Advertising Media – Published by MSU

In advertising the term media refers to communication vehicles such as newspapers, magazines, radio, television, billboards, direct mail, and the Internet. Advertisers use media to convey commercial messages to their target audiences, and the media depend to different degrees on advertising revenues to cover the cost of their operations. In 2001, U.S. advertising expenditure in media was estimated at $233.7 billon, of which television accounted for 22.5 percent, direct mail 19.8 percent, newspapers 19.3 percent, radio 7.7 percent, yellow pages 5.8 percent, magazines 4.7 percent and the Internet 1.8 percent, with other media accounting for the remainder.

The media are usually classified into either mass or niche media. Newspapers, magazines, television and radio are considered mass media because they deliver messages to a widespread, anonymous audience. There were 1,483 daily U.S. newspapers in 2000, with total circulation of 47.2 million on weekdays and 59.9 million on Sundays. In September 2001, the five largest U.S. newspapers were USA Today, The Wall Street Journal, The New York Times, the Los Angeles Times, and The Washington Post. There were 3,188 consumer and farm magazines, with paid circulation of 399 million. In the beginning of 2000, there were 1,248 commercial television stations and 10,220 commercial radio stations in the U.S. The wide coverage of the mass media makes them ideal vehicles for advertisers who need to reach a large audience.

Advertising media such as cable television and direct mail are often viewed as “niche” media because they reach a narrowly defined audience with unique demographic characteristics or special interests. With 54 or more cable channels available in 62.1 percent of U.S. wired cable subscriber households in 2000, for example, audiences can tune in to CNN for continuous coverage of events around the world, to Home & Garden TV for information on home improvement, or to Cartoon Network for children's programming. Direct mail, the second largest advertising medium in the U.S. in 2001, offers more flexibility in terms of precision targeting and content customization. Direct mail can be used to reach almost every consumer with personalized messages.

The Internet has emerged as a medium for marketing and advertising since 1994. The Internet is different from conventional advertising media in several respects. First, it can serve as not only a communications channel but also a transaction and distribution channel. Consumers can get information and make purchases and payments all through the Internet. No other medium can accomplish these marketing functions instantly, without resorting to other means. Second, the Internet is by nature interactive. Users can initiate a shopping process by visiting a Web site and then clicking on hyper-linked text for more information. It is a two-way communication, with the Internet serving as a provider of customized content that meets an individual's needs. Third, it has the capacity for multimedia content. It can carry not only text and graphics but also audio and video content. The multimedia nature of the Internet is suitable for high-impact advertising. The Internet has become an integral part of the media mix for many advertisers, and new forms of advertising have filled the World Wide Web landscape, including animated banner ads, sponsor logos, interstitials, “advertorials,” “advertainment,” and 3-D visualization.

Audience Measurement

The audience size is the currency of advertising media. For national television ratings in the U.S., Nielsen Media Research uses a sample of more than 5,000 households containing over 13,000 people. Nielsen technicians install metering equipment called “People Meters” on TV sets, VCRs, cable boxes, and even satellite dishes in each sample home. The meters automatically keep track of times when the sets are turned on and what they are tuned to. Each member of a sample household is required to push a button when he or she begins and stops watching television. Information from the meters is combined with set tuning records to generate Nielsen TV ratings. A rating point represents 1,022,000 households, or 1 percent of the estimated 102.2 million TV homes in the U.S.

To measure audiences for local television stations, Nielsen gathers information using diaries for a sample of TV viewers to record their viewing behavior during a measurement week. The diary measurement is conducted in all 210 TV markets in the U.S. four times a year, during “sweep” months—February, May, July, and November. According to Nielsen, in 1999 an average home watched television for 7 hours and 24 minutes per day. The Arbitron Company measures radio audiences in more than 260 metro markets by collecting more than 1 million diaries to compile estimates of listening behavior. Research indicated that in 1999 a U.S. adult spent an average of 2 hours and 48 minutes daily listening to radio.

Readership in print media is measured by surveys or estimated by circulation. The Audit Bureau of Circulations provides data on more than 1,500 daily and weekly newspapers and 1,000 periodicals in the U.S. and Canada. In addition, Mediamark Research, Inc. and Simmons Market Research Bureau use what is called a “recent reading method” for measuring magazine readership. A sample of respondents is shown individual cards with magazine logotypes and asked if they have read the magazines within the past month and where they did so. Demographics and product usage also are collected from the respondents to generate an audience profile for each magazine. A similar method, asking what was read the day before, is sometimes used to measure the readership of a newspaper. On average, 1.88 or more people read a single copy of a newspaper in 2000.

Billboard advertising audiences are measured through driver surveys. A sample of drivers is asked about the routes traveled as shown on a map, and a transparent overlay is then placed on the top of each driver's map to reveal billboard structures that were passed. The number of passengers in a vehicle is estimated by a vehicle load factor, 1.35 adults per vehicle.

Internet audiences are often measured through surveys and tracking. There are two common tracking methods—Web-centric and user-centric. The Web-centric method uses log files on a Web server to calculate the number of people who have visited the site. This method tends to underestimate the actual number of visitors because of a network practice called "caching," by which Internet service providers store copies of popular Web pages on their own servers for quick access. The user-centric method requires the installation of proprietary metering software on a computer in a sample household or office. The software automatically tracks the computer usage and Web sites that are visited on a continuous basis. The information is combined with the user's demographics to generate audience profiles for various Web sites. Telephone surveys also are used to assess the number of Internet users. For instance, a survey conducted in 2001 by the UCLA Center for Communication Policy found that 72.3 percent of Americans had online access, up from 66.9 percent in 2000.

Media Costs

Advertising rates are more stable for print media than broadcast media largely because print media can adjust the number of advertising pages on an issue-to-issue basis while broadcast media have a fixed amount of daily programming hours. Thus, demand by advertisers has a stronger impact on the rates for broadcast time. Newspaper space is usually sold according to rate cards; buyers of large volumes get discounted rates. Magazine space is sold similarly. Advertising rates for radio and television are normally determined through negotiation and often vary by the time of day. A 30-second spot on network television costs the most in prime time (8:00 p.m. to 11:00 p.m.) and the least during daytime (10:00 a.m. to 4:00 p.m.). According to Optimum Media, in the third quarter of 1999, a 30-second commercial on U.S. network television cost $190,000 in prime time but $21,960 in daytime.

Advertisers use CPM (cost per thousand impressions) and CPP (cost per rating point) to compare media costs. CPM is used for both print and electronic media while CPP is more popular for electronic media. CPM is calculated by multiplying the unit cost of a media vehicle by 1,000 and dividing the result by the audience size of the vehicle. The unit cost of a media vehicle is the cost for a single ad placement in that vehicle. Fro example, if a 30-second commercial in a TV program costs $5,000 and the program has an audience of 250,000, then CMP for the commercial will be $20. CPP is calculated by dividing the unit cost of the media vehicle by the rating of the vehicle. If a 30-second commercial in a TV program costs $5,000 and the program has a rating of 10 in the market, CPP for the commercial will be $500. CPP can also be used to compare newspaper or magazine costs if the audience is described as a percentage.

Media Planning and Buying

"Media planning" is the process of selecting time and space in various media for advertising in order to accomplish marketing objectives. Media planners often use three terms in describing a planning process: objectives, strategy and tactics. A media objective states what the planner wishes to accomplish. It is usually specified in terms of the target audience, reach, and frequency. The target audience is often defined by demographics, product usage and psychographics. Reach refers to the unduplicated proportion of an audience that is exposed to a media schedule (not necessarily to the advertising message) at least once during a designated time period (usually four weeks). Frequency refers to the number of times within a given period of time an audience is exposed to a media schedule. A frequency of 3.0, for example, means that the target audience is exposed to a media schedule three times during a given period of time. Of course, not all audience members are exposed exactly three times; some may be exposed more than three times and some less. A frequency distribution shows how many audience members are exposed at each level of frequency. With a frequency distribution, a media planner can determine effective frequency and effective reach. Effective frequency is defined as the level of frequency that is necessary to achieve the desired communication goals. Effective reach is the reach at the level of effective frequency. Gross rating points (GRPs) are the product of reach and frequency, representing the total gross delivery of a media schedule to the target audience.

A media strategy specifies the means for achieving the media objectives. A strategic decision is how to allocate the media budget geographically; that is, deciding in which markets to advertise and how much to spend in each of these markets. In making these decisions, the media planner is guided by past sales and market shares of a brand in different markets as well as future expectations. Category and brand development indices are often used for these purposes. A defensive media strategy allocates more money in a market where sales are high, whereas an offensive strategy allocates more money in a market where sales are low but there is potential to grow. Media class strategy refers to the allocation of the budget to different media classes. Budget allocation in media classes focuses on matching media audiences with the target audience in addition to creative considerations. For instance, television may be the best media class if both audio and video are present in a commercial, while magazines may be more effective if detailed copy is required. The third strategic decision involves advertising scheduling over a campaign period. “Continuity” refers to advertising on a regular and constant basis throughout the campaign period. “Flighting” means advertising intermittently, a period of advertising followed by a period of no advertising at all. “Pulsing” is a combination of both continuity and flighting, periodically building high levels of advertising on the top of lower yet continuous levels of advertising. The seasonality of sales often guides scheduling of advertising.

Media tactics consist primarily of the activities of selecting media vehicles in the most cost-effective manner to ensure the successful execution of media strategies. Among the criteria for selecting media vehicles are target audience delivery, cost efficiency, the editorial environment, advertising clutter, reproduction quality, and ad positions with the vehicle. Media planning software is often used along with media cost data and audience information to select and compare media vehicles. Contingency plans are often created to meet unexpected changes in the marketplace.

Media plans are implemented through media buyers. Media buyers are professionals who are knowledgeable in estimating media costs and skillful in negotiating rates. Different media vehicles have different rate cards and discount policies. Some may offer added values such as combination rates, merchandising, and event marketing. Faced with such a complicated media environment, media buyers need creative ways of calculating and comparing media costs. Many media vehicles are flexible in terms of pricing and a savvy negotiator can purchase the same space or time at a much lower price than others even when all contract terms are equal. Media buyers also monitor the implementation of a media plan to assure its value is fully realized.