# **Chapter Five**

# **Advertising Management**



### The Richards Group

- Largest US independent agency
  - 650 marketing professionals
  - \$1 billion annual billings
- Stan Richards
- "We sell the truth"
- Prefers hiring new college graduates
- Co-mingle disciplines
- Interdisciplinary villages
- When hired strategic process
- Success stories
  - Chick-fil-A
  - Motel 6
  - Bridgestone Super Bowl
  - The Home Depot

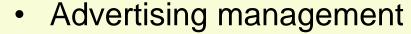
# Advertising Management Chapter Objectives

- 1. What are the essential ingredients in advertising campaign management, including the role of advertising?
- 2. When should a company employee an external advertising agency rather than completing the work inhouse?
- 3. How do companies choose advertising agencies?
- 4. What roles are played within advertising agencies and client companies?

# Advertising Management Chapter Objectives

- 5. What steps are completed as part of advertising campaign management?
- 6. What are the primary goals of advertising?
- 7. What are the key elements of an advertising budget?
- 8. What are the issues in the media-selection process?
- 9. How does a creative brief facilitate effective advertising?

# Advertising Management Chapter Overview



- Choosing an advertising agency
- Roles of advertising personnel
- Advertising campaign management
  - Advertising research
  - Advertising goals
  - Advertising Budget
  - The Creative Brief



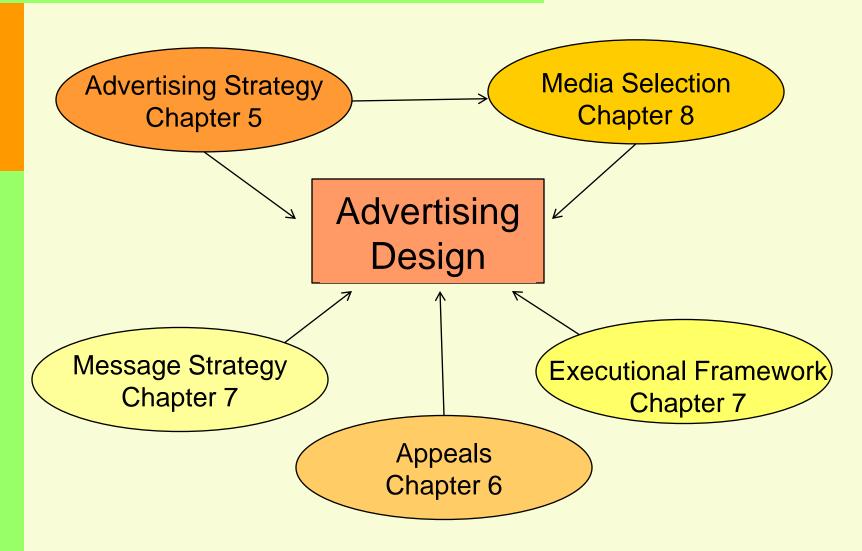
# **Advertising Terms**

- Message theme
- Leverage point
- Appeal
- Executional framework



### FIGURE 5.2

#### **Advertising Design Overview**



# Overview Advertising Management

- 1. Review role of advertising in IMC effort
- 2. Select in-house or external advertising agency
- 3. Develop advertising campaign management strategy
- 4. Complete creative brief

### **Advertising and IMC Process**

- Advertising still major component
- Role of advertising varies
- Business-to-business sector
  - Supporting role
- Consumer sector
  - Primary communication vehicle

#### FIGURE 5.4

#### **Advantages of In-House versus Outside Agency**

#### **Advantages of In-House**

- Lower costs
- Consistent brand message
- Better understanding of product and mission
- Faster ad production
- Works closer with CEO
- Lower turnover rate in the creative team

#### **Advantages of Outside Agency**

- Reduce costs
- Greater expertise
- Outsider's perspective
- Access to top talent

Source: Adapted from Rupal Parekh, "Thinking of Pulling a CareerBuilder? Pros and Cons of Bringing an Account In-House," *Advertising Age*, http://adage.com/print?article\_id136701, May 18, 2009

### **Budget Allocation Considerations**

**In-House vs. Advertising Agency** 

Size of account should match size of agency

75-15-10 Rule

75% - Media buys

15% - Creative work (agency)

10% - Ad production

# Crowd Sourcing In-House vs. Advertising Agency

- New alternative
- Outsource creative
  - Doritos
  - Harley Davidson
- Overall cost not lower
- Advantages
  - Consumers involved
  - Generate buzz

### **External Advertising Agencies**

### **Boutique** Full-Service

- Advertising agencies
- Media service companies
- Direct marketing agencies
- Consumer and trade promotion specialists
- Online and digital agencies
- Social media agencies
- Public relations agencies

### FIGURE 5.6

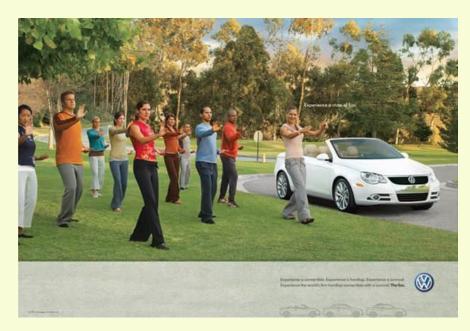
**Steps in Selecting an Advertising Agency** 

- 1. Set goals
- 2. Select process and criteria
- 3. Screen initial list of applicants
- 4. Reduce list to two or three viable agencies
- 5. Request creative pitch

## Choosing an Agency

### **Goal Setting**

- Set before contacting agencies
- Provides direction
- Reduces biases



### FIGURE 5.7

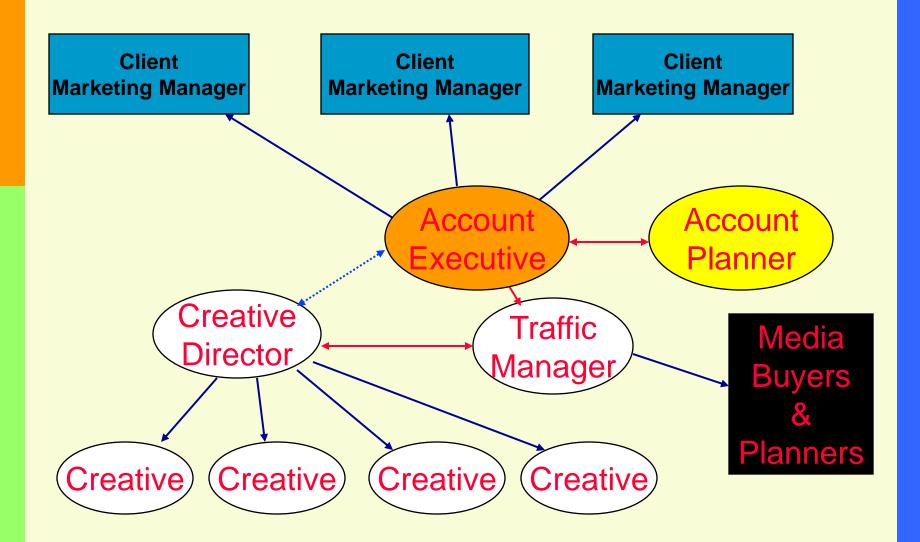
#### **Evaluation Criteria in Choosing an Ad Agency**

- Size of the agency
- Relevant experience of the agency
- Conflicts of interest
- Creative reputation and capabilities
- Production capabilities
- Media purchasing capabilities
- Other services available
- Client retention rates
- Personal chemistry

## **Creative Pitch**

- 2 to 3 finalists
- Formal presentation → shootout
- Specific problem/situation
- Expensive for agencies

### **Key Advertising Personnel**



### **Role of Quality Communications**

- Survey of senior executives
- 30% of staff's time wasted
- 75% of agencies go through significant changes in direction
- Agencies deal with multiple people
- Clients want good value, results
- Stewardship reports

### Advertising Campaign Management

- 1. Conduct and review advertising research
- 2. Establish advertising objectives
- 3. Review advertising budget
- 4. Select media
- 5. Prepare creative brief

## **Advertising Research**

- Understand customers
- Purchase benefits, not attributes
- Product-specific research
  - Key selling points
  - Desirable features
- Consumer-oriented research
  - Context of product use
  - Anthropological approach
  - Sociological analysis
  - Psychological motives
- Focus groups



### **Motel 6 and The Richards Group**

- Motel 6 client for 24 years
- Insight through qualitative research
- Focus group Account planner
- Round 1 no Motel 6
- Round 2 no Motel 6
- Finally, Motel 6 mentioned
  - Save money
  - Benefit of frugality
  - No difference once light is out



### FIGURE 5.9

#### **Advertising Goals**

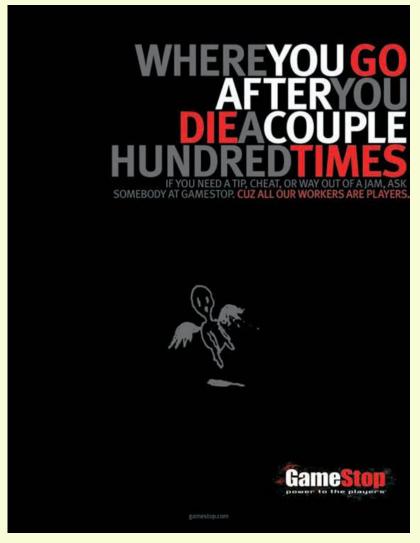
- To build brand image
- To inform
- To persuade
- To support other marketing efforts
- To encourage action

# **Build Brand Awareness**Advertising Goals

- Brand image begins with awareness
- Consumers recognize brand
- Business-to-business
  - Especially important in modified rebuy situations
- Successful brands possess
  - Top-of-mind
  - Top choice
- Brand equity leads to top-of-mind & top choice

### **Provide Information**

**Advertising Goals** 



## Persuasion

#### **Advertising Goals**



# **Support Marketing Efforts Advertising Goals**

- Consumer promotions
- Retailers
- Special sales
- Promotional campaign



# **Encouraging Action Advertising Goals**

- Behavioral goals
- Encourage some type of action
  - Inquiry
  - Access Web site
  - Visit retail outlet
  - Send e-mail or telephone
- Business-to-business

# The Advertising Budget Manner of Distribution



- Pulsating schedule
  - Bursts of intensity
- Flighting schedule
  - Spending at select times
- Continuous schedule
  - Keep brand before consumers

### **Media Selection**

- Media-usage habits of target market
- Audience characteristics of media
- Business-to-business media
- Earlier involvement of media companies

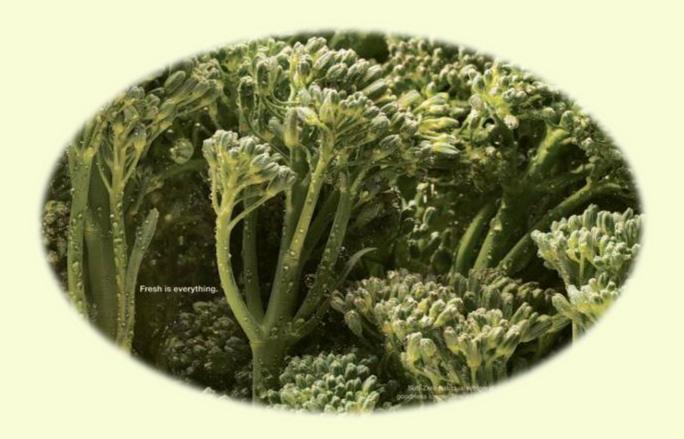


### FIGURE 5.10

#### **The Creative Brief**

- The objective
- The target audience
- The message theme
- The support
- The constraints

### The Objective



An advertisement for Sub-Zero designed to enhance the brand's image.



# The Target Audience

The target market for this ad is females, 13-30, who enjoy sports and have an active life style.



# The Message Theme

The message theme of this milk advertisement was that milk will provide calcium. The calcium will provide the customer with benefit of strong bones.

## The Message Theme

- Unique selling point
- "Left brain" advertisement
  - Logical, rational side of brain
  - Manages numbers, letters, words, concepts
  - Use rational appeal
- "Right-brain" advertisement
  - Emotional side of brain
  - Manages abstract ideas, images, feelings
  - Use emotional appeal



### **The Support**

The support claims in this ad MicroThins are:

- 30% thinner
- 40% lighter
- 4 times more scratch resistant
- 10 times more impact resistant
- 99.9% UV protection
- Anti-reflective

### **The Constraints**

- Legal and mandatory restrictions
- Constraints
- Disclaimers





### Del Monte Advertisement

What is the Creative Brief?

- The objective
- The target audience
- The message theme
- The support
- The constraints

# Creative Brief Del Monte

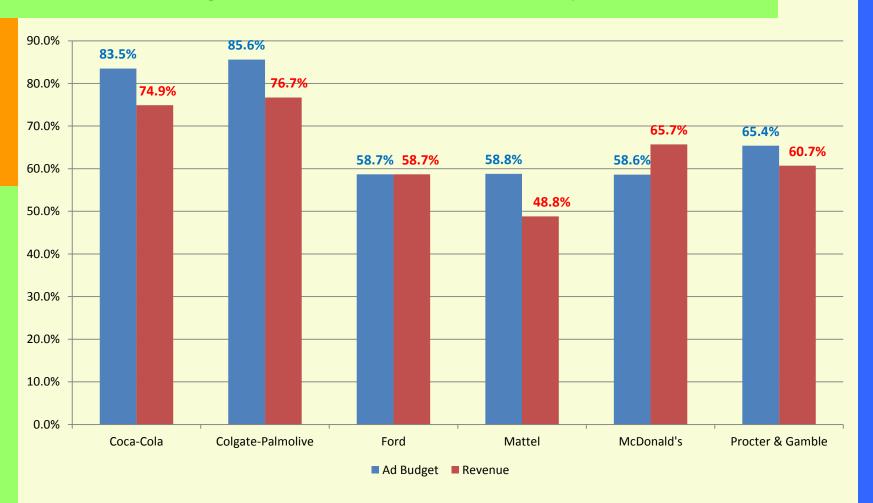
- The Objective increase awareness of the smaller-size cans with pull-top lid
- Target Audience senior citizens, especially those who live alone and suffer from arthritis
- Message Theme the new cans contain a smaller portion and are easier to open
- Support 30 cent introductory coupon to encourage usage
- Constraints copyright logo, toll free number, Web site address, legal requirements of a coupon, and what is meant by a small serving

## International Implications

- 62% of advertising budgets spent outside of U.S.
- Two major differences
  - Process of agency selection
  - Preparation of international advertising campaigns
- Preplanning research varies
- Understanding of languages and cultures
- Media selection varies

### FIGURE 5. 11

#### Non-U.S. Ad Budgets and Sales Revenues for Major Corporations



Source: Adapted from Laurel Wentz and Bradley Johnson, "Top 100 Global Advertisers Heap Their Spending Abroad," *Advertising Age*, <a href="http://adage.com/print?article\_id=140723">http://adage.com/print?article\_id=140723</a>, November 30, 2009.

# Ouachita Independent Bank (Part 5)

### Selection of Advertising Agency

#### **Newcomer Morris and Young**

- Local agency
- Size matches with firm
- Relevant experience with financial institutions
- No conflict of interest
- Creative reputation winning of awards
- Capability to product multi-media advertisements
- Good chemistry

# Ouachita Independent Bank (Part 5)

### **Advertising Goal**

**Newcomer Morris and Young** 

To persuade



# Ouachita Independent Bank (Part 5)

### **Creative Brief**

**Newcomer Morris and Young** 

- The Objective to persuade
- Target Audience Thinkers, achievers, believers (VALS2)
- Message Theme local bank, local trust
- Support local bank with secure history and strong financial position.
- Constraints FDIC logo and insurance statement, OIB logo, and website URL on all ads.

### **Integrated Campaigns in Action**



# Progressive Bank