



SMI BOOK CLUB MEETING 1

"MEDIA PLANNING" BY ERWIN EPHRON

SPECIAL GUEST: BILL HARVEY

MARCH 2022

Please stand by while we wait a few minutes for guests to arrive

This webinar will be recorded

YOUR PRESENTERS



Rick Bruner

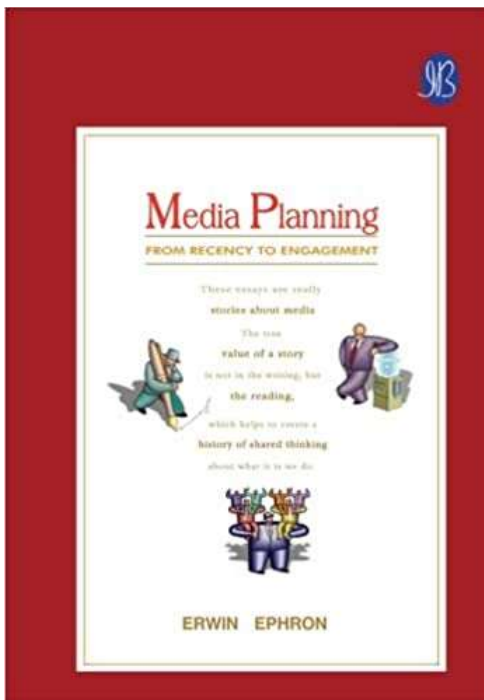
Head of Insights & Analytics
Standard Media Index



Bill Harvey

Bill Harvey Consulting, Principal
Research Measurement Technologies (RMT), Chairman

WHY A BOOK CLUB? WHY THIS BOOK?



Dave Morgan

★★★★★ **Must read for anyone in media and ad business**

Reviewed in the United States on January 7, 2014

Verified Purchase

Erwin was an industry visionary. Not only does he deliver a clear and concise roadmap for the media industry, but he does it in a fun read. You can't work in this business and not read this book.

Dave Morgan

3 people found this helpful

Helpful

Report abuse



Jorge Ruiz

★★★★★ **An absolute must for any serious person in advertising working ...**

Reviewed in the United States on June 11, 2015

An absolute must for any serious person in advertising working on media and research. While the original publish date may have its age, the material, insights, and general advice is still quite sound.

2 people found this helpful

Helpful

Report abuse

AN ORGANIZING PRINCIPLE FOR ADVERTISING



A Few Words From The Author

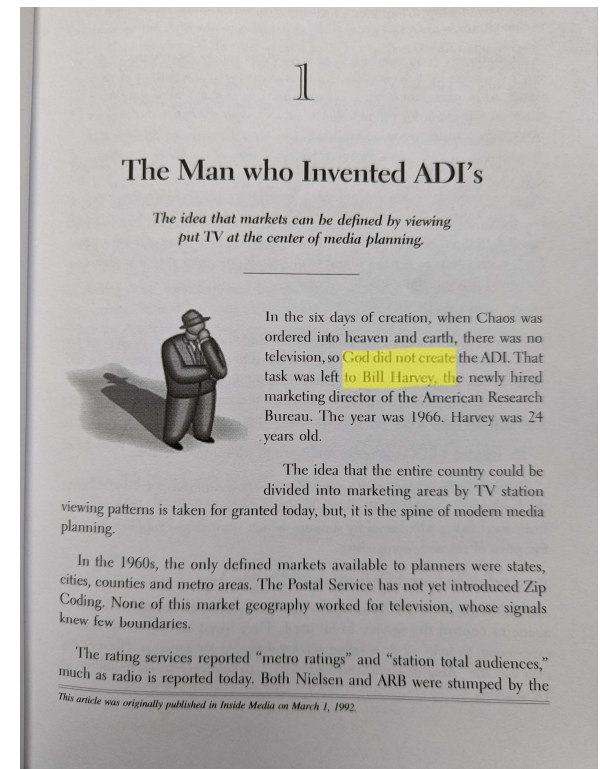
Want to fluster an agency president? Just ask “How does advertising work?” It’s like asking locusts to stop eating and study philosophy. The usual agency focus is on “How much?” not “How?”

But that is a very good question. Why should clients spend money, if agencies don’t have a sensible theory about how to spend it? And how can advertising people feel good about what we do, if we have no conviction as to why we’re doing it?

Media is no exception. Unless a media plan has its feet planted in what we know about how advertising works, it can be inflated into a wish list for a bigger budget, or wind-up a tired cobble of clichés: demo-targeting, reach, impact, 3+ frequency, share-of-voice, media engagement, God and Country.

OUR GUEST SPEAKER: BILL HARVEY

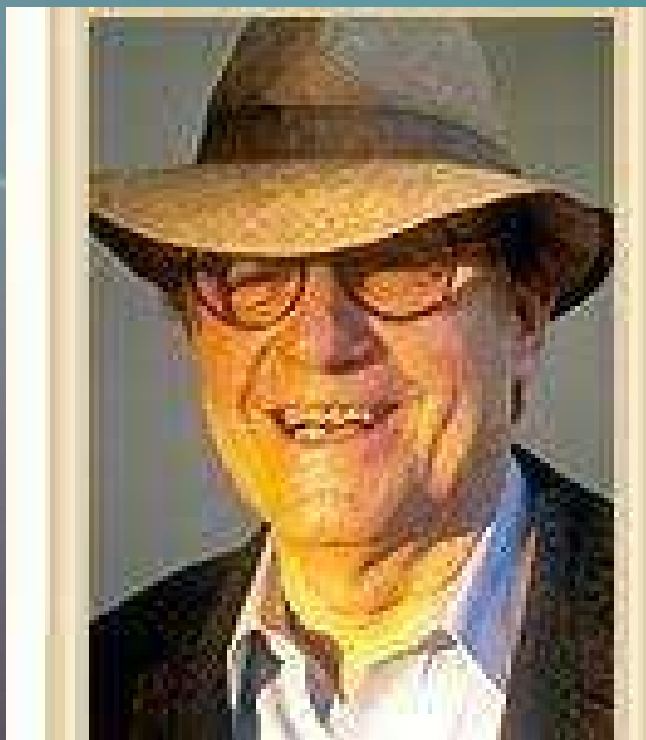
- The Man who Invented ADI's
- 2022 Emmy winner for co-invention of set-top-box TV measurement
- First winner of ARF's "Erwin Ephron Demystification Award" (2014)
- Foremost expert on advertising ROI
- Passionate, ceaseless innovator for better ad measurement



TAKE IT AWAY, BILL

ERWIN

Sage and Beloved Friend



ARF ASKED ME TO GIVE ERWIN HIS LIFETIME ACHIEVEMENT AWARD

Let me read you what I said.



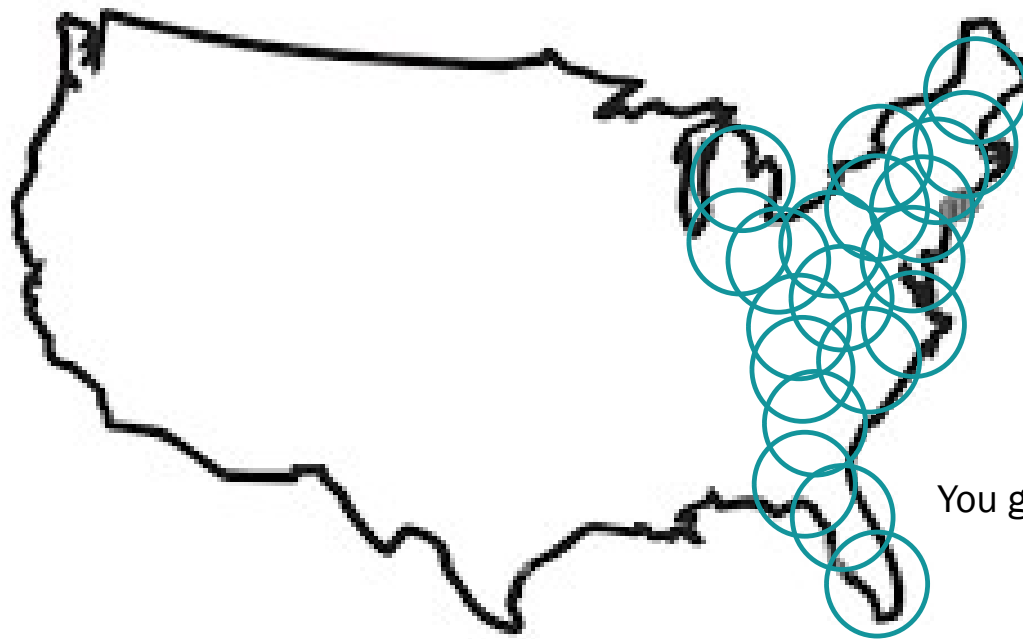
ERWIN PASSED ME A BATON

"We need to simplify. Back to basics."



THE WAY TV WAS PLANNED IN 1964

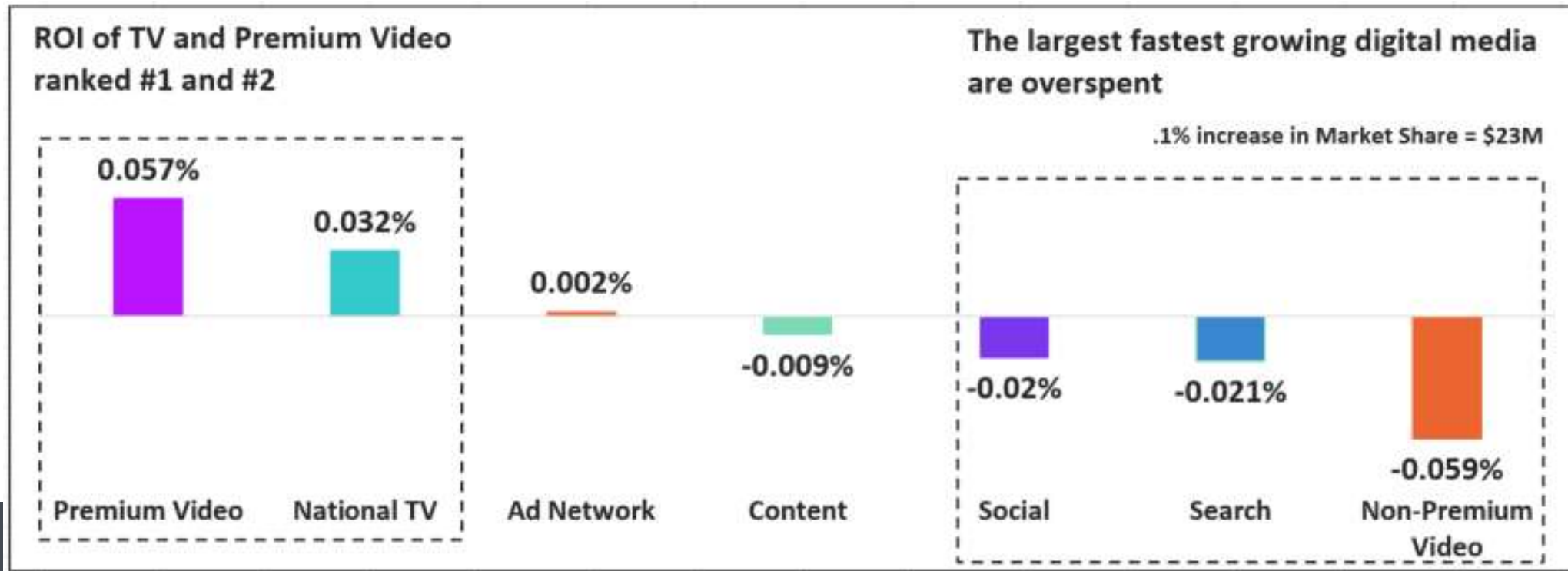
Lining up sales with advertising was futile.



You get the point.

MMM WOULD NEVER HAVE EXISTED.

Without ADI/DMA.



WITHOUT ADIS WE COULD NEVER HAVE SEEN THIS.

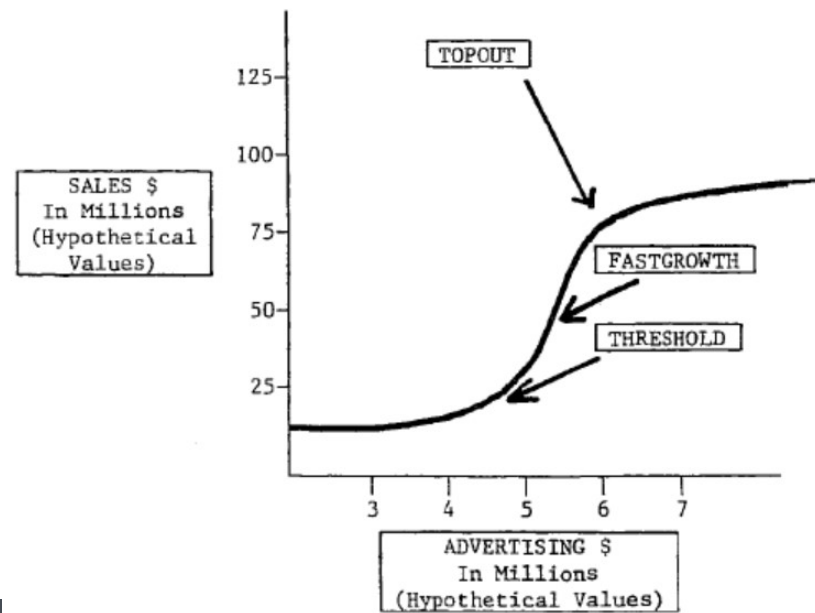
High BDI is not a predictor of ROI.

Brand X					
Apparently Topped-Out Markets			Apparently Fastgrowth Markets		
80 vs 79 % Change			80 vs 79 % Change		
	Advertising	Sales		Advertising	Sales
*Los Angeles	+79	-6	*New York	+12	+4
*Sacramento	+66	+3	Chicago	+28	+13
*Fresno	+91	-6	Pittsburgh	+26	+8
*Seattle	+48	+2	Washington DC	+24	+21
*Spokane	+117	+3	Baltimore	+28	+18
*Syracuse	+15	-6	Miami	+4	+15
*Portland/ Poland Springs Etc.	+31	+4	Youngstown	+31	+35
			Cincinnati	+33	+18
			Minneapolis/ St. Paul	+31	+25
			Harrisburg/York/ Lancaster/ Lebanon	+24	+25
			San Antonio	+22	+34
			Grand Rapids/ Kalamazoo	+31	+68
			Orlando/Day- tona Beach	+19	+36
			Tampa/St. Petersburg	-2	+16
			Raleigh-Durham	+5	+45
			Charlotte	+4	+24
			Milwaukee	+28	+26
			Etc.		

*Markets receiving local
advertising support.

ERWIN WAS A STRONG BELIEVER IN SPOT.

He thought the S curve analysis was cool.



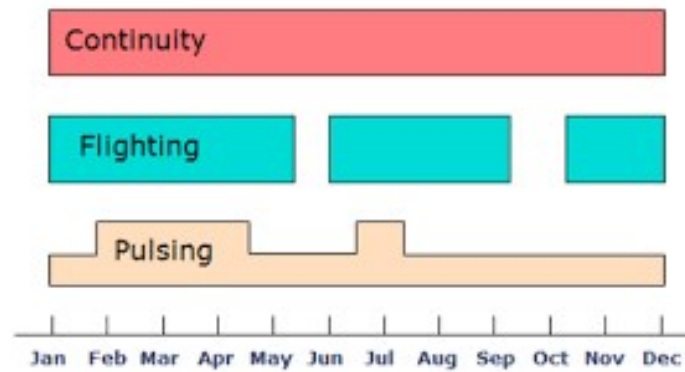
WHAT IS ERWIN SAYING IN THE FIRST CHAPTER

- A way of looking at things opens new possibilities.
- Spot TV went from under \$1 billion to \$11 billion because of a new lens.
- Even a kid can do it, with luck.



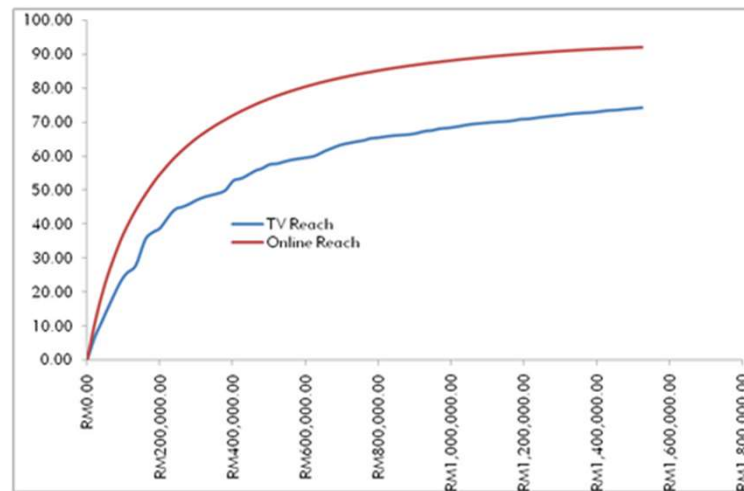
FLASHBACK TO 1995

Erwin a fan of addressable TV commercials.



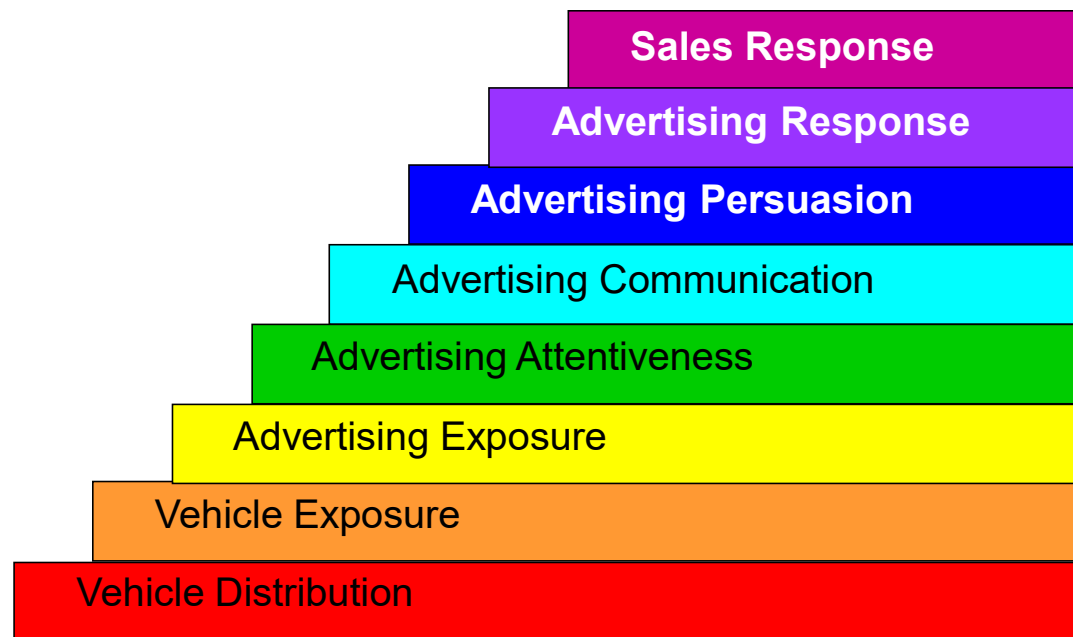
FLASHBACK TO 2001

Erwin's thoughts to ARF re Internet R&F



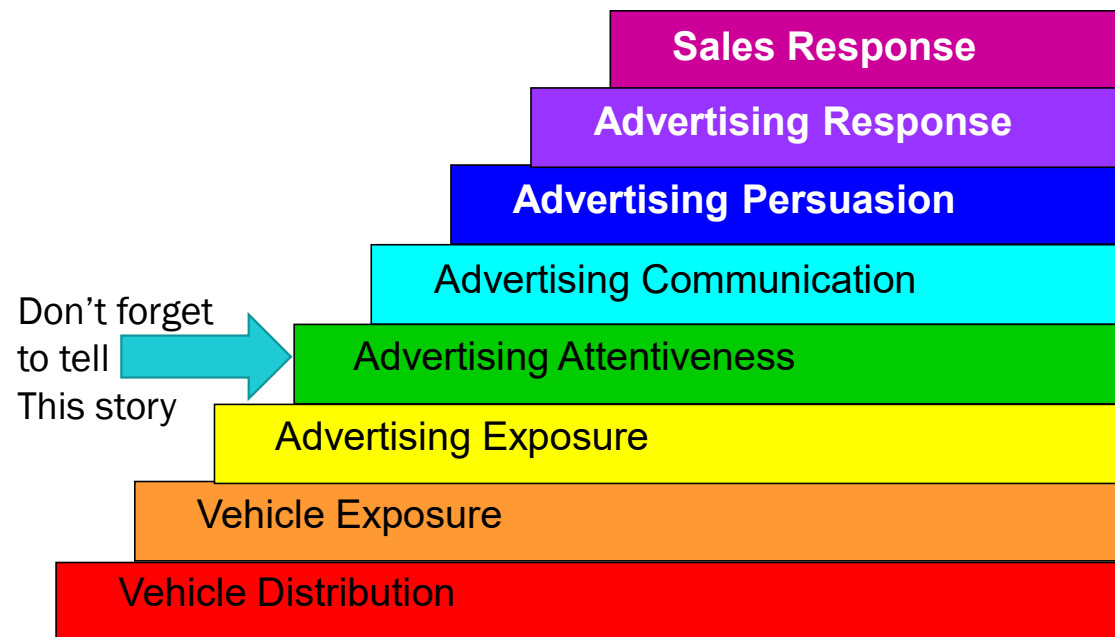
Flashback to 2002

An ARF Model revision approved for first time in history.



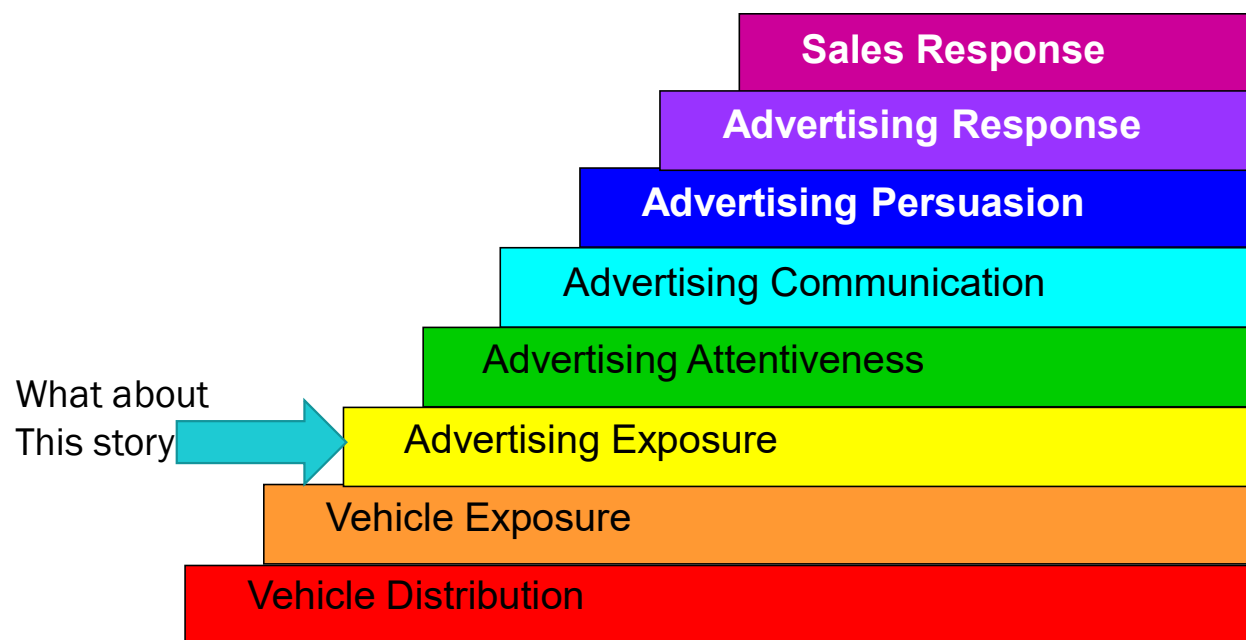
Flashback to 2002

An ARF Model revision approved for first time in history.



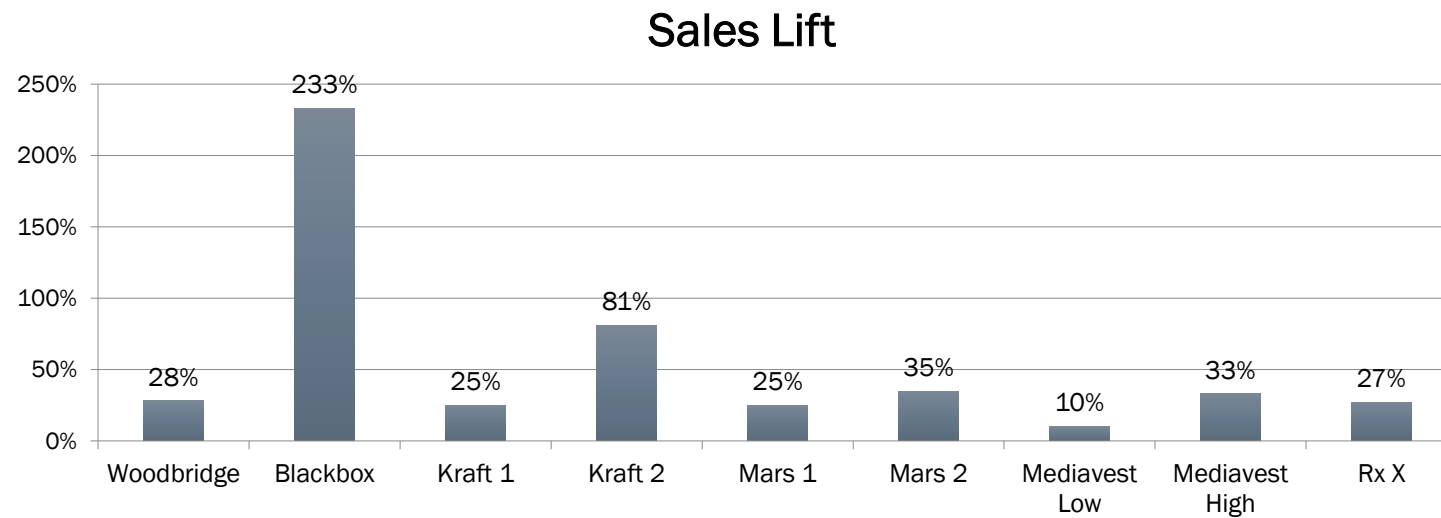
Flashback to 2002

An ARF Model revision approved for first time in history.



FLASHBACK TO 2009

Erwin's thoughts about TRA purchaser targeting



The concept of Recency

This concept suggests it is most valuable to reach someone right before they go shopping for your type of product.

When you buy higher-rated programs and/or use a program level optimizer, you build reach faster

PERCENT OF STORE VISITS

PERCENT OF STORE VISITS CAPTURED BY TIME AND FREQUENCY

	ALL VISITS	TIMES EXPOSED	----- 2 DAYS	EXPOSED TO ADS IN THE LAST 7 DAYS	14 DAYS	28 DAYS	----- 56 DAYS
BRAND A	8.6	1+	9.1	10.0	9.8	8.9	9.5
		2+	16.7	14.9	13.2	8.8	8.7
BRAND B	2.7	1+	9.1	5.6	4.7	4.2	3.4
		2+	8.3	7.3	4.0	6.3	3.9
BRAND C	6.2	1+	6.1	5.2	3.3	4.0	5.7
		2+	20.0	8.3	9.3	8.2	7.1

Source: ScanAmerica

Average daily reach is the critical test of Recency



“Plan and buy for
continuous short-
term reach”

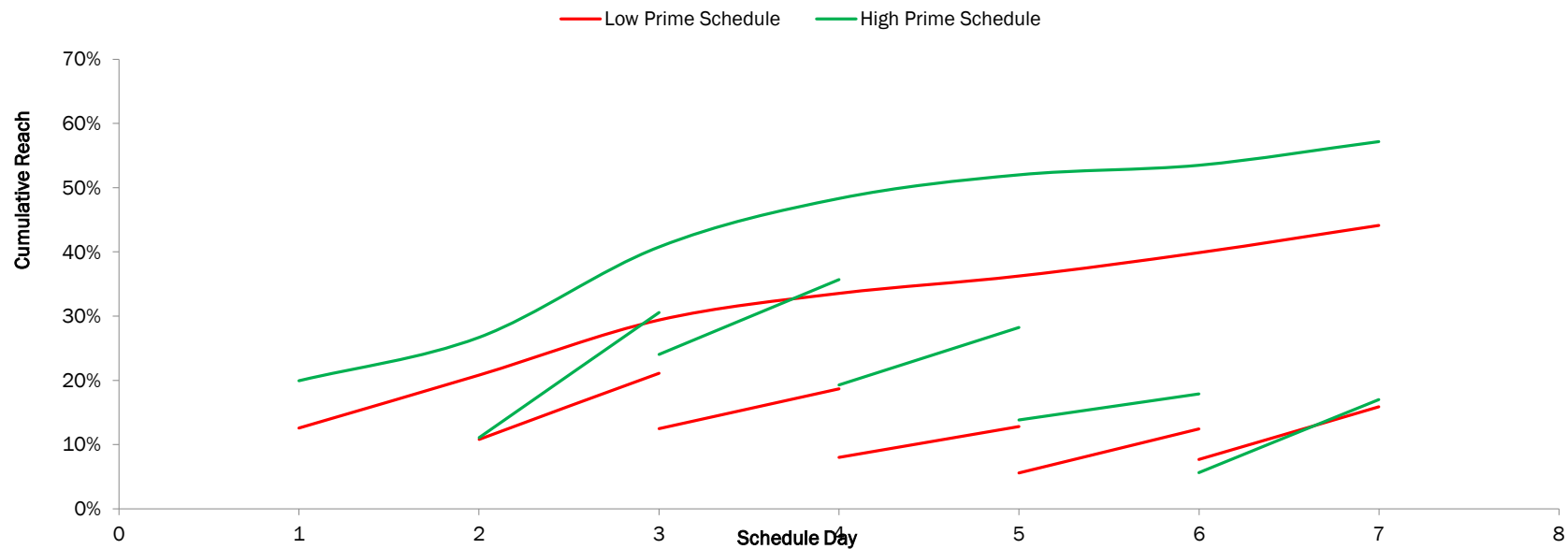
Erwin Ephron

Reach & Frequency

- An ad impression can either add to reach or to frequency
 - Adding to reach is more valuable, i.e. sending the ad to someone not yet reached
 - There is also value in repetition, especially if there are more than one ad, and you are frontloading the creative most likely to “grab” the specific ID
- Recency is reaching someone right before they go shopping for your type of product, highly desirable!
- When you buy high rated programs and/or use a program level optimizer, you are able to build reach faster
- Faster reach leads to more Recency
- The following slide shows evidence for fast reach having more sales effect

Faster reach media generate more Recency, leading to higher sales

Cheese High-Prime vs Non-Prime Reach at Equal Cost



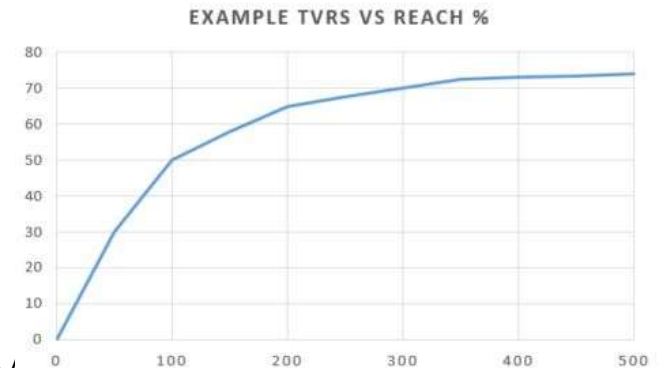
**Low Prime Avg. 2-Day
Sales Lift: 11.8%**

**High Prime Avg. 2-Day
Sales Lift: 34.8%**

Reach versus saturation

Every media channel has its own reach curve

- They are all “diminishing returns” curves
- TV starts to flatten at around 60% reach



Digital grows reach very slowly and flattens at lower levels than TV

- There are tens of millions of places to go in Digital vs. tens of thousands for TV

As soon as a media channel curve flattens, it usually makes sense to add another channel

- Each time one is added, it starts another fast growth phase before it flattens

PROUD TO HAVE HIS SHOULDERS TO STAND ON.

And other giant mentors too numerous to mention.



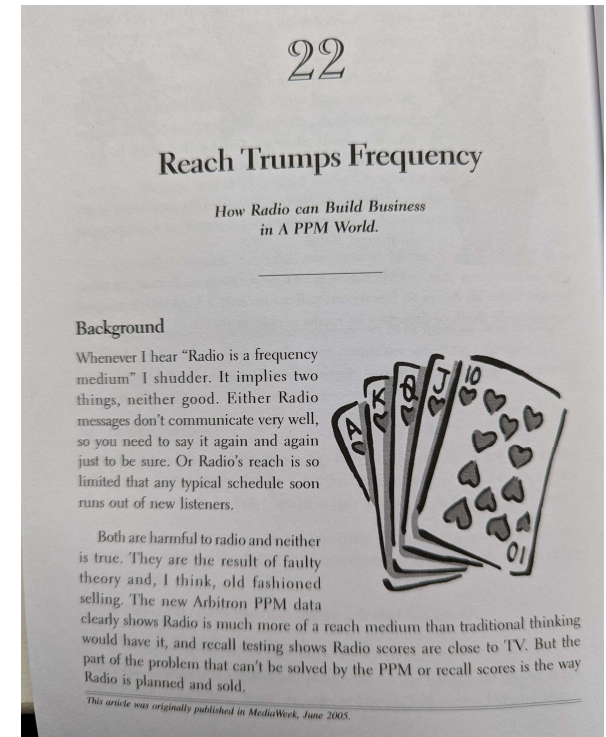
Link to my acceptance speech at winning the first Erwin Ephron award:

https://youtu.be/TA_kbXclrk?list=PLBI3DCcRyjJgCAHDSk80E-qdrg0FZ8UN

NOW, BACK TO RICK

REACH TRUMPS FREQUENCY: RICK BRUNER'S REFLECTION ON THE UNHOLY RATIO OF ADS

- Reach / Frequency is the unholy ratio of advertising
 - GRPs = reach x frequency
 - Impressions = reach x frequency
 - Every impression builds reach or frequency: choose wisely
- Reach / Frequency is always bounded by time
- Reach / Frequency is non-linear
 - Reach is an absolute cume
 - Frequency is a power distribution
 - "Average frequency" is meaningless
 - "Optimal frequency" is also tricky:
 - Katz's Law of Non-linear SOV (Helen Katz: Don't short your competitive position among high-frequency users)
 - High-frequency users consume the lion's share of impressions
- Reach Trumps Frequency because of Ephron's Recency thesis
- Zone Diet: Always Frequency Cap (AFC)



REGENCY (AKA CONTINUITY) VS. FLIGHTING PLANNING

Table 1: Total Weekly Reach Points (equal dollars)				
	TRPs	Weeks	Reach	Total
Flighting	100	26	50	1,300
Continuity	67	39	40	1,560

- Same budget, total TRPs (~2,600)
- Continuity delivers 20% extra Weekly Reach Points

MORE DIVERSE MEDIA SCHEDULES DELIVERS GREATER REACH

More Stations Mean More Reach Adults 25-54						
Stations	Weekly: Spots	TRPs	Cost	CPP	1-week R/F	4 week R/F
5	18	86	28,350	\$328	31/2.4	50/6.9
10	10	95	28,500	\$300	45/2.1	68/5.7
					+45%	+36%
Arbitron PPM Philadelphia, Tapsan						

- True across different media channels
- True across media properties within a channel
- Take-away: diversify your media mix for max reach

DIGITAL MEDIA HAS AN ASYMPTOTIC RELATIONSHIP TO REACH

ARF AUDIENCE 2017 MEASUREMENT

REACH. TARGETING. RECENCY. CREATIVE. CONTEXT.
Five Keys to Advertising Effectiveness



Jeanine Poggi
Media Reporter
Advertising Age



David F. Poltrack
CRO, CBS Corporation
President, CBS Vision

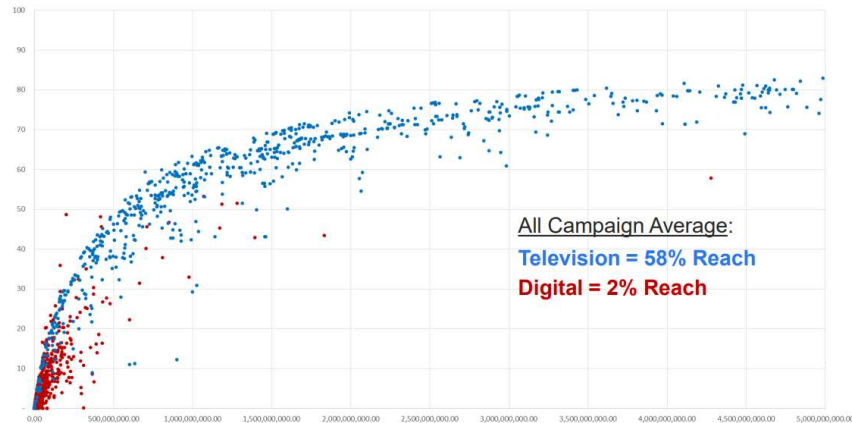


Leslie Wood, Ph.D.
CRO
Nielsen Catalina Solutions

ARF AUDIENCE 2017 MEASUREMENT #ARF2017AM

DIGITAL MEDIA HAS AN ASYMPTOTIC RELATIONSHIP TO REACH

REACH: TV and Digital Reach Curve

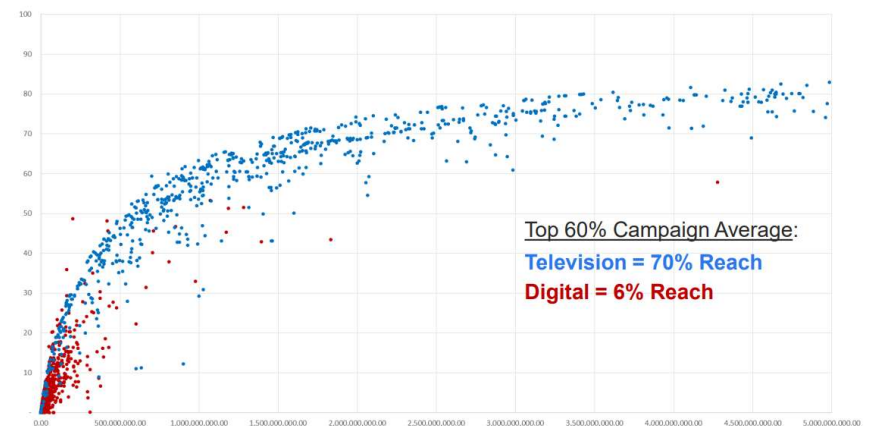


All Campaign Average:
Television = 58% Reach
Digital = 2% Reach

ARF AUDIENCE 2017 MEASUREMENT

Source: Nielsen, 863 TV & digital cross media campaigns from Q4 2016 - Q1 2017; No advertiser verticals excluded.

REACH: TV and Digital Reach Curve



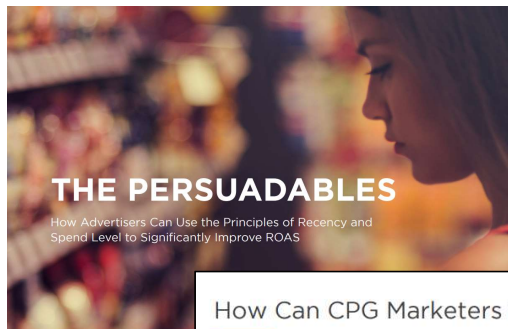
Top 60% Campaign Average:
Television = 70% Reach
Digital = 6% Reach

ARF AUDIENCE 2017 MEASUREMENT

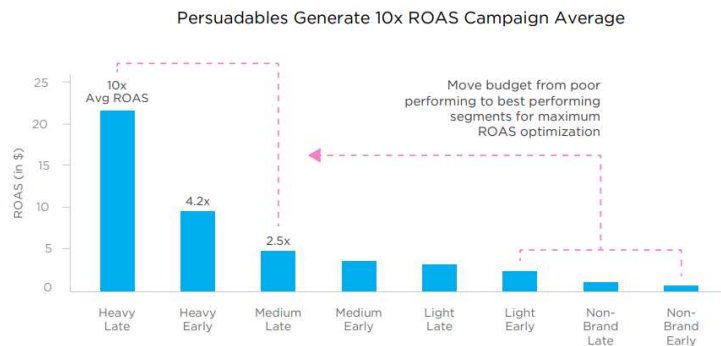
Source: Nielsen, 863 TV & digital cross media campaigns from Q4 2016 - Q1 2017; No advertiser verticals excluded.

#ARF2017AM

TARGETING RECENCY COULD BE GREAT. BUT VERY HARD TO DO

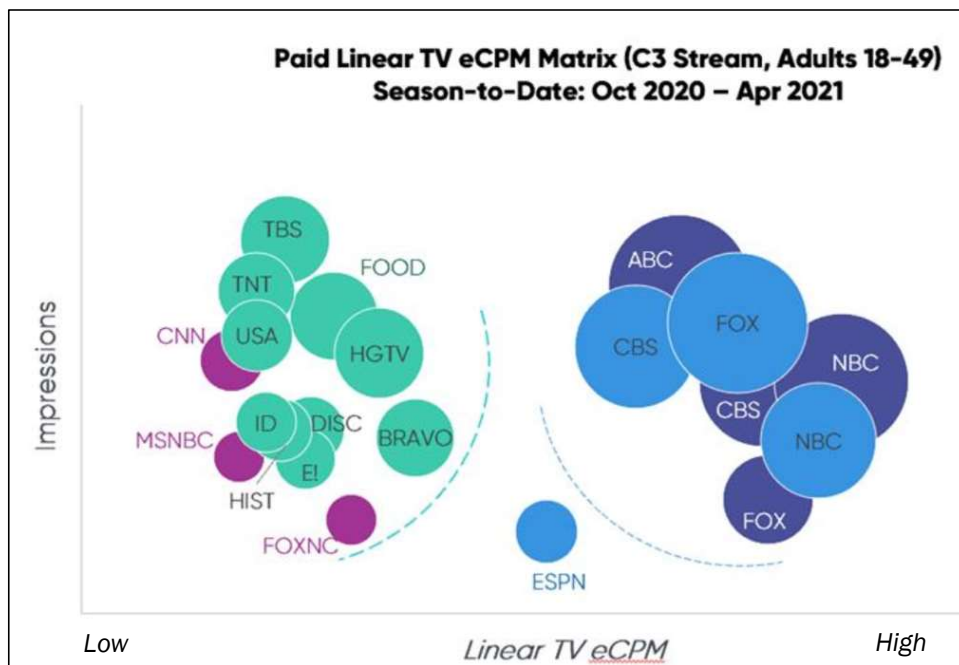


How Can CPG Marketers Win by Targeting The Persuadables?

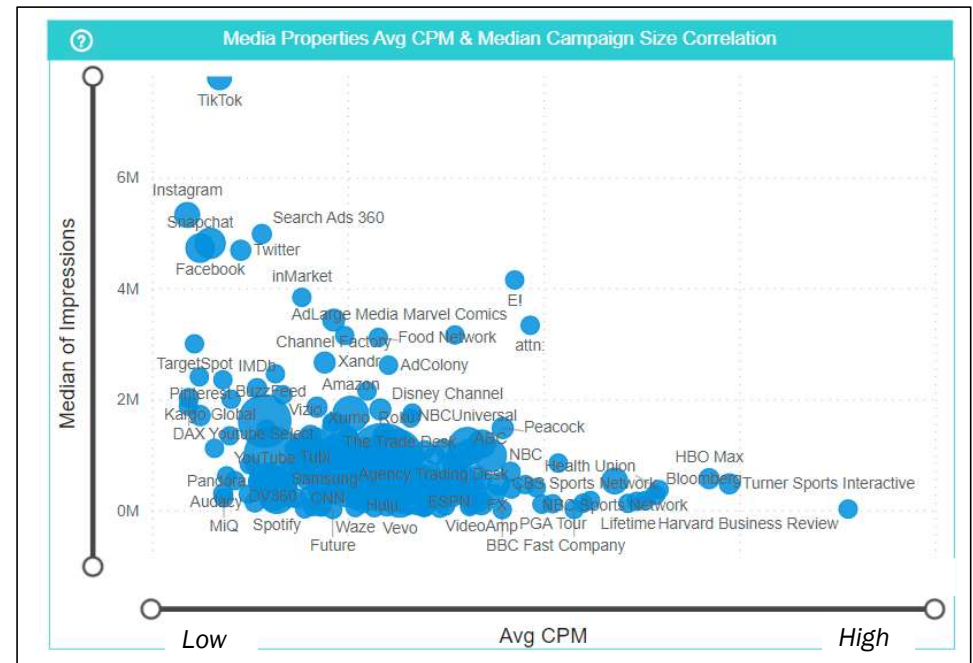


- Research by Robinson Consulting, NSC Solutions, Viant: "The Persuadables," on ROI of targeting by HH buying cycles
- Indicates addressable advertising could crack the nut
- But targeting is too hard
- Targeting and tracking are breaking
- Recency planning prevails

ADVERTISERS REWARD REACH WITH HIGHER CPMS IN TV; NOT IN DIGITAL



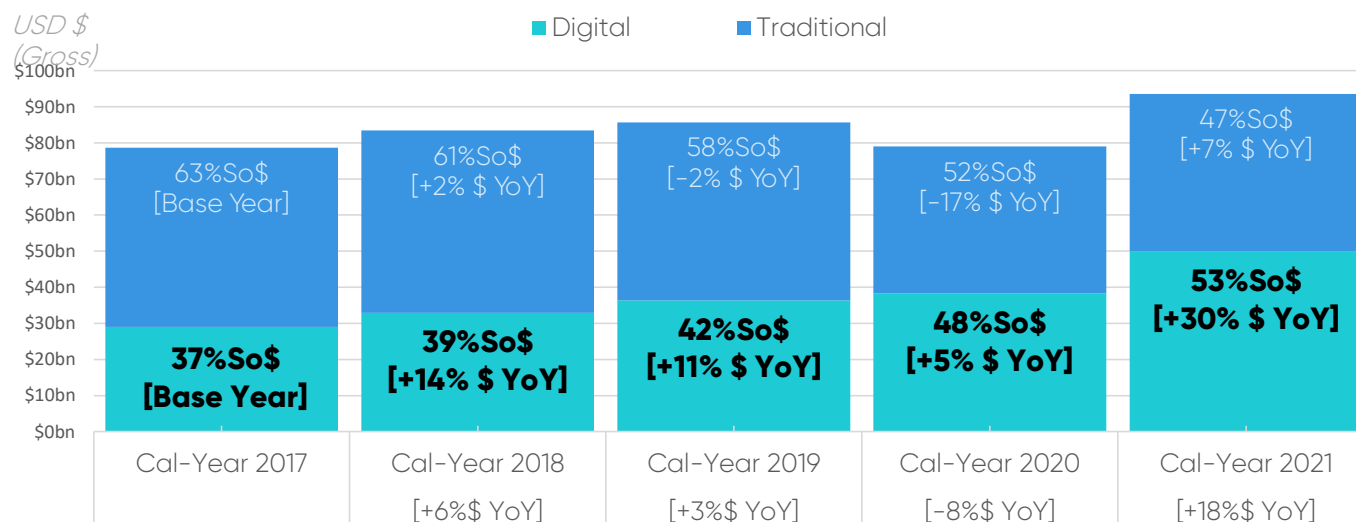
Source: SMI Linear eCPM Pricing Intelligence tool



Source: SMI Digital CPM Pricing Intelligence tool

DIGITAL MEDIA NOW MORE THAN HALF OF THE SMI POOL AS OF 2021

DIGITAL VS. TRADITIONAL INVESTMENT SHARE CALENDAR YEAR



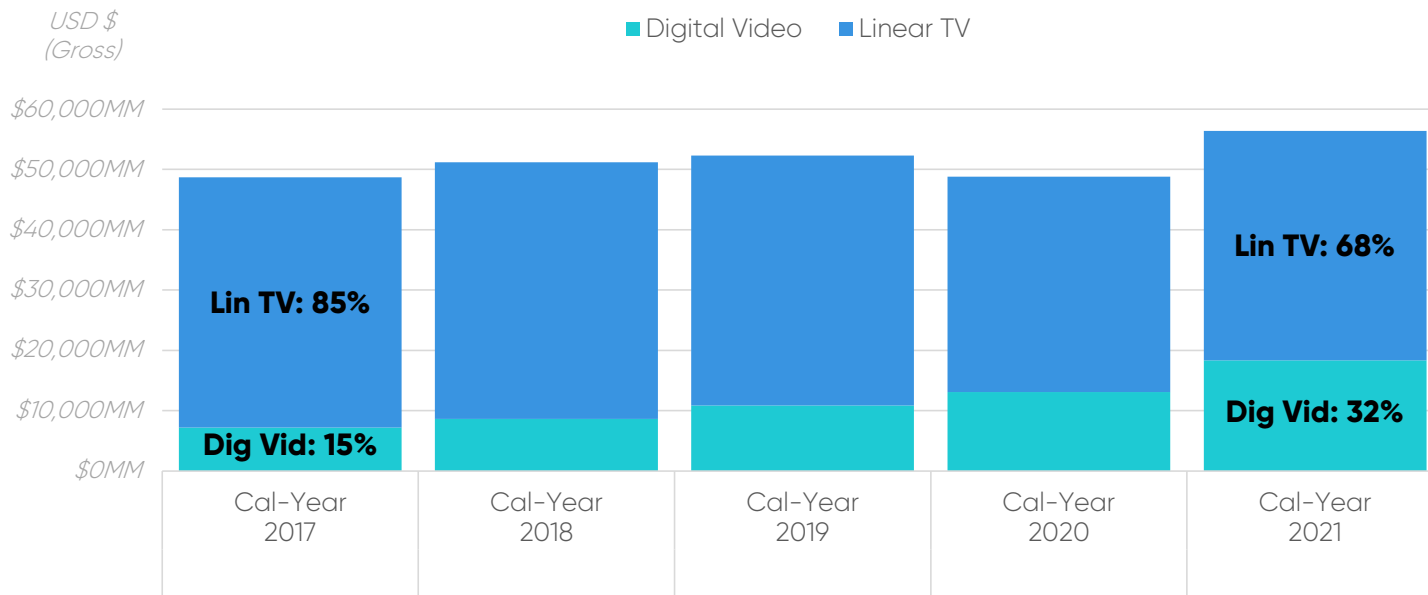
- The SMI Pool hit new high in 2021: \$93.5 Billion
- Digital media is now more than half for the first time
- Digital media has grown much faster for years
- Even so, 30% YoY for Digital = huge

Source: SMI Core
U.S. Only

SMI Client Report | Cannot be Distributed Without SMI's Consent

THE TOTAL VIDEO AD MARKET (LINEAR + DIGITAL VIDEO) REACHES NEW HEIGHTS

Total Video Ad Market: Spend for Linear TV + Digital Video
by Calendar Year



- “Television” isn’t “dying”
 - It’s changing channels
- Digital Video (OTT + OLV) a third of all Video ads (incl. TV)
- Linear recovered in 2021, but long-term ad spend is in decline
- “Peak TV” in the SMI Pool was 2014–2015

Source: SMI Core 2.0
Percentages reflect share of ad spend in reflected period
SMI Client Report | Cannot be Distributed Without SMI’s Consent

Linear TV = National + Local Television
Digital Video = Video ad type within Digital media
*Reflects SMI Pool (major marketer activity, placed through major & independent agencies, skewing toward National advertisers)

Slide 37

RB0 [@Nicole McCurnin], please update with full year data.

Also, please work with the width of my format (i.e. space on the right for bullets) but otherwise enlarge ratio of everything

Rick Bruner, 2022-03-10T15:51:13.650

NM0 0 [@Rick Bruner] - added the split from Core 2.0

per john's comment below. do you prefer to restack against Oct to Jan? or Oct to Feb when the cube becomes avail tmrw?

Nicole McCurnin, 2022-03-14T21:55:33.007

RB1 All of those numbers will need updating with full year data. Please flip the order of the Digital Video and Linear TV in the table below the graph, so TV is on top, so it tracks visually with the stacked columns, where TV is on top.

Rick Bruner, 2022-03-10T17:53:09.286

JS2 Given the step change in share in Q4, suggest a Oct-Jan (or to Feb, if avail) share trend.

John Spiropoulos, 2022-03-14T14:14:07.838



THANK YOU

Find more insights from Standard Media Index about advertising spending trends, media mix and pricing norms at www.standardmediaindex.com/insights

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