BROADCAST AND CABLE

SELLING

CHARLES WARNER

WINNING STRATEGIES FOR SUCCESS IN TODAY'S HIGHLY COMPETITIVE FIELD OF RADIO/TV/CABLE SALES...

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—ratings and how to use them

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—retail and agency selling strategies

—researching and targeting customers

—negotiating and closing tactics

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PLUS... practical, proven tips for improving self-confidence and performance!

Charles Warner, who directs the Mass Communication program at Menlo College, is also active in consulting and sales/management training for such companies as CBS, Viacom (Radio and Cable) and MTV. He has previously served as vice president and general manager for both WNBC Radio/New York and CBS Radio Spot Sales.

Broadcast and Cable Selling
is another outstanding addition to
The Wadsworth Series in Mass Communication

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Broadcast and Cable SELLING

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Preface

When I began teaching a course in radio and television sales at Southern Illinois University in 1979 after a twenty-two–year career in broadcasting, I began to look for a book on broadcast sales. I discovered that there wasn't a current text covering radio, television, and cable, so I decided to try to write one. This book is the result of that four-year effort.

Broadcast and Cable Selling includes up-to-date professional selling methods, plus techniques based on theoretical research in the behavioral sciences and sales performance.

Focus of the Book

Broadcast and Cable Selling focuses on several basic concepts:

1. The marketing concept—the customer-as-focus approach as opposed to the product-as-focus approach.
2. Selling as a needs-satisfying, problem-solving *process* that does not stop with getting an order.
3. The goal of selling as a creation of a customer and establishment of a solid, long-term business relationship—a "close-to-the-customer" approach.
4. A managerial approach. The book is oriented as much toward instructors and managers as toward students and salespeople. For self-training, it may be used to learn how to manage a sales approach rather than merely how to make a sale.
5. The concept that it is best to begin with a theoretical base in order to give the practical techniques a strong foundation in psychology, sociology, and communications.

6 A psychological approach to selling. Selling in broadcasting and cable usually comes down to one salesperson trying to understand and then satisfy the personal and business needs of another person in a face-to-face situation.

7 The concept that people who want a career in broadcast and cable sales no longer have to start in small-town stations. Major market radio and television stations and cable systems will often hire people who have little or no previous sales experience if they do have self-confidence, intelligence, and knowledge. I believe this book will give readers the knowledge they need to obtain a sales job in any city in the country.

Organization of the Book

The book's organization is based on the SKOAPP system of selling: Skills, Knowledge, Opportunities, Attitude, Preparation, and Persistence. All of these are requisites for success in sales.

Part One introduces readers to the *concepts* of selling and marketing. It lays the foundation for the sections that follow.

Part Two presents *skills*. Chapter 3 provides necessary background for the psychology of selling and introduces the core approach of the book: need satisfaction as the goal of selling. Chapters 4 and 5 describe a five-step approach to the process of selling, including specific, practical methods for making presentations, negotiating, and closing sales. Such skills are vital (although few books in this field include them). Because of their importance, readers or instructors might want to spend proportionately more time on these chapters.

Part Three centers on the *knowledge* salespeople must have: ratings and their use (Chapter 6); the advertising media and how they work, including media that compete with broadcast and cable (Chapter 7); and how broadcasting stations or cable systems should create rate cards and packages of spots (Chapter 8).

Part Four, Chapters 9 through 12, discusses *opportunities* in selling: to retail businesses; for networks, syndicators, national sales representative companies, and local cable; through agencies; and in specialized settings such as sports, promotions, and political advertising.

Part Five covers *attitude*, *preparation*, and *persistence*. Chapter 14 contains a complete organization system and tips on time management. Chapter 15 deals with the future of sales and tells how to enter this exciting, rewarding career.

The several appendices reproduce actual sales presentations, forms, contracts, regulations, and other helpful information. A glossary makes it easy to find the meanings of all terms.

Unique Features

—A fully integrated and organized selling system—*SKOAPP*—that enables salespeople and sales managers to organize and evaluate their efforts.

—A strategic approach that emphasizes *maximizing revenue,* a critical concept in broadcasting and cable because of their enormous profit potential.

—A new step in selling: *researching and targeting*. Researching stresses the importance of gaining thorough customer knowledge. Targeting is an important part of strategic planning in order to maximize revenue.

—A discussion on *negotiating*. Most books on selling assume a salesperson sells a product with a fixed price, and that once objections are overcome, an order will follow a successful close. But today in large- and medium-market radio, television, and cable selling, negotiating over rates is common.

—A chapter on *attitude* based on sports psychology techniques used by successful athletes and coaches. Most books on selling emphasize the importance of enthusiasm and self-confidence, but they do not give pragmatic, performance-tested advice on how to achieve these desirable attitudes within oneself. This book does.

—A section on *time management*—information that salespeople tell me they desperately need.

Style of the Book

The book is written in an informal, personal style. I have called on my personal experience and used interesting anecdotes whenever practical to illustrate sales concepts and techniques. Importantly, I give examples in the context of *current* broadcasting and cable practices and situations.

Incidentally, I have used the term *salesperson* throughout this book instead of *sales representative* or *account executive*. The three terms are interchangeable.

Thanks and Acknowledgments

Writing this book has been a marvelous learning experience for me, and I look forward to the day when it is time to revise it so I can have an excuse to bring myself up-to-date on the dynamic broadcasting and cable industries. However, writing this text has not been easy, and it would never have been finished if Becky Hayden, my editor at Wadsworth, had not been wonderfully patient and encouraging. My developmental editor, Jody Larson, was of immeasurable help. I would also like to thank the Wadsworth production and design people for being able to turn stacks of paper into an attractive book.

I also owe special thanks to the reviewers who gave me helpful feedback, making this book a more effective teaching tool: Frank Chorba, Washburn University; George A. Mastroianni, California State University, Fullerton; Robert W. McDowell, Memphis State University; Philip E. Paulin, Oklahoma State University; John W. Ravage, University of Wyoming; Roderick D. Rightmire, Ohio University; George E. Smith, formerly of the University of Wisconsin–Platteville; James R. Smith, State University of New York, College at New Paltz; and Larry Walkin, University of Nebraska, Lincoln.

Most of all, thanks to my fabulous wife, Sandie, who was relatively successful in keeping our two young boys from the computer on which I wrote the book.

Contents

Broadcast
and
Cable
SELLING

Part One

Selling and the Marketing Concept

Marketing is the distinguishing, the unique function of the business. A business is set apart from all other human organizations by the fact that it markets a product or a service.

Peter Drucker
The Practice of Management

Chapter 1

Selling: Perspectives, Function, and the SKOAPP System

The first sale I ever made was for a television station in South Carolina in 1957. The owner of the station had called up a local florist and suggested to the proprietor, Mr. Parrott, that his shop purchase a spot next to Edward R. Murrow's program *Person to Person*. The owner of the television station explained that the Florists Delivery Service was a regular sponsor of the highly rated Murrow program, and that a lot of people would be watching. The flower shop owner could buy a commercial linking him to the prestigious network program and its national sponsor.

The owner called in his greenhorn sales representative and told him to run down the street and sign up Mr. Parrott. I did precisely as I was told. I ran down to the florist shop with a sales contract in my hand and had the following conversation with the hot prospect:

"Hi, Mr. Parrott, I'm Charlie Warner. Mr. Brown sent me down here to pick up an order for an adjacency next to *Person to Person*."

"A what?"

"An adjacency—a commercial next to Edward R. Murrow's program *Person to Person*."

"Oh yes. Well, I told him I'd try it. How much is one?"

"Here's our rate card. Would you like an ID or a chain-break?"

"A what?"

"A ten-second or a twenty-second spot?"

"Oh. Let's see, the ten-second one is cheaper; I'll take it."

"Would you like to buy more than just one?"

"No, not now. I'll try it this first time out. How much?"

"That will be $28.44."

"OK."

"Great. Let me fill in this contract here for you to sign. Oh, by the way, there's a charge of $10.00 for us to make a slide for you."

"A what?"

"A slide, you know, a picture to go up on the TV screen."

"Oh, yes. A picture is extra?"

"Of course, we have to charge for production."

"Oh, a picture is production?"

"Yes. I'll have our promotion man design one and get back to you with the artwork."

(Long pause while filling out the contract.)

"Sign here, Mr. Parrott."

"Well, OK, I guess. . . . I never watch television myself; I hope it works."

"Thanks. I'll be back in a few days with your slide."

The slide was made, the client approved it, and the spot ran next to the famous newsman's Friday evening program. I returned to see the florist the following Monday afternoon and had this conversation:

"Hi, Mr. Parrott. Did you see your spot?"

"No."

"Oh; er. . . . Well, would you like to buy it on a regular basis? I can give you a discount if you sign up for thirteen weeks."

"I don't believe so."

"Why?"

"I didn't get any results. Nobody has called today."

"Well, that's. . . ."

"No. I can't afford it anyway. TV is too expensive."

"OK, well thanks anyway."

What went wrong with this sale? If you answered "everything," you would be correct.

First, the owner of the station was concerned with selling his product, not with satisfying customer needs; he was product-oriented, not customer-oriented. He apparently did not inquire about what the customer wanted, or if he did, he did not communicate it to the salesperson. The instructions were to "get an order," not to "find out what Mr. Parrott wants and needs." Second, the owner took a very short-range point of view; he was not interested in creating a repeat customer or in developing a long-range relationship.

If the owner was initially at fault, the rookie salesperson compounded the errors tenfold. First, I made no attempt to prepare for the call or to consider a strategic approach. Second, I used jargon; I failed to put things in the prospect's language. Next, I didn't try to create a package of spots or to maximize revenue; I just handed the florist a price sheet (rate card) right away. I didn't attempt to qualify the prospect's needs or to sell the station's and program's benefits before discussing price. Next, I didn't control the interview by using probing questions, and the questions I asked were the wrong ones—ones that easily could be answered in the negative. Then, I didn't pick up cues about the prospect's expectations ("I'll try it this first time out").

Instead of explaining the production charges early, I presented them as an add-on after a price had been shown. The client was not only told to sign a contract for just a small amount, but was also asked to wait while it was filled out in front of him. In addition, the client had to ask what a slide was, and perhaps was made to feel ignorant. Because I was not listening attentively, I did not catch the prospect's doubts (". . . I hope it works"). I failed to focus on building a relationship. I had no skills in understanding objections and then answering them. Finally, the prospect was *told* to sign ("Sign here. . . ."), and no attempt was made to make him feel good about his purchase.

When I eagerly returned the following week, I began by asking the wrong question, got a predictably negative answer (which I did not handle well), and went immediately to a weak close based on a price concession. Finally, I gave up too easily. Perhaps I realized by that time that I had done everything wrong—but even so, I still gave up too easily.

This book is about doing it right, about selling in broadcasting and cable in an in-depth, customer-oriented manner. It is designed to satisfy the needs of people who hope to begin or who have already begun sales or sales-related careers in broadcasting and cable in small, medium, and large markets. The material presented in this book represents a distillation of techniques that the author has developed and used with success in the years since that first disastrous sales experience.

PERSPECTIVES

This book presents a method of selling to help you organize your overall sales approach and sales thinking. The question most asked by beginning salespeople is, "Where do I start?" It is also the most difficult question to answer.

A Selling System

The method of selling you'll discover in this book is called the *SKOAPP system*. *SKOAPP* stands for the following elements of successful selling:

—*S*kills

—*K*nowledge

—*O*pportunities

—*A*ttitude

—*P*reparation

—*P*ersistence

We'll look at each piece of the SKOAPP system in Parts Two through Four of this book, and we'll also consider some of the theories and approaches that underlie this system.

First, let's consider some assumptions we'll need to make about people and about the field of selling.

Assumptions

Three assumptions underlie the theories and methods proposed in this book.

Assumption 1: People Are Rational, Complex, and Basically Good This assumption is based on several theories of human behavior. The first, called the *Cognitive Theory*, described by Kenneth Runyon, states that people are rational and their behavior is both purposeful and directed toward satisfying their needs, rather than being irrational, totally impulsive, and completely subject to external conditioning.[1]

Another theory, the *Subjective Rationality Theory* also proposed by Runyon, asserts that people behave according to what they *believe* to be true, even though the consequences of their actions might otherwise be considered irrational or evil.[2] For example, during the medieval period in Europe thousands of people were tortured and killed in the name of Christianity. In other words, rationality can be subjective—subject to prevailing conditions and beliefs—rather than set and unchangeable. Although not completely subject to external conditioning, people can still be influenced by their environments.

Finally, another theory articulated by Runyon, the *Human Complexity Theory*, states that each person is a unique and complex individual who cannot be described adequately by simple, one-word personality-type labels or other simplistic categorizing schemes.[3] This implies a need for flexibility in dealing with others.

Assumption 2: Selling Is a Worthy Profession This statement includes three ideas:

Selling is both a science and an art. Selling contains a body of knowledge and techniques that can be learned (science) but can only be perfected through experience (art); the art of selling is expressed and exercised primarily through understanding people.

Selling is an expression of freedom and independence. Selling affords people the opportunity for creativity in dealing with the most complex subject there is—people. Selling allows people the freedom to express themselves, to have a great deal of control over their own actions and work habits, to have an exciting daily challenge, and often to have large monetary rewards.

Selling fosters optimism, self-confidence, and the belief in the inherent rationality and goodness of people. Selling encourages, virtually forces, people to have a positive view of the future, of themselves, and of others—to have a healthy outlook on life. You cannot face selling day in and day out if you do not believe you will make sales, if you

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[1]Kenneth Runyon, *Consumer Behavior and the Practice of Marketing*, 2d ed. (Columbus, Ohio: Charles E. Merrill, 1980).

[2]Ibid.

[3]Ibid.

do not believe in your ability to bring about changes in people's behavior, and if you do not believe that people will be rational and objective enough to recognize the benefits you are presenting.

Assumption 3: Broadcasting and Cable Occupy a Highly Visible, Unique, and Changeable Niche within the Communications Industries Broadcasting and cable are ubiquitous and powerful media that transmit advertising, political, cultural, social, and moral messages (either intended or unintended) to enormous numbers of people. Because they are advertiser and consumer supported, broadcasting and cable are free from the kinds of government-dictated ideology and propaganda that are prevalent in many countries in which the media are owned and controlled by the government. However, because they operate on airwaves owned by the public (radio and television) or on common-carrier-like technologies (cable), they are subject to a complicated web of government regulations.

Because of the complex and fuzzy combination of show business and public service, broadcasting and cable will continue to be loved and hated, praised and vilified, regulated and deregulated, and given credit or blamed for everything from keeping our nation free to poisoning the minds of our children. Salespeople in broadcasting and cable must learn to deal with all types of extreme reactions and to accept the fact that they, as representatives of their medium, will have to face these reactions on a daily basis.

The good news is that, as a salesperson, you will usually have easy access to clients, because you represent a highly visible medium. The bad news is that your medium will be blamed for everything from a client's sore back to the nation's unemployment rate, and you will have to listen to the reasons for your medium's failures in a good-natured way.

The communications industry and the broadcasting and cable segments of the industry are changing at an accelerated rate in terms of both technological advances and viewers' and listeners' tastes and needs. As America continues its transition from a production-oriented to a marketing-oriented industrial system, consumers become more particular and selective. This creates a shifting emphasis for salespeople—from that of selling and getting an order toward one of servicing and building relationships. Meanwhile, there is less time available for preparation, planning, and negotiating, as advertising schedules run for shorter periods of time.

In the past broadcasting enjoyed virtually guaranteed profits. Cable was successful initially because systems could be built in small and medium-sized markets at reasonable costs and financed at reasonable interest rates. However, currently there is a more fractionalized, segmented, and highly competitive atmosphere than before. Today, cable system operators are looking toward income from advertising sales to achieve their projected growth.

Broadcast and cable programmers must change their thinking and practices both to meet the increased competition from new programming sources and media outlets, and to adjust to changing demographics—population variables such as age grouping, income, and education. For instance, the post–World War II baby boom accounts for a large portion of the population—individuals currently in the thirty-five- to forty-five-year age group. Programming uncertainties make creating hit shows more difficult, and they also make popular programs of the past subject to faster fluctuations and declines.

There have never been so many opportunities for competent salespeople in broadcasting and cable. And yet, selling is more difficult, complex, and competitive than ever before. To succeed, you must be better trained, better prepared, and better motivated than was necessary in the past.

With these assumptions in mind, let's consider some of the common questions about selling and define some terms. We'll also review what's to come in the rest of this book.

QUESTIONS AND DEFINITIONS

People interested in sales careers frequently ask these questions:

—What is selling?

—What does a salesperson do?

—What are the qualities that make a salesperson successful?

—What does a sales department do?

—Where do I begin?

We'll look at each of these questions in the following section and attempt to find some answers.

What Is Selling?

Selling is a process by which one person guides other people's behavior along a path in a desired direction, culminating in the purchase of a product.

Buyers There are two types of buyers: customers and noncustomers (or prospects). *Customers* are people who have either decided to buy a product (goods or services), or who have already bought a product and are going to buy it again; customers require *service-oriented selling.*

Prospects are people who have not bought a product for a variety of reasons, ranging from never having heard of it to disliking it; prospects require *developmental selling.* In broadcasting and cable, prospects might be those people who (1) have never before advertised because they have an established business which they feel does not need advertising; (2) have never advertised because they are starting a new business; (3) advertise, but not in your medium; or (4) advertise in your medium, but do not use your station/system.

Service-oriented and developmental selling are techniques used to influence buyers' behavior. These types of selling will be covered in more detail in Chapter 3, "The Needs-Satisfaction Approach to Selling."

Products Products are either tangible or intangible. *Tangible* products are goods you can see and touch, like automobiles, personal computers, or cosmetics. *Intangible* products are services that cannot be seen, touched, or tested in advance, like insurance, banking and financial services, or advertising media time and space.

Tangible products can be experienced and they are usually easy to demonstrate—product features and benefits are apparent before a purchase. However, even tangible products have some degree of intangibility, as pointed out by Theodore Levitt, a leading marketing theorist: "You can't taste in advance or even see sardines in a can or soap in a box. This is commonly so of frequently purchased moderate- to low-priced consumer goods. To make buyers more comfortable and confident about tangibles that can't be pretested, companies go beyond the literal promises of specifications, advertisements, and labels to provide reassurance."[4]

Packaging is one common tool used to make the intangible elements of goods more tangible in a customer's mind—for example, putting pickles in a glass jar so purchasers can see the product they are purchasing. Advertising is another tool used to communicate advance assurances that the product is what it says it is. Chapter 2, "The Marketing Concept and Positioning," discusses product presentation.

It is harder to keep customers satisfied with intangible products than with tangible ones. The biggest problem with intangible services—such as advertising time, insurance, or bank services—is that customers are usually not aware of what services they are getting until they no longer get them. Therefore, they rarely appreciate the positives, and the negatives tend to be blown out of proportion. This situation means that intangibles require more service and greater efforts on the part of salespeople.

Uncovering Needs The path a salesperson follows in guiding customers' and prospects' behavior is that of uncovering needs. These needs are then shown to be satisfied with the benefits provided by a "tangibilized" product.

Everyone's behavior is guided by his or her unique and constantly changing needs—needs for status, recognition, security, good business deals, low prices, quality merchandise, and so on. Salespeople must be oriented to these needs if they expect to guide customers and prospects along the path to sales.

What Does a Salesperson Do?

Joseph Thompson says: "The sales(person) today is a problem-solving, customer-oriented professional who links his company to the marketplace."[5]

In the *AT&T Systems Selling Manual*, salespeople are advised to do the following:

"Position yourself and the Bell System [substitute your company] as professional business problem solvers, capable of developing communications systems [substitute ad-

[4]Theodore Levitt, *The Marketing Imagination* (New York: Free Press, 1983), p. 95.

[5]Joseph W. Thompson, *Selling: A Managerial and Behavioral Science Approach*, 2d ed. (New York: McGraw-Hill, 1973), p. 1.

vertising] solutions that respond to the customer's most urgent business needs."[6]

Salespeople must differentiate their products in such a way as to give their company an edge. Prospects will select those products that they perceive to be different from and better than others.

Core Functions of a Salesperson A salesperson has two *core functions:*

1 ***To create a differential competitive advantage in a buyer's mind.*** Salespeople who cannot find ways to create *differential competitive advantages* are merely order-takers or clerks who wait on customers, and they may not last long in the highly competitive environment of broadcasting and cable selling.

2 ***To manage the salesperson/customer relationship with an account.*** The relationship must be built on mutual trust and needs-satisfacton, and salespeople must take the long view. The relationship between a salesperson and a customer does not end when a sale is made; it's just beginning. The relationship should intensify over time and help to determine a customer's buying choice the next time around. Peters and Waterman emphasize in their book *In Search of Excellence*, the best selling book ever written about business, that the first and most important element the excellent companies they examined had in common was being *close to the customer.*[7] Managing a relationship with an account means recognizing that your most important task as a salesperson is getting close to your customers and staying close.

All of the other functions of a salesperson stem from these two core functions. Management holds salespeople and sales managers responsible for the two core functions and the nine related functions that follow.

Related Functions

1 ***To develop new accounts.*** That is, to turn prospects into customers. Chapter 4, "Prospecting, Qualifying, and Researching and Targeting: The First Steps" and Chapter 5, "Presenting and Servicing: The Last Steps" cover steps for development.

2 ***To obtain and process orders.*** Not only to close sales and get orders, but also to make sure that the orders enter the operational system so they can be executed properly and on time.

3 ***To maximize revenue.*** To get the right orders from the right clients; to focus on optimizing profits and opportunities while still maintaining a balanced, customer-oriented, long-term view.

4 ***To provide customer service.*** To be sure that each account's schedules are executed properly and that the billing and production details are correct; to communicate new market and station/system information to customers; to translate new station/system policy; to continue to communicate benefits and advantages; to increase revenue from accounts; and to work on establishing long-term relationships. Servicing

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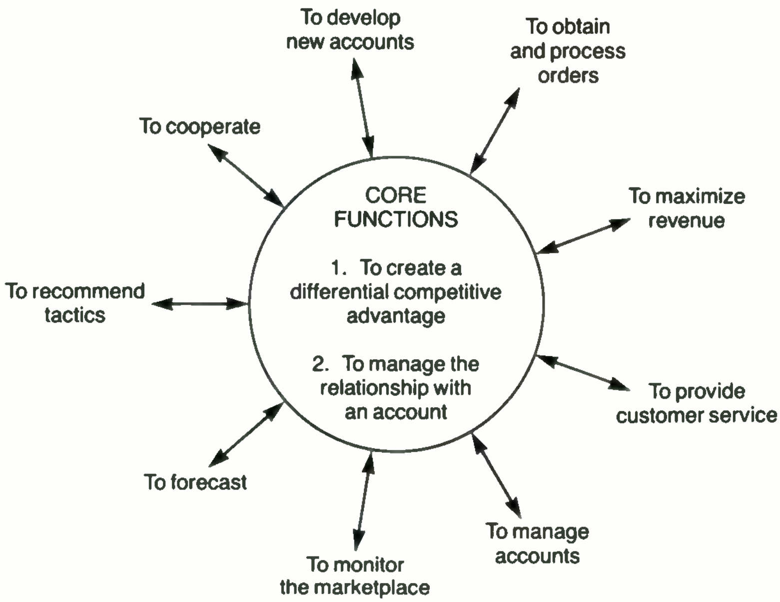
[6]*AT&T Systems Selling Manual*, p. 12.

[7]Thomas J. Peters and Robert H. Waterman, *In Search of Excellence* (New York: Harper & Row, 1982).

Exhibit 1-1 Functions of a Salesperson



techniques are covered in more detail in Chapter 13, "Attitude in Selling."

5 ***To manage accounts.*** To set objectives for revenue and service; to plan execution of station/system sales strategies and promotions as they relate to accounts; to become knowledgeable about accounts' industries and their business and marketing strategies.

6 ***To monitor the marketplace.*** To provide information to station management about competitors in all media—their prices, strategies, programming changes, management changes, advertising and promotion, and sales tactics. To pass on information about each account's activity, strategy, and financial condition.

7 ***To forecast.*** To project future revenue from each customer and potential customer, overall and for specific station/system packages or promotions.

8 ***To recommend tactics.*** To recommend pricing changes, new packages and promotions, and changes in selling approaches. Packages and prices are covered in more detail in Chapter 8, "Rate Cards and Maximizing Revenue"; selling strategies are also covered in Chapter 8.

9 ***To cooperate.*** To help other salespeople in the department learn from each one's experiences—both successes and failures. To help the sales department meet its strategic selling objectives. To cooperate in completing reports, expense accounts, insert and change orders, and forecasts on time. To help with promotions, trade shows, group entertainment and party functions, group presentations, and to cover for other salespeople who are absent.

These are the functions of a salesperson; his or her responsibility is to demonstrate an intelligent effort in carrying out these functions. In other words, not only must salespeople do what they are supposed to do, but they must also let their management and their customers know that they are doing it diligently. The two core functions and nine related functions are summarized in Exhibit 1-1.

What Are the Qualities That Make a Salesperson Successful?

The International Radio and Television Society (IRTS) conducted the *Time Buyer Survey* among important media buyers in New York City several years ago.[8] They were asked to name and then to rank the characteristics they thought were most important for a salesperson to have. The following list resulted from the study.

1 Communication skills. Clarity and conciseness, not oral skills or flamboyance, were ranked as most important.

2 Empathy—insight and sensitivity.

3 Knowledge of product, industry, and market.

4 Problem-solving ability—using imagination in presentations and packaging.

5 Respect.

6 Service.

7 Personal responsibility for results.

8 Not knocking the competition.

Much of the remainder of this book will be spent helping you develop the skills, knowledge, attitudes, preparation, and persistence necessary for the above list to become a description of you as a salesperson.

In a classic article titled "What Makes a Good Salesman," David Mayer and Herbert Greenberg point out that the two essential qualities for a salesperson to have are *empathy* and *drive*. Empathy is the ability to feel as another does. Being emphathetic does not necessarily mean being sympathetic. A salesperson can know what another person feels without agreeing with that feeling. But, as Mayer and Greenberg point out, "a salesman simply cannot sell well without the invaluable and irreplaceable ability to get a powerful feedback from his client through empathy."[9] Drive is a particular type of ego drive "which makes him want and need to make the sale in a personal or ego way, not merely for the money to be gained."

This book can help you learn techniques to improve your empathy and drive, but it

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[8]*Time Buyer Survey* (New York: International Radio and Television Society, 1977).

[9]David Mayer and Herbert M. Greenberg, "What Makes a Good Salesman," *Harvard Business Review*, July-August, 1964, p. 119.

cannot imbue you with these two essential qualities—they must come from within. In essence this means that to be successful in selling you must like other people and want to be successful.

What Does a Sales Department Do?

The sales department is responsible for the advertising revenue of a station/system (in this book the appellation *station/system* is meant to encompass all types of broadcasting and cable organizations, from television or radio stations to national sales representative companies).

The sales department and its management is responsible for sales planning, which includes setting policy, establishing procedures, and determining strategies. The sales department is responsible for hiring salespeople and training them. It communicates appropriate sales information to other departments and passes on appropriate information about other departments to the salespeople. It is responsible for supervising the activities of salespeople, for controlling inventory and sales expenses, and for evaluating the performance of salespeople.

There is no standard or right structure for a sales department in broadcasting and cable. Theorists in organizational structure have an axiom that "structure follows strategy," which means that a sales department's structure should reflect its sales strategy, and in most cases this is true.

Organizational structures of sales departments range from that of a small-market radio station in which the general manager of the station is also the sales manager to whom three salespeople report, to a large-market television station in which there is a director of sales, a general sales manager, a national sales manager, a local sales manager, a retail sales manager, and a sales staff of fifteen. Exhibits 1-2 through 1-4 display examples of several different structures of stations and systems and the various positions the sales departments hold within those structures.

Notice that the sales department in television and radio stations is typically on the same level with the news, programming, engineering, and other major departments. Even though organization charts show them as equal, broadcast sales departments are typically "first among equals" or share that distinction with the news department (major-market, network-affiliated television stations) or with the program department (radio stations). The vast majority of broadcast station general managers have come up through the ranks of the sales department, so these bosses naturally place importance on their roots. Because general managers of cable systems typically come up through finance or engineering, cable advertising sales departments tend to be less understood and are more apt to be given less prominence than are broadcast sales departments.

Because structure does follow strategy, these organizational charts present fairly representative examples of organizational structures, although they are not necessarily common to all similar stations and systems. Structures do and should alter as the marketplace changes and as sales strategies change in response. For example, more and more stations in small and medium-sized markets are adding retail sales teams to take advantage of co-op opportunities.

Exhibit 1-2 Large-Market Television Station

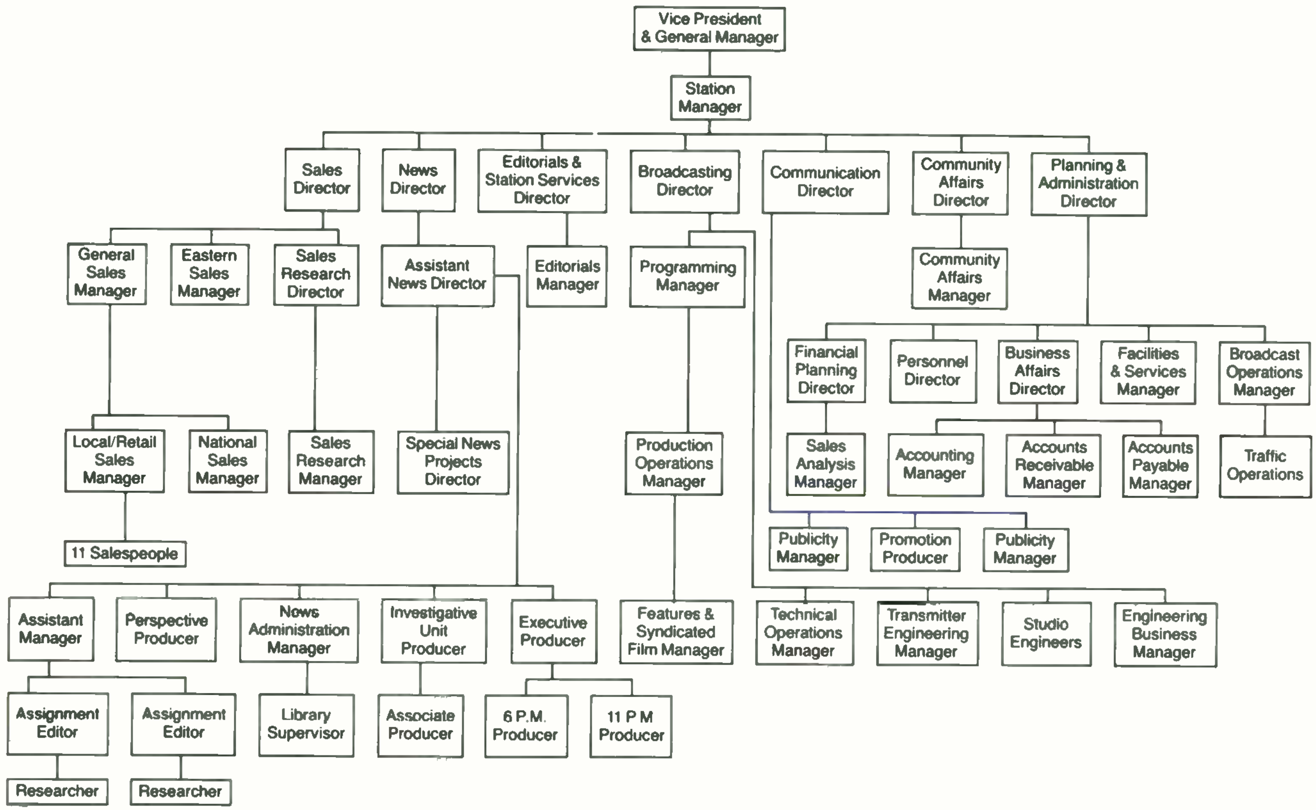


Exhibit 1-3 Large-Market Radio Station

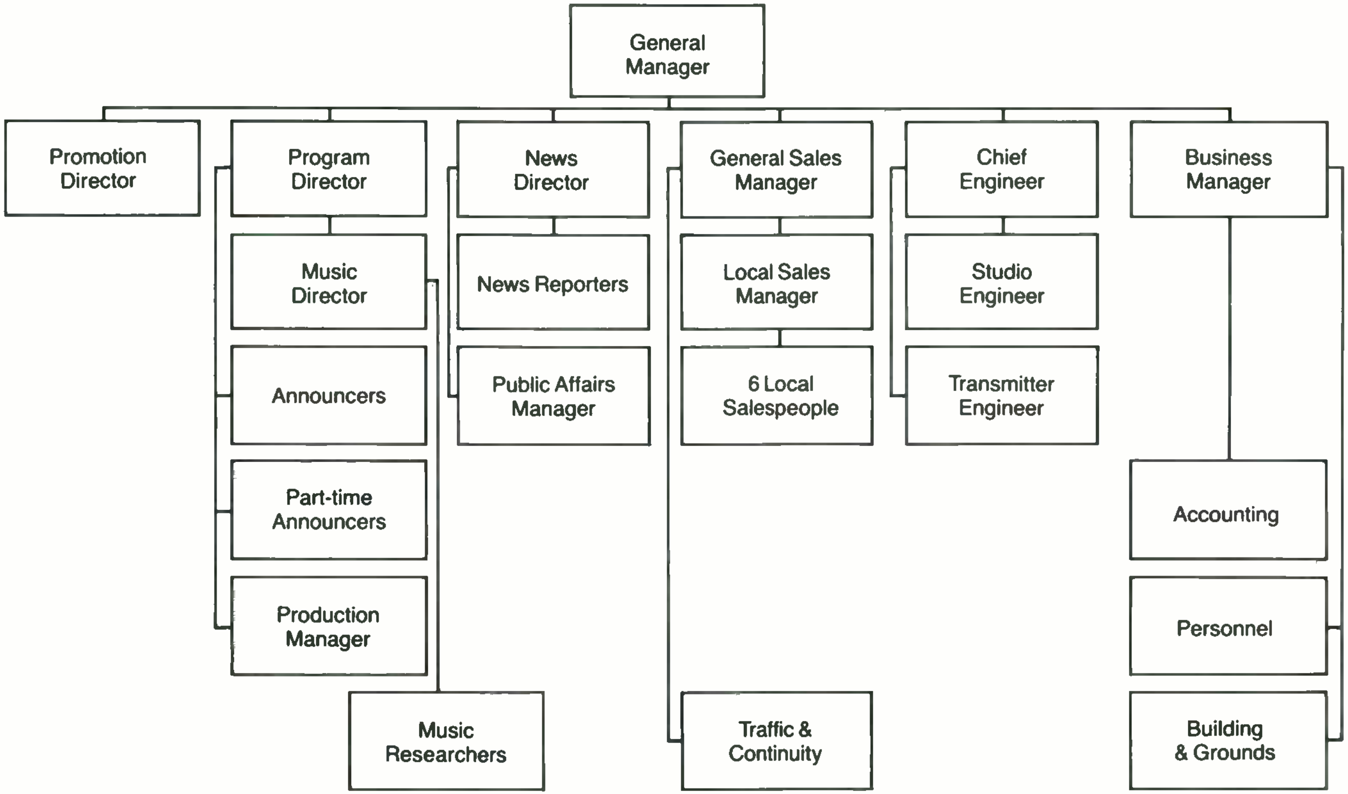
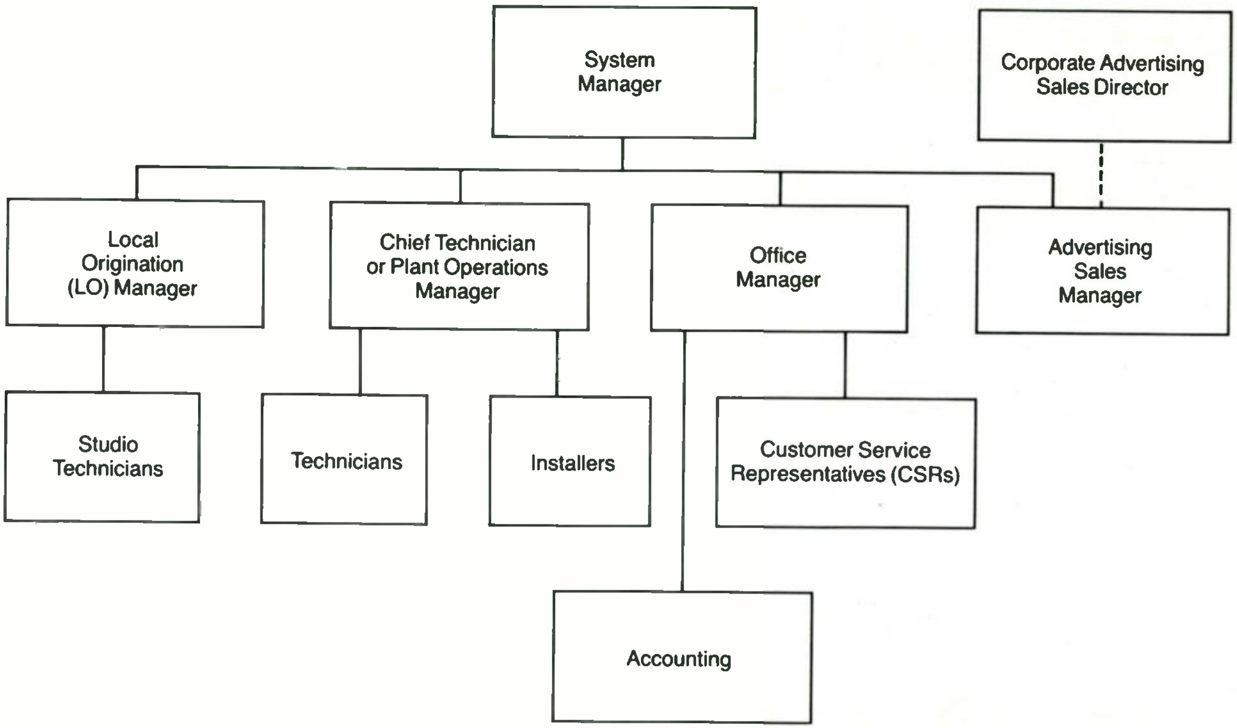


Exhibit 1-4 Medium-Market Cable System



Where Do I Begin?

With a method. The author's method is based on a generalization, a simplification of some underlying, universal principles that should be useful in guiding thought and action. As mentioned earlier, this theory and method is called the SKOAPP system: Successful selling requires Skills (S), Knowledge (K), Opportunities (O), Attitude (A), Preparation (P), and Persistence (P):

$$S \times K \times O \times A \times P \times P = \mathit{Success}$$

Notice that each element in the above formula is multiplied by the others. Just as in a mathematical formula, if any one of the elements is not present (equals zero), then the result is no success; any element multiplied by zero is zero. Thus, all of the elements must be present in selling for a successful result.

Before making a sales presentation to any account, salespeople should get in the habit of asking themselves the six SKOAPP questions. They should also ask themselves the SKOAPP questions about their overall sales approach and performance on a regular basis. Managers should continually ask these questions about their salespeople and their performance.

The Six SKOAPP Questions

1 Do I have the Skills necessary to make sales?
2 Do I have the Knowledge necessary to make sales?
3 Do I have the Opportunities to make sales?
4 Do I have the right mental Attitude to make sales?
5 Do I have sufficient Preparation to make sales?
6 Do I have the Persistence to never, never, never give up?

If the answer to all of the above questions is yes, you will be successful in the aggregate, which means that you will win much more often than you will lose. Your sales batting average will be high, even though you will strike out from time to time. On those occasions when you do strike out, you can use the SKOAPP questions to help tell you what went wrong.

THE SKOAPP SYSTEM

In the rest of this book we'll look at the SKOAPP method in detail. Chapters 3 through 5 concentrate on skills. Chapters 6 through 8 develop knowledge. Opportunties for selling are discussed in Chapters 9 through 12. Attitude, preparation, and persistence are covered in Chapters 13 and 14. Chapter 15, the final chapter, discusses the future of broadcast and cable selling.

To conclude this chapter, let's look briefly at each element of the SKOAPP system to develop some definitions and an overview.

Skills

Skills are the ability, improved through practice, to use your knowledge of techniques, methods, and tools. For a youngster, it's knowing how to ride a bicycle; for salespeople, it's knowing the selling techniques of prospecting, qualifying, researching, presenting, negotiating, closing, and servicing.

Knowledge

Knowlege encompasses the tools of your trade. For a child, it means having a bicycle; for salespeople, it means having information about their station or system, about ratings, about the market, about customers' businesses, and about competitive stations or systems and media.

Opportunities

Opportunities are the circumstances in which you can use your tools. Even if you have the tools and know how to use them, you cannot accomplish anything unless you have opportunities to put them to use. Knowing how to ride a bicycle and having one in the garage doesn't do a child any good if snow is three feet deep outside, or if a parent won't give permission to the child to ride. Salespeople may know how to sell and have a huge store of products, a marketplace, and competitive knowledge, but if they do not make calls and find prospective customers, they will lack the opportunities to put their skills and knowledge to work.

Attitude

Attitude is wanting to sell and having the proper mind set to do it. If you have the skills, the knowledge, and the opportunities to sell, but have no desire to do so, you obviously will not be successful. A child with no confidence in his or her ability to ride a bicycle will not be likely to succeed, and might not even try.

Preparation

Preparation is getting organized to sell. Even if you have the skills, knowledge, opportunities, and attitude to sell, you won't make many sales if you forget your presentations and rate cards, and if you do not know the clients' names or anything about their businesses or personalities. A youngster can't ride a bike if there is no air in the tires.

Persistence

Persistence means never giving up. A child might not be able to pedal to the top of a steep hill on the first try—or even on the second or third. Giving up after the first effort, however, means never getting to the top. In a similar way, salespeople need to continue working on prospects past any initial no they might encounter.

In Chapter 2, we'll look at how marketing theory and product positioning relate to selling in broadcasting and cable.

SUMMARY

This book is about selling successfully with an in-depth, customer-oriented approach as it applies to broadcasting and cable.

We make three assumptions: Assumption #1: People are rational, complex, and basically good; Assumption #2: Selling is a worthy profession; and Assumption #3: Broadcasting and cable occupy a highly visible, unique, and changeable niche within the communications industries.

Selling is a process by which one person guides other people's behavior along a path in a desired direction, culminating in the purchase of a product. In line with this description of selling, buyers are divided into two types—customers and prospects. Current customers require service-oriented selling; new prospects require developmental selling.

Products are either tangible or intangible. Tangibles are goods that are produced and can be seen, touched, and experienced. Intangibles are services, like advertising, that are performed and that cannot be touched. All products (goods and services) must be made more tangible with metaphors that promise satisfaction. Because intangibles are more apparent in their absence, intangibles typically require more service than tangibles do so that customers can be continually reminded of their value.

The path to a sale is through uncovering client needs and satisfying the needs with product benefits. Salespeople must position themselves as professional, customer-oriented, needs-satisfying problem-solvers who are attuned to the marketplace and who can develop solutions to advertising problems.

The goal of a salesperson is to create a customer; the strategy to accomplish this is to sell solutions to problems (not products). The two core functions of salespeople are: (1) to create a differential competitive advantage, and (2) to manage the salesperson/customer relationship with an account. Nine other related functions stem from these core functions: (1) to develop new accounts, (2) to obtain and process orders, (3) to maximize revenue, (4) to provide customer service, (5) to manage accounts, (6) to monitor the marketplace, (7) to forecast, (8) to recommend tactics, and (9) to cooperate.

The responsibility of a sales department is to provide a company's revenue. Sales department structures vary widely and are determined by the sales strategy of a company.

The SKOAPP system of selling provides salespeople and sales managers with a system by which they may organize and evaluate their efforts. The SKOAPP system means the following:

—*S*kills

—*K*nowledge

—*O*pportunities

—*A*ttitude

—*P*reparation

—*P*ersistence

$$S \times K \times O \times A \times P \times P = Success$$

The formula is multiplicative, which means that all of the elements must be present for success to result.

TEST YOURSELF

1 SKOAPP = Success in selling. What do the letters in SKOAPP stand for?

2 What is the difference between customers and prospects and between service-oriented and developmental selling?

3 Why is it more difficult to keep customers satisfied with intangible products than with tangible ones?

4 What are the two core functions of a salesperson?

5 What are some of the related functions of a salesperson, and how do they correspond to the core functions?

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Chapter 2
The Marketing Concept and Positioning

Radio, television, and cable are integral parts of the country's marketing-oriented economy and of the marketing process. They are important media through which consumers receive advertising messages about products. This chapter will examine the marketing concept, how it came about, how to apply it to selling, and where broadcasting and cable fit in.

WHAT IS MARKETING?

In his influential book *The Practice of Management*, Peter Drucker, who has been labeled "The Father of Modern Management," presents and answers a series of simple, straightforward questions. Drucker first asks, "What is a business?" and writes that the answer from most people will inevitably be, "an organization to make a profit." But this answer is not only false, it is also irrelevant. If we want to know what a business is, we have to start with its *purpose*. Drucker says, "There is only one valid definition of business purpose: *to create a customer*."[1]

[1]Peter F. Drucker, *The Practice of Management* (New York: Harper & Row, 1954), p. 37.

Drucker goes on to point out that markets for products are created by businesses: "There may have been no want at all until business action created it—by advertising, by salesmanship, or by inventing something new. In every case it is a business action that creates a customer." Furthermore, he points out that, "What a business thinks it produces is not of first importance—especially not to the future of the business and to its success. What the customer thinks he is buying, what he considers 'value,' is decisive—it determines what a business is, what it produces and whether it will prosper."[2]

Finally, Drucker says, "Because it is its purpose to create a customer, any business enterprise has two—and only these two—basic functions: marketing and innovation."[3]

Notice that he did not mention production, manufacturing, or distribution, but only customers. That is what marketing is—a customer-focused business approach. The production-oriented business produces goods and then goes out and tries to sell them; the customer-oriented business produces goods that it *knows* will sell, not that *might* sell.

Another leading theorist, Harvard Business School Professor Theodore Levitt, wrote an article for the *Harvard Business Review* titled "Marketing Myopia" that is perhaps the most influential single article on marketing ever published. In it he claims that the railroads went out of business "not because the need (for passenger and freight transportation) was filled by others . . . but because it was *not* filled by the railroads themselves. They let others take customers away from them because they assumed themselves to be in the railroad business rather than in the transportation business."[4] In other words, they failed because they did not know how to create a customer; they were not marketing oriented.

Levitt pointed out the problems Detroit's car manufacturers were having then, and would have in the future, because they were so production oriented. When American automobile makers researched the needs of their customers, they merely found out customers' preferences among existing products. Japanese automobile makers did the *right* research and gave people what they really wanted.

As a result of the customer-oriented approach espoused by Drucker, Levitt, and other leading theorists, many companies asked themselves the question, "What business are we in?" and subsequently changed their direction. They began to have a heightened sensitivity to customers and began to change the old attitude of "let's produce this product because we've discovered how to make it."

Some Brief Economic History

From the beginning of the eighteenth century to the latter part of the nineteenth century, America had little or no mass-production capability. People devoted their time to producing agricultural goods, building manufacturing capacity, and developing commerce. They concentrated on inventing and manufacturing products. It was the *era of production*.

By the beginning of this century, the population had spread out from the East Coast,

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[2]Drucker, p. 37.

[3]Ibid.

[4]Theodore Levitt, "Marketing Myopia," *Harvard Business Review*, July–Aug, 1960, p. 26.

manufacturing had become efficient, and surpluses had developed. The basic problem shifted from one of production to one of distribution—getting the plentiful goods to people. Thus, in response to the new challenge, businesses developed new distribution systems—mail-order houses (the beginning of Sears, Roebuck and Company), chain stores, wholesalers and distributors, and department stores. It was the *era of distribution*.

When the 1920s came roaring in, the problem changed from one of supply to one of demand. Mass production and mass distribution were in place and an abundance of goods were made and distributed. The problem now was to convince consumers to buy what was available. Enter the *era of selling*, as businesses attempted to create demand for the products they had produced and distributed with more intensive selling techniques and advertising. Deceptive and extravagant promises were made about products, and high-pressure selling tactics were common, especially during the Depression in the 1930s as businesses became more desperate to sell their products.

After World War II, businesses had no trouble selling whatever was made. Consumers released their pent-up demand for goods, built up during the years when manufacturing capacity was directed toward supplying the war effort. However by the 1950s, consumers were beginning to be particular and to demand more choices; they wanted what *they* wanted, not what manufacturers happened to want to produce. The *era of marketing* had begun. Those businesses, like IBM, who recognized the shift in consumer attitudes adopted the marketing concept and survived; those who did not, like the Pennsylvania Railroad, disappeared.

The Free-Market System

The basis of our marketing economy since the 1950s is a free-market system whereby consumers have the freedom to pursue their self-interests and to purchase those products that satisfy their individual needs and wants. The driving force to a free-market economy is provided by supply and demand, and the direction is provided by consumers who vote with their dollars. Freedom is expressed in four areas, as suggested by Runyon:[5]

1 ***Freedom of choice.*** Consumers are free to spend their money in any way that suits their needs and desires.

2 ***Freedom to produce.*** Producers are free to enter any business as long as they have the capital to do so.

3 ***Freedom of competition.*** Producers are free to compete with other producers for consumers' attention and money, which in turn means they are free to succeed and fail.

4 ***Freedom from government.*** Businesses are free from substantial government planning and interference with the marketing process.

[5]Kenneth Runyon, *Consumer Behavior*, 2d ed. (Columbus, Ohio: Charles E. Merrill Co., 1980).

THE MARKETING CONCEPT

The most fundamental notion underlying marketing is that of *consumer orientation;* however, just because a business is consumer oriented does not automatically ensure its competitive survival. Two other ideas must accompany consumer orientation for the marketing concept to be complete: *profit* and *internal organization.*

To continue to be sensitive to consumer needs, a business must also stay in business by making a profit. Although Drucker points out that profit is not the purpose of a business, profits are still the fuel that keep the machines of business running, and thus profits are a necessary ingredient in the marketing concept.

To serve consumers, businesses must be organized internally. The efforts of a number of functional areas or departments have to be coordinated so that all of them have the same goal—to create customers by serving the customers' needs.

When the marketing era evolved in the 1950s, many marketing-oriented companies, like Procter and Gamble, realized they had to change their internal organizational structure to accommodate their change in corporate strategy from production orientation to marketing orientation. They went from an organizational structure based on function (manufacturing, engineering, sales, and distribution) to one arranged by product (Cheer, Spic & Span, Jif, Crest, and so on).

Thus, a marketing-oriented company will typically organize around its marketing effort and put those functions that relate directly to marketing under the organizational wing of marketing—departments such as sales, product design, consumer research, and advertising and promotion, for example.

The efforts of marketing-oriented departments are directed toward customer satisfaction. Profit is the reward the business reaps from satisfied customers. These efforts can be summarized as the four basic elements of marketing, known as the *four P's:*

1. Product
2. Price
3. Place
4. Promotion

Each of these elements is discussed below.

Product

The *product* element involves the functions necessary to design a product and its package. Much of the initial impetus for a product originates with information provided by research. Consumer research is one of the most important elements of marketing. Properly conducted research can identify consumer needs and indicate how to design products and their packages to appeal to these needs; it can also take the pulse of consumer reaction to products and of consumers' changing needs so products can be modified. For instance, research might indicate that a brand of toothpaste should add a second colored stripe because consumers want a product not only to *fight cavities* and make breath *smell fresh,* but also to *clean stains.*

In broadcasting and cable, research is conducted both before programs or records go on the air to check their *potential* popularity, and after they are seen or heard to check on their *actual* popularity. After-the-fact audience research is covered in Chapter 6, "Understanding and Using Ratings."

You have probably noticed the use of two similar words, *customer* and *consumer.* In Chapter 1 we said that a customer is one of the two types of buyers (the other type being the prospective buyer, or prospect). The marketing definition of customer is similar: A *customer* is someone who buys a product directly from a distributor or manufacturer. A *consumer* is someone who buys the product for ultimate use (consumption).

Sometimes a customer is also a consumer. For example, a person who buys and eats a candy bar from the corner store is a customer of the store and a consumer of candy bars. The owner of the store is a customer of the candy bar distributor, but not a consumer (unless, as an individual, the store owner is also a candy bar eater).

In broadcasting and cable, the customers (about whom salespeople and sales departments are primarily concerned) are advertisers and their advertising agencies. The consumers (about whom programmers are primarily concerned) are the listeners and viewers. The product is programming.

Each product has four different aspects:

The Generic Product The word *generic* comes from a root word meaning "of a kind." The *generic product* is the bare-bones physical entity that is offered to the consumer. For example, Comtrex is a multi-symptom cold reliever product that consists of acetaminophen, phenylpropanolamine HCl, chlorpheniarmine maleate, and dextromethorphan HBr. Many chain stores sell their own brand of cold reliever with essentially the same chemical composition for a lower price. There is virtually no difference between brand name products and the generic versions.

In radio the generic products are the records that are available to all stations. A generic product in television would be a situation comedy program.

The Enhanced Product Levitt said that the competition between companies is not between the tangible products they produce, but between features added to these physical products in terms of packaging, advertising, customer advice, delivery arrangements, warehousing, service, and other elements on which consumers place value. Thus, the *enhanced product* consists of all of a product's features, such as dependable quality, easy availability, convenience, or guaranteed refund if the product is unsatisfactory. In the case of Aqua-fresh toothpaste, which contains two stripes, the enhanced product is readily available, attractively packaged, and it contains fluoride, a breath freshener, and an abrasive cleaning ingredient.

The enhanced product in radio is the order and frequency of record play, the personalities between the records, and a station's contests and promotions. In television, the enhanced product would be a 20th Century Fox situation comedy set in an Army field hospital during the Korean War; the show would be produced by Gene Reynolds and Larry Gelbart, starring Alan Alda, and scheduled on the CBS Television Network.

The Expected Product The *expected product* is the promise of a benefit the consumer will enjoy. In the case of Aqua-fresh, it is the "triple protection" of a toothpaste that fights cavities, freshens breath, and "even cleans stained film." People do not buy fluoride, they buy "no cavities."

Different people see different product benefits that relate to their particular needs. One person may buy an automobile primarily for room and comfort, another for economy and dependability, and another for status. The expected product is not really a product at all, it is a bundle of promised and *expected benefits*.

In radio, the expected product would be "Rock of the '80s." In television, the expected product would be the intelligent, humorous program, *M*A*S*H*. This sitcom provided both a pleasant, thought-provoking entertainment product to consumers (viewers), and a highly rated, demographically targeted advertising product to customers (advertisers). The critical point here is that salespeople must mold the expected product to meet the particular needs of each customer.

The Augmented Product The *augmented product* is one that exceeds the normal expectations of the buyer. Augmented products have very specific extra benefits for a customer, and they are typically augmented, or extended, by after-the-purchase service. In other words, salespeople typically create augmented products as part of their function of managing the relationship with an account (*servicing*). For example, a retail salesperson might sell someone a personal computer to use for word processing and investment portfolio management, then call on the user several months later and give instructions on how to use a spread-sheet program to analyze real estate investments and prepare income tax schedules.

In television, *M*A*S*H* might be augmented by a salesperson who promptly and efficiently services an advertising agency by showing the agency some research on the program's type of upscale viewers, and by suggesting a new, creative approach to reach this audience more effectively. Salespeople create an augmented product as they successfully manage the relationship with an account.

Price

Price is a vital strategic decision in the marketing process because it typically affects the amount of a product sold. If an automobile production or manufacturing department makes a model that costs $25,000 while similar cars from competitors are priced at $15,000, very few, if any, cars will be sold. The marketing people should be able to show the production people both the need for a competitively priced car and the necessary differentiating features to build into the car on the basis of consumer research.

The price decision affects the sales department most of all, and typically that department is deeply involved in all product pricing decisions. In broadcasting and cable, making pricing decisions is one of the most important functions of sales management.

Place

Place refers to the *where* of marketing—where a product is sold and how it gets there, or its distribution. The place decision affects the overall marketing strategy. A manufacturer who sells its products directly to consumers who order the product from ads in national magazines or on television will have a different pricing policy and advertising content from that of a manufacturer who sells its products to wholesalers who, in turn, sell to retail outlets. Distribution is normally placed under the wing of marketing people in most marketing-oriented companies.

Radio, television, and cable are so named for their different methods of distribution, and there are virtually no distribution decisions to be made in these industries. Satellite technology has afforded the broadcasting networks their first distribution decisions since the beginning of broadcasting in the early 1920s. The radio networks have already switched from a land-based, telephone-line distribution system to a satellite-delivered one, and it will not be very long until the television networks make a similar switch.

Promotion

The *promotion* process includes the advertising, promoting, and selling of a product in a variety of ways such as using a medium of mass communication (advertising), making direct sales appeals (store displays) to a consumer (promoting), direct selling, and selling through distributors.

Promotion is the most obvious element in the marketing process and the one most people associate first with marketing, but in practice it is the last element—the one that culminates in selling a product to consumers. Here is where broadcasting and cable fit into the complex marketing process; they are media through which advertisers sell their goods and services.

MARKETING STRATEGY

The decisions a business makes about product, price, place, and promotion are based on its overall marketing strategy. The overall strategy is a combination of different ways to discover and approach a product's market. One of the important considerations in any overall marketing strategy is the product's *brand image*.

Types of Strategies

Below we'll look at four of the most commonly used strategies. The strategy most often associated with product is *segmentation*, with price is *overall cost leadership*, with promotion is *differentiation*, and with place is *push or pull strategies*.

Segmentation A *segmentation* strategy focuses on market segments. The concept is to identify a portion of a market that is not being served and to design a product to meet that need. For a segmentation strategy to be successful, the market segment, according to Runyon, must be

1 ***Measurable.*** There must be a relatively easy way to define and measure the market segment. If it cannot be measured, potential sales volume cannot be estimated. For example, markets based on age, sex, or geographic region are easily measured with census data. Market segments based on psychological or behavioral differences between consumer groups are hard to measure.

2 ***Sizable.*** The segment must be large enough to be profitable for a business.

3 ***Reachable.*** Not only must a segment be measurable and be large enough to be profitable to serve, but it must also be able to be reached by advertising and promotion. Specialized media, such as Spanish-language radio stations, often create a profitable market segment for advertisers.

An example of successful segmentation is *BYTE* magazine, a publication for owners and users of small computer systems. It currently carries several hundred pages of advertising in each issue—it found a market segment when the sale of microcomputers exploded in the marketplace. Radio stations use segmentation strategy when they appeal to certain age groups.

Overall Cost Leadership The strategy of *overall cost leadership* requires tight control of costs, expert process or manufacturing skills, and typically a large market share. A business that can achieve overall cost leadership over its competitors while maintaining equal or better quality can consistently sell its products for acceptable profit margins. If a company's cost leadership position is strong enough, it not only can force competitors out of the market, but it also can prevent others from entering the market. For example, Briggs and Stratton is a company that has built its 50-percent worldwide sales share of small horsepower gasoline engines on a strategy of cost leadership.

Differentiation *Differentiation* is a strategy used by companies that cannot establish a cost leadership, that have typically large-market segments, that have a high degree of competition within the segment, and have products similar to competitors. Soft drinks and most mass-marketed consumer products employ a strategy of differentiation. Companies that use this strategy try to create an image of a perceived difference in consumers' minds. To utilize differentiation, a company must have a strong, well-coordinated marketing effort and highly skilled, creative advertising and promotion execution. Pepsi-Cola and Coca-Cola try to differentiate their products, as do McDonalds, Wendy's, and Burger King. Television networks typically use a strategy of differentiation.

Push and Pull *Push and pull* strategies involve decisions about how a product is distributed and sold to consumers. A company would use a *push* strategy to increase distribution by a strong direct sales effort to wholesalers and distributors, who in turn make a direct sales effort to retail outlets. A *pull* strategy would use mass advertising and promotion to create demand for a product at the consumer level, and thus pull distribution through the channels of the retailer and wholesaler. Some companies use one strategy or another; others use a combination of both. Television networks use a pull strategy by promoting their programs heavily on their own air time to create demand and expand their audiences. They also use a push strategy by having salespeople sell directly to advertising agencies and to advertisers.

Brand Image

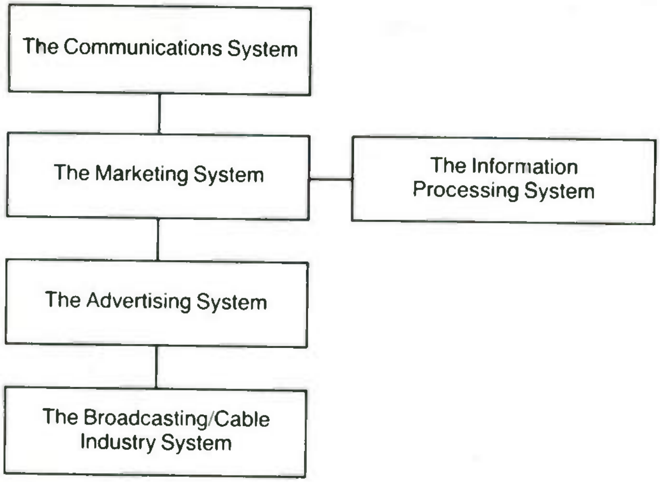
When selecting a product, most people do not buy generic products, like a combination of acetaminophen, aspirin, and caffeine, or even enhanced products, like Excedrin; they buy the expected product of pain relief. People buy pain relievers based on their perception of how well they will work. Consumers buy the picture of the product that exists in their mind's eye. A product's *image* is a combined total of all of its impressions and perceived benefits formed by a consumer. This image is actually more important in purchase decisions than the tangible product.

There are two basic kinds of responses to products: *rational* and *emotional*. The rational responses to a product are typically impressions concerning the performance of a product in relation to its price. The emotional responses also involve impressions of product performance, but these impressions are filtered through a complex maze of psychological needs and desires. Most purchase decisions involve both rational and emotional responses intermixed according to the personality of the consumer. For example, a mining engineer might purchase a pick-up truck for business use based on his rational impression of a truck's price-performance ratio, but he might select his own car based on his emotional impression of how it matches his own sense of status.

Brand image is determined by six variables:

1. The *product itself* and its performance characteristics. Porsche automobiles, for example, are high-performance sports cars.
2. The *package* (labels, colors, etc.). A light blue Porsche with a dark blue velvet interior has a different image than a bright red one with black leather seats.
3. The *brand name* and its psychological overtones. *Brut* men's cologne suggests a certain picture of masculinity. *Evening in Paris* perfume suggests romance and luxury.
4. The *brand price,* which also has psychological overtones. Rolex watches are known to cost thousands of dollars; thus a Rolex owner displays financial status on his or her wrist.
5. The *advertising and promotion,* which communicate images and impressions. Budweiser ads appeal to working class people, while Löwenbräu's advertising targets young urban professionals (Yuppies).
6. The *method of distribution.* Direct mail, better stores everywhere, or only at Tiffany's are three possibilities.

Exhibit 2-1 The Economic System



To create an effective, memorable brand image, all of the variables must work together in a coordinated manner; each must be in harmony with the others.

Implications for Salespeople

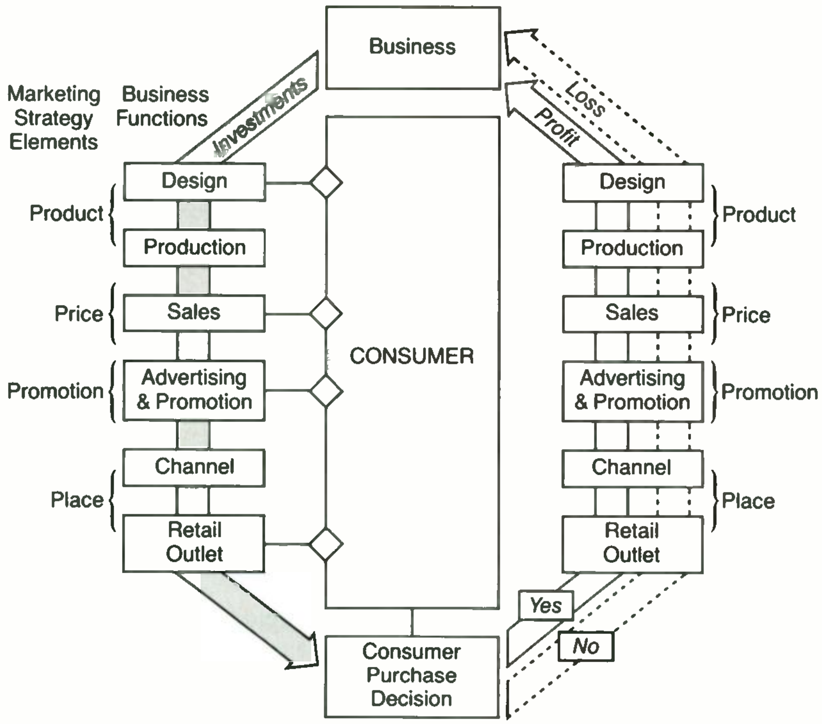
As part of their function to create a differential competitive advantage for their products and to get close to customers by managing relationships, salespeople become the *interface* between a company's marketing strategy and customers. They must communicate a product's image to customers. The combination of marketing strategy and communication of a product's image is referred to as *positioning*. We'll discuss positioning shortly; first, let's consider how the broadcast and cable industries fit into the marketing system.

THE BROADCAST AND CABLE INDUSTRIES

Our economy is enormously complex. It must be looked at not as a static chart or graph, but as a living system that is constantly changing—driven by the energy of supply and demand and given direction by consumer purchases. Fluctuations are caused by changes within industry subsystems, which in turn are influenced by movement within sub-subsystems of individual companies. Every movement is dependent on and connected to other movements within the system and subsystems. Exhibit 2-1 shows a generalized representation of the economy.

Broadcasting and cable are parts of two overlapping subsystems. One system is the communications system by which entertainment and information are passed on to members of our society. Broadcasting and cable are the most visible and dominant elements in that

Exhibit 2-2 The Marketing System



communications subsystem. The other subsystem is marketing, in which broadcasting and cable play a role as two of the many media that transmit advertising messages—advertising that, for example, is created by one company (an advertising agency) for products made by another company (a manufacturer) and sold by yet another company (a retailer). Exhibit 2-2 shows the marketing system and how it works.

Size of Broadcasting and Cable

Even though broadcasting and cable are very visible elements in the economic system, they are not especially large in terms of total revenues or numbers of people employed.

Before its breakup, AT&T was the country's largest company, employing over a million people. General Motors employs approximately 750,000 people. About 470,000 people work in all of the jobs in all of the newspapers in the United States. In the entire broadcasting industry, there are just over 9,000 commercial radio and television stations, 3 major television networks, and 16 national radio networks, all of whom employ a total of approximately 132,000 full-time people.

RCA, a company with $8.5 billion in annual sales, employs 111,000 people; its wholly owned subsidiary, NBC, is more visible, but much smaller. NBC has yearly revenues of approximately $2 billion and employs approximately 7,300 people.

There are about 5,800 cable systems in the country. These systems employ approximately 82,000 people. More details about broadcasting, cable, and other media will be given in later chapters.

Place in the Economy

Exhibits 2-1 and 2-2 show the direction in which capital in the form of money and then products flows from decision step to decision step (according to function) along the systems. As products travel along the marketing system (Exhibit 2-2) in the form of expenses, an interface occurs with the consumer along the path to the consumer purchase decision. These interfaces allow for feedback so corrections can be made in the product before going on to the next decision step. When the consumer makes a purchase decision, the expenses are either: (1) not recovered because some other product or no product is purchased, or (2) expenses are turned into profits when the product is purchased, and the profits are distributed among the various steps on their way back to the business. Here is where marketing strategy and brand image have their effect on purchases.

In the broadcasting and cable system the process is the same; only the labels of the function (or decision step) are changed, as shown in Exhibit 2-3. Channel decisions are fixed by technology (radio, television, or cable), and the purchase is not of the product itself (programming), but of products that are advertised.

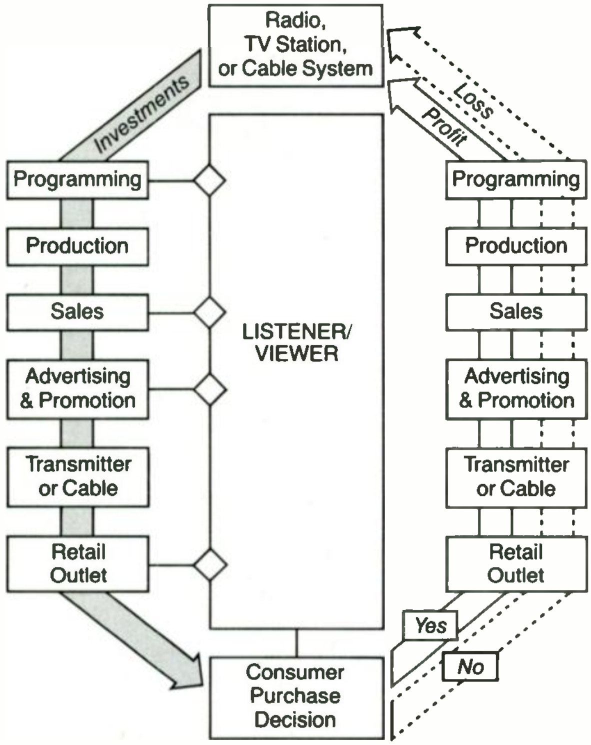
This model focuses on the pivotal importance of the consumer purchase decision. If a consumer purchases an advertised product, profits are created for that product, and these profits flow back to the station/system. If consumers do not buy advertised products, then there are no profits, and no advertising money comes back to the station/system.

Media that have no audience and, thus, sell no products, get no advertising. As more products are sold, more advertising dollars are created, since advertising budgets are typically set as a particular percentage of sales or of expected sales. For new product introductions, advertising budgets are set according to projected sales. A product is supported until the sales level becomes apparent. If the product falls far short of projected sales, advertising is cancelled and the product is discontinued or redesigned.

Thus, an advertising-supported medium cannot survive for long, no matter how large its audience, if it does not sell products. Television not only generates huge audiences, but it also sells more goods and services than any other medium. The synergistic and powerful combination of sight, sound, and motion make television an ideal advertising medium; it can sell products even in time periods that have relatively low audience levels. On the other hand, some easy-listening, "beautiful-music" radio stations have difficulty surviving because many advertisers find they achieve poor results. Listeners to background music typically do not listen attentively and often miss the messages of commercials. (Media strengths and weaknesses will be discussed in Chapter 7.)

Broadcasters and cable operators must develop strategies that will not only attract an audience, but will interest the type of viewers that will purchase advertised products. Salespeople must convey the strategies and advantages of their station/system to the advertising prospects and customers. This is called *positioning*.

Exhibit 2-3 The Broadcasting and Cable Industry System



POSITIONING

What Levitt's article "Marketing Myopia" did for marketing, advertising executive Jack Trout's articles in *Industrial Marketing* did for positioning strategy. Trout spelled out how RCA's entry into the computer business in the late 1960s was a marketing disaster on the level of Ford Motor's Edsel. One of the rules of positioning states that you cannot make progress by competing directly against a company that has a strong, established position. Competing head-to-head with IBM proved disastrous for RCA, as it has for others who have tried it since. Thus, having a marketing orientation is not enough for a company; it must also have the proper marketing strategy to position its product in the minds of consumers. Trout calls the 1970s the *era of positioning*.

What Is Positioning?

Positioning is creating a *unique brand image*. Trout writes: "Creativity alone is no longer enough. In the positioning era, 'strategy' is king. It makes little difference how clever the ads of RCA, GE were. . . . Their strategy of attacking the leaders head-on was wrong."[6]

In positioning, a competitor's image is as important as a company's own, if not more so. Also, a company cannot live with an unchanging position forever. For example, Volkswagen was extremely successful in establishing its ugly-but-efficient position against American cars, but had to change when Japanese automakers successfully established an attractive high-quality-and-efficient position for their automobiles.

"Me-too" advertising and products can spell disaster in more ways than one; failure to establish a strong position or image in consumers' minds can hurt a company and actually aid its competitors, as a major study revealed by uncovering the fact that 25 percent of all advertising was mistakenly credited to a competitor. The Trout articles were later updated in a book written with his advertising agency partner, Al Reis, and titled *Positioning: The Battle for Your Mind.*

Questions for Marketers

Advertising and other sales messages must clearly establish a differential competitive advantage in the minds of potential customers. According to Trout, marketers must ask themselves the following questions when positioning a product:

1 What position, if any, does our product already occupy? Marketing research to determine a product's or brand's image is the vital first step.

2 What position do we want to occupy? It must be unique and have a clear, easily definable competitive advantage; if it takes too long to explain, prospects will not stay around or awake long enough to find out how good it is.

3 What other companies must be outgunned if our company is to establish a desired position? For instance, it is better to not take on IBM head-to-head, but to back off and select a position that no one else has a firm grip on. Thus, Apple Computer was successful when it carved out a niche in personal computers, until IBM took the predatory move of entering the personal computer market, creating strong competition.

4 Do we have enough money allocated to communicate a position and hold it in the face of competitive pressure? It takes money to build a share of mind; it takes lots of advertising and promotion dollars and effort to establish a position. It also takes money and effort to hold that position.

5 Does our creative strategy match our positioning strategy? Does the position say one thing and the advertising or sales effort say another?

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[6]Jack Trout, "Positioning Revisited: Why Didn't GE and RCA Listen?" *Industrial Marketing*, November 1971, p. 117.

Broadcasting and cable companies must ask themselves similar questions about positioning their networks, stations, and systems—are they creating a unique difference? Salespeople must then take a station/system's position and translate it into the specific needs of each customer.

Positioning Analysis for Broadcast Media

Where do broadcasting or cable salespeople begin in positioning their stations/systems? Following is a step-by-step approach that will help in your positioning analysis:

Analyze the Market Look at the size of the market in terms of numbers and geographic distribution. What is the demographic makeup of the market—that is, what is its racial, age, or educational makeup? Miami has a larger percentage of older people in its population than most markets, and San Diego has a larger percentage of younger people, for example. How does your product (station/system) fit into the market, and what is different and unique about the relationship of your station/system to its market?

Analyze the Media Environment How many radio and television stations, cable systems and interconnections, newspapers, and so on are there? What is the strength of each? Washington, D.C. is a strong FM radio market but a low-viewing television market (particularly in early evening); San Francisco is a strong AM radio market and a weak newspaper market; and Seattle has a large cable interconnect. What advantages does your product have in this environment?

Analyze the Competition What is the position and image of your competition? Do your competitors have a clearly defined image? Is it different and unique? Analyze them the same way you analyze your own product and look for any edge you might have.

Analyze Your Competitors' Marketing and Sales Strategies Are they appealing to upscale consumers? Are they trying to be price leaders? Do they try to sell out quickly? Do they sell negatively? Do they advertise and promote aggressively and consistently to keep their audience levels up? Remember, one of your core functions as a salesperson is to create a differential *competitive* advantage; this means that you must know your competition as thoroughly as possible.

Analyze Your Station/System Scrutinize all of the elements that make up your product. For example, here is a list of elements you would examine for a music radio station:

1 ***Management quality, experience, and philosophy.*** Does management have a track record of success and a philosophy that stresses dedication to excellence and high business standards?

2 ***Ownership quality and financial stability.*** Good management must have the backing of good owners and sufficient capital resources to sustain an enterprise's growth.

3 ***Popularity and familiarity of the music.*** Look at the quality of music research and its interpretation, the mixture of current records to oldies, and the music playlist

burnout (records that are kept on the air too long). Check out current music additions, length of music playlist, record rotation (how often both current and old records are played each day and week), and dayparting (what different kinds of music are played at different times during the day).

4 ***Commercials.*** What is the commercial load? That is, how many commercials are run per hour? Does the number vary? What is a station's policy about the quality of commercials and rotation of commercials?

5 ***Personalities.*** Examine the station's type of personalities. Does the station allow its disc jockeys to talk and express themselves between records, or is their involvement minimal? What are their styles and moods?

6 ***Advertising, promotion, and contests.*** Analyze the image a station is trying to portray. Are the contests consistent throughout the year, or of the one-shot type? Are the contests oriented to the lifestyles of a station's audience (such as rock concert tickets on a rock station)?

7 ***News and Public Affairs.*** How many news programs does a station run? How long are the newscasts and how often do they occur? What kind of a news image does a station have in the market?

8 ***Signal and technical facilities.*** Does the station have a competitive signal? Does it reach out as far as that of other stations?

9 ***Production.*** How much attention does the station pay to the quality of its production and recordings? Does the station use jingles, and, if so, what kind and how often?

All of the above elements interact to form a music radio station's product. All products in broadcasting and cable have similar elements that salespeople should identify when they are selling a particular medium—for their medium and for their main competitors. For example, cable salespeople should identify the elements that shape their product as well as the elements that shape competitive radio and television station products. A salesperson's task is to understand his or her product's image and that of the product's competitors, and then to position the product to create a differential advantage in the minds of prospects and customers.

SUMMARY

Marketing employs a customer-oriented approach. Drucker once said there is only one valid definition of business purpose: *to create a customer.* A business's function is *marketing and innovation.* Marketing is based on finding out what customers' needs are and designing products to meet those needs.

The marketing economy is based on a free-market system driven by supply and demand. This freedom is expressed in four areas: (1) freedom of choice, (2) freedom to produce, (3) freedom of competition, and (4) freedom from government interference.

The marketing concept encompasses consumer orientation, profit, and internal organization. Marketing-oriented companies will typically organize their marketing efforts according to the *four P's* of marketing: *product, price, place,* and *promotion.*

There are four kinds of products: (1) the *generic product* is the bare-bones physical entity, (2) the *enhanced product* is the tangible product bundled into an array of services and images, (3) the *expected product* is what consumers actually buy, and (4) the *augmented product* is one that exceeds the normal expectations of the buyer and that is augmented and extended by after-the-purchase service. Salespeople create the augmented product.

Price is a critical element because it can determine how much of a product is sold.

Place refers to the *where* of marketing—where a product is sold and how it gets there.

Promotion is the way in which messages about a product reach the consumers. It is within the promotion element that broadcasting and cable fit into the marketing system.

The four marketing strategies are: (1) *segmentation,* (2) *overall cost leadership,* (3) *differentiation,* and (4) *push and pull.*

The goal of marketing strategies is to create a favorable *brand image* in consumers' minds. A product's image is a combined total of all of its impressions and perceived benefits, both rational and emotional, formed by a consumer.

Broadcasting and cable are parts of two overlapping systems—a *communications system* and a *marketing system.* Marketing strategy determines how a product moves through the system and eventually creates a brand image in consumers' minds. Radio, television, and cable are integral parts of the country's marketing-oriented economy; they are media through which consumers receive advertising messages. The notion of a continuous system emphasizes the concept of profits that come from sales. Media that have no audience generate no sales, and thus profits are not created and do not flow back to the media.

Positioning is the result of a product's marketing strategy; it is the image a potential customer has of a product. Good positioning clearly establishes in customers' minds a differential competitive advantage for a product.

Broadcasting and cable salespeople can begin to position their stations/systems by analyzing: (1) the market, (2) the media environment, (3) the competition, (4) competitors' marketing and sales strategy, and (5) their stations/systems.

A salesperson's task is to understand his or her product's image and that of its competitors, and then to position his or her product to create a differential competitive advantage in the minds of prospects and customers.

TEST YOURSELF

1 In the era of marketing, on what is the dominant focus?

2 In a free-market economy, freedom is expressed in four areas. What are they?

3 Why are consumer orientation, profit, and internal organization important to the marketing concept?

4 What is the difference between customers and consumers?

5 What are the four P's of marketing?

6 What are four aspects, or types, of products?

7 What are some of the most commonly used marketing strategies?

8 What are the elements that must be present in a market segment if a segmentation strategy is to be successful?

9 Brand image is determined by what variables?

10 What is positioning?

11 What are some of the elements you would analyze in positioning a radio station?

PROJECT

Select a market to analyze and secure a recent Arbitron or Nielsen rating report, a Standard Rate and Data Service (SRDS) reference book, or another source of market and demographic information. Next, select a radio or television station or cable system in the market to position. Then, following the guidelines given in the chapter, do a positioning analysis of the station or system. Finally, write copy for a three- or four-page sales promotion brochure that could be used by salespeople to describe the station's or system's relevant features and its competitive advantages.

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Part Two
Skills

Effectiveness . . . is a habit; that is, a complex of practices. And practices can always be learned. Practices are simple, deceptively so; only a seven-year-old has no difficulty in understanding a practice. But practices are always exceedingly hard to do well. They have to be acquired, as we all learn the multiplication table; that is, repeated ad nauseam *until $6 \times 6 = 36$ has become unthinking, conditioned reflex, and firmly ingrained habit. Practice one learns by practicing and practicing and practicing again.*

Peter Drucker
The Effective Executive

Chapter 3
The Needs-Satisfaction Approach to Selling

The needs-satisfaction approach concentrates on one of the most important principles of the SKOAPP system of selling:

Success in selling is primarily a function of establishing good relationships with customers.

However, for relationships to exist and endure there must be a mutual satisfaction of needs. This chapter presents the techniques broadcasting and cable salespeople must learn to develop the skills to satisfy customers' and prospects' needs.

First, we'll consider some of the various approaches to selling. Next, we'll look at theories of needs, motives, and behavior, and at the role of communication and perception in assessing these needs. Finally, we'll discuss the three phases of needs identification and satisfaction in the selling context.

TYPES OF SELLING[1]

The notion of selling covers a variety of activities—from that of a sales clerk waiting on one person in a department store, to an automobile salesperson trying to close a sale with

[1]Material in this section is adapted from Robert N. McMurry and James S. Arnold, *How to Build a Dynamic Sales Organization* (New York: McGraw-Hill, 1968), pp. 11–16. Used by permission.

a husband and wife, to representatives of an airplane manufacturing company making a presentation to the buying committee of an airline. Authors Robert N. McMurry and James S. Arnold have categorized different types of selling that fall under two basic classifications: service and developmental.

Service-Oriented Selling

In service-oriented selling, the focus is on the product—communicating information about products, merchandise, or services, and handling the transactions for their sale. In the simplest forms of selling, salespeople are clerks whose sole function is to process sales transactions. Such people typically might not view themselves as having a sales function. In these basic, product-oriented situations, the product is differentiated in the minds of customers by price, design, function, advertising, or in a variety of ways that have nothing to do with the salesperson. In other words, the product is not positioned by salespeople, but in some other manner, and consumers make their own decisions, unaided, about how the product satisfies their needs.

In the more complex missionary and technical service-oriented selling, the focus is still on the product, but emphasis shifts from handling sales orders to communicating information about the product. In this type of selling, the product's or service's use, function, and position is communicated primarily in relation to other products or services, but typically not in terms of a prospective buyer's needs. Below are some examples of service sales positions:

—*Inside Order Taker.* Predominantly waits on customers; for example, the sales clerk behind the tie counter in a men's store.

—*Delivery Salesperson.* Primarily engaged in delivering the product; for example, persons delivering milk, bread, or fuel oil.

—*Route or Merchandising Salesperson.* Predominantly an order taker but works in the field; the soap or spice salespeople calling on retailers is typical.

—*The Missionary Salesperson.* Not expected or permitted to take an order, but aims only to build goodwill or to educate the actual or potential user; for example, the distiller's "missionary," and the pharmaceutical company's detail person.

—*The Technical Salesperson.* Consulted for technical knowledge of product; for example, the engineering salesperson who is primarily a consultant to client companies.

Developmental Selling

In developmental selling, the focus is shifted from the product to the customer—the product is positioned by the salespeople in relation to the needs of prospects. This slight shift in emphasis makes a world of difference in the degree of difficulty of the two types of selling (service versus developmental), and usually in the amount of money the salespeople can earn.

Developmental selling involves much more creativity than does service selling. Even the most advanced types of service-oriented selling involve only acquiring knowledge about a product and an industry, plus perhaps learning some background on an account's history, and if applicable, learning how to present a product. On the other hand, developmental selling requires acquiring knowledge about the most complex and changeable subject there is—people. Creativity comes into play in finding ways to match the attributes and features of a product or service to the needs of prospects by turning features into benefits. Benefits are features that respond to prospects' needs. Here are examples of developmental salespeople:

—*Creative Salesperson of Tangibles.* Sells tangible items such as vacuum cleaners, refrigerators, siding, and encyclopedias.

—*Creative Salesperson of Intangibles.* Sells intangible items such as insurance, advertising services, and educational programs.

—*The "Political," Indirect, or "Back-door" Salesperson.* Sells big-ticket items, particularly commodities that have no truly competitive features. Sales consummated primarily through rendering highly personalized services (which have little or no connection with the product) to key decisionmakers in customers' organizations. For example, the salesperson who lands large orders for flour from baking companies by catering to key buyers' interests in fishing, golfing, or other sports.

—*The Salesperson Engaged in Multiple Sales.* Sells big-ticket items by making presentations to several individuals in the customer's organization, usually a committee, only one of whom can say yes, but all of whom can say no. For example, the account executive of an advertising agency who makes presentations to the agency selection committees of advertisers. Even after the account is obtained, the salesperson generally has to work continually to retain it.

The easiest sales to make (involving the lowest-paid salespeople) are the service-oriented ones, in which clerks wait on customers who know what they want and select it; customers sell themselves, in a sense. The more developmental selling is required, the more difficult it is, and typically, the higher paid the salespeople are. The most difficult types of selling are those involving a combination of developmental selling and a high degree of creativity—those in which sales must be made on factors other than a product's merit, and in which continued effort is required to keep a customer. Most selling in broadcasting and cable falls in the category of developmental selling.

APPROACHES TO SELLING

Several theories describe general, overall approaches to selling. We'll discuss three of them: Stimulus-Response Selling, Formula Selling, and Needs-Satisfaction Selling.

Stimulus-Response Selling

This approach is the most elementary. It has its roots in the early psychological studies of Pavlov in the late 1800s and in the later work of behavioral psychologists. *Stimulus-Response* (or *S-R*) *Selling* is based on experiments with animals in which a stimulus, such as food, causes a predictable response, such as salivation. These S-R theories may also be applied to selling, that is, salespeople need to have a repertoire of statements to make or signals to give about a product (stimulus) to bring about a purchase (response). The idea is that if a salesperson says and does the proper things a sale will certainly follow, just as salivation follows the presentation of food.

S-R Selling concentrates on sending signals to prospects. These signals have frequently been found through experience to elicit a buying response in many situations, but they tend to work only in uncomplicated situations where the buying decision can be made quickly and instinctively. What works with one prospect, moreover, might not work with another. The S-R approach doesn't provide for feedback on a prospect's needs or feelings; it's simply a "tell-and-sell" approach.

Formula Selling

This approach takes into some consideration a prospect's needs and reactions. *Formula Selling* involves the basic assumption that most people react to a sales situation in essentially the same manner. Thus, a standard set of product features are memorized by salespeople; next, a number of common objections to buying and a group of standard objection-overcoming responses are memorized. These canned responses then guide a prospect through the mental states of selling. Textbooks and other literature on selling are not in full agreement, but generally the mental states are called Attention, Interest, Desire, and Action. Thus, many formula-selling systems are referred to as *AIDA* systems, theories, or approaches. (We'll cover these mental states in Chapter 5, "Presenting and Servicing: The Last Steps.")

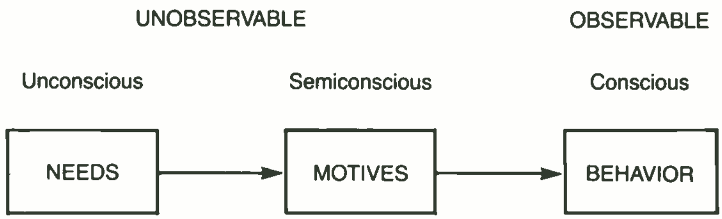
Sales trainers often use the formula-selling approach because it's easier to have trainees memorize a formula and a set of rules than it is to teach them to think independently and creatively.

The biggest problem with the formula-selling approach is that it often sounds to a prospective buyer just like what it is—a standard formula. Prospects do not feel special or unique. Also, canned presentations make salespeople feel as though they are merely technicians and robots, and that their jobs allow little creativity.

Formula Selling can be effective in situations where people's needs and reasons for buying are very much alike, and in situations where selling requires limited creative ability. For example, the door-to-door vacuum cleaner salesperson typically uses a formula approach.

Formula Selling runs into trouble when prospects want specific answers to their unique problems. For example, in many selling situations salespeople find themselves beginning a sales call with a prospect who is ready to purchase, and to close the sale they

Exhibit 3-1 The Needs-Motives-Behavior Chain



must enter into complex negotiations concerning price and other factors. In such a situation, it is not only useless but also counter-productive to go through all the preliminary formula steps—salespeople could easily talk themselves out of a sale.

Needs-Satisfaction Selling

This approach is the most helpful for the type of developmental selling found in broadcasting and cable. *Needs-Satisfaction Selling* takes the best elements of both S-R and Formula Selling and expands them considerably. The focus in Needs-Satisfaction Selling is on the prospect; it is a marketing-oriented type of selling.

For salespeople to use Needs-Satisfaction Selling successfully, they must refrain from talking about their product until they have discovered prospects' needs. Thus, the focus is on monitoring feedback and not on sending signals. Salespeople who use the needs-satisfaction approach must be self-confident enough to control the selling situation with the intelligent use of probing questions rather than by conducting a one-way conversation. (These questions will be covered in Chapter 4, "Prospecting, Qualifying, and Researching and Targeting: The First Steps.")

THE NEEDS-MOTIVES-BEHAVIOR CHAIN

Why do people act as they do? What are the underlying reasons for their behavior? Psychologists, psychiatrists, and other scientists try to answer in a variety of ways. The purpose of the scientific inquiry of behavior is to attempt to understand it, to predict it, and to change it. The same thing is true of salespeople—they must try to understand, to predict, and when necessary to change prospects' behavior.

Behavior is the final outcome of a process that begins with needs, which stir up motives, which lead to behavior. (See Exhibit 3-1.) Behavior is the only portion of this process that is observable. We cannot see people's motives or the underlying needs that lead to motives, but we can observe their behavior and try to infer why they act as they do.

Needs are not only unobservable, but they are also usually unconscious. Even though people act to satisfy their needs, they may not be consciously aware of these needs. For example, people who decide to buy new, bright-red Porsches are not saying to themselves, "I am buying this bomb because I need an infusion of self-confidence and desperately need to be noticed; I need to have some demonstrable, highly visible symbol of my status." They are more than likely saying, "A Porsche is excellent mechanically and drives well, particularly around the corners that I must continually maneuver in my commute; also red is a fun color."

Needs might be thought of as a vague, undefinable itch in the psyche, motives as the semiconscious desire or semiautomatic reaction to scratch, and behavior as the physical act of scratching. We can only see someone scratching, so we infer they have an itch (whereas it might be a nervous habit).

Salespeople must look for and address both business and personal needs. In Chapters 4 and 5 you'll learn how to discover prospects' needs by the use of specific questions. Salespeople must then match these uncovered needs with product features by turning features into benefits.

Needs can be uncovered, but they cannot be created. People either have a need (itch) or they do not; a salesperson cannot create needs, since they have been formulated early in a prospect's personality development. On the other hand, you can help people scratch by showing them how to use your product as a backscratcher (need satisfier).

Some people are self-aware and able to understand and discuss their needs rationally and in depth. These people are typically quite intelligent and self-confident, and therefore they understand that salespeople are trying to match features (create benefits) with their needs. Nevertheless, even the most intelligent and self-confident people have hidden needs—needs they would rather not talk about or admit, even to themselves (they will buy the red Porsche and rationalize their decision, too). Thus, salespeople must search for both perceived and hidden needs.

Psychological Theories of Needs

Many researchers have contributed to our ideas about human needs. Here we'll take a brief look at some of the major theories.

Abraham Maslow's Hierarchy of Needs is the most widely known theory of individual needs and motives.[2] Maslow attempted to develop a model of how a normal personality develops over time and how personality manifests itself in terms of needs and motives. Maslow postulated that people are motivated by a desire to satisfy several types of needs simultaneously, and that these needs are arranged in a hierarchical manner. He believed that people work their way from the lower ones up to the higher ones as each level of needs is satisfied. Exhibit 3-2 shows Maslow's pyramidlike hierarchy.

Maslow put needs in two basic categories: *Deficiency needs,* which must be satisfied if a person is to be secure and healthy; and *growth needs,* which relate to the achievement of one's potential. Deficiency needs are the necessities, the lack of which will harm a

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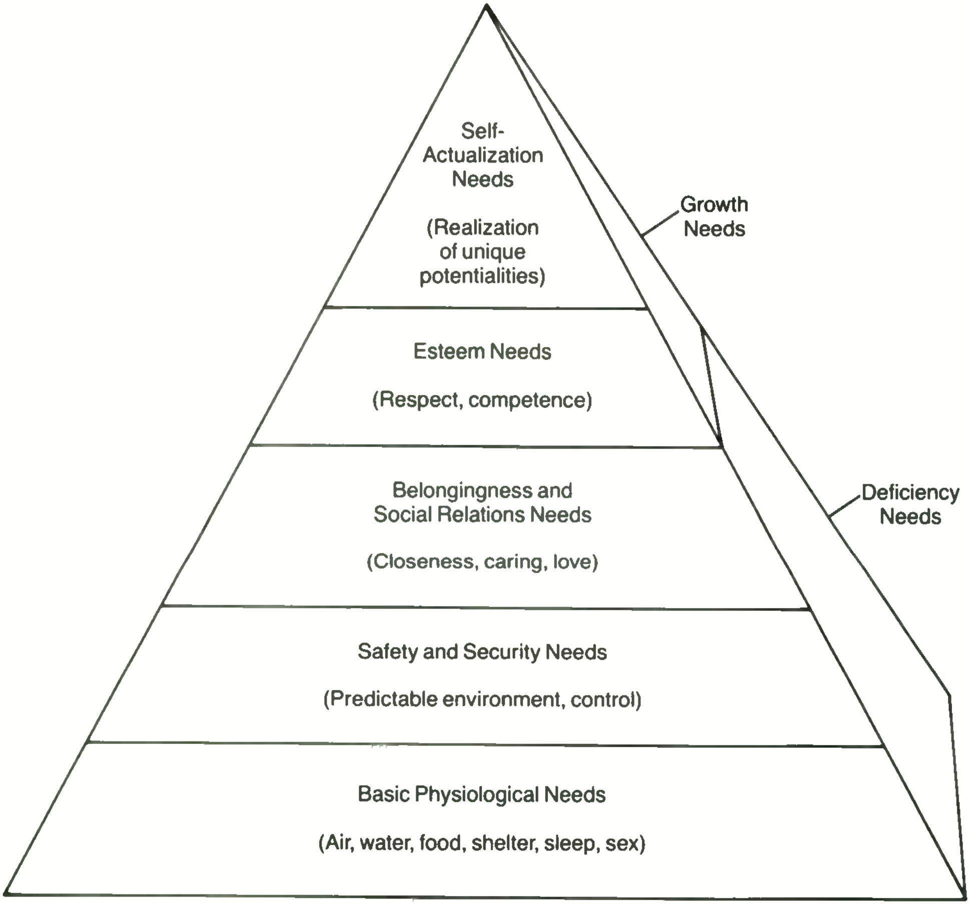
[2]Data for Exhibit 3-2 and text discussion are based on Abraham H. Maslow's Hierarchy of Needs in "A Theory of Human Motivation," *Motivation and Personality,* 2nd edition. Copyright © 1970 by Abraham H. Maslow. Used by permission of Harper & Row, Publishers, Inc.

Exhibit 3-2 Maslow's Hierarchy of Needs



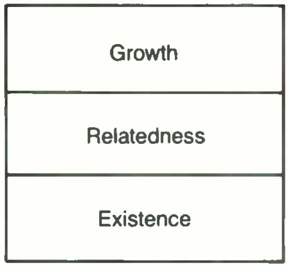
person. If these needs are not met, then an individual will not grow to be healthy and reasonably well adjusted. Maslow himself admitted that his definitions of growth needs were vague, but that, although they may seem fuzzy, the sense of them was real in the depth of people's feelings.

Maslow's major contribution was the notion that people generally attempt to satisfy deficiency needs before trying to fulfill growth needs. People who are hungry, cold, and lonely may not get around to self-fulfillment.

Clayton Alderfer proposed shortening Maslow's hierarchy by compressing the somewhat confusing self-actualization needs and esteem needs into a single one he labeled *growth*, by renaming the belongingness need *relatedness*, and by combining safety and physiological needs into a third need, *existence*. Thus, Alderfer's simplified need hierarchy is easier to understand, as shown in Exhibit 3-3.

Both Alderfer's and Maslow's hierarchies failed to gain scientific support. Research

Exhibit 3-3 Alderfer's Hierarchy of Needs



showed that people are so enormously complex that it is almost impossible to generalize about a hierarchy that fits all people. After existence needs are satisfied, one person may feel a strong need for self-fulfillment, another may feel a strong need for achievement and recognition, another may sense a huge urge for social acceptance, and others again may jump directly from an existence need to a need for growth without passing through relatedness.

Henry Murray developed another need theory in the 1930s and 1940s which he called the *Manifest Needs Theory*, which has been used subsequently as a starting point for many researchers. Murray felt that people could be classified according to the strengths of various needs, and he believed people possessed a variety of divergent and conflicting needs. These needs were said to have two elements: (1) a *directional element*, which included the object toward which a need is directed, and (2) an *energetic element*, which consisted of the intensity of a need toward the object. Needs were seen as the central motivating force for people in terms of direction and intensity.

Murray believed that needs are mostly learned, rather than inherited, and are put into motion by cues from a person's external environment (a sales discussion, for example). Murray did not arrange his list of needs in a hierarchical fashion as Maslow did, and his longer list of needs is more useful in describing people.

Exhibit 3-4 shows a partial list of Murray's needs combined with a list of his needs adapted by theorist Douglas N. Jackson and also another list from Joseph Thompson.[3]

Another theorist who added to our store of knowledge about needs was David McClelland. Using Murray's work as a starting point, he clustered needs into three areas which he labeled *affiliation needs*, *achievement needs*, and *power needs*.

People with a need for affiliation enjoy the company of other people and try especially hard to get along with others. This type of person will try to cooperate and to make friends; he or she wants to be well-liked above all else.

The need for achievement is characterized by an intense concern with setting moderately risky and difficult goals, striving to reach those goals, obtaining feedback on

[3]Henry Murray, *Explorations in Personality* (New York: Oxford University Press, 1938); Douglas N. Jackson, *Personality Research Form Manual* (Port Huron, Mich.: Research Psychologists Press, 1974); Joseph Thompson, *Selling: A Managerial and Behavioral Science Analysis* (New York: McGraw-Hill, 1973).

Exhibit 3-4 List of Human Needs

Need	*Brief Definition*
Abasement	To surrender. To comply and accept punishment. To apologize, confess, atone. Self-deprecation. Masochism.
Achievement	To overcome obstacles and challenges. To aspire to accomplish difficult tasks; to maintain high standards; to work hard to achieve distant goals. To respond positively to competition; to be willing to put forth effort to maintain excellence.
Affiliation	To form friendships and associations. To enjoy being with friends and people in general, and to accept people readily. To cooperate. To love others; to join groups.
Aggression	To belittle, harm, blame, ridicule, or accuse another. To be pugnacious. To start arguments easily, be easily annoyed. To be willing to hurt others to get one's own way; to have a tendency to "get even" with others. To be overly competitive; to punish severely. Sadism.
Autonomy	To resist influence or coercion; to break away from restraints, confinements, or restrictions of any kind. To enjoy being free, unattached, and not tied to people, places, or obligations. To defy authority; to seek independence.
Contrariance	To act differently from others; to hold unconventional views. To be contrary; to take a stand opposite from others merely for the sake of being different; to argue just to be contrary.
Counteraction	To refuse admission of defeat proudly by restriving and retaliating. To select the hardest tasks because they are the hardest. To defend one's honor with action.
Defendence	To defend oneself against blame or belittlement. To justify one's actions. To offer extenuations, explanations, and excuses. To resist probing.
Deference	To admire and willingly follow a superior or another person. To cooperate with a leader; to serve gladly.
Dominance	To seek power. To influence or control others. To persuade, prohibit, dictate. To lead or direct; to express opinions forcefully. To restrain. To organize the behavior of a group, often spontaneously.
Endurance	To work long hours; to not give up quickly on a problem, even in the face of great difficulty. To be patient and unrelenting in one's work habits.
Exhibition	To attract attention to oneself. To excite, amuse, shock, or thrill others. To be the center of attention. To be dramatic or funny.

performance, and receiving recognition for success. The need for achievement is particularly important in a business situation where success calls for risk-taking and overcoming challenges.

Need	*Brief Definition*
Harm avoidance	To avoid pain, physical injury, illness, and death. To avoid exciting activities that might entail any danger. To escape from a dangerous or risky situation; to take precautionary measures.
Impulsivity	To act on the spur of the moment and without deliberation. To give vent readily to feelings and desires. To speak freely—may be volatile in emotional expression.
Inavoidance	To avoid failure, shame, humiliation, ridicule. To refrain from attempting to do something that is beyond one's powers. To conceal a disfigurement.
Nurturance	To nourish, aid, or protect someone else. To give sympathy and comfort; to assist whenever possible. To be interested in caring for children, the disabled, or the infirm. To give a helping hand readily and to perform favors for others.
Order	To arrange, organize, and put away objects. To be tidy and clean. To be scrupulously precise. To be interested in developing methods to keep materials and effects methodically organized.
Play	To relax, amuse oneself; to seek diversion and entertainment. To have fun; to play games. To laugh and joke. To avoid serious tension.
Recognition	To receive praise and commendation; to receive attention; to gain approval of something done. To earn praise. To seek and display symbols of status.
Rejection	To snub, ignore, or exclude others. To remain aloof and indifferent. To be discriminating.
Sentience	To seek and enjoy sensuous impressions and experiences. To enjoy seeing, feeling, and touching experiences. To enjoy seeing, feeling, and touching things. To enjoy music, dance, and the arts.
Sex	To form and further erotic relationships. To have sexual intercourse.
Succorance	To seek aid, protection, or sympathy. To seek advice, affection, and reassurance. To plead for mercy. To be dependent and to feel insecure or helpless without support. To confide difficulties readily to a receptive person.
Understanding	To analyze and understand many areas of knowledge. To place value on synthesis of ideas and verifiable generalizations. To be intellectually curious. To be fascinated with the abstract.

The need for power is characterized by attempts to influence and control others. People with high needs for power seek positions of influence and importance. As McClelland said, "the goal of a person who has a need for power is to feel powerful." To

Exhibit 3-5 Combined Needs Theory

NEEDS			
ACHIEVEMENT	AFFILIATION	POWER	SELF-ACTUALIZATION
Growth	Relatedness	Influence	Creativity
Accomplishment	Love	Impact	Autonomy
	Affection	Prestige	Independence
		Control	
EXISTENCE			

gain influence over or control of others, people will collect possessions that imply prestige, will make themselves more attractive, and will strengthen themselves in a variety of ways. Teachers, politicians, executives, and high-ranking bureaucrats typically manifest a high need for power.

Exhibit 3-5 represents how needs interact in a modified hierarchy, combining the theories of Maslow, Alderfer, and McClelland. This *Combined Needs Theory,* suggested by Steers,[4] should be most helpful to salespeople in their attempt to understand how needs are intertwined and to focus on how they can recognize prospects' needs.

In Exhibit 3-5, once basic existence needs have been met (depending on a person's background, upbringing, current social situation, or state of psychic development) the needs for achievment, affiliation, power, and self-actualization compete to be satisfied in a complex, expanding/contracting manner.

With practice salespeople can learn to infer reasonably well what personal needs prospects have. Business needs are more conscious and obvious, and can be determined with questioning techniques, which will be covered in Chapter 4. Specific observable factors, or *traits,* have been found to indicate particular prevalent needs. We'll discuss these in the next section.

Personality Traits

Traits are general tendencies to behave in a particular manner. People's personalities are the total of all of their traits, and people can be described adequately only by a cluster of adjectives that describe their traits, not by a simple single-word or single-phrase description.

[4]Richard M. Steers, *Introduction to Organizational Behavior* (Glenview, Ill.: Scott, Foresman and Co., 1981).

Simplistic personality-type descriptions tell us little about how a person will respond to a sales presentation. Types are too general and focus on a personality description with only one particularly dominant trait, such as "extrovert," "tough guy," "jungle fighter," "company man," or "gamesman."

Adjectival traits provide us with a rich palette with which to paint a full portrait of a person. Since you sell to individuals, the better you can describe them, the better chance you have of understanding them and selling to them. As your prospects will be complex and unique, you can understand their underlying needs best by describing their traits.

In using trait definitions, several assumptions are made. The first is that virtually everyone has some amount of all traits. The second is that each person's personality is a unique combination of the traits he or she has in the largest amount—or their dominant traits. Third, we assume that these traits are stable over time.

Most of the traits people have are of average intensity, and thus these low- and medium-intensity traits are not helpful in describing someone. Ten to twelve traits are strong enough in people's personalities to be useful in describing their behavior tendencies in most selling situations.

Exhibit 3-6 lists six *trait clusters* condensed from the thousands of possible traits people might have. This grouping helps you as a salesperson to evaluate your prospects. The two most important trait clusters to evaluate are: (1) *intelligence and cognitive style,* and (2) *self-confidence.* These two clusters will have the most immediate impact on positioning your product and on your overall selling strategy, because they have the most overall influence on buying decisions.

Regardless of whether you yourself are considered brilliant, you can sell successfully to highly intelligent people as long as you can recognize their needs. The April 1982 issue of *Psychology Today* featured a list of characteristics of intelligent people. These people like to read, have high reading comprehension, know about a wide variety of subjects, and use a broad vocabulary. They are curious, see all aspects of a problem, and listen to all sides of an argument before making a decision. Intelligent people are highly aware of and interested in the world around them. They tend to plan ahead, make good decisions, and solve problems well. They also have good intuition.

People with high self-confidence typically have a positive self-image and believe that they can fulfill their dreams and achieve their goals. They attribute their successes and failures to internal factors such as their own effort and ability. By contrast, people with low self-confidence tend to be defensive about blame. They may be cynical about their own and others' accomplishments. They are typically hypercritical of other people, and in turn cannot accept praise gracefully. They tend to have a pessimistic attitude in general and about competition in particular.

Much of your success as a salesperson will likely depend upon how well you can adapt your sales approach to prospects' level of intelligence and self-confidence.

The last four trait clusters (*conscientiousness, power tendencies, emotional maturity,* and *affiliative style and sensitivity*) will all have some impact on prospects' purchase decisions, but they are more useful in helping salespeople to develop a personal presentation style, coping behavior, response tactics, and roles than they are in positioning a product.

Within these six trait clusters, there are forty-two pairs of traits from which to choose to help you describe people's behavior tendencies. In Exhibit 3-6, the traits are listed in pairs of adjectives that represent opposite ends of the same behavior tendency.

THE RELATIVE IMPORTANCE OF PERSONAL AND BUSINESS NEEDS

J. Sterling Getchel, who was an enormously successful advertising copywriter, observed that people buy for emotional reasons and then support their purchase decision with rational reasons. Getchel became wealthy writing advertising based on this belief. Champion sales trainer Tom Hopkins says that "seldom do people buy logically." At the other end of the heart-versus-head spectrum are those who claim that people are primarily rational beings whose behavior consists of a series of attempts to solve problems to satisfy their needs.

For salespeople in broadcasting and cable, the best approach may be found in the middle ground between the two extremes of the heart-versus-head theories—one that recognizes that both emotional and logical forces are working in varying degrees of intensity in all prospects at all times.

In this book, for simplicity, no distinction will be made between needs, wants, desires, or necessities, and they will all be referred to as needs.

As a salesperson, you must look for two types of needs: (1) *personal needs,* which are primarily governed by emotions, and could just as well be labeled *emotional needs;* and (2) *business needs,* which are primarily governed by reasoned, problem-solving behavior, and could just as well be labeled *rational needs.* Personal needs, as discussed earlier, include the need for recognition, achievement, or dominance. Business needs are the reasons people give for their purchases—the rational justifications.

An example of how business and personal needs interact is found in the situation where status and prestige are associated with the use of a product. If salespeople were allowed to select a company car for their own use, for instance, they might select a Cadillac, a symbol of status and power. They might rationalize their choice by saying the Cadillac gives them a better ride and thus reduces stress. On the other hand, if the company has a purchasing agent who will never use a salesperson's car, the purchasing agent might buy a Chevrolet, a more practical automobile. The purchasing agent would acquire none of the status associated with the product. In broadcasting and cable, clients might pay a premium to have their commercial appear within a news program, whereas their advertising agency might not consider paying the premium, not caring where the audience, measured by ratings points, comes from.

Exhibit 3-6 Clusters of Personal Traits

Trait Cluster	*Emphasis*	*Traits*
Intelligence and cognitive style	What intelligent people are like and how they think.	Bright/Dull Experimenting/Conservative Open-minded/Opinionated Pliant/Stubborn Tough-minded/Tender-minded Practical/Imaginative Decisive/Vacillating
Self-confidence	How people feel about themselves.	Self-assured/Apprehensive Open/Defensive Self-sufficient/Dependent Relaxed/Tense Optimistic/Pessimistic Risk-taking/Cautious Exhibitionist/Self-effacing
Conscientiousness	How people feel about their work.	Industrious/Lazy Conscientious/Expedient Enthusiastic/Disinterested Cooperative/Obstructive Neat/Messy Thrifty/Wasteful Quality-minded/Price-minded
Power tendencies	How powerful people want to feel.	Assertive/Compliant Argumentative/Agreeable Autocratic/Democratic Domineering/Deferring Vindictive/Forgiving Ambitious/Complacent Overbearing/Servile
Emotional maturity	How well adjusted people are.	Emotionally stable/Easily affected by feelings Realistic/Fantasizer Controlled/Undisciplined Deliberate/Impulsive Mature/Childish Steady/Changeable Can delay gratification/Needs instant gratification
Affiliative style and sensitivity	The way people relate to other people.	Trusting/Suspicious Sensitive/Callous Well-meaning/Vindictive Outgoing/Reserved Friendly/Distant Candid/Evasive Flashy/Aesthetic

Source: Adapted from Richard M. Steers, *Introduction to Organizational Behavior*, p. 85. Copyright © 1981 by Scott, Foresman and Company. Used by permission.

Product Differentiation

The dynamics between the two types of needs are enormously complex. Usually the personal needs will outweigh the business needs, and they are typically more important to uncover, understand, and satisfy than the business needs are. Furthermore, the less products or services are differentiated, the more important appealing to personal needs becomes. However, with intelligent and self-confident people, business (rational) needs can be more important than personal (emotional) ones.

The more intelligent and self-confident people are, the better judgment they have (usually) and the more confidence they have in their own judgment. Once intelligent and self-confident people buy something, they stay convinced longer and are less inclined to sway from their decision—they are hard to sell, but tend to stay sold.

People with lower self-confidence look to others to bolster their self-image and to reassure them that what they are doing is right; they are much more often guided by their nonrational emotions than by their rational intellect. They are more susceptible to the power of suggestion and to persuasion.

The relative importance of personal and business needs is also influenced by the degree to which a product is differentiated—how apparent its advantages are to a prospective buyer. If products are not differentiated either by their own inherent features or by advertising, and if there is no discernible difference among them, then the only distinguishing factors become price or the efforts of the salesperson. Prospects will buy the product that salespeople position in such a way that the product appears to meet more personal needs than any other product.

Thus, companies with highly undifferentiated products must either depend on lower prices, more and better advertising and promotion, or superior salespeople to secure orders. When dealing with products that are quite similar, superior salespeople themselves can make the difference. Since they are relatively more important than is the product in closing a sale, salespeople who sell highly undifferentiated products are typically paid a higher incentive (normally in the form of commissions) than are salespeople who sell highly differentiated or unique products. On the other hand, when selling products that have clearly defined advantages over competitive products, salespeople usually become less of a factor—the product sells itself, in essence.

In broadcasting and cable, an example of a highly differentiated product is the Super Bowl. Whichever network or station carries it will typically raise the price of advertising about 10 percent over that of the previous year and then sell it out regardless of the effectiveness of any one salesperson. The broadcast of the Super Bowl completely dominates the ratings. It is unique because there is only one each year.

At the other end of the differentiation spectrum is daytime television on the three major broadcast networks. Occasionally the three networks have been extremely close in the ratings because there is little to differentiate one game show or soap opera from another. Salespeople become more important in this situation, as they try to make *themselves* the difference through better service, or try to position program features in such a way that they appeal to buyers' personal and business needs.

Exhibit 3-7 Product Features and Benefits

Features	*Benefits*
All news, twenty-four hours a day.	News is always available, thus people tune in and out, which *builds large cumulative audiences*.
Music videos on cable.	Playing music videos is the most effective and efficient way to *reach teenagers* on television.
Beautiful music with few interruptions.	People are loyal and listen for long periods of time, thus giving an advertiser the opportunity to *increase repetition* of a commercial message.

Features versus Benefits

Features of a product are those attributes that are inherent in the product, regardless of the needs of prospects. On the other hand, benefits are features of a product that relate directly to prospects' needs. A list of features merely describes a product, whereas a list of benefits gives a product an advantage in the minds of prospects. If a product's features are unique or highly differentiated enough, prospects can create benefits themselves, since the product's advantages are more obvious to the customer. The more alike products are, the more difficult (and important) it is for salespeople to create a difference with benefits. Features are product-oriented; benefits are customer-oriented. *One of a salesperson's primary responsibilities is translating features into benefits.* Exhibit 3-7 displays some examples.

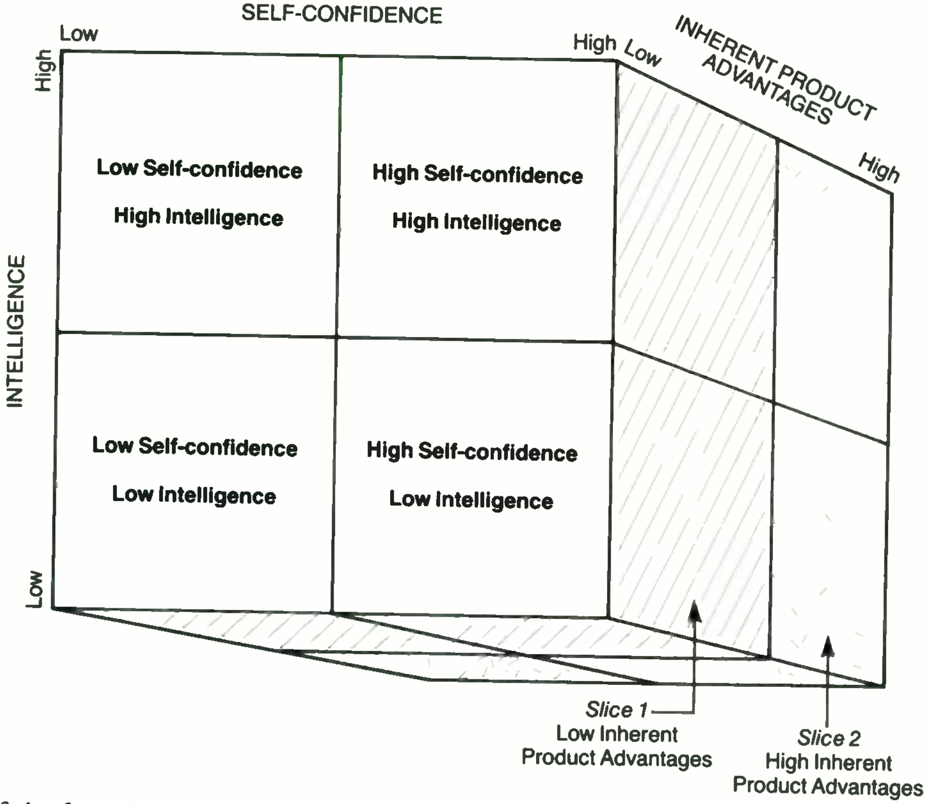
Prospect-Product Interaction

Four elements interact, with varying degrees of importance to salespeople, to position a product advantageously: *personal needs*, *business needs*, *product benefits*, and the *salesperson*. The importance of each element depends on its interaction with *prospect intelligence*, *prospect self-confidence*, and *inherent product advantages*. The following figures illustrate the interaction of the four elements with the three variables (prospect intelligence, prospect self-confidence, and inherent product advantages) and the relative importance of each element.

Exhibit 3-8, the *prospect-product interaction cube*, shows intelligence with values low to high on the vertical scale, self-confidence from low to high in the horizontal direction, and inherent product advantages on the third-dimensional axis, into the page. Actual human intelligence has a broad and continuous scale and is not divided into the two groups shown here. This representation, however, makes it easier to analyze selling situations.

Exhibit 3-9 represents the low inherent product advantage "slice" from the cube. Where a product is undifferentiated from competing products, the relative importance

Exhibit 3-8 Prospect-Product Interaction Cube



of the four elements is shown according to the prospect intelligence and prospect self-confidence values of the prospect. In all cases product benefits take a secondary role to business needs, personal needs, or both.

Exhibit 3-10 shows the relative rank of the four elements given a high inherent product advantage. Product benefits play a more important role in this case.

Notice that in both grids the salesperson plays the most important role when selling to prospects with low intelligence and low self-confidence. Also, the salesperson plays a lesser role with prospects that have high intelligence and high self-confidence.

Examples of products with low inherent product advantages would be one of three contemporary hit radio stations in a city, or one of three game shows on opposite each other from 7:30–8:00 P.M. on three television stations. Products with high inherent product advantages would be the only classical music radio station in a city, or an all-sports channel on cable television.

Sales managers can use the above charts to formulate overall selling strategy, account assignments, and sales compensation practices based on the degree of difficulty in selling an account and the relative importance of the salesperson.

Salespeople can use the chart as an aid in helping them adopt a personal selling

Exhibit 3-9 Prospect-Product Interaction Grid 1

Low Inherent Product Advantage Slice

INTELLIGENCE

High Intelligence, Low Self-confidence Business Needs Salesperson Product Benefits Personal Needs	**High Intelligence, High Self-confidence** Business Needs Product Benefits Salesperson Personal Needs
Low Intelligence, Low Self-confidence Salesperson Personal Needs Business Needs Product Benefits	**Low Intelligence, High Self-confidence** Personal Needs Salesperson Business Needs Product Benefits

SELF-CONFIDENCE

Exhibit 3-10 Prospect-Product Interaction Grid 2

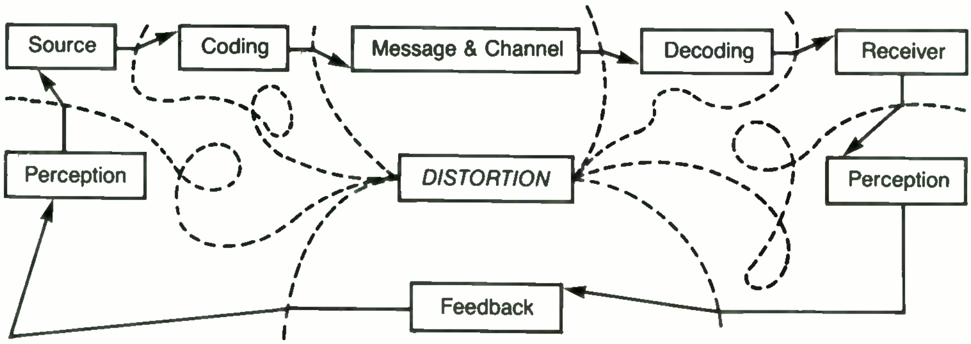
High Inherent Product Advantage Slice

INTELLIGENCE

High Intelligence, Low Self-confidence Product Benefits Salesperson Business Needs Personal Needs	**High Intelligence, High Self-confidence** Product Benefits Business Needs Salesperson Personal Needs
Low Intelligence, Low Self-confidence Salesperson Personal Needs Product Benefits Business Needs	**Low Intelligence, High Self-confidence** Personal Needs Product Benefits Salesperson Business Needs

SELF-CONFIDENCE

Exhibit 3-11 Communication Model



strategy (depending on prospects' intelligence and self-confidence) that emphasizes product benefits that gratify personal needs, or one that emphasizes product benefits that motivate prospects to act to satisfy their business needs.

COMMUNICATION AND PERCEPTION

To identify prospects' needs and motives, you must establish *communication* with them. Communication is the complicated process by which people exchange messages.

The model given in Exhibit 3-11 shows the factors in the communication process that relate to selling situations. The model is based on the one proposed by Claude E. Shannon and Warren Weaver.[5]

Keep in mind that communication is a continuous *process;* for communication to occur, the feedback loop must be completed. If the source (salesperson) does not make appropriate adjustments in response to a receiver's (prospect's) reactions, the loop is broken and the process stops; instead of being a two-way communication, it becomes a one-way recitation.

Two other important elements of the model in Exhibit 3-11 are *coding* and *decoding.* Coding is the process by which the source translates ideas into language. This process is influenced by the source's intelligence, knowledge, experience with the information and people involved, and emotions. Decoding is the process by which the receiver interprets the message. A receiver may hear the words of a message but not attach the same meaning to it that the source did. Salespeople must practice precision in coding their sales messages, and they must practice the art of listening (covered later in this chapter) to monitor whether prospects are decoding the messages properly.

Distortion occurs throughout the communication process and can come in a variety

[5]Claude E. Shannon and Warren Weaver, *The Mathematical Theory of Communication* (Urbana, Ill.: University of Illinois Press, 1949).

of forms such as interruptions, situational factors (tension or pressure), lack of attention, inadequate message reception, intentional or unintentional misunderstandings, etc. Anything that confuses a message's meaning and clarity is distortion. For example, a customer might say to a salesperson, "I want to get on the air next week; I'll take about anything I can get." *About* is the key word in this message and could create a potentially disastrous number of misunderstandings. Techniques to make sure that prospects understand your meaning and to confirm their understanding are discussed in Chapter 5, "Presenting and Servicing: The Last Steps."

The Techniques of Good Listening

The best way to ensure feedback is to develop one of the most vital skills in a salesperson's arsenal—the ability to listen well. People can think much faster than they can talk, so their mental processes run away from them while others are talking; this makes it hard to concentrate on what others are saying. Following are some guidelines to help you become a better listener:

Adopt the Proper Attitude Be optimistic; tell yourself that you are going to like the prospect, that you are going to close the sale. Be positive, confident, friendly, open, and intensely curious.

Shut Up and Listen Listening does not mean talking. Too many salespeople talk too much. You learn nothing when you talk.

Listen Actively Give verbal and nonverbal feedback, including gestures and expressions (a smile or nod, a pondering look, etc.) and communicate the appropriate enthusiasm as you actively encourage people to tell you more.

Concentrate on the Speaker Too often people do not concentrate on looking at the person who is talking; they allow their attention to be diverted to other things. They doodle, look at their notes, look out the window, glance at some attractive person in the next office, or conduct other discourteous and disconcerting behavior.

Do Not Step on Sentences The biggest giveaway of poor listeners is that they constantly step on other people's sentences—interrupt or finish a statement for others. They cannot wait to be heard. These people spend their time during a conversation thinking of what they want to say, and are more concerned with their need to express themselves than with listening.

Do Not Think of a Rebuttal Allied to not stepping on sentences is not thinking of what your next comment or rebuttal is going to be while someone is talking. We even have a tendency to do this while we are listening to a speech or lecture to which we cannot respond; we engage ourselves mentally in the game of forming a reply to a particular point. This is a nonproductive game to play. Pay full attention to the speaker and concentrate on listening carefully to every word.

Do Not Respond Quickly to Negatives Our natural reaction is to respond immediately to negatives, to be defensive, and to set someone straight. Learn instead to have a slow defense mechanism. A fast response to a negative may make you seem overly defensive and lacking in confidence; it also immediately signals prospects that you are becoming defensive, which causes them to react the same way. A quick, emphatic response also makes the negative seem important to prospects, as though they have hit on a sore point. There are times when a fast, emphatic response may be appropriate, but make sure you use this type of reply as a deliberate tactic.

Beware of Emotional Distancing Clients are going to say things that upset you from time to time. Prospects may make a sexist or racist remark that offends you, and your natural reaction might be to get angry. At times like these your natural reaction is to avoid and disassociate yourself from offensive people. Do not do this; stay mentally close to them and continue to listen intently.

Match Speech and Listening Patterns to Those of the Talker Let your prospects set the pace. Talk and listen at their pace, not yours. *You* do the adapting and speeding up or slowing down; do not make them do it.

Listen for Main Ideas and Relationships, Not Details You can get hung up listening for details and facts. Numbers, names, and other details will whirl past you as you are listening, and if you stop to try to remember them, you will miss the meaning of what is being said. Look for overall ideas and concepts that connect ideas; look for the underlying meaning in what is being said. If you need to remember facts, you can go back later and ask prospects to repeat them as you write down the relevant ones.

Listen to Everything Pay attention to everything the speaker says, not just what you are interested in. Do not let selective perception work against you. In addition, you'll also want to watch what prospects and customers do while they are talking.

Nonverbal Communications

Research has shown that as much as 65 percent of communications between people can be nonverbal. People's postures, the way they fold their arms, their facial expressions, and their gestures usually tell more about how they feel than the content of their messages do. You must develop your communications skills so you can use verbal and nonverbal reinforcements for your selling messages.

Many personality traits, needs, and motives will be expressed in prospects' nonverbal responses to you and to what you say. When selling, look for the following physical attributes and postures that might indicate how the other person is feeling about you and your messages:

1 ***Closed/Open.*** Arms folded across the chest, keeping you and your ideas out; or letting your ideas in with arms dropped, legs apart.

2 ***Backward/Forward.*** Leaning backward to get away from or be cautious of your ideas; or leaning forward to hear better, becoming more interested.

3 ***Rigid/Yielding.*** Standing or sitting upright or stiff, jaw tight, letting nothing sway them; or yielding, nodding agreement, accepting.

4 ***Static/Agitated.*** Unmoving, no enthusiasm, bored; or excited, moving, interested.

5 ***Tense/Relaxed.*** Tight, nonpenetrable, skeptical, careful; or easygoing, open, casual.

6 ***Frowning/Smiling.*** Hostile, nonbelieving, unfriendly; or friendly, helpful, caring.

7 ***Distant/Close.*** Uncomfortably guarding their physical space, threatened; or intimate, involved.

Use gestures, space, enthusiasm, openness, and other body language to help you emphasize your sales points and to show customers that you like them and are interested in them. Of course, you can overdo the use of gestures. You can become too excited and animated with a shy, inhibited, quiet prospect, for instance. Match your use of gestures, energy output, and level of excitement to the mood, style, pace, and energy level of your prospect.

One particular gesture to avoid is finger pointing. This gesture implies "I'm telling you what to do" or "shame on you," or other authoritarian messages that impede open communication.

Perception and Barriers to Perception[6]

Perception is how people interpret the world around them and try to make sense out of it so they can act. People paint a picture of their world on the canvas of their mind's eye, and as is the case with real artists, everyone's picture is different. People act based on how they interpret their environment, and all people view their worlds differently—however not necessarily accurately. A television network salesperson may perceive a $500,000 thirty-second spot in the Super Bowl as a genuine bargain, but a customer might perceive it to be an outrageous scalping.

What is most important to salespeople is how perception influences one person's view of another. First, salespeople must be aware of these perceptual influences to recognize and to avoid perceptual pitfalls in their own attempt to understand prospects' personalities. Second, salespeople must be aware of these influences because the influences affect how prospects form impressions of them. According to author Richard Steers, who has written on the topic of organizational behavior, there are seven influences that color people's perception of others. The following list has been adapted from those suggested by Steers: (1) implicit personality theories, (2) stereotyping, (3) first impressions, (4) projection, (5) halo effects, (6) selective perception, and (7) ostrichitis. Exhibit 3-12 summarizes these barriers to perception.

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[6]Material in this section is adapted from Richard M. Steers, *Introduction to Organizational Behavior*, pp. 115–122. Copyright © 1981 by Scott, Foresman and Company. Used by permission.

Exhibit 3-12 Barriers to Accurate Perception of Others

Barrier	*Definition*
Implicit personality theory	Has a pre-set portrait of what we think other people are like, which colors how we see them.
Stereotyping	Assigns attributes to people solely on the basis of their class or personality type.
First impressions	Considers our first impressions of others to be their enduring traits.
Projection	Ascribes to others those negative traits or feelings we have about ourselves.
Halo effects	Allows people's dominant traits to influence our impressions of their other traits.
Selective perception	Systematically screens or discredits information we do not wish to hear and to focus instead on more salient information.
Ostrichitis	Distorts or ignores information that is either personally threatening or culturally unacceptable.

Implicit Personality Theories People have a tendency to develop their own theory about what other people are generally like, and then to perceive others according to these self-packaged theories. Such people have a theory or model that ascribes a host of traits to others even before an actual encounter occurs. *Implicit personality theories* are often centered around general personality types, such as "gamesman" or "jungle fighter." Some people subscribe to the theory that personality is influenced by physical characteristics—or even by the stars.

Implicit personality theories can be based on something as simple as a belief in the adage "never trust a stranger," or "love thy neighbor." Giving credence to these types of theories can be dangerous for salespeople, as it limits the depth of their understanding of people; people are unbelievably complex, and each person is unique.

On the other hand, as a salesperson you might find prospects behaving in a patterned manner that would indicate they have a theory about you. Later in this chapter you'll see how to assign a role to yourself as a technique to reinforce or change perceptual sets. To reinforce the set, you continue to act as prospects expect you to act; to change the set, you must act differently.

Stereotyping One of the most common perceptual errors people make is *stereotyping*. It is a process by which traits are assigned to people on the basis of their social class or other prominent attributes or categories like sex, race, age, or occupation. People tend to pigeonhole others into a predetermined category or stereotype. For example, we are apt to assume that older people are old-fashioned, conservative, and, perhaps, obstinate; or we assume that salespeople are sly, tricky, and loud.

Stereotypical thinking usually has some basis in fact. People tend to compare their own social, demographic, or job groups with others and thus they generalize and emphasize certain of the more dominant and typical traits. The mistake is to assume that the generalization holds for individuals.

Salespeople must learn to make stereotypes—their own and their prospects'—work for them. Recognize your own tendency to stereotype people, and use stereotypes only when you first meet people to help you in your initial adjustment. Of course, you must keep an open mind and change and expand your categorization as you get feedback during your sales calls. It is dangerous to hold on to stereotypes longer than the opening few minutes of a first meeting, but they can be helpful during that introductory period as you are observing your prospects' behavior.

Salespeople must try to identify the stereotypical thinking of prospects and reinforce it or overcome it. For instance, the stereotype of the IBM slesperson is that of a white-shirted, dark-blue three-piece-suited marketing- and service-oriented professional who knows what he or she is talking about. IBM salespeople try to behave in such a way that reinforces this stereotype that they are knowledgeable. Some prospects have a stereotype that all young people are wet behind the ears and lack expertise. You must be able to recognize how prospects perceive you, and if they put you into such a stereotypical category, you should work to counteract it. Thus, if a prospect has stereotyped you as a rookie, you must change his or her perception of you from inexperienced and mistake-prone to cooperative and knowledgeable.

The combination of implicit personality theories and stereotyping is often referred to as a person's *perceptual set*—their tendency to perceive others in a particular, patterned way. Successful salespeople have typically learned to assess prospects' perceptual set quickly and accurately. When you analyze your prospects' needs, you should get used to making a note of their perceptual set about you with statements like, "views me as an inexperienced kid; friendly, yes, but still a rookie." This type of statement will be helpful in developing your role.

First Impressions We all have a tendency to observe a trait in people as soon as we see or hear them, and then to continue to consider it an enduring attribute. We see what people are wearing, what their verbal style is, and, perhaps, we guess their approximate age; we then make a snap judgment about them based on this limited exposure. Worse, we tend to stay with this classification and continue to look for clues, behavior, and traits that support this snap judgment.

This tendency creates the classic good news/bad news quandary. It is great news if a prospect has a wonderful first impression of you, and then spends the rest of the sales call reinforcing this favorable perception. It is bad news if somehow you get off on the wrong foot and make a poor first impression.

Learn to play a little game with yourself. As soon as you meet a prospect, ask yourself what your *first impression* is. If it is negative, pretend that your boss told you the prospect is the greatest person he or she ever met and look for reasons to confirm this view. If your first impression is positive, pretend your boss told you the prospect is a monster and look for reasons to confirm this. In other words, make a conscious effort to overcome your first impression and give yourself time to make an objective, rational judgment.

On the other hand, you'll want to try to make a fabulous first impression on your prospects. First impressions are typically formed within fifteen seconds of meeting a new person, so make those few precious moments work for you. Dressing the part of a successful, professional individual is probably most important.

If you find you are getting nowhere in your first meeting with a prospect and suddenly realize that you got off on the wrong foot, then cut your losses—retreat, and try again at some later date. It is usually better to start over on another day when you realize you've made the wrong first impression than it is to try to talk your way out of it.

Projection *Projection* is a defense mechanism people use to bolster their self-images. Some people ascribe or project onto others the negative traits and feelings they have about themselves—they unconsciously see others as a mirror reflecting back their own traits. For example, if a person is stingy, greedy, and mistrustful, he or she is apt to think everyone they deal with is the same way and act accordingly. By carefully observing the traits of others and conducting needs-identification analyses, you will avoid the trap of projecting your traits onto others.

You can take advantage of prospects' tendency to project by matching your behavior to that of your prospects. If you see that a prospect is open, confident, and positive, you should act that way, too. If you see that a prospect is mistrusting, skeptical, and cautious, then you might adopt a conspiratorial approach: Let the prospect know you will help him or her avoid being taken advantage of by others.

Halo Effects *Halo effects* are tendencies to allow one trait of a person to influence our impressions of all that person's other traits. Halo effects can be positive or negative. For example, in a study done by the Army, a group of officers who were well-liked were judged by their subordinates to be more intelligent than less well-liked officers. People often attribute a number of positive qualities to celebrities simply because they are well-known. One trait can color people's impressions of other totally unrelated traits.

Research has also shown that negative information about people more strongly influences impressions of other people than does positive information. This fact is a good reason to avoid selling negatively (among many other good reasons for not doing it). If you sell negatively, your competitors certainly will do the same in retribution. This means that prospects will remember most vividly all of the many negatives, which, in turn, will degrade all of you and devalue the medium you are selling.

Halo effects are particularly strong under three conditions:

1 When the perceiver does not have much experience or knowledge about the subject

2 When the evaluation concerns a person well-known to the perceiver

3 When the attributes have strong moral implications

Practice describing people in terms of a mosaic of traits, not just a single outstanding one. Just because customers seem to like you or act quite friendly, for example, doesn't mean they will necessarily pay their bills on time.

Get halo effects working for you. Put your best foot forward from the start, emphasize the strongest point about your product, and show the best aspects of your personality and appearance. Be as attractive, friendly, and knowledgeable as you can be right away so you can create halo effects for yourself in prospects' perceptions.

Selective Perception *Selective perception* is the tendency for people to see and hear things they want to see and hear—to seek out those elements in their environment that correspond to and support their previously formed beliefs. For example, a prospect may listen to a newscaster on your station because of a belief that the newscaster has similar political inclinations to his or her own. Due to the common tendency toward selective perception, it is easier for people to accept information that supports their current beliefs and attitudes than to accept information that is contrary to what they perceive to be true.

People tend to focus also on the information that is most salient to them. Those with accounting backgrounds, for instance, may be more apt to focus on numbers; those whose interests lie with the arts and show business will tend to focus on the aesthetic and creative aspects.

People also perceive their products and their companies as better than others and seek information to support this bias. The tendency toward selective perception can be a salesperson's strong ally when used to reinforce prospects' opinions. In other words, people love others to agree with them and to show how right they are. New car buyers watch automobile commercials more attentively for the car they just bought than they did before their purchase, for instance.

As a salesperson, be precise in your observations of people; look for everything, not just for those traits that you expect or that you find interesting. Listen carefully and actively to everything prospects have to say.

Ostrichitis People tend to distort or to ignore information that is threatening or culturally unacceptable—like the proverbial ostrich, they stick their heads in the sand. We not only avoid facing events we find unpleasant, but also those we feel we cannot handle. Thus, if prospects find your heavily numbers-oriented proposal numbingly threatening, they may simply ignore it or dismiss your evidence as irrelevant, rather than admit they do not understand it. People's perceptual processes will work long and hard at avoiding threatening situations.

You can overcome your own tendency toward *ostrichitis* by disciplining yourself to do the most difficult tasks first: Call on the toughest prospects early; do the boring paperwork immediately. Force yourself to hear all feedback, even very negative feedback, that your prospects and customers offer.

When dealing with prospects, remember that you are not a psychiatrist or a teacher. Prospects do not expect you to modify their behavior or to teach them a subject. If someone is uncomfortable with a topic, don't press it. If prospects or customers seem threatened by ratings, don't use numbers. Don't offer prospects help, advice, or information that they have not asked for—and probably do not feel they need. Be customer-oriented, not product-oriented or self-oriented.

To summarize what we've covered so far: Needs-Satisfaction Selling has advantages over Stimulus-Response Selling and Formula Selling, in both service and developmental settings. Needs are often unconscious; we can only infer needs from observing others' behavior and traits. Intelligence and self-confidence are the two most important traits to evaluate, and they influence the relative importance of personal needs and business needs in making buying decisions. It's vitally important for salespeople to have clear communication and perception to evaluate customers' and prospects' needs.

In the remainder of this chapter we'll discuss the three phases of needs identification and the needs-satisfaction selling approach.

THE NEEDS-IDENTIFICATION PROCESS AND ANALYSIS

Needs-Satisfaction Selling requires you to (1) identify prospects' needs, (2) match your tactical response to those needs, and (3) assign yourself a role in dealing with prospects.

Phase 1: Define Traits and Match Them With Needs

One of your goals when you first meet with a prospect or a customer is to interact with that individual to observe his or her personal style and traits.

Once you have observed a prospect's behavior, you can write down a list of his or her dominant traits. Your first rough list in Phase 1 should consist of between fifteen and twenty traits taken from the forty-two given earlier in Exhibit 3-6 and arranged in the six trait clusters. Then, make a second list. Your second list is a reduced one consisting of the ten or twelve most dominant traits.

Match these ten or twelve most apparent traits to the list of needs given earlier in Exhibit 3-4. By doing this, you should come up with a list of four, five, or at most six needs that seem to dominate a prospect's personality. This process is not an exact science, but a subjective inference based on observational skills and experience. You will get better at defining traits and then matching them with needs the more often you do it. At first it will seem like a laborious process, but with practice it will become much easier and faster—almost second nature.

Following is an example of Phase 1 in the process, which consists of: (a) a first draft of trait descriptions (Exhibit 3-13), and (b) a second draft in which the traits are narrowed and matched with needs (Exhibit 3-14). The prospect described here is the owner of a three-store group of nationally franchised, high-quality computer hardware and software retail outlets in a large market. The salesperson preparing the first and second drafts has made an initial thirty-minute call on the prospect.

The salesperson preparing these lists has worked backwards from observing behavior and noting personality traits in clusters, and these traits, in turn, have implied needs.

How do these needs motivate prospects in a selling situation? Will prospects try to get the lowest possible price? Will they try to dominate the situation and make the salesperson give concessions? Will they ask questions if they do not understand a proposal, or will they withdraw and clam up? Will they be sticklers for details, or will they want to develop a social relationship and have a good time?

Exhibit 3-13 Needs-Satisfaction Analysis, Phase 1: (A) First Draft of Trait Descriptions

Trait Cluster	*Dominant Traits*
Intelligence and cognitive style	Bright Experimenting Imaginative
Self-confidence	Self-assured Self-sufficient Risk-taking
Conscientiousness	Industrious Enthusiastic Quality-minded
Power tendencies	Assertive Autocratic Ambitious
Emotional maturity	Realistic Controlled Deliberate
Affiliation style	Suspicious Reserved Distant

Exhibit 3-14 Needs-Satisfaction Analysis, Phase 1: (B) Second Draft of Traits Matched with Needs

Most Dominant Traits	*Strongest Needs*
Bright Ambitious Risk-taking Enthusiastic Experimenting	Achievement
Autocratic Assertive	Dominance
Deliberate Realistic	Understanding
Self-Reliant	Autonomy
Neat	Order

Because needs such as those in the above examples cannot be seen, they must be inferred from motives, which, in turn, must be inferred from observations of behavior. It is impossible to list all of the motives a person might have, as there are an infinite number of possible combinations depending on the interaction between personal and business needs, traits, social forces, and situational conditions. However, once you have identified people's dominant needs, their motives become fairly obvious.

Phase 2: Match Needs and Motives With Appropriate Tactical Responses

Once you have inferred what prospects' dominant needs are and identified corresponding motives, you can then determine what your most effective sales tactics will be.

Responses to Needs and Motives Exhibit 3-15 is an example of Phase 2, an analysis of the needs and motives of the computer retailer with some appropriate tactical responses.

You now have an organized system for identifying needs by doing the following: *Phase 1*, observing and describing traits, then matching traits with needs; then *Phase 2*,

Exhibit 3-15 Needs-Identification Analysis, Phase 2: Needs, Motivations, and Tactical Responses

Strongest Needs	*Motivations*	*Tactical Responses*
Achievement	Wants to be the largest, best-known, most profitable computer retailer.	Show advertising success stories of other computer retailers.
	Wants to buy media that will enhance his quality image.	Offer news program participations; stress the quality of your product.
	Wants to take risks and try new ideas to be successful.	Offer high-impact schedules with heavy initial frequency.
	Interested in high revenues, profits; will spend to make money.	Offer large schedules that fit his ambitions.
Dominance	Wants to be deferred to.	Show him respect; ask his opinions about which computers to buy.
	Wants to make all decisions about advertising.	Ask his opinions about other computer retailers and their advertising; do not involve subordinates.
Understanding	Wants to learn as much as possible about broadcast advertising.	Make a complete, thorough written presentation; discuss ratings in depth.
	Wants to take his time making a decision.	Do not push him; let him take time; do not try to close too early.
Autonomy	Wants to be independent and free from restraints.	Offer several proposals; give him options; do not offer restricted packages.
Order	Wants things to be neat, tidy, and well organized.	Double-check all presentations and do not make any mistakes; put presentations in a binder and rehearse them to make sure they are well organized.

determining sales tactics to satisfy needs.

Since needs and motives are usually not apparent, you should try very carefully to *infer* what they are. Of course, needs and motives change considerably, too, once a sale has been made. After prospects become customers, their needs and motives can change dramatically; a need for dominance can be replaced by a need for affiliation, for example. After all, you deferred to your prospect and satisfied the need for power; now he or she likes you and wants to be your friend.

Beware! Needs, Traits, and Motives Can Be Misjudged[7] Even when you use a traits approach to describe prospects, you can easily misjudge people. Some of the more common errors have been identified by Gary M. Grikscheit, Harold C. Cash, and W. J. E. Crissy in their text, *Handbook of Selling;* avoid these errors and you will make more accurate judgments:

1 ***Oversimplification of cause and effect of behavior.*** It is normal to assume that identical behavior takes place for the same reasons in all people. If one person appears thrifty, and the motive for this behavior is apparent, the next person who is thrifty will appear to be so for the same reasons. This is a dangerous assumption to make. For example, let's assume that a customer always bargains for the lowest price. In addition to *thrifty,* other trait descriptions might cause the same behavior:

childish	exploiting	price-minded
contrary	jealous	shrewd
crude	malevolent	stingy
argumentative	overbearing	unscrupulous

Thus, behavior might result from a variety of causes.

2 ***Dealing with only one trait at a time.*** Often salespeople will deal with a particularly dominant trait as though it were the only one worth considering. This is similar to using the simplistic description by type, which might have some application in Stimulus-Response Selling or in Formula Selling, but is inadequate for the more complex and creative Needs-Satisfaction Selling. Salespeople must deal with multiple traits because traits are interactive; one will affect another. While prospects might be thrifty, at the same time they might be alert or sluggish, tactful or awkward, and deliberate or impulsive. Thus, all observable traits must be considered before selling tactics are considered.

Guidelines for Using the Trait-Description Approach[8] Grikscheit, Cash, and Crissy also suggest some guidelines for using the trait-description approach.

1 ***Identify personal needs first, then business needs.***

2 ***Do not be a psychiatrist.*** Your function is to uncover needs and to fulfill them. You must understand and adjust to prospects. Do not try to change them, as they will not appreciate your efforts. For example, if prospects seem to have a need for dominance, do not try to show them how this tendency is socially destructive; or if prospects have a need for abasement, do not bother to tell them it is because they have a horrible self-image and then try to improve it.

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[7]Material in this section is adapted from Gary M. Grikscheit, Harold Cash, and W. J. E. Crissy, *Handbook of Selling* (New York: Wiley & Sons, 1981), pp. 184–185. Used by permission.

[8]Material in this section is adapted from Gary M. Grikscheit, Harold Cash, and W. J. E. Crissy, *Handbook of Selling* (New York: Wiley & Sons, 1981), pp. 192–193. Used by permission.

3 ***Deal with the moment.*** The only thing that is certain about people's needs is that they will change. People's personalities are dynamic and sometimes volatile. What their needs were one week ago may not be the same next week. Deal with the moment during which you are making the call, and make your adjustments accordingly. Always remain flexible in your approach to people.

4 ***Recognize the difference between offense and defense.*** Are prospects objecting because they want to know more, or is it a defense mechanism? Are they remaining silent because they are skeptical, or are they merely shy and quiet? Are prospects acting cocky and confident because that is truly how they feel, or are they compensating for opposite feelings? Often prospects' responses are as much emotionally defensive as they are rational. Put prospects' reactions in the context of their entire personality trait clusters and needs, not necessarily one trait at a time. Thus, if prospects respond negatively to sales points, they may be expressing their ego-defensive need for contrariance rather than expressing a rational doubt.

5 ***Recognize situational influences.*** When a prospect responds unfavorably to you, it may have nothing to do with you or with your presentation, but with other external, situational influences. You may be the fifth salesperson a prospect has seen that morning, and he or she may be thoroughly frustrated, confused, and bored. Or, you may be making your presentation during a busy season in which a prospect is constantly being interrupted by calls and questions; the prospect may be reacting to the frustration and confusion of the situation, not to you. Take these situational influences into consideration when doing your needs-identification analysis.

You must keep in mind the intricate interaction between business and personal needs (and their concomitant motives); take care not to oversimplify the traits. The above guidelines should help you take a customer-oriented, needs-satisfaction approach.

Persuasion Theory

After you have identified prospects' needs by establishing communication with them, you must begin the process of persuading them that your product's features meet their needs. Techniques to persuade others are grounded in *persuasion theory*.

Persuasion theory is an adjunct of communications theory and an offspring of cognitive theory. You recall from Chapter 1 that cognitive theory asserts that people are purposeful, thinking, and goal-oriented, and that they make their choices accordingly. This assumption of purposeful behavior is an important one because it carries with it the correlative assumption that people behave in a conscious way that is directed toward achieving their goals. You cannot persuade people if they do not want to be persuaded; you must have their silent approval. Thus, *persuasion is something you do* with *people, not* to *people.*

Since people decide to do things that help them reach their goals, persuasive arguments have a much better chance of success if they reaffirm existing goals, attitudes, norms, values, and beliefs. It is easier to formulate new attitudes and values with new arguments than it is to change old ones.

People will learn new information if the following conditions are met:

1 If they *pay attention* to the persuasive information or message.

2 If they *comprehend* the message's content.

3 If they *accept* or *yield* to what was comprehended.

4 If they *retain* the position put forward in the message.

We will focus on the acceptance step because that is the most critical one in the selling process. A person's acceptance of a persuasive message depends on the four aspects that follow:

Source Credibility Trustworthiness, competence, objectivity, dynamism, expertise, physical attractiveness, and similarity are the elements that enhance *source credibility*. If you do not have source credibility, you will find it virtually impossible to make a sale. The credibility of the source of information is particularly important in the short run, as these source effects tend to wear off over time. Also, source credibility is multidimensional, and strength in one dimension can be offset in another.

Message Strength and Believability of Arguments Comprehension of information is critical; presentations should be simple and easy to understand. Also, *repetition* is a key factor in the strength of information and in its comprehension. During your presentation, you must find ways to repeat your important points (thus, the use of summaries in both written and oral presentations).

In addition, believability can be enhanced by the use of a *two-sided argument*. The two-sided argument is particularly effective with prospects who are initially opposed to your point of view, and who are intelligent and well-educated, or both. The two-sided argument features an *on-the-one-hand this, and on-the-other-hand that* approach, always giving the argument counter to your own point of view first. This technique signals that you are objective and have given consideration to the alternative point of view.

Recent research indicates that if a sales or advertising message uses a two-sided presentation by beginning with several candid points about a product's weaknesses, subsequent points about the product's strengths are much more apt to be believed. Initial candor is a powerful tool to enhance credibility.

Furthermore, your believability can be enhanced by the use of *evidence*. Evidence consists of factual statements from another source, preferably a highly credible source. If the source of your evidence is highly credible, give the source before you give the evidence; if not, give the evidence first and then give the source. For example, say your source is Nielsen before you show ratings, but give product-usage information before you mention it comes from your own internal research. The believability of your arguments is vitally important in the long run because content is remembered longer than are source characteristics.

Finally, *ordering effects* can have an impact on the information's comprehension and memorability. There are two ordering effects: *primacy* and *recency*. Primacy is generally the more potent of the two: People tend to remember best those elements they see or hear first in an argument or presentation. Thus, arrange your material with your most important points first. Recency is the next most potent ordering effect. People tend to remember the last elements in an argument or presentation. Recency effects are especially important when people have to consider carefully and reflect and weigh all information in a sequence. Thus, in a complex presentation, make sure that you end the presentation with a particularly concise and well-written summary. The principles of primacy and recency can be applied to sales calls, too—either be the first or last salesperson to see a prospect.

Channel Effects The less noise there is in the communication process, the more learning and comprehension there is. Thus, eliminate extraneous points and material from your presentation. Deliver your written and oral presentations in a quiet atmosphere with as few interruptions as possible. The most effective channel of communication, the one from which people learn the most, is face-to-face, the second most effective is sight-plus-sound (film, television, videotape, etc.), the third is sound only (radio, audiotape, telephone, etc.), and the last is sight only (newspapers, magazines, and all printed materials). However, exactly the reverse is true when dealing with complex messages and material. Thus, complex presentations that contain a large number of facts, statistics, and complicated logical arguments have a much better chance of being comprehended and remembered when they are in writing. The lesson here is that simple messages and arguments that tend to appeal to the emotions, such as advertising, are best remembered when presented on television and radio. Complex sales arguments are best remembered when they are in writing, supplemented by a face-to-face discussion and reinforcement of major points.

Characteristics of the Receiver Personality traits such as high intelligence and high self-confidence have a positive correlation with maximum comprehension of information and minimal yielding to arguments. As shown earlier during the discussion of prospect-product interaction, people with low intelligence and low self-confidence tend to be slower in comprehending an argument, but they have a greater tendency to accept and to yield to it. Thus, if you have intelligent and self-confident prospects, the chances are quite good that they will understand the arguments you make in your presentation, but you will need a good deal of source credibility and strong evidence to get them to accept your proposal. Remember, intelligent people might comprehend your points better and faster, but they will also come up with a greater number of hard-to-answer counterarguments and objections.

Phase 3: Select a Role for Yourself

Selecting a role for yourself is a helpful technique because it allows you to increase the effectiveness of your communication by improving your source credibility. As a reminder, here are the elements that enhance source credibility:

1 Trustworthiness

2 Competence

3 Objectivity

4 Dynamism

5 Expertise

6 Physical attractiveness

7 Similarity

The roles salespeople assign to themselves should enhance their qualities in terms of the above characteristics in the eyes of their prospects. Roles are particularly useful in the area of similarity. People like others who are similar to them. It is just like the old jazz classic sung by Fats Waller and Jack Teagarden titled "That's What I Like About You":

Teagarden: "You got no money
You're too fat
You drink too much gin."

Waller: "But I like what you like."

Teagarden: "That's what I like about you."

The notion of assigning to yourself a role simplifies the process you began in Phase 1 and makes preparation for your sales calls easier. Obviously, if you have dozens of customers to service each week and dozens more calls to make on new prospects, it would become cumbersome to remember or even to review all of the tactical responses you outlined in Phase 2 (Exhibit 3-15). It is helpful to have a simpler, more general response description that you can review from time to time as a reminder and can look at quickly before a call.

Describe a role briefly, much as you would describe the role of an actor in a movie to a friend who is in a hurry and who has not seen the movie. "Quickly, tell me what role Vivien Leigh played in *Gone With The Wind*"—Scarlet O'Hara, a beautiful, spoiled, selfish, iron-willed Civil War belle. "How about Peter O'Toole in *Lawrence of Arabia*"—T. E. Lawrence, an idealistic, unmanageable, masochistic, driven British Army officer at war with his own feelings. "Harrison Ford in the *Star Wars* trilogy"—Han Solo, a cocky, skilled, skeptical, mercenary, courageous starship pilot and adventurer.

By assigning yourself roles, you give yourself simple, easy-to-follow guidelines on how to act with customers and prospects. You act according to how they expect you to act. This process also reminds you that you cannot act the same way with every client; it reminds you that each person is unique and, thus, requires a different approach—a different role. Having a role guideline also helps you in face-to-face situations with clients because you do not have to spend time thinking about your role, and you can concentrate on listening actively and getting feedback.

The supporting role you choose in your sales drama will be dependent upon the characteristics of the star: your prospect. For instance, an intelligent but insecure vice-president in charge of advertising for an exclusive furniture store might call for the role of an elegant and cultured supporter and friend. A dull-witted, domineering owner of a liquor store who has relatively low self-confidence might require a salesperson to play the role of a deferential, confident teacher.

How you play your roles will vary depending on your own characteristics, particularly your age, sex, and racial or ethnic group. Of these characteristics, the one that works against you most often is youth. Prospects may frequently hold the prejudiced view that relative youth means inexperience and therefore a lack of expertise. Young salespeople must emphasize their competence and expertise to overcome any age-related bias.

Your sex may also influence how you handle particular roles. When dealing with a buyer of the same sex, initiate activities and conversations that emphasize the similarity between you. When dealing with a prospect of the opposite sex, emphasize recognition, approval, and compliments without implying intimacy. Beware of intimate implications—they can turn some people off or raise others' unrealistic expectations. Stress a professional, businesslike attitude.

If you are of a different racial or ethnic background than that of your prospect, you may be sensitive to biases he or she might have toward you. If you detect any prejudice, emphasize your competence, expertise, objectivity, trustworthiness, and enthusiasm.

Cultural biases, although most of us find them repugnant, are one of the facts of life salespeople must face. If you think you might be the victim of a prospect's prejudice, the best strategy is to be confident; avoid seeming defensive or having a chip on your shoulder. In some cases, you might encounter a reverse-backlash effect—when you can sell more easily to some prospects because of your sex, race, or age. Such people have a strong desire to help those they perceive as society's underdogs. With those prospects, it's especially important to be confident and nondefensive.

Exhibit 3-16 is the Needs, Motives, and Tactical Response Chart from Exhibit 3-15 with a role description added.

You might wonder if taking on various roles means you are giving up your own individuality. Are you not being a chameleon and losing your own distinct personality and identity? The answer is no—not unless you have only one dimension to your own personality. If you, like virtually every other person, have many of the thousands of personality traits interacting in a complex manner in your multifaceted personality, then you have a wide variety of traits from which to choose to adapt to a role.

Here are some examples of roles salespeople might find themselves using from time to time: (1) knowledgeable, friendly, skeptical negotiator; (2) fun, light-hearted, fast-working, objective, trustworthy companion; (3) precise, aggressive, no-nonsense, expert teacher; (4) decisive, trustworthy, respectful, objective, dynamic, serious rookie cohort.

Exhibit 3-17 shows how to develop tactical responses and role behaviors for a different kind of prospect: a young buyer for a local advertising agency who has relatively low intelligence and low self-confidence. The salesperson preparing the chart sells for a local cable system with high inherent product advantages.

Using roles will help you perfect Needs-Satisfaction Selling, which, in turn, will help you carry out the two core functions of a salesperson: to create a differential competitive advantage, and to establish and manage a relationship with an account.

Exhibit 3-16 Needs-Identification Analysis, Phase 3: Needs, Motives, Tactical Responses, and Role Behaviors

Strongest Needs	*Motivations*	*Tactical Responses*	*Role Behaviors*
Achievement	Wants to be the largest, best-known, most profitable computer retailer.	Show advertising success stories of other computer retailers.	Competent, expert marketing consultant.
	Wants to buy media that will enhance his quality image.	Offer news program participations; stress the quality of your product.	
	Wants to take risks and try new ideas to be successful.	Offer high-impact schedules with heavy initial frequency.	Dynamic.
	Interested in high revenues, profits; will spend to make money.	Offer large schedules that match his ambitions.	
Dominance	Wants to be deferred to.	Show him respect; ask his opinions about which computers to buy.	Deferential.
	Wants to make all decisions about advertising.	Ask his opinions about other computer retailers and their advertising; do not involve subordinates.	Deferential, trustworthy.
Understanding	Wants to learn as much as possible about broadcast advertising.	Make a complete, thorough written presentation; discuss ratings in depth.	Competent, expert, patient.
	Wants to take his time making a decision.	Do not push him; let him take time; do not try to close too early.	Patient.
Autonomy	Wants to be independent and free from restraints.	Offer several proposals; give him options; do not offer restricted packages.	Dynamic, expert, flexible.
Order	Wants things to be neat, tidy, and well organized.	Double-check all presentations and do not make any mistakes; put presentations in a binder and rehearse them to make sure they are well organized.	Competent, precise, neat.

Role summary: *Deferential, competent, patient, trustworthy, dynamic, precise, neat, and expert marketing consultant.*

Prospect-product interaction summary: *High intelligence, high self-confidence, low inherent product advantages. Salesperson position to emphasize: (1) business needs, (2) product benefits, (3) salesperson, and (4) personal needs.*

Exhibit 3-17 Needs-Identification Analysis, Phase 3: Needs, Motives, Tactical Responses, and Role Behaviors

Strongest Needs	*Motivations*	*Tactical Responses*	*Role Behaviors*
Inavoidance	Wants to avoid making a mistake or being accused of making a bad buy.	Provide thorough written presentations with lots of justification.	Confident, reassuring.
	Wants to buy what was bought last time.	Reassure him that his client will approve of what you are offering.	
Defendence	Likes to tell salespeople to come in with the best, lowest deal, and that he will not negotiate or listen to second offers.	Offer several proposals, lowest one first. Clearly state advantages of higher-priced proposals.	Patient, resolute.
	Claims to use price as the only evaluation.	Stress quality and value.	
Contrariance	Likes to knock every proposal and find fault with everything. Uses negativism as a negotiating ploy.	Do not argue; keep smiling and ignore most objections.	Calm.
	Likes to argue.		
Recognition	Wants to be thought of as a shrewd buyer.	Compliment and flatter him; reinforce his view of himself as tough.	Complimentary.
	Likes to brag about getting low prices.		
	Wants to deal with management.	Have sales manager or general manager call him.	
Play	Likes to go out socially to exciting, fashionable places for lunch and dinner.	Be a friend; be social; recommend new eating places.	Fun-loving, friendly.
Role summary:	*Fun-loving, confident, patient, calm, resolute, complimentary, reassuring friend.*		
Prospect-product interaction summary:	*Low intelligence, low self-confidence, high inherent product advantages. Salesperson to emphasize: (1) self, (2) personal needs, (3) product benefits, (4) business needs.*		

SUMMARY

The *needs-satisfaction approach* to selling concentrates on one of the most vital principles of the SKOAPP system of selling—that success is primarily a function of establishing good relationships.

There are two types of selling: *service-oriented* and *developmental*. In service-oriented selling, the product is positioned by its features, advantages, or advertising; in developmental selling, the product is positioned primarily by salespeople and determined by the needs of prospects. Generally, the more developmental and creative the selling, the more money salespeople make.

There are three general approaches: (1) *Stimulus-Response Selling*, (2) *Formula Selling*, and (3) *Needs-Satisfaction Selling*. S-R Selling and Formula Selling are focused on the product, whereas Needs-Satisfaction Selling is focused on the customer. In this latter type of selling, salespeople refrain from talking about their product until they have discovered prospects' needs.

People's behavior results from the complex interactions between their subconscious needs and their semiconscious motives. Of the three elements in the *needs-motives-behavior chain*, only behavior is observable. Thus, behavior must be observed to infer unseen, underlying needs.

Since we cannot see or observe needs, we must infer which ones dominate a person and lead to motives by observing tendencies to act. These behavioral tendencies are called *traits*, and a description of traits paints a picture of a person's personality. Traits are better to use to describe people than are simple personality-type descriptions because type descriptions do not do justice to the rich complexity and uniqueness of each person.

When describing a person, you should look for traits in six clusters: (1) *intelligence and cognitive style*, (2) *self-confidence*, (3) *conscientiousness*, (4) *power tendencies*, (5) *emotional maturity*, and (6) *affiliative style and sensitivity*. Within these six clusters, forty-two pairs of adjectives describe traits.

There are two distinct types of needs: *personal* and *business*. Personal needs are governed by emotions and usually have more influence on buying decisions than do business needs, which are governed by rational thought and problem solving. How salespeople position their products to appeal primarily either to personal or to business needs depends largely on the relative intelligence and self-confidence of prospects. People with high intelligence and high self-confidence will look more closely at product features, will have more faith in their own judgments, and will typically depend less on salespeople to position products than will less intelligent and less self-confident people.

Features of a product are attributes inherent in the product itself; benefits are features that relate to prospects' needs. A salesperson is responsible for translating features into benefits.

After making a judgment on prospects' two most important trait clusters, intelligence and self-confidence, salespeople can position themselves and their products by using one of two appropriate prospect-product interaction grids. These grids position the relative importance of product benefits, the salesperson, personal needs, and business needs according to whether a prospect has high or low intelligence and self-confidence, and according to whether a product has high or low inherent product advantages.

Communication is the process by which people exchange messages. For communication to exist, there must be a feedback loop so that a message's reception and a receiver's reaction to it can be monitored. Feedback is vital to salespeople because it allows them to adjust to prospects' needs.

Some of the most important skills to cultivate to improve your ability to communicate with prospects and to get more feedback are good listening habits. Good listening is in general a matter of paying more attention to the speaker than to oneself.

Communication can also be nonverbal. As much as 65 percent of communication, especially the emotional context of messages, is relayed by such nonverbal signs as gestures, posture, facial expressions, etc. Salespeople must learn not only to interpret the gestures and other nonverbal communications of others, but also to use their own gestures and other nonverbal communications to reinforce their sales points.

Perception is important in the communication process because it reveals how people organize their thoughts and try to make sense out of their environment. There are seven barriers to accurate perception: (1) *implicit personality theories*, (2) *stereotyping*, (3) *first impressions*, (4) *projection*, (5) *halo effects*, (6) *selective perception*, and (7) *ostrichitis*.

Salespeople can use a two-phase process of identifying prospects' personal needs and analyzing them: Phase 1—define traits and match them with personal needs, narrow down the traits and needs, and match them with motives; Phase 2—match motives with appropriate sales tactics.

After you have identified needs by establishing communication with prospects, you must persuade prospects that your product's features meet their needs. Persuasion is something you do *with* people, not *to* people.

Elements that enhance the persuasion process are: (1) *source credibility*, (2) *a message's strength and the believability of its arguments* (repetition, two-sided arguments, evidence, the ordering effects of primacy and recency), (3) *channel effects* (face-to-face is most persuasive; written material is least persuasive), and (4) *characteristics of the receiver* (intelligence and self-confidence are most important).

The final phase in the needs-satisfaction approach, Phase 3, involves describing your role with customers. Assigning yourself a role helps you enhance your source credibility. Defining a role for yourself that matches your customers' needs (which you have identified in the earlier two phases) gives you an easy behavioral guideline to review before you see customers.

TEST YOURSELF

1 Types of selling generally fall into two categories. What are they?

2 What are the elements in the observable and unobservable realms of human actions?

3 Maslow's Hierarchy of Needs can be broken into two main groups. What are they?

4 McClelland identified three major needs. What are they?

5 The thousands of personality traits that describe people can be clustered into several areas. What are these areas, or clusters of needs, and how do they help us in discussing needs?

6 The first two of the above-mentioned clusters contain traits that are vitally important for salespeople to recognize; they determine in part how salespeople position their products. What are they?

7 What is the difference between a feature and a benefit?

8 What are the rules for good listening?

9 Approximately what percent of communication is nonverbal in nature?

10 What are some of the barriers to accurate perception, and why are they important to understand?

11 What are the different steps salespeople should go through within the three phases of Needs-Satisfaction Selling?

12 Which elements enhance source credibility?

13 Which elements enhance a message's strength and the believability of its arguments, and why are these elements important to salespeople?

14 In order of effectiveness for uncomplicated messages, what are the four types of channels?

15 What are the two receiver characteristics that most effect the receiver's comprehension of a message?

16 Does playing a role as salesperson mean giving up your individuality? Why or why not?

PROJECTS

1 Select a local station or system for which you are going to sell. Next, select a hypothetical or a real prospect. Briefly describe the prospect's type of business and then position the prospect on the proper prospect-product interaction grid. Remember, you will have to decide whether your station has high or low inherent product advantages and whether your prospect has high or low self-confidence and intelligence. Finally, write several brief paragraphs about how you are going to position yourself when selling to the prospect you have chosen.

2 Select a station or system to sell for and select a prospect to sell to. Go through Phase 1, 2, and 3 of the needs-satisfaction process and analysis as described in this chapter. Construct a chart similar to the ones presented in Exhibits 3-16 and 3-17.

3 Gather together several of your colleagues and each of you do a needs-satisfaction analysis (similar to the one you did in Project #2) of someone all of you know fairly well (a friend, teacher, supervisor, or administrator). Then, compare your analyses. Did you agree on the person's needs and motives and on your tactics and role? On which elements did you disagree, if at all?

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Chapter 4

Prospecting, Qualifying, and Researching and Targeting: The First Steps

A recurring nightmare among new broadcasting and cable salespeople is one in which it's the first day of a new job, and the sales manager says: "Here's a rate card, now go out and sell something. You've got sixty days to get your billing up to $50,000 per month." In this nightmare, the salesperson is left standing naked and alone holding only a rate card—no account list, no prospect list, no sales promotion material, and no training in the methods of selling. As dreadful as this vision seems, it is surprising how often virtually the same thing happens in the real world.

Too often the stereotype of the super salesperson among the uninitiated is that of an aggressive, bouncy, flashy extrovert who charms people into buying. To the sales professional the super salesperson is often a well-organized, goal-oriented, persistent person who is an excellent listener and who quietly puts lots of money in the bank each month.

In this chapter and the next, we'll look at the Five Steps of Selling. You'll learn techniques to improve the skills you use in the five steps and you'll be given guidelines on how to improve your opportunities to sell and how to prepare for a sale. The five steps are shown below:

THE FIVE STEPS OF SELLING

1. PROSPECTING—10% of your time
2. QUALIFYING—15% of your time
3. RESEARCHING AND TARGETING—15% of your time
4. PRESENTING: FOUR PHASES—40% of your time
    - I. Approach
    - II. Discussion
    - III. Negotiation
    - IV. Close
5. SERVICING—20% of your time

These steps describe the ways in which salespeople use their selling time. Selling time is the actual time you have for selling and does not include time for sales meetings, administrative paperwork, or traveling. You will find that one of the keys to your eventual success will be your ability to maximize your selling time. Depending on such variables as travel time or amount of paperwork, most salespeople find they can spend between twenty-five and thirty hours each week in productive selling.

The time guidelines given for each step are suggestions for the *average* amount of productive selling time you should devote to each step over a period of months. It is not important to follow the guidelines strictly, but it is important to keep track of your time so you can make a meaningful analysis of how you spend it. It is also important to divide your selling time appropriately among all five steps. A salesperson who does no prospecting in November might eat only rice in January!

In this chapter we'll look at the first three steps in the five-step approach. *Prospecting* means looking for prospects—new buyers—to whom you can sell. The second step, *qualifying*, is assessing prospects' needs as discussed in the previous chapter. It also includes assessing credit-worthiness. The third step comprises *researching and targeting*. Researching means finding ways to satisfy prospects' needs—turning your product's features into benefits. Targeting is deciding on the size and type of order you want to sell.

First, it seems appropriate to discuss an important concept that forms the bedrock for the steps of selling: the concept of *goal setting*.

GOAL SETTING: THEORY AND PRACTICE

Scholarly research in the area of goal setting became popular after Peter Drucker's discussions on the importance of setting objectives in his classic book about management published in 1954.[1] There is still some question about who first used the term Management By Objectives (MBO), but it is generally conceded that the biggest initial push came from Drucker, who attributes the phrase to Alfred P. Sloan, the managerial and organizational genius who is credited with building up General Motors to its dominant position in the automotive world. (The words *objectives* and *goals* are used interchangeably in this book.)

In the 1960s, Edwin A. Locke, with others, published a series of articles that detailed his research on goal setting and how goals motivate people.[2] Essentially, Locke explained why goals work, and more important, he proposed some basic rules for setting them.

The major assumption underlying goal-setting theory is that human beings are rational, thinking problem-solvers, and that their behavior is basically purposeful, or *purposive*. (You're right, that does sound familiar—it's cognitive theory again.) This theory is different from that of the behaviorists, who postulate that people's behavior is nonpurposive, instinctive, and motivated to a large degree by external rewards, and further that behavior can be conditioned, primarily by reinforcement and manipulation of rewards.

In this book we won't compare the relative merits of cognitive theory and behaviorist theory. However, for salespeople it seems more helpful in motivating both themselves and their prospects to subscribe to the assumptions of cognitive theory. If we accept that people act in a purposeful way to satisfy their needs, we have then defined a *goal:* People will work toward the goal of needs-satisfaction. Setting goals, therefore, is a way of guiding behavior.

Although Drucker, Locke, and most other goal-setting theorists put their work in a managerial context, the theories also apply to individual goal setting. The more self-reliant and autonomous you are, the more valuable you will be to your company.

Goal-Setting Theory

Goals have been found to have a significant effect on performance if they have the following attributes: *clarity*, *difficulty*, and *feedback*.

Goal Clarity Goals must be very specific. A general goal of increasing the number of prospecting calls next month is vague, nonspecific, and virtually useless. A helpful, specific goal would be to average two prospecting appointments per day for the next month. *Goal clarity* is the single most important element in setting goals.

[1]Peter F. Drucker, *The Practice of Management* (New York: Harper & Row, 1954).

[2]Edwin A. Locke, "The Ubiquity of the Technique of Goal Setting," *Behavioral Science*, Vol. II, 1966; Edwin A. Locke and J. F. Bryan, "Goal Setting as a Means of Increasing Motivation," *Journal of Applied Psychology*, Vol. 51, 1967; Edwin A. Locke, "Toward a Theory of Task Motivation and Incentives," *Organizational Behavior and Human Performance*, Vol. 3, 1968; Edwin A. Locke, Norman Cartledge, and Claramae S. Kerr, "Studies in the Relationship Between Satisfaction, Goal Setting and Performance," *Organizational Behavior and Human Performance*, Vol. 5, 1970.

Goal Difficulty Up to a point, increasing the *difficulty of goals* generally increases the challenge, and this in turn increases the effort to meet the challenge. Goals that are too easy work against motivation, as do goals that are too hard. Thus, the best goals are those that are moderately difficult yet still perceived to be attainable.

Goal Feedback You need to get *feedback*—a reading on how you are doing. You receive feedback from yourself by successfully making sales and then analyzing what you did right. This also provides positive reinforcement. Analyzing statistics about your ratio of calls to sales will also give you feedback on how you are doing. Furthermore, you should get feedback from your sales manager. If you do not get regular feedback, ask for it. You have the right to know how you are doing and what the sales manager thinks you can do to improve.

Individual Goals

Sound individual goals must be:

1 Measurable
2 Attainable
3 Demanding
4 Consistent with company goals
5 Under the control of the individual
6 Written
7 Deadlined
8 Prioritized
9 Flexible

The *measurable* criterion is related to clarity. Goals must be specific enough to be measurable, e.g., increase billing 15 percent, or get 20 percent higher rates, or increase number of face-to-face presentation calls from an average of ten per week to fifteen.

Setting specific, measurable billing goals, however, is not generally a good idea, although it is common practice. Billing is the "emerald city" on the hill: the final goal. However, the way you get there involves a series of more narrowly defined tasks, such as "follow the yellow brick road." You might want to set a billing goal of $25,000 per month, but unless you set a series of specific, measurable smaller goals that will help you reach that billing level, you will likely be in for trouble.

In the chapter titled "A Bias for Action" in *In Search of Excellence*, Peters and Waterman quote the president of one of their excellent companies, who says that his company has managers focus on a few important activity-based goals. If they have this task-oriented focus, he says that "the financials will take care of themselves."[3]

[3]Thomas J. Peters and Robert H. Waterman, *In Search of Excellence* (New York: Bantam Books, 1984), p. 154.

The qualities *attainable* and *demanding* are related to difficulty. Research has shown that low achievers and people with low self-images often set either very high, unrealistic goals for themselves or very low goals. When they set goals too high, these low achievers are subconsciously giving themselves an early excuse for failure. Low goals are apt to reflect a low self-image, in that the person setting the goals doesn't expect much success.

High achievers, on the other hand, are particularly motivated by moderately difficult but attainable goals. The payoff to the high achievers is the conquest and the goal attainment, not necessarily the money.

Individual goals should be *consistent with company goals*. As elementary as this may seem, salespeople sometimes work at cross-purposes to their sales departments by concentrating on such activities as selling rates that are too low or by "cherry picking" inventory—selecting only highly rated spots to sell.

Another seemingly self-evident criterion for sound goals suggests that they be *under the control of the individual*. Too often this notion is overlooked, particularly by beginning salespeople. Some examples of goals that would not be under the control of salespeople would be to sell more network specials when the schedule of specials is unknown; or to close X,Y,Z, Inc., A,B,C & Co., and Q,R,S, Inc. next week, when closing a sale to a specific account is not necessarily under the control of the salesperson. (Closing will be discussed in the next chapter.)

It is best to set goals that you and you alone can control. Instead of setting the goal of closing a particular account, set goals for the number of calls you'll make, for the number of presentations you'll give, or for improving your use of closing techniques.

It is necessary to put goals in *written* form so you can review them. If they are not written down, they are easily forgotten, particularly if you do not accomplish them. A written record allows you to review each month what you set out to do and then what you accomplished so you can evaluate your efforts realistically.

Your goals must be *deadlined;* they must have a due date. As soon as possible is not a deadline. Most of us know what happens when everything seems to be an as-soon-as-possible priority: There are no priorities with clear deadlines, and therefore there is confusion. Goals must be *prioritized* (ranked for importance) if they are to be useful and act as a meaningful guide for action.

For example, you might write down (reflecting our item 6—goals must be WRITTEN) the following goals:

"Next month to: (1) increase the average rates I got last month by 15 percent in the coming month (ATTAINABLE) (DEMANDING) (DEADLINED) (CONSISTENT WITH COMPANY GOALS), (2) to increase the number of prospecting calls I make in the average week from ten to fifteen (MEASURABLE), (3) to make 25 percent more face-to-face presentations and (4) to concentrate on improving my closing techniques next month so I can increase my closing ratio from 20 to 30 percent (UNDER CONTROL OF THE PERSON) (PRIORITIZED)."

Finally, goals must be *flexible*. If goals are thought of as carved in stone and unchangeable, they can lose their motivating effect if they turn out to be either too high or too low. In addition, new opportunities that require a change of priority may arise. It is vitally important to have a set of goals, but it's not necessarily important to keep the same goals you started out with. You may have to take several detours along the road to achievement, so be flexible.

You must set goals according to the above criteria for each of the Five Steps of Selling. Now let's start with step one: *prospecting.*

PROSPECTING

Prospecting is *creating opportunities to sell.* The key to successful prospecting is "working smart." Working smart means learning how to find the right people you need to visit and then developing an organized system for setting up appointments and giving presentations.

During the average month, you should spend approximately *10 percent* of your selling time prospecting—perhaps twice that if you are just beginning a job or if you have no assigned account list. There are three primary sources of sales prospecting:

1 Nonreferral

2 Referral

3 Transom

Nonreferral Prospecting

Nonreferral prospecting is the most common and the one most people associate with the term *prospecting,* which implies a digging of some kind. At many stations and cable systems, salespeople without experience are hired primarily as prospectors or *rock-turners,* whose main purpose is to develop new business. Successful rock-turning requires a great deal of organization, determination, and persistence.

Prospecting Goals The first thing to do when prospecting (as in all steps of selling) is to get organized and to *set prospecting goals.* Set specific, task-oriented goals as follows:

1 ***Number of prospecting contacts.*** Set goals for the number of contacts per week and per month. A sales contact can be made on the phone or in person.

The purpose of a sales contact is to get a sales appointment. You must keep records of the number of contacts you make each week so you can later analyze them to determine such statistics as total number of contacts per week, number of resulting appointments, number of resulting sales, and your closing percentage.

2 ***Number of sales appointments.*** Goals must be set for the number of sales appointments made and completed each week and each month. Obviously, the focus should be placed on completed sales appointments; contacts are merely the first step to getting the appointment. However, you should know how many contacts, on the average, you have to make to get an appointment. You should then calculate and analyze on a regular basis (weekly at first) your contact-to-appointment ratio. This ratio is important because it tells you how many contacts you have to make to set up your targeted number of sales appointments on your goals list. Also, you and your

sales manager can compare your contact-to-appointment ratios with those of other salespeople. If your ratio is low, perhaps your appointment-getting technique can be improved.

Every market is different, so the proper ratio can only be determined by trial and error, but a good benchmark ratio to begin with is 5:1, or five contacts for every legitimate sales appointment.

3 ***Number of sales.*** Commission checks do not come from sales appointments; they come from sales. You should keep track of the number of sales you make as a result of prospecting sales appointments. With this information, you can estimate monthly from your analysis how many appointments you should make to get the number of sales you want to close, according to the goals you have set for yourself. The important statistic to keep track of is the ratio of sales appointments to closed sales. There is no benchmark standard for acceptable ratios, as they are influenced by such variables as the salesperson's ability, experience, and effectiveness. Until beginning salespeople can establish a track record to assess their own closing ratio, they can count on at least a 10:1 ratio, or ten appointments per sale.

One of the major overall performance goals of salespeople is to improve their contact-to-appointment ratio and, more important, their appointment-to-sale ratio. This can only be done if good records of these elements are kept and then analyzed on a regular basis (weekly at first, then monthly).

Unfortunately, salespeople often set their prospecting goals too high; they overestimate their abilites to make appointments. Keep in mind as you proceed through the month that monthly prospecting goals work as motivators only if they are realistic and seen to be attainable.

As you achieve the goals you have set each month, you should learn to set your standards and goals a little higher each time, steadily. This steady, gradual, realistic raising of goals each month is the surest method of improving your sales performance. Think of it as though you were a high-jumper in a track meet, raising the crossbar only an inch or two at a time.

Of course, your eventual success will depend on many variables: how many sales you make, the average dollar value of each sale (which in turn depends on the rates per spot, the number of spots per average schedule, and the length the schedule runs), how much repeat business you can build, and how much inventory (advertising space) is available on your station/system.

Most prospecting should be done by phone. In-person, unannounced visits or *cold calls* are sometimes fun to make, particularly on a newly opened business, but they generally have the same low payoff odds as drawing to an inside straight in poker. Sometimes to break the regular office routine, several salespeople or the whole sales department can go to a particular area and fan out, making a geographically concentrated series of cold calls. This *gang* technique can occasionally pay dividends, but as a general practice prospecting is best done alone and on the phone.

If you can't get through to a prospect on the phone, write a sales letter. Sometimes a brief, well-written, benefit-filled letter whets a prospect's appetite. Always indicate in the letter that you will telephone the prospect on a certain day, and even perhaps at a certain time of day. Never leave it up to the prospect to call you.

On the other hand, cold calling is often the only way to see those prospects you cannot reach on the telephone or who give you the brush-off several times, even after a letter or two. One broadcast sales organization kept track of the percentage of successful appointments made by phone and by cold calls. The results showed that telephone contacts got appointments 64 percent of the time, and that contacts made by cold calling got appointments 92 percent of the time. Telephone is still the more efficient method, however, considering the far greater number of contacts that can be made.

In no other area of selling is persistence—the last "P" in the SKOAPP system—more important than in prospecting. You *must* get that appointment. Call again, and again, and again.

Guidelines for Efficiency Prospecting requires intelligent, efficient digging. Efficiency is vital if the odds mentioned above hold true: fifty contacts equals ten appointments equals one sale.

Here are some basic guidelines to increase your efficiency when making contacts:

1 ***Use the prospect's name.*** This may require a little digging, but it is much easier to get someone's attention and get him or her to listen to what you have to say if the first thing they hear is his or her own name. Use it first thing, and use it often.

2 ***Introduce yourself and your company (station call letters, channel number, cable system name).*** At this stage, do not ask any questions that can possibly be answered with no. Never ask, "Do you listen to the station?" or "Have you heard of us?" or other such questions; a negative answer can be embarrassing and puts you in a defensive position—not a good starting point.

3 ***State that the purpose of the contact is to set up an appointment.*** Never try to sell your station/system to a new prospect over the phone. Getting an appointment takes a great deal of practice and is by far the most critical step in the prospecting process. You must learn how to arouse prospects' curiosities, whet their appetites, excite their interests, and appeal to their self-interest and profit motives. Be assured that if you promise to drop by (a too casual, nonbusinesslike phrase) to sell them advertising, you'll soon be dissatisfied with your contact-to-appointment ratio.

4 ***Be quick about it.*** When introducing yourself and your station/system and stating the purpose of the call, you must move along rapidly. Use short sentences and try to lead your opening with a brief question that can only be answered with a yes. People often view phone calls as an interruption and are anxious to get calls over with, particularly if they do not know the person on the other end.

5 ***Be assertive.*** Many prospects will jump in to interrupt you if you pause after you introduce yourself and your company. Therefore, keep talking; do not let them put you off. Ask the question that will draw a yes answer, then sell your major, profit-oriented benefit and push hard for an appointment.

Following are several examples of prospecting approaches:

Salesperson: "Hello, Ms. Waranov. How are you today? I'm Charlie Warner from WAAA Radio. I'm not trying to sell you anything over the phone today, but could you use some more store traffic, particularly on your slow days—Monday and Tuesday? I would like to make an appointment to see you for a few moments to tell you about an exciting new sales promotion the station has created that I believe can help generate some real excitement, enthusiasm, and *new prospects and traffic* for your store. May I come by tomorrow, say, at 10:00 in the morning?"

Salesperson: "Hello, Ms. Johnson. This is Charlie Warner from Channel 2. I have just been assigned to your account and I'd like to set up an appointment to come by and introduce myself in person and update you on some exciting things we are doing for our advertisers. Also, I'd like to drop off a brief brochure about our new, special January White Sale package, which is the hottest selling spot package we've offered in a long time. Even people that haven't bought TV before are jumping on this one because it's so reasonable. Is tomorrow morning at 10:00 A.M. good for you?"

Salesperson: "Hello, Mr. Green. I'm Charlie Warner with Able Cable TV. I'd like to share with you an idea that could possibly increase your business over 200 percent. I can come to your office at any convenient time and play a commercial for you on my portable videotape machine. The commercial is tailor-made for you and is based on an idea our creative people have come up with that is similar to one that was enormously successful for a store just like yours downstate—the commercial increased their sales 237 percent! When is best for you, in the morning or in the afternoon?"

6 ***If you get a yes, terminate the call.*** Do it very pleasantly but quickly, after confirming the time and date. Do not stay on the telephone and chat; you might give the prospect another chance to think about his or her busy schedule and to say no. Also, do not call again to confirm before you go; it just presents another "no" opportunity.

7 ***If the answer is no, keep selling.*** Be persistent, do not give up easily, a mistake many beginning salespeople make. Try to find out in as pleasant a manner as possible why you are being put off. Most prospects' *stoppers* (reasons for stopping you from coming to see them) are not legitimate objections, but are merely knee-jerk (reflex) phrases they use to discourage the faint-of-heart. The successful salesperson must learn to move through these initial rejections and to get appointments.

Trying to get appointments requires mental toughness and persistence. The natural tendency is to take prospects' put-offs at face value and to accept what they say to avoid being considered pushy if you press on. However, pressing on carefully and intelligently is what selling is all about.

If you are successful in overcoming initial refusals and can sell for appointments effectively, you are well on your way to overall success as a salesperson.

Here are some techniques to use to overcome the *don't-come-to-see-me* stopper:

1 *Ask why* if the prospect does not offer a reason. Try to get specific objections so you can overcome them one at a time.

2 Try the "*yes, but*" technique. Always try to find a new way to agree with the prospect and then turn him or her around with a "but":

Prospect: "I tried radio once and it didn't work."

Salesperson: "Yes, I've heard a few people say that. Unfortunately some advertisers seem to have had a bad experience. But on the other hand some of the most profitable enterprises in your line of business are using it very successfully and often. If I could chat with you for just a few minutes, perhaps I could point out to you why it hasn't worked for you, but has for many others."

3 Use the *compliment* technique:

Prospect: "I'm too busy right now. Besides, I'm bothered to death by media salesmen as it is."

Salesperson: "Gosh, Mr. Johnson, I'm really disappointed. You're one of the most important clients I have and you are considered to be one of the best merchandisers in the area. I was hoping to meet you and get your opinion on several things. I won't take up much of your very busy schedule and it certainly would be very important to me."

4 Try the *if-you-were-general-manager* approach. (Suggested by Tom Hopkins; see references at the end of the chapter.)

Prospect: "No, your ratings have gone down and I have my schedule on another station."

Salesperson: "Mr. Johnson, if you were general manager of our station, what would be the first thing you would do to correct some of our problems?"

Prospect: "Why, I'd stop playing so much of the hard rock music."

Salesperson: "That's exactly what our general manager has decided to do. May I come by tomorrow and briefly tell you more about it at, say, 10:00 A.M.?"

5 Try the *standing-room-only* technique.

Prospect: "I'm sorry, but we're not advertising right now."

Salesperson: "I understand your position, but this special January package is one of the fastest selling, most efficient packages the station has offered in a long time, and I'd sure hate for you not to at least hear about it. You might really get upset with me if I didn't inform you about such a great deal before it's sold out."

6 Try the *assume-you-want-to-see-me-but-are-too-busy-now* approach:

Prospect: "I'm sorry. I know how busy you are. When is the best time to catch you, first thing in the morning or right after closing time?"

Methods of Prospecting The second thing to do in getting organized properly for this step is to *select a method* of prospecting:

1 By current advertisers in other media

2 By season

3 By category

4 By geographic region
5 By advertisers in your medium
6 By inactive advertisers
7 By current advertisers
8 By business, civic, or social organization

The obvious first place to start prospecting is in *other media*. Try to find businesses that are advertising, but not in your medium. It is generally easier, and thus a more efficient use of your time, to try to sell prospects who already have an advertising budget than to have to start from scratch with someone and sell them first on advertising, then on your medium, then on your station/system.

To prospect in other media, you should know something about their rates so you can estimate advertising budgets. In many larger markets, *newspaper checking bureaus* keep track of ads by client categories. Also, many markets have *Broadcast Advertiser Reports*, or BARs, that each month publish details of all TV schedules that ran the previous month. Many markets also have *radio monitoring services* available. If your market does not have a commercially available monitoring service, or your station/system does not subscribe, you and your fellow salespeople could monitor other media on a systematic basis.

Next, in your monitoring you should try to pick out the creative approaches your prospects use, the images they are trying to project about their businesses, and their approximate target audiences for the advertising.

Use the "Prospector's Bible," the *Yellow Pages*. It is virtually a given that anyone in business who sells a product or service to the public will be in the Yellow Pages. It is the place to start and to go back to time and again for your prospecting.

Read *newspaper ads* carefully, for newspapers are the most fertile ground for prospecting. Even though TV is catching up, newspapers are still the country's number-one local advertising medium. Newspapers include dailies, weeklies, and shoppers (both urban and suburban); check all of them for leads. The more obscure the newspaper, the better prospects their advertisers usually are.

As previously indicated, look for an advertiser's selling points, image, creative approach, and target audience. If advertisers are continuously getting positions with low reader impact, such as bottom-left, back-of-the-section, or gutter positions (next to the fold), they might be ripe prospects for broadcast time.

When selling against newspapers, be very careful about being critical of them. Advertisers do not like to think they have wasted their money or that they have made stupid media decisions.

One of the best ways for selling against newspapers is to use the media-mix approach. For example, "Many progressive retailers are spreading their advertising investments among several media and taking advantage of each one's strengths." There is a wealth of media-mix information and research available that demonstrates how both reach and frequency can be increased by adding broadcast schedules to a newspaper schedule. (In this book, reach and frequency will be discussed in Chapter 6.)

Check *outdoor advertising*. Billboards are seen by a lot of people, but because their purpose is to be seen by those moving at high speeds in automobiles, the message must be short—seven words at most. Outdoor advertising can claim low cost-per-thousands, but little else. (Cost-per-thousands will be discussed in Chapter 6.) It generates only a low level of excitement, impact, and recall compared to the tremendous impact of broadcast advertising.

If you sell radio, *television advertisers* can be prospects. A radio-TV media-mix combination is very effective. Radio can add substantially to the reach and, especially, to the frequency of a TV schedule for the same cost as for a TV schedule alone.

Some television advertisers, if they have relatively small TV budgets, are restricted to fringe times and are thus prospects for radio schedules containing many more spots in much better time periods.

In the same way, *radio* can be good prospecting territory for television salespeople. Many radio advertisers would love to see themselves on TV, as easily witnessed by the host of car dealers doing their own commercials.

Prospecting by *seasonal sales patterns* is a productive way to organize your prospecting efforts. Most advertisers have seasonal sales patterns; therefore advertisers should be contacted anywhere from three to six months before their peak selling seasons begin. The most productive prospecting comes when the salesperson can find out when an advertiser sets the advertising budget and makes promotion plans. November is obviously too late to start selling advertising for Christmas.

The *Radio Advertising Bureau*, or RAB, and the *Television Bureau of Advertising*, or TvB, have calendars available that show monthly sales patterns for many categories of businesses.

Another way to organize your prospecting is by *category*. Select a business category, such as microcomputers, for example, and begin contacting as many of these businesses as you can. Combine this category method with the seasonal one and choose a category that has a seasonal sales peak coming up. You'll find that this method is an excellent way to become an expert in a particular business category, and that it's easier to get referrals. As you get prospects to tell you about their advantages over their competitors, you'll also learn how to approach the competitors.

Many successful broadcast salespeople have carved out profitable careers by specializing in one or two categories, such as department stores, supermarkets and food, automotive industries, and so on.

Often it makes sense to organize prospecting efforts *geographically*. This is particularly the case in markets that are spread out physically, such as Los Angeles. Isolate an area of town that looks promising and start making phone calls to set up appointments. When you do get your appointments, you will save time and gas money by going to one general area.

You can prospect in *your own medium*. However, this type of prospecting tends to encourage parasitic behavior and leads to hordes of salespeople trying to carve up the same advertising pie. This tends to lower rates more than anything else. It is better to try to increase the size of the pie by developing new advertisers whenever possible.

Sales, like charity, often is best begun at home; prospect internally from *inactive account lists*. Go back several years through the files of completed contracts and look for advertisers who were on the station once, but are not currently active. You might be amazed when you ask someone why they are no longer advertising with you and the reply is, "No one asked for my business again." This would be another easy sale for the disciplined, well-organized prospector.

Furthermore, do not overlook the obvious. Do not forget your *current advertisers*. While serving these customers, think of ways to get them to increase their schedule with you. Sell them promotional packages, special events, longer schedules, more spots, newscasts, or whatever, but do not fail to look at them as potential prospects for new revenue.

Finally, you can organize your prospecting efforts *organizationally*, by civil, social, or business clubs or by sports, church, or fraternal organizations. Insurance salespeople often sell this way, and so can broadcasting salespeople.

Referral Prospecting

Referral prospecting is not as common in broadcasting as is nonreferral prospecting, but it should not be overlooked. You should never pass up the opportunity to ask a prospect, a customer, a friend, or an acquaintance to refer you to someone who might be a potential advertiser. The best referrals are from happy customers. Ask current advertisers if they know someone else you could call on to help plan an advertising program. Get in the habit of politely asking for referrals. You have nothing to lose and sales to gain.

Transom Prospecting

Business that comes in unsolicited, or "over the transom," may not be considered prospecting in its purest sense, but it is a method of getting sales appointments and there are a few techniques to keep in mind to improve your performance on *transom calls*.

Make sure you write down all the information from the person calling in. Your first objective when taking a call is to get an appointment. Often people say they do not want to see a salesperson, but they just want to be sent some information. If at all possible, get an appointment and you will have an advantage over those that let the mailman do their selling.

A good way to practice for telephone work is to record your voice on a tape recorder while you talk as though you were handling a telephone conversation. You might have a friend play the part of a prospect. Then play it back and listen carefully to how you sound. Do you have good telephone personality? Would you be anxious to have you come and give you some more information? Are you friendly and does it sound like you have a smile in your voice? Are you positive and enthusiastic? Do you sound like an expert and helpful to talk to? Be critical of your own telephone personality and technique; you can be sure potential customers are.

Prospecting is where selling begins. Good prospectors can always make a living; they do not have to depend on economic conditions or on station ratings or rates. Good prospectors can find new customers time and time again, year in and year out. Successful salespeople know that prospecting is how you strike gold.

QUALIFYING

The first step in selling is *prospecting*—creating the opportunity to sell by finding people to sell to. Now that you have made an initial sales appointment, the second step is *qualifying* the prospects—finding the *right* people to sell to. Effective selling "is as much a matter of the quality of the doors" you knock on, and how and when you choose to knock on them as it is of numbers of doors you knock on, according to best-belling author and super-salesperson Mark McCormack.[4]

Qualifying is largely a matter of gathering information, of building a dossier on each prospect. The qualifying step is where you identify needs—business and personal needs. You should begin by trying to discover prospects' personal needs by observing their behavior during your first meeting, and then by trying to assess their business needs and problems, as discussed in Chapter 3.

During the average month, approximately *15 percent* of your time should be spent qualifying prospects.

Step 1 in the needs-identification process is defining traits and matching them with personal needs; this step is begun during qualifying. The first two clusters of personal traits you will be looking for are (1) intelligence and cognitive style and (2) self-confidence, then for traits in the other clusters—conscientiousness, power tendencies, emotional maturity, and affiliative style and sensitivity.

In the qualifying step you are also trying to assess prospects' *perceptual set*, *readiness*, and *level of buyer sophistication*.

Every person enters every situation with a *perceptual set*, which is a predisposition to perceive things in a certain way. Recall from the previous chapter how stereotyping and implicit personality theories form barriers to perception. No one is neutral; people come to any encounter with values, attitudes, beliefs, and opinions about virtually everything. For example, they do not like salespeople in general or they do not care for female or male salespeople. They may not like broadcast advertising. They may not like young people.

It is important for you to ferret out a prospect's perceptual set so you can plan your sales strategy and set your selling priorities. For instance, you may recognize that a particular older male retailer does not seem to care to deal with young people or with females. If you are both, you would have to build source credibility with qualities other than similarity. Thus, you might assign yourself a role of being especially businesslike and try to develop trust through his belief in your expertise and extensive product knowledge.

Readiness is the notion that people will learn what they want to learn and are able to learn. People's readiness is conditioned by a wide variety of variables such as educational level, emotions, ambitions, success, past experience, and selective perception.

A prospect who has had a bad experience advertising in your medium is not in a

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[4]Mark McCormack, *What They Didn't Teach You at the Harvard Business School* (New York: Bantam Books, 1984).

state of readiness to learn about what you are offering. You might have to focus your sales strategy on discussing several successful case histories of similar businesses in your medium just to get this prospect to listen to a presentation of the benefits of your station/system.

Assess Level of Customer Sophistication

As customers gain experience with an advertising medium, they become more sophisticated in their use of the medium and in their buying strategies. Experienced buyers tend to unbundle the various services and enhancements offered by stations and systems and focus on price.

Management experts DeBruicker and Summe in an article in the *Harvard Business Review* titled "Make Sure Your Customers Keep Coming Back" suggest that the level of buyer sophistication varies along a scale that starts at one end with *inexperienced generalists* and moves to *experienced specialists* at the other end. Inexperienced generalists are often new advertisers who have little experience in using or buying advertising in a medium. The person who makes the final buying decision is often the top executive or top marketing or merchandising person who is involved in all aspects of the decision—deciding what medium to use, deciding on the creative approach and campaign theme, and making a purchase of advertising time or space. As the generalists gain experience and confidence in using a medium, they tend to divide the decision-making process and turn elements over to specialists such as advertising agencies.

Furthermore, customers require different selling strategies depending on the degree of product differentiation, or inherent product advantages, as discussed in Chapter 3. The higher the inherent product advantages (product differentiation), the more customers focus on service and product performance. The lower the inherent product advantages, the more customers focus on price.

For example, advertisers on the only classical music radio station in a city (high product differentiation) tend to care more about the service support a salesperson and the station provide and on how many people mention their commercial than they care about the price of commercials. On the other hand, advertisers who are considering purchasing time on one of six contemporary hit radio stations in a city (low product differentiation) tend to view all the stations as being similar and will concentrate on getting the best price.

Salespeople cannot control the level of customer sophistication or the inherent advantages of their station or system, so they must assess the level of a prospect's experience and select strategies that best fit each situation. Exhibits 4-1 and 4-2 are adaptations based on the guidelines suggested by DeBruicker and Summe. Even though their guidelines are primarily meant for buyers and sellers of industrial, high-tech products, they are easily applicable to broadcasting and cable with a little translation.

"Applications support" in Exhibit 4-1 in a broadcasting context could be an advertiser who is interested in how to best use a medium—length of copy, type of commercial (slice-of-life, expert spokesperson, celebrity endorsement), type of station or program to buy. "Technical support" could refer to services provided by a station or system—writing copy, video-taping commercials, and producing artwork. "Product performance" could mean direct results generated from running an advertising schedule, such as people pur-

Exhibit 4-1 Customer Sophistication and Product Differentiation Grid

CUSTOMERS →

Inexperienced generalists — *Experienced specialists*

PRODUCT DIFFERENTIATION: High ↓ Low

	Inexperienced generalists	Experienced specialists
High	1 Applications support Technical support Product performance	2 Product performance Applications support
Low	3 Technical support Service Price	4 Price Acceptable quality Availability

Source: F. Stewart DeBruicker and Gregory L. Summe, "Make Sure Your Customers Keep Coming Back," *Harvard Business Review*, January/February, 1985, p. 95. Copyright © 1985 by the President and Fellows of Harvard College. All rights reserved. Reprinted by permission.

chasing an advertised product or mentioning they saw or heard a commercial. "Acceptable quality" could refer to the quality of a medium's audience—disposable income and age and sex characteristics, for example.

Exhibit 4-2 shows sales strategies that recognize both customer experience and product differentiation. Salespeople must concentrate on those strategies that match their customers' profiles and their station or system's profile. Exhibit 4-2 also graphically illustrates how important it is for salespeople to create a highly differentiated product advantage in their customers' minds. This differentiation will help keep customers from focusing on price and allow salespeople to sell the value of the quality of their product, which, of course, will allow them to get a higher price for it.

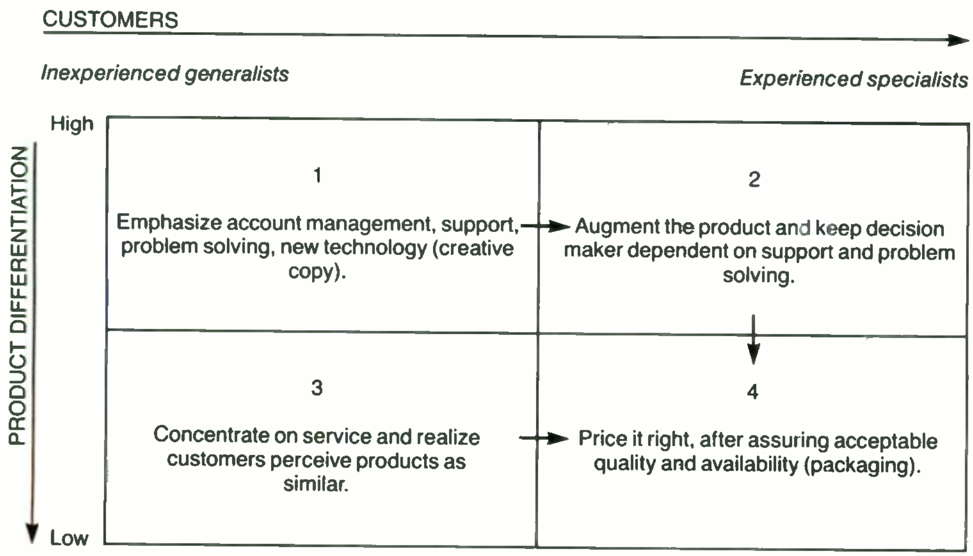
As sales situations move from section 1 in Exhibit 4-2 to section 4, the emphasis shifts from overall selling and servicing to negotiating, skills that will be covered in Chapter 5.

Qualifying Questions

Here are examples of some of the questions you should ask when qualifying a prospect. These questions are based in part on those recommended by the RAB (Radio Advertising Bureau).[5]

[5]Radio Advertising Bureau, "The RAB Consultant Sell," outline prepared by RAB, n.d.

Exhibit 4-2 Sales Strategies That Recognize Customer Experience



Source: F. Stewart DeBruicker and Gregory L. Summe, "Make Sure Your Customers Keep Coming Back," *Harvard Business Review*, January/February, 1985, p. 96.

1 What are the age, sex, and life-style characteristics of your best potential customers?
2 What specific problems do you expect advertising to solve for you?
3 What advertising are you doing now? (Do not ask directly what the advertising budget is at this early stage. You can estimate roughly what the budget is from the answer to this question.)
4 What do you like about your current advertising?
5 What elements of your current advertising could be improved?
6 What is your opinion about my medium of advertising?
7 In addition to yourself, who will make the final decision to purchase advertising?

Prospects' Expectations

Part of the qualifying process entails discussing what the potential advertiser expects from advertising. The success of an advertising campaign depends on an advertiser's perception of success, which normally is based on expectations, which in turn is often a function of what media salespeople promise. If prospects expect miracles, it is best to try to lower their expectations or, if this is not possible, to walk away from the business. Unfortunately some unscrupulous, high-pressure media salespeople will still promise prospects the moon just to get one order—and it's usually the last one, too.

If an advertiser has unrealistically high expectations, then almost no results will be viewed as successful enough. Often when a prospect says, "I tried TV once and it didn't work," what it really means is that the prospect expected too much. The best way to deal with this type of objection is to find out the specifics of the last campaign, and then to go about trying to set realistic goals and expectations for various levels of expenditure. Keep in mind that *you* control prospects' expectations to a large degree. By keeping expectations realistic and a little on the low side, you are in a better position to have satisfied customers and to get renewals.

Qualifying Credit-Worthiness

Qualifying also means that the prospect's credit must be checked. There is no future for the station/system or salesperson who sells advertising that has little chance of being paid for. Many stations/systems pay commissions on collections and not on billing (advertising that is run). Thus, a salesperson that sells to a prospect who has a shaky credit rating is taking time away from selling to prospects who will pay the bills and generate sales commissions.

Checking credit ratings is a task that should be left to the station/system's business manager or sales manager and normally should not be handled by salespeople, particularly on the first call. The salesperson, however, should make it a point to know the results of credit checks. Salespeople should ask for cash in advance very delicately, so as not to risk offending or insulting a potential customer. If a prospect gets upset, a salesperson can blame an overzealous manager and try to leave the door open for future contacts.

In general it's a good idea to use managers as a buffer and to let them take the heat or blame for decisions that could offend or upset a prospect, because that is one of the things for which managers are paid. The important thing is to conform to good business practice while leaving the door open for further approaches.

If you do not have an established, well-documented account list and have to prospect and qualify from scratch, see Chapter 5, "Presenting and Servicing: The Last Steps" for techniques to use in your approach. Qualifying can be relatively easy if your station/system has an up-to-date list that has already qualified accounts by past billing and billing potential as well as by the needs of prospects. Information about prospects' companies and their competitive positions is also helpful. If you are fortunate enough to have such a list, then the major decision you will have to make is one of timing. You must find out when is the best time to call on an account, which is normally when they are making their yearly advertising plans or making a media buy.

Most beginning salespeople find that qualifying is not an easy step to master. One reason for this difficulty is that proper qualifying requires a salesperson to be tough-minded and to not waste time with people who are not good prospective advertisers, or with people who are not in a position to make the final decision, no matter how pleasant they are.

Qualifying is the information-gathering step of selling. It is the step that begins the communication process and gives salespeople practice in one of the most important aspects of that process and of selling: the art of asking questions and of listening carefully to the answers.

RESEARCHING AND TARGETING

Researching and targeting together make up the *process of preparation. Researching* is the search for and substantiation of motivating benefits that will satisfy both business and personal needs, and that will convince prospects to buy; *targeting* is the decision about the size and type of order you want.

Searching for benefits means that you must know prospects' businesses well enough to understand which of your station/system's many benefits are applicable to their businesses. You must know which benefits can help solve the specific problems *they* feel can be solved by advertising (which you uncovered in the qualifying step). Also, you must understand prospects well enough to know which of your station/system's benefits will appeal to their personal needs. Proper research can only be done if there has been good, thorough prospecting and qualifying.

Researching and targeting prepare you to write sales presentations (covered in Chapter 5), put together proposals and packages (covered in Chapter 8, "Rate Cards and Maximizing Revenue"), and figure the necessary ratings statistics (covered in Chapter 6, "Understanding and Using Ratings").

During the average month, you should spend approximately *15 percent* of your selling time researching and targeting. Organize your researching efforts according to the steps and guidelines that follow:

Researching

Step 1: Assess Prospect-Product Interaction The first step you have to take is to determine your approach toward positioning your product to satisfy prospects' personal needs. Use the prospect-product interaction grids in Chapter 3 to determine the emphasis in your personal presentation—whether you are going to emphasize yourself, a prospect's personal or business needs, or your product's benefits.

Step 2: Assess Customer Sophistication Is your potential customer an inexperienced generalist or an experienced specialist? You have to determine if you are going to emphasize your ability to give excellent service and recommend media strategies or whether you will have to focus on overcoming the price objection.

Step 3: Match Needs and Motives With Appropriate Tactical Responses This is the same step as Step 2 in the last section of Chapter 3. Go back and match the needs and motives of prospects, which you have determined in the qualifying step, to behaviors you have observed, and then select your most effective tactical responses to your prospects' needs.

Step 4: Assign Yourself a Role This was the last step in the needs-satisfaction approach from the previous chapter. Give yourself a selling role that satisfies your prospects' needs. You might want to review the charts included in Chapter 3.

Step 5: Develop a Research Plan You must know precisely what you are trying to sell and how you are going to sell it. How can you create a competitive advantage? What is your overall sales strategy with a particular prospect? Here are guidelines for making your plan:

1 Properly *aim the research* to the right person—to the client or to an agency, to a buyer or to top management. Each group will require a slightly different approach, will need different facts, and will have different needs to be satisfied.

2 *Set priorities for the problems* you are trying to solve. Concentrate on solving the problems that are utmost in prospects' minds and solve them first.

3 *Be parsimonious with facts.* Do not try for a world's record in the number of facts you present; give just enough to win. With some prospects, such as those who must be convinced of your expertise, the best approach might in fact be to overwhelm them with facts, but in general this is a wasteful, time-consuming strategy.

4 Concentrate on the station's or system's *strengths* and those elements that emphasize *quality*. By focusing on quality you prepare prospects to accept a higher price, and thus you can more easily maximize revenue.

5 Keep in mind the *goals* of your station/system, such as selling special promotions or packages.

6 Try to *focus on known objections* and hit them head-on; forestall the objections you know prospects are bound to bring up by dealing with them straightforwardly from the beginning. Never avoid known objections in the hopes that they will go away.

Along the same line, don't address problems or objections that don't exist. Why waste your prospect's time or risk creating new difficulties for yourself?

7 *Anticipate the competition.* Know what they are most likely to offer and to say about you. Position your strengths directly against their weaknesses and emphasize your strengths; point out, but do not dwell on, their weaknesses. Don't appear to be running the competition down.

8 Remember the KISS rule, *Keep-It-Short-and-Simple.*

Targeting

Targeting is determining in advance the kind of order you want to get; it is *setting a goal* for yourself for each sales presentation. Targeting gives you something to shoot for on your call, helps you develop and write your presentation, and helps you select your strategy. Your target is your destination; your presentation is the road map.

Targeting is the only part of the five-step selling process in which the focus is on your company's needs. The other steps focus on discovering and satisfying the needs of prospects. Without a clear, realistic target, however, you might get so wrapped up in satisfying prospects' needs that you forget about getting what *you* want. You want an order, but even more important, you want the right order. (Guidelines for determining the elements of desirable orders are covered in more detail in Chapter 8, "Rate Cards and Maximizing Revenue.")

Target Selection To be coordinated with your strategy, targets should be selected based on the following elements:

1 ***A specific availability.*** In this case your target is to sell an account a specific spot package or program availability. This type of target is totally station/system-oriented in that you are not trying to tailor a proposal to satisfy a client's needs; you are trying to satisfy your or your management's need to sell something specific. In this situation, prospecting is the key—finding someone whose needs match what you are offering.

Generally, trying to sell a specific package is not the most effective way to set a target for a sale because it is not a needs-satisfying approach and it does not allow you to maximize your opportunity. Once you have accomplished your target of selling the availability, you are apt to close the sale without exploring other revenue opportunities.

2 ***Price.*** In this case, your target is to get prices within a predetermined range: no lower than $1,300 per early news spot, or an average spot cost of no lower than $40, for example. In this situation, your primary concern is to sell your spot or program inventory for the highest possible price, regardless of the overall size of an order, the type of order, or the share of an advertiser's budget. A price target might be used in situations where you have limited inventory to sell.

3 ***Size of an order.*** In this case, your target is to sell an order for a particular dollar amount: a twenty-five spot package plan (see Chapter 8, "Rate Cards and Maximizing Revenue" for a discussion of packages) for $2,400 a week, or a schedule for $2,000 per week for six weeks, for example. This type of targeting not only allows salespeople to set goals for each order, but it also gives them considerable flexibility in pricing, packaging, and scheduling to hit their targets. For instance, if you decide to restrict yourself to orders above a certain amount, you can avoid calling on prospects who do not have businesses large enough to support advertising at your minimum level. A combination of price and size targets works well. For example, "I want to get an order that is at least $1,000 per week and where I can get an average rate of more than $75 per spot."

4 ***Share of budget.*** In this case, your target is to get a predetermined share of a client's advertising budget. This targeting is especially effective when you have abundant inventory available and when getting the highest possible price per spot is not an issue. Used with the other three types of targets, the share-of-budget target can be the most profitable: "I want to sell out the Super Bowl adjacencies at no less than $10,000 each as part of a package that sells for a minimum of $150,000 and that gets 45 percent of XYZ Company's first-quarter television budget," for example. This statement gives you a measurable, attainable, demanding, written, and flexible target. It is deadlined by the fact that you want to achieve it during your next call on your prospect; it is consistent with company goals, and, of course, it is under your control, since you have set the target.

Determining size-of-an-order and share-of-budget targets requires good qualifying. You must know the approximate size of prospects' businesses and their approximate advertising budgets. Another factor that enters into estimating your target is your station's share of market.

Share of Market The share of an advertiser's budget you should go after is roughly equal to the share of market your station has in an advertiser's target audience. To find out your share of market, you must look in a rating book, such as the A. C. Nielsen ratings survey or Arbitron ratings. Most stations subscribe to one or both of these marketing surveys; local cable systems do not normally have ratings to work with (ratings are covered more thoroughly in Chapter 6, "Understanding and Using Ratings").

In a television selling situation, assume that you are selling for one of three, and only three, network television affiliates in a medium-sized market, and your prospect wants to reach primarily women in the 18–49 age group. Assume you look in a television rating book and discover that your station has a 37 percent share of women 18–49 weekly, and that the two competing stations have 33 and 30 percent respectively. Since you have a 37 percent share of the advertiser's target audience, you have every right to expect that you should get 37 percent of that advertiser's television budget, *if* the following factors are equal:

1 Everyone has approximately the same price.
2 Everyone has approximately the same amount of inventory to sell.
3 Everyone wants the business to the same degree.
4 All the salespeople are equally as skilled and have approximately the same good relationship with an advertiser.

In radio, as a general rule, you go after a share of an advertiser's budget equal to two times your station's overall share of audience in the advertiser's target audience.

Targeting is a system to help you set realistic goals for each order based on your sales strategies, and it gives you a benchmark figure by which you can judge your performance. For instance, if you and your sales manager agreed that approximately 9 percent was a realistic target and you then managed to secure an order for 20 percent of an advertiser's budget, you would have turned in an excellent sales performance.

Once you have organized your researching efforts according to the steps given previously and then determined your target, you are ready to put the results into the concrete, permanent form of a written presentation to use in your second meeting with the prospect. Presenting is the fourth selling step, and we'll cover it and servicing, the last step, in the next chapter.

SUMMARY

The Five Steps of Selling are *prospecting, qualifying, researching and targeting, presenting,* and *servicing.* Organization and persistence are the two key disciplines for salespeople to cultivate in carrying out the steps. To maximize your selling efficiency, you must organize, plan, and set well-defined goals.

Goal-setting theory indicates that for goals to be effective they must be clear, challenging, and have feedback mechanisms built in. Springing from this theory are the criteria for sound goals; they must be: (1) measurable, (2) attainable, (3) demanding, (4) consistent with company goals, (5) under the control of the person, (6) written, (7) deadlined, (8) prioritized, and (9) flexible.

There are three types of *prospecting:* (1) *nonreferral,* the most common type, (2) *referral,* and (3) *transom.*

The purpose of making prospecting contacts is to set up an appointment, not to sell a schedule. Your introduction should contain prospects' names, should be quick, and should include a motivating benefit.

Qualifying is finding the right prospects to whom one can sell. Salespeople should attempt to identify prospects' business and personal needs, plus their perceptual set and readiness to listen. Qualifying also includes uncovering the expectations prospects have about advertising, and also verifying prospects' credit-worthiness.

Researching and targeting are the steps salespeople take to substantiate facts that prove the motivating benefits and, thus, convince prospects to buy. Researching involves four steps, the first three of which are taken directly from the needs-satisfaction approach: Step 1, *assess prospect-product interaction;* Step 2, *match needs and motives with tactical response;* Step 3, *assign yourself a role;* and Step 4, *develop a research plan.* You must know what you are trying to sell and how you are going to sell it.

Targeting is determined by your strategic selling approach and is based on: (1) *a specific availability,* (2) *price,* (3) *size of an order,* or (4) *share of the budget.* Targeting is a system to help you set realistic goals and evaluate your performance on each sale.

The guidelines for the average amount of time you should spend on each of the first three steps during a normal month are:

—Prospecting	10 percent
—Qualifying	15 percent
—Researching and Targeting	15 percent

TEST YOURSELF

1 What are the Five Steps of Selling in broadcasting and cable?

2 What are the criteria for sound goals?

3 What are the methods of prospecting?

4 During the qualifying step, why is it important for a salesperson to control prospects' expectations?

5 What are the guidelines for developing a research plan?

6 What are the different elements on which to base a target for an order?

PROJECTS

1 Select a local station or system for which you would like to sell. You are to look for prospects for January and February. Make a list of at least twenty businesses who are logical prospects. Indicate which five of these prospects are your top priorities (target accounts) and explain why. It would be helpful if you had an RAB, TvB, or CAB calendar showing sales patterns by month for various businesses.

2 Select one of the top five prospects above and make a list of at least ten specific qualifying questions you would ask this prospect.

3 Divide a piece of paper into two columns, one labeled "Features" and the other "Benefits." Make a list of at least ten features that your station or system offers, then in the corresponding row for each feature in the benefits column write a *specific* benefit for the prospect you selected in Project #2 above.

4 Make an outline for a written presentation to the above prospect for your station or system.

5 Write down four different, specific targets for your prospect (you will have to be familiar with your station/system's rate card and ratings or subscribers to do this project).

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Chapter 5
Presenting and Servicing: The Last Steps

In the previous chapter, the three initial steps of selling were covered (prospecting, qualifying, and researching and targeting). This chapter deals with the final two steps, *presenting* and *servicing,* in which you learn how to turn prospects into customers and how to keep them.

WRITTEN PRESENTATIONS

In the "old days" a broadcast salesperson might leave a station every morning with nothing but a dog-eared rate card to make calls and have coffee breaks. There are too many trained salespeople on the streets for the old-fashioned peddlers to have any chance of competing effectively. Professional radio, television, and cable salespeople must develop their skills in writing and using written presentations—an integral part of the SKOAPP system of selling.

Making a sales call on prospects without a written proposal of some kind should be unthinkable to professional salespeople. Broadcast and cable time is intangible; you cannot rip it out and save it, drive it, kick its tires, smell it, or eat it. Therefore, anything that can be done to make broadcast and cable advertising seem more tangible makes it more valuable to prospects. You'll always want to leave something behind.

There are ten good reasons why, as a salesperson, you should prepare written presentations:

1 Writing presentations compels you to do your homework—learning what advertisers' business needs are and how a station/system's advantages help satisfy these needs. It is virtually impossible for you to be unprepared for a sales call after writing a complete presentation.

2 Writing presentations gives you confidence in yourself because you are prepared. You have reviewed your products' strengths, benefits, and unique differences.

3 Written presentations zero in on business needs, thus allowing you to concentrate on personal needs—on building rapport, developing empathy, and looking for verbal and nonverbal feedback.

4 Written presentations communicate respect for customers. When prospects see that you have invested time and effort in preparing a thoughtful presentation, it shows that you think they are important.

5 Written presentations enhance your credibility and professionalism. They are tangible demonstrations of a serious, responsible approach to selling.

6 Written presentations make it harder for prospects to brush you off.

7 Written presentations provide a record for prospects of what was offered and discussed. The points made in an oral presentation are easy to forget, but if they are also made in writing and left with clients in the form of a presentation, they can refer to the proposal later on and go over it leisurely. Also, a presentation can be passed on to other people who might be involved in making a broadcast or cable buy.

8 Written presentations give you a record of what was offered to an advertiser, which can help you if there should be a misunderstanding about what was offered.

9 Written presentations can demonstrate to your sales manager what kind of salesperson you are by showing him or her your sales approach and thinking. This demonstration can be the best possible defense when you have lost an order. Furthermore, if you keep copies of your presentations, you can show them off to your new boss when he or she arrives on the job, or show them to the general manager of your station/system when you are interviewed for promotion to sales manager.

10 Finally, written presentations allow you to build a library of presentations for a variety of selling situations and categories of accounts. After a relatively short period of time, you won't have to write an entirely new presentation for each new call or new account, but you can copy the relevant pages from similar presentations made to similar accounts. This technique saves time and makes you and the sales force much more effective.

Deciding on Proposals

Once you have completed the researching and targeting step, you should have a good idea of your prospect's needs and how your product, advertising spots on your station/system, can fill those needs. You use that information to make your proposals.

Always include at least three proposals in a presentation; this sets you up to use a Choice Close (covered later in this chapter).

One of your proposals should be large (the optimal order), one (or several) medium, and one small (the minimal order). Target the optimal amount of money you should be able to get based on a realistic share of an advertiser's budget or on a dollar amount that you believe is in the ballpark (but high). The medium proposal should be one you would be satisfied to settle for (although you would prefer not to). The small proposal is the minimum order you will accept; the main purpose of the lowest proposal is to show by how much the medium and large ones are better.

Ordering Tactics for Proposals

The order of the proposals in your presentation depends on the characteristics of your prospect and your sales strategy. Normally, you should put the smaller proposal first, then build up to the increased benefits and advantages of each of the larger ones. This ordering is good because it does not intimidate prospects with a large expenditure at the beginning. You can build up slowly and logically to the reasons for investing more money and for giving you the optimal order. This tactic is particularly useful with prospects who might not be used to spending much money and with those new to your medium or to advertising; using this ordering usually helps you make a sale for the medium proposal, or maybe the large one. This first ordering method is known as the *foot-in-the-door* technique; it employs the tactic of getting prospects to agree to or to buy a small request or schedule first, then to come back later with a larger one. The first small agreement or order helps them over their initial fear or reluctance.

On the other hand, if your prospect sees himself or herself as an important, big-spending client, then starting with the large proposal can be effective in letting prospects know that you think they can afford it. You can sell the larger proposal hard and then show how the medium and smaller proposals are not worthy of such an important client. In other cases, putting the most expensive proposal first makes the following ones look inexpensive by contrast; this tactic is a good one to use with a customer who always complains about high prices. This second method is known as the *door-in-the-face* technique; it presents an unreasonably large initial proposal that is sure to be turned down to make the next proposal seem more reasonable.

Whichever tactical or ordering decision you make, it should be a conscious one, and one that best suits your selling strategy to satisfy prospects' business and personal needs.

Organizational Tips for Presentations

The following organizational tips for writing a presentation outline how to plan the *ideal* presentation. It is an outline that will produce a complete, thorough presentation, which may or may not be called for in a specific sales situation. You must decide what type and length of presentation you need according to your research.

Determine the Strategy Exactly what reaction do you want and exactly what do you want to wind up selling the prospect? This information comes from your proposals and from your analysis of the prospect's needs. How you phrase your presentation will depend on this strategy. Do you need to write very formally with lots of supporting figures for a prospect who likes precision and expertise, or less formally and more colorfully for a prospect who is impressed by media glamour?

Write a Statement of Purpose Begin with a clear and simple statement, preferably a single sentence, that expresses the exact purpose of the presentation. For example, "The purpose of this presentation is to demonstrate to Wild West Motors (company name) why advertising on Country Music Station KOWS (name of your station/system) will reach truck buyers (specific company need)."

Prepare an Introduction This introduction should give an overview of the problem(s) and hint at a solution *so prospects know you have one*. The introduction should contain a statement that will heighten curiosity immediately—for example, the most interesting or startling thing about your proposal. Think of it as though it were a headline in an ad; grab readers' attention and interest.

State the Problems Present them one at a time in a more detailed manner than you did in the introduction. State them clearly, simply, and in prospects' language.

Establish Criteria for Evaluating Proposed Solutions These might include better ratings, success of other advertisers, artistic merit, percent of target audience, etc.

Discuss Your Station or System Inform prospects about your station/system and its benefits and advantages. A two-sided argument works well here.

Give Solutions to Problems One at a time, show how your station/system solves prospects' problems. You previously detailed these; now build a bridge of concise and logical arguments between prospects' problems and your solutions.

Narrow Down the Alternatives The more you can narrow down the alternatives, the closer you are to proving that your proposal is the only solution, and also the optimal one.

Make Your Proposals As discussed earlier, you should include at least three proposals from which to choose—high, medium, and low.

Summarize and Conclude Reiterate the points and reinforce how you have solved the problems. The summary is similar to the introduction, but now you reveal your proposal as the solution that you hinted at earlier.

Ask for the Order Don't forget this! The last sentence in your presentation should ask for the go-ahead to place the order. "May we schedule you now, while spots are still available?" "Let's do business; I can start your advertising immediately with your approval."

Starting with an Outline

Outline your presentation first. After you have written a detailed outline, prepare the introduction and the summary/conclusion. Using this technique, you can be sure that your stated purpose, outlining of problems, and eventual solution all tie together in a tight, logical way.

See Appendix A for several examples of written presentations.

Writing Modular Presentations

When you write presentations, write them in a modular form—that is, so that parts of them can easily be used again within another presentation. Always keep an eye out for opportunities to write a section of a presentation in such a manner that it could easily be copied and integrated into another presentation. Much of the information you convey to prospects is used over and over again; this is especially the case with general station/system benefits or positioning descriptions, rating information, and competitive media information.

Appendix A also shows examples of modular presentations.

Presentation Formatting and Writing Tips

When you write up your presentation use plain white paper and keep it as clean as you can so you can photocopy the pages later for other presentations. When you put your presentation together, use a simple, uncluttered title page that contains the prospect's name and your name, address, and telephone number. You do not necessarily need fancy covers or bindings or flashy, colored paper. You can either bind the presentation simply, or staple it, or leave it loose in a folder, depending on your handling strategy (covered later in this chapter).

Use headlines on each page. This gives you the opportunity for reinforcement and for highlighting benefits and selling points. Keep the information on each page simple and brief. Avoid crowding the page, particularly if you are presenting numbers. There is nothing more depressing to a reader than to turn a page and see it crammed with facts and numbers. Keep to only one concept or point on a page.

Write in your prospect's language and use his or her jargon, not yours. Be accurate in your writing; use precise words and make sure you write exactly what you mean to say. Then read what you have written aloud to check that it makes sense and reads well.

Double-check all of your facts and statistics. Never make an error in your facts or numbers; you will lose your credibility. When you write, give the impression that you are impartial and objective; use two-sided arguments whenever possible. Avoid exaggeration—you can be enthusiastic about the facts without overdoing them. Do not write too informally or use slang; your writing should be straightforward and businesslike, even if you choose a light tone.

Naturally, you'll want your written presentation to be free of typing, spelling, and grammatical errors. Check carefully; you might want another person to read the presentation, too, to double-check.

Using Written Presentations

Written presentations are normally created to reinforce and clarify the points salespeople make in face-to-face sales calls, and then to be left with prospects as a record. However, there are several additional ways to use written presentations once you are in front of prospects.

One technique of handling written presentations is to put them unfastened into a folder, and then to hand each page, one at a time, to prospects. This prevents prospects from jumping ahead and it focuses their attention. It's an effective method if prospects are in a hurry or are the impatient type. You can control the pace of the presentation and force prospects to stay with you. One of the drawbacks of this technique, however, is that prospects' desktops become a jumble of single pieces of paper. It can be difficult to put all the single sheets back together in order to leave prospects with a well-organized, complete copy of the presentation. When you use the *page-at-a-time* technique, bring along an extra copy or two to hand prospects when the call is over.

Another technique is to give a complete copy of your written presentation to prospects and to ask them to follow along with you as you go through it. Sometimes you can arrange the physical surroundings so that you can sit side-by-side with prospects, then give them a complete copy, and sit with them as you both go over the presentation while they turn the pages. Before you begin, tell your prospects what you are going to do: "Here's a presentation I prepared; let's go over it together. I'll highlight the important points for you. Don't hesitate to stop me if you have any questions." Do whatever you can to get prospects involved with your presentation—by encouraging them to write on it, to ask questions about it, or to refer back and forth to it, etc. Paraphrase as you go, rather than reading word for word.

Finally, you can give your prospects a complete bound copy of the presentation to look over and read, while you try to follow along page by page to be ready to answer any questions. If you use this method, make sure that you: (1) tell your prospects what you want them to do ("Here's the presentation I mentioned. Why don't you read it over, and I'll answer any questions you have"), and (2) do not interrupt. Too often salespeople will go into a prospect's office, hand her or him a presentation, and then begin making a verbal presentation as the prospect's head bobs up and down as he or she tries to read and listen at the same time. The prospect might also whip ahead to the price page and not hear your well-presented benefits.

Whichever method you feel more comfortable with and decide to use, plan how you are going to handle it. Rehearse in your mind the steps you will go through on a sales call and know how you are going to use your written presentation. As advertising is an intangible product, your presentation is one of your best ways to make what you are selling more tangible.

One final advantage: Written presentations are nice to have on a sales call because they give you something to do with your hands; they are something on which to focus your and your prospect's attention. Such a prop can help reduce nervousness and give a more businesslike impression.

THE FIVE MENTAL STATES OF SELLING

After you have written your sales presentation, you are ready to make your face-to-face presentation. But before you make the call, prepare your strategy for guiding your prospect's behavior. This means you must guide the prospect through the *Five Mental States of Selling:*

1 Attention
2 Interest
3 Desire
4 Conviction
5 Commitment

The task of salespeople is to guide prospects through these mental states in a carefully planned, disciplined, well-organized fashion. As discussed in Chapter 3, these states are recognized in all serious sales literature and are the core states of selling around which many systems, books, and seminars are built. Some experts refer to the *commitment* state as *closing* or *action*, but the concept of the basic five states is the same.

One of the most important elements in learning to become a successful salesperson is learning to recognize the subtle verbal and nonverbal clues that signal each mental state during the presenting step of a sale. Again, you can see the importance of listening attentively and watching carefully for behavioral and attitudinal clues to help you understand your prospect.

Attention

If you have qualified your prospects properly, you should know what *they* believe are the biggest problems they face that advertising can solve, or what makes them unhappy about their current advertising. To ensure getting prospects' *attention*, begin with the most significant benefit that satisfies their strongest personal or business need.

If you can't get prospects' attention, do not make the sales presentation. That is, if prospects interrupt constantly to do other things such as answering the telephone or taking care of other business, then politely try to bring their attention back to the presentation; if you cannot, then try to make another appointment to come back when they are not so busy. Phrases such as, "I see you're terribly busy now, can I come back another time?" can often do the job of bringing attention back to your presentation.

The more compelling and dramatic the benefit you offer and the manner in which you initially present it are, the more attentive your prospects will be.

Interest

Once you have your prospects' attention, you must begin to create *interest* in your proposal. Sell benefits, benefits, benefits—specific benefits that meet prospects' needs and solve their problems.

As you begin your presentation and try to develop interest, prospects might be defensive and negative. You may see nonverbal clues; they may sit back, arms folded, and respond to your presentation and probing questions with silence or mild indifference. Do not be concerned yet; press on.

Desire

Keep selling benefits. As you begin matching needs and benefits and overcoming objections, you will feel prospects become more animated, perhaps open up a little by unfolding their arms and leaning closer. Prospects are moving from interest to *desire*. The gear shifts from negativism and skepticism to a mood of anticipation. Instead of saying things such as, "I'm not ready to spend money just now," or "TV costs too much," a prospect might say, "Could I extend the package into the next week," or "Could I do the commercials myself?" The prospect is giving clues that he or she is beginning to imagine having made the purchase.

When the desire state is reached, it is time to summarize the points you have made so far; begin narrowing your focus on those one, two, or three benefits prospects have seemed most interested in. Your strategy in this state is to get prospects to believe that your proposal is the best one.

Reinforce prospects' desire with phrases such as, "This is an effective schedule," or "This sure will fit in perfectly with your overall promotion plan."

Conviction

When prospects are convinced that what you are offering is the best solution for them, they have reached the *conviction* state. This is the time to close the sale. Do not delay; you must move the prospect to take action as quickly as you can.

Conviction might not last long. The mood might pass, someone might interrupt with extraneous information or problems, or even with bad news. Close fast and hard as soon as you think you have reached the conviction state.

Commitment

It can be much more difficult to move prospects from a state of conviction to a verbal commitment than it might appear at first thought. If prospects are convinced they want what you are selling, then why is it so hard to get them to verbalize their conviction? To some it means capitulating, or it means reducing their options, or it means admitting they have been sold something.

At the *commitment* stage you are trying to find ways to ease any pain prospects might have in saying yes, and you are helping them to verbalize the decision they have already made.

You may often find yourself in a situation in which you cannot actually consummate a sale for a variety of reasons. You may be calling on someone whose recommendation is vital but who cannot give the final okay on a deal. You might be in a situation in which prospects have several other proposals to consider before a final decision is made and, therefore, you cannot close the sale. However, you must not leave until you get a commitment from prospects to take some kind of action. Try to get them to write a note, dictate a letter, or make a call on the spot. If someone says he or she must hear other proposals, get a commitment to let you come back for a final opportunity to match other offers, or to give you a tentative order that can be finalized after the other proposals have been heard.

PRESENTING

Presenting is face-to-face selling in front of qualified prospects. Your goals in this step are to *establish a differential competitive advantage with an overwhelming weight of evidence, and to establish a relationship with an account.* You want to lead prospects along a path toward a decision to make a commitment and to take action—to give you an order.

During the average month, you should spend approximately *40 percent* of your selling time presenting.

There are four phases in the presenting step:

1 Approach
2 Discussion
3 Negotiation
4 Close

Approach

The overall strategy of the *approach* phase is to get and hold attention and to arouse prospects' interest.

Much of the approach phase was accomplished during your initial appointment with the prospect, when you gathered information for the qualifying step (covered in the previous chapter). During your first meeting, you looked for business and personal needs. You made your first assessment of the prospect's intelligence, self-confidence, and other traits. You also tried to determine the prospect's attitude (perceptual set) and readiness to hear your information, and level of sophistication.

Now, as you begin your presentation, use a brief approach phase to reestablish yourself with the prospect. It's usually best to start out with small talk—a comment about weather, current news, or a sports event, for example. Appropriately phrased compliments are a good way to begin; notice the office decor or desk photographs. You are trying to break the ice and relieve the prospect's anxiety. Remember, prospects often feel anxious about meetings, too. On the other hand, some prospects dislike making polite conversation. You'll know if this is the case from your observations during your initial meeting. With such a prospect you might limit small talk to one or two comments, such as, "How are you today?" or "Good to see you again."

Your next step should be to summarize why you are meeting with the prospect. Review the content of your initial appointment and your purpose. Here are some examples:

"Ms. Neuman, when I met with you earlier this month we talked about your company's advertising plan. Today I have a proposal to show you that I'm confident can increase your sales."

(At this point the salesperson can show the folder containing the written presentation.)

"Since the last time I saw you, Mr. Hernandez, I've thought a great deal about what advertising on KYYY could do about the seasonal drops in sales you've told me about. I've come up with several ideas for your consideration."

Your summary statement is a way of guiding your presentation from the approach phase into the discussion phase. Exactly what wording you choose depends on your earlier assessment of the prospect and the role you have assigned yourself; however, any phrasing you use that can grab the prospect's attention should be to your advantage.

Discussion

The overall strategy for the *discussion* phase is to move prospects from interest to desire, and from desire to conviction.

This phase is called discussion because the emphasis is on two-way communication. Prospects must be partners in the discussion. They must learn through discovery that what you are offering will satisfy their business and personal needs. The conviction will be stronger if prospects discover the solutions rather than being told what they are.

Following is a sequence of tactics to use in the discussion phase of the presenting step of selling.

Vary Your Style Keep prospects' attention with a *varied style*. The longer your presentation is, the greater the chances are that your prospects' attention will wander.

First, keep in mind that people will pay attention to things that they are interested in and that they believe will help them. Always talk in the prospects' language and construct all questions, reinforcements, and discussions of benefits in terms of the advantage to prospects and in terminology that prospects will understand.

Use contrast in your presentation. People notice things that are brighter, bigger, or louder than what has come before, as well as sudden changes in intensity. Anything that is consistently too loud, too soft, or even too in-the-middle will begin to bore. Vary your style; talk louder, then softer.

Use movement in your presentation. If you are sitting, get up and walk around for awhile, particularly to emphasize an important point. Use gestures to emphasize your points.

Also, make prospects move if you can. Have prospects turn the pages of your presentation, or hand them a pencil, or ask them to make notes in the margins. Ask them to figure a simple math problem for you on the desk calculator to make a point. Movement keeps prospects alert and attentive.

Use novelty. Something is novel if it is fresh, new, different, and unusual. This tactic does not mean using novelty items like pens or key chains with a logo on them. Those kinds of items are generally useless because they are not designed to satisfy specific, unique needs of prospects. Novelty items are designed to keep your name in front of prospects. What you need is to have prospects accept your advantages.

Always keep in mind that as part of the broadcast and cable industry you are in show business. Show business is fun and exciting. Most people love to hear about and be associated with entertainers and show business celebrities. Even in many small and medium-sized markets, local television anchor people and disc jockies are usually important celebrities. Use them as benefits with prospects who have a high need for recognition or status.

A few years ago, a national television salesperson in New York was about to make a call on a buyer who had been ill in the hospital for two weeks. The buyer had a window office on the fourteenth floor, so the day before the call the salesperson contacted the people in the offices of the building across the street and paid them a few dollars to hang a sign lettered on a sheet out of their windows. The sign read, "Welcome Back, Jeannie!" and stretched across three-quarters of the building. The sign was unfurled just as the rep was making his sales call. He got the buyer's attention. He also got the order.

A salesperson in a medium-sized Texas market had been calling on a car dealer trying to crack the account and get the dealership on radio. She had done her research and knew that the prospect had a four-year-old boy. Each time she made a call she brought with her a new Matchbox series toy car. At the appropriate time in her presentation, she made a point about radio and her station's ability to "move cars," at which time she produced the toy car and rolled it across the desk toward the prospect. Her novelty gimmick became great fun for the prospect as he began to look for the place in her presentation when she would weave in the toy car. The anticipation riveted the prospect's attention. The car dealer rewarded the salesperson with the biggest share of his advertising budget.

Help Prospects Accept Your Advantages The salesperson is an educator, using techniques that are the outgrowth of many of the principles of persuasion theory (see Chapter 3, "The Needs-Satisfaction Approach to Selling").

One way to help a prospect learn and accept your advantages is to find ways to *make* *your product more tangible.* You cannot hold, touch, or feel a commercial on radio or TV. It is ephemeral and is usually over in just thirty seconds. Sales promotion material that has pictures of the station/system's personalities or programs is useful in helping you "tangibilize" your product. Your written presentation plays a big role here, of course.

Use Straightforward Visuals Use charts and graphs to dramatize advantages and to make complicated numbers easier to read. While using variety, avoid flashiness or cuteness. When presentations become too fancy, prospects often react negatively to them, feeling they are too simplistic or condescending. Most businesspeople prefer clean, *straightforward materials.*

Evaluate Prospects' Reactions As you go through the discussion phase, you must continually be aware of how your prospect is responding to each point you make. You must listen hard and *be extremely observant for any possible feedback.* Make a mental note of those benefits a prospect responds to most positively so you can use them in a summary later. You must watch for signs of boredom or inattention, and notice if anything strikes the prospect negatively. Look for signs that the prospect has shifted from interest to desire, and from desire to conviction.

Recognize Conditions There is a difference between an objection and a condition. An objection might be, "Your price is too high." A condition would be, "My business is too small to be able to afford TV." You can overcome an objection; you cannot overcome a condition. A condition is a valid reason for not buying, or at least for not buying now.

As a general rule, you should discover conditions in the qualifying step; it is the major function of the qualifying step. You must learn to *recognize conditions* so you do not waste time trying to overcome something that cannot be overcome.

Even experienced salespeople who are good qualifiers, though, let conditions slip by them in the initial steps of the sale and find they have encountered one in the discussion phase. When you discover a condition that would stand in the way of a sale, you should: (1) use probing questions to determine if the apparent condition is really a condition, (2) verify the condition, then (3) gracefully and politely stop. Cut your losses; do not waste time fruitlessly trying to make a sale just because you have invested some time and effort in making a presentation. Be as pleasant as you can—after all, the condition might someday be removed.

Reassure Doubts A prospect may like what you are offering but have some doubts about it. Doubts are different from objections. When prospects doubt your overall proposal or a benefit, they have essentially accepted the benefit but remain unsure about how good it is or how right it is for them. When prospects state an objection, they are requesting more information. An objection signifies lack of acceptance of a benefit (to a prospect) or an advantage (over a competitor).

The way to handle doubts is with *reassurances* about yourself and your company. Prospects need an infusion and transference of confidence from you. The more knowledgeable, enthusiastic, and thus confident you are about your product, the more prospects will be reassured and the quicker they will accept your point.

You deal with doubts using essentially the same techniques as those you use for dealing with objections, outlined in the next section.

Overcome Objections Body builders use the expression "no pain, no gain." Salespeople should use the phrase "no objection, no sale." To the novice, objections might seem to be negatives and barriers to progressing with the sale. On the other hand, to the knowledgeable and experienced professional, objections are a welcome necessity and a prerequisite to making a sale. Prospects who do not raise objections are not involved, they do not care, or they do not understand.

Overcoming objections successfully is the single most important skill a salesperson can learn. The next most important skill, and perhaps the hardest one to learn, is closing. You must not only learn to welcome objections, but also how to seek them out. Remember, an objection is a request for more information; treat it as such, not as a negative.

Neil Derrough, president of the CBS Television Stations Division, says about objections that "you don't really begin selling until you hear a 'no'."[1]

There are two types of objections: *figurative* and *literal*. A figurative objection is one that does not represent what the prospect's words seem to indicate. *Figurative objections* are ones that should not be taken literally; they are objections that have no real meaning, but stand for another, hidden objection. These objections are often quick initial responses that represent defense mechanisms rather than real, literal reasons. These types of objections are often used as a buying or negotiating strategy by prospects whose motives are to put salespeople on the defensive and to gain an upper hand. Sometimes prospects use figurative objections to slow things down in a presentation to gain some time to think.

The best way to handle figurative objections is to use the "pass" maneuver or the "Coming-to-That" Maneuver, both of which will be detailed later in this section. Figurative objections do not necessarily have to be answered or overcome before a sale can be made.

Literal objections deal with reasons why the prospect is seriously questioning your proposal; literal objections must be answered with additional information. Prospects won't move from interest to conviction until all such objections are overcome. You won't make the sale until they have been satisfactorily handled.

Your overall strategy in overcoming objections is to lead prospects into answering their own objections. With the proper use of probing questions and restatements, you can lead prospects down the path toward achieving their goals through the use of the benefits you are offering.

Here are the four major objection-overcoming techniques:

1 ***Probe to understand.*** Use open and closed probing questions to be sure that you get the full objection (or doubt) and that you and your prospect have the same understanding of it. Find out exactly what objections the prospect has so you can give a thorough answer.

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[1]Neil Derrough, personal communication, 1984.

An *open probe* is a question that cannot be answered with yes or no, or with only a few words. The purpose of open probes is to get as much information in the prospect's own words as possible. Here are some examples:

Open probe: "How do you think most advertisers evaluate MTV?"

Incorrect: "Do you watch MTV?"

Open probe: "What have you heard about cable television?"

Incorrect: "Don't you have cable yet?"

Once the prospect begins to talk, encourage him or her to continue by listening; don't jump in with a counterstatement. Sometimes using a short question like "Oh?" will get additional information. For example:

"ESPN is pretty good, but it doesn't have enough golf."

"Oh?"

"Yeah, I like to watch golf and see how the great players select their clubs."

"Oh?"

"Yes, I know it's a personal preference. After all, I'm selling tires to everyone, not just the upscale guys who play golf."

"Oh?"

"Yeah, my audience prefers auto racing as a sport. You guys carry auto racing, don't you?"

A *closed probe* elicits specific information and direct answers; closed probes require a yes or no. You use closed probes to narrow the focus of objections. For instance:

Closed probe: "Is your biggest objection, then, the price per spot?"

Incorrect: "Why don't you like the price?"

Closed probe: "Are you concerned about the age group our station reaches?"

Incorrect: "Don't you like teenagers?"

A *verification question* is an efficient information-seeking question, framed in a way that elicits a yes answer to verify information that you believe is correct. For example, "As advertising manager, you make the final decision, is that correct?"

Whichever questions you choose, be careful that you sound curious and interested, never defensive.

2 ***Reframe the objection and reach an agreement with your version.*** Reframe what you understand the prospect's position to be, and end with a question like, "Is that right?" If the prospect says yes, continue. If the prospect says no, use more probes to get further information.

When you reframe the objection, you state it in such a way that it becomes easier for you to answer—in a way that can be more easily answered by one of your product benefits.

Reframe the objection: "If I understand what you've told me, Ms. Marshal, you're hesitant to spend much money on advertising because your sporting goods store is only two years old. Is that correct?"

Incorrect: "Sounds like you're worried about money. Don't let that bother you a bit. Now, I can get you three spots. . . ."

Reframe the objection: "I think what you're saying is that you object to your company being associated with a police show. Is that what you mean?"

Incorrect: "I wonder what you think about the rising crime rate in our cities."

3 ***Empathize, reassure, and support (feel, felt, found).*** Empathize with a prospect's objection by using a statement of agreement or a compliment, and then support it with a tie-in to a benefit or an advantage. A good phrase to use to help you remember this technique is the *feel, felt, found* response: "I understand how you *feel* (empathize); other clients have *felt* the same way (reassure). However, we have *found* that radio works well for retailers because it can repeat your message often at efficient costs. . . ." (support).

4 ***Trial close.*** Get a prospect to agree that you have answered the objection and that it has been accepted. (The techniques for closing will be covered later in this chapter.) Remember, *you want prospects to say the words of acceptance.* You are helping prospects to answer their own objections. Once again, the skillful use of open and closed probes at this stage of the presentation can get prospects to say the words and to answer their own objections. Here is how an objection sequence might go:

You: "Channel 32 is the area's top-rated independent television station."

Prospect: "That might be, but I hear that your ratings aren't really very good." (Objection.)

You: "Specifically what kind of ratings are you referring to?" (Open probe to understand.)

Prospect: "To the latest Arbitron. The network affiliates have much higher overall ratings."

You: "In all dayparts and demographics?" (Closed probe.)

Prospect: "Well, I honestly don't know the details. I just know that the affiliates have higher ratings."

You: "I understand that your target audience is women 18–49. Is that correct?" (Verification question.)

Prospect: "Yes."

You: "So what you seem to be concerned about is that you won't be able to reach as many people in your target audience on an independent TV station as on a network affiliate. Is that right?" (Reframe the objection and reach an agreement with your version.)

Prospect: "Yes, I need to reach as many women 18–49 as I can."

You: "Well, I certainly understand how you *feel* about having maximum impact on your target audience; that's the way most television advertisers have *felt*—after all, that's what TV is best suited for, isn't it. And you are correct in assuming the network affiliates have larger overall ratings. However, in your target age range in many time slots, we have *found* my station outrates all of the affiliates. We are particularly effective in reaching women 18–49 in early fringe. Here is a rating sheet that shows our number-one ranking in the time slot. Your commercial would be in the same time slot as many leading national advertisers such as Procter and Gamble." (Empathize, reassure, and support.)

Prospect: "I see."

You: "So if you can reach your target audience effectively on my station, you don't necessarily *have* to use the affiliates. Is that a fair statement?" (Trial close.)

Prospect: "Yes. The station really doesn't matter. Reaching the target audience at the right price does."

The prospect has answered his own objection and has given you a perfect opening to begin the next sequence by selling a new benefit or advantage.

The four major objection-overcoming techniques give you a general guideline; following are some specific maneuvers to use to deal with both figurative and literal objections.

The Forestall Maneuver. Forestalling objections means to head them off; to answer them with benefits before they are brought up by prospects. Salespeople soon learn what the most common objections are. It's a good idea to address these recurring objections early in a presentation.

The best way to confront them is with a two-sided argument. By addressing obvious objections at the beginning of a presentation, you appear to be more objective and candid and this, in turn, enhances your credibility. Also, by forestalling objections, you dismiss the more universal ones quickly and get to the ones more specific to the prospects.

The Direct-Denial Maneuver. Direct denial should be used *rarely,* because it can sound like you are contradicting or arguing with a client. With this tactic, you immediately and forcefully deny an objection that you know is false. For example, suppose a prospect says, "I hear you cut your rates a lot." If it is not true, deny it at once and directly (and with righteous indignation). "Absolutely not true, Mr. Johnson. When we offer a rate, it's available to everyone." Broadcasting and cable are very competitive businesses and, unfortunately, your competitors may not believe that negative selling is a "no-no." You must correct negative and injurious impressions quickly and aggressively. Assume that prospects made the objection in good faith, and that they probably heard it from a salesperson from another station/system.

The Indirect-Denial Maneuver. This is by far the more preferred of the denial tactics because it is more subtle and there is less risk of offending prospects. The Indirect-Denial Maneuver is also used to counteract an objection that you know is false. An indirect denial might be: "I understand your concern about rate cutting, Mr. Johnson, but let me assure you that I'll offer you the most attractive rates and packages on the station. We are on a grid rate card, so the rates change from time to time, but all of our advertisers are offered the same current, applicable rates."

The "Yes, but. . . ." or Compensation Maneuver. When prospects state an objection, first agree with them and then state a benefit that compensates for the perceived shortcoming. For instance, if a prospect says, "Wow, that's a lot of money," your response might be, "Yes, I could see where it might seem like a lot of money at first, but, as a businessman, you know you get what you pay for." If a prospect says, "A lot of those spots have very low ratings," you might respond, "Yes, that's correct, but I put those in the package to build frequency with your target audience." If you can't tie in an actual benefit, however, don't use this maneuver.

The Case-Histories Maneuver. When prospects raise an objection, respond by citing case histories of successful advertisers. A prospect might say, for example, "I don't want any nighttime spots." You could respond with, "I can understand how you feel; nighttime is not the highest-rated time in radio. However, the Men's Clearance Loft uses nothing but nighttime; in fact, they never run before midnight. They have been on for three years and have increased their business over 200 percent. They love nighttime radio."

Case histories of successes in a prospect's line of business are quite effective. Often retailers are very competitive and if you can sell one of them in a product category, the others will follow.

The Comparison-with-Competitors Maneuver. When prospects raise objections, you do not necessarily have to respond directly. As with the Case-Histories Maneuver, you can answer the objection in an oblique fashion that makes your point effectively by comparing one of your benefits to that of one or more competitors. By using this tactic, you accomplish two things: You answer the objection and you create an advantage. For instance:

"There are so many channels on cable, how do people ever find yours?"

"Yes, there are a number of choices on cable TV, and I can certainly understand your concern. However, cable TV is much more selective than traditional TV, as you do not have to pay those high prices for coverage of audiences you are not interested in. Commercials on any type of TV have much more impact with sight, sound, and motion than those on radio or than print ads do."

The Answer-a-Question-with-a-Question Maneuver. Sometimes you can throw a question back to prospects in such a way that they wind up answering their own objection. This maneuver is particularly effective with minor, possibly figurative objections about which prospects are not terribly serious, or with ones heard from a negative sell by your competitors. Use this maneuver with the *emphasize, reassure, and support* and *trial close* techniques. Here is an example:

Prospect: "I don't buy rock 'n roll radio stations."

You: "Why is the kind of music a station plays important to you?" (Open probe.)

Prospect: "Because all it reaches is teenagers."

You: "You mean nobody over nineteen listens to radio stations that play rock music?" (Verification.)

Prospect: "Well, I'm sure a lot of people over nineteen listen."

You: "Up to what age?"

Prospect: "Oh, up to thirty, I suppose."

You: "That isn't exactly an exclusive teenage audience, is it?" (Closed probe.)

Prospect: "No, not entirely."

You: "Do you have a lot of customers between nineteen and thirty?"

Prospect: "Yes, of course. I see what you mean."

You: "You're absolutely right, Ms. Reynolds. Stations that play rock music have large audiences of people that are from eighteen all the way up to thirty-four. In fact, many advertisers have found that using rock radio stations is one of the most effective and efficient ways to reach the swollen baby-boom 25–34 age group." (Emphasize, reassure, and support.)

Prospect: "I see."

You: "Do you still believe rock stations reach only teenagers?" (Trial close.)

Prospect: "No, what you say makes sense; I've changed my mind."

The Boomerang Maneuver. Throw the objection right back to a prospect and turn it into a reason for buying. This tactic is quite good, but do not use it too often in any one presentation, as it begins to sound like a gimmick and its effectiveness wears out quickly. On the other hand, used judiciously, the boomerang tactic can make a point dramatically:

"Those NFL spots are the most expensive TV spots I've ever seen!"

"And that's exactly why you should buy them, Mr. Baker; they reach a huge, concentrated, and affluent audience primarily made up of men 25–49. Just what you need!"

The "Coming-to-That" Maneuver. Often in a presentation prospects will raise an objection that you know you have answered later in your written presentation. Simply tell them you are "coming to that." Also, use this technique with minor or figurative objections you suspect are not really important.

The general rule with most objections is to handle them at once, as soon as they occur, but sometimes it is a good idea to stall prospects, especially when the objections are minor or figurative. If you allow prospects to slow you down with nit-picking, you will never finish covering your major benefits and advantages. If an objection is real, literal, or important, prospects will certainly raise it again. If the objection is a literal one and you use the "Coming-to-That" Maneuver, make sure you do not forget it. If you leave an objection unanswered, it remains a barrier to a sale.

The Pass Maneuver. Finally, there will be times in a presentation when it is best to simply pass right on by an objection as though a prospect had not mentioned it. Some books refer to this maneuver as *selling through objections*. Be very careful of this maneuver, for it violates the logic of always handling objections immediately. However, there are times when objections by a prospect are so trivial that they really do not deserve the dignity of an answer. This maneuver is a good one to use with figurative objections. If you suspect that an objection is a reflex response, nod slightly, smile, ignore it, and keep selling benefits.

You: "Mr. Sommers, we can offer you an excellent rate on these early evening news spots for the pre-Thanksgiving period."

Prospect: "I don't know how anyone can stand that jerk weatherman of yours."

You: (Smiling slightly.) "This sort of exposure should be perfect for your grocery stores, because many viewers are thinking of dinner while they watch the news. And most of our news viewers at that time slot do the shopping for their families. . . ."

The Summarize Maneuver. Summaries are basic and are vitally important to use all through your presentation. Never go too long in a presentation without summarizing the benefits and advantages you and the prospect have agreed upon. People learn from repetition. Much of the effectiveness of the advertising you are selling comes from repeating a message. Frequency sells. Use the principle of frequency in your own selling.

Techniques and maneuvers for dealing with objections are an important part of a salesperson's skills. Now let's continue with other tactics for the discussion phase of presenting.

Narrow Down Objections This tactic is also referred to as *questioning down*. It's possible that a prospect will have some objections that are not easily overcome. The goal at this stage of the presentation is to narrow down the prospect's objections until he or she has none. Use the technique of trial closes as you go along to make sure you have answered each objection and summarized your points of agreement. At the end of a summary, state the one, two, or three objections you have left, then reconfirm that these are the *only* objections left. When you overcome the only remaining objections that a prospect agreed existed, you have made a sale.

This tactic often gives prospects the opportunity to take a temporary defensive respite from your brilliantly constructed benefit onslaught. You may have knocked down so many objections that prospects feel as though they have been painted into a corner. By giving prospects two, or better, one major objection to focus on, you give them a momentary breathing spell. Prospects will usually welcome the opportunity to focus their attention on a major objection or two. Encourage them to do so. At the same time, pin them down to agree to give you the order if you can overcome the final obstacle.

You should be using closed probes almost exclusively in this part of the discussion.

Create the Yes Habit As you progress through your presentation, make sure you phrase more and more of your questions so they only can be answered with an affirmative. You want to get prospects in the habit of saying yes to you. Keep nodding your head; this helps prospects get in the correct, automatic yes mode.

Use verification questions to help you. Review your areas of agreement and when you do this review, repeat prospects' words of agreement.

Change the Basis for Evaluation If Necessary Changing a prospect's basis for making a purchase evaluation is not always possible or even desirable. However, there will be times in a sales presentation when you find yourself faced with objections that you cannot overcome: ones that are about to become conditions and threaten to block the sale. Occasionally it is possible to alter the evaluative basis; to change the rules in your favor.

Think of it as though the home team in football would be able to change the rules so it could pick the criteria for winning. Instead of selecting the winner based on points scored, a team with a superb passer and receivers would base winning on the yards-gained-passing statistic. A team with a great running attack would probably choose yards gained rushing.

Salespeople *can* change the rules, if they do it subtly and carefully. When you make a decision in your presentation to switch the basis for evaluation, proceed slowly and deliberately. Use well-worded verification questions to let prospects change their own direction.

One of the most common alterations in evaluation criteria is to change from efficiency (overall cost and cost per thousand, or CPM) to effectiveness (impact, reach and frequency, attentiveness). Independent TV stations try to get prospects to evaluate schedules on the basis of balanced frequency, while network affiliates try to get the evaluation based on reach. Adult contemporary radio stations push the 25–54 demographic group, while rock stations push 18–34. Cable salespeople talk about exclusive, up-scale targeted audiences instead of ratings whenever they can.

Deal With the Price Objection The price objection is almost universal. There are a few products (such as a Rolls Royce) where price is seldom an issue, for the higher the price, the higher the value as a status symbol. But it's rare in selling broadcast advertising for price to have status value for the prospect. To the contrary, if a prospect ever says, "That's a real good price," after you have disclosed a price without supporting the costs with a number of benefits and advantages, then you know your package is priced too low and that you probably could have gotten more money.

As a general rule in selling, you should put off the subject of price until you are ready to close. If prospects bring up the subject of costs early in your presentation, try to put them off with the "Coming-to-That" Maneuver or other avoidance techniques. You want to present your quality story first, and how your station/system solves prospects' problems before you discuss price.

One of the main reasons for telling a quality story is to convince prospects that your product is the best; many people operate on the theory that they do not want to be in the middle of the road. They say to themselves that they are either going to buy the best possible product or a product at the best possible price (often referred to as the "scrimp-and-splurge" philosophy). You want to persuade prospects to splurge on your high-quality product. When you have communicated your quality story, then you are ready to handle the price objection.

Welcome the price objection as an indication that you are not underselling your product. Also, people's perception of a fair price has a great deal to do with their personality traits and personal needs. Make sure that you have identified their needs well; if you have, you will probably know what reaction to expect when the subject of price comes up. Some people will be deal-oriented, and some will be quality-oriented.

You must learn to overcome the price objection if you are to maximize revenue for your station/system (see Chapter 8, "Rate Cards and Maximizing Revenue"). Begin to forestall the price objection early in your presentation by using the tactics recommended below. Avoid words with negative connotations such as "cheap." A package is efficient, never cheap. Using the following tactics will help you overcome the price objection:

1 ***Sell quality.*** From the beginning of your presentation, emphasize the quality of your product. Talk about value instead of price. Sell effectiveness, not rates. Sell results, not Cost-Per-Thousands.

2 ***Break costs into smaller units.*** "Just pennies a day" is an example of this tactic. Break your rates or schedules down to the lowest possible cost. Show the average unit rate of a schedule instead of the total weekly cost, or monthly cost, or total

package cost. An average of only $10 per spot sounds to a prospect like an easier amount to handle than $860 per month. Also, learn to use modifying words that connote minimization, such as "only" and "just," when you refer to your costs or prices.

3 ***Talk value.*** Value is a concept that combines price and quality. When prospects mention price, talk about quality and value.

If you communicate to prospects through verbal and nonverbal clues that *you* think the price is high, prospects are bound to agree with you. You must have confidence in what you are offering and believe it is a sound value. If you say that spots in the Super Bowl are "only $500,000," prospects might well think they are getting a bargain.

4 ***Talk profit and investment.*** No one seriously in business is eager to spend money, but everyone is eager to make a good investment. Avoid portraying your advertising proposal so that it sounds as though a prospect is buying something or spending money. Talk in terms of making a necessary investment or assuring future profits. You do not sell time; instead you present a traffic-building schedule. You do not peddle spots; instead you offer profit-producing advertising. You do not sell advertising; instead you sell the opportunity to influence prospective customers. Advertisers do not buy spots; they buy the most effective and efficient way available to generate sales. Always use phrases that color your offer green—the green of sales and profits.

Summary of the Discussion Phase You have been exposed to the tactics used to overcome objections, including the most common of all objections—price. It is up to you to learn the tactics, techniques, and maneuvers through repetition.

The presenting step is now ready to be taken to the next two phases, *negotiation* and the *close*. You do not proceed to either of these phases until a prospect is convinced.

In many selling situations, you may be able to skip the negotiation phase and go directly to the close, and this is preferable. Negotiating takes time and should be kept as brief as possible. On the other hand, many kinds of selling involve complex negotiations, and some selling situations are almost exclusively a negotiating process. As a general rule, the more sophisticated the advertiser and the more money involved, the more negotiating there is. In network TV the selling process is mostly negotiation. Proctor and Gamble spends over $575 million in television, and they are well aware of its benefits and know each network's and station's advantages, ratings, and positioning. They come to the table convinced of television's value, with complete knowledge, and with more money than any other advertiser. They want to negotiate price, contractual conditions, and the placement of their spots. In smaller markets or with smaller advertisers, however, there is usually little negotiating; a package is presented and then bought with few, if any, changes.

Negotiation

Your goal in the *negotiation* phase is to get the *right commitment* once prospects have *conviction* that your station/system is the best one to satisfy their needs. Your strategy is to build prospects' trust in you and to arrive at a solution that satisfies everyone involved in the negotiations.

Negotiation is a process, the purpose of which is for the two sides to come away with a mutually satisfactory deal. The key concept in negotiation is *satisfaction*. It has been said that in a negotiation people do not exchange money, goods, services, or promises, but that they exchange satisfactions.

The most important attitude in negotiating is *confidence;* if you believe in yourself and in your product's value, and if you are well prepared, you will be confident and have a built-in edge.

Negotiation is not a difficult, arcane, or occult process, as many lawyers and professional negotiators might have you believe. Once you understand a few basic concepts, you can negotiate successfully without extensive practice.

Negotiating Is an Exercise in the Use of Power Power is what negotiating is all about. Power is best described as the ability to influence the behavior of someone else. The more power you have, the more quickly and dramatically you can change behavior. Once you have equalized the power basis or achieved a power edge, you can control the outcome.

Power is always relative. The cat is much more powerful than the mouse, but the tiger makes the house cat seem feeble.

Power works on perception. Power is either real or apparent, such as the legitimate power of an elected official or the assumed power of a charismatic leader with undocumented numbers of followers. If one person perceives another to have power, that person gives the other power. This type of perceived power can be exerted without any forceful action.

The balance of power is always changing. Tyrants throughout history have discovered this fact, if only by discovering their own mortality. This limitation should act to make negotiators more humble and less ruthless. Today's bully is tomorrow's victim.

Power exists only if it is accepted. The Academy-Award winning movie *Gandhi* is a wonderful study of power. The Indian spiritual leader simply refused to accept that the British had a right to be in his country, thus they had no power over him. Gandhi also demonstrated dramatically how much power he had over the British Empire and over 350 million Indians when he decided to fast to win his point on two major issues. Neither the British nor the Indian people wanted his death on their consciences, so they changed their behavior.

Power exists within a relationship. Negotiation is a process, and if you gain a significant edge by exploiting a power advantage, there is little chance that the other side will either accept the situation or be satisfied with the solution. Since building relationships is the cornerstone of business, negotiating should be done in a nonexploitative manner with an eye toward establishing and *maintaining* relationships.

The exercise of power requires courage. People who use their power must take the risk of losing it. Thus, successful negotiating requires confidence and *courage.* You must be willing to take a risk; you must willingly accept the possibility of failure in any single negotiation. If you are not willing to fail, and the other side knows this, they have all the power.

Negotiating Is Not a Game The object of a game is to produce a winner, and thus, a loser. The object of negotiating is not to produce a win-lose outcome, but a win-win outcome. Both sides in a negotiation must feel satisfied at the conclusion. If one side feels as though the other won, then the negotiation was a failure. This fact is especially true in selling, where the object is to build customers, not just to make a sale. If you win a negotiation in a customer's mind, then you will either lose him or her as a customer entirely, or at the least, you'll cause the customer to want to make sure you lose the next negotiating session.

The best negotiators tend to be patient people. In negotiating you can go for a world's record the first and every time. Planning and knowledge are vital elements in successful negotiating, and power can be gained or lost by the use of tactics. Research has shown that the advantage of an experienced, skilled negotiator is made less and less effective as the power of the participants in a two-person negotiation is equalized. Thus, it is power, not skill or experience, that is the most critical factor in the negotiating process.

Herb Cohen points out, in his best-selling book on negotiating,[2] that you can get power from a number of sources, some of which are included in the material that follows.

Use Power in Negotiating Experienced negotiators know that the proper strategy in negotiating is to gain power and then to use it carefully and subtly, giving the other side the opportunity to save face and maintain dignity. There are numerous sources of power:

—The power of trust.

—The power of high goals.

—The power of the willingness to lose.

—The power of preparation.

—The power of patience.

—The power of time and deadlines.

—The power of knowledge of needs.

—The power of information.

—The power of persistence.

—The power of fairness.

—The power of commitment.

—The power of courage and attitude.

In his book on negotiating, Chester Karrass details the results of extensive research into the tactics and outcomes of negotiations. Some of his research findings, highlighted below, are part of the foundation for the negotiating tactics that follow.[3] Another popular

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[2]Herb Cohen, *You Can Negotiate Anything* (New York: Bantam Books, 1980).

[3]Chester Karrass, *The Negotiating Game* (New York: World, 1970).

book on negotiating is the brief paperback by Fisher and Ury of the Harvard Negotiating Project.[4] Some of the Fisher and Ury recommendations that are relevant to selling situations are incorporated in the following tactics.

Negotiation Tactics

Do your homework. The P for Preparation in SKOAPP is never more important than during the negotiating process. Preparation is vital because knowledge can give you a power edge. If you know the financial stability and condition of a company, if you know the past history of a prospect's negotiating tactics, and if you have analyzed and understood prospects' business and personal needs, you are not apt to be surprised during a negotiation. Theodore Kheel, veteran New York City labor negotiator, emphasizes the importance of preparation before talking to the other side. Kheel recommends that you know the decision-making process of the person or people on the other side (and if there is more than one person, who is the most important), their objectives, their style, how they communicate, and what their ego and image problems are.

Build trust. By the time you reach the negotiation phase of selling, you should have built a rapport with your prospects and gained their trust, establishing your source credibility. If there is mutual trust, the process can go quickly and easily; without it the process can be endless, with each minor point nitpicked to death as each side is terrified that the other might get an advantage.

One of the best ways to build trust is to create a positive atmosphere. If you project to those on the other side a feeling that "it's a jungle out there" and no one can be trusted, they will respond in kind. If you are adversarial, they will be too. If you are trusting, they are more likely to be trusting. If you are reasonable, they are more apt to be reasonable.

Deal with people first, issues second. People are subject to emotions and moods; they often say things impulsively or in anger that they do not mean. Sometimes a person will say something in a negotiation merely to get a response from you, or to vent a frustration, or to express some emotional reaction. Separate the person from the response, and deal with the person first. Ask yourself if what the person on the other side is saying represents a position or if it is merely an emotional response. Be sensitive to people's feelings; deal with them.

When you get around to dealing with the issues and positions, be soft on the people, but hard on the issues. Deal with people gently and with flexibility, but do not be swayed from your path of solving the problem and of resolving differences very firmly.

Focus on interests, not on positions. Interests are the underlying needs and desires behind stated negotiating positions. For example, a prospect might say, "I absolutely will not pay more than $50 for a radio spot"—that is a position. However, the prospect's underlying

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[4]Roger Fisher and William Ury, *Getting to Yes: Negotiating Agreement Without Giving In* (New York: Penguin Books, 1983).

interest might be in purchasing as many spots as possible (to build repetition) for a limited budget. The salesperson might state a counterposition of, "We won't sell spots for less than $100." The salesperson's underlying interest might be to get as high a unit price as possible right now, since market demand is strong. The two can argue over the righteousness of their respective positions forever without reaching a conclusion or a compromise. However, behind these positions lie *both compatible and conflicting interests*. The overriding goal of negotiating is to uncover the compatible interests and to use them to resolve the conflicting ones.

In the example cited above, the prospect needs advertising exposure and the salesperson needs to sell time, so there is a basis for an agreement if the salesperson is resourceful enough to find it.

The best way to get behind positions and to get at the underlying interests is to ask "Why?" or "Why not?" Keep probing until you uncover the basic interests, then focus on them; wed the other side's interests to yours and reach a settlement. Also, learn to discuss interests openly and objectively; ask open probes: "What do you want to get out of this negotiation?"

Set reasonably high targets and start high. People with higher aspiration levels get higher rewards. The more you want and the more you ask for, the more you get. This fact parallels the research findings on goal setting: the higher the goal (within reason), the higher the performance.

Remember the targets you set earlier, as discussed in Chapter 4, "Prospecting, Qualifying, and Researching and Targeting: The First Steps." Targets are important in negotiating because they give you a goal to focus on during the negotiating process.

In your written presentation, you have included at least three proposals. When explaining your proposals, you usually begin with low, then proceed to medium, and finally to high. Your prospect will select or discard one or more of them. At that point you start negotiating for the specifics of the selected proposal.

Set high overall targets for what you want out of the negotiation and then *begin with a high initial offer* that is higher than you are willing to settle for (high, of course, is relative to the target you have set). It is easier to negotiate down in price than up in price in most cases. However, there are exceptions to this tactic: When a prospect is new to the buying process, or has a small budget, or, in very rare cases, is taking closed bids, then starting low might well be best. Since new and small-budget advertisers are usually frightened by larger packages, it is often better to approach them with small packages and then to demonstrate judiciously the value of larger packages.

Set a deadline. Establishing a time limit or a deadline has been shown to force agreements in many cases. If at all possible, try to establish a deadline for your negotiations. You can do this with seemingly casual comments such as, "I hope we can wrap this up during lunch; I have to be at another appointment at 2:00 p.m. OK with you?" By establishing a deadline and reaching an agreement on it, you put pressure on both sides to come to a conclusion, which increases your edge over an unskilled negotiator or over one who has a power disadvantage.

Some negotiating experts suggest that setting a deadline is not a good idea. Naturally, it all depends on your outlook. If you are in absolutely no hurry to arrive at a settlement and have a slight power edge, then you can make time work for you if you do not set a deadline (you can use the other side's fatigue to give you a power advantage). If you are like most salespeople, however, and want to get an order as fast as possible and do not have a power edge, it makes sense to try to set a deadline. (Furthermore, you can always extend a deadline.)

Agree on a ballpark range. This part of the process can take up relatively little or a great deal of time. Negotiating is a give-and-take narrowing down of differences and can come to a satisfactory conclusion only if both sides agree at some point that apparent differences are within an acceptable range.

If you offer a prospect a package of twenty-five spots for $2,500 at an average cost-per-thousand-households of $4.50, and a prospect counters with, "That's ridiculous, I will never pay more than $2.00 per thousand for any advertising I buy," you had better start to leave. At least you must quickly find out if this is an opening ploy or a position. A position is often inflexible initially, and it must be softened by uncovering the underlying mutual interests before an agreement is reached. You must establish your parameters and then quickly, politely, and courageously demonstrate that you are willing to deadlock rather than go outside of those parameters.

You might answer the above statement with something like, "I'm sorry but that is way too low for us even to consider. I might be able to adjust the package by loading up spots in some lower-rated time slots, but the very lowest cost-per-thousand I could possibly get is about $3.85, and I'm not sure you'd like the schedule. Do we still have something to talk about, or should we stop now but still remain friends?"

Explore alternatives. Here is where your creativity comes into play. It is easy to throw up your hands, discard a prospect's unreasonable position, and go on to the next prospect on your list. But there are multiple underlying interests on both your side and that of your prospects; dig for them. Dedicate yourself to solving your prospects' problems; show them you are trying to come up with alternative solutions.

Keep concessions small. Skilled negotiators learn to keep their concessions as small as they can. When the other side makes a concession, they expect one from you. By the way, it's good practice to try to get the other side to make the first concession. Give them one, but make it as small as possible while still remaining fair and within the ballpark. If the other side believes you are taking unfair advantage of a power edge or are being unfair in your concessions, it can seriously erode your foundation of trust.

Do not be nibbled to death. Get all of the other side's requests in the open and on the table before you start making your concessions. There is nothing more destructive to a satisfactory outcome than for you to offer a few juicy concessions to demands or requests from the other side to, in your mind, conclude the deal, and then find out they have "just a few more things" they would like. Make sure you get everything out in the open. Ask questions like "Are these all of your requirements?" or "Is there anything else you'd like?" Do not let the other side nibble you again and again with extra requests.

Be patient. "Hurry up and lose" is a good axiom to remember in negotiating. An integral part of patience is persistence. Do not become frustrated and give up. Stick with it; keep coming back with new ideas. If you get impatient, you might begin giving more concessions than you would otherwise. It now becomes even more apparent that the negotiation phase of selling must come after the discussion phase, and after prospects are convinced that they need what you have. If you enter into negotiations too early, prospects have the edge; if they agree they need your product, their power is lessened.

Check your ego at the door. As fictional mafia boss Don Corleone said in the movie *The Godfather*, "Never get angry, never make a threat." You must win control over your emotions or lose power. Some people may try to elicit anger from you as a way of forcing concessions based on guilt over an emotional display. Do not let the other side involve you emotionally; do not let your ego get in the way. Stay cool, especially as the deadline approaches.

Negotiation Maneuvers If events are not progressing to your satisfaction, there are several maneuvers you can try.

The Limited-Authority Maneuver. If you find that you've been painted into a corner, or that you have been maneuvered into giving more concessions than you would like, use the Limited-Authority Maneuver. Tell the other side that you cannot make the final decision or that you must check a particular concession with upper management. This maneuver gives you time to think over your position and, perhaps, reformulate your strategy and offer. It also gives you the option of making management the villain if the offer is refused, while you still maintain the appearance of being on a client's side. This helps you keep the option of being able to come back later. Furthermore, this maneuver allows you to build up the value of your offer. For example, "I don't know if I can get this deal past management; I've gone lower than I had planned and they're likely to have my head."

The Brotherhood Maneuver. When former United States President Lyndon Johnson put his big arm around someone and said in his most sincere and unctuous Texas drawl, "Let us reason together," he was using the Brotherhood Maneuver. It is particularly effective when the person using it has more power, status, or glamour than the other one. This maneuver is an attempt to make the other side feel like a spiritual equal.

This maneuver also produces the *collaborator effect.* If during the negotiations you can create an atmosphere that suggests it is you and the other side against each other's bosses and the world, you tend to move closer together on issues and positions. This maneuver can be exceptionally effective, particularly if you have a perceived power edge.

Exhibit 5-1 Needs, Motives, and *Negotiating* Tactics

Strongest Needs	*Motives*	*Negotiating Tactics*
Achievement	Wants to be the largest, best-known, most profitable computer retailer.	Appeal to his interest in growth and profits.
	Wants to buy media that will enhance his quality image.	Negotiate over conditions, not price.
	Wants to take risks and try new ideas to be successful.	Offer high-impact schedules with heavy initial frequency.
	Is interested in high revenues, profits; will spend to make money.	Start with a very large initial offer.
Dominance	Wants to be deferred to.	Do not push too hard to get him to make concessions.
	Wants to make all decisions about advertising.	Do not use the Brotherhood Maneuver—it puts you on an equal level; he will not like that. Stick to your ballpark—he will respect you.
Understanding	Wants to learn as much as possible about broadcast advertising and all of the nuances.	Search for lots of alternatives.
	Wants to take his time making a decision.	Patience!
Autonomy	Wants to be independent and free from restraints.	Do not use brinkmanship; do not push him or her.
Order	Wants things to be neat, tidy, and well-organized.	Do your homework and prepare especially well.
		Try to set a deadline; he will probably go along.

Role Description: *Deferential, competent, patient, trustworthy, dynamic, precise, neat, and expert marketing consultant.*

Matching Tactics with Prospects Knowing which negotiating tactics to use with a prospect is a matter of reevaluating the prospect's needs and motives. Not all tactics work with every buyer, and some would be a mistake to use with a particular individual.

In your earlier researching step you developed a list of prospect needs matched with motives. Before your presentation meeting, add to the list the negotiating tactics that seem to match. Exhibit 5-1 shows the negotiating tactics developed by the salesperson dealing with the computer retailer, as used in earlier examples in Chapter 3.

Negotiating, as with all facets of selling, is only successful if done to the satisfaction of both sides. When your negotiating reaches agreement, you are on the verge of closing the sale.

Close

Your goal in the *close* is to get prospects to take action, to verbalize *commitments*, and to give you the order. This final phase is where the payoff comes, where the money is, and where prospects become customers. Closing is rarely easy, even if you have performed the other steps perfectly. Unless you learn to close successfully, you will be just a presenter and not a salesperson.

There is a natural hesitancy on the part of most people to say yes. Perhaps it is because they are afraid it is an admission of weakness, or of giving in, or of being sold something, or whatever, but getting the final green light is usually the toughest part of selling.

The Rules of Closing Following are seven rules to use for the close:

1 ***Expect to close.*** Have high aspirations for a close. Go into the presentation with the expectation that you will close successfully and come away with an order. Be prepared to close. Have handy whatever material you need, including contracts if they are necessary. There is nothing more embarrassing than hearing prospects say, "OK, I'll take it; where do I sign?" and having nothing for them to sign. Expecting to close also gives you confidence and gets your adrenaline flowing. It makes you alert to closing signals and opportunities. Finally, if you expect to close, you can stay cool and calm when the actual time comes.

2 ***Ask for the order.*** To get the order you *must ask for it.* As obvious as this may sound, it is surprising how many salespeople, and particularly beginning salespeople, go through a sales call and never ask for the order. Too often a salesperson will go through the first four steps of selling and even do a fine job on the presenting step, but when a prospect says, "Fine, leave the proposal here and I'll look it over; I'll call you next week," the salesperson will say, "OK, thanks for your time." The author has seen this exchange happen many times without the salesperson even trying to close! Then after leaving, the salesperson will say, "Hey, it looks good; I could tell he really liked the presentation."

You do not have to say the words, "May I have the order, please?" but you do have to try a closing maneuver and let prospects know you want their business. New salespeople are often reluctant to ask for an order because they are afraid they might seem too pushy. They may have invested so much time in the prospecting, qualifying, researching and targeting, and presenting steps that they are terrified of being rejected. They may be afraid of their sales manager and cannot face telling him or her that they lost an order; therefore, rather than take a chance of losing, they report the deal is still pending. Whatever the reasons beginning salespeople have for not always asking for the order, they aren't enough to make up for lost sales.

Closing is not being pushy; it is helping prospects get what they want. Closing won't upset prospects; they will be thankful you aided them in making a decision that is good for them. You did the research, you know what they want, so help them get it. Close!

3 ***Close early and close often.*** Although prospects need a great deal of information about your station/system and benefits, and you'll want to explain patiently everything

the prospects want to know, there are times when benefits are easy to demonstrate and further discussion isn't necessary. It is never too early to try to close. For instance, consider this phone call to a customer: "Hi, Mr. Crane, this is Charlie Warner. I have a spot open next to the NBA playoffs for $1,000. There's only one left. It's perfect for you. I'll put you in there, OK?" There are only three possible responses, yes, no, and maybe. If the answer is yes, the close worked. If it is maybe, you keep selling. If it is no, you keep selling, too.

Begin your trial closes (more about these shortly) early in your presentation, as suggested in the earlier section on overcoming objections. You probably will not accomplish a close on the first two or three trial closes, but you will have tested the waters and know where you stand. You will elicit important feedback and, perhaps, uncover some important objections.

Try to close often. Use a variety of trial closes. Be persistent; do not give up. Remember what was covered in the negotiating phase—that no is a response, not a position. Often a turndown to a close is a request for more information. Treat it as such; give more information and keep selling.

4 ***Help prospects fantasize.*** Use power words that encourage positive action. Use phrases packed with glamour that allow prospects to see themselves as part of show business. Try to encourage prospects to see and hear their commercial on the air. State matters in such a way that implies prospects have already bought the schedule or package. Talk about *when* they see their spots, not *if* they see them.

5 ***Emphasize solutions.*** You have been selling benefits—that is, features of your product that relate to your customers' needs and that help them solve problems. Steve Jobs and Steve Wozniac first showed the prototype of their Apple Computer at a computer hackers' meeting. They did not really know what the application of a small, inexpensive home computer would be until some harried student in a graduate accounting course invented Visicalc, which solved an enormously frustrating recalculating problem. The problem-solving Visicalc program helped to sell hundreds of thousands of Apples.

Today many software companies offer programs to solve the same problems that Visicalc did—and many computer companies make home computers. Now, the question becomes, "Which one is best?" Your task, then, is not only to emphasize that advertising is a solution, or even that broadcast and cable advertising is a solution, but also to make sure that your prospect sees *your proposal* as the *optimum* solution to the prospect's problems.

6 ***Stay cool.*** You can usually feel when prospects are ready to buy; they change their behavior slightly. If they have been excited and enthusiastic, they suddenly calm down. If they have been quiet and pensive, they will become more animated and excited. Sometimes they will begin to put themselves in the picture, moving from present to future tense in their conversation. At times you might even get lucky and prospects will give you a verbal clue.

When you begin to close, do not change your behavior—stay cool. Prospects are sensitive to changes in behavior, too. If they see you suddenly become excited, they are liable to be more wary.

7 ***When you get the order, compliment, change the subject, and leave.*** Once you have a prospect's commitment, you have absolutely nothing to gain and everything to lose by discussing it or sticking around. Change the subject and leave as soon as it is appropriate. Many salespeople are compelled, for some reason, to hang around after a sale has been consummated and talk about it. Perhaps they feel they are being polite by not rushing off, but they are really just asking for trouble. When you get an order, compliment customers on their wisdom and then think of an excuse to get back to the office and book the order. Buyer's remorse often sets in after someone makes a purchase, and if you loiter after closing, it's possible that it might set in quickly and you could lose the sale you worked so hard to make.

Closing Maneuvers Following is a list of closing maneuvers. Those ones you use at all, use first, or use most often will depend to a large degree on the personal needs of your prospect. Use as many closing maneuvers as you need in any closing sequence, and vary your maneuvers as you go along. You can begin to try closes as early as the discussion phase.

The Direct Close. Simply ask straightforwardly for the green light. Always avoid using the words *buy* or *order*. Do not ask prospects, "Will you buy this?" Do not say, "How about it, could I have the order?" Those words may frighten prospects. "I'll book this right away so you can get on the air by Monday, OK?" or, "We'll agree on this price, then. Isn't that fair enough?" are better phrases.

The phrase "Isn't that fair enough" is said by some experts, including direct sales consultant Jack Haire, formerly with Warner/Amex Satellite Entertainment Company, to be the strongest single closing phrase you can use. Nobody wants to be accused of calling someone else unfair and so will go to great lengths to answer this question positively.

Also, never ask a closing question that can be answered with an unambiguous no. Two paragraphs back the phrase, "I'll book this right away so you can start Monday, OK?" was used. If the prospect says no, then this is an ambiguous no; you make the assumption that they do not want to start on Monday, but not that they do not want to buy.

For example, suppose a prospect asks, "Could I run Wednesday through Saturday?" Do not respond with, "If I can schedule it this way, will you give me the order?" A prospect can easily say no to this question and put you in an uncomfortable position because you have, in essence, *created* an objection when before only a question existed. Instead, say, "Absolutely!" and begin writing out your order, or, "You got it!" and make the call to book the spots.

The Assumption Close. This close is particularly powerful because it is so painless for both a prospect and a salesperson. When you sense that the time has come, that a prospect has shifted gears from desire to conviction, you simply assume that he or she has made the decision to buy and proceed accordingly. Talk and act as though a prospect has given you the green light. If you are correct in your assumption, a prospect will not stop you, in which case you have the order. If a prospect says, "Hold on, I haven't bought anything yet," then proceed with some probes to find out why the prospect is not ready.

The Summary Close. This close is an excellent trial close and should be used often in a presentation. Conclude your discussion and summarize all the benefits to which a prospect has agreed. Emphasize those benefits in which a prospect has shown the most interest. Present an overwhelming weight of accepted evidence of superiority in your summary. End with a statement such as, "Can we go ahead with this plan?" (the Direct Close). You can also use the Silent Close that follows.

The Silent Close. Ask for the order with a Direct Close, with a Summary Close, or with any appropriate close, and then shut up. There is an old rule used by many star salespeople that says after a strong close "the first one who speaks, loses." You do not have to fill a void with words. Give prospects time to think. Let prospects become uncomfortable and start talking; if you do not speak, they surely will. When they finally say something, you will either get the green light or an objection, which gives you another opportunity to present a benefit that solves a problem. If you speak first, you let prospects off the hook.

The Pin-Down Close. This closing technique should be used judiciously. After prospects have expressed an objection, pin them down by asking if you can have the go-ahead if you overcome their objection. For example, if a prospect says, "I don't like those early news spots," your response would be, "If I can get the sales manager to agree to move them to the late news, may I book the schedule?" You have used a Pin-Down Close. Be careful, though; avoid using this close too often or too early, because a prospect might understand what you are doing and use the same tactic against you to get a string of concessions. If a prospect tries to extract another concession from you after a Pin-Down Close, a good tactic is to say, "Hey, let's be fair, you said we could go ahead if I moved those spots."

A good time to use the Pin-Down Close is when prospects try to put off a decision. When prospects say they want to think it over, or that they will call you later, quickly isolate their reasons for the stall and use one or several Pin-Down Closes. The *let-me-think-about-it* excuse is the most common one you will encounter, and you must learn to overcome it quickly or you will lose sales. When you get this excuse, pin down the reasons for the excuse, narrow the objection, and then try several closes, including the SRO Close.

The SRO (Standing-Room-Only) Close. Tell prospects they had better buy now before you are sold out, before the package is withdrawn, or before the rates go up. This can be a strong close *if you are not bluffing*. Be very careful about bluffing on this close; if a prospect calls your bluff, you stand a good chance of losing the trust you have built up, and you very possibly might lose the sale. As mentioned earlier, this close, or a variation of it, is an excellent one to use when you get the *let-me-think-about-it* stall. Even if you do not use the SRO Close, it is always a good idea to infuse your presentations and your closes with a sense of urgency. If prospects do not feel there are any reasons for buying right now, they probably will not.

The Choice Close. The Choice Close is one of the easiest closes to use and one of the most effective; it's probably used as much as any other close. You have already set up this close by providing three or more proposals in your written presentation. In the Choice Close you simply ask prospects which of several options they prefer; when you have the answer, you have the order. "Do you prefer the first, second, or third package I offered, Mr. Franklin?" "The third." "Great, an excellent choice!" Start writing up the order or pick up the telephone and begin to call it in. The prospect might never say yes or "I'll buy it," but he or she gives assent by making a choice.

When prospects are given a choice, they can make a decision without feeling forced into a corner. Prospects have the fun, reassurance, and confidence of asserting their free will and of expressing themselves. Furthermore, after they make the choice, you have the opportunity to reinforce their final decision. Always compliment prospects on their superb judgment.

The Minor-Point Close. This is also one of the most popular, effective, and easiest closes to use. With the Minor-Point Close, you attempt to get prospects' approval of one or more minor details in the presentation; if they agree, you have a customer. The more minor points on which you can get agreement, the better. "Jean, we'll start the schedule next Tuesday so we have time to get the copy in, OK?" or, "Jean, instead of billing this to you the first week of the month, we'll send the bill to you a week early so you can be reimbursed more quickly from your suppliers, OK?" When prospects agree to a minor point, they are saying yes the easy way. A prospect who might hesitate if you ask whether you can go ahead with the $200 thousand baseball order will probably find it a snap to agree to provide you with artwork for a sponsorship ad in the stadium program booklet.

The t-Account Close. Use a lined yellow tablet or any sheet of standard-sized paper and draw a line down the middle of the paper, then cross the *t* across the paper near the top. Next, in the left top section write down prospects' objections and in the section underneath write a list of all the reasons supporting the objections. Next, write in the right top section your offsetting benefits and underneath all of the supporting reasons. Of course, your list should be longer than the prospect's; if you cannot make a longer list, then do not use this technique.

For example, if a prospect wants to put off making a final commitment until next month, put "Buy Next Month" on top of one column and "Buy Now" on top of the other column. With a prospect's help, fill in the reasons for the objection, and then fill in the reasons to buy now yourself. This technique is dramatic and graphic; it is particularly effective with precise, fact-oriented people. Also, it gives prospects the perception that you are being objective and fair ("Isn't that a fair list?").

The "Make-Me-an-Offer" Close. Real estate and automobile salespeople fully understand the power of this closing technique—it gets prospects to express verbally their commitment to buy. When prospects make you an offer, they are not only committing to buy, but they are also giving you the parameters of the final barriers to a sale. This is one of the last techniques you should employ because it typically results in a negotiation over price and a concession. Even though it is somewhat tricky to do, the best way to handle this close is to get prospects to make you an offer on terms other than price alone—for example, on in-program spot placement, on merchandising, or on limited rotation. You might say something like: "I know that you want to be with us and that what I am offering is right for you, so make me an offer that contains an adjustment on something other than price, and I'll see what I can do." This technique can also be effective in putting an end to a drawn-out *dance of objections*.

The Emotional Close. Wind up and give them all you've got. Appeal to prospects' emotions: fear, need for love, need for status, need for recognition, competitiveness, whatever their needs may be. Use drama, use every show business technique you can think of; become an actor and get up on stage; have some FUN and SELL! Prospects may become bored or complacent and may need to be moved somehow. Break the monotony, make use of humor, wake them up, get them involved, move them away from dead center. It is amazing how many prospects appreciate and will reward an intelligent, emotional sales pitch.

The "What-Did-I-Do-Wrong?" Close. Finally, when you have failed to get an order, pack your briefcase, say "thank you for your time," get up and head for the door. Just as you are going through the door, turn to the prospect and say, "Do you mind if I ask you one more question? I respect you and your opinion, and feel I could learn something from this experience. Would you mind telling me what I did wrong? Where did I lose the sale?" The chances are good that your prospect will tell you; then, of course, you are in a position to start over (at that instant or on another call, whichever is appropriate).

Use the above closes throughout your presentations. Try them in different circumstances and in different conditions. Sometime, just for practice and for fun, attempt a trial close very early in your presentation; it might work better than you imagine.

Bad Closes There are several closes you should *never* use:

The Poor-Me Close. Salespeople have been known to beg for orders by saying that they will lose their job if they do not get an order, or that they must have the money to pay for their child's organ transplant. Do not try to heap guilt on prospects and do not lie to get an order; do not lower yourself or diminish your own dignity. Confidence and self-esteem are vitally important in the selling process; do nothing to lessen yourself in the eyes of prospects. Customers admire strength. Begging also puts you in an awful negotiating position.

The Now-You-Have-It-Now-You-Don't Close. Some unscrupulous salespeople will promise prospects anything just to get an order, knowing full well that they cannot deliver what has been sold. Their strategy is to take an order and then go back to a prospect later and say they cannot deliver; they then switch prospects into other, lower-rated time slots or into higher rates. This maneuver has a narcotic temptation because it can shut out competitors; however, prospects and customers are not dull enough to let this work more than once or twice. Nothing destroys your and your station/system's credibility faster than this bait-and-switch technique.

The For-You-Only Close. Some weak salespeople try only one close and then immediately rely on giving concessions to make a sale. They promise prospects, "If you give me an order right now, I'll give you the lowest rate on the station/system, lower than anyone else." Salespeople who use this approach sound as though they just came in from an alley where they were peddling pornographic postcards, and prospects tend to show them and their stations/systems about that much respect.

Matching Closes with Prospects The closes you choose should fit with each prospect's needs and motives. As was the case with negotiating tactics, not all closes are effective with a given buyer. Before you make your presentation, select closes using your list of needs and motives. Jot down the names of the most effective closes on an index card to take with you as a reminder (once you memorize the closes, you won't need a card).

Exhibit 5-2 shows how a salesperson decided on closes for the hypothetical computer retailer example used previously.

To help you become practiced at closing, write down the name of each close and then make up three to five examples of dialogues suitable for each close. You could even rehearse closing with a friend or with fellow salespeople.

Closing is fun, exciting, and challenging; it is the payoff for your careful preparation.

SERVICING

The *servicing* step is vital in accomplishing the second core function of selling—*building and managing the relationship with your accounts.* Your strategy in the servicing step of selling is not only to establish and keep strong relationships with your customers, but also to increase their billing on your station/system. It's easier to keep a customer than to create a new one. Also remember that neglected customers will cancel their advertising schedules, often when you need the commission money the most. Furthermore, it's much easier to get current customers to increase their schedules by, say $1,000, than to prospect for and develop new customers spending the same amount.

Servicing is more important today than ever before, for several reasons. First, as discussed in Chapter 1, the lead time advertisers give media before they place schedules is shrinking each year, since they try to retain as much flexibility as possible to carry out their media strategies. As lead time has lessened, so has the number of weeks schedules run. What were once thirteen-week orders several years ago have now been shortened to two- and three-week schedules.

Servicing is also important in the process of *creating a competitive advantage* for your product because the salesperson is part of the problem-solving process, and thus is part of the product. In many situations where there is a proliferation of products (personal computer software or radio stations in large markets) or great similarities in products (network television), salespeople become *the* differentiating factor.

You may be fortunate enough to acquire an account list that contains many customers who are running schedules, and your job is primarily that of servicing those customers.

Exhibit 5-2 Needs, Motives, and Closing Tactics

Strongest Needs	*Motives*	*Closing Tactics*
Achievement	Wants to be the largest, best-known, most profitable computer retailer.	Do not use the "Make-Me-an-Offer" Close—it makes you look weak, lacking quality.
	Wants to buy media that will enhance his quality image.	Do not use a concession to get a close for the above reason.
	Wants to take risks and try new ideas to be successful.	Try a Direct Close.
	Is interested in high revenues, profits; will spend to make money.	Do not try an Emotional Close; he will not buy your act.
Dominance	Wants to be deferred to.	Try a "What-Did-I-Do-Wrong" Close; he will love it.
	Wants to make all decisions about advertising.	Do not use a Pin-Down Close—it pushes him too much.
		Do not use an SRO Close or try to close too early; he will not like the pushing.
Understanding	Wants to learn as much as possible about broadcast advertising and all of the nuances.	Use the Summary Close.
	Wants to take his time making a decision.	Use a Silent Close.
		Use the Minor Point Close—lots of points.
Autonomy	Wants to be independent and free from restraints.	Do not use the Assumption Close; he wants to make a decision.
Order	Wants thing to be neat, tidy, and well-organized.	Use a t-Account Close.

Role Description: *Deferential, competent, patient, trustworthy, dynamic, precise, neat and expert as a marketing consultant.*

Your tactic in this case, and, in fact, in all cases, is to build a strong relationship with your customers based on mutual trust and respect; to build rapport and a high level of source credibility. You become more than a salesperson—you become an indispensable friend. Finding ways in which to make yourself indispensable is the key to successful servicing.

During the average month you should spend approximately 20 percent of your time servicing.

As with the other elements of selling, you should set servicing goals. Since you should spend about 20 percent of your time servicing, set goals as to the number of calls you have to make to achieve that percentage. Your servicing goals should include increasing your customer's expenditures with you by specific amounts or percentages.

Preselling is a vitally important element in the servicing process. The relationship between buyer and seller rarely ends after a sale is made. On the contrary, the relationship often intensifies after a sale, and this relationship helps determine the outcome of future choices. Thus, salespeople must view selling as a process, which means continually selling even when an actual buying situation is not present. Think of a sale as merely consummating the courtship, at which point the marriage begins. As Theodore Levitt says about making a sale, "For the seller it is the end of the process; for the buyer the beginning."[5]

The Rules of Servicing

Here are three guidelines for servicing:

1 ***Always say thank-you.*** Your servicing begins the moment a prospect becomes a customer. As soon as you get the order, compliment your new customers on their decision, thank them, and, of course, leave quickly. When you return to the office after you get an order, send out a quick, handwritten note of thanks. If and when buyer's remorse sets in, the sincere thank-you's help assuage the fears. Remember to reinforce customers' good judgment whenever you thank them.

2 ***Always imply "I like you."*** You can find something to like in everyone. You must find ways to communicate to your customers that you like them without seeming cloying or insincere. Be as pleasant, attractive, and as much fun as you can. You will run up against some sour customers who never give you any pleasantness in return, but never give up your attempts to be sunny—even the biggest sourpusses appreciate it. Concentrate on building relationships.

3 ***Always imply "I understand your problem."*** Empathy is the most important quality in servicing. You had drive when you prospected, qualified, researched thoroughly, and persistently pursued your customer; now emphasize the empathy side of your personality. Never lose your marketing orientation or your customer orientation.

Servicing Tips

The following servicing tips should act as reminders for you to service your customers well and build solid relationships:

Do Not Forget Anyone Provide service to devils and angels alike. Allocate more of your time to servicing accounts that spend the most money. As elementary and obvious as this advice may seem, all salespeople have a natural tendency to call more often on those people whom they like the most. When seasoned salespeople are asked if they have fallen into the calling-on-friends trap, they will normally deny it because, human memory being

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[5]Theodore Levitt, *The Marketing Imagination* (New York: Free Press, 1983), p. 115.

what it is, we tend to remember the good times and to forget those things about which we have procrastinated. The only way to make sure that you do not fall into this trap is to keep track of all of the calls you make on a weekly basis. Mark them as to what kind of calls they were (prospecting, qualifying, presenting, or servicing), and then analyze the calls regularly and critically. Measure your performance against the time allocation and call goals you have set.

Sending brief handwritten notes is another excellent way to keep in touch with customers. Handwritten notes are much less formal and more personal than typed letters, and they are quicker, too. Attach these short notes to station promotion or research material and send it along to keep your clients informed. Send them relevant items, clipped from magazines or newspapers, that you think they will enjoy. Even your smallest customers (and all medium- and high-potential prospects) should get a minimum of one note each month.

Review Your Account List Regularly Some salespeople review all of their accounts every three days. You'll learn more about keeping account lists and about administration in Chapter 14, "Organizing Individual Sales Effort."

Presell Servicing is selling, so always take the opportunity to sell your station/system and some new benefit or advantage. Keep your customers informed about the latest developments in your medium and in your market. Your preselling will serve you in particularly good stead when a customer or buyer is under extreme time pressures and has to order a schedule in a hurry.

Make Copy Calls, Idea Calls, and Schedule Change Calls In situations where advertising copy can be changed easily, as in medium- and small-market radio, make a copy call and suggest the commercial copy be revised, and recommend a new angle. This recommendation can be particularly welcome in situations where a client has been running the same piece of copy over and over again for months, and may be boring everyone, especially the listeners.

Furthermore, poor copy is often the cause of poor results for a client. Keep on top of how a customer is doing. Are the commercials creating traffic, sales, or other results? If not, is it the copy? Is it the schedule? Change both if necessary, but do not hide your head in the sand and just hope for things to improve. Take some action that is designed to help your customer.

Improvements in schedules, such as moving spots to a new time slot (for example, from daytime to early fringe), often allow customers to reach a new audience. Making an unsolicited improvement for your customers can be a wonderful relationship builder. This service should be used rarely, though—or customers come to expect it.

Handle Complaints Immediately and Honestly Fast response to client complaints is a must. If your station/system has made an error of some kind, customers are probably upset; do not add fuel to the fire with a slow response. If you or your station/system has made an error, admit it, apologize, and set about correcting the situation immediately. Problems tend to make customers impatient, so do not put them off. Give them status reports if a complaint takes longer than a day or two to be resolved. Do not allow clients to think you have let it slip your mind.

Be quick to admit your own errors. If clients have to tell you first, you lose some trust. If you tell them first, you maintain your credibility. Furthermore, if you tell customers first, you are more in control of the proposed solution. For example, if a tape machine breaks down and ruins a client's commercial, call the client immediately and offer a suitable make-good. Your chances of getting approval are much greater with this method than if a customer calls you.

Remember Murphy's Law Murphy's Law states: If anything can go wrong, it will. This law holds as true in selling as in other aspects of life. The best way to avoid becoming a victim of Murphy's Law is to do your paperwork with precision. Even if you do not have a computerized billing and traffic system, the *garbage in, garbage out* rule holds true with any information that is put into the sales, traffic, and accounting system.

Warner's sales corollaries to Murphy's Law might be of some help to you in servicing.

MURPHY'S LAW

If anything can go wrong, it will.

WARNER'S COROLLARIES FOR SELLING

1 If the traffic, operations, accounting, programming, or promotion departments can mess up something, they will.

2 If the traffic, operations, accounting, programming, or promotion departments, or an agency can possibly blame a salesperson for the mess-up, they will.

3 The bigger the order, the more chances there are that someone will mess it up.

4 If customers can forget you, they will.

5 If customers cancel, it will be when you need the commission money the most.

6 The nastier and uglier customers are, the more they spend.

7 The more outraged clients are about your asking for cash in advance, the more certain you are that you are doing the right thing.

8 The richer agencies are, the longer it will take them to pay their bills—just about as long as the very poor ones.

Reassure Customers Just as you learned to reinforce prospects when they made the proper decision in the presenting step, you must learn to reassure customers in the servicing step. Continually reinforce your clients by telling them what a good purchase they made and how great your station/system is. Sell the schedule after you get the order, too. Continue to find ways to compliment your customers on their excellent judgment. Remember the role you assigned yourself.

Ask for Referrals and Success Letters There is no better endorsement of you and your station/system than a satisfied customer. After you have built a good relationship with your clients, ask them to refer you to someone else who might use your medium as successfully and intelligently as they have. Never forget to look for prospects. Also, get success letters from clients if they are willing to write them.

OUTLINE OF THE FIVE STEPS OF SELLING

I PROSPECTING
II QUALIFYING
III RESEARCHING AND TARGETING
IV PRESENTING
V SERVICING

GOALS *Effective goals have the following attributes:*

Clarity, specificity
Difficulty, challenge
Feedback

Criteria for sound goals:

1. Measurable
2. Attainable
3. Demanding
4. Consistent with company goals
5. Under the control of the individual
6. Written
7. Deadlined
8. Prioritized
9. Flexible

I. PROSPECTING (10 percent of time monthly)
- A. *Strategy*—Find prospective customers
- B. *Tactics*
  - 1. *Nonreferral*
    - a. Set goals
      - (1) Number of prospecting contacts
      - (2) Number of sales appointments
      - (3) Number of sales

      Prospecting contacts
      - (1) Use the prospect's name
      - (2) Introduce yourself and your company; do not ask questions that can be answered with a no
      - (3) State that the purpose of the contact is to set up an appointment
      - (4) Be quick about it
      - (5) Be assertive
      - (6) If you get a yes, reconfirm time and day of appointment
      - (7) If you get a no, keep selling

        Overcoming the "don't-come-see-me" stopper
        - (a) Ask why
        - (b) "Yes, but . . ."
        - (c) Compliment
        - (d) "If you were general manager . . ."

(e) Standing room only
(f) Assume they want to, but too busy

b. Select a prospecting method
   (1) By current advertisers in other media
   (2) By season
   (3) By category
   (4) By geographic region
   (5) By advertisers in your medium
   (6) By inactive advertisers
   (7) By current advertisers
   (8) By business, civic, or social organization

   Referral
   (1) Ask customers for referrals

   Transom
   (1) Develop a good telephone personality
   (2) Sell for an appointment

II. QUALIFYING (15 percent of time monthly)
   A. *Strategy*—Find the *right* prospective customers
   B. *Tactics*
      1. Determine perceptual set, readiness, and level of buyer sophistication
      2. Use the following qualifying questions:

      "What are the age, sex, and life-style characteristics of your best potential customers?"

      "What specific problems do you expect advertising to solve for you?"

      "What advertising are you doing now?"

      "What do you like about your current advertising?"

      "What elements of your current advertising could be improved?"

      "What is your opinion about my medium of advertising?"

      "In addition to yourself, who will make the final decision to purchase advertising?"

III. RESEARCHING AND TARGETING (15 percent of time monthly)
   A. *Researching*
      1. *Strategy*—Search for and substantiation of motivators and benefits that will convince prospects to buy—it is the process of preparation
      2. *Tactics*
         a. *Step 1—assess prospect-product interaction*
         b. *Step 2—assess customer sophistication*
         c. *Step 3—match needs and motives with appropriate tactical responses*
         d. *Step 4—assign yourself a role*
         e. *Step 5—develop a research plan*
            (1) Target research to the right person
            (2) Prioritize prospect's problems

(3) Be parsimonious with facts
(4) Emphasize strengths and quality
(5) Keep in mind station/system's goals
(6) Focus on known objections; do not address nonexistent problems
(7) Anticipate competition
(8) K.I.S.S—keep it short and simple

B. *Targeting*
1. *Strategy*—Select a target that reflects your strategic approach
2. *Tactics*
a. Target a specific availability
b. Target a price level
c. Target the size of an order
d. Target a share of budget

C. *Written presentations*
1. Persuasion theory—people will learn:
(a) If they pay attention
(b) If they comprehend
(c) If they accept (yield)
(d) If they retain information
2. Acceptance is the focus in selling and it depends on:
(a) Source credibility
Trustworthiness
Competence
Objectivity
Dynamism
Expertise
Physical attractiveness
Similarity
(b) Message strength
Repetition
Two-sided argument
Evidence
Ordering effects
(c) Channel effects
(d) Receiver characteristics
Intelligence
Self-confidence
3. Steps in writing a presentation
(a) Determine strategy
(b) Analyze customers' needs and goals
(c) Write a purpose statement
(d) Establish credibility
(e) State the problems
(f) Establish criteria for evaluating solution

(g) Inform about benefits
(h) Demonstrate solutions
(i) Summarize
(j) Narrow alternatives
(k) Make proposals
(l) Write and insert introduction in the beginning
(m) Conclusion
(n) Summarize
(o) Ask for the order

4. Writing tips
   (a) No big words, no jargon
   (b) Be objective, use two-sided arguments
   (c) Use power words for enthusiasm, but do not exaggerate
   (d) Do not use flowery or formal language
   (e) Be straightforward and businesslike
   (f) Write in the present tense and in the active voice
   (g) Edit for meaning and appropriateness, then for organization, then for good writing, then for spelling and punctuation, and, finally, for accuracy of facts
5. Handling presentations
   (a) Unstapled in a folder
   (b) Bound with a cover
       Both use one copy
       Each have a copy
   (c) Handle presentations as though they were gems

D. The five mental states of selling (AID CC)
   1. *A*ttention
   2. *I*nterest
   3. *D*esire
   4. *C*onviction
   5. *C*ommitment

   Lead prospects through the five mental states with assurances on *business* and *personal* level. Prospects must *participate* in the discussion and *make their own decisions*. You must assume *the burden of understanding*.

IV. PRESENTING (40 percent of time monthly)

The Four Phases
Approach
Discussion
Negotiation
Close

A. *Approach*
   1. *Strategy*—Get and hold attention and move prospects from *interest* to *desire*
   2. *Tactics*

a. Establish rapport with prospects
b. Sell yourself as a problem-solver
c. Position your product to have a competitive advantage
d. Establish source credibility
e. Control the selling situation without seeming to
f. Uncover needs
g. Create discomfort with the status quo
h. Begin in-depth problem solving and move prospects to *desire*

B. *Discussion*
1. *Strategy*—Move prospects from *desire* to *conviction*
2. *Tactics*
a. Keep prospects' attention with a varied style
Talk prospects' language
Use contrast
Use movement
Use novelty
Show business
b. Let prospects learn and accept your advantages
c. Use straightforward visuals
d. Evaluate prospects' reactions
e. Recognize conditions
f. Differentiate between doubts and objections, and reassure doubts
g. Overcome objections: listen carefully, avoid set answers, paint prospects into the picture, and do not argue

The four major objection-overcoming techniques
When you state a benefit or advantage and get an objection:
(1) Probe to understand
(2) Reframe the objection and get agreement with your version
(3) Empathize, reassure, and support (feel, felt, found)
(4) Trial close

Maneuvers to overcome objections
Forestall
Direct denial
Indirect denial
"Yes, but . . ." or compensation
Case histories
Comparison with competitors
Answer a question with a question
Boomerang
"Coming to that"
Pass
Summarize

h. Continual narrowing of objections

i. Create the yes habit
j. Change the basis for evaluation if necessary

Overcoming the price objection
Sell quality
Break costs into smaller units
Talk value (value = price + quality)
Talk profit and investment

C. *Negotiation*
1. *Strategy*—To build trust and arrive at a solution satisfactory to both sides. Win-win.
2. *Tactics*
a. Do your homework
b. Build trust
c. Deal with people first, issues second
d. Focus on interests, not on positions
e. Set realistically high targets and start high
f. Set a deadline
g. Agree on a ballpark
h. Explore alternatives
i. Keep concessions small
j. Do not be nibbled to death
k. Be patient
l. Check your ego at the door

Negotiating maneuvers
The Limited Authority Maneuver
The Brotherhood Maneuver

D. *Close*
1. *Strategy*—get prospects to verbalize their commitment and to give you an order
2. *Tactics*
a. Expect to close
b. Ask for the order
c. Close early and close often
d. Help prospects fantasize
e. Emphasize solutions
f. Stay cool
g. Compliment, shut up, and run

Closes
The Direct Close
The Assumption Close
The Summary Close
The Silent Close
The Pin-Down Close

The SRO Close
The Choice Close
The Minor-Point Close
The t-Account Close
The "Make-Me-an-Offer" Close
The Emotional Close
The "What-Did-I-Do-Wrong" Close

Gambit
"Isn't that fair?"

Never use
Poor-Me Close
Now-You-Have-It-Now-You-Don't Close
For-You-Only Close

V. SERVICING (20 percent of your time monthly)
   A. *Strategy*—build relationships and increase billing
   B. *Rules*
      1. Always say "thank you"
      2. Always imply "I like you"
      3. Always imply "I understand your problems"
   C. *Tips*
      1. Do not forget anyone
      2. Review your account list regularly
      3. Presell
      4. Make product augmentation calls
      5. Handle complaints immediately and honestly
      6. Remember Murphy's Law
      7. Reassure customers
      8. Ask for referrals and success letters

"There is only one valid definition of business purpose: *to create a customer.*" Peter Drucker in *The Practice of Management*

The function of marketing in an organization is "to get customers and keep them." Theodore Levitt in *The Marketing Imagination*

SUMMARY

The last two steps in the Five Steps of Selling are *presenting* and *servicing*.

The *presenting* step is face-to-face selling to a qualified prospect. The largest portion of your selling time, approximately 40 percent, should be spent on presenting. After the researching and targeting steps, prepare a written presentation to leave with the prospect as a tangible record of your meeting and proposals. Your written presentation should include a statement of purpose, an introduction, and an explanation of the prospect's problems and how advertising with your station/system can solve those problems. Make at least three proposals: low, medium, and high. At the end of the presentation, include a summary and ask for the order.

The face-to-face presentation contains four phases: (1) *approach*, (2) *discussion*, (3) *negotiation*, and (4) *close*. During the *approach* phase, your strategy is to get and hold prospects' attention and interest. During the *discussion* phase, your strategy is to move prospects from the mental state of interest to desire, and from desire to conviction. One aspect of discussion is overcoming objections, especially the price objection.

The four major objection-overcoming techniques to help you are: (1) probe to understand the objection, (2) reframe the objection and get agreement with your version, (3) empathize, reassure, and support (use the *feel, felt, found* phrase), and (4) use a trial close.

In the *negotiation* phase, your strategy is to build trust and arrive at a solution acceptable to both sides. You do not want to create a win-lose situation, but a win-win one, which produces satisfaction for everyone. Negotiation is a process in which the establishment and exploitation of power is the key element. Negotiating tactics are: (1) do your homework, (2) build trust, (3) deal with people first and issues second, (4) focus on interests, not positions, (5) set reasonably high targets and start high, (6) set a deadline, (7) agree on a ballpark, (8) explore alternatives, (9) keep concessions small, (10) do not be nibbled to death, (11) be patient, and (12) check your ego at the door. Your analysis of prospects' needs and motives should guide your negotiating.

The *close* phase is where the payoff comes and when prospects become customers. Without learning to be a successful closer, you are merely a presenter and not a salesperson.

Your strategy in the close is to get the order. Closes to use are: (1) the Direct Close, (2) the Assumption Close, (3) the Summary Close, (4) the Silent Close, (5) the Pin-Down Close, (6) the SRO Close, (7) the Choice Close, (8) the Minor-Point Close, (9) the t-Account Close, (10) the "Make-Me-an-Offer" Close, (11) the Emotional Close, and (12) the "What-Did-I-Do-Wrong?" Close. Again, your needs analysis should indicate which closes work best with a given prospect.

Never use any of these closing techniques: (1) the Poor-Me Close, (2) the Now-You-Have-It-Now-You-Don't Close, or (3) the For-You-Only Close.

Servicing is the final step in selling. You should spend about 20 percent of your selling time servicing your customers. Your strategy in servicing is to establish and keep relationships with your customers, and to increase their billing on your station/system.

The rules of servicing are: (1) always say "thank-you," (2) always imply "I like you," and (3) always imply "I understand your problem."

Servicing tips are: (1) do not forget anyone, (2) review your account list regularly, (3) presell, (4) make copy, idea, and schedule improvement calls, (5) handle complaints immediately and honestly, (6) remember Murphy's Law and Warner's Corollaries, (7) reassure customers, and (8) ask for referrals and success letters.

The guidelines for the average amount of time you should spend every month on the

Five Steps of Selling are:

—PROSPECTING	10 percent
—QUALIFYING	15 percent
—RESEARCHING	15 percent
—PRESENTING	40 percent
—SERVICING	20 percent
—*Total*	100 percent

TEST YOURSELF

1 What are some good reasons for writing sales presentations?

2 What are the two strategies for ordering proposals in a presentation, and with what types of prospects would you use each strategy?

3 How would you go about organizing a written presentation?

4 What are the five mental states of selling that a prospect must go through before you make a sale?

5 When you are making a presentation to a client, what four phases must you go through, beginning with your approach?

6 What are the differences between figurative and literal objections?

7 What are the objection-overcoming techniques?

8 What are some of the objection-overcoming maneuvers?

9 What are some tactics that can help salespeople overcome price objections?

10 What are the rules of negotiating?

11 What are the rules of closing?

12 What are some of the closing maneuvers?

13 What are three closes you should never use?

14 What are the rules of servicing?

15 What are some servicing tips?

PROJECTS

1 Select a local station or system to sell for and select a specific prospect. Pair up with another person. One of you will play the role of a salesperson and the other the role of a prospect. Next, each of you write down three benefits your station or system offers the prospect. Then, the salesperson introduces himself or herself and states the first benefit on the list; the prospect then objects. Finally, the salesperson goes through the four objection-overcoming techniques: (1) probe to understand (open and closed probes and verification questions), (2) reframe the objection and reach an agreement with your version, (3) empathize, reassure, and support (feel, felt, and found), and (4) use a trial close.

Go through these steps slowly and deliberately. The quality or correctness of the prospect's objections or of the salesperson's answers is irrelevant in this exercise. What is important is learning the objection-overcoming techniques. Use each of the four steps carefully and exactly. The salesperson should repeat this process for each of the three benefits, then you should trade roles and let the new salesperson go through the routine. One of the objections in each sequence should be a price objection.

2 This negotiating project needs at least three people—an observer, a salesperson, and a prospect to sell to. The observer should write out two separate scenarios, one of which contains a list of benefits for a station or system and a target order that the salesperson should get. Then the observer should select for the prospect a corresponding target that is 10 percent below the salesperson's target; the observer should then write out for the prospect a scenario that contains a list of objections to the benefits in the salesperson's scenario. The observer gives each of the other two people the proper scenario and instructs them both to begin negotiating. They must come to an agreement, that is, they each have to compromise until an agreement is reached. (If either one of them causes a deadlock, that person loses.) They have only twenty minutes to reach an agreement; the observer must time them and tell them when they have ten, five, and one minute left. If the salesperson comes in with more than 95 percent of his or her target, the salesperson wins. If the prospect comes in with less than 95 percent of the salesperson's target, the prospect wins.

3 Do Project #1 again, but this time the prospect must object until the salesperson uses at least five different trial closes.

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Part Three
Knowledge

Knowledge is the business fully as much as the customer is the business. Physical goods or services are only the vehicle for the exchange of customer purchasing power against business knowledge.

Peter Drucker
Managing for Results

Chapter 6
Understanding and Using Ratings

The extended product salespeople sell is time, but the expected product advertisers buy is audience—people. The number of people listening or viewing a station or system at any point in time is measured by ratings.

Ratings not only measure how many people are in a station's or system's audience, but they break that audience down demographically into sex and age groups. Ratings measure quantity, not quality. Unlike most public opinion polls, broadcast and cable ratings measure how people actually behave; ratings are not concerned with people's opinions about what programs are good or bad or people's intentions to listen or watch in the future. This distinction is important because what people claim they want or intend to do can differ markedly from what they actually wind up doing. Ratings measure actual listening and viewing behavior. Knowing what stations and programs people listened to or watched is vital information for broadcast and cable managers and advertisers.

As early as 1930 radio advertisers decided they needed to know how many people their commercials were reaching, so they formed the Cooperative Analysis of Broadcasting. This group commissioned the Crossley Company to make telephone recall surveys, whereby people are asked by telephone to recall stations or programs they have listened to or viewed recently. Since that time, advertisers, their advertising agencies, and broadcasters have had a steady supply of reliable audience rating and demographic information on which to base time-buying and programming decisions.

Ratings do not represent exact figures; they are estimates that are determined by using probability sampling techniques (more about these methods later) and thus are subject to sampling errors. Ratings are approximations at best, and fairly wide fluctuations can occur by chance, particularly when audience ratings are broken down into small demographic groups. For this reason, ratings should be used judiciously and with some degree of understanding of the possibility of chance "wobbles" that can occur from report to report.

DEFINITIONS OF RATING TERMS

Before we begin discussing rating techniques, the various companies that produce broadcast and cable ratings, some of the problems of sampling, and how to use ratings to help you sell, we had better cover some rating definitions.

Rating

A rating is a percent of everyone. A rating describes the size of a television, radio, or cable audience. It is expressed as a percent of some base, or *universe,* and this base must always be explicitly identified. Thus, a ten rating in television must be accompanied with a definition of what is being rated. A *ten household rating* means that 10 percent of the households measured in the universe were watching a program—measured either in the whole country for a network, or in a stated market area for a local station or system.

Exhibit 6-1 displays a page from a Winter 1984 Arbitron Ratings radio report for Los Angeles. On the far left-hand side of the page under *Station Call Letters*, find station KABC. Look across the KABC row to the column *Avg. Pers. Rtg.* under *Metro Survey Area*, *Adults 18+*. The number 1.1 means that an average of 1.1 percent of all the adults aged 18+ in the metropolitan survey area of Los Angeles were listening to KABC during the time period under discussion—in this case Monday through Sunday, 6:00 A.M.–midnight (seen in the upper right-hand corner of the page). The average persons rating means that the base, or universe, is persons (not households) in the Los Angeles area. In the example we are viewing, the rating of 1.1 is in the *Adults 18+* section. If you continue looking across the page in the KABC row, you will see the ratings for adults 18–34, 18–49, 25–49, 25–54, and 35–64. *Average persons ratings* are measured on a quarter-hour basis and are sometimes called *average-quarter-hour* ratings.

Going back to the beginning of the KABC row, you'll notice that the first number appears in a column labeled *Avg. Pers. (00)*, which is under a larger column labeled *Total Area*. The *Avg. Pers. (00)* listing shows that during the time period Monday through Sunday, 6:00 A.M.–midnight, KABC is listened to by an average of 88,400 adults in the total area. The two zeros (00) mean one should multiply the number in the column, 884, by 100. The total area column refers to the *Total Survey Area* (TSA), which includes every county that is covered by at least two radio station signals from the metropolitan (metro) market surveyed. Arbitron changes the definition of the TSA from time to time on the

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Exhibit 6-1 Average Quarter-Hour and Cume Listening Estimates

LOS ANGELES
WINTER 1984

Average Quarter-Hour and Cume Listening Estimates

MONDAY-SUNDAY
6 00AM-MIDNIGHT

STATION CALL LETTERS	ADULTS 18 + TOTAL AREA AVG PERS (00)	ADULTS 18 + TOTAL AREA CUME PERS (00)	ADULTS 18 + METRO SURVEY AREA AVG PERS (00)	ADULTS 18 + METRO SURVEY AREA CUME PERS (00)	ADULTS 18 + METRO SURVEY AREA AVG PERS RTG	ADULTS 18 + METRO SURVEY AREA AVG PERS SHR	ADULTS 18-34 TOTAL AREA AVG PERS (00)	ADULTS 18-34 TOTAL AREA CUME PERS (00)	ADULTS 18-34 METRO SURVEY AREA AVG PERS (00)	ADULTS 18-34 METRO SURVEY AREA CUME PERS (00)	ADULTS 18-34 METRO SURVEY AREA AVG PERS RTG	ADULTS 18-34 METRO SURVEY AREA AVG PERS SHR	ADULTS 18-49 TOTAL AREA AVG PERS (00)	ADULTS 18-49 TOTAL AREA CUME PERS (00)	ADULTS 18-49 METRO SURVEY AREA AVG PERS (00)	ADULTS 18-49 METRO SURVEY AREA CUME PERS (00)	ADULTS 18-49 METRO SURVEY AREA AVG PERS RTG	ADULTS 18-49 METRO SURVEY AREA AVG PERS SHR
KABC	884	11873	822	10775	1	6.2	114	2049	111	1823	4	1.8	330	5117	308	4584	6	3.4
KACE	266	3260	266	3239	4	2.0	200	2278	200	2278	6	3.2	252	2938	252	2917	5	2.7
KALI	180	2371	180	2371	2	1.4	114	1301	114	1301	4	1.9	157	1942	157	1942	3	1.7
KBIG	759	10384	579	8568	8	4.4	159	2217	112	1895	4	1.8	368	5375	277	4641	6	3.0
*KBRT	102	1515	61	1031	1	5	37	560	17	381	1	3	70	1003	44	709	1	5
KDAY	156	2794	156	2758	2	1.2	103	1840	103	1804	3	1.7	135	2493	135	2457	3	1.5
KFAC	49	1184	47	1080	1	4	2	104	1	75			13	375	12	323		1
KFAC FM	224	3994	156	3309	2	1.2	52	1283	38	969	1	6	97	2366	71	1913	1	8
KFI	445	8390	265	5100	4	2.0	224	4361	121	2488	4	2.0	365	6770	200	3916	4	2.2
KFSG	100	1531	98	1376	1	7	41	602	40	506	1	6	68	994	66	839	1	7
KFWB	444	10602	433	10109	1.5 6	3.3	59	2062	55	1916	2	9	151	4761	146	4496	3	1.6
KGFJ	98	1934	98	1934	1	7	59	1089	59	1089	2	1.0	77	1602	77	1602	2	8
KHJ	89	2145	88	2007	1	7	43	1051	42	976	1	7	78	1701	77	1626	2	8
KHTZ	289	6014	230	5869	2.4 3	1.7	168	4138	142	3908	5	2.3	246	5539	212	5229	4	2.3
*KIEV	87	1748	82	1561	1	6	16	191	16	191	1	3	25	551	23	483		3
KIIS	1104	15338	953	13613	1.3	7.2	878	11540	762	10210	2.4	12.4	1056	14367	911	12743	1.8	9.9
KIQQ	293	7810	279	6925	4	2.1	220	5581	209	5160	7	3.4	270	7059	257	6417	5	2.8
KJLH	297	4946	294	4823	4	2.2	223	3383	223	3330	7	3.6	273	4402	270	4279	5	2.9
KJOI	701	8442	648	7784	12.0 9	4.9	100	1177	86	972	3	1.4	274	3474	239	3015	5	2.6
KKGO	217	4171	196	3680	3	1.5	109	1972	101	1839	3	1.6	171	3149	153	2763	3	1.7
KKHR	289	6354	243	5390	3	1.8	223	4864	188	4176	6	3.1	273	5947	232	5093	5	2.5

STATION CALL LETTERS	ADULTS 25-49 TOTAL AREA AVG PERS (00)	ADULTS 25-49 TOTAL AREA CUME PERS (00)	ADULTS 25-49 METRO SURVEY AREA AVG PERS (00)	ADULTS 25-49 METRO SURVEY AREA CUME PERS (00)	ADULTS 25-49 METRO SURVEY AREA AVG PERS RTG	ADULTS 25-49 METRO SURVEY AREA AVG PERS SHR	ADULTS 25-54 TOTAL AREA AVG PERS (00)	ADULTS 25-54 TOTAL AREA CUME PERS (00)	ADULTS 25-54 METRO SURVEY AREA AVG PERS (00)	ADULTS 25-54 METRO SURVEY AREA CUME PERS (00)	ADULTS 25-54 METRO SURVEY AREA AVG PERS RTG	ADULTS 25-54 METRO SURVEY AREA AVG PERS SHR	ADULTS 35-64 TOTAL AREA AVG PERS (00)	ADULTS 35-64 TOTAL AREA CUME PERS (00)	ADULTS 35-64 METRO SURVEY AREA AVG PERS (00)	ADULTS 35-64 METRO SURVEY AREA CUME PERS (00)	ADULTS 35-64 METRO SURVEY AREA AVG PERS RTG	ADULTS 35-64 METRO SURVEY AREA AVG PERS SHR
KABC	311	4666	290	4241	6	4.4	392	5620	364	5134	9	4.9	514	6518	481	6032	1.5	8.7
KACE	185	1827	185	1806	5	2.8	188	1872	188	1851	5	2.5	60	794	60	773	2	1.1
KALI	114	1526	114	1526	3	1.7	116	1581	116	1581	3	1.6	59	828	59	828	2	1.1
KBIG	332	4751	244	4085	7	3.7	390	5684	289	4859	7	3.9	419	5861	342	4992	1.1	6.2
*KBRT	59	851	37	577	1	6	67	963	41	628	1	5	48	703	35	475	1	6
KDAY	83	1473	83	1473	2	1.3	93	1559	93	1559	2	1.2	50	867	50	867	2	9
KFAC	13	375	12	323		2	16	484	15	418		2	25	700	25	683	1	5
KFAC FM	84	1889	60	1572	2	9	108	2256	80	1873	2	1.1	111	1950	77	1672	2	1.4
KFI	290	5067	162	3011	4	2.4	318	5469	186	3323	4	2.5	197	3412	126	2248	4	2.3
KFSG	65	845	63	737	2	1.0	65	940	63	832	2	8	40	625	39	566	1	7
KFWB	143	4446	138	4181	4	2.1	173	5235	167	4925	4	2.2	245	5618	241	5398	8	4.4
KGFJ	35	1060	35	1050	1	5	40	1093	40	1093	1	5	30	630	30	630	1	5
KHJ	66	1405	65	1340	2	1.0	66	1430	65	1340	2	9	40	853	40	828	1	7
KHTZ	184	3994	151	3714	4	2.3	187	4098	154	3818	4	2.1	90	1665	82	1585	3	1.5
*KIEV	25	551	23	483	1	3	34	632	32	553	1	4	38	890	38	786	1	6
KIIS	638	8503	541	7571	1.5	8.2	667	9054	564	8038	1.4	7.6	216	3629	181	3234	6	3.3
KIQQ	155	3924	144	3528	4	2.2	159	4109	148	3713	4	2.0	73	1976	70	1730	2	1.3
KJLH	183	2892	180	2769	5	2.7	187	3058	184	2935	4	2.5	58	1359	55	1259	2	1.0
KJOI	257	3126	223	2804	6	3.4	324	3819	290	3497	7	3.9	408	5050	376	4711	1.2	6.8
KKGO	157	2667	139	2281	4	2.1	172	3017	153	2813	4	2.0	99	2028	86	1681	3	1.6
KKHR	123	2956	107	2574	3	1.6	128	3084	111	2675	3	1.5	59	1335	51	1108	2	9

Footnote Symbols: (*) means audience estimates adjusted for actual broadcast schedule basis of actual reported listening to home-market radio stations.

The TSA is used less and less each year by advertisers and their advertising agencies to evaluate a station's audience, because only a few powerful AM radio stations in any market have signals that reach out to cover the TSA. Such a station in Los Angeles is the 50,000-watt clear channel KFI at 640 on the dial. Since the TSA contains many more people than does the smaller metro area, the few AM stations that have coverage in the larger TSA have a built-in advantage over the stations that cover only the more compact *Metro Survey Area* (MSA), such as FM stations. For example, the Los Angeles TSA consists of seventeen counties ranging from the Mexican border northward to include several counties in Nevada. Look across the KFI row in Exhibit 6-1 and compare the average persons number in the total area column to the average persons number in the metro area column. KFI increases its audience 70 percent from the metro area column to the total area column.

Because advertisers use the total area column less frequently than they do the metro area column, only audience figures for persons are given for the TSA. However, in the metro area column, which most stations prefer that advertisers use and which, in fact, advertisers do use most often to evaluate stations, both average persons numbers and average persons ratings are given. Thus, KABC's 1.1 average persons rating means that 82,200 of the approximately 4,445,000 adults 18+ in Los Angeles and Orange counties listen, on the average, to KABC from 6:00 A.M.–midnight, Monday through Sunday.

Another geographic area designated by Arbitron, the *Area of Dominant Influence* (ADI), is used primarily in television since it defines an area covered by home-market television signals. Arbitron radio ratings reports also give audience information for ADIs, but the reports are rarely used to evaluate radio.

The area best for advertisers is usually determined by the distribution of their products or on how many locations a store has. National advertisers who sell their products in every county might well look at TSA audience figures. On the other hand, a retailer with only two locations in a Metro Survey Area would look only at metro ratings, and certainly would not be willing to pay higher prices for additional coverage in the TSA.

Furthermore, with the growth of FM station audiences over the past few years, the big AM powerhouses tend not to dominate markets any more (with some notable exceptions like WCCO, KMOX, KDKA, and WTIC). Thus, the focus has shifted to the metro area in most cases because this is the area in which the most stations are competitive and because most advertisers are unwilling to pay extra money for coverage outside the metro area.

Time-period ratings are useful to advertisers and their agencies because the ratings of individual time periods (like 6:00–10:00 A.M., Monday through Friday or 3:00–7:00 P.M., Monday through Friday) can be added together to get the total rating points that an entire schedule of commercials delivers (more about this later in this chapter).

PUR and HUT

If you add up the ratings in a column in a radio ratings report, the resultant number is another useful statistic: a percentage of all the people in the area, in the demographic, and in the time period measured who are tuning in to all of the radio stations. This total is the *Persons-Using-Radio,* or *PUR*. Thus, in radio the PUR percentages are higher for morning drive time (6:00–10:00 A.M., Monday through Friday) than they are for nighttime (7:00 P.M.–midnight, Monday through Friday). In television, this statistic is known as *Homes-Using-Television,* or *HUT*. Like PUR, HUT is expressed as a percentage, calculated from the sum of all the homes in an area measured in which television is watched during a particular time. HUT percentages are often referred to as HUT levels. For example, HUT levels for prime-time television have been going down in the last few years from a high of 93 percent in 1979 to only about 77 percent in the 1984–85 television season.

Share-of-Audience

Shares are percentages of people who are tuning in to the medium and who are listening to or viewing a particular station. Shares indicate how well a station is doing against its competitors, regardless of how many people from the total base population are tuning in to the medium. On the other hand, ratings *are* dependent on how many people turn on their sets. Thus, ratings are higher in prime time (8:00–11:00 P.M.) when many more people are watching television than they are in the morning (7:00–9:00 A.M.).

Think of a rating as a station/system's slice (percent) of a pie as big as the population measured, and a share as a station/system's slice (percent) of a series of smaller pies that are as big as the number of people who are tuning in during that time period.

Go to Exhibit 6-1 and look at the KABC row again. Go over to the *Avg. Pers. Shr.* column, to the number *6.2*. This means that in winter 1984, 6.2 percent of the people eighteen and older who listen to radio in the Los Angeles metro survey area during the 6:00 A.M.–midnight, Monday through Sunday time period were listening to KABC.

On another page in the same rating report (not shown), the audience for the 7:00 P.M.–midnight, Monday through Friday time period is listed. In that time period, KABC had a 6.4-percent share, similar to its 6.2-percent share for 6:00 A.M.–midnight, Monday through Sunday, but its rating was only 0.6, much lower than its 1.1 rating in Exhibit 6-1. This difference reflects the fact that fewer people listen between 7:00 P.M. and midnight, Monday through Friday, than on the average between 6:00 A.M. and midnight, Monday through Sunday.

If you add up the ratings in one column of a ratings report you would get a PUR or HUT figure, which represents the total number of people or houses tuning in to a medium for the time period measured. If you add up the shares in one column of a rating report, what should you get? You are right if you said 100 percent.

Thus, salespeople sell ratings to advertisers because ratings reflect how many people are listening or viewing. On the other hand, programmers are concerned about shares because shares indicate how well a station is doing competitively against other stations. When you see the ratings for your favorite television network program listed in the newspaper or trade press, the number shown might be something like 16/27. The sixteen refers to the fact that the program got a sixteen household rating, which translates into roughly 13,600,000 homes in the United States. The twenty-seven means a 27 percent share, which means that the other two networks divided 73 percent of the audience.

HUT levels in television are usually highest on Sunday evenings, so a program might get an 18/27 in prime time on Sunday. However, another program on Saturday evening, which normally has the lowest viewing levels of any night of the week, might get a 14/35. Salespeople can sell the Sunday program for more money because it has a higher rating, but the programmers for the Saturday program have done a better job against the competition because it has a higher share of audience.

Gross Rating Points (GRPs)

The total of all the ratings in an advertiser's schedule of commercials is called the *Gross Rating Points* (GRPs). The total may represent ratings from a number of different time periods, but they must have the same base. For example, if an advertiser has a target audience of adults 18+ and wants to evaluate a schedule of ten spots to run between 6:00 A.M. and midnight, Monday through Sunday on KABC (shown in Exhibit 6-1), he or she would multiply KABC's 1.1 average persons rating by ten to get eleven GRPs. GRPs are used by advertisers and their agencies to evaluate the relative media weight of an advertising schedule.

GRPs = Average-quarter-hour ratings × number of spots

Gross Impressions

The total of all the exposures to people in an advertiser's schedule of commercials is the *gross impressions*. The total may represent people from a number of different time periods, but it must be for audience figures with the same base. For example, if an advertiser has a target audience of adults 18+ and wants to evaluate a schedule of ten spots to run between 6:00 A.M. and midnight, Monday through Sunday on KABC, he or she would multiply KABC's average persons number, or 822, by 100 (because of the 00) to get 82,200, and then multiply this number by ten to get 822,000 gross impressions. Gross impressions are used to evaluate the sum total of all audience exposures a schedule delivers.

Gross impressions = Average persons × number of spots

Cumulative Audience

Cumulative audience, most commonly called *cume*, refers to the number of different people who listen to or watch a program, during a specific time period, or a particular schedule. Cume is also known as *unduplicated audience*, or *net audience*. Looking under the *Adults 18+* column, in the *Metro Survey Area* section for KABC in Exhibit 6-1, locate the column marked *Cume Pers (00)*. The number shown is 10775, which means that 1,077,500 different people (or persons, in rating report language) listen to KABC during the eighteen-hour, seven-day week listed. Thus, during an average quarter-hour period 82,220 adults 18+ were listening, but throughout the entire week a total of 1,077,500 different people listened to KABC.

The key notion in cume is that of *different people*. What this means is that people are only counted once as having listened to the station. Naturally many people will listen for more than one day and for more than one time period over the course of a week. For example, the 6:00 A.M.–midnight, Monday through Sunday period represents eighteen hours, seven days a week, or 126 hours: 504 quarter-hour periods (126 times 4).

We do this latter multiplication because, as mentioned earlier, all radio and television ratings are expressed in quarter-hour time segments. To be counted in a quarter hour in a radio or television ratings report, a person only has to listen or view for five minutes or more. If all of the people who listened in the average quarter hour were counted in all 504 quarter hours, the audience for KABC would be a whopping 41,428,800. However, by counting everyone only once, the net, unduplicated, cume audience of KABC is 1,077,500 adults 18+.

If an advertiser were to buy 504 commercials, one every quarter hour during the week (an unrealistically high number), he or she would make 41,428,800 gross impressions—but of course many adults 18+ would have been counted more than once in this calculation. This brings up another important rating concept that is often used by advertisers to evaluate a schedule: frequency.

Frequency

Frequency is the *average number of times the average person or household sees or hears a commercial.* Frequency is also referred to as *average frequency*, but in any case, it is important because it refers to the number of repetitions of a commercial to which the average listener or viewer is exposed. You may recall from persuasion theory that repetition is very important in building a message's strength.

Let's go back to the KABC example in the previous paragraph. If KABC's adult 18+ average-quarter-hour Metro Survey Area audience is 82,000 and if an advertiser bought 504 commercials as illustrated, he or she would make 41,428,800 gross impressions. We know, however, that only 1,077,500 different people listened to the station; therefore, each person would have heard the advertiser's commercial an average of 38.4 times (41,428,800 divided by 1,077,500). This deduction leads us to the useful formula:

$$\textit{Frequency} = \frac{\textit{Gross}}{\textit{Net}}$$

or, stated in another way:

$$\textit{Frequency} = \frac{\textit{Gross impressions}}{\textit{Cume}}$$

$$= \frac{(\textit{Average quarter-hour audience} \times \textit{number of spots})}{\textit{Net unduplicated audience}}$$

Frequency is a useful concept for evaluating advertising schedules, as is another one, called reach.

Exhibit 6-2 Advertising Reach and Frequency (Example 1)

	WAAA	*WBBB*
6:00 A.M.	10,000	5,000 (1st audience)
7:00 A.M.	10,000	5,000 (2nd audience)
8:00 A.M.	10,000	5,000 (3rd audience)
9:00 A.M.	10,000	5,000 (4th audience)
10:00 A.M.		

	WAAA	*WBBB*
Average quarter hour	10,000	5,000
Cume	10,000	20,000

Reach

Reach refers to how many different people are reached by a schedule. It's the same as cume; it refers to the total unduplicated audience.

Thus, advertisers often evaluate their schedules of commercials in terms of both reach and frequency: how many different people a schedule reaches and how often the average person hears a commercial.

We can now begin to see that ratings are a function of two things: *how many people watch or listen* and *how long they watch or listen*. Exhibit 6-2 illustrates the concept.

WAAA has 10,000 people who tune in at 6:00 A.M. and listen for sixteen straight quarter hours, or four full hours without tuning out. WAAA's average-quarter-hour audience is obviously 10,000 and so is its cume. No new people were added to WAAA's audience during the four-hour period, so only 10,000 different people tuned in to it. This listening pattern (although greatly exaggerated here) is similar to what might occur on an easy-listening radio station.

WBBB has 5,000 people listening during the average quarter hour, but 5,000 people stop listening at the end of each hour and 5,000 new people begin listening each new hour. Over the four-hour period WBBB has only one-half of WAAA's average-quarter-hour audience, but it has twice WAAA's cume. Twice as many different people listened to WBBB, but for shorter periods of time. This listening pattern (although greatly exaggerated here) is similar to what might be seen on an all-news radio station.

Let's look at the same notion another way in Exhibit 6-3.

In Exhibit 6-3, we see that WAAA with one-fourth the total cumulative audience of WBBB (or with one-fourth the reach) can have the same average-quarter-hour audience by scheduling programming that keeps people listening for longer periods of time.

If an advertiser bought time from each of the two stations above and the stations scheduled the commercials one each hour for the four consecutive hours, what would the

Exhibit 6-3 Advertising Reach and Frequency (Example 2)

	WAAA	*WBBB*
6:00 A.M.	10,000	10,000 (1st audience)
7:00 A.M.	10,000	10,000 (2nd audience)
8:00 A.M.	10,000	10,000 (3rd audience)
9:00 A.M.	10,000	10,000 (4th audience)
10:00 A.M.		

	WAAA	*WBBB*
Average quarter hour	10,000	10,000
Cume	10,000	40,000

advertiser's gross impressions, reach, and frequency be? First, gross impressions would be the number of spots (4) times the average-quarter-hour persons (10,000), or 40,000, on both WAAA and WBBB. However, the reach (cume or unduplicated audience) on the two stations is quite different. The reach is 10,000 different people on WAAA and 40,000 different people on WBBB. The advertiser achieves four times as much reach on WBBB as on WAAA, but because people listen for longer periods of time on WAAA, the advertiser achieves four times as much frequency on WAAA as on WBBB. Now, recall the formula for frequency:

$$\textit{Frequency} = \frac{\textit{Gross impressions}}{\textit{Cume}}$$

or, in other words . . .

$$\textit{Frequency on WAAA} = \frac{40{,}000}{10{,}000} = 4$$

$$\textit{Frequency on WBBB} = \frac{40{,}000}{40{,}000} = 1$$

Thus, 10,000 different people hear the advertiser's commercial four times on WAAA and 40,000 different people hear the advertiser's commercial once on WBBB.

From a salesperson's point of view, which station is easier to sell? That depends on what a customer's needs are. If repetition of a commercial message is more important to an advertiser, WAAA would be preferred. If reaching as many different people as possible is the goal, then WBBB would be preferred. For an advertiser who sells a product that is not highly differentiated and who has a lot of competitors advertising similar products, frequency would be important. On the other hand, if an advertiser is introducing a new product that is unique and has few competitors, reach might be the most important element.

One word of caution: In the above formula for calculating frequency, or in any formula that uses cume as an element, special calculations for cumes are needed. These must either be ordered from the companies that produce the ratings reports to estimate cume audience, or must be available as computerized formulas. *Cumes cannot be estimated by looking at a rating book, or by adding cume figures from one time period to another.* You can't get a net or cume figure from a rating report because you can't tell by looking at the ratings how many times a given person is counted in each quarter hour. Only the rating companies' computers can estimate this.

You can add average-quarter-hour figures and multiply them by the number of commercials in a schedule, but you cannot do this with cumes in a rating report. The cume for each time period stands on its own.

Exhibit 6-3 also brings out another concept: maintenance.

Maintenance

Since ratings are a function of how many people listen and for how long they listen, programmers in both radio and television do all they can to achieve *audience maintenance*—to keep people listening or viewing longer so they may be counted in more and more quarter hours. Programmers and promotion people at stations and networks tantalize audiences with such come-ons as offering prizes that "are coming up in just twenty minutes" on radio, or showing a provocative scene from the program "coming up next" on television.

To determine how relatively efficient a station or program is in achieving audience maintenance, a comparison figure is used. This statistic is determined by dividing the station's or program's cume by its average-quarter-hour. Go to Exhibit 6-1 and look at the KFWB row. If you divide the number in the *Adults 18+, Metro Survey Area, Avg. Pers.* column (433) into the number (10109) in the next column, *Cume Pers.*, you will get 24.6. This number (24.6) is called a *turnover factor*, or simply *turnover*. Now, if you did the same calculation for KJOI (divide 648 into 7784), you would get a turnover of 12.0. Thus, easy-listening KJOI is more than twice as efficient as all-news KFWB in keeping its listeners tuned in to the station. If you were an advertiser, you would need to buy only half as many spots as KJOI to reach its audience with a frequency of, for example, four, than you would on KFWB.

To keep turnover low, programmers in radio try to keep intrusive interruptions to a minimum and to keep positive features and familiar music to a maximum. Television programmers try to schedule programs of similar appeal back-to-back to keep people viewing from program to program.

The number of listeners and viewers programmers try to entice and maintain can be measured by several different techniques.

RATING TECHNIQUES

Four techniques are generally used to gather information about broadcast audiences: telephone coincidental, telephone recall, diaries, and meters.

Telephone Coincidental

Coincidental telephone surveys are conducted during a broadcast and measure current media use only. This is the oldest rating technique; it consists of randomly selecting telephone numbers from a directory, calling the numbers, and asking what the person on the line is listening to or watching. The advantage of this technique is that it is relatively inexpensive and fast—results can be given out the next day in most cases. Early radio research used the *telephone coincidental* technique. This methodology has some limitations, which became more unacceptable to advertisers with the advent of television because advertisers wanted more complete demographic information. Coincidentals only reflect a respondent's behavior at the exact time of the phone call—they reflect average-quarter-hour audience, but not cume. Currently no major national rating service uses this technique regularly, although coincidental surveys can be purchased to evaluate special programs or program changes during periods when other rating services are not taking surveys.

Telephone Recall

Recall surveys ask respondents by telephone to recall what they heard or watched recently. This technique was developed to try to overcome some of the disadvantages of the coincidental technique. RADAR, a rating service that measures audiences for network radio, uses this technique. Even though the *recall* technique is subject to some memory loss on the part of respondents, it does have several advantages over the coincidental technique. The recall methodology can measure both average-quarter-hour and cume, and can also measure both in-home and out-of-home listening or viewing. The latter is especially important in radio because so many people listen to radio while driving automobiles.

Diaries

Preselected individual listeners or viewers are provided with *diaries* in which they write down all of their in-home and out-of-home listening or viewing, normally for a one-week period. This technique is used by Arbitron to measure radio listening and by both Arbitron and Nielsen to measure television viewing.

For local market radio, Arbitron uses individual diaries that are kept by each member of a household for a full week. The diaries are known as *open-end diaries* because they contain no printed information about times or stations. These radio diaries are intended to be used as personal pocket pieces to encourage respondents to carry them around to record all of their listening habits. The diaries contain space for respondents to record demographic information such as age, sex, area of residence, and state.

Television diaries are more complicated than those for radio because they are assigned to a *TV set,* not to individuals as in radio. All viewing by all people has to be entered (adults, children, visitors, etc.). Television diaries are known as *closed-end diaries* because each quarter hour of the viewing day is printed on a line. On the back of television diaries, additional information is requested on the number of sets in the household, the number of color sets, family size, and race.

Diaries have many advantages over other measurement techniques. They are designed to measure individual, personal listening in radio, both at home and away from home, and in television they can measure how many people are watching a set. The diary technique also allows the rating company to select a new sample for each rating period.

One of the problems with the diary technique is that it can take up to eight weeks to produce a rating report and get it into the hands of stations, advertisers, and their advertising agencies. Another drawback is that, like any survey technique, diaries have some built-in biases. They tend to favor those radio stations to which people listen for longer periods of time, such as easy-listening, ethnic, and some talk stations. They also tend to favor radio stations with older listeners of a higher socioeconomic status, such as all-news stations. In television, diaries tend to favor network-affiliated stations and news programs.

Meters

Meters were pioneered by Nielsen, which uses them for both their national television ratings and their local metered markets. Arbitron also uses meters in those local markets where it has continuous metered service. Meters are electronic recording devices that attach to a television set and track every minute that the set is turned on and to what channel. The information gathered by the meter is stored and then sent to a central computer by phone line twice a day. The computer system then provides overnight rating results for a network or a station.

Since meters are mechanical, they are often more reliable than people are in recording the set tuning. However, they are very expensive to install and operate, so the number of people who have meters is relatively small. By design, the number of homes with meters changes gradually by 20 percent each year. If the people do not move out of metered homes, then meters are moved to ensure this turnover. The number of people who are included in the national television network sample is approximately 1700 people (more about the efficiency of samples later in this chapter), and the number of meters that Nielsen and Arbitron use for their local market reports is typically less than one-fourth of Nielsen's national sample.

There are two major complaints about meters. First, they record only if a television is turned on or off and they cannot measure how many people, if any, are watching. Second, since it takes five years for a metered group of people to change completely, if there is an error in the way the sample was originally selected, it will take a long time to be corrected. On the other hand, meters are fast and can provide overnight results for station and network programmers and for advertisers.

RATINGS COMPANIES AND THEIR METHODS

Ratings are as elusive as hummingbirds; they seem to flutter up and down, and are hard to get and harder to keep. When the ratings are up, broadcasters attribute the fact to brilliant strategy. When they are down, the programmers often blame the ratings companies, their methodologies, their samples, and their integrity. As has happened throughout history, recipients of unpleasant news try to blame the hapless messenger.

The two major syndicated ratings organizations, the Arbitron Ratings Company and the A. C. Nielsen Company, have survived in a highly competitive and high-cost business. Gone are ratings companies like Crossley, Hooper, Pulse, Trendex, the Source, and many more that tried and failed to make broadcast audience research profitable. Perhaps they were encouraged to try because of broadcasters' continual dissatisfaction with ratings, but these companies subsequently found, to their dismay, that station management always complained about research and ratings companies but were unwilling to support more research financially.

Arbitron, which surveys both radio and television, and Nielsen, which surveys only television, divide approximately $65 million in broadcast research expenditures each year. It is estimated that they survey 1.5 million United States households annually, which is the most extensive commercial research done in the country.

Arbitron is a subsidiary of Control Data Corporation, a major computer manufacturer and information-processing conglomerate. Arbitron has survived, particularly in the competitive and often marginally profitable radio research business, partly because of the financial and technical resources and backing of its parent company. Arbitron (formerly A.R.B., or the American Research Bureau) pioneered the technique to measure audiences using listener diaries in which people record their own listening habits, and it is still primarily associated with this technique.

Arbitron is the only company currently providing a nationwide rating service for local radio stations. Another radio ratings company, Birch, supplies ratings reports in some major radio markets. However, this company has generally not been accepted as an evaluative tool by many advertisers and advertising agencies, and thus it has limited sales utility.

The A. C. Nielsen Company is an independent subsidiary of Dunn & Bradstreet and is the country's largest market research company, with the television rating portion less than 15 percent of its total business. Nielsen developed the use of meters and it is still primarily associated with this technique.

Arbitron Radio Methods

Arbitron selects a sample of households in a local radio market to develop an *effective sample base* (more about sampling later in this chapter). In the past, Arbitron selected only telephone households to contact, but currently the company is using a technique called *Expanded Sample Frames* (ESF) in more and more markets in an attempt to sample more than just homes with listed telephones.

The ESF technique is used in both radio and television by Arbitron and Nielsen, and it involves random-digit dialing. By programming a computer to generate random telephone numbers within all of the possible combinations available in a local telephone exchange and then to dial them, the rating companies are not relying just on the telephone directories for their samples. This technique has increased the sampling of unlisted telephones, which in some cities can reach as high as 40 or 50 percent. The ESF technique has also increased the sampling of younger, more transient people—especially 18–24 year olds—whose numbers may not be in the directories yet.

Placement letters are sent to randomly selected households, and an Arbitron-trained interviewer follows up with a phone call to get as many households to cooperate as possible. If the people contacted agree to participate in the survey, the interviewer finds out how many people in the home are over 12; the interviewer then asks that each person record his or her listening habits in a diary for one week. At least five call-back attempts are made to reach selected households not reached with the first call.

Spanish-speaking interviewers are used whenever possible in markets with a high percentage of Spanish-speaking people. Special efforts are made to help people with English-language difficulties record their listening habits in their diaries. Arbitron also makes extra efforts to help people complete their diaries in areas that have been identified as traditionally having low diary return rates, such as *High Density Black Areas* (HDBAs).

Many radio stations target their programming specifically to ethnic audiences, and Arbitron takes great pains to see that all ethnic and minority audiences are measured as fairly and proportionately as possible.

The day before the radio surveys are sent out, Arbitron interviewers call to remind people that the rating period is beginning. The interviewers then call again in the middle of the week to see if there are any problems in filling out diaries. In spite of all of these precautions, only about 60 percent of the diaries returned are filled out accurately enough to be usable.

Arbitron has recently made some changes in the diary format and in the kinds of premiums it offers to people for their cooperation. These improvements were designed to make the diaries easier to complete and to improve the number of usable diaries returned during each rating period. Arbitron also works with local radio stations to get accurate slogan, program, contest, personality, and call-letter information so it can interpret the information listeners record in the diaries more accurately. In spite of Arbitron's best efforts, only about 50 percent of all diaries sent out are returned.

Arbitron conducts rating surveys four times each year for twelve weeks in the winter, spring, summer, and fall. Not all radio markets are surveyed each quarter; larger markets generally have four surveys a year; smaller markets may have only one or two a year. Spring is the one time during the year when all of the approximately 200 markets Arbitron surveys are measured. This twelve-week period when all markets are measured is referred to as a *sweep;* the other sweep period is in the fall when a majority, but not all, markets are also measured.

In the front of its ratings reports, Arbitron lists radio stations that have engaged in "unusual promotional activity." These activities are often referred to as *hypoing,* and consist of unusually heavy promotion, contests, advertising, or disc jockeys trying to influence how people record their listening habits. Most stations claim they promote year-round and that no activity is unusual. Occasionally, however, advertisers and their agencies will reevaluate a rating position for a station that conducts unusually heavy promotional activity that might have had an impact on the ratings, thus making those ratings questionable.

Recall the format for the Arbitron radio report shown in Exhibit 6-1. The time periods shown in a ratings report correspond to traditional radio rate-card time periods such as 6:00–10:00 A.M., Monday through Friday, and 10:00 A.M.–3:00 P.M., Monday through Friday, etc. (more about rate cards in Chapter 8, "Rate Cards and Maximizing Revenue").

Nielsen

Nielsen does not measure radio audiences, but it does compete with Arbitron in measuring local television audiences. However, it is the only company that measures nationwide television and cable network audiences. Nielsen calls its local television market ratings reports the *Nielsen Station Index* (NSI) and its network reports the *Nielsen Television Index* (NTI). Arbitron calls its local television market area the *Area of Dominant Influence* (ADI); Nielsen calls its local television market area the *Designated Market Area* (DMA). These areas are identical in a given locality.

Even though Nielsen surveys national cable networks, it does not survey audiences of local cable systems. Arbitron does not survey local cable either, which means that local cable salespeople have the opportunity to sell advertisers results and quality, rather than merely numbers.

Nielsen's station index reports are not formatted the same as the Arbitron radio report shown in Exhibit 6-1, because people watch television differently than they listen to radio, and thus advertisers buy the two media differently. Generally, people listen to radio stations, but they watch specific television programs. Therefore, television ratings reports are formatted to show program audiences and the breaks between programs.

For most local television markets, Nielsen, like Arbitron, randomly places diaries in homes in much the same manner as radio diaries are placed. Television diaries are assigned to each TV set in a household, not to individuals, as in radio.

Even though television diaries each have fifteen-minute time periods printed in the diary, many people still have trouble filling them out accurately; of the returned diaries, the fraction that are usable is roughly the same as that for radio—about 60 percent.

In the top ten markets in the country, Nielsen competes with Arbitron in providing stations with continuously metered audience measurement, and these markets now have daily overnight ratings reports. Nielsen and Arbitron compete fiercely to add more markets to their lists of metered markets.

Meters in local markets are placed in approximately 300 homes that change every five years. To supplement a metered sample so they can provide detailed demographic information, Nielsen and Arbitron mail diaries to a larger sample of homes in both the DMA (and ADI) and TSA. The demographic and TSA data gathered in the diaries are combined with the meter data to provide demographic information for the published ratings reports. The overnight ratings show only the household ratings and share information gathered by the meters, which cannot record demographic information.

The continuously metered markets have generally seen a slight decline in television station hypoing, but stations still engage in some increased promotional activity because of the importance of the sweep reports (national sweeps in television occur in November, February, May, and July). Television stations not only "hypo" the ratings by advertising more during the sweeps, but also by programming blockbuster-type programming specials.

The Nielsen local television market ratings books are similar in layout to Arbitron's books (see Exhibit 6-9 for a sample page of an Arbitron Ratings television report). In the front of the reports, Nielsen and Arbitron include useful market information such as the number of chain stores, the major newspaper circulation, and the automobile registration as well as current census data and television information.

Nielsen and Arbitron make special efforts in most television markets and take special precautions to see that all ethnic and minority groups are measured appropriately.

Broadcast Rating Council Accreditation

One of the reasons that Nielsen and Arbitron have survived is that they have taken great pains to see that their methodologies and techniques are constantly refined and updated. The methodologies of both companies are audited and accredited by the Broadcast Rating Council, an industry-supported association that monitors the ratings companies to assure broadcasters and advertisers that technical standards remain high. Each company reinvests large portions of its income to keep its research credible to the advertising community. Even though advertisers and advertising agencies decide which ratings company's research to use in evaluating commercial schedules, broadcasters pay over 90 percent of the total costs for the research.

The audience estimates produced by Arbitron and Nielsen are as valid and reliable as money, statistics, good sampling techniques, and high-speed computers can make them.

SAMPLING

Sampling is a complex subject, but since much of the criticism of broadcast and cable research focuses on the size of the samples Arbitron and Nielsen use, it is worthwhile to develop a rudimentary understanding of it. Perhaps the following dreamlike example will help.

Suppose you wanted to find out how many media salespeople in the United States were in radio, how many in television, how many in cable, how many in newspapers, and how many were in the other media. You gather all of the media salespeople in the country into a large stadium and begin by asking for a show of hands for those in television, then for those in radio, and so on. You would soon realize that it was impractical, to say nothing of confusing, to try to count everyone. It's time to take a random sample so you can *infer* the distribution by media of the various salespeople in the stadium.

Since to get into the stadium all the media salespeople had to take a number, you begin to choose numbers randomly from a hat. You decide to choose a sample of 100 people. You then offer a free Super Bowl ticket to all of the people whose numbers have been chosen, so they naturally come forward immediately and you ask them which medium they represent.

You have just conducted a reasonably good random-sample survey, and you can now infer that—whatever the distribution of salespeople by medium—the odds are pretty good that a similar distribution exists in the total population of media salespeople. Next, you offer a free Super Bowl ticket to 100 more randomly selected salespeople, hoping to improve the accuracy of your prediction.

However, being no dummy, you realize that all the free Super Bowl tickets are costing you way too much, and that you were probably close enough with your first estimate. You are aware of the statistical formula that proves that *the standard error of any sample is in inverse proportion to the square root of the sample size*. In simpler terms, that means that *in order to double the accuracy of your estimate, you would have to quadruple your sample size*. You certainly don't feel like shelling out money for 400 tickets, so you become even more satisfied with your estimate based on your sample of 100.

This fantasy is merely a method to make the subject of probability sampling more digestible. For further study and reference, the National Association of Broadcasters has a useful booklet titled *Standard Definitions of Broadcast Research Terms*. Following is a condensation and summary of the sampling terms you should be familiar with to sell for broadcasting or cable.

Sample

A *sample* is a portion of a population from which an inference is going to be made about the characteristics of the entire population. A sample must be selected according to some sampling plan, which includes the type and size of the sample.

There are two general types of sampling: quota sampling and probability sampling. *Quota sampling* is a type of nonprobability sample in which quotas are set for the number of respondents of various types to be surveyed. For example, quotas may be set for various geographic areas, for various age groups, or for various income levels. The aim of quota samples is to try to match the sample to characteristics of a total population. However, since the quotas are not determined on a probability, or random, basis, there is no way of measuring the probable size of the sampling error involved. Quota samples are based on judgment or convenience and may or may not be accurate, but there is no way of calculating how accurate they might be.

With *probability sampling*, every unit (household or person) has an equal chance of being selected; it is also referred to as a *random sampling*. There are several kinds of probability sampling, such as *stratified sampling* and *cluster sampling*, which we will not go into here, but each of them permits one to compute the limits of the margin of error that is attributable to sampling.

Sample Size

The term *sample size* refers to the number of units (households or people) actually used to tabulate information. In this sense, the sample size is referred to as an *in-tab sample* by the ratings companies because not all of the diaries mailed out or returned are usable, and only those that are usable become eligible for tabulation to determine the size of an audience.

Standard Error

The *standard error* of a rating is the amount of error that can be attributed to the sampling itself. It does not include errors that might occur from the inaccurate filling-out or reading of diaries, or from printing errors that might occur in a report.

A standard error can only be calculated from a probability, or random, sample. The standard error is typically expressed in percentage terms and it depends on the size of the sample and of the rating. If you are interested in pursuing the calculation of standard errors further, look in the back of an Arbitron radio or television report or Nielsen television report; these reports discuss how to determine the standard error, or possible fluctuations, of any rating in the report, including the confidence level of the rating.

Standard errors are expressed as limits of probable variations, plus or minus a certain percentage from a rating. For example, the standard error for a television station's household rating of 15.0 might be plus or minus 0.7, with a confidence level of 0.05. The *confidence level* means that ninety-five times out of a hundred the *true* rating in the total population from which the sample was taken will fall between 14.3 and 15.7.

Standard errors can be reduced by averaging ratings across many time periods, across many markets, or across several ratings reports. Average-quarter-hour ratings are more reliable (have a lower standard error) than cume ratings, even though cume numbers are larger. This apparent inconsistency comes about because the more averages that are taken, the more the possibility of sampling error is minimized.

Some understanding of sampling is important because although advertisers rarely complain about the vagaries of diary or meter techniques, they are often quick to ask how a station can claim to be number one with "such a small sample." Hollywood producers, directors, and stars weep and tear their garments when their network programs are cancelled, and they blame the "tiny" sample.

To avoid as much of this criticism as possible and to satisfy advertisers' desire to have accurate audience information, Arbitron, Nielsen, the stations, and the networks all go to great lengths to make sure that sampling techniques are adequate and reasonable to estimate audience size.

The ratings companies can produce distinguished statisticians who can prove that a national sample of 1700 people is more than adequate to estimate the ratings for network programs within acceptable tolerances; they also try to prove that a metered sample of from 350 to 500 people is all that is needed to get an acceptable estimate of household ratings in local television markets. These samples are acceptable in the sense that advertisers and broadcasters have agreed—through a variety of industry committees, associations, and councils—that the standard error ranges are within acceptable limits to buy and sell time and to make informed programming decisions. Furthermore, over the years Arbitron and Nielsen have been amazingly close in their rating estimates; the same programs crop up week after week among the top ten in both services in television, a situation that could not happen with inadequately designed samples.

The next time you hear someone complain that a sample is too small, remind him or her that the standard error of a rating is in inverse proportion to the square root of the sample size, *not* to the size of the entire population. That goes for all samples, regardless of the size of the universe sampled. Thus, a sample size of 400 people is just as accurate to measure ratings in the national population as it would be to measure ratings in the population of metropolitan Chicago. If your doubter does not accept this explanation, suggest that the next time a nurse takes a blood sample of just a few drops, he or she should insist on having a couple of quarts drawn to reduce the size of the sampling error.

USING RATINGS

If you sell in a small market where ratings are not normally used by advertisers, don't start using ratings. The old adage, "live by the sword, die by the sword," applies to the use of ratings. It is nice to be number one, but only one station can make that claim, and usually not forever. So avoid the possibility of eventually having to die by the ratings.

If you must use ratings, you will use them primarily to create a differential competitive advantage, or to compare your schedule of spots to that of your competitors' stations/systems or to a schedule in another medium.

There are two types of comparisons: those that involve costs and those that do not. Use the ones that are cost-oriented only if you have to, and then use them as little as possible. As we discussed earlier, you do not want to rely only on price because this tactic limits your ability to focus an advertiser's attention on many of the other important quality elements of your station/system and its programming. You want to focus on *value,* not on price.

However, eventually you will have to use cost comparisons, especially in larger markets. Following are several types of cost comparisons:

Cost-Per-Thousand (CPM)

One of the most commonly used cost comparison techniques is *Cost-Per-Thousand*. The formula used to calculate CPMs is simple:

$$CPM = \frac{\textit{Total cost of a schedule}}{\textit{Gross impressions/1000}}$$

Exhibit 6-4 contains an example of this technique.

CPMs are useful for comparing the relative *efficiency* (a common synonym for CPMs)

Exhibit 6-4 Example of Cost-Per-Thousand (CPM)

Time/Day	*60-second spots*	*ARBITRON Spring 18+ Adults Avg. 1/4 hr.*	*Gross impressions*
6–10 A.M. (Mon–Fri)	5	10,000	50,000
3–7 P.M. (Mon–Fri)	3	8,000	24,000
Total	8		74,000

$$\text{Cost of Schedule} = \$200.00$$

$$\text{CPM (Cost Per Thousand)} = \frac{\$200}{74{,}000/1{,}000} = \frac{\$200}{74}$$

$$\text{CPM} = \$2.70 \text{ (Adults, 18+)}$$

of schedules—on a station or system, on two or more stations in the same market, among media, or among markets.

Cost-Per-Thousand can be expressed for a variety of different demographics, survey areas, and time periods, so it is necessary to label them properly. CPM numbers alone are meaningless; they must be compared to other alternative CPMs in the same demographic area, survey area, etc.

Cost-Per-Thousand Reached

This is a CPM based on cume rather than on average-quarter-hour, as in the example in Exhibit 6-4. The formula for CPM reached is as follows:

$$\textit{CPM reached} = \frac{\textit{Total cost of schedule}}{\textit{Cume of schedule/1000}}$$

To calculate a CPM-reached figure, you must either have a system that estimates a schedule's cume, or order a special tabulation from a ratings company for a fee. Remember, you cannot add cume figures from a ratings book, so you must get cume estimates from other sources. Many stations have computer systems that will estimate a schedule's reach, and some stations have special hookups to the computers at the ratings companies from which they can get a schedule's cume.

The value of the CPM-reached statistic is that it indicates how many thousands of different people are reached per dollar. It might be used effectively by a radio station with an especially high cume.

Reverse Cost-Per-Thousand

This statistic can be useful in comparing a schedule on your station (whose prices, of course, you know) to a schedule on a station whose prices are unknown. When presenting reverse CPMs, show your schedule and CPMs; then show a similar schedule on a competitive station and indicate the price the other station would have to charge to meet your CPM levels. Exhibit 6-5 contains an example of how to present reverse CPMs; your station is WAAA.

Reverse CPMs are not a widely used comparison, but they can be useful in certain selling situations, particularly when preventive selling or forestalling an objection is appropriate.

Cost-Per-Point (CPP)

Another cost comparison technique often used to *Cost-Per-Point* or *Cost-Per-Rating-Point*. The CPP formula is similar to that for calculating CPMs:

$$CPP = \frac{\text{Total cost of schedule}}{\text{Gross rating points}}$$

Exhibit 6-6 contains an example of how to figure Cost-Per-Point.

CPP calculations are used primarily by advertisers and advertising agencies for media-planning purposes, to compare costs among markets, and to plan on how much they will have to spend to achieve a desired advertising weight in a market. Since CPPs are based on rating points (metro persons ratings in radio and ADI or DMA household ratings in television), they will increase as the size of the market increases. For example, a rating point (1 percent) represents many more people in New York than in Amarillo, and thus commands a much higher price.

Ratings can also be used to compare advertisers' schedules on factors other than cost-related ones. One effective non-cost comparison can be made based on comparison between two stations' schedules and on how both fit into the context of an advertiser's schedule in the entire market.

Exhibit 6-7 shows an example of a total market schedule comparison among three stations. A hypothetical advertiser wants to reach women in the 25–34 age group primarily, and adult women in general.

In the example in Exhibit 6-7, forty-five spots would be placed in a market on three radio stations. The schedule would deliver 350,000 women 25–34 impressions and 947,000 women 25–54 impressions. Assume that the CPMs for women 25–54 are the same for all three schedules. Could the market buy be improved? If you were the salesperson for WBBB, how would you try to change the proposed buy? The answer is by analyzing the *distribution of impressions*.

You would first look at the distribution of the population in your city. You find that 45 percent of the women 18+ in your market are in the 25–54 age group. Next, you would point out that the proposed market schedules are a little below the market percentage of women 25–34 (37 percent versus 45 percent). In addition, too many impressions would

Exhibit 6-5 Example of Reverse Cost-Per-Thousand

Station WAAA

Time/Day	*60-second spots*	*ARBITRON Spring Women 24–54 Metro persons Avg. 1/4 hr.*	*Gross impressions*
6–10 A.M. (Mon–Fri)	5	10,000	50,000
10 A.M.–3 P.M. (Mon–Fri)	5	5,000	25,000
10 A.M.–3 P.M. (Sat)	2	12,000	24,000
Total	12		99,000

WAAA schedule cost: \$300
WAAA CPM (Women 25–54, Metro) = *\$3.03*

Station WBBB

Time/Day	*Spots*	*ARBITRON Spring Women 24–54 Metro persons Avg. 1/4 hr.*	*Gross impressions*
6–10 A.M. (Mon–Fri)	5	9,000	45,000
10 A.M.–3 P.M. (Mon–Fri)	5	5,000	10,000
10 A.M.–3 P.M. (Sat)	2	10,000	20,000
Total	12		75,000

WBBB's schedule of twelve spots delivers 75,000 gross impressions. To equal WAAA's Cost-Per-Thousand, WBBB would have to charge \$227.75 for the twelve spots.

$$\frac{\$3.03}{1{,}000} \text{ (WAAA CPM)} \times 75{,}000 = \$3.03 \times 75 = \$227.75$$

Exhibit 6-6 Example of Cost-Per-Point

Time/Day	*Spots*	*ARBITRON Spring Adults 18+ Avg. pers. rtg.*	*Gross rating points*
6–10 A.M. (Mon–Fri)	5	2.3	11.5
3–7 P.M. (Mon–Fri)	3	1.2	3.6
Total	8		15.1

$$\text{Cost of schedule} = \$200$$

$$\text{Cost per rating point} = \frac{\$200}{15.1}$$

$$\text{CPP (Adults, 18+)} = \$13.25$$

Exhibit 6-7 Comparison of Schedules

	Spots	*Women 25–54 Avg. 1/4 hr.*	*Full week Impress.*	*Women 25–34 Avg. 1/4 hr.*	*Full week Impress.*	*Women 25–34 Percentage of impress.*
WAAA	10	50,000	500,000	12,000	120,000	24
WBBB	15	15,000	225,000	10,000	150,000	67
WCCC	20	11,000	222,000	4,000	80,000	36
Total	45		947,000		350,000	37

be directed toward women 35–54 in the proposed schedules, and too few toward women 25–34.

You would recommend that all the spots on WCCC be transferred to WBBB. Not only would the total buy be improved by increasing the gross impressions, but the distribution of the schedules' total impressions would more closely fit the distribution of women 25–54 in the population. Overall, the buy would be more effective in reaching the advertiser's target audience. Exhibit 6-8 shows how your recommended buy would look.

Exhibit 6-8 Improvement of Schedule

	Spots	*Women 25–54 Avg. 1/4 hr.*	*Full week Impress.*	*Women 25–34 Avg. 1/4 hr.*	*Full week Impress.*	*Women 25–34 Percentage of impress.*
WAAA	10	50,000	500,000	12,000	120,000	24
WBBB	35	15,000	525,000	10,000	350,000	67
Total new buy			1,025,000		470,000	46
Total old buy (Exhibit 6-7)			947,000		350,000	37
Improvement			8.2%		34.3%	

Thus, you have delivered 8.2 percent more women 25–54 impressions and a *whopping* 34 percent more women 25–34 impressions, plus you have matched the market demographics better for *virtually* the same cost (the old total market schedule cost *only* 7.6 percent less than the new one). You have presented a schedule with a solid advantage and one that better meets the advertiser's needs.

Dramatize Your Numbers

As shown in Exhibit 6-8, the advantages of your numbers can be dramatized. When you present your schedules, use appropriate descriptive adjectives. Thirty-four percent becomes even more impressive when referred to as *whopping*, and 7.6 percent becomes less meaningful when referred to as *only 7.6 percent;* this difference is further minimized by referring to an increase of *only 7.6 percent* as *virtually* the same cost.

Here is a way to enhance or minimize your numbers without any falsification. If you have a positive advantage, divide the larger number by the smaller number and subtract 1.0 from the answer. The resulting number gives the percentage by which the larger number exceeds the smaller one. For instance:

$$\frac{1{,}025{,}000}{947{,}000} = 1.0824 - 1.000 = 0.082 = 8.2\% \text{ advantage}$$

If you have a negative advantage, such as lower costs or lower CPMs, subtract the smaller number from the larger one, then divide the difference by the larger number. For example:

$$\begin{array}{r} 1{,}025{,}000 \\ -947{,}000 \\ \hline 78{,}000 \end{array}$$

$$\frac{78{,}000}{1{,}025{,}000} = 0.076 = 7.6\% \text{ smaller}$$

The advantage of using the above calculations to dramatize your numbers can be seen more clearly with this example: 150 is 50 percent greater than 100, but 100 is only 33 percent less than 150. The different in percentage is a result of which number is chosen as the basis. The numerical difference, 50, remains the same regardless.

Take your pick, but always use the one that dramatizes your advantage best. Some other non-cost comparisons are as follows:

Schedule Balance. The critical point to remember from the examples in Exhibits 6-7 and 6-8 is that any station's or system's schedule must be looked at within the context of the entire schedule for a market. The notion is that a *balanced market buy* is best. This idea can be applied in a variety of ways; among them are the following:

TSA-MSA Balance. Some stations, particularly in radio (as we saw in the case of KFI), have a relatively high percentage of their audience in the TSA, which is fine for certain advertisers. However, if you are competing against a large-coverage station, you might want to point out what percentage of your audience is in the MSA and what percentage of your competitor's audience is in the TSA.

Frequency Balance. Balancing frequency might be accomplished by suggesting that an advertiser is buying too many spots on, for example, an easy-listening radio station, which may have a low turnover and low cumes and thus may build freqency with relatively few people. In television, it could be accomplished by suggesting that an advertiser is putting too many spots in prime time on an expensive network-affiliated station. The advertiser might want to divert some of that money to buy more spots in early fringe time on an independent television station to build up frequency.

Appendix A contains two presentations that further discuss the importance of frequency to an advertiser and the way to determine how much frequency is enough: the *Frequency is the Key* . . . modular presentation and the *Frequency Grid.*

Reach Balance. Many times advertisers will be in love with the idea of sponsoring a particular program, such as a newscast on radio. However, by purchasing the program over a long period of time, the advertiser is usually reaching the same people over and over again, since much of the viewing and listening to television and radio stations is done by force of habit. By changing his or her buy to a schedule of rotating spots, or by adding another station, an advertiser can usually increase the reach of his or her schedule.

Another technique for balancing reach might be to analyze schedules on several stations and to compare the stations' turnover by demographics. For instance, one radio station might do well with men 18–24 on an average-quarter-hour basis but have a low cume in that demographic area. You might suggest that several stations be purchased to add more rating points and to increase reach among men 18–24.

By the way, 100 gross rating points does not mean that you are reaching 100 percent of the population. You can add rating points and come up with 100, 200, or 300 gross rating points, but they are just that—gross, not net. When you add up rating points, you count some people or households more than once. If the rating companies do not look at the actual diaries or meter data, or if you do not use some computerized estimating formula, you do not know how many people or households are being counted more than once.

Rating Trends. Another useful non-cost comparison is rating trends. In the front of Arbitron radio reports is a trend page that shows how stations have done for the last five ratings reports. Exhibit 6-9 shows a page from a May 1984 Los Angeles Arbitron Ratings television report. Look down the first column until you come to the KCBS row, which is the first entry under the heading *8:00–8:30* P.M. Now look across the KCBS row under the columns labeled *ADI TV HH Share/HUT Trends.* You will see the trend for the CBS network program *The Scarecrow and Mrs. King* reading backwards from March 1984 to May 1983: 17, 20, 19, and 13.

By averaging ratings over the several ratings reports, you can sometimes soften the effect of an unfavorable report, or you can show a more realistic picture of what a long-term buy might deliver than from just looking at one report. Trends are important for showing the differences in seasonal ratings or the effects of special programming.

Time Period Versus Program Ratings. In television, salespeople must be aware of the difference between time period ratings and program ratings, and they must learn to use the most logical and advantageous ones whenever possible. Due to the constant changes in television network programming, particularly with so much prime-time *stunting* (moving programs around to get a strategic advantage) done by the networks, television salespeople are often faced with selling estimated ratings for new programs and for programs that are moved to new time periods. In the latter case, which rating do you use, the rating of the time period where the new program is going, or the program rating in the old time period? The answer is that you will probably have to negotiate an acceptable rating estimate and compromise with an advertiser. Therefore, in line with an important rule of negotiating, it is probably best to start with the highest estimate and come down.

The Importance of Accuracy

Remember one final note on using ratings: always be accurate. Double-check all of your numbers and calculations; mistakes can cost your station money or, just as bad, can ruin your source credibility with advertisers and advertising agencies.

SUMMARY

Although ratings are not used in all markets, especially in smaller markets, salespeople should learn to use them, just as eighteenth-century European gentlemen learned to use a sword—primarily for defensive purposes.

Ratings are quantitative measures of viewing or listening behavior and are a vital part of the broadcasting and cable business. They not only help advertisers make media-buying

Exhibit 6-9 Arbitron Rating

Weekly Program Estimates | **Time Period Average Estimates**

DAY AND TIME / STATION	PROGRAM	WEEK-BY-WEEK ADI TV HH RATINGS WK 1 5/2	WK 2 5/9	WK 3 5/16	WK 4 5/23	ADI TV HH RTG	ADI TV HH SHR	ADI TV HH SHARE/HUT TRENDS MAY '84	FEB '84	NOV '83	MAY '83	METRO TV HH RTG	METRO TV HH SHR	TOTAL SURVEY AREA, IN THOUSANDS (000's) TV HH	PERSONS 18+	PERSONS 12-24	PERSONS 12-34	WOMEN TOT 18+	WOMEN 18-49	WOMEN 12-24	WOMEN 18-34	WOMEN 25-49	WOMEN 25-54	WKG WMN 18+	MEN TOT 18+	MEN 18-49	MEN 18-34	MEN 25-49	MEN 25-54
		1	2	3	4	5	6	58	59	60	61	8	9	11	12	15	16	18	19	20	21	22	23	24	25	26	27	28	29
RELATIVE STD-ERR THRESHOLDS (1 σ)	25%	3	3	3	3	2						3		80	50	57	54	37	37	51	41	34	34	37	39	41	50	36	36
	50%	-	-	-	-	-						-		20	12	14	13	9	9	13	10	8	8	9	9	10	12	9	9
MONDAY																													
7:30P- 8:00P(CNTD)																													
KTTV	DODGR BSBL	18				18	29					18	31	835	1092	388	560	475	201	21	94	180	187	89	616	388	229	258	286
	MKRP IN CNN		8	8	5	7	12					7	13	330	474	156	277	221	168	66	96	128	142	68	254	195	127	134	155
	--4 WK AVG--					10	17	16	13	10	14	10	18	457	629	214	348	284	176	55	96	141	153	73	344	243	152	165	188
KCOP	PEOPLES CRT	5	7	7	7	6	11	14	12	11	12	6	11	304	505	57	154	301	125	36	74	102	119	70	205	104	53	98	108
KMEX	BAILA CONMGO	3	3	3	2	3	5	6	6	5	4	3	5	117	165	36	79	96	76	24	43	55	67	33	69	52	27	46	55
KTBN	PRAISE LORD	1		1	-	1	1					1	1	27	6			6	5			6	6						
	PRAISE-A-THN		1			1	1					1	1	26	1										1	1		1	1
	--4 WK AVG--					1	1	1	1	••	1	1	1	27	5			4	4			4	4						
KBSC	STV	1	1	-	-	1	1	1		1		1	1	28	32		9	15	8		6	8	15	6	18	10	3	10	18
KDOC	MOVIE	-	-	1	1	1	1		1		••			25	17	17	17	4	4	4	4				14	14	14		
KCET	PTV	2	2	2	1	2	3	4	5	3	2	1	2	79	113	19	33	37	8	5	4	4	14	6	75	36	28	23	25
KOCE	PTV	-	-	-	-																								
	HUT/TOTAL	60	60	60	48	57		64	68	70	61	56		2625	3618	828	1590	1957	1053	382	600	816	932	473	1661	1085	641	848	955
8:00P- 8:30P																													
KCBS	SCRCROW-KING	11	7	10	7	9	14	17	20	19	13	8	14	391	543	93	189	330	133	50	75	111	152	66	213	113	73	82	105
KNBC	TV BLPR-JOKE	14	14		11	13	22					13	23	578	753	234	380	401	256	113	151	193	216	119	352	223	100	181	212
	FRST OLYMPCS			12		12	19					13	20	541	819	300	475	433	239	150	141	179	198	135	386	264	168	190	222
	--4 WK AVG--					13	21	23	24	21	20	13	22	569	769	251	404	409	252	122	149	190	212	123	361	233	117	183	215
KTLA	CHS MOVIE	9	6	6	9	7	12	9	7	11	14	7	12	368	557	188	333	218	161	49	99	115	125	54	339	238	147	183	220
KABC	GOING BCK HM	11				11	17					11	16	505	662	181	284	449	293	77	149	216	241	157	214	129	45	115	147
	BLNDS-BRUNTS		12			12	20					13	22	537	767	282	407	420	316	144	184	224	234	150	346	249	145	138	149
	FUNIEST JOKE			15		15	23					14	21	642	798	209	412	447	295	152	170	224	224	137	351	270	151	224	225
	ABC MON MOV				10	10	20					10	20	477	723	82	236	381	191	47	119	153	197	111	342	203	99	176	208
	--4 WK AVG--					12	20	22	26	26	22	12	20	540	738	189	335	424	274	105	155	204	224	138	313	213	110	163	182
KHJ	JOKERS WILD	4	3	5	3	4	6	8	4	3	5	4	7	181	278	42	79	170	38	19	19	36	43	22	108	90	28	42	43
KTTV	DODGR BSBL	17				17	26					17	27	762	1031	189	365	432	267	15	74	253	253	76	599	394	291	219	251
	DODGR PSTGME	5				5	7					5	8	242	293	66	124	89	62	2	18	61	61	21	204	159	106	95	106
	ENTRTNMT TON		3	3	3	3	5					3	5	140	199	47	78	110	63	20	25	44	56	25	90	59	33	52	65
	--4 WK AVG--					5	8	6	9	6	8	5	8	231	315	67	120	147	89	17	30	72	81	31	168	113	74	78	93
KCOP	8 OCLOCK MOV	4	9	11	7	8	12	6	8	8	13	7	12	359	579	81	247	309	188	44	112	151	166	77	270	193	126	158	167
KMEX	CHMB PAQUITA	2	4	3	2	3	5	7	6	5	4	3	5	121	182	57	93	86	48	6	21	47	75	42	96	58	40	35	39
KTBN	PRAISE LORD	1		-	-	1	1					1	1	26	13		1	9	5		1	5	5	2	4				
	PRAISE-A-THN		1			1	1					1	1	26	28			27	27			27	27		1	1		1	1
	--4 WK AVG--					1	1	1	1	••	2	1	1	26	16		1	13	11		1	11	11	1	3				
KBSC	STV	1	1	1	1	1	1		1	1		1	1	32	31	3	13	12	7	1	5	7	12	4	19	12	7	10	17
KDOC	MOVIE	-	-	-	1						••			14	3	3	3	1	1	1	1				2	2	2		
KCET	PTV	2	2	2	1	2	3	5	3	4	2	2	3	77	111	7	29	48	21	3	15	18	26	6	63	25	12	24	32
KOCE	PTV	-	-	-	-									5															
	HUT/TOTAL	66	61	65	53	61		66	69	70	63	60		2914	4122	981	1846	2167	1223	417	682	962	1127	564	1955	1250	736	958	1113
8:30P- 9:00P																													
KCBS	SCRCROW-KING	13	7	9	9	10	15	18	20	18	12	9	14	425	595	104	222	348	160	58	93	134	172	78	246	141	84	107	132
KNBC	TV BLPR-JOKE	19	15		13	16	25					16	26	690	900	277	479	486	327	128	189	263	288	141	413	271	129	220	255
	FRST OLYMPCS			13		13	19					14	20	576	876	338	540	463	271	171	168	197	216	148	413	201	187	212	244
	--4 WK AVG--					16	23	25	25	23	22	15	24	661	894	292	495	480	313	138	184	246	270	143	413	276	144	218	252
KTLA	CHS MOVIE	11	7	9	11	9	14	9	7	10	15	9	14	450	671	233	390	252	182	57	106	128	143	65	419	293	177	221	269
KABC	GOING BCK HM	11				11	16					11	17	510	719	200	303	486	289	73	143	217	252	182	233	131	58	105	148
	BLNDS-BRUNTS		11			11	17					12	19	470	710	338	467	406	322	175	212	213	226	130	303	232	155	103	126
	FUNIEST JOKE			18		18	25					17	26	769	920	302	562	484	338	207	214	241	261	133	437	357	223	278	279
	ABC MON MOV				12	12	20					12	20	542	854	113	326	439	242	66	152	199	246	129	415	258	147	216	257
	--4 WK AVG--					13	20	24	28	26	22	13	20	573	801	238	414	454	298	130	180	217	246	143	347	245	146	175	202
KHJ	TC TAC DOUGH	4	4	5	4	4	6	6	4	3	4	4	6	187	281	36	66	175	44	14	14	42	50	23	107	54	27	45	45
KTTV	ENTRTNMT TON	3				3	4					3	5	139	154	39	52	62	28	2	3	26	26	2	92	39	24	28	34
	PM MAGAZINE		4	3	2	3	5					3	5	139	213	44	75	118	58	22	27	44	50	28	95	65	35	49	54
	--4 WK AVG--					3	5	4	7	4	4	3	5	139	198	43	69	104	51	17	21	39	44	22	94	59	32	44	49
KCOP	8 OCLOCK MOV	4	9	11	6	8	12	6	8	9	14	8	12	369	600	88	259	314	206	47	119	168	184	67	287	203	128	165	179
KMEX	2 MUJRS CASA	3	3	3	2	3	4	6	5	6	3	3	5	125	187	68	79	83	49	11	9	45	76	42	104	68	37	38	46
KTBN	PRAISE LORD	-		-	1							1	1	18	5			5	3			3	3						
	PRAISE-A-THN		1			1	1					1	1	29	17			16	16			16	16		1	1		1	1
	--4 WK AVG--							1	1	••	2	1	1	21	8			8	6			6	6						
KBSC	STV	1	1	1	-	1	1		1	1		1	1	26	21		9	8	4		4	4	8	4	14	10	5	10	14
KDOC	MOVIE	-	-	-	-						••			11															
KCET	PTV	2	3	2	-	2	3	6	2	5	2	2	3	77	108	7	36	44	27	3	18	24	31	8	63	30	14	30	40
KOCE	PTV	-	-	-	-									6															
	HUT/TOTAL	69	63	69	58	65		67	71	71	66	64		3070	4364	1109	2039	2270	1340	475	748	1053	1230	595	2094	1379	794	1053	1228
9:00P- 9:30P																													
KCBS	KATE-ALLIE	10				10	14					10	14	433	611	86	242	374	208	54	120	191	219	132	237	150	78	129	148
	ONE DAY TIME		9	14	7	10	16					10	16	456	583	150	308	351	214	102	156	147	156	109	231	134	104	99	108
	--4 WK AVG--					10	15	19	17	22	12	10	15	450	590	134	291	357	213	90	147	158	172	115	233	138	97	106	118
KNBC	NBC MON MOV	25				25	35					24	34	1088	1514	535	857	725	571	228	329	447	469	203	788	632	373	477	536
	CNTRY MS AWD		14			14	21					12	18	611	1069	175	246	599	272	71	112	201	238	146	470	250	122	158	208
	FRST OLYMPCS			15		15	21					16	22	662	1028	364	620	553	350	179	203	279	304	201	475	325	185	263	314
	SALUT-B HOPE				15	15	24					16	25	660	1048	179	382	653	308	86	200	230	252	138	395	199	142	137	163
	--4 WK AVG--					17	25	22	25	22	30	17	25	755	1165	313	551	633	375	141	211	289	316	172	532	351	206	259	305
KTLA	CHS MOVIE	9	8	9	11	9	13	10	5	9	15	9	13	438	652	200	374	249	185	60	122	130	146	60	404	283	178	213	259
KABC	POMPEII PT 2	14				14	20					15	21	627	1057	91	287	632	278	48	134	248	312	98	425	230	119	203	217
	ABC MON MOV		12	13	15	14	20					14	21	597	903	161	411	497	322	99	188	262	309	148	406	302	168	257	282
	--4 WK AVG--					14	20	24	35	22	19	14	21	604	941	143	380	530	311	87	175	258	309	135	411	284	156	243	273
KHJ	9 OCLOCK NWS	4	2	4	2	3	4	5	3	4	4	3	4	135	196	33	47	115	25	5	9	20	23	26	81	45	14	41	41
KTTV	MERV GRIFFIN	3	1	4	2	2	4	5	3	6	4	3	4	124	175	9	22	108	25	4	8	25	41	14	67	29	6	28	38
KCOP	8 OCLOCK MOV	5	10	12	6	8	12	8	9	8	13	8	12	377	577	88	255	297	189	47	112	152	167	69	281	197	128	162	175
KMEX	EL MALEFICIO	4	5	4	4	4	6	6	6	7	3	4	6	175	296	76	129	166	102	37	50	77	116	43	130	96	58	64	86
KTBN	PRAISE LORD	1		-	1	1	1					1	1	23	14			12	3			3	3		1				
	PRAISE-A-THN		1			1	1					1	1	27	11			11	11			11	11						
	--4 WK AVG--					1	1	1	1	••	1	1	1	24	13			12	5			5	5		1				
KBSC	STV	-	1	1	1	1	1		2	1		1	1	27	14	1	2	7	7	1	1	7	7		6	6	1	6	6
KDOC	DRAGNET	-	-	-	-						••			11	2			2	2			2	2						
KCET	PTV	1	1	1	1	1	2	2	1	2	2	1	2	53	71	3	12	32	11	1	6	10	12	4	39	9	4	8	9
KOCE	PTV	-	-	-	-									3															
	HUT/TOTAL	72	66	70	63	68		64	69	69	67	68		3176	4692	1000	2063	2508	1450	473	841	1133	1316	638	2185	1438	848	1130	1310

LOS ANGELES   TPA-29   MONDAY   MAY 1984 TIME PERIOD AVERAGES

- * SAMPLE BELOW MINIMUM FOR WEEKLY REPORTING
- ** SHARE/HUT TRENDS NOT AVAILABLE
- \- DID NOT ACHIEVE A REPORTABLE WEEKLY RATING
- ‡ TECHNICAL DIFFICULTY
- \+ COMBINED PARENT/SATELLITE
- • SEE TABLE ON PAGE ii

decisions, but they also help programmers design program schedules that appeal to a desired target audience.

A *rating* is a percentage of everyone in a particular population, or universe, who is listening to radio or watching television at a given period of time. A *share* is a percentage of people who are tuning in to a medium or who are watching or listening to a station at any given period of time. *Persons Using Radio* (PUR) and *Homes Using Television* (HUT) indicate how many people or households are tuning in to a medium; PURs and HUTs are calculated by adding up the ratings for all stations in a time period.

If you add up the ratings in an advertiser's schedule, you get *Gross Rating Points* (GRPs). If you add up the number of all the people exposed to a schedule, you get *gross impressions*. *Cume*, short for cumulative, refers to the number of different people who listen to or watch a station or schedule; cume is also known as *reach*. Cume cannot be calculated by simple means.

Ratings are a function of the number of people who watch or listen, and the length of time involved; this combination produces *frequency*, or the number of times the average person sees or hears a commercial. A station's efficiency at keeping people listening or viewing is known as maintenance.

Arbitron and Nielsen take great care in picking their samples for ratings reports because samples are subject to sampling errors. The size of a sampling error is in inverse proportion to the square root of the size of the sample. Thus, to double the accuracy of a sample of 100, the sample would have to be increased to 400.

When using ratings in a sales situation, several cost-related comparisons are useful: Cost-Per-Thousand (CPM), Cost-Per-Thousand Reached, Cost-Per-Rating-Point (CPP), and reverse Cost-Per-Thousand. Useful non-cost comparisons are: distributions of impressions and overall schedule balance, TSA-MSA balance, frequency balance, reach balance, and rating trends.

TEST YOURSELF

1 What is the difference between a rating and a share?

2 What survey area is used most by advertisers to evaluate radio schedules, TSA or metro?

3 What is a HUT level?

4 How are gross impressions calculated? How are gross rating points calculated?

5 What is a cume?

6 What is the difference between reach and frequency?

7 What are the four major audience research techniques?

8 What major ratings company is the only one to measure network television on a national basis? What major ratings company is the only one to measure local radio markets on a national basis?

9 What is more important in determining the accuracy of a rating, the size of the population sampled or the size of the sample?

10 How do you calculate Cost-Per-Thousands and Cost-Per-Points?

11 What are five non-cost schedule comparisons?

PROJECTS

1 Secure a radio or television ratings book. Select a station to sell for and select a client. Write a schedule proposal that contains a total of fifteen spots spread throughout a variety of time periods during a full week. Assume the client has a primary target audience of adults 18+ and a secondary target audience of adults 25–49. Use metro ratings and persons for radio, and ADI (or DMA) ratings and total persons for TV. Price your proposal so that your Cost-Per-Thousand for adults 18+ is $5.00. Perform a Cost-Per-Thousand calculation for adults 25–49 and Cost-Per-Point calculations for both demographics. See Appendix A for examples of schedule proposals. Do not show individual spot prices in your proposals.

2 If you do not have access to a radio or television ratings book, use the rating figures given in Exhibit 6-5 and do CPM and CPP calculations for the twelve-spot schedule on WAAA with a total cost of $475.00. Also, do a reverse CPM as shown in Exhibit 6-5 for station WBBB.

3 Using Plan IV in the WMAQ presentation in Appendix A, calculate a CPM for both demographics based on a cost of $5,250 per week.

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Chapter 7

The Advertising Media

Advertising is a growth business. Over the last decade and a half, advertising has grown at an average annual rate of 13 percent per year, which means the total amount of money spent in advertising in all of the media doubled about every six years. Industry experts predicted 1984 growth would be lower than the normal 13-percent increase because the rate of inflation had slowed down from that of previous years. The experts were proven wrong; 1984 was a strong year, posting another 15-percent-plus increase.

Why has advertising proven virtually recession-proof and outpaced inflation in its percentage increases? First, some media have outpaced others in their growth. Television in general has grown faster than other media, and radio, particularly network radio, has grown faster than have the print media. Even in recession years, all of the media have generally increased their advertising rates, and businesses have increased their advertising expenditures. In times of economic turndowns, advertising is often among the last expenditures businesses cut out because they must continue to sell their goods and services to survive.

As the country's population grows and as market segments become more narrowly defined, businesses must depend on advertising to do the major portion of their selling for them. Mass media like television are of increasing importance because advertisers of consumer products can reach huge audiences fast and effectively with new product information. Selective media like radio and magazines afford advertisers the opportunity to reach specific target audiences that are the best prospects for their products.

Businesses today also realize that to survive they must constantly come out with innovative products. These product introductions are supported with massive advertising campaigns. Even if the products do not survive, as with Texas Instruments' home computer, the media still pocket the advertising money spent to introduce the products.

Furthermore, advertising develops mass markets for goods, and mass production brings down the cost of producing products. Thus, advertising is a major contributor to keeping the costs of goods down. Products such as video cassette recorders, stereos, cameras, refrigerators, and personal computers steadily come down in price as the market for them gets larger and larger, and as manufacturing savings are passed on to consumers in the form of competitive pricing.

Advertising is not only here to stay, but as the country's population increases and products proliferate, advertisers and their agencies will continue to spend more and more money in the media.

The media we are most concerned with in this book are radio, television, and cable. We also need to know about the media that compete with broadcast and cable: newspapers, magazines, out-of-home media (billboards and such), direct mail, and the Yellow Pages. In this chapter we'll look at each medium and consider its audience, method of distribution, strengths, and weaknesses.

BROADCAST AND CABLE MEDIA

Broadcast and cable are media that are electronically transmitted to people who own receivers. Radio and television stations send signals through space to sets in homes, in automobiles, or carried by individuals. In cable, the signals are sent through an actual cable similar to a telephone line to individual receivers in people's homes. The history of broadcast and cable media begins with radio.

Radio

Since KDKA in Pittsburgh began regular broadcasts in 1920, Americans have taken radio into their lives as they would a good friend. Radio provided free entertainment during the Great Depression of the 1930s and up-to-the-minute news and drama of World War II during the early 1940s. In the 1950s, television's enormous success threatened radio's survival, but rock 'n roll's explosive popularity propelled radio from a family medium to the personal medium it is today.

Radio is the most pervasive of the media. Radio receivers of various sorts are the most common appliances in the country. There are twice as many radios in the United States as there are people. Virtually every household in the nation has at least one radio, and the average home has more than five radios—in the living room, in the kitchen, and in the bedroom, where people wake up each morning listening to their favorite stations. Ninety-five percent of all cars have radios, which are turned on about 90 percent of the time people spend in their cars commuting, traveling, or shopping.

Radio ranks fourth among the media in total revenue, behind newspapers, television,

Exhibit 7-1 Comparison of Audiences

			Percentage of Media Time	
	Radio	*Television*	*Newspapers*	*Magazines*
Household income $30,000+	44	36	13	7
College graduates	44	33	14	9
Full-time working women	44	41	9	6

and direct mail. There are 8,181 commercial radio stations in the country that receive an annual slice of the advertising revenue pie of just under $6 billion. The total expenditures for advertising in the United States in 1985 is estimated at $95.8 billion.[1]

Radio is primarily a local medium; approximately 75 percent of all radio dollars come from local advertisers, 20 percent from national advertisers, and only 5 percent from compensation from the networks. The percentage of a radio station's revenue that comes from national and regional advertisers varies substantially depending on the size of the market and a station's relative ratings position. Generally, the larger the market and the higher the station's ratings rank position in the most desired demographics, the higher the station's percentage of national revenue. Recently, national advertisers have preferred 25–54, 25–49, and 18–34 demographics, in that order. In any case, it is rare for even a top-ranked station in one of the top five markets to have a national revenue of more than 40 percent of its total revenue.

Radio Audiences Radio is as mass a mass medium as there is—virtually everyone in America listens to the radio during the average week. Radio reaches 80.7 percent of the population aged 12+ each day, and 95.7 percent of the same age group each week. No medium, including television, has a greater reach than radio.

Radio's audience is spread across all demographic groups, young and old, rich and not-so-rich, high-school graduates and Ph.Ds. Furthermore, the people many advertisers are most interested in reaching listen to radio the most. Exhibit 7-1 displays some figures from a Radio Advertising Bureau (RAB) study of the percentage of media time several key target audiences spent with each of four media.

The average person listens to radio for just over three hours a day. Radio, the first news source for most people, has a larger audience than does television from 6:00 A.M. until 6:00 P.M.

The most popular time periods in radio are: 6:00–10:00 A.M., Monday through Friday; 10:00 A.M.–3:00 P.M. Saturdays; and 3:00–7:00 P.M., Monday through Friday. During the weekday midday time period (10:00 A.M.–3:00 P.M.) there is a huge audience,

[1]Predicted by McCann-Erickson's expert economic prognosticator Robert Coen in "Net TV Ad Slowdown Seen," *Advertising Age*, December 17, 1984, p. 4.

Exhibit 7-2 Radio Listening by Format

Total audience, full week	*Spring 1984*
Adult contemporary	18.3
Rock/CHR	15.8
Country	10.6
Easy-listening	10.6
Album-oriented rock	10.4
News/talk	6.7
Urban contemporary	4.5
Black/rhythm	4.6
All-news	3.7
Spanish	2.7
Golden oldies	1.7
Religious	1.6
Classical	1.4
Soft contemporary	1.2

Source: Radio Information Center, based on spring 1984 and fall 1983 Arbitron ratings, average-quarter-hour, 12+ age group percentage of listening to formats in the top 100 measured markets, metro area, 6:00 A.M.–midnight, Monday through Sunday, AM and FM stations. Used by permission of the Radio Information Center.

made up of as many men as women, who listen to radio in cars. Twenty-five percent of the population listens to the radio between midnight and 4:00 A.M. weekly.

Radio, like magazines, is a selective medium that features an assortment of program formats that appeal to a variety of market segments and demographic groups. The delivery of these target audiences to advertisers depends on the format appeal. Exhibit 7-2 shows percentages of the total audience that listen to various formats on radio stations in the top one hundred markets, and Exhibit 7-3 shows format comparisons on AM and FM stations.

It is clear from Exhibit 7-3 that the youth-oriented formats, like CHR and AOR, are predominantly on FM and that the formats for the 35+ age group, like all-news and news/talk, are on AM.

It is also clear from the fifteen formats listed in Exhibits 7-2 and 7-3 that radio has a potpourri of formats that appeal to a mix of ethnic, racial, educational, income, and regional groups. In addition, there are differences within formats. Some CHR (contemporary-hit radio) stations may appeal primarily to females 18–34 years old and others primarily to teens. Some country-music stations may serve a rural male audience aged 35–64 and others a suburban female audience aged 25–49.

Radio reaches a huge and diverse audience that truly reflects the characteristics of Americans—heterogeneous, changing, traditional, contemporary, information-seeking, and fun-loving.

How Radio Is Delivered and Sold Networks are so called because early radio stations were linked by telephone lines running from city to city in what looked like a spider web, or network, of lines on a national map. Stations continued to be linked to each other by

Exhibit 7-3 How AM and FM Stations Program by Format

	Percentage of AM and FM stations programming each format		
	AM	*FM*	*AM + FM*
Adult contemporary	21.2	20.1	20.6
Country	20.2	16.7	18.3
Rock/CHR	5.5	17.4	11.9
MOR/nostalgia	15.0	2.4	8.2
Easy-listening	2.0	12.7	7.8
Album-oriented rock	.3	13.5	7.5
Religious	7.6	3.2	5.2
News/talk	8.6	.2	4.0
Black/rhythm	4.9	2.0	3.3
Urban contemporary	1.8	3.7	2.8
Golden oldies	3.0	1.0	1.9
Spanish	3.2	.7	1.8
All-news	3.7	.0	1.7
Classical	1.1	2.2	1.7
Soft contemporary	.1	2.9	1.6
Variety	1.6	.6	1.1

Source: Radio Information Center, based on fall 1984 Arbitron ratings, average-quarter-hour, 12 + age group percentage of listening to formats in the top 100 measured markets, metro area, 6:00 A.M.–midnight, Monday through Sunday. Used by permission of the Radio Information Center.

land-based telephone lines until 1984, when all of the major radio networks shifted to satellite delivery. Satellites allow networks to provide stations with several programs simultaneously and a technically excellent stereo signal.

Independent stations can also pick up satellite-delivered programming in the form of specials, such as rock concerts, or a regular twenty-four-hour format in a variety of styles, including adult contemporary, country, oldies, etc.

Once a station's programming is sent from a satellite or over land lines, shipped in the form of reels of tape, or produced locally at the station, the station must distribute its programming over either an AM or an FM frequency.

AM stands for *amplitude modulation*, a particular way of sending radio signals. If a station broadcasts on the AM band, its dial position, power, and the ground conductivity at the transmitter site determine its coverage. The lower the dial position, the more the power (up to the Federal Communications Commission–allowed maximum of 50,000 watts), and the better the ground conductivity at the transmitter site, the better the coverage. KFI in Los Angeles, a 50,000-watt clear channel station at 640 on the AM dial, has the best signal in the United States. Clear channel WMAQ in Chicago, in the middle of the country, at 670 on the dial covers more land than any other station in America. On the other hand, WNBC in New York, a 50,000-watt clear channel station at 660, is hampered somewhat because of the low ground conductivity at its transmitter site.

AM signals have another distinctive property—their *skywave*. AM signals bounce off an upper layer of the atmosphere under certain conditions, especially at night, and return to earth at varying places far away from the transmitter. WMAQ's skywave can be heard, if nighttime conditions are favorable, from New York City to the Rockies, for example. AM signals are prone to electrical interference; they can crack up and sound scratchy during thunderstorms and in the vicinity of high-power lines or electric motors. Also, AM does not have the dynamic range of FM signals, and it is more suitable for news and talk formats than for music formats, which feature a high-fidelity sound.

FM stands for *frequency modulation*. FM signals are virtually static-free, have a large dynamic range, and are excellent for high-fidelity music reproduction. The coverage of an FM station depends on two elements: *power* and *transmitter height*. The more the power and the higher the transmitter, the better the signal and coverage because of the line-of-sight nature of the signal. The FM band goes from 88 to 108 megahertz (88 through 92 are reserved for noncommercial educational stations), and all of the dial positions are equal in quality.

An FM transmission can be divided into several channels to carry stereo broadcasts. The transmission also has a third channel called a *subcarrier*, on which it can broadcast music (often subleased to MUZAK or other music services) or digital data. The subcarrier is often a welcome source of nonbroadcast revenue for FM stations, although it degrades the signal by as much as 10 percent.

Radio is sold on the basis of time—from as much as an hour to as little as ten seconds. The most common units of sale are sixty-second and thirty-second spots, with *sixties* more common than *thirties*. Spots are generally sold on a rotating basis, which means that they revolve throughout a time period, such as 6:00–10:00 A.M., Monday through Friday.

Stations also sell program sponsorships, which are usually composed of an opening and closing *billboard* consisting of the sponsor's name and a brief claim plus spots within the program. A variety of sponsorship arrangements are available, from single sponsorships of an A.M. drive-time newscast to multiple sponsorships and billboards in a major sporting event. In-program positions for commercials are preferred to adjacencies outside a program. If commercials are clustered, advertisers prefer the last position in the *cluster*. If stations offer *island*, or single-commercial, positions, advertisers prefer them to those in clusters.

Rates for radio stations are determined by ratings, demographics, other media rates, and advertiser demand. Chapter 8, "Rate Cards and Maximizing Revenue," has a more complete discussion about radio and television rate structures and pricing strategies.

Radio is sold to local advertisers by a station's local sales staff and to national advertisers by a station's national sales representative company, or *rep*.

Strengths of Radio *Selectivity* is radio's greatest strength. Advertisers can select a radio station whose programming format appeals to their prospects. In this age of marketing segmentation, radio is a particularly effective medium with its ability to focus on specific target audiences—upscale classical music buffs, hip young jazz fans, socially conscious all-news listeners, teenagers, senior citizens, etc. Radio is particularly effective in reaching groups that are often hard to reach in other media—working women and young, active people in two-paycheck households, for example.

Radio is an *intrusive* medium. Listeners have to make a conscious effort *not* to hear a commercial. Because of this intrusiveness, radio commercials have the ability to break through consumer indifference and create interest where none might have existed before. This quality is particularly important for new products (e.g., home computers or financial services) for which people are not in the market because they may not have given any prior thought to them.

The commercials on some radio formats are more intrusive than those on others. Spots on news or talk stations are particularly intrusive; people are usually listening to news and talk stations or programs attentively. If they are paying attention to the program, the chances are excellent that they will pay more attention to the commercial. Also, some stations feature on-the-air personalities who have usually built up a loyal following; research has shown that commercials delivered by established personalities are the most memorable of all types of commercials. People become attached to their favorite radio personality, whom they love and in whom they believe; Wally Phillips on WGN in Chicago, for instance, could probably sell window fans in February.

Radio has the *lowest production costs* of any medium. Advertisers do not necessarily have to buy high-priced talent or multi-track jingles to get their messages across; they can write a piece of copy and let a station's announcer or disc jockey read it on the air at no cost. Many stations employ a separate production person to create commercials for clients at no additional charge—to voice commercials, put music under them, use special sound effects in them, and generally enhance advertisers' messages.

Radio generally has the *lowest costs and most efficient Cost-Per-Thousands* of the media. Since a station's rates normally reflect its ratings position, there is a significant difference between the rates of the top-rated stations and the rates of those further down the ratings ladder. Often lower-rated and less expensive stations have specialized audiences that are just right for certain advertisers. In most cities, there is usually a radio station that even the smallest retailer can afford to buy. Radio has something for every kind of business that is legal and pays its bills.

Because radio is usually efficient and less expensive than other mass media, advertisers can afford to buy more of it to *build up frequency*. Radio is not only a good primary buy for advertisers, but it is also an efficient secondary buy that can supplement messages in other media; radio can remind people to look at a newspaper insert or mention many more items than can be featured in a television commercial. For the same expenditure, advertisers can get more gross impressions and much higher frequency levels than on television.

Radio is also a *reach* medium. Even though one radio station usually cannot offer the kind of reach a newspaper or television station can, rates are typically low enough in radio so that advertising on several stations in addition to newspaper or television schedules can add significant reach to them.

Radio is also the most *flexible* of the media; advertisers can get on the air within hours. For example, a tire advertiser could wake up in the morning and see that the first snow of the year is falling, call up the radio station and buy some spots, write copy that announces a special snow tire sale, call the station again with the copy, and the spots will run during the day, in time for the dealer to do business that evening during rush hour.

The *New York Daily News* bought radio schedules for years on several stations in A.M. drive time; the paper would have someone on the city desk call the stations at about 5:30 A.M. to tell them what the lead stories in the paper were that day so the disc jockeys and announcers could tell people why they should buy the paper that morning.

Radio is *not seasonal* like television's audiences are. Radio has about the same size audience throughout all four seasons. In fact, during the summer months when TV and, to some degree, newspaper audience levels are down, radio ratings levels in many time periods are at their highest.

Radio offers advertisers a unique creative opportunity because radio is played in the *theater of the mind*. Since there are no pictures in radio, listeners supply their own pictures, images, and visions with their imaginations. You can bulldoze the water out of Lake Erie, fill it with hot chocolate, cover it with whipped cream, and then have a fleet of airplanes drop a huge maraschino cherry on top, all in sixty seconds on radio (a classic Stan Freeberg spot did just this). Creative copy is limited only by the writer's and the audience's imaginations.

Radio is *mobile;* it goes with people everywhere. Advertisers can sell listeners beer at a ballpark, gas on the road, and padded socks while they are running.

Radio generally has good *suburban coverage,* where metropolitan newspapers are typically weak.

In radio, an announcer supplies the *inflection, emphasis, and emotion;* with print ads, the reader supplies these. Honda is much better off letting Burgess Meredith sell its cars on radio than letting readers supply their own inflections and emphases to Honda copy in newspaper ads. A radio commercial can stir listeners' emotions, can make them laugh, can make them hum a jingle, and can give them an association with the glamour of show business—something that is difficult to do on a black and white page where the ink often smudges.

Radio commercial audiences are more *measurable* compared to the readership of print ads. Print rates and CPMs are based on circulation, not on readership. Radio and television CPMs are based on ratings, which indicate how many people are actually listening or watching in any quarter hour. It can be argued that not everyone stays tuned during commercials, which is true. However, a far larger percentage do stay tuned and do not leave the room or switch stations than read even the most arresting full-page print ad.

Light television viewers and light newspaper readers are often heavy radio listeners; *radio reaches consumers that are hard to reach in other media*. Many of these mobile, hard-working consumers are excellent prospects for air travel, credit cards, and new cars, for example.

Weaknesses of Radio The most obvious weakness of radio is its *lack of pictures*. Advertisers cannot show or demonstrate their products on radio. The blindness of radio can be a serious drawback to some advertisers. Nevertheless, persuasion theory indicates that the sense of sound alone (radio) is more persuasive than the sense of sight alone (print).

Radio is *fleeting* and ephemeral. Listeners do not normally have time to write down names, addresses, and phone numbers of stores. Commercials are intangible and the information is not easily retrievable; the listener cannot ask the announcer to repeat the message. Part of this fleeting quality can be overcome by scheduling a number of commercials—another reason why repetition is important in radio.

Radio is *fragmented*. In some major markets there are forty or fifty stations from which advertisers may choose. This complexity can be discouraging to advertisers, particularly if forty or fifty radio salespeople are each trying to convince them there is one and only one on which to advertise. This fragmentation also means that advertisers normally have to buy time on several radio stations to achieve adequate market reach. Only a few radio stations in the country give an advertiser the opportunity to reach as much as 40 percent of a market in one week with one station.

Since radio engages only one sense—hearing—people can do other things while listening and can become easily *distracted*. This problem is intensified on some stations that play primarily background music. If the music is merely a presence and used as background, people are apt not to pay attention to the commercials.

It is also possible for commercials to get lost in the *clutter* of long clusters on some stations, especially if the commercials are poorly written and executed.

Television

Americans may have brought radio into their homes like a friend, but they have been having a passionate affair with television since it burst on the scene in the late 1940s. America loves TV—its pageantry, its intimacy, its escapism, its live coverage, its instant replays of history, and its vast mirrored mosaic consisting of reflections of ourselves and our dreams. The TV set is the most important appliance in many homes. Some people would rather give up their cars or their refrigerators before giving up their TVs. People's homes and their lives often center around television—their furniture and their schedules arranged around it.

Virtually every household in the country (84.3 million) has a television set. Ninety percent of households have color TVs and 55 percent have more than one set. TV sets are becoming smaller and less expensive all the time, and television is steadily becoming more of a personal, portable medium, like radio.

Television took its early economic and programming structure from radio. First, networks provided live variety and dramatic programs featuring big-name entertainers and actors from radio and the movies. Then, local stations built their identities with local programs for children and news-hungry adults. Eventually, television developed its own structure, entertainment conventions, and information formats, and it therefore changed the meaning of advertising and mass marketing.

Major advertisers altered their definitions of cities and distribution areas to conform to television coverage areas (ADIs and DMAs). National advertisers, particularly manufacturers of consumer goods, abandoned the less exciting and less efficient print and sound media to try television. When they found that television gave them miraculous sales results, advertisers began a love affair with television as ardent as the public's, and one that still persists.

It is estimated that of the $85.4 billion spent in all advertising in 1984, 22 percent,

Exhibit 7-4 Television Revenues

National revenue	50.5%
Local revenue	43.0%
Network revenue	6.5%
Total	100%

or $18.8 billion, was spent in television—16.5 percent more than was spent the previous year. Procter and Gamble, television's biggest advertiser, spent about $615 million in both spot and network television.

There are approximately 844 television stations in 205 ADI markets in the United States. These stations divide up almost three and one-half times more advertising revenue than do the 8,181 radio stations in the country. Television stations divide up almost as much revenue as do all the daily, weekly, and shopper-type newspapers in the country.

Of these 844 TV stations, 193 are independent and not affiliated with one of the three major television networks. There has been a growing trend in recent years for the independent stations to gain audience at the expense of network affiliates.

Networks are much more important to television stations than they are to radio stations. Seventy-seven percent of all TV stations are affiliated with a network and 94 percent of all VHF stations are network affiliates. Affiliates have higher overall ratings in the markets where they compete with independents because the networks supply about 75 percent of an affiliate's programming. Furthermore, affiliates are able to sell adjacencies to highly rated network programming, particularly during prime time when the audiences of network TV programs are huge.

On the other side of the coin, although independent stations' ratings, especially in prime time, are somewhat lower than those of affiliates, the independents have 100 percent of their programming to sell (affiliates cannot sell time within network programs). Their separate revenues often come close to or surpass those of some affiliates in many larger markets.

Television is not primarily a local medium. The typical station's revenues are divided as shown in Exhibit 7-4.

These percentage figures vary considerably depending on the size of the market. The larger the market, the higher the percentage of national business a station normally has. In a top-five market, the percentage of national business may reach 60 percent on an affiliate, local business might be less than 40 percent, and network revenue might be about 5 percent. These national and local percentages might be reversed in markets below the top thirty.

Television stations have a local staff that sells to local and retail advertisers, and it contracts with national reps to sell to national advertisers across the country. A station in a major advertising center like New York or Chicago might have its local sales staff call on all local and national advertisers and agencies in its home markets.

Television Audiences Television reaches 97 percent of the nation's homes every week. Virtually everyone watches television every week, whether they admit it in public or not. Furthermore, because people watch individual television programs and not necessarily television stations, they switch among television channels a great deal. Thus, an advertiser can reach a large percentage of people in a market on just one television station in a week.

Not only does virtually every household watch some TV during the week, but the typical household has the TV set turned on an average of seven and one-half hours a day. Television reaches every age group from preschoolers to senior citizens, although its audience tends to be distributed toward the two extremes of the age demographic group—toward the 3–11 age group and toward the 55+ age group. In general, teenagers and young adults 18–24 years old watch television less than do other age groups.

Television also reaches virtually every other standard demographic group—high- and low-income wage earners, highly educated college graduates and individuals with no more than high-school educations—although much of TV's audience is distributed toward the lower end of the income and educational scale, as is the population as a whole. In other words, television reaches everyone, and the demographic makeup of its audience reflects the demographic makeup of the country.

Television's audience levels reach their daily lowest in the morning, build steadily during the day, take a jump at 6:00 P.M. when people generally get home from work, and then take a big leap at 8:00 P.M. (Eastern Standard Time) when prime time begins. TV's audience levels peak at 9:00 P.M., fall off until 11:30 P.M., and then go steadily down for the rest of the late night hours.

In a country with 235 million people, it is hard to conceive of any way to reach a majority of the adults at the same instant, yet this has been the case with a few television programs, including the final episode of *Roots*, several Super Bowls, and the "*Who Shot J.R.?*" episode of *Dallas;* all had audience ratings of over 50 percent.

How Television Is Delivered and Sold The three television networks plan to complete their switch from land lines to satellite delivery of their programs by 1986. Satellite transmission will allow the networks greater flexibility in the services, particularly news services, they offer their affiliates.

There are two types of television stations: UHF and VHF. *UHF* stands for *ultra high frequency,* and stations on the UHF band broadcast on channels 14 through 69. *VHF* stands for *very high frequency* and broadcasts on channels 2 through 13. There are 321 UHF stations in the country, one-half of them independent (not affiliated with a network), and 523 VHF stations, less than 6 percent (29 stations) of which are independent.

Channels 2 through 6 are *low-band* VHF stations, which have inherently better signal and coverage characteristics than do *high-band* VHF stations on channels 7 through 13. To equalize the technical differences between low-band and high-band, the FCC imposes a 100,000-watt power restriction on low-band stations and allows high-band stations to broadcast at a maximum of 316,000 watts.

UHF signals are generally inferior to VHF signals. They do not go out as far and are subject to more interference and ghost images than are VHF signals. The FCC tries to make UHF signals more competitive with VHF signals by allowing UHF stations to raise their power substantially over that permitted for VHF stations; some UHF stations are therefore allowed to broadcast at over one million watts. However, even this huge power advantage usually can't make up for a UHF station's inferior signal. On the other hand, with the increases in the number of cable homes that can now get UHF stations, coupled with programming strategies of appealing to more narrowly defined demographic and geographic market segments, UHF stations have generally been prospering in recent years.

A television station's signal has the same electrical properties as does an FM radio station's signal; in fact, the sound portion of a TV signal is broadcast on an FM band. Thus, a TV station's coverage depends on power and transmitter height. A television station's range is line of sight, or as far out as the top of the antenna can be seen. This range is usually about seventy miles, depending on the surrounding terrain; mountains and valleys play havoc with a TV signal as they do with an FM signal.

As more stereo TV sets are sold, television stations are changing their audio transmissions over to stereo. Many observers feel that television is on the verge of some major technological breakthroughs that will make sound and picture quality and flexibility vastly superior in the near future.

Television is sold predominantly in thirty-second units, although occasionally stations will sell ten-second spots on breaks or sixty-second spots within programs. Between-program positions are referred to as *adjacencies*. In-program positions are referred to as *participations*, and single-commercial island positions are rare in television; most commercials run in clusters of four or more. When the anchorperson on a news program says: "We'll show you hundreds of thousands of mice overrunning a grain bin in Australia right after this," the *this* is usually a cluster of four thirties.

Normally local stations give advertisers competitive protection from running a commercial for another similar product or service close by. Sometimes this competitive product separation does not work in breaks between network programs when the network fails to tell the stations down the line what commercials will run in the clusters before and after the local station break. In this case, a commercial for a product could run in the last cluster on a network program and a competitive product could be the first spot in a break on the local station. The best position is considered to be the last one in a cluster, especially the last in an in-program cluster that appears toward the end of the program, just before the climax or denouement of the plot.

Most television is sold on a *scatter*, or rotating, basis. Advertisers buy scatter plans that rotate throughout a time period, such as daytime or prime time. Most scatter plans are designed to meet an advertiser's target audience—an 18–34 male scatter, or an 18–49 female scatter, for instance.

Occasionally networks and stations sell program sponsorships. It is rare for one sponsor to purchase an entire program on commercial television; the more common format is partial sponsorships, or *participations*. A program such as a football game may be sold to several participating sponsors who will rotate from week to week in their positions within the program (first quarter one week, last quarter the next week, etc.); the sponsors would be given brief opening and closing name-and-claim *billboards*, which are normally reinforced with a visual of their logos superimposed over a scene of the stadium or crowd.

Rates for television are determined by a combination of ratings and demand. Network television is normally sold on the basis of guaranteed Cost-Per-Thousands for an advertiser's target audience.

When the networks guarantee CPMs, they and the agencies conduct a *post-buy analysis* after a schedule has run to see if it delivered the agreed-upon ratings levels; if not, the networks run enough additional spots at no extra charge to bring the CPMs up to the guaranteed level. Guaranteed CPMs are not used as often on a local or spot basis in television as on a national network basis and are rarely used in radio. Spot TV or radio refers to time bought by national advertisers on a market-by-market basis as opposed to buying time on a national network.

Rates on local television stations are set by ratings plus demand in each market, and they usually have little correlation to network television rates and CPMs. Typically the CPMs on the networks are less than they are on a spot, or market-by-market, basis. Spot television, like spot radio, is handled by national sales representative companies.

Strengths of Television Television is the *most persuasive* of all the media—*sight* plus *sound* plus *motion* in living color. No other medium can offer the unique blend of persuasive communications elements. Because of this, television has an unparalleled ability to *demonstrate* a product—its package, its use, its benefits. In the age of mass marketing, advertisers must presell their goods to move them off the shelves, off the showroom floors, and off the agents' and brokers' desks. Television presells products.

Television is *intrusive*. As in radio, people have to make an effort not to be exposed to a commercial message. Well-written, well-acted, and well-produced commercials compel people to watch them.

Television offers advertisers *enormous reach* into the homes of the entire country or within a market. No other medium can get into as many homes as fast or as effectively as television. Television has *universal appeal*—to all age, sex, educational, income, ethnic, and political groups in the country.

Television *engages people's emotions*. Slice-of-life commercials involve people in how to solve problems, humorous commercials help them fall in love with a product, and celebrity endorsements can give product claims believability.

TV *production techniques* give the medium a vast range of creative possibilities for creating images for products. An image for any product, idea, or company can be created on television: the solid, friendly, can-do image in the Mr. Goodwrench commercials; the exciting, extravagant image in the VISA card spots; the sexy, chic, new-wave image of Chanel No. 5; the sweaty, fun camaraderie of Miller Lite commercials; and the bull of Merrill Lynch.

Television commercials are *memorable*. Even if the campaigns mentioned above have been discontinued by the time you read this book, the chances are you can remember some of them. The Clara Peller "Where's the beef?" commercial only ran for a few weeks, but it was overwhelmingly memorable. It helped to get a presidential candidate nominated by his political party, and it raised Wendy's hamburger sales more than 15 percent immediately after it appeared.

Television has a *strong impact on retail buyers*. For marketers who are using a pull strategy to get demand to move products through the wholesale-retail distribution chain, television is a hefty ally. Retailers know that if a product receives heavy television support, it's likely to move off the shelf; thus, retailers are apt to stock a product and give it good shelf space if they know a big TV promotion is coming up.

Television is *credible*. People believe the advertising on television more than that in any other medium. Perhaps this credibility is due to the fact that TV has become Americans' primary and most believable source of news; or perhaps it is because both television entertainment and news have become so important in people's lives that *they* believe the commercials are important, too; or perhaps it is because people can actually *see* a product in action. Whatever the reason, people find television advertising more believable than any other form of advertising.

TV is *flexible*, although not quite as flexible as radio. There are several commercial-length options (one hundred twenties, sixties, thirties, and tens), single-spot versus sponsorship options, and many target demographic options (e.g., news, sports, soap operas). If advertisers have commercials on hand at a station or network, the commercials can normally get on the air in a day or two.

Television can offer an advertiser *prestige and glamour*. Participation in news programs, documentaries, and drama specials can give a sponsor an identification with social concerns, ideas, and public affairs. Even without sponsorship or participation in quality programming, TV gives advertisers an aura of importance and an association with the glamour of TV and show business. This glamour is often a strong drawing card for local merchants who enjoy the prestige they gain from doing their own commercials.

Recently, with the explosive growth of video cassette recorder (VCR) sales, more people are able to take advantage of *time shifting*, or recording a program that is on at an inconvenient time and then replaying it at a later, more convenient, time. Time-shifting gives advertisers the chance to extend the reach of their commercials, particularly those in programs that are likely to be recorded for later playback (soap operas, late-night movies, and so on).

Weaknesses of Television *Television is expensive*—not necessarily in the CPM sense, but in the absolute sense. Due to the high cost of TV, it is expensive to build up frequency for a product; in addition, access to TV's large audiences tends to be restricted to the big-stakes players.

Television production is expensive. Local commercials must compete with expensive national commercials for the audience's attention, so even small local advertisers must spend enough money to give their spots a polished look.

The potential for waste coverage in television is enormous. Since TV is not very selective, advertisers reach everyone watching, whether those people are potential consumers or not. For example, candidates for office in New Jersey reach a lot of people who cannot vote for them if they buy television spots on stations in New York City. Conversely, *television often does not reach the best customers* for many products. People in the higher-income, higher-education demographic groups tend to be light television viewers. Working women and upper management executives are especially hard to reach.

The supply of television time is limited. In certain times of the year, there is just not enough time to go around, no matter how much an advertiser might be willing to pay.

Television is seasonal. Viewing levels fall off sharply during the late spring and throughout the summer months. This downtrend is primarily due to better weather, daylight saving time, and increased outdoor activity.

The clutter of commercials seems to increase each year. It is difficult for spots to have impact and to be remembered in the midst of commercial cluster after commercial cluster.

Cable

The television universe contains two parts—*over-the-air* television and *cable* television. Cable began in the hills of Pennsylvania when communities in remote valleys erected tall antennas to pick up distant TV signals and then distributed the signals by cable hookups to the homes of subscribing residents. These early systems were known as *community antenna television* (CATV) systems and were the forerunners of modern cable, which today consists of a coaxial cable or optical fiber strung throughout a community on telephone poles or underground.

From 1981 through 1984, the number of cable customers more than doubled from sixteen million homes to thirty-four million homes. Cable is connected to close to 45 percent of all television homes, representing close to 50 percent of the country's buying power. Cable is still growing, although not at the frenetic pace of 400,000 average homes per month as in the three years preceding 1984.

There are 5,800 local cable systems in the United States that have close to $5 billion in subscriber revenues—that is, 55 percent in *basic services* and 45 percent in *pay services. Basic* is the type of service in which a subscriber pays a monthly fee and receives several channels, typically consisting of those nearby, over-the-air television stations that cable systems are required by FCC regulation to carry; a subscriber also receives one or two superstations (such as WTBS or WGN) and several advertising-supported cable networks (ESPN, MTV, CNN, and others) depending on the system's channel capacity. A system's channel capacity can range from twelve (less on a few older systems) to over one hundred, with twenty-five being the average; 80 percent of all cable homes receive more than twenty channels and 60 percent receive more than thirty channels.

Pay services are those commercial-free programming channels, like HBO, for which subscribers pay extra each month. Pay services are often offered in several packages, called *tiers,* that cost an extra amount over and above the charge for the basic service. For example, HBO, Cinemax, and the Disney Channel might be on one tier, and the Movie Channel, the Playboy Channel, and ARTS offered on a second tier.

Even though 5,800 cable systems serve the country's thirty-four million cable homes, about half of the homes are served by the top twenty-five *multiple-systems operators* (MSOs). These MSOs are typically owned by conglomerates that also own other media—ATC (Time, Inc.), Group W (Westinghouse), Cox (radio and TV stations), Warner/Amex Cable (Warner Communications and American Express), Times Mirror Cable (the *Los Angeles Times*), and Newhouse Cable (Newhouse newspapers) are examples.

Not all systems sell advertising, but those that do have sales staffs who sell time to local advertisers and these systems commission national cable reps to sell to national advertisers and agencies. Systems sell local adjacencies to advertising-supported network programming that is typically carried on the systems' basic service. The most important ad-supported networks are ESPN (sports), MTV (music video), and CNN (news). In many markets where there is more than one cable system, each with a different owner, the systems tie together in a cooperative selling effort to make cable easier to sell and much less confusing for potential advertisers. These joint sales efforts are called *interconnects*, and there are successful ones in San Francisco and in Seattle, for example.

The cable networks are more important to local cable systems than the major television networks are to over-the-air TV stations, because cable systems originate virtually no local programming and depend on specialized cable networks like USA Network, ESPN, MTV, and CNN for all of their salable inventory (also referred to as availabilities or *avails*).

How Cable Is Delivered and Sold Cable network programming is sent from a transmitter, called an *uplink*, to a satellite orbiting about 22,000 miles above the earth. The satellite, or *bird*, then sends the signal back down to earth. When the signal hits the earth, it forms a pattern, referred to as a *footprint*, within which the signal can be picked up by a receiver, or *downlink*, at a cable system. From the downlink the signal is distributed to an individual cable system's control room, called a *head-end*. At the head-end, all the satellite signals and over-the-air signals are mixed together and sent out on a cable to subscribers.

Converter boxes, which allow viewers to select the programming on the basic service, are attached to subscribers' TV sets. If the subscriber agrees to add a pay tier with HBO on it, then when the cable system installer puts in the converter, he or she adjusts it to allow the HBO signal to be selected.

Some of the more recent converters are *addressable*, which means that they contain a microprocessor chip that can be addressed by a computer at the head-end. This addressability allows the system to send programs down the line to subscribers if they have ordered them in advance over the telephone. This delivery method is known as *pay-per-view* and is growing in popularity as more and more systems are installing addressable converters.

As with over-the-air television, cable is sold primarily in thirty-second units. Program sponsorships are rare, since few systems produce local programs other than an occasional *advertiser-oriented program* (AOP), such as a fashion show, a boat show, or a parade.

Rates on cable networks are set according to ratings (if the network is rated by Nielsen), demand, and rates in competing media. Since the demand for cable is still relatively low, cable salespeople have a wonderful opportunity to practice their sales skills and to sell a medium that is not yet overpriced because of high demand.

Rates on local cable systems are based primarily on rates in competing media, since there are generally no ratings available for local cable systems or interconnects, and there is more supply than demand for cable avails (with the exception of some sports events on local systems, ESPN, USA, or some time periods on MTV). Most cable systems price their inventory well below that of local over-the-air television stations and close to that charged by local radio stations. Cable salespeople often try to switch radio advertisers into cable by selling the benefit of adding pictures to radio for the same price.

Strengths of Cable Cable, of course, is television and has all of the persuasive, intrusive, memorable, credible, and production qualities of television. Cable, however, is more *selective* than over-the-air television. Advertisers can buy spots in programs appealing to more narrowly defined market segments, which is often referred to as *narrowcasting*. Cable, like radio, has a variety of programming formats that appeals to different demographic groups, for example, all-news, all-music, and all-sports.

Cable reaches a younger, more *upscale audience* in households with more people (which means more buyers) than does over-the-air TV. People in cable homes have significantly higher income and educational levels than those in non-cable television homes. In addition, cable advertising is *inexpensive* compared to over-the-air television advertising.

Cable is a good supplementary medium for advertisers to use to *fill in audience levels* that have been eroding over the last few years on network television. Viewing is down in several key time periods, most notably prime time, on ABC, CBS, and NBC. In the five years between 1979 and 1984, network prime-time shares of adult viewing declined from 93 percent to 77 percent, although the downtrend flattened out somewhat in the 1984–85 season as the networks fought back with star-ladened miniseries and made-for-television movies. The share of network viewing declined even more in cable homes, which means that the network's underdelivery of an advertiser's messages is particularly severe in cable homes.

Weaknesses of Cable The ad-supported cable networks have *low rating levels*. The average over-the-air network prime-time rating is approximately a seventeen, with the highest over a fifty. Cable network ratings typically average less than a one, with the highest rarely more than a three or four.

Cable systems are plagued by *churn*—the turnover in subscribers due to old subscribers dropping out and new ones coming on line all the time. Cable systems are trying to cope with churn by using better marketing techniques, but churn still slows the growth of most sytems.

Cable is a new medium and it is often *confusing and difficult to buy*. Untrained salespeople and frequently changing rate cards add to the confusion. Because of their newness, cable systems typically have poor or *inadequate facilities* for production of local commercials. Often *insertion problems* crop up because the local system personnel who insert commercials in cable network programs have not been properly trained.

As a salesperson, you'll need to be aware of both your medium's strengths and its weaknesses so you can deal realistically with prospects' and customers' expectations and questions. You'll also need to have some familiarity with how well your medium stacks up against competing advertising media, and with how to answer routine stalls such as, "I only use newspaper," "TV is too expensive," or "nobody listens to radio anymore."

THE COMPETING MEDIA

Competitors with broadcasters and cable operators for advertising dollars include the printed media such as newspapers and magazines, out-of-home media such as billboards and other outdoor advertising, direct mail, and the Yellow Pages listings.

Newspapers

Newspapers are the oldest mass medium in the United States. Local and national advertisers still spend more money in this medium than in any other, although television is closing the gap. There are approximately 1,750 daily newspapers in the country, and they have a total *circulation* (number of copies sold) of about sixty-two million copies each day. The number of daily newspapers and their total circulation has remained fairly stable since 1970.

The trend has been changing toward fewer and fewer competing newspapers in most major cities as television has become people's most important news source. Only in the top twenty-five markets are there two or more daily newspapers, and many of these have merged into a single company that operates both the morning and afternoon papers. Another trend involving the afternoon paper's loss of circulation has emerged, due to problems competing with early evening television newscasts and further problems getting papers delivered on time through the clogged traffic of the afternoon rush hour. The morning newspaper is usually dominant in multiple newspaper markets and thus gets the lion's share of advertising dollars.

In general, newspaper circulation has not kept pace with the population growth in the country. On the other hand, there has been an increase in the number and circulation of suburban weekly newspapers. As people move farther away from city centers into suburban areas, they often drop their subscriptions to metropolitan dailies and subscribe to the suburban weeklies that feature news more relevant to their neighborhoods and daily lives.

In spite of a flattening out of their growth curve and increased competition from television, newspapers are still the number-one advertising medium, counting both display and classified advertising. *Display* advertising is just what the name indicates; it usually contains pictures or illustrations of some kind. Advertising on the financial pages of newspapers that just list stock offerings or investment opportunities and that contain no illustrations is known as *tombstone* advertising. *Classified* advertising is the kind found in the help-wanted sections and also contains no illustrations. Classified ads are small and inexpensive, but because newspapers contain page after page of them, these ads are often the source of huge revenues for newspapers.

Newspaper Audiences In most major metropolitan markets, newspaper *penetration* (percent of the homes receiving a paper in a market) is approximately 30 percent. Newspaper readers tend to be older than the population average, slightly better educated, and they usually have somewhat better incomes. The average reader spends about thirty minutes a day with a newspaper, most typically in the evening (even though the majority of papers are delivered in the morning).

The reasons people most often give for liking newspapers is that the papers offer them more in-depth coverage of news stories and more interpretation, comment, and analysis than do television or radio. Also, they can read newspapers at their convenience and select the stories and topics they most prefer.

How Newspapers Are Delivered and Sold About 65 percent of daily newspaper circulation is home-delivered and 35 percent is sold at newspaper stands or from street vending machines. Even though many large national newspapers such as the *New York Times*, *USA Today*, and the *Wall Street Journal* are delivered by satellite from where they are written and made up in the East to printing plants across the country, they still travel from the printing plant to people's homes the old-fashioned way—by carriers. Because they are home-delivered, newspapers are efficient ways for advertisers to distribute their own *inserts* (preprinted advertising sections).

Newspaper advertising is sold on the basis of either *lines* or *column inches*. An outmoded printing measurement—a line is one-fourteenth inch—is still used by many newspapers. A full-page ad in a standard-sized newspaper contains approximately 1,600 lines, depending on how many columns constitute the newspaper width; smaller tabloid-sized newspapers, such as the *New York Daily News*, have about 1,100 lines in a full-page ad. A column inch is one inch deep and one column wide.

Newspaper rates are determined according to circulation, or how many copies are sold, not according to how many people actually read the newspaper. Generally, even the most-read full-page ads in newspapers are read by only about 11 percent of the readers.

Newspaper rate cards are usually quite complicated and offer a number of rate categories (national, local, retail, and so on) and a number of different discounts, like *volume discounts* (total number of lines purchased in a year) and *insertion discounts* (the number of ads purchased in a week). Various rates may also exist for the Sunday paper and for different newspaper sections.

Once newspaper rates have been published, they are not negotiable. Newspapers hold their rates once they are established, which contrasts with the volatile rate structures typical in the broadcast industry (to be discussed in more detail in Chapter 8, "Rate Cards and Maximizing Revenue").

Newspaper advertising can be purchased on both a local and a national basis. Locally, advertising is sold by a newspaper's local sales staff, and nationally, by the staffs of independent sales organizations that represent several newspapers to advertisers and agencies in major advertising centers like New York and Chicago. These sales companies are called national sales representatives, or *reps*.

Newspapers charge a premium for color, typically 15 percent of the cost of a full page for one color plus black, 25 percent for two colors plus black, and 30 percent for three colors plus black. Usually, a greater color premium is charged for smaller ads. The colors are *run of press* (ROP), which means advertisers get the colors that are inked up on the press run that day—usually red, yellow, and blue or green.

Newspapers often allow advertisers to pay a premium rate and select better positions in the paper, for example, in a more popular section of the paper or closer to the front page. The nearer an ad is to the front of a paper's section, the more desirable it is considered to be. The top-left portion of a page is a preferred position because that is where a reader's eyes go first when a page is turned. The further from this top-left position an ad is, the less desirable the position. The gutter is inside and adjacent to the paper's fold; this is considered a poor position, but the position on the outside edge of a page is better. Usually the best positions in a newspaper go to the largest advertisers and to those with the most longevity with the paper.

The Radio Advertising Bureau (RAB) and the Television Bureau of Advertising (TvB) have researched daily and Sunday circulation of newspapers throughout the country and compiled readership scores of newspaper ads for a variety of categories (i.e., department stores, automotive) and for a variety of sizes (full-page, half-page, two-hundred-line, and so on). Readership studies have also been conducted for a number of years by Starch, INRA, Hooper Inc. (a nationally known research organization), making available extensive information about ad readership scores in a number of different conditions. It is a good idea to have this Starch information on hand when trying to convince a newspaper advertiser to switch his or her schedule to broadcasting; it can be an effective sales tool.

Strengths of Newspapers The most important strength of newspaper advertising is that *readers shop the newspaper* when they are in the market for a product or service. Consumers who are ready to purchase can look through the newspaper to find the best buy or the nearest location. Newspaper ads give consumers information about products and let them make their own choices.

Newspapers give advertisers *high reach* among readers in the 35+ age group. One issue of a newspaper could reach as many as 75 percent of the adults in a metropolitan area.

Newspaper ads are *transportable;* not only can people read a newspaper while they are commuting, but they can rip out ads and carry them while shopping. Newspapers can also be *passed on* to other people; they are *permanent* and can remain in the home and be referred to again by interested shoppers, although two days is about the longest shelf life of a newspaper.

Newspapers are a *visual medium*—they can show a picture of the item to be sold or can describe in longer copy, if necessary, how a product or service works or benefits the consumer.

Newspaper ads are *flexible* and have many different sizes; they can be expanded to *double trucks* (two full-page ads facing each other) or to multipage insert sections. Large ads can show a wide range of items, styles, sizes, and prices. A full-page ad can contain pictures or illustrations of up to forty or fifty items and their prices.

Newspapers provide advertisers with an opportunity for *local retail shopping area concentration*. With the exception of a few large nationally distributed papers like the *Wall Street Journal* and the *Christian Science Monitor,* most newspapers target a local shopping area and do not provide much waste coverage.

Newspaper ads can also provide readers with money-saving *coupons* and coupons with which they can enter contests or write away for brochures, samples, and so on, as promotion for products.

Newspapers offer advertisers the opportunity to place their ads next to editorial material or in a *relevant editorial environment* that is of interest to a particular audience segment. These preferred positions may be next to the editorial page, in the food section, or in the sports section.

Newspapers give advertisers a *tangible record* of the date and place a product was advertised in a paper. Advertisers can pass the ads on to their suppliers with whom they might have a cooperative advertising program (see Chapter 9, "Retail/Development Selling," for more details about co-op programs).

Newspapers give advertisers access to an *upscale audience* that has more disposable income than has the average family, access to homeowners, and access to opinion leaders.

Daily newspapers do not come into the home free; people pay for them and thus they are more apt to pay attention to them, *believe the advertising* in them, and place more value on their content than on free media advertising.

Weaknesses of Newspapers Newspaper advertising is *nonintrusive*. Readers have to make a conscious effort to read an ad; they have to turn the pages, move their eyes, and choose to read an ad's copy. Newspaper ads tend to attract only those readers who already have some interest in or who are in the market for a product or service.

Newspapers have *poor printing quality*. Generally black-and-white photographs reproduce poorly, and color photographs reproduce even worse. For example, it is difficult to make food look appetizing in a black-and-white newspaper ad. To overcome this poor reproduction, many advertisers use illustrations and line drawings instead of photographs of their products.

It is *difficult to convey emotion, warmth, or to give particular emphasis* in a newspaper ad. The copy may have boldface, italic, or underscored print in it, but the reader is still left to supply the emphasis and interpretation. Also, larger or more colorful ads tend to overshadow smaller ads, and therefore it is difficult to achieve emphasis with small ads.

Very few people under twenty-five read newspapers. Readers are generally concentrated in the 35+ age group, and thus newspaper advertising is particularly *inefficient for many consumer products* that have target audiences in the 18–34 or 25–49 demographics area.

Unless advertisers are relatively big spenders, it may be *difficult to get a good position* in a newspaper, and most newspapers offer virtually *no competitive product separation;* two ads, each for a similar product or service, are often found side by side or one on top of the other.

It is *difficult to create excitement* with a newspaper campaign; the opportunity for creative impact is limited. It is hard to imagine people in an office talking at the water cooler about an ad that appeared the previous day in a newspaper the same way people talked about the Apple Computer commercial that appeared in the 1984 Super Bowl.

Newspaper ads large enough to have impact are *relatively expensive;* a full-page ad generally costs more than one or two of the highest-rated television spots in a market and from ten to thirty times more than a radio commercial. Also, it takes a long time to build frequency with newspapers—repetitions are expensive.

The *trend in newspaper circulation is down* (particularly the major-city dailies in the suburbs); the trend is down in the amount of time people spend reading their newspaper, but the trend in rates is up. Each year, newspaper advertising becomes less efficient.

Shoppers *Shoppers* are local weekly newspapers that are delivered free to homes in an area. They typically contain virtually all ads and little or no editorial matter. They are often used in smaller metropolitan areas or in small sections of larger areas—often surrounding large shopping centers.

Shoppers have several strengths:

1 They reach people who are making an *imminent buying decision.*

2 They appeal to *bargain hunters.*

3 They can be used for *coupons.*

4 They are useful for *price-and-item advertising.*

Shoppers have the following weaknesses:

1 Ads in shoppers are read by very few people—they have *low reach.*

2 Shopper *readership is duplicated* by other media.

3 Shoppers have a junk-mail, bargain-hunter, *low-quality image.*

Magazines

Magazines have been published in America since Benjamin Franklin's *General Magazine* and Andrew Bradford's *American Magazine* appeared in 1741. In the 1820s several popular magazines began to be distributed nationally, and after the Postal Act of 1879, which gave magazines special mailing rates, they became the first nationwide mass medium for advertising. From the 1890s until the late 1920s, when network radio was developed, magazines were the only advertising medium that was national in scope.

Magazines prospered through the era of network radio, but they had a difficult time surviving the onslaught of television. *Life, Look,* the *Saturday Evening Post, Colliers,* and other major national magazines folded in the decade after television's explosive growth and its subsequent domination of national advertisers' dollars. By concentrating on editorial content that appealed to special-market segments (e.g., *Playboy, Psychology Today, Byte*), magazines have survived as an effective advertising medium for reaching specialized markets. Total magazine circulation is approximately 270 million annually.

Total magazine revenue has grown somewhat faster over the last decade than has newspaper revenue, although not as fast as television, direct mail, or radio revenue. However, magazine growth has been steady and the prospects for future growth are quite good because magazines fit well with a segmented marketing approach. Magazines rank fifth behind newspapers, television, direct mail, and radio in total advertising dollars.

Magazine Audiences The average American looks at approximately eleven magazines a month, and it is estimated that 94 percent of the country's adults look at one magazine each week. Since different magazines appeal to many audiences, advertising can be targeted at virtually any demographic segment from preschool children, to teenagers, to executives in large corporations, to collectors of guns, to senior citizens. Some magazines have extremely high income audiences (*W*, *Smithsonian*, for instance), some have highly educated audiences (*Scientific American*, *Psychology Today*), and some have audiences that use a specific product (*PC World*, *InCider*). In general, magazine audiences are better educated and have higher incomes than the average American.

Readers enjoy magazines because they are convenient. As with newspapers, people can browse through them at their leisure. Magazines can give readers a capsule summary of the news in a particular field or give them in-depth reports and analyses of their favorite topics.

Since people will pay two dollars or more for a single copy of a magazine at a newsstand or subscribe at home for twenty, thirty, or forty dollars or more a year, readers value their magazines and often keep them around for quite some time to glance over and reread. You might remember a stack of *National Geographics* or *Reader's Digests* in a garage or closet in your own home. Seventy-five percent of people keep magazines on hand for future reference.

How Magazines Are Delivered and Sold Approximately 65 percent of all magazines are sold by subscription and are delivered through the mail; the remaining 35 percent are sold at newsstands. Subscription rates have gone up substantially in the last decade, reflecting, in part, large increases in the postal rates for magazines. It is a tribute to magazines' importance to consumers that circulation has not concomitantly declined with the increase in prices. In fact in 1984, circulation revenue surpassed advertising revenue as the major source of income for the average magazine.

Some of the most profitable magazines are those sold primarily at newsstands because they can be shipped inexpensively in bulk. Also, by selling primarily through newsstands, publishers avoid the expense of advertising for subscribers (often through expensive direct mail subscription promotions and cut-rate deals) and the costs of maintaining subscription lists. One way magazines try to get subscription renewals inexpensively is to use those pesky *blow-in* cards that litter the floor when you open a magazine; these cards are literally blown in by air pressure machines during the binding process.

Magazines, or *books* as they are known in the trade, typically sell advertising on the basis of *parts* of a page—a double page, full page, three-quarter page, half page, and an eighth of a page. Ads smaller than an eighth of a page are usually sold by the column inch. Most magazines have volume discounts based on total pages purchased in a year and frequency discounts based on the number of different ads purchased. Magazines also typically charge more for ads placed on the various covers (inside front, inside back, and back) and for preferred positions (e.g., opposite the first page of editorial matter or opposite the table of contents).

Rates for magazines, like those for newspapers, are based on circulation. Their circulation, also like that of newspapers, is audited by a company called the Audit Bureau of Circulation (ABC). Magazines promise advertisers that they will deliver the ABC-audited circulation on which their rates are based. This assurance is called a *guaranteed rate base* or *rate base*, which magazines change from time to time as their circulations—a combination of subscriptions plus newsstand sales—go up or down significantly.

Magazine rates are listed for two types of ads: black-and-white and four-color. (In printing, four colors—yellow, magenta, cyan, and black—are all that are needed to reproduce any photograph.) Premiums for four-color ads range from 20 percent to 100 percent depending on the magazine; the typical premium is in the 30-percent range. Magazine rate cards usually show the magazine's *rate base* (current circulation), the costs for a black-and-white page and four-color page, and the closing date. The closing date indicates how far in advance camera-ready artwork, typically for a four-color ad, must be submitted to be included in an issue. Closing dates range widely according to the magazine, from thirteen or fourteen weeks for some magazines like *Better Homes and Gardens* to six or seven weeks for others like *Time*.

Magazine rates, like newspaper rates, are generally not subject to negotiation and, once published, they remain firm. However, there has been some indication in recent years that a few magazines are beginning to bend somewhat in their strict rate card adherence.

The large consumer magazines usually have sales offices in the major advertising and corporate centers around the country and are not handled by national sales representative companies, or reps. Smaller magazines typically have a sales staff to handle local accounts and employ reps to sell elsewhere. Magazines are also sold as parts of magazine networks. The networks can consist of all the magazines published by a particular publisher, like Conde-Nast, or of an interest group, like Air Group One (consisting of several major airline magazines).

Strengths of Magazines The greatest strength of magazines is their *selectivity*—their ability to use a rifle, rather than a shotgun, approach to hitting a target audience. If you make plug-in boards for an Apple computer, where better to advertise than in *InCider*? If you want to sell a new fishing lure, where better to advertise than in *Field and Stream*? A revolutionary soufflé pan will undoubtedly find interested buyers in *Gourmet Magazine*. Often people subscribe to a special interest magazine as much for the advertising as for the editorial content; it's where they learn about and shop for new products and services.

Readers usually have special, loyal relationships with their magazines. They agree with general editorial positions of the magazines they choose and are apt to transfer this positive association from the editorial content to the ads and give the advertising more *credibility*.

Magazines are generally printed on high-quality paper and have *excellent color reproduction*. Food looks scrumptious in *Bon Appetit*, rooms are breathtaking in *Architectural Digest*, and clothes look beautiful in *Vogue*. Products can be showcased to look their very best in magazines. In addition, due to audience involvement in the editorial content and to the high-quality reproduction, magazines have more *prestige* associated with them than with any other print medium.

Because so many people keep magazines around to refer to, magazines have *more permanent value* than do any other mass medium. Magazines also have a *pass-along audience*. Research shows that some magazines, like *Business Week*, have as many as six or seven readers per copy.

Magazines have *extensive audience data* available to advertisers. When advertisers buy a magazine, they can usually get complete demographic information about its readers. As a general rule, magazines have more information about their audiences than does any other medium, except perhaps direct mail.

Magazines, like newspapers, provide advertisers with the opportunity to measure results with *coupons* or mail-order ads. No form of advertising gives a more accurate measure of the pulling power of a product or of an ad. Different headlines and different body copy approaches can be used to see which pulls best, and ads can be tested in different magazines to see which book gets the best results per dollar spent.

Weaknesses of Magazines Magazine advertising is *nonintrusive,* although magazine ads, especially color ones, generally have more impact than do newspaper ads. Readers must choose to read advertisements.

Magazines are *not cost-efficient*. Advertisers pay a substantial premium for the selectivity of magazines. Cost-Per-Thousands (CPMs) for most magazines are often seven to twelve times what they are for comparable demographics on network television. CPMs for magazines are based on circulation—not on actual readership.

The *long closing dates* for magazines call for careful planning and preparation and do not leave advertisers much flexibility. Radio commercials can be prepared and put on the air within hours, newspaper ads within a couple of days, and television commercials within a week (less if videotaped); but magazine ads generally take at least a month, and sometimes three months, to get in front of a reader's eyes. This lack of immediacy is a major disadvantage to advertisers who must operate in rapidly changing environments.

Color ad *production costs* can be considerable for magazines. These costs are not as much as those for the typical television commercial, but are more costly than those for the typical newspaper ad or radio commercial.

Like newspaper ads, magazine ads leave the emphasis, emotion, and interpretation up to the reader; there is *no person-to-person communication.*

Adequate mass audience reach and frequency levels are difficult to achieve in magazines. As magazines are typically monthlies, or in some cases weeklies, with *low penetration,* they do not provide advertisers with the opportunity to build up high reach and frequency that newspapers, broadcasting, and outdoor advertising provide.

Except for a relatively few major markets like New York and Chicago that have their own city magazines, magazines are generally nationwide in their coverage and are *not suitable for local advertisers.*

Many large national magazines, like *Time,* have begun publishing regional and metropolitan area editions, referred to as *split-runs,* which advertisers can purchase at a premium. However, the premiums are often quite high, and split-run ads are usually *bunched* together in the very front or at the back of an issue, far from editorial material.

Out-of-Home

The *out-of-home* category includes numerous media that expose advertising to a mobile audience. The most noticeable of these media are *billboards.*

Billboards come in many sizes, the most common of which are the standard-sized ones found near streets and highways. These units, or *panels,* measure 12′6″ × 25′

including the frame around the poster and can accommodate three poster sizes: a *twenty-four-sheet poster* measuring 8'8" × 19'6", a *thirty-sheet poster* measuring 21'7" × 9'7", and a *bleed poster* measuring 10'5" × 22'8". The twenty-four-sheet poster has a larger white border around it than does the thirty-sheet poster. The bleed poster has no border—it fills the panel's entire frame. Larger billboards, referred to as *painted bulletins* or *paints* and that measure 14' × 48' are also available in many cities. These billboards are painted onto the panel rather than printed and hung.

Among other types of out-of-home media are *exterior bus posters* (which come in many sizes, such as king-sized posters on the sides of buses and queen-sized posters on bus fronts and backs), *interior transit displays* at eye level inside buses and subways, *train station posters*, *junior panels* (small posters on the sides of buildings near intersections), and *displays in shopping malls and airports*.

Out-of-Home Audiences Everyone who leaves his or her home is exposed to one degree or another to outdoor advertising. Outdoor media give advertisers the opportunity to be selective in reaching a broad range of audience segments: a mobile, automobile-oriented audience for large billboards; an upscale audience in expensive suburbs; an inner-city audience on buses and subways; and an ethnic audience in selected neighborhoods for junior posters.

How Out-of-Home Is Delivered and Sold An outdoor advertising company that owns all or most of the billboards in a given city is known as a *plant*. In large markets there are often several competing plants, typically divisions of large national companies such as the Foster and Kleiser Division of Metromedia, or Gannett Outdoor Advertising, Inc. The plants negotiate with property owners for long-term leases for their structures, then build and maintain them. Numerous local, state, and federal statutes make regulation of outdoor advertising extremely complex and restrictive, especially near interstate highways.

The unit of sale for outdoor advertising is *daily gross rating points*, which are usually expressed in terms of a *showing*. A one-hundred showing would include enough billboards in a metropolitan area to reach approximately 100 percent of the area's adult mobile population. A fifty showing would require about half as many panels and would include enough posters scattered around an area to reach approximately 50 percent of the people daily. Painted bulletins are often in extremely desirable locations and are typically sold individually and not as part of a showing. Paints are also typically sold for longer periods of time than are standard billboards, usually on a yearly contract. In some major metropolitan areas, like Los Angeles and New York City, large billboards can be quite dramatic and can use rotating panels, flashing lights, and three-dimensional figures that extend out and over the borders of the panel itself.

Out-of-home is normally sold on a monthly basis, with locations usually rotating to one degree or another for contract periods of longer than one month. Other than by buying paints, it is usually difficult to buy specific one-panel locations, although a plant will usually offer panels in general areas or neighborhoods.

Out-of-home is most often bought on a local basis, but national outdoor representatives can put together a national buy for an advertiser. The two largest national out-of-home advertising categories are cigarettes and liquor. They are also the largest national advertisers in newspapers and magazines. Cigarette and hard liquor ads are banned on television and radio.

Strengths of Out-of-Home Outdoor advertising can provide *high reach and frequency* at efficient costs. It is particularly *effective for reaching commuters and travelers* who might be looking for somewhere to stop, eat, or refuel.

Out-of-home can be quite *selective,* allowing advertisers the opportunity to reach a market segment that might be too expensive to reach through other mass media. Posters featuring a product that appeals to a Hispanic audience and that is printed in Spanish could be quite effective in a predominantly Hispanic neighborhood, for example.

Outdoor advertising stays up until another advertiser buys the space. This *carryover* can amount to weeks and sometimes months of free advertising.

Weaknesses of Out-of-Home Outdoor advertising is *inflexible* and presents unique, creative challenges. Since billboards should consist of no more than seven words, there is little opportunity to explain a product or its benefits. An advertiser has just a few blinks of an eye to catch someone's attention with a picture and a word or two, and a few milliseconds more to keep it. The illustration must be colorful and eye-catching and the copy short and arresting; puns and plays on words often work well. Also, the lead time for artwork, layout, and posting is from two to three months.

Outdoor advertising has *low recall.* Due to people's short attention span to outdoor advertising, out-of-home serves best as a reminder.

Billboard *production is expensive.* Advertisers have to buy the paper and pay to have it printed. For a one-month showing, the production-cost-to-media-cost ratio can be quite high. Furthermore, in the last decade, *cost increases* for outdoor advertising have generally risen faster than have the rate of inflation and the costs of most other media; continued increases could make outdoor advertising lose one of its greatest strengths—efficient Cost-Per-Thousands.

Finally, billboards have a *negative image* in environmentally conscious communities.

Direct Mail

Direct mail, through the use of mailing lists, is the most selective of all media. The percentage of total advertising dollars that has gone into direct mail has increased substantially in recent years, spurred in large part by wider use by political fund-raising organizations. With the development of computer-driven word processing so letters can be individually addressed and body copy easily individualized, direct mail can now be personalized—a great improvement over impersonal *occupant* mail.

In recent years, direct mail costs have generally gone up much less than the costs of other media, partially as a result of favorable federal postal regulations.

Direct Mail Audiences The audiences for direct mail advertising consist of anyone who can be reached with a stamped card or envelope. Mailings can be sent to people in a single neighborhood or to millions of people, as in a sweepstake-type promotional mailing.

How Direct Mail Is Distributed and Sold Direct mail mailing lists are available in many different formats, but they generally fall into two basic categories: (1) *response qualified lists*, which provide names of people who have made a prior purchase or inquiry through other direct mail or other direct marketing techniques, and (2) *compiled lists*, which are mass-oriented and are usually compiled from mass, nonsegmented sources like automobile registration lists, telephone directories, and so on. Some compiled lists can be bought on the basis of sex, age, education, and other demographics.

The rental charges for mailing lists usually range from $35 to $100 per thousand names, with the average about $50; the cost depends on the selectivity and quality of the list. Postage costs for mailing can be less than regular postage costs as bulk mailing and pre-sorting discounts are available. The expense of the mailing piece itself varies, of course, with the complexity of its graphics, the quality of its paper, the number of folds, the use or nonuse of an envelope, and so on.

Strengths of Direct Mail The great strength of direct mail is its *selectivity*. Virtually any market segment, if it can be identified, can be sent a direct mailer or personalized letter—from a single person, to people within selected zip codes, to Democrats, to Independent voters who gave money to Republican candidates, to Visa card holders, to auto enthusiasts who purchased turbocharges through the mail.

Direct mail *selling approaches can be continually refined and perfected* by sending out several different pieces containing various sales approaches and copy, and then selecting the ones that get the best response for use in future mailings.

Direct mail can offer *quality color reproduction*, which is especially important for catalogs featuring expensive merchandise, such as the Nieman-Marcus Christmas catalog extravaganza. Since most direct mail material is carefully produced under the supervision of the advertiser, proper positioning of items, overall quality, and production costs can be controlled.

Weaknesses of Direct Mail The biggest drawback of direct mail is that it is *expensive;* it has by far the highest Cost-Per-Thousand of any of the media.

Direct mail has most of the weaknesses of the print media: *nonintrusiveness and lack of emotional involvement*. Many people do not bother to look at direct mail pieces. Direct mail is imminently *disposable*, which results in low response rates for most mailings. For example, a direct mail magazine subscription promotion is considered successful if it gets a 5-percent response rate.

Mailing lists become *outdated* and *inaccurate*, especially in the areas with a younger, mobile population.

Direct mail is *inflexible*—it requires several months lead time.

The Yellow Pages

The *Yellow Pages* of telephone books is a potent medium because people "let their fingers do the walking" through the phone directories when they are in the market to buy something.

The Yellow Pages Audiences The Yellow Pages have high adult reach. Over 80 percent of the adult population refers to the Yellow Pages an average of thirty-four times a year, and 84 percent of the references are followed by an action of some kind.

How the Yellow Pages Are Delivered and Sold The Yellow Pages are delivered to every household and business with a telephone.

Virtually all directories are sold on a twelve-month basis in primarily three units: a *bold listing*, a one-half-inch by one-column *space listing*, and a *display ad*, which begins with a one-sixteenth page and goes up to a half- or full-page size. Although the Yellow Pages are primarily a local medium, they can be purchased on a national basis from the Reuben H. Donnelley Company in various market-sized groups from a single market, to the top ten, to the top one hundred markets, etc.

Strengths of the Yellow Pages The Yellow Pages allow advertisers to *target hot prospects* who are ready to finalize a purchase decision. They have *high reach* into almost every household in the country. They are *permanent* and they are kept around for reference purposes.

Weaknesses of the Yellow Pages The Yellow Pages are *inflexible*, as you can revise copy but once a year, and you must have copy prepared two or three months in advance. They are *nonintrusive*. People only look when they are in the market for a product or for a store in which to buy something; it is virtually impossible to get a new product idea across in the Yellow Pages.

Copy is restricted to *institutional* approaches only—no prices can be given. There is *no competitive protection or separation;* in fact, the whole notion of the Yellow Pages is that all competitors are in the exact same place.

SUMMARY

Advertising is a growth business that has outpaced inflation and the growth of the economy over the last decade. Advertising has proven to be recession-proof because in a downturn of the economy, advertising is often the last expense to be cut. Also, in this mass marketing era, the mass media are vital parts of the marketing mix, especially when new products are introduced.

The advertising media can be broken into two groups: *broadcast and cable media*, and competing media such as the *print media*.

Radio is the most pervasive of the media—people wake up to it, drive to work with it, jog with it, even take it to ballgames. Radio is primarily a local advertising medium; the typical station gets only 20 percent of its revenues from national advertisers (this percentage is higher for stations in large markets and for those with top ratings).

Virtually everyone listens to radio during the week. The medium has a huge mass audience; the average person spends three and one-half hours a day listening to the radio. People listen to radio according to which programming format appeals to them, and a variety of formats appeal to a broad range of demographic groups. *Contemporary hit radio, adult contemporary*, and *country* are the most popular formats.

Americans love *television*—it is the country's dominant medium. Virtually everyone watches TV in the average week, and the average home has its TV set turned on over seven hours a day. Ninety percent of homes have color television and 55 percent of them have more than one set.

Networks are more important to television stations than they are to radio stations, since TV affiliates get about 75 percent of their programming from their network, and their ratings fluctuate with the success of their network programming.

Over 40 percent of the homes in the United States are wired to receive cable. Cable systems that sell advertising insert it locally in ad-supported networks like ESPN, MTV, and CNN. These ad-supported cable networks normally appear on *basic*, with the *pay* services, like HBO, on a *pay tier*. In some markets with several systems operating, the systems form a cooperative interconnect to sell advertising.

Newspapers are the largest of the media in terms of advertising revenue, with television just behind them. The number of major metropolitan newspapers has declined in the last decade, as has newspaper circulation in general. Newspaper audiences are generally older and have higher incomes and educations than the average person. Readers spend an average of thirty minutes reading the paper every day, and in most major metropolitan areas only about 30 percent of homes receive a newspaper.

Shoppers are free newspapers that contain virtually all advertising and have all the weaknesses of newspapers with few of the prestige and credibility strengths. They have very low readership.

Magazines are the oldest national advertising medium. They have had a resurgence in recent years due to their *selectivity*—the ability to reach very specifically defined market segments.

Sixty-five percent of all magazines are sold by subscription, and 35 percent at newsstands. Circulation revenues from subscription and newsstand sales have steadily gone up in recent years to the point that they now account for more than 50 percent of magazines' total revenue, surpassing advertising revenue as the main source of income.

Out-of-home advertising includes *billboards, junior panels*, and *transit advertising*. Billboards are good for building reach and frequency of a reminder-type message.

Direct mail is the most selective of the media, particularly when used with word processing, which makes personalizing addresses and body copy easy. Direct mail mailing lists can be rented in the form of response-qualified lists or compiled lists for from $25 to $70 per thousand names.

The *Yellow Pages* of the phone book are good for reaching people who are in the process of making where-to-buy decisions.

Exhibit 7-5 shows how the advertising media compare in terms of strengths and weaknesses.

Exhibit 7-5 Comparison of Advertising Media

	Intrusive	Selective	Persuasive	Memorable	Permanent	Reach	Frequency	Nonseasonal	Low Cost of Production	Efficient
Radio	+	++	+	+	–	+	++	+	++	++
Television	++	+	++	++	–	++	+	–	– –	+
Cable	++	++	++	++	–	–	–	–	– –	–
Newspapers	–	+	–	–	+	+	–	+	+	–
Magazines	–	++	–	+	++	–	–	+	–	–
Out-of-home	–	–	–	– –	–	+	+	–	–	++
Direct mail	–	++	–	–	–	–	–	+	–	– –
Yellow Pages	–	–	–	–	+	+	–	+	+	–

TEST YOURSELF

1 Why has advertising been virtually recession-proof in recent years?

2 What are some of the differences between AM and FM radio stations?

3 What are some of the strengths of radio as an advertising medium?

4 What are some of the advantages for a television station that is affiliated with a network?

5 What are some of the strengths of television as an advertising medium?

6 What is the difference between a basic and a pay cable service? Give several examples of each.

7 What are some of the strengths of cable as an advertising medium?

8 What are some of the weaknesses of newspapers as an advertising medium?

9 What are some of the weaknesses of magazines?

10 What are some of the weaknesses of out-of-home?

11 What are some of the weaknesses of direct mail?

12 What are some of the weaknesses of the Yellow Pages?

PROJECTS

1 Select a local radio station for which you want to sell. Write a presentation to an account that is currently using newspaper as its only advertising medium. Your presentation should discuss the strengths of radio and the weaknesses of newspapers in such a manner that it does not insult the intelligence of the account for having used newspapers in the past. Also, recommend that the client use billboards in combination with radio.

2 Do the above project for a local television station, but without the addition of billboards.

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Chapter 8
Rate Cards and Maximizing Revenue

The function of a *rate card* is to describe the prices for advertising time on a station/system. Charges vary by the length of time sold, by the time period in which the advertising runs, or by the season of the year, among a number of other possible variables. There are just as many different structures of broadcasting and cable rate cards as there are different networks, stations, and systems. Each area of the business has its own sales strategy, pricing philosophy, and discount structure that reflect its unique strategy.

In broadcasting and cable, it is difficult to judge the effectiveness of sales in terms of direct cost of the product, which is advertising time. Therefore, a criterion other than profitability must be used, and that criterion is *maximizing revenue*—bringing in as much money as possible. You might remember this as one of the nine related functions of salespeople from Chapter 1.

The varied architecture of rate cards and their combination of discounts and time classifications give salespeople the opportunity to create a singular blend of spots (or programs) and discounts that satisfy the special needs of an advertiser. The final mixture of prices and discounts offered to a client is called a *package*, and the process of creating this offering is known as *packaging*. Packages become salespeople's *augmented products*, for until programs are priced and bundled together to suit an advertiser's needs, programming remains only an amorphous media opportunity.

THE PROBLEM WITH SUPPLY AND DEMAND

Most business decisions about how much to charge for a product are based in some way on the theory of supply and demand. In its most rudimentary form, the theory might be described as the marketplace working in response to both the supply of and the demand for goods and services. According to the theory, prices rise when supply is short and fall when supply is plentiful. When prices rise, entrepreneurs and producers enter the market with more supply to take advantage of the higher prices. This new supply causes prices to fall as the goods and services become readily available. This simplistic expression of the concept is based on the assumption that both supply and demand are relatively elastic and free to fluctuate.

However, in broadcasting demand is relatively inelastic. Merely lowering prices does not bring hordes of advertisers to a station/system. Most advertisers have seasonal sales patterns and they plan their advertising around their peak selling seasons. Also, certain times of the year are best for new product introductions in various industries. Thus, broadcasters have not been successful in the past in creating demand for their commercial time merely by dropping their prices. Traditionally, the second and fourth quarters of the year have been much heavier advertising times in broadcasting than the first and third quarters have been. Even relatively low prices and high audience levels (thus efficient Cost-Per-Thousands) in television in January have not induced advertisers to increase their use of TV to any significant degree during that month.

On the other hand, when rates go up substantially in May of each year, advertisers do not desert the medium; they realize that the higher prices caused by higher demand cannot be brought down by increases in supply. The supply of available commercial positions has an upper limit, which in certain times of the year is reached very quickly. The FCC licenses a limited number of broadcast stations, each of which imposes its own restrictions on the number of commercials it may carry in an hour. As of yet, cable has not had a major effect on the broadcast advertising marketplace, and its supply of inventory has produced no impact on broadcast prices.

Regardless of how much commercial time is in demand by advertisers, there is a relatively inelastic upper limit of time on all networks and on all stations. Many broadcast sales managers wish they could add a few hours to the day during peak demand periods, the way newspapers and magazines can add pages. But in broadcasting and cable, it's a matter of a more or less fixed supply meeting with a variable demand.

RATE CARD EVOLUTION

The inherent difference between broadcast and print media affects their pricing structures. Newspapers and magazines base their rates primarily on circulation and on the page size of the publication. For example, a full page in the relatively small *TV Guide* is proportionately less expensive than a page in the relatively large *Fortune* magazine, and a page in the tabloid-sized *Chicago Sun Times* costs proportionately less than a full page in the full-sized *Chicago Tribune* (proportionately means that the differences in size of circulation are considered). These print rates are generally not subject to negotiations or short-term changes based on demand. If more advertisers want more space, the print media instantly increase supply by adding more pages. Radio and television rates are much more sensitive to the pressures of demand because stations cannot increase the supply of spots; thus, rates increase, sometimes dramatically, in periods of high demand.

Broadcasters, particularly in television where there are fewer stations and a higher demand for time than in radio, have gradually moved away from the concept of offering volume or frequency discounts to advertisers. They do not necessarily want to encourage any one client to buy up more and more valuable inventory—especially at lower prices than they could get from other advertisers in periods of high demand.

This was not always the case. Since many of the early radio and television stations were owned by or at least had to compete with newspapers, broadcasters adopted many of the pricing and discount philosophies and structures of the print media. Radio and television station rates were printed on complex rate cards that laid out in intricate detail all of the complicated discounts and prices available.

Over the years, broadcast rate cards have changed considerably from the highly structured, cumbersome, and inflexible dinosaurs of the 1950s to the simple, flexible grid rate cards of the 1980s.

The Age of Discounts

The early stage of rate card evolution might be called the *Age of Discounts*, which was characterized by ponderous, multipage behemoths with many of the following features, some of which still exist today in rate cards as residual appendages:

1 ***Frequency discounts.*** Frequency or *times-per-week* discounts are ones that are usually noted by 5× (five times), 10×, 15×, 25× per-week discounts; or 6×, 12×, 24×, and 36× per-week discounts are used to encourage advertisers to buy into the weekends (multiples of five encourage clients to buy Monday through Friday only). Frequency discounts have their roots in newspaper multiple-line rates and per-week insertion rates.

2 ***Volume, or bulk, discounts.*** These discounts normally do not specify times per week, but they offer a discount based on the total number of spots purchased—such as 1,000 spots per year.

The theory behind frequency and volume discounts was to encourage advertisers to spend more money with a station, because each time they bought more spots, they got a better deal. However, this practice encouraged clients to buy more and more valuable inventory at cheaper and cheaper prices. The original logic behind these discounts gave way to the following realization: When dealing with a scarce product, it's foolish and contrary to a station's self-interest to charge lower and lower prices for a product as it gets more and more scarce, particularly since its value (ratings) does not change according to how much is bought or who buys it. One can hardly conceive of the people who mine diamonds doing this sort of thing. Not only is such a practice self-destructive, but it also comes close to being illegal because it favors the larger advertisers and discriminates against the smaller ones. Frequency and bulk discounts, then, are unenlightened at the very least.

The use of bulk rates has diminished somewhat for similar reasons. Bulk rates, or volume discounts, are based on the practice of offering discounts for large numbers of spots, usually purchased within one year and used at any time during the year at the advertiser's discretion. The obvious problem with this discount structure is that, once again, an advertiser pays less for a product with an inelastic upper supply limit and which does not diminish in value as more products are purchased. Also, volume discounts do not encourage advertisers to use their contracted-for inventory in times of the year that are beneficial to the station. A volume-discounted spot in May, when demand is high, is potentially much more harmful to a station than one in January.

Most rate cards that use bulk rates now require advertisers to sign up in advance and to commit to running a certain number of spots, with the discount not offered on an as-earned basis. In fact, many rate cards have short-rate conditions that stipulate that the price will increase if the client does not run the contracted-for number of spots; the price will go up by reverting back to the actual earned discount. For example, if a station had a 500-, 1,000-, and 1,500-time bulk rate, advertisers would have to sign up in advance to run a specific number of spots. If they did not agree in advance, then they could not pay the discounted rate in advance, but would earn it when they finally ran 1,500 spots. They would then get a rebate. Of course, when discounts are allowed as they are earned, there is virtually no inducement for advertisers to commit in advance to use a station, which essentially defeats the purpose of having a discount. It is almost as though the station were rewarding an advertiser for poor planning.

Another discount that was used more often in the past than in the present is a *consecutive week discount* (CWD), which offers discount levels based on the number of consecutive weeks an advertiser runs. Usually CWDs are 5 percent for thirteen weeks, 10 percent for twenty-six weeks, and 15 percent for fifty-two weeks. Some rate cards include complicated conditions that demand a minimum number of spots to be run during a week for an advertiser to qualify, or that specify the class of time in which a single spot has to run.

Due to the complexity of keeping track of earned discounts and because of their counter-productive natures, most frequency, volume, and CWD discounts have been eliminated from rate cards in large markets and more progressive stations. These stations have realized that their salespeople's time is better spent selling the station's benefits and advantages and negotiating for higher rates than selling complicated discounts, keeping track of these discounts, and trying to figure out lower rates for customers.

The Age of Preemptibility

The next stage of rate card development might be called the *Age of Preemptibility*. Broadcast sales managers realized that inflexible frequency, bulk, and consecutive-week discounts were not designed to respond to the conditions of supply and demand. They began putting discounts in rate cards that had the flexibility of responding to market pressures. Discounts were offered on the basis of preemptibility, and usually on three levels; *fixed, semifixed* (or semipreemptible), and *preemptible.*

Preemptible means that an advertiser's spot can be moved, or preempted, if another, higher-rate-paying advertiser wants the space. Depending on the conditions outlined in a station's rate card, each level is progressively less expensive and progressively more preemptible (one week's or two week's notice for semifixed, and no notice for preemptible before they would be moved for higher-rate advertisers). Buyers had the option of paying a lower rate and taking the chance of being preempted, but spots with lower ratings would not normally be bumped by higher-rate advertisers. Thus prices were both flexible and responsive to demand.

Stations using preemptible rate cards had the opportunity to charge more for their inventories in higher-demand time periods. When spots were inevitably preempted, stations would find spots of comparable value, called *make-goods,* which buyers agreed to accept as part of the sales agreement.

This three-level or three-section type of rate card (sometimes called a *section card,* referring to the different levels of preemptibility), also had problems. Most advertisers and advertising agency media buyers are fairly intelligent; they soon realized that to get a better deal, they had to switch their buying tactics from searching for discounts to negotiating for preemptibility. Thus, instead of negotiating over price or over discounts, buyers would negotiate over the degree of preemptibility—try to get *fixed-position guarantees* from salespeople at preemptible rates.

In broadcasting, as in much of life, when a good thing is done in excess, it usually causes problems. Stations found that salespeople rarely sold fixed-position spots, but when they did and lower-rate advertisers were preempted, the bumped advertisers insisted on paying the higher rate (stations learned not to allow this because it destroyed the purpose of the categories). Furthermore, advertisers got angry when they were preempted, even though they knew in advance that it was possible. It is similar to speeding on the highway; no one expects to get caught, but when they are, they're furious at the cop who arrests them. Advertisers want their advertising to run with the expected frequency so it will have the needed impact on their sales. In addition, stations that used section cards often sold an excessive amount of preemptible spots; then, when they exercised their options to sell to higher-rate advertisers, they did not have enough time left to make good the preempted spots. Chaos and enraged advertisers were the result.

Although the preemptible rate card was used mostly in television, the notion was also adopted by many radio stations. The philosophy of fixed-position spots and package plans whose spots are preemptible by fixed-position spots is still featured in many radio rate cards. However, the concept of preemptibility and fixed-position spots is particularly ill-suited to radio.

Radio is bought and sold on advertisers' assumptions that schedules purchased will be fairly rotated within the time period purchased. Rotation can be *vertical* (rotated throughout all time periods in a single day, say, from sign-on to sign-off on a Monday), or *horizontal* (rotated across all days at a particular time, say, 7:00 A.M., Monday through Friday). Some television packages are designed to rotate horizontally, some vertically, and some both (more about packages later in this chapter). Virtually all radio time is sold on the basis of both horizontal *and* vertical rotation (for example, 6:00–10:00 A.M., Monday through Friday). An advertiser who buys into a time period on radio expects, and has every right to expect, fair and even rotation within that time period during the week. Advertisers realize that not everyone can be scheduled at radio's peak listening time of 7:30 A.M. Therefore, they are willing to have some of their spots run between 6:00 A.M. and 6:30 A.M. and some between 9:30 A.M. and 10:00 A.M., if they know the spots will run on a proportional basis between 7:30 A.M. and 8:00 A.M. also. Radio stations that violate this assumption of fair rotation are violating their advertiser's trust, which can hurt their credibility in the long run.

Thus, radio stations that sell too many fixed-position spots block out the most desirable times and are not able to give a fair rotation to all advertisers. Also, if package plans are designed to be preemptible, then they become less attractive to advertisers, which in turn encourages them to buy inventory-depleting fixed-position spots. One of the bigger mistakes a station can make is to sell out its most desirable time periods and to be left holding the bag with no incentives, other than very low prices, with which to sell this less-desirable time.

The Age of Grid Cards

Currently broadcasting is in the *Age of the Grid Card*. Grid rate cards are used by most television stations, especially those in larger markets, and by major-market radio stations. The grid type of rate card was developed by those who recognized the desirability and practicality of buyer and seller negotiating over prices on a continuing basis. Grid cards have rightfully been called *demand rate cards* because they are designed to respond to the constantly changing pressures of the marketplace.

Contrary to the notion some people might have that there is something unethical or even indecent about negotiation, it really is the fairest and most reasonable way to sell time—just as stockbrokers sell securities on a bid-and-asked basis. Somehow negotiating got a bad name; perhaps it was felt that negotiating stations were lowering their prices by going off their rate cards. However, negotiating can just as often mean getting higher prices. Also, as noted in Chapter 5, a successful negotiation is one in which all the participants come away from the negotiations with the feeling that they got what they wanted. A successful negotiation is one in which no one feels they won or lost.

Grid rate cards are structured in a variety of ways, usually with four or more levels of prices for each time period. A grid card for a radio station might look something like the example in Exhibit 8-1.

As can be seen from Exhibit 8-1, there are no fixed-position prices or frequency discounts in the rate card. There are no fixed, immutable laws about discounts or discounted percentages from grid level to grid level. There is no secret mumbo-jumbo that says discount steps must be 5 or 10 percent, or that discounts must be evenly divided across a time period. *The basic purpose of a rate card discount is to encourage advertisers to buy your product the way you want to sell it.* Discounts should be used to encourage advertisers to buy in the most advantageous manner for a station/system—to maximize revenue.

Exhibit 8-1 Example of a Grid Card

	Grid Level					
Time Period	*I*	*II*	*III*	*IV*	*V*	*VI*
AM drive	150	135	125	120	100	85
Daytime	125	120	110	90	80	60
PM drive	140	130	115	100	90	75
Weekend	140	125	100	75	65	50
Nighttime	75	65	50	40	30	20

Notice that there is a wide range of prices in all time periods and a wider range in some time periods than in others. The sales manager who uses the above grid card can respond on a quarterly, monthly, or weekly basis to changes in inventory or in the station/system's ratings, or to seasonal demand. For instance, if morning drive time has strong ratings and high demand, the sales manager might use the Grid I prices. If the station experiences soft demand and relatively poor ratings during daytime, Grid V prices might be used. The Saturday 6:00–10:00 A.M. time slot might sell at Grid IV prices and the Saturday 10:00 A.M.–3:00 P.M. time slot at Grid I rates. Also, different sections of the grid could be used for different types of packages at different times of the year. Grid cards are more sensitive to the pressures of demand and are therefore more logical for stations/systems to use. However, in some cases local advertisers must be sold on the merits of grid cards and on the desirability of negotiating.

One thing to keep in mind about any rate card is that it is only a tentative price list and is subject to change without notice. Current on-the-air advertisers, of course, are protected at their current rates for the length of their contracts. Even if a rate card is published in *Standard Rate and Data Service* or printed by a station/system and passed out to advertisers, it is merely for the advertiser's convenience and does not constitute a firm or binding offer because rates can change rapidly in response to demand. In fact, the best rate card for salespeople is the one that is never printed or released externally. Then salespeople have the chance to sell the benefits and advantages of their station/system.

RATE CARD STRUCTURE

The basic structure of most rate cards begins with the classification of the kinds of programs or spots offered for sale by time periods, which generally reflect audience tune-in levels. This categorization is logical and the practice still exists today. For example, prime time for radio is 6:00–10:00 A.M., Monday through Friday (referred to as A.M. or morning drive), and prime time for television is 8:00–11:00 P.M. (Eastern Standard Time). Normally the rates in each time period reflect the audience of that time period.

Exhibit 8-2 Radio Day-parts

Time period	*Rank by size of audience*	*Label*	*Class**
6–10 A.M. Mon–Fri	#1	Morning drive time	AAA
10 A.M.–3 P.M. Mon–Fri	#4	Daytime	A
3–7 P.M. Mon–Fri	#3	Afternoon drive time	AA
7 P.M.–12 MIDNIGHT Mon–Sun	#10	Nighttime	B
12 MIDNIGHT–6 A.M. Mon–Sun	#11	Overnight	C or D
6–10 A.M. Sat	#7	Weekend	AAA or AA
10 A.M.–3 P.M. Sat	#2	Weekend	AA or A
3–7 P.M. Sat	#6	Weekend	A
6–10 A.M. Sun	#9	Weekend	A
10 A.M.–3 P.M. Sun	#5	Weekend	A
3–7 P.M. Sun	#8	Weekend	A

*There are almost as many different classes of times used by radio and television stations as there are stations that use such a label—ranging from AAAA (*quadruple A*) to E. These classifications are not uniform in the industry and thus tend to be very confusing from station to station. However, they can be useful at times when combining several time periods into the same price range. The more descriptive names, such as *A.M. drive time*, are more practical for radio in most situations. By and large, radio rate cards should be kept simple so as not to confuse buyers and clients.

Time Period Classifications

As a general rule, the time periods (or *broad-day-part*) for radio, their usual rankings, and their approximate classifications are as shown in Exhibit 8-2.

The ranks of the time periods in Exhibit 8-2 will vary according to demographics. For example, people in the 18–24 age group generally listen more at night than during other *day-parts*. The season of the year makes a difference; for example, A.M. drive time does relatively less well, particularly among women and teens, in the summer than in the other seasons. Special programming, such as Sunday afternoon NFL football or nighttime baseball, can affect ranks. Station format also makes a difference: beautiful-music stations will not do as well in morning drive time as in afternoon drive time, and album-oriented rock stations will do relatively better at night than during the day.

The rank order of time period classification for television is more difficult to generalize about because of the effects of time zones on network scheduling. Exhibit 8-3 shows examples of broad day-parts, their labels, and approximate rank order for the Eastern and Central time zones (Mountain time zone schedules are roughly similar to those of Central; Pacific time zone schedules are roughly similar to those of Eastern). HUT (Homes Using Television) percentages are also given.

Sixties versus Thirties

In television the thirty-second commercial is the standard unit of sale, with sixty-second commercials costing twice as much as thirty-second ones. This pricing structure came about several years ago when TV prices began to escalate and many national advertisers

Exhibit 8-3 Television Day-parts

Eastern day-part	*Rank (HUT)*	*Central day-part*	*Rank (HUT)*	*Label*
Monday–Friday				
7:00–9:00 A.M	#9T (16%)	7:00–9:00 A.M.	#10 (16%)	Early morning
9:00 A.M.–4:30 P.M.	#7 (25%)	9:00 A.M.–3:30 P.M.	#8 (29%)	Daytime
4:30–6:00 P.M.	#5 (39%)	3:30–5:00 P.M.	#7 (39%)	Early fringe
6:00–7:30 P.M.	#3 (54%)	5:00–6:30 P.M.	#4 (51%)	Early news*
7:30–8:00 P.M.	#2 (56%)	6:30–7:00 P.M.	#3 (53%)	Prime access
Monday–Sunday				
8:00–11:00 P.M.	#1 (61%)	7:00–10:00 P.M.	#1 (64%)	Prime time
11:00–11:30 P.M.	#4 (21%)	10:00–10:30 P.M.	#2 (62%)	Late news
11:30 P.M.–1:00 A.M.	8 (21%)	10:30 P.M.–12 MIDNIGHT	#5 (40%)	Late fringe
Saturday and Sunday				
1:00–5:00 P.M.	#6 (33%)	1:00–5:00 P.M.	#5 (40%)	Sports**
Saturday				
8:00 A.M.–1:00 P.M.	#9T (16%)	8:00 A.M.–1:00 P.M.	#9 (19%)	Kids

*This time period is when most network affiliates run their local and network news programs, although this varies a great deal from market to market, and, of course, many stations (e.g., independents) may not run any news during this period.

**On Saturday and Sunday afternoons in many months during the year most stations, particularly network affiliates, carry a variety of sports during this time period.

realized they could get their sales messages across in thirty seconds. These advertisers then would buy a sixty-second commercial position and put two thirty-second commercials for their products in the time slot. These double thirties were called *piggybacks*.

The advertisers who thought they had found a way to beat the system soon learned, to their dismay, that television sales managers were just as resourceful and profit-conscious as they were. When TV stations realized that advertisers were getting their message across in thirty seconds, they raised their prices substantially (or raised their thirty-second price to what their sixty-second price had been) and made the thirty-second spot the basic unit of sale. Thus, they substantially raised their income and at the same time raised the number of commercials viewers watched.

Radio stations have generally kept sixty-second spots the standard unit of sale by pricing thirty-second spots from between 75 and 80 percent of the sixty-second rate. This pricing structure has generally encouraged advertisers to stick with sixty-second spots; however, there is some indication that this situation is changing, particularly in network radio.

One reason radio stations keep the thirty-second rate high is because some have a *unit limit*, which makes sixties and thirties equal, rather than a limit on the number of minutes. The National Association of Broadcasters Code gives to radio stations the option of running up to eighteen minutes of commercial time per hour, although many stations, particularly FM and contemporary AM stations, run less than the full load. Radio managers are conscious of complaints about commercial clutter on television and are not anxious to have the same thing happen to radio, particularly since radio has a fairly high commercial load in relation to television. Many people in the radio industry want to keep the sixty-second commercial the basic unit of sale; they do not want to lower the proportional cost of thirty-second spots from their present level.

National versus Local

In the early days of radio and television, many stations copied the newspaper practice of offering both national and local rates. Some stations even went so far as to have separate national, regional, local, and retail rate cards. The original concept was to charge advertisers only for the coverage they could use. Thus, a national advertiser who had wide product distribution throughout a station's coverage area was charged a higher rate than a local retailer who had only one location confined to the downtown area was charged. This situation in newspapers, where the national rates were, and in some cases still are, twice as much as local rates, led in part to national advertisers establishing co-op arrangements with local merchants to take advantage of their lower local rates (more about co-op in Chapter 9, "Retail/Development Selling").

In radio and television, national advertisers began to find ways around paying the higher national rates. Agencies for the large national clients would open up local branches or time-buying offices in many markets. The national-local battle was a difficult one to keep track of because of a diversity of rules and policies used by stations, depending on the size of the market. Fortunately, much of the confusion has been eliminated in television as most stations now have only one rate card for all advertisers, and each sale is negotiated on a per-situation basis. Television stations found their time in such demand that they no longer had to attract local advertisers with low rates, and the advertisers discovered that television works—that it brings shoppers through the doors. Television has virtually eliminated the distinction between national and local rates in most markets.

Radio has not eliminated the two-rate situation as fast as television has. For example, there are still a few 50,000-watt stations whose outside coverage, according to management, warrants charging a higher price to national advertisers who can take advantage of the coverage because of their universal distributions. Also, radio national sales representative companies charge a 15 percent commission—and sometimes more—for selling time, while television reps charge much less—often 5 or 6 percent.

Radio stations in small- and medium-sized markets often price their spots to sell directly to local retail clients who do not have advertising agencies. Therefore, when these stations sell through a national representative to whom they have to pay a 15 percent commission, and to a national advertising agency to whom they have to pay another 15 percent commission, it can take a considerable bite out of their net revenues. Therefore, many smaller-market stations increase their rates for national advertisers to make up for this rate differential, and they still have national and local rate cards.

However, this situation is changing as more and more stations realize that national advertisers want to pay for audience delivery, and as they realize that the higher national rates do not reflect higher audience levels. Also, national advertisers are becoming more and more reluctant to pay higher rates than do local advertisers.

Combination Rates

The Federal Communications Commission (FCC) has adopted antitrust policy considerations in its regulations governing joint sales agreements between stations. The FCC has rules prohibiting combination rates (often referred to as *combo rates*) between independent (non-common ownership) stations serving the same market area and commonly owned television and radio stations serving the same area.

With respect to all other situations besides the two described above, there is no flat prohibition on combination rate arrangements. However, because such arrangements still present a potential for anticompetitive abuse, the FCC has adopted additional general guidelines to be applied on a case-by-case basis. In particular, combination rates must be carefully reviewed when offered by commonly owned AM and FM stations serving the same area, and commonly owned stations of all types serving distinct markets.

As a general matter, combination rates are permissible in the following instances:

1 Separate rates are also offered so the combination rate is not absolutely required.

2 The combination rate does not result in an *unfair advantage* over other stations.

The FCC has indicated, however, that commonly owned AM-FM stations in the same market may use forced combination rates during periods of simulcasting. While the first element of the FCC's policy can be readily applied, there is, unfortunately, no simple definition of what constitutes an unfair advantage over other competing stations.

Whether or not to sell commonly owned AM-FM stations in combination depends on a number of variables. In general, in small markets where there are few stations and where a station's sales costs tend to run high as a percentage of its total billing, AM-FM combination rates sold by one sales force are quite common. This system is generally an efficient one, particularly when one of the stations has much higher ratings than the other one, and when the lower-rated station could not support a sales staff of its own. In large markets, particularly if the AM and FM stations are not too far apart in the ratings, separate rate cards and separate sales staffs are the rule. Most sales managers feel that it is better to have two separate sales forces competing for business if this can be supported financially. This competition usually keeps rates higher and produces higher sales revenues for both stations. It is rare that a single sales force selling combination rates can maximize revenue for both stations.

Anticompetitive Agreements

Whether in combination or not, rates must be set independently by each station. According to a fundamental principle of antitrust law, it is illegal for competitive businesses to conspire to fix prices. Prise-fixing agreements do not have to be formal; any informal, tacit understanding that indicates or even *hints* that competitors have agreed on a price level is illegal. Stations that merely discuss their practices about rates in general and subsequently adopt parallel policies may be found to have fixed rates. A good rule to follow is *never talk about rates and rate cards with competitors.*

Also, the FCC has cautioned stations against failure to perform sales contracts. The Commission has stated that a pattern of nonperformance of advertising contracts, regardless of the reasons, will raise questions as to the basic qualifications of the owners.

On the other hand, stations do not *have* to sell time. The courts have ruled that broadcast stations are not common carriers and thus are not required to sell time to whomever knocks on their doors. A station can refuse to sell time to an advertiser whose credit is bad, whose product or service the station finds objectionable, whose commercials the station thinks are in poor taste, or who otherwise does not measure up to reasonable business standards (see Chapter 11, "Network, Syndicated, Rep, and Local Cable Selling," for a discussion of the rules covering the sale of political time).

Conditions

The purpose of a rate card is to set forth a station/system's current prices. Normally a rate card does not spell out the conditions associated with a sale. However, these contractual conditions can be as important to a sale as can the price, and in some cases the conditions can affect rates.

The conditions of a sale are printed on the back of most radio and television contracts. These conditions are usually in tiny "mice" type and do not make a fun evening's reading. In fact, many salespeople fail to read the conditions, which can mean they do not know what they are selling—a situation that can spell disaster. Because timeliness is so important, it is common practice in broadcasting to consummate sales and to run schedules without having formally signed contracts from clients and agencies, and without having them countersigned by the station/system. Therefore, it is *imperative* that salespeople know what these conditions are when quoting rates and putting them together in packages for customers. Sometimes the conditions vary from station/system to station/system; among radio, television, and cable; and for special sales situations (such as for a partial sponsorship of the season-long broadcasts of a sporting event that might be firm and noncancelable for the season). Appendix B contains the standard conditions that are printed on the back of most radio contracts (television and cable conditions are similar). These conditions are typical and the ones most advertisers and agencies *assume* exist when they buy time, unless they are told differently by salespeople.

In actual practice, some of the conditions are regularly and knowingly violated by both parties. Not every client pays bills by the fifteenth of each month, for example. In radio, the two-week prior notice before a customer can cancel is rarely enforced because one of radio's great strengths is its immediacy and flexibility. Stations are often reluctant to tell their customers that they cannot cancel a spot schedule because it must run for two weeks, "according to the contract." The more usual practice is to allow an advertiser who wants to cancel to do so with a few days' notice, both to maintain a good relationship and to encourage the advertiser to return with another order.

Television stations are generally not as flexible as are radio stations because their time is in higher demand, so they do not have to be as accommodating. Also, because of this higher demand situation and the more time-period-specific nature of television sales, once a spot has been ordered by an advertiser, it is taken off the market. Other orders for those spots are subsequently turned down, causing a potential loss of substantial revenue. Most television stations want two weeks' notice so they can reoffer and resell the cancelled time.

When a salesperson sells time to an advertiser, the standard conditions are assumed by both a station/system and an advertiser. A station/system can waive one or more of the conditions on the back of a contract, and they often do. However, the author feels it is important for salespeople to know the basic contractual assumptions that exist, and to understand what advertisers have a right to expect. Also, salespeople should be aware of what they have a right to expect from advertisers and their agencies. These conditions form the basis for establishing the standard industry buying and selling practices, which help to create an orderly marketplace.

MAXIMIZING REVENUE

If the purpose of a business is to create a customer, and the functions of a salesperson are to create a differential competitive advantage and to manage relationships with customers, then a question that is bound to come up sooner or later is "what kind of customers?" Are all customers the same, and is one sale as good as another? The answer is obviously no.

Maximizing revenue means that regardless of ratings, market conditions, or type of programming, the salesperson's job is always to get the best possible order at the highest prices under the circumstances—making the *best* sales performance, not merely a sales effort. Maximizing revenue is a relative term and one that makes excuses difficult because revenue can be maximized no matter what ratings or programming conditions are.

The unique economic structure of broadcasting and cable makes the concept of maximizing revenue especially profitable. With most products there are additional costs associated with each additional unit of sales. In the print media, each page sold carries with it concomitant increases in costs, such as ink, paper, production, etc. In broadcasting and cable all of the time a station/system is on the air must be filled with something—either with programs containing commercials or with public service spots. Furthermore, each additional unit sold does not incur additional costs. A station/system has virtually the same overhead in January, which traditionally has low revenues, as in May, which traditionally has high revenues. Thus, once enough time is sold to cover the overhead, each additional dollar in new sales is profit.

Any salesperson can get an order if the price of spots is set low enough. Even without reading this book, you can sell out any station/system at five cents per spot. Merely getting orders is not a proper goal. A better one is to sell out your station/system at the highest possible price, twenty-four hours a day, fifty-two weeks a year.

Sell to the Right Clients

Regardless of rate structure, you must concentrate on getting orders from the right clients—ones who pay their bills and who will be back month in and month out—and from ones that can spend enough money to make the sales effort worthwhile. One of the biggest mistakes new salespeople make is to spin their wheels on small accounts that can never spend much money. There is a rule of thumb for most industries, and broadcasting is no exception, that 20 percent of the clients spend 80 percent of the money. To maximize revenue, concentrate on the 20 percent.

Not only are larger customers better prospects for spending more money, but they are also usually better prospects for paying higher rates. They often recognize value rather than just price. Larger clients are also more favorable toward long-term, flexible arrangements.

Next, you must find customers whose target audience and image fit your station/system's target demographics, image, and audience profile. In Chapter 4 you learned how to *qualify* prospects as the second step in the Five Steps of Selling. By concentrating on the right clients whose product, service, or store profile fits yours, you will not only get orders more quickly, but you will also usually get a higher rate. Advertisers are normally willing to pay a little more for selectivity, for the ability to aim their advertising investments at their best potential customers.

Finally, as in every other phase of selling, you must have a plan for maximizing revenue. You must know your station/system's past billing patterns and the buying patterns of your best customers; then you must plan on how you are going to respond to the expected repetition of these patterns in the future. To develop a plan and to know how to respond, you must know what revenue levels you hope to achieve, and what management expects you to achieve, at the end of the month and of the year.

Know Where You Are Expected to Be

To chart a strategy for maximizing revenue, you must know where your management expects you to be, and then you must adjust your strategies and tactics accordingly. Does management reward you for being sold out, or for beating the figures for the same month last year? Does management evaluate your performance by your gross billing, by net collections, by your share of the available dollars, by your percentage increase over last year, or by all of these criteria?

The most common situation is for management and owners to look for a percentage increase each month based on the same month the previous year. Naturally, salespeople and sales managers should have similar goals and know how they are going to get results.

Sales managers must know how many spots they have available and for what price they must sell the spots to reach their billing objectives. For example, if a radio station had a commercial policy of allowing a maximum of twelve units of commercial time per hour, then

12 spots × 12 hours = 144 commercials per day (6:00 A.M.–MIDNIGHT)
× 7 days per week = 1,008 spots per week, or 52,416 spots per year

If a station/system's sales force were able to keep the station/system 75 percent sold out (39,312 spots sold on the average yearly) at an average rate of $25.00 per spot, then the station/system's revenue would be $982,800 yearly. If management wanted to have a 15 percent increase to $1,130,220, the sales department would have to increase its sell-out percentage from 75 percent to 86¼ percent, or would have to increase its average unit rate from $25.00 to $28.75.

This type of *sell-out/price analysis* can be useful in showing management that its objectives might be unrealistically high. For example, if to attain the billing levels desired the station/system would have to be 100 percent sold out at current prices every week of the year, top management might want to reconsider its revenue projections.

Pricing

How do you set the rate for a spot or program on a station/system? This is one of the more difficult and complex questions in broadcasting and cable, and to which there is no easy answer. There are many underlying considerations or variables to keep in mind when making pricing decisions. Choosing whether to have a grid rate card or a weekly frequency structure is a rate card decision, and determining the cost of spots is a pricing decision. Rate card decisions should only be made occasionally; however, pricing decisions must remain flexible and be made frequently—sometimes daily.

Tradition One element to consider when making a pricing decision is *tradition.* Some programs or stations/systems are more costly than others simply because they always have been. For example, some news programs or personalities command a higher Cost-Per-Thousand than do others because they have traditionally cost more. Afternoon drive time in radio is usually priced higher than daytime or weekends, which often have higher ratings, because buyers are used to paying more for afternoons. Pricing tradition is ephemeral; it is hard to define and pin down. This tradition involves a station/system's image, its prestige in the community, the stature of its ownership, the reputation of the station's performers and newspeople, the awareness of its call letters or name, and many other reasons, usually centering around a sense of *perceived quality* on the part of customers.

Traditional pricing patterns in a market and on a station/system may defy logic, and usually do, but they are always present and cannot be changed overnight. Many a new and, later, sorry sales manager has discovered the tenacity of these patterns and has had to make an embarrassing retreat after raising rates, perhaps logically, in an underpriced market. Even though tradition and perceived quality are important factors, most pricing decisions must be made on the basis of less gossamer factors, such as market demand.

Demand Pricing spots to maximize revenue requires an understanding of, an assessment of, and a manipulation of *demand.* A radio or television spot has no intrinsic value; it vanishes into thin air after thirty seconds. It is only worth what someone is willing to pay for it, and this willingness is guided by what alternative advertising opportunities are available and at what price.

In order to manipulate the price of a service, like advertising time, demand must be manipulated. To manipulate the price of a product, especially a *commodity*, supply must be manipulated. A commodity is a product that is perceived to be undifferentiated in the minds of buyers and thus the only differentiating element is price. For example, when the major oil-producing countries who are members of OPEC want to manipulate the price of oil, they must manipulate the supply of oil—to raise the price they must lower output. However, the price of a service is determined by demand, not necessarily by supply. Therefore, to manipulate the price of a service like advertising you cannot do it by decreasing the supply, you must do it by increasing the demand.

How do you increase the demand for advertising on radio, television, and cable? By prospecting for new clients and by continually bringing new advertisers into the broadcasting and cable media. The higher the demand, the higher the prices you can charge. Thus, assessing current demand and increasing future demand through prospecting are critical elements in keeping price levels as high as possible.

Information about *existing pressure on inventory in the marketplace* is absolutely necessary to make intelligent pricing decisions. Knowledge about current demand must be fed back to management regularly, daily in most cases, by salespeople. Many stations/systems in larger markets have salespeople fill out *business opportunity reports* (BORs) every time there is a pending buy in the market (see Exhibit 8-4 for a sample copy of a BOR). The report gives details of the upcoming campaign: number of weeks, spot length, budget, desired demographics, and desired time periods, among other items. These reports help management understand current market demand and they become one of the fundamental tools used to make pricing decisions.

The element of *projected future demand* must be added to the conditions of current demand. Historical trends are extremely useful in projecting demand several months away, particularly in today's selling climate where schedules are so short that it becomes difficult to project from booked orders more than several weeks into the future. If your station/system has been 100 percent sold out during May for the last five years, you can be pretty sure that demand will be heavy for the upcoming May, and you should plan accordingly. Future demand can also be affected by economic conditions, both good and bad.

Predicting future demand is a tricky guessing game at best, and most sales managers try to develop their own crystal ball system. Reading industry trade publications such as *Television/Radio Age* (its "Business Barometer" report is quite good) or *Advertising Age* are excellent ways to keep current on national trends, demand, and rates. Discussions with the station/system's national sales representative and with local clients about their future plans are also extremely valuable.

However, even with detailed and reliable information, demand can't be predicted with certainty. To determine what demand is, you must test the market—the high end of the market, not the low end. The only way to know what price is too high is to ask for it.

Ratings and Demographics Next to demand, *ratings* and *demographics* are the most important factors in making pricing decisions. What are your station's ratings compared to those of your competitors? How are your ratings in the most desirable demographics? In general, the higher the rating, the higher the price, and the higher the CPM. Many advertisers are willing to pay a higher CPM for higher-rated spots because they feel they deliver greater reach. Also, the higher the share, often the higher the CPM, as many advertisers will pay more for an enormously popular personality or for a blockbuster program.

Good ratings and shares in those demographics that are in demand by advertisers are valuable and command high rates. In the last several years there has been a general shift

Exhibit 8-4 Business Opportunity Report

BUSINESS OPPORTUNITY REPORT

Account New Wave Stores
Product women's wear
Agency x, y, z
Buyer Jane Doe
Salesperson C. Warner

Primary target audience Women 18-34
Secondary target audience Teens
Rating service Arbitron
Evaluation basis Metro, CPP
(Metro, TSA, ADI/CPA, CPP)

Date of request 11/17
Schedule starts 12/1 Schedule ends 12/15
Number of weeks 2
Total market budget $20,000 Weekly reach goal 100 pts weekly
Weekly market budget $10,000 Weekly frequency goal ______
Market CPP average $120
Number spots per station 20-30 Number of stations 2 or 3
Other Merchandising and promotions not considered
(Merchandising, promotions, co-op, notarized affadavits, etc.)

DISPOSITION

Order $3500/28 spots
($/spots)

Share of budget 35%

Stations ($/spots)	Share of budget
KIIS, $6500/25	65%

away from the 18–49 to the 25–54 age group; in television, however, women 18–49 are still sought after, particularly by mass-market consumer goods accounts. A television program could be ranked number three in overall audience in its time period, but be a strong number one with the women 18–49 age group and command the highest rates. In radio, stations with a high concentration of audience aged 25–34 usually can get higher rates than stations with a high percentage of their audience aged 55+, even if their total percentage of audiences in the 12+ age group are relatively close.

Certain types of programming attract an audience with a higher socioeconomic status (SES): currently, for example, golf on television or classical music on radio. These higher SES programs command higher prices and are excellent vehicles for corporate and institutional advertisers.

Stations/systems that are ratings and demographic leaders have the responsibility, both business and moral, of being the price leaders in a market. Leading stations/systems that do not show pricing leadership tend to keep market rates depressed and are certainly not maximizing revenue.

Competitive Rates Since demand and rates are functions of the available alternative advertising opportunities and their prices, you must keep track of what those alternatives (your competitors) are charging: television, radio, cable, and newspapers. A rate increase by the area's leading newspaper could trigger a rate increase in both radio and TV if the broadcast media are experiencing relatively strong sell-out levels. In a soft broadcast market, a newspaper rate hike could cause an intense selling campaign by broadcasters to switch advertisers out of newspapers into broadcast and cable.

Keeping track of *competitive street rates* on a daily basis is of major importance in making pricing decisions. Since rates in the marketplace are generally set by the ratings and demographic leaders, theirs are the rates of primary interest. The pricing strategy should be to come as close as possible to the leader's rates, not down to the lower rates of the competitors beneath you.

Lowering rates to meet the competition can be a short-term decision that has negative long-term consequences. It is easier to lower advertisers' rates than to raise them. Once you have accepted a low rate from a client, it is difficult to get a higher rate for the spots later, unless there is a significant ratings movement. Sometimes turning down business to keep rate levels up is the best way to maximize revenue in the long run.

Value As previously defined, *value* is a combination of price and quality. Of course, value is a relative concept—relative to each station/system, to each medium, and to each client. However, just because inventory is unsold does not mean it has no value and that its price should be lowered. It may mean that you have simply not found the right client who can use the time properly. Advertisers who are interested in reaching big-rig truck drivers pay respectable rates for spots that run overnight on some country music radio stations. Investment-letter advertisers pay good rates for the privilege of having Sunday morning time slots on all-news radio stations, where they get good results.

Advertising works; and radio, television, and cable are the most effective and efficient advertising media. Broadcast advertising can sell anything from toilet paper to computers, from gravestones to fine art, and from presidential candidates to hamburgers. Thus, every spot on every station/system is of value to some advertiser.

If a station or system gives away spots to advertisers, that station/system devalues the media. So-called *no-charge spots* (sometimes referred to as *bonus spots* or *spins*) contradict the notion of value. If you give away something at one time, it is difficult to justify charging for it later.

Worth is a concept that is wrapped up in tradition, demand, ratings and demographics, competitive prices, plus a sense of the inherent value of advertising and the worth of your audience. Therefore, unless you believe your medium's audience is worthless, charge for it. There are some exceptions to this rule, such as in the case of guaranteed CPM situations where spots must be given for nothing to meet promised audience levels. However, under normal, non-guarantee circumstances bonus spots are a bad idea.

The Sales Force Some experts believe that an excellent, well-managed *sales force* can get between 25 and 40 percent higher prices for the same ratings than an average sales force can. Therefore, the strength of a station/system's salespeople should be taken into consideration when pricing spots. Good people can consistently bring in more money for spots and packages.

Packaging

Rate cards should be viewed as a tool, the basic purpose of which is not to list prices for advertisers, but to help salespeople build *packages* that suit both advertisers' needs and a station/system's selling strategy. Packages are one of the most important selling tools in a salesperson's strategic selling kit. They are the starting point for negotiations.

From the advertisers' perspective, an intelligently designed package allows them to concentrate their investments on specific target audiences, or to meet their particular scheduling needs. From a station/system's perspective, a package allows it to spread an advertiser's budget throughout the full broadcast week and balance its inventory more effectively. A package allows the station/system to offer discounts that specifically encourage advertisers to buy time the way the station/system wants to sell it; in a sense, they reward advertisers for giving the station/system the kind of orders that meet its strategic selling goals (discussed later in this chapter).

Packages must be made available for sale well in advance of their effective dates. Packages can be quite diverse in design; here are some examples:

1 ***Vertical.*** A package could be designed for *vertical saturation* on a single day to give advertisers maximum impact and exposure for a single event, such as a warehouse sale. Well-priced vertical packages can be effective in selling out low-demand inventory, such as nighttime on radio or early morning in television.

2 ***Horizontal.*** A package could be designed for *horizontal rotation* of spots. For example, the 10:00 P.M. (Central Standard Time) break between the network and local late news, Monday through Friday, might be reserved for a package rotation; an advertiser rotates into one of the positions each week for five weeks. In this manner a station/system can give an advertiser the opportunity to build reach with exposure to many different audiences, and it gives the station/system the opportunity to package

lower-rated spots with higher-rated spots. On radio an example of a horizontal-rotation package would be one consisting entirely of overnight spots.

3 ***Scatter plans.*** *Scatter plans,* sometimes called *orbit plans,* are designed to rotate both horizontally and vertically. A scatter plan can be predesigned to contain a group of positions throughout a week's schedule into which an advertiser's commercial rotates on an equal basis; or the scatter plan can be specifically designed to meet an advertiser's needs. A television station might offer a *news scatter,* which contains spots in both the early and late news, and which rotates seven days a week. Or, a television station might put together two low-rated prime-time spots (8:00 P.M. Monday and 10:00 P.M. Tuesday, for example) with a moderately rated spot (9:00 P.M. Wednesday), and then add their top-rated spot (the spot before *Dallas,* for instance), for a *four-spot scatter.* This would allow them to package together some less desirable spots with their cream-of-the-crop *Dallas* spot. In essence, they are selling the *Dallas* spot to four advertisers instead of to just one.

4 ***Demographic.*** A package could be designed to pinpoint demographic segments, such as a children's program package on television, or a radio sports package appealing primarily to men.

5 ***Seasonal.*** January or August packages can be designed and priced to encourage the purchase of station/system advertising in low-demand months, although these packages do not generally bring many new advertisers into a medium. A pre-Christmas package might be designed to sell out all time periods.

6 ***Theme.*** Back-to-school packages or other packages designed to reach a station/system's total audience while centered around a theme or event can be effective. These packages can be worked out in cooperation with the program department. A Ronald Reagan film festival on television or an annual top-100-hits week on radio are examples.

7 ***Promotional.*** Some of the most effective packages are those that involve station promotions, such as a bumper-sticker promotion on radio. For example, an advertiser buys a large schedule and the station mentions the advertiser's name in promotion spots, urging listeners to pick up the bumper stickers at the advertiser's store or location.

Individualized Packages Following are two examples of how a salesperson might put a package together.

Example 1. A television advertiser with a target audience of men 18–34 is introducing a new product and wants to build high reach and frequency levels within the target demographic area. The schedule will start at the beginning of February and the product is a premium-priced one that appeals to upscale consumers. The agency media buyer has told the salesperson that the street rates for the market are coming in at a cost-per-point of around sixty dollars for the target audience.

The salesperson begins by looking at the computer ratings printout, which lists all of a station/system's programs, breaks, and time-period ratings in rank order by demographic segment, and making a list of those that do well with men 18–34. Next, the salesperson gets a list of availabilities from the traffic department and sees what is available in the programs and time periods that do well with men 18–34. Next, the sales manager is consulted to see what strategy should be employed.

Since it is February and the station has a fairly large supply of available spots, the sales manager tells the salesperson to build in a discount (to use a lower level of the grid) if the buyer will give the station 100 percent of the budget. The salesperson builds a package that contains some prime-time program breaks, which do well with the target demographic area, and some late-fringe time, which does relatively well with men 18–34 and which the station is anxious to sell because of low demand. No early or late news is included in the package because the station has high demand and few availabilities in these day-parts; furthermore, news tends to skew toward older (55 +) demographics. Even though the advertiser has an upscale target demographic and the news spots might otherwise be called for, the salesperson feels the money can be better spent on prime time and sports to build reach, and on late fringe to build frequency.

The salesperson can put together a large, attractively priced package (CPP = fifty-five dollars) by using Grid II for prime time, Grid III for sports, and Grid IV for late fringe. The CPP for the package can be brought in below the market CPP average. The total package's price is based on receiving 100 percent of the budget, and the salesperson tells the buyer that the rates only apply if the full package is purchased.

No individual spot prices should ever be put in packages—just a total package price. Advertisers can assign whatever costs they think are warranted for individual spots, or they can merely divide the total package price by the number of spots to get an average unit cost. The station/system's internal prices should not be revealed to the buyer, and no suggestion should be made that there are no-charge spots involved. As mentioned earlier, you will have an extremely difficult time in the future ever getting money for spots you have given away, and bonus spots devalue your inventory. The proper emphasis should be on the high quality of the offering. The package—an acceptable mix of spots at an acceptable total price—should be negotiated as a whole.

Example 2. A radio advertiser has a target audience of adults 25–54 and uses radio to increase frequency levels in a market. There is strong competition for the budget among radio stations. The buyer has told the stations that spots are to be concentrated in morning drive time. The salesperson asks the buyer to extend the definition of morning drive time beyond the usual 6:00–10:00 A.M., Monday through Friday to include 5:00–10:00 A.M., Monday through *Saturday*. By including some very low-priced overnight spots and low-priced Saturday morning spots in the package, the salesperson increases the total number of spots to build frequency and to pull down the average cost of the package. Several weekend spots are added to the package to build frequency at efficient rates and to fill some of the large number of open weekend spots.

Cases like these two hypothetical ones of individually designed packages are common in television because of the complexities of advertisers' needs and the complicated nature

Exhibit 8-5 Total Audience Plan (TAP)

Time period	*Number of spots*
AM drive	3
Daytime	5
PM drive	3
Nighttime	5
Weekend	4
Total spots	20
Total cost	$675

of television stations' time periods and rate structures. In radio, many stations have prestructured package plans called *spread plans* that they have published on their rate cards or prepared in advance, printed on single presentation sheets, and given to prospects.

Spread Plans *Spread plans* are package plans that distribute spots throughout a station's broadcast week. They are often referred to as *total audience plans* or *maximum impact plans* in radio, and might look like the example in Exhibit 8-5.

Using TAP packages is an effective way of giving discounts to encourage advertisers to buy in a manner that is advantageous to a station/system: to spread advertising budgets over the week and through different time periods without clogging up the more valuable and higher-demand time periods. These spread plans have advantages for advertisers, too; they get a higher *cumulative audience* than they would by running spots in just one time period. Clients take advantage of the full range of a station/system's audience, not just part of it.

Other types of packages found in rate cards are ROS (*run of station* or *run of schedule*) and *best times available* (BTA) packages. These two types of packages are similar, but with one subtle difference. An ROS package consists of a very low overall price offered to advertisers who agree in advance to allow a station/system to run a schedule anywhere it chooses. Thus in periods of soft demand, the advertiser could run a schedule in A.M. drive time on radio, or in prime time on television, if the station/system wanted to schedule it that way. In periods of high demand, an ROS schedule might be relegated to run overnight. The term ROS does not indicate that the station/system has any obligation to runs spots anywhere other than where it chooses. On the other hand, BTA packages carry with them the obligation for the station/system to run an advertiser's spots in the best available times, which allows the station/system somewhat less flexibility than does the ROS package.

However, both packages are usually the lowest-priced spots or packages available on a station/system, and they were often used before the advent of the grid card. The problem with ROS and BTA packages is that salespeople are too often tempted to promise to fix ROS or BTA spots within a time period and not preempt them. Some stations/systems use ROS or BTA packages exclusively, which makes it easy for the salespeople to sell, as they need only remember one price. However, these packages certainly do not allow for much negotiating, especially negotiating *up* in price. With such simplistic rate cards, there is no opportunity to raise prices in high-demand periods or to test the upper limits of advertisers' rate tolerances.

Inventory Control

Maximizing revenue is primarily an understanding, assessment, organization, and manipulation of demand. It is secondarily an understanding, assessment, organization, and manipulation of supply—the only supply you can control: your own. *Inventory control* and manipulation are irreplaceable ingredients in maximizing revenue.

Controlling inventory is a volatile process that requires flexibility on the part of sales management, traffic people, salespeople, and sometimes even customers. Inventory control is generally more critical in television than in radio and cable because television time is bought in more narrowly defined day-parts or program segments than is radio and cable time. The need for greater time-period specificity in television limits flexibility and requires more complex systems and greater planning. Inventory control in cable is made complex by the technicalities of inserting commercials in cable network services at the local system level.

Product Separation A traffic system is necessary to organize the information about *what* commercial positions are available, *when* they are available, for *how long*, *to whom* (due to competitive product restrictions), and *at what rate*. Traffic systems must include information for both network and local commercials and the corresponding product protection guidelines. The most common product protection practice is to give competitive advertisers a ten-minute separation. For example, two local car dealers would generally not be put on the same break in television. On the other hand, ads for two department stores might be placed within a few minutes of each other if they were advertising different products—one men's cologne, the other automotive batteries. Often networks will shift commercials around at the last minute, making it impossible for stations to make the necessary changes to meet product protection guidelines.

Usually product protection guidelines are covered by individual station/system or network commercial policies; these guidelines vary greatly depending on the medium (radio and cable generally offer greater separation than does television), on whether it is a network or a local client, and on whether it is a sponsorship or a spot participation. Sponsorships are usually more expensive, but they carry with them greater product protection guarantees than do spot participations.

A guarantee differs from a guideline as follows: A *guarantee* implies that advertisers will be given make-goods if one of their commercials runs too close to a competitor's. A *guideline* merely indicates that the station/system will try to keep competitive products separated, but will not offer make-goods if they fail.

Any product separation policy must be stated clearly and understood by customers. For instance, what does a station/system consider competitive to Coca-Cola commercials? The answer might be: (1) all beverages including coffee, milk, beer, and wine; (2) all soft drinks including fruit punches, Kool-Aid, diet soft drinks, and non-colas; (3) just carbonated soft drinks; (4) just colas; or (5) just caffeinated or decaffeinated colas. As you can imagine, a station/system's competitive product separation policy can have a large effect on how many spots are available and to whom.

Preemptibility A traffic system must not only be able to pinpoint quickly what is available when, for how long, and to whom, but also at what rate. Many stations have rates for spots that are preemptible in some manner or another—spots such as ROS, BTA, preemptible packages, Section II or Section III, or Grid V or Grid VII. Regardless of how they are labeled, spots that have the flexibility of being preempted by higher-priced spots must be noted and *kept track of*. Although preemptibility is sometimes desirable, it must be used carefully and moderately. The preemptibility conditions must be carefully explained to clients in advance because, as mentioned earlier, almost nothing makes an advertiser more upset than an improperly run schedule—to say nothing of the wrath incurred if it does not run at all.

As a general rule, preemptibility is a more acceptable concept in television than in radio. In larger markets particularly, advertisers who buy radio schedules do not want to bother with the uncertainty and paperwork involved with preemptions and make-goods. In smaller markets, ROS or BTA packages are acceptable because clients are not generally too demanding about the time-period positioning of their schedules. In these situations, a radio station has great flexibility, but it is also obliged to treat advertisers fairly and to give them as even a rotation as possible in all time periods. However, radio stations that sell only ROS or BTA packages are not pricing their inventory in a way that will maximize revenue; by pricing in this manner, they have no way to test the upper limits of market demand.

Maximizing revenue means maximizing rates for all spots in all time periods; to accomplish this, stations must not only have an aggressive pricing philosophy, but they must also have a good traffic system operated by competent traffic people.

Traffic People and Systems *Traffic* in broadcasting and cable is similar to automobile traffic on a busy street: Things change and move constantly. The ideal traffic person is born holding a shoehorn and is brought up in a circus by jugglers. Most station/system traffic and continuity departments are like a three-ring circus, with the traffic manager as the ringmaster. Not only are good people important in a traffic department, but so are good systems. Most television and major-market radio stations have computerized systems, which usually make the job of knowing what is available much easier and the information about availabilities and scheduling much faster to enter, change, and retrieve.

Examples of Inventory Decisions Notice that in the following examples the sales manager makes the decision and confirms the salespeople's orders. It must be this way. Every order must be seen and approved by the sales manager before it is scheduled; the traffic manager should not have the final say on accepting orders—only the sales manager. By keeping a tight control, the sales manager keeps in touch with every spot that runs on the station and every price that is charged.

1 A radio sales manager notices that Thursday and Friday drive times are 95 percent sold out, while Monday and Tuesday drive times are only 30 percent sold out. In talking to the salespeople, she finds out that this is the way local merchants want their schedules to run—"It has always been done this way." The sales manager has several options: (1) to raise prices for limited rotation, such as on Thursday and Friday only; (2) to stop confirming orders that contain only Thursday and Friday spots, and to train the salespeople to sell full rotation throughout the week to increase reach and frequency; (3) to institute a special weekend package that lowers the price of spots after 7:00 P.M. on Friday through Tuesday at 10:00 A.M. to encourage clients to run over the weekend and into the earlier part of the week; or (4) to design a special contest or sales incentive plan that rewards salespeople for selling full rotation packages. Any or all of these responses are appropriate ones.

2 A television sales manager sees that demand is so great for spots during an upcoming Super Bowl telecast that the station could get almost any price it wanted for the few spots available in and around the game. Instead, he designs a package well before the Super Bowl that combines spots in other NFL play-off games and in other network and local sports programs—many of which normally might go unsold—with Super Bowl spots. The price for the Super Bowl spots if purchased alone are set extremely high, but the full package is reasonably priced. This encourages advertisers to purchase the entire year-end sports package rather than to cherry-pick the Super Bowl adjacencies.

3 A radio station sales manager notices that some of the largest local retailers habitually order schedules at the very last minute, and that usually their orders have to be turned down because the station is sold out. This situation is unfortunate because the big retailers are often willing to pay good rates. The sales manager works with the local salespeople and instructs them to get more detailed promotional plans from merchants to help plan for those weeks in which their schedules have traditionally been heavier. He probably then decides to keep a reasonable percentage of the inventory open before those weeks that are known to contain heavy demand. He is confident that the salespeople will sell out the inventory with last-minute orders, usually at high rates, because the other stations are sold out. Examples of such situations would be new car announcement time and Mother's Day.

A simple calculation shows that it is better to be 85 percent sold out at $150 per spot than to be 100 percent sold out at $125 per spot. Not only does the station make more money, but it also has the opportunity to fit in last-minute (high-rate) advertisers.

It's often said that the only thing a 100 percent sell-out proves is that a station/system is underpriced. There is a great deal of truth in this adage. To be 100 percent sold out at the highest possible rates, a sales manager would have had to price the station/system precisely right and to assess market demand perfectly. Perfection is rare, even among major-market television sales managers.

Strategic Selling

Strategic selling means selling to achieve sales goals and to secure targeted orders. Individual goals must be in concert with those set by management for where revenues are expected to be and when. As discussed in Chapter 4, there are several ways to target the kind of order you want. Following are some specifics.

Targeting an Avail Targeting a specific spot or program availability (*avail*) is usually not an effective strategy because it tends to focus on the station/system's need to sell something rather than on the needs of clients. However, there are times when unusual sales pushes are necessary to sell special programming that a network or station has purchased, like the Olympics or a blockbuster miniseries. In this case, salespeople can make a list of clients whose advertising strategies, image, and target audiences would be ideal for the avail, and then call on them. Using a specific, special, exciting avail also might be just the right enticement to get a new client to try your medium.

Targeting a Price *Targeting a price*, CPM, or CPP level is the best strategy when a salesperson has limited inventory to sell; order size or budget share is of lesser concern, as long as you get the targeted rate. Some all-news radio stations with high A.M. drive-time ratings and low ratings at other times use a variation of the price-targeting strategy known as *dollar-generation*. For example, rather than price A.M. drive time at $400 per spot, a sales manager might decide that each A.M. drive spot must generate $800 as part of a package. The salespeople have the flexibility to price A.M. drive and other spots at their own discretion, as long as their orders bring in $800 for every A.M. drive spot sold. This strategy can be used for unusually highly rated time periods or programs in great demand (the number-one local television newscast, for instance) and is effective when used with other targeting strategies.

Targeting the Size of an Order This strategy was discussed in Chapter 4. It helps salespeople set goals and keep their sights set high, which leads to greater success in the long run.

Targeting a Share of Budget Also discussed in Chapter 4, targeting a share of budget, or selling for share, means concentrating on getting the highest possible share of each advertiser's budget. Sales departments, sales managers, and salespeople are often evaluated by the percentage of available dollars they obtained in their medium in a given month or year.

In many markets, the stations/systems agree to give their monthly sales figures to a local accounting firm for analysis. The accounting firm sends back a confidential report that reveals the total amount of national and local revenue in the market for that month, and the percentage they received of each category. Only the figures for that station/system and no others are revealed in the report so that individual figures remain secure and unpublicized; but the total market's progress is known to all cooperating organizations.

By comparing the percentages, or shares, of advertising dollars with a station/system's overall share of audience, mangement has a good gauge on the relative performance of the sales department. In larger markets, television stations subscribe to *Broadcast Advertiser*

Reports (*BARs*). By looking at a BAR booklet and at the number of commercials on each station, a sales manager can see how well each salesperson has succeeded in getting a respectable share of an advertiser's budget compared to what competing salespeople on the other stations got.

Radio stations that do not have the advantage of BARs or other commercial monitoring services must rely on their salespeople's abilities to monitor competitive stations and to report on all accounts that appear on the other stations. Each salesperson is assigned a station to watch and to report on to the sales manager and other salespeople. In this manner, a sales department can check on the competitive activity of accounts and see if the station is missing any business.

These targets will vary by account, by salesperson, by demand, and by market economic conditions. For example, in January, when demand is normally low and there are numerous spots available on stations/systems, the best strategy might well be to go for 100 percent of every available budget and to give up as much inventory as necessary to get the 100 percent (within reason and with no bonus spots). In May, when demand is high and inventory is tight, the best strategy might be to get the highest possible price for each spot sold, regardless of share of budget. In a very high-demand situation, when lots of advertising money is available, it is more important to get as high a price per spot as possible than to get a high share of each budget.

However, sales managers generally focus on shares because high shares generally correlate with high rates. In the final analysis, obtaining consistently good shares is the fairest and best (most result-oriented) indicator of excellent performance, and is the most important factor in maximizing revenue.

Targeting with Packages Another way to maximize revenue is to package effectively. To be effective, packages must be carefully designed and put on the street for sale well before their effective start dates. January packages should go out in the early fall, for instance. Packages for major events, such as the Olympics, can be offered a year or more before the event. Baseball sponsorships are usually offered for sale as soon as the season is over. See Appendix A for examples of packages.

As mentioned in the previous section, packages should be designed not merely to sell time, but to maximize revenue by encouraging advertisers to buy spots in time periods or in months that they normally would not consider. Packages should be goal-oriented and strategically designed to solve selling problems.

Switch-pitching A *switch-pitch* is a presentation made under two conditions: Either your station/system has lost an advertiser's business and schedules are placed on other stations/systems, or your station/system does not get the type of order it has targeted and feels it deserves. The second of the two situations is a difficult one and must be handled quite delicately.

As the name implies, the *pitch* (presentation) is made to get buyers to *switch* (change their orders). Switch-pitching rarely accomplishes its major goal of getting an advertiser to cancel all or part of other schedules and to place a schedule with you. Buyers are understandably reluctant to cancel and reorder schedules. However, switch-pitching can be very effective, if handled properly, in accomplishing several goals.

First, salespeople who put together a well-organized, well-documented switch-pitch and present it tactfully and intelligently let the customer know that they are not pushovers and will not take losses lying down. Next, switch-pitching affords a good opportunity to reeducate a client on the benefits of a salesperson's station/system during the relative *post-buy calm* after the storm of calling for avails and making a buy. In these less frenetic circumstances, a salesperson can spend more time with a buyer, reinforcing all of the reasons why a buyer should have chosen the station/system. A good switch-pitch becomes the ideal presell for the next buy. Finally, the switch-pitch acts as an implied threat. If the switch-pitch can show irrefutably that what a salesperson offered before the buy was made was superior, buyers must either switch the business, or accept that the salesperson might go over their heads to the supervisor or, in the case of an agency, to the client.

A strong, realistic switch-pitch is an excellent insurance policy for the next buy. However, switch-pitches are not whining sessions; they must be based on facts and must show that there are definite and substantial advantages to switching schedules. Many buyers and clients have a guideline of not switching a schedule for less than a 15 percent improvement.

Switch-pitching is not a negotiating tactic; in other words, don't make a price offer that you will later be willing to lower to make a switch-pitch. If you do this, buyers will learn not to accept any offer you make as a final one. The switch-pitch should contain reasons for the validity of your last offer and should not be a new offer.

Handling Unsold Inventory No matter how hard a station/system might try not to have unsold inventory, there will be months when it is not 100 percent sold out, even in the more desirable time periods. This unsold inventory can be put to good use. One way to utilize it is with judicious use of *trade deals*. Trade deals are made with a variety of suppliers: automobiles, restaurants, stereo and television set retailers, for example. These clients give merchandise in exchange for advertising time. However, trade deals (sometimes referred to as *barter* or *reciprocal agreements*, or *recips*) must be made wisely and always on a preemptible basis so they never displace any spots that can be sold for cash. Clients for whom there is no historical record or chance of getting cash schedules are the best to approach for trade deals. Some stations/systems make it a rule of thumb never to let trade deals exceed 15 percent of the total inventory in any given month. This figure might be low for some small-market stations whose owners virtually live on trade deals, usually to the long-term detriment of their cash business potential. However, the figure might be way too high for a large-market television station. The most effective use of trade deals is for advertising space.

Make-goods should be offered whenever possible in time periods that are not heavily sold out. In fact, the creative use of make-goods can be one of the best tools of effective inventory control and maximizing revenue. For example, an advertiser who has two morning drive spots scheduled to run on a Friday might be willing to give them up if offered two-for-one make-goods to run over the coming weekend. The salesperson could then put together a last-minute package for a local retailer's sale event, using the freed-up A.M. drive spots.

Another effective use of unsold inventory is to give *make-wells*, which are spots given on a very occasional basis at no charge to large, long-term advertisers as a gesture of gratitude and good will for their business and loyalty. These free make-well, thank-you spots must never be promised in advance because then they become bonus spots, which undervalue the medium.

Finally, an occasional fire sale is not a bad idea. The term *fire sale* originally meant a sale of damaged merchandise after an actual fire in the warehouse or store; but now the term is used for any goods a supplier is particularly anxious to sell. As with make-wells, fire sales must be used carefully and not too often. If a station/system makes a regular practice of offering unsold inventory at low prices, then advertisers will be reluctant to pay higher prices on a regular basis. Fire-sale packages can be particularly effective in getting new advertisers into a medium. Often new accounts are more price-conscious than value-conscious because they are uneducated about broadcast media values and are motivated by a bargain. In any case, unsold inventory should not be passed up as worthless, but should be used to maximize revenue whenever possible.

Getting the Right Order

The considerations for evaluating an order follow in descending rank of importance. These considerations should help salespeople and sales managers target orders for individual accounts and make pricing or grid-level decisions.

1 ***Rates.*** All else being equal, the higher the rates, the better the order. However, this is not the only criterion, and often one or a combination of the following factors can override rates as the most important factor.

2 ***How much inventory is given up.*** All else being equal, the less the inventory given up, the better the order.

3 ***Share of budget.*** The higher the share of budget, the better the order.

4 ***Order duration.*** The longer the schedule, the better the order. Short flights of one, two, and three weeks are all too common, and advertisers who are willing to commit to longer schedules should be given preference.

5 ***Spread.*** A good spread of spots throughout the entire broadcast week and all time periods is important. Advertisers who buy packages, who do not take up much valuable inventory, and who do not cherry-pick the best time periods should be given favorable consideration.

6 ***Flexibility.*** An advertiser who allows a station/system a reasonable amount of flexibility with its schedule should be favored. For example, if a radio station can occasionally move a few spots from heavily sold days or weeks to other ones, it can maximize revenue by fitting in more schedules.

7 ***Salesperson-client relationship.*** If a salesperson has an extremely strong relationship with a buyer or client, it should be maintained if possible. Sometimes it is good business to take the long view and accept an order that is somewhat less desirable than would normally be preferred when a buyer implores, "I need this schedule—I'll make it up to you later." People with integrity return favors, and a salesperson

can subsequently request, for instance, "I need 75 percent of your budget." Honorable back-scratching feels good and is profitable.

8 ***The account's credit and prompt payment.*** As you remember from the qualifying step in Chapter 4, an advertiser who pays bills on time is more desirable than one who does not. Slow-paying clients should never be given the same favorable treatment as that for clients who pay their bills promptly; otherwise there is little incentive to pay on time.

9 ***Importance of client.*** The Department of Justice frowns on charging a larger client a lower price than that charged for a smaller one for an identical schedule under the identical conditions. However, you can justify giving a lower price to a client who has signed a long-term contract to run every month of the year, or to one who agrees to buy larger packages that spread inventory all over the station.

10 ***Demographics.*** The target demographics of an account and the relative position of your station/system in that demographic area can affect the price of a schedule. For a radio station with a strong 18–34 age-group audience, it may not be wise to give up a lot of inventory to get an order from an account whose target is 25–54. On the other hand, that same station might want to lower its prices in a low-demand period, such as January, to get a 25–54 schedule when there is not much business around.

11 ***Future expectations.*** The expectation of future business from an advertiser is an important consideration. It makes sense to take a slightly less desirable order from a client whom you know is going to have a major schedule coming up soon, and with whom you would like to establish a good relationship.

12 ***Desirability of the client's commercial.*** Some advertisers have better images and run more palatable commercials than do others. Why advertisers still insist on producing and running loud, obnoxious, and insulting commercials is beyond this author, but for some reason they do. Give preference to those clients whose commercials your audience enjoys over those whose commercials insult or infuriate viewers and listeners, possibly driving away your audience.

13 ***New business or switch-pitch.*** Sometimes a salesperson will go to great trouble to get a new advertiser on the air or to switch-pitch one off of a competing station. In these situations it is a good idea to give some preference to these hard-won accounts.

Evaluating Your Efforts

You learned in Chapter 4 how to set goals for your own performance. These sales goals must be consistent with company goals. Management makes pricing decisions and sets overall sales goals, and salespeople are evaluated by how closely their efforts approach them.

As a salesperson, you will frequently be required to submit sales reports and other written reports to help your manager see how you are doing. Some reports provide managers with important marketing information, such as the BORs mentioned earlier.

Most sales departments also hold regular sales evaluation meetings, usually weekly, to give salespeople the opportunity to share both their successes and their failures. How did you get 100 percent of that key account? What method finally worked on the tough client? Or, why did a prospect go with a competitor instead? Mistakes can be profitable lessons if analyzed in a thoughtful and nonthreatening way.

You can probably see again the importance of written goals in this process. Sales managers do their people a disservice if they fail to provide them with clear performance expectations. You do yourself a disservice if you do not have your own concrete goals to evaluate your efforts.

SUMMARY

Broadcasters can't add hours to the day; the supply of advertising time is relatively inflexible, so the usual approaches to pricing based on supply and demand don't work well in broadcasting and cable. Although originally patterned after newspaper rate cards, *broadcast rate cards* in recent years have changed considerably to include some methods for allowing prices to respond to market demand. *Grid cards*, which are designed to respond to market conditions, are in wide use today in television and in many large-market radio stations.

The basic purpose of a rate card is not just to list prices. The rate card also serves as a tool for salespeople to build packages that allow advertisers to concentrate their investments in time periods that reach their target audiences in television, or to take advantage of a radio station's full audience potential. Radio, television, and cable rate cards are price lists subject to change, and do not represent firm offers.

The basic unit of sale in television is the *thirty*, or thirty-second spot; in radio it is the *sixty*, with thirties costing normally 80 percent of the sixties' rate. Although some small-market stations still have two rate cards, a national and a local, this practice is fading out as the trend toward a one-rate-card policy continues to grow. Specific FCC rules deal with AM, FM, and TV rate card combination selling—any combination that gives a station an "unfair advantage" is not allowed. Furthermore, stations/systems may not discuss rates with competitors because of the laws against price fixing; any discussion, even about general rate policies, could be construed as price fixing. Even though the vast majority of orders are placed and executed verbally, the rules and conditions that govern their placements are covered by contractual conditions printed on the back of virtually every contract, and are fairly standard in the industry.

The purpose of a sales department is to *maximize revenue*, not just to get orders. The concept of maximizing revenue defines a standard of sales performance—maximizing sales and sales opportunities regardless of ratings, economic conditions, competitive positions, or types of programming. The goal of maximizing revenue is to sell every spot, twenty-four hours a day all year long, for the highest possible price. Maximizing revenue requires flexibility with pricing decisions, willingness to negotiate, and concentration on the 20 percent of the advertisers who spend 80 percent of the money. It also requires selling to accounts whose target demographics fit in with a station/system's audience profile.

Salespeople must know where management expects the station to be in terms of billing and share-of-market revenue. Sales departments formulate *written strategic plans* on how to hit revenue targets. Part of this plan includes an analysis of available inventory and its pricing, which, when completed, constitutes a *revenue projection*.

The pricing of spots requires knowledge of market demand, of competition, of station/system audience demographics, of the value of the advertising exposure, and of the strength of the sales force. *Packages* are salespeople's augmented products, which help make intangible advertising time more tangible; packages vary in design and can be individualized to meet advertisers' needs. *Spread plans* are particularly effective radio packages, as are *scatter plans* in television.

Inventory control includes deciding policy for and keeping track of product separation and degree of preemptibility. Good traffic people and systems are vital to provide sales management with information by day-part, by week, by time period, and about at what rate spots are available.

Strategic selling practices include targeting orders on the basis of price, size, share of budget, and other factors. Packaging is a good method to target an order for a specific prospect. Getting the right order is preferable to getting just any order.

Finally, maximizing revenue requires that you continually evaluate your efforts to learn from your successes and your failures.

TEST YOURSELF

1 Why is the supply of broadcasting time inelastic?

2 What are some of the advantages of a grid rate card?

3 What is the most common spot length sold in local radio? In television?

4 What is the difference between national and local rates? In which medium are local rates more prevalent, radio or television?

5 Under what conditions can stations combine their rates?

6 Why is the concept of maximizing revenue so important to broadcasting stations?

7 What are some of the elements on which pricing decisions should be based?

8 What are several types of packages?

9 What are the elements in strategic selling?

10 What are the guidelines for getting the right order?

PROJECTS

1 Secure copies of rate cards from local radio and television stations and cable systems. If any of them are not grid cards, restructure and rewrite the rate cards in a grid card format. If possible, do this project with a radio or television ratings book for reference when rewriting the radio and television rate cards.

2 With the rate card you have designed in the project above, write a proposal containing a horizontal and a promotional package for a station to an advertiser.

3 A regular advertiser who is a notorious slow-payer and who runs obnoxious commercials offers to buy one-half of the horizontal package you offered in Project #2 at 10 percent less than the amount for which you have offered it, and he or she wants it to run for only one week in January. Will you take the order? Explain why or why not.

REFERENCE

National Association of Broadcasters. *Legal Guide to Broadcast Rules, Regulations, and Policies*. 2d ed. Washington, D.C.: National Association of Broadcasters, 1984.

Part Four
Opportunities

Results are obtained by exploiting opportunities, not by solving problems. . . . "Maximization of opportunities" is a meaningful, indeed a precise, definition of the entrepreneurial job.

Peter Drucker
Managing for Results

Chapter 9
Retail/Development Selling

Retail businesses bridge the gap between manufacturers and consumers. Advertising plays an important role because retailers need to reach consumers in a highly competitive environment. This chapter explores the selling of advertising time on broadcast and cable media to retail prospects, including approaches and ideas for selling and how to take advantage of cooperative advertising arrangements with wholesalers and manufacturers.

RETAIL BUSINESS

Retailing is fiercely competitive; few businesses that start up survive (two out of three new retail businesses fail). Changes in the nation's demographics and life-styles have caused many of the more traditional retailers to rethink their strategies. Single-brand loyalty has generally declined, and mass-marketing techniques have been developed to accommodate the proliferation of new products. Consumer groups that used to share homogeneous tastes have now splintered into many groups, all demanding different products to meet their different and changing needs. For example, today only 7 percent of households match the old image of a living arrangement where the husband works outside the home and the wife deals with the domestic tasks and takes care of two kids. Fifty-four percent of families with children under seventeen have mothers who work outside the home either full or part time. In fact, over 50 percent of the nation's households are made up of only one or two people. Twenty-four percent of the country's households contain singles, the fastest-growing segment of the household population, expanding by 80 percent in the last decade.

Retailers have had to change their ways of doing business to satisfy and attract these new consumers who are generally older, better educated, more cynical of product claims, and more demanding of quality. To entice the new generation ("the jogging generation" as Safeway, the nation's largest supermarket chain, calls them), advertising and promotion have become more important than ever before, and retailers use new media and new media combinations. Safeway, for instance, no longer considers newspapers, the traditional bastion of food advertising, to be its primary medium. Safeway employs regional magazines, radio, television, and other media to reach the 60 percent of its shoppers who do not read a daily newspaper.

In the current marketing era there is a proliferation of me-too products that must depend on massive advertising and promotional support to get shelf space and to move off those shelves. Hundreds of new products come out weekly as marketers try to please demanding consumers and find profitable new market segments. For instance, there are over 260 different brands of cigarettes.

Introducing new products is an expensive process. The average cost to introduce a new consumer product nationally is $50 million, and Procter and Gamble is said to have budgeted $100 million to introduce its new orange juice product, Citrus Hill. Even with intense advertising support, new products have a rough time, with only about 30 percent making it. But coming up with new products is the only way for businesses to survive, as yesterday's products are almost as interesting to consumers as yesterday's newspaper. Thus, of Gillette's $2.2 billion in annual revenue in 1983, one-half came from products that did not exist just five years previously.

Retailers must not only keep pace with the changing demands of their customers, but also with the number of products and with the discounts, rebates, and promotions associated with these products. At the same time, they must create an image for their stores and create traffic for the brands that are advertised by manufacturers and are typically available at many other retail outlets. This results in an ambivalent relationship between manufacturers and retailers. Manufacturers want consumers to buy their brands, but they do not care where they buy it; retailers want consumers to shop in their stores, but they do not care which brand is purchased.

However, retailers and manufacturers are dependent on each other, to the frustration of both—as in most dependent relationships. Manufacturers are frustrated that they spend virtually all of their money and effort on 95 percent of the marketing process (getting a product on a retailer's shelf), but their fate is out of their control at the store level during that last 5 percent of the process where the purchase commitment is made. Retailers are frustrated that they spend so much time, money, and effort to find a location, build a store, stock it, hire sales personnel, and display merchandise, only to have manufacturers give their lines to competing retailers to sell. Retailers and manufacturers have different goals, but they must cooperate as part of the marketing system that gets products to consumers.

Getting products off the manufacturer's shipping department shelves, off the wholesaler's warehouse shelves, and off the retailer's shelves and onto consumer's shelves is an enormously complex marketing process of which advertising is only a relatively small part.

THE ROLE OF ADVERTISING

John Wanamaker, owner of Philadelphia's then-largest department store bearing his name, said many years ago that he knew that half of his advertising money was being wasted, but the problem was he did not know which half. One of the reasons Mr. Wanamaker might have felt frustrated is because the direct results of advertising are often difficult to pinpoint. Advertising does not work alone; it is an integral part of an advertiser's total marketing effort. In Chapter 2, "The Marketing Concept and Positioning," we discussed the role advertising plays in the economic system. Goods or services that are poorly positioned in relation to those of competitors, or that are overpriced, or that are inadequately distributed, or that are packaged ineffectively may suffer sales declines even though advertising for these products is creatively well-conceived and professionally placed in the right media. In fact, if sales are poor, advertising content and the media in which it is placed are often the innocent scapegoats when other parts of the marketing mix are the real problems.

Advertising is just one element in the *four P's* of marketing mentioned in Chapter 2: product, price, place, and promotion. For success to occur, all of the elements must work together. The product and its packaging must be positioned correctly, it must be priced and sold properly, it must be distributed effectively and be available in the right place, and it must be promoted and advertised with the right message aimed at the right prospects.

In addition to the four P's, other related advertising variables have an impact on a marketing effort:

1 ***The sales-response curve does not always parallel the advertising-expenditure curve.*** In many cases, response to advertising is slow at first, but then it accelerates. This lag in response time depends on the nature of the product and the media used. Products that are purchased infrequently (e.g., automobiles) have a greater lag time than do more frequently purchased products. Newspapers get fast response on those items for which people "shop" in the paper. Radio and television tend to work more slowly as they penetrate through indifference to a product and create awareness through repetition.

2 ***Advertising has a threshold effect.*** The response to advertising is typically the result of a cumulative effect of a number of exposures to a campaign, rather than to just one or two exposures. A $500 thousand campaign may have no apparent impact, but a $650 thousand expenditure for the same product may break through the con-

sumer's barrier of awareness and increase sales and profits by many times. Different products, different types of retail outlets, and different types of advertising messages have varying thresholds.

3 ***The use of several media makes it virtually impossible to pinpoint changes in sales patterns to just one medium.*** Sales response may result from the combination of media, or one medium might affect the bulk of the sales response while others might contribute little. Television has a halo effect, in that most people assume they are aware of things as a result of television (information about political candidates, the economy, products, etc.). Even when a product has never been advertised on TV, research has shown that people will claim they heard about it on television.

4 ***Competitive activity and other marketing variables may obscure the relationship between advertising and response, so that sales do not reflect the effectiveness of the advertising.*** The problem might not be with promotion, but with price, place, or product. The advertising and the media selected to carry it may be great, but the weather might keep people home, or a competitor might undercut a price suddenly by 20 percent and ruin an otherwise well-conceived campaign.

Since short-term sales response is not necessarily a sensitive or valid measure of advertising effectiveness, most experienced practitioners have separate advertising objectives apart from marketing, sales, and profit objectives. Advertising can then be evaluated in terms of what it reasonably can be expected to do. Since sales and profits result from the entire marketing effort, each element in the mix has a unique role to play. The role of advertising is *communicating information and changing attitudes* about a product or a store.

For example, the world's largest advertiser, Procter and Gamble, uses *recall of stated appeals* to measure effectiveness of individual commercials. Other advertisers evaluate effectiveness by how much knowledge is communicated, how much interest is created, or whether or not a brand or store preference is established.

The important thing to keep in mind is that advertising must have separate goals from the overall marketing or sales goals, and that no advertising should be created or placed until these goals are spelled out.

RETAIL/DEVELOPMENT SELLING

Retail is a broad category for which there is no standard definition; stores (hard goods, soft goods, food, etc.), services (insurance, banks, dry cleaning, etc.), entertainment, and restaurants all normally come under the general classification of retail. In this book, all types of retail establishments and sellers of services are referred to as *stores*. The author believes the most appropriate way to differentiate between types of accounts is according to the orientation of the account. For example, those that are results-oriented should be designated as retail accounts and have development-oriented salespeople call on them. A retailer may have an advertising agency that buys according to the dictates of a store owner who cares only about results, and who directs the agency to buy in a particular pattern that has proven to be successful in the past. This kind of agency and account should be called on by a retail salesperson.

Retailers are results-oriented, rather than *ratings-oriented.* As Virginia Westphal, national director of advertising sales of Viacom Cable, says, "CPMs don't buy things, people do—retailers want to see people in their stores, not ratings." The development-oriented salesperson must be patient and not always seek a fast sale, a quick close, a high share of budget, or a high unit price. These tactics are best suited for an agency selling situation. It can take a long time to sell a retailer.

Many stations/systems in larger markets split their local sales efforts into two divisions: *agency* and *retail.* This distinction is made because the two types of clients have different needs. Advertising agencies do the media buying for a variety of clients, including retail clients. To standardize and quantify their media evaluations and buying efforts, and to justify their decisions, they use ratings and efficiency evaluations: CPM (Cost-Per-Thousand), CPP (Cost-Per-Point), reach and frequency, etc. Thus, *agencies are typically rating-oriented* and require a service-oriented salesperson who understands ratings and is experienced in operating in a numbers and negotiating selling environment (advertising agency selling is discussed in Chapter 10).

Media buying can be done by a number of different people in a store, depending on its size and the way it is organized. These buyers range from the store owner, to the head merchandising person, to the advertising manager, to the merchandise buyer in a store department. According to the organizational rule of thumb that structure follows strategy, the emphasis a station/system places on its agency or retail selling efforts depends to a large degree on two things: the size of the market and the relative ratings position of the station/system. The larger the market and the stronger the station/system's ratings position, typically the more weight is given to agency selling efforts, since the majority of time is bought by agencies in large markets. On the other hand, the smaller the market or the weaker the station/system's ratings position, the strategy is typically to emphasize retail selling.

Retail Selling and the Five Steps

Developmental selling of advertising to retailers is among the most difficult types of selling. First, you might find yourself selling to a retailer who has never advertised to any meaningful degree before (a rare situation, but not as rare as you might think), or to someone who has never used your medium before. When dealing with people who have rarely advertised, you must have enough knowledge of advertising and marketing to sell them first on advertising, then on using your medium, and finally on using your station/system.

Next, you are selling an intangible product in a highly competitive environment. In some markets there are thirty or more radio stations and seven or more television stations, plus a cable interconnect in addition to newspapers, magazines, outdoor, premiums, catalogs, and more. Because of the in-and-out and short-term-flight patterns of buying by most retailers, selling to them requires constant prospecting and qualifying efforts to keep revenues as level as possible. Due to this need for continual prospecting and qualifying, and for continuous selling and reselling of advertising, retail selling is considered to be developmental selling.

Retail selling also requires thorough, intensive servicing because retailers need to be reassured, they need attention, and they need a multitude of details handled. Telephone calls about when their spots will run must be made, co-op records must be kept, notarized affidavits of performance must be provided, last-minute copy and schedule changes must be made, and so on.

A good place to start in retail prospecting is to look at a calendar of seasonal sales patterns and concentrate on two or three categories of businesses that are having peak seasons in four or five months. RAB, TvB, and CAB material are especially helpful in prospecting. For example, they provide large poster calendars that show month-by-month percentages of annual revenues by a wide variety of business categories (automotive, furniture, bowling, toys, etc.). Retailers normally plan their promotions and advertising budgets from four to six months in advance. The next step is to select several of the larger accounts in these categories as *target accounts*, ones on which you will concentrate, and then to go about qualifying them.

After you have made the initial qualifying calls, then research the accounts by looking at their past media usage. In many markets, newspaper checking bureaus publish information on what advertising has run in the newspaper in the past year. If your station/system does not subscribe to such a monitoring service, you can go to the library and scan past issues of the newspaper to get a feel for the amount of advertising a large account used. As part of your qualifying process, you might ask how much money, or what portion of the advertising budget, an account spent in each medium. You might ask the retailer's competitors in the same category about an account's media mix, spending, and advertising strategy. Another advantage of prospecting and qualifying by category is that you become familiar with or even a semi-expert on a business and its competitors.

Once you know enough about your target account you should then write a modular presentation, which you can easily adapt for other retailers in the same category. Recall the information you learned about written presentations in Chapter 5, "Presenting and Servicing: The Last Steps." See also the generic retail presentation in Appendix A.

Newspaper Value Comparison

Since many retailers are newspaper-oriented, broadcasting and cable salespeople often try to get prospects to spend less in newspapers and more in broadcasting or cable. Cable salespeople often sell against radio, as they try to get radio advertisers to switch into a sight-plus-sound-plus-motion medium from a sound-only medium for about the same costs. The newspaper value comparison example in Exhibit 9-1 is a good way to dramatize the difference between the value you offer and the value a competitor offers. Although the example applies to a television station, the same basic format can be used by radio and cable people to compare their values with newspapers or with each other.

Exhibit 9-1 Newspaper Value Comparison

	(Newspaper Name)		
Circulation	*Morning*	*Evening*	*Combined*
Daily	315,000	210,000	525,000
Sunday	625,000		
Household penetration percentages			
Metropolitan area	27%	18%	36%
Central city	36%	24%	48%
Outlying counties	18%	12%	24%
Costs			
⅓ page (one time only)	$3,500	$______	$4,200
⅔ page (one time only)	$7,000	$______	$8,400
*Ad readership**	*Percentage noted*	*Percentage read most*	
⅓ page	8%	4%	
⅔ page	11%	5%	

(TV Station Call Letters)	
Television schedule	*Totals*
Number of spots	12
Cost	$10,575
Total household impressions	1,485,000

*Daniel Starch, Inc. data. Average of all newspapers and ad readership in all categories by adults aged 18+.

When you use a *newspaper value comparison*, it is important to note the difference between a newspaper's circulation in the central city and in the outlying, wealthier suburban counties, because the circulation of most newspapers is comparatively weak in suburban areas where radio, television, and especially cable are typically quite strong. Costs should be figured on an advertiser's earned rate, if you can find out from advertisers what their earned rate is; otherwise use the open rate. A full-page ad in a paper for which the open-line rate is $5.25 would be $12,600. Also, always include Starch data on newspaper ad readership, which can be obtained from the RAB, TvB, or CAB by demographics (men, women, and adults) and by category (department stores, automotive, etc.). *Noted* scores indicate the percentage of readers who remember seeing a particular ad. *Read-most* scores indicate the percentage of people who read 50 percent or more of the written material in an ad.

Retail selling is a long-term proposition. You can't run into a retailer's store, give him or her a swift pitch against newspapers, and run out with an order. It normally takes many, many calls over a period of weeks, months, and sometimes years to break old media-buying habits. In many situations, you might have to call on people at many levels of an account and get approvals all along the way—from department buyers, to the assistant advertising manager, to the ad manager, to the general merchandise manager, and even to the president of the company. On all of these calls you'll want to be thoroughly prepared and familiar with the company's business, its target audience, and its store image.

SELLING IDEAS

The standard prototype of the ultimate loser as a salesperson is someone who shuffles into a store and asks timidly, "You don't want to buy any time today, do you?"

The best way to avoid being this kind of loser is to sell retailers ideas—promotional ideas, event ideas, contest ideas, special package ideas, copy ideas, etc. Make an appointment with a retailer, after you've completed your qualifying and research stages, and then stride in and announce, "I've got a terrific promotion idea that will sell merchandise like crazy for you!"

It is always best to approach retail prospects with something extra to offer, such as a package or special event that has some excitement and urgency about it. Standard offerings have a way of turning sales calls into boring, ho-hum exercises in futility, but promotions, special packages, and copy ideas help give you and your station/system a very distinctive differential competitive advantage, and make it easier to close fast, too.

Promotions

The purpose of *promotions* is to create excitement and increased awareness in a medium's audience. A promotion can be as simple as a radio disc jockey giving away a pair of tickets to a client's theater to the tenth caller, or as elaborate as MTV giving away four tickets to a Rolling Stones concert in London, complete with limousines, first-class jet travel, backstage passes, spending money, and free champagne. Thousands of promotions have been run by stations/systems in cooperation with advertisers; the RAB, TvB, and CAB have many of them documented in their sales promotion literature. The term *promotion* covers a variety of situations that are over and above supplying advertising time and that promote the increased participation of a station/system's audience and/or a sponsor's products.

Promotions typically involve the dual promotion of the station/system and an involved sponsor; the station/system contributes a schedule of spots (which usually include the sponsor's name) to create audience involvement in the promotion, and the sponsor buys an advertising schedule and contributes prizes. The combination of the two schedules creates a synergistic effect that benefits both the station/system and the sponsor.

Some promotions last for months, such as with an ongoing bumper-sticker campaign where people pick up the stickers at a sponsor's store locations. Others involve only a single event, such as disc jockeys wrestling in jello at a shopping center. Others are tied in with a charity—for example, an air guitar contest where the five-dollar entry fee goes to the Special Olympics and the winners receive prizes donated by a sponsor or traded out by the station. They can involve tens of thousands of people, as with blowing up disco records in a baseball stadium, or one person at a time, such as guessing the mileage on a sponsor's truck to be given away.

A properly conceived and executed promotion can generate substantial excitement and extra exposure. However, before a promotion is offered to a sponsor, salespeople must get the approval and assured cooperation of all the involved departments in a station/system—programming, promotion, production, accounting, and so on. Make sure that the details are worked out before offering a promotion, for poorly executed promotions are sure to turn away clients and make it virtually impossible to get them back on the air.

Special Packages

Demand pricing practices by stations/systems can create a variety of attractive opportunities for retail advertisers, as can specially designed packages for a particular client (see Chapter 8, "Rate Cards and Maximizing Revenue"). Many television stations offer year-end football packages that include professional football playoff games, college post-season bowl games, and the Super Bowl. These packages can offer certain, primarily male-oriented, advertisers an excellent vehicle to reach their target audience. Theme packages, like back-to-school packages that run in late August and early September, or January New Year's packages, can offer substantial savings to advertisers.

A special package should be offered to a retailer as a *sale* item that offers a bargain, for after all, retailers are used to the notion of sales and bargains, since that is the way they do business. A bargain does not necessarily mean a cut in price; it can also mean an outstanding value—high quality at a reasonable price. As mentioned in Chapter 8, bargains should never be said to include no-cost, giveaway spots.

Offering special packages can give salespeople a reason to make a call on an account ("I just wanted to keep you up to date on some excellent values we have available for a limited time"). Every call made is a potentially closed sale.

Special packages offered to retailers should always contain enough spots to give them enough frequency to get results (see Chapter 8 and the frequency grid in Appendix A).

Commercial Copy Ideas

Another way salespeople can sell ideas is to suggest copy themes and approaches to retailers who have not retained an advertising agency to do this job for them. Sometimes salespeople can suggest copy ideas to a retailer's agency, but such attempts are usually as welcome as *Playboy* magazine is in the headquarters office of the National Organization for Women. Agencies are paid to create copy and do not normally take kindly to salespeople who offer advice.

Recommending commercial copy ideas can be a risky proposition because it is hard to tell in advance the kind of copy approach a retailer will like. You must proceed carefully, particularly if the merchant is using a copy approach of which he or she is particularly fond. Merchants sometimes write their own copy, so be especially careful about criticizing current advertising.

David Ogilvy, in a nationwide promotion tour for his book *David Ogilvy on Advertising,* said that he was appalled by the awful quality of most local commercials. This opinion is understandable from one of the most successful and high-powered advertising practitioners of all time, but his lofty vantage point does not diminish the basic truth of his observation. All one has to do to verify it is to turn on a radio or television in any city. Smaller markets also generally have lower-quality commercials.

Why are local radio and television commercials so poor? Are local merchants unaware they might be insulting our intelligence, making us angry, and offending our sense of taste by screaming at us, mumbling their own copy, dressing up in silly clothes, or being obnoxious? The answers to these questions are shrouded in many complex and often contradictory reasons.

First, as the expression goes, "Everything is relative." How bad a local commercial is depends on what it is being compared to, and, unfortunately, the comparison is usually to commercials for nationally advertised products that run on the television networks. A $500 commercial for the local furniture store can hardly be compared to a $300 thousand extravaganza that is directed by, acted in, and produced by the finest talent money can buy.

Next, many local advertisers try to gain awareness by being what they consider is different and creative. Being different and creative is like being beautiful or tasteful; they are perceptions that exist in the mind's eye of the beholder. What to one person is different, to another is weird. What to one person is creative, to another is tasteless.

Some local advertisers even try to be noticed through the glut of commercials by being purposefully obnoxious, on the theory that if they scream loud enough, someone will notice. Unfortunately, this strategy does work; annoying advertisers *are* remembered, although often not in a positive way.

Two of the best ways to approach clients with a copy idea is to either play commercials for them that other businesses have used successfully, or to create a commercial especially for them on a speculative basis, called *spec spots*. The RAB, TvB, and CAB have libraries of effective commercials in a variety of different business categories, both local and national, that are proven to have generated results. A salesperson can take several of these commercials to a client and play them with portable equipment, or ask a client to come to the station/system to see or hear a reel of these successful commercials to give the client ideas for a number of different approaches. Specially creating *spec* spots is an excellent method of arousing a merchant's interest in an idea—an idea that can only be implemented by purchasing advertising, of course. Many schedules have been sold by enterprising salespeople who sold a copy idea first, and then a schedule to go along with it.

Writing Copy

Normally only in small- and medium-size markets will salespeople have to write copy for their clients. Most of the advertising placed in large markets is through agencies or by experienced retailers who have their own advertising departments. This fact does not necessarily mean that the copy or creative approach will be good or effective; it just means that it is someone else's responsibility to create it. Many large- and medium-market stations/systems designate someone to create and produce commercials, such as a production manager or a continuity director. However, if you find yourself in a situation where it is your responsibility to write copy for an advertiser, the following tips might be helpful.

As with any kind of writing, two factors are important in advertising writing: *content* and *style*. *Content* refers to the actual message; in retail advertising, the product's and seller's names and locations are probably the most important part of content, with the benefit of the product to consumers a close second. *Style* refers to the manner of presenting the message; in advertising, a conversational, informal style is preferable to a formal, stuffy, complex one. The decision about who will read the copy—company president, station personality, or actor—will also have a bearing on the style.

Every commercial should have four major appeals or powers, according to ERISCO, a research firm that specializes in testing advertising copy.[1]

1. *Stopping power,* which is the commercial's ability to grab a listener's or viewer's attention at the very beginning of the commercial
2. *Holding power,* which is the ability to keep attention throughout the body of the message
3. *Going-away power,* which is the ability to leave the listener or viewer with a memorable image or impression of the main selling point
4. A *promise* about the product

When you write a commercial you should evaluate its impact based on these four elements.

Stopping Power The elements that produce *stopping power* should be attention-grabbing and dramatic, and should be related to the major selling point. Attention grabbers not related to the main idea in the commercial can be counter-productive and confuse the issue. Examples of commercials with excellent stopping power would be: (1) the television commercial that showed a kitten approaching a line of bowls, each with another kitten eating out of it. As the first kitten begins to eat eagerly out of the first bowl, the next kitten in the line pushes its way to the next bowl, and so on down the line; (2) the TV commercial in which a truck races off a high cliff, sails through the air, and then a parachute opens and it floats to the ground.

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[1]ERISCO promotional material (Los Angeles: Emotional Response Index System Company, n.d.).

Stopping power is more important in thirty-second commercials, for both radio and television, than in longer sixty-second commercials. In longer commercials, it is easier to set a dramatic scene or situation, or to establish a realistic character or setting. With thirty-second television commercials, which must compete for attention in breaks with four, five, or sometimes six other commercials or promotion spots, stopping power is vital.

Holding Power *Holding power* is necessary to get the main selling message across. The selling message, or content, must be stated in terms of benefits to the consumer and must lead up to and connect to a specific or implied promise about the product that satisfies a pressing need. Examples of commercials with holding power are: (1) the radio commercials that contain a warmly humorous dialog between an unsure and confused person and another person who knows that Blue Nun is a wine, and that it can be served with a variety of food. The promise is that Blue Nun is a wine that goes with anything; (2) the TV commercials in which two ex-athletes argue, or agree, that Miller Lite tastes great and is less filling. What a wonderful promise to heavy beer drinkers who want to drink one beer after another, and another, and another.

In both these examples, the name of the product is repeated often throughout the commercial. This is an important part of an advertisement's content; it makes sure the viewer or listener remembers who the advertiser is. Notice also that commercials use simple language and short, uncomplicated sentences to get the message across. There isn't time in most spots to build a long, difficult, logical argument for a product—and viewers and listeners are unlikely to follow it anyway. Keep to a simple style; read the copy out loud, and have someone else read it to you as well. Does it sound comfortable? Does it create the mood and elicit the emotional response you want?

Commercials are best when they are written to appeal to consumers' emotional needs. People tend to buy what they *want*, and not necessarily what they *need* in a practical sense. To connect between needs and emotions, commercials must create an emotional involvement and stimulate an emotional response.

There are four basic emotional appeals, according to ERISCO: money, affection, status, and security.[2] Each of these four appeals has two sides, positive and negative. The positive side is the desire to have more of the appeal, the negative side is the fear of losing it or the threat of not having it.

1 ***Money.*** Virtually everyone wants more of it, and feels insecure about being without it. People also want to get money with as little expenditure of effort as possible. Thus, the word *free* has the strongest appeal of any word in advertising. Following are other powerful words associated with money:

Positive	*Negative*
Bargain	Expensive
Profit	Deficit
Economical	Extravagant
Savings	Loss

[2]Ibid.

2 ***Affection.*** The desire for love, friendship, attention, affection, and sex are common to all people. The affection appeal is almost as strong as the money appeal, and for some, even stronger. Fears involved in the affection appeal are as strong, if not stronger, than desires. The attention-holding element in the affection appeal is more in the *promise* than in the *fulfillment*. Affection is a particularly strong appeal for young people.

Positive	*Negative*
Attraction	Rejection
Understanding	Misunderstanding
Friendship	Dislike
Love	Hate

3 ***Status.*** Status is the recognition appeal. It reflects the feeling many people have about the importance of being important. The status appeal can be quite powerful, as people seek approval and appreciation for their work, appearance, attitudes, and actions.

Positive	*Negative*
Advancement	Demotion, stagnation
Superior	Inferior
Exclusive	Common, run-of-the-mill
Suave	Sloppy
Beautiful	Ugly

4 ***Security.*** Security is the emotional appeal of self-preservation. Generally, the older people get, the more important security is to them.

Positive	*Negative*
Comfort	Pain, discomfort
Family, together	Alone, isolated
Healthy	Sick
Time-saving	Time-wasting
Secure, safe	Vulnerable

Going-Away Power Commercials with *going-away power* stay in the minds of listeners and viewers. The memorable aspect of a commercial should be related to the main selling point, or promise. We remember "Where's the beef?" and know the promise is that the beef is at Wendy's. The word *awesome* was successfully used to give going-away power to sports car ads by Datsun (now Nissan), as was the phrase "We are driven." (Can you recall a phrase that Nissan uses now?)

Clothing ads for high-style designers, such as Sergio Valente and Jordache, present memorable images of young, beautiful people in interesting, unusual, or alluring situations. Levi Strauss has a series of commercials based on blues songs to sell its blue jeans—"The 501 Blues."

Music can be an effective, memorable device. You might still recall the music from the Coca-Cola commercial, "I Want to Buy the World a Coke." Please remember, however, that using copyrighted music in a commercial without permission is unlawful; and obtaining permission to use a song in a commercial can be very expensive. You can bet that

Pepsi-Cola paid Michael Jackson plenty to use the theme for "Billy Jean" in commercials. Most music used in advertisements, such as jingles like "Call Roto-Rooter" is written specifically for that advertiser.

The Promise To be effective, all commercials must contain a future promise: "Get clothes whiter than ever before," "Builds strong bodies twelve ways," "Everything you wanted in a beer, and less." Even retailers who are promoting a sale can include a promise in their commercials: "Up to 40 percent off on all items," "Best savings of the year," "No credit refused." The promise is the benefit to the consumer, and the best way to present it is to link it strongly to the advertiser's name: "Snickers satisfies you," "Charmin—it's squeezably soft," "Trix are for kids."

CO-OP ADVERTISING

Cooperative, or *co-op, advertising* began in the early 1900s when retailers asked manufacturers to cooperate with them in advertising efforts. Store owners requested that the manufacturers, also referred to as vendors, help them by underwriting part of their advertising costs, and the tug-of-war began. Manufacturers wanted to help the retailers (their customers) sell more of their product, so co-op advertising seemed reasonable. Retailers felt it was only fair for manufacturers to help pay for advertising, since retailers were spending most of the money to let consumers know what was available and where they could buy it. However, as mentioned previously, stores wanted *traffic*, and vendors wanted *brand identification*. This dichotomy has kept the co-op partnership an uneasy one, with a long history of mistrust and abuses on both sides.

One of the conditions that led to the growth of co-op advertising was the way newspapers sold advertising. Most newspapers charged more—up to 50 percent more—to national advertisers than to local advertisers. Furthermore, most newspapers offered substantial volume discounts (as discussed in Chapter 8), which large local retailers could earn because they advertised a great deal more than national manufacturers normally did. Thus, by having retailers place the advertising and take advantage of their much lower local rates, vendors could reimburse them for a percentage of the advertising and save money.

For example, say an ad in a newspaper would cost a national advertiser $1,000. That same ad at local rates with large earned-rate discounts might cost a local merchant $500. If the manufacturer agreed to *co-op* 50 percent of the store's ad featuring the vendor's product, then the manufacturer would pay $250 for what otherwise would have cost $1,000; and the retailer pays only $250 for advertising valued at $500. Most local advertising that features brand-name products involves co-op advertising support from vendors.

The Robinson-Patman Act

Years ago, dominant stores pressured vendors for favorable co-op arrangements that gave them a competitive edge over smaller retailers. Congress stopped this practice in 1936 by passing the Robinson-Patman Act, making it illegal for a vendor to offer to one customer a co-op plan that was proportionately different than that offered to another customer in an area. This law is policed by the Federal Trade Commission (FTC), which has issued guidelines on what vendors and retailers can and cannot do with co-op advertising. Thus, if a vendor offers co-op advertising support or allowances to one retailer in an area, it has to offer the same deal (proportionately) to all competing retailers in the area.

How Co-op Works

Most co-op plans offered by vendors are based on how much a retailer purchases of the vendor's product. A co-op plan might reimburse a retailer for up to 50 percent of the cost of an ad (at the retailer's earned rate) featuring the vendor's product; the upper limit on the total amount reimbursed would be 10 percent of the total value of the vendor's product that was purchased. Thus, if an auto-parts store purchased $10,000 worth of Champion spark plugs, Champion would reimburse the store 50 percent of the total advertising cost, up to a maximum reimbursement of $1,000.

There are almost as many different co-op plans that manufacturers offer as there are manufacturers, and they change their plans regularly to fit their marketing strategies. Some vendors offer 100 percent co-op, some 50 percent, some 25 percent. Some offer it on 1 percent of purchases, some on 10 percent. Others do not offer co-op based on a percentage of purchases, but they offer an advertising allowance of a specific dollar amount on each item purchased, such as $150 per automobile. Some offer co-op only in newspapers; this was typical until recently. Some offer it in all media, some only in radio or television. For example, a motorcycle manufacturer's co-op plan makes co-op funds available only for radio because the company found that retailers used newspapers almost exclusively for their advertising, and the vendor wanted to force on the retailers a more diverse media mix that included radio.

Newspapers were favored as a co-op vehicle in the past for many reasons, among them that newspapers were the traditional advertising vehicle for retailers. It was also quite easy to provide a *tear sheet* of a newspaper ad and to prove to a vendor that the ad ran in the proportion agreed upon. With the help of the RAB and TvB, proof of performance for co-op advertising in the broadcast media has become easier in recent years. Today most manufacturers include broadcasting in their co-op plans.

For retailers to receive reimbursement from a vendor, they have to submit a bill and proof that the ad or commercial ran: a tear sheet from a newspaper or a notorized affidavit (bill) from a station/system. It is illegal for the retailer to submit false bills to vendors and for stations to help them submit fraudulent bills. The practice is referred to as *double-billing,* and the FCC has revoked the licenses of several radio stations for engaging in double-billing schemes with advertisers.

To make matters even more complicated, a retailer can run several co-op products in one ad or commercial. For example, a drugstore might run a springtime radio campaign offering four products—a garden hose, grass seed, fertilizer, and a spreader—to homeowners. In such a case, each of the four vendors would co-op 25 percent of the schedule, each according to their own co-op plans.

How Retailers Obtain Co-op Funds

To obtain co-op funds from vendors, retailers go through a number of steps:

1 Retailers keep track of all their purchases from a vendor, and the co-op advertising allowance percentage is applied to these purchases to build up advertising allowance credits, called *accruals*.

2 They must obtain and keep on file a copy of that vendor's co-op plan, which gives details on how to go about applying for co-op funds and about the type of media and advertising copy the vendor will support.

3 When the accruals become large enough to help pay for an advertising campaign or an ad, the retailer runs the advertising according to the vendor's guidelines. Strict adherence to the vendor's guidelines is important so the retailer can be reimbursed.

4 After the advertising runs, the retailer submits a co-op claim (a copy of the media's bill for the advertising), along with some proof (tear sheet, affidavit) that the advertising ran in the prescribed manner.

5 The vendor double-checks that the advertising ran according to its published co-op plan and policy.

6 Once the vendor is assured that the co-op advertising ran properly and that the retailer accrued sufficient funds to pay for the advertising, a check is sent to the retailer for the amount of the vendor's participation. Retailers may not deduct co-op allowances from vendors' participation. Retailers may not deduct co-op allowances from vendors' merchandise invoices, but they must go through the process of making the claims as outlined above.

Sometimes the process of checking the tear sheets and affidavits and sending out reimbursement checks can take months. Many manufacturers hire third-party companies like the Advertising Checking Bureau of Chicago to audit their co-op plans and to see that retailers get prompt reimbursement. Co-op advertising is a tremendous administrative undertaking for both the manufacturer and the retailer, but it is also one of the most effective ways possible to communicate information about products to consumers.

Examples of Co-op Plans

Here are several examples of co-op plans, as recently noted by the RAB:

100 Percent Manufacturer-Reimbursed Plans

—*Building materials*

Tiger-Grip Adhesive: 100 percent up to 3 percent of purchases

—*Hardware*

Toolkraft: 100 percent up to 5 percent of purchases

—*Toys, bicycles, games*

Kenner Products: 100 percent up to 2 percent of purchases

75 Percent Manufacturer-Reimbursed, 25 Percent Retailer-Reimbursed Plans

—*Electronics*

Regency Two-Way Radios: 75/25 percent up to 3 percent of purchases

50 Percent Manufacturer-Reimbursed, 50 Percent Retailer-Reimbursed Plans

—*Boats*

Beachcraft Marine Corp: 50/50 percent up to a specific amount depending on model

—*Drugs, cosmetics*

Moisture Quotient: 50/50 percent up to 10 percent of purchases, not to exceed $1,000

—*Mensware*

Gant for Men: 50/50 percent up to 3 percent of purchases in certain markets
Resistol Hats: 50/50 percent up to 3 percent of purchases on Western Hats and 5 percent on other styles

The Co-op Potential

Advertising Age estimates that there is approximately $7.5 billion of co-op money available every year, of which about $2.5 billion goes unused. Vendors go to great lengths to inform retailers about their co-op plans, the advantages of co-op, and its opportunities to increase volume; however, as co-op is difficult to administer, many retailers simply do not go to the trouble of keeping track of it and applying for it. Also, some smaller retailers feel that it simply is not worth the effort to monitor small amounts of co-op on relatively small purchases. However, this $2.5 billion affords enormous potential for broadcasting and cable, considering it exceeds the total amount spent on all of cable advertising, and is equivalent to about 50 percent of all the money all advertisers spend in radio in a year.

Broadcasting and cable have made great strides in the last few years to influence manufacturers to add broadcasting to their co-op plans, and to try to get retailers to use their accrued co-op funds. Many stations and systems have recognized this huge potential and have established co-op departments; they have added sales development people who do nothing but work with retailers to create co-op advertising campaigns to overcome many of the reasons why retailers let so much potential co-op money slip by.

There are many reasons why co-op is not used more often. First, merchants and their buyers have not been trained to ask for co-op support when they make purchases from vendors. Next, most retail advertising departments are *newspaper* advertising departments; they do not understand, nor do they often *want* to understand, broadcasting. Also, companies that do not request co-op for broadcasting probably do not have the personnel to handle broadcast co-op, which means that stations or systems have to handle the details for them.

Furthermore, manufacturers' co-op plans are not standardized and appear complex to retailers. Retailers may not have received a particular co-op plan description, or they may have misplaced it. A retailer may not have a standard operating procedure for an in-house co-op system that includes broadcasting, or they may not have any system at all. They might feel that co-op is a hassle and that they are too busy to go to the trouble to get set up to use it. Also, field representatives, wholesaler personnel, and independent product reps may not be communicating properly a vendor's co-op plan.

The major stumbling block to increasing co-op use by retailers is their lack of knowledge as to what money is available and confusion about how it is to be used. Many smaller merchants find co-op so complicated, legally confusing, and time-consuming that they just throw up their hands and say "forget it."

To "un-confuse" retailers and to get an increased share of the billions of co-op money that go to waste each year, station and system co-op and retail development people are beginning to target their co-op sales efforts more aggressively than in the past; these efforts are paying off in broadcasting and cable, as they are now getting an ever-larger slice of the co-op pie.

An Organized Approach to Secure Co-op Dollars

Here are some steps stations and systems can use to maximize their pursuit of co-op money:

1 ***Make a commitment to a long-term co-op effort.*** Pursuing co-op does not result in a short-term payout; it requires a commitment to a continuing effort and concomitant expenditures.

2 ***Hire a co-op specialist and invest in co-op material.*** The specialist should be primarily a researcher, sales support person, and expediter who gathers co-op information, supplies it to salespeople, and coordinates the details of handling co-op: invoicing and documentation, promotions, copy and production, etc. The co-op specialist also updates material from the RAB, the TvB, or the CAB, and from special co-op resources like the Broadcast Marketing Company of San Francisco or Standard Rate and Data Service's *Co-op News*. The co-op or retail/development specialist must *not* be positioned as a salesperson, but as someone who is there to provide a service, not to sell time. Co-op specialists should be paid on some sort of salary basis (with a bonus available), not on a commission arrangement.

3 ***Set up internal systems to handle co-op.*** First, internal files for co-op plans, retailer's accruals, station/system form letters soliciting co-op, and promotion execution details, etc., must be organized. Next, a file must be created that contains the names and phone numbers of local manufacturer's representatives, food brokers, local distributors, branch offices of major national advertisers, and other people who control co-op funds. Finally, logging, billing (invoicing and affidavits), and co-op

verification systems must be established so everyone at the station/system will know what must be done to provide retailers with the necessary documentation and cooperation to get reimbursed quickly for co-op expenditures.

4 ***Simplify co-op for retailers and promote the co-op service.*** Make it easy for retailers to ask vendors for support, to standardize ad formats, or to create cooperatives or networks of dealer or store groups.

One of the most successful co-op groups, for example, is True Value Hardware, which was created by pooling the accrued co-op funds and buying functions of a large number of independent hardware stores. Make it known to retailers that the station/system provides special co-op help. (See a sample co-op letter to a retailer in Exhibit 9-2 at the end of this list.) Broadcasting and cable systems should also run spots on the air promoting their co-op specialists and services.

5 ***Go to manufacturers for support.*** Many radio and television stations go to manufacturers directly and ask them for support for a particular retailer, retail group, or co-op promotion idea. Fred Sanders, a disc jockey at country-music station WMAQ in Chicago and host of an all-night program targeted to truckers, regularly visits conventions of trucking rig and equipment manufacturers to promote and sell advertising on his show.

6 ***Coordinate production.*** Kodak sends out co-op commercials to radio stations in three music styles: middle-of-the-road, country, and rock. The sixty-second commercials contain a forty-five-second message about Kodak and allow for a fifteen-second dealer message, called a *tag,* at the end of the commercial. Radio stations can take the commercial to Kodak dealers and sign them up to participate in a schedule for which Kodak will pay. Television stations often have their co-op specialist coordinate the production of commercials for local stores and arrange the myriad details associated with shooting commercials, especially if many items are to be promoted.

7 ***Use specific promotions designed for retailers.*** It is much easier to get vendor support if an idea has been developed—a promotion, a contest, or an event. Cooperative promotions with stations/systems are particularly effective because the manufacturer and retailer get extra advertising exposure as well as the added excitement and interest generated by the promotion. For instance, a radio station recently created a promotion for a local Hamm's beer distributor; the distributor and station then convinced the Hamm's brewery to support the promotion with co-op funds. The station created a promotion called a "Weekend Picnic," which involved a disc jockey visiting a different winner's home each Sunday during the summer and cooking a picnic dinner. Hamm's and the distributor split the cost of the food and, of course, provided lots of Hamm's beer. The brewery and the distributor also placed a substantial summer-long advertising schedule on the station, and the station added additional spots to promote the contest and its sponsor.

8 ***Help retailers use the medium.*** First, help them understand the broadcast media. Show them how broadcasting and cable can target audiences demographically better than other media can, and how they can create awareness and excitement about new products, events, and promotions. Show them commercials used by other retailers

and the creative approach chosen. Show them how to use news programs on television to enhance their image, and how to use radio to promote timely events (snow tires when it snows) and numerous items using several inexpensive versions of a sixty-second spot. Show them how to budget their money to take advantage of low-demand, low-cost times of the year, and how to put together theme or event promotions using multiple co-op sources. For instance, during the cold season a group of drugstores might run a cold-fighting promotion using co-op funds from several vendors of cough drops, tissues, aspirin, and humidifiers. As another example, a department store might use several manufacturers' commercials tagged with its store name to support a Mother's Day promotion. Hold seminars for store personnel to create a better understanding of the medium's impact and to get their support for a promotion or event.

9 ***Merchandise co-op efforts.*** This means that stations/systems should not only advertise their co-op services in their own and in other media, but that they should also blow their co-op horns to their current customers to get them to use more of their available co-op. Also, merchandising their efforts means that stations and systems should keep retailers and their personnel updated on the schedules, promotions, events, and successes generated by co-op. As part of the servicing step, it is important to continue communicating to retailers about their own promotions and about the successes of other retailers who have used broadcasting successfully.

Retail and co-op selling normally must begin six months before an event, a promotion, or a peak selling season occurs. Therefore, it is best to organize your co-op efforts in advance by *seeing current accounts first,* by *targeting account categories,* and then by *moving fast* once you learn of co-op opportunities in these categories so other media do not get these available co-op funds first. Finally, remember that with a co-op order the work just begins when you get an order—proper follow-up and coordination of all the verification and billing details is vital.

Co-op Solicitation Letter Exhibit 9-2 displays an example of a letter that might be sent by a station/system soliciting a co-op schedule.

See Appendix A for a prototype of a vendor package a television station might use to sell co-op participations to vendors in cooperation with local retail stores.

Factors for a Successful Campaign The co-op advertising manager for the Zenith Radio Corporation, a large co-op supporter, listed five factors that must be present for a co-op campaign to generate the desired results:

1 The right product must be selected for the medium.

2 Professionally prepared commercials that meet both the manufacturer's and retailer's needs must be used.

3 A timely and well-planned schedule must be placed.

Exhibit 9-2 Sample Co-op Letter

Mr. John Doe
Doe's Sporting Goods Store
12 34th Street
Springfield, CA 94000

Dear John:

WJS-TV, in conjunction with Wilson Sporting Goods, is offering an exciting opportunity for you to participate in a traffic-building television advertising campaign during the month of May. The campaign will feature Wilson's revolutionary new line of tennis balls, which are sure to be one of the season's hottest new items.

The program will consist of commercials which WJS-TV will supply. Each commercial will be tagged with a visual presentation of your store's name and address, and our announcer will read "available at ..." copy along with your name and address. Wilson Sporting Goods will absorb fifty percent of the total cost of the campaign, and four local stores will split the cost equally of the remaining fifty percent. The cost for participating in this high-impact television campaign will thus be minimal to you, if you qualify under Wilson's published co-op plan.

Enclosed is a letter from Wilson Sporting Goods which confirms the details of the campaign and a copy of the television schedule.

We would like to invite you to WJS-TV to see the powerful appeal of the Wilson commercials that will help you increase your store traffic and <u>profits</u> in the coming tennis season.

I will call you next Monday morning to try to set up an appointment for you to come to the station at your convenience to see the excellent commercials you and Wilson will be using for this campaign.

Cordially,

Charles Warner
Account Executive

Enc.

4 The retail outlets must be prepared to handle the results of an efficient and effective co-op campaign.

5 Proper and complete billing procedures must be established before the schedule starts.

Salespeople must work with retailers and their agencies to see that the above factors are present in all co-op campaigns.

After a co-op campaign, or for that matter, after any retail campaign has run, you should make a concerted effort to get success letters from manufacturers and retailers documenting the successful results of the campaign; the more specific and detailed, the better. If you can't get a letter on a retailer's stationery, then get as many specifics as you can and write a case history of the successful campaign yourself and have the client approve it. You can use these success letters and histories to sell other accounts in the same category—and in other categories as well. Nothing breeds success like successful, documented results.

RETAIL SELLING MEANS GETTING RESULTS

Since retailers are defined as advertisers who are primarily results-oriented rather than ratings-oriented, helping them get results is a vital concern for salespeople. They must help retailers do the following:

1 Buy the right medium for their products: tight-fitting jeans on television, record albums on radio, and personal computers on cable.

2 Aim their media buys at the proper target audiences: movies to 14–24-year-olds, golf balls to executives, security alarms to older people.

3 Schedule their spots in the most effective way to reach potential customers in the right frame of mind: mail order on radio on Sunday morning when people have time to write things down, beer during football games, financial services within newscasts.

4 Buy with enough frequency to break through the threshold of indifference.

5 Use commercials that effectively and honestly tell their stories.

6 Be prepared to handle the increased sales of advertised items.

7 Get their bills and co-op verifications out on a well-organized and timely basis.

SUMMARY

The new *jogging generation* has made retailing more competitive as this group is older, better educated, more cynical about product claims, and more demanding of quality than ever before. However, manufacturing has become even more competitive in recent years, and the balance of power has shifted from the manufacturer to the retailer as producers of products push for shelf space.

Retail is a broad category covering most kinds of local business establishments that sell goods or services. There is an ambivalent relationship between retailers and manufacturers. Manufacturers want consumers to buy their brands of products, regardless of where. Retailers want consumers to patronize their stores, regardless of what brands they buy. However, retailers and manufacturers are dependent on each other to move products off the shelves. Broadcast and cable salespeople must understand the marketing process and the part in this process advertising plays for the retailer.

Many stations split their sales staffs into two divisions: *agency* and *retail*. Agency selling is primarily ratings-oriented. Retail selling is developmental in nature in that it must focus on the long term: it also involves calling on accounts that are results-oriented.

Selling ideas is one of the best ways to get retailers to buy your medium. Promotion ideas, special packages, and commercial copy ideas all give retailers an added incentive to buy—and usually to buy right away.

Part of this development effort will often involve salespeople with *co-op*. Co-op refers to advertising funds given to retailers by manufacturers to include the manufacturer's products in the retailer's local advertising. Co-op is an effective way to promote products, but because it is often confusing to retailers, particularly to smaller ones, as much as $2.5 billion of an estimated $7.5-billion potential goes unused each year.

If properly planned, conceived, and executed, advertising will produce results when placed in the right media. The job of salespeople is to help retailers use effectively the medium they are selling.

TEST YOURSELF

1 What are the four related advertising variables that have an impact on a marketing effort?

2 What are the primary roles of advertising?

3 What is the difference in orientation between retailers and advertising agencies when they buy time?

4 What are several types of ideas you can sell to a client?

5 When writing commercial copy, what are the four major powers?

6 What are the basic emotional appeals in writing copy?

7 How do retailers obtain co-op funds?

8 What are some of the steps a station or system can use to pursue co-op advertising dollars?

9 What are some of the factors required for a successful co-op campaign?

10 What things must salespeople do to help retailers have a successful co-op campaign?

PROJECTS

1 Select a local station or system to sell for, and also select a retail prospect. Adapt the retail presentation in Appendix A for the specific retail client you have selected.

2 In the above presentation, include a co-op proposal and a sample co-op letter similar to the one in Exhibit 9-2.

3 In the above presentation, include a newspaper value comparison similar to the one in Exhibit 9-1 for the local newspaper.

4 Write a commercial for the retailer you have chosen in the above projects.

REFERENCES

ERISCO (Emotional Response Index System Company). Promotional material. Los Angeles.

Radio Advertising Bureau. *How to Profit from Radio Co-op*. New York.

Chapter 10

Agency/Service Selling

The late Frank Hussey was one of the most popular and effective salespeople ever to work for the CBS Television Network. He was known for his enormous self-confidence, his biting sense of humor, his deep understanding of people, and his outrageous behavior. Frank Hussey stories are still told in the offices and bars surrounding the few blocks on the Avenue of the Americas where the NBC, CBS, and ABC buildings are. These stories have helped create a Frank Hussey legend. One of the more famous stories is about Frank walking down the hall of Grey Advertising in New York when a frantic buyer called him into her office and said, "Frank, I was trying to call you. My God, we have a disaster! I've just done an analysis of my schedule and it's 100 points short—less than half of what you promised!" Frank answered, "Picky, picky, picky," and walked away.

Most salespeople would love to give such a response—if they dared. Advertising agency media buyers *are* picky; that is their job—they are experienced specialists. This combination of critical evaluation and dependency on the media is at the core of the relationship between agencies and the media.

ADVERTISING AGENCIES CREATE AND PLACE ADVERTISING

Advertising agencies came into existence in the 1880s when they sprang up as sales representatives for newspapers and magazines. As sales reps for the media, they kept a 15 percent commission on the amount of money advertisers spent with them in the media they represented. Thus, an advertiser might spend $1,000 for ads in a magazine, and the agencies would keep $150 and give $850 to the magazine. As time went on, the agencies got close to their advertisers and began to create their advertising for them and to decide in which media to place it. The agencies maintained the practice of keeping 15 percent of the amount the advertisers spent in the media; thus, the modern structure of the advertiser-agency-media relationship was set and has remained to the present day.

Agencies also make money by adding a 15 percent commission to the material, services, and production they purchase for a client—a practice that is referred to as *grossing up a charge*. For example, if an agency purchases $850 worth of photography for a client, it would gross it up 17.65 percent (or multiply $850 by 1.1765) and charge the client $1,000.

Fee Arrangements

Advertising agencies are service businesses and their expenses are mostly for people: copywriters, artists, media buyers, media planners, account management people, etc. The ad agencies have to do virtually the same amount of work to produce an ad in a small newspaper as for one in the *New York Times*, or to produce a commercial for a local television station in San Francisco as for one on the CBS Television Network. So if a client needs a great deal of work done and is not buying enough media to produce sufficient commissions to compensate the agency adequately for its efforts, the agency might charge the client a fee. The fees are typically based on the following: (1) a monthly retainer fee against which media commissions are credited, (2) an agreed-upon charge per hour for work performed, or (3) a complex formula related to the amount of work the agency performs for a client as a percentage of the agency's total overhead.

The fee arrangement is growing in popularity, as both agencies and clients perceive it to be more equitable than the straight 15 percent commission on media purchases, and more in line with the actual amount of work done for a client. One reason that the fee arrangement is preferred by many advertisers is that they do not want their agency's income to depend on how much money they spend in the media. Advertisers want to make sure the agencies place their money as efficiently as possible and that the most effective, not necessarily the most expensive, media are purchased.

Two other trends have developed in recent years: More agencies are selling shares of their stocks to the public, and more agencies are merging with each other or are being bought out by large international agency conglomerates. Both of these trends have put pressure on agencies to produce higher profits. As the push for bottom-line performance has increased, advertisers have become concerned that the more expensive and easily purchased media like network television might be favored over the less expensive media like radio and newspapers, which are more time-consuming to purchase.

Agency Structure

Advertising agencies vary in size from the largest, Young & Rubicam, which has headquarters in New York and nearly 8,000 employees in 152 offices in twenty-nine countries worldwide with media billings of over $2.8 billion, to the local, one-person agencies in smaller towns.

Basic Functions The work in the typical agency is broken into three basic functions: *account management, creative,* and *media.* These functions are supported in larger agencies by plans groups and by research, production, traffic, and accounting departments. The *account management function* is carried out by account executives, account supervisors, and management supervisors, who are the primary contact people between agency and client. The account management team usually solicits the clients and services them once they are signed up.

The *creative function* is handled by artists, copywriters, and creative directors (or supervisors). Typically, the account executive will present a client's advertising problem to the creative group, normally an art director and a copywriter, who will mull it over and then recommend an overall campaign or a single ad or commercial approach. Ideas are often the result of creative brainstorming among art directors, copywriters, account people, and media people in the agency. The account executive then will present the idea to the client. If the client accepts the approach, the creative people will proceed to write and produce the advertising as the media department begins to check out the costs of placing the advertising.

The *media function* is carried out by media planners, media buyers, and media directors (or supervisors). Planners recommend what media and how much of each should be used. Media buyers select which stations, papers, or magazines to buy; they are the people on whom salespeople typically call to sell time and space. Media departments are organized in various ways depending on the agencies. Some are organized by product, and buyers buy all markets around the country for a particular product or brand. Other agencies organize on a regional basis and have buyers specialize in buying one or more markets for all of the agency's products. Most larger agencies have gone to this regional organizational approach because they feel it gives them more in-depth knowledge about the constantly changing rates in markets, and it also gives them better leverage in negotiating, particularly if they buy for a number of products.

Support Functions The *support functions* in larger agencies are handled by a number of groups. The *plans groups* consist of the top account, creative, and media management people who meet to discuss the overall long-term strategic plans the agency will recommend to each client. The *research department* keeps up-to-date on economic, population, media, advertising, marketing, and other relevant research information, and provides it to the account management, creative, and media departments in an agency. *Production depart-*

ments produce ads and commercials by overseeing all the myriad details that go into getting advertising in front of viewers, listeners, or readers. The *traffic department* in an agency sees to it that the right ads or commercials get to the right newspaper, magazine, or television or radio station at the right time, with instructions on when, where, and how often to run them. The *accounting department* bills clients, pays media, does the agency's payroll, and produces financial reports.

To complicate matters further, some agencies' media departments serve as the *agency of record* for large multiple-product advertisers, like Procter and Gamble. Procter and Gamble has dozens of products that each spend millions of dollars in advertising. To keep track of all of its advertising for all of its brands and to make sure that it is taking advantage of all possible media discounts, one agency is designated as the agency of record. This agency gathers and coordinates all the information about all media buys from all of Procter and Gamble's agencies.

House Agencies Some advertisers in local markets establish their own in-house advertising agencies. Instead of paying a 15 percent commission to an outside advertising agency, they want to keep the money within their own company. Such advertisers hire people to fill the creative and media buying functions and produce and place their own advertising, usually under a separate agency name. Often the savings realized from house agencies do not offset the disadvantages of having less than superior advertising execution. Full-service agencies can support top creative and media people with the income from several accounts, whereas house agencies typically do not have the funds or diversity of interests to attract excellent people.

Boutiques *Boutiques* is a term used to refer to agencies that sell various agency functions on a piecemeal, or modular, basis. Some boutiques sell only their creative services, some specialize in doing only media planning and buying, and some only in research. Boutiques often can offer advertisers top-flight talent they might not otherwise be able to afford. For example, a highly regarded art director and a top copywriter in a large agency may get tired of the bureaucratic environment and decide to set up their own creative boutique to serve smaller clients.

Trade Deals and Buying Services

One of the characteristics of broadcast time is that it is instantly perishable; lost revenue from an unsold spot can never be recovered. Many years ago, enterprising entrepreneurs discovered they could make a profit by bartering goods for unsold time on stations at a very favorable exchange rate and then reselling the time to advertisers.

Here is how a typical barter arrangement, or *trade deal*, might be made. The entrepreneur forms an advertising agency, sometimes referred to as a *barter house*, and contacts radio and television stations. He or she then negotiates to give the stations something of value in return for time. The barter house might have sent a catalog of merchandise (television sets, stereos, athletic equipment, or whatever) previously to the station and now tells them to pick out what they want. The merchandise is offered at full price—at retail cost or above.

The barter house then negotiates with the station for time, often referred to as a *bank of spots*, at a favorable exchange rate—two dollars' worth of spots for every one dollar's worth of merchandise, for example (a two-for-one trade deal). Stations willing to make such an arrangement would run the spots contracted for with the barter house only if they have no paid advertising to fill up their time. Thus, the station is able to get something of value in return for the commercial time it has been unable to sell to cash advertisers.

The barter house builds a bank of spots on as many stations in as many markets as possible and then calls on advertisers, offering to sell them advertising at large discounts on the stations with which they had contracts. They might have gotten the spots at a 50 percent discount from the two-for-one trade deal. They then resell the spots to advertisers at a 25 percent discount off the station's rate card, with the understanding that the spots might not run at the best times—namely, only in unsold time periods. The barter house makes a tidy 25 percent profit on this resale. It also makes money on the other end by buying merchandise in volume or otherwise heavily discounted, and trading with the station for spots based on the full price of the merchandise.

Several barter houses became successful at convincing advertisers they could place media schedules for them for less, and they persuaded the advertisers to let them handle their media buying. The barter houses soon discovered that, by taking tough negotiating stances and by acquiring extensive market and station knowledge, they could often outperform media departments at traditional agencies. In the late 1960s, the general function of these services changed from being primarily barter houses to being boutique-type *buying services* staffed by professional media directors, planners, and buyers who did not handle barter and who performed a straightforward media-buying service. Media-buying services typically operate on a fee basis, with an incentive built into their fee for bringing in a media buy at targeted rating point levels for less than the allocated budget.

Television Bias

In most large and medium-sized agencies, there is a bias in favor of television in general, and network television in particular. For example, Young & Rubicam in this country places 36.8 percent of its total media dollars into network television, 20.0 percent into spot television, 4.6 percent into radio, and 1.8 into cable; the remainder goes into all other advertising media. The account management people try to sell the benefits of letting their agency handle the advertising for large users of network television, because if they can afford the networks, they will generate large commissions or fees. The media department likes to buy network television because it can spend and administer huge amounts of money with a few people. Because the size of each order is so large, two or three people can easily spend and keep track of $20 million on the television networks. The same amount spent in radio might keep a media department of ten people busy most of the year.

Moreover, creative people do not get higher-paying jobs by producing beautiful newspaper ads; they move up the ladder to become high-paid creative directors by developing a reel of award-winning television commercials.

Finally, agencies keep accounts by doing what their clients want, and clients are typically enamored with the traditional national media, especially with network television. Agencies may recommend new creative approaches or nontraditional media, but they normally do not push very hard if their client is not disposed toward what they are recommending. Methods for salespeople to use to get past this general tendency on the part of agencies will be covered later in this chapter.

AGENCY-MEDIA RELATIONSHIPS

Agencies depend on the media for their existence. Their incomes are based on how much time or space they buy; conversely, the media depend on agency buying decisions for much of their incomes. As a result, agencies and media continually perform a ritualized, arm's-length waltz: Agencies try to buy at the lowest rates possible, and the media try to sell at the highest rates possible. This is a good example of an ambivalent, love-hate relationship.

The Hussey story at the beginning of this chapter also illustrates another common personality trait of agency media buyers: *defensiveness*. They have every reason to be defensive because the tenuousness of agency-client relationships fosters it. Although clients and agencies have contracts that normally spell out the financial details of the relationship, rarely is a long-term commitment involved. Agencies continue to serve their clients because of the advertiser's trust, faith, and, all too often, whim. Agencies sell a service even more intangible than broadcast or cable time: their abilities to create good advertising and place it efficiently. There are few ways to measure the creative and buying effectiveness of an agency. For example, did sales go up because the advertising was great, or did the client cut prices? Did sales go down because of a poor ad campaign, or was the product awful? It is often easier for a client's product managers to blame the agency for their failures than to blame themselves.

Advertisers might drop an agency for a number of reasons: advertiser personnel changes (a new person at the client wants to make a change), new personnel at the agency (the client does not like an agency's new creative director), agency sniping (agencies try to get clients from other agencies), or competitive media sniping (a disgruntled salesperson from a medium goes to a client and criticizes an agency). The precarious and insecure nature of the agency business tends to bring out several needs in agency personnel: defendence, inavoidance, recognition, affiliation, and contrariance. Salespeople who call on agencies must learn to deal with the complex needs and behaviors of agency people, particularly of media buyers.

Buyers are in the bottom echelon of an agency's media department. They are typically overworked, unappreciated, and underpaid. They are the agency's infantry troops slogging through mountains of media research and avail submissions, a day late and twenty-five points short. There is little wonder that buyers tend to be defensive, given the pressure under which they work. They are particularly touchy about salespeople going to their clients.

Going to Clients

Some media, like magazines and network television, have traditionally made sales calls on both the agency and their clients with the blessing, or at least with the grudging cooperation, of the agency. Generally, the larger the agency, the more secure it is with its relationship with clients—or at least so it seems because the loss of just one client does not threaten the agency as much. The higher the position of a person in the agency hierarchy, the less that person usually objects to media salespeople calling on the agency's clients. However, a secure relationship is more the exception than the rule, and buyers, who are far down on the organizational ladder, normally do not like salespeople calling on their clients, especially if it is to complain about a buy, or to make waves of any sort.

However, if you feel it is necessary to stir things up to get your message across to a client, and a buyer has told you not to call on the client, then sell your way up through the agency's media department (through the associate media director, to the media director, to the vice-president in charge of media). All along the way, tell your medium's story; tell the agency why you want to see the client and exactly what you are going to tell the advertiser. Someone higher up will finally give you permission to see the client because he or she will realize that, in the final analysis, the agency cannot keep you away if the client agrees to see you.

The secret of getting agencies' permission to call on their clients is to *keep the agencies involved* all along the way and to *go over your presentations with them* so they will be assured you are not going to make them look bad.

Ratings—the Security Blanket

As mentioned in the previous chapter, agency selling is *ratings-oriented* selling, as opposed to retail selling, which is usually *results-oriented*. Since an agency's performance is difficult to measure, anything that has a number associated with it is eagerly grasped as a measurement device. Ratings are used as a tool to evaluate an agency's media-buying function. Ratings are also invaluable when planning how much media to buy and approximately what to pay for it. For example, planners set a rating-point goal and a budget based on cost-per-rating-point estimates for a market. Next, the agency gets the client's approval of the plan, and it is turned over to a media buyer to execute. If the buyer can bring in the market under budget for the desired rating points, the agency and the buyer have a way of quantifying their performance to the client. The agency and the client feel secure with the numbers—ratings are tangible evidence of the fact that the agency performed its service and exercised its buying judgment. This evaluation and buying process is typical of experienced specialists. Therefore, do not expect agencies and their clients to give up their security blankets. You have to play the game using their rules, and their rules place emphasis on *ratings*, not on other results.

However, if agencies and their clients take refuge in the security of numbers and make their media buys based on ratings, you might well ask how a salesperson makes a difference and emphasizes quality. It is because numbers are so absolute and finite that salespeople *can* make a difference. In fact, in a numbers-oriented sell, the salespeople *are* the difference—because a ten rating is a ten rating is a ten rating.

Buyers continually need reassurance that what they are buying will turn out to be what they hoped for. In their hearts, they know that CPMs do not walk through doors and buy products, but that people do. They know that ultimately they will be judged by their clients on the overall effectiveness of their advertising campaigns. If they buy very efficiently on stations and systems that have the wrong demographics, or to which no one pays attention, then their campaigns will not be successful. So, agency buyers depend on media salespeople to keep them thoroughly informed about the various media—demographics, attentiveness levels, programming changes, rate changes, personnel changes, and anything that will help them evaluate the media better and make better buys.

QUALIFYING AGENCY BUYERS

When calling on a buyer, just as with any prospect, you should be sure to qualify his or her personal needs first. Business needs will change from buy to buy and from client to client, but a buyer's personal needs will remain relatively stable and, if you are lucky, predictable. Furthermore, when instructions to make a buy—that is, purchase advertising time—come from clients, a buyer may be in too much of a hurry to spend much time with you. When a buy comes down and a buyer requests avails, you should already understand enough about the buyer to know what approach will work best. Use the prospect-product interaction grids, shown in Chapter 3, to position agency buyers once they have decided whether your station/system has a high or low inherent product advantage.

Since the majority of your business from agencies will come from requests for avails, agency selling is primarily a service-type sell and not a developmental-type sell. Agencies sell your medium for you; you compete for existing dollars already allocated to your medium. In return for their sales efforts, you must sell to them on their terms and in the realm of CPMs and CPPs.

Flexibility and Autonomy

In addition to qualifying an agency buyer's personal needs, you must qualify the degree of flexibility and autonomy a buyer has. Some agencies and clients give their buyers virtually no discretion in making a buy and insist that they stick to the parameters given in the media plan. Other agencies give their buyers a great deal of leeway. Typically, a media plan will outline an overall rating point goal and a budget for a market, but the selection of the stations will be left up to the buyer. Some plans outline reach and frequency targets; some outline the number of stations, types of stations, and number of spots per station; other plans merely give a budget and leave the rest to the buyer.

Normally, more experienced buyers who have demonstrated time and again that they can buy efficiently are given more flexibility to use their discretion in making a buy. A buyer's performance is often evaluated by means of a *post-buy analysis*, typically done on a computer, that checks all the spots that actually ran against the station's invoices. The ratings of the schedule are checked against the buyer's estimates, and CPMs are calculated and compared against what was purchased.

Once you have ferreted out the amount of discretion a buyer is allowed, then it is your task to work with the buyer within the parameters set by the media plan, and within the boundaries of the buyer's flexibility. Your ability to balance the needs of the agency with the needs of your station or system will determine your success in agency selling. For example, can you balance an agency's need for a good cost-per-point (CPP) with your station's need for a high share of budget?

Agency buyers reward salespeople whom they feel are working for them to get the best buys and the most out of a particular medium. Your ability to convey to agencies that you are working hard for them is the critical element in augmenting your product, in creating a differential competitive service advantage, and in becoming *the* difference.

Getting the Parameters of a Buy

Once a buy is up (a buyer has called you to request avails), you must get complete information about the upcoming buy. These buying parameters define the *business needs* of the buyer. Here is the information you should ask for when a request for avails comes in:

1 What specific products and services are being advertised, and what is the parent company of the advertiser? You need this information to determine what kind of product separation is necessary, and, if you have a rate card that offers discounts to multi-product advertisers, to calculate discounts.

2 What is the name of the buyer who will make the final decision? Occasionally an estimator or assistant will call in the request, and a rookie salesperson can be embarrassed by not finding out the name of the person who will actually make the buy.

3 When is the start date and the end date of the schedule, and how many weeks will it run? Often an agency will want submissions for several schedules spread over a number of weeks; the agency may be using an in-and-out, or *pulsing*, strategy.

4 What are the ratings goals, including CPP, CPM, number of spots, reach targets (total number of points in the market), and frequency targets? Are metro, TSA, or ADI ratings, or households to be presented?

5 What constitute the primary and secondary target demographics? If there is no secondary demo, or if the primary demo is not favorable for your station or system, ask if the buyer will look at a demo in which you do well.

6 What is the market budget? Sometimes buyers are reluctant to give full details about market budgets so they can have a card to play during subsequent negotiations. Sometimes there is no precise predetermined budget, but a budget range within which rating-point levels are to be obtained. In any case, try your best to

get budget or budget-range figures; it will help you to target the kind of order you want.

7 What day-parts are *preferred?* Buyers will always want the best day-parts and the lowest rates; part of your task is to match the buyers' needs for certain day-parts with your station's or system's needs to package its inventory and sell all of its day-parts. Also, what length of spots is currently used, sixties or thirties?

8 In television, are Nielsen or Arbitron (ARB) ratings preferred? In radio, ARB is the only nationwide service, but find out if they will look at the Birch ratings or at qualitative data; even if they say no, include it.

9 What programming and format preferences exist—news, sports, or in-program positions? Also, are there any pre-buy condtions, such as no UHF stations, no rock stations, or no independent stations?

10 When are the avails due, and when will the buy be made? Make an appointment.

Try to be either first in line *(primacy)* to see the buyer or last in line *(recency)*. First in line is best under three conditions: (1) your buyer is very intelligent and self-confident, and *you* are confident your proposal is so good that it will make all subsequent proposals by other salespeople look poor in comparison; (2) you are so confident of your ability to give such a dynamic, superior sales presentation that all others will pale in comparison; or (3) you have an especially timely avail that is in such demand that you want to get in first and use an SRO close to get a quick order; in this case, you are really doing an agency a favor by giving them an opportunity to get a good avail for their client. Most salespeople generally prefer to be last in line, because it gives them the opportunity to ask how their proposals compare to all the others, and the chance to make last-minute competitive adjustments.

Things Not to Ask

When you are gathering information about a request for avails from agencies, there are several questions *not* to ask:

1 Do not ask if they want CPPs or CPMs because, of course, buyers will say yes. They will probably say something like, "Don't bother with anything but avails, costs, ratings, and cost-per-point per spot." Since you are going to include qualitative information in any case (in addition to programming, promotional, and other information), and because you are going to show only the cost and cost-per-point for the whole package, do not ask what they want to see in a presentation.

2 Do not ask if they want more than one proposal because the chances are they will say, "No, just give me a list of your avails and the rates; I'll choose which ones I want." You are going to give them several packages to choose from regardless.

3 Do not ask if they want guaranteed CPMs or CPPs unless you are selling network television. If you are in a situation where you have all-new programming that has no ratings track record and you are, therefore, supplying the agencies with ratings

estimates, then your *management* might consider using a ratings-guarantee strategy. Do not guarantee ratings unless you absolutely have to do it, because it is a one-way risk in favor of the agencies. If there is a subsequent ratings downturn and the schedule underdelivers, then your station/system owes spots to make up the difference. If there is a ratings upturn and the schedule overdelivers, then an agency is rarely going to agree to pay your station/system more for the schedule. There is no gain for you in either case.

PRESENTING TO AGENCIES

In your presentations to agencies, include the following: a list of advertisers (to create a bandwagon effect), a list and description of station/system promotions and advertising (to demonstrate your investment in maintaining and improving your ratings), and information on special programming and packages. Always push specials, even when buyers have not expressed interest in them, since you never know when one might hit a hot spot. Load your presentations with plenty of quality references and documentation; remember, you always want to get a high price.

Proposal Guidelines

When you write your presentations, put your proposals in an easy-to-read format; clearly show the number of spots in each time period, the total number of spots, the rating for each time period, and the total ratings and impressions. Do not show prices for individual spots. If you are making a television proposal, make sure you identify whether the rating is a time-period rating, a program rating, or an estimate. Each proposal should be on a separate sheet of paper, and at the bottom of each proposal always list the advantages and benefits of that particular proposal. Exhibit 10–1 is a sample proposal to an agency buying for a primary target audience of adults age 25–54 and a secondary target audience of total adults.

Agency Selling Tips

Show up for all of your appointments a little early. It is not good form to be late or to be sweating and out of breath when you get into a buyer's office. Also, by showing up about ten minutes early and being announced to the buyer, you let him or her know that you are there, which puts pressure on the buyer to hurry up and finish with the salesperson he or she is seeing—probably your competitor.

Another reason for showing up early and lingering a little while after your presentations are over is to *get to know the salespeople who are competing against you.* Remember, you are going to position your station/system to have a differential competitive advantage, and sometimes that advantage can be positioned in terms of a competing salesperson. For example, if you know that one of your competitors is extremely aggressive and tends to

Exhibit 10–1 Sample Large-Market Television Station Proposal

Day	*Time*	*Programming*	*No. of Spots*	*May '84 Nielsen DMA HH Ratings*	*Homes*	*Adults 25–54*	*Total Adults*
Mon–Fri	9 A.M.–3:00 P.M.	Daytime Scat.	5	4	164,000	72,000	178,000
Mon–Fri	3:30–5:00 P.M.	Movie	3	6	248,000	110,000	275,000
Mon–Fri	6–7:00 P.M.	Local News	3	7	280,000	230,000	450,000
Mon–Fri	8–11:00 P.M.	Prime Scatter	3	10*	354,000	325,000	510,000
Mon–Fri	11–11:30 P.M.	Local News	2	7	278,000	243,000	485,000
Total spots			16				
Total rating points				113			
Totals					1,324,000	980,000	1,898,000
Total weekly cost				$10,000			
CPMs					$7.55	$10.20	$5.27
CPP				$88.50			

Schedule Advantages

—Daytime scatter rotates horizontally and vertically to give maximum reach in CBS's dominant daytime programming.

—Early and late Eyewitness News has consistently been the market's highest-rated local news among 25–54-year-olds for the last four years in addition to winning twice as many Emmy awards last year as the other three stations combined, assuring a quality audience.

—The prime scatter rotates among CBS's number-one primetime schedule, which again this fall has been predicted to be the winner by top agency prognosticators.

*Estimate based on new fall programming. Details on request.

browbeat buyers and close quite strongly, you might counter by urging the buyer to look carefully at all proposals and not to be pushed into making a decision. If the buyer then resists, and the competitor pushes too hard, the buyer might become annoyed and shut the competitor out of the buy.

When you *set your strategy and target the kind of order you want*, you will encourage the buyer not to buy the stations/systems that are either in the weakest ratings positions or are the least efficient so you can have a higher share of the budget.

When you are negotiating with an agency, *there can and should be two winners: you and the buyer*. You are negotiating, not running a competitive race. On the other hand, you are rightfully running a competitive race against the other salespeople in your medium, and in *that* race you do want to be a winner. Make sure you win, as defined by your target—avail, rate, size of order, or share of budget.

Buyers are usually very busy, particularly when they are making a buy. Respect their time and learn to *tell your story quickly and efficiently*. This tactic will also help you *focus on your most important benefits*. Try to think of creative, memorable ways to *make your presentation more tangible*.

When you overcome objections, *use the Comparison-With-Competitors Maneuver* as often as possible because the buyer's job is to choose among competitive alternatives.

Do not reveal your own targets. Remember that you are positioning your product to meet a *buyer's* needs. It is a bad tactic to reveal your targets because they have been framed to respond to *your* needs, not the buyer's. By revealing your targets, you change the buyer's perception of you from being helpful to trying to sell them something.

Just because a buyer is in the middle of a buy does not mean that you should not try to close. *Try to get a commitment from the buyer* to give you an order, or at least to call you if someone else is beating you out on the buy.

Be honest, accurate, and dependable. Never offer spots you can't clear or quote rates you can't deliver. If you make an offer, you should be able to get a subsequent order confirmed by your sales manager. Agencies do not have time to play cat-and-mouse games. If demand is strong and some of the spots you are offering may be sold soon, *give agencies an accurate assessment of demand* and how long the spots are likely to be available. When you get an order, *take accurate notes, book the order immediately*, and *get back at once with confirmations*. If you cannot confirm at least 75 percent of what was offered, you probably did not do your job well initially and did not keep the buyer informed about your inventory and suggest enough substitutes.

Get competitive information. As soon after a buy as is practical, ask the buyer or the buyer's assistant to give you competitive information about what else was bought (naturally, you got an order). One of your functions is to *monitor the market*, and one of the best ways to do this is to *find out schedules and rates on other stations*. Your ability to get competitive information will vary depending on the agency. Some agencies, particularly on television buys, will give competitive information as a matter of course; others will not give any information, and others will give partial information, such as stations and number of spots purchased but not rates.

In radio, in smaller markets and with smaller agencies, it is often difficult to get even the barest competitive information. One of the reasons agencies do not like to give out competitive information is they are afraid salespeople will switch-pitch the business, particularly at the client level. Your best strategy to convince a buyer to give you competitive information is to point out that the worst that could happen is rates could be lowered—improving the agency's purchase power.

Changing Conditions

At times you might find yourself in an agency selling situation in which the parameters of the buy will not allow the buyer to choose your offer. For example, the media plan might specify that no country radio stations are to be purchased. In this situation, you get nowhere by trying to sell the buyer on your country station; it is not an objection, it is a condition that can't be overcome at the buyer's level. You must change the condition by going to see the planner, the media director, the client, or whomever decided to impose the condition.

One of the most difficult of these conditions involves switching an account from television into radio. Often you will get the runaround when you ask who made the decision to go into TV; some will tell you it was the client, others will tell you it was a media decision, and often you will hear that "it was a creative decision." Going to creative people and trying to get them to write for radio instead of for television is a very difficult sell. Usually you are better off—and will get a better reception in the media department—if you try to convince them of the efficiency of radio in adding frequency to a schedule; planners especially love this argument.

It is generally fruitless to go to account people and to try to get them to change buying parameters or to recommend media. They will normally refer you back to the media department, as they do not want the media department to think they are going around them. They have to get along internally with the media department and do not want to make political waves.

Developmental Selling in an Agency

Even though the majority of agency business comes as a result of its initiative and through requests for avails, there are opportunities to prospect and develop business within agencies. It's usually a long, drawn-out process; you start with the buyer and work your way up through the media department to the account group, and then you get the account group's permission to let you call on the client to sell them your medium. Often you might find you will get the agency's cooperation, because if you sell a client on using your medium it often means that the client spends more money, which means the agency makes more money. Furthermore, part of an agency's function is to keep its clients informed about the media, and many agencies feel that media salespeople can do this job better than they can.

Recommending Agencies

Obviously, one way to get on an agency's good side is to turn accounts over to it. In smaller markets, or occasionally in larger markets, a salesperson might develop new advertisers that do not have an agency. Since having an agency does not cost an advertiser anything, except when the station/system has a local rate card that gives lower rates to advertisers without agencies, is it right for a salesperson to recommend to advertisers that they use a particular agency? A good rule is if an advertiser asks for your advice, recommend several agencies, not just one, and tell the advertiser that they are all good; then leave to him or her the decision. Don't put yourself in the position of playing favorites among agencies; it can come back to haunt you later. Remaining neutral leads to better relationships with both advertisers and agencies in the long run.

When to Switch-Pitch

You switch-pitch when you have lost an order or when you did not get a big enough order, based on reasonable and measurable criteria. Switch-pitching should be used infrequently and *only* when you have a good case, because what you are doing, in essence, is questioning a buyer's judgment. Switch-pitches are rarely successful because the buyer must admit an error or you must offer a significant improvement. Even if you offer an improvement, the buyer is apt to tell you that he or she is not going to switch just to teach you a lesson, as you should have come in with your best deal the first time.

Most buyers will give you the courtesy of listening to a switch-pitch after the buy has been completed. The courtesy is based on an agency's desire to keep up good relationships with the media, on its need not to appear overly defensive, and on its wish to demonstrate its fairness. After all, they might get a better buy.

If the buyer does not switch the business after a switch-pitch, you have two choices: give up or slog on. If you give up gracefully, you may have accomplished your main purpose of demonstrating to the buyer that you are not a pushover, and that if he or she does not buy your offer next time, he or she might have to put up with another switch-pitch. If you slog on, do so with the knowledge that you may well ruin your relationship with the buyer, for to pursue your switch-pitch you will have to go to the buyer's boss or to the client and demonstrate beyond a doubt that the buyer made an error. Nine hundred and ninety-nine cases out of a thousand, the media director will back the buyer, and so will the client.

On the other hand, buyers have been known to make grossly unfair buys far beyond the point of reasonableness to favor a particular station or salesperson. In such rare cases the salesperson, with the full support and involvement of station or system management, should pursue the switch-pitch, because then the agency is not serving the best interests of its clients, and the clients have a right to know about it.

SERVICING AGENCIES

When you service agencies, your focus must be on *building trust*. Your goal is to get to the point with your agencies where they feel that you are working for them—helping them get the avails, rates, and promotions they need to show their clients that they are doing a good job for them. You must communicate with your agencies constantly about your station or system, the industry, the market, formats, personnel changes, etc. The two most important things an agency sells to clients are *creativity* and *information*—creativity in the form of creating advertising, and information in the form of product and marketing research, and media and market knowledge. If you help agencies update their information, they will listen and be grateful; they will be more likely to reward you with their trust. If you bring new research or information to them, they will be more willing to have you pass it on to their clients.

Presell

Part of servicing is preselling your station or system constantly. Presell rates, promotions, programming, in fact, all the benefits of your station or system. If you have presold your quality story well, you can spend precious time when a buy is being made negotiating for good rates, rather than telling the particulars of your story.

Tell agencies about all of your specials and opportunities. You never know when a special avail will fit in with a campaign they are planning for a client. Many a successful sale has been made to a client by agency personnel combined with a media salesperson offering a special opportunity—like a newly acquired regional telecast of a popular college football conference.

Finally, when you presell, you are preselling your most important competitive advantage—yourself. If your agencies view you as the most cooperative, the most knowledgeable, the fastest with orders and confirmations, and the most creative in the use of your inventory to design packages that meet their needs, they will call you first, give you better orders, and pay you higher rates.

Do Not Join the Club

In major markets there is often a group of broadcast salespeople who have been selling in the market for a long time and who socialize with each other and with agency buyers. This cadre of salespeople and buyers will congregate regularly at a favorite bar and regale each other with rumors and war stories. Perhaps the most famous such watering hole is the Wrigley Bar in the Wrigley Building in Chicago. You can go to the Wrigley Bar almost any afternoon at 5:00 P.M. and see a gathering of media people partying, not making much sense to anyone except to themselves, and certainly not buying or selling any time. It is very easy, especially for newer salespeople, to get caught up in the companionship and fun of such a band of regular revelers by using the excuse that you are getting to know the competition and the buyers better, and that socializing is necessary to build rapport and monitor market intelligence.

This rationalization puts more people in a rehabilitation hospital than it does in the sales Hall of Fame. Don't join the club; resist the temptation to become part of such a group. You are much better off learning about your buyers during one-on-one lunches and dinners (where you stay sober so you can *remember* all you learned) than in raucous social situations.

SUMMARY

To sell to agencies, you must understand the relationship they have with their clients and with the media; they jealously guard their often insecure relationships with clients. Agencies keep these relationships based on their abilities to communicate their creative and informational superiority to their clients. They also sell their abilities to be good, tough negotiators with the media—to get good avails at low rates. Thus, there is an ambivalent relationship between agencies and the media.

Ratings are usually indispensable to agencies and clients, as they give them some tangible guidelines to evaluate an agency's performance and to use as a media-planning tool. Thus, agency selling is primarily a ratings-oriented sell, as opposed to retail selling, which is primarily a results-oriented sell.

The qualifying step in agency selling should concentrate on qualifying personal needs of buyers, because business needs change from buy to buy and from client to client, but the buyers' personality traits remain relatively stable.

Servicing agencies is largely a matter of building trust so they will perceive that you are working for them to help them meet their buying goals. Keep the agency informed continually about what is going on in the market, within your station or system, and among your competitors. If you make agencies look good to their clients, you will be rewarded with good budget shares and good rates.

TEST YOURSELF

1 How are advertising agencies' commissions determined?

2 What are the two basic functions of an advertising agency?

3 What is a trade deal?

4 Why are ratings a security blanket of sorts for advertising agencies and their clients?

5 Is it a good idea to recommend a particular agency to a client? Why or why not?

6 What are the major advantages and disadvantages of a switch-pitch?

7 Why engage in a presell at an agency?

PROJECTS

1 Call the nearest regional office of a large national sales representative company in radio or television (Blair, Katz, CBS, ABC, or NBC in television; Blair, Katz, McGavern-Guild, or Eastman in radio). Ask to talk to a sales assistant or salesperson. Tell them who you are, what you are doing, and ask them for the parameters for a buy the rep has recently submitted on and the names of the agency and buyer. Next, secure a radio or television ratings report and write a presentation for a station using the parameters you got from the rep. Include three schedule proposals.

2 Assume the station you presented in the above project got an order for the second proposal. Write an outline for a switch-pitch for another station that was left off the buy against the station that got the order.

Chapter 11
Network, Syndicated, Rep, and Local Cable Selling

Just as there are differences between selling to retailers and selling to agencies, there are different skills, approaches, and levels of experience required to sell for networks, program syndicators, national sales reps, and local cable systems. This chapter will touch on all of them.

TELEVISION NETWORKS

Network selling in general began in 1928 when young William S. Paley bought the foundering Columbia Broadcasting System because radio did such a good job of selling cigars made by his father's company. He had a lot of catching up to do with NBC, which had many more stations. But Paley had a genius for three things: programming, selling, and making money. He devised a new system of paying stations for signing exclusive network affiliation contracts with CBS. The stations would give CBS an option to run its programming during specified hours of the day, and in return, the network would pay the stations a percentage of the revenue it received from sponsors. Thus, Paley began to build his network by signing up independent local stations and launching a bold plan to use networks as a sales vehicle for national advertisers to whom, because of his affiliation agreements, he could guarantee time on local stations. NBC soon followed suit and the pattern for future network affiliation contracts in all media was established.

Television Affiliation Agreements

There is an FCC regulation that limits the term of affiliation agreements to two years. The agreements cover a number of topics, but the two most important are option time and the rate at which the network compensates stations for carrying its programming. Every two years, stations negotiate their compensation rates with the networks.

Television compensation is based on each station's *base hourly rate*, which depends on a station's coverage, ratings performance, and market size. Once a base hourly rate has been established for each day-part, a station gets a percentage of that rate for every network commercial program it carries. Thus, local stations not only get about 75 percent of their programming from the networks, they also get paid to carry this programming if it has commercials in it. A typical television station gets about 6.5 percent of its total revenue from network compensation, and the rest from selling time in the breaks between network programs and within its local programs. The higher the ratings of its network programming, the higher the rates a local station can get for local spots adjacent to that programming. Furthermore, highly rated network programs give good lead-ins and lead-outs for local programming.

Television networks also give stations support by providing them with brief spots promoting network programs, with newspaper advertising layouts, and, in some large markets, with newspaper and radio advertising support money.

Television Station Clearances

When advertisers buy time in a network program, they buy the combined audiences of the program on all of the affiliates. Thus, the ratings of a network program depend on two things: the relative popularity of the program and the number of stations that carry, or *clear*, it.

A station is not required to clear its network's programs because the FCC has licensed stations, not networks, to serve its communities' problems, needs, and interests. Therefore, if local management feels a network program does not fit in with community standards, a station does not have to clear it, even if it is in network option time. A station can also preempt a network program for a local program of public interest, such as a news special or a documentary. Furthermore, if stations are in a strong ratings position in their markets, or if they are in one- or two-station markets and can take their pick of which network they affiliate with, occasionally stations will preempt low-rated network programming and substitute their own local programming. They make these replacements in hopes of getting higher ratings and selling the avails for more money (plus getting 100 percent of the avails to sell locally).

One of the problems ABC had during the 1960s and early 1970s while it was struggling for parity with CBS and NBC was that the two older television networks had more affiliates and thus more clearances. As ABC had fewer affiliates and lower clearances, all of ABC's network programs had to be relatively more popular than CBS's and NBC's to get equal ratings. When ABC concentrated on programming that appealed to younger, urban viewers and began to beat CBS and NBC in the overall prime-time ratings (particularly with ratings in the more desirable 18–49 demographics), it began to solicit more valuable affiliates.

Each network has an affiliate relations department whose responsibility is to upgrade, if possible, its list of affiliates, to negotiate base hourly rates with the stations, and to get good clearances for all the network's programs. The affiliate relations people use their power of persuasion and do gentle arm-twisting to get stations to clear their programs. The networks have little clout with a station, other than taking the drastic step of failing to renew the station's affiliation agreement. They are extremely reluctant to do that if they do not have another station to take its place.

When ABC became the overall ratings leader for a few years in the late 1970s, its affiliate relations department aggressively pursued many desirable local affiliates by offering substantial increases in their compensations. They were successful in getting several important stations to switch affiliations, usually from third-place NBC. These new affiliates in turn gave ABC better clearances, which added to their ratings.

Television Network Structure

The three major television networks all have similar structures: The Network Division consists of affiliate relations, engineering and operations, and sales; the Entertainment Division selects and schedules the programming; the News Division produces all of the news programming; and the Stations Division runs the owned and operated (O&O) stations. ABC, CBS, and NBC each have presidents of these various divisions that report to a senior vice-president or group president of the parent company. There is a difference between the generic term *network*, used to describe the entire television network structure, and the narrow definition of the Network Division. In this text, *network* refers to the larger, more all-encompassing structure.

Television Network Selling

The television networks are the center ring of the media circus; here is where the top acts go—the best salespeople and the most knowledgeable buyers. The buyers and sellers are a relatively small, expert, and very well-paid group of people who have established long-term relationships with each other. They often switch jobs back and forth between agencies and networks. The key element in their relationships is trust. The buying and selling process involves hundreds of millions of dollars that is bought initially on the basis of verbal orders only.

Network buyers, better labeled negotiators, are usually at the top level of an agency—vice-presidents or senior vice-presidents. Their jobs are to know the salespeople and sales management at the networks and to keep up-to-date daily on the network television marketplace. They must be intimately acquainted with each network's inventory, demographics, and current rates. They must also be programming experts who can evaluate network programs and estimate their chances for success, and who can assess the kind of commercial environment programs will provide for advertisers' products.

Network salespeople must be skilled negotiators who have built up solid reputations in their agencies. Their writing and research skills are not as important as their negotiating skills because the television networks give their salespeople in-depth sales support. The networks have research people who provide salespeople with all the numbers they will need for a presentation, and they have proposal writers who put together their written presentations and schedule proposals. The salespeople spend their time in negotiations—a time-consuming process that involves many offers, counteroffers, and discussions about confirmations of spots and substitutions. Due to the limited amount of network inventory and the great demand for it, there is a constant and complicated juggling process that salespeople go through to get advertisers the schedules they want.

Not only is there pressure on network salespeople from the advertisers for the limited inventory, but there is also great pressure from network sales management.

Selling Management While negotiating is done between the agencies and the network salespeople, more actual selling is done by salespeople to their own managements to get them to clear the schedules and accept the rates offered by agencies and clients.

ABC, CBS, and NBC have day-part specialists or sales managers who are responsible for selling their inventories at the best possible rates. The day-parts generally consist of morning, daytime, news, prime time, children's programming, and sports, although each network organizes its sales effort a little differently. The day-part sales managers compete, in a sense, for the attention, interest, and sales emphasis of the salespeople. Salespeople, on the other hand, work on behalf of their clients to try to get the day-part specialists and network sales management to accept the deals the advertisers are offering.

Network sales managers are more likely to accept a deal from a salesperson who has been particularly effective in getting high rates for them or in selling low-demand inventory, like early morning news. Network salespeople must have an intimate knowledge of the personal and business needs of their clients so they can assess their negotiating styles and how much the client will pay for the valuable network inventory. They must also understand their sales managers so they know what they can get cleared for their clients.

High-Level Selling Some top-level agency negotiators and clients prefer dealing with management-level people at the networks, so the final stages of negotiations are often completed at the highest level of sales management of a network, and of media level of an agency or client. In fact, some of the biggest television advertisers, like Procter and Gamble, make all of their up-front buys themselves in lengthy negotiations with network sales management. They then parcel out the time they purchase to various brands at various agencies. Because these major network advertisers spend in the hundreds of millions of dollars, they prefer a high-level, tightly controlled buying process to make sure nothing falls through the cracks—a 5-percent mistake could cost P&G $16 million!

Some network buying is done by buying services that specialize in network television, and some specialize in different kinds of network buying—some in up-front buying, some in last-minute opportunistic buying, and some in large-scale tonnage buying (these mass-audience buys are sometimes referred to as *airplanes*).

Guaranteed Cost-Per-Thousands Basis Most television network time is sold on the basis of guaranteed CPMs for advertisers' targeted demos. Rates go up each year; not only does the number of people and households in the country grow, but also the time people spend watching television increases annually. Another reason for the television networks' annual rate increases is that their time continues to be in great demand. Due to the expanding audience, CPMs have generally not risen as rapidly as have rates.

Guaranteed CPMs have become the practice in network television selling because of the difficulty in predicting in advance the success of network programming. Since most time is sold on the basis of a program's ratings estimates, and because so much money is involved, advertisers have insisted on some way to protect their huge investments against overly ambitious estimates by the networks. The networks have generally agreed to give guarantees because of their own difficulties in coming up with consistently accurate ratings estimates. It is extremely hard to predict how well a new program will do because there are so many variables that affect its performance: the program's ratings track record, the time period's track record, lead-in and lead-out programming, and the programming on the other networks. In recent years, the programming tactic of *stunting*, or making last-minute programming changes in response to competitive programming moves, has made ratings estimation even more difficult.

The Three Markets The sale of television network time takes place in three phases: the *up-front market*, the *scatter market*, and the *opportunistic market*. The *up-front market* begins in the spring of the year for the coming season. Up-front buys are made by day-part. Normally, the children's up-front market breaks first because of the limited amount of inventory in children's programming (primarily on Saturday morning), and because of the relatively few advertisers involved. Next the prime-time market breaks, followed by daytime, news, and late-night. About 70 percent of a network's prime-time inventory and about 50 percent of the other time periods are sold in the up-front market. As up-front buyers take the biggest risks and make the longest commitments, they are rewarded with better rates than are those who buy in the scatter market.

The *scatter market* begins once the up-front market is concluded. Advertisers generally make their buys about sixty days before the beginning of the quarter in which the schedule runs. Scatter buyers usually run shorter flights than do up-front advertisers, and they also pay a premium, particularly in the very busy second and fourth quarters of the year when inventory is especially tight.

The *opportunistic market* occurs during the television season on a last-minute basis and involves available inventory that has been created by program changes or advertiser moves due to program content. If advertisers do not want to have their commercials run in controversial programs, the networks will usually give them make-goods in other programs. When advertisers avoid programs due to the adult themes or other content with which they are not comfortable, vacant positions occur, and these programs are often sold at bargain rates.

Noncancelable Basis Another feature of selling time on the networks is that most orders, once placed, are firm and not cancelable. If advertisers make a major up-front buy and later find that, due to some unforeseen financial problems or changes in marketing strategy, they do not want to run the advertising, then it is the advertisers' responsibility, not the networks', to try to sell off the time they have purchased. In actual practice, network salespeople help their clients all they can in selling off unwanted inventory when an advertiser makes an official request for relief, particularly if there is a good reason, such as a plant fire or labor strike.

Television network salespeople must have a thorough knowledge of the marketing and advertising process and a broad understanding of television network programming and scheduling strategy—its history and current practices. They must be skilled negotiators—tenacious, flexible, trustworthy, and well-prepared. Finally, they must be polished, sophisticated, and self-confident enough to move in a circle that includes top-level executives in television, sports, entertainment, advertising, and business.

RADIO NETWORKS

Network radio revenue has shown tremendous growth in the last few years, with annual increases averaging almost 20 percent annually. This revenue growth has been the result of a proliferation in the number of radio networks, resulting in a greater number of network salespeople out beating the bushes and persuading advertisers to use radio. Competition among these networks has kept rates down, making network radio an especially efficient media buy. Also, the new networks are more narrowly targeted demographically, so advertisers can make more selective buys that suit their increasingly segmented marketing approaches.

Network radio is dominated by the companies that own the television networks. ABC has been the most innovative of the networks in developing new concepts. It was the first to come out with more than one network, which required a great deal of planning when network programs were delivered by telephone lines; newscasts had to be sent down at different times on each network, since there was only one telephone line. ABC had four networks: contemporary, information, entertainment, and FM. With the advent in the 1980s of satellites that could deliver several programs simultaneously, ABC added three more networks: rock, direction, and talkradio.

CBS has two networks, the CBS Radio Network, which serves its owned AM stations and other affiliates (mostly AM), and RadioRadio, a youth-oriented network that serves its owned FM stations and other affiliates (mostly FM).

NBC has three networks: the regular NBC Radio Network, which serves its owned AM stations and mostly AM affiliates; the Source, a youth-oriented network affiliated with mostly FM stations; and Talknet, which features talk programming.

The reason ABC, CBS, and NBC have dominated the radio network picture in the past is that each owns a group of AM and FM stations in major markets that carry their network programming and that form a sizable audience base.

The other major networks are Mutual, RKO (which has two networks),[1] Associated Press, the UPI Radio Network, and the Satellite Music Network. Exhibit 11–1 shows a list of networks, their satellites, and their approximate numbers of affiliates.

[1]In 1985, RKO sold its radio networks to United Stations.

Exhibit 11–1 Radio Networks, Their Satellites, and Affiliates

Network	*Satellite*	*Affiliates*
ABC Radio Networks*	Satcom I	1725
Associated Press	Westar III	1125
CNN Radio Network	Satcom III	157
CBS Radio Networks	Satcom I	850
Music Country Network	Westar III	122
Mutual Network	Westar IV	850
NBC Networks	Satcom I	664
National Public Radio	Westar IV	288
RKO Radio Networks**	Satcom I	575
Satellite Music Network	Satcom III	363
Sheridan Network***	Satcom IV	100
Transtar Radio Networks****	Telstar	160
UPI Radio Network	Westar	750
Wall Street Journal Report	Westar	80

*ABC, NBC, and CBS affiliates include those for all of their networks.

**In 1985, RKO sold its radio networks to United Stations.

***The Sheridan Network features black-oriented programming and has approximately 115 affiliates, but only 100 pick it up from the satellite; the rest get it over telephone lines.

****Two formats are on Telstar, one on Westar.

Information from July 23 '84 issue of *Broadcasting* magazine.

Radio Affiliation Agreements and Clearances

Radio network affiliation agreements are different from those in television in that the radio nets rarely have option time, and compensation payments are typically based on the size of a station's average-quarter-hour audience, its market size, and the percentage of a network's commercials it clears. Most radio network affiliation contracts require only that stations clear their commercials, not necessarily the programs in which the commercials appear. The CBS Radio Network is the exception; it requires that stations clear both its programs and its commercials.

Radio network affiliate relations departments have essentially the same tasks as those in television, except that most radio networks have many more affiliates. The affiliate relations people negotiate the compensation arrangements with stations in larger markets. Stations in smaller markets usually do not get paid compensation by the radio networks because they add so little incrementally to a network's total audience; also, it is too expensive to do the necessary paperwork to keep track of the insignificant compensation that would be credited to small-market radio stations.

Some radio networks (such as Associated Press, UPI, and the Satellite Music Network) are primarily programming services, and they charge stations for carrying them. Their fees are usually based on market size and they range from several hundred to several thousand dollars a month.

Radio Network Selling

Even though radio network buying is generally done by the same high-level agency negotiators who buy network television, there is more opportunity to be creative and do developmental selling in radio than in TV. First, because the cost of radio time and production is relatively low, advertisers can afford to buy individual programs that can be tailored to their marketing needs—health programs for medical advertisers, music specials for record companies, or business-news programs for financial services advertisers, for example. Next, buying time on a radio network is a good way to introduce national advertisers to broadcast advertising, especially if they cannot afford network television. Agencies often encourage this type of developmental selling because the addition of network radio to an advertising plan often involves an increase in an overall advertising budget, on which the agency makes more money.

Generally radio networks do not guarantee CPMs because their ratings are more stable from season to season than are network television ratings. Radio networks sell mostly thirty-second spots, and their rates are negotiable based on ratings and demand. The radio networks also provide salespeople with more research and proposal-writing support than do local stations.

Selling for a radio network requires patience, negotiating skills, and the ability to present a proposal in a concise, confident manner. Patience is needed because there is apt to be a longer wait between orders than when selling network or spot television or local radio; it often takes months and even years to get an order from some clients in network radio. Good oral presentation skills are important because network radio salespeople often make sales presentations to groups of high-level agency and client executives.

CABLE NETWORKS

The vast majority of cable network business is done by ESPN, Cable News Network (CNN), USA Network, Music Television (MTV), Christian Broadcasting Network (CBN), Lifetime, Nashville Network, Financial News Network, and Nickelodeon. Superstation WTBS in Atlanta is not considered to be a cable network; it is a satellite-delivered local independent television station that is carried on many cable systems, as are WGN in Chicago and WOR in New York. The cable networks are typically owned by large mass communications conglomerates: CNN by Ted Turner who owns WTBS, the Atlanta Braves, and the Atlanta Hawks; ESPN by ABC; Lifetime by Viacom; and MTV and Nickelodeon partially by Warner/Amex, a joint venture of Warner Communications, Inc. and American Express.

Even though in the beginning cable networks paid systems to carry their programming, they had to change this policy to survive economically; now, the most important cable networks (CNN, ESPN, and MTV) charge systems a per-subscriber fee—fifteen cents per month per subscriber, for example. Also, as part of the affiliation agreements, cable networks try to get systems to carry the networks on basic service. The affiliation agreements also specify the number of local commercials the systems can insert each hour; typically they have two minutes per hour to sell locally. WTBS and the other superstations carried by cable systems do not provide time for local systems to sell.

Cable network affiliate relations departments are usually called affiliate marketing departments, and they not only negotiate fees with their systems, but they also provide other services; they provide affiliates with promotional material to help them market their programming and give them advice on how to sell advertising time locally.

Cable Network Selling

Cable network selling is similar to television network selling in that it usually involves negotiating with the same high-level people who buy network television. It is also similar to radio in the sense that cable networks generally have targeted programming like the radio networks do—for example, MTV primarily to teens and young adults; CNN to more mature, information-oriented viewers; Lifetime to women; Nickelodeon to children; and ESPN to male sports fans.

Selling for a cable network is an uphill battle. If advertisers have national distribution and can afford television, they usually spend all of their budgets on network or spot TV. Cable salespeople must show how cable can give advertisers an audience that the over-the-air networks are underdelivering. As audience erosion continues on network television, advertisers look for ways to fill in the rating points they have lost, and thus are likely to consider cable with its targeted programming and upscale audiences.

Selling a cable network involves much more development work than selling network television does, often to advertisers with specialized, narrowly focused products who cannot afford the huge mass reach of ABC, CBS, or NBC. Cable networks provide salespeople the opportunity to match advertisers with product-specific or advertiser-oriented programs, such as health, exercise, financial, or music programs.

Per-Inquiry Advertising

One major source of revenue for many of the cable networks is *per-inquiry* (PI) *advertising*, or advertising that is paid for based on the quantity of a product sold rather than on a per-spot basis. For instance, a newspaper advertiser like the *Wall Street Journal* will pay ESPN a specified amount for each subscription sold to people who call on an 800 telephone number given only on ESPN, regardless of how many commercials are run. Thus, ESPN will fill up its unsold inventory with PI spots in hopes of making money on the subscription sales it produces. Many of the mail-order commercials for magazines, records, luggage, ginza knives, woks, fishing lures, and plastic mending devices seen on the cable networks are PI deals. The cable networks usually have one or two salespeople who are experts in PI and who handle nothing but this type of advertising.

Per-inquiry advertising is looked down upon by most broadcast and cable professionals, particularly by programming people, because of the hard-sell, low-production-quality approach used in most PI commercials. The television networks do not accept PI advertising, nor do most large-market network-affiliated television stations. Some independent TV stations and smaller-market stations will take PI deals in specified months, like January, when demand for inventory is light.

Cable network selling will become easier as more and more homes are wired and as the cable networks can deliver higher percentages of total United States households; but for the time being, cable selling requires persistence, dedication, patience, and continued enthusiasm. Cable is the most difficult type of network selling and requires the most patience and prospecting. On the other hand, it offers an excellent opportunity to break into the exclusive group that buys and sells network television, and it holds the greatest promise for growth.

SELLING SYNDICATED PROGRAMS

A syndicated program is one that is not produced locally by a station or sent to a station by a network (ABC, CBS, or NBC). There are two types of syndicated programs: *off-network* and *made-for-syndication*. They are sold to stations market-by-market on an exclusive basis in that market for a certain length of time and for a certain number of runs per episode. For example, a station might purchase the rights to play all 225 episodes of *M*A*S*H* for $50,000 per episode for six runs per episode over five years. A station runs a film or tape of a syndicated program and then sends it to another station to run. This process is referred to as *bicycling* the film or tape from station to station.

Barter Programming on Television

Programming has become much more expensive to produce and thus more expensive for stations to buy in the last several years, and some syndicators have begun giving programs to stations at a much reduced rate, or free, in return for commercial time within programs. This is called *barter programming*. For instance, instead of selling a half-hour program to a station for $50,000 per episode for six runs, and the station scheduling six minutes of commercials in the program (twelve thirty-second spots clustered in three two-minute breaks), a syndicator gives the station the half-hour free in return for keeping two or two and one-half minutes. This leaves the station three and one-half or four minutes to sell. Syndicated deals vary considerably depending on the popularity of the program and the size of a market; a station can get free programming for as little as two minutes in a half-hour program or pay as much a $125,000 per episode for five runs for a popular off-network one-hour program like *Magnum P.I.*

Once the syndicator has cleared time on a group of stations, it then sells its time to national advertisers. A station gets free programming and makes a profit selling its four minutes, and the syndicator takes the risk that it can make more money selling its bartered time to advertisers than it can make by selling the programming outright to stations. Barter programming has become an important factor in television programming, although it has not had a significant impact on total network or spot revenues; barter amounts to less than 5 percent of total television revenues.

Now that satellites can be used to deliver programming, films and tapes of shows no longer have to be physically bicycled between stations. The same syndicated program can run simultaneously on all stations that clear it; Paramount's *Entertainment Tonight* is such a program. Syndicators can also put together ad hoc networks of groups of stations that will agree to carry a program or series of programs. For example, a company called SFM puts together an ad hoc network every year called the Holiday Network, consisting mostly of independent stations that carry the SFM package of reruns of major theatrical films and of made-for-television programming oriented to a holiday theme.

To sell time in a syndicated program to a national advertiser, as a rule of thumb, a syndicator generally has to have clearances on enough stations to cover 70 percent of the population in the country. If a syndicator gets sufficient clearances, it can then estimate a program's rating in the time period in which it is cleared and guarantee a CPM delivery to an advertiser. The CPM guarantee is usually based on total United States television households, so the greater the clearances, the higher the rates a syndicator can charge.

A few companies, like Lexington Broadcast Services, not only syndicate and sell barter programming, but also serve as sales reps for other syndicators. For example, a producer might create a program for national syndication and handle the station clearances itself, but turn the selling of time over to a company like Lexington Broadcast Services.

Selling time in syndicated barter programs is similar to selling at the television networks, and essentially the same skills and characteristics are required. The lure of syndicated television programming is in the opportunity to strike it rich with a successful syndicated program like *Wheel of Fortune* or *Family Feud.*

Radio Syndication

Syndication in radio is similar to that in television—some programs are sold to stations for a monthly licensing fee, some are entirely bartered for time, and some are sold by a combination of fee and barter. Radio syndication ranges from five-minute how-to features to complete twenty-four-hour programming (the Transtar Radio Network offers three around-the-clock music formats: adult contemporary, country, and easy-listening contemporary). The radio-syndicated programs with the largest station line-ups are ABC/Watermark's weekly *American Country Countdown* and *American Top 40.*

Radio barter syndication is more of a competitive factor in terms of taking revenue away from network and spot radio than it is in television, particularly with advertising targeted to younger listeners (age groups 12–24 and 18–34). National advertisers buy such youth-oriented syndicated programming as *The King Biscuit Flower Hour* and Westwood One's *Future Hits.*

NATIONAL SALES REPS

When national advertisers began to use radio on a market-by-market basis after World War II, several enterprising salespeople decided they could make more money selling several stations than they could selling just one station. Ed Petry, John Blair, and several other top radio salespeople with an entrepreneurial spirit started national sales representative companies *(reps),* and they began selling stations on the idea of giving them a commission for all the times they sold to advertisers and agencies in cities other than in the stations' home markets.

Like most good ideas, the rep concept caught on and made money for both the entrepreneurs and the stations that received business from advertisers and agencies in distant markets where the stations could not afford to send their local salespeople. Reps were such a good idea, in fact, that CBS and NBC formed their own radio rep organizations and went into competition with Petry, Blair, and the other independent reps; CBS and NBC then began soliciting stations to represent.

When television came along, and after independent reps complained about the potential for monopolistic practices that could result from the networks representing affiliated television stations, the FCC ruled that television networks could represent only their *owned* stations (ABC, CBS, and NBC each owns five VHF TV stations in major markets). The three networks still have their own television rep firms. Among the major independent television reps are Blair, Katz, and Telerep.

The only radio network that has its own radio rep is CBS. CBS Radio has a separate rep for AM stations (CBS Radio Spot Sales) and for FM stations (CBS FM National Sales). The FCC has no rules about how many stations a network-owned radio rep firm can represent. Among the major independent radio reps are Katz, Blair RAR, McGavern-Guild, and Eastman.

Reps typically *sign up* a station for two or more years. The rep agrees to put forth his or her best effort to sell time to advertisers in all markets and cities other than in the station's home city, and in return gets exclusive rights to represent the station nationally. Rep commissions range from 20 percent in cable, to 15 percent in radio, to 6 percent in television (or sometimes less, depending on market size.)

Rep Structure

All major national sales representative companies have headquarters in New York, where more than 50 percent of all spot radio and television dollars are placed. Reps maintain offices in other large advertising centers like Chicago, Los Angeles, Detroit, San Francisco, Atlanta, and Dallas. Some reps have more regional offices than others, depending on the size of the rep company and the length of its list of stations.

Some rep companies specialize in selling in a particular region of the country, like the Northeast out of Boston or the Northwest out of Seattle. These regional reps contract with other national reps to do their selling for them in that region, or some reps contract directly with stations in their regions.

Due to the huge amount of money spent in spot television compared to that spent in spot radio ($5.5 billion versus $1.14 billion in 1984), reps can afford to handle virtually every television station in the country. However, in radio the costs of doing business (office rent, salespeople's salaries, etc.) are about the same as they are in television, but there are almost ten times as many radio stations as there are television stations that share national spot revenue. Therefore, radio reps cannot afford to represent either stations in small markets or stations at the bottom of the ratings in large markets, since these stations have little chance to receive national business.

Due to the escalating costs of salespeople, research services, and computerization in the last few years, many smaller radio rep companies have sold their companies to larger rep companies. Even though McGavern-Guild has been the leader in buying out and merging with other radio rep firms, Katz, the largest radio rep, and Blair, the second largest, have also bought out or merged with other reps. Due to these buy-outs and mergers, there are fewer radio reps now than there were a decade ago, and there are not enough reps to go around for the number of radio stations in larger markets; so many reps represent more than one station in some markets. Generally, if a rep represents more than one radio station in a market, the stations have formats that do not compete with each other in the same demographic area.

Television reps typically specialize their sales staffs in response to stations' desire to be given as much individualized attention as possible. Some TV reps divide themselves into units that specialize according to market size, other reps specialize according to network affiliations (an ABC, CBS, NBC, and a group or team for independent stations, for example). This specialization makes sense because salespeople can concentrate on learning the programming and telling a consistent story to their buyers about one type of station. For example, if a rep salesperson had to present avails on three stations in three different markets and each station had a different network affiliation, he or she would have to sell the advantages of CBS in one breath and ABC in the next. By selling all CBS-affiliated stations, a rep salesperson can tell a consistent, credible story to a buyer.

Radio rep salespeople generally do not have the luxury of specializing in one type of format or market, and they have to learn to juggle their stories in such a way that they can position the advantages of stations with different formats in different markets and still retain their credibility with buyers.

Even though reps are primarily sales organizations, they typically provide many other important services to stations: research analysis and presentations, rate card analysis and advice, and program consulting. As they are not only on top of the latest buying trends in the national marketplace, but are also familiar with what other stations around the country are doing with their rate cards, reps give valuable input to stations on rate card structure and pricing policies. Some television reps have separate divisions that provide news programming consulting and some have divisions that help their stations buy syndicated programming. Due to the fact that there is less money involved in radio than in television, with the exception of the largest radio reps, radio reps generally do not provide as many program consulting services as do TV reps.

Rep Selling

Rep selling is difficult because salespeople have two demanding customers—the agencies and the stations. The dilemma is that, on the one hand, at agencies salespeople must get as many stations as possible on a buy and, on the other hand, they must demonstrate to stations they are fighting hard for every piece of business for that station. It can become a stressful balancing act.

Spot buyers are busy and when they make a buy they try to spend their client's money as efficiently and quickly as possible. Buyers typically do not have a great deal of time to allow a rep salesperson to go into much detail on each station on a multiple-station submission. Furthermore, most larger agencies have organized their spot buying on a market basis and the buyers are well-informed about the stations in the markets in which they buy. When they make a buy, they do not need a full-scale presentation on each station.

A rep salesperson must know how to present each station's advantages in an efficient and selective manner, giving the buyer just enough information to get a targeted order on each station. *Nowhere is the targeting step more important than in rep selling.* If a salesperson makes a ten-station submission, for instance, he or she must know what kind of order is right for each station and fight hard for that targeted order. On some stations that are dominant in the buyer's demographic area, orders come easy. On others, salespeople have to fight harder for a piece of the business.

This type of selling takes great discipline and diplomacy because buyers tend to lump all the orders together in their minds. For example, a buyer will give a salesperson orders in nine out of ten markets, but when the salesperson begins to struggle to get an order in the tenth market, the buyer will say something like, "Don't press me; be satisfied that you got nine out of ten." A well-trained sales rep will keep pushing for an order in the tenth market (up to a reasonable point, of course), knowing that he or she must "take them one at a time," as the sports cliché goes. Rep salespeople understand that their stations expect them to fight as hard for each order as the station's local salespeople would and do not particularly care about other stations on a rep's list.

Unwired Networks

In addition to selling spot radio, most of the larger radio reps go after network radio budgets by putting together groups of stations they represent and selling them together as a package that requires only one order from a buyer, similar to a radio network's. These rep station groups are known as *unwired networks.*

There has been some controversy surrounding unwired networks. Critics claim that the reps talk stations into giving them discounts and then package strong stations that would get orders under any circumstances with a rep's weaker stations, to get orders for the unwired networks. Critics further claim that unwired networks lure dollars out of spot radio with discounted rates and easy, one-order administration, which eventually hurts local stations, especially stronger ones in larger markets. On the other hand, proponents of unwired networks claim they do not go after spot dollars, but go after network money from which stations would get very low compensation. Reps also claim that the unwired networks are a business development tool for them, and that they have brought many new advertisers into radio by being able to tailor-make a regional, or a top twenty-five market, or a demographically targeted network for an advertiser. The pros seem to have outweighed the cons, as unwired rep networks have continued to proliferate and are now a significant source of revenue for stations.

Priorities

Rep selling is primarily reactive selling—reps respond to agencies' requests for avails. They usually have little time to develop new advertisers. The rep salesperson's priorities are: (1) to get as high a percentage as possible of available spot dollars, (2) to presell the stations on their lists, (3) to clean up paperwork and administrative details, and (4) to prospect for new business. Due to the reactive nature of their jobs, these salespeople are typically in a feast-or-famine situation; they are either so busy they feel they can never get all of the presentations made for their stations on time, or they have no requests at all and have to plan and organize their own preselling and prospecting efforts.

Since the time pressures are often severe, *thoughtful preparation* is the key: Decide on a target for each station, put pitches in the most effective order, and assess in advance the degree of difficulty for each station so you may plan how much time to spend on each, depending on the buyer's needs. Generally it is best for sales reps to begin with their strongest stations and to get the buyer in the habit of giving them orders, or at least to get him or her in an affirmative frame of mind.

Usually buyers try to see all of the rep people for stations in the markets they are buying, listen to their pitches, and then call in their orders after they have seen everyone. Since this is often buyers' standard routine, rep salespeople normally cannot close an order for a station at the time of the presentation. However, this does not mean that they should not try to close; they should try to go for a close on each station they present. If they cannot get an order, they should find out where they stand and what their chances are of getting an order. They should definitely try to get a commitment.

Demonstrate Intelligent Effort (DIE)

Because of pressures on rep salespeople from their own management to get as many orders as possible, and from station management to get as high a share of every budget as possible, rep salespeople need a principle to help them sort out their selling priorities. That principle is to *demonstrate intelligent effort*. Sales reps may not be able to get every order they try for because of a station's rating position, demographics, or rates, but they can always make an intelligent effort to present a station effectively. Not only must they make an intelligent effort on every order, but they must also demonstrate their efforts to the management of the stations they represent and to their own rep management.

Sales managers at stations far away from where a rep salesperson makes a sales call are understandably concerned about how well pitches are made for their stations. They have no idea whether their station is positioned properly or not. Therefore, rep salespeople must communicate constantly with stations to reassure sales managers that they are selling stations the way sales managers want them to. They should discuss strategy and rates with station sales managers before they go in on a pitch, and should give sales managers a realistic appraisal of their chances for an order and what share they can expect. When rep salespeople get an order or lose one, they must communicate immediately to sales managers what efforts they made to get the business. It is often the extra effort a salesperson makes on a loss that impresses stations more than does an easy win. This demonstration of intelligent effort is the best way for rep salespeople to keep their primary customers—their stations.

Selling Success

Salespeople at local stations have more internal control over their successes than do rep people. Local salespeople can develop new business regardless of the type of agency or account list they are given or the ratings their stations have; there is always some advertiser in some business who can use their stations profitably. Rep salespeople, on the other hand, have little internal control and must primarily respond to requests for avails. Their performance is determined by five external factors:

1. The number of stations on their lists in the top twenty-five markets where a disproportionately large share of all spot radio and television dollars go
2. A station's overall and demographic ratings position
3. The strategic positioning support given to them by station sales management
4. A station's rate card and its research and sales promotion support material
5. Rep management—its ability to obtain and keep good stations

Reps Provide Excellent Experience

The networks use their rep organizations as training grounds for future station and network executives. Most of the top managers at ABC, NBC, and especially at CBS, have spent some time during their careers selling for their companies' rep.

There are many reasons why selling for a rep can give salespeople vitally important experience. Salespeople get to know the programming, sales management styles, and rate cards of many different types of stations in various market sizes. They also get some understanding of national programming trends—how TV programs and radio formats perform in markets of various sizes and in various geographic regions. Reps get an overall, larger, and more complex picture of the broadcasting and cable business than do salespeople for local stations.

Rep selling requires maturity, objectivity, organization, and discipline. Salespeople must be able to live with the pressure from both their own and from station management. They must be able to empathize with both stations and buyers, and be able to balance the needs of both. If you are not well organized, you will fail as a rep salesperson. You must be able to prepare multi-station submissions on short notice and present them in a disciplined, well-thought-out manner.

People enjoy selling for reps because of the breadth of experience they receive, the sense of professionalism and peer group recognition they share with other top-flight industry salespeople, and the opportunities given to salespeople by most independent reps to own a piece of the company. Many rep salespeople who have had long careers with successful independent reps have taken advantage of this ownership option and retired comfortably.

LOCAL CABLE

Selling for local cable systems is treated separately in this book because it is as specialized as are both network and rep selling. In the first place, the vast majority of cable systems do not attempt to sell advertising time. Only about 12 percent of the systems in the United States sell advertising, and those that do tend to be large systems. Second, it is such a relatively new type of selling that common standards and practices have not yet developed. Finally, no nationally accepted ratings company has yet begun to measure audiences at the local cable system level. The only cable ratings available to advertisers and their agencies are those for the major national cable networks and superstations. This lack of ratings gives local cable salespeople a unique challenge.

Local cable advertising sales in 1984 amounted to only $235 million, far less than sales in radio or television. However, cable advertising revenue is growing much faster than that in any other media, and its pace promises to accelerate as more and more of the larger cities are wired. Also, cable presents an opportunity for inexperienced salespeople to break into selling and to learn from the ground up the discipline of prospecting and development selling, and to learn how to sell ideas and promotions without using ratings as a crutch.

Cable Structure

Unlike in radio and television, the sale of advertising in cable is not the primary source of revenue for cable systems; it is merely one of several revenue streams. Because the main elements of the business are raising the huge sums of money needed to finance a cable system, stringing (or burying) the cable itself in cities, marketing the various programming services, and hooking up homes, managers in the cable industry tend to come from the technical and financial ends of the business and do not necessarily understand sales. Some of the major multiple-systems operators (MSOs) whose local systems sell advertising have recognized this problem and have asked the local advertising sales managers to report both to the local system manager and to an experienced advertising sales executive at corporate headquarters.

On the one hand, this dual reporting responsibility causes some confusion and bruised feelings, but on the other hand, it gives local salespeople the kind of strategic help and training they need to succeed. The MSOs that are more successful in selling advertising have instructed the sales function to report to a corporate sales executive.

Cable systems that sell advertising have a technical staff that inserts local commercials into the advertising-supported cable networks or that run locally originated programs that have been sold to sponsors. Whether or not a system has local studios and production facilities usually depends on the system's franchise agreement with the community it serves. Many systems have made substantial commitments to their communities to provide production facilities for local public-access channels, and they have the manpower and facilities to produce local programs that are tailor-made for local advertisers—half-hour holiday parades, sports pep rallies, and fashion shows, for instance.

Even though some systems can produce locally sponsored programs, this type of advertising so far has not produced as much revenue as many systems had hoped. The problem is not producing the programs or finding sponsors, but getting subscribers to watch them; there are too many popular entertainment alternatives available.

Selling Ideas and Promotions

Because they are unable to use ratings, local cable salespeople must rely on their abilities to sell special events, ideas, and promotions.

Some special events, like sports, can provide significant sales opportunities for local systems. Sponsoring sports programs gives local advertisers the chance to reach a loyal, responsive audience and offers them opportunities for many tie-in promotions (more discussions on selling sports and tie-in promotions are presented in Chapter 12). Some of the more successful special events are those that over-the-air television stations do not cover, like high-school football or soccer (especially in areas with a significant ethnic or foreign-born population).

ESPN and MTV offer good opportunities for local cable salespeople to create and sell promotions. For example, a cable system could design a back-to-school-on-wheels promotion that featured mopeds, clothes, school supplies, etc., and sell it to a leading local department store, a moped dealer, a chain of record stores, and local bottler. The system would arrange to purchase MTV T-shirts and jackets and provide them to sponsors of the promotion in return for their purchases of local avails in MTV. MTV is a particularly good promotional vehicle because of its appeal to the 12–24 age group, which is generally quite responsive to promotions and contests.

Promotional ideas are virtually limitless in number, as they can be designed around a number of programming ideas (sports, rock videos), geographic or holiday themes (Western Days or Halloween sales), and client needs (a new store opening or an inventory clearance sale).

Selling for local cable systems is missionary selling in its purest form. There is no ready-made demand; it has to be created from scratch by salespeople. Since there are no numbers to sell, it is very difficult for local cable salespeople to make an efficiency or cost-per-thousand argument. They have to create excitement about cable with ideas and promotions. They also must be careful not to overpromise.

When salespeople sell without ratings, they are sometimes tempted to promise results, as that is usually the thing advertisers are most interested in (other than ratings) and ask about most often. However, salespeople should resist the temptation to promise results because it is usually difficult for most advertisers to get immediate results from cable advertising. First, cable penetration is not as high as that in over-the-air television; few markets have over 75 percent penetration, so achieving high reach is difficult. Second, the viewing of advertising-supported cable channels is not as high as that of the pay channels, especially with HBO. ESPN, MTV, or CNN rarely get more than a 3.0 rating; 1.0s and 2.0s are more often the average. With ratings this low, it is hard to build reach and frequency with a cable schedule. Without effective reach and frequency levels, it is difficult for advertising to have impact.

The best strategy for selling cable locally is to sell it with other media as a fill-in supplement, or as a vehicle for a promotion where it will be evaluated more on the execution of the promotion than on direct results.

To be a successful local cable salesperson, you must be a good educator—you must help advertisers learn about this new medium. A cable salesperson needs determination, creativity, and a pioneering, entrepreneurial spirit, much like the spirit of those in the early 1950s who shunned selling for well-established radio stations and took a chance selling for the unproven new medium, television.

SUMMARY

Selling for a television network involves dealing with high-level agency and client negotiators and programming experts who buy in three markets at three different times of the year: the *up-front market* (in the spring for the coming year), the *scatter market* (sixty days before a quarter begins), and the *opportunistic market* (at the last minute). Time is bought and sold on the basis of Cost-Per-Thousands in an advertiser's target demographic area, for example, primary (adults 25–54) and secondary (men 25–34). Cost-Per-Thousands are based on the combined ratings of all of a network's affiliated stations and are, in turn, dependent on a station's ratings strength and network program clearance. Television networks generally guarantee the audience delivery of their schedules once orders have been accepted. Once orders are placed in the up-front market, they are firm and noncancelable, although networks try to sell an advertiser's spots if they get a request for relief.

Radio network salespeople generally sell to the same negotiators as do network television salespeople, but they have greater opportunities to be creative, to sell tailor-made programming, and to develop new advertisers than do network television salespeople.

The cable networks give their affiliated systems availabilities to sell locally, but unlike radio and television networks, they charge their affiliates. Cable networks are targeted demographically more than are television networks: MTV primarily to teenagers and young adults, ESPN to male sports fans, and CNN to upscale, news-oriented adults, for example.

Selling syndicated programming is similar to selling for a network; in fact, often ad hoc networks are set up consisting of a group of television stations that carry the same program in the same time period. A major source of syndicated programming for stations is through barter arrangements with syndicators, whereby stations give commercial time to syndicators within the programs they agree to clear. The syndicators make their money by selling the time to national advertisers.

Selling for a national sales representative company (rep) requires that you demonstrate intelligent effort (DIE) to secure business for stations. Rep selling is excellent experience for broadcast and cable salespeople and has provided a fast career track for many top broadcast executives.

Selling for local cable systems is primarily educational and developmental in nature.

The emphasis is not on CPMs but rather on selling ideas and promotions to advertisers who are looking for the impact of television with the demographic selectivity of radio, or who are hoping to fill in schedules that are underdelivered on network or spot television.

TEST YOURSELF

1 What is option time?

2 Why are television station clearances important to a network?

3 Why is selling management an important element in selling for a television network?

4 What are the three television network markets?

5 What technological advancement has changed the way in which network radio is delivered to stations?

6 Name three advertising-supported cable networks.

7 What is PI advertising?

8 What is barter syndication?

9 What are the two customers that reps have?

10 What is an unwired network?

PROJECTS

1 Call a local cable system and obtain information about its number of subscribers, the geographic areas covered (and the percent of the total area population covered), the demographic characteristics of these areas, and the advertising-supported cable networks it carries. Then, write a system profile that you could show to prospective advertisers.

2 Write a presentation for a local cable system without using ratings and based on the parameters you learned in Project #1 of Chapter 10.

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Chapter 12
Specialized Selling: Promotions, Sports, and Political

Several types of selling require different approaches and procedures than do selling spot availabilities. These categories are: selling special station promotions, selling sports programming, and selling to political candidates.

PROMOTIONS

In a general sense, the term *promotion* refers to any activity that involves positioning a station or system in the minds of consumers and advertisers—any type of advertising or promotion. There are three different kinds of promotional efforts in broadcasting and cable: *audience promotion*, *sales promotion*, and *public relations*.

Audience promotion is simply trying to get people to watch or listen to a station, system, or program. It can take the form of advertising in newspapers, on television, on radio, on billboards, through direct mail, or in any paid media. Promotion also includes a station or system using its own time to promote itself (referred to as *on-the-air promotion*). This type of promotion is, obviously, the least expensive and the most effective, since it utilizes the most effective advertising media—radio or television.

Audience promotion takes one of two forms, either *tune-in* advertising or *image* advertising. Tune-in advertising urges listeners and viewers to tune in to a particular program. Image advertising tries to create a station or program preference and image in the minds of listeners or viewers. Typical of image advertising are spots promoting a television station's Eyewitness News team—promos that create an image of fast-paced, on-the-scene news delivered by attractive, authoritative, friendly anchorpeople and reporters.

Sales promotion is directed to advertisers and agencies and tries to position a station or system in their minds. Included in sales promotion are sales presentations and ratings information brochures—in fact, any material used by salespeople to help them get business.

Public relations promotion tries to position a station or system in the minds of the press, the community, competitors, suppliers, or government officials—of any important constituency other than a station or system's audience or advertisers.

Promotion has two meanings. In the overall sense, it means any campaign to position a program, station, or system. However, it also has a narrower meaning, which we will use from now on, that involves a positioning effort that goes beyond the paid media or on-the-air spots. A promotion is a positioning endeavor that tries to involve the audience in some way, that tries to get the audience to participate. The most pervasive example of a promotion can be heard on radio stations, particularly on contemporary hit radio stations. A promotion can be either a contest that requires participation and involves a prize and some element of chance or skill, or a straight promotion that features only audience involvement.

Examples of radio contests are *cash calls*, whereby listeners have to keep track of the amount in a radio station's cash jackpot and repeat it when and if called by the station; or *call-in contests*, during which listeners call in and win cash, concert ticket giveaways, or record album giveaways to a previously announced number caller (the tenth caller, for instance). An example of a straight promotion would be one in which a disc jockey reads a trivia question and listeners call in with the answer. No prize is given, but many listeners love to participate just for the sheer challenge and pleasure involved. Often the terms *promotion* and *contest* are used interchangeably, and they are quite similar in purpose as both try to get listeners and viewers involved with the promotion and, thus, with the station or system.

Some promotions are designed to keep people listening; these *average-quarter-hour maintenance contests* feature exhortations by disc jockeys to "keep listening, I've got a hundred-dollar bill coming up in less than twenty minutes." As you remember from our discussion of ratings in Chapter 6, ratings are a function not only of how many people listen, but also of how long they listen.

Other promotions are designed to create awareness of a station or system in the audience's mind, and thus to encourage *tune-in:* These are often referred to as *cume-building promotions*. An example of a cume-building promotion would be a radio station bumper-sticker promotion. Typically a station makes an arrangement with an advertiser to distribute bumper stickers in its outlets. The station tells listeners to pick up the bumper stickers and put them on their cars. To induce people to use the bumper stickers, stations usually offer prizes of cash and merchandise. The bumper stickers become free mini-billboards advertising the station's call letters.

Of course, there is no guarantee that just because people see a station's call letters on a bumper sticker they will tune in. However, reasoning holds that if call letters are well known enough, people are likely to try listening to a station. There is support for this point of view, since stations whose call letters are very well known tend to do better in the ratings than stations whose call letters are not as well known.

Promotions and contests can also be designed to serve a public-service function. For example, a television station might arrange with the local Red Cross to conduct a campaign to tell viewers the importance of giving blood and to inform them about the locations at which the Red Cross Bloodmobile will be appearing.

Another example of a public-service promotion is one done by WMAQ Radio in Chicago. Each year the station sponsors a huge outdoor cooking and eating event run by a local civic group, the Lambs, at the club's large farm. Famous local chefs donate their services and cook their specialties for tens of thousands of people who come to buy and eat the wide variety of culinary treats and to enjoy continuous live music provided by the station. Pepsi-Cola donates soft drinks and the proceeds from the sale of the food go to a local charity. Community-oriented, public-service promotions are an excellent way for a station/system to build good will in a community and enhance its image among both its audience and public officials.

Promotions can take on a split role. Not only can they serve the needs of a station/system's programming, promotion, and public affairs departments by enhancing a station/system's image and increasing tune-in, but they can also serve the needs of the sales department by providing it with an opportunity to tie in a promotion with an advertiser. By using an advertiser's product or store in a promotion, salespeople can provide clients with extra on-air exposure, heightened awareness, and increased consumer involvement.

Client Merchandising and Promotion

In the past, the media looked for ways to enhance the value of their time or space by offering advertisers inducements in the form of promotions and merchandising. Merchandising is similar to a promotion in that it is an attempt to help advertisers get additional exposure for their products. For example, years ago *Life* magazine used to produce easel-back cards about sixteen inches high meant to be put on top of a retailer's counter. The counter card would show a reproduction of an ad with a strip across the top or bottom reading "as advertised in *Life*." National advertisers would give these counter cards to merchants who used them because the cards associated them with a nationally advertised product in a prestigious magazine.

In the early days of television, many stations made arrangements to give supermarkets free commercial time in return for display space. Stations would then offer advertisers display space as an inducement to buy time. As television demand increased, stations stopped giving away merchandising because they realized they did not have to give extra inducements to get advertisers to buy their time.

Some radio stations still offer merchandising. It typically consists of stations sending mailing pieces to retail buyers (particularly in supermarket chains) informing them of a product's advertising schedule on their stations. This type of merchandising can be effective with new product introductions, where buyers like to see heavy media support. Some radio stations offer advertisers such incentives as radios, stereos, or television sets to be used as prizes in sales contests.

The use of merchandising has declined considerably because of the potential for abuse by advertisers, agencies, and stations; merchandising has sometimes been used as no more than an illegal bribe to buy a station. Furthermore, most advertisers would rather do their own merchandising and promotions. Sophisticated marketers realize that stations' merchandising efforts are weak at best, since they are merely extras (and often poorly executed ones) used to get advertisers to buy time and are not a primary concern for stations.

Because the practice of giving merchandising has largely been abandoned by radio and television stations, and since most cable systems have not taken up the practice, few advertisers request it any more. However, some advertisers still like to get something extra in the way of a contest or promotion, particularly from radio stations, which are more likely to do promotions than are television stations. If a promotion is properly conceived and planned and is exciting enough, advertisers will often participate financially to get the extra exposure and involvement.

For example, a radio station might offer a bumper-sticker promotion in which the station sells an advertiser a package of spots for six months (see Exhibit 12–1 for an example of how a package might be put together). The package might include thirty-five one-minute commercials per week for the advertiser's product plus mentions in at least 150 promotion spots each week. The advertiser would distribute the bumper stickers in its soft drink containers sold in supermarkets and stores throughout the station's coverage area. For its part in the promotion, the station would offer a variety of valuable prizes, many of which it could trade out, plus a grand prize of $10 thousand in cash. The station would randomly select winners from its observation van, which cruises the streets every day and awards prizes ranging from free tickets and record albums to stereo sets and one hundred dollars in cash. At some time toward the end of the promotion one lucky winner would win the grand prize of $10,000.

In the example in Exhibit 12–1, the station sells the total package for $79,750, which is $11,500 more than it would get if it sold thirty-five spots a week for six months at the current rate card value of an average of $75 per spot running 6:00 A.M. to midnight. The station gets enough cash to cover its $55,000 worth of out-of-pocket expenses, plus $24,750 for its time. The advertiser gets a total value of $127,500 for only $79,750. The advertiser pays just 17 percent more for the bumper stickers with its logo on them and for the 150 mentions each week for twenty-six weeks than it would if it bought the advertising time on the station at current rate card prices.

Both the station and the advertiser get an excellent deal. The advertiser gets a promotion that will increase the sale of its soft drink product, since consumers will be encouraged to buy the product to get the bumper stickers to win prizes, although they do not have to buy the product to get the bumper stickers. The station gets a massive promotion in which people put bumper stickers with the station's call letters on their cars. This is just one example of a promotion that could create excitement for both an advertiser and a station or system.

Exhibit 12–1 Example of a Bumper-Sticker Promotion Package*

Station Costs	*Cash*	*Trade*
Observation van or car		$20,000
Gas and upkeep for van	$ 2,400	
Printing 1,000,000 bumper stickers	40,000	
Merchandise prizes @ $750 per week		19,500
Cash prizes ($10,000 grand prize, plus $100 weekly prizes)	12,600	
Total	$55,000	49,500

Package Offered to Advertiser	*Value*
35 one-minute spots per week @ $75 each for 26 weeks	$68,250
150 mentions (minimum) in station promos per week @ $10 for 26 weeks	39,000
1,000,000 bumper stickers to distribute with logo on one-half of stickers	20,000
Total value	$127,250
Cost of package to advertiser	79,750

*For internal station use, not to be shown to advertisers.

Sales versus Programming

Because promotions can be a major inducement for advertisers to buy time on a station, salespeople would love to have lots of them to sell. On the other hand, station/system program directors want promotions to enhance the station/system's image and to help them meet their goals—building cume or average-quarter-hour. Program directors also know that too many contests or promotions running simultaneously can confuse the audience and be counter-productive, so there is often a conflict between the sales department and the program department. The sales department wants a promotion to serve their clients' goals and to promote an advertiser's product. The program department wants the promotion to enhance the station/system's image.

In poorly managed stations this programming-versus-sales battle seesaws back and forth, with the sales department winning when the station needs money and the program department winning when the station needs higher ratings. In well-managed stations, the program department communicates to the sales department its goals for promotions and its specific promotions and contests already planned for the sales department to sell. The program department explains how important it is to maintain a station's image and not to confuse listeners or viewers with too many contests and promotions. The sales department communicates to the program department the importance of sponsor participation in promotions and brings to the program department all offers of prizes and promotions from advertisers. Often program directors are reluctant to use just any prize in a contest; the prize must be perceived as valuable and worthwhile by the audience.

For example, a contemporary hit radio station program director would not want to give away a prize of a home burglar alarm system on the air; it has no appeal to the station's young audience.

Selling Promotions

When you sell a promotion, *sell the concept of the entire promotion*—the concept of audience involvement and participation. When people participate, they learn more quickly and remember better than when they do not. Promotions make advertisers' products stand out. Sell the excitement of a promotion and the extra advertising exposure. If clients are sold on the overall concept of the promotion and get caught up in the excitement of it, ratings, cost, and Cost-Per-Thousands will become secondary.

When you put together a package and a presentation for a promotion, *include all the details*—nothing is too small. Develop a long list of extras such as on-the-air mentions and opening and closing billboards of sponsored programs or program segments. Call these extras *exposures* and include them in final gross-impressions figures.

It is imperative that all the elements of a promotion be covered *in writing:* Leave *nothing* to be communicated verbally. Remember you have created excitement about the promotion and the client is apt to have high expectations. Also, salespeople in their enthusiasm sometimes overpromise or include elements that are not covered in writing. After a promotion is concluded, you may feel an overlooked detail is a minor problem, but your client will not overlook it or let you forget it.

When you are selling a promotion, *show one overall price;* do not break down individual costs. This violates the overcoming-price-objections rule about breaking costs into the smallest possible units, but it is necessary in this case. For one thing, you will often include extras, such as mentions in promo spots, that are difficult to price accurately. Also, if you show prices for individual elements, you are apt to get into negotiations about each point and be nibbled to death; the advertiser might want all of the extras for nothing.

Do not include CPMs or CPPs in presentations for promotions; if an advertiser or agency asks for them, say, "How can you put a CPM on involvement!" Also, if you get into negotiations, do not negotiate on the total price of the package; negotiate on the extras.

Use promotions strategically. Go after hard-to-crack accounts that have been difficult to attract to your station or system. Go after clients who will support the promotion. Advertisers like McDonald's, Coca-Cola, and Chevrolet have a tradition of giving excellent support to promotions; they will help themselves and the stations and systems with which they are involved. Also, do not assume that advertisers will automatically get their employees involved in the promotion; help clients communicate the excitement of the promotion to their people. A joint station-advertiser promotion will be successful only if everyone concerned is involved and excited about it. This means you may have to give presentations to the advertiser's employees.

Murphy's Law is particularly applicable to promotions—something always goes wrong. One of the most successful promotions in recent years was the McDonald's 1984 Olympic Winners promotion, offering food prizes if the United States won medals in particular events. Patrons were given a card with each purchase; rubbing the card with a coin revealed the name of the event. McDonald's had underestimated the success of the promotion, and American athletes won so many gold medals that many McDonald's locations ran out of Big Mac buns.

After you make a sale involving a promotion, write a detailed memo, spell out everything that was promised the client and the timetable for the various elements in the promotion, and make a copy for everyone who could possibly be involved. Your task is to manage this account and to monitor the progress of the promotion.

Finally, try to design promotions to have a three-way payoff—to your station or system, to the advertiser, and to the community or charity. When you tie in a public service to promotions, you create a good image for everyone involved and usually create a more successful promotion. For example, American Express conducted a successful public-service promotion in which they advertised through an effective television commercial that they would donate money to help refurbish the Statue of Liberty every time a person used his or her American Express card. Business went up significantly when people who approved of the cause used their cards more often, and the company helped spruce up America's symbol of freedom.

Sports Programming

Sports programming on radio, television, and cable offers a superb mix of benefits for both advertisers and stations/systems. This type of programming is an excellent buy for advertisers because it is usually efficient in reaching specific target audiences: professional football, upscale men 18–54; baseball, blue-collar men 25–54; golf, upscale and managerial/professional people 25+, for example.

Sports are also good events programming. The Super Bowl, the Olympics, and the World Series are always among the most watched programs of the year, and Monday Night NFL Football on ABC is a perennial ratings leader in its time period. On the local level, sports programming helps stations and systems become identified with their communities and gives them highly rated local avails to sell. Also, sports provide live, exciting programming that involves viewers and listeners who tend to be glued to their sets and who thus pay attention to commercials. Fans follow teams, and a fan's loyalty means viewer and listener loyalty, which, in turn, rubs off on sponsors' products. No other type of programming provides this type of intense product association and loyalty.

Advertisers like to buy sports programming not only because it offers an opportunity to reach loyal, involved target audiences, but also because it is fun. Many clients are emotionally involved with a team and they love the association with athletics that buying sports programming gives them. Purchasing sports packages is one area where personal needs almost always overshadow business needs for an advertiser; agencies tend to be somewhat more rational, although they always do what the client wants. When you sell sports, you should always emphasize the emotional factors and the show-business elements.

Furthermore, sports offer myriad merchandising and promotional opportunities for advertisers. The 1984 Olympics were an excellent example of the many types of tie-ins that sports sponsorships can generate: McDonald's 1984 Olympic Winners traffic-building contest, Levi's Olympic clothing line sold in retail stores, 7–11's "the dream begins with freedom" image campaign, and Canon's Official-Camera-of-the-Olympics promotion are a few examples. Male-oriented beer marketers find sports an ideal advertising vehicle, and some use ex-athletes for their commercials.

Sports not only provide promotional opportunities for advertisers, but for stations and systems as well; they are a vehicle for program-specific audience promotions and contests. Sports can provide strong lead-in and lead-out programming for stations and attract a large tune-in audience that builds cume for a station. For instance, radio stations that carry baseball typically experience a big jump in their ratings during baseball season, not only for the time periods in which baseball is carried, but in other time periods as well—in morning drive time as a carry-over from a game the night before, for example. Independent television stations also find that baseball can usually provide them with good average-quarter-hour and cume ratings.

Of course, sports programming is not ideal for every station. Many radio stations with programming directed primarily to teens or to women (for instance, contemporary hit radio stations or adult contemporary stations) find that sports programming is not compatible with their formats. Furthermore, not every sport does well in the ratings in every medium. Professional football has consistently high ratings on television, while the ratings for regular-season professional basketball games have generally been on the decline. World Series baseball does well in the television ratings, but generally not so well on radio, except in a participating team's city. Hockey and professional basketball have not done well on radio, and hockey did so poorly in the ratings on television that the networks no longer carry it, although some cable systems find it successful for them. Local ratings of sports programming tend to go up and down with a team's win-loss record. When a team is winning, the ratings, like the game attendance, go up.

Pricing Sports

Pricing a sports package is different from pricing a package of spot announcements because additional costs are involved in a sports package, as in a promotional package. The biggest costs typically involve rights and production. Rights fees are paid to the owners of the sports team or to the promoter of an event for the privilege of broadcasting it; the fees range from a few hundred dollars for a local college football game to several hundred million dollars for a season of NFL games or for the Olympics on television. Production costs include setups for microphones and cameras, line charges from the stadium or venue to the main studio, and talent and engineering fees (including travel, food, and lodging expenses). In addition, costs of the time preempted by the sports event must be figured in as a cost of the package.

Once all of the costs have been included, you can then add extras that will make the package more attractive to advertisers. Enhancements can include free tickets to the games or events and memberships to stadium clubs, which can usually be traded out with a team or included in the rights fee. Other enhancements might be such promotional support as printed season schedules, team bumper stickers, and mentions in tune-in promotional spots (for example, "Listen to the San Francisco Giants on KNBR Radio, brought to you in part by your Bay Area Chevrolet dealers").

Since many advertisers buy sports programming for the merchandising opportunities, these opportunities must be stressed in sports presentations. Include any information about athletes' personal appearances (usually paid for by the advertiser), stadium signs (usually sold separately by the team or stadium), and endorsements by on-air talent. In the latter case, play-by-play announcers' endorsements of products can be a major selling point. For example, the beer endorsement by Chicago Cubs announcer Harry Caray is as valuable to an advertiser as is home-run king Hank Aaron's endorsement for baseball bats.

Once you have included all the costs in a package, add them up and put a price on the entire package, and compare the price to the costs of other sports packages available and to the cost of regular spot packages available in your medium. Sports packages typically command higher CPMs than do spread plans or scatter plans, but they cannot be too far above the current average market CPMs. If your CPM is more than twice as high as that of regular spot packages, you had better refigure your package price or add in spots in other time periods. One precaution you can take is to contact prospective sponsors before buying the rights to see if they will support the proposed price of a sponsorship package.

Packaging Sports

The guidelines for packaging sports are similar to those for packaging promotions—include everything in a total package price. You want to throw in as much as possible because advertisers will pay a premium for sports programming due to the rights and production costs that must be included. In a sports package, show billboards, mentions in promo spots, in-game throwaways, and spins.

Throwaways are brief sponsor mentions included by the play-by-play announcer during a lull in the action ("Two out in the third inning with Winfield coming to bat . . . a reminder that tonight's game is brought to you by Budweiser. This Bud's for you").

Spins are extra spots in time periods other than during the sports event. For instance, a baseball package on an independent television station might include spots in early fringe time and in some prime-time movies. These extra spots are included in an attempt to give an advertiser wider reach and to bring down CPMs. Even though you do not show CPMs in your package, agencies and clients will be aware of them. In radio, many baseball sponsorship packages include spots in morning and afternoon drive time to give an advertiser exposure in radio's prime time. These spins should not be shown as bonus or no-charge spots, but included as part of the overall package.

When you sell a sports package, you will usually need to get the total amount of money of the package to cover costs, so you want to hold firm on your price and negotiate on the extras, particularly on the spins.

When you package sports, encompass as much time and as many events as you can. Rotate sponsors throughout the pre-pre-game show, the pre-game show, the post-game show, and the post-post-game show. Rotate sponsors throughout as many of these programs, and breaks between programs, as possible; the more desirable the event, the longer the rotation you can get sponsors to accept and the more the inventory you will have to sell. If you have an especially popular sporting event, package other events with the one in high demand. For instance, package all post-season professional and college football games with the Super Bowl.

Create several packages that involve different levels of sponsorships, ranging from major sponsorships to minor participations. Major sponsors typically buy a one-quarter sponsorship in football or basketball and a one-third or one-sixth sponsorship in baseball. Major sponsors should receive opening and closing billboards and product exclusivity (for example, no other beer, automotive, or gasoline advertisers). Major sponsors should sign noncancelable contracts. Minor, or participating, sponsors do not get billboards or exclusivity, and their contracts do not have to be firm. In fact, sometimes stations and systems will sell participating sponsorships on a preemptible basis—preemptible by a major sponsorship. All major and minor sponsors' spots must rotate throughout the entire event and from game to game, so that no one sponsor has all of its spots in any one period, quarter, or three-inning block, or has all of its spots in the same period, quarter, or inning in successive games.

Selling Sports Packages

When you sell sports packages, sell major sponsorships first and sell them by category. If the sport has a predominantly male audience, offer your package to beer, automotive, gasoline, airline, and financial advertisers before offering it to anyone else, and accept only major sponsorship commitments from these important, primarily male-oriented advertisers. If one of them wants to give you an order for a participation, take it only on the contingency that you do not find a major sponsor in that category. Be nice about it, of course, and place a time limit on the contingency so the advertiser can make other arrangements in time to get the needed advertising weight.

When major sponsorship prospects want time to think over a proposal, it is customary to give them a hold on the package. Make sure that the time period involved in the hold is clearly spelled out and that it does not last so long that you will not have time to find another sponsor if the option is not picked up. Usually major sponsorship package contracts contain a clause that gives an advertiser an option to renew for the following year. Most options have a time limit. For example, a major baseball sponsor might be given until December thirty-first of the current year to exercise its option to renew. The option of paying the same price is normally not included; costs always go up, even if the ratings do not.

Sell your sports packages to the top level of the client. Agency buyers, as usual, will focus on CPPs, but the CEO of the client company might prefer to buy golf or tennis because he or she plays it. Also, the client is not only more likely to have an emotional involvement in certain sports and to want to enjoy the perquisites of being involved and going to the games, but is also more likely to appreciate the merchandising and promotional opportunities. Since top management often likes to deal with top management, it is a good idea to involve your management in these high-level sports presentations.

Always sell sports by the season and way in advance. With new sponsors it is wise to start six to nine months before the season begins. Also, your package should contain an option clause that gives sponsors the right of first refusal on post-season play-offs or bowl games.

Finally, use sports packages as a door-opening prospecting tool. Top executives at a prospective advertiser might be reluctant to talk about buying just a spot schedule, but might welcome the opportunity to talk about sponsoring the local college football team. Discussing sports is often an excellent way to break the ice and build rapport with a new prospect.

POLITICAL ADVERTISING

Modern political campaigns are fought on the battlefield of broadcasting. Politicians depend on radio and, especially, television commercials to embed their images and positions in the minds of the electorate. Buying time on radio and television has become so important to candidates that the FCC has instituted a number of regulations to govern the way stations and cable systems must sell time to politicians.

FCC Regulations

Below is a brief summary of the main FCC regulations, which are covered in greater detail in the National Association of Broadcaster's "catechism,"[1] titled the *Political Broadcast Catechism:*

1 ***Stations and systems must sell time to political candidates at the lowest unit rate for the same type of time they have charged any advertiser.*** This regulation is applicable within forty-five days of a primary and sixty days of a general election. For example, the lowest price that appears on any station contract for a thirty-second spot in early fringe time on a television station is what the station must charge all politicians in early fringe time. Of course, rates will vary from time period to time period, but the lowest rate in a time period, including volume discounts and BTA or ROS packages, must be given to political candidates. The lowest unit rates apply only if a candidate's voice or image is on the spot.

2 ***Candidates must be given equal opportunities to buy time.*** If a station or system sells ten thirty-second spots to one candidate, it must sell ten thirty-second spots in comparable time periods to the candidate's opponent or opponents. The two critical phrases are *equal opportunities* and *appearance. Equal opportunities* means that each competing candidate must have access to comparable time periods and to spots with comparable ratings; equal time does not necessarily apply here. Equal time means that ten one-minute spots sold to one candidate could be matched by any ten one-minute spots for his or her opponent in any time period, but not necessarily in comparably rated time periods. Thus, equal time is hardly as fair as equal opportunity.

A station or system does not have to sell time to all political candidates. Candidates

[1]*Political Broadcast Catechism*, 10th ed. (Washington, D.C.: National Association of Broadcasters, 1984).

for federal offices (congressperson, senator, President, and Vice-President) can demand reasonable access (covered in the next regulation), but candidates for local offices do not have the right by law to buy time. Some stations or systems offer free spots to local candidates to control the stations' inventories better and to provide a public service.

An *appearance* means that a candidate must appear in some way (picture or voice) on a commercial. If a candidate does not appear on a commercial, then his or her opponent has no legal claim for equal opportunity. However, even if a candidate does not appear in a spot, a station or system cannot deny a reasonably equal opportunity to an opponent or opponents; this regulation is referred to as a *quasi-equal opportunity*.

3 ***Stations or systems cannot deny a legally qualified candidate for federal office reasonable access to air time.*** Stations and systems must give candidates for federal office (President, Vice-President, senator, or congressperson) an opportunity to buy time. Governors, mayors, and other state and city offices are not included in this rule. Federal laws determine who is a legally qualified candidate. However, in general, it is anyone who meets the age, citizenship, and residential requirements; who has officially declared himself or herself a candidate; and who is eligible to be on a ballot. Reasonable access includes the right to buy some prime-time spots, but it does not include the right to buy a great deal of time, or time in large blocks (like an hour and one-half of prime time). The notion is that stations and systems must try to be fair in allowing candidates for federal offices reasonable and equal access to their audiences.

4 ***Stations and systems cannot censor a candidate's commercials.*** Candidates can say whatever they want on a paid commercial, and a station/system may not censor their remarks in any way. Even if candidates make statements that violate standards of good taste and that are libelous, a station/system may not censor him or her. Since stations/systems cannot censor what a candidate says, they are exempted by law from any libel suts or other damage suits resulting from a politician's statements. If candidates are given free time, a station/system may alter what they say.

5 ***A statement must be included in political commercials identifying the sponsoring organization.*** Every commercial, no matter how long, must contain a statement beginning with the phrase "paid for by . . ." followed by the complete and official name of the sponsoring organization or committee.

6 ***All requests for time by political candidates must be written down and saved for public inspection.*** Complete records must be kept of all requests for political time and their dispositions, including rates charged if time was purchased. These records must be kept for two years.

There are no rules that require stations or systems to sell time to candidates for local offices. If there were, in some cities with legions of elected offices on a ballot, there would not be enough time on all television and radio stations and cable systems to sell. Many stations and systems set aside a certain amount of free time for debate of the issues by candidates for local office.

Planning and Organizing

Because of the above regulations and the need for accurate record keeping, it is essential that stations and systems plan ahead for political campaigns. First, stations and systems should get rid of all low-ball deals sixty days before the beginning of an election campaign; otherwise, they must suffer the consequences of selling time to politicians in high-demand October at rates they were charging in low-demand August. Since bonus spots and trade deals must be included in lowest-unit-rate calculations, it is important to clean them up, if possible, at least sixty days before a campaign begins. This does not mean that you want to charge politicians any more than you would normally charge regular advertisers for the same time in the same months; however, you certainly do not want to penalize yourself and be forced to sell your time for a lot less than you would under normal circumstances.

Second, you should ask your news department or other knowledgeable political observers to provide you with a list of federal and local candidates for office. Once you have this list, you then ask your source to assess which races are apt to be the most hotly contested (sure winners often do not buy time). Then, evaluate your inventory to see how much time you will have to sell, and reserve a certain proportion of it for each race.

For example, in a presidential election year in your state there may be no contested senatorial election, and two of the six congressional candidates may be shoo-ins. On the other hand, there might be four highly competitive congressional elections. Therefore, you may decide that during the last three weeks of October and the first week of November you will reserve 25 percent of the inventory on your radio station for sale to political candidates. You have five races (four congressional and one presidential) and only two candidates for each office. You would reserve one-tenth of your inventory for each candidate and for his or her opponent. You have to be careful that you do not sell too much time to any one candidate, because if an opponent requests time and you are sold out, you will have to preempt regular advertisers to make room for an opponent who, of course, is buying at your lowest unit rate.

Many stations and systems assign the sales manager or one salesperson the job of handling all political advertising for the entire sales department, and then they split the commissions on the resulting business among all of the salespeople. This arrangement makes it easier to keep track of all of the requests for political time and to control the inventory. It is a good idea to have all the necessary forms prepared and put into a labeled folder for each of the hotly contested races, so the folders can be accessed quickly when candidates or their agencies call.

Cash in Advance

When selling to political candidates, it is standard practice to receive payment in cash or by certified check before the schedule runs. Candidates accept this industry-wide practice and usually have either cash or certified check ready when they place an order. This practice developed because broadcasters realized that there might be difficulty collecting from candidates after an election, particularly from losing candidates. Therefore, if you are selling to political candidates, ask for cash *in advance;* they will expect it. In addition, do not run a schedule unless you get it.

Selling to Candidates

When preparing to sell to political candidates, you should design simple, one-page packages. The packages should contain spots that rotate in all time periods and should clearly indicate that the rates shown are *political rates*, or *lowest unit rates*. The packages should also indicate whether these rates are net or gross, that is, whether or not they contain the standard 15 percent agency commission. Do not put ratings or CPM information on these packages because politicians do not have time to worry about prices or efficiencies; they buy all the time they can afford, or what they think they need, to keep up with their opponents' exposure. Send your packages out in a mass mailing to all political candidates to whom you want to sell time; let them know you are interested.

The law does not require that you tell candidates what their opponents are spending. However, if you want more political business, it is a good idea to keep politicians informed when their opponents make a buy; they are likely to match it. On the other hand, if you have not planned well and must sell at very low unit rates with little inventory, you may want to keep silent, unless of course you are asked about opposing candidates' spending.

Concentrate on selling spots, not programs. First, you cannot sell as many programs as you can spots, so you cannot make as much money. Second, and probably more important, political programs of five or more minutes tend to bore viewers and listeners to tears and run them off to other stations or channels.

Also, do not be afraid to try to sell time to candidates even if your station has given an editorial endorsement to an opponent. In the first place, the nonendorsed candidate or a supporter certainly appeared on your station with a rebuttal to the editorial. In the second place, most politicians understand and support the process of free speech and rarely hold grudges (or at least manage to stifle their grudges), particularly against the media, from which they realize they need both free and paid access before and after they get elected.

Finally, be very nice to politicians when you are trying to sell them time. You never know when one of them might wind up on a local, state, or federal commission or committee that regulates your medium.

SUMMARY

There are three different types of promotions: *audience promotions*, *sales promotions*, and *public-service promotions*. All of them try to position a station or system in the minds of the audience, of advertisers, or of the press and community leaders. In a narrower sense, a promotion refers to an effort to get the audience involved in some way with a station or system. Station/system promotions are designed to increase audience awareness, but they can also be designed to give advertisers the opportunity to participate while paying for the station/system's costs for running the promotion. CPM is usually not an important consideration in public-service promotions. Promotions should be designed to cover a station/system's expenses while giving participating advertisers excellent exposure and value.

Selling sports is similar in many ways to selling promotions. You should concentrate on the excitement, fun, and audience involvement and loyalty. Sports programming gives advertisers opportunities for extensive merchandising and promotion and for reaching specific target audiences.

When selling to politicians, you must follow the laws and FCC regulations governing the sale of time to candidates. Among these rules are: lowest unit rates, equal opportunities, reasonable access, no censorship, sponsoring organization identification, and record keeping of all requests. Advance planning is critical when selling to political candidates if you are to avoid costly pricing and inventory mistakes.

TEST YOURSELF

1 What are the two meanings of promotion given in this chapter?

2 What is merchandising?

3 How can a radio station tie in a sponsor with a contest or promotion?

4 What are some of the things that should be done before, during, and after a promotion is sold to an advertiser?

5 What are some of the advantages for local stations in carrying sports programming?

6 What are some of the advantages for advertisers in sponsoring sports programming?

7 What are six FCC regulations concerning the sale of time to political candidates?

8 Why is it necessary to get cash from political candidates well before a schedule runs?

PROJECTS

1 Design an air guitar contest and promotion for a local radio station. Write out all the financial and execution details.

2 Design a complete sports package, including promotional and merchandising ideas, for a local station/system for a specific advertiser.

3 Design a mailing piece to be sent to political candidates for federal office for a local station/system. The mailing piece should inform the candidates of your station/system's guidelines and offer a package.

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Part Five

Attitude, Preparation, and Persistence

If there is any one 'secret' of effectiveness, it is concentration. Effective executives do first things first and they do one thing at a time.

Peter Drucker
The Effective Executive

Chapter 13
Attitude in Selling

Performance in selling is like performance in sports; it is a synchronization of mind, body, and action. Many of the characteristics of successful athletes and successful salespeople are similar, and much of the jargon of selling and sports is the same—"superstars," "heavy hitters," "rookies."

Performance in any endeavor starts with a dream of successful accomplishment. Scientist/philosopher Buckminster Fuller said that we humans can accomplish anything we can imagine. But first we must have the courage and confidence to believe in our imaginations and to dream. Our dreams become our goals, and they are born in our minds as a result of the interaction of our mental attitudes.

ATTITUDE

An attitude is a predisposition to respond in a positive or negative way to ideas, objects, or people. We develop favorable attitudes toward those ideas, objects, or people that are associated with positive rewards and benefits, and unfavorable attitudes toward those that are associated with penalties of some kind. You might think that performance comes about as a result of attitudes; but, to the contrary, we tend to form attitudes as a result of how well we do things. Research has indicated that performance, which is a series of successful behaviors, often precedes attitudes. In other words, if we do something well, we tend to have a favorable attitude toward it. For example, if you are successful at a job, you are likely to have a favorable attitude about the company for which you work. On the other hand, just because you have a positive attitude about a company does not necessarily mean you will perform any better than you otherwise would.

Attitudes represent the "mind" portion of performance. Attitudes can be useful in helping salespeople perform better because attitudes can be changed, controlled, and directed. People have the ability to change their attitudes from random or counter-productive ones to productive, goal-oriented ones that can help improve performance.

The effectiveness of attitude enhancement was clearly demonstrated in the 1952 Olympics when the Eastern block countries first joined the post-World War II games and won an unexpected number of medals. These countries had learned about the tremendous power of the mind from wartime brainwashing techniques, and used many of the lessons in the new field of sports psychology. Since then, sports psychology has become a major factor in improving athletic performance all over the world. Athletes have not become vastly superior physically from what they were fifty or one hundred years ago, but what has improved substantially are training methods, including sports medicine and sports psychology—training the body and the mind.

It has been estimated that sports performance is determined by about 75 percent ability and about 25 percent attitude. Sports ability consists of such inherent elements as size, speed, coordination, quickness, and endurance. Sales performance is also determined by ability and attitude—about 50 percent ability and 50 percent attitude. Sales ability consists primarily of skills and knowledge, but the inherent elements of ability such as intelligence and energy are not as important in selling as are the inherent abilities in sports. Thus, attitude plays a large part in successful performance in selling.

Techniques to Improve Your Attitude

You can manage your attitudes and enhance your sales performance substantially by employing three techniques sports psychologists teach to top-performing athletes. These techniques will also help you manage stress:

1 ***Positive feedback.*** This technique is based on the observation that negative criticism or punishment does not correct poor performance, but instead reinforces it. For instance, if after losing a basketball game a coach says to his team, "Do not miss free throws," the team does not hear the *not* and will continue to miss free throws. They remember the three words *miss free throws*. The coach should say, "Free throws win ball games. Tomorrow we'll practice until we get it right and we'll win the next game. By the way, your defensive play was terrific." This approach is noncondemning and maintains a positive spirit.

Always give yourself positive feedback. Put things in a positive light rather than in a negative one. For example, instead of saying to yourself after you analyze a lost sale, "I forgot to close," and agonizing or berating yourself for it, tell yourself, for instance, that you overcame objections well and remind yourself the next time to "close early and close often." Positive feedback enhances your self-image and focuses on an eventual reward.

2 ***Restructure your thinking.*** We are all threatened by destructive, self-fulfilling prophesies like, "Jane is a better salesperson than I am." Restructure these doubtful thoughts so that what passes through your mind is, "Jane has done so well, the economy must be sensational, so I'll do well too." Restructuring helps to decrease doubts and increase self-assurance: not "*if* I get the order," but "*when* I get the order." Instead of viewing a sales job as stressful, see it as full of action, variety, and excitement. Instead of being concerned about the loneliness often associated with selling, focus on the independence and feeling of autonomy it gives you. Instead of taking rejection personally, restructure your thinking to see it as a challenge and an opportunity for a self-satisfying win.

3 ***Visualization and mental rehearsal.*** Mobilize all of your senses and imagine as vividly as possible the sales call ahead of you, down to how the prospect will look while turning the pages of your presentation. Perform the presentation in your mind, see yourself overcoming objections, and say to yourself the words for the closes you will use. Visualize the ideal result: You have targeted an order and you expect to close; envision yourself doing it. Go over your presentation, visualize your prospect's reactions, and rehearse your responses in your mind. Visualization has been referred to as *instant pre-play*, and it is an excellent way to build confidence. Johnson and Wilson, in their best-selling book, *The One Minute Sales Person*, call this progress "the One Minute Rehearsal."[1]

Using these techniques requires mental discipline. Just as the dream of a gold medal helps athletes push their bodies to their physical limits time and again, it helps them to be disciplined about pushing their minds into the proper attitudes. Sales success requires the same persistence and mental discipline, or perhaps more, since sales performance is more dependent on attitudes.

Psyching is a term for another mental technique borrowed from sports. You psych yourself when you manage your attitudes and enhance your performance. You psych your opponents (competing salespeople) when you demonstrate in subtle ways your sense of confidence and superiority. The object is to discourage others by encouraging them to visualize difficult objections, bloodthirsty negotiations, and losing.

One of the legendary Frank Hussey's most effective psychs was to tell his two competitors from NBC and ABC, when he saw them at the 21 Club bar (a common network television watering hole in Manhattan), that "I saw so-and-so today about the account he's buying on, and I've got great news for you—there's enough money left for one of you." Psychs of opponents are dangerous and are used effectively only by supremely self-

[1]Spencer Johnson and Larry Wilson, *The One Minute Sales Person* (New York: William Morrow & Co., 1984).

confident superstars. Counter-psychs can be demoralizing, so take care before trying to psych someone else. On the other hand, the prerequisite self-confidence is certainly worth striving for.

Behaviors to Develop

Since attitudes tend to be formed as a result of previous performance and behavior, you should try to develop some behaviors that will lead to good attitudes and thus help improve your performance.

1. ***Control your personal feelings.*** As Archie Bunker of TV's *All in the Family* used to say, "Stifle yourself." You must learn to control your tensions and not to show negative feelings openly if you are going to be a successful salesperson. (Later in this chapter we'll discuss some techniques that will help you keep your emotions under control.) The best possible behavior to learn for helping you control your negative reactions and emotions is smiling. Your smile is one of your most important assets.

2 ***Dream of goals, concentrate on tasks.*** When you imagine what you can accomplish you have your overall dream, but to make the dream come true you must accomplish one task at a time, step by step. Champion athletes keep their dreams in the backs of their minds, but they learn to concentrate intensely on the task at hand. Swimmers practice starting and they try to perfect their turning tehcniques; then they practice their kicks, then they concentrate on their strokes, and so on. Salespeople must be task-oriented, too.

Do not lose sight of your overall life goals; keep them somewhere in the back of your semiconscious mind. Learn to concentrate on the tasks involved in a salesperson's job. These tasks are such things as making prospecting contacts, qualifying, writing and making presentations, overcoming objections, closing sales, taking care of paperwork, and servicing accounts. Task orientation means, among other things, that you do not let your ego get too involved. Learn to let the inevitable rejections roll off your back and do not take them personally; concentrate on making calls. Learn to let the frustrations of management pressure for higher billing and higher rates pass on by as you smile and make more presentations.

3 ***Accept feedback.*** You must learn to seek out and accept feedback and criticism on your accomplishments and performance. If you are defensive, people, including your management, will stop giving valuable feedback and criticism to you. As you gain confidence in yourself and in your skills and knowledge, you will learn to be less defensive and more open to criticism. You'll be able to evaluate feedback and criticism objectively and accept what is valid, discarding what is not. You'll learn to seek out criticism from knowledgeable people and take responsibility for your failures when they occur, because you'll certainly want to take full credit for your successes.

Behaviors to Watch Out For

Psychologists B. F. Skinner and Margaret Vaughn have identified six behaviors that indicate mental fatigue, which can affect performance more dramatically than can physical fatigue.[2] Mental fatigue is deceptive because it is not as obvious as is physical fatigue. Our minds tend to play tricks on us and do not give us the same kind of warnings for mental fatigue they do for physical fatigue; it is as though our minds do not want to admit being tired.

The telltale behaviors of mental fatigue are: increased use of profanity, inclination to blame others for mistakes, procrastination and putting off decisions, inclination to feel sorry for oneself, unwillingness to take exercise or relax, and dietary extremes (either eating too much or not enough).

If you find yourself doing some of the above things more than usual, ask yourself if you are under enough stress or pressure to cause yourself mental fatigue. If you think this is so, force yourself to relax. Fatigued, uptight, nervous salespeople do not reassure customers or inspire confidence, and they make fewer sales as a result.

HANDLING PRESSURE

Mental fatigue and stress are bound to crop up when you are a salesperson. On the one hand, pressure comes externally from management for improved performance; there are no incidences in recorded history of management ever requesting less effort or lower sales than the previous year. In addition, customers insist on good rates and schedules. On the other hand, pressure also comes internally from yourself. You will want to do better, to solve more problems, to conquer new worlds, and to make more money.

Pressure and stress are built into sales jobs because of the nature of business, the nature of achievement-oriented salespeople, and the nature of needs-oriented selling. Because you are often the main difference between your station/system and a competitor's, you are selling yourself—your personality. You are establishing and managing relationships that are based, to a large degree, on your friendliness, cooperativeness, and cheerfulness.

Not only do customers prefer salespeople who behave in a pleasant, smiling, and courteous manner, but they expect it. Customers not only expect you to run their spots in the time periods you have quoted, but they also expect you to smile and be pleasant at all times. This unrealistic expectation of constant congeniality adds to the stress and pressure of a sales job.

Author Arlie Russell Hochschild in her book *The Managed Heart* claims that this pressure comes from a "seriously self-effacing process" that is the result of the active emotional labor involved in selling.[3] In her study of flight attendants, she discovered that

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[2]B. F. Skinner and Margaret A. Vaughn, *Enjoy Old Age: A Problem of Self Management* (New York: W. W. Norton, 1983).

[3]Arlie R. Hochschild, *The Managed Heart* (Berkeley, Ca.: University of California Press, 1983), p. 153.

"the emotional style of offering the service is part of the service itself."[4] Thus, the product is, in part, a state of mind, an attitude. This emotional labor comes from service-oriented salespeople interacting and communicating with other people, not with machines or with things that other laborers, such as factory workers, interact with. When a machine breaks down and frustrates the work efforts of factory workers, they can throw a wrench and scream at it, something salespeople cannot do with a customer.

Frustration and hostility can build up when you have to deal with recalcitrant, nasty customers. When your testy prospect insults you and your station, your natural tendency would probably be to let him or her have it, to let off steam by telling him or her off. Instead, it's better to listen, to smile, and not to distance yourself from the prospect emotionally. This way you build trust and rapport, and imply "I like you" and "I understand your problem." Such emotional labor has personal costs and can even affect your capacity to feel. But if you are to manage pressure, you must also learn to manage your emotions, no matter how forced or awkward it seems at first.

Redirect Your Thinking

When frustration builds up, you begin to feel angry. When you get angry, your adrenaline flow increases, your body gets tense, your heart races, you get less oxygen, and you breathe more quickly. When all of this happens, your judgment is likely to be impaired and you make mistakes.

Your best defense against anger is to redirect your thinking. When you are dealing with a customer or a boss who frustrates you, you must find ways to reconceive the person in an honest but useful way. For example, author Hochschild relates how flight attendants might redirect their thinking about difficult passengers. A passenger who demands constant attention could be thought of as a "victim of fear of flying" instead of as a pest. An obnoxious drunk could be seen as behaving "just like a child." One flight attendant told how she dealt with irate passengers (referred to in a noun form as an "irate"):

> I pretend something traumatic has happened in their lives. Once I had an irate that was complaining about me, cursing at me, threatening to get my name and report me to the company. I later found out that his son had just died. Now when I meet an irate I think of that man. If you think about the *other* person and why they're so upset, you've taken attention off of yourself and your own frustration. And you won't feel so angry.[5]

Flight attendants are instructed on other techniques for defusing anger: Use deep breathing, talk to yourself, remind yourself that "you don't have to go home with him."

In a sense, you are developing a situational script and a role for yourself in this script—just as with the role you developed for dealing with the prospect based on his or her perceived behavior, needs, and motives. You are acting.

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[4]Hochschild, p. 5.

[5]Hochschild, p. 25

Surface Acting and Deep Acting

We all act to one degree or another. We adopt a role and then utilize behaviors that represent that role: We use body language, we use facial expressions, and we pose. This is referred to as *surface acting*. Surface acting is not intensely felt; it is posturing, the way that some teenagers practice being "cool."

In *deep acting*, actors do not try merely to display an emotion, but actually to feel it. They do not try to seem happy, but try to remember a happy situation, recall how they felt at the time, and use that same feeling. Deep acting requires that actors develop their emotional memories and try to recall the actual feelings of sadness at the death of a friend, the happiness of a love affair, or the exhilaration of being on a winning team, for example. Then, in situations where an emotion is called for, they remember the feelings they had in a similar situation and use them to feel the appropriate emotion. To use deep acting (also referred to as *method acting*) actors not only have to remember past emotions and feel them in current situations, but they must develop a sense of belief that it is actually happening. In fact, a highly respected textbook on acting by McGaw and Blake is quite aptly titled

Acting Is Believing

Deep acting can be very useful. It can help you be more convincing in appropriate roles you have designed for yourself, and it can help you redirect your feelings and defuse anger. For instance, you might call on a cantankerous retailer who rants and raves about the awful music your radio station plays and how your rates are outrageously high. Search your memory for a relative or friend of the family who had a similar personality, but who everyone knew was a diamond in the rough and who, underneath the abrasive exterior, was really a sweet, generous person. Remember the emotion of warmth and friendship you had for this "uncle" and use this feeling when dealing with your prospect. You might say to yourself that the reason the prospect is so negative about your station is because some previous radio salesperson lied about rates and gave him poor service, and that it is not the prospect's fault, but someone else's, that the prospect is difficult. If you can learn to believe your scenarios, it will help you deal empathetically with customers.

Deep acting is different from some of the concepts behind the human potential movement, which urges people, among other things, to "get in touch with their feelings." Deep acting is a technique that helps you manage your emotions and redirect your thinking to help you concentrate on the tasks of selling and to improve your mental attitude and expectations.

Beware of Estrangement

People who have jobs that require them to control their feelings continually are prone to suffer estrangement from their feelings, a sort of disconnection. When you have to grin and bear it all the time for customers who expect and demand your smiles and good humor, you can grow to resent the fact that you are, in a sense, selling your emotions. You can begin to resent your customers who you may feel force this commercialization of emotion on you, and you can become estranged from them.

You can overcome this detachment and estrangement by moving your feelings and the appropriate expression of them closer together. To do this, you must first try to erase any negative attitudes you might have about commercializing your feelings. Eliminate the notion that you are trying to like your customers to make money, and work on really liking your customers for all of their good traits. Many salespeople actually choose their circles of friends from among their customers. They not only engage in deep acting, which helps them actually feel an emotion rather than just pretend it, but they *live* a scenario of friendship and of liking their customers. If they actually live it and feel it, then the friendship is not hypocritical and prone to estrangement, but it is real.

Each year a larger and larger percentage of radio, television, and cable salespeople are women. One reason for this trend may be that women are often more adept than men are at managing their emotions and at expressing their empathetic feelings with customers.

One of the attractions of selling in broadcasting and cable is that the customers you are apt to deal with are generally interesting, likeable people. The glamour, competitiveness, creative association, excitement, and fun of marketing, advertising, and the media generally attract similar people with similar interests, so finding friends among customers is usually not difficult.

Whatever your sex, age, and race or ethnicity, and whichever medium you sell, you can improve your performance by learning to manage your feelings and to use them in a constructive, productive manner. Customers will assume they have the right to show unsuppressed anger at irritations because they are paying for the privilege, and you cannot afford the luxury of responding to anger with anger. You must learn to focus on the task at hand—getting the order—while you stay close to your customer emotionally.

MOTIVATION

We can change our attitudes and manage our emotions, but it is difficult to change our motivations. By the time we are young adults, and possibly before that, we are already carrying the baggage of a lifetime of learning, and our personalities are pretty well formed. Needs, motivations, and personality traits have been stabilized. In other words, we begin our first jobs already motivated, and the job itself can only enhance motivation or detract from it slightly.

Another way of putting it is that most people's motivational drive comes from internal forces, not from external ones. People who do not succeed in sales are prone to blame external elements such as a company or its sales management; however, the vast majority of people who fail in sales do so because they lack sufficient internal motivation to succeed. They do not want success in selling badly enough to do what is necessary to succeed.

High Achievers

People who have the internal motivation and the drive to be successful are high achievers. Research has identified some common characteristics of high achievers:

1 They are people who take responsibility for solving problems.
2 They set moderate achievement goals.
3 They take calculated risks.
4 They elicit feedback on their performances.

Two facets of selling that attract high achievers are problem solving (understanding and satisfying prospects' business and personal needs) and risk taking (a salesperson's income is tied directly to his or her performance). Selling also requires a continual realistic and moderate goal-setting process. Thus, selling is an ideal occupation for high achievers; they are more likely to satisfy their needs in sales jobs than in most other jobs because of the nature of the tasks required in sales. High achievers will like selling and be motivated by it; or, put another way, sales jobs will give them the opportunity to let their substantial motivation work its performance magic.

If high achievers are self-motivated, then do the station/system or sales management have any effect on motivating salespeople? The answer is, of course, yes, but there is no hard evidence on how much. It is accurate to say that "it all depends." First, it depends on the degree of the salesperson's motivation. Very highly motivated salespeople probably are affected very little by the company, the station/system, or the sales manager for whom they work. But every sales staff does not consist entirely of super-achievers. External factors such as the nature of the job, the image and reputation of the company, and the quality of management do have an effect on salespeople of average achievement motivation, but there is little evidence on how much motivational effect these external factors have. I believe that the performance of salespeople with average achievement motivation can be affected about 25 percent one way or the other by external motivational factors.

Thus, the average salesperson's individual performance is a combination of internal factors made up of approximately 50 percent ability and 50 percent attitude, which can be enhanced by about 25 percent by external factors. If you consider yourself to have an average level of achievement motivaton, then you can accept 75 percent of the credit for your performance and give 25 percent to external factors, such as your station/system or sales management.

The Full Responsibility Attitude

On the other hand, if you have a high level of achievement motivation, external factors probably will not affect your performance and you can take 100 percent of the credit for your performance. Another, perhaps more useful, way to look at it is that if you are a high achiever and want to get the fullest satisfaction from your work, you will want to take full responsibility for your performance. This *full responsibility attitude* is extremely useful because if you take full responsibility for your performance, then external factors such as station ratings for the quality of sales management will not adversely affect your sales performance. In effect, you can sell anything; your success will be dependent on your ability to put the SKOAPP system into practical operation, and not on your station, system, ratings, management, or any other external factors.

If you are a self-motivated high achiever who takes full responsibility, your sales performance will be determined by the number of prospecting calls you make, the number of presentations you make, your closing ratio, the number of orders you get, the rates you charge, and other elements that increase your effectiveness in maximizing revenue.

External Performance Opportunities

Some products are easier to sell than others. You can sell more *good* products, and at higher prices, than you can sell *bad* products. Therefore, your overall objectives as a salesperson should be: (1) to follow the SKOAPP system, to become an expert at executing it, and to have a consistently high level of sales performance; and (2) to sell a high-quality, reliable, high-priced product for a company with an excellent image and reputation and that pays a high rate of compensation. Remember, the *O* in SKOAPP stands for *opportunities*, and salespeople have more opportunities to sell better products, which, in a sense, create their own opportunities.

Therefore, when you look for your first sales job, look for one that will give you the best training and opportunity to develop a full range of sales skills. Once you have learned enough to have a consistently high level of performance, seek a job with a company that offers the best combination of high-quality product and high-income compensation plan.

The three opportunities to look for in a job are:

1 The company

2 The station or system

3 The management

A company's image and reputation among its customers are important for salespeople, as are its policies on promotion, training, and compensation. Companies with excellent reputations for taking good care of their people and for creating consistently excellent products, such as CBS, Capital Cities Broadcasting, and ATC (the MSO cable division of Time, Inc.), are obviously better to work for than are companies with reputations for high turnover and mediocre products.

Not every CBS or Cap Cities station, for example, is highly rated and well-managed, so the reputation, image, and ratings of an individual station or system in a market are important factors to consider when looking for a job. Some of the things to look for in a station other than its ratings and rates are: its *backup material* (sales promotion and research); the *attitude and team spirit* of its sales department; the *sales training* it offers; and its *relative compensation system* (relative to other stations or systems and relative to the quality of its product).

Management, or who you work for, is a more important factor to consider than the station/system's location. Good sales managers train, communicate often with, are fair to, and support their sales teams. Bad sales managers are unfair, they are highly political (they reward factors other than performance), they intimidate with fear, they communicate infrequently, and they create unhealthy internal competition. Ask around; find out who the best sales manager is and then try to work for him or her. Once you are hired by an excellent sales manager, perform like crazy for him or her and do all you can to get him or her to be your mentor. Virtually every top executive in the broadcasting and cable industry, when interviewed and asked to what he or she attributes his or her success, invariably mentions having a mentor as a major factor. It is difficult to get ahead without someone above you pulling you up. Thus, the best road to the top of the ladder is not to step on the shoulders of your peers, but to help push up the person ahead of you.

You will notice that security is not mentioned as a factor to look for when seeking a job. For salespeople, security does not come from external factors, but internally from their confidence in their abilities to sell.

Keep Swinging

The great hitters in baseball know that when they are in a slump they must keep swinging the bat. A major factor in their success is their confidence. They know that they can hit, that their grips and stances are right, and that they will get their hits if they *keep swinging*.

These top performers also know that no player can be totally consistent, and that every player is subject to streaks. Top performers have longer hot streaks and shorter slumps than do other players, but they are still relatively inconsistent from day to day, although over an entire year they tend to perform close to their lifetime averages. Top performers are realistic about these streaks and have the mental discipline to wait them out, to be patient. Patience is not only a virtue, but it is also a necessary ingredient in performance.

Salespeople are like baseball players in that they are also subject to hot streaks and slumps. The way out of slumps is the same for salespeople as it is for baseball players—to keep swinging. Be persistent and disciplined in your work habits. Have confidence in your ability, and do not let negative thinking get the best of you. Use the *positive feedback*, *thought restructuring*, and *visualization and mental rehearsal techniques* to keep your attitude positive, and you will come out of your slump. Be persistent and patient about using the techniques and your slumps will become shorter and shorter.

An important element is to be persistent about practicing. Practice your sales skills. Rehearse your presentations and study industry information so you become more knowledgeable and prepared. Practice the *attitude-improving* techniques and the rules for *overcoming objections* and *closing*. Persistence, the last element in the SKOAPP system of selling, comes just before success.

THE WINNING ATTITUDE

Winners have confidence. They look, feel, walk, and talk like winners. Winners have an image of themselves as winners. It is a little easier to develop this confidence when playing for the New York Yankees or Los Angeles Dodgers or when selling for CBS or Capital Cities, but there are numerous champion performers who can hit over .300 or sell effectively regardless of what team or company they work for. You must develop a *winning attitude* that is self-sufficient and that you take with you from job to job.

Winners in broadcast and cable selling:

1 ***They have a dream of winning.*** They expect themselves to be the best, not to be merely good or sufficient, but to be the top. They are totally goal-oriented and their goals are high.

2 ***They concentrate on tasks, not on themselves.*** They focus on what will give them success, and this means focusing on benefits that satisfy clients' needs, not on features or on their own needs.

3 ***They are coachable.*** They accept feedback and criticism.

4 ***They perfect their techniques.*** They do not rely on inherent ability, personality, or luck. They perfect their mental techniques and their use of the SKOAPP system.

5 ***They are well-prepared both mentally and physically.***

6 ***They are persistent.*** They have patience and they never give up.

7 ***They have confidence.*** They believe in themselves, in their dreams, in their concentration, in their techniques, in their preparation, and in their persistence.

SUMMARY

Sales performance, like sports performance, results from a combination of *mind, body,* and *action*. Performance begins with a dream of success and is influenced by attitudes, which are predispositions to respond in a positive or negative way to ideas, objects, or people.

Customers expect salespeople to smile and to be pleasant at all times, and these demands can create frustration and estrangement. Mental fatigue can come from pressure, stress, or as a result of the emotional labor required in selling.

Salespeople must learn to manage their emotions by using the techniques of redirecting their thinking and deep acting. *Redirecting thinking* requires that salespeople find another acceptable reason for someone's difficult behavior. *Deep acting* involves developing an emotional memory to recall past feelings that will help salespeople feel an appropriate emotion in a current situation. Estrangement can be avoided if salespeople try to make their friendliness real and therefore convincing; they must actually view their customers as friends and not have the attitude that they are selling their emotions for money.

Even though salespeople can change their attitudes, it is difficult for them to change their motivations, which are the result of past experiences, needs, and traits. Motivation is both internal and external. People who have a high degree of *internal motivation* are high achievers who take responsibility for solving problems, who set moderate goals, who take calculated risks, and who elicit feedback on their performances. Selling is an ideal occupation for self-motivated achievers. In selling, assuming an attitude of full responsibility can help a salesperson's performance by reducing dependence on external factors such as a company, a station or system, or sales management.

Finally a *winning attitude* is vital to success.

TEST YOURSELF

1 What percentage of sports performance can be attributed to attitude? Approximately what percentage of sales performance can be attributed to attitude?

2 What are three techniques for improving your attitude?

3 What behaviors can you develop to help you improve your attitude?

4 What is the difference between surface acting and deep acting?

5 What are some characteristics of high achievers?

6 What are some elements to consider when you are seeking a job?

7 What are the characteristics that distinguish winners from losers?

PROJECTS

1 First, ask your instructor or sales manager to write a scenario for a selling situation, or use the parameters you learned in Project #2 in Chapter 10 with a description of the personality of the buyer on the account. Next, select a local station or system to sell for. Then, write an outline, beginning with a thoroughly described target for an order, that covers how you are going to prepare yourself mentally for your upcoming call.

2 Choose the instructor or boss you have disliked the most and write a brief description of him or her. Next, think of someone you love in your family or group of friends who reminds you in some way of the disliked person; then, write out all of the things about the disliked person that you can like.

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Chapter 14

Organizing Individual Sales Effort

Rudy Regaldo played third base for the Cleveland Indians in the 1954 World Series because Cleveland's All-Star third baseman, Al Rosen, was injured. The next year Rosen recovered and was given his third-base job back. For the next two years Rudy played with the Indians as a reserve infielder. Then he was sent down to the minor leagues to play with the San Diego Padres, at that time a minor league team, because, as Rudy said, he had "the bad wheels." Rudy was from Los Angeles and loved San Diego; the weather was great and he was near home, so he did not mind playing in the minors too much. However, when the Padres traded him to a team in Newark, New Jersey, it did not take Rudy more than a few seconds to decide to quit baseball.

But what does a Mexican-American do to make a living in San Diego? Rudy applied for a sports job in a Mexican television station in Tijuana, Mexico, just across the border from San Diego. Rudy was an extremely likeable and attractive person who was well known in San Diego because he was a baseball player, so the station talked him into being a salesman for its sister television station, also located in Tijuana. That station broadcast in English and was the ABC affiliate for San Diego.

Rudy Regaldo become the best local television salesperson I ever knew. He had not gone to college and had no training in selling techniques or in the use of ratings books, but he had the enormous self-discipline that had helped him become a big-league athlete. Rudy got to work before 8:00 A.M. every morning; he usually arrived before anyone else.

Exhibit 14-1 Turning Intentions into Achievements

Intention	*Action*	*Achievement*
Create a customer	Plan	Customers
Create a differential competitive advantage and manage relationships	Organize	Orders and commissions
Maximize use of resources: money and time	Control	Higher earnings
Be effective, grow	Evaluate	Improvement

The first thing he did was to look over the station log, which contained the official record of all the programs and commercials that had run the night before, to see if all his advertisers' spots had run the way they were supposed to. Before 9:00 A.M. Rudy was on the road making calls. He followed a routine each morning. Tuesdays and Thursdays, for example, he took coffee and donuts by to share with his friend and biggest client, Jim the furniture dealer. Friday he did the same thing for his biggest agency.

Each evening, just before the office closed and the traffic and continuity department went home, Rudy came back to the station, did his paperwork, and checked the logs to see if his advertisers' commercials were scheduled properly for the rest of the evening and the next day.

Rudy Regaldo was well-organized and a good self-administrator; he paid attention to every little detail. He was extremely grateful for every order he got and made sure his advertisers got superb service and never forgot him; he loved his advertisers because they had allowed him to remain in his beloved Southern California.

Organizing is putting things into a simple, workable system, and *administering* is carrying out the system. Without an organized system to administer to get your work done, you will not be able to translate your good intentions into actual achievements, which means that you will not be able to remain in the city of your dreams like Rudy did. Exhibit 14-1 explains how intentions are turned into achievements.

PLAN

The overall goal of creating customers for your station or system—and therefore income for yourself—remains merely an intention unless some action is taken to make it come to fruition. Creating customers and commissions requires a plan. As an individual salesperson, planning is relatively simple and straightforward. First, decide how much money you want to make during a year, then work backwards to see how much you must make each month and each week.

For example, let's assume that you work for a station or system in a medium-sized market that pays its salespeople a draw of $850 per month against a 15-percent commission, a typical arrangement. A *draw* is a salary advance normally paid in one payment during

Exhibit 14-2 Example of a Salesperson's Income Breakdown

Period	*Billing*	*Commission*	*Income*
Yearly	$360,000	15%	$54,000
Monthly	30,000	15%	4,500
Weekly	7,500	15%	1,125
Daily	1,500	15%	225
Hourly	188	15%	28

Monthly gross income

$4,500 (before taxes)

Monthly expenses

Rent, utilities, phone	$ 700
Car payment, insurance	250
Food and miscellaneous	400
Gas	250 (deductible)
Business entertainment	300 (deductible)
Savings	250
Total monthly expenses	$2,150

a month, the amount of which is later deducted from commissions earned on sales during that month. Many stations and systems guarantee to pay beginning salespeople a draw for six or nine months regardless of how many orders they bring in, because it usually takes a little time to get started and to develop business.

Let's further assume that it is realistic for each of the five salespeople on the staff to expect a total yearly billing of between $300,000 and $375,000. You have a good list of assigned accounts and confidence in your ability to develop new accounts, so you feel that with good solid effort you could approach the top salesperson position and make $54,000 next year from your 15 percent commission on billings of $360,000. Exhibit 14-2 shows how your income breaks down.

In this hypothetical example, you will need your $4,500 monthly income to meet monthly expenses and to save up for the new Porsche you need for your sales calls. Therefore, you will have to organize your efforts so you can maintain an average monthly billing level of $30,000.

You must also plan how you are going to organize your activities in the following areas: prospecting, qualifying, researching and targeting, presenting, and servicing. (Planning in these areas will be covered later in the chapter under methods for analyzing sales performance.)

ORGANIZE

The best local radio salesperson I ever knew was Don Mann of WBBM/AM Radio in Chicago; many industry sales experts consider Don to have been the best salesperson in broadcasting, a view I share. Don wrote a small booklet several years ago titled *How to Become Your Company's Top Salesman Through Showmanship*. In person and in writing, Don stressed the elements of showmanship. In person he never mentioned organization, and in his booklet he mentioned organization, service, and persistence only in passing. Don was not a natural-born showman or a "personality kid." He felt he had to work at being a little more flashy and more of a showman; therefore, he felt these attributes were an important part of his success.

After many years of observing Don and talking to people who worked with him, I realize that his success was not as much due to showmanship as it was to his superb organization, that he outworked everyone else, and that he was absolutely relentless in sticking to his plan and pursuing customers. He had a system worked out so that everyone remembered him, because he never let anyone forget him.

Like Don Mann, you must develop systems with which to organize your work internally and externally. *Internal elements* include sales promotion material, rate cards and special packages, inventory information, and your billing progress. *External elements* include your accounts, knowledge areas, and community activities.

Organize Your Office

It's vital to keep your internal materials well-ordered and accessible. When you're in a hurry, and salespeople are often in a hurry, you won't want to have to shuffle through a pile of randomly arranged papers to find the latest rate card or the finished copy of your presentation.

Sales promotion material and presentations are the tools of your trade. Make sure you keep them current in file folders, arranged in alphabetical order in your desk, so you can get to them in a hurry when you are preparing a presentation or rushing out to make a call.

Rate cards and packages must be kept current on a daily basis. Check with your sales manager and the traffic department in the morning and in the middle of the day to see if any rates have changed or new packages have been offered.

Inventory records also must be continually maintained. Put the latest information in a folder and keep it at your fingertips in your desk for quick reference when you are on the phone or designing packages. Develop a good relationship with the traffic department so you can always find out the latest information on availabilities. Your income is dependent on how many spots you can sell, which, of course, depends on how many spots are available. Since there is a limited amount of inventory on any station or system, salespeople compete with each other to sell it. In many cases, the first to know about availabilities are the first to sell them.

Billing information must remain up-to-date. Keep the amount of each order you get in a folder in your desk and enter information at least on a weekly basis. Use bookkeeping sheets from a large lined accountant's pad, and in the first column put the name of an account. Then in columns labeled with the twelve months, enter the billing amount for each account for each month. Do not make an entry until you have a firm order—you are keeping track of your billing, not your dreams. When you get your monthly commission check, compare the figure with your own estimates of your billing for that month. Even accountants have been known to make errors.

Organize Your Briefcase

Carpenters and mechanics have their toolboxes; you have your briefcase. It is as important to you as any worker's toolbox. Your briefcase is not only a necessity, but it also has become a symbol of a salesperson, so make sure your symbol reflects the image you want to convey to your customers. Equip yourself with an attractive briefcase. It does not have to be a four-hundred-dollar Mark Cross glove-leather case, but it should be conservative, functional, and not too small; skinny briefcases cannot hold enough material for a full day's worth of calls. Your briefcase should contain a good calculator. Solar-powered ones are good in that they need little maintenance; batteries can fail, but you rarely do serious selling in the dark. You also need a plentiful supply of station/system contracts. Even if you ask customers to sign them only occasionally, having lots of them on hand keeps you prepared and your expectations high. Obtain road and street maps of the area you serve so you won't waste time searching for your destination. Keep current ratings books in folders to hide them from the eyes of the curious; use them only when needed.

Organize Your Accounts

You have two types of accounts: *assigned* and *unassigned*. *Assigned accounts* and agencies are those given to you by your station/system management and those for which you are responsible for maximizing revenue. Your first task when assigned new accounts or agencies is to qualify them, then to make a presentation and close a sale, and finally to service them. *Unassigned accounts* are those you develop yourself through prospecting. (Later in this chapter, we will discuss ways to determine how much time you should spend on each type of account.)

One of the best ways to organize your accounts is to use five-by-eight-inch index cards kept in a handy box on your desk, and to file them alphabetically by account or by agency name. This size is big enough to contain all the necessary information, yet small enough to allow you to carry with you in your briefcase the ones you will use in a day to review just before a call. Exhibits 14-3 and 14-4 show how the front and back of the index card should be formatted, and how the card might look when filled out.

On the reverse side of the index card, in the column marked "Order," you should enter the *total dollar amount* of each order you get from each account, not the billing of that account in any particular month. This entry system will help you in your analysis, which will be discussed later in the chapter.

Exhibit 14-3 Sample Account-Organizing Index Card—Front

Account: Sears   Products: Various
Address: 700 Main St.
San Carlos   Phone: 322-8000

Decision Maker: Charles Sanders, Advertising Manager
Needs: Dominance, inavoidance, contrariness, rejection
Vital Info: Old-timer. Bitter about being passed over. 2 kids in college. Very nice, supportive wife. B'day 2/23. Her B'day 7/31. Likes baseball.
My role: Support, listen patiently, ~~sympathize~~, justify everything
Primary Contact: Mary Jones, Asst. Ad Manager
Needs: Affiliation, inavoidance, recognition
Vital Info: Doesn't like Sanders. B'day 5/27. Wishy-washy.

My role: Confidant, hard closer, sympathetic, flatter.
Business Needs, Problems, Parameters: Huge newspaper sked - don't knock papers. Sell radio as supplement. Demos always 18+ adults -- must narrow them. Sell news sponsorship
Annual $ Potential: $75,000   Prospect Class: A *

* Class A = Large potential Class B = Medium potential
Class C = Small potential

Exhibit 14-4 Sample Account-Organizing Index Card—Reverse

Contact Date	*Contact Type:**	*Order*	*Contact Date*	*Contact Type:**	*Order*
1/17	PO	NO	2/21	S	NO
1/20	Q	NO			
1/24	PE	NO	4/16	S	NO
1/31	PE	$5000/2 wks	5/10	S	NO
2/8	S	NO	5/17	PE	$3000/1 wk
2/15	PE	$6000/2 wks	6/2	S	NO
2/18	S	NO	6/6	PE	NO

*PO = Prospecting, Q = Qualifying, PE = Presenting, S = Servicing, C = Collecting

Organize Your Knowledge Acquisition

You should keep folders in your desk for each competitive station/system and for each competitive medium. In these folders you should place the latest rate cards (if you can obtain them), sales promotion material, and research information. You can usually pick up this material from clients and agencies if you have managed the relationship properly. Keep these competitive folders updated. When you are on the telephone with an important client who informs you that he or she is considering buying from one of your competitors, it helps enormously to have an abundance of information about that competitor at your fingertips; it aids you in creating a differential competitive advantage. You should regularly monitor the programming of your major competitors and put brief handwritten notes into the proper folders about any major shifts in programming, advertising strategy, management, on-air personnel, and management. You want to be a market expert in order to gain source credibility with your accounts, so you must keep those folders current.

You should also have folders for the following knowledge areas: market information, such as population, demographics, business conditions, etc.; and account information, such as relevant material from general business publications like *BusinessWeek*, *Fortune*, *Forbes*, or publications specific to your major account's industry like *Automotive News* or *Advertising Age*.

Organize Your Community Activities

It is not only good citizenship, but also good business to become involved in community activities. It's helpful to become part of a network of relationships with business executives, community leaders, and consumers. Organizations such as Rotary Club, League of Women Voters, Kiwanis, Knights of Columbus, Boy Scouts and Girl Scouts, various church groups, and so on have local branches in almost every community.

CONTROL

Controlling means keeping track of things so you can make necessary adjustments. The two most important resources you must control are *money* and *time*.

Money Management

You must set up a system to keep track of your expenses and to control them. Fill out expense reports weekly. If you let them go longer than a week, they will become even more burdensome, time-consuming, and nonproductive. Restructure your thinking about writing up your weekly expenses; think of this procedure as you would think of keeping track of a savings account passbook.

If you are on a commission and the station does not reimburse you for your business and entertainment expenses, you must know exactly how much of your own money you are spending so you can budget it, spend it in the most effective manner, and get proper deductions for your expenses from the Internal Revenue Service (IRS). Establish a *monthly budget* for yourself, keep track of your expenses on a daily basis, and file your own summary reports weekly.

Buy a good record-keeping system for appointments and expenses, like the Day-Timers products, and keep your appointments and expenses in a pocket-sized or desk-sized book (whichever suits your personal preference). If you do not write down your expenses daily, you will forget many of them and will not be able to get full deduction credit for them. Next, if you are ever audited by the IRS, you will need to produce a *daily expense record* in addition to receipts as proof.

Look over your *weekly expense record* to see if you are on budget. Be stingy with yourself; save your money for important clients and plan your calls geographically to save gas, for example. Even if your station or system lets you use some of its trade deals with local restaurants, treat these trade deals as though they were cash and do not waste lunches on friends or other salespeople. Finally, take prospects and customers to lunch and dinner at nice restaurants. It is better to invest your expense money in fewer but more memorable lunches and dinners.

If your station or system reimburses you for all or part of your expenses, keep the same accurate weekly records as you would if it were your own money, and submit your expense accounts weekly. The longer you wait to fill out your expense reports and turn them in, the more interest-free money you will be lending to your company. It is best to handle your expenses in cash rather than on credit cards, unless you have two credit cards—one for business and one for personal use. If you have just one credit card that charges interest on unpaid balances and you put business expenses on it, you will invariably wind up paying interest on business expenses.

Another tip based on the author's personal experience: Don't get in the habit of taking cash advances from your company to finance your expenses. You'll probably regret it. You will more than likely spend the cash not only on business expenses but also on other things, too, unless you can possibly remember to keep your own money in one pocket and the business's in another pocket, then when you go to bed you put the money from one pocket on the left-hand side of the dresser . . . forget it. Do not take cash advances for expenses or you will find yourself paying back money to the company for which you cannot account—a painful experience.

Time Management

The other resource you must control is your *time*. Time is a saleperson's most important resource, even more important than money, because you must have time to make the calls and presentations that result in sales.

It is easy for salespeople to find a million excuses to have coffee with acquaintances at the station/system, to linger longer than is necessary with friendly customers, or to knock off early to get back to the station/system to do some paperwork. After several days of rejections without getting an order, it is a natural tendency to want to hang around the office and not to go out and face prospects and more possible rejections. But remember:

no opportunities, no sales; no objections, no sales; no rejections, no sales. You must organize your days and weeks and months to take advantage of every minute of the work day. You must manage your time to maximize face-to-face contacts with prospects and customers.

The first element in time management is to *develop the proper attitude* about it. Just as you must learn to control and manage your attitudes, emotions, and money, you must learn to manage your time. Restructure your thinking so that you see time as an opportunity to gain a competitive edge. Time is a finite, nonexpandable resource of which everyone has exactly the same amount. Every salesperson on your staff and on every sales staff in every station or system has a maximum of twenty-four hours every day, not a millisecond more or less, so no one has an edge in the amount of time available to use. You create your competitive edge by how well you manage the time available to you.

Because time is finite and ticks at the same rate for everyone, when you say to yourself something like, "I didn't make that call on Coca-Cola today because I didn't have enough time," stop and think how illogical you are being. There cannot be "enough" or "too much" time—everyone has the same amount. The problem is not that there is not enough time, the problem is that you did not manage the finite amount of time available to you effectively. Furthermore, once time passes by, it is irreplaceable—it cannot be saved, made up, or overspent. Time can only be *used* or *wasted.*

The first step in managing your time is to calculate how much your time is worth to you. As we did at the beginning of this chapter, figure out what you want to make in a year, and then break that amount down into weekly, daily, and hourly amounts. Put a note with the hourly figure (like "$28 per hour") in plain view at your office desk so you can see it daily, particularly when you are on the phone, to serve as a reminder of how much it costs you each hour you spend in the office not making calls.

The second step in managing your time is to keep a minute-by-minute log of everything you do for three days. Keep a pad of paper with you at all times for these three days and write down absolutely everything that you do. It is imperative that the time log be complete and accurate. The reason to keep a time log is that we all have awful perceptions about how we spend our time. Things that we like doing seem to go fast, and things that we dislike doing seem to go slowly, so we invariably misjudge how much time we spend on each type of task. It is impossible to estimate how much time you spend on each activity in your daily routine, so you must write it down. If you are to manage your time, you must first know how you spend it, and the time log is the only tool to use for this.

Your time log should have five columns and should look something like the example in Exhibit 14-5.

When you have finished your time log, analyze it to see if you are doing the right things. Fill in the "Improvement" column on your time log after you have asked yourself the following questions:

1 Are you doing the right things at the right time? Did you do things you did not need to do? Could they have been done outside the office?

2 What could be done better, faster, simpler, in less detail?

Exhibit 14-5 Sample Time Log

Time	*Activity*	*Time used*	*Priority*	*Improvement*
8:00	Read paper	20	3	Could read at home
8:20	Got coffee	10	3	Bring it with me
8:30	Planned day	15	1	Do night before
8:45	Did paperwork	30	1	Do in evening
9:15	Drive to call	15	1	Start earlier
9:30	Called on Coca-Cola	30	1	

3 What interrupted you? How often, how long, and how important were the interruptions? How long did it take you to recover and get back on track?

4 What contacts did you make with others? How important were the people? Were the communications important? How long did they take?

Most time logs reveal that interruptions are the biggest time wasters, and that the biggest source of interruptions is ourselves. We interrupt ourselves because we allow our attention to wander, we want to be friendly, we need to socialize, and we tend to place a low value on our own time. Analyze your time log carefully (you should do a time log every six months), and then use the following tips to help you manage your time more efficiently:

Time Management Tips Here is a list of tips to help you manage your time:

1 ***Do one thing until it is finished.*** We should place a high value on our own time, our most important resource. One of the most important lessons you can learn about time management is to do one task at a time and not to leave it until you are finished. Concentrate and do not interrupt yourself; do not get up and sharpen your pencils, go for coffee, talk to your buddy at the next desk, etc. If you possibly can, when someone interrupts you, tell them you will get back to them in a few minutes when you are finished with what you are doing. If you are interrupted by someone you can't put off, make sure you go back to the task you were working on. Go back, and back, and back until you finish it.

2 ***Use "chunking."*** Set aside large chunks of time in which to do your non-selling tasks, preparations, and follow-ups. Part of the trick to sticking to a task until it is finished and not going on to another one is to *plan your time efficiently*. It is very inefficient to stop and start tasks. It takes you a few minutes to get mentally prepared, organized, and into the task you are doing; for example, you sharpen pencils, arrange the stapler, rearrange your desktop, find paper clips, think about how to start, think about how to begin, and think about how to commence. If you are interrupted, you have to begin the mental process all over again, and that wastes time. A job that takes fifteen minutes to do working straight through without interruptions will take

half an hour if you are interrupted three or four times while you are working. Thus, it is vital that you plan your time so that when you have tasks that take large blocks of time (fifteen minutes or more), you set aside chunks of time to do these tasks during parts of the day when you are least likely to be interrupted.

For example, if you have to complete the paperwork on several orders, estimate how long this task will take you (say, half an hour) and set time apart in tomorrow's plan for half an hour of uninterrupted time. Before or after normal office hours is best for paperwork—you should be calling on customers between 9:00 A.M. and 5:00 P.M. Most salespeople find they can maximize their selling time by doing their paperwork and writing presentations at home at night or in the morning before they get into the office, and by planning for large chunks of continuous time in which to do their work.

3 ***Write everything down.*** Use those pads on your desktop; never trust your memory for anything. Write down everything you have to do. Write down the important details of every conversation you have with a client. At the end of the day (at home is best) you can look over those pads and transfer the notes on things to do onto a *to do list* (more about these later); you can transfer the notes on accounts onto your account cards or put them into the account's file folder, if the notes are extensive and important for future reference. Taking good notes is a major time-saving device because you know where to go to find information and you will not have to rack your brain to remember things.

4 ***Plan every hour of your work day.*** In no area of selling is self-discipline more important than in planning your time. You must plan every hour of your working day, every week, every month, and every year. Time management experts estimate that every hour you spend in planning saves you three or four hours in execution. By failing to plan, you plan to fail. Do your daily plan for the next day during the late afternoon or evening before, or in the early morning of that day. Indecision and procrastination are huge time wasters. The best way to overcome a natural tendency to be indecisive about what to do, and to avoid procrastinating about doing it, is to plan carefully every hour of your day and then to work this plan unrelentingly.

5 ***Set priorities for everything.*** When you make a plan, put a priority on everything according to its importance. As Peter Drucker said in his book *The Effective Executive*, "do first things first and second things not at all."

Set priorities on the basis of the 20/80 principle, which holds that 20 percent of all salespeople get 80 percent of the revenue, that 20 percent of all beer drinkers drink 80 percent of the beer, or that 20 percent of all advertisers do 80 percent of a station's or system's billing, etc. In time management, this means that 20 percent of your activity will produce 80 percent of your results. Set priorities to concentrate on that 20 percent of your clients that will produce 80 percent of your billing, and on that 20 percent of your activities that will produce 80 percent of your results.

6 ***Set a deadline on everything.*** When you make your daily, weekly, and monthly plan, you must put a deadline on every task (you probably remember the importance of deadlined goals from Chapter 4). Unless you have a deadline, your tasks are

unmeasurable intentions instead of measurable goals. The classic example of an indefinite, unmeasurable, and useless goal is the use of the phrase "as soon as possible." "As soon as possible" may mean the next hour, the next day, or the next week depending on who defines what is possible and whose priorities are being used. Plans and "to do" lists are virtually worthless unless they contain specific deadlines for each activity.

7 ***Do not attempt to do too much.*** We all tend to be unrealistic about how much we can get done; we tend to be optimistic. By now you know Murphy's first law; Murphy's second law is "everything takes more time than you think." Salespeople are especially optimistic by nature and by overall outlook, which is good for most things. However, this tendency can work against salespeople when they are planning their time; not only does overplanning mean that they will not get some things done, but it also means that they are apt to get discouraged and depressed about how much they are not getting done.

Just as you must control your customers' expectations of the success of your medium, you must control your own expectations about how much you can get done so you will not feel unsuccessful. When you hear people say, "I never have enough time, and I'm always behind," it probably means that their expectations for what they can get done are too high. This condition can lead to stress and low self-confidence, which can be disastrous. As in any goal-setting situation, you want to set moderately difficult but achievable task-completion goals to give yourself a sense of success and confidence when they are achieved.

8 ***Be flexible.*** Another tip based on goal-setting theory is that your task-completion goals and daily schedules must be flexible. Unforeseen opportunities will always occur, so you must keep your plans flexible. One way to build in flexibility is not to over-schedule your time so that, in a sense, you are planning for interruptions and a little serendipity. If you have established your priorities properly, you will set four or five top-priority tasks and five or six second-level priority items to be done in a day; therefore, if a top-priority item comes along unexpectedly, you can move second-priority items to the next day.

9 ***Bunch your tasks.*** Consolidate your tasks so that you schedule a group of similar things together to be done at the same time. For instance, you might set aside 4:45 to 5:30 P.M. to return phone calls, or set aside 7:45 to 8:30 A.M. on another day to get some reports and paperwork out of the way. You can bunch service calls by making six or seven in-and-out calls in a morning, or you can bunch calls by geographic area. Always be on the lookout for efficient ways to bunch your activities and tasks.

10 ***Remember Parkinson's Law:*** "Work expands so as to fill the time available for its completion," Economics Professor C. Northcote Parkinson noted while observing large bureaucratic organizations in which everyone seemed busy but little was getting accomplished.[1] In other words, if there were seven people in a bureaucratic

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[1]C. Northcote Parkinson, *Parkinson's Law* (New York: Ballantine Books, 1957), p. 15.

organization and the work that had to be done would normally occupy one person, the seven people would find ways to keep busy by inventing systems, controls, hierarchies, and paperwork.

Applying this principle to individual time planning reveals that it is temptingly easy for a salesperson to keep busy and to fill time. You can find a thousand tasks that have to be done in the office on a rainy day. The colder it is outside, the longer each written presentation becomes and the more time in the office it takes to write them. The problem is not filling time or doing things, but doing the *right* things. When you make your daily plan and write down things to do, ask yourself, "Does this *have* to get done?" Be ruthless with yourself and eliminate all frivolous time wasters. Ask yourself, "How much money am I making by doing this?"

If you use this cost-benefit analysis technique in planning your time, when you come to items like dropping by to see a friend or taking time off to pick up tickets for next Saturday's football game, you will know what the costs are and will be able to make an informed decision. By the way, workoholics often do not get a lot accomplished; they are dedicated to being busy, and so they tend to invent activity to fill time. Plan your time so that you work smart and get the right things done. If you manage your time properly, you can normally get your work done in ten hours each day and have plenty of time to be a well-rounded person and devote time to community service and to your family or other interests.

11 ***Focus on results, not activity.*** Too many sales planning and reporting systems focus on activity, not on *results*. For example, a reporting system that only keeps track of how many calls a salesperson makes focuses on activity, not results. Your job is creating customers, and the outcome of creating customers is getting orders. Thus, you must focus on getting the right orders (maximizing revenue) from the right customers (the 20 percent of the people who spend 80 percent of the money and who pay their bills).

An effective work planning and control system must include all of the selling elements that lead up to results, not just one or two activity elements. (Later in this chapter we will look at a planning and control system that focuses on results and discuss how to analyze the system entries to help you improve your performance.) Some station/system sales managers still insist that salespeople fill out activity-oriented reports, such as daily or weekly call reports. It is counter-productive to argue or to try to teach them how it should be done by saying, "Charles Warner says in his book that activity-focused call reports are useless." Do not tempt fate or jeopardize your account list; keep quiet, and fill out the reports neatly and turn them in on time—two critically important factors for those who use call reports. However, make sure you keep you own results-oriented system like the one we will recommend shortly.

"To Do" Lists

"To do" lists that contain a large number of things you intend to accomplish are virtually useless unless they are ordered for priority and deadlined. For "to do" lists to be useful, they must be part of a time management system that begins with yearly and monthly goals

and they must be updated on a weekly and daily basis accordingly.

There are many reasons why long, unorganized "to do" lists do not work. First, they are usually compiled by adding items to the bottom of the list as they occur to a person, and they are not ordered according to priority. To make matters worse, most people cross off items on the list as they do them, thus making the list hard to read and even more disorganized. Second, when people look at a "to do" list, the longer it is, the more they get discouraged, so they play little unconscious tricks on themselves. To make themselves feel better and more successful, they choose a number of minor list items that they can accomplish in a hurry and for which they can give themselves feedback for achievement. People also tend to select from their "to do" list the easiest or the most fun things to do. Picking the smallest, easiest, and most enjoyable tasks may satisfy our personal, short-term needs for achievement, but they are really excuses to procrastinate and put off the harder, more important tasks. These types of rationalizations disregard priorities and thus are self-defeating for the accomplishment of long-term goals.

Exhibits 14-6 and 14-7 show examples of a combined goal-setting and time management system that includes daily "to do" lists. When you make up your daily list, be tough on yourself. Do the hardest things first if you can. If you have several top-priority calls to make during the day, begin with the most difficult ones and save the easiest ones for late in the day. If you do the task that is most fun last and reward yourself, you will have something pleasant to look forward to.

Priorities should be set on a one, two, or three basis. If you have anything less than a three, you should not be doing it. Your *yearly and monthly goals* should be worked out with your sales manager so you are on the same wave length with the same expectations. In the "Do in the month of" and "Do in the week of" columns in Exhibit 14-6, enter your deadlines for accomplishing your goals. The follow-up columns are for keeping track of the dates on which you worked on these goals. You should do your yearly goals at the beginning of each year, and then do three monthly goal plans. At the end of each month, enter the follow-up date on the yearly plan and update your monthly plan for the next month, filling in the follow-up dates in advance to help you with your weekly plan.

Do your *weekly planning guide* (Exhibit 14-7) at the end of each week for the coming week—don't wait until Monday morning. After looking at your monthly planning guide, pre-plan each day of the week, and fill out your *daily planning guide* for Monday. Then before each subsequent day, do a daily plan and stick to it.

You may have more yearly, monthly, and weekly goals than the ten indicated in the example. This is fine, but do not let the lists get too long or you will discourage yourself. Focus on a few really important goals. By the same token, your daily "to do" list may contain more than a dozen items, but if you have many more, you are not only apt to get discouraged, but you are also not allowing for the inevitable interruptions.

Use your daily "to do" lists to keep a record of the calls you make. Check off all the calls you have completed and write in the ones you have made that were not pre-planned. Retain these records for analysis at the end of each month. You must keep accurate records of your calls to make a meaningful evaluation of your performance.

Exhibit 14-6 Yearly and Monthly Planning Guides

YEARLY PLANNING GUIDE

PRIORITY	YEARLY GOALS YEAR:	DO IN MONTH OF	DATE OF FOLLOW-UP			
	1. Raise yearly billings from $360,000 to $415,000					
	2. Improve closing skills-raise av. from 25% to 33%					
	3. Improve packaging-Go for 4 weeks, 30% share					
	4. Spend more time on class A + B accounts - 80%					
	5. Target for bigger orders-up 20% from $3500 to $4200					
	6. Get the Mall as a regular advertiser	by 3/15				
	7. Get J.C. Penny as a regular advertiser	by 4/1				
	8. Get Jones Cadillac as a regular advertiser	by 5/1				
	9. Get 20% more money from Davis Toyota	by 6/15				
	10. Get 25% more money from Coca-Cola	by 2/1				

MONTHLY PLANNING GUIDE

PRIORITY	MONTHLY GOALS MONTH:	DO IN WEEK OF	DATE OF FOLLOW-UP			
	1. Write J.C. Penny presentation	3/1				
	2. Set up J.C. Penny breakfast meeting	3/16				
	3. Work out with PD details of Coca-Cola promotion	3/8				
	4. Write Coca-Cola presentation	3/16				
	5. Take Jones to Basketball game	3/23				
	6. Make newscast presentation to Davis Toyota	3/23				
	7. Collect from Sub Shop, Jones Motors, others	3/1				
	8. Follow-up on Men's Shop promotion	3/8				
	9.					
	10.					

Exhibit 14-7 Weekly Planning Guide and Daily Plan

WEEKLY PLANNING GUIDE

PRIORITIES	WEEKLY GOALS WEEK 3/23	MON	TUES	WED	THURS	FRI
3	1. Get B'ball game tix	X				
3	2. Jones to B'ball game					X
1	3. Make Davis Toyota appt.	X				
1	4. Davis Toyota presentation			X		
2	5. Follow-up Men's Shop		X			
2	6. See the Mall		X			
1	7. Write Jackson presentation				X	
2	8. Write J.C. Penny follow-up letter	X		X		
3	9. Make Coca-Cola appt.				X	
2	10. Collect Jones Motors					

DAILY PLAN

PRIORITIES	TO DO MON 3/23	DEADLINE
1	1. Make Davis Toyota appointment	10:00 AM
3	2. Get B'ball tix	10:30
2	3. See Mary Smith at Media Shop	10:45
2	4. See Clothes Barn - copy suggestion	11:00
3	5. See Colin Ford - cold call	11:30
2	6. Write J.C. Penny follow-up letter	12:20
LUNCH:	Bill Jackson at Le Escargot	12:30 PM
1	7. See Pepsi-Cola - drop off schedules	2:00 PM
2	8. See Compton's	2:20
3	9. Collect Sam's Diner	2:45
1	10. See Computerland - qualify	3:00
1	11. See Surrey Furniture - presentation	3:45
1	12. Tonight: write Jackson presentation	

EVALUATE

If you want to create more customers next month than you did last month, you are going to have to improve your performance. Three elements are necessary to improve your sales performance: performance goals, performance measurements, and performance evaluations. We have already given you a system for setting yearly, monthly, and weekly goals. The next elements in the improvement formula are *measurements* and *evaluations*.

Performance Measurements

Even though your commissions and billing are certainly important measures of your performance, they are not the only ones (as we discussed in a previous chapter), and not the most helpful ones on which to focus. You must focus on the step-by-step activities that lead up to creating customers and getting orders, for it is only by analyzing each incremental element that you can identify and correct problems. The *improvement activities chart* in Exhibit 14-8 shows the various elements you should measure and evaluate monthly, the opportunities these variables offer for improvement, and the skills necessary for improvement to occur.

Administration means carrying out the systems you have set up for yourself. It is in the area of administration that many salespeople let down, and all of their organizing then becomes worthless because it is not kept current.

Exhibits 14-9 and 14-10 show examples of an *activity analysis form* that you should use each month to analyze your sales efforts and that should serve as the basis for the improvement plan you incorporate into the goals for the following month. Two examples are presented to give you an idea of how different types of account lists might affect the various elements. The activity analysis will vary considerably according to the type of list (agency or retail), the type of ratings (Nielsen or Arbitron), the type of schedule evaluation (CPM or results), the size of the market, and the season of the year. The activity analysis form is meant to be filled out on the basis of a standard broadcast month (a four-week month or a five-week month) rather than a calendar month, which has an average of 4.3 weeks.

The *account activity forms* should be filled out monthly and, if possible, they should be compared to the activity of other salespeople. Some sales managers might help you with your analysis and give you valuable insight into some of the elements, but others won't take the time. The systems presented here are quite detailed and sophisticated, and many stations or systems will not require that you fill out anything similar to these forms. Therefore, the responsibility for administering these systems is entirely yours—but then the increased commissions you earn from your improved performance will be entirely yours also.

Exhibit 14-11 shows a *calls-billing ratio analysis* that should be done monthly, and Exhibit 14-12 shows a *time log analysis* that should be completed every time you do a time log (minimum every six months). The calls-billing ratio analysis shows you how many contacts it takes you to get an order from an account and the size of each order. From

Exhibit 14-8 Improvement Opportunities Chart

Performance Measures		*Opportunities for Improvement*	*Skills and Attitudes to Concentrate On*
Average order size:	$3,000	Bigger orders	Building relations Qualifying Targeting Closing Negotiations Confidence
Number of orders	5	More orders	Prospecting Qualifying Closing
Average length of orders	4 wks	Longer schedules	Negotiating Packaging Building relationships
Average number of spots per order	30	More spots per order	Packaging Negotiating Building relationships
Average rate	$100	Higher rates	Confidence Building relationships Negotiating Packaging Stressing quality
Average share of budget per order	33%	Higher share	Building relationships Negotiating Packaging Closing Writing presentations
Average number of calls per week	20	More calls	Prospecting Planning Organizing
Average number of appointments per week	10	More appointments	Prospecting Qualifying Overcoming objections
Calls-appointments ratio	50%	Better ratio	Approaching Overcoming objections
Average number of presentations per week	10	More presentations	Qualifying Overcoming objections
Closing ratio (orders-presentations ratio)	50%	Better ratio	Closing Building relationships Qualifying Writing presentations

ACTIVITY ANALYSIS

SALESPERSON: WARNER

MONTH: March

AV. # SPOTS: 35

ACCOUNTS: 7

AV. RATE: $50 per spot

ORDERS: 10

AV. SHARE: 20%

AV. ORDER: $3500 weekly

TOTAL BUSINESS WRITTEN: $30,000 (AV. ORDER x # OF ORDERS x AV. # OF WEEKS)

AV. LENGTH: 2 weeks

	CALLS	SUCCESS RATIO	APPOINT-MENTS	SUCCESS RATIO	PRESENT-ATIONS	CLOSING RATIO	TOTAL SALES CONTACTS	TOTAL SERVICE CONTACTS	TOTAL CONTACTS
MONTH MARCH:	120	66%	80	50%	40	25%	240	60	300
AVERAGE WEEK:	30	66%	20	50%	10		60	15	75
AVERAGE DAY:	6	66%	4	50%	2		12	3	15

TACTICS FOR IMPROVEMENT: Calls-to-appointments ratio is good, but both appointments-to-presentations ratio and closing ratio seem weak. Concentrate on improving qualifying + closing skills so I can see more of the right people and close them better. Rates are good and order size is adequate for the market. Concentrate on packaging to get longer orders. Number of spots is good, but could be better. Concentrate on building rapport and a strong relationship with clients to get them to buy for longer periods of time – tell them they will benefit from better service and much better scheduling if they buy for more weeks. Try to get closing ratio up to 33%.

Exhibit 14-10 Activity Analysis

ACTIVITY ANALYSIS

SALESPERSON: JONES

MONTH: March

#ACCOUNTS: 12

ORDERS: 20

AV. ORDER: $1500 weekly

AV. LENGTH: 1 week

AV. # SPOTS: 30

AV. RATE: $50 per spot

AV. SHARE: 10%

TOTAL BUSINESS WRITTEN: $30,000 (AV. ORDER x # OF ORDERS x AV. # OF WEEKS)

	CALLS	SUCCESS RATIO	APPOINT-MENTS	SUCCESS RATIO	PRESENT-ATIONS	CLOSING RATIO	TOTAL SALES CONTACTS	TOTAL SERVICE CONTACTS	TOTAL CONTACTS
MONTH MARCH:	40	82.5%	33	75.8%	25	80%	98	102	200
AVERAGE WEEK:	10	82.5%	8.25	75.8%	6.25	80%	24.5	25.5	50
AVERAGE DAY:	2	82.5%	1.65	75.8%	1.25	80%	4.9	5.1	10

TACTICS FOR IMPROVEMENT: Success ratio is good for appointments and presentations because my list is all advertising agencies. Closing ratio is good. I must improve my targeting and packaging to get bigger orders and for more weeks (hard to control, but can be improved). Rates are good but share-of-business is low. By improving packaging, closing, and building relationships I must target getting a minimum of 15% share of business. Furthermore, I must prospect more inside my agencies to develop more opportunities.

this analysis, you should be able to see if you are spending 80 percent of your time on the 20 percent of the accounts that give you 80 percent of your billing. You can also see if you are making too many calls on a Class B account or too few calls on an important Class A account. In addition, this analysis should help you keep on track concerning the proportion of time you have determined you want to spend on prospecting, qualifying, researching and targeting, presenting, and servicing.

The *time log analysis* that you complete every six months when you fill out a time log will help show you how much time you are spending on each step of selling and on each class of account. From this analysis, combined with your activity analysis, you can determine if you want to change the percentage of time spent on each step and on each class of account.

Is All This Necessary?

You may ask yourself whether or not you really have to go through these measurements and evaluations. The answer is, of course, no—you don't *have* to. You might be able to improve your performance without it. If you are doing well and writing lots of orders, you may feel you don't need help. However, when things are going well, you often might not know why you are being successful. It is wise to keep records so you can compare your good streaks to your slumps.

By constant analysis and through detailed improvement plans, champion athletes are able to lift their performance; champion salespeople are no different. But remember from the previous chapter that sports performance is more dependent on natural talent than is sales performance. Thus in sports, a talented hitter might be able to raise his performance by 15 percent from .280 to .322, or by 25 percent to a league-leading .350, by improving his techniques. However, a weak .230-hitter may have an impossible time trying to improve his performance 15-percent.

On the other hand, virtually any salesperson can reasonably expect to improve his or her performance by at least 15 and perhaps 25 percent over the course of a year by using these time and activities management systems. If you could improve your performance by 25 percent each year for three years, you could virtually *double* your income.

By administering these systems you will be objective about your performance, something few salespeople are, and the system will help you make a thorough statistical analysis of your sales activities. Administering these systems takes about two or three hours at the end of each month, which seems well worth the potential results. Your performance should improve slowly but steadily and you could become a top-billing professional. At least 80 percent of all broadcasting and cable salespeople do not perform this type of detailed measurement and evaluation each month, but they do only 20 percent of the billing. Good luck on becoming one of the few who manage their time well, who analyze their performance regularly, and who are invariably among the 20 percent who bring home 80 percent of the bacon.

Exhibit 14-11 Monthly Calls-Billing Ratio Analysis

ACCOUNT	NO. OF CONTACTS	CLASS OF ACCOUNT	BUSINESS WRITTEN	TACTICS FOR IMPROVEMENT
Sears	3	A +	$5000	OK
Men's Shop	1	B-	300	OK. Set up yearly promotion schedule for larger orders.
Pepsi Cola	1	A +	4000	See them more often – under-servicing. Work out promotion.
Sub Shop	5	B-	250	Forget this guy – too much effort, too little money, slow pay also.
Clothes Barn	2	B	600	OK, but get them on more of a regular schedule to reduce calls.
J. C. Penny	3	A -	—	OK – keep after them; they'll pay off with big orders.
The Mall	4	A +	—	Too many calls. Cut back – try to arrange major presentation at monthly meeting of merchants.
Davis Toyota	2	A	750	OK. Keep calling on him regularly, he likes it – try to get bigger orders. Sell him a newscast.

Exhibit 14-12 Time Log Analysis

ACTIVITY	% OF CALLS	TIME SPENT	% OF TOTAL TIME	TACTICS FOR IMPROVEMENT
Prospecting	40%	14 hrs.	16.5%	Spending too much time. Do more servicing.
Qualifying	26.7%	16 hrs.	19%	Cut down a little, to 15% if possible.
Researching + Targeting		15 hrs.	17.6%	Work more at home.
Presenting	13.3%	30 hrs.	35%	Increase number of presentations. Work on qualifying skills to pull up success ratio.
Servicing	20%	10 hrs.	11.8%	Spend more time servicing. Goal is 20%.
Total		85 hrs.		Do a time log to see where time goes; not spending enough time in front of clients.
Av. hours weekly		21.25		

CLASS OF ACCOUNT	% OF CALLS	TIME SPENT	% OF TOTAL TIME	TACTICS FOR IMPROVEMENT
Class A	26.7%	40 hrs.	50%	Spend more time on Class A accounts – make more in-depth presentations.
Class B	38.3%	25 hrs.	29.4%	
Class C	35%	20 hrs.	23.5%	Spend less time, fewer calls on Class C accounts.

SUMMARY

Unless you plan, organize, administer, control, and evaluate your sales efforts, your goals are merely intentions. This chapter has proposed a twelve-step system for achievement:

1 Yearly income goals broken down by month, week, day, and hour (Exhibit 14-2).

2 An organized office and desk.

3 An organized briefcase.

4 An account information file system using five-by-eight-inch index cards (Exhibits 14-3 and 14-4).

5 Weekly expense reports, for station/system or for yourself.

6 Twice-a-year time logs (Exhibit 14-5).

7 Time log analyses (Exhibit 14-12).

8 Yearly and monthly planning guides (Exhibit 14-6).

9 Weekly planning guides and daily "to do" lists (Exhibit 14-7).

10 Monthly activity analyses (Exhibits 14-9 and 14-10).

11 Monthly calls-billing ratio analyses (Exhibit 14-11).

12 Improvement opportunities evaluations (Exhibit 14-8) to be implemented by means of the monthly planning guide.

It is each salesperson's responsibility to organize and administer his or her own system, because veteran salespeople and sales managers are often preoccupied with other priorities and cannot be counted on for help. However, if you are self-disciplined and persistent, you have a good chance of becoming one of the champion 20 percent of the salespeople who do 80 percent of the billing in the industry.

TEST YOURSELF

1 What is the first step in getting organized?

2 What are some of the things you should organize?

3 What are the two most important things for a salesperson to control?

4 Which time management tips do you think will help you the most?

5 What are some things to remember about "to do" lists?

6 When you evaluate your sales effort, on what should you focus?

7 How often should you complete a time log analysis?

PROJECTS

1 Write an outline of all the things you want to get done next month, then order these items according to priority on a one, two, or three basis and set deadlines for them.

2 Prepare a daily planning guide for what you will do tomorrow, complete with priorities and deadlines.

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Chapter 15
The Future of Broadcast and Cable Selling

Throughout this book we've explored the SKOAPP system of selling. You should now have a good start on the skills and knowledge you need. You should be aware of how to create opportunities for sales. You know the importance of a positive attitude and an organized preparation, and you should realize the value of persistence. The needs-satisfaction approach helps you to focus your sales efforts appropriately on your customers.

Before we end, let's take a look at the future of broadcast and cable selling and how to find a place in that future.

It is folly to try to predict what will happen in the future in any business, especially in a business that changes as rapidly as does broadcasting and cable. However, some judgments can be made about what might happen in the future if some current trends continue. These trends could affect broadcast and cable selling, what kinds of jobs might be available, and what employers might look for when they hire people in the future.

TRENDS AND PREDICTIONS

First, there is clearly a trend toward more segmentation in marketing in general and in broadcasting and cable in particular. In a sense, the mass media are becoming less mass. Advertisers are looking for more narrowly defined market niches, and they will subsequently look for media with more narrowly defined appeal. The media are responding by focusing on more narrow target audiences.

This trend bodes well for radio, cable, and other media that are more targeted and segmented in their appeal. For example, magazines, the most targeted of all the mass media, are healthier than ever before. Radio, particularly network radio, another highly demographically targeted medium, has shown substantial growth in the last few years, culminating in the fourth quarter of 1984 when the growth in radio revenues over the previous year topped similar revenue growth of television.

Cable and radio advertising should continue to grow well, and without interfering with each other. A recent study done for Group W by Bruskin and Associates indicated that radio would be the least affected of all the media by cable's projected growth. In fact, many media experts see a strong chance of the rediscovery of radio by advertisers because of its unique ability to reach working women and people in $30,000+-income households where television penetration is weakest.

Even though the trend is up for the narrowcasting media of cable and radio, this does not mean that the advertising trend is down for television. Television is still and will continue to be the dominant national advertising medium, even though its growth may not be as explosive in the next five years as it has been in the last twenty years. Local television revenues are expected to grow faster than are network television revenues, which are being eroded by cable viewing and by viewing of independent television stations.

Not only will television grow along with the country's population growth, but it will continue to increase its prices. One knowledgeable prognosticator, Ed Kiernan of Dow Chemical, predicts that television will double its Cost-Per-Thousand base between 1980 and 1990, and double it again between 1990 and 2000. This prediction is made on the assumption that marketers of mass consumer goods will continue to find television the most effective medium, and that they will absorb the rate increases.

Thus, all advertising media will continue to prosper as marketers seek access to new audiences, both narrowly defined ones and huge, mass ones; however, in the future advertisers will use more complex media-mix strategies to achieve their advertising goals. One medium alone will no longer be able to give them the combination of reach and frequency they will need to compete effectively.

The increase in the number of media available and in the number of media used by advertisers will mean an ever more complicated selling environment, and the pressure on buyers will intensify. Salespeople will become more important as buyers seek advice and reassurance from salespeople they trust. Salespeople will have to be proficient in processing and selling with numbers, ratings, and marketing information. This increased complexity will bring about a need for wider use of computers to deal with the heavier information processing load. Salespeople who learn to use personal computers and some of the more widely used word processing, data base management, spread sheet, and graphics programs will have an advantage in this environment, and they will be able to tailor their presentations using these tools.

Both Nielsen and Arbitron have announced the availability of new ratings technology that will allow them to tie in television ratings with product purchase decisions. The CBS Television Network sales staff has recently made presentations to agencies urging them to weigh their buys according to available product and service consumption data in addition to using CPM evaluations. As more descriptive statistics become available, agencies will not necessarily continue to rely only on these quantitative measures. As media choices expand and as narrow target audiences become more important to evaluate, qualitative measures will increase in importance.

Salespeople will have to deal with the creative, qualitative side of the business; they must be able to sell programming as well as numbers to advertisers. There is a trend toward advertisers wanting programming that will attract a specific demographic audience, regardless of the controversial nature of the programming. A study by the Opinion Research Corporation determined that television viewers tend not to associate controversial programming with the advertisers in the programs. Even those viewers who are sensitive to controversial programming material do not necessarily take action against advertisers to express their beliefs.[1]

This trend will mean that television networks and local stations will take more chances in programming to appeal to younger, better-educated, urban, upscale audiences—the kind of audiences that *Hill Street Blues* and *Cheers* on NBC have appealed to. Salespeople must learn to sell the qualitative values of this new, bolder programming.

Another area where creativity will be more important is with commercials. Advertisers and their agencies will place greater emphasis on the creativity of commercials for several reasons, including the *increased clutter* on television and the problem of *zapping* (commercial skipping) on Video Cassette Recorders (VCRs). Increased clutter will happen as the networks add more commercial avails to their schedules and are forced to allow advertisers to run fifteen-second commercials. Some industry pundits predict that by 1990 the standard unit of sale on television will no longer be the thirty-second spot, but rather the fifteen-second spot; this will mean that there will be potentially twice as many commercials on television as there are now. Salespeople are certainly going to be a vital ingredient in the media marketing mix to keep track of all those spots, to say nothing of selling them.

Salespeople must respond to the increased clutter in television as the fifteen-second spot becomes more prominent and, in radio, as the use of thirty-second spots increases. They must learn to emphasize qualitative factors such as the overall selling environment of programs or stations, the emotional impact of programming, and the attention-grabbing nature of certain types of programs or stations.

Zapping comes about when people who watch or videotape programs use a remote pause button to turn down the sound, to stop the tape during commercials, or to fast-forward when replaying taped programs. Most industry experts agree that the negative effects of zapping are neutralized by the added exposure commercial programs get when people tape them for future viewing, a practice that is referred to as *time shifting*. Due to the potential for zapping, advertisers now place more emphasis on producing commercials that have high impact and that are memorable; advertisers want their commercials to be so arresting that people will not zap them.

[1]"The Controversy Over Quality in Television Programming: What Does the Public See?" *Opinion Resezrch Corporation Marketing Index*, Vol. 3, No. 1, February 1983.

Current estimates predict that by 1990 55 percent of the homes in the country will have at least one VCR, a higher penetration level than cable television will have. The incredible explosion of VCR sales, rivaling the sales of television sets in the early 1950s, has surpassed even the most optimistic early projections. VCRs give people more control over programming choices than do cable or television; some observers have called this power "sovereignty over text." Even with the pay cable movie channels repeating movies ten or twelve times a month at different times, many people prefer to rent a tape of a movie for one or two dollars and watch it at home exactly when they want to. The growth of tape rentals has undoubtedly hurt the growth of HBO and other pay cable movie and entertainment services.

This slowing of cable growth will mean that cable penetration will have a difficult time reaching the 60-percent level the industry earlier predicted. If cable fails to reach a 60-percent penetration level, it will have difficulty attracting the huge-event programs with pay-per-view (PPV) offers. This means that such events as the Super Bowl and the World Series are likely to stay with regular television, and that radio and television will continue to have these programs and their adjacencies to sell.

On the other hand, if the slowing of both basic and pay cable growth continues, while there might not be Super Bowl spots for cable salespeople to sell, there might be movies to sell. In one interesting scenario for HBO, if its growth slows enough and people begin disconnecting instead of standing for price increases, HBO might offer two services, one at a higher price without commercials and one at a lower price with a limited number of commercials. If HBO and the other pay channels were to open up their programming for commercials, this would mean an increase in valuable avails for cable salespeople.

Another factor that might hurt the growth of cable and help over-the-air television is the new technology that will improve television picture quality dramatically. Soon all television network programming will be delivered to stations by satellites. Satellites transmit a higher-quality picture than do microwave relays and the resultant improved home reception will be especially noticeable in some smaller markets. Furthermore, within the next ten years new digital technology will allow the doubling of lines in a television picture and result in the removal of all ghosts and noise elements, such as cross color effects and line flicker. These picture quality improvements could well slow the growth of cable even further, to the point of making cable unnecessary for excellent picture reception in many areas where cable is now necessary.

What these trends mean for selling in the future is that salespeople will have to be more versatile and better trained than ever before. They will not only have to be proficient with numbers, but also with the qualitative aspects of programming and promotion. The proliferation of both targeted and mass media choices for advertisers will mean that clients and agencies will need more intensified servicing and reassuring.

The techniques and methods you have learned as part of the needs-satisfaction approach should give you an added advantage in meeting the changes of the future. Here are some specific ways to do this:

1 Needs-satisfaction requires you to pay attention to customers' needs and how their needs change. This can help you to see trends in buying as they develop.

2 When you research ways to match your customers' needs, you keep informed about

how your medium and competing media operate. You are less likely to wind up selling outmoded packages or making worn-out sales pitches.

3 The needs-satisfaction approach can be used when you carry on your job search, allowing you to match your own skills, strengths, and goals with the needs of prospective employers.

4 By researching the needs of prospective and current employers, you can present better your case for being hired or promoted to higher-paying positions.

New Media

Teletext is one-way cable communication to homes whereby the homes can have control over pages, or screens, of material. Transmitted teletext material has consisted of the Yellow Pages, classified ads, weather reports, traffic information, and stock market quotations. Teletext requires a separate telephone connection, a cable connection, or a decoder that translates information from the Vertical Blanking Interval (VBI) on a regular television picture into the teletext information.

So far teletext technological experts have not been able to come up with an economical home decoder that would encourage people to use teletext. Teletext also has not attracted many viewers—people are simply not enthralled with reading their television sets. Teletext does not have a promising future. Several teletext projects have been cancelled by major companies, and very few other companies are waiting in line to get into the business.

Videotext is more promising. It is a two-way communication facility that employs a telephone line or two-way cable hookup into homes and provides people with access to huge computerized data bases. Videotext requires some sort of home computer and a TV set or monitor from which people can dial up home shopping, banking, games, and vast data bases for a monthly fee in the neighborhood of twenty-five dollars. CBS, IBM, and Sears have entered into a joint videotext venture called Trintex. With these business giants behind it, videotext might get off the ground and become a viable medium. Information sent to homes might contain advertising messages and therefore a potential for sales opportunities exists.

Direct Broadcast Satellites (DBS) are doubtful for a mass market in the future. The high cost per home and the limited number of channels that would be available on satellites severely limit DBS's growth potential. CBS dropped its DBS venture in 1984.

Low-power television (LPTV) stations are UHF stations with a limited range of fifteen to twenty miles; they have been authorized by the FCC to serve local area interests. LPTV stations hold little commercial promise because they will unlikely be able to compete financially with regular television for programming and will not be able to attract a large enough audience to sustain themselves beyond a bare subsistence level—a poor prospect for potential salespeople.

Women and Minorities

The Radio Advertising Bureau has predicted that by 1990 50 percent of all account executives, co-op coordinators, and retail, national, and general sales managers in radio will be women. More and more radio and television stations find that the majority of their sales staffs are women, and the trend has every indication of continuing. The future for women in broadcast and cable selling is excellent.

Minorities, too, will find broadcasting and cable fertile ground for job prospecting. Not only are stations and systems constantly on the lookout for minorities to hire in sales to comply with FCC-mandated Equal Employment Opportunity (EEO) guidelines, but more ethnic stations on the air will be looking for trained salespeople. The black and Hispanic percentages of the country's population are growing faster than the population is as a whole; therefore, these minority segments, reachable through specially targeted media, will become more important for advertisers to reach.

GETTING A JOB

Many of the trends mentioned above will not only affect the way in which media are sold, but they will also affect how and where to look for a job. In the past, the standard career path for salespeople was to start in a small market and work up over a period of years to larger markets. However, this process is no longer necessary. Because of the trends mentioned above, stations in large markets will often hire inexperienced salespeople in co-op or retail development jobs. Many major-market stations will even hire well-trained people right out of college.

Whether you decide to start in a small or large market has more to do with where you want to live and with your own degree of confidence, sophistication, and preparation than with the selling demands in a large market—perhaps with the exception of New York, Los Angeles, or Chicago, which are still fairly difficult (although not impossible) for inexperienced salespeople to break into.

Another trend you should be aware of is that stations in markets of all sizes want salespeople who will concentrate on selling. Production and commercial-writing skills are less important now than they were in the past. Stations want their salespeople out selling, not in the office writing commercials. Most radio stations either employ full-time production people to produce commercials or they have announcers who are temporarily off the air to do commercial production. Also, in both large and small markets there is a trend for more and more advertising to be handled by agencies. This trend also means that salespeople must concern themselves more with ratings and less with copywriting than in the past.

Radio

The outlook for getting jobs in radio sales is quite promising. Radio stations are generally adding people to their sales staffs for several reasons. First, advertisers and agencies are demanding more detailed information and more service than ever before. As the average length of schedules shrinks from eight to six to four weeks, salespeople are required to do more work; they have to make twice as many submissions for four-week schedules as they did for eight-week schedules for the same amount of billing. Second, stations realize that they must aggressively seek new advertisers to replace the ones they lose every year.

It seems that too often an advertiser becomes successful as a result of advertising on radio and then decides to move on to the glamour of television. Also, as media choices proliferate—more area shoppers, promotional items, city magazines, cable, UHF independent TV stations, and more FM stations—radio faces a more difficult competitive battle than ever before, which means more salespeople will be hired. Also, many radio stations are installing co-op departments or hiring separate retail sales specialists.

FM stations will continue to increase their listenership at the expense of AM music stations, and AM stereo will not have a major impact in slowing down the continued shift to the FM band for music listening. The AM stations that will remain competitive in the ratings are those that concentrate on news and talk.

Television

Television stations have been emphasizing more retail selling and co-op orientation than in the past; this trend bodes well for salespeople just starting out, since stations are more likely to hire inexperienced people for these jobs than for handling established agency lists. Even though television audience shares are eroding and many advertisers will be looking for more narrowly targeted media, television will still be the medium of choice for mass-market advertisers. Television stations will continue to pay well for salespeople who can get good shares of advertisers' budgets and who can develop new business.

Television stations, especially those in larger markets, are generally reluctant to hire inexperienced salespeople; so if you want a television sales job, you have several career-path alternatives. First, you can begin in an advertising agency in the media department as a buyer or assistant buyer. Being a buyer is an excellent way to learn about the media, particularly if you want to move into sales in a major market. Another path is to get a job in research or sales service in a TV station or with a national sales representative firm. Working in the traffic department of a television station is one of the best training grounds for future television salespeople. Research jobs are also excellent starting places; a fast and accurate facility with numbers is a big help in selling television.

Do not overlook PBS stations. The cost squeeze and reduced government funding is affecting public stations, and many observers believe it is just a matter of time until they begin accepting some type of commercials. If they do change their commercial policies, they will need salespeople to sell advertisers their desirable upscale audience.

Television network selling will continue to be the big leagues of selling; a very successful track record of selling for a network-owned and operated television station or for one of the network's owned reps will still be one of the best avenues into the network jobs. The other two paths are to work up to a top network buyer position at an agency, or to work up through the ranks of a network itself through research or sales service.

Cable

The future picture for advertising sales opportunities in cable is somewhat cloudy, although generally favorable. First, more and more cable systems will decide to sell advertising, so there will be many opportunities at local systems. The growth in cable acceptance will not be as fast as the expansion of different systems resulting in larger sales staffs. Cable will continue to be a difficult developmental sale that will compete more for radio budgets than for the much larger mass-market television budgets. Also, cable has not yet developed a tradition of remunerating salespeople at substantial levels. Thus, cable systems must usually look for inexperienced people to staff their sales departments. This means that you are more likely to get a job right out of college in cable than in any other type of television selling. Cable is an excellent training ground for television selling; if you can make it in the tough competitive environment of selling cable, you stand a good chance of making it elsewhere.

If HBO and the other pay services open up for commercials, cable salespeople will have a greater sales and income potential, so keep your eyes open to see if this possibility comes about.

Cable networks will not expand as fast as will local system selling, if at all, so opportunities to sell for them will be limited to experienced people.

Reps

Although the top television and radio representative companies such as Katz, Blair, the network-owned reps, Telerep, and Eastman usually do not hire inexperienced salespeople in their New York, Chicago, Detroit, or Los Angeles offices, there are opportunities for people right out of college with some of the smaller reps and sometimes in regional offices of some of the medium-sized reps. The larger reps have opportunities in research, sales service, and in sales assistant positions. Sales assistants perform essentially clerical and office functions, but many top rep salespeople have started this way and it is an excellent way to learn the business.

Barter Syndication

Barter syndication in radio and television, similar to selling for a major rep, is growing every year; do not overlook it when trying to find a job. A good place to start in barter syndication is in research, as it is with a rep, station, or network.

How to Go About Getting a Job

First, get two conservative, dark suits—one for the first interview and one for the second. This goes for both men and women. Even if you get a job in a smaller market or in a more casual Sunbelt market, you will need at least one constructive suit to show prospective employers that you are serious about getting a job and that you can dress formally when the situation calls for it. If you want to know how to dress, visit an IBM product center and dress the way the IBM salespeople do. You may not consider yourself to be a fashion plate, but, more important, you won't offend anyone and you will look serious and businesslike. You can express your creativity *after* you are hired, when you will be able to observe the local norms for appropriate dressing.

Next, have an error-free résumé printed, not merely typed. A sample résumé is shown in Exhibit 15-1; use the format shown, not a fancy, frilly one. Having an error-free,

Exhibit 15-1 Sample Résumé

CHRIS W. DOE

19009 Lakefront Street
San Francisco, CA 94199
(415)999-2999

Birthdate:	April 7, 1959
Marital Status:	Single
Career Goal:	Sales position in major market radio station with career advancement potential.
Education:	1973-1977: New Trier High School, Winnetka, Ill.
	Graduated 1977
	1977-1981: New England College, Henniker, N.H.
	Graduated 1981, BA in English
	1983-1984: San Francisco State University
	MBA program in School of Business Administration
Job Experience:	1977-1981 (Summers) Tom Chase Roofers
	Began as carpenter and roofing apprentice and worked up to being foreman and highest paid employee. Left to make more money to continue my education.
	1981-1983: Fishing Vessel, "Little Infant"
	Commercial fisherman; Gerald Costa, Captain
	After only six months I was awarded a full share of the profits due to my hard work and positive attitude. Earnings averaged $1900 per 7-day trip; highest earning boat in the fleet.
References:	On request.

printed, straightforward résumé is like a man wearing a tie to an initial interview—having one will not help you get a job, but not having one can hurt you. Résumés are vastly overrated as aids in job seeking. In fact, résumés can be quite harmful when applicants submit poorly formatted or sloppy ones, or when they use résumés as introductions.

Next, when you begin to look for a job, target a geographic area where you want to live. It is usually wise to pick a growth area and one that is not primarily a resort or retirement area. Resorts tend to attract people who will work at low wages just to remain in the area, and the business in resort areas is usually quite seasonal.

If you target a geographic area, then you can narrow down the cities in which you would like to work. It is easier to make plans to go to the area to seek a job by prospecting geographically; travel is expensive and you want to stretch your travel dollars as far as you can.

Next, target a medium in which you would like to work. Radio sales jobs are almost always available in smaller markets. If you want to wind up in a large market, consider seeking a job in smaller towns or suburban areas near the major market of your choice. Try a large market if you have confidence in your ability and if you think you will feel comfortable in a big city; you have little to lose. If you cannot find what you want in a major market, look in smaller nearby markets.

It is a waste of time to send out résumés attached to a blanket "Dear Sir" cover letter. When you seek a job by mail, write a specific letter to the person who will be doing the hiring. In the letter, tell the person why you want to work for his or her station/system and what you have to offer. Use the needs-satisfaction approach: Do some research on the station or system and be specific about what you can do for them; it may be something like, "I will provide you with the opportunity to train a salesperson from the ground up, to hire someone who has learned no bad habits at another station." Attach a résumé to the letter, and in the letter tell the person you will call on a certain date; then follow up when you say you will. Be very persistent in your follow-up.

When looking for a job in a radio or television station, go to the one with the sales manager with the best reputation. Ask around, talk to salespeople at different stations, and ask who they think is the best sales manager in town. It is surprisingly easy to get through to talk to salespeople and to ask their advice on how to go about looking for a job. Try to meet with them face-to-face if you can. Next, try to apply to the top-rated station; its rates are highest and its salespeople are typically the highest paid. Group-owned stations should take precedence over nongroup-owned ones; the chance for advancement is greater with large groups.

Finally, when you are interviewing, make questions about salary and benefits the last on your list, and ask about compensation only if the interviewer fails to mention it. Sales managers want to hire people who are looking for opportunities, not guaranteed incomes. Learning and growth opportunities should be first on your list.

Looking for a job in cable is fairly easy since there is usually only one cable system or interconnect in each city. If you are interested in cable, you might want to contact the chief advertising sales executive in the home office of the larger MSOs (Multiple Systems Operators) that sell advertising: TCI, ATC, Group W, Cox, and Viacom, for example.

If you look for a job with a national sales representative, start with the New York office, as the people there will direct you to regional offices that have openings. Rep selling is demanding but satisfying; you will get a gratifying sense of accomplishment when you achieve peer-group recognition among professional media salespeople.

If you want a job in television in a large market, you would be well-advised to start at an agency in media or in research, or in the research or sales service of a TV station in a top market, rather than beginning in a small market. It is often difficult to make the transition from the pace and style of a small market to the highly competitive, dynamic atmosphere in top markets.

SUMMARY

Sales is still the best and quickest route to management in the broadcast business (not necessarily in the cable business, however, because they have not been at it that long). The reason selling is excellent training ground for management is that: (1) in selling you learn skills to deal with people—you learn what good managers must learn, how to get results through other people; (2) you are engaged in an activity for which the results are measurable; and (3) successful selling requires that you become goal-oriented, like successful managers must be.

In recent years in television, news directors and programming people have been moving into station general management jobs with a regularity that almost rivals that of salespeople being promoted. Winning at a local television station means winning the news battle; winning at a local radio station means winning the programming battle. Therefore, if salespeople are to continue to lead the way into station management jobs they must be experts in news, programming, and promotion as well as expert salespeople.

One of the reasons salespeople have not done as well recently as they once did in moving up into higher management is that too often salespeople take a narrow, or micro, sales-oriented point of view. Such a view puts a sale ahead of what might be good in the long run for a station. Salespeople must develop a broader, or macro, point of view that encompasses all of the functional elements of a station—programming, news, promotion, finance, operations, legal aspects, regulations, and community service. One promising element of working in sales is that it is probably easier to learn about all of the functional areas of the business by working the sales department than it is by working in any other department.

Furthermore, selling is an intrinsically rewarding job. The position usually involves a great deal of autonomy and creativity, you get immediate and constant feedback on how you are doing, and you have an interesting variety in the people and businesses you call on.

Finally, selling is not easy. It is a challenging and competitive occupation. If you make it, you will have an exhilarating sense of pride and accomplishment. You will be a winner, and there is nothing more fun than winning because it is an affirmation that you have become the best you can be.

TEST YOURSELF

1 What probable effect will the continued trend toward market segmentation have on television, on radio, and on cable?

2 Are salespeople likely to become more or less important in the future? Why?

3 Will advertisers shy away from controversial television programs in the future?

4 What effect might VCRs have on the level of commercial creativity?

5 What effect could the growth of VCRs have on cable?

6 What are the future job prospects for women and minorities in broadcasting and cable?

7 What has been and will probably continue to be the best career path into management in the past and in the future? Why?

REFERENCES

"Controversial Programming." *Variety*, 14 September 1984.

"Hugh Beville, Jr. on the Future." *TV/Radio Age*, 11 June 1984 and 9 July 1984.

"One Buyer's Viewpoint." *TV/Radio Age*, 17 September, 1984.

"Robert Coen Predicts." *Broadcasting*, 4 July 1984.

Appendixes

Appendix A
Sample Presentations

1 Example of a Radio Station Presentation

2 Examples of Two Modular Presentations
   a Target Your Radio Money . . .
   b Frequency Is the Key . . .

3 Example of a Generic Retail Presentation

4 The Frequency Grid

5 Prototype of a Vendor Co-op Package
   a A Sample Store Marketing Brochure . . .
   b A Sample Store Promotional Flyer . . .
   c Two Sample Vendor Proposals
   d A Sample TV Schedule . . .
   e A Sample Vendor Contract

1/EXAMPLE OF A RADIO STATION PRESENTATION

A

SPECIAL

WMAQ RADIO

PRESENTATION

FOR

RALPH DE VINE

FROM

AD-COMM ADVERTISING AGENCY

FOR YOUR CLIENT:

JACK O'DONNELL CHEVROLET

Presented by: Barbara Hewlett
Account Executive
WMAQ Radio
Phone: (312) 861-8720
4/30/79

TABLE OF CONTENTS

1. Purpose
2. Qualitative statistics relative to the automotive industry and WMAQ's listener.
3. WMAQ's primary audience in relation to Jack O'Donnell Chevrolet.
4. Newspaper Efficiency
5. W. R. Simmons Commercial Recall Study
6. A partial list of current automotive clients
7. Summary
8. Plans
9. Conclusion
10. Who is Daniel Starch?

1

The purpose of this presentation

will be to show why WMAQ Radio

should be used as an advertising

medium by Jack O'Donnell Chevrolet.

2

Spring is a strategic time for
car owners to trade in their
weather-beaten cars, after this
harsh winter, for new ones.

The new car market is booming
and WMAQ can help you beat the
competition!

3

Reprinted with permission of WMAQ Radio.

MODERN COUNTRY MUSIC RADIO LISTENERS
ARE A HIGHLY CAR-ORIENTED AUDIENCE;
THEY ARE PEOPLE ON THE GO . . .

MAKING THEM A PRIORITY TARGET FOR
AUTO ADVERTISERS OF A WIDE VARIETY
OF AUTO MAKES, MODELS, PARTS AND
PRODUCTS.

4

COUNTRY MUSIC IN CHICAGO IS #1

REACHING THOSE ADULTS WHO PURCHASE AUTOMOBILES!

ALL ADULTS	AUTOMOBILES BOUGHT IN PAST 12 MONTHS (AVG 100)
Progressive Rock	147
Top Hits	102
Golden Oldies	101
Popular Current Hits	74
Soft Music	144
Classical & Semi-Classical	77
Country Music	(189) #1 (89% above average!)
Talk	129
News	95
Sports	106

SOURCE: Major Market Index 1977

5

WMAQ IS THE

TOP STATION

TO USE

IN REACHING

AUTO

DECISION MAKING

ADULTS ! ! !

6

WMAQ APPEALS TO ADULTS OF ALL AGES

	ADULTS 18-34	RANK	ADULTS 18-49	RANK	ADULTS 25-49	RANK
MON-FRI						
6-10 AM	67,300	2	122,000	2	102,200	2
10AM-3PM	58,300	1	97,100	1	78,400	1
3PM-7PM	53,100	2	95,900	1	76,400	1
7PM-12M	33,000	1	50,500	1	41,800	1
SATURDAY						
6-10 AM	57,300	2	104,700	1	90,700	1
10AM-3PM	93,100	1	153,300	1	128,500	1
3PM-7PM	42,800	2	88,900	1	79,000	1
SUNDAY						
10AM-3PM	41,600	2	63,500	2	51,400	1
3PM-7PM	28,800	1	53,100	1	43,200	1
MON-SUN						
6AM-12M	48,700	2	84,100	1	69,300	1

SOURCE: Arbitron January 1979 - Total Survey Area - Average Quarter Hour

7

METRO RANKINGS - ADULTS 25-49

TOP 5 STATIONS

ARBITRON - JANUARY 1979

METRO ADULTS 25-29

	WMAQ	WBBM	WGN	WLOO	WLS
MON-FRI 6AM-12M	34,000(2)	23,300(5)	43,100(1)	25,700(3)	25,700(3)
MON-FRI 6-10AM	59,300(2)	43,300(4)	123,900(1)	30,100(5)	53,100(3)
MON-FRI 10AM-3PM	40,700(2)	22,800(6)	36,200(4)	42,700(1)	22,600(7)
MON-FRI 3-7PM	35,200(2)	25,200(5)	43,700(1)	26,500(4)	26,900(3)
MON-FRI 7PM-12M	14,000(2)	12,900(3)	9,800(6)	11,300(5)	11,500(4)

AVERAGE 1/4 HOUR

8

WMAQ

RADIO

REACHES MEN...

WHO PURCHASE 75%

OF ALL

NEW CARS ! ! !

9

WMAQ RANKS FIRST OR SECOND ACROSS THE BOARD
AMONG METRO MEN

AMBITRON-JANUARY 1979

	METRO MEN 18-49	RANK	METRO MEN 25-49	RANK	METRO MEN 25-54	RANK
MON-FRI 6-10AM	35,600	2	33,000	2	34,900	2
MON-FRI 10AM-3PM	25,300	1	21,100	1	23,800	2
MON-FRI 3-7PM	23,000	1	21,200	1	22,400	2
SATURDAY 6-10AM	28,700	1	26,500	1	28,600	2
SATURDAY 10AM-3PM	35,300	1	31,600	1	33,600	1
MON-SUN 6AM-12M	20,900	1	18,700	1	20,200	2

10

IN ADDITION...

YOUR MESSAGE ON WMAQ
WILL STAND YOU APART
FROM THE COMPETITION.

NEWSPAPER ADS OFTEN LOOK
ALIKE...

YET...

11

In many people's eyes, newspaper advertising has done the job in the past and will continue to be effective in the future. Without question, newspapers belong in many advertisers' total media mix. However, newspaper rates have been rising very quickly in recent years without any increase in circulation.

The following newspaper research will give us a much clearer picture of newspaper strengths and weaknesses. Also, for most advertisers, the combination of newspaper and radio works much more effectively than newspaper alone.

Let's begin by analyzing research data measuring readership of advertisements, not circulation...

12

In Any Season...

- An average 200-line ad is read by 7% of the readers and not read by 93%.
- An average 800-line ad is read by 8% of the readers and not read by 92%.
- An average 1600-line ad is read by 11% of the readers and not read by 89%.

To a large extent, newspapers sell advertising on the basis of their circulation. Now, although newspapers sell their circulation...this is not what the advertiser gets...<u>the advertiser gets the number of people who actually read the ad as indicated by the above figures.</u>

Source: Daniel Starch, Inc. (3 year compilation studies of 8,482 newspaper ads.)

13

Doubling, tripling...or even quadrupling ad size does not "BUY BACK" the missing readership the advertiser is paying for.

Based on the Starch readership findings, this is what happens to ad readership when ad size <u>AND COST</u>, is substantially increased...

SOURCE: Daniel Starch, Inc. (3 year compilation studies of 8,482 newspaper ads.)

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	Readership Increase	Space/Cost Increase	Reach Improvement
200 to 800 lines	7 to 8%	+300%	only +14%
800 to 1600 lines:	8 to 11%	+100%	only +38%
200 to 1600 lines	7 to 11%	+700%	only +57%

Starch averages for auto dealer display ads show that many don't read them. The results are broken down into two categories.

15

AUTO DEALER DISPLAY ADS: STARCH READERSHIP SCORES

AUTOMOBILES/DEALERS	WOMEN		MEN	
	NOTED	READ MOST	NOTED	READ MOST
1 page or larger	19%	6%	36%	13%
3/4-1 page	8%	4%	19%	8%
1/2-3/4 page	19%	5%	33%	10%
1/4-1/2 page	9%	4%	21%	10%
1/8-1/4 page	8%	3%	22%	9%
Under 1/8 page	6%	2%	18%	6%
All Ads	8%	3%	19%	7%

LET'S TAKE A CLOSER LOOK AT THE TERMINOLOGY.

NOTED: IS THE % OF READERS OF THE PARTICULAR ISSUE WHO REMEMBER, WHEN INTERVIEWED, THAT THEY HAVE SEEN THE PARTICULAR AD.

READ MOST: % OF READERS WHO READ 50% OR MORE OF THE WRITTEN MATERIAL IN THE AD.

SOURCE: DANIEL STARCH, INC. (3 YEAR COMPILATION OF STUDIES OF 8,482 NEWSPAPER ADS.)

RADIO ADVERTISING BUREAU

16

AS YOU CAN SEE, THE DOLLARS SPENT TO ENLARGE THE AVERAGE NEWSPAPER AD ARE NOT VERY EFFICIENT. HOWEVER, BY INCLUDING RADIO IN YOUR ADVERTISING PROGRAM, YOU'LL BE ABLE TO BROADEN YOUR ADVERTISING BASE AND REACH MORE CUSTOMERS, WITHOUT INCREASING YOUR TOTAL AD BUDGET!

THIS IS CALLED . . .

17

S Y N E R G I S M

The Random House Dictionary of the English Language defines SYNERGISM as:

> "The joint action of agents which when used together, increase each other's effectiveness."

They compliment each other and thereby bring about a greater result.

THUS: By replacing merely a portion of your print dollars with RADIO dollars, you will not only equal your present reach, but INCREASE it . . . S U B S T A N T I A L L Y !

18

This special analysis was tabulated to determine the effect of a radio and newspaper mix in advertising. For the same budget, radio was substituted for varying dollar expenditures.

(ADULT MEN 18+)

Weekly Budget Radio	Newspaper	Reach	Average Frequency	Gross Impressions
$ 0	$ 10,000	18.0%	1.1	1,115,800
2,600	7,400	28.3%	1.6	2,726,900
7,400	2,600	38.1%	2.2	5,122,700
10,000	0	45.6%	2.7	7,484,300

(ADULT WOMEN 18+)

Weekly Budget Radio	Newspaper	Reach	Average Frequency	Gross Impressions
$ 0	$ 10,000	19.0%	1.1	1,308,600
2,600	7,400	29.8%	2.0	3,996,200
7,400	2,600	50.1%	2.8	9,669,500
10,000	0	54.1%	3.4	12,337,100

SOURCE: Daniel Starch, Inc. (3 year compilation of studies of 8,482 Newspaper Ads.)

19

WHO IS DANIEL STARCH AND ASSOCIATES?

Daniel Starch and Staff has been conducting readership studies since 1923, and is considered to be THE authority on newspaper and magazine readership by the print media.

In a typical year, Daniel Starch and Staff will interview over 100,000 people, study over 75,000 advertisements from 1,000 different issues of over 100 different publications.

Starch readership studies employ the "Recognition" method, a procedure proven to be valid for measuring the readership of newspapers and magazines over the past four decades. The methodology for these was designed by Starch...not by the broadcasters.

20

FURTHERMORE...

WMAQ provides the correct environment for your commercial message.

When your message is heard on WMAQ...it will...very importantly ...be remembered!

A look at the W. R. Simmons "Commercial Impact Study" reveals that...

21

WMAQ GENERATES RESPONSE!

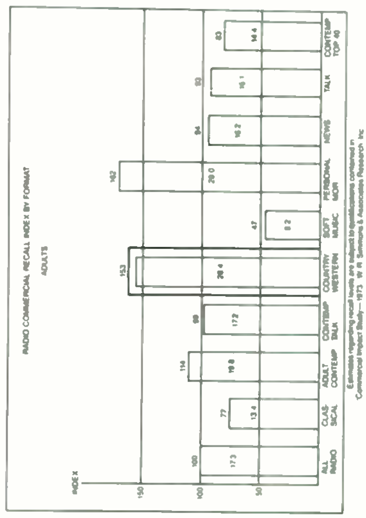
The "Commercial Impact Study" was conducted by the W. R. Simmons & Associates Research firm to determine how well each of the radio formats generate recall (remembrance) of commercials in the minds of the listeners. In other words, this study answers the question, "How well does a person remember my ad on this radio station?"

No matter how many people are "listening" to a radio station, it does you no good as the advertiser if they don't remember your ad. People remember your commercials on WMAQ Country Music Radio and that generates response. That response makes sales for Jack O'Donnell Chevrolet.

In Summation:

Recalled Message = Awareness = Traffic = S A L E S !

22



23

WMAQ RADIO'S LISTENING AUDIENCE

RECALLS ADVERTISING MESSAGES...

- 53% BETTER THAN ALL RADIO AVERAGE
- 226% BETTER THAN WLOO, WLAK AND WAIT
- 84% BETTER THAN WLS, WDAI, WMET, WKQX, WBBM-FM, WFYR AND WLUP
- 55% BETTER THAN WGN
- 63% BETTER THAN WBBM AND WIND
- 34% BETTER THAN WCLR AND WCFL

SOURCE: W. R. Simmons & Associates Research, Inc.

24

WHY ARE AUTOMOTIVE DEALERS USING WMAQ RADIO?

IT WORKS!

IT BRINGS RESULTS...A BOOMING INCREASE IN CUSTOMERS!

A PARTIAL LIST OF OUR AUTOMOTIVE DEALER CUSTOMERS FOLLOWS. . .

25

PLAN II

68 60-SECOND ADS TO RUN DURING THE MONTH OF MAY ON WEDNESDAY, THURSDAY AND FRIDAY.

68 60-SECOND ADS	7PM-12MID WEDNESDAY, THURSDAY, FRIDAY
TOTAL FOUR-WEEK COST	$4,080

TOTAL IMPRESSIONS-ADULTS 18+ - 2,101,200
CPM = $1.94

TOTAL IMPRESSIONS-ADULTS 25-49 - 952,000
CPM = $4.28

PLEASE NOTE:

WE WILL HAVE WHITE SOX BASEBALL ON SOME OF THESE NIGHTS, SO A SPOT MAY GET BUMPED.
WE WILL "MAKEGOOD" WITH EQUAL OR BETTER TIME PERIODS.

SOURCE: JAN. 1979 ARB-METRO

26

IN SUMMARY...

I. FOR APPROXIMATELY THE SAME BUDGET, RADIO IS MUCH MORE EFFECTIVE THAN NEWSPAPER. IT REACHES A GREATER PERCENTAGE OF THE MARKET, DELIVERS MANY MORE GROSS IMPRESSIONS, AND AT A MUCH LOWER COST PER THOUSAND.

II. EVEN THOUGH NEWSPAPERS SELL CIRCULATION, THE MAJORITY OF READERS DO NOT READ THE ADS IN NEWSPAPERS.

III. MODERN COUNTRY MUSIC FORMAT LISTENERS RECALL COMMERCIALS MUCH BETTER THAN ALL OTHER FORMAT LISTENERS. (SIMMONS)

IV. WMAQ, IN THE MORE RECENT RATING PERIOD, IS UNQUESTIONABLY ONE OF THE TOP METRO STATIONS ACCORDING TO ARB IN DELIVERING YOUR DEMO TARGETS.

V. WMAQ ALLOWS FLEXIBILITY IN SCHEDULING AND OFFERS DIFFERENT MEANS IN WHICH TO PRESENT YOUR MESSAGE.

THOSE ARE...

27

A PARTIAL LIST OF CURRENT AUTOMOTIVE CLIENTS OF WMAQ RADIO:

Al Piemonte Ford
Fanning Cadillac
Hertz Corporation
Long Chevrolet
International Harvester
Liberty Buick
Weil Oldsmobile
LaGrange Chrysler
Dave Corey Ford
Jeep Dealers
Elmhurst Lincoln/Mercury
C. James Pontiac

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PLAN I

36 60-second Ads to run during Month of May on Wednesday, Thursday and Friday

8 60-second ads	6am-10am
6 60-second ads	3pm-7pm
12 60-second ads	10pm-3pm
10 60-second ads	7pm-12mid

Total Four Week Cost -- $4,120

Total Impressions - Adults 18+ - 2,511,400
CPM = $1.65

Total Impressions Adults 25-49 - 1,581,000
CPM = $2.60

Source: Jan. 1979 ARB-Metro

29

WMAQ

PROPOSES

THE

FOLLOWING

CUSTOMER BUILDING PLAN

TO RUN

A TOTAL OF

FOUR WEEKS IN MAY...

30

WMAQ PROPOSES THE FOLLOWING
4 WEEK CUSTOMER BUILDING PACKAGES

The following packages include the spectacular WMAQ Event Day. WMAQ will deliver:

1. The Q-Truck for 2 hours.
2. One on-air two-hour personality appearance at the automotive dealership.
3. Prizes such as albums, T-shirts and puzzles.
4. A grand prize to be given away at the end of the appearance through a drawing.
5. Poster to use at the dealership for the four weeks to advertise the coming event.
6. Three of your scheduled commercials from your four-week plan to be used as remote phone-in commercials at the time of the event, urging the public to come to your showroom!

31

PLAN III

72 60-second Ads to run during the Month of May on Wednesday, Thursday and Friday with a Q-Truck Package

69 60-second Ads 7pm-12mid

3 60-second Ads 10am-3pm

Total four-week cost - - - $4,500

Total Impressions Adults 18+ - 2,384,400
CPM = $1.89

Total Impressions Adults 25-49 - 1,088,100
CPM = $4.13

Please Note: We will have White Sox baseball on some of those nights, so a spot may get bumped. We will "makegood" with equal or better time periods.

Source: Jan. 1979 ARB-Metro

32

PLAN IV

38 60-second Ads to run during the Month of May on Wednesday, Thursday and Friday with a Q-Truck Package

9 60-second Ads 6am-10am

8 60-second Ads 3pm-7pm

12 60-second Ads 10am-3pm

9 60-second ads 7pm-12mid

Total four-week cost - - - $4,500

Total Impressions Adults 18+ - 2,705,400
CPM = $1.66

Total Impressions Adults 25-49 - 1,429,700
CPM = $3.15

Source: Jan. 1979 ARB-Metro

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IN CONCLUSION...

Don't you think that...

Newspaper rates are very <u>high</u> for what they deliver?

A combination of newspaper and radio, rather than total newspaper, would be to an advertiser's advantage?

WE THINK SO !!

WMAQ listeners meet all the criteria to be your potential customers...Reach them effectively and often...Don't let them be sold on some other Auto Dealer's Car!

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2/EXAMPLES OF TWO MODULAR PRESENTATIONS

a Target Your Radio Money . . .
b Frequency Is the Key . . .

a/Target Your Radio Money Where Your Locations Are

If your target audience is middle and upper income adults 18–34, or persons 12+, *and* your locations are in San Francisco. The Quake is a "must buy" radio station. Only five radio stations have a larger 12+ audience in San Francisco—KGO, KCBS, KSOL, KBLX and KDFC.

Also, you cannot cover Santa Clara county adequately with San Francisco AOR stations, *nor* can you cover San Francisco adequately (or any other Bay Area county other than Santa Clara) with San Jose AOR stations. KSJO has 77% of its 12+ audience in Santa Clara county (88% in Santa Clara and San Mateo) and KOME has 53.6% in Santa Clara (70% in Santa Clara and San Mateo).

A large percentage of KRQR's audience (41.5%) is in the northern counties of Marin, Napa, Sonoma and Solano where only 16.9% of the population is, and a small percentage (2.8%) of their audience is in San Francisco. Also, 39.1% of KRQR's 12+ audience is teens.

These facts are detailed in the County-By-County section of the Oct–Dec '82 Birch Quarterly Report. Each station's 12+ audience is broken out by county in the nine-county San Francisco SMSA. Here is some information:

Oct–Dec '82 Birch Quarterly Report
12+ AQH, Total Week

County	*% of Area 12+ Pop.*	*KQAK*	*KMEL*	*KRQR*
Alameda	20.8%	**6000** (28.0%)	5400 (23.2%)	5500 (20.7%)
Contra Costa	12.7%	900 (4.0%)	3100 (13.4%)	**8000** (30.0%)
Marin	4.3%	**3000** (13.4%)	900 (3.9%)	1000 (3.8%)
Napa	2.0%	800 (3.5%)	600 (2.6%)	**2000** (7.5%)
San Francisco	13.2%	**3400** (15.2%)	1600 (6.9%)	700 (2.6%)
San Mateo	11.3%	3600 (16.0%)	**6000** (25.8%)	1900 (7.0%)
Santa Clara	25.1%	1300 (5.8%)	**3800** (16.4%)	600 (2.3%)
Solano	4.5%	2300 (10.3%)	200 (0.8%)	**3300** (12.4%)
Sonoma	6.1%	1000 (4.5%)	1500 (6.5%)	**3400** (12.8%)

b/Frequency Is the Key to Selling Goods and Services

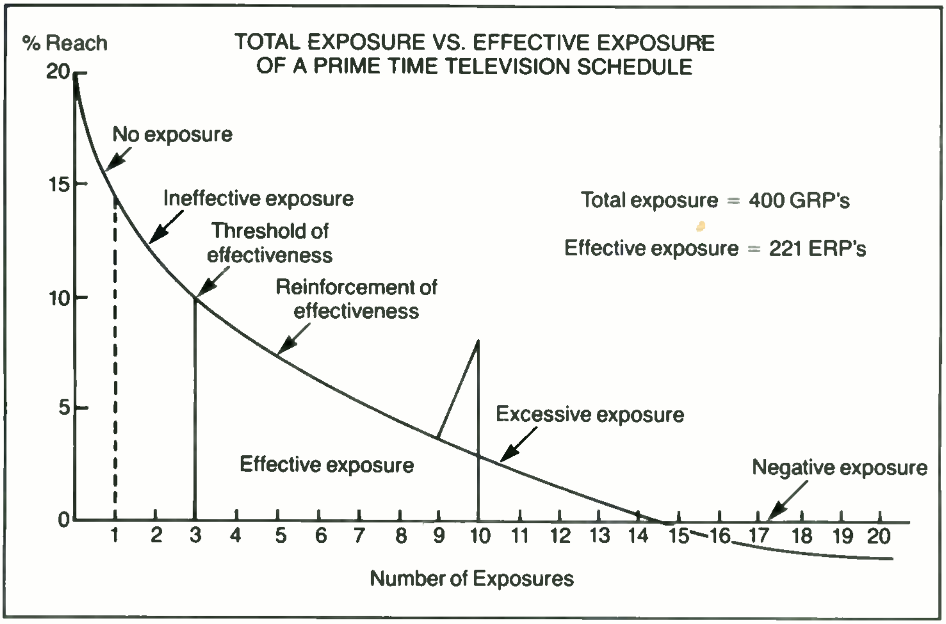
Several recent research books and articles have reinforced what many advertisers have known for years from practical experience—that frequency (repetition) is the key to moving product off the shelves or in lifting brand awareness.

Frequency is defined as the average number of times a person is exposed to an advertiser's message. In a recent *Advertising Age* article, respected media research expert Howard Kamin detailed the results of several media campaigns that initially had goals of high reach and subsequently achieved over 90% reach, but that generated low advertising recall. Kamin said:

> "Perhaps the answer to the syndrome of high media reach and low advertising awareness is that maximizing frequency rather than reach should be the primary goal of media planners. An increasing number of practitioners have concluded that they can plan media more effectively after exploring the concepts of Effective Frequency and Effective Reach."

A recent book published by the Association of National Advertisers, Inc. titled *Effective Frequency: The Relationship Between Frequency and Advertising Effectiveness* analyzes several in-depth research studies and comes to some conclusions that are applicable to all advertisers, particularly to retailers who must get immediate results with their advertising dollars.

The concept of Effective Frequency is best illustrated by the following graph:



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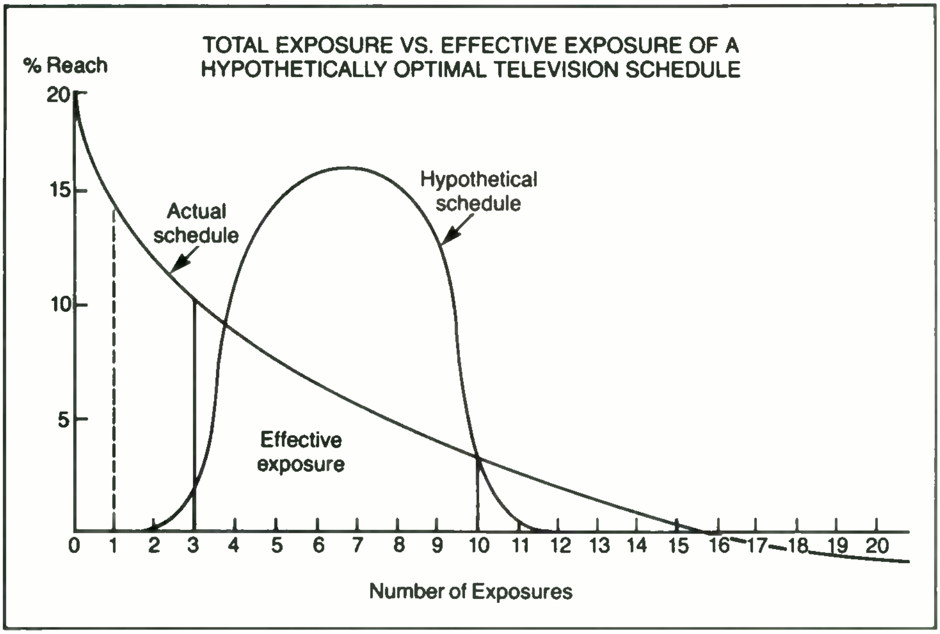
The graph shows that only part of the exposure from an advertising campaign is effective—the part between three and ten exposures. Any reach achieved prior to three exposures is ineffective exposure and any reach achieved after 10 exposures is excessive exposure. After the 15th all exposures are negative. It should be noted that exposures from 11 through 15 are not wasted, it is just that they are superfluous, although they have some value. The law of diminishing returns applies to advertising effectiveness.

The next graph shows the area of Effective Exposure of an optimal broadcast schedule.



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As can be seen, *the most effective level of exposure is seven.* From three to seven, each exposure adds to effectiveness and after seven each one becomes incrementally less effective.

The conclusions and generalizations about Effective Frequency that were summarized in the above-mentioned book are:

—Conclusion #1: One exposure of an advertisement to a target group consumer within a purchase cycle has little or no effect in all but a minority of circumstances.

—Conclusion #2: Since one exposure is usually ineffective, the central goal of productive media planning should be to place emphasis on enhancing frequency rather than reach.

—Conclusion #3: The weight of evidence suggests strongly that an exposure frequency of two within a purchase cycle is an effective level.

—Conclusion #4: By and large, optimal exposure frequency appears to be at least three exposures within a purchase cycle.

—Conclusion #5: Beyond three exposures within a brand purchase cycle, or over a period of four or even eight weeks, increasing frequency continues to build advertising effectiveness at a decreasing rate, but with no evidence of decline.

—Conclusion #6: The frequency-of-exposure data strongly suggests that wear-out is not a function of too much frequency per se. Wear-out is strictly a copy or campaign content problem and frequency alone does not appear to cause declines.

—Conclusion #7: Very large and well-known brands—and/or those with dominant market shares in their categories and dominant shares of category advertising weight—appear to differ markedly in response to frequency of exposure from smaller or more average brands. In general smaller brands will almost always benefit from frequency of exposure, while very large brands may or may not, depending on how close they are to advertising saturation levels.

—Conclusion #8: There is nothing to suggest that frequency response principles or generalizations vary by medium.*

Radio Is the Most Effective Medium for Building Frequency One of the great strengths of radio as an advertising medium is its ability to deliver both reach and frequency. As many people listen to radio in a week as watch television, so it is possible to develop high reach and market penetration by using radio. However, it can get very expensive to build frequency on television. The cost of sufficient repetition of a television commercial to reach the theoretical maximum Effective Frequency level of seven can be prohibitive for most advertisers.

Furthermore, television has a mass audience spread across all age demographics, but weighted more towards 55+, lower socio-economic and ethnic households. For advertisers that have selectively defined demographics such as 18–34, or upper income people, radio becomes an even more effective medium. It is easier to find targeted market segments on individual radio stations than in television or newspapers, thus making radio a more effective medium for reaching specific market segments.

Also, radio's low cost in comparison to television and newspapers makes it a very efficient medium for building frequency. Buying repetition on radio is extremely cost effective.

Radio is your best medium for building Effective Frequency.

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*Conclusions condensed with permission of the Association of National Advertisers. Conclusion #8 was actually #10 in the book *Effective Frequency*, but the other conclusions referred to specific television day-parts and user groups. The book is available to those interested.

3/EXAMPLE OF A GENERIC RETAIL PRESENTATION

If these retailers can make effective use of Radio, you can too:

—Sears, Roebuck

—K Mart

—Saks Fifth Avenue

—Zale's

—Safeway

—Macy's

Here are some of the strategies successful retailers use . . .

Successful Retail Strategies

The decade of the seventies was one of intense competition for retailers. Some saw their businesses grow tremendously, others failed. The survivors and those that showed substantial growth were those that learned to position themselves in the minds of their customers.

The most successful retailers typically use the following strategies to stay on top of the competition:

1 Strong positioning image
2 Event promotion
3 Media vehicle dominance
4 Targeted frequency
5 Creative and production coordination

Here are how those strategies work . . .

Strong Positioning Image

You can buy Jockey underwear briefs at Nieman-Marcus, but the store's image in the minds of most shoppers is that of a Dallas store where fabulously rich Texans spend their oil money on quality merchandise.

When Sears, Roebuck tried to sell fur coats and fine-art paintings, they failed. But they continued to sell more washers, dryers, and tools than ever before—and more than anyone else in the world. They tried to change their positioning and image in order to sell furs and paintings, but they could not; so they went back to concentrating on selling from their strength. Sears successfully sold goods consistent with the image of solid reliability they had built up for years and years.

Retailers must first "know thyself." What are your strengths, benefits, competitive advantages, and unique selling propositions? You must clearly stake out a position and dominate that market position. You must reinforce it with promotion, events, sales, advertising, and, in fact, with all communications in order to influence consumers to shop in your store.

What Store Variables Influence Consumer Decisions?

Consumers select stores in the same sense that they choose products. They feel comfortable in some stores and uncomfortable in others. The decision to trade at a store is usually a decision based on past habits and experience.

Marketing research has shown the following variables to have the most influence on consumer behavior in selecting a store in which to shop. Retailers must select their stores' unique strengths among the following three variables to stress in advertising and promotion:

—*Store location*—Plays a stronger part in the selection of some kind of stores than in others. For example, location is more important to a consumer when selecting a food store than when selecting fashion clothing.

—*Store characteristics*—Store design, merchandise assortment (consumers prefer wide and deep assortments), services, personnel, price, and sales promotion.

—*Store image*—Generally, consumers choose the store whose overall image best fits the image they hold of themselves or that best meets their unconscious needs. Store management has the power to control the image of a store, because they create a store image by changing location, store design and layout, types of displays, merchandise assortments, price ranges, service, personnel, advertising, and sales promotions. The most successful retailers coordinate all of these variables to produce a consistent store image.

Types of Consumers

Retailers must also "know thy customer." Who are your target customers—age, sex, socio-economic status, social class, and lifestyle?

Research has identified four general types of shoppers: economic, personalizing, ethical, and apathetic.

—*Economic Consumers* (Thirty-three percent of shoppers)—These shoppers are extremely sensitive to price, quality, and assortment of merchandise. Personnel are secondary and are judged on efficiency only.

—*Personalized Consumers* (Twenty-eight percent of shoppers)—Personal relationships are of primary importance to these shoppers, more important than price, quality, or assortment.

—*Ethical Consumers* (Eighteen percent of shoppers)—Shopping for these consumers is dominated by what they feel they "ought" to do. These shoppers are willing to sacrifice breadth and price because they want to "help the little guy," or because "the chain store has no heart and soul." They do things because of a sense of commitment or obligation.

—*Apathetic Consumers* (Seventeen percent of shoppers)—Shopping is an onerous task. Convenience is more important than price, quality, assortment, or service. There is no loyalty to stores or to store personnel.

Here are some of the variables that influence the types of shopper people are: whether they are newcomers to the area, whether they are self-confident, and whether they feel successful.

You should *position* your store to the type or types of consumer that your store serves best.

Radio can help you
position your store . . .

Radio Facts

Radio is everywhere.

1 There are 460 million radio sets in the United States

2 Ninety-nine percent of all homes have at least one working radio, with the average home having five

3 Ninety-five percent of all cars are equipped with radio sets

4 Radio reaches eighty-one percent of persons twelve years old or older daily; ninety-five percent weekly

More people spend more time with radio than with newspapers.

1 The average person listens to radio for three hours daily, but spends only thirty minutes with the newspaper

Radio is selective, allowing you to target your commercial to a well-defined segment of your customers.

Radio is cost effective.

1 Radio's costs for reaching one thousand customers have risen just sixty-five percent since 1967, while similar costs for newspapers have jumped a whopping 132 percent in the same period

Radio Facts

Radio allows for fast copy changes and inexpensive production.

1 Just pick up the telephone and call the station with copy insertions or changes

Radio allows many items to be placed in a commercial, just like in print.

Radio is the "Theater of the Mind."

1 You can move the pyramids from Egypt to in front of your store and have listeners "see" them in their minds' eye

Radio can target your advertising dollars to your specific customers.

Radio Facts

Radio reaches upscale males more effectively than other media.

1 Radio reaches ninety-nine percent of upscale males in one week, eighty-six percent daily

2 Radio reaches more upscale males in one day than newspapers do

3 Upscale males spend one hour more listening to radio daily than they do watching television

Radio reaches working women better than any other medium.

1 Ninety-eight percent of working women hear radio in one week

2 Radio reaches more full-time working women in one week than television does, more in one day than newspapers do

Radio reaches the multi-paycheck household.

1 Radio reaches adults in this category, targeting ninety-nine percent of the men and ninety-eight percent of the women weekly

2 Radio reaches more adults in multi-paycheck households in one day than newspapers do

Radio reaches the unmarried market efficiently.

1 Radio reaches ninety-seven percent of unmarried adults weekly, while newspapers reach only ninety percent

2 Unmarried persons spend more time with radio than with television

Event Promotion

Stanley Marcus set Dallas on its ear in the late nineteen-fifties with the fabulous French "Bastille Day" promotion that began a trend of event promotions for retailers.

These events have grown in frequency, importance, and scope since then. Retailers have learned that events create excitement for a store and build the store's image, traffic, sales, and *profits*.

An "event" does not necessarily mean a sale. During the Christmas season in New York Macy's fills its stores with troups of actors, jugglers, jesters, and musicians all dressed up in medieval costumes. As hordes of mothers flock to Macy's with their children for a fun day of shopping, competitors must counter with sales featuring drastically reduced prices and, thus, lower profit margins. Some experts refer to such events used by Macy's and other aggressive merchandisers "retailing as theater."

Consumers are motivated by novelty and variety, too, not just price. Events can build traffic and new customers. No medium can sell events with more excitement, immediacy, and effectiveness than Radio.

Event promotions also offer a unique opportunity for most retailers to introduce new lines of merchandise, to build a wider customer base, or to develop new vendor co-op support.

Sometimes these events are referred to as thematic umbrella events, or promotions, under which a multitude of items can be advertised.

Your Account Executive will be glad to work with you to coordinate a promotion event for you.

Media Vehicle Dominance

Just as you seek dominance in your store category for your store character or for a particular merchandise line, you should also look to create a media dominance in those vehicles you select. You need to get the kind of awareness and impact necessary to penetrate consumer consciousness and overcome advertising overload. To achieve a motivating awareness level, you must dominate over your competitors in the newspaper section, in the shopper, on a television station, on a cable channel, or on a radio station.

Your Account Executive will work with you to help you pinpoint your target customer, then to develop a media plan that will allow you to develop an effective level of media vehicle dominance.

Targeted Frequency

Just as you make media judgments to use quarter-page, half-page, multi-page spreads, or catalogue inserts in a newspaper; you should make the same kinds of decisions for Radio—they are an integral part of your campaign's success.

People learn through repetition of a message. Here's how they react to commercials:

1. The first message may not be noticed by the audience.
2. They may be vaguely aware of the second message.
3. They might catch your name the third time they hear it.
4. They might catch an item the fourth time they hear it.
5. The fifth time they hear it, they might catch the price of an item in which they are interested.
6. After the sixth time, they decide they want to buy the item.
7. After the seventh repetition, they finally go out and buy the item.

Of course, there just might be a few customers who are poised with money in their hands, panting, ready to run out and buy your merchandise as soon as they hear about an item. These customers are "in the market," and one commercial might well trigger their response and start them running for your store.

The trick, of course, is knowing who, when, and how many consumers are "in the market" for what items, and knowing how many repetitions it takes to sell them an item.

Radio offers an effective solution to this classic retailing dilemma—lots of repetitions in different time periods, depending on your specific needs.

Ask your Account Executive for further details.

Targeted Frequency Examples

An intelligently designed media campaign will take into account the fact that frequency (repetition of a commercial) sells. A well-designed media plan takes into consideration other advertising vehicles used.

Sample Schedule

	Mon	*Tues*	*Wed*	*Thur*	*Fri*	*Sat*	*Sun*
6–10AM		x	x	x			
		x	x	x	N		
		x	x	x	E		
		x	x	x	W		
					S		
10AM–3PM		x	x	x	P		
		x	x	x	A		
		x	x	x	P		
		x	x	x	E		
					R		
3–7PM		x	x	x			
		x	x	x	A		
		x	x	x	D		
7PM–12MID		x	x	x			
		x	x	x			
		x	x	x			
12MID–6AM		x	x	x			

The example above contains plenty of frequency, distributing forty-five spots over a three-day period. It will also be effective in another important way. The spots lead up to and point out a newspaper ad. Consumers are now increasingly ready to receive, understand, and be persuaded by all of your advertising messages.

Pulsing

The second scheduling strategy makes use of the principle of frequency, but carries it out on a longer-term basis. This concept is known as *pulsing* and refers to the practice of regularly running very large schedules, then going off the air, as opposed to running medium or small schedules continually.

Using this strategy, a retailer might run between twenty-five and fifty spots for a week; then not run any more radio for a month or six weeks, and then come back with another large schedule.

Lots of spots with
lots of items . . .

Commercial Copy

Effective selling copy is just as important to a successful advertising campaign as is media strategy and frequency. Creativity is but one part of good copy; it must also be properly structured and effectively produced. Generally, there should be at least three and no more than four items or benefits placed in the body copy, if you are doing an item-type sell.

Furthermore, the creative approach must be consistent with your store's position and image. You can't whisper "class" and scream "sale" in the same spot or series of commercials.

You must be consistent in your approach. Your Account Executive will help you develop a coordinated creative approach, and will show you examples of successful commercials that retailers have used to turn a profit.

Summary

Radio fits the following successful retail strategies effectively and efficiently:

1 Strong positioning image—your store's concept in consumers' minds

2 Event promotion—sudden excitement, novelty, and extra sales

3 Media vehicle dominance—lots of spots and lots of items

4 Targeted frequency—repetition = sales = profits

5 Creative and production coordination—consistent image

Your Account Executive can help you develop these strategies and pinpoint your target customers.

Begin using Radio *today* and build higher traffic and profits tomorrow!

4/THE FREQUENCY GRID

Research on the effective frequency levels of advertising campaigns has indicated that the range of effective repetitions of commercials per listener or viewer is between three and ten within a product purchase cycle. This information can be helpful to those who are planning media, but there are still quite a few questions left to be answered before a media schedule can be purchased—how many spots should be scheduled per station, and what advertising competitive products are doing, for example.

Also, there is a vast difference in the cost of a campaign that develops an average frequency level of three and one that develops an average frequency level of ten. Research has not yet provided a complete answer to the question of how much frequency is enough, and it probably can never do so, since "enough" is a relative term that is dependent on a large number of variables. Experience in advertising a product in a product-specific competitive environment is probably the best way to find out how much is enough.

However, for salespeople and advertisers who do not have extensive experience in advertising a product and tracking the results, who have not charted the product purchase cycle, and who do not have the tools available to compute reach and average frequency levels of campaigns by using gross impressions and net reach estimates, there is a need for some general guidelines on how many spots to buy per station/system. The Frequency Grid offers some estimates on how many spots should be purchased on a station/system.

The Frequency Grid shows an estimated relationship among repetition levels according to three variables: (1) a product's competitive advantages, (2) the level of competitive advertising repetition, and (3) level of interest in the product within the target audience. The numbers in each cell represent the initial number of spots that should be placed on each station/system; these numbers should then be multiplied by the TIME multiplier, which is an addition of the four elements in the TIME factor—Time, Image, Money, and Effects:

TIME: Long = 0, Medium = 1, Short = 2

1 How long has a *product* been around? Has it an established buying habit pattern? New products that have been around for a short time obviously need more repetition than ones that are well known in the target audience.

2 How long does the *campaign* run? Short campaigns of one week or less need more repetition than long campaigns that run for three months or longer.

3 How long is the *product purchase cycle*? Products with short purchase cycles like chewing gum (often bought daily) need more repetition than products like refrigerators (typically bought every five-to-ten years).

4 What is the average *length of listening or viewing* time spent with a station/system? Fewer spots have to be bought on a low-turnover beautiful music radio station than on a short-listening-span all-news radio station.

IMAGE: High = 0, Medium = 1, Low = 2

1 How high is the image of the *company* in the minds of the target audience? A company, like IBM, with an excellent image needs less repetition of its advertising messages than a company with a lower image in minds of its target audience (like Atari computers, whose name is associated with games).

2 How high is the image of the *product* in the minds of the target audience? A product with a good, established image needs less repetition than a new one that has no image or an old one that has a poor image.

MONEY: Little = 0, Medium = 1, Much = 2

1 How much money is *available* for advertising? The more money advertisers have, the more repetition they can afford.

2 How much *time* is available for sale? The more advertising time there is available, the more an advertiser can buy.

EFFECTS: Large = 0, Medium = 1, Small = 2

1 What is the impact of the *commercial*? A commercial that gets the product's message across extremely effectively needs less repetition than an average commercial.

2 What is the impact of the *medium*? Television has more impact than radio (the ratio is about 8:6 in favor of TV), so less repetition is needed in TV.

3 What is the impact of the *combination of media* that has been chosen? A combination of radio and TV has much more impact than a combination of television and newspapers.

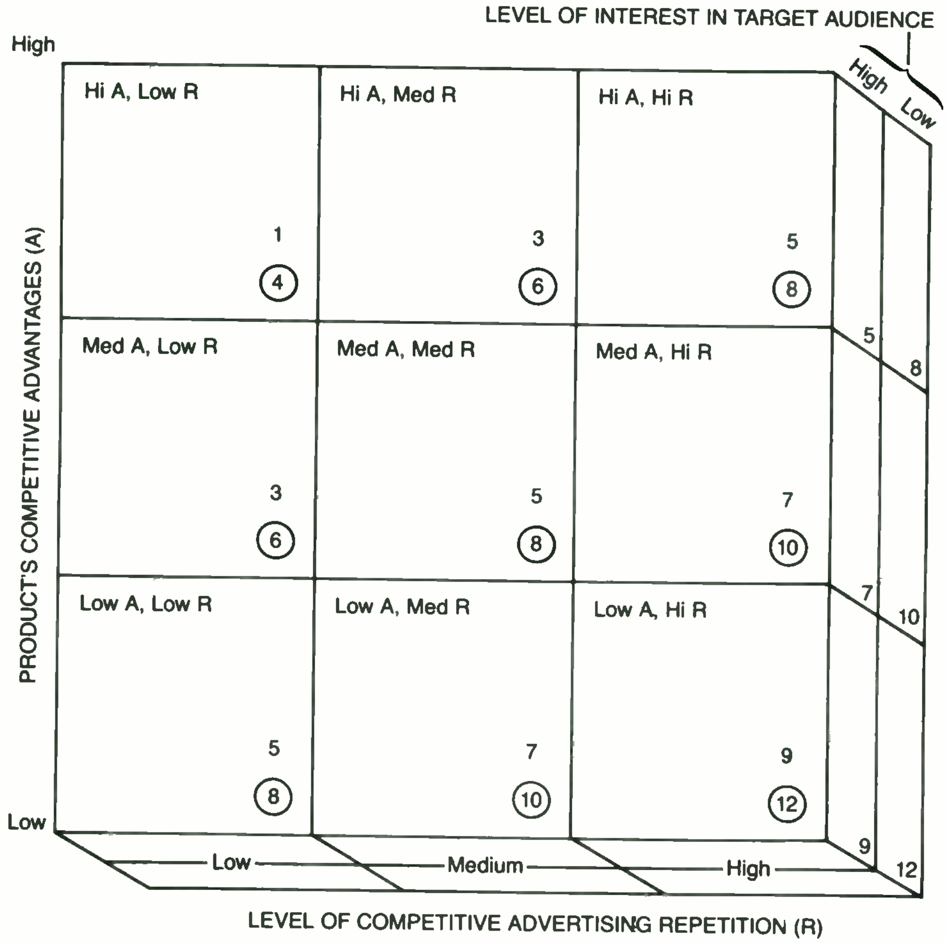
4 What is the effect of *past advertising*? Is a saturation level being reached? The target audience may have seen or heard so many commercials for a product that much more repetition may turn them off, or a campaign might be so memorable that just a little reinforcement might be all that is needed.

Using the Frequency Grid

First, estimate the level of a product's competitive advantages (A), high, medium, or low. Then estimate the level of competitive products' advertising repetition (R), high, medium, or low—in other words, how heavily major competitors are advertising. Go to the indicated cell in the Frequency Grid. Finally, estimate the level or interest for a product within the target audience, either high or low, and choose the appropriate number in the grid cell (uncircled for high interest, circled for low interest).

For example, a promoter for a concert by the Rolling Stones would go to the grid in the upper left-hand corner (high competitive advantages and low competitive product repetition) because the Rolling Stones have a unique position among rock 'n roll bands as *the* premier group—in essence, they have no competitors. The promoter would select the high-interest number (1) because fans of the Stones eagerly await their next appearance. On the other hand, a retailer that wants to sell Levi jeans might have to go to the grid on the lower right-hand corner (low competitive advantages, high competitive repetition),

THE FREQUENCY GRID



(The uncircled numbers are those in the High Interest slice; the circled numbers are those in the Low Interest slice)

because there are a large number of outlets of Levi jeans, several of whom advertise heavily. The retailer might select 12 because it is felt that jeans are not as hot a fashion item now as they were several years ago, and that there is not a high interest level for them.

Next, go through the TIME elements and select either 0, 1, or 2 in each column according to your estimate of the strength of the combination of the factors in each element. Then add up the scores of each of the four elements and multiply the total by the number you have chosen in the cell you have selected.

For instance, the promoter for the Rolling Stones concert may feel that the length of Time the band has been on top and their Image are so strong that very little advertising needs to be purchased—in fact, one ad in the newspaper may be all that is required to sell out a concert. On the other hand, the retailer that sells Levi jeans may be new in business and never have done much advertising and want to advertise a one-week sale (Time = 2), may have no image due to being new (Image = 2), may have a large advertising budget in media environment where there is plenty of time available (Money = 2), and may feel that the commercial for his or her store does not have a particularly strong edge over other commercials (Effect = 2). In this case, the total of the TIME elements would be eight multiplied by twelve, or ninety-six spots in one week on, say, a radio station—or a commercial just a little more often than once every other hour for a week.

5/PROTOTYPE OF A VENDOR CO-OP PACKAGE

a A Sample Store Marketing Brochure . . .
b A Sample Store Promotional Flyer . . .
c Two Sample Vendor Proposals
d A Sample TV Schedule . . .
e A Sample Vendor Contract

a/A Sample Store Marketing Brochure for a Retail Store to Sell Co-op Participation to Vendors

WHERE WILL YOU BE SELLING?

Ours is one of the fastest-growing markets in the county; it is estimated that between now and 1986 buying income will be up almost forty percent!

During the same period of time, it is also estimated that retail sales will be up a whopping forty-eight percent.

This is clearly a vital and growing market, and the potential for great selling is here.

WHO WILL YOU BE SELLING WITH?

With (STORE NAME) . . . a progressive, vigorous retailer whose name is synonymous with quality and down-to-earth prices.

(STORE NAME) sells to your customers!

(STORE NAME's) average sales per square foot of selling space are higher than the national average.

OUR CUSTOMER IS YOUR CUSTOMER

Seventy-two percent of (STORE NAME's) customers own their homes; sixty-five percent have family members under eighteen. Thirty-five percent own two cars; twenty-five percent are college graduates, and the average income is $20,000.

What does this man to you? It means that when you sell with (STORE NAME) you are selling with a sure winner.

HOW WILL YOU BE SELLING?

Through a variety of television packages that are especially designed for maximum efficiency. These packages will give you remarkable reach and frequency, because they have been scaled to your exact needs.

You will get a precise, targeted program that includes not only your television, but also in-store displays and better shelf position.

(STORE NAME) is launching a massive broadcast effort again this year because of our tremendous past success with similar programs. We want you to be part of it all!

LET'S TALK ABOUT LAST YEAR'S TELEVISION PROGRAM . . .

Hanes Stockings sold 1,300 units with print. Television sold 13,506 units.

Norelco Shavers sold 1,350 units with print. Television sold 3,700 units.

We know (STORE NAME) sells. We found out dramatically how well television sells.

LET'S SELL TOGETHER

To join with us in this exciting effort, please refer to the enclosed forms and select the package that best reflects your needs.

We'll be on the air this year making a big and compelling impression.

We'll be selling merchandise and we want you to be a part of it.

b/A Sample Store Promotional Flyer Listing Successful Participants

WHAT WE'VE DONE TOGETHER WITH OTHERS SHOULD BE OF INTEREST TO YOU!!

When you sign up for a (STORE NAME) package, we think you'll be in good company.

You'll be joining this list of farsighted companies who have been getting major exposure in this major marketplace this year:

Revlon	Wearever	Hanes
Estee Lauder	Norelco	Gillette
Max Factor	Converse	Hamilton Beach
Schick	Kodak	John Kloss
Fieldcrest	Sunbeam	DuPont
Copco	Waring	Levi Strauss

These companies have been getting dramatic results from the (STORE NAME) combination of television and our persuasive point-of-purchase backup!

We can deliver more unit sales per store than any other store in your area.

Our commitment to television continues. Your commitment to this year's television schedules can begin with just a phone call.

STORE CONTACT ____________________

TITLE ________________________________

TELEPHONE NO. ____________________

c/Two Sample Vendor Proposals

Co-op Package Plan Example I

(STORE NAME) Basic Television Co-op Plan for (SPECIFIC PROMOTION)

Day	*Time*	*Programming*	*# of spots*	*RTG.*	*(000) Homes*	*(000) Adults 25–54*	*(000) Total Adults*
M–F	9A–3:30P	DAYTIME ROTAT.	5	4	164	72	178
M–F	3:30–5P	MIKE DOUGLAS	3	6	248	110	275
M–F	5–6P	LOCAL EARLY NEWS	3	7	280	230	450
M–S	7:30–8P	LOCAL PRIME	3	10	354	325	510
M–F	11–11:30P	LOCAL LATE NEWS	2	7	278	243	485
		TOTAL SPOTS:	16				
		TOTALS:		101	4882	2293	5419
		CPMs$:			3.13	4.92	2.72
		(PACKAGE) TOTAL COST:	$10,000				

PACKAGE COST IS $10,000 INCLUDING PRODUCTION. ALL DAYPARTS AND PROGRAMMING WERE CHOSEN BASED UPON CONSUMER RESEARCH PIN-POINTING THE MARKET'S VIEWING HABITS.

CUSTOMIZED PACKAGES ARE AVAILABLE.

NOTE: THE PACKAGE COST ASSUMED BY THE VENDOR WILL BE DETERMINED BY THE CO-OP ARRANGEMENT WITH THE STORE.

Co-op Package Plan Example II

STORE NAME (SPECIFIC PROMOTION) Broadcast Co-op Packages

	Package I	*Package II*	*Package III*
Package Participation Cost	$9,000	$7,000	$5,000
Women 18–49 reached	4,675,000	3,529,000	2,715,000
% of total women 18–49	75.0%	68.2%	63.9%
Frequency	2.7x	2.4x	1.9x
# Spots—TV (30 seconds)	52	43	35
GRPs (based on ADI):			
Women 18–49	300	225	179
Households	400	350	277

Plus these extras—at no extra cost

—INCLUSION IN (STORE NAME) NEWSPAPER ADVERTISING

—DISPLAY IN VARIOUS LOCATIONS IN EACH STORE INCLUDING THE DEPARTMENT AND HIGH-TRAFFIC LOCATIONS

—ATTENTION-GETTING SIGNS AND SHELF-TALKERS CALLING ATTENTION TO YOUR ITEM AS A TV-ADVERTISED SPECIAL!

—EXPANDED SHELF SPACE

NOTE: (STORE NAME) Reserves the right to modify any or all schedules where it can obtain a greater media value for the same or lower cost.

Customized packages available.

(THE PACKAGE COST ASSUMED BY THE VENDOR WILL BE DETERMINED BY THE CO-OP ARRANGEMENT WITH THE STORE.)

d/A Sample TV Schedule for Internal Store Distribution

SEE WHAT WE'RE DOING
ON TELEVISION THIS WEEK!!!

Dates:

For: (Event)

Featuring these vendors:

Store name and logo

Monday	*Tuesday*	*Wednesday*	*Thursday*	*Friday*
Daytime Rotation 9A–3:30P (2)	Daytime Rotation 9A–3:30P (2)	Daytime Rotation 9A–3:30P (2)	Daytime Rotation 9A–3:30P (2)	Daytime Rotation 9A–3:30P (2)
Mike Douglas 3:30–5P (2)	Mike Douglas 3:30–5P (2)	Mike Douglas 3:30–5P (2)	Mike Douglas 3:30–5P (2)	Mike Douglas 3:30–5P (2)
Afternoon Movie 3:30–5P (7)	Early News 6–7P (2)	Afternoon Movie 3:30–5P (7)	Early News 6–7P (7)	Afternoon Movie 3:30–5P (7)
Early News 5–6P (4)		Afternoon Movie 3:30–5P (7)	Local Prime 7:30–8P (2)	Early News 6–7 (2)
		Early News 5–6P (4)	Prime Time 8–11 (7)	Local Prime 7:30–8P (2)
		Local Prime 7:30–8P (2)	Late News 11–11:30P (2)	Prime Time 8–11P (7)
		Late News 11–11:30P (2)		Late News 11–11:30P (2)

A TOTAL NUMBER OF 27 SPOTS!
In addition, your store name buttons, TV monitors at point of sale, tags and other promotions will be included.

NOTE: The numbers in parentheses are channel numbers on which commercials appear.

e/A Sample Vendor Contract

(STORE NAME)

PARTICIPATION AGREEMENT FOR (SPECIFIC PROMOTION) BROADCAST ADVERTISING PROGRAM

This is to authorize you to commit to our Company for the time and cost checked below in (STORE'S NAME) advertising program.

PACKAGE I	$9,000	____________
PACKAGE II	$7,000	____________
PACKAGE II	$5,000	____________
TOTAL VENDOR COST:		____________

NOTE: All spots are 30-seconds in length, and can be shared with one other vendor. Vendor can "buy out" other vendor by doubling participation cost.

Product(s): ______________________________

Copy requirements, if any: ______________________________

Co-op requirements: ______________________________

Approximate dates to run: ______________________________

BILL TO: Name ______________________________

Street ______________________________

City ______________ State __________ Zip __________

Attention: ______________________________

Name & telephone number of individual authorized to approve script and dates of promotion:

NAME: ______________________________

TITLE: ______________________________

CREATIVE CONTROL—Commercials will be produced under the direction of (STORE NAME). (STORE NAME) retains Creative Control including merchandise to be shown, items to be featured and manner of presentation to the best selling advantage.

PLACEMENT—All placement will be done by (STORE NAME or AGENCY).

CUSTOMIZED PLANS—Can be arranged separately to meet individual marketing requirements.

AUTHORIZED BY: (Please Print) ______________________________

SIGNATURE: ______________________________

TITLE: ______________ DATE ______________

FOR (STORE NAME): ______________________________

TITLE: ______________ DATE ______________

NOTE: THIS IS ONLY A SAMPLE CONTRACT. WE ADVISE YOU TO HAVE YOUR OWN LEGAL ADVISORS TO GIVE YOU ASSISTANCE.

Appendix B
Contract Conditions

1 Standard AAAA radio contract conditions
2 Sample terms and conditions: KCBS Radio

1/STANDARD AAAA RADIO CONTRACT CONDITIONS[1]

Conditions

Approved 1971 by the American Association of Advertising Agencies, National Association of Broadcasters, Station Representatives Association, Radio Advertising Bureau and the National Association of FM Broadcasters. Such approval does not mean that any of the parties contracting for radio time are obligated to use this form for these conditions.

The organization contracting for radio time covered by this contract (hereinafter called AGENCY) and the station accepting this contract (hereinafter called STATION) hereby agree that this contract shall be governed by the following conditions:

[1]This standard contract conditions form was adopted before the FCC's deregulation policies were instituted, which eliminated requirements to keep an "official" station log. However, virtually all stations continue to keep logs to keep accurate records of client's commercials and the times they ran.

1 ***PAYMENT AND BILLING*** (a) STATION will bill AGENCY monthly, using the Final Sunday Fiscal Month unless otherwise provided on the face of this contract. (b) Payment by AGENCY is due within 15 days after the receipt of invoice and affidavit of performance by AGENCY. (c) Invoices shall contain dates and times of broadcasts, length of commercial announcements, costs and if commercial code identifying each commercial announcement was supplied by AGENCY, such code for each commercial announcement. (d) Invoices shall state that dates and times were taken from the official log maintained by STATION, as required by FCC regulations. The statement when sworn to by STATION shall be the affidavit of performance and act as proof-of-performance. (e) STATION agrees to hold AGENCY solely liable for payments to be made under this contract except where AGENCY is not an advertising agency, the person, firm or corporation which authorizes AGENCY to contract for radio time hereunder shall be liable in the event of default by AGENCY.

2 ***TERMINATION*** (a) Commercial announcements or programs of less than 5 minutes duration may be cancelled by STATION or AGENCY upon 14 days prior notice, but no such cancellation shall be effective until 14 days after initial start of broadcasting hereunder unless otherwise stated on the face of confirmation. (b) Programs of 5 minutes duration may be cancelled by STATION or AGENCY upon 28 days prior notice, but no such cancellation shall be effective until 28 days after initial start of broadcasting hereunder unless otherwise stated on the face of confirmation. (c) If AGENCY cancels contract, earned rates will apply. If station cancels contract, AGENCY shall have the benefits of the same discounts which it would have earned had it been allowed to complete the contract.

3 ***RENEWAL*** (a) Commercial announcements or programs of less than 5 minutes duration may be renewed upon 14 days notice prior to expiration. (b) Programs of 5 minutes or more duration may be renewed upon 28 days notice prior to expiration.

4 ***EFFECT OF BREACH*** (a) STATION reserves the right to cancel this contract upon default by AGENCY in the payment of bills or other material breach of the terms hereof at any time upon prior notice. Upon such cancellation, all charges for broadcasts completed hereunder and not paid shall be immediately due and payable. If STATION cancels by reason of AGENCY's material breach, AGENCY's only liability shall be to pay for broadcasts completed hereunder prior to cancellation by STATION. (b) In the event of a material breach by station in performing this contract, AGENCY reserves the right to cancel this contract at any time upon prior notice.

5 ***FAILURE TO BROADCAST*** (a) If, due to public emergency or necessity, force majeure, restrictions imposed by law, acts of God, labor disputes or for any other cause, including mechanical or electronic breakdowns, beyond STATION's control, there is an interruption or omission of any commercial announcement or program contracted to be broadcast hereunder, STATION may suggest a substitute time period for the broadcast of the interrupted or omitted commercial announcement or program. If no substitute time period is acceptable to AGENCY, STATION shall allow AGENCY (1) with respect to a program, a pro rata reduction in the time and/or program charges hereunder in the amount of money assigned to the time and/or

program charges hereunder in the amount of money assigned to the time and/or program charges at time of purchase and (2) with respect to a commercial announcement, a reduction in the time charges equal to the amount of money assigned to the commercial announcement at time of purchase. AGENCY shall have the benefit of the same discounts which would have been earned if there had been no interruption or omission in the broadcast.

6 ***SUBSTITUTION OF PROGRAMS OF PUBLIC SIGNIFICANCE*** (a) STATION shall have the right to cancel any broadcast or portion thereof covered by this contract in order to broadcast any program which in its absolute discretion, it deems to be of public significance. In any such case, STATION will notify AGENCY in advance if reasonably possible, but where such notice cannot reasonably be given, STATION will notify AGENCY within one business day after such scheduled broadcast has been cancelled. (b) If AGENCY and STATION cannot agree upon a satisfactory substitute day and time, the broadcast time so preempted shall be deemed cancelled without affecting rates, discounts, or rights provided under this contract, except that AGENCY shall not have to pay the cancelled STATION charges. However, in such case, if the program substituted by STATION is a sponsored program, STATION shall pay to AGENCY AGENCY's actual noncancelable live talent cost incurred by AGENCY for the production of a live program (not taped nor recorded) in the cancelled time, and the reasonable allocated rental cost of tape or recordings scheduled for the cancelled broadcast and not usable for future scheduling.

7 ***RATES AND CHARGES*** (a) STATION represents that the rate for time and facilities, named in this contract is the lowest rate made by the station for like broadcasts at the time this contract is entered into. If at any time during the life of this contract STATION makes a lower rate for like broadcasts this contract shall be continued at such lower rate from the effective date of such lower rate. (b) STATION reserves the right to increase rates, but no such increase shall be applied to broadcasts under this contract, or renewal hereof, until three months after notification in writing to AGENCY, including specific rate revisions affecting this contract. (c) Broadcasts of a parent and/or its subsidiary company(ies) within 52 weeks from the date of first broadcast under this contract, or from the start of a pre-determined contract year, may be combined for discounts. (d) Terms of combinability of commercial announcements of various lengths, or in various locations, or combinability of programs with commercial announcements, are subject to STATION's published rate card.

8 ***PROGRAM AND COMMERCIAL MATERIAL*** (a) Unless otherwise noted on the face of this contract, all program material, excluding commercial announcements, shall be furnished by AGENCY. All expenses connected with delivery of commercial announcements to STATION, and with return therefrom, if return is directed, shall be paid by agency. (b) STATION is required to advise AGENCY by teletype or collect telegram if AGENCY furnished program or commercial material

and scheduling instructions do not arrive 72 hours in advance of broadcast date. If such material and instructions do not arrive at the STATION within 48 hours after STATION has notified the AGENCY, STATION may bill AGENCY for the time reserved. STATION will exert all reasonable effort to broadcast material received by agency despite late receipt. (c) If due to public emergency or necessity, force majeure, restrictions imposed by law, acts of God, labor disputes or for any other cause beyond the AGENCY's control, AGENCY cannot provide commercial and/or program material prior to scheduled broadcast hereunder, AGENCY shall not be liable to STATION. In such event STATION shall suggest a substitute day and time period for broadcast of said commercial and/or program material. If no such substitute day and time period for broadcast is mutually agreed upon, STATION shall credit AGENCY for the time and/or program charges hereunder in the amount of money assigned to the time period and/or program at time of purchase. AGENCY shall have the benefit of the same discounts which would have been earned if the commercial announcement and/or program had been broadcast. (d) Broadcast program and commercial material provided by AGENCY is subject to approval and STATION may exercise a continuing right to reject such material, including a right to reject for unsatisfactory technical quality. In the event the program material is unsatisfactory STATION shall notify AGENCY by teletype or collect telegram, and, unless AGENCY furnishes satisfactory material by 72 hours in advance of broadcast, STATION shall have the right to substitute its own program at no penalty to AGENCY. In the event the commercial material is unsatisfactory, STATION shall notify AGENCY by teletype or collect telegram, and, unless AGENCY furnishes satisfactory material 24 hours prior to broadcast time, this contract may be terminated by either party without penalty to either party.

9 ***BROADCAST LIABILITIES*** STATION agrees to hold and save AGENCY and Advertiser harmless against all liability resulting from the broadcast of (1) program material except program material furnished by AGENCY and (2) musical compositions licensed for broadcasting by a music licensing organization of which STATION is licensee. AGENCY agrees to hold and save STATION harmless against all liability resulting from the broadcast of commercial material or program material furnished by AGENCY except musical compositions licensed as stated above.

10 ***GENERAL*** (a) STATION shall exercise normal precautions in handling of property and mail, but assumes no liability for loss of or damage of program or commercial material and other property furnished by AGENCY in connection with broadcasts hereunder. STATION will not accept or process mail, correspondence or telephone calls in connection with broadcasts except after prior approval. (b) This contract, including the right under it, may not be assigned or transferred without first obtaining the consent of STATION in writing; nor may STATION be required to broadcast hereunder for the benefit of any Advertiser other than the one named on the face of this contract. Failure of STATION or AGENCY to enforce any of the provisions herein shall not be considered as a general relinquishment or waiver as to

that or any other provision. (c) STATION's obligations hereunder are subject to terms and conditions of licenses held by it and to applicable federal, state and local laws and regulations. (d) This contract contains the entire agreement between the parties relating to the subject matter herein contained, and no change or modification of any of its terms and provisions shall be effective unless made in writing and signed by both parties.

2/STANDARD TERMS AND CONDITIONS: KCBS RADIO[2]

Not all stations use the Standard AAAA contract conditions; many have their legal counsels draw up their own conditions. Following are the conditions that appear on the back of contracts used by the CBS-owned radio station, KCBS. Take note of the "Regulations and Restrictions" section, which sets forth guidelines for advertising copy.

Terms and Conditions

1 All references herein to "Agency" shall be deemed to refer to (a) the Advertiser, if the Advertiser contracts directly rather than by an Advertising Agency acting in its behalf, or (b) the Advertising Agency, as agent for the Advertiser, if the Advertiser contracts herein by such Advertising Agency acting in its behalf.

2 Except as otherwise expressly provided herein, Agency shall pay KCBS monthly, on or before the 15th day of the month following that for which payment is intended, the amount of net billings hereunder for such month. Failure so to make payments or any other breach hereof by Agency shall give KCBS the right, in addition to its other rights, to cease furnishing broadcasting facilities hereunder. If net rates billed to Agency hereunder are not actually earned pursuant to KCBS's then applicable Rate Card, Agency shall promptly, on KCBS's request, pay KCBS the difference between the net rates applicable pursuant to said Rate Card and said net rates billed. If broadcasting under this agreement and broadcasting under any other agreement between the parties hereto have been combined for the purpose of computation of net rates hereunder, said net rates shall be recomputed in accordance with KCBS's applicable Rate Card upon the expiration or termination of such other agreement.

3 This agreement may be terminated at any time by either party by giving the other at least twenty-eight (28) days' prior written notice, provided that the furnishing hereunder of any or all broadcast periods of less than five minutes in duration each may be terminated by either party by giving the other at least fourteen (14) days' prior written notice. KCBS may, upon at least one (1) week's notice in the case of a program or three (3) days' notice in the case of announcements, use facilities of the Radio Station for the time herein contracted for or for any part thereof for regional or national network broadcasting. In the event of any use by a competitive network advertiser of a time period adjacent to the time herein contracted for, KCBS may, upon the same notice as provided in the preceding sentence, discontinue broadcasting hereunder. In either of such events, Agency shall have the right, exercisable within three (3) days after the happening thereof,

[2]Reprinted with permission of KCBS Radio.

to substitute other available time under the same rate classification for continuous broadcasting or of terminating this agreement without the loss of any discounts to which it would otherwise have been entitled.

4 If by reason of: act of God; inevitable accident; fire; lockout, strike or other labor dispute; riot or civil commotion; act of public enemy; enactment, rule, order or act of government or governmental instrumentality (whether federal, state or local); failure in whole or in part of the broadcast or other facilities for which (as between KCBS and Agency) KCBS is responsible, hereunder; or other cause of a similar or different nature beyond KCBS's control, KCBS fails fully to perform hereunder, the same shall not constitute a breach of this Agreement by KCBS, and KCBS will not be liable to Agency except to the extent of allowing, in each case not arising through Agency's fault, a pro rata reduction in the charge for the facilities not furnished.

5 CBS reserves the right in its discretion and without liability to omit one or all of the programs and/or announcements referred to herein or to use part or all of the time contracted for herein for broadcasts (whether sustaining or sponsored) of events of public interest or importance (including but not limited to any sports event or political program or news bulletin). In the event of such omission, Agency shall not be obligated to pay for the facilities not furnished for the program or announcement so omitted and such omission shall not affect net rates to which it otherwise would have been entitled.

6 KCBS reserves the right to change the rates applicable to broadcasts hereunder at any time by giving Agency not less than three (3) months' prior written notice of such change and of the effective date thereof. Agency agrees to pay such changed rates for all broadcasts hereunder on and after the effective date specified in such notice. As used herein, "rates" includes any or all of the component elements of the charges for broadcasting hereunder.

7 Unless otherwise expressly provided on the face thereof, Agency shall not be obligated to furnish any broadcast materials or talent for the programs and announcements hereunder, excepting only commercial material; any broadcast materials and talent which the Agency is so obligated to furnish shall be subject to the prior approval of KCBS and shall conform to the Regulations and Restrictions set forth below. All such broadcast material and a list of such artistic personnel for each program hereunder shall be furnished to KCBS at least one week in advance of broadcast. If agency fails so to furnish such broadcast material or lists of such artistic personnel or if the same fail to meet the approval of KCBS or if Agency fails to furnish such artistic personnel for such program, or if the same do not conform to the Regulations and Restrictions set forth below, then KCBS may, at the expense of Agency and without prejudice to any other rights it may have, furnish and/or substitute new or modified broadcast material and/or substitute additional personnel for the broadcast thereof. In such cases, KCBS will endeavor to notify Agency of any changes or substitutions in program or personnel in advance of the broadcast.

8 Agency warrants that the broadcasting of material furnished by it hereunder (including ad lib remarks of talent furnished by Agency) will not violate any rights of others, and Agency agrees to save CBS Inc., its officers, directors, agents, stockholders, employees, subsidiaries and affiliated stations harmless from any and all claims, damages, liability, costs and expenses, including reasonable counsel fees, arising from the broadcasting thereof. KCBS reserves the right to refuse to broadcast any material containing matter which, in the reasonable opinion of KCBS, may be violative of any right of others. KCBS's exercise or failure to exercise any of its rights under this paragraph shall not be deemed a waiver of any of Agency's obligations under this paragraph. KCBS shall save Agency and its clients hereunder, and their officer, directors, agents, stockholders, employees and subsidiaries harmless from any and all claims, damages, liability, costs and expenses, including reasonable counsel fees, arising from the broadcasting of material furnished by KCBS (including ad lib remarks of talent furnished by KCBS) and from the non-dramatic performance hereunder of music and lyrics as published of musical compositions cleared by KCBS for performance hereunder.

9 KCBS shall not be required to receive or handle mail, cables, telegraph or telephone calls in connection with programs broadcast hereunder unless KCBS, at the instance of Agency, has agreed in writing to do so. In this event the receiving and handling shall be at the sole risk and responsibility of Agency and Agency shall reimburse KCBS for all expenses incurred by it in this connection. If any of the programs hereunder are used to solicit listeners to order merchandise, and, if any person so solicited complains to KCBS concerning the quality of or failure to receive merchandise ordered pursuant to solicitation on the programs covered hereby, Agency's principal shall, within seven (7) days after notification thereof from KCBS, refund to such person the purchase price of such merchandise whether or not Agency's principal has a record of actually having received an order therefor from such person. Upon failure of Agency's principal to make such refund, KCBS may make such refund and Agency's principal shall forthwith reimburse KCBS therefor. Agency warrants and agrees on behalf of its principal, that all taxes which heretofore have been or hereafter may be imposed upon any sales solicited on the broadcasts hereunder shall be paid by such principal and principal shall at all times indemnify and hold KCBS harmless from and against any or all claims arising out of any failure of such principal to pay such taxes.

10 All times specified in this agreement are expressed in current local time. Each program referred to herein may be from 30 to 70 seconds less than specified. Placement of participations within specific programs shall be at the discretion of KCBS.

11 The obligations of KCBS hereunder are subject to the terms of the broadcasting license for this station and to all federal, state or municipal laws or regulations now or hereafter in force and to the regulations of all commission or other governmental bodies or authorities presently or hereafter constituted.

12 This contract contains the entire agreement between the parties relating to the

subject matter contained herein and no change, modification or discharge of any or all of its terms or provisions shall be effective unless made in writing and signed by both parties. This contract shall be construed in accordance with the law of the state of California applicable to contracts fully to be performed therein. All notices hereunder shall be given in writing and deemed given upon the date of sending thereof.

Regulations and Restrictions

The Advertiser agrees to cooperate with KCBS in the broadcasting of programs of the highest possible standard of excellence and for this purpose to observe the following regulations and restrictions in the preparation, writing and broadcasting of its programs.

There shall be:

1 No false or unwarranted claims for any product or service.

2 No infringements of another advertiser's rights through plagiarism or unfair imitation of either program idea or copy, or any other unfair competition.

3 No disparagement of competitors or competitive goods.

4 No lottery or "drawing contest." No contest of any kind in which the public is unfairly treated. (Since KCBS must be the sole judge of the suitability for broadcasting over its facilities of any proposed contest or offer, it is advisable to submit all proposed arrangements for such contest or offers to KCBS prior to making any commitments. In any event, the Advertiser will deliver to KCBS copies of all continuity and other material in connection with any contest or offer fifteen days before the first broadcast thereof. The Advertiser will provide fair and competent judging.)

5 No announcements that are slanderous, obscene, profane, vulgar, repulsive or offensive, either in theme or in treatment.

6 No ambiguous statements that may be misleading to the listening audience.

7 No commercial announcements, including announcements of contests and offers, of a duration exceeding that permitted by KCBS's policies current at the time. No unpleasantly rapid delivery of commercial announcements.

8 No price mentions except as permitted by KCBS's policies current at the time.

9 No appeals for funds.

10 No testimonials which cannot be authenticated.

11 No continuity which describes repellently any internal bodily functions or symptomatic results of internal disturbances, and no reference to matters which are not considered acceptable topics in social groups.

12 No use of broadcasting time except for direct or indirect advertising of goods or services.

13 No advertising matter or announcements which may, in the opinion of KCBS, be injurious or prejudicial to the interests of the public, or KCBS or honest advertising and reputable business in general.

KCBS may waive any of the foregoing regulations in specific instances if, in its opinion, good broadcasting in the public interest is served.

In any case where questions of policy or interpretation arise, the Advertiser should submit the same to KCBS for decision before making any commitments in connection therewith.

Appendix C
FCC Regulation Checklist

Following is a checklist of some of the more common problems that sales departments run into that involve FCC regulations. These problems are discussed more thoroughly in the National Association of Broadcasters *Legal Guide to FCC and Broadcast Regulations* (2nd Edition), but an awareness of the regulations is important to salespeople so they can recognize and avoid problems before advertising schedules are put on the air.

1 ***Sponsorship identification*** The FCC has regulations that reinforce the notion that the audience is entitled to know who is attempting to sell it something. A clear statement of the person or company that is paying for the spot or program is necessary if it is not perfectly obvious who the sponsor is. It is clear who the sponsor is of a Jif Peanut Butter commercial, but in the case of a commercial that espouses the healthful nature of eggs it is not necessarily evident that the Egg Board is sponsoring the message, as the commercials might sound like a public service health announcement. All commercial matter must have identification, including paid religious and political broadcasts.

2 ***Teasers or come-on spots*** A teaser or come-on spot is a short announcement designed to arouse curiosity as to the identity of an advertiser that is to be revealed in subsequent spots. Even though the final spot in a sequence of teaser spots will reveal the name of the sponsor, the FCC has ruled that each teaser spot must reveal the identity of the sponsor.

3 ***Concert promotion spots*** When a station receives valuable prizes, tickets, or other

considerations in return for airing spots promoting a concert, this fact must be disclosed. Statements such as "WAAA presents the Rolling Stones" may be misleading if the station has no financial interest in the concert. Without having a financial obligation in a concert, a station cannot make any implication that it is bringing the concert to the public. Thus, without a financial stake in a concert, a station could not broadcast "WAAA in association with Jam Productions brings you the Rolling Stones," but could say something more innocuous like "WAAA welcomes the Rolling Stones." In order to be a promoter of a concert, a station must be able to demonstrate that it went to substantial effort to make arrangements for the concert or show.

4 ***False, misleading, deceptive commercials*** In general, a broadcaster or cable operator should: a) not run commercials when there is sufficient reason to question the good faith of the advertiser or the truth of the message, b) avoid carrying advertising that it suspects might mislead the audience, and c) avoid running commercials that deceive the public as to a product or service's characteristics, performance, or appearance. Broadcasters have an obligation to take reasonable steps to satisfy themselves as to the reliability and reputation of the advertiser. Commercials that appear on the national television and radio networks have been checked out by them and are safe to run. If local stations have questions about an advertiser, they should contact the local Better Business Bureau.

5 ***Fraudulent billing*** Fraudulent billing, sometimes referred to as double billing, can cause a station to lose its license. Double billing typically occurs either in conjunction with co-op billing or due to sloppy accounting practices, but in either case it is a serious offense. If a station's bill in any way misrepresents the nature of a broadcast schedule, it is fraudulent. An example of a double bill would be for a station to send two bills to a local advertiser, one for a schedule of spots at the local rate and another bill for the same schedule at much higher national rates. Stations must take precautions to see that employees do not send out fraudulent bills.

6 ***Misleading station coverage maps and other sales literature*** Coverage maps and station sales promotion material must be as accurate as possible. Signal contours and signal strength information must be clearly labeled and accurate, and stations may not misrepresent their city of license. In other words, they cannot say "Chicago" if they are licensed to Lake Forest.

7 ***Contests and promotions*** Stations must disclose all the material rules of a contest and all contests must be conducted exactly as announced. Rules cannot be changed in midstream, and prizes offered must be clearly stated so that there is no confusion in the audience's mind. No attempt should be made to deceive its audience as to the nature or scope of a contest or promotion; a station should not try to inflate the value of prizes or mislead people on their chances of winning. Stations must also be careul not to affect the public interest when running a contest or promotion. If private property is damaged from contests such as treasure hunts or by large crowds that block traffic, a station could be in trouble with the FCC.

8 ***Lotteries*** It is illegal to broadcast a lottery on television or radio. There are three elements that constitute a lottery: prize, chance, and consideration. Prize and chance

are easy to recognize—a prize is anything of value that is given away, and chance is anything that involves the element of luck. Consideration is more difficult to define. If a person has to spend anything or give up anything of value to gain a chance of winning, it is a consideration. For example, if an advertiser wants to run a promotion in which a customer has to buy a pair of pants (consideration) in order to have the opportunity to win a free pair of pants (prize) on a wheel of fortune in the store (chance), the promotion is a lottery and should not be broadcast. The best practice is that when you see the elements of prize and chance in a contest or promotion, to look carefully at the rules and to read the NAB *Legal Guide to FCC Broadcast Regulations* for clarification.

Glossary

AC—Adult contemporary radio program format. The most listened to format in the country

Addressable—The ability of a cable system to send a program to a designated home converter (address). Made possible by an addressable microchip in a television set converter box.

ADI—Area of Dominant Influence. The term used by Arbitron to define the geographic area in which the majority of television viewing occurs for all of the TV stations in a market. It is the same as Nielsen's Designated Market Area (DMA).

Adjacency—A commercial position next to a radio, television, or cable program.

Affiliate—A radio or television station or cable system that has contracted to carry the programs of a radio, television, or cable network.

AIDA—A popular, but simplistic theory of selling that breaks the steps of selling into securing *attention*, gaining *interest*, kindling *desire*, and inducing *action*.

Airplane—A term used to describe a television network commercial package that delivers a large, nonselective audience.

AM—Amplitude modulation type of radio signal. How far a signal travels depends on dial position (560–1600 on the AM dial; lower positions travel farther) and how much power a station has (50,000 watts is maximum).

AOR—Album-oriented rock radio program format, which has seen a decline in listening recently as music tastes have shifted somewhat away from heavy metal toward pop music.

Approach—The first of the four phases of the presenting step of selling that requires getting and holding the attention of a prospect.

Availability—An open commercial position on a radio or television station or on a cable system. Also known as an *avail*.

Average persons rating—A rating based on the average number of persons listening or viewing. Radio ratings are expressed as average persons ratings; television ratings are based on both households and average persons.

BAR—Broadcast Advertiser Reports, which are normally published monthly and report all of the television commercials that appeared during the preceding month in a particular television market.

Barter house—An advertising agency or other middleman that specializes in trading various types of merchandise to radio and television stations in return for preemptible time, and then which resells the time to advertisers.

Barter syndication—Radio or television syndicated programming that stations pay for in part or in whole by giving the syndicator an agreed-upon amount of commercial time to sell within the program.

Basic—The programming services and over-the-air television signals that cable subscribers receive for the lowest, or basic, monthly subscription fee.

Billboard—In radio, television, and cable, a billboard is a brief opening or closing sponsor identification announcement that may also contain a brief product benefit or slogan description.

Bleed—In newspapers or magazines, when a picture or illustration runs up to the borders of the page—it "bleeds" off the page.

Boutique—A small advertising agency that specializes in a particular agency function such as writing copy or buying time.

BTA—A best-times-available package of commercial announcements in which a station or system promises to place an advertiser's spots in the highest audience time periods it has available when the schedule runs.

CATV—Community Antenna Television, the forerunner of cable television.

CHR—Contemporary hit radio radio program format. Recently CHR has had an audience surge as the country's music tastes have changed. The format is challenging AC as the most listened to in the country.

Churn—The turnover of cable subscribers that occurs when some subscribers cancel either their basic cable service or a pay tier while other new subscribers sign up with a cable system. Churn makes it difficult for systems to grow, as they must spend their time staying even.

Circulation—The number of copies of a newspaper or magazine that are sold.

Close—One of the four phases of the presenting step of selling, and the one in which the prospect becomes a customer and gives a salesperson the final approval for an order.

Cluster—A group of commercial or promotional announcements.

Clutter—A condition that occurs when too many commercials appear in a cluster.

Cold call—An unannounced sales call that is made on a prospect without having made a prior appointment.

Combo rate—A rate that is offered in combination with another station, system, or medium. Combination rates are illegal if they are proven to be anticompetitive and in restraint of trade.

Compiled list—A type of direct mail list that is compiled from a variety of sources and one that is not as selective as a response-qualified list.

Contract conditions—The small but important print on the back of broadcast and cable advertising contracts that spell out the conditions of the sale and what both the station or system and the agency agrees to do.

Co-op—Cooperative advertising. A manufcturer agrees to reimburse a retail outlet for a predetermined percentage of a retailer's advertising expenditure which promotes in some way a manufacturer's product.

Cost-Per-Point (CPP)—A method for evaluating advertising schedules based on how much it costs to buy one rating point:

$$CPP = \frac{\textit{Cost of schedule}}{\textit{Gross rating points}}$$

Cost-Per-Thousand (CPM)—A method for evaluating advertising schedules on how much it costs to reach one thousand people:

$$CPM = \frac{\textit{Cost of schedule}}{\textit{Gross impressions / 1000}}$$

Coverage—In radio and television, the geographic area that a station's signal covers.

Cume—The number of cumulative, different, or unduplicated people that are reached by a station, program, or advertising schedule. For example, when estimating an advertising schedule's cume, a ratings company counts each listener only once no matter how many times a listener may see or hear a commercial.

CWD—A Consecutive Week Discount. An out-of-date type of discount offered by some stations and systems to advertisers who run for a specified number of consecutive weeks, typically thirteen weeks or longer.

DBS—Direct Broadcast Satellite. A system for relaying television programming directly to home receiving dishes by way of satellites.

Demographic—A segment of the population defined by one of several attributes such as age, sex, income, education, etc.

Diary—A self-administered rating technique used to record radio listening and television viewing.

Differentiation—One of two major marketing strategies for broadcasters and cable system operators in which similar formats or programming are positioned to be different in the minds of listeners and viewers. The other major strategy is *segmentation*.

Discussion—The second of the four phases of the Presenting step of selling that involves making sure that prospects understand a proposal and that requires overcoming sales resistance and objections.

DMA—Designated Market Area. The term used by the A. C. Nielsen Company to define the geographic area in which the majority of television viewing occurs for all of the TV stations in a market. It is the same as Arbitron's Area of Dominant Influence (ADI).

Double truck—Two full-page ads purchased by one advertiser and facing each other in a newspaper or magazine.

Downlink—The equipment and building that pick up a signal sent back to earth by a satellite.

Draw—A payment advanced by stations and systems to salespeople and later charged back against commissions earned on sales for a particular month.

FCC—Federal Communications Commission. The government agency that regulates the broadcasting and cable industry.

Fixed-position—A commercial position that a station or system guarantees will run at the exact time ordered by an advertiser.

FM—Frequency modulation type of radio signal. How far a signal travels depends on how high above the ground a transmitting antenna is and how much power a station has.

Frequency—In a research context, frequency refers to the average number of times a commercial is heard by the average viewer or listener.

Grid card—A rate card that features several different prices for spots in each day part (6–10 A.M. in radio or 8–11 P.M. in television, for example) and that provides salespeople with the flexibility to respond to market demand more easily.

Gross impressions—The total number of advertising impressions made by a schedule of commercials. Calculated by multiplying the average persons reached in a time period by the number of spots in that time period. If more than one time period is used, impressions in each time period are added together.

GRP—Gross Rating Points. The total number of rating points achieved by a schedule of commercials. Calculated by multiplying the rating in a time period by the number of spots in that time period. If more than one time period is used, rating points in each time period are added together.

Gutter—The position of newspaper or magazine ads that appear in the middle of a page next to the fold. A gutter position is not considered desirable by most advertisers.

Head-end—The originating point of programming in a cable system where the signal is received from satellites, amplified, split up, and sent down the line to subscribers.

Household rating—A rating based on the average number of households viewing a television program during a time period.

HUT—Homes Using Television. The total number of homes that have television sets turned on at any given time. It is calculated by adding up the ratings of all stations in a market at a given time.

Hypoing—A term used to describe a radio or television station's unusually heavy promotional and advertising activity that attempts to influence the ratings.

ID—A station identification that is required of radio and television stations every hour by the FCC. Also, ten-second commercials are occasionally referred to as IDs.

Independent—A radio or television station that is not affiliated with a network.

In-tab sample—Returned, usable diaries that are used to calculate the ratings in a radio or television rating report.

Inventory—What a radio or television station or cable system has to sell—its unsold, available commercial positions.

Junior panels—Small outdoor advertising panels that typically appear at street corners on the sides of buildings.

Local rates—Lower prices that are often offered to local advertisers on the theory that they do not have distribution or sales potential as large as national advertisers. Newspapers typically offer local rates, radio stations in smaller markets sometimes do, television stations rarely do.

Maintenance—Keeping an audience listening or viewing to a station—the opposite of turnover. A radio staion that has high maintenance and low turnover keeps its listeners tuned in for long periods of time.

Merchandising—The practice by media of giving advertisers extra incentives in the form of promotional items or merchandise for buying time. Largely abandoned in broadcasting, particularly by stations with good ratings.

Meter—An automatic, mechanical rating technique used to record television household viewing activity—turning on and off and to what channel.

Metro area—An area designated by Arbitron in radio ratings reports that typically corresponds to the standard metropolitan statistical area as designated by the government. The metro area is the smallest of the three geographic areas appearing in a radio rating report; the ADI is the next in size and the TSA is the largest.

MSO—Multiple Systems Operator. A cable company that owns several local cable systems.

Negotiation—The third of the four phases of the presenting step of selling that involves an exchange of satisfaction between a salesperson and a customer—a "win-win" situation. If a salesperson wins a negotiation, he or she will undoubtedly lose a customer.

Noted—One of two common readership scores given to newspaper ads indicating that people noticed some part of an ad. For example, only 11 percent of the people who pick up a newspaper note the average full-page ad.

NSI—Nielsen Station Index, the A. C. Nielsen Company's local television station rating report.

NTI—Nielsen Television Index, the A. C. Nielsen Company's network television rating report.

Overnights—Daily ratings provided to the television networks and their advertisers for programs that aired the previous evening.

Package—A combination of commercial spots sold as a whole unit.

Pay-per-view—A system of paying for cable programming in which a subscriber pays separately for each program ordered—requires that the subscriber has an addressable converter.

Penetration—The percent of the homes in a market covered by a medium, typically used in discussing newspapers.

Plant—A company that erects, sells, and posts outdoor advertising in a city.

Preemptible—A designation that indicates that a commercial may be moved from its position at the discretion of a station or system.

Presenting—The fourth of the five steps of selling in which a salesperson makes a problem-solving proposal to a prospect, usually face-to-face.

Prospecting—The first of the five steps of selling in which a salesperson finds people to sell to.

PUR—Persons Using Radio. The total number of people that have radio sets turned on at any given time. It is calculated by adding up the average number of persons listening to all stations in a market at a given time.

Qualifying—The second of the five steps of selling in which a salesperson finds the right people to sell to.

Random—A type of sample in which every element within the sample has an equal probability of being selected.

Rate Base—A minimum circulation base which a magazine guarantees to an advertiser and upon which its advertising rates are based.

Rating—The percent of all people or households in a designated area that are listening or viewing. Ratings can be expressed for a variety of demographics, time periods, and programs.

Reach—The same as *cume*—the number of different people reached by a schedule of commercials.

Read most—One of two common readership scores given to newspaper ads indicating that people read more than 50 percent of an ad.

Rep—National sales representative firm or salesperson.

Researching and Targeting—The third of the five steps of selling in which a salesperson makes a thorough problem-identification analysis of the business and personal needs of a prospect and then sets a specific target for the kind of order he or she wants to get.

Response-qualified list—A type of mailing list that contains names of people who have purchased products as the result of being sent direct mailing pieces.

ROP—Run of Press. A term used in newspapers to indicate the color selection that is available on a particular press run.

ROS—Run of Station or Run of Schedule. A type of preemptible package of commercials which can be placed in any times a station desires—usually sold at lower rates than regular packages.

Sample—A portion of a population selected, usually on a random basis, to represent the population as a whole so that inferences can be made about characteristics of the population.

Satellite—A communication satellite that remains in a stationary orbit 23,000 miles above the earth and that receives and retransmits television signals; also referred to as a *bird*.

Segmentation—One of two major marketing strategies for broadcasters and cable systems operators in which a format or programming is positioned to appeal in a unique way to a particular market segment; also known as a *niche strategy*.

Servicing—The fifth step of selling in which the goal is to keep customers.

SES—Socioeconomic status. Income, education, and social status demographic information.

Share—A percent of the people listening or watching a medium that are listening or watching a particular station.

Shopper—A newspaper that is delivered free to homes and that contains virtually all advertising and no news.

Showing—A schedule of outdoor advertising in a market. A 50 percent showing is one designed to reach 50 percent of the people in a market in a month.

Spot radio or TV—A market-by-market purchase of radio or television time, as opposed to a network purchase. Spot buys are usually handled by national sales representative companies.

Standard error—The amount of error in a survey that can be attributed to the sampling technique and which can be calculated only from a random sample.

Station clearance—When a station that is affiliated with a radio or television network carries a program sent out by the network, it clears the program. A network's rating is the sum of its programs' rating on all of its affiliates, so high station clearances help a network's ratings.

Sub-carrier—An extra channel that is electronically available on a station's FM signal and that can be leased for music (MUZAK) or data transmissions. Subcarrier transmissions cannot be picked up by regular FM radio receivers.

Superstation—An independent television station in a local market whose signal is picked up with the station's permission, sent to a satellite, and retransmitted to cable systems across the country. WTBS, Atlanta and WGN, Chicago are examples of superstations.

Switch-pitch—An attempt by a salesperson to change a buyer's mind after a media buy has been placed on another station and to convince the buyer to switch the business to his or her station or system.

Target—The type of order a salesperson sets his or her sights on. A target for an order could be a specific avail, a price, a particular size order, or a share of an advertiser's budget.

Target audience—The demographic an advertiser is most interested in reaching, such as adults 25–54 or men 18–34.

Teletext—A system in which information in the form of text is sent to a home television set. People can go from one page of text to another, but cannot communicate back to the sender of the information.

Tier—A cable service in addition to basic service that a subscriber can pay extra for monthly and receive. Some cable systems have two or more pay tiers available. HBO is an example of a service on a pay tier.

Time shifting—People with VCRs that tape television programs and play them back at a later, more convenient time are said to shift time, a phenomenon that is occurring more frequently as the sale of VCRs continues to accelerate.

Tombstone advertising—Advertising in the financial section of a newspaper that contains no illustrations or selling copy. Typically done by investment bankers announcing a stock offering.

Trade deal—An agreement between a station or system and an advertiser or agency in which time is traded directly for merchandise or something else of value and in which no money is involved. Also known as a reciprocal agreement ("recip") or *barter deal*.

Traffic—The department in a station or system that administers the scheduling of commercials and other program material on a station's daily operation schedule and produces the schedule or log.

TSA—Total Survey Area. The geographical area covered by a market's radio signals and in which there is a predetermined minimum level of listening to stations in that market. The TSA is a larger area than a market's metro area or ADI (or DMA) and is rarely used by advertisers to evaluate radio schedules.

Turnover—Failure to keep listeners to a radio station listening for long periods of time. The opposite of maintenance.

UHF—Ultra High Frequency. Television stations that broadcast on channels 14 through 69, which are less desirable than VHF channels because their signals do not carry as far.

Unwired networks—Groups of radio stations that are not linked together in a network but that are sold as a group by a national sales representative company. They were developed to compete for advertising business with the wired networks like CBS, ABC, and NBC.

Uplink—The equipment and building that send a signal from earth to a satellite.

VBI—Vertical Blanking Interval. The electronic space between the 525 lines that appear on a television screen and which can be used to send information like teletext and data to television sets. Requires a special converter.

VCR—Video Cassette Recorder.

VHF—Very High Frequency. Television stations that broadcast on channels 2 through 13, which are more desirable than UHF channels because their signals carry farther.

Videotext—A system by which information is sent to a home television set by way of a home computer and that allows the home computer to communicate back to a central data base to have it display a variety of desired information on the home screen.

Visualization—The technique of mentally rehearsing a sales call and seeing in your mind's eye closing a sale.

Volume discount—Discounts given on some rate cards to advertisers that buy large amounts of time—the more time bought, the larger the discounts—also referred to at times as *bulk discounts*. Volume discounts are seen less often than in the past due to the increased use of grid rate cards.

Zapping—Using a remote control device to stop a Video Cassette Recorder from recording temporarily, usually while a commercial is on.

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