



Agency Life 101

Presented by: Sherry Miller





Agenda

- Background/What is an Advertising Agency
- Agency History
- Agency Departments
- Agency Issues
- Scarborough Uses and Data Examples
- Competitive Services and Scarborough

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



Background

- Scarborough and Arbitron share sales responsibilities
- Scarborough has over 500 subscribing advertising agencies
 - These range in size from “mom and pop” shops to “worldwide-mega-billion” dollar shops
 - Scarborough sells directly to the Top 50 agencies and media services companies
 - Arbitron sells directly to all other agencies and media services companies, including regional and local agencies

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



What Is An Advertising Agency?

- Organization that provides services to a client to help them get product messages and promotions in the various media
 - Organization acts as agent for client
 - Media can include TV, magazines, newspaper, radio, out-of-home, internet, coupons, direct mail, etc.

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



2005 SSRM

REVOLUTIONize
SCARBOROUGH RESEARCH

Scarborough Agency/Media Service Clients

- MPG
- Lowe
- Starcom Worldwide
- MediaVest Worldwide
- MindShare
- Saatchi & Saatchi/Team One
- FCB Worldwide
- Mediaedge:cia
- Deutsch
- Hill, Holliday, Connors, Cosmopolos
- OMD
- MediaCom
- Universal McCann
- Initiative Media
- Temerlin McClain
- Optimedia International
- Zenith Media services
- Rubin Postaer
- Hal Riney
- PHD
- Doner
- The Richards Group
- GSD&M
- The Martin Agency
- Wieden & Kennedy
- Goodby, Silverstein & Partners

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



Agency History

- Before the mid-1990's, advertising agencies were considered to be “full service shops” for their clients
 - This means that agencies provided the creative, account management and media planning and buying
 - All departments resided within the same organization

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



Agency History

- Around the mid-1990's, agencies began to “unbundle” where they can pitch new business without providing full service to their clients
 - Media agencies such as Starcom/MediaVest (Leo Burnett/DMB&B), MindShare (J. Walter Thompson/Ogilvy), Mediaedge:cia (Y&R), OMD (BBDO, DDB, TBWA/Chiat Day)
 - Allowed for partnering with other creative agencies and research companies

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



Agency History

- **Parent companies also began to buy more and more agencies for a massive consolidation**
 - **Today, there are a few key players:**
 - **WPP** (MindShare, Mediaedge, Grey just acquired)
 - **Publicis** (Starcom, MediaVest, Zenith)
 - **Omnicom** (BBDO, DDB, TBWA/Chiat Day)
 - **Interpublic** (Universal McCann, Initiative Media, Lowe, Hill Holliday, Foote Cone Belding)

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



Agency Departments





Agency Departments

- **Creative**
 - Create concepts, provide copy, storyboards, layout, etc
 - Production - may assist an outside company to produce the newspaper/magazine ad or TV commercials
- **Account Management**
 - Client liaison to make sure agency departments are working together
 - Makes sure contracts are signed, invoices are paid agencies get reimbursed, client is generally happy

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



Agency Departments

- Scarbough primarily works with the Media Department within the full service advertising agency or the media company itself

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



The Media Department - Planning

- The media planning department interacts directly with the client
- Many times, the planners become the account executives and have direct contact with the other departments such as buying, research and new business
- They are the first step to getting a client's message delivered

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON

2005 SSRM

REVOLUTIONize
SCARBOROUGH RESEARCH

The Media Department - Planning

- Planners provide annual strategies, budget proposals and plan which media vehicles will be used and when for advertising
 - A media plan is a schedule, or plan, for a certain timeperiod that outlines where and when the dollars will be used by media vehicle
- Planners also typically purchase space in magazines and newspapers
 - Sometimes buy out-of-home where there is no dedicated department

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



Agency Departments - Planning

- The Planning Process
 - Meet with client to discuss budget
 - Set communications goals and must buy media
 - Do competitive analysis, analyze target with demo and media profiles
 - Produce a media plan – flow charts, specific media, number of rating points, dayparts, media mix, optimization
 - Client approves plan
 - Plan given to buyers to execute
 - Message delivered
 - Verification of performance

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON

2005 SSRM

REVOLUTIONize

SCARBOROUGH RESEARCH

The Media Department - Buying

- Usually means Television Buying
- Media buyers are the salespeople and negotiators of the media process
 - Buy airtime (commercials) on television usually from networks or rep firms
- They carry out the planner's decisions by negotiating programming packages by show or daypart

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



The Media Department -
Buying

- National Buyers
 - Handle national buying, which is a commercial that will air across the country
 - Everyone sees the same commercial at the same time
- Spot (local) buyers
 - Handle buys that are within markets or groups of markets and/or areas
 - E.G., a commercial for A&P supermarket in NY or a local car dealership might only appear within NY area
 - They are often responsible for radio buying

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON

2005 SSRM

REVOLUTIONize

SCARBOROUGH RESEARCH

The Media Department - Buying

- When do buyers “buy” national air time
 - Upfront
 - In May, networks announce their new season line-ups
 - The “upfront” is the process by which buyers can purchase blocks of airtime at a lower rate
 - Usually deals are made around the clock for a week or more
 - Scatter
 - Purchasing time when time is available or needed
 - Sold at a higher premium to buyers closer to the point of airtime

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



The Media Department - Buying

- Spot (local) buys are done similar to scatter buys
 - Buy based on need
 - Agencies deal with rep firms to purchase large multi-market buys
 - Rep firms represent many local stations across the county and negotiate on behalf of them
 - Allows for multiple buys at best possible price
 - Smaller agencies deal directly with sales people from local stations

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



The Media Department - Research

- Has become an integral part of new business pitches as well as the planning and buying processes
- Central support for the media department
- In many large agencies, the research department may be split into a few key areas:
 - General/syndicated/print
 - Television
 - Proprietary

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



The Media Department - Research

- **General Research Team**

- Responsible for interacting with both planners and buyers as well as other media personnel
- The research group has expertise in the following areas:
 - Preparing analyses and trend reports using all the various syndicated data
 - Competitive spending trends
 - Industry trends/white papers
 - Media software
 - Syndicated services methodologies

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



The Media Department - Research

- **Television Research Group**
 - Primarily supports the television buyers
 - They typically have the following responsibilities:
 - Ratings estimates
 - Program trends/rankings
 - Nielsen experts

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



The Media Department - Research

- Proprietary Research Group
 - Focuses on doing client specific or new business studies
 - Often will partner with a syndicated vendor to gain additional insights into their client's brands
 - Segmentation studies
 - Cluster
 - Recontact studies
 - Awareness
 - Attitudinal/focus groups

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



The Media Department –Other Groups

- Some agencies may have other departments dedicated to the following:
 - Out-of-Home
 - Special/Ethnic Markets
 - Traffic
 - Internet/On-line
- Other agencies may have outside companies that handle each of these

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



Agency Issues





Agency Issues

- **Consolidation**
 - Loss of jobs due to redundancy
 - Consolidation leads to client conflict
- **Accountability/ROI**
 - Keeping existing clients
 - Maximize shrinking advertising budgets in fragmented media marketplace

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



Agency Issues

- **New Business**
 - Not enough big business to win
 - Trying to win business for the name and getting little compensation in return
- **Staffing issues**
 - Not enough expertise or training going on within media group personnel
 - People being promoted before their dues have been paid
 - Not enough people on accounts – spread thin

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



Agency "Hot" Topics

- Program ratings vs. commercial ratings
- Time shifted viewing – DVRs
- Satellite Radio – commercial fee
- Media fragmentation
- Branded Entertainment
- Syndicated service quality – ratings accuracy, response rates
- Many client reviews – many major clients looking to consolidate business at one agency

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



Scarborough Uses & Data Examples





Data Use

- Most of the larger agencies subscribe to all of the same services
 - ex. MRI, Nielsen, Arbitron, Simmons National and Scarborough
- Many of the large agencies have primarily national accounts
 - Pepsi, Coke, P&G, Visa

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



Data Use

- **Large agencies still have a need for local data**
 - Scarborough enables the agencies to look at product usage in various markets or geographies for more targeted advertising
 - Heavily used for retail and banking accounts
 - Used for newspaper audience estimates in conjunction with ABC circulation data
- **Smaller agencies tend to have more local or regional accounts and rely heavily on local syndicated data, such as Scarborough**
 - Joe's Deli, My Car Dealership are examples of very localized accounts

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



Data Use – Business Applications

- Local Market Analysis/Customer Profiling
- New Business Pitches
- Test Marketing
- Competitive Analysis
- Media Planning & Buying
- Multi-Cultural Targeting

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



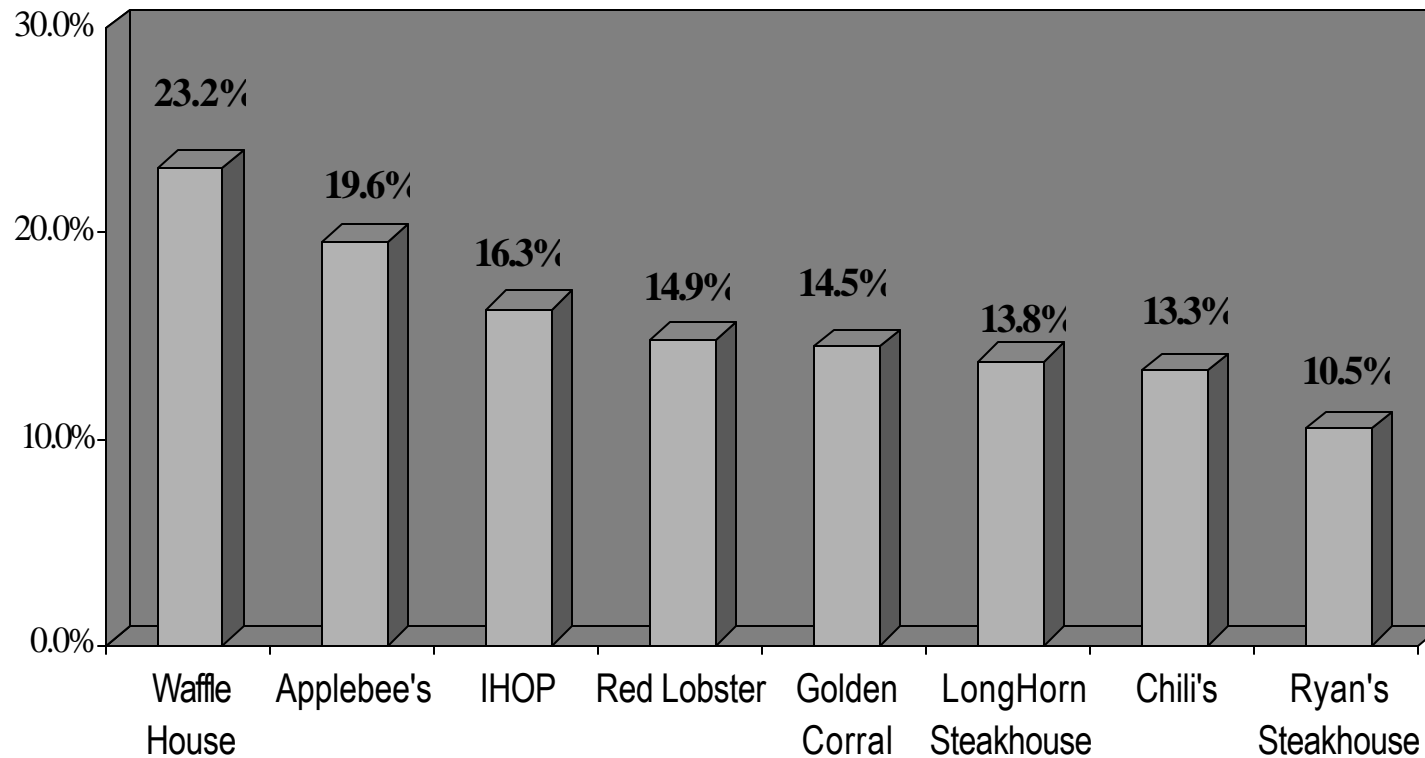
Applebee's Scenario





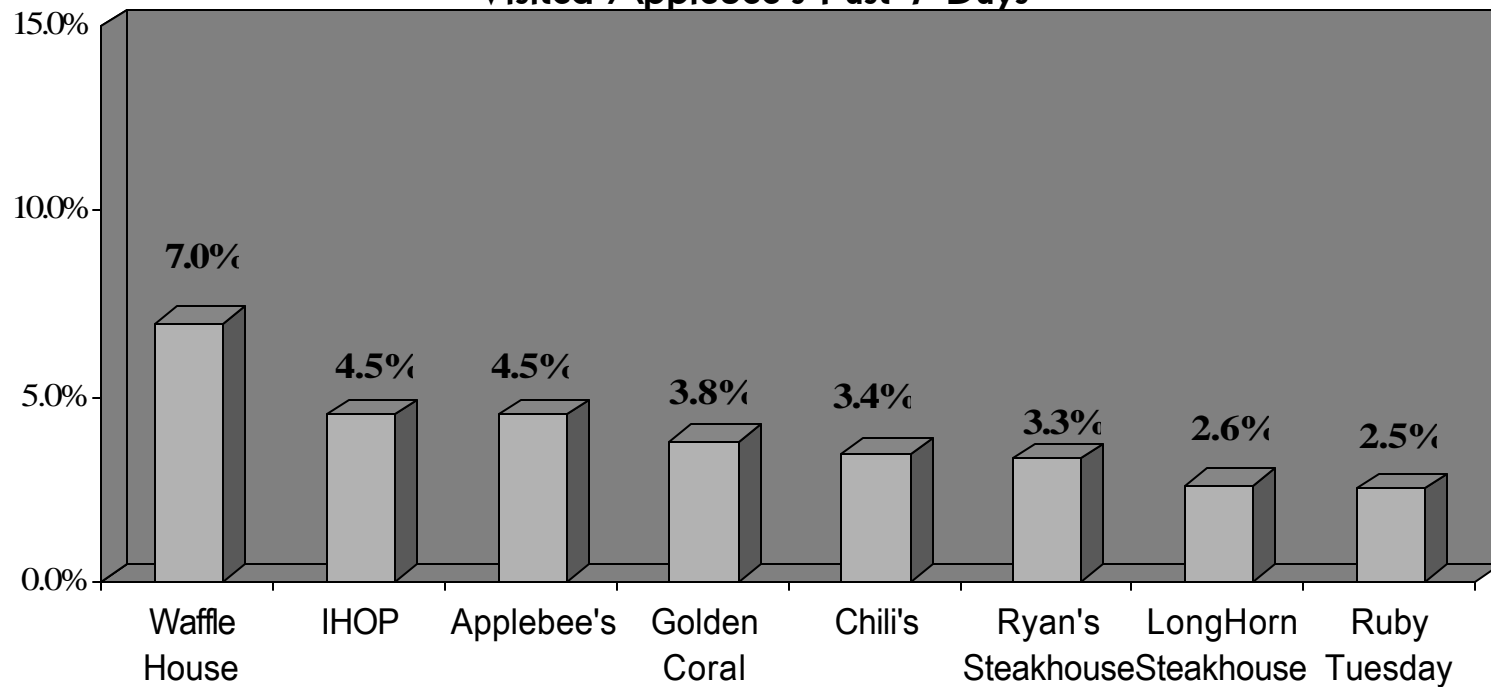
New Business Presentation

Visited Applebee's Past 30 Days



New Business Presentations

Visited Applebee's Past 7 Days



2005 SSRM



Demo Profile/Competitive Analysis

Visited Applebee's Past 7 Days

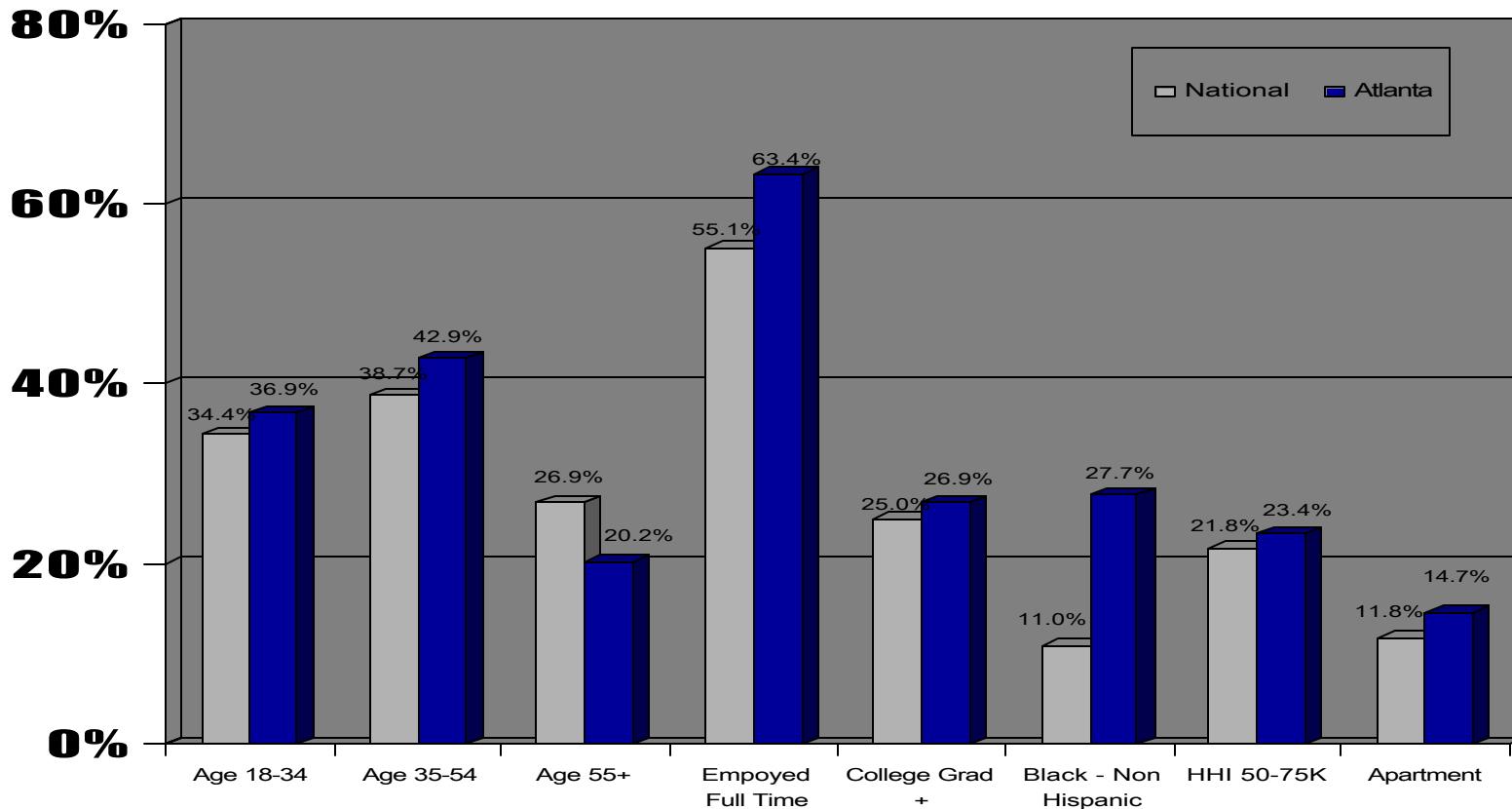
Demographic	Applebee's	Waffle House	IHOP
Age 18-34	110	110	91
Age 35-54	102	96	93
Age 55+	83	94	125
HS Grad or Less	93	109	92
Some College	116	104	111
Coll Grad+	96	81	103
HHI \$50-75K	129	110	101
HHI \$75K+	100	88	104
3+ Adults in HH	105	107	85
Hispanic	76	124	72
African-American-NonHispanic	121	94	110
Apartment	112	98	85
Employed Full Time	114	103	93

2005 SSRM

REVOLUTIONize

Local Market vs. National Average

Visited Applebee's Past 30 Days

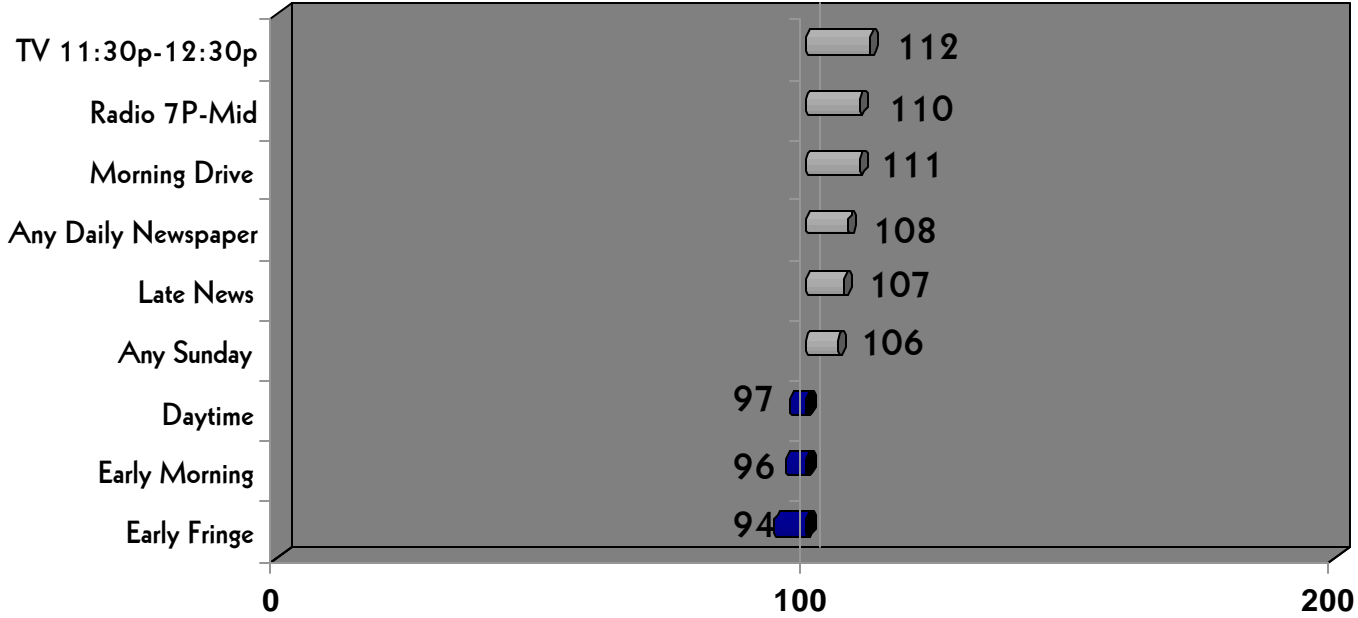




Media Planning – Media Analysis

Visited Applebee's Past 30 Days

Atlanta DMA (Based on Index)

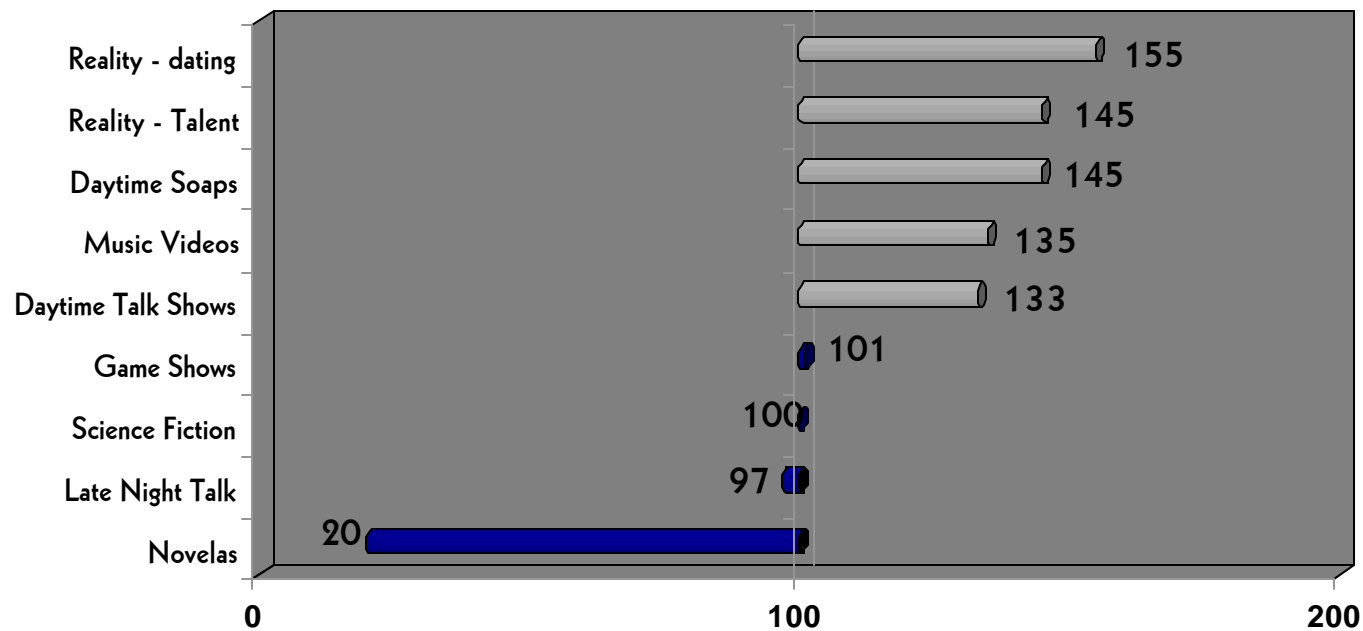




Media Planning – TV Genres

Visited Applebee's Past 30 Days

Atlanta DMA (Based on Index)



2005 SSRM

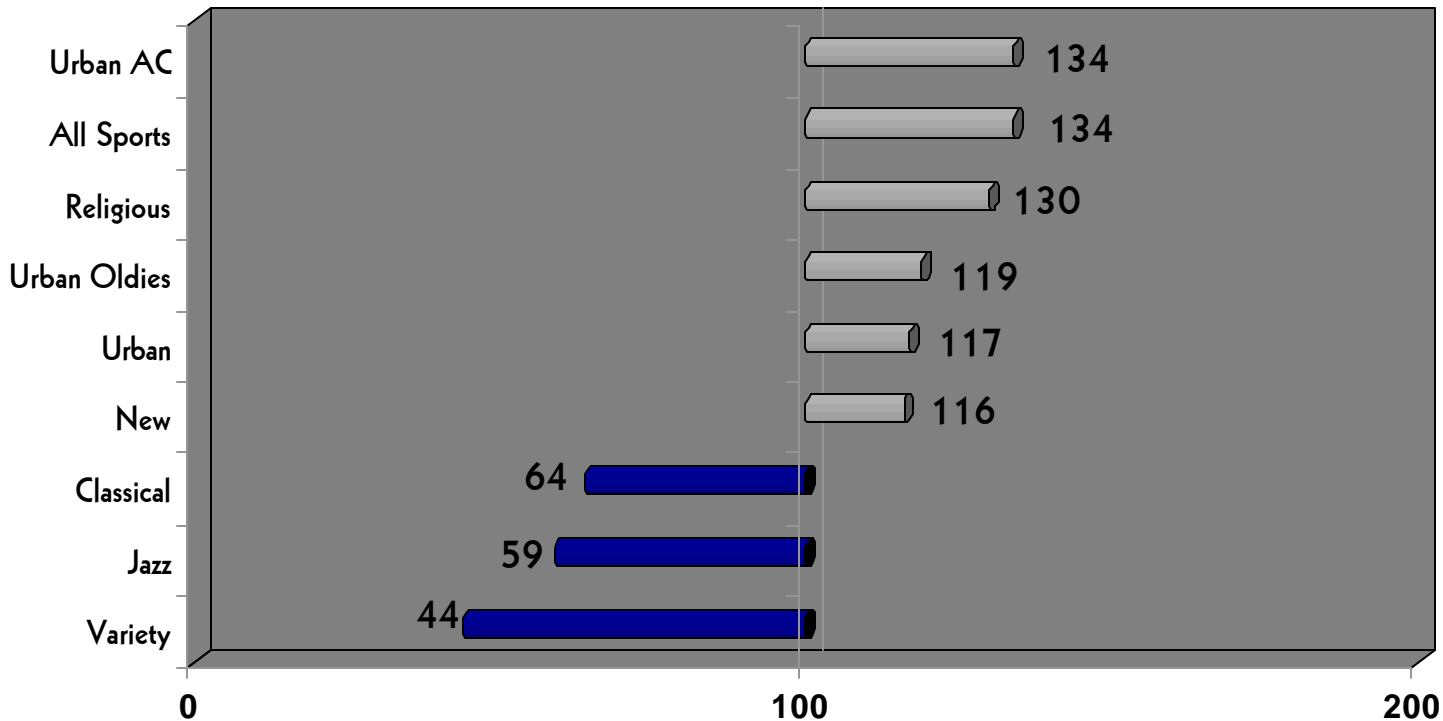
REVOLUTIONize

SCARBOROUGH RESEARCH

Media Planning – Radio Formats

Visited Applebee's Past 30 Days

Atlanta Arbitron Radio (Based on Index)



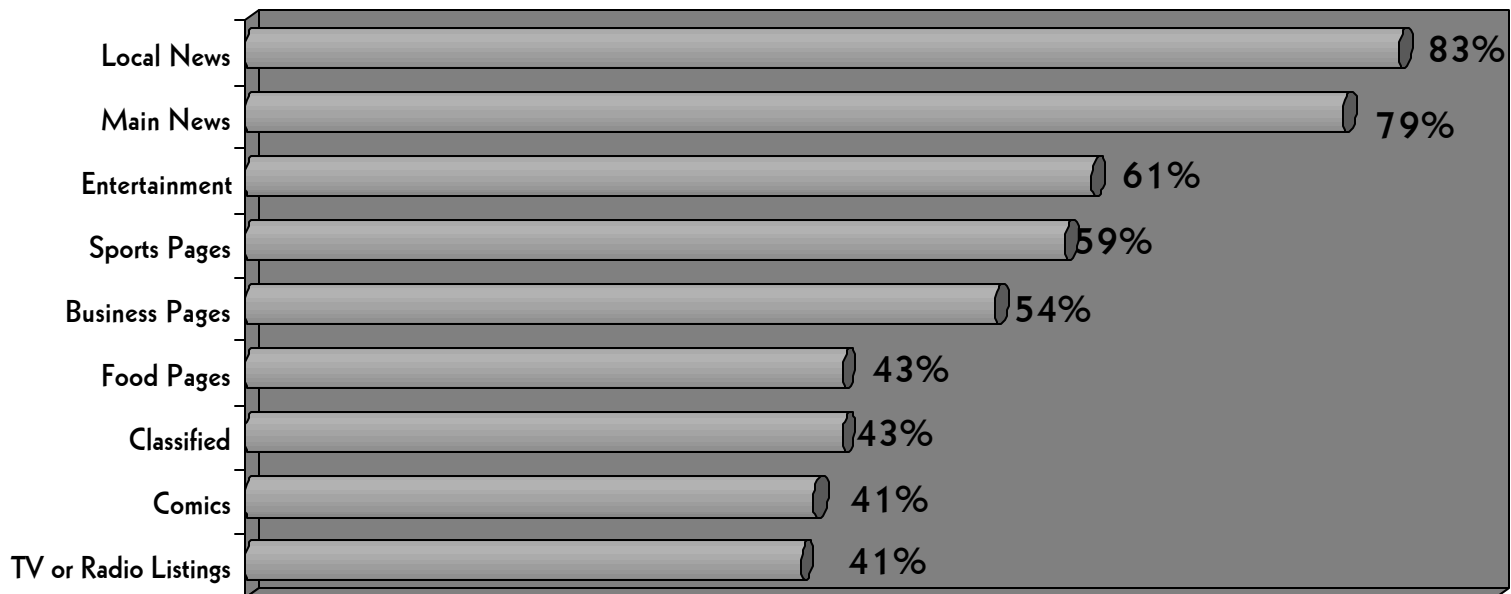
2005 SSRM

REVOLUTIONize

Media Analysis – Newspaper Sections

The best in-paper locations for a coupon/contest entry form would be local news, main news, entertainment, sports and business.

Visited Applebee's Past 30 Days - AJC weekday cume





Media Buying – Radio Buying

The number 4th ranked station among Applebee's visitors is WHTA but it is the 12th ranked station overall in the market. A radio buyer might consider this station.

Visited Applebee's Past 30 Days – Atlanta Arbitron Radio Metro – Based on Index

<u>Morning Drive-Top 10</u>	Atlanta Radio Metro		Visited Applebee's Past 30 Days		
	<u>Cume Reach</u>		<u>Cume Reach</u>	<u>Rank</u>	<u>Cume Index</u>
WSB AM	15.6%		14.5%	1	93
WVEE FM	8.9%		11.2%	2	126
WKHX FM	7.3%		7.1%	5	98
WSTR FM	7.1%		5.5%	10	77
WABE FM	5.9%		4.4%	13	75
WSB FM	5.7%		6.0%	9	105
WPZE FM	5.7%		6.3%	8	111
WALR FM	5.6%		9.2%	3	166
WNNX FM	5.1%		6.8%	6	132
WLTM FM	4.8%		4.2%	15	88

2005 SSRM



National Buying – Sponsorship of Specials

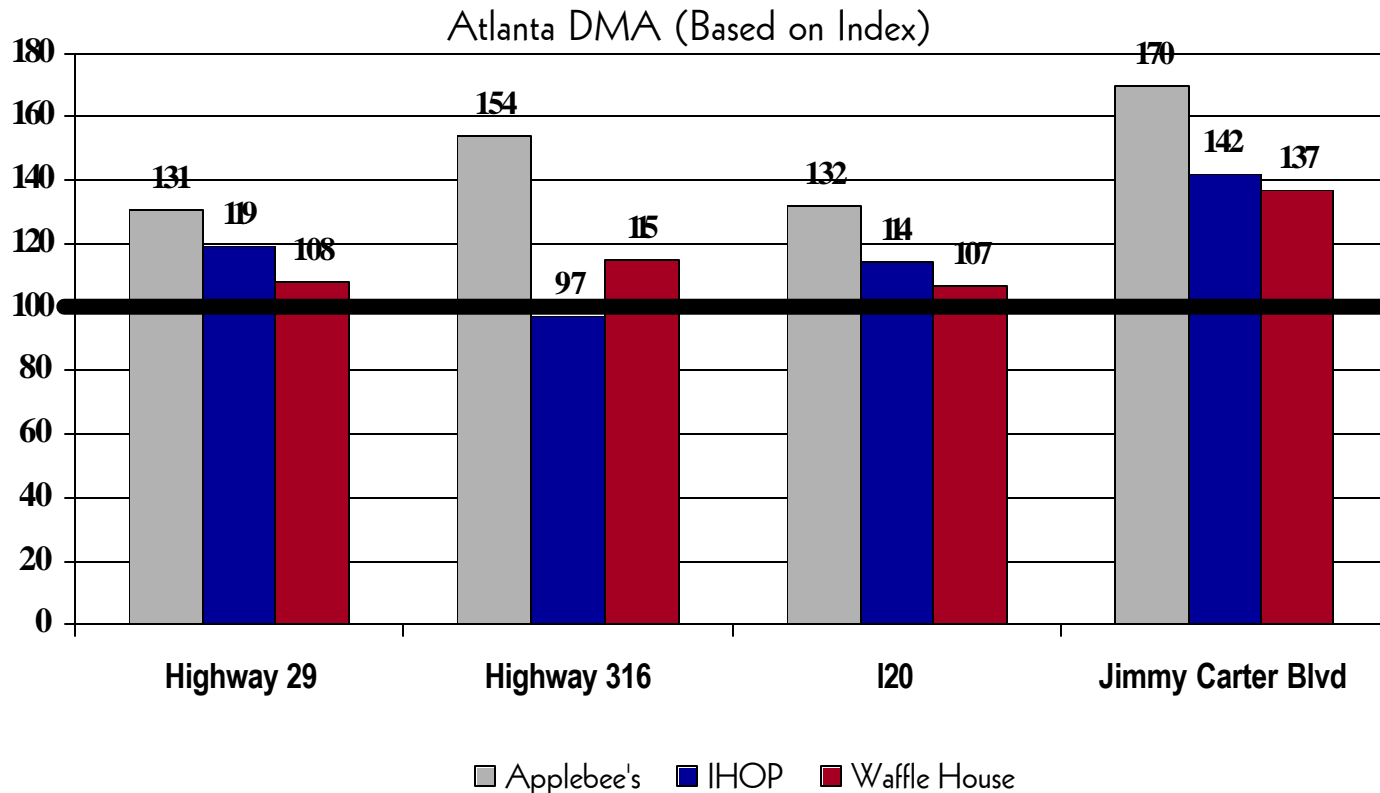
Visited Applebee's Past 30 Days

Special	Applebee's	Adults 25-49
Academy Awards	110	94
ALMA Awards	108	99
American Music Awards	113	110
Barbara Walters Specials	109	84
Blockbuster Entertainment Awards	118	117
Dick Clark's New Years Rockin' Eve	115	106
Emmy Awards	112	91
Grammy Awards	111	108
Miss America Pageant	111	79
MTV Video Music Awards	116	116
Tony Awards	67	76
Soap Opera Digest Awards	106	74



Outdoor Buying

Roads Travelled Past Thirty Days



Source: Scarborough Research Atlanta R2 2004



Software and Training





Software

- Scarborough works with the following software vendors
 - IMS, Telmar, New Age, Qualitap, Media Pro, Strata, PRIME NExT
- At the large agencies, however, typically IMS and Telmar and are used in planning while Media Pro or Qualitap are used for local radio buying

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



Training

- Scarborough is responsible for training the planners and research groups at top 50
 - Arbitron trains the buying groups at top 50 as Arbitron's software, Media Pro, is typically used at the buying level
 - Arbitron trains both buyers and planners at smaller shops

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



Competing Services
and
Scarborough





Competitive

- On a local level, Scarborough's main competitor is **The Media Audit**
 - Of the top agency/media service company subscribers, close to 90% are exclusive Scarborough customers
- There is limited competition with Simmons new "Local" measurement service
 - Uses national study and models data down to a local level

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



Competitive

- On the national level, Scarborough USA+ competes with MRI and Simmons National studies
 - USA+'s main advantage is its huge sample size
 - Can analyze regional profiles versus national in one report
- All major agencies have a need to purchase the national consumer syndicated services, such as MRI, due to their client base
 - More category detail – product booklets about 100 pages
 - Magazine measurement
 - Attitudinal measures
 - Volumetrics

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



Competitive - Benefits

- More Sample/Measures the DMA (the Nielsen standard)
- Continuous Measurement (44 weeks out of year)
- Differential Survey Treatments (assures proper response rates from ethnic groups, young males, etc.)
- Gold standard for newspaper measurement
- Extensive consumer measures –many more than competition
- Radio measures conformed to Arbitron
- More subscribers in all sectors

AUGUST 2 - 5, 2005 THE FAIRMONT COPLEY PLAZA, BOSTON



Questions?

