

# Developing Integrated Marketing Communications

**Pedigree**  
BRAND

15

## Learning Objectives

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What you will be able to do once you complete this chapter:

- 1 Describe integrated marketing communications.
- 2 Understand the role of promotion.
- 3 Explain the purposes of the three types of advertising.
- 4 Describe the advantages and disadvantages of the major advertising media.
- 5 Identify the major steps in developing an advertising campaign.
- 6 Recognize the various kinds of salespersons, the steps in the personal-selling process, and the major sales management tasks.
- 7 Describe sales promotion objectives and methods.
- 8 Understand the types and uses of public relations.
- 9 Identify the factors that influence the selection of promotion-mix ingredients.
- 10 Identify and explain the criticisms of promotion.

## Did You Know?

**Panera Bread's 1,400 stores in 46 states and Canada ring up \$1.4 billion in annual sales and serve 6 million customers every week.**

### Panera Bread's Marketing Communications Menu

Following its mission statement of "A loaf of bread in every arm," Panera Bread makes fresh-baked breads, savory soups, tasty salads, specialty coffees, and mouth-watering sandwiches the stars of its menu and its marketing communications. Based in Richmond Heights, Missouri, Panera rings up \$1.4 billion in annual revenue through 1,400 company-owned and franchised bakery-café in 46 states and Canada. Customers can bring their laptops and tap free Wi-Fi or just relax and chat in Panera's casual, comfortable cafés.

Even before the end of the recent recession, when many competitors were cutting costs and offering discounts to rebuild restaurant traffic, Panera was following a different recipe for sales success. It has continued to upgrade its ingredients, launch new products, expand into new neighborhoods, and increase its marketing budget. At home or at the office, online or on the go, Panera wants customers to think of its cafés for breakfast, lunch, or any-time snacks. Although the company has traditionally relied on word of mouth, it has been stepping up its use of social media, advertising, public relations, and sales promotion to increase market share and reinforce customer loyalty.

Panera's official Facebook page has already attracted more than 280,000 "like" votes. In addition to one-way messages such as photos and descriptions of new menu items, Panera's Facebook presence encourages two-way digital conversations with customers about service, favorite foods, recipes, and more. Its YouTube videos offer behind-the-scenes glimpses of the company, and more than 11,000 people subscribe to its Twitter posts. All of these social-media efforts encourage positive impressions and remind customers of all that Panera has to offer.

Panera's advertising campaigns—including billboards, radio spots, and regional television commercials—focus on the freshness and quality of its seasonal specialties. Visitors to its Web site can sign up to receive periodic e-mail newsletters about specialty breads, seasonal dishes, recipes, and more. Finally, on the Web and in its cafés, Panera communicates about giving back to local communities through social-responsibility programs such as Day-End Dough-Nation (donating unsold bread and bakery items).<sup>1</sup>

**M**arketers employ multiple promotional methods to create very favorable company and product images in the minds of customers. Skillful use of promotion is of great benefit to many companies like Panera Bread.

**Promotion** is communication about an organization and its products that is intended to inform, persuade, or remind target-market members. The promotion with which we are most familiar—advertising—is intended to inform, persuade, or remind us to buy particular products. But there is more to promotion than advertising, and it is used for other purposes as well. Charities use promotion to inform us of their need for donations, to persuade us to give, and to remind us to do so in case we have forgotten. Even the Internal Revenue Service uses promotion (in the form of publicity) to remind us of its April 15 deadline for filing tax returns.

A **promotion mix** (sometimes called a *marketing-communications mix*) is the particular combination of promotional methods a firm uses to reach a target market. The makeup of a mix depends on many factors, including the firm's promotional resources and objectives, the nature of the target market, the product characteristics, and the feasibility of various promotional methods.

In this chapter, we introduce four promotional methods and describe how they are used in an organization's marketing plans. First, we examine the role of

**promotion** communication about an organization and its products that is intended to inform, persuade, or remind target-market members

**promotion mix** the particular combination of promotion methods a firm uses to reach a target market

advertising in the promotion mix. We discuss different types of advertising, the process of developing an advertising campaign, and social and legal concerns in advertising.

Next, we consider several categories of personal selling, noting the importance of effective sales management. We also look at sales promotion—why firms use it and which sales promotion techniques are most effective. Then we explain how public relations can be used to promote an organization and its products. Also, we illustrate how these four promotional methods are combined in an effective promotion mix. Finally, we discuss the criticisms of promotion.

## What Is Integrated Marketing Communications?

**Integrated marketing communications** is the coordination of promotion efforts to ensure their maximal informational and persuasive impact on customers. A major goal of integrated marketing communications is to send a consistent message to customers. Integrated marketing communications provides an organization with a way to coordinate and manage its promotional efforts to ensure that customers do receive consistent messages. This approach fosters not only long-term customer relationships but also the efficient use of promotional resources.

The concept of integrated marketing communications has been increasingly accepted for several reasons. Mass-media advertising, a very popular promotional method in the past, is used less today because of its high costs and less-predictable audience sizes. Marketers now can take advantage of more precisely targeted promotional tools, such as cable TV, direct mail, DVDs, the Internet, special-interest magazines, and podcasts. Database marketing is also allowing marketers to be more precise in targeting individual customers. Until recently, suppliers of marketing communications were specialists. Advertising agencies provided advertising campaigns, sales promotion companies provided sales promotion activities and materials, and public-relations organizations engaged in public-relations efforts. Today, a number of promotion-related companies provide one-stop shopping to the client seeking advertising, sales promotion, and public relations, thus reducing coordination problems for the sponsoring company. Because the overall costs of marketing communications are significant, management demands systematic evaluations of communications efforts to ensure that promotional resources are being used efficiently. Although the fundamental role of promotion is not changing, the specific communication vehicles employed and the precision with which they are used are changing.

1

Describe integrated marketing communications.

## The Role of Promotion

Promotion is commonly the object of two misconceptions. Often, people take note of highly visible promotional activities, such as advertising and personal selling, and conclude that these make up the entire field of marketing. People also sometimes consider promotional activities to be unnecessary, expensive, and the cause of higher prices. Neither view is accurate.

The role of promotion is to facilitate exchanges directly or indirectly by informing individuals, groups, or organizations and influencing them to accept a firm's products or to have more positive feelings about the firm. To expedite changes directly, marketers convey information about a firm's goods, services, and ideas to particular market segments. To bring about exchanges indirectly, marketers address interest groups (such as environmental and consumer groups), regulatory agencies, investors, and the general public concerning a company and its products. The broader role of promotion, therefore, is to maintain positive relationships between a company and various groups in the marketing environment.

Marketers frequently design promotional communications, such as advertisements, for specific groups, although some may be directed at wider audiences. Several different messages may be communicated simultaneously to different market segments. For example, ExxonMobil Corporation may address customers about a

2

Understand the role of promotion.

**integrated marketing communications** coordination of promotion efforts to ensure their maximal informational and persuasive impact on customers





## Help Wanted: Marketing Communications

Thanks to global competition and shifts in technology and media, more jobs are opening up in marketing communications. Although the recent recession thinned the ranks at many advertising agencies, jobs are available in promotions, public relations, sales, and other areas. According to the *Occupational Outlook Handbook*, marketing-communications employment will increase by 13 percent through 2018. How can you prepare for a career in this exciting field?

Whether you're aiming for a creative job such as copywriting, a high-contact position in personal selling, or a behind-the-scenes role in direct mail, you'll need excellent interpersonal skills to exchange ideas with colleagues and connect with customers. More than ever before, marketing-communications jobs demand critical thinking as well as technical skills. You'll also have to keep up with digital developments. Even if you're not going to be a Web master, you should know

a little something about the latest tools and media used in marketing communications.

If you aspire to become a chief marketing officer, you'll need to polish your conceptual skills. Start now by studying customer needs, tracking environmental trends, and analyzing innovative communications to see what makes them effective. No matter what area of marketing communications you want to work in, the key to getting ahead is "having a positive attitude and being able and willing to put in the effort," says Bridget Soden of the Creative Vortex marketing agency.



Sources: Christopher S. Rugaber, "Millions of Jobs that Were Cut Won't Likely Return," *Associated Press*, May 13, 2010, [http://www.usatoday.com/money/economy/2010-05-13-jobs-gone\\_N.htm](http://www.usatoday.com/money/economy/2010-05-13-jobs-gone_N.htm); Don Stefanovich, "Industry Artists Stress Networking, Share Career Experiences During Comm Week," *Daily Titan* (California State University-Fullerton), April 28, 2010, <http://www.dailytitan.com>; Carlos Cata and Scott Davis, "Traditional CMO Roles Won't Position Your Company or Your Career for Growth," *Advertising Age*, May 10, 2010, <http://www.adage.com>; "Advertising, Marketing, Promotions, Public Relations, and Sales Managers," *Occupational Outlook Handbook 2010-2011 Edition*, U.S. Department of Labor Bureau of Labor Statistics, December 17, 2009, <http://www.bls.gov/oco/ocos020.htm#outlook>.

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new motor oil, inform investors about the firm's financial performance, and update the general public on the firm's environmental efforts.

Marketers must plan, implement, and coordinate promotional communications carefully to make the best use of them. The effectiveness of promotional activities depends greatly on the quality and quantity of information available to marketers about the organization's marketing environment (see Figure 15.1). If a marketer wants to influence customers to buy a certain product, for example, the firm must know who these customers are and how they make purchase decisions for that type of product. Marketers must gather and use information about particular audiences to communicate successfully with them. At times, two or more firms partner in joint promotional efforts.

## The Promotion Mix: An Overview

Marketers can use several promotional methods to communicate with individuals, groups, and organizations. The methods that are combined to promote a particular product make up the promotion mix for that item.

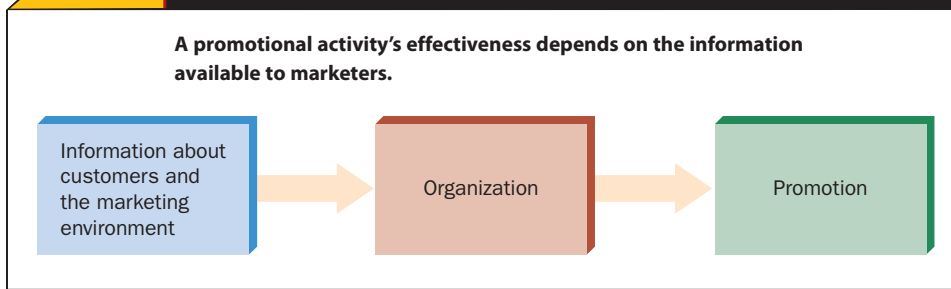
Advertising, personal selling, sales promotion, and public relations are the four major elements in an organization's promotion mix (see Figure 15.2) While it is possible that only one ingredient may be used, it is likely that two, three, or four of these ingredients will be used together in a promotion mix, depending on the type of product and target market involved.

**Advertising** is a paid nonpersonal message communicated to a select audience through a mass medium. Advertising is flexible enough that it can reach a very large target group or a small, carefully chosen one. **Personal selling** is personal communication aimed at informing customers and persuading them to buy a firm's products. It is more expensive to reach a consumer through personal selling than

**advertising** a paid nonpersonal message communicated to a select audience through a mass medium

**personal selling** personal communication aimed at informing customers and persuading them to buy a firm's products

**Figure 15.1** Information Flows Into and Out of an Organization



Source: William M. Pride and O. C. Ferrell, *Marketing: Concepts and Strategies*, 16th ed. (Mason, OH: South-Western/Cengage Learning, 2012). Adapted with permission.

**Figure 15.2** Possible Ingredients of a Promotion Mix



Source: William M. Pride and O. C. Ferrell, *Marketing: Concepts and Strategies*, 16th ed. (Mason, OH: South-Western/Cengage Learning, 2012). Adapted with permission.

through advertising, but this method provides immediate feedback and often is more persuasive than advertising. **Sales promotion** is the use of activities or materials as direct inducements to customers or salespersons. It adds extra value to the product or increases the customer's incentive to buy the product. **Public relations** is a broad set of communication activities used to create and maintain favorable relationships between an organization and various public groups, both internal and external. There are a variety of public relations activities that can be very effective.

**sales promotion** the use of activities or materials as direct inducements to customers or salespersons

## Advertising

Last year, organizations spent over \$300 billion on advertising in the United States.<sup>2</sup> Figure 15.3 shows the proportion of total advertising dollars spent on selected media.

### Types of Advertising by Purpose

Depending on its purpose and message, advertising may be classified into one of three groups: primary demand, selective demand, or institutional.

**Primary-Demand Advertising** **Primary-demand advertising** is advertising aimed at increasing the demand for *all* brands of a product within a specific industry. Trade and industry associations, such as the California Milk Processor Board (“Got Milk?”), are the major users of primary-demand advertising. Their advertisements

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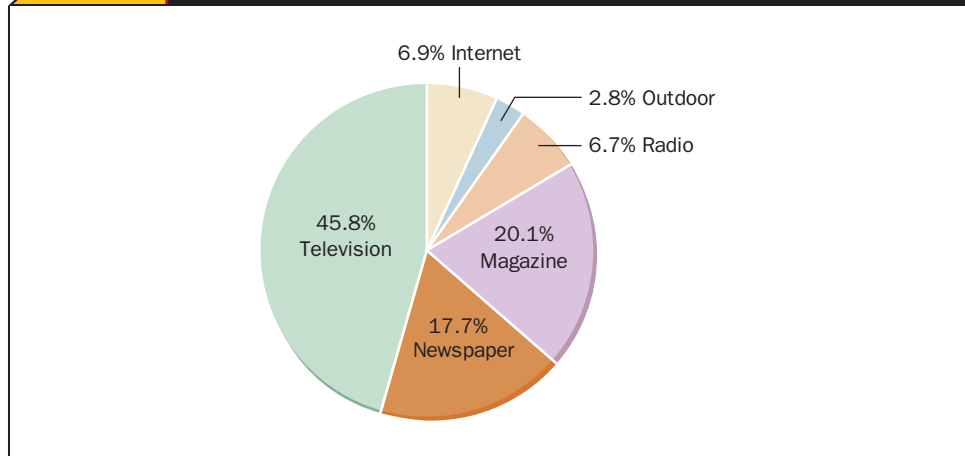
Explain the purposes of the three types of advertising.

**public relations** communication activities used to create and maintain favorable relations between an organization and various public groups, both internal and external

**primary-demand advertising** advertising aimed at increasing the demand for all brands of a product within a specific industry

Figure 15.3

Proportion of Total Advertising Dollars Spent on Selected Media

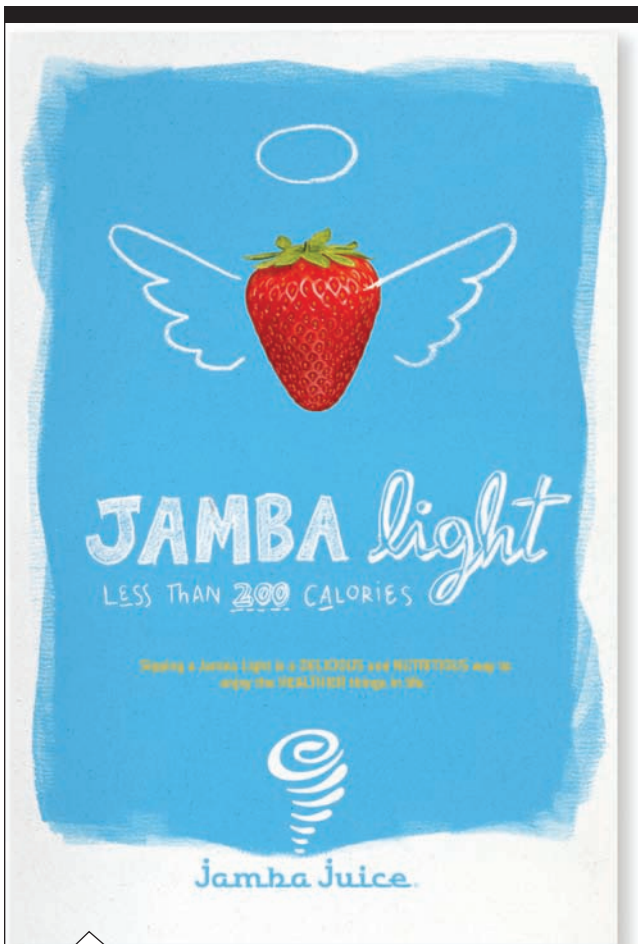


Source: "Spending Fell Only 2.7% in '08, the Real Issue '09," *Advertising Age*, June 22, 2009, 12–13.

**selective-demand (or brand) advertising** advertising that is used to sell a particular brand of product

**institutional advertising** advertising designed to enhance a firm's image or reputation

promote broad product categories, such as beef, milk, pork, potatoes, and prunes, without mentioning specific brands.



**Selective-demand advertising.** This advertisement promotes a specific brand, indicating that the maker of Jamba Juice is attempting to stimulate selective demand.

### Selective-Demand Advertising

**Selective-demand (or brand) advertising** is advertising that is used to sell a particular brand of product. It is by far the most common type of advertising, and it accounts for the lion's share of advertising expenditures. Producers use brand-oriented advertising to convince us to buy everything from Orbit gum to Buicks.

Selective advertising that aims at persuading consumers to make purchases within a short time is called *immediate-response advertising*. Most local advertising is of this type. Often local advertisers promote products with immediate appeal. Selective advertising aimed at keeping a firm's name or product before the public is called *reminder advertising*.

*Comparative advertising*, which has become more popular over the last three decades, compares specific characteristics of two or more identified brands. Of course, the comparison shows the advertiser's brand to be as good as or better than the other identified competing brands. Comparisons often are based on the outcome of surveys or research studies. Although competing firms act as effective watchdogs against each other's advertising claims, consumers themselves sometimes become rather guarded concerning claims based on "scientific studies" and various statistical manipulations. Comparative advertising is unacceptable or illegal in a number of countries.

### Institutional Advertising

**Institutional advertising** is advertising designed to enhance a firm's image or reputation. Many public utilities and larger firms, such as AT&T and the major oil companies, use part of their advertising dollars to build goodwill rather than to stimulate sales directly. A positive public image helps an organization to attract not only customers but also employees and investors.

© AP Images/PRNewFoto/Jamba Juice

## Advertising Media

The **advertising media** are the various forms of communication through which advertising reaches its audience. The major media are newspapers, magazines, direct mail, Yellow Pages, out-of-home displays, television, radio, the Internet, and social media. Figure 15.3 shows the proportion of ad dollars spent on selected media.

**Newspapers** Approximately 85 percent of newspaper advertising is purchased by local retailers. Retailers use newspaper advertising extensively because it is relatively inexpensive compared with other media. Moreover, since most newspapers provide local coverage, advertising dollars are not wasted in reaching people outside the organization's market area. It is also timely. Ads usually can be placed just a few days before they are to appear.

There are some drawbacks, however, to newspaper advertising. It has a short life span; newspapers generally are read through once and then discarded. Color reproduction in newspapers is usually not high quality; thus, most ads are run in black and white. Finally, marketers cannot target specific demographic groups through newspaper ads because newspapers are read by such a broad spectrum of people.

**Magazines** The amount of money companies spend on magazine advertising has been flat over the last few years. However, advertisers can reach very specific market segments through ads in special-interest magazines. A boat manufacturer has a ready-made consumer audience in subscribers to *Yachting* or *Sail*. Producers of photographic equipment advertise in *Travel & Leisure* or *Popular Photography*. A number of magazines such as *Time* and *Cosmopolitan* publish regional editions, which provide advertisers with geographic flexibility as well.

Magazine advertising is more prestigious than newspaper advertising, and it allows for high-quality color reproduction. In addition, magazine advertisements have a longer life span than those in other media. Issues of *National Geographic*, for example, may be kept for months or years, and the ads they contain may be viewed repeatedly.

The major disadvantages of magazine advertising are high cost and lack of timeliness. Because magazine ads normally must be prepared two to three months in advance, they cannot be adjusted to reflect the latest market conditions. Magazine ads—especially full-color ads—are also expensive. Although the cost of reaching a thousand people may compare favorably with that of other media, the cost of a full-page four-color ad can be very high—\$287,440 in *Time*.<sup>3</sup>

**Direct Mail** **Direct-mail advertising** is promotional material mailed directly to individuals. Direct mail is the most selective medium; mailing lists are available (or can be compiled) to reach almost any target audience, from airplane enthusiasts to zoologists. The effectiveness of direct-mail advertising can be measured because the advertiser has a record of who received the advertisements and can track who responds to the ads.

Some organizations are using direct e-mail. To avoid customers receiving unwanted e-mail, a firm should ask customers to complete a request form in order to receive promotional e-mail from the company.

The success of direct-mail advertising depends to some extent on maintaining appropriate and current mailing lists. A direct-mail campaign may fail if the mailing list is outdated and the mailing does not reach the right people. In addition, this medium is relatively costly.

**Yellow Pages Advertising** **Yellow Pages advertising** appears in over 6,000 editions of telephone directories that are distributed to millions of customers annually. Approximately 85 percent of Yellow Pages advertising is used by local advertisers as opposed to national advertisers.

Describe the advantages and disadvantages of the major advertising media.

**advertising media** the various forms of communication through which advertising reaches its audience

**direct-mail advertising** promotional material mailed directly to individuals

**Yellow Pages advertising** simple listings or display advertisements presented under specific product categories appearing in print and online telephone directories



# Sustaining the Planet

## Go Postal for Greener Direct-Mail Advertising

Companies that use direct-mail advertising to connect with their customers will find lots of good tips for greener campaigns at the U.S. Postal Service Web site. Take a look: <http://www.usps.com/green/ideas.htm>.



**out-of-home advertising** short promotional messages on billboards, posters, signs, and transportation vehicles



**Out-of-home advertising.** Promotion messages on buses are examples of out-of-home advertising.

Customers use Yellow Pages advertising to save time in finding products, to find information quickly, and to learn about products and marketers. It is estimated that approximately 60 percent of adults read Yellow Pages advertising at least once a week. Unlike other types of advertising media, Yellow Pages advertisements are purchased for one year and cannot be changed. Advertisers often pay for their Yellow Pages advertisements through monthly charges on their telephone statements.

**Out-of-Home Advertising** Out-of-home advertising consists of short promotional messages on billboards, posters, signs, and transportation vehicles.

Sign and billboard advertising allows the marketer to focus on a particular geographic area; it is also fairly inexpensive. However, because most outdoor promotion is directed toward a mobile audience, the message must be limited to a few words. The medium is especially suitable for products that lend themselves to pictorial display.

**Television** Television ranks number one in total advertising expenditures. Approximately 99 percent of American homes have at least one television set that is watched an average of 7 hours and 40 minutes each day. The average U.S. household can receive 28 TV channels, including cable and pay stations, and about 80 percent of households

receive basic cable/satellite television. Television obviously provides advertisers with considerable access to consumers.

Television advertising is the primary medium for larger firms whose objective is to reach national or regional markets. A national advertiser may buy *network time*, which means that its message usually will be broadcast by hundreds of local stations affiliated with the network. However, the opportunity to reach extremely large television audiences has been reduced by the increased availability and popularity of cable channels and home videos. Both national and local firms may buy *local time* on a single station that covers a particular geographic area.

Advertisers may *sponsor* an entire show, participate with other sponsors of a show, or buy *spot time* for a single 10-, 20-, 30-, or 60-second commercial during or between programs. To an extent, they may select their audience by choosing the day of the week and the approximate time of day their ads will be shown. Anheuser-Busch advertises Budweiser Beer during TV football games because the majority of viewers are men, who are likely to buy beer.

Marketers also can employ *product placement*, which is paying a fee to have a product appear in a television program or movie. The product might appear on

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a table or counter, or one or more of the actors might be using it. Through channel switching and personal video recorders such as TiVo, television viewers can avoid watching regular television commercials. By placing the product directly into the program, viewers are likely to be exposed to the product. Product placement continues to be a stable advertising method for many marketers, especially in popular season premiere episodes. For example, when the hit Fox show *24* premiered its fourth season, the four-hour long episode integrated products from Apple, Pontiac, Ford, Chevy, and Sprint within its storyline. Such product placement increases viewers' interest in the product, causing some to visit the company's Web site for more information, and others to go one step further and buy the products.<sup>4</sup> Recently, researchers reported that 95 percent of viewers who own a DVR still watch TV live and that, when they watch recorded TV, they skip commercials only 6.5 percent of the time.

Another option available to television advertisers is the infomercial. An **infomercial** is a program-length televised commercial message resembling an entertainment or consumer affairs program. Infomercials for products such as exercise equipment tell customers why they need the product, what benefits it provides, in what ways it outperforms its competitors, and how much it costs. Although initially aired primarily over cable television, today infomercials are becoming more common on network and local TV as well. Currently, infomercials are responsible for marketing over \$1 billion worth of products annually. Even some *Fortune* 500 companies are using them.

Television advertising rates are based on the number of people expected to be watching when the commercial is aired. In 2010, the cost of a 30-second Super Bowl commercial was just over \$3 million. Advertisers typically spend over \$500,000 for a 30-second television commercial during a top-rated prime-time program.<sup>5</sup>

**Radio** Like magazine advertising, radio advertising offers selectivity. Radio stations develop programming for—and are tuned in by—specific groups of listeners. There are almost half a billion radios in the United States (about six per household), which makes radio the most accessible medium.

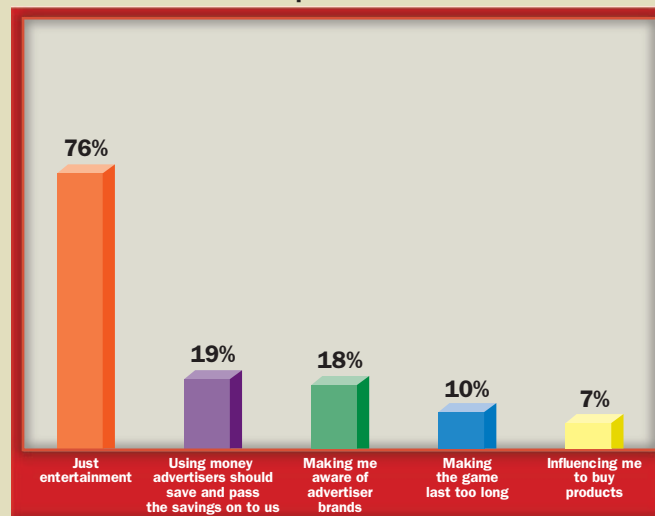
Radio advertising can be less expensive than in other media. Actual rates depend on geographic coverage, the number of commercials contracted for, the time period specified, and whether the station broadcasts on AM, FM, or both. Even small retailers are able to afford radio advertising, and a radio advertiser can schedule and change ads on short notice. The disadvantages of using radio are the absence of visual images and (because there are so many stations) the small audience size.

**Internet** Spending on Internet advertising has increased significantly. Internet advertising can take a variety of forms. The *banner ad* is a rectangular graphic that appears at the top of a Web site. Many Web sites are able to offer free services because they are supported by banner advertisements. Advertisers can use animation and interactive capabilities to draw more attention to their ads. Yahoo! even invites its users to participate in surveys evaluating the banner ads on its home page. Another type of advertising is *sponsorship* (or *cobranded* ads). These ads

## SPOTLIGHT



### Attitudes Toward Super Bowl Commercials



Source: National Retail Federation survey of 9,578 adults 18 and older.

**infomercial** a program-length televised commercial message resembling an entertainment or consumer affairs program



## How Many Times Can a Company Violate a Customer's Trust? Only Once!

The line between digital content and digital advertising is blurring as marketers strive to engage their audiences on media Web sites and in social media. Online audiences can't always tell when a message is non-commercial digital content—such as a magazine or newspaper feature, a personal blog post, an ordinary tweet, or a consumer-generated video—and when it's actually an advertising message. For example, the *Los Angeles Times* embeds links to product pages and retail sites within some non-news articles posted online. The newspaper explains that these e-commerce links, which are visually distinct from the content, “serve as both a reader service and a revenue opportunity for the company.”

However, experts are concerned that audiences may get the wrong impression when they click. Media sites “need consumers to

trust them,” says journalism professor Cecelia Friend, “and misleading them with content that looks like information but turns out to be advertising undermines that trust.”

Now industry groups such as the American Society of Magazine Editors have created ethical codes calling for digital advertising to be clearly labeled as such. The Federal Trade Commission has also issued guidelines requiring bloggers, Twitter users, and Web sites to alert the audience when a message is promotional. Because disclosure is difficult in 140-character Twitter messages, the Word of Mouth Marketing Association recommends that marketing tweets include the tag #spon or #paid.

Sources: Susan Currie Sivek, “The Ethics of Digital Magazine Advertising,” *Media Shift: Public Broadcasting Service*, April 28, 2010, <http://www.pbs.org>; Stephanie Clifford, “Los Angeles Times Adds Paid Links in Articles,” *New York Times*, April 27, 2010, <http://www.nytimes.com>; Mark Milian, “What’s A #spon Tweet? It’s a Twitter Ad, Silly,” *Los Angeles Times Technology*, February 18, 2010, <http://latimesblogs.latimes.com>; Kayleen Schaefer, “New F.T.C. Rules Have Bloggers and Twitterers Mulling,” *New York Times*, October 14, 2009, <http://www.nytimes.com>.

integrate a company's brand with editorial content. The goal of this type of ad is to get users to strongly identify the advertiser with the site's mission. For example, many food brands such as Kraft advertise on <http://Allrecipes.com>. This site allows users to share and browse thousands of recipes. Kraft offers its own recipes on the site, and they all include its products. There are also banner ads for Kraft on other recipes, reminding the user of Kraft cheese while they read a recipe for cheese dip. Many Internet advertisers choose to purchase keywords on popular search engines such as Google, Yahoo!, and MSN. For example, Kellogg purchased the word *cereal* on Google so that every time someone conducts a search using that word, a link to Kellogg's Web site appears. *Interstitial* ads pop up to display a product. For example, users of <http://www.Hulu.com> can watch any of the available TV episodes and movies free of charge by viewing commercials periodically throughout each video.

**Social Media** In the last few years, the use of social media as an advertising medium has increased dramatically. This is largely due to the perception that marketers can target, interact, and connect more personally with their customers through the different social-media outlets as opposed to more traditional media. Many companies offer customers the ability to follow them on Twitter, become their fan on Facebook, or connect with them on LinkedIn in order to receive information on the company. Many businesses post ads throughout the social-networking sites. Some companies also host their own branded sites that incorporate aspects and features of other social-media outlets but focus solely on their brands and products.

Despite the emphasis placed on advertising through social media, there are drawbacks that companies need to be aware of. The same characteristics that allow companies to target their audience through these sites also restrict the number of contacts that can be made per message. While a single television ad can reach millions of viewers at once, an interactive ad can only reach the person sitting at the computer. In addition, because social media is a relatively new form of advertising, marketers are still unsure as to the best way to use the medium or how to measure

the return on investment. Social media also requires a large time commitment. Since everything happens in real time, companies need to have dedicated social-media representatives who monitor activity, respond accordingly as things occur, and continually check for the next big trend in social media.

5

## Major Steps in Developing an Advertising Campaign

An advertising campaign is developed in several stages. These stages may vary in number and the order in which they are implemented depending on the company's resources, products, and audiences. The development of a campaign in any organization, however, will include the following steps in some form:

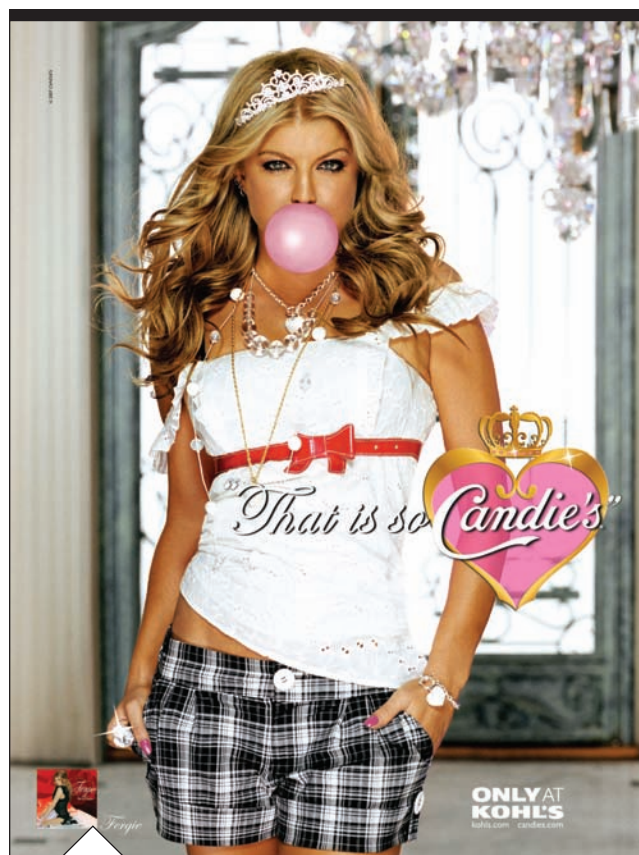
Identify the major steps in developing an advertising campaign.

**1. Identify and Analyze the Target Audience** The target audience is the group of people toward which a firm's advertisements are directed. To pinpoint the organization's target audience and develop an effective campaign, marketers must analyze such information as the geographic distribution of potential customers; their age, sex, race, income, and education; and their attitudes toward both the advertiser's product and competing products. How marketers use this information will be influenced by the features of the product to be advertised and the nature of the competition. Precise identification of the target audience is crucial to the proper development of subsequent stages and, ultimately, to the success of the campaign itself. NutriSystem Silver, for example, is a weight loss program just for men over the age of 60, and it is targeted through advertisements that use older sports celebrities, such as ex-NFL coach Don Shula, who have had success using the program.<sup>6</sup>

**2. Define the Advertising Objectives** The goals of an advertising campaign should be stated precisely and in measurable terms. The objectives should include the firm's current position, indicate how far and in what direction from that original reference point the company wishes to move, and specify a definite period of time for the achievement of the goals. Advertising objectives that focus on sales will stress increasing sales by a certain percentage or dollar amount or expanding the firm's market share. Communication objectives will emphasize increasing product or brand awareness, improving consumer attitudes, or conveying product information.

**3. Create the Advertising Platform** An advertising platform includes the important selling points or features that an advertiser wishes to incorporate into the advertising campaign. These features should be important to customers in their selection and use of a product, and, if possible, they should be features that competing products lack. Although research into what consumers view as important issues is expensive, it is the most productive way to determine which issues to include in an advertising platform. A recent advertising campaign by Miller Lite, for example, pokes fun at other light beers, reminding its male target audience that they shouldn't have to sacrifice great taste when they get a light beer.<sup>7</sup>

**4. Determine the Advertising Appropriation** The advertising appropriation is the total amount of money designated for advertising in a given period.



**Target audience.** Is this ad aimed at everyone? It's unlikely. Most ads are aimed at a specific target audience and not at everyone.



This stage is critical to the campaign's success because advertising efforts based on an inadequate budget will understimulate customer demand, and a budget too large will waste a company's resources. Advertising appropriations may be based on last year's (or next year's forecasted) sales, on what competitors spend on advertising, or on executive judgment. Table 15.1 shows the nation's top 20 advertising spenders. Procter & Gamble is traditionally one of the top spenders.

**5. Develop the Media Plan** A media plan specifies exactly which media will be used in the campaign and when advertisements will appear. Although cost-effectiveness is not easy to measure, the primary concern of the media planner is to reach the largest number of persons in the target audience for each dollar spent. In addition to cost, media planners must consider the location and demographics of people in the advertising target, the content of the message, and the characteristics of the audiences reached by various media. The media planner begins with general media decisions, selects subclasses within each medium, and finally chooses particular media vehicles for the campaign.

**6. Create the Advertising Message** The content and form of a message are influenced by the product's features, the characteristics of people in the target audience, the objectives of the campaign, and the choice of media. An advertiser must consider these factors when choosing words and illustrations that will be meaningful and appealing to persons in the advertising target. The copy, or words, of an advertisement will vary depending on the media choice but should attempt to move the audience through attention, interest,

**Table 15.1** Who Spends the Most on Advertising?

Rank	Company	Advertising Expenditures (in millions)	Sales (in millions)	Advertising Expenditure as a Percentage of Sales
1	Procter & Gamble Co.	\$ 4,828	\$ 33,005	14.7
2	Verizon Communications	3,700	93,775	3.9
3	AT&T	3,073	124,028	2.5
4	General Motors Corp.	2,901	75,382	3.8
5	Johnson & Johnson	2,529	32,309	7.8
6	Unilever	2,423	19,420	12.5
7	Walt Disney Co.	2,218	28,506	7.8
8	Time Warner	2,208	38,808	5.7
9	General Electric Co.	2,019	85,300	2.4
10	Sears Holdings Corp.	1,865	41,534	4.5
11	Ford Motor Co.	1,856	60,376	3.1
12	GlaxcoSmithKline	1,827	18,081	10.1
13	Toyota Motor Co.	1,690	60,977	2.8
14	L'Oréal	1,673	6,132	27.3
15	Walmart Stores	1,660	302,599	0.5
16	Bank of America Corp.	1,650	67,549	2.4
17	Anheuser-Busch InBev	1,587	23,568	6.7
18	Sprint Nextel Corp.	1,500	35,635	4.2
19	Sony Corp.	1,465	18,651	7.9
20	JPMorgan Chase & Co.	1,357	49,854	2.7

Source: Reprinted with permission from the June 22, 2009, issue of *Advertising Age*. Copyright Craine Communications Inc., 2009.

desire, and action. Artwork and visuals should complement copy by attracting the audience's attention and communicating an idea quickly. Creating a cohesive advertising message is especially difficult for a company such as eBay that offers such a broad mix of products. eBay developed a "whatever it is" campaign that features a variety of consumers of every age using a variety of products (a car, a television, a dress, and a laptop) all shaped like the letters "it." The tagline, "Whatever *it* is, you can get it on eBay," emphasizes the massive range of products available from the site and effectively showcases the service that the company provides its customers.

**7. Execute the Campaign** Execution of an advertising campaign requires extensive planning, scheduling, and coordinating because many tasks must be completed on time. Many people and firms, such as production companies, research organizations, media firms, printers, photoengravers, and commercial artists, may contribute to a campaign. Advertising managers constantly must assess the quality of the work and take corrective action when necessary. Situations may also arise that require a change in plans. Florida's tourism marketing committee, Visit Florida, for example, pulled the plug on its "Coast is Clear" ad campaign after the BP oil leak progressed further than state officials anticipated. The ads, which were meant to assure tourists that the Florida coast wouldn't be affected by an oil leak, had to be pulled as the oil leak went on longer than expected.<sup>8</sup>

**8. Evaluate Advertising Effectiveness** A campaign's success should be measured in terms of its original objectives before, during, and/or after the campaign. An advertiser should at least be able to estimate whether sales or market share went up because of the campaign or whether any change occurred in customer attitudes or brand awareness. Data from past and current sales and responses to coupon offers and customer surveys administered by research organizations are some of the ways in which advertising effectiveness can be evaluated.

## Advertising Agencies

Advertisers can plan and produce their own advertising with help from media personnel, or they can hire advertising agencies. An **advertising agency** is an independent firm that plans, produces, and places advertising for its clients. Many large ad agencies offer help with sales promotion and public relations as well. The media usually pay a commission of 15 percent to advertising agencies. Thus, the cost to the agency's client can be quite moderate. The client may be asked to pay for selected services that the agency performs. Other methods for compensating agencies are also used.

Firms that do a lot of advertising may use both an in-house advertising department and an independent agency. This approach gives the firm the advantage of being able to call on the agency's expertise in particular areas of advertising. An agency also can bring a fresh viewpoint to a firm's products and advertising plans.

## Personal Selling

Personal selling is the most adaptable of all promotional methods because the person who is presenting the message can modify it to suit the individual buyer. However, personal selling is also the most expensive method of promotion.

Most successful salespeople are able to communicate with others on a one-to-one basis and are strongly motivated. They strive to have a thorough knowledge of the products they offer for sale, and they are willing and able to deal with the details involved in handling and processing orders. Sales managers tend to emphasize these qualities when recruiting and hiring.

Many selling situations demand the face-to-face contact and adaptability of personal selling. This is especially true of industrial sales, in which a single purchase

6

Recognize the various kinds of salespersons, the steps in the personal-selling process, and the major sales management tasks.

**advertising agency** an independent firm that plans, produces, and places advertising for its clients



**Personal selling.** As a major promotion-mix ingredient, personal selling is very flexible and can occur in stores, factories, offices, homes, or on the phone and can be expensive.

may amount to millions of dollars. Obviously, sales of that size must be based on carefully planned sales presentations, personal contact with customers, and thorough negotiations.

## Kinds of Salespersons

Because most businesses employ different salespersons to perform different functions, marketing managers must select the kinds of sales personnel that will be most effective in selling the firm's products. Salespersons may be identified as order-getters, order-takers, and support personnel. A single individual can, and often does, perform all three functions.

**Order-Getters** An **order-getter** is responsible for what is sometimes called **creative selling**—selling a firm's products to new customers and increasing sales to current customers. An order-getter must perceive buyers' needs, supply customers with information about the firm's product, and persuade them to buy the product. Order-getting activities may be separated into two groups. In current-customer sales, salespeople concentrate on obtaining additional sales or leads for prospective sales from customers who have purchased the firm's products at least once. In new-business sales, sales personnel seek out new prospects and convince them to make an initial purchase of the firm's product. The real estate, insurance, appliance, heavy industrial machinery, and automobile industries in particular depend on new-business sales.

**Order-Takers** An **order-taker** handles repeat sales in ways that maintain positive relationships with customers. An order-taker sees that customers have products when and where they are needed and in the proper amounts. *Inside order-takers* receive incoming mail and telephone orders in some businesses; salespersons in retail stores are also inside order-takers. *Outside (or field) order-takers* travel to customers. Often, the buyer and the field salesperson develop a mutually beneficial relationship of placing, receiving, and delivering orders. Both inside and outside order-takers are active salespersons and often produce most of their companies' sales.

**Support Personnel** **Sales support personnel** aid in selling but are more involved in locating *prospects* (likely first-time customers), educating customers, building goodwill for the firm, and providing follow-up service. The most common categories of support personnel are missionary, trade, and technical salespersons.

A **missionary salesperson**, who usually works for a manufacturer, visits retailers to persuade them to buy the manufacturer's products. If the retailers agree, they buy the products from wholesalers, who are the manufacturer's actual customers. Missionary salespersons often are employed by producers of medical supplies and pharmaceuticals to promote these products to retail druggists, physicians, and hospitals.

A **trade salesperson**, who generally works for a food producer or processor, assists customers in promoting products, especially in retail stores. A trade salesperson may obtain additional shelf space for the products, restock shelves, set up displays, and distribute samples. Because trade salespersons usually are order-takers as well, they are not strictly support personnel.

A **technical salesperson** assists a company's current customers in technical matters. He or she may explain how to use a product, how it is made, how to install it, or how a system is designed. A technical salesperson should be formally educated in science or engineering. Computers, steel, and chemicals are some of the products handled by technical salespeople.

**order-getter** a salesperson who is responsible for selling a firm's products to new customers and increasing sales to present customers

**creative selling** selling products to new customers and increasing sales to present customers

**order-taker** a salesperson who handles repeat sales in ways that maintain positive relationships with customers

**sales support personnel** employees who aid in selling but are more involved in locating prospects, educating customers, building goodwill for the firm, and providing follow-up service

**missionary salesperson** a salesperson—generally employed by a manufacturer—who visits retailers to persuade them to buy the manufacturer's products

**trade salesperson** a salesperson—generally employed by a food producer or processor—who assists customers in promoting products, especially in retail stores

**technical salesperson** a salesperson who assists a company's current customers in technical matters

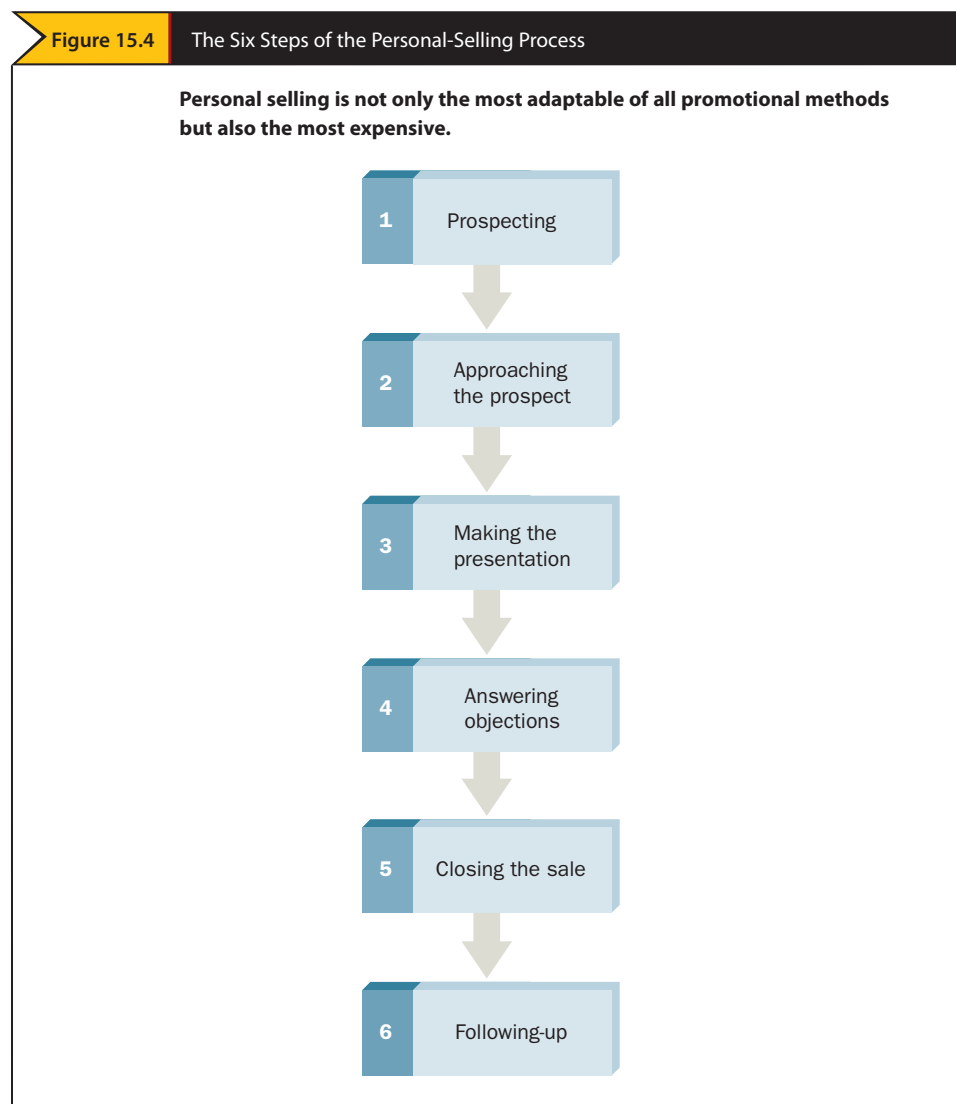


Marketers usually need sales personnel from several of these categories. Factors that affect hiring and other personnel decisions include the number of customers and their characteristics; the product's attributes, complexity, and price; the distribution channels used by the company; and the company's approach to advertising.

## The Personal-Selling Process

No two selling situations are exactly alike, and no two salespeople perform their jobs in exactly the same way. Most salespeople, however, follow the six-step procedure illustrated in Figure 15.4.

**Prospecting** The first step in personal selling is to research potential buyers and choose the most likely customers, or prospects. Sources of prospects include business associates and customers, public records, telephone and trade-association directories, and company files. The salesperson concentrates on those prospects who have the financial resources, willingness, and authority to buy the product.



Source: William M. Pride and O. C. Ferrell, *Marketing: Concepts and Strategies*, 16th ed. (Mason, OH: South-Western/Cengage Learning, 2012). Adapted with permission.

**Approaching the Prospect** First impressions are often lasting impressions. Thus, the salesperson's first contact with the prospect is crucial to successful selling. The best approach is one based on knowledge of the product, of the prospect's needs, and of how the product can meet those needs. Salespeople who understand each customer's particular situation are likely to make a good first impression—and to make a sale.

**Making the Presentation** The next step is actual delivery of the sales presentation. In many cases, this includes demonstrating the product. The salesperson points out the product's features, its benefits, and how it is superior to competitors' merchandise. If the product has been used successfully by other firms, the salesperson may mention this as part of the presentation.

During a demonstration, the salesperson may suggest that the prospect try out the product personally. The demonstration and product trial should underscore specific points made during the presentation.

**Answering Objections** The prospect is likely to raise objections or ask questions at any time. This gives the salesperson a chance to eliminate objections that might prevent a sale, to point out additional features, or to mention special services the company offers.

**Closing the Sale** To close the sale, the salesperson asks the prospect to buy the product. This is considered the critical point in the selling process. Many experienced salespeople make use of a *trial closing*, in which they ask questions based on the assumption that the customer is going to buy the product. The questions "When would you want delivery?" and "Do you want the standard model or the one with the special options package?" are typical of trial closings. They allow the reluctant prospect to make a purchase without having to say, "I'll take it."

**Following-Up** The salesperson must follow-up after the sale to ensure that the product is delivered on time, in the right quantity, and in proper operating condition. During follow-up, the salesperson also makes it clear that he or she is available in case problems develop. Follow-up leaves a good impression and eases the way toward future sales. Hence, it is essential to the selling process. The salesperson's job does not end with a sale. It continues as long as the seller and the customer maintain a working relationship.

## Managing Personal Selling

A firm's success often hinges on the competent management of its sales force. Although some companies operate efficiently without a sales force, most firms rely on a strong sales force—and the sales revenue it brings in—for their success.

Sales managers have responsibilities in a number of areas. They must set sales objectives in concrete, quantifiable terms and specify a certain period of time and a certain geographic area. They must adjust the size of the sales force to meet changes in the firm's marketing plan and the marketing environment. Sales managers must attract and hire effective salespersons. They must also develop a training program and decide where, when, how, and for whom to conduct the training. They must formulate a fair and adequate compensation plan to keep qualified employees. They must motivate salespersons to boost their productivity. They must define sales territories and determine scheduling and routing of the sales force. Finally, sales managers must evaluate the operation as a whole through sales reports, communications with customers, and invoices.

## Sales Promotion

Sales promotion consists of activities or materials that are direct inducements to customers or salespersons. Are you a member of an airline frequent-flyer program? Did you recently receive a free sample in the mail or at a supermarket? Have you recently received a rebate from a manufacturer? Do you use coupons? All these are examples of sales promotion efforts. Sales promotion techniques often are used to enhance and supplement other promotional methods. They can have a significant impact on sales.

The dramatic increase in spending for sales promotion shows that marketers have recognized the potential of this promotional method. Many firms now include numerous sales promotion efforts as part of their overall promotion mix.

### Sales Promotion Objectives

Sales promotion activities may be used singly or in combination, both offensively and defensively, to achieve one goal or a set of goals. Marketers use sales promotion activities and materials for a number of purposes, including

1. To attract new customers
2. To encourage trial of a new product
3. To invigorate the sales of a mature brand
4. To boost sales to current customers
5. To reinforce advertising
6. To increase traffic in retail stores
7. To steady irregular sales patterns
8. To build up reseller inventories
9. To neutralize competitive promotional efforts
10. To improve shelf space and displays

Any sales promotion objectives should be consistent with the organization's general goals and with its marketing and promotional objectives.

### Sales Promotion Methods

Most sales promotion methods can be classified as promotional techniques for either consumer sales or trade sales. A **consumer sales promotion method** attracts consumers to particular retail stores and motivates them to purchase certain new or established products. A **trade sales promotion method** encourages wholesalers and retailers to stock and actively promote a manufacturer's product. Incentives such as money, merchandise, marketing assistance, and gifts are commonly awarded to resellers who buy products or respond positively in other ways. Of the combined dollars spent on sales promotion and advertising last year, about one-half was spent on trade promotions, one-fourth on consumer promotions, and one-fourth on advertising.

A number of factors enter into marketing decisions about which and how many sales promotion methods to use. Of greatest importance are the objectives of the promotional effort. Product characteristics—size, weight, cost, durability, uses, features, and hazards—and target market profiles—age, gender, income, location, density, usage rate, and buying patterns—likewise must be considered. Distribution channels and availability of appropriate resellers also influence the choice of sales promotion methods, as do the competitive and regulatory forces in the environment. Let's now discuss a few important sales promotion methods.

**Rebates** A **rebate** is a return of part of the product's purchase price. Usually, the refund is offered by the producer to consumers who send in a coupon along with a specific proof of purchase. Rebating is a relatively low-cost promotional method. Once used mainly to help launch new product items, it is now applied

**consumer sales promotion method** a sales promotion method designed to attract consumers to particular retail stores and to motivate them to purchase certain new or established products

**trade sales promotion method** a sales promotion method designed to encourage wholesalers and retailers to stock and actively promote a manufacturer's product

**rebate** a return of part of the product's purchase price





**Coupons.** Tyson offers coupons to encourage consumers to try their products and to increase the quantity purchased.

to a wide variety of products. Some automakers offer rebates on their vehicles because they have found that many car customers are more likely to purchase a car with a rebate than the same car with a lower price and no rebate. One problem with rebates is that many people perceive the redemption process as too complicated. Only about half of individuals who purchase rebated products actually apply for the rebates.

**Coupons** A **coupon** reduces the retail price of a particular item by a stated amount at the time of purchase. Coupons may be worth anywhere from a few cents to a few dollars. They are made available to customers through newspapers, magazines, direct mail, online, and shelf dispensers in stores. Some coupons are precisely targeted at customers. Cellfire, for example, is a Web site that provides its users with access to coupons that can be downloaded to their cell phone or added to a specific store's savings card for free. Other companies, such as Target and Old Navy, offer coupons on their Web sites that can be used online, or redeemed at a store by printing the coupon or even downloading

it to a cell phone. Approximately 89 percent of coupons are distributed through traditional newspaper inserts, but digital coupons offered through the Internet and mobile phones are becoming increasingly popular.<sup>9</sup>

Although coupon use had been declining steadily for several years, the recent recession caused coupon usage to increase. Last year, businesses issued 367 billion coupons, the highest level in 30 years. Consumers redeemed 3.3 billion coupons, a 27 percent increase over the previous year, making it the first time in 17 years that consumers used more coupons than they did the year before.<sup>10</sup> The largest number of coupons distributed are for household cleaners, condiments, frozen foods, medications and health aids, and paper products. Stores in some areas even deduct double or triple the value of manufacturers' coupons from the purchase price as a sales promotion technique of their own. Coupons also may offer free merchandise, either with or without an additional product purchase.

**Samples** A **sample** is a free product given to customers to encourage trial and purchase. Marketers use free samples to stimulate trial of a product, increase sales volume in the early stages of a product's life-cycle, and obtain desirable distribution. Samples may be offered via online coupons, direct mail, or in stores. Many customers prefer to receive their samples by mail. It is the most expensive sales promotion technique. Although it is used often to promote new products, it can also be used to promote established brands. For example, cosmetics companies may use samples to attract customers. Coca-Cola often gives out free samples of products such as Vitamin Water at business conventions, concerts, and sporting events. In designing a free sample, organizations must consider such factors as seasonal demand for the product, market characteristics, and prior advertising.

Distribution of free samples through Web sites such as <http://StartSampling.com> is growing. Consumers choose the free samples they would like to receive and request delivery. The online company manages the packaging and distribution of the samples.

**Premiums** A **premium** is a gift that a producer offers a customer in return for buying its product. They are used to attract competitors' customers, introduce different sizes of established products, add variety to other promotional efforts, and stimulate consumer loyalty. Creativity is essential when using premiums; to stand out and achieve a significant number of redemptions, the premium must match both

**coupon** an offer that reduces the retail price of a particular item by a stated amount at the time of purchase

**sample** a free product given to customers to encourage trial and purchase

**premium** a gift that a producer offers a customer in return for buying its product

Photo courtesy of Susan Van Etten

the target audience and the brand's image. Examples include a service station giving a free car wash with a fill-up, a free toothbrush available with a tub of toothpaste, and a free plastic storage box given with the purchase of Kraft Cheese Singles. Premiums also must be easily recognizable and desirable. Premiums are placed on or inside packages and also can be distributed through retailers or through the mail.

**Frequent-User Incentives** A **frequent-user incentive** is a program developed to reward customers who engage in repeat (frequent) purchases. Such programs are used commonly by service businesses such as airlines, hotels, and auto rental agencies. Frequent-user incentives foster customer loyalty to a specific company or group of cooperating companies because the customer is given an additional reason to continue patronizing the business. For example, most major airlines offer frequent-flyer programs that reward customers who have flown a specified number of miles with free tickets for additional travel. There is significant evidence that airline miles are highly valued by customers. Now, more frequent-flyer miles are awarded to customers of non-airline companies than to airline customers to stimulate customer loyalty. Research shows that 93 percent of people with household incomes above \$100,000 participate in frequent-user programs, whereas only 58 percent of people with incomes below \$50,000 participate.<sup>11</sup>

**Point-of-Purchase Displays** A **point-of-purchase display** is promotional material placed within a retail store. The display is usually located near the product being promoted. It actually may hold merchandise (as do L'eggs hosiery displays), or it may simply inform customers about what the product offers and encourage them to buy it. Most point-of-purchase displays are prepared and set up by manufacturers and wholesalers.

**Trade Shows** A **trade show** is an industry-wide exhibit at which many sellers display their products. Some trade shows are organized exclusively for dealers—to permit manufacturers and wholesalers to show their latest lines to retailers. Others are promotions designed to stimulate consumer awareness and interest. Among the latter are boat shows, home shows, and flower shows put on each year in large cities.

**Buying Allowances** A **buying allowance** is a temporary price reduction to resellers for purchasing specified quantities of a product. For example, a laundry detergent manufacturer might give retailers \$1 for each case of detergent purchased. A buying allowance may serve as an incentive to resellers to handle new products and may stimulate purchase of items in large quantities. While the buying allowance is simple, straightforward, and easily administered, competitors can respond quickly by offering a better buying allowance.

**Cooperative Advertising** **Cooperative advertising** is an arrangement whereby a manufacturer agrees to pay a certain amount of a retailer's media cost for advertising the manufacturer's products. To be reimbursed, a retailer must show proof that the advertisements actually did appear. A large percentage of all cooperative advertising dollars is spent on newspaper advertisements. However, not all retailers take advantage of available cooperative advertising offers because some cannot afford to advertise or choose not to do so.



**Trade show.** Trade shows provide an opportunity to make products visible to a large number of people. Samsung is able to promote its product to many participants at the Consumer Electronics Show in Las Vegas.

**frequent-user incentive** a program developed to reward customers who engage in repeat (frequent) purchases

**point-of-purchase display** promotional material placed within a retail store

**trade show** an industry-wide exhibit at which many sellers display their products

**buying allowance** a temporary price reduction to resellers for purchasing specified quantities of a product

**cooperative advertising** an arrangement whereby a manufacturer agrees to pay a certain amount of a retailer's media cost for advertising the manufacturer's product

Understand the types and uses of public relations.

## Public Relations

As noted earlier, public relations is a broad set of communication activities used to create and maintain favorable relationships between an organization and various public groups, both internal and external. These groups can include customers, employees, stockholders, suppliers, educators, the media, government officials, and society in general.

### Types of Public-Relations Tools

Organizations use a variety of public-relations tools to convey messages and to create images. Public-relations professionals prepare written materials such as brochures, newsletters, company magazines, annual reports, and news releases. They also create corporate-identity materials such as logos, business cards, signs, and stationery. Speeches are another public-relations tool. Speeches can affect an organization's image and therefore must convey the desired message clearly.

Another public-relations tool is event sponsorship, in which a company pays for all or part of a special event such as a concert, sports competition, festival, or play. Sponsoring special events is an effective way for organizations to increase brand recognition and receive media coverage with comparatively little investment. The Big Apple Barbeque Block Party, for example, is a weekend-long event that occurs every June in New York's Madison Square Park, and features free live music and cooking demonstrations. Barbeque enthusiasts can purchase plates of food from some of the country's top pitmasters, and all proceeds go to the Madison Square Park Conservancy, which maintains the park. Several companies sponsor this event to help promote their brand and the event's charity, including Coca-Cola, Ikea, Heartland Brewery, and Weber Grills.<sup>12</sup>

Some public-relations tools traditionally have been associated specifically with publicity, which is a part of public relations. **Publicity** is communication in news-story form about an organization, its products, or both. Publicity is transmitted through a mass medium, such as newspapers or radio, at no charge. Organizations use publicity to provide information about products; to announce new product launches, expansions, or research; and to strengthen the company's image. Public-relations personnel sometimes organize events, such as grand openings with prizes and celebrities, to create news stories about a company.

The most widely used type of publicity is the **news release**. It is generally one typed page of about 300 words provided by an organization to the media as a form of publicity. The release includes the firm's name, address, phone number, and contact person. Table 15.2 lists some of the issues news releases can address. There are also several other kinds of publicity-based public-relations tools.

A **feature article**, which may run as long as 3,000 words, is usually written for inclusion in a particular publication. For example, a software firm might send an article about its new product to a computer magazine. A **captioned photograph**, a picture accompanied by a brief explanation, is an effective way to illustrate a new or improved product. A **press conference** allows invited media personnel to hear important news announcements and to receive supplementary textual materials and photographs. Finally, letters to the editor, special newspaper or magazine editorials, films, and tapes may be prepared and distributed to appropriate media for possible use.

### The Uses of Public Relations

Public relations can be used to promote people, places, activities, ideas, and even countries. Public relations focuses on enhancing the reputation of the total organization by making people aware of a company's products,

**publicity** communication in news-story form about an organization, its products, or both

**news release** a typed page of about 300 words provided by an organization to the media as a form of publicity

**feature article** a piece (of up to 3,000 words) prepared by an organization for inclusion in a particular publication

**captioned photograph** a picture accompanied by a brief explanation

**press conference** a meeting at which invited media personnel hear important news announcements and receive supplementary textual materials and photographs



**Event sponsorship.** Event sponsorship is a public relations tool. It can be tied in with advertising, personal selling, and sales promotion.



**Table 15.2** Possible Issues for News Releases

Use of new information technology	Packaging changes
Support of a social cause	New products
Improved warranties	Creation of new software
Reports on industry conditions	Research developments
New uses for established products	Company's history and development
Product endorsements	Launching of new Web site
Winning of quality awards	Award of contracts
Company name changes	Opening of new markets
Interviews with company officials	Improvements in financial position
Improved distribution policies	Opening of an exhibit
Global business initiatives	History of a brand
Sponsorship of events	Winners of company contests
Visits by celebrities	Logo changes
Reports of new discoveries	Speeches of top management
Innovative marketing activities	Merit awards to the organization
Economic forecasts	Anniversaries of inventions

brands, or activities and by creating specific company images such as that of innovativeness or dependability. Many organizations utilize social media to further connect to consumers, including YouTube channels, Facebook Fan Pages, and Twitter accounts. Social media use facilitates customer relationships and feedback, while also further publicizing the organization's news, events, promotions, and products. Mercedes-Benz, for example, operates a YouTube channel, where users can watch videos describing the company's models, recent events, TV ads, and innovative technology. The company also manages a Facebook fan page.<sup>13</sup>

## Promotion Planning

A **promotional campaign** is a plan for combining and using the four promotional methods—advertising, personal selling, sales promotion, and public relations—in a particular promotion mix to achieve one or more marketing goals. When selecting promotional methods to include in promotion mixes, it is important to coordinate promotional elements to maximize the total informational and promotional impact on customers. Integrated marketing communication requires a marketer to look at the broad perspective when planning promotional programs and coordinating the total set of communication functions.

In planning a promotional campaign, marketers must answer these two questions:

1. What will be the role of promotion in the overall marketing mix?
2. To what extent will each promotional method be used in the promotion mix?

The answer to the first question depends on the firm's marketing objectives because the role of each element of the marketing mix—product, price, distribution, and promotion—depends on these detailed versions of the firm's marketing goals. The answer to the second question depends on the answer to the first, as well as on the target market.

## Promotion and Marketing Objectives

Promotion naturally is better suited to certain marketing objectives than to others. For example, promotion can do little to further a marketing objective such as “reduce delivery time by one-third.” It can, however, be used to inform customers

9

Identify the factors that influence the selection of promotion-mix ingredients.

**promotional campaign** a plan for combining and using the four promotional methods—advertising, personal selling, sales promotion, and publicity—in a particular promotion mix to achieve one or more marketing goals



the car in front is a  




Fancy a breath of fresh air?

Strange that it's taken 30 years to build a car like every other. One with 5 seats, a spacious boot and true performance and economy. But this is the Toyota Prius, the first mass production car to combine a petrol engine and an electric motor. Thanks to this unique Toyota Hybrid System, it delivers up to 61.4mpg\*. And by switching from electricity to petrol or a combination of both, it delivers optimum performance and efficiency at all times. There's no stopping to recharge the batteries. No noise when starting off. And little or no emissions in heavy traffic or in town. If everyone drove a Prius, we'd all be able to breathe a little easier. To find out more about the revolutionary new Prius, its 5-year manufacturer's warranty and roadside assistance, call 0845 275 5555 for details of your nearest Hybrid Technology Centre, or visit [www.prius.co.uk](http://www.prius.co.uk)

NEW  
**PRIUS**  
 HYBRID



**Product positioning.** What is the product positioning of the Prius?

**positioning** the development of a product image in buyers' minds relative to the images they have of competing products

that delivery is faster. Let's consider some objectives that *would* require the use of promotion as a primary ingredient of the marketing mix.

**Providing Information** This is, of course, the main function of promotion. It may be used to communicate to target markets the availability of new products or product features. It may alert them to special offers or give the locations of retailers that carry a firm's products. In other words, promotion can be used to enhance the effectiveness of each of the other ingredients of the marketing mix.

**Increasing Market Share** Promotion can be used to convince new customers to try a product while maintaining the product loyalty of established customers. Comparative advertising, for example, is directed mainly at those who might—but presently do not—use a particular product. Advertising that emphasizes the product's features also assures those who *do* use the product that they have made a smart choice.

**Positioning the Product** The sales of a product depend, to a great extent, on its competition. The stronger the competition, the more difficult it is to maintain or increase sales. For this reason, many firms go to great lengths to position their products in the marketplace. **Positioning** is the development of a product image in buyers' minds relative to the images they have of competing products.

Promotion is the prime positioning tool. A marketer can use promotion to position a brand away from competitors to avoid competition. Promotion also may be used to position one product directly against another product. For example, in hopes of providing legitimate competition to Apple's iPhone, Motorola is offering the Droid. There is no doubt is its advertising which phone it is competing against. With statements about its competition like "iDon't have a real keyboard, iDon't allow open development, and iDon't take pictures in the dark," it is very clear that the Droid is positioned head to head with the iPhone.<sup>14</sup>

**Stabilizing Sales** Special promotional efforts can be used to increase sales during slack periods, such as the "off season" for certain sports equipment. By stabilizing sales in this way, a firm can use its production facilities more effectively and reduce both capital costs and inventory costs. Promotion is also used frequently to increase the sales of products that are in the declining stage of their life-cycle. The objective is to keep them going for a little while longer.

## Developing the Promotion Mix

Once the role of promotion is established, the various methods of promotion may be combined in a promotional campaign. As in so many other areas of business, promotion planning begins with a set of specific objectives. The promotion mix then is designed to accomplish these objectives.

Marketers often use several promotion mixes simultaneously if a firm sells multiple products. The selection of promotion-mix ingredients and the degree to which

they are used depend on the organization's resources and objectives, the nature of the target market, the characteristics of the product, and the feasibility of various promotional methods.

The amount of promotional resources available in an organization influences the number and intensity of promotional methods that marketers can use. A firm with a limited budget for promotion probably will rely on personal selling because the effectiveness of personal selling can be measured more easily than that of advertising. An organization's objectives also have an effect on its promotional activities. A company wishing to make a wide audience familiar with a new convenience item probably will depend heavily on advertising and sales promotion. If a company's objective is to communicate information to consumers—on the features of countertop appliances, for example—then the company may develop a promotion mix that includes some advertising, some sales promotion to attract consumers to stores, and much personal selling.

The size, geographic distribution, and socioeconomic characteristics of the target market play a part in the composition of a product's promotion mix. If the market is small, personal selling probably will be the most important element in the promotion mix. This is true of organizations that sell to small industrial markets and businesses that use only a few wholesalers to market their products. Companies that need to contact millions of potential customers, however, will emphasize sales promotion and advertising because these methods are relatively inexpensive. The age, income, and education of the target market also will influence the choice of promotion techniques. For example, with less-educated consumers, personal selling may be more effective than ads in newspapers or magazines.

In general, industrial products require a considerable amount of personal selling, whereas consumer goods depend on advertising. This is not true in every case, however. The price of the product also influences the composition of the promotion mix. Because consumers often want the advice of a salesperson on an expensive product, high-priced consumer goods may call for more personal selling. Similarly, advertising and sales promotion may be more crucial to marketers of seasonal items because having a year-round sales force is not always appropriate.

The cost and availability of promotional methods are important factors in the development of a promotion mix. Although national advertising and sales promotion activities are expensive, the cost per customer may be quite small if the campaign succeeds in reaching large numbers of people. In addition, local advertising outlets—newspapers, magazines, radio and television stations, and outdoor displays—may not be that costly for a small local business. In some situations, a firm may find that no available advertising medium reaches the target market effectively.

## Criticisms of Promotion

Even though promotional activities can help customers to make informed purchasing decisions, social scientists, consumer groups, government agencies, and members of society in general have long criticized promotion. There are two main reasons for such criticism: Promotion does have some flaws, and it is a highly visible business activity that pervades our daily lives. Although people almost universally complain that there is simply too much promotional activity, several more specific issues have been raised. Promotional efforts have been called deceptive. Promotion has been blamed for increasing prices. Other criticisms of promotion are that it manipulates consumers into buying products they do not need, that it leads to a more materialistic society, that customers do not benefit sufficiently from promotion to justify its high costs, and that promotion is used to market potentially harmful products. These issues are discussed in Table 15.3.

10

Identify and explain the criticisms of promotion.

Table 15.3 Criticisms of Promotion

Issue	Discussion
<b>Is promotion deceptive?</b>	Although no longer widespread, some deceptive promotion still occurs; laws, government regulations, and industry self-regulation have helped to decrease intentionally deceptive promotion; however, customers may be unintentionally misled because some words have diverse meanings.
<b>Does promotion increase prices?</b>	When promotion stimulates demand, higher production levels may result in lower per-unit production costs which keeps prices lower; when demand is not stimulated, however, prices increase owing to the added costs of promotion; promotion fuels price competition, which helps to keep prices lower.
<b>Does promotion create needs?</b>	Many marketers capitalize on people's needs by basing their promotional appeals on these needs; however, marketers do not actually create these needs. If there were no promotion, people would still have basic needs such as those suggested by Maslow.
<b>Does promotion encourage materialism?</b>	Because promotion creates awareness and visibility for products, it may contribute to materialism in the same way that movies, sports, theater, art, and literature may contribute to materialism; if there were no promotion, it is likely that there would still be materialism among some groups, as evidenced by the existence of materialism among some ancient groups of people.
<b>Does promotion help customers without costing too much?</b>	Customers learn about products and services through promotion, allowing them to make more intelligent buying decisions.
<b>Should potentially harmful products be promoted?</b>	Some critics suggest that the promotion of possibly unhealthy products should not be allowed at all; others argue that as long as it is legal to sell such products, promoting those products should be allowed.

Source: William M. Pride and O. C. Ferrell, *Foundations of Marketing* (Mason, OH: South-Western/Cengage Learning, 2011), 389.

## return to inside business

### Panera Bread

When Panera Bread was just starting out, its first cafés served a few dozen customers per day. Now the company serves 6 million customers every week and opens the doors to a new café every five days. It announces grand openings with a combination of local advertising, direct mail to nearby residents and businesses, and publicity to spread the word through local media coverage.

Throughout the day, Panera's employees walk through the cafés offering bite-size samples of fresh-from-the-oven baked goods so customers can taste new menu items before they

buy. The company also uses point-of-purchase displays to inform customers about special services such as catering. With so many competitors jockeying for market share, Panera knows that satisfied customers are ultimately the key ingredient in sparking positive word of mouth about the brand.

### Questions

1. What is Panera's promotion mix, and why is it appropriate for the company's situation?
2. How would you suggest that Panera evaluate the effectiveness of its advertising? Be specific.

# SUMMARY

## Summary

### 1 Describe integrated marketing communications.

Integrated marketing communications is the coordination of promotion efforts to achieve the maximum informational and persuasive impact on customers.

### 2 Understand the role of promotion.

Promotion is communication about an organization and its products that is intended to inform, persuade, or remind target-market members. The major ingredients of a promotion mix are advertising, personal

selling, sales promotion, and public relations. The role of promotion is to facilitate exchanges directly or indirectly and to help an organization maintain favorable relationships with groups in the marketing environment.

### 3 Explain the purposes of the three types of advertising.

Advertising is a paid nonpersonal message communicated to a specific audience through a mass medium. Primary-demand advertising promotes the products of an entire industry rather than just a single brand.

Selective-demand advertising promotes a particular brand of product. Institutional advertising is image-building advertising for a firm.

#### **4 Describe the advantages and disadvantages of the major advertising media.**

The major advertising media are newspapers, magazines, direct mail, out-of-home displays, television, radio, the Internet, and social media. Newspapers are relatively inexpensive compared with other media, reach only people in the market area, and are timely. Disadvantages include a short life span, poor color reproduction, and an inability to target specific demographic groups. Magazine advertising can be quite prestigious. In addition, it can reach very specific market segments, can provide high-quality color reproduction, and has a relatively long life span. Major disadvantages are high cost and lack of timeliness. Direct mail is the most selective medium, and its effectiveness is measured easily. The disadvantage of direct mail is that if the mailing list is outdated and the advertisement does not reach the right people, then the campaign cannot be successful. Yellow Pages advertising allows customers who use it to save time in finding products, to find information quickly, and to learn about products and marketers. Unlike other types of advertising media, Yellow Pages advertisements are purchased for one year and cannot be changed. Out-of-home advertising allows marketers to focus on a particular geographic area and is relatively inexpensive. Messages, though, must be limited to a few words because the audience is usually moving.

Television accounts for the largest share of advertising expenditures. Television offers marketers the opportunity to broadcast a firm's message nationwide. However, television advertising can be very expensive and has a short life span. In addition, cable channels and home videos have reduced the likelihood of reaching extremely large audiences. Radio advertising offers selectivity, can be less expensive than other media, and is flexible for scheduling purposes. Radio's limitations include no visual presentation and fragmented, small audiences. Benefits of using the Internet as an advertising medium include the growing number of people using the Internet, which means a growing audience, and the ability to precisely target specific customers. Disadvantages include the relatively simplistic nature of the ads that can be produced, especially in comparison with television, and the lack of evidence that net browsers actually pay attention to the ads. Social media appear to allow marketers the ability to target, interact, and connect more personally with customers through sites such as Twitter, Facebook, and brand-specific Web sites. Drawbacks are that the audience is restricted to followers, marketers are still unsure of the usefulness and return on investment, and companies must have employees dedicated to real-time activity.

#### **5 Identify the major steps in developing an advertising campaign.**

An advertising campaign is developed in several stages. A firm's first task is to identify and analyze its advertising target. The goals of the campaign also must be clearly defined. Then the firm must develop the advertising platform, or statement of important selling points, and determine the size of the advertising budget. The next steps are to develop a media plan, to create the advertising message, and to execute the campaign. Finally, promotion managers must evaluate the effectiveness of the advertising efforts before, during, and/or after the campaign.

#### **6 Recognize the various kinds of salespersons, the steps in the personal-selling process, and the major sales management tasks.**

Personal selling is personal communication aimed at informing customers and persuading them to buy a firm's products. It is the most adaptable promotional method because the salesperson can modify the message to fit each buyer. Three major kinds of salespersons are order-getters, order-takers, and support personnel. The six steps in the personal-selling process are prospecting, approaching the prospect, making the presentation, answering objections, closing the sale, and following-up. Sales managers are involved directly in setting sales force objectives; recruiting, selecting, and training salespersons; compensating and motivating sales personnel; creating sales territories; and evaluating sales performance.

#### **7 Describe sales promotion objectives and methods.**

Sales promotion is the use of activities and materials as direct inducements to customers and salespersons. The primary objective of sales promotion methods is to enhance and supplement other promotional methods. Methods of sales promotion include rebates, coupons, samples, premiums, frequent-user incentives, point-of-purchase displays, trade shows, buying allowances, and cooperative advertising.

#### **8 Understand the types and uses of public relations.**

Public relations is a broad set of communication activities used to create and maintain favorable relationships between an organization and various public groups, both internal and external. Organizations use a variety of public-relations tools to convey messages and create images. Brochures, newsletters, company magazines, and annual reports are written public-relations tools. Speeches, event sponsorship, and publicity are other public-relations tools. Publicity is communication in news-story form about an organization, its products, or both. Types of publicity include news releases, feature articles, captioned photographs, and press conferences. Public relations can be used to promote people, places, activities, ideas, and even countries. It can be used to



enhance the reputation of an organization and also to reduce the unfavorable effects of negative events.

### 9 Identify the factors that influence the selection of promotion-mix ingredients.

A promotional campaign is a plan for combining and using advertising, personal selling, sales promotion, and publicity to achieve one or more marketing goals. Campaign objectives are developed from marketing objectives. Then the promotion mix is developed based on the organization's promotional resources and objectives, the nature of the target market, the product characteristics, and the feasibility of various promotional methods.

### 10 Identify and explain the criticisms of promotion.

Promotion activities can help consumers to make informed purchasing decisions, but they also have

evoked many criticisms. Promotion has been accused of deception. Although some deceiving or misleading promotions do exist, laws, government regulation, and industry self-regulation minimize deceptive promotion. Promotion has been blamed for increasing prices, but it usually tends to lower them. When demand is high, production and marketing costs decrease, which can result in lower prices. Promotion also helps to keep prices lower by facilitating price competition. Other criticisms of promotional activity are that it manipulates consumers into buying products they do not need, that it leads to a more materialistic society, and that consumers do not benefit sufficiently from promotional activity to justify its high cost. Finally, some critics of promotion suggest that potentially harmful products, especially those associated with violence, sex, and unhealthy activities, should not be promoted at all.

## Key Terms

You should now be able to define and give an example relevant to each of the following terms:

promotion (430)	direct-mail advertising (435)	trade salesperson (442)	buying allowance (447)
promotion mix (430)	Yellow Pages advertising (435)	technical salesperson (442)	cooperative advertising (447)
integrated marketing communications (431)	out-of-home advertising (436)	consumer sales promotion method (445)	publicity (448)
advertising (432)	infomercial (437)	trade sales promotion method (445)	news release (448)
personal selling (432)	advertising agency (441)	rebate (445)	feature article (448)
sales promotion (433)	order-getter (442)	coupon (446)	captioned photograph (448)
public relations (433)	creative selling (442)	sample (446)	press conference (448)
primary-demand advertising (433)	order-taker (442)	premium (446)	promotional campaign (449)
selective-demand (or brand) advertising (434)	sales support personnel (442)	frequent-user incentive (447)	positioning (450)
institutional advertising (434)	missionary salesperson (442)	point-of-purchase display (447)	
advertising media (435)		trade show (447)	

## Review Questions

1. What is integrated marketing communications, and why is it becoming increasingly accepted?
2. Identify and describe the major ingredients of a promotion mix.
3. What is the major role of promotion?
4. How are selective-demand, institutional, and primary-demand advertising different from one another? Give an example of each.
5. List the four major print media, and give an advantage and a disadvantage of each.
6. Which types of firms use radio, television, and the Internet?
7. Outline the main steps involved in developing an advertising campaign.
8. Why would a firm with its own advertising department use an ad agency?
9. Identify and give examples of the three major types of salespersons.
10. Explain how each step in the personal-selling process leads to the next step.
11. What are the major tasks involved in managing a sales force?
12. What are the major differences between consumer and trade sales promotion methods? Give examples of each.
13. What is cooperative advertising? What sorts of firms use it?

14. What is the difference between publicity and public relations? What is the purpose of each?
15. Why is promotion particularly effective in positioning a product? In stabilizing or increasing sales?
16. What factors determine the specific promotion mix that a firm should use?
17. Is promotion deceptive? What is your evidence that it is or is not deceptive?

## Discussion Questions

1. Discuss the pros and cons of comparative advertising from the viewpoint of (a) the advertiser, (b) the advertiser's competitors, and (c) the target market.
2. Which kinds of advertising—in which media—influence you most? Why?
3. Which kinds of retail outlets or products require mainly order-taking by salespeople?
4. A number of companies have shifted a portion of their promotion dollars from advertising to trade sales promotion methods. Why?
5. Why would a producer offer refunds or cents-off coupons rather than simply lowering the price of its products?
6. How can public-relations efforts aimed at the general public help an organization?
7. Why do firms use event sponsorship?
8. What kind of promotion mix might be used to extend the life of a product that has entered the declining stage of its product life-cycle?

## Video Case 15.1

### L.L.Bean Employs a Variety of Promotion Methods to Communicate with Customers



Perhaps best known for its beloved mail-order catalog, L.L.Bean was recently placed near the top of Photobrand's list of New England's most powerful brands, beating Ethan Allen and Yankee Candle. L.L.Bean has grown from its founding as a one-product firm in 1912 to a national brand with 14 stores in 10 different states and a thriving online store. Net sales are over \$1.5 billion a year.

Marketing communications are more sophisticated now than they were when L. L. Bean created his first product, a waterproof boot, and publicized it with a homemade brochure. In its early days, the firm thrived on word-of-mouth communication about its reliability and the expert advice of its founder, himself an avid outdoorsman. Determined to build his company and his mailing list, L. L. Bean poured all the company's profits into advertising and talked about the company with one and all. Said one neighbor at the time, "If you drop in just to shake his hand, you get home to find his catalog in your mailbox."

Now the company makes use of marketing database systems to manage and update its mailing lists. The L.L.Bean catalog swelled in size in the 1980s and 1990s, but it has slimmed down as the company's Web site has taken over some of the task of promoting the company's products. Still a major communication tool for the firm, the catalog is also a multiple-industry award-winner. The company uses computer-modeling tools to help it identify what customers want and sends them only the catalogs they desire. Still, says the vice president of stores, "What we find is most customers want some sort of touch point," and the catalog remains very popular.

Online orders recently surpassed mail and phone orders for the first time in the company's history. The

relationship between the catalog and the Web site is complicated. As L.L.Bean's vice president for e-commerce explains, customers have begun to shift much of their buying to the Internet, but they still rely on the catalog to browse, plan, and get ideas. Customers take their L.L.Bean catalogs "to soccer games, they read them in the car," she says. "What's changed is what they do next"—often they go online to find more details about an item or to place an order.

L.L.Bean still places print advertising, sometimes small ads that simply offer a free catalog or remind customers that they already have the catalog at home. Since the catalog is expensive to produce, the company tries to support it with other marketing media so it doesn't get lost among all the other messages demanding customers' attention.

A big and growing area for the company's promotion efforts is the Internet, where it uses banner ads on popular sites like Hulu.com that let customers click through to the L.L.Bean online store. It also maintains a Facebook page, a Twitter account, and a YouTube channel. The company invests heavily in television advertising as well, particularly around the holidays. Local TV ads are concentrated in the areas around the company's retail stores.

L.L.Bean doesn't take the wide familiarity of its brand for granted. It also promotes its name through partnerships with environmentally conscious companies and organizations and through charitable giving, mainly to organizations committed to maintaining and protecting Earth's natural resources. The company recognizes, however, that a good product is at the heart of its success. "We really want to sell a good product, and we really guarantee that product," says the company's vice president of e-commerce. "We want to

keep . . . the customer happy and keep that customer coming back to L.L.Bean over and over."<sup>15</sup>

### Questions

1. What are the ingredients of L.L.Bean's promotion mix?
2. L.L.Bean is reaching into "alternative" promotions, including outfitting Weather Channel meteorologists
3. Do you think L.L.Bean's Web site will ever entirely take the place of its mail-order catalog? Why or why not?

## Case 15.2

### Mother and Son Team Flourish at Columbia Sportswear

Gert Boyl is "one tough mother." Not only is she the chairperson of the board for Columbia Sportswear, but she has also been its advertising spokeswoman. Gert assumed control of Columbia Sportswear 35 years ago after her husband Neil passed away unexpectedly. Gert, with her son Tim's help, reported for duty a mere four days after Neil's death to take the reins of the struggling company—a company that has flourished under their tough leadership.

Founded by Gert Boyle's parents in 1938, Columbia Sportswear is a global leader in the design, marketing, and distribution of active outdoor apparel and footwear. The \$1.2 billion company employs more than 2,700 people and markets its products in 100 countries through more than 13,000 retailers as well as its own stores and Web site. As one of the world's largest outerwear brands and the leading seller of skiwear in the United States, the company has developed an international reputation for quality, performance, and value.

Columbia Sportswear has worked hard over the years to develop its image of offering high-quality products. It promotes itself and its products by sponsoring outdoorsy events such as bass-fishing contests, marathons, kayaking events, and snowboarding competitions. In addition, the company uses print and television advertising, plus a strong public-relations program, to promote its brand and its quality products.

One of its most successful ad campaigns featured Gert and her son, Tim Boyle, as an outgrowth of their relationship since they began running the company together. According to people who know them, Tim and his mother have argued from the beginning about how to run Columbia Sportswear. A director of the company says, "Tim and Gert are a lot like the Jack Lemmon and Walter Matthau characters in *The Odd Couple*. They complain all the time, and yet they cherish each other."

Over 20 years ago, Borders, Perrin & Norrande, the company's former advertising agency, came up with an idea to use the relationship between Gert and her son to develop an identity for the company—an identity beyond technical claims about product quality. They developed an ad campaign that portrays Gert as "one tough mother," who uses her son to demonstrate that Columbia

sportswear clothes will protect whoever wears them under any weather conditions. Gert appears as a hard-driving mother who refuses to accept anything but the highest quality of products, for both her son and her company. The ads were so successful at positioning and promoting Columbia Sportswear's products that Gert and Tim became the company's ad staples.

Showing Gert put her son through a series of catastrophic tests to demonstrate product durability reinforced the brand's quality and unique positioning. In one commercial, Gert drives an SUV with Tim strapped on top through a series of severe weather situations to show that this clothing is protecting him. The ending scene is a close-up of the jacket he is wearing with the tagline "Tested Tough." This theme is continued through a series of commercials that depict Tim in a number of cold-weather survival situations, such as being dropped on the top of a snow-covered mountain by a helicopter piloted by Gert. In all cases, Tim is unharmed and Gert is unconcerned—all because he is wearing Columbia Sportswear clothing.

One of the company's classic commercials shows Gert in a biker bar. The audio track says, "In a world of rugged individuals, only one is the toughest mother of them all. Mother Gert Boyle—maker of tough mother jeans." The audience sees a close-up of Gert with a "Born to Nag" tattoo on her bicep before the spot ends with a product shot of Columbia jeans. More recently, the company has continued its irreverent approach to communications with print and television ads focused on new products such as the Bugathermo heated boot for winter. With U.S. sales continuing to rise, and a pipeline of new products to put through their paces, Columbia Sportswear is living up to the tough standards that Gert has always set.<sup>16</sup>

Questions

1. What are the characteristics of Columbia's target audience, and how do these appear to be affecting its advertising?
2. What are the major objectives of Columbia Sportswear's promotion program?
3. What recommendations would you make to strengthen Columbia's promotional activities?

# Building Skills for Career Success



## 1 JOURNALING FOR SUCCESS

**Discovery statement:** As this chapter showed, advertising is an important part of an organization's promotional mix.

### Assignment

1. During the last year, you have been exposed to a number of television advertisements. Identify and describe what you believe to be the best TV commercial that you have experienced over the last year.
2. Why did you feel that this ad is the very best?
3. Describe the content of this advertisement in as much detail as possible, and explain what you can recall about this television advertisement.

## 2 EXPLORING THE INTERNET

As a promotional tool, the Internet stands alone among all media for cost-effectiveness and variety. A well-designed company Web site can enhance most of the promotional strategies discussed in this chapter. It can provide consumers with advertising copy and sales representatives with personal-selling support services and information any time on-demand. In addition, many companies use the Internet for sales promotion. For instance, most newspapers and magazines provide sample articles in the hope that interested readers eventually will become subscribers. Moreover, virtually all software companies present demonstration editions of their products for potential customers to explore and test.

### Assignment

1. Visit two of the following Web sites and examine the promotional activities taking place there. Note the sort of promotion being used and its location within the site. Also visit the text Web site for updates to this exercise.  
<http://www.wsj.com>  
<http://www.businessweek.com>  
<http://www.forbes.com>
2. Describe the promotional tools exhibited on one of these sites.
3. What would you recommend the company do to improve the site?

## 3 DEVELOPING CRITICAL-THINKING SKILLS

Obviously, salespeople must know the products they are selling, but to give successful sales presentations, they also must know their competition. Armed with information about competing products, they are better able to field prospective customers' questions and objections regarding their own products.

### Assignment

1. Choose a product or service offered by one company and gather samples of the competitors' sales literature.

2. After examining the competitors' sales literature, answer the following questions:
  - a. What type of literature do the competitors use to advertise their product or service? Do they use full-color brochures?
  - b. Do they use videotapes?
  - c. Do they offer giveaways or special discounts?
3. Compare the product or service you chose with what the competition is selling.
4. Compile a list of all the strengths and weaknesses you have discovered.

## 4 BUILDING TEAM SKILLS

The cost of promotional methods is an important factor in a promotional campaign. Representatives who sell advertising space for magazines, newspapers, radio stations, and television stations can quote the price of the medium to the advertiser. The advertiser then can use cost per thousand persons reached (CPM) to compare the cost efficiency of advertising in the same medium.

### Assignment

1. Working in teams of five to seven, choose one of these media: local television stations, newspapers, or radio stations. You can choose magazines if your library has a copy of *Standard Rate and Data Service*.
2. Using the following equation, compare the CPM of advertising in whatever local medium you chose:

$$\text{CPM} = \frac{\text{price of the medium to the advertiser} \times 1,000}{\text{circulation}}$$

3. Report your team's findings to the class.

## 5 RESEARCHING DIFFERENT CAREERS

There are many sources available online containing occupational and career materials. Search for trade and professional magazines and journals about specific occupations and industries that you are interested in. Familiarize yourself with the concerns and activities of potential employers by skimming their annual reports and other publicly distributed materials. Publicly traded companies often have a link to this data on their Web site. Another potentially useful source of information is to visit the Web sites of some of the key companies in the industry you are researching. Checking their Web sites for current industry news, challenges, and developments can provide a good insight into the nature of the industry.

### Assignment

1. Choose a specific occupation.
2. Conduct an Internet search of the occupation.
3. Prepare a list of sources where information about the occupation you selected can be found.





## Graeter's Is "Synonymous with Ice Cream"

When a 140-year-old company finally redesigns its logo, that's big news. Graeter's, the beloved Cincinnati-based maker of premium, hand-packed ice cream, is still managed by direct descendants of its founders. Its new logo is just one part of a major rebranding effort to support the company's first big planned expansion. "If we don't continue to improve and innovate, somebody will come and do it better than us," says Chip Graeter, the company's vice president of retail stores. "And we don't want that to happen."

### QUALITY BUILDS THE BRAND

Graeter's considers as its competitors not only Häagen-Dazs and Ben & Jerry's, national premium ice-cream brands that have much bigger marketing budgets, but also all kinds of premium-quality desserts and edible treats. Taking that wide-angle view means its competition is both broad and fierce. One thing the company is firm about, however, is maintaining the quality of its dense, creamy product (it's so dense that one pint of Graeter's ice cream weighs about a pound). Graeter's quality standards call for adhering to its simple, original family recipe—which now includes more all-natural ingredients, like beet juice instead of food dye and dairy products from hormone-free cows—and an original, artisanal production process that yields only about two gallons per machine every 20 minutes. "We were always all-natural," says CEO Richard Graeter II, "but now we're being militant about it."

That hard-earned premium quality is what built the Graeter's brand from its earliest days when refrigeration was unknown and ice cream was a true novelty. Today, "Graeter's in Cincinnati is synonymous with ice cream," says a company executive. "People will say, 'Let's go get a Graeter's.' They don't say, 'Let's go get an ice cream.'" Quality is also what the current management team hopes will propel Graeter's beyond its current market, which consists of a few dozen company-owned retail stores in Ohio, Missouri, Kentucky, and nearby states, and the freezer cases of about 1,700 supermarkets and grocery stores, particularly the Kroger chain. Graeter's is also on the menu in some fine restaurants and country clubs. The company operates an online store and will ship ice cream overnight via UPS to any of the 48 continental states (California is its biggest shipping market). Graeter's also sells a limited line of candies, cakes, and other bakery goods, and its ice-cream line includes smoothies and sorbets.

### EXPANDING TO NEW MARKETS

Graeter's ambitious expansion plans are backed by a recent increase in production capacity from one factory to three (one of the new factories was built, and the other purchased). The plans call for distributing Graeter's delectable,

seasonal flavors to even more supermarkets and grocery stores, and for gradually opening new retail stores, perhaps as far away as Los Angeles and New York. The Kroger chain is Graeter's biggest distribution partner. Of the tens of thousands of brands Kroger carries, says the chain, pricey Graeter's commands the strongest brand loyalty. It was through Kroger, in fact, that Graeter's managers hit upon the idea of conducting a trial expansion to Denver, a new market for the brand.

Kroger owns the King Soopers chain of grocery stores in Denver, and research showed that more Denver ice-cream buyers choose premium brands than cheaper choices, suggesting that Graeter's might do well there. So Graeter's chose 12 flavors to send to 30 King Soopers stores in Denver as a test market, with the goal of selling two or three gallons a week. The test was an unqualified success. Within a few weeks, the company was selling an average of five gallons a week per store.

"I'd like to be coast to coast," admits Graeter's CEO. In fact, the management team would like to explore selling Graeter's in Canada, perhaps within the next five years. "The challenge, of course, is to preserve the integrity of the product as we grow. But we have done that for more than 100 years, and I'd argue that it's better now than ever."

### PROMOTING THE BRAND

Graeter's had already gotten a big free boost from a positive mention on the *Oprah Winfrey Show* in 2002, when the influential talk-show host called it the best ice cream she had ever tasted. "We were shipping about 40 orders a day," says CEO Richard Graeter II. "After her show, the next day we probably shipped 400." National attention continues with occasional exposure on the Food Network, the Fine Living Channel, the Travel Channel, and even the History Channel. "How does that happen?" asks one of the firm's executives. "It happens because we have a product and a process and a growth that is exciting."

Still, says George Denman, the company's vice president of sales and marketing, Graeter's faces the same challenge in new markets as any "small, regional niche player" and one with a limited marketing budget: "establishing a relationship with the consumer, building brand awareness [through] trial and repeat . . . So obviously when we roll into a marketplace one of the first things we do is we demo the product. We get it out in front of the consumer and get them to taste it, because the product sells itself." The company has also been reducing its price to distributors, who pass the savings along to stores that can then advertise that Graeter's pints are on sale. "If a consumer has maybe been buying Ben & Jerry's and never considered ours, because maybe that dollar price point difference was too high, this gives her the

opportunity to try us. And once she tries us, we know we've brand-switched that consumer right then," says Denman.

## MARKETING COMMUNICATIONS

Through its Cincinnati-based ad agency, Graeter's does some local advertising, including attractive point-of-sale displays in supermarkets and grocery stores and some radio ads, occasional print ads, and billboards. The company launches small-scale promotions for the introduction of a new flavor or to celebrate National Ice Cream Month or other occasions. However, brand loyalty for this family business has grown mostly through word of mouth that endures across generations. "We are the beneficiary of that loyalty that our customers have built up over so many years, multiple generations," says one of the company's executives. "Our customers have told us they were introduced to the product through their grandmother, or a special time . . . They don't come to our stores because they have to; they come because they want to."

"We use the traditional [marketing] methods," says Denman. "We are also doing nontraditional methods. We are looking at electronic couponing, where consumers will be able to go to our Web site as a new consumer . . . and secure a dollar-off coupon to try Graeter's, just for coming to our Web site or joining up on Facebook. We've done loyalty programs with Kroger where they have actually direct-mailed loyal consumers and offered . . . discounts as well . . . So far

it's worked well for us. We've had to go back and look at the return on investment on each of these programs and cut some things out and improve on some other things, but in the end we have been very pleased with the results."

## "QUALITY . . . WE NEVER CHANGED"

"We ship our product, and that was something that for the first hundred years you never thought about. I mean, who would think about shipping ice cream from Cincinnati to California? But it is our number-one market for shipping, so all those things you can change," says Richard Graeter, the CEO. "The most important thing, the quality of the product and how we make it, that we never changed."<sup>17</sup>

## Questions

1. How might Graeter's capitalize on its valuable capacity for word-of-mouth promotion in expanding to new markets where, despite some national publicity like the *Oprah Winfrey Show*, its name is still not widely known?
2. Graeter's ice-cream line includes smoothies and sorbets. Do you think it should consider other brand extensions such as yogurt, low-fat ice cream, coffee drinks, or other related products? Why or why not?
3. What are the elements of Graeter's marketing mix? Which are most likely to be affected by external forces in the marketing environment?

## Building a Business Plan PART 5



To access the online *Interactive Business Plan*, go to [www.cengagebrain.com](http://www.cengagebrain.com).

This part is one of the most important components of your business plan. In this part, you will present the facts that you have gathered on the size and nature of your market(s). State market size in dollars and units. How many units and what is the dollar value of the products you expect to sell in a given time period? Indicate your primary and secondary sources of data and the methods you used to estimate total market size and your market share. Part 5 of your textbook covers all marketing-related topics. These chapters should help you to answer the questions in this part of the business plan.

## THE MARKETING PLAN COMPONENT

The marketing plan component is and should be unique to your business. Many assumptions or projections used in the analysis may turn out differently; therefore, this component should be flexible enough to be adjusted as needed. The marketing plan should include answers to at least the following questions:

- 5.1. What are your target markets, and what common identifiable need(s) can you satisfy?
- 5.2. What are the competitive, legal, political, economic, technological, and sociocultural factors affecting your marketing efforts?
- 5.3. What are the current needs of each target market? Describe the target market in terms of demographic, geographic, psychographic, and product-usage characteristics. What changes in the target market are anticipated?
- 5.4. What advantages and disadvantages do you have in meeting the target market's needs?
- 5.5. How will your product distribution, promotion, and price satisfy customer needs?
- 5.6. How effectively will your products meet these needs?
- 5.7. What are the relevant aspects of consumer behavior and product use?

- 5.8. What are your company's projected sales volume, market share, and profitability?
- 5.9. What are your marketing objectives? Include the following in your marketing objectives:
- Product introduction, improvement, or innovation
  - Sales or market share
  - Profitability
  - Pricing
  - Distribution
  - Advertising (Prepare advertising samples for the appendix.)

Make sure that your marketing objectives are clearly written, measurable, and consistent with your overall marketing strategy.

- 5.10. How will the results of your marketing plan be measured and evaluated?

## REVIEW OF BUSINESS PLAN ACTIVITIES

Remember that even though it will be time-consuming, developing a clear, well-written marketing plan is important. Therefore, make sure that you have checked the plan for any weaknesses or problems before proceeding to Part 6. Also, make certain that all your answers to the questions in this and other parts are consistent throughout the business plan. Finally, write a brief statement that summarizes all the information for this part of the business plan.

The information contained in this section will also assist you in completing the online *Interactive Business Plan*.