

THE GEORGE WASHINGTON UNIVERSITY

***SELECTING MEDIA
FOR
THE GAP'S ADVERTISING PLAN***

***SUBMITTED TO
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***MGT 224
EXECUTIVE DECISION MAKING***

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CONTENTS

ABSTRACT	1
BACKGROUND	1
INTRODUCTION	2
IDENTIFY AND CATEGORIZE OUR ALTERNATIVES	6
IDENTIFY AND STRUCTURE OUR GOAL AND OBJECTIVES	7
PRIORITIZE THE OBJECTIVES	7
MEASURE HOW WELL EACH ALTERNATIVE CONTRIBUTES TO EACH OF OUR OBJECTIVES	8
FIND THE BEST COMBINATION OF ALTERNATIVES	10
CONCLUSION	13
BIBLIOGRAPHY	14
APPENDIX A	15

LIST OF ILLUSTRATIONS

Figure 1:	EC Model for Selecting Media for the Gap's Advertising Plan	7
Figure 2:	The Intensities of Persuasive Impact	8
Figure 3:	Lowest Level of Funding	10
Figure 4:	Target Budget Funding in "Selecting Media for the Gap's Advertising Plan"	11
Figure 5:	Highest Level of Funding	12

LIST OF TABLES

Table 1:	Eight Categories of Alternatives	6
Table 2:	Rating Table	9

SELECTING MEDIA FOR THE GAP'S ADVERTISING PLAN

ABSTRACT

The Gap, Inc., one of the most successful apparel retail chains in the US, has hired our advertising agency¹ to develop a new image campaign for its Gap stores. If successfully, it will eventually be rolled out as a national image campaign. For now, however, the Gap wants to test the campaign in the Washington metropolitan area. The media budget for this test, which has a three-month duration, is \$320,000. We, assumed as a media planning team of the company, have a direct responsibility in selecting media for The Gap advertising plan. In doing this, we have four objectives which are Information, Persuasive impact, Reach, and Reminding. In addition, to provide unique advantages in stressing different benefits based on the different characteristics of each medium, we will use a media mix. In other words, more than one medium will be used. A media mix that we will use includes newspaper, radio, outdoors and the Internet advertising. For outdoor advertising, since there are a lot of advantages that can attain our objectives, we design to use many kinds of outdoor media. These include bus shelter, billboard, exterior bus panel and metro station posters. Finally, we use activity level resource allocation along with Expert Choice software in order to accomplish our goal.

BACKGROUND

The Gap stores are one of the most successful apparel retail chains in the US, with impressive growth and profitability in recent years. The Gap's advertising, however, has not fared as well, and has failed to give the stores the boost that others such as Sears, Roebuck & Co. have recently enjoyed.

Traditionally, the Gap has relied on its in-house agency for its advertising. However, the Gap has not been able to duplicate the success of its "Individuals of Style" image campaign, which launched in 1988. The person behind that campaign, Maggie Gross, left the company in April of 1996. With new management at the helm, The Gap wants to give an outside agency a chance to reinvigorate its image and re-establish its brand identity.²

Assuming that The Gap, Inc. has hired our advertising agency to develop a new image campaign for its Gap stores. If successful, it will eventually be rolled out as a national image campaign. For now, however, the Gap wants to test the campaign in the Washington metropolitan area. The media budget³ for this test, which has a three-month duration, is \$320,000.

¹ Based on the assumption that "we" are the media planning team of one advertising agency that works for the Gap.

² Source: "Gap's Ad Guru Departs," *Advertising age*, May 6, 1996, p. 1.; "Gap Restyles Marketing Dept., May Revamp Ads," *Advertising Age*, July 15, 1996, p.8. (See Appendix A)

³ The costs properly chargeable to advertising are: (1) media cost, (2) advertising production cost, (3) advertising department overhead costs, (4) advertising research, and (5) dealer or consumer aids.

INTRODUCTION

We, as a media planning team of the company, have a direct responsibility in selecting media for The Gap advertising plan. As a media planning team, we must coordinate the overall media strategy for this campaign. Our media strategies include identification of audience, selection of media vehicles, and determination of timing media schedules. Also, all strategies have to be able to attain our media objectives.

In selecting media for The Gap's advertising plan, we have four objectives which are;

1. Information: Selecting media that can provide information of The Gap's product to the target consumers.
2. Persuasive impact: Selecting media that have ability to stimulate our target consumers.
3. Reach: Selecting the media that reach a large number of our target consumers.
4. Reminding: Selecting the media that can remind our target consumers of The Gap's product.

Our first strategy is to identify our target audience. The demographic and psychographic data of our target audiences are as follows:

1. Demographics:

- Age 17-35 years old
- Sex Male and Female
- Income \$15,000-50,000
- Occupation Business persons
- Education College graduate and high school graduate

2. Psychographics

- Social class Middle class
- Life Style Integrated
- Personality Ambitious

Our next task is to determine the vehicles that will best communicate our message at the most efficient cost. In testing the campaign in the Washington, DC metropolitan area, we will ignore Television and Magazine which are the media for the national campaign. We will focus only on the media that are possible to use in the Washington, DC metropolitan area. These media include newspapers, radio, outdoor advertising, and the Internet advertising. The pros and cons of each medium are as follows:

Newspaper

Pros:

1. Newspaper have wide exposure especially to an up scale audience of 35 and older adults.
2. Newspaper advertising is extremely flexible with opportunities for color, large and small space ads, timely insertion schedules, coupons, some selectivity through special sections and targeted editions.
3. Newspaper are timely and reach there audiences at the convenience of the reader and maintain high credibility as advertising medium.

Cons:

1. Many newspapers have 60 percent advertising content. This high ratio of advertising, combine with average reading time of less than 30 minutes, means few ads are read.
2. Overall newspaper circulation has fallen far behind population and house-hold growth. In some cases, it is difficult to reach certain target markets. In particular, teen and young adults do not demonstrate high newspaper readership.
3. Advertising costs have risen much more sharply than circulation in recent years.
4. Newspaper face growing competition from television as a primary source of news.

Radio

Pros:

1. With the exception of direct response, radio can more selectively target narrow audience segments, many of whom are not heavy users of others media. For example, teenager are particularly heavy users of radio.
2. Radio is a mobile medium going with listeners into the marketplace and giving advertisers proximity to the sale.
3. Radio, with its relatively low production costs and immediacy, can react quickly to changing market conditions.

Cons:

1. Without a visual component, radio often lack impact of other media. Also, many listeners use radio as background rather than pay full attention to the programming.
2. The low average audience of most radio stations requires high frequency to achieve acceptable reach and frequency.
3. Adequate audience research is not always available, especially in the important drive-time and out-of-home listener categories. Many small market stations have no audience research available.

Outdoor

Pros:

1. Outdoor can reach most of the population in a market with high frequency at a very low cost per exposure.

2. It is an excellent means of supplementing other media advertising for product introduction or building brand name recognition.
3. With the use of color and lighting, outdoor is a medium that is highly visible.
4. The outdoor industry has diversified the product categories using the medium in an attempt to lose its image as a "beer-and-cigarette" medium.

Cons:

1. Outdoor is rarely able to communicate detailed sales messages. Copy is usually limited to 7 to 10 words.
2. The effectiveness of outdoor is extremely difficult to measure.
3. Outdoor has been attacked in many communities as a visual pollutant that has made it the topic of some controversy and legal restrictions. Some state and local legislation bans the medium altogether. This negative image may discourage some advertisers from using medium.

Internet

Pros:

1. Internet advertisements are accessed on demand 24 hours a day, 365 days a year, and cost are the same regardless of audience location.
2. Accessed primarily because of interest in the content, so market segmentation opportunity is large.
3. Multimedia will increasingly make creative more attractive and compelling.
4. Distribution costs are low (just technology cost), so the millions of consumers reached cost the same as one.
5. Advertising and content can be updated, supplemented, or changed at any time, and are therefore always up-to-date. Response (click-through rate) and result (page view) of advertising are immediately measurable.

Cons:

1. No clear standard or language of measurement
2. Immature measurement tools and metrics.
3. Although the variety of ad content format and style that the Internet allows can be considered a positive in some respect, it also makes apple-to-apple comparisons difficult for media buyers.
4. Difficult to measure size of market, therefore difficult to estimate rating, share, or reach and frequency.

Generally, in planning strategy, we must design to use a single medium or a number of media. When more than one medium is used the result is called a *media mix*.

For the Gap's campaign, we will use a media mix because of the following reasons:

- A single medium cannot reach our target market in sufficient numbers and with sufficient impact to attain our media objectives.
- To reinforce the message and help our audience members remember the message by using different kinds of stimuli.
- To provide unique advantages in stressing different benefits based on the different characteristics of each medium as describe above.

A media mix that we will use includes newspaper, radio, outdoors and the Internet advertising. The newspaper that we design to use is the Washington Post since it is the most famous newspaper and has highest circulation in the Washington, DC metropolitan areas. For radio, we plan to use FM 104.1 and FM 97.1 MHz. because both of them have high ratings and can reach our target group. For outdoor advertising, since there are a lot of advantages that can attain our objectives, we design to use many kinds of outdoor media. These include bus shelter, billboard, exterior bus panel and metro station posters. Lastly, for the Internet, we plan to put our ad on the major web seeker such as Infoseek, Yahoo and Excite.

Next, we have to allocate our budget to only one medium in each category of media. Also, we have to attain our objective at the same time. In our opinion, Activity Level Resource Allocation is very suitable in the situation that only one medium from each category can be selected. In addition, Team Expert Choice software can help us in the situation that our decision has to attain overall media objectives. Also, it provides the Activity Level Resource Allocation solution. As a result, to find an optimal solution for allocating our limited budget, we use Team Expert Choice software in selecting media for the Gap advertising plan. In order to make resource decisions in such a rational way, we have to do the following:

1. Identify and categorize our alternatives
2. Identify and structure our goal into objectives, subobjectives, and so on (in this case we have only four main objectives).
3. Prioritize the objectives
4. Measure how well each alternative contributes to each of our objectives.
5. Find the best combination of alternatives.

1. IDENTIFY AND CATEGORIZE OUR ALTERNATIVES

The alternatives are divided into 8 categories as shown in Table 1. The newspaper that we design to use is the Washington Post since it is the most famous newspaper and has highest circulation in the Washington, DC metropolitan areas. For radio, we plan to use FM 104.1 and FM 97.1 MHz. because both of them have high ratings and can reach our target group. For outdoor advertising, since there are a lot of advantages that can attain our objectives, we design to use many kinds of outdoor media. These include bus shelter, billboard, exterior bus panel and metro station posters. Lastly, for the Internet, we plan to put our ad on the major web seeker such as Infoseek, Yahoo and Excite.

Washington Post (every Saturday, 1/4 page)
Washington Post (every Saturday, 1/2 page)
Washington Post (every Sunday, 1/4 page)
Washington Post (every Sunday, 1/2 page)
Radio: FM 104.1 (2times/day,30sec Spots)
Radio: FM 104.1 (5times/day,30sec Spots)
Radio: FM 104.1 (10times/day,30sec Spots)
FM 97.1 (2times/day,30sec Spots)
FM 97.1 (5times/day,30sec Spots)
FM 97.1 (10times/day,30sec Spots)
Bus shelter (20 high traffic locations)
Bus shelter (40 high traffic locations)
Bus shelter (60 high traffic locations)
Bus shelter (80 high traffic locations)
Billboard (3 major locations)
Billboard (6 major locations)
Billboard (10 major locations)
Exterior bus panel (30 buses)
Exterior bus panel (60 buses)
Exterior bus panel (100 buses)
Metro station posters (8 transfer stations)
Metro station posters (8 transfer stations and 10 more stations)
Metro posters (8 transfer stations and 20 more stations)
Internet ads (5 sources: 30,000 hits/source)
Internet ads (10 sources: 30,000 hits/source)
Internet ads (15 sources: 30,000 hits/source)

Table 1— Eight Categories of Alternatives

2. IDENTIFY AND STRUCTURE OUR GOAL AND OBJECTIVES

Goal SELECTING MEDIA FOR THE GAP ADVERTISING PLAN

Objectives:

In selecting media for The Gap's advertising plan, we have four objectives which are;

1. **Information:** Selecting media that can provide information of The Gap's product to the target consumers.
2. **Persuasive impact:** Selecting media that have ability to stimulate our target consumers.
3. **Reach:** Selecting the media that reach a large number of our target consumers.
4. **Reminding:** Selecting the media that can remind our target consumers of The Gap's product.

3. PRIORITIZE THE OBJECTIVES

The relative importance of the objectives must be established in order to make a rational way. Our objective priorities are derived from pairwise comparisons. Since the capability in stimulating target consumers, significantly, can generate an effective advertising, Persuasive Impact objective is judged to be the most important. Reach objective is the second most important, followed by Reminding objective. Information objective is the least important. An Expert Choice model with objective priorities derived from pairwise comparisons is shown in Figure 1.

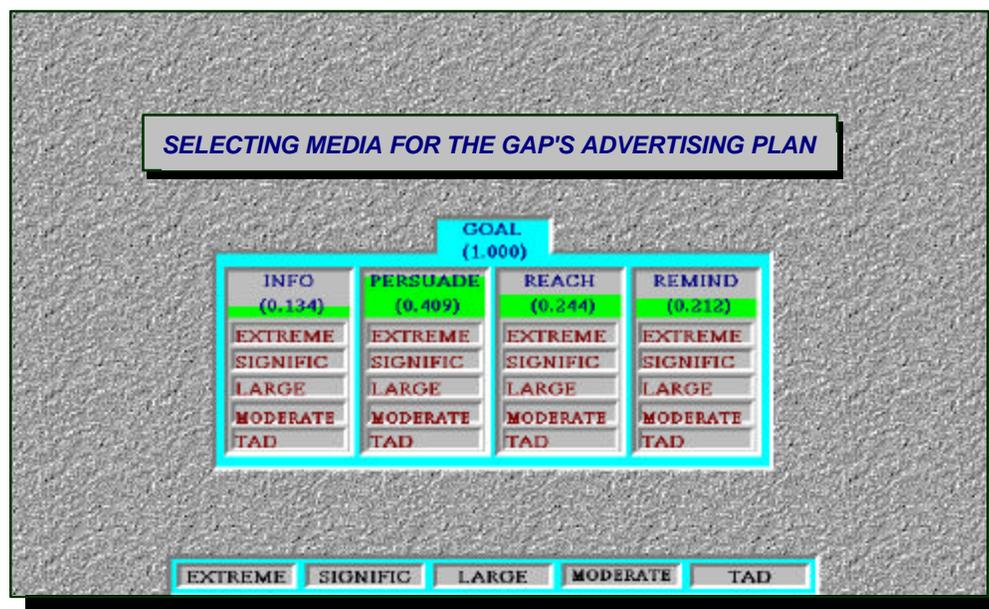


Figure 1 -- EC Model for Selecting Media for the Gap's Advertising Plan

The intensities below each of the objectives are also prioritized with pairwise comparisons. For example, a medium that is judged to make an extreme contribution to persuasive impact will receive a priority for that contribution of about 13 times that of a medium that makes only a “tad” of a contribution to persuasive impact, as can be seen in Figure 2.

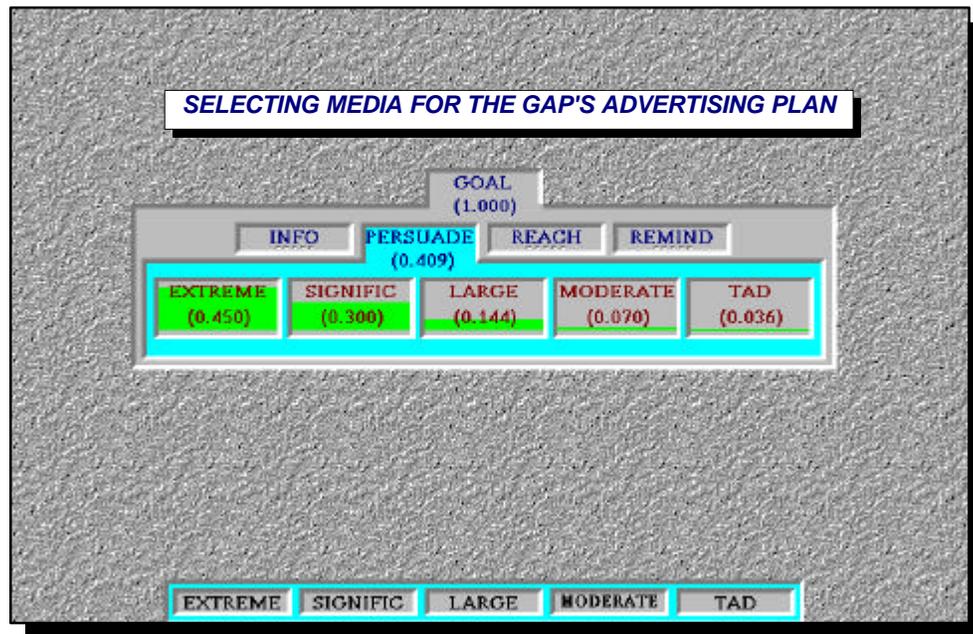


Figure 2 – The Intensities of Persuasive Impact

4. MEASURE HOW WELL EACH ALTERNATIVE CONTRIBUTES TO EACH OF OUR OBJECTIVES

The alternatives are divided into 8 categories; each of them contributes to our objective differently depend on the nature of each media as shown in Table 2.

1. *Washington Post*

Based on the nature of city newspaper, its effective role is reaching many people in the area; nevertheless, its focus is for general reader. Its limitation is lacking of persuasive power and information.

2. *Radio FM 104.1*

We select this radio station because its main audiences are part of Gap's target group. Spot radio is mainly contributed to reach our target group, especially teenager group.

3. *Radio FM 97.1*

This radio station is focused on working people which are also our target consumers.

Alternatives	TOTAL	COSTS	INFO	PERSUADE	REACH	REMIND
.			0.1344	0.4092	0.244	0.2124
Washington Post (every Saturday, 1/4 page)	0.284	60,000	MODERATE	TAD	SIGNIFIC	LARGE
Washington Post (every Saturday, 1/2 page)	0.337	100,000	LARGE	MODERATE	SIGNIFIC	LARGE
Washington Post (every Sunday, 1/4 page)	0.439	80,000	MODERATE	TAD	EXTREME	SIGNIFIC
Washington Post (every Sunday, 1/2 page)	0.492	140,000	LARGE	MODERATE	EXTREME	SIGNIFIC
Radio: FM 104.1 (2times/day,30sec Spots)	0.161	18,000	LARGE	MODERATE	MODERATE	TAD
Radio: FM 104.1 (5times/day,30sec Spots)	0.252	36,000	LARGE	MODERATE	LARGE	LARGE
Radio: FM 104.1 (10times/day,30sec Spots)	0.482	60,000	LARGE	MODERATE	SIGNIFIC	EXTREME
FM 97.1 (2times/day,30sec Spots)	0.269	20,000	LARGE	LARGE	LARGE	TAD
FM 97.1 (5times/day,30sec Spots)	0.405	40,000	LARGE	LARGE	SIGNIFIC	LARGE
FM 97.1 (10times/day,30sec Spots)	0.63	70,000	LARGE	LARGE	EXTREME	EXTREME
Bus shelter (20 high traffic locations)	0.121	12,000	MODERATE	MODERATE	TAD	TAD
Bus shelter (40 high traffic locations)	0.155	24,000	MODERATE	MODERATE	MODERATE	MODERATE
Bus shelter (60 high traffic locations)	0.23	36,000	MODERATE	MODERATE	LARGE	LARGE
Bus shelter (80 high traffic locations)	0.459	48,000	MODERATE	MODERATE	SIGNIFIC	EXTREME
Billboard (3 major locations)	0.485	30,000	MODERATE	EXTREME	MODERATE	TAD
Billboard (6 major locations)	0.541	60,000	MODERATE	EXTREME	LARGE	MODERATE
Billboard (10 major locations)	0.735	100,000	MODERATE	EXTREME	SIGNIFIC	SIGNIFIC
Exterior bus panel (30 buses)	0.188	15,000	MODERATE	LARGE	TAD	TAD
Exterior bus panel (60 buses)	0.222	30,000	MODERATE	LARGE	MODERATE	MODERATE
Exterior bus panel (100 buses)	0.382	45,000	MODERATE	LARGE	SIGNIFIC	LARGE
Metro posters (8 transfer stations)	0.405	20,000	MODERATE	SIGNIFIC	LARGE	MODERATE
Metro posters (8 transfer stations and 10 more stations)	0.525	25,000	MODERATE	SIGNIFIC	SIGNIFIC	LARGE
Metro posters (8 transfer stations and 20 more stations)	0.68	30,000	MODERATE	SIGNIFIC	EXTREME	SIGNIFIC
Internet ads (5 sources: 30,000 hits/source)	0.371	11,250	EXTREME	LARGE	MODERATE	LARGE
Internet ads (10 sources: 30,000 hits/source)	0.485	22,500	EXTREME	LARGE	LARGE	SIGNIFIC
Internet ads (15 sources: 30,000 hits/source)	0.641	33,750	EXTREME	LARGE	SIGNIFIC	EXTREME

Table 2 – Rating Table

4. *Bus Shelter*

In metropolitan area, the public transportation becomes an important alternative to commute in the area. Bus shelter is also a medium that many people have to see everyday: therefore, we can take advantage out of this fact.

5. *Billboard*

Billboard can catch a significant attention from pedestrians and drivers. However, it has a limitation of up date because it cost a company a huge amount of money to change the billboard each time.

6. *Exterior Bus Panel*

Metro buses in DC area become a good media because of their mobility. People around the area can see the ad, no matter they are working around town or just working in office.

7. Metro Station Posters

The important commute transportation in the area is Metro subway. Many people use subway to go around the DC because of its traffic and parking problem.

8. Internet Ad

Internet becomes a crucial tool for working, research or just surfing around. As estimated of Net surfer, it is almost 30 million around the world. Almost every business and household get connects with the net.

5. FIND THE BEST COMBINATION OF ALTERNATIVES

After defined intensities for rating how much each alternative level of allocation for each media would contribute to each of our objectives, We will use a Incremental Benefit Cost function in Team Expert Choice to calculate the best proportion for our targeted budget.

At lowest level of funding, the lowest level of each media is selected as shown in Figure 3. The cost and benefit are \$186,250 and 50.75, respectively. If additional fund beyond \$186,250 is to be allocated, then the Metro poster should be increased to a higher level of funding.

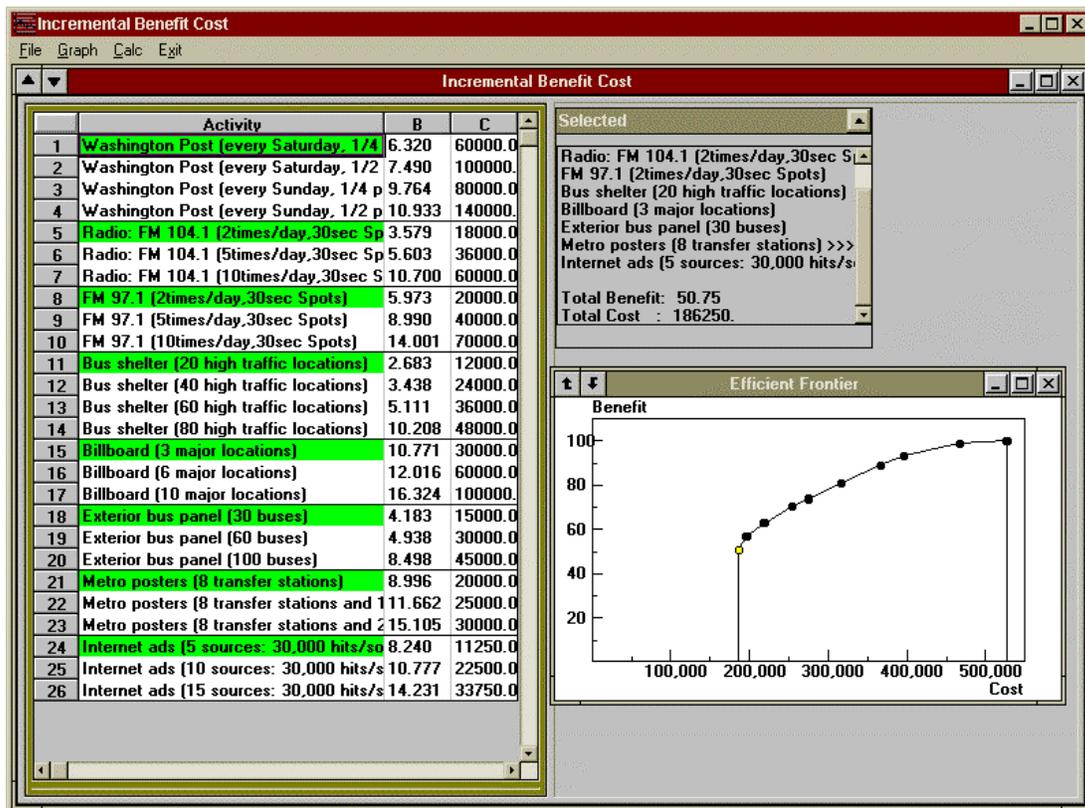


Figure 3 – Lowest Level of Funding

At the target budget, we got the total benefit of 80.93 at the cost of \$316,750. The alternatives, which are selected, are shown in Figure 4. If we can allocate budget beyond \$320,000, the best choice is to increase the budget in FM 97.1 radio station.

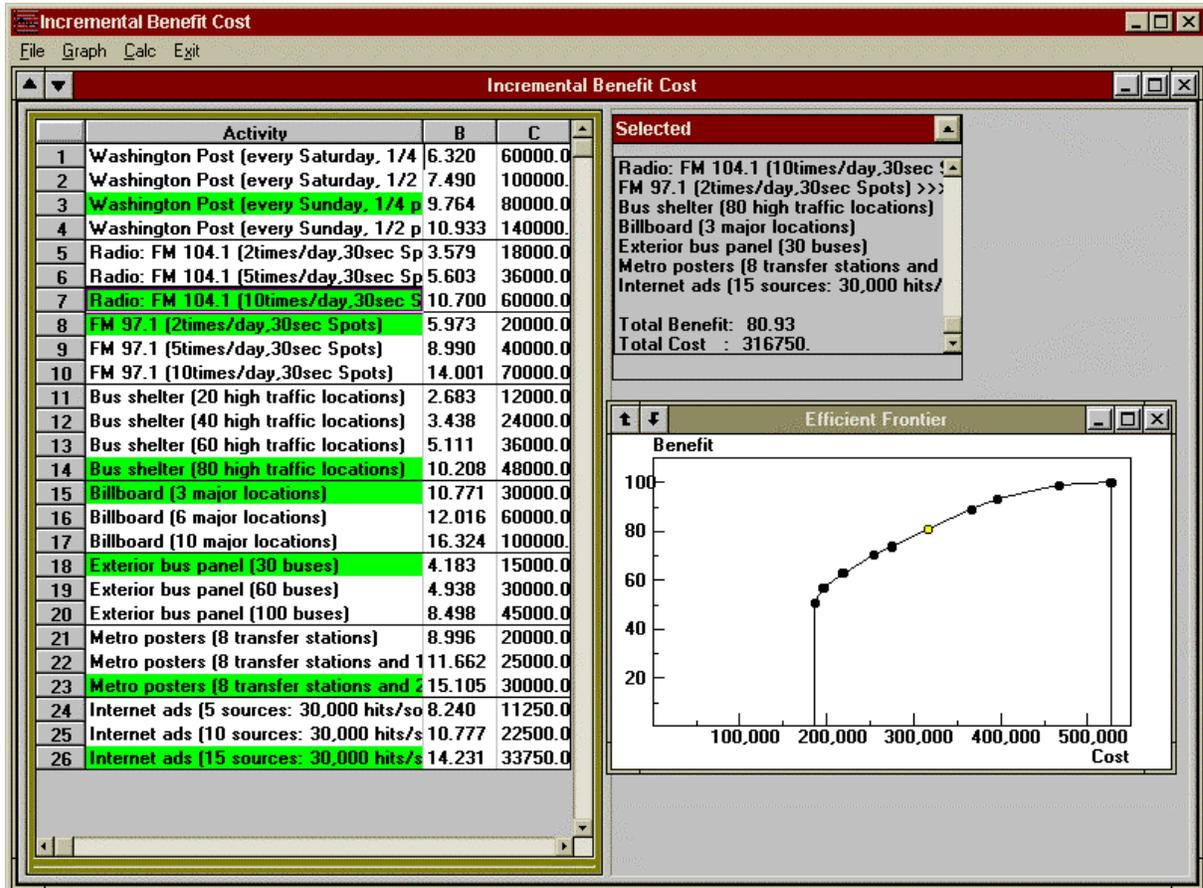


Figure 4 – Target Budget Funding in “Selecting Media for the Gap’s Advertising Plan”.

At the highest level of funding, the maximum cost is \$526,750 to reach 100% of benefit. At this level of funding, every highest cost for each category is selected as shown in Figure 5.

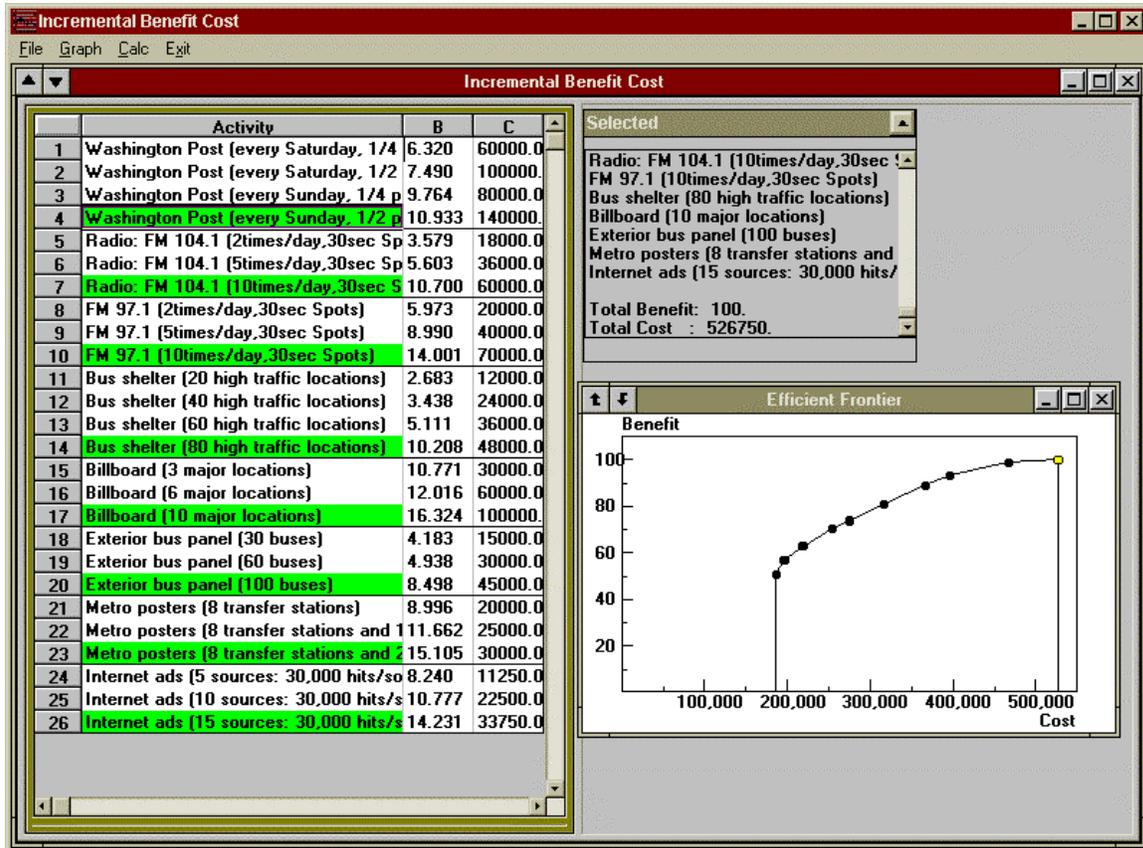


Figure 5 -- Highest Level of Funding

Based on limit of our budget (320,000\$) for this campaign, the best combination is the following group;

- Washington Post (Every Sunday, 1/4 page)
- FM 104.1 (10 times/day, 30 sec spots)
- Bus shelter (80 high traffic locations)
- Billboard (3 major locations)
- Exterior bus panel (30 buses)
- Metro posters (8 transfer stations and 20 more stations)
- Internet ad (15 sources: 30,000 hits/source)

The benefit and costs are 80.93 and 316,750\$ respectively. The best combination, with limited budget, of alternatives in "Selecting Media for the Gap's Advertising Plan" is shown in Figure 4.

CONCLUSION

Resource allocation is an important work that every organization has to make a good decision. It is the fact that good decision must be made on the basis of achievement of objectives. And so it is with resource allocation decision.

In selecting media for the Gap's advertising plan, we have to allocate our budget to only one medium in each media category. Also, we have to attain our objective at the same time. In our opinion, Activity Level Resource Allocation is very suitable in the situation that only one medium from each category can be selected. In addition, Team Expert Choice software can help us in the situation that our decision has to attain overall media objectives. Also, it provides the Activity Level Resource Allocation solution. As a result, to find an optimal solution for allocating our limited budget, we use Team Expert Choice software in selecting media for the Gap's advertising plan. By doing this, we can prioritize our media objectives and can evaluate how much each alternative contributes to each of them. This means that we can attain our media objectives. At the same time, with the maximization of benefit, we can also allocate our limited budget effectively.

To implement the organization objective and strategy into real life work. The expert choice is very helpful for a decision making process that has a limit resource and some preferences. By using Expert Choice software, we experience a tremendous benefit that we can apply it to various kind of business decision making. We can apply it not only to the resource allocation but also the project selection and other as well.

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