

1) What is an index number? What is a category development index (CDI) and brand development index (BDI) and how are they used to make decisions about advertising? What does comparing them to each other tell you as an advertiser?

- Index Number: an index number over 100 means use of the product is proportionately greater in that segment than in one that is average (100) or less than 100
 - $\text{Index} = (\% \text{ of users in a demographic segment} / \% \text{ of population in same segment}) \times 100$
- Category Development Index (CDI): determines the sales potential for product category in a particular market area. The higher the CDI, the greater the potential that exists for that category products
 - $\text{CDI} = (\% \text{ of total product category sales in market} / \% \text{ of total US population in market}) \times 100$
- Brand Development Index (BDI): determines the sales potential for a specific brand in a particular market area. The higher the BDI number, the greater the potential that exists.
 - $\text{BDI} = (\% \text{ of brand to total US sales in market} / \% \text{ of total US population in market}) \times 100$
- High BDI & CDI:
 - High market share, Good market potential
 - The market usually represents good sales potential for both the product and the brand.
- High CDI & Low BDI:
 - Low market share Good market potential
 - The product category shows high potential but the brand isn't doing well; the reason should be determined.
- Low CDI & High BDI:
 - High market share, Monitor for sales decline
 - The category isn't selling well but the brand is; may be a good market in which to advertise but should be monitored for sales decline.
- Low CDI & Low BDI:
 - Low market share, Poor market potential
 - Both the product category and the brand are doing poorly; not likely to be a good place to advertise.

2) What are the 3 main types of advertising scheduling methods? What are their relative advantages and disadvantages? For which types of products is each one used?

- o Continuity: continuous pattern of advertising; every day, every week, or every month
 - o Advantages:
 - A constant reminder for food products, household products and products consumed on an ongoing basis.
 - Covers entire buying cycle
 - More effective than flighting/pulsing
 - Also important if goal is to build awareness of new products or issues
 - o Disadvantages:
 - High Costs
 - Potential for overexposure (inefficiency)
 - Media Availability
- o Flighting: intermittent periods of advertising and no advertising
 - o Advantages:
 - Well suited to seasonal or other products that are consumed mostly during certain time periods
 - Highly Cost effective
 - o Disadvantages:
 - Increased likelihood of wear out
 - Lack of awareness/interest/retention during off-times
 - Vulnerability to competing messages during off-times
- o Pulsing: combo; continuity is maintained but at certain periods advertising is increased
 - o Advantages:
 - Combines advantages of continuity and flighting
 - May be used for products that have little sales variation from period to period, but might see some increase in certain times, such as cold beverages in the hot summer months
 - Consumer response processes that begin with attitudes (i.e. affinity model) and target valued customers often require only pulsing (bursts can often come around sales promotions or other major events)
 - o Disadvantages:
 - Moderately expensive; some overexposure
 - Not appropriate for highly seasonal products

3) What are reach and frequency? How do marketing, media, and message factors determine the relative frequency of your advertising?

- Reach: Number of different/unique audience members exposed at least once in a time period (actual audience)
- Frequency: number of times the receiver is exposed to the media vehicle (not the ad itself) in a time period (opportunities to see the ad)
- Marketing Factors:
 - Factors that Increase:
 - High Usage Cycle
 - High Competition
 - New Brand
 - Factors that Decrease:
 - High brand loyalty and market share
 - High ability to process and recall messages
 - Low usage cycle
- Message Factors:
 - Factors that Increase:
 - New campaign
 - Image advertising
 - Complex and varied messages
 - Factors that decrease:
 - Continuing campaign
 - Simple and single messages
 - Uniqueness
 - Potential for wear out
 - Advertising units (size/space/time)
- Media Factors:
 - Factors that increase:
 - Amount of clutter
 - Factors that decrease:
 - Alignment with media content
 - Continuous scheduling
 - Fewer media – lower frequency
 - Level of attention achieved by media
 - Repeat exposures

4) How do you determine the relative cost of advertising in broadcast and print media?

- Cost of Print Media: Cost per thousand (CPM) = (cost of ad space/circulation) X 1,000
- Cost of Broadcast Media: Cost per rating point (CPRP) = (cost of commercial time/program rating)
 - A rating point represents 1% of all households in a particular area who are tuned into a specific program

5) Know the key definitions of terms used to measure TV audiences and how to calculate TV audience ratings and shares as shown in class.