

Making the Choice between Cable and Broadcast TV advertising.

When we hear from dealers say that they “Tried TV” in the past and it “Didn’t work” We always ask “What type of TV did you use? Was it local cable insertion like (ESPN, CNN, CNBC) or was it local broadcast affiliate television (ABC, NBC, or CBS)?”

It’s critical that we understand what options they chose, and why they made these choices, before we can do a post mortem on the campaign and finally begin to build a new and successful television advertising campaign.

See, most dealer owners new to TV often do not understand the implication of the type of television that they choose. They often do not understand the true cost efficiencies of each, or the very best way to employ the inherent advantages of both cable and local broadcast television.

I imagine that it is easy to gloss over these details when you are excited about your first campaign; however the responsibility is on the dealer to educate themselves on the true and very best option.

To expect a dealership to enjoy a surge in response from a small micro targeted ad insertion cable audience is just not realistic. Case in point, in most television markets, the audience for ad insertion cable networks do not register even 1,000 viewers each over specific time periods. For an auto dealer to expect immediate return from an audience of 1,000 viewers is to ignore the fact that only 1% of these audiences are actually in the market to buy a new car, a new home or furniture. Reaching car buyers, market wide, 10 at a time, is simply not a cost efficient way to market on television.

Broadcast television, used properly, is an extremely cost efficient way to target mass audiences with a focus on types of consumers through careful program selection. Just as with cable, dollars can also be easily wasted when the advertisers in on broadcast at the wrong times, or wrong days. So proven buying windows have been established and there are now predictable patterns for all types of auto buyers. When you now know where and when these buyers are watching television, you can eliminate any possible wasted spending in advance.

So if you are an automotive advertiser, when you reach an audience size of 100,000 in a broadcast television program, and then again apply the fact that 1% of these folks are actual buyers, you now have an audience of 1,000 auto buyers. This is why local broadcast television is so cost efficient. Think carefully about choosing between cable or broadcast television to be sure that you can handle the level of response broadcast television will bring!

MYTH: Local ad insertion cable television is often regarded by advertisers as being “cheaper” than local broadcast television.

FACT: When we analyze the numbers we see CPM (cost per thousand viewers) of actual audience in the \$100-200 CPM range compared to local broadcast which ranges from \$5-20. So if cable is not cheaper, but rather much more expensive in CPM, why do dealers believe it costs less? Well, this is debatable about how they received their understanding of cable, or even to that matter, local broadcast television. Was it learned with actual research, or was it a “pitch” by a sales representative or ad agency?

If your goal is for immediate payoff from spending in television (by immediate we mean 1-2 months) then you will need to find a way to tell your story to as many potential buyers as quickly as possible and for the least amount of money. Here the cost efficiencies of local broadcast television (and for you advanced marketers, the local broadcast television station’s website) become your advantage.

Finally, we do not believe that there is a “Right” or “Wrong” choice between local affiliate broadcast television or local ad insertion cable television...just good cost efficiency or poor cost efficiency based on the real goal of your business during your television campaign. Chose wisely, your dealership profitability hinges on your decision!

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Sources: TVB, NSI, CAB, ESA&Company