

# DYNAMICS IN ADVERTISING & PROMOTIONS

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## Abstract

The objective of the special session is the advancement of insights into the effects of dynamics on both, advertising and promotions. To this end, we combine the presentations of four new studies into this special session that highlight several new substantial findings important to academia and industry alike:

(1) “Copy Changes and Advertising Dynamics” (by June Lee and Demetrios Vakratsas) investigates how switching among multiple advertising copies influences the dynamics of advertising effectiveness, namely copy and repetition wearout. This is important from a managerial perspective, since managers should be interested in copy replacement time, in addition to the possibility of re-launching past advertising copies in an attempt to reduce advertising production costs. (2) “Differential Diminishing Returns to Advertising” (by Kay Peters, Prasad Naik, and Ashwin Aravindakshan) questions the decade-old notion in industry and academics of specifying homogenous diminishing returns, i.e., square-root or log of advertising input, for all media employed. The study finds that carryovers as well as diminishing returns vary substantially even across traditional media and allowing heterogeneity yields better allocation decisions. (3) “On the other Side of Loyalty: Dynamic Campaign Optimization in the Presence of Competition” (by Jue Wang, Onur Inegol, Ceren Kolsarici, and Mikhail Nediak) investigates the impact of media combinations on the path to conversion at the individual customer level, accounting for a consumer’s relationship with competitors. It shows how the dynamic effects of media combinations along the conversion path are moderated by the heterogeneity in individual’s relationships with competitors. (4) “Optimal Depth and Coverage of Promotions” (by Kay Peters, Olivier Rubel, and Prasad Naik) combines the novel aspect of promotion coverage and its interaction with promotion depth into a dynamic investigation of their joint interplay with advertising efforts. The study derives counterintuitive implications for optimizing promotion impact for both, promotion depth with coverage as well as advertising budget, and implements them for a large FMCG brand.

This session targets academics and managers in both large marketing research domains of advertising and promotions. As large communities of their own, these two domains often do not interact sufficiently to understand the reciprocal impact of their decisions on the other, like sales and marketing departments in corporations. To facilitate a better exchange, this session invites both communities to share and discuss latest insights to improve future cooperation to the mutual benefit of both domains.