

A low-angle shot of a person's hands holding a large, brown, conical megaphone. The megaphone is the central focus, pointing upwards. The background is a bright blue sky with scattered white clouds. The overall image conveys a sense of announcement or promotion.

Advertising For Results!

How To Get People to Buy Now and in the Future!

Goal of this presentation: Harness the Power of Advertising

Questions to be answered today:

- “What is the Lifetime Value of a customer to my business?”
- “How do I set realistic goals for my advertising?”
- “How often should I advertise?”
- “How do I get Radio advertising to *really* work for me?”
- “What should my ads say, and how do I say it?”

Let’s focus first on the most important issue . . .

What is the value of one customer to your business?

Knowing the value of a customer is the first step in determining realistic and measureable advertising objectives.

The Lifetime Value of A Customer

The lifetime value of one customer to your business is:

(Average Purchase Profit x Patronage Lifetime x Annual Purchases)

X

Annual Patron Referrals

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4. ACP = Annual customer purchases
5. Patron Referrals (PR) = number of new customers referred annually
6. Value of a customer = $(\text{APP} \times \text{PL} \times \text{ACP}) \times \text{PR}$

Example: Acme Athletic Footwear

Gross Annual Sales		\$ 1,000,000
Total Annual Purchases		5,000
Average Purchase Value	APV	\$ 150
Cost of Goods Sold		\$ 333,333
Advertising Expense	5.0%	\$ 50,000
Average Purchase Profit	APP	\$ 123
Patronage Lifetime (Years)	PL	10
Annual Customer Purchases	ACP	2
Number of annual customers		3,333
Annual Patron Referrals	PR	5
Lifetime value of one customer		\$ 12,333
$(APP \times PL \times ACP) \times PR$		

Now that we know the value of one customer . . . let's get some more!

Setting Realistic Advertising Goals

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Advertising can bring prospects through the door.

So, how much new traffic do you want to attract?

Valuing New Ad-driven Traffic

Remember: Acme Lifetime Patronage value is \$12,333 and Average Purchase Value is \$150.

Further assume: Average Closing Rate is 30.0%

Potential value of new advertising-generated traffic:

Ad-driven New Weekly Prospect	12	24	36
Monthly Revenue*	\$ 2,160	\$ 4,320	\$ 6,480
Annual Revenue	\$ 25,920	\$ 51,840	\$ 77,760
Lifetime Potential	\$ 493,320	\$986,640	\$1,479,960
* 4-week month, store open 6 days per week			

The Three Drivers of Successful Radio Advertising

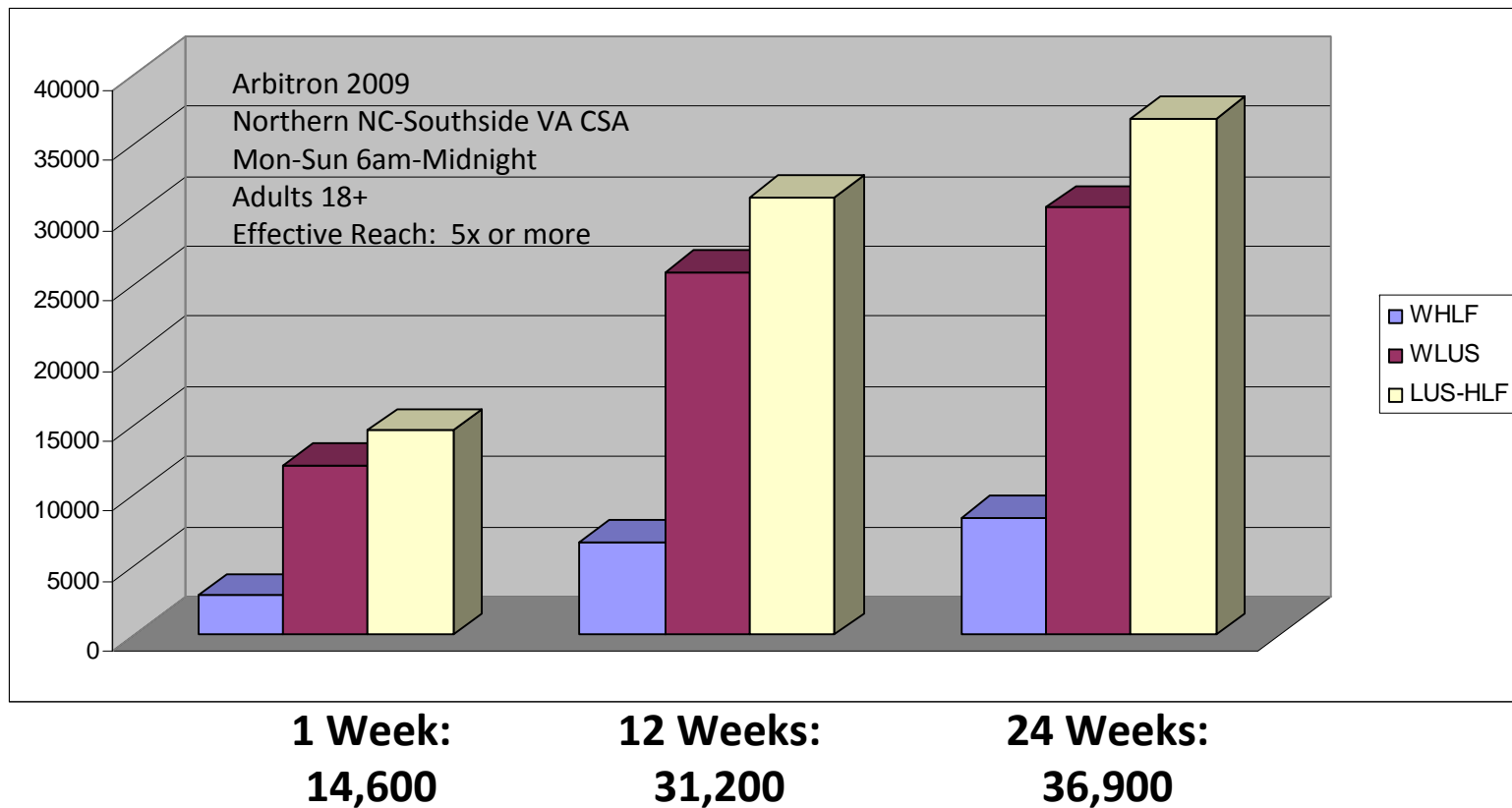
1. Reach – the more people that hear your message, the greater likelihood of success
2. Frequency – people need to hear the message at least 3 times (preferably 5 or more times) during a concentrated period
3. A message that *connects* – the product/service offer must be compelling and the message must be clear and memorable

Scheduling For Success

3 Critical Scheduling “Rules of Thumb”

Rule of Thumb #1: Reach As Much of The Market As Budget Permits

The more prospects effectively reached, the greater the response.



Rule of Thumb #2: Make Certain The People You Reach Really Hear Your Message

At least 3 exposures are needed to influence behavior:
(Known as “Effective Reach”)

	Instant Reaction	Likely Response
First exposure	“What is it?”	<ul style="list-style-type: none">• Curiosity aroused• Most likely forgotten
Second exposure	“What of it?”	<ul style="list-style-type: none">• Message might have familiarity• Processing begins
Three or more exposures	“Let’s do it.”	It takes at least 3 exposures to influence behavior.

**Rule of Thumb #3:
Maximize Repetition.
Don't "Spray and Pray".**

Is it better to run 48 spots in one month? Or one week?

WLUS, Adults 18+	1 Week Concentration	4 Weeks Spraying and Praying (SAP)
Spots	48	48
Weekly reach	17,300	11,100
Weekly frequency	4.9	1.9

One Week (OES) vs. One Month (SAP):

- Same spots, but
- Lower weekly reach, and
- Exposure to message is below needed retention levels with SAP scheduling!

**Question: “How Often
Should I Advertise?”**

**Answer: “If your doors are open,
you should be advertising!”**

“If your doors are open, you should be advertising”

And you should be advertising *all the time* because:

- People shop all the time – you’re not advertising to a standing army.
You’re advertising to a a passing parade

People Shop All The Time

	% of Annual Sales by Month			
	Athletic Footwear	Furniture	Tires	Jewelry
January	8.7%	7.8%	7.5%	5.3%
February	9.0%	7.7%	7.4%	8.4%
March	10.9%	8.4%	8.7%	6.4%
April	3.5%	7.8%	8.3%	6.4%
May	4.7%	8.4%	8.6%	8.4%
June	7.0%	8.3%	8.9%	7.0%
July	9.8%	8.4%	8.6%	6.5%
August	16.0%	8.8%	9.1%	6.9%
September	12.2%	8.1%	8.2%	6.5%
October	3.5%	8.1%	8.6%	6.8%
November	5.5%	8.8%	8.2%	8.9%
December	9.2%	9.4%	7.9%	22.5%
Total	36.7%		49.7%	38.7%

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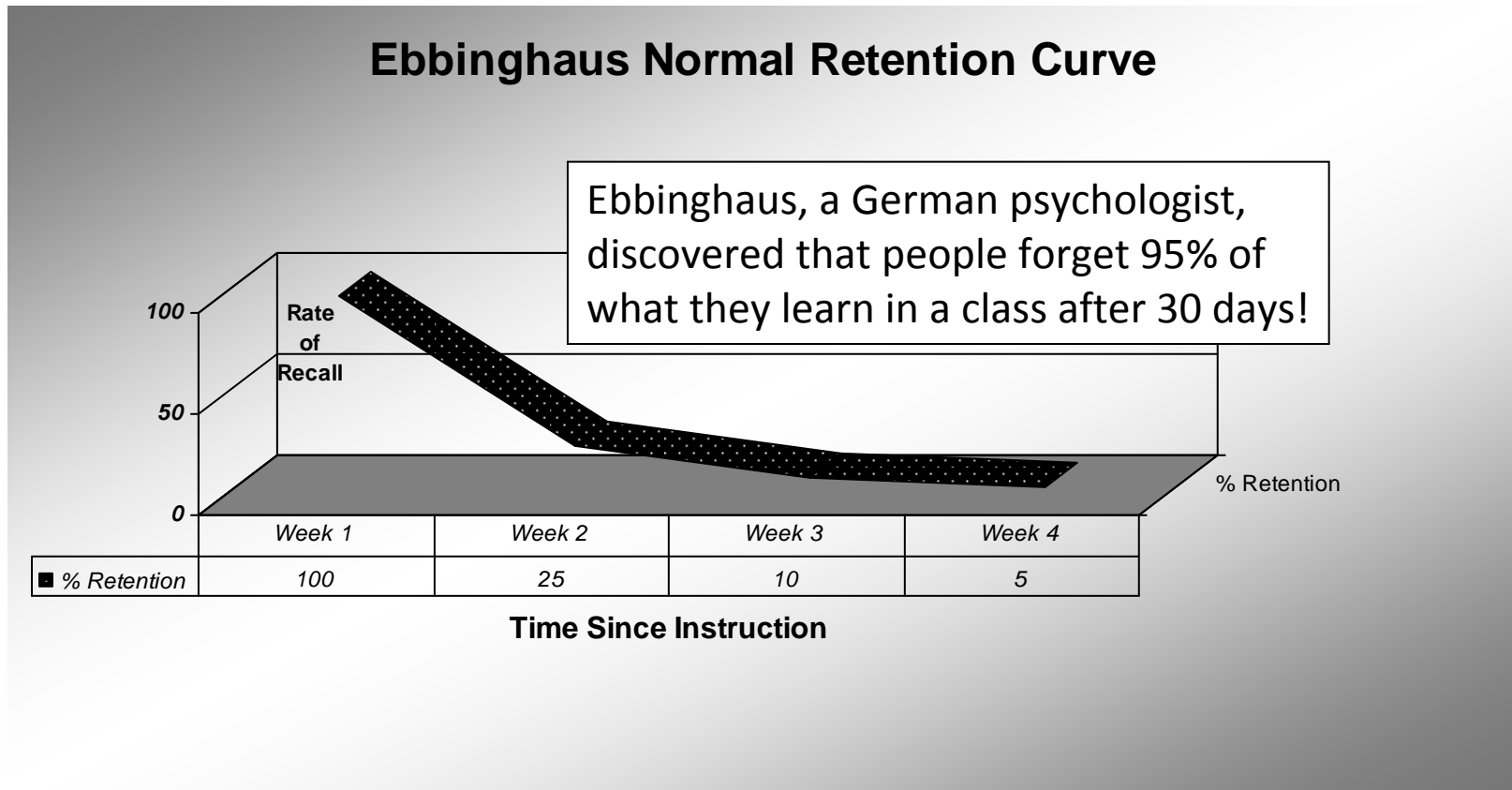
- People shop all the time – you’re not advertising to a standing army. You’re advertising to a passing parade
- People move – as much as 25% of your market is mobile every year

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People Need Continual Reminders



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- Top of Mind Awareness – Businesses that have “brand equity” – that people think of first when they’re ready to shop or buy – are the businesses that have the highest market share

Building An Effective Message

You're wasting your advertising investment –
even hurting your business – if you're delivering
an *ineffective* or *wrong* message!

7 Essential Steps To Effective Advertising Message Creation

1. First, review and solidify your Marketing Bridge

The Marketing Bridge: Everything Linking Customers/Prospects to You

Before advertising, evaluate each element of the Marketing Bridge:

- Receptionist and employees – training, personality, competence
- Business name – does it say what you do?
- Location – easy to find? Is parking an issue?
- Inventory and pricing – how do you rate versus your competitors?
- Service/quality/image/name recognition – how do you rate?

Shore up as many Marketing Bridge elements as possible. . . .
and address what can't be fixed in your ad copy.

7 Essential Steps To Effective Advertising Message Creation

1. First, review and solidify your Marketing Bridge
2. Determine your “USP” – Unique Selling Proposition or “Preemptive Advantage” . . . What is the one thing that you want people to remember? Is it important, relevant and memorable?

7 Essential Steps To Effective Advertising Message Creation

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2. Determine your “USP” – Unique Selling Proposition. What is your preemptive advantage . . . the “one thing” that you want people to remember? Is it important, relevant and memorable?
3. Position your business – how are you different from your competitors?

Two Types of Positioning: Competitive and Equity

Your USP is your *Equity Position* – the one thing people think *first* when thinking about your business:

- “*We try harder*”
- “*You deserve a break today*”
- “*The quicker picker-upper*”

Your *Positioning Statement* is how you specifically define your business against your competitors:

- “*At least 52 minutes of music in every hour!*”
- “*Steaks so good you’ll want to pay more!*”
- “*Smith’s Full Time Florist – we deliver Love 7 days a week!*”

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4. Deliver your message effectively

Radio Ad Copy Imperatives

“Weak, sloppy, boring, sleepy, pointless, cookie-cutter, cliché-filled copy won’t do!” (33 Ruthless Rules, p. 65)

1. K.I.S.S. – Keep It Simple, Stupid. You don’t need jingles, humor or distracting production to make your point.
2. Use Permanent and Variable Elements. *Permanent* elements (in every ad) include name, location, USP. *Variable* elements are the *offer* that changes from time to time – sales, new features, new service.
3. Avoid clichés! People don’t believe clichés like “Fast, friendly service”- but they *do* believe *facts*: “*We at Bob’s Lumber know you’re used to standing in line at other stores, so we hired more helpers than our competition so that you can get out the door faster!*”
4. Make It Easy For Folks to Find You. Give landmarks . . . “1099 Welby Road, across the street from the Civic Center”

More Radio Ad Copy Imperatives

5. Sell Features and Benefits Equally. Features are *logic-driven*: the practical reasons why someone should buy your product. “Fade resistant”, “longer-lasting”, “convenient”, “guaranteed”. Benefits are *emotion-driven*: the reasons why features are important. “Protect your family”, “you’ll feel proud driving a . . .”, “feel the joy of a . . .”
6. One Idea At A Time! If you’re stressing prices, don’t confuse the message with service or dependability. Don’t promote more than one event at a time. K.I.S.S!
7. Credentialize. Has your business won an award? Are your people specially trained? If you have “Good Housekeeping Seal of Approval”, use it. “*Arbitron Rated #1, the Most Listened-To Radio Station in Northern North Carolina and Southside Virginia!*”

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5. Structure your message using 6 proven components

6 Proven Ad Components

1. A Powerful Opening Statement (USP): “At Bidwell’s, we deliver LOVE 7 days a week!” USP should be addressed 2-3 times in each ad.
2. The Basic Story: “We’ll deliver your gift of love within 90 minutes or it won’t cost you a thing!”
3. The Proposition/Exact Offer: “We’ll fill your order of any flower arrangement or plant for any occasion and we’ll deliver it within 90 minutes or you won’t pay”
4. A Call to Action: “. . . So why not call *right now* while you’re thinking about it”
5. Your Name (at least 3-4 times)
5. Your Location (at least once)
6. Marketing Bridge Element(s): if location or parking is an issue, address it in the copy

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6. Use Words that Work

Advertising's Most Compelling Words

- You
- Results
- Free
- Money
- Save
- Secrets
- Fast
- Health
- New
- Revealed
- Why
- Love
- Easy
- Benefits
- Sale
- Startling
- Yes
- Discovery
- Safety
- Guarantee
- How
- Proven
- Now

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4. Deliver your message effectively
5. Structure your message using 6 proven components
6. Use Words that Work
7. Get two prospects for the price of one by including an irresistible offer in your ad to attract NOW buyers . . . while building Top of Mind Awareness with your overall message!

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4. Deliver your message effectively
5. Structure your message using 10 proven components
6. Use Words that Work
7. Get two prospects for the price of one

Advertising Builds Business!

“If your doors are open,
you should be advertising all the time!”

Today, We Learned . . .

- The Lifetime Value of one customer to your business:
$$\frac{(\text{Average Purchase Profit} \times \text{Patronage Lifetime} \times \text{Annual Purchases}) \times (\text{Annual Patron Referrals} \times \text{Patronage Lifetime})}{\text{Annual Patron Referrals} \times \text{Patronage Lifetime}}$$
- How to set *realistic* advertising goals based on daily floor traffic count
- The three drivers of successful Radio advertising: Reach, Frequency and Effective Message
- How often you should advertise: All year round!
- The 7 essential steps to building an effective message:
Competitive/Equity positioning, need to avoid weak and boring copy, the 6 proven ad components, the advertising Words that Work and how to reach Now and Future buyers and get TWO prospects for the price of ONE

A low-angle shot of a person's hands holding a large, brown, conical megaphone. The megaphone is pointed upwards, and the person's face is partially visible at the bottom. The background is a bright blue sky with scattered white clouds. The text "Advertising Gets Results!" is overlaid in red, with "Results!" underlined. Below it, the text "Put it to work for your business TODAY!" is overlaid in white.

Advertising Gets Results!

Put it to work for your business TODAY!