

## **4. Advertising Research and Marketing**

### **4.1 Advertising Research**

#### **4.1.1 History**

1879 - N. W. Ayer conducts custom research in an attempt to win the advertising business of Nichols-Shepard Co., a manufacturer of agricultural machinery.

1895 - Harlow Gale of the University of Minnesota mails questionnaires to gather opinions about advertising from the public.

1900s - George B. Waldron conducts qualitative research for Mahin's Advertising Agency.

1910s - 1911 can be considered the year marketing research becomes an industry. That year, J. George Frederick leaves his position as editor of Printer's Ink to begin his research company, the Business Bourse with clients such as General Electric and the Texas Co. Also in 1911, Kellogg's ad manager, R. O. Eastman creates the Association of National Advertisers which is now known as the Association of National Advertising Managers. The group's first project is a postcard questionnaire to determine magazine readership. The results introduce the concept of duplication of circulation. In 1916, R. O. Eastman starts his own company, the Eastman Research Bureau which boasts clients such as Cosmopolitan, Christian Herald, and General Electric.

1920s - In 1922, Dr. Daniel Starch tests reader recognition levels of magazine and newspaper advertisements and editorial content. In 1923, Dr. George Gallup begins measuring advertising readership.

1930s - In 1936, Dr. George Gallup validates his survey methodology by using the same tools polling voters during public elections. This allows him to successfully compare and validate his study's results against the election's results.

1940s - Post World War II, the U.S. sees a large increase in the number of market research companies.

1950s - Market researchers focus on improving methods and measures. In their search for a single-number statistic to capture the overall performance of the advertising creative, Day-After-Recall (DAR) is created.

1960s - Qualitative focus groups gain in popularity. In addition, some advertisers call for more rigorous measurement of the in-market effectiveness of advertising in order to provide better accountability for the large amounts being spent on advertising. In response, Seymour Smith and Associates, using Advertising Research Foundation data as a jumping-off point, develops the Communicus System, a comprehensive approach to isolating the in-market impact of advertising across media.

1970s - Computers emerge as business tools, allowing researchers to conduct large-scale data manipulations. (Honomichl p. 175) Multiple studies prove DAR (Recall) scores do not predict sales. The measure, persuasion, also known as motivation, is validated as a predictor of sales. The measure known as “breakthrough” is re-examined by researchers who make a distinction between the attention-getting power of the creative execution (attention) and how well “branded” the ad is (brand linkage). Herbert Krugman seeks to measure non-verbal measures biologically by tracking brain wave activities as respondents watch commercials. (Krugman) Others experiment with galvanic skin response, voice pitch analysis, and eye-tracking.

1980s - Researchers begin to view commercials as a “structured flow of experience” rather than a single unit to be rated on the whole, creating moment-by-moment systems such as the dial-a-meter.

1990s - Ameritest Research creates Picture Sorts to provide accurate non-verbal measurements in a moment-by-moment system. Picture Sorts results are graphed to visually represent commercial viewers' moment-by-moment image recognition (Flow of Attention), positive and negative feelings (Flow of Emotion), and brand values (Flow of Meaning). Trends in in-market tracking include a greater focus on the multimedia nature of entire advertising campaigns.

2000s - Global advertisers seek an integrated marketing research system that will work worldwide so they can compare results across countries. For a look at trends predicted for advertising research in the 21st century, see Seven Trends for the

Future. Dr. Robert Heath publishes the seminal and controversial monograph “The Hidden Power of Advertising” which challenged the traditional models used in advertising research and shows how most advertising is processed at an emotional level (not a rational level). His monograph leads to re-examination of in-market research approaches that compare the behaviors of those who have seen advertising versus those who have not, such as the Communicus System, and the development of brand new pretesting systems such as the OTX AdCEP system.

#### **4.1.2 Types of advertising research**

There are two types of research, customized and syndicated. Customized research is conducted for a specific client to address that client’s needs. Only that client has access to the results of the research. Syndicated research is a single research study conducted by a research company with its results available, for sale, to multiple companies. Pre-market research can be conducted to optimize advertisements for any medium: radio, television, print (magazine, newspaper or direct mail), outdoor billboard (highway, bus, or train), or Internet. Different methods would be applied to gather the necessary data appropriately. Post-testing is conducted after the advertising, either a single ad or an entire multimedia campaign has been run in-market. The focus is on what the advertising has done for the brand, for example increasing brand awareness, trial, frequency of purchasing.

#### **Pre-testing**

Pre-testing, also known as copy testing, is a specialized field of marketing research that determines an ad’s effectiveness based on consumer responses, feedback, and behavior.

#### **Campaign pre-testing**

A new area of pre-testing driven by the realization that what works on TV does not necessarily translate in other media. Greater budgets allocated to digital media in particular have driven the need for campaign pre-testing. The addition of a media planning tool to this testing approach allows advertisers to test the whole campaign, creative and media, and measures the synergies expected with an integrated campaign.

## **Post-testing**

Post-testing/Tracking studies provide either periodic or continuous in-market research monitoring a brand's performance, including brand awareness, brand preference, product usage and attitudes. Some post-testing approaches simply track changes over time, while others use various methods to quantify the specific changes produced by advertising—either the campaign as a whole or by the different media utilized.

Overall, advertisers use post-testing to plan future advertising campaigns, so the approaches that provide the most detailed information on the accomplishments of the campaign are most valued. The two types of campaign post-testing that have achieved the greatest use among major advertisers include continuous tracking, in which changes in advertising spending are correlated with changes in brand awareness, and longitudinal studies, in which the same group of respondents are tracked over time. With the longitudinal approach, it is possible to go beyond brand awareness, and to isolate the campaign's impact on specific behavioral and perceptual dimensions, and to isolate campaign impact by medium.

## **4.2 Marketing**

Is the process of communicating the value of a product or service to customers, for the purpose of influencing buyer behavior and/or precipitate behavioral change.

From a societal point of view, marketing is the link between a society's material requirements and its economic patterns of response. Marketing satisfies these needs and wants through exchange processes and building long term relationships. Marketing can be looked at as an organizational function and a set of processes for creating, delivering and communicating value to customers, and managing customer relationships in ways that also benefit the organization and its shareholders. Marketing is the science of choosing target markets through market analysis and market segmentation, as well as understanding consumer buying behavior and providing superior customer value.

There are five competing concepts under which organizations can choose to operate their business; the production concept, the product concept, the selling concept, the marketing concept, and the holistic marketing concept. The four

components of holistic marketing are relationship marketing, internal marketing, integrated marketing, and socially responsive marketing. The set of engagements necessary for successful marketing management includes, capturing marketing insights, connecting with customers, building strong brands, shaping the market offerings, delivering and communicating value, creating long-term growth, and developing marketing strategies and plans.

The marketing orientation evolved from earlier orientations, namely, the production orientation, the product orientation and the selling orientation.

#### **4.2.1 Production**

**Production methods until the 1950s** A firm focusing on a production orientation specializes in producing as much as possible of a given product or service. Thus, this signifies a firm exploiting economies of scale until the minimum efficient scale is reached. A production orientation may be deployed when a high demand for a product or service exists, coupled with a good certainty that consumer tastes will not rapidly alter (similar to the sales orientation).

#### **4.2.2 Product**

**Quality of the product until the 1960s** A firm employing a product orientation is chiefly concerned with the quality of its own product. A firm would also assume that as long as its product was of a high standard, people would buy and consume the product.

#### **4.2.3 Selling**

**Selling methods 1950s and 1960s** A firm using a sales orientation focuses primarily on the selling/promotion of a particular product, and not determining new consumer desires as such. Consequently, this entails simply selling an already existing product, and using promotion techniques to attain the highest sales possible.

Such an orientation may suit scenarios in which a firm holds dead stock, or otherwise sells a product that is in high demand, with little likelihood of changes in consumer tastes that would diminish demand.

#### **4.2.4 Marketing**

Needs and wants of customers 1970s to the present day The 'marketing orientation' is perhaps the most common orientation used in contemporary marketing. It involves a firm essentially basing its marketing plans around the marketing concept, and thus supplying products to suit new consumer tastes. As an example, a firm would employ market research to gauge consumer desires, use R&D (research and development) to develop a product attuned to the revealed information, and then utilize promotion techniques to ensure persons know the product exists.

#### **4.2.5 Holistic Marketing**

Everything matters in marketing 21st century The holistic marketing concept looks at marketing as a complex activity and acknowledges that everything matters in marketing - and that a broad and integrated perspective is necessary in developing, designing and implementing marketing programs and activities. The four components that characterize holistic marketing are relationship marketing, internal marketing, integrated marketing, and socially responsive marketing.

#### **4.2.6 Contemporary approaches**

Recent approaches in marketing include relationship marketing with focus on the customer, business marketing or industrial marketing with focus on an organization or institution and social marketing with focus on benefits to society. New forms of marketing also use the internet and are therefore called internet marketing or more generally e-marketing, online marketing, "digital marketing", search engine marketing, or desktop advertising. It attempts to perfect the segmentation strategy used in traditional marketing. It targets its audience more precisely, and is sometimes called personalized marketing or one-to-one marketing. Internet marketing is sometimes considered to be broad in scope, because it not only refers to marketing on the Internet, but also includes marketing done via e-mail, wireless media as well as driving audience from traditional marketing methods like radio and billboard to internet properties or landing page.

#### **4.2.7 Relationship marketing / Relationship management**

Building and keeping good customer relations 1960s to present day Emphasis is placed on the whole relationship between suppliers and customers. The aim is to provide the best possible customer service and build customer loyalty.

#### **4.2.8 Business marketing / Industrial marketing**

Building and keeping relationships between organizations 1980s to present day In this context, marketing takes place between businesses or organizations. The product focus lies on industrial goods or capital goods rather than consumer products or end products. Different forms of marketing activities, such as promotion, advertising and communication to the customer are used.

#### **4.2.9 Societal marketing**

Benefit to society 1990s to present day Similar characteristics to marketing orientation but with the added proviso that there will be a curtailment of any harmful activities to society, in either product, production, or selling methods.

#### **4.2.10 Branding**

Brand value 1980s to present day In this context, "branding" refers to the main company philosophy and marketing is considered to be an instrument of branding philosophy.

#### **4.2.11 Advertising Research**

Advertising research is a specialized form of marketing research conducted to improve the efficiency of advertising.