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Industry leaders respond to
Essentials of Advertising Strategy, 3rd Edition

The authors tell you the secrets of how crafted advertising strategies can deliver both creative and sales. My next advertising will pay attention to their admonitions.

Roy T. Bergold, Jr.
Vice President, Creative
McDonald's Corporation

This book is about essentials. It is also essential reading for advertising practitioners, and advertising faculty and students. The authors have provided dozens of substantive ideas and suggestions to produce accountable and effective advertising programs.

Richard C. Christian
Associate Dean
Medill School of Journalism
Northwestern University
Chairman Emeritus
Marsteller Inc. (Division of Young and Rubicam)
Member, Advertising Hall of Fame

The World Wide Web, hundreds of TV channels, ads on school buses, catalogs by the dozens, let's face it, we're all being bombarded with selling messages. Brilliant strategic thinking is a must if advertisers are to succeed in connecting with consumers. This book goes a long way toward helping focus and inspire great creative work that will deliver.

Diane Cook-Tench

Director, VCU Ad Center

School of Mass Communications Virginia

Commonwealth University

Finally, we have the book many have been seeking the definitive guide to strategy development for the advertiser in the 21st Century. Here's the flag for all strategists to rally around.

Thomas E. Epps, APR

President

Price/McNabb Focused Communications

The authors have delivered a contemporary attitude and deep understanding of what advertising is all about these days... getting results. Additionally, their probing look at the other marketing communication tools such as promotion, planning, etc., is refreshing!

Joseph P. Flanagan

President

IMPACT

An agency's new business success can be measured by its commitment to strategic planning. The same could be said about a successful career in advertising. Reading this book is a wonderful way to jump-start your future.

Paul John

Retired Chairman

Campbell Ewald Advertising Detroit

Marcom people have simply got to shift from a tactical focus to a strategic focus, if they ever hope to move the function from the expendable cost side of the ledger to the higher-value investment side. *Essentials of Advertising Strategy* explains how.

Robert F. Lauterborn

James L. Knight Professor of Advertising

School of Journalism and Mass Communication

University of North Carolina

An extremely lucid explanation of the role of strategies and their relation to creative executions. Should be helpful to students and advertising practitioners alike. (I wish I'd had a book like this when I began in the business!)

Robert Noel

Former Executive Vice President for Creative Services

Leo Burnett Company

This book should be read by anyone involved in marketing and advertising decisions! It is a clear, concise, and at times colorful glimpse of today's marketing landscape and what it takes to successfully build brands and business in the 1990s ... and beyond. The authors have provided a focused view for sound strategic planning.

Jerry I. Reitman

Executive Vice President (retired)

Leo Burnett Company

Essentials of Advertising Strategy succinctly positions advertising in a contemporary matrix of marketing, promotion, and consumer behavior. It is an excellent reference for the seasoned professional as well as a superb supplement for students studying advertising and marketing.

J. Thomas Russell, Dean

College of Journalism and Mass Communication

University of Georgia

This latest edition works from the cornerstones that have guided so many of today's most successful marketing professionals. The view has been "refreshed" with the latest thinking and experiences and is an important tool for all of us experienced or new.

Adrian J.R. Smith

Managing Partner

Worldwide Marketing

Arthur Andersen LLP

Essentials of Advertising Strategy

Third Edition

Don E. Schultz
Stanley I. Tannenbaum
Anne Allison



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Preface

Since I wrote the first edition of this text in 1981, there have been massive changes in the way advertising is developed, planned and executed. Truly, there has been both evolution and revolution.

Evolution has occurred primarily in the areas of how we identify, think about and determine what persuasive messages can or should be delivered to customers and prospects. We're in the midst of an information evolution or transition in terms of how consumers and customers recognize, take in and process information. We're moving from the linear world of reading and writing to the all-encompassing visual bazaar of the twenty-first century.

And there has been *revolution*. The communications revolution has and is occurring primarily in the technological developments by which and how we deliver those messages to customers and prospects. While we now consider multi-media, CD ROM and the famed World Wide Web legitimate and alternative forms of media, the digital revolution has really just begun. So, what we present here are only glimpses of what lies ahead. But, even these first dues demonstrate that we will need to re-think, re-analyze and likely re-conceptualize how we communicate with customers and prospects in the future. The interactive age promises many discontinuities from the way we practiced advertising in the middle of this century.

While there have been evolution and revolution in advertising, there are certain principles of advertising strategy which remain the same. When I wrote the first edition, I used a commercial from Quaker Oats as the focus of the book. That television commercial involved a salesperson attempting to sell a product directly to a prospective consumer door-to-door. I suggested that advertising was just like the personal salesperson, that is, it delivers or should deliver a sales message for the product or service being advertised. I suggested that advertising was simply the surrogate for the seller making a personal sales call. I used that commercial as the basis for my premise that what the advertiser says to the customer or prospect must be relevant, important and useful. The message must provide some benefit to the customer or prospect or there is no reason for the customer or prospect to allocate any time or interest to the advertisers message. In other words, the advertising must understand the consumer, provide some value

but, most of all, be relevant to the customer or prospect. That is as true today as it has been throughout the history of persuasive communication. In fact, in this age of information overload, rapidly diffusing media and increasing noise levels, gaining customer or consumer attention may well be the most challenging task facing the advertising planner or implementer. In short, being relevant to customers and prospects may be the most critical task in advertising today, and much of that relevance depends on a sound advertising strategy.

The principles you will find in this text are not revolutionary, they are evolutionary. The reason is the basic principles of good advertising don't change because the principles of marketing or the principles of consumer behavior or the principles of communication have not changed. And, they most likely won't. Looking at a product or service from the view of the customer. Talking about benefits, not attributes. Helping customers and prospects buy; not using high-pressure tactics to sell a product or service. The principles haven't changed. While advertising approaches have evolved and will continue to evolve, the principles of good advertising and sound strategy will continue.

The greatest change you will find in this new edition is the increasing emphasis on dialog, not monologue, with the customer or prospect. The ability to create a conversation with the customer. The requirement that we, as advertisers, listen as well as talk. That we acknowledge that today's customer or consumer is a very sophisticated, knowledgeable purchaser. They know what they want and they are familiar with many of the traditional ways we, as marketers and advertisers, have promoted and advertised. They know that if they wait long enough almost everything they want will be on sale or offered at a reduced price.

So, that is what you will find in this third edition. Some new. Some old. Some extensions of existing concepts. Some totally new ideas. Most of all, we have tried to be true to the editions which went before. The emphasis on the consumer. The focus on marketing as the lead element which sets the tone and approach for advertising. All these continue to be, we believe, the critical elements in advertising.

Finally, Stan Tannenbaum, who joined me for the Second Edition, and I welcome a new author to the text, Anne Allison. Anne is one of those unique individuals who, once started, will press on forever to get a chapter finished

or a concept completed. She has given us new insight. She has challenged our thinking. Most of all, she has added the view of the newer, younger consumer, which perhaps Stan and I have lost or maybe never had. Much of the change is the result of Anne's study and conceptualization of the new demands on advertising strategy. Without her, this would never have occurred.

So, on with the new era of advertising strategy. It is still an exciting challenge and most of all, we hope for you, as much fun as it has been for us.

DON E. SCHULTZ
STANLEY I. TANNENBAUM
EVANSTON, IL

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Chapter 1

Advertising Strategy

Who Needs It?

Marketing communication strategy development is more important now than ever before. Advertising managers and their advertising agencies are being forced to become more accountable for their programs. Why? For many reasons, but the first is because limited financial resources must be spent in the most effective way. If a campaign cannot prove it had some measurable effect or encouraged sales, then it probably should have been done differently: Developing a strategy or road map for the specific ad or campaign helps ensure that all parties agree about what the ad should focus on and possibly how the ad's success should be measured.

Virtually every marketer wants to establish a "brand" identity for its products to create a product that has unique features and benefits so that it stands out from the crowd and is not perceived by potential buyers as a commodity. Advertising has long been regarded as a key way to communicate and build brand identity. However, the reasons for advertising (or "brand communication") have changed with changes in the marketplace. Here are a few examples of those changes:

A shift in marketplace power. Manufacturers, such as Procter & Gamble, have dominated the brand communication scene for years. These companies are now seeing their power shift to retailers such as WalMart. The shift has happened because retailers are closer to consumers and have more knowledge of them. This knowledge has been gained principally from scanner data, which can be used to identify which shoppers come

into specific stores and what they purchase. Scanners also are providing increasingly detailed information about whether consumers buy on price, deal, or other promotional element.

A change in how consumers behave in the marketplace. Consumers are more sophisticated than they were just a few years ago. They realize that advertisers are trying to influence their purchase decisions and they understand what marketers are trying to get them to do. They are less susceptible to the influence of the various kinds of advertising and marketing communications than in the past.

Maturing brands need a more diverse communications plan. The majority of well-known brands are in the mature phase of their product life cycles. As a brand matures, its promotional needs shift from the need to gain awareness to the need to generate repeat buying. Increasingly this has meant that companies with mature brands have shifted their spending from general advertising to build image to various kinds of promotional incentive spending whose main purpose is to accelerate the purchase decision.

A surplus marketplace exists. In general there are more goods and services available than there are consumers to buy and use them. When this kind of situation exists when supply exceeds demand manufacturers feel pressure to lower prices. First they lower prices to wholesalers and retailers in order to "clear the marketplace," that is, to take distribution (access to the ultimate consumer) away from the competition by selling their products for less. Wholesalers and retailers, faced with the same situation at their level of operation, pass these price reductions on to the consumer or end user. The result of all this activity is a marketplace glutted with products from marketers who are competing primarily, if not solely, on the basis of price. Although this is good for consumers, it is bad for marketers for two reasons. First, lower prices mean reduced margins and lower profits. But more important for the long term, consumers think first about price and second, if at all, about the distinguishing qualities of brands. In short, brands become commodities.

Mass marketing is dead. As a result of all of the above, consumers are saturated with brands and advertising and marketing information. Because of the number of accessible choices to consumers, marketers have been forced to narrow the focus of their messages in order to maintain the identities of their brands. People may disagree about the degree to which "one-to-one

marketing" is practical, but it is clear that the days of the mass market are gone forever.

The Problem with Advertising

A problem with advertising is that what we call creativity does not necessarily lead to effectiveness. And effectiveness measured not in advertising awards, but in sales and profits is the bottom line. There is nothing wrong with advertising getting noticed. In fact that is vital, but advertising must sell, and the challenge is to develop breakthrough advertising that meets the advertiser's goals of sales and profits. In our opinion, it comes down to the "what you say" rather than the "how you say it" the cash register rather than the Clio award. The advertising strategy is the foundation from which the energy of creativity springs.

Too often, commercials that are written, accepted, aired, and rewarded are very long on entertainment but very short on selling power. There must be a balance between showmanship and salesmanship. One of the purposes of this book is to help bring that balance about.

We have invented a sales game called *knock-knock*. It goes like this. Assume you are a door-to-door salesperson. When you knock on a potential customer's door, you are allowed to say one sentence to turn your knock into an open door and into a sale. What will you do? Tell a joke? Comment on the weather? Start singing and dancing? Or will you say something meaningful that will solve a problem your prospect might have or satisfy a need or want? For example: "My product can make your hair more beautiful than it ever has been before."

The knock-knock, of course, should not must not be stated in a dull way. It must come through as a consumer benefit or the door will close in your face, very quickly. That point applies to ads and commercials as well as door-to-door selling.

Today, we believe many advertisers and agencies create advertising without a meaningful knock-knock. They dwell on fun and games rather than dramatizing what is in the product or service for the consumer. The *benefit*. What we call the knock-knock.

The Need for Strategy

To make successful knock-knocks or to make successful ads, you need a disciplined advertising strategy that analyzes the product, the competition, and the consumer and then logically arrives at a single-minded benefit. No