

ESPN: Measuring ROI for Promotions, Expanding Learnings to Diverse Media



Three years ago, ESPN noticed a significant ratings decline for its original cable television station. Promotions languished, neglected as an art, not science, of marketing.

Art typically isn't held accountable for the ratings it generates. As a result, the executions answered to no one within the ESPN corporate structure, fell subject to no measurement, and when pressed, could not produce any assessment of their impact on audience numbers.

"We had no way to answer 'Did this promotion really work?'" says Artie Bulgrin, senior vice president of research and sales development for ESPN Inc. Bulgrin could see ESPN needed to scrap its established promotions process. "At the end of 2001, we made measurement a priority," he says.

On Your Marks ...

Bulgrin and a newly appointed research team made up of sophisticated ESPN marketers who recognized the need for internal change began to evaluate all of the station's past promotional activity. The consensus opinion castigated promotions for being over the top — too plentiful — and under the radar screen — not doing enough to build audiences to justify the investment.

Given the process for creating and scheduling promotions at ESPN, these findings came as no surprise. All a producer had to do was request a promotion. Marketing would create a spot, and the promotions team would find airtime in the programming schedule to run it. This non-strategy required no minimum level of gross ratings points (GRPs), no coordination with other marketing (through affiliates, through advertising in other ESPN properties or other media, etc.), and operated in the short term, without long-term goals of growing owned assets important to ESPN's image — "SportsCenter," "NFL Countdown," "Baseball Tonight," and other studio programming; X Games, Winter X Games, ESPY Awards, Great Outdoor Games, and other events; and ESPN original programming.



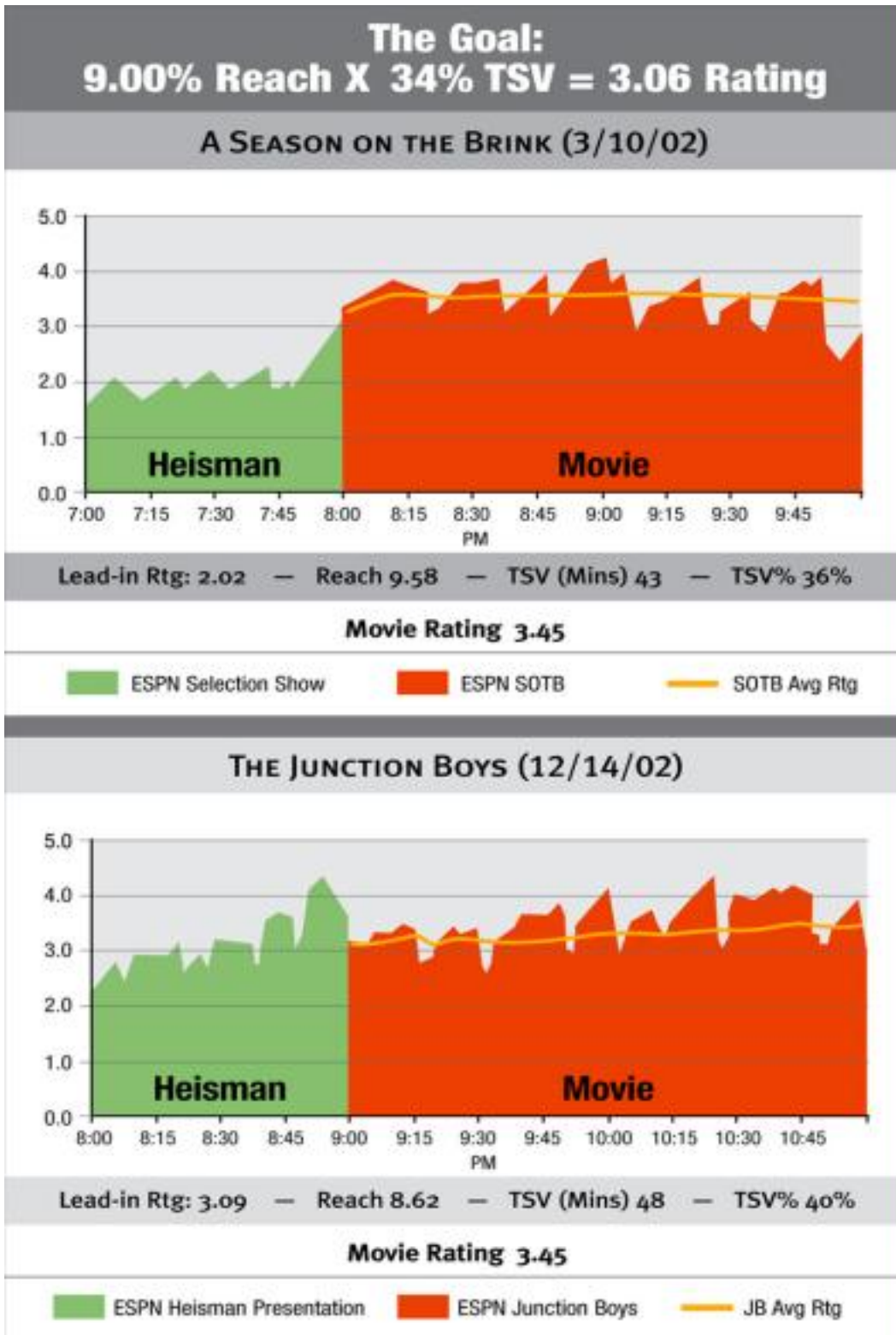
Get Set ...

Other new promotional criteria included: one-off initiatives with ratings potential ("SportsCenter"'s 25,000th episode, Major League Baseball's Homerun Derby), live events with the potential to attract a broad audience (Shaq vs. Yao in basketball), and significant schedule changes.

As part of the new strategy, Bulgrin and his measurement team made cuts as to what would be promoted. In order to have enough airtime to promote assets that met the new criteria, "Sunday Night Football" took a hit. Football fans know ESPN consistently airs Sunday night games, and the programming schedule appears in newspapers and other publicly available television listings.

Next, the marketing innovators accessed data about unique viewers, quantifying reach for each program or property and measuring time spent viewing (TSV) target programs, especially TSV as a percent of the duration of the TV show or event. The former (reach) times the latter (TSV as a percent of duration) equals the average rating. From this analysis, ESPN set criteria for GRPs necessary to score a promotion spot. Under the old promotions plan, 20 to 30 shows or events received promotion placement each week "and none received adequate weight to be effective," says Bulgrin. "We're still in the process of making tough decisions about who to promote and how."

MLB games don't get their own promotional spots any longer. Upcoming MLB games get plugs in now-playing MLB games. ESPN also leverages its other media — magazine, radio, ABC television, the Web — to get the word out about properties that don't make the grade for promotions on the primary ESPN cable channel.



GO!

ESPN original movies were the tests for the new promotions strategy, and on-air advertising of each led to huge homeruns for ESPN in ratings but also in respect. These early successes welcomed more people in the company into the marketing evolution begun by Bulgrin and buddies.

Among ESPN's planning tools were (and are) promotional inventory (a.k.a. available airtime), ratings expectations for the channel's target demographic (men ages 18 to 54), fixed promotional

commitments, flexible promotional commitments, consideration of other ESPN lines of business for promotional activity, and the promotional priorities already outlined.

In March 2000, 42 products got airplay promotion on the primary ESPN channel. Four years later, in March 2004, only 15 products commanded such marketing attention. Over the same period of time, ESPN grew GRPs from 54 to 106. Recent additions to the promotion line-up include "Dream Job" and NBA on ABC (ESPN is a subsidiary of ABC). Recent cuts include "Friday Night Fights" and "Outside the Lines."

Moving on to Return on Marketing Investment

Objectives of ESPN's overall return on marketing investment research include measurement of marketing's impact, by campaign, in each of the media used; analysis of cost efficiencies; and recommendation of an optimal media mix. The first program subject to this scrutiny was "Dream Job," a reality show in which a new anchor for "SportsCenter" was selected.

The trial offered several significant take-aways, notably that television advertising is the strongest driver of results, increasing most metrics, including network recall and future tune-in/repeat tune-in; that almost all metrics increase with magazine advertising, especially aided awareness and future tune-in/repeat tune-in; that online advertising increases almost all metrics, future tune-in and repeat tune-in being the prominent exceptions; and that radio advertising does not show significant increases on most metrics.

And the Winner Is ...

"If you do it right and put the right amount of dollars behind it, you get results. Now we have senior-level support for integrated media," says Bulgrin. "We were under-using our media properties. We can move people from media to media pretty effectively. We can create more and better original programming."

Next on the ROMI schedule for ESPN are an ESPN branding campaign, "World of Poker," the ESPY Awards, the X Games, and NBA Finals.

