

# Toward Accountability in Advertising Media Planning: A Brief Overview

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|                                |   |
|--------------------------------|---|
| <b>Time Frame</b>              | What time frame should be used for reach and frequency analysis--daily, weekly, monthly, quarterly, semi-annual, yearly?                              |
| <b>Frequency Threshold</b>     | If minimum or optimum frequency ( $n$ ) is required for message effects, what is the value of a media plan in terms of reach ( $n+$ )?                |
| <b>Message-Vehicle Gap</b>     | How large and important is the difference between vehicle (publication, program) and advertising message audiences?                                   |
| <b>Advertising Carry-Over</b>  | How can the cumulative value of advertising media be estimated without aggregating time periods in reach and frequency analysis?                      |
| <b>Forecasting Ad Effects</b>  | How can likely advertising campaign effects be estimated using media planning models?   |
| <b>Audience Spill-Over</b>     | Does targeting of media in the face of limited budgets necessarily sacrifice coverage of other desirable but <i>non-funded</i> targets?               |
| <b>Message Characteristics</b> | How can media planners determine what message characteristics are best, such as advertisement size, length, use of color, and position, among others? |
| <b>Creative Value</b>          | Can the effects of creative effort be separated from media volume when evaluating alternative media plans?  |
| <b>Media Mix</b>               | When has an advertising campaign saturated a media category audience? When should multiple media categories be used?                                  |
| <b>Setting Ad Budgets</b>      | How can media planning models help determine how much to spend on advertising?  |

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# Accountability:

## Naïve versus Sophisticated Approaches

| Criteria                | Naïve Approach   | Sophisticated Approach   |
|-------------------------|--|--|
| Time Frame for Analysis | Pooling insertions over a long period of time - quarter, year                                  | Pooling insertions over a short period of time - monthly, weekly, daily  |
| Frequency Threshold     | Assuming that one message exposure will have measurable effects                                | Using minimum message frequency ( $n$ ) when defining reach ( $n+$ )   |
| Message-Vehicle Gap     | Ignoring difference between message and vehicle audience size                                  | Recognizing that message audience is typically lower than vehicle audience   |
| Advertising Carry-Over  | Reach estimates based on pooling insertions for an entire quarter, year                        | Using monthly reach estimates plus carry-over rate across months   |
| Forecasting Ad Effects  | Inflated media evaluation factors unrealistically raise expectations of campaign effectiveness | Utilize <u>message</u> effective reach ( $n+$ ) assuming some minimum frequency cut-off within a narrow time frame for realistic assessment of likely campaign effectiveness |
| Audience Spill-Over     | Ignoring coverage of closely related target audiences  | Evaluating coverage of all relevant target audiences   |
| Message Characteristics | Assuming that bigger is better   | Assessing alternate message units for optimum media impact   |
| Creative Value          | Increasing media budget instead of improving message effectiveness                             | Improving message effectiveness to leverage media expenditure  |
| Media Mix               | Assuming that one media category effectively reaches the target at all budget levels           | Examining media category combinations at all budget levels   |
| Setting Ad Budgets      | Inflated evaluations lead to underspending   | Set budget based on cost of achieving realistic goals  |

# Time Frame for Analysis

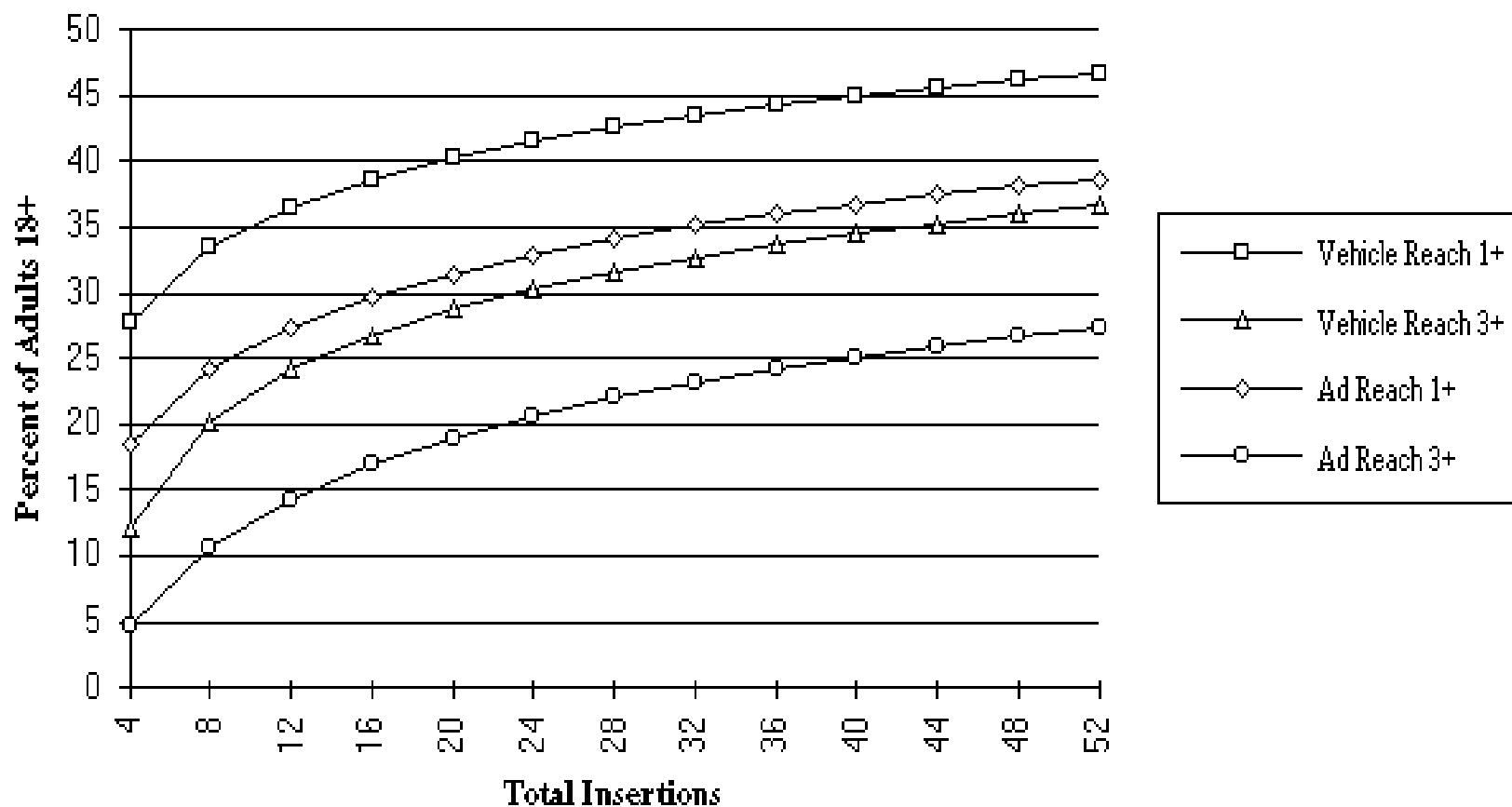
- Naïve

Pooling insertions over a long period of time -  
quarter, year

- Sophisticated

Pooling insertions over a short period of time -  
monthly, weekly, daily

## People Magazine Cumulative Reach (Base = 181,100,000)



# Time Frames Used For Media Plan Evaluation

| <u>Media Used</u> | <u>Time Frames Analyzed</u> |               |                |                  |               |
|-------------------|-----------------------------|---------------|----------------|------------------|---------------|
|                   | <u>Daily</u>                | <u>Weekly</u> | <u>4 Weeks</u> | <u>Quarterly</u> | <u>Annual</u> |
| Newspapers        | 14.3%                       | 27.5%         | 31.9%          | 15.4%            | 14.3%         |
| Network TV        | 3.3                         | 16.5          | 50.5           | 19.8             | 15.4          |
| Spot TV           | 3.3                         | 24.2          | 64.8           | 19.8             | 14.3          |
| Cable TV          | 1.1                         | 13.2          | 40.7           | 17.6             | 9.9           |
| Magazines         | 1.1                         | 6.6           | 50.5           | 33.0             | 29.7          |
| Network Radio     | 1.1                         | 14.3          | 36.3           | 11.0             | 11.0          |
| Spot Radio        | 1.1                         | 18.7          | 49.5           | 18.7             | 9.9           |
| Outdoor Posters   | 4.4                         | 2.2           | 38.5           | 16.5             | 19.8          |

Base = 91 Media Directors. Percentages exceed 100 due to the use of multiple media categories and multiple time periods within media categories.

# Frequency Threshold

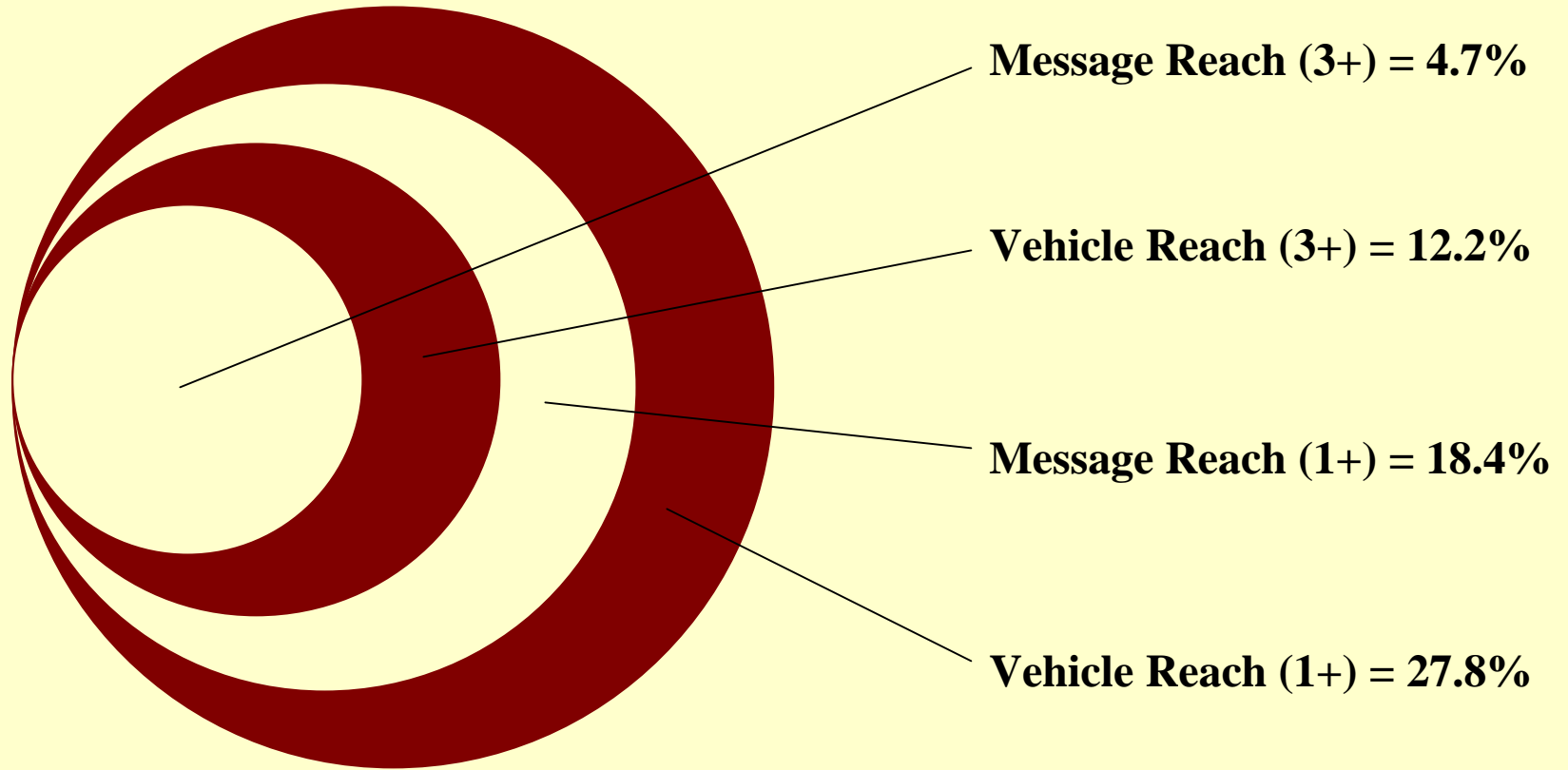
- Naïve

Assuming that one message exposure will have measurable effects

- Sophisticated

Using minimum message frequency ( $n$ ) when defining reach ( $n+$ )

# Frequency Threshold



# Message-Vehicle Gap

- Naïve

Ignoring difference between message and vehicle audience size

- Sophisticated

Recognizing that message audience is typically lower than vehicle audience

# Message-Vehicle Ratios by Media Category

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| Media Category  | Average Message-Vehicle Ratio |
|-----------------|-------------------------------|
| Newspapers      | 35.0%                         |
| Network TV:     |                               |
| Daytime         | 54.7                          |
| Prime Time      | 80.0                          |
| Spot TV:        |                               |
| Daytime         | 50.0                          |
| Prime Time      | 71.8                          |
| Cable TV        | 63.2                          |
| Magazines       | 52.5                          |
| Network Radio   | 40.3                          |
| Spot Radio      | 37.8                          |
| Outdoor Posters | 46.6                          |

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Base = 28 of 91 Media Directors

# STARCH Adnorms for Message Size and Number of Colors (*Adults*)

| Message Size    | Use of Color    | Noted (See) |       | Read Most (Read) |       |
|-----------------|-----------------|-------------|-------|------------------|-------|
|                 |                 | Average     | Index | Average          | Index |
| Full Page       | Four Color      | 45.6        | 150   | 13.4             | 139   |
|                 | Two Color       | 40.9        | 135   | 11.9             | 123   |
|                 | Black and White | 38.6        | 127   | 11.1             | 115   |
| Two-thirds Page | Four Color      | 40.0        | 132   | 12.4             | 129   |
|                 | Two Color       | 35.4        | 117   | 10.8             | 113   |
|                 | Black and White | 33.0        | 109   | 10.1             | 105   |
| Half Page       | Four Color      | 38.1        | 126   | 12.0             | 125   |
|                 | Two Color       | 33.5        | 111   | 10.5             | 109   |
|                 | Black and White | 31.2        | 103   | 9.7              | 101   |
| One-third Page  | Four Color      | 37.2        | 123   | 11.9             | 123   |
|                 | Two Color       | 32.6        | 108   | 10.3             | 109   |
|                 | Black and White | 30.3        | 100   | 9.6              | 100   |

# Gallup and Robinson

## *In-View* Television Impact Norms

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### Proved Commercial Registration (PCR)\*

| 30-Second PCR Norms | Adults | Men | Women |
|---------------------|--------|-----|-------|
| All Commercials     | 31     | 29  | 33    |
| All Food            | 31     | 26  | 36    |
| Ages 18-34          | 33     | 27  | 38    |
| Ages 35-49          | 30     | 25  | 35    |

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\*PCR is defined as the percent of qualified viewers of the program who, given the brand name/product, can recall and accurately describe the commercial on the day following the telecast.

# Definitions of Effective Reach

| Message Impact Required  | %    | Number of Exposures Required<br>Regardless of Message Impact Level |      |             |      |
|--|------|--|------|-------------|------|
|  |      | Lower Limit  | %    | Upper Limit | %    |
| Media Vehicle Exposure (e.g.,<br>saw publication or program)     | 48.4 | 1 +  | 6.6  | None        | 58.2 |
|  |      | 2 +  | 5.5  | 9           | 4.4  |
| Advertising Exposure (e.g., saw<br>ad in publication or program) | 31.9 | 3 +  | 61.5 | 10          | 6.6  |
|  |      | 4 +  | 17.6 | 11          | 2.2  |
| Advertising Impact (e.g., recall<br>product message)             | 16.5 | Other  | 8.8  | Other       | 15.4 |
|  |      | No answer  | 3.3  | No answer   | 13.2 |

Base = 91 Media Directors

# Major Reasons Given for Not Using Message-Vehicle Ratios

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| Reasons                                   | Percent (%)* |
|---|--------------|
| Lack of Data to substantiate assumptions  | 72.5         |
| Each media planning situation is unique   | 61.5         |
| Clients don't require such sophistication | 52.7         |
| Overkill in the manipulation of numbers   | 44.0         |
| Difficult to be accurate                  | 38.5         |
| Too judgmental                            | 37.4         |
| Too much time spent justifying weights    | 20.9         |
| Other reasons given                       | 17.6         |

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\*Base = 91 Media Directors. Percentages exceed 100 due to multiple responses.

# Advertising Carry-Over

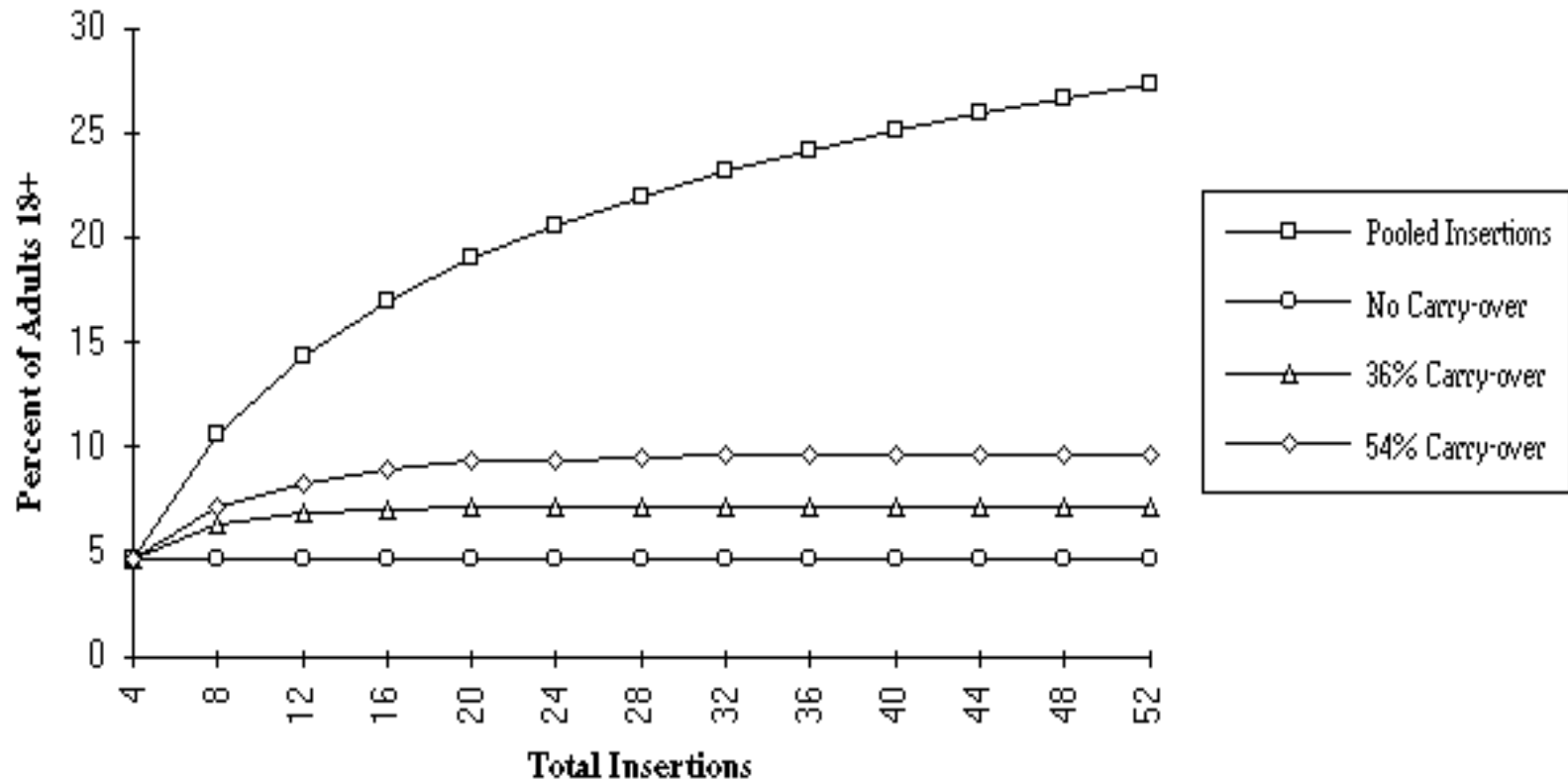
- Naïve

Reach estimates based on pooling insertions for an entire year

- Sophisticated

Using monthly reach estimates plus carry-over rate across months

### People Magazine Cumulative Message Reach (3+) (Base = 181,000,000)



# Estimating Cumulative Advertising Effects

$$R_t = R_t + \lambda R_{t-1} - (R_t)(\lambda R_{t-1})$$

where:

$R$  = reach ( $n+$ ) of a monthly media plan,

$\lambda$  = vehicle or advertising message retention rate,

$t$  = a given month.

# Ad Carry-Over Example

| Month (t) | Reach (3+) <sub>t</sub> | + | Carry-Over<br>(18% × Reach (3+) <sub>t-1</sub> ) | - | Duplication<br>(Reach (3+) <sub>t</sub> )(18% × Reach (3+) <sub>t-1</sub> ) | = | Total<br>Reach (3+) <sub>t</sub> |
|-----------|-------------------------|---|--|---|---|---|----------------------------------|
| January   | 0.20                    | + | 0.0<br>(0.18)(0.0)                               | - | 0.0<br>(0.20)(0.18)(0.0)  | = | 0.20                             |
| February  | 0.20                    | + | 0.036<br>(0.18)(0.20)                            | - | 0.0072<br>(0.20)(0.18)(0.20)  | = | 0.229                            |
| March     | 0.20                    | + | 0.04122<br>(0.18)(0.229)                         | - | 0.008224<br>(0.20)(0.18)(0.229)   | = | 0.233                            |
| April     | 0.20                    | + | 0.04194<br>(0.18)(0.233)                         | - | 0.008388<br>(0.20)(0.18)(0.233)   | = | 0.234                            |

# Forecasting Ad Effects

- Naïve

Inflated media evaluation factors unrealistically raise expectations of campaign effectiveness

- Sophisticated

Utilize message effective reach ( $n+$ ) assuming some minimum frequency cut-off within a narrow time frame for realistic assessment of likely campaign effectiveness

# Forecasting Problem

- Advertiser measures campaign effects after heaviest quarter of advertising
- Finds low % of target audience can correctly identify ad
  - Corporate theme = 15.5%
  - Major product = 14.7%
- But media plan shows healthy coverage
  - Corporate theme = 92.0%
  - Major product = 84.5%
- Therefore, creative singled out as weak
- Is this conclusion justified?

# Selecting Media Evaluation Factors Related to Market Effects

| Advertising Campaign/<br>Message-Vehicle Ratio | Heaviest Quarter |                         | Target % Who<br>Correctly<br>Identified Ad |
|--|------------------|-------------------------|--|
|  | Reach (1+)       | Effective<br>Reach (3+) |  |
| <u>Corporate Theme</u>                         |                  |                         |  |
| 100% ( <i>Vehicle = Message</i> )              | 92.0%            | 80.4%                   |  |
| 20   | 41.2             | 21.9                    |  |
| 15*  | 33.7             | <u>16.5</u>             | <u>15.5</u>                                |
| <u>Major Product</u>                           |                  |                         |  |
| 100% ( <i>Vehicle = Message</i> )              | 84.5             | 61.1                    |  |
| 45   | 55.1             | 26.3                    |  |
| 35*  | 45.9             | <u>20.3</u>             | <u>14.7</u>                                |

\*Three-year average Starch "Noted" score for corporate theme and product headline.

## Magazine Audience Sizes and Costs

| #  | Vehicle Name<br>(Yearly Publication Frequency) | Women<br>(94.65) | Men<br>(86.47) | Adults<br>(181.1) | Cost      |
|----|--|------------------|----------------|-------------------|-----------|
| 1  | <i>Better Homes &amp; Gardens</i> (12)         | 18.75%           | 5.26%          | 12.32%            | \$136,500 |
| 2  | <i>Cosmopolitan</i> (12)                       | 10.57            | 1.49           | 6.24              | 64,045    |
| 3  | <i>Family Circle</i> (17)                      | 16.33            | 1.84           | 9.42              | 89,805    |
| 4  | <i>Field &amp; Stream</i> (12)                 | 2.60             | 9.55           | 5.92              | 62,790    |
| 5  | <i>Good Housekeeping</i> (12)                  | 18.58            | 2.60           | 10.96             | 112,995   |
| 6  | <i>Ladies Home Journal</i> (12)                | 14.72            | 1.24           | 8.28              | 84,900    |
| 7  | <i>McCall's</i> (12)                           | 14.01            | 1.27           | 7.93              | 83,315    |
| 8  | <i>National Geographic</i> (12)                | 10.28            | 15.32          | 12.69             | 139,280   |
| 9  | <i>Newsweek</i> (52)                           | 7.95             | 12.03          | 9.92              | 108,050   |
| 10 | <i>People</i> (52)                             | 19.80            | 12.37          | 16.26             | 91,165    |
| 11 | <i>Playboy</i> (12)                            | 1.06             | 8.59           | 4.65              | 68,545    |
| 12 | <i>Reader's Digest</i> (12)                    | 21.70            | 17.34          | 19.62             | 131,000   |
| 13 | <i>Sports Illustrated</i> (52)                 | 4.26             | 19.02          | 11.31             | 120,950   |
| 14 | <i>Time</i> (52)                               | 9.69             | 14.13          | 11.81             | 128,000   |
| 15 | <i>TV Guide</i> (52)                           | 23.60            | 19.66          | 21.72             | 122,000   |
| 16 | <i>US News &amp; World Report</i> (50)         | 4.97             | 8.70           | 6.75              | 72,400    |
| 17 | <i>Woman's Day</i> (15)                        | 14.42            | 0.95           | 7.99              | 79,600    |

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 ADplus(TM) RESULTS: MAGAZINES

Kent Lancaster  
 Media Research Institute  
 Typical Month

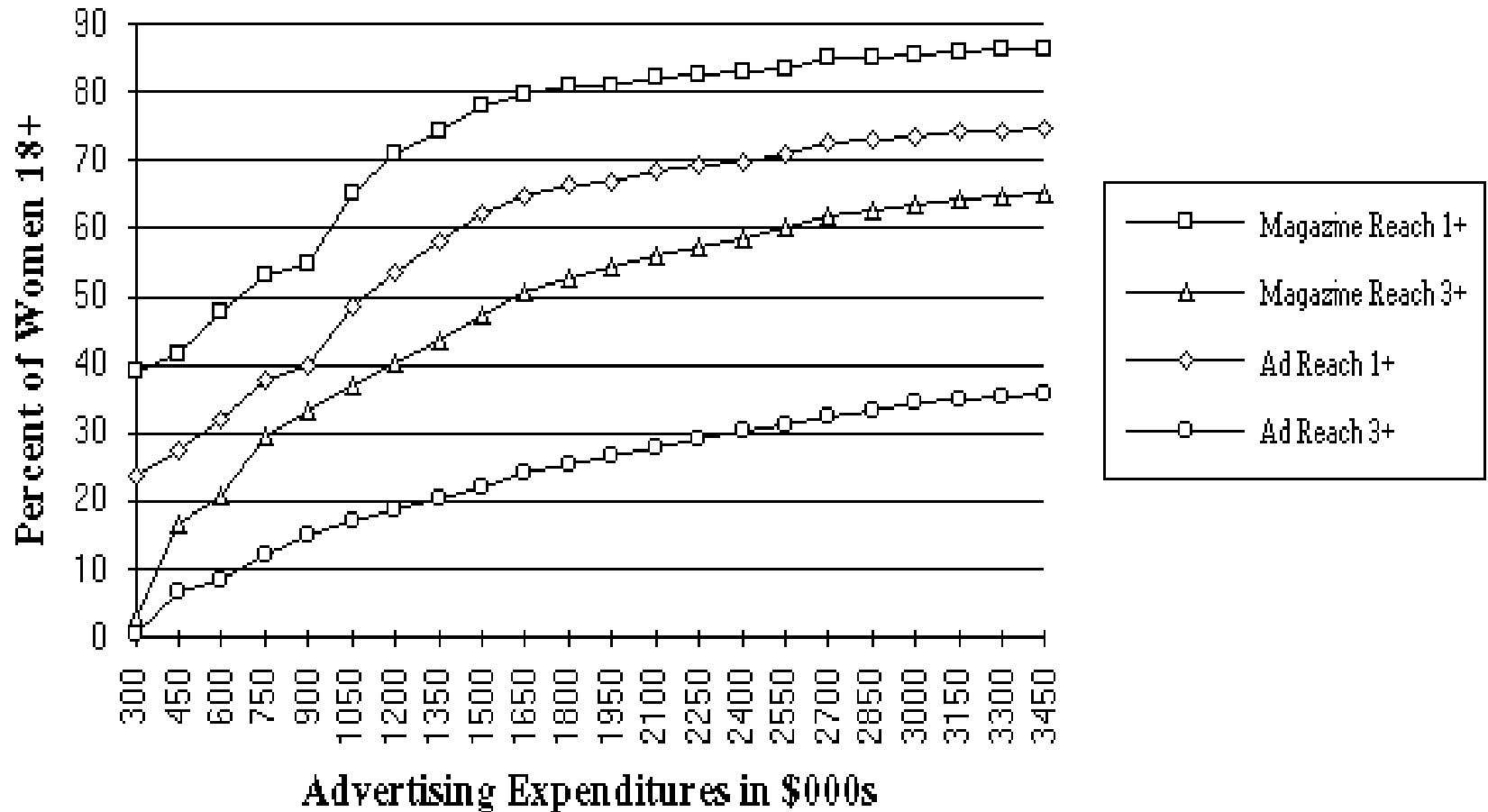
Target: 94,650,000  
 Women 18+  
 Message/vehicle ratio = 52.5%

Summary Evaluation

|                             | Vehicle   | Message   |
|-----------------------------|-----------|-----------|
| Reach (1+)                  | 87.6%     | 76.6%     |
| Effective reach (3+)        | 67.6%     | 37.7%     |
| Gross rating points (GRPs)  | 424.1     | 222.7     |
| Average frequency (f)       | 4.8       | 2.9       |
| Gross impressions (000s)    | 401,410.6 | 210,740.6 |
| Cost-per-thousand (CPM)     | \$9.03    | \$17.19   |
| Cost-per-rating point (CPP) | \$8,543   | \$16,272  |

| Vehicle List  | Rating | Ad Cost   | CPM-MSG | Ads | Total Cost  | Mix    |
|---------------|--------|-----------|---------|-----|-------------|--------|
| Better Homes  | 18.75  | \$136,500 | \$14.65 | 1   | \$136,500   | 3.8%   |
| Cosmopolitan  | 10.57  | 64,045    | 12.19   | 1   | 64,045      | 1.8    |
| Family Circle | 16.33  | 89,805    | 11.07   | 1   | 89,805      | 2.5    |
| Field & Strea | 2.60   | 62,790    | 48.60   | 1   | 62,790      | 1.7    |
| Good Housekee | 18.58  | 112,995   | 12.24   | 1   | 112,995     | 3.1    |
| Ladies Home J | 14.72  | 84,900    | 11.61   | 1   | 84,900      | 2.3    |
| McCall's      | 14.01  | 83,315    | 11.97   | 1   | 83,315      | 2.3    |
| National Geog | 10.28  | 139,280   | 27.27   | 1   | 139,280     | 3.8    |
| Newsweek      | 7.95   | 108,050   | 27.35   | 4   | 432,200     | 11.9   |
| People        | 19.80  | 91,165    | 9.27    | 4   | 364,660     | 10.1   |
| Playboy       | 1.06   | 68,545    | 130.13  | 1   | 68,545      | 1.9    |
| Reader's Dige | 21.70  | 131,000   | 12.15   | 1   | 131,000     | 3.6    |
| Sports Illust | 4.26   | 120,950   | 57.14   | 4   | 483,800     | 13.4   |
| Time          | 9.69   | 128,000   | 26.58   | 4   | 512,000     | 14.1   |
| TV Guide      | 23.60  | 122,000   | 10.40   | 4   | 488,000     | 13.5   |
| US News & Wor | 4.97   | 72,400    | 29.32   | 4   | 289,600     | 8.0    |
| Woman's Day   | 14.42  | 79,600    | 11.11   | 1   | 79,600      | 2.2    |
|               |        | Totals:   | \$17.19 | 35  | \$3,623,035 | 100.0% |

## Optimum Magazine Reach of Women 18+



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 ADplus(TM) RESULTS: MAGAZINES

Kent Lancaster  
 Media Research Institute  
 Typical Month

Target: 94,650,000  
 Women 18+  
 Message/vehicle ratio = 52.5%

Summary Evaluation

|                             | Vehicle   | Message   |
|-----------------------------|-----------|-----------|
| Reach (1+)                  | 71.5%     | 54.6%     |
| Effective reach (3+)        | 40.8%     | 18.9%     |
| Gross rating points (GRPs)  | 233.5     | 122.6     |
| Average frequency (f)       | 3.3       | 2.2       |
| Gross impressions (000s)    | 221,007.8 | 116,029.1 |
| Cost-per-thousand (CPM)     | \$5.43    | \$10.33   |
| Cost-per-rating point (CPP) | \$5,135   | \$9,782   |

| Vehicle List  | Rating | Ad Cost  | CPM-MSG | Ads | Total Cost  | Mix    |
|---------------|--------|----------|---------|-----|-------------|--------|
| People        | 19.80  | \$91,165 | \$9.27  | 4   | \$364,660   | 30.4%  |
| TV Guide      | 23.60  | 122,000  | 10.40   | 4   | 488,000     | 40.7   |
| Family Circle | 16.33  | 89,805   | 11.07   | 1   | 89,805      | 7.5    |
| Woman's Day   | 14.42  | 79,600   | 11.11   | 1   | 79,600      | 6.6    |
| Cosmopolitan  | 10.57  | 64,045   | 12.19   | 1   | 64,045      | 5.3    |
| Good Housekee | 18.58  | 112,995  | 12.24   | 1   | 112,995     | 9.4    |
|               |        | Totals:  | \$10.33 | 12  | \$1,199,105 | 100.0% |

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 Maximum reach (3+), budget: \$1,200,000, time (mm:ss): 00:02

File(s): magwoman  
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# Audience Spill-Over

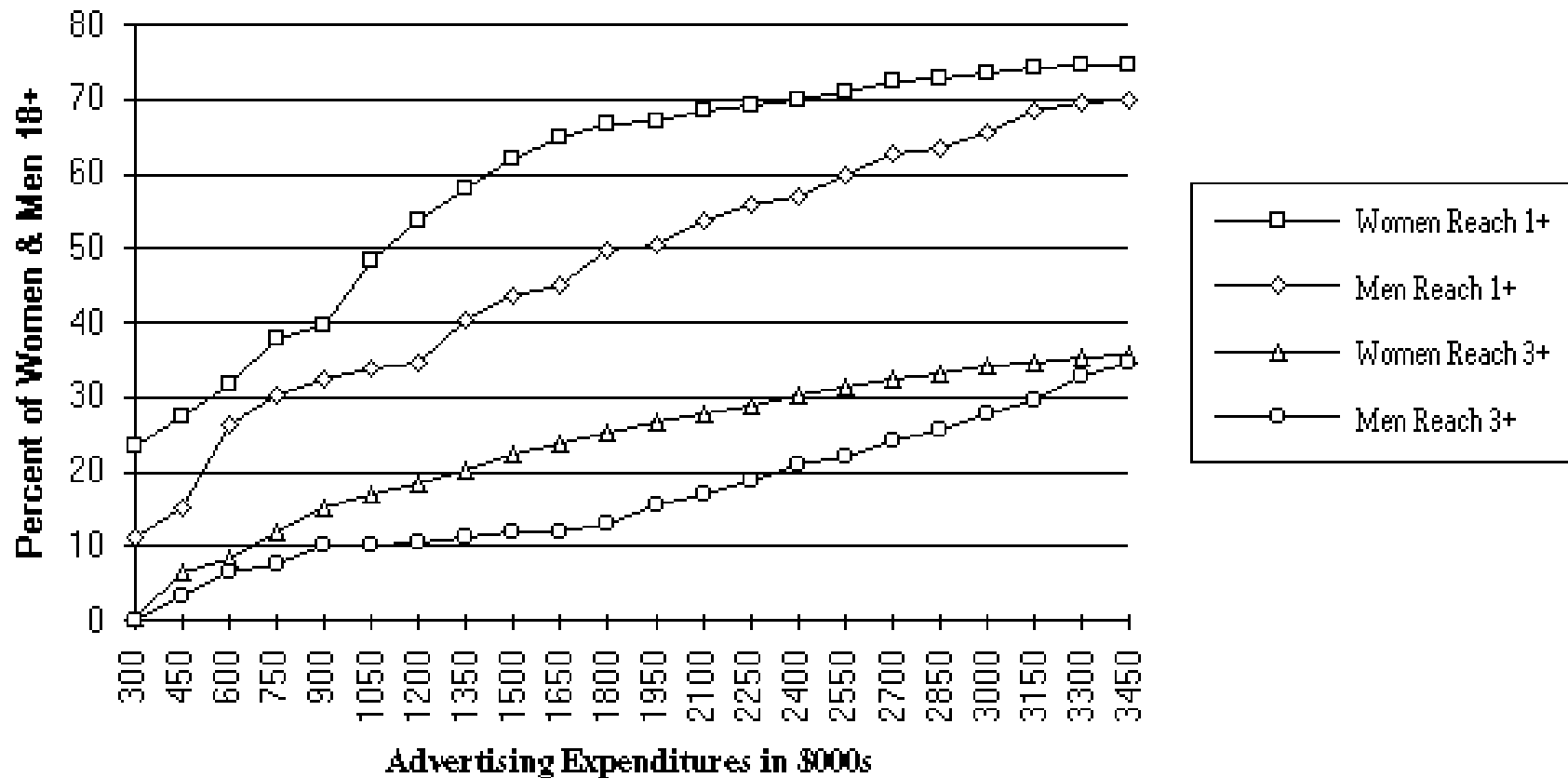
- Naïve

Ignoring coverage of closely related targets

- Sophisticated

Evaluating coverage of all relevant targets

## Magazine Advertisement Reach of Adult Women and Men



# Message Characteristics

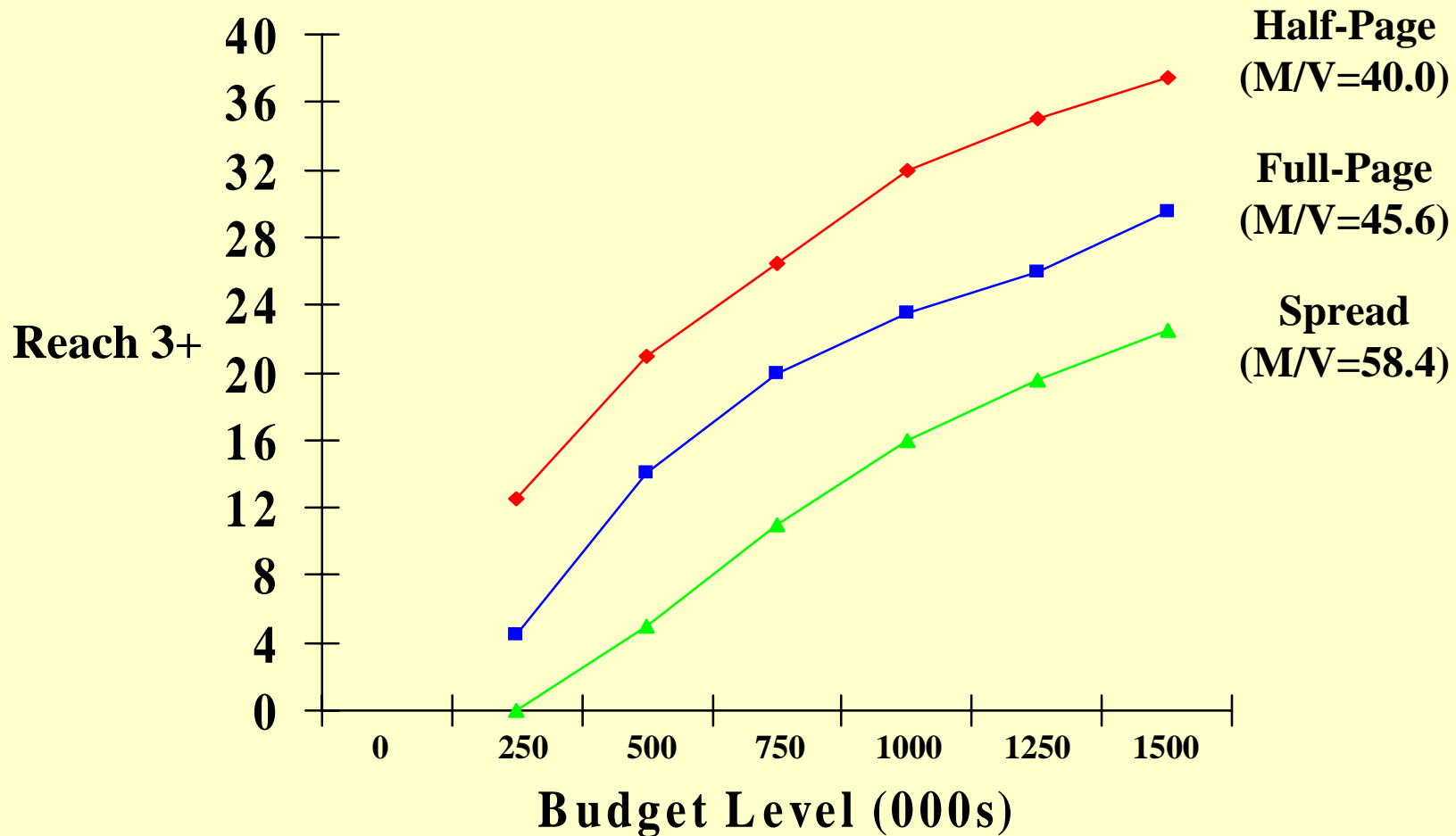
- Naïve

Assuming that bigger is better

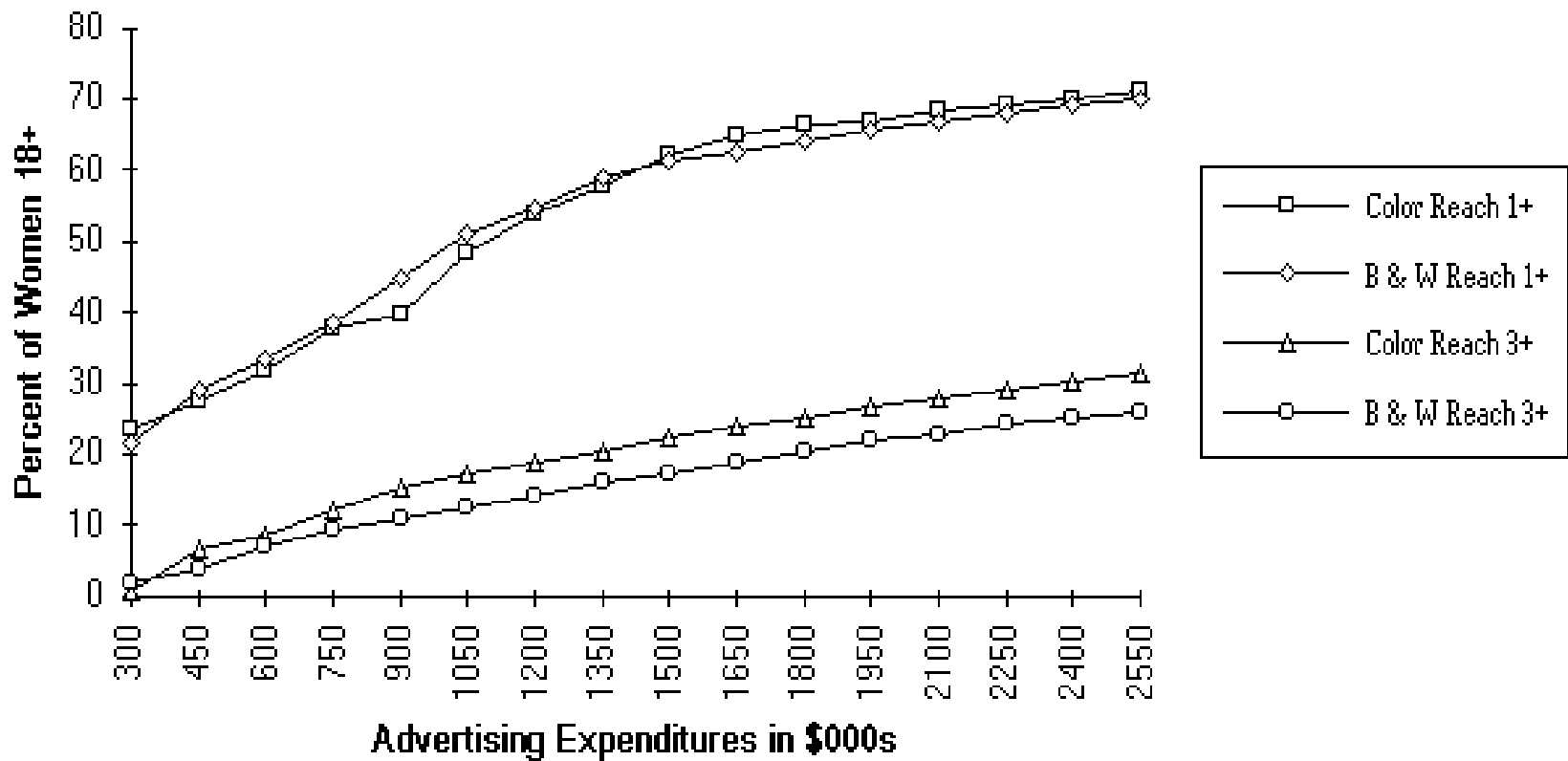
- Sophisticated

Assessing alternate message units for optimum media impact

# Magazines - Reach (3+) - Various Ad Sizes



## Optimum Magazine Advertisement Reach of Women 18+ Full-page, Four-color versus Black and White



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 ADplus(TM) RESULTS: MAGAZINES

Kent Lancaster  
 Media Research Institute  
 Typical Month

Target: 94,650,000  
 Women 18+  
 Message/vehicle ratio = 39.4%

Summary Evaluation

|                             | Vehicle   | Message   |
|-----------------------------|-----------|-----------|
| Reach (1+)                  | 87.6%     | 70.3%     |
| Effective reach (3+)        | 67.6%     | 26.2%     |
| Gross rating points (GRPs)  | 424.1     | 167.1     |
| Average frequency (f)       | 4.8       | 2.4       |
| Gross impressions (000s)    | 401,410.6 | 158,155.8 |
| Cost-per-thousand (CPM)     | \$6.65    | \$16.89   |
| Cost-per-rating point (CPP) | \$6,297   | \$15,983  |

| Vehicle List  | Rating | Ad Cost   | CPM-MSG | Ads | Total Cost  | Mix    |
|---------------|--------|-----------|---------|-----|-------------|--------|
| Better Homes  | 18.75  | \$112,890 | \$16.14 | 1   | \$112,890   | 4.2%   |
| Cosmopolitan  | 10.57  | 47,590    | 12.07   | 1   | 47,590      | 1.8    |
| Family Circle | 16.33  | 75,470    | 12.39   | 1   | 75,470      | 2.8    |
| Field & Strea | 2.60   | 41,735    | 43.04   | 1   | 41,735      | 1.6    |
| Good Housekee | 18.58  | 90,055    | 13.00   | 1   | 90,055      | 3.4    |
| Ladies Home J | 14.72  | 71,300    | 12.99   | 1   | 71,300      | 2.7    |
| McCall's      | 14.01  | 70,615    | 13.52   | 1   | 70,615      | 2.6    |
| National Geog | 10.28  | 107,140   | 27.95   | 1   | 107,140     | 4.0    |
| Newsweek      | 7.95   | 69,455    | 23.43   | 4   | 277,820     | 10.4   |
| People        | 19.80  | 70,730    | 9.58    | 4   | 282,920     | 10.6   |
| Playboy       | 1.06   | 48,940    | 123.81  | 1   | 48,940      | 1.8    |
| Reader's Dige | 21.70  | 112,660   | 13.92   | 1   | 112,660     | 4.2    |
| Sports Illust | 4.26   | 79,115    | 49.80   | 4   | 316,460     | 11.8   |
| Time          | 9.69   | 85,000    | 23.52   | 4   | 340,000     | 12.7   |
| TV Guide      | 23.60  | 103,650   | 11.78   | 4   | 414,600     | 15.5   |
| US News & Wor | 4.97   | 48,500    | 26.17   | 4   | 194,000     | 7.3    |
| Woman's Day   | 14.42  | 66,495    | 12.37   | 1   | 66,495      | 2.5    |
|               |        | Totals:   | \$16.89 | 35  | \$2,670,690 | 100.0% |

# Creative Value

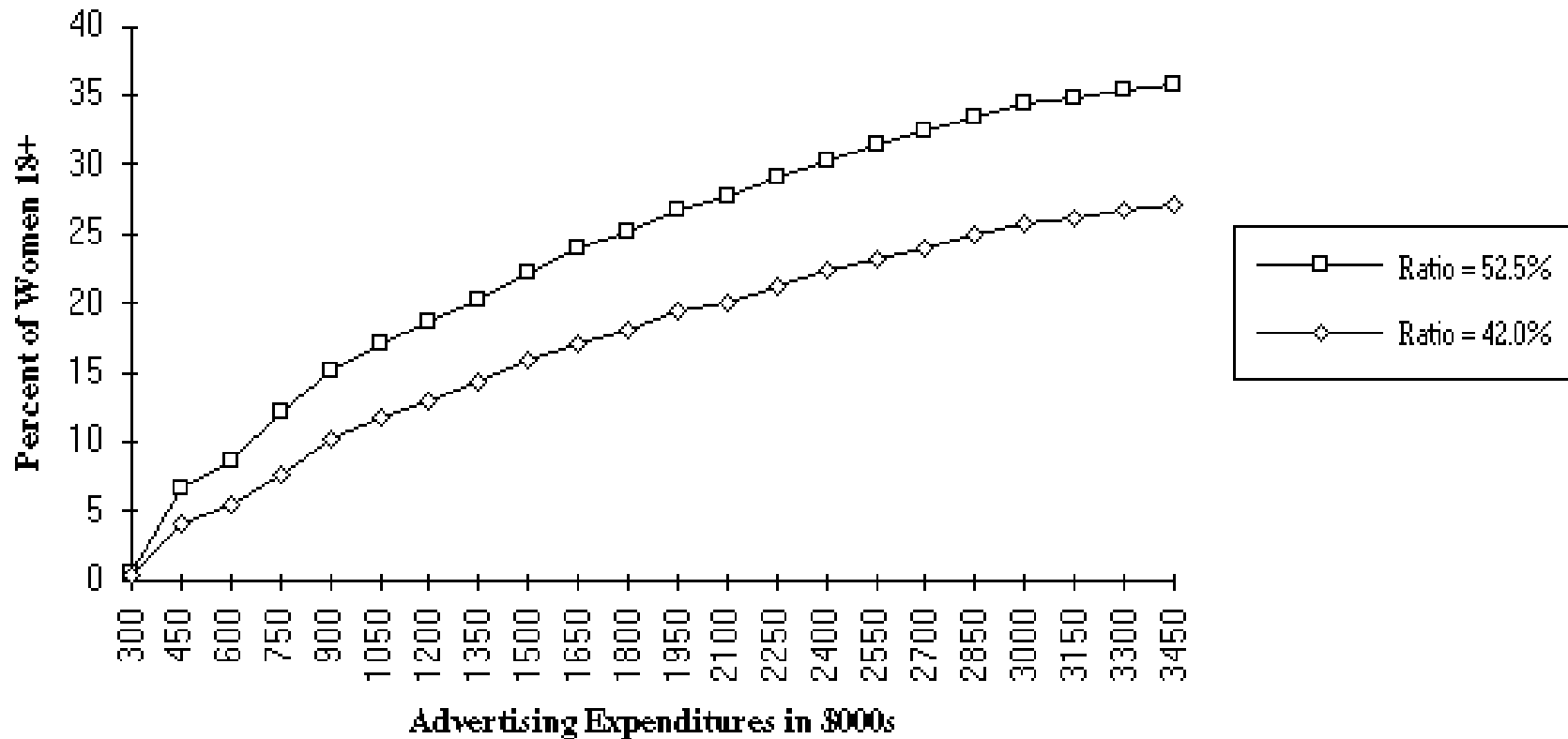
- Naïve

Increasing media budget instead of improving message effectiveness

- Sophisticated

Improving message effectiveness to leverage media expenditure

## Optimum Magazine Advertising Reach of Women 18+ Given Different Message/Vehicle Ratios



# Media Value of Message Effectiveness

Magazines, Low Cost, \$210,075 per Month

| M/V Ratio | Change | Reach (3+) | Reach Change | CERP*    | <u>Media Value of Message Change</u> |            |                      |            |
|-----------|--------|------------|--------------|----------|--------------------------------------|------------|----------------------|------------|
|           |        |            |              |          | <u>No Carryover</u>                  |            | <u>Carryover=36%</u> |            |
|           |        |            |              |          | Month                                | Year       | Month                | Year       |
| 57.80     | 1.10   | 4.70       | 0.20         |          | \$9,337                              | \$112,040  | \$14,221             | \$170,648  |
| 52.50     | 1.00   | 4.50       |              | \$46,683 |                                      |            |                      |            |
| 47.20     | 0.90   | 4.20       | - 0.30       |          | -\$14,005                            | -\$168,060 | -\$21,331            | -\$255,972 |

\*Cost-per-effective reach point.

# Media Value of Message Effectiveness

Magazines, High Cost, \$989,869 per Month

| M/V Ratio | Change | Reach (3+) | Reach Change | CERP*    | <u>Media Value of Message Change</u> |            |                      |            |
|-----------|--------|------------|--------------|----------|--------------------------------------|------------|----------------------|------------|
|           |        |            |              |          | <u>No Carryover</u>                  |            | <u>Carryover=36%</u> |            |
|           |        |            |              |          | Month                                | Year       | Month                | Year       |
| 57.80     | 1.10   | 24.80      | 1.20         |          | \$50,332                             | \$603,988  | \$76,661             | \$919,933  |
| 52.50     | 1.00   | 23.60      |              | \$41,944 |                                      |            |                      |            |
| 47.20     | 0.90   | 22.30      | - 1.30       |          | -\$54,527                            | -\$654,320 | -\$83,050            | -\$996,595 |

\*Cost-per-effective reach point.

# Saturation

- Naïve

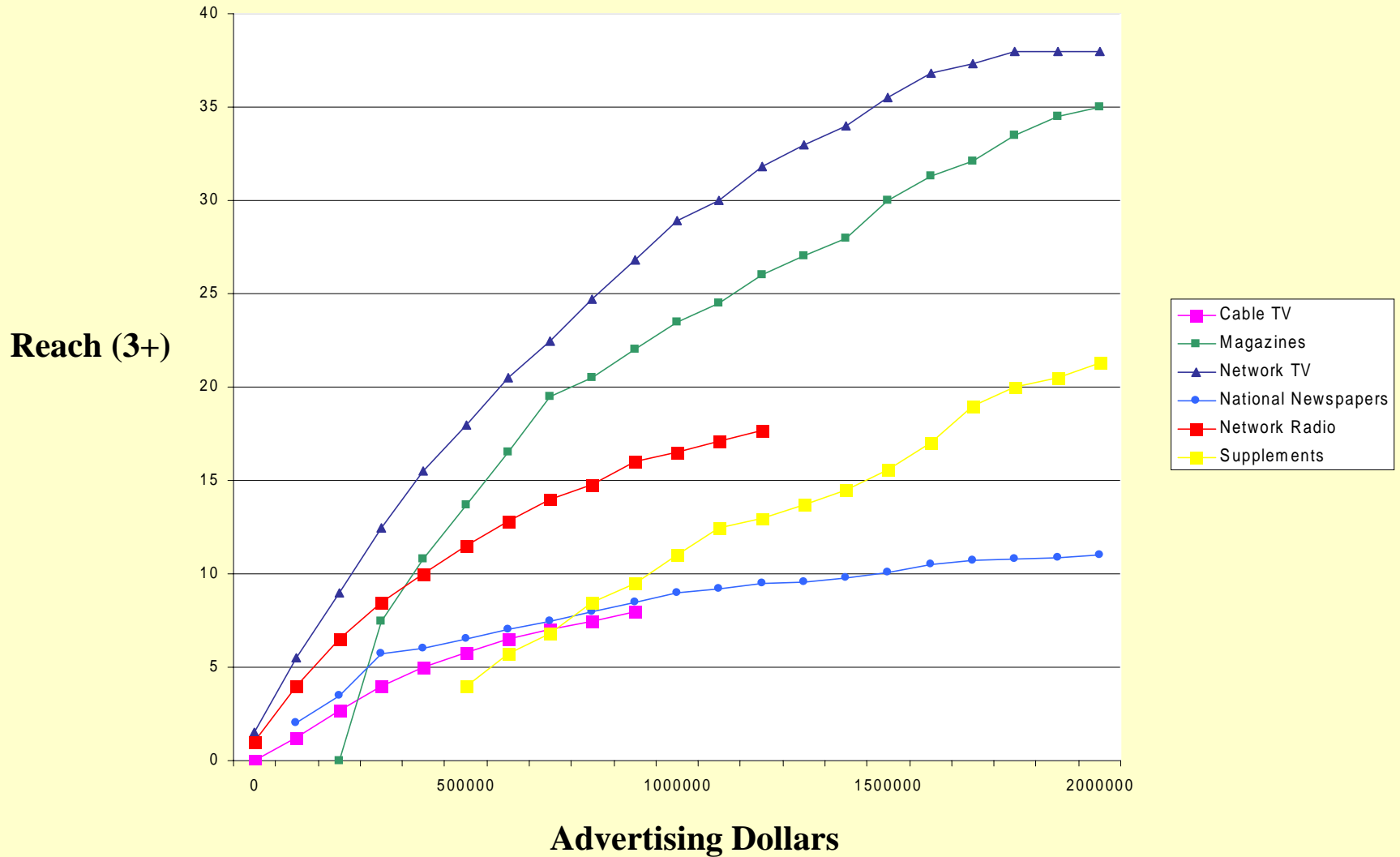
Due to pooling of insertions and focusing on vehicle coverage this approach tends to falsely indicate that spending is close to saturation.

- Sophisticated

By focusing on a narrow time frame and message coverage this approach tends to indicate that spending is far from saturation.

# Optimum Reach (3+)

## For 6 Media Categories



# Media Category Saturation

| Analytical Approach         | Budget       | Effective Reach 3+ |         |
|-----------------------------|--------------|--------------------|---------|
|                             |              | Vehicle            | Message |
| <b><u>Sophisticated</u></b> |              |                    |         |
| Old                         | \$1,500,000  | 42.3%              | 17.6%   |
| New                         | \$1,600,000  | 42.5               | 18.7    |
| Difference                  | \$100,000    | 0.2                | 1.1     |
| Rate of Change              | 6.6%         | 0.47               | 6.3     |
| Budget Impact               |              | 0.07               | 0.95    |
| <b><u>Naïve</u></b>         |              |                    |         |
| Old                         | \$18,000,000 | 77.9%              | 70.3%   |
| New                         | \$19,200,000 | 79.5               | 72.1    |
| Difference                  | \$1,200,000  | 1.6                | 1.8     |
| Rate of Change              | 6.6%         | 2.1                | 2.6     |
| Budget Impact               |              | 0.32               | 0.39    |

Rate of Change =  $[(\text{New} - \text{Old}) / \text{Old}] \times 100$

Budget Impact =  $\text{Reach 3+ Change Rate} / \text{Budget Change Rate}$

# Media Category Saturation

A 1.0% increase in spending increases...

## **Sophisticated Approach:**

- Vehicle reach 3+ by 0.07% (*close to saturation*)
- Message reach 3+ by 0.95% (*nearly constant returns*)

## **Naïve Approach:**

- Vehicle reach 3+ by 0.32% (*strongly diminishing returns*)
- Message reach 3+ by 0.39% (*strongly diminishing returns*)

# Media Mix

- Naïve

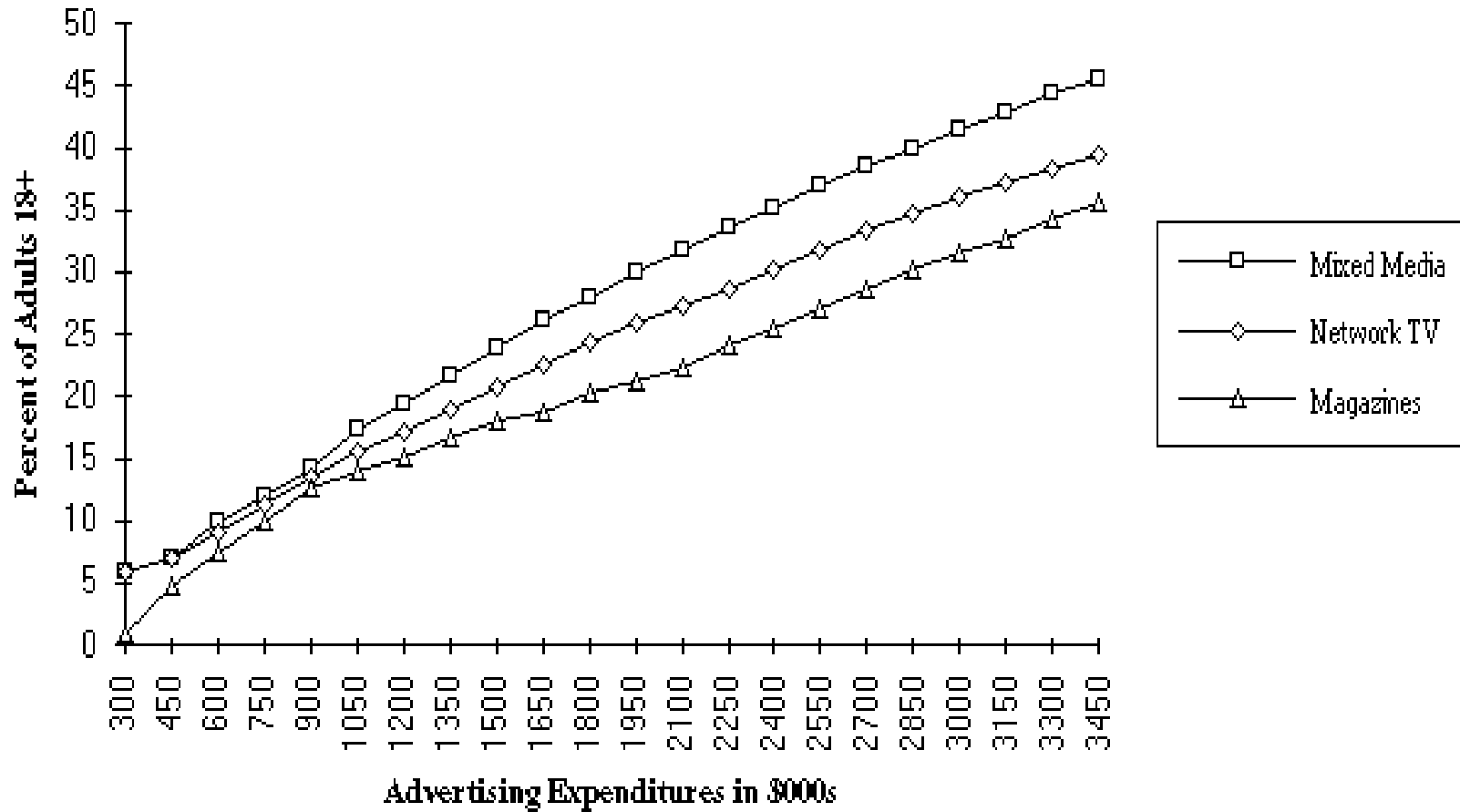
Failure to consider optimum combinations of media to achieve goals.

Assuming, for example, that one media category effectively reaches the target at all budget levels.

- Sophisticated

Examining viable media combinations at all potential budget levels.

## Mixed Media Advertising Reach (3+)



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 ADplus(TM) RESULTS: NETWORK TV

Kent Lancaster  
 Media Research Institute  
 Typical Month

Target: 181,100,000  
 Adults 18+  
 Message/vehicle ratio = 32.0%

Summary Evaluation

|                             | Vehicle     | Message     |
|-----------------------------|-------------|-------------|
| Reach (1+)                  | 96.6%       | 94.6%       |
| Effective reach (3+)        | 95.5%       | 83.4%       |
| Gross rating points (GRPs)  | 2,408.8     | 770.8       |
| Average frequency (f)       | 24.9        | 8.1         |
| Gross impressions (000s)    | 4,362,336.5 | 1,395,947.6 |
| Cost-per-thousand (CPM)     | \$3.90      | \$12.19     |
| Cost-per-rating point (CPP) | \$7,066     | \$22,080    |

| Vehicle List  | Rating | Ad Cost | CPM-MSG | Ads | Total Cost   | Mix    |
|---------------|--------|---------|---------|-----|--------------|--------|
| AM 7-9 Lo     | 2.30   | \$4,300 | \$3.23  | 20  | \$86,000     | .5%    |
| AM 7-9 Hi     | 4.50   | 17,600  | 6.75    | 20  | 352,000      | 2.1    |
| WD 10-4:30 Lo | 1.80   | 3,400   | 3.26    | 40  | 136,000      | .8     |
| WD 10-4:30 Hi | 8.00   | 27,900  | 6.02    | 40  | 1,116,000    | 6.6    |
| Sports Lo     | 2.90   | 20,000  | 11.90   | 8   | 160,000      | .9     |
| Sports Hi     | 7.40   | 60,000  | 13.99   | 8   | 480,000      | 2.8    |
| Football Lo   | 4.30   | 25,000  | 10.03   | 8   | 200,000      | 1.2    |
| Football Hi   | 14.60  | 270,000 | 31.91   | 8   | 2,160,000    | 12.7   |
| Sports Events | 22.80  | 360,000 | 27.25   | 4   | 1,440,000    | 8.5    |
| Prime Time Lo | 3.00   | 18,200  | 10.47   | 20  | 364,000      | 2.1    |
| Prime Time Hi | 20.00  | 223,400 | 19.27   | 20  | 4,468,000    | 26.3   |
| News Lo       | 1.50   | 6,300   | 7.25    | 20  | 126,000      | .7     |
| News Hi       | 10.30  | 55,200  | 9.25    | 20  | 1,104,000    | 6.5    |
| Late Night Lo | 1.50   | 4,200   | 4.83    | 20  | 84,000       | .5     |
| Late Night Hi | 5.00   | 32,500  | 11.22   | 20  | 650,000      | 3.8    |
| Prime Accs Lo | 4.00   | 15,800  | 6.82    | 20  | 316,000      | 1.9    |
| Prime Accs Hi | 15.00  | 111,700 | 12.85   | 20  | 2,234,000    | 13.1   |
| Synd Frng Lo  | 1.50   | 2,800   | 3.22    | 20  | 56,000       | .3     |
| Synd Frng Hi  | 8.00   | 37,200  | 8.02    | 40  | 1,488,000    | 8.7    |
| Totals:       |        |         | \$12.19 | 376 | \$17,020,000 | 100.0% |

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 ADplus(TM) RESULTS: MAGAZINES, NETWORK TV

Kent Lancaster  
 Media Research Institute  
 Typical Month

Target: 181,100,000  
 Adults 18+  
 Message/vehicle ratio = 41.7%

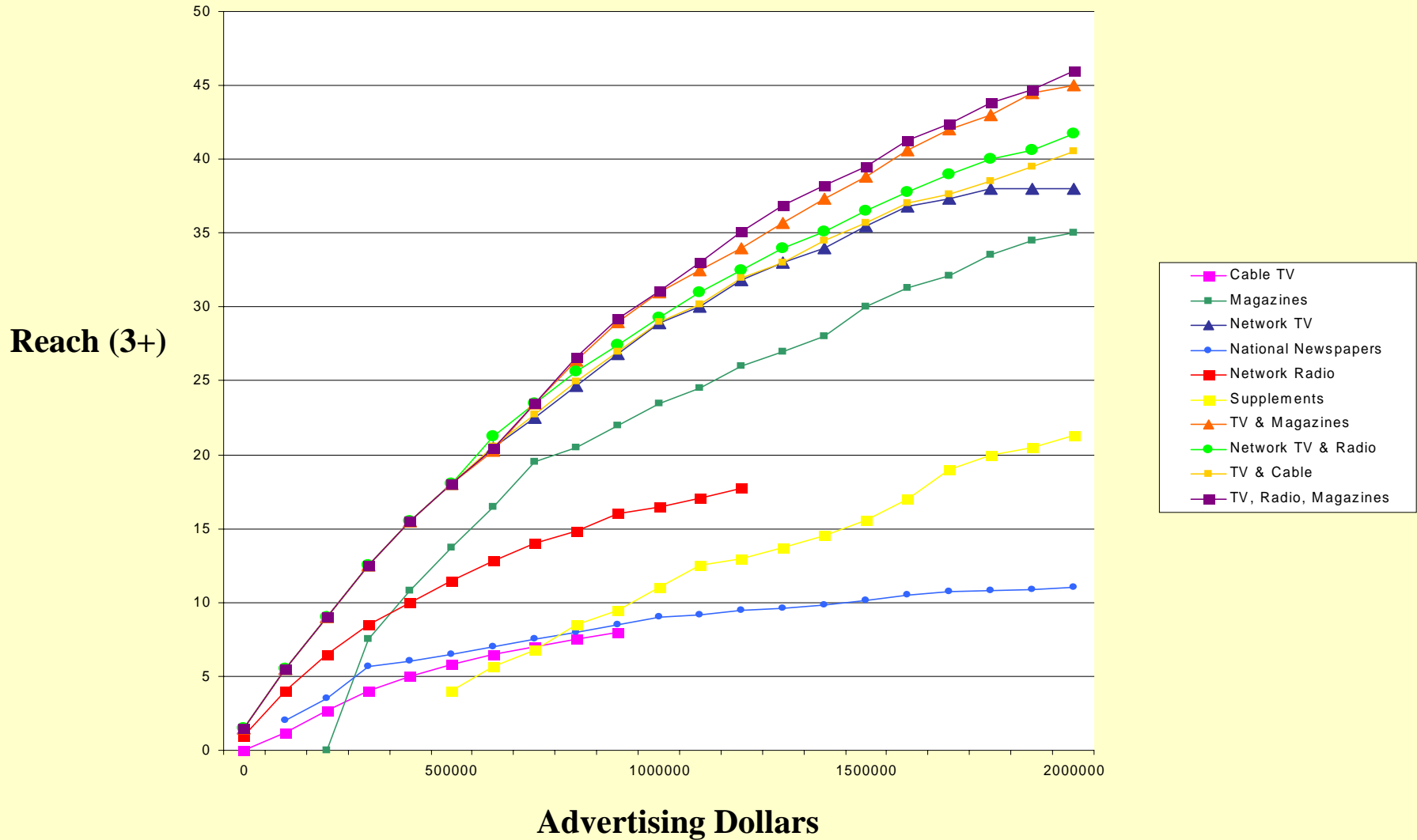
| Summary Evaluation          | Vehicle   | Message   |
|-----------------------------|-----------|-----------|
| -----                       | -----     | -----     |
| Reach (1+)                  | 60.8%     | 45.7%     |
| Effective reach (3+)        | 39.4%     | 19.5%     |
| Gross rating points (GRPs)  | 320.9     | 133.8     |
| Average frequency (f)       | 5.3       | 2.9       |
| Gross impressions (000s)    | 581,186.1 | 242,380.6 |
| Cost-per-thousand (CPM)     | \$2.06    | \$4.94    |
| Cost-per-rating point (CPP) | \$3,732   | \$8,949   |

| Vehicle List  | Rating | Ad Cost  | CPM-MSG | Ads | Total Cost  | Mix    |
|---------------|--------|----------|---------|-----|-------------|--------|
| -----         | -----  | -----    | -----   | --- | -----       | -----  |
| 1 MAGAZINES   |        | Totals:  | \$6.00  | 8   | \$852,660   | 71.2%  |
| People        | 16.26  | \$91,165 | \$5.90  | 4   | \$364,660   | 30.4%  |
| TV Guide      | 21.72  | 122,000  | 5.91    | 4   | 488,000     | 40.7   |
| 2 NETWORK TV  |        | Totals:  | \$4.00  | 95  | \$345,000   | 28.8%  |
| Synd Frng Lo  | 1.50   | \$2,800  | \$3.22  | 20  | \$56,000    | 4.7%   |
| AM 7-9 Lo     | 2.30   | 4,300    | 3.23    | 20  | 86,000      | 7.2    |
| WD 10-4:30 Lo | 1.80   | 3,400    | 3.26    | 35  | 119,000     | 9.9    |
| Late Night Lo | 1.50   | 4,200    | 4.83    | 20  | 84,000      | 7.0    |
|               |        | Totals:  | \$4.94  | 103 | \$1,197,660 | 100.0% |

-----  
 Maximum reach (3+), budget: \$1,200,000, time (mm:ss): 00:06  
 File(s): adultmt  
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# Optimum Reach (3+)

## For 6 Media Categories and 4 Combinations



# Setting Ad Budgets

- Naïve

Due to pooling of insertions and focusing on vehicle coverage, this approach will lead to substantial underspending what is necessary to achieve a particular goal.

- Sophisticated

By focusing on a narrow time frame and message coverage, this approach will underscore the substantial spending that is required to achieve a particular goal.

# Setting Ad Budgets

## (Based on Message Reach 3+ Goal)

Use previous plan(s) as a starting point.

Determine year-end cost-per-message effective reach point (CPERP).

$CPERP = \text{Schedule Cost} / \text{Message Effective Reach } 3+$

$\text{New Yearly Budget} = CPERP \times \text{Message Effective Reach Goal}$

**Naïve Approach:** Optimize yearly database at new yearly budget

**Sophisticated Approach:**

- Optimize monthly database at new yearly budget  $\div 12$
- Assign to monthly flowchart with carry-over

Due to (strongly) diminishing returns, repeat steps above until goal is reached.