chestrate all of a client's communications efforts if they were all done by that agency and its affiliates and have used this claim to solicit all of a client's communications budget, not just the ad budget. Such orchestration should obviously be better for the consistency of message and tone necessary for brand building. Agencies also claim that if they handled all of a client's communication needs the client would have greater control, because overall responsibility for all those efforts would lie with one account supervisor at the agency rather than being dispersed. The agency would also supposedly be more responsive to the client's needs if it handled all these communications because the client's total billings with that agency would now be a larger percentage of the agency's revenue.

However, many clients have balked from giving their lead ad agency these multiple responsibilities because of a perception that a single ad agency might not have the best sets of skills in all these different areas, so that the client might get better expertise by mixing and matching skills from several specialized communications suppliers, instead of relying on "one-stop" shopping, while relying on the client organization staff itself to perform the necessary integration (especially among larger client firms).[36] Some even argue that an ad agency will never get the best talent in the nonadvertising communications areas simply because such people will always be "second-class citizens" in ad agencies. Consolidating all of a client's business at one agency also potentially reduces the motivating effect of having several suppliers compete with each other to come up with the best communications ideas for that client. In addition, most ad agencies themselves have had trouble integrating the different functions, especially if the functions are organized as affiliate companies or departments instead of being organized as people with different resources and skills working as part of one integrated account team. Many clients are thus skeptical that the different functions will be better integrated if they are combined under a single agency umbrella, instead of being at multiple unaffiliated suppliers, although they do believe the potential for miscommunication would be reduced.[37]

It is not entirely clear, however, that the many people involved in communications programs at the client organization themselves perform the integration of which they believe they are capable. The sales force, trade account management, public relations, sales promotion, direct marketing and other staffs within client companies sometimes run programs that are not adequately coordinated with the mass media programs typically managed by brand or advertising managers and with each other.[38] Many organizations such as IBM are experimenting with cross-functional teams as a solution.[39] At McDonald's, the various departments involved in a marketing project are all represented on a strategy review board led by a project manager, so they have input into the decisions and know what actions are to be taken by whom.[40] It is obviously important to train everyone involved in the concept of integrated marketing, in the skills necessary to make it work, and to create a shared vision in them about what is to be communicated, with what tonality and with what effect.

Ad agencies too often have problems in properly incentivizing the use of a truly integrated approach by their account staff: if PR, direct mail, sales promotions, and mass media advertising are structured as separate profit centers, the managers of these divisions battle for budgets instead of doing what is best for the client. Again, cross-functional account teams led by one "communications director"—who could be a direct marketing specialist, not necessarily the ad agency account manager—appear to be a superior organizational arrangement when combined with a financial structure that measures total account billings, not billings by function. It thus appears that the key needs in organizing for better IMC are (1) better communication and common goal-sharing among the various client personnel themselves and (2) better integration of the various functions within the major ad agencies that offer all or most of these different communications functions.

SUMMARY

Advertising has many strengths (reaching mass audiences, creating awareness, building preference, etc.), but it also has major weaknesses (targeting individual consumers, making them believe a message, and pushing them to action). Thus, its use has to be combined with that of other communications elements (such as direct marketing, sales promotions, and public relations). And, this usage of all these elements has to be integrated in terms of its message, tone, and effect.

Direct marketing is one communications approach that aims to evoke action. Its distinctive features are the ability to target small segments of consumers, to measure response to different offers, and to build customer databases. Direct marketing ads try to get consumers to respond immediately by building confidence, providing information, making it easy to order, involving consumers in the order process, and creating a sense of urgency that can overcome the natural tendency to inertia.

Sales promotions can be designed to create trial purchases, to stimulate short-term sales, to enhance purchase volume or brand loyalty, or to affect the brand image. Consumer promotional devices include coupons, samples, price packs, premiums, and sweepstakes. Trade promotions attempt to obtain or maintain shelf space, build retail inventory, get retail "push," and lower retail prices. More money is spent on sales promotions than on advertising, and it is essential that sales promotion efforts be coordinated with advertising efforts, to maximize the effectiveness of each and to ensure that the sales promotions do not dilute the long-term image of the brand.

Retail ads aim both to build the store's image and to create immediate sales, through building store traffic. Co-op ads, paid for by both the retailer and the manufacturer, are another important form of retail advertising. Reminder advertising seeks to maintain high top-of-mind awareness, through high frequency and other visibility-enhancing means. In-store ads try to increase brand salience at the point-of-purchase. Industrial ads seek to generate leads and inquiries that can then be followed up through sales calls.

Public relations as a part of marketing tries to increase the credibility of a marketer's communications by appearing subtly in a third-party editorial vehicle

Techniques include news and editorial mentions, event and sponsorships, product placement, contests, and cause-related marketing. Genuine newsworthiness makes for easier placement. Such PR events are relatively cheap to create but harder to control.

The emerging discipline and philosophy of integrated marketing communications tries to make all these elements work with one voice and in mutually reinforcing ways. A detailed IMC plan for every brand and situation need to be thought through. The key problems issues in implementing it are those of training and organization, both internal and external.

DISCUSSION QUESTIONS

1. Provide examples of current advertising campaigns that seem to be directed at generating behavioral response. Are they attempting to communicate information and/or change attitudes or are they concerned solely with behavior? Write a reasonable objective for each campaign that is operational. How would you measure results against that objective?
2. Consider the American Airlines frequent-flyer program, a free sample program for a new soap, a 25-percent-off price offered to retailers by a cereal brand, and two promotions that recently affected your purchasing. What were the objectives of these promotions? What role does advertising play in these promotions? What impact will these promotions have in the long-term? How would you measure that impact?
3. Compare the advantages and disadvantages of the different consumer promotions techniques with respect to alternative objectives of (a) getting trial from new consumers, (b) holding (retaining) present customers, and (c) building brand image.
4. Examine a direct-mail promotional piece you (or somebody you know) has recently received. Look at every element of the package, and discuss its role in promoting consumer action.
5. Select an ad (or public service announcement) that has recently been attempting to change a consumer behavior and discuss its strengths and weaknesses. Why is it usually so difficult for such messages to succeed in such objectives? How could such messages be better designed?
6. Select two retailer's ads from different product categories that you have recently seen and discuss their strengths and weaknesses with respect to (a) building store image and (b) increasing sales in the short term. If you were a manufacturer being pressured to increase co-op advertising allowances in these two cases, in which one is it more beneficial to you to do so? Why?
7. Identify a sales promotion that has recently been run that you think works to enhance the brand image and one that serves to hurt brand image. Justify your selections.
8. Pick a brand, any brand. Develop an integrated marketing plan for it that includes advertising, direct marketing, sales promotions, and direct marketing. Discuss exactly why each element is being used, for what objectives, and in

what sequence. Show how each element contributes to the overall brand image and positioning you seek.

NOTES

1. Jennifer Lawrence, "Integrated Mix Makes Expansion Fly," *Advertising Age*, November 8, 1993, p. S-10–S-12.
2. The median cost per call was $225, according to *Sales and Marketing Management*, February 26, 1989, p.75.
3. For a discussion of database marketing issues, see Lisa Petrison, Robert C. Blattberg, and Paul Wang, "Database Marketing: Past, Present, and Future," *Journal of Direct Marketing*, 7 Summer 1993, no. 3, 27-44.
4. For these and other statistics, see the "Catalog Review" supplement to *The New York Times*, March 27, 1994.
5. See *Advertising Age*, July 12, 1993, Special Report on Direct Response
6. For information on databased direct marketing, consult David Shepard Associates, Inc., *The New Direct Marketing: How to Implement a Profit-Driven Database Marketing Strategy* (Homewood, IL: Dow Jones–Irwin, 1990). For more general information on direct marketing, see Robert Stone, *Successful Direct Marketing Methods*, 4th ed. (Lincolnwood, IL: National Textbook Company, NTC Business Books, 1988).
7. *Advertising Age*, May 24, 1993, p. 13.
8. For a discussion, see Glen J. Nowak and Joseph Phelps, "Understanding Privacy Concerns," *Journal of Direct Marketing*, 6, no. 4 (Autumn 1992), pp. 28–39.
9. See, for example, Robert C. Blattberg and Scott A. Neslin, *Sales Promotions: Concepts, Methods, and Strategies* (Englewood Cliffs, NJ: Prentice Hall, 1990); John A. Quelch, *Sales Promotion Management* (Englewood Cliffs, NJ: Prentice Hall, 1989); Don E. Schultz and William A. Robinson, *Sales Promotion Management* (Chicago: Crain Books, 1982); John C. Totten and Martin P. Block, *Analyzing Sales Promotions: Text and Cases* (Chicago: Commerce Communications, 1987); and Stanley M. Ulanoff, ed., *Handbook of Sales Promotion* (New York: McGraw-Hill, 1985).
10. Progressive Grocer, 72, no. 10 (October 1993), p. 69.
11. *Advertising Age* has special reports on sales promotion agency revenues; for example, May 17, 1993.
12. Blattberg and Neslin, *Sales Promotions*, p. 474.
13. *Advertising Age*, various issues.
14. *Advertising Age*, April 3, 1989, p. 38.
15. William A. Robinson and Kevin Brown, "Best Promotions of 1984: Back to Basics," *Advertising Age*, March 11, 1985, p. 42.
16. *Food and Beverage Marketing*, Nov 1, 1992, p. 30.
17. *Food and Beverage Marketing*, May 1991, p. 30.
18. Robert F. Young, "Cooperative Advertising, Its Uses and Effectiveness: Some Preliminary Hypotheses," Marketing Science Institute Working Paper, 1979.
19. *Sales and Marketing Management*, May 1992, p. 40.
20. Isadore Barmash, "FTC Plans Rule Change on Co-op Ads," *The New York Times*, February 21, 1989.
21. *Sales and Marketing Management*, May 1986, p. 90.
22. Kevin L. Keller, "Cue Compatibility and Framing in Advertising," *Journal of Marketing Research*, 2 (Februuary 1991), 42-57.
23. For details, see George L. Herpel and Steve Slack, *Specialty Advertising: New Dimensions in Creative Marketing* (Irving, TX: Specialty Advertising Association International,) and Charles S. Madden and Marjorie J. Caballero-Cooper, "Expectations of Users of Specialty Advertising," *Journal of Advertising Research*, July/August 1992, p. 45.
24. *Marketing News*, May 14, 1990.

25. See, for example, *Business Week*, March 29, 1993, p. 60, and *Advertising Age*, July 19, 1993, p. 31.
26. This phrase, and many of the examples that follow, are taken from Thomas L. Harris, *The Marketers Guide to Public Relations* (New York: John Wiley, 1993). The interested reader is strongly encouraged to read this book.
27. See, for example, the *The Wall Street Journal*, September 24, 1993, p. B1.
28. *Advertising Age*, July 12, 1993, p. 21.
29. *Advertising Age*, Special Report on Event Marketing, June 21, 1993.
30. Glen J. Novak and Joseph Phelps, "Conceptualizing the Integrated Marketing Communications' Phenomenon: An Examination of Its Impact on Advertising Practices and Its Implications for Advertising Research," *Journal of Current Issues and Research in Advertising*, 16, no. 1 (Spring 1994), 49–66.
31. See Novak and Phelps for some recent statistics on growth rates and spending estimates.
32. Many of these trends are discussed in detail in Tom Duncan, Clarke Caywood, and Doug Newsom, "Preparing Advertising and Public Relations Students for the Communications Industry in the 21st Century," Report on the Task Force on Integrated Communications, December 1993.
33. Clarke Caywood, Don Schultz, and Paul Wang, "Integrated Marketing Communications: A Survey of National Consumer Goods Advertisers," Department of Integrated Advertising/Marketing Communications, Northwestern University, June 1991, and Thomas R. Duncan and Stephen E. Everett, "Client Perceptions of Integrated Marketing Communications," *Journal of Advertising Research*, 33 no. 3 (May/June 1993), 30–39.
34. Tom Duncan, "Is your Marketing Program Coordinated?" *Advertising Age*, January 24, 1994, p. 26.
35. Don E. Schultz, Stanley I. Tannenbaum, and Robert F. Lauterborn, *Integrated Marketing Communications* (Chicago: NTC Business Books, 1993).
36. Adrienne Ward Fawcett, "Marketers Convinced: Its Time Has Arrived," *Advertising Age*, November 8, 1993, p. S-1.
37. See the Caywood, Schultz, and Wang report, op. cit., for more details on these client perceptions.
38. Tom Duncan, "Is Your Marketing Program Coordinated?" *Advertising Age*, January 24, 1994, p. 26.
39. Wayne McCullough, "Organizational Issues in Integrating Marketing Communications: The Relationship Between Structure and Functioning," Marketing Science Institute Report 94-109, July 1994, Conference Summary on "Marketing Communications Today and Tomorrow."
40. Roy T. Bergold, "Integrated Marketing and the McLean Deluxe," in "Integrated Marketing Communications," Northwestern University, Medill School of Journalism, June 1991.

4 SETTING ADVERTISING OBJECTIVES

For an advertisement to be effective it must be noticed, read, comprehended, believed, and acted upon.
(Daniel Starch, 1923)

For one who has no objective, nothing is relevant.
(Confucius)

T[illegible] its annual sales in the U.S. market plummet in [illegible] cars in 1986 to 4,115 cars in [illegible] Fallon McElligott, which had [illegible]? Was bad [illegible] there was a major eco- [illegible] Can any ad campaign [illegible] on the [illegible]

If clients wish to compensate their agencies based in part on how well their ad campaigns perform, just how should they measure the success or failure of these ad campaigns?

The AIM mutual fund companies ran two sets of ads in late 1993. One showed a man who should have been living a happy retired life working, instead, as an elevator operator. It argued that people even years away from retirement should be saving aggressively for retirement, because otherwise they would be facing the situation of the man in the ad. The other ad simply showed why the AIM mutual fund in question had a superior performance record, citing third-party statistics and rankings. It argued that investors' funds should go to the AIM fund instead of competitive funds. Which ad made more sense for them? (Hint: the AIM mutual fund organization has relatively low awareness and distribution, compared to giants like Fidelity, Vanguard, etc.). When should *any* company try to increase overall "category demand," instead of merely attempting to increase its market-share?

Answers to questions like these are the subject of this chapter. How should one measure the effectiveness of ad campaigns? And, if ad budgets are getting smaller than they used to be, how can a manager increase an ad campaign's effectiveness, by setting goals and objectives that are strategically correct, achievable, and measurable?

It should be obvious that it is vitally important to understand clearly what kinds of objectives can be set for an ad campaign, and how a choice can be made among them. Without good objectives, it is nearly impossible to guide and control decision making. This chapter will therefore discuss a manager's options regarding objectives, and some characteristics of "good" objectives, at a conceptual level. We will then continue in the next chapter with a discussion of how different advertising situations call for different objectives to be targeted.

FUNCTION OF OBJECTIVES

Objectives serve several functions in modern management. One function is to operate as communication and coordination devices. They provide a vehicle by which the client, the agency account executive, and the creative team communicate. They also serve to coordinate the efforts of such groups as copywriters, radio specialists, media buyers, and research specialists.

A second function of objectives is to provide a criterion for decision making. If two alternative campaigns are generated, one must be selected. Rather than relying on an executive's esthetic judgment (or on that of his or her spouse), he or she should be able to turn to the objective and select the criterion that will most readily achieve it.

A related function of an objective is to evaluate results. This function implies that there needs to be a measure such as market share or brand awareness associated with the objective. At the end of the campaign, that preselected measure is employed to evaluate the success of the campaign—such success is increasingly how advertising agencies are getting compensated, as was pointed out in Chapter 1.

Sales As an Objective

Advertising objectives, like organizational objectives, should be operational. They should be effective criteria for decision making and should provide standards with which results can be compared. Furthermore, they should be effective communication tools, providing a line between strategic and tactical decisions.

A convenient and enticing advertising objective involves a construct like immediate sales or market share. The measure is usually readily available to "evaluate" the results of a campaign. There are clearly some situations—mail-order advertising and some retail advertising, for example—when immediate sales are a good operational objective, and others in which they can play a role in guiding the advertising campaign. Chapter 3 discussed in more detail such situations in which sales or market share make useful objectives.

However, objectives that involve an increase in immediate sales are not operational in many cases for two reasons: (1) advertising is only one of many factors influencing sales, and it is difficult to isolate its contribution to those sales; and (2) the contributory role of advertising often occurs primarily over the long run.

Advertising is only one of the many forces that influence sales, as Figure 4–1 illustrates. The other forces include price, distribution, the sales force, packaging, product features, competitive actions, and changing buyer needs and tastes. It is extremely difficult to isolate the effect of advertising. For instance, suppose a car company runs a campaign for a new model, but not many cars get sold. While the

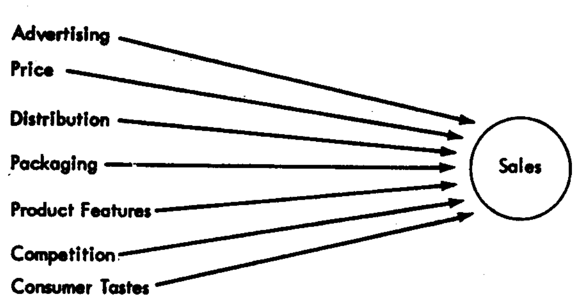

Figure 4–1. Some of the factors influencing sales.

problem may indeed lie with the campaign, it might also be the case that the campaign did in fact draw potential buyers to the dealerships, but that something else (the car's quality, price, or poorly trained sales people) was the reason why they didn't end up buying.

It is clearly unfair, in this situation, to gauge the success of the ads themselves by the number of cars sold. Such a situation did actually occur with Nissan's new luxury car, the Infiniti, when it was launched. Many people thought the campaign failed because not too many cars were sold in the initial months. But in fact the campaign did generate a huge number of inquiries for catalogs, and led to many dealer visits. It was at the dealership that many prospects decided not to buy the car—but this was hardly the fault of the advertising![2]

Some people therefore argue that evaluating advertising only by its impact on sales is like attributing all the success (or failure) of a football team to the quarterback. The fact is that many other elements can affect the team's record—other plays, the competition, and the bounce of the ball. The implication is that the effect of the quarterback's performance should be measured by the things he alone can influence, such as how he throws the ball, how he calls the plays, and how he hands off. If, in a real-world situation, all factors remained constant except for advertising (for example, if competitive activity were static), then it would be feasible to rely exclusively on sales to measure advertising effectiveness. Such a situation is, in reality, infeasible, though for packaged nondurable goods it is often possible to run sophisticated field experiments using grocery scanner data that yield fairly accurate estimates of the effect of current advertising on short-term sales (see Chapter 16). For the most part, we must start dealing with response variables that are associated more directly with the advertising stimulus.

The second reason involves the long-term effect of advertising on sales. If we believe that advertising generates a substantial lagged effect on sales, then the impact of an advertising campaign may not be known for certain until an unacceptable length of time has passed. For example, an important contribution of a six-month campaign might be its impact twelve months hence. Research has estimated that, at least for frequently purchased nondurable goods, the effect of an advertising exposure can take up to nine months to get dissipated.[3] As Figure 4–2 illustrates, advertising might attract buyers who will be loyal customers for sev-

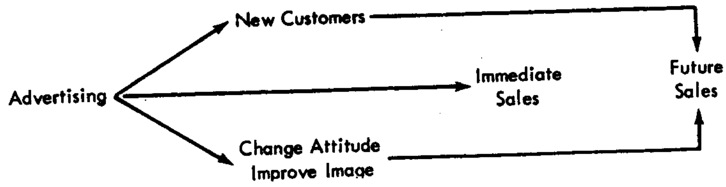

Figure 4–2. Long-run impact of advertising.

eral years, or it might start the development of positive attitudes or brand equity that will culminate in a purchase much later. To determine this effect from sales data, even in a scanner panel field experiment, it may be necessary to wait far beyond the end of the six-month campaign. Two problems are created. First, the difficulty of isolating the sales change caused by advertising becomes more severe as the time between the advertising expenditure and the sales response increases. Yet decisions must be made immediately and cannot wait for such data. Second, for more timely and accurate information, variables that respond more quickly to advertising input must be sought.

Thus, advertising objectives that emphasize sales are usually not very operational because they provide little practical guidance for decision makers. No one argues the desirability of a sales increase, but which campaign will (or did) generate such an increase? If an objective does not contribute useful criteria on which to base subsequent decisions, it cannot fulfill its basic functions.

Toward Operational Objectives

If immediate sales do not form the basis of operational objectives in most situations. how does one proceed? The answer lies in part in three sets of questions. Addressing these questions in a careful, systematic way will often yield useful and effective objectives.

1. **Who is the target segment?**
2. **What is the ultimate behavior within that segment that advertising is attempting to precipitate, reinforce, change, or influence?**
3. **What is the process that will lead to the desired behavior and what role can advertising play in the process? Is it necessary to create awareness, communicate information about the brand, create an image or attitude, build long-term brand equity and associations, or associate feelings or a type of user personality with a brand?**

The first step is to identify the target audience. Usually, but not always, the target is the end-consumer. Exceptions arise when a company wants to recognize and motivate its employees (such as life insurance agents, or the sales force), induce intermediate distribution channels to stock and push a product, or increase favorability among stakeholders such as financial stock analysts, government regulators, stockholders, and so on. We will not deal with such cases here, for they are fairly obvious in their implications. When the ultimate concern is with end-consumers, the specification of the target audience (e.g., upscale buyers of stereo equipment) should be a part of the marketing objectives. However, the segmentation description may need to be refined in the advertising context, that is, those upscale buyers of stereo equipment who have no present awareness of Bose speakers, among whom we wish to create such awareness. We deal with this targeting decision in detail in the next chapter.

The second step involves the analysis of the ultimate desired behavior such as trial purchases of new customers, maintenance of loyalty of existing customers, creation of a more positive use experience, reduction of time between purchases, increasing the use-up rate, or the decision to visit a retailer.

A part of the analysis of targeting and objective-setting should be an estimate of the long-term impact on the organization of such a behavior. What exactly is the value of the desired behavior? For example, the value of attracting a new customer to try a brand will depend upon the likelihood that the customer will like the brand and rebuy it. Companies often call this the *lifetime value of a customer* and attempt to compute it. Does this lifetime value exceed the acquisition cost of a new customer? How might different kinds of objectives affect this acquisition cost? Which segment has the greatest difference between its lifetime value and its acquisition cost? Based on this analysis, what kind of behavioral change in what kind of target segment will give us the highest return on our marketing investment?

The third step then involves an analysis of the communication and decision process that will lead to the desired behavior in the targeted segment. Operationally, this usually involves using advertising-response measures that intervene between the incidence of the stimulus (advertising) and the ultimate behavioral response (certain purchase decisions) that is the focus of the advertising. Such response measures are called intervening variables and refer to a wide range of mental constructs such as awareness, brand knowledge, emotional feelings, and attitude. Thus, it might be that the key variable in inducing a new customer to try your brand is to inculcate high levels of brand awareness. The best way to maintain loyalty could be to strengthen an attitude. Even though the end goal is behavioral, the operational objective guiding decision making will often be specified in terms of one or more of such intervening variables. The determination of which intervening variables provide the best link to the desired behavior and which can be influenced economically by advertising is, of course, a challenge.

We start with the analysis of the desired behavior. After then turning to the advertising response variables, we will finally discuss the recommended procedures and theoretical frameworks to set advertising objectives.

BEHAVIORAL DYNAMICS

An understanding of market dynamics is necessary to an analysis of the ultimate behavior on which advertising should focus. An increase in sales or, more generally, an increase in product use (if the advertiser were a library or hospital or credit card company, a sales measure would be inappropriate) can basically come from various sources: from new customers attracted to the brand for the first time; by increasing the loyalty of existing customers, and by inducing existing customers to use more of the product class, either by increased usage or in new situations.

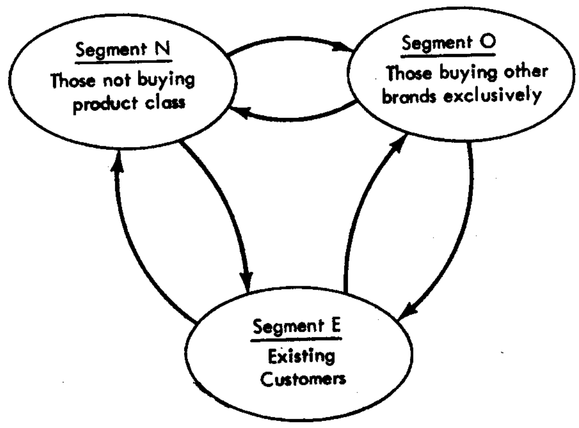

Figure 4–3. Customer types.

New Customers from Other Brands

Figure 4–3 shows a market divided into three segments. Segment E includes those who now buy our brand, brand A. Some members of segment E will buy only our brand, but many will probably also buy others because they are either somewhat indifferent about a few brands or because they prefer other brands for some applications and our brand for others. They all buy our brand to some extent. Segment O contains those who buy other brands to the exclusion of ours. Some members of segment O will be loyal to another brand, and others will switch among other brands, but none is a buyer of our brand. Segment N members are not buyers of any brand in the product set. They get along without coffee, computers, lathes, or whatever product is involved.

The focus here is on increasing the size of segment E. One approach is to attract members of segment O to get them to try our brand. In Figure 4–4, the Diners Club card is directing its campaign primarily to members of segment O (American Express cardholders). Such an effort may be difficult if the other brands are performing satisfactorily. It is therefore best to try to find out which existing users of the competing brand are the most dissatisfied with it and target these "switchable" consumers. For instance, if some segment of American Express cardholders value some feature such as frequent user rewards for which Diners Club can claim superiority, that segment might be most cost-efficient as a conversion target for Diners Club. It would pay to target those American Express cardholders in particular, rather than all of them.

Alternatively, one should try to acquire those customers of the competing brand who are the most likely to grow their sales volume in the years to come (such as companies with rapid sales growth), and/or are the most profitable (because they require the least servicing, for instance).[4] For many product categories, about 20 percent of the customers (heavy users) are likely to account for over 50 percent of the sales volume and profits and are clearly worth focusing on as new

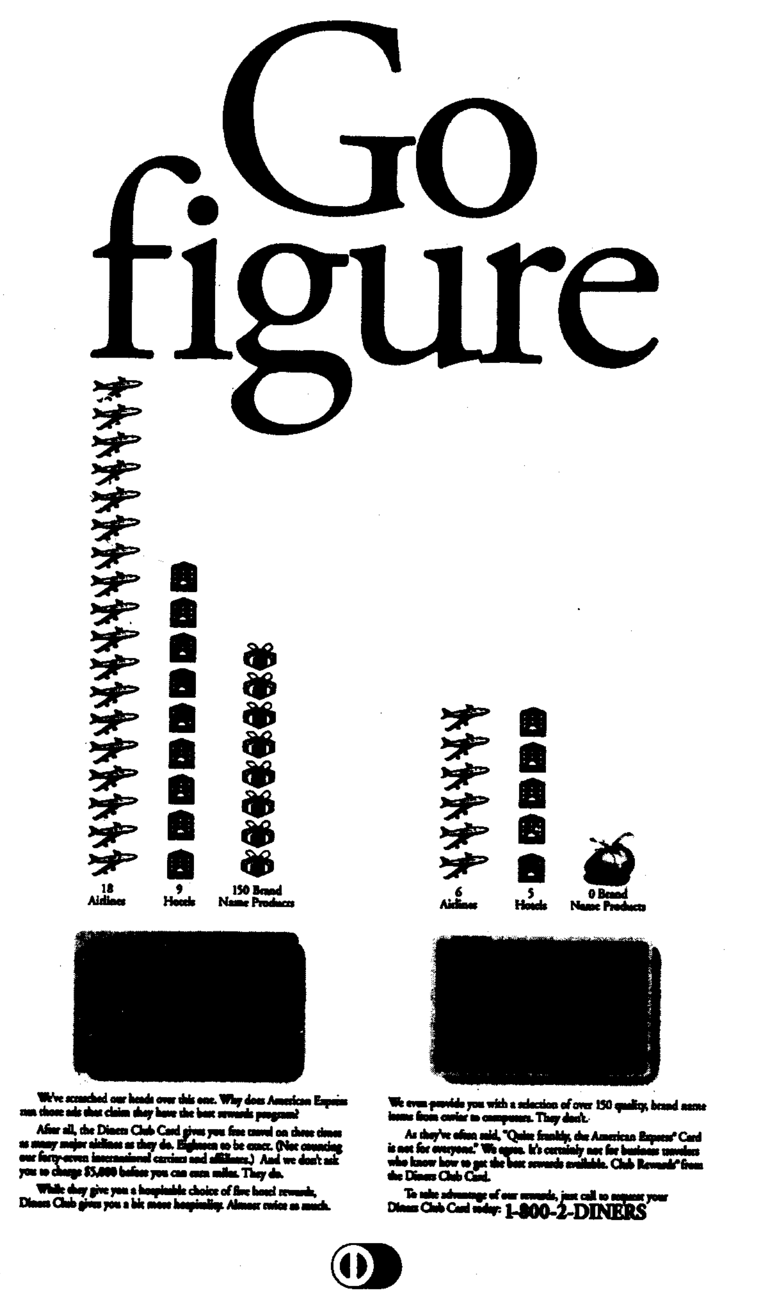

Figure 4–4. An advertisement aimed at users of a competitive brand.
Courtesy of Citcorp Diners Club.

brand users. We discuss such a heavy user strategy in the next chapter. The customer's propensity to buy on deal is another key variable: such customers make you less money. Campbell Soup found that 4 percent of soup consumers, who paid more per purchase and bought less often on discount, were the most profitable to target, yielding a $3.38 return on a marketing dollar.[5] One could also try to target those customers who are the most likely to influence others to switch too. Nike, for example, specifically tries to get coaches of athletic teams to wear its athletic shoes because of the visibility and impact that has on other athletes and fans.

New Customers from Other Categories

Another approach is to attract people from segment N, those not now using the product class. Pepsi might conclude that it is easier to get young coffee drinkers to switch from coffee to Pepsi for their morning drink (they actually tested a higher-caffeine version called Pepsi A.M.), than it is to get Coke drinkers to switch to Pepsi. An example of such an approach is the Dannon Yogurt ad shown in Figure 4–5. The intent of that advertisement is to attract those using sour cream as a baked potato topping to a different type of topping that they are not currently using. Such an approach, called a *primary demand* approach, might be particularly worthwhile to a large firm that already serves most of those buying the product class (such as Dannon Yogurt). The firm in the industry that has the highest market share, the largest distribution, the biggest sales force, and the highest awareness is the one most likely to get the sale from a customer just entering the product category. On the other hand, such a strategy makes much less sense for a smaller firm that runs the risk that the segment N member who is induced to try the product class may buy from a larger competitor.

For example, a smaller cellular phone manufacturer (like Oki) might waste its money if it ran ads telling people why cellular phones in general were useful for personal or business reasons. A consumer seeing those ads might decide that, yes, they need a cellular phone, but might then end up buying the better-known Motorola or NEC brands. The smaller firm should therefore be content to let these larger firms attract people from segment N (see Figure 4–6 for a category-expanding NEC ad) and confine itself to trying to obtain its new customers from segment O (called a *secondary demand* strategy). Such an ad would focus not on why cellular phones were useful but why Oki phones were better than Motorola or NEC (and other) competitive brands. The value of a segment O member will depend, of course, on how large a product-class buyer she or he ultimately becomes and on the share of these purchases eventually obtained by the advertiser.

Increasing *Share of Requirements* (SOR)

Other customers may repeatedly switch among our brand and others. In many product categories, customers have more than one preferred brand, and they allocate their total category requirements over these few brands based, in part, on temporary price discounts, habits, and so on. They have a "repertoire" of preferred brands, not just one brand. It may be possible in such situations to convince customers like these to become more loyal.[6] For example, a consumer might use

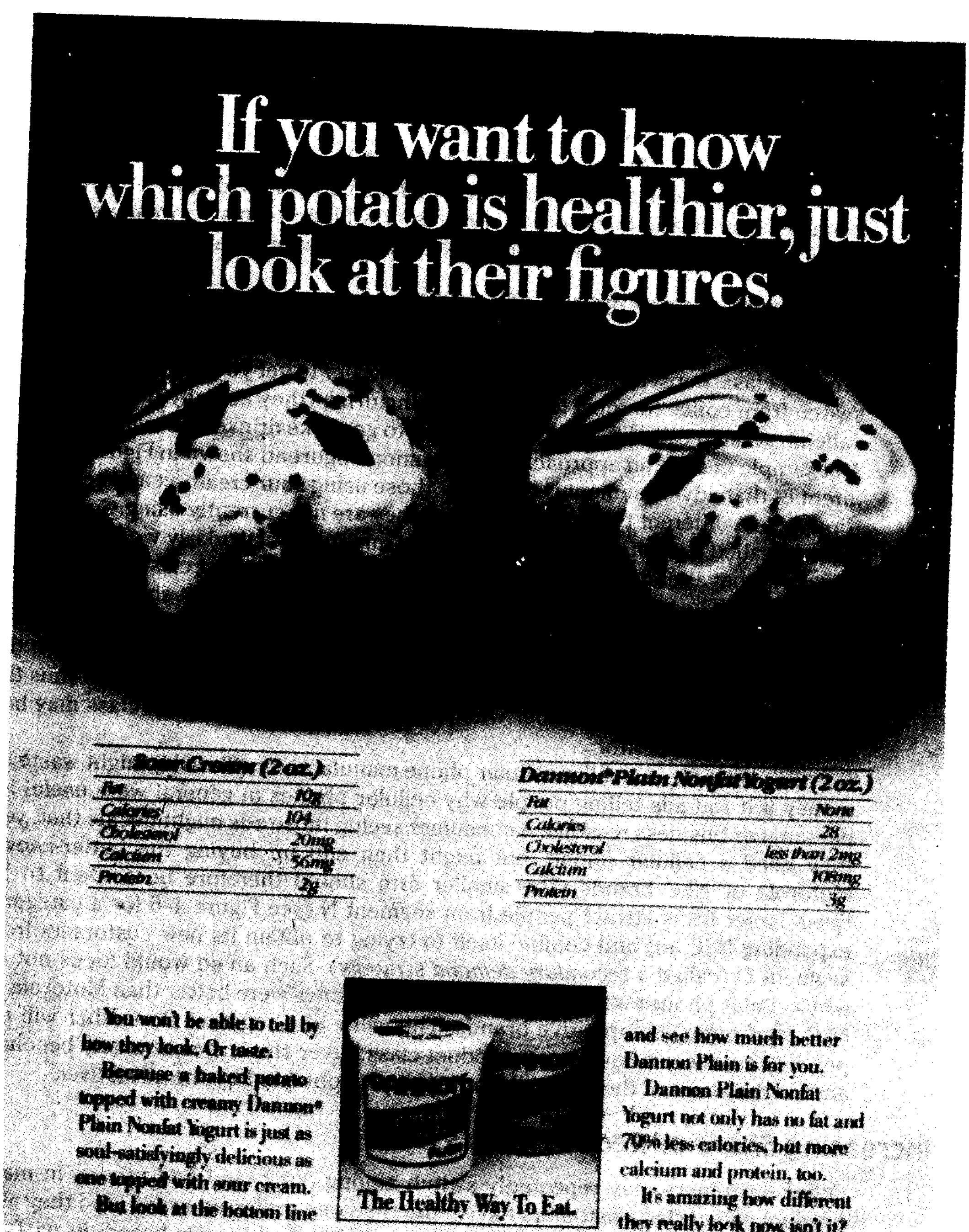

Figure 4–5. **An advertisement attempting to attract users from another product category.**

Courtesy of Dannon Yogurt, Inc.

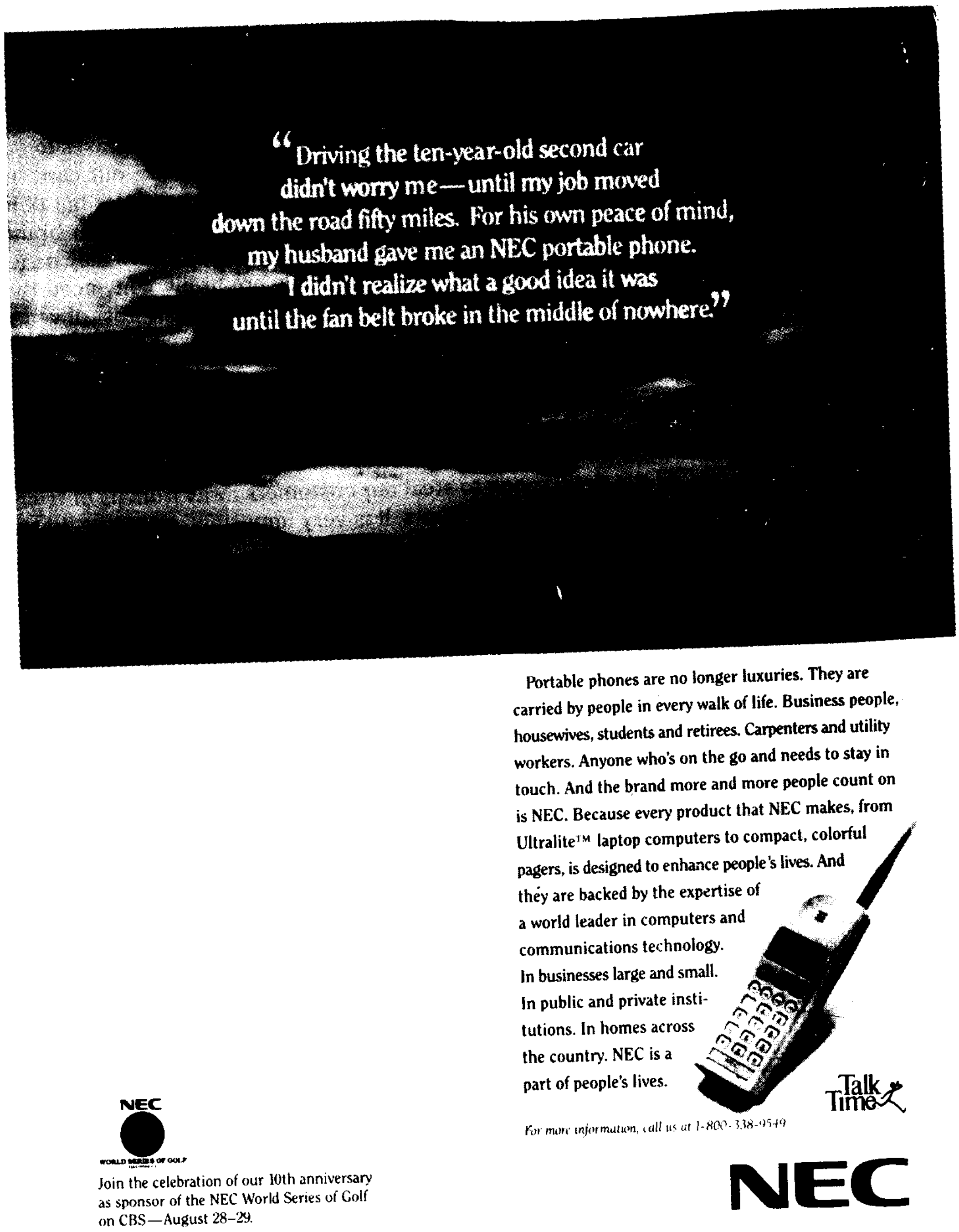

Figure 4–6. An advertisement increasing primary demand.
Courtesy of the NEC Corporation.

three different brands of bar soap in a month or charge purchases to one of three different credit cards in a month. It thus makes sense for a particular card to try to increase its "share-of-wallet." A credit card company such as Citibank mightrun a sweepstakes promotion that states: "every time you charge your purchases to our card, you are automatically entered into our sweepstakes. So make our card the one you use." The advertising task here is not one of getting a new user but of increasing that existing user's *share of requirements* going to that particular brand.

If there are real brand advantages of which the target consumers may be unaware, such a task might be feasible. If, however, they are firmly convinced that several brands are equal, the effort may be difficult and costly. The cost of generating the desired behavioral response must be balanced with its worth in terms of future purchase.

Increasing Brand Loyalty, Reducing Attrition and Price Elasticity

A defensive strategy is also possible. We are not the only ones advertising: all our competitors are, all the time, trying to steal our customers away from us or trying to increase their own share of requirements. It is very important, therefore, to recognize the effect that advertising has on reinforcing a present customer's existing preference for our brand (though actual experience with our product probably is the bigger determinant of brand satisfaction and loyalty).[7] Some research by Gerald Tellis about the effects of advertising suggests that the bulk of the effect is not gaining new triers but on reinforcing the loyalty of existing users.[8]

Efforts could be thus be made to reduce the flow from segment E to segment O if we find that our brand suffers from a particularly high attrition rate (i.e., a low repurchase rate). The goal would be to reduce the likelihood that a member of segment E would be tempted to try another brand and would, as a result, eventually stop using our brand. A large firm may also be concerned about customers moving from segment E to segment N. Existing users of the product could drop out of the market altogether. Coffee drinkers may switch to drinking some other beverage, something which concerns category leaders Maxwell House and Folgers.

The members of segment E, the existing customers, will, in general, also be buying from competitors. Figure 4–7 shows the brand switching that could occur among existing customers. Some existing customers will be extremely loyal, buy-

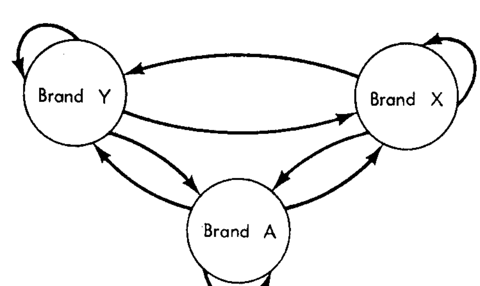

Figure 4–7. Brand switching among existing customers.

ing from competitors only rarely if at all. For such customers, the goal would be to maintain their loyalty and repurchase rates, thus reducing the likelihood that they would begin sharing their purchases with other brands and perhaps ultimately move to segment O. Advertising might attempt to remind them of the important features of the brand or to reinforce the use experience.

Further, certain consumer promotions, such as premiums requiring multiple proofs of purchases, might also be used. The Campbell's advertisement shown in Figure 4–8 may be in this category. It provides the opportunity for a user to express loyalty by obtaining a mug that in turn will help to reinforce the usage experience. Other communications strategies, such as "frequent shopper/buyer" programs, might also be implemented using database marketing techniques (see Chapter 3). They would try to reduce attrition or "churn" in the customer base by creating "switching costs" for the customer.

A related behavioral objective to that of increasing loyalty might be to decrease a consumer's price sensitivity. A company would hope that by creating more loyal consumers it is able to charge a higher price (or reduce the need for discounts) and thus increase its contribution margin. However, the evidence on the ability of advertising to actually decrease an existing user's price elasticity or sensitivity is mixed. One viewpoint suggests that high advertising levels must be leading to nonprice competition and decreasing price elasticities. It has also been argued, however, that higher levels of advertising might actually increase the extent to which consumers do comparison shopping and compare prices, and thus actually increase, rather than decrease, price elasticity. Both types of empirical results have been reported.[9]

Increasing Usage

It is also possible to increase the usage of existing customers in the product class. This is especially true for market leader brands in the food and beverage product categories, such as Bisquick or Campbell Soup, or for leaders in other *consumable* categories such as Kodak film or Energizer batteries. In essence, the goal would be to increase the amount consumed per usage occasion, or to suggest new usage occasions and opportunities. Campbell Soup, for example, with a 75 percent market share in a slow-growing category, now needs to increase the share of soups among all meal occasions, thus increasing its total usage quantity.[10] The effect of increasing usage would be to reduce the time between purchases. Figure 4–9 shows a typical distribution of interpurchase times among existing customers. The effort would involve sliding the area under the curve to the left.

As mentioned, several approaches are available. Product use could be expanded by inducing people to use the product more frequently. Or, a new use application could be suggested. For example, Scotch tape could be used for decorative as well as conventional purposes, or the use of chewing gum as a cigarette substitute might be suggested as a new application, as in Figure 4–10. It may be possible to get existing customers to use the product in the familiar way but more frequently. Here the aim would usually be to do more than just induce an extra purchase; we would want to actually change long-term behavioral patterns so

Figure 4–8. Maintaining brand loyalty.
Courtesy of Campbell Soup Company.

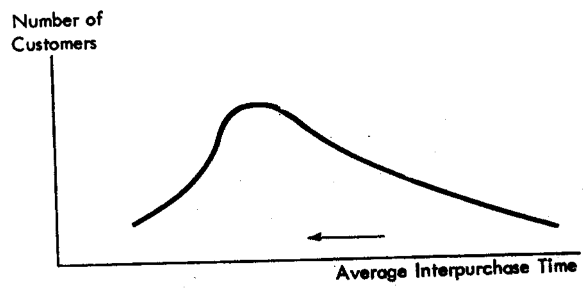

Figure 4–9. **Interpurchase time of existing customers.**

that the increased usage, at least for some customers, would continue over time. The value of advertising will then be represented by the increased usage. If the increased usage extends over a long time period, it will obviously be of greater value. As before, however, the value must be balanced against the cost involved. Ads that have this kind of objective need special copy testing approaches, since most copy tests measure an ad's ability to create shifts in brand preference, rather than its ability to increase usage sucessfully.[11]

Behavioral or Action Objectives

An analysis of market dynamics can lead to behavioral measures that by themselves can provide the basis for operational objectives. If the advertising's target is new customers, the goal may be to get new customers to try a brand for the first time. The results would be measured by the number of new customers attracted. Such an estimate could be obtained from a consumer panel or by a count of a cents-off coupon if that were a part of the advertising effort. The number of new triers, of course, is quite different from short-run sales. The quantity of sales in the short run represented by new customers is usually minuscule and will be swamped by the behavioral patterns of regular customers (segment E).

An example of an ad trying to generate action—leads or inquiries—is the Allied Van Lines ad in Figure 4–11. Clearly, the hope is that people who are about to move will be interested in the free booklet and will call the toll-free telephone number, thus identifying themselves as prospects for a sales call.

ADVERTISING RESPONSE VARIABLES INTERVENING BETWEEN ADVERTISING AND ACTION

Usually advertising is not well suited to directly precipitate action. Rather, it is better at conducting some communication, association, or persuasion task that will hopefully result in the desired action being precipitated. A communication results in the audience members learning something new or gaining an improved understanding or memory of some fact; for example, Jell-O comes in a low-calorie form.

Figure 4–10. An advertisement attempting to suggest new uses.
Courtesy of the Wm. Wrigley Jr. Company.

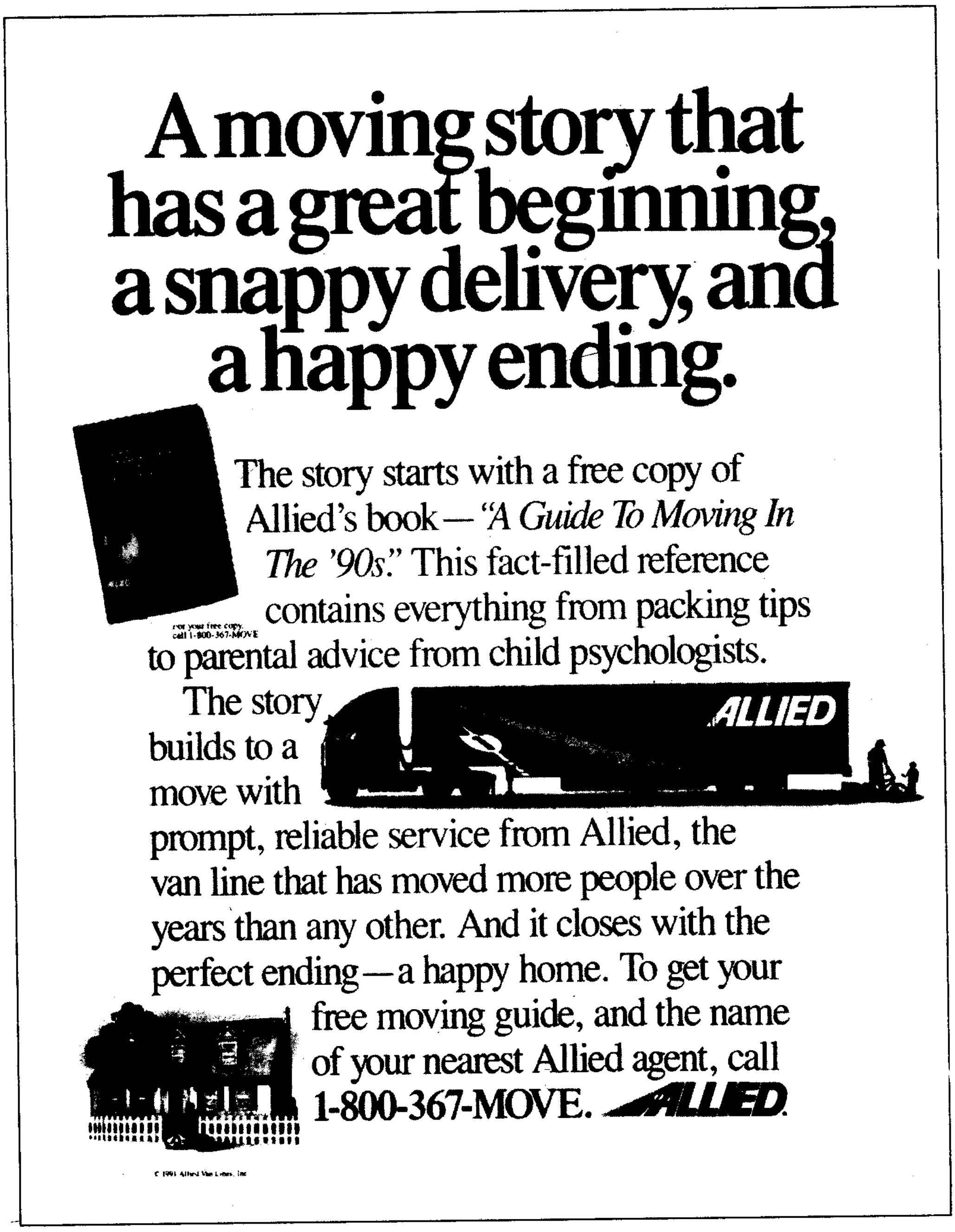

Figure 4–11. An advertisement aimed at attracting sales inquiries.
Used with permission of Allied Van Lines, Inc.

Associations link a brand to concepts such as types of people, use situations, or feelings; for example, driving a Pontiac creates an exciting feeling. Persuasion involves creating or changing an attitude toward an object; for example, an attitude expressed as "I rather like that brand."

The identification and selection of the best advertising response variable upon which to base objectives is difficult. Nevertheless, there is still great payoff to proceed in this direction.

To identify and use advertising response variables, the key questions to be addressed are

1. **What communication, association, or persuasion task will be likely to precipitate the desired action?**
2. **How can this task best be conceptualized and measured?**

In asking the first question, there is a set of intervening variables that is frequently useful. This set includes brand awareness, brand comprehension, brand image or personality, brand attitude, the perception that an important reference group values that brand, and the association of desired feelings with a brand or use experience.

Brand Awareness

A basic communication task in which advertising excels is to create awareness. Awareness can be particularly needed when the goal is to stimulate a trial purchase perhaps of a new brand. The model is shown as Model A in Table 4–1. Advertising creates awareness in the new brand, and the awareness will create the trial purchase, after which the brand is on its own to gain acceptance. The awareness measure could be based on a telephone survey in which people are if they have heard of the new brand and perhaps if they know what type of product is involved ("Yes, I've heard of Arizona Iced Tea; it is a new iced tea"). The percentage answering correctly would be the awareness measure. Different measures of awareness are possible: top-of-mind awareness (first brand mentioned, without any prompting), other unaided mention, or aided awareness.

Awareness may also be an advertising response measure that could be instrumental at generating loyalty such as postulated in Model B in Table 4–1. Some low-involvement products, such as gum, soap, or beer, are purchased without much thought or consideration. The choice is often based upon which brand is most familiar. One role of advertising is to get a brand to be more prominent in people's minds so that it is the choice in those no-thought choices. The goal in such situations could be to improve top-of-mind awareness, since this should indicate maximum familiarity.

Brand Comprehension

Another communication task for which advertising is well suited is to communicate facts about the brand, in particular about its attributes. An audience's perceptions of these attributes, in turn, influence its *brand comprehension*. Thus,

Table 4–1. Intervening and Behavioral Variables

Model	Advertising variable	Intervening variables	Behavioral variables
A	Advertising	→ Brand Awareness	→ Trial Purchase
B	Advertising	→ Brand Awareness	→ Loyalty
C	Advertising	→ Brand Awareness → Knowledge of Brand Attributes	→ Trial Purchase
D	Advertising	→ Knowledge of New Application	→ Increase Usage
E	Advertising		→ Sales Leads
F	Advertising	→ Knowledge About Company	→ Sales Via Personal Selling
G	Advertising	→ Associate Brand with User Type	→ Loyalty
H	Advertising	→ Brand Attitude	→ Loyalty
I	Advertising	→ Associate Feelings and Brand Use	→ Loyalty
J	Advertising	→ Brand Awareness → Knowledge of Brand Attributes → Brand Attitude	→ Trial Purchase
K	Advertising	→ Knowledge of Brand Attributes → Brand Attitude	→ Trial Purchase

when IBM launched its OS/2 operating system software for personal computers, its key task was to communicate exactly why it was better than the existing Microsoft Windows software. Model C in Table 4–1 shows a new brand context in which trial purchase is not only dependent on brand awareness but also on learning about a key brand attribute. The perception of that brand on that attribute could be measured by asking respondents to indicate their relative or agreement or disagreement as to whether the brand has that attribute, as follows:

Agree Strongly $+3 +2 +1 \quad 0 \quad -1 -2 -3$ Disagree Strongly

In Model D in Table 4-1, the behavioral goal is to increase usage. The brand comprehension intervening variable is to communicate knowledge of a new application. Such a campaign was run by Arm & Hammer baking soda, which wanted to get people to use its product to deodorize refrigerators.[12] The percentage of households that reported having used the product in this application went from 1 percent to 57 percent in just fourteen months. Later campaigns suggested its use as a sink, freezer, and cat-litter deodorizer.

In an industrial context, a goal might be to get organizations to purchase the advertised product. However, a realistic appraisal might indicate that a personal selling effort will play the key role in precipitating the decision. The role of advertising might then be to support the sales force by creating inquiries or by communicating information about the company as suggested by Models E and F in Table 4–1. McGraw-Hill's advertisement, shown in Figure 4–12, dramatically illustrates the role that advertising can play in supporting the sales effort. It is useful to note that communication is not expected to play any significant direct role in precipitating purchase decisions. Thus, it would not be reasonable to measure its impact in terms of purchase decisions. Rather, it is linked causally with the reception that the salesperson receives, particularly on early visits.

Brand Image and Personality

Brand image and personality refer especially to types of associations that the brand develops with a type of person or even another product. Thus, Charlie perfume, discussed in Chapter 6, was a perfume designed around a very specific type of female lifestyle. It is represented as Model G in Table 4–1. Apple computers compete in the personal computer marketplace by being positioned as a "friendlier" computer. Chapter 10 will explore in more detail the nature of a brand personality objective and a procedure for generating image objective alternatives and for selecting among them.

Brand Attitude

A *brand attitude* represents the like-dislike feeling toward a brand. Model H in Table 4–1 shows a case in which loyalty is predicated on increasing the attitude toward the object.

Attitude can be measured in a variety of ways, as will be discussed in Chapter 8. One approach is to measure it based on brand comprehension, which, as was

Figure 4–12. Advertising's role in supporting the personal selling effort.
Courtesy of McGraw-Hill Publications Company.

stated earlier, is derived from perceptions of the brand with respect to specific attributes and characteristics. Another is to use the like-dislike dimensions as with this scale:

Dislike $-3-2-1\ \ 0\ \ +1+2+3$ Like

Still another alternative is to measure it based on behavioral intentions—that is, the percentage of customers who say they awill "definitely" or "probably" buy this brand. Chapter 8 will cover attitudes and their use in advertising objectives in detail. It will also include the role that brand comprehension has in creating and changing attitudes.

Associating Feelings with Brands or Use Experiences

Sometimes the advertising objective can be to create feelings of warmth, energy, fun, anticipation, fear, or concern and associate those feelings with the brand and the use experience. Model I in Table 4–1 could represent a gum brand that is attempting to associate feelings of togetherness and happiness with its use.

There are well-developed models, concepts, and measures that guide our use of image and attitude objectives. In contrast, the role of feelings is much less mature and far less is known about how they work or even if they do work. Chapter 9 will present some emerging ideas about the feeling response to advertising. It suggests that in addition to measuring how audience members feel when being exposed to a commercial it might be useful to measure how they liked the commercial and their impressions of their use experience with the brand. The concept is that if feeling advertising (at least positive-feeling advertising) is effective, it will probably result in advertising that is liked, and, therefore, it should impact upon the use experience.

More Complex Models and Multiple Objectives

In many contexts, there are two or more advertising responses that are needed for a desired behavior to occur. For example, Model J in Table 4–1 shows a trial purchase model that suggested that awareness can lead to trial purchase directly or through the creation of attribute knowledge and brand attitude. There are thus two routes to precipitating trial. Model K shows another multiple construct model, one in which there is no sequence implied. Two tasks are required but one need not precede the other.

When the advertising campaign can focus upon a single, well-defined objective, the communication task is made easier. When several objectives are introduced, there is always the danger that the campaign will become a compromise that will be ineffective with respect to all objectives. Copywriting wisdom suggests that simplicity in ad advertisement is vital: an ad that tries to say too much loses focus and becomes ineffective (we will discuss principles of good copywriting in Chapter 13).

In addition, research has shown that advertising that tries to maximize effectiveness with regard to one objective very often fails to be effective on other objectives. For instance, an advertisement that is very successful in attracting attention (for example, by creating anxiety or fear) may fail to persuade (because people may get defensive in the face of such anxiety). As another example, an advertisement using a famous spokesperson may get a lot of people to pay attention, but fewer copy points may get communicated because people who watch the ad may pay more attention to (and get distracted by) the spokesperson, thus paying less attention to the message content of the ad. This aspect of advertising response has been named the *compensation principle* by the psychologist William McGuire, who implies that single advertisements must therefore not aim at more than one objective, and that different and complementary advertisements must be created (as part of a total campaign) if there is more than one objective.[13]

Thus, when it is appropriate and necessary to deal with multiple objectives, these multiple objectives could require more than one advertising message, sequenced as part of an *advertising campaign*, although such a need may not be determined until after the creative process has begun.

Multiple objectives could involve more than one target audience. For example, a computer company might need to gain awareness among one segment and to communicate the existence of a new product to another. Or there might be two communication tasks for the same target segment. For example, an industrial chemical company might need to generate sales leads for its salespeople and to establish an image of a solid company of substance.

SPECIFYING THE TARGET SEGMENT

A basic question in the objective-setting process is the identity of the *target segment*. To whom is the advertising to be addressed? The target audience can be defined in many ways, and Chapter 6 provides a detailed discussion of segmentation and segmentation variables. The process of objective setting is intimately connected with that of selecting a target segment and may involve subsegments that are relevant to the communication task. For example, in the case of marketing a product line to small banks, it might be appropriate to communicate cost savings for a computer model to bank presidents, software reliability to bank administrative personnel, and to ignore loan officers. Although the general marketing strategy would include all professionals in small banks, the advertising objectives could appropriately refine this group into subgroups.

The behavioral measures discussed in this chapter such as usage and loyalty can also be used to define target segments. A target thus could be the heavy user, the nonuser, the loyal user of our brand, or the group loyal to another brand. In Chapter 6, benefit segmentation will be explored in a context in which a target segment is defined by the benefits sought from a product. For example, a target segment might be those who are particularly concerned with the cost of operating a computer, whereas another segment might be interested primarily in the computer's speed.

The advertising response measures just presented can be particularly useful segmentation variables in the advertising context. Thus, segments can often be identified that are unaware of the brand, do not know or are not convinced that has a key attribute, or have not yet developed a positive attitude. One or more of these segments can then be selected as the primary target. Such a segmentation choice can make the advertising more effective since a campaign designed to create awareness will tend to be very different from one designed to communicate a product attribute.

THE DAGMAR APPROACH . . . .

The approach to setting advertising objectives just outlined will be expanded on in the next seven chapters and in the balance of the book. Research findings, constructs, and measurement tools will be developed that will serve to make the approach effective and operational. In this section of this chapter, the historical foundations for our approach to setting advertising objectives will be presented. It provides a rationale and basis for the introduction of advertising response measures in advertising objectives and for the concept of measuring such objectives over time.

There are several reasons for this diversion. First, the historical roots of the approach are not only interesting but provide a deeper understanding of thrust and scope. Second, they provide suggestions on implementation that are still useful and valid.

In 1961, Russell H. Colley wrote a book under the sponsorship of the Association of National Advertisers called *Defining Advertising Goals for Measured Advertising Results*.[14] The book introduced what has become known as the *DAGMAR approach* to advertising planning and included a precise method for selecting and quantifying goals and for using those goals to measure performance. The performance measurement feature had great appeal to managers of the 1960s, who were frustrated by the available methods for controlling advertising efforts and impatient with embryonic methods of developing sales-response models.

The DAGMAR approach can be summarized in its succinct statement "defining an advertising goal." An *advertising goal* is a specific communication task, to be accomplished among a defined audience, in a given period of time. Note that a communication task is involved as opposed to a marketing task and that the goal is specific, involving an unambiguously defined task, among a defined audience, in a given time period.

A Communication Task

An advertising objective involves a *communication task*, something that advertising, by itself, can reasonably hope to accomplish. It is recognized that advertising is mass, paid communication that is intended to create awareness, impart information, develop attitudes, or induce action.

In the DAGMAR approach, the communication task is based on a specific model of the communication process, as illustrated in Figure 4–13. The model suggests that there is a series of mental steps through which a brand or objects must climb to gain acceptance. An individual starts at some point by being unaware of a brand's presence in the market. The initial communication task of the brand is to

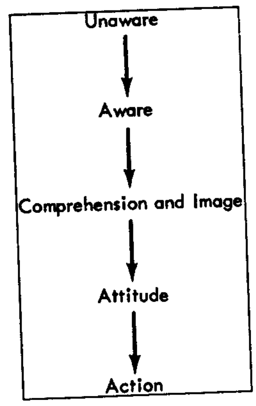

Figure 4–13. A hierarchy of effects model of the communications process.

increase consumer awareness of the brand—to advance the brand one step up the hierarchy.

The second step of the communication process is brand comprehension and involves the audience member learning something about the brand. What are its specific characteristics and appeals, including associated imagery and feelings? In what way does it differ from its competitors? Whom is it supposed to benefit? The third step is the attitude (or conviction) step and intervenes between comprehension and final action. The action phase involves some overt move on the part of the buyer, such as trying a brand for the first time, visiting a showroom, or requesting information.

A communication model such as the DAGMAR model, which implies that the audience member will sequentially pass through a set of steps, is termed a *hierarchy-of-effects model*. A host of hierarchy models have been proposed. The *AIDA model*, developed in the 1920s, suggested that an effective personal sales presentation should attract **A**ttention, gain **I**nterest, create a **D**esire, and precipitate **A**ction. The *new adopter hierarchy model*, conceived by rural sociologists, postulated five stages: awareness, interest, evaluation, trial, and adoption.

Another hierarchy model is particularly interesting because of its close ties with social psychological theory. Developed by Robert Lavidge and Gary Steiner,[15] it includes six stages: awareness, knowledge, liking, preference, conviction, and purchase. They divided this hierarchy into the three components corresponding to a social psychologist's concept of an attitude system. The first stage, consisting of the awareness and knowledge levels, is comparable to the cognitive, or knowledge, component of attitude. The affective component of an attitude, the like-dislike aspect, is represented in the Lavidge and Steiner hierarchy by the liking and preference levels. The remaining attitude component is the conative component, the action or motivation element, represented by the conviction and purchase levels, the final two levels in the hierarchy.

A Specific Task

We have mentioned that the DAGMAR approach emphasizes the communication task of advertising not the marketing objectives of the firm. The second important concept of the DAGMAR approach is that the advertising goal be specific. It should be a written, measurable task involving a starting point, a defined audience, and a fixed time period.

Measurement Procedure

The DAGMAR approach needs to be made specific when actual goals are formulated. When brand comprehension is involved, for example, it is necessary to indicate exactly what appeal or image is to be communicated. Furthermore, the specification should include a description of the measurement procedure. If a high-protein cereal were trying to increase brand comprehension among a target audience, managers could well decide to promote its protein content. However, merely mentioning its protein content is inadequate and open to different interpretations. Is the cereal to be perceived as one containing a full day's supply as a protection against illness or as one that supplies more energy than other cereals? If a survey includes the request, "Rank the following cereals as to protein content," then brand comprehension could be quantified to mean the percentage who rated it first.

Benchmark

President Lincoln has been quoted as saying, "If we could first know where we are and whither we are tending, we could better judge what to do and how to do it."[16] A basic aspect of establishing a goal and selecting a campaign to reach it is to know the starting conditions. Without a benchmark, it is most difficult to determine the optimal goal. The selection of an awareness-oriented goal might be a mistake if awareness is already high. Without a benchmark measure, such a circumstance could not be ascertained quantitatively. In addition, benchmarks can suggest how a certain goal can best be reached. For example, it would be useful to know whether the existing image needs to be changed, reinforced, diffused, or sharpened. A benchmark is also a prerequisite to the ultimate measurement of results, an essential part of any planning program and of the DAGMAR approach in particular. Despite the obvious value of having benchmarks before goals are set, this is often not done. In fact, the key to the DAGMAR approach is probably the generation of well-conceived benchmarks before advertising goals are determined. With such measures, the rest of the approach flows rather naturally.

Target Audience

A key tenet of the DAGMAR approach was that the target audience be well defined. If the goal was to increase awareness, for example, it was essential to know the target audience precisely. Perhaps the goal was to increase awareness among the heavy user segment from 25 percent to 60 percent in a certain time period. The benchmark measure could not be developed without a specification of the target segment. Further, the campaign execution will normally depend on the identity of the target segment. The heavy user group will likely respond differently from a segment defined by a lifestyle profile.

Time Period

The objective should involve a particular time period, such as six months or one year. With a time period specified, a survey to generate a set of measures can be planned and anticipated. All parties involved will understand that the results will be available for evaluating the campaign, which could lead to a contraction, expansion, or change in the current effort. The length of the time period must fit into various constraints involving the planning cycle of both a company and an agency. However, the appropriate time necessary to generate the kind of cognitive response desired should also be considered.

Written Goals

Finally, goals should be committed to paper. Under the discipline of writing clearly, basic shortcomings and misunderstandings become exposed, and it becomes easy to determine whether the goal contains the crucial aspects of the DAGMAR approach.

Suppose that the product of interest were an economy-priced bourbon. It has a bad quality image despite the fact that blind taste tests indicated that it does not have any real quality problems. An objective might be developed with respect to a scale ranging from –5 to +5 (inadequate taste to adequate taste). An admissible objective would be to increase the percentage of male bourbon drinkers in the United States who give a nonnegative rating on the scale from 5 to 25 percent in a twelve-month period. Notice that this objective is measurable and has a starting point, a definite audience, and a fixed time period.

The DAGMAR Checklist

An aid to those implementing the DAGMAR approach is a checklist of promotional tasks, partially reproduced as Table 4–2. The suggestion was to rate each of the promotional tasks in terms of its relative importance in the context of the product situation involved. The intent was to stimulate ideas or decision alternatives, often the most difficult and crucial part of the decision process.

Following are two examples of the DAGMAR approach as presented in Colley's book. It is left to the reader to examine these examples critically to see if they satisfy the requirements of the approach as it has been presented here.

Overseas Airline Service[17]—A DAGMAR Case Study

The company was one of the smaller of several dozen airlines competing for American overseas airline passengers. It was recognized at the outset that it was impossible to compete with the giant airlines in advertising volume. The small budget would not permit the size of space, frequency, and media breadth used by the major airlines.

The copy and media strategy decided on was, therefore, to concentrate on a particular segment of the audience, with highly distinctive copy and art beamed at

Table 4-2. Partial Checklist of Promotional Tasks*

To what extent does the advertising aim at closing an immediate sale?

1. Perform the complete selling function (take the product through all the necessary steps toward a sale).
2. Close sales to prospects already partly sold through past advertising efforts ("ask for the order" or "clincher" advertising).
3. Announce a special reason for "buying now" (price, premium, etc.).
4. *Remind* people to buy.
5. Tie in with some special buying event.
6. Simulate impulse sales.

Does the advertising aim at near-term sales by moving the prospect, step by step, closer to the sale (so that when confronted with a buying situation, the customer will ask for, reach for, or accept the advertised brand)?

7. Create awareness of existence of the product or brand.
8. Create *brand image* or favorable emotional disposition toward the brand.
9. Implant information or attitude regarding benefits and superior features of brand.
10. Combat or offset competitive claims.
11. Correct false impressions, misinformation, and other obstacles to sales.
12. Build familiarity and easy recognition of package or trademark.

Does the advertising aim at building a long-range consumer franchise?

13. Build confidence in company and brand, which is expected to pay off in years to come.
14. Build consumer demand that places company in stronger position in relation to its distribution (not at the "mercy of the marketplace")
15. Place advertiser in position to select preferred distributors and dealers.
16. Secure universal distribution.
17. Establish a "reputation platform" for launching new brands or product lines.
18. Establish brand recognition and acceptance that will enable the company to open up new markets (geographic, price, age, sex).

Table 4-2. Partial Checklist of Promotional Tasks[a] (Continued)

[redacted]

[illegible]
19. Aid salespeople in [illegible]
20. Aid salespeople in getting [illegible]
21. Aid salespeople in getting [illegible]
22. Give salespeople an entree.
23. Build morale of company sales force.
24. Impress the trade.

Source: Russell H. Colley, Defining Advertising Goals for Measured Advertising Results (New York: Association of National Advertisers, 1961), pp. 61–68.

[a]The complete list included fifty-two items.

this particular audience. The audience was experienced, sophisticated world travelers. The message was the image of an airline that caters to a distinctive, discriminating, travel-wise audience. Experience and judgment indicated that selling to the seasoned traveler was a wise strategy. Not only does he or she make a more frequent customer, but his or her advice is sought and habits are emulated by the "first trippers."

Art and copy, in a highly distinctive style, were directed at attracting the attention and interest of the more experienced and sophisticated world travelers. In fact, a new name was coined and used extensively in the advertising to refer to sucn a person (TRAVOIR-FAIRE). Instead of featuring the more commonplace tourist attractions in the countries served, the advertising featured off-the-beaten-path scenes and unusual objects of art and interest. Whereas mass-appeal airlines were featuring hardware (make and speed of their jet service), advertising of the subject airline treated the make and speed of the airliner in a subtle manner and emphasized instead distinctive items of decor, comfort, cuisine, and service.

In addition to the usual reports of opinion on advertising effectiveness that come through inquiries and comments made to ticket and travel agents, the company conducted an inexpensive attitude survey. Travel agents in selected cities furnished names and addresses of overseas travelers (two or more trips). Questionnaires were sent out by mail periodically to a representative sample of several hundred such persons. Questions were directed toward determining the following information:

Awareness: What airlines can you name that offer all-jet service to________?

Image: Which of these airlines would you rate as outstanding on the following? (A checklist of characteristics and features was included.)

Preference: On your next overseas trip, which of these airlines would you seriously consider? Why?

An unusually high return of questionnaires was received because of the offer of a free booklet of high interest to international travelers. Survey costs were small (several hundred dollars for each semiannual survey).

The results shown in the accompanying table indicate a steadily rising awareness, a growing image as portrayed in the advertising, and an increase in preference. This was ample indication that advertising had succeeded in conveying the intended message to the selected audience.

Survey Results (Percent)

	Before advertising campaign	*End of six month*	*End of one year*
Awareness (have heard of company	38	46	52
Image (luxury all-jet overseas service)	9	17	24
Preference (would seriously consider for next trip)	13	15	21

Electrical Appliances[18]—A DAGMAR Case Study

The following case example concerned electrical appliances but serves to illustrate the advertising dynamics of other consumer durables such as automobiles or furniture.

The market was 26 million homemakers who are logical prospects. A logical prospect is defined as an owner of an appliance three years old or more, plus new households formed by marriage and new home construction.

Marketing Objective

The marketing objective was to get sales action now and sell carloads of appliances this season, thus reducing substantial dealer and manufacturer inventories.

Advertising Objective

The advertising objective was to induce immediate action. The brand name and product advantages are already well known through consistent and effective advertising.

Advertising's task, at this particular stage, was to persuade homemakers to visit dealers' showrooms and see a demonstration. A special ice cube tray was offered as an added inducement.

Specific Advertising Goal

The specific advertising goal was to persuade 400,000 homemakers to visit 10,000 dealers in four weeks, yielding an average of forty prospects who will physically cross the threshold of each dealer's showroom.

Results were measured in several different dimensions. The medium used was sponsorship of special audience telecasts. The results: two telecasts drew a combined audience of 84 million people. Approximately 18 percent, or 15 million people, could play back the commercial messages. Nearly one-half million took immediate action by walking into a dealer's showroom and purchasing the special offer. Advertising accomplished its assigned task by inducing consumers to visit the dealer's showroom. It is true that dealers sold a large volume of appliances during the special promotion. But advertising cannot claim all the credit since it was only one factor in the consummation of the sale. However, further research indicated that 44 percent of the people who bought a refrigerator gave advertising as the major factor in choice of brand.

Challenges to the DAGMAR Approach

The DAGMAR approach had enormous visibility and influence. It really changed the way that advertising objectives were created and the way that advertising results were measured. It introduced the concept of communication objectives like awareness, comprehension, image, and attitude. The point was made that such goals are more appropriate for advertising than is some measure like sales which can have multiple causes. In introducing communication objectives, behavioral science constructs and models such as attitude models were drawn upon. The DAGMAR approach also focused attention upon measurement encouraging people to create objectives so specific and operational that they can be measured. In doing so, it provided the potential to improve the communication between the creative teams and the advertising clients.

A measure of the significance of an idea is the degree of both theoretical and empirical controversy that it precipitates. By this measure the DAGMAR approach has been most significant. There have been six different kinds of challenges to the DAGMAR model.

Sales Goal

First, some purists believe that only a sales measure is relevant. As pointed out by Michael Halbert, one of the pioneering group at DuPont engaged in the use of experimental-design approaches to measure advertising effect,[19]

> *When a study using one of the goals just mentioned [e.g., increase awareness] is published and reported at a meeting, I sometimes get the unsocial urge to question the author with, "So what?" If he has shown that advertising does, in fact, increase brand name awareness or favorable attitude toward the company, on what grounds does this increase a justifiable use of the company's funds? The answer usually given is that more people will buy a product if they are aware of it or if they have a favorable attitude. But why leave this critical piece of inference out of the design of the original research?*

For example, if awareness does not affect sales, why bother to measure it? If it does have a close relationship, why not measure sales directly? This argument has gained strength in recent years since it is now possible to measure advertising effects on short-term sales for packaged goods with great precision through controlled experiments utilizing scanner data panels (see Chapter 16). However, as mentioned before, even these tests cannot typically yield unambiguous estimates of the long-term effects of advertising.

A second version of this criticism is that if sales effects measures are flawed, the use of intermediate objectives has serious flaws too. For instance, any use of an intermediate objective, as suggested by the DAGMAR model, involves the assumption that the relationship between sales and that intermediate objective is positive and monotonic (i.e., as one goes up the other does too), and that this relationship applies equally strongly (i.e., with equal "slopes") to all consumer segments being targeted or being compared for relative ad effects. These assumptions may not hold true in all situations.[20]

Practicability

A second objection focuses on the many implementation difficulties inherent in the DAGMAR approach. In particular, the checklist falls short of providing sufficient details to implement the approach. As Leo Bogart has observed, Colley provides broad outlines much like the dragonfly that, after showing a hippopotamus the relationship between wing movement and flying, was asked exactly how to do it and replied, "I'll give you the broad idea and you work out the details."[21] A level in the hierarchy to be attacked must be selected, and a campaign to influence those at that level must be developed. Neither of these tasks is easy.

Measurement Problems

The third problem is measurement. What should we really measure when we speak of attitude, awareness, or brand comprehension? Substantial conceptual and measurement problems underlie all these constructs.

Noise in the System

A fourth problem is noise that exists in the hierarchy model, just as it does in the other, more simple, response models involving immediate sales. We have argued that there are many causal factors other than advertising that determine sales. In a more complex model, it can be argued that there are many causal factors besides advertising that determine awareness. For example, variables such as competitive promotion or unplanned publicity can affect an awareness campaign.

Inhibiting the Great Idea

The "great creative idea" is a dream or hope of many advertisers (see discussion in Chapter 13). The DAGMAR model is basically a rational, planned approach that, among other things, provides guidance to creative people. The problem is that if it does in fact have any influence on their work, it must also necessarily inhibit their efforts. When the creative approach of copywriters and art directors is inhibited, there is less likelihood that they will come up with a great idea and an increased probability of a pedestrian advertising campaign resulting. Of course, there might also be a lesser probability of a spectacularly ineffective advertising campaign.

Anthony Morgan, an agency research director, argues that the hierarchy model, which he terms the "HEAR-UNDERSTAND-DO" model, inhibits great advertising by emphasizing tests of recall, communication, and persuasion.[22] He gives two examples. First, a campaign with all music and warm human visuals which everyone loved failed to meet the "company standard" for the day-after recall test (where on the day after ad exposure viewers are asked to recall specific copy points—discussed in Chapter 14). A potentially great campaign was clearly being evaluated by the wrong criteria. A more appropriate model for this campaign might have been "SENSE-FEEL-RELATE." Chapter 9 will expand on this concept.

The second example is the Campbell's Soup "Soup Is Good Food" campaign created to arrest a ten-year decline in per capita consumption of Campbell's Red & White line of soups. The campaign objectives were to communicate news, to change the perception of soup, and to increase consumption. The first commercials received the lowest persuasion scores (from a test measuring the impact of commercial exposure on attitudes and intentions) that any Campbell's commercial had ever scored. However, the campaign, which stimulated three years of sales increases, was designed not to have much initial impact but to withstand enormous repetitions and to work over time. The testing was simply inappropriate. The implication is that it can be dangerous to rely on testing based on the hierarchical model (or any other single conceptualization). Rather, conceptual and research flexibility needs to be employed.

Hierarchy Model of Communication Effect

The sixth type of argument against the DAGMAR approach attacks the basic hierarchy model which postulates a set of sequential steps of awareness, comprehension, and attitude leading to action. The counterargument is that other models may hold in various contexts and that it is naive to apply the DAGMAR hierarchy models in all situations. For example, action can precede attitude formation and even comprehension with an impulse purchase of a low-involvement product. At this point there is general agreement that, indeed, the appropriate model will depend upon the situation and a key problem in many contexts is in fact to determine what that model is. We discuss such alternative models and their situational applicability in the Chapter 5. However, the basic thrust of DAGMAR-the use of advertising response measures as the basis of objectives and the focus on measurement-does not depend upon the DAGMAR hierarchy model, so this issue is not really that crucial as it may have once appeared.

We now turn to implementation of the DAGMAR approach, using two applied examples.

Applied Example One: The Leo Burnett Program (CAPP)

CAPP, an acronym for *continuous advertising planning program*, was developed by the Leo Burnett advertising agency. As reported by John Maloney,[23] one of its architects, it is based on still another hierarchy-of-effect model consisting of unawareness, awareness, acceptance, preference, brand bought last, and brand satisfaction. Termed *the consumer demand profile*, it is shown graphically in Figure 4–14.

Here, the acceptance level implies that the brand is acceptable to an individual; it meets his or her minimum requirements. Brand preference indicates the percentage of total product-class users who rate the brand, on a four-point scale, higher than any other brand. A unique element of the CAPP hierarchy is brand sat-

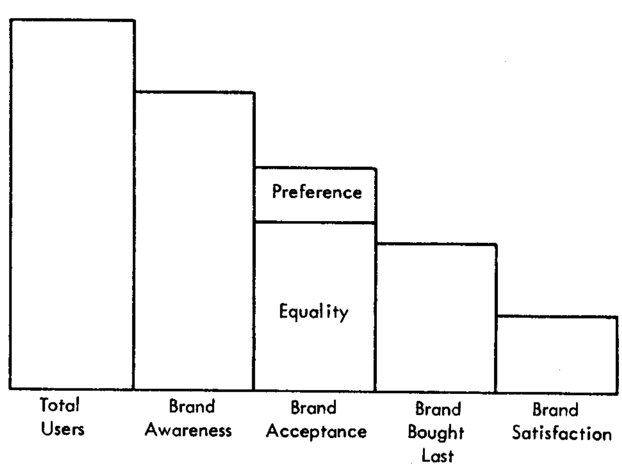

Figure 4–14. Consumer demand profile.

Source: John C. Maloney, "Attitude Measurement and Formation," paper presented at the Test Market Design and Measurement Workshop, American Marketing Association. Chicago, April 21, 1966.

isfaction, which is meant to reflect the performance of the brand after purchase and repeat buying.

A cross-sectional sample of 1,000 households, interviewed on a monthly basis, provided the data base. Information was obtained from each household on their media habits and their location on the CAPP hierarchy with respect to the brands of interest. Monthly data provide a sensitive indicator of the response to the advertising campaign. Clearly, such time-series information has much greater and more timely interpretative power than measures restricted to immediately before and immediately after a campaign. If a substantial change is to be generated in a hierarchy measure, progress should be observed along the way and an appropriate campaign developed accordingly.

Which Hierarchy Level?

How can knowledge of the CAPP hierarchy profile and its trends be helpful in determining what level to attack? Maloney suggested an examination of the hierarchy patterns. The adjacent levels in the hierarchy were of particular interest. For example, if there were a small number of people who were aware of the brand (relative to the number of total users), then a worthwhile target could be to increase awareness. If a substantial number of people had accepted the brand, but only a few preferred it, perhaps it would be necessary to sharpen up the brand image in some respect. On the other hand, if there were a high degree of acceptance but a very low level of brand bought last, then it might become necessary to stimulate a trial purchase. If brand satisfaction is low compared to brand bought last, then perhaps there is a basic problem with the brand itself, and some very specific questions should be asked about its capacity to satisfy customer wants and needs.

Essentially, the proposal is to consider the ratio of the size of adjacent levels, for example, the number of those who bought the brand last divided by the number who indicated brand satisfaction. A good level to consider as an objective is one for which this ratio involving the next lower level is high. This decision rule reflects the fact that it is usually worthwhile to concentrate on large segments and ignore smaller ones. It identifies that segment that contains large numbers of potential movers.

Naturally, it would be desirable to refine this decision rule by providing numerical guidelines. To do so, the profile histories associated with other brands in the product class would have to be considered to provide a frame of reference. The ultimate goal should be to expand the decision rule into a decision model that would make Maloney's suggestion explicit. Such a model will be developed, but in the context of our second applied example.

Applied Example Two: The General Motors Approach

Another major application of the DAGMAR model was the General Motors approach, as reported by Gail Smith.[24] Although General Motors reportedly does not use this approach currently,[25] believing that the effects of advertising and other marketing elements (such as word of mouth, dealer experience, news reports) are impossible to disentangle for even these intermediate nonsales effects, it nonetheless serves as an excellent example of the kind of analysis that the DAGMAR approach makes possible.

The data base for this effort consisted of six matched, cross-sectional surveys taken in September, October, December, January, March, and June. In the automobile industry, the impact of advertising effort is much more important in the fall than in the summer; therefore, the measurement schedule was adjusted accordingly. Seven types of information, shown in Table 4–3, were obtained in each survey. They included a hierarchy measure, product image, message registration, market behavior, product inventory, demographics, and media consumption.

The hierarchy used by General Motors consisted of *awareness*, *buying class*, *consideration class*, and *first choice*. A brand is in a respondent's buying class if she or he considers it similar to or competitive with the brands she or he would actively consider when entering the market. Consideration class consists of those brands the respondent will favorably consider the next time he or she enters the market. Both of these measures were obtained through open-ended questions. The first choice is the one brand the respondent would select if a choice were made at the time the questionnaire was administered.

The image section consisted of thirty-five semantic differential questions measuring such dimensions as styling, prestige, and trade-in value. The message registration section measured the impact of the advertising. Did the slogans and the product attributes that were part of the advertising message get through to the audience? This information, in conjunction with the media consumption data, is, of course, interesting in itself. It provides the possibility of measuring the relative message impact of the various media. The market behavior section includes shopping behavior, purchases, and intentions. These kinds of constructs represent the ultimate payoff, and we shall attempt to use them to quantify the decision about which level to attack. The product inventory and demographic sections provided information that permits cross-classification on the data, a basic approach to evaluating segmentation strategies. For example, the answers from young owners of foreign cars might be compared with responses from young owners of American cars.

Which Hierarchy Level?

The existence of such cross-sectional information provides a firm basis for the DAGMAR approach. However, to provide sensitive measures of the economic value of goal accomplishment, it is desirable to measure the same respondent at several

Table 4–3. General Content of the Questionaire Used to Establish Advertising Goals for General Motors Products.

I. Preferences levels by brand, by series of brand
    Awareness
    "Buying class"
    "Consideration class"
II. Product image
III. Message registration
    Specific product attributes
    Slogans
    Story line
IV. Market behavior
    Shopping behavior, dealer visits
    Purchases
    Intentions
V. Product inventory
    Content and condition
VI. Demographics
VII. media consumption
    Television: by hours per week, by selected programs
    Magazines: by hours per week, by selected magazines
    Radio: by hours per week, by time slot
    Newspapers: by hours per week, by type

Source: Gail Smith, "How GM Measures Ad Effectiveness," in Keith K. Cox, ed., Readings in Market Research (New York: Appleton-Century-Crofts, 1967), p.172.

points in time. Accordingly, General Motors questioned a subsample of the respondents in each survey twelve months later. One purpose was to obtain a measure of the accuracy of answers regarding planned shopping behavior, dealer visits, and so forth. Table 4–4 summarizes such information for a car, here called Watusi, which was developed by General Motors for the youth market.

The first column of Table 4–4 shows the sample proportion in each hierarchy level. The second indicates the probability that the respondent will visit a dealer. The third, the probability of a Watusi purchase, potentially provides the basis for an economic judgment about which level in the hierarchy would be the most profitable to attack. The table indicates that, if a respondent gave Watusi as a first choice, his or her probability of buying would be 0.56, whereas if the Watusi was only in the consideration class, the purchase probability would be 0.22. Thus, if someone who moves up to the first-choice hierarchy level behaves like those already there, the latter's purchase probability would increase by

$$0.56 - 0.22 = 0.34$$

To determine the relative value of a campaign directed at those in the consideration class hierarchy level, it would also be necessary to weigh (1) the number of people in the consideration class hierarchy level, and (2) the cost and

Table 4–4. Value of Preference Levels in Terms of Probability and Dealer Visitation and Purchase.

Hierarchy Level		Preference Level Proportion	Probability will visit Watusi dealer	Probability will buy Watusi
5	Watusi first choice	0.05	0.840	0.560
4	Watusi in consideration class	0.07	0.620	0.220
3	Watusi in buying class	0.08	0.400	0.090
2	Aware of Watusi	0.14	0.240	0.050
1	Not aware of Watusi	0.66	0.015	0.004
	Total	1.00		

Source: Gail Smith, "How GM Measures Ad Effectiveness," in Keith K. Cox, ed., Readings in Market Research *(New York: Appleton-Century-Crofts, 1967), p. 175.*

effectiveness of an advertising campaign designed to move them to the first-choice hierarchy level.

Moving People up the Hierarchy

How can advertising go about moving people from one hierarchy level to another? This problem will be addressed in later chapters of the book. However, it is useful to consider here the General Motors approach, which was based upon a thirty-five question semantic differential. Brand image profiles for all people on each level were obtained and an average secured for each level. Table 4–5 shows such average profiles for those in the consideration class and the buying class. These average profiles are then compared and significant differences between them are noted.

In Table 4–5, the largest difference is the image dimension labeled *trade-in value*. Thus, it seems reasonable to work on this particular dimension to move the image of those in the buying class toward the image of those in the consideration class. The assumption is that, if an image can be so changed for an individual, he or she will change classes so that the new image will match the average image of

Table 4–5. Ratings of Watusi, by Item, by Those Considering Watusi to Be in Their Buying Class (on scale of 1–100)

	But will not give it favorable consideration	But Will give it favorable consideration	Difference
Smooth riding	88	91	3
Styling	76	89	13
Overall comfort	81	87	6
Handling	83	86	3
Spacious interior	85	85	0
Luxurious interior	79	85	6
Quality of workmanship	80	83	3
Advanced engineering	77	83	6
prestige	73	82	9
Value for the money	76	79	3
Trade-in value	59	77	18
Cost of upkeep and maintenance	63	67	4
Gas economy	58	58	0

Source: Gail Smith, "How GM Measures Ad Effectiveness," in Keith K. Cox, ed., Readings in Market Research (New York: Appleton-Century-Crofts, 1967), p.176.

"his or her class." Perhaps this is an extreme assumption. It places undue stress on the average. Nevertheless, this approach does have appeal.

To implement these hypothetical conclusions properly, it is necessary to reach those in the level of interest, in this case, the buying class. The survey information reported in Table 4-3 includes a media-consumption section. Using these data, it may be possible to identify media vehicles that will be effective in reaching those in the buying class. Furthermore, it may be possible to reach those in that class who have a low impression of the trade-in value of the Watusi automobile. Thus, to the extent that vehicles can be so identified, the cost of changing the image of the average profile is minimized.

SUMMARY

Operational objectives provide criteria for decision making, standards against which to evaluate performance, and serve as a communication tool. Short-run sales usually do not provide the basis for operational objectives for two reasons: (1) advertising is usually only one of many factors influencing sales, and (2) the impact of advertising often occurs primarily over the long run.

The development of more operational objectives involves three considerations. First, the behavioral decisions or actions that advertising is attempting to influence need to be analyzed. The relevant behavior could be visiting a retailer, trying a new brand, increasing usage levels, increasing share-of-requirements, maintaining existing brand loyalties, or donating money to a charity. Second, the communication and decision process that precedes and influences that behavior should be examined. This process will usually involve constructs like awareness, image, or attitude. Third, the specification of the target segment needs to be specified. Segment defining variables that are often useful include usage, benefits sought, awareness level, brand perceptions, and life-style.

This approach to setting objectives is a refinement and extension of an approach developed over a decade ago and known as the DAGMAR approach. This approach defines an advertising goal as a specific communication task to be accomplished among a defined audience in a given time period. Thus, a communication task is involved, as opposed to a marketing task, based on a hierarchy model of the communication process involving awareness, comprehension, attitude, and action. The goal is specific, with a definite measure, a starting point, a defined audience, and a fixed time period.

By introducing behavioral science theory into advertising management, the DAGMAR model provides the framework for the development of more operational objectives. However, it has been challenged through the years on several fronts. Some critics believe that the only appropriate measure of advertising is sales. Another objection is that it is difficult to select a hierarchy level on which to base objectives and to know how to move people up the hierarchy. Others believe that the approach is limited by measurement problems and noise in the system. By providing guidance to operating people, the DAGMAR approach is said to inhibit the development of "the great idea."

Another criticism is that a single hierarchy model of the communication process is not appropriate, and that different hierarchies may be relevant in different kinds of situations. A crucial question in many advertising campaigns therefore is to determine which intervening variable is most important in leading to sales in different situations, and consequently needs to be the focus of the campaign. Here, research conducted over the last thirty years on "how advertising works" needs to be examined (see Chapter 5). In addition, the advertiser also needs to determine those hierarchy levels that have not yet been reached by large numbers of potential customers. An extension of this approach is to consider not only the size of the segment but the difficulty and, therefore, cost of moving them up the hierarchy, as weall as the likelihood of their eventually making the desired decision (e.g., to buy an automobile) once they have moved up.

DISCUSSION QUESTIONS

1. What are operational objectives? Consider various organizations. By research or by speculation, determine their objectives. Are they operational? Is profit maximization an operational business objective? Is sales maximization an operational advertising objective? Under what circumstances might it be?
2. Evaluate the judgment of a brand manager of Budweiser beer who decides that the goal of his advertising should be to remind people of the brand.
3. Why might advertising have an impact many years after it appears?
4. Distinguish between a communication objective and a marketing objective.
5. What is the difference between brand image or personality, brand comprehension, and brand attitude?
6. How would you go about selecting which advertising response variable on which to base an advertising objective?
7. If awareness does not affect sales, why bother to measure it? If it does have a close relationship to sales, why not measure sales directly? Comment.
8. What is the "great idea" concept? Identify some campaigns that would qualify. Attempt to specify a set of DAGMAR objectives that might apply. Is the DAGMAR approach inconsistent with the hope of obtaining a truly brilliant creative advertising campaign?
9. Consider the CAPP data of Figure 4–14. Suppose that brand acceptance was 50 percent but brand preference was only 3 percent. What would be your diagnosis if you were a brand manager for a cereal? For an appliance? What if the brand awareness were 90 percent but brand acceptance were only 30 percent?
10. In the Watusi example, it was suggested that the trade-in value would be a good appeal to use. What were the assumptions that underlie that conclusion? Given Table 4–5, under what conditions would it be worthwhile to focus on the "spacious interior"?
11. Two case studies were presented in the chapter, Overseas Airline Service and Electrical Appliances. Two more are presented with the appendix, Regional

Brand of Beer and Cranberries. For each of the four consider the following questions:

a. Were the principles of the DAGMAR approach followed to the letter?
b. What objectives would you establish for the upcoming period?

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APPENDIX: ADDITIONAL CASE STUDIES . . . .

Regional Brand of Beer

The subject brand of beer has been the largest selling brand in its headquarters market for generations. The company has gradually expanded distribution into contiguous markets and now distributes in over a dozen states. Company policy was to avoid entering a new market until it is ready to go all out on advertising and distribution. During the first year in a new market, advertising expense, as a percentage of sales, runs three or four times the normal expenditure in an established market. It may take two or three years to reach the break-even point.

When first entering a new market, brand awareness is low. It is necessary to match or outspend the largest selling brand in order to capture a share of the consumer's attention and gradually woo him or her to try the brand. Management believed that anyone who is not prepared to enter competitive combat, quantitatively and qualitatively, is wasting money trying to open up new markets in this industry.

The advertising objective was to attain deep and incessant exposure. The goal was to establish an 80 percent level of brand identity among moderate to heavy beer drinkers in the market area within six months and to maintain that level thereafter. Through a series of simple unaided and aided recall tests, consumers were asked to identify various brands of beer sold and advertised in the market area. Experience in past market introductions had shown that the brand had always succeeded in getting a firm foothold in a market in which an 80 percent brand-awareness level had been established. Once the brand name was established through "investment" advertising, expenditures as a percentage of the sales dollar returned to a normal level.

Cranberries

A hypothetical trade association was made up of growers of cranberries that included many small producers who cannot afford to advertise individually. Consumption of cranberries is highly seasonal, traditionally during the Thanksgiving and Christmas seasons. A poor season, because of weather or other conditions, threatened to wipe out many producers who depended on this single crop for their livelihood. Land was unsuitable for crop diversification. Hence, the salvation of many growers was found in better marketing. Broad marketing objectives were (1) to increase consumption of cranberries and (2) to diversify use of cranberries so that marketing activities were not crowded into one short season.

MARKETING STRATEGY. The marketing strategy was to develop new uses of product and create consumer demand through advertising, publicity, and promotion. The first step was to engage food technologists and home economists to develop delectable new recipes. The result was an exciting new product, cranberry bread, was developed and tested.

ADVERTISING GOALS. The company intends to spread the word among homemakers that cranberry bread is delicious, easy to bake, and a culinary accomplishment that will bring praise to the cook by all who taste it. Specifically, these one-year goals were set:

Awareness **(have heard about cranberry bread): 50 percent of market**
Favorable attitude **(would like to bake it): 25 percent of market**
Action **(have baked it): 10 percent of market**

Since advertising funds of cranberry growers were very limited, it was necessary to get participation and tie-in advertising of others who would benefit, such as flour millers and nut growers. With advertising as the pivotal force, retailers were willing to devote display space, food editors treated the new item editorially, and manufacturers of flour and other products were persuaded to include recipes on packages.

Proof of advertising performance was needed to convince all the cooperating groups of the success of the initial effort and of the advantages of continued support. The sales volume of cranberries was not, by itself, a suitable index of advertising effectiveness. The entire crop is always disposed of, if necessary, at distress prices. Furthermore, price received is not a reliable index since abundance of crops is governed by weather and other factors. Hence, measurement of the effectiveness of advertising alone was needed. Measurement was accomplished through a simple consumer panel survey to determine the percentage of homemakers who had heard about, wanted to try, or had actually baked the product. Results clearly indicated success of the first year's campaign and the desirability of continued promotional efforts, with emphasis on converting those who know about the product to repetitive users.

CASE FOR PART

DIAGNOSTIC CASE*

The following data have been collected in five samples.

Measure	Case 1	Case 2	Case 3	Case 4	Case 5
Brand awareness	30%	80%	80%	80%	80%
Favorable attitude toward brand	25	25	45	45	10
Purchased brand once	23	25	23	35	35
Repeat purchase	20	20	20	30	8

In case 1, 30 percent of all respondents were aware of the brand being examined. Twenty-five percent indicated that they had a favorable attitude toward the brand. All of these people were ones who were aware of the brand. Twenty-three percent of all respondents purchased the brand, and all of these were from among those who were favorable toward it. Finally 20 percent purchased the brand more than once.

For each of the five cases described, identify the problem, if any, and indicate your course of action to remedy the problem.

*Source: Professor Brian Sternthal, J. L. Kellogg Graduate School of Management, Northwestern University. Reproduced by permission.

5 HOW ADVERTISING WORKS: SOME RESEARCH RESULTS

"Because you see," says Bloom, "for an [illegible] you must have repetition. That's the whole secret."
(from *Ulysses*, by James Joyce)

"[illegible] the place for a Snark! I have said it thrice: What I tell you three times is true."
(from *The Hunting of the Snark*, by Lewis Carroll)

The [illegible] of ad campaigns is littered with cases where the campaign failed because the agency and/or the advertiser chose the wrong advertising objective. In the automotive field, for example, Isuzu created an attention-getting and memorable character called Joe Isuzu, who drew attention with his clearly labeled lies about Isuzu cars, but the ads didn't sell too many Isuzu cars. The campaign was eventually changed and the agency fired.[1] Similarly, Subaru fired Wieden and Kennedy in July 1993 after its high-profile campaign for that agency also failed to sell many cars.[2]

While there are always multiple reasons for such a failure, it would seem that in this case, one contributing factor was the fact that the ads succeeded admirably in creating high recall but were weaker on the persuasion (attitude changing) dimension. Consumers remembered Joe Isuzu but not why Isuzu cars were the ones worth checking out at a dealership. Since consumers are likely to buy their cars rather carefully based on a careful assessment of features and benefits, rather than merely on the basis of which car ad campaigns come to mind first, this was most likely a major strategic blunder.

Obviously, therefore, it would have been worth the agency's time to spend some time thinking more carefully about what exactly their goals and objectives ought to have been—what kind of communication effect they needed to achieve. Chapter 3 discussed, in general terms, the process of setting operational and measurable objectives, be they ones of awareness, or attitude change, and so on. This chapter moves on to the issue of choosing among the alternative goals and objectives: exactly which kind of communication effect should the ad attempt to achieve?

As outlined in Figure 2–3 of Chapter 2, advertising can affect consumers in various ways, and the mechanism—or "route" of effect—sought in any particular situation needs to be clearly specified and understood before an ad can actually be created. Should the element influenced by advertising be changes in attitudes, awareness, brand personality, the social norms concerning the brand, or the feelings associated with it? Or, should it simply be the inducement of some kind of action? Should certain kinds of thoughts be evoked in the consumer's mind?

Questions like these can be answered better once we have an understanding of how advertising "works" in different types of situations. Because of the visibility of advertising and because it touches all our lives, everyone has a pet theory of how advertising has its (supposedly strong and pernicious) effects. It is said that every person is an expert in two fields—the field in which he or she is really an expert, and in advertising. However, while our common sense and intuition may indeed be accurate, they may also be wrong, and so it is useful to review what scientific research has revealed—or suggests—about how advertising really works. Such research results can help us challenge and reassess the validity of the many myths and pieces of conventional wisdom that populate the advertising business and guide us to better advertising decision making.

Such research-based insights can change our very basic understanding of how consumers process advertising. For example, while discussing objective setting earlier in Chapter 4, we relied primarily on a single hierarchy of response model in which awareness preceded attitudes, which, in turn, led to buying action. Taken literally, this hierarchy would suggest that advertisers should always first create advertising to increase awareness, follow up with a campaign to change attitudes, and subsequently aim to induce trial action. Is this always true? If not, what implications might it have for how we design ads?

As we indicated in Chapter 4, the choice of which objective to set for one's advertising campaigns is, in fact, not as simple as the DAGMAR hierarchy implies, and different hierarchies might indeed be relevant in different situations. A tremendous amount of research exists on which hierarchy level should be the target of advertising for what kinds of brands and consumer segments and marketing situations, and it is clearly in the advertiser's interest to become familiar with this research so that the choice of advertising objective can be made in a more informed manner.

In this chapter, therefore, we discuss what research has to tell us about what kind of effect an ad should try to create, in what kind of situation. To do this, we review several streams of research that bear on the question of how advertising "works," discussing these research results in the order of their historical development. The following chapters in the book discuss more specific guidance on *how* ads can be used to change attitudes, create awareness, associate feelings with the brand, and so on. Before we get to that, however, we need to understand *when* each of these *target variables* becomes more important. The objective in reviewing these different research streams is to create such understanding.

RESEARCH STREAM ONE: FOCUS ON EXPOSURE, SALIENCE, AND FAMILIARITY

Some ads have very low information content and yet seem to be effective at affecting attitudes, particularly with repetition (as James Joyce aptly observed in the opening quote for this chapter). Why? Some answers will be provided in Chapter 16, when repetition is discussed. However, one explanation considered here is that repeated exposure to an advertised brand can, by itself, create a liking for it.

The most extreme and controversial version of this *mere exposure effect* was initially offered in the late 1960s by a prominent psychologist, R. B. Zajonc, who hypothesized that preference is created simply from repeated exposure, with no associated cognitive activity.[3] In one study, for example, researchers presented subjects with a series of polygons, at different levels of repetition.[4] They then exposed the subjects to pairs of polygons, asking which one they had seen previously and which one was new, and which they preferred. The previously exposed polygons were preferred even though there was no recognition above chance levels as to which they had actually seen previously. This implies that the exposure effect occurred at some preconscious level, and not simply because subjects preferred those polygons they thought they had seen earlier.

Other research has also shown that aspects of advertisements (such as whether they are dominated by pictures or text) can make us like or dislike these advertisements through effects at this *preattentive* level, without our being aware of these effects.[5] There is continuing academic debate about the extent to which these preattentive effects are *cognitive* or *affective*, with no clear resolution.[6]

Clearly, one must be careful in jumping from research on polygons to making decisions about advertising processing, because advertisements (unlike polygons) contain meaningful information and can therefore be cognitively processed. Nevertheless, these studies suggest that advertising repetition may in some situations itself lead to preference, even if consumers don't absorb information on product benefits, and so on. It is therefore clear that keeping brand awareness at a high level should often be considered as a possible advertising objective.

Such *brand salience* or *top-of-mind awareness* is especially important when the advertising is aimed not so much at getting new customers, but at making existing customers buy a particular brand even more frequently, by increasing the proportion of times they select this brand instead of other brands in the category (its share-of-requirements, discussed earlier in Chapter 4). A. S. C. Ehrenberg, Gerald Tellis, and others have emphasized that, for most mature brands, advertising serves mostly to reinforce (rather than create) brand preference, in the face of competitive advertising, and that one way of reinforcing it is to have high levels of *reminder advertising*, that use frequent repetition.[7]

A related view of the exposure effect suggests that repeated exposure creates a conscious sense of *familiarity* with the brand, which then causes liking. The concept here is that familiar, known objects are evaluated more highly than are unknown objects with associated uncertainty. Perhaps uncertainty creates a tension, which is undesirable. Or, familiarity may create positive feelings of comfort, security, ownership, or intimacy. As the advertising researcher H. E. Krugman has pointed out, a product is often preferred not because it is indeed better but because of "the pleasure of its recognition . . . sheer familiarity."[8]

This familiarity model would explain why people develop positive attitudes toward brands and advertisements that are recognizable, even if these people cannot provide any facts about the brands. Although the *familiarity model*, like the *mere exposure model*, may not involve any in-depth cognitive activity (this is a topic for much academic debate), there is evidence proving that people can actually perceive objects faster if they are familiar with them, a phenomenon called *perceptual fluency*. Such perceptual fluency is believed to lead to the feeling of familiarity people experience when they encounter these previously repeated objects.[9]

Again, this evidence suggests that creating such familiarity, through awareness-building advertising (as well as extensive distribution, etc.) should be a more important advertising objective in situations when consumers are unlikely to extract much meaningful, "hard" information from advertisements.

Recently, Scott A. Hawkins and Stephen J. Hoch found that when consumers processed ads under low-involvement conditions (described in more detail below) they began to believe statements about a brand to be more true simply as a function of how often those statements were repeated to them in advertising. In other words, those assertions were felt to be "more true" simply because they were repeated more frequently. These effects emerged even though the consumers were not processing the ad information evaluatively.[10]

Relatedly, research by Amna Kirmani and Peter Wright also suggests that consumers sometimes use the perceived amount of advertising (judged by ad size, ad frequency, etc.) they see for a brand as an indicator of the brand's quality and of the advertiser's willingness to back that high quality with a high degree of marketing effort. The implication here is that building a sense of familiarity may be especially important if the company is new and needs to overcome doubts about its reliability. Such a *signalling* effect, however, works only as long as the consumer cannot find some other justification or explanation for the high spending level, such as a belief that the company is spending so much because it is desperate to move merchandise; such negative beliefs may arise especially when the perceived level of ad spending appears excessive to consumers.[11]

Implications for Managers

Together, the research reviewed above seems to suggest that a high level of ad repetition is especially important when consumers don't process ads with a view to extracting much information from them. When ads are likely to be processed in such a shallow manner, a high level of ad repetition can lead to brand preference simply because that brand is now top-of-mind, feels familiar and comfortable, is preconsciously liked, is perceived to be more believable, and feels safer and more trusted.

RESEARCH STREAM TWO: LOW-INVOLVEMENT LEARNING

In the DAGMAR hierarchy discussed in Chapter 4, comprehension of advertising content leads to attitude change. An alternative view is Krugman's classic model of television advertising, *low-involvement learning*, first offered in 1965.[12] Krugman, who at that time was an advertising manager with General Electric, observed that when products are advertised on television, consumers have little opportunity to think deeply about them because TV ads cannot be slowed down or stopped to be viewed at the consumer's pace. In contrast, a consumer can linger over and return to a print ad that he or she likes, thus relating more cognitively to the ad. If people don't learn much information from TV ads, then just how do TV ads have their effect?

In a study comparing consumer thoughts in response to TV ads versus print ads, Krugman found that TV ads yielded fewer responses linking the ad to a person's own life. Krugman observed, however, that despite their apparent inability to communicate much information, TV ads nonetheless did appear to increase brand preference, after repetition. He reasoned that perhaps repeated TV ads led to a gradual perceptual change in the consumer about what the brand represented. Thus, a brand might be considered primarily "modern" instead of being primarily "reliable. However, repeated exposure to an advertising message can alter the viewer's frame of reference and now give reliability the primary role in organizing the concept of the brand.

This subtle change in cognitive structure provides the potential to see a brand differently and can trigger a behavioral event such as an in-store purchase of the brand. This act of buying, or trial, event can then subsequently generate an attitude change or adjustment that is more consistent with the shift in perceptual structure. Thus, in low-involvement situations, product adoption can be characterized in Krugman's terms as occurring through gradual shifts in perceptual structure, aided by repetitive advertising in a low-involvement medium such as television, activated by behavioral choice situations, and followed at some time by a change in attitude.

Further work on such low-involvement learning was reported by Michael L. Ray and colleagues in a series of repetition studies done at Stanford University in the early 1970s.[13] In essence, they argued that when the products involved were of low risk and low interest (and thus of low involvement) to the consumer, and when the ads involved were television ads, advertising did not lead to an information-based attitude change, which then led to trial. Instead, the ads appeared to lead to trial simply because of greater top-of-mind awareness; this trial then led to attitude change. In short, in low-involvement situations the sequence of advertising effects was not

cognitive (product features) → attitudinal → behavioral (which they called the *high-involvement* hierarchy, and resembles the DAGMAR hierarchy)

but instead

cognitive (awareness) → behavioral → attitudinal

In recent years, substantial additional research has been done on the concept of involvement and its importance in determining the way in which advertising shapes consumer attitudes and behaviors. While some researchers now equate involvement with the amount of attention paid to the brand information in the advertisement, others measure it by the extent to which the message is personally relevant to the consumer, or the degree to which the consumer's thoughts, while viewing the ad, concern the brand instead of the way the ad is made.[14] Regardless of these conceptual differences, there is substantial agreement that the degree to which the consumer is "involved" is of critical importance in determining which part of the advertisement will shape the consumer's final attitude toward the brand. Later in this chapter we discuss one such view, the *elaboration likelihood model.*

It is also commonly agreed that consumers are more highly involved when they consider the message content more relevant (high motivation), when they have the knowledge and experience to think about that message content (high ability), and when the environment in which that message content is presented does not interfere with such thinking (high opportunity).[15] The *motivational involvement* factor is determined both by the individual's intrinsic level of interest in the product category (*enduring involvement*), as well as more temporary factors, such as how close the consumer is to a purchase in that product category and the degree of perceived risk in making a purchase in that category (*situational involvement*).[16]

Involvement is not, of course, the only variable that determines the extent to which the consumer will process the message attribute information in the ad: there are many others, including the kind of benefit the consumer is seeking from the product category. When the benefit is primarily sensory or image and ego enhancement, for example, the advertising might need to focus more on evoking the right kinds of emotions or imagery, rather than providing factual message content.[17] We discuss these situations in Chapters 9, 10, and 11.

Implications for Managers

For advertising managers seeking to make decisions about objectives, the overall implication of this research on involvement is that when advertisers are in a high-involvement situation, with the consumer seeking rational or problem-solving benefits, the advertisers ought to have as their objectives the communication of product benefits through message content, for only that can lead to the attitude change necessary for behavioral effects. Low-involvement situations, however, should lead to the targeting of greater awareness as a primary objective, rather than the communication of attitude-enhancing arguments about why the brand is better. Research by Wayne D. Hoyer and Steven P. Brown has shown that when subjects prefer to economize on time and effort in making a brand choice, they give great weight to the fact that they are previously aware of a brand instead of probing quality differences in detail.[18]

RESEARCH STREAM THREE: CENTRAL VERSUS PERIPHERAL ROUTES TO PERSUASION AND THE ELABORATION LIKELIHOOD MODEL . . .

In the preceding section on involvement, we said that considerable research has highlighted the crucial role played by involvement in determining which aspect of the ad has the biggest effect on consumer preference for the brand. One model of advertising that focuses on the role of such involvement is the *elaboration likelihood model*, or ELM.

According to the ELM, developed by psychologists Richard E. Petty and John T. Cacioppo, a basic dimension of information processing and attitude change is the depth or amount of information processing. At one extreme, the consumer can consciously and diligently consider the information provided in the ad in forming attitudes toward the advertised brand. Here, attitudes are changed or formed by careful consideration, thinking, and integration of information relevant to the product or object of the advertising. Using our previous terminology, the consumer is highly involved in processing the advertisement. This type of persuasion process is termed the *central route* to attitude change.[19] (There may also be different types of such central processing or cognitive elaboration, varying in whether the consumer focuses on differences between pieces of information, or the similarities among them,[20] but we will ignore these fine distinctions here.)

In contrast to such central processing, there also exists what Petty and Cacioppo term the *peripheral route* to attitude change. In the peripheral route, attitudes are formed and changed without active thinking about the brand's attributes and its pros and cons. Rather, the persuasive impact occurs by associating the brand with positive or negative aspects or executional cues in the ad that really are (or should not be) central to the worth of the brand. For example, rather than expressly considering the strength of the arguments presented in an advertisement, an audience member may use cognitive "shortcuts" and accept the conclusion that the brand is superior because

- **There were numerous arguments offered, even if they were not really strong and logical.**
- **The endorser seemed to be an expert, or was attractive and likable.**
- **The consumer liked the way the ad was made, the music in it, and so on.**

Conversely, a conclusion may be rejected not because of the logic of the argument but because of some surrounding cues. For example,

- **The position advocated may have been too extreme.**
- **The endorser may have been suspect.**
- **The magazine in which the ad appears was not respected.**

Attitudes resulting from central processing should be relatively strong and enduring, resistant to change, and predict behavior better than attitudes framed by the peripheral route. Such an observation makes sense particularly if the extreme cases are considered. If a person reaches a conclusion after conscious thought and deliberation, that conclusion should be firmer than if he or she merely based attitudes on peripheral cues. Scott B. MacKenzie and Richard A. Spreng did find that attitudes formed centrally, because of higher motivation, predicted purchase intentions more strongly.[21] However, attitudes formed peripherally can still end up determining choice, especially if the "central" information available to the consumer doesn't really help in selection (e.g., when the alternative brands are highly similar, or when no brand is clearly dominant).[22]

Obviously, an advertiser setting objectives needs to predict whether, in a given context, the central route is feasible—whether audience members will actually exert the effort involved to process an advertisement with strong arguments deeply. If this is unlikely, and the consumer is more likely to form attitudes peripherally, then the advertiser is better off creating an ad with likable or credible spokespeople, rather than relying on strong, logical arguments.

Which Route?

Petty and Cacioppo have proposed the framework in Figure 5–1, which predicts when the audience member will cognitively *elaborate* and follow the central route. Two factors identified in the ELM as significant are an audience member's motivation to process information and *ability* to process information (note that their definition of *ability* also includes what we called *opportunity* earlier). Consumers are most likely to process centrally when both motivation and ability are high; when either is low, peripheral processing is more likely. These motivation and ability factors are now discussed in greater detail.

Motivation to Process Information

Central processing requires first the motivation to process information, because information processing requires effort. Unless there is some reason to expend the

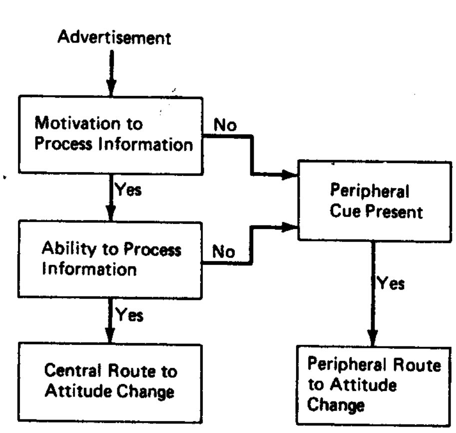


Figure 5–1. The ELM model of attitude change.

energy or pay the price, the "hard" information in the ad will not be processed. Such effort will not be expended unless the consumer is involved with the product and associated purchase decision and unless the information in the advertisement is both relevant and important.

For an advertisement to be relevant, the consumer should, at a minimum, be a user or potential user of the product. A confirmed user of drip coffee will be unlikely to want to process information about instant coffee. There may also be situational factors: the choice of a wine for a special occasion, or a gift, will be more important than if a routine use occasion was involved. Such motivational involvement can also be dependent on the ad itself: comparative ads, for instance, get consumers more motivated to process ads centrally, compared with noncomparative ads.[23]

Ability (and Opportunity) to Process Information

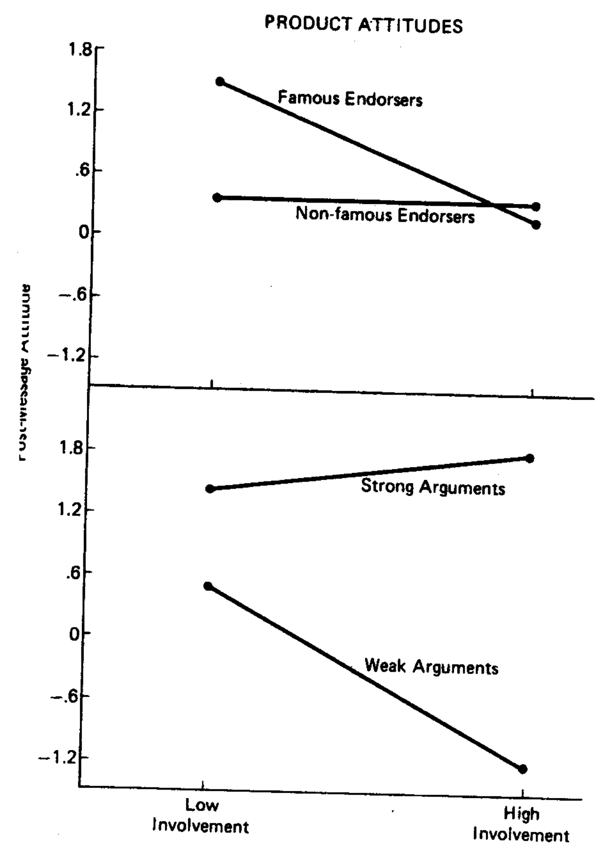
In addition to being motivated to process information centrally, the consumer must also have the ability and capacity to process information. There is no point in attempting to communicate information or make an argument that the target audience simply cannot process without a level of effort that is unacceptably high.

For example, someone not familiar with the vocabulary and refinements of stereo systems or high-end personal computers may lack the knowledge and experience to process a highly technical presentation of such equipment. Durairaj Maheswaran and Brian Sternthal found that novices in a product category will not process ad information described in terms of technical attributes, rather than benefits, even when they are highly motivated to process such information, because they are simply unable to process the ad at that technical level. Novices did process the ad if the message dealt with benefits, rather than attributes, and if they were given some reason (motivation) to think about the message. Product category experts, however, required no such external motivation, because they already were interested in the category and were able to process the more technical attribute information.[24]

Media environment affects ability and opportunity as well: someone listening to a short radio ad in a cluttered and distracting listening environment may simply not have the opportunity to think about what is being said.

An ELM Experiment

A print ad for disposable razors was used to illustrate and test the ELM model.[25] Respondents were shown a booklet of ten ads. Half of these respondents (high motivation) were told that they would be able to select a brand of razor as a gift and that the product would soon be available in their geographical area. The other half (low motivation) were told they would select a free toothpaste and that the products in the booklet were being tested in another area. Half of each group were shown ads with strong arguments, such as "in direct comparison tests, the Edge blade gave twice as many close shaves as its nearest competitor." The other half received weak arguments such as "designed with the bathroom in mind." Finally,



NOTE: Top panel shows interactive effect of involvement and endorser status on attitudes toward Edge razors. Bottom panel shows interactive effect of involvement and argument quality on attitudes toward Edge razors.

Figure 5–2. Product attitudes.

Source: Richard E. Petty, John T. Cacioppo, and David Schumann, "Central and Peripheral Routes to Advertising Effectiveness: The Moderating Role of Involvement," Journal of Consumer Research, *10, September 1983, p. 142. Published by The University of Chicago.*

the endorser was either a celebrity (a professional athlete) or an "average" citizen of Bakersfield, California.

Figure 5–2 summarizes the results. The ELM model would predict that the celebrity status of the product endorsers would have a greater impact on product attitudes under low- rather than high-motivation conditions because, being a peripheral cue, it would be used more in the former situation. In fact, the famous endorser did enhance attitude impact only under the low-motivation condition, where the peripheral route would be employed. Further, the impact of a strong argument was considerably greater in the high-motivation condition, where central processing would tend to occur, than in the low-motivation condition of peripheral processing.

The ELM model is a useful conceptualization of attitude change, but it is not perfect. For example, if the product is one involving sensory or pleasure benefits (such as a shampoo), audience members may process cues such as endorser attractiveness centrally rather than peripherally. Remember also that processing does not have be either central or peripheral in mutual exclusion, but could consist of a blend of both. (Indeed, there is a similar model by Shelly Chaiken called the *systematic/heuristic* model that explicitly suggests a continuum of processing rather than an either/or dichotomy.)[26]

Implications for Managers

From the advertising planning point of view, the key implication of this research stream is that the motivation and ability of the target audience are key criteria in objective setting. If motivation and ability are both high and central processing is most likely, it makes sense to try to focus on changing attitudes through strong "reasons why" the brand is better. Thus, an ad selling expensive office copiers might not be best served by using a celebrity endorser, which would be a peripheral cue.

But if either motivation or ability are low and peripheral processing is more likely, the objective should be to create a likable feeling for the brand through the choice of the spokesperson and/or executional elements, rather than through the strength and quality of the arguments about the brand. Thus, because consumers don't really know much about the differences between brands, it makes sense for a scotch whisky to use an endorser (see Figure 5–3).

Some of the various consumer, brand, product category, ad execution, and ad medium factors that shape the amount of motivation and ability to think deeply (i.e., more cognitive elaboration) about an ad's message content are as follows:

- *Ad medium.* The more control the consumer has over the pace of presentation, the more likely is the processing to be central. For example, print ads can lead to more cognitive elaboration than faster-paced TV or radio ads. *Thus, broadcast media are more likely to lead to peripherally created attitudes.*
- *Involvement or motivation.* Consumers more interested and involved with the content of the ad (e.g., the product category itself) will generate more total cognitive elaboration and form attitudes centrally. *If consumers don't care much about what you're saying, their attitudes will be formed peripherally.*
- *The knowledge level of the subjects.* More knowledgeable people will be able to generate more message-related thoughts than will less knowledgeable people and will form attitudes centrally. *If consumers don't know much about what you're saying, their attitudes will be formed peripherally.*
- *Comprehension.* If the consumer cannot comprehend the product information in the ad, either because their knowledge level is low or because the time allowed to process the ad is too limited, they will tend to process the ad more in terms of the source and other peripheral cues, instead of in terms of the message arguments.[27]
- *Distraction.* If either the environment for the ad or something in the ad itself, distracts the consumer, fewer message-related thoughts are produced, reducing central processing.
- *Emotion.* If the ad evokes a positive emotion that puts the consumer in a good mood, the consumer is often less willing to spend the energy thinking about the ad content and

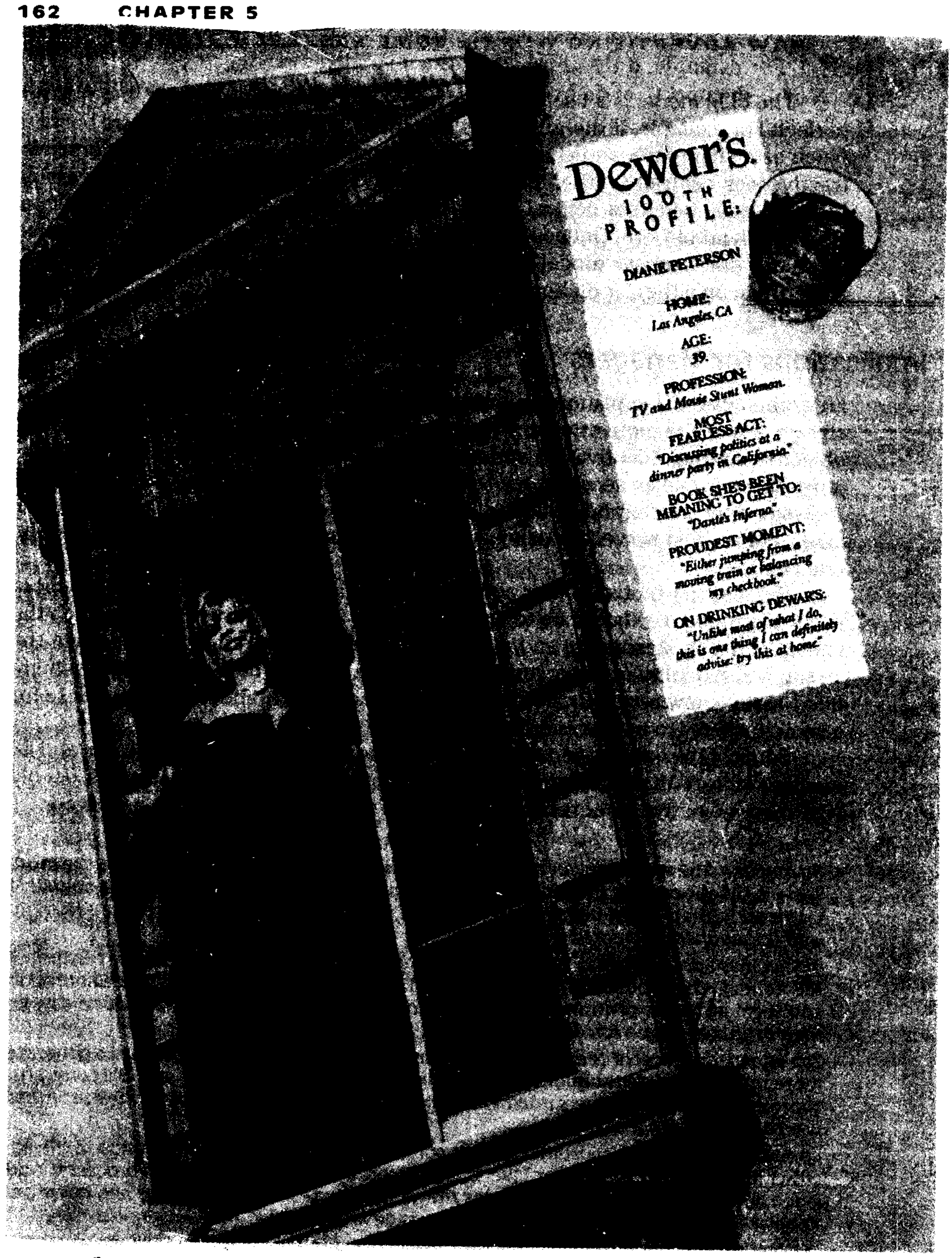


Figure 5–3. Low consumer knowledge situations call for peripheral cues.
Courtesy of Schiefflelin and Somerset Co., New York.

thus generates fewer total cognitive thoughts and forms attitudes peripherally rather than centrally.

- ***Need for cognition.*** **Some individuals are simply more interested in thinking about things (i.e., they have a higher need for cognition), and they usually generate more message-related thoughts. Thus their attitudes are more centrally based.**[28]

RESEARCH STREAM FOUR: THE COGNITIVE RESPONSE MODEL

To recapitulate, research streams one through three have established that:

- **In low-involvement situations, it may be more appropriate to create ads that raise awareness and change brand attitudes through executional liking and credibility, while**
- **in high-involvement situations, it may be better for ads to provide strong "reasons why" the brand is superior.**

Ways to accomplish the former strategy can be thought of intuitively—using attractive or credible endorsers, creating likable advertising, repeating ads frequently, and so on. But exactly how do we get strong message-oriented advertising to change attitudes in the high involvement, central route?

It is natural to assume that when advertisements change consumer attitudes in such high-involvement, central processing situations, it is because consumers *learn* the content of the advertisement and that this learning then leads to changes in attitude toward the brand. If this were true, then advertisers should attempt to design ads that maximize this consumer learning of message content. It would also make sense to test the effectiveness of these advertisements by measuring how much of their content was actually learned by consumers exposed to them, by asking consumers what they remembered from the ad.

Research in the late 1960s and early 1970s showed, however, that there was only a weak relationship between what a consumer could recall about the content of a message and that consumer's attitude toward the brand in the message.[29] Instead, what appeared to be really important in determining attitudes was the nature of the thoughts that went through the consumer's head as the ad was shown, as the consumer evaluated the incoming information in the context of past knowledge and attitudes. These thoughts that the consumer has when viewing an ad are called *cognitive responses*.

Research into cognitive responses usually involves asking audience members during the ad exposure or just after it to write down all the thoughts that occurred to him or her during the exposure. A variety of types of cognitive responses are potentially relevant in such analysis. A *counterargument* (CA) occurs when the audience member argues against the message argument presented by the ad. For example, Northwest Airlines ran a newspaper ad in 1993 showing an open can of sardines and the headline, "Wouldn't you really rather be sitting in First Class instead?" (Figure 5–4.) One can imagine readers who cannot afford to fly (or don't believe in flying) first class arguing furiously with the assertion that regular coach seats pack travelers together like sardines! A *support argument* (SA) is a cognitive

Figure 5–4. Will this ad evoke SAs or CAs?

Courtesy of Northwest Airlines.

response that affirms the argument made by an ad (e.g. "I could use a product that could provide whiter clothes"). Both CAs and SAs could take several forms.

Obviously, the impact on attitude of cognitive responses will depend on the nature of the cognitive responses evoked by the ad. The basic predictive model is that the number of SAs will be positively associated with changes in beliefs, attitudes, and behavioral intentions and that the number of CAs will be negatively correlated. This predictive model has been generally (although not always) supported in dozens of studies in advertising and psychology, especially in high-involvement situations.[30] In situations in which consumers watching the ad are not particularly interested in deciding whether or not they like the brand (because they are not highly involved), their later attitudes about the brand are more significantly influenced by the execution-related responses they have (e.g., "the ad seems phony"), than by SAs or CAs about the message content of the ad.

Consumers can also have various other thoughts when they view ads, some possibly related to their own lives and experiences, with their minds going off "on tangents" based on something they see or hear in the ad. While some of these idiosyncratic thoughts can add richness and personal meaning to how they see the advertised brand,[31] others of these thoughts can possibly distract them from learning the message(s) the advertiser intended them to learn. Such distraction effects are discussed in the chapters on communication (Chapter 11) and in Chapter 12.

Implications for Managers

It seems safe to conclude that when trying to create or change attitudes, especially in high-involvement situations, it is desirable to stimulate SAs and minimize CAs. It also seems safe to conclude that when measuring the effectiveness of an ad, one must look not only at what was learned from the ad, but, more importantly, one must examine exactly what the consumer was thinking when he or she saw the ad. Finally, it seems important that while aspects of the ad's execution be put there to attract attention or increase likability, care must be taken that they not distract the consumer from the key points the ad needed to make in the first place.

How SAs and CAs Can Be "Managed"

We said earlier that to create favorable attitudes we need our ads to raise the number of SAs and reduce the number of CAs. The research to date has provided some clues as to what can affect the ratio or *nature* (positive versus negative) of the SAs and CAs that consumers have when processing ads.[32]

- *Repetition.* Studies have found that the number of CAs fall and then rise with repetition, while SAs do the reverse. As a result, the net positive balance (SAs minus CAs) is often highest at intermediate levels of repetition levels—so that this repetition level is the point at which attitudes are usually at their highest level. *It is thus important, when repeating ads, not to repeat them too often so that they begin to evoke negative responses.* Such "wear-out" is discussed in Chapter 16.
- *Discrepancy from the previously held position or belief.* If the currently held position or belief matches the communication, SAs are likely, but as the discrepancy increases so will the number of CAs. *So, don't expect to have a hostile audience won over easily.*

- ***Strength of argument.*** **If the argument being made by the ad has some logic and strength to it, SAs are generated; if it is a weak argument, CAs are generated.** ***Implication: Unless you have a strong message, discourage central processing. There is an old advertising saying: If you have nothing to say, sing it!***
- ***Nature of emotion being felt.*** **If people are put in a positive mood, either by the ad or by something else while they process the ad, they are more likely to generate SAs and less likely to generate CAs.** ***If you don't have a strong message, create an ad that puts people in a good mood while you tell them your story.***

Obviously, it is an advertiser's interest to increase the number of SAs generated, especially when advertising to an hostile audience. Thus, when advertising to people who have a negative prior attitude about the brand, it may help to use distraction or to create positive moods—perhaps through using humor—because these might help reduce the number of CAs produced. Thus Dr. Scholl, makers of products to fight foot odor, uses humor in its ads to get its point across.

RESEARCH STREAM FIVE: THE RELATIONSHIP BETWEEN RECALL AND PERSUASION . . . . .

It was stated above that recall of message content does not have a very strong relationship to persuasion overall because what matters more in determining persuasion is what people themselves thought when they saw your ad, rather than their memory or recall of what you told them in your ad. This general conclusion must be qualified by several factors.

Recall does indeed relate to persuasion (and thus is an appropriate advertising objective) when the consumer is in a low-involvement situation and is therefore not evaluating the brand at the time the advertisement is seen (because the consumer does not see the need for such an on-the-spot evaluation). Consequently, when such a low-involvement consumer eventually needs to pick a brand (later in time), he or she has to search in memory for facts to use in that choice decision—and brands that they can recall more about stand a better chance of being selected. In fact, increasing a brand's likelihood of being recalled at a later choice occasion can by itself itself increase the likelihood of it being considered for choice (entering the *consideration set*) and being chosen, regardless of any effects on the brand's evaluation.[33] (What matters, however, is not the sheer amount of material that can be recalled about the brand, but rather what the recalled material implies about the brand's quality and whether it is believable.[34]) These findings about the relationship between recall and persuasion in low-involvement situations fit in quite nicely with what we reviewed in the very first research stream discussed in this chapter.

The relationship between recall and persuasion gets more complicated in high-involvement situations. Another way to think about whether or not recall should be an advertising objective in such situations is to remember that recall is a necessary but not sufficient condition for persuasion. That is, if someone does not remember the ad, they cannot possibly remember what was in it and are unlikely to develop a preference for the advertised brand. But just because they remember what you said about your brand doesn't mean you convinced them, if they were looking for some other benefit altogether.

Research by David W. Stewart and his colleagues has established that recall of the ad is necessary for comprehension of ad content, and comprehension of ad content is necessary for persuasion—but such persuasion also requires, in addition to recall and comprehension, message content that sets the brand apart as being superior to competition.[35] This, of course, is what the DAGMAR hierarchy model we discussed earlier has long maintained: awareness is necessary for comprehension, and comprehension for persuasion, but awareness by itself is not sufficient to create persuasion (though awareness may be especially crucial in low-involvement situations). At least in high-involvement situations, the ad must not only create awareness and recall, but must also have message content to which the consumer reacts favorably, by generating favorable cognitive reponses.

Another reason why recall may be unrelated to persuasion may simply be that whatever does get recalled about a brand at the time the consumer is about to choose a brand is simply not very relevant or helpful in that later brand selection decision. John G. Lynch, Jr., and his colleagues have pointed out that for some piece of information to be used by a consumer in selecting a brand, it must be both (1) available and accessible in memory and (2) considered more diagnostic (useful) in that brand choice decision than other remembered information.[36] Thus, even if some pieces of information (such as pictures of brand attributes) are remembered later, they may not get used (and thus have little impact on persuasion) if they are considered less helpful in brand selection than some other pieces of information available to the consumer later that the consumer considers more useful in making a choice.[37]

This means that advertisers really have two hurdles to cross. First, they must try to place into the consumer's memory those brand-differentiating features that the consumer is likely to actually *use* in making a choice and that prove the brand is *superior*. Second, these attributes must be *easily recallable* by the consumer—they should be easily *accessible* in that consumer's memory. Ways to make this information more accessible and recallable include more frequent repetition,[38] and reminder material at the point-of-purchase that *cues* the consumer to what was said by the ad when it was seen in the past.[39]

Implications for Managers:

The key ideas here are that in low-involvement situations, the simple fact that your brand is remembered may matter more than exactly what is remembered about your brand, so recall is very important and may itself lead to choice. In high-involvement situations, however, the consumer must not only be able to recall something about your brand, but what they recall must be something they consider useful in choosing a brand, and it must set your brand apart as being competitively superior. Thus, in high-involvement situations, expecting some piece of ad copy that gets high recall scores to be also necessarily very persuasive is illogical. While recall of the right material is a valid goal, recall and persuasion should be thought of as separate advertising goals in such cases, which might well call for different kinds of advertising creative executions and will require independent measures of effectiveness. We will return to this issue in Chapter 14.

SUMMARY

Five research streams on "how advertising works" were reviewed. The first dealt with the effects of ad exposure and ad-created brand familiarity. The most extreme version of the mere exposure effect hypothesizes that liking can be created simply from exposure, with no cognitive activity at all. Such a phenomenon has been demonstrated for nonsense syllables and could provide insights as to how repetition affects the impact of advertising. The familiarity model suggests that people like objects with which they are familiar and that advertising leads to such familiarity.

Second, low-involvement learning research postulates that television advertising, operating under low involvement and perceptual defenses, creates changes in perceptual structure that can trigger a behavioral act, which, in turn, affects attitude. Related research develops this low-involvement hierarchy (behavior change preceding real attitude change) for certain types of products and contrasts it with the high-involvement DAGMAR hierarchy reviewed earlier (in which behavior follows attitude change).

The third stream of research covered the elaboration likelihood model. Here, the central route to persuasion describes an active, conscious, in-depth processing of information and adjustment of attitudes. In the peripheral route, in contrast, peripheral cues such as the credibility of the source influence attitudes, with little active thinking about the object. The central route will be employed only when the audience member is motivated to process information and has the ability to do so. For motivation to be present, the audience member needs to be involved with the product, and the information in the ad needs to be relevant and important. A problem is to determine exactly what will be processed as a peripheral cue and exactly how it will affect attitudes.

Fourth, in high-involvement situations, during or just after being exposed to a communication, the audience can engage in cognitive responses such as counterarguing or support arguing. In the cognitive response model, this activity is assumed to affect attitudes. By this model, advertising can increase its effectiveness by encouraging support arguing and by inhibiting counterarguing.

Finally, it was shown that the while recall was a necessary condition for persuasion in high involvement conditions, it was not a sufficient condition. Material about the brand not only has to be easily recallable by the consumer at the time the choice is being made, but the recalled material must also be considered useful by the consumer in making a choice in order to have an impact, and it must show the brand to be competitively superior. In low-involvement situations, however, brand recall itself is often a major determinant of choice, or at least of entry into the final consideration set of brands being considered for choice.

In sum, these research streams suggest that when consumers are highly involved in a purchase and are knowledgeable about the product category, they are likely to process ad claims about the brand carefully and use their reactions to these claims (called cognitive responses) to determine their brand attitudes. This was called the central route to forming and changing attitudes. When consumers lack the motivation and ability to process such brand information, however, their attitudes toward the brand are based more on their liking of the ad's peripheral aspects, such as the endorser or music, or on their ability to recall the brand name and their sense of familiarity with the brand.

It is therefore crucial, in deciding which intermediate variable to target in an ad, to consider carefully the nature of the consumer's motivation and ability.

DISCUSSION QUESTIONS

1. In proposing that liking can occur without any cognitive activity, Zajonc suggests that the acquisition of tastes for very hot spices in Mexico (spices that others would dislike intensely) need not involve any rational decision or cognitive activity but might involve parental reinforcement, social conformity pressures, identification with a group machismo, and so on. Do you agree that no cognitive activity is involved in the development of such tastes?
2. Subliminal advertising is that in which a message such as "Drink Coke" is flashed during a movie so fast that it is not visible but still influences behavior. Such stimuli have been shown to activate drives such as hunger, but the consensus among advertisers is that it simply does not work in the advertising context. Relate subliminal advertising to the exposure effect.
3. Do people first form beliefs and then attitudes, or the reverse? Do people change attitudes before changing behavior?
4. What other types of cognitive responses are there besides support arguments and counterarguments? How could they be useful in predicting and managing response to advertising?
5. Why might the number of CAs start high, then recede, and then increase with repetition? What else might you predict about cognitive response during repetition?
6. Contrast the central and the peripheral routes to persuasion. Categorize the other approaches covered in the chapter as to whether they follow the central or peripheral route.
7. Bring in a print ad that provides as example of a peripheral cue and another that offers an example of a central cue.
8. Provide an example of a case in which a reader of a print ad would not be motivated to process information and an example in which a reader would not be able to process the information in the ad.
9. Under what circumstances is the "standard" (DAGMAR) hierarchy model most likely to hold? When will awareness precede and contribute to brand comprehension? When will brand comprehension precede and contribute to attitude? When will attitude change cause behavioral change? In particular, consider various product classes, various usage histories, and various decision processes.

10. When is maximizing advertising recall a valid advertising objective? When is maximizing the likability of the advertising itself (through the use of a likable endorser, likable music, or humor) most appropriate? When are these two strategies not appropriate? Can you think of ads that represent examples of appropriate and inappropriate strategies?

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6 SEGMENTATION AND POSITIONING

> Before you look at advertising, [illegible] your target audience, [illegible] promise, and the support for that [illegible] results of your advertising [illegible] advertising is written than on how [illegible] service is positioned–how you want the consumer to think about it. . . . Just as in war, the [illegible] the battle. The other half is the [illegible]
>
> (Kenneth Roman and Jane Maas, [illegible] *[illegible]*)

[illegible]

Many marketers believe that, at least in the United States, "[illegible]ing" is replacing "mass marketing" in the [illegible] many products for many products [illegible] demographic lines—an ethnic market here, [illegible] eration X" market here, an elderly market [illegible] overall households slows, finding [illegible] ments that show higher-than-average growth [illegible] products and ad campaigns at Hispanic and [illegible] single-person households, or teenagers [illegible]

Campbell Soup, for instance, has different soup flavors in Texas and California than in the rest of the country, and Spanish-language radio campaigns in specific markets to push V-8 juice to Hispanics. Where there were once Oreos, now there are Fudge-Covered Oreos, Oreo Double Stufs, and Oreo Big Stufs. Procter and Gamble has six different ad campaigns aimed at Crest toothpaste buyers—including kids, African Americans, and Hispanics. And, such micromarketing means going at these smaller consumer groups through much more finely targeted, fragmented media: not national ads on the four major TV networks, but distinctly localised ads on several hundred spot and cable TV channels, through direct mail, and on nontraditional media like store shopping carts and on videocassettes.

Clearly, most brands today cannot afford to just be one image and one selling message to one huge homogenous market out there. It is more important than ever to target specific customer groups, with specific messages. The present chapter examines this target-selection decision and considers the two most important concepts involved, segmentation and positioning. Deciding which consumers the advertising campaign should be aimed at is a critical outcome of the situation analysis process, detailed in Chapter 2. It involves considerations of market size and trends, the process of consumer decision making, the benefits specific consumer segments seek from the product category, how consumers perceive the different brands in the category, and so on.

Based on this analysis, the advertising decision maker has to decide which groups of consumers, or market segments, are most likely to be responsive to the competitive strengths of the brand being advertised. Since the competitive strengths of the brand can depend on how the brand is advertised, this identification of high-potential market segments is usually accompanied by the process of deciding exactly which aspect of the brand should dominate the advertising. What image or overall perception of the brand should consumers be left with, and what "position" must the brand occupy in their minds?

We discuss market segmentation first, followed by positioning strategy.

SEGMENTATION STRATEGY

The term *market segmentation* was not coined until the latter part of the 1950s. Since then, however, it has had a major impact on marketing and advertising theory and practice. It is based on the rather trivial observation that all potential customers are not identical and that a firm should therefore either develop different marketing programs for different subgroups of the population or develop one program tailored to just a single subgroup. The fact that consumers differ and a single marketing program directed to all of them is not always the best strategy may seem rather obvious. Yet it is the essence of market segmentation that has the potential to improve dramatically the management of a wide variety of organizations.

Market segmentation strategy involves the development and pursuit of marketing programs directed at subgroups of the population that an organization or firm could potentially serve. A variety of marketing tools can be utilized to implement a segmentation strategy. Products and services can be developed and positioned for particular segments of the population. Distribution channels can be selected to reach certain groups. A pricing strategy can be designed to attract particular types of buyers. An advertising program can be created to appeal to certain types of consumers. Although the emphasis in this book is on the advertising plan, a segmentation strategy is not limited to any one element of the marketing program.

In some situations, the marketing program may involve subsegments. A strategic program may require a particular segmentation scheme. In implementing the accompanying advertising campaign, a more detailed breakdown of the market may be required. Suppose that an organization has decided to focus on the clothing needs of the style-conscious upper class and has selected retail outlets and product lines that will attract members of this group. In developing the advertising plan, it may be useful to divide this upper-class segment further on the basis of age, thus creating two subsegments—the young, upper-class woman and those who are older—each of which will tend to be exposed to different media and will be attracted by different appeals.

An example of the use of subsegments can also be drawn from the area of industrial marketing, which deals with the problems of marketing to organizations. Suppose that a new, small computer for use by small firms was to be developed and marketed. The market could be divided into banks, food stores, and other business categories. Assume that it was decided to develop one marketing program especially for small banks and a second program for individual food retailers. This would be a market-segmentation strategy. As the program directed at the banks evolved, it might be useful to develop subsegments: the decision makers in the bank might be divided into the officers and the data processing personnel. Thus, two advertising campaigns would accompany the direct sales programs. The one directed at the officers might explain the economic advantages of the new computer and would run in magazines that bank presidents tend to read. The other would be more specialized in content and would explain the technical aspects and potential advantages of the computer to the data processing people. Such a campaign would appear in magazines favored by data processing managers.

Concentration versus Differentiation Strategy

There are two different types of segmentation strategies. The first is the strategy of *concentration* in which the organization focuses on only one subgroup and develops a marketing program directed to it. The second is the strategy of *differentiation* in which two or more population subgroups are identified and marketing programs are developed for each. If segmentation is not employed and a single marketing program is developed and applied to all groups, the resulting marketing strategy is termed *undifferentiation*, or *aggregation*.

If a strategy of concentration is pursued and a very large segment is the target, the approach is similar to one of undifferentiation in that an effort is made to reach a broad market. Such a strategy is enticing. Marketing decision makers often attempt to determine who the frequent users of the product are and then use that information to identify the target segment for a strategy of concentration. The problem is that competitors follow the same logic. They, too, have identified the segment with the "large" potential and are directing their efforts at it. As a result, the attractive segment might have several brands fighting for it, whereas there might be a smaller segment that no brand is attempting to serve. This phenomenon is very common and is called the majority fallacy.[2] The segment with the biggest potential is not always the most profitable, once the costs of fighting many competitors is considered! It may be much more profitable to attempt to gain a small segment heretofore ignored, even if it represents only 5 percent of the market, than to fight ten other brands for a share of a large segment that represents 70 percent of the market. It is obviously costly to do direct battle with large, established competitors in a broadly based market segment.

A concentration strategy focusing on a smaller segment is particularly useful to a small firm that enters a market dominated by several larger ones. This is sometimes called a *niche* strategy. It may, in fact, be suicidal for the small company to compete with the larger ones for the large segment. However, if the small firm will concede the business represented by the large segment and discipline itself to direct its effort to a small segment with specialized needs, it may do very well. Furthermore, assuming that the smaller segment cannot really support two firms, the probability of losing the market to a competitor may then be rather small, since potential competitors will tend to avoid making an effort to secure a footing in this segment.

There are many examples of a concentration strategy. Midas Muffler does not attempt to satisfy the general service needs of car owners but concentrates instead on just servicing mufflers, a small part of total service needs. Successful computer companies, such as Cray or Tandem, have not tried to attack IBM head-on: they have concentrated on specific segments (large-size research applications and transaction processing, respectively). A boat manufacturer may specialize in one particular type of boat oriented to only a small segment of the entire boat market.

Under a strategy of differentiation, an organization does not restrict its efforts to a single segment but rather develops several marketing programs, each tailored to individual segments. These programs could differ with respect to the product lines. Perhaps the classic case of a differentiated marketing program involving product lines is the General Motors organization. Early in the company's life, General Motors decided to develop a prestige product line (Cadillacs), an economy line (Chevrolets), and several others to fill the gap between the two. The company thus covered the whole market but divided it into segments and developed a line for each segment. A differentiated segmentation strategy could, however, involve just the advertising campaign. The advertising could emphasize one brand attribute to one segment and a different brand advantage to another. Thus, a bicycle manufacturer might stress the recreational uses of its bicycle in the United States and its transportation value in Europe, where it is more frequently used for that purpose.

Segmentation is not always the optimal approach. It may be that a single product and appeal will be equally effective for everyone. Naturally, this type of strategy requires substantial resources. The Coca-Cola Company could be considered to be pursuing an undifferentiated marketing segmentation strategy with Coca-Cola. The product name, package, and advertising are designed to appeal to virtually everyone, as Figure 6–1 illustrates. It could be argued, however, that the Coca-Cola Company, too, has moved away from a pure strategy of undifferentiation, with Diet Coke, different flavors (e.g., Cherry Coke, New Coke or Coke II), caffeine-free versions, and new brands aimed at new segments (e.g. Fruitopia, OK Cola, etc.). Such a move is partly a natural evolution. As a product class gains maturity, consumer needs often become more specialized and a segmentation strategy is a natural response of manufacturers to these needs.

Developing a Segmentation Strategy

The development of a segmentation strategy can take place in two ways, described in the paragraphs that follow. In each, the objective is to identify a group of consumers that (1) are not being served well presently by competition, and are therefore likely to try our brand; (2) are large enough, or growing in size; and (3) are most likely to respond positively to the benefits offered by our brand.

Figure 6–1. An advertisement directed at a wide audience.
Courtesy of The Coca-Cola Co.

In the first approach to segmentation, one can attempt to segment a market on an *a priori* basis, assuming that differences must exist among, for example, older versus younger consumers, or heavy versus light users. Here, the basis on which the market might be segmented is determined before any data on the marketplace are actually examined. The data are then analyzed one variable at a time; for example, we might seek to "profile" male buyers versus female buyers, or consumers in different age groups, or heavy buyers of the product category versus medium and light buyers, or buyers who live in New York versus those who live in California.

A related strategy of a priori segmentation is to identify which subgroups in the population are growing most rapidly (for example, the number of dual-income couples and single-parent households is expected to grow rapidly in the 1990s), and then aim at them.[3] The logic here is that since these segments are only now becoming large, they are probably not being served adequately by our competitors at the moment and represent an untapped opportunity.

Some bases for a priori segmentation are discussed shortly, before we discuss the second kind of segmentation, called *empirical segmentation*. In this second approach, the segments are created directly on the basis of the differences in the benefits they seek or the lifestyles they pursue, and demographic differences are then sought across these segments.

Age

A very basic but useful a priori demographic segmenting variable is *age*. People often seek different features or benefits depending upon their age (and, relatedly, their family life-cycle stage). Consequently, people in different age groups often differ in which brands they prefer within a product category, and it is sometimes possible to target particular brands at particular age groups. Researchers have found that a person's "cognitive age" is a much better predictor of purchase patterns than "actual" (chronological) age. For instance, a forty-year-old man may still feel as if he was in his thirties, in terms of interests and activities.

In making such targeting decisions, it pays to also know which age group in the population is likely to show significant growth. As one example, the forty-five- to fifty-four-year-old age category is expected to grow rapidly between 1990 and the year 2000, as the 77 million "baby boomers" (those born between 1946 and 1964) move into that age category. It is useful to learn as much as possible about prospective target segments. What kinds of products and services will your target age group want to buy, what kinds of features will they seek, what kinds of advertising appeals and personalities will they be most responsive to? Some advertisers believe the "aging boomers" will respond more to "middle-age," conservative values, and display home-oriented, "nesting" or "cocooning" behaviors. And, as the under-thirty-five post-boomer or so-called "Generation X" consumers become major buying influences in many categories, some advertisers believe this segment is especially skeptical of "hype," and requires more no-nonsense, fact-filled, value-themed advertising.[5] As an example, see the Chrysler Neon ad in Figure 6–2. Such information is often collected through customized market research surveys, as well as through syndicated data sources (two of which are discussed later below).

Obviously, segments of different age groups often need different advertising approaches, both in terms of message and execution. Some advertisers argue that today's teenagers, used to rapidly-edited music videos, also need ads with such quick-cut, "jazzy" shots to have any hope of appearing "cool."[6] Both young children (under age five), and elderly (over sixty-five) consumers have special needs in the way information is communicated to them, because of differences in the way they process information compared to other consumers.[7]

Gender

Much research suggests that men and women process information from ads differently. For instance, it has been shown that women process more detailed information than do men, possibly because they are more attuned to paying attention to external cues than men are.[8] (Obviously, these are gross generalizations!). The woman manager who headed Nike's marketing campaigns to grow its womens' markets agrees, and claims that women are more discerning buyers than men, and that they research many products and weigh several factors before they buy. According to her, women—unlike men—find ads using celebrity endorsements to be unpersuasive because they "don't like being preached at." In her experience, women are responsive instead to ads that portray women as powerful, capable people who hate being told they can't do things simply because they are women. A Nike campaign empathetic to these feelings was apparently very successful.[9]

Income

Another useful a priori demographic variable is *income*. Not surprisingly, higher-income households tend to be less price-sensitive, placing a higher value on buying higher-quality merchandise. Because of the growth in dual-income households, there has been a dramatic growth in the proportion of total spending in the economy coming from such households, implying that the market for high-end products and services should increase substantially. While two-earner couples were only 29 percent of all married couples in 1960, by 1990 they formed 52 percent, and this is expected to rise to 57 percent by the year 2000. By one estimate, the number of households of thirty-five to fifty-year-olds earning more than $50,000 per annum will triple between 1990 and 2000.[10]

Geographic Location

Geographic location can often provide the basis for an effective a priori segmentation strategy. A firm with modest resources can dominate, if it so chooses, a small geographic area. Its distribution within the limited area can be intense. Local media such as newspapers or spot television can be employed, and it is possible to buy space in regional editions of major national magazines. The classic example of a concentration strategy is the local or regional organization that restricts itself geographically and attempts to tailor its marketing program to the needs of the people in that area. A local brewery or potato chip marketer may compete with national brands, but only in a limited geographic area. In response, national marketers (such as Frito-Lay) are increasingly developing specific advertising and marketing programs for specific regions of the country, often using a regionalized marketing organization. This helps the companies develop programs better tailored to regional differences: in snack foods, for instance, Frito-Lay found it faced competition from local tortilla products in the western United States, from pretzel manufacturers in the East, and from popcorn in Boston.[11]

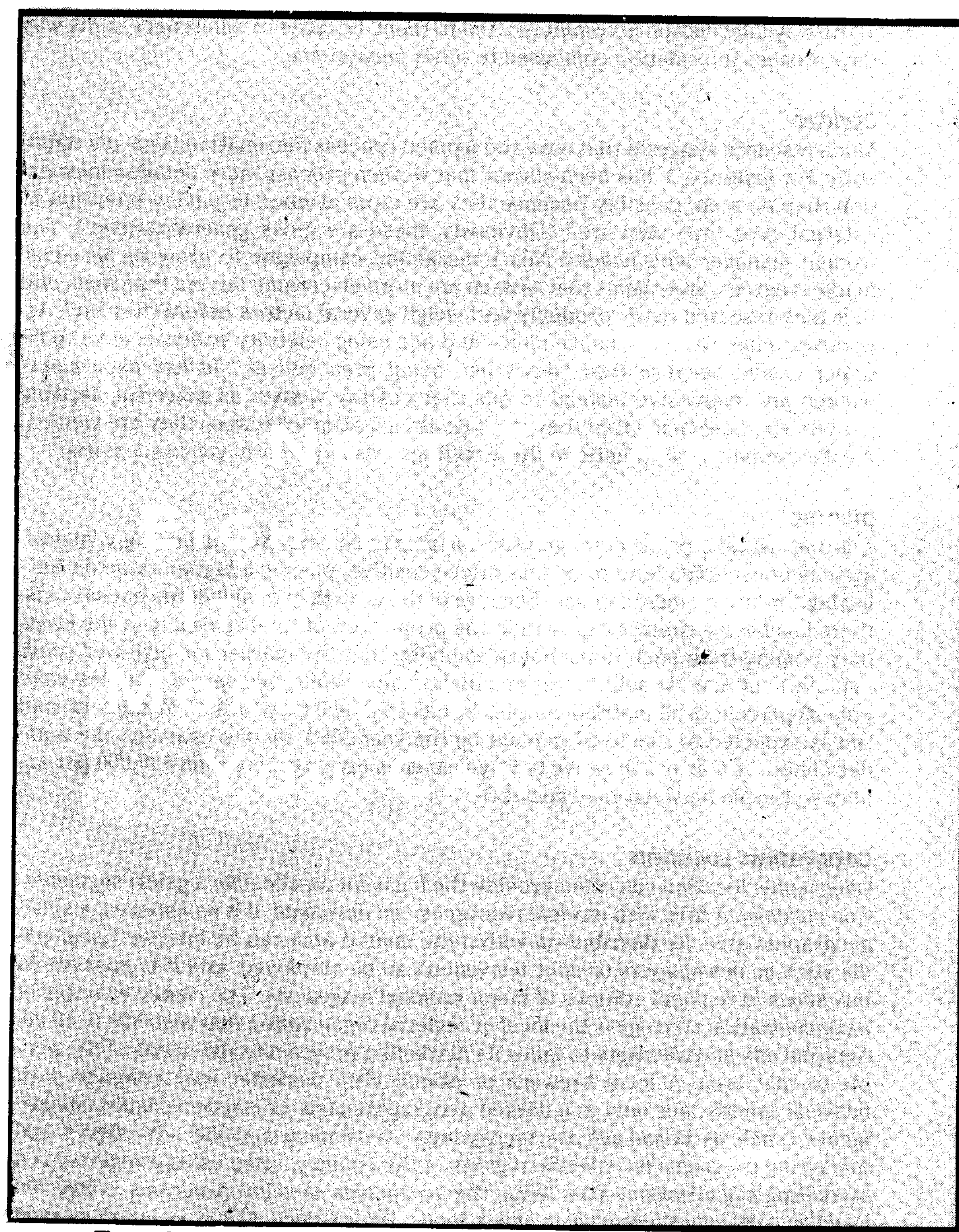

Figure 6–2. An ad aimed at "Generation X."

Courtesy of the Dodge and Plymouth Divisions of Chrysler Corporation.

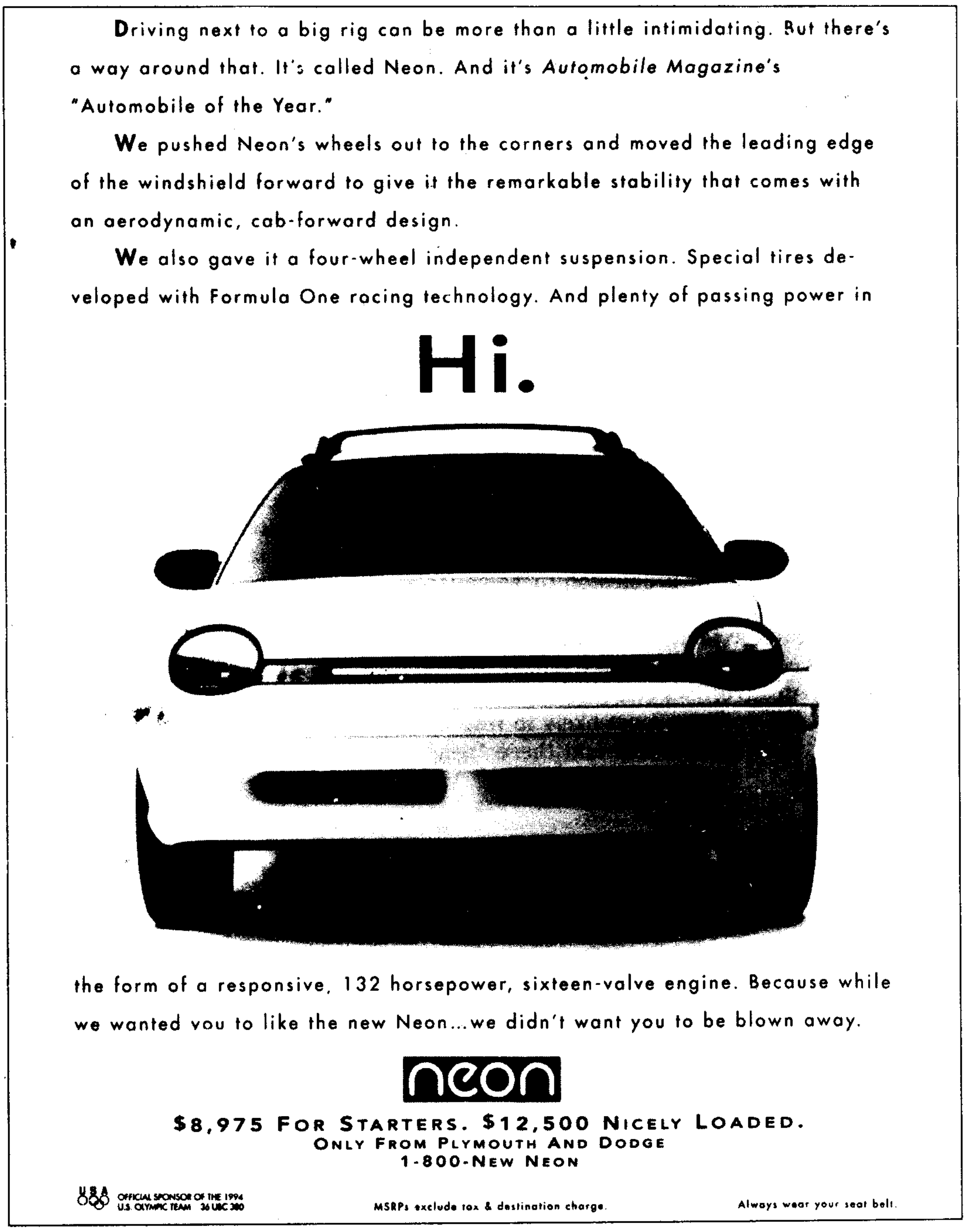

Figure 6–2. ***(continued)***

Many advertisers often target markets geographically after developing indices for the per capita consumption of their brands in each market region, relative to the national average. For example, if their sales in Pittsburgh are 2 ounces per capita per year, while the national average is 1 ounce per capita per year, then the index (called *brand development index*, or *BDI*) is 200. A similar index is created for consumption of the product category overall, for all brands combined. This index is called the *category development index*, or *CDI*. It is then possible to examine a market's BDI and CDI and decide how much advertising attention needs to be given to each market. For instance, a market with a high CDI but low BDI would be a high-opportunity market, calling for high advertising spending, while a low-CDI but high-BDI market probably cannot be developed much further and should only receive maintenance-level budgets.

In recent years, it has become increasingly possible to learn something about a company's target consumers simply by knowing the postal zip code in which they live. Census-based demographic data on households, as well as lifestyle data (collected through warranty registration cards) and automobile registration data, have been analyzed by various companies to yield "average profiles" for households in different segments, or groups, of zip codes. (These data are actually analyzed by finer classifications called *census block groups*, and the groups are called *clusters*.) In these analysis schemes, zip codes are placed into a common cluster if they have similar profiles on these variables, even if they are geographically far apart. Thus, a zip code of an affluent suburb of Chicago might be classified as belonging to the same cluster as the zip code of an affluent town in Long Island, New York, because they are very similar to each in terms of their scores on these variables. An advertiser can examine these scores of each zip-based cluster and identify which ones are most likely to respond to an advertising or direct marketing effort. Direct marketing, and these "neighborhood clusters," were discussed in Chapter 3.

Usage

A natural and powerful a priori segmentation variable is product-class *usage*. Who are the heavy users of the product or service? In many product categories, the heavy users (who are usually 20 to 30 percent of the users) account for almost 70 to 80 percent of the volume consumed: this is sometimes called the "80:20" rule. It is obviously extremely valuable for a brand to have most of its users from the heavy-user category, for that should lead to a disproportionately higher share of units sold.

One segmentation scheme might thus involve heavy users, light users, and nonusers. This particular segmentation scheme is likely to be useful wherever the focus is on building up the market. Each person is classified according to usage, and a program is developed to increase the usage level. The segments defined by usage usually require quite different marketing programs. So a program tailored to one of these segments can generate a substantially greater response than would a marketing program common to all segments. Of course, designing and implementing several marketing programs is costlier than developing one, but the resulting market response will often be significant enough to make it worthwhile.

How does one identify the demographics of these usage segments? One standard method is to use a syndicated data source such as the Simmons *Selected Markets and the Media Reaching Them*, from Simmons Market Research Bureau, or similar data from Mediamark Research, Inc. (MRI). Both these data services interview many thousands of consumers every year on the quantity of their consumption of hundreds of products and services, and the extent to which they buy the different brands available. These consumers are then classified as heavy, medium, or light users of each category and each major brand, based on certain cutoff levels (for example, someone who reports consuming more than 300 cans of soft drinks per year might be classified as a heavy user). The demographic and geographic profiles of these usage segments are then provided in tables, as are media data, using index numbers relative to the national average. One can scan the column of index numbers and find out if, for example, heavy users of ready-to-eat cereals tend to come disproportionately from certain age or income groups, or certain geographical regions. A sample page from a Simmons volume is provided in Table 6–1.

A somewhat different aspect of usage segmentation is the possibility that consumers may seek different benefits from the same product (e.g., soft drinks) depending on the nature of the usage-occasion (e.g., social use versus food-enhancement). Different ad campaigns to address these different occasion-based segments are therefore also possible.[12]

Brand Loyalty

When a brand such as Tide is competing in a well-defined product class such as detergents, it is useful to consider *brand loyalty* as a basis for a priori segmentation. Loyalty data are also available from Simmons or similar services, or from customized research. The users of Tide can then be divided into those who are loyal buyers of the brand and those who are not. The nonloyal buyer tends to buy several brands, selecting, for example the least expensive or the most convenient at the moment. Here, the objective is to increase the proportion of this user's detergent purchases that are Tide, its "share-of-requirements". This can be done either by giving coupons in or on the pack, good on the next purchase (see Chapter 3 on consumer sales promotions), or by creating advertising that serves to reinforce the loyalty of such purchasers.[13]

Similarly, nonusers of Tide can be divided into those who are loyal to other brands and those who buy several other brands. It is usually not easy to increase usage by turning nonloyal buyers into loyal buyers, since this tendency toward brand loyalty, with respect to a certain product class, has likely become ingrained over many years. The highest potential lies with the nonusers. The nonuser who is not loyal to another brand needs to be enticed to try the brand and thus to expand the *evoked set,* the group of brands he or she buys, to include the brand of interest. A special in-store display or a cents-off coupon might accomplish this task.

Buyers who are loyal to another brand will be very difficult and very costly to attract to a trial purchase. However, once attracted, there is an excellent chance of their becoming loyal buyers of the brand, since their tendency toward loyalty is not likely to change. Obviously, however, a special display or a cents-off coupon is

Table 6–1. Portions of Cold Breakfast Cereal: Usage in last 7 days (Female Homemakers)

	Total U.S. '000	All Users A '000	All Users B % Down	All Users C Across %	All Users D Indx	Heavy Users Ten or More A '000	Heavy Users B % Down	Heavy Users C Across %	Heavy Users D Indx	Medium Users Five–Nine A '000	Medium Users B % Down	Medium Users C Across %	Medium Users D Indx	Light Users Four or Less A '000	Light Users B % Down	Light Users C Across %	Light Users D Indx
Total Female Homemakers	86361	75496	100.0	87.4	100	21818	100.0	25.3	100	30219	100.0	35.0	100	23458	100.0	27.2	100
18–24	7911	6805	9.0	86.0	98	1650	7.6	20.9	85	2752	9.0	34.8	99	2621	10.2	30.6	113
25–34	20745	18318	24.3	88.3	101	6164	28.3	29.7	118	6950	22.9	33.4	95	5224	22.3	25.2	93
35–44	17764	15797	20.9	88.9	102	5953	27.3	33.5	133	5562	18.4	31.3	89	4282	18.3	24.1	89
45–54	12326	10630	14.1	86.2	98	3044	14.0	24.7	98	4318	14.3	35.0	100	[illegible]	[illegible]	26.6	98
55–64	10847	9545	12.6	88.0	101	2081	9.5	19.2	76	4014	13.3	37.0	106	3451	14.7	31.8	117
65 or Older	16765	14402	19.1	85.9	98	2927	13.4	17.5	69	6663	22.0	39.7	114	4812	20.5	28.7	106
18–34	28656	25121	33.3	87.7	100	7814	35.8	27.3	108	9663	32.0	33.7	96	7645	32.6	26.7	98
18–49	53058	46487	61.6	87.6	100	15297	70.1	28.8	114	17606	58.3	33.2	95	[illegible]	[illegible]	25.6	94
25–54	50837	44746	59.3	88.0	101	15161	69.5	29.8	118	16810	55.6	33.1	95	12774	54.5	25.1	93
35–49	24385	21366	28.3	87.6	100	7483	34.3	30.7	121	7943	26.3	32.6	93	[illegible]	[illegible]	24.4	90
50 or Older	33322	29008	38.4	87.1	100	6522	29.9	19.6	77	12613	41.7	37.9	108	[illegible]	42.1	[illegible]	[illegible]
Graduated college	14461	12652	16.8	87.5	100	4117	18.9	28.5	115	4393	14.5	30.4	87	[illegible]	17.7	[illegible]	105
ATTENDED COLLEGE	15734	13704	18.2	87.0	100	3853	17.7	24.5	97	5461	18.1	34.7	99	[illegible]	18.7	27.9	103
Graduated high school	36201	31843	42.2	88.0	101	9784	44.8	26.9	106	12951	42.8	35.7	102	9178	39.1	25.4	93
Did not graduate high school	19944	17297	22.9	86.7	99	4115	18.9	20.6	82	7454	24.6	37.3	107	[illegible]	24.5	[illegible]	106
Employed	49122	42746	56.6	87.0	100	12767	58.5	26.0	103	16586	54.9	33.8	96	[illegible]	57.1	27.3	100
Employed full-time	41357	35974	47.7	87.0	100	10162	46.6	24.6	97	14055	46.5	34.0	97	[illegible]	50.1	28.4	105
Employed part-time	7765	6775	9.0	87.3	100	2605	11.9	33.5	133	2531	8.4	32.6	93	[illegible]	[illegible]	[illegible]	78
Not employed	37238	32747	43.4	87.9	101	9051	41.5	24.3	96	13634	45.1	36.6	105	10062	[illegible]	27.0	99
Professional/Manager	13838	12127	16.1	87.6	100	3919	18.0	28.3	112	4278	14.2	30.9	88	[illegible]	[illegible]	[illegible]	105
Tech/Clerical/Sales	22115	19271	25.5	87.1	100	5750	26.4	26.0	103	7502	24.8	33.9	97	[illegible]	[illegible]	[illegible]	100
Precision/Craft	1208	1064	1.4	88.1	101	**264	1.2	21.9	87	*544	1.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	78
Other employed	11963	10287	13.6	86.0	98	2655	13.0	23.7	96	4282	14.1	35.8	[illegible]	[illegible]	[illegible]	[illegible]	96
Single	11626	9657	12.8	82.9	95	1911	8.8	16.4	65	3616	12.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Married	53109	47310	62.7	89.1	102	15908	72.9	29.9	119	18915	62.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	97
Divorced/Separated/Widowed	21626	18549	24.6	85.8	98	[illegible]	18.5	18.5	73	7588	25.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	118
Parents	32364	29575	39.2	91.4	105	12468	57.3	38.6	153	10267	34.0	31.7	[illegible]	[illegible]	[illegible]	[illegible]	78
White	74071	65082	86.2	87.9	101	[illegible]	89.4	26.3	104	25495	84.4	34.4	[illegible]	[illegible]	[illegible]	[illegible]	100
Black	10120	[illegible]	11.3	84.4	97	[illegible]	[illegible]	18.8	75	[illegible]	12.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OTHER	2170	1875	2.5	86.4	99	[illegible]	[illegible]	18.8	75	[illegible]	2.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NORTHEAST–CENSUS	18523	[illegible]	21.3	87.7	100	[illegible]	[illegible]	22.2	88	[illegible]	23.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	103
Midwest	21485	[illegible]	25.4	89.4	102	[illegible]	[illegible]	31.9	126	[illegible]	22.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
South	[illegible]	25776	34.1	86.1	98	[illegible]	[illegible]	25.1	91	10229	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
West	16926	[illegible]	19.1	85.9	98	[illegible]	[illegible]	24.3	96	[illegible]	22.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Northeast–Mktg.	[illegible]	[illegible]	21.9	87.9	101	[illegible]	[illegible]	22.5	89	7182	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
East Central	12606	11075	14.7	87.9	101	[illegible]	[illegible]	27.6	109	[illegible]	12.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
West Central	14709	[illegible]	17.6	90.4	103	[illegible]	22.4	33.3	132	[illegible]	16.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
South	[illegible]	[illegible]	29.3	86.0	98	5772	26.5	22.3	88	[illegible]	28.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pacific	14543	[illegible]	16.8	85.9	98	3472	15.9	[illegible]	94	[illegible]	17.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

County size A	35301	30513	40.2	85.9	98	9057	41.5	25.7	102	12948	41.5	35.8	102	8708	37.1	24.7	91
County size B	25652	22548	29.9	87.9	101	6279	28.5	24.2	96	8706	28.0	34.2	98	7569	32.2	28.5	106
County size C	13413	11950	15.8	89.1	100	3368	15.6	25.5	100	4791	15.9	35.7	102	3781	16.0	28.9	105
County size D	11994	10688	14.2	89.1	102	3144	14.4	26.2	104	4114	13.6	34.3	98	3690	15.8	28.6	105
Metro Central City	27434	23929	31.7	87.0	100	6266	28.8	22.7	90	9152	33.6	36.5	106	7632	32.1	27.8	101
Metro Suburban	38058	33947	44.8	86.7	99	10644	48.9	27.5	109	[illegible]	43.2	35.4	95	10194	45.2	25.9	98
Non Metro	19809	17720	23.5	89.5	102	4910	22.5	24.8	99	7018	25.2	35.4	101	5782	24.7	28.2	106
Top 5 ADI's	19246	16726	22.2	86.9	99	4565	20.9	23.7	94	7059	23.5	36.6	104	5124	21.9	26.6	98
Top 10 ADI's	26751	23066	30.6	86.3	99	6390	29.3	25.9	95	9814	32.5	36.7	105	6882	29.3	25.7	95
Top 20 ADI's	39079	33488	44.6	85.7	98	9717	44.5	24.9	98	13839	45.9	35.5	101	9882	42.2	25.5	93
Hshld Inc. $60,000 or more	12765	11139	14.8	87.3	100	4088	18.7	32.0	127	3906	12.9	30.6	87	3165	*13.4	24.8	91
$50,000 or more	19492	16929	22.4	86.9	99	5918	27.1	30.3	120	6352	21.0	32.6	93	4665	19.9	23.9	88
$40,000 or more	28802	25201	33.4	87.5	100	8362	38.3	29.0	115	9615	31.8	33.4	96	7024	30.0	25.1	92
$30,000 or more	41434	36294	48.1	87.6	100	12433	57.0	30.0	119	13768	40.5	33.2	95	10104	43.1	24.4	90
$30,000–$39,999	12833	11093	14.7	87.7	100	4071	18.7	32.2	128	4152	13.7	32.7	93	2979	12.5	22.8	84
$20,000–$29,999	16615	13954	17.1	88.5	101	3764	17.3	25.8	102	5210	17.2	35.7	102	3869	16.9	27.1	100
$10,000–$19,000	16772	14698	19.5	87.6	100	3086	14.1	18.4	73	6405	21.2	38.2	109	5201	22.2	31.8	116
Under $10,000	13542	11589	15.4	85.6	98	2532	11.6	18.7	74	4856	16.1	35.9	103	4184	17.9	31.8	114
Household of 1 person	13686	11102	14.7	81.1	93	1110	5.1	8.1	32	4640	15.4	33.9	97	5351	22.8	39.1	146
2 PEOPLE	29863	25572	33.9	85.6	98	4942	22.7	16.5	66	11378	37.5	37.9	108	9211	39.7	31.2	115
3 OR 4 PEOPLE	32539	29414	39.0	90.4	103	10738	49.2	33.0	131	11275	37.3	34.7	99	7401	31.6	22.9	84
5 OR MORE PEOPLE	10273	9407	12.5	91.6	105	5029	23.0	49.0	194	2985	9.9	29.1	83	1394	5.9	13.6	50
NO CHILD IN HSHLD	51214	45284	57.3	86.5	97	8509	39.0	16.6	66	18791	62.0	36.6	105	18045	68.4	31.4	118
CHILD(REN) UNDER 2 YRS	7771	7187	9.5	92.5	106	2696	12.4	34.7	137	2346	7.8	30.2	86	2160	9.2	27.8	102
2–5 YEARS	12431	11478	15.2	92.3	106	5246	24.0	42.2	167	3966	13.1	31.9	91	2254	9.7	18.2	67
6–11 YEARS	16564	15212	20.1	91.8	105	7166	32.8	43.3	171	5299	17.5	32.0	91	2748	11.7	16.6	61
12–17 YEARS	14964	13581	18.0	91.4	105	3676	28.0	38.2	151	4901	16.2	33.0	94	3005	12.8	20.3	74
RESIDENCE OWNED	58684	51701	68.6	88.3	101	15854	72.7	27.0	107	20477	67.6	34.9	100	15460	65.9	26.3	97
VALUE: $70,000 OR MORE	28899	25585	35.3	88.5	101	8883	40.7	28.7	113	10161	33.5	35.2	98	7891	33.2	26.3	96
VALUE: UNDER $70,000	28785	25226	33.4	87.6	100	6971	32.0	24.2	96	10356	34.3	36.0	103	7050	32.7	32.4	101

*Projection relatively unstable because of sample base—use with caution

**Number of cases too small for reliability—shown for consistency only unlikely to attract the buyer who is loyal to another brand. He or she must be presented with a solid reason to change. If such a reason does exist, there is still the problem of communication, as the loyal buyer of one brand is not seeking information and, in fact, tends to avoid advertising for other brands. Thus, there is a trade-off. On the one hand, the loyal buyer of another brand is an appealing prospect because if converted she or he will generate sales dividends for several years. On the other hand, the loyal buyer is difficult and costly to attract.

Attitudes and Benefits

Attitudes, preferences, and many related psychological constructs such as motivations, perceptions, beliefs, product benefits, and so on, can also be used to segment markets through the second empirical segmentation approach. Consumers differ in the "need" for which they buy the same product, so the fact that buyers will tend to place different degrees of importance on the benefits obtained from that type of product leads logically to the fact that they represent different segments. For example, in 1993, General Motors decided to segment the vehicle market not on the basis of physical size and shape (compact car, pickup, etc.) but rather on the basis of the need being satisfied (functional transportation, fun/excitement, etc.).[14]

The idea of segmenting on the basis of important attributes has been termed *benefit segmentation* by Russell Haley.[15] He illustrated the perspective several years ago by an analysis of the toothpaste market at that time. Four segments were hypothesized, as shown in Table 6–2. The first is the Sensory segment, which values flavor and the appearance of the package. This segment tends to be represented by children characterized by high self-involvement and hedonistic lifestyle. Colgate and Stripe did well in this segment (Aim should, too, as should all gels). This segment should have high importance weights on flavor and appearance and tend to prefer brands whose product and advertising strategies have emphasized these dimensions.

The second segment, termed the Sociables, contained those who are interested in the brightness of their teeth. They are largely young people in their teens or early twenties who lead active lives and are very social. They have a relatively large percentage of smokers in their midst. Macleans, Plus White, and Ultra Brite are big sellers in this segment. The recent baking soda toothpastes would also attract this segment.

The benefit sought by the third segment was that of decay prevention. A high proportion of this segment has large families who tend to be heavy toothpaste users. In general, they have a conservative lifestyle and show concern for health and dental hygiene. Crest is disproportionately favored by this segment, which is termed the Worriers.

The fourth segment, the Independent segment, was made up of people oriented toward price and value. It tends to include men who are heavy toothpaste users. They probably are concerned with obtaining good value in all their purchases and tend to be attracted to whatever brand is on sale.

The value of benefit segmentation for advertising is seen by considering the different advertising approaches that will be appropriate for each segment. The

Table 6–2. Toothpaste Market Segment Description

Characteristics	Sensory Segment	Sociables	Worriers	Independent Segment
Principal benefit sought	Flavor, product appearance	Brightness of teeth	Decay prevention	Price
Demographic strengths	Children	Teens, young people	Large families	Men
Special behavioral characteristics	Users of spearmint-flavored toothpaste	Smokers	Heavy users	Heavy Users
Brands Disproportionately favored	Colgate, Stripe	Macleans, Plus White, Ultra Brite	Crest	Brand on Sale
Personality characteristics	High self-involvement	High sociability	High health	High autonomy
Lifestyle characteristics	Hedonistic	Active	Conservative	Value-oriented

Source: Adapted from Russell I. Haley, "Benefit Segmentation: A Decision-Oriented Research Tool," Journal of Marketing, *32, July 1968, p. 33.*

copy should probably be light for the Sociable or Sensory segments but more serious for the others. The setting could also be adjusted; the focus should probably be on the product for the Sensory group, on a social situation for the Sociable segment, and perhaps on a laboratory demonstration for the Independent segment. Similarly, the media to be used can be selected with the particular target segment in mind. Television might be more appropriate for the Sociables and the Sensory segment, where there is less need to communicate hard information. A serious rational argument, possibly supported by clinical evidence, might appeal to the Independent group, assuming that such an argument can demonstrate value. A long print advertisement, therefore, might be appropriate for this segment.

As another example of benefit segmentation, the NPD Research Company identified four segments of food and beverage consumers in 1989 through an analysis of data: the traditional taste group, who liked butter, sweets, fried foods, and fast foods; the health maintainers, who place a premium on health, nutrition, and dieting considerations; the busy urbanites, who value convenience and eating out; and the moderates, who flip around a lot.[16]

Earlier, we mentioned that there were two broad approaches to segmentation, one of which we called *a priori*. Note that benefit segmentation is an example of the second kind, called *empirical segmentation*. While a priori segmentation begins by picking a variable such as income or frequency of usage and then checks if people at different levels of these segmenting variables also differ in terms of the benefits they seek or the brands they buy in the product category, empirical segmentation works the other way around. In benefit segmentation, for instance, we begin by asking people what benefits they seek in the product category; we then group them into segments based on the similarity of the benefits they seek (often using a multivariate statistical technique called cluster analysis), and we then see what makes these segments (created only on the basis of benefit importance ratings) different, in terms of demographics, and so on. It is important, in generating market segments through such cluster analysis, to make sure that the segments that emerge from the data are reliable and valid or robust, through conducting the appropriate statistical tests.[17]

Lifestyle and culture segments are also usually created through this second, empirical approach: we group people into clusters based on their similarity of personalities, opinions, activities, interests, and so on, and then see how these lifestyle segments differ on demographics and brand usage.

Lifestyle or Psychographics

A person's pattern of interests, opinions, and activities combine to represent his or her *lifestyle*. A knowledge of lifestyle can provide a very rich and meaningful picture of a person. It can indicate whether the person is interested in outdoor sports, shopping, culture, or reading. It can include information concerning attitudes and personality traits. Lifestyle also can be used to define a segment empirically; this is often called *psychographic* (as opposed to demographic) segmentation.

Lifestyle is particularly useful as a segmentation variable in categories where the user's self-image is important, such as fragrance; we therefore discuss it in some detail in Chapter 10. As an example of lifestyle segmentation in fragrances, Revlon's Charlie cosmetic line was targeted at a lifestyle segment profiled as follows:

- **Is irreverent and unpretentious.**
- **Doesn't mind being a little outrageous or flamboyant.**
- **Breaks all the rules.**
- **Has her integrity based on her own standards.**
- **Can be tough; believes rules are secondary.**
- **Is a pacesetter, not a follower.**
- **Is very relaxed about sex.**
- **Is bored with typical fragrance advertising.**
- **Mixes Gucci and blue jeans; insists on individual taste, individual judgment.**
- **Has a sense of self and sense of ccmmitment.**

Various typologies of consumers exist that use personalities, values, lifestyles, and attitudes as variables, among them VALS and the more recent VALS 2, values and lifestyles typologies created by SRI, Inc.[18] In its first version, VALS focused on the distinction between *inner-directed consumers*, driven by their convictions, passions, and need for self-expression, and *outer-directed consumers*, driven by their responses to signals from other people. Using this distinction, it grouped people into nine categories (called Survivors, Sustainers, Belongers, Emulators, Achievers, I-Am-Mes, Experientials, Societally Conscious, and Integrateds). VALS 2 uses the additional classifying dimension of the "resources" people have (education, income, etc.) to create eight categories (called Fulfilleds, Believers, Achievers, Strivers, Experiencers, Makers, Strugglers, and Actualizers). (See Figure 6–3.)

Culture and Ethnic Subculture

Cultural segmentation is obviously important when global firms attempt to deve op a segmentation strategy with the world as a market. Given the increasing importance of global marketing (see Chapters 1 and 20), and the need to gain economies of scale in marketing expenditures, firms often try to develop common advertising themes or executions for countries that have similar cultural attitudes and values.

VALS 1	VALS 2
Integrateds	Actualizers
Inner-Directed Consumers	Principle-Oriented Consumers
• Societally Conscious	• Fulfilleds
• Experientials	• Believers
• I-Am-Me's	
	Status-Oriented Consumers
Outer-Directed Consumers	• Achievers
• Achievers	• Strivers
• Emulators	
• Belongers	Action-Oriented Consumers
Need-Driven Consumers	• Experiencers
	• Makers
• Sustainers	
• Survivors	Strugglers

Figure 6–3. The VALS 1 and VALS 2 values and lifestyles typologies.

Differences across cultures can affect product acceptance and advertising campaigns, and there are many "war stories" of ad campaigns which worked fine in some countries but were disasters in others where they were inappropriately extended, because certain cultural nuances were missed. Again, countries are often based into cultural segments on the basis of an empirical segmentation strategy, using techniques such as cluster analysis. Chapter 20 has details.

Cultural differences are also very important within certain countries such as the United States, where different ethnic groups often have their own *subculture*. While generalizations are obviously never entirely correct, some research shows that in the United States Hispanics show higher brand loyalty, Asian Americans are more likely to shop on the basis of price, and African Americans' brand loyalty falls in-between the other two groups.[19] Among American Hispanics, those of Mexican origin (in California and Texas) differ from those of Cuban origin (in Florida), who differ from those of Puerto Rican origin (living in New York). Figure 6–4 shows an ad aimed at the Hispanic segment.

Reaching Target Segments

There are two ways by which markets can be reached: controlled coverage and customer self-selection.[20]

In the controlled-coverage approach, the objective is to reach desired target segments and to avoid reaching those who are not in the target segments. Suppose that a segment is defined as "better golfers," and it is determined that they usually read *Golf Digest.* Suppose, further, that there are few readers of *Golf Digest* who are not in the target segment. Then an advertising campaign in *Golf Digest* would be an efficient way to communicate with the target segment. Another way might be to use direct marketing techniques to mail a message to people who are subscribers of *Golf Digest*, renting their names from the magazine or a list broker (see Chapter 3). As was discussed in Chapter 3, many companies are now creating immense computerized databases on their actual and potential customers, enabling them to execute extremely targeted direct marketing programs. This technique is often called *database marketing.*

Customer self-selection is an alternative approach. Here the advertising program is directed to a mass audience of which the target segment may be only a small part. Those in the target segment are attracted to the marketing effort since it is tailored to them. Those not in the target group will probably avoid exposure, not because the program is unavailable to them, but because they either consciously or unconsciously choose to avoid it. For example, although ski equipment has a rather narrow appeal, a firm may run an advertisement about it in a mass circulation magazine. The target segment, all skiers, will be attracted to the advertisement if it is well done, but nonskiers will probably not be tempted to read it.

POSITIONING STRATEGIES

Just as segmentation involves the decision to aim at a certain group of customers but not others, our next concept—*positioning*—involves a decision to stress only certain aspects of our brand, and not others. The key idea in positioning strategy is that the consumer must have a clear idea of what your brand stands for in the product category, and that a brand cannot be sharply and distinctly positioned if it tries to be everything to everyone. Such positioning is achieved mostly through a brand's marketing communications, although its distribution, pricing, packaging, and actual product features also can play major roles. It is often said that positioning is not what you do to the product, but what you do to the consumer's mind, through various communications. Many products in the over-the-counter drug market, for instance, have identical formulas but are promoted for different symptoms, by using different names, packaging, product forms, and advertising.[21] The strategic objective must be to have segmentation and positioning strategies that fit together: a brand must be positioned in a way that is maximally effective in attracting the desired target segment.

A brand's position is the set of associations the consumer has with the brand. These may cover physical attributes, or lifestyle, or use occasion, or user image, or stores that carry it. A brand's position develops over years, through advertising and publicity and word of mouth and usage experience, and can be sharp or diffuse, depending on the consistency of that brand's advertising over the years.

A brand's position in a consumer's mind is a relative concept, in that it refers to a comparative assessment by the consumer of how this brand is similar to or different from the other brands that compete with it. Think of every consumer as having a mental map of the product category. The location of your brand in that map, relative to that of your competitors, is your position, and the locations of all the brands in that map are determined by the associations that the consumer makes with each brand. If all this sounds rather abstract, several examples are provided here which should clarify the concept.

A positioning strategy is vital to provide focus to the development of an advertising campaign. The strategy can be conceived and implemented in a variety of ways that derive from the attributes, competition, specific applications, the types of consumers involved, or the characteristics of the product class. Each represents a different approach to developing a positioning strategy, even though all of them have the ultimate objective of either developing or reinforcing a particular image for the brand in the mind of the audience. Seven approaches to positioning strategy will be presented: (1) using product characteristics or customer benefits, (2) the price-quality approach, (3) the use or applications approach, (4) the product-user approach, (5) the product-class approach, (6) the cultural symbol approach, and (7) the competitor approach.

Using Product Characteristics or Customer Benefits

Probably the most-used positioning strategy is to associate an object with a *product characteristic* or *customer benefit*. Imported automobiles illustrate the variety of product characteristics that can be employed and their power in image creation. Honda and Toyota have emphasized economy and reliability and have become the leaders in the number of units sold. Volvo has stressed safety and durability, showing commercials of "crash tests" and telling of the long average life of its cars, although in 1993 it began to emphasize other attributes as well, because by then

Figure 6–4. An ad aimed at the Hispanic Segment.
Courtesy of McDonald's Corporation. Used with permission.

Figure 6–4. *(continued)*

almost every auto maker stressed safety features.[22] In the 1980s, BMW attempted to put forth an image of performance in terms of handling and engineering efficiency. The tag line used by BMW was "the ultimate driving machine." BMW advertisements showed the cars demonstrating their performance capabilities at a German racetrack. By the early 1990s, BMW, too, felt the need to show itself as a "value" car, in keeping with the trend away from luxury consumption.

Sometimes a new product can be positioned with respect to a product characteristic that competitors have ignored. Brands of paper towels had emphasized absorbency until Viva was successfully introduced stressing durability. Viva demonstrations showed its product's durability and supported the claim that Viva "keeps on working."

Sometimes a product will attempt to position itself along two or more product characteristics simultaneously. In the toothpaste market, Crest became the leader decades ago by positioning itself as a cavity fighter, a position that was established by an endorsement by the American Dental Association. However, several other successful entries have positioned themselves along two product characteristics. Aim, introduced as a good-tasting, cavity fighter, achieved a share of more than 10 percent. Aqua-fresh was introduced by Beecham as a gel paste that offers both cavity-fighting and breath-freshening benefits. Lever 2000 soap combined the moisturizing and deodorizing benefits usually found in two different soaps.[23] Sometimes different models of a product may be positioned towards different segments by highlighting different attributes: the two Timex watches in Figure 6–5 are an example.

It is always tempting to try to position along several product characteristics as it is frustrating to have some good product characteristics that are not communicated. However, advertising objectives that involve too many product characteristics can be most difficult to implement. The result can often be a fuzzy, confused image, which usually hurts a brand.

Myers and Shocker[24] have made a distinction between physical characteristics, pseudophysical characteristics, and benefits, all of which can be used in positioning. Physical characteristics are the most objective and can be measured on some physical scale such as temperature, color intensity, sweetness, thickness, distance, dollars, acidity, saltiness, strength of fragrance, weight, and so on. Pseudophysical characteristics, in contrast, reflect physical properties that are not easily measured. Examples are spiciness, smoky taste, tartness, type of fragrance (smells like a . . .), greasiness, creaminess, and shininess. Benefits refer to advantages that promote the well-being of the consumer or user. Ginger ale can be positioned as a product that "quenches thirst." Thirst quenching is a benefit and provides the basis for this type of positioning strategy. Other examples are the following: does not harm the skin, satisfies hunger, is easy to combine with other ingredients, stimulates, is convenient, and so on.

Positioning by Price and Quality

The *price-quality* product characteristic is so useful and pervasive that it is appropriate to consider it separately. In many product categories, there exist brands

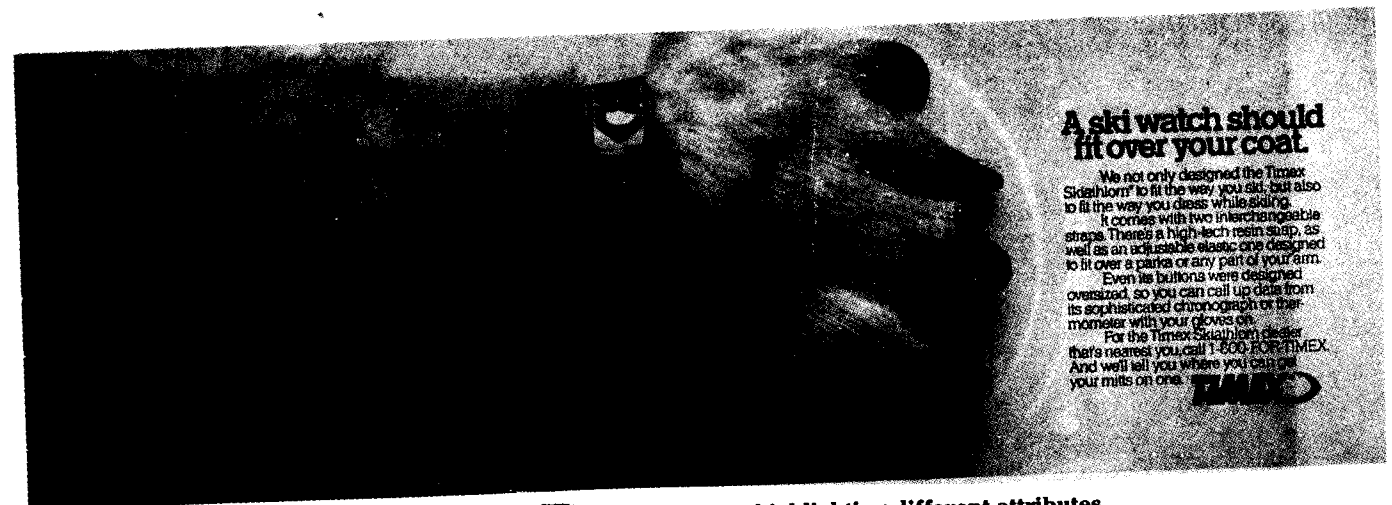

Figure 6–5. **Two advertisements aimed at different segments, highlighting different attributes.**

Reprint permission granted by Timex Corporation.

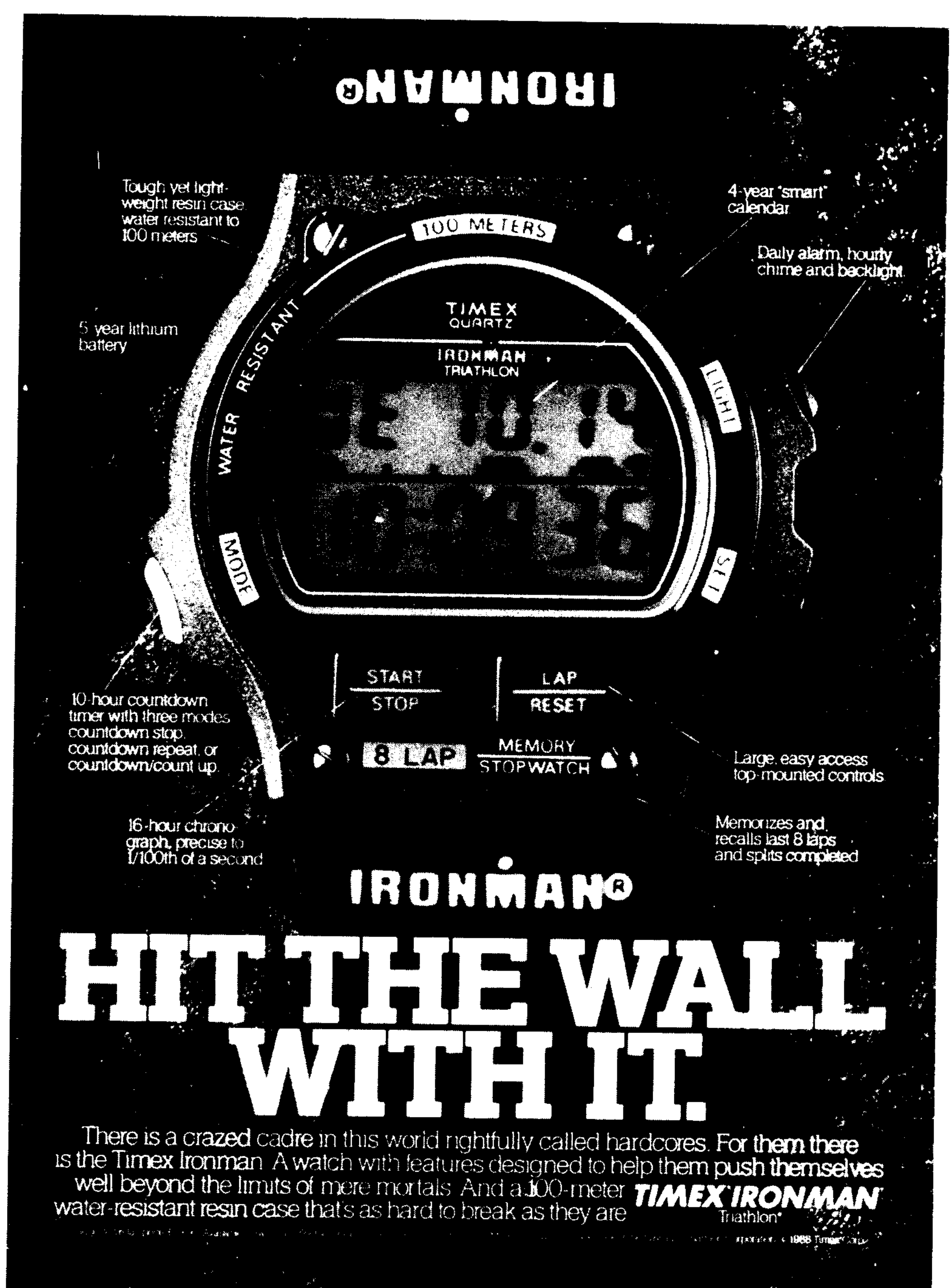

Figure 6–5. (*continued*)

that deliberately attempt to offer more in terms of service, features, or performance. Manufacturers of such brands charge more, partly to cover higher costs and partly to help communicate the fact that they are of higher quality. Conversely, in the same product class there are usually other brands that appeal on the basis of price, although they might also try to be perceived as having comparable or at least adequate quality. In many product categories, the price-quality issue is so important that it needs to be considered in any positioning decision.

For example, in general merchandise stores, the department stores are at the top end. Neiman-Marcus, Bloomingdale's, and Saks Fifth Avenue are near the top, followed by Macy's, Robinson's, Bullock's, Rich's, Filene's, Dayton's, Hudson's, and so on. Stores like Sears, Montgomery Ward, and J. C. Penney are positioned below the department stores, but above the discount stores like Target, K Mart, and Wal-mart. It is usually very difficult to compete successfully using both quality and price: Sears is just one advertiser that has faced the very tricky positioning task of retaining the image of low price while communicating a quality message. There is always the risk that the quality message will blunt the basic "low-price" position or that people will infer that if the prices are low, the quality must be low, too.

Positioning by Use or Application

Another way to communicate an image is to associate the product with a *use*, or *application*. Campbell's Soup for many years positioned itself as a lunch-time product and used noontime radio extensively. AT&T associated long-distance calling with communicating with loved ones in its "Reach out and touch someone" campaign.

Products can, of course, have multiple positioning strategies, although increasing the number involves obvious difficulties and risks. Often a positioning-by-use strategy represents a second or third position for the brand, a position that deliberately attempts to expand the brand's market. Thus, Gatorade, a summer beverage for athletes who need to replace body fluids, has attempted to develop a positioning strategy for the winter months. The concept is to use Gatorade when flu attacks and the doctor says to drink plenty of fluids. Similarly, Quaker Oats has attempted to position its product as a natural whole-grain ingredient for recipes in addition to its breakfast food niche. Arm & Hammer baking soda has successfully extended its fresh/clean positioning in pushing usage as an odor-destroying agent in refrigerators (as the storyboard shown in Figure 6–6 illustrates), and has recently been quite successful with its baking-soda toothpaste.

Positioning by Product User

Another positioning approach is to associate a product with a *user* or a class of users. Michael Jordan, for example, was used by products as diverse as Nike, Gatorade, and McDonald's. Many cosmetic companies have used a model or personality to position their product. Makers of casual clothing such as jeans have introduced "designer labels" such as Calvin Klein or Jordache to develop a fashion image. The expectation is that the model or personality will influence the product's image by reflecting the characteristics and image of the model or personality com-

Figure 6–6. Positioning by application.
Photographs courtesy of Arm & Hammer Division, Church & Dwight Co., Inc.

municated as a product user. This strategy is discussed in more detail in Chapters 10 and 11.

Johnson & Johnson repositioned its shampoo from one used for babies to one used by people who wash their hair frequently and therefore need a mild shampoo. This repositioning resulted in a market share that moved from 3 percent to 14 percent for Johnson & Johnson.

In 1970, Miller High Life was the "champagne of bottled beers" and had an image of a beer suitable for women to drink. In fact, it was purchased primarily by upper-class socioeconomic groups.[25] Philip Morris then purchased Miller and moved the product out of the champagne bucket into the lunch bucket, repositioning it as a beer for the blue-collar working man who is the heavy beer drinker. The long-running campaign showed working men reaching the end of a hard day, designated as "Miller time," relaxing with a Miller beer. This campaign, which ran virtually unchanged for about fifteen years, was extremely successful, although Miller's market share has since then dropped considerably as they have unsuccessfully tried to find an equally successful replacement campaign.

Miller's Lite beer, introduced in 1975, used a similar positioning strategy. It was positioned as a beer for the heavy beer drinker (called "Six Pack Joe" in the industry), who wants to drink a lot but dislikes that filled-up feeling. Thus, Miller's used convincing beer-drinking personalities such as Dick Butkus and Mickey Spillane to communicate the fact that this beer was not as filling. In contrast, previous efforts by others to introduce low-calorie beers were dismal failures, partly because they emphasized the low-calorie aspect. One even claimed its beer had fewer calories than skim milk, and another featured a trim light beer personality. Of course, not every beer needs to go after the heavy users: some other light beers, such as Coors Light, have in fact tried to attract single women, depicting a very different kind of user than that shown in most beer advertising (see Figure 6–7).

Positioning by Product Class

Some products need to make critical positioning decisions that involve *product-class* associations. For example, Maxim freeze-dried coffee, the first one in the market, needed to position itself with respect to regular and instant coffee. Some margarines position themselves with respect to butter. Dried milk makers came out with instant breakfast positioned as a breakfast substitute and a virtually identical product positioned as a dietary meal substitute. The toilet soap Dove positioned itself apart from the soap category as a cleansing cream product, for women with dry skin.

The soft drink 7-Up was for a long time positioned as a beverage that had a "fresh clean taste" that was "thirst quenching." However, research uncovered the fact that most people did not regard 7-Up as a soft drink but rather as a mixer beverage; therefore, the brand tended to attract only light soft-drink users. The positioning strategy was then developed to position 7-Up as a "mainline" soft drink, as a logical alternative to the "colas" but with a better taste. The successful "Uncola" campaign was the result.

Positioning by Cultural Symbols

Many advertisers use deeply entrenched *cultural symbols* to differentiate their brand from competitors. The essential task is to identify something that is very meaningful to people that other competitors are not using and associate the brand with that symbol. The Wells Fargo Bank, for example, uses a stagecoach pulled by a team of horses and very nostalgic background music to position itself as the bank that opened up the west. Advertising is filled with examples of this kind of positioning strategy. Marlboro cigarettes chose the American cowboy as the central focus to help differentiate its brand from competitors and developed the Marlboro Man. The Green Giant symbol was so successful that the packing company involved was renamed the Green Giant Company. Pillsbury's "doughboy" and dozens of other examples illustrate this type of positioning strategy.

Positioning by Competitor

In most positioning strategies, an explicit or implicit frame of reference is one or more *competitors*. In some cases the reference competitor(s) can be the dominant aspect of the positioning strategy. It is useful to consider positioning with respect

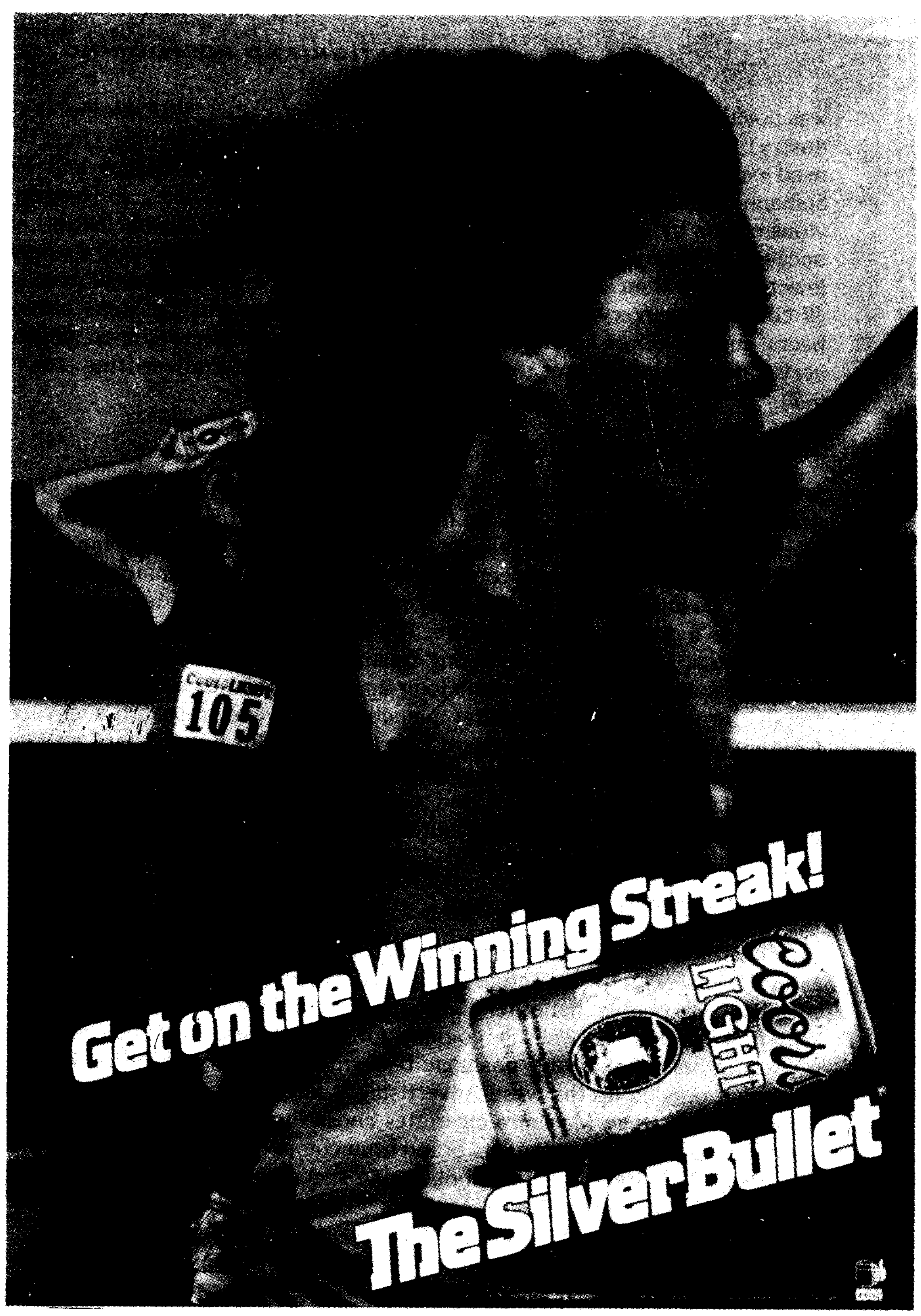

Figure 6-7. Positioning beer at light users: Coors Light.
Courtesy of Coors Brewing Company.

to a competitor for two reasons. First, the competitor may have a firm, well-crystallized image developed over many years. The competitor's image can be used as a bridge to help communicate another image referenced to it. If someone wants to know where a particular address is, it is easier to say it is next to the Bank of America building than to describe the various streets to take to get there. Second, sometimes it is not important how good customers think you are; it is just important that they believe you are better than (or perhaps as good as) a given competitor.

Perhaps the most famous positioning strategy of this type was the Avis "We're number two, we try harder" campaign. The message was that the Hertz company was so big that they did not need to work hard. The strategy was to position Avis with Hertz as major car-rental options, and therefore to position Avis away from National, which at the time was a close third to Avis. See Figure 6–8 for a classic ad from the Avis campaign.

Positioning with respect to a competitor can be an excellent way to create a position with respect to a product characteristic, especially price and quality. Thus, products that are difficult to evaluate, like liquor products, will often use an established competitor to help the positioning task. For example, Sabroso, a coffee liqueur, positioned itself with the established brand, Kahlua, with respect to quality and also with respect to the type of liqueur. Its print advertisement showed the two bottles side by side and used the head, "Two great imported coffee liqueurs. One with a great price."

Positioning with respect to a competitor can be accomplished by comparative advertising, advertising in which a competitor is explicitly named and compared on one or more product characteristics. Subaru has recently used this approach to position some of their cars as being comparable in safety to Volvo, which has consistently stressed its safety qualities and is thus closely identified with safety. As Figure 6–9 illustrates, by comparing Subaru to a competitor that has a well-defined safety image, such as a Volvo, the communication task becomes easier for Subaru.

DETERMINING THE POSITIONING STRATEGY . . . .

What should be our positioning strategy? The identification and selection of a positioning strategy can be difficult and complex. However, it becomes more manageable if it is supported by marketing research and decomposed into a six-step process.

1. **Identify the competitors.**
2. **Determine how the competitors are perceived and evaluated.**
3. **Determine the competitors' positions.**
4. **Analyze the customers.**
5. **Select the position.**
6. **Monitor the position.**

In each of these steps one can employ marketing research techniques to provide needed information. Sometimes the marketing research approach provides a conceptualization that can be helpful even if the research is not conducted.

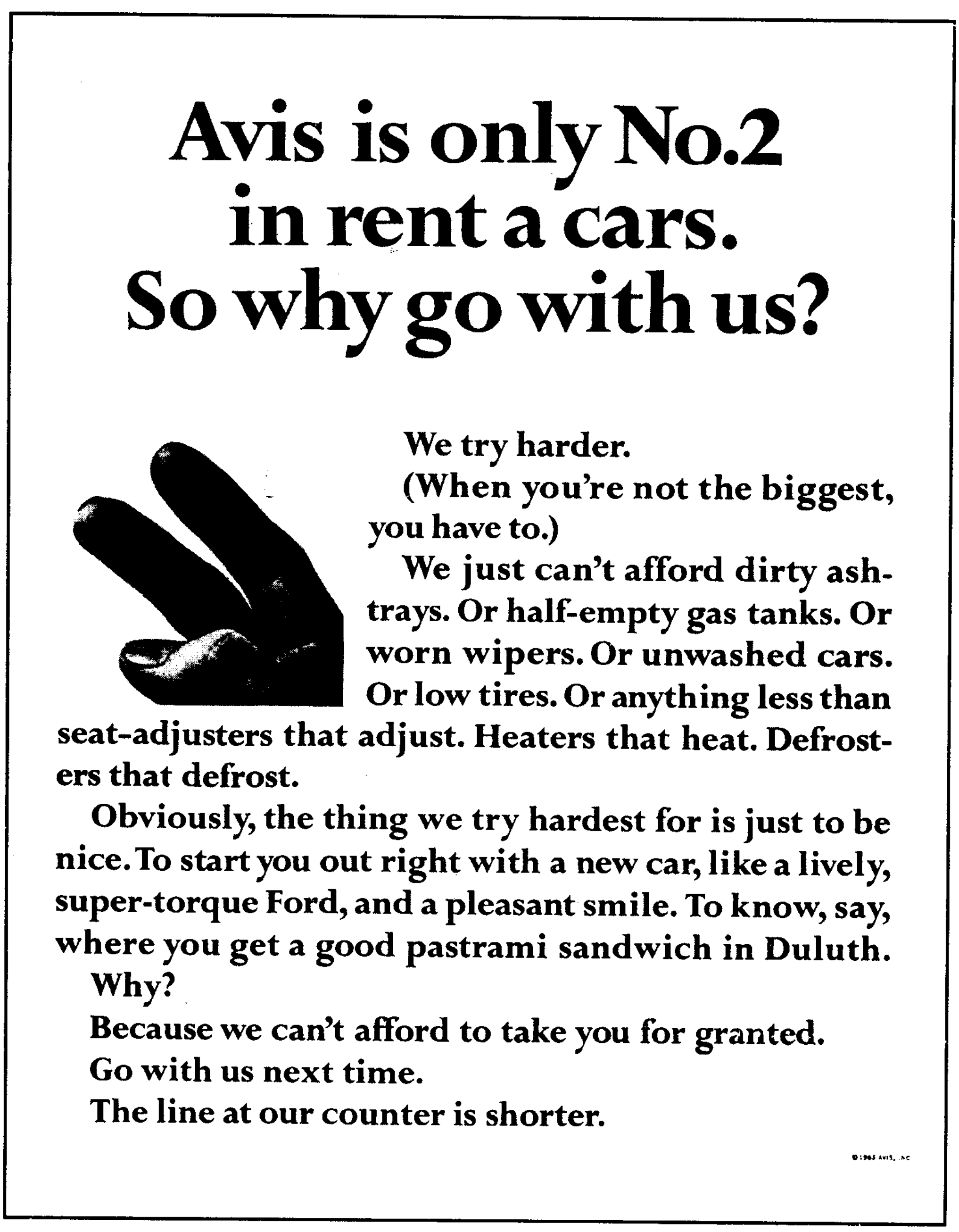

Figure 6–8. Positioning by competitor: Avis Rent-a-Car.
Courtesy of Avis, Inc.