

Part 1: Defining Marketing and the Marketing Process (Chapters 1–2)

Part 2: Understanding the Marketplace and Consumers (Chapters 3–6)

Part 3: Designing a Customer-Driven Strategy and Mix (Chapters 7–17)

Part 4: Extending Marketing (Chapters 18–20)



# Advertising and Public Relations

**Chapter Preview** Now that we've looked at overall integrated marketing communications planning, we dig more deeply into the specific marketing communications tools. In this chapter, we explore advertising and public relations. Advertising involves communicating the company's or brand's value proposition by using paid media to inform, persuade, and remind consumers. PR involves building good relations with various company publics—from consumers and the general public to the media, investor, donor, and government publics. As with all the promo-

tion mix tools, advertising and PR must be blended into the overall integrated marketing communications program. In Chapters 16 and 17, we will discuss the remaining promotion mix tools: personal selling, sales promotion, and direct marketing.

Let's start with the question: Does advertising really make a difference? Microsoft and Apple certainly must think so. Each spends more than a half billion dollars a year on it. Here, we examine the long-running advertising battle between the two computer industry giants. As you read, think about the impact of advertising on each brand's fortunes.

## Microsoft vs. Apple: Does Advertising Really Make a Difference?

In 2006, Apple launched its now-famous “Get a Mac” ad campaign, featuring two characters—“Mac” and “PC”—sparring over the advantages of the Apple Mac versus a Microsoft Windows-based PC. The ads portrayed Mac as a young, hip, laid back guy in a hoodie, whereas PC was a stodgy, befuddled, error-prone, middle-aged nerd in baggie khakis, a brown sport coat, and unfashionable glasses. Not surprisingly, adroit and modern Mac always got the best of outdated and inflexible PC. Over the years, Apple unleashed a nonstop barrage of Mac vs. PC ads that bashed Windows-based machines—and their owners—as outmoded and dysfunctional.

The “Get a Mac” campaign produced results. When the campaign began, Mac held only a 2–3 percent share of the U.S. computer market. Less than two years later, its share had more than doubled to 6–8 percent and growing. The cool campaign also helped boost customer value perceptions of Apple computers. Even though its computers were widely viewed as more expensive, at one point, Apple scored a whopping 70 on the BrandIndex (which tracks daily consumer perceptions of brand value on a scale of –100 to 100). Microsoft, meanwhile, floundered below zero.

Good advertising wasn't the only thing contributing to Apple's success. The popularity of its iPod, iPhone, and other new products was also converting customers to Mac computers. But the smug ads were consistently hitting their mark. Microsoft needed to do something dramatic to turn the advertising tide. So, two years after the Apple “Get a Mac” onslaught began, conservative Microsoft hired the anything-but-conservative adver-

tising agency Crispin Porter + Bogusky, which is known for its award-winning but cheeky and irreverent campaigns for clients such as Burger King and Coke Zero. Microsoft and Crispin made for an odd mix of corporate personalities. Even Rob Reilly, executive creative director for Crispin, worried a bit about the partnership. After all, Crispin itself was a Mac shop through and through. Still, Reilly was enthused about creating a campaign to blunt Apple's attacks and restore Microsoft's image as an innovative industry leader.

To break from the past, Microsoft and Crispin first launched a set of “teaser ads” designed to “get the conversation going.” In the ads, comedian Jerry Seinfeld and Microsoft founder Bill Gates spent time together, shopping for shoes, eating ice cream, and exchanging irrelevant banter, all with little or no mention of Microsoft Windows. Although they made few selling points, the humorous, well-received ads put a more human face on the giant software company.

A few weeks later, Microsoft replaced the teaser commercials with a direct counterpunch to Apple's “Get a Mac” ads. It launched its own “I'm a PC” campaign, featuring a dead-on look-alike of Apple's PC character. In the first ad, dressed in PC's dorky outfit, Microsoft's character opened with the line, “I'm a PC. And I've been made into a stereotype.” He was followed by a parade of everyday PC users—from environmentalists, political bloggers, mixed martial arts fighters, and mash-up DJs to budget-conscious laptop shoppers and remarkably tech-savvy preschoolers—each proclaiming, “I'm a PC.”

The Microsoft “I’m a PC” campaign struck a chord with Windows users. They no longer had to sit back and take Apple’s jibes like the clueless drones they were made out to be. “That’s where the whole notion of ‘I’m a PC’ and putting a face on our users came about,” said Reilly. Identifying real PC people “was important to do on behalf of our users, who really aren’t like that [Mac vs. PC] guy,” says a Microsoft brand marketer.

Off to a successful start, Microsoft and Crispin soon extended the “I’m a PC” campaign with a new pitch, one that was more in tune with the then-troubled economy. Part advertising and part reality TV, the new campaign—called “Laptop Hunters”—tagged along with real consumers as they shopped for new computers. The first ad featured an energetic young red-head named Lauren, who wanted a laptop with “comfortable keys and a 17-inch screen” for under \$1,000. Stopping first at a Mac store, she learned that Apple offered only one laptop at \$1,000, and it had only a 13-inch screen. To get what she wanted from Apple, she figured, “I’d have to double my budget, which isn’t feasible. I guess I’m just not cool enough to be a Mac person.” Instead, Lauren giddily buys an HP Pavilion laptop for less than \$700. “I’m a PC,” she concludes, “only I got just what I wanted.”

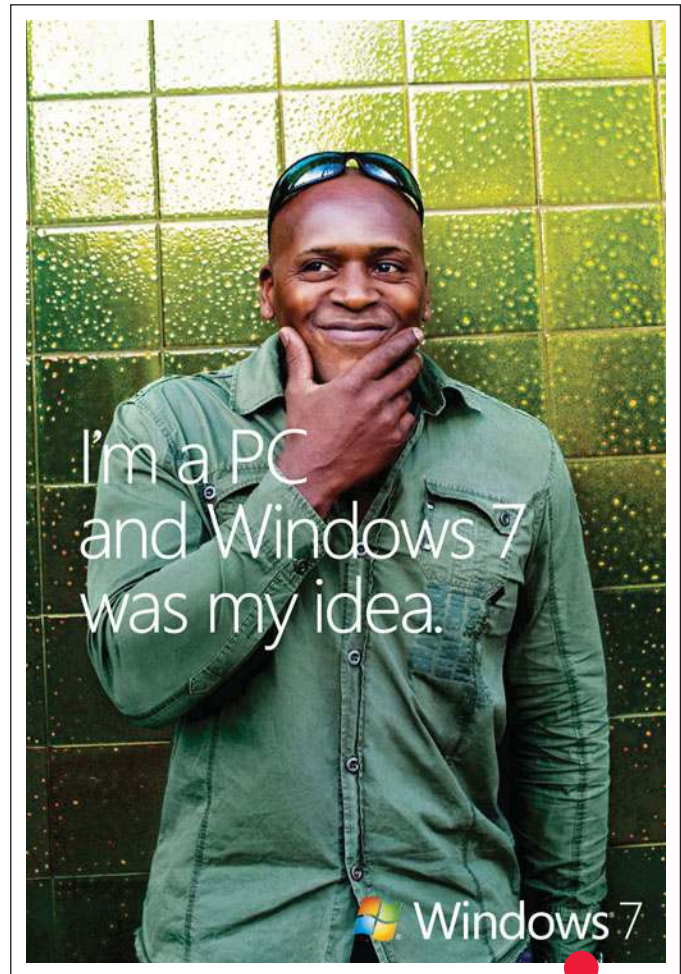
If previous “I’m a PC” ads started a shift in perceptions, the “Laptop Hunters” series really moved the needle. The ads spoke volumes in a difficult economy, portraying Apple as too expensive, “too cool,” and out of touch with mainstream consumers. The provocative ads, in tandem with the nation’s economic woes, bumped Microsoft’s BrandIndex score from near zero to 46.2, while Apple’s score dropped from its previous high of 70 to only 12.4. In a sure sign that Microsoft’s revitalized advertising was striking a nerve, Apple’s lawyers called Microsoft chief operating officer B. Kevin Turner, demanding that he change the ads because Apple was lowering its prices and the ads were no longer accurate. It was “the greatest single phone call” he’d ever taken, said Turner. “I did cartwheels down the hallway.”

To maintain momentum, Microsoft and Crispin launched yet another iteration of the “I’m a PC” campaign—this one introducing Microsoft’s new Windows 7 operating system. Consistent with the “I’m a PC” theme, the campaign featured testimonials from everyday folks telling how specific Windows 7 features reflected ideas they’d passed along to Microsoft in an eight million-person beta test of the software. At the end of each ad, customers gloated, “I’m a PC, and Windows 7 was my idea.”

Once again, Apple responded. It struck back directly with one of its most negative Mac vs. PC ads yet. Called “Broken Promises,” it featured a gloating PC telling Mac that Windows 7 wouldn’t have any of the problems associated with the old Windows versions. A bewildered Mac notes that he’d heard such claims before, with each previous Windows generation. In the end, PC says, “Trust me.” Many analysts felt that the biting tone of the ad suggested that Apple was feeling the heat and getting defensive. Uncharacteristically, Mac seemed to be losing his cool.

By mid-2010, both companies appeared to be turning down the competitive advertising heat. Apple retired its “Get a Mac” campaign in favor of a more straightforward “Why You’ll Love a Mac” campaign,

**After years of PC bashing by Apple’s classic “Get a Mac” campaign, Microsoft is now on equal—perhaps better—footing in the heated advertising battle waged by the two computer industry giants. Microsoft’s “I’m a PC” campaign is really working.**



which listed the reasons for choosing a Mac rather than a PC. Microsoft had long since ditched its “Laptop Hunter” attack ads. Both companies appeared to be focusing more positively on what their products could do, rather than on what the competition couldn’t do.

Thanks to the “I’m a PC” campaign, Microsoft has now put itself on equal advertising footing with Apple—perhaps better footing. Consumer value perceptions for Microsoft and Apple are now running pretty much neck and neck. And the campaign has given PC fans everywhere a real boost. “I’ve never seen more pride at Microsoft,” says one Microsoft employee. “You walk through the campus, and you see people’s laptops that have ‘I’m a PC’ stickers on them. I walk in the company store, and there are these huge banners that say ‘I’m a PC’ and shirts and ties and mugs.” Crispin’s Reilly now owns not one but two PC laptops and is thrilled with the impact of his agency’s efforts. “You are not so embarrassed to take your PC out of the bag on a plane anymore,” he says. “It’s actually kind of cool that you do. I know this [campaign] is working.”<sup>1</sup>

**In the long-running advertising battle between Microsoft and Apple, Microsoft’s innovative “I’m a PC” campaign has given PC fans everywhere a real boost. Now, it’s actually kind of cool to own a PC.**

# Objective OUTLINE

## Objective 1

Define the role of advertising in the promotion mix.

**Advertising** (436–437)

## Objective 2

Describe the major decisions involved in developing an advertising program.

**Setting Advertising Objectives** (437–438)

**Setting the Advertising Budget** (438–439)

**Developing Advertising Strategy** (439–449)

**Evaluating Advertising Effectiveness and the Return on Advertising Investment** (449–450)

**Other Advertising Considerations** (450–454)

## Objective 3

Define the role of public relations in the promotion mix.

**Public Relations** (454–455)

**The Role and Impact of Public Relations** (455–456)

## Objective 4

Explain how companies use public relations to communicate with their publics.

**Major Public Relations Tools** (pp 456–457)

As we discussed in the previous chapter, companies must do more than simply create customer value. They must also clearly and persuasively communicate that value to target customers. In this chapter, we take a closer look at two marketing communications tools: *advertising* and *public relations*.

**Author Comment** | You already know a lot about advertising—you are exposed to it every day. But here we'll look behind the scenes at how companies make advertising decisions.

## Advertising (pp 436–454)

**Advertising** can be traced back to the very beginnings of recorded history. Archaeologists working in countries around the Mediterranean Sea have dug up signs announcing various events and offers. The Romans painted walls to announce gladiator fights, and the Phoenicians painted pictures on large rocks to promote their wares along parade routes. During the golden age in Greece, town criers announced the sale of cattle, crafted items, and even cosmetics. An early “singing commercial” went as follows: “For eyes that are shining, for cheeks like the dawn / For beauty that lasts after girlhood is gone / For prices in reason, the woman who knows / Will buy her cosmetics from Aesclyptos.”

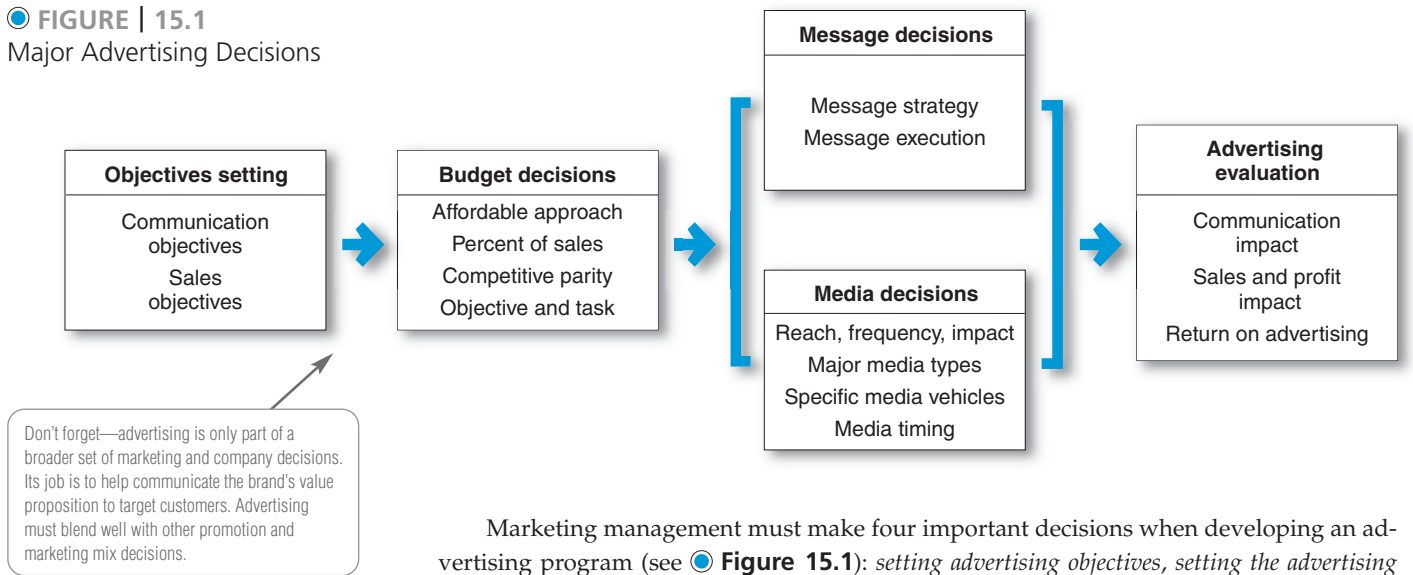
Modern advertising, however, is a far cry from these early efforts. U.S. advertisers now run up an estimated annual bill of more than \$148 billion on measured advertising media; worldwide ad spending exceeds an estimated \$450 billion. P&G, the world’s largest advertiser, last year spent \$4.2 billion on U.S. advertising and \$9.7 billion worldwide.<sup>2</sup>

Although advertising is used mostly by business firms, a wide range of not-for-profit organizations, professionals, and social agencies also use advertising to promote their causes to various target publics. In fact, the thirty-third largest advertising spender is a not-for-profit organization—the U.S. government. For example, the federal government recently spent some \$300 million on an advertising campaign to motivate Americans to take part in the 2010 Census.<sup>3</sup> Advertising is a good way to inform and persuade, whether the purpose is to sell Coca-Cola worldwide or get people in a developing nation to use birth control.

### Advertising

Any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor.

**FIGURE | 15.1**  
Major Advertising Decisions



Marketing management must make four important decisions when developing an advertising program (see **Figure 15.1**): *setting advertising objectives, setting the advertising budget, developing advertising strategy (message decisions and media decisions), and evaluating advertising campaigns.*

### Setting Advertising Objectives

The first step is to set *advertising objectives*. These objectives should be based on past decisions about the target market, positioning, and the marketing mix, which define the job that advertising must do in the total marketing program. The overall advertising objective is to help build customer relationships by communicating customer value. Here, we discuss specific advertising objectives.

#### Advertising objective

A specific communication *task* to be accomplished with a specific *target* audience during a specific period of *time*.

An **advertising objective** is a specific communication *task* to be accomplished with a specific *target* audience during a specific period of *time*. Advertising objectives can be classified by their primary purpose—to *inform, persuade, or remind*. **Table 15.1** lists examples of each of these specific objectives.

*Informative advertising* is used heavily when introducing a new-product category. In this case, the objective is to build primary demand. Thus, early producers of DVD players first had to inform consumers of the image quality and convenience benefits of the new product.

The overall advertising goal is to help build customer relationships by communicating customer value.

**TABLE | 15.1** Possible Advertising Objectives

#### Informative Advertising

Communicating customer value	Suggesting new uses for a product
Building a brand and company image	Informing the market of a price change
Telling the market about a new product	Describing available services and support
Explaining how a product works	Correcting false impressions

#### Persuasive Advertising

Building brand preference	Persuading customers to purchase now
Encouraging switching to a brand	Persuading customers to receive a sales call
Changing customer perceptions of product value	Convincing customers to tell others about the brand

#### Reminder Advertising

Maintaining customer relationships	Reminding consumers where to buy the product
Reminding consumers that the product may be needed in the near future	Keeping the brand in a customer's mind during off-seasons

*Persuasive advertising* becomes more important as competition increases. Here, the company's objective is to build selective demand. For example, once DVD players became established, Sony began trying to persuade consumers that *its* brand offered the best quality for their money.

Some persuasive advertising has become *comparative advertising* (or *attack advertising*), in which a company directly or indirectly compares its brand with one or more other brands. You see examples of comparative advertising in almost every product category, ranging from sports drinks, coffee, and soup to computers, car rentals, and credit cards. For exam-

ple, Unilever regularly runs ads comparing its Suave products to "overpriced competitors." Says one ad: "Our wide variety of body washes makes Bath & Body Works smell way overpriced." And Dunkin' Donuts ran a TV and Web campaign comparing the chain's coffee to Starbucks' brews. "In a recent national blind taste test," proclaimed the ads, "more Americans preferred the taste of Dunkin' Donuts coffee over Starbucks. It's just more proof it's all about the coffee (not the couches or music)."

Advertisers should use comparative advertising with caution. All too often, such ads invite competitor responses, resulting in an advertising war that neither competitor can win. Upset competitors might take more drastic action, such as filing complaints with the self-regulatory National Advertising Division of the Council of Better Business Bureaus or even filing false-advertising lawsuits. For example, recently, Verizon Wireless and AT&T fought legal battles over cell phone coverage, Gatorade and Powerade battled over the definition of a "complete sports drink," and Sara Lee's Ball Park sued Oscar Mayer over an advertised taste-test claim.<sup>4</sup>



● **Comparative advertising:** Dunkin' Donuts ran a TV and Web campaign comparing the chain's coffee to Starbucks' brews. "Try the coffee that won," the ads concluded.

*Reminder advertising* is important for mature products; it helps to maintain customer relationships and keep consumers thinking about the product. Expensive Coca-Cola television ads primarily build and maintain the Coca-Cola brand relationship rather than inform or persuade customers to buy it in the short run.

Advertising's goal is to help move consumers through the buying process. Some advertising is designed to move people to immediate action. For example, a direct-response television ad by Weight Watchers urges consumers to pick up the phone and sign up right away, and a Best Buy newspaper insert for a weekend sale encourages immediate store visits. However, many ads focus on building or strengthening long-term customer relationships. For example, a Nike television ad in which well-known athletes work through extreme challenges in their Nike gear never directly asks for a sale. Instead, the goal is to somehow change the way the customers think or feel about the brand.

## Setting the Advertising Budget

After determining its advertising objectives, the company next sets its **advertising budget** for each product. Four commonly used methods for setting promotion budgets were discussed in Chapter 14. Here we discuss some specific factors that should be considered when setting the advertising budget.

A brand's advertising budget often depends on its *stage in the product life cycle*. For example, new products typically need relatively large advertising budgets to build awareness and gain consumer trial. In contrast, mature brands usually require lower budgets as a ratio to sales. *Market share* also impacts the amount of advertising needed: Because building market share or taking market share from competitors requires larger advertising spending than does simply maintaining current share, low-share brands usually need more advertising spending as a percentage of sales. Also, brands in a market with many competitors and high advertising clutter must be advertised more heavily to be noticed above the noise in

### Advertising budget

The dollars and other resources allocated to a product or a company advertising program.

the marketplace. Undifferentiated brands—those that closely resemble other brands in their product class (soft drinks, laundry detergents)—may require heavy advertising to set them apart. When the product differs greatly from competing products, advertising can be used to point out the differences to consumers.

No matter what method is used, setting the advertising budget is no easy task. How does a company know if it is spending the right amount? Some critics charge that large consumer packaged-goods firms tend to spend too much on advertising and that business-to-business marketers generally underspend on advertising. They claim that, on the one hand, large consumer companies use lots of image advertising without really knowing its effects. They overspend as a form of “insurance” against not spending enough. On the other hand, business advertisers tend to rely too heavily on their sales forces to bring in orders. They underestimate the power of company image and product image in preselling to industrial customers. Thus, they do not spend enough on advertising to build customer awareness and knowledge.

Companies such as Coca-Cola and Kraft have built sophisticated statistical models to determine the relationship between promotional spending and brand sales, and to help determine the “optimal investment” across various media. Still, because so many factors affect advertising effectiveness, some controllable and others not, measuring the results of advertising spending remains an inexact science. In most cases, managers must rely on large doses of judgment along with more quantitative analysis when setting advertising budgets.<sup>5</sup>

As a result, advertising is one of the easiest budget items to cut when economic times get tough. Cuts in brand-building advertising appear to do little short-term harm to sales. For example, in the wake of the recent recession, U.S. advertising expenditures plummeted 12 percent from the previous year. In the long run, however, slashing ad spending risks long-term damage to a brand’s image and market share. In fact, companies that can maintain or even increase their advertising spending while competitors are decreasing theirs can gain competitive advantage. ● Consider carmaker Audi:<sup>6</sup>

Although Audi’s sales slipped during the recession, they fell far less than those of competitors amid a calamitous year for the auto industry. Even more, Audi’s brand awareness and buyer consideration are up substantially, with gains outstripping those of

BMW, Mercedes, and Lexus. In short: Audi might be the hottest auto brand on the market right now. And it’s strongly positioned for the future as the economy recovers. What is Audi’s advantage? The brand spent heavily on advertising and marketing at a time when rivals were retrenching. During the past three years, despite the harsh economy, Audi increased its ad spending fourfold, including high-profile placements such as the last three Super Bowls, the Academy Awards, the NCAA basketball tournament, and Sunday Night Football. Audi “has kept its foot on the pedal while everyone else [was] pulling back,” says an Audi ad executive. “Why would we go backward now when the industry [was] generally locking the brakes and cutting spending?” adds Audi’s chief marketing executive.



● **Setting the promotion budget:** Promotion spending is one of the easiest items to cut in tough economic times. But Audi has gained competitive advantage by keeping its foot on the promotion pedal as competitors have retrenched.

## Developing Advertising Strategy

**Advertising strategy** consists of two major elements: creating advertising *messages* and selecting advertising *media*. In the past, companies often viewed media planning as secondary to the message-creation process. The creative department first created good advertisements, and then the media department selected and purchased the best media for carrying those advertisements to desired target audiences. This often caused friction between creatives and media planners.

### Advertising strategy

The strategy by which the company accomplishes its advertising objectives. It consists of two major elements: creating advertising messages and selecting advertising media.

Today, however, soaring media costs, more-focused target marketing strategies, and the blizzard of new digital and interactive media have promoted the importance of the media-planning function. The decision about which media to use for an ad campaign—television, newspapers, magazines, cell phones, a Web site or an online network, or e-mail—is now sometimes more critical than the creative elements of the campaign. As a result, more and more advertisers are orchestrating a closer harmony between their messages and the media that deliver them. In fact, in a really good ad campaign, you often have to ask “Is that a media idea or a creative idea?”

### Creating the Advertising Message

No matter how big the budget, advertising can succeed only if advertisements gain attention and communicate well. Good advertising messages are especially important in today’s costly and cluttered advertising environment. In 1950, the average U.S. household received only three network television channels and a handful of major national magazines. Today, the average household receives more than 118 channels, and consumers have more than 20,000 magazines from which to choose.<sup>7</sup> Add in the countless radio stations and a continuous barrage of catalogs, direct mail, e-mail and online ads, and out-of-home media, and consumers are being bombarded with ads at home, work, and all points in between. As a result, consumers are exposed to as many as 3,000 to 5,000 commercial messages every day.<sup>8</sup>

**Breaking through the Clutter.** If all this advertising clutter bothers some consumers, it also causes huge headaches for advertisers. Take the situation facing network television advertisers. They pay an average of \$302,000 to make a single 30-second commercial. Then, each time they show it, they pay an average of \$122,000 for 30 seconds of advertising time during a popular prime-time program. They pay even more if it’s an especially popular program, such as *American Idol* (\$642,000), *Sunday Night Football* (\$340,000), *Grey’s Anatomy* (\$240,000), *Two and a Half Men* (\$227,000), or a mega-event such as the Super Bowl (nearly \$3 million per 30 seconds!).<sup>9</sup>

Then their ads are sandwiched in with a clutter of other commercials, announcements, and network promotions, totaling nearly 20 minutes of nonprogram material per prime-time hour with commercial breaks coming every six minutes on average. Such clutter in television and other ad media has created an increasingly hostile advertising environment. According to one recent study, more than 70 percent of Americans think there are too many ads on TV, and 62 percent of national advertisers believe that TV ads have become less effective, citing clutter as the main culprit.<sup>10</sup>

Until recently, television viewers were pretty much a captive audience for advertisers. But today’s digital wizardry has given consumers a rich new set of information and entertainment choices. With the growth in cable and satellite TV, the Internet, video on demand (VOD), video downloads, and DVD rentals, today’s viewers have many more options.

Digital technology has also armed consumers with an arsenal of weapons for choosing what they watch or don’t watch. ● Increasingly, thanks to the growth of DVR systems, consumers are choosing *not* to watch ads. More than 33 percent of American TV households now have DVRs, and an estimated 44 percent will have them by 2014. One ad agency executive calls these DVR systems “electronic weedwhackers.” Research shows that DVR owners view only about 40 percent of the commercials aired. At the same time, VOD and video downloads are exploding, allowing viewers to watch programming on their own time terms—with or without commercials.<sup>11</sup>

Thus, advertisers can no longer force-feed the same old cookie-cutter ad messages to captive consumers through traditional media. Just to gain and hold attention, today’s advertising messages must be better planned, more imaginative, more entertaining, and more emotionally engaging. Simply interrupting or disrupting con-



● Advertising clutter: Today’s consumers, armed with an arsenal of weapons, can choose what they watch and don’t watch. Increasingly, they are choosing not to watch ads.

sumers no longer works. Instead, unless ads provide information that is interesting, useful, or entertaining, many consumers will simply skip by them.

### Madison & Vine

A term that has come to represent the merging of advertising and entertainment in an effort to break through the clutter and create new avenues for reaching consumers with more engaging messages.

**Merging Advertising and Entertainment.** To break through the clutter, many marketers are now subscribing to a new merging of advertising and entertainment, dubbed “**Madison & Vine.**” You’ve probably heard of Madison Avenue. It’s the New York City street that houses the headquarters of many of the nation’s largest advertising agencies. You may also have heard of Hollywood & Vine, the intersection of Hollywood Avenue and Vine Street in Hollywood, California, long the symbolic heart of the U.S. entertainment industry. Now, Madison Avenue and Hollywood & Vine are coming together to form a new intersection—Madison & Vine—that represents the merging of advertising and entertainment in an effort to create new avenues for reaching consumers with more engaging messages.

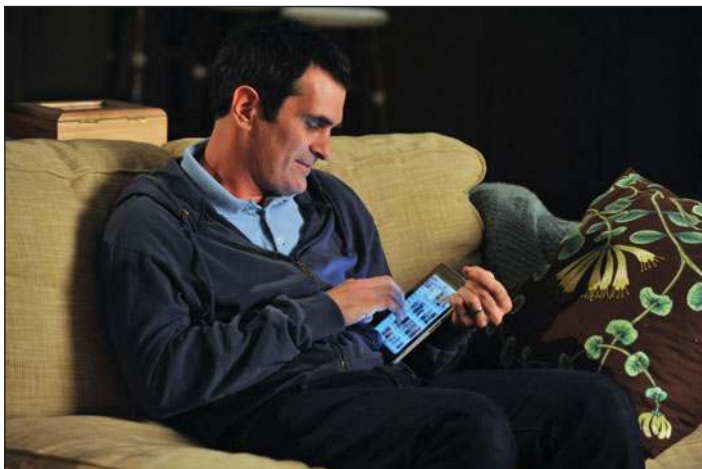
This merging of advertising and entertainment takes one of two forms: advertainment or branded entertainment. The aim of *advertainment* is to make ads themselves so entertaining, or so useful, that people *want* to watch them. There’s no chance that you’d watch ads on purpose, you say? Think again. For example, the Super Bowl has become an annual advertainment showcase. Tens of millions of people tune in to the Super Bowl each year, as much to watch the entertaining ads as to see the game.

In fact, DVR systems can actually *improve* viewership of a really good ad. For example, most Super Bowl ads last year were viewed more in DVR households than non-DVR households. Rather than zipping past the ads, many people were skipping back to watch them again and again. Remember the guy who plays football like Betty White until he has a Snickers? Or how about the Doritos ad in which the dog puts the shock collar on its owner? If you’ve got a DVR, chances are you watched these and other ads several times.

Beyond making their regular ads more entertaining, advertisers are also creating new advertising forms that look less like ads and more like short films or shows. For example, Dove’s “Evolution” video wasn’t technically an ad, but it drew more—and more meaningful—views than many TV ads do, and the views were initiated by consumers. A range of new brand messaging platforms—from Webisodes and blogs to viral videos—are now blurring the line between ads and entertainment.

*Branded entertainment* (or *brand integrations*) involves making the brand an inseparable part of some other form of entertainment. The most common form of branded entertainment is product placements—embedding brands as props within other programming. It might be a brief glimpse of the latest LG phone on *Grey’s Anatomy*. It could be worked into the show’s overall storyline, as it is on *The Big Bang Theory*, whose character Penny works at the Cheese-cake Factory. The product placement might even be scripted into an episode. ● For example, one entire episode of *Modern Family* centers around finding geeky father character Phil Dunphy the recently released, hard-to-find Apple iPad he covets as his special birthday present. And in one episode of *30 Rock*, network boss Jack Donaghy blatantly extols the virtues of his Verizon Wireless service. Liz Lemon agrees: “Well sure, that Verizon Wireless service is just unbeatable.” She then turns to the camera and deadpans, “Can we have our money now?”<sup>12</sup>

Originally created with TV in mind, branded entertainment has spread quickly into other sectors of the entertainment industry. It’s widely used in movies (remember all those GM vehicles in the *Transformers* series, the prominence of Purina Puppy Chow in *Marley & Me*, and the appearance of brands ranging from Burger King, Dr Pepper, 7-Eleven, and Audi to Royal Purple Motor Oil in *Iron Man 2*). If you look carefully, you’ll also see product placements in video games, comic books, Broadway musicals, and even pop music. For example, there’s a sandwich-making scene featuring Wonder Bread and Miracle Whip in the middle of Lady Gaga’s 10-minute “Telephone” video (which captured more than 50 million YouTube views in less than a month).



● **Madison & Vine:** Product placements are often scripted into program episodes. Here, dorky dad Phil on *Modern Family* covets his iPad.



In all, U.S. advertisers shelled out an estimated \$10 billion on product placements last year, more than the GDP of Paraguay. In the first three months of the year alone, America's top 11 TV channels produced a massive 117,976 product placements. By itself, Fox's *American Idol* shoehorned in more than 3,000 placements. Old Navy dressed the contestants while Clairol did their hair, Ford supplied the winners with new cars, and Coca-Cola refreshed the judges.<sup>13</sup>

So, Madison & Vine is the new meeting place for the advertising and entertainment industries. The goal is for brand messages to become a part of the entertainment rather than interrupting it. As advertising agency JWT puts it, "We believe advertising needs to stop interrupting what people are interested in and be what people are interested in." However, advertisers must be careful that the new intersection itself doesn't become too congested. With all the new ad formats and product placements, Madison & Vine threatens to create even more of the very clutter that it was designed to break through. At that point, consumers might decide to take yet a different route.

**Message Strategy.** The first step in creating effective advertising messages is to plan a *message strategy*—the general message that will be communicated to consumers. The purpose of advertising is to get consumers to think about or react to the product or company in a certain way. People will react only if they believe they will benefit from doing so. Thus, developing an effective message strategy begins with identifying customer *benefits* that can be used as advertising appeals.

Ideally, the message strategy will follow directly from the company's broader positioning and customer value strategies. Message strategy statements tend to be plain, straightforward outlines of benefits and positioning points that the advertiser wants to stress. The advertiser must next develop a compelling **creative concept**—or "big idea"—that will bring the message strategy to life in a distinctive and memorable way. At this stage, simple message ideas become great ad campaigns. Usually, a copywriter and an art director will team up to generate many creative concepts, hoping that one of these concepts will turn out to be the big idea. The creative concept may emerge as a visualization, a phrase, or a combination of the two.

The creative concept will guide the choice of specific appeals to be used in an advertising campaign. *Advertising appeals* should have three characteristics. First, they should be *meaningful*, pointing out benefits that make the product more desirable or interesting to consumers. Second, appeals must be *believable*. Consumers must believe that the product or service will deliver the promised benefits.

However, the most meaningful and believable benefits may not be the best ones to feature. Appeals should also be *distinctive*. They should tell how the product is better than competing brands. For example, the most meaningful benefit of owning a wristwatch is that it keeps accurate time, yet few watch ads feature this benefit. Instead, based on the distinctive benefits they offer, watch advertisers might select any of a number of advertising themes. For years, Timex has been the affordable watch. Last Father's Day, for example, Timex ads suggested "Tell Dad more than time this Father's Day. Tell him that you've learned the value of a dollar." Similarly, Rolex ads never talk about keeping time. Instead, they talk about the brand's "obsession with perfection" and the fact that "Rolex has been the preeminent symbol of performance and prestige for more than a century."

**Message Execution.** The advertiser now must turn the big idea into an actual ad execution that will capture the target market's attention and interest. The creative team must find the best approach, style, tone, words, and format for executing the message. The message can be presented in various **execution styles**, such as the following:

- *Slice of life:* This style shows one or more "typical" people using the product in a normal setting. For example, a Silk soy milk "Rise and Shine" ad shows a young professional starting the day with a healthier breakfast and high hopes.
- *Lifestyle:* This style shows how a product fits in with a particular lifestyle. For example, an ad for Athleta active wear shows a woman in a complex yoga pose and states "If your body is your temple, build it one piece at a time."

### Creative concept

The compelling "big idea" that will bring the advertising message strategy to life in a distinctive and memorable way.

### Execution style

The approach, style, tone, words, and format used for executing an advertising message.



● **Execution styles:** This ad creates a nostalgic mood around the product. “So I baked her the cookies she’s loved since she was little.”

- **Fantasy:** This style creates a fantasy around the product or its use. For example, a Travelers Insurance ad features a gentleman carrying a giant red umbrella (the company’s brand symbol). The man helps people by using the umbrella to protect them from the rain, sail them across a flooded river, and fly home. The ad closes with “Travelers Insurance. There when you need it.”
- **Mood or image:** This style builds a mood or image around the product or service, such as beauty, love, intrigue, or serenity. Few claims are made about the product or service except through suggestion. ● For example, a Nestlé Toll House ad shows a daughter hugging her mother after surprising her with a weekend home from college. “So I baked her the cookies she’s loved since she was little.”
- **Musical:** This style shows people or cartoon characters singing about the product. For example, FreeCreditReport.com tells its story exclusively through a set of popular singing commercials such as “Dreamgirl” and “Pirate.” Similarly, Oscar Mayer’s long-running ads show children singing its now classic “I wish I were an Oscar Mayer wiener . . .” jingle.
- **Personality symbol:** This style creates a character that represents the product. The character might be animated (Mr. Clean, Tony the Tiger, the GEICO Gecko, or the Zappos Zappets) or real (Ol’ Lonely the Maytag repairman, the E\*TRADE babies, Ronald McDonald, or the Aflac duck).
- **Technical expertise:** This style shows the company’s expertise in making the product. Thus, natural foods maker Kashi shows its buyers carefully selecting ingredients for its products, and

Jim Koch of the Boston Beer Company tells about his many years of experience in brewing Samuel Adams beer.

- **Scientific evidence:** This style presents survey or scientific evidence that the brand is better or better liked than one or more other brands. For years, Crest toothpaste has used scientific evidence to convince buyers that Crest is better than other brands at fighting cavities.
- **Testimonial evidence or endorsement:** This style features a highly believable or likable source endorsing the product. It could be ordinary people saying how much they like a given product. For example, Subway uses spokesman Jared, a customer who lost 245 pounds on a diet of Subway sandwiches. Or it might be a celebrity presenting the product. Olympic gold medal swimmer Michael Phelps also speaks for Subway.

The advertiser also must choose a *tone* for the ad. P&G always uses a positive tone: Its ads say something very positive about its products. Other advertisers now use edgy humor to break through the commercial clutter. Bud Light commercials are famous for this.

The advertiser must use memorable and attention-getting *words* in the ad. For example, rather than claiming simply that its laundry detergent is “superconcentrated,” Method asks customers “Are you jug addicted?” The solution: “Our patent-pending formula that’s so fricken’ concentrated, 50 loads fits in a teeny bottle. . . . With our help, you can get off the jugs and get clean.”

Finally, *format* elements make a difference in an ad’s impact as well as in its cost. A small change in an ad’s design can make a big difference in its effect. In a print ad, the *illustration* is the first thing the reader notices—it must be strong enough to draw attention. Next, the *headline* must effectively entice the right people to read the copy. Finally, the *copy*—the main block of text in the ad—must be simple but strong and convincing. Moreover, these three elements must effectively work *together* to persuasively present customer value.

**Consumer-Generated Messages.** Taking advantage of today’s interactive technologies, many companies are now tapping consumers for message ideas or actual ads. They



● **Consumer-generated advertising:** Online crafts marketplace/community Etsy.com ran a contest inviting consumers to tell the Etsy.com story in 30-second videos. The results were “positively remarkable.”

### Advertising media

The vehicles through which advertising messages are delivered to their intended audiences.

are searching existing video sites, setting up their own sites, and sponsoring ad-creation contests and other promotions. Sometimes the results are outstanding; sometimes they are forgettable. If done well, however, user-generated content can incorporate the voice of the customer into brand messages and generate greater consumer brand involvement (see Real Marketing 15.1).

Many brands develop brand Web sites or hold contests that invite consumers to submit ad message ideas and videos. For example, for the past several years, PepsiCo’s Doritos brand has held its annual “Crash the Super Bowl Challenge” contest that invites consumers to create their own video ads about the tasty triangular corn chips. The consumer-generated Doritos ads have been a smashing success. At the other end of the size spectrum, online crafts marketplace/community Etsy.com—“Your best place to buy and sell all things handmade, vintage, and supplies”—ran a contest inviting consumers to tell the Etsy.com story in 30-second videos. ● The results were what one well-known former advertising critic called “positively remarkable.”<sup>14</sup>

The 10 semifinalists are, as a group, better thought-out and realized than any 10 random commercials running on TV anywhere in the world. The best user-created Etsy ad features a simple, sad, animated robot, consigned to a life of soul-crushing assembly-line production. “See, there’s a lot of robots out there,” says the voice of the unseen Etsy craftswomen who crafted him. “A lot of these robots are sad because they’re stuck making these boring, mass-produced things. Me, I really can believe all that great stuff about how it helps the environment and microeconomics and feeling special about getting something handmade by someone else. But the real reason I make handmade goods is because every time somebody buys something handmade, a robot gets its wings.” The user-made ad “is simply magnificent,” concludes the ad critic, “in a way that the agency business had better take note of.”

Not all consumer-generated advertising efforts, however, are so successful. As many big companies have learned, ads made by amateurs can be . . . well, pretty amateurish. Done well, however, consumer-generated advertising efforts can produce new creative ideas and fresh perspectives on the brand from consumers who actually experience it. Such campaigns can boost consumer involvement and get consumers talking and thinking about a brand and its value to them.<sup>15</sup>

## Selecting Advertising Media

The major steps in **advertising media** selection are (1) determining on *reach*, *frequency*, and *impact*; (2) choosing among major *media types*; (3) selecting specific *media vehicles*; and (4) choosing *media timing*.

**Determining Reach, Frequency, and Impact.** To select media, the advertiser must determine the reach and frequency needed to achieve the advertising objectives. *Reach* is a measure of the *percentage* of people in the target market who are exposed to the ad campaign during a given period of time. For example, the advertiser might try to reach 70 percent of

# Real Marketing 15.1

## Consumer-Generated Advertising: When Done Well, It Can Be Really Good

Fueled by the user-generated content craze made popular by the likes of YouTube, Facebook, and other online content-sharing communities, the move toward consumer-generated advertising has spread like wildfire in recent years. Companies large and small—including the likes of PepsiCo, Unilever, P&G, CareerBuilder, and other blue-chip marketers—have fast recognized the benefits (and the drawbacks) of inviting customers to co-create brand messages.

Perhaps no brand has been more successful with user-generated advertising than PepsiCo's Doritos brand. For four years running, the Doritos "Crash the Super Bowl" contest has invited consumers to create their own 30-second video ads featuring the market-leading tortilla chip. A jury of ad pros and Doritos brand managers whittle down the thousands of entries submitted and post the finalists online. Consumers vote for the winners, who receive cash prizes and have their ads run during the Super Bowl.

For last year's Super Bowl, Doritos threw prize money around like a rich uncle home for the holidays. Six finalists each claimed \$25,000, and PepsiCo aired the top four ads during the game. To put more icing on the cake, Doritos promised to pay a whopping \$1 million to any entrant whose ad placed first in the *USA Today* Ad Meter ratings. Second place was good for \$600,000, and third place would take home \$400,000. If the winners swept the top three Ad Meter spots, each would receive an additional \$1 million. Not surprisingly, the contest attracted more than 4,000 entries.

Although they didn't sweep the top three Ad Meter spots, one ad (called "Underdog") took the number two spot, winning 24-year-old Joshua Svoboda of Raleigh, North Carolina, \$600,000—not a bad return for an ad that cost only \$200 to produce. Even more notably, the lowest-rated of the four consumer-made Doritos ads came in 17th out of 65 Super Bowl ads. Moreover, the ads finished strongly in virtually every consumer survey. They dominated the "most-watched" ratings in TiVo households, with an ad entitled "House Rules" taking first

and "Underdog" taking fourth. "House Rules" was also the most-liked spot on Hulu.com. And in surveys by Nielsen and Twitter, Doritos was the "most buzzed-about" advertiser during and after the game.

It seems as if everyone is getting into the consumer-generated content act. According to one global report that ranks the world's top creative work, nine of last year's top 10 campaigns involved some kind of consumer input. "This is a big seismic shift in our business," says the former ad agency executive who assembled the report. "We've had 100 years of business-to-consumer advertising, but now the Web has enabled us to get people actively involved in talking to each other. If the idea is interesting enough, consumers will do the work for you." Even more, they'll work for little or no pay.

That kind of talk makes some ad agencies nervous. But the idea isn't that companies should fire their ad agencies and have consumers create their ads instead. In fact, most consumer-generated ad campaigns are coordinated by ad agencies. For example, Unilever is

expanding its "crowdsourcing" efforts with a video ad contest that involves 13 of its brands, including Ben & Jerry's, Dove, Lipton, and Vaseline. However, the company is quick to clarify the role of its user-generated content strategy.

This in no way is a replacement for our ad agencies. It's not really what it's designed to be. The real reason for it is to offer more participation for our consumers, to get closer to consumers, and allow them to be more involved with our brands. It will help them become advocates, help them have more of a connection with the brands if they've been a part of helping to create it. It's not one of our objectives to save money. I mean it's a nice benefit, if we can get great stuff. But it's not really the objective. We believe that marketing will be much more participatory in the next few years and we want to be at the leading edge of that.

Although most consumer-generated content efforts are limited to ad and video messages, PepsiCo's Mountain Dew crowdsourcing campaign—called Dewmocracy—involves consumers in decisions across the entire range of marketing for the brand. Now in its second year, Dewmocracy seeks inputs from ardent brand fans on everything from product development to ad messages and ad agency selection.

At the start of the most recent Dewmocracy campaign, Mountain Dew asked loyal fans to submit ideas for three new flavors. It



**Consumer-generated messages:** Last year, the winning ads in the Doritos "Crash the Super Bowl" challenge finished strongly in virtually every consumer survey. The top ad finished second on the *USA Today* Super Bowl Ad Meter.

sent 50 finalists home-tasting kits and Flip video cameras and encouraged them to upload videos about their experience to YouTube. With three finalists selected, Mountain Dew asked consumers to pick names (Typhoon, Distortion, and White Out rose to the top), colors, and package designs for the new flavors on the Dewmocracy Web site, Facebook, Twitter, and other social media sites. The three flavors were rolled out over the summer, and fans were asked to try them and vote for a favorite, which became a permanent addition to the Mountain Dew lineup.

As for advertising, rather than having consumers submit their own video ads, Mountain Dew invited fans to help choose the ad agencies that would do the job. Consumers “built these products and had a clear idea of the products,” said Mountain Dew’s director of marketing. They “challenged us to say, who is going to do our advertising, and how do we get some new thinking?” Ad agencies and individuals submitted more than 200 12-second videos outlining their ideas for promoting the three new flavors. Consumers cast 15,000 votes. In the end, three small ad shops landed the jobs.

The Dewmocracy consumer-generated marketing campaigns have produced successful new, customer-approved Mountain Dew flavors at very little cost (the brand didn’t spend a dollar on media throughout the process). But they met an even bigger objective. They have “allowed us to have as rich a dialogue as we could with consumers,” says the brand’s marketing director. The average loyal Mountain Dew drinker is male, between the ages of 18 and 39, with 92 percent on Facebook and 50 percent using YouTube. The digital Dewmocracy campaigns have been incredibly successful at engaging this group and giving them an ownership stake in the brand.

There are downsides to consumer-generated ads, of course. Although it might seem “free,” the process of wading through hundreds or even thousands of entries can be

difficult, costly, and time consuming. In dealing with user-created content, copyright issues, poor production quality, offensive themes, and even attacks on the brand are all par for the course. And in the end, you never know what you’re going to get. For every hit Doritos ad, there are hundreds that are uninspired or just plain dreadful. Many Madison Avenue advertising pros write off consumer-generated efforts as mostly amateurish, crudely produced, and ineffective.

But when it’s done well, it can be very good. Despite “a lot of advertising people” playing it down as “a seventh-grader in his backyard with a video camera,” says one advertising expert, “it complements efforts by marketers to engage and involve consumers. Consumer-generated content really can work.”

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**Sources:** Extracts, quotes, and other information from Stuart Elliott, “Do-It Yourself Super Ads,” *New York Times*, February 9, 2010, p. B3; Andrew McMains, “Unilever Embraces UGC,” *Adweek*, April 20, 2010, accessed at [www.adweek.com](http://www.adweek.com); Emma Hall, “Most Winning Creative Work Involves Consumer Participation,” *Advertising Age*, January 6, 2010, accessed at [http://adage.com/print?article\\_id=141329](http://adage.com/print?article_id=141329); Natalie Zmuda, “Why Mountain Dew Let Skater Dudes Take Control of Its Marketing,” *Advertising Age*, February 22, 2010, p. 30; and Rich Thomaselli, “If Consumer Is Your Agency, It’s Time for Review,” *Advertising Age*, May 17, 2010, p. 2.

the target market during the first three months of the campaign. *Frequency* is a measure of how many *times* the average person in the target market is exposed to the message. For example, the advertiser might want an average exposure frequency of three.

But advertisers want to do more than just reach a given number of consumers a specific number of times. The advertiser also must determine the desired *media impact*—the *qualitative value* of message exposure through a given medium. For example, the same message in one magazine (say, *Newsweek*) may be more believable than in another (say, the *National Enquirer*). For products that need to be demonstrated, messages on television may

have more impact than messages on radio because television uses sight *and* sound. Products for which consumers provide input on design or features might be better promoted at an interactive Web site than in a direct mailing.

More generally, the advertiser wants to choose media that will *engage* consumers rather than simply reach them. For example, for television advertising, how relevant an ad is for its audience is often much more important than how many people it reaches. ● For example, in an effort to make every advertising dollar count, Ford has recently been selecting TV programs based on viewer engagement ratings:<sup>16</sup>

Ford had little reason to advertise on the Discovery Channel’s *Dirty Jobs* series, which stars Mike Rowe. The show delivers puny Nielsen ratings. But when engagement metrics were applied to the program, the viewers most deeply absorbed in the show turned out to be truck-buying men between the ages of 18 and



● **Viewer engagement:** Viewers most deeply engaged in the Discovery Channel’s *Dirty Jobs* series turned out to be truck-buying men, a ripe demographic for Ford’s F-Series pickups.

49—a ripe demographic for Ford. That prompted Ford to advertise heavily and hire Rowe to appear in highly successful Web videos demonstrating the durability of the F-Series pickup.

Although Nielsen is beginning to measure the levels of television *media engagement*, such measures are hard to come by for most media. Current media measures are things such as ratings, readership, listenership, and click-through rates. However, engagement happens inside the consumer. Notes one expert, “Just measuring the number of eyeballs in front of a television set is hard enough without trying to measure the intensity of those eyeballs doing the viewing.”<sup>17</sup> Still, marketers need to know how customers connect with an ad and brand idea as a part of the broader brand relationship.

**Choosing Among Major Media Types.** Media planners have to know the reach, frequency, and impact of each major media type. As summarized in **Table 15.2**, the major media types are television, newspapers, the Internet, direct mail, magazines, radio, and outdoor. Advertisers can also choose from a wide array of new digital media, such as cell phones and other digital devices, which reach consumers directly. Each medium has its advantages and its limitations. Media planners consider many factors when making their media choices. They want to choose media that will effectively and efficiently present the advertising message to target customers. Thus, they must consider each medium’s impact, message effectiveness, and cost.

Typically, it’s not a question of which one medium to use. Rather, the advertiser selects a mix of media and blends them into a fully integrated marketing communications campaign. Each medium plays a specific role.

The mix of media must be reexamined regularly. For a long time, television and magazines dominated the media mixes of national advertisers, with other media often neglected. However, as discussed previously, the media mix appears to be shifting. As mass-media costs rise, audiences shrink, and exciting new digital and interactive media emerge, many advertisers are finding new ways to reach consumers. They are supplementing the traditional mass media with more-specialized and highly targeted media that cost less, target more effectively, and engage consumers more fully.

For example, in addition to the explosion of online media, cable and satellite television systems are booming. Such systems allow narrow programming formats, such as all sports, all news, nutrition, arts, home improvement and gardening, cooking, travel, history, finance, and others that target select groups. Time Warner, Comcast, and other cable operators are

**TABLE | 15.2** Profiles of Major Media Types

Medium	Advantages	Limitations
Television	Good mass-marketing coverage; low cost per exposure; combines sight, sound, and motion; appealing to the senses	High absolute costs; high clutter; fleeting exposure; less audience selectivity
Newspapers	Flexibility; timeliness; good local market coverage; broad acceptability; high believability	Short life; poor reproduction quality; small pass-along audience
The Internet	High selectivity; low cost; immediacy; interactive capabilities	Potentially low impact; the audience controls exposure
Direct mail	High audience selectivity; flexibility; no ad competition within the same medium; allows personalization	Relatively high cost per exposure; “junk mail” image
Magazines	High geographic and demographic selectivity; credibility and prestige; high-quality reproduction; long life and good pass-along readership	Long ad purchase lead time; high cost; no guarantee of position
Radio	Good local acceptance; high geographic and demographic selectivity; low cost	Audio only; fleeting exposure; low attention (“the half-heard” medium); fragmented audiences
Outdoor	Flexibility; high repeat exposure; low cost; low message competition; good positional selectivity	Little audience selectivity; creative limitations

even testing systems that will let them target specific types of ads to specific neighborhoods or individually to specific types of customers. For example, ads for a Spanish-language channel would run in only Hispanic neighborhoods, or only pet owners would see ads from pet food companies.

Advertisers can take advantage of such “narrowcasting” to “rifle in” on special market segments rather than use the “shotgun” approach offered by network broadcasting. Cable and satellite television media seem to make good sense. But, increasingly, ads are popping up in far-less-likely places. In their efforts to find less-costly and more-highly targeted ways to reach consumers, ● advertisers have discovered a dazzling collection of “alternative media.” These days, no matter where you go or what you do, you will probably run into some new form of advertising.

Tiny billboards attached to shopping carts and advertising decals on supermarket floors urge you to buy JELL-O Pudding Pops or Pampers, while ads roll by on the store’s checkout conveyor touting your local Volvo dealer. Step outside and there goes a city trash truck sporting an ad for Glad trash bags. A nearby fire hydrant is emblazoned with advertising for KFC’s “fiery” chicken wings. You escape to the ballpark, only to find billboard-size video screens running Budweiser ads while a blimp with an electronic message board circles lazily overhead. How about a quiet trip in the country? Sorry—you find an enterprising farmer using his milk cows as four-legged billboards mounted with ads for Ben & Jerry’s ice cream.

These days, you’re likely to find ads—well—anywhere. Taxi cabs sport electronic messaging signs tied to GPS location sensors that can pitch local stores and restaurants wherever they roam. Ad space is being sold on



● Marketers have discovered a dazzling array of alternative media, like this Ben & Jerry’s “upside-down bus” ad rolling through Manhattan.

DVD cases, parking-lot tickets, airline boarding passes, subway turnstiles, golf scorecards, ATMs, municipal garbage cans, and even police cars, doctors’ examining tables, and church bulletins. One agency even leases space on the shaved heads of college students for temporary advertising tattoos (“cranial advertising”). And the group meeting at the office water cooler has a new member—a “coolertising” ad sitting on top of the water cooler jug trying to start up a conversation about the latest episode of *American Idol*.

Such alternative media seem a bit far-fetched, and they sometimes irritate consumers who resent it all as “ad nauseam.” But for many marketers, these media can save money and provide a way to hit selected consumers where they live, shop, work, and play. Of course, all this may leave you wondering if there are any commercial-free havens remaining for ad-weary consumers. Public elevators, perhaps, or stalls in a public restroom? Forget it! Each has already been invaded by innovative marketers.

Another important trend affecting media selection is the rapid growth in the number of “media multitaskers,” people who absorb more than one medium at a time. One survey found that three-fourths of U.S. TV viewers read the newspaper while they watch TV, and two-thirds of them go online during their TV viewing time. According to another study, Americans between the ages of eight and 18 are managing to cram an average 10.75 hours of media consumption into 7.5 hours.<sup>18</sup> These days it is not uncommon to find a teenage boy chasing down photos of Megan Fox on Google, becoming a fan of a group on Facebook, watching a movie online, and texting a friend on his cell phone—all while trying to complete an essay he’s got open in a Word file a few layers down on his desktop. Media planners need to take such media interactions into account when selecting the types of media they will use.

**Selecting Specific Media Vehicles.** Media planners must also choose the best *media vehicles*—specific media within each general media type. For example, television vehicles include *30 Rock* and *ABC World News Tonight*. Magazine vehicles include *Newsweek*, *Vogue*, and *ESPN the Magazine*.

Media planners must compute the cost per 1,000 persons reached by a vehicle. For example, if a full-page, four-color advertisement in the U.S. national edition of *Newsweek* costs \$165,000 and *Newsweek's* readership is 1.5 million people, the cost of reaching each group of 1,000 persons is about \$110. The same advertisement in *BusinessWeek* may cost only \$115,600 but reach only 900,000 people—at a cost per 1,000 of about \$128. The media planner ranks each magazine by cost per 1,000 and favors those magazines with the lower cost per 1,000 for reaching target consumers.<sup>19</sup>

Media planners must also consider the costs of producing ads for different media. Whereas newspaper ads may cost very little to produce, flashy television ads can be very costly. Many online ads cost little to produce, but costs can climb when producing made-for-the-Web videos and ad series.

In selecting specific media vehicles, media planners must balance media costs against several media effectiveness factors. First, the planner should evaluate the media vehicle's *audience quality*. For a Huggies disposable diapers advertisement, for example, *Parents* magazine would have a high exposure value; *Maxim* would have a low-exposure value. Second, the media planner should consider *audience engagement*. Readers of *Vogue*, for example, typically pay more attention to ads than do *Newsweek* readers. Third, the planner should assess the vehicle's *editorial quality*. *Time* and the *Wall Street Journal* are more believable and prestigious than *Star* or the *National Enquirer*.

**Deciding on Media Timing.** An advertiser must also decide how to schedule the advertising over the course of a year. Suppose sales of a product peak in December and drop in March (for winter sports gear, for instance). The firm can vary its advertising to follow the seasonal pattern, oppose the seasonal pattern, or be the same all year. Most firms do some seasonal advertising. For example, Mars currently runs M&Ms special ads for almost every holiday and “season,” from Easter, Fourth of July, and Halloween to the Super Bowl season and the Oscar season. ● The Picture People, the national chain of portrait studios, advertises more heavily before major holidays, such as Christmas, Easter, Valentine’s day, and Halloween. Some marketers do *only* seasonal advertising: For instance, P&G advertises its Vicks NyQuil only during the cold and flu season.

Finally, the advertiser must choose the pattern of the ads. *Continuity* means scheduling ads evenly within a given period. *Pulsing* means scheduling ads unevenly over a given time period. Thus, 52 ads could either be scheduled at one per week during the year or pulsed in several bursts. The idea behind pulsing is to advertise heavily for a short period to build awareness that carries over to the next advertising period. Those who favor pulsing feel that it can be used to achieve the same impact as a steady schedule but at a much lower cost. However, some media planners believe that although pulsing achieves minimal awareness, it sacrifices depth of advertising communications.

## Evaluating Advertising Effectiveness and the Return on Advertising Investment

Measuring advertising effectiveness and the **return on advertising investment** has become a hot issue for most companies, especially in the tight economic environment. A less friendly

HALLOWEEN  
Spooktacular

October 19-20

Costume Contest  
Trick or Treating  
Arts & Crafts

So much fun,  
it's scary!

Free personalization during  
the two-day Spooktacular.  
Free for Portrait Club members the entire month of October!

picture  
people

Appointments available at 800-341-HOUR (4687)  
or picturepeople.com · Walk ins welcome

● **Media Timing:** The Picture People, the national chain of family portrait studios, advertises more heavily before special holidays.



**Return on advertising investment**

The net return on advertising investment divided by the costs of the advertising investment.

economy “has obligated us all to pinch pennies all the more tightly and squeeze blood from a rock,” says one advertising executive.<sup>20</sup> That leaves top management at many companies asking their marketing managers, “How do we know that we’re spending the right amount on advertising?” and “What return are we getting on our advertising investment?”

Advertisers should regularly evaluate two types of advertising results: the communication effects and the sales and profit effects. Measuring the *communication effects* of an ad or ad campaign tells whether the ads and media are communicating the ad message well. Individual ads can be tested before or after they are run. Before an ad is placed, the advertiser can show it to consumers, ask how they like it, and measure message recall or attitude changes resulting from it. After an ad is run, the advertiser can measure how the ad affected consumer recall or product awareness, knowledge, and preference. Pre- and postevaluations of communication effects can be made for entire advertising campaigns as well.

Advertisers have gotten pretty good at measuring the communication effects of their ads and ad campaigns. However, *sales and profit* effects of advertising are often much harder to measure. For example, what sales and profits are produced by an ad campaign that increases brand awareness by 20 percent and brand preference by 10 percent? Sales and profits are affected by many factors other than advertising—such as product features, price, and availability.

One way to measure the sales and profit effects of advertising is to compare past sales and profits with past advertising expenditures. Another way is through experiments. For example, to test the effects of different advertising spending levels, Coca-Cola could vary the amount it spends on advertising in different market areas and measure the differences in the resulting sales and profit levels. More complex experiments could be designed to include other variables, such as differences in the ads or media used.

However, because so many factors affect advertising effectiveness, some controllable and others not, measuring the results of advertising spending remains an inexact science. For example, dozens of advertisers spend lavishly on high-profile Super Bowl ads each year. Although they sense that the returns are worth the sizable investment, few can actually measure or prove it (see Real Marketing 15.2). A study by the Association of National Advertisers asked advertising managers if they would be able to “forecast the impact on sales” of a 10 percent cut in advertising spending. Sixty-three percent said no. Another recent survey found that more than one-third of the surveyed firms have made no effort at all to measure marketing ROI, and another one-third have been working on it for less than two years.<sup>21</sup>

“Marketers are tracking all kinds of data and they still can’t answer basic questions” about advertising accountability, says a marketing analyst, “because they don’t have real models and metrics by which to make sense of it.” Advertisers are measuring “everything they can, and that ranges from how many people respond to an ad to how many sales are closed and then trying to hook up those two end pieces,” says another analyst. “The tough part is, my goodness, we’ve got so much data. How do we sift through it?”<sup>22</sup> Thus, although the situation is improving as marketers seek more answers, managers often must rely on large doses of judgment along with quantitative analysis when assessing advertising performance.

## Other Advertising Considerations

In developing advertising strategies and programs, the company must address two additional questions. First, how will the company organize its advertising function—who will perform which advertising tasks? Second, how will the company adapt its advertising strategies and programs to the complexities of international markets?

### Organizing for Advertising

Different companies organize in different ways to handle advertising. In small companies, advertising might be handled by someone in the sales department. Large companies have advertising departments whose job it is to set the advertising budget, work with the ad

# Real Marketing 15.2

## The Super Bowl: The Mother of All Advertising Events—But Is It Worth It?

The Super Bowl is the mother of all advertising events. Each year, dozens of blue chip advertisers showcase some of their best work to huge audiences around the world. But all this doesn't come cheap. Last year, major advertisers plunked down an average of \$2.8 million per 30-second spot—that's almost \$100,000 per second! And that's just for the airtime. Throw in ad production costs—which average \$2 million per showcase commercial—and running even a single Super Bowl ad becomes a superexpensive proposition. Anheuser-Busch ran *nine* spots last year.

So every year, as the Super Bowl season nears, up pops the big question: Is Super Bowl advertising worth all that money? Does it deliver a high advertising ROI? As it turns out, there's no easy answer to the question, especially when the economy is hurting. These days, in a postrecession economy that has companies watching every penny, spending such big bucks on a single event raises more questions than ever.

Advertiser and industry expert opinion varies widely. Super Bowl stalwarts such as Anheuser-Busch, E\*Trade, Bridgestone, CareerBuilder, and Coca-Cola must think it's a good investment—they come back year after year. But what about savvy marketers such as FedEx and P&G, who've opted out in recent years? Last year, for the first time in 20 years, even stalwart PepsiCo ran no Super Bowl ads for its Pepsi, Gatorade, and SoBe brands. In a survey of board members of the National Sports Marketing Network, 31 percent said they would recommend Super Bowl ads. But 41 percent said no—Super Bowl ads just aren't worth the money.

The naysayers make some pretty good arguments. Super Bowl advertising is outrageously expensive. Advertisers pay 85 percent more per viewer than they'd pay using primetime network programming. Beyond the cost, the competition for attention during the Super Bowl is fierce. Every single ad represents the best efforts of a major marketer trying to design a knock-your-socks-off spectacular that will reap high ratings from both critics and

consumers. Many advertisers feel they can get more for their advertising dollar in venues that aren't so crowded with bigger-than-life commercials.

There is also the issue of product-program fit. Whereas the Super Bowl might be a perfect fit for companies selling beer, snacks, soft drinks, or sporting goods, it simply doesn't fit the creative strategies of many other brands. Consider Unilever's Dove. Some years ago, the company ran a sentimental 45-second commercial from the Dove "Campaign for Real Beauty." The ad was highly rated by consumers, and it created considerable buzz—some 400 million impressions of the ad before and after its single appearance during the Super Bowl. But research showed that the ad produced low levels of involvement with the brand message. Dove got almost equal exposure numbers and more engagement for a lot less money from an outdoor campaign that it ran that same year, and it got a much larger online response from its viral "Dove Evolution" and "On-slaughter" films, which incurred no media cost at all. "The Super Bowl really isn't the right environment for Dove," says a Unilever executive.

Finally, although the Super Bowl itself continues to draw bigger and bigger audiences, many advertising critics and viewers bemoan what they view as diminished ad quality in recent Super Bowls. Gone, they say, are the classic, conversation-stopping ads of yesteryear—such as Apple's famous "1984" ad that almost single-handedly launched the Macintosh computer. Rather, recent Big Game ads seem to focus more on grabbing attention with inane gimmicks, fatuous gags, and juvenile humor.

Still, the Super Bowl has a lot to offer to the right advertisers. It's the most-watched TV event of the year. It plays to a huge and receptive audience. In fact, last year's Super Bowl set several records. With 106.5 million U.S. viewers, it was the most watched Super Bowl in history. In fact, it was the most watched *program* in television history, surpassing the previous record of 106 million viewers set by the 1983 series finale of the beloved show *M.A.S.H.*

In addition to sheer numbers of viewers, the Super Bowl stands alone as a TV program during which viewers don't avoid the ads. In fact, to many viewers, the Super Bowl ads are more important than what happens on the gridiron. In one recent year, the game itself drew an average rating (the percent of TV-owning households watching) of 41.6; the ads drew 41.2.

"There is no other platform quite like the Super Bowl," says the chief creative officer at Anheuser-Busch. "It's worth it. When you can touch that many households [with that kind of impact] in one sitting, it's actually efficient." In terms of dollars and cents, a study by one research firm found that consumer



**Most Super Bowl ads are just the centerpiece in a much bigger promotional effort. Denny's panicked chickens introduced a popular free breakfast offer, and the chickens generated a flood of positive buzz long after the Super Bowl ad aired.**

packaged-goods firms get a return of \$1.25 to \$2.74 for every dollar invested in Super Bowl advertising, and one Super Bowl ad is as effective as 250 regular TV spots. “In terms of the audience that you’re reaching, . . . I think it makes economic sense,” concludes a media research executive. “The reach is incredible, [and whereas] on a lot of other shows . . . there’s a real question [of] whether people are fast-forwarding through the commercials or going to grab a drink, . . . here you have people paying attention to the ads.”

For most advertisers, the Super Bowl ad itself is only the centerpiece of something much bigger. Long after the game is over, ad critics, media pundits, and consumers are still reviewing, rehashing, and rating the commercials. Last year, for example, ads by Snickers, Doritos, E\*Trade, and Google were still on *Advertising Age’s* top ten list of viral ads three weeks after the Super Bowl aired. Advertisers don’t usually sit back and just hope that consumers will talk about their ads. They build events that help to boost the buzz.

Denny’s, for example, aligned its “Chickens Across America” Super Bowl commercial with a national free Grand Slam breakfast pro-

motion. The ad featured panicked chickens at landmarks across America screeching in terror at the prospect of the eggs needed to support the ad’s “Free Grand Slam This Tuesday 6 AM to 2 PM” promise. Concludes the announcer, “Yep, it’s going to take a lot of eggs. Great day to be an American. Bad day to be a chicken.” The nervous chickens had people flocking to Denny’s on Tuesday. Many restaurants had hundreds of people waiting in line at 6 AM as Denny’s prepared to serve 2 million free Grand Slams. Moreover, the ad and promotion received massive publicity. According to one study three days after the game, the Denny’s ad had generated more positive buzz than any other Super Bowl ad.

And months later, Denny’s was still featuring the wacky chickens on its Facebook page and selling “Tough to Be a Chicken” T-shirts on its Web page.

So—back to the original question. Is Super Bowl advertising really worth the huge investment? It seems that there’s no definitive answer—for some advertisers it’s “yes”; for others, “no.” The real trick is in trying to measure the returns. As the title of one article asserts, “Measuring Bowl Return? Good Luck!” The writer’s conclusion: “For all the time, energy, and angst marketers spend crafting the perfect Super Bowl spot, [that’s] a relative breeze compared to trying to prove its return on investment.”

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**Sources:** Quotes and other information from “Denny’s, Doritos, Snickers Score Big in Ad Bowl,” *Wall Street Journal*, February 8, 2010, accessed at [www.wsj.com](http://www.wsj.com); Tim Calkins and Derek D. Rucker, “Does a \$3M Super Bowl Ad Make Sense In a Recession?” *Advertising Age*, January 12, 2009, p. 17; Brian Steinberg, “Why the Super Bowl Doesn’t Loom So Large Any More,” *Advertising Age*, February 8, 2010, accessed at [http://adage.com/superbowl10/article?article\\_id=141985](http://adage.com/superbowl10/article?article_id=141985); Claire Atkinson, “Measuring Bowl ROI? Good Luck,” *Advertising Age*, January 29, 2007, p. 9; Michael Bush, “Which Super Bowl Advertisers Really Bettered Their Buzz?” *Advertising Age*, February 16, 2010, accessed at [http://adage.com/superbowl10/article?article\\_id=142124](http://adage.com/superbowl10/article?article_id=142124); and [www.facebook.com/dennys#!/dennys?v=app\\_11007063052](http://www.facebook.com/dennys#!/dennys?v=app_11007063052), accessed July 2010.

## Advertising agency

A marketing services firm that assists companies in planning, preparing, implementing, and evaluating all or portions of their advertising programs.

agency, and handle other advertising not done by the agency. Most large companies use outside advertising agencies because they offer several advantages.

How does an **advertising agency** work? Advertising agencies originated in the mid-to late-1800s by salespeople and brokers who worked for the media and received a commission for selling advertising space to companies. As time passed, the salespeople began to help customers prepare their ads. Eventually, they formed agencies and grew closer to the advertisers than to the media.

Today’s agencies employ specialists who can often perform advertising tasks better than the company’s own staff can. Agencies also bring an outside point of view to solving the company’s problems, along with lots of experience from working with different clients and situations. So, today, even companies with strong advertising departments of their own use advertising agencies.

Some ad agencies are huge; the largest U.S. agency, McCann Erickson Worldwide, has annual gross U.S. revenues of more than \$450 million. In recent years, many agencies have grown by gobbling up other agencies, thus creating huge agency holding companies. The largest of these “megagroups,” WPP, includes several large advertising, PR, and promotion agencies with combined worldwide revenues of \$13.6 billion.<sup>23</sup> Most large advertising agencies have the staff and resources to handle all phases of an advertising campaign for their clients, from creating a marketing plan to developing ad campaigns and preparing, placing, and evaluating ads.

## International Advertising Decisions

International advertisers face many complexities not encountered by domestic advertisers. The most basic issue concerns the degree to which global advertising should be adapted to the unique characteristics of various country markets. Some large advertisers

have attempted to support their global brands with highly standardized worldwide advertising, with campaigns that work as well in Bangkok as they do in Baltimore. For example, McDonald’s unifies its creative elements and brand presentation under the familiar “i’m lovin’ it” theme in all its 100-plus markets worldwide. Coca-Cola pulls advertising together for its flagship brand under the theme, “Open Happiness.” And VISA coordinates worldwide advertising for its debit and credit cards under the “more people go with Visa” creative platform, which works as well in Korea as it does in the United States or Brazil.

In recent years, the increased popularity of online social networks and video sharing has boosted the need for advertising standardization for global brands. Most big marketing and advertising campaigns include a large online presence. Connected consumers can now zip easily across borders via the Internet, making it difficult for advertisers to roll out adapted campaigns in a controlled, orderly fashion. As a result, at the very least, most global consumer brands coordinate their Web sites internationally. For example, check out the McDonald’s Web sites from Germany to Jordan to China. You’ll find the golden arches logo, the “i’m lovin’ it” logo and jingle, a Big Mac equivalent, and maybe even Ronald McDonald himself.

Standardization produces many benefits—lower advertising costs, greater global advertising coordination, and a more consistent worldwide image. But it also has drawbacks. Most importantly, it ignores the fact that country markets differ greatly in their cultures, demographics, and economic conditions. Thus, most international advertisers “think globally but act locally.” They develop global advertising *strategies* that make their worldwide efforts more efficient and consistent. Then they adapt their advertising *programs* to make them more responsive to consumer needs and expectations within local markets. For example, although VISA employs its “more people go with Visa” theme globally, ads in specific locales employ local language and inspiring local imagery that make the theme relevant to the local markets in which they appear.

Global advertisers face several special problems. For instance, advertising media costs and availability differ vastly from country to country. Countries also differ in the extent to which they regulate advertising practices. Many countries have extensive systems of laws restricting how much a company can spend on advertising, the media used, the nature of advertising claims, and other aspects of the advertising program. Such restrictions often require advertisers to adapt their campaigns from country to country.

For example, alcohol products cannot be advertised in India or in Muslim countries. In many countries, such as Sweden and Canada, junk food ads are banned from children’s television programming. To play it safe, McDonald’s advertises itself as a family restaurant in Sweden. Comparative ads, although acceptable and even common in the United States and Canada, are less commonly used in the United Kingdom and are illegal in India and Brazil. China bans sending e-mail for advertising purposes to people without their permission, and all advertising e-mail that is sent must be titled “advertisement.”



Standardized global advertising: VISA coordinates its worldwide advertising under the theme “more people go with VISA,” a theme that works as well in Brazil (middle) or Asia (bottom) as it does in the United States (top).

China also has restrictive censorship rules for TV and radio advertising; for example, the words *the best* are banned, as are ads that “violate social customs” or present women in “improper ways.” McDonald’s once avoided government sanctions in China by publicly apologizing for an ad that crossed cultural norms by showing a customer begging for a discount. Similarly, Coca-Cola’s Indian subsidiary was forced to end a promotion that offered prizes, such as a trip to Hollywood, because it violated India’s established trade practices by encouraging customers to buy to “gamble.”

Thus, although advertisers may develop global strategies to guide their overall advertising efforts, specific advertising programs must usually be adapted to meet local cultures and customs, media characteristics, and regulations.

**Author Comment** | Not long ago, PR was considered a marketing stepchild because of its limited marketing use. That situation is changing fast, however, as more marketers recognize PR’s brand-building power.

## Public Relations (pp 454–457)

Another major mass-promotion tool is **public relations (PR)**—building good relations with the company’s various publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories, and events. PR departments may perform any or all of the following functions:<sup>24</sup>

- *Press relations or press agency:* Creating and placing newsworthy information in the news media to attract attention to a person, product, or service.
- *Product publicity:* Publicizing specific products.
- *Public affairs:* Building and maintaining national or local community relationships.
- *Lobbying:* Building and maintaining relationships with legislators and government officials to influence legislation and regulation.
- *Investor relations:* Maintaining relationships with shareholders and others in the financial community.

- *Development:* Working with donors or members of nonprofit organizations to gain financial or volunteer support.

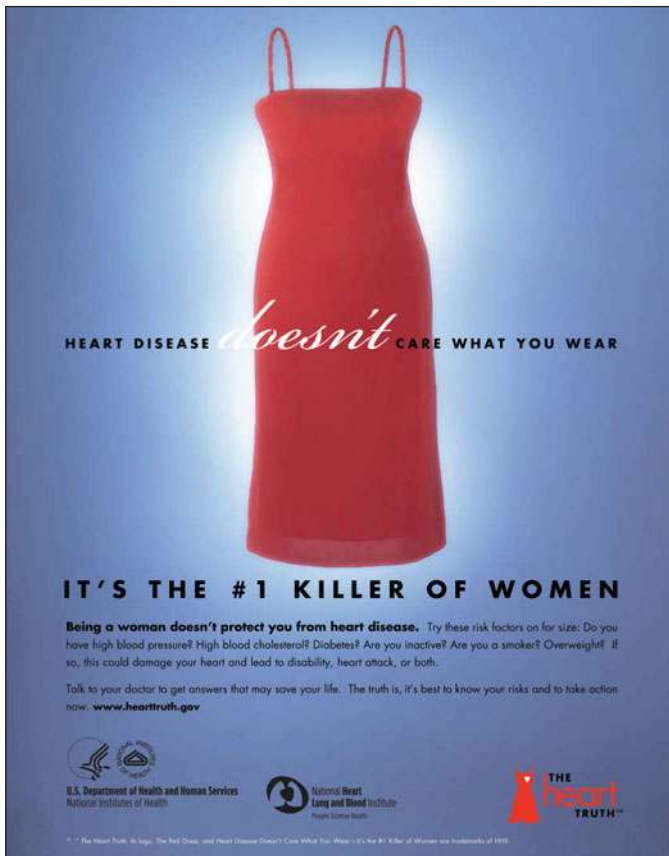
Public relations is used to promote products, people, places, ideas, activities, organizations, and even nations. Companies use PR to build good relations with consumers, investors, the media, and their communities. Trade associations have used PR to rebuild interest in declining commodities, such as eggs, apples, potatoes, and milk. For example, the milk industry’s popular “Got Milk?” PR campaign featuring celebrities with milk mustaches reversed a long-standing decline in milk consumption. Even government organizations use PR to build awareness. For example, the National Heart, Lung, and Blood Institute (NHLBI) of the National Institutes of Health sponsors a long-running PR campaign that builds awareness of heart disease in women:<sup>25</sup>

Heart disease is the number one killer of women; it kills more women each year than all forms of cancer combined. But a 2000 survey by the NHLBI showed that only 34 percent of women knew this, and that most people thought of heart disease as a problem mostly affecting men. So with the help of Ogilvy Public Relations Worldwide, the NHLBI set out to “create a personal and urgent wakeup call to American women.” In 2002, it launched a national PR campaign—“The Heart Truth”—to raise awareness of heart disease among women and get women to discuss the issue with their doctors.

The centerpiece of the campaign is the Red Dress, now the national symbol for women and heart disease aware-

### Public relations (PR)

Building good relations with the company’s various publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories, and events.



Public relations campaigns: NHLBI’s “The Heart Truth” campaign has produced impressive results in raising awareness of the risks of heart disease in women.

ness. The campaign creates awareness through an interactive Web site, mass media placements, and campaign materials—everything from brochures, DVDs, and posters to speaker’s kits and airport dioramas. It also sponsors several major national events, such as the National Wear Red Day, an annual Red Dress Collection Fashion Show, and The Heart Truth Road Show, featuring heart disease risk factor screenings in major U.S. cities. Finally, the campaign works with more than three-dozen corporate sponsors, such as Diet Coke, St. Joseph aspirin, Tylenol, Cheerios, CVS Pharmacy, Swarovski, and Bobbi Brown Cosmetics. So far, some 2.65 billion product packages have carried the Red Dress symbol. The results are impressive: Awareness among American women of heart disease as the number one killer of women has increased to 57 percent, and the number of heart disease deaths in women has declined steadily from one in three women to one in four. The American Heart Association has also adopted the Red Dress symbol and introduced its own complementary campaign.

## The Role and Impact of PR

Public relations can have a strong impact on public awareness at a much lower cost than advertising can. The company does not pay for the space or time in the media. Rather, it pays for a staff to develop and circulate information and manage events. If the company develops an interesting story or event, it could be picked up by several different media, having the same effect as advertising that would cost millions of dollars. And it would have more credibility than advertising.

PR results can sometimes be spectacular. ● Consider the launch of Apple’s iPad:<sup>26</sup>



● The power of PR: Apple’s iPad launch created unbounded consumer excitement, a media frenzy, and long lines outside retail stores—all with no advertising, just PR.

Apple’s iPad was one of the most successful new-product launches in history. The funny thing: Whereas most big product launches are accompanied by huge prelaunch advertising campaigns, Apple pulled this one off with no advertising. None at all. Instead, it simply fed the PR fire. It built buzz months in advance by distributing iPads for early reviews, feeding the offline and online press with tempting tidbits, and offering fans an early online peek at thousands of new iPad apps that would be available. At launch time, it fanned the flames with a cameo on the TV sitcom *Modern Family*, a flurry of launch-day appearances on TV talk shows, and other launch-day events. In the process, through PR alone, the iPad launch generated unbounded consumer excitement, a media frenzy, and long lines outside retail stores on launch day. Apple sold more than 300,000 of the sleek gadgets on the first day alone and more than two million in the first two months—even as demand outstripped supply.

Despite its potential strengths, public relations is sometimes described as a marketing stepchild because of its often limited and scattered use. The PR department is often located at corporate headquarters or handled by a third-party agency. Its staff is so busy dealing with various publics—stockholders, employees, legislators, and the press—that PR programs to support product marketing objectives may be ignored. Moreover, marketing managers and PR practitioners do not always speak the same language. Whereas many PR practitioners see their jobs as simply communicating, marketing managers tend to be much more interested in how advertising and PR affect brand building, sales and profits, and customer relationships.

This situation is changing, however. Although public relations still captures only a small portion of the overall marketing budgets of most firms, PR can be a powerful brand-building tool. And in this digital age, the lines between advertising and PR are becoming more and more blurred. For example, are brand Web sites, blogs, online social networks, and viral brand videos advertising efforts or PR efforts? All are both. “Blurriness can be good,” says one PR executive. “When you have more overlap between PR and other marketing

disciplines, it's easier to promote the same message." The point is that advertising and PR should work hand in hand within an integrated marketing communications program to build brands and customer relationships.<sup>27</sup>

## Major Public Relations Tools

Public relations uses several tools. One of the major tools is *news*. PR professionals find or create favorable news about the company and its products or people. Sometimes news stories occur naturally; sometimes the PR person can suggest events or activities that would create news. *Speeches* can also create product and company publicity. Increasingly, company executives must field questions from the media or give talks at trade associations or sales meetings, and these events can either build or hurt the company's image. Another common PR tool is *special events*, ranging from news conferences, press tours, grand openings, and fireworks displays to laser light shows, hot air balloon releases, multimedia presentations, or educational programs designed to reach and interest target publics.

Public relations people also prepare *written materials* to reach and influence their target markets. These materials include annual reports, brochures, articles, and company newsletters and magazines. *Audiovisual materials*, such as slide-and-sound programs, DVDs, and online videos are being used increasingly as communication tools. *Corporate identity materials* can also help create a corporate identity that the public immediately recognizes. Logos, stationery, brochures, signs, business forms, business cards, buildings, uniforms, and company cars and trucks—all become marketing tools when they are attractive, distinctive, and memorable. Finally, companies can improve public goodwill by contributing money and time to *public service activities*.

As discussed above, the Web is also an increasingly important PR channel. Web sites, blogs, and social networks such as YouTube, Facebook, and Twitter are providing interesting new ways to reach more people. "The core strengths of public relations—the ability to tell a story and spark conversation—play well into the nature of such social media," says a PR expert. Consider the recent Papa John's "Camaro Search" PR campaign:<sup>28</sup>

During a road trip this summer to find his long-lost Camaro, John Schnatter, the "Papa John" of Papa John's pizza, set a record for the world's highest pizza delivery (at the Willis Tower's Skydeck in Chicago), rang the closing bell at the Nasdaq stock exchange, and visited a children's hospital. The road trip got solid pickup in the media, with stories in the *New York Times*, the *Wall Street Journal*, and *USA Today*. ABC World News Tonight, CNBC, and CNN also covered the story, which included a \$250,000 reward for the person reuniting Schnatter with his beloved Camaro Z28. These were all traditional pre-Web kinds of PR moves.

But unlike the old days, online social media was a key to getting the word out about this Papa John's journey. A Web site dedicated to the trip drew 660,000 unique visitors. On the day of the media conference announcing Schnatter's reunion with his old Chevy classic—Kentuckian Jeff Robinson turned up with the car and took home the cash—there were more than 1,000 tweets about him finding his car, with links galore. In addition, hundreds of people posted photos of themselves on Facebook (in their own Camaros) picking up the free pizza Papa John offered to all Camaro owners as part of the celebration. In all, the Web was buzzing about the Camaro Search story. Pre-Web, "there were different techniques used for [PR]—speeches, publicity, awards," says a PR executive. "Now we're applying the same mindset to social media to build relationships that are critical to any corporate entity."



● Papa John's "Camaro Search" campaign used traditional PR media plus a host of new social media.

By itself, a company's Web site is an important PR vehicle. Consumers and other publics often visit Web sites for information or entertainment. Web sites can also be ideal for handling crisis situations. For example, when several bottles of Odwalla apple juice sold on the West Coast were found to contain *E. coli* bacteria, Odwalla initiated a massive product recall. Within only three hours, it set up a Web site laden with information about the crisis and Odwalla's response. Company staffers also combed the Internet looking for newsgroups discussing Odwalla and posted links to the site. In this age where "it's easier to disseminate information through e-mail marketing, blogs, and online chat," notes an analyst, "public relations is becoming a valuable part of doing business in a digital world."<sup>29</sup>

As with the other promotion tools, in considering when and how to use product public relations, management should set PR objectives, choose the PR messages and vehicles, implement the PR plan, and evaluate the results. The firm's PR should be blended smoothly with other promotion activities within the company's overall integrated marketing communications effort.

## REVIEWING Objectives AND KEY Terms

Companies must do more than make good products; they have to inform consumers about product benefits and carefully position products in consumers' minds. To do this, they must master *advertising* and *public relations*.

### Objective 1 Define the role of advertising in the promotion mix. (pp 436–437)

*Advertising*—the use of paid media by a seller to inform, persuade, and remind buyers about its products or its organization—is an important promotion tool for communicating the value that marketers create for their customers. American marketers spend more than \$163 billion each year on advertising, and worldwide spending exceeds \$450 billion. Advertising takes many forms and has many uses. Although advertising is used mostly by business firms, a wide range of not-for-profit organizations, professionals, and social agencies also employ advertising to promote their causes to various target publics. *Public relations*—gaining favorable publicity and creating a favorable company image—is the least used of the major promotion tools, although it has great potential for building consumer awareness and preference.

### Objective 2 Describe the major decisions involved in developing an advertising program. (pp 437–454)

*Advertising decision making* involves making decisions about the advertising objectives, budget, message, media and, finally, the evaluation of results. Advertisers should set clear target, task, and timing *objectives*, whether the aim is to inform, persuade, or remind buyers. Advertising's goal is to move consumers through the buyer-readiness stages discussed in Chapter 14. Some advertising is designed to move people to immediate action. However, many of the ads you see today focus on building or strengthening long-term customer relationships. The advertising *budget* depends on

many factors. No matter what method is used, setting the advertising budget is no easy task.

Advertising strategy consists of two major elements: creating advertising *messages* and selecting advertising *media*. The *message decision* calls for planning a message strategy and executing it effectively. Good messages are especially important in today's costly and cluttered advertising environment. Just to gain and hold attention, today's messages must be better planned, more imaginative, more entertaining, and more rewarding to consumers. In fact, many marketers are now subscribing to a new merging of advertising and entertainment, dubbed *Madison & Vine*. The *media decision* involves defining reach, frequency, and impact goals; choosing major media types; selecting media vehicles; and deciding on media timing. Message and media decisions must be closely coordinated for maximum campaign effectiveness.

Finally, *evaluation* calls for evaluating the communication and sales effects of advertising before, during, and after ads are placed. Advertising accountability has become a hot issue for most companies. Increasingly, top management is asking: "What return are we getting on our advertising investment?" and "How do we know that we're spending the right amount?" Other important advertising issues involve *organizing* for advertising and dealing with the complexities of international advertising.

### Objective 3 Define the role of public relations in the promotion mix. (pp 454–456)

*Public relations*—gaining favorable publicity and creating a favorable company image—is the least used of the major promotion tools, although it has great potential for building consumer awareness and preference. PR is used to promote products, people, places, ideas, activities, organizations, and even nations. Companies use PR to build good relationships with consumers, investors, the media, and their communities. PR can have a strong impact on public awareness at a much lower cost than advertising can, and PR results can sometimes be spectacular. Although PR still



captures only a small portion of the overall marketing budgets of most firms, PR is playing an increasingly important brand-building role. In the digital age, the lines between advertising and PR are becoming more and more blurred.

**Objective 4** Explain how companies use public relations to communicate with their publics.

(pp 456–457)

Companies use public relations to communicate with their publics by setting PR objectives, choosing PR messages and vehicles, imple-

menting the PR plan, and evaluating PR results. To accomplish these goals, PR professionals use several tools, such as *news*, *speeches*, and *special events*. They also prepare *written*, *audiovisual*, and *corporate identity materials* and contribute money and time to *public service activities*. The Web has also become an increasingly important PR channel, as Web sites, blogs, and social networks are providing interesting new ways to reach more people.

## KEY Terms

### OBJECTIVE 1

Advertising (p 436)

### OBJECTIVE 2

Advertising objective (p 437)

Advertising budget (p 438)

Advertising strategy (p 439)

Madison & Vine (p 441)

Creative concept (p 442)

Execution style (p 442)

Advertising media (p 444)

Return on advertising investment

(p 449)

Advertising agency (p 452)

### OBJECTIVE 3

Public relations (PR) (p 454)



- Check your understanding of the concepts and key terms using the mypearsonmarketinglab study plan for this chapter.
- Apply the concepts in a business context using the simulation entitled **Advertising**.

## DISCUSSING & APPLYING THE Concepts

### Discussing the Concepts

1. List the primary types of advertising objectives and discuss the kinds of advertising used to achieve each type. (AACSB: Communication)
2. Why is it important that the advertising media and creative departments work closely together? (AACSB: Communication)
3. Name and describe five of the many execution styles advertisers use when developing ads. For each execution style, describe a television commercial using that style. (AACSB: Communication; Reflective Thinking)
4. How should a company measure the effectiveness of its advertising? (AACSB: Communication)
5. What are the role and functions of public relations within an organization? (AACSB: Communication)
6. Discuss the tools used by public relations professionals. (AACSB: Communication)

### Applying the Concepts

1. Select two print ads (such as magazine ads). Based on the three characteristics advertising appeals should possess, evaluate the appeals used in each ad. (AACSB: Communication; Reflective Thinking)
2. Marketers are developing branded Web series to get consumers involved with their brands. One successful series is “Real Women of Philadelphia” from Kraft ([www.realwomenofphiladelphia.com](http://www.realwomenofphiladelphia.com)). Fans can watch videos of professionals making delicious, simple recipes with one common ingredient—Philadelphia Cream Cheese, of course! The site features a recipe contest and entrants even get training on how to photograph their entries to make them look as yummy as possible. Visit this Web site and find two other branded Web series. Critique the sites and describe how viewers interact with the Web sites. (AACSB: Communication; Use of IT; Reflective Thinking)
3. In a small group, discuss the major public relations tools and develop three public relations items for each of the following: a hospital, a restaurant, and any brand of your choice. (AACSB: Communication; Reflective Thinking)

## FOCUS ON Technology

The Internet can pose a public relations nightmare for companies. Venerable P&G found this out firsthand after launching its revolutionary Dry Max technology for its best-selling Pampers diapers. Touted as its most significant innovation in 25 years, the new diapers are 20 percent smaller but much more absorbent than competitive brands because a more-absorbent chemical gel replaced the cottony fluff pulp. Not long after the new product's release, however, customer complaints of severe diaper rash or chemical burns surfaced on the Internet. Angry parents spouted off on P&G's Web sites and several Facebook pages: "Recall Pampers Dry Max Diapers," "Boycott New Pampers Dry Max," and "Bring Back the Old Cruisers/Swaddlers." Mainstream media picked up the discontent and started spreading the news. The CPSC received al-

most 5,000 consumer complaints—85 percent occurring within the first few months of the product launch. The CPSC later reported no link between severe diaper rash and Pampers Dry Max but that did not stop some parents from continuing to use the Internet to call for boycotts or lawyers to solicit lawsuits.

1. Research P&G's problems with its Pampers Dry Max brand. How has P&G responded to this crisis? Write a report on what you learn. (AACSB: Communication; Reflective Thinking)
2. Find examples of other online rumors and discuss how companies can combat negative publicity spread on the Internet. (AACSB: Communication; Reflective Thinking)

## FOCUS ON Ethics

The FDA is enlisting doctors in its battle against misleading and deceptive prescription drug ads targeted toward consumers (called direct-to-consumer or DTC ads) and other promotional activities directed at medical professionals. You've seen television commercials for Viagra, Lipitor, Chantix, and other prescription drugs. Since the FDA relaxed the rules regarding broadcast prescription drug advertising in the late 1990s, DTC advertising has increased more than 300 percent, with \$4.5 billion spent in 2009. That's actually down from the peak of \$5.5 billion in 2006 because of the recession. It's difficult for the FDA to monitor DTC ads and other promotional activity aimed at medical professionals, so it created the "Bad Ad Program" and spent most of 2010 educating doctors about this program.

1. Visit [www.fda.gov](http://www.fda.gov) and search for "Bad Ad Program" to learn more about it. What is the FDA asking medical professionals

to look for in DTC ads and other promotional activities directed toward them? How might this program be abused by the pharmaceutical industry? (AACSB: Communication; Ethical Reasoning; Reflective Thinking)

2. Many consumers are not aware of the FDA's regulations regarding DTC advertising. The agency has a parallel program—called EthicAd—to educate consumers and encourage them to report violations. Search the FDA's Web site for this program, look at examples of correct and incorrect ads, and evaluate two prescription drug advertisements using these guidelines. (AACSB: Communication; Ethical Reasoning; Reflective Thinking)

## MARKETING & THE Economy

### McDonald's

Despite a down economy—or perhaps because of it—McDonald's has been beating competitors badly in recent years. In fact, the fast-food giant pretty much owns the value menu. But, surprisingly, McDonald's current financial good fortunes are not being driven by its low-price items but rather by its higher-price, higher-margin items. Throughout tough economic times, McDonald's advertising strategy focused on its traditional, full-priced specialties. One month it pushed Big Macs, the next month Chicken McNuggets, and then Quarter Pounders. But McDonald's hasn't forsaken its dollar menu. Instead, it has increased promotional support for its flagship specialties. It's all part of an effort to grab business from diners who are trading down from higher-priced eateries. McDonald's has gambled that people would view the old

favorites as comfort food. Add to this promotional strategy the burger king's migration into a full beverage menu that includes lattes and all-fruit smoothies, and you have a real one-two punch. The company's overall revenues and profits continue to rise, even as the percentage of revenues generated from lower-price items falls. Its promotional, pricing, and product strategies are attracting new customers while also encouraging existing value menu customers to trade up. All this has both executives and franchisees singing "i'm lovin' it."

1. What was McDonald's advertising objective with this promotion campaign?
2. In communicating value during hard times, what elements of McDonald's advertising strategy contributed to its success?

## MARKETING BY THE Numbers

Nielsen ratings are very important to both advertisers and television programmers because the cost of television advertising time is based on this rating. A show's *rating* is the number of households in Nielsen's sample tuned to that program divided by the number of television-owning households—115 million in the United States. A show's *share* of the viewing audience is the number of households watching that show divided by the number of households using TV at that time. That is, ratings consider all TV-owning households, whereas share considers only those households that actually have the television on at the time. Ratings and share are usually given together. For example, during one evening hour on September 9, 2010, the following ratings/shares were reported for the major broadcast networks:

Network	Program	Rating/Share
NBC	<i>Sunday Night Football</i> (played on Thursday)	13.6/22
CBS	<i>Big Brother 12</i>	4.6/8
ABC	<i>Wipeout</i>	3.1/5
FOX	<i>Bones</i>	2.9/5
The CW	<i>The Vampire Diaries</i>	2.0/3

1. If one rating point represents 1 percent of TV households, how many households were watching football that evening? How many households were tuned to *The Vampire Diaries*? (AACSB: Communication; Analytical Reasoning)
2. What total share of the viewing audience was captured by all five networks? Explain why share is higher than the rating for a given program. (AACSB: Communication; Analytical Reasoning; Reflective Thinking)

## VIDEO Case

### E\*TRADE

Super Bowl XXXIV, the first of the new millennium, was known as the Dot-com Bowl for the glut of Internet companies that plopped down an average of \$2.2 million per 30-second spot ad. Today, most of the companies that defined the dot-com glory days are gone. But one darling of the dot-com era, E\*TRADE, remains one of the few survivors. Although E\*TRADE has experienced challenges since the turn of the century, it has also turned profits.

Advertising on the big game hasn't worked out well for everyone. But for E\*TRADE, Super Bowl ads have been part of a larger

advertising effort that played a role in its survival. In this video, E\*TRADE reports on its advertising strategy as well as the advantages and disadvantages of Super Bowl advertising.

After viewing the video featuring E\*TRADE, answer the following questions about advertising and promotions:

1. What makes E\*TRADE different from now-defunct dot-coms?
2. What has been the role of advertising at E\*TRADE?
3. Discuss the factors in E\*TRADE's decision to advertise during the Super Bowl.

## COMPANY Case

### OgilvyOne: It's Not Creative Unless It Sells

These days, there are some extremely creative ads fighting for our attention. Television spots are often on par with feature films in terms of artistic quality. Print ads and billboards rival works of art. Such ads can move our emotions powerfully. They can make us laugh, cry, or sing; they can produce feelings of guilt, fear, or joy. Ads themselves are often as entertaining as the programming in which they appear. However, although highly creative ads might dazzle us and even win awards from advertising critics, they sometimes overlook a very important fundamental truth: Truly creative advertising is advertising that creates sales.

Not all ads have forgotten this truth. But too often, advertisers become so enamored with the artistry of advertising that they forget about the selling part. After all, the ultimate objective of advertising is not to win awards or even to make people like an ad. It's to get people to think, feel, or act in some way after being ex-

posed to an ad. Ultimately, no matter how entertaining or artistic an ad, it's not creative unless it sells.

This thinking prompted one of the world's premiere advertising agencies—OgilvyOne Worldwide—to run a unique contest. Part of Ogilvy & Mather Worldwide, OgilvyOne launched a contest to search for the world's greatest salesperson. According to Rory Sutherland, vice chairman for the British operations of Ogilvy & Mather, the goal of the contest is "re-creating the noble art of kaching. There's an interesting case to be made that advertising has strayed too far from the business of salesmanship."

"Salesmanship has been lost in the pursuit of art or the dazzle of technology," said Brian Fetherstonhaugh, chairman and CEO at OgilvyOne. "It needs to be rekindled in this postrecession environment, as consumers are making more informed and deliberate choices." But as Fetherstonhaugh also points out, the return to selling through advertising is more challenging today than ever. Technologies such as TiVo, spam filters, and viewing on demand through the Internet have put consumers in control of media more than ever. For this reason, advertisers not only need to be-

come great salespeople, but they also need to be salespeople that get invited into the consumer's environment. According to Fetherstonhaugh, advertising needs to be "less about intrusion and repetition and more about engagement and evangelizing."

## THE CONTEST

OgilvyOne chose a popular format for its greatest salesperson contest. Entrants prepared one- to two-minute video clips selling the assigned product and submitted them via YouTube. Viewers voted for their favorite videos, and a panel of judges winnowed the field down to a set of finalists.

But the product that contestants were assigned to sell was anything but the usual. They weren't asked to sell a glitzy new smartphone or super-thin large screen TV. Instead, they had to make a pitch for a brick. That's right, a common, everyday red brick. Why a brick? "If you can sell a red brick, maybe you can sell anything," said Mat Zucker, executive creative director for OgilvyOne and the creator of the contest. Some people at Ogilvy pushed for a more exciting product. But Mish Fletcher, worldwide marketing director at OgilvyOne, pointed out that perhaps those exciting products don't need "the world's greatest salesperson" as much.

## A HERITAGE IN SALES

The greatest salesperson contest is a nod to advertising legend David Ogilvy, who founded Ogilvy & Mather more than 60 years ago. Prior to entering the advertising world, Ogilvy sold stoves door-to-door in Scotland. He sold so many stoves that the company asked him to write a manual for other salesmen. That manual was dubbed "the finest sales instruction manual ever written" by the editors of *Fortune* magazine, who still used it as a resource guide thirty years after Ogilvy wrote it. Ogilvy once revealed the secret to his success as a stove salesman. "No sale, no commission. No commission, no eat. That made an impression on me." That notion forms the basis for Ogilvy's credo, "We sell, or else."

David Ogilvy left sales, but sales never left him. He founded Ogilvy & Mather in 1949 based on two principles: (1) The function of advertising is to sell, and (2) successful advertising for any product is based on customer information. Ogilvy's principles worked for major corporation after major corporation. In 1962, *Time* magazine called Ogilvy "the most sought-after wizard in today's advertising industry." He was so successful at expanding the bounds of creativity in advertising that he has often been called "the father of advertising." The list of iconic advertising campaigns that he developed is as long as anyone's in the business.

Based on this heritage, Zucker came up with the idea for the greatest salesperson contest. "If we believe in selling, and our founder was a salesman, we have a special responsibility to reassert the importance of sales," Zucker said.

## CREATIVE PITCHES

By May 2010, more 230 videos from entrants in 12 countries had been uploaded to Ogilvy's YouTube contest site. Ogilvy eventually narrowed the entrants down to three finalists. The first finalist was Todd Herman, an international performance coaching and training expert from Edmonton, Canada. Herman pitched a single brick as a symbol of something that can be used as the first step in building something great. He started his video with a brick in hand, saying, "The story of a simple, red brick is one filled with power, struggle, and romance. And now you have the chance to capture some of its magic." From there, Herman summarized various ways that bricks have been used throughout history to build and connect civilizations. His pitch was based on the idea that a red brick is not just a common object but a symbol of a dream that was acted on.

Eric Polins, managing partner of a marketing consulting firm in Tampa, Florida, was the second finalist. Polins, who left broadcast news because of extreme stage fright every time he stepped in front of a camera, sold his brick as an intangible asset—a good luck charm. In a clever way, he pointed out that the classic good luck charms all have problems. A rabbit's foot is too morbid. A four-leaf clover is too hard to come by in a paved-over world. The "knock on wood" gesture is outdated as hardly anything is made out of wood anymore. And a horseshoe . . . who can afford a horse?

The third finalist was Lee Abbas, a former Panasonic marketing executive from Japan. She organized her approach around a reinvention of the classic old brick—a must-have purse with chrome steel handles. She demonstrated this new product from a brick factory and maker of high strength, lightweight bricks. She then related how a friend of hers was mugged. But rather than reaching into her purse for her pepper spray, she simply whacked her assailant over the head with it, knocking him out cold.

All three finalists were winners in one respect. Each received an all-expense paid trip to Cannes, France, for the 57th annual Cannes Lions International Advertising Festival. There, each had to make a live presentation for a second product in front of a studio audience and panel of judges. This time, the finalists had to sell a Motorola Droid phone. They made their presentations, the audience voted, and Todd Herman emerged as the "world's greatest salesperson."

"I honestly can't believe I'm standing here with the World's Greatest Salesperson award . . . it's such an honor to be working with a company whose founder has been such a huge influence on my business philosophy." Perhaps the biggest part of the prize was a job with OgilvyOne. Herman was given the opportunity to fulfill a three-month fellowship with the agency with the express purpose of crafting a sales guide for the 21st century. The principles in the guide will be presented at the Direct Marketing Association's (DMA's) annual conference.

As would be expected of the world's greatest salesperson, Fetherstonhaugh pointed out, Herman "is a true student of persuasion and motivation. It shone through at every stage of the World's Greatest Salesperson competition." Herman's own words seem to reflect the principles of David Ogilvy and the true nature of advertising. "People always think of sales as the in-your-face-used-car salesman. But selling happens all the time. Really great selling is never noticed. You should feel like you just bought something, not like you just got sold."

## Questions for Discussion

1. Do you agree with David Ogilvy that the primary function of advertising is selling? How does that fit with the three advertising objectives of informing, persuading, and reminding?
2. If the primary purpose of advertising is to sell, are there any message execution techniques that seem best predisposed to this purpose?
3. As a creator of advertising, what kind of return on investment did OgilvyOne get out of this promotional contest?
4. Do you agree or disagree with the premise that the primary function of advertising is to sell? Give examples of ad campaigns to support your position.

**Sources:** Stuart Elliott, "In a Test of Sales Savvy, Selling a Red Brick on YouTube," *New York Times*, March 29, 2010, p. B3; "Todd Herman Voted World's Greatest Salesperson," at [www.prnewswire.com](http://www.prnewswire.com), accessed July 2010; Robert Trigaux, "To Be 'Greatest Salesperson,' Just Sell a Measly Red Brick," *St. Petersburg Times*, June 15, 2010, p. 1B; Florence Loyie, "Patter to Sell Brick Wins Trip to Cannes," *Edmonton Journal*, June 10, 2010, p. A3.