

# Maximising ad value in a tough economic climate

By Jedd Cokayne

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It's that time of the year again when many agencies have finished writing strategies, budgets have been finalised and discount commitment negotiations have started.



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Based on media inflation and the potential economic outlook for the year, this area is more pertinent than ever to ensure we get the best value for our clients in a difficult media environment.

As budgets potentially either stay the same or decrease, the performance of media becomes more and more important when it comes to media selection and strategy.

Below are a few pointers to keep in mind when discussing your commitment discounts and potential campaigns with various media houses. The information is sourced from Mike Leahy's Media Inflation Watch and covers the third quarter of 2015 and measures Jan-Sep 2015 vs Jan-Sep 2014.

Before we start, there are a few technical issues we have to keep in mind. There are new weighting measures that were introduced into the TV measurement survey (TAMS) in March 2014 and Q3 in 2012. What this means to laymen is that you may not be able to compare audiences in many periods against audience figures in others. Trending will almost be impossible as the performance methodology has changed.

Similarly radio has also been affected from changes in 2011 and Q3 in 2013 so average station performances can't be measured. Therefore rate index is used for 2011, 2012, 2013 and 2014.

Cinema is reported by Cinemark, who supply rates and monthly audience figures for their top 15 houses.

Therefore, please take note that there is evidence that audience changes in TV, radio and cinema have taken place but due to the above one cannot calculate the exact extent with any accuracy. Quarterly figures will give some sort of direction if studied in detail.

## **Let's start with TV**

All TV rates increased by +5.77%

Performance 0.00% (refer to technical note above) MIW Index (CPM) +5.77%

Free to Air TV

Rates increased by +2.14%

Performance 0.00% (refer to technical note above)

MIW Index (CPM) +2.14%

Pay TV rates increased by +13.38%

Performance 0.00% (refer to technical note above) MIW Index (CPM) +13.38%

Overall, the TV stations' rate increases were moderated further in the third quarter compared to previous periods. Two of the big stations registered rate decreases - eTV (-12.9%) and M-Net (-7.9%) 2015 Jan-Sep compared to 2014 Jan-Sep.

As always, within this mix there are some notable variances. On the face of it, Free to Air's Rate/MIW Index (CPM) appears a somewhat more modest +2.14% but SABC2 went up by +25.3% and SABC3 by +19.2%.

Pay TV's 2015 Jan-Sep Rate Index is up by 13.38% on 2014 Jan-Sep.

## **How is print featuring?**

All Print Rates +4.15%

Performance -6.14%

MIW Index (CPM) +11.37%

Dailies Rates +4.45%

Performance -6.24%

MIW Index (CPM) +11.59%

Weeklies/Weekends

Rates +3.46%

Performance -9.74%

MIW Index (CPM) +14.89%

Communities

Rates +4.09%

Performance -0.48%

MIW Index (CPM) +4.63%

Consumer mags

Rates +3.9% Performance -7.73%  
MIW Index (CPM) +13.15%

## B2B

Rates +5.52%  
Performance -5.66%  
MIW Index (CPM) +13.56%

Rates have shown a lowish sector average of +4.15%, but due to poor performance (circulation) overall with a deflation of -6.14%, the MIW Index (CPM circulation) has been pushed to a double digit increase of +11.37%. Overall rate increases have stayed marginally low with business to business publications showing the highest rate hike.

Circulation or lack thereof, continues to be the main driver in this sector. Only community newspapers, which are free-to-home are doing ok from a circulation point of view (-0.48%). It's the other members of the print family that are not performing well. Dailies fell by -6.24%, Business to Business by -5.66%, Consumer Magazines by -7.73% and Weeklies, the highest at -9.74%.

## On the radio waves

All Radio Rates +12.18%  
Performance -7.34% (refer to Technical Note above)  
MIW Index (CPM) +22.54%

### ALS stations

Rates +21.16%  
Performance -5.71% (refer to Technical Note above)  
MIW Index (CPM) +31.21%

### Regional and national stations

Rates +8.0  
Performance -8.09% (refer to technical note above)  
MIW Index (CPM) 18.51%. This is the category with the highest rate increases mostly driven by the two price increases by the SABC in Nov 2014 and April 2015. The effect of Oct still has to filter through.

The ALS stations increased their rates +21.16% and the national and regional stations by 8.0%. These increases are mostly driven by the SABC.

Overall, radio performances fell pushing the general MIW Index up for radio. Creative, strategy and media intrinsic aside, radio is now more expensive than many TV stations on a cost per contact ratio.

## The OOH arena

### Out of Home

Rates +2.0%  
Performance change none  
MIW Index (CPM) +2.0%

The OOH segment continues to remain pretty flat compared to competing media, and certainly beneath the CPI.

## Now to the big screen

### Cinema

Rates +2.0%

Performance +9.7% (refer to technical note in the beginning)

MIW Index (CPM) -7.0%

As mentioned in the intro, cinema is measured on the top 15 Ster-Kinekor houses (140 screens). Although 2015 Q3 attendances came down, 2015 ended on a better note compared to 2014 and lead to a reduction in MIW Index (CPM) of -7%.

## In the digital space

Online

Rates -2.1%

Performance 0.00%

MIW Index (CPM) -2.1% In this segment Rates and MIW Index (CPM) continues at around -2.1% overall for a schedule of top sites with some sites increasing and others decreasing rates depending.

## All media as a whole

Total All Media

Rates +5.92%

Performance -2.64%

MIW Index (CPM) +9.36%

The increase of +5.92% overall for 2015 Jan-Sep Rate Index is somewhat lower than the final 2014 Rate Index of +9.2%, indicating a slackening of asking rates. However the Performance Index has increased from -1.55 to -2.64 yielding a MIW (CPM) Index of 9.36% vs 10.99%.

Based on the above, it's imperative that all media agencies carry out careful evaluations and take the performance of each medium into account to get the best value out of your budgets.

## ABOUT JEDD COKAYNE

Jedd has been in the media industry for 19 years and worked within media agencies and creative agencies like OMD, JWT and Joe Public. He has been lucky enough to work on some fantastic brands like Nissan, Ford, Siemens, Smart Car, Clover, MTN, Absa, Coca Cola and Famous Brands, to name a few.

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