

A thesis submitted for the degree of Masters by Research  
(Marketing)

# What Matters in Media?

An investigation of media decision makers'  
perceptions of value

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# Abstract

There is currently no simple way for a marketer to compare the value of an advertising spot on TV versus on radio or Facebook. Academic research to date has provided little guidance, and media options are becoming more complex, with a vast array of media vehicles in each platform fighting for the attention of consumers, and the budgets of marketers.

This research explores media value using the Cost Per Thousand (CPM) metric, which reflects the average price paid to (potentially) reach 1000 people. It is the main focus because:

- a) It standardises the number of Opportunity-To-See (potential reach) across media. Given its relationship to penetration, reach is a vital component for brand growth (Sharp, 2010).
- b) It enables direct comparison across competing media (Ephron, 2004),
- c) It is relevant to marketing practice, being widely used in industry to evaluate media value (Cheong, De Gregorio, & Kim, 2010), and;
- d) It is a financial metric (Mintz & Currim, 2013), which is critical. Given the limited budgets available for brand communications for most organisations, trade-offs between media choices must be made with regards to how much they cost.

This thesis specifically provides insight into how CPM varies across media types through studying the knowledge and perceptions of decision makers from both sides of the media buying and selling process (i.e. Brand/Advertiser and Media/Advertising Agency perspectives). Given that little research exists on decision making in media planning, this approach is a valuable contribution, at a time when the quality of managerial decision-making has been highlighted as the single most important factor for the success of marketing management (Wierenga, 2011).

In the absence of empirical evidence, marketers and media decision makers must still compare media alternatives; therefore they develop a type of understanding or decision framework that influences industry practice. Research into understanding the decision-making process of media decision makers is useful to understand how media types are being valued by their buyers / sellers. The assessments of media decision makers are used in this thesis as their roles require them to evaluate competing media types on a regular basis, making trade-offs and assessing the value of each in relation to their current problem or situation.

The current research aims to capture two components that are driving media value as part of the CPM metric; 1) how many potential exposures (OTS) that are paid for are

actually seen by consumers, and 2) of the OTS that are converted to an exposure, what is the value or impact of that exposure?

Stage 1 of the research is a qualitative pilot study in the form of in-depth interviews. The sample consisted of 15 respondents from the US, Europe and Australia. Stage 2 of the research involved a web-based survey. The final sample consisted of 87 respondents; the majority from Europe, Oceania and Asia.

The findings show;

**Media decision makers perceive that the most valuable exposures are in Primetime TV, Cinema and Desktop Pre-Roll (Non-Skippable) media types.** Newspapers, Outdoor and Magazines were considered to be worth around half of the TV benchmark and most static text and/or image digital formats were considered to be worth a third or less of the value of TV. In other words, to gain the equivalent value of spending \$1 in TV, marketers perceive that \$2 is required in traditional media such as magazines or outdoor, and \$3 in static digital formats.

**Video based media (particularly 'traditional' video based media) are believed to have higher potential to gain actual ad exposure (e.g. conversion from an Opportunity-To-See to an actual exposure) than static image and/or text-based media types.** Format (e.g. video) and audience behaviour (e.g. consumers' behavioural tendencies when consuming different media) are the main claimed reasons used to determine assessments of media value.

**Media/Ad Agency decision makers differ in their beliefs from Brand decision makers. Media/Ad Agency people believe media achieve higher exposure levels and hold greater (CPM) value than Brand decision makers on average.** This held across the majority of media types, as well as both OTS-to-Exposure and CPM Value ratings.

**Managerial perceptions do not provide clear consensus as to the value of individual media.** Media decision makers are broadly using the same guiding principles, however, these principles are leading to very different quantitative valuations of individual media (e.g. video format is considered important, however large variation is seen in the valuation of video-based media). This suggests media decision makers have diverse mental models.

**The top ranked general media planning considerations, in order of perceived importance, are 1) Unique Reach, 2) (Overall) Cost, and 3) CPM to Target Market.**

This thesis identifies factors that affect media decision making as specified by a global sample of over 100 media decision makers, including exploration of 'qualitative factors' not previously elaborated on in recent literature. This study contributes to the existing

media value literature by looking at a large number of media types and formats in a single study. It highlights the need for better transparency in media research in order to enable evidenced based decision-making. Further, this research demonstrates the potential of structured judgmental forecasting techniques in the little explored area of decision-making in media planning research.

The current research encourages media decision makers to consider a range of possible media options through a comparable metric (e.g. CPM), rather than on an individual case-by-case basis using medium specific metrics. In turn, this should prevent marketers from being caught up in the largely intangible benefits that are used as sales arguments by providers in the marketplace.

The current study is limited by variability found within respondents' media valuations. To remove ambiguity and allow for clearer comparison of individual media value, it is suggested that in future research decision makers be presented with well-defined scenarios, answering for the same set(s) of conditions. Future research would benefit from a larger sample of decision makers across many markets and regions to determine the generalizability of results found here, and ideally compare perceived CPM figures to current market data for each region.

Exploring the differences in valuations between the two groups of decision makers warrants future research. The current research highlights the opportunity for marketers and the wider media industry to further understand individual media value before pursuing even more challenging areas such as cross media and synergistic research.