

Association of National Advertisers

DAGMAR

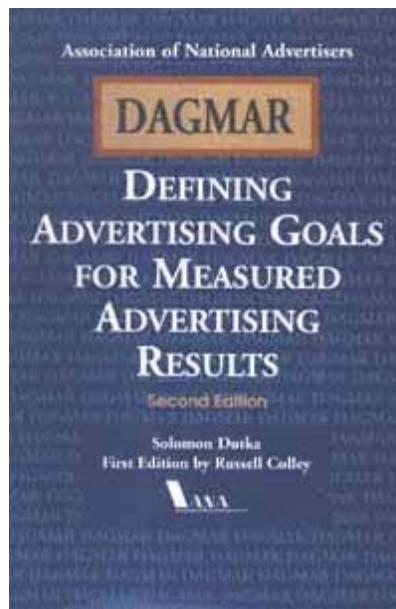
DEFINING
ADVERTISING GOALS
FOR MEASURED
ADVERTISING
RESULTS

Second Edition

Solomon Dutka

First Edition by Russell Colley





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Next Month



Several Years From Now

Association of National Advertisers

DAGMAR:
Defining Advertising Goals for Measured Advertising Results

Second Edition
Solomon Dutka
First Edition by Russell Colley



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FOREWORD

There's no subject in the advertising and marketing process which has been as discussed, debated, criticized, or sought after as the measurement of advertising effectiveness.

While many measurement techniques, methodologies and theories have appeared on this topic over the years, few have stood the test of time. *Defining Advertising Goals for Measured Advertising Results* (DAGMAR) has stood this test for over thirty turbulent business years. DAGMAR is a true classic of business literature. It has educated generations of advertisers on how to think about and how to evaluate their advertising expenditures.

It was a labor of respect, recognition and affection when the A.N.A. Advertising and Marketing Research Committee undertook the project to update DAGMAR.

One of the ongoing tenets of A.N.A. is the enhancement of the science of advertising and marketing for the benefit of both industry and consumers. DAGMAR is an ongoing vehicle in support of this objective.

We're deeply appreciative of the efforts of Sol Dutka and his associate, Lester Frankel of the firm of Audits & Surveys who authored this update of DAGMAR.

They captured its original thrust while keeping it current, complete, and correct.

Special thanks go to a team of volunteers who agreed to help guide the author and then shared the task of reviewing and commenting on the draft:

Shelly Newman, Pfizer Incorporated, New York, NY

Francine Ross-Berger, Combe Incorporated, White Plains, NY

Thanks also go to Matt Miller, Renée Paley, and Phil Shyposh of the A.N.A. Staff for their efforts in bringing forth this revision.

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Prior to founding Audits & Surveys in 1953, Mr. Dutka was Chief Statistician for both Dun & Bradstreet and Elmo Roper Associates.

For his work in nuclear physics on the Manhattan Project during World War II, he was awarded a citation from the Secretary of War. He served as an American Statistical Associate Delegate to the United Nations Sub-Commission on Statistical Sampling and as a member of the United States Census Advisory Committee.

Mr. Dutka is a Fellow of the American Statistical Association and of the American Association for the Advancement of Science. He is a past President of the Market Research Council, which presented him with its 1984 Hall of Fame Award "in recognition of contributions of outstanding and lasting value to the practice of market research."

He serves on the Board of Governors of Daytop Village, a narcotics treatment center, is a member of the World Business Council and the Chief Executives Organization; as a member of the Board of Trustees of the Neurosciences Institute served on the Advisory Board of the United States Information Agency (USIA) Private Sector Market Research Committee; and, for six years was a member of the United States Census Advisory Committee.

Mr. Dutka began his professional career as a statistics instructor at Columbia University's Graduate School of Business Administration. He has written numerous articles and books on statistical techniques and their application to marketing and marketing research. His books include *Sample Designs for Marketing Intelligence Surveys* and *Notes on Statistical Sampling for Surveys*, plus *How to Conduct Surveys* and *A Dictionary for Marketing Research*, which he co-authored.

INTRODUCTION

In 1961, the Association of National Advertisers published *Defining Advertising Goals for Measured Advertising Results* (known in the trade as DAGMAR). This publication demonstrated how attaining advertising objectives can be greatly enhanced through (1) the use of clearly defined advertising goal-setting procedures and (2) ongoing measurements of their achievement.

Over the years, the DAGMAR concept has proven both popular and useful to advertisers, agencies, media researchers, and universities. Because of continuing demand, this publication has seen eight subsequent printings, the last in 1984. This revision, written in 1992, keeps to the same principles originally presented, updating them as needed and adding new insights generated from their continued application.

During this past 30 years, advertising expenditures in the United States have increased tenfold from \$12 billion to \$130 billion, spurring many changes in the marketing environment in which today's advertising operates. Retail marketing trends have given rise to increases in convenience stores, fast-food outlets, warehouse clubs, factory outlets, catalog sales outlets, and channel marketing, to name a few changes. Direct marketing has increased, as well. Consumer and dealer promotions have burgeoned. Indeed, for many companies, such promotional budgets exceed dollars spent on more conventional advertising. In-store advertising and point-of-sale promotions have likewise increased, as has a more recent growth area, event marketing. The consistent advertising and promotion of industrial products are no longer a rarity, nor are Global Marketing and Global Advertising viewed merely as interesting academic concepts.

Furthermore, new feedback measurement techniques at the store level have evolved, such as Universal Product Code scanners at the cash register. Companies can now better assess their retail advertising and marketing efforts even daily, should they desire. Through the use of computer-assisted telephone interviewing (CATI), fast feedback on consumer attitudes and behavior as well as other critical aspects of marketing intelligence are obtainable.

New technologies have also enabled marketers to improve the quality and reliability of their products. The Deming Prize for quality control in Japan and the Malcolm E. Baldrige National Quality Awards in this country are manifestations of the universal recognition associated with quality improvement. To their credit, in an era of technology, companies are also increasingly aware of the customer service and satisfaction component in a consumer's perception of their product. Advertising and promotion are now being employed, not only to sell products, but to build a sound relationship between the consumer and the producer.

Despite these changes, the question addressed by DAGMAR, as well as the concepts that were introduced, are as relevant today as they were in the 1960s. The use of these DAGMAR concepts during the past 30 years has enabled marketers to further improve the effectiveness and the dollar efficiencies of their advertising communication. It has proven to be both a process and a discipline. Also, this revision benefits from the experience gained in the use of DAGMAR by our company and other research organizations, and by those advertising and agency marketing research departments that measure the extent to which specific advertising goals are achieved as a fundamental part of their marketing efforts. Examples of these have been updated to reflect more current products and practices.

This revision also affords us the opportunity to clarify questions about DAGMAR and its implementation which have arisen since its publication.

It is our sincere hope that new and former readers continue to be absorbed by the vitality of this concept as well as profit from its use.

PART ONE THE POWER OF AN OBJECTIVE

The history of business teaches us the power of advertising in bringing together buyer and seller. The history of all human endeavor—military, religious, political, and industrial—teaches us the power of a well-chosen objective.

Here we explore:

Advertising by objective ...

The result may well add exponential growth to advertising's power.

1. Advertising Results Can Be Measured

Almost everyone closely associated with advertising has a deep-rooted interest in measuring advertising results. Advertisers, who are the final decision-makers and who pay the bills, want to know what return they are getting on their advertising investment. Advertising agencies need to demonstrate to advertisers that they can and do produce effective advertising. The very existence of an advertising medium depends upon convincing both agency and advertiser of its ability to deliver results.

In recent years, the combined talents and resources of advertisers, agencies and media have made substantial progress through research in solving many problems related to advertising. These research efforts suggest that a solution to the ultimate problem of measuring overall results of advertising may be within reach.

In the years since World War II, expenditures on advertising in this country have increased more than 33-fold. They trebled from 1945 to 1961 and then, along with the growth of television, increased 11-fold from 1961 to 1992. This dramatic growth rate is, in itself, evidence of business's sustained belief in advertising's economic efficacy. To American business, advertising is an increasingly integral force in competitive selling, in introducing new products coming out of the laboratory and in establishing brand equity and corporate identity.

Advertising is a force that increases the productivity of a company's communications efforts. It will deliver a sales message for pennies (or a fraction of a penny) compared with dimes to deliver a selling message via retail salespeople and dollars per selling message delivered via the manufacturer's sales staff. Advertising's share of the sales dollar is on a rising curve because it has increasingly become a more efficient means of marketing communication than these others. Business people know this. But a general belief, faith

and confidence in the overall power of advertising is insufficient to substantiate the realities of a corporation's ongoing advertising expenditures. Most companies continuously face such questions as:

How much should the company spend on advertising?

How much should be spent on product A versus product B versus overall corporate advertising?

Should the company decrease, maintain, or increase its expenditure level?

How should the company make "buy," "switch" or "hold" decisions on major media and copy themes?

It would be a mistake to assume that the A.N.A. has discovered any easy answers to these difficult questions. No single formula, however complex, can provide for their solution. What is presented, instead, is a proven approach that leads consistently to better answers to these questions. This approach, briefly stated, is as follows:

It is virtually impossible to measure the results of advertising unless and until the specific results sought by advertising have been defined. Conversely:

Advertising results can be measured IF specific advertising goals are first defined.

Like many solutions to difficult problems, the approach may seem both simple and obvious especially to those who expected that a solution would be in the form of a revolutionary research technique. To emphasize, this approach is not a new *research* technique, but, rather, a *management* technique. Simply, it is the application of the principle of *management-by-objective* to the field of advertising:

It starts with the simple statement that to measure the accomplishment of advertising, a company must first have a clear understanding of the specific results it seeks to accomplish through advertising.

2. Distinguishing Advertising From Marketing Objectives

Since the ultimate purpose of the advertising and marketing of consumer products and services is to induce purchasing, the distinction between advertising and marketing objectives often remains unclear. Advertising, which is only a part of marketing, is concerned with producing psychological effects such as "brand preference." Marketing, on the other hand, covers all functions including advertising which are part of the process of moving goods (or services) from where they are manufactured or assembled to the consumer or user. Mr. Woodruff, president of the Coca-Cola Company, set the stage for the phenomenal growth of Coca-Cola when he defined its marketing objective in 1931 as maintaining "Coca-Cola within arm's reach of desire." This prescient marketing philosophy is a unique and, by now, classic example of combining the behavioral components of marketing with the psychological effects of advertising.

The question, "What are your advertising objectives?" has been asked and will continue to be asked of the thousands of people who create or approve advertising. Most companies have a ready answer to the question. However, closer examination frequently shows that their answers express broad corporate or marketing objectives rather than the specific goals of the advertising.

Indeed, certain crucial questions often remain unanswered:

1. How many companies present their overall *corporate* objectives in written measurable terms?
2. How many have a set of specifically defined *marketing* objectives?
3. Is it reasonable, or possible, for companies to expect to arrive at concrete advertising objectives unless their marketing objectives have been thought through and agreed upon?