

# AD PROOF 1: ADVERTISING EFFECTIVENESS OF CAR CAMPAIGNS

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The new study from SPIEGEL-Verlag examines the communication performance of campaigns in the car industry. Unlike conventional advertising effectiveness studies, the Ad Proof model looks at media performance and its relation to the advertising effectiveness actually achieved. The objective of the study is to analyse the influencing factors arising from the media side. These include:

- the effectiveness of exclusive campaigns,
- optimum mix variants and
- marginal utility

What makes this study unique is the analysis at model level (and not brand level) and a survey geared to the media. This means, for example, that it is not the quality of advertising that is examined. The question as to whether a specific ad or spot is effective and what optimisation possibilities are available is better answered from a qualitative angle and with instruments that analyse content.

Another new element is the inclusion of communicative press and TV measures taking place outside above-the-line advertising. The study covered car campaigns launched between 1.10.2001 and 30.9.2002.

## Methodology

Target group: Drivers aged 18 and over, net household income € 2,000+, western German federal states not including Berlin (West)

Survey start: 1.10.2001

Survey end: 30.9.2002

Method: Diary and subsequent face-to-face interview (CAPI)  
 Quota sampling, 7,362 interviewees in total

Institutes: Sinus Sociovision  
 NFO Infratest (field work)  
 Nielsen Single Source Panel (TV data)  
 Carat Expert Munich (treatment and control of advertising expenditure)  
 ISBA, Hamburg, fusions and clearing

The research objectives:

- What advertising effectiveness is generated by the strategies implemented in media planning?
- What advertising effectiveness is generated by advertising media in the media mix?

Advertising effectiveness is a process that is generally not consciously perceived by the affected people – those who are impacted. That is the first obstacle encountered when trying to determine effectiveness. It is not possible to ask direct; instead, effectiveness of which people are not conscious must be attested by means of a set of indicators.

The second obstacle is attributing the source of effectiveness: what effects are achieved by different advertising media? As the object is to investigate unconscious processes and effects it is not possible to ask where individual, personal effectiveness is obtained from.

The solution to this dilemma is to attribute campaign exposure probabilities. To do this, the media use of the interviewees must be surveyed. For magazines, radio and daily newspapers it was surveyed along the lines of the MA model. The TV use data were obtained from the Nielsen Single Source Panel.

The basic approach was a close orientation to the original planning data. If the media use of each interviewee can be determined, all that remains is to establish when the advertising took place. Based on these two items of information – media use probability and advertising occurrence – the campaign exposure probability can be calculated. It is therefore possible to determine how much exposure (probability) an interviewee had to a campaign.

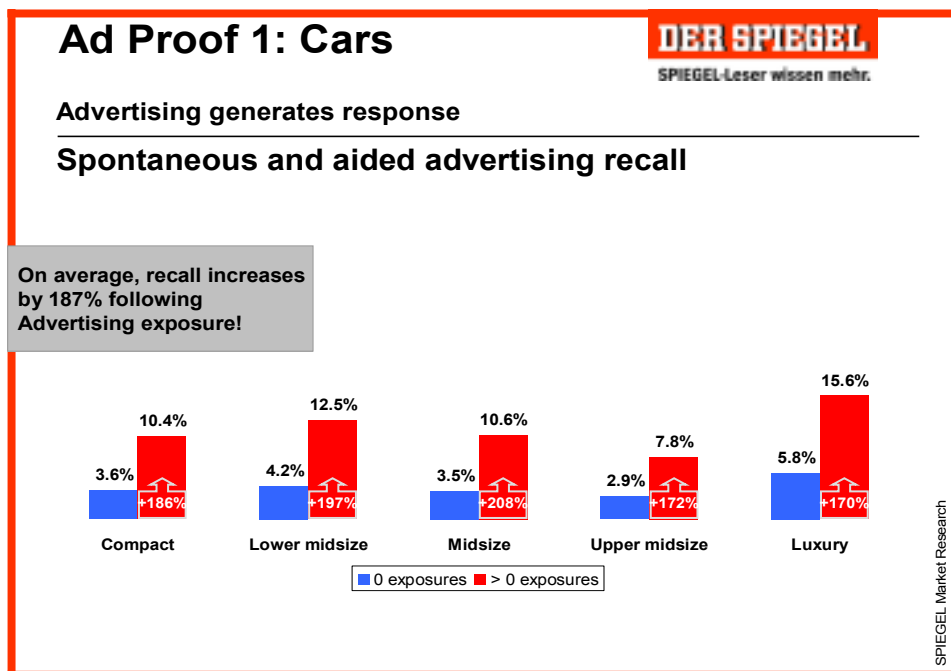
What then remains is to compare the exposure probability with the advertising effectiveness indicators to ascertain what exposure had an impact – and what did not.

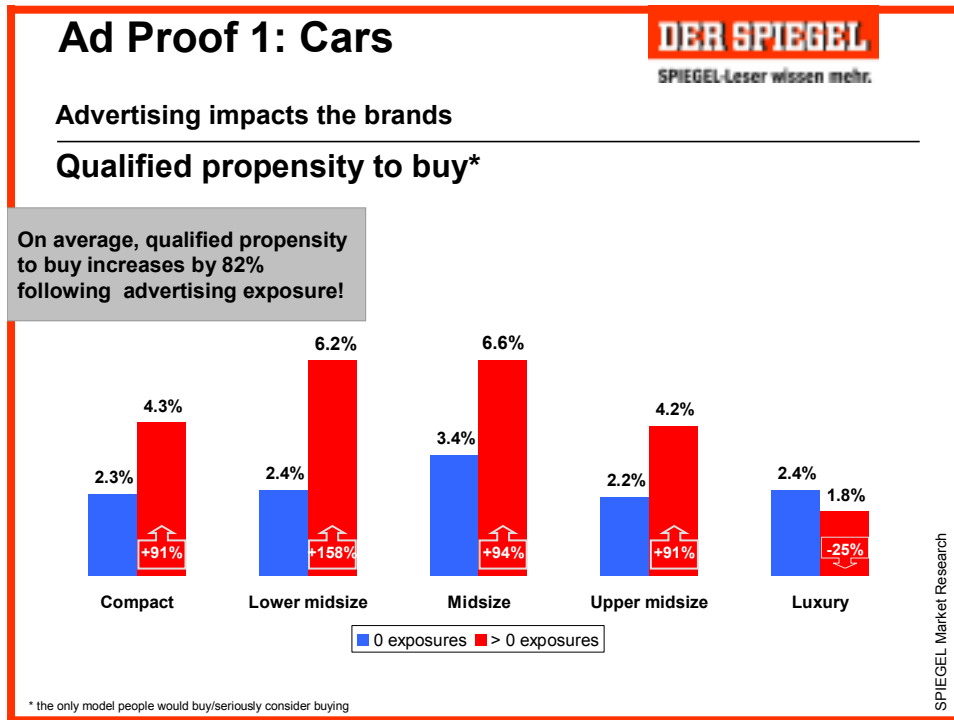
### 1) The effectiveness of campaigns

What impact does advertising have in general – i.e. regardless of which media components reach the interviewees? In terms of model categories, spontaneous and aided advertising recall increases on average by 187% following exposure to advertising. The fact that people also recall advertising despite not being exposed to a campaign is explained partly by the after-effects of past campaigns and partly by the faint background noise of incorrect recollection among interviewees. It is also an indication that the questions regarding advertising recall – as they are usually asked – do not measure exactly that which they are supposed to.

Advertising is by nature a soft indicator. After all, can the objective of advertising be that the target groups remember the advertising? Hardly. That is why it is also necessary to look at brand-related indicators such as qualified propensity to buy. Here too, an average increase of 82% occurs following exposure to campaigns. The disappointing news, however, is the decline in propensity to buy in the luxury category. This is in fact due to the poor results of a single campaign (out of a total of four campaigns). The other three campaigns significantly increased propensity to buy.

In general, the improved results are a sign of successful communication; whether the cars are then actually bought depends on other factors, not all of which are reliant on advertising.





### Magazine and TV: which works better?

The question here is which media contribution generates the more effective impact. In this context, effective means the greatest possible increase with the least possible expenditure.

Following TV exposure:

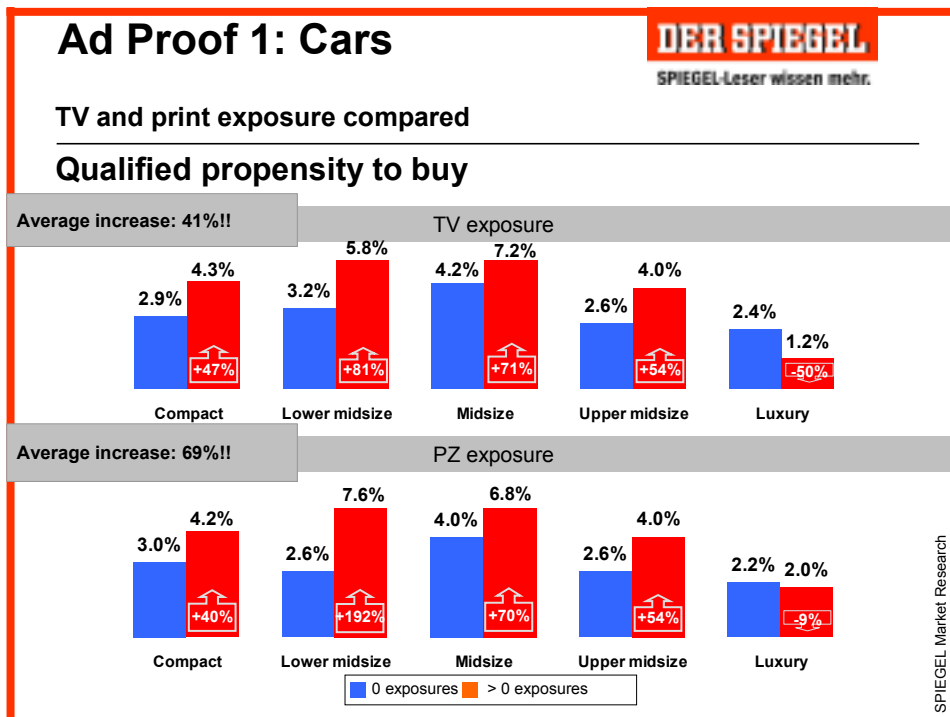
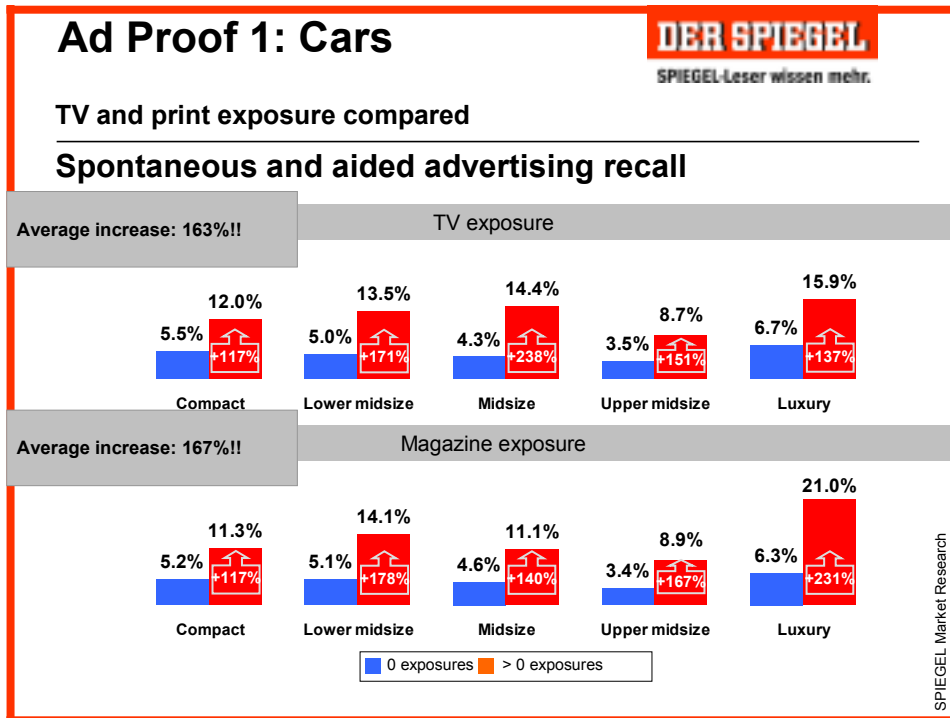
The average increase in spontaneous and aided recall following TV exposure is 163%; the smallest increase is for compact cars at 117%, the largest for midsize cars at 238%.

The average increase in qualified propensity to buy is 41%. Here too, there are fluctuations: for midsize cars it rises by 81%, for luxury cars it decreases by 50%.

Following magazine exposure:

The average increase in spontaneous and aided recall here is 167%, i.e. slightly higher than the TV figures. Particularly in the upper midsize category the increases are significantly higher.

Qualified propensity to buy increases on average by 69% following exposure to magazines. The considerably higher increase compared to TV exposure results primarily from the higher reactivity in the lower midsize category; in the other categories the figures are roughly the same as for TV exposure.



**Magazines clearly more efficient**

Two questions emerge from these results:

- What happens to the figures when the shares, i.e. the funds spent are taken into account?
- How do the results develop with regard to exclusive media exposure? The figures given above show only the development for exposure to the various advertising media, without a distinction having been made between mixed and exclusive exposure.

If the shares are seen in relation to the increases it emerges that exposure to magazines is significantly more effective with regard to the indicators advertising recall and propensity to buy. The results indicate overspending for TV. More money is spent

than necessary, but the impact achieved is no greater. Of course, it may be true that, particularly in smaller car categories, the media plans were not even intended to reach the upscale target group surveyed. This we do not know. But on the other hand, why not advertise for luxury cars in the group of potential buyers? The campaigns of the compact and midsize car manufacturers also reach the upscale target group via TV, but the effectiveness of TV exposure is limited.

### Types of campaign

In order to investigate the effectiveness of different mix and exclusive strategies the campaigns were divided into media strategy types:

- 4 TV-only campaigns
- 10 magazine-only campaigns
- 13 campaigns with high magazine and newspaper components and low TV components
- 12 magazine / TV campaigns (roughly balanced)
- 31 TV / magazine campaigns (TV-biased)

Ad Proof 1: Cars		DER SPIEGEL SPIEGEL-Leser wissen mehr.				
Exclusive or mixed campaigns?						
Campaigns	Components in %				Total in Euro	Average campaign
	Rad.	Mag	TV	Paper		
TV only (4)	0	1	99	0	16,111,391	4,027,848
Mag only (10)	0	98	0	2	23,723,305	2,372,331
Print >TV (13)	3	64	12	21	39,349,822	3,026,909
Mag/TV mix (12)	8	39	49	4	158,929,474	13,244,123
TV-biased mix (31)	4	25	66	6	345,044,039	11,130,453
					583,158,030	

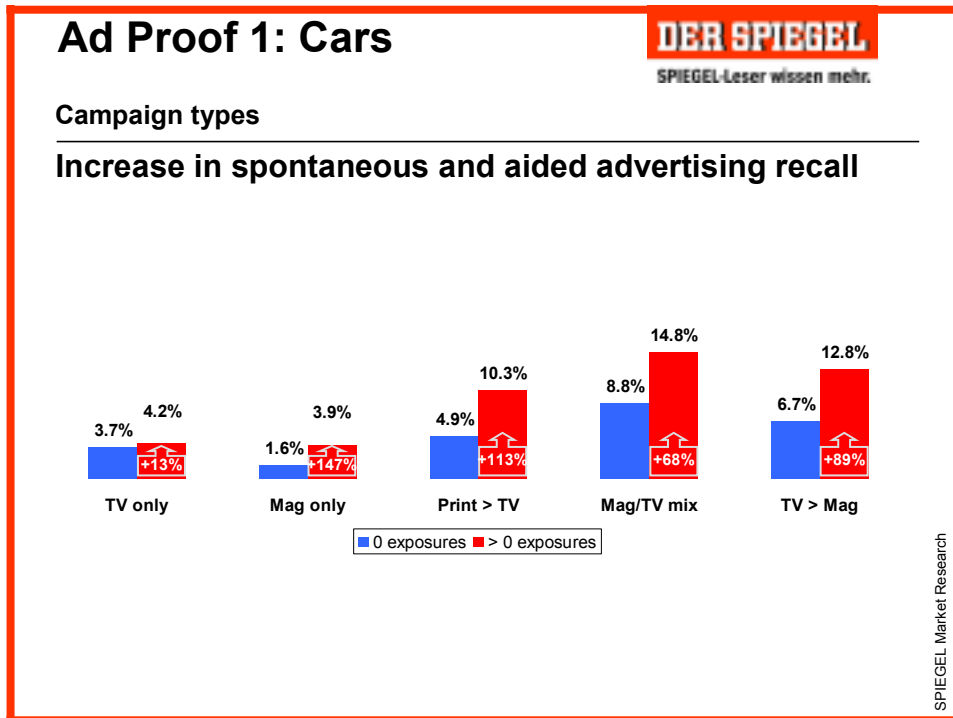
SPIEGEL Market Research

The tendency is for models with a longer advertising tradition and/or greater general awareness to be advertised more broadly, with higher expenditure and in a media mix.

Developments in exclusive campaigns are conspicuous. Here the figures rise by between 13% and 147% following exposure. The smallest increase determined is for the TV-only campaigns, the highest for magazine-only campaigns. Small-scale TV campaigns seem to fade away completely and go virtually unnoticed. Mixed campaigns with a large print component attain the second-highest increase. With large TV components advertising awareness almost doubles, and with a balanced mix it increases by 68%, though it does start at a very high level.

TV-only spending is obviously wasted. But perhaps the problem is that not enough money has been spent. In contrast, magazine-only campaigns work very well. In larger campaigns the media mix comes into its own, with the biggest increases occurring with large print components (magazine + newspaper). Mixed variants with small TV components work better.

The large increases with higher TV spending are noticeable. It would appear that TV advertising does generate advertising recall, yet it cannot communicate other, deeper, attitude-changing messages.

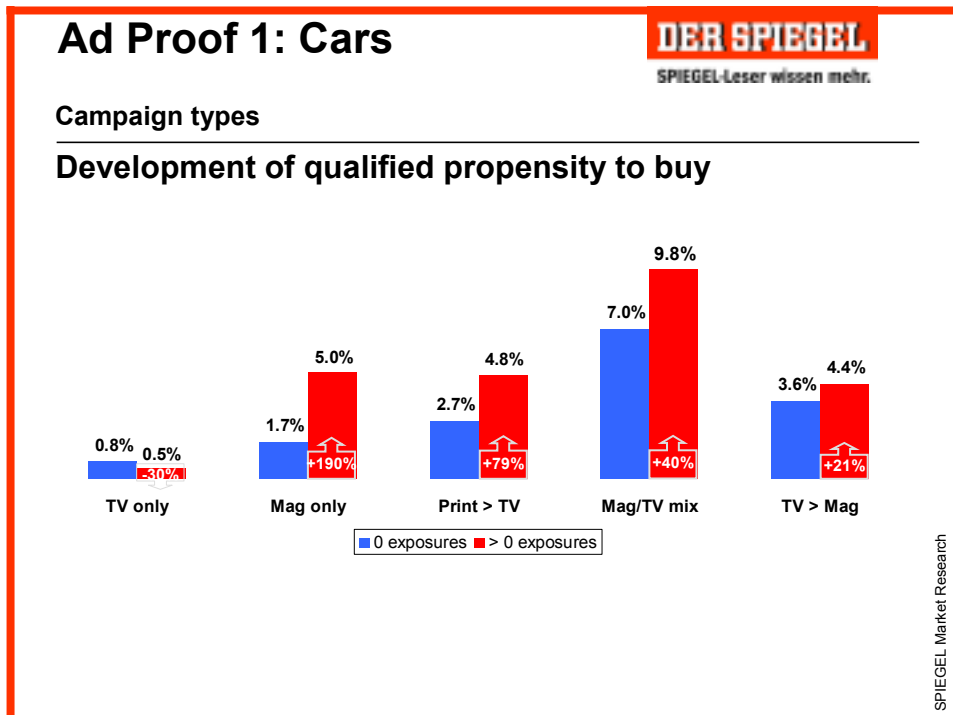


#### Magazines increase propensity to buy

As an indicator, advertising does have one drawback: the objective of a campaign cannot be for people to remember the advertising. How about a much harder indicator such as qualified propensity to buy?<sup>1</sup>

In this respect, the TV-only campaigns were clearly not very persuasive. The magazine-only campaigns were the most successful. As the print or magazine component in the media mix decreases, so does the qualified propensity to buy.

A comparison of the development of advertising awareness with that of qualified propensity to buy reveals that magazines have a considerably greater persuasive effect than TV.



<sup>1</sup> That is the question: this is the only model I would buy or seriously consider buying.

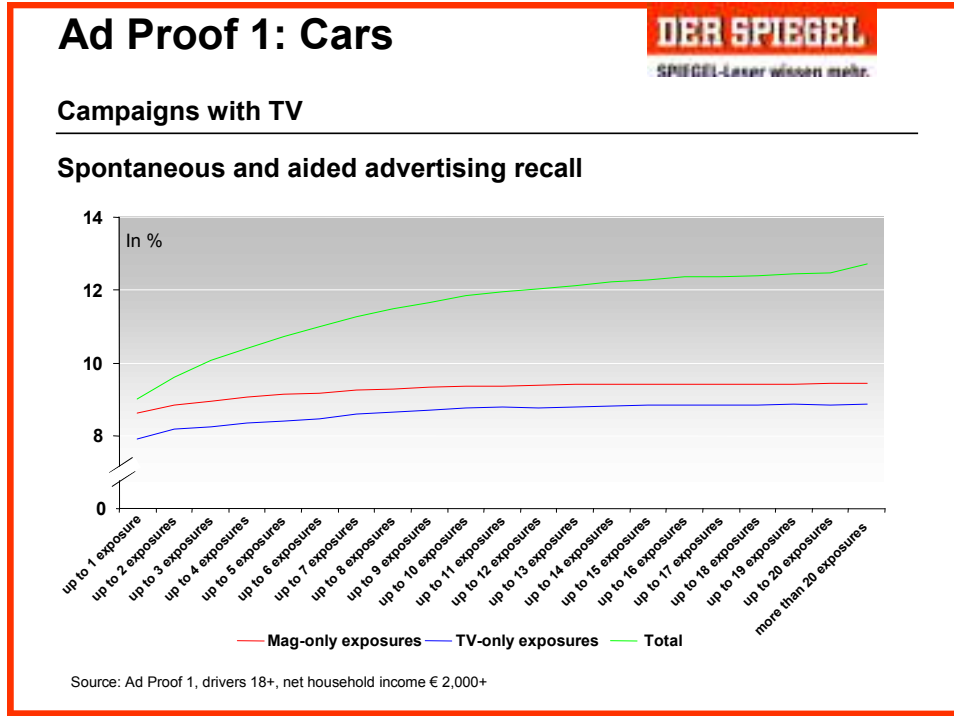
**60 mix-campaigns including TV**

The number of campaigns containing TV in some form or other is sixty. Four more campaigns have been taken into consideration here but were not selected above for technical reasons. Basic patterns of the effectiveness of different media contributions emerge.

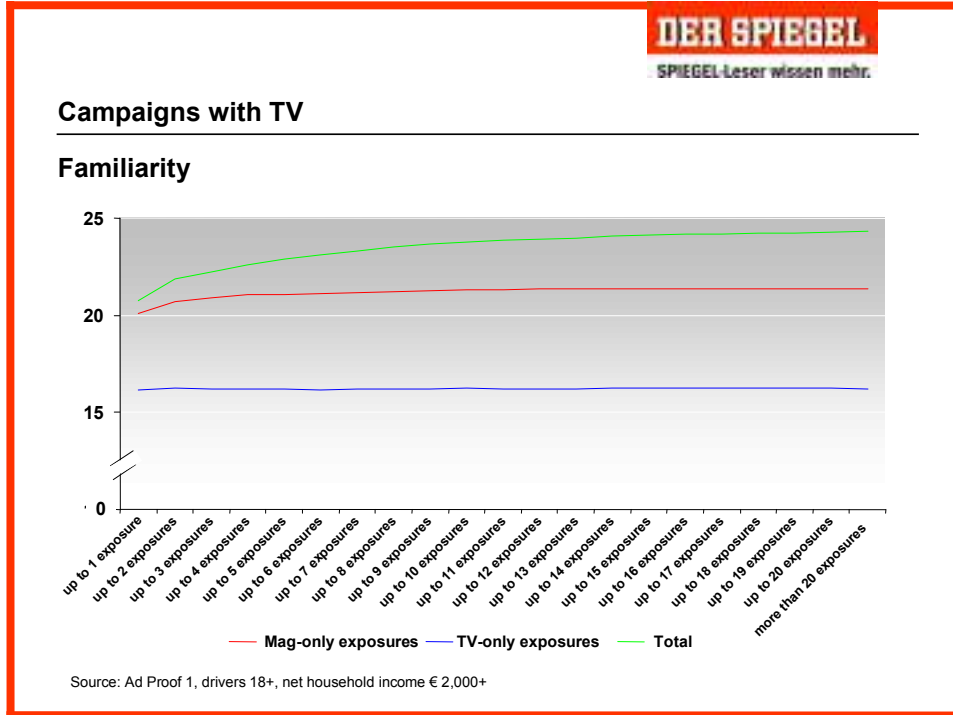
The presentation of the results is based on three indicators that cover the entire spectrum of communicative performance:

- advertising recall (advertising awareness),
- familiarity,
- sympathy.

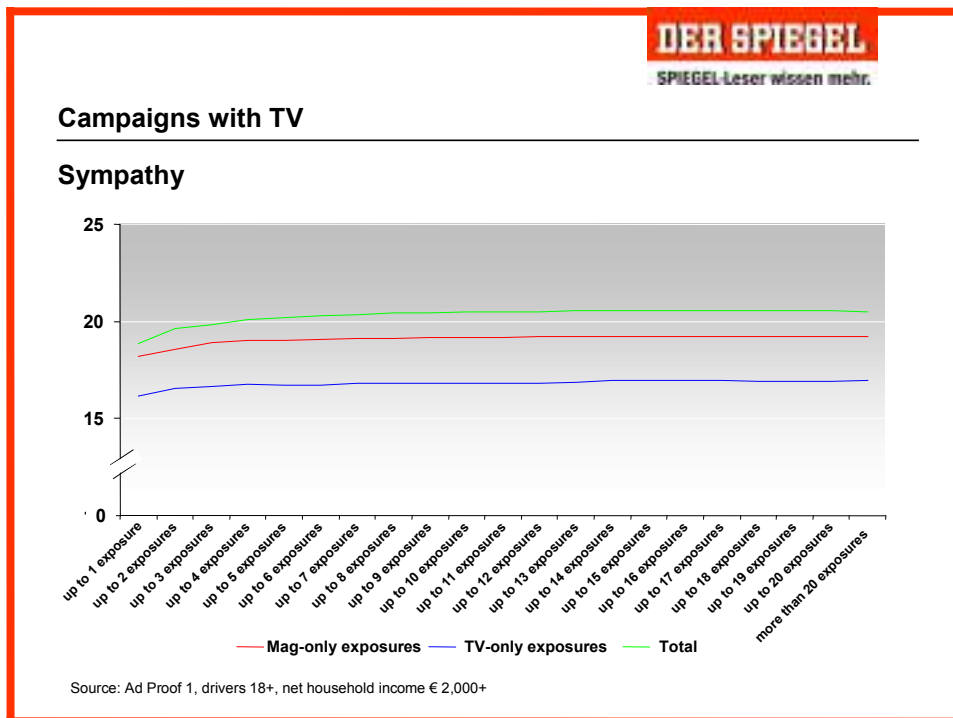
As the softest indicator, awareness increases to an above-average degree among those reached by the media mix and roughly parallel among those who had exclusively TV-only exposure and those with exclusively magazine exposure.



Familiarity with the models, on the other hand, increases only among people with only magazine exposure and those with mixed exposure. There is absolutely no increase to be seen among people with TV exposure only. With mixed exposure it is noticeable that the increase levels off considerably from the 10th exposure onwards. It is evidently no longer possible to generate familiarity in the more upscale exposure regions. Therefore someone who has not yet learnt anything about a car after little exposure cannot be reached with greater exposure either. Incidentally, this phenomenon is not necessarily due to intellectual deficits but could also result from insufficiently communicative advertising. Further surveys are required in this area.



When it comes to sympathy, roughly parallel developments can be observed, once again with different starting levels. In mixed campaigns there is an increase up to the 8th exposure, after which there is no further upward development. After the 20th exposure, sympathy begins to decline again slightly. This decrease could be an indication of overspending; at some point, people who are reached too frequently via different advertising media within a short period begin to find the models less sympathetic.





**Summary:**

In the upscale target group, magazines are definitely more effective than TV exposure. TV is plainly capable of sustaining advertising recall as such, but other goals are not achieved to a satisfactory degree. Print can evidently convey content better and change attitudes much more efficiently. There are several explanations for this: it is almost impossible to avoid a magazine ad; eye-movement registration and copy tests show that an ad has a 90% chance of being noted. Whether or not it is then looked at more closely depends on its design. Magazine readers in the upscale target group continue to have a high affinity with cars, which essentially paves the way for a particularly positive reception situation.

The comparatively poor effectiveness of TV advertising is due partly to interchangeable TV spots which, especially when they are meant to be transporting brand worlds, seem to be more and more interchangeable and to convey very little in the way of USPs. Then there is the high competence of the target group when it comes to withdrawing physically and mentally from TV commercial breaks. High zapping rates during TV commercial breaks demonstrate their lack of willingness to concern themselves with TV advertising; on the hand it can be assumed that those who do not zap away have developed other strategies of not exposing themselves to TV spots: they might even read magazines during the commercial break.

**2) What is the impact of press and TV reports on awareness and sympathy?**

In this study we tried for the first time to include the whole picture of reports on 20 new car models and types in print media and TV. For one year we monitored 30 major weekly, fortnightly and monthly magazines (including the car press), the six relevant national dailies (including Bild), and 30 TV programs. We identified 3,896 reports and press items in papers and magazines, and 1,629 reports and mentions on TV. All were rated by a simple 5-point scale from very negative to very positive.

Exposure to these press reports and TV broadcasts was established in the same way as the campaign exposure of the advertising study, using recent reading and frequency questions in the face-to-face interview and the diary for the TV audience.

Let us first have a look at 8 new car models which were not (or only marginally) advertised in the survey period:

Base: 7,362 interviews  Type/Model (not advertised)	Reach of Media Reports  %	Aided Awareness	
		without MR %	with MR %
Land Rover Freelander	17.4	53.7	72.5
Land Rover Range Rover	46.2	60.6	73.3
MB S-Class	67.7	88.2	93.4
Maybach	61.4	35.8	61.7
Peugeot 307 Break	40.8	29.0	36.2
Porsche Cayenne	43.8	28.5	41.0
Renault Vel Satis	45.6	17.0	24.2
Subaru Forester	18.5	23.8	38.3
Ø	42.7	42.1	55.1

The more spectacular the new car, the bigger the coverage in the media. This is not really surprising. But taking into account that

- we could cover only the major publications and had to omit the widespread regional dailies
- and that only exposure in the 8 weeks prior to the date of the interview was considered

there is a remarkable increase of awareness of 13 percentage points an average. It is 60 years since Maybach last appeared in ads - now the media reports on the quasi-remake of this tour de force of German car technology and automotive luxury have boosted awareness by more than 25% points. This would be hard to achieve by ad exposure alone.

Base: 7,362 Interviews Type/Model (not advertised)	Reach of Media Reports %	Sympathy (two top boxes)			
		without MR %	with MR %	with MR: positive aspects %	with MR: negative aspects %
Land Rover Freelander	17.4	22.2	34.3	40.2	37.2
Land Rover Range Rover	46.2	21.2	33.7	38.4	37.8
MB S-Class	67.7	53.1	58.5	60.7	60.7
Maybach	61.4	17.7	32.9	35.4	54.9
Peugeot 307 Break	40.8	11.3	12.5	12.5	20.9
Porsche Cayenne	43.8	15.7	25.5	26.3	27.9
Renault Vel Satis	45.6	4.9	7.4	7.6	9.9
Subaru Forester	18.5	5.6	7.5	8.7	--
Ø	42.7	19.0	26.5	28.7	31.2

Media reports create not only awareness of new car models, but also sympathy for them. We asked all those who were aware of the model: How much do you like this car (4-point scale)? The graphic shows the figures in relation to the universe of the survey in order to allow direct comparisons. On average the group exposed to media reports is significantly more positively disposed to the car in question than those without media exposure. It could be argued that reading is a selective process and therefore enthusiasts look for confirmation of their fondness for cars. That may be partly right, but also note: we are analysing media exposure, not the reading of particular editorial contents, particular articles, etc. Bearing this in mind, we think that the 40% sympathy lead (top two boxes) in the group with exposure to media reports clearly shows the effectiveness of exposure in this dimension.

Managers in the car industry dislike negative press and critical TV reports. But the results of our study suggest that they can relax. "Normal criticism" in the media seems not to have any negative influence on the general image of a car model. On the contrary, for certain cars negative aspects in media reports may trigger sympathy. The outstanding example here is the "Maybach". The negative aspects in a huge number of reports were put in questions like "Do we really need a car with 550 brake horsepower? Which costs 400,000 dollars?" Insinuating the "no" they apparently even supported sympathy with the car.

We also analysed the data of 11 advertising campaigns for new car models together with exposure to media reports. The analysis included a broad range of cars from compact models such as the VW Polo to luxury models such as the BMW 7 Series.

Base: 7,362 Interviews Type/Model (advertising campaigns)	Cam- paign <b>Bud-get</b> in survey period  (mill €)	<b>Reach of Cam- paign</b>  %	<b>Reach of Media Re- ports</b>  %	<b>Aided Awareness</b>					
				without cam- paign ex- posure %	with cam- paign ex- posure %	incr. with/ without ex- posure %	without MR ex- posure %	with MR ex- posure %	incr. with/ without MR %
Compact VW Polo	26.6	77.7	73.3	97.7	98.2	+0.5	96.4	98.7	+2.4
Lower Midsize Alfa 147	8.5	48.0	39.7	42.6	44.6	+4.7	38.0	52.1	+37.1
Fiat Stilo	35.7	86.7	48.0	50.7	45.0	-11.2	42.1	49.7	+18.1
Peugeot 307	38.3	94.3	51.3	42.3	55.7	+31.7	48.9	60.7	+24.1
Midsize Audi A4 Avant	3.9	16.4	34.6	78.1	81.0	+3.7	75.6	84.1	+11.2
Ford Mondeo	24.4	95.8	56.5	89.5	94.5	+5.6	92.6	95.6	+3.2
Lancia Lybra	4.4	19.1	10.0	21.3	24.4	+14.6	20.7	32.0	+54.6
Opel Vectra	20.0	53.1	70.1	95.0	95.6	+0.6	93.2	96.2	+3.2
Renault Avantime		33.7	44.4	27.1	30.7	+13.3	27.4	29.3	+6.9
Luxury BMW 7 Series	20.1	47.1	77.9	85.4	87.0	+1.9	79.4	88.0	+10.8
VW Phaeton	23.2	48.4	59.9	14.0	56.7	+305.0	15.0	47.8	+218.7
ø		56.4	62.0	58.5	64.9	+10.9	57.2	66.7	+16.6

In relation to the group without campaign exposure the average rise in awareness brought about by ad exposure is more than 10%. Since boosting awareness may not be a major target for new car models of already well-established brands it makes sense to include only brands with awareness levels up to 70%. For these six car models the rise brought about by the campaigns is close to 30%.

The effectiveness of media reports is even higher: The comparable rises are 17% and - for the brands with lower awareness - 41%. Does that mean that advertising is not effective? Certainly not. But it demonstrates that it can be quite effective to increase PR efforts in order to push brand awareness (which in itself is of particular importance to new brands/car models).

With respect to the image dimension "sympathy" we discovered the following:

Base: 7,362 Interviews Type/Model (advertising campaigns)	Cam- paign Budget in survey period	Reach Of Cam- paign	Reach of Media Reports	Sympathy (two top boxes)							with MR exposure	
				without cam- paign ex- posure	with cam- paign ex- posure	incr. with/ without cam.	With- out MR ex- posure	with MR ex- posure	incr. with/ without MR	posi- tive aspects	nega- tive aspects	
	(Mio. €)	%	%	%	%	%	%	%	%	%	%	
Compact VW Polo	26.6	77.7	73.3	57.5	55.6	-3.3	58.7	55.0	-6.3	56.5	49.6	
Lower midsize Alfa 147	8.5	48.0	39.7	14.5	15.9	+9.7	12.3	19.3	+56.9	23.7	21.3	
Fiat Stilo	35.7	86.7	48.0	12.7	12.0	-5.5	11.0	13.1	+19.1	11.6	15.5	
Peugeot 307	38.3	94.3	51.3	15.6	21.6	+38.5	17.0	25.4	+49.4	26.0	31.8	
Midsize Audi A4 Avant	3.9	16.4	34.6	53.3	55.3	+3.8	50.9	59.2	+16.3	58.0	65.2	
Ford Mondeo	24.4	95.8	56.5	46.9	41.7	-11.1	39.6	43.7	+10.4	44.8	46.4	
Lancia Lybra	4.4	19.1	10.0	4.4	4.4	--	4.4	4.6	+4.5	5.8	--	
Opel Vectra	20.0	53.1	70.1	42.9	46.6	+8.6	42.3	46.1	+10.3	47.8	42.3	
Renault Avantime		33.7	44.4	7.4	9.4	+27.0	7.4	9.0	+21.6	11.3	6.2	
Luxury BMW 7 Series	20.1	47.1	77.9	46.1	45.5	-1.3	41.8	46.9	+12.2	48.5	51.0	
VW Phaeton	23.2	48.4	59.9	6.2	25.6	+312.9	6.4	21.7	+239.1	24.7	29.0	
∅		56.4	62.0	28.0	30.3	+8.2	26.5	31.3	+18.1	32.6	32.6	

There are campaigns which do not increase sympathy towards the advertised car model. And in the case of VW Polo not even the reports in the media have a positive influence. But on an average we can see a moderately positive effect of the advertising campaigns - and a remarkably stronger positive effect of the reporting in press and TV.

Just as in the case mentioned above without advertising campaigns there is no effect on the sympathy dimension related to the tendency of the press and TV reports. Positive mentions of the respective car model have the same effect on sympathy as negative mentions!

**An interesting marginal result: the advertising recall question does not measure what it is supposed to measure.**

In numerous advertising tracking studies and other advertising surveys one of the most important questions - and frequently the only one - to establish the effectiveness of a campaign is: "What brands in category X, Y, Z ... can you remember seeing or hearing any advertisement for recently?" This is usually followed by a prompted version of the same question.

We have already pointed out that the purpose of advertisements is never high advertising recall: a company which spends money on advertising wants in return higher brand awareness among the consumers, a better image, increased propensity to buy its products. So why on earth do researchers - do we!? - think they can measure the effectiveness of advertising campaigns by measuring advertising recall?

There have been a lot of studies demonstrating that advertising recall is obtained even when there has been no advertising of the respective brands for years. But what is the source of this unwelcome recall? Besides the too simple answer "the consumer said ..." there are two guilty parties: a certain "background noise" (which brings in the so painfully needed precision of the natural sciences), and the confused or at least inadequate recollection of the interviewees.

Our survey allows us to bring more light into this obscure case. Let us look at the results of the advertising recall question regarding the car models which were not advertised in the 12 months in question (we excluded the Mercedes Benz S-Class here because it has a high awareness and as a "category" is not a particular car model and therefore not entirely comparable with the other cars):

Base: 7,362 Interviews Type/model	<b>"Reach" of Media Reports</b>  in %	<b>Advertising Recall</b>		
		Total in %	<b>without</b> exposure to Media Reports in %	<b>with</b> exposure to Media Reports in %
Land Rover Freelander	17.4	4.3	3.1	10.2
Land Rover Range Rover	46.2	3.8	2.9	4.8
MB Maybach	61.4	5.9	2.3	8.2
Peugeot 307 Break	40.8	1.4	0.9	2.3
Porsche Cayenne	43.8	1.5	0.8	2.3
Renault Vol Satis	45.6	2.6	2.0	3.4
Subaru Forester	18.5	1.0	0.9	1.3
Ø	39.1	2.9	1.6	4.6

All these car models were introduced during the survey period or shortly before. Two of them - or at least their names - never existed before, and one only 60 years ago. In spite of these facts we measure about 3% advertising recall ("recently read/seen/listened"). But we can demonstrate here that roughly half of this "background noise" is due to reporting in the media.

And we can demonstrate that even when advertising campaigns work, their effectiveness is distinctly over-rated when analysed without taking media reports into consideration:

Base: 7,362 Interviews Type/Model	Reach of ...	Media	Advertising Recall				
	Advert- ising Cam- paign	Reports	Total	with no exposure to campaign or MR	with campaign exposure but no MR exposure	with MR exposure but no cam- paign exposure	with both cam- paign exposure <b>and</b> MR exposure
	%	%	%	%	%	%	%
VW Polo	77.7	73.3	17.1	10.5	14.2	13.4	19.9
Fiat Stilo	86.7	48.0	11.6	6.2	10.3	13.7	13.7
Peugeot 307	94.3	51.3	6.6	2.5	6.0	0.0	7.7
Alfa 147	48.0	39.7	4.2	1.9	3.5	7.4	6.2
Audi A4 Avant	16.4	34.6	4.8	3.9	7.1	5.6	5.7
Ford Mondeo	95.8	56.5	17.6	5.1	14.1	20.8	20.8
Lancia Lybra	19.1	10.0	0.6	0.4	0.6	2.3	0.5
Opel Vectra	53.1	70.1	15.5	6.6	14.5	10.3	24.0
Renault Avantime	33.7	44.4	1.3	0.5	2.1	1.2	2.5
BMW 7 Series	47.1	77.9	12.5	7.0	7.7	11.0	16.8
VW Phaeton	48.4	59.9	11.6	0.8	11.6	3.1	24.9
∅	56.4	51.4	9.4	4.1	8.3	8.1	12.8

Again the isolated effects of media reporting are quite close to the isolated effects of the advertising campaigns, and there seems to be a high synergy potential. But note: the yardstick is "advertising recall", not "reports in magazines, TV, etc."

It is evident that the advertising recall question does not really measure conscious exposure to a given (recent) campaign but some kind of general awareness, a mixture of brand awareness, ad awareness and the consumer's speculation about the source of his product knowledge, to name only the most obvious.

Media reporting is not advertising. I think we should insist on that even if not all media always do so. But consumers do not always store information and messages related to products with a label saying "this is advertising" or "this is (unbiased) advertising-free information". Advertisers should actually be happy to see their product messages and their product images stored in consumer's brains without the "advertising" label. This is another key reason why advertisers should not be satisfied with the traditional advertising recall questions in advertising tracking studies and other advertising research projects.