

## **Seven common mistakes business owners make in advertising...and how to avoid them**

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Most people make advertising harder than it needs to be.

Here's a quote often ascribed to a famous U.S. merchant named John Wanamaker: "I know that half my advertising budget is wasted," he's alleged to have said. "Trouble is, I don't know which half."

He was probably wrong. Probably a lot more than half of what he spent on advertising had no positive impact at all on his business. And he's not alone. Every day, otherwise smart, successful owners of all sorts of businesses make similar uninformed decisions about advertising and waste mountains of money.

Here's how to do better:

### **1) Don't confuse advertising with good will contributions.**

There's an argument to be made for local businesses supporting community activities and causes. Maybe "ads" in the high school yearbook or the college game program are appropriate as a demonstration of a business's involvement and community spirit -- but they're not really advertising. They're donations, and should be budgeted as such.

### **2) Think of advertising as an investment, rather than an expense.**

The difference is not just semantic. An expense is something spent, gone, over with, done. An investment is something from which you

expect a return. Under current accounting rules, advertising may have to be budgeted as an expense, but it functions as an investment. Here's just one example of how positioning advertising as an investment rather than an expense changes management thinking: Expenses can be cut or deferred, with little impact. Investments cut or deferred clearly have consequences. Businesspeople should ask themselves for every advertising investment, "Exactly what return do I expect for this money? And how will I measure it?"

### **3) Concentrate on customer behavior.**

Too many advertisers settle for changes in awareness or favorability. The theory goes, "If a lot of people out there know about us, something good is bound to happen." They're not too specific about exactly what. The result? Reread the quote from John Wanamaker! Some advertisers think they're doing better if they measure improvements in favorability, the number or percent of people in their target markets who profess positive feelings about the advertiser's business. That still doesn't get to real return on investment. Want proof? Despite the fact that virtually 100% of their prospective customers are aware of them and say that they like them, a major U.S. greeting card company finds its market share at only 39% -- and it's falling. Hmmm. Their advertising wins awards, but perhaps they are measuring the wrong things. The critical factor here (and for every other business) is consumer or customer behavior. If people aren't going out of their way to buy your products or to do business with you, the return on your advertising investment will decline, no matter how many awards your ads or commercials may win. No one makes any money until somebody buys something. Business owners must tie advertising investments to behavior change (or perhaps in the case of current customers, behavior reinforcement), asking themselves, "Exactly what do I want exactly whom to do? What is the role of this investment toward making that happen? And how will I measure success?"

### **4) Understand the customer or consumer thinking and buying process.**

How do you know where to place advertising so it will be productive?

One way is to talk to your best customers, not about advertising per se, but about how they make their business decisions. For example, if you sell insurance or make loans, what causes the type of person you've identified as a prime prospect to think about a particular financial service? An event, such as a death in the family or a hurricane or a stock market decline? A burglary? A birthday? Then what do they do? Where do they look first for information? The newspaper? Which newspaper? Where in the newspaper? A special section or a particular columnist? Or is their first stop the Internet? Which sites? How do they access the Internet? What do they type in? Where does that take the person? Or do they talk to someone, like friends or family? Which friends or family? Whom do they consider expert? How do you get to be that person's top recommendation? All good advertising begins with a fundamental understanding of the customer or prospect -- who he or she is, what he or she wants and needs deep down inside, how he or she looks for information, what he or she does with it, and most of all, *why* he or she thinks and does all these things. These answers can't be based on guesswork. The data and insight businesspeople need to guide their advertising decisions should be a product of valid market research -- interviews, focus groups and surveys in the particular population and geography served. Does that require an investment of time and even money on your part? Yes. But it's an investment that will pay dividends by helping you know where your advertising needs to be to be most productive.

**5) Don't think of advertising in isolation.**

Once an advertiser has decided exactly what behavior he or she wants to make happen among exactly which groups of people, the best way to plan is to visualize the entire decision process and figure out how and where and when to communicate. Goodyear sells snow tires in the northern parts of the United States by advertising heavily on the radio when snow is predicted. Their research proves that most people don't and won't think about snow tires until it's almost too late, so advertising before that time will not yield as good a return on investment as advertising when snow is imminent. Why radio? Because that's where Americans go for up-to-the-minute weather news, and they're most likely in their cars. All Goodyear has to do is tell them where the nearest Goodyear service center is. Goodyear brand advertising built confidence in the company over the years; now

local store advertising at the right time pulls the trigger. Can similar models be built for financial services providers? Or any other type of business? Of course.

**6) Make sure your advertising has specific, measurable objectives.**

Example: “To produce 150 leads from qualified new business prospects in the metropolitan area by August 31, 2003.” The primary reason to do this is because it focuses everyone’s attention on the objective, not the advertising. People working on the project no longer say, “What shall we say in the ad?” What they say is, “What is the best way to make this behavior happen?” That in turn forces people to think about the target prospect and what he or she wants (see 4, above) and opens up decisions on which medium (or which media, in what combinations) should be used, based on the target prospect’s media habits and preferences.

**7) Measure in real time.**

Too many advertisers wait until a program is over before measuring and evaluating the results. While that can help make the work better the next time, it’s too late to make sure that the current program is paying off. It’s far better to track results while the program is running. In the case of the objective in 6), above, if the advertiser discovers a few weeks into the program that not enough leads are coming in, or the wrong kinds of people are responding, there’s time to figure out why and fix it.

Advertising doesn’t have to be hard. The best advertising talks not so much about something but rather to someone. It’s not a product pitch, it’s a conversation -- the kind of conversation friends have with each other, as much listening as talking.

But it’s still business, with objectives and strategies that make sense and tactics as accountable for performance as any other part of a business. And it’s fun. Ask any business owner who’s learned to do it right.