

A detailed illustration of a hand holding a white rectangular sign. The hand is rendered in a purple, hatched style, with the index and middle fingers gripping the top edge of the sign. The sign contains the title and subtitle in black text. The background is a solid purple color.

WHEN ADS WORK

NEW PROOF THAT
ADVERTISING
TRIGGERS SALES

SECOND
EDITION

JOHN PHILIP JONES

**WHEN
ADS
WORK**

This page intentionally left blank

WHEN ADS WORK

NEW PROOF THAT
ADVERTISING
TRIGGERS SALES

SECOND EDITION

JOHN PHILIP JONES

 **Routledge**
Taylor & Francis Group
LONDON AND NEW YORK

First published 2007 by M.E. Sharpe

Published 2015 by Routledge
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN
711 Third Avenue, New York, NY 10017, USA

Routledge is an imprint of the Taylor & Francis Group, an informa business

Copyright © 2007 Taylor & Francis. All rights reserved.

No part of this book may be reprinted or reproduced or utilised in any form or by any electronic, mechanical, or other means, now known or hereafter invented, including photocopying and recording, or in any information storage or retrieval system, without permission in writing from the publishers.

Notices

No responsibility is assumed by the publisher for any injury and/or damage to persons or property as a matter of products liability, negligence or otherwise, or from any use or operation of any methods, products, instructions or ideas contained in the material herein.

Practitioners and researchers must always rely on their own experience and knowledge in evaluating and using any information, methods, compounds, or experiments described herein. In using such information or methods they should be mindful of their own safety and the safety of others, including parties for whom they have a professional responsibility.

Product or corporate names may be trademarks or registered trademarks, and are used only for identification and explanation without intent to infringe.

Cover photos (top) courtesy of the Library of Congress, Lewis Wickes Hine National Child Labor Committee Collection; (bottom) courtesy Kristoffel Lieten

Library of Congress Cataloging-in-Publication Data

Jones, John Philip.

When ads work : new proof that advertising triggers sales / by John Philip Jones.— 2nd ed.
p. cm.

Includes bibliographical references and index.

ISBN-13: 978-0-7656-1738-5 (cloth : alk. paper)

ISBN-10: 0-7656-1738-2 (cloth : alk. paper)

1. Advertising—Case studies. 2. Sales promotion—Case studies. I. Title.

HF5823.J719 2006

659.1—dc22

2006005852

ISBN 13: 9780765617392 (pbk)

ISBN 13: 9780765617385 (hbk)

To Dennis Tobolski, Patrick Kung, and Vincent Wong

*Practical experience in itself is of little use unless
it forms the basis of reflection and thought.*
—Bernard Law Montgomery

Contents

Tables and Figures	xi
Preface	xv

I. Facts Replace Theory

1. The Single-Source Breakthrough	3
Advertising That Works	4
The Meaning of Single-Source Research	5
Repeat-Purchase Packaged Goods	10
The Measurement of Advertising Effects	11
Notes	12
2. The Short-Term Effect of Advertising: Passing Through the Gate	13
Short-Term Advertising Strength	14
Advertised Versus Unadvertised Brands	22
Notes	25
3. The Rapid Spread of Pure Single-Source Research	27
Germany and Britain	27
More Countries, More Replication	29
How Many Brands Pass Through the Gate?	33
Notes	35

4. How a Short-Term Effect Can Turn Into a Medium-Term Effect	36
Testing the Gatekeeper	39
Three Inputs and How They Operate Together	40
Sales Promotions: Their Upside and Downside	43
Growing Brands and Why They Grow	46
Notes	49
5. Keeping the Brand in the Window	51
The Buying Process	52
The Advertising Response Function	57
Two Response Functions: Two Strategies	58
Diminishing Returns in Europe	61
Recency in the Market Place	63
Notes	67
6. An Interlude: Successful Advertising Campaigns	69
Intrinsically Likable	71
Visual	74
Communicating Their Promise in Terms	
Relevant to Consumers	75
Notes	78

II. Evidence for Part I: Seventy-eight Brands Dissected

7. Advertising That Works: The Alpha One Brands	83
The Alpha One Brands Described	85
Different Intensities of the Four Marketing Stimuli	87
The Stimuli That Best Explain Share Growth	89
STAS and Market Share	91
Aggregate Effect of Short-Term and Medium-Term Stimuli	91
Separating the Medium-Term From the Short-Term Effects	93
Twelve Things We Have Learned About the Alpha One Brands	95
8. Advertising That Stops Working: The Alpha Two Brands	97
The Stimuli That Best Explain Different Rates of Decline	100
Ten Factors That Account for the Different Sales	
Performance of the Alpha One and Alpha Two Brands	106
Notes	107

9. Advertising That Works in Some Cases:	
The Beta Brands	108
A Bird's-Eye View of the Beta Brands	110
The Successful and Unsuccessful Beta Brands	113
The Medium-Term Role of Advertising	114
Store Brands	116
Nine Factors That Explain the Performance of the Beta Brands	118
Notes	119
10. Advertising That Does Not Work:	
The Gamma Brands	120
Why Are Some Gamma Brands Successful?	123
Five Reasons That Explain the Performance of the Gamma Brands	125
11. Penetration and Purchase Frequency	126
Frequency Distribution of Purchases	132
Repeat Buying	134
Multibrand Buying	136
The Long-Term Effect of a Brand's Internal Momentum	139
Notes	143
12. From Insight to Action	144
The Short-Term Effect of Advertising	145
Creative Characteristics	146
Advertising Budgets	146
Advertising and Promotion	148
Heavy Buyers	148
Internal Momentum	148
New Brands	149
III. Appendixes	
A. Stability . . . and Volatility	153
Smooth Sales Trends	154
The Arrival of Scanner Data	159
Is the Volatility of Markets a New Discovery?	164
Notes	166

B. The History of Single-Source Research: The First Steps	167
How McDonald's Research Was Conducted	168
McDonald's Main Conclusions	171
One or Two Advertising Exposures?	174
Notes	177
C. The History of Single-Source Research: Chasing Hares	178
Chasing the First Hare: Media Research	182
Which Media? Which Programs?	183
Chasing the Second Hare: Retail Research	185
Price Optimization	186
Marginal Effects of Alternative Promotions	187
A Return to Essentials: Measuring Advertising Effects	189
Advertising's Contribution to the Marketing Mix	189
The Influence of Increased Advertising Weight	191
The First Quarter-Century of Single-Source Research	192
Notes	194
D. The Calculation of Advertising Intensity	196
E. The Leading 142 Brands in the Product Categories Covered in This Research	199
Index	201
About the Author	209

Tables and Figures

Tables

2.1	Categories and Sample Sizes	19
2.2	Decile Analysis of STAS (Nielsen seventy-eight brands)	20
2.3	Advertised and Unadvertised Brands: Growth and Decline	23
3.1	Three-Country Decile Analysis of STAS Differentials	28
3.2	First Two-Country Quintile Analysis of STAS Differentials	29
3.3	Second Two-Country Quintile Analysis of STAS Differentials	30
3.4	Quintile Analysis of STAS Differentials and Average Size of Brand, United States: Seventy-eight Brands	34
4.1	Brands That Pass, and Do Not Pass, Through the Gate	40
4.2	Matrix Relating STAS Differential to Advertising Intensity	41
4.3	Matrix Relating Advertising Effort to Promotional Intensity	42
4.4	Growing Brands: Medium-Term Growth Compared With Individual Marketing Stimuli	46
4.5	Growing Brands: Medium-Term Growth Compared With Advertising Effort	47
4.6	Medium-Term Growth Compared With Combined Marketing Inputs for Four Successful Brands	48
5.1	STAS Minus Year-End Sales Change	62

5.2	Relative Effectiveness of TV Schedules Based on Different Combinations of Continuity and Weekly Weight	66
7.1	Medium-Term Share Growth/Decline Index in Each Quintile in Four Independent Quintile Analyses	84
7.2	Composition of the Four Groups of Brands	85
7.3	Alpha One Brands	86
7.4	Alpha One Brands: Medium-Term Share Growth From Different Amounts of Marketing Stimuli	88
7.5	Alpha One Brands: Share Growth From Different Combinations of Marketing Stimuli	89
7.6	Alpha One Brands: In Terciles	90
7.7	Alpha One Brands: Tercile Index	90
7.8	Alpha One Brands: Trio of Market Share Measure	92
7.9	Brands That Most Successfully Maintain Their Stimulated STAS: The Top Performance Alpha One Brands	94
7.10	Alpha One Brands That Are Least Successful in Maintaining Their Stimulated STAS	94
8.1	Alpha One and Alpha Two: Trio of Market Share Measures	98
8.2	Alpha Two Brands	99
8.3	Alpha Two: Top Nine and Bottom Ten Brands	100
8.4	Alpha Brands: Quintile Analysis	101
8.5	Alpha Brands: Quintile Analysis, Indexed	102
8.6	Comparison of Advertising and Price Elasticities	103
8.7	Recommended Advertising Intensity Levels	105
9.1	Beta Brands	111
9.2	First Comparison of Averages: Alpha One, Alpha Two, and Beta Brands	111
9.3	Second Comparison of Averages: Alpha One, Alpha Two, and Beta Brands	112
9.4	Spread (or Range) of Inputs and Responses for Alpha and Beta Brands	112
9.5	Analysis of Regular and Irregular Users: Ten Brands of Packaged Detergents	113
9.6	Beta Brands: Successful and Unsuccessful Campaigns	115
9.7	Beta Brands: Advertising/Market Share Matrix	116
9.8	Store Brands	117

10.1	Comparison of Averages: Alpha One, Alpha Two, Beta, and Gamma Brands	121
10.2	Alpha One, Alpha Two, Beta, and Gamma: Trio of Market Share Measures	122
10.3	Gamma Brands	122
10.4	Increasing and Declining Gamma Brands	123
11.1	Sales and Consumer Behavior	127
11.2	All Brands in Quintiles According to Market Share: Penetration and Purchase Frequency	129
11.3	All Brands: Market Share-to-Penetration Ratios	129
11.4	Brand Groups: Penetration and Purchase Frequency	131
11.5	Brand Groups: Market Share-to-Penetration Ratios	131
11.6	Product Categories: Frequency Distribution of Purchases of Average Brands	133
11.7	Brand Groups: Frequency Distribution of Purchases of Average Brands	133
11.8	Product Categories: Repeat Buying Rates of Average Brands	135
11.9	Brand Groups: Repeat Buying Rates of Average Brands	135
11.10	Brand Repertoire: Deal and Nondeal Purchases	136
11.11	Composition of the Brand Repertoire	137
11.12	Duplication of Purchase: Proportion of Buyers of First Brand Who Also Buy Second Brand	138
11.13	Duplication of Purchase Coefficients	139
12.1	Average Advertising Intensity Ready-Reckoner	147
A.1	Sales and Consumer Behavior	156
B.1	Comparison of McDonald's and Jones's Single-Source Studies	171
B.2	Effect on Brand Switching of Two Basic Levels of Advertising Exposure	172
B.3	Effect on Brand Switching of Small Increments of Advertising Exposure	174
C.1	Types of Research Data Provided by Different Sales Tracking Techniques	181
C.2	Brand Leverage Indexes, Primetime Network Programs: Third Quarter, 1984	183
C.3	Relative Importance of Marketing Inputs	190
D.1	Advertising Intensity Calculation: Bar Soaps Category	197
D.2	Comparison of Shares of Voice: Nielsen and LNA	198

Figures

2.1	Ad Households and Adless Households	16
2.2	STAS Measures for Brand Code Name AL	18
4.1	Week-by-Week Sales, Consumer Price, and Advertising, Brand XAA	44
4.2	Week-by-Week Sales, Consumer Price, and Advertising, Brand YAA	45
4.3	Quintile Analysis of Thirty-nine Brands Showing Medium-Term Growth	47
5.1	Schematic Diagram of Sales Gains and Losses for Brand AAA Over the Course of a Year	54
5.2	STAS Differential and Medium-Term Sales Effect for Brand ZAA	55
5.3	Advertising Response Function With Threshold	56
5.4	Advertising Response Function Without Threshold	57
5.5	Response Function: McDonald's 1966 British Pure Single-Source Data Recomputed by the Jones Method	60
5.6	Response Function: Nielsen 1991 American Pure Single-Source Data From Seventy-eight Brands	61
6.1	A Letter From David Ogilvy to the Author	79
8.1	The Triad of Marketing Stimuli: Three Sources of Synergy	104
11.1	Relationship Between Share of Market and Penetration: Brands in Twelve Categories	130
A.1	Annual Sales of Brands XA and XB	155
A.2	Bimonthly Sales of Brand XA	157
A.3	Bimonthly Sales of Brand XB	158
A.4	Bimonthly Market Share of Brand XA	159
A.5	Bimonthly Sales of Brand YA	160
A.6	Bimonthly Sales of Brand ZA	161
A.7	Weekly Sales of Brand YA	162
A.8	Weekly Sales of Brand ZA	163

Preface

This book (like its first edition) is dedicated to three computer experts, Dennis Tobolski, Patrick Kung, and Vincent Wong. These are the people who made it possible for me to make sense of the rich and complex information on consumer buying and television viewing that had been collected for two years by A.C. Nielsen. They were therefore instrumental in giving me access to the data on which this book is based. Before I began to work on the Nielsen figures in 1993, I had a fairly clear idea of the type of analysis that was going to be needed, but I did not have the faintest idea how to generate and cluster the information in the way I wanted. The three people to whom the book is dedicated turned my vision of how the figures should be related to one another into the reality of robust statistical tables.

Four other people—all personal friends—also deserve mention because of their influence on this work. They are Timothy Joyce, Colin McDonald, Simon Broadbent, and Erwin Ephron. Erwin Ephron is the sole American in the company of three Britishers, in addition to myself (and I have dual nationality).

Timothy Joyce (who died in 1997) was intellectually the most remarkable market researcher I have ever known. He left Cambridge with a PhD in philosophy and did not enter the world of survey research until he was in his late twenties, when he joined the British Market Research Bureau (BMRB), the research arm of the London branch of the leading American advertising agency J. Walter Thompson (JWT). I had also

worked at BMRB, and I spent most of my advertising career with J. Walter Thompson. At the beginning of his career, Timothy Joyce demonstrated his originality by attacking the key problem faced by people who want to find out how advertising works. He constructed a device that later became known as the advertising planning index (API), which collected aggregated data on the buying of brands and the amount of advertising for those same brands.

The API led directly to the now well-established American research systems run by the Simmons Market Research Bureau (SMRB) and Mediamark Research Inc. (MRI), both of which were also started by Timothy Joyce. These research services are today indispensable for all advertising media planners in the United States.

However, these systems fall short of the method of pure single-source research: the special and particularly expensive technique on which this book is based. However, in the early 1960s, Timothy Joyce had begun to think about how to apply this more rigorous and difficult method, and he managed to find the funds (from JWT London) to launch an experimental research program in 1966. (This test is described in Appendix B.) Timothy Joyce joined A.C. Nielsen in the United States during the early 1990s, and he called on me to develop the pure single-source technique on a broad scale, using A.C. Nielsen data. This was an enormous professional opportunity for me, and from the beginning I was fascinated by it.

The second person I must mention is Colin McDonald, who actually carried out this first experiment in pure single-source research at BMRB. This was a work of seminal importance that led to much debate and action, although—astonishingly—it was not replicated until my own much larger-scale work that was reported in the first edition of this book, published in 1995. This shows a delay of almost thirty years! Colin McDonald had studied “Greats” (i.e., the Greek and Roman classics and philosophy) at Oxford: a fact that demonstrates yet again the value of an education rooted in the humanities.

My third friend was Simon Broadbent, who was educated at *both* Oxford *and* Cambridge. He built his career at the Leo Burnett advertising agency in London and Chicago, and his work was concentrated essentially on advertising’s longer-term effects. Simon Broadbent was the guru of advertising research in Britain. He was a widely published author and a very influential figure.

He and I disagreed about how we thought advertising works. I am

totally convinced that advertising must generate an immediate jolt to sales before it can be expected to produce any further effect, and all the evidence in this book points to this fact. On the other hand, Simon Broadbent believed that advertising's effect is felt exclusively in the long term, and he developed an independent variable, which he called AdStock, to be used in econometric models. This is a figure that represents the lingering but decaying influence of each brand's advertising on its sales. He stimulated my own thinking about the long-term effects of advertising, and in 2002 I published a book on the subject based on broad-scale econometric data.¹ Simon Broadbent had earlier published a book titled *When to Advertise*,² in which he devoted a chapter substantially to my work. The first section of this chapter has the title "John Philip Jones and 'Once Is Enough.'" He reviewed my research fairly, but he disagreed with much of it. He and I were personally very close until his death in 2002.

My fourth friend and colleague, Erwin Ephron, will appear later in this preface.

When my work on pure single-source research had been completed, I made a number of presentations to audiences of research and advertising practitioners, and I began to publish papers in professional journals. With the first appearance of this book, there was a torrent of interest. Many respected figures in research and advertising in different countries made warm and occasionally flattering comments. I do not wish to belabor the degree of support I received, but I was particularly gratified to hear the following comment from Michael Naples, at the time president of the Advertising Research Foundation, an independent body funded by the largest organizations in the advertising industry. It is by far the leading advertising research organization in the world, and it publishes the *Journal of Advertising Research*, the preeminent publication in its field. This is what Naples said:

In this book, Jones continues the important work he began in 1986 with the publication of *What's in a Name?* His new book remarkably extends his data-intensive examination of advertising's productivity, and in the process turns what others have viewed as data overload into a Single-Source data mother lode. Astonishingly, he succeeds in putting advertising exposure effects under a microscope every bit as powerful as that which the original UPC Code Scanner Data did for short-term promotion measurement. His accomplishment is one to which no one else has yet been able to lay claim.³

However, as a corrective, I am equally proud of a letter I received from David Ogilvy, who during the latter part of the twentieth century was the most respected advertising figure in the world. His brief and charming letter to me made it perfectly clear that he was totally unable to understand anything I had written in the book! This letter is reproduced in facsimile at the end of Chapter 6.

Two important research-related developments took place following the first edition of *When Ads Work*. The first was that the research was replicated in Japan and at least five countries in Europe. This multinational research confirmed my original findings to a most striking degree. (See Chapter 3.) *When Ads Work* had high sales for such a specialist work, and it sold in all English-speaking markets. Special editions were also published, translated into Spanish, Portuguese, Japanese, Chinese, Korean, Arabic, and Turkish.

The second thing that happened was the direct result of a key finding of my research. This was that advertising, if it is creatively effective, generates sales from a *single exposure*, and if the advertiser runs the advertising more often than once during the few days before the brand is bought, these incremental exposures work with sharply declining efficiency. It follows from this important insight that it is uneconomic to pile up advertising pressure in the few days before purchasing takes place. This had been precisely the strategy of most advertisers before the lessons of *When Ads Work* began to sink in. The research that is directly relevant to media planning appears in Chapter 5.

This firm evidence was used by Erwin Ephron, the fourth of my friends, when he developed and began to propagate the theory of continuity planning, a clearly articulated doctrine that recommends reducing the level of media concentration below what used to be considered necessary, and redeploying the money saved by stretching it over more weeks of the year.

It is not an exaggeration to say that continuity planning has revolutionized media strategy in the United States and in many other countries. It is a policy now applied by most major advertisers. And there is good evidence from many case studies that it is more cost-efficient than any strategy of concentrated media pressure. (Some of these cases are described in Chapter 5.) Continuity planning has led to a change in the pattern of media spending for advertisers whose combined budgets can be measured in billions of dollars. This change was the direct result of the vision and energy of Erwin Ephron and the way he managed to

exploit the supporting evidence that I had supplied and that was first published in *When Ads Work*.

In the first edition, I expressed thanks to a number of other friends for their valuable contributions when they reviewed the text. I repeat their names here: the late Leo Bogart, Richard Burton, Steve Coffey, Andrew Ehrenburg, Kelly Forrest, Michael Naples, Andrew Tarshis, and the late William Weilbacher.

Finally, I reserve my most profound thanks to my wife, Wendy. With both editions of this book, she transformed my scrappy writing and constant corrections into impeccable manuscripts with her usual skill, meticulous care, and a most remarkable degree of patience.

This second edition of *When Ads Work* is structured in the same way as the first edition, but there has been a good deal of change in the text.

Part I: Facts Replace Theory. This first part of the book has been substantially rewritten in order to clarify my description of the data and to incorporate the findings of the many pieces of research using the same technique that have been published since the 1st Edition came out. Part 1 in the second edition is longer than in the first edition.

Part II: Evidence for Part I: Seventy-Eight Brands Dissected. This part of the book clusters the brands I researched into four groups, named Alpha One, Alpha Two, Beta, and Gamma. The selection was based on the relative effectiveness of each brand's advertising. This part is substantially unchanged from the first edition, although it has been slightly shortened.

Appendixes. One appendix has been omitted in the second edition. But the remaining five appendixes are unchanged. These are an important part of the book, and I advise readers to study them carefully.

Notes

1. John Philip Jones, *The Ultimate Secrets of Advertising* (Thousand Oaks, CA: Sage Publications, 2002).

2. Simon Broadbent, *When to Advertise* (Henley-on-Thames, UK: Admap Publications, in association with the Incorporated Society of British Advertisers and the Institute of Practitioners in Advertising, 1999).

3. This quotation appears on the dust jacket of the first edition of *When Ads Work*.

This page intentionally left blank

I

Facts Replace Theory

This page intentionally left blank

The Single-Source Breakthrough

This book is concerned exclusively with sales and how advertising influences them. To make this point more precisely, I believe that advertising works only when it influences consumer purchasing behavior. This does not mean only that nonbuyers must be persuaded to become first-time buyers, nor that current buyers should be persuaded to buy more of the brand than before. On the contrary, advertising can sometimes be effective if it helps maintain a brand's existing users and their buying levels. This is known technically as protecting the brand's franchise and keeping up the current levels of purchase frequency. Advertising can even work if sales are going down as a result of competitive pressure on the brand in the market place, because effective advertising may be helping to slow this process. Finally, a behavioral effect can be felt if buyers are persuaded to pay a premium price for an advertised brand, even though sales in units may not necessarily be increasing.

There is a large and well-established research industry engaged in measuring the psychological impact of advertising campaigns: their effect on brand awareness, image attributes, and advertising recall—that is, whether consumers can remember the brand name, what qualities they associate with the brand, and what features of the brand's advertising have remained in their minds. These measures are most commonly used as substitutes for sales measures in the widespread belief that it is too difficult to measure reliably advertising's contribution to sales. I do