

## In Terms of ROI: Why Looking At Just Age Doesn't Work - Bill Harvey - MediaBizBloggers



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By [Bill Harvey](#)

Since the early 1950s, a handful of age groups has dominated what the advertising industry has called "targeting" on television.

The rationale for this emphasis on age as the primary determinant of value is so lost in antiquity that nobody can remember the reasons given at the time.

Pundits re-create the past and suppose one reason or another.

Did someone do a tabulation showing that the easiest question to get a response to is age (not true incidentally, and not always an honest answer)?

Or a study indicating that brand choice is driven more by age than by any other single factor? (Not true either. Far better predictions of future brand buying can be made based on past brand and category buying.)

Some say that the emphasis on the young is an investment in those whose brand preferences have not yet become fixed. That used to make sense when there were fixed brand buying patterns, before the widespread price/discounting was known colloquially as "promotion."

Now that there are relatively few brand loyalists as compared with yesteryear, the value of investing in youth for this reason is far reduced conceptually with where it was before. But maybe it makes sense to give at least a *little* extra weight to Early Brand Preference Formers (EBPFs)?

That would depend on someone actually measuring the value of investing in younger people and publishing compelling results, which is about half a century overdue. Until then it seems a thin reed on which to base the 60-year obsession with using solely Age as the currency for television advertising inventory.

In any case, what harm does it do? Perhaps it makes no difference. Perhaps no matter how we picked our media, based on Age or something else, it would come back with the same sales results?

**CEOs and CFOs please read this next part.** Some important real world findings that affect your business.

We can peel this onion more in subsequent blog postings, but for now we started with two big brands. We looked at some actual data. What we found may startle you, in terms of the magnitude of the waste that has been accumulating year after year during the regime of Age demos.

The first brand is a soft drink. The TRA system was used to analyze a week of data. The data are national, sample size 97,585 homes that purchase carbonated soft drinks in which TV set top box data have been matched at the exact-same-household level with scanner purchase data drawn through frequent shopper cards.

We know that the buy was made based on Age. When we look at the whole category as the target, and pick programs that are above average in their ratings among total category purchasers, we are able to increase the number of impressions against total category purchasers by 50%, without increasing the budget.

This is just by hypothetically switching out programs that were actually bought but which – despite having the right Age demos – had below-average indices against category purchasers.

The net unduplicated reach among total category purchasers goes up by 8%.

**And now for the researchers out there who want to understand the detail behind the conclusion.**

Here is how much the impressions and reach against purchaser targets goes up with a buy targeted (i.e. programs selected) based on total category purchasers:

**Soft Drink Brand - Reoptimizing based on TRA Total Category Purchasers**

Target Group	Increase in Purchaser Impressions	Increase in Purchaser Reach
Entire Soft Drink Category	+50%	+8%
Heavy Category Purchasers	+133%	+55%
Brand Purchasers	+50%	+67%
Brand "Light" Purchasers	+100%	+100%
Heavy Category - Brand Lights	+150%	+60%

The amount of increase available for the second brand was also impressive. Clearly in both cases the use of Age has penalized both brands in delivering as much message weight to the real prospect buyers as could have been delivered if instead of Age, purchaser data had been tied to TV program audiences before now.

**Beer Brand - Reoptimizing based on TRA Total Category Purchasers**

Target Group	Increase in Purchaser Impressions	Increase in Purchaser Reach
Entire Beer Category	+38%	+14%
Heavy Category Purchasers	+44%	No improvement
Brand Purchasers	+45%	-6%
Brand "Light" Purchasers	+45%	-8%
Heavy Category - Brand Lights	+39%	+36%

An ROI analysis was also done for one of the targets, Heavy Category, Brand Light, which TRA calls Heavy Swing Purchasers (HSP), as part of a special study of HSP published at June 2009 ARF Conference. For the Soft Drink brand, the ROI across the entire TV schedule was \$0.35 but when those programs are divided into thirds based on index against HSP, the ROI for the Soft Drink brand of those programs in the high-index HSP tertile was \$1.13.

For the Beer brand, the overall TV ROI was \$0.23 and among the high HSP index tertile of programs it was \$1.61.

This is the value of real purchaser targeting as opposed to Age surrogate "targeting." This is how much was given up for all those years by settling for the illusion of targeting using the flabby Age variable instead of a real purchaser target.

It is clearly a time for a change in how we buy TV. Where we really use targeting instead of fooling ourselves. That will produce a real increase in ROI which can make a real difference to thousands of brands and the companies that own them. This is a big deal. If ever there was a time **not** to remain head in sand doing business as usual because it's easier, this is that occasion.

*Bill Harvey has spent over 35 years leading the way in the area of media research with special emphasis on the New Media. Bill can be contacted at [bill@traglobal.com](mailto:bill@traglobal.com).*

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