” in the typical Facebook timeline. It is very funny and engaging. To keep this banter going, Allstate and their agency, Leo Burnett, have a small cadre of copywriters who post twice daily. This becomes a cost that the media team must consider.

The media strategist must keep one eye on what is right and one eye on what is profitable. It would be naïve to think otherwise. The client and the agency must make money to survive. The media team can have a significant impact on the agency’s profitability, so it is a key aspect of the media strategist’s role to understand the fundamentals of how the agency makes money.

How the Agency Makes Money

The advertising agency business is a pretty simple one. There are three components. The first is revenue from the client. That is the income side of the equation. The two variables that the agency controls to make a profit are personnel salaries and overhead to keep the business going.

Table 40.1 depicts the basic flow of money at an agency. Let’s take a look at each item.

Table 40.1

How an Agency Makes Money

Revenue from client	100%
Salaries and benefits of employees	50%
Overhead of agency (rent, stat services, supplies, management)	30%
Gross profit	20%
Net profit after tax	10%

Revenue

Every business must have revenue to survive. As we have said before, agency revenue can come in many forms. Sometimes it comes from agency commissions through media or production. Sometimes it comes through fees. Sometimes it comes through bonuses. All of these are direct forms of agency compensation.

There are also indirect forms of compensation. One area is interest income. There may be a month's lag between getting paid for media by the client and paying the media vendors. This large amount of money accrues interest before being paid out just like money in your own money market fund. When interest rates are high, this can be a great income source for an advertising agency. Whereas the media team has no direct impact on this income, it highlights the importance of media billing.

Regardless of where income comes from, the agency builds a financial budget based on what it forecasts as its annual income. This becomes the basis for allocating costs. Many agencies have short-term projects or potential new-business opportunities, and so they routinely update these forecasts and balance costs against them.

Salaries and Benefits

In an advertising agency, the majority of costs are those folks who go up and down in the elevator. It is all about people and their salaries. Managing payroll is a key aspect of agency management. Too much payroll and you don't make any profit. Too few people and payroll, and you will likely burn your employees out.

This means that if your salary-to-revenue percentage is above 60 percent, you will not make much, if any, money. If your salary-to-revenue percentage is below 45 percent, it is likely you are not staffed properly.

Most agencies target 50 percent salary-to-revenue percentage as their goal. This typically translates to a 20 percent pretax profit, which is the level in the top 25 percent of advertising agencies as reported by the American Association of Advertising Agencies.

When we discuss salary and benefits, we refer to how much a person earns in wages as well as their corresponding benefits. Benefits are made up of a variety of elements depending upon the company. The standard benefits include medical and life insurance, profit sharing, and possibly a 401(k) program.

The media implications for salaries and benefits relate to the media staff and task to complete. If a media plan shifts to tactics that require more personnel hours, that will have a definite impact on overall company salaries. Conversely, if the plan shifts to a less-intensive plan, that can also have financial implications for the company.

The management of the media department works with the CFO to determine the optimum number of people and salary load, depending upon the workload and the revenue available. Salary is the key aspect of any service organization. As you move into a management role in the organization, you will deal with salary matters.

Agency Overhead

The other expenses of an advertising agency or media company are just like any other service business. Rent, supplies, utilities, and equipment are all necessary to operate the business. Agency management is also factored into overhead costs.

The media team has a significant impact on overhead costs. To run a sophisticated media operation requires having access to the latest research tools and data. These tools and data cost quite a bit of money. For many advertising agencies that have full-service media departments, the cost to subscribe to rating information from Nielsen and Arbitron—along with additional subscriptions to MRI, SMRB, and others—can run into the hundreds of thousands of dollars.

The media team is asked to negotiate contract terms with research vendors and to work with the agency CFO on how to optimize those costs. Sometimes clients are billed directly or indirectly for the costs of these research tools. Understanding these costs plus the costs of the necessary computer hardware to operate these research tools is an important aspect of media management.

Overhead also plays into how an agency charges a client for personnel fees. Let's assume that the agency and client agree on a fee compensation plan that is based on an hourly rate for agency personnel who work on the client's business. That hourly rate, then, is made up of the salary and

benefits of the personnel along with an overhead factor. This factor is the portion of all the costs necessary to conduct business that are added to the salary and benefits of the agency personnel. Clients are sensitive to what is included in overhead because—ultimately—they will be paying for it.

The two cost elements the agency must contend with are salary/benefits and overhead. Those are the two areas that the agency manages. Media is a key aspect of both of these costs. Media people will be asked to play a role in optimizing the cost side of the agency balance sheet.

Profit

The agency, like any business, needs to make a profit to survive. There are two profit numbers that every business evaluates: *gross* and *net* profit. Gross profit is the money made after subtracting the costs from the revenue. So, if the agency had a revenue of \$1 million and it cost \$800,000 to manage the business, the gross profit would be \$200,000 ($\$1,000,000 - \$800,000 = \$200,000$).

Gross profit is also called pretax profit. Gross profit is the money made prior to filing the company's income tax. Net profit, on the other hand, is the profit reported after taxes. This is the money retained by the company for the cash portion of the balance sheet. This net profit or cash then builds up into retained earnings. Basically, retained earnings are like your personal savings account. The company uses retained earnings as a cushion for an emergency. It also uses retained earnings to borrow money and to ease any type of cash crunch.

The media team has a direct impact on the gross profit of the company. This is the key measure of success. Net profit is much more driven by financial decisions made by the company. Some companies elect to retain their profits and others disburse them to their shareholders. These decisions are out of the day-to-day control of the typical media person.

But every employee should have a basic grasp of how profitable the agency is and how they, as individual workers, contribute to that profitability. Generating a profit is the cornerstone of the agency business. Continually making a profit is the key to long-term growth. Without it, there would be no future media plans.

Summary

The media team has a big impact on every aspect of the agency's financial performance. The top-line revenue is many times a direct result of a media plan or purchase. How the senior media leadership manages the

department payroll and media resources determines the profitability of the agency. Media are a financial cornerstone of many successful advertising agencies. Media companies are devoted solely to the media planning and purchasing skills to make a living. Although you don't need to be a financial genius to be a media strategist, you should have a basic understanding of financial practices in your field.

Chapter 41

Evaluating an Advertising Media Plan

Like so many professional tasks, evaluating a proposed advertising media plan requires experience and knowledge. Such evaluations are much easier after you have seen a few others, and even better once you have been exposed to dozens of them.

Even if you do not have a high degree of experience, there are still some major and minor factors to watch for, examine carefully, and use to determine whether the media plan seems to be “on track” or is just a random collection of haphazard ideas. This chapter provides a checklist of what you should see in a well-constructed media plan.

Format

The format of a good media plan should be clear, logical, and easy to read and follow. It should take you through the entire process, from the background information on which the plan was based to the current situation, and on through the hoped-for goals and objectives. Then it should move from objectives into strategies and plans—the methods that will be used to achieve the goals and objectives, including the types of media to be used. The plan also describes the tactics to implement the plans, which might include media vehicles and units. A final section that involves the necessary support activities—research, production, checking, and the like—may be included as well.

Any media plan will be judged more favorably if it looks good; as in real estate or in meeting new people, first impressions are important, and a sloppy plan that is not carefully crafted and assembled will likely receive a poor evaluation.

Is there a table of contents, with page numbers, included in the plan? Does that table of contents make logical sense, and does it match up with the actual pages on which the corresponding materials appear?

Are the pages numbered and assembled in proper order? An upside-down or backwards page creates the impression of poor planning and hurried thinking.

Starting each new section of the plan on a new page, using double-spacing, including graphics and tables, and providing full explanations of each point you wish to make will also create a better impression in the evaluation.

Overview

The overview or executive summary should be the first element in the media plan, even though it cannot be written until all the other sections have been completed. The overview lets the reader see what is coming, so that he or she is not forced to read through it all twice. For the senior executive, the overview gives the essential information and answers the questions: Who are the targets? Where are they located? And what media will be used to reach them?

It is important not to give too much information in the overview. For example, including the history of the client firm is unnecessary; after all, the client will know this history better than the media planner ever could.

Current Situation and Competition

There should be some treatment of the current marketing situation—the problem that this media plan is attempting to overcome.

In addition, there must be detailed information about the competition. It is not possible to establish the advertising and media objective without first considering the competition. This section should include not just general competitive information but also detailed insights into the competitors' uses of advertising and media. And all competitors should be included, not just the major ones.

Objectives

It is essential that objectives are set early and followed throughout the rest of the media plan. The objectives and goals must be explained, with complete rationale and justification.

Too often, strategies such as the types of media to be used are included in the objectives. It is important that this section include only what is to be

accomplished—the goals—and that the strategies to achieve them be held back. Media, after all, are strategies, not objectives. Using television or magazines is not a goal; the goal is to sell, to convince, to change opinions, to inform, and to communicate, and the media are strategies that will be used in the plans to achieve these ends.

Media planning objectives should be specific rather than vague. The best objectives will be quantified with actual goal numbers stated, so it is clear at the end of the campaign whether the objectives have been reached.

Targets

There should be three kinds of targets: *target markets*, which are the geographic areas and cities where advertising will be focused; *target groups*, which are the kinds of people the advertising will reach, usually given in demographic terms; and *target audiences*, which are the people who can actually be reached through advertising in the mass media.

For example, the advertising for the Hyundai Accent automobile may be aimed at lower-income persons in some large metropolitan areas, but there is no advertising medium that reaches those persons, only those persons, and all of those persons; therefore, the target audience may be slightly different from the target group and target market.

Targets are sometimes given as part of the objectives, although it may make more sense for the targets to be included with strategies and plans, because they are a means of accomplishing the goals and objectives.

Targets are typically described in prose in a media plan, but they should also include a numerical component. How many people (in thousands and as a percentage) are you aiming for, and how often will they be reached? Do these numbers make sense, and do they match up with the numerical targets?

Like every other section of the media plan, the targets should be fully explained and justified. They are important and deserve complete attention and treatment. Why these particular targets and not others? How were these decisions made and why?

In addition, the media planner must determine whether the targets are feasible. If the goal is to cover all 50 states, and the target is for only the top 10 or 15 markets in the country, that target may be too small a portion of the country to do an effective job. In addition, reaching only a small portion of the markets would make it difficult if not impossible to achieve sales-level goals.

Strategies

Strategies are plans—the plans that will be used to achieve the campaign objectives. As mentioned above, these strategies may include the targets. And the strategies will certainly include the media that are being recommended for inclusion in the campaign.

These media cannot possibly be selected before the objectives and the targets have been detailed. After all, a medium is by definition a go-between, so it must be clear what the goal is before any medium or go-between can be determined. Similarly, the target must be clearly defined before media can be selected, because it is not possible to know which media will reach those targets until the targets are clear.

The reasons for using each medium must be spelled out in detail. In addition, and just as important, is one fact that is too often overlooked: the reasons for not using other media. It should be clear that all possible media were considered and judged fairly in their applicability to the situation, to the campaign objectives, and to the targets to be reached.

It is not enough simply to list media types. For the media being recommended, what specific newspapers and magazines, which broadcast programs and stations, which cable networks are being suggested? And, as always, there must be compelling reasons to justify every decision, strategy, and tactic.

Budget

Now comes the money, an essential element in any campaign. Is there enough money to do an adequate job? Are the monies being spread too thinly across too many targets or too many media? Is there enough money to do an adequate job in each medium and against each target group?

Money will need to be thoughtfully allocated to each medium. In the case of local-market media, such as spot radio and local newspapers, the total sum for a medium must be reallocated to individual cities and markets. It makes no sense to allocate all the monies to individual markets if some of the media choices are national in scope, because then those individual-market allocations would have to be re-added together for the national buys.

Allocations to media and markets should be explained and justified in the plan. The budget should be given in a coordinated budgetary overview, and the allocation of funds to various types of media should be determined prior to the tactical phase of the plan.

Contingency Plan

Toward the end of the media plan, there should be a contingency plan, with details on what will be done if the proposed plan is not working as anticipated. Contingency plans are often too brief and oversimplified to be of any real use. In an emergency, there is no time to come up with alternative plans, so the contingency plan is vital.

Again, justification is needed.

Schedule

There also needs to be a schedule or calendar showing which kinds of advertising will be running during each phase of the campaign. This schedule is often given in the form of a flowchart because it can combine the media to be used, the weights for each medium, the time span, and the overlapping uses of various media. A presentation of the calendar in a flowchart or some other visually appealing graphic makes this information easier to communicate and easier to understand. (See Exhibits 41.1 through 41.5 for media checklists.)

Exhibit 41.1

Media Checklist

- I. Marketing goals
 - A. Is the plan designed to:
 1. increase usage from existing user base?
 2. increase usage from lighter users?
 3. increase trial among nonusers?
 4. protect current user base from erosion?
- II. Advertising goals
 - A. Is the plan designed to:
 1. increase awareness among the target?
 2. change perception of the target(s)?
 3. generate an immediate response?
 4. generate an inquiry?
- III. Timing
 - A. Do you know the fiscal year?
 - B. Is there a specific start date?
 - C. What is the plan period?

IV. Target audience

A. For consumer goods, have you defined the target(s)?

1. usage (heavy, medium, light)
2. demographics
3. PRIZM clusters
4. need-based segments
5. drawn-out specific target segments with names
6. looked at MRI, media audit
7. looked at Spectra for packaged goods
8. purchaser vs. user
9. purchaser influencer

B. For B2B clients, have you defined target(s)?

1. standard industrialization classification code
2. job description
3. demographics
4. need-based segments
5. influencers in decision chain

V. Seasonality

A. Have you looked at the following:

1. Sales by month or week?
2. Category sales vs. brand sales?
3. Competitive activity vs. sales?

VI. Geography

A. Is the plan national, international, or local?

1. Do you have sales by markets?
2. Do you have category sales by market?
3. Have you calculated BDI/CDI?
 - a. Do you know distribution by market?
 - b. ACV for packaged goods?
 - c. Number of stores/units for retailers?

VII. Creative considerations

A. Are creative units determined for media?

1. If so, what are they?
2. If not, what should they be?
3. Are units in sync with goal and budget?

VIII. Budget

A. Do you know the total budget?

B. What is the media budget?

- C. Is it net or gross?
 - D. How does it compare to last year?
 - E. How does it compare to competition?
 - F. Have you calculated share of market (SOM) to share of spending (SOS)?
 - G. What is the ad-to-sales ratio?
- IX. Mandatories
- A. Are there any sacred cows?
 - B. Has the client purchased anything on his or her own?
- X. Communications goals
- A. Have you set up specific communications goals?
 1. Reach/frequency
 - a. Is there an effective frequency level?
 2. Have you used the matrix?
 3. Is there a continuity goal?
 4. Is continuity more important than higher weight levels?
- XI. Media strategies
- A. Do your media strategies include:
 1. Which media mix is best?
 2. How to best use each medium?
- XII. Media tactics
- A. Do your tactics include:
 1. What is best vehicle and why?
 2. Cost analysis?
 3. Target audience analysis?
 - B. Can you own a vehicle?
 - C. Include a flowchart?
 - D. Include a budget recap?
 - E. Compare this year to last year?
 - F. Have alternative plans?
- XIII. Test options
- A. Is there the option of testing?
 1. Higher spend level?
 2. Alternative media mix?
 3. Different target?
 4. Different buying strategy?

Source: FKM.

Exhibit 41.2

Media Checklist: Retail

Retail advertising can be slightly more complicated than other advertising, and it is often different even when it is not more complicated. Here is a checklist for retail advertising media plans; use this checklist in addition to the checklist used for all advertising media plans.

1. Do you know what comp store sales goal is?
2. Do you have daily sales and know when key holidays are?
 - How have holidays changed vs. one year ago?
3. Do you know where the stores are located?
 - Have you defined a trading radius (e.g., 3 miles)?
4. Is the target audience different by trading area or market?
 - Are there pockets of consumer opportunity?
5. Do you know how print is planned?
 - What dates are they planned to run?
6. How was media planned year to year?
 - Many retailers comp on a weekly basis.
7. Competition is crucial for retail. Do you have a handle on when and where the competition spend?

Source: FKM.

Exhibit 41.3

Media Checklist: Packaged Goods

1. Do you know the source of volume for marketing mix?
 - Has a marketing-mix study been done?
2. Do you have volume and incremental volume goals?
3. Do you have target definitions from MRI and Spectra?
4. Do you have BDI/CDI for markets?
5. Are the markets listed IRI or Nielsen markets? (If so, do you have appropriate DMAs for these markets?)

6. Do you have ACV by market?
7. Do you know when consumer promotions are scheduled (particularly FSIs)?
8. Do you have category vs. brand seasonal sales and have you compared both to spending?
9. Have you done alternative plans on media mixes?
10. What is the role of advertising with the trade?
11. Is there a test component to the plan?
12. Do you know purchaser vs. user?
 - mom vs. kids

Source: FKM.

Exhibit 41.4

Media Checklist: B2B (Business-to-Business)

1. Do you have a clear understanding of the target?
 - The right standard industrial classification code?
 - The right job position?
 - The decision process?
2. Is there any weighting to be done by target or industry groups?
3. When are decisions made?
 - Are they ongoing or at a specific time of year?
4. Do they have a customer database of current and prospective customers?
 - Should there be a retention program?
5. Do you have the industry or job universes to better understand coverage of media?
6. Are there any key trade shows to support or consider?
7. Is direct marketing part of the program?
8. Have you considered the Internet as part of the mix?
9. Are there any vehicles you can own?
10. Are premium positions in magazines worth the cost?
11. Is driving website traffic an important part of the plan?
12. Is there anything that you can test?

Source: FKM.

Exhibit 41.5

Pay Attention to the Numbers

In any analysis of a proposed advertising media plan, it is crucial to pay attention to the numbers—to determine whether they make sense and to see if they all add up correctly. This checklist may be of help.

1. Is the budget adequate? Is there enough money to accomplish all the objectives?
2. Does the target audience size make sense? Will it account for a sizeable portion of the target groups?
3. Are there enough media types to cover a diverse audience?
4. Are enough markets used to cover most of the country or most of the region in question?
5. Is there enough media weight to achieve sales goals? Enough markets? Adequate portion of coverage?
6. Are larger markets getting more of the media allocations?
7. Over the course of the campaign (e.g., for the coming year), will advertising frequency be sufficient?
8. Are the advertising units affordable and sensible?
9. Are reach, frequency, and impact balanced? For example, expensive units (bigger print advertisements, longer broadcast commercials, using color in print) cost more, which leaves less for reach and frequency. The corollary is that less expensive units will provide more money for more reach and frequency.
10. Are reach and frequency sensibly balanced?
11. Are expensive media (e.g., television) slated to receive larger budgetary allocations than less expensive media (e.g., outdoor)?

Overall

General standards to consider include the following:

1. When information or data are provided, the sources of those facts should also be provided so the reader can judge the quality and reliability of the information. Keep in mind, too, that information gained from the Internet is often spurious or questionable.

2. When tables or figures or similar data are included, they should be related to the plans and objectives rather than simply dropped in with little apparent connection to the overall media plan.
3. When various terms are used, they should be clearly defined. Not everybody agrees on the meaning of every specialized term or expression.
4. The plan should not be too general or oversimplified. The more information and detail included, the better.
5. If a media plan starts strongly and then becomes much more general or just falls apart at the end, it is usually an indication that the planner started too late and ran out of time to complete the job.
6. Writing is important, too, so the written plan should use good grammar and correct spelling, with no typographical or punctuation errors. It might also be a good idea to avoid slang and abbreviations in formal business reports. Write from the advertiser's perspective, not your own; after all, this is the advertiser's plan and money.
7. Finally, as stressed earlier, justification is key to a successful media plan. An advertising budget may involve large sums of money, and the proposed expenditure of those funds needs to be sound.

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Appendix

The Media Function within the Advertising Business

Every business, including every advertising agency, media agency, or advertiser, has its own unique organization. It is simply not possible to demonstrate all the various organizational plans and structures that are used in advertising.

Still, understanding how the media operations in advertising fit in with the overall advertising operation will help you comprehend how the business functions and how the media operations mesh with the rest of the advertising work.

Media operations typically operate in four different scenarios. They can be a department within an advertising agency. They can be a separate media agency or company. They can be an in-house department or part of a company's overall marketing department. Or they can function as media specialist companies serving a specific media niche. Let's discuss each scenario.

1. Agency Media Department

Advertising agencies are typically organized by departments. While there are likely to be cross-functional account teams that may work on one or several clients, representatives from those teams report to their respective department head. Beyond the media planning and buying department, advertising agencies consist of the following units:

- Account management
- Creative
- Production
- Account planning/research
- Management/financial

Each area has a specific role to play in a client's business. The account management department is staffed with an account manager and project managers. Account managers help coordinate the strategic use of all the agency functions and work with the client on overall strategy. The project manager coordinates all the agency functions and ensures that work is being done on time and on budget. In some agencies, these two roles become a single role, with an account manager or assistant account manager doing the coordination while a senior account manager works more on strategy with the client.

The creative department is staffed with copywriters and art directors. Many times these two are paired together in creative teams. They develop the creative content for specific accounts across a wide variety of media.

Production is staffed with managers who produce the final creative product. This department may have internal staff members who are digital production specialists and/or managers who find specific vendors to produce creative content.

Account planning/research is staffed with planners and/or researchers who develop the consumer insights that feed into the development of the overall strategic process. In many agencies, planners are responsible for developing the creative briefs. In smaller agencies, the account management department may take on this role or it may be outsourced.

The media planning and buying department is staffed by media planners and media specialists who execute or buy various media. The media planning department has a hierarchy similar to the account management department, with junior media planners providing research and analysis for senior media planners to develop a media plan. The media buying department can differ depending upon the media makeup of the agency's clients and the size of the agency. Some typical media buying areas include:

- Network broadcast: These are specialists who only purchase network television, cable, and radio.
- Spot broadcast: These are specialists who only purchase local television, cable, and radio.
- Outdoor: These are specialists who purchase out-of-home media, including billboards, transit, alternative, ambient, and in-store media.
- Print: These are specialists who purchase only newspapers and magazines.
- Digital: These are specialists who purchase digital media, including search and online display. Some digital departments have separate specialists in search and online display.

- **Media finance:** These are specialists who work on the billing aspect of media. They are typically housed in the media department but are shared with the financial department.

The media planner works with the account manager, creative team, and account planner on the overall strategic approach for each client. Media planners are specialists on an account or group of accounts and generalists when it comes to media. Account teams are then formed by the client where the media planner plays a role in terms of developing the tactical communication plan. On the other hand, media buying specialists typically work across clients since they specialize in a specific medium.

In smaller agencies, a media planner may also be a media buyer. Planner/buyers are a common structure in smaller agencies where the media person may have to wear a number of hats. They may develop a plan, buy the media, and even work on the media billing.

2. Media Agency

A media agency's makeup is similar to that of a large advertising agency media department. The difference is that the media agency is its own company rather than a department within a company. Media agencies are a big force in the media business. The top 10 media agencies control over 70 percent of all the media purchases in the United States. Media agencies were formed by advertising agency holding companies to gain operational efficiencies. To do this, they consolidated the media departments of the advertising agencies that were a part of their company into one large media buying firm. WPP was the leader of this movement. Today, GroupM, their media planning and buying company, is the largest media company. Other top media agencies include Starcom MediaVest Group, Mediaedge, and ZenithOptimedia. Each of these was formed by other large advertising agency holding companies, among them Omnicom Group and Publicis.

Where media agencies differ from media departments within an advertising agency is the business needs and the depth of resources. Like an advertising agency, media agencies have a management structure that contains a finance department, a human resources department, and administrative functions. Since media agencies have their own client base, there is a client relations department whose staff may also serve as media strategists. Unlike advertising agencies, media agencies push the boundaries regarding their role in the media business. Some media agencies have specialists that work with the motion picture industry on product placement. Others have innovation departments that develop anything from applications to

new forms of media or software. Media agencies have been aggressive in developing online display inventory exchanges that allow them to be both the buyer and seller of this medium.

3. In-House Department

Advertisers sometimes build their own media departments rather than out-source the media function to an advertising or media agency. The driving forces behind housing the media function rather than outsourcing it include cost efficiency, control, confidentiality, and speed to market. Some advertisers such as General Motors (GM) create their own media department through their respective media agencies. GM has requested that its media agencies form a dedicated unit to serve only their brands. The viewpoint is that a dedicated unit will be more responsive to the brands than a media agency that serves a variety of clients. By moving to a dedicated unit, GM can gain more cost control over the media function. Even more important, perhaps, is the company's ability to wield its media might with a single voice in the marketplace.

Retailers often develop their own internal media function with the purpose of aligning the marketing and advertising function within their organization. Retailers have merchandise buying groups that heavily influence what products are featured in their advertising. By working directly with the advertising department and media specialists, merchandisers, marketers, and advertisers can align internally.

Owned media is also housed within an advertiser. Most advertisers house their own website. It is very common that advertisers will maintain control over their social media. Social media managers are becoming key members of the internal marketing communication staff at many companies.

4. Specialty Media Agency

Specialty media agencies play a role in supporting the media function. There are many specialty media agencies that dot the landscape. For each medium, there is a media agency that focuses on it. Some agencies specialize in out-of-home or search engine marketing. Others focus on spot broadcast or print. Still others may provide support such as application development or mobile marketing. As media becomes increasingly complex, there are specialty media agencies that carve out a niche. Many times, specialty media agencies are contracted by advertising agency media departments to fill in a gap in their department. Other times, an advertiser may request a specialty agency to provide targeted support.

Summary

The media function is a key aspect of the marketing communication process. The media function has taken many forms. It continues to be a part of many advertising agencies and has become an agency in and of itself. It is also a part of many advertisers' marketing departments. As new media are created, niche media agencies are spawned.

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