MAGAZINE ACCOUNTABILITY FOR AD EFFECTIVENESS IT CANNOT BE JUDGED IN A VACUUM

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Magazines are generally used in conjunction with other media primarily to deliver image advertising but also can be used for retail messages which consist of price and availability of product / service leading to short-term results. They are seldom used in a vacuum. The effectiveness of all advertising is dependent not only on spending but on:

> ➤ The content / message / promise of the advertisement itself
> ➤ The executional effectiveness of communicating the message in an impactful, dramatic way
> ➤ Enlightened use of media vehicles within a medium

We think there can be no accountability for magazines that does not consider:

> ➤ Spending for all media and promotional communications
> ➤ The relevance of the advertisement content to the desired actions or attitudes
> ➤ The effectiveness with which this is communicated for each medium at each point in the placements

We at J.D. Power and Associates (recently acquired by McGraw-Hill Publishing) are in a unique position as researchers of many dimensions in the United States Automotive industry. We not only monitor product quality, awareness, cross-consideration and overall satisfaction at several stages of an automobile's lifecycle, but we have a unique resource in our Power Information Network which captures every detail of every retail transaction in a representative sample of each brand's dealers. We can do this instantaneously having enlisted the cooperation of dealers in connecting their PC's via phone lines to our central source.

We also have ongoing relationships with all manufacturers and can enlist their partnering in supplying :

> ➤ Measured product awareness levels over time
> ➤ True media spending
> ➤ Copy test results's
> ➤ History of Ad / Promotion spending and communications

These can be supplemented by contact with outside sources with monitored advertising spending. We might enlist panels to judge the advertisement's content / relevance and executional impact. Retired automotive advertising executives and J.D. Power and Associates insiders might be used.

The Power Information Network group has also done a rather good modeling job for helping manufacturers decide which retail incentives (various terms and interest rates for leases and loans as well as straight-out discounts) can be expected to be optimal under current circumstances in specific markets.

NOTE: These formulas would only apply either during the introduction of new or modified products or after <u>meaningful</u> declines in brand Awareness.

Let:

$$\mathbf{A_\tau} = \mathbf{A_0} + \sum_{n=1}^{\tau} \sum_{m=1}^{9} \mathbf{C}_m^t \cdot \mathbf{E}_m^t \cdot \mathbf{\$}_m^t$$

Where:

$\mathbf{A}$ is ad awareness at time τ which equals the pre-awareness (A_0) plus the summation over the campaign of the contribution of the individual ads by medium.

n is a particular point in time;

t is the duration.

m is the specific medium, promotion, P.R. etc.

C is the creative content of the ad judged by its relevance to the communications objective

E is the effectiveness of the advertising communication

$$\mathbf{S_\tau} = \mathbf{A_t} + \sum_{N=t-4}^{\tau} \sum_{m=1}^{4} \mathbf{R}_m^t \cdot \mathbf{E}_m^t \cdot \mathbf{\$}_m^t$$

S is sales which are equal to ambient awareness over time plus the retail or terms / availability advertisement which can be local, regional or national.

R is the retail message or content.

All are factors of the medium involved (m) and the time ($_t$) of the placement.

Note here that the quality of media planning and buying has been ignored in favor of the best spending estimates we can get. One result of our model could involve the indictment of an advertiser's media department for bad selection of media or vehicle. as well as negotiating and bad targeting Planning and targeting problems might be addressed by smart media reps.

I am working on the assumption here that all consumer communications including promotions / public relations, editorial reviews, product placements in-content and various uses of the internet. Note that the pre-advertising awareness levels are in large part due to editorial coverage, especially in automotive buff magazines and auto cable channels for which manufacturers provide vehicles to test, engineering specifications and counsel as well as "spy" photos, which are generally by appointment.

We will, of course, use state-of-the-art statistical optimizers (multivariate analyses) to relate individual creative and media spending by time and place to the resultant variables of awareness or sales.

The development of new autos puts too much on the line so that the advertisers and their agents play it safe by covering all the bases so for the most part live experiments are out on a large scale. However, extensive historical data and current campaigns may be useful to help back-out the relative roles and values of the different spending and mix levels.

After all, the intended use of any statistical models is prospective. We have little interest in predicting the past except for validation of the approach. This model would bypass such predictors as audience targeting, reach and frequency and the like. It is coarse but may provide some interesting diagnostics and the variables can be played with to test sensitivity.

We expect this could be applied, with possible modifications, to other product classes. Automotive, with its frequent and expensive launches is likely a good place to start.

We further anticipate that the intermedia synergies will be more apparent and meaningful at moderate spending levels.