

STRATEGIC MULTI-MEDIA PLANNING

Casting an Eye on the Opposition: Why the advertising impact of the competitors has to be considered, if advertising is to maximise sales.

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Abstract

Axel Springer AG has developed new planning tools to analyse the effects of different media strategies for packaged fast moving consumer goods. Invariably they show the superiority of using print and TV together, compared with TV on its own.

The new planning tools are software which measures Contact Concentration and Advertising Pressure. In Germany advertisers of packaged goods typically spend about 90% of their media budgets in television. But the new Contact Concentration tool shows that a TV-only schedule creates an unfavourable concentration of exposures. One third of packaged goods target persons receive 70%-75% of the contacts. Using print with TV improves the situation dramatically. Print reduces over-spending among one segment of the audience and substantially cures under-spending among the other segment. This can be demonstrated by the Contact Concentration tool much more simply than by the conventional exposure distribution.

Nearly all packaged goods competitors also concentrate on television. The Advertising Pressure software calculates, for each target person, the advertising pressure of each product category. The result is a new type of target group criteria. It shows whether the media plans of a brand, and all its competing brands, focus their ad exposures on the very same people or not. For packaged goods in Germany, print reaches the other people in the market too, who receive low advertising pressure. Thus print advertisers can achieve a high share of voice among this latter group.

Background

In Germany today we still have numerous inter media campaigns, for which the individual media have been planned separately. Optimisation of the total plan, such as reach optimisation or optimisations of the contact distribution are therefore very rare. Thus the advantage of the performance of mixed print/TV schedules has not been noticed.

Also, as a rule, the advertising activities of the competitors will not be considered for media planning. Therefore it could happen that most packaged goods with their mono TV strategies reach the same target group segments massively and others hardly or not at all. Consequently all these players in the market are trying to achieve sales effects among the same target persons, which is very irrational.

These deficits in inter media planning were particularly unfavourable for print media. Consequently the German publishing houses and VDZ, the German Magazine Publishers' Association are supporting better inter media data and planning tools, to make available strategic inter media planning. That is the topic of this paper.

Publishing houses create inter media data on the base of exposures to the advertising message

For 20 years in Germany we have an inter media data set of AG.MA (Arbeitsgemeinschaft Mediaanalyse = the syndicated German media analysis), establishing vehicle contacts for print, radio, TV and cinema. However, these data are not accepted by the practitioners in TV/print media planning, because television is usually been planned on the basis of exposures to the message and the AG.MA data are far away from this.

To create, nonetheless, an accepted inter media data set, the print media have invested into two developments; Firstly they have established within the framework of AG.MA for magazines and newspapers in addition to the vehicle contact also the exposure to the advertising. This is defined as LpwS = exposure to a page carrying advertising and is comparable to the message contact for TV.

Secondly for setting up a new inter media data set, VDZ, the association of German magazine publishers, has acquired the rights to use the ACNielsen TV-panel (people meter system). These TV data are being fused annually into the four important and large TGI-type market-media surveys, provided by the publishing houses, where the LpwS of AG.MA is also included. Thus for three years now an inter media data set for TV and print planning on the level of message exposures is available through the following TGI-type surveys: VerbraucherAnalyse (Axel Springer, Bauer Verlag), Typologie der Wünsche (Burda), Markenprofile (Stern, Gruner+Jahr) and Soll und Haben (Spiegel Verlag).

There it is possible to evaluate for 12 national TV stations the audience ratings of commercial breaks, i.e. separately by hours or day parts per weekday of a month for the 12 months of last year. In total more than 30,000 TV probabilities are confronting the ca. 150 print media within the new inter media data set.

Thus it is now achievable

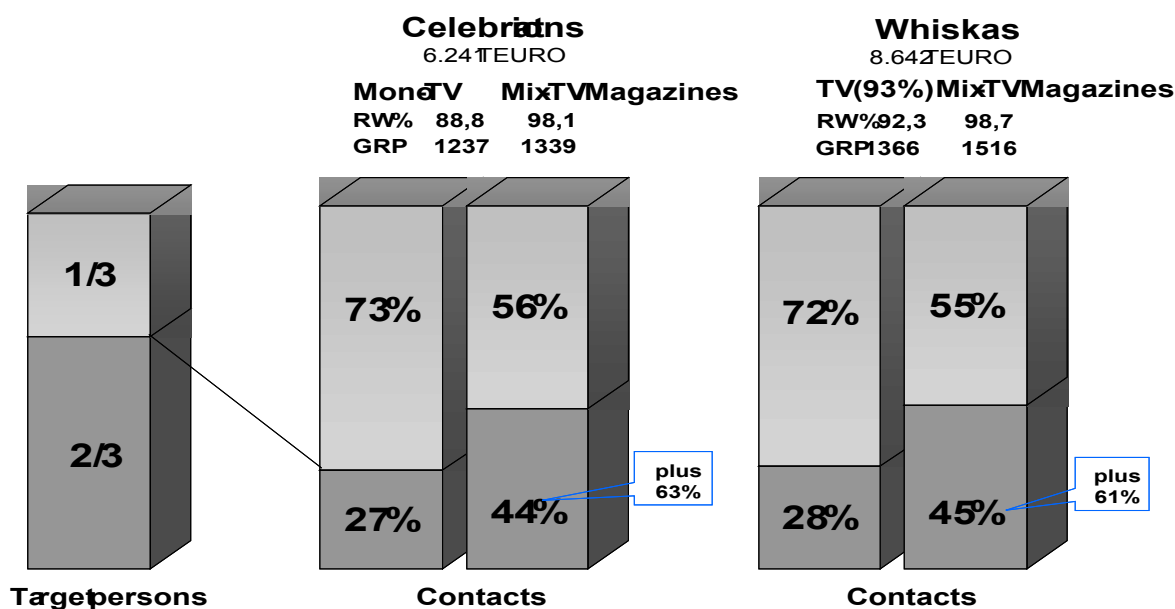
To compare efficiency scores of TV, print and mixed media alternatives (reach, cpm = cost per '000 exposures, contact distribution)

To combine print and TV in a way to maximise reach

To combine print and TV in a way to maximise the mixed media contacts through the Multiplying Effect.

The following chart compares for example the contact distribution of mono TV schedules with mixed TV + print schedules. The contact distributions are shown in form of contact concentration, which demonstrates the differences extremely well. Result: Mono TV concentrates more than 70% of all contacts on only a third of the target persons. Thus for the majority of two thirds of the target group there are only less than 30% of all contacts available. Through the mix the impact among the hardly reached majority of the target group can be improved by about 60%.

Chart 1: Contact Concentration of Mixed Media Plans in Comparison to Mono-TV Plans



Source: Vebracher Analyse 2004 Exposures Message

New opportunities for strategic inter media planning: Planning while considering the competition

Today media planning claims to play an important role in the battle for market shares. However, as a rule, it is done without considering the competition. Only the "own" contacts of the customers are taken into account. Exposures to competitive advertising are ignored, as if they have no advertising impact.

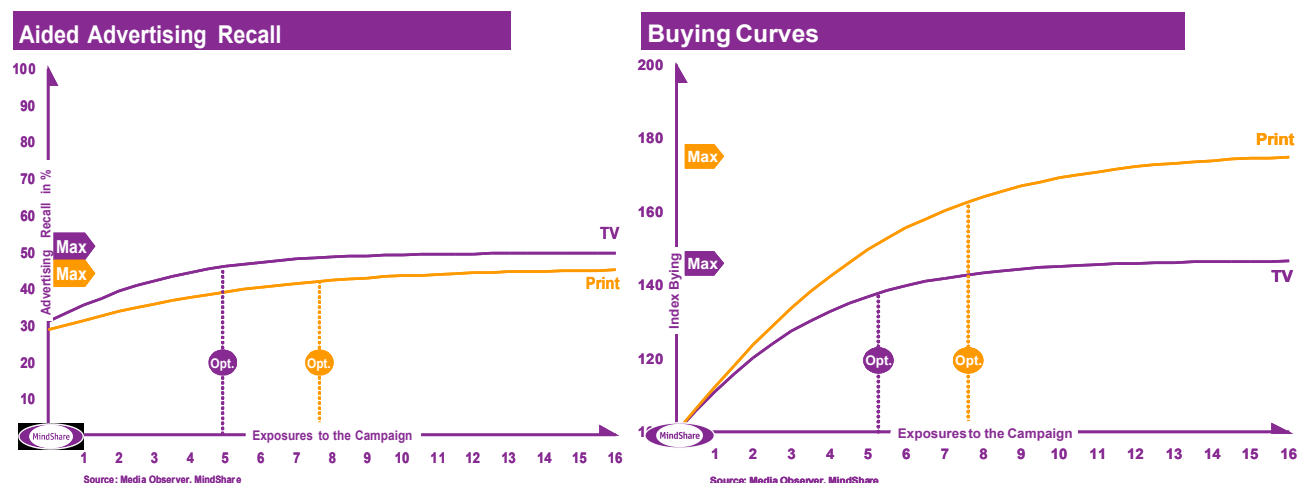
Yet a lot of markets show a particularly intensive advertising activity. The competition is there with numerous advertising campaigns and large budgets. Because of frequently conformist media strategies, large shares of target persons get enormous advertising pressure from various competitors at the same time, all of them claiming "buy me". But where numerous competitors are hammering similar arguments to buy, the effect of the advertising messages on market share changes is cancelled out. The impact on sales of each single contact becomes insignificant, because many contacts are competing with each other. Target persons with high advertising pressure in a product field are particularly less profitable with reference to the sales effect of advertising. They are target persons with low prospects of effect. Much better effects can be expected among the other target persons with less influence of competition.

Sales oriented strategic multi media planning can make use of this fact by working with a view of the competition, i.e. considering the advertising pressure within a product field.

Example for the great influence of the advertising pressure within a product field

An advertising medium can be at a disadvantage for increasing sales, although it offers an excellent advertising recall. This fact is confirmed by advertising effectiveness results for print as well as TV for packaged goods in Chart 2. These results are based on numerous campaign observations with the Media Observer (MindShare, 2005).

Chart 2: Advertising Effectiveness of TV and Print for Fast Moving Consumer Goods



At first sight this is a surprising result but it can be explained through the clear influence of the advertising pressure on the buying decision within a product field.

Fast moving consumer goods are advertised primarily on TV. Most of the players show a similar media strategy. Thus, on the one hand they reach the same target persons intensively and, on the other hand, the same target persons extensively or not at all, as seen above. Further down another example will back up what we have just seen, that exclusive TV plans concentrate about 75% of all contacts on just a third of all target persons. Within this third of target persons, enormous competitive advertising pressures offset the sales effects of each single contact to a large extent. Whereas print media are reaching other target persons, not spoiled by extreme advertising pressure and therefore achieve superior sales effects.

Thus Chart 2 explains that media strategies in markets with intensive advertising should consider the competitors' advertising, when aiming for sales success. In the following we show the newly-developed concept of advertising pressure within product fields, together with a practical example

Advertising pressure within product fields in the VA(Consumer Analysis)

Since 2004 the VA, as the first German market-media survey, shows the advertising pressure of roughly 40 FMCG product fields as a new target group selection criterion. By this characteristic, each respondent can be differentiated according to six categories, whether being exposed to a moderate, a medium or a high advertising weight in a product field. (Basis in VA 2005: Advertising according to Nielsen Media Research from 7/2004 to 6/2005. Exposures to the advertisements). Examples:

Table 1: Examples for advertising impact groups in the VA

Hair shampoo: Ad impact 7/2004 to 6/2005	Yoghurt: Ad impact 7/2004 to 6/2005
Up to 45 contacts – low ad impact	Up to 30 contacts – low ad impact
46 to 90 contacts	31 to 65 contacts
91 to 180 contacts	66 to 130 contacts
181 to 320 contacts	131 to 230 contacts
321 to 600 contacts	231 to 380 contacts
601 contacts and more – high impact	381 contacts and more – high impact

How is the advertising impact per product field be calculated? All media schedules for all brands are being combined to one single total plan. This plan describes the advertising activities of a product category. The performance of this total will be evaluated the same way as a normal plan. The only special feature is that all contacts, which are revealed for each single person, will be saved and do not serve just for the calculation of GRP. This means, the advertising impact per product field will be stored for each person. The VA (Consumer Analysis) then places the respondents into six different advertising impact groups. The affiliation to one of these advertising impact groups can be used as a normal target group characteristic in efficiency oriented media planning.

At present all print and TV activities are being considered for the calculation of the product field advertising impact, because these media are covered on the level of exposure to the advertisement within the VA. In addition the other surveys "Typologie der Wünsche", "Markenprofile" and "Soll und Haben" are prepared for providing product field impact data; because they have the same inter media data at their disposal. That is in case of print the LpWS, the exposure to the page carrying advertising according to the German MA = Media Analysis; and in case of TV the commercial audience rating according to the TV-panel of ACNielsen. If the efforts of the AG.MA for a better inter media data set are successful, further media such as radio and posters will be included.

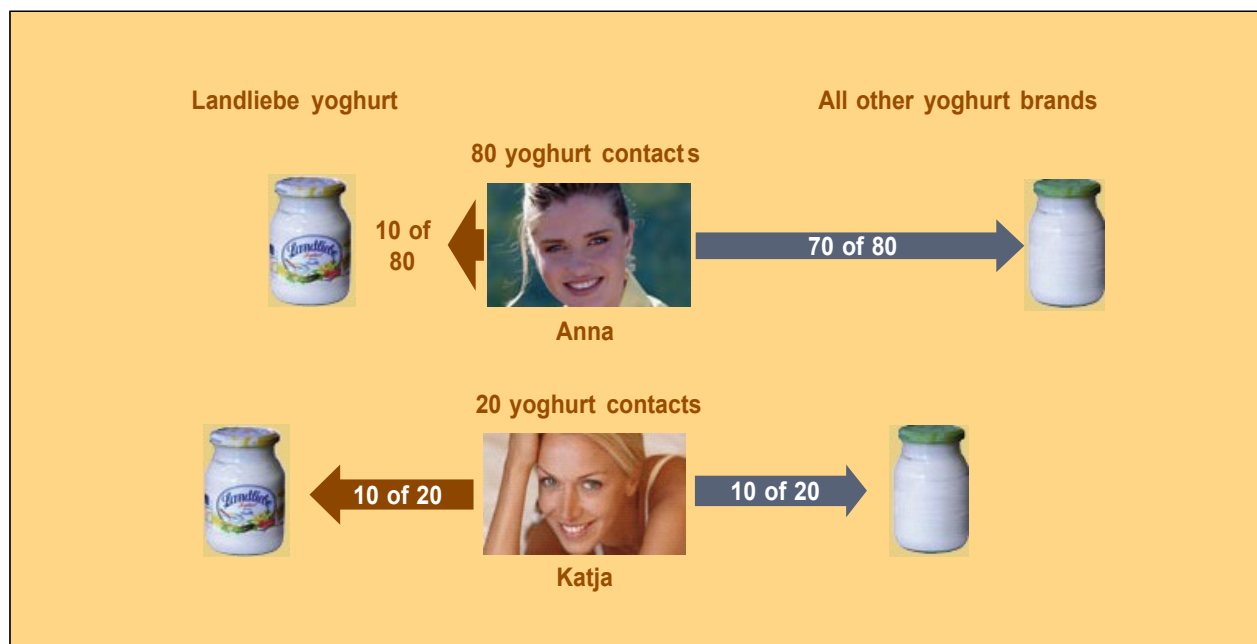
The product field ad impact can be used diversely within the framework of efficiency oriented media planning. The simplest is the exclusion of persons with an extreme high advertising impact from the target group definition ("heavy users of yoghurt, without persons with 231 and more exposures to advertising"). And so the target group will be reduced by all persons who can hardly or only at extremely high contact dosages be influenced, i.e. the unprofitable among the target group. Thus the target group has been optimised in view of effectiveness.

Another application is the evaluation of alternative schedules. This will be shown further down. First of all it has to be thought about how to quantify efficiency influence of the product field advertising impact.

The advertising impact in a product field offsets the effects

In all cases where advertising gets involved in the battle for market shares, the advertising impacts within a product field diminish the effect of the advertising. The extent of the effect decrease is, for each target person, dependent on the extent of the advertising impacts of that product field. This can be demonstrated in the following chart: Every brand is using advertising exposures to pull the target persons in a tug-of-war. In this example Anna was within the last weeks exposed to a total of 80 exposures to the advertising message of yoghurt brands, of which were 10 for "Landliebe". Therefore Anna will be pulled with 10 out of 80 contacts towards buying "Landliebe". With Katja the 10 "Landliebe" exposures are much more effective. She was only exposed to a total of 20 yoghurt advertisements. Thus Katja will be inspired for "Landliebe" with 10 out of 20 contacts.

Chart 3: Battle for market shares – "tug of war of the brands for each target person"



For each single target person the market effect resulting from advertising can easily be compared and therefore be included in schedule optimisation. The market effect is in accordance with the relation

$$\frac{\text{Own contacts}}{\text{All contacts in product field}}$$

The same advertising impact of Landliebe shows for Katja a four times higher market effect (10/20 is four times more than 10/80). Katja is the more valuable target person. A sales oriented media strategy tries to reach as many Katjas as possible.

Anna and Katja do not exist in reality. But how does the advertising value relation between target persons look like in reality? This is shown in Table 2 in the hair shampoo market example.

Table 2: Calculation example for different effectiveness potentials for hair shampoo impact groups

Hair shampoo advertising 7/2003 to 6/ 2004					
Group	Contacts		Ø	Effectiveness potential	
				For each own contact	Index
1	to 45	23	→	1/23	1/23=100
2	46 to 90	72	→	1/72	32
3	91 to 180	136	→	1/136	17
4	181 to 320	251	→	1/251	9
5	321 to 600	461	→	1/461	5
6	601+	700	→	1/700	3

In group 1 with an average advertising impact of 23 contacts each single brand contact pulls with 1/23 towards this brand. In group 6 the same brand contact pulls only with 1/700.

If in this hair shampoo example we set the effectiveness chance of a brand contact in the low product field impact group as an index = 100, then the effectiveness decrease at higher product field impacts becomes especially evident. The effectiveness in group 6 decreases to the index = 3.

Such tremendous differences in the effectiveness potential are typical for FMCG. Their extreme TV orientation leads to the situation that very high product field impacts concentrate on small target group segments.

Effectiveness disadvantages of mono TV strategies through product field impacts

The mono TV strategy of a brand has obviously different effects on the sales – according to the advertising strategies of the competitors. It is a disadvantage when the competitors, too, use TV oriented advertising. This has already been proved above through the combined campaign measurements of MindShare in Chart 2. The explanation of these disadvantages in effectiveness is supplied with the example of a real shampoo brand “C” in Table 3.

This table shows: The mono TV schedule of “C” builds up high GRP scores particularly among target persons who have already been addressed very heavily by the competitors and are therefore unprofitable. Brand “C” as well as the competitors is focusing with the majority of their contacts on the same 13 million out of 44 million target persons. That is surely missing the point of taking the competition into account.

Table 3: Contact concentration of a mono-TV-plan on two product field ad impact groups**Example Hair Shampoo Brand „C“**

Hair shampoo users, at least several times per week Potential: 68,5%, 21767 respondents, 44,33 million				VA 2004/1
		Mo	Effectiveness potential per contact	Original plan, exclusive TV Base
				GRP
Base				1256
Hair shampoo advertising - all brands				
1.	upto 45 contacts - low advertising impact	6.98	100	544
2.	46 to 90 contacts	6.48	32	1970
3.	91 to 180 contacts	9.16	17	4300
4.	181 to 320 contacts	8.68	9	8987
5.	321 to 600 contacts	7.34	5	1907,1
6.	601 and more contacts - high advertising impact	5.69	3	4968,6

Contact concentration

Source Nielsen Werbeforschung/Verbraucher Analyse 2004

A sales oriented strategic media planning has to try to better avoid the high pressures. For example, to shift contacts from groups 5 and 6 into groups 1 and 2 through mix optimisation. Thus it creates GRP where they have a manifold better effectiveness potential.

How mix strategies avoid effectiveness decreases through product field advertising impacts

A mix of TV and print (50:50) also reaches, in such situations, target persons who are only under-proportionally exposed to the tremendous TV advertising of shampoo. Therefore “more valuable” target persons whose effectiveness potentials are not cut back.

The following real example shows the extent of this shifting: Mix decreases the excessive GRP dosage of group 6 and reallocates these GRP into groups with better effectiveness potential, i.e. groups 1 to 4.

Table 4: Mix advantages through avoiding the advertising impacts in a product field**Example Hair Shampoo Brand „C“**

Hairshampoos users, at least several times per week Potential: 68,5%, 21767 respondents, 44,33 million Advertising message			VA 2004/1			
		Efetiveness potential per contact	Original plan	Alternativ plan: Mix		
				TV	Print	Total
			GRP	GRP	GRP	GRP
Base			1256	627,4	572,4	1200
Hair shampoo advertising - all brands						
1.	up to 45 contacts - low advertising impact	100	54,4	30,1	544,4	574,4
2.	46 to 90 contacts	32	197,0	102,5	583,7	686,2
3.	91 to 180 contacts	17	430,0	222,5	577,5	800,0
4.	181 to 320 contacts	9	898,7	456,4	584,6	1041,0
5.	321 to 600 contacts	5	1907,1	946,6	580,0	1526,6
6.	601 and more contacts - high advertising impact	3	4968,6	2457,4	557,1	3014,5
			87	198		
			Efetiveness weighted GRP			

Mix advantage

Mix advantage

Source Nielsen Werbeforschung/Verbraucher Analyse 2004

Table 4 also shows that the higher market share pushing power of the GRP distribution in the mixed media schedules can be expressed in numbers. To do so the GRP of each of the six groups will be weighted according to the “effectiveness potential per contact”. The result is “effectiveness weighted GRP”. Accordingly 1,256 GRP of the mono TV plan decrease to only 87 effectiveness weighted GRP. The reason is the especially uneconomic GRP distribution of the six advertising impact groups. Whereas the mixed media plan of Brand “C” with 198 effectiveness weighted GRP achieves more than twice that value.

Discussion of the product field ad impact model

The question is: Why it is not already taken for granted to include the consideration of the competition? There was no lack of initiatives (Kostourkov, 2005; Axel Springer AG, 2002, 2004 and 2005). Three reasons might have played a role:

Firstly quite often not the sales goals but the communicative goals (which on the other hand should serve for boosting the sales) are defined as the goals of a campaign. For example: the awareness of a brand should be increased. Such communicative goals can indeed to a large extent be achieved independently from the competitors. Whether the awareness of a brand is increasing or not does not necessarily depend on the advertising of the competitors. Therefore it does not seem to be necessary to include the advertising impacts of the product field into media planning. Only if one considers that, at the end of the day, the communicative goals serve boosting sales, it becomes clear that one needs the impacts within a product field to identify those target persons with a lower potential to be influenced to buy a brand.

Secondly the advertising of the competitors is not of disadvantage in every product category. There are very innovative product categories in which the advertising of the competitor does not act against but adds to the market development. The advertising for hard disk recorders for example should serve to increase the number of people showing purchasing interest, of which all producers would benefit. In such “unsaturated markets” competitive advertising is not necessarily unfavourable and can therefore be ignored in the planning process.

Thirdly the consideration of the competitive impacts involved a lot of work and money in the past. Only in 2004 has this changed through providing the advertising impact of many product fields as a specific characteristic in the VA. Thus with the media planning software MDS one can now break down schedules by impact groups without any effort (“Breaks”).

A view into the future of inter media planning

Today a strategic planner often does not get the chance to evaluate alternative strategies, because decisions of general principle are mostly taken in anticipation. Usually with the well-known catchphrases which already show the foreseeable use of TV (for “emotionalising brands” or “fast awareness”) or for print (“reinforcing information” or “building-up the image”).

Whether these buzz words describe the reality of effectiveness or are just blank catchphrases (the latter is claimed quite often) does not have to be discussed here. In any case they are not sufficient for a strategic media decision which deserves this name.

In future a watchful eye has to be on the competition, as an added responsibility. This means the analysis whether a candidate medium displays its effectiveness power, however achieved, at the “right” target persons; this is where the tug-of-war for brand choice can be won.

Literature

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