RECENCY PLANNING

It's not about Reach or Frequency. It's About How Ads Work in Mature Consumer Markets.

Advertising in the US has a persistent dark Side. Its most celebrated slogan is "half the dollars are wasted." Only the twist "but, we don't know which half," dulls the edge and lets us smile, because It suggests the simple problem is to fix the half that doesn't work. Nonsense.

John Philip Jones, author of "When Ads Work" and a wise chronicler of advertising, writes that "half working" is, in his experience, "a gross overestimate of the amount of advertising that has a *discernible* effect on sales." I would agree. After 30 years, I can count the unambiguous ad successes I have witnessed on one hand and still have a few fingers free.

Europe has a more comfortable view of what advertising can do. Its leading spokesman, Andrew Ehrenberg, explains that advertising is a relatively weak, essentially defensive force among the many forces that drive mature consumer markets. Jones suggests advertising's strength is that it can be applied *continuously*, because it does what it does at a very small cost compared to the major alternative, which is price promotion.

This view of advertising as a weak, but cost-effective marketing tool, is a good model of how advertising works in the US today. It rejects the idea that advertising controls consumers by teaching them to buy brands. It says consumers control advertising by screening-out most of it and only attending to what interests them at the time.

How can a weak force have strong effects?

But a weak model is troublesome. A lot of new information, including Jones's influential and widely circulated analysis of Nielsen panel data, show a single exposure can strongly influence which brand is purchased.

If advertising is a weak force, how can a single ad message produce a strong effect?" The answer is "Recency." The idea that advertising messages "sell" those consumers whom are ready to buy. There is no inconsistency between strong effects on certain individuals and weak effects on the total market.

It is as if there is a window of opportunity for the ad message preceding each purchase. Advertising's job is to influence the purchase, media's job is to put the message in the window.

With these new ideas in the air, there is an uneasy revolution in packaged-goods advertising. Recency is gradually replacing effective frequency as the planning model.

A Single Exposure Is Reach, More Exposures Are Frequency.

John Jones' basic analysis shows a single exposure in the 7 days before purchase has a far greater effect than what is added by more exposures.

A single exposure is reach, more exposures are frequency. This means that in the short-term, reach is cost-effective, repetition is wasteful.[1]

This is a new idea. *Ready to buy* is more important than *number of messages*. That makes the planner's assignment "buy weekly reach."

Here's how it works.

We don't know where the window is for each consumer (i.e., who is ready to purchase). But purchases are made each week. So, advertising should try to reach as many new target consumers as possible in as many weeks as possible. A pure reach strategy! Plan and buy for continuous short-term reach. Try not to waste money on short-term repetition.

Recency planning is very different from how we used to schedule media. It uses one-week as the reach planning period Instead of 4-weeks. It plans for reach, instead of effective frequency. It stresses continuity in place of flighting. It relies more on dispersion and less on targeting.

Recency planning is rapidly gaining support in the US, because it's mostly common-sense. But revolutions invite reactions and there have been many.

Isn't Frequency Needed For Considered Purchase?

Many concerns about the wisdom of Recency planning focus on considered purchase products.

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[1] A single exposure can work only because it is the last of series of brand messages consumers see. It is effective this time because that consumer is now in the market.

Many advertisers argue that advertising for a car is <u>not</u> like advertising for a box of cereal. A single exposure may work for corn flakes where the empty box signals the need to purchase, but considered purchase advertising often has to sell the idea of buying the product as well as the particular brand.

I believe Recency planning applies equally well to both cars and corn flakes.

Each day, for some reason— usually independent of the advertising— people are in the market for corn flakes or cars. (The cereal box is empty, the car lease is up.) Advertising usually works by influencing the purchases of that small group of consumers.

And in either case, one exposure does not do all the work. When John Jones finds "a single exposure close to purchase can trigger a response," this is not the first exposure, but the most recent in a series of exposures. It is effective because the consumer is in the market. That model applies to cars as well as frosted-flakes.

A similar concern ties the need for frequency to a product's purchase interval. The argument goes, *low frequency might be right for a product that is purchased every week or so, but not for a product that is purchased every four or five years.*

Recency planning ignores purchase cycle, because it targets the purchase not the consumer who makes the purchase. As long as there are purchases each week, it doesn't matter how often, or seldom, the average user buys.

If Advertising Only Works With Purchasers, Isn't Mass TV Wasteful?

Some critics argue that Recency destroys the value of mass media. *If TV works only with a small group of purchasers, what about all the other viewers who aren't ready to purchase? Isn't that wasteful?* The answer to this question is actually the key to mass media.

Low CPMs are misunderstood. They show cost-effectiveness, as much as cost-efficiency. or example, a shampoo brand buys daytime TV at $10.00 for a thousand 30-second exposures.

Since each incremental unit of shampoo sold makes a $2.00 contribution to profit (i.e. wholesale price minus marginal cost), then five incremental sales can cover the cost of the advertising.

And also the cost of talking to 994 other potential customers who may be in the market next week!

Micro-marketers who argue that exposures not resulting in a sale are wasted, are as wrong-headed as people who argue that advertising shouldn't be expected to sell at all. Some exposures sell, but all exposures build broad market awareness, shift attitudes and help create the brand value, which is the foundation for the next sale. *These are the hard and soft effects of TV advertising.*

The economics of network television for a super-upscale brand like Mercedes are even more remarkable. For Mercedes, one incremental sale can pay the costs of network messages to a million men and women.

True, most of them will never buy the car, but those messages are not wasted either. They help to create the broad-market perception that Mercedes is special, which makes owning one so attractive to the small group of consumers who have the money.[2]

For super-upscale products, value to the purchaser is often in the eye of all those millions of non-purchasers.

Won't Recency Planning Lead Advertisers To Spend Less?

Another frequent reservation is that Recency planning will give advertisers an excuse to spend less, because if all you need is a frequency of one, big budgets are wasteful.

A Recency plan does not spend less money. It reduces weekly weight to add more weeks of advertising. Since most brands aren't running 52 weeks of advertising now, Recency simply reallocates the current budget. Brands do not spend less, they spend more effectively.

Recency planning encourages the big budget brands that can afford to buy frequency (e.g., McDonald's, Coke, AT&T) to shorten the reach planning period to 104 half-weeks or even 365 days. Why? Because the next sale is always about to happen.

Doesn't "Share Of Voice" Argue For Concentration And Fighting?

Most brands are fighting for share in markets that are not growing, so the effect of lower frequency on share of voice is always a concern. *If a brand*

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[2] TV's broad reach also supports the used car market.

chooses continuity and the competition flights, won't consumers be influenced more by the competitor's advertising because they see more messages?

The answer is "Yes," but only short-term. The problem with flighting is more weight, weeks one through five, usually means less weight, weeks six through 10. Heavier-weight for 30 weeks is exhilarating. Going naked for 20 weeks is chilly.

All brands would like to advertise more heavily for more weeks. The problem isn't scheduling, it's budget. Recency planning deals with the question of *"what is the right media weight,"* by suggesting too little advertising is too low a weekly reach and excess advertising is too high a weekly frequency.

But, scheduling need not be a zero sum game. Since flighting wastes money on short-term frequency, continuity is a winning strategy. If you buy reach, while the competition is buying frequency, you're using the dollars more effectively.

Won't Too Few Messages Lose Sales?

Another concern focuses on the need for frequency to be more certain of making the sale, i.e., *If we reach a consumer only once we can lose the sale.*

Certainly sales are lost because of too little frequency, but more sales are lost because of no frequency at all. The Jones frequency response curve shows reach is more cost-effective than frequency. Reaching three consumers, once, will generate more purchases than reaching one consumer three times.

I believe this is because whether a consumer is "ready to buy" is more important than the number of messages the consumer receives. When a consumer is in the market, a single message can have an effect, but if a consumer is not in the market, multiple messages are not likely to make the sale. So by reaching three different consumers we are more likely to reach one who is ready to purchase.

Isn't frequency needed to build brands?

The last issue often raised is the importance of frequency to building new brands. *Recency may be fine for established brands, but isn't greater frequency needed to build new brands?*

Recency planning does not eliminate frequency. Frequency is the sum of exposures across weeks. It is better thought of as presence. Brand-building is not ignored. It is intensified by more continuous advertising. Recency's contribution is to focus us on the present, the next purchase--whether the brand is new or established, Cornflakes or cars.

Because if you don't get enough next purchases, building a brand doesn't matter.

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