

# Effectiveness in Advertising - Concept, Planning and Evaluation



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# Overview

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Advertising Management: State of the Art

A Success Chain in Advertising

Planning of Advertising Decisions

Evaluation of Advertising Success

# Overview

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## **Advertising Management: State of the Art**

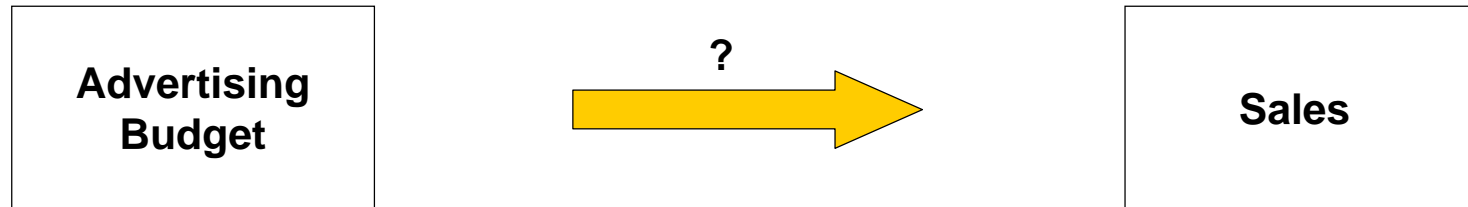
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# Advertising and Sales

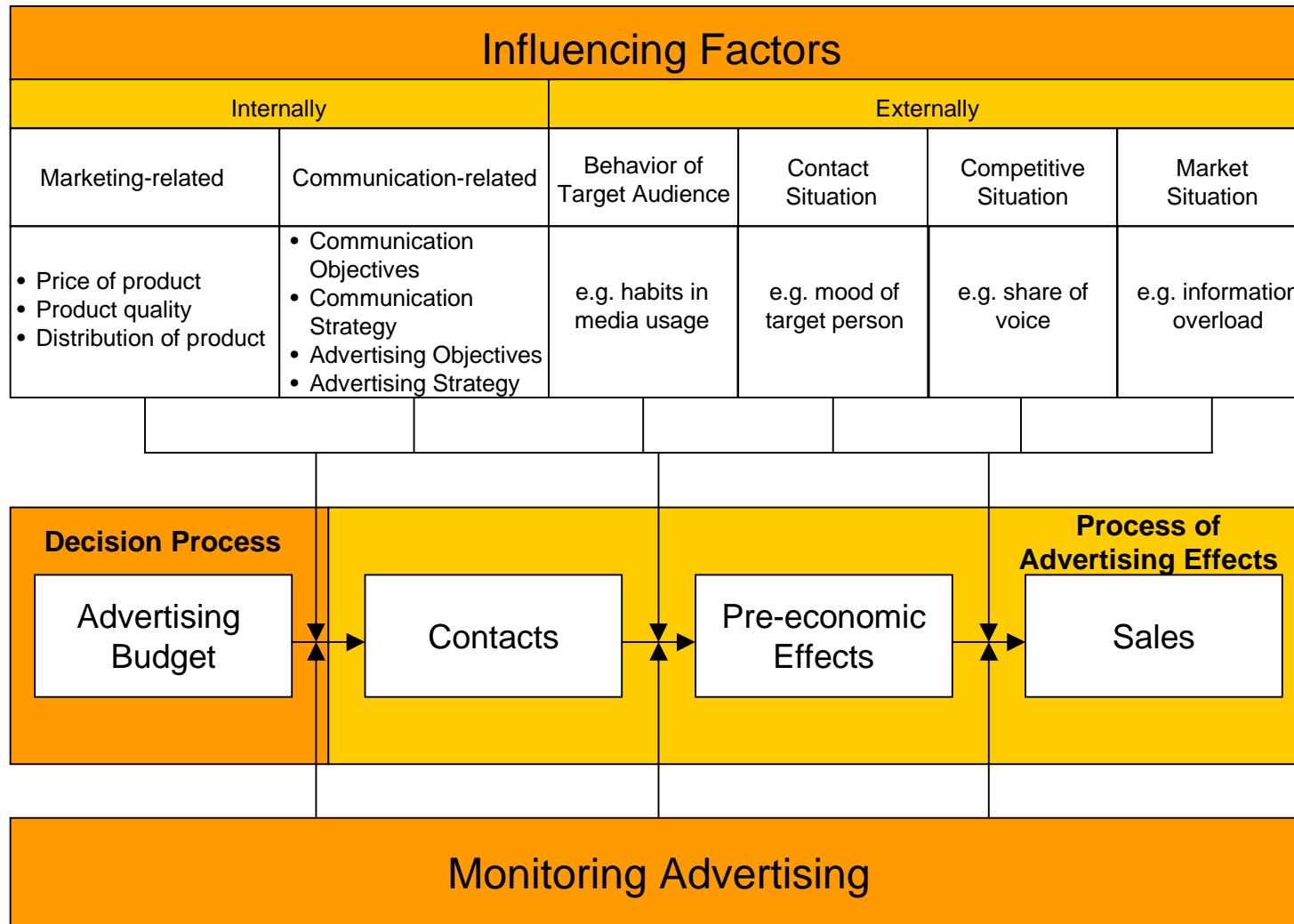
For many companies the link between the advertising budget and sales is still a riddle.



**“I know half of the money I  
spend on advertsing is wasted, I  
just do not know what half it is”  
(John Wannamaker)**

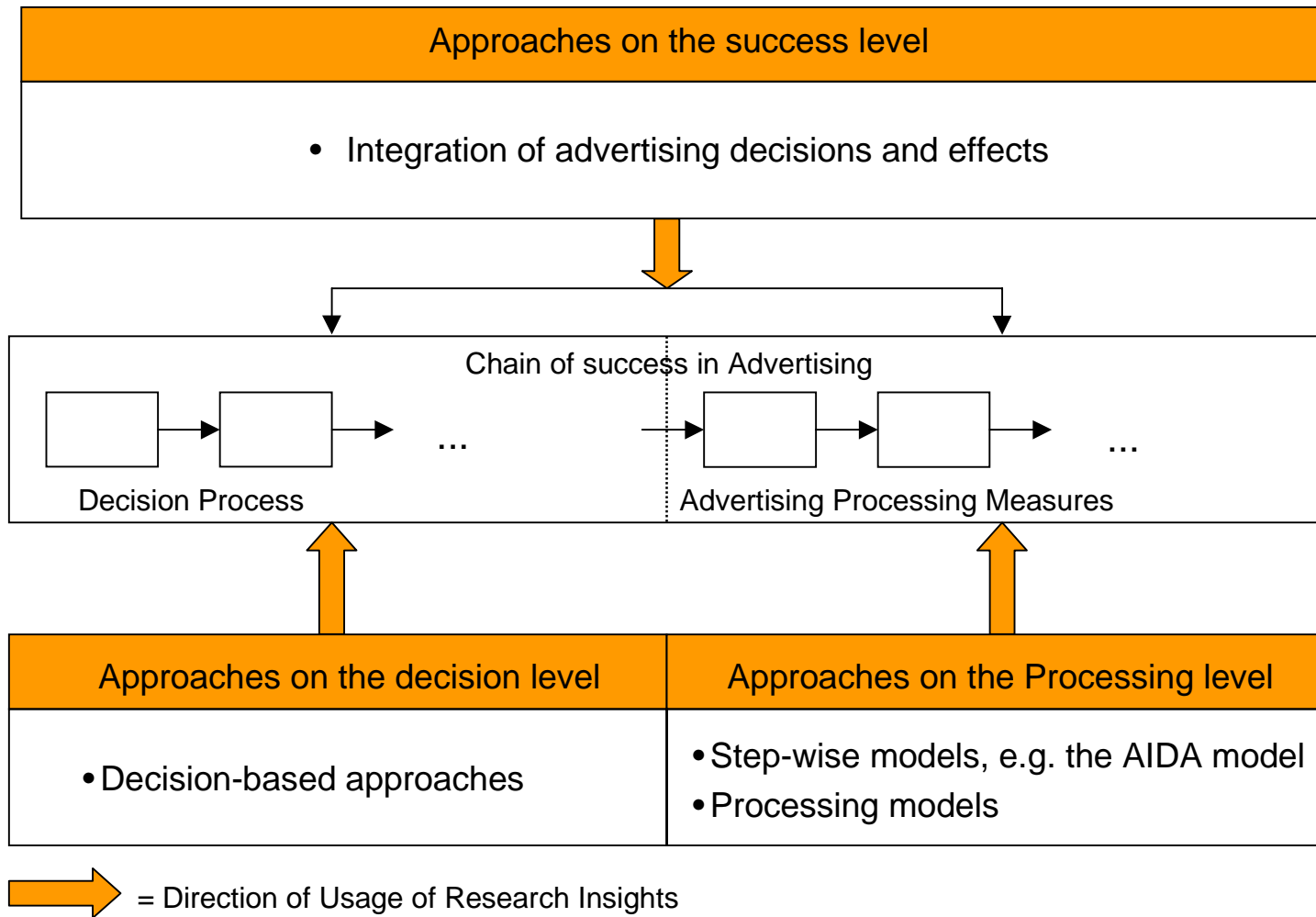
# Levels and Influencing Factors of Advertising Success

Monitoring advertising success is one of the most complex challenges in business.



# State of the Art in Advertising Management

Different approaches regarding the optimization of advertising management can be found in the literature.



 = Direction of Usage of Research Insights

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# Fundamental Demands on an Advertising Success Chain

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Basically there are two fundamental demands on an advertising success chain:



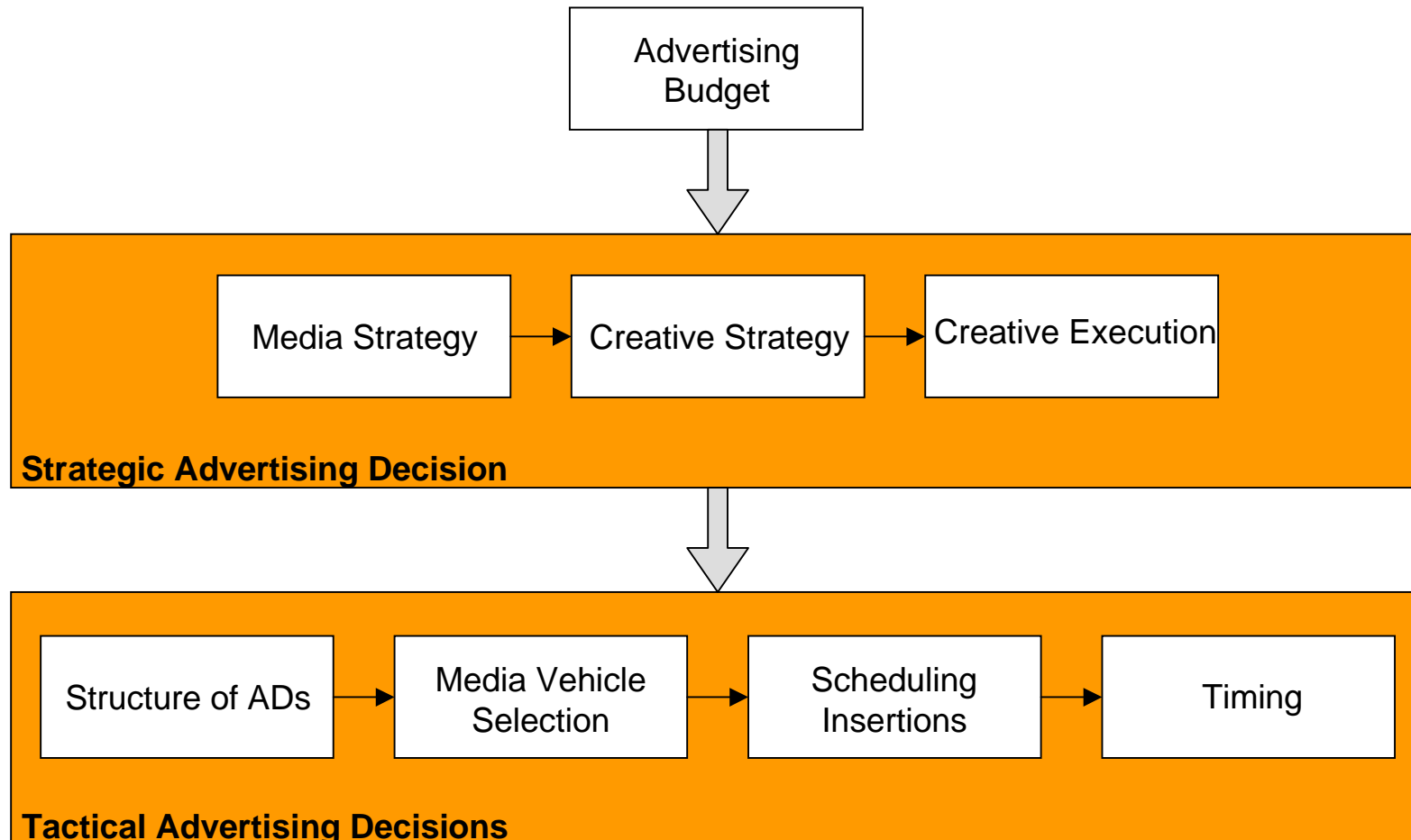
**Economic Relevance:** All advertising decisions and effects which are part of the chain have to be important for buying decisions.



**Consistency:** The structure of the chain has to be consistent, i.e. each decision and effect level must fit into the appropriate place in the chain.

# Advertising Decision Chain

An advertising decision chain comprises strategic and tactical advertising decisions.



= Dependance

= Useful structuring of advertising decision process

# Additional Demands on the Advertising Effects Chain

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Since optimizing advertising decisions is the main goal of an advertising controlling system, the following demands have to be applied to the advertising effects chain:



## **Controlling Potential for Advertising Decisions:**

All advertising effects which are part of the chain have to deliver concrete hints as to what advertising decisions have to be adapted.



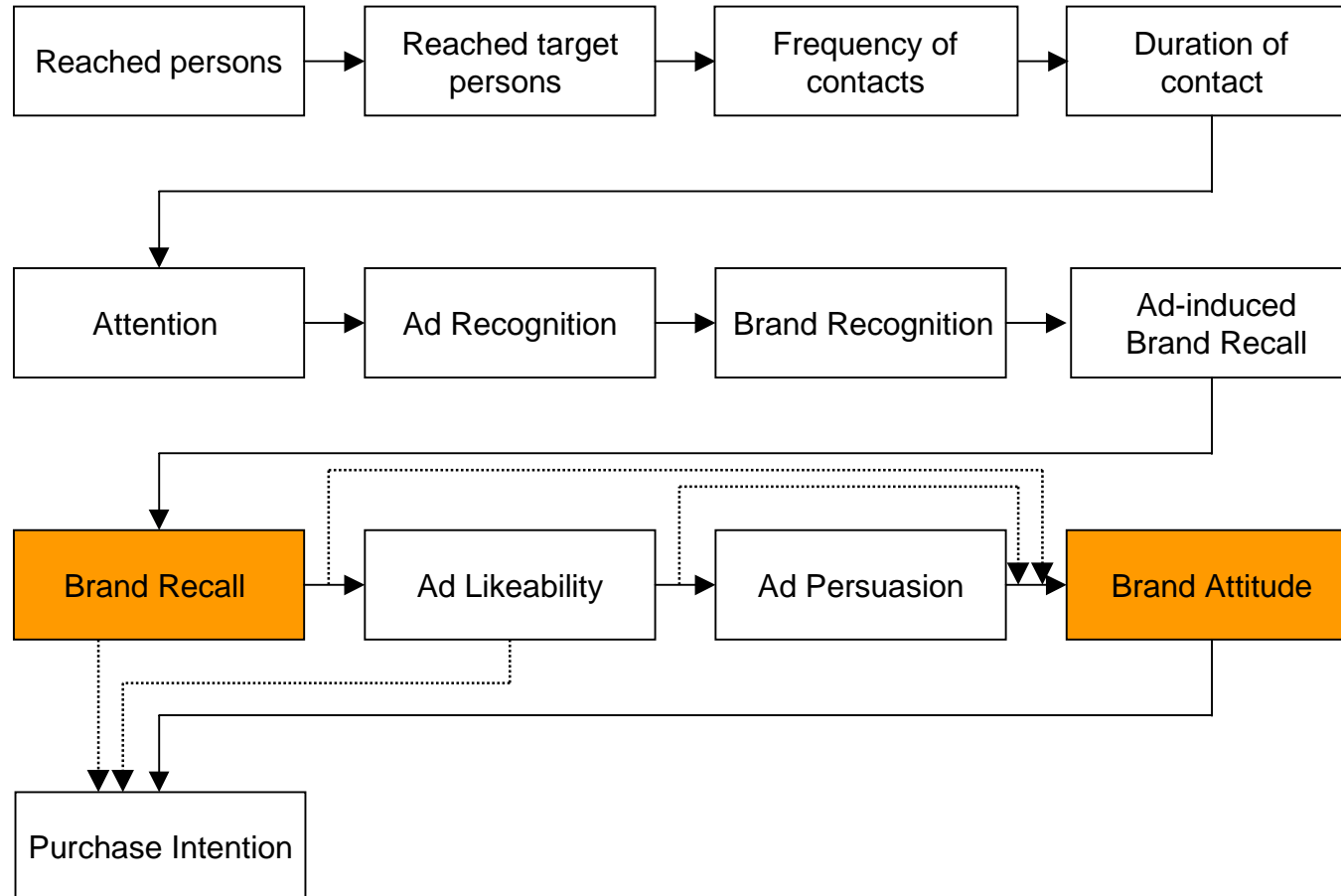
**All advertising effects which are part of the chain have to depend heavily on advertising decisions.**



**Both demands are directly related to each other !**

# Advertising Effects Chain

On the way to purchase intention, brand recall and brand attitude are the most crucial advertising effects.



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A Success Chain in Advertising

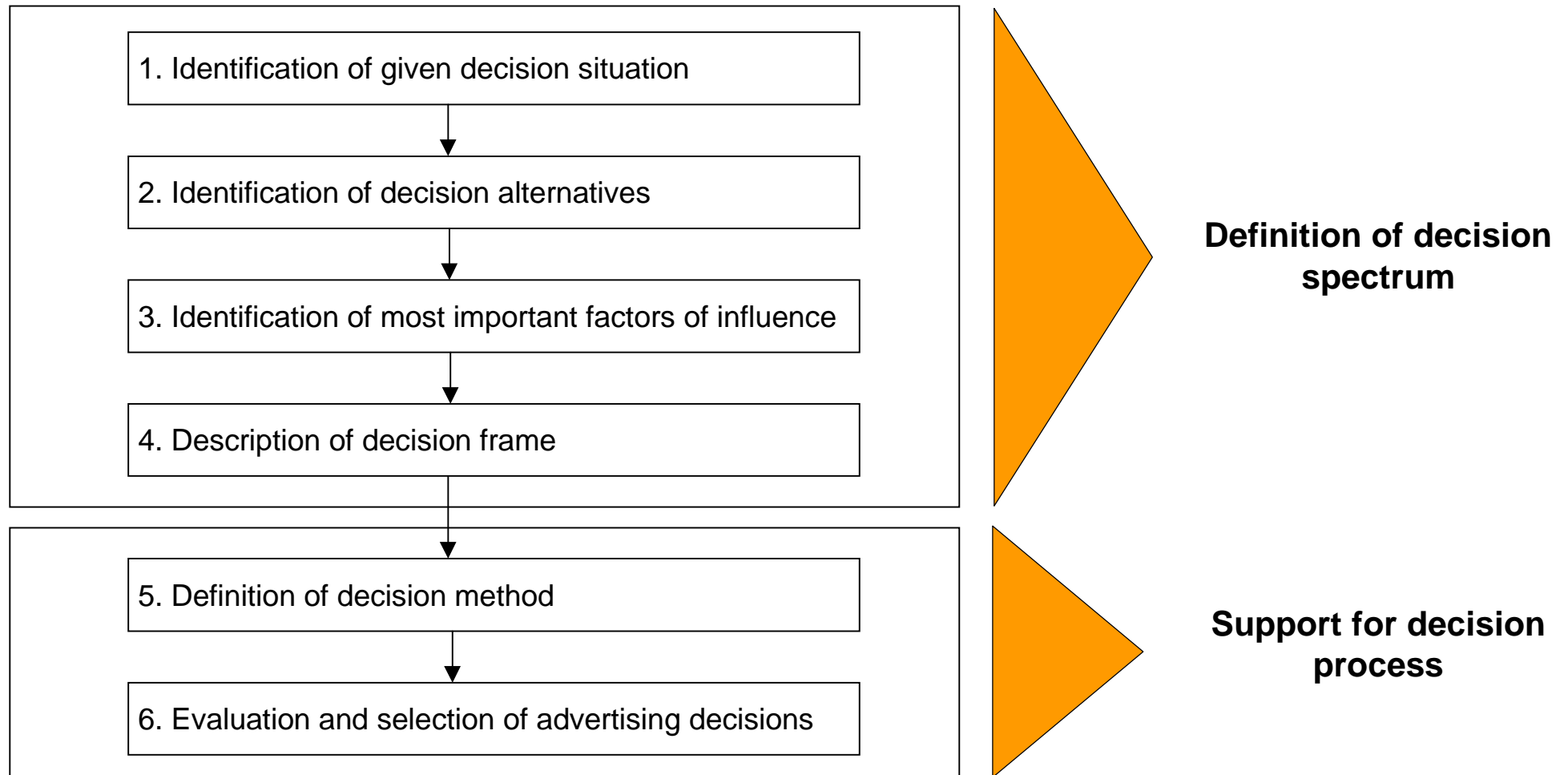
**Planning of Advertising Decisions**

Evaluation of Advertising Success



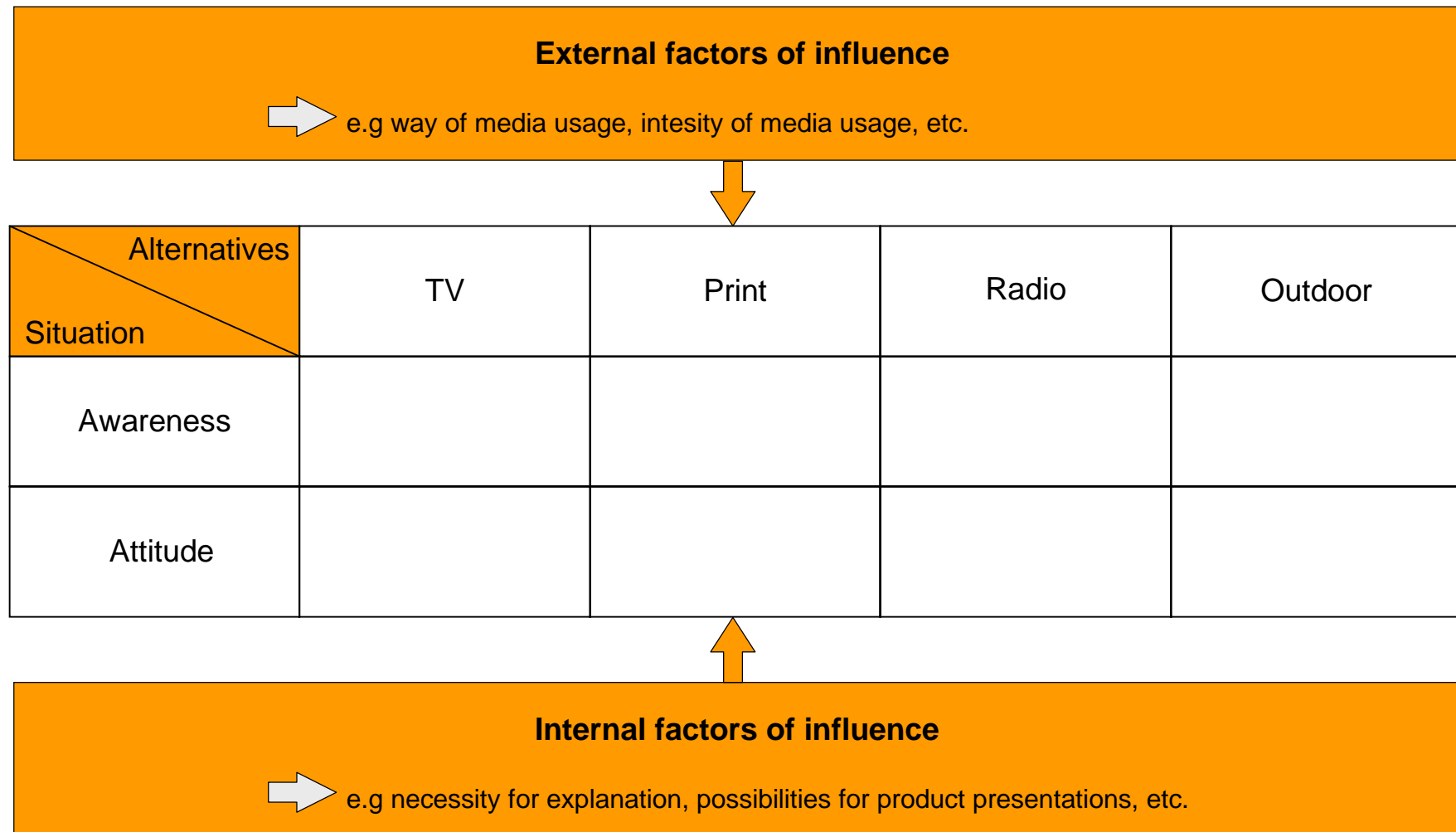
# Planning Scheme of Advertising Decisions

Finding reasonable advertising decisions requires a planning scheme which can be used to define the decision spectrum as well as to support the decision process itself.



# Defintion of Decision Spectrum: Example Media Strategy

Despite the number of external and internal influencing factors, the primary advertising objective is a crucial element of the media strategy decision spectrum.



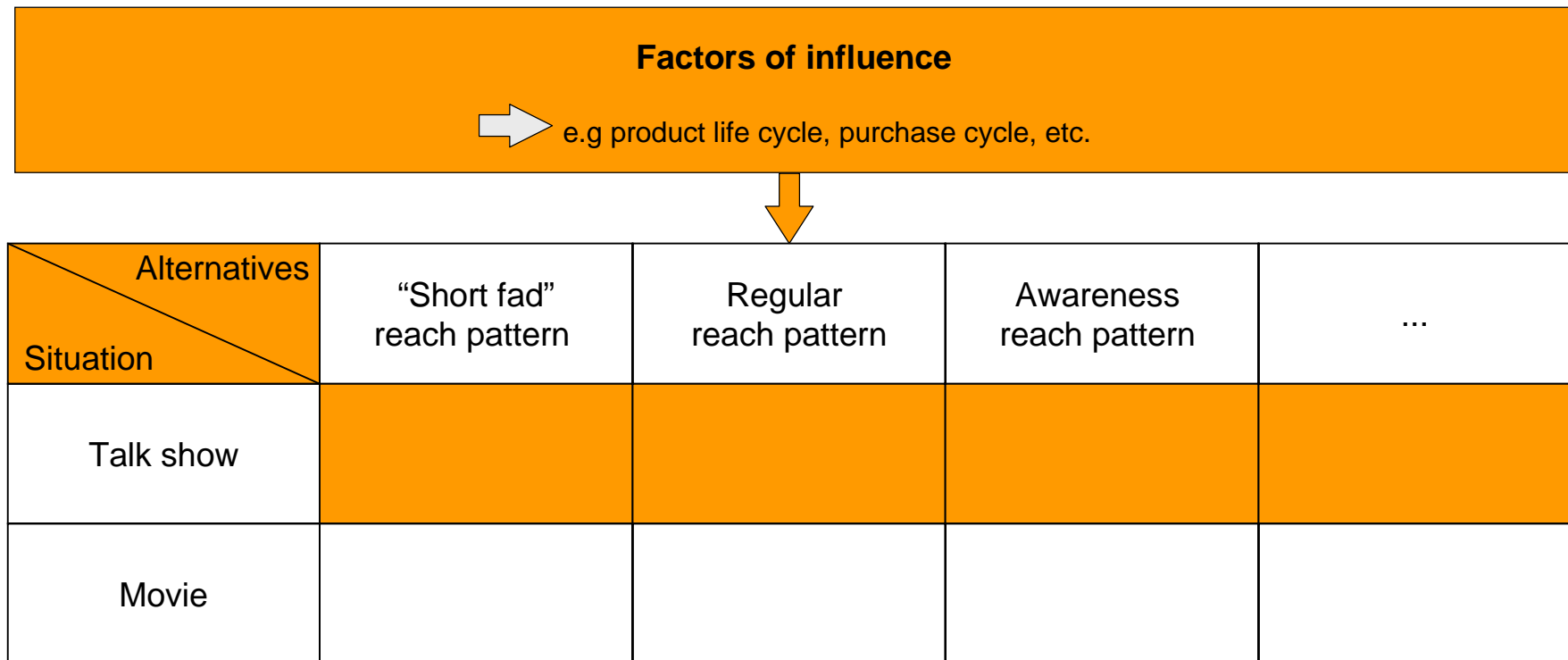
# Scoring Model for Evaluation and Selection of Key Media

A scoring model is quite useful to support the decision of which media to choose as the key media. However, it does not replace the necessity to have in-depth knowledge about the importance of decision criteria as well as about the performance of media on these criteria.

Criteria at media Performance		Weight	Decision Alternatives							
			TV		Print		Radio		Outdoor	
			Points	Weight* Points	Points	Weight* Points	Points	Weight* Points	Points	Weight* Points
Contact Performance	Reach of target group									
	Frequency									
	Length of ad exposure (Ø)									
Effect Performance	Media involvement									
	Media credibility									
	Possibilities for presenting the product									
	Suitable for product explanation									
		Σ=100								

# Description of Decision Frame: Example Timing

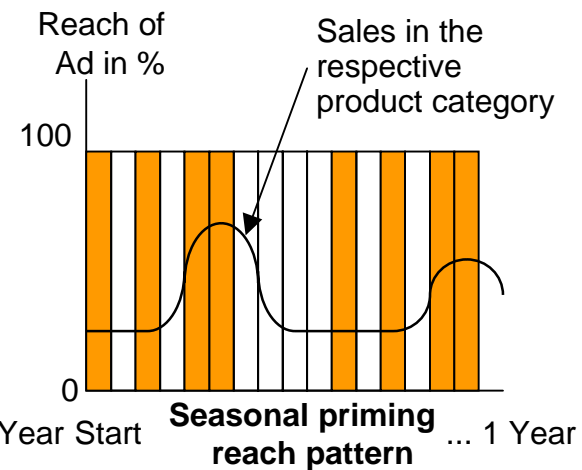
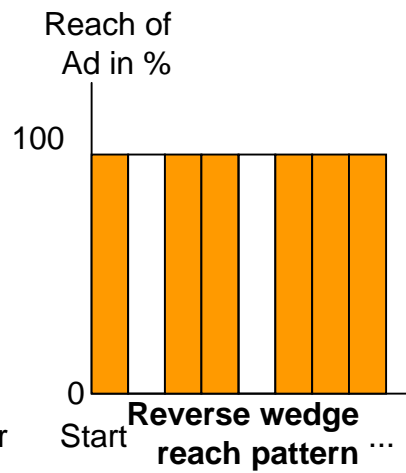
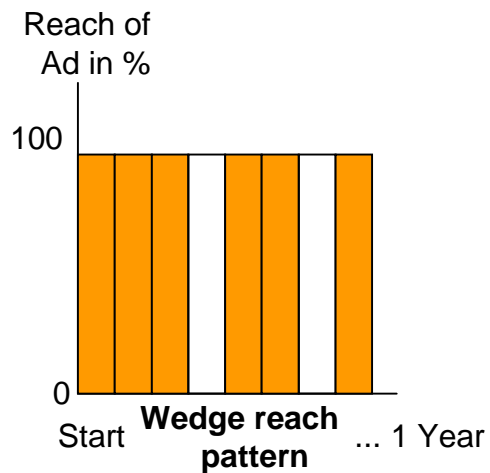
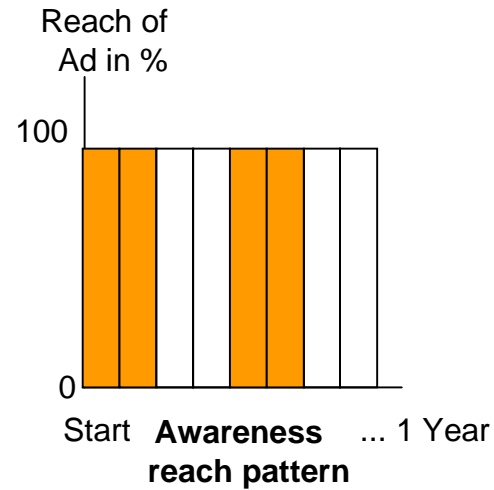
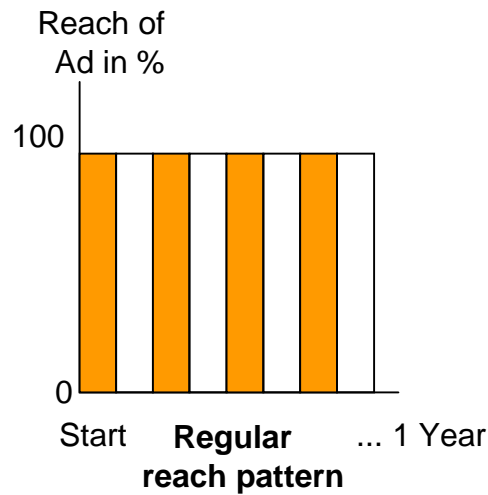
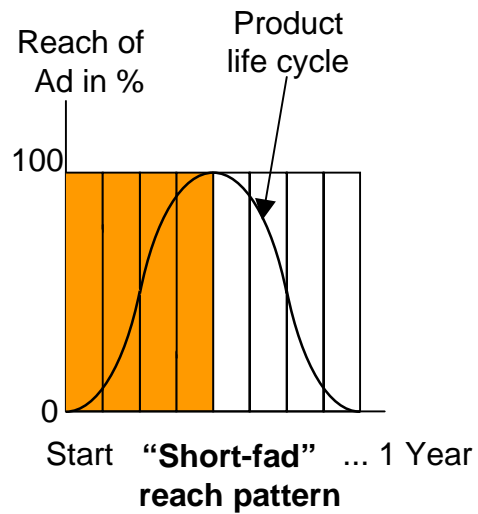
Timing decisions have to be based on the decision regarding scheduling insertions and the presence of influencing factors.




**Assumption: TV has been chosen as the key media**

# Timing Decision Alternatives

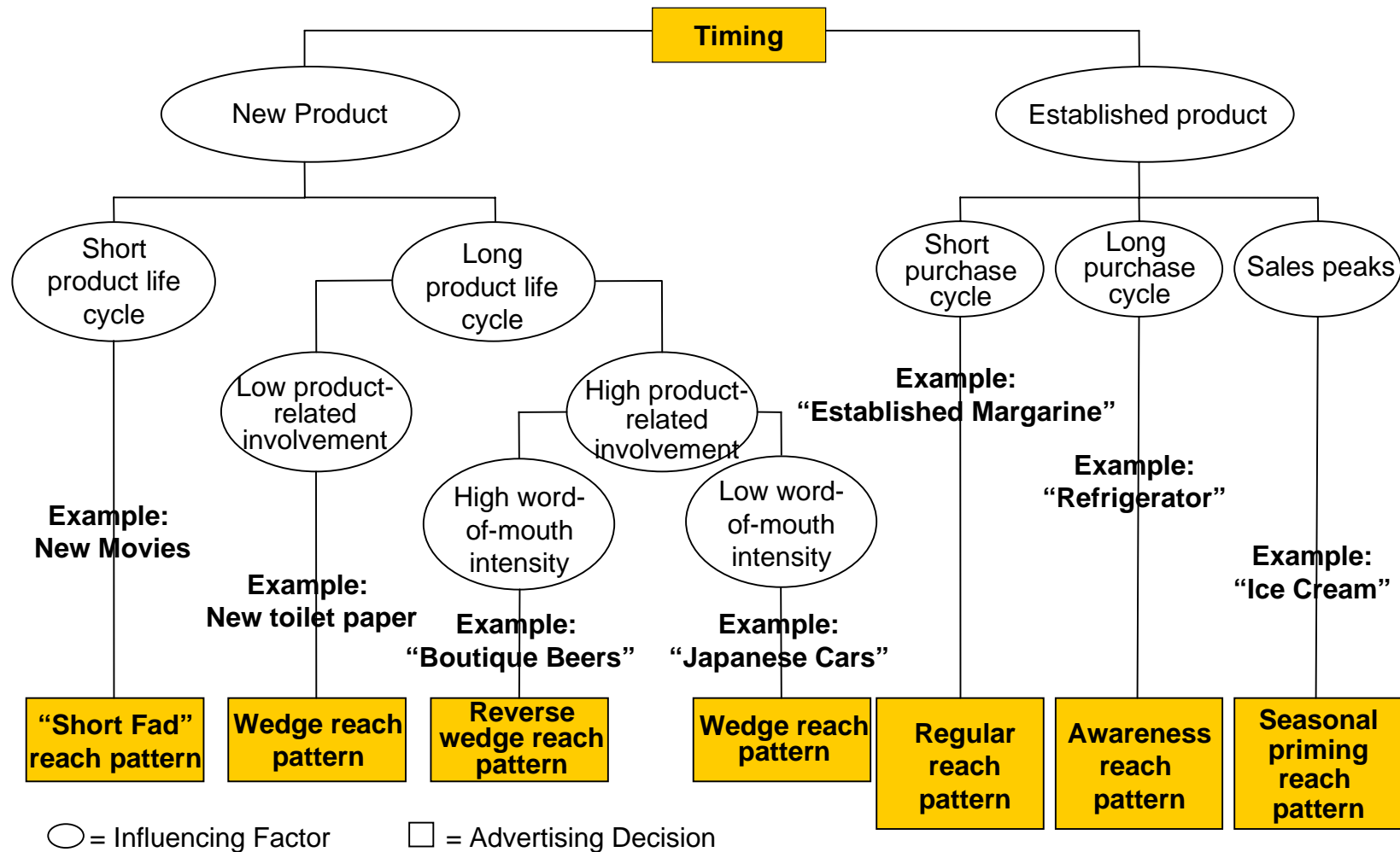
Basically it has to be chosen from six timing decision alternatives.



**Legend:**  
 =Period of advertising

# Tree of Timing Decisions

Due to the fact that the influencing factors do not differ across decision alternatives a decision tree is appropriate to support finding the right timing decision.



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# Empirical Investigation of Advertising Success

The empirical investigation of advertising success should be focused on brand recall and brand attitude as the crucial factors of advertising success.

Brand Recall	
Method:	Measurement:
Asking	<ul style="list-style-type: none"> <li>• Registration of answers to open questions - eventually registration of sequence of answers (recall measurement)</li> <li>• Registration of “time to answer” (latency of answering) as a benchmark for the strength of association</li> <li>• Registration of answers to open questions with reminders</li> </ul>

Brand Attitude	
Method:	Measurement:
Asking	<ul style="list-style-type: none"> <li>• Aggregated measurement of emotional disposition with a rating scale</li> <li>• Aggregated measurement of rationale disposition with a rating scale</li> <li>• Multi-attributive measurement with a set of rating scales (“cognitive attitude models”)</li> </ul>

# Advertising Effects Figures on Different Levels of Success

Advertising success should be measured and reported on three different levels.

Contact Figures	Awareness Figures	Attitude Figures
Reached target persons	Target persons with brand recognition	Target persons with brand attitude
Reached persons	Target persons with ad recognition	Target persons with ad attitude
Reached target persons with a certain contact frequency		
Reached target persons	Target persons with ad-induced brand recall	
Reached target persons with a certain duration of contact	Target persons with brand recognition	
Reached target persons with a certain contact frequency	Target persons with brand recall	
Reached target persons with a certain degree of attention	Target person with ad-induced brand recall	
Reached target persons with a certain duration of contact		

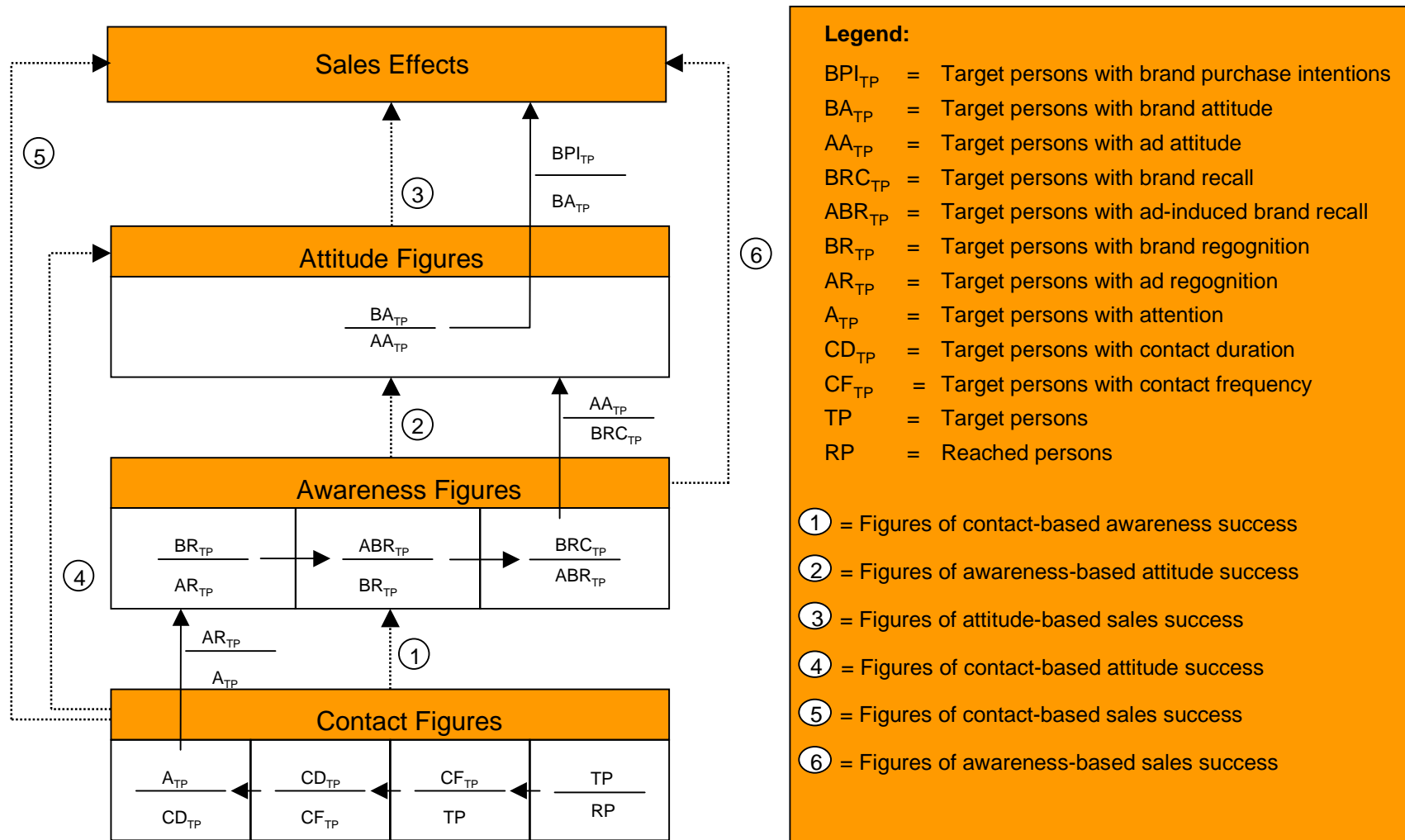
# Advertising Effects Figures Across Different Levels of Success

Advertising effects figures have to connect different levels of success in order to be able to identify bottlenecks in advertising effects.

Advertising effects figures across different levels of success	Figures of awareness success	Contact-related	→	e.g. member of target persons with brand recall/reached target persons
	Figures of attitude success	Contact-related	→	e.g. member of target persons with brand attitude/reached target persons
		Awareness-related	→	e.g. member of target persons with brand attitude/number of target persons with brand recall
	Figures of brand purchase success	Contact-related	→	e.g. number of target persons with brand purchase intention/reached target persons
		Awareness-related	→	e.g. number of target persons with brand purchase intention/number of target persons with brand recall
		Attitude-related	→	e.g. number of target persons with brand purchase intention/number of target persons with brand attitude

# System of Advertising Effects

A system that covers the whole advertising effects chain comprises at least 11 advertising figures.



# Key Messages

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- ↪ Optimizing advertising management is one of the most challenging tasks in business.
- ↪ It is all about managing, i.e. coordinating an advertising success chain which comprises a decision and effect chain.
- ↪ Finding reasonable advertising decisions requires a planning scheme which can be used to define the decision spectrum as well as to support the decision process itself.
- ↪ Brand recall and brand attitude are the most crucial factors for advertising success.
- ↪ Advertising effect figures that cover the whole advertising effects chain are useful to identify decisions which have to be adapted.

Although having a concept is crucial for optimizing advertising management, it is still necessary to have a comprehensive understanding about how advertising works.