Media Buying Today The Way it Really Is

by Gene Willhoft

Over the past few years, many industry experts have discussed the rising importance of media planning and buying to the success of an overall advertising campaign. Having been relegated to the shadows, media planning and buying is now acknowledged as a critical part of the advertising mix.

As a result, media-only reviews are now commonplace, and media consolidations of multi-division advertisers are a given.

This article explores various media issues that I think are, or should be important to advertisers. They include: whether to unbundle the media when selecting a creative resource, clout and pricing, bidding out buys, purchasing time in bulk and price vs. strategy.

Should a full-service agency handle the media or is unbundling the media planning and buying a more effective approach?

There is no standard answer to this question. It depends on a number of factors: the experience level of the media people at each company, experience in the category, how active the account is (whether a lot of coordination is needed between creative, media and marketing personnel), account conflicts, size of the account in relation to the size of the buying company, whether media budgets across divisions are being consolidated, not to mention the fee implications of one vendor vs. two.

I believe that unbundling the media planning and buying can work 95% of the time. However, it may not be workable for very active retail accounts (airlines, banks, department stores, for example) that change creative and media schedules on a moment's notice. Advertisers in these categories may need to make decisions so quickly that it is preferable if media, creative and marketing people are at the same location.

I suspect that most advertisers could not care less if their account were unbundled or not. I believe they are only concerned with getting the best service they can for each discipline. If this means splitting up the creative and media, then that's what they'll do. In an unbundled situation, there may be more coordination needed on the client side. However, after canvassing our clients, they say they don't believe it takes much more additional time and most report that they like having the additional control.

Broadcast Buying — "Clout" and Pricing

As a smaller media buying company, the issue of clout occasionally comes up in new business meetings, although less and less often.

We all have heard the claim that the biggest buyers get the best rates. However, over the years I have read articles from trade publications where well-known buyers have commented that when buying ***spot television or radio***: "the bigger the buying company, the more likely it is for that company to pay ***average*** prices." This is a direct quote from an Ad Age Roundtable article.

Makes sense to me. If the media give increasingly lower prices to big and bigger buying companies, profit margins will obviously suffer. And, there has to be a point below which rates just will not get any lower. The only people that really know are the media salespeople, and they aren't telling.

Some friends and acquaintances of mine, recognizable names in the business, have commented that any buyer, on any given day, has the ability to get a lower price than someone else. It all comes down to when the schedules are ordered, the amount of money spent on each station, if another advertiser is seeking relief, the season of the year the schedule runs, and importantly, whether the spots have to run as ordered.

One big concern is that in a tight marketplace, spots priced too low are regularly preempted. So who's smarter, the advertiser whose buyer paid 10% more for spots that aired, or the advertiser whose media buyer had spots priced at 10% less, but most of them didn't clear?

Bidding out Buys

Some clients bid out buys. They'll ask a few different buying companies to price out schedules, be it spot or national television or radio. The lowest bid wins the business.

I generally try to stay away from this process because I view it as shortsighted for both sides:

Various conditions may cause rates to rise or fall unexpectedly. If prices rise more than predicted, the company that won the business will probably have to either admit that the going-in estimates were too low or purchase inferior schedules to meet the buying criteria.

What do I mean by inferior schedules? Take your pick:

a) limiting a schedule to a few low priced and/or low-rated programs or stations. In other words, avoiding higher rated, higher cost-per-point inventory.

b) inflating rating estimates

c) changing television dayparts (for example: paying for a late news spot at 11:00PM EST and coding the spot as prime time), or for radio, calling the daypart 5AM-10AM, but ordering the spot only from 5AM-6AM (at a much lower rate).

Buying in Bulk

Some buying companies pursue new business by saying they get low rates by pooling their client's funds together and buying time in bulk. This usually happens in spot radio, although it is not unheard of in spot television. Here a company will say to a radio station: "I'll spend $1,000,000 on your station throughout the year if you guarantee me a CPM against a target audience of X (guidelines are made for daypart distribution) for all my clients."

This may be done without an advertiser's consent. And there is no way for the advertiser to know anyway.

But what happens if the buying company loses a client or a client cuts back in spending?

In this case, in order to fulfill the commitment, inappropriate stations may be put onto schedules. As proper due diligence, clients should examine each station or program on a schedule and demand answers if things look strange.

Price vs. Strategy

Recently, a $5,000,000 advertiser came to us and asked if we could purchase spot television and radio cheaper than their current buyer. While I welcomed the prospect of new business, I politely suggested that before we look at the prices paid, we should examine whether the media strategy was sound. The thought being that while price is important, if the target audience is wrong, then it is likely the daypart makeup is incorrect as well. Even the best negotiators in the world can't make a bad strategy work.

The client eventually agreed that strategy was foremost (not price) and was very receptive to a frank critique of its media strategy.

I suggest that unless you are completely sure your media strategy is right, emphasize strategy first, low prices second.

To conclude, there is more to buying media than meets the eye. The best way to make sure you're getting the most of your ad dollars is to hire a competent, honest, firm and then stay involved in all aspects of the process.

Mr. Willhoft, 25-year media veteran, has been Director of Media Services at three Manhattan ad agencies. For the past six years he has been President of Absolute Media Inc. in Stamford, Connecticut, an independent media planning, buying and consulting service.

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Strategic Media Buying & Planning

Absolute Media Inc.
100 Prospect Street
Stamford, CT 06901

Phone: 203-327-9090
Fax: 203-323-1899

Email info@absolutemediainc.com
Web site: www.absolutemediainc.com