

Five Common Reasons Why Advertising Dollars Are Wasted!



Advertising can be one of the most complicated and frustrating aspects of managing a marketing plan. Most businesses have hundreds of different advertising options available to them. Each option represented by a sales rep guaranteeing throngs of eager customers if advertising dollars are spent with them. However, experienced business owners and marketing directors know that successful advertising is not this easy. Advertising decisions can leave business owners feeling frustrated and disappointed. In short, there are no guarantees in advertising. However, experienced advertising specialists can mitigate risk and increase the opportunities for achieving the desired results. One of the first steps in successful advertising is to avoid making some of the most common advertising mistakes. Here are five common reasons why advertising dollars are wasted.

Common Reason #1: Trying a little bit of everything.

Oftentimes, companies search for the best advertising method by purchasing a relatively small amount of advertising messages among many different media vehicles. In advertising, this is known as a “shotgun approach.” This technique is probably one of the most common mistakes that an advertiser can make. This type of advertising disregards one of the most basic principles of advertising known as Frequency and Response. The original principle has been credited to two different researchers that studied advertising exposures in relation to consumer behavior in the 1960s and 1970s. In the most basic terms, the theory states that advertising targets must be exposed to a message a specific number of times before one can expect to achieve any sort of meaningful impact. Current industry opinion places this figure at seven impressions for minimum impact, and up to 11 impressions to inspire action. Therefore, companies that use a shotgun approach never realize the results they are seeking, even if they are advertising in the right places.

Common Reason #2: Choosing the wrong media.

The choices of where a company can spend ad dollars are limitless. Simply placing an ad in the local paper or broadcasting commercials on the radio will not drive customers to purchase a product or service. An effective advertising plan will select media that provides the greatest amount of targeted exposures for a business. Advertising strategies should consider many variables. These considerations include the length of time your products/services have been on the market, market positioning, the message you wish to send, and the media used to send it. Defining your target market in terms of demographic, geographic and psychosocial characteristics will be the single most important factor in

selecting which media to use. Advertisers who choose between radio, newspaper, magazine, and television do so based on a well-defined target market. Smart planners then set advertising goals in terms of reach, frequency, gross rating points (GRP), and continuity.

Common Reason #3: Cluttered and rushed messages.

The term “Advertising Clutter” has two separate yet similar meanings. “Clutter” can refer to the continuous multi-media barrage of commercial messages to which humans are subjected. It can also describe the design, layout or creative elements of a particular advertising message. In this case, we use the term “clutter” to describe the creative elements of a particular advertising message. Advertising is expensive and companies are always looking to get the maximum message impact for their advertising dollar. Oftentimes, businesses try to accomplish this by packing their ads with as much information as possible. The result is often a rushed or confusing message that ultimately loses advertising viewers rather than attracting them. Marketing surveys continuously reveal that ad clutter has a negative impact on consumers’ perceptions of an advertiser’s products and services. It is critical for companies to ensure their messages are being presented in a way that promotes maximum exposure to preserve brand reputation and achieve the desired results. Creating highly visible, clutter free advertising is critical to the success of any advertising campaign.

Common Reason #4: Buying Ad space/time based solely on CPM (Cost per thousand impressions)

CPM or Cost per thousand impressions refers to advertising bought on the basis of number of potential impressions that a particular media can deliver. The total price paid in a CPM advertising purchase is calculated by multiplying the advertising rate by the number of impressions. For example, one million impressions at \$10 CPM would cost \$10,000. This is not always the best advertising strategy to pursue for many companies that have a narrowly defined target audience. Take for instance, the story of a political candidate running for a mayoral office in the suburbs of Chicago, Illinois. This particular person ran ads on a large 50,000-WATT station in downtown Chicago. The ads were broadcast more than 60 miles beyond the city for which they were running for office. The candidate was reaching hundreds of thousands of voters. The only problem was 99% of them would not be able to vote this person into office. The campaign created a tremendous amount of waste. This example is extreme. However, businesses make varying degrees of this mistake every day. Purchasing advertising based solely on the number of ad impressions is not always a good strategy. In his book *The Wizard of Ads*, Roy Williams discusses how a small business experienced success by practicing the exact opposite of a CPM strategy. The business owner knew he could not compete with the ad budgets of his larger competitors. Therefore, he targeted a smaller audience located in his primary geographic area and increased the ad frequency to this target market. The result was a lower cost/higher impact campaign that cemented his business as a local institution. A CPM strategy can be wasteful and counterproductive. The key is to understand the

advantages and disadvantages of the available advertising strategies and choose the one that makes the most sense in relation to organizational goals.

Common Reason #5: “BIG SALE” advertising strategies

Today, companies are starting to realize that they are operating in a highly competitive market. In addition, consumers are realizing that they have a world of product and service data at their fingertips. The internet has leveled the playing field. It has also increased the number of players on that field. What does this mean to the business owner? It means that consumers may very well know more about product/service offerings, available suppliers and prevailing prices than business owners do. In addition, consumers today are much more skeptical and sensitive to words like Sale, Clearance and Liquidation. These words do not have the same revenue generating impact as they did 20 years ago. The truth is that people are more cynical and jaded when it comes to advertising messages. Companies have to work harder at gaining “buy-in” for their sales and special event advertising. That is not to say that special event (or Sale) advertising is inherently a bad idea. However, forward thinking businesses will always create sale and special event advertising that is believable and delivers a strong, credible hook. It is important to package the event inside a message that grabs attention and comes across as believable. This form of advertising will not only deliver the desired results, it will also build brand equity.