Latest trends, news, and opportunities in the world of outdoor media.

The ORION Report

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PRINT vs. CABLE:

What ad execs and media buyers don't know could cripple your company

Tracking trends in media developments can often seem like chasing rumors.

How a company adapts to the landscape advertising shift that is underway from print to cable television and emerging media will determine its very survival. At no time in history has it been easier for a manufacturer to find and connect with consumers. Conversely, it has never been more difficult to discern the best ways of doing just that. As a company that buys media, consults to media buyers, custom publishes, and who produces 150 original outdoor television programs a year—more than any other production company in America—we know well that tracking trends in media developments can often seem like chasing rumors. Much information provided by media sources about their reach and ability to move consumers to the point of purchase seems better suited for political spin rooms than it does serious analysis. The key, then, is cutting through that spin to determine where the best media marketing values can be found—no matter what the medium.

For outdoor manufacturers looking to make sense of the rapidly evolving outdoor advertising landscape, it's critical to understand how to weigh one opportunity against another and then match those opportunities to strategic brand marketing objectives. Perhaps the most perplexing decision facing media buyers is how much to spend on print versus cable TV and, to a lesser extent, how much to devote to emerging web opportunities. Many outdoor media buyers, understandably, are confused and overwhelmed by both conflicting information and by the sheer volume of new opportunities entering the marketplace.

To help companies make sense of the landscape, we start with a simple question-answer exercise:

■ ***What percentage of your overall ad budget is devoted to print/TV/on-line?***

Most outdoor manufacturers that we've surveyed answer in the neighborhood of 50-40-10. That is a significant shift from even five years ago when the ratio for most was more in the range of 70-25-5. It's important to examine why this shift is happening so that media buyers can see the trends where consumers are getting their product information and how to communicate effectively with them in their preferred channels. Too, it's important to harness mediums that are growing and know when to abandon tired mediums that no longer deliver as they once did for new opportunities that are driving incremental sales. We'll look at the key factors below.

What methodology did you employ to come up with this print/TV/on-line ratio?

Most simply earmark these percentages for each medium in an arbitrary manner—that is, we've always spent X on print and X on TV and on-line. This is why the concept of media-neutral buying—the kind that is employed by virtually all successful Fortune 100 companies—is important to understand. This is a process of understanding how to identify the best media deals irrespective of medium and how to let the market influence your advertising investments. It's a freeing process but requires letting go of old-line media buying habits. Given the rapid growth in new media and the dynamic landscape, it's critical that media buyers embrace this method, and we'll help you understand why this is so vital.

What CPMs are you paying for print vs. TV?

Most report that their averages for print range from a $20 CPM for some of the larger circulation general interest titles to as high as a $55 CPM for small circulation, high-end titles. CPM averages ranged between 30% and 50% less for TV sponsorships than for print—with a few exceptions where TV sponsorship was linked to personality endorsement deals. Print/TV combo packages, too, made it difficult for some media buyers to ascertain how much a media company was earmarking for one medium or the other. We'll look at why it's important to understand the costs of each—even in a package deal—in order to negotiate the best rates. Why buy a medium that you might not want in a package in order to get the one that you do want?

If your CPMs are lower in television and on-line, why are you not buying more TV?

Again, many media buyers look backward at past investments as the driver rather than forward to see where their investments can best impact bottom line sales. We'll examine why it's vital to look forward if you don't want to lag behind your competition as they grab the most effective new media opportunities and, along with it, increased market share.

Changing Times, Evolving Ad Models

By examining the process of media marketing and buying, ad buyers can begin to shape their future investments in alignment with their company's overall growth strategies. It's also critical to understand how rapidly the mediums are changing and the dynamics that are causing those changes in both the print and cable landscapes.

Recent sales of PRIMEDIA outdoor magazines for $170 million to the private equity firm of InterMedia Partners and the Bonnier Corp. purchase of Time Inc.'s magazines (including *Field & Stream* and *Outdoor Life*) for a reported $225 million speak to the massive consolidation that's underway in the publishing world. Men's magazine circulations and ad pages—across all genres, not just outdoors—have been slipping rapidly since 2001. *Outdoor Life* magazine, according to a report in Advertising Age, dipped more than 10% in circulation compared to last year and *Field & Stream's* ad page count dropped 13% according to the Publishers Information Bureau. In a 2005 *BusinessWeek* article the magazine reported that, ***"...men aren't migrating so much from the content of magazines as they are from the format."***

This is precisely why magazine publishers are currently scrambling to take their brands to multiple platforms—especially to television and the web. Recent figures from Jupiter Research indicate that time spent on the internet has now overtaken that spent reading print media. Transforming magazines to multi-media properties, however, has proven a daunting task for many publishers—witness the fact that there are 20% fewer magazines in existence today than in 2001. While web traffic is growing as is web advertising, "...it would be better news for magazines if ad rates on the Web were as pricey as those in print," reports *BusinessWeek*. That is, the growth in on-line ad revenue is not keeping pace with the loss of print advertising and magazines that cannot find other ways to liquidate their brand equity are folding. What's especially disconcerting to magazine publishers is that their declining circulation and ad page counts are coming at a time when the American economy is relatively robust. The next economic recession will produce wholesale changes in the men's magazine landscape as many publishers simply will not be strong enough to weather further dips in ad revenue.

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The challenge for Bonnier, InterMedia, and others looking to transform magazine brands into multi-platform properties will inevitably be how well they are able to integrate with television and the web. While magazine ad dollars have declined dramatically in the men's (including the outdoor) magazine categories, the growth of cable television has been dramatic. Cable ad revenues more than doubled from 2000 to 2006 going from $12.2 billion to $24.5 billion.

The segmentation that's occurring in cable TV began in magazine publishing more than 40 years ago. That is, with the growth of niche magazine titles came the end of staple general interest titles like *True, Argosy,* and *Life*. Now that outdoor manufacturers and hunting and angling consumers can connect on narrow-focused cable channels like Comcast-owned VERSUS and others, the need for outdoor manufacturers to rely solely on niche magazines to market their products has changed.

Cable Comes of Age

Another key reason why cable TV has emerged as such a cost-efficient and effective marketing tool is that the expense of producing and distributing programming is considerably less than publishing both newspapers and magazines. Paper and postage costs have risen dramatically over the last decade and those increases are threatening the very viability of the print medium in the marketing landscape.

The strength of television as a marketing medium is indisputable. As Eric Granof, President of the Los Angeles marketing firm Thunder Factory puts it, "Television is the most powerful medium today to satisfy people's need for experience." Watching an outdoor product perform flawlessly in real time to deliver a memorable experience to a hunter or angler is a highly effective way to communicate the value and need for that product to millions of sportsmen and women. The ability of that footage to live on many platforms—on-line, video on demand, on DVD, and many others is another value that further distinguishes the medium from print.

The rapid growth in what's labeled in the world of television as 'branded entertainment' is being driven by two key factors. First, the desire for manufacturers to remove the media filter and communicate directly to consumers. Why remove the media filter? Most manufacturers have horror stories to share about a magazine writer criticizing their product in print—fairly or unfairly—so why buy advertising in a medium that may wind up hurting your sales effort? Furthermore, the value of editorial coverage is sometimes suspect as many magazines lump products from a given category into round-up articles that provide little if any differentiation: "Top Ten Deer Rifles of 2006," "Best Non-Toxic Shot Loads," etc. As one industry chief executive who wanted to remain anonymous told me, "We take writers on a hunt one week to showcase our products and the next week those same writers are with our competitor. We're just not getting any separation from this approach and I question the qualifications of many of the writers to be able to assess product performance anyway."

The second factor is the cost for manufacturers to develop their own programs and share costs with compatible brands (for example, a gun maker partners with an ammo, optic, and, say, a camouflage manufacturer to reduce the costs of creating a series). This approach makes such a marketing tool more attractive than, say, a straight print buy as there's no way to sell-off some of the print ad inventory to reduce the overall expense of a print ad schedule.

This brings us to understanding the concept of media-neutral buying. Rather than simply earmarking a fixed percentage of your advertising budget to one medium or the other, we advise our clients to embrace the whole media landscape and mine the best and most cost effective opportunities to put their products vicariously in the hands of consumers. By allowing market factors to work you will transform your media marketing efforts at a pace that matches the changes in the media landscape. If you artificially allocate certain percentages of your ad budget for given mediums, you will undoubtedly run out of budget for some valuable opportunities that you could have harnessed had you only let the value of the opportunities determine your investments. This is one of the toughest habits of a media buyer's approach to change but it's also one of the most essential to future success for as visionary advertising icon Leo Burnett once said, "There is no such thing as a permanent advertising success."

Chris Dorsey is a founding partner of Denver-based Orion Multimedia. He's helped create 16 television series—15 of which are still in production. He's also helped redesign and relaunch some of the largest magazines in the outdoor category, is the author of seven books, and his writing has appeared in scores of national magazines including the Wall Street Journal, Newsweek, *and the* Robb Report.