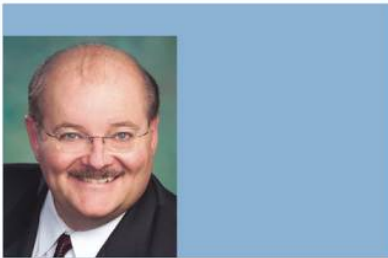




Hold your ads accountable! *Part 3*

by Doug Knorr



Turn It Around

Douglas Knorr, known as a "retail marketing activist" is president of Knorr Marketing (www.knorrmarketing.com), a full-service marketing and advertising agency specializing in the home furnishings industry. The agency provides strategic planning, creative production, public relations, sales promotions, website development and media buying services. Headquartered in Traverse City, Mich., the firm serves clients throughout the United States.

John Wanamaker, a famous department store merchant at the beginning of the 20th century, is credited with saying, "Half the money I spend on advertising is wasted; the trouble is I don't know which half."

You know you have to advertise sometime, somewhere. But do you know where to invest your advertising and how to hold it accountable?

This is certainly no time to be wasting money on advertising or anything else. Watching the Dow Index take its roller-coaster ride from a high of 14,164.53 (Oct. 9, 2007) to a low of 8,600 a year later, it's no wonder Consumer Confidence Survey numbers are so low!

Volatile markets and a changing consumer environment have created some very tough business conditions. It's natural to have your "fight or flight" mechanism gear up when you wonder what the future will hold for you as a home furnishing retailer.

But if you hold your business accountable and follow the principles of this four-part series, you can turn fear into fearlessness. What's more, you'll survive these tough times and when business returns in a few months, you'll have a much stronger company than ever before.

In the previous two issues of NHFA's *Home Furnishings Retailer*, we focused on several ways to become fearless. In

September we explored how to differentiate your company from the competition and in October, we defined ways to reduce costs. Now, we'll discuss where to invest your ad dollars and how to hold your advertising accountable.

You'll need to develop a media plan; a more complex process than we can conclude here. But we can give you the ammunition you'll need before you buy into what the media reps tell you.

If you, too, aren't sure which half of your advertising is wasted, today's technology, software and research tools let us take a more scientific, measurable approach.

To hold advertising accountable, you'll want to understand target rating points and cost-per-thousand metrics; and do a post-analysis on each medium to ensure the viewers, listeners or readers you were promised were delivered.

How can you hold your advertising accountable when every media rep you meet vows he has the number-one ad medium? Or, when reps entice you with discounted rates, how can you know if you will truly receive a value?

Knowing how to analyze media data is the only way you can be sure you're getting the best return on your advertising investment. This can save you thousands of dollars every year!

In TV and radio, you'll need to understand the terms, "Targeted Rating Points" and "cost per point." In print, when the rep says the newspaper prints 20,000 papers, you'll need to ask where they are going. In outdoor and Internet advertising, consumer

Knowing how to analyze media data is the only way you can be sure you're getting the best return on your advertising investment. This can save you thousands of dollars every year.

habits are changing, so you'll need to understand how to make smart buys with these media.

When you understand what to look for, it will help you make much more informed media buying decisions. Let's take a closer look.

Holding TV and radio accountable:

First, understand that you will usually save at least 20 percent on your media buy if you make an annual commitment. You also will be able to negotiate value-added options, such as free remotes or free spot placement from 7 p.m. to 6 a.m. or during light listening day-parts on radio stations.

If you make an annual commitment with TV, you should enjoy value-added offers such as free sponsorships, free station promotions, and extra free spots when available.

When you look at numbers from Arbitron (radio) and Nielsen (TV) reports, you should always request at least three books (three quarters) to help identify changes or trends in the market.

Before you buy, ask the rep to break down audience data by sex and age for TV shows or radio



day-parts you're considering. Look at every TV program or radio day-part in three overlapping age groups: 18-34, 25-54 and 35-64. This will give you a better idea if the TV program or radio day-part is skewed to your targeted consumer.

In the home furnishings industry we always focus on females. However, when it comes to television and appliance retail, we look at total adults as well as females by age group.

When buying TV or radio, focus on "Targeted Rating Points." A Targeted Rating Point (TRP) is the specifically targeted audience demographic, not the total audience, your ad is reaching at any one point in time.

Once you know the TRP, you can easily derive the cost of your advertising per person or derive a cost per point.

Here's how to compute it:

Let's say your DMA (Designated Marketing Area) has a total population of 385,000.

Within that DMA, an audience universe of 125,000 people is regularly watching TV or listening to radio for a given day-part.

continued on page 40



To hold advertising accountable, do a post-analysis on each medium to ensure the viewers, listeners or readers you were promised were delivered.

(\$60 CPM X 3). This process will allow you to define which programs or stations are giving you the best return on investment.

Some stations will try to focus on Gross Rating Points. However, because this refers to overall exposure of your commercial, it may include the wrong gender or age groups and most generally will not provide data for your best advertising investment.

Simply put, the cheapest spots may really be the costliest investment you can make.

Holding newspapers accountable

The advantage of newspapers that sell subscriptions, unlike free publications, is that they are what's termed an "invited medium" into the consumer's home. However, newspaper distribution is constantly changing.

To hold your newspaper advertising investment accountable, request distribution by zip code. This will let you analyze how well the newspaper's distribution covers your market area.

Then look closely at newspaper circulation to learn how many copies are actually being delivered to consumer's homes (subscribers) versus sitting on a rack or shelf waiting to be purchased by a passer-by (single copy sales).

Next month, we will focus on building customer retention and loyalty. In future issues we'll explore the changing landscape of the outdoor medium and the Internet. In all areas, accountability is the key to turning your business around. **NHFA**

Of those, 11,000 are actually watching/listening to a station that you purchase.

The cost per commercial spot is \$300.

Those 11,000 viewers/listeners would give your program or radio day-part a Gross Rating Point (GRP) of 8.8. In other words, 8.8 percent of the audience universe (which is only 33 percent of the DMA) is watching/listening to this station.

The Gross Rating Point is the ratio of actual viewers/listeners (11,000) divided by 1 percent of the overall audience universe (125,000).

If 5,000 of those 11,000 actual viewer/listeners are part of your specifically targeted audience demographic, your cost to reach one person one time would be six cents (\$300 divided by 5,000).

Typically, this is stated as a Cost Per Thousand (CPM), which, in this example, would be \$60 (Cost per person X 1,000 people).

The TRP is measured as the ratio of total targeted viewers (5,000) divided by 1 percent of the audience universe for that particular program/day-part (1,250). In our example, with an advertisement cost of \$300, your TRP is 4.

Cost per point is advertising cost (\$300) divided by targeted rating point (4) = \$75 Cost Per Point (CPP).

In short, the higher your TRP and the lower your CPP, the better is your buy.

To reach that same targeted demographic a recommended three times would cost you 18 cents per person (\$.06 X 3) or a CPM of \$180