**VIDEO TRANSCRIPT**

**UNDERSTANDING COST PER POINT AND COST PER THOUSAND IN A TELEVISION SCHEDULE**

The purpose of this lesson is to continue building upon the application of ratings and impressions as the currency to evaluate the efficiency of programming vehicles and media in general as they relate to pricing and delivery of audiences. In the previous video lesson you learned Calculating Cost per Point, Cost per Thousand and using this analysis to make better programming decisions based on rates.

After you finish this video lesson, you will be able to:

* Evaluate ratings and impressions in a television schedule
* Explain the calculation of a CPM and CPP delivery in a television schedule
* Define TRPs and Total or Gross Impressions

You have all the basic terminology you need to understand this lesson but let me refresh your memory or introduce these two terms:

TRPs or Target Rating Points: the sum of the rating points of a specific target demographic in a media schedule

Total Impressions or Gross Impressions: The sum of the impressions in a media schedule

This video lesson is a simple exercise of multiplication, addition and division. We are adding number of spots for each program, as if they are in a television schedule. Please refer to the chart in the PPT for this video lesson. I am writing the numbers on the chart.

OK, let’s start. Let’s go line by line.

STEP ONE: Calculating total delivery of impressions for this schedule

 Take the first program Parks and Recreation.

Multiply 2 spots times 14,140,000 for each spot in the program equal 28,280,000. Place the total in the box across and under Total Impressions. Remember that here we need to know the actual total eyeballs or total impressions, KEEP THE THREE ZEROS as this is the real delivery.

Do the same multiplication with the appropriate number of spots shown for each program.

Add the column, and place the total in the bottom box across the Grand Totals under the Impressions Column.

STEP TWO Calculating total delivery of ratings for this schedule

 Again, take the first program Parks and Recreation.

Multiply 2 spots times 11.06 ratings for each spot in the program equal 22.12. Place the total in the box across and under Total ratings.

Do the same multiplication with the appropriate number of spots shown for each program.

Add the column, and place the total in the bottom box across the Grand Totals under the Ratings TRPs Column.

STEP THREE Now let’s deal with the money

Once again, take the first program Parks and Recreation.

Multiply 2 spots times $15,000 for each spot in the program equal $30,000. Place the total in the box across and under Total Money column.

Do the same multiplication with the appropriate number of spots shown for each program.

Add the column, and place the total in the bottom box across the Grand Totals under the Total Budget Column.

STEP Four Let’s calculate the bottom-line CPM and CPP delivery for this schedule.

The total budget investment is of $136,500. We are going to use the same budget investment to calculate both, CPM and CPP.

For CPM, divide $136,500 by 114,166 (here again you take out the three zeroes from 114,166,000 since it is CPM). This equals $1.20 rounded or $1.1956.

For CPP, divide $136,500 by 89.32 total ratings. This equals $1,528.21 CPP.

STEP Five Reporting the Results

The delivery for this schedule is reported as:

$136,500 dollars spent

89.32 Adult 18-49 TRPs or Target Ratings Points at $1,528.21 CPP

114,166,000 Adult 18-49 Total or Gross Impressions At $1.20 CPM

Important to note that when you report total impressions delivered in a schedule, you report the entire number because these are actual people you have reached, perhaps more than one time so it includes duplicated audience. When you are calculating CPM is when you take out the three zeros to the impressions figure…you are calculating cost to reach 1000 people in the schedule. Always remember.

Remember to practice with your PPT lessons so you get the hang of it.

 See you in the next video lesson.