Chapter 19 Advertising

Section 19.2 Media Rates

Review Key Concepts

1. With all things except circulation being equal, comparing rates using cost per thousand (CPM) measurement, it would cost less to advertise in a large daily newspaper. For example: Cost of ad for both papers = \$500. Circulation for small weekly newspaper = 10,000. Circulation for large daily = 200,000. Calculate: small weekly newspaper (\$500 × 1,000/10,000 = \$50 per 1,000 readers. Large daily newspaper (\$500 × 1,000/200,000 = \$2.50.
2. CPM is the cost of exposing 1,000 viewers or listeners to an advertising impression. For television and radio, as the number of viewers or listeners increases, the cost of the advertising increases, so the CPM increases.
3. Possible answer: The competition's goals may be very different than your goals. Following the competition's advertising will likely not help you reach your goals.

Practice Academics

English Language Arts

4. The percentage of sales method it is based upon sales. If sales are down, this method might be counterproductive, since less money is spent on advertising. Advertising activities tends to boost sales. This method allocates less money on advertising when more advertising activities should occur to increase sales.

Mathematics

5. \$20.59 (\$35,000 × 1,000 ÷ 1,700,000 = \$20.588 = \$20.59)