

## CHAPTER 18 :: MANAGING MASS COMMUNICATIONS: ADVERTISING, SALES PROMOTIONS, EVENTS, AND PUBLIC RELATIONS

# eighteen

At the American Association of Advertising Agencies' annual media conference in 1994, Procter & Gamble CEO Ed Atrzt shook up the advertising world by proclaiming that marketers needed to develop and embrace new media. Ten years later, at that same conference, P&G CMO Jim Stengel gave a status report on how well he felt marketers have fared.<sup>1</sup> Stengel pointed out that although new media were now abundant, marketers and agencies were not using or measuring them sufficiently. In 1994, 90 percent of P&G's global ad spending was on TV, but one of its most successful brand launches in history, for Prilosec OTC in 2003, allocated only about one-quarter of its spending to TV. Here is some of what he said:

**T**here must be—and is—life beyond the 30-second spot. But our systems still revolve around that. Today's marketing world is broken. . . . We are still too dependent on marketing tactics that are not in touch with today's consumers. . . . All marketing should be permission marketing. All marketing should be so appealing that consumers want us in their lives. . . . The traditional marketing model is obsolete. Holistic marketing is driving our business."

>>>

Jim Stengel, Procter & Gamble CMO, in his office.

Procter & Gamble is not alone. Marketers of all kinds are trying to come to grips with how to best use mass media in the new communication environment. In this chapter, we examine the nature and use of four mass communication tools—advertising, sales promotion, events and experiences, and public relations and publicity.

### \*\*\* Developing and Managing an Advertising Program

**Advertising** is any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor. Ads can be a cost-effective way to disseminate messages, whether to build a brand preference or to educate people.

Organizations handle advertising in different ways. In small companies, advertising is handled by someone in the sales or marketing department, who works with an advertising agency. A large company will often set up its own department, whose manager reports to the vice president of marketing. The department's job is to propose a budget, develop strategy, approve ads and campaigns, and handle direct-mail advertising, dealer displays, and other forms of advertising.

Most companies use an outside agency to help create advertising campaigns and to select and purchase media. Today, advertising agencies are redefining themselves as **communications companies** that assist clients to improve their overall communications effectiveness by offering strategic and practical advice on many forms of communication.<sup>2</sup>

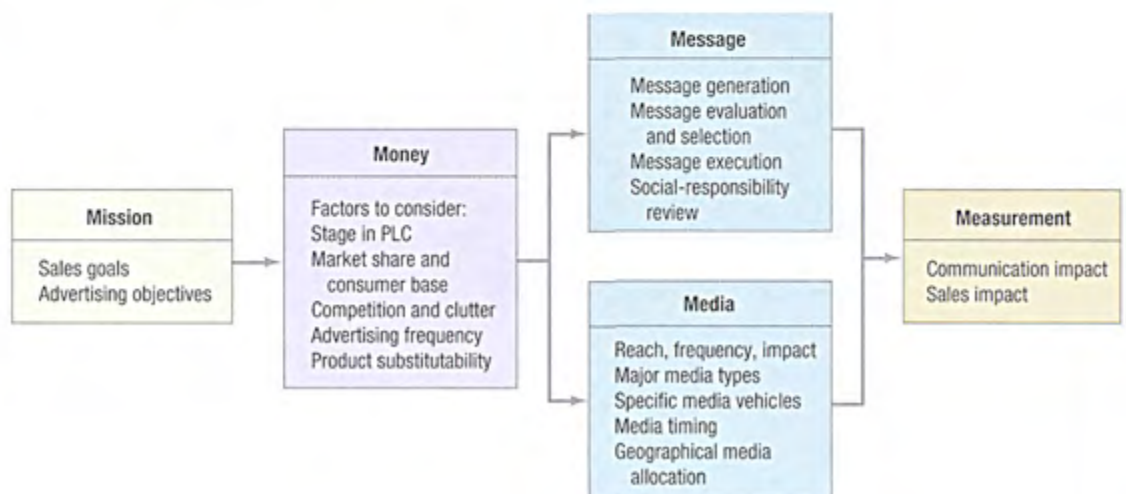
In developing an advertising program, marketing managers must always start by identifying the **target market and buyer motives**. Then they can make the five major decisions, known as “the five Ms”: **Mission**: What are the advertising objectives? **Money**: How much can be spent? **Message**: What message should be sent? **Media**: What media should be used? **Measurement**: How should the results be evaluated? These decisions are summarized in Figure 18.1 and described in the following sections.

#### Setting the Objectives

The advertising objectives must flow from prior decisions on target market, brand positioning, and the marketing program.

FIG. 18.1

The Five Ms of Advertising





An **advertising goal** (or objective) is a specific communications task and achievement level to be accomplished with a specific audience in a specific period of time.<sup>3</sup>

To increase among 30 million homemakers who own automatic washers the number who identify brand X as a low-sudsing detergent and who are persuaded that it gets clothes cleaner from 10 percent to 40 percent in one year.

Advertising objectives can be classified according to whether their aim is to inform, persuade, remind, or reinforce. They aim at different stages in the *hierarchy-of-effects* discussed in Chapter 17.

■ **Informative advertising** aims to create brand awareness and knowledge of new products or new features of existing products. One of the all-time most memorable ads starred Australian rugby player Jacko for Energizer batteries. He was shown dressed as a battery, bursting into an early morning subway car, repeatedly shouting out the brand name to the commuters. Unfortunately, people remembered the name—but hated the ad! Brand awareness cannot come at the expense of brand attitudes.

■ **Persuasive advertising** aims to create liking, preference, conviction, and purchase of a product or service. Chivas Regal attempts to persuade consumers that it delivers more taste and status than other brands of Scotch whiskey. Some persuasive advertising uses comparative advertising, which makes an explicit comparison of the attributes of two or more brands.<sup>4</sup> For years, VISA has run a successful ad campaign called “It’s Everywhere You Want to Be,” that showcases desirable locations and events that don’t accept the American Express card. Comparative advertising works best when it elicits cognitive and affective motivations simultaneously.<sup>5</sup>

■ **Reminder advertising** aims to stimulate repeat purchase of products and services. Expensive, four-color Coca-Cola ads in magazines are intended to remind people to purchase Coca-Cola.

■ **Reinforcement advertising** aims to convince current purchasers that they made the right choice. Automobile ads often depict satisfied customers enjoying special features of their new car.

The advertising objective should emerge from a thorough analysis of the current marketing situation. If the product class is mature, the company is the market leader, and brand usage is low, the proper objective should be to stimulate more usage. If the product class is new, the company is not the market leader, but the brand is superior to the leader, then the proper objective is to convince the market of the brand’s superiority.

## Deciding on the Advertising Budget

How does a company know if it is spending the right amount? Some critics charge that large consumer-packaged-goods firms tend to overspend on advertising as a form of insurance against not spending enough, and that industrial companies underestimate the power of company and product image building and tend to underspend.<sup>6</sup>

Although advertising is treated as a current expense, part of it is really an investment in building brand equity. When \$5 million is spent on capital equipment, the equipment may be treated as a five-year depreciable asset and only one-fifth of the cost is written off in the first year. When \$5 million is spent on advertising to launch a new product, the entire cost must be written off in the first year. This reduces the company’s reported profit and therefore limits the number of new-product launches a company can undertake in any one year.

In Chapter 17, we described some general methods to estimate communications budgets. Here are five specific factors to consider when setting the advertising budget:<sup>7</sup>

1. **Stage in the product life cycle** – New products typically receive large advertising budgets to build awareness and to gain consumer trial. Established brands usually are supported with lower advertising budgets as a ratio to sales.<sup>8</sup>
2. **Market share and consumer base** – High-market-share brands usually require less advertising expenditure as a percentage of sales to maintain share. To build share by increasing market size requires larger expenditures. On a cost-per-impression basis, it is less expensive to reach consumers of a widely used brand than to reach consumers of low-share brands.
3. **Competition and clutter** – In a market with a large number of competitors and high advertising spending, a brand must advertise more heavily to be heard. Even simple



clutter from advertisements not directly competitive to the brand creates a need for heavier advertising.

4. **Advertising frequency** – The number of repetitions needed to put across the brand's message to consumers has an important impact on the advertising budget.
5. **Product substitutability** – Brands in less-well-differentiated or commodity-like product classes (beer, soft drinks, banks, and airlines) require heavy advertising to establish a differential image. Advertising is also important when a brand can offer unique physical benefits or features.

In one study of budget allocation, Low and Mohr found that managers allocate less to advertising as brands move to the more mature phase of the product life cycle; when a brand is well-differentiated from the competition; when managers are rewarded on short-term results; as retailers gain more power; and when managers have less experience with the company.<sup>9</sup>

## Developing the Advertising Campaign

In designing and evaluating an ad campaign, it is important to distinguish the *message strategy* or positioning of an ad (what the ad attempts to convey about the brand) from its *creative strategy* (how the ad expresses the brand claims). So designing effective advertising campaigns is both an art and a science. To develop a message strategy, advertisers go through three steps: message generation and evaluation, creative development and execution, and social-responsibility review.

**MESSAGE GENERATION AND EVALUATION** It is important to generate fresh insights and avoid using the same appeals and positions as others. Many of today's automobile ads have a sameness about them—a car driving at high speed on a curved mountain road or across a desert. The result is that only a weak link is established between the brand and the message.

A good ad normally focuses on one or two core selling propositions. As part of refining the brand positioning, the advertiser should conduct market research to determine which appeal works best with its target audience. Once they find an effective appeal, advertisers should prepare a *creative brief*, typically covering one or two pages. It is an elaboration of the *positioning statement* (see Chapter 10) and includes: key message, target audience, communications objectives (to do, to know, to believe), key brand benefits, supports for the brand promise, and media. All the team members working on the campaign need to agree on the creative brief before investing in costly ads.

How many alternative ad themes should the advertiser create before making a choice? The more ads created, the higher the probability of finding an excellent one. Under a commission system, an agency may not like to go to the expense of creating and pretesting many ads. Fortunately, the expense of creating rough ads is rapidly falling due to computers. An ad agency's creative department can compose many alternative ads in a short time by drawing from computer files containing still and video images.

**CREATIVE DEVELOPMENT AND EXECUTION** The ad's impact depends not only on what is said, but often more important, on how it is said. Message execution can be decisive. In preparing an ad campaign, the advertiser can prepare a *copy strategy statement* describing the objective, content, support, and tone of the desired ad. Here is the strategy statement for a Pillsbury product called 1869 Brand Biscuits.

### PILLSBURY

The advertising *objective* is to convince biscuit users they can buy a canned biscuit that is as good as homemade—Pillsbury's 1869 Brand Biscuits. The *content* consists of emphasizing the following product characteristics: They look like, have the same texture as, and taste like homemade biscuits. *Support* for the "good as homemade" promise will be twofold: (1) 1869 Brand Biscuits are made from a special kind of flour used to make homemade biscuits but never before used in making canned biscuits, and (2) the use of traditional American biscuit recipes. The tone of the advertising will be a news announcement, tempered by a warm, reflective mood emanating from a look back at traditional American baking quality.

Every advertising medium has specific advantages and disadvantages. Here, we review television, radio, and print advertising media.



**Television Ads** Television is generally acknowledged as the most powerful advertising medium and reaches a broad spectrum of consumers. The wide reach translates to low cost per exposure. From a brand-building perspective, TV advertising has two particularly important strengths. First, it can be an effective means of vividly demonstrating product attributes and persuasively explaining their corresponding consumer benefits. Second, TV advertising can be a compelling means for dramatically portraying user and usage imagery, brand personality, and other brand intangibles.

Television advertising also has its drawbacks. Because of the fleeting nature of the message and the potentially distracting creative elements often found in a TV ad, product-related messages and the brand itself can be overlooked. Moreover, the large number of ads and nonprogramming material on television creates clutter that makes it easy for consumers to ignore or forget ads. Another important disadvantage is the high cost of production and placement. Even though the price of TV advertising has skyrocketed, the share of the prime time audience for the major networks has steadily declined. By any number of measures, the effectiveness of any one ad, on average, has diminished. For example, Video Storyboards reported that the number of viewers who said that they paid attention to TV ads dropped significantly in the last decade.

Nevertheless, properly designed and executed TV ads can improve brand equity and affect sales and profits. Over the years, one of the most consistently successful TV advertisers has been Apple. The “1984” ad for the introduction of the Macintosh personal computer—portraying a stark Orwellian future with a feature film look—ran only once on TV but is one of the best known ads ever. In the years that followed, Apple advertising successfully created awareness and image for a series of products, most recently with its acclaimed “Think Different” campaign. Even with the decline in audiences for the TV advertisement, a well-done TV commercial can still be a powerful marketing tool.

#### AFLAC INC.

Insurance companies have a particularly hard time creating brand awareness as well as differentiating themselves from competing insurers. Insurance company Aflac Inc., was relatively unknown until a highly creative ad campaign made it one of the most recognized brands in recent history. The lighthearted campaign features an irascible duck incessantly shouting the company's name, “Aflac!” while consumers or celebrities discuss its supplemental health insurance. The duck's frustrated bid for attention appealed to consumers, who are now paying the company a lot of attention. Sales were up 28 percent in the first year the duck aired, and name recognition went from 13 percent to 91 percent in that time.<sup>10</sup>

**Print Ads** Print media offer a stark contrast to broadcast media. Because of their self-paced nature, magazines and newspapers can provide much detailed product information and can also effectively communicate user and usage imagery. At the same time, the static nature of the visual images in print media makes it difficult to provide dynamic presentations or demonstrations. Another disadvantage is that print media can be fairly passive.

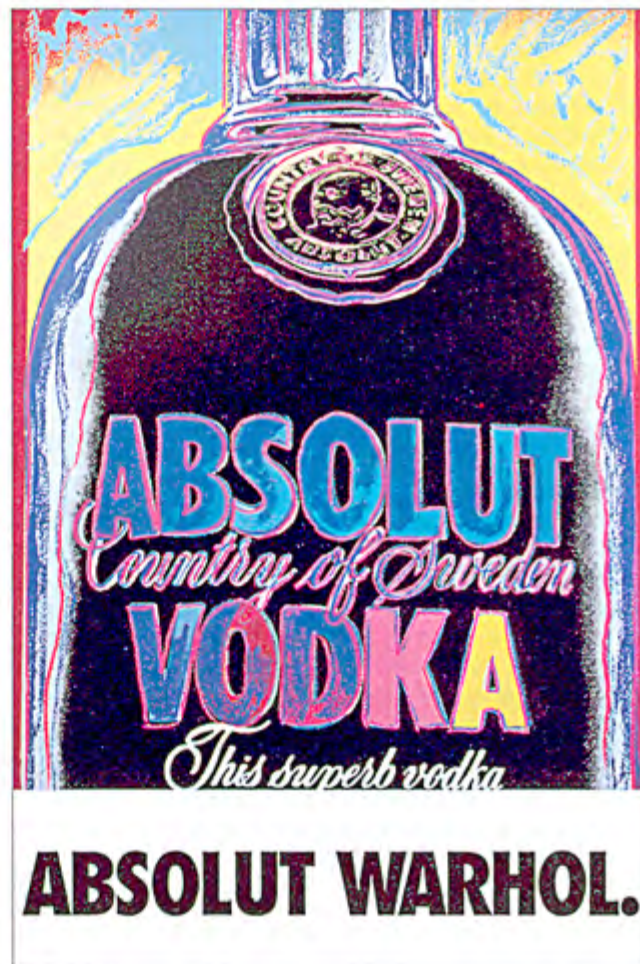
In general, the two main print media—magazines and newspapers—have many of the same advantages and disadvantages. Although newspapers are timely and pervasive, magazines are typically more effective at building user and usage imagery. Daily newspapers are read by roughly three-fourths of the population and tend to be used a lot for local—especially retailer—advertising. Although advertisers have some flexibility in designing and placing newspaper ads, poor reproduction quality and short shelf life can diminish their impact.

*Format* elements such as ad size, color, and illustration also affect a print ad's impact. A minor rearrangement of mechanical elements can improve attention-getting power. Larger ads gain more attention, though not necessarily by as much as their difference in cost. Four-color illustrations increase ad effectiveness and ad cost. New electronic eye movement studies show that consumers can be led through an ad by strategic placement of dominant elements.

Researchers studying print advertisements report that the *picture*, *headline*, and *copy* are important, in that order. The picture must be strong enough to draw attention. Then the headline must reinforce the picture and lead the person to read the copy. The copy itself must be engaging and the advertised brand's name must be sufficiently prominent. Even then, a really outstanding ad will be noted by less than 50 percent of the exposed audience. About 30 percent might recall the headline's main point; about 25 percent might remember the advertiser's name; and less than 10 percent will read most of the body copy. Ordinary ads do not achieve even these results.



Building a unique brand image:  
Absolut Warhol, The Absolut print  
ad by Andy Warhol.



Given how consumers process print ads, some clear managerial implications emerge, as summarized in "Marketing Memo: Print Ad Evaluation Criteria." One print ad campaign that successfully carved out a brand image is Absolut vodka.

#### ABSOLUT VODKA

Vodka is generally viewed as a commodity product, yet the amount of brand preference and loyalty in the vodka market is astonishing. Most of this preference and loyalty is attributed to brand image. When the Swedish brand Absolut entered the U.S. market in 1979, the company sold a disappointing 7,000 cases. By 1991, sales had soared to over 2 million cases. Absolut became the largest-selling imported vodka in the United States, with 65 percent of the market, thanks in large part to its marketing strategy. In the U.S. market, Absolut has aimed for sophisticated, upwardly mobile, affluent drinkers. The vodka comes in a **distinctive clear bottle that is used as the centerpiece of every ad.** Well-known artists—including Warhol, Haring, and Scharf—have designed Absolut ads, and the bottle image always fits with the caption in a clever way.<sup>11</sup>

**Radio Ads** Radio is a pervasive medium: 96 percent of all Americans age 12 and older listen to the radio daily and, on average, for over 20 hours a week. Perhaps radio's main advantage is flexibility—stations are very targeted, ads are relatively inexpensive to produce and place, and short closings allow for quick response. Radio is a particularly effective medium in the morning; it can also let companies achieve a balance between broad and localized market coverage. AT&T uses radio to target African American consumers because African Americans spend an average of four hours every day listening to the radio, far more time than the national average of 2.8 hours.<sup>12</sup> As the centerpiece of its 2000 multimedia campaign, AT&T sponsored a live radio broadcast of a Destiny's Child concert that included a promotion where listeners could win a trip to New Orleans.





## MARKETING MEMO

## PRINT AD EVALUATION CRITERIA

In judging the effectiveness of a print ad, in addition to considering the communication strategy (target market, communications objectives, and message and creative strategy), the following questions should be answered affirmatively concerning the executional elements:

1. Is the message clear at a glance? Can you quickly tell what the advertisement is all about?
2. Is the benefit in the headline?
3. Does the illustration support the headline?
4. Does the first line of the copy support or explain the headline and illustration?
5. Is the ad easy to read and follow?
6. Is the product easily identified?
7. Is the brand or sponsor clearly identified?

Source: Philip Ward Burton and Scott C. Purvis, *Which Ad Pulled Best*, 9th ed. (Lincolnwood, IL: NTC Business Books, 2002).

The obvious disadvantages of radio are the lack of visual images and the relatively passive nature of the consumer processing that results.<sup>13</sup> Nevertheless, radio ads can be extremely creative. Some see the lack of visual images as a plus because they feel the clever use of music, sound, and other creative devices can tap into the listener's imagination to create powerfully relevant and liked images. Here is an example:

## MOTEL 6

Motel 6, the nation's largest budget motel chain, was founded in 1962 when the "6" stood for \$6 a night. After finding its business fortunes hitting bottom in 1986 with an occupancy rate of only 66.7 percent, Motel 6 made a number of marketing changes. It included the launch of a radio campaign of humorous 60-second ads featuring folksy contractor-turned-writer Tom Bodett with the clever tagline "We'll leave the light on for you." The ad campaign is credited with a rise in occupancy and a revitalization of the brand that continues to this day.

**SOCIAL-RESPONSIBILITY REVIEW** Advertisers and their agencies must be sure advertising does not overstep social and legal norms. Public policy makers have developed a substantial body of laws and regulations to govern advertising.

Under U.S. law, advertisers must not make false claims, such as stating that a product cures something when it does not. They must avoid false demonstrations, such as using sand-covered plexiglass instead of sandpaper to demonstrate that a razor blade can shave sandpaper. It is illegal in the United States to create ads that have the capacity to deceive, even though no one may actually be deceived. For example, a floor wax cannot be advertised as giving six months' protection unless it does so under typical conditions, and a diet bread cannot be advertised as having fewer calories simply because its slices are thinner. The problem is how to tell the difference between deception and "puffery"—simple exaggerations not intended to be believed which are permitted by law.

Sellers in the United States are legally obligated to avoid bait-and-switch advertising that attracts buyers under false pretenses. Suppose a seller advertises a sewing machine at \$149. When consumers try to buy the advertised machine, the seller cannot then refuse to sell it, downplay its features, show a faulty one, or promise unreasonable delivery dates in order to switch the buyer to a more expensive machine.<sup>14</sup>

To be socially responsible, advertisers must be careful not to offend the general public as well as any ethnic groups, racial minorities, or special-interest groups.<sup>15</sup> Ads for Calvin Klein apparel have often been accused of crossing the lines of decency, with ads featuring the waifish model Kate Moss that came under attack from Boycott Anorexic Marketing, and ads featuring pubescent models—some reportedly as young as 15—in provocative poses, which resulted in a massive letter-writing campaign from the American Family Association.<sup>16</sup>

Every year, the nonprofit trade group Advertising Women of New York singles out TV and print ads that it feels portray particularly good or bad images of women. In 2004, Sirius Satellite Radio won the TV Grand Ugly award for its "Car Wash" ad, which featured Pam Anderson in a wet tank top using her entire body to clean a young man's car. Print Grand Ugly went to a Sony Playstation ad that featured a woman giving birth to the head of a grown

man. The TV Grand Good ad went to a MasterCard commercial in which a woman opens a jar of pickles after her weakling husband fails the test.<sup>17</sup>

### Deciding on Media and Measuring Effectiveness

After choosing the message, the advertiser's next task is to choose media to carry it. The steps here are deciding on desired reach, frequency, and impact; choosing among major media types; selecting specific media vehicles; deciding on media timing; and deciding on geographical media allocation. Then the results of these decisions need to be evaluated.

#### Deciding on Reach, Frequency, and Impact

**Media selection** is finding the most cost-effective media to deliver the desired number and type of exposures to the target audience. What do we mean by the desired number of exposures? Presumably, the advertiser is seeking a specified advertising objective and response from the target audience—for example, a target level of product trial. The rate of product trial will depend, among other things, on level of brand awareness. Suppose the rate of product trial increases at a diminishing rate with the level of audience awareness, as shown in Figure 18.2(a). If the advertiser seeks a product trial rate of (say)  $T^*$ , it will be necessary to achieve a brand awareness level of  $A^*$ .

The next task is to find out how many exposures,  $E^*$ , will produce a level of audience awareness of  $A^*$ . The effect of exposures on audience awareness depends on the exposures' reach, frequency, and impact:

- **Reach (R).** The number of different persons or households exposed to a particular media schedule at least once during a specified time period.
- **Frequency (F).** The number of times within the specified time period that an average person or household is exposed to the message.
- **Impact (I).** The qualitative value of an exposure through a given medium (thus a food ad in *Good Housekeeping* would have a higher impact than in *Fortune* magazine).

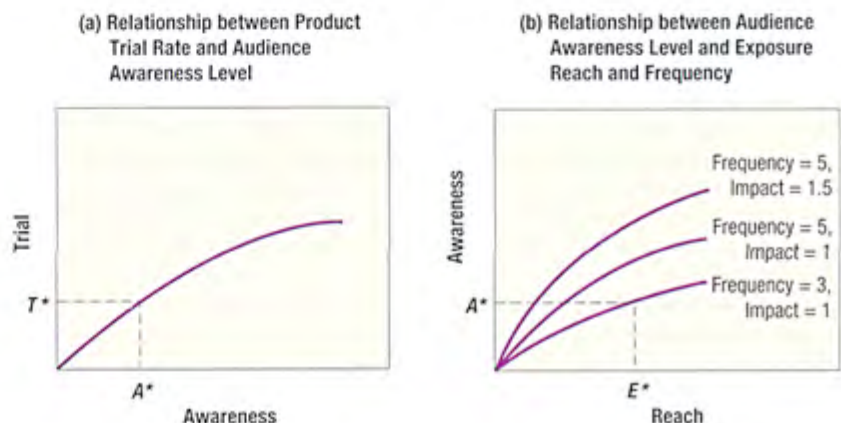
Figure 18.2(b) shows the relationship between audience awareness and reach. Audience awareness will be greater, the higher the exposures' reach, frequency, and impact. There are important trade-offs among reach, frequency, and impact. Suppose the planner has an advertising budget of \$1,000,000 and the cost per thousand exposures of average quality is \$5. This means the advertiser can buy 200,000,000 exposures ( $\$1,000,000 \div [\$5/1,000]$ ). If the advertiser seeks an average exposure frequency of 10, then the advertiser can reach 20,000,000 people ( $200,000,000 \div 10$ ) with the given budget. But if the advertiser wants higher-quality media costing \$10 per thousand exposures, it will be able to reach only 10,000,000 people unless it is willing to lower the desired exposure frequency.

The relationship between reach, frequency, and impact is captured in the following concepts:

- **Total number of exposures (E).** This is the reach times the average frequency; that is,  $E = R \times F$ . This measure is referred to as the gross rating points (GRP). If a given media schedule reaches 80 percent of the homes with an average exposure frequency of 3, the

FIG. 18.2

Relationship Among Trial, Awareness, and the Exposure Function





media schedule is said to have a GRP of 240 ( $80 \times 3$ ). If another media schedule has a GRP of 300, it is said to have more weight, but we cannot tell how this weight breaks down into reach and frequency.

■ **Weighted number of exposures (WE).** This is the reach times average frequency times average impact, that is  $WE = R \times F \times I$ .

The media planner has to figure out the most cost-effective combination of reach, frequency, and impact. Reach is most important when launching new products, flanker brands, extensions of well-known brands, or infrequently purchased brands; or going after an undefined target market. Frequency is most important where there are strong competitors, a complex story to tell, high consumer resistance, or a frequent-purchase cycle.<sup>18</sup>

Many advertisers believe a target audience needs a large number of exposures for the advertising to work. Others doubt the value of high frequency. They believe that after people see the same ad a few times, they either act on it, get irritated by it, or stop noticing it.<sup>19</sup>

Another factor arguing for repetition is that of forgetting. The job of repetition is partly to put the message back into memory. The higher the forgetting rate associated with a brand, product category, or message, the higher the warranted level of repetition. However, repetition is not enough; ads wear out and viewers tune out. Advertisers should not coast on a tired ad but should insist on fresh executions by their advertising agency.

## Choosing Among Major Media Types

The media planner has to know the capacity of the major advertising media types to deliver reach, frequency, and impact. The major advertising media along with their costs, advantages, and limitations are profiled in Table 18.1.

Media planners make their choices by considering the following variables:

■ **Target audience media habits.** Radio and television are the most effective media for reaching teenagers.

■ **Product characteristics.** Media types have different potential for demonstration, visualization, explanation, believability, and color. Women's dresses are best shown in color magazines, and Kodak cameras are best demonstrated on television.

TABLE 18.1 Profiles of Major Media Types

Medium	Advantages	Limitations
Newspapers	Flexibility; timeliness; good local market coverage; broad acceptance; high believability	Short life; poor reproduction quality; small "pass-along" audience
Television	Combines sight, sound, and motion; appealing to the senses; high attention; high reach	High absolute cost; high clutter; fleeting exposure; less audience selectivity
Direct mail	Audience selectivity; flexibility; no ad competition within the same medium; personalization	Relatively high cost; "junk mail" image
Radio	Mass use; high geographic and demographic selectivity; low cost	Audio presentation only; lower attention than television; nonstandardized rate structures; fleeting exposure
Magazines	High geographic and demographic selectivity; credibility and prestige; high-quality reproduction; long life; good pass-along readership	Long ad purchase lead time; some waste circulation; no guarantee of position
Outdoor	Flexibility; high repeat exposure; low cost; low competition	Limited audience selectivity; creative limitations
Yellow Pages	Excellent local coverage; high believability; wide reach; low cost	High competition; long ad purchase lead time; creative limitations
Newsletters	Very high selectivity; full control; interactive opportunities; relative low costs	Costs could run away
Brochures	Flexibility; full control; can dramatize messages	Overproduction could lead to runaway costs
Telephone	Many users; opportunity to give a personal touch	Relative high cost unless volunteers are used
Internet	High selectivity; interactive possibilities; relatively low cost	Relatively new media with a low number of users in some countries

TABLE 18.2

Marketing Communication Expenditures  
(U.S., 2001, Billions of Dollars)

	\$	% of Total
TV	52.7	22%
Radio	19.4	8%
Newspaper	49.4	21%
Magazines	12.3	5%
Yellow Pages	13.3	6%
Internet	3.4	1%
Direct Response	44.7	19%
Other	40.0	17%
Total	141.7	

Source: Tom Duncan, *IMC: Using Advertising and Promotion to Build Brands* (New York: McGraw-Hill, 2002).

■ **Message characteristics.** Timeliness and information content will influence media choice. A message announcing a major sale tomorrow will require radio, TV, or newspaper. A message containing a great deal of technical data might require specialized magazines or mailings.

■ **Cost.** Television is very expensive, whereas newspaper advertising is relatively inexpensive. What counts is the cost per thousand exposures.

Given the abundance of media, the planner must first decide how to allocate the budget to the major media types (see Table 18.2). In launching a new biscuit, Pillsbury might decide to allocate \$3 million to daytime network television, \$2 million to women's magazines, \$1 million to daily newspapers in 20 major markets, \$500,000 to various grassroots cooking events and competitions, and \$50,000 to maintaining its homepage on the Internet.

The distribution must be planned with the awareness that people are increasingly time-starved. They are assaulted daily by ads and information from traditional media plus e-mail, voice mail, and instant messages. There is little time for thinking about experiences, let alone for hobbies and other diversions. Attention is becoming a scarce currency, and advertisers need strong devices to capture people's attention.<sup>20</sup> In deciding on the ad budget, marketers must also recognize that consumer response can be S-shaped: An ad threshold effect exists where some positive amount of advertising is necessary before any sales impact can be detected, but sales increases eventually flatten out.<sup>21</sup>

## Alternative Advertising Options

For a long time, television was the dominant medium. In recent years, researchers have noticed reduced effectiveness due to increased commercial clutter (advertisers beaming shorter and more numerous commercials at the audience), increased "zipping and zapping" of commercials (aided by the arrival of new TV systems such as TiVo and Replay TV), and lower viewing owing to the growth in cable and satellite TV and DVD/VCRs.<sup>22</sup> Table 18.3 shows how the home media environment has changed dramatically in the last 25 years or so. Furthermore, television advertising costs have risen faster than other media costs. Many marketers are looking for alternative advertising media.<sup>23</sup> One brewer, Canada's Molson, is taking an even more innovative tack by putting catchy phrases right on the bottles.

### MOLSON

Crispin, Porter, + Bogusky's campaign for Canadian brewer Molson won *Adweek's* award for Media Plan of the Year spending less than \$10 million. CP+B was hired to revitalize Molson's brand in the United States and renew its relevance among its core target of men ages 21 to 27 who are not necessarily sitting in front of the TV waiting for 30-second beer commercials. CP+B made a radical suggestion: Don't spend more ad money; dress up your beer bottles. The CP+B team came up with the idea of bottle label as badge, to let the product help men



	1980	2003
TV Households	80MM	108MM
Own VCR	2%	92%
Have Cable TV	30%	70%
Have Satellite TV	—	13%
Have 2+ TV Sets	53%	75%
Remote Control TV	20%	98%
Own Home PC	—	69%
Home Internet Access	—	62%

TABLE 18.3

The Changing Video Environment

say something about themselves—mostly to the opposite sex. They designed clever labels featuring icebreakers guaranteed to get barflies buzzing. Used only on bottles sold in bars, the labels included such catchy phrases as “100% Available,” “Hottie Magnet,” “On the Rebound,” “Guess Where My Tattoo Is?” “Wealthy Industrialist” and, perhaps most to the point, “I’m Not Wearing Any Underwear.”<sup>24</sup>

**PLACE ADVERTISING** Place advertising, also called out-of-home advertising, is a broadly defined category that captures many different alternative advertising forms. Marketers are using creative and unexpected ad placements to grab consumers’ attention. The rationale often given is that marketers are better off reaching people in other environments, such as where they work, play, and, of course, shop. Some of the options available include billboards, public spaces, product placement, and point-of-purchase.

**Billboards** Billboards have been transformed over the years and now use colorful, digitally produced graphics, backlighting, sounds, movement, and unusual—even three-dimensional—images.<sup>25</sup> Some ads are even human. Adidas hoisted human billboards in Tokyo and Osaka, Japan. Two soccer players competed for shots during 15-minute matches scheduled 5 times a day while they and a ball dangled from ropes 12 stories above ground.<sup>26</sup> Billboards do not even necessarily have to stay in one place. Marketers can buy ad space on billboard-laden trucks that are driven continuously all day in selected areas. Oscar Mayer sends six “Wienermobiles” traveling across the United States each year to increase brand exposure and goodwill. Software company Oracle used a boat to tow a floating banner bearing the company’s logo across San Francisco Bay.

**Public Spaces** Advertisers are placing traditional TV and print ads in unconventional places such as movies, airlines, and lounges, as well as classrooms, sports arenas, office and hotel elevators, and other public places. Billboard-type poster ads are showing up everywhere. Transit ads on buses, subways, and commuter trains—around for years—have become a valuable way to reach working women. “Street furniture”—bus shelters, kiosks, and public areas—is another fast-growing option. Coca-Cola, for example, mounted illuminated rectangular displays called “light boxes” on New York subway tunnel walls to advertise its Dasani brand water.

Advertisers can buy space in stadiums and arenas and on garbage cans, bicycle racks,



Using place advertising to increase brand exposure and goodwill: The Oscar Mayer Wienermobile.



parking meters, airport luggage carousels, elevators, gasoline pumps, the bottom of golf cups, airline snack packages, and supermarket produce in the form of tiny labels on apples and bananas. Advertisers can even buy space in toilet stalls and above urinals which, according to research studies, office workers visit an average of three to four times a day for roughly four minutes per visit.<sup>27</sup>

**PRODUCT PLACEMENT** Product placement has expanded from movies to all types of TV shows. Marketers pay fees of \$50,000 to \$100,000 and even higher so that their products make cameo appearances in movies and on television. The exact sum depends on the amount and nature of the brand exposure. Sometimes placements are the result of a larger network advertising deal, but other times they are the work of small product placement shops that maintain close ties with prop masters, set designers, and production executives.<sup>28</sup>


Product placements can be combined with special promotions to publicize entertainment tie-ins. 7-UP, Aston Martin, Finlandia, VISA, and Omega all initiated major promotional pushes based on product placement tie-ins with the James Bond film "Die Another Day."<sup>29</sup> With over \$100 million paid for product placement rights, some critics called the film "Buy Another Day."

Some firms get product placement at no cost by supplying their product to the movie company (Nike does not pay to be in movies but often supplies shoes, jackets, bags, etc.).<sup>30</sup> Firms sometime just get lucky and are included in shows for plot reasons. FedEx received lots of favorable exposure from the movie *Castaway*.<sup>31</sup> Some television shows revolve around a central product placement: Ford and the WB network created a commercial-free program in 2001 called *No Boundaries*, which features Ford SUVs.

Marketers are finding other inventive ways to advertise during actual television broadcasts. Sports fans are familiar with the virtual logos networks add digitally to the playing field. Invisible to spectators at the event, these ads look just like painted-on logos to home viewers. Ads also appear in best-selling paperback books and movie videotapes. Written material such as annual reports, data sheets, catalogs, and newsletters increasingly carry ads. **Advertorials** are print ads that offer editorial content that reflects favorably on the brand and is difficult to distinguish from newspaper or magazine content. Many companies include advertising inserts in monthly bills. Some companies mail audiotapes or videotapes to prospects.

Other firms are exploring **branded entertainment** such as online mini-films. For its American Express client, Ogilvy and Digitas are creating a series of three- to five-minute "Webisodes" starring its pitchman, Jerry Seinfeld, in "The Adventures of Seinfeld and Superman," and also using teaser TV spots.<sup>32</sup> Automakers are promoting cars with exciting online videos with special effects that pack more punch than the typical car ad.

Product placement: The Omega—James Bond tie-in ad for "Die Another Day."



**JAMES BOND'S CHOICE**

Bond, James Bond. This typically smart-looking, by everybody's favorite secret agent is arguably one of the most easily recognized icons in contemporary history. Omega has built up a lasting (and life-saving) relationship with secret agent 007 and is proud to be Bond's choice once again in "Die Another Day".

SEAMASTER

*Die Another Day*

**Ω OMEGA**

www.omega.ch



## BMW FILMS.COM

BMW was one of the first automakers to launch a successful video campaign. In 2001, the company hired some of Hollywood's top action movie directors such as John Woo, Guy Ritchie, and Ang Lee to create short films featuring the company's cars and starring actors such as Mickey Rourke and Madonna. To build traffic to the [bmwfirms.com](http://bmwfirms.com) Web site, BMW used television spots that mirrored movie trailers. According to BMW's ad agency, 55.1 million people viewed "The Hire" series. Mazda has followed suit with its "Venus Flytrap" video promoting its RX-8, while Ford's "Evil Twin" video advertises the Sportka. As might be evident from their names, these online videos are designed to cater to 18- to 34-year-old men who are spending less and less time watching television and more and more time online.<sup>33</sup>

**POINT-OF-PURCHASE** There are so many ways to communicate with consumers at the *point-of-purchase (P-O-P)*. In-store advertising includes ads on shopping carts, cart straps, aisles, and shelves, as well as promotion options such as in-store demonstrations, live sampling, and instant coupon machines. Some supermarkets are selling floor space for company logos and experimenting with talking shelves. P-O-P radio provides FM-style programming and commercial messages to thousands of food stores and drugstores nationwide. Programming includes a store-selected music format, consumer tips, and commercials. Ads on Wal-Mart TV run in 2,500 stores and appear three times an hour. Airtime costs between \$50,000 and \$300,000 for a four-week flight of ads, depending on frequency. The impact can be considerable: According to one research study, more than half of American shoppers visit a Wal-Mart at least once a month and one-third go once a week.<sup>34</sup>

The appeal of point-of-purchase advertising lies in the fact that numerous studies show that in many product categories consumers make the bulk of their final brand decisions in the store. One study suggested that 70 percent of all buying decisions are made in the store. In-store advertising is designed to increase the number of spontaneous buying decisions.

**EVALUATING ALTERNATIVE MEDIA** Alternative media present some interesting options for marketers. Ads now can appear virtually anywhere consumers have a few spare minutes or even seconds and thus enough time to notice them. The main advantage of nontraditional media is that a very precise and—because of the nature of the setting involved—captive audience often can be reached in a cost-effective manner. The message must be simple and direct. In fact, outdoor advertising is often called the "15-second sell." Strategically, out-of-home advertising is often more effective at enhancing brand awareness or reinforcing brand image than creating new brand associations.

The challenge with nontraditional media is demonstrating its reach and effectiveness through credible, independent research. These new marketing strategies and tactics must be ultimately judged on how they contribute, directly or indirectly, to brand equity. Unique ad placements designed to break through clutter may also be perceived as invasive and obtrusive. There has been some consumer backlash when people see ads in traditionally ad-free spaces, such as in schools, on police cruisers, and in doctors' waiting rooms. Consumer advocate Ralph Nader says, "What these people on Madison Avenue don't understand is consumers will reach a saturation point."

But not all Americans are turned off by the proliferation of advertising. One marketing consultant says, "Kids 18 and under aren't thinking twice about it. Branded merchandise is just the landscape of their lives." Perhaps because of the sheer pervasiveness of advertising, consumers seem to be less bothered by nontraditional media now than in the past.

Consumers must be favorably affected in some way to justify the marketing expenditures for nontraditional media. Some firms offering ad placement in supermarket checkout lines, fast-food restaurants, physicians' waiting rooms, health clubs, and truck stops have suspended business at least in part because of a lack of consumer interest. The bottom line, however, is that there will always be room for creative means of placing the brand in front of consumers. The possibilities are endless: "Marketing Insight: Playing Games with Brands" describes the emergence of yet another new media trend.

## Selecting Specific Vehicles

The media planner must search for the most cost-effective vehicles within each chosen media type. The advertiser who decides to buy 30 seconds of advertising on network television can pay around \$100,000 for a new show, over \$400,000 for a popular prime time show









## MARKETING INSIGHT

## PLAYING GAMES WITH BRANDS

Given the explosive popularity of video games with younger consumers, many advertisers have adopted an "if you can't beat them, join them" attitude. Online games have wide appeal. Fifty-eight million people were thought to have played in 2002, and half are women with an average age of 28. Women seem to prefer puzzles and collaborative games, whereas men seem more attracted to competitive or simulation games. A top-notch "advergame" can cost between \$100,000 and \$500,000 to develop. The game can be played on the sponsor's corporate homepage, on gaming portals, or even at restaurants. The NTN iTV Network is an out-of-home interactive entertainment network that delivers entertainment and sports games in approximately 3,600 North American hospitality locations such as Applebee's, Bennigan's, TGIFriday's, and others.

7-Up, McDonald's, and Porsche have all been featured in games. Honda developed a game that allowed players to choose a Honda and zoom around city streets plastered with Honda logos. In the first three months, 78,000 people played for an average of eight minutes. The cost per thousand (CPM) of \$7 compared favorably to a prime time TV com-

mmercial CPM of \$11.65. Marketers collect valuable customer data upon registration and often seek permission to send e-mail. Of game players sponsored by Ford Escape SUV, 54 percent signed up to receive e-mail.

The U.S. Army has also employed games in its marketing arsenal. Recognizing that 90 percent of the target audience was online at least once a week, the U.S. Army decided to make its Web site the centerpiece of the new "Army of One" campaign. The sleekly designed site had fancy animation graphics and a chat room. The centerpiece was a game titled "America's Army: Operations" which half a million people play each weekend. The army also sponsored a NASCAR car and toured black colleges and high schools with an Army of One Hummer fitted with a basketball hoop and blaring hip-hop. A TV campaign shot by famed *Top Gun* movie director Tony Scott featured actual soldiers in real situations. Helped by a coordinated print ad campaign, over 201,000 leads were generated on the toll-free phone number. Overall, the campaign almost doubled the number of leads and produced higher-quality applicants in terms of aptitude tests and college experience.

Sources: Keith Ferrazzi, "Advertising Shouldn't Be Hard Work, but Lately the Game Has Changed," *Wall Street Journal*, April 30, 2002; Marc Weingarten, "It's an Ad! It's a Game! It's . . . Both!" *Business 2.0*, March 2002, p. 102; Thomas Mucha, "Operation Sign 'Em Up," *Business 2.0*, April 2003, pp. 43-45; Dorothy Pomerantz, "You Play, They Win," *Forbes*, October 14, 2002, pp. 201-202; Suzanne Vranica, "Y&R Bets on Videogame Industry," *Wall Street Journal*, May 11, 2004; Hassan Fattah and Pamela Paul, "Gaming Gets Serious," *American Demographics* (May 2002): 39-43.

Several adjustments have to be applied to the cost-per-thousand measure. First, the measure should be adjusted for *audience quality*. For a baby lotion ad, a magazine read by 1 million young mothers would have an exposure value of 1 million; if read by 1 million teenagers, it would have almost a zero exposure value. Second, the exposure value should be adjusted for the *audience-attention probability*. Readers of *Vogue* may pay more attention to ads than do readers of *Newsweek*. A "happy" commercial placed within an upbeat television show is more likely to be effective than a downbeat commercial in the same place.<sup>36</sup> Third, the exposure value should be adjusted for the magazine's *editorial quality* (prestige and believability). In addition, people are more likely to believe a TV or radio ad and to become more positively disposed toward the brand when the ad is placed within a program they like.<sup>37</sup> Fourth, the exposure value should be adjusted for the magazine's *ad placement policies and extra services* (such as regional or occupational editions and lead-time requirements).

Media planners are increasingly using more sophisticated measures of effectiveness and employing them in mathematical models to arrive at the best media mix. Many advertising agencies use a computer program to select the initial media and then make further improvements based on subjective factors.<sup>38</sup>

## Deciding on Media Timing and Allocation

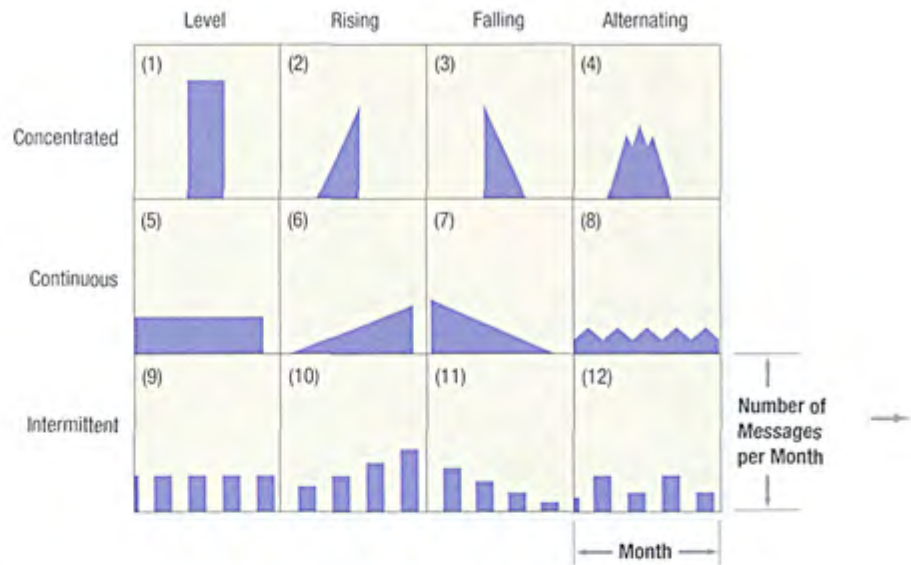
In choosing media, the advertiser faces both a macroscheduling and a microscheduling problem. The *macroscheduling problem* involves scheduling the advertising in relation to seasons and the business cycle. Suppose 70 percent of a product's sales occur between June and September. The firm can vary its advertising expenditures to follow the seasonal pattern, to oppose the seasonal pattern, or to be constant throughout the year.

The *microscheduling problem* calls for allocating advertising expenditures within a short period to obtain maximum impact. Suppose the firm decides to buy 30 radio spots in the month of September. Figure 18.3 shows several possible patterns. The left side shows that advertising messages for the month can be concentrated ("burst" advertising), dispersed continuously throughout the month, or dispersed intermittently. The top side shows that the advertising messages can be beamed with a level, rising, falling, or alternating frequency.



FIG. 18.3

Classification of Advertising Timing Patterns



The most effective pattern depends on the communications objectives in relation to the nature of the product, target customers, distribution channels, and other marketing factors. The timing pattern should consider three factors. *Buyer turnover* expresses the rate at which new buyers enter the market; the higher this rate, the more continuous the advertising should be. *Purchase frequency* is the number of times during the period that the average buyer buys the product; the higher the purchase frequency, the more continuous the advertising should be. The *forgetting rate* is the rate at which the buyer forgets the brand; the higher the forgetting rate, the more continuous the advertising should be.

In launching a new product, the advertiser has to choose among continuity, concentration, flighting, and pulsing.

- **Continuity** is achieved by scheduling exposures evenly throughout a given period. Generally, advertisers use continuous advertising in expanding market situations, with frequently purchased items, and in tightly defined buyer categories.
- **Concentration** calls for spending all the advertising dollars in a single period. This makes sense for products with one selling season or holiday.
- **Flighting** calls for advertising for a period, followed by a period with no advertising, followed by a second period of advertising activity. It is used when funding is limited, the purchase cycle is relatively infrequent, and with seasonal items.
- **Pulsing** is continuous advertising at low-weight levels reinforced periodically by waves of heavier activity. Pulsing draws on the strength of continuous advertising and flights to create a compromise scheduling strategy.<sup>39</sup> Those who favor pulsing believe that the audience will learn the message more thoroughly, and money can be saved.

A company has to decide how to allocate its advertising budget over space as well as over time. The company makes "national buys" when it places ads on national TV networks or in nationally circulated magazines. It makes "spot buys" when it buys TV time in just a few markets or in regional editions of magazines. These markets are called *areas of dominant influence* (ADIs) or *designated marketing areas* (DMAs). Ads reach a market 40 to 60 miles from a city center. The company makes "local buys" when it advertises in local newspapers, radio, or outdoor sites. Consider the following example.

### PIZZA HUT

Pizza Hut levies a 4 percent advertising fee on its franchisees. It spends half of its budget on national media and half on regional and local media. Some national advertising is wasted because of low penetration in certain areas. Even though Pizza Hut may have a 30 percent share of the franchised pizza market nationally, this share may vary from



5 percent in some cities to 70 percent in others. The franchisees in the higher market share cities want much more advertising money spent in their areas, but Pizza Hut does not have enough money to cover the whole nation by region. National advertising offers efficiency but fails to address the different local situations effectively.

## Evaluating Advertising Effectiveness

Good planning and control of advertising depend on measures of advertising effectiveness. Most advertisers try to measure the communication effect of an ad—that is, its potential effect on awareness, knowledge, or preference. They would also like to measure the ad's sales effect.

**COMMUNICATION-EFFECT RESEARCH** Communication-effect research seeks to determine whether an ad is communicating effectively. Called *copy testing*, it can be done before an ad is put into media and after it is printed or broadcast.

There are three major methods of pretesting. The *consumer feedback method* asks consumers for their reactions to a proposed ad. They respond to questions such as these:

1. What is the main message you get from this ad?
2. What do you think they want you to know, believe, or do?
3. How likely is it that this ad will influence you to undertake the action?
4. What works well in the ad and what works poorly?
5. How does the ad make you feel?
6. Where is the best place to reach you with this message? Where would you be most likely to notice it and pay attention to it? Where are you when you make decisions about this action?

*Portfolio tests* ask consumers to view or listen to a portfolio of advertisements. Consumers are then asked to recall all the ads and their content, aided or unaided by the interviewer. Recall level indicates an ad's ability to stand out and to have its message understood and remembered.

*Laboratory tests* use equipment to measure physiological reactions—heartbeat, blood pressure, pupil dilation, galvanic skin response, perspiration—to an ad; or consumers may be asked to turn a knob to indicate their moment-to-moment liking or interest while viewing sequenced material.<sup>40</sup> These tests measure attention-getting power but reveal nothing about impact on beliefs, attitudes, or intentions. Table 18.4 describes some specific advertising research techniques.

Pretest critics maintain that agencies can design ads that test well but may not necessarily perform well in the marketplace. Proponents of ad pretesting maintain that useful diagnostic information can emerge and that pretests should not be used as the sole decision criterion anyway. Widely acknowledged as being one of the best advertisers around, Nike is notorious for doing very little ad pretesting. "Marketing Memo: How to Sell in Hard Times" offers some communication insights from its ad agency, Weiden & Kennedy.

TABLE 18.4

Advertising Research Techniques

**For Print Ads.** Starch and Gallup & Robinson, Inc., are two widely used print pretesting services. Test ads are placed in magazines, which are then circulated to consumers. These consumers are contacted later and interviewed. Recall and recognition tests are used to determine advertising effectiveness.

**For Broadcast Ads. In-home tests:** A video tape is taken or downloaded into the homes of target consumers, who then view the commercials.

**Trailer tests:** In a trailer in a shopping center, shoppers are shown the products and given an opportunity to select a series of brands. They then view commercials and are given coupons to be used in the shopping center. Redemption rates indicate commercials' influence on purchase behavior.

**Theater tests:** Consumers are invited to a theater to view a potential new television series along with some commercials. Before the show begins, consumers indicate preferred brands in different categories; after the viewing, consumers again choose preferred brands. Preference changes measure the commercials' persuasive power.

**On-air tests:** Respondents are recruited to watch a program on a regular TV channel during the test commercial or are selected based on their having viewed the program. They are asked questions about commercial recall.





FIG. 18.4

Formula for Measuring Sales Impact  
of Advertising

Many advertisers use posttests to assess the overall impact of a completed campaign. If a company hoped to increase brand awareness from 20 percent to 50 percent and succeeded in increasing it to only 30 percent, then the company is not spending enough, its ads are poor, or some other factor has been ignored.

**SALES-EFFECT RESEARCH** What sales are generated by an ad that increases brand awareness by 20 percent and brand preference by 10 percent? Advertising's sales effect is generally harder to measure than its communication effect. Sales are influenced by many factors, such as features, price, and availability, as well as competitors' actions. The fewer or more controllable these other factors are, the easier it is to measure effect on sales. The sales impact is easiest to measure in direct-marketing situations and hardest to measure in brand or corporate image-building advertising.

Companies are generally interested in finding out whether they are overspending or underspending on advertising. One approach to answering this question is to work with the formulation shown in Figure 18.4.

A company's *share of advertising expenditures* produces a *share of voice* (i.e., proportion of company advertising of that product to all advertising of that product) that earns a *share of consumers' minds and hearts* and, ultimately, a *share of market*.

Researchers try to measure the sales impact through analyzing historical or experimental data. The *historical approach* involves correlating past sales to past advertising expenditures using advanced statistical techniques.<sup>41</sup> Other researchers use an *experimental design* to measure advertising's sales impact. Here is an example.

#### INFORMATION RESOURCES, INC.

Information Resources offers a service called BehaviorScan that provides marketers in the United States with data about advertising effectiveness by tracking consumer purchases tied to specific advertising. Consumers in test markets who sign up to be members of IRI's "Shoppers Hotline" panel agree to have microcomputers record when the TV set is on and to which station it is tuned, while electronic scanners record UPC codes of their household purchases at supermarkets. IRI has the capability to send different commercials to different homes. The company also conducts in-store tests in most chains and in most markets in the United States to study the effects of promotions, displays, coupons, store features, and packaging.<sup>42</sup>

"Marketing Insight: Understanding the Effects of Advertising and Promotion" provides a summary of a meta-analysis of IRI research studies.

## MARKETING MEMO

## HOW TO SELL IN HARD TIMES

With one of the best ad campaigns of the last decade ("Just Do It"), Nike's ad agency Weiden & Kennedy (W&K) from Portland, Oregon, knows a lot about what works in good economic times as well as bad. Here are six tips.

1. **Make noise.** During boom times, no one can be heard above the din. In slower times, anyone with a creative message will stand out—and gain an advantage on competitors who have gone quiet.
2. **Open up.** Customers look for brands they can trust. You have to give people an insight into who you really are as a brand—what you believe and stand for.
3. **Trust your gut.** Nike and W&K never show their ads to focus groups because they often will reject original or unconventional ideas simply because they are different.
4. **Look past the tube.** Television is expensive and not always necessary. W&K trusts street-level guerilla advertising, such as ad messages on sandwich boards, custom-made magazines, and toys, to spread the word.
5. **Target the tribes.** To reach small, influential customer groups, or "tribes," W&K hits them where they live. Messages are projected on sidewalks and the sides of buildings, and CDs and DVDs that promote Nike shoes are handed out at parties and live events.
6. **Lure them to the Web.** W&K uses intrigue to draw customers to the brand's Web site—the most efficient marketing tool. The agency has used cliff-hanger commercials that started on TV but whose endings could be found only on the Nike Web site, as well as print ads, billboards, and even window displays as teasers.