

The problem for the advertisers is to maximize the product's exposure, subject to budgetary limitations, as follows:

$$\begin{aligned} \max_{Space_{ij}} Exposure &\equiv \sum_{ij} Space_{ij} \cdot Impact_{ij} \\ \text{s.t. } \sum_{ij} Space_{ij} \cdot P_{ij} &\leq Budget \end{aligned}$$

where *Exposure* is the exposure of the product that the advertiser wants to maximize, *Space<sub>ij</sub>* is the advertiser's decision variable on which newspaper to advertise in (*i*), where the advertisement will be placed within the newspaper (*j*), and what the size of the advertisement will be (in square inches). The illustration model assumes that the advertised product's exposure is a linear multiplication of advertising space (*Space*) and influence (*Impact*). The Lagrangian (*L*) of (1) is:

$$L = \sum_{ij} Space_{ij} \cdot Impact_{ij} - \lambda (\sum_{ij} Space_{ij} \cdot P_{ij} - Budget)$$

Taking the derivative of *L* with regard to both the *Space<sub>ij</sub>* decision variable and  $\lambda$ , and comparing it to zero yield:

$$(1) \quad \sum_{ij} Space_{ij} \cdot P_{ij} = Budget \leq Impact_{ij} = \lambda P_{ij}$$

Equation (2) shows that in order to maximize exposure, the advertiser must use his entire budget at the relative price per area unit (*P<sub>ij</sub>*), which in turn reflects the advertising impact (*Impact<sub>ij</sub>*).

