Rolf Speetzen
Axel Springer Verlag
Hamburg, West Germany

Wilfried Wenzel
Axel Springer Verlag
Hamburg, West Germany

8.4 Making the most of media analyses

MARKETING AND ADVERTISING — A COMPETITIVE BATTLEFIELD

Current marketing postures have developed a fairly belligerent stance. The language today is of capturing new market segments, of aggressive pricing policies, of defending the market position.

This choice of words shows clearly how tough the in-fighting has become, and how most brands are in a face-to-face contest for the stakes.

The weapons used are drawn from the armoury of marketing techniques (alongside product quality and, of course, the nature of the advertising). Consequently media planning provides a significant task-force in the struggle for market shares. But here there is a problem.

PLANNING FOR COMBAT WITHOUT BATTLEFIELD INTELLIGENCE

The problem with the classic media planning tools is simply that strategy is determined without taking into account the activities of the enemy. The programmes are not backed by intelligence about the real advertising policies of the competition, so that the media programmes we use today are 'blind' so far as concerns what the other parties are doing, and arrive at a planning output which is independent of any relevant competitive activity. What is clear from this is the extent to which these outputs are 'unrealistic', taking no account of the nuances and varying facets of the actual market situation. As a result, there remain unanswered the important tactical and strategic planning questions — whether to avoid the competitor or to meet him head-on, whether to use a mixture of media or to concentrate the attack on a narrow front, and so on.

THE NEED FOR A SPECIAL PLANNING PROGRAMME

Saturated markets require a special planning programme which takes into account, simultaneously, the advertiser's own OTS and those of the competition. In seeking a position closer to reality in media programming it is essential to define the differences between saturated and growth markets.

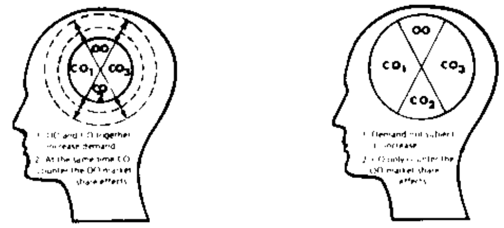
We may say that a market is saturated when the total volume of consumption can no longer be increased by the power of advertising, and when the take-up patterns of individual consumers have been firmly established by habit and circumstances. Typical examples of this phenomenon are the toothpaste, washing powders, conditioners and margarine markets — though there are, of course, many others. In these saturated markets advertising can influence shifts only in market shares, not in total demand. So 'own OTS' and 'competitive OTS' are at odds with each other within each separate target individual.

Growth markets are quite different. In these, not all the potential consumers have been converted into actual consumers, and in addition sales volume can be increased by persuading those who already use a product to buy more of it. Here 'own' and 'competitive' OTS, while being in opposition, have a cumulative effect at the same time, so that the specific influence of the competitors' OTS cannot be measured precisely. (**Figure 1**).

In saturated markets, however, classic media models which take into account only the advertiser's own activity, disregarding exposures to the target consumer by the competition, result in plans which are wide of the mark so far as concerns arriving at a realistic evaluation of the effect on the market.

FIGURE 1
Advertising works differently in...

...expanding markets ...saturated markets



OO = Own OTS
CO_n = OTS of competitor n

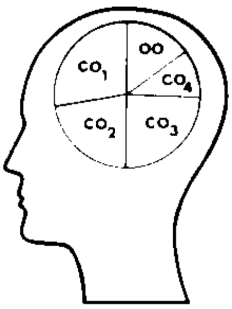
SHARE OF OTS — AN IMPROVED MEASURE FOR SATURATED MARKETS

In classic media planning models, a plan is formulated in isolation without regard to competitive plans (or even single titles), and performance is similarly evaluated. Coverage and Gross Rating Points are taken as the basic performance criteria.

These criteria imply two fundamental assumptions:
(1) That exposures to own advertisements (OO) can be added together: 1(OO) + 1(OO) = 2(OO)
(2) That competitive advertisement contacts (CO) have a zero weighting: W(CO) = 0
The second assumption affirms that advertisements by the competition have no effect on target individuals, and may be ignored completely. We have pointed out that this assumption is fallacious in saturated markets. But where does the reality lie? What is the effect on the market of competitive advertisement exposures?

In a market with several competing brands, an individual brand can be counted once as 'own brand' but several times as 'competitive brand' according to who is doing the counting. Therefore, and depending on the specific viewpoint, the same advertisement exposure of any brand is both 'own exposure' - or 'own OTS' (OO) — and 'competitive exposure' (CO). The effect of this specific advertisement exposure on the market, however, cannot but be a definite one, independently of the position of the individual advertiser. This implies that an exposure to an advertisement of a competitive brand must be given equal weight to an 'own' exposure.

FIGURE 2
Calculating the individual advertising-effect in saturated markets by share of OTS ('SOM')



$$SOM_O = \frac{OO}{OO + CO}$$

$$SOM_{c1} = \frac{CO_1}{CO_1 + OO + CO_2 + \dots}$$

OO = Own OTS
CO_n = OTS of competitor n

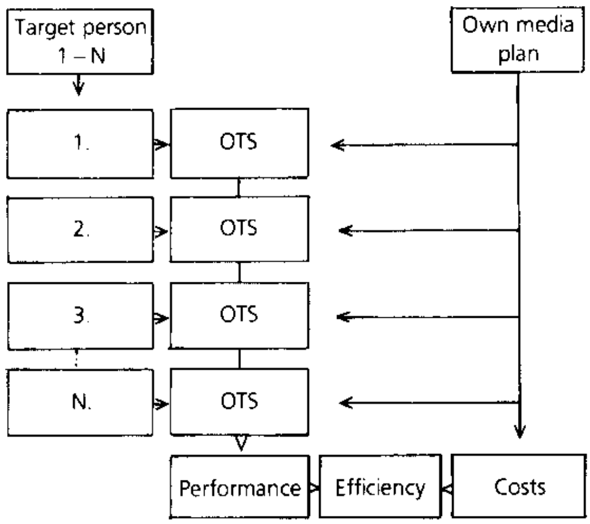
ASSUMPTIONS FOR SATURATED MARKETS

So for saturated markets the following assumptions are more reasonable:
(1) Exposures are additive:
1(OO) + 1(OO) = 2(OO)
(2) Own and competitive exposures are equivalent:
Effect own OTS = effect competitive OTS
(3) The volume of consumption cannot be increased by advertising to the target audience and following these premises we can establish for each target individual 'all advertising' exposures, using **(a)** the 'own' advertising schedule and **(b)** the competitors' advertising schedules. (**Figure 2**).

The share of the exposures to the brand's own advertisements, taken over the sum of exposures in the product area, gives the relative impact of the advertising on the target individual. This value can be shown as either share of OTS (impact related) or share of 'mind' (effect related). In our full German report we have accentuated the 'effect' and therefore used the term 'share of mind' (SOM).

If the values are added for all the target population for the brand's own media plan and the plans of the competitors, then the performance values are SOM_o, SOM_{c1}, SOM_{c2}, etc. **Figures 3** and **4** illustrate, in comparison, the classic media evaluation model and the SOM model.

FIGURE 3
The principle of the classic model



8.4 Making the most of media analyses

TABLE 1
SOM strategic evaluation — inputs

	PLANS OF OWN BRAND (A)				PLANS OF COMPETITIVE BRANDS								
	Last year	*Opt. 1*	*Opt. 2*	*Opt. 3*	*B*	*C*	*D*	*E*	*F*	*G*	*H*	*I*	*J*
Press (insertions)													
Burda Kombination								7					
Tandem				8					4		1		
Bauer Kombi 4				8									
Klambt 2er Kombi								8					
Bild am Sonntag				8									
Bild + Funk											1		
Fernsehwoche											1		
Gong				8							1		
Hörzu									1				
TV Hören + Sehen										1			
Frau im Spiegel				7									
Frau mit Herz									2				
Freizeit Revue									8				
Goldene Blatt									8				
Freundin									6				
Für Sie											1		
Burda Moden									5				
TV (spots)													
NDR	15	27	40	10	12		39	30	32	41	41	17	31
WDR	16	26	40	10			21	27	26	39	47	19	23
HES.	15	27	40	10			26	28	43	36	57	20	23
SAA.	16	27	40	10			8	20	24	65	39	18	10
S/SD	15	27	39	10	14		33	30	38	56	64	29	26
BAY.	15	26	39	9	14		25	26	36	27	60	17	25
SFB.	15	26	40	10			15	20	18	26	33	9	11
ZDF.	15	27	40	9	12	28	22	30	32	42	48	18	23
Radio (spots)													
Bremen	55	91		26			2	105		193			70
Luxembourg	55	91		26	36		103	128		208	105	85	94
Hess. 1	55	91		26	36		35	107		134		68	97
Hess. 3	55	91		26			76	125		120		41	75
SAAR 1 + 3	54	91		26				58		52		19	30
SWF 1	55	91		26			99	40		73	84	36	32
SWF 3	55	91		26				22		15		12	15
Südd.	55	91		26			106	55		104	49	27	54
Bayer. 1	55	92		27			166	78		141		75	74
Bayer. 3	55	91		27			165	115		112	67	49	48
SF Berlin	55	91		26			4	96		87		31	40
Costs in 1,000 DM	3,050	5,100	5,094	5,027	1,347	1,092	6,851	6,842	5,936	7,413	7,251	3,336	4,450

8.4 Making the most of media analyses

AN EXAMPLE

A working example will show whether strategic evaluation actually answers the strategic question. The market chosen is household cleaners, served by ten brands, of which Brand A is our own brand.

The classic media evaluation method cannot solve a problem of the following nature — with nearly all the competitive brands using the electronic media, should Brand A do the same, or should it rather take a rather different course from that of its competitors? And to keep Brand A viable, how big a budget should be allocated to generate the same advertising strength as its major competitors, Brands E,F,G,H and I? These questions have been converted into the following different options:

BRAND A	
Last year's spend	DM 3 million (TV + radio)
Option 1	DM 5 million (TV + radio)
Option 2	DM 5 million (TV only)
Option 3	DM 5 million (TV + radio + print)

These options are to be tested by a SOM evaluation. **Table 1** shows the SOM - input.

To carry through a SOM strategy evaluation a lot more information is needed than can be provided by a conventional planning tool. A realistic estimate of the advertising activities of the competitors cannot be left out of the picture. And in addition to the advertising frequency, the type of advertising medium and its presentation must be included, such as the format of the advertisement and/or the length of the advertising spot.

These different formats and lengths have to be weighted in order to make them comparable. The media weights which have been chosen in conjunction with the various costs for the different formats and lengths are shown in **Table 2.**

The SOM results in **Table 3** show, in addition to conventional measures of coverage and gross rating points, 40 SOM scores. For each of the four different options of Brand A all ten brands achieve different results.

The coverage figures for all the participants in this market are at relatively high levels. The single-medium approach delivers lower coverages than the multi-media plans, but the differences in the results are so small that the net coverage criterion cannot safely be applied to the advertising effects of the individual campaigns.

The GRP's vary according to the level of the budgets. But very similar values are shown for the mixed media strategies of Brand A, and no recommendation can be derived from them.

TABLE 2
Comparable advertising media

Format, length	*Format weight*
Magazines	
1/1 page 4-colour	100
Commercial TV	
90 sec.	247
60 sec.	169
45 sec.	136
30 sec.	100
20 sec.	71
Commercial Radio	
45 sec.	48
40 sec.	43
30 sec.	32

The strategic question, however, can be answered by the SOM scores, where the impact of the advertising per reader/viewer is revealed. The investment of DM 3 million by Brand A in TV + radio returns a SOM dividend of 5.8 percent. If the budget is increased by DM 2 million, for the same media mix, the SOM rating is increased to 9.6 percent, this increase being at the expense of all the other brands. Using a broad mixture of media (TV + radio + print), Brand A achieves significantly better performances for its plan than can be shown by its competitors with higher spends. This choice of mixed media provides a combination of avoiding a head-on collision with the competition and meeting the other brands face to face.

The principle consequence for Brand A is that it not only improves the performance of its own plan but at the same time bears down on the competition.

CONCLUSION

The results of such a SOM evaluation deliver valuable strategic information which would not come to light by using the conventional tools of run-of-the-mill media analyses. This new rating system puts at the disposal of the media planner a means of making strategic decisions both on budgets and on the mixture of media to be used. The data contents of the media analyses are obviously suitable for many more purposes than has been generally thought: the important development is the inclusion of a media model as close as possible to reality.

TABLE 3
SOM strategic evaluation

Unweighted data base: 18,716 cases = 45.73 million
Weighted data base: 9,149 cases = 22.36 million

	Brand A *Last year TV+ Radio*	Brand A *TV+ Radio*	Brand A *TV only*	Brand A *TV+ Radio+ Print*	Brand B	Brand C	Brand D	Brand E	Brand F	Brand G	Brand H	Brand I	Brand J
Net reach %	90.9	92.4	84.2	96.2	77.0	73.0	90.6	92.4	93.7	92.8	95.4	90.2	91.8
GRP %	743	1,285	1,265	1,274	342	306	1,891	1,712	1,535	1,871	1,856	813	1,080
	Share of OTS in % (format weighted)												
Brand A	5.8				2.2	2.2	14.1	12.9	16.1	14.2	14.9	5.9	8.0
Brand A		9.6			2.1	2.1	13.5	12.3	15.5	13.5	14.3	5.6	7.7
Brand A			8.6		2.1	2.1	13.7	12.5	15.6	13.8	14.3	5.7	7.8
Brand A				13.7	2.1	2.1	13.4	12.2	13.4	13.4	13.3	5.6	7.6
	Costs in DM 1,000 per SOM % (format weighted)												
Brand A	527.0				600.5	500.1	484.6	530.4	369.8	522.5	488.1	565.1	555.3
Brand A		529.6			626.9	521.4	507.1	555.3	382.5	547.2	508.4	591.3	581.3
Brand A			595.7		630.5	529.6	499.1	547.5	380.8	536.5	507.1	582.4	572.6
Brand A				366.6	628.1	525.1	510.6	559.7	442.6	551.4	546.3	592.5	584.6

FIGURE 4
The principle of the classic model is expanded for simultaneous inclusion of own and competitive plans