

Does your advertising work?

Many retailers erroneously believe that there is a direct relationship between advertising and sales results. They use sales as the primary measure of whether or not their advertising is effective. While advertising and sales are related, they are not perfectly correlated. For example, if a retailer successfully drives lots of new prospects into his store but is understaffed and can't convert the traffic into a sale, the overall sales results may appear lackluster, and from this, they may wrongly conclude that the advertising didn't work. Understanding traffic volume can tell retailers much about the effectiveness of their advertising. HeadCount helps make this clear.

An auto dealer was perplexed about his advertising spending. His advertising spending was up over the prior year, but sales were about flat. He wondered if his advertising was doing the job. He reasoned that his advertising wasn't working because his sales hadn't increased even though his ad spend did.

Working with HeadCount the dealer set out to try to find the answer. After tracking showroom traffic for several months and through several advertising campaigns, the trends were clear – the advertising was not driving additional prospects into the showroom. Traffic remained flat throughout the several campaign segments. Instead of focusing solely on the sales results, the dealer is now focused on driving traffic as the key objective for his advertising. As a result of using the HeadCount analysis, the dealer changed his advertising approach and now focuses on driving traffic.

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