

Mastering New Media Trends: A Strategic Check-List

New Politics Institute
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To: Interested Parties
From: Simon Rosenberg and Theo Yedinsky
Date: February 9, 2006
Subject: Mastering New Media Trends – a 15 Point Strategic Checklist

The emerging media landscape of the 21st century poses challenges and opportunities for those working to bring progressive ideas and values to the American people.

The following fifteen-point checklist offers a quick, handy guide for those looking to stay on top of trends in television, radio, newspapers and the Internet. The core message is this: if you are buying your advertising as you have in the past you are likely spending ineffectively, paying too much for too little impact. Advertising markets have changed, and in every class of advertising there are now tools available which allow advertisers to purchase more targeted audiences – often at lower cost.

This memo is a companion to an extensive body of work on new media developed by the New Politics Institute, particularly our comprehensive study, *The Changing Media Landscape*. It ends with some concluding thoughts on how these media transformations should impact our thinking on media, market research, advertising and more. Additional information on NPI's path-breaking work can be found at its website, www.newpolitics.net.

Mastering New Media Trends

TELEVISION

Strategic Overview: The era of broadcast television domination is over. Between 1985 and 2004, the number of cable networks increased by nearly 1300% (from 28 to 390). The proliferation of cable networks offers advertisers precise and clean demographics for focused, iterative communication. And audiences are watching.

In 2004, consumers spent an average of 868 hours a year watching cable and satellite television, as compared to 678 hours spent on broadcast alternatives. That same year, companies spent more than \$93 billion dollars on cable and satellite advertising, almost double the \$43 billion they invested in traditional broadcast media.

Their return on cable investments suggests that they made a wise decision. National CPM (a measure of advertising effectiveness, based on “cost per thousand” ad impressions) for broadcast ad-buys was 26.4, well over twice as high as cable television’s far more efficient 10.7. The difference is even greater in local markets. Yet, despite commercial advertisers’ strategic predilection for cable and satellite advertising, political advertisers have been slow to adapt. A recent PQ Media study found that in the 2004 cycle, more than \$1.5 billion dollars was spent on political broadcast media as compared to a mere \$79 million on cable.

Check List:

- ✓ Assess cable and broadcast CPM’s for your media market to determine whether there are cheap cable CPM’s to reach your target demographic.
- ✓ Call cable companies to investigate whether they have the region interconnected, which allows you to buy cable for your region on a unified basis and whether they offer “roadblocking” which allows your ad to run across cable channels at a unified time across the entire market.
- ✓ Determine TiVo / DVR penetration in the region when considering your advertising buy. 64% of TiVo/DVR users skip all advertising, which can seriously dilute the value of your buy. TiVo / DVR penetration rates among voters tend to be substantially higher than among non-voters, and can represent a substantial portion of the electorate.

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NEWSPAPERS

Strategic Overview: Between 2004 and 2009, the time that consumers spend reading newspapers is expected to decrease by 3% each year. The declining attention paid to print media is not just confined to younger readers. Newspaper readership is down among all age groups, with younger age groups reading progressively less than their older counterparts. In some cities circulation has fallen below critical mass and varies substantially from neighborhood to neighborhood. Accordingly, while newspaper mastheads may provide reliable circulation numbers, they provide little insight into *who* is reading.

Daily newspapers in particular have been in decline. Between 1984 and 2003, the number of dailies dropped by 14%, decreasing from 1,688 to 1,456. Their overall circulation declined by more than a million between 1999 and 2003 alone. The only growth in the newspaper industry is among the weekly papers, which have increased their circulation by 600,000 over the same period. In many areas, the weeklies have been consolidated under one owner and can be bought on a unified basis.

Check List:

- ✓ Contact local newspapers to access their zip-code penetration numbers (a service they provide for free). This will give you a much more accurate picture of whom the paper reaches and where. Don't assume similar neighborhoods have similar penetration levels.
- ✓ Check the CPM's, demographics and audience reach of weekly versus daily newspaper readership in your region. Dailies may be reach more people, but the weeklies may reach more targeted suburban and ethnic audiences.
- ✓ Monday and Tuesday are considered low value days by advertisers due to lower circulation and lower reader engagement. Be aware of this if you advertise in local dailies or are pursuing free press.

RADIO

Strategic overview: While satellite and Internet radio audiences have been on the rise, the amount of time spent listening to broadcast radio has been steadily declining. Between 1997 and 2003, the medium experienced an average audience loss of approximately 23 minutes a year. Ethnic radio has seen countervailing trends with rising listenership. Broadcasters are finding themselves in competition not only with satellite and Internet radio, but with portable mp3 players – such as the popular iPod – as well.

Check List:

- ✓ Feature downloadable MP3 files on your websites with creative content, which have a high likelihood of being shared. Ask your supporters to help circulate them.
- ✓ Traditional radio may be an efficient tool for reaching ethnic and rural audiences in a low cost, targeted way.
- ✓ Large national organizations should consider advertising on Internet radio, where extremely low costs (2.5 CPM) make for a cost-efficient, clean venue for consumer communication.
- ✓ Internet radio advertising provides strong cross-over benefits for progressive organizations, allowing you to take immediate action while at the computer.

INTERNET

Strategic overview: Increased penetration of broadband and new search technology is changing the internet. Yet, many organizations have been slow to recognize the most cost-effective means of advertising online.

Display and banner ads, the most common form of Internet advertising for the last 10 years now carries a heavy price tag, with a primetime CPM of 19 (as compared to 2.5 for Internet radio). As a result, advertisers are constantly seeking out new means of communicating online. Paid search and rich media (such as online video), are two approaches to online advertising that have begun to skyrocket in popularity. The links which advertisers pay to appear whenever certain words are searched surged from 4% to an estimated 42% of all online marketing between 2001 and 2005. Not surprisingly, return on investment in paid searches is far higher than in banner advertisements.

The spread of Broadband connections has allowed video to begin to flourish online, creating the opportunity to communicate through video – a much more powerful and emotional vehicle - as opposed to just text. Companies new and old (Volkswagon, Jeep, Napster) have begun online video advertising.

It is important to invest time in making sure you can be found online. Search optimization, manipulating search engines algorithms to guide users to a preferred destination, has become a very important means of attracting Internet traffic. Effective use of this technique can be the equivalent of many paid advertising dollars.

Check List:

- ✓ Banner or display advertisements online have become very expensive. Primetime CPM for banner ad can be almost as much as broadcast TV. If you are going to buy banner advertising, ensure it is animated or features video, as that increases effectiveness of the ad substantially.
- ✓ Look into paid search advertising (keywords) and “rich media” (online video, online commercials) which are cheaper and better alternatives – highly targeted for less money. The first 2 listings featured are substantially more effective than the remainder.
- ✓ When purchasing paid search advertising, consider buying related words.
- ✓ Engage in search optimization using the name of your campaign or key issues. Being found easily online is incredibly valuable. The

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first two return recommendations on Google are worth as much as the top paid search ad and is free.

✓ Connect with local Bloggers. Bloggers help drive Google rankings. The more you are mentioned the higher your search ranking.

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Concluding Thoughts:

Two key aspects of the new media landscape detailed above are as follows:

Proliferation, fragmentation and segmentation – The explosion of media options has segmented consumers into ever smaller and more clearly defined baskets. As a result, moving a message through advertising and free media now requires much greater knowledge of one’s audience. In many cases this means both having a more sophisticated understanding of how one’s argument plays with narrow segments of the population, and developing several sets of media to reach these targeted groups. Given the explosion of new options, executing a “broadcast campaign,” one that offers a single message to multiple audiences via single venue is now no longer either efficient or effective.

Empowered consumer – In a related development, as consumers are spending more time in segmented media environments (the Golf channel, Amazon’s children’s books section, Univision) they are coming to expect more personalized targeted advertising. They expect that marketers have greater knowledge of who they are and how they live. They expect advertising to be smarter and more aware. Increasingly, they expect not just segmented media, but segmented advertising (e.g. sports themed ads on sports shows).

These developments will require a new politics from progressives, so that our different segments are hearing messages that speaks to their more narrow concerns; and we will have to produce ads for more media outlets, including exploring such new options as internet video.

If all this sounds daunting, it is. In some cases it will be much more expensive, as we will have to pay more for market research and production. But we will also be reaping the benefits of more efficient buying and messaging that is both more effective and more germane.

This transition will also require a much greater degree of message sophistication. Understanding how an issue plays out across segments requires a much greater commitment to understanding the policy or issue itself.

And finally, the potential cost and complexity of this new media world will force all progressives to put a much greater premium on being smart – clearly a good thing for all of us. Modern advocacy campaigns will have to spend more on market research, helping us better understand how to segment our messages and stay on top of fast-changing media usage trends; we will have to produce more advertisements. With additional market research and production costs, campaigns will have to seek savings elsewhere.

The era of the single ad, broadcast buy with a 15% fee are over. If we want to stay competitive, and effective, progressives must develop new models for how we manage our advertising campaigns, ones that allow for more market research, greater segmentation, more production and ultimately superior effectiveness. The new politics require nothing less.

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