



Most agencies utilize the CPP method for evaluating market media costs. The problem is that the CPP method factors in forces of supply and demand, which can be a fallacy. In addition, when agency's gathers it's research, the sales managers artificially inflate their CPPs to keep rates up. As a result, agencies are working with higher rates and CPPs.

The only true method of determining the real value of a medium in any market is to utilize a Parity Standard model. This method utilizes a common standard, CPM that compares relative value to all other mediums in all other markets. Although supply and demand forces sometimes enter into negotiations, they may not if media is bought in advance and negotiated properly.

From the Parity Standard model, we are able to increase audience opportunities with a better chance of maximize sales volume. If all things are equal in terms of media cost relative to the market, ultimately we are able to see what the real value of that media was versus market forces.

The **Parity Standard™** and **Value Per Impression™** approach to negotiation is proprietary and a revolutionary media tool exclusive to Mega Media.

Example: Below are population estimates by demographic cell. Based on a CPP - budget of \$1.2 million, we can estimate the cause and affect of sales within our model. Based on CPP models per market, we are able to determine reach and frequency goals based on the budget. Based on the below scenario, the CPP method delivers a 70% Reach and a 4 Frequency. Because CPPs are not comparable based on a CPM, and there is a disparity in the **value** we achieve. Consequently, markets that have a higher than average CPM also take budget away from other markets, and subsequently we underdeliver at the expense of another market's inefficiency. Based on the CPP model for Los Angeles, this market has a higher cost than New York, even though New York's A25-54 population is larger. This demonstrates how CPP's are not proportionate in value versus Mega Media's **Parity Standard™** model. CPP is the industry standard for pricing markets because agencies assume the CPP model is accurate, and do not consider removing the forces of supply and demand from the pricing equation. Moreover, most agencies do not understand the intricacies of developing a rate model for markets previously not purchased beyond the CPP model, and as a result, a client pays too much. Conversely, **Parity Standards™** provide a point of leverage and a negotiating tool to secure optimum rates based on a pre-determined standard that **all** markets must reach, putting all markets on an equal cost basis. Based on this model, we are able to see how Parity Standards improve cost efficiencies in all markets and improve overall Reach and Frequency. The value of each schedule model has a Value per Impression™ (the value that advertising was able to achieve based on a return on the advertising investment.) In our Parity Standard™ model we have increased audience opportunities +64%, and increased Reach and Frequency to the target group. At a point we determine that although we reach more people, there is a rate of diminishing return, and we assume this at 20%, or 24¢ for each person vs. the CPP model of 30¢. Because we increased audience opportunities significantly, we actually improved sales nearly \$9 million. Our goal would be to negotiate rates based on a Parity Standard and determine if each market adheres to the CPM and the corresponding Value Per Impression. From this model we could determine the cause-and-affect of this CPM, and adjust distribution of budget in the future.

Radio Sample Cost Per Point/CPP Campaign: ROI Model 70% Reach, 4 Frequency									
Market	Population A25-54	1% A25-54	280 TRP's R/F	Impressions	CPP	CPM	A25-54 Budget	Value Per Impression	Sales
New York City	8,037,000	80,370	70%/4x	22,503,600	\$717	\$8.92	\$200,760	30¢	\$6,751,080
Los Angeles	5,660,000	56,600	70/4	15,848,000	\$834	\$14.74	\$233,520	30¢	\$4,754,400
Chicago	4,015,000	40,150	70/4	11,242,000	\$372	\$9.26	\$104,160	30¢	\$3,372,600
San Francisco	3,332,000	33,320	70/4	9,329,600	\$562	\$16.87	\$157,360	30¢	\$2,798,880
Boston	2,064,000	20,640	70/4	5,779,200	\$295	\$14.30	\$82,600	30¢	\$1,733,760
Washington	2,267,000	22,670	70/4	6,347,600	\$324	\$14.29	\$90,720	30¢	\$1,904,280
Seattle/Tacoma	1,719,000	17,190	70/4	4,813,200	\$205	\$11.93	\$57,400	30¢	\$1,443,960
Phoenix	1,419,000	14,190	70/4	3,973,200	\$161	\$11.35	\$45,080	30¢	\$1,191,960
Denver	1,215,000	12,150	70/4	3,402,000	\$160	\$13.17	\$44,800	30¢	\$1,020,600
Baltimore	1,166,000	11,660	70/4	3,264,800	\$144	\$12.35	\$40,320	30¢	\$979,440
San Diego	1,279,000	12,790	70/4	3,581,200	\$178	\$13.92	\$49,840	30¢	\$1,074,360
Salt Lake City	702,000	7,020	70/4	1,965,600	\$92	\$13.10	\$25,760	30¢	\$589,680
Albuquerque	316,000	3,160	70/4	884,800	\$44	\$13.94	\$12,320	30¢	\$265,440
Omaha	307,000	3,070	70/4	859,600	\$39	\$12.70	\$10,920	30¢	\$257,880
El Paso	280,000	2,800	70/4	784,000	\$38	\$13.57	\$10,640	30¢	\$235,200
Bloomington	63,000	630	70/4	176,400	\$27	\$42.72	\$7,560	30¢	\$52,920
Total	33,841,000	338,410	70%/ 4x	94,754,800	\$4192	\$14.82	\$1,173,760	30¢	\$28,426,440

Parity Standard & Value Per ImpressionROI™ Sample Model Campaign: 80% Reach, 5.75 Freq									
Market	Population A25-54	1% A25-54	460 TRP's R/F	Impressions	CPP	CPM	A25-54 Budget	Value Per Impression	Sales
New York City	8,037,000	80,370	80%/5.75x	36,970,200	\$602.78	\$7.50	\$277,279	24¢	\$8,872,848
Los Angeles	5,660,000	56,600	80/5.75	26,036,000	\$424.50	\$7.50	\$195,270	24¢	\$6,248,640
Chicago	4,015,000	40,150	80/5.75	18,469,000	\$301.13	\$7.50	\$138,520	24¢	\$4,432,560
San Francisco	3,332,000	33,320	80/5.75	15,327,200	\$249.90	\$7.50	\$114,954	24¢	\$3,678,528
Boston	2,064,000	20,640	80/5.75	9,494,400	\$154.80	\$7.50	\$71,208	24¢	\$2,287,656
Washington	2,267,000	22,670	80/5.75	10,428,200	\$170.03	\$7.50	\$78,214	24¢	\$2,502,768
Seattle/Tacoma	1,719,000	17,190	80/5.75	7,907,400	\$128.93	\$7.50	\$59,308	24¢	\$1,897,776
Phoenix	1,419,000	14,190	80/5.75	6,527,400	\$106.43	\$7.50	\$48,958	24¢	\$1,566,576
Denver	1,215,000	12,150	80/5.75	5,589,000	\$91.13	\$7.50	\$41,920	24¢	\$1,341,360
Baltimore	1,166,000	11,660	80/5.75	5,363,600	\$87.45	\$7.50	\$40,227	24¢	\$1,287,264
San Diego	1,279,000	12,790	80/5.75	5,883,400	\$95.93	\$7.50	\$44,128	24¢	\$1,412,016
Salt Lake City	702,000	7,020	80/5.75	3,229,200	\$52.65	\$7.50	\$24,219	24¢	\$775,008
Albuquerque	316,000	3,160	80/5.75	1,453,600	\$23.70	\$7.50	\$10,902	24¢	\$348,864
Omaha	307,000	3,070	80/5.75	1,412,200	\$23.03	\$7.50	\$10,594	24¢	\$338,928
El Paso	280,000	2,800	80/5.75	1,288,000	\$21.00	\$7.50	\$9,660	24¢	\$309,120
Bloomington	63,000	630	80/5.75	289,800	\$4.73	\$7.50	\$2,176	24¢	\$69,552
Total	33,841,000	338,410	80%/ 5.75x	155,668,600	\$2,538.08	\$7.50	\$1,167,517	24¢	\$37,360,464
Improvement			+64%	+60,913,800			-\$6243	-20%	+\$8,934,024

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