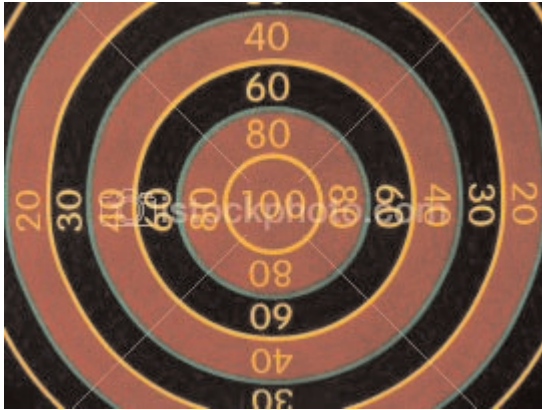




L. Stern & Associates, Inc.

MARKETING THAT MEANS BUSINESS

How to Be An Advertising Sharpshooter





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INTRODUCTION

Advertising spending in the United States is expected to exceed \$280 billion in 2005, according to Universal McCann. That represents a 6.4% increase from 2004. And that is without the massive expenditures from political campaigns or the Olympics.

That is a lot of advertising. And, truly, a successful advertising program can offer powerful benefits.

But how do you break through the clutter? Especially today, when marketers are rightly being forced to quantify the returns on their advertising investments. Breaking through the clutter is becoming increasingly difficult. That is why Business Week calls 2005 "the year of the sharpshooter."

The purpose of this White Paper is to help you become an advertising sharpshooter in 2005. It includes the following sections:

- I. Determining Your Objectives
- II. Matching Objectives to Media
- III. Selecting Where to Advertise
- IV. Message Development
- V. Tracking Results

Please note that there is a key assumption here. That assumption is that you already know who your customers are, and what drives their purchase behavior.

I. DETERMINING YOUR OBJECTIVES

Too often people say "we need to advertise" without truly understanding what they want to accomplish. Like most other initiatives, development of an effective advertising program must start with the end in mind. In other words, what do you want the advertising to accomplish?

Here are four common objectives of advertising campaigns.

Awareness

The objective of awareness advertising is to get your organization's name "out there." People will not buy your products or services if they do not know who you are. Awareness advertising is designed to answer the question: "Who are you?" More to the point, when the impact of an awareness campaign is measured by research, the goal is to have respondents answer "yes" to the question: "Have you heard of...?"



Awareness (continued)

Awareness advertising is even important for well-established brands. The important feature of a well-executed awareness ad is the frequent and prominent use or mention of the company name.

Image

The objective of image advertising is to plant a positive perception of your organization in the minds of your target market. It goes beyond mere name recognition. Image advertising answers the question: What are you? When the impact of an image advertising campaign is measured in research, the goal is to have respondents agree with the statement: "When I think of xxx, I think of ..."

Effective image advertising can enhance the perception of your brand in the eyes of your target market. Many of us know people that cried at some of the older long distance telephone commercials. Those ads created an image! The important feature of a well-executed image ad is to tie the brand to a perception. This can be done through strong audio or visual components. The key is to make sure that your target not only remembers your ad, but also remembers that it is your ad. (How many times have you discussed a great TV commercial, but don't remember whose commercial it was?)

Lead Generation

The objective of lead generation advertising is to have potential buyers of your products and services contact you for more information. The success of lead generation advertising can be quantified by number of leads and cost per lead and, ultimately, if tracking mechanisms are in place, revenues and profitability.

Effective lead-generation advertising, whether it is a celebrity pitching insurance on cable television or a travel Website advertising great vacation deals, will have a very visible and easy call to action. That call to action can be a toll-free number, an e-mail address, or a Web address.

Direct Sale

Finally, the objective of direct sale advertising is to generate immediate sales, without the interim step of calling for more information. The success of direct sale advertising can be quantified by sales, profitability and return on investment.

Effective direct sale advertising, from television commercials for gizmos and gadgets to solicitations from charitable organizations, will also have a very visible and easy call to action. The well-designed direct sale advertising will also feature a special offer, as well as a clearly defined deadline.



II. MATCHING OBJECTIVES TO MEDIA

Now that you have identified the objectives of your program, you can begin determining which media categories to utilize. The following table summarizes which media may work best for specific objectives:

	AWARENESS	IMAGE	LEAD GENERATION	DIRECT SALE
TELEVISION	Good. Brand can be presented both visually and through sound. Can also be highly targeted. However, very expensive.	Excellent. Strong visual and audio perceptions can be communicated. Again, very expensive.	Good. Expense creates probability of high cost per lead, even though call to action can be prominently displayed.	Fair. Expense creates probability of high cost per lead, even though call to action can be prominently displayed.
RADIO	Excellent. Name can and should be repeated frequently. Also easy to target desired population, and relatively low cost.	Fair. No visual opportunities. Image must be communicated through sound.	Poor. Low cost and opportunity to target more than offset by difficulty in remembering call to action (i.e., writing down a phone number while driving).	Poor. Low cost and opportunity to target more than offset by difficulty in remembering call to action (i.e., writing down a phone number while driving).
MAGAZINES	Good. Easy to make name prominent in the ad. Magazines also can be highly targeted. Can be expensive, however.	Good. Ability to use color helps cast strong visual image. Targeting also aids efficiency in reaching target market.	Excellent. Easy to cite benefits and prominently communicate strong call to action. Targeting again aids efficiency.	Excellent. Easy to cite benefits and prominently communicate strong call to action. Targeting again aids efficiency.
NEWSPAPERS	Excellent. Easy to make name prominent in the ad. Low cost per insertion. However, not very targeted.	Fair. Visual opportunity not as good as with magazines. Also more difficult to target.	Good. Easy to cite benefits and prominently communicate strong call to action. However, lack of targeting hinders effectiveness.	Good. Easy to cite benefits and prominently communicate strong call to action. However, lack of targeting hinders effectiveness.
BILLBOARDS	Excellent. Placement aids targeting. High frequency of exposure.	Poor. Limited opportunities to create strong visual impression.	Poor. Quick drive by time limits ability to communicate call to action.	Poor. Quick drive by time limits ability to communicate call to action.
INTERNET	Excellent. Relatively inexpensive and easy to target. Can use both sound and visual effects.	Excellent. Relatively inexpensive and easy to target. Can use both sound.	Excellent. Easy to display call to action. Also click through capability makes call to action seamless.	Excellent. Easy to display call to action. Also click through capability makes sales action seamless.



III. SELECTING WHERE TO ADVERTISE

Once you have specific media categories identified, the next question is determining which specific media to use.

Almost all media sources have salespeople whose sole job is to sell ads. And they will all come armed with reams of data telling you that their magazine, Website, television station, etc. is the one place you absolutely have to be. To make matters worse, the data they give you will not be directly comparable, making it difficult to make an objective decision.

So here is a hint.

Don't believe any of them. Instead, follow this simple process to determine the best places for your advertising dollars. First, a few definitions:

Reach – the number of people in your target market that see a particular ad

Frequency – The number of times you run your ad

Impressions – the number of times people in your target market see your ad

1. Clearly identify your target market.

Know exactly whom you are going after. Here are a few examples:

- Chief financial officers of hospitals
- Single women aged 25-40 that live in major metropolitan cities
- Retirees age 65+ with a net worth of at least \$250,000

When you know your target market, it then becomes a matter of knowing how many people in that target market you can reach. There are two ways to get that information:

- Ask the media sources for them – especially for business to business publications. Most sources (at least not online) have audited readership/viewership data like this.
- Use software – available at many ad agencies – that can provide this information for you. Many of these software tools are sophisticated enough to tell you how many impressions you will get at various levels of frequency (it is not simply a matter of reach times frequency equals total impressions). This software is primarily effective only for direct to consumer advertising.

2. Identify the total cost of advertising.

Find out from the publication how much it will cost to run a series of advertisements. Remember, one ad is destined for failure. You need several. Also, some of the software tools described above will have cost figures based on frequency, size of printed ad, length of broadcast ad, etc.



3. Compute cost per impression of reaching your target market.

Now that you have both reach information and cost information, it is pretty easy to determine the most effective buy. Calculate the cost per impression.

Here is an example, using three hypothetical magazines. The target market is mothers aged 25-40.

	TOTAL IMPRESSIONS	IMPRESSIONS-TARGET MARKET	COST	COST PER IMPRESSION-TOTAL	COST PER IMPRESSION-TARGET MARKET
MAGAZINE A	1,000,000	100,000	\$500,000	\$0.50	\$5.00
MAGAZINE B	1,000,000	500,000	\$750,000	\$0.75	\$1.50
MAGAZINE C	500,000	400,000	\$500,000	\$1.00	\$1.25

Clearly, the most effective buy is Magazine C. The reason is it has the lowest cost for reaching people in the target market - \$1.25. The smart advertiser, therefore, will not be swayed by the argument from the salesperson from Magazine A that it reaches the most people and has the lowest total cost per impression, or the pitch from the salesperson from Magazine B that it reaches more people in the target market.

What the smart advertiser will do is make Magazine C its top buy, followed by Magazine B and then Magazine A.

However, don't just simply pay the published rates. Advertising expenditures always can be negotiated. Published rates are simply a starting point.

IV. MESSAGE DEVELOPMENT

Even if you make the absolutely perfect media buys, your money will be wasted if your creative execution falls flat. Here are a few simple rules to keep in mind.

1. Less is more

This is especially true for print advertising. People simply will not read a lot of copy. Make your headline short and to the point. Use white space. Use bullet points to accentuate benefits.

2. No "feature creature" ads

People do not care about features. They want to know "what's in it for me?" In other words, they want to know the benefits.



IV. Message Development (continued)

3. Eyeflow is top left to bottom right

For printed ads, put the most important component of the ad top left, because that is where the eye goes first. The eye then goes down and across. Therefore, calls to action, logos, etc. should be placed bottom right, as opposed to bottom left.

4. Make printed ads easy to read

Avoid using all capitalized letters in headlines. While small amounts of reversed out text can be effective, large amounts are hard to read. Also avoid using a wide variety of fonts.

5. Use color in printed advertisements

Numerous studies have shown that color attracts attention in print advertising. It is usually worth the extra money.

6. Create a sense of urgency in direct sales or lead generation ads

You want people to act fast, before they have a chance to forget. Therefore, limited time offers can be effective for these types of ads. In television and radio ads, repeat the limited time offer several times.

7. Provide an easy call to action for direct sales or lead generation ads, and display it prominently

An easy call to action will generally be a telephone number (preferably toll-free), Website or e-mail address. Communicating this effectively can be particularly challenging for radio advertising, where listeners frequently are driving and cannot stop to write down phone numbers or Web addresses. So make them easy to remember, using the company name or some other easy to remember words.

In print and television ads, repeat the phone number, Web address or e-mail address several times.

8. If possible, test

The best way to make sure your ads are effective is to test them in focus groups. These can be done in person, or over the Internet.



V. TRACKING RESULTS

It is important to track advertising campaign results. What is tracked depends on the objective of the program.

Awareness

If the purpose of the advertising campaign is to increase awareness, then the truest way to measure success is to measure the increase in awareness.

Measuring awareness begins before the campaign begins. Quantitative research (mail, telephone or Web-based) should be directed toward your target market. The question is simple: have you heard of the company/product/service? Follow-up questions may include sources of information, whether the respondent is a customer, etc.

The sample size should be large enough so that you will have a statistically significant sample of each segment you want to measure (i.e., different age groups, geographies, customer/non-customer, etc.). A fairly simple rule of thumb is 50 respondents per segment.

The research is then repeated at periodic intervals while the campaign is being run, and at its conclusion. It is important to ask the same questions, using the same wording, so that the results can be viewed consistently.

If executed correctly, this research can accurately measure changes in awareness in total and by segment. It can also be used to determine which media have proven most successful in increasing awareness.

Image

Image advertising research can be done in conjunction with awareness research. This can be accomplished by adding several questions that get at respondents' perception of the company/product/service being advertised.

Open-ended questions can be used, such as "When you think of x, what do you think of?" Open-ended questions are hard to measure, so they should only be used on a limited basis.

More effective will be closed-ended questions. For example, you might want to have respondents rate different attributes on a scale of one to five. For a bank, for example, these attributes might include:

- Comprehensive product selection
- Convenient hours
- Knowledgeable employees
- Outstanding service
- Low fees

These ratings, when measured before, during and after the campaign, can demonstrate whether the advertising is having the desired effect on image and perception.



LEAD GENERATION AND DIRECT SALES

Measuring the impact of lead generation and direct sales efforts is conceptually simple. You measure the return on your marketing investment.

For example, let's say you spent \$500,000 on advertising to sell \$300 golf drivers. Your advertising included a unique toll-free number and a unique Web address for people to call. Your analysis might look something like this:

Phone calls/leads	10,000
Marketing expense	\$500,000
Marketing cost per lead (\$500,000/10,000)	\$50
Sales	5,000
Marketing cost per sale (\$500,000/5,000)	\$100
Unit price	\$300
Revenues (5,000*\$300)	\$1,500,000
Product costs (assume 50% of revenues)	\$750,000
Product costs plus marketing expense (\$500,000+\$750,000)	\$1,250,000
Profit (\$1,500,000-\$1,250,000)	\$250,000
Return on marketing investment (\$250,000/\$500,000)	50%

One point that needs to be stressed here is that, as can be seen, when analyzing profitability and ROI, all costs need to be considered. It is not just enough to examine marketing costs.

With appropriate tracking mechanisms, it is also possible to do this type of analysis to drill down to determine which media generate the most effective ROI.

CONCLUSION

In conclusion, becoming an advertising sharpshooter is much more complicated than putting a few ads together and placing them in the media that have the most persistent ad salespeople.

Becoming an advertising sharpshooter is both an art and a science. Putting together the right ad is an art, but placing your ads in the right media and measuring success are both sciences. Execute all of these successfully, and you can become an advertising sharpshooter.



ABOUT L. STERN & ASSOCIATES

L. Stern & Associates (LSA) is a marketing consultancy whose mission is simply to increase its clients' business. We combine a fierce commitment to client service with a unique mix of business savvy, analytical expertise and creative thinking and execution that is virtually impossible to find from one source.

LSA offers a full range of strategic and tactical marketing services. These include:

- Marketing Strategy
- Marketing Plan Development
- Branding
- Advertising Design and Placement
- Customer Relationship Management
- Marketing Communications
- Credibility Marketing
- Product Development/Management
- Market Research
- Interim Marketing Management

How to Contact Us

Telephone: 847/205-1936
E-mail: info@lsternmktg.com
Web: www.lsternmktg.com