

ADVERTISING 101

By James H. Leigh

Advertising is any form of paid communication directed to a particular audience.

The challenge of advertising is to deliver your message to the audience in a cost-effective manner. Here are some of the important questions you should ask as you craft an advertising plan.

Who is Your Target Market?

Who are your current and desired customers? What are their interests and media usage patterns? The definition of your target market should guide your advertising effort. When you place an ad in the local newspaper, the amount charged is based on the total readership of the paper, not the number of readers in your target market. The key is to minimize the cost of advertising to consumers who are not likely to use your services.

How Much Should You Budget for Advertising?

There's an old saying in advertising: "We know half of the money spent on advertising works; we just don't know which half." Clearly, the right amount of advertising produces results, but too much is wasteful and too little doesn't penetrate the myriad competing demands on a customer's attention.

First, decide how much to spend annually. This is commonly expressed as a percentage of last year's revenues, with any necessary adjustment for unusual circumstances. If the real estate market was soft last year but is expected to pick up this year, you might opt to increase the percentage a couple of points.

Next, apportion the advertising money among the various media alternatives. Make sure you have a solid presence in the commonly used media, such as the telephone directory and outdoor signage at your place of business. If those need to be improved, direct money there first.

With the remaining budget, consider running freestanding ads in the local newspaper and sponsoring signage at

local sports parks. Radio is another possibility, but it generally requires multiple exposures on multiple stations to cover the market effectively. If the budget allows, consider spot TV ads.

Advertising budgeting and allocation is not an exact science. It is best determined through trial and error. Insight can be gained by asking your new customers how they learned about you. At the same time, providing your customers incentives for recommending you to their friends and neighbors is a great way of generating referrals.

What Should Your Advertising Contain?

The content of your advertising can vary, but one thing is critical: keep it simple. Get across the key elements, such as your name, address, phone number, e-mail and web address, and services provided. Brokers and salespersons must include other information as required by Texas Real Estate Commission rules.

Aim to convey ideas that catch the audience's attention and are easily remembered. More detailed content can be provided on your website. If you don't have a website yet, that should be one of your top priorities.

Where and When Should You Advertise?

Use media outlets your audience reads or views. Local newspapers and short (usually ten-second) spot television commercials during local and cable news shows make the most sense. The cost of producing and airing television commercials may be prohibitive, but keep in mind that once a commercial is produced, it can be aired many times.

Unpaid publicity and word-of-mouth communication among consumers should not be overlooked. Both are effective means of enhancing your advertising without increasing your budget.

Print ads and commercials should be placed to run at times when the target audience is most likely to be part of

the medium's audience. In most cases that boils down to Friday, Saturday and Sunday newspapers and the evening local TV news. To advertise on other cable TV channels, you will need to be able to match the characteristics of those channels' audiences at particular times to your target market.

How Much and How Often Should You Advertise?

Advertising pioneer Herb Krugman maintains that three exposures are needed for an advertisement to have an impact. Running an ad once won't cut it.

But if you run the same ad too frequently, the audience will suffer from advertising wearout and will lose interest. A "pulsing" strategy, in which an ad is aired in a variety of time slots, makes good sense and generally provides a good return for your costs. This strategy is particularly effective for continually familiarizing newcomers to the community with your products and services.

Why Bother To Advertise?

The goal of advertising is to build an awareness of your business. It's a stretch to think that advertising alone will persuade consumers to use your services and increase your business. The bottom line is that the results you achieve will be partly based on what you do and partly on what your competitors do.

One thing is certain. If consumers are not aware of you when they are contemplating buying a home or a piece of property, your phone won't ring. ♦

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THE TAKEAWAY

The keys to effective advertising are accurately identifying your target audience, keeping the message simple and running the ad often enough to make an impact but not so often that viewers lose interest.



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