

Chapter VIII

Toiling in the Media Data Mines: How Do You Know If the Ad Budget is Actually Working?

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Introduction

At PHD Canada, we deal in “*time and space*” — a phrase used when the term “*media management*” draws blank stares at cocktail parties. There are thousands of people like us, in hundreds of companies like ours, responsible for managing advertising media budgets. We all go to great lengths to create crisp target group definitions for consumer brands. We determine which media channels should be employed in support of our clients’ messages — time and space channels such as TV, radio, magazines, Internet, and newspapers. We recommend when our clients should run the media weight afforded by their budgets. And finally, we recommend how the weight should be distributed throughout the country, in which cities and which regions.

Media Is Where the Money Is

Major advertising budgets are distributed roughly 90/10 between the acquisition of media time and space (the 90) and creative development and production (the 10). And so, media expenditures are a big part of the total ad budget, and the total ad budget is, for most consumer marketers, a very significant cost item for the company as a whole. That is why the CFOs at the companies that own the brands we manage always ask the following question: “How do you know if the ad budget is actually working?” We think we have the answer. This chapter outlines how our company applies data mining techniques to mass media campaign history. We’ll show you what we have done and what we have found.

Which Half is Wasted?

“Half of my advertising is wasted; I just don’t know which half” is a quote from the 1920s or perhaps the 1930s (debate rages over source and date). The quote proves that concerns about return on advertising investment are as old as modern advertising itself.

The pressure on marketing departments to justify marketing and advertising investments has recently intensified. There is a new recognition that brands are valuable entities. Good brands hold equity. They have value beyond their ability to generate annual sales revenues and profits and so they can single-handedly build shareholder value. Marketing expenditures take on new importance because it is generally recognized that marketing effort is required to maintain brand value. Corporate officers understand the need for these expenditures but they desperately want assurance that the moneys are being spent effectively.

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