

Chapter 18

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

1. What steps are required in developing an advertising program?
2. How should sales promotion decisions be made?
3. What are the guidelines for effective brand-building events and experiences?
4. How can companies exploit the potential of public relations and publicity?

Old Spice has put more than a little swagger in its products—and in its advertising—to modernize the decades-old brand.



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

Although there has been an enormous increase in the use of personal communications by marketers in recent years, due to the rapid penetration of the Internet and other factors, the fact remains that mass media, if used correctly, is still an important component of a modern marketing communications program. The old days of “if you build a great ad, they will come,” however, are long gone. To generate consumer interest and sales, mass media must often be supplemented and carefully integrated with other communications, as was the case with Procter & Gamble’s Old Spice.¹



Among the more successful of the 30-second ads estimated to cost over \$2.5 million to run during the broadcast of the 2010 Super Bowl was one for Old Spice body wash. Turning a potential negative of being an old brand into a positive of being experienced, Old Spice has made a remarkable transformation in recent years from “your father’s aftershave” to a contemporary men’s fragrance brand. In a new strategic move, given their important role in the purchase process, the Super Bowl spot targeted women as well as men. The tongue-in-cheek ad featured rugged ex-NFL football player Isaiah Mustafa as “The Man Your Man Could Smell Like.” In one seamless take, Mustafa confidently strikes a variety of romantic poses while passing from a shower in a bathroom to standing on a boat to riding a white horse. Uploaded onto YouTube and other social networking sites, the ad was viewed over 10 million additional times. Old Spice’s Facebook page included a Web application called “My Perpetual Love,” which featured Mustafa offering men the opportunity to be “more like him” by e-mailing and tweeting their sweethearts virtual love notes. For its efforts, the ad agency behind the campaign, Wieden+Kennedy, received a Grand Prix at the Cannes International Ad festival. A follow-up ad in June 2010 showed Mustafa in a new series of “perfect man” activities including baking birthday cakes, building a home with his own hands, swan-diving into a hot tub, and, yes, walking on water.

Although Old Spice clearly has found great success with its ad campaign, other marketers are trying to come to grips with how to best use mass media in the new—and still changing—communication environment.² In this chapter, we examine the nature and use of four mass-communication tools—advertising, sales promotion, events and experiences, and public relations and publicity.

Developing and Managing an Advertising Program

Advertising can be a cost-effective way to disseminate messages, whether to build a brand preference or to educate people. Even in today's challenging media environment, good ads can pay off. P&G has also enjoyed double-digit sales gains in recent years from ads touting the efficacy of Olay Definity antiaging skin products and Head & Shoulders Intensive Treatment shampoo.³

In developing an advertising program, marketing managers must always start by identifying the target market and buyer motives. Then they can make the five major decisions, known as “the five Ms”: *Mission*: What are our advertising objectives? *Money*: How much can we spend and how do we allocate our spending across media types? *Message*: What message should we send? *Media*: What media should we use? *Measurement*: How should we evaluate the results? These decisions are summarized in ▲ Figure 18.1 and described in the following sections.

Setting the Objectives

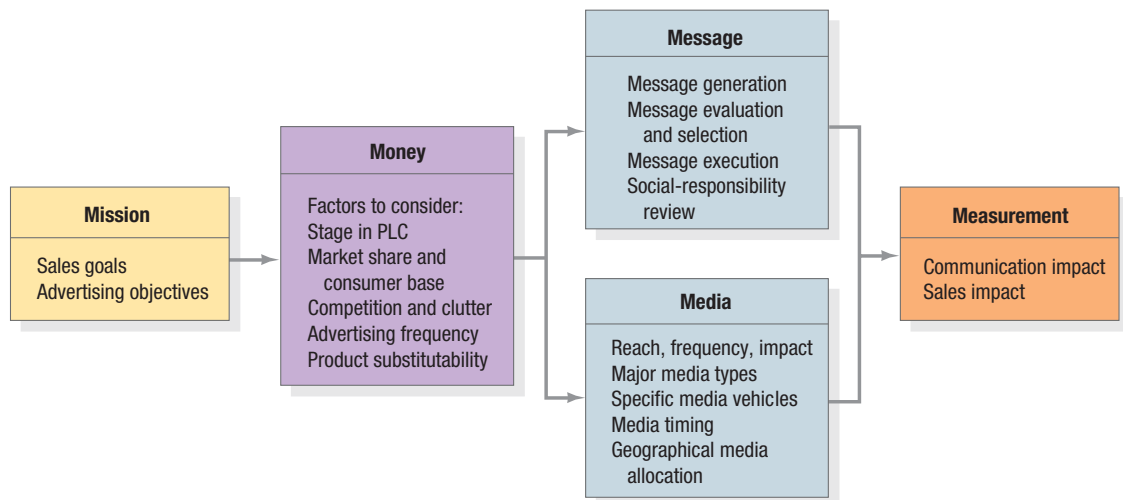
The advertising objectives must flow from prior decisions on target market, brand positioning, and the marketing program.

An **advertising objective** (or goal) is a specific communications task and achievement level to be accomplished with a specific audience in a specific period of time:⁴

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

We can classify advertising objectives according to whether their aim is to inform, persuade, remind, or reinforce. These objectives correspond to different stages in the *hierarchy-of-effects* model discussed in Chapter 17.

- **Informative advertising** aims to create brand awareness and knowledge of new products or new features of existing products.⁵ To promote its OnStar in-vehicle safety, security, and information service that uses wireless and GPS satellite technology, GM launched the “Real Stories” campaign in 2002. The award-winning TV, radio, and print ad campaign used actual subscriber stories in their own words and voices to share the importance and benefits of OnStar through life-changing experiences. By 2005, the OnStar brand had reached 100 percent awareness among consumers shopping for a new vehicle.⁶



|Fig. 18.1| ▲

The Five Ms of Advertising

- **Persuasive advertising** aims to create liking, preference, conviction, and purchase of a product or service. Some persuasive advertising uses comparative advertising, which makes an explicit comparison of the attributes of two or more brands. Miller Lite took market share from Bud Lite by pointing out that Bud Lite had higher carbs. Comparative advertising works best when it elicits cognitive and affective motivations simultaneously, and when consumers are processing advertising in a detailed, analytical mode.⁷
- **Reminder advertising** aims to stimulate repeat purchase of products and services. Expensive, four-color Coca-Cola ads in magazines are intended to remind people to purchase Coca-Cola.
- **Reinforcement advertising** aims to convince current purchasers that they made the right choice. Automobile ads often depict satisfied customers enjoying special features of their new car.

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

Deciding on the Advertising Budget

How does a company know it's spending the right amount? Although advertising is treated as a current expense, part of it is really an investment in building brand equity and customer loyalty. When a company spends \$5 million on capital equipment, it may treat the equipment as a five-year depreciable asset and write off only one-fifth of the cost in the first year. When it spends \$5 million on advertising to launch a new product, it must write off the entire cost in the first year, reducing its reported profit, even if the effects will persist for many years to come.

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

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

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

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

Other studies reinforce these conclusions. In a 2004 IRI study of 23 brands, advertising often didn't increase sales for mature brands or categories in decline. A review of academic research found that advertising elasticities were estimated to be higher for new (.3) than for established products (.1).¹¹

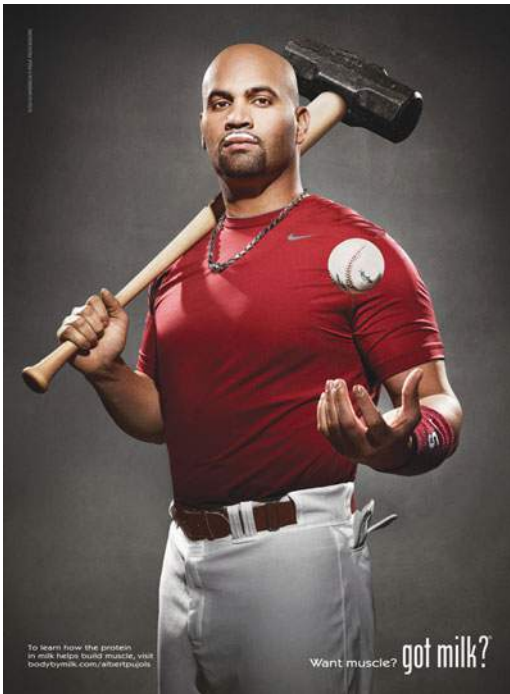
Developing the Advertising Campaign

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

MESSAGE GENERATION AND EVALUATION Many of today's automobile ads look similar—a car drives at high speed on a curved mountain road or across a desert. Advertisers are always seeking “the big idea” that connects with consumers rationally and emotionally, sharply distinguishes the brand from competitors, and is broad and flexible enough to translate to different media, markets, and time periods.¹² Fresh insights are important for avoiding using the same appeals and position as others.



Got Milk? After a 20-year decline in milk consumption among Californians, in 1993 milk processors from across the state formed the California Milk Processor Board (CMPB) with one goal in mind: to get people to drink more milk. The ad agency commissioned by the CMPB, Goodby, Silverstein & Partners, developed a novel approach to pitching milk's benefits. Research had shown that most consumers already believed milk was good for them. So the campaign would remind consumers of the inconvenience and annoyance of running out of milk when they went to eat certain foods, which became known as “milk deprivation.” The “got milk?” tagline reminded consumers to make sure they had milk in their refrigerators. A year after the launch, sales volume had increased 1.07 percent. In 1995, the “got milk?” campaign was licensed to the National Dairy Board. In 1998, the National Fluid Milk Processor Education Program, which had been using the “milk mustache” campaign since 1994 to boost sales, bought the rights to the “got milk?” tagline. The “got milk?” campaign continues to pay strong dividends by halting the decline in sales of milk in California more than 13 years after its launch.¹³



The tagline for California Milk Processor Board's “Got milk?” campaign has also been used as part of the “milk mustache” print ad series, featuring numerous celebrities such as St. Louis Cardinals baseball slugger Albert Pujols.



Consumer-Generated Advertising One of the first major marketers to feature consumer-generated ads was Converse, whose award-winning campaign, “Brand Democracy,” used films created by consumers in a series of TV and Web ads. Some of the most popular ads during recent Super Bowl broadcasts have been homemade contest winners for Frito-Lay's Doritos tortilla chips. H. J. Heinz ran a “Top This TV Challenge” inviting the public to create the next commercial for its Heinz Ketchup brand and win \$57,000. More than 6,000 submissions and more than 10 million online views resulted, and sales rose over 13 percent year over year. In addition to creating ads, consumers can help disseminate advertising. A UK “Life's for Sharing” ad for T-Mobile in which 400 people break into a choreographed dance routine in the Liverpool Street Station was shown exactly once on the *Celebrity Big Brother* television show, but it was watched more than 15 million times online when word about it spread via e-mail messages, blogs, and social networks.

Although entrusting consumers with a brand's marketing effort can be pure genius, it can also be a regrettable failure. When Kraft sought a hip name for a new flavor variety of its iconic Vegemite



T-Mobile's highly entertaining "Life's for Sharing" subway dance became an online viral marketing sensation.

product in Australia, it labeled the first 3 million jars "Name Me" to enlist consumer support. From 48,000 entries, however, the marketer selected one that was thrown in as a joke—iSnack 2.0—and sales plummeted. The company had to pull iSnack jars from the shelves and start from scratch in a more conventional fashion, yielding the new name Cheesybite.¹⁵

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

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

Because of the fleeting nature of the ad, however, and the distracting creative elements often found in it, product-related messages and the brand itself can be overlooked. Moreover, the high volume of nonprogramming material on television creates clutter that makes it easy for consumers to ignore or forget ads. Nevertheless, properly designed and executed TV ads can still be a powerful marketing tool and improve brand equity and affect sales and profits. In the highly competitive insurance category, advertising can help a brand to stand out.¹⁶




Aflac Aflac, the largest supplier of supplemental insurance, was relatively unknown until a highly creative ad campaign made it one of the most recognized brands in recent history. (Aflac stands for American Family Life Assurance Company.) Created by the Kaplan Thaler ad agency, the lighthearted campaign features an irascible duck incessantly squawking the company's name, "Aflac!" while consumers or celebrities discuss its products. The duck's frustrated bid for attention appealed to consumers. Sales were up 28 percent in the first year the duck aired, and name recognition went from 13 percent to 91 percent. Aflac has stuck with the duck in its advertising, even incorporating it into its corporate logo in 2005. Social media have allowed marketers to further develop the personality of the duck—it has 170,000 Facebook fans and counting! The Aflac duck is not just a U.S. phenomenon. It also stars in Japanese TV ads—with a somewhat brighter disposition—where it has been credited with helping to drive sales in Aflac's biggest market. ■

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Print Ads Print media offer a stark contrast to broadcast media. Because readers consume them at their own pace, magazines and newspapers can provide detailed product information and effectively

Aflac's iconic duck character has been the centerpiece of its brand-building advertising for years.



Can your insurance do this?

Who's going to help pay for life's necessities if you get sick or hurt and can't work?

Aflac does what major medical insurance doesn't. It puts cash in your pocket and in a hurry, helping you put food on the table, pay the rent, and take care of other bills. And if you're laid up, those bills sure can pile up. Nearly half of the one million Americans who filed for bankruptcy last year did so after being sidelined with an unexpected sickness or injury. The majority of those people *did* have major medical insurance, they just didn't have income. Just visit aflac.com, ask about Aflac at work, or call 1-800-99-AFLAC today. And get Aflac insurance policies to help protect the breadwinner in your family.

Aflac

There's only one Aflac.

NAD0703

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communicate user and usage imagery. At the same time, the static nature of the visual images in print media makes dynamic presentations or demonstrations difficult, and print media can be fairly passive.

The two main print media—magazines and newspapers—share many advantages and disadvantages. Although newspapers are timely and pervasive, magazines are typically more effective at building user and usage imagery. Newspapers are popular for local—especially retailer—advertising. On an average day, roughly one-half to three-quarters of U.S. adults read a newspaper, although increasingly that is an online version. Print newspaper circulation fell almost 9 percent in 2009.¹⁷ Although advertisers have some flexibility in designing and placing newspaper ads, relatively poor reproduction quality and short shelf life can diminish the ads' impact.

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

Given how consumers process print ads, some clear managerial implications emerge, as summarized in "Marketing Memo: Print Ad Evaluation Criteria." One print ad campaign that successfully carved out a brand image is Absolut vodka.¹⁸

marketing Memo

Print Ad Evaluation Criteria

In judging the effectiveness of a print ad, in addition to considering the communication strategy (target market, communications objectives, and message and creative strategy), marketers should be able to answer yes to the following questions about the ad's execution:

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

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

Absolut Vodka

Absolut Vodka Vodka is generally viewed as a commodity product, yet the amount of brand preference and loyalty in the vodka market is astonishing and attributed mostly to brand image. When the Swedish brand Absolut entered the U.S. market in 1979, the company sold a disappointing 7,000 cases. By 1991, sales had soared to over 2 million cases. Absolut became the largest-selling imported vodka in the United States, with 65 percent of the market,

thanks in large part to its marketing and advertising strategies aimed at sophisticated, upwardly mobile, affluent drinkers. The vodka comes in a distinctive clear bottle that served as the centerpiece of 15,000 ad executions over a 25-year period. The campaign cleverly juxtaposed a punning caption against a stylized image of the bottle—for example, “Absolut Texas” under an image of an oversized bottle, or “Absolut 19th” with a bottle made of a golf green. But feeling that consumers were beginning to tune out the message, in 2007 Absolut introduced a new global campaign that showed what things would be like “In an Absolut World.” In this fantasy world, men get pregnant, soap bubbles flow from smokestacks, masterpiece paintings hang in Times Square, protesters and police fight with feather pillows, and perhaps most fantastically of all, the Cubs win the World Series. The revitalized campaign led to a 9 percent increase in case sales before the recession hit in 2008. ■

Radio Ads Radio is a pervasive medium: Ninety-three percent of all U.S. citizens age 12 and older listen to the radio daily and for around 20 hours a week on average, numbers that have held steady in recent years. Much radio listening occurs in the car and out of home. As streaming Internet access gains ground, traditional AM/FM radio stations are feeling the pressure and account for less than half of all listening at home.¹⁹

Perhaps radio's main advantage is flexibility—stations are very targeted, ads are relatively inexpensive to produce and place, and short closings allow for quick response. Radio is a particularly effective medium in the morning; it can also let companies achieve a balance between broad and localized market coverage.

The obvious disadvantages of radio are its lack of visual images and the relatively passive nature of the consumer processing that results. Nevertheless, radio ads can be extremely creative. Some see the lack of visual images as a plus because they feel the clever use of music, sound, and other creative devices can tap into the listener's imagination to create powerfully relevant and liked images. Here is an example:²⁰

Motel 6

Motel 6 Motel 6, the nation's largest budget motel chain, was founded in 1962 when the “6” stood for \$6 a night. After its business fortunes hit bottom in 1986 with an occupancy rate of only 66.7 percent, Motel 6 made a number of marketing changes, including the launch of humorous 60-second radio ads featuring folksy contractor-turned-writer Tom Bodett delivering the clever tagline, “We'll Leave the Light on for You.” Named one of the Top 100 Ad Campaigns

of the Twentieth Century by leading trade publication *Advertising Age*, the Motel 6 campaign continues to receive awards, including the 2009 Radio Mercury Awards grand prize for an ad called “DVD.” In this ad, Bodett introduces the “DVD version” of his latest commercial, utilizing his trademark self-deprecating style to provide “behind the scenes” commentary on his own performance. Still going strong, the ad campaign is credited with a rise in occupancy and a revitalization of the brand that continues to this day. ■

LEGAL AND SOCIAL ISSUES To break through clutter, some advertisers believe they have to be edgy and push the boundaries of what consumers are used to seeing in advertising. In doing so, marketers must be sure advertising does not overstep social and legal norms²¹ or offend the general public, ethnic groups, racial minorities, or special-interest groups.

A substantial body of laws and regulations governs advertising. Under U.S. law, advertisers must not make false claims, such as stating that a product cures something when it does not. They must avoid false demonstrations, such as using sand-covered Plexiglas instead of sandpaper to demonstrate that a razor blade can shave sandpaper. It is illegal in the United States to create ads that have the capacity to deceive, even though no one may actually be deceived. A floor wax advertiser can't say the product gives six months' protection unless it does so under typical conditions, and the maker of a diet bread can't say it has fewer calories simply because its slices are thinner. The challenge is telling the difference between deception and “puffery”—simple exaggerations that are not meant to be believed and that *are* permitted by law.

Splenda versus
Equal

Splenda versus Equal Splenda's tagline for its artificial sweetener was “Made from sugar, so it tastes like sugar,” with “but it's not sugar” in small writing almost as an afterthought. McNeil Nutritionals, Splenda's manufacturer, does begin production of Splenda with pure cane sugar but burns it off in the manufacturing process. However, Merisant, maker of Equal, claimed that Splenda's advertising confuses consumers who are likely to conclude that a product “made from sugar” is healthier than one made from aspartame, Equal's main ingredient. A document used in court and taken from McNeil's own files notes that consumers' perception of Splenda as “not an artificial sweetener” was one of the biggest triumphs of the company's marketing campaign, which began in 2003. Splenda became the runaway leader in the sugar-substitute category with 60 percent of the market, leaving roughly 14 percent each to Equal (in the blue packets) and Sweet'N Low (pink packets). Although McNeil eventually agreed to settle the lawsuit and pay Merisant an undisclosed but “substantial” award (and change its advertising), it may have been too late for consumers to change their perception of Splenda as something sugary *and* sugar-free.²² ■


Sellers in the United States are legally obligated to avoid bait-and-switch advertising that attracts buyers under false pretenses. Suppose a seller advertises a sewing machine at \$149. When consumers try to buy the advertised machine, the seller cannot then refuse to sell it, downplay its features, show a faulty one, or promise unreasonable delivery dates in order to switch the buyer to a more expensive machine.²³

Advertising can play a more positive broader social role. The Ad Council is a nonprofit organization that uses top-notch industry talent to produce and distribute public service announcements for nonprofits and government agencies. From its early origins with “Buy War Bonds” posters, the Ad Council has tackled innumerable pressing social issues through the years. One of its recent efforts featured beloved *Sesame Street* stars Elmo and Gordon exhorting children to wash their hands in the face of the H1N1 flu virus.²⁴

Deciding on Media and Measuring Effectiveness

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

Deciding on Reach, Frequency, and Impact

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

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

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

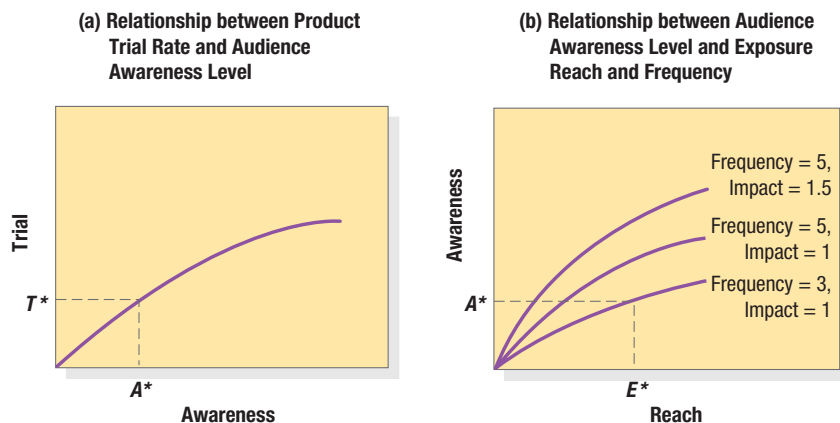
Figure 18.2(b) shows the relationship between audience awareness and reach. Audience awareness will be greater, the higher the exposures' reach, frequency, and impact. There are important trade-offs here. Suppose the planner has an advertising budget of \$1,000,000 and the cost per thousand exposures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

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

- **Total number of exposures (E).** This is the reach times the average frequency; that is, $E = R \times F$, also called the *gross rating points* (GRP). If a given media schedule reaches 80 percent of homes with an average exposure frequency of 3, the media schedule has a GRP of 240 (80×3). If another media schedule has a GRP of 300, it has more weight, but we cannot tell how this weight breaks down into reach and frequency.
- **Weighted number of exposures (WE).** This is the reach times average frequency times average impact, that is $WE = R \times F \times I$.

Reach is most important when launching new products, flanker brands, extensions of well-known brands, or infrequently purchased brands; or when going after an undefined target market. Frequency is most important where there are strong competitors, a complex story to tell, high consumer resistance, or a frequent-purchase cycle.²⁵

A key reason for repetition is forgetting. The higher the forgetting rate associated with a brand, product category, or message, the higher the warranted level of repetition. However, advertisers should not coast on a tired ad but insist on fresh executions by their ad agency.²⁶ GEICO has found advertising success by keeping both its campaigns and their executions fresh.



[Fig. 18.2] 

Relationship Among Trial, Awareness, and the Exposure Function



GEICO Have the hundreds of millions of dollars GEICO has spent on TV advertising been worth it? Warren Buffet, chairman and CEO of GEICO's parent company Berkshire Hathaway, sure thinks so. He told shareholders he would spend *millions* on GEICO advertising! GEICO has more than quadrupled its revenue over the last decade, from slightly under

\$3 billion in 1998 to more than \$13 billion in 2009—making it the fastest-growing auto insurance company in the United States. The company eschews agents to sell directly to consumers with a basic message, “15 Minutes Could Save You 15% or More on Your Car Insurance.” Partnering with The Martin Agency, GEICO has run different award-winning TV campaigns to emphasize different benefits of the brand. Popular TV spots advertising GEICO's claim that its Web site is “So Easy, a Caveman Can Use It” featured offended Neanderthals expressing indignation at the prejudice they face. TV ads featuring the Cockney-speaking Gecko lizard spokes-character reinforce GEICO's brand image as credible and accomplished. A third campaign, themed “Rhetorical Questions,” uses cultural icons and touch points to make it seem obvious that GEICO saves customers money by asking self-evident questions such as, “Does Elmer Fudd have trouble with the letter R?” and “Did the Waltons take way too long to say goodnight?” The multiple campaigns complement each other and build on each other's success; the company dominates the TV airwaves with so many varied car insurance messages that any competitors' ads are lost.²⁷

Saving is easy.

Get a free car insurance quote today.

GEICO
geico.com

Motorcycle and ATV coverages are underwritten by GEICO Indemnity Company. Homeowners, renters, boat and PWC coverages are written through non-affiliated insurance companies and are secured through the GEICO Insurance Agency, Inc. Some discounts, coverages, payment plans and features are not available in all states or all GEICO companies. Government Employees Insurance Co. • GEICO General Insurance Co. • GEICO Indemnity Co. • GEICO Casualty Co. These companies are subsidiaries of Berkshire Hathaway Inc. GEICO Washington, DC 20076. GEICO Gecko image © 1989-2010. © 2010 GEICO

One of the most active advertisers around, GEICO employs multiple ad campaigns, including a series featuring the gecko lizard.

Choosing Among Major Media Types

The media planner must know the capacity of the major advertising media types to deliver reach, frequency, and impact. The major advertising media along with their costs, advantages, and limitations are profiled in Table 18.1. Media planners make their choices by considering factors such as target audience media habits, product characteristics, message requirements, and cost.

Alternate Advertising Options

In recent years, reduced effectiveness of traditional mass media has led advertisers to increase their emphasis on alternate advertising media.

PLACE ADVERTISING **Place advertising**, or out-of-home advertising, is a broad category including many creative and unexpected forms to grab consumers' attention. The rationale is that marketers are better off reaching people where they work, play, and, of course, shop. Popular options include billboards, public spaces, product placement, and point of purchase.

Billboards Billboards have been transformed and now use colorful, digitally produced graphics, backlighting, sounds, movement, and unusual—even 3D—images.²⁸ In New York, manhole covers

TABLE 18.1 Profiles of Major Media Types

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

have been reimagined as steaming cups of Folgers coffee; in Belgium, eBay posted “Moved to eBay” stickers on empty storefronts; and in Germany, imaginary workers toiling inside vending machines, ATMs, and photo booths were justification for a German job-hunting Web site to proclaim, “Life Is Too Short for the Wrong Job.”²⁹

New “Eyes On” measurement techniques allow marketers to better understand who actually has seen their outdoor ads.³⁰ The right billboard can make all the difference. Chang Soda in Bangkok had enough money in its budget for only one digital billboard. To maximize impact, it built a giant bubbling bottle onto the billboard to illustrate the product’s carbonation. Subsequent word-of-mouth buzz quintupled bottle sales from 200,000 to 1 million.³¹

A strong creative message can also break through visual clutter. Snickers out-of-home program used billboards and taxi-top signs with puns combining the brand’s benefits and key locations, such as “Satisflying” at the airport, “Transfer to the Ate Train” in the subway, and “Snackonomics” on cabs in Wall Street.³²

Public Spaces Advertisers have been increasingly placing ads in unconventional places such as on movie screens, on airplanes, and in fitness clubs, as well as in classrooms, sports arenas, office and hotel elevators, and other public places.³³ Billboard-type poster ads are showing up everywhere. Transit ads on buses, subways, and commuter trains—around for years—have become a valuable way to reach working women. “Street furniture”—bus shelters, kiosks, and public areas—is another fast-growing option.

Advertisers can buy space in stadiums and arenas and on garbage cans, bicycle racks, parking meters, airport luggage carousels, elevators, gasoline pumps, the bottom of golf cups and swimming pools, airline snack packages, and supermarket produce in the form of tiny labels on apples and bananas. They can even buy space in toilet stalls and above urinals which, according to one

Snickers uses clever taxi-top signs to increase its brand salience.



research study, office workers visit an average of three to four times a day for roughly four minutes per visit.³⁴

Product Placement Marketers pay product placement fees of \$100,000 to as much as \$500,000 so their products will make cameo appearances in movies and on television.³⁵ Sometimes placements are the result of a larger network advertising deal, but other times they are the work of small product-placement shops that maintain ties with prop masters, set designers, and production executives. Some firms get product placement at no cost by supplying their product to the movie company (Nike does not pay to be in movies but often supplies shoes, jackets, bags, and so on). Increasingly, products and brands are being woven directly into the story.³⁶

Staples and
The Office

Staples and *The Office* When Staples introduced a new \$69.99 paper-shredding device called the MailMate in 2006, the company struck a two-episode deal with NBC's popular television program, *The Office*. In the first episode, the character Kevin Malone was given the responsibility of shredding paper with the MailMate; in the second, another character, Dwight Schrute, took a job at Staples. The writers and producers of the show tried to accommodate Staples' marketing objectives for the product as much as possible. To make sure the shredder looked small enough, it sat on Kevin's desk. To emphasize the shredder was sturdy, Kevin shredded not only paper but also his credit card. To emphasize that the shredder was available only at Staples, the episode closed with Kevin shredding lettuce and making it into a salad. When a colleague asked where he got the salad, he replied, "Staples." ■

Product placement is not immune to criticism as lawmakers increasingly criticize its stealth nature, threatening to force more explicit disclosure of participating advertisers.

Point of Purchase Chapter 16 discussed the importance of shopper marketing and in-store marketing efforts. The appeal of point-of-purchase advertising lies in the fact that in many product categories consumers make the bulk of their final brand decisions in the store, 74 percent according to one study.³⁷

There are many ways to communicate with consumers at the **point of purchase (P-O-P)**. In-store advertising includes ads on shopping carts, cart straps, aisles, and shelves, as well as

promotion options such as in-store demonstrations, live sampling, and instant coupon machines.³⁸ Some supermarkets are selling floor space for company logos and experimenting with talking shelves. P-O-P radio provides FM-style programming and commercial messages to thousands of food stores and drugstores nationwide. Programming includes a store-selected music format, consumer tips, and commercials. Video screens in some stores allow for TV-type ads to be run.³⁹

**Walmart
SMART
Network**

Walmart SMART Network One of the in-store advertising pioneers, Walmart, replaced its original Walmart TV with its new SMART network in 2008. The new TV network allows Walmart to monitor and control more than 27,000 individual screens in some 2,700 stores nationwide, reaching 160 million viewers every four weeks. Its “triple play” feature permits ads to be shown on a large welcome screen at the entrance of the store, a category screen in departments, and endcap screens on each aisle. Those highly visible endcap viewings are not cheap. Advertisers pay \$325,000 for 30-second spots per two-week cycle in the grocery section and \$650,000 per four-week run in the health and beauty aid department. Five-second ads running every two minutes for two weeks on the welcome screens cost advertisers \$80,000, and 10-second spots running twice every six minutes on the full network cost \$50,000 per week. By linking the time when ads were shown and when product sales were made, Walmart can estimate how much ads increase sales by department (from 7 percent in Electronics to 28 percent in Health & Beauty) and by product type (mature items increase by 7 percent, seasonal items by 18 percent). ■

EVALUATING ALTERNATE MEDIA Ads now can appear virtually anywhere consumers have a few spare minutes or even seconds to notice them. The main advantage of nontraditional media is that they can often reach a very precise and captive audience in a cost-effective manner. The message must be simple and direct. Outdoor advertising, for example, is often called the “15-second sell.” It’s more effective at enhancing brand awareness or brand image than creating new brand associations.

Unique ad placements designed to break through clutter may also be perceived as invasive and obtrusive, however. Consumer backlash often results when people see ads in traditionally ad-free spaces, such as in schools, on police cruisers, and in doctors’ waiting rooms. Nevertheless, perhaps because of its sheer pervasiveness, some consumers seem to be less bothered by nontraditional media now than in the past.

The challenge for nontraditional media is demonstrating its reach and effectiveness through credible, independent research. Consumers must be favorably affected in some way to justify the marketing expenditures. But there will always be room for creative means of placing the brand in front of consumers, as occurred with McDonald’s’ alternate-reality game called “The Lost Ring.”⁴⁰ “Marketing Insight: Playing Games with Brands” describes the role of gaming in marketing in general.

**McDonald's
and The Lost
Ring**

McDonald’s and The Lost Ring As an official sponsor of the 2008 Beijing Olympics, McDonald’s created a multipronged marketing effort. Looking to engage young adults immune to traditional media ploys, McDonald’s, its marketing agency AKQA, and game developer Jane McGonigal created a global, multilingual alternate-reality game (ARG) called The Lost Ring. The Web-based game centered around Ariadne, a fictional amnesiac female Olympic athlete from a parallel universe, and united players around the world in an online quest to recover ancient Olympic secrets. Discreetly sponsored by McDonald’s, the game began with 50 gaming bloggers receiving enigmatic packages on February 29, 2008 (Leap Day). The packages included an Olympic-themed poster from 1920 and other teasers with a clue to TheLostRing.com. Almost 3 million people in more than 100 countries eventually played the game, which ended August 24, 2008, the last day of the Olympics. The game received the Grand Prize in *Adweek’s* 2008 Buzz Awards. ■



Playing Games with Brands

More than half of U.S. adults age 18 and older play video games, and about one in five play every day or almost every day. Virtually all teens (97 percent) play video games. As many as 40 percent of gamers are women. Women seem to prefer puzzles and collaborative games, whereas men seem more attracted to competitive or simulation games. Given this explosive popularity, many advertisers have decided, "if you can't beat them, join them."

A top-notch "advergame" can cost between \$100,000 and \$500,000 to develop. The game can be played on the sponsor's corporate homepage, on gaming portals, or even on public locations such as at restaurants. 7-Up, McDonald's, and Porsche have all been featured in games. Honda developed a game that allowed players to choose a Honda and zoom around city streets plastered with Honda logos. In the

first three months, 78,000 people played for an average of eight minutes each. The game's cost per thousand (CPM) of \$7 compared favorably to a prime-time TV commercial's CPM of \$11.65. Marketers collect valuable customer data upon registration and often seek permission to send e-mail. Of game players sponsored by Ford Escape SUV, 54 percent signed up to receive e-mail.

Marketers are also playing starring roles in popular video games. In multiplayer Test Drive Unlimited, players can take a break from the races to go shopping, where they can encounter at least 10 real-world brands such as Lexus and Hawaiian Airlines. Tomb Raider's Lara Craft tools around in a Jeep Commander. Mainstream marketers such as Apple, Procter & Gamble, Toyota, and Visa are all jumping on board. Overall, research suggests that gamers are fine with ads and the way they affect the game experience. One study showed that 70 percent of gamers felt dynamic in-game ads "contributed to realism," "fit the games" in which they served, and looked "cool."

Sources: "In-Game Advertising Research Proves Effectiveness for Brands across Categories and Game Titles," www.microsoft.com, June 3, 2008; Amanda Lenhart, "Video Games: Adults Are Players Too," Pew Internet & American Life Project, www.pewresearch.org, December 7, 2008; "Erika Brown, 'Game On!'" *Forbes*, July 24, 2006, pp. 84–86; David Radd, "Advergaming: You Got It," *BusinessWeek*, October 11, 2006; Stuart Elliott, "Madison Avenue's Full-Court Pitch to Video Gamers," *New York Times*, October 16, 2005.

Selecting Specific Media Vehicles

The media planner must search for the most cost-effective vehicles within each chosen media type. The advertiser who decides to buy 30 seconds of advertising on network television can pay around \$100,000 for a new show, over \$300,000 for a popular prime-time show such as *Sunday Night Football*, *American Idol*, *Grey's Anatomy*, or *Desperate Housewives*, or over \$2.5 million for an event such as the Super Bowl.⁴¹ These choices are critical: The average cost to produce a national 30-second television commercial in 2007 was about \$342,000.⁴² It can cost as much to run an ad once on network TV as to create and produce the ad to start with!

In making choices, the planner must rely on measurement services that estimate audience size, composition, and media cost. Media planners then calculate the cost per thousand persons reached by a vehicle. A full-page, four-color ad in *Sports Illustrated* cost approximately \$350,000 in 2010. If *Sports Illustrated's* estimated readership was 3.15 million people, the cost of exposing the ad to 1,000 persons is approximately \$11.20. The same ad in *Time* cost approximately \$500,000, but reached 4.25 million people—at a higher cost-per-thousand of \$11.90.

The media planner ranks each magazine by cost per thousand and favors magazines with the lowest cost per thousand for reaching target consumers. The magazines themselves often put together a "reader profile" for their advertisers, describing average readers with respect to age, income, residence, marital status, and leisure activities.

Marketers need to apply several adjustments to the cost-per-thousand measure. First, they should adjust for *audience quality*. For a baby lotion ad, a magazine read by 1 million young mothers has an exposure value of 1 million; if read by 1 million teenagers, it has an exposure value of almost zero. Second, adjust the exposure value for the *audience-attention probability*. Readers of *Vogue* may pay more attention to ads than do readers of *Newsweek*.⁴³ Third, adjust for the medium's *editorial quality* (prestige and believability). People are more likely to believe a TV or radio ad and to become more positively disposed toward the brand when the ad is placed within a program they like.⁴⁴ Fourth, consider *ad placement policies and extra services* (such as regional or occupational editions and lead-time requirements for magazines).

Media planners are using more sophisticated measures of effectiveness and employing them in mathematical models to arrive at the best media mix. Many advertising agencies use software programs to select the initial media and make improvements based on subjective factors.⁴⁵

Deciding on Media Timing and Allocation

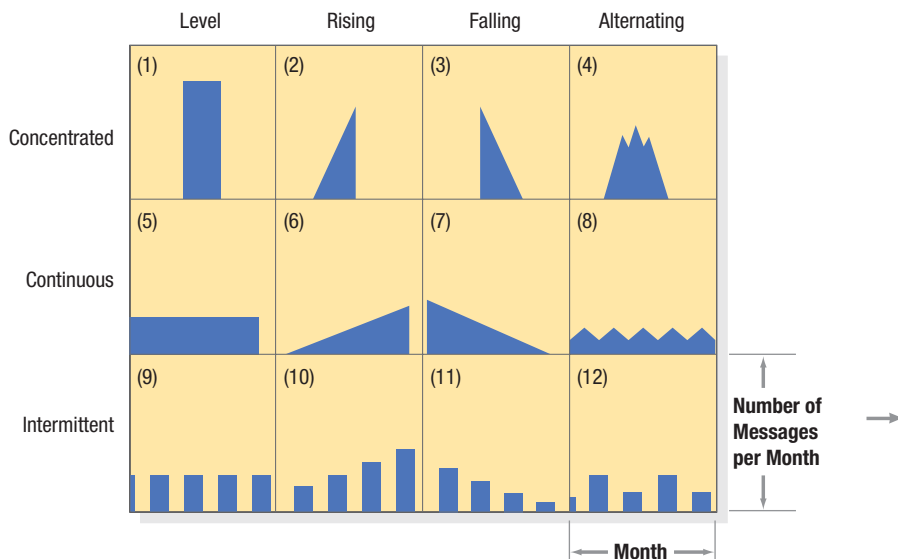
In choosing media, the advertiser has both a macroscheduling and a microscheduling decision. The *macroscheduling decision* relates to seasons and the business cycle. Suppose 70 percent of a product’s sales occur between June and September. The firm can vary its advertising expenditures to follow the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

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

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

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

- **Continuity** means exposures appear evenly throughout a given period. Generally, advertisers use continuous advertising in expanding market situations, with frequently purchased items, and in tightly defined buyer categories.
- **Concentration** calls for spending all the advertising dollars in a single period. This makes sense for products with one selling season or related holiday.
- **Flighting** calls for advertising during a period, followed by a period with no advertising, followed by a second period of advertising activity. It is useful when funding is limited, the purchase cycle is relatively infrequent, or items are seasonal.
- **Pulsing** is continuous advertising at low-weight levels, reinforced periodically by waves of heavier activity. It draws on the strength of continuous advertising and flights to create a compromise scheduling strategy.⁴⁶ Those who favor pulsing believe the audience will learn the message more thoroughly, and at a lower cost to the firm.



[Fig. 18.3] ▲

Classification of Advertising Timing Patterns

TABLE 18.2 Advertising Pretest Research Techniques

For Print Ads

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

For Broadcast Ads

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

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

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

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

A company must decide how to allocate its advertising budget over space as well as over time. The company makes “national buys” when it places ads on national TV networks or in nationally circulated magazines. It makes “spot buys” when it buys TV time in just a few markets or in regional editions of magazines. These markets are called *areas of dominant influence* (ADIs) or *designated marketing areas* (DMAs). The company makes “local buys” when it advertises in local newspapers, radio, or outdoor sites.

Evaluating Advertising Effectiveness

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

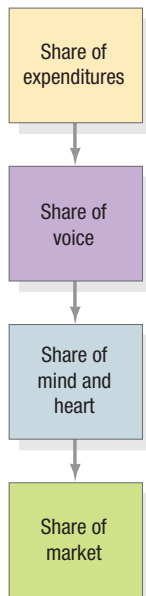
COMMUNICATION-EFFECT RESEARCH Communication-effect research, called *copy testing*, seeks to determine whether an ad is communicating effectively. Marketers should perform this test both before an ad is put into media and after it is printed or broadcast. Table 18.2 describes some specific advertising pretest research techniques.

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

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

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

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



[Fig. 18.4] ▲

Formula for Measuring Different Stages in the Sales Impact of Advertising

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

Researchers try to measure the sales impact by analyzing historical or experimental data. The *historical approach* correlates past sales to past advertising expenditures using advanced statistical techniques.⁴⁷ Other researchers use an *experimental design* to measure advertising's sales impact.

A growing number of researchers are striving to measure the sales effect of advertising expenditures instead of settling for communication-effect measures.⁴⁸ Millward Brown International has conducted tracking studies for years to help advertisers decide whether their advertising is benefiting their brand.⁴⁹

Sales Promotion

Sales promotion, a key ingredient in marketing campaigns, consists of a collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade.⁵⁰

Whereas advertising offers a *reason* to buy, sales promotion offers an *incentive*. Sales promotion includes tools for *consumer promotion* (samples, coupons, cash refund offers, prices off, premiums, prizes, patronage rewards, free trials, warranties, tie-in promotions, cross-promotions, point-of-purchase displays, and demonstrations), *trade promotion* (prices off, advertising and display allowances, and free goods), and *business and sales force promotion* (trade shows and conventions, contests for sales reps, and specialty advertising).

Objectives

Sales promotion tools vary in their specific objectives. A free sample stimulates consumer trial, whereas a free management-advisory service aims at cementing a long-term relationship with a retailer.

Sellers use incentive-type promotions to attract new triers, to reward loyal customers, and to increase the repurchase rates of occasional users. Sales promotions often attract brand switchers, who are primarily looking for low price, good value, or premiums. If some of them would not have otherwise tried the brand, promotion can yield long-term increases in market share.⁵¹

Sales promotions in markets of high brand similarity can produce a high sales response in the short run but little permanent gain in brand preference over the longer term. In markets of high brand dissimilarity, they may be able to alter market shares permanently. In addition to brand switching, consumers may engage in stockpiling—purchasing earlier than usual (purchase acceleration) or purchasing extra quantities. But sales may then hit a postpromotion dip.⁵²

Advertising versus Promotion

Sales promotion expenditures increased as a percentage of budget expenditure for a number of years, although its growth has recently slowed. Several factors contributed to this growth, particularly in consumer markets. Promotion became more accepted by top management as an effective sales tool, the number of brands increased, competitors used promotions frequently, many brands were seen as similar, consumers became more price-oriented, the trade demanded more deals from manufacturers, and advertising efficiency declined.

But the rapid growth of sales promotion created clutter. Consumers began to tune out promotions: Coupon redemption peaked in 1992 at 7.9 billion coupons redeemed but dropped to 2.6 billion by 2008. Incessant price reductions, coupons, deals, and premiums can also devalue the product in buyers' minds. There is a risk in putting a well-known brand on promotion over 30 percent of the time. Having turned to 0 percent financing, hefty cash rebates, and special lease programs to ignite sales in the soft post-9/11 economy, auto manufacturers have found it difficult to wean consumers from discounts ever since.⁵³

Loyal brand buyers tend not to change their buying patterns as a result of competitive promotions. Advertising appears to be more effective at deepening brand loyalty, although we can distinguish added-value promotions from price promotions.⁵⁴ Gain's "Love at First Sniff" campaign used direct mail and in-store scented tear-pads and ShelfVision TV to entice consumers to smell the product, resulting in an almost 500 percent increase in shipments over the goal.⁵⁵


Price promotions may not build permanent total-category volume. One study of more than 1,000 promotions concluded that only 16 percent paid off.⁵⁶ Small-share competitors may find it advantageous to use sales promotion, because they cannot afford to match the market leaders' large advertising budgets, nor can they obtain shelf space without offering trade allowances or stimulate consumer trial without offering incentives. Dominant brands offer deals less frequently, because most deals subsidize only current users.

The upshot is that many consumer-packaged-goods companies feel forced to use more sales promotion than they wish. They blame heavy use of sales promotion for decreased brand loyalty, increased price sensitivity, brand-quality image dilution, and a focus on short-run marketing planning. One review of promotion effectiveness concluded, "When the strategic disadvantages of promotions are included, that is, losing control to the trade and training consumers to buy only on deal, the case is compelling for a reevaluation of current practices and the incentive systems responsible for this trend."⁵⁷

Major Decisions

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


ESTABLISHING OBJECTIVES Sales promotion objectives derive from broader communication objectives, which derive from more basic marketing objectives for the product. For consumers, objectives include encouraging purchase of larger-sized units, building trial among nonusers, and attracting switchers away from competitors' brands. Ideally, promotions with consumers would have short-run sales impact as well as long-run brand equity effects.⁵⁸ For retailers, objectives include persuading retailers to carry new items and higher levels of inventory, encouraging off-season buying, encouraging stocking of related items, offsetting competitive promotions, building brand loyalty, and gaining entry into new retail outlets. For the sales force, objectives include encouraging support of a new product or model, encouraging more prospecting, and stimulating off-season sales.⁵⁹

SELECTING CONSUMER PROMOTION TOOLS The promotion planner should take into account the type of market, sales promotion objectives, competitive conditions, and each tool's cost-effectiveness. The main consumer promotion tools are summarized in  Table 18.3. *Manufacturer promotions* are, for instance in the auto industry, rebates, gifts to motivate test-drives and purchases, and high-value trade-in credit. *Retailer promotions* include price cuts, feature advertising, retailer coupons, and retailer contests or premiums.⁶⁰

We can also distinguish between sales promotion tools that are *consumer franchise building* and those that are not. The former impart a selling message along with the deal, such as free samples, frequency awards, coupons when they include a selling message, and premiums when they are related to the product. Sales promotion tools that typically are *not* brand building include price-off packs, consumer premiums not related to a product, contests and sweepstakes, consumer refund offers, and trade allowances.

Consumer franchise-building promotions offer the best of both worlds—they build brand equity while moving product. Sampling has gained popularity in recent years—companies such as McDonald's, Dunkin' Donuts, and Starbucks have given away millions of samples of their new products—because consumers like them and they often lead to higher long-term sales for quality products.⁶¹

Digital coupons eliminate printing costs, reduce paper waste, are easily updatable, and have higher redemption rates. Coupons.com receives almost 5 million unique visitors a month for money-saving deals. Almost 2 million consumers visit CoolSavings.com each month for money-saving coupons and offers from name brands, as well as helpful tips and articles, newsletters, free recipes, sweepstakes, free trials, free samples, and more. Electronic coupons can arrive by cell phone, Twitter, e-mail, or Facebook.⁶²

SELECTING TRADE PROMOTION TOOLS Manufacturers use a number of trade promotion tools (see  Table 18.4).⁶³ Manufacturers award money to the trade (1) to persuade the retailer or wholesaler to carry the brand; (2) to persuade the retailer or wholesaler to carry more units than the normal amount; (3) to induce retailers to promote the brand by featuring, display, and price reductions; and (4) to stimulate retailers and their sales clerks to push the product.

The growing power of large retailers has increased their ability to demand trade promotion at the expense of consumer promotion and advertising.⁶⁴ The company's sales force and its brand

TABLE 18.3  Major Consumer Promotion Tools	
Samples:	Offer of a free amount of a product or service delivered door-to-door, sent in the mail, picked up in a store, attached to another product, or featured in an advertising offer.
Coupons:	Certificates entitling the bearer to a stated saving on the purchase of a specific product: mailed, enclosed in other products or attached to them, or inserted in magazine and newspaper ads.
Cash Refund Offers (rebates):	Provide a price reduction after purchase rather than at the retail shop: Consumer sends a specified “proof of purchase” to the manufacturer who “refunds” part of the purchase price by mail.
Price Packs (cents-off deals):	Offers to consumers of savings off the regular price of a product, flagged on the label or package. A <i>reduced-price pack</i> is a single package sold at a reduced price (such as two for the price of one). A <i>banded pack</i> is two related products banded together (such as a toothbrush and toothpaste).
Premiums (gifts):	Merchandise offered at a relatively low cost or free as an incentive to purchase a particular product. A <i>with-pack premium</i> accompanies the product inside or on the package. A <i>free in-the-mail premium</i> is mailed to consumers who send in a proof of purchase, such as a box top or UPC code. A <i>self-liquidating premium</i> is sold below its normal retail price to consumers who request it.
Frequency Programs:	Programs providing rewards related to the consumer’s frequency and intensity in purchasing the company’s products or services.
Prizes (contests, sweepstakes, games):	<i>Prizes</i> are offers of the chance to win cash, trips, or merchandise as a result of purchasing something. A <i>contest</i> calls for consumers to submit an entry to be examined by a panel of judges who will select the best entries. A <i>sweepstakes</i> asks consumers to submit their names in a drawing. A <i>game</i> presents consumers with something every time they buy—bingo numbers, missing letters—which might help them win a prize.
Patronage Awards:	Values in cash or in other forms that are proportional to patronage of a certain vendor or group of vendors.
Free Trials:	Inviting prospective purchasers to try the product without cost in the hope that they will buy.
Product Warranties:	Explicit or implicit promises by sellers that the product will perform as specified or that the seller will fix it or refund the customer’s money during a specified period.
Tie-in Promotions:	Two or more brands or companies team up on coupons, refunds, and contests to increase pulling power.
Cross-Promotions:	Using one brand to advertise another noncompeting brand.
Point-of-Purchase (P-O-P) Displays and Demonstrations:	P-O-P displays and demonstrations take place at the point of purchase or sale.

TABLE 18.4  Major Trade Promotion Tools	
Price-Off (off-invoice or off-list):	A straight discount off the list price on each case purchased during a stated time period.
Allowance:	An amount offered in return for the retailer’s agreeing to feature the manufacturer’s products in some way. An <i>advertising allowance</i> compensates retailers for advertising the manufacturer’s product. A <i>display allowance</i> compensates them for carrying a special product display.
Free Goods:	Offers of extra cases of merchandise to intermediaries who buy a certain quantity or who feature a certain flavor or size.

Reflecting changes in consumer behavior, digital coupons such as these, available at Coupons.com, have grown in importance.



managers are often at odds over trade promotion. The sales force says local retailers will not keep the company's products on the shelf unless they receive more trade promotion money, whereas brand managers want to spend their limited funds on consumer promotion and advertising.

Manufacturers face several challenges in managing trade promotions. First, they often find it difficult to police retailers to make sure they are doing what they agreed to do. Manufacturers increasingly insist on proof of performance before paying any allowances. Second, some retailers are doing *forward buying*—that is, buying a greater quantity during the deal period than they can immediately sell. Retailers might respond to a 10 percent-off-case allowance by buying a 12-week or longer supply. The manufacturer must then schedule more production than planned and bear the costs of extra work shifts and overtime. Third, some retailers are *diverting*, buying more cases than needed in a region where the manufacturer offers a deal and shipping the surplus to their stores in nondeal regions. Manufacturers handle forward buying and diverting by limiting the amount they will sell at a discount, or by producing and delivering less than the full order in an effort to smooth production.⁶⁵

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

SELECTING BUSINESS AND SALES FORCE PROMOTION TOOLS Companies spend billions of dollars on business and sales force promotion tools (see Table 18.5) to gather leads, impress and reward customers, and motivate the sales force.⁶⁶ They typically develop budgets for tools that remain fairly constant from year to year. For many new businesses that want to make a splash to a targeted audience, especially in the B2B world, trade shows are an important tool, but the cost per contact is the highest of all communication options.

DEVELOPING THE PROGRAM In planning sales promotion programs, marketers are increasingly blending several media into a total campaign concept, such as the following award-winning promotion.⁶⁷

Oreo Double Stuf Promotion

Oreo Double Stuf Promotion Winner of the Promotional Marketing Association's Super Reggie award for best integrated marketing program of 2008, Kraft's Oreo Double Stuf Racing League promotion cleverly capitalized on the images of professional athlete siblings. In its teaser launch ad, NFL star quarterback brothers Peyton and Eli

TABLE 18.5 Major Business and Sales Force Promotion Tools

Trade Shows and Conventions: Industry associations organize annual trade shows and conventions. Trade shows are an \$11.5 billion business, and business marketers may spend as much as 35 percent of their annual promotion budget on trade shows. Trade show attendance can range from a few thousand people to over 70,000 for large shows held by the restaurant or hotel-motel industries. The International Consumer Electronics Show is one of the largest trade shows in the world with more than 200,000 attendees in 2009. Participating vendors expect several benefits, including generating new sales leads, maintaining customer contacts, introducing new products, meeting new customers, selling more to present customers, and educating customers with publications, videos, and other audiovisual materials.

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

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

Manning announced they were officially becoming two-sport competitors. A follow-up ad with the brothers revealed that the classic “split and lick” ritual with Oreo cookies was becoming a professional sport. The Mannings encouraged the public to join the league and to enter a sweepstakes that would award 10 winners a three-day trip to New Orleans to take part in a Double Stuf Lick Race (DSLRL) competition and compete for a \$10,000 prize. Kraft promoted the DSLRL sweepstakes by placing the image of the Mannings on 15 million Oreo packages and setting up in-store and point-of-purchase displays. An instant-win game on the Web site gave visitors a chance to earn one of 2,000 DSLRL “training kits,” including a cooler, two glasses, and a branded jersey. Professional tennis star sisters Serena and Venus Williams later appeared in a second round of ads, challenging the Mannings to cookie-licking supremacy in what was billed as the “ultimate sibling rivalry.”

In deciding to use a particular incentive, marketers must first determine its *size*. A certain minimum is necessary if the promotion is to succeed. Second, the marketing manager must establish *conditions* for participation. Incentives might be offered to everyone or to select groups. Third, the marketer must decide on the *duration* of the promotion. Fourth, the marketer must choose a *distribution vehicle*. A 15-cents-off coupon can be distributed in the product package, in stores, by mail, online, or in advertising. Fifth, the marketing manager must establish the *timing* of promotion, and finally, the *total sales promotion budget*. The cost of a particular promotion consists of the administrative cost (printing, mailing, and promoting the deal) and the incentive cost (cost of premium or cents-off, including redemption costs), multiplied by the expected number of units sold. The cost of a coupon deal would recognize that only a fraction of consumers will redeem the coupons.

IMPLEMENTING AND EVALUATING THE PROGRAM Marketing managers must prepare implementation and control plans that cover lead time and sell-in time for each individual promotion. *Lead time* is the time necessary to prepare the program prior to launching it.⁶⁸ *Sell-in time* begins with the promotional launch and ends when approximately 95 percent of the deal merchandise is in the hands of consumers.

Manufacturers can evaluate the program using sales data, consumer surveys, and experiments. Sales (scanner) data helps analyze the types of people who took advantage of the promotion, what they bought before the promotion, and how they behaved later toward the brand and other brands. Sales promotions work best when they attract competitors' customers who then switch. *Consumer surveys* can uncover how many consumers recall the promotion, what they thought of it, how many took advantage of it, and how the promotion affected subsequent brand-choice behavior.⁶⁹ *Experiments* vary such attributes as incentive value, duration, and distribution media. For example, coupons can be sent to half the households in a consumer panel. Scanner data can track whether the coupons led more people to buy the product and when.

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

Events and Experiences

The IEG Sponsorship Report projected that \$17.1 billion would be spent on sponsorships in North America during 2010, with 68 percent going to sports; another 10 percent to entertainment tours and attractions; 5 percent to festivals, fairs, and annual events; 5 percent to the arts; 3 percent to associations and membership organizations; and 9 percent to cause marketing.⁷⁰ Becoming part of a personally relevant moment in consumers' lives through events and experiences can broaden and deepen a company or brand's relationship with the target market.

Daily encounters with brands may also affect consumers' brand attitudes and beliefs. *Atmospheres* are "packaged environments" that create or reinforce leanings toward product purchase. Law offices decorated with Oriental rugs and oak furniture communicate "stability" and "success."⁷¹ A five-star hotel will use elegant chandeliers, marble columns, and other tangible signs of luxury. Many firms are creating on-site and off-site product and brand experiences. There is Everything Coca-Cola in Las Vegas and M&M World in Times Square in New York.⁷²

Many firms are creating their own events and experiences to create consumer and media interest and involvement. To showcase its international reach and upgrades in seating, food, and beverage, Delta Airlines created a temporary SKY360 pop-up retail lounge on West 57th Street in Manhattan. The lounge featured samples of wine and food items from chef Todd English to eat and drink, comfortable leather seats found in coach to sit in, and the seat-back entertainment system to listen to.⁷³ Given its central business location for the media industry, Manhattan is the site of many events and experiences.⁷⁴



GE Profile To promote its new GE Profile Frontload Washer and Dryer with SmartDispense Technology—designed to optimize the amount of detergent used in any one wash—GE used traditional online and mass media. To create even more buzz, the firm hung 800 feet of jeans and shirts on a massive clothesline in Times Square to represent the six months' worth of washing the new machines could typically handle before needing more detergent. On one of the traffic islands were 20-foot-high inflatable versions of the new washer/dryer. A live celebrity auction to benefit the nonprofit Clothes Off Our Back Foundation was hosted by television mom Alison Sweeney. A small army of 20 representatives handing out product-related goodies (such as bottles of water and coloring books shaped like the appliance's door) added to the spectacle. GE also ran an online promotion. All these efforts combined to attract 150,000 entrants to a washer/dryer giveaway contest. ■

A major Times Square event to support the launch of a new line of GE Profile washers and dryers was part of an extensive integrated marketing communications program.



Events Objectives

Marketers report a number of reasons to sponsor events:

1. **To identify with a particular target market or lifestyle**—Customers can be targeted geographically, demographically, psychographically, or behaviorally according to events. Old Spice sponsors college sports and motor sports—including a 10-year deal with driver Tony Stewart's entries in the Nextel Cup and Busch Series—to highlight product relevance and sample among its target audience of 16- to 24-year-old males.⁷⁵
2. **To increase salience of company or product name**—Sponsorship often offers sustained exposure to a brand, a necessary condition to reinforce brand salience. Top-of-mind awareness for World Cup soccer sponsors such as Emirates, Hyundai, Kia, and Sony benefited from the repeated brand and ad exposure over the one month-long tournament.

3. **To create or reinforce perceptions of key brand image associations**—Events themselves have associations that help to create or reinforce brand associations.⁷⁶ To toughen its image and appeal to America's heartland, Toyota Tundra elected to sponsor B.A.S.S. fishing tournaments and a Brooks & Dunn country music tour.
4. **To enhance corporate image**—Sponsorship can improve perceptions that the company is likable and prestigious. Although Visa views its long-standing Olympic sponsorship as a means of enhancing international brand awareness and increasing usage and volume, it also engenders patriotic goodwill and taps into the emotional Olympic spirit.⁷⁷
5. **To create experiences and evoke feelings**—The feelings engendered by an exciting or rewarding event may indirectly link to the brand. Audi models featured prominently in the 2010 blockbuster *Iron Man 2*, including main character Tony Stark's personal R8 Spyder, the A8, Q5 and Q7 SUVs, and A3 hatchback. Backed by a month-long marketing blitz, surveys revealed that positive word of mouth doubled for the brand.⁷⁸
6. **To express commitment to the community or on social issues**—Cause-related marketing sponsors nonprofit organizations and charities. Firms such as Timberland, Stonyfield Farms, Home Depot, Starbucks, American Express, and Tom's of Maine have made cause-related marketing an important cornerstone of their marketing programs.
7. **To entertain key clients or reward key employees**—Many events include lavish hospitality tents and other special services or activities only for sponsors and their guests. These perks engender goodwill and establish valuable business contacts. From an employee perspective, events can also build participation and morale or serve as an incentive. BB&T Corp., a major banking and financial services player in the South and Southeast United States, used its NASCAR Busch Series sponsorship to entertain business customers and its minor league baseball sponsorship to generate excitement among employees.⁷⁹
8. **To permit merchandising or promotional opportunities**—Many marketers tie contests or sweepstakes, in-store merchandising, direct response, or other marketing activities with an event. Ford, Coca-Cola, and AT&T Mobility have all used their sponsorship of the hit TV show *American Idol* in this way.

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

Major Sponsorship Decisions

Making sponsorships successful requires choosing the appropriate events, designing the optimal sponsorship program, and measuring the effects of sponsorship.⁸⁰

CHOOSING EVENTS Because of the number of opportunities and their huge cost, many marketers are becoming more selective about choosing sponsorship events.

The event must meet the marketing objectives and communication strategy defined for the brand. The audience must match the target market. The event must have sufficient awareness, possess the desired image, and be capable of creating the desired effects. Consumers must make favorable attributions for the sponsor's engagement. An ideal event is also unique but not encumbered with many sponsors, lends itself to ancillary marketing activities, and reflects or enhances the sponsor's brand or corporate image.⁸¹

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

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

More firms are now using their names to sponsor arenas, stadiums, and other venues that hold events. Billions of dollars have been spent over the past decade for naming rights to major North American sports facilities. But as with any sponsorship, the most important consideration is the additional marketing activities.⁸²

MEASURING SPONSORSHIP ACTIVITIES It's a challenge to measure the success of events. The *supply-side* measurement method focuses on potential exposure to the brand by assessing the extent of media coverage, and the *demand-side* method focuses on exposure reported by consumers. "Marketing Memo: Measuring High Performance Sponsorship Programs" offers some guidelines critical to issues of sponsorship measurement from industry experts IEG.

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

Although supply-side exposure methods provide quantifiable measures, equating media coverage with advertising exposure ignores the content of the respective communications. The advertiser uses media space and time to communicate a strategically designed message. Media coverage and telecasts only expose the brand and don't necessarily embellish its meaning in any direct way. Although some public relations professionals maintain that positive editorial coverage can be worth 5 to 10 times the equivalent advertising value, sponsorship rarely provides such favorable treatment.⁸³

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

Creating Experiences

A large part of local, grassroots marketing is experiential marketing, which not only communicates features and benefits but also connects a product or service with unique and interesting experiences. "The idea is not to sell something, but to demonstrate how a brand can enrich a customer's life."⁸⁴

marketing Memo

Measuring High Performance Sponsorship Programs

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

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

Consumers seem to appreciate that. In one survey, four of five respondents found participating in a live event was more engaging than all other forms of communication. The vast majority also felt experiential marketing gave them more information than other forms of communication and would make them more likely to tell others about participating in the event and to be receptive to other marketing for the brand.⁸⁵

Companies can even create a strong image by inviting prospects and customers to visit their headquarters and factories. Ben & Jerry's, Boeing, Crayola, and Hershey's all sponsor excellent company tours that draw millions of visitors a year. Companies such as Hallmark, Kohler, and Beiersdorf (makers of NIVEA) have built corporate museums at or near their headquarters that display their history and the drama of producing and marketing their products.

Public Relations

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

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

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

Marketing Public Relations

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

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

- **Launching new products.** The amazing commercial success of toys such as LeapFrog, Beanie Babies, and even the latest kids' craze, Silly Bandz, owes a great deal to strong publicity.
- **Repositioning a mature product.** In a classic PR case study, New York City had extremely bad press in the 1970s until the “I Love New York” campaign.
- **Building interest in a product category.** Companies and trade associations have used MPR to rebuild interest in declining commodities such as eggs, milk, beef, and potatoes and to expand consumption of such products as tea, pork, and orange juice.
- **Influencing specific target groups.** McDonald's sponsors special neighborhood events in Latino and African American communities to build goodwill.



Crayola brings colorful fun to its company tours and visits.

- **Defending products that have encountered public problems.** PR professionals must be adept at managing crises, such as those weathered by such well-established brands as Tylenol, Toyota, and BP in 2010.
- **Building the corporate image in a way that reflects favorably on its products.** Steve Jobs's heavily anticipated Macworld keynote speeches have helped to create an innovative, iconoclastic image for Apple Corporation.

As the power of mass advertising weakens, marketing managers are turning to MPR to build awareness and brand knowledge for both new and established products. MPR is also effective in blanketing local communities and reaching specific groups and can be more cost-effective than advertising. Nevertheless, it must be planned jointly with advertising.⁸⁶

Clearly, creative public relations can affect public awareness at a fraction of the cost of advertising. The company doesn't pay for media space or time but only for a staff to develop and circulate the stories and manage certain events. An interesting story picked up by the media can be worth millions of dollars in equivalent advertising. Some experts say consumers are five times more likely to be influenced by editorial copy than by advertising. The following is an example of an award-winning PR campaign.⁸⁷



Man Lives in IKEA IKEA showed that a highly successful marketing campaign does not have to cost a lot of money if PR is properly employed. With its PR firm Ketchum, the company created the clever "Man Lives in IKEA" PR campaign. Using a budget of only \$13,500, IKEA allowed comedian Mark Malkoff to live in an apartment in the Paramus, New Jersey, store from January 7 to 12, 2007, during which time he was allowed 24-hour access to film anything and everything. The campaign's goals included increasing sales, boosting traffic to IKEA-USA.com, and promoting two key brand messages: "IKEA has everything you need to live and make a home" and "Home is the most

important place in the world." Ketchum and IKEA secured interviews with store executives and planned the week's schedule, which included a goodbye party featuring singer Lisa Loeb. Malkoff's team documented his interactions, including with security guards and customers relaxing in his "home," and posted 25 videos during the week. MarkLivesInIKEA.com received more than 15 million hits, and home-related IKEA blog coverage rose 356 percent from January 2007 to January 2008. IKEA calculated that the effort generated more than 382 million positive media impressions. Coverage highlights included the AP, *Today*, *Good Morning America*, and CNN. Sales at the Paramus store were up 5.5 percent compared to January 2007, while traffic to the IKEA Web site was up 6.8 percent.



In a clever PR campaign to reinforce its "everything for the home" brand message, a man lived in an IKEA store for almost a week, which many people heard about through the film crew following him for a short documentary on his Web site: <http://www.marklivesinikea.com>.

Major Decisions in Marketing PR

In considering when and how to use MPR, management must establish the marketing objectives, choose the PR messages and vehicles, implement the plan carefully, and evaluate the results. The main tools of MPR are described in Table 18.6.

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

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

CHOOSING MESSAGES AND VEHICLES Suppose a relatively unknown college wants more visibility. The MPR practitioner will search for stories. Are any faculty members working on unusual projects? Are any new and unusual courses being taught? Are any interesting events taking place on campus? If there are no interesting stories, the MPR practitioner should propose newsworthy events the college could sponsor. Here the challenge is to create meaningful news.

TABLE 18.6 Major Tools in Marketing PR

Publications: Companies rely extensively on published materials to reach and influence their target markets. These include annual reports, brochures, articles, company newsletters and magazines, and audiovisual materials.
Events: Companies can draw attention to new products or other company activities by arranging and publicizing special events such as news conferences, seminars, outings, trade shows, exhibits, contests and competitions, and anniversaries that will reach the target publics.
Sponsorships: Companies can promote their brands and corporate name by sponsoring and publicizing sports and cultural events and highly regarded causes.
News: One of the major tasks of PR professionals is to find or create favorable news about the company, its products, and its people and to get the media to accept press releases and attend press conferences.
Speeches: Increasingly, company executives must field questions from the media or give talks at trade associations or sales meetings, and these appearances can build the company's image.
Public Service Activities: Companies can build goodwill by contributing money and time to good causes.
Identity Media: Companies need a visual identity that the public immediately recognizes. The visual identity is carried by company logos, stationery, brochures, signs, business forms, business cards, buildings, uniforms, and dress codes.

PR ideas include hosting major academic conventions, inviting expert or celebrity speakers, and developing news conferences.

Each event and activity is an opportunity to develop a multitude of stories directed at different audiences. A good PR campaign will engage the public from a variety of angles, as did this award-winning Dreyer's Ice Cream campaign.⁸⁸



Dreyer's Ice Cream In *PRWeek's* Campaign of the Year in 2010, Dreyer's Ice Cream teamed up with PR firm Ketchum to launch a campaign to turn the tough economic environment into a positive. Taking advantage of the 80th anniversary of its introduction of the Rocky Road flavor—designed to cheer people up during the Great Depression—Dreyer's launched a celebratory limited edition “Red, White & No More Blues!” flavor. The ice cream combined rich, creamy vanilla ice cream with swirls of real strawberry and blueberry. The ensuing “A Taste of Recovery” campaign was designed to reinforce the feel-good aspects of the brand. A Monster.com-posted contest asked contestants to submit videos explaining a personal dream they would fulfill if they earned \$100,000 for scooping ice cream. The contest drew over 85,000 online visits and more than 14,000 entries. A media blitz greeting the winner helped to contribute to the 46 million media impressions the campaign enjoyed. Despite tough economic times, sales of Dreyer's Slow Churned Limited Editions ice cream increased over 25 percent from the previous year.

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IMPLEMENTING THE PLAN AND EVALUATING RESULTS MPR's contribution to the bottom line is difficult to measure, because it is used along with other promotional tools.

The easiest measure of MPR effectiveness is the number of *exposures* carried by the media. Publicists supply the client with a clippings book showing all the media that carried news about the product and a summary statement such as the following:

Media coverage included 3,500 column inches of news and photographs in 350 publications with a combined circulation of 79.4 million; 2,500 minutes of air time on

A brand anniversary is a great opportunity to celebrate what is good about a brand, as Dreyer's did via its special-edition ice cream.



290 radio stations and an estimated audience of 65 million; and 660 minutes of air time on 160 television stations with an estimated audience of 91 million. If this time and space had been purchased at advertising rates, it would have amounted to \$1,047,000.⁸⁹

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

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

Summary

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

Applications

Marketing Debate

Should Marketers Test Advertising?

Advertising creatives have long lamented ad pretesting. They believe it inhibits their creative process and results in too much sameness in commercials. Marketers, on the other hand, believe pretesting provides necessary checks and balances to ensure the ad campaign will connect with consumers and be well received in the marketplace.

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

Marketing Discussion

Television Advertising

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

Marketing Excellence

>>Coca-Cola



When it comes to mass marketing, perhaps no one does it better than Coca-Cola. Coke is the most popular and best-selling soft drink in history. With an annual marketing budget of nearly \$3 billion and annual sales exceeding \$30 billion, the brand tops the Interbrand ranking year after year. Today, Coca-Cola holds a current brand value of \$68 billion and reaches consumers in over 200 countries, making it the best-known product in the world. In fact, Coca-Cola is such a global phenomenon that its name is the second-most understood word in the world (after *okay*).

The history of Coke's success is astonishing. The drink was invented in 1886 by Dr. John S. Pemberton, who mixed a syrup of his own invention with carbonated water to cure headaches. The company's first president later turned the product into a pop culture phenomenon by introducing it to pharmacists and consumers around the world and handing out clocks, posters, and other paraphernalia with the Coca-Cola logo.

Coca-Cola believed early on that to gain worldwide acceptance, the brand needed to connect emotionally and socially with the masses, and the product needed to be "within arm's-length of desire." So the company focused on gaining extensive distribution and worked hard at making the product loved by all. In World War II, it declared that "every man in uniform gets a bottle of Coca-Cola for 5 cents, wherever he is, and whatever it costs the company." This strategy helped introduce the soft drink to people around the world as well as connect with them positively in a time of turmoil.

Why is Coca-Cola so much bigger than any other competitor? What Coke does better than everyone else is create highly current, uplifting global campaigns that translate well into different countries, languages, and cultures. Coke's advertising over the years has primarily focused on the product's ability to quench thirst and the brand's

magical ability to connect people no matter who they are or how they live. Andy Warhol said it best, "A Coke is a Coke and no amount of money can get you a better Coke than the one the bum on the corner is drinking."

One of Coca-Cola's most memorable and successful commercials was called "Hilltop" and featured the song, "I'd like to buy the world a Coke." Launched in 1971, the ad featured young adults from all over the world sharing a happy, harmonious moment and common bond (drinking a Coke) on a hillside in Italy. The commercial touched so many consumers emotionally and so effectively showed the worldwide appeal of Coke that the song became a top ten hit single later that year.

Coca-Cola's television commercials still touch upon the message of universal connection over a Coke, often in a lighthearted tone to appeal to a young audience. In one spot, a group of young adults sit around a campfire, playing the guitar, laughing, smiling, and passing around a bottle of Coke. The bottle reaches a slimy, one-eyed alien who joins in on the fun, takes a sip from the bottle, and passes it along. When the next drinker wipes off the slime in disgust, the music stops suddenly and the group stares at him in disappointment. The man hesitantly hands the bottle back to the alien to get re-slimed and then drinks from it, and the music and the party continue in perfect harmony.

Coca-Cola's mass communications strategy has evolved over the years and today mixes a wide range of media including television, radio, print, online, in-store, digital, billboard, public relations, events, paraphernalia, and even its own museum. The company's target audience and reach are so massive that choosing the right media and marketing message is critical. Coca-Cola uses big events to hit huge audiences; it has sponsored the Olympics since 1928 and advertises during the Super Bowl. Red Coke cups are placed front and center during top-rated television shows like *American Idol*, and the company spends over \$1 billion a year on sports sponsorships such as NASCAR and the World Cup. Coca-Cola's global campaigns must also be relevant on a local scale. In China, for example, Coca-Cola has given its regional managers control over its advertising so they can include appropriate cultural messages.

The delicate balance between Coca-Cola's local and global marketing is crucial because, as one Coca-Cola executive explained, "Creating effective marketing at a local level in the absence of global scale can lead to huge inefficiencies." In 2006, for example, Coca-Cola ran two campaigns during the FIFA World Cup as well as several local campaigns. In 2010, the company ran a single campaign during the same event in over 100 markets. Executives at Coca-Cola estimated that the latter, more global strategy saved the company over \$45 million in efficiencies.

Despite its unprecedented success over the years, Coke is not perfect. In 1985, in perhaps the worst product launch ever, Coca-Cola introduced New Coke—a sweeter concoction of the original secret formula. Consumers instantly rejected it and sales plummeted. Three months later, Coca-Cola retracted New Coke and relaunched the original formula under the name Coca-Cola Classic, to the delight of customers everywhere. Then-CEO Roberto Goizueta stated, “The simple fact is that all the time and money and skill poured into consumer research on the new Coca-Cola could not measure or reveal the deep and abiding emotional attachment to original Coca-Cola felt by so many people.”

Coca-Cola’s success at marketing a product on such a global, massive scale is unique. No other product is so universally available, universally accepted, and universally loved. As the company continues to grow, it seeks out new ways to better connect with even more individuals.

Referring to itself as a “Happiness Factory,” it is optimistic that it will succeed.

Questions

1. What does Coca-Cola stand for? Is it the same for everyone? Explain.
2. Coca-Cola has successfully marketed to billions of people around the world. Why is it so successful?
3. Can Pepsi or any other company ever surpass Coca-Cola? Why or why not? What are Coca-Cola’s greatest risks?

Sources: Natalie Zmuda, “Coca-Cola Lays Out Its Vision for the Future at 2010 Meeting,” *Advertising Age*, November 22, 2009; Natalie Zmuda, “Coke’s ‘Open Happiness’ Keeps It Simple for Global Audience,” *Advertising Age*, January 21, 2009; John Greenwald, “Will Teens Buy It?” *Time*, June 24, 2001; “Coca-Cola Still Viewed as Most Valuable Brand,” *USA Today*, September 18, 2009; Edward Rothstein, “Ingredients: Carbonated Water, High-Fructose Corniness . . .” *New York Times*, July 30, 2007; Brad Cook, “Coca-Cola: A Classic,” *Brandchannel*, December 2, 2002; Coca-Cola, *Annual Report*.

Marketing Excellence

>> Gillette



Gillette knows men. Not only does the company understand what products men desire for their grooming needs, it also knows how to market to men all around the world. Since the invention of the safety razor by King C. Gillette in 1901, Gillette has had a number of breakthrough product innovations. These include the first twin-blade shaving system in 1971 named the Trac II, a razor with a pivoting head in 1977 called the Atra, and the first razor with spring-mounted twin blades in 1989 dubbed the Sensor. In 1998, Gillette introduced the first triple-blade system, Mach3, which became a billion-dollar brand surpassed only by the 2006 launch of the “best

shave on the planet”—the six-bladed Fusion, with five blades in the front for regular shaving and one in the back for trimming.

Today, Gillette holds a commanding lead in the shaving and razor business with a 70 percent global market share and \$7.5 billion in annual sales. Six hundred million men use a Gillette product every day, and the Fusion razor accounts for 45 percent of the men’s razors sold in the United States. Gillette’s mass appeal is a result of several factors, including extensive consumer research, quality product innovations, and successful mass communications.

While Gillette’s product launches have improved male grooming, it’s the company’s impressive marketing knowledge and campaigns that have helped it reach this international level of success. Traditionally, Gillette uses one global marketing message rather than individual targeted messages for each country or region. This message is backed by a wide spectrum of advertising support, including athletic sponsorships, television campaigns, in-store promotions, print ads, online advertising, and direct marketing.

Gillette’s most recent global marketing effort, “The Moment,” launched in 2009, is an extension of its well-recognized campaign, “The Best a Man Can Get.” The campaign features everyday men as well as the Gillette Champions—baseball star Derek Jeter, tennis champion Roger Federer, and soccer great Thierry Henry—experiencing moments of doubt and Gillette’s grooming products helping them gain confidence. The campaign was designed to help Gillette expand beyond razors and shaving and increase sales of its entire line of

grooming products. The massive marketing effort launched around the globe and included television, print, online, and point-of-sale advertising.

Another crucial element in Gillette's marketing strategy is sports marketing. Gillette's natural fit with baseball and tradition has helped the company connect emotionally with its core audience, and its sponsorship with Major League Baseball dates to 1939. Tim Brosnan, EVP for Major League Baseball, explained, "Gillette is a sports marketing pioneer that paved the way for modern day sports sponsorship and endorsements." Gillette ads have featured baseball heroes such as Hank Aaron, Mickey Mantle, and Honus Wagner from as early as 1910.

Gillette also has ties to football. The company sponsors Gillette Stadium, home of the New England Patriots, and is a corporate sponsor of the NFL, making four of its products, Gillette, Old Spice, Head & Shoulders, and Febreze, "Official Locker Room Products of the NFL." Gillette's partnership includes sweepstakes to win NFL game tickets, Web site promotions, and ties to the NFL, such as the presence of some NFL players in its commercials. Gillette also sponsors several NASCAR races and drivers and the UK Tri-Nations rugby tournament. It even created a Zamboni at the Boston Bruins game that looked like a huge Fusion razor shaving the ice.

While sports marketing is a critical element of Gillette's marketing strategy, the brand aims to reach all men and therefore aligns itself with musicians, video

games, and movies—in one James Bond film, *Goldfinger*, a Gillette razor contained a homing device.

When Procter & Gamble acquired Gillette in 2005 for \$57 billion (a record five times sales), it aimed for more than sales and profit. P&G, an expert on marketing to women, wanted to learn about marketing to men on a global scale, and no one tops Gillette.

Questions

1. Gillette has successfully convinced the world that "more is better" in terms of number of blades and other razor features. Why has that worked in the past? What's next?
2. Some of Gillette's spokespeople such as Tiger Woods have run into controversy after becoming endorsers for the brand. Does this hurt Gillette's brand equity or marketing message? Explain.
3. Can Gillette ever become as successful at marketing to women? Why or why not?

Sources: Gillette press release, "Gillette Launches New Global Brand Marketing Campaign," July 1, 2009; Major League Baseball press release, "Major League Baseball Announces Extension of Historic Sponsorship with Gillette Dating Back to 1939," April 16, 2009; Gillette, *2009 Annual Report*; Jeremy Mullman and Rich Thomaselli, "Why Tiger Is Still the Best Gillette Can Get," *Advertising Age*, December 7, 2009; Louise Story, "Procter and Gillette Learn from Each Other's Marketing Ways," *New York Times*, April 12, 2007; Dan Beucke, "A Blade Too Far," *BusinessWeek*, August 14, 2006; Jenn Abelson, "And Then There Were Five," *Boston Globe*, September 15, 2005; Jack Neff, "Six-Blade Blitz," *Advertising Age*, September 19, 2005, pp. 3, 53; Editorial, "Gillette Spends Smart on Fusion," *Advertising Age*, September 26, 2005, p. 24.