

Short term advertising effectiveness



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“ ADVERTISING comes as a paid form of communicating a message by the use of one or more than one media. It is persuasive, informative, and designed to influence purchasing behavior or thought patterns”.

It is either in written or oral form, which aims to sell something which can be a product or a particular view. It is the favorable and most appropriate presentation of a product to make consumers, customers, general public and end users aware of the product or generally it can be termed as the “ Introduction, to general public and consumers, of the products and services.” Advertising includes all major mediums, including: television, radio, movies, magazines, newspapers, the Internet, and billboards, where consumers and users to which that message is conveyed could easily access. Advertising is aimed at consumer memory who is being engaged with certain type of ads where the purpose of advertising is to generate awareness and Brand or Product Recall later in consumer minds.

Types & Purpose of Advertising:

Advertising takes place in many forms and types, on the general level it can be classified in form of:

Consumer Advertising

Trade Advertising

Whereas specifically it can be categorized in form of Print advertising, Outdoor advertising, Broadcast advertising, Covert advertising, Surrogate advertising (advertising indirectly), Public service advertising, Celebrity

advertising. All these types of advertising has two types of impacts on consumers:

Short-Term

Long-Term

The Short-Term advertising has a direct impact on the sales of the product advertised; it is aimed at enhancing sales, boosting revenues and creating awareness whereas the Long-Term advertising is aimed at generating consumer loyalty and building long term relations with consumers mainly.

On the whole some of the reasons for advertising include:

Introduction of new product and service

Creating a brand image and identity and maintaining them

Communicating with potential consumers

Increasing the sales of a product or service

Adding value to the brand or company

Back Ground of the Problem:

With the advent of globalization and growing economies in all regions of world, the competition and growth of competition globally and domestically has shifted the focus of company's budgets to advertising and extensive promotion of their product. No matter how big your business is, it always comes up with a product and focus today is to promote that product to its prospective consumers. Advertising is understood as the gizmo of devilish

corporations and their globally prevailing brands. It is the criminal for crafting an egotistic society, constantly giving birth to consumer desire. With every product you launch, you have to generate a certain kind of public enthusiasm so that they tell their friends and associates about your product. This kind of mutual interest for a product is very important before its launch. This is where advertising plays a major role. Good advertising can go a long way in creating the interest about a product and also in telling more and more individuals about the product after its launch. Most companies decide on spending a huge sum of money on the marketing and advertising part because they know how important it is. Good advertising and marketing can give the right kind of boost to your products and services and ultimately result in great profits for your company.

With a major shift on advertising and promotion and their marketing strategies along with the heavy spending, the emphasis remains on the results of the resources utilized in form of money and campaigns launched. Planning for advertisement campaign today and coming up and exposing the audience with right message generating desired results for companies is crucial. When it comes to seeing whether their communications have worked or not, there are two over riding factors that they look for:

Branded cut-through (“ Did people notice it, and did they know it was from us?”)

Take-out (“ Did they see/hear what we wanted them to see/hear?”).

In both factors the key focus remains on efficiency.

With a flurry of ad agencies today and the number of advertising campaigns running of different mediums, it becomes fundamental to understand the quality of work done with the quantity. Even today we find a huge number of campaigns which have little or no impact on us as viewers of that message; thereby the key factor for effective advertising is that it should achieve at least basic goals, delivering messages to the right audience, thereby creating sales at a profit. Measuring advertising effectiveness is important to understanding the extent to which a specific campaign meets a company's objectives. This is commonly gauged by measuring the effect on sales, brand awareness, and brand preference.

Investment in advertising is considered to be on long term and short term basis. It's important to think long term, but live in the short term. For many clients, the medium- and long-term impact of communications is only relevant if there is a short term effect. Short term advertising is mostly related with the impact right after the exposure of the campaign. Short term effectiveness of advertising is a concept that depicts growth in the sales of the company that is performing the advertising action. Sales promotion is a concept that results in the increase of sales through a particular form of advertising. The method of sales promotion directly affects the sales of the company as the name suggests. Short term effectiveness of advertising is a concept with a certain result, which is shown in the form of increase in the sales of a company.

Hence measuring the impact and effectiveness of short term advertising is vital for companies to build a long term impact of it. Without an effective short term advertising, the long term results can never be achieved.

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Significance of Study:

Objectives:

To define short term effectiveness of advertising and identifying variables involved.

To determine the inter relation of these variables with each other.

To study the link of these variables with the sales, profits and revenues of companies.

To study different sectors in context of Pakistan and their focus of the short term advertisement.

To determine the effectiveness of advertising agencies in planning for ad campaigns.

To measure that how consumers are affected by different advertising campaigns and how they react to it.

To study the relation of the variables in real life.

Literature Reviews

Jagdish N. Sethi (1974) in the article “ Measurement of Advertising Effectiveness: Some Theoretical Considerations” examines three different aspects of effectiveness of advertising communication. The paper discusses the distortion of advertising communication in consumer mind that explains further explains how advertising communication generate a stimulus in consumer mind and how it influences the consumer choice process. It also discusses the linkage between the four mechanisms of advertising

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effectiveness. It varies stimulus as coded with respect to three dimensions in consumer mind which includes magnitude of cognitive distortion, descriptive beliefs and evaluative beliefs of product attributes in an advertising campaign. It also specifies that there exists individual differences with respect to these dimensions in case of different consumers and there also exists situation differences which changes the understanding of an advertising campaign accordingly. It defines cognitive distortion of advertisement as a factor of advertising related, consumer related and situation related factors, ($Y = f(A, C, S)$). The primary variables discussed here are color, size, product benefits, rational and motivational appeals, channel reach and image whereas credibility and expertise as source variables. The primary variables results in producing magnitude and meaning distortions and source variables result in producing evaluative distortions. The paper states two distinct mechanisms of measuring impact of advertising relating directly with consumer consumption patterns. That includes the reminder mechanism which triggers cues for a habitual behavior learned from a prior repetitive experiences and exposure of information. The second is precipitation mechanism by which advertising creates buy-no buy choice process or hastens up the choice process with help of novelty, curiosity and adventure. The four major variables highlighted in this paper related to the study are precipitation, persuasion, reinforcement, reminder (further classified) which links up in creating an effective advertising campaign and then measuring its effectiveness.

Variables:

Precipitation

Persuasion

Reinforcement

Reminder

Wolfe (1957) in his article “ An Operations-Research Study of Sales Response to Advertising” discussed the results of studies for major industrial concerns on the sales response to advertising. A simple model of the interaction of advertising and sales was described that was consistent with the results of controlled experiments performed on a large number of products and several media. The model was based on three parameters: Sales Decay Constant, Saturation Level, and Response Constant. It had proved useful for analyses of advertising campaigns and for allocations of advertising appropriations firstly, when carefully designed and executed, advertising experiments gave results that were both reliable and reproducible. The degree of accuracy attainable was, however, considerably smaller than would be considered acceptable in many other fields of research. Product advertising gave quick results; the pretesting of proposed product advertising campaigns, therefore, was especially attractive. Secondly, the response of sales to advertising varied widely from product to product, but some generalizations were possible. The response of individual products to an advertising promotion might be characterized by two parameters: Response Constant and Saturation Level. A third parameter, the Sales Decay Constant, gave the rate at which customers were lost. Thirdly, a mathematical order of sales response, based on these three parameters, had proved useful in the analysis of advertising campaigns. By means of this model one could

compute the quantities needed to evaluate and compare alternate promotional campaigns. Lastly, knowledge of sales response to advertising for each product permitted one to evaluate the return that could be expected from capital invested in advertising for each product. With this information it was then possible to select profitable advertising programs and to estimate the optimum total size of the advertising budget.

Variables:

Consumer Response

Saturation Level

Sales Response

Treasure (1963) in article titled “ The Measurement of Advertising Effectiveness” evaluated that it was by no means a comprehensive statement of the role of advertising effectiveness research. The really important point to grasp here was that an advertising campaign was a complex phenomenon made up of many parts: and that the separate effectiveness of each of the part was of as much interest to advertisers and their agents as the effectiveness of the campaign in toto. To put the point another way; an advertising campaign may be regarded as having four major decision-areas, namely size of expenditure, media selection, exposure frequency and creative treatment. There were two points to be made here. First, it should be realized that these four decision-areas are heavily interrelated: for example, if it was decided to use color pages in advertising a food product, then this “ creative” decision will vitally affect the number of advertisements (and their distribution through time) that could be bought by

a given appropriation. Thus, it was essential that research into the effectiveness of advertising be capable of assisting correct decision-making in each of these four decision areas. This means that the measurement of the sales effectiveness of advertising cannot be enough since many of the answers about various parts of the advertising campaign need to be known before the advertising campaign has begun. Moreover, a campaign could be, and often was, changed and modified in some degree during its operating existence; research was also required to give guidance as to what kind and extent of modifications are most likely to be successful. This means that the effectiveness of an advertising campaign can be explained as well as measured.

Variables:

Size of expenditure

Media selection

Exposure frequency

Eldridge (1958) in his article “ Advertising Effectiveness: How Can It Be Measured?” discussed that Advertising continues to play an important role in our national economy. Therefore, the effectiveness of advertising was of great concern both to society and to the individuals who comprised our society. In spite of the progress that advertising had made over the years, there were two vital respects in which further improvement were needed: in its effectiveness, and in the evaluation of its effectiveness. The author says that it has forgotten its purpose of providing information rather it is just claimant. There were four necessary steps for research firstly to determine

what product-attributes were most important to consumers-most likely to motivate the consumers in the direction we desired. Secondly, to determine whether the advertising and the advertising-claims were presented in such a way as to “ register” with consumers, and be understood by them. Third one was to determine whether the advertising claims were believed-were accepted by consumers as being true. Finally To determine the extent to which the advertising did achieved its particular objectives. The purpose, of course, was not to substitute research, or facts, or formulas, or any other form of strait-jacket, for creative ingenuity and skill in the creation of advertising. Instead, the purpose was to free creative people for the business of creating-free from the necessity of guessing about facts which should be supplied to them as a matter of course.

According to the author Good advertising must conform to the following condition: 1. It must be truthful, both in its statements, and its reasonable implications. 2. It must be believable. 3. It must not unfairly disparage competitors or competitive products. 4. The advertising claims must be effectively presented in order that they may be heard or read, and in order that they may register with readers and listeners a clear and memorable understanding of the product-attributes and sales-appeals. 5. Right target market. Any advertisement that contains these five essentials is likely to be a good advertisement. Creative skill, utilized for the purpose of finding the most effective way to present relevant facts and arguments about a product or an idea, can surely be more productive than that same creative skill, forced to guess as to what are the relevant facts.

Variables:

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PRODUCT-ATTRIBUTES

ADVERTISING-CLAIMS

TRUTHFUL

EFFECTIVE PRESENTATION

Demetrios Vakratsas and Tim Ambler (1999 in the article How Advertising Works: What Do We Really Know? It is a very detailed and well researched article. Author has reviewed more than 250 journal reviews to come up with the facts that what actually make the advertisements work. Advertising effects are classified in-to intermediate effects, for example, on consumer beliefs and attitudes, and behavioral effects, which relate to purchasing behavior, for example, on brand choice. The authors suggest that advertising effects should be studied in three dimensions as these create immediate type of responses i. e. Affect, cognition, and experience. This implies that, consciously or unconsciously, advertising must have some rational effect (e. g., awareness, memory, attitude toward the brand) before it can induce actions. Cognition, the “ thinking” dimension of a person’s response, and affect, the “ feeling” dimension The intermediate type of response implies that, consciously or unconsciously, advertising must have some men-tal effect (e. g., awareness, memory, attitude toward the brand) before it can affect behavior. Cognition, the “ think-ing” dimension of a person’s response, and affect, the “ feel-ing” dimension

He then talks about several models saying that Market response models normally relate advertising, price, and promotional measures directly to purchasing behavior. Cognitive Information Models (C) assumes that consumer preferences are not changed by advertising and that consumer

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decisions are only rational. Pure Affect Models (A) In contrast to the economics paradigm, pay little or no attention to cognition but focus on affective responses, the familiarity and feelings advertisements may stir up.

The authors finally suggest that behavioral (brand choice, market share) and cognitive and affective (beliefs, attitudes, awareness) measures be compiled in single-source databases to enable researchers both in academic circles and business to test the interaction of context, intermediate effects, and long- and short-term behavior.

Variables:

AFFECT

COGNITION

EXPERIENCE

Raj (1982) in this article titled “ The effects of advertising on High and Low Loyalty Consumer Segments” discussed the effects of advertising considered to be attracting potential customers and retain existing buyers. This article discusses the effect of advertising on the purchasing behavior of consumers with different level of brand loyalty. The effectiveness of advertising is determined through the customer type which is defined as loyal or non loyal in this article , advertising content which could be mood or informational advertising and product type which could be high or low potential for increased consumption. Other than this, a difference between loyal and non loyal customer is also specified in terms of price sensitivity, where brand loyal customer remains unaffected by a price change whereas a non loyal customer switch over to the other brands with respect to a price change.

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Repetition of an advertisement also played an important role in associating pleasant feelings between the product and the customer. The responses of consumers were considered to be the same with respect to an advertisement, which means that advertisement is likely to switch both loyal and non loyal customers due to its impact. Increased advertising for brand loyal have a very long term affect and also for the non brand loyal they are likely o decrease consumption of other brand if not switch and might eventually switch also.

Variables:

CUSTOMER TYPE

ADVERTISING CONTENT

PRODUCT TYPE

Stayman (1990) in the article “ The Role of Mood in Advertising Effectiveness” evaluated that consumer’s mood play a vital role in attitudinal outcome of advertising message. Three researches were made in this process; firstly they studied the moods externally leaving advertising message effect aside. Secondly positive moods were compared with neutral, ignoring negative one’s aside so that only effects of the positive moods could be seen in a positive manner. Third, they used new brands to maximize control over extraneous effects. The key implication of these results was that, unlike what was implicitly assumed in most current consumer research on mood effects, moods appear to not only have peripheral effects on attitudes, but also to have significant effects on and through the cognitive processing of message contents. This study gave us a clear picture that the

facilitating affects of positive mood on brand attitudes for readers of print advertising and explores contingencies and cognitive processes underlying that effect. Mood appeared to affect the amount of total cognitive elaboration, bias the evaluation of argument quality, and peripherally affected brand attitudes. An experiment using print ads revealed that positive moods created less elaboration, which resulted in more heuristic processing and reduces the extent to which message evaluation-itself favorably influenced by positive moods-mediates brand attitudes. The effect was greater when the reader had a low need for cognition and when the ad contained weak message arguments.

Variables:

Consumer Mood

Neslin, Powell and Stone (May 1995) explain in their study, *The Effects of Retailer and Consumer Response on Optimal Manufacturer Advertising and Trade Promotion Strategies*, how a consumers and a retailers response affects a manufacturer's optimal advertising and trade promotion plan. We develop a dynamic optimization model which considers the proceedings of the manufacturer, consumer and the retailer. The manufacturer attempts to increase its profits by advertising directly to consumers and presenting periodic deal discounts to the retailers in the optimism that the retailers will in turn pass through a retailer promotion to the consumer. They show how the manufacturer's optimal allocation relies on consumer response to advertising, consumer response to retailer's promotion, retailer inventory carrying cost and retailer pass through behavior. They predicted in their paper that as trade promotions are intended to eliminate forward buying, <https://assignbuster.com/short-term-advertising-effectiveness/>

manufacturers will realize it in their interest to promote further more sharply. They also find and clarify a natural propensity for advertising and trade dealing to surrogate for each other in an optimal plan. The paper discusses the behavior of retailers and consumers separately and specifies the effect of each variable that includes consumer sensitivity to advertising, effects of promotional intensity, retailer's pass-through, retailers carrying cost separately. The paper implies that effectiveness depends mostly on the advertising and promotional expenditures. There is a rich interplay rich interplay among benefits, short-term costs, and long-term costs. The benefits of advertising and promotion are incremental sales. There is a natural negative relationship between the steepness of trade promotion discounts and their frequency. The research helps one to understand how consumer and retailer response should influence optimal advertising and trade promotion policy.

Variables:

Consumer sensitivity to advertising

Effects of promotional intensity

Retailer's pass-through

Retailers carrying cost

Sturgess and Young (1981) tell us in their study, Sales Response to Advertising: a Reconsideration, about the shape of the sales-advertising response relationship. The paper highlights this relationship as an important prerequisite for optimal marketing decisions. The specification of a model of this relationship is a preliminary exercise in the testing of advertising

efficacy. Research identifies the direct relationship between sales and advertising expenditures has been justified as more relevant to a company's Performance variables than any other test of the communication effectiveness of advertising. It specifies that advertising expenditure has lagged effects upon sales in building up an intangible stock of goodwill which can carry over several time periods. The variables discussed are consumer response, level of advertising, quality level that generates sales. The paper presents a credible model for this relationship based upon the consumer's response to advertising when qualitative ambiguity exists in a market. The relationship is seen to contain disastrous change or discontinuity when certain assumptions are made about optimizing behavior. In this paper the implications for marketing strategy and optimal levels of promotional outlays are discussed.

Increasing returns are not easy to define exactly. In measuring the sales effect of advertising we need to consider the number of units sold or value of sales. This paper uses economic modeling and in it takes the help of Sales Response Curves to explain its theory.

Variables:

Advertising level

Quality level

Consumer Response

Emma Macdonald and Byron Sharp (2003). " Management Perceptions of the Importance of Brand". The authors say that brand awareness is the preliminary step for any other step to take place in the communication

process. In memory theory, brand awareness is positioned as a vital first step in building the “ bundle” of associations which are attached to the brand in memory (Stokes 1985). It is important that the brand belongs to your consideration set and hence is more likely to get selected than the one you are unaware of.

Brand awareness can also affect decisions about brands within the consideration set (Hoyer & Brown 1990; Keller 1993). Consumers may employ a heuristic (decision rule) to buy only familiar, well-established brands (Roselius 1971; Jacoby et al. 1977, both cited in Keller 1993). Brand awareness also enhances the quality perception of a brand. In a consumer choice study by Hoyer and Brown (1990) over 70% of consumers selected a known brand of peanut butter from among a choice of three, even though another brand was ‘ objectively’ better quality (as determined by blind taste tests), and even though they had neither bought or used the brand before. In the study by Keller in 1991 he also found managers inclined towards long term effectiveness rather than short term goals e. g. sales.

Also the author states that brand recall is not required for the brand to be sold it’s the brand recognition that matters the most for the short term effectiveness. “ Hey that’s the new banana flavored milk” may be sufficient for purchase to occur. The author finally says that e determining the breadth of a brand’s awareness (ie. the percentage of the population who recognize the brand) is quite easy; measuring depth of brand awareness is extremely difficult. Yet it is the depth of brand awareness, that is, the level of accessibility or “ salience” of the brand in the consumer’s mind, which is of most interest to mature market.

Variables Identified:

Brand Awareness

Brand recognition

Advertising level

Price Sensitivity of a Consumer.

Quality level

Consumer Response

Consumer sensitivity to advertising

Above the Line Advertising

Goodwill

Effects of promotional intensity

Retailer's pass-through

Retailers carrying cost

Consumer Mood

COMPETITORS ADVERTISING RATE

MARKET SHARE

PRODUCT LIFE CYCLE

CUSTOMER TYPE

ADVERTISING CONTENT

PRODUCT TYPE

AFFECT

COGNITION

EXPERIENCE

PRODUCT-ATTRIBUTES

ADVERTISING-CLAIMS

TRUTHFUL

EFFECTIVE PRESENTATION

Size of expenditure

Media selection

Exposure frequency

Consumer Response

Saturation Level

Sales Response

Precipitation

Persuasion

Reinforcement

Reminder

Sales Promotion

Personal Selling

Theoretical Framework

General & Behavioral Factors

Short Term Advertising

(SALES of ADVERTISING)

Other Factors

Hypothesis

Ho: Sales Increase is directly related to short term advertisement effectiveness.

H1: Sales Increase is not directly related to short term advertisement effectiveness.

Ho: Strong behavioral factors related to advertisement result in increasing Sales.

H1: Strong behavioral factors related to advertisement do not result in increasing Sales.

Ho: Strong physical factors result in increasing sales.

H1: Strong physical factors do no result in increasing sales.