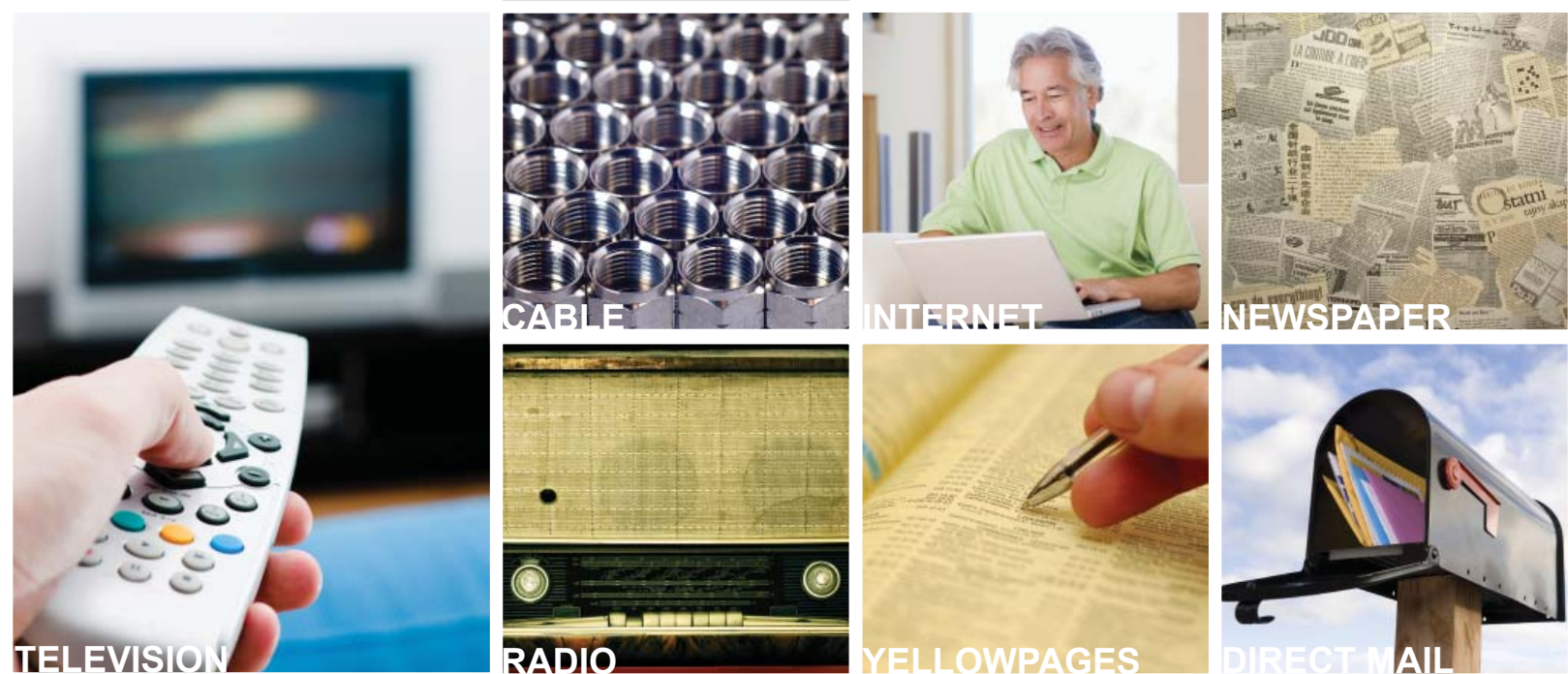


TV & the Competition

MEDIA COMPETITION FOR THE CONSUMER



Americans lead media-driven lives, and technology is always changing how businesses can communicate with consumers. Not so very long ago, advertisers were limited to static media like billboards, newspapers, direct mail, and the Yellow Pages; radio, television, and cable followed. Social media and the internet are the newest tools in the box. With all these options, it can be hard to choose what to include in a marketing plan, but each medium has definite strengths and weaknesses. An effective campaign uses a combination of methods that complement one another and allow advertisers to reach the best possible audience.

Television should be the centerpiece of any plan. While network TV ads may be more expensive than other types of advertising, the price reflects the medium's value. For starters, broadcast TV's household penetration is about 97.4%, meaning it reaches more people nationwide than any other non-static medium. According to Nielsen's Three Screen Report for the first quarter of 2010, the average American watches about 35.5 hours of television each week—that's more than five hours a day! This volume of exposure means that there are lots of chances to catch viewers' attention and lots of programs that can lead to the target audience.

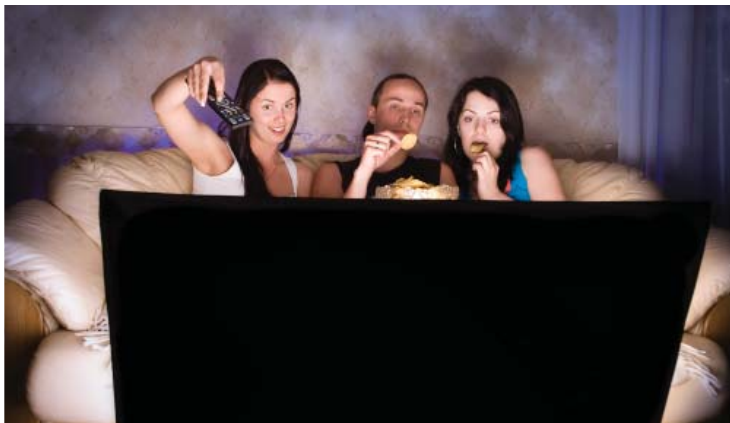
As the home of local news programs, broadcast television is especially beneficial to local businesses because the audience is in the target area. Cable lacks a local focus and those surfing the web could stumble across ads from distant places. Sticking to broadcast stations ensures that not a penny is wasted on audiences who are too far away to be potential customers.

Television audiences are also diverse. Every type of consumer is watching at some point, and industry tracking makes it easier to find out who's watching when. The wealth of data about TV audiences is one of the medium's greatest strengths. Detailed analyses of viewer demographics are invaluable to advertisers who are trying to determine what time and on what programs their ads will be most effective.

TV viewers are also engaged viewers. Ads air one at a time, giving each its tie in the spotlight. If an ad catches their eye, they can write down the name of a restaurant, or even add a product to their shopping list. Sometimes viewers will even pick up the phone before the ad is over to, say, order a pizza from that place they've been meaning to try. Also, unlike print and internet ads, TV commercials get the screen to themselves during their 30-second spot. This means that audiences won't be distracted by other images appearing at the same time.

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TV's Four-Pronged Approach

Similar studies have been done on television commercials to help advertisers develop ads that will be effective. Television provides a multisensory experience, giving advertisers lots of ways to connect with viewers. The four tools in TV's arsenal include: **sight**, **sound**, **motion**, and **emotion**. These come together in a four-pronged message that can impact viewers more deeply than any individual kind of experience.

Multisensory potential gives advertisers the flexibility to create ads that convey their business' personality. For instance, a spa could combine soothing music with slow panning video of calming images and smiling, relaxed customers. A family restaurant hoping to convey an upbeat atmosphere could include energetic music, images of kid-friendly food, and laughing families. Each ad evokes a distinct emotion that viewers will associate with the business.

The creative possibilities are endless—and some advertisers might even want to develop multiple commercials to target different demographics. A business with a wide range of potential customers, like a bookstore, might create several ads: one to highlight a children's reading area and readings by children's book authors; one to show off their café as a great place for young people to meet up; and one to target men who are gearing up for summer home improvement products and looking for how-to guides.

Successful TV ads aren't just for service and retail businesses; they're also an ideal way to introduce new products. TV is the perfect medium to demonstrate how a product works, so consumers better understand how it fills their needs. Displaying the packaging also lets consumers know exactly what to look for while shopping. And they'll carry the energy and picture of your business with them on the way to the store and long after.





CABLE

Although cable may look like broadcast, there are a number of differences. Cable ads also incorporate sight, sound, motion, and emotion—and some cable stations are more lenient with commercial length limits, allowing ads to run 5 minutes or more. (That’s why hour-long infomercials are fixtures of some cable networks’ late-night fringe hours.) Since cable has lower CPM costs, purchasing longer slots isn’t cost prohibitive, but there are some aspects of cable that make it a slippery medium to work with.

Cable’s household penetration is in decline. Nielsen reports that in 2009, only 48.5% of households had cable TV—a 4% decline from 2008, and an 18.1% decline from 2005. The bad economy has hit cable hard. As consumers look for ways to reduce household expenses, many are trading in cable for web streams or per-episode downloads of their favorite shows. When examining cable audience data, be sure to know where the numbers are coming from. Broadcast TV data is based on all households that have a television, while cable data is limited to only those households serviced by cable—a much smaller number. This can skew statistics in cable’s favor. A closer examination of a specific cable audience can let advertisers know exactly what they get for their money.

With an average of 130 channels, cable’s audience is also more fragmented. For advertisers this presents a strength and a weakness. Specialized channels offer opportunities to target specific viewership groups, especially younger and more affluent viewers. This could help advertisers home in on precise audience subgroups like those tough-to-reach young male sports fans or teen music video lovers.

The tradeoff is that cable audiences are spread across so many channels that they are much smaller. This could work against businesses with a range of appeal that would benefit from reaching as many people as possible. Despite the vast offerings, cable viewers are loyal, and likely to keep “appointments” with their favorite programs. This means that advertisers can increase their exposure frequency by running ads during the same shows every week.

Cable’s lower CPM cost and specialized audiences make cable appealing—perhaps too appealing. Cable suffers from more ad clutter than broadcast TV. Ad clutter reduces ad retention, so viewers are less likely to remember advertised products. Clutter is also frustrating to TV viewers, making them less receptive to advertisers’ messages.

Cable’s Strengths

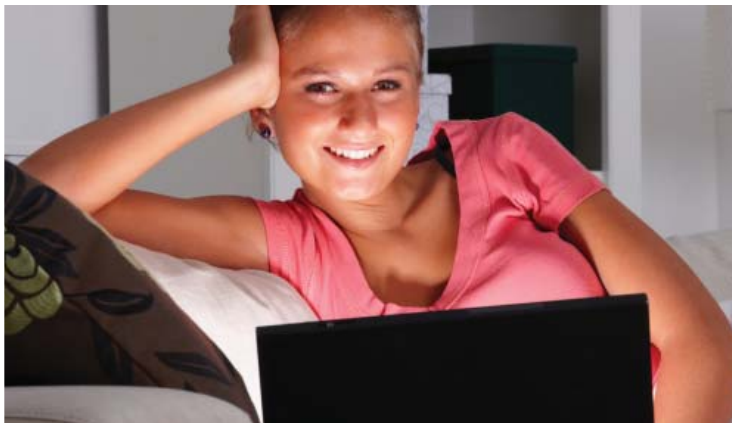
- **Sight, sound, motion, and emotion**
- **Greater opportunity to run longer ads**
- **Young, loyal audience**
- **Targeting via interest-specific channels**

Cable’s Weaknesses

- **Fragmented audiences**
- **Smaller market coverage**
- **Ad clutter**
- **Unreliable measurement data**

TV & the Competition

MEDIA COMPETITION FOR THE CONSUMER



INTERNET & SOCIAL MEDIA

When it comes to advertising online, many marketers see endless opportunity. Internet ads are easy to track, offer immediate gratification, and present creative opportunities galore. However, when it comes to online ads, the internet is also plagued with problems that advertisers are still trying to figure out.

In the first quarter of 2010, 63.5% of American households had broadband internet access. Internet users spend a weekly average of 3 hours and 52 minutes surfing the web at home. Statistics about the amount of time people spend online at work—and what they do during this time—isn't currently tracked.

Social media is the new frontier of the wired world. Advertisers are just beginning to learn how to maximize its potential and social media companies are still figuring out how to develop sustainable business models that allow them to generate revenue without compromising users' personal data. It's estimated that 2 out of every 3 internet users visit social media sites, including Facebook, Twitter, LinkedIn, and MySpace. Facebook, the largest network, hit 300 million users at the end of 2009.

Internet Ads

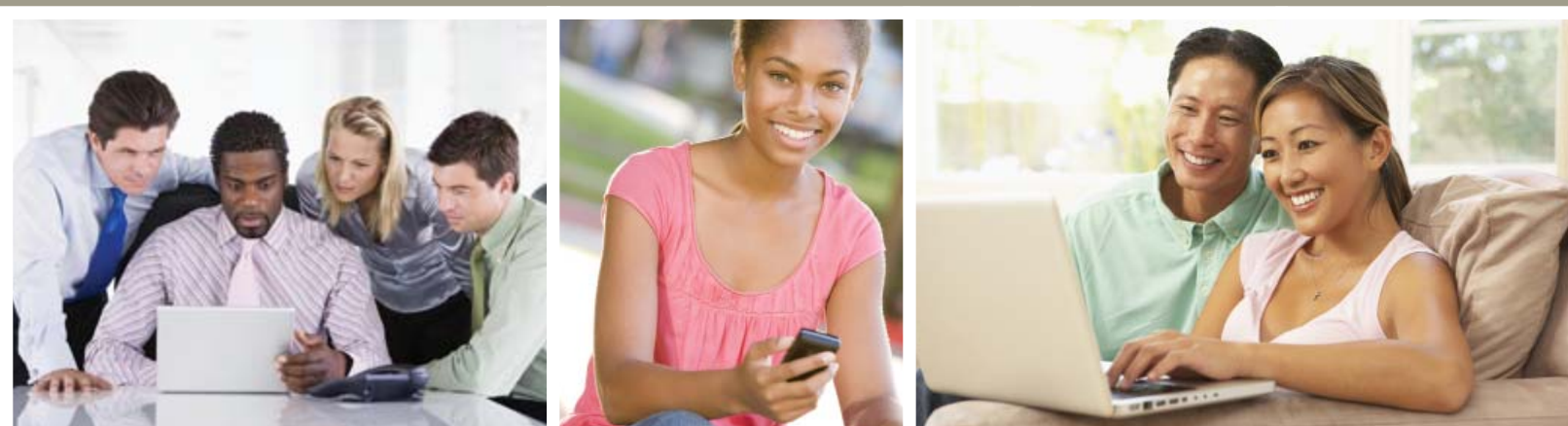
There are a number of ways to advertise on the internet, including search-driven ads and banner ads. Search-driven ads are the least creatively interesting. This technique puts a business' name at the top of a list of search results, in prime clicking location. Large companies put a lot of research into determining which search terms will drive the most traffic to an advertiser's website, and such search marketing data is expensive.

How much to spend is ultimately up to the advertiser. Yahoo! and Google offer search-driven ad plans for small businesses, allowing them to spend as little as \$1 a day after an initial investment. They're easy to set up: advertisers choose the words they want to trigger the ads, the content of the ads, and a maximum daily budget. Advertisers pay only when their ads are clicked. Search engines display the ads alongside matching searches until the daily budget is reached. This means that it's easy to keep track of business that comes through ads.

While it's simple enough, search-driven ads for small businesses have a number of drawbacks. First, they're limited in audience scope. Only people who are looking for a specific product will even have the chance to see an ad and some of these people may have found your business anyway. There's no way to engage potential customers unless they're searching for related phrases at that exact moment, and it's unlikely that internet users will remember the ads—some might not even notice them.

Second, search-driven ads are not visually exciting at all. They look more like newspaper classifieds, and their design is pre-determined by the search engine. So much for sight, sound, motion, and emotion! Text-only search ads are easy for users to ignore. Even if a business' website is gorgeous and eye-catching, dull ads won't get searchers excited enough to get there.

Display ads (banners, pop-ups, and sidebars), on the other hand, can demand attention. They can incorporate sight, sound, motion, and emotion and even contain video content that is comparable to television ads—if you have the money. Producing these ads to work with various browsers takes technological know-how, and the marketing data required to place display ads in the best locations is expensive.



Online ad clutter is a huge concern among internet users and advertisers alike. Most internet ads appear alongside other ads, in addition to the primary content that draws users to a site. Clutter makes it hard to grab users' attention and encourage them to focus on one specific ad. Ad clutter alone alienates internet users. According to a recent study by Burst Media, 30% of adults will leave a website that seems cluttered; 75% will ignore ads on cluttered websites. Clutter also tarnishes a brand's image; more than half (52.4%) of web users reported that they think less favorably of products when they are advertised in a cluttered web environment.

Social Media

Social media networks make-up 11% of all web traffic among American users, and that number is growing. Facebook alone saw it's 25-to-34-year-old audience increase 18.8% in 2009. Twitter, traditionally most popular with the 25-to-54-year age group is becoming more popular among younger users.

Social media takes word-of-mouth to the next level. In an April 2010 Harris poll, 34% of users reported using a social media network to "rant or rave about a company, brand, or product." And millions of people are listening. When it comes to making decisions about brands and products, 45% of social media users cite "reviews from friends or people I follow on social networking sites" as an influence; 33% cite "reviews on blogs or message boards."

Even small businesses can establish a social media presence by starting accounts on Facebook, Twitter, and other sites, and encouraging customers to become fans or followers. Offering exclusive promotions like discounts or coupons to social network followers is a great way to attract more customers and encourage them to keep an eye on your business profile.

The good news is that starting a social media presence is free, but it is time-consuming to maintain. Stagnation on social media sites is a killer, so it's important to post regular updates to keep consumers interested. It's also important to have a plan for damage control in case an unhappy customer gets vocal about a negative experience. Be sure to respond to all online complaints, even if it's just to ask the poster to contact you offline to resolve the issue.

Internet & Social Media Strengths

- Tracking
- Instant gratification
- Interactivity
- Flexibility

Internet & Social Media Weaknesses

- Clutter
- Limited demographics
- Brand degradation
- Privacy concerns



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NEWSPAPERS

It's no secret that the newspaper industry is struggling. Once a boon for advertisers, newspapers are losing ad revenue due to declining circulation and the limitations of the medium. Daily circulation peaked in 1990, but it's been dropping steadily ever since. In the six-month period between October 2009 and March 2010, weekday circulation fell 8.7%; Sunday circulation fell 6.5%. In 2008, daily newspaper readership was just shy of 115 million, but total circulation was only 49.1 million.

Newspaper advertising doesn't come cheap. A half-page ad in a nationwide weekday paper can cost upwards of \$35,000 for a single day, and Sundays are even more expensive. Ads in local newspapers are much more affordable and can target a specific community. As a tangible medium, newspaper ads have a tendency to stick around, especially if they contain coupons that readers can clip and stick on the fridge as a reminder.

Print ads are limited with regards to sight, sound, motion, and emotion. Information and static images work together in the same space to draw a reader's eye and provide information. It's best to keep these types of ads simple, since too many graphics or details can be a turn-off for readers. The limitations of ink on newsprint make it hard to create truly engaging ads that readers can connect to emotionally.

Local newspaper readership isn't dwindling quite as much as national readership but, across the board, more and more people are turning to the internet for news. (Incidentally, online ads on newspaper websites don't cost much more than online ads anywhere else.)

One last perk of newspapers is the audience: Newspaper readers are generally more educated with higher incomes than the general population. They may have more discretionary income, or be the demographic that best matches a particular product. All in all, newspaper ads can strengthen a marketing campaign, but they can't do the job on their own.

Newspaper Strengths

- Audience
- Tangibility
- Flexibility

Newspaper Weaknesses

- Diminishing readership
- Limited medium: No sound or motion
- Cost





RADIO

Despite Americans' attraction to multimedia technologies, radio maintains a place in our daily lives. According to Nielsen, 90.2% of Americans listen to the radio, spending an average of 22 hours a week tuned in. Listeners age 25 to 54 comprise the largest part of the radio audience, listening 7.5% more than the total adult (age 12+) population. Most radio listening occurs outside the home, with 40% of listening taking place in the car and 23% at work.

Like cable, the radio market is fragmented due to the variety of stations in each region. Radio listeners tend to be very loyal, selecting a few stations and sticking with them. This gives advertisers a chance to create targeted ads that will appeal to specific demographics. The best time to maximize audience demographics and exposure is during the morning commute, when people tune in for traffic, weather, and news.

The downside is that these listeners aren't as captive as television audiences. Radio listeners are usually multitasking (e.g., driving, working, cooking, etc.) so their attention can easily fade. They are also less likely to make a note if they hear an ad that interests them, so it could take multiple exposures to retain the message. For example, if a person is driving home from work and hears an ad for a new product they'd consider trying, they probably won't pull out a pen and notepad to jot down the name. To ensure solid exposure and ad retention, advertisers may have to spend quiet a bit of money to air ads repeatedly. To reach a large audience, ads need to run on a number of stations, which also results in a heftier cost.

Aside from the risk that commercials could become background music, radio is limited by its one-dimensionality. No sight or motion here. Creative minds

can come up with engaging and unexpected audio ads that appeal to viewers, but as the saying goes: A picture is worth a thousand words. Listeners will be left with only part of the experience that TV's moving images provide. Radio works best when combined with other media, especially visual media like newspapers and television.

Radio Strengths

- Targeting
- Coverage
- Household penetration
- Listener loyalty

Radio Weaknesses

- Fragmentation
- Audience distraction
- Limited "primetime" hours
- Limited medium: No sight and motion



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YELLOW PAGES

One of the first things many people look for when they move into a new home is the Yellow Pages, the bible of businesses. Entrepreneur magazine describes the Yellow Pages a “critical source of leads” because it helps to establish a business’ legitimacy. 99% of American adults recognize the massive yellow tome, which covers about 4,000 categories. The listings are all in one place and easy to access, making it a cinch call around for a few estimates or additional information.

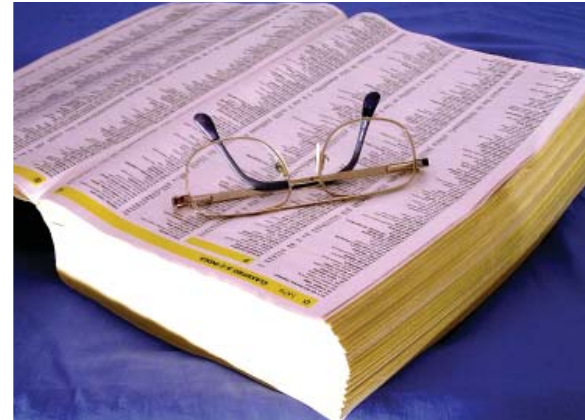
Just about every business has taken itself to the web, and the Yellow Pages is no exception. There are also dozens of websites that provide similar directory listings and reviews of businesses, but often using the hard copy book is easier, faster, and more comfortable than online searching.

While the book contains thousands of listings, it is more likely to be up-to-date than many online directories, which can be set up and forgotten. Online directories are so numerous it can be hard for advertisers to accurately maintain all their listings. Aggregator directories can amass old data. In the Yellow Pages, businesses place updated ads every year, but that means limited opportunity to update contact information and pricing accuracy. In fact, the lead time for an advertiser’s ad to appear in print in the Yellow Pages is so long that data may well be out of date before it even appears.

The Yellow Pages tracks usage and claims that consumers are most likely to use the traditional paper directory during life changing events like weddings, moving, and having children. They estimate that these special events account for 70-80% of all usage. Are life events significant to sustain business? Many advertisers don’t seem to think so—Yellow Pages and other print directories saw a revenue decrease of 12.1% in 2009.

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Out-of-towners also rely on the Yellow Pages. Online listing sites and search engines are the Yellow Pages main source of competition, but it's easier for many hotel guests to open the desk drawer and pull out the reliable book. Restaurants, gas stations, hotels, and local attractions can see real benefit from listing in the hard copy edition.

A Yellow Pages listing is relatively economical, depending on the size and region. Ad design is an important consideration in Yellow Pages planning. Bigger ads are more likely to stand out and have more space for graphics and information, but like newspapers, the Yellow Pages lack the sound, motion, and emotion of TV ads—not to mention color. The pages of listings can be hard to distinguish, and pages containing lots of small ads are often plagued with clutter.

While the Yellow Pages are a sensible business basic, they won't do much to hook potential consumers. By the time readers find an ad in the Yellow Pages, they already have an immediate need. Other types of media can draw attention to products and successfully preempt Yellow Pages searches by establishing top-of-mind awareness.

Yellow Pages Strengths

- Recognition and penetration
- Convenience
- Range of listings
- Supplementary strategy
- Cost

Yellow Pages Weaknesses

- Clutter
- Online competition
- Limited medium: No sound or motion
- Cost
- Fractured audience
- Lack of Flexibility



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DIRECT MAIL

Nearly every U.S. household has a mailbox and it's estimated that 81% read or scan the ads that are in it. Direct mail strategies allow businesses to target whichever consumers they like, though developing and maintaining a mailing list can be difficult to do on your own. Most business owners are limited to their existing customer base when compiling a list, so do-it-yourself direct mail isn't the best option to increase awareness among new potential clients.

In order to maximize direct mail's reach, using an outside direct mail marketing firm is crucial. These services allow advertisers to target homes by location, household income, or through mailing lists of similar businesses, but these services are expensive.

Direct mail management companies may also have in-house designers, which can increase the cost even more, though there are definite benefits to using a professional designer for direct mail ads. Designers develop creative ads that will appeal to consumers and convey a professional image. The downside is that high-quality ads that stand out and generate business are usually expensive to design and produce. It's tough to develop a two-dimensional, static print ad that really makes an impact.

Competition is tough in the direct mail market, with many people receiving unsolicited offers, ads, and "junk mail" every day. In order to stand out, a piece of mail has to be visually attractive and also make an enticing offer. Otherwise, it's all too easy for consumers to sweep direct mail flyers and postcards into the trash. On the plus side, direct mailings' physical presence gives the message a better chance of sticking around. Tracking campaign effectiveness is simple if mailings include coupons or other special offers exclusive to a direct mail flyer. Businesses can simply tally how many customers redeem the coupon.





The most fruitful direct ad campaigns rely on repeat exposure, which is easy to do since the audience is a fixed target. Unlike TV, radio, and the internet, direct mailings don't rely on a consumer's daily schedule. The ad will wait for them in the mailbox. As one would expect, repeat mailings rack up more postage and printing costs, even if a business decides to use the same design again and again.

Like other advertising media, direct mail has suffered during the recession, seeing a 7.5% decline in allocated advertising revenue in 2010. As postage prices rise, direct mail will become even more expensive, making it tough for small businesses to rely on, though large companies with the resources to manage their own large-scale campaigns and businesses that offer catalogs will continue to see benefits.

Direct Mail Strengths

- Tangibility
- Targeting
- Frequency
- Tracking
- Household penetration

Direct Mail Weaknesses

- Cost
- Limited flexibility
- Competition and clutter
- Limited medium: No sound or motion
- List maintenance



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