

Exploring the Media, Part I

Traditional

We are all familiar with television, radio, the Internet, newspapers, social networks or magazines from the consumer's standpoint. That is, we don't think twice about checking our social network site every morning, listening to the radio on the way to work, going online to catch up on the news, watching TV when we get home at night, and leafing through a magazine in bed before going to sleep. For advertisers, each of those points of contact we make with the medium represents an opportunity to communicate with a potential target for their product or service. So, for example, the local car dealer will place his ad for a GMC Envoy in the daily newspaper in the hope that you will see it in the morning and stop in at the dealership on the way home from work or at the weekend. The First National Bank might put an ad on the radio in the morning hours to reach commuters on their way to work to alert them to the bank's favorable interest rates on savings accounts. And an organic foods company that offers delivery of fresh local foods might buy a keyword so that if someone searches for "organic" and lives in the zipcodes served, the company's ad will appear. When you sit back and relax in the evening to watch television, a wide range of advertisers will remind you of their brand of beer, cookies, pet food, or coffee. They do so either in traditional commercials or by placing their products within the programs themselves, hoping that when you next visit the grocery store theirs is the brand you will select. And finally, right before you fall asleep, advertisers in magazines will try to persuade you that their credit card company will be there when you need it. In this chapter, we will focus on the traditional media forms of TV, radio, newspaper, magazines, Internet, and out of home. The next chapter discusses advertising opportunities to reach consumers through media that go "beyond traditional."

Media vs. Communications

The task of today's media planners has become much broader than in times past. Instead of just considering the traditional media (TV, radio,

magazines, newspapers, outdoor), the planner now must evaluate all forms of "brand contact," wherever or however they occur. Should Kraft Macaroni and Cheese sponsor the local Little League teams? Can Columbia Sportswear be the official sponsor of an Olympic ski team? Would it make sense to put Powerbar ads along running trails? Should the doctors in *Grey's Anatomy* be seen to be drinking Coca-Cola? Or could Campbell Soup ads pop up on the website weather.com when the temperature falls below freezing in the location being viewed? The key with all of these communications is that they must be integrated into the plan. That is, Powerbar's trail's message should look and feel like its magazine ads, and should appear in the plan as another regular line item, scheduled in conjunction with all other media. And as with all media planning elements, the selections must tie fully into the brand's marketing and media objectives.

Media Categories

Once you have clearly defined media objectives, the next step will be to decide which media types, and vehicles within those types, will best help you achieve your goals. Before exploring that further, we need to think about what the different media can offer you as an advertiser conveying an advertising message. Here, we will consider the six major media categories: television, radio, Internet, magazines, newspapers, and out-of-home. The many forms of new or "alternative" media will be covered in the next chapter.

There are various ways of categorizing the media. We can contrast the *print* media of magazines, newspapers and outdoor billboards with *electronic* media—radio, Internet, and TV. We can also make an important distinction between media that are predominantly *local* (newspapers, outdoor billboards, and radio) and those where most ads are placed on a *national* basis (TV, Internet, and magazines). And increasingly, we can classify media based on the level of consumer *control* involved in their use, from magazines, TV via DVRs, and the Internet, which require active involvement, to radio and traditional TV, which are more passively consumed. Here, we will start by looking at the major characteristics of each traditional media form. As a point of reference, Exhibit 4.1 shows how much was spent in advertising in each major media form in 2007.

A Television in Every Home

Almost every household in America has a television set, while eight in ten (82 percent) have two or more. The average household owns 2.4 TV sets. Television is the largest mass medium available for advertisers. In 2008,

Exhibit 4.1 Adspend by Medium Spend in 2007

Direct Mail	\$59,622
Broadcast TV	\$43,734
Newspaper	\$35,788
Cable TV	\$21,440
Radio	\$17,535
Yellow Pages	\$13,844
Consumer Magazines	\$12,960
Internet	\$11,371
All other	\$54,473
	\$270,767

Source: Ad Age, May 2009.

about \$70 billion was spent promoting goods and services this way. Households in the U.S. have their TV sets on, on average, 7.5 hours each day, which is one of the highest viewing figures of anywhere in the world. One in five (18 percent) are watching in high definition. The average household can receive 130 channels, thanks to the presence of cable, while two-thirds of all homes (74 percent) receive 100 or more channels. That figure continues to rise, increasing by 11 channels in just one year. It will keep going up since, as of June 2009, all U.S. households have to receive television digitally, either via cable or satellite, or by adding special converter boxes to their TV sets to bring the digitally transmitted signals onto their old analog sets. The digital transition results in clearer pictures on the TV set, and frees up much-valued bandwidth that the government has already sold to major telephone companies Verizon and AT&T to use for their services.¹

Broadcast television programming is traditionally divided up in two ways: by *daypart* and by *format*. The daypart refers to the time of day the program airs. There are nine standard dayparts, which are shown in Exhibit 4.2.

Program formats are also standardized into twelve main types, which are given in Exhibit 4.3.

Again, it is worth emphasizing that these breakdowns are really only the concern of the programmers and advertisers; you don't choose to watch "situation comedies" or "reality-based programs," but rather decide to watch *Dancing with the Stars* on ABC on Tuesday nights.

The popularity of different program genres changes over time. Typically, the two most popular types are dramas and situation comedies. In the late 1990s, reality shows (such as CBS's *Survivor* and NBC's *Deal or No Deal*) became extremely popular, in part as a result of networks realizing they were a far less expensive form of TV program to make. The average prime time drama can cost more than a million dollars per

Exhibit 4.2 Dayparts

Early Morning	M-F	7:00–9:00 a.m.
Daytime	M-F	9:00 a.m.–4:30 p.m.
Early Fringe	M-F	4:30–7:30 p.m.
Prime Access	M-F	7:30–8:00 p.m.
Primetime	M-S	8:00–11:00 p.m.
	Sun	7:00–11:00 p.m.
Late News	M-Sun	11:00–11:30 p.m.
Late Night	M-Sun	11:30 p.m.–1:00 a.m.
Saturday Morning	Sat	8:00 a.m.–1:00 p.m.
Weekend Afternoons	Sat-Sun	1:00–7:00 p.m.

Source: Nielsen Media Research, 2002.

Exhibit 4.3 Television Program Formats

Animation/children
Daytime serials
Drama/adventure
Game shows
Late-night talk
Movies
News
Newsmagazines
Reality-based
Sitcoms
Specials
Sports

Source: Nielsen Media Research, 2002.

episode, compared to a few hundred thousand for a reality show. Today, the reality genre is a staple of the prime time TV line-up.

As always happens, soon every network was jumping onto this bandwagon, leading to a slew of copycat programs that created a glut of that program type. While those programs continue to do well, viewers grew bored with seeing too much of just one format, and the networks developed more dramas and sitcoms that found favor with viewers, such as *Desperate Housewives* and *30 Rock*. The challenge for media planners and, particularly, media buyers is to predict which shows will be popular several months or even one year from now, buying them at a less expensive cost and enjoying higher-than-predicted ratings. We will explore this further in Chapter 9.

How people watch TV has been changing, however, as more viewers acquire digital video recorders (DVRs) that allow them, in effect, to become their own program scheduler. By making it easy to record favorite shows, and fast-forward or pause both live and recorded programming,

DVR providers (such as TiVo and the cable or satellite companies) have helped turn television from a passive medium where viewers watch what is shown when it appears, to a much more active experience where people can watch whatever they want whenever they wish to do so. Currently, about one-third of U.S. households have this device. The consequences for advertising will be explored further in this chapter.

What people watch is also impacted by who owns the various TV networks. For example, Disney's ownership of ABC, Lifetime, and ESPN networks is not only evident in ESPN announcers on ABC sports programming, but leads to "Wonderful World of Disney" on ABC. Exhibit 4.4 shows the ownership of the major networks.

There are four main types of television to consider: network, syndication, spot (local) and cable. Beginning in the mid-1990s, the ownership of these various entities became more and more consolidated, so that today just a handful of large media companies have majority control of all four types of TV, squeezing out the independents or mom-and-pop operations that flourished in the first 50 years of television. The viewer is not really aware of who owns what, and does not differentiate, for the most part, between network or cable or syndication. He or she chooses to watch a certain program, regardless of how or where it airs, or who created it or owns it. So the distinctions we draw here are purely for media purposes.

Network Television

Network television consists of four major broadcast networks: ABC, CBS, NBC, and FOX. There is also one smaller network: The CW, owned jointly by CBS and Warner Brothers. A "network" is actually made up of hundreds of local stations that become "affiliates" of the national organization. There are a total of 1,461 network affiliate stations, about half of all TV stations on air (2,847). Each station receives a set amount of money every year from the network in return for which they agree to air national programs for a given number of hours every week, though as the networks have looked for ways to cut their costs in recent years, they have attempted to cut or eliminate these payments. Network programs air at the same time in every market within a given time zone. So CBS's "60 Minutes" appears at 7 p.m. on Sunday night in the Eastern zone, 6 p.m. in Central markets, and 5 p.m. in the Mountain zone. Programs in the Pacific time zone are shown at the same time locally as in the East (i.e., "60 Minutes" airs at 7 p.m. Pacific time).

Network shows come with several minutes of commercial time both within and between programs that are sold by the network. The local station is then able to sell an additional one to three minutes of commercial time in the hour to local or regional advertisers, depending on the daypart. Historically, local commercials always had to appear in the

commercials that aired between programs, but that rule has been relaxed, allowing local or regional advertising within the program too. The research findings have been mixed on the relative effectiveness of ads appearing between or within programs. The local station also decides what to air when it is not showing network programs. This might include locally produced shows, such as local news or current affairs programs, or programs purchased from independent producers, known as syndicated programming (see below).

Stations not affiliated with a network are known as *independents*. Today, there are only 88 stations in the U.S. who are not affiliated with any broadcast network. Several hundred others have part-time affiliations with a smaller network (primarily CW). Most of these stations broadcast on the lower-frequency, locally based UHF signal. Each one decides which programs to air throughout the broadcast day, and is responsible for selling its own commercial time.

Syndication

One of the major sources of programs for independent stations is syndicated programming. Here, an individual program (or package of several programs) is sold on a station-by-station basis, regardless of that station's affiliation. It may be of any type or length. There are two main types—original shows, and off-network fare. The former are filled with game shows, such as *Wheel of Fortune*, and talk shows such as *Oprah* or *Ellen*. They are sold either by the program's producers or by syndication companies such as Viacom's King World that puts together packages of properties. The distinction between syndication and network shows is that syndicated programs can air at different times in different markets as well as on different networks. This leads to syndicated shows having to be "cleared" by each local station that chooses to buy them. The clearance figure refers to the percentage of markets across the country that can view that particular show. So, for example, if a syndicated talk show is "cleared" in 70 percent of the U.S., it means that broadcast TV stations seen by 70 percent of all TV viewers have purchased that program. Syndication clearances generally range anywhere from 70 percent to 99 percent. It is worth noting, too, that some network programs do not have total (100 percent) clearance because an affiliate station may refuse to air them, or will put them on at a different time than the rest of the network. For example, early on in its airing, ABC's police drama, *NYPD Blue*, received good ratings and won numerous awards, but could still not be seen by viewers of the ABC affiliates in several Texas markets because they felt the program was too offensive. That state also had several network affiliates who would not air the broadcast premiere showing of Steven Spielberg's graphic war

Exhibit 4.4 Media Company Ownership

Rank	Company Name	Net Media Revenue	TV	Print	Cable/Satellite	Internet	Radio	Outdoor	Cinema	Other
1	Time Warner	35.64 billion	Turner Broadcast System, Home Box Office, CW Network	Time Inc. magazines, Southern Progress Corp., Time4Media	Time Warner Cable	America Online			Warner Brothers, New Line Cinema	
2	Comcast Corp.	26.94 billion	Golf Channel, Outdoor Life, E! Networks, Versus, Style Network, G4, AZN Television		Comcast Cable					
3	Walt Disney Co.	17.49 billion	Disney Media Networks (ABC TV, ESPN, Disney Channel, ABC Family, SoapNet, Toon Disney), A&E, Lifetime	Buena Vista Magazines (FamilyFun, Disney Adventures, Wondertime), US Weekly, ESPN The Magazine			ESPN Radio, Radio Disney		Walt Disney Studios	Disney Stores, Disney Theme Parks, Baby Einstein, Disney Cruise Lines
4	News Corp.	15.7 billion	Fox Broadcasting, MyNetworkTV, Fox Cable Networks (Fox Sports, FX, Fox News, Speed Channel, Fox Soccer Channel), National Geographic	New York Post, Wall Street Journal, News America Marketing, Weekly Standard, TV Guide					20th Century Fox, Fox Searchlight	HarperCollins Publishers
5	DirecTV Group	13.74 billion			DirecTV					
6	NBC Universal	12.16 billion	NBC TV, Telemundo, NBCU Cable (USA Network, CNBC, SciFi, Bravo, MSNBC), Ion Media Networks			iVillage			Universal Studios	Universal Studio Theme Parks
7	CBS Corp	12.1 billion	CBS TV, CW Network, Showtime, CSTV				Westwood One, CBS Radio	CBS Outdoor	Paramount Pictures	
8	Cox Enterprises	10.39 billion	Cox TV stations	Cox Newspapers			Cox Radio			Cox Auto Trader
9	EchoStar Communications Group	9.46 billion			DISH Network					
10	Viacom	8.44 billion	MTV Networks, BET Networks	Advance Publications (Conde Nast, Advance Newspapers, Parade, American City Business Journals)	Bright House Networks				Paramount Pictures	

Source: Advertising Age, 12.26.08.

Note: As this book went to press, Comcast made a bid to buy NBC Universal. At this time, the deal is still undergoing legal scrutiny.

movie, *Saving Private Ryan*, because they deemed it too explicit for network television.

The goal of many network programs is to produce enough episodes to go into the syndicated marketplace (usually 100 episodes). This is known as off-network programming, and helps fill up the hours of airtime that stations have when network shows aren't running. Programs that have been popular on the networks can continue to air for many years in syndication. Hits from the 1970s and 1980s, such as *MASH*, *Cheers*, and *Cosby* can still be seen on TV during the early evening or late night hours in syndication. Today, there are about 1,055 hours of syndicated programming produced each year for 153 different programs. Exhibit 4.5 shows the top programs in syndication.

Spot Television

Spot television is another way to purchase television time. Here, instead of contracting with the network to distribute a commercial to all of that network's affiliate stations across the country, an advertiser can pick and choose which programs and stations to use, placing the message in various "spots" across the country. As noted above, fewer than 100 of all TV stations are not affiliated with a network, a number that will continue to diminish as networks (and their multimedia conglomerate owners) buy up independents as regulation is relaxed on station ownership. The spot TV buy could be as small as a single station in one market, to a couple of hundred stations across a region. While the actual cost of placing spots on local stations is lower than a total network buy, once you start including a large number of markets it can become quite expensive.

Spot TV time is sold either by the individual station and/or by station representative firms, or *rep firms*. These firms put together packages of

Exhibit 4.5 Top 10 Syndicated TV Programs

Rank	Program	Rating %
1	<i>Friends</i>	9.0
2	<i>Everybody Loves Raymond</i>	7.1
3	<i>Oprah Winfrey Show</i>	7.6
4	<i>Will & Grace</i>	6.9
5	<i>Entertainment Tonight</i>	5.9
6	<i>That 70's Show</i>	5.7
7	<i>Sex and the City</i>	5.5
8	<i>Judge Judy</i>	5.5
9	<i>Seinfeld</i>	5.2
10	<i>Malcolm in the Middle</i>	5.2

Source: Adage.com, 2009.

stations, known as *unwired networks* (because they are not physically linked together, or wired). Rep firms can usually customize buys, allowing the buyers to pick only those stations in which they are interested in a given number of markets.

Cable Television

Cable television is sometimes thought of as a newer way to distribute programs and commercials, but in fact it has existed as a means of conveying television signals since 1948. Because it does not depend on over-the-air signals, but comes into the home via wires laid underground (or sometimes on poles on the street), reception is much clearer in many areas. That was the original reason behind its growth—so that people in Eugene, Oregon, or Lancaster, Pennsylvania could receive the signals of the broadcast networks more clearly. While the broadcast networks distribute their programs from a central location to each of their affiliates, cable programs are sent via satellite from the cable network to individual cable operators (franchises) within each market, who then distribute the signals to the subscribers' homes. There are more than 10,000 separate cable systems operating today, although the majority belongs to one of the large Multiple System Operators (MSOs) that have cable systems in numerous markets. In 2008, the top two players were Comcast and Time Warner. Together, these two operators serve 70 percent of all cable viewers in the country.

Another difference between broadcast TV and cable TV, from the consumers' standpoint, is that they must pay a monthly subscription fee to receive cable service. The average monthly cost of cable in 2008 was about \$80. For an additional monthly fee, consumers can receive one or more of the pay cable networks, such as Home Box Office (HBO), Showtime, or Cinemax, which do not show any advertising at all.

Cable TV is made up of a wide variety of different networks, many of which specialize in certain kinds of programs or appeal to certain types of people. This was originally called *narrowcasting*, in contrast to the more diverse or broad-based programming found on broadcast TV. Cable News Network (CNN) shows 24 hours of news and information programming, while ESPN airs sports all the time and Comedy Central has 24 hours of comedy. There are several cable networks, such as USA Network and TBS, which are more similar to the broadcast networks in their programming, airing a variety of different types of shows, from adventures to situation comedies to movies and dramas. In recent years, most of the cable networks began producing their own original programming, rather than simply rebroadcasting old TV shows or movies that had already aired. Today, it is not uncommon for some of these "originals" to garner audiences that are not that much smaller than those for broadcast shows

and, at times, the highest-rated cable programs are larger than many on broadcast TV. In the week of June 22, 2009, for example, the top two programs on cable TV, Discovery Network's *Jon & Kate Plus 8* and the *BET Awards Show* each generated higher ratings than any of the top ten programs on broadcast TV.²

Exhibit 4.6 describes the biggest cable networks currently available, together with the number of subscribers to each one. The number of networks available varies by system. In recent years, most cable companies have spent large sums of money upgrading their physical plant to provide digital cable services which allow them to offer hundreds of different channels, rather than the 50–100 that were most common in the 1980s and 1990s. Exhibit 4.7 shows how the number of stations and channels available to viewers has increased over the past 25 years.

The development of cable TV as an advertising medium began in the early 1980s and has grown steadily ever since. Today, more than \$26 billion of total TV advertising dollars go to cable television, representing nearly one-third of the total amount advertisers spend in television. Most of cable's ad dollars are purchased on a national basis, although the medium has been growing rapidly at the local level too. If you manage a local restaurant or a bank, you can run your commercials throughout the area, or can confine your messages to a particular cable system's area. National advertisers can use local cable, customizing their messages down to the neighborhood (system) level.

Advertisers can also purchase time on several systems at once by going

Exhibit 4.6 Top 15 Cable Networks and Subscribers

Rank	Network	Subscribers (000)
1	Discovery	98,000
2	TNT (Turner Network Television)	98,000
3	ESPN	97,800
4	CNN	97,500
5	USA Network	97,500
6	Lifetime Television	97,300
7	Nickelodeon	97,300
8	TBS	97,300
9	The Weather Channel	97,300
10	The Learning Channel	97,300
11	ABC Family	97,000
12	ESPN2	97,000
13	C-SPAN	96,500
14	HGTV	96,500
15	Food Network	96,300
15=	MTV	96,300

Source: Kagan Research, LLC, as reported by NCTA, 2008.

Exhibit 4.7 Number of Channels and Stations Received

Number of Stations:	0–14	15–19	20–29	30+	Average number of stations per household
1985	78%	18%	4%	0%	11.0
1995	65%	25%	9%	1%	13.0
2005	48%	22%	26%	4%	16.3
2008	42%	21%	28%	9%	17.7
Number of channels:	0–14	15–19	20–29	30+	Average number of channels per household
1985	50%	15%	16%	19%	18.8
1995	17%	9%	6%	68%	41.1
2005	5%	4%	7%	84%	96.4
2008	5%	2%	4%	88%	130.1

Source: Nielsen Media Research 2008.

through a central sales office, known as an *interconnect*. This is similar to a rep firm—you select the cable systems on which your ad will appear. Most interconnects operate on a metropolitan or regional basis, such as Greater Chicago, or the Bay Area.

As noted in Chapter 3, advertisers are starting to test sending different ads to individual households, depending on the characteristics of each home. This practice, known as *addressable advertising*, allows companies making dog food, for example, to send ads only to homes known to have a dog, while makers of diapers can deliver ads just to the households with infants and toddlers. Tests conducted by Comcast Cable and Starcom Mediavest Group in 2007 and 2008 indicated that this type of advertising was not only more effective, by delivering more relevant ads to viewers in those homes, but also potentially far more efficient. As this technology is deployed in larger numbers, it is not hard to imagine a time when advertisers will only have to pay to send ads to homes they care about, rather than having to bear the cost of sending ads to all households. In this way, television can become a far more targeted, less “mass” medium.

Satellite Television

Although listed here as a type of television, satellite TV is more of a means of distribution. From being a way for rural inhabitants to receive any kind of signal via large C-band dishes, today's far smaller satellite dishes can be seen perched on the outside of houses all across the country, and are as common in urban markets as rural or suburban. By delivering TV signals directly from the satellite and eliminating the cables that have to

be laid under the ground or above ground on poles, satellite services are able to offer a far larger number of channels to viewers. There are two major satellite providers: Dish Network (owned by EchoStar) and DirecTV network. About 25 percent of the country now receives television via satellite (31 million homes), and the battle between that form of distribution and cable is increasingly fierce. Without much of the high cost of transmission incurred by cable, satellite providers have been far quicker in offering new or high technology services to customers, such as two-way interaction with the TV set and the functionality of digital video recorders (see below).

Television Becomes Video

The development of new forms of television began in the early 1990s, but it was not until the latter part of that decade that technology began to catch up with the pipe dreams of the inventors. One of the first to be available was *video on demand* (VOD). Here, several channels are allocated to special programs, such as movies or sporting events, purchased by the cable subscriber on an individual basis. They may cost as little as a few dollars, or as much as \$100 for a special boxing match, for example. In order to be able to receive this form of programming, the cable linking the television to the cable system operator must be two-way, or *addressable*, allowing the operator to deliver the program to individual households on demand. At present, more than half of all homes are VOD-enabled, allowing viewers to order up any program that they want to watch, at any time. While its availability has become quite widespread (about 35 percent of all homes), the number of people using it remains fairly small, in large part due to the lack of “content,” or programming that people want to buy. It is something of a chicken-and-egg situation. Programmers or cable operators do not want to invest heavily to create programs if there are not enough people willing to pay for it, but until there is a sufficient variety of good programs available, people will not want to buy it.

VOD’s expansion has occurred largely due to the growth of digital cable, which is now in about 37 million homes. All of the major cable system operators have been rapidly upgrading their systems in recent years, seeing great potential in enhancing their revenues not only by offering more channels to viewers, but also by selling numerous ancillary services, from Internet access through the TV set to special channels featuring local news and weather to phone services. With some of these enhancements, for example, viewers can call up sports statistics as an overlay on the screen while viewing a football or baseball game.

Another way that television has been significantly altered is through the video recorder. The introduction of digital video recorders (DVRs) at the tail end of the 1990s promised to revolutionize the way people watched

TV and, as a result, the advertising business for that medium. DVRs, now in about 32 percent of all U.S. households, allow people to program the device to find programs to record on a regular basis either by title (all new episodes of *CSI*, for example), or by actor/director (find anything with Brad Pitt). What happens as a result is the official program schedule evaporates, and every consumer becomes his or her own program scheduler, timeshifting to watch whatever programs they want, whenever they choose. More importantly for advertisers, DVRs let viewers fast forward through most, if not all, commercials. Statistics from TiVo, one of the more advanced forms of DVRs, show that during prime time programming on the broadcast networks, viewers are skipping about 60 percent of the commercials when they watch in this “timeshifted” mode.

The implications for advertising are potentially huge. As we will see in Chapter 8, television is planned to a large extent based on program dayparts. What happens when there is no such thing as “primetime” television anymore? And what if the viewership of a program no longer occurs simultaneously because large numbers of people are recording the program for viewing at a later date? What should the program rating be based upon? There has been much deliberation in the industry over this question, resulting in the “official” national rating now being based on “Commercial + 3 Days” or “C3”—that is, the audience for those watching the average commercial in the program as it airs, plus any viewership of that program in the 72 hours following the original telecast.

The use of the TV to connect to the Internet, and the computer to view television, has been expanding quite rapidly, although the two devices are far from interchangeable. TV viewing remains, by and large, a more passive, “lean back” experience, in contrast to the active involvement required of the “lean forward” computer activity. Nevertheless, we are likely to continue to see new attempts to somehow merge the two media in the future, with more Internet functions (such as searching or pop-up ads) appearing on the TV screen, and more TV offerings (programs and TV commercials) migrating to the small screen. All of the major TV networks now make either segments or whole programs available on their websites for viewing via the Web, where an estimated 140 million people watched programs in 2008. When consumers choose to watch them there, it is primarily to catch up on missed episodes or prior seasons, or to take advantage of the convenience of the “anytime, anywhere” viewing. For advertisers, the online video experience is almost wholly positive, with results from studies undertaken on these programs showing upwards of 80 percent ad recall among consumers watching TV shows on the Web. In addition to going online to watch TV programs, viewers are also consuming large quantities of short-form programming, primarily clips on sites such as YouTube. This form of online video, sometimes referred to as user-generated content, or UGC, is particularly popular

with teens and young adults. More is covered on this in the Internet section later in this chapter.

Another significant shift in the use of television has been taking place on the advertising side with the growth and development of brand integration (also referred to as product placement or embedded advertising). Here, advertisers pay the program producer to put their brands into the storylines or content of TV shows. This began back in 2001, when contestants on the reality show *Survivor* were shown happily consuming cans of Pepsi's Mountain Dew. Sometimes the product is overtly written into the script, such as the challenges on *The Apprentice* to sell a product such as Dove soap or create a marketing campaign for Pontiac's G6. In 2008, there was even talk of airing a new program called "Jingles" where the purpose of the show was to have people compete to write commercial jingles. The success of a brand placement is not guaranteed. Three brands were placed in the hugely popular show *American Idol*: Coca-Cola, Ford, and Cingular (then AT&T). While consumers readily accepted and remembered the soft drink (consumed by the judges) and the phone company (linked to the text messages they sent in), there was no clear connection with a vehicle. As a result, Ford's brand equity actually declined during its time on the program.³ A research analysis to assess placement techniques, prevalence, and trends showed that this is going to become an increasingly important area for marketers, and for consumer researchers to understand more about how it works.⁴

Of course, placement is nothing new. It was how commercial TV got started, with the product sponsorship of the Texaco Star Theater or daytime dramas brought to you by Tide and Dreft (i.e., soap operas).⁵ In 2007, on the top ten broadcast shows alone, it is estimated there were an estimated 26,000 product placements⁶. The difference between integration and placement is that in the latter, the product appears more or less as a "prop," such as a character being seen to open a box of General Mills' Wheaties cereal rather than Brand X. Another example of integration was for Head and Shoulders shampoo, which ran a six-week campaign inviting consumers to try the "mystery brand." After four weeks, TV ads told them to tune in to the daytime talk show *Ellen*, where the host, Ellen DeGeneris, revealed what the brand was.

One of the more prominent efforts at paid product integration occurred in September 2004, when GM gave away its newly launched Pontiac G6 vehicles to every member of the studio audience in Oprah Winfrey's daytime talk show. In keeping with the theme of the program to fulfill people's "wildest dreams," Oprah gave away 276 vehicles, each of which had an estimated value of \$28,400. The event generated enormous publicity for the company, most of it favorable, and Pontiac registered a record number of visits to its website in the days following the show.⁷ In another case, Burger King paid between \$2 million and \$3.5 million to

appear in the hit TV show *The Apprentice*, with the contestants charged to run a franchise restaurant in New York while a new sandwich was being launched. That allowed viewers to see how the restaurant really worked, and to get lots of exposure to the new product. In the weeks following the episode appearing, sales of that sandwich rose to 1.2 million, 20 percent higher than expectations. At the same time, the promotion was featured on the BK website, generating 600,000 visits to find out more and enter a sweepstakes.⁸ A report by the Federal Communications Commission in 2008 noted that the popular Fox program *American Idol* had a stunning 3,291 product placements during just the first three months of that year! While no new legislation exists specifically for this newer type of TV advertising, questions are being asked about how the public should be informed when a product has been placed directly in a program, or not.

For some companies, their advertising can become a program. That is, they purchase time on local TV stations or, more often, on cable networks, for direct response TV (DRTV). This time could be anywhere from a two minute "infomercial" to a 30-minute program. What the consumer sees is an informational message, with an immediate opportunity to purchase (usually via telephone). The direct-to-consumer approach works well for certain types of marketers, and has typically been used by smaller or independent companies offering unusual products, such as the Snuggie "blanket" or Nordictrack fitness equipment. The media rates can be up to 75 percent lower than the cost of buying "regular" commercial time. Bigger companies occasionally use DRTV, to good effect. Johnson & Johnson's Neutrogena skincare line launched SkinID products via DRTV. One of the biggest benefits of this approach is that it is instantly measurable, whether through phone calls logged and products sold, or visits to the website.⁹

Benefits of Television to Advertisers

Whichever type of television advertising you choose, you will enjoy a number of benefits unavailable from any other media. Among these benefits, television's ability to imitate real-life situations, its pervasiveness, and its broad reach are most noteworthy.

True to Life

The most obvious advantage of television advertising is the opportunity to use *sight*, *sound*, *color*, and *motion* in commercials. This form of advertising is generally considered the most lifelike, re-creating scenes and showing people in situations with which we can all identify. That does not mean we don't see cartoons or animated commercials, or fantasies on the screen; today's electronic wizardry lets TV ads show us everything

imaginable. But of all the media available, TV comes closest to showing us products in our everyday lives. This is not only important for package goods advertisers—firms such as Kellogg’s Anheuser-Busch, or Unilever, who are able to show us what their products look like and how they are used or enjoyed—but also for service companies such as Marriott Hotels or American Express, which can offer us ways to use their amenities. As the Internet continues to expand, and bandwidth grows, more TV-like ads have appeared there too. American Express was one of the first advertisers to launch a TV ad (starring comedian Jerry Seinfeld) on the Internet before it appeared on television.

The Most Pervasive Medium

Television advertising is the most pervasive media form available, given that the average American is watching about 133 hours or so of TV every month. Several slogans from TV commercials have entered the mainstream of conversation, such as Bud Light’s “Whassup?” or Wisk detergent’s infamous “ring around the collar” line. Characters in commercials have also become part of our lives, such as the lonely Maytag repairman, or Tony the Tiger for Kellogg’s Frosted Flakes. From time to time, advertising characters are developed further, such as the Geico “cavemen” who starred in their own (ill-fated and short-lived) TV show.

Reaching the Masses

Another important advantage of television from an advertising perspective is the wide *reach* of people it offers at any one time. Even in programs with ratings of eight or ten, you are reaching about nine million individuals! While there is generally a smaller audience for the commercials than for the programs themselves, nevertheless, television remains a truly mass medium. Moreover, by buying time on several different programs shown at different times and/or on different days, it is possible to reach a wide *variety* of individuals. And although each ad appears for a short time (usually 15 or 30 seconds), if it is repeated on several occasions more people are likely to be exposed to it, often more than once. This helps build brand awareness, which in turn may lead to the formation of favorable attitudes or intentions to purchase that brand.

Drawbacks of Television Advertising

Unfortunately, television advertising has unique drawbacks as well as the unique benefits just discussed. Four of the most commonly encountered drawbacks are cost, limited exposure time, cluttered airwaves, and poor placement of ads within or between programs.

Dollars and Sense

Perhaps the biggest disadvantage for advertising on TV, particularly at the national level, is the high cost. The average 30-second during prime time on the six main broadcast networks in fall 2008 cost \$130,000, with a wide range from about \$30,000 at the low end to \$435,000 at the top.¹⁰ Even that cost pales in comparison to television’s most expensive ad opportunity. An ad in the 2009 Super Bowl cost about \$3,000,000. For many advertisers this is far beyond their budget, leading them to cable or spot TV as cheaper alternatives.

Quick Cuts

Another drawback to this medium is its brief exposure time. Although many ads are seen several times within a short period of time, unless the commercial is particularly inventive or unusual it is likely the viewer will ignore it or be irritated by seeing it after the first few occasions and deliberately try to avoid the message.¹¹ Controversy remains over just how many times people can be exposed to spots without getting bored or annoyed, a phenomenon referred to as commercial *wearout*. In the future, this drawback may be avoided through *addressable* or *interactive* TV, where viewers receive ads considered more relevant to their needs, and/or select the kinds of messages they are more interested in, finding out more about a specific brand or product in detail. The key here is that this self-selected audience is more interested and involved in the message.

Cluttering the Airwaves

A related factor that is becoming an increasing concern for advertisers is the sheer number of ads appearing on TV. This leads to clutter of spots, again believed to reduce the effectiveness of individual commercials.¹² There is evidence to support this fear. From 1990 to 2008 there was a nearly 300 percent increase in the number of spots shown on primetime network TV. Part of the explanation for this is the increase in the number of TV networks. But another major reason is the growth in the number of shorter-length commercials. For many years, the standard television spot lasted a full minute. Then, in the mid-1960s more and more advertisers started using 30-second commercials, finding them more cost-efficient and no less effective. As costs continued to increase during the 1970s and early 1980s, advertisers tried the same tactic, shifting to even smaller commercial lengths. Today, the 15-second spot accounts for 36 percent of all primetime network TV commercials. The total number of spots aired on English-language broadcast TV in a given month is close to

13,000.¹³ Exhibit 4.8 shows the trend in TV ad clutter in Prime Time, while Exhibit 4.9 displays the expansion of 15-second commercials. The result of clutter on consumers is questionable, but research suggests that it hinders the communication, sometimes considerably.¹⁴

Placing Spots

Another area that has provoked a good deal of discussion is where commercials should be placed for optimal effectiveness. For network TV, you can buy time either within the program (*in-program*) or between two shows (*break*). While some believe there is no difference in viewer attention between these two options, others feel that you are likely to lose more viewers during the breaks than within the program itself. On spot TV, the break position used to be the only timeslot available, though in recent years the “rules” have been relaxed, as commercial breaks have slid a few minutes into the program rather than only at the top or bottom of each hour.

Related to this placement issue is where to position your commercial within the series, or *pod* of spots being shown. Evidence suggests that the first ad to appear will receive the most attention, followed by the last one; those in the middle are likely to suffer from viewers switching channels, not looking at the screen, or leaving the room. The advertiser, however, does not routinely get the choice of where in the pod to air his ad. Some

Exhibit 4.8 Commercial Clutter Trend: Prime Time

	Number	Percent Change (Yr on Yr)
1990	2,059	
1995	3,177	54.3%
2000	4,751	49.5%
2005	5,300	11.6%
2008	5,688	7.3%

Source: Nielsen Media Research 2008.

Exhibit 4.9 Growth of 15-Second Commercials in Prime Time

	1990	1995	2000	2005	2008
:15	36%	34%	35%	35%	36%
:30	62%	64%	62%	58%	57%
:60	1%	1%	2%	5%	5%
Other	1%	1%	1%	2%	2%
	100%	100%	100%	100%	100%

Source: Nielsen Media Research 2008.

advertisers will pay a premium to ensure their ad appears first, but this is not always permitted.

Research on Television

Much of the research literature on television has focused on two key issues: the impact of a life-like message and the effects of program environment. Buchholz and Smith found that the more “involved” consumers are in the medium, the stronger their cognitive responses to ad messages.¹⁵ Kamins et al. examined how TV ads are evaluated depending on the mood created by the program in which the ads appear.¹⁶ Several other research articles are also available.¹⁷

Radio—The “Everywhere” Medium

Radio is the oldest electronic advertising medium. It first became popular in America in the early 1920s and since that time has managed to hold its own against all other media forms. Although families no longer sit around their radios as they once did to listen to the most popular programs of the day, they still rely on this medium for both information and entertainment. Indeed, almost every home in America has at least one radio, and most have several of them. People listen to the radio, on average, for 2 hours 39 minutes every day, and the medium reaches 71 percent of everyone 12 and older each day (92 percent each week). Most listening (84 percent) occurs between 6 a.m. and 10 a.m. More and more, that listening occurs outside of the home. Almost all cars (95 percent) are fitted with radios now, and people can carry the medium with them wherever they go. About one-third (36 percent) of radio listening occurs in the car, while 39 percent happens at home and 25 percent is at work or elsewhere. Radio accounts for nearly one-third (28 percent) of the estimated time consumers spend each day with major media.¹⁸

There are more than 14,000 radio stations across the country. Of those, about one-third operate on the AM (Amplitude Modulation) wavelength, while two-thirds are FM, or Frequency Modulation, stations. The primary differences between them are in reception area and audience. AM stations can broadcast over a wider distance, but because the soundwaves are impeded by any kind of obstruction (hills, tall buildings) the sound quality is inferior to FM stations, which broadcast in a narrower listening area but AM tends to be listened to more by older adults, reflecting the fact that more AM stations offer news and talk programs rather than the music formats which dominate the FM wavelength. Radio stations are either commercial, accepting advertising as their chief source of revenue, or non-commercial, funded by public monies and/or audience sponsorships. Commercial stations will, on average, air anywhere from

9 to 20 ads per hour, frequently concentrated in blocks of three minutes or more.

As with television, radio is classified by both daypart and format. The different formats that are available for the advertiser are not defined the same way by the listener. Radio dayparts and formats are shown in Exhibits 4.10 and 4.11.

Today, radio represents a little over 7 percent of all advertising expenditures, with about \$18.6 billion spent on the medium in 2008. The two main types of radio advertising are network (national) and spot (local). The way programs and ads are distributed is similar to that of network and spot broadcast TV.

Network Radio

Unlike television, network radio is less important to advertisers than is local radio. It currently receives about 4 percent of all radio dollars and

Exhibit 4.10 Radio Dayparts

Day of Week	Time Period
Monday–Friday	6:00am–10:00am
Monday–Friday	10:00am–3:00pm
Monday–Friday	3:00pm–7:00pm
Monday–Friday	7:00pm–Midnight
Saturday–Sunday	6:00am–Midnight
Monday–Sunday	6:00am–Midnight

Exhibit 4.11 Top Ten Radio Formats

Rank	Format	Number of Stations
1	Country	2,037
2	News/Talk	1,359
3	Latin/Hispanic	721
4	Oldies	720
5	Adult Contemporary	631
6	Sports	553
7	Contemporary Hit Radio (CHR/Top 40)	474
8	Classic Rock	459
9	Adults Standards	372
10	Hot Adult Contemporary (AC)	369
		7,695
	Percent of all commercial radio stations in U.S.	73%

Source: Arbitron, 2009.

reaches about seven out of ten people 12 and older each week. Like TV, however, a message placed on network radio is distributed via satellite to each network's affiliate stations. These stations are paid an annual sum to take, or "clear," the network's programs. Perhaps surprisingly, almost two-thirds of all radio stations are affiliated with one network or another. The kinds of programs they receive from the network may be aired every day, such as the Westwood One newscast, or periodically, such as *Casey Kasem's Weekly Top 40* show. There are presently four major radio networks, each of which has subdivisions based on the programming and the demographic make-up of their listeners. Altogether, there are about 50 different networks. So Westwood CBS Radio News is aimed primarily at listeners from 25 to 54 years old through news radio, while the stations that are part of Crystal Media's Smooth Jazz Network include stations playing that format across the country. Exhibit 4.12 lists the major networks.

From an advertiser's perspective, one key benefit of using network radio is that you can go through a single source to place your ads across a region or across the country. The downside of this form of radio, however, is that you have less flexibility in choosing the stations you wish to be in. If you buy the CBS Spectrum Radio Network, you may get the Number 1 station in Biloxi, Mississippi, but a distant fourth station in Little Rock, Arkansas.

Spot Radio

About 96 percent of radio's advertising dollars are spent in spot markets, where you buy time on individual stations on a market-by-market basis. Here, if you were placing the advertising for Coldwell Banker realtors, you could buy time on individual stations in a market, regardless of which network they belong to, and choose which markets you wished to target. The advantage of purchasing radio in this way is that you can select the exact stations and/or markets in which you wish to

Exhibit 4.12 Radio Networks

American Urban
Citadel
Crystal Media
Dial Global
Premiere
United Stations
Westwood One

Source: Arbitron, 2009

Note: Data are for Monday–Sunday, 6AM–12 Midnight, Persons 12+.

advertise your product. This also allows you to customize the message to each location, so that Home Depot home improvement stores can mention the address or phone number of different locations in each market's ad.

Some stations are linked together only for the purpose of selling advertising time. They constitute an "unwired" network, allowing you to select which stations within the group you wish to use based on your demographic or geographic preferences. Typically, an advertiser buys time through a representative, or rep firm, rather than dealing with every station individually. So if you are trying to target teens with the Nintendo Wii, you could go to a rep firm that offers you stations that do well against that group. Examples of unwired networks include the Wall Street Journal Radio Network, which offers classical music and performs well against adults over 25. Again, for the advertiser, using a network of this kind provides you with a single invoice for all of the stations. But, as with wired network radio, you may end up buying time on less-attractive stations as part of the package deal.

Satellite Radio

In 2001, satellite radio services were introduced to the U.S. marketplace. Two companies, XM Radio and Sirius Radio, each delivered about 100 different channels via national satellites. In 2008, they merged to form Sirius XM. Today, 55 percent of vehicles on the road have satellite radio capability. Consumers need special receivers in order to tune in to these services, and must also pay a monthly subscription (about \$10–\$15/month) for the privilege. One incentive for them to pay is that about half of the stations air without commercials. Even on those channels that include advertising, the amount will be far less than on regular radio stations—6 minutes per hour, compared to 15–20 minutes on terrestrial stations.

The content offered by satellite radio ranges from niche forms of music to college radio stations that let alumni keep up with their favorite college sports teams to syndicated talk show hosts such as Howard Stern or Rush Limbaugh or Oprah Winfrey. This type of radio resembles cable TV, in that there are so many channels, they can afford to be highly specialized (e.g., a Nascar channel, several baseball channels, or a channel offering bluegrass music). The satellite radio company has deals with the major U.S. auto manufacturers, who have built satellite radio capability into more and more of their models and are offering it as a standard piece of equipment in their luxury vehicles.

As of mid-2009, about 4 percent of adults 18+ were subscribing to a satellite radio service. The jury remains out, however, as to whether consumers will be willing to pay for something they are used to getting for

free. While they "learned" to do so for television back in the 1980s, the perceived value of the radio medium versus television may not be as high among most radio listeners.

Streaming Audio

As the Internet develops further, more and more people are listening to the radio via their computers through a technology generally known as streaming audio. Radio signals are digitized, and then sent through the Internet. Many traditional, land-based stations offer simultaneous signals on the Web, while other stations have been created solely online. While still accounting for a small proportion of total listening, about 69 million people age 12 and older listen to the radio online each month (42 million each week), and streamed audio accounts for up to 15 percent of some station's listenership now. The growth is due to two factors—more online listening in the workplace, and greater usage of streamed audio via handheld devices (such as iPhones). One problem for the sector is that advertisers typically think of radio as a local medium, but streaming audio is currently sold nationally. Another hindrance is lack of ongoing audience measurement, but that is likely to change as the segment grows.¹⁹

Benefits of Radio to Advertisers

As an advertiser, you cannot afford to ignore the many benefits of radio advertising. Although it does not offer the visual power of television advertising, it does provide the opportunity to reach targeted audiences frequently, at a reasonable cost. These and other benefits of this medium are discussed below.

Local Appeal

As we mentioned earlier, most advertising dollars in radio are spent at the local or regional level rather than on the networks. Radio is therefore listened to primarily as a local medium, allowing you the opportunity to tie in to local events, news, or celebrities.

Reaching the Right Audience

Because of the way radio stations are formatted, the medium provides you with targeted, specific audiences. If you run a local health club, you can reach women 25 to 54 by placing your message on light rock stations. Or, as the owner of a religious bookstore, you can promote your store by advertising on the local religious radio station. Radio also offers good

opportunities for reaching ethnic groups. In areas with sizable Black or Hispanic populations, you are likely to find at least one station which appeals to each of these minorities. It will generally have a very loyal following. For a baby-clothing manufacturer, for example, advertising to Hispanics may turn out to be very profitable because they tend to have larger families than non-Hispanic households. And in 2005, radio audience measurement company Arbitron released its first-ever survey results of Chinese listeners in both New York and Los Angeles. The results showed that 56 percent of all listening done by these consumers was to Chinese language radio.

Imagery Transfer

For many advertisers, radio is seen as a secondary medium, used in conjunction with a major print or television campaign. The good news here is that research has shown the power of radio ads to create a visual image in listeners' minds from the TV commercials they have seen for that same brand²⁰. This process, known as imagery transfer, gives radio ads far more impact than the auditory stimulus alone and, therefore, greater potential influence on consumer response.

Keeping Costs Down

Compared with television, radio is an extremely inexpensive ad medium. A 30-second spot in prime time on a broadcast TV network may run as high as \$500,000, while the price for that same length commercial on a local radio station will be closer to \$15,000. Of course, these costs are linked to the number of people you will be reaching.

Building Frequency

With a TV buy, you are usually looking for high reach numbers. In order to gain frequency, you need either a very large budget or inexpensive dayparts. On radio, however, because the costs are so low, it makes sense to buy a lot of time and build up frequency against your target audience. It also makes sense to do this for strategic reasons; people tend to listen to a particular station for a fairly brief period of time, so you want to ensure you reach them while they are listening. You should keep in mind that listening habits are not seasonal, so frequency can be built up year-round.

Radio and Purchasing

Research shows that the time between media exposure and purchase is shorter for radio than for any other traditional medium, as shown in

Exhibit 4.13. This means that your potential consumers may well be listening while they are making their purchase decisions.

A study undertaken by the Radio Advertising Lab (RAL) on behalf of the Radio Advertising Bureau, in 2005 found that in a controlled test, consumers exposed to radio ads along with TV were more likely to buy the advertised product than those who were only exposed to an equivalent amount of TV ads.²¹

Flexible Messages

Compared to the high production costs and long lead times of television, radio is extremely flexible. If your ad is read live on the air, as is often the case, you can change the message at very short notice without much difficulty. You can vary the message for different dayparts or station formats, perhaps using different music backgrounds depending on the type of music played on that station. Radio also offers the flexibility of tie-ins to local retailers or other promotional opportunities, such as local contests or events.

Drawbacks of Radio Advertising

In addition to the numerous benefits of radio advertising, there are a few drawbacks to keep in mind, as well. Each of these can be seen as a challenge; most can be overcome with some planning and creativity.

In the Background

When we listen to the radio, we are usually doing something else at the same time, making it a background medium. Ads on radio must therefore work a lot harder to grab—and keep—our attention.

Exhibit 4.13 Time Between Media Exposure and Purchase

	<i>Percent exposed to medium within an hour of purchase</i>
Radio	59%
Outdoor	27%
TV	20%
Magazine	11%
Newspapers	10%

Source: Radio Advertising Bureau, 2001.

Sound Only

Radio can only offer sound, rather than the sight and motion of television. However, the medium can still be used to great effect because it offers the possibility of inspiring the listener's imagination. You can hear the waves crashing against rocks, or breaking glass, or party chatter, and conjure up images in your mind of what the scene looks like. Radio advertisements also tend to feature humor fairly often both as a way to get attention and because the audience is less likely to be distracted by any visuals and can listen to the words. And as noted above, if used in conjunction with similar TV commercials, listeners will often transfer the TV images to the radio spot.

Short Message Life

Because we listen to radio in the background, for the most part, ads on this medium have a very short message life. Like TV, and unlike newspapers and magazines, once the ad has aired, the opportunity for exposure has disappeared. This makes it all the more critical to grab the audience's attention right away with a message that is relevant, involving, and interesting.

Fragmentation

One of the drawbacks for radio is the fragmentation of the medium. We no longer just have "rock" stations, but "active rock," "classic rock," and "album-oriented rock" formats, among others. Each one appeals to slightly different kinds of people so if you wanted to reach them all, you would have to buy each type of rock station in a market. Audience shares, particularly in major markets, may be very small, which makes it harder to use the medium as a reach vehicle.

Research on Radio

Although radio is considered a "second cousin" to television in the realm of electronic ad media, research has been done to compare the two forms. In addition, the power of sound, and of music in particular, has been studied to see how that impacts radio ad effectiveness. Legal issues in the radio business are noted here, because the legal policies adopted by radio stations as far as which ads are accepted or not have a direct impact on the kinds of radio commercials that are broadcast.²²

In 2003, the radio industry started to fund significant research studies under the umbrella of the Radio Advertising Lab, or RAL. This consortium of advertisers, agencies and radio station groups helped fund and

design several major studies that examined the impact of radio advertising on consumers. Its first work looked at radio's psychological role in consumers' lives. Its study, "Personal Relevance, Personal Connections," found that radio listening is considered by people to be a personal and emotion-driven experience. They listen for personal gratification more so than for entertainment or pure information. As noted earlier in this section, another study looked at the benefits of synergistically mixing radio ads with newspaper or TV ads. It exposed consumers to two radio ads or one TV + two radio ads, and did the same substituting newspaper for TV. What they found was radio ads alone performed better than either the single exposure to TV or newspapers (in terms of brand recall). When radio was used together with TV, brand awareness and brand recall were higher than either medium alone.²³

In an online research study that compared two Internet ads with one Internet and one radio spot for the same brand, the Radio Ad Lab program found that combining the two media produced far more effect on consumers than simply using two web ads. Unaided brand recall was four times greater for the Internet–Radio combination, while most brands saw greater impact also for purchase intent and emotional connection.

Another study looked at the emotional power of radio ads compared to those on TV. This project used electromyography—the measurement of facial muscles—while consumers were exposed to program content that included either radio or TV ads for the same brands. Negative and positive emotions were measured and found to be equivalent across media, in contrast to conventional wisdom that would suggest TV is a far more powerful emotional indicator.

In a follow-up to that study, consumers' responses to the radio ads were examined in greater detail to determine what factors lead to greater impact for the commercials. Key elements were identified: a strong start to the spot, the inclusion of words (not just music or sound), strong branding for the advertiser, and maintaining listener interest throughout the spot.

All the News That's Fit to Print—Newspaper Advertising

Newspapers are one of the oldest media forms in this country and perhaps one of the most troubled in the early part of the 21st century. They were also one of the earliest media to accept advertising. In fact, the first advertising agencies were established to handle the purchase of space in this medium. Some of the earliest ads were for "medicinal" remedies, such as Lydia Pinkham's Compound.

In contrast to many other countries that have national newspapers, in the U.S., the majority of newspapers are written for and distributed to a

primarily local audience. As a result, most of the advertising is placed on a market-by-market basis. You can also choose which section of the paper to appear in, such as news (local, national or international), sports, entertainment, business, fashion, food, home, and travel, among others.

There are currently 2,329 newspapers published in the U.S. This figure includes both weekday and Sunday editions (1,422 and 907 respectively). That number has remained relatively stable over time. In 1970, for example, there were 2,334 papers published. Newspaper audiences are measured in terms of *circulation*, or the number of people who subscribe to or purchase the newspaper. Exhibit 4.14 shows the top ten papers across the country based on their circulation.

The past decade has witnessed a decline in the percentage of the adult population that says they read a paper daily. Currently, about 50 percent claim they do so, in contrast to the 78 percent who read a paper back in 1970. What is perhaps more worrying for the newspaper industry is that the readership figure is lower among younger people, who constitute the medium's future readers (among 18 to 24 year olds, only 34 percent read a daily paper, although 61 percent do so during an average week). Several papers have introduced daily low-priced tabloid papers to entice younger people to develop a newspaper reading habit. The *Chicago Tribune's Red Eye*, for example, sells about 90,000 copies of its daily tabloid, primarily to readers under 40, at the low cost of \$0.50. Another way to capture readership of younger audiences is on the Web; two-thirds (65 percent) of 18 to 34 year olds visit a newspaper website each week.²⁴

Circulation, especially at large newspapers, continues to decline. From March to September 2008, the total number of readers for the country's 507 measured weekday papers fell about 5 percent, on top of a 3 percent decline in the six months prior to that. Among the top 25 daily papers in 1990, nearly all have seen their circulation fall. The *Los Angeles Times*

Exhibit 4.14 Top 10 Newspapers by Circulation

Rank	Newspaper	Circulation (000)
1	USA Today	2293.1
2	Wall Street Journal	2011.9
3	New York Times	1037.8
4	Los Angeles Times	794.7
5	New York Daily News	681.4
6	New York Post	667.1
7	Washington Post	635.1
8	Chicago Tribune	559.4
9	Houston Chronicle	502.6
10	Newsday	387.5

Source: Audit Bureau of Circulations, as reported in *Editor & Publisher*, 3.1.2008. Data for 6 months ending September 2007.

has experienced a 38 percent drop in papers sold while the *Minneapolis Star-Tribune* fall is 21 percent.²⁵

Another problem the industry faces is the demise of the two-newspaper town. Most large cities used to have at least two competing newspapers; today, due to the high costs of running a newspaper, that is the exception rather than the rule. Only in the largest cities (New York, Los Angeles, Chicago) are there still two or three daily papers. This not only harms the newspaper industry, it is not particularly good news for advertisers either. Without competition, the paper can set its advertising rates wherever it wants them, as long as it can still compete with other media alternatives.

As major cities have dropped competing papers, as was seen in Seattle and Denver in 2009, some of the readership has moved to suburban or weekly newspapers. The growth here is not too surprising, given population shifts from city to suburb in the past few decades. The focus of these titles is far more local, writing about high school sports scores or local ordinances rather than national or regional news. For advertisers, it offers the opportunity to bring the message down to the truly local level. National advertisers such as Gap Stores can announce the opening of a new store in Arlington Heights, Illinois, in the *Arlington Heights Post*, instead of a zoned or regional edition of the *Chicago Tribune*.

Perhaps the only bright spot for newspapers is growth in their online readership. In 2008, an estimated 73 million people visited a newspaper online per month. They spent an average of 45 minutes per month on such a site. Overall, 42 percent of Internet users visit a newspaper website in an average month. The problem remains how to make money from that audience, since most papers do not charge readers anything for the online content, but cannot generate sufficient ad revenue to make up the lost subscription money.²⁶ But realizing the potential of digital assets, several newspaper companies have created or purchased web-related divisions or companies. Perhaps the biggest is News Corporation (owner of *The London Times*, *The New York Daily News*, and *Newsday*) which bought leading social network site, MySpace, in 2008. Another big publisher, Gannett Corporation, has focused its efforts on start-up ventures such as Pointroll (technology behind rich media ads), ShopLocal (newspaper inserts online), and MomsLikeMe (local parenting sites around the country). One of the biggest classified websites, Careerbuilder, has three of its four primary owners from the newspaper industry (Gannett, Tribune, and McClatchey, along with Microsoft).²⁷

Newspaper Advertising Revenue

The largest part of newspaper advertising revenue (45 percent) comes from retailers. This includes large companies, such as major national department stores like JC Penney and Nordstrom, to regional banks such

as National City or First National, down to Joe's shoe repair shop around the corner. Second in importance as far as newspaper ad revenues are concerned is classified advertising (40 percent). The most important classified sections are for real estate and automotive, which together account for the majority of classified ad dollars.

The third type of newspaper advertising is that which is placed on a national basis so that it appears in all (or most) papers across the country. This type of advertising represents only 17 percent of total advertising revenues for the medium, despite the efforts of many newspapers to position themselves as valuable national vehicles in the face of increased competition with other local media, such as spot TV and radio, regional magazines, or billboards. The main problem that advertisers have with using newspapers on a national basis is the considerable premium that it costs to run their ads in all markets. Most are reluctant to pay that premium, which can cost up to 75 percent more than a local or regional ad.²⁸

Newspapers also offer a medium within a medium, in the form of *free-standing inserts*, or FSIs. These are pre-printed sheets that are usually distributed within the Sunday paper. Most of them carry coupons. On Sunday, too, most newspapers carry a special magazine supplement, either produced by the paper itself or coming from one of the nationally syndicated Sunday supplements, *Parade* and *USA Weekend*.

At one point it seemed that newspaper classified advertising would be greatly diminished by the Internet. Automotive and real estate classified ad sites were very popular at first, and threatened to take revenues from the printed newspapers. It did not take long for newspapers to set up their own Internet-based advertising sites, either as part of their own individual newspaper sites (bostonglobe.com) or, as noted above, in concert with other newspapers (Careerbuilder.com, FrontDoor.com). Today, about 1,500 North American newspapers have websites, while 5,000 papers do so globally.

Not only are newspapers competing with the Web for readers, they are also losing their premiere position as the carrier of coupons. In addition to FSIs, many papers carry coupons in the ads that they print, but consumers can now seek out coupons on specific websites (e.g., coupons.com or fatwallet.com), while some people are starting to sign up to receive coupons via their mobile phones. In each case, they can specify or request the categories or brands for which they wish to receive the coupon.²⁹

Another issue that newspaper advertisers are increasingly trying to deal with is the "sacred" line between the advertising and editorial departments. General Motors, for example, pulled its advertising from the *Los Angeles Times* newspaper after a journalist for the paper wrote a critical review about the automaker's Pontiac G6 vehicle. GM claimed there were mistakes in the article.³⁰ This may be the start of a trend, with major advertisers attempting to put clauses in their contracts that overtly state

they will pull their ads if unfavorable editorial content appears. This is a slippery slope, potentially leading to a blurring of the "church" and "state" separation of editorial and advertising departments.

Benefits of Newspapers to Advertisers

As Exhibit 4.14 illustrated, the top ten newspapers in the U.S. reach nearly ten million consumers every day. Add to that the circulations of the other, smaller, newspapers in the country, and you'll begin to see just what kind of exposure is possible with newspaper advertisements. But, in addition to reach, newspapers offer advertisers a number of important benefits which are discussed below.

Timeliness

During the stock market crash of 2008, ads appeared in many newspapers each day reassuring consumers and stockholders that everything was still all right at their institution. Financial services companies reacted similarly after the terrorist attack on the World Trade Center in 2001. And McDonald's quickly responded in newspaper ads when it discovered that someone at one of its agencies had stolen winning game cards to several of its "instant-win" promotions. The company immediately created newspaper and TV ads to apologize to the public, and then added a new game with daily prizes awarded randomly to customers in the store.³¹

Unlike magazines or even television, newspapers are by their very nature filled with "news." People turn to them for the latest information on products, prices, and availability. The role that newspaper advertisements play in purchase decisions may be critical. A survey found that 79 percent of respondents agreed with the statement that they had "visited retail store or showroom due to newspaper ads." And 46 percent said they preferred to use the medium to receive advertising information, compared to 10 percent for radio and 18 percent for direct mail.³² Another survey found that more consumers said they turned to newspapers for advertising information than to any other source, with 41 percent citing newspapers versus 21 percent for the Internet (the next most mentioned).³³ In addition, electronic scanner devices in most supermarkets and retail stores are now able to assess the link between advertising and sales more directly and rapidly. Data suggest that newspaper ads can triple the sales volume for items that are advertised at reduced prices.

Desirable Audience

In the battle to attract advertisers, newspapers can offer highly desirable audiences. A newspaper reader is more likely to be better educated, have

a higher income and be more involved in upscale activities than non-readers. People with a household income of \$75,000 a year or more are more likely to be newspaper readers. Exhibit 4.15 gives a profile of the newspaper audience.

In contrast to other media, readers spend a considerable amount of time with the newspaper, although that varies by age. Older readers (age 65+) spend about one hour a day with the paper, whereas the youngest adults (age 20 to 29) read daily for only 20 minutes³⁴ (most likely because they are going online for their news). On average about two-thirds (67 percent) of all newspaper pages are actually opened, a figure that depends in part on the number of pages in the issue. In thinner papers (10–32 pages), 78 percent of all pages are opened, but when the paper becomes much bigger (81–204 pages), only 63 percent are opened.

Another consequence of the time readers spend with the paper is that it offers the media specialist more opportunity to provide detailed information. If you are trying to sell a new home equity loan program, you need the space to provide details on the terms of the deal, as well as on bank locations so interested consumers can find you. While you might worry that so much fine print will be boring or encourage page-turning, those people who are in your target audience will probably be interested enough to read through the entire ad (assuming the copy is inviting and attention-getting).

Impact of Editorial

An obvious advantage of newspaper advertising is that you can choose which section of the paper your ad is placed in, putting food ads in the Food Section, or offering investment advice in the Business pages, for example. This effectively narrows your reach to those consumers most likely to be interested in your product or service.

Exhibit 4.15 Profile of The Newspaper Reader

Professional/executive
 Graduated college/post graduate
 Age 45+
 Household income \$50,000+
 Married
 Own home
 Northeast region
 Lived at present address 5+ years

Source: MRI, 2007.

Local and Regional Possibilities

Although advertisers are reluctant to use newspapers on a national basis, they rely on them heavily for local or regional marketing. If Procter & Gamble wishes to test a new detergent in Peoria, Illinois, it can advertise in the *Peoria Journal Star* and feel confident that the message will only reach those people able to buy the product, thereby creating awareness for the new item. They might also test the effects of advertising on sales this way. For regional operators, such as Friendly Restaurants—located only in the northeastern part of the country—ads can be placed in newspapers in the selected markets where the restaurant is found.

Even within a market, an advertiser can buy space in only those papers being sold in a certain area. The *Chicago Tribune*, for example, offers eight zoned editions of its daily paper within the Chicago area.

Drawbacks of Newspaper Advertising

As with every medium, newspapers have several drawbacks. The three most critical are short issue life, the challenge of grabbing the reader's attention, and the constraints of using a largely black and white medium.

Today or Never

While magazines can often prolong their issue life and reach more people by being passed around or picked up on several occasions, at the end of each day the newspaper is usually discarded. If the reader misses your ad that day, you are not given a second chance. So, although newspapers are available every day, their issue life is very short.

Active Readers

The issue life of the newspaper is closely linked to how people read it. Although more than half of all pages are likely to be opened, it is up to the reader to actively choose what to look at. If your headline doesn't attract Jane Doe's attention, she won't look at it at all; if the copy isn't intriguing and relevant to her, she can simply turn to another article or page. It is therefore crucial that newspaper advertisements get the reader's attention. When people sit in front of the television or listen to the radio, they are generally a "passive" audience with no choice but to attend to the ad (even if fleetingly) or turn off the radio or TV set. Exhibit 4.16 shows how the newspaper advertiser must fight for attention.

Exhibit 4.16 Elements That Get Newspaper Reader's Attention

Colour
Full Page
Photography and illustrations
Product in use
Sale price

Source: Roper Starch Study conducted on behalf of Newspaper Association of America, 2001.

Black and White

In the 1980s, it was rare to find a color ad in a newspaper. Then along came the Gannett Corporation with its national newspaper *USA Today*, which offers full-color capabilities. The quality of newspaper color reproduction has been improving ever since, although it is still a long way from looking as sharp as magazine pages (due primarily to the poorer quality of the paper it is printed on). Even so, newspapers charge a premium for use of color, generally about 17 percent extra for a one-page four-color ad. For many advertisers, particularly those who wish to show “life-like” qualities such as food manufacturers, it remains more effective to use magazine or television ads. Newspapers have become increasingly creative, however, in order to attract advertisers, offering “glow in the dark” or scented ad pages within the paper, or attention-getting features surrounding the paper when it is delivered.

Research on Newspapers

While the newspaper industry, through its trade association, Newspaper Association of America, conducts annual research on the size and strength of the industry, and periodic studies on the medium's effectiveness, academic research has been more limited in recent years. Some studies have been done on the impact of ad size on consumer responses, including work on different promotional formats for the ads.³⁵

Magazines—An Explosion of Choice

Although magazines have a long history in the U.S., with the earliest publications appearing in the middle of the eighteenth century, they are also a medium that may be said to have had two very distinct life stages. Originally, most magazines catered to a very general audience, offering a mixture of news, stories, and features aimed either at the total population or, in the case of titles such as *Ladies' Home Journal* and *Good Housekeeping*,

at women. The strength of publications such as *Life*, *Look*, and the *Saturday Evening Post* is reflected in the fact that an ad placed in those magazines in the 1950s would be likely to reach about 60 percent of the total population.

But with the rise of television in the 1950s, general interest magazines found they could not compete effectively either for advertising dollars or for readers. Rather than simply disappearing, magazines began to move toward greater specialization in their targeting and their editorial content. This trend continues today, with extremely narrowly focused magazines devoted to topics such as tropical fish (*Tropical Fish Hobbyist*), cross-stitching (*Simply Cross Stitch!*), or aircraft (*Affordable Aircraft*). And while there are still some general offerings, such as *Atlantic Monthly* or the *New Yorker*, their readership is considerably lower than the audience of their general interest forebears. Because of this increased specialization, there are today more than 7,000 different consumer magazines available, most of which also have websites. In 2008, 195 new titles were introduced.³⁶

Magazines Today

Despite this specialization, magazines as a medium reach a broad range of the population. Indeed, 85 percent of all adults read magazines in any one year, buying about 11.5 different titles every month. The places they purchase them include supermarkets (accounting for 37 percent of all magazines sold individually), discount stores, book stores, and drug stores. Each magazine copy is looked at for an average of 45 minutes.

There are three main types of magazines available: consumer, farm, and business-to-business. Consumer magazines are usually categorized according to their editorial content, such as business, men's, women's, sports, news, and entertainment. This category includes titles enjoyed by all segments of the population, from *Time* to *Sports Illustrated* to *Cosmopolitan*. Farm magazines are geared toward that particular industry. Some may be crop-specific, such as *Cotton Farming*, while others deal with the technical aspects of agriculture. The third type, business-to-business, cover all titles aimed at the industrial user, everything from *Chemical Age* to *Offshore Drilling* to *Information Week*.

Taken together, magazines account for 5 percent of all ad dollars spent in the U.S. Most magazines are considered as national vehicles for advertising, although city or regional publications are also classified within the consumer segment, such as *Milwaukee* or *Southern Living*. More and more, however, national magazines offer geographic breakouts of their circulation allowing an advertiser to place a message that will, for example, only reach southerners, or people who live in the northeast states, or in the Los Angeles metropolitan area. They are also developing

more demographic “splits,” so that Fidelity Investments can advertise its mutual funds in the edition of *Bloomberg’s Business Week* that is read by people earning \$75,000 or more per year.

Magazines are sold in one of two ways—at the newsstand or by subscription. For most titles, it is the latter that generates the most sales, accounting on average for 68 percent of a title’s circulation. As with newspapers, magazines are assessed in terms of their circulation. Today’s top ten circulation magazines are shown in Exhibit 4.17.

The newsstand sales have seen a big drop in sales in recent years, with the 70 largest titles losing 31 percent of such sales, due to the combination of the economic recession and an increased readership on websites. It is the latter that has been the one bright spot for magazine companies. In 2008, several mainstream titles, such as *Time* and *Martha Stewart Living* saw 5 to 10 percent of their ad revenues coming from digital sources.³⁷ For some more specialized magazines, such as *PC World* and *Entrepreneur*, more than one-third of the ad revenue was digitally based.³⁸

Benefits of Magazines to Advertisers

To an advertiser, three of the most attractive qualities of magazines are their high-end audiences, the enthusiasm of those audiences, and the long issue life of the medium.

Upscale and Niche Audiences

One of the incentives to using magazines for your advertising message is the favorable demographic profile of magazine readers. Similar to newspaper readers, the heaviest user of this medium is in the age range 18 to 44 years, with a college education and household income over \$75,000,

Exhibit 4.17 Top 10 Magazines by Circulation

Rank	Title	Circulation
1	AARP The Magazine	24,444,293
2	Reader’s Digest	9,322,833
3	Better Homes & Gardens	7,687,533
4	National Geographic	5,042,682
5	Good Housekeeping	4,632,531
6	Family Circle	4,011,530
7	Woman’s Day	3,930,566
8	Ladies’ Home Journal	3,911,188
9	People	3,618,718
10	Prevention	3,383,408

Source: Adweek Hot List, 3.31.08, p. 23.

and employed in a professional or managerial job. At the same time, given the fragmented and targeted nature of magazine titles, they are able to reach a variety of audiences, from youth to multicultural to people at different life stages (parents, seniors, etc.).

Getting Attention

Another benefit of placing your ads in magazines is reader involvement. While this concept is rather difficult to define (and even harder to measure), it generally refers to the interest that the reader has in the material, both editorial and advertising. Since most magazines today focus on a particular subject or interest, they can tie in more readily with the personal needs and lifestyles of the audience, enabling advertisers to do so as well. In this way, automakers can target car enthusiasts or prospective buyers in *Car and Driver* or *Road and Track*; detergent manufacturers can promote their new or improved products in magazines aimed at homemakers (*Better Homes and Gardens*, *Good Housekeeping*, *Ladies Home Journal*); while financial services companies can offer their mutual funds to interested investors in *Fortune* or *Money*.

Consumers also seem less resistant to seeing ads in magazines. One study conducted for the magazine industry in 2004 found that whereas 62 percent of those surveyed agreed that the advertising on network TV gets in the way of their enjoyment, for magazines the figure was only 28 percent of respondents. Moreover, nearly half (48 percent) said that advertising in fact adds to their enjoyment when reading magazines, a proportion that was higher than for any other medium. These findings are in part due to the fact that as a reader, you get to select what ads you read, whereas with television the ads are more or less forced upon you (the remote control notwithstanding). Internet advertising is seen, by most users, as mere “clutter” on the screen.

Reactions of readers to magazine ads also differ to their reactions to ads on television. Information seen in magazines tends to be retained longer because people can read up to five times faster than they take in the spoken word. They tend to trust magazine ads more, placing greater faith in the authority of the printed word. And in many instances, reading a magazine can be considered a pre-shopping experience, allowing consumers the chance to compare products and services and learn new information about your Apple iPhone prior to purchasing it.

Hanging Around

Another important, and unique, feature of magazines is their *long issue life*. While the television program is over in half an hour, and the newspaper is thrown out after one day, you will probably keep a monthly

magazine in your home for four weeks or longer. This not only gives you opportunities for additional or repeat exposures to the advertising, it is also likely that other people, known as the *secondary* audience, may see the issue too. The importance of this *passalong* readership is shown by the fact that the average magazine is seen by four different readers, with each one spending about 61 minutes with the issue.

Drawbacks of Magazine Advertising

Magazines, too, have their drawbacks. Among the most significant obstacles to keep in mind are the considerable lead time necessary and the relatively high cost of reaching your targeted audience.

Long Planning Cycle

For most publications, ads have to be completed and at the printer well in advance of their publishing date, a factor known as the *lead time*. This makes it difficult for advertisers to create particularly timely or newsworthy ads of the kind seen in newspapers. Moreover, despite the generally excellent color reproduction quality, the magazine remains two-dimensional (aside from pop-up displays or inserts, discussed further below). This prevents the magazine ad from offering the truly life-like qualities of a television spot.

Reaching Readers

The increasingly targeted nature of magazines means that the cost of reaching one thousand members of the audience (the *CPM*, explained in greater detail in Chapter 7) is higher than that of a broader, mass medium such as television. Even some of a magazine's benefits can be viewed as potential disadvantages for you as a media specialist. The notion of readers' involvement with the magazine also means that if they are not very interested in a particular product or ad, they can very easily ignore it by simply turning their attention to the next page.

Research on Magazines

Studies on magazines as a medium have focused on similar areas as broadcast research. The value of the context in which an ad is seen was found, by Norris and Colman, to impact consumer recall and recognition of the ad.³⁹ The same topic was explored further by Yi to see what happened when readers were given additional information prior to seeing the magazine ad in its context.⁴⁰ Meanwhile, the magazine industry has itself sponsored several studies showing the impact of magazines on sales.⁴¹

In 2004 the magazine industry sponsored a study undertaken by Northwestern University to examine the motivations for reading magazines. The top ten reasons included statements such as "I get value for my time and money," "it does not disappoint me," and "it makes me smarter." Several other studies conducted on behalf of magazines have attempted to show how magazine ads provide a better return on advertisers' investment than do other media.

Outdoor Billboards and Beyond—From Cairo, Egypt, to Cairo, Illinois

There are some in the outdoor industry who like to claim that billboards are the oldest medium in existence. They date it back to Egyptian times, when hieroglyphics were written on roadside stones to give people directions to the nearest town or village. Whether you agree with that or not, outdoor billboards are certainly well established, having been around in this country since the 1800s. At that time, companies began leasing space on boards for bills to be pasted (hence the term *billboard*). There are two main types of billboard—poster panels and painted bulletins. Panels come in several sizes, named according to the number of sheets of paper originally needed to cover them, such as 8-sheets and 30-sheets. Posters are found mostly in populated areas, in or near cities and towns. Painted bulletins are larger boards situated along highways and major roads. Their name refers to the fact that they were originally painted by hand at the site.

Putting messages on outdoor boards used to be extremely labor-intensive. The sheets for poster panels were pasted onto the board while bulletins were hand-painted. Both were created either at the board site or at a central location within the market or region. Since this had to be done in each market, differences resulted in the look of the message from one market to another (and even one site to another within the market). Today, thanks to computer technology, poster panel messages are created electronically and then shipped either in one piece or in sections to the board site. Bulletins still tend to be hand-painted, but computers are now used to make sure that the finished product looks identical across boards. Today, bulletins are often created using other materials, such as lithography or special stretch vinyl.

In the past 40 years the industry has come under increased criticism from environmentalists who claim that the boards are a blight on the scenery. Many cities and several states have introduced bans on putting up new boards and, in certain cases, demanded the removal of existing structures. So you won't see any billboards in Hawaii or Vermont, for example.

Unlike other media that have editorial material too, outdoor billboards exist solely for advertising messages. They are primarily a local medium,

bought on a market-by-market basis, but are used by both national and local advertisers. The type of business using the medium has changed considerably in the past 20 years. For many years, the biggest category of advertiser was the tobacco industry, but in 1999, legislation was passed prohibiting the advertising of tobacco messages on any outdoor billboards. This not only had a significant impact on the tobacco industry, it freed up many high-profile and well-positioned billboards across the country for other advertisers who had never been able to buy that space because the tobacco companies had long-term deals with the billboard companies. Today, you are far more likely to see billboards from local retailers, the travel industry, or healthcare providers than you would have even five years ago. Exhibit 4.18 shows the top categories that spend on outdoor advertising.

For many years, outdoor billboard audiences were calculated from manual traffic counts conducted by each system operator of how many cars passed by a given billboard, multiplied by government statistics that are updated periodically on how many people are present in the average car. That became the estimated audience viewing a billboard. In 2007, the Traffic Audit Bureau (TAB) announced a major new measurement initiative to update and improve outdoor audience measurement, moving from estimates of “opportunities to see” a billboard to a system to get closer to “eyes on” ratings. The measurement combines the broad “impressions” a billboard can deliver based on traffic, with an adjustment for how visible the sign is, and an eyes on impression (EOI) factor for the number of people who in fact saw it, by age, gender, household income, and race or ethnicity.⁴² The TAB also commissioned travel surveys in 15 markets to collect information on how people travel, and why they are traveling, in order to calculate the reach and frequency metrics for the medium.⁴³ The TAB employs statistical modeling techniques to combine all the data

Exhibit 4.18 Top Outdoor Advertising Categories in 2007

Rank	Category	Dollars in thousands
1	Services & amusements	\$588,407.9
2	Commercial insurance & real estate	\$395,461.1
3	Public communications	\$357,935.5
4	Public transportation, hotels & resorts	\$337,902.8
5	Media & advertising	\$330,691.5
6	Retail	\$322,400.2
7	Restaurants	\$238,852.6
8	Financial	\$232,136.9
9	Automotive dealers & services	\$198,746.1
10	Automotive, automotive accessories & equipment	\$187,591.0

Source: Kantar Media 2007.

sources into a system that can provide estimated audiences to the ads on individual outdoor boards across the country.

In addition to new forms of measurement, outdoor billboards have become increasingly electronic. Digital billboards offer advertisers the opportunity to create messages that can change by the touch of a button from a central location, altering the ad based on conditions outside, for example, or simply to create a more engaging environment. These boards also allow the outdoor company to sell ads to multiple marketers at one time, with different messages appearing on different days or times. And of course the marketers must pay more for the more sophisticated technology. The digital element even allows marketers to send personalized messages. Mini Cooper, for example, created a promotion that involved sending owners of the vehicle a special key fob. After the recipients answered a few questions on a special website, when they drove by specially enhanced outdoor billboards, individual messages would appear on the sign, such as “Motor on Jim!”⁴⁴

Indeed, the outdoor industry is far more expansive than it used to be. For example, outdoor messages are now quite commonly seen painted on the sides of buildings, on telephone kiosks and bus shelters, or in sports stadiums. More is said on this in the following chapter.

Benefits of Outdoor Billboards to Advertisers

The advantages of billboard advertising have contributed to the medium’s popularity over the past two centuries. Four of the most consistent and important benefits are size, mobility, effective reach, and cost. Each of these advantages is discussed below.

Big is Better

The size of the poster panel or painted bulletin means that outdoor advertising gets noticed. In fact, at a typical busy location in the center of a city, more than 10,000 people are likely to pass an 8-sheet poster panel within a given month. In addition, the message is there constantly, for 12 to 24 hours (and many posters are illuminated at night).

Mobility

Not only can painted billboards be moved around an area to expose more of the target to the message, but the outdoor messages can also be designed for specific locations, audiences, or activities. So you could place ads for Samsonite luggage aimed at businesspeople at airports to catch them when they travel, or advertise Chiquita bananas near the A&P supermarket where your target audience shops.

Reaching Ethnic Groups

With outdoor billboards you can tailor your message to members of a particular ethnic group using their own language or culture yet still reach a mass audience within a specific market. You can buy space in areas with heavy concentrations of Hispanic people, for example, reaching them where they live, work, and shop. It is harder to reach a large portion of these groups with traditionally “Anglo” television or magazines. Furthermore, it is valuable to be able to reach non-native English speakers in their first language, whatever language that might be.

Reinforcing the Message

Outdoor advertising is a good supplementary medium, helping to add reach and frequency to a media schedule at reasonable cost. A fairly typical outdoor buy could reach over 80 percent of adults in a given area in a month. In addition, the fact that the billboard is there all the time means that frequency builds up and the message can be a constant reminder. Because many panels are situated in shopping areas, an advertiser can present his message very close to the point of purchase.

Drawbacks of Outdoor Billboard Advertising

In considering what part of your advertising budget to commit to outdoor billboard advertising, you will need to keep in mind the two drawbacks of the medium: short exposure time, and the potential for criticism from environmentalists.

Brief Message Exposure

Since the average outdoor message is only seen for between three and seven seconds, the copy needs to be extremely concise and compelling. For products that need a lot of explanation, outdoor is clearly not the right medium. One way to gauge whether there is too much copy on a billboard is to estimate how quickly people are going to pass by it. You can try the exercise yourself, and see how much of the message you can take in as you drive or walk by. Because most of the viewing is done at high speed, especially for bulletins situated along the highway, the advertisement must also be eye-catching and interesting enough to attract the driver’s (or passenger’s) attention.

Environmental Criticism

The outdoor industry, as noted earlier, has come under increasing criticism for cluttering up the environment. Advertisers might shy away from the medium to avoid legal or ethical disputes, especially in areas with a recent history of environmental controversies.

Research on Outdoor Billboards

The outdoor industry is one of the least researched of any mass medium. Studies have focused mostly on proving that the medium works, as shown by Bhargava et al.⁴⁵ More recently, a study in the Netherlands looked at what factors enhance recognition of outdoor ads. More information on how the medium has been researched can be found on the website of the Outdoor Advertising Association of America (www.oaaa.org).

Internet—The Ultimate Choice

The rapid growth of the Internet as a consumer medium in the 1990s was unprecedented in the history of media. Internet penetration rose faster than any other medium (or appliance), reaching the critical mass of 50 million users in five short years (it took radio 36 years to get to that point). Today, with nearly three-quarters (70 percent) of the country accessing the Internet from home, work, school, or some other location, the medium’s capabilities continue to expand and develop. That is due, in part, to the ability of users to access the Web through high-speed (broadband) technology. Today, about four in five of all users can do so, allowing them easier and faster access to full video offerings.

The Internet was first devised as a means of communication for the academic community, more than 30 years ago. It was a fairly arcane and complex system, relying on a lot of computer language and processing. The Hypertext Markup Language (HTML) that formed the basis of the Web is now seamlessly (and invisibly) connected to everything we do on the computer. That was not the case originally. It was not until the late 1990s that the Internet came to be seen as a genuine medium (as opposed to computer tool), and one that offered users far greater control than with any other existing medium. Even more so than print media, the Internet lets you select exactly where you want to go, and what you want to see. You choose where to click, and how long to stay there. Although you can browse through a magazine or newspaper, you generally have to look at each page (or a table of contents) to find what you are most interested in. On the Web, you can type in a web address (www.mediahandbook.com) and be taken straight to that specific piece of information, without having to wade through other pages in which you have no interest. At the same

time, the computer is keeping track of your every movement, capturing each site you visit, and each page within that site. This information proved invaluable in the development of the medium for advertising.

Indeed, as companies began setting up websites (a fairly inexpensive proposition), they saw huge potential for advertising to help generate revenues. Analogies to the direct response industry are common. Companies were immediately able to track visits to their sites (by computer address only), and offer advertisers more information on who was not only visiting their sites, but also looking at the ads—and clicking through to the advertiser's site—than any other mass medium. They did so by placing special software, known as *cookies*, on a user's computer, to monitor the path that user takes as they browse different sites on the Internet. Internet ad revenues doubled each year for several years in a row in the late 1990s, surpassing total ad revenues for the outdoor and syndicated TV industries, and by 2008 had reached \$11.4 billion.

At first, Internet ads consisted of banners—billboards on the Web—that did little more than offer a brand name or teaser, and a link to another site. Companies began to consider using web advertising for brand-building purposes, rather than simply to offer information. And before long, the ability to purchase via the Web became mainstream rather than exceptional. Today, according to eMarketer, 74 percent of the online population age 13+ has made a purchase over the Web. Before long, advertisers started to get more creative, changing the size of the ad message, and incorporating (as technology advanced) more sound, motion, and visual stimulation (animation, for example), a phenomenon known as *rich media*. Not surprisingly, the research findings showed that these kinds of ads had greater impact (recall, awareness) than the plain-vanilla banners. But it became more and more clear that as fast as advertisers moved to surprise consumers, those consumers became increasingly disenchanted with web ads.

Today, when most consumers are asked about web advertising, their response is primarily one of irritation. They talk about the “clutter” of websites, the irrelevance of most ads that appear, and their techniques for avoiding them. In particular, annoyance with ads that pop up, or pop under, a website is considerable. At the same time, if an ad appears on the Web that is relevant and informative, consumers will click on it to find out more. For many, the line between the “editorial” material and the “advertising” is a narrow one on the Web, which is viewed by most people as an information cornucopia.

As more marketers have embraced ads on the Internet, they have moved to online video ads, which primarily consist of 30-second TV commercials (sometimes transferred directly from television). These appear before, during or after what is known as long-form content, such as TV shows or movies available over the Web. For shorter clips, such as those

found on YouTube, the video message tends to be proportionately shorter. Research has been conducted to demonstrate the immediate, short-term impact of ads seen prior to or during online video.⁴⁶

Online video advertising is not simply a consumer phenomenon, however. Companies have begun to use it for other reasons. Sun Microsystems has used online video to create and foster a sense of community between its software developers, employees, and customers. They can all go to the website to explore a video library, as well as talk to each other. Online video can be used for educational purposes too. The plumbing accessories company Kohler uses online videos to help people see their products in action and gain a better sense of the full range of products available.⁴⁷

According to Nielsen, time spent watching video on the Internet is still fairly small relative to the hours spent watching TV on a regular set. In the fourth quarter of 2008, the average monthly time viewing online was less than 3 minutes, compared to 151 minutes watching TV at home. But it is expected that online video viewing will grow rapidly, especially as the speed of content delivery increases and improves. Indeed, one indicator of that is that among 18 to 24 year olds, the time spent was nearly double the average, at just over five minutes.⁴⁸ Indeed, eMarketer forecasts that by 2012, 190 million people will regularly watch online video in the U.S.⁴⁹

Another Internet phenomenon that has had an increasing impact on how advertisers think about and use the Web has been the growth of search advertising. Inspired by sites such as Google, which allow users to type in any word and find out what is available throughout the Web, advertisers started to realize that they could “buy” keywords or links, and deliver ad messages to consumers when they requested those words. So, for example, if you do a search on Google for the words “razor blades” to find out if your product with a built-in counter is available, at the top of the screen you might see sponsored links from websites such as drug-store.com, or connecting you to manufacturers such as Gillette or Braun.

Today, search has become the most popular way for advertisers to reach online consumers. In 2008, advertisers spent an estimated \$14 billion on search alone. They now spend more on search than on “regular” display online ads; indeed, four in every ten online ad dollars go toward search.

There are various forms of search marketing. As noted above, the most common is paid placement, which appears when the consumer types in a particular word. Second is contextual advertising, where links appear next to related content on the website, such as an ad for Hyatt Hotels appearing on Travelocity.com. Third is paid inclusion, which guarantees that a marketer's website is included in a site's directory. Last but not least is search engine optimization, or SEO, which helps a marketer's site or link appear on the list when a related word is typed in. In 2008, paid search accounted for nearly two-thirds of the dollars spent (see Exhibit 4.19).

Exhibit 4.19 U.S. Search Marketing Spending by Type

Paid search advertising	61.2%
Contextual advertising	14.7%
Paid inclusion	4.8%
Search engine optimizations	19.3%
Total spend	\$13,625,000

Source: eMarketer, January 2008, as seen in Advertising Age Search Marketing Fact Pack 2008.

There were an estimated 11.8 billion searches made in the U.S. in 2008. Google still accounts for the majority of search traffic (about 63 percent), followed by Yahoo and MSN. Worldwide, the search number is a staggering 82.8 billion, with Google still commanding more than half of the total (about 59 percent). Notably, the number two on the list is a Chinese search engine, Baidu. One area of growth within the U.S. is local search, estimated to account for about \$3.7 billion of total U.S. spend in this area. With this, advertisers can ensure that the search results will be linked to the zipcode in which the consumer lives. For example, if someone lives in Urbana, Illinois, and does a search for “dog collars,” PetSmart can pay to ensure that the listings that result will include information on its store in the 61801 area.

The benefit of search marketing is that it is possible to measure its impact. That is, if someone clicks on the results of a search, their subsequent web behavior can be tracked to see if that search led to a sale. In this way, search can be assessed in terms of its return on investment, or ROI. For every \$x spent on search marketing, how many dollars are returned through increased sales? In one survey, when advertisers and agencies were asked which metrics they tracked related to spend on search, two-thirds or more said that they measured the click-through rate and return on investment.⁵⁰

One increasingly important use of the Web is to build communities around products or brands. When Kodak wanted to start selling inkjet print cartridges in early 2007, it knew that it was late to the game, even though it believed its product was superior to the competition. Working with a research company, Kodak created an online community of cartridge users, recruited through media, and then used surveys to find out more about their target audience, and let them talk to each other, share user experiences, and ask the company questions directly. Not only was the result a fairly large group of happy users, but the company is also able to maintain communications with them and continue to improve its products.⁵¹

The notion of community is paramount to the explosive growth of the Internet-based social networking. Websites such as MySpace (now

owned by Google) and Facebook give users the ability to connect with friends and family locally and globally to exchange messages, video, music, or photos. It is estimated that about one in four (43 percent) of U.S. Internet users accessed a social networking site in 2009. And if you look only at those under the age of 35, the figure is 70 percent.⁵² One source indicates that, globally, this phenomenon now accounts for 16 percent of total time spent online. It has replaced email for younger web users, giving them far more flexibility and creativity than a text-based email can do. And increasingly, this use of the Web is becoming highly influential in people’s lives, considered almost as important as talking to others as a source for information.⁵³ Advertisers are just starting to think of ways to create a presence on these sites.

A growing attraction of social networking sites is their ability to allow users to post widgets, or software applications that anyone can use (often at no charge) to complete a task more easily. These may be as simple as putting your local weather forecast on your Facebook page or news updates on your latest favorite band. They are migrating beyond the Web to mobile phones (especially the iPhone), and the concept is likely to spread to traditional media too.

It is hard, if not impossible, to discuss today’s Internet without covering YouTube. This global phenomenon, which started as a way for people to share videos with each other, is estimated today to be seen by more than 250 million people around the world in a year. The key benefit it offers viewers is that they can search for whatever or whomever they want, whether that is Aunt Betty’s New Year’s Eve party or clips from past episodes of *Saturday Night Live* to live streaming of sports events. It accounted for about one-third of all video viewed online in the U.S. in 2008. It has rapidly become the destination for online video content. According to Nielsen, those who watch online video (including the viewing of TV programs online at sites such as Hulu.com or nbc.com) spend about 2.5 hours per month doing so. And the “prime time” for this media form is between noon and 2 p.m., suggesting there are a lot of people taking their lunch breaks in front of a computer screen!

Benefits of Internet to Advertisers

In many ways, the benefits of this emerging medium for advertisers are still being explored. Four of the current advantages are flexibility, personalization, reach, and measurability. Each is examined below.

Flexibility

There are many forms of Internet advertising. Unlike other mass media, where choices come down to 15- or 30-second commercials, or full page

versus half-page ads, on the Internet, there really is little limit to the imagination. From traditional banner ads to pop-ups to search, ad messages can appear in numerous forms. Beyond that, advertisers are increasingly trying to communicate with prospects via email, asking people to *opt-in* and be willing to receive messages that way, offering them cut-price travel deals on Travelocity, or the best-seller list on Amazon. Advertisers can also engage in affiliate marketing, where one site promotes another site's products or services in exchange for some commission on the sale.

Targeted Message

The Internet is the first mass medium able to offer a targeted, personal advertising message. Although direct response has been doing so for many years, it was not possible in TV, radio, newspapers, magazines, or billboards to talk to anything less than a sizable audience. With the Internet, however, advertisers are actually able to send messages to named individuals (via opt-in email marketing). It is assumed that such messages, by being more relevant to that individual, are more likely to be accepted and absorbed.

Reach

Although the Internet does not offer as broad a reach as television, campaigns that appear on a range of websites (particularly the gateway or portal sites many people have as their home pages, such as msn.com or yahoo.com) can indeed reach a high proportion of everyone on the Internet. In addition, the reach on the Internet can be given against specific advertising messages, not just the sites on which those messages appear (i.e., ad exposure not just opportunity to see).

Measurability

For advertisers, the Internet's ability to measure who is doing what on the Web would seem to be answering one of the "holy grail" questions of the industry. But because the measurement is computer-based rather than person-based, the measures are in fact not as precise and valuable as they might appear. Having said that, Internet measurement is certainly far more detailed than for any other mass medium, where at best the media specialist can look at opportunities to be exposed to the ad, rather than actual viewer, reader, or listener behavior. Several advertisers have undertaken cross-media studies of ad impact on the Web compared to other media (using statistical modeling) and found that the Internet ads are usually more effective at enhancing brand image and consideration than other media types.⁵⁴ Initially, web advertising was sold based on *click*

throughs (users clicking on web ad to link to advertisers' sites), but it soon became clear that if Internet advertising was to be comparable to other ad media, the cost metric had to be the same. Today, most sites price their advertising based on cost per thousand (CPM). Web measurement services provide data on the demographics and lifestyles of web users, as well as web traffic to individual sites and/or ads.

Drawbacks of Internet to Advertisers

As powerful as the Internet is, it still cannot provide advertisers with everything they would want to reach their desired targets. Here is a summary of the downside to Internet advertising, in terms of consumer irritation, confusion, and non-standard metrics.

Consumer Irritation

The plethora of advertising on the Internet is not always appreciated by consumers. Although users have the option to click on an ad to find out more information, there are more and more messages that appear on a site that the user has to actively remove if he or she does not want to look at it. Moreover, since people tend to use the Web to look for specific information (rather than passively consuming a TV program or browsing a magazine's pages), the irritation level with the high number of ad messages on a web page (banners, buttons, sponsorships) can become overwhelming, detracting from the impact of any one particular message.

Clutter

When the Internet was first developing as a consumer medium, there were only a few banner-type ads that appeared occasionally. Today, that is far from the case. An estimated 4.5 trillion display ads appeared on the screens of U.S. web users in 2008!⁵⁵ And what constitutes advertising, to a consumer, has changed too. Is it a company's website (such as nike.com)? Or are the pages that pop up in moving from one page to another (so-called *interstitials*) ad messages or actual sites? While some of this may benefit advertisers (putting out messages that users see as information rather than advertising), the likely reaction is for consumers to see all of these ad messages as "clutter," which will lead them to avoid them as quickly as possible.

Non-Standard Metrics

Despite its use as an advertising medium for more than ten years, the Internet has not yet developed fully standardized measurement metrics.

Each measurement service uses slightly different methods (not always fully revealed) to measure a different list of websites. Some sites try to sell advertising based on audience impressions, others on site visits (clicks), and yet others on actual sales. The Interactive Advertising Bureau has worked hard, however, to standardize the ad unit sizes, so that there is consistency for the consumer, and for the creative developers, on rectangular billboards, or pop-ups, or skyscraper ads. The guidelines include not only the size (in pixels), but also recommendations on the size of the file that has to download onto the page it appears on, along with the duration of the ad.⁵⁶

Research on the Internet

A study conducted on behalf of the Online Publishers Association (OPA) in 2005 found that when Internet users were more engaged in the content, they not only spent more time with a site, but also were more likely to recommend it to their friends. Through both qualitative and quantitative studies, and segmentation of the data, the OPA uncovered 22 distinct online user experiences, ranging from “connection with others” to “worth saving and sharing.” The experiences most likely to increase online usage were that the content was entertaining and absorbing, and that it was personalized (“looks out for people like me”).⁵⁷

Others have started to try to model the uses and gratifications of Internet use, finding that those looking for information tend to interact more with messages on websites, whereas those looking for social interaction turn to the Web for human-to-human communication.⁵⁸ Research has also been undertaken to look at what factors encourage interactivity with websites. One study found that the more personalized the message on the site, the more likely users were to interact with it.⁵⁹

Which Media Should You Use?

Now that you have some basic information on each major media category, we can start to consider why you might or might not wish to include them in your media plans. To make this process less cumbersome, we'll recap some of the most important advantages and disadvantages that each medium offers. These are summarized in Exhibit 4.20.

Summary

Before deciding which media might best be suited to achieving your plan objectives, it is important to consider the advantages and disadvantages that each type of media can offer. Issues to be incorporated into your analysis include the reach and/or frequency of the medium, length of

Exhibit 4.20 Pros and Cons of Major Media

	Pros	Cons
TV	True to life; pervasive; high reach	Expensive; brief message; clutter; ad positioning
Radio	Local appeal; targeted reach; imagery transfer; low cost; high frequency; flexibility	Background; short message life; fragmentation
Newspaper	Timeliness; desirable audience; editorial impact; local/regional benefits	Short issue life; attention span; black and white
Magazine	Upscale audience; selective exposure; long issue life	Long lead time; high targeted cost
Outdoor	Large size; mobility; low cost; ethnic reach; complement to other media	Brief exposure; environmental issue
Internet	Flexibility; reach; personalization; measurability	Consumer irritation; confusion; non-standard metrics

message exposure, audience involvement, clutter, targetability, and cost. For each media category, an examination of the benefits and drawbacks will help determine whether—and to what extent—it should be included in the final plan.

Checklist—Exploring the Major Media

1. Do you want primarily national or local media in your plan, or a combination of both?
2. Will the benefits of television (mass reach, closeness to reality, and pervasiveness) help achieve your media objectives?
3. Have you considered the drawbacks of television (cost, brief exposure time, advertising clutter, and uncertain pod positioning)?
4. Should you use traditional TV ads or explore some of the new forms of TV advertising, such as on DVRs, or through brand integration?
5. Will the benefits of radio (local appeal, targeted formats, low cost, high frequency, and message flexibility) help achieve your media objectives?
6. Have you considered the drawbacks of radio (its background nature, audio-only message, brief exposure time, and fragmented market)?
7. Will the benefits of newspapers (timeliness, editorial affinity, local and regional capabilities, and upscale audiences) help achieve your media objectives?
8. Have you considered the drawbacks of newspapers, such as brief exposure, poor color capabilities, and selective readers?

9. Will the benefits of magazines (upscale audiences, involved and interested readers, and long issue life) help achieve your media objectives?
10. Have you considered the drawbacks of magazines (long lead time, two-dimensional message, and higher costs per thousand)?
11. Will the benefits of outdoor billboards (large message size, rotating message, ethnic targetability) help achieve your media objectives?
12. Have you considered the drawbacks of outdoor billboards (brief message exposure and environmental impact)?
13. Will the benefits of the Internet (flexibility, targeted message, reach, measurability) help achieve your media objectives?
14. Have you considered the drawbacks of the Internet (irritation, confusion, and non-standard metrics)?