Communicating Brands in Television Advertising

ABSTRACT

Many studies have quantified the effects of TV ad spending or GRP (gross rating points) on brand sales. Yet this effect is likely moderated by the different types of brand-related messages or cues (e.g., logo, brand attributes) embedded in the ads and by the ways (e.g., explicitly or implicitly) these cues are conveyed to TV audiences. The authors thus measure 17 cues often used within ads to build brand awareness (or salience) and brand image and investigate their influence on ad effectiveness. Technically, the study builds a dynamic model to quantify the effects of advertising on sales; builds a robust and interpretable (i.e., non-parametric and sparse) factor model that integrates correlated, left-censored branding cues; and then models the effects of advertising as a function of the factors identified by these cues. An analysis of 177 campaigns aired by 62 brands finds that salience cues (e.g., logo), and benefit and attribute messages moderate ad effectiveness. It also finds that explicit cues are more effective than implicit ones; nonetheless, the primary drivers of ad effectiveness are visual salience cues: the duration and frequency with which the logo and the duration with which the product are displayed. The study can thus suggest ways brand and ad agency managers can improve the effects of creative ad content on sales.

Keywords: Ad Effectiveness, Ad Content, Brand Communication, Non-Parametric Factors, Dirichlet Process Mixtures, Sparse Tobit Factor Model, Sequential Monte Carlo Methods