



Media for Business Affairs Experts

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Media for Business Affairs
Experts

Provided by the ANA-AAAA
Joint Policy Committee on
Broadcast Talent Relations

August 5, 2008



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Allan Linderman



- Thirty + Years in Media
- Sr. VP Corporate Media Director
- VP Advertising
- Consultant



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Agenda

- Overview of Media Elements
 - Research
 - Planning
 - Buying
- Media Buying Process
 - National vs. Local
 - Execution Strategies
 - Upfront, Scatter, Opportunistic
 - Post Analysis





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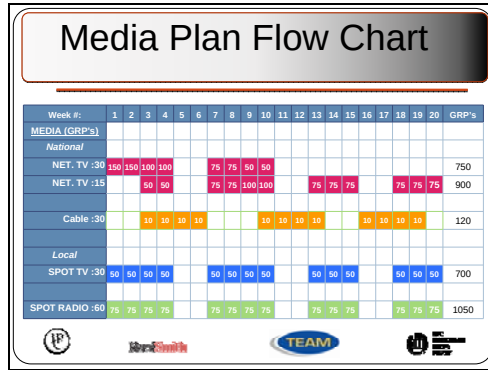
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Overview

Media Buying

The typically tactical function that implements the strategic media plan by purchasing the media time/space through the negotiation process.

Logos: [P], [Burbank], [TEAM], [Logo]

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Media Buying ?

THE FOUR SEASONS

Ben Burman's

21

Lollapalooza

Logos: [P], [Burbank], [TEAM], [Logo]



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Media Buying?

Actually, NO.

Logos: IP, WestSmith, TEAM, and a hand icon.

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Terms: RATING, GRP

GRP (Gross Rating Point) → % Of Buying Target Exposed to an Ad Unit

TARGET: US Households (112,800,000)
1 Unit in Law & Order = 2,256,000 Households
2,256,000 = 2% of all Households
Law & Order achieved a 2.0 Rating (2 GRP's)

Logos: IP, WestSmith, TEAM, and a hand icon.

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Terms: RATING, GRP

U.S. Household Population: 112,800,000

NETWORK	PROGRAM	HH RATING
NBC	Law & Order	2.0

Logos: IP, WestSmith, TEAM, and a hand icon.



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Terms: IMPRESSIONS

IMPRESSIONS

→

The Whole Number of the Ratings

TARGET: US Households (112,800,000)
1 Unit in Law & Order = 2.0 HH Rating
2% of US HH = 2,256,000
Law & Order achieved 2,256,000 HH Impressions

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Terms: IMPRESSIONS

U.S. Household Population: 112,800,000

Network	Program	HH Rating	GI (000)
NBC	Law & Order	2.0	2,256

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Terms: CPM

CPM

→

Cost per Thousand

→

Cost for Each 1,000 Impressions

TARGET: US Households (112,800,000)
1 Unit in Law & Order = 2.0 HH Rating **for \$225,000**
2% of US HH = 2,256,000 impressions
CPM = \$225,000 ÷ 2,256 = \$99.73



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Terms: CPM

U.S. Household Population: 112,800,000

Network	Program	Cost	HH Rating	GI (000)	CPM
NBC	Law & Order	\$225.0	2.0	2,256	\$99.73

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Easy so far?

Not so easy.

Law & Order also reaches *other* targets.
The same spot that achieved a 2.0 Household Rating
ALSO achieved a 2.3 Adults 18-49 Rating . . .

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Easy so far?

. . . And 2.1 Rating against Women 55+
. . . And 1.9 Rating against Teens 12-17
. . . And 3.1 Rating against Men 55+



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Terms We Now Know

- 1. Ratings:** Percent of the Target
- 2. Impressions:** Whole Number of the Ratings
- 3. CPM:** Cost to achieve 1000 Impressions (Cost per Thousand)



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Term to Re-Define

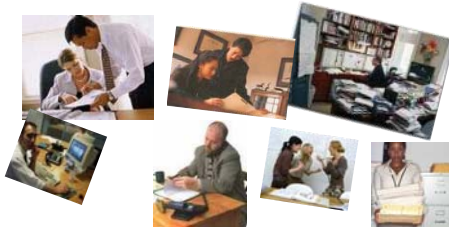
4. Network:

- Broadcast Networks
 - ABC, CBS, CW, FOX, NBC
- AND*
- Cable Networks
 - A&E, USA, CNN, ESPN, etc.



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Media Buying





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Media Buying

ALWAYS REMEMBER:

Virtually ALL broadcast buys are based upon ESTIMATED audience delivery levels.

Buys are placed significantly in advance of airing so buyers *must* estimate.

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Media Buying

Buying Decisions are made based upon adhering to BUYING GUIDELINES

BECAUSE

Media Buyers are measured with a POST ANALYSIS

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Media Buying

GUIDELINES INCLUDE BUT ARE NOT LIMITED TO . . .

- Timing
- Program Selection
- Approval
- Changes



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Buying Guidelines

GRP's	Other
• How many? • What dayparts? • Unit length • Min/Max • Shift budgets • Spend to budget	• CPM • Flexible flight dates? • Makegoods • Value Added • Promotions • Cross-platform



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Media Buying

Spot	Network
• Local Markets (210) • Smaller Budgets • Most Often Bought Quarterly or by Flight • Can be bought annually • Negotiated by Station	• National (1) • Large Budgets • Most Often Bought Annually • Can be bought quarterly • Negotiated by Daypart



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Media Buying



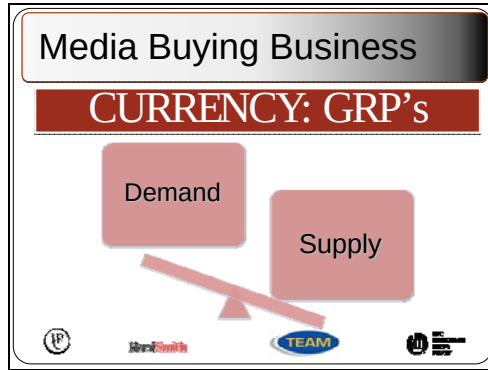
**APPX. \$12 BILLION ANNUAL
NETWORK TV AD REVENUE
PRIME TIME ONLY FOR 2008-09
SEASON**



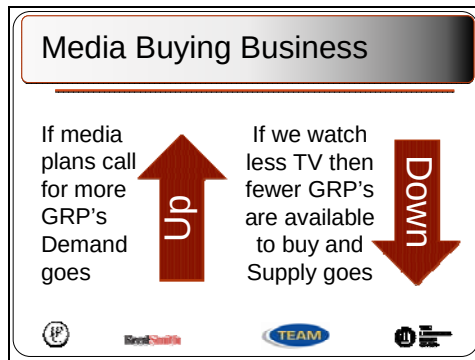


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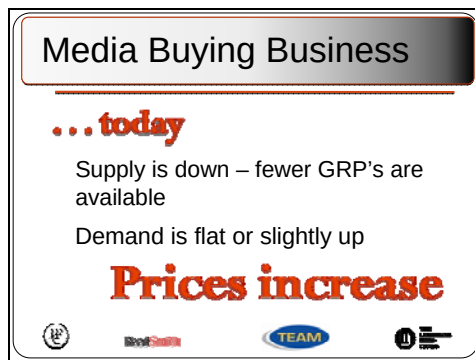
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Media Buying Business

With that as background,
now let's see how network
TV is bought



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Timing

Based upon Buying Strategy

- Upfront**
 - Annual
 - May
- Scatter**
 - Quarterly
 - Up to 3 mos. Prior
- Opportunistic**
 - Close to air date
 - Very immediate



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Upfront

RIDDLE

Why should buyers commit **4 months in advance** of the start of the TV season?

Because there are **REAL** advantages





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Upfront

- **Advantages**
 - Better program mix
 - No sellouts
 - More returning shows
 - More reliable estimates
 - Better pricing



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Upfront

- **Advantages**
 - CPM Guarantee
 - Annual
 - Audience Deficiency Units
 - All Over-deliveries are a bonus



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Upfront

- **Advantages – Flexibility**

	Purchased (000)	Firm	Cancelable	Opt. Date
Q4	\$7,000	\$7,000	0	--
Q1	\$5,000	\$2,500	\$2,500	10/15
Q2	\$6,000	\$3,000	\$3,000	1/15
Q3	\$8,000	\$4,000	\$4,000	4/15
Total	\$26,000	\$16,500	\$9,500	--





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Upfront

- Typical Negotiations Include*
- Program mix
- % Firm vs. Cancelable Dollars
- CPM +/- Prior Year

*Not including branded entertainment, cross platform or other added value elements



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Upfront

- Challenges for Paying Talent
- Changes
- Pre-emptions
- Makegoods (ADU's)



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Network TV

- Pre-emptions
 - NOT
 - Commercials are not pre-empted by other commercials
 - Commercials are only pre-empted when the entire program is pre-empted





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Network TV

- MAKEGOODS (ADU's)
- This is *GOOD* for Media

It helps your clients achieve their marketing goals

Not necessarily so good for Talent Payments

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About ADU's

- ADU's are provided because . . .
- The network did not live up to its Upfront promise
- The client is entitled to 'free spots' to makeup for the shortfall in impressions

Timing is inconsistent because the guarantee is ANNUAL yet large under deliveries can be addressed throughout the year.

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Timeline

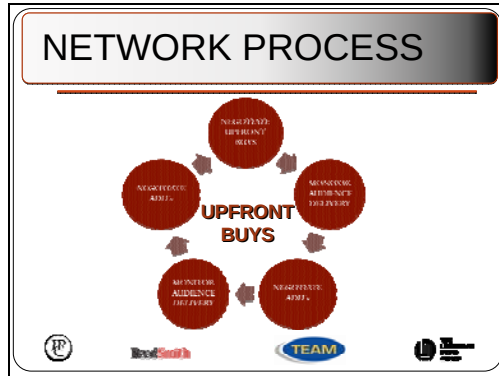
Months	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May
CLIENT MEDIA BUY	Completed			New Schedule Running									
Monitoring				Constantly									
DELIVERY REPORT				X X									
ADU's Scheduled				Ongoing									

Schedules are monitored constantly and ADU negotiations are ongoing



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Scatter

- Purchased Quarterly
- Market Conditions Determine Timing
- Strong Market 3 months prior to Quarter
- Weak Market 1 month prior to Quarter

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Scatter

Advantages	Disadvantages
• Budget Flexibility • Hold \$ Longer • Ratings Estimates • More Reliable	• Program Flexibility • Shows can be sold out • Ratings Guarantees • None



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Opportunistic

- Purchased 'Last Minute'
- Time is perishable
- Unsold time is lost revenue
- Any revenue is welcome as air date approaches



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Opportunistic

- Typically, least desirable inventory for sale
 - "SLV" Tags
 - Objectionable Content
 - Strong Time Period Competition
 - Very Low Ratings



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Monitoring Impressions

NETWORK		1/7	1/21
CNBC	Est.	1045	1412
	Act.	1025	2618
	Index	98	185
CNN	Est.	1670	1643
	Act.	1967	2452
	Index	118	149





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Report with Key Information

Buy Sheets – WITHOUT COSTS

- Shows Medium
 - Network
 - Broadcast
 - Cable
 - Syndicator

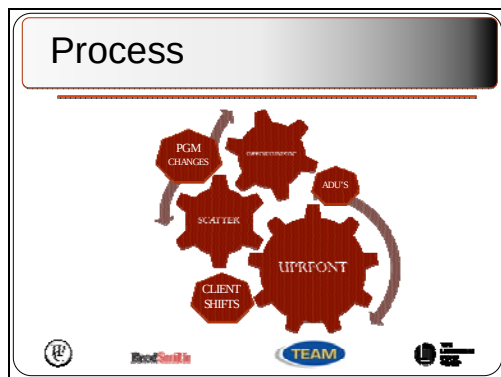
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Report with Key Information

Traffic Instructions

- Shows
 - Network/Station/Syndicator
 - Program or Time Period

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1. Our job is to help our clients achieve their marketing goals.

2. Advertising/ Media is one VERY EXPENSIVE tool that is used.

3. Network TV is likely the single costliest marketing expense.

4. It is our responsibility to properly manage this element.

4 Simple Things

Logos: PR, ProQuest, TEAM, and a small logo with a person icon.

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Logos: Abeline, FOX, Columbus, Minot, Nashville, WCCO-TV, Santa Fe, 20/20, SPOT TV, Denver, Little Rock, New York, New Orleans, WPTX, NBC, and ABC.

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Compared to Network

<u>PERCEIVED</u>	<u>ACTUAL</u>
• Network Buying is more	
• Prestigious	✓ True
• Glamorous	✓ True
• Higher Paying	✓ True
• Strategic	✓ True

Logos: PR, ProQuest, TEAM, and a small logo with a person icon.



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Compared to Network

- Key element for local marketing
- Marketers who do not advertise nationally
- Marketers who 'heavy up' national campaigns in local markets



Slide 56

Compared to Network

- Negotiations
- Network by Daypart
- Spot by Station



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Spot Buying

- Media Plan
 - 50 GRP's/Week in Prime Time
 - 25 GRP's/Week in Early News
- Media Buyer
 - Examines each station in the market for
 - Target Audience Viewing Levels in Each Daypart
 - CPM's in Each Daypart and Totally





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Spot Buying

And then, they repeat the process for each of the 5-15 markets for which they have responsibility.



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Spot Buying

Mkt/ Sta	LN	DP	Day	Time	Program	Rtg	(000)	Cost
Los Angeles Week of Sept 22								
KABC	:30	EN	M	5-5:30p	News	1.1	3120	2550
	:30	P	H	10-10:30p	Lost	3.2	9970	11000
KNBC	:30	EN	M	5:30-6P	News	1.7	4770	3000
			T	5:30-6P	News	1.7	4770	3000
			F	5:30-6P	News	1.7	4770	3000



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Post Analysis

Compares Actual Audience Delivery to Estimates

Daypart	Demo	Est. GI	Act. GI	Index
E. Morn	W 25-54	155,900	162,270	104
Eve. News	W 25-54	37,700	40,100	106
Prime	W 25-54	322,200	291,900	91





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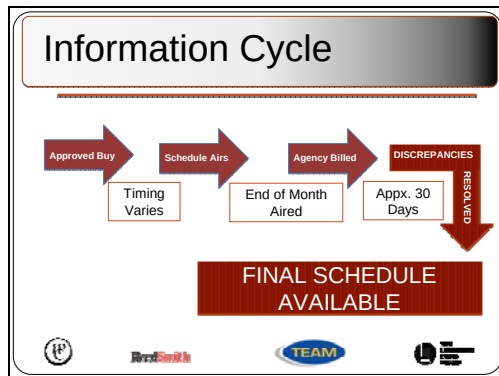
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Information Availability

- Original Buy
 - Immediately Following Client Approval
 - Expect 2 Weeks
- Missed Announcements (Spot)
 - Thirty Days Following the Month Missed
- Makegoods/ADU's
 - Immediately Upon Approval



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Key Takeaways

- GRP: % Of the Target Audience
- Impressions: Whole Number of GRP
- CPM: Cost of 1,000 Impressions





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Key Takeaways

- All buys are based upon 'guidelines'
- All buys are reviewed with a Post Analysis



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Key Takeaways

- Network TV is purchased by *daypart* in one of 3 ways and the timing of each varies
- Spot is generally bought by *station* on a quarterly basis



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Key Takeaways

- Upfront schedules are monitored ongoing
- Networks provide ADU's when guaranteed schedules under perform
- The timing of ADU's varies





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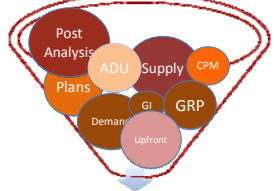
Media 101

Applying today's learnings to proposed changes in talent payment models under consideration

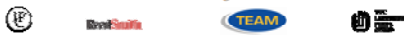


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Boiling It Down



Talent Payments



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Helpful Documents

<u>From Agencies</u>	<u>Purpose</u>
• Flow Chart	• GRP Goals
• Buy Sheet	• Anncts. + Est. GRP's
• Traffic Instructions	• Comm'l Schedule
• Post Analysis	• Actual GRP's





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Proposed Model A

- GRP Model
- Network/Daypart
- Syndicator

} # Airings by Commercial

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Proposed Model B

- Tier Model
- Network

} # Airings by Commercial

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Thank you!

Questions???

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