

Advertising strategy

Almost every business needs to promote itself in some way, reaching out to customers and potential customers.

For businesses with large numbers of target customers in well-defined market segments, advertising is often a cost-effective way of communicating with them.

This briefing covers:

- Setting your promotional objectives and deciding whether to advertise.
- Determining your promotional budget.
- Deciding where and when to advertise.
- Measuring the effectiveness of your advertising campaign.

1 Your objectives

Before deciding whether to use advertising, clarify what you are trying to achieve.

Your ultimate objective is probably to increase sales. But your promotional activities may focus on intermediate objectives that make sales and other business objectives easier at the end of the day.

Draw up a list of SMART objectives (specific, measurable, agreed, realistic, time-limited), against which you can measure the effectiveness of your campaigns (see 6).

- 1.1** You may need to create **awareness** of something, or change customer attitudes.
- Creating a reputation as the market leader may allow you to increase your prices and win long-term contracts.

- Building brand awareness for a product makes the product easier to sell. It also makes it easier to launch new products.
 - Making consumers feel good about your company can boost sales.
- 1.2** You may need to convey a specific one-off **message** to your market.
- For example, informing people of a special offer, or a particular benefit of your product.
- 1.3** You may need to prompt specific **action**, such as the customer visiting your premises.
- If you are building up a database of leads, your objective might be to gather the contact details of potential customers.

Directors' Briefing

a book in four pages

More than 160 briefings are now available.

If you need further information or help, ask the distributor of this briefing about the services available to you.

- If your product is suitable, your objective may be to create sales there and then.

1.4 You may need to address your **existing customers**, rather than win new ones.

- Keeping up 'front of mind' awareness encourages customers to consider you first when they place their next orders.

Be specific about who you are trying to communicate with.

2 In the mix

Consider whether advertising is the most cost-effective way of achieving your objective, or whether other forms of promotion would be more effective.

2.1 Who are you trying to reach?

- What common characteristics define your target market?

Advertising agencies

A As a rule of thumb, consider using an agency if you plan to spend more than **£10,000** on advertising.

- Typically, agency fees will amount to around 15 per cent of your advertising budget.
- Agencies can usually negotiate discounts on advertising that will reduce the cost by 10 to 15 per cent.

B Look for an agency that has **experience** of your industry or type of business.

- Consider an agency that deals in other forms of promotion (eg PR) as advertising may not be the only answer if your budget is limited.

C Ask agencies to prepare a '**proposal**' for your business.

Give them a brief, explaining what you are trying to achieve. They should be able to suggest:

- Where you should advertise.
 - How much you should spend.
- Ask them to confirm that they would pass media-buying discounts on to you.

Visit www.ipa.co.uk for a list of Institute of Practitioners in Advertising members and details of how to choose an agency.

For example, consumers in the same geographical area or individuals from the same socio-economic background.

- Decide if you want to reach end-users or intermediaries.
- Be clear who makes the buying decision.

2.2 Which **media** will best reach your target market (see 4)?

Advertising is only cost-effective if it reaches a readership or audience which significantly overlaps with your target audience.

2.3 Could advertising carry the right **message**?

- In general, advertisements work best when they carry a concise message.
- The form of the advertisement may physically limit what you can say. For example, banner advertisements on websites work best if your message can be boiled down to three or four words.

Your advertisement, and the media in which you advertise, must suit your image.

2.4 Would advertising work within your **timescales**?

- Preparing an advertisement for publishing or broadcasting can take time, depending on the media.

2.5 Are there cost-effective **alternatives**?

Depending on your target audience and advertising objectives, other forms of promotion may be a more effective use of your budget.

For example:

- Direct mail with a mailing list that more closely matches your target market.
- Personal selling to build relationships with high-value customers.
- Merchandising, packaging and point-of-sale materials for consumer purchases.
- PR for building your reputation over the longer term.
- Trade exhibitions and conferences.
- A website promoting your company.

3 The budget

Deciding how much you should spend is as much an art as a science.

3.1 How much do you **normally spend**?

- How much did you spend last year, and how effective was it, in relation to your

business objectives?

3.2 What are your **competitors** doing?

- If your competitors are advertising heavily, you may need to match their budgets to ensure that your message is heard.
- If a new competing product has been launched, you may need to fight off the competitive threat.

3.3 How far are you from achieving your **objectives**?

- If you are launching a new product into a new market, you may need to spend heavily to achieve customer awareness.
- If your product is already well established, you may only need a few advertisements to keep up 'front of mind' awareness.

3.4 What is your advertising **worth to you**?

- What sales margins do you make and how much repeat business can you expect?
- What is the lifetime value of a new customer?
- Are you considering a brand-building investment? Are you planning a short-term sales drive or longer-term awareness?

Typical media uses

- A** Advertising in a **local newspaper**, if you are a local plumber or an estate agent.
- B** Advertising in a catering **trade magazine**, if you are a food wholesaler.
- C** A display ad in a **directory** to make your TV repair service stand out when customers are looking for one.
- D** Displaying **cards** in shop windows and putting them through doors, for your local taxi service.
- E** **Classified** advertising in an alternative health magazine to attract customers to your acupuncture training courses.
- F** Sending out **leaflets** with a reply coupon for more information on your interior design service.
- G** Your own **website** to make your company or service visible to people searching the Internet for suppliers.
- H** **Banner advertising** on a parenting website to lead customers to your online toys catalogue.

- How effective do you expect your advertising to be?

Check that your budget is realistic. How many extra sales do you need to generate to justify your spend?

3.5 What **media** can you afford to consider?

Your choice of medium will affect budget decisions, as there may be a minimum threshold of spend to be effective (see 4).

4 Media selection

Identify your segment of the market and decide which media best reach your target audience.

4.1 Finding advertising media is straightforward — though the choice of media is now vast.

- Look in BRAD (formerly British Rate and Data), available in reference libraries.
- Look at the possibilities, and observe where your competitors advertise. Consider traditional, new media and non-mainstream methods (see box).
- Ask a selection of people from your target market what they read and watch.
- Consider the use of a specialist media buying agency to help you.

4.2 Ask newspaper and magazine advertising departments for **media packs**.

- Look for circulation figures audited by the Audit Bureau of Circulations at www.abc.org.uk.
- Ask for a readership profile, which analyses characteristics and spending habits of readers, including the proportions in socio-economic groups A, B, C1, C2, D and E.
- Examine advertising rates for different sizes and types of advertisements and different positions.

4.3 Choose the media that match **your needs**. Ask yourself some key questions.

- How many members of your target group read a particular publication or visit a certain website?
- Does the publication or site have the right image for your advertisement?
- How much will your ad cost to produce?
- How much will the ad cost to run?

4.4 Investigate the scope for **negotiation**.

- You might get a big discount for taking unsold ad space at the last minute.
- You might be able to have a larger ad or a

- better position for the same price.
- Extra discounts may be available for repeat advertising.
- You may get free PR if you run an ad. Smaller media (eg local papers and trade press) are usually more open to negotiation.

5 What and when

What you are trying to achieve is central to your strategy (see **1**).

Your objectives will determine what aspects of your product or service you should highlight and when you should advertise.

5.1 Your advertising campaign is just one part of your marketing strategy. Make sure it is **suitable** for your product or service.

- For example, ads to generate immediate sales are not effective for products that require demonstrating, or that need special skills or knowledge to operate.

5.2 Your strategy should be based around promoting a single, solid **benefit**.

It is not enough to say 'the best' or 'free'.

- You must know what motivates your target audience.
- Make your message stand out and make it simple.

5.3 Consider the **timing** of your campaign.

- When are your target customers likely to be most receptive to your ad? Plan well in advance. Some publications get booked up many months ahead — for example, Christmas magazines.
- When do you want your targets to respond and what is the likely lead time from advertisement to action?
- Will you be able to handle the response? Make sure your response is professional and carefully planned.

6 Measuring effectiveness

Measure the effectiveness of your advertising in terms of your objectives.

If your strategic objective is to raise the profile of the company, you will probably have to carry out market research studies to find out about customers' attitudes. If your aim is to create sales, you should be able to measure response fairly easily and cheaply.

6.1 Most of your sales advertising can be **monitored** simply and directly.

- Always ask new enquirers how they heard about you.
- Use coded advertisements. Ask enquirers to quote the code when they respond to your ad. You will be able to trace which ad generated the response.
- Use reply coupons. You will be able to trace the source of the coupon, as well as obtaining information on the potential customer.
- Make use of the readers' reply services in trade journals.
- Use a dedicated telephone number for each campaign. Freephone numbers are a decisive factor in increasing call volumes and can be obtained and pointed at your normal phone line for free. The call statistics will show you which advert is performing best.

6.2 Calculate the **total costs** of your campaign and weigh them against the response.

Your advertising will not be effective if it is not backed up with trained staff, brochures, adequate stock levels and the ability to live up to the promise of the advertisement.

Make sure you have allowed for all the likely costs. For example:

- The cost of buying advertising space.
- Design costs, including print preparation.
- Brochures and other literature.
- The fulfilment cost (goods, postage, delivery, employee costs and so on).

6.3 Some ads may generate many responses but convert few to sales. If your **conversion ratio** is poor, something is going wrong.

- Review your brochure or follow-up literature. It may not provide enough information or live up to the promises made in the advertisement.
- Check the employees who are handling the response. Telephone staff may not be sufficiently trained in the right areas.
- Re-examine your price structure. The price you are offering may be unsuitable for your target market. Advertising which leads to a large number of enquiries that do not convert into sales will work out very expensive per sale.

© BHP Information Solutions Ltd 2008. ISSN 1369-1996. All rights reserved. No part of this publication may be reproduced or transmitted without the written permission of the publisher. This publication is for general guidance only. The publisher, expert contributors and distributor disclaim all liability for any errors or omissions. Consult your local business support organisation or your professional adviser for help and advice.