HOW TO WRITE A SUCCESSFUL ADVERTISING PLAN

The classic marketer's lament is, "I know half of my advertising budget is wasted—I just don't know which half!" Profitable advertising should start with a winning advertising *plan*. Author James Taylor has written a simple, yet highly effective manual to put you "on track" before you start throwing away valuable advertising dollars. You'll learn how to ☐ Turn marketing strategies into advertising goals ☐ Analyze your customers and competitors ☐ Segment your market, then reach each segment effectively ☐ Fit your creative message to your marketing strategy ☐ Make effective use of *all* advertising media ☐ Create a realistic advertising budget ☐ Write an actual advertising plan. *How To Write A Successful Advertising Plan* is filled with hundreds of practical examples and illustrations. It's a hands-on guide that you will use over and over to turn your advertising dollars into increased sales.

James W. Taylor

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NTC Business Books
a division of *NTC Publishing Group* • Lincolnwood, Illinois USA

1990 Printing

Published by NTC Business Books, a division of NTC Publishing Group.

Manufactured in the United States of America.
Library of Congress Catalog Number: 88-61138

0 VK 9 8 7 6 5 4 3 2

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PREFACE

More than 100 years ago, John Wanamaker, the "inventor" of the department store, is alleged to have said, "Half of the money I spend on advertising is wasted. I just don't know which half." Today, we will spend over 100 billion dollars on advertising and John Wanamaker's insight is as valid today as it was then. That means that we will *waste* something around 50 billion dollars on useless advertising in the United States in 1988. An outrageous condition!

We'll probably never be able to eliminate all of the waste from advertising, but we can certainly do better than 50 percent, and that is what this book is all about. The more you can plan and control your advertising expenditures, the more you can eliminate waste. Each wasted dollar you recover is another dollar you can spend to compete.

This gives you a double advantage over your competitors. Every dollar you do spend, works harder for you *and* you have more effective dollars to spend.

Anyone who has ever had to compete with Procter & Gamble Company will understand the idea immediately. Because Procter & Gamble buys so much media and does it so efficiently, they have a huge advantage over their competitors before the race even starts.

Ed Ojdana, whom you will meet in Chapter Eight, estimates that in 1980 in San Francisco, for example, Olympia Brewing Company was paying $138 per Gross Rating Point while trying to compete with Budweiser which paid at $79 per GRP in the market. As you can see, that is a huge disadvantage. The way to offset that kind of competitive advantage in financial clout is to make your dollars work harder and work smarter. Welcome to the advertising war!

Many people contributed to this book. Some of them made their contributions a long time ago. For instance, I learned much about advertising from Art Wilkins and Dick Casey at Benton & Bowles, in New York. Some friends made very specific contributions to make this a good book. In alphabetical order, they are: Gene Cameron, BBDO/West, Los Angeles, California; Bill Cross, Crosswords Advertising Pty Ltd., North Sydney, Australia; Eric Douglas, Riverside Marketing Group, Westport, Connecticut; Dick Fogg, Land O'Lakes, Arden Hills, Minnesota; Charlie Fredericks, DoyleGraf-Mabley Advertising, New York; Professor Robert Jones, California State University–Fullerton, Fullerton, California; Tom Ketchum, Print Media Advertising, Inc., Dallas Texas; Monty McKinney, DDB Needham West, Los Angeles, California; John North, Porsche Cars North America, Reno, Nevada; Ed Ojdana, Pasadena Brewing Company, Pasadena, California; Ronald Paul, Technomic, Inc., Chicago, Illinois; Michelle Rose, Carl Karcher Enterprises, Inc., Fremont, California; Paula Kelly, Joanne Snyder, and Beth Softness, Banana Republic Safari & Expedition Clothing, Inc., San Francisco, California; Joanne Taylor, proofreader par excellence; Richard

Taylor, Honeywell-Bull, Inc., Minneapolis, Minnesota; Charlie Walker, C. A. Walker & Associates, Inc., Los Angeles, California; and Monte Zator, DFS Dorland, Inc., New York.

But I think that over the last twenty years, I've learned more from Jay Chiat than anyone else. Jay is just about the most urbane and witty person I have ever known. He has shown me that real creativity in advertising can sell incredible amounts of goods and services. He also taught me that undisciplined creativity is a disaster. Some day we may agree on something.

Thank you all. I think it turned out to be a pretty terrific book because you helped.

CHAPTER **1**

HOW THE ADVERTISING BUSINESS WORKS

The Players

There are three main players in the advertising business and a host of supporting players. One of the main players is the advertiser—the company or the person who pays for the advertising messages and for the audiences exposed to these messages. Another main player is the media. The media include newspapers, TV stations, magazines, radio stations, outdoor signs, etc., that develop an audience to sell to the advertisers so they can deliver their advertising messages. The third main player is all of the advertising agencies who help advertisers prepare their advertising messages and who help them select target audiences to see and hear those messages.

The supporting players are a wide variety of companies and people that actually prepare the advertising, deliver the advertising to the media, measure the size of the various audiences, and measure whether the advertising was delivered. Typesetters, photographers, TV commercial directors, photoengravers, and printers are some of the people who produce the advertising messages. Air freighter companies, e.g., Emory and Airbourne, deliver the physical advertising messages to the media. Organizations like the Audit Bureau of Circulation verify the claims of audience sizes and characteristics for magazines and newspapers. Companies like the Advertising Checking Bureau verify that the media actually delivered the contracted advertising messages.

The purpose of the advertising business is to deliver advertising messages to prospective and current customers of the advertisers and to do that job at a per customer cost that is less than it would cost to send actual salespeople to deliver sales messages. You can envision the advertising business like this:

Advertisers → Advertising Agencies → Media → Prospective Customers / Present Customers

Advertisers

All types of companies, organizations, groups, and individuals are advertisers. Some advertisers are companies with products you know very well. Procter & Gamble Company (which spends more money on advertising than any other company in the world) advertises Tide detergent, Folgers coffee, and Charmin toilet tissue directly to consumers. Procter & Gamble also advertises to retailers—the supermarket people who actually sell their products to the final users—to inform them about trade deals, price promotions, product improvements, etc. When advertisers direct their messages towards retailers or wholesalers, the advertising usually is called *trade advertising.*

Some advertisers do not sell products at all, they sell services. Humana, Inc., sells the services of its hospitals; Citicorp, Inc., sells its banking services; Connecticut General sells its life insurance services; Jacoby & Meyers sell their legal services; and Dean Witter/Reynolds sells its financial advisory services.

Other advertisers don't advertise to consumers at all, they advertise to other businesses. For example, when the Carlisle Corporation wants to deliver advertising messages about the company's finely drawn, plated, and stranded wire conductors to aircraft manufacturers and aerospace firms, it uses *business-to-business advertising.*

The businesses that spend more money on advertising than any other group of businesses do not manufacture products at all, they run retail stores. The second biggest advertising budget is the dollars spent by Sears, Roebuck & Co. Some are huge chains selling food products like Safeway or Kroger. Others are large drugstore chains like Hook Drugs, and some sell clothing, as does the successful Limited, Inc. Other retailers, however, are quite small. Today's *Pennysaver* newspaper carried advertising messages from Accord's Food Market, Shampoo: Hair Designs for Men & Women, Drapery World, and Crown Valley Texaco (among dozens of other small retailers).

Governments also advertise. The U.S. Army has been directing highly successful advertising messages toward young men and women, urging them to ''Be All That You Can Be,'' since the advent of the all-voluntary army at the end of the 1970s. The American Heart Association is an example of a non-profit organization that advertises to raise donations to support its research program. Southern Methodist University is an example of a different kind of non-profit organization using advertising messages to induce contributions from its alumni.

Finally, individuals advertise. In today's *Los Angeles Times* classified section, Franklin J. Slater, Atty., is offering to defend you against a drunk driving charge for a flat $399; somebody is offering a $500 reward for a Male West Highland Terrier Scottie that was lost in Orange, California; a doctor's office is trying to hire a licensed massage therapist; and Warren Biggs is offering to sell a fully loaded 1980 Cadillac Seville for $6,995.

All of these companies, organizations, groups, and individuals face the same advertising problem: how to say the right thing in their advertising message(s), how to select the correct advertising medium (media), and how to accomplish the whole thing for the least cost. The purpose of this book is to help all of those people answer their questions in the best possible way.

Advertising Agencies

Many advertisers engage the services of independent businesses called *advertising agencies* to develop their advertising messages, select the best media, and complete the numerous tasks that are required to ensure that the messages are delivered to the audiences.

In short, an advertising agency is a collection of special talents that can help an advertiser deal with the most difficult of advertising problems. While this assistance can be invaluable, it can also be a deadly trap. Advertising is, can be, and certainly should be a glamorous, exciting, and fun business. It is the nature of the thing! The problem is that some advertisers get so caught up in the glamour that they give away all of their decision-making policies to their advertising agency and that is always a serious mistake.

Most advertising agencies want to create advertising that wins awards and prizes, advertising that gets favorable notice from other advertising people. Part of it is ego, but most of it is hard-headed business sense. When advertising agencies make presentations for new business (the main way that advertising agencies grow and become more profitable for their owners), awards like Clios, Belding Cups, etc., have demonstrated that they are powerful selling tools, even among the most dispassionate of business people. The *problem* is that there is no serious evidence that award-winning advertising is advertising that increases sales.

There are, however, anecdotes of award-winning advertising increasing sales. Life Cereal's "Mikey Likes It" TV commercial won awards and sold a lot of Ready-To-Eat Cereal. Apple's "1984" TV commercial was shown only once (on the 1984 Super Bowl telecast) and it sold millions of dollars worth of Macintosh computers. The problem is that advertisers can't run their businesses on occasional anecdotes—they must be productive day-in-and-day-out, year-round, year after year.

So, the first piece of serious advice for advertisers is this: If you have clearly stated your marketing and advertising objectives to your advertising agency, and the proposed advertising that they are showing you doesn't clearly meet those objectives, DO NOT, under any circumstances, approve the advertising. Such circumstances will probably include direct challenges to your courage and to your judgment. When you hear, "This is not the kind of stuff that every client in this industry would have the guts to run, but it'll knock the socks off the customers!!" *DO NOT GIVE IN!* Yes, you do stand a one-in-a-thousand chance that you will actually turn down a "knock their socks off, award-winning campaign," but at the same time you will avoid a 999 out of 1,000 chance that you are wasting your advertising budget.

Remember two things at times like these: One, almost all advertising agencies hate the advertising that Procter & Gamble does, but nobody comes close to having their day-in, day-out effective advertising. Two, remember that when your internist sends you to consult with a specialist in (orthopedic) medicine after your annual physical check-up, no matter what the specialist advises, it is still your life you are dealing with, not his or hers!

The following story is a true, but sad story of a little company that got caught up in the glamour of the advertising business and learned to regret abdicating final decision making to its advertising agency.

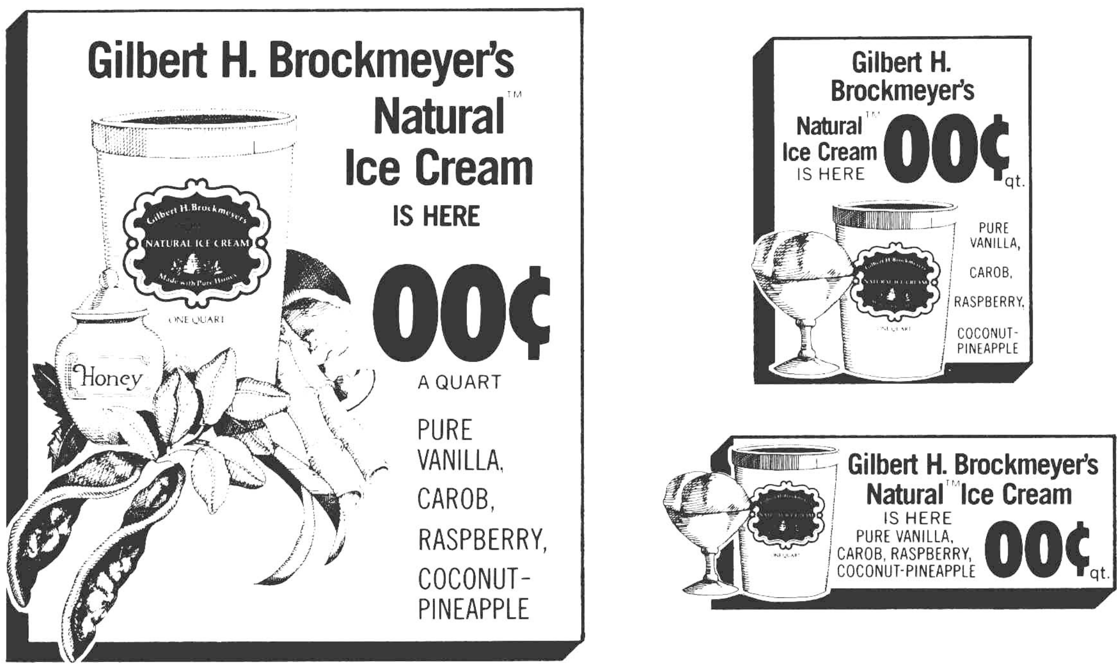
A Strategy Goes Wrong

In 1971, the Los Angeles based Gilbert H. Brockmeyer Ice Cream Company introduced the first all natural ice cream into supermarkets in Southern California. The ice cream came in four flavors. It used no artificial preservatives, no artificial colors, and no artificial flavors. It was a health, "only natural ingredients" food product that tasted good and found its way into mass distribution channels. It was moderately successful in sales volume.

Gilbert H. Brockmeyer's Natural Ice Cream accomplished good distribution. Every major food store chain in Southern California, and many independents, carried the product. The single exception was Safeway Stores. In

Southern California, that was not a serious problem because Safeway had a small share of the market. However, it was a very serious problem when it came to expanding distribution outside of Southern California because Safeway had a commanding share of market in virtually every other major market in the West and Midwest.

EXHIBIT 1.1
This is an example of an advertising slick. Manufacturers supply slicks and other advertising materials to retailers and wholesalers to assist in advertising the manufacturer's products and/or services.



All through the 1970s, Gilbert H. Brockmeyer's Natural Ice Cream faced serious limitations in its ability to expand geographically because it failed to gain distribution in any Safeway stores.

In the Southern California market (about 5 percent of the total U.S. food business) the brand faced a second problem. The primary advertising media from the brand's inception had been the Sunday supplement of the *Los Angeles Times, Home Magazine.* When a four-color, full-page ad for the product ran in a Sunday edition of *Home Magazine,* sales would increase by 100 percent the following week, and by 50 percent the second following week (Exhibit 1.1). By the third following week, sales returned to normal.

Consumer surveys showed that the brand had about a 33 percent awareness level. Coincidentally, the Sunday *Los Angeles Times* reached about 33 percent of all Los Angeles metropolitan households. At the same time, taste tests demonstrated that once consumers became aware of the product, there was a strong possibility that they would become regular customers.

All through the 1970s, Gilbert H. Brockmeyer's Natural Ice Cream faced serious limitations on its ability to grow within its existing market area because it seemed impossible to increase awareness of the brand, on an affordable basis, in its prime market.

At the end of the 1970s, the brand was doing well, but was stymied in geographical expansion by its failure to gain distribution in Safeway stores. Additionally, it was stymied in building volume by its failure to gain awareness outside of the *Los Angeles Times* Sunday supplement, *Home Magazine,* readership.

In 1979, the food broker who represented the company in San Diego scored a breakthrough by getting the local Safeway District Manager to authorize a summer test of the product in San Diego Safeway stores. As a part of the deal, the ice cream company agreed to promote the brand heavily in San Diego.

Since the deal was made early in June, the long lead time involved in the four-color print advertising process precluded the usual advertising support that the company had been using. The advertising agency suggested using radio because of the short turnaround time. Three commercials were produced using Gilbert H. Brockmeyer's wife, Alma, as the spokesperson (the talent). Alma Brockmeyer is a lovely grandmotherly lady who had been a housewife all of her life. The actual commercials were crafted carefully, word by word, at the production house of Chuck Blore & Don Richman, Inc.

At the end of the summer, there was some fairly strong evidence that sales in the total San Diego market had increased 185 percent! Encouraged by these results, the company management planned to conduct a test of radio advertising in the much larger, much more expensive Los Angeles Metropolitan Area in the spring of 1980. Since there are eighty radio stations in the Los Angeles Metro Area, the advertising agency argued that a sizable budget would be required. The company agreed and the entire 1980 advertising budget was put behind the test. To reproduce this advertising spending level on an annual, national basis would have required approximately $10 million.

The next recommendation that the advertising agency made involved the advertising itself. They argued that Alma Brockmeyer's lack of professional experience was too limiting from a creative standpoint, that she should be replaced with a professional actress, and that the commercials be rewritten. The company management agreed. Alice Ghostley was hired and three new commercials were produced. The script for one of the commercials is shown in Exhibit 1.2.

Even without hearing the actual voices, just reading the scripts makes it very clear that a major change in the content of the advertising message was made.

The test was conducted and no measurable results were obtained. Awareness among ice cream buyers was unchanged and there was no increase in sales.

When the peak summer selling season arrived, the company had no funds to advertise the brand and sales began to weaken. Then distribution began to erode and out-of-stock situations began to increase. As the company went into 1981, sales continued to trend down and advertising budgets were decreased. A downward spiral was started and two years later the brand was out of business.

Moral: Don't ever change more than one variable in an advertising test and don't ever let your advertising agency talk you into doing something against your better judgment.

EXHIBIT 1.2
Sixty Second Radio Commercials (As Recorded)

ALMA

My name is Alma Brockmeyer. We thought it would be so nice if my husband, Gilbert H. Brockmeyer, went on the radio to tell you how delicious his natural ice cream is, but he thinks his voice sounds funny, so here I am. If you've never tried Brockmeyer's Natural Ice Cream, you have no idea how good ice cream can taste. It's natural as can be, with absolutely nothing artificial. All eight flavors are made from the very best that money and my husband's stubbornness can buy. The plumpest raspberries, the choicest bananas, the finest vanilla beans, carob, peanuts, pecans, and walnuts. You'll find Gilbert H. Brockmeyer's Natural Ice Cream in your supermarket, and if it were up to me, I'd tell you to try some right away. Wait a minute, it is up to me to tell you. Gilbert certainly won't. (Chuckles)

ALICE

(SFX—birds twittering) This is a very irritated Mother Nature speaking, and if you ice cream eaters out there don't pay very close attention, I'm going to drop a three ton hailstone on Pasadena. Look, there's a big difference between my genuine vanilla beans and artificial vanilla flavor, vanalin, they call it. Might as well call it Mary Lou for all it tastes like real vanilla. Now stop eating that stuff. Drop down to your supermarket freezer case and get Gilbert H. Brockmeyer's Natural Ice Cream. In the brown carton. Brock uses lots of my very best vanilla beans, fresh milk, and cream, real eggs and honey. No chemicals, no additives, not one thing you can't pronounce. That is why it tastes so delicious. When you finish the vanilla, get started on the rest of Brockmeyer's eight natural flavors and if I ever catch you eating make believe ice cream again, you can try explaining a purple pine tree to the neighbors.

(Male Voice Over) Delicious Gilbert H. Brockmeyer's Natural Ice Cream, from Mother Nature with love.

More about Advertising Agencies

Advertising agencies come in all sizes and range from the world's largest, Saatchi & Saatchi, Inc., with thousands of employees around the world, to one-person agencies in your town. With a few exceptions, advertising agencies are organized to perform three basic functions. One function is to make contact with the advertiser (called a *client* by most advertising agencies). This involves acquiring a thorough understanding of the client's products, services, marketing plans, and advertising objectives. The people who perform this function are called account executives.

Another function is the creative role. This is where the creative people in the advertising agency develop solutions to fit the client's advertising objectives. The creative people are also responsible for getting the advertising produced after their ideas have been approved by the client. It is common to find a writer and an art director assigned to work as a creative team on a client's advertising.

The third function is media. The advertising agency is responsible for recommending media and, when plans are approved, drawing up contracts with specific newspapers, magazines, TV stations, etc.

HOW AGENCIES GET PAID

It is important to understand how money circulates in the advertising business because it is different from every other major business except for travel agents. In the advertising business, the agencies historically have been paid for their work by the media, not by the advertisers.

It all started in Philadelphia in the 1840s when a man named Volney Palmer contracted with the major newspapers of the day to sell advertising space in their newspapers. Palmer contracted for large amounts of space and was able to secure a large discount from the newspapers as a result. As he resold the newspaper space, he found that he had to help his customers with the writing and layout of their advertisements. Palmer used his services in writing and art as inducements to sell advertising space.

That arrangement exists today, although it is changing for reasons we will review later. Here is the way the system works: Suppose an advertiser wants to show a TV commercial about his product in Albany, Georgia. The client describes what he wants to say to the account executive, who in turn relays the need to the creative team, who propose how the commercial might look and sound using a storyboard. The client approves the storyboard and the creative team hires a separate production company to plan, cast, shoot, edit, etc., the actual commercial. Upon completion, the production company sends an invoice for its services to the advertising agency. Since the production company was selected on the basis of their bid to do the work, the agency and the client both know what to expect.

The agency then bills the client for the services of the production house. This invoice may, or may not, include a prearranged percentage mark-up. The advertising agency then contracts with Gray Communications Systems, Inc., for air time on their TV station, WALB-TV, in Albany, Georgia, and the agency sends WALB-TV a copy of the commercial to show on the air at the agreed upon time(s).

When the commercial has been shown, Gray Communications sends the advertising agency an invoice that looks like this:

Cost of air time	\$10,000
Less commission (15%)	−1,500
	\$ 8,500
Less 2% discount for payment within ten days	− 170
	\$ 8,330

The agency pays Gray Communications \$8,330 and the advertising agency sends the client an invoice that looks like this:

Cost of air time	\$10,000
Less 2% discount for payment within ten days	− 170
	\$ 9,830

The client pays advertising agency $9,830 which is exactly what it would have had to pay Gray Communications if they had contracted directly with Gray. The advertising agency keeps the $1,500 commission as compensation for their services.

While this system has some obvious advantages for advertisers, it also has some disadvantages. The two major alternatives are a negotiated commission and a fee system. In a negotiated commission system, the advertiser and the advertising agency agree on some commission percentage smaller than 15 percent and the advertising agency rebates the difference back to the advertiser.

To use a fee system, the advertiser describes the work he or she wants done by the advertising agency and the agency breaks down the work to be done in terms of the number of hours required by various people and applies each individual's "billing rate" to that amount of time. Out-of-pocket expenses are estimated. Hourly charges and expenses are totalled and an amount is added to cover general overhead and profit.

The fee can cover a specific project or a period of time. The agency submits regular invoices for fractions of the fee on a monthly basis. The agency records the amount of advertising agency commissions it has received from the media during this period. If the amount is greater than the fee, the agency rebates the excess amount to the advertiser. If the amount is less than the fee, the advertiser is invoiced for the difference.

A recent survey by the Association of National Advertisers indicates that the following proportions of its members use the various compensation systems:

Standard 15% Advertising Agency Commission	43%
A Negotiated Commission Less Than 15%	28%
A Fee System (plus all other methods)	28%

Given the way money moves around in the advertising business, it is not surprising that the individual media take great interest in the financial health of advertising agencies before they extend credit to them. In the past, various media have tried to "reach around" an advertising agency and collect directly from an advertiser, but with no luck.

VARIATIONS ON THE BASIC ADVERTISING AGENCY

Some agencies attempt only one or two of the functions provided by a "full service" advertising agency. For example, some agencies have concentrated just on buying media. They claim that they get better value for their clients because of their specialized knowledge and volume buying practices. These agencies call themselves *media buying services.*

Some agencies attempt to provide only the creative function. These agencies usually are called "creative boutiques," and their popularity probably peaked in the late 1960s. There was a slightly mean-spirited joke in the advertising business (but with a grain of truth) that a creative boutique was an artist and a copywriter sitting around waiting to get a client so that they could become a full-service advertising agency.

A few advertisers have decided that they should do the advertising agency's job themselves. These agencies are called *in-house agencies.* An advertiser starts an in-house agency to gain greater control over the people working