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Tips to Spice Up a Local Market Plan

Enhancements That Deliver More Productivity Will Grab Attention

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Story continues below...

Are you in the midst of putting together a plan for your client looking to spice up one area to really snag your client's attention? Here's a great suggestion for you: Spend some time focusing on local market planning.

The area of local market planning doesn't do a lot to get a planner's juices flowing with excitement, but it's of crucial importance and great interest to clients. Why? Key markets are the drivers of a brand's business. Any plan enhancement that can deliver more productivity from these geographies will get a client's attention. So uninspiring though it may be, it's a good place to attack in the media planning exercise.

With that thought in mind, the following discussion will cover three tips that might be useful to you in your local market planning efforts.

- Base market tier exercises on what needs to be accomplished with consumers, not just where brand consumption is taking place
- If market development data isn't available, get industrious and create it yourself
- Once you have all of your info, use algebra to simplify the process

Tier Strategy

When it comes down to it, most local market planning becomes an exercise of identifying the highest consumption skews by brand or for a category and allocating funds to support those skews. We are all familiar with the data commonly used for this type of exercise.

First is the brand development index, described by the percent of the brand's volume in a market divided by the market's percent of volume. There is also the category development index, described by the category's percent of volume in a particular market divided by the market's population.

Most local market exercises will consider BDI and CDI data, perhaps weighting the two together to obtain a market value index for each market. Frequently market exercises will also weave in BDIs for competitive brands of interest, either attacking or avoiding particular brands, and possibly a media efficiency index, accounting for the relative expense of local geography.

The problem with this standard type of approach is just that-it is standard. There's a great book out there on the subject of growth by Chris Zook with James Allen called "Profit From the Core: Growth Strategy in an Era of Turbulence," containing a quote that captures this situation nicely: "Achieving growth is hard because most organizations protect the status quo and growth requires change."

Setting up a market priority list based on where a brand is selling (BDI-ranked) or where the category is selling (CDI-ranked) is a status quo approach. Moreover, it's based on old information about where sales have occurred in the past. To generate growth from fertile geographies, the market prioritization exercise requires a different, proactive mind-set.

Media plans are future-looking exercises intended to deliver a creative message to move consumers from where they are now to a desired future behavior. If that is the case, why design the future-looking exercise looking back to the past? Use marketing objectives as a sure guide for where the brand desires consumers to be at the effort's conclusion and select markets based on that desired result.

For example, is the marketing objective to obtain new users by stealing share from a specific competitor? Don't just rank the competitor's development and attack its top markets. Too often planners do just that. Look at a two- or three-year trend in the competitor's numbers. Identify which of their markets are showing the most volatility from year to year. Then cross that ranked list with your brand's distribution development.

Conversely, maybe your marketing objective is to deepen relationships with existing customers. Don't just rank by BDI and call it a day. Look at the difference between BDI and CDI.

In a market where your brand's development far outpaces the category, you may not be able to sell much more. But those markets will give you an upper-end standard. Where are markets with solid category development that your brand does not enjoy such a large share of requirements level? Those markets are likely more advantageous to the marketing objective because they have more growth potential.

Whatever the case, don't fall into the trap of status quo approaches. Use your brand's marketing objectives as a standard to dictate the market prioritization exercise.

Create Your Own CDI

It's not unheard of for even planners in large agencies to learn that no category development data exists for a brand on which they happen to be planning. It also often happens that a brand new to a category hasn't tracked or paid for the data since it hasn't entered the marketplace yet. Or for smaller brands or smaller clients, category development data may be out of reach simply because it is unaffordable.

If you are planning on a brand in a situation like this, take heart and get ready to please your client. It's likely you can manufacture your own category or maybe even competitive development data with some commonly available resources.

The basic ingredient for this exercise is Nielsen designated market area population data. While it will take some time (unless you can procure it electronically), go to Nielsen DMA population by county data and get ready to start inputting. What you need to do is look at each DMA's detailed county info and add up the population in each A, B, C and D county for each DMA.

When you have this information in hand, lay out a spreadsheet set up by all the DMAs down the left and county size across the top. Input the populations by county for each DMA you have obtained from Nielsen. Then lay out four additional columns to the left to calculate percent of DMA or U.S. population by county size. The completed spreadsheet enables you to understand how much of the DMA's or nation's A county population resides in which DMA and so on for each county designation.

Here's the fun part. Let's say you have an MRI run for the particular category in which you are interested. A look at the demographics will give you an idea of what percentage of the category's national users lives in each county size. If you take the percent of U.S. users by county from MRI and redistribute the total back up through the DMAs using the county population distributions from Nielsen, you now have a projected distribution of users by market across the United States by DMA. If your initial MRI run was based on volumetrics and not population, your spreadsheet projection will reflect not users by market but volume by market.

If MRI data is not available, it is possible to apply the rationale of this exercise in other ways. For example, many trade publications in various industries will publish by-region category consumption data for areas like states, census regions or marketing regions. It doesn't take a lot of effort to group DMAs from the initial Nielsen spreadsheet into their constituent state, census or marketing areas and then apply the trade publication consumption data by region to the reconfigured spreadsheet.

You may think that this is an interesting exercise, but ask whether it will yield accurate development indices. The answer is this exercise will provide useful, directional projections. In one instance I remember using this approach and generating mixed client reactions. On the one hand, the client was fairly excited, even optimistic. On the other hand, it had a good degree of skepticism.

Months later the client decided to procure category consumption data on its own. I received a call from the client relating that it had found some of the projected markets to be statistically different than the real data. Two markets out of more than 200 differed by around only 10 percent. The others were within 5 percent one way or the other.

So the bottom line is that manufacturing your own category or competitive brand development indices is not an unrealistic exercise. It will require some time and coordination of at least a couple of data sources. But in the end, it will generate a picture of market development that may not be precise but will give directional learning that you may not have had before.

Process

Let's say that you've navigated your way through the market prioritization exercise and you know the makeup of your market groups. But now you're dreading the trial-and-error process required to determine how much weight goes to the national plan and how much goes to each of the market groups. Never fear: A simple thing like algebra can save you a lot of time that otherwise would have been wasted in trial and error.

There are a couple of things you need to do to prepare for this. First, determine your national planning cost per point. Don't forget to factor in quarterly weight distribution and cost seasonality. Then determine a weighted average market value for each of the market groups on your list. Make sure to derive a market value for the lowest market group that will receive weight from only the national effort.

Then it's all algebra. If you haven't gone through this exercise before, there is an example included here. While this example simplistically assumes an all-TV plan, multiple media types can also be factored into the algebra as long as you have determined the media mix you will use and know the costs per point for each media type. The basic premise of the process is to reduce all of the variables, which in a market cost-out exercise are the target rating point levels that will run in each market group, to only one variable.

After the market tiering exercise is complete, this is easily accomplished because relationships between the groups are known. A hypothetical market tiering exercise is included in the example. In the hypothetical case, all the market groups have been indexed back to Group 3 (National). When the relationships are known, each group's weight level can be re-expressed as a fraction or multiple of some other group.

In the example, the algebraic exercise reduces the variables down to the national TRP level. Note that it makes sense to double-check the exercise to ensure accuracy. Also note that the final result is just shy of the hypothetical $25 million budget. That's basically due to rounding.

While it may not feel glamorous, planners who dive into the local market planning exercise with a proactive philosophy and a little bit of ingenuity can have a big impact on brand plans.

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