



Managing Cable to Get Results



Inter-Media Comparison...A Better Way To Negotiate Media Or Just Counting Pennies?

The purpose of setting parity standards is to determine relative value between markets and a variety of media. The benefit of this guideline is to set the standards for buying media. Generally Market CPP's are set market demand and the broadcasters. Parity standards allow us to look at all media on a common basis and assign an impression value to advertising versus sales. The purpose of setting these standards are to: **1. Maximize audience opportunities and 2. To set a standard value for a variety of media and markets.**

Primarily markets are purchased on a Cost Per Rating Point/CPM. A preferable way to do this is to determine a standard value on a Cost Per Thousand/CPM. This example is interesting because we can see how multiple markets in the same region can vary wildly. Why the big difference? Ultimately population estimates will determine effective CPMs. In the example shown here a schedule cost of Zone 1 Has the same CPP as that of Zone 2 but when we look at a CPM its not even close. \$22.73 to \$52.94. In the same market where we were buying broadcast in the \$5 CPM range it provides us leverage to come up with a common CPM and ultimately back into a CPP that we negotiate. Other factors that affect pricing may be indexes for a group that has a higher propensity to buy, but for this example lets say a program indexes at 120, thats 20% higher than the average we are buying. Based on that model a \$5 CPM may now be worth \$6 to have relative parity and may may at a market cost. Cost Per Thousands are a much better standard for comparison since all advertising and every market can be compared on a common basis. Disproportionate values don't allow for continuity.

If your goal is to increase sales, improve media efficiency, then we are somebody you should talk to.

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Cable TV Sample Cost Efficiencies/Test Market Providence, Rhode Island

System	Regio	Cost	GRP's	CPP	Impressions	CPM	Factor	Goal CPP	Goal CPM	Goal Cost
COX	Zone 1 North	\$2480	100	\$24.80	109,095	\$22.73	4.546	\$5.46	\$5.00	\$546
	Zone 2 South	\$2480	100	\$24.80	46,842	\$52.94	10.588	\$2.34	\$5.00	\$234
	Pawtucket	\$920	100	\$9.20	18,432	\$49.91	9.982	92¢	\$5.00	\$92
	Fall River/NB	\$1590	100	\$15.90	78,310	\$20.30	4.06	\$3.92	\$5.00	\$392
	Westerly	\$920	100	\$9.20	17,613	\$52.23	10.46	88¢	\$5.00	\$88
TCI	Zone 1 North	\$706	102.9	\$6.86	57,511	\$12.28	2.456	\$2.79	\$5.00	\$287.10
	Zone 2 South	\$706	102.9	\$6.86	45,439	\$15.54	3.108	\$2.21	\$5.00	\$227.40
	Zone 2	\$706	102.9	\$6.86	25,945	\$27.21	5.442	\$1.26	\$5.00	\$129.65
	Zone 3	\$706	102.9	\$6.86	17,802	\$39.66	7.932	87¢	\$5.00	\$89.50
Inland	Bristol Co, MA	\$636	102.9	\$6.14	18,754	\$33.93	6.786	91¢	\$5.00	\$93.64
Full Channel	Bristol, Co, RI	\$1580	102.9	\$15.35	13,992	\$112.92	22.584	68¢	\$5.00	\$69.97
Continental	Foxboro/Seekonk	\$2749	102.9	\$26.72	4,967	\$553.45	110.69	\$24.54	\$5.00	\$25.20
Total		\$16,179	101.7	\$159.09	454,693	\$35.58	\$7.116	\$22.35	\$5.00	\$2,273

Factor: The factor helps determine how much we are paying above the cost of relative efficiency. At a total market CPM for broadcast TV at \$5.00. Next we individually analyze the CPM for each individual system as it relates to the total market. For example the \$5.00 CPM stays the same because we are not evaluating waste for broadcast or eliminating systems for this example. The factor is determined by dividing the CPM goal by the actual CPM for the proposed schedule. Next we divide the factor into the proposed cable schedule to determine cost per rating point, CPP and subsequent goal costs for cable TV.

As a point of reference, we were purchasing 100 target point for approximately, \$3,000, Cable wanted to do a similar delivery for over \$16,000, even when you decide to eliminate systems based on cables supposed "waste factor" the CPM never increases above \$10.85, when evaluating on these standards Cable still must come in at just over \$2,000 for the 4 desired systems. Again, setting those important parity guidelines saves you an enormous amount of money.