Introduction to Media

1 How Does Media Work ?

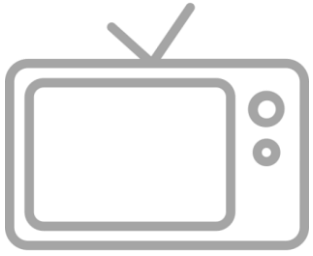**2** How is Media Measured ?

3 How is Media Bought ?

OUTLINE

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1. How Does Media Work ?

Offline Communication Channels

High impact and awareness
Expensive. Usually used by
"big brands"

Accurate targeting, vast number of
stations. Reinforces TV message

Detailed
Accurate targeting

Specific and accurate targeting.
Good for promotional activity.
Can be seen as Junk Mail

Viewed less than other media.
Accurate targeting with a
captive audience

Key criteria for site choice are
location, visibility and traffic
flow.
Builds and holds brand
awareness

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Online Communication Channels

Social Media: Utilize user information to serve highly relevant advertisements based on interactions within a specific platform.

Digital Advertising: Allows the business to reach the right people with the right message at the right time.

How Does Media Work ?

- Each ad is created and aimed at a certain primary group of people:

  o This group is called the Target Audience

- This can be people of a certain age group, gender, marital status, income etc. Target Audience can also be a combination of the above (e.g. Men 20-35).

  o For example, the target audience of diaper's ad would be stay-at-home parents with children aged 0-3

Ad Exposure (1)

- Imagine that the target audience for the ad is MASS employees:
  - The Universe (or Target Audience) is then the number of MASS employees, i.e. 50.

- Now 10 massians stay in the room and watch the advert
  - The other 40 can take a short coffee break ☺

Unautorisierter Spot! Keine Verbindung zu Mercedes-Benz / Daimler AG
Non-authorized spot! No affiliation with Mercedes-Benz / Daimler AG

Ad Exposure (2)

Now 5 out of the 40 that were outside return to the room and watch the ad with their colleagues (the former 10)

Unautorisierter Spot! Keine Verbindung zu Mercedes-Benz / Daimler AG
Non-authorized spot! No affiliation with Mercedes-Benz / Daimler AG

How Does Media Work ?

- In the Ad Exposure 1, only 10 massians saw the ad.

- In the Ad Exposure 2, only 15 massians saw the ad.

- Hence, the total number of "pair of eyes" seeing the ad is 25 (10+15):
  - This is the number of Gross Impacts

- This does not take into account that 10 pairs of eyes, out of the total 25, had already seen the ad before.

- In fact (removing duplicates), only 15 people have seen the ad
  - This is the number of Net Impacts

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How Does Media Work ?

- Two key concepts are important to know in the media jargon:

    o Coverage & Frequency

- Coverage is the percentage of our target audience who saw the ad (reach):

    o Coverage = Net Impact / Target Audience * 100

    o Therefore, in the case of our experiment:

    -> 15 massians were reached by the ad: coverage is 30 (15/50 *100)

- Frequency refers to the number of times the target audience were exposed to the ad (Opportunity To See). In our example:

    o 15 out of the universe saw the ad at least once,

    ▪ Therefore, frequency of 1+ Cover is 30% (15 out of 50)

    o 10 saw it twice:

    ▪ Hence, ad frequency of 2+ Cover is 20% (10 out of 50)

2. How is Media Measured ?

How is Media Measured ?

- The unit of measurement of "how much media?" is the GRP (Gross Rating Points)

  o Also known as TVR (TV Rating Points) in the UK or TRP (TV Rating Point) in the US

  o GRP is a measure of viewership of a particular program, day part...

  o It compares its audience to the target audience of the population as a whole

- For other Media, we have:

  o Press: GRPs (Gross Rating Points)

  o Radio: GRPs to measure Radio

  o Outdoor: PRPs to measure exposure

  o Online: Impressions and CPC (Cost Per Click)

How GRPs are Calculated

- GRP is calculated as follows:

  o GRPs = [Gross Impacts / Target Audience] * 100

  o Another formula to calculate GRP is:

  ▪ GRP = Reach*Frequency

Where:

  o Gross impact is the number of pair of eyes viewing an ad.

  o Target audience is the size of the population you want to target with your advertisement.

- Coming back to our example, how many GRPs were achieved?

  o GRPs= (25/50)*100 = 50 GRPs

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Practice Exercise

How many GRPs will have been achieved if you have:

- 50% seeing the ad once, 20% twice and 10% 3 times*?

  o (50*1) + (20*2) + (10*3) = 120 GRPs

- 50% seeing the ad once, 30% twice?

  o (50*1) + (30*2) = 110 GRPs

- 50% seeing the ad once, 30% twice, 25% 3 times, 10% 4 times, 5% 5 times?

  o 250 GRPs

3. How is Media Bought ?

How TV Is Bought?

- Media is bought per thousand gross impacts. The unit of measurement is CPT (Cost per Thousand)

  - CPT $\quad=\quad$ (Cost / Gross Impacts) * 1000

    $\quad\quad=\quad$ Cost / [Target Audience * (GRPs/100)] * 1000

  - Cost $\quad=\quad$ [CPT/1000] * Gross Impacts

    $\quad\quad=\quad$ [CPT/1000] * [Target Audience * (GRPs/100)]

- What is the CPT to deliver 50 GRPs against the target audience of 50 MASS employees if the total cost of an ad is $200?
- (200/[50*(50/100)])*1000 = $8000 or
  - (200/25)*1000= = $8000

- Now if CPT= $10k, what is the cost of achieving 50 GRP?
  - [10000/1000]*[50*(50/100)]= 250$ or
  - (10000/1000)*25 = 250$

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Drivers of Cost

- The cost is driven by how difficult it is to reach the target audience:

  o The harder it is to buy a particular target audience, the more expensive it will be.

- Factors that can influence the hardship of reaching an audience are:

  o Time of year

    ▪ In some countries it is cheaper to buy media in the summer.

  o Daypart (time of the day)

    ▪ More expensive during peak time when compared to morning day slots.

  o Target audience

    ▪ Reaching specific groups of women during the day e.g., Housewives between 25-44

    ▪ Some target Audiences are harder to reach than others:

      ➢ Specific times are cheaper than others

      ➢ Reaching smaller target groups, e.g. Young Adults, will be more expensive

  o Region

    ▪ Size of the region

    ▪ People in some regions are more likely to watch TV than other regions (e.g. major cities I Vs remote areas)

    ▪ How the target audience is spread across regions (e.g. more upmarket males in major cities)

Drivers of Cost

- The cost of TV spots depends on the GRPs. The same TV spot can achieve completely different numbers of GRPs depending on what program it is placed in. Hence, the cost will vary massively:

  o A popular program that has a high viewership will achieve a bigger number of GRPs. Consequently, an ad placed within that program will cost more.

  o A less popular program that has lower viewership will achieve lower a number of GRPs and the same ad placed within that program will cost far less

- When analyzing Media data be watchful of small numbers of GRPs, but also high GRPS as they could signal some data problems:

  o Try to check the acceptable norms within the country in which you are operating.

Summary

- <u>Target Audience</u>: the segment of consumers that the ad is targeting.

- <u>Gross Impacts</u>: the number of times an ad has been seen.

- <u>Net Impacts</u>: the number of people who have seen an ad.

- <u>Frequency</u>: the number of times an ad has been seen (on average).

- <u>Cover</u>: the proportion of the target audience which has seen the ad.

  - N+ cover is the proportion which has seen the ad at least N times.

- <u>GRPs</u>: viewership measure. 1 GRP is equal to 1% of your target audience seeing the ad once.

- The <u>cost</u> of media will vary according to how difficult it is to reach the target audience. This will vary by target audience, daypart and region.

- <u>Communication channels</u> include TV, Radio, Outdoor, Cinema, Internet, Direct Mail and Print. They will vary in their effectiveness.

THANK YOU!

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