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MEDIA HISTORY
The Birth of ADI

A 'futurist' came up with the method for measuring TV influence

by Erwin Ephron

In the six days of creation, when chaos was ordered into heaven and earth, there was no TV, so God did not create the ADI.

That task was left to Bill Harvey, the newly hired marketing director of the American Research Bureau. The year was 1966. Harvey was 24 years old.

Here's how *Sponsor* magazine, a leading trade journal of the time, followed the story:

"The tide has suddenly turned for the ARB local TV service division. Young & Rubicam, Benton & Bowles, NSI contractees have signed for the ARB service, effective with the September reports.

"The impression in media research precincts is that the Y&R and B&B actions came as a result of a nudge from General Foods. The thing that won over GF was the Area of Dominant Influence concept, which had been conceived and developed by Bill Harvey, a 24-year-old research 'genius,' who had come over to ARB from McCann-Erickson the year before.

"... in its effort to controvert the heavy inroads of NSI, (ARB) had gambled everything on the ADI. The ball-game is still on as far as major advertisers are concerned; Lever is evaluating, along with the ADI, a version of this same concept—the Effective Marketing Area—which Nielsen subsequently submitted..."

The idea that the entire country could be divided into local marketing areas defined by TV station viewing is taken for granted today, but it is the spine of modem media planning.

In the 1960s, the geographic units available to media planners were states, cities and counties (political definitions) or metro areas (census defined by population density).

The Postal Service had not yet introduced that fine mince of marketing, the Zip Code (Postal Service defined by mail truck routes).

None of this geography worked for TV stations. The rating services reported "metro ratings" and, because TV signals went far beyond the metro boundaries, "station total audiences," much as radio is reported today.

Both Nielsen and ARB were stumped by the problem of defining a common TV market area that would be fair to all of their TV station clients in a market.

Since there was no standard, there was variety. Each station claimed its own TV market based on self-serving signal contour maps.

The situation was chaos for the national advertiser, who needed precise, unbiased information to develop spot plans, build market lists, budget spot dollars and select stations.

Every three years or so, Nielsen would do a coverage study, mass-mailing viewer ballots across the country to determine station viewing in each of 2,000-plus U.S. counties.

A handful of advertisers, like Procter & Gamble, would buy the survey and assign a "slave" agency, like Compton, to sift through reams of Nielsen county data and develop viewing-based definitions of markets for the P&G agencies.

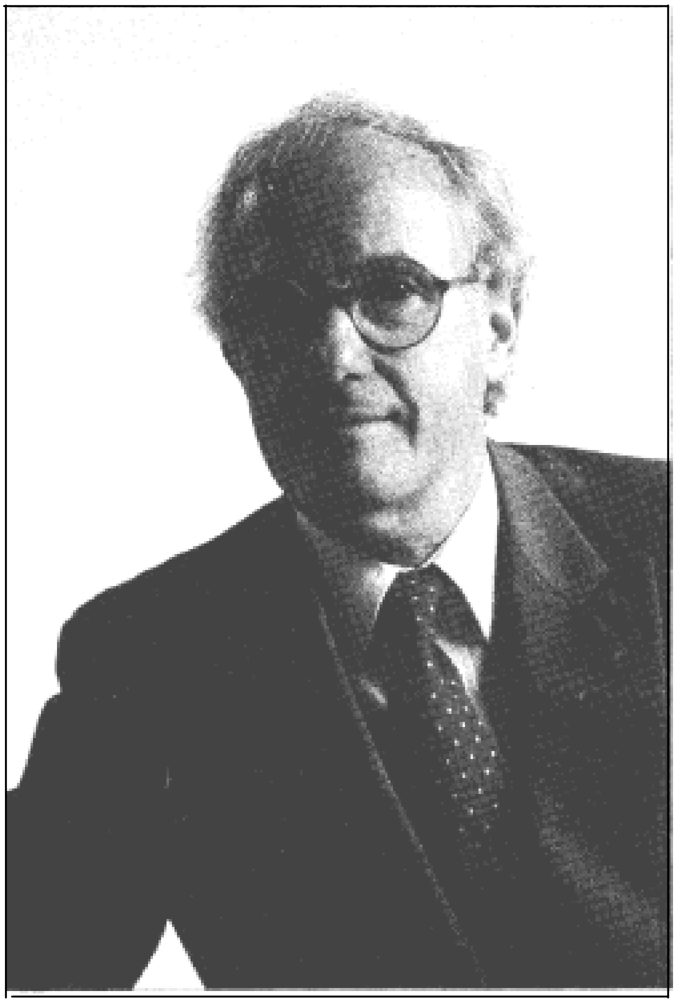
Few other advertisers had the ambition, so for the majority, spot TV planning remained irksome and inexact.

Enter Bill Harvey, who is not a modest man, nor should he be. Early in his career he applied for a job in media research at BBDO and was asked to complete an impossible 100-question quiz, more to humble his spirit than to judge his competence.

Bill answered 96 correctly, so the legend goes, and on the 4 marked wrong argued (convincingly) that his answers were better. However, he rejected BBDO's job offer and went to McCann-Erickson.

At the time, the American Research Bureau (now Arbitron) was rapidly losing the battle with the Nielsen Station Index for the local TV station ratings business. Both research firms were being whipsawed by the stations, who couldn't see paying for more than one ratings service, and Nielsen had the staying power.

After leaving McCann, Bill was hired by ARB.



Ephron: The ADI created the national spot TV medium.

ARB understood that while the local TV stations pay most of the money for ratings, the national agencies have a big say in which service stations buy. They asked Bill, with his McCann background, to help create a rating service designed for agencies that they could force-feed to the stations.

Bill's big idea: the "Area of Dominant Influence," an audience-based definition of TV markets.

ADIs divided the United States into 200 exclusive geographic areas by assigning counties to the ADI whose originating stations captured the greatest share of primetime viewing.

ADIs were considerably larger than SMSAs and did not respect state boundaries.

The New York ADI, for example, contained several SMSAs (today, New York, Newark and Nassau/Suffolk) and counties in four states (New York, New Jersey and Connecticut and Pennsylvania).

The ADI permitted agencies to maneuver in the local battlefields where brands really compete. ADI data let agencies easily track the delivery of network TV in local markets to see where this core medium over- and under-delivered.

ADI data facilitated the use of spot media to compensate in markets where there was under-delivery. If the brand could obtain, or estimate, sales data by ADI, ADIs let planners do A-to-S geographic planning, which allocates advertising dollars by market sales. ADIs also let them track ad sales results.

The new ARB agency service, dubbed "the buyers friend," was an instant success and insured the future of ARB. Nielsen's catch-up Effective Marketing Area soon followed, but apparently the word "effective" was too much puffery for Art Nielsen Sr. and it was soon changed to Designated Market Area, or DMA.

The ADI recognized that TV signals, not county, city or state boundaries, define local markets for advertisers and gave them a complete, rational and supremely useful geographic planning tool. In fact, the ADI created the national spot TV medium.

Today, Bill Harvey calls himself a "futurist." He also is a successful media consultant and publishes The Marketing Pulse, a newsletter. He lives, by the way, in the New York ADI.

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