

Original

No. CT-90/1

COMPETITION TRIBUNAL

COMPETITION TRIBUNAL TRIBUNAL DE LA CONCURRENCE		P R O D U I T
FILED	Aug 19 1991 <i>128</i>	
OTTAWA, ONT.		#162

IN THE MATTER OF an application by the Director of Investigation and Research for orders pursuant to section 92 of the Competition Act, R.S.C. 1985, c.C-34, as amended;

AND IN THE MATTER OF the direct and indirect acquisitions by Southam Inc. of equity interests in the business of publishing The Vancouver Courier, the North Shore News and the Real Estate Weekly

BETWEEN:

THE DIRECTOR OF INVESTIGATION AND RESEARCH

Applicant

- and -

SOUTHAM INC., LOWER MAINLAND PUBLISHING LTD.,  
COMPETITION TRIBUNAL P.M. PUBLISHING INC., YELLOW CEDAR PROPERTIES  
TRIBUNAL DE LA CONCURRENCE LTD. NORTH SHORE FREE PRESS LTD., SPECIALTY  
PUBLISHERS INC., ELTY PUBLICATIONS LTD.

Respondents

File No. CT-90/1  
No. du dossier  
Director v Southam  
et

AFFIDAVIT

Exhibit No A-25; 10:19  
No. de la pièce  
Filed on Sept. 26, 1991  
Déposée le [Signature]  
Registrar [Signature]  
Officier

I, LINDSAY N. MEREDITH, Professor, of 973 Seaforth

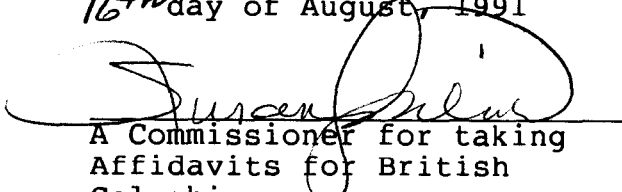
Way, Port Moody, in the Province of British Columbia, MAKE OATH AND SAY AS FOLLOWS:

(a) I am an Associate Professor of Marketing at Simon Fraser University in Burnaby, British Columbia, and

attached hereto and marked as Exhibit "A" to this Affidavit is a copy of my Resume.

(b) I have been retained by the Director of Investigation and Research in connection with this proceeding to provide an analysis of the advertising decision-making process undertaken by a firm in its selection of advertising media vehicles to communicate its product offerings to consumers.

(c) Attached hereto and marked Exhibit "B" to this Affidavit is a true copy of my report prepared for the Director of Investigation and Research.

SWORN BEFORE ME at the City )  
of Vancouver, in the Province )  
of British Columbia, this )  
16<sup>th</sup> day of August, 1991 )  
 )  
 )  
A Commissioner for taking )  
Affidavits for British )  
Columbia. )

  
LINDSAY N. MEREDITH

This is Exhibit "A" referred to in the affidavit of Lindsay N. Meredith sworn before me at Vancouver, B.C. this 16<sup>th</sup> day of August 1991

  
A Commissioner for taking Affidavits  
for British Columbia

LINDSAY N. MEREDITH (B.A., M.A., Ph.D.)

Lindsay Meredith is a business marketing professor in the Faculty of Business Administration at Simon Fraser University. His doctoral education consists of training in both business and economics.

Dr. Meredith's twenty years of business experience are comprised of:

1. Five years in management for a number of multinational corporations including sales and market analyst responsibilities reporting to the senior management and executive of a major forest products manufacturer.
2. Marketing consultant activities (fifteen years) covering a wide range of clients from small businesses in all stages of development to governmental agencies (municipal, provincial, federal), and multinational corporations.

Current research and consulting interests are focused on: market demand estimation for new and existing products and services; market segmentation studies; marketing decision support systems; and the development of customer profiles.

Dr. Meredith's articles include material published in : *Harvard's Review of Economics and Statistics*; *The Journal of Industrial Marketing Management*; and the University of London Business School's (U.K.) *International Journal of Advertising*. An international textbook in business marketing is currently under production.

Community service activities germane to small business have involved responsibilities as the Program Chairman for the 32nd Annual World Conference of the International Council for Small Business and as an invited advisory panel member to the Minister of State for Small Business regarding the Canadian Federal Government's "Consultation Paper on Small Business".

August 15, 1991

LINDSAY N. MEREDITH

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EDUCATION

Ph.D., Simon Fraser University (1981)  
M.A., Simon Fraser University (1974)  
B.A., Simon Fraser University (1968)

ACADEMIC AND BUSINESS EXPERIENCE

Area Coordinator (Chairman, Marketing) (1991, 1988, 1987)

Simon Fraser University, Faculty of Business Administration:  
Associate Professor, Marketing (1987)

Simon Fraser University, Faculty of Business Administration:  
Assistant Professor, Marketing (1981-1986)

Memorial University, Faculty of Business Administration:  
Assistant Professor, Marketing (1978-1980)

Simon Fraser University, Department of Economics and Commerce:  
Sessional Lecturer (1974-1977)

Weldwood of Canada and Cariboo Pulp and Paper:  
Sales Analyst (1971-1974)

Weldwood of Canada:  
U.S. Rail Lumber Trader (1970)

Simpson Sears Ltd.:  
Personnel Management (1969)

CONSULTING

Media Interviews: 47 completed (TV 7; radio 22; papers 15; magazines 3).  
Approximately 75% of interviews were in marketing with emphasis on  
retailing, advertising, media and cross-border shopping. Economics  
related interviews constituted the remaining 25%. Locations included:  
Vancouver, Kelowna, Terrace, Tacoma, San Francisco, Canadian national  
radio via the Canadian wire service Standard Broadcast News and  
American national radio via the American Public Radio Network. Media  
sources included, among others, *Vancouver Sun*, *Province*, CBCTV, BCTV,  
CKVU (UTV), CBC Radio and *B.C. Business Magazine*.

Consultant on numerous marketing research projects. Areas of specialization included: market segmentation, market profiles, potential market demand estimation, demand forecasting, the development of marketing and media plans for retailers of both consumer goods and services, and the development of marketing plans for a vendor of advertising space.

Clients consisted of private sector firms, crown corporations, consulting companies, legal firms, and governmental agencies (municipal, provincial, and federal).

Consulting research focused on industrial products, consumer durable and non-durable products, and consumer services.

#### HONOURS, SCHOLARSHIPS AND FELLOWSHIPS

1. Social Sciences and Humanities Research Council, Travel Grant (1986)
2. Youth Employment Grant (1983-1986, 6 received by students working under my direction)
3. Xerox Canada Fellowship (1980)
4. Cunningham Drugs Scholarship (1977)

#### PUBLICATIONS

##### Articles

1. Meredith, Lindsay, "The U.S. Export and Foreign Direct Investment Linkage in Canadian Manufacturing Industries," *Journal of Business Research* (forthcoming 1991).
2. Meredith, Lindsay, and Dennis Maki, "Asymmetric Promotion and Strike Effects in an Oligopolistic Service Industry," *Applied Economics*, 1990.
3. Meredith, Lindsay, "Developing and Using a Data Base Marketing System", *Industrial Marketing Management*, Vol. 18, No. 4 (November 1989) 245-257.
4. Meredith, Lindsay, "U.S. Foreign Trade and Marketing in Canadian Manufacturing Industries," *International Journal of Advertising*, London Business School, University of London, United Kingdom, Vol. 7, No. 4, (1988) 343-355..
5. Meredith, Lindsay, Dennis Maki and Robert Wyckham, "The Media Mix Aggregation Problem: A Transfer Function Approach," *Canadian Journal of Administrative Sciences*, Vol. 4, No. 4, (December 1987), 447-468.
6. Maki, Dennis and Lindsay Meredith, "A Note on Unionism and the Elasticity of Substitution," *Canadian Journal of Economics*, University of Western Ontario, Vol. 20, No. 4 (1987) 792-801.

7. Maki, Dennis and Lindsay Meredith, "Production Cost Differentials and Foreign Direct Investment: A Test of Two Models," *Applied Economics*, University of London, England, Vol 18, No. 10, (1986) 1127-1134.
8. Maki, Dennis and Lindsay Meredith, "The Effect of U.S. and Canadian Wage and Productivity Differentials and FDI Status on the Canadian Propensity to Import U.S. Sourced Products," *Weltwirtschaftliches Archives*, University of Kiel, Vol. 122, No. 1, (1986) 164-172.
9. Maki, Dennis and Lindsay Meredith, "The Effects of Unions on Profitability: Canadian Evidence," *Relations Industrielles*, Université Laval, Vol. 41, No. 1, (1986) 54-67.
10. Meredith, Lindsay, "Developing and Using Customer Profile Data Banks," *Industrial Marketing Management*, Elsevier Scientific Publishing Co., Vol. 14, No. 4, (November 1985) 255-268.
11. Globerman, Steven and Lindsay Meredith, "The Foreign Ownership -- Innovation Nexus in Canada," *The Columbia Journal of World Business*, Columbia University, 19 (Winter 1984) 53-62.
12. Meredith, Lindsay N., "Marketing Determinants of U.S. Direct Investment in Canadian Manufacturing Industries," *The Columbia Journal of World Business*, Columbia University, 19 (Fall 1984) 72-78. (Please note: This is a "marketing oriented" version of #5 listed in this section.)
13. Meredith, Lindsay N. and Michael Hutt, "Toward an International Perspective of Market Analysis in Industrial Marketing," *Journal of Marketing Education*, University of Colorado, (Fall 1984) 15-20.
14. Meredith, Lindsay N., "U.S. Multinational Investment in Canadian Manufacturing Industries," *The Review of Economics and Statistics*, Harvard University, 66 (February 1984) 111-119.

#### Books, Published Proceedings, and Contributed Text Material

1. Gross, Andrew, Peter Banting, Lindsay Meredith and David Ford, *International Business Marketing*, Houghton Mifflin Company, Boston Mass. (forthcoming international business marketing textbook, 1992).
2. Meredith, Lindsay, "West Coast Furniture," case in *Basic Marketing, 6th Canadian Edition*, McCarthy, Shapiro and Perreault (forthcoming 1992).
3. Meredith, Lindsay N., "Weldwood of Canada Ltd." and "West Coast International Resources," cases in text *Industrial Marketing Management*, 3rd edition by Robert W. Haas, Kent Publishing, 1986. Also published in:
  - a. *Marketing Management in Canada and Instructor's Manual to Accompany Marketing Management in Canada*, 2nd edition by M. Laroche, R. Darmon and J. Petrof, McGraw-Hill Ryerson, 1985.

- b. *Basic Marketing*, 4th and 5th Canadian editions and *Instructor's Manual to Accompany Basic Marketing*, E.J. McCarthy and S.J. Shapiro, Richard D. Irwin Company, 1986, 1989.
  - c. *Essentials of Marketing*, 2nd Canadian edition and *Instructor's Manual to Accompany Essentials of Marketing*, E.J. McCarthy, S.J. Shapiro and W. Perreault, Richard D. Irwin Company, 1986.
4. Meredith, Lindsay N., "Industrial Market Demand Evaluation," *Proceedings of the Annual Meeting of the Marketing Division of the Administrative Sciences Association of Canada*, Vancouver, Vol. 4, Part 3, May 1983, (refereed). Subsequently published in *Readings in Canadian Marketing* by U. de Brentani and Michel Laroche (eds.), Iowa: Kendall/Hunt Publishing Company, 1983.
  5. Maki, Dennis and Lindsay N. Meredith, *Major Investments in British Columbia: 1983 to 1995*, Canada West Foundation, Monograph, 1983, (89 pp.).

#### Conferences, Seminars and Working Papers

1. Maki, Dennis and Lindsay Meredith, "Political Parties and the Pricing of Alcoholic Beverages", Simon Fraser University, Department of Economics Discussion Paper, 1990.
2. Meredith, Lindsay, Chairman, "Managing Business Marketing Channels" track, American Marketing Association and Pennsylvania State University Consortium at Arizona State, 1988.
3. Maki, Dennis and Lindsay Meredith, "The Post 1973 Productivity Growth Slowdown: Causes and Correlates", Simon Fraser University, Department of Economics Discussion Paper, 1989.
4. Maki, Dennis and Lindsay Meredith, "The Price Responsiveness of Alcohol Consumption in Canada", Simon Fraser University, Department of Economics Discussion Paper, 1989.
5. Meredith, Lindsay N., "U.S. Foreign Trade and Marketing in Canadian Manufacturing Industries," Eleventh Annual Macromarketing Conference, Boulder Colorado, 1986, (refereed).
6. Meredith, Lindsay N., Chairman, Survey Methodology Track, Session 9B, Administrative Sciences Association of Canada Annual Conference, 1986.
7. Meredith, Lindsay N., Seminar: "Demand Evaluation for New Business," *New Enterprise Program*, Professional Studies Program, Simon Fraser University, 1985.
8. Meredith, Lindsay N. and Brian Hartwick, Seminar: "Prospects for an Octopus Fishery in British Columbia," Institute of Fisheries Analysis Seminar, 1984.

9. Meredith, Lindsay N., "Marketing Determinants of United States Multinational Corporate Investment in Canada," Seventh Annual Macromarketing Conference, Boulder, Colorado, 1982, (refereed). Various aspects or versions of this paper have also been presented at:
  - a. The University of British Columbia, Marketing Division Seminar Series, 1980.
  - b. The Atlantic Schools of Business Conference, St. Mary's, Halifax, 1979, (refereed).
  - c. Queens University, The University of Ottawa, and The University of Alberta. Critiques from all the aforementioned sources resulted in the articles #6 and #8 listed in the published articles section.
10. Meredith, Lindsay N., Seminar: "Marketing Profiles for the Recreational Swimmer," *Aquatics 81*, International Conference sponsored by the Red Cross, 1981.
11. Meredith, Lindsay N., Seminar: "Causes and Correlates of Poverty in Canada," Memorial University, 1977.

#### Abstracts and Reviews

1. Transactions of the American Fisheries Society 1984, book review on *Marketing in Fisheries and Aquaculture*, by Ian Chaston.
2. *Journal of Economic Literature* 1984, 1 article abstract.
3. *Journal of Marketing* 1982-1984, 10 article abstracts.

#### PARTICIPATION IN LEARNED OR PROFESSIONAL SOCIETIES

1. Referee, *Applied Economics* (1990).
2. Referee, *Journal of Marketing* (1989-present).
3. Canadian Book Review Editor, *Journal of Global Marketing* (1989-present)
4. Referee, *Journal of International Consumer Marketing* (1988-present).
5. Text reviewer for Holt, Rinehart and Winston of Canada Ltd. (1988).
6. Referee, *Canadian Journal of Administrative Sciences* (1988).
7. Referee, *Journal of Business and Industrial Marketing* (1986).
8. Referee, *Advances in International Marketing* (1986).
9. Referee, *Administrative Sciences Association of Canada*, Annual Conference, 1986.
10. "Strategic Grants" reviewer for *Social Sciences and Humanities Research Council of Canada*, 1985.



11. Article reviewer for *The American Marketing Association Winter Educators Conference*, Fort Lauderdale, Florida, 1984.
12. Referee, *The Review of Economics and Statistics* (1984-present).
13. Text proposal reviewer for Prentice-Hall Canada, 1983.
14. Abstract Editorial Staff, *Journal of Marketing* (1982-1984).
15. Referee, *Journal of Macromarketing* (1982-present).

#### UNIVERSITY SERVICE

##### External

1. Invited lecturer, seminar, "Building a Dynamic Marketing Organization," sponsored by: The University of Ottawa, The Canadian Institute of Marketing and International Marketing Group (IMG), Chateau Laurier, 1991.
2. Invited Panel Member, Vancouver Enterprise Forum, Vancouver, 1989.
3. Program Chairman, *The 32nd Annual World Conference of the International Council for Small Business*, Vancouver, 1987.
4. Invited panel member (Simon Fraser representative) to the Minister of State Small Business (Hon. André Bissonnette) regarding the federal government's *Consultation Paper on Small Business*, 1985.
5. Co-Chairman, *Ninth Annual Macromarketing Conference*, University of British Columbia, 1984.

##### Internal

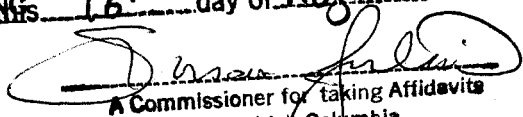
1. Faculty Tenure Committee, 1990-1991.
2. President's Task Force on University Expansion, Committee Member, 1990.
3. Senior or secondary supervisor on 18 Executive MBA research projects, 1983-1990.
4. External examiner for ten M.A. Economics candidates, 1983-1990.
5. Member, Workshop Committee, 1985, 1986.
6. Member, University Colour Party, Convocation Exercises, 1984-1990.
7. Member, Nominating Committee, Faculty of Business Administration, 1984-1987.
8. Member, Senate Undergraduate Admissions Board, 1983-1984.
9. Member (alternate), Senate Undergraduate Admissions Board, 1986-1988.

## WORK IN PROGRESS

1. Meredith, Lindsay, "A Customer Evaluation System," submitted to *Industrial Marketing Management*, 1991.
2. Meredith, Lindsay and Dennis Maki, "The Price Responsiveness of Alcohol Consumption in Canada," submitted to *The Canadian Journal of Administrative Sciences*, 1991.
3. Tjosvold, Dean, Lindsay Meredith and Michael Wellwood, "Implementing Relationship Marketing: A Goal Interdependence Approach," submitted to *The Journal of Marketing*, 1991.

This is Exhibit "B" referred to in the affidavit of Lindsay N. Meredith sworn before me at Vancouver, B.C.

ANALYSIS OF THE ADVERTISING  
DECISION-MAKING PROCESS

Ms. 16<sup>th</sup> day of August 1991  
  
A Commissioner for taking Affidavits  
for British Columbia

1. This report provides an analysis of the advertising decision-making process undertaken by a firm in its selection of advertising media vehicles to communicate its product offerings to consumers, with a special emphasis on the selection of media vehicles within the newspaper medium.

2. In the analysis, the advertising decision-making process is divided into nine steps:

- Step 1: Identify the Target Market
- Step 2: Analyse the Firm's Strengths and Weaknesses
- Step 3: Analyse the External Marketing Environment
- Step 4: Identify Marketing Objectives and Strategies
- Step 5: Identify Media Objectives and Strategies
- Step 6: Make Media Budgeting Decisions
- Step 7: Make Message Decision
- Step 8: Select Appropriate Media
- Step 9: Evaluate Effectiveness of Advertising.

A. IDENTIFY THE TARGET MARKET - STEP 1

3. This fundamental first decision addresses the question, "Which consumer groups are likely to be the firm's best customers?" This decision is important because identification of the target market that is most likely to buy the firm's products will determine the nature of the firm's marketing mix.

4. A number of standard segmentation variables are often used to help identify the target market segment(s): Demographics, Psychographics, Awareness and Intentions, Product Usage and Geographics.

#### Demographics

5. Demographics is used to divide up market segments on the basis of specific physical characteristics, such as age, income, occupation, sex, number and ages of children in a family.

#### Psychographics

6. Psychographics involves the use of personality and lifestyle variables to help identify target markets. Examples of psychographic variables are compulsiveness, conservativeness, extrovertedness, attitudes, interests and opinions.

#### Awareness and Intentions

7. Awareness and intentions are variables that are used to segment markets on the basis of whether consumers know about a product, like it and intend to buy it.

#### Buying Condition

8. Buying condition segments consumers on the basis of the type of purchase being made, such as minimum effort expended in buying chewing gum versus special effort expended in buying stereos.

Product Usage

9. Product usage separates consumers into light as opposed to heavy users of a product.

Geographics

10. Geographics segment consumers on the basis of city or country areas in which they live such as urban, rural, suburban, B.C., Prairies and Ontario.

**B. ANALYSE THE FIRM'S STRENGTHS AND WEAKNESSES - STEP 2**

11. This step in the decision-making process addresses the question, "What are the firm's marketing strengths and weaknesses?" The answer to the question is derived from an examination of the firm's marketing mix which is comprised of: Product, Price, Distribution and Promotion.

Product

12. Evaluate the product quality and assortment. Consider the level and quality of service that is provided to consumers who buy the product.

Price

13. Assess the pricing levels of the products as well as the price spreads between the various products in the product assortment.

Distribution

14. Evaluate the quality, number and location of the firm's outlets.

Promotion

15. Assess the nature of the firm's advertising message, the particular media used, scheduling choices (when the advertisement is shown) and how often the advertisement is shown (frequency).

16. All of the components of the marketing mix must function effectively together. The advertising message, for example, is determined by and must reinforce the nature of the firm's products and the price levels that are established for those products. Further, the entire marketing mix must be constructed on the basis of knowing the firm's customers and their characteristics.

**C. ANALYSE THE EXTERNAL MARKETING ENVIRONMENT - STEP 3**

17. This step involves the question, "What external market threats and opportunities can affect the firm?" Issues to be considered include socio-cultural factors, the impact of technology on the firm and the nature of the regulatory/legal environment.

18. For example, the increase in attention given to the "greening" of the environment has caused many firms to produce "environmentally friendly" products as they search for a marketing advantage. Their advertising copy is accordingly designed to reinforce consumer attitudes toward the environment.

19. The advantages and disadvantages of competitors' marketing mixes are also evaluated at this point in the decision sequence. This analysis is conducted so that the firm can decide how best to exploit its competitors' weaknesses and how best to protect the firm from its competitors' strengths.

D. IDENTIFY MARKETING OBJECTIVES  
AND STRATEGIES - STEP 4

20. The information and decisions derived from Steps 1, 2 and 3 are synthesized in Step 4 where the firm's marketing objectives and strategies are determined. This produces a marketing plan that will be used to guide the firm in its future marketing efforts. A marketing objective, for example, might be to position the firm in consumers' perceptions as being very price competitive. A marketing strategy might be to bring a competitor under severe price competition as a means of taking away a portion of its market share.

**E. IDENTIFY MEDIA OBJECTIVES AND STRATEGIES - STEP 5**

21. This step requires the making of decisions that convert the more general marketing plan in step 4 into operational objectives. These media objectives are then used to guide the firm in its media decisions. A media objective might be to create awareness of the firm and its price competitive products among 40% of the firm's target market by the end of the third quarter of 1991. A media strategy might be to position the firm against its competitors as a very price competitive supplier through the use of newspaper ads showing price comparisons.

**F. MAKE MEDIA BUDGETING DECISIONS - STEP 6**

22. In Step 6 the key question is, "How much money should be spent on the media buy?" There are four approaches: Affordability, Percentage of Sales, Competitive Parity, Objective and Task.

Affordability

23. The firm simply spends an amount of money on the media buy that management thinks it can afford.

Percentage of Sales

24. The ad budget is established on the basis of some fixed percentage of gross or net sales, such as spending 5% of gross sales on advertising.



### Competitive Parity

25. The firm first makes an estimate of the amount of money that it believes its competitors are spending on advertising. The firm then allocates a similar amount of money in making its own media buy. This approach is to maintain a "share of voice" in the market place to avoid being "out-advertised" and having its message swamped by competitors' advertisements.

### Objective and Task

26. In this approach the advertiser first considers the media objectives previously established. The ad budget is then determined on the basis of the tasks the media must accomplish in order to achieve the objectives.

27. The four approaches to advertising budgeting are not mutually exclusive. A retailer could use a combination, such as the Affordable approach constraining the overall budget along with the Objective and Task approach for determining advertising needs.

28. The following rules of thumb illustrate the inter-relationship between media budgeting decisions and Step 1 (Identify the Target Market), Step 2 (Analyse the Firm's Strengths and Weaknesses) and Step 3 (Analyse the External Marketing Environment).

Stage in Product Lifecycle Rule

29. Products often go through lifecycles. They get introduced, they mature in terms of consumer acceptance and eventually they die and are replaced by new products. New products require heavier advertising budgets to build consumer awareness and trial than do established products.

Market Share and Consumer Base Rule

30. High market share products usually require less advertising expenditures as a percentage of sales to maintain their market share. Taking market share away from competitors usually requires larger advertising expenditures.

Competition and Clutter Rule

31. In a market with a large number of competitors and high advertising spending, a product must be advertised more heavily to be heard above the "noise" in the market place. Even simple clutter in the market from non-competitive product advertising creates a need for heavier advertising.

Advertising Frequency Rule

32. The number of repetitions needed to communicate the message to consumers is important in determining the advertising budget.

Product Substitutability Rule

33. Commodity class products (beer, soft drinks) require heavy advertising to establish a differential image. Advertising is important when a product offers unique physical benefits or features.

**G. MAKE MESSAGE DECISION - STEP 7**

34. This step involves the generation, evaluation, selection and execution of the advertising message.

Message Generation

35. The marketing mix attributes (product, price, distribution and promotion), together with information about the firm's customer's and marketing environment, are used as a basis for the generation of advertising copy. This is the so-called "creative" stage in writing the advertising message.

Message Evaluation and Selection

36. The generated messages are assessed with respect to consumer attention and recall. Those messages which achieve a high level of consumer recall, for example, are then selected for development through the execution stage.

Message Execution

37. Message execution involves the development of the approach(es) to be implemented in communicating the message. Many approaches are available including: Straight Sell or Factual Message, Scientific/Technical Evidence, Demonstration, Comparison, Slice of Life and Animation.

38. Depending upon the message execution approach selected, some media classes (T.V., radio, newspapers, magazines, direct mail) may be unsuitable or less suitable for delivering the message.

Straight Sell or Factual Message

39. This approach presents the product in terms of its features and benefits and relies on an informational/rational presentation in order to relay a substantial quantity of factual data in a single ad.

40. This approach is ideally suited to a print medium such as newspapers because data and information about product specifications, price and location may be absorbed by readers at their own speed. Broadcast media because of their pace of presentation would be less appropriate than newspapers for this type of message.

Scientific/Technical Evidence

41. This approach presents consumers with the results of product testing data in an attempt to convince them of the product's performance characteristics and superiority to other products. Alternatively, the product's physical attributes may be conveyed in terms of its specifications. For example, a car's performance characteristics might be explained in terms of data about its engine size, transmission specifications and acceleration abilities over a measured distance.

42. This approach is a variant of the Straight Sell approach. It is better suited to delivery by the newspaper medium than by TV or radio media because the newspaper medium allows the consumer to absorb information at his/her own speed.

Demonstration

43. This approach shows the product in actual use in order to illustrate its advantages, benefits or performance. Unlike the preceding two approaches, demonstration may be used to present more of a total image or holistic aspect of the product as opposed to factual or detailed information.

44. Demonstration usually requires the use of the television medium to show the product in action. The radio medium would be inappropriate and the newspaper and magazine media, while capable of carrying a demonstration advertisement, would be relatively inferior choices compared to the TV medium.

#### Comparison

45. Comparison is used to illustrate a product's superiority to competing products as a way of communicating its advantages over alternatives.

#### Slice of Life

46. The objective in this approach is to first present a problem situation to the consumer that might be encountered in day to day living and then present the product as a means of resolving the particular situation.

#### Animation

47. Animation involves the use of artist or computer generated cartoon characters. This approach is used primarily in targeting childrens' markets.

#### H. SELECT APPROPRIATE MEDIA - STEP 8

48. Media selection requires a series of decisions that must be made having regard to the constraints generated by

the seven previous steps. This is a two-stage decision: Select Among Major Media Classes and Select Individual Vehicles within a Media Class.

Select Among Major Media Classes

49. In choosing among major media classes, the firm first considers the advantages and disadvantages of each media class. An incorrect match between the choice of a particular media class and the message to be delivered or the target market to be reached can result in the wasting of the advertising expenditure. The major media classes are television, radio, newspapers (includes daily and community newspapers), magazines, outdoor and direct mail.

50. Figure 1 on the following page provides a summary of the relative strengths and weaknesses of the major media classes.

Figure 1

## MEDIA CHARACTERISTICS

Media	Advantages	Disadvantages
Television	<ul style="list-style-type: none"> <li>Mass coverage</li> <li>High reach</li> <li>Impact of sight, sound and motion</li> <li>High prestige</li> <li>Low cost per exposure</li> <li>Attention getting</li> <li>Favourable image</li> </ul>	<ul style="list-style-type: none"> <li>Low selectivity</li> <li>Short message life</li> <li>High absolute cost</li> <li>High production costs</li> <li>Clutter</li> </ul>
Radio	<ul style="list-style-type: none"> <li>Local coverage</li> <li>Low cost</li> <li>High frequency</li> <li>Flexible</li> <li>Low production costs</li> <li>Well-segmented audiences</li> </ul>	<ul style="list-style-type: none"> <li>Audio only</li> <li>Clutter</li> <li>Low attention getting</li> <li>Fleeting message</li> </ul>
Magazines	<ul style="list-style-type: none"> <li>Segmentation potential</li> <li>Quality reproduction</li> <li>High information content</li> <li>Longevity</li> <li>Multiple readers</li> </ul>	<ul style="list-style-type: none"> <li>Long lead time for ad placement</li> <li>Visual only</li> <li>Lack of flexibility</li> </ul>
Newspapers	<ul style="list-style-type: none"> <li>High coverage</li> <li>Low cost</li> <li>Short lead time for placing ads</li> <li>Ads can be placed in interest sections</li> <li>Timely (current ads)</li> <li>Reader controls exposure</li> <li>Can be used for coupons</li> </ul>	<ul style="list-style-type: none"> <li>Short life</li> <li>Clutter</li> <li>Low attention-getting capabilities</li> <li>Poor reproduction quality</li> </ul>
Outdoor	<ul style="list-style-type: none"> <li>Location specific</li> <li>High repetition</li> <li>Easily noticed</li> </ul>	<ul style="list-style-type: none"> <li>Short exposure time requires short ad</li> <li>Poor image</li> <li>Local restrictions</li> </ul>
Direct mail	<ul style="list-style-type: none"> <li>High selectivity</li> <li>Reader controls exposure</li> <li>High information content</li> <li>Opportunities for repeat exposures</li> </ul>	<ul style="list-style-type: none"> <li>High cost/contact</li> <li>Poor image (junk mail)</li> <li>Clutter</li> </ul>

Source: Belch, George E. and Michael A. Belch, *Introduction to Advertising and Promotion Management*, Irwin 1991, p. 311



### Complementarity and Substitutability

51. The comparative advantages and disadvantages of the major media classes give rise to the question: "How effectively can they be interchanged or used in conjunction with each other in delivering the firm's advertising message?" The question may be addressed by considering the related concepts of complementarity and substitutability. A number of different definitions for these terms exists.

### Economic Definitions

52. Two products are said to interact in a complementary way when an increase in the demand for one product causes an increase in the demand for another related product ("complementarity"). For example, if a firm decides to increase production, it may cause an increase in the demand for capital equipment (machinery) but in so doing, the demand for labour will also rise because labour is needed to operate the machinery.

53. Two products are said to be substitutes for each other when an increase in the demand for one product causes a decrease in demand for the other product ("substitutability"). For example, if the demand for machinery increases, the demand for labour might decrease if the machinery was of a kind that could replace labour in the production process.

54. These two examples illustrate the complexity of trying to sort out complementary and substitution effects between products since both effects may co-exist in a given situation. Machines may replace some labour but at the same time labour is necessary to operate machines.

#### Marketing Definitions

55. The economic definitions of complementarity and substitutability are used in marketing. In discussing the selection of media, different but less precise definitions of these concepts are also used.

56. In the context of media selection, the term "complementarity" refers to the use of an ad in one media class that can be used to reinforce another ad in a different media class. This is because the major media classes have different potentials for providing such characteristics as visualization, explanation, colour and demonstration. For example, television, which is good for conveying image advertising and demonstrating the use of new products, can be effectively augmented by radio which provides repetition through many ad exposures as a means of developing awareness of the product and familiarity with the firm's name.

57. In the context of media selection, the term "substitutability" refers to the extent to which an individual vehicle within a specific medium can be used as a replacement or substitute for another vehicle within the same medium. This is because within a medium the individual media vehicles are similar to each other in terms of their advantages and disadvantages in conveying the advertising message.

58. Given this similarity, the individual vehicles within a media class are generally much better substitutes (and hence more directly competitive) for each other than the individual vehicles in different media classes. Vehicles in different media classes are more appropriately used in a complementary relationship.

59. While it should be noted that the differences between media classes tend to make them poor substitutes for each other, this is not to say that TV, for example, can never be used to replace advertising in newspapers. Rather, it is suggested that the advertiser, given the constraints of his marketing mix, target market audience, message and marketing objectives, would be making a very serious error if it insists on using television for exactly the same purposes and in exactly the same way as it might use newspapers.

60. The relative advantages and disadvantages of major media classes then, make them comparatively poor substitutes for each other. On the other hand, they can be used quite effectively in a complementary relationship where one media class is used as a reinforcement for advertisements placed in a different media class.

61. For example, a car dealer might enter into a cooperative advertising program with its supplier whereby the manufacturer supplies TV commercials for the new model car and the car dealer simultaneously launches advertisements in newspaper giving price and location information concerning where the automobile can be purchased. The idea here is that the TV ad stresses the attractiveness and image of the car through a demonstration message execution while the newspaper ads are used to reinforce the television communication by providing the necessary price and location purchasing information.

62. How then do advertisers decide which media classes to use? Four factors are often mentioned as being important determinants: Target-audience Media Habits, Product, Message and Cost.

#### Target-audience Media Habits

63. Through a process called consumer self-selection it

is known that particular groups of consumers use certain kinds of media at certain times. Using the segmentation variables discussed in Step 1 and knowledge about media usage habits, media vehicles may be selected which have the best chance of targeting the consumers of the product. For this reason individual media vehicles publish readership, listenership and viewership profiles of consumers who use their particular vehicle. For example, TV and radio are the most effective media classes for targeting teenagers.

#### Product

64. Some media classes are much better for advertising certain kinds of products than others. Media classes have different potentials for demonstration, visualization, explanation, believability and color. For example, women's dresses are best shown in colour magazines, while Polaroid cameras are best demonstrated on television.

#### Message

65. This has already been discussed in Step 7 (Make Message Decision). For example, a message announcing a major sale tomorrow will require radio or newspapers. A message containing a great deal of technical data might require specialized magazines or direct mailings.

Cost

66. The issue of cost was raised in the advertising budget discussion in Step 6.

Select Individual Vehicles Within a Media Class

67. A firm's media choice problem does not end with the selection of a media class. The next step involves choosing among the individual media vehicles available within the class. For example, if newspapers are selected, the advertiser must decide among the use of daily papers and community papers.

68. Within a media class, there is a greater opportunity for substitutability between individual media vehicles. Many of the comparative advantages and disadvantages between media classes do not exist between vehicles within a media class. This should not be construed as saying that one TV station is exactly like another or that a daily newspaper is precisely the same as a community newspaper. It should be interpreted as saying that daily and community newspapers are much more similar to each other in terms of how they communicate and how they are used by advertisers than are daily newspapers and television, for example. Inter-media classes offer a greater potential for complementary as opposed to substitutional usage and intra-media vehicles offer a greater potential for substitutional usage than complementary usage.

69. How is the choice among specific media vehicles within a class made? The relevant factors include: Media Consumer Profile, Audience, Effective Audience, Effective Ad-exposed Audience and Cost-Per-Thousand.

#### Media Consumer Profile

70. The listenership, viewership and readership profiles published by media vehicles help an advertiser to decide how well suited the specific vehicle is for advertising its product. For example, if an acne product advertisement were to be aired on radio the advertiser would quickly reject a sedate, easy listening station attracting adults in favour of a rock station that targets teenage listeners.

#### Audience

71. This refers to the number of people who are exposed to the particular media vehicle.

#### Effective Audience

72. This refers to the number of people with the target market's characteristics who are exposed to the vehicle.

#### Effective Ad-Exposed Audience

73. This refers to the number of people with the target market's characteristics that actually saw the ad.

### Cost-Per-Thousand (CPM)

74. The CPM measure allows an advertiser to compare the cost of reaching consumers when using different media vehicles.

### Media Scheduling

75. Following selection of the individual media vehicles to be employed, the advertiser's next decision is scheduling. The issue here is concerned with when and how often the target audience should be exposed to the retailer's advertisements. The relevant approaches include: Continuity, Flighting and Pulsing.

### Continuity

76. Continuity refers to a continuous pattern of advertising where there are no gaps or "no-advertising" periods in the exposure pattern. This approach might be used in advertising food products or where the product is used on an ongoing basis with no seasonality effects in a buyer's consumption pattern.

### Flighting

77. This approach uses a less regular exposure pattern with intermittent periods of advertising and non-advertising. During some periods there will be heavy ad expenditures and other periods will have no advertising. A



pleasure boat manufacturer may have heavy pre-season and high season advertising programs followed by no ads in the winter period.

### Pulsing

78. This is a combination of the first two approaches. With pulsing, continuity is maintained but certain periods will receive a heavy increase in advertising expenditures. Car advertisements are maintained year round but with heavy promotional increases interspersed in order to match new model introductions and the receipt of income tax refunds in the late spring.

### Choosing Among Individual Media Vehicles Within the Newspaper Classification

79. The following illustrates the considerations of a large retailer in choosing among vehicles within the newspaper medium for advertising.

80. The readership profiles offered by the competing newspapers in the market would ideally be the place to begin the selection process for a media vehicle. Through examining the readership profile, the advertiser is attempting to look for the "best match" between the types of consumers to whom the newspaper is delivered and the target market definition of the consumer who is most likely to come to the retailer's store. A specific community newspaper, for

example, may be chosen for its distribution area as well as its readership profile.

81. If a number of newspapers offer desirable readership profiles, the next stage in the media selection process involves an evaluation of the newspapers' audience size and its CPM. At this stage there are a number of possibilities for a large retailer. A choice could be made to use one or more daily newspapers given their respective readership profiles and audience sizes. Another choice might be to approximate the audience size of a daily newspaper by making a series of buys across a number of community papers. Alternatively, if a retailer believed that a substantial portion of its target market could be targeted by a single community paper (even one with a distribution some distance from his location), it might opt to concentrate the media buy in that newspaper.

82. Where combinations of community and daily newspapers are chosen, further decisions are required with respect to the allocation of advertising expenditures among the newspapers selected. The intention, always, is to maximize the sales response per advertising dollar invested.

83. Following the decision of which daily or community papers to use, choices must still be made on scheduling. How often the advertisement is run may affect how quickly

consumers learn the store's name and product lines. Choices must be made regarding the day of the week to target consumers for ad exposures because this may influence decisions that tie into their buying patterns.

84. Decisions regarding the sizes of the advertisements must also be made. This has an impact on cost. Larger ads may attract more notice and hopefully more readership which is the ultimate goal of the advertisement.

85. Similarly, location within a newspaper may be important, especially given the nature of the product. Financial services and institutions often locate ads in the business section, while automobile parts and accessories retailers often locate in the sports section. The reason that these advertisers request and pay for specific locations in a newspaper is because they hope to increase the readership of their ads among those consumers who they believe are the target market for their product.

86. Even after these substantial number of decisions have been made in the hope of increasing consumer awareness about and interest in the retailer's outlets and products, there are still no guarantees that the advertisements will be effective, or for that matter even noticed. Larger retail newspaper advertisers may conduct consumer research to evaluate the impact of their advertisements and the

effectiveness of the media vehicles in delivering the advertising message to the target audience.

87. There are, however, no precise formulas to guarantee advertising success. Some advertisers simply rely on experience. If a particular ad in a particular newspaper results in a good sales reaction, the retailer might be inclined to make a repeat buy. There is still no assurance that the repeated advertisement will be effective.

88. The difficulty for the retail advertiser is that the nature of both the advertising process and the advertising product are ill-defined. There may be a number of different ways to convey the firm's message both in terms of the advertisement and the media delivery vehicle. Two very different advertisements and the accordant media buys might prove to be equally valuable in producing the same result -- increased sales. Yet, six months later both of the advertising programs may prove to be ineffective because of changes in the marketing environment.

89. While the costs of advertising productions and media rates may be well defined, effectiveness of the product (advertising) that results is often very difficult to define. This in turn, creates a problem for the retailer whose objective is to buy effective advertising, not just any advertising.

I. EVALUATE EFFECTIVENESS OF ADVERTISING - STEP 9

90. There are many different approaches to evaluating the effectiveness of advertising. Communication impact and sales impact are two prevalent approaches. Communication impact measures try to evaluate whether consumers saw, remembered, or were influenced by the advertisement. Sales impact measures try to establish a direct link between the ad expenditure and sales. Although these measures are imprecise, they are undertaken because of the significant sums of money that are expended on advertisements. In order to obtain a more effective sales response for their advertising dollar and based on ad monitoring results, advertisers may fine-tune their messages, switch media vehicles or alter the allocation of advertising expenditures between media classes and between vehicles within a media class.

91. A summary diagram illustrating the nine step sequential decision process is found on the following page as Figure 2.

# ADVERTISING DECISION-MAKING PROCESS

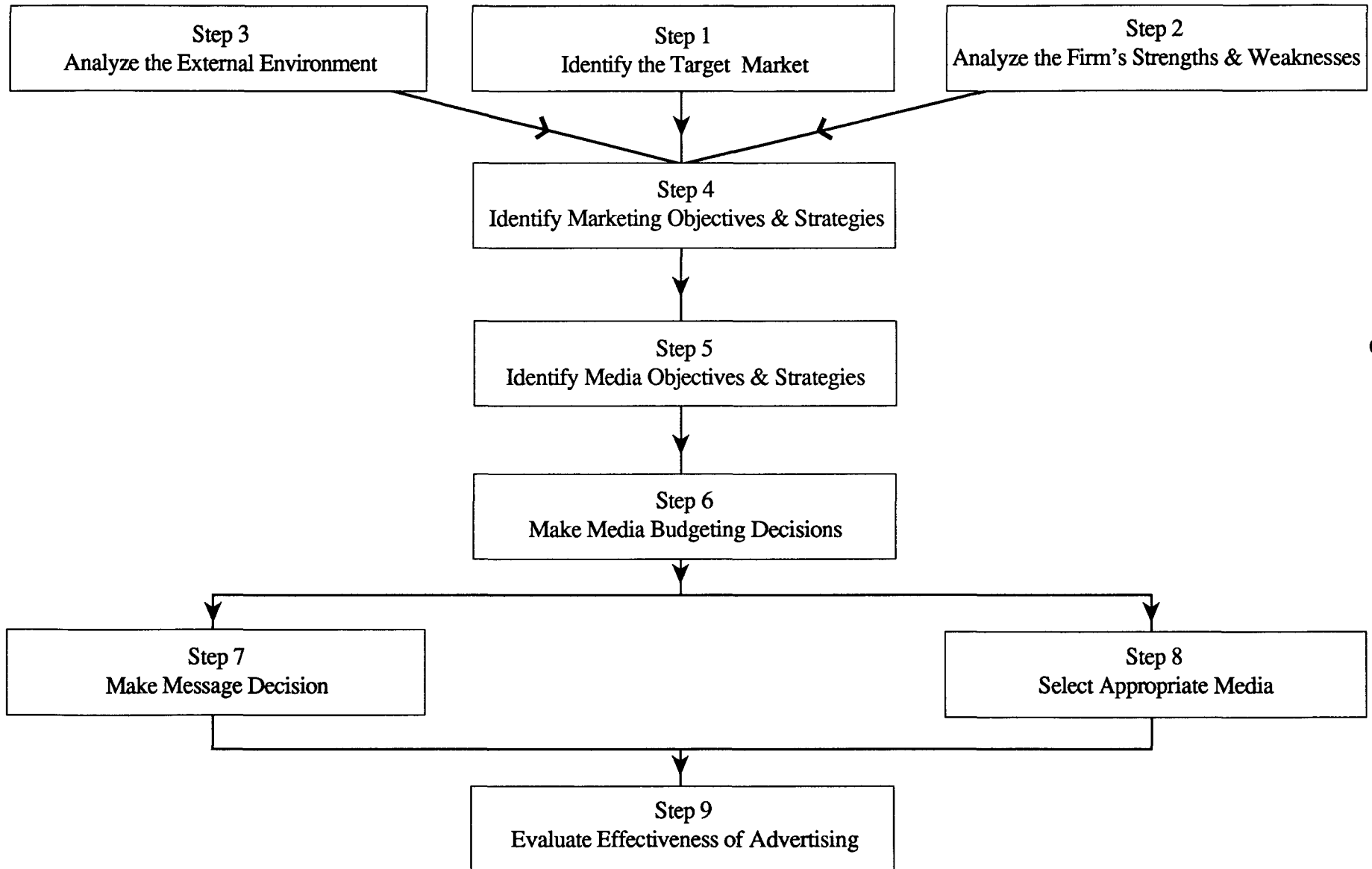


Figure 2