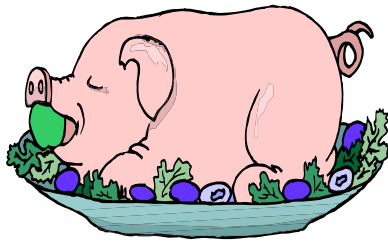


YOU ARE WHAT YOU EAT

Media Planning Meets Menu Planning in the Search for the Perfect Campaign.

We are just beginning to understand the Natural Laws of advertising. Don't panic. They could have been written by Weight-Watchers.



The first law seems to be *don't pig-out*. Making advertising work better means managing your weight. Markets show a decreasing marginal response to high levels of advertising. Each TRP added in a week does a little less. It's like being served a second helping. Shoveling-it-in in bursts or flights is not cost-effective. Weight-Watchers tells the planner to save some donuts for tomorrow.

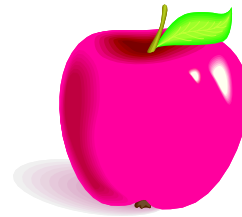
The second law is *don't skip meals*. More continuous advertising brings increasing marginal response. Each week added to a campaign produces more of a response than the week before. It works like compound interest. This means spreading the advertising across time is more cost-effective. Besides, not eating can give you a headache.

The combined workings of these two Laws teach the media planner moderation. More weeks of advertising is a better choice than more weight each week.

Eat a Balanced Diet

Third Law. *Eat A Balanced Diet*. Diminishing marginal response describes media as well as media weight. It explains the importance of media-mix.

Marketing-mix models show sales response to a medium is inversely related to its share of advertising dollars. As more dollars are spent, be it in TV, or magazines or online, the sales response per-dollar for that medium tends to go down. So no matter how much more effective one medium is at the start, there comes a point where the next dollar should be spent in another.



Finding this crossover point is the key to mixing media. It is not as simple as comparing the average cost-per-response of each medium. It requires the incremental cost of the next response. And a good estimate of the cross-elasticities of media these curves produce.

When advertisers say that they are exploring other media options because TV is becoming less cost-effective, they are suggesting that the crossover point is occurring earlier.

Fourth Law. *Learn your way around the kitchen*. Data fusion is another tool equal in mystery to econometric modeling. It is a mathematical process for combining different media surveys - the *Larousse Gastronomique* of media-mix planning.

Kantar's ambitious plan is to fuse the NTI television and MRI magazine studies. This will produce a single database providing TV/Magazine du-

plication rates for media-mix reach optimization and link MRI product usage data to NTI television audiences.¹

Judging from what we know about how media combine and target, magazines, newspapers, outdoor, radio and online should have a field day.

Adding a new medium to a TV schedule will increase reach because it will duplicate TV less than TV will duplicate itself. (Again diminished marginal utility.)

Home Court Advantage

Other media will look also good in comparison to television because they target better. TV is the quintessential mass medium. It is widely distributed, attracts everyone and it is free. Even narrowly targeted TV, like the vertical cable networks, tend to have flat user profiles because unplanned viewing by the large number of persons channel surfing dilutes their small core audiences. This doesn't happen as much in print where casual reading is discouraged by the cost of the magazine.

User/usage data will show other media target far better than television and are more cost-effective in building reach against these narrow groups. These two factors, usage targeting and diminished returns, will support the inevitable restructuring of media spending. The dominance of TV will give way to a more balanced mix of media. After 35 years of noses-to-the-window, the have-nots will storm the banquet room.

¹ The first Kantar fusion was done in 2002 linking the MARS Pharmaceutical Readership Study to the NTI TV database.

Newspapers, online and outdoor are already talking about new recipes for media-mix. It seems odd that magazines are not leading the charge. Product data has always helped them sell. Data fusion forces product data into TV planning. This gives magazines that important home court advantage.

But publishers are hanging back. They worry about whether fusion will change the numbers and give a competing title a few more readers. They are more concerned about other magazines than other media.

Which brings us to the final Law. You are what you eat, so it's best not to eat each other.

- May 14, 2001 -