

CHAPTER 9: Issues In Advertising
Lesson 32: Advertising Effectiveness

Learning Objectives

- You will understand via this lesson as to how and why is the need to measure effectiveness of an ad.
- It also goes on to explain the various methods of measuring effectiveness.



A brand is a compound of two elements. It is first of all a product or service that provides functional benefits rich enough to persuade some (or sometimes many) consumers to buy the brand repeatedly. It also has added values, or psychological qualities and associations in the minds of these consumers; values that underscore and reinforce their preference for the brand. The manufacturer provides the functional benefits. The added values are mainly created and built gradually but inexorably by the brand's advertising. It is a fair generalization that a brand is the joint product of a sound and well-organized manufacturer and imaginative advertising.

Although the agency writes the advertising campaigns, these are also the concern of the advertiser. The advertiser's contribution concentrates on the important managerial tasks of evaluating the agency's proposals; using their judgement to plan the "business" of the campaign (especially budget and media); and, most importantly, measuring the campaign's effects in the marketplace.

The specific jobs that should be carried out by the client in close co-operation with the agency should be five fold. To accomplish these, this article mentions a number of research techniques that are more readily available in a sophisticated market like the United States than in a burgeoning market such as India. Nevertheless, in all developed and less developed countries, the best research available should be used to tackle these five important tasks. It is to be hoped that the specific techniques described here will soon be as fully available in India as they are today in North America and Europe.



1. The Five Tasks

- Measure behavioral effects
- Pre-test to weed out ineffective advertisements
- Determine advertisement budgets strategically
- Media continuity, not concentration
- Use promotions tactically

Task 1: Measure Behavioral Effects

Advertising has three orders of effects ~ short-term, medium-term and long-term. These effects can be measured in terms of consumer purchasing (cognitive and attitudinal data are too soft and indirect to measure these effects robustly). One extremely important point is that each effect is a gatekeeper to the next. In particular, without a short-term effect, no other effect is possible.

Before the mid 1980s, it was impossible to measure accurately the short-term effects of advertising. These are felt within seven days of an advertisement appearing and such effects are highly volatile. Measurement is only possible with the use of a large scale and expensive technique called Pure Single Source Research, a type of investigation that has been used in a number of countries since the early 1990s. The measure of an advertisement's short-term effect is market share change and is entitled Short Term Advertising Strength (STAS). In about 30% of cases this effect is very large. In about 40% of cases it is slightly positive. In about 30% of cases sales actually go down because the campaign is unable to protect the brand from stronger campaigns from competitors. STAS is driven exclusively by the creative quality of the advertising campaign.

The medium-term effect represents the repetition of short-term effects across the course of a year, but deducting the short-term effects of competitive advertising campaigns. This means that the medium-term effect is invariably smaller than each short-term effect. The medium-term effect of a campaign can be measured with reasonable precision using regression analysis. Many examples are available to show this technique in action. These cases quantify the proportion of annual sales that are accounted for by advertising and they also show the return on the advertising investment, measured in cents per advertising

dollar. The econometric analysis to determine medium-term effects with which I am most familiar and on which I have published, are the work of the prominent research organization Media Marketing Assessment.

Advertising is also capable of a long-term effect, which is manifested through a strengthening of the brand and in particular the growth in its added values ~ the positive psychological associations of the brand in the minds of consumers. If there is a long-term effect, this is shown by a gradual increase each year in the measured medium-term effect.

Long-term effect of advertising is measured in six ways:

- Rising penetration i.e. an increasing user base
- Increasing purchase frequency
- Reducing price elasticity of demand
- Above-average consumer price
- Increasing advertising elasticity
- Reducing advertising intensiveness i.e. An increasingly effective use of advertising dollars

When the long-term effect of advertising is added to the medium-term effect, advertising can be in circumstances shown to produce a return on investment (ROI) higher than the actual sum spent on it.

Task 2: Pre-Test to Weed Out Ineffective Advertisements

In view of the fact that only a third of campaigns produce strongly positive short-term results, it is very important that manufacturers should pre-test their advertisements to predict as accurately as possible whether their campaigns will be effective in the market place. A number of pre-testing systems are available in the United States. The method with the best track record is that named after the research organization Advertising Research Systems (ARS).

This method tests the commercial in a cinema in front of an audience of 500 people. These people see an entertainment program in which are inserted some commercials,

including the one being tested. The entertainment program is preceded by a lottery, in which people are asked to allocate a sum of money among different brands (including the one being tested). After the program, there is another similar lottery. The measurement of the effectiveness of the tested commercial is determined by comparing the audience preference for the brand after the program with their preference before the program.

This testing system has been used for 50 years and there is a very large battery of test evidence of its effectiveness from a number of countries. This evidence for the predictive ability of the system is very strong and aggregated data are available to illustrate this. There are also a number of cases, which show the system in action for specific named brands.

Task 3: Determine Advertisement Budgets Strategically

In view of the long-term effects of advertising, manufacturers should normally set their advertising budgets in terms of competitive advertising expenditures within their category. In order to boost the long-term competitiveness of their brands manufacturers should not make tactical reductions in the budget in an attempt to boost profit.

Manufacturer's advertising investments in any category can be described with a statistical regression known as the Advertising Intensiveness Curve (AIC). This shows that small brands must over-advertise (with their share of voice exceeding their share of market). On the other hand, large brands can afford to under-advertise (with their share of voice below their share of market). This is a measure of the above-average profitability of large brands. But there are strict limits. Any reduction below these limits will invariably lead to a loss in market share. Cases are available to illustrate this point.

Task 4: Media Continuity, Not Concentration

For many years the advertising industry followed a pattern of short-term media concentration to ensure that consumers saw three exposures of an advertisement before they were expected to buy a brand. This policy was based on an incorrect interpretation of available research.

Any policy of media deployment must be based on evidence of the incremental effect of extra advertising exposures on sales of a brand. The vast weight of existing evidence supports the view that a single advertising exposure can produce sales and more exposures generate diminishing returns. This means that short-term media concentration produces sales that are more and more expensive to achieve. This is therefore uneconomic. At the same time, any gaps in a manufacturer's annual media schedule will leave the brand vulnerable to the competition from other brands in the marketplace. When schedules are based on short-term concentration, there are inevitably going to be long gaps between the periods of high advertising weight ~ a highly inefficient way of employing media budgets.

Since the mid 1990s, it has been realized by the majority of American advertisers that the most effective and economic media policy is to reduce the weight of the short-term bursts of advertising and to deploy the money on a relatively continuous basis across a year. A number of individual cases are available to demonstrate this point. And more recently, aggregated data from Media Marketing Assessment, based on rigorous econometric evaluation, have shown clearly that continuity is the best policy.

Task 5: Use Promotions Tactically

Manufacturers are subjected to a number of pressures to increase their expenditures on trade and consumer promotions. These pressures include the competition from other manufacturers who promote in order to boost their own short-term sales. But the regrettable fact is that the vast majority of promotions are totally uneconomic. Despite the high sales return they achieve, they generally cause an actual reduction in the manufacturer's profit.

A basic problem with promotions is that they encourage a general disloyalty to brands on the part of consumers. An even worse problem is that promotions have no long-term effects. They are different from advertising in this respect, because advertising can produce a long-term effect, which can be added to its medium-term effect, with a beneficial effect on a brand's ROI.

One proven system of improving the benefit of trade and consumer promotions is to use such promotions together with consumer advertising, in a mutually supporting role. Cases are available to demonstrate that this can be to the long-term benefit of brands.

All the analysis that are referred to here are based on manufacturers and advertising agencies using good and experienced judgment in developing their advertising plans. As already mentioned, such plans should also be based on the best research that the market research industry in the country is able to provide. In many cases, the research lessons learned at great expense in developed countries can also be applied at least approximately to less developed ones. This is generally the policy of the leading multinational advertisers.

Copy Testing

You must understand that an ad copy is one of the key areas where testing is essential. Since it contains elements like the Headline, Illustrations, Body copy, Logo and Baseline, it becomes imperative to understand the mix and match of these subjects. Very essentially we need to see that, whether the layout is effectively read out or not. Essentially you must



understand that a viewer of a print ad sees the above-mentioned elements in the following manner:

- Illustration
- Headline
- Logo
- Copy

It is not a hard and fast rule, but normally the above is true. So various combinations of the elements are given to us and we try to see as to which one is stronger than the other. We have 2 types of testing for ad copy being effective:

1. Pre-testing: This is the test of the copy before it is given to the media.
2. Post-testing: This is the testing, which is done after the ad copy has come out in the media and the audience has seen the advertisement.

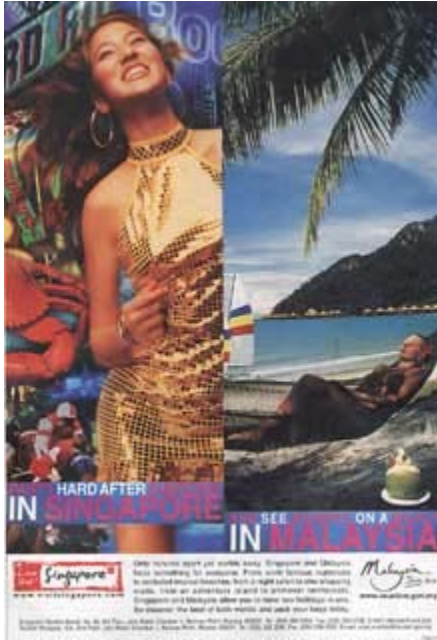
The purpose of pre-testing is as follows:

- To spot errors in the copy
- To make communication more effective
- To design the ad better
- To reduce wastage in advertising
- To ensure that the money is spent prudently.

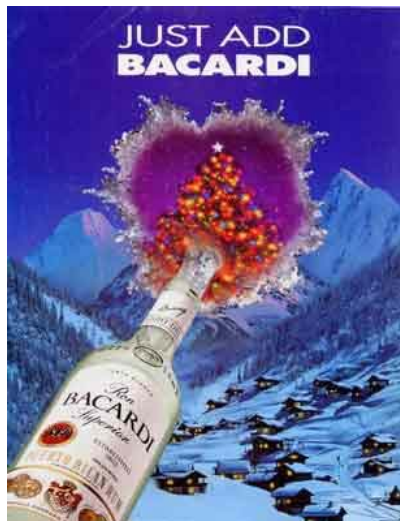
Whereas the purpose of post-testing are as below:

- To find out the impact of an ad in terms of it being noticed, seen and read.
- To find out its credibility.
- To find out its comprehension
- To measure its memorability.
- To assess its effect on buyers.
- To assess its fit with the promotion and marketing mix
- To assess whether it has achieved its objectives.
- To assess the relative effectiveness of different copies and media plans.
- To improve future advertising efforts.

Now, but naturally you will ask me as to how you test the ad copy. So following are the different methods for firstly, pre-testing.



1. Checklist method: Within this we have certain issues like readability or audibility. It is a simple and a speedy process. You could ask questions like:



- Is the copy based on the briefing?
- Is it interesting?
- Is it interactive?
- Is the story line complete and fluid in its completion?
- Are there pauses and breaks while reading?
- Does it end interestingly?
- Was it able to hold the attention?

There are quite a number of other questions that you could possibly have. The method is however suitable only for the body text and not for any other element.

1. Consumer jury test: Here the ranking of the advertisements are done by a group of people called the jurors. The point system is given to an average of 4-5 copies that they are given to rank. The order of merit is the one, which determine which is the best advertisement by the jurors and which has been rated as the worst. The points given by the jurors are then added together to determine which is the ad, which has got the maximum points. This is the one that is the chosen one. Within this context we have paired comparison. In a Paired Comparison at a time two ad copies are compared. It is one-to-one comparison amongst test ads. More than six ad copies can also be compared by this method. Every single ad is compared with all others, but only two (a pair) is considered at one period of time. Sources are recorded on cards. They are summed up. The winner gets the highest score. The other ads are rated according to their scores after summation. It is easier technique than order of merits. Till ten copies, there is good accuracy; which later decreases. The number of comparisons one is required to make with the help of the following formula:
2. Portfolio test: Here some dummy ads are mixed with regular ads. They are then put in a portfolio. The consumer samples each advertisements and judges, which is the best one. In case the selected ad is the dummy one, then the regular ad is changed or modified in the manner of the dummy ad.
3. Mock magazine test: This is very similar to the portfolio test, however the ads are put in an actual magazine and is exposed to the consumer. The recall test is then taken to adjudge which is the best ad.
4. Perceptual Meaning Studies (PMS): It is a method that is uses time exposure to test the ads. Tachistoscope is an instrument that may be used in this test. The respondent sees the ad for a pre-determined time, and then is subjected to a recall test-product, brand illustration and the main copy.

Where the pre-testing for the broadcasting ads are concerned, we have the following types:

1. In-home projection tests: A movie projector screens the ads in the setting of the consumer's home. He is then questioned before and after the exposure. We can then assess the strong and the weak points of the ads.
2. Trailer tests: A real life like shopping environment is created to measure consumer behavior. One group is given coupons to purchase selective brands, and the other group is not given the coupons. The redemption rate of the coupons may give an idea about the effectiveness of the test ads.
3. Theatre test: A set of captive audience is sent a questionnaire. Later they are sent free ads to view the test ads in a theatre and then again are administered a questionnaire. It assesses product, brand and the ad theme.
4. Live telecast tests: Here the inaccuracies of artificial testing environment are not encountered. Ads are put on air either by narrow casting or live telecasting. These ads are test ads, and not the regular ads. Later, viewers are interviewed to know their reactions.

Now let us come down to the post-testing methods. This actually gives us an idea about the actual performance of the ad in terms of exposure, perception, communication and sales effect. We can assess the credibility and comprehension of the ads.

Few of the methods of this type of tests are:

1. Recall tests: In this type of tests the individuals are asked to answer about the ads entirely on the basis of their memory. It could be aided recall, where they are given few cues to help them recall and unaided recall, which of course is based on memory alone.
2. Recognition test: These are also known as readership tests, whereby it is seen whether they buy the product upon seeing the ads. Importantly, the individual has to qualify as the reader of that particular issue.
3. Triple association test: Here the respondent is given certain cues wherein he can relate to a certain brand. For example – “Thanda Matlab”, if the answer is coca

- cola, then it is correct. And if the respondent is able to connect the product with the company then it is a triple association.
4. Sales effect tests: They measure the various stages of buyer awareness, preference, buying intention and actual purchase in relation to actual advertising effort.
 5. Sales results tests: The additional sales generated by the ads are recorded. It is difficult however to correlate an increase in sales to advertising alone.
 6. Enquires test: These are couponed ads of consumer durables. They invite consumers to send back the coupon to seek a demo or more details. The number of enquires determine the effectiveness of the ads.
 7. Attitude test: Attitudes show our predisposition towards objects, ideas, people and places. They indicate overall feelings. The change in attitude as a result of advertising is assessed. The assumption is that a favorable attitude towards a product will lead to a purchase. Most ads are designed either to reinforce or change the existing attitudes.

The DAGMAR process, which we had studied in an earlier lesson, is an important element in the measurement of effectiveness of ads. Briefly, let me recapitulate the process.

Defining Advertising Goals for Measured Advertising Results. Well you might ask me what are few of the goals out of the set of 52 goals? Well, to briefly put some goals:

- Persuade the prospect to visit a showroom and ask for a demonstration.
- Build up the morale of the company's salesforce.
- Facilitate sales by correcting false impressions, misinformation and other obstacles.
- Announce a special reason for buying NOW (e.g., sale).
- Make a brand identity known and easily recognizable.
- Provide information or implant attitude regarding benefits and superior features of brand.

According to the DAGMAR approach, the communication task of the brand is to gain:

- ❖ Awareness
- ❖ Comprehension
- ❖ Conviction
- ❖ Image
- ❖ Action

DAGMAR is a planning and a control tool. But the formulation of some basic inputs of DAGMAR is difficult to formulate and also inhibits creativity.

