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Reports On Media Dynamics, Inc.'s National TV ACES

Data Shows Broadcast, Not Cable, CPMs Gaining

by Wayne Friedman, Monday, Sep 24, 2007 7:00 AM ET

WITH THE TRANSITION TO A new TV currency this season, the CPMs spiked up nicely for the networks this season--but less so for cable and syndication, according to research company Media Dynamics' annual National TV Ad Cost Efficiency (ACES) Service report.

Average network prime-time CPMs for the broad target of adults 18-plus will climb 8% in the 2007-2008 season to an annual average of $16.39 per thousand viewers, per the ACES Report. Other network dayparts did better, with daytime earning a 10.1% gain, late evening up 9%; and both early fringe and evening news up 8.1%.

Cable didn't do as well--only posting a 5.8% improvement in prime time, with a run of scheduled spots gaining 5.4% and daytime spots at a 5% hike. Cable didn't get the same boost from the new currency--commercial ratings plus three days of DVR viewership--as the broadcast networks, says Ed Papazian, president of Media Dynamics. Viewers are less apt to DVR cable programs; in addition, cable generally retains less of its viewers going from program to commercial content.

Syndication grew 6% in prime-time CPMs, the same hike as its big daytime daypart. Syndication's best was its late-fringe shows, which grabbed a 6.5% improvement on average.

The switch from program-rating guarantees to commercial-rating guarantees plus three days of DVR usage (C3) has created an annoying apples-to-oranges data comparison for marketers. But given that commercial ratings are 5% to 6% less on average than their respective network program ratings, and that DVR playback over three days adds about 5% to 6% in viewers, the result was mostly a wash, says Papazian.

Overall, this proved to be an advantage for the networks. "In effect, the networks did pretty well with the new currency," he says. However, he added that it would have been different--much smaller, if any, CPM increases--had the networks continued to offer deals this season based on program-ratings guarantees. Papazian says the real test will come next year, when the marketplace will have a more true apples-to-apples comparison for the new C3 currency.

Compared to data of other research competitors, Media Dynamics offers a month-by-month breakdown of estimated CPMs versus the typical quarter-by-quarter breakdown, says Papazian. For instance, according to Media Dynamics, April 2008's average adult 18-plus CPM averaged $18.49; May came in at $20.11; and June, $18.64. The average for the quarter was $19.08. "If your buy is not evenly spread against the quarter--if your media buy was mostly in April but not in May, for example--you could be overstating your CPM," said Papazian. May was the highest CPM average of the year, a time when viewer interest grows due to seasonal and series finales. The lowest was March--a non-sweep, mostly mid-season rerun period--that averaged a $15.32.

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