

Advertising to Fulfill the Marketing Plan

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Part I

INTRODUCTION

In this era of mass and multi-media communication, the hearing aid specialist should be at the forefront in knowing how communication works. Understanding the elements of the communication process is necessary to understanding how advertising fits into a marketing plan. The system is analogous to the process of hearing.

The elements include the major parties — the source/sender, and the receiver; the major communication tools — the message and the media; the four major functions — encoding, decoding, response and feedback; and the masking element — the noise. As Laswell (1948) said many years ago, the communication model should answer the questions who, said what, in what channel, to whom, with what effect (see Figure 1).

The source (sender) has the idea encoded into a message which is transmitted through a media channel to a receiver. The receiver picks up the message and responds, which provides feedback to the source.

There are particular attributes related to each of these elements.

- **Source/Sender** is the one who initiates the message. Attractiveness, power and credibility are important in determining the effectiveness of the source.

- **Message** is the set of symbols into which the thought has been encoded. These symbols refer to the content, structure and format. The message content may appeal to fear, humor or distraction; i.e., fear of not hearing the telephone ring. The structure is how the

message is said. What is the result of missing a telephone call? Is a conclusion offered or is it left up to the receiver to decide? The format relates to how it is all put together.

- **Channel** is the choice of media used to bring the message from the source to the receiver.

- **Receiver** is the audience who receives the message and decodes it by changing it again into a set of symbols. It is important to determine the characteristics of the target audience. Are they elderly, retired or active, wealthy, poor, etc? What are the demographic and psychographic characteristics? Who are the best prospects?

- **Response** is the reaction by the receiver after the message is presented. Creating awareness, interest, evaluation and action are the hierarchy of affects.

- **Feedback** is the measurement of the response.

- **Noise** is the distortion or static that interferes with the communication process. The average consumer is exposed to over fifteen hundred commercial messages every day. The message therefore, may not be heard because consumers didn't notice it, they heard what they

The Communication Process Model

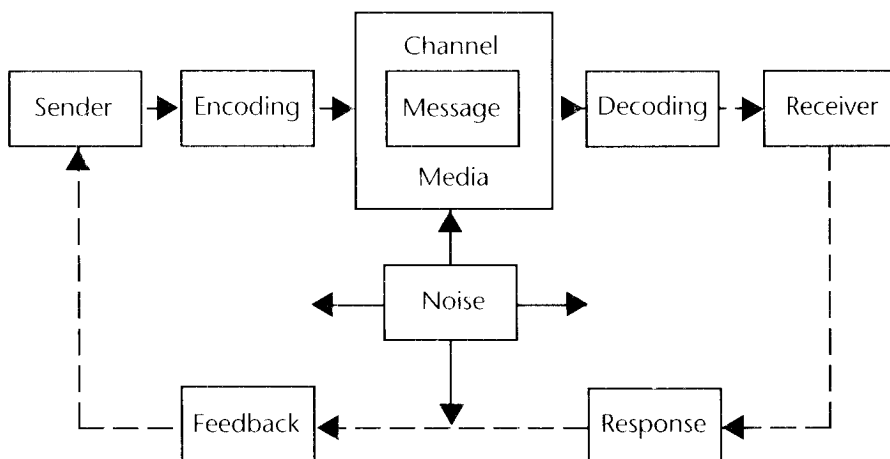


Figure 1

(Reprinted with permission from Kotler, P., *Marketing Management* Prentice Hall, 1984, p. 605)

Advertising to Fulfill the Marketing Plan is a chapter in the book *Applied Hearing Instrument Marketing* edited by Wayne J. Staab, Ph.D., to be published the end of this year by the National Institute for Hearing Instruments Studies.

wanted to hear, and/or they only retained a small percentage of what was presented.

With this basic analogy of the communication system to the hearing system, the hearing specialist is in an optimum position to use the appropriate advertising skills to reach the hearing-impaired market. It is important to remember that hearing aids and services are sold, not bought. The challenge is to convince the market that the value outweighs the sacrifice, so that the item/service has a desirable rather than a negative connotation.

Advertising is a component of a marketing plan which includes situational analyses and research regarding each hearing aid specialist's particular problem. It is included in the promotion part of the 4 P's of marketing, i.e., Product, Place, Promotion and Price. The Promotion portion is divided into advertising, personal selling, sales promotion, and publicity. Kotler (1984) has defined advertising as "non-personal forms of communication conducted through paid media under clear sponsorship."

The research that goes into planning, creating and placing messages to motivate consumers is basic to creating an effective program.

Developing An Advertising Program

The hearing aid specialist must develop advertising strategies and objectives within the context of the marketing plan. It is important to define and segment the potential market:

- Is the target market the retired 65+ individual? The 50+ working public? Some other age or economic segment?
- Is the consumer target the family, the individual or the purchaser? This is important because the individual using the hearing aid may not be the one who is making the purchase.
- Is the product/service differentiated and positioned? Providing the service of a hearing check-up as opposed to an audiometric examination differentiates the target group as well as the office's image.
- Where and when is the decision made? Small ticket items like battery testers and telephone amplifiers are point of purchase, impulse decisions, whereas the hearing check-up is more planned and probably decided at home.
- How is the decision made? Is it based on price, fashion (canal versus in-the-ear aid), peer/family pressure?

The copy produced should respond to the question *who* is going to behave differently and in *what* fashion after seeing the advertisement.

Advertising Program Objectives

The objectives of the advertising program flow from prior decisions regarding market positioning and mix strategy. The goals may be monetary or non-monetary. For example, goals might be to:

- Increase community awareness and recognition by 50% in 5 years;
 - Double income within 3 years.
- The objectives, which are short term means to achieve these goals, might be to:
- Achieve 10% increase in community identification this year;
 - Increase yearly income by \$_____.

The advertising objectives break down into three basic categories: to inform, persuade or remind.

Some typical examples of these in the hearing health care field are:

"We want to increase patient volume while educating the public. Many people don't know where to go for hearing assistance when they are having a

problem." This is an audiology center, and their approach was educational.

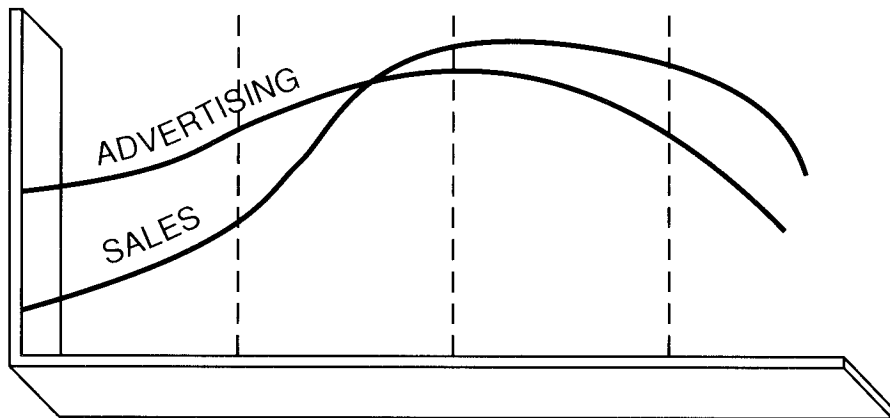
"We've been in the hearing aid business for 35 years and are well known in the community. We want to assure current clients that they've made the right choice in coming to us." This is a traditional hearing aid dispensing facility in a small town. Their ads featured satisfied customers enjoying the benefits of their hearing aids in social situations.

The Advertising Program Pathway

The advertising path chosen is also related to the product/service life cycle (See Figure 2).

Informative advertising occurs at the introductory stage. The objective is to develop primary demand through awareness and brand recognition. This technique can be used to correct misinformation, i.e., nerve deafness *can* be helped with hearing aids; reduce consumer fears, describe available services, suggest new uses for a product (i.e., use a Fax machine in place of a TDD for the deaf). There is also a return to informative advertising during the declining stage as

The Product Life Cycle: Relating Advertising and Sales



Intro	Growth	Maturity	Decline
<ul style="list-style-type: none"> ● develop awareness ● brand recognition 	<ul style="list-style-type: none"> ● favorable opinion ● brand identification ● distinctive features 	<ul style="list-style-type: none"> ● brand differentiation ● brand loyalty ● competitive challenges ● stimulate switching 	<ul style="list-style-type: none"> ● maintenance ● turn around ● abandon

Figure 2

(Adapted with permission from Wells, W., et al, *Advertising, Principles and Practice*, Prentice Hall, 1989, p. 75)

a means of reminding the public of what the product can do.

During the growth stage, persuasive advertising is more effective. The hearing specialist's objective is to build selective demand for the services. The persuasion can take the form of changing the customer/client's perception of the attributes of hearing aids, encouraging a purchase *now* or a switch to your services, or establishing a favorable opinion.

As the mature stage is reached and there is an increase in competitive challenges, persuasive advertising begins to use comparative advertising, i.e., Brand X versus Brand Y.

Reminder advertising is used in the maturing and declining stages to maintain awareness of the services, remind people that these services might be needed in the future, and reinforce the consumer's behavior.

The hearing health care industry is in the introductory and growth stage of the product life cycle, although specific dispensing and manufacturing facilities may be at maturity.

Deciding Who Will Execute the Plan The Source/Sender

There are a number of factors to consider in deciding whether to do the advertising in-house or hire an agency. The advertising plan is again of utmost importance. If just a few ads are planned and the budget is small, the services of an agency are not required. The services of freelance art directors and copywriters or art and design studios can assist in the preparation of powerful advertising. Another source for creative freelance talent is the trade publication *Adweek*. Frequently a staff person with a good English background and an understanding of the field is designated as the advertising manager. Local printers, suppliers and manufacturers, and university art and advertising departments are other sources of low-cost talent.

However, if there is a sizeable budget and the campaign requires a large variety of services like media analysis, market research, copywriting, art direction, and scheduling, it would be advisable to work with a small to medium size agency.

The choice of an agency requires the organization of your budget, objectives, knowledge of professional or legal constraints by your state and guidelines from professional associations, information regarding your competition's ads, and basic information about your business.

Client/agency relationships are frequently viewed as a marriage, rather than a passing affair. It's important to evaluate the agency's track record. Do they have expertise in the areas of hearing, health care related products, geriatrics, or allied professional services like optometry, physical therapy, professional health services, physicians? Are their other clients small businesses or large corporations, i.e., how important will your account be regarding billings? Is the agency noted for creativity or an institutional style? It is important to recognize the rights, expertise and freedoms of each of the parties and maintain open and candid lines of communication. This should be a dynamic, not a static relationship.

As in all relationships, money is a fundamental concern. The logical determination of a budget is therefore very important. The fees charged by an advertising agency may be on a media commission or direct basis or a combination of the two. Companies with large billings are generally covered by the 15% media commission which the agency keeps. However, smaller businesses pay straight fees.

How Much to Spend

The decision regarding how much money to spend on advertising is a very difficult one. It has been said by very prominent retailers that half their advertising budget is wasted, only they don't know which half. Prior to determining the budget, it is important to review where the product or service is in the product life cycle (i.e., the introductory stage has a larger budget), is it a commodity or highly differentiated product, is it routinely needed or does it have to be "sold." Hearing health care is primarily in the introductory/growth stage of the service life cycle. It is promoting a product that is considered a commodity and has to be "sold" to the public.

The 1990 *Hearing Instruments* dispenser survey statistics indicated that an average 7.1% of gross income is spent on advertising. It is important to know not only when and how to establish an advertising program, but also to know how to determine a realistic budget.

Approaches Used to Establish A Budget

There are a variety of approaches that are useful to establish a budget. Some dispensing practices just choose an arbitrary amount based on what they can "afford," or whatever is left over after budgeting for all other expenses. This obviously ignores the impact of advertising on sales volumes and creates problems for budgeting and long range planning. Another approach is called competitive parity. The budget is based on what the competition is doing without regard to goal differences.

A frequently used technique is a fixed percentage of sales. This method maintains a close relationship between expenses and sales per business cycle. It encourages management to think in terms of promotion cost, selling price and profit per unit, and it maintains competitive stability since competing firms generally do spend the same percentage. However, this method does not allow for experimentation, counter cyclical promotions and opportunity decision making.

Counter cyclical promotions involve instituting promotions when a sudden downward trend is noted and advertising is used to reverse the trend. Opportunity decision making refers to an analysis of the outside factors which can affect the business, ranking these in order of importance and then deciding on the action to take. An example of this would be taking advantage of the news that the president has "gone public on binaural amplification" and prioritizing a program focusing on the benefits of binaural amplification. A rigid advertising budget does not allow for the flexibility necessary to respond to these special situations.

Assuming last year's sales were \$150,000 and the decision was to budget 7% for advertising (\$10,500), the tendency would be to budget the same amount for the coming year. An alternative is to base the percentage on future sales projections. Either way, this amount could then be divided into a monthly breakdown of \$875 per month or it might be allocated only to those months which generate the greatest amount of business if volume is cyclical.



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However, the percentage of sales approach is a rather rigid and inflexible method.

The unit of sales/fixed dollar amount allots a specific amount per unit. For example, if the average sale is \$650, \$45 (7%) would be allocated for advertising. This is similar in application to the percentage of sales approach.

The task/objective approach may be more appropriate, especially for individuals who are initiating an advertising program. After determining what is to be accomplished (the advertising objective), the budget is established based on the media selected, frequency, reach, continuity, repetition, ad size, length of commercial requirements, etc. In this way a budget can be devised first per project, then by calendar quarter and ultimately, with enough learning and experience, a yearly plan can be derived. This also allows for flexibility to readjust objectives and/or budgets.

Co-op advertising is another means of increasing the advertising budget. Many manufacturers will pay for Yellow Pages ads under brand name listings, and will also participate in co-payment for direct mail inserts, newspaper ads, etc.

What to Say

The Message

The most creative, interesting and time consuming phase of advertising is creating a message that will have impact and results. There are two frequently used acronyms to determine if an ad is going to be effective: AIDCA and SIMPLE.

- Awareness** — does it get attention
- Interest** — does the reader become interested
- Desire** — does it create desire
- Credibility** — does it provide conviction
- Action** — does it move the reader to take action

or

- Stop** the receiver
- Interest** the receiver in finding out more
- Motivate** the receiver to want the product
- Persuade** the receiver that the product is right for her/him
- Logical reason** for purchase
- Ease** the path to purchase

Primary to the preparation of any advertisement is knowledge of your target audience. You must know who your prospects are and where they are located. Do they have a need for your services and can they pay for them? Without this

knowledge base, obtained through your marketing plan, the ads have little chance of success.

There are theories regarding consumer decision making that say the customer is guided by perceptions of the functional and symbolic qualities of the product or service, i.e., the product is chosen not only for its intrinsic value: "Will a hearing aid improve my hearing?", but also for the product's ability to enhance the consumer's sense of self worth: "What will people think of me if I wear a hearing aid?"

A variety of means are used to evaluate these perceptions: self judgement (which some consider risky), brand ID, reliance on specific vendors, reliance on social reference groups, i.e., American Association of Retired Persons (AARP), Grey Panthers, etc.

Thus, advertising can increase the number of customers by developing brand name and vendor loyalties, and providing functional information and symbolic reassurance, i.e., the benefits.

Essential to the creativity process is the concept: "Know exactly what you want to say." No matter how many times it's been said, it still holds true: **SELL BENEFITS, NOT FEATURES.**

Feature	Benefit
Noise Reduction Circuit	Ability to hear speech in background noise
Wide Band Frequency Response	Hear grandchild speak
Real Ear Measurement Technology	Image of your natural hearing
On-Premises Repair Lab	Never without your hearing aid for more than 24 hours.

The benefits you offer will affect the way clients perceive your business. If you are planning an ad campaign yourself, make a list of the individual features and benefits. Another means of determining benefits is by asking your customers for comments regarding their successful experiences with hearing aids. The consumer is a very important source of ideas. Creative strategies can be built upon their contributions regarding the strengths and weaknesses of your service or product.

In most advertising, simplicity is important with the focus on one major sell-

ing idea. The goal is to hold the reader's attention and convince her/him of the benefits of the product/service. To achieve this, the copy must stay interesting and believable. It should flow and totally involve the readers and move them to act. By knowing and understanding your target group and communicating in an intelligible manner, the message can be both credible and informative. If this is all performed properly the message will attract clients and establish an image for you in the community.

The actual design of the ad includes the illustration, the headline and the body copy. In general, the old adage, "A picture is worth a thousand words", holds true. Readers tend to look at the illustration first, then the headline and last, if you've held their attention and interest, at the copy. Use of photographs with a story approach, or before and after pictures also have high readership, i.e., individual left out of dinner conversation compared with individual with hearing aid actively participating. If television commercials are used, it offers good continuity and reinforcement to use the same character in the print ad.

Headlines generally have five times the readership as the body copy. The headlines that work best are the ones that promise a benefit or contain news. Words like "amazing, introducing, now, suddenly, free, new," are still very effective in attracting attention. Headlines in quotes also increase readership, and since the majority of people will not read the copy, your business name should also be in the headline, if possible.

As few as 5% of the audience may actually read the body copy. Therefore, it should be written in short sentences, short paragraphs, and the language people use in everyday conversation. Good typography also helps people read your copy. Therefore, the use of the familiar serif face type and upper and lower case print make the reader more comfortable and more likely to read the material.

David Ogilvy (1983), a prominent advertising executive, recommends the use of layouts that stay with the KISS principle; an acronym for Keep It Simple Stupid. The layout of: illustration on



top, headline under illustration, copy under headline, follows the normal order of scanning from top to bottom and can increase readership by 10%. Flip through a magazine yourself, see which ads or articles catch your eye, then analyze why.

The use of incentives, to act **now**, will increase the response rate and provide a more measurable tracking technique. All ads should have a tracer on them to assist in determining the source, (different

newspapers in different target areas), and the effect of the advertisement. An example of an incentive to encourage office traffic is the offer of sample ear plugs for targeting industrial hearing loss. This can also enhance your image by showing that you "care" about the consumer's hearing.

Now that you know what you want to say, "the message," where do you say it — what "media" do you choose? The conclusion of this article, to appear in the next issue of *Audecibel*, will discuss the various types of media, how to evaluate an advertising program, and legal restraints on advertising.

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