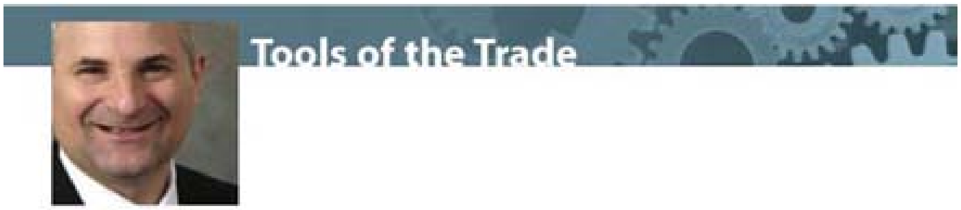

A Slice of Ratings with Your Calls?

By Carl Langrock
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Would ye both eat your cake and have your cake?
-John Heywood, John Heywood's Proverbs, 1546

Are you sure that a floor cannot also be a ceiling? Can you be definite that it is impossible to eat your cake and have it?
-M. C. Escher, On Being a Graphic Artist, 1981

To eat your cake and have it . . . that's the trick. In my August column, I talked about how some agencies are bringing the tools of Direct Response to traditional brand clients. In this column, we'll zoom in on a fundamental tactic -- bolstering your DR tool-chest with television ratings.

"We started using ratings years ago when we would do the holiday campaigns for Conair," starts Dan Diamond, VP Media Supervisor at Advanced Results Marketing (ARM), Marlborough, MA. "It was actually more of a 'hybrid' campaign. Like a traditional Direct campaign, we had to bring in revenue for them. But at the same time, Conair based their internal reporting on ratings -- what percentage of the target audience where they reaching, how many times? All of the plans that we put together for them had to include both. They had to include reach for the specific demo for each product. At the same time, the schedules all had to perform on an immediate direct sales level, too. Whether the campaign goal was fifty or eighty percent in revenue, the big thing for them was getting the revenue in house to roll back into the media spend."

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Typically, in supporting a retail product, the advertiser is looking to reach as much of the target audience as possible. The message needs enough repeat exposure so that consumers identify with the brand and are primed to take action. Using the industry jargon, this type of execution sets a goal for target reach at an effective frequency level. The thinking goes like this: Reach too few people in your target audience and you might as well be whispering in a wrestling arena. Fail to repeat your message and people won't remember you. To get shelf space, advertisers have to show retailers that they're committed to support the product. They have to show that they're running enough media to push people into the stores and the product off the shelves. Nielsen Television ratings are the currency for this push-me-pull-you-dialogue. For every rating point running on air, one percent of the target market is exposed to the message.

Mixing retail brand support with direct sales management, ARM adds a self-funding dimension to the plan. The DR approach helps the agency determine what works and what doesn't -- resulting in rapid optimization. ARM quickly learns which stations are working on a cost-per-action basis and which stations produce revenue. To ensure that they maintain the effective reach goals, ARM post-analyzes the buy based on ratings performance. Perhaps the clearest differentiator for the advertiser is the self-funding element. As ARM creates direct sales from the media, the advertiser can fold that extra revenue into additional airtime. Who wouldn't find that appealing? Can I have an extra slice of free cake please?

Diamond finds that, "If the campaign costs $100,000 per week, and we offset half of the cost by optimizing the schedules with CoreDirect, we're bringing in $50,000 in revenue. If we do that, every two weeks we're funding another full week of media. This allows the advertiser to extend the campaign forward, further than they might otherwise have gone." The extended on-air presence helps the advertiser sell more product at retail. Therefore, ARM's approach can maximize ROI and advertiser profitability.

Like ARM, many DR agencies are blending ratings analysis into a hybrid approach supporting both brand building and retail sales. And, like ARM, many are finding that having ratings in the tool-set changes their buy management. "We've come to a hybrid approach where we analyze the buys not only on cost per action but also on ratings performance." Diamond cites an example, "For Carvel Ice Cream we provide a post-buy analysis that ties back to their original reach/frequency plan. In our older "pure DR" approach, we would have never had to show the post buy performance in terms of audience reach; it was all based on call performance. Now we're managing stations not only on their ability to generate leads, but also on their ability to perform on reach. You start to get a feel for what groups of networks always post better than others, even for DR dayparts."

In their approach, ARM combines direct response buying and management with ratings planning and post-buy analysis. The ability to report ratings, reach, and frequency against goals is table stakes for brand business. In targeting retail support, ARM adds icing on an extra slice of cake by adding a self-funding dimension. By blending the tools of direct response with the tools of brand support, ARM is not only able to prove ROI, they are able to help the advertiser buy more media and show more support for the brand. Stacking the cake this way gives ARM a competitive advantage in winning business.

Next month I'll talk more about some of the fundamentals of television ratings and some of the changes in the industry. Meanwhile, all this talk about cake is making me hungry.

Carl Langrock is president of Fairfield, NJ-based COREMedia Systems. He can be reached at clangrock@coremedia-systems.com.