

Managing Mass Communications: Advertising, Sales Promotions, Events and Experiences, and Public Relations

Despite the enormous increase in marketers' use of personal communications due to the pervasive nature of the Internet, mass media are still a vitally important component of most marketing communications programs. The old days in which "If you build a great ad, they will come" are long gone, however. To generate consumer interest and sales, mass media must often be supplemented and carefully integrated with other communications. P&G has struck gold with its fully integrated Olympic-themed "Thank You Mom" campaign.¹



After its sponsorship of the U.S. national team at the 2010 Winter Olympics in Vancouver led to an estimated \$100 million in increased revenue, Procter & Gamble signed up to be an official Olympic sponsor for the next five Summer and Winter Games from 2012 to 2020. Targeting women in their roles as "caregivers and family anchors," the company backed its sponsorship with the multimedia "Thank You Mom" global marketing campaign. The "Best Job" online and broadcast ad campaign

for the 2012 Summer Olympics in London emotionally portrayed the crucial roles played by mothers whose children went on to become Olympic champions. Each ad finished by showing the P&G corporate logo and some of its billion-dollar-plus brands, such as Pampers, Gillette, Duracell, and Bounty. More than 70 million U.S. viewers watched at least one digital ad or video during the fully integrated campaign. It also combined promotions, PR, cause marketing, and other communications to "immerse the consumer with the brands and the message at every level, on every platform, from smartphones to stores in 204 international markets." P&G marketers estimated the firm received \$200 million in added sales from the campaign. For the 2014 Winter Olympics in Sochi, Russia, it launched the "Pick Them Back Up" campaign, which "paid homage to moms of athletes from across the globe, bringing to life the daily lessons all mom teach...and the unconditional love moms give kids no matter what." Additional online videos told the real-life stories of Olympians from different countries.

Although P&G clearly has found great success with its multimedia Olympics campaign, other marketers are trying to come to grips with how to best use mass media in the new—and still changing—communication environment.² 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 can be a cost-effective way to disseminate messages, whether to build a brand preference or to educate people. Even in today's challenging media environment, good ads can pay off. GEICO has succeeded by keeping both its ad campaigns and their executions fresh.³

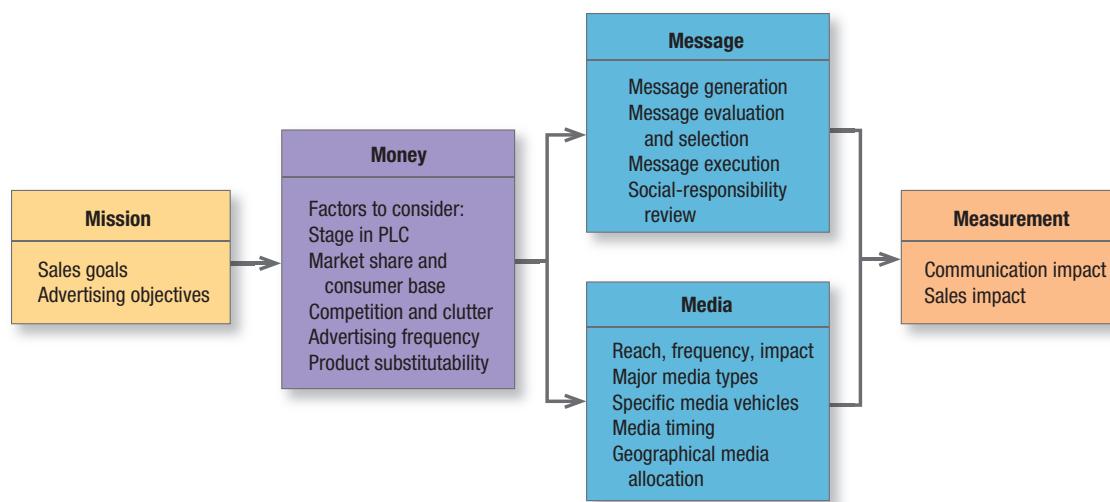
I GEICO GEICO has spent hundreds of millions of dollars on TV advertising. Has it been worth it? Warren Buffet, chairman and CEO of GEICO's parent company Berkshire Hathaway, thinks so. GEICO has more than quintupled its revenue over the past decade, from slightly under \$3 billion in 1998 to more than \$17 billion in 2013—making it the fastest-growing auto insurance company in the United States. The company sells directly to consumers with a basic message, “15 Minutes Could Save You 15% or More on Your Car Insurance.” Partnering with The Martin Agency, GEICO has run a series of highly creative and award-winning ad campaigns to emphasize different aspects of the brand. Four ran concurrently in 2014. TV ads featuring the Cockney-speaking Gecko lizard spokes-character reinforce GEICO's brand image as credible and accomplished. The “Happier Than” campaign comes up with exaggerated situations to describe how happy GEICO customers are, such as a camel on Wednesday (hump day) or Dracula volunteering at a blood drive. A third campaign featuring Maxwell, a talking pig, focuses on specific products and service features. The fourth campaign, “Did You Know,” starts with a person commenting on the company's famous 15-minute slogan to a companion, who replies, “Everyone knows that.” The first speaker then tries to save face with a twist on some other conventional wisdom, such as that Pinocchio was a poor motivational speaker or Old McDonald was a really bad speller. The multiple campaigns complement each other and build on each other's success; the company dominates the TV airwaves with so many varied car insurance messages that competitors' ads are lost.

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”:

1. *Mission*: What are our advertising objectives?
2. *Money*: How much can we spend and how do we allocate our spending across media types?
3. *Message*: What should the ad campaign say?

Fast-growing auto insurance provider Geico runs multiple ad campaigns at the same time, each emphasizing different aspects of its brand and service.





| Fig. 20.1 |
The Five Ms
of Advertising

4. *Media*: What media should we use?
5. *Measurement*: How should we evaluate the results?

These decisions are summarized in Figure 20.1 and described in the following sections.

SETTING THE ADVERTISING OBJECTIVES

Advertising objectives must flow from earlier decisions about target market, brand positioning, and the marketing program. An **advertising objective** (or goal) is a specific communications task and achievement level to be accomplished with a specific audience in a specific period of time:⁴

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.

We classify advertising objectives according to whether they aim to inform, persuade, remind, or reinforce. These goals correspond to stages in the *hierarchy-of-effects* model discussed in Chapter 19.

- **Informative advertising** aims to create brand awareness and knowledge of new products or new features of existing products.⁵ Consumer packaged goods companies like Colgate, General Mills, and Unilever will often focus on key product benefits.
- **Persuasive advertising** aims to create liking, preference, conviction, and purchase of a product or service. Some persuasive advertising is comparative advertising, which explicitly compares the attributes of two or more brands, such as the Chrysler TV ad for the Dodge Ram that asks, “What if you were to take away horsepower, torque and warranty coverage from a Ram? Well, you’d end up with a Ford F-150.”⁶ Comparative advertising works best when it elicits cognitive and affective motivations simultaneously and when consumers are processing advertising in a detailed, analytical mode.⁷
- **Reminder advertising** aims to stimulate repeat purchase of products and services. Expensive, four-color Coca-Cola ads in magazines remind people to purchase Coca-Cola.
- **Reinforcement advertising** aims to convince current purchasers 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 objective is to stimulate more usage. If the product class is new, the company is not the market leader, and the brand is superior to the leader, the objective is to convince the market of the brand’s superiority.

DECIDING ON THE ADVERTISING BUDGET

How does a company know it's spending the right amount? Although advertising is treated as a current expense, part of it is really an investment in building brand equity and customer loyalty. When a company spends \$5 million on capital equipment, it can call the equipment a five-year depreciable asset and write off only one-fifth of

the cost in the first year. When it spends \$5 million on advertising to launch a new product, however, it must write off the entire cost in the first year, reducing its reported profit, even if the benefits will persist for many years to come.

FACTORS AFFECTING BUDGET DECISIONS Here are five specific factors to consider when setting the advertising budget:⁸

1. **Stage in the product life cycle**—New products typically merit large advertising budgets to build awareness and gain consumer trial. Established brands usually are supported by lower advertising budgets, measured as a ratio to sales.
2. **Market share and consumer base**—High-market-share brands usually require less advertising expenditure as a percentage of sales to maintain share. Building share by increasing market size requires larger expenditures.
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 advertisements not directly competitive to the brand create clutter and a need for heavier advertising.
4. **Advertising frequency**—The number of repetitions needed to put the brand's message across to consumers has an obvious impact on the advertising budget.
5. **Product substitutability**—Brands in less-differentiated or commodity-like product classes (beer, soft drinks, banks, and airlines) require heavy advertising to establish a unique image.

ADVERTISING ELASTICITY The predominant response function for advertising is often concave but can be S-shaped. When it is S-shaped, some positive amount of advertising is necessary to generate any sales impact, but sales increases eventually flatten out.⁹

One classic study found that increasing the TV advertising budget had a measurable effect on sales only half the time. The success rate was higher for new products and line extensions than for established brands and when there were changes in copy or in media strategy (such as an expanded target market). When advertising increased sales, its impact lasted up to two years after peak spending. Long-term incremental sales were approximately double those in the first year of an advertising spending increase.¹⁰

Other research reinforces these conclusions. In a 2004 IRI study of 23 brands, advertising often didn't increase sales for mature brands or categories in decline. A review of academic research found that advertising elasticities were estimated to be higher for new (.3) than for established (.1) products.¹¹ Research has also found that what you say (ad copy) is more important than the number of times you say it (ad frequency).¹²

DEVELOPING THE ADVERTISING CAMPAIGN

Advertisers employ both art and science to develop the *message strategy* or positioning of an ad—*what* it attempts to convey about the brand—and its *creative strategy*—*how* it expresses the brand claims. They use three steps: message generation and evaluation, creative development and execution, and social-responsibility review.

MESSAGE GENERATION AND EVALUATION Advertisers are always seeking “the big idea” that connects with consumers rationally and emotionally, distinguishes the brand from competitors, and is broad and flexible enough to translate to different media, markets, and time periods. Fresh insights are important for creating unique appeals and position.¹³

GOT MILK? After a 20-year decline in milk consumption among Californians, in 1993 milk processors from across the state formed the California Milk Processor Board (CMPB) with one goal in mind: to get people to drink more milk. The ad agency commissioned by the CMPB, Goodby, Silverstein & Partners, developed a novel approach to pitching milk's benefits. Research had shown most consumers already believed milk was good for them. So the campaign reminded them of the inconvenience of running out of it, which became known as the “milk deprivation” strategy. The “got milk?” tagline reminded consumers to make sure they had enough milk in their refrigerators. A year after the launch, sales volume had increased 1.07 percent. In 1995, the “got milk?” campaign was licensed to the National Dairy Board. In 1998, the National Fluid Milk Processor Education Program, which had been using the “milk mustache” campaign since 1994 to boost sales, bought the rights to the “got milk?” tagline, which it used for the next 15 years. The “got milk?” campaign paid strong dividends by halting the decline in sales of milk in California, even more than a decade after its launch.

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 and then prepare a *creative brief*, typically one or two pages. This is an elaboration of the positioning strategy and includes considerations such as key message, target audience, communications objectives (to do, to know, to believe), key brand benefits, supports for the brand promise, and media.

How many ad themes should the advertiser create before choosing one? The more themes explored, the higher the probability of finding an excellent one. Fortunately, an ad agency's creative department can inexpensively compose many alternatives in a short time by drawing still and video images from computer files. Marketers can also cut the cost of creative dramatically by using consumers as their creative team, a strategy sometimes called "open sourcing" or "crowdsourcing."¹⁴

CONSUMER-GENERATED ADVERTISING

One of the first major marketers to feature consumer-generated ads was Converse, whose award-winning campaign "Brand Democracy" used films created by consumers in a series of TV and Web ads. H. J. Heinz ran a "Top This TV Challenge," inviting the public to create the next commercial for its Heinz Ketchup brand and win \$57,000. More than 6,000 submissions and 10 million online views resulted, and sales rose more than 13 percent year over year. In addition to creating ads, consumers can help disseminate advertising. A UK "Life's for Sharing" ad for T-Mobile in which 400 people break into a choreographed dance routine in the Liverpool Street Station was shown exactly once on the *Celebrity Big Brother* television show, but it was watched more than 15 million times online when word about it spread via e-mail messages, blogs, and social networks. McDonald's similarly ran a popular user-generated campaign for its 2012 London Olympics sponsorship. Academic researchers have shown that consumer-generated ads can create more emotional and personal appeal, be deemed more credible and authentic, and lead to higher levels of brand loyalty and purchase intentions among viewers than company-produced ads, at least as long as consumers are not overly skeptical.

Although entrusting consumers with a brand's marketing effort can be pure genius, it can also be a regrettable failure. When Kraft sought a hip name for a new flavor of its iconic Vegemite product in Australia, it labeled the first 3 million jars "Name Me" to enlist consumer support. From 48,000 entries, however, the marketer selected one that was thrown in as a joke—iSnack 2.0—and sales plummeted. The company had to pull iSnack jars from the shelves and start from scratch in a more conventional fashion, choosing the new name Cheesybite.¹⁵

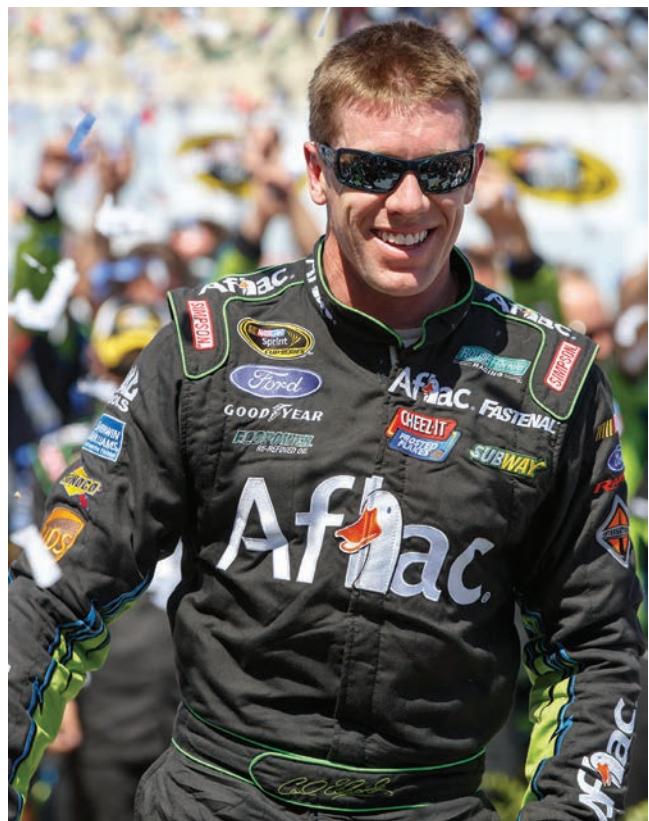
CREATIVE DEVELOPMENT AND EXECUTION The ad's impact depends not only on what it says but, often more important, on *how* it says it. Creative execution can be decisive.¹⁶ Every advertising medium has advantages and disadvantages. Here, we briefly review television, print, and radio advertising media.

Television Ads Television is generally acknowledged as the most powerful advertising medium and reaches a broad spectrum of consumers at low cost per exposure. TV advertising has two particularly important strengths. First, it can vividly demonstrate product attributes and persuasively explain their corresponding consumer benefits. Second, it can dramatically portray user and usage imagery, brand personality, and other intangibles.

Because of the fleeting nature of the ad, however, and the distracting creative elements often found in it, product-related messages and the brand itself can be overlooked. Moreover, the high volume of nonprogramming material on television creates clutter that makes it easy for consumers to ignore or forget ads. Nevertheless, properly designed and executed TV ads can still be a powerful marketing tool that improves brand equity, sales, and profits. In the highly competitive insurance category, advertising can help a brand to stand out.¹⁷

AFLAC

Aflac, the largest supplier of supplemental insurance, was relatively unknown until a highly creative ad campaign made it one of the most recognized brands in recent history. (Aflac stands for American Family Life Assurance Company.) Created by the Kaplan Thaler ad agency, the lighthearted campaign features an irascible duck incessantly squawking the company's name, "Aflac!" while consumers or celebrities discuss its products. The duck's frustrated bid for attention appealed to consumers. Sales were up 28 percent in the first year the duck aired, and name recognition went from 13 percent to 91 percent. Aflac has stuck with the duck in its advertising, even incorporating it into its corporate logo in 2005. Social media have allowed marketers to further develop the duck's personality—it has 515,000 Facebook fans and counting. The Aflac duck is not just a U.S. phenomenon. It also stars in Japanese TV ads—with a somewhat brighter disposition—where it has been credited with helping drive sales in Aflac's biggest market.



Source: SMI/Newscom

The success of the Aflac duck has led to the character being incorporated into the brand's logo and appearing in many different communications like its sponsorship of NASCAR driver Carl Edwards.

convention and stood out from the crowd through seven different decades.²⁰

Radio Ads Radio is a pervasive medium: Ninety-three percent of all U.S. citizens age 12 and older listen daily and for about 20 hours a week on average, numbers that have held steady in recent years. Much radio listening occurs in the car and out of home. To be successful, radio networks are going multi-platform with a strong digital presence to allow listeners to tune in anytime, anywhere.

marketing memo

Print Ad Evaluation Criteria

In judging the effectiveness of a print ad, marketers should be able to answer yes to the following questions about its execution:

1. Is the message clear at a glance? Can you quickly tell what the ad 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: Adapted from Scott C. Purvis and Philip Ward Burton, *Which Ad Pulled Best*, 9th ed. (Lincolnwood, IL: NTC Business Books, 2002).

Print Ads Print media offer a stark contrast to broadcast media. Because readers consume them at their own pace, magazines and newspapers can provide detailed product information and effectively communicate user and usage imagery. At the same time, the static nature of the visual images in print media makes dynamic presentations or demonstrations difficult, and print media can be fairly passive.

The two main print media—magazines and newspapers—share many advantages and disadvantages. Although newspapers are timely and pervasive, magazines are typically more effective at building user and usage imagery. Newspapers are popular for local—especially retailer—advertising. On an average day, roughly one-half to three-quarters of U.S. adults read a newspaper, though increasingly online. Print advertising has steadily declined in recent years.¹⁸ Although advertisers have some flexibility in designing and placing newspaper ads, relatively poor reproduction quality and short shelf life can diminish the impact.

Researchers report that the *picture*, *headline*, and *copy* in print ads matter in that order. The picture must draw attention. The headline must reinforce the picture and lead the person to read the copy. The copy must be engaging and the brand's name prominent. Even then, less than 50 percent of the exposed audience will notice even a really outstanding ad. About 30 percent might recall the headline's main point, 25 percent register the advertiser's name, and fewer than 10 percent read most of the body copy. Ordinary ads don't achieve even these results.

Some clear managerial implications emerge, as summarized in “Marketing Memo: Print Ad Evaluation Criteria.” A print ad should be clear, consistent, and well branded. In an award-winning campaign, ads for the iPad Mini on the back covers of *Time* and *The New Yorker* compared the actual sizes of the device and the magazine.¹⁹ To celebrate its 75th anniversary, Ray-Ban's award-winning “Never Hide” print ad campaign featured seven ads showing how Ray-Ban wearers flouted



Source: Luxottica

Perhaps radio's main advantage is flexibility—stations are very targeted, ads are relatively inexpensive to produce and place, and short closings for scheduling them allow for quick response. Radio can engage listeners through a combination of popular brands, local presence, and strong personalities.²¹ It is a particularly effective medium in the morning; it can also let companies achieve a balance between broad and localized market coverage.

Radio's obvious disadvantages are its lack of visual images and the relatively passive nature of the consumer processing that results. Nevertheless, radio ads can be extremely creative. Clever use of music, sound, and other creative devices can tap into the listener's imagination to create powerfully relevant images. Here is an example:²²

MOTEL 6 Motel 6, the nation's largest budget motel chain, was founded in 1962 when the "6" stood for \$6 a night. After its business fortunes hit bottom in 1986 with an occupancy rate of only 66.7 percent, the company made a number of marketing changes, including the launch of humorous 60-second radio ads featuring folksy writer Tom Bodett delivering the clever tagline "We'll Leave the Light on for You." Named one of *Advertising Age's* Top 100 Ad Campaigns of the Twentieth Century, the campaign continues to receive awards, including the 2009 Radio Mercury Awards grand prize for an ad called "DVD." In this ad, Bodett introduces the "DVD version" of his latest commercial, utilizing his trademark self-deprecating style to provide "behind the scenes" commentary on his own performance. Still going strong, the campaign is credited with a rise in occupancy and a revitalization of the brand that continues to this day.

LEGAL AND SOCIAL ISSUES To break through clutter, some advertisers believe they have to push the boundaries of what advertising consumers are used to seeing. They must be sure, however, not to overstep social and legal norms or offend the general public or ethnic, racial, or special-interest groups.

A substantial body of U.S. laws and regulations governs advertising. Advertisers must not make false claims, use false demonstrations, or create ads with the capacity to deceive, even if no one is actually deceived. A floor wax advertiser can't say the product gives six months' protection unless it does so under typical conditions, and a diet bread baker can't say its product has fewer calories simply because its slices are thinner. The challenge is telling the difference between deception and "puffery"—simple exaggerations that are not meant to be believed and that are permitted by law. "Marketing Insight: Off-Air Ad Battles" describes a few recent legal disputes about what should be permissible in a brand's advertising.

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.²³

Magazine advertising can be an effective way to build or reinforce user imagery for a brand, as with Ray-Ban's "Never Hide" campaign.

marketing insight

Off-Air Ad Battles

In a highly competitive environment, perhaps it is not surprising that not everyone sees eye to eye on what is suitable advertising. Here are two notable recent disputes.

Splenda

Splenda's tagline for its artificial sweetener was "Made from sugar, so it tastes like sugar," with "but it's not sugar" in small writing almost as an afterthought. McNeil Nutritionals, Splenda's manufacturer, does begin production of Splenda with pure cane sugar but burns it off in the manufacturing process.

Merisant, maker of Equal, claimed that Splenda's advertising confused consumers who were likely to conclude that a product "made from sugar" is healthier than one made from aspartame, Equal's main ingredient. A document from McNeil's own files and used in court says consumers' perception of Splenda as "not an artificial sweetener" was one of the biggest triumphs of the company's marketing campaign, which began in 2003.

Splenda became the runaway leader in the sugar-substitute category with 60 percent of the market, leaving roughly 14 percent each to Equal and Sweet'N Low. Although McNeil eventually agreed to settle the lawsuit and pay Merisant an undisclosed but "substantial" award (and change its advertising), it may have been too late to change consumers' perception of Splenda as something sugary *and* sugar-free.

POM Wonderful

In May 2012, the Federal Trade Commission (FTC) issued a "cease-and-desist" order against POM Wonderful, saying the company had spread deceptive claims in print publications and billboards and online that its POM pomegranate juice could treat or prevent erectile dysfunction, prostate cancer, and heart disease. The ruling came after two years of legal back and forth. Oddly, however, POM appeared to declare victory, running a full-page ad in the *New York Times* lauding the fact that the ruling did not force it to seek re-approval from the Food and Drug Administration (as drug companies must do). A later appeal was rejected as the FTC continued to rule against POM ads using headlines such as "Cheat Death" without stronger evidence.

POM was not the only one to run into trouble over pomegranates. Welch's settled two class-action suits for \$30 million because labels on its 100% Juice White Grape Pomegranate Flavored 3 Juice Blend claimed more pomegranate than it really had—only 1 ounce in a 64-ounce bottle.

Sources: Sarah Hills, "McNeil and Sugar Association Settle Splenda Dispute," *Food Navigator-usa.com*, www.foodnavigator-usa.com, November 18, 2008; James P. Miller, "Bitter Sweets Fight Ended," *Chicago Tribune*, May 12, 2007; Avery Johnson, "How Sweet It Isn't: Maker of Equal Says Ads for J&J's Splenda Misled; Chemistry Lesson for Jurors," *Wall Street Journal*, April 6, 2007; "In Lawsuit Brought by POM Wonderful, a Federal Jury Finds Juice Maker Welch's Intentionally Misled Consumers," *Reuters*, September 15, 2010; Illy Goyanes, "Welch's Lies about Its Juice, Pays \$30 Million and No One Notices," *Miami New Times*, February 24, 2011; Charlie Minato, "POM Wonderful Is Bragging about Loss to FTC in Full Page Ads in the NY Times," *Business Insider*, May 24, 2012; Alicia Mundy, "FTC Bars Pom Juice's Health Claims," *Wall Street Journal*, January 16, 2013. For a discussion of the possible role of corrective advertising, see Peter Darke, Laurence Ashworth, and Robin J. B. Ritchie, "Damage from Corrective Advertising: Causes and Cures," *Journal of Marketing* 72 (November 2008), pp. 81–97.



Source: © Pressselect/Alamy

POM Wonderful has tangled with the FTC over its ad claims.

Advertising can play a more positive broader social role. The Ad Council is a nonprofit organization that uses top-notch industry talent to produce and distribute public service announcements for nonprofits and government agencies. From its early origins with "Buy War Bonds" posters, the Ad Council has tackled innumerable pressing social issues through the years, from drunk driving to AIDS prevention to its current focus on domestic violence.

CHOOSING MEDIA

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

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? The advertiser seeks a specified advertising objective and response from the target audience—for example, a target level of product trial. This level depends on, among other things, 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 20.2(a). If the advertiser seeks a product trial rate of 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:

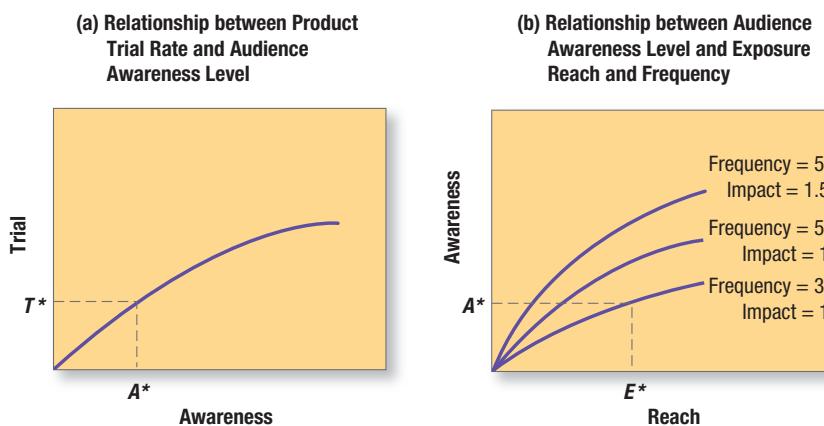
- **Reach (R).** The number of different persons or households exposed to a particular media schedule at least once during a specified time period
- **Frequency (F).** The number of times within the specified time period that an average person or household is exposed to the message
- **Impact (I).**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

Figure 20.2(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 here. Suppose the planner has an advertising budget of \$1,000,000 and the cost per thousand exposures of average quality is \$5. This means 200,000,000 exposures ($\$1,000,000 \div [\$5/1,000]$). If the advertiser seeks an average exposure frequency of 10, it 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, $E = R \times F$, also called the *gross rating points* (GRP). If a given media schedule reaches 80 percent of homes with an average exposure frequency of 3, the media schedule has a GRP of 240 (80×3). If another media schedule has a GRP of 300, it has 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 $WE = R \times F \times I$.

Reach is most important when launching new products, flanker brands, extensions of well-known brands, and infrequently purchased brands or when 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.²⁴



| Fig. 20.2 |

Relationship among Trial, Awareness, and the Exposure Function

A key reason for repetition is forgetting. The higher the forgetting rate associated with a brand, product category, or message, the higher the warranted level of repetition. However, advertisers should not coast on a tired ad but insist on fresh executions by their ad agency.²⁵

CHOOSING AMONG MAJOR MEDIA TYPES The media planner must 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 20.1. Media planners make their choices by considering factors such as target audience media habits, product characteristics, message requirements, and cost.

PLACE ADVERTISING OPTIONS Place advertising, or out-of-home advertising, is a broad category including many creative and unexpected forms to grab consumers' attention where they work, play, and, of course, shop. Popular options include billboards, public spaces, product placement, and point of purchase.

Billboards Billboards use colorful, digitally produced graphics, backlighting, sounds, movement, and unusual—even 3D—images.²⁶ In New York, manhole covers have been reimagined as steaming cups of Folgers coffee; in Belgium, eBay posted “Moved to eBay” stickers on empty storefronts; and in Germany, imaginary workers toiling inside vending machines, ATMs, and photo booths were justification for a German job-hunting Web site to proclaim, “Life Is Too Short for the Wrong Job.”²⁷

New “Eyes On” measurement techniques allow marketers to better understand who has seen their outdoor ads.²⁸ A strong creative message can make all the difference. Chang Soda in Bangkok had enough money in its budget for only one digital billboard. To maximize impact, it built a giant bubbling bottle onto the billboard to illustrate the product’s carbonation. Word-of-mouth buzz quintupled bottle sales from 200,000 to 1 million.²⁹

Public Spaces Ads are appearing in such unconventional places as movie screens, airplane bodies, and fitness equipment, as well as in classrooms, sports arenas, office and hotel elevators, and other public places.³⁰ Transit ads on buses, subways, and commuter trains have become a valuable way to reach working women. “Street furniture”—bus shelters, kiosks, and public areas—is another fast-growing option.

TABLE 20.1

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 in circulation
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; increasing consumer resistance

Advertisers can buy space in stadiums and arenas and on garbage cans, bicycle racks, parking meters, airport luggage carousels, elevators, gasoline pumps, the bottom of golf cups and swimming pools, airline snack packages, and supermarket produce in the form of tiny labels on apples and bananas. They can even buy space in toilet stalls and above urinals, which office workers visit an average of three to four times a day for roughly four minutes per visit.³¹

Product Placement Marketers pay \$100,000 to \$500,000 so their products will make cameo appearances in movies and on television.³² Sometimes such product placements are the result of a larger network advertising deal, but small product-placement shops also maintain ties with prop masters, set designers, and production executives.

Some firms get product placement at no cost. Nike does not pay to be in movies but often supplies shoes, jackets, bags, and so on. Increasingly, products and brands are being woven directly into the story, as when a new iPad for the gadget-loving dad of *Modern Family* became the story arc of a whole episode. In some cases, however, brands pay for the rights to appear in a movie, as with *Skyfall*.³³

SKYFALL With *Skyfall*, the 23rd film in the franchise, Heineken reportedly paid almost \$40 million for the rights to have James Bond drink its beer instead of his traditional vodka martini, covering a third of the film's estimated production budget. Marketers with the most on-screen presence beyond Heineken's in the film included Adidas, Aston Martin, Audi, Omega, Sony, and Tom Ford. One research firm estimated that brands in the film received more than \$7.6 million worth of exposure during its opening weekend. Some brands featured their movie promotion off-screen too. Heineken shot an extravagant 90-second ad featuring an inventive chase on a train that ended with a cameo appearance by Daniel Craig, the British actor currently playing Bond. More than 22 million people viewed the campaign online, and Heineken's "Crack the Case" promotion invited consumers in major cities to demonstrate their Bond-like skills in a game.

Product placement is not immune to criticism; lawmakers fault its stealth nature, threatening to force more explicit disclosure of participating advertisers.³⁴

Point of Purchase Chapter 18 discussed shopper marketing and in-store marketing efforts. The appeal of point-of-purchase advertising is that consumers make many brand decisions in the store—74 percent according to one study.³⁵

There are many ways to communicate at the **point of purchase (P-O-P)**, including ads on shopping carts, cart straps, aisles, and shelves and in-store demonstrations, live sampling, and instant coupon machines.³⁶ Some supermarkets are selling floor space for company logos and experimenting with talking shelves. Mobile marketing reaches consumers via smart phones when in store. P-O-P radio provides FM-style programming and commercial messages to thousands of food stores and drugstores nationwide. Video screens in some stores, such as Walmart, play TV-type ads.³⁷

WALMART SMART NETWORK Walmart, an in-store advertising pioneer, replaced its original program with a new SMART network in 2008 playing on 27,000 individual screens in its 2,700 stores nationwide. Programming reaches 160 million viewers every four weeks with large welcome screens at the entrance of the store, a category screen in departments, and endcap screens on each aisle. Advertisers pay \$325,000 for 30-second spots per two-week cycle in the grocery section and \$650,000 per four-week run in the health and beauty department. Five-second ads running every two minutes for two weeks on the welcome screens are \$80,000, and 10-second spots



Source: © Photos 12/Alamy

Heineken was a big sponsor of the popular James Bond film *Skyfall*, using product placement, ads, and a promotion as support.

running twice every six minutes on the full network cost \$50,000 per week. By linking the time when ads were shown and when product sales were made, Walmart can estimate how much ads increase sales by department (from 7 percent in Electronics to 28 percent in Health & Beauty) and by product type (mature items increase 7 percent, seasonal items 18 percent).

EVALUATING ALTERNATE MEDIA Nontraditional media can often reach a very precise and captive audience in a cost-effective manner, with ads anywhere consumers have a few seconds to notice them. The message must be simple and direct. Outdoor advertising, for example, is often called the “15-second sell.” It’s more effective at enhancing brand awareness or brand image than at creating new brand associations.

Unique ad placements designed to break through clutter may also be perceived as invasive and obtrusive, however, especially in traditionally ad-free spaces such as in schools, on police cruisers, and in doctors’ waiting rooms. Nevertheless, perhaps because of their sheer pervasiveness, some consumers seem less bothered by nontraditional media now than in the past. “Marketing Insight: Playing Games with Brands” describes the how brands have become infused in gaming.

The challenge for nontraditional media is demonstrating its reach and effectiveness through credible, independent research. But there will always be room for creativity, as when Intel struck a five-year deal with the famed FC Barcelona soccer team to place its Intel Inside logo on the *inside* of players’ jerseys, so when they lifted their shirts after scoring a goal, a customary gesture, the logo would appear.³⁸

SELECTING SPECIFIC MEDIA VEHICLES The media planner must choose 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 \$75,000 for a new show, \$350,000 for a popular prime-time show such as *Sunday Night Football*, *The Big Bang Theory*, or *The Voice*, or almost \$4 million for the Super Bowl.³⁹ These choices are critical: The average cost to produce a national 30-second television commercial is about \$300,000,⁴⁰ so it can cost as much to run an ad once on network TV as to create and produce it to start with! “Marketing Memo: Winning The Super Bowl of Advertising” describes how marketers approach the biggest event on the U.S. sports scene.

Media planners rely on measurement services that estimate audience size, composition, and media cost and then calculate the cost per thousand persons reached. A full-page, four-color ad in *Sports Illustrated* cost approximately \$412,500 in 2014. If *Sports Illustrated*’s estimated readership was 3 million people, the cost of exposing the ad to 1,000 persons was \$13.75. The same ad in *People* cost approximately \$337,400 and reached 3.475

marketing insight

Playing Games with Brands

More than half of U.S. adults and virtually all teens (97 percent) play video games, and about one in five play every day or almost every day. About 40 percent of gamers are women, who prefer puzzles and collaborative games, whereas men seem more attracted to competitive or simulation games. Given this explosive popularity, many advertisers have gotten on board.

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 public locations such as restaurants. Apple Jacks has an advergame on its Web site called *Race to the Bowl Rally* that targets kids and gives point bonuses for picking up Apple Jacks on the race course. In the M&M Chocolate Factory game, users help the M&M characters make their way through 12 different game levels inside a candy factory and can share content via Facebook and Twitter. Marketers collect valuable customer data

upon registration and often seek permission to send e-mail. Among players of a game sponsored by Ford Escape SUV, 54 percent signed up for e-mail.

Marketers are also starring in popular games. Gatorade appears in *NBA 2k13*, AXE body spray in *Splinter Cell: Chaos Theory*, and White Castle in *Homefront*. Mainstream marketers such as Apple, Procter & Gamble, Toyota, and Visa have all developed games. By integrating branded structures into a city-building game called *We City* for mobile devices, Century 21 increased brand awareness with key 25- to 34-year-old targets.

Research suggests gamers are fine with ads and the way they affect the game experience. One study showed 70 percent of gamers felt dynamic in-game ads “contributed to realism,” “fit the games” in which they served, and looked “cool.”

Sources: Lauren Johnson, “Mars Ups Brand-Building Efforts through Mobile Game,” *Mobile Marketer*, December 12, 2012; Molly Soat, “Virtual Development,” *Marketing News*, May 31, 2103; Michelle Kung, “We Interrupt This Video Game for a Word from Our Sponsor,” *Wall Street Journal*, June 13, 2011; www.applejacks.com/games/race-to-the-rally; Amanda Lenhart, “Video Games: Adults Are Players Too,” Pew Internet & American Life Project, www.pewresearch.org, December 7, 2008; Erika Brown, “Game On!” *Forbes*, July 24, 2006, pp. 84–86.

marketing memo**Winning The Super Bowl of Advertising**

The Super Bowl attracts the largest audience on television; 111 million viewers watched Fox's broadcast in 2014. With an audience that large, a 30-second ad slot sold for a pricey \$4 million.

From the first game in 1975, Super Bowl advertising has grown in importance as football has become more popular. Apple's iconic "1984" spot launching Macintosh computers featured a futuristic Orwellian world shot by famed film director Ridley Scott and ushered in a new world of Super Bowl advertising. Appearing just once during a one-sided victory by the Los Angeles Raiders over the Washington Redskins, the ad became the talk of the game, and marketers and ad agencies began to look at advertising in the game in a more ambitious way.

The introduction of the *USA Today* ad meter in 1989 focused even more consumer attention on the ads and their entertainment value. While the normal rate of audience tune-out during a commercial is 4 percent, Super Bowl ads average less than 1 percent. They have been shown to be more memorable and likable than typical ads and can even give a firm's stock price a bump.

Many Super Bowl ads now have a new purpose: to create curiosity and interest so consumers will go online and engage in social media and word of mouth to uncover more detailed information. The most popular—like a Honda CR-V ad with Matthew Broderick spoofing his Ferris Bueller film role and a VW ad with a young kid playing Darth Vader—drew tens of millions of YouTube views. Increasingly, ads are released online before the game as firms attempt to maximize their social media and PR power.

Given the large and diverse audience, many Super Bowl advertisers try to please as many people as possible, employing cute babies, playful animals, and slapstick humor. But Paul Venables, a Super Bowl ad veteran, recommends being as clear as possible about the strategic goal sought. Is it to generate social media buzz, online product searches, or store or dealer visits? As he says, "There are a million metrics and you have to decide what you are measuring." Another agency leader, Brad Kay, advocates a holistic approach, leveraging the high-profile TV spot to create more conversion opportunities online.

Sources: Ellen Killoran, "Super Bowl Ads 2014: What Does \$4 Million Really Buy You?," *International Business Times*, January 30, 2014; Jin-Woo Kim, Traci H. Freling, and Douglas B. Grisaffe, "The Secret Sauce for Super Bowl Advertising," *Journal of Advertising Research* 53 (June 2013), pp. 134–49; Noreen O'Leary, "How to Win the Super Bowl," *Adweek*, January 28, 2013; Lucia Moses, "Ad Play," *Adweek*, January 28, 2013; Alex Konrad, "5 Ways the Super Bowl Ad Playbook Has Changed," www.tech.fortune.com, February 2, 2012; Michael Learmonth, "How USA Today's Ad Meter Broke Super Bowl Advertising," *Advertising Age*, January 30, 2012; Bruce Horovitz, "Super Bowl Marketers Go All Out to Create Hype, Online Buzz," *USA Today*, February 8, 2010.



Source: © Tribune Content Agency LLC/Alamy

The Super Bowl is a media extravaganza that many advertisers covet, even its halftime shows as with Super Bowl XLVIII in 2014 featuring Bruno Mars and special guests Red Hot Chili Peppers.

million people—at a lower cost-per-thousand of \$9.71.⁴¹ Magazines often put together a “reader profile” for their advertisers, describing average readers’ age, income, residence, marital status, and leisure activities.

Marketers need to adjust the cost-per-thousand measure. First, consider *audience quality*. For a baby lotion ad, a magazine read by 1 million young parents has an exposure value of 1 million; if read by 1 million teenagers, it has an exposure value of almost zero. Second, look at *audience-attention probability*. Readers of *Vogue* may pay more attention to ads than do readers of *Sports Illustrated*. Third is the medium’s *editorial quality*, meaning its prestige and believability. People are more likely to believe a TV or radio ad when it appears within a program they like. Fourth, consider the value of *ad placement policies and extra services*, such as regional or occupational editions and lead-time requirements for magazines.

Media planners are using more sophisticated measures of effectiveness and employing them in mathematical models to arrive at the best media mix.⁴² Many advertising agencies use software programs to select the initial media and make improvements based on subjective factors.

SELECTING MEDIA TIMING AND ALLOCATION In choosing media, the advertiser makes both a macroscheduling and a microscheduling decision. The *macroscheduling decision* relates 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 decision* calls for allocating advertising expenditures within a short period to obtain maximum impact. Suppose the firm decides to buy 30 radio spots in September. The left side of Figure 20.3 shows that advertising messages for the month can be concentrated (“burst” advertising), dispersed continuously throughout the month, or dispersed intermittently. The top side shows they can be beamed with a level, rising, falling, or alternating frequency.

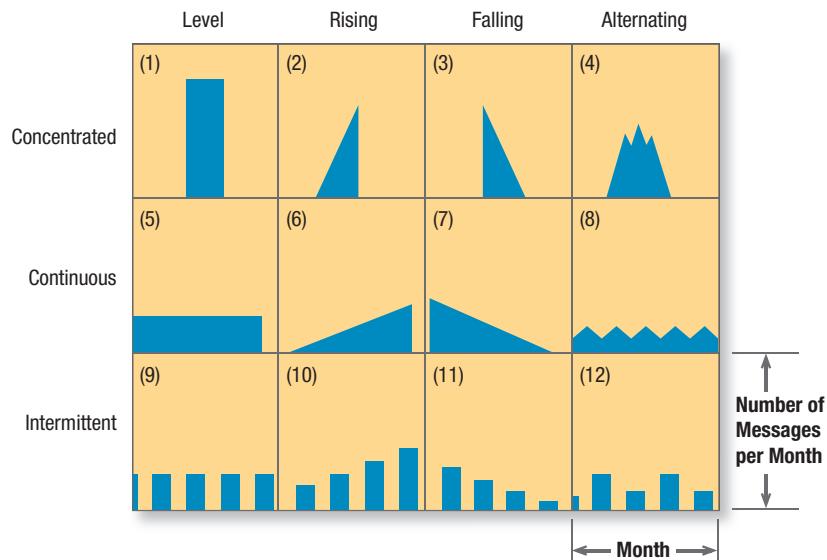
The chosen pattern should meet the marketer’s communications objectives and consider three factors. *Buyer turnover* expresses the rate at which new buyers enter the market; the higher this rate, the more continuous the advertising should be. *Purchase frequency* is the number of times the average buyer buys the product during the period; 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 must choose among continuity, concentration, flighting, and pulsing.

- **Continuity** means exposures appear evenly throughout a given period. Generally, advertisers use continuous advertising in expanding markets, 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 related holiday.
- **Flighting** calls for advertising during a period, followed by a period with no advertising, followed by a second period of advertising activity. It is useful when funding is limited, the purchase cycle is relatively infrequent, or items are seasonal.

| Fig. 20.3 |

Classification of Advertising Timing Patterns



- **Pulsing** is continuous advertising at low levels, reinforced periodically by waves of heavier activity. It draws on the strengths of continuous advertising and flights to create a compromise scheduling strategy. Those who favor pulsing believe the audience will learn the message more thoroughly and at a lower cost to the firm.⁴³

A company must allocate its advertising budget over space as well as over time. It 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). The company makes “local buys” when it advertises in local newspapers, radio, or outdoor sites.

EVALUATING ADVERTISING EFFECTIVENESS

Most advertisers try to measure the communication effect of an ad—that is, its potential impact on awareness, knowledge, or preference. They would also like to measure its sales effect.

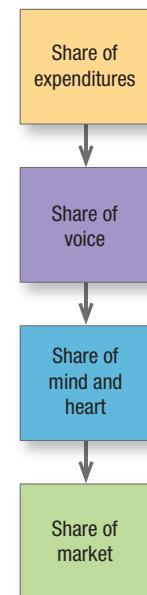
COMMUNICATION-EFFECT RESEARCH **Communication-effect research**, called *copy testing*, seeks to determine whether an ad is communicating effectively. Marketers should perform this test both before an ad is put into media and after it is printed or broadcast. Table 20.2 describes some specific advertising pretest research techniques.

Pretest critics maintain that agencies can design ads that test well but may not necessarily perform well in the marketplace. Proponents maintain that useful diagnostic information can emerge and that pretests should not be used as the sole decision criterion anyway. Widely acknowledged as one of the best advertisers around, Nike is known for doing very little ad pretesting.

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 it is not spending enough, its ads are poor, or it has overlooked some other factor.

SALES-EFFECT RESEARCH What sales are generated by an ad that increases brand awareness by 20 percent and brand preference by 10 percent? The fewer or more controllable other factors such as features and price are, the easier it is to measure advertising’s effect on sales. The sales impact is easiest to measure in direct marketing situations and hardest in brand or corporate image-building advertising.

Companies want to know whether they are overspending or underspending on advertising. One way to answer this question is to work with the formulation shown in Figure 20.4. A company’s *share of advertising expenditures* produces a *share of voice* (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*.



| Fig. 20.4 |

Formula for Measuring Different Stages in the Sales Impact of Advertising

TABLE 20.2 Advertising Pretest 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 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.

Researchers can measure sales impact with the *historical approach*, which uses advanced statistical techniques to correlate past sales to past advertising expenditures.⁴⁴ Other researchers use *experimental data* to measure advertising's sales impact. A growing number of researchers measure the sales effect of advertising expenditures instead of settling for communication-effect measures.⁴⁵ Millward Brown International has conducted tracking studies for years to help advertisers decide whether their advertising is benefiting their brand.⁴⁶

Sales Promotion

Sales promotion, a key ingredient in marketing campaigns, consists of a collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade.⁴⁷ Whereas advertising offers a *reason* to buy, sales promotion offers an *incentive*.

ADVERTISING VERSUS PROMOTION

Although sales promotion expenditures increased as a percentage of budget expenditure for a number of years, their growth has recently slowed. Consumers began to tune out promotions: Coupon redemption peaked in 1992 at 7.9 billion coupons but dropped to 2.9 billion by 2013.⁴⁸ Incessant price reductions, coupons, deals, and premiums can also devalue the product in buyers' minds. Having turned to 0 percent financing, hefty cash rebates, and special lease programs during sluggish economic times, auto manufacturers have found it difficult to wean consumers from discounts ever since.⁴⁹

Some sales promotion tools are *consumer franchise building*. They impart a selling message along with the deal, such as free samples, frequency awards, coupons with a selling message, and premiums related to the product. Sales promotion tools that are typically *not* brand building include price-off packs, consumer premiums not related to a product, contests and sweepstakes, consumer refund offers, and trade allowances.

Sales promotions in markets of high brand similarity can produce a high sales response in the short run but little permanent gain over the longer term. In markets with high brand dissimilarity, they may be able to alter market shares permanently. In addition to brand switching, consumers may engage in stockpiling—purchasing earlier than usual (purchase acceleration) or buying extra quantities. But sales may then hit a post-promotion dip.⁵⁰

Price promotions also may not build permanent total-category volume. One study of more than 1,000 promotions concluded that only 16 percent paid off.⁵¹ Small-share competitors may benefit from sales promotion because they cannot match market leaders' advertising budgets, nor can they obtain shelf space without offering trade allowances or stimulate consumer trial without offering incentives. Dominant brands offer deals less frequently because most deals subsidize only current users.

Consumer franchise-building promotions can offer the best of both worlds—building brand equity while moving product. McDonald's, Dunkin' Donuts, and Starbucks have given away millions of samples of their new products because consumers like them and they often lead to higher long-term sales for quality products.⁵² Gain's "Love at First Sniff" campaign used direct mail and in-store scented tear-pads and ShelfVision TV to entice consumers to smell the product, resulting in an almost 500 percent increase in shipments over the goal.⁵³

The fastest-growing area in sales promotions is digital coupons, redeemed via smart phone or downloaded to a consumer's printer. Digital coupons eliminate printing costs, reduce paper waste, are easily updatable, and have higher redemption rates. Coupons.com gets 620,000 unique daily visitors looking for money-saving deals, and CoolSavings.com gets 120,000 seeking money-saving coupons and offers from name brands as well as helpful tips and articles, newsletters, free recipes, sweepstakes, free trials, free samples, and more. Many retailers are now offering customized coupons based on consumer purchase histories.⁵⁴ One firm has devised a very different way for firms to offer discounts.⁵⁵

Groupon Groupon launched in 2008 to help businesses leverage the Internet and e-mail to use promotions as a form of advertisement. Specifically, the company sends its large base of subscribers a humorously worded daily deal—a specific percentage or dollar amount off the regular price—for a specific client's branded product or service. Through these e-mailed discounts, Groupon offers client firms three benefits: increased consumer exposure to the brand, the ability to price discriminate, and the creation of a "buzz factor." Groupon takes 40 percent to 50 percent of the revenues in each deal in the process. Many promotions are offered on behalf of local retailers such as spas, fitness centers, and restaurants, but Groupon also manages deals on behalf of some national brands. Some businesses

have complained that Groupon attracts only deal-seekers and is not as effective in converting regular customers. One study found that 32 percent of companies lost money and 40 percent said they would not utilize such a promotion again, with restaurants faring the worst among service businesses and spas and salons being the most successful. Groupon has tried to innovate in several ways. Leveraging its massive sales force to sell Groupon Now, the company enlists local businesses to offer time- and location-specific deals via the Web or smart phones. The iPhone app for the new service has two buttons, “I’m Bored” and “I’m Hungry,” to trigger deals in real time. For businesses, the service is a way to boost traffic at otherwise slow times. Even a popular restaurant might still consider some midday and midweek discounts knowing it is rarely full then. After a heavily hyped IPO, its stock has not performed well as Groupon struggles to find the right business formula.

MAJOR DECISIONS

In using sales promotion, a company must establish its objectives, select the tools, develop the program, implement and control it, and evaluate the results.

ESTABLISHING OBJECTIVES Sales promotion objectives derive from communication objectives, which derive from basic marketing objectives for the product.

- For *consumers*, objectives include encouraging more frequent purchases or purchase of larger-sized units among users, building trial among nonusers, and attracting switchers away from competitors’ brands. If some of the brand switchers would not have otherwise tried the brand, promotion can yield long-term increases in market share.⁵⁶ Ideally, consumer promotions have short-run sales impact and long-run brand equity effects.⁵⁷
- For *retailers*, objectives include persuading retailers to carry new items and more inventory, encouraging off-season buying, encouraging stocking of related items, offsetting competitive promotions, building brand loyalty, and gaining entry into new retail outlets.
- For the *sales force*, objectives of promotion include encouraging their support of a new product or model, encouraging more prospecting, and stimulating off-season sales.

SELECTING CONSUMER PROMOTION TOOLS The promotion planner should take into account the type of market, sales promotion objectives, competitive conditions, and each tool’s cost-effectiveness. The main consumer promotion tools are summarized in Table 20.3. *Manufacturer promotions* in the auto industry, for instance, are rebates, gifts to motivate test-drives and purchases, and high-value trade-in credit. *Retailer promotions* include price cuts, feature advertising, retailer coupons, and retailer contests or premiums.⁵⁸

SELECTING TRADE PROMOTION TOOLS Manufacturers use a number of trade promotion tools (see Table 20.4).⁵⁹ They award money to the trade (1) to persuade the retailer or wholesaler to carry the brand; (2) to persuade the retailer or wholesaler to carry more units than the normal amount; (3) to induce retailers to promote the brand by featuring, display, and price reductions; and (4) to stimulate retailers and their sales clerks to push the product.

The growing power of large retailers has increased their ability to demand trade promotion.⁶⁰ The manufacturer’s sales force and its brand managers are often at odds here. The sales force says local retailers will not keep the company’s products on the shelf unless they receive more trade promotion money, whereas brand managers want to spend their limited funds on consumer promotion and advertising.

Manufacturers often find it difficult to police retailers to make sure they are doing what they agreed to do and increasingly insist on proof of performance before paying any allowances. Manufacturers face several challenges in managing trade promotions.

- Some retailers are doing *forward buying*—that is, buying a greater quantity during the deal period than they can immediately sell. The manufacturer must then schedule more production than planned and bear the costs of extra work shifts and overtime.
- Some retailers are *diverting*, buying more than needed in a region where the manufacturer offers a deal and shipping the surplus to their stores in non-deal regions.

Manufacturers handle forward buying and diverting by limiting the amount they will sell at a discount or by producing and delivering less than the full order in an effort to smooth production.⁶¹

Ultimately, many manufacturers feel trade promotion has become a nightmare. It contains layers of deals, is complex to administer, and often leads to lost revenues.

TABLE 20.3

Major Consumer Promotion Tools

Samples: Offer of a free amount of a product or service delivered door to door, sent in the mail, picked up in a store, attached to another product, or featured in an advertising offer.

Coupons: Certificates entitling the bearer to a stated saving on the purchase of a specific product: mailed, enclosed in other products or attached to them, inserted in magazine and newspaper ads, or emailed or made available online.

Cash Refund Offers (rebates): Provide a price reduction after purchase rather than at the retail shop: Consumer sends a specified “proof of purchase” to the manufacturer who “refunds” part of the purchase price by mail.

Price Packs (cents-off deals): Offers to consumers of savings off the regular price of a product, flagged on the label or package. A *reduced-price pack* is a single package sold at a reduced price (such as two for the price of one). A *banded pack* is two related products banded together (such as a toothbrush and toothpaste).

Premiums (gifts): Merchandise offered at a relatively low cost or free as an incentive to purchase a particular product. A *with-pack premium* accompanies the product inside or on the package. A *free in-the-mail premium* is mailed to consumers who send in a proof of purchase, such as a box top or UPC code. A *self-liquidating premium* is sold below its normal retail price to consumers who request it.

Frequency Programs: Programs providing rewards related to the consumer's frequency and intensity in purchasing the company's products or services.

Prizes (contests, sweepstakes, games): Prizes are offers of the chance to win cash, trips, or merchandise as a result of purchasing something. A *contest* calls for consumers to submit an entry to be examined by a panel of judges who will select the best entries. A *sweepstakes* asks consumers to submit their names in a drawing. A *game* presents consumers with something every time they buy—bingo numbers, missing letters—which might help them win a prize.

Patronage Awards: Values in cash or in other forms that are proportional to patronage of a certain vendor or group of vendors.

Free Trials: Inviting prospective purchasers to try the product without cost in the hope that they will buy.

Product Warranties: Explicit or implicit promises by sellers that the product will perform as specified or that the seller will fix it or refund the customer's money during a specified period.

Tie-in Promotions: Two or more brands or companies team up on coupons, refunds, and contests to increase pulling power.

Cross-Promotions: Using one brand to advertise another noncompeting brand.

Point-of-Purchase (P-O-P) Displays and Demonstrations: P-O-P displays and demonstrations take place at the point of purchase or sale.

TABLE 20.4

Major Trade Promotion Tools

Price-Off (off-invoice or off-list): A straight discount off the list price on each case purchased during a stated time period.

Allowance: An amount offered in return for the retailer's agreeing to feature the manufacturer's products in some way. An *advertising allowance* compensates retailers for advertising the manufacturer's product. A *display allowance* compensates them for carrying a special product display.

Free Goods: Offers of extra cases of merchandise to intermediaries who buy a certain quantity or who feature a certain flavor or size.

TABLE 20.5 Major Business and Sales Force Promotion Tools

Trade Shows and Conventions: Industry associations organize annual trade shows and conventions. These are a multibillion-dollar business, and business marketers may spend as much as 35 percent of their annual promotion budget on them. Attendance can top 70,000 for large shows held by the restaurant or hotel-motel industries. The International Consumer Electronics Show is one of the largest in the world, with more than 150,000 attendees in 2013. Participating vendors can generate new sales leads, maintain customer contacts, introduce new products, meet new customers, sell more to present customers, and educate customers with publications, videos, and other audiovisual materials.

Sales Contests: A sales contest aims at inducing the sales force or dealers to increase sales results over a stated period, with prizes (money, trips, gifts, or points) going to those who succeed.

Specialty Advertising: Specialty advertising consists of useful, low-cost items bearing the company's name and address, and sometimes an advertising message, that salespeople give to prospects and customers. Common items are ballpoint pens, calendars, key chains, flashlights, tote bags, and memo pads.

SELECTING BUSINESS AND SALES FORCE PROMOTION TOOLS Companies spend billions of dollars on business and sales force promotion tools (see Table 20.5) to gather leads, impress and reward customers, and motivate the sales force.⁶² They typically develop budgets for tools that remain fairly constant from year to year. For many new businesses that want to make a splash to a targeted audience, especially in the B-to-B world, trade shows are an important tool, but the cost per contact is the highest of all communication options.

DEVELOPING THE PROGRAM In planning sales promotion programs, marketers are increasingly blending several media into a total campaign concept, such as the following award-winning promotion.⁶³

SAMSUNG To promote its pricy (\$450) Galaxy camera brand, Samsung developed a clever mobile and social campaign, "Life's a Photo: Take It." A two-month contest asked 32 of the most popular Instagram influencers from eight international markets to trade their favorite camera phone app for the Samsung Galaxy camera. Their task was to use the new camera to showcase their city on Instagram and Tumblr to prove it was the most photogenic. Each week a different feature of the camera was showcased and fans voted on their favorite photos. A video outlining the campaign was viewed 1.3 million times, brand awareness of the Galaxy camera improved 58 percent, and purchase intent increased 115 percent.

In deciding to use a particular incentive, marketers must first determine its *size*. A certain minimum discount is necessary if the promotion is to succeed. Second, the marketing manager must establish *conditions* for participation. Incentives might be offered to everyone or to select groups. Third, the marketer must decide on the *duration* of the promotion. Fourth, the marketer must choose a *distribution vehicle*. A 50-cents-off coupon can be distributed in the product package, in stores, by mail, online, or in advertising. Fifth, the marketing manager must establish the *timing* of promotion and, finally, the *total sales promotion budget*. The cost of a particular promotion consists of the administrative cost (printing, mailing, and promoting the deal) and the incentive cost (cost of premium or cents-off, including redemption costs), multiplied by the expected number of units sold. The cost of a coupon deal recognizes that only a fraction of consumers will redeem the coupons.

IMPLEMENTING AND EVALUATING THE PROGRAM Marketing managers' implementation and control plans must cover lead time and sell-in time for each individual promotion. *Lead time* is the time necessary to prepare the program prior to launching it. *Sell-in time* begins with the promotional launch and ends when approximately 95 percent of the deal merchandise is in the hands of consumers.

Manufacturers can evaluate the program using sales data, consumer surveys, and experiments.

- *Sales (scanner) data* help analyze the types of people who took advantage of the promotion, what they bought before the promotion, and how they behaved later toward the brand and other brands. Sales promotions are most successful when they attract competitors' customers who then switch.

- *Consumer surveys* can uncover how many consumers recall the promotion, what they thought of it, how many took advantage of it, and how it affected later brand-choice behavior.⁶⁴
- *Experiments* vary such attributes as incentive value, duration, and distribution media. For example, coupons can be sent to half the households in a consumer panel. Scanner data can track whether they led more people to buy the product and when.

Additional costs include the risk that promotions might decrease long-run brand loyalty or be more expensive than they appear. Some are inevitably distributed to the wrong consumers. Special production runs, extra sales force effort, and handling requirements bring other costs. Finally, certain promotions irritate retailers, who may demand extra trade allowances or refuse to cooperate.

Events and Experiences

The IEG Sponsorship Report estimated that marketers spent \$19.8 billion on sponsorships in North America during 2013, with 70 percent going to sports; another 10 percent to entertainment tours and attractions; 4 percent to festivals, fairs, and annual events; 4 percent to the arts; 3 percent to associations and membership organizations; and 9 percent to cause marketing.⁶⁵ Becoming part of a personally relevant moment in consumers' lives through sponsored events and experiences can broaden and deepen a company's or brand's relationship with the target market.

Daily encounters with brands may also affect consumers' brand attitudes and beliefs. *Atmospheres* are "packaged environments" that create or reinforce leanings toward product purchase. Law offices decorated with Oriental rugs and oak furniture communicate "stability" and "success."⁶⁶ A five-star hotel will use elegant chandeliers, marble columns, and other tangible signs of luxury.

EVENTS OBJECTIVES

Marketers report a number of reasons to sponsor events:

1. **To identify with a particular target market or lifestyle**—Customers can be targeted geographically, demographically, psychographically, or behaviorally according to events. Old Spice sponsors college sports—including its college basketball Old Spice Classic in late November—to highlight product relevance and sample among its target audience of 16- to 24-year-old males.
2. **To increase salience of company or product name**—Sponsorship offers sustained exposure for a brand, a necessary condition for reinforcing brand salience. Top-of-mind awareness for soccer World Cup sponsors Emirates, Hyundai, Kia, and Sony benefited from the repeated brand and ad exposure over the month-long tournament.
3. **To create or reinforce perceptions of key brand image associations**—Events themselves have associations that help to create or reinforce brand associations.⁶⁷ To toughen its image and appeal to the heartland, Toyota Tundra sponsors B.A.S.S. fishing tournaments and has sponsored Brooks & Dunn country music tours.

Major sporting events like the FIFA World Cup in soccer attract enormous sponsorship dollars.



Source: © ZUMA Press, Inc./Alamy

4. **To enhance corporate image**—Sponsorship can improve perceptions that the company is likable and prestigious. Although Visa views its long-standing Olympic sponsorship as a means of enhancing international brand awareness and increasing usage and volume, it also engenders patriotic goodwill and taps into the emotional Olympic spirit.
5. **To create experiences and evoke feelings**—The feelings engendered by an exciting or rewarding event may indirectly link to the brand. Audi models featured prominently in the 2010 blockbuster *Iron Man 2*, including main character Tony Stark's personal R8 Spyder and the A8, Q5 and Q7 SUVs, and A3 hatchback. After a month-long marketing blitz, positive word of mouth doubled for the brand.⁶⁸
6. **To express commitment to the community or on social issues**—Cause-related marketing sponsors nonprofit organizations and charities. Firms such as Timberland, Stonyfield Farms, Home Depot, Starbucks, American Express, and Tom's of Maine have made their support of causes an important cornerstone of their marketing programs.
7. **To entertain key clients or reward key employees**—Many events include lavish hospitality tents and other special services or activities only for sponsors and their guests. These perks engender goodwill and establish valuable business contacts. From an employee perspective, events can also build participation and morale or serve as an incentive. BB&T Corp., a major banking and financial services player in the South and Southeast United States, used its NASCAR Busch Series sponsorship to entertain business customers and its minor league baseball sponsorship to generate excitement among employees.⁶⁹
8. **To permit merchandising or promotional opportunities**—Many marketers tie contests or sweepstakes, in-store merchandising, direct response, or other marketing activities with an event. Ford and Coca-Cola have used their sponsorship of the popular TV show *American Idol* in this way.

Despite these potential advantages, the result of an event can still be unpredictable and beyond the sponsor's control. And although many consumers credit sponsors for providing the financial assistance to make an event possible, some may resent its commercialization.

MAJOR SPONSORSHIP DECISIONS

Making sponsorships successful requires choosing the appropriate events, designing the optimal sponsorship program, and measuring the effects of sponsorship.⁷⁰

CHOOSING EVENTS Because of the number of sponsorship opportunities and their huge cost, many marketers are becoming more selective. The event must meet the marketing objectives and communication strategy defined for the brand. It must have sufficient awareness, possess the desired image, and be able to create the desired effects. The audience must match the target market and make favorable attributions for the sponsor's engagement. An ideal event is also unique but not encumbered with many sponsors, lends itself to ancillary marketing activities, and reflects or enhances the sponsor's brand or corporate image.⁷¹

DESIGNING SPONSORSHIP PROGRAMS Many marketers believe the marketing program accompanying an event sponsorship ultimately determines its success. At least two to three times the amount of the sponsorship expenditure should be spent on related marketing activities.

Event creation is a particularly important skill in publicizing fund-raising drives for nonprofit organizations. Fund-raisers have developed a large repertoire of special events, including anniversary celebrations, art exhibits, auctions, benefit evenings, book sales, cake sales, contests, dances, dinners, fairs, fashion shows, phonathons, rummage sales, tours, and walkathons.

More firms are now using their names to sponsor arenas, stadiums, and other venues that hold events, spending billions of dollars for naming rights to major North American sports facilities. But as with any sponsorship, the most important consideration is the additional marketing activities.

MEASURING SPONSORSHIP ACTIVITIES It's a challenge to measure the success of events. "Marketing Memo: Measuring High-Performance Sponsorship Programs" offers some guidelines from industry experts IEG.

Supply-side methods for measuring an event's success assess the media coverage, for example, the number of seconds the brand is clearly visible on a television screen or the column inches of press clippings that mention it. These potential "impressions" can translate into the dollar cost of actually advertising in the particular vehicle. Some industry consultants estimate that 30 seconds of logo exposure during a televised event can be worth 6 percent, 10 percent, or as much as 25 percent of a 30-second TV ad spot.

Although supply-side methods provide quantifiable measures, equating media coverage with advertising exposure ignores the content of the respective communications. The advertiser uses media space and time to

marketing memo

Measuring High-Performance Sponsorship Programs

1. *Measure outcomes, not outputs.* Focus on what a sponsorship actually produced rather than what a sponsor got or did—rather than focus on 5,000 people sampled at an event, how many of those people would be classified as members of the target market and what is the likely conversion rate between their trial and future behaviors?
2. *Define and benchmark objectives on the front end.* Specific objectives help to identify what measures should be tracked. An objective of motivating the sales force and distributors suggests different measures than one of building brand image and key brand benefits. Contrast measures in terms of sponsorship effects and what might have happened if the sponsorship had not occurred.
3. *Measure return for each objective against prorated share of rights and activation fees.* Rank and rate objectives by importance and allocate the total sponsorship budget against each of those objectives.
4. *Measure behavior.* Conduct a thorough sales analysis to identify shifts in marketplace behavior as a result of the sponsorship.
5. *Apply the assumptions and ratios used by other departments within the company.* Applying statistical methods used by other departments makes it easier to gain acceptance for any sponsorship analysis.
6. *Research the emotional identities of customers and measure the results of emotional connections.* In what ways does a sponsorship psychologically affect consumers and facilitate and deepen long-term loyalty relationships?
7. *Identify group norms.* How strong of a community exists around the sponsored event or participants? Are there formal groups that share interests that will be impacted by the sponsorship?
8. *Include cost savings in ROI calculations.* Contrast expenses that a firm has typically incurred in the past achieving a particular objective from those expenses allocated to achieve the objective as part of the sponsorship.
9. *Slice the data.* Sponsorship affects market segments differently. Breaking down a target market into smaller segments can better identify sponsorship effects.
10. *Capture normative data.* Develop a core set of evaluation criteria that can be applied across all different sponsorship programs.

Source: "Measuring High Performance Sponsorship Programs," IEG Executive Brief, IEG Sponsorship Consulting, www.sponsorship.com, 2009.

communicate a strategically designed message. Media coverage and telecasts only expose the brand and don't necessarily embellish its meaning in any direct way. Although some public relations professionals maintain that positive editorial coverage can be worth five to 10 times the equivalent advertising value, sponsorship rarely provides such favorable treatment.

The **demand-side method** identifies the sponsorship's effect on consumers' brand knowledge. Marketers can survey spectators to measure their recall of the event and their resulting attitudes and intentions toward the sponsor.

CREATING EXPERIENCES

A large part of local, grassroots marketing is *experiential marketing*, which not only communicates features and benefits but also connects a product or service with unique and interesting experiences. "The idea is not to sell something, but to demonstrate how a brand can enrich a customer's life."⁷² Many firms are creating their own events and experiences to create consumer and media interest and involvement.

Consumers seem to appreciate that effort. In one survey, four of five respondents found participating in a live event was more engaging than all other forms of communication. The vast majority also felt experiential marketing gave them more information than other forms of communication and would make them more likely to tell others about the experience and be receptive to other marketing for the brand.⁷³

Companies can even create a strong image by inviting prospects and customers to visit their headquarters and factories.⁷⁴ Ben & Jerry's, Boeing, Crayola, and Hershey's all sponsor excellent company tours that draw millions of visitors a year. Hallmark, Kohler, and Beiersdorf (maker of NIVEA) have built corporate museums at or near their headquarters that display their history and the drama of producing and marketing their products. Many firms are also creating off-site product and brand experiences. There are the World of Coca-Cola in Atlanta and Las Vegas and M&M's World in Times Square in New York City.

Public Relations

Not only must the company relate constructively to customers, suppliers, and dealers, it must also relate to a large number of interested publics. A **public** is any group that has an actual or potential interest in or impact on a company's ability to achieve its objectives. **Public relations (PR)** includes a variety of programs to promote or protect a company's image or individual products.

The wise company takes concrete steps to manage successful relationships with its key publics. Most have a public relations department that monitors the attitudes of the organization's publics and distributes information and communications to build goodwill. The best PR departments counsel top management to adopt positive programs and eliminate questionable practices so negative publicity doesn't arise in the first place. They perform the following five functions:

1. **Press relations**—Presenting news and information about the organization in the most positive light
2. **Product publicity**—Sponsoring efforts to publicize specific products
3. **Corporate communications**—Promoting understanding of the organization through internal and external communications
4. **Lobbying**—Dealing with legislators and government officials to promote or defeat legislation and regulation
5. **Counseling**—Advising management about public issues as well as company positions and image during good times and bad

MARKETING PUBLIC RELATIONS

Many companies are turning to **marketing public relations (MPR)** to support corporate or product promotion and image making. MPR, like financial PR and community PR, serves a special constituency, the marketing department.

The old name for MPR was **publicity**, the task of securing editorial space—as opposed to paid space—in print and broadcast media to promote or hype a product, service, idea, place, person, or organization. MPR goes beyond simple publicity and plays an important role in the following tasks:

- **Launching new products.** The amazing one-time commercial success of toys such as LeapFrog, Beanie Babies, and Silly Bandz owes a great deal to strong publicity.
- **Repositioning mature products.** In a classic PR case study, New York City had extremely bad press in the 1970s until the "I Love New York" campaign.
- **Building interest in a product category.** Companies and trade associations have used MPR to rebuild interest in declining commodities such as eggs, milk, beef, and potatoes and to expand consumption of such products as tea, pork, and orange juice.
- **Influencing specific target groups.** McDonald's sponsors special neighborhood events in Latino and African American communities to build goodwill.
- **Defending products that have encountered public problems.** PR professionals must be adept at managing crises, such as those weathered by such well-established brands as Tylenol, Toyota, and BP in recent years.
- **Building the corporate image in a way that reflects favorably on its products.** The late Steve Jobs's heavily anticipated Macworld keynote speeches helped to create an innovative, iconoclastic image for Apple Corporation.

As the power of mass advertising weakens, marketing managers are turning to MPR to build awareness and brand knowledge for both new and established products. MPR is also effective in blanketing local communities and reaching specific groups, and it can be more cost-effective than advertising. Increasingly, MPR takes place online, but it must be planned jointly with advertising and other marketing communications.⁷⁵

Clearly, creative public relations can affect public awareness at a fraction of the cost of advertising. The company doesn't pay for media space or time but only for a staff to develop and circulate stories and manage certain events. An interesting story picked up by the media can be worth millions of dollars in equivalent advertising. Some experts say consumers are five times more likely to be influenced by editorial copy than by advertising. The following is an example of an award-winning PR campaign.⁷⁶

MEOW MIX A heritage brand, Meow Mix Cat Food decided to tap into its roots and bring back one of its most identifiable brand elements—a jingle with repetitive meow refrain that had been off the air for 16 years. Marketers chose singer and TV reality coach CeeLo Green and his Persian cat Purrfect to do the honors. The video with Green singing



Source: © AP archive/Alamy

Meow Mix cat food reintroduced its famous ad jingle in a comprehensive PR campaign featuring singer CeeLo Green and his Persian cat *Purrfect*.

a remixed version of the jingle in a duet with *Purrfect* garnered attention from all kinds of outlets. The story received 1,200 media placements and 535 million media impressions, including exclusives with AP and *Access Hollywood*. Web traffic for the brand rose 150 percent, and more than 10,000 fans downloaded the song or ringtone. For each download, a pound of Meow Mix was donated to a local pet charity in Los Angeles.

MAJOR DECISIONS IN MARKETING PR

In considering when and how to use MPR, management must establish the marketing objectives, choose the PR messages and vehicles, implement the plan, and evaluate the results. The main tools of MPR are described in Table 20.6.

ESTABLISHING OBJECTIVES MPR can build *awareness* by placing stories in the media to bring attention to a product, service, person, organization, or idea. It can build *credibility* by communicating the message in an editorial context. It can help boost sales force and dealer *enthusiasm* with stories about a new product before it is launched. It can hold down *promotion cost* because MPR costs less than direct-mail and media advertising.

A good MPR campaign can achieve multiple objectives. With its reputation slipping, Cisco launched “The Comeback Kid Initiative” to rebuild faith in its corporate vision and leadership. Raising the profile of key global executives, creating two timely global research studies, and showcasing some of its own technological products and solutions contributed to a 25 percent increase in stock valuation, an 11 percent increase in sales revenue, and a 15 percent boost in employee confidence.⁷⁷

CHOOSING MESSAGES AND VEHICLES Suppose a relatively unknown college wants more visibility. The MPR practitioner will search for stories. Are any faculty members working on unusual projects? Are any new and unusual courses being taught? Are any interesting events taking place on campus? If there are no interesting stories, the MPR practitioner should propose newsworthy events the college could sponsor. Here the challenge is to create meaningful news. PR ideas include hosting major academic conventions, inviting expert or celebrity speakers, and developing news conferences. Each event and activity is an opportunity to develop a multitude of stories directed at different audiences.

TABLE 20.6

Major Tools in Marketing PR

Publications: Companies rely extensively on published materials to reach and influence their target markets. These include annual reports, brochures, articles, company newsletters and magazines, and audiovisual materials.

Events: Companies can draw attention to new products or other company activities by arranging and publicizing special events such as news conferences, seminars, outings, trade shows, exhibits, contests and competitions, and anniversaries that will reach the target publics.

Sponsorships: Companies can promote their brands and corporate name by sponsoring and publicizing sports and cultural events and highly regarded causes.

News: One of the major tasks of PR professionals is to find or create favorable news about the company, its products, and its people and to get the media to accept press releases and attend press conferences.

Speeches: Increasingly, company executives must field questions from the media or give talks at trade associations or sales meetings, and these appearances can build the company's image.

Public Service Activities: Companies can build goodwill by contributing money and time to good causes.

Identity Media: Companies need a visual identity that the public immediately recognizes. The visual identity is carried by company logos, stationery, brochures, signs, business forms, business cards, buildings, uniforms, and dress codes.

Whereas PR practitioners reach their target publics through the mass media, MPR is increasingly borrowing the techniques and technology of online and direct-response marketing to reach target-audience members one on one.

IMPLEMENTING THE PLAN AND EVALUATING RESULTS MPR's contribution to the bottom line is difficult to measure because MPR is used along with other promotional tools. The easiest gauge of its effectiveness is the number of *exposures* carried by the media. Publicists supply their client with a clippings book showing all the media that carried news about the product and a summary statement such as the following:

Media coverage included 3,500 column inches of news and photographs in 350 publications with a combined circulation of 79.4 million; 2,500 minutes of air time on 290 radio stations and an estimated audience of 65 million; and 660 minutes of air time on 160 television stations with an estimated audience of 91 million. If this time and space had been purchased at advertising rates, it would have amounted to \$1,047,000.⁷⁸

This measure is not very satisfying because it contains no indication of how many people actually read, heard, or recalled the message and what they thought afterward; nor does it contain information about the net audience reached because publications overlap in readership. It also ignores the effects of electronic media. Publicity's goal is reach, not frequency, so it would be more useful to know the number of unduplicated exposures across all media types.

A better measure is the *change in product awareness, comprehension, or attitude* resulting from the MPR campaign (after accounting for the effect of other promotional tools as well as possible). For example, how many people recall hearing the news item? How many told others about it (a measure of word of mouth)? How many changed their minds after hearing it?

Summary

1. Advertising is any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor. Advertisers include not only business firms but also charitable, nonprofit, and government agencies.
2. Developing an advertising program is a five-step process: (1) set advertising objectives, (2) establish a budget, (3) choose the advertising message and creative strategy, (4) decide on the media, and (5) evaluate communication and sales effects.
3. Sales promotion consists of mostly short-term incentive tools, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade.
4. In using sales promotion, a company must establish its objectives, select the tools, develop the program, implement and control it, and evaluate the results.
5. Events and experiences are a means to become part of special and more personally relevant moments in consumers' lives. Events can broaden and deepen the sponsor's relationship with its target market, but only if managed properly.
6. Public relations (PR) includes a variety of programs designed to promote or protect a company's image or its individual products. Marketing public relations (MPR), to support the marketing department in corporate or product promotion and image making, can affect public awareness at a fraction of the cost of advertising and is often much more credible. The main tools of PR are publications, events, news, community affairs, identification media, lobbying, and social responsibility.

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Applications

Marketing Debate

Should Marketers Test Advertising?

Advertising creatives believe ad pretesting inhibits their creative process and results in too much sameness in commercials. Marketers, on the other hand, believe it ensures the ad campaign will connect with consumers and be well received in the marketplace.

Take a position: Ad pretesting is often an unnecessary waste of marketing dollars *versus* Ad pretesting provides an important diagnostic for marketers as to the likely success of an ad campaign.

Marketing Discussion

Television Advertising

• What are some of your favorite TV ads? Why? How effective are the message and creative strategies? How are they creating consumer preference and loyalty and building brand equity?

Marketing Excellence

>> Evian

Evian is one of the most famous mineral water brands owned by the French food-products group Danone. Each year, approximately 1.5 billion bottles are sold in more than 140 countries across the world. According to the market research company Millward Brown, the Evian brand can be valued at \$1,027 million. The success of the brand is a result of continuous innovation and powerful and original communication.

At the end of the 19th century, Evian water, which was sourced from a natural spring, became known for its “miraculous” healing properties and was being sold in pharmacies. By mid-1930s, Evian was recommended as the perfect water for babies. Campaigns designed to target mothers, midwives, and doctors were developed consequently. In the 1950s, Evian was still catering to this segment but its communication added a new reference to health, and the theme of the Alps was introduced.

In the 1980s, the brand decided to go in a different direction and the concept of equilibrium (“the force of balance”) was dropped. The theme of purity was chosen to differentiate the brand from competitors and enable high-end positioning of the product. The company adopted a new slogan to reflect this change—“the water you drink is as important as the air you breathe.”

In 1998, Evian in association with its advertiser BETC Paris launched the hugely successful ad campaign “Water Babies” that had babies swimming in synchronicity, a metaphor through which the brand evoked youth. In France, the approval rating for this ad was 94 percent and the recognition score was 91 percent. This television commercial had a very strong impact on the collective consciousness of people.

Globally, the brand focused on purity and used the slogan, “the Original.” Press advertisements portrayed, for example, a beautiful black angel lying on a white cloud who brought down rain with a bottle of Evian, or a mermaid quenching her thirst with Evian water. Despite the differences in product-positioning based on markets, the brand has always been conscious of its upscale image.

The economic crisis of 2007–2009 had a negative effect on the market for mineral water. Sales dropped as more and more consumers turned to less expensive water. During this time, the brand went through a restructuring to keep from losing its market share. As a result, Evian has a premium and popular positioning in France, Switzerland, the UK, and Belgium, while it is a luxury brand in almost all the other countries. This is due to the fact that in Europe, the brand is sold in every supermarket, whereas in many other countries across the world, the brand is sold only in urban centers. Evian generates 50 percent of its sales outside of France.

A bottle of Evian can reach three times the price of a regular soft drink. The brand caters to a very narrow urban market, and it therefore felt the need to unify its brand communication in favor of something more global. It is in this regard that Evian and BETC decided to pick up from where the water babies left off and launched the “Roller Babies” campaign. Health and purity of the Alps were abandoned in favor of a single message, “Live young.” This advertisement was broadcast around the world and went on to become one of the most-watched ads ever on YouTube with 254 million views, and held the Guinness world record in this category at one point. It was the advert of the year for *Time Magazine*, *Wall Street Journal*, and *The Guardian*. It was also the 20 percent most effective ad ever (source: GfK France, Belgium, and Germany).

In Asia, however, consumers did not understand quite well the relationship between Evian, seen as the pinnacle of luxury, and babies on rollers dancing to hip-hop music. BETC, then, had the idea of creating T-shirts with images of baby bodies and launched a campaign showing people of all ages dressed in these tees. With this, the advertisers wanted to represent their brand as one that keeps adults young at heart. The T-shirts were a huge success globally and created the desired brand awareness.

In 2013, Evian launched “Baby & Me,” its third major campaign with BETC since 1998. This commercial used a baby-and-adult mirrored-dancing concept to highlight their “Live Young” slogan. The idea behind this video was to allow consumers to reconnect with their inner child, in line with the brand promise.

Since 2009, Evian’s global brand communication strategy has been focused on both digital and traditional media. With the Web, Evian can target precisely and reach masses easily, and is one of the top brands viewed online. The brand has also always cultivated a

strong presence outside the Internet. Since 2007, it has carried out several promotional operations with limited edition glass bottles signed by major designers, such as Paul Smith in 2009, Issey Miyake in 2010, and Kenzo in 2014. Evian has also been credited with creating the first Women’s Golf Open Championship. Today, it is considered to be one of the major tournaments in Europe and is broadcast live on television in 167 countries. Evian is the official water brand for the Wimbledon tennis tournament. The brand is also a sponsor for the Paris fashion shows. In addition to this, Evian supports a variety of causes linked to its brand territory. It is committed to the protection of the environment through creation of schools of water to help populations manage their water resources in an autonomous and sustainable way. It has developed partnerships with the Red Cross, and offers fellowships in pediatrics, thereby affirming its positioning on health and children.

Questions

1. Evian is a global mineral water brand that is sold to millions of people across the world. Analyze the reasons for its success.
2. What will be the strategic evolution of the brand’s communication?
3. Can any other mineral water brand ever take over Evian’s market share?

Sources: Natalie Zmuda, “Evian Seeking Return to Relevance, New Head Marketer,” *Advertising Age*, August 7, 2013; “Saga Evian,” *Prodimarkques*, January, 2002; “Evian: le marketing comme élixir de jeunesse,” *Dynamique-Mag*, October 19, 2012; Alexandre Debouté, “Les bébés d’Évian font un carton sur Internet,” *Le Figaro*, September 5, 2013; Lauren Johnson, “Evian’s Real-Time Marketing Reaps Big Social Stats: Targets New Yorkers with Twitter-enabled service,” *Adweek*, September 5, 2014; Effie France, www.effie.fr.

Marketing Excellence

>> Gillette

Gillette knows men. Not only does the company understand what products men desire for their grooming needs; it understands how to market to men in different countries, cultures, and languages around the world. Today, Gillette holds a commanding lead in the shaving and razor business with a 70 percent global market share and \$8 billion in annual sales. More than 800 million men use Gillette products, helping to generate a brand value of \$22.9 billion. Gillette's mass appeal is a result of several factors, including high-quality innovation, extensive consumer research, and successful mass communications.

Since the invention of the safety razor by King C. Gillette in 1901, Gillette has made a number of breakthrough product innovations. These include the Trac II, the first twin-blade shaving system in 1971, a razor with a pivoting head called the Atra in 1977, and the first razor with spring-mounted twin blades dubbed the Sensor in 1989. In 1998, Gillette introduced the first triple-blade system, Mach3, which became a billion-dollar brand surpassed only by the 2006 launch of the six-blade Fusion, promoted as "the best shave on the planet." Today, the Fusion and Fusion ProGlide account for approximately 45 percent of men's razors sold in the United States.

While Gillette has launched high-quality products, the company's impressive marketing knowledge and mass marketing campaigns have helped it achieve international success. Traditionally, it uses one global marketing message rather than individual targeted messages for each country or region. This message is backed by a wide spectrum of advertising support, including athletic sponsorships, television campaigns, in-store promotions, print ads, online advertising, and direct marketing.

Perhaps the most critical element is sports marketing. Gillette ads have featured baseball heroes such as Hank Aaron, Mickey Mantle, and Honus Wagner since 1910, and the company's sponsorship of Major League Baseball dates to 1939. The brand's natural fit with baseball and tradition has helped the company connect emotionally and literally with its core audience. Tim Brosnan,

EVP for Major League Baseball, explains, "Gillette is a sports marketing pioneer that paved the way for modern day sports sponsorship and endorsements." Gillette has formed strong ties to football as well. The company has sponsored the Orange Bowl, Sugar Bowl, Cotton Bowl, and Rose Bowl. Today, it spends \$7 million annually to sponsor Gillette Stadium, home of the New England Patriots, and is a corporate sponsor of the NFL.

Gillette has also sponsored boxing matches, NCAA Basketball, NCAA Football, NASCAR, PGA Tour, Champions Tour, LPGA Tour, and the National Hockey League. Internationally, the company has sponsored events such as the FIFA World Cup, the UK Tri-Nations rugby tournament, the Gillette Cup in Cricket, and Formula One racing. Greg Via, Global Director of Sports Marketing, explains, "We have an 18-month cycle that starts with a brand strategy. We produce a lot of products on a global basis, and we try to holistically leverage our major partnerships. That requires a lot of planning and work. We're not a company that is going to leverage a partnership with one commercial and one SKU. We wrap our arms around a partnership with TV, digital, social media and in-store promotions." The company often integrates creativity into its sponsorships as well. For example, it transformed Zambonis into giant Fusion razors at NHL games to create the illusion that a Gillette razor had just given the ice a perfectly smooth shave.

Gillette also partners with individual athletes to communicate its marketing messages and reflect the brand's image. In 2004, the company signed soccer star David Beckham to appear in its advertising and promotional campaigns around the world. In 2007, it launched the Gillette Champions program, highlighting the athletic accomplishments of Roger Federer, Thierry Henry, and Tiger Woods. It has featured baseball superstar Derek Jeter, soccer star Park Ji-Sung, motorcycle champion Kenan Sofuoğlu, cricketer Rahul Dravid, and several NFL players.

While sports marketing is a critical element of Gillette's marketing strategy, the brand aims to reach every man and therefore also aligns with musical acts, video games, and movies. In one James Bond film, *Goldfinger*, a Gillette razor contained a homing device.

Gillette's advertising has resonated well with consumers over the years and left behind some of the most familiar taglines in advertising history. Two of the best known are "Look Sharp, Feel Sharp" and the current "The Best a Man Can Get."

When Procter & Gamble acquired Gillette in 2005 for \$57 billion (a record 5-times sales), it aimed to gain more than sales and profit. P&G, an expert on marketing to women, wanted to learn about marketing to men on a global scale, and no one tops Gillette. Today, shaving and grooming make up 9 percent of P&G's total revenues, and razors are one of its most profitable businesses, with operating margins of 31 percent.

Questions

1. Gillette has successfully convinced the world that "more is better" in terms of number of blades and other razor features. How did it do it? Why has that worked in the past? Will it continue to work in the future? Why or why not?

2. Explain why Gillette's sports marketing partnerships have been so successful.
3. Some of Gillette's spokespeople such as Derek Jeter and Tiger Woods have run into controversy after becoming endorsers for the brand. Does this hurt Gillette's brand equity or marketing message? Explain.
4. Will Gillette ever become as successful at marketing to women as to men? Why or why not?

Sources: Gillette press release, "Gillette Launches New Global Brand Marketing Campaign," July 1, 2009; Major League Baseball press release, "Major League Baseball Announces Extension of Historic Sponsorship with Gillette Dating Back to 1939," April 16, 2009; Gillette, *2009 Annual Report*; Jeremy Mullman and Rich Thomaselli, "Why Tiger Is Still the Best Gillette Can Get," *Advertising Age*, December 7, 2009; Louise Story, "Procter and Gillette Learn from Each Other's Marketing Ways," *New York Times*, April 12, 2007; Dan Beucke, "A Blade Too Far," *BusinessWeek*, August 14, 2006; Jenn Abelson, "And Then There Were Five," *Boston Globe*, September 15, 2005; Jack Neff, "Six-Blade Blitz," *Advertising Age*, September 19, 2005, pp. 3, 53; Editorial, "Gillette Spends Smart on Fusion," *Advertising Age*, September 26, 2005, p. 24; "World's Most Valuable Brands," *Fortune*, November 2013; "Five Questions: Greg Via, Gillette Global Director of Sports Marketing," IEG Sponsorship Report, November 18, 2013; "Gillette Enlists Top NFL Players and Sport Science's John Brenkus to Highlight the Importance of Precision in Football and Shaving," P&G corporate press release, September 3, 2013; P&G 2013 Annual Report.



In This Chapter, We Will Address the Following **Questions**

1. What are the pros and cons of online marketing? (p. 637)
2. How can companies carry out effective social media campaigns? (p. 642)
3. What are some tips for enjoying positive word of mouth? (p. 645)
4. What are important guidelines for mobile marketing? (p. 650)

With its “Crash the Super Bowl” contest, Frito-Lay gives participants a chance to win \$1 million and have their home-made ad aired during the game broadcast.

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