

SOMARC's Practical Guide Series

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PRACTICAL ADVERTISING

Media Planning

THE
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Practical Advertising

Media Planning

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Introduction

Creating and managing an advertising campaign is one of the key responsibilities of the SOMARC Program Manager

One of the major ingredients in any successful advertising campaign is the media plan. It is through the media plan that the advertising reaches the consumer. And, it is through the media plan that most of an advertiser's funding resources will be expended.

While media conditions will vary greatly from country-to-country, certain processes and principles exist which can aid the Program Manager in developing and managing a successful media plan regardless of the availability of media or research.

This booklet is designed to acquaint the Program Manager with the principles and procedures underlying a successful media plan. It is based on the hard-earned experience of advertisers faced with a wide variety of advertising tasks around the world.

It provides no magic formulas for writing correct media plans in your particular country. Nevertheless, it will give you the tools by which you can direct and then evaluate the media planning work provided by your advertising agency.

The Marketing Process

Advertising's Role in the Marketing Process

Background

The marketing process embraces the wide variety of activities and considerations through which manufacturers sell their goods or services to consumers. To the marketing or Program Manager, it is a continual process of decision making.

These decisions can range from the *manufacturing-driven*

- how the product is made,
- where it is made,
- the product's size, shape, color, etc ,
- all the physical factors behind the product's existence,

to the *consumer-driven*

- how the product is packaged and priced,
- who the product is directed toward,
- how the product competes with similar products available,
- what benefits the product offers to potential consumers

Advertising plays a key role in the marketing process. It is the manufacturers' means of communicating to potential consumers information about all the consumer-driven decisions that I have been made.

However, marketers do not advertise merely to say something about their product to consumers, they advertise to get the consumer to do something.

This may be to

- become aware of a new product or new product feature,
- become aware of a new price or point of distribution,
- understand a product's benefits or advantages over competition,
- change or create a public attitude about a product

How the Advertising Process Works

Marketers develop an advertising strategy or positioning for delivering information about their products to potential consumers. This advertising strategy or positioning includes

Creative Strategy

What important information must be communicated to potential consumers

Media Strategy

How that information should be communicated to potential consumers

Creative Executions

The actual advertisements are based on delivering the manufacturer's message in an informative and attention-provoking manner

Media Plans

Media plans are based on delivering the message to the correct group of consumers a sufficient number of times to be effective

The media strategy and media plan, then, are essential elements in the advertising strategy

The most cleverly crafted creative message will fail if it is not delivered to the correct consumer group in an effective manner

One of the key responsibilities of the Program Manager is to ensure that an effective media strategy and media plan are developed to carry the message to the consumer

The Program Manager is not required to write the media plan. Rather, he or she is required to

The Program Manager's Role in Developing the Media Plan

- *Provide information and direction* for developing the media strategy that properly reflects the overall marketing and advertising objectives
- *Evaluate and ultimately approve* the specific media plan that is developed based on that media strategy

To fulfill this role, Program Managers must combine their intimate knowledge of the product with a general knowledge of how media strategies are developed and how consumers interact with media

How to Develop a Media Strategy

A media strategy is a specific set of directions -- a road map -- for delivering the manufacturer's advertising message to consumers

These directions must be developed by both the Program Manager and Media Planner working together

Time and effort can be wasted if media plans are written without first crafting a strategy to guide their development

A useful method for developing the specific media strategy includes these steps

- The Program Manager and Media Planner meet to review pertinent marketing information
 - How the product works
 - When and where it will be available
 - Who the potential consumers are
 - Where they live
 - When and where the product is used
- The Media Planner then develops a preliminary media strategy based on the marketing information provided

What is a Media Strategy?

Steps to Developing the Media Strategy

Elements of a Media Strategy

- The Program Manager and Media Planner meet to review the preliminary media strategy and make any changes or additions needed

The typical media strategy will include a statement of directions in the following general areas of concern

Target Audience

To whom should the advertising be delivered?

This may include a number of primary and secondary target audience groups. For example

The primary target audience may be consumers, while a secondary target audience might be pharmacists and physicians who have influence over consumers' decisions

All the unique and relevant demographic target audience(s) should be set forth, including

Sex
Age
Social Class
Race
Education
Language Differences

The target audience statement should be as specific as possible. A tightly defined target audience will lead to more specific media choices and, ultimately, less waste of money from addressing groups not concerned with the product.

Geographic Considerations

In what area of the country should the advertising run?

The advertising may be targeted to appear throughout the country, or only in certain areas of high sales potential or both.

The geographic statement should define, as specifically as possible, which areas have the greatest potential for return on investment

It is a well-recognized phenomenon that similar demographic groups tend to cluster in specific areas of a country. Very often, media exist that reach only or primarily into these areas. If such areas can be defined, advertising efforts can be targeted more effectively, reducing waste though advertising in areas with few potential consumers.

The basis for geographic definition may be any of the following:

- National
- Broad Geographic Regions
- Major Metropolitan Centers
- Rural Areas
- Specific Neighborhoods
- Specific Sections of Neighborhoods

Media options, which reach very small geographic areas, such as radio, newspaper and out-of-home* can often be found. Their use can be effective provided, of course, that the area has first been identified within the media strategy as having a high potential for sales.

Media Weight or Delivery

How much media weight is needed to effectively communicate its message?

The ability to measure media weight or delivery will vary widely from country to country.

* Out-of-Home media often includes a wide variety of vehicles, including standard poster and painted locations situated along major traffic arteries, locations in public places (train stations, airports), locations in and on public buses and trains, in shopping malls, on trash receptacles and taxis. Often a simple tour of the targeted area will uncover unique opportunities.

In some areas, only the most rudimentary measurements will be available for example, the number of radio announcements or newspaper insertions

In other areas, audience measurement techniques will be available that allow for a statistical analysis of the number of people being exposed to alternative media schedules, as well as the average number of messages to which each consumer is exposed

Regardless of the sophistication of measurement techniques available, the Program Manager and Media Planner should defined, at least in the broadest terms, the criteria for effective delivery of the media plan

The definition of effective delivery may range from *broad*

The advertising must reach a large portion of the population heavily and continuously

to specific

The advertising must reach over 75 percent of the target audience an average of one time per week

Media weight or delivery goals may vary according to the task at hand

When introducing a new product or campaign, the goals may call for initially reaching a broad section of the target audience a high number of times

Once the product or campaign has been established, these optimal goals may be scales back to concentrate on a smaller group of the target audience at levels needed only for an occasional reminder of the message

Typical Goals

While conditions may vary from country-to-country, and task-to-task, typically advertisers will set goals for an introductory period and sustaining or post-introductory period

Based on US experience, the following are some average levels targeted

	<i>New Brand</i>	
	<u>Introduction</u> (3 months)	<u>Sustaining</u> (9 months)
<i>Reach</i> (% exposed to any commercial)	75-90% per Month	50-75% per Month
<i>Frequency</i> (Average number of exposures)	1 1/2-2 per week	Once per week

Scheduling

What time of the year should the advertising run?

How many months, weeks or days are needed for effective advertising?

Some products are purchased year round Others are purchased only or primarily during particular times of the year (for example, summer or winter products, holiday or gift-giving occasions)

The Program Manager and Media Planner should define those times of the year when product sales are most likely to be highest This will eventually guide the scheduling of media to the most effective times for generating sales

Seasonal definitions may include

- Broad time periods, i e , winter, summer
- Specific months, i e , pre-vacation, pre-school openings
- Specific days, i e , pre-weekends

The Program Manager and Media Planner should also decide how many weeks or months of the year the advertising must run to be effective

The decision should be made in light of previous decisions about how much media weight or delivery is necessary to be effective

A balance should be struck between the amount of advertising run each week and the number of weeks the advertising runs

In general, it is better to run at effective levels for a shorter period of time as opposed to stretching out the number of weeks where the amount of advertising in each week becomes so little that it has no impact on potential consumers

Creative Considerations

The media strategy cannot be written without recognizing the needs of creative

Different media have different abilities to deliver advertising messages For example

- radio can communicate with sound but not sight -- thus important details about packaging, size and color are difficult to communicate in this media
- print can show the product and also offers the ability to describe product features (particularly complex ones) in detail

Decisions that have been made in the *Creative Strategy* about the need for sight, sound, motion, color, package -- registration, message length or complexity should be included in the media strategy

This may not initially eliminate any specific medium from being considered, but it will guide the Media Planner in choosing those media that can most effectively communicate the message

Other Elements in the Media Strategy

The media strategy should also include any other unique factors bearing on the ultimate selection of media. These might include

- **Budget Flexibility** -- Some media must be ordered far in advance, and once ordered, cannot be canceled. This reduces the Program Manager's control over this budget. If a need exists to have some or all of the budget recovered quickly, it should be noted in the media strategy.
- **Mandated Media** -- Any particular media vehicle that must be included in the plans should be noted in the media strategy. This will reduce wasted effort and revisions throughout the process.
- **Media Environment** -- Contraceptive Social Marketing messages may be considered somewhat controversial. As a result, the Program Manager may wish to avoid media environments that might call attention, in a negative way, to the advertising. These types of environments should be noted in the media strategy.
- **Special Opportunities** -- Special media opportunities may exist that cannot be neatly classified into prototypical media strategy. A particular magazine or radio program, a special event, unique outdoor location should all be noted beforehand in the media strategy.
- **Testing** -- The need for testing, whether alternative copy or alternative media plan should be set forth in the media strategy, since it will require some portion of the available funds.

Some General Suggestions for Writing a Media Strategy

The following are some general tips for developing more useful and effective media strategies

- Media strategy statements should be simple and clear
- The directions should express a positive call for action
Each statement should lead to a clear and specific result
- The statements in a media strategy should be realistic - it serves little use to write a strategy that calls for the advertising to reach everyone, everywhere, everyday
- It is better to provide some direction, even very broad direction lacking specific statistical support, but based on good judgment, than no direction at all

Target Audience

Advertising for Contraceptive Social Marketing will be directed toward the primary user group defined as

- Adults aged 15-45 years, with greatest emphasis among 15-25 year olds
- Lower and lower-middle class economic status
- Particular emphasis placed on Black and Hispanic consumers

A secondary effort will be directed toward major purchase influencers - doctors and pharmacists, particularly those working in major metropolitan centers where the target audience is heavily concentrated

Geographic Considerations

There will be a national base of advertising

Additional advertising emphasis will be placed in areas of high concentration of the target audience

Prototype Media Strategy Statement (US Conditions)

- Major metropolitan areas (cities in the top 10 in population)
- Additional major Black markets Atlanta, New Orleans, Birmingham
- Additional major Hispanic markets, Dallas, Miami, Phoenix, San Diego

Media Weight or Delivery

Media weight goals have been established for two phases of advertising, introductory and sustaining

- ***Introductory Phase (first 4 months)***

Each month during the introductory phase, the plan should reach at least 75 percent of the target audience on average once per week

In key markets requiring additional emphasis, the target audience should see or hear an average of two messages per week during the introductory phase

- ***Sustaining Phase (Next 8 months)***

Each month during the sustaining phase, the plan should reach at least 50 percent of the target audience on average once every other week

In key markets, the target audience should see or hear an average of one message per week

Scheduling

Advertising will run throughout the year, with additional emphasis placed during

- Month preceding summer vacation - June
- Back to school - late August, early September
- School intercession - late December/early January

- Advertising should run at least 12 out of the 16 weeks introductory phase and at least 18 out of the 36 weeks sustaining phase

Creative Considerations

As this is a new product, package registration is needed. As a result, media offering the ability to show the product will be stressed, particularly during the introductory phase of advertising.

Currently creative plans call for some use of long, detailed descriptive copy. Therefore magazines or newspapers will be required.

Contraceptive planning is considered controversial. Obviously inappropriate media environments will be avoided, including those with a high degree of children's viewing, reading or listening and those with religious content.

Other

Specific advertising efforts will be run during

- The American Medical Association annual convention, Houston, Texas, July 18-24
- The American Pharmacological Association annual meeting in Chicago, Illinois, November 3
- A media schedule will be run in *American Health Magazine* which offers substantial ongoing and positive coverage of contraceptive family planning.

How a Media Plan is Developed

The Program Manager's Role

Program Managers are not required to write media plans. They are, however, required to evaluate and approve media plans.

To accomplish this task, Program Managers need a general knowledge of how media plans are developed. And, they should know what type of analysis and documentation to expect in a thorough and professionally prepared media plan.

The Media Plan

There is no perfect media plan!

The development of a media plan is really an examination of trade-offs or options based on goals and directions set forth in the media strategy.

These trade-offs fall generally into the following areas:

- Larger versus smaller demographic targets
- Efficiency versus impact
- Breath of geographic coverage versus depth of coverage in specific areas
- Fewer, longer commercials and insertions versus more, shorter commercials and insertions
- More weeks of advertising versus fewer weeks at heavier levels
- Broad reach of the target versus lower reach but heavier frequency

How the Planning Process Works

With a fully developed media strategy in hand, the Media Planner must begin the process of developing a plan that fulfills the goals and directions established in that strategy

While the steps in the process may vary from task-to-task and country-to-country, they generally follow this pattern

Examination of available media in terms of efficiency and coverage of the target audience

The Media Planner will gather cost and audience information for all available media

Efficiency

Efficiency is a key measurement which media provide the most viewers, listeners or readers among the target audience at the lowest cost

Because of the large population involved, audience efficiency is often compared to the basis of a cost-per-thousand or CPM measurement

How to Calculate a CPM

A cost-per-thousand is a ratio or comparison of the cost of a commercial or insertion in a particular medium, with the audience delivered by that commercial or insertion expressed in thousands

For example

One radio commercial cost \$500 and delivers (or "is listened to" by 250,000 members of the target audience. The cost-per-thousand of that radio commercial is calculated as

$$\text{CPM} = \frac{\text{Cost}}{\text{Audience in Thousands}} = \frac{\$500}{250} = \frac{\$2.00}{\text{CPM}}$$

The Media Planner will evaluate all available media on the basis of their cost-per-thousand efficiency

An exhibit showing the results of this examination will usually be included in the media plan

Example:

EFFICIENCY COMPARISON

Medium	Unit	Cost Per Insertion or Commercial	Target Audience (000)	CPM	CPM Rank
Magazines	Full-Page	\$1,000	400	\$250	3
Radio	60-Second	500	250	200	2
Newspapers	Full-Page	800	100	800	6
Television	30-Second	2,000	400	500	5
Out-of-Home	30-Sheet	1,200	1,200	100	1
Cinema	60-Second	1,500	500	300	4

Even if audience information is unavailable, some determination of how the media rank, in terms of efficiency, should be made. This may be as fundamental as simply ranking the media based on good judgment.

Having determined the efficiency in delivering the target audience of the various available media, the planner will usually narrow his/her choices to those media that appear most efficient. Various scheduling options using this selected list of media will then be examined.

Once again, the various goals set forth in the media strategy will guide the examination of option.

Geographic Delivery

The planner will examine various combinations of national and local media.

Very often, the planner will attempt to find the combination of scheduling that permits a base of effective national coverage along with additional coverage in areas of good sales potential

In areas where more developed media audience information is available, this examination may include an analysis of delivery by area

Example:

A particular country may have one region (A) that has twice as many sales relative to its population as the remainder of the country

	% of Population	% of Sales
Region A	20	40
Remainder of Country	80	60
	100	100

If only national media are used, chances are that the delivery of audience will fall in line with the general population

	% Population	% Sales	Audience Delivery	% of Delivery
Region A	20	40	200,000	20
Remainder of Country	80	60	800,000	80
	100	100	1,000,000	100

Thus, the area of strong potential sales will be under-delivered relative to its sales potential

In this case, the planner might decide to reduce the level of national coverage to use the gained money to add incremental coverage in its key sales area

Audience Delivery						
	% Population	% Sales	National	Local	Total	% Delivery
Region A	20	40	150,000	250,000	400,000	40%
Remainder of Country	80	60	600,000	---	600,000	60%
Remainder of Country	100	100	750,000	250,000	1,000,000	100

The key point to any combination of national and local media is

- The national level must still be effective, while the local level is increased enough to make a difference
- Even if national media are unavailable, the planner may seek to divide the budget into regional budgets based on a general determination of local sales potential

Media Weight or Delivery

The planner will examine various combinations of media scheduling to provide an effective level of advertising

Once again, the media strategy will guide the selection and amount of media deployed

In general, media planners think of media levels in terms of Reach and Frequency

What Are Reach and Frequency?

What is Reach?

Reach is the portion (expressed as a percentage) of the target audience exposed at least once to a media schedule

What is Frequency?

Frequency is the average number of times those "reached" by a media schedule are exposed to the advertising

How Reach and Frequency Work

REACH and FREQUENCY are interrelated. Here is how they work together

Let us assume that the target audience population in a country is 1,000,000

Any commercial or insertion will deliver some portion of this population. The portion or percentage that each commercial or insertion delivers are called gross rating points

One percent of the target population exposed to the message equals one rating point

For example

One radio commercial delivers 200,000 listeners

$$\frac{200,000 \text{ Listeners}}{1,000,000 \text{ Population}} = \frac{\text{Gross } 20}{100} = 20\% = 20 \text{ Rating Points}$$

A schedule of 10 such radio commercials will deliver 2,000,000 listener exposures

$$10 \times 200,000 = 2,000,000$$

This schedule will, then, deliver 200 gross rating points

$$\frac{2,000,000 \text{ Listener Exposures}}{1,000,000 \text{ Population}} = \frac{\text{Gross } 200}{100} = 200\% = 200 \text{ Rating Points}$$

While the schedule delivers 2,000,000 listeners, not all of these will be different individuals

Many members of the population will be exposed to the radio schedule several times

Thus, the schedule may *reach* 500,000 different individuals at least once--this, then would be the *Reach* of the schedule

$$\frac{500,000 \text{ Reached}}{1,000,000 \text{ Population}} = 50\% \text{ Reached}$$

The average number of times those reached are exposed to the advertising is

$$\frac{2,000,000 \text{ Listener Exposure}}{500,000 \text{ Reached}} = \frac{4}{1} = 4$$

Four (4) is the *Frequency* of the schedule

The relationship of Reach and Frequency can be expressed as an equation

Reach	x	Frequency	=	Gross Rating Points
50	x	40	=	200
500,000	x	40	=	2,000,000
Reached		Average Times Exposed		Listener Exposures

If it were determined that the radio schedule of 200 gross rating points actually reached 75 percent of the target audience, then the equation would be adjusted as follows

Reached	x	Frequency	=	Gross Rating Report
75		26		200

Some General Principles Regarding Reach and Frequency

While the research to analyze specific levels of reach and frequency may be unavailable in all countries, some general principles will always apply

- Different combinations of media will deliver different ratios of reach and frequency
- The more different media used, the higher the levels of reach that will be achieved
- Concentration in fewer of even one media schedule follows a similar pattern
- Initial exposures will build reach, but the rate at which reach is accumulated will decline over time, while frequency increases

Example:

		Gross Rating Points	Cumulative Gross Rating Points	Reach	Frequency
First	Exposure	20	20	20	10
Second	Exposure	20	40	38	11
Third	Exposure	20	60	53	11
Forth	Exposure	20	80	66	12
Fifth	Exposure	20	100	75	13
Sixth	Exposure	20	120	80	15
Seventh	Exposure	20	140	82	17
Eighth	Exposure	20	160	82	20
Ninth	Exposure	20	180	82	22
Tenth	Exposure	20	200	82	24

- Print schedules tend to emphasize reach, radio schedules tend to emphasize frequency

Scheduling Patterns

The Planner must determine in what pattern to schedule the media being used

Several different scheduling schemes are routinely used

Continuity -- Scheduling media during most or all weeks of the year

	(52 Weeks)		
Media	20 Comm'l/Week	=	1,040 (52 Weeks)

Flighting -- Scheduling media only at certain times of the year

	(10 Weeks)	(10 Weeks)	(6 Weeks)		
Media	40 Comm'l/Wk	40/Week	40/Week	=	1,040 (25 Weeks)

Blinking -- Scheduling media every other week

	1 Wk		(39 Weeks)				
Media	40	40	40	40	40	etc	= 1,040

Pulsing -- Scheduling varying amounts of media per week

Media	(13 Weeks)	(26 Weeks)	(39 Weeks)
	40 per Week	20 per Week	= 1,040

Commercial Length

Advertisers will often decide to employ commercials of varying lengths and print insertions of varying sizes. Typically, a product will be introduced with longer length commercials and once the advertising is established, shorter, less-costly commercials will be run. A good guideline to follow is to try to schedule the longer commercials only as long as is needed to reach a broad section of the target, and let the shorter, less-costly commercials take over to drive home the point with frequency.

Some Guidelines Regarding Scheduling

The scheduling pattern or combination of patterns selected will depend on task at hand

Following are some general guidelines regarding scheduling patterns

- Introductory efforts will generally require some higher level of media weight during the initial phase of advertising
- Products with strong seasonal sales skews are best served with fighting patterns
- While ideally, continuity of advertising is desired, the amount of weight scheduled when advertising is running should be sufficiently great to make an impact
- It is better to speak with a strong voice for 26 weeks than to whisper for 52 weeks
- Even after an introduction is completed, reintroductions may be required from time-to-time, particularly if new creative is available
- Effective scheduling patterns may vary by area of the country depending on the sales potential of each area

As a general rule, the media plan should include a thorough examination of relevant options and the documentation supporting all the choices made

In particular, the following types of analysis should be expected

- Media efficiency (cost-per-thousand)
- Geographic spending or delivery
- Reach and frequency, by phase of plan
- Scheduling patterns
- Time period and individual radio and television station efficiency
- Individual newspaper and magazine efficiency
- Spending by medium
- Spending by phase of plan and/or time of year

What Analysis and Documentation Should Be Included

The Flowchart

- Delivery amount of the primary and any secondary target audiences
- Analysis of spending and delivery by length of commercial and size of print insertions
- Closing dates and dates for media commitments

In addition to these individual analyses, the plan should include a flowchart -- a pictorial representation of how media weight and spending "flow" throughout the year. It also provides a convenient exhibit on which to discuss changes and alternatives with the Media Planner.

The flowchart allows the Program Manager to see how the various media are used and combined, as well as how spending and delivery will flow throughout the year. It also provides a convenient exhibit on which to discuss changes and alternatives with the Media Planner.

PROTOTYPICAL FLOWCHART

MEDIUM	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	TOTAL YEAR (\$)	
	-----CAMPAIGN INTRODUCTION-----				-----SUSTAINING PHASE-----									
						---SUMMER VACATION---		---BACK TO--- SCHOOL		---SCHOOL--- INTERSESSION				
NATIONAL BASE TELEVISION (30-Second Announcements)	7 Weeks 30 Anncts/Wk \$350M		7 Weeks 30 Anncts/Wk \$350M		4 Weeks 10 Anncts/Wk \$900M		4 Weeks 10 Anncts/Wk \$200M		4 Weeks 10 Anncts/Wk \$200M				\$1,300M (65%)	
RADIO (60-Second Announcements)	7 Weeks 30 Anncts/Wk \$80M		7 Weeks 30 Anncts/Wk \$80M		13 Weeks 20 Anncts/Wk \$100M		13 Weeks 20 Anncts/Wk \$100M						\$ 360M (18%)	
MAGAZINES (Full Page)														
Magazine A		X		X					X					
Magazine B		X		X					X					
Magazine C		X		X					X					
Magazine D		X		X					X					
		\$50M		\$50M					\$50M				\$ 150M (7.5%)	
LOCAL HEAVY-UP LOCAL RADIO														
Market A	52 Weeks													
Market B	10 Announcements per Week													
Market C														
	January to March			April to June			July to September			October to December				
	\$600M (30%)			\$600M (30%)			\$300M (15%)			\$500M (25%)			\$2,000M (100%)	

How to Evaluate the Media Plan

*For better
to sometimes to
follow when
evaluating a
media plan*

Once the alternative and recommended media plans have been prepared, the Program Manager will be required to evaluate and ultimately approve one

- 1 Has the plan been prepared in a professional manner?
 - All reasonable options examined
 - Documentation supporting any options selected
 - Plan delivery compared to media strategy goals
- 2 Does the plan deliver on the most important goals set forth in the media strategy?
- 3 Does the plan stress effectiveness as opposed to merely being efficient?
- 4 Does the plan accomplish a few things well as opposed to many things in a mediocre fashion?
- 5 Do the media selected reach the target audience?
- 6 If an introductory phase is called for, is the weight scheduled sufficient to break through to the consumer?
- 7 Have extra media been scheduled during particularly strong sales periods during the year?
- 8 Has extra weight been scheduled in geographic areas of high sales potential?
- 9 Does the plan make primary use of the most effective creative executions?
- 10 Have creative solutions or special opportunities been fully explored?

While you may be presented with several separate options, it is common to combine elements from various plans to construct the most effective scenario

The Program Manager is the expert on the overall marketing effort. His/her knowledge and judgment are key elements in constructing the ultimate media plan. He/she should feel free to use this knowledge to make any adjustments to the media plan required.

How Much to Spend on Advertising

The decision on how much to spend on advertising is a strategic one -- it should be based on the overall marketing goals and the task assigned to advertising in the marketing process.

Ambitious marketing or sales goals and modest advertising budgets are irreconcilable. Modest goals and large advertising budgets waste money.

Unfortunately, there are no magic formulae to guide the Program manager in budget setting. Nevertheless, there are some time-tested procedures to provide guidance.

Guideline Methods

Many advertisers follow guidelines, based on the marketplace in which they will compete, and historical experience to assist them in setting an advertising budget.

Advertising to Sales Ratio

In well-developed product categories, advertisers will often use the established ratio of advertising spending to overall sales, among products competing in the category, to determine their budget. If they are introducing a new product, they may choose to initially exceed the historical advertising to sales ratio, likewise, if they are trying to defend their business from competitive inroads.

It is not unusual for a market leader to spend below the historical advertising to sales ratio, likewise, if they are trying to defend their business from competitive inroads

It is not unusual for a market leader to spend below the historical advertising to sales ratio of the category, taking advantage of the cumulative effect of past efforts and economies of scale to carry some of the advertising burden

Share of Advertising/Share of Market

A similar guideline method is based on establishing an advertising budget in relation to the share of market desired. Thus, an advertiser seeking to achieve a 20 percent share of market will establish a spending level equivalent to 20 percent of the total advertising spending among all competitors in a category.

With the A/S method, advertisers introducing new products or fending off competitive inroads will often establish an advertising level in excess of the share of market goal, recognizing that it requires higher levels of spending to establish a new product versus sustaining the share of market of an established brand.

Task Method

Very often the data needed to analyze advertising and sales ratios and shares of market are not readily available. Or, a product or product category is so new that historical experience among established brands is not available. In these cases, advertisers often rely on the Task Method to establish a budget.

With the Task Method, the advertiser tries to define, as specifically as possible, all the various tasks the advertising must accomplish.

These definitions may include

- Target Audience
- Reach & Frequency
- Geographic Area
- Commercial Length and Insertion Size
- Number of Weeks of Advertising

Having established goals for these considerations, the advertiser will then calculate how much money it takes to meet them

This sum of money may be more or less than the advertiser has reasonably available. In this case, one or more of the goals will have to be adjusted to provide an advertising plan that fits with available resources. The advertiser using the Task Method should recognize the scale of costs associated with options available.

	Higher Costs	Lower Costs
Target Audience	Broader	More Defined
Geography	Wider Area	Smaller Area
Commercial Length	Longer	Shorter
Reach	Higher	Lower
Frequency	Heavier	Lighter
Time-In advertising	More Weeks	Fewer Weeks

An advertiser may wish to define a higher or lower priority for each of these considerations.

Test of Reasonableness

Particularly with new products, where historical experience is lacking, Program Managers should seek out information (with their agencies) on the typical level of spending used in a particular country to support other new product introductions.

Products used everyday, like contraceptives, and new products in general, can offer the Program Manager a range of spending examples that will help set the budget and serve as a test of reasonableness for the Program manager's

proposed budget. These might include new types of food or drink products, snacks, candies or health and breakfast entries

Handwritten notes in Chinese:
1. 廣告預算 - 如何分配? (Advertising budget - how to allocate?)
2. 廣告效果 - 如何評估? (Advertising effect - how to evaluate?)
3. 廣告費用 - 如何控制? (Advertising cost - how to control?)
4. 廣告策略 - 如何制定? (Advertising strategy - how to formulate?)
5. 廣告媒介 - 如何選擇? (Advertising media - how to choose?)
6. 廣告創意 - 如何激發? (Advertising creativity - how to inspire?)

- 1 The decision on how much to spend on advertising is a strategic one, it relates directly to the marketing goals and advertising task
- 2 The larger the task, the more it will cost to accomplish
- 3 Advertising spending can only accomplish so much, the other promotional activities (ie, sales promotion, public relations) and elements of the marketing mix, pricing and packaging, play major roles in the marketing process
- 4 It will generally cost more to introduce a new product than to sustain an established product. Advertising clutter, competitive brand recognition and consumers' lack of knowledge and apathy must all be overcome
- 5 Spending too little on advertising is as wasteful as spending too much, brands that otherwise might be successful and profitable can fail from lack of advertising support
- 6 It takes time for advertising to produce results, a minimum of six months is required for a reasonable advertising effort to succeed

Advertising spending must work in concert with other elements of the marketing plan. For example, it is wasteful to spend on advertising before the product is fully distributed

Guidelines for Program Managers

Test Marketing

Advertisers often rely on testing to determine the proper execution of various elements of the marketing mix

Packaging, pricing, creative executions can all be tested for effectiveness

The level of advertising spending and the media plan can also be tested

The following are some guidelines for conducting in-market tests of advertising spending and media plans

- 1 The choice of the test market is important -- it should be representative of the entire nation from a demographic and distribution standpoint. It makes little sense to test market in an area so unique or different that results cannot be projected with any confidence to the entire country.
- 2 The advertiser should seek to control all other factors in a test market so that the only variable is the one being tested.
- 3 Test markets take at least six months to read -- projectable results cannot be expected in any significantly shorter period of time.
- 4 When testing, test significant differences. For example, if two levels of spending are being tested, they should vary by at least 50 percent -- Base Level \$1,000,000, Tested Level \$1,500,000.
- 5 Increments less than 50 Percent may not produce significantly different results.
- 6 Testing should occur all the time-- experience gained in testing can provide guidance in nearly every aspect of the advertising plan and at any point in a product's life cycle.

- 7 A control market, similar to the test market in all aspects other than spending, should be selected as the basis against which to read the test's spending results

Media Characteristics

Advertising media constantly change and develop to follow lifestyle shifts and current needs of the consumer

- New Magazines
- New Radio Stations, New Formats
- New Television Programs
- New Ways to Reach People within Current Media

Costs of advertising fluctuate Up-to-date knowledge of media vehicles, their characteristic, and the efficiencies of each are important in understanding and evaluating media plans

TELEVISION

Strengths

- High Impact
- Audience Selectivity
- Schedule When Needed
- Fast Awareness
- Sponsorship Availability
- Merchandising

Weaknesses

- High Production Costs
- Uneven Delivery by market
- Up-front commitments Required

RADIO
Strengths

- Low Cost per Contact
- Audience Selectivity
- Schedule and Commercial Length Flexibility
- Personalities Available
- Can Tailor Weight in Spot Markets

Weaknesses

- Non-intrusive Background Medium
- Audience per Spot is Extremely Small
- Lacks Impact of Sight Medium
- High Total Cost to Obtain Good Reach
- Outlet Within Spot Markets

MAGAZINES
Strength

- Audience Selectivity
- Editorial Association
- Long Life
- Large audience per Insertion
- Excellent Color Reproduction
- Good Efficiencies
- Merchandising

Weaknesses

- Long lead Time for Commitment
- Readership Accumulated slowly
- Uneven Delivery by Market
- Cost Premium for Regional or Demographic Editions

NEWSPAPERS

Strengths

- Large Audience
- Immediate Reach
- Short Lead Time
- Market Flexibility
- Good Coverage of Upscale Groups

Weaknesses

- Difficult to Target Specific Audiences
- Least Efficient
- High Out-of-Pocket Costs for National Use
- Minimum Control of Positioning
- Clutter

OUT-OF-HOME

Strengths

- High Reach
- High Frequency
- Good Efficiencies
- Opportunity for Localization
- Immediate Registration
- Scheduling Flexibility

Weaknesses

- No Depth of Sell
- High Cost for National Effort
- Best Positions Not Usually Available
- No Audience Selectivity
- Poor Coverage in Some Areas
- Not Less Than One-Month Purchase