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**Managing Advertising Campaigns for New Product  
Launches in the Automobile Industry: An Application at  
Mercedes-Benz**

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## ABSTRACT

The launch of a new car model is one of the most critical activities that automotive product and brand managers need to deal with. The challenge is to design an advertising campaign and back it up with appropriate media investment that creates awareness, product involvement and motivates potential target customers to seek further information about the new model. Due to the rise of the Internet, today's car brand managers can choose from a variety of communication channels. A key issue is to understand how effective these channels are relative to each other.

Econometric market response modeling offers a well-established methodology to estimate the relative effectiveness of media channels. However, these models require many observations on brand sales and expenditures, which are hardly available from a single launch campaign lasting no longer than 4 to 8 weeks. In addition, brand advertising rarely shows an immediate effect on sales but rather unfolds its impact in the long run through brand building. Unfortunately, the marketing literature gives only little guidance for market researchers and managers on how to assess the effectiveness of a single short-term launch campaign under real market conditions.

We introduce a new launch campaign management approach that has been implemented at Mercedes-Benz and became the standard for monitoring its integrated advertising campaigns in Germany. Our solution to the sample size issue is to collect data on exposure to various media from target customers through a representative online survey. Matching individual media consumption with the media schedule of the campaign enables us to measure the Opportunities-to-See (OTS) by channel, which we then convert into individual-level spend data. As a result, we have a dataset with sufficient observations and variance to estimate an econometric marketing spend model. We use this model (1) to monitor the effectiveness of expenditures across media channels and campaigns, (2) to predict advertising key performance indicators (advertising KPIs) at varying budget levels, and (3) to identify potential cost savings from optimizing the total budget and the media mix.