



BY DON E. SCHULTZ

## DISROBING THE EMPEROR

**THE CURRENT ECONOMIC** malaise has encouraged marketing mavens, scholars and managers to trot out the hoary old idea that “when times get tough, it’s time to increase the marketing spend.” The premise, of course, is that when sales turn downward, competitors will be forced or will arbitrarily reduce their marketing investments to make up for the bottom-line deficit. Thus, if competitors are spending less, an excellent strategic move for the marketers still standing is to increase their spending. Thus, the aggressive marketer would capture a greater share of market ... if not now, later, when economic times are better. Less competitive advertising or clutter somehow makes the marketer’s messages and promotions more effective than in times when all are competing.

On the surface the concept seems intuitively appealing. If there are fewer advertisers, the advertising that is still there, it is argued, will somehow be more important, interesting, involving and engaging and more, so the belief is, effective than when all the marketers are clamoring for audience attention. Less clutter is better. Therefore spending more than others is a smart move. Somehow, though, it’s hard to believe that bad ads, which apparently didn’t work well in good economic times, will somehow transform themselves under different conditions. But that’s the premise.

The idea is especially appealing to agencies and media but, perhaps, not so attractive to CFOs. As marketing budgets are scaled back or put on hold, agency and media incomes naturally decline. For agencies, media, support groups and others who have sometimes lived beyond their means, this is an unwelcome and, in the words of Al Gore, “inconvenient truth” about how to make ends meet next month and next year.

The premise behind this “spend your way out of the recession or downturn or whatever the current economic cycle

is being called” is that more advertising spending is always better ... in good times or in bad. Thus the marketer must match or exceed what competitors are doing.

This concept of spending more than your competitor, whether times be good or bad, but especially in bad times, is so embedded in the advertising folklore that it has even been given a name with some accompanying nifty calculations. It’s called “share of voice” or SOV.

No one seems to know quite who invented the concept or the calculation. But in essence the idea is that if you want to grow your business or your brand, you must outspend your competition. So if you have an estimated 8% of the market, to grow your share, you must spend more than 8% of the total category dollars. Just exactly how much more is open to conjecture. Some say 25% more to gain a point of market share. Others say it can be done with less. But media experts seem to agree that simply reaching competitive parity only keeps you even in the marketplace, which is not an attractive alternative when sales are tanking.

Inherent in this SOV concept is that advertising spending is directly linked to either market share or sales or ROI or something else the marketer thinks is valuable, now or some time in the future. So, share of voice has become ingrained in the advertising literature. Agencies use it to argue for more media investments. Trade publications create charts and graphs to explain why company X is losing share by not spending enough. Marketing managers use it to fend off those razor-wielding financial types who are focused on the bottom line. In short, it’s a pervasive concept that gets trotted out with regularity, particularly in economic downturns.

But is there any substance to the idea of share of voice? Or is this just another one of those advertising concepts that sounds good but really has little or no real

substance and even less merit? Is it, indeed, the emperor’s missing wardrobe?

I added up the advertising spend for the top six automobile manufacturers for 2007 from the *Brandweek* Superbrands issue. I compared their advertising spend to their share of market. Guess what? There’s no real evidence that share of voice means much of anything except a platitude from the marketing folks to keep the budget up. For example, in 2007, in the entire automobile category, General Motors had a 23.6% share of market but spent only 15.2% of the advertising dollars. That might, perhaps, explain why GM sales continue to decline. Ford had a 21.4% SOV and a 23.8% share of market. Yet overall Ford sales continue to decline. Nissan spent 17% of all advertising dollars but only obtained an 8.9% market share. Honda had the same problem; 12.8% market share but 15.1% SOV. In short, in the auto category share of market and share of voice calculations are all over the lot. Yet advertising types continue to support and expound on the concept. Clearly, wrapping oneself in the concept of share of voice to maintain or increase advertising spending seems like an obvious case of the emperor’s new clothes to me.

One can only wonder what other advertising truisms, accepted wisdoms or unproven hypotheses this economic turn-down may uncover. Certainly it seems that SOV may have a hard time with the financial folks. Advertising’s emperor’s new clothes premise of increasing SOV to get share of market now or even later doesn’t expose much, except the fallacy of another advertising concept. ■



**Don E. Schultz** is a professor (emeritus-in-service) of integrated marketing communications at Northwestern University in Evanston, Ill. He can be reached at [dschultz@northwestern.edu](mailto:dschultz@northwestern.edu) or [news@ama.org](mailto:news@ama.org)