

TV OPTIMISERS – BOON OR BANE? An Indian Perspective

“How do I know that this TV plan is the most optimal one for the given budget?” “What is the best channel / programme mix that can improve the buying efficiency in this market?” “How can I reduce the manual interface in developing a plan and save man-hours?”

Such queries made OPTIMISATION the new media buzz word and OPTIMISERS the new media tool across the globe, a few years back.

Optimisers have existed in the Indian media vocabulary too, for quite sometime. Some media agencies imported the optimisers developed abroad, some tried to develop it locally, while most others bought the optimisers available off-the-shelf.

Despite it being acknowledged as a critical media tool, optimisers still find very limited use in India, as there exists a lot of grey areas on how to maximize benefits from using them.

This issue will attempt to provide basic insights into optimisers and also provide directions on how to get the best “bang for the media rupee” using such optimisers. The optimiser considered for this newsletter is X-PERT, the TV optimiser available from TAM, as this is the most used optimiser in the Indian context today.

Why do we need Optimiser?

The answers are obvious.

Unlike the early years of TV, where the options on television were limited to a few channels/programmes, today there are over 200+ channels and millions of TV programmes to choose from, for a brand plan. It is physically impossible for a media planner to identify and analyse the plethora of combinations possible manually.

A typical national TV plan for a brand today needs at least 15-20 national and regional channels with over a thousand spots across programmes. Building such a plan manually requires several man-hours and also devoted manpower, which can become a non-viable proposition.

Hence there emerged the need for a tool that can handle the complexity of the TV scenario today and simplify the manual interface, so as to give directions on what to choose in the media plan and hence what to buy for the brand.

How did Optimisers Evolve in India?

Optimisers became available off-the-shelf in India from 1995 with

INTAM (a competing TV audience measurement to TAM at that time) providing an in-built optimiser along with their viewership software. The INTAM optimiser found limited usage as the optimization process here used the “highest viewership minute” within a programme; while in reality one could only buy a “programme or a time band” from a TV channel and not a “particular minute”.

TAM has made XPERT available in the market since 1999 and this has today become the most used optimiser in India.

How does the Optimiser work?

At the most basic level, given an input of programmes/time bands and the costs against each of them, an optimiser helps to arrive at the best possible mix of programmes/time bands that can deliver the preset objective of

- Maximizing reach at a certain frequency, given a budget (or)
- Minimizing cost, given a reach-frequency target

To illustrate the workings, given below are some examples of how an optimiser can help in improving the efficiency of a TV plan versus manual optimization:

Example 1: Balances Channel Mix

For a brand targeted at males belonging to the upper SECs in Tamilnadu, there was a need to achieve a media objective of 47% reach at 3+ frequency (ie. 47% of the target audience needed to be reached at least a minimum of 3 times). As all of us are aware, SUN TV dominates the TV scenario in Tamilnadu, with Raj/Jaya/Vijay TV forming the rest! The traditional approach for most brands has therefore been to over-depend on SUN TV and marginally use one or two of the other channels to deliver the given reach objective. By spreading the monies more or less equally across all the 4 channels, the optimiser was able to achieve the given objective at 13% lesser cost as can be seen below:

| Channel | Manual (% budget) | Optimizer (% budget) |
|---------------------|----------------------|-------------------------|
| Lead channel | 65 | 31 |
| # 2 channel | 14 | 22 |
| # 3 channel | 21 | 24 |
| # 4 channel | 0 | 23 |
| Budget Index | 100 | 87 |
| Reach @ 3+ | 47% | 47% |

For another brand where the budget was kept constant, the optimiser managed to improve the reach obtained by 10% versus the manual optimized plan.

Example 2: Improves Buying Efficiency

For a housewife-targeted brand, the traditional time bands that are normally bought are afternoon and prime time bands. By identifying the early evening time band as a potential investment option on one of the channels in the Hindi Belt, the optimiser helped to identify a “new-low demand” time band. This enabled the brand to buy this so-far-unexplored-time band from the channel at an extremely low rate, thereby improving the deal efficiency by approximately 15%.

In numerous other cases, the optimiser has helped to identify the newer non-leader channels like MAA TV in Andhra Pradesh, Kairali in Kerala, and ETV Kannada in Karnataka etc. to improve efficiencies in that market.

In addition to the above, while using the optimiser, conditions like allocating a percentage of the budget to a particular channel due to an existing deal, limiting buys on a particular programme due to FCT constraints etc. can also be built in. This to some extent enables deal and inventory management for clients.

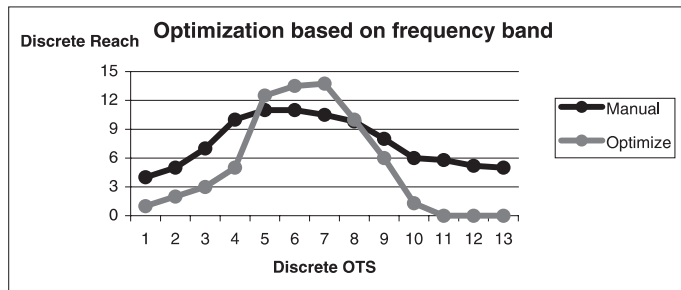
What are the more advanced uses?

While the two examples given above demonstrated the most basic use for an optimiser, it can also be used to improve the quality of TV plans and buys substantially:

1. Minimises Wastage and Wearout

During manual optimization, a media planner tends to focus and to achieve a given media objective for a brand, cost effectively. Very rarely does the planner track and control the plan exposures beyond the required objective, due to the limitations of manual optimisation. With an optimiser however, it is possible for a planner to maximise exposures within a certain range and minimize spillover beyond that range.

Let us look at an example that demonstrates this point. For an intensely competitive FMCG brand the typical monthly planning objective was to maximize reach at 5+, frequency. The manual process resulted in plans having a long tail in the higher frequency bands resulting in high levels of over exposure amongst a proportion of the target audience. The optimiser when used to maximise the reach within the 5-7 frequency bands (i.e. acceptable frequency bands) delivered a significant reduction in over exposure beyond 7 OTS and thereby minimised wear out, as can be seen in the graph below:



2. Decision Making for Negotiations

To enable the right decisions in media buying, numerous “what-if” scenarios need to be evaluated to determine the budgets to be allotted to each channel. Attempting this manually does not enable a media buyer to evaluate all possible options. With an optimiser, such decisions are available at the “press of a button” as can be seen in the example that follows:

For a market in the South, there were two comparable regional channels in terms of viewership, reach and other channel evaluation criteria. While the normal tendency would have been to split the monies between the two equally, using the optimiser to generate the results for various budget splits between the two channels, showed that being an exclusive partner with one channel yielded the best results. This resulted in a channel deal where the promise of exclusivity improved the deal by nearly 17%.

% Spend Split between the two Channels

| Channel 1 | Channel 2 | Reach index |
|-----------|-----------|-------------|
| 100 | 0 | 100 |
| 75 | 25 | 135 |
| 50 | 50 | 129 |
| 25 | 75 | 139 |
| 0 | 100 | 148 |

3. Balancing Exposures Across Various Segments

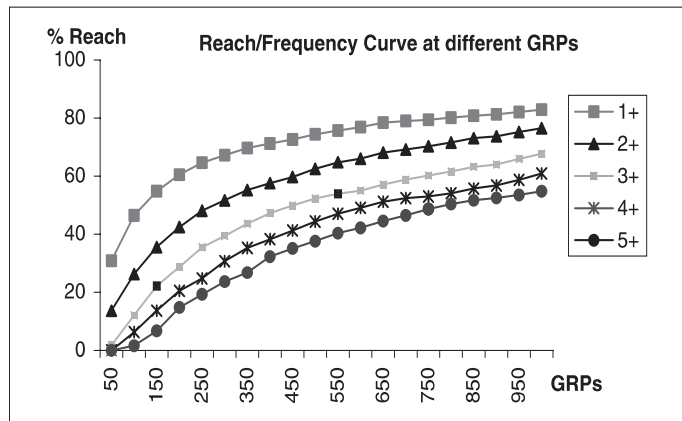
An optimiser also helps a planner to look at the media deliveries based on the intensity of viewing by the target audience, which is otherwise not possible manually. It provides this perspective by splitting the total audience into five groups, each group representing 20% of the audience as can be send from the following table for a plan covering the Hindi Belt:

| Details | Avg Frequency |
|--------------|---------------|
| Heaviest 20% | 14.8 |
| 2nd 20% | 5.4 |
| 3rd 20% | 3.2 |
| 4th 20% | 1.8 |
| Lightest 20% | 1.0 |
| Total Plan | 5.3 |

Clearly, there is an uneven distribution of exposure (AOTS) between the heaviest 20% to the lightest 20%. By varying the channel/ programme composition of the plan, it is possible to minimize the variations across these viewership segments to an extent.

4. Budget Estimation

Normally to determine the budget for a brand, one needs an indication of the GRPs required to achieve a certain media objective (reach-frequency) for the brand. Traditionally, to arrive at the GRPs required, a media planner generates what is called a reach-frequency curve that maps the three media parameters of reach, GRPs and frequency in a graph, as can be seen below for a certain target audience in the Hindi belt market.



From the graph, it is easy to estimate the GRPs required to reach a certain media objective. Post estimation of this GRP, it is then multiplied by the cost estimated to buy one GRP (CPRP) and the average duration of the commercial for the brand, to arrive at the budget.

Developing these reach-frequency curves manually is an extremely tedious and time-consuming process. Also given the limitations of the options that can be evaluated manually, normally these curves become an approximation. With optimisers, these graphs can be developed at the press of a button and can also be updated on a continuing basis.

5. Use as a strategic planning tool

Five very advanced modules which can be used while optimizing especially from Xpert are :

1. Prediction
2. Time plan
3. Frequency Weights
4. Weekly Weights
5. Daypart Weights

Prediction module

In this module the user can enter the expected TVR (i.e. in future) for a programme/daypart or enter an index for the expected viewership. This is useful in predicting the impact of future expected behaviour on a plan.

Time plan module

The time plan module takes into account the decay factor of advertising (a quantitative value e.g. 10%) which is fed in by the user on the basis of his past experience and/or research data from ad tracking studies. Using this module users can look at reach build up over time after applying the decay factor. Users can also analyse plans with differing decay rates.

Frequency weights

In this module Xpert allows the user to assign different weights to different OTS (Opportunity To See) levels with "1" being the maximum weight. This module reflects the diminishing returns principle wherein after a certain OTS level the advertising effects start to increase at a diminishing rate. Once the weights are assigned to the various OTS levels Xpert uses the same for recalculating the reach based on the assigned weights.

Weekly weights

In this module Xpert allows the user to assign different weights to different weeks. This module is particularly helpful to maximize individual week reach without compromising the overall reach objective.

Daypart weights

Similar to the frequency weights & weekly weights module, here Xpert allows users to assign different weights to different dayparts to understand the relative effectiveness. For e.g. the popular belief, that housewives are more receptive to advertising during daytime which was earlier largely subjective can now be tested quantitatively by assigning different weights and checking their reach delivery.

What are the key differences between manual Optimization and using an Optimiser?

Given below is a summary of the key differences between manual optimization and an optimiser - Xpert:

| Details Optimization | Manual | Xpert |
|---|--|---|
| Plan Inputs | Spots or slots | Dayparts |
| R/F calculation | Based on actual viewership | Based on probable viewership through built in algorithm |
| Time taken to make a typical national plan | 2 days | Half a day (assuming daypart library & costs are ready) |
| R/F Curves for different GRPs | Not readily available. Needs to be calculated | Readily available |
| Number of iterations for optimization | Limited (As it is impossible to calculate all possible combinations) | Numerous (For eg a typical national plan will have at least 150+ options) |
| Optimization basis viewing intensity | Not possible | Plan delivery can be checked for different viewing segments broken down in to quintiles |
| Using advanced strategic planning principles for optimisation | Not possible | Possible (eg Frequency weights, daypart weights etc) |

What are the limitations of an Optimiser?

Like any software, optimisers too have their limitations. The key limitations of optimisers are:

- (a) It is not possible to optimize multiple markets simultaneously. With an optimiser, it is possible to either look at one market or a cluster of markets grouped together as one. As a result, instead of achieving the targeted delivery in each market, an optimiser plan while delivering the overall objective, may end up over delivering in some markets and under-delivering in the other markets- this is illustrated by the plan below that was optimized to deliver 60% reach at 3+ in Andhra Pradesh overall:

| Market | Manual | Optimizer |
|--------------|--------|-----------|
| A.P. Total | 60% | 60% |
| Hyderabad | 58% | 54% |
| Rest of A.P. | 60% | 62% |

- (b) In XPERT, there is a limitation to the number of dayparts that can be inputted for a plan. The number today stands at a maximum of 100 dayparts for a plan. This can be limiting as the innumerable channel programmes under consideration need to be grouped into 100 dayparts
- (c) The quality of the optimiser output is only as good as the quality of the inputs that are given by the user (for example: definition of daypart clusters; deciding on the ideal market for optimization; rates inputted for optimization etc). Therefore the optimiser may generate different outputs for the same task dependent on the caliber of the user using the optimiser.

But despite these limitations, the benefits that can be obtained from the optimiser far outweighs the limitations.

Madison Media Tips on Optimisers

6 tips from MADISON MEDIA on how to maximise the bang for the media buck!!

1. Maximise weeks on air

Do not look at the optimiser as a “savings” tool. Instead use the optimiser to maximise weeks on air within your budget.

2. Maximise through experimentation

Ask numerous “What if” questions.

- “What if” I do not take the lead channel in this market?
- “What if” I buy only weekends?
- “What if” I substitute afternoon prime with early evening timebands?
- “What if” I triple spot on programmes?

The more the experimentation, the more the discoveries that maximise returns

3. Deliver in the “Hard to Reach” Segments

For every brand, there is a sub-segment within a target audience or a specific market, which constantly under-delivers in terms of media deliveries. Make these segments the core target audience/markets for optimisation, especially given the limitation of an optimiser to evaluate only one market/audience cluster at a given time.

4. Improve Construct of Media buys

Redefining time bands or ensuring the right FCT split by programme can make dramatic improvements on media deals. Use the optimiser to arrive at the optimal programme basket for negotiation.

5. Understand the true value of dayparts

Use the optimiser not only to build reach but to know the “unique” number of people (i.e. reach) watching a daypart. When this “unique” reach is used in conjunction with realistic costs the true value of various dayparts can be ascertained.

6. Integrating other research findings into your media plan

For brands doing ad track research and having information on “decay rate” do not stop at using decay rates just to readjusting GRP levels but also to recalculate reach frequency as GRPs are not the best way to optimize plans.

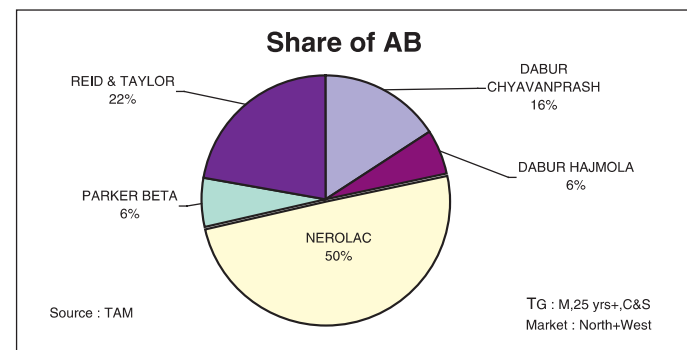
We need to remember, that optimisers are just tools, albeit powerful tools. Successful use depends on the intelligence of the user and his/her understanding of television viewing patterns and the marketplace.

Knowledge is power, and the more we know about the value of a schedule or program, the more efficiently we will be able to deliver brand schedules particularly in a world, where accountability is king.



New Media Terminology – Share of Amitabh Bachchan

Numerous brands today are using celebrities to endorse brands, with Amitabh Bachchan being the most in demand celebrity. In addition to fighting for a share of voice (SOV), the brands using Amitabh Bachchan are also fighting for a “Share of Amitabh Bachchan” (SOAB). Here is an update on which brand managed to get the highest SOAB during Jul-Dec 2003 where the total GRPs of all commercials using Amitabh Bachchan was a whopping 7227 in satellite households.



Comments, queries welcome at: mmrc@madisonindia.com