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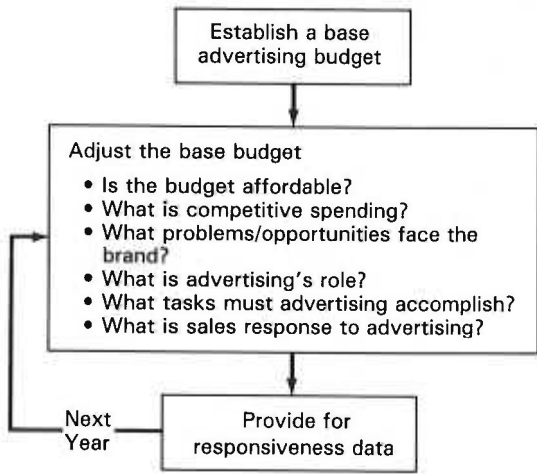


FIGURE C.1-2

Process for Advertising Budget Formulation

jected sales could be used, but the objective and task approach would be better because it makes it possible to establish multiple budgets directed to specific tasks assigned to the advertising.

- *Step 2: Adjust the Base Budget.* The other considerations affecting the budget, some of which were discussed above, should be listed. Data indicating their budget impact (much of which should be available from the **situation analysis**), should be gathered. Then, one consideration at a time, the budget should be adjusted up or down to reflect the influence of that

variable. If, for example, the advertising spending of the major competitor had increased by 20 percent in the current year, this would be a factor arguing for an increase in budget. The adjustments should be only in those budget elements affected.

- *Step 3: Provide for Responsiveness Data.* If data on the responsiveness of sales to advertising expenditures are available, they should be used in step 2 to adjust the budget toward an optimum level. If such information is not available, provision should be made as part of the budgeting process for collecting such information. This may call for market testing of different levels of advertising expenditure. The cost of the testing and data-gathering effort should be included as one of the subbudgets or decision packages in the base budget. In the following year when sales responsiveness results become available, they should be used as an adjustment consideration in step 2 of the budgeting process.

SUGGESTIONS FOR FURTHER READING

BLASKO, VINCENT J., and CHARLES H. PATTI. "The Advertising Budgeting Practices of Industrial Marketers." *Journal of Marketing* 48 (Fall 1984), pp. 104-10.

BOGART, LEO. *Strategy in Advertising*, 2d ed. Chicago: Crain Books, 1984, pp. 37-61.

DHALLA, NARIMAN K. "How to Set Advertising Budgets." *Journal of Advertising Research* 17 (October 1977) pp. 11-17.

C.2

C.2 Advertising Copy

CREATION OF ADVERTISING MESSAGES

Advertising copy decisions determine the message that advertising will present to the target audience and how it will be presented. Advertising copy decisions are part of the promotion program. Two other interrelated advertising decisions, **advertising budget formulation** (GLOSSARY entry C.1) and **advertising media selection** (GLOSSARY entry C.4), are usually made simultaneously with creation of advertising copy.

Sources of Direction for Advertising Copy Decisions. Advertising copy decisions are made as part of developing the **marketing mix**. In the **marketing planning process**, advertising copy decisions are made after the **situation analysis** has been conducted and the product's **positioning** determined. Both are important sources of direction and information for advertising copy.

Primary direction for advertising copy comes from the product's positioning (see GLOSSARY entry B.1). The positioning deci-

sales, the advertising budget must lead sales increases. Analysis by Peckham utilizing Nielsen store audit results for new products suggests that a new product's share of product class advertising needs to be one and one-half times the share of market goal after two years.⁵

Testing different advertising budget levels should normally be a part of new product test marketing. Such tests provide information on the advertising responsiveness of the new product and can be directly applied to the advertising budget decision for the national introduction.

Theory versus Practice: Which Methods Are Used? The advertising budgeting approaches most often recommended by researchers and writers are the objective and task method and quantitative models. Actual practice, however, is different. Blasko and Patti surveyed consumer goods firms and industrial goods firms to determine the budgeting methods actually used.⁶ Among consumer goods firms, the leading method, by far, was percent of sales or case rate; objective and task was second, and quantitative third. Competitive parity and affordable/arbitrary were last. Among industrial marketers, objective and task was first, affordable/arbitrary second, and percent of sales third. The methods chosen suggest the importance to practitioners of affordability, control, and ease of application.

The survey results indicated that most survey respondents used more than one method to set the advertising budget. This is certainly in keeping with our evaluation of the popular budgeting methods. No one budgeting method is broad enough to be used as the sole source of a budget estimate.

Multiple Considerations in Setting the Advertising Budget. In formulating an advertising budget, the marketer must utilize multiple criteria, not just a single one. What factors

should be considered in setting the advertising budget?

- **Affordability.** The budget must be affordable. It must be possible to project a profitable outcome. Recommending a budget that is beyond the company's means just invites denial.
- **Competition.** The budget must be responsive to competitive conditions. While competition should not be followed blindly, spending levels should be consistent with market share goals.
- **Problems and Opportunities.** The budget decision must consider the problems and opportunities confronting the product. What size is the market? What is its growth trend? Are there environmental changes?
- **Advertising's Role.** The budget requirements depend on the role assigned to advertising by the marketing plan. Will advertising play the dominant role in the promotional blend or is it to support personal selling or sales promotion? Is advertising to create awareness? develop leads for the sales force? change attitudes? close sales?
- **Multiple Budgets.** The marketer must consider what budgets are needed. Usually the marketing plan assigns a number of tasks to advertising, each of which requires a budget or section of the budget. What are these tasks and what will it cost to fulfill each one?
- **Advertising Responsiveness.** In setting the advertising budget, the marketer should consider available information on the responsiveness of sales to advertising. This allows the decision to come closer to an optimum outcome. If information on the responsiveness of sales to advertising is not available, provision should be made in the budget for its collection.

A Process for Formulating the Advertising Budget. Because of the many factors to consider in setting an advertising budget, the decision needs to be broken down into a series of steps that will allow the decision maker to deal with variables one at a time. A three-step process is suggested below and summarized in Figure C.1-2.

- **Step 1: Establish a Base Budget.** A base budget is needed to which successive adjustments can be made. Last year's budget or a budget derived from application of a percentage to pro-

⁵Reported in Bogart, *Strategy in Advertising*, pp. 45-47.

⁶Results of both studies are reported in Blasko and Patti, "Advertising Budgeting Practices," p. 107.

sion defines the audience to be addressed, the product benefit to be offered, and the way in which the product is to be differentiated from competition. Additional direction for the advertising copy may be derived from marketing objectives formulated as a part of the marketing plan. Before making advertising copy, media, and budget decisions, some marketers formulate advertising objectives. These define the tasks or roles that have been assigned to advertising as part of the **promotional mix** (see GLOSSARY entry C.29). For example, advertising may be assigned the task of creating consumer awareness or the task of attracting inquiries for sales force follow-up, or the task of changing consumer attitudes, or the task of convincing consumers to sample a new product. It is important that before advertising copy is prepared that the task or role of the advertising be known.

In addition to direction from positioning and objectives, advertising copy decisions are dependent upon information that is generated as part of the **situation analysis** (see GLOSSARY entry A.15). Preparation of effective advertising copy requires sensitivity to the needs and outlook of the consumer, ability to picture who the consumer is, in-depth knowledge about the product and its advantages, and knowledge of competitive products and their marketing strategies. Each of these topics is considered in the situation analysis and should be brought forward for use in making the copy decisions.

The Process for Creating Advertising. There are three steps in the process of creating advertising. However, in practice, steps are often combined or overlap and frequently do not proceed in the order in which they are presented here.

The preparation of advertising, usually carried out by creative experts, begins when the marketing manager provides copy direction based on the product's positioning, the advertising objectives, and the necessary background information on the consumer, product, and competition. Following this, the process follows the three steps of (1) writing copy content, (2) executing the copy, and

(3) producing the advertising. They are explained below and summarized in Figure C.2-1.

■ *What Should the Copy Content Be?* The **copy content** decision defines the message that is to be directed to the target consumer. In most cases (the exceptions being special purpose advertising), the function of the copy is to convey to target consumers why the advertised product will provide a competitively superior solution to their problem. The appeal communicates this solution. The **copy appeal** is the central benefit that the advertising will offer to the consumer. In most cases, advertising copy should focus on a single appeal. The appeal translates the benefit and competitive advantage decided upon in the positioning decision into consumer terms. Thus, for Miller Lite, the appeal becomes "Less filling, tastes great," and for Burger King, "Have it your way." The appeal is also called the promise, the benefit, or the USP (for Unique Selling Proposition).

In addition to the appeal, the copy must provide evidence supporting the appeal and offer other information necessary to the consumer in making a decision, including such information as price, terms, sizes, styles, guarantees, and where the product can be found.

The copy content is frequently prepared in the form of a **copy platform** or a **copy strategy**. This provides a standard source of copy so that there is consistency from ad to ad and among the various media used.

■ *How Should the Copy Content Be Executed?* Copy platforms are not advertisements. Converting

Step 1: Determine Copy Content

- Advertising appeal
- Supporting evidence
- Other necessary information



Step 2: Execute the Copy

- Executional technique
- Layout or storyboard



Step 3: Produce the Advertisement

- Approve copy
- Production process

FIGURE C.2-1

The Process for Creating Advertising

a copy platform into an advertisement, or **copy execution**, requires that an executional framework, technique, or central idea be developed. Commonly used executional techniques include demonstrations, "slice-of-life," and testimonials. The choice of an executional technique depends on the product and its situation. The execution chosen should make the copy content meaningful and memorable to the target audience, attract reader or viewer attention, and set the advertisement apart from competitive advertisements. Executional techniques that overshadow or obscure the product are a common problem and should be avoided. Also to be avoided is the advertisement that states the appeal and support without an executional device to clarify the benefits and make them memorable.

The copy content, in its executional framework, must next be prepared in the form of a layout, for print ads, or a storyboard for television commercials. The layout or storyboard depict how the creator wishes the final ad or commercial to appear. The objective in designing layouts and storyboards is to coordinate the elements of the advertisement so that it attracts readers and viewers and helps them focus on the product and the product benefits.

- *How Should the Advertisements Be Produced?* Copy content and layouts or storyboards are usually subject to an approval process. Upon approval, the layouts and storyboards must be put into a form, such as engravings, films, or tapes, that can be used by the media. This is termed **producing the advertising**. Production is guided by the copy and the layout or storyboard. The production process tends to be time consuming, expensive, and largely technical. Except for setting quality standards and monitoring the budget, the marketing manager largely leaves the process to technically trained experts.

ADMINISTRATION OF THE CREATIVE PROCESS

Marketing managers are more often asked to direct and approve advertising copy than to create it. An understanding of the creative process is essential to its administration.

The Manager's Role in the Creative Process. The creation of advertising is a task usually delegated to creative specialists, often in ad-

vertising agencies. Copywriters and other creative specialists tend to have different backgrounds and different training than marketing managers and their approach to their work is more intuitive and less structured than the way the marketing manager undertakes a task. The responsibility of the copywriter is to see through the consumer's eyes and communicate with consumers on their own terms. Marketing managers directing this process must not attempt to impose their own discipline on it, but create an open and receptive environment that will encourage creativity.

The marketing manager has three responsibilities to fulfill in directing the creation of advertising

- *Define Creative Direction.* The marketing manager is responsible for defining the advertising requirement. A briefing should be held for the creative team before the assignment begins and should include four items. (1) The positioning statement, which provides primary direction for all marketing activities, including advertising, should be reviewed. (2) The role or objective of the particular advertising requested should be established. (3) Information from the situation analysis on the product, consumer, and competition should be provided to the creative personnel for their review. (4) Outcome expectations and quality standards should be made clear. These include not only schedule and budget details, but also the breadth of effort desired, whether alternative creative approaches are expected, the level of finish needed in the final product, whether the effort is to be exploratory or part of a continuing series, and what next steps are anticipated.
- *Create An Open Work Environment.* During the creative process, the marketing manager should strive to maintain an open environment in which creativity will flourish and copywriters will have the incentive to try new ideas and different approaches. At this stage, the marketing manager should be available with information, but not interfere; give positive, not negative reinforcement; and protect the creative product from premature evaluation. Trying alternative approaches should be encouraged as should participation of additional creative experts, perhaps from other teams.

- *Evaluate the Outcome.* The marketing manager is responsible for evaluating the outcome of the creative process and approving specific advertisements for production and use. Conducting this evaluation without destroying a productive creative environment requires that the marketing manager use clear and objective evaluation criteria. These are considered in the next section.

Evaluation of Advertising. In directing the creative process, the most difficult task facing the marketing manager is objectivity in the evaluation of proposed advertising. Effective advertising is written to communicate to a defined group of consumers and must be evaluated in terms of its effectiveness with that group. If the marketing manager personalizes the evaluation (“Do I like it?” rather than “Does it communicate with the target consumer?”), then the copywriters will distort their efforts away from the target consumers and toward pleasing the marketing manager.

To avoid distortion of the creative effort, the marketing manager should use clear and objective criteria in evaluating recommended advertising. Four criteria are suggested below.

- *Does the Advertisement Carry Out Creative Direction?* No advertising should be accepted that does not carry out the product positioning. Consistent reinforcement of the positioning with consumers is essential if the product is to compete successfully. Recommended advertisements should also be evaluated in terms of the role or special objective that was assigned to them. If the advertising was assigned the task of generating prospect inquiries, it should be evaluated in terms of its focus and likely success in generating inquiries.
- *Does the Advertisement Meet Quality Standards?* Quality evaluation should be based on specific criteria that were agreed upon when the creative task was assigned. Was the schedule met? Can the ad be produced within budget? Were the agreed alternatives created? Was the level of effort as expected? Does the outcome meet the creative team’s quality standards?
- *Is the Advertisement Truthful? Tasteful?* Advertisements should be evaluated by the marketing manager against established legal and ethical standards of acceptability. If there appear to

be legal issues, the marketer is responsible for seeking legal counsel. If an advertisement is in questionable taste, the marketer should seek the objective judgment of others who have not been closely involved with the project. GLOSSARY entries D.1 and D.2 consider **ethical evaluation and legal requirements**.

- *Should Advertising Effectiveness Research Be Used?* The marketer is responsible for deciding if a proposed advertisement should be subjected to consumer research to evaluate its effectiveness. It is not economically feasible to research every advertisement, but research should be considered for major departures from current advertising or for prototypes of new creative direction. Copy testing is not an exact science, but it is more objective and leads to more actionable results than personalized evaluation by the marketing manager. Copy testing approaches are considered in GLOSSARY entry C.3.

Special Execution Issues. In creating and evaluating advertising, questions frequently arise about the appropriateness of various executional techniques and styles. For most of these, there is no general answer of right or wrong. Instead, appropriateness is situational. The usefulness of most executional techniques depends upon the situation for which the advertising is being prepared. Several of these issues are reviewed below.

- *Humor.* Well executed humor attracts readers and viewers, but is very difficult to write. If poorly done, it can create ill will. There is a danger that humor will overshadow the product.
- *Sex.* The use of sexual themes in advertising may attract attention to an advertisement, but may, at the same time, distract readers from the product message. There is also a danger that such themes will be considered in bad taste. Sexual themes should be avoided unless they are directly relevant to the product.
- *Emotional versus Rational.* The choice between emotional and rational appeals should be governed by the needs that consumers are seeking to satisfy. Emotional product benefits should be offered to meet emotional needs and rational benefits to meet more utilitarian needs. Since consumers often have both emotional and rational motives for purchasing a product, both benefits are frequently used.

- *Problem versus Solution.* Should advertising attempt to arouse motivation or should it restrict itself to offering a solution to those already motivated? The consensus among advertisers is that advertising is relatively weak in arousing motives and is better focused on those who already feel the need. However, research has also shown that advertising using a combined approach that first states the problem and then presents a solution can be very effective.
- *Comparative Advertising.* With the encouragement of the Federal Trade Commission, advertising containing explicit comparisons between named competitors has become more common. There is little agreement among practitioners on the desirability of comparative advertising, but it appears to be most useful when the advertiser needs to establish with

consumers who the competitors are against which the product wishes to position, when the product has a distinctive competitive advantage, and when the brand is a lesser known one and can be compared to market leaders.

SUGGESTIONS FOR FURTHER READING

- LODISH, LEONARD M. *The Advertising and Promotion Challenge*. New York: Oxford University Press, 1986, Chapter 7.
- OGILVY, DAVID. *Ogilvy on Advertising*. New York: Crown Publishers, 1983.
- OGILVY, DAVID, and JOEL RAPHAELSON. "Research on Advertising Techniques That Work—And Don't Work." *Harvard Business Review* (July–August 1982), pp. 14–18.

C.3 Advertising Effectiveness Evaluation

APPROACHES TO ADVERTISING EFFECTIVENESS EVALUATION

For many products, advertising is one of the largest and certainly most prominent expense items, yet the results gained from that expenditure are difficult to see and quantify. Despite the difficulty in evaluating advertising effectiveness, the size of the expenditure and the importance of advertising to success of the brand make an evaluation program essential.

The program for evaluating advertising effectiveness should be prepared as part of the promotion program in the marketing mix. Implementation of the program provides effectiveness feedback that allows the marketer to correct and improve the advertising program.

How is Advertising Effectiveness Measured?

There are two approaches to the measurement of advertising effectiveness. It can be determined by measuring the sales generated by the advertising or it can be deter-

mined by measuring the communications effects of the advertising.

Most marketers consider that the ultimate goal of advertising is to produce sales. If this is true, the best measure of advertising effectiveness is its ability to generate sales. If the sales effect can be determined, then the profitability of those sales can also be determined by subtracting the costs of the sales. This allows advertising effectiveness to be related to the firm's profit goals and provides a common basis for comparison of the effectiveness of advertising expenditures with the effectiveness of other marketing expenditures.

There are, however, some shortcomings to using sales as the measure of advertising effectiveness. One is that the sales effect of advertising is difficult to measure. If a product relied entirely on advertising to generate sales, such as a mail order marketer might, then all sales could be attributed to advertising. However, for a marketer using a full range of promotional and other marketing tools, it is difficult to separate the sales re-