

MARKETING COMMUNICATIONS RESEARCH UNIT

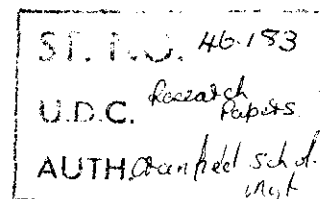
THE IDENTIFICATION OF CURR. COMPANY
ADVERTISING PRACTICE

Findings of an initial reconnaissance
within sponsor companies

REPORT NO. 1

David Corkindale
Sherril Kennedy

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PURPOSE OF THIS REPORT

This first report from the Marketing Communications Research Unit at Cranfield describes the findings of our initial series of visits to sponsor companies. It indicates the nature of the advertising process in these participating companies and the extent to which research to measure the effectiveness of advertising has been, or is being conducted. In no way does the report attempt to reflect the whole of British Industry.

On the basis of this better understanding of the position within participating companies, a series of research topics worthy of further study are identified. When this report has been digested, and the literature review (Report No. 2) completed, the MCRU will submit to sponsor companies, its detailed plan of work for 1973 and 1974.

Professors Harry Henry and Gordon Wills

INTRODUCTION

The progress of the Marketing Communications Research Unit to date has been as follows:-

1. Each of the sponsor companies has been visited for a period of one or two days to ascertain what information exists to aid the further study of methods of measuring advertising effectiveness.
2. Because it is not realistic to look at advertising practice in a vacuum, the information collected had to be rather wide in scope.

Areas of concern were:-

- a) the organisation structure of the company
- b) the marketing situation of the company
- c) the part which advertising and promotion play in the company.
- d) any research and experimentation which has been undertaken, or which is currently being considered, in relation to any aspect of advertising and promotion.

A report was written on each company.

3. On the basis of the findings of the company visits, the following document has been prepared.

Our immediate objective has been to define the problems relating to the methods of measuring advertising effectiveness, not to offer solutions. Neither is it the objective to specify a detailed research plan, since it is intended that this should be drawn up with due

regard to the completed literature review. (This will be the second report to be distributed).

The report will analyse the problem primarily by stating what has been found to exist in companies. The sections under which this will be done are as follows:-

1. Tentative Conclusions

In stating the purpose of the report, it was said that the objective was not to draw up a specific research proposal, but rather to analyse the problems involved in the research. Nevertheless, on the basis of the extensive fieldwork, it is possible to draw tentative conclusions of what was found, and to indicate areas which could usefully be explored further. In tackling such a vast area as the measuring of advertising effectiveness, it is inevitable that the areas which can be usefully followed up in greater depth will far exceed the current MCRU resources. Nevertheless, it is helpful to state the possibilities before deciding on the areas to actually follow through.

2. A Broad Description of the Sources of Information

The range of sponsor companies covers the three main types of production, namely consumer, industrial and service suppliers, and also represents the major types of organisation structures, e.g. the nationalised concern, the company which is part of a larger national or international organisation, and the totally independent company.

This must obviously have some bearing on the various strategies adopted by each of the companies visited.

In addition, the role of the personnel seen must have a considerable bearing on the information given. In the main, personnel seen were within marketing research and/or marketing departments but it is necessary to remember that some people had responsibility for all research activities, very specific research, overall control of a marketing department, or complete responsibility for a brand. Because of the differing situations of people within a company, the viewpoint obviously differed. Nevertheless, in talking of any array of perceptions, it must be said that all those spoken to, were in sympathy with the sentiments of this project.

If it is found that there is an imbalance of the sources of information in some companies at the time of drawing up specific research proposals, every effort will be made to rectify this.

3. The Role of Agencies

The requirements of each individual company vary when considering the role of the advertising or research agency. In some cases an agency has been used as an extension to the company marketing department, to the point where it has been actively involved in developing specific marketing strategies. At the other extreme, the agency has been used solely as a creative input and a media buyer. It is felt necessary to look at this relationship as

part of the environment in which decisions concerned with advertising, and its effectiveness, are developed.

4. The Rationale Underlying Advertising

"Advertising does not affect sales, merely profitability". "Advertising merely brings the sales forward, it does not increase them". "It is necessary to advertise in order to be seen to exist, by both company personnel and potential customers". "Advertising is the only way to keep competitive activities under control".

These reasons are just some which were put forward as the underlying rationale for advertising in particular companies. From this it is apparent that the objectives against which advertising effectiveness has to be measured vary enormously. Such rationale is the backcloth setting against which more specific objectives for individual campaigns have to be made. One campaign may be intended to create a certain level of awareness among a specified population; another might be intended to increase the sales of a product by X% over t time. Hence, trying to isolate the reasoning behind advertising actions is undoubtedly a complex matter. Furthermore, the reasoning is complicated by the apparent trend towards increased expenditure on below-the-line activities. Recent pronouncements in trade publications suggest that this trend is now being reversed, but in an area where precise definition and consistent statistics do not exist, it is difficult to substantiate this. Obviously the relationship between media advertising and below-the-line

promotions must vary with the individual company situation. This whole issue of why people advertise is one which will need a great deal of attention devoted to it, since it is the basis against which effectiveness must be made.

5. Media Advertising Practice

The ways in which appropriation levels are set, the process of deciding on the media to be used, the manner in which the advertising plans are decided in detail and executed, are areas in which a considerable amount of information was collected. Perhaps more important than the practice which was found, was the attempt to understand why the particular practices were adopted. In part they stemmed from overall company policies and traditions, in part from the past experiences of the personnel most directly involved with the decision making, but they also stemmed from the fact that it was not always possible to get the necessary data on which to base the decisions. If analysis of the problem could highlight areas where additional data could be obtained with relative ease, a useful task would have been fulfilled.

6. The Practice and Function of Other Promotional Activities

One of the issues raised at the time of setting up this research was the question, "What is advertising?". The decision of whether or not it includes promotional activities over and above media advertising, has not yet been taken. As an aid to ~~that~~ decision it is necessary to show

now the two activities were used in practice, showing particularly the relationship between them. Some companies use them as straight-forward alternatives to achieving the same end, others consider that they are means of achieving quite distinct ends, while still others fluctuate between their uses. Until the role of the two activities, and their inter-relationship, has been established, it is unwise to define the scope of the research too closely.

7. The Research Activities Within Companies

The attitudes towards research activities which existed in each company varied greatly. In some, research was specifically undertaken to form the basis on which decisions in the marketing and promotional areas were undertaken, in others it was an activity undertaken without being directly related to these. Obviously, the role which research is expected to play will vary according to the individual company policy, but it is also dependent on the state of the market in which the company is operating.

Each of the companies visited was able to provide a list of the data it had available, and showed how it had been used. It also indicated the data which had been collected in the past, or which was collected on a regular basis, which was not utilized to the greatest extent desirable. This section of the report will give a summary of the state of research in each company, and will attempt to explain why the situations which exist have developed. Some of the things of concern are panel data, regular and ad hoc survey work, the pre-testing of advertisements, and attempts to monitor campaign effects after they have run.

8. Experiments Within Companies

Any experimentation within companies which has been undertaken in the past, or which is currently being considered, has a special input to contribute to this research. Areas in which information was found to exist were the use of different media; pressure tests; and examples of various types of econometric marketing models. In addition, companies spoke of areas in which they felt it would be possible to undertake an experimental exercise, or alternatively where they would like to see work done, but could not see ways of overcoming the practical difficulties. This could be an area for collective action on the part of the sponsoring companies.

9. Do Any General Patterns of Behaviour Exist?

It has been pointed out that the sponsoring companies are a very heterogenous group, but that within the total it is possible to isolate sub-groups which conform to fairly standard classifications of company type. Whether or not the type of organisation or product grouping is the ideal means of classification, an attempt has been made to see if any of the patterns of behaviour found do actually conform to the standard classifications. It might be assumed that the companies in the most sophisticated markets have the most advanced approach to the use of advertising, or that industrial product producers employ a very basic approach. This section will show if any of the popular assumptions, in fact, hold for the group studied.

10. Common Problems Facing Manufacturers

Regardless of the type of company visited, it became apparent as the fieldwork progressed that people were facing very similar problems. The way in which so many companies found setting appropriations was such a hit and miss affair, because they were not aware of any realistic and systematic approach they could adopt, was one such recurring example. Another was the way in which research data was under-utilized because different sources of data which ought to be complimentary were, in fact, incompatible.

Possibly if such problems were fully realised, some attempt to reduce them could be made. It should be added that the problems found were not suffered by the smaller organisations only.

THE METHOD OF CONSTRUCTING THE REPORT

The report form is intended to elaborate on the environment in which the information gained was collected, for this is central to the understanding of the findings put forward. After this, the report goes on to give details of what practices in the area of advertising and promotion were found to exist. However, it is important to note the general method in which the report has been constructed. Reference has been made to the fact that standard classifications of companies do exist, and it would have been possible to employ one of these as the basis on which to write; e.g. to put information in terms of what was found within the three groups of consumer, industrial and service producers. It was felt, however, that this was

pre-judging the findings in an unwarranted manner. Because of this, it was decided to analyse the information in each section, and to report it in the most appropriate form. In each section, the basis of the classification will be clearly stated.

1. TENTATIVE CONCLUSIONS

No company follows, or is able to follow, a total communications approach in marketing.

For operational purposes most companies adopt, as a measure of advertising effectiveness, variables reflecting the apparent state of mind of consumers towards the product advertised or the advertising. It is generally acknowledged that these measures are not wholly sufficient but are available and useful.

The main activity of market and marketing research in companies is to help describe:-

- a) the state of the company in relation to its customers;
- b) the state of the company in relation to its competitors.

Research and developments related to marketing and advertising research is not being undertaken by many companies directly; it is left to individuals and market research agencies to pursue this course.

A preference for small scale, qualitative research methods to examine many varied problems was expressed by many companies.

It was noted that success in marketing in one product area by a company using extensive advertising was not necessarily associated with success in another product area.

Examples were found where models had been constructed of markets which included the quantitative effect of advertising on sales. Differing management action resulted from these exercises. The markets modelled, in these cases, were relatively small in value and had few major brands. Other 'case studies' were examined where apparently the effect of advertising efforts were clearly discernable; these cases tended to be in the same sort of markets as the models.

In many market circumstances, but not all, the non-media promotional effort is planned and executed separately from advertising. Its purpose is usually specified but the achievement of this purpose is not often evaluated.

In drawing these tentative conclusions it must be emphasised that they are not intended as a definitive list. They are more of an attempt to highlight the situation which we found to exist in the various companies visited, and to provide a springboard from which the detailed proposals for further research will evolve.

It is largely as a result of the field-work undertaken that the following list of possible research topics has been drawn up:

EMERGENT AREAS FOR MORE DETAILED RESEARCH

1. An examination and evaluation of methods for setting advertising objectives, both for ongoing situations and new missions.
2. An examination of the relationship between the number of own label products per product category, and the amount of advertising per product category.
3. An examination of the relationship between product category shelf space in supermarkets, and the amount of advertising for the product category.
4. An examination and review of methods of spreading advertising appropriations regionally, e.g. by relative population, per capita consumption, relative distribution.
5. An examination of rates of forgetting well-known products that have not been advertised for long periods, but have been covered by awareness surveys.
6. An examination and review of methods of assessing when an advertisement is "worn-out".
7. A repeat of the Zielske experiment, which examined growth and retention of awareness between a short intensive campaign and a long, infrequent advertisement one, where in both the total number of advertisements used was the same.

8. An analysis of the effect of the position of an advertisement in the sequence of advertisements shown on a T.V. commercial break, e.g. does the first have more effect than the last?
9. An examination and review of methods of pre-testing advertisements.
10. An analysis of the evidence on any relationship between the results of advertisement pre-tests and subsequent performance of the advertisement.
11. A critical examination of the various methods for rating the contents of an advertisement.
12. An examination and review of methods of conducting and analysing "pressure tests" or experiments of different weights of advertising.
13. The determination of factors affecting the response to advertisements containing reply coupons.
14. An examination of the response times to promotional offers.
15. Do attitudes change before behaviour? Review of evidence.
16. A critical review of work relating advertising and purchasing behaviour, and further analysis of this relationship,
17. A study on the relationship between company and advertising agency.

18. An examination of the effect of position on a page to the response to an advertisement.
19. An analysis of the effect on distributors' behaviour of advertising campaigns.
20. A study of the conventions concerning 'threshold' amounts of money and effectiveness and/or performance for T.V. advertising.

In listing these topics as being possibilities for further research, it is envisaged that some will become part of the detailed research proposals which the Unit will submit, and others will be covered in short term MBA projects, and doctoral theses as resources permit.

2. THE OVERALL COMPANY ORGANISATION

The purpose of attempting to describe the broad type of organisation to which each of the sponsoring companies belongs, is to show the overall constraints within which each is operating. The nationalised concerns have responsibility to the Government of the day to an extent which no other type of organisation has. This means that objectives are more dependent on political issues, and that the concept of profit motivation is not always applicable. The independent companies are total entities in themselves, and as such have absolute control over their actions. In the case of those listed as part of a national or international group, the ultimate financial responsibility is to a larger organisation. Without exception, however, each company has autonomy with regard to the day to day running of itself. As such, it has responsibility for deciding on marketing and advertising strategies, although it is possible for the parent organisation to have an influence on these decisions.

Table 1. Types of Organisation

NATIONALISED	INDEPENDENT	PART OR A NATIONAL GROUP	PART OF AN INTERNATIONAL GP.
British Tourist Authority	Beecham	Cadbury-Schweppes Grocery Foods Division	*BP CPC Dunlop
Gas Council	Midland Bank	+Lyons Bakery	Esso
National Coal Board	*Watney Mann	+Lyons Grocery +Lyons Maid Spillers Food Ltd. Vine Products	Heinz Johnson & Johnson Nestlé Philips Elect.

+It should be noted that the three Lyons companies which have been included operate as autonomous companies. The MCRU looked at the three companies with the intention of deciding which could be most usefully followed up at a later stage.

Any classification along these lines will have its difficulties, but those marked with an asterisk may particularly raise questions. At the time of visiting Watney Mann the link with Grand Metropolitan was still only a possibility. BP poses a special problem since the research contact is with both BP and the marketing organisation of Shell Mex/BP. In either agreeing or disagreeing in the breakdown as presented, however, the important thing to remember is that the segmentation has only been made to show the general environment in which the research information has been collected.

SIMPLE PRODUCT COMPANIES/COMPLEX PRODUCT COMPANIES

Table 2. The Product Complexity of Companies.

SIMPLE PRODUCT COMPANIES	COMPLEX PRODUCT COMPANIES
BP	Beecham
British Tourist Authority	Cadbury-Schweppes
Esso	CPC (UK)
Gas Council	Dunlop
Lyons Bakery	Heinz
Midland Bank	Johnson and Johnson
National Coal Board	Lyons Grocery
Vine Products	Nestlé
Watney Mann	Philips Electrical
Lyons Maid	Spillers

In looking at the breakdown of companies on the basis of how complex their product range was, there was no dividing line which did not present a blurred edge as far as some companies were concerned. The classification was made on those parts of the organisation which the MCRU had visited. In consequence the hotel interests of Watney Mann and the chemical interests of the oil companies were not taken into account. The distinction finally agreed on was dependent on two criteria:-

- a) the divergence of raw materials used in producing the goods
- b) the diversity of end uses of the product.

This classification has been introduced because it is felt that the simple product company is bringing its resources to bear on various aspects of a more readily defined area of operation. In practical terms this means that the personnel make-up between the two types of company will be rather different. As a generalisation, the complex product company will have a greater need for an extensive product or brand structure, whereas the simple product company will need a smaller team without the role duplication. Because of the different numbers of personnel involved, it is likely that the simple product company will have more uniform views among its company members. Where as extensive brand management structure exists, it is possible that any two brands could be run on quite different criteria.

For the purposes of the final research proposal, the distinction means that in some cases the MCRU will be concerned with a total company operation, or one brand which has to be considered in the light of the total company strategy, whereas in others, the concern will be with just one section of company operations.

THE "NEO-COMMODITY" MARKETS

Another influence which may determine the type of advertising strategy which is adopted, is whether or not the product is in a neo-commodity market. This can best be defined as a market which consumers seem to treat as a commodity market. One distinguishing characteristic of the neo-commodity market is that there is little brand loyalty among consumers; another the fact that the product is regularly consumed. Perhaps the most important characteristic however, is the fact that neo-commodity markets have a high proportion of own label activity in them.

When attempting to divide the sponsoring companies on this basis, the listing coincides very closely with Table 2. It could be argued that with the exceptions of the British Tourist Authority and Lyons Maid, the simple product companies are predominantly in neo-commodity markets. In looking at the complex product companies, there is only one example which readily came in to this category; namely, the domestic cooking oil market of CPC (UK). It should be remembered, however, that this has become so only in relatively recent times. Perhaps on closer examination other examples would become apparent, but however defective the listing, the general concept appeared to have many implications for the way in which advertising and promotions needed to be handled. Possibly some more conclusive work can be done in this area by the MCRU.

THE ROLE OF THE PERSONNEL SEEN BY MCRU DURING VISITS

Table 3 The Role of the Personnel Seen, Indicated by
Job Title

	Personnel in marketing only.	Personnel in research only	Personnel in both marketing and res- earch	Other
No. of compan- ies	3	5	11	*1

* The person seen in this case was an advertising manager

Table 4. Number of Personnel Seen in Each Company

	A selection of people seen	Only one person seen/ one person dominant
No. of compan- ies	15	**5

** Of the five companies where one person was dominant, three companies were using the research department as the liaison point, one the marketing department, and one the advertising manager.

Tables 3 and 4 give some indication of the actual source of information given in terms of the personnel involved. The 11 companies where personnel from both marketing and research were able to give information tended to provide a broader base on which to interpret the information. The cases in which the information emanated from just one department may well have to be supplemented once the

final research proposal is underway. Of special concern will be those companies in which it was only possible to see one person. It should be added, however, that these companies were able to give a sufficiently broad summary of their company situation for the purpose of writing this report.

WHO TAKES THE ADVERTISING DECISIONS

Any attempt to make comparisons between one organisation and another is fraught with the problems of different titles denoting different levels of responsibility. An obvious example of this is the case of a manager of one organisation having the same responsibility as a top director in another. Often such differences reflect the size of the organisation concerned.

When any major decision process is considered, it is difficult to isolate any one person or group of persons, who actually take the decisions. This is undoubtedly so with the process of deciding which particular advertising strategy should be adopted. Often it is the case that an overall marketing strategy is decided at top management level, and it is with this as a guideline that personnel lower down the management hierarchy decide on the precise form of any one campaign. In such a situation it is arguable who is ultimately responsible for any decisions taken. For present purposes it has been decided to draw up a table denoting responsibility, on the basis of the more immediate operational decision takers.

Table 5. Where the Operational Advertising Decisions are taken

NO. OF COMPANIES IN WHICH DECISION IS TAKEN WHERE:-	FUNCTION WHERE DECISION IS TAKEN				
	ADVERT- ISING MANAGEMENT FUNCTION	RESEARCH MANAGEMENT FUNCTION	BRAND/ PRODUCT MANAGEMENT FUNCTION	MARKETING MANAGEMENT FUNCTION	ADVERT- ISING AGENCY
ONE FUNCTION PREDOMINANTLY IDENTIFIABLE	1		5	5	
TWO OR MORE FUNCTION FULLY PARTICIPATING	5	1	2	7	1
TOTAL	6	1	7	12	1

N.B. The distinction which is made between the marketing and the brand/product function, is that the latter have responsibility for one identifiable brand or product, whereas the former are concerned with a broader range of products.

From the information gathered, there appeared to be only one company in which the decisions on specific advertising strategies were equally spread between the marketing and research departments. In other companies the situation which existed was one of the research department providing a very active supporting role for those more directly responsible for the decisions. Such people were ultimately accountable for the decisions taken. As might be imagined this close relationship was particularly pronounced in those companies where a manager had total responsibility for running a specified brand or group of products. In compiling Table 5, there was no obvious way in which companies were segmented e.g. with respect to company type or market.

Perhaps the inclusion of an advertising agency is a little surprising, and requires some explanation. In the company concerned, the marketing and advertising strategies to be adopted appeared to be the joint responsibility of the Company and the agency. The inter-action of the two was pronounced to a degree not found elsewhere.

It was stated previously that top managers often lay down the general policies within which the operational decisions must be taken. It follows from this that there will be some approval mechanism to ensure that the operational decisions do not violate such policies. In a small number of companies it was apparent that this checking process was subject to an individual's power of veto - a veto which was based on individual taste and experience - and not on any more objective basis.

Possibly as the research progresses, a more systematic attempt will be made to identify the decision makers, and to apportion responsibility between them.

3. THE ROLE OF THE AGENCY

The influence on the choice and use of advertising agencies probably stem from a number of factors:-

- a) the size of the company and the limitations this might place on the number of personnel which can be employed in the area of marketing and advertising.
- b) top management attitudes to the role which marketing and advertising should play in the company.
- c) the experience of personnel in the marketing and advertising departments.
- d) the provision of supportive functions, in particular research, for those taking the marketing and advertising decisions.
- e) the previous practice of the company.
- f) historical relationships with particular agencies
- g) formally stated policies on how agencies should be employed by the company, or alternatively, informal preference by top management which have much the same effect.
- h) the inter-action of individuals, in both the company and the agency, over and above any formally stated policy.

These are just some of the more obvious reasons why companies have come to inter-act with their agencies in such a variety of ways. It was not the intention of the research team to establish how each company came to employ an agency, nor indeed to go into any depth in examining the role each agency plays in the eyes of the individual company. Nevertheless, it is necessary to understand in general terms how companies view their agencies, since they effectively form part of the overall environment in which advertising decisions are taken.

Table 6. Some General Factors About the Relationship
Between the Advertising Agencies and the
Sponsor Companies

6.i. THE NUMBER OF AGENCIES EMPLOYED BY COMPANIES

	No. of Companies
Company contact with one advertising agency only	8
Company contact with two or more advertising agencies	12

6.ii. WHETHER OR NOT A SINGLE POLICY DOMINATES THE
RELATIONSHIP BETWEEN COMPANY AND AGENCY

	No. of Companies
The relationship between company and advertising agency is dominated by a single policy	12
Companies within which the company/agency relationship differs	6
Companies in which the relationship was not apparent	2

6.iii. WAYS IN WHICH THE ROLE OF THE ADVERTISING AGENCY
IS SEEN

	No. of Companies
A. Companies tending to the view that an advertising agency should only provide a creative input and be responsible for buying media	11
B. Companies tending to the view that the advertising agency should play an active part in determining the marketing strategies on which the advertising should be based.	5
C. Companies in which the views of A. and B. were adopted with different advertising agencies.	1
D. Companies in which the role of the advertising agency was not clearly stated	3

When company personnel were asked what role they expected the advertising agency to play, one of two definite opinions were expressed. Either the agency was expected to be the executioner of a fairly specific advertising brief, and buyers of media, or else they were expected to play a very active part in deciding the marketing strategies on which the advertising brief was to be based. It seemed possible that these two views might coincide with the size of organisation, or alternatively with the complexity of the product range provided by the

various companies. This was not found to be so. Of the five companies who expected the agency to play an active part in deciding marketing strategy, three were very large organisations with diversified products.

In all five companies there was a single dominant policy stating that the agencies should offer them far more than the function of buying media and being creative. Three of these companies use a number of agencies.

Turning to Table 6.1., it might have been expected that the companies using only one agency were companies previously put into the category of single product organisations (Table 2). Of the eight in the group, three were in the multi product grouping. Conversely, of those using more than one agency, five were originally listed as being single product companies. For these, the use of different agencies was based on one of three criteria:- geographical location, different brands, or different uses of the same basic product.

In Table 6.ii., six of the companies who had a single dominant policy with regard to advertising agents, were actually employing a number of agencies. This would indicate that these companies had a formally stated policy stating how agencies should be used, that they had a strong tradition of using agencies in a particular way, or else they had found a certain relationship worked better than any other on the basis of past experience.

From the information gathered, there was just no apparent pattern which could explain the forms of behaviour found.

4. THE RATIONALE UNDERLYING ADVERTISING

Faced with a direct question about the reasons for advertising, most companies were unable to give any sort of direct reply, but talked in very general terms. In most situations it was said that the company "needed" to advertise, or else the sentiment that "advertising was a good thing", was expressed. With the resources being devoted to advertising it was reasonable to assume that more specific reasons had to exist.

When very general replies were made it seemed to be because the companies concerned did not write the objectives down and distribute them to all concerned. As with so many companies activities, a working relationship is established, and for those closely involved in this work there is not the need for formally written objectives. The thing which became apparent as the discussions progressed was that campaigns were run to meet the general marketing needs of the time. Where a well specified market problem existed it was a straight-forward matter to state the problem to be tackled by the advertising. Where there was no such specific problem, objectives were harder to define. One thing which was noticeable in all this was the fact that even the more specific objectives were not stated in very precise quantitative terms. As an example of this, the company faced with a declining market stated that it must maintain its position in terms of units sold, for as long as possible, and the company in a growth market said that it must increase the market share. In such situations no percentage figures, or time spans seemed to be specifically stated. It should be emphasised that this was so in all types and size of company.

Asked whether advertising was a long or short term strategy, most thought of it as being long term compared with the response to promotional activities, but felt unable to commit themselves further. In a number of cases it was intimated that advertising would not motivate people to buy the product. It was thought that after the consumer had decided to buy, advertising might make the difference between buying one brand and another. One company stated that any advertising they did could only be expected to have any sort of effect at the margins of the market; i.e. the few potential customers who were still undecided in their views. In this case it was felt that the majority of consumers knew exactly what they wanted.

A view expressed a number of times, and by companies in totally different market situations, was the opinion that advertising would only shift the time at which a purchase was actually made. Again, it was commented that the consumer made the decision to buy for reasons other than advertising, and it was only after he or she had decided on the buy/do not buy situation, that advertising had a function to fulfill. Advertising might provide a stimulus for people to buy this week and not next, but it would not mean the difference between x and $x + y$ sales. In contrast to this, few stated that there was a direct link between advertising and sales. The more common approach adopted by companies, was the idea that it was only feasible to attempt to influence attitudes. If attitudes were generally favourable to the product, a sale became more likely.

In a very few companies the view was expressed that advertising was a waste of money. When this was probed further and the companies concerned asked why they continued to advertise if this was so, it was usually stated that the company was not prepared to risk the

outcome of stopping advertising. Such a gamble is not lightly taken.

Having looked at the general reasons given for advertising, it will be useful to look at the more specific ones, i.e. those geared to particular marketing problems.

ADVERTISING IS A MEANS OF PASSING ON INFORMATION TO THE ACTUAL AND POTENTIAL CONSUMER

Where the product is new, or where an older product is being re-launched, advertising is the principal means of communicating the facts. Many companies mentioned that it was important to have something new to say when using advertising in this manner, otherwise the consumer would cease to listen when there was any really new point to convey at a later date. An area particularly emphasised here, was information explaining use of the product as a means of gaining new customers, and of explaining additional uses to expand the frequency of usage of existing customers. This latter point had great relevance for those operating in declining markets. This reason for advertising was mentioned the most frequently, and was mentioned by companies of all types.

ADVERTISING AS A MEANS OF CREATING AWARENESS

This was mentioned particularly by companies going in to new areas of interest, or producing new products. In addition, it was mentioned in connection with very well established products, in the context that it is necessary to "get into the fabric of people's lives". A distinction was made between this and the next reason - reassuring the existing customer.

REASSURING THE EXISTING CUSTOMER

A number of companies maintained that it was necessary to advertise merely to give the existing customer renewed confidence in the product, and so encourage him to go on purchasing it. These companies tended to think that if such support was not offered the customer would be susceptible to offerings made by competitors. In a sense this advertising was conducted as a counter to any moves the company's competitors might make.

REASSURING OTHER GROUPS

Although the final purchaser is the obvious audience needing reassurance, retailers and own company salesmen were others who were frequently mentioned as needing to be given confidence in the product. For the salesmen advertising demonstrates in a very overt manner that the company is giving whole-hearted backing to his task. For the retailer it is maintained that he will be prepared to make shelf space for the product he knows the customer has been made aware of. A spurt of advertising means that there will be active enquiries for the product. In a sense this activity has become necessary over and above any trade deals which may have been made for these have no direct effect on the demands created in the consumer. The importance of the retailer is something which non-sponsor companies have also frequently mentioned to the MCRU. Advertising for retailer reactions is obviously more necessary in markets where distribution is a problem.

TO AFFECT MARKET SHARE

Underlying most of the marketing problems stated by companies, was some inherent reference to market share, whether to increase it, maintain it, or simply stop it

from falling to an unacceptable level. Constantly, companies wanted to increase their market share relative to their competitors, but any such objective has to be modified in the light of the overall market situation. It was where the total market was moving, either up or down, that market share was mentioned overtly. In no case, however, did a company talk of the percentage shift it was working toward. It was always a statement of relative shift.

TO KEEP OWN LABEL PRODUCTS AT BAY

The areas in which own label products were proving to be an actual or potential threat to the big brands in the market were prime areas of concern when discussing market shares. In some markets own label products have settled down to a set percentage of the market, and in some cases have even been forced to retreat to a smaller percentage of the total market, and it is this control which manufacturers hope to achieve. The other area in which manufacturers concentrate advertising is when they anticipate further growth in the own label sectors. In short, companies actively advertise to stop potential own label products from coming in to the market and to stop those already in it from taking further market share.

TO MEET COMPETITION

Markets in which two or more major competitors dominate, almost dictate that advertising will be on a matched basis. All companies visited stressed that it was not possible to respond to competitive advertising in the short term, nevertheless, traditions of how much should be spent seem to evolve. Closely linked with this is the inter-action of advertising and promotions. The emphasis between the two has changed noticeably in some

markets. When this occurs, individual manufacturers have little option but to follow the trend. In one company visited it was demonstrated that the industry as a whole had swung sharply from media advertising to below-the-line activity while it persisted with media advertising. After a short time the company lost market share. Market share was regained after the company had followed the trend to promotions. It was suggested that one reason why competitive advertising tended to be so similar was that each manufacturer was facing much the same market problems and so would come to a similar conclusion about how they could be solved. This argument was to be found in fairly well defined markets.

TO BACK PROMOTIONAL ACTIVITY

The need to make the public aware of any major promotional activity was an obvious prompt to advertising. Because of this, the timing of advertising was often linked to the company's promotional programme. This was frequently so whether or not the advertising theme was directly linked. By employing media advertising in this way companies felt that they were creating awareness.

The reasons for advertising listed above were expressed by a number of companies. None of them are truly minority views. Also, it should be noted that the market situation dictated the rationale so that any groups adhering to a particular view cut across normal forms of company segmentation.

5. THE PRACTICE AND FUNCTION OF NON MEDIA PROMOTIONAL ACTIVITIES

As stated before few companies really are able to adopt a total communications approach to marketing. Consequently, media advertising and non-media promotional activities are not planned or evaluated collectively to examine any complementing inter-relationship. The two approaches to 'promotion' tend to be seen as specific tools for achieving specific, usually separate, ends which are contributory to some overall goal. Some situations were observed, however, where the two approaches were used interchangeably and the relationships between the two needs further clarification where an intricate relationship exists.

There is no doubt that if both tools are being used it is difficult to separate out their individual contribution to the overall market result. However, for the development of our study it is important to note that non media promotion was found to be generally planned separately from media advertising executed via a separate mechanism and aimed at achieving a separate, though complementary, goal (e.g. brand loyalty, trial etc.) Pack design, reflecting advertising style or objective, is perhaps one of several difficult exceptions to the generalisation.

Non-media promotion would seem to have gained favour with marketing management as a tactical weapon for attempting to achieve short-term objectives. Another possible operational distinction, for the purposes of this study, is that media advertising objectives are medium to long-term, whereas non media promotions have short-term ones.

Much thought and managerial effort is given to planning and executing the non media promotion. Some items are subject, more or less, to a marketing effort in their own right, e.g. packaging, point-of-sale, pricing, advertising, awareness checks. This is only fitting since many companies spent as much 'below-the-line' as above it.

No formal method or research was observed aimed at checking the compatibility of non media activities with other aspects of promotion or product, e.g. company or product image. Where checks existed they relied on individual judgment.

The pre-testing of non media promotional activities was by no means universal. Many companies who had carried out some form of pre-test had found it valuable, e.g. screening out what was thought to be undesirable features. An 'undesirable feature' frequently seemed to be defined as a commonly expressed criticism, or an expressed opinion of disinterest. The management of non media promotion is currently less well developed than media advertising, e.g. point of sale material may be integral to the success of an activity but is not always monitored. Information on this activity, either on a company's own effort or those of its competitors, is not comprehensively available, and the collection of such information presents extensive problems. That information which is available from the consumer or market place is currently not often collated or analysed for marketing purposes. These are further reasons for attempting only to examine situations where the two types of activities are distinct and traceable.

A considerable divergence of opinion existed between sponsor companies over the evaluation of non media promotional efforts. The main point at issue was the time period that should be used over which to evaluate the effect on sales performance, if that were the criterion. Some companies had methods, though admittedly crude, for measuring the effects while others did not. It was observed, though, that while the research function may have disdained the practice, operational management had found methods of using what information was available and made decisions on this.

When examining the non media promotional practices of the Sponsor Companies as a whole, it was noticeable that those companies classifiable as being largely concerned with 'neo-commodity' markets used those practices to a greater extent than the others. In these markets, examples were seen of the very obvious effect on sales of these promotional activities when no media advertising was current and also the effect of 'advertising' the promotions.

6. MEDIA ADVERTISING PRACTICE

Advertising practices of companies, by their very nature, are particularly observable and easily monitored for all those concerned. Similarly, the problems to be faced when formulating advertising practices are common to all, and only differ in their degree of severity. Consequently, it is not surprising that patterns of practice, and the reasoning behind them, exhibit a high degree of similarity across all Sponsor Companies.

The main point of interest here is to explore whether the variations in advertising practice or the methods of approach used to deal with the problems are common to some definable segment of the Companies, which may help in the overall examination of measuring advertising effectiveness.

For the record, very brief details of advertising practices will be given here together with any meaningful segmentations of Companies.

Advertising Practice is taken to cover:-

- advertising appropriations setting
- objectives
- media used
- pattern of exposure of advertisements; 'wearout'
- advertising management

ADVERTISING APPROPRIATION

The determination of the size of the appropriation is initially triggered in all cases by the financial planning requirement of the company to formulate budgets. In most cases, but not all, advertising budgets are a subset of the marketing budget which is closely allied to a marketing plan. The cases where this was not wholly true

were, as might be expected, where marketing was not a major function: in these cases the P.R. department was the main determinant of advertising budget proposals. This is not to say that the P.R. function in these situations does not have and has not had the same overall objectives of a marketing function, but possibly the objectives are more long term. Of course, it has to be remembered that departmental titles do not adequately always define the role performed by the function. These organisations were also typified by being single product, or service, organisations having large corporate management structures. There was also the suggestion that advertising was undertaken partly for the company morale.

It was interesting to observe that several companies had reorganised recently to give more formal responsibility for complete brand management and associated advertising and research activities, to the marketing function. Without this management control it was particularly difficult to formulate the best actionable marketing strategy and, therefore, the most appropriate advertising strategy. This management trend has been taking place only over the last 10 years. In many companies some of the methods of deriving appropriations would seem to reflect the practices existing when advertising was undertaken for less marketing orientated purposes.

Two companies overtly used a fixed 'levy' on sales as the means for determining appropriations, i.e. sales are forecast for next year and, therefore, next year's advertising expenditure is calculable. The point they had in common was that they were part of large national companies being largely production orientated. It is probable that the actual financial mechanisms for deriving advertising monies in most other companies could be

interpreted this way, even though their methods were less direct in nature. In effect, other companies operated on the basic method of proposing a required sum for advertising and leaving it to their financial and senior management to determine whether this sum was acceptable and, probably, recoverable from profit on sales.

The other main framework for the determination of the required appropriation involves consideration of some or all of:-

- What was spent last year?
- What competition is spending?
- What is thought to be required to achieve particular goals?

All appropriations were set for a maximum of one year only, it seemed, and so only relatively short term goals could be considered.

All organisations had lengthy management procedures for vetting proposed marketing and/or advertising budgets. The length of this process of receiving final approval often had serious repercussions on the time available to put into operation the planned advertising, e.g. the time available for testing and modification of advertisements was often not available. In one case approval was not usually given until after the next operational year had technically begun. One danger possibly emerging from this system, where planning is separated by a relatively long interval from subsequent action, is that a new set of operational decisions may be made on the basis "We have approval to advertise, what shall we say?"

Various management systems existed for appraising company and/or product performance during a financial year. Several examples were seen, in the sample of sponsor companies, where the reaction to below budgetted sales performance was to reduce the planned advertising, rather than to increase it. This reflects several probable beliefs about advertising:

- a) advertising can be temporarily reduced without causing long term harm.
- b) it is more difficult for advertising to be effective in a difficult market situation
- c) current advertising is very much a levy on sales

One organisation used a 'formula' to derive the required appropriation based upon the need to achieve a certain level of awareness.

Generally the degree of influence of competitive activity on deciding appropriations increased from 'simple product' companies to those of the 'complex product' category. There were exceptions particularly among the 'simple product' companies, where there were few competitors, in that competitive advertising did have an influence. No definite research seemed to have been done to prove that competitive advertising did, in fact, detract from sales. Much, however, has been written on this topic in the literature and the validity of the various theories could be examined as part of the MCRU programme, should Sponsor Companies wish.

OBJECTIVES

This has been elaborated in the previous section on the Rationale Underlying Advertising.

MEDIA CHOICE

No company or organisation followed a 'total communications approach' to its marketing or examined the value of spreading promotional monies across a mix of communication channels. Again this is understandable since a ready means is not available for assessing the relative effectiveness of different media. The MCRU would envisage drawing together any information which can give guidance on this.

The reasons for choosing a particular medium, or combination of media, was based entirely on past experience and/or subjective reasoning, the only guides generally available. Part of the function of the study could be to evaluate the bases for this judgment in terms of their validity and robustness.

Operationally, the choice of media was said, almost universally, to be decided by:-

- the type of product
- the type of message to be conveyed
- the money available for advertising
- the nature of the consumers forming the target audience

To a large extent advertising agencies are relied upon to provide advice on the type of media to be used and to undertake or monitor media research, since this is accepted as being their domain.

Television is, undoubtedly, the most popular medium and expense was quoted by some of those companies not using it as being the reason why they used something else.

The 'multi product' companies predominantly use T.V. exclusively whenever appropriate and possible. Of the others, many fluctuate between press and T.V. and use posters, and these companies could be categorised as mostly being in what could be loosely termed 'neo-commodity markets'. In part, the exclusive use of T.V. seemed attributable to the fact that the personnel concerned with advertising decisions had always used that particular medium in various companies in which they had worked. One company belonged to an industry that has an agreement not to use T.V.

Thresholds were generally thought to exist operationally for T.V. advertising spending, below which it would not be worth using the medium. The amount varied with the product category but the minimum was £100,000 for a national annual campaign and went up to £300,000. As might be expected, the higher figures were generally quoted for neo-commodity' type markets. This is another area of convention which would bear further examination.

PATTERN OF EXPOSURE: WEAROUT

Little information, or substantial research, exists to positively direct companies in the decisions of:-

- a) How often advertisements should be shown within a campaign.
- b) how often campaigns should be mounted, e.g. a few long duration ones or many short duration ones, given sufficient funds to advertise all the time.

- c) when an advertisement is 'worn-out'. i.e. should be replaced by a fresh one which will perform significantly better.

Again, subjective decisions are made on these aspects based on experience and advertising agency guidance. The MCRU will be concerned to examine further the criteria adopted in taking these decisions.

ADVERTISING MANAGEMENT

By advertising management is meant the whole process of causing and being responsible for the advertising being undertaken in a company.

It was noticeable that the background (former companies and training) of company personnel responsible for advertising decisions, influenced the method by which decisions were taken and the actual decisions.

It was similarly noted that a change in personnel responsible for some aspect of advertising management often caused a change in the nature or theme of the advertisements themselves. An extreme example is the change of Agency which results often in a new 'style' of advertisement. The effect of this change either individually, or on other aspects of the promotional mix, generally goes unresearched.

It was observed that, generally, those companies who changed their advertising themes substantially, or attempted to change attitudes quickly through advertising, seemed less satisfied with the results than those who adhered to a long term theme. The MCRU could further examine this potentially interesting situation.

Much research is done to isolate and examine market segments for products, but little operational account is taken in advertising of regional differences, e.g. an advertisement made for a particular target market has to be "all things to all men". Expense is the obvious disincentive but little major research evidence was found to prove the unimportance of this aspect; perhaps one of the reasons regional 'advertising pressure tests' are inconclusive is because of this aspect.

As noted earlier, company reorganisation has been transferring advertising decisions to personnel responsible for overall marketing management of products or service. The position of advertising manager, responsible for all aspects of advertising, was found in only two companies. The function of media manager, a person who deals with media planning, media buying, and agency media service performance is spreading slowly to all major companies, it would seem.

The responsibility for advertising management, by marketing personnel, appeared to consume a large proportion of working time. The high proportion of working time spent on advertising decisions, by top management as well as operational level management, may be justified because it leads to a greater understanding of the consumer. This is a tentative observation on our part, and not an overtly expressed view.

7. RESEARCH ACTIVITIES WITHIN COMPANIES

The history of Sponsor Companies' research activities was examined and two clear patterns emerged: some have had a substantial market/marketing/commercial research function for many years while others were, until relatively recently, serviced only by advertising agency research facilities. Consequently some research functions are an established part of the fabric of a company, whereas, in others the function is relatively new. In the newer departments, which are still growing, topics for research tend to be those of immediate managerial concern. Patterns of the type of research undertaken are apparently based on two factors mainly:

- a) time the research function has existed;
- b) how marketing-orientated top management;
is or has been

The function of research within different types of companies is summarised generally below:-

Research Department	COMPANY	
	Very Marketing Orientated	Not Marketing Orientated
Old	Strategy Tactics	Long-Term Strategy
New	Tactics	Tactics

All Sponsor Companies are interested in and involved with research. As one moves across the spectrum from fast moving consumer goods companies to service industries, it would be fair to observe that the research involvement with top management decreases, at the present time. As the marketing function emerges in the latter industries so the need for research increases.

The actual research effort available in each company tended to vary with the size of profits of the company, or its parent, which tends to reflect the nature of the market the company operates in.

Most research departments were instrumental in providing data on market situations either via regular reports bought from survey organisations or ad hoc studies, specially commissioned from research agencies. Most acted as a clearing house for research, advising on its use and monitoring its provision. Some had no substantial budget of their own, other functions requesting the research having to pay, while in others it was the research department who paid the bills.

None of the departments had a large staff and most had little manpower to indulge in long-term research. Innovations in research are largely left to market research agencies or individual effort in personal time.

The provision of data or information for marketing decisions by research functions is by two main methods:-

- a) acquiring information commercially available;
- b) setting up a special facility to provide it, either regularly or for a one-time use.

The two difficulties experienced with these methods are that the commercially available data may not be exactly what is required and the special survey may be very expensive. Mainly because of expense, and the difficulty of putting a value on information, many companies opt for Method a). A further difficulty can arise where several pieces of data are acquired by this method, all of which are not quite sufficient for their purpose, which leads to an incomplete total picture. Consequently, decisions have to be made against this background.

Not all the problems always lie outside the company, in that internally provided information for marketing purposes was often found unsatisfactory, e.g. delivered sales could not be provided by T.V. area, or deal expenditure analysed by outlet type. Selling via national account operations usually further complicates analysis.

In an attempt to extract the most out of regularly bought survey data some companies have set up data analysis departments to collate and make easily available data on products for marketing purposes.

Only three companies were engaged on what might be termed comprehensive studies of advertising effectiveness; all were via a model building-and-testing route, two being econometric models and one a micro-simulation. Two were in what might be termed relatively simple markets where there was only one or two major brands and the third was in what we have termed a 'neo-commodity market' where there tends to be an 'own label' threat. Evidence of a fourth such attempt was also observed.

The reasons why few companies seem to be engaged on such studies are:-

- a) No staff - budgets do not allow long-term research.
- b) Earlier or other people's findings have been inconclusive so there is no sure pay-off.
- c) The model building and experimental approach is not thought to have fulfilled its initial promise.
- d) Most personnel in the market/marketing research departments are not experienced in the model building and experimental approach.

Some few companies seem to have adopted the attitude that because their market is ever changing and difficult to understand, it is not possible to build operational models. Therefore they have seen their best policy is to set up information systems so that changes in the market can be detected very quickly and a suitable reaction instigated swiftly. Interestingly, these tend to be marketing orientated companies with long established market research departments. The information systems tend to be of their own provision. Two of the companies who had persevered with marketing models, which include an assessment of media advertising on sales, were presented with apparent conclusions that media advertising was a poor investment. Interestingly one company was sufficiently influenced by the conclusions, and other circumstances, to reduce advertising, while the other, after a change of management, concluded that product examination was the first course of action. The markets in which these companies operated, although different, have many similarities and both could be viewed as being of the 'neo-commodity' type.

In general, it was observed that small scale qualitative research was a very commonly used tool for diverse problems. Among the advantages quoted were speed and inexpensiveness. From the point of view of longer term research this is a less satisfactory trend since changes over time in market variables cannot probably be monitored in this way.

Economic research units existed in about half of the companies visited but all these units were involved with corporate planning and/or monitoring the progress of the national or international economic scene and its implications. No impact on market, marketing or advertising research was observed from these units.

The main purpose of the market/marketing research activity in all companies was to help describe:-

- a) the state of the company relative to its customers
and
- b) its state relative to its competitors

The degree of knowledge on point a) above was generally greater with companies of the multi-product category. In many, sophisticated and usually expensive research methods were being used to examine customer attitudes and behaviour and to categorise these. This research was usually conducted by research agencies. No one 'technique' could be said to be universally useful for providing information on this general topic or to be universally accepted as valid or meaningful. Those companies committing themselves to these rigorous exercises would seem to have benefited as much through the management discipline imposed and team effort involved, as through any statistical or behavioural findings.

Current state of knowledge and behaviour in advertising

In this next section a series of general observations are made which illustrate the current state of knowledge and behaviour in advertising research.

Sales analyses for examining advertising or promotional effectiveness should be broken out for the target market segment, rather than the population as a whole. To do this is expensive, involving special analyses of panel data, but was very rarely practiced.

Media research is largely left to advertising agencies, although most companies bought extensive data on competitive activity.

Computers are not used much operationally and interactively in the marketing and advertising function. No one analysed or interrogated surveys via computer terminals for immediate feedback. Only one company had a planning model accessible via a terminal that would enable marketing management to assess financial implications of different courses of action. This company could be described as being in a less complicated, but nevertheless competitive, market.

No one knows anything fundamental about the 'wearout' of advertisements, as mentioned previously in 'Advertising Practice'.

Many examples were examined of coupon response exercises. Very few thorough exercises had been systematically conducted to understand the relative effects, quantitatively, of the different factors known to influence response, even by those using this medium. This is a particularly disappointing state of affairs. Some examples of 'split run' exercises were observed but these were for limited purposes.

Much research work which could augment the examination of the effect of advertising was available in companies, e.g. repeat purchase analyses for brand loyalty studies, price sensitivity, the effects of seasonality, although it was usually produced for a specific purpose. Little evidence was found of the existence of systematic programmes to research all marketing factors for a product.

The management use of research sometimes suggested the potentially dangerous assumption that successive survey findings, of such attributes, for example, as awareness and attitudes, could be related back to individual behaviour. The fact that the average value of the measure of an attribute could remain constant by some people in the sample improving their rating, while others' ratings declined, seemed sometimes to be ignored or not appreciated. The nature of changes in segments was not always examined, it seemed, where it might be important. Time and expense to perform further analyses was often the reason.

PRE-TESTING OF ADVERTISEMENTS

Not all companies or organisations regularly pre-tested advertisements. Those that do not test formally, five in number, cited expense and mistrust of methods as the main reasons.

Some examples of advertisements were seen where no formal pre-testing had been carried out but where they were the subject of later scrutiny. The companies concerned examined these past advertisements by essentially pre-testing methods (group discussions) to determine if the advertisements could be used again. It was then found that these advertisements contained what were judged to be considerable negative aspects.

Those companies which regularly pre-tested did so for various combinations of the following main reasons:-

- a) on principle, to stimulate the agency;
- b) to reassure company personnel;
- c) to check communication/copy point achievement;
- d) to screen out negatives.

No one method of testing was accepted as being satisfactory for all circumstances, within a particular medium. Everyone using a particular method regularly, freely admitted it was not perfect. Much has been written about the possible fallacies of methods of pre-testing and all Sponsor Companies were well aware of these. No very satisfactory alternative really exists in the U.K. at present.

Most pre-testing now undertaken by the sponsor companies was of a qualitative nature; the quantitative methods involving 'scoring' of attributes/communication points seem largely out of favour. Straightforward recall studies were used by only one company.

The need for satisfactory concept, or pre-production, testing was strongly expressed. It was felt that this would ease the load on post-production testing and allow a wider spectrum of ideas to be tested anyway. Some companies did use concept testing but doubt was expressed by others on the viability of the procedures. The mechanics of the methods would appear to require improvement for them to be more acceptable.

It was observed that different parts of the same company used different pre-testing methods. Rarely did a company policy exist on which method should be used, or if it did, the research department used its discretion to employ what was felt the most appropriate method.

Pre-testing was usually used to see if advertisements were usable, not to select the best of several. As mentioned earlier, time was not often available to alter, or remake, advertisements found to be suspect - only if serious 'negatives' were thought to exist would an advertisement be withdrawn.

Pre-testing methods were not used to check the validity of an advertising strategy. Although all findings from applications of various methods were subject to qualification by experienced researchers, those methods which assess communication achievements may not shed any light on the problem of credibility, i.e. people may understand something but not necessarily believe or accept it. About one-quarter of the companies visited assumed that it was the advertising agency's responsibility to pre-test advertisements. A vast number of records of advertising pre-testing exercises exist, within the body of the sponsor companies, for further study or analysis, covering all types.

It was found that no company or organisation formally analysed competitors' advertisements, either as a routine or selectively, although this is somewhat contrary to what might expect. Nevertheless in many markets companies do pay great attention to the extent of competitive advertising. Also when the advertising is creatively very good, it is believed that it may alter the market. Great effort is often expended in creating advertising which, in effect, reflects the marketing strategy adopted by a company. For these reasons it would seem worthwhile to analyse, or test, competitive advertising to determine what its objectives are and whether it will be very effective, so that defensive measures can be taken. By not adopting this practice companies force the conclusion, perhaps, that it is really weight of advertising which is important. Competitive product testing was seen to be common practice.

As mentioned earlier, some companies undertake regular or special market surveys which, among other things, attempt to measure the achievement of communication goals and the behavioural or attitudinal changes these may have evinced. The difficulties and theoretical objections associated with drawing conclusions from these exercises were well known by most companies.

Few companies used sales measures as post campaign criteria. The difficulties with data provision and problems of contribution of other factors has been discussed earlier. Nevertheless, several 'case studies' were observed where the apparently obvious effect of media advertising effort could be seen. These instances were related to special market circumstances where one major brand predominated in a relatively small market.

8. EXPERIMENTS WITHIN COMPANIES

This section should perhaps be prefaced by the statement that no experiments have been undertaken between companies.

By experimentation we mean the formal conduct of an exercise to examine the validity of a proposed theory or hypothesis.

The main difficulties in the use of experiments by companies to examine certain problems, and advertising effectiveness in particular, have been largely cited earlier, namely:-

- a) The lack of adequate data gathering facilities
- b) The lack of suitable staff or staff time
- c) The belief among research people that the likely outcome of any such effort is uncertain, except that the exercise will be expensive.
- d) The reluctance, or inability, of operational management to sacrifice short term performance for some uncertain pay-off.
- e) The lack of uncontroversial evidence to support the case for experimentation
- f) The insufficiency of experimental designs to cover changing environments.

One form of experiment is the building of a marketing model and then testing it in the field. Reference has been made in the previous section to model building activities of companies visited. It should be noted that the initial work on these, for the companies concerned, was done by specialist consultants or academics. This further explains the earlier observation that the main channel for the development of new methods and dissemination of research findings are the research agencies or

management consultants. Only one company uses a marketing model operationally, while another company's model is still being developed. 'Pressure tests' or media weight experiments were a form of experiment upon which much information and examples were available. Virtually all these exercises had resulted in inconclusive findings.

Invariably the reason for this failure was the confessedly inadequate planning, design and management of the experiment. Information requirements and provision were not thoroughly thought out prior to the experiment and conceptual errors occurred, e.g. using as 'control', or comparison areas, those areas not worth upweighting because they contained the poorest outlets. The difficulty of interpreting any finding, from these experiments, into actionable decisions is yet another problem.

The one example where it appeared a sound methodology was employed did produce some meaningful results but not all that was hoped for: the change being measured was so small as not to be measurable very accurately.

Consequently it would seem that, as a means of gaining substantial insight into the quantitative effect of weight of advertising on sales, simple pressure tests are not a worthwhile activity. The frequency of occurrence of these exercises can only be possibly explained by their real purpose being some other goal, e.g. a tactical move to combat some competitive measure.

A final point on the value of experiments to determine the relationship between one factor in the marketing mix and some measure of response. It must be borne in mind that the total effect of making improvements to several factors in the marketing mix might well not

simply add up to the total of the experimentally derived effects. In fact, an 'anti-synergy' effect might be postulated, because of diminishing returns, which might exist in some market situations. In a simplified example, it might be found by separate experiments that if advertising is increased by 10% sales will increase 1%; if trade dealing is increased by 10% sales will increase 2% and if consumer promotions are increased by 10%, sales will increase by 1%: if all three activities were increased by 10% each, the total effect might not be to increase sales by as much as 4%.

Few exercises, as opposed to experiments, examining the effect of advertising on sales performance were found which would stand careful scrutiny. More examples were found where the metric of effectiveness was some attitudinal or communication quantity.

Several interesting 'case studies' were found where it would appear worthwhile to obtain more complete information to substantiate the apparent effects of advertising on sales or behaviour. However, these potentially informative examples were, in most cases, in small markets with one, or a few, main brands.

9. DO ANY GENERAL PATTERNS OF BEHAVIOUR EXIST?

From the report, it is evident company size or type does not automatically dictate a particular form of behaviour when the various aspects of advertising are considered. This could be explained by one of two reasons: either there is no "right" pattern of behaviour, or else companies are not adopting the optimum form of behaviour on the basis of evidence available. It cannot be known why so few general patterns exist. Nevertheless, it is fair comment to suggest that more experimentation needs to be undertaken systematically to determine whether company resources would be better employed. Current practice seems to be based on a policy of "try it and see" and, where an approach is believed to work, it is assimilated as a company norm. In effect companies adopt an approach and believe it to work if broad objectives are met. Because of the normal commercial pressures it is unlikely that any form of systematic experimentation will take place. Of necessity any form of experiment must attempt to solve an immediate and well defined problem facing the company. It is unrealistic to expect the wider issues to be considered in depth until they become specific problems. Again this is an area which could be developed by the MCRU.

Although published material frequently refers to generalities, e.g. "industrial companies are relatively unsophisticated in their use of advertising", it probably comes as no surprise to see no general patterns emerging from the fieldwork to date. Where there has been a similarity of behaviour, it has tended to apply to a fairly heterogeneous group of companies.

The patterns mentioned in the report can perhaps be briefly summarised as follows:-

- a. The degree of top management involvement with the research activity in the company, was definitely related to the type of market in which it operated. The involvement was greatest in those companies concerned with fast-moving consumer goods and least in the service industries.
- b. The importance of the research function increases as the marketing function becomes more prominent in the organisation. Since the marketing function is particularly pronounced in the fast-moving consumer goods market, this pattern followed the same form as point a.
- c. The trend of top management becoming increasingly involved in the research function was accompanied by another management change. It was noticeable that as advertising became more intricately involved with the marketing strategies, the advertising manager was replaced by a media manager. Although this pattern was evident, it is still in its relatively early stages.
- d. It appeared that the research effort, defined in terms of the resources devoted to it, was dependent on both the size of the company, and on company profits. The greater these were, the greater the research activity.
- e. As a general rule the importance of competitive activity, and its subsequent influence on deciding advertising appropriations, was least among the simple product companies and greatest in the complex product organisations.

- f. The simple product companies and/or those operating in the 'neo-commodity' markets, tended not to use television exclusively in their media planning.
- g. Below-the-line activity was often planned and executed independently of media planning. This situation was very common, but appeared to be most pronounced in those companies with the least marketing personnel resources. In effect, it was most pronounced among the smaller companies in the group.
- h. It was apparent that there was no obvious basis for determining the relationship between company and advertising agency. However the information was looked at and there were no patterns to be found.
- i. Where there were similarities of behaviour between companies, frequently it was the influence of individuals which appeared to account for the similarities. In talking of any patterns of behaviour, individual influence is not to be underated in its importance.

In opting to include certain patterns and ignore others, it was decided to include only the most pronounced. As other patterns have emerged they have been included in the text. If asked what are the most general patterns to emerge, perhaps there are two. The relationship between complexity of market/importance of the marketing function/the availability of research resources, is particularly prominent. The other point is that operating in what has been called a 'neo-commodity' market tends to be a determinant of greater ~~below-the-line~~ promotional activity.

10. COMMON PROBLEMS FACING COMPANIES

Many of the problems facing companies or organisations stemmed from the fact that decisions, particularly advertising decisions, had to be made on the basis of faulty or incomplete information. In saying this, nobody meant that it was impossible to gather the information. People were talking about information already being gathered. Some examples will illustrate the point.

- a) In many companies it was felt that figures on sales data are gathered too slowly to be of direct use. Often they serve the purpose of showing the general trends thereby providing historical data rather than providing a basis on which to make immediate marketing decisions. This criticism was often made of the company's own data collection system, as well as of the commercial organisations offering the service. In view of this, it seems that part of the problem could be solved very easily, but part could only be solved through concerted action by the industry as a whole. Currently the problem appears to be one which most companies accept under sufferance. In saying this, however, it must be emphasised that historical data can indicate a general understanding of behaviour of the market, which can be invaluable to companies.
- b) The base on which data is collected is a particularly important source of faulty information for many companies. Where this is a problem it is often because categories are compiled on an unsatisfactory basis for immediate needs in the first place, or else the categories themselves are changed at regular intervals and so destroy any ongoing analysis.

- c) Incompatability of data is to be found in all organisations. In this situation companies may try to draw conclusions by adding oranges and apples together, or else they admit the incompatibility and consequently do not utilise their data to the extent they would like to. A startling example of this was the lack of facility to collect data which coincided with both television areas and individual company sales areas. In all companies visited the problem often prevented the most efficient use of data. No one was able to give a truly convincing reason why something could not be done to minimize this problem.

- d) It was evident that some companies felt a need for further syndicated research. Much valuable work is already done on this basis - Neilson, T.C.A.; the National Drinks Survey; the Motorist Diary Panel - but two suggestions which are currently being discussed are:-
 - a) a comprehensive survey on eating habits
 - b) the setting up of a promotion data bank

The mechanisms for syndicated work are well known. The problem is simply that this type of research could be usefully extended in some areas, particularly in those markets where no one company has an adequate description of the market. In such situations the cost of doing the necessary work would be prohibitive for the individual company.

- e) Whether or not companies used the various pre-testing techniques available in this country, they all reacted to the idea of pre-testing in much the same way. The purpose of pre-testing was seen as an insurance policy, as a means of preventing advertisements being shown which would be totally unacceptable to the consumer. The assumption was made that an unacceptable advertisement could do the company a great deal of harm. The term unacceptable referred to a strong negative or unfavourable response by the group. No one seemed to use pre-testing in a positive sense, namely, as a means of picking the advertisement which would reap the most positive results: the results being the meeting of campaign objectives and of gaining market penetration or increasing sales.

It seems probable that this general reaction stems from the inadequacy of techniques available. The consensus among the sponsor companies was that the existing techniques could not be used in a positive manner. The view was also expressed that companies would be delighted to find techniques which in the sense of predicting performance, could be more positively employed. The only two types of alternative methods known to the MCRU at the present time are typified by:-

- a) The Milwaukee Ad Lab tests
- b) The legal (and technical) ability of the Americans to use split cables to test different television commercials in controlled areas.

Currently there is no sign of any work in this area which would help provide companies with better pre-testing facilities. As stated previously, the relationship between measures, derived in various pre-testing procedures, and subsequent market performance could be an area of further study by the MCRU, since a large body of relevant information exists within sponsor companies.

MARKETING COMMUNICATIONS RESEARCH UNIT

An Empirical Study of the Measurement of
Advertising Effectiveness

THE MARKETING COMMUNICATIONS RESEARCH UNIT

The Unit is under the joint direction of Professors Harry Henry and Gordon Wills. Its members include Martin Christopher, David Corkindale, Sherril Kennedy and John Newall. Its work is currently supported by a consortium of 19 industrial and commercial organisations, as follows:-

Beecham, BP, British Tourist Authority, Cadbury-Schweppes, Campbell's Soups, CPC (UK), National Coal Board, Dunlop, Esso, Gas Council, Heinz, Johnson & Johnson, J. Lyons & Co., Midland Bank, Nestlé, Philips Electrical, Spillers, Vine Products and Watney Mann.

The Unit is able to draw on the full range of expertise available at the School of Management in other areas of knowledge such as research design, econometrics, social psychology and management science.

There are five Research Research Units established in the Marketing and Logistics area at the Institute. The others are the Fashion Dynamics Research Unit; the Food Marketing Research Unit; the Marketing Logistics System's Research Unit, and the Library Management Research Unit.

The Empirical Study of the Measurement of Advertising Effectiveness

The objectives of this particular empirical study are two-fold, and correspond with the two major phases of the investigation.

Phase One: To identify and evaluate current company practice in the measurement of advertising effectiveness. This will be attempted in a broad cross-section of enterprises including the sponsor companies. Industrial and consumer markets and service industries will be encompassed. So too will fast and slow moving product areas, with high and low value offerings. Where possible and appropriate promotional activity both above and below the line will be taken into account.

Phase Two: To interpret the empirical data in terms of contemporary theories, drawing particularly on the econometric and social psychological contributions. The interpretation of company practices is intended to enable:

- (i) the development of more effective operational procedures for companies; and
- (ii) the more fruitful development of academic teaching and research in the field of marketing communications.

THE RESEARCH UNIT'S BACKGROUND

This field of research activity arose from continuous close contact with practising marketing and advertising managements, most especially in post-experience and post-graduate educational programmes. The Unit particularly seeks to explore the problems of a "total approach" to the marketing communications of an enterprise and all its studies are placed in that context.

The Unit's first major study, on Below-the-line Promotions, was completed in 1971. It was under the direction of Martin Christopher and Professor Gordon Wills. Its detailed findings have been published in learned and trade journals and a full report will be found in Marketing Below-the-Line (George, Allen & Unwin) 1972. The Unit was originally based at the University of Bradford Management Centre. It moved when its senior staff members joined the Cranfield faculty in the Autumn of 1972.

Two full-time Research Fellows, David Corkindale and Sherril Kennedy, with appropriate administrative support, will be working until early 1975 on this study. They will be supported by doctoral research associates, post-graduate school students and other members of the Marketing and Logistics Faculty in their work. They have available the Institute's extensive digital and hybrid computing facilities.

INDUSTRY LIAISON & PARTICIPATION

To succeed, this study requires the closest possible liaison with sponsor and other co-operating companies, not only in terms of empirical data and information, but in terms of critical advice and support. All information is treated in the strictest confidence and will appear only in the form of anonymous statistics in the Unit's reports and publications.

Any interested people may receive regular progress reports and discussion papers from the Unit. Sponsors receive immediate access to all documentation and intermediate findings subject only to the provisos on confidentiality given above.