How to Stop Selling to People Who Will Never Buy Your Brand

Marketers rightly expend considerable intellectual energy devising ways to sell more to their best prospects. But one key lever is often overlooked: smartly allocating budgets between national and local media. How you determine this split can make the difference between focusing on consumers who will buy from you, and wasting money on those who never will.

The "breakeven" myth

Most of us were taught to look at local media based on a "breakeven" analysis—the point at which the costs of local media make it more efficient to buy nationally. The idea was that after that point, you essentially get the rest of the country for "free." The breakeven point was often at only 10–15 DMAs, depending on the markets, rendering local media "inefficient" for many marketers. And we all accepted this thinking for decades. Unless you were a regional brand or had specific reasons to advertise locally (e.g., price differences by geography, limited "heavy up tests"), most nationally distributed brands ran primarily national media.

That makes some logical sense, but there are two key problems with this approach:

- Lack of geographic customization. First, the DMA is way too big of an area for many marketers, especially retailers. With the amount of data and technology we now have at our disposal, as well as the significant differences in demographics, economics and shopping behavior geography by geography, effective media planning needs to be at a trade area or ZIP code level.

- Lack of prospect focus

Below is an example for a shoe retailer, who had about 100 stores scattered across the US and attempted to buy "efficient" national media. The CPMs for both national media and local media in all their trade areas were calculated based on trade area coverage and plotted as an index. A 1.0 means it costs the same to reach the same prospects regardless of how you buy the media; anything above a 1 favors buying locally; anything below favors national buys. In the case of the shoe marketer, the analysis clearly shows they would be much more efficient (1.2 ratio)—when factoring actual likely customers—to buy the media locally. Yes, there is a "premium" on local / Spot media, but the premium is more than compensated for by the focus of the buy on realistic best prospects.

Now, it's not always that clear of a case. Many factors, such as store density,