What You Need To Know About Media Sales

Getting the best deal on media is simply a matter of understanding how much you are paying to reach the people you need to reach in the area you need to reach them.

In the media world, the “area” you are measuring is usually boiled down to two terms:

1. **A Designated Marketing Area or “DMA,”** which refers to a large service area, usually around a well-known city. These areas defined by The Nielsen media measurement company, but are widely used by all media and business agencies to define the broadcast service areas that we advertise and expect customers from. Broadcast TV often measures it’s audience in relation to the confines of the DMA. This is usually a 75-150 mile stretch around the largest city within the area. There are 210 defined DMAs in the United States.

2. **A Metropolitan Statistical Areas or “MSA”** also defines a particular service area, but is usually much smaller in size than a DMA, contains fewer people and is confined around a particular city. MSAs are defined by the US Government and usually contain 50,000 or more people. These are used primarily in AM/FM radio measurement.

If you are a local company, your DMA or MSA are typically the people you are hoping to do business with you. So it makes sense that these are the areas. If you serve people in a larger area, you may want to advertise to the entire DMA, but if you are a more localized retail company, you may care about focusing on the smaller number.

There are four basic ways to measure an audience within a DMA or MSA:

Demographics
Rating Points
Thousands of People
Frequency

Demographic Measurement:

Most of us are familiar with the basic concept of demographics; age, gender, household income, etc.

In traditional media measurement like radio, TV, and print, demographics mostly relate to just age and gender. There are a handful of standard age ranges in which audiences are measured and “grouped” into for targeting purposes. The most common age ranges for measurement are as follows:

12-18
18-24
25-34
35-54
55-64
65+

These standard demographics were developed a long time ago by the advertising industry with the basic assumption that consumer behaviors differ and “change” at each of these age gaps. We won’t get into this here, but just know that these are the standard ages at which you can expect measurement in traditional media like TV, Radio and Print. Other digital medias have some additional granular measurement, which we will discuss later.

These age “cutoff” points are usually where one demographic “stops” and the other starts. That said, the most commonly used demographics combine a few of these age ranges for broad targeting purposes. In common practice for media buying, you will see these three demographics the most:

18-24
25-54
35-64

Each of these age ranges can be further defined by the gender of the audience we are talking about. You will often hear media reps talk about their programs being strong in “Women 25-54,” or “Men 35-64.” If there is no gender preference for the target, we express this simply as “Adults 25-54,” or “Persons 25-54.” On paper you will see the audience express like this:

A25-54 = All persons between the ages of 25-54
W25-54 = Women ages 25-54
M25-54 = Men ages 25-54

HH = All households in the service area (broad demographic usually used to express the mass size of an audience).

The basic labels for media are important to know if you're going to have a productive conversation about media selection. Even knowing that each media is often expressed with these basic demographics may very well make you the smartest person in the room on this topic.

Rating Point Measurement:

Rating Points are often talked about with phrases like, "the best rated show in prime time," or "the #1 rated news in Seattle!" As viewers of media, we all understand that ratings have something to do with popularity. But very few people understand just how simple a rating point is:

A rating point is the same thing as a percentage point.

Specifically, rating points are expressed as a *percentage* of a *demographic* that watched a program. And the size of the program is the size of the audience we assume will be exposed to our ads.

So, a "1" rating in the demographic of A35-64 year old's simply means that 1 percent of 35-64 year old's were watching that program.

A 2.5 rating in Women 35-64 would simply mean that 2.5% of women ages 35-64 were watching that program.

A 3.0 rating of "Households," or "HH" would tell you that 3 percent of all households watched a program.

If it sounds simple, that's because it is.

Over the years I have run into more empty-suited goobers known as "media buyers," who try to make this whole thing sound way more complicated than it is. I think it is their way of making themselves feel more important.

The goal of using rating points is simply to compare the size of one audience to another to determine the competitive value of that program.

Remember someone is talking about rating points, they're only talking about the percentage of a demographic that watched a program. Rating points can be expressed as the percentage of a DMA (usually in broadcast), MSA (usually in radio), or a CDMA (a special DMA for households with cable).

It may be helpful to know that the companies who measure ratings use an established number for the total number of the population that exists in each demographic. Nielsen and ComScore are the two most commonly used rating point measurements of today. Each of them has a number, for example, how many 24-54 year olds, or 35-64 year olds live in each service area. So, when they are calculating rating points, they are dividing the number of the measured audience into that number.

So, if there were 200,000 35-64 year olds in Tulsa, Oklahoma, for example, and a program measured as 2,000 35-64 year olds watching, that program would receive a "1.0" rating in the demographic of A35-63.

2,000 ÷ 200,000 = 0.01 (1%)

Thousands Measurement:

If you thought rating points was simple, you're really going to love this one. "Thousands," are simply an expression of how many *thousands* of people have watched a program.

Thousands and rating points are both ways of measuring people, just expressed differently. Rating points is a percentage of the total audience and thousands is displayed as number of thousands in audience.

Like rating points, thousands are expressed in relation to a demographic audience. So, a program that measures as a "10" in thousands for A35-64 earned an audience of 10,000 35-64 year old's.

An audience with 5.4 thousands in A25-54 means that 5,400 people between ages 25-54 years old watched the program.

Easy right?

Using Rating Points and Thousands to Get a Better Deal:

The biggest utilization for rating points and thousands is for you to compare different media to each other. You can use third grade math to find which programs are most efficient in the audience that you wish to reach.

When you want to compare different TV stations or programs for their true value, you can request rating points and thousands of each demographic for the programs you're interested in and compare "apples to apples."

The third-grade math works like this:

Take the spot rate of the program and divide it by the rating of that program. This will give you the "cost per point," or the "CPP," which is telling you how many rating points you are getting for your dollar.

For example, if the 6am program has a spot rate of $100 and earns a 2.0 rating in A35-64, you would have a $50 CPP for A35-64:

$100 ÷ 2.0 Rating = $50 Cost per rating point (CPP)

And suppose you find that the 6am news on the competing station is a $200 spot, but it scored a 10.0 rating point.

$200 ÷ 10.0 Rating = $20 Cost per rating point (CPP)

On the surface, the uneducated buyer might say, "$100 is much cheaper than $200!"

But if you know how to use this equation, you would quickly see that the $300 program reached many more people proportionally. Though it was twice as expensive, it reached a lot more than twice the number of people. This is what we call *efficiency.* Buying the $200 program would have reached far more people for your dollar.

You can ask a rep at any station to provide this data for you, but when comparing different stations (competitors), it is often very helpful to put the programs you are interested in into an Excel spreadsheet with a rate, rating, and thousands column, then make a simply division formula to quickly show you how each program scores in CPP.

Place all of your options in this spreadsheet so that you can quickly see how one station's program at 6pm compares to another station's program at 6pm, or how one radio station's audience from 10am-3pm compares to another station's. Compare their overall audience, the price per spot (spot rate) that it costs to reach them, and the resulting CPP to see which program is more efficient.

*Keep in mind that rating points are always in relation to the demographic you're buying for. One station or program could have a 5 rating for A25-54 demo and a 8 rating for 35-64 demo; this would mean that there are a higher concentration of 35-64 year olds versus 25-54 year olds watching. Depending on the audience that is most important to you, you may benefit from a demographic skewing like this.

Like Cost Per Rating Point, you can Use Cost Per Thousands metrics to compare the efficiency of different programs. Cost Per Thousands is abbreviated in the media world as "CPM," or Cost per "Mille" (Mille is Latin for "thousands"). So, the CPM of a program is simply how much it costs to reach 1,000 people, or 1,000 "impressions" of your message. Like the CPP equation, we simply divide the spot rate by the number of thousands of people watching that program.

So, a Program that cost $200 and a thousands measurement of "10" in 5-64 year old's would have a $20 CPM.

$200 ÷ 10 (thousands) = $20 Cost Per Thousand (CPM)

And if we compared that to a spot that cost $500 to reach 50,000 people:

$500 ÷ 50 = $10 Cost Per Thousand (CPM)

We would find that the $500 was more efficient, right?

It's important to note that spending *more* per spot does not always equal a greater efficiency. You will often find that some stations are much more expensive with *smaller* ratings.
It is also important to note that there are multiple rating stations that achieve their ratings in different ways. Nielson and ComScore are the two most common, and each has their own methodology for measuring. If you are comparing one station to another, make sure you are comparing the same "type" of ratings. It is not accurate and not effective to compare Nielsen ratings to Comscore ratings.

It's also important to know that when comparing ratings from different stations, it is paramount that you request ratings from the same time periods. Since different times per year will yield different results for different programs, you want to make sure you are requesting projected ratings for the same time period. For example, you might ask each station to provide you ratings for "Fourth Quarter 2019," and verify that the reporting software stamps these ratings in the header of the document you receive back.

Programs vs. Dayparts and Rotators

Most TV stations will express ratings for *individual programs*, such as a newscast, or American Idol, or The Big Bang Theory. Some station will also sell "blocks" of time that your ad can fall in, known as "rotators."

Radio stations, on the other hand will use standard "dayparts," to express their ratings over a certain time period per day. Standard dayparts for radio are as follows:

M-F 6a-10a (Also called "Early Morning")

M-F 10a-3p (Also called "Midday")

M-F 3p-7p (Also called "Afternoon Drive")

M-F 7p-12a (Also called "Evening")

Sat 6a-10a (Also called "Saturday Morning")

Sat 10a-3p (Also called "Saturday Midday")

Sat 3p-7p (Also called "Saturday Afternoon")

Sat 7p-12a (Also called "Saturday Evening")

Sun 10a-3p (Also called "Sunday Midday")

Sun 3p-7p (Also called "Sunday Afternoon")

Sun 7p-12a (Also called "Sunday Evening")

M-Su 6a-12a (Also called "Weekly").

What's important to know is that when comparing station to station or program to program, there will be different demand and rates for different parts of day. In general, high audience placements such as news times or prime times tv on TV, and drive times such as 6a-10 on radio will generally be *less efficient* across the market, but they may earn you a larger, more consistent audience.

It's okay to pay a premium for these areas, but keep the competitive comparison in check across your station options.

Frequency Projections

The "frequency" of a media plan expresses how many times the average person within your audience will be exposed to a message. This is very important to know, because even though you may be able to buy a much more efficient program by spending more money per spot, you ultimately must air enough spots for the average person to remember and recall. Since most of us have specific budgets for our media, we can't just always buy the most expensive / most efficient spots as much as we'd like.

So we use frequency projections to determine if we are buying "enough" spots.

Frequency of a media schedule is calculated by media placement software by complicated algorithms and is generally accepted as a true number for buying purposes. Frequency is generally affected by the number of "spots" you choose to air within a certain time period.

Like thousands and rating points, frequency is expressed in relation to the demographic that you are measuring.

So, if the software projection was for a 3.0 frequency in adults 55-64 for the month of January, then you could expect the average 55-64 year old to see your ad an average of 3 times in that month.

What frequency cannot express:

A frequency projection cannot tell you how many of the "same" people watched the program over and over. So, frequency merely expresses a projected "average," of how many times the average of a certain demographic will see the ad. For example:

A “10” frequency could mean that 10 people saw the ad 1 time each, or that 1 person saw the ad 10 times.

A “10” frequency could also mean that 5 people saw the ad 2 times each, or that 2 people saw the ad 5 times each.

Frequency is merely an average for comparison purposes. It can be used to get a basic idea of how many exposures the audience will have to your message, but it cannot guarantee true consistency and repetition with the same person. This is important to know, because for your message to work it is generally necessary that the same person is exposed to it multiple times. This will be extremely important to remember later when we talk about how to negotiate and build profitable media plans.

What is a proper frequency?

This can vary by industry, message, and goals for your campaign. But as a general rule of thumb, you should not engage in any media schedule that doesn’t grant you at least a 3.0 frequency every week. We’ll discuss why later in chapters 13 and 14.

When your projection is less than a 3.0 frequency per week, it probably means you are trying to buy too big of an audience *too few times*. Generally you should select a smaller / cheaper station at this point.

How to put it to use:

While we will outline a very specific process for how to assemble your media plans later in this book, I think it’s important to pull all of this together before we move forward.

You may be thinking, “so what do I actually do with all of this?”

Knowing these numbers and how they are derived allows you to ask more intelligent questions about what you are buying. As I was learning all of this and the longer I am in this business I am blown away at how many people buy this commodity blindly. Like the example of buying over-priced gas, I see companies buying over-priced media based on emotion, conventional wisdom, shady sales tactics, and false assumption.

You do not want to be the one that was “sold.” This is your money! This is money you could be spending on things like vacation and college education for your kids, right?

So if you're going to spend it, you should do it wisely. The good news is that buying it wisely is very simple when you just know the right questions to ask.

If you do nothing else, understand how each of your media options compares to each other by asking for these numbers. Ask your reps,

"Please provide ratings for my key demographic of A35-64" (or whatever your key demo is)."

False Hope in Numbers

After rising to the "chief media nerd" in the office, I got some attention. I quickly spouted every statistic, every latest tool, and would ramble on and on about best practices in media buying.

I started to feel pretty good about myself. "If I know more than anyone, I can do more than anyone," I thought. My bosses paid attention. They started asking me to give presentations to the team and our clients. I began to fancy myself as the resident expert.

This mentality quickly made it into my sales presentations.

I would "wow" my prospects with fancy plans. "We can find your ideal customer by matching 3rd party data to their browsing habits! I will put 100,000 impressions of your company in front of the perfect audience!"

I was making sales, getting my clients to commit spending money. I finally started to make my sales goals.

Media and technology had become my hero, and I was feeling like I had found the answer to some of my failures. I told myself, "*Maybe if I'd have known all of this information, I could have made our family business work."*

Little did I know, I had yet to learn any real lessons about advertising.