

# Advertising Age

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## Need for sales promotion research keeps growing

By Mary McCabe English

Ask a roomful of marketing people whether sales promotion is increasing, and the answer, of course, is a resounding yes. Ask the same crowd whether sales promotion research is increasing, and the answer is apt to be more iffy.

In fact, many industry pros are quick to admit, research—thorough pretesting, monitoring and post-evaluation—has not kept pace at all with the surge of promotion activity that has led some observers to dub it the marketing technique of the 1980s.

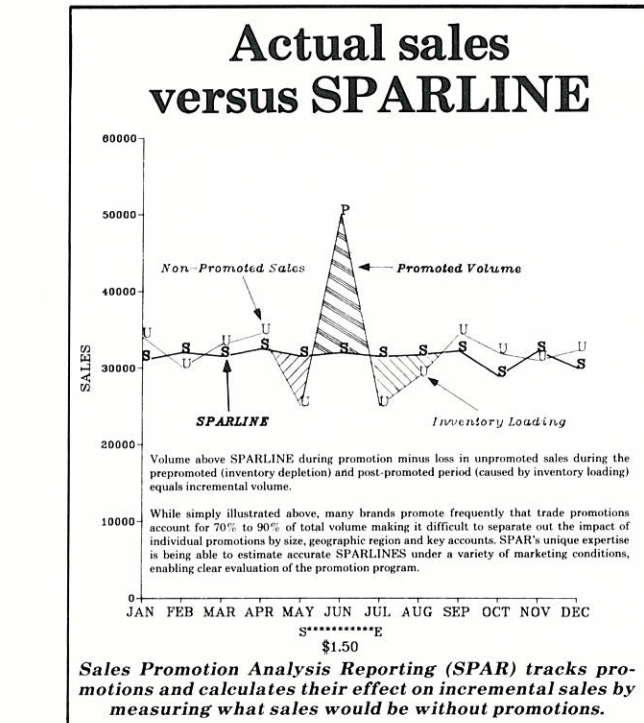
What are the implications of this gap? Will it narrow in the foreseeable future?

William A. Robinson, president of William A. Robinson Inc., a marketing services agency in Northbrook, Ill., gave his assessment of the situation in a Sept. 5, Advertising Age Magazine column:

"As promotion activities and budgets soar to new heights, I see two powerful forces in the marketplace heading on a collision course," Mr. Robinson wrote. "One is the trend to helter-skelter risk taking to gain the share, sales, distribution, trial or other objectives needed to justify heavier and heavier promotion spending to management. The other is the old problem of promotion planners not doing their homework—skipping over the careful professional planning and pretesting needed to cut risks and accomplish goals."

Other marketing professionals interviewed for this article agreed with Mr. Robinson's contention that more promotion research is needed. On the up side, many of these persons—Mr. Robinson included—see signs that promotion research is gaining popularity and is becoming more scientific, thanks in part to technological developments such as the scanner. . . .

Adds Mr. Robinson: "There's change, but it's not taking place at great strides. We talk to about 10 companies a week—I'm talking Fortune 100 companies—and very few do much or spend much on either consumer or trade promotion research. We recommend it, but clients very seldom accept our advice.



"Why? We just did a seminar in Boston, and we were being asked the same questions you're asking by top marketing people. When we asked them what they thought the reasons were, they said 'We don't know why we don't; we just don't.' I would say it seems to be more habit than anything else. There's no precedent for it.

"Promotion is still a business where people say 'It looks good; it feels good,' which is not true of their advertising, not true of their new product development—more true of public relations, maybe. There are exceptions—Procter & Gamble, of course, stands out in promotion testing, General Foods, Pepsi, Coke—but generally speaking, there just isn't the perceived need for it."

However, a spokesman for another top package goods marketer believes the concurrent growth of promotion budgets—expected by some industry sources to approach \$70 billion this year—and new technology will be a key factor in focusing more attention on research.

"As long as there's an evolution toward promotion in the marketing mix, people are going to be more interested in pretest and post-evaluation," says this promotion chief, asking that he not be identified. . . .

On the trade side, Robert G. Brown, president of Sales Promotion Analysis Reporting (SPAR), Elmsford, N.Y., tells prospective clients that the SPARLINE—a tracking service that calculates the impact of promotions on incremental sales and profits by measuring what sales would be without promotions—can take about 15% of the money they spend on trade promotion and put it on their bottom lines.

Mr. Brown figures some 300,000 promotions have been evaluated by SPAR, and although he will not name clients, Procter & Gamble, Dow Chemical and PepsiCo are reportedly among the companies that have used the system since he created it for Hershey Foods 16 years ago.

The SPAR president thinks that increased promotion alloca-

tions, as well as increased data availability, have been responsible for what he sees as a growing interest in trade promotion research. He points to the success of a promotion seminar begun by SPAR this year as one indicator of the latter.

According to Mr. Brown, SPAR officials had presented the seminar before representatives of 10 to 15 companies as of this writing and had as many bookings lined up for coming weeks.

"This seminar is intended for top management, and it is just incredible to me how many presidents and vice-presidents of companies are willing to set aside a whole or half day for this," the SPAR president says.

As for the future of promotion research generally? Mr. Brown reasons "it's mainly a case of educating people to the fact that better promotion management can add to profit.

"I think the same thing will happen that happened when syndicated data first became available—people were won over when they realized that they were getting left behind because the people who were using the information had a real competitive edge.

"So I think the trend over the next couple of years will be one of catching up . . . both for manufacturers who find themselves with an information gap as promotion continues to increase in importance and for research services that find themselves with a technology gap as new computers with capabilities far superior to that of systems built in the '60s and '70s go online" . . .

Mr. Robinson says he is "more optimistic about the future" of promotion research.

"If you take all the factors in the marketplace—increased competition, increased costs, the fact that most marketers are not getting the same advertising impact they got in the '70s—you'd have to say that progressive, aggressive, smart marketing people who are turning to promotion in increasing numbers would have to spend more time testing and evaluating," he explains.

"Do I see indications that it's happening now? Not to any significant degree.

"Must it happen? Absolutely."