

Advertising

Advertising can be an effective way of communicating with large numbers of target customers in well-defined market segments.

Successful advertising depends on identifying the right media to reach your target audience cost-effectively. There is a wide range of online and traditional options.

Your objectives

The best option

The budget

Media selection

What and when

Measuring effectiveness

Advertising agencies



1. Your objectives

Before deciding whether to use advertising, clarify what you are trying to achieve. Your ultimate goal is probably to increase sales. But your promotional activities may focus on wider aims that make achieving sales and other business objectives easier.

Draw up a list of SMART objectives (specific, measurable, agreed, realistic, time-limited) against which you can [measure the effectiveness](#) of your campaigns.

You may want to create awareness or change customer attitudes

- Creating a reputation as the market leader may allow you to increase your prices and win long-term contracts.
- Building brand awareness for a product makes the product easier to sell. It also makes it easier to launch new products.
- Making consumers feel good about your company can boost sales.

You may want to convey a specific one-off message to your market

- For example, informing people of a special offer, or a particular benefit of your product.

You may want to prompt specific action

- For example, increasing traffic on your website or attracting more people to your shop.
- If you are building up a database of leads, your objective might be to gather the contact details of potential customers.
- Your objective may be to create sales there and then by providing online or telephone details to allow people to buy immediately.

You may want to address existing customers rather than win new ones

- Keeping up awareness encourages customers to consider you first when they place their next orders.

2. The best option

Consider whether advertising is the most cost-effective way of achieving your objective, or whether other forms of promotion would be more effective.

Who are you trying to reach?

- Be specific about who you are trying to communicate with.
- What common characteristics define your target market? For example, consumers from the same area or socio-economic background.
- Decide if you want to reach end-users or intermediaries.
- Be clear who makes the buying decision.

Could advertising carry the right message?

- Advertising generally suits relatively simple messages best.
- The form of the advertisement may limit what you can say. For example, web adverts work best if your message can be boiled down to a few powerful words.
- Your advertisement and the media in which it appears must suit your image.
- Advertising may not be an effective way of achieving your objectives. For example, if you want to generate immediate sales but your product needs demonstrating.

Would advertising work within your timescales?

- Preparing an advertisement takes time.
- The audience may need to be exposed to the advertisement several times before it has an effect.

Are there cost-effective alternatives?

For example:

- email sales letters to targeted prospects and existing customers;
- direct mail to a mailing list that closely matches your target market;
- one-to-one selling to high-value customers;
- merchandising, packaging and point-of-sale materials to prompt in-store purchases;
- PR for building your reputation and widening your reach;
- trade exhibitions and conferences;
- an e-newsletter that drives traffic to your website.

3. The budget

Deciding how much you should spend is not an exact science.

How much do you normally spend?

- How much did you spend last year, and how effective was it?

What are your competitors doing?

- If your competitors are advertising heavily, you may need to match their activities to ensure that your message is heard.
- If a new competing product has been launched, you may need to fight off the competitive threat.

How far are you from achieving your objectives?

- If you are launching a new product into a new market, you may need to spend heavily to achieve customer awareness.
- If your product is already well established, you may only need a few advertisements to maintain awareness.

What is your advertising worth to you?

- What sales margins do you make and how much repeat business can you expect?
- What is the lifetime value of a new customer?
- Are you considering a brand-building investment? Are you planning a short-term sales drive or longer-term awareness?
- How effective do you expect your advertising to be? How many extra sales do you need to generate to justify your spend?

Online advertising costs

Online adverts are generally paid for in one of two ways

- The most popular method is based on performance. For example, paying a cost per click or cost per acquisition.
- Some sites charge based on the number of times your ad has been seen. 'Cost per mille' (CPM) is the cost per thousand ad views.

Most online advertising allows you to control your costs and set budget limits

- With pay-per-click advertising (such as [Google AdWords](#)) you can set different kinds of limits including campaign limits or daily limits. You can also limit how much you are prepared to pay per click.
- Social media sites that offer advertising also offers ways to manage your budget and target your advertising at specific audiences.

4. Media selection

Consider traditional media

- National newspapers offer high circulation, low cost per reader, prestige and flexibility. But ads are expensive and have a short life span.
- Local papers, freesheets and community magazines can be ideal for local advertising. They have the geographical focus needed for local shops and services, are inexpensive per ad and good for test marketing.
- Trade and technical journals can be ideal if you supply businesses or particular groups. These publications offer accurate targeting of well-defined readers. Circulation tends to be low and costs per reader can be high.
- Lifestyle magazines, including hobby magazines, are suitable for advertising consumer goods. They usually have well-defined readerships. Costs per reader can be high and high-impact advertisements jostle for the reader's attention.
- Trade and business directories such as [Yellow Pages](#) work well where customers naturally turn to this kind of reference source. They offer high circulation, long shelf life and your ad is seen by customers when they are keen to buy.
- Transport and poster ads can be the right option for advertising to shoppers and commuters. Waiting sites such as bus stops and station platforms tend to work best.
- Local radio and cinema advertising may be useful for selling to the local public. You can target different listeners at different times of day, at fairly low advertising rates. Cinema ads can be effective for retailers and restaurants.

Always include an online presence in your plans

- Search online to see how easy it is for your customers to find your website. The internet is generally the first place customers go when searching for a product or service.
- Pay-per-click advertising (PPC) can give you the opportunity to stand out online, even against bigger firms, when people search for products like yours. You can test keywords and phrases to improve your results over time.
- Other options include banner and pop-ups ads on websites, and advertising on social media sites like Facebook.
- Many traditional media also have a significant online presence.

Identify promising options

- Observe where your competitors advertise.
- Ask a selection of people from your target market what they read, watch, listen to and which websites they visit.
- Consider the use of a specialist media buying agency to help you.
- You may need to advertise in more than one type of media to be effective.

Assess the media that match your needs

Ask yourself:

- How many members of your target group read a particular publication or visit a certain website and how often?
- How much attention is your ad likely to get? For example, some publications are read partly for the advertisements.
- Does the publication or website have the right image for your advertisement?

Check costs

- How much will your ad cost to produce? How much will the ad cost to run?
- Ask newspaper and magazine advertising departments for [media packs](#).
- Examine advertising rates for different sizes and types of advertisements and different positions.
- The cost of the media does not always equate to its potential power. A simple entry in an online directory can generate a lot of enquiries, for example.

Investigate the scope for negotiation

- You might get a discount, a larger ad or better position for taking unsold ad space at the last minute.
- Extra discounts may be available for repeat advertising.
- Smaller print media (eg local papers and trade press) are usually more open to negotiation.
- Quoted ad prices include the commission an agency would take but the media owner is not obliged to pass this on. An agency may be able to negotiate a better rate.

Media packs

Most publications will provide you with an advertising/media pack

This gives key facts about the publication, including:

- Advertising rates.
- Circulation - the number of copies sold. Look for circulation figures verified by [ABC](#) (Audit Bureau of Circulation).
- Readership - a much higher figure than circulation, as a whole family or office may read a single copy.
- Readership profile - analysing the readership's characteristics and spending patterns.

The rate card shows prices for different ads

- There are usually three main options: classifieds, semi-display ads and display ads.
- Common sizes for display ads are full page, half page, quarter page and eighth of a page. Smaller ads are measured and priced in column centimetres.
- There are premium prices for special positions (eg back page or centre spread).

Work out the cost to reach each potential customer

- Decide what kind of ad you want and how much it would cost.
- Use the readership profile to estimate how many of your target audience the ad might reach.
- You may be prepared to pay a high cost per customer. For example, if the publication's readership includes exactly the people you are trying to reach, or the publication has an image with which you want your product to be associated.

5. What and when

In general, advertisements work best when they carry a concise message

- Make your message stand out and make it simple. Your strategy should be based around promoting a single, solid benefit.
- It is not enough to say "the best" or "free". You must know what motivates your target audience.
- What is the one thing you want people to remember most from your advertisement?

Consider the timing of your campaign

- When are your target customers likely to be most receptive to your ad?
- When do you want your targets to respond and what is the likely lead time? Will you be able to handle the response?
- Plan well in advance. Some media gets booked up many months ahead - for example, pre-Christmas magazines.

Use repeated ads

- Planning a series will produce a more effective campaign than using one-off ads. It will also cut the production cost per ad.
- Do not let yourself be persuaded to buy more space than you need.

The position of your ad is important

- Make sure your ad appears in the right section of any publication.
- Right-hand pages, and top right-hand corners, catch the reader's eye most often in publications.
- If your ad has a coupon for readers to cut out it must be at the edge of the page.
- If you frequently advertise in the same publication or website, you may be able to negotiate the best positions at no extra charge.

6. Measuring effectiveness

Measure the effectiveness of your advertising in terms of your objectives

- If your aim is to create sales, you can measure response easily and cheaply.
- If your objective is to raise your company profile, you will have to carry out market research to assess its impact on customers' attitudes.

Most online advertising can be monitored simply and directly

- Use analytics software to track the response to your online advertising. For example, Google AdWords offers its own traffic and conversion tracking.
- You can measure everything from ad views and clicks to length of visit and conversions.

You can check whether print advertisements are reaching people

- Ask new enquirers how they heard about you.
- Use coded advertisements.
- Use reply coupons in print advertisements.
- Use a dedicated telephone number for each campaign. Freephone numbers can increase call volumes.

Monitor how your campaign is working

- Measure the number of enquiries resulting from the ad - giving the cost per enquiry.
- Measure the number of sales resulting from the ad - giving the cost per sale.
- Consider what kind of sales are produced. Are they large repeat sales with good margins, or small one-off sales that generate little profit?
- Bear in mind that advertisements can produce delayed results.

Watch out for ads that generate enquiries that do not turn into sales

- These are costing you extra money because of the resources they tie up.
- Review your brochure or website. It may not provide enough information or live up to the advertisement.
- Check the employees handling the response are sufficiently trained.
- Re-examine your price structure. Your prices may be unsuitable for your target market.
- Make sure practical issues aren't letting you down. For example, lack of stock.

Weigh the total costs of your campaign against the response

Make sure you have allowed for all the costs. For example:

- the cost of buying advertising space;
- design costs, including print preparation;
- building specific website landing pages;
- brochures and other literature;
- fulfilment costs (eg delivery and employee costs);
- the costs of dealing with enquiries that do not turn into sales.

7. Advertising agencies

As a guide, consider using an agency if you plan to spend more than £10,000

- A good agency will have the expertise to create an effective advertising campaign for you.
- You can use an advertising agency, or a specialist media buying agency, to help you find the best media and negotiate value for money.

Budget for the costs

- Typically, agency fees will amount to around 15% of your advertising budget.
- Agencies can negotiate discounts on advertising that will reduce the cost by 10-15%.

Look for an agency that has experience of your industry or type of business

- Consider an agency that also deals in other forms of promotion (eg PR) as advertising may not be the only answer.

Ask agencies to prepare a proposal for your business

- Give them a brief, explaining what you are trying to achieve.
- They should be able to suggest where you should advertise, how much you should spend and how to evaluate the success of your advertising.
- Ask them to confirm that they would pass media buying discounts on to you.

Signpost

- Check a publication's [circulation certificate](#) from ABC.
- Find out about [Google AdWords](#) traffic and conversion tracking.
- Find an [advertising agency](#) with guidance and a list of members from the Institute of Practitioners in Advertising.