Balancing Still Deeper Cuts

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You expect that business planning for 2009 will be particularly "bloody." There will still be more and deeper cuts to the expenditures supporting your product portfolio. With a simple keystroke, significant initiatives will be cut or substantially reduced. Some brands will be harmed more than others. How will your brand teams really know the trade-off without a systematic approach to evaluating their tactical plans and budgets? How can you know to what extent you are choosing to under-fund any particular brand?

One of our client's brand teams was facing this situation. The executive was particularly hungry for cuts to promotion budgets. This brand team, the only one of four to use the Promotion Planning Model (PPM), successfully persuaded the executive to accept their brand plan without any changes. The remaining three had to suffer substantial cuts.

PPM is an objective framework for constructing an effective professional promotional budget. It offers a systematic means of analyzing a market and developing a realistic budget based on reaching the prescriber with a sales-effective promotion frequency.

This model takes a zero-based budget approach to budget building, modifying it based on what has worked (response model norms) and what competitors have spent. The model takes into account all tactical elements of a promotional plan. Creation of a zero-based budget uses exposures to a physician as a foundation for goal-setting. All planned tactics are included in the model.

ACNielsen HCI developed the PPM based on their promotion research. They demonstrated that each communication vehicle we might employ in our promotional mix has an inherent ability to communicate a message to prescribers. What varies considerably is the way the marketers use the medium to communicate the message. In previous articles, we discuss the four reasons a campaign fails, Message, Detailing and Sales Aids, Implementation and Funding. ACNielsen HCI has measured the relative value of many of these vehicles and uses this information in the PPM.

The PPM looks at campaign funding and volume and mix of exposures. It has been used by our Canadian clients to answer such questions as:

- Is the quantity, type and mix of exposures optimum?
- Should the budget be increased? Why? By how much? What is the best use of this money?
- Where to reduce budget with minimum pain?

PPM has also been used to examine a product portfolio. After revealing under- and overspending the VP of Marketing made well-considered reallocation of resources. It can also be used to demonstrate and quantify synergies between brands that have a common target audience. CPM

For more information about our integrated approach to optmizing your promotional mix, contact Graham Davies at (416) 467-7005 or gr@davies-strategic.com.