



Previewing the Concepts

In this and the next three chapters, we'll examine the last of the marketing mix tools—promotion. Companies must do more than just create customer value. They must also use promotion to clearly and persuasively communicate that value. You'll find that promotion is not a single tool but rather a mix of several tools. Ideally, under the concept of *integrated marketing communications*, the company will carefully coordinate these promotion elements to deliver a clear, consistent, and compelling message about the organization and its products. We'll begin by introducing you to the various promotion mix tools. Next, we'll examine the rapidly changing communications environment and the need for integrated marketing communications. Finally, we'll discuss the steps in developing marketing communications and the promotion budgeting process. In the next three chapters, we'll visit the specific marketing communications tools.

To start this chapter, let's look behind the scenes at an award-winning advertising agency—Crispin Porter + Bogusky (Crispin). As it turns out, Crispin's success reflects all the current trends in the fast-changing world of modern integrated marketing communications. As one advertising insider puts it: "Crispin is right where it's at in today's advertising." Let's take a closer look.

Communicating Customer Value

Integrated Marketing Communications Strategy

Inside its sparkling steel-and-granite Miami headquarters, ad agency Crispin Porter + Bogusky was unveiling pieces of the campaign for then-new client Virgin Atlantic Airways. At presentations like this, agency executives typically hold up TV commercial storyboards and explain why everyone is going to love this particular dancing cat or flatulent horse. This morning, however, the presenters from Crispin—led by a pregnant woman, a young dude with a flop of unruly blond curls, and a guy with Elvis sideburns—had no TV storyboards. But they certainly had a lot of other stuff, and it came flying from all sides at the three Virgin clients.

There were ads designed to look like those flight safety cards found in airplane seat backs. There were samples of a newspaper comic strip called *The Jet Set*, as well as a mock-up for a lifestyle magazine titled *Jetrosexual*, a term Crispin created to describe Virgin's target audience. Both played off the Virgin campaign's theme, "Go Jet Set, Go!" There was something titled *Night-Night Jet Set, Night-Night* that resembled an illustrated children's book, although it actually contained bedtime ditties for adult business flyers—something that flight attendants would leave on pillows in Virgin's sleeping cabins.

And speaking of those flight attendants? Crispin wouldn't mind hiring a high-fashion designer to spruce up the uniforms. And how about staging "concert flights"? And wouldn't it be cool to hire celebrities to work as "guest flight attendants"? And by the way, could the pilots fly at a higher altitude so Virgin can claim it soars above the competition? And there's one more thing—well, no, actually there were 160 more, because that was how many far-flung ideas Crispin had come up with since starting work on the campaign.

Welcome to advertising as practiced by Crispin Porter + Bogusky, the agency of the moment. Crispin is as hot as South Beach on a Saturday night, and it's at the epicenter of all that's current in today's advertising world. The agency has snapped up every top advertising creative award lately while reeling in prime new accounts, including some big ones.

Early on, working with modest ad budgets, Crispin riveted customers' attention with startling guerrilla tactics, unconventional uses of media, and holistic marketing strategies that tied together everything from product design to packaging to event marketing to stuff that can't even be categorized. "Anything and everything is an ad," preaches Crispin's 40-something creative director, Alex Bogusky. What the agency used sparingly, however, at least until recently, is the traditional TV commer-

cial. This was very close to heresy in a business that grew fat on those million-dollar 30-second spots.

In its celebrated BMW MINI campaign, Crispin created a huge buzz for the quirky, anything-but-ordinary little British-made MINI car with an anything-but-ordinary *Let's Motor* campaign. The campaign employed a rich mix of unconventional media, carefully integrated to create personality for the car and a tremendous buzz of excitement among consumers. The *Let's Motor* campaign was a smashing success, creating an almost cult-like following for the personable little car. And suddenly everyone—from Virgin Atlantic to big old Burger King, Coca-Cola, Miller Lite, and even Volkswagen—wanted a piece of Crispin.

How does Crispin do it? For starters, the agency swings for the fences on each new brand assignment, going beyond cute slogans to try to start a consumer movement behind the brand. "The jet set" was a mobilizing idea for Virgin, as was "motor-ing" in a MINI. Once a central theme is in place, the ad making begins—and this is where Crispin really turns the process upside down. Most copywriters and art directors instinctively start by sketching ideas for print ads and TV commercials. But Crispin begins with a blank slate. The goal is to figure out the best places to reach the target audience and the most interesting vehicles to carry the message, even if those vehicles have to be invented.

This leads to another Crispin difference: The agency often sticks its nose into things unrelated to advertising. For example, the agency convinced Virgin Atlantic to brand its flights by giving them names, such as "The Fly Chi" for flight number 020, San Francisco to London. Similarly, it got the brewer Molson to spend \$1 million retooling its bottling plant to put labels on the backs of bottles for Crispin to use as an ad canvas with funny pickup lines. And it persuaded MINI to rewrite its lease agreement to match the tone of the overall MINI campaign. What does Crispin know about car leases? "Nothing," Bogusky admits, but that doesn't stop him from trying to ensure that every consumer "touch point" conveys the same message as the ad campaign. Crispin turns away clients who don't give it access to every part of the company.

Crispin is now at a turning point—rapidly evolving from a scrappy, nimble little creative shop to an industry giant. As it accepts larger, more conservative new accounts, such as Burger King, Miller Lite, and Volkswagen, many analysts wonder if Crispin will be able to retain the fast, edgy culture that has made it so successful. So far, so good. Rather than having its style crimped by these clients, Crispin seems to be infecting the clients with freewheeling cultures of their own.



Objectives

1. discuss the process and advantages of integrated marketing communications in communicating customer value
2. define the five promotion tools and discuss the factors that must be considered in shaping the overall promotion mix
3. outline the steps in developing effective marketing communications
4. explain the methods for setting the promotion budget and factors that affect the design of the promotion mix

For example, Crispin has breathed new purpose, personality, and profitability into an ailing Burger King®. It focused on "Superfans"—young, mostly male, Whopper-wolfing consumers who eat fast food six to eight times per week and account for nearly half of all Burger King visits. It brought the old "Have It Your Way" theme back to life, but with a modern "personalization" twist relevant to the Superfans. In an un-Crispin-like move, the Burger King campaign began with big-budget television ads. But the commercials themselves were uniquely Crispin: "Whopperettes" commercials in which singing and dancing burger ingredients combined to make a Whopper your way; a "Manthem" ad in which young, brief-burning male Superfans spurned "chick food," chomped into man-size Texas Double Whoppers, and sang an all-male parody of the Helen Reddy song "I am Woman"; "Wake Up with the King" ads in which consumers met nose-to-nose with a freaky but likeable new ceramic-faced version of the Burger King, a character who rapidly became a pop culture icon.

And in typical fashion, Crispin's Burger King campaign reached way beyond television advertising. It created a bawdy but wildly successful "Subservient Chicken" Internet site, in which a man in a dingy apartment wearing a chicken suit and garter belt hangs out in front of his Web cam and does almost anything you ask him to—have it your way, get it? The site has drawn a staggering 460 million hits in two years. Crispin has placed its creative stamp on everything from Burger King packaging, tray liners, and door pulls to a new version of the Burger King employee's manual.

Also typical—Crispin's Burger King campaign is working: Sales grew 11 percent last year, firmly reestablishing Burger King as the nation's number two burger joint, behind McDonald's. And formerly disgruntled franchisees are now enthusiastic. "I think our competitors are scared of the King," says one franchisee. "They should be."

Although unconventional, or perhaps because of it, Crispin Porter + Bogusky just keeps winning awards, including top honors at last year's 2004 International Advertising Festival and a remarkable 2005 Grand Clio for its Subservient Chicken campaign. Last year, both *Advertising Age* and *Creativity* magazine named Crispin their agency of the year. Crispin "has been redefining what consumers even recognize as advertising," says the head of a rival agency. But to Alex Bogusky, it's all pretty simple. Advertising is "anything that makes our clients famous."¹

Building good customer relationships calls for more than just developing a good product, pricing it attractively, and making it available to target customers. Companies must also *communicate* their value propositions to customers, and what they communicate should not be left to chance. All of their communications must be planned and blended into carefully integrated marketing communications programs. Just as good communication is important in building and maintaining any kind of relationship, it is a crucial element in a company's efforts to build profitable customer relationships.

FIGURE 13-1 The Promotion Mix

Promotion mix (marketing communications mix)

The specific blend of advertising, sales promotion, public relations, personal selling, and direct-marketing tools that the company uses to persuasively communicate customer value and build customer relationships.

A company's total promotion mix—also called its marketing communications mix—consists of the specific blend of advertising, sales promotion, public relations, personal selling, and direct-marketing tools that the company uses to persuasively communicate customer value and build customer relationships. Definitions of the five major promotion tools follow:²

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

Sales promotion: Short-term incentives to encourage the purchase or sale of a product or service.

Public relations: 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.

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Personal selling

Personal presentation by the firm's sales force for the purpose of making sales and building customer relationships.

Direct marketing

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Personal selling: Personal presentation by the firm's sales force for the purpose of making sales and building customer relationships.

Direct marketing: Direct connections with carefully targeted individual consumers to both obtain an immediate response and cultivate lasting customer relationships—the use of direct mail, the telephone, direct-response television, e-mail, the Internet, and other tools to communicate directly with specific consumers.

Each category involves specific promotional tools used to communicate with consumers. For example, advertising includes broadcast, print, Internet, outdoor, and other forms. Sales promotion includes discounts, coupons, displays, and demonstrations. Personal selling includes sales presentations, trade shows, and incentive programs. Public relations includes press releases, sponsorships, special events, and Web pages. And direct marketing includes catalogs, telephone marketing, kiosks, the Internet, and more.

At the same time, marketing communication goes beyond these specific promotion tools. The product's design, its price, the shape and color of its package, and the stores that sell it—all communicate something to buyers. Thus, although the promotion mix is the company's primary communication activity, the entire marketing mix—promotion and product, price, and place—must be coordinated for greatest communication impact.

Integrated Marketing Communications

In past decades, marketers have perfected the art of mass marketing—selling highly standardized products to masses of customers. In the process, they have developed effective mass-media communications techniques to support these mass-marketing strategies. Large companies routinely invest millions or even billions of dollars in television, magazine, or other mass-media advertising, reaching tens of millions of customers with a single ad. Today, however, marketing managers face some new marketing communications realities.

The New Marketing Communications Landscape

Two major factors are changing the face of today's marketing communications. First, as mass markets have fragmented, marketers are shifting away from mass marketing. More and more, they are developing focused marketing programs designed to build closer relationships with customers in more narrowly defined micromarkets. Second, vast improvements in information technology are speeding the movement toward segmented marketing. With today's new information technologies, marketers can amass detailed customer information and keep closer track of customer needs.

Improved information technology has also caused striking changes in the ways in which companies and customers communicate with each other. The digital age has spawned a host of new information and communication tools—from cell phones, iPods, and the Internet to satellite and cable television systems and digital video recorders (DVRs). The new technologies give companies exciting new media tools for interacting with targeted consumers. They also give consumers more control over the nature and timing of messages they choose to send and receive.

The Shifting Marketing Communications Model

The shift toward segmented marketing and the explosive developments in information and communications technology have had a dramatic impact on marketing communications. Just as mass marketing once gave rise to a new generation of mass-media communications, the shift toward targeted marketing and the changing communications environment are giving birth to a new marketing communications model. Although television, magazines, and other mass media remain very important, their dominance is now declining. Advertisers are now adding a broad selection of more specialized and highly targeted media to reach smaller customer segments with more personalized messages. The new media range from specialty magazines, cable television channels, and video on demand (VOD) to product placements in television programs and video games, Internet catalogs, e-mails, and podcasts. In all, companies are doing less broadcasting and more narrowcasting.

Some advertising industry experts even predict a doom-and-gloom “chaos scenario,” in which the old mass-media communications model will collapse entirely. They believe that marketers will increasingly abandon traditional mass media in favor of “the glitzy promise of new digital technologies—from Web sites and e-mail to cell phone content and video on demand. . . . Fragmentation, the bane of network TV and mass marketers everywhere, will become the Holy Grail, the opportunity to reach—and have a conversation with—small clusters of consumers who are consuming not what is force-fed them, but exactly what they want.”³

Just think about what’s happening to television viewing these days. “Adjust your set,” says one reporter, “television is changing as quickly as the channels. It’s on cell phones. It’s on digital music players. It’s on almost anything with a screen. Shows can be seen at their regular times or when you want [with or without the commercials]. Some ‘TV’ programs aren’t even on cable or network or satellite; they’re being created just for Internet viewing.”⁴

Consumers, especially younger ones, appear to be turning away from the major television networks in favor of cable TV or altogether different media. According to a recent study:

Only one in four 12- to 34-year-olds can name all four major broadcast networks: ABC, NBC, CBS, and Fox. Teens may not be able to name the big four, but they know MTV, Cartoon Network, and Comedy Central. The most popular activity? That would be surfing the Internet, which 84 percent said they did during their idle periods. Hanging out with friends came in second at 76 percent, watching movies third at 71 percent, and TV viewing fourth at 69 percent.⁵

As a result, marketers are losing confidence in television advertising. As mass-media costs rise, audiences shrink, ad clutter increases, and more and more viewers use VOD and TiVo-like systems to skip past disruptive television commercials, many skeptics even predict the demise of the old mass-media mainstay—the 30-second television commercial. In a recent survey, 70 percent of major brand advertisers said that they believe DVRs and VOD will reduce or destroy the effectiveness of traditional 30-second commercials.⁶

Thus, many large advertisers are shifting their advertising budgets away from network television in favor of more targeted, cost-effective, interactive, and engaging media. “The ad industry’s plotline used to be a lot simpler: Audiences are splintering off in dozens of new directions, watching TV shows on iPods, watching movies on videogame players, and listening to radio on the Internet,” observes one analyst. So marketers must “start planning how to reach consumers in new and unexpected ways.”⁷

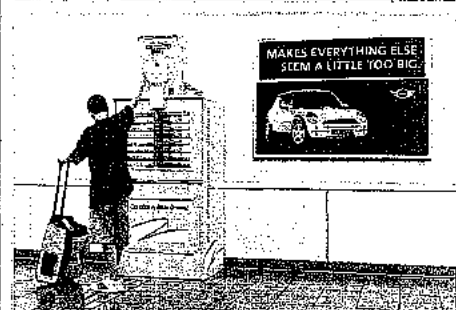
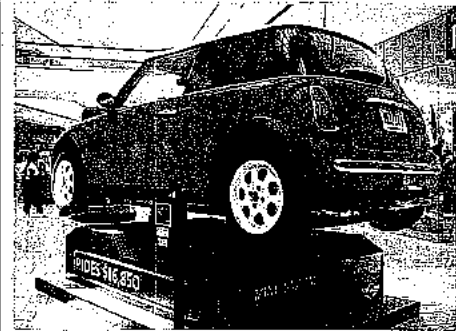
Rather than a “chaos scenario, however, other industry insiders see a more gradual shift to the new marketing communications model. They note that broadcast television and other mass media still capture a lion’s share of the promotion budgets of most major marketing firms, a fact that isn’t likely to change quickly. Although some may question the future of the 30-second spot, it’s still very much in use today. And although ad spending on the major TV networks decreased last year, cable ad spending increased 11 percent. Moreover, television offers many promotional opportunities beyond the 30-second commercial.” One advertising expert advises: “Because TV is at the forefront of 30 technological advances [such as DVRs and VOD], its audience will continue to increase. So if you think that TV is an aging dinosaur, or you’re a national advertiser who is thinking of moving ad dollars away from TV, maybe you should think again.”⁸

Thus, it seems likely that the new marketing communications model will consist of a gradually shifting mix of both traditional mass media and a wide array of exciting new, more targeted, more personalized media. For example, in its Let’s Motor campaign, MINI uses a rich mix of media—conventional but clever magazine ads coupled with novel displays, quirky promotions, and attention-grabbing Web pages. “We need to reinvent the way we market to consumers,” says A.G. Lafley, chief executive of Procter & Gamble. “Mass marketing still has an important role, [but] we need new models to initially coexist with mass marketing, and eventually to succeed it.”⁹

The Need for Integrated Marketing Communications

The shift toward a richer mix of media and communication approaches poses a problem for marketers. Consumers today are bombarded by commercial messages from a broad range of sources. But consumers don’t distinguish between message sources the way marketers do. In the consumer’s mind, messages from different media and promotional approaches all become part of a single message about the company. Conflicting messages from these different sources can result in confused company images, brand positions, and customer relationships.

■ The shifting marketing communications model: MINI. Let's Motor campaign uses a rich mix of media: conventional but clever magazine ads coupled with novel displays—here an actual MINI that looks like a children's ride (“Rides \$16,850. Quarters only”) and airport displays featuring oversize newspaper vending machines next to billboards proclaiming, “Makes everything else seem a little too big.”



All too often, companies fail to integrate their various communications channels. The result is a hodgepodge of communications to consumers. Mass-media advertisements say one thing, while a price promotion sends a different signal, and a product label creates still another message. Company sales literature says something altogether different, and the company's Web site seems out of sync with everything else.

The problem is that these communications often come from different parts of the company. Advertising messages are planned and implemented by the advertising department or an advertising agency. Personal selling communications are developed by sales management. Other company specialists are responsible for public relations, sales promotion events, Internet marketing, and other forms of marketing communications.

However, whereas these companies have separated their communications tools, customers won't. According to one marketing communications expert:¹⁰

The truth is, most [consumers] won't compartmentalize their use of the [different media]. They won't say, "Hey, I'm going off to do a bit of Web surfing. Burn my TV, throw out all my radios, cancel all my magazine subscriptions and, by the way, take out my telephone and don't deliver any mail anymore." It's not that kind of world for consumers, and it shouldn't be that kind of world for marketers either.

Integrated marketing communications (IMC)

Carefully integrating and coordinating the company's many communications channels to deliver a clear, consistent, and compelling message about the organization and its products.

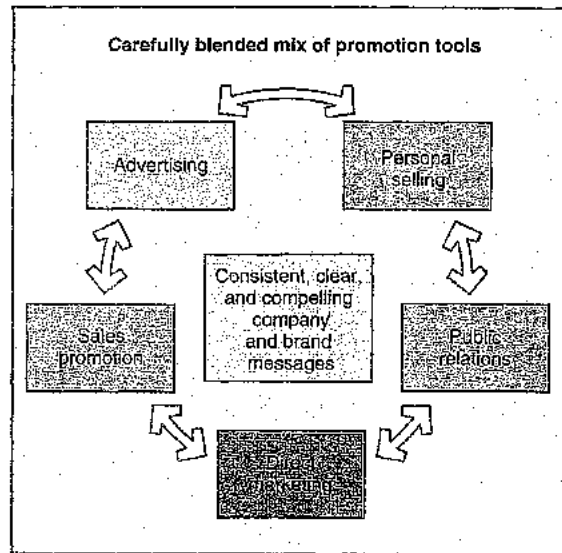
Today, more companies are adopting the concept of integrated marketing communications (IMC). Under this concept, as illustrated in Figure 14.1, the company carefully integrates its many communications channels to deliver a clear, consistent, and compelling message about the organization and its brands.¹¹

IMC calls for recognizing all contact points where the customer may encounter the company and its brands. Each brand contact will deliver a message, whether good, bad, or indifferent. The company wants to deliver a consistent and positive message with each contact. IMC leads to a total marketing communication strategy aimed at building strong customer relationships by showing how the company and its products can help customers solve their problems.

IMC ties together all of the company's messages and images. The company's television and print advertisements have the same message, look, and feel as its e-mail and personal selling communications. And its public relations materials project the same image as its Web site. For example, Ford recently created a nicely integrated promotion campaign for its Escape Hybrid model.

It kicked off the Escape Hybrid campaign with a blockbuster Super Bowl ad, in which Kermit the Frog lamented "It's not easy being green" before discovering that it

FIGURE 14.1
Integrated marketing
communications



really is easy being green with the Escape Hybrid. Ford followed up with print ads in major magazines, featuring Kermit and reinforcing the "I guess it is easy being green" theme. The Super Bowl and print ads helped to build consumer awareness and preference for the Escape Hybrid brand. But the ads also pointed viewers to a special Web site (www.fordvehicles.com/suvs/escapehybrid), which extended the Kermit theme with a number of relationship-building and sales-building features. Visitors to the site could view the Super Bowl commercial again and then watch a charming video on the making of the "Easy Being Green" commercial—narrated by Kermit, of course. The site also offered lots of help with very little hype to serious car buyers, letting them learn more about the benefits of the Escape Hybrid, build and price a model, and find a dealer online. Later, at the dealership, Ford salespeople communicated the "Easy Being Green" message in person while customers kicked the tires and tested the Escape Hybrid's ride before deciding to purchase.

In the past, no one person or department was responsible for thinking through the communication roles of the various promotion tools and coordinating the promotion mix. To help implement integrated marketing communications, some companies appoint a marketing communications director who has overall responsibility for the company's communications efforts. This helps to produce better communications consistency and greater sales impact. It places the responsibility in someone's hands—where none existed before—to unify the company's image as it is shaped by thousands of company activities.

A View of the Communication Process

Integrated marketing communications involves identifying the target audience and shaping a well-coordinated promotional program to obtain the desired audience response. Too often, marketing communications focus on immediate awareness, image, or preference goals in the target market. But this approach to communication is too shortsighted. Today, marketers are moving toward viewing communications as managing the customer relationship over time.

Because customers differ, communications programs need to be developed for specific segments, niches, and even individuals. And, given the new interactive communications technologies, companies must ask not only, "How can we reach our customers?" but also, "How can we find ways to let our customers reach us?"

Thus, the communications process should start with an audit of all the potential contacts target customers may have with the company and its brands. For example, someone purchasing a new kitchen appliance may talk to others, see television ads, read articles and ads in newspapers and magazines, visit various Web sites, and check out appliances in one or more stores. The marketer needs to assess what influence each of these communications experi-

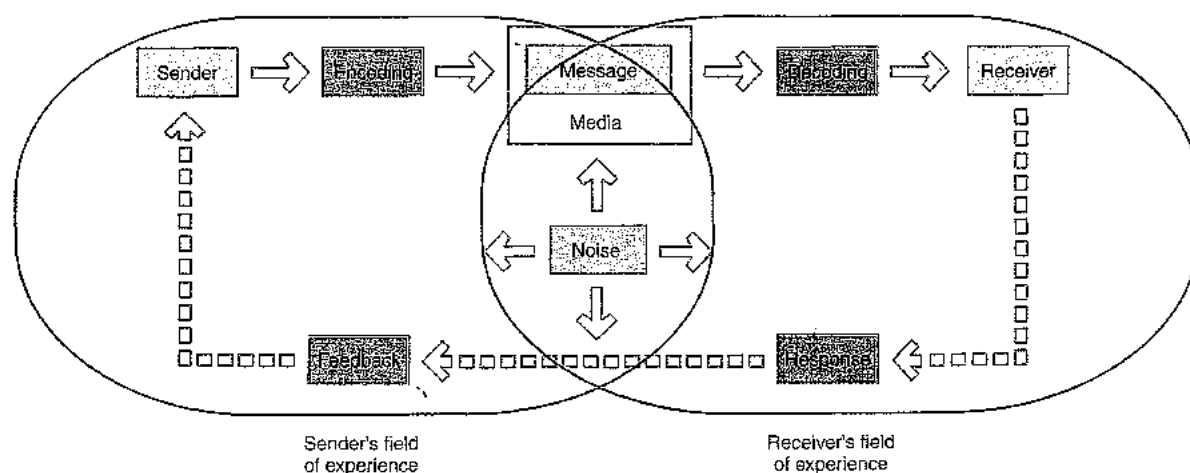
ences will have at different stages of the buying process. This understanding will help marketers allocate their communication dollars more efficiently and effectively.

To communicate effectively, marketers need to understand how communication works. Communication involves the nine elements shown in Figure 14.2. Two of these elements are the major parties in a communication—the *sender* and the *receiver*. Another two are the major communication tools—the *message* and the *media*. Four more are major communication functions—*encoding*, *decoding*, *response*, and *feedback*. The last element is *noise* in the system. Definitions of these elements follow and are applied to an ad for Hewlett-Packard (HP) LaserJet color copiers.

- **Sender:** The party sending the message to another party—here, HP.
- **Encoding:** The process of putting thought into symbolic form—HP's advertising agency assembles words and illustrations into an advertisement that will convey the intended message.
- **Message:** The set of symbols that the sender transmits—the actual HP copier ad.
- **Media:** The communication channels through which the message moves from sender to receiver—in this case, the specific magazines that HP selects.
- **Decoding:** The process by which the receiver assigns meaning to the symbols encoded by the sender—a consumer reads the HP copier ad and interprets the words and illustrations it contains.
- **Receiver:** The party receiving the message sent by another party—the home office or business customer who reads the HP copier ad.
- **Response:** The reactions of the receiver after being exposed to the message—any of hundreds of possible responses, such as the consumer is more aware of the attributes of HP copiers, visits the HP Web site for more information, actually buys an HP copier, or does nothing.
- **Feedback:** The part of the receiver's response communicated back to the sender—HP research shows that consumers are struck by and remember the ad, or consumers write or call HP praising or criticizing the ad or HP's products.
- **Noise:** The unplanned static or distortion during the communication process, which results in the receiver's getting a different message than the one the sender sent—the consumer is distracted while reading the magazine and misses the HP ad or its key points.

For a message to be effective, the sender's encoding process must mesh with the receiver's decoding process. The best messages consist of words and other symbols that are familiar to the receiver. The more the sender's field of experience overlaps with that of the receiver, the more effective the message is likely to be. Marketing communicators may not always share their consumer's field of experience. For example, an advertising copywriter from one socioeconomic stratum might create ads for consumers from another stratum—say,

FIGURE 14.2 Elements in the communication process



wealthy business owners. However, to communicate effectively, the marketing communicator must understand the consumer's field of experience.

This model points out several key factors in good communication. Senders need to know what audiences they wish to reach and what responses they want. They must be good at encoding messages that take into account how the target audience decodes them. They must send messages through media that reach target audiences, and they must develop feedback channels so that they can assess the audience's response to the message.

Steps in Developing Effective Communication

We now examine the steps in developing an effective integrated communications and promotion program. Marketers must do the following: Identify the target audience; determine the communication objectives; design a message; choose the media through which to send the message; select the message source; and collect feedback.

Identifying the Target Audience

A marketing communicator starts with a clear target audience in mind. The audience may be potential buyers or current users, those who make the buying decision or those who influence it. The audience may be individuals, groups, special publics, or the general public. The target audience will heavily affect the communicator's decisions on *what* will be said, *how* it will be said, *when* it will be said, *where* it will be said, and *who* will say it.

Determining the Communication Objectives

Once the target audience has been defined, the marketers must decide what response they seek. Of course, in many cases, they will seek a purchase response. But a purchase results from a long consumer decision-making process. The marketing communicator needs to know where the target audience now stands and to what stage it needs to be moved. The target audience may be in any of six buyer-readiness stages, the stages consumers normally pass through on their way to making a purchase. These stages include awareness, knowledge, liking, preference, conviction, and purchase (see Figure 14.3).

The marketing communicator's target market may be totally unaware of the product, know only its name, or know only a few things about it. The communicator must first build awareness and knowledge. For example, when Daimler-Chrysler first introduced its Chrysler 300 model, it used "teaser ads" to create initial awareness and curiosity. The ads showed the car but not its name. Later ads and the company's Web site created knowledge by informing potential buyers of the car's high quality and its many innovative features. Edy's ran similar teaser ads when it introduced Edy's Slow-Churned ice cream. Print ads show a blank package with the headline "You've been waiting for this." The ads directed consumers to the slow-churned.com Web site, where they could learn more about the new product and receive a chance to win a lifetime supply of Edy's ice cream.

Assuming target consumers know about the product, how do they feel about it? Once potential buyers know about the Chrysler 300, Chrysler's marketers wanted to move them through successively stronger stages of feelings toward the car. These stages included liking (feeling favorable about the car), preference (preferring Chrysler 300 to other car brands), and conviction (believing that Chrysler 300 is the best car for them). Chrysler marketers used a combination of the promotion mix tools to create positive feelings and conviction. Advertising built an emotional brand connection and extolled the 300's advantages over competing brands—with this car, it tells them, "inspiration comes standard." Press releases and other public relations activities stressed the car's innovative features and performance. Dealer salespeople told buyers about options, value for the price, and after-sale service.


Buyer-readiness stages

The stages consumers normally pass through on their way to purchase, including awareness, knowledge, liking, preference, conviction, and purchase.

FIGURE 14.3 Buyer-readiness stages



**YOU'VE BEEN
WAITING FOR THIS.**



**Get a sneak peek at
SlowChurned.com!**

Enter to WIN a "lifetime" supply!

Prize is valued at \$10,000. Open to U.S. residents only. Ends 12/31/06. See www.edys.com for details. ©2006 Edy's. All rights reserved. Edy's is a registered trademark of Unilever. Slow-Churned is a trademark of Unilever. Edy's is a registered trademark of Unilever.

Edy's

▣ Moving customers through the buyer-readiness stages: Edy's teaser ads built initial awareness and curiosity for the company's new Slowed-Churned ice cream and directed consumers to a Web site where they could learn more about the new product.

Finally, some members of the target market might be convinced about the product, but not quite get around to making the purchase. Potential Chrysler buyers might have decided to wait for more information or for the economy to improve. The communicator must lead these consumers to take the final step. Actions might include offering special promotional prices, rebates, or premiums. Salespeople might call or write to selected customers, inviting them to visit the dealership for a special showing. The Chrysler 300 Web site explains various financing options and invites potential buyers to sign up for a test drive.

Of course, marketing communications alone cannot create positive feelings and purchases for the Chrysler 300. The car itself must provide superior value for the customer. In fact, outstanding marketing communications can actually speed the demise of a poor product. The more quickly potential buyers learn about the poor product, the more quickly they become aware of its faults. Thus, good marketing communication calls for "good deeds followed by good words."

Designing a Message

Having defined the desired audience response, the communicator turns to developing an effective message. Ideally, the message should get Attention, hold Interest, arouse Desire, and obtain Action (a framework known as the AIDA model). In practice, few messages take the consumer all the way from awareness to purchase, but the AIDA framework suggests the desirable qualities of a good message.

When putting the message together, the marketing communicator must decide what to say (message content) and how to say it (message structure and format).

Message Content

The marketer has to figure out an appeal or theme that will produce the desired response. There are three types of appeals: rational, emotional, and moral. Rational appeals relate to the audience's self-interest. They show that the product will produce the desired benefits. Examples are messages showing a product's quality, economy, value, or performance. Thus, Tylenol runs a series of ads that inform customers about pain relievers and why Tylenol is the best choice. The ads say "Stop. Think. Tylenol."

Emotional appeals attempt to stir up either negative or positive emotions that can motivate purchase. Communicators may use positive emotional appeals such as love, pride, joy, and humor. For example, advocates for humorous messages claim that they attract more attention and create more liking and belief in the sponsor. In a RoperASW survey, Americans picked humor as their favorite ad approach, with 85 percent saying they like ads with humorous themes. Other favorite emotional themes in the post-September 11, 2001, era include such reassuring ones as "safety and security" (77 percent), "family closeness" (76 percent), "giving to others" (74 percent), "patriotism" (74 percent), and "optimism" (64 percent).¹²

These days, it seems as though every company is using humor in its advertising, from consumer product firms such as Anheuser-Busch to the scholarly American Heritage Dictionary. Advertising in recent Super Bowls appears to reflect consumers' preferences for humor. For example, 14 of the top 15 most popular ads in *USA Today's* ad meter consumer rankings of 2006 Super Bowl advertisements used humor. Anheuser-Busch used humor to claim six of the top 10 ad spots. Its Bud Light ads featured everything from young men worshipping a neighbor's rotating magic fridge stocked with Bud Light to an office manager who motivates employees by hiding bottles of Bud Light throughout the office.¹³



■ Humor in advertising: These days, it seems as though almost every company is using humor in its advertising, even the scholarly American Heritage Dictionary.

Properly used, humor can capture attention, make people feel good, and give a brand personality. Anheuser-Busch has used humor effectively for years, helping consumers relate to its brands. However, advertisers must be careful when using humor. Used poorly, it can detract from comprehension, wear out its welcome fast, overshadow the product, or even irritate consumers. For example, many consumers and ad critics took exception to some of the humor used in the 2004 Super Bowl ads, including Anheuser-Busch ads.

Advertising professionals agreed that the quality of Super Bowl ads [in 2004] had declined, mostly from the use of “toilet bowl” humor that insulted viewers’ intelligence. They pointed to Budweiser ads featuring a crotch-biting dog, a male monkey wooing a human female, and a gas-passing horse that spoiled a sleigh-ride date. Many critics and consumers complained that such ads showed that Budweiser was “reaching for the lowest common denominator in commercials aimed at the most frequent beer drinkers—men from 21 to 25 years old—resulting in a race to the bottom to fill commercials with bathroom humor, double entendres, crude sight gags and vulgarisms.” As a result of such criticism, Anheuser-Busch [rethought] the tone and content of its ads for future Super Bowls. “We are taking a more cautious approach to our creative,” says Anheuser-Busch president August Busch IV. “[Bud Light] is about fun, being with friends, and good times,” says a senior Budweiser ad agency executive, “and we can do that within the boundaries of good taste.”¹⁴

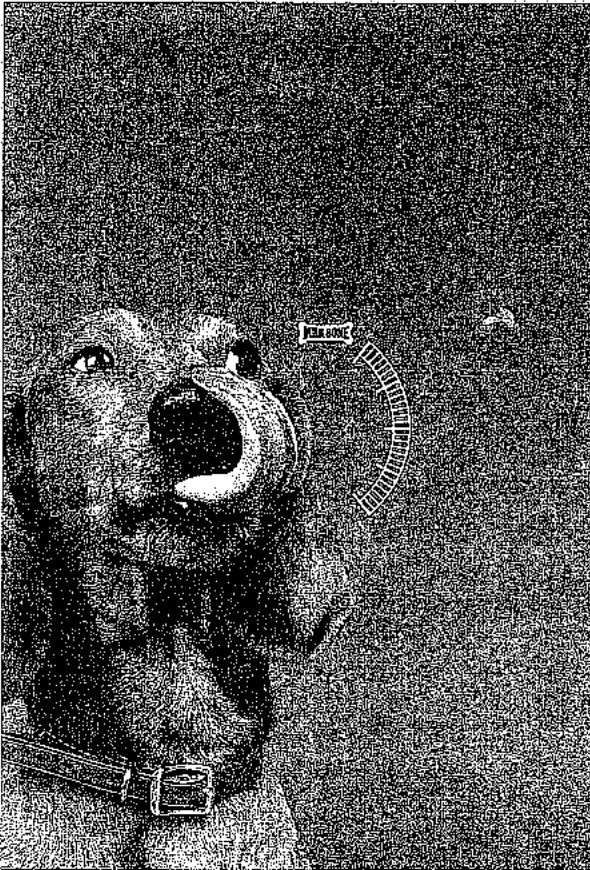
Communicators can also use negative emotional appeals, such as fear, guilt, and shame that get people to do things they should (brush their teeth, eat better, buy new tires) or to stop doing things they shouldn’t (smoke, drink too much, eat unhealthy foods). For example, an ad for TLC’s show *Honey We’re Killing the Kids* (a reality show that tries to get families to eat healthier) teaches “Life Lesson #74: Sometimes being their best friend isn’t being their best friend.” And Etonic ads ask, “What would you do if you couldn’t run?” They go on to note that Etonic athletic shoes are designed to avoid injuries—they’re “built so you can last.”

Moral appeals are directed to the audience’s sense of what is “right” and “proper.” They are often used to urge people to support social causes such as a cleaner environment, better race relations, equal rights for women, and aid to the disadvantaged. An example of a moral appeal is the Salvation Army headline, “While you’re trying to figure out what to get the man who has everything, don’t forget the man who has nothing.”

Message Structure

Marketers must also decide how to handle three message structure issues. The first is whether to draw a conclusion or leave it to the audience. Research suggests that in many cases, rather than drawing a conclusion, the advertiser is better off asking questions and letting buyers come to their own conclusions. The second message structure issue is whether to present the strongest arguments first or last. Presenting them first gets strong attention but may lead to an anticlimactic ending.

The third message structure issue is whether to present a one-sided argument (mentioning only the product’s strengths) or a two-sided argument (touting the product’s strengths while also



Message format: To attract attention, advertisers can use novelty and contrast, eye-catching pictures and headlines, and distinctive formats, as in this Milkbone ad.

admitting its shortcomings). Usually, a one-sided argument is more effective in sales presentations—except when audiences are highly educated or likely to hear opposing claims, or when the communicator has a negative association to overcome. In this spirit, Heinz ran the message “Heinz Ketchup is slow good” and Listerine ran the message “Listerine tastes bad twice a day.” In such cases, two-sided messages can enhance the advertiser’s credibility and make buyers more resistant to competitor attacks.

Message Format

The marketing communicator also needs a strong format for the message. In a print ad, the communicator has to decide on the headline, copy, illustration, and color. To attract attention, advertisers can use novelty and contrast; eye-catching pictures and headlines; distinctive formats; message size and position; and color, shape, and movement. If the message is to be carried over the radio, the communicator has to choose words, sounds, and voices. The “sound” of an ad promoting banking services should be different from one promoting an iPod.

If the message is to be carried on television or in person, then all these elements plus body language must be planned. Presenters plan every detail—their facial expressions, gestures, dress, posture, and hairstyles. If the message is carried on the product or its package, the communicator has to watch texture, scent, color, size, and shape. For example, age and other demographics affect the way in which consumers perceive and react to color. Here are examples:

How do you sell margarine—stodgy, wholesome margarine—to today’s kids? One answer: color. “We knew we wanted to introduce a color product. It’s been a big trend with kids since the blue M&M,” says a Parkay spokesperson. So Parkay tried out margarine in blue, pink, green, and

purple. “When we tested four different colors in focus groups, kids had a blast.” Electric blue and shocking pink margarine emerged as clear favorites. In contrast, as we get older, our eyes mature and our vision takes on a yellow cast. Color looks less bright to older people, so they gravitate to white and other bright tones. A recent survey found 10 percent of people 55 years and older want the brightness of a white car, compared with 4 percent of 21- to 34-year-olds and 2 percent of teens. Lexus, which skews toward older buyers, makes sure that 60 percent of its cars are light in color.¹⁵

Thus, in designing effective marketing communications, marketers must consider color and other seemingly unimportant details carefully.

Choosing Media

The communicator must now select channels of communication. There are two broad types of communication channels—personal and nonpersonal.

Personal communication Channels

Channels through which two or more people communicate directly with each other, including face to face, on the phone, through mail or e-mail, or even through an Internet “chat.”

Personal Communication Channels

In personal communication channels, two or more people communicate directly with each other. They might communicate face to face, on the phone, through mail or e-mail, or even through an Internet “chat.” Personal communication channels are effective because they allow for personal addressing and feedback.

Some personal communication channels are controlled directly by the company. For example, company salespeople contact target buyers. But other personal communications about the product may reach buyers through channels not directly controlled by the company.

Word-of-mouth influence

Personal communication about a product between target buyers and neighbors, friends, family members, and associates.

These channels might include independent experts—consumer advocates, online buying guides, and others—making statements to buyers. Or they might be neighbors, friends, family members, and associates talking to target buyers. This last channel, known as **word-of-mouth influence**, has considerable effect in many product areas.

Personal influence carries great weight for products that are expensive, risky, or highly visible. Consider the power of simple customer reviews on Amazon.com:

It doesn't matter how loud or often you tell consumers your "truth," few today are buying a big-ticket item before they know what existing users have to say about the product. This is a low-trust world. That's why "recommendation by a relative or friend" comes out on top in just about every survey of purchasing influences. A recent study found that more than 90 percent of customers trust "recommendations from consumers," whereas trust in ads runs from a high of about 40 percent to less than 10 percent. It's also a major reason for Amazon's success in growing sales per customer. Who hasn't made an Amazon purchase based on another customer's review or the "Customers who bought this also bought . . ." section? And it explains what a recent Shop.org survey found—that 96 percent of retailers find ratings and reviews to be an effective tactic in lifting online sales.¹⁶

Companies can take steps to put personal communication channels to work for them. For example, they can create *opinion leaders* for their brands—people whose opinions are sought by others—by supplying influencers with the product on attractive terms or by educating them so that they can inform others. **Buzz marketing** involves cultivating opinion leaders and getting them to spread information about a product or service to others in their communities. Consider BzzAgent, a Boston marketing firm that creates word-of-mouth campaigns for many of the country's best-known companies.

Buzz marketing

Cultivating opinion leaders and getting them to spread information about a product or service to others in their communities.

BzzAgent has assembled a nationwide volunteer army of 130,000 natural-born buzzers, and they will channel their chatter toward products and services they deem authentically worth talking about. "Our goal is to find a way to capture honest word of mouth," says David Baiter, BzzAgent's founder, "and to build a network that will turn passionate customers into brand evangelists." Once a client signs on, BzzAgent searches its database for "agents" matching the demographic and psychographic profile of target customers of the product or service. Selected volunteers receive a sample product and a training manual for buzz-creating strategies. These volunteers aren't just mall cats on cell phones. Some 65 percent are over 25, 60 percent are women, and two are Fortune 500 CEOs. They've buzzed products as diverse as Estee Lauder facial masks, Lee Jeans, Rock Bottom Restaurants, and The March of Dimes. In Alabama, Bzzagent ArnoldGinger123 buttonholed her probation officer to chat up a tush-flattering new brand of jeans. In Illinois, BzzAgent GeminiDreams spent a family Christmas party extolling the features of Monster.com's new networking site.

☒ Taking advantage of personal communications channels: BzzAgent's army of 130,000 natural-born buzzers creates word-of-mouth chatter for many of the world's best-known brands.



And, in an especially moving final tribute in New Jersey, BzzAgent Karnj buzzed her grandpa into the great beyond with a round of Anheuser World Select beer at the old gent's wake. The service's appeal is its authenticity. "What I like is that BzzAgents aren't scripted," says Steve Cook, vice president of worldwide strategic marketing at Coca-Cola. "[The company tells its agents.] 'Here's the information; if you believe in it, say whatever you think.' It's . . . genuine."¹⁷

Nonpersonal Communication Channels

Nonpersonal communication channels

Media that carry messages without personal contact or feedback, including major media, atmospheres, and events.

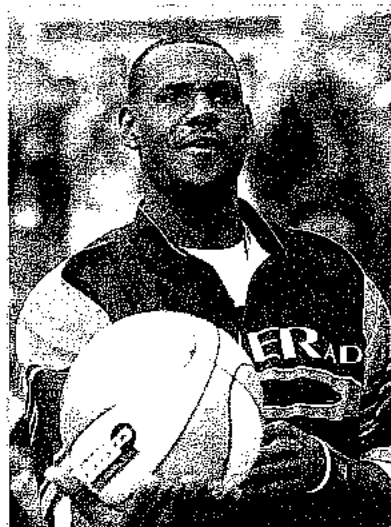
Nonpersonal communication channels are media that carry messages without personal contact or feedback. They include major media, atmospheres, and events. Major media include print media (newspapers, magazines, direct mail), broadcast media (radio, television), display media (billboards, signs, posters), and online media (e-mail, Web sites). Atmospheres are designed environments that create or reinforce the buyer's leanings toward buying a product. Thus, lawyers' offices and banks are designed to communicate confidence and other qualities that might be valued by clients. Events are staged occurrences that communicate messages to target audiences. For example, public relations departments arrange press conferences, grand openings, shows and exhibits, public tours, and other events.

Nonpersonal communication affects buyers directly. In addition, using mass media often affects buyers indirectly by causing more personal communication. Communications first flow from television, magazines, and other mass media to opinion leaders and then from these opinion leaders to others. Thus, opinion leaders step between the mass media and their audiences and carry messages to people who are less exposed to media. This suggests that mass communicators should aim their messages directly at opinion leaders, letting them carry the message to others.

Interestingly, marketers often use nonpersonal communications channels to replace or stimulate personal communications by embedding consumer endorsements or word-of-mouth testimonials in their ads and other promotions. JetBlue's recent "Sincerely, JetBlue" promotion campaign does this (see Real Marketing 14.1).

Selecting the Message Source

In either personal or nonpersonal communication, the message's impact on the target audience is also affected by how the audience views the communicator. Messages delivered by highly credible sources are more persuasive. Thus, many food companies promote to doctors, dentists, and other health care providers to motivate these professionals to recommend their products to patients. And marketers hire celebrity endorsers—well-known athletes, actors,



Marketers hire celebrities to deliver their messages: NASCAR superstar Jeff Gordon pitches everything from DuPont to Pepsi and Edy's ice cream, basketball pro LeBron James vouches for Coca-Cola's Powerade and Sprite brands, and young golfer Michelle Wie lends her image to Nike.

Real Marketing

14.1 Trying to choose the right airline? There's no need to ask your friends, relatives, or neighbors about their airline experiences, or about which airline provides the best service. JetBlue has already done that for you. And it's sharing their stories with you and other travelers in a promotional campaign called "Sincerely, JetBlue." The campaign features a series of offbeat commercials in which actual customers share their JetBlue experiences.

The goal of the campaign is to retain JetBlue's upstart, small-airline personality in the face of ambitious expansion plans. JetBlue is now the nation's number two discount airline, behind Southwest, and it's adding planes and routes at a rapid pace. As it grows, it wants to hang onto the underdog, grassroots appeal that's made it successful in the dog-eat-dog airline industry.

Some airlines have built their images through lush, big-budget ad campaigns. Not so for JetBlue. "This brand was created almost entirely on an experience, then on word of mouth about that experience," says the chief creative director at JWT, the New York ad agency that created the "Sincerely, JetBlue" campaign. "When [JetBlue founder and CEO] David Neeleman came to us," recounts another JWT executive, "he said the thing that keeps him up at night is how he can grow the airline and keep the JetBlue experience." The answer: Let the JetBlue faithful themselves give voice to that experience. "Allowing our customers to tell our story [will help the airline] keep a local, small feel as JetBlue becomes more national in scope," says JetBlue's chief marketing executive.

JetBlue has built a huge infrastructure for breeding and collecting customer stories to use in the "Sincerely" ads. It has erected futuristic JetBlue "story booths" in eighteen cities, where passers-by can recount and record their experiences flying on JetBlue. According to one observer, the booths are "less like circus tents and more like futuristic spaceships. [They're] made of high-tech honeycomb mesh and have LED screens underneath the shell, pressure-sensitive floors, and voice-activated walls." Inside the booths, a virtual crew member guides customer-storytellers through their experiences. JetBlue also invites customers to submit stories at its

Web site, and it places postcards in seatback pockets, which passengers can use to keep and submit minijournals on their JetBlue journeys.

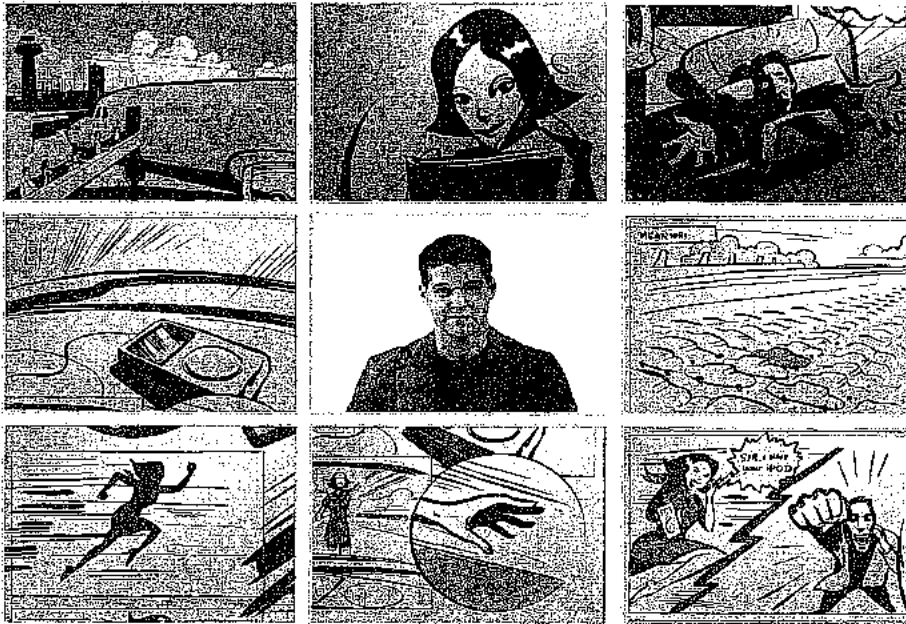
Once collected, the stories are incorporated into simple but colorful, cleverly animated commercials in which customers themselves share their JetBlue experiences. "You take this little story and you give it to an animator and they turn it into something marvelous," says a JWT creative director. In one ad, customer Melissa confides, "Let me tell you, I wanted to not like you, if only because everyone seems to love you. I got on a flight with a pen and paper, waiting to take down every irritating detail." But, she continues, "two flights later, I was staring at the same blank piece of paper. You've done nothing wrong and everything more than right, if that's possible." After detailing all the right things the airline does, she mock-laments, "JetBlue, I wanted to not like you, but it can't be done—at all. Sincerely, Melissa McCall, Portland, Oregon."

In a similar fashion, in other ads: Brian relates how a JetBlue flight attendant dashed from the plane just before takeoff to retrieve a brand-new iPod he'd left in a rental car. Ann recounts how, when her JetBlue flight was delayed by a snowstorm, the airline eased the long wait by providing pizza and even a live band. "My [three-year-old] son was dancing. I was dancing," she remembers. "It was a great time! It made a horrible experience really nice." And the Steins tell about the time they arrived late at night for a family vacation in Florida with their three very tired small children only to learn that their hotel wouldn't take them in. Jason Stein recalls, "Out of nowhere we heard a voice from behind us, go ahead, take my room." His wife Nancy continues: "A superhero in a JetBlue pilot's uniform, who sacrificed his room graciously, saved our night. And we slept like babies. Thank you, JetBlue. Sincerely, Nancy and Jason Stein, Darien, Connecticut."

The tone and crafting of the ads makes them appealing and believable. It's almost like talking to your next-door neighbor, but with colorful, intriguing animations that help to bring their stories to life. (Check out all of these stories and others at the JetBlue Web site at

and even cartoon characters—to deliver their messages. Golfer Tiger Woods speaks for Nike, Buick, Accenture, and a dozen other brands. Basketball pro LeBron James vouches for Nike and Coca-Cola's Powerade and Sprite brands. NASCAR superstar Jeff Gordon pitches everything from Ray-Ban sunglasses to Pepsi and Edy's ice cream. And young golfer Michelle Wie lends her image to brands such as Nike and Sony.

But companies must be careful when selecting celebrities to represent their brands. Picking the wrong spokesperson can result in embarrassment and a tarnished image. McDonald's, Sprite, and Nutella found this out when superspokesperson Kobe Bryant was charged with sexual assault. H&M, Chanel, and Burberry had to publicly dismiss supermodel Kate Moss after she was reportedly photographed using cocaine. And Pepsi, McDonald's, Roots, and Ford faced embarrassment when gambling scandals threatened to dirty the squeaky-clean image of their spokesperson, hockey great Wayne Gretzky. "Arranged marriages between brands and celebrities are inherently risky," notes an expert. "Today it's standard practice to sign a celeb only after an extensive background check. But accidents still happen."¹⁸



JetBlue's recent "Sincerely, JetBlue" campaign uses nonpersonal communications channels to replace or stimulate personal communications by embedding consumer testimonials in ads. In one ad, Brian relates how a JetBlue flight attendant dashed from the plane just before takeoff to retrieve a brand-new iPod he'd left in a rental car.

http://jetblue.com/experience/index.html?intcmp=jwt_1001). "The various illustrations—including animation, paper cutouts, and miniature doll pieces—have a wonderful rhythm and flow," comments an advertising analyst, "and the stories have an on-the-fly populist quality, which fits the brand."

In all, the campaign just seems to work. It's the ultimate word of mouth. Says the JWT executive, "The best way to get people who

haven't tried the airline to try it is for them to hear from people they know and trust."

Sources: Quotes and other information from Stuart Elliot, "JetBlue May Be Big, but It Wants Fliers to Think Small," *New York Times*, March 30, 2006, p. C3; and Barbara Lippert, "Voices Carry," *Adweek*, April 17, 2006, p. 32; and www.jetblue.com, December 2006.

Collecting Feedback

After sending the message, the communicator must research its effect on the target audience. This involves asking the target audience members whether they remember the message, how many times they saw it, what points they recall, how they felt about the message, and their past and present attitudes toward the product and company. The communicator would also like to measure behavior resulting from the message—how many people bought a product, talked to others about it, or visited the store.

Feedback on marketing communications may suggest changes in the promotion program or in the product offer itself. For example, JetBlue Airways uses television and newspaper advertising to inform area consumers about the airline, its routes, and its fares. Suppose feedback research shows that 80 percent of all fliers in an area recall seeing the airline's ads and are aware of its flights and prices. Sixty percent of these aware fliers have flown JetBlue, but only 20 percent of those who tried it were satisfied. These results suggest that although promotion is creating awareness, the airline isn't giving consumers the satisfaction they expect.

Therefore, JetBlue needs to improve its service while staying with the successful communication program. In contrast, suppose the research shows that only 40 percent of area consumers are aware of the airline, only 30 percent of those aware have tried it, but 80 percent of those who have tried it return. In this case, JetBlue needs to strengthen its promotion program to take advantage of its power to create customer satisfaction.

Setting the Total Promotion Budget and Mix

We have looked at the steps in planning and sending communications to a target audience. But how does the company decide on the total promotion budget and its division among the major promotional tools to create the promotion mix? By what process does it blend the tools to create integrated marketing communications? We now look at these questions.

Setting the Total Promotion Budget

One of the hardest marketing decisions facing a company is how much to spend on promotion. John Wanamaker, the department store magnate, once said, "I know that half of my advertising is wasted, but I don't know which half. I spent \$2 million for advertising, and I don't know if that is half enough or twice too much." Thus, it is not surprising that industries and companies vary widely in how much they spend on promotion. Promotion spending may be 10 to 12 percent of sales for consumer packaged goods and less than 1 percent for industrial machinery products. Within a given industry, both low and high spenders can be found.¹⁹

How does a company decide on its promotion budget? We look at four common methods used to set the total budget for advertising: the affordable method, the percentage-of-sales method, the competitive-parity method, and the objective-and-task method.²⁰

Affordable Method

Some companies use the affordable method: They set the promotion budget at the level they think the company can afford. Small businesses often use this method, reasoning that the company cannot spend more on advertising than it has. They start with total revenues, deduct operating expenses and capital outlays, and then devote some portion of the remaining funds to advertising.

Unfortunately, this method of setting budgets completely ignores the effects of promotion on sales. It tends to place promotion last among spending priorities, even in situations in which advertising is critical to the firm's success. It leads to an uncertain annual promotion budget, which makes long-range market planning difficult. Although the affordable method can result in overspending on advertising, it more often results in underspending.

Percentage-of-Sales Method

Other companies use the percentage-of-sales method, setting their promotion budget at a certain percentage of current or forecasted sales. Or they budget a percentage of the unit sales price. The percentage-of-sales method has advantages. It is simple to use and helps management think about the relationships between promotion spending, selling price, and profit per unit.

Despite these claimed advantages, however, the percentage-of-sales method has little to justify it. It wrongly views sales as the cause of promotion rather than as the result. Although studies have found a positive correlation between promotional spending and brand strength, this relationship often turns out to be effect and cause, not cause and effect. Stronger brands with higher sales can afford the biggest ad budgets.

Thus, the percentage-of-sales budget is based on availability of funds rather than on opportunities. It may prevent the increased spending sometimes needed to turn around falling sales. Because the budget varies with year-to-year sales, long-range planning is difficult. Finally, the method does not provide any basis for choosing a specific percentage, except what has been done in the past or what competitors are doing.

Competitive-Parity Method

Still other companies use the competitive-parity method, setting their promotion budgets to match competitors' outlays. They monitor competitors' advertising or get industry promotion spending estimates from publications or trade associations, and then they set their budgets based on the industry average.

Affordable method

Setting the promotion budget at the level management thinks the company can afford.

Percentage-of-sales method

Setting the promotion budget at a certain percentage of current or forecasted sales or as a percentage of the unit sales price.

Competitive-parity method

Setting the promotion budget to match competitors' outlays.

Two arguments support this method. First, competitors' budgets represent the collective wisdom of the industry. Second, spending what competitors spend helps prevent promotion wars. Unfortunately, neither argument is valid. There are no grounds for believing that the competition has a better idea of what a company should be spending on promotion than does the company itself. Companies differ greatly, and each has its own special promotion needs. Finally, there is no evidence that budgets based on competitive parity prevent promotion wars.

Objective-and-Task Method

Objective-and-task method


Developing the promotion budget by (1) defining specific objectives; (2) determining the tasks that must be performed to achieve these objectives; and (3) estimating the costs of performing these tasks. The sum of these costs is the proposed promotion budget.

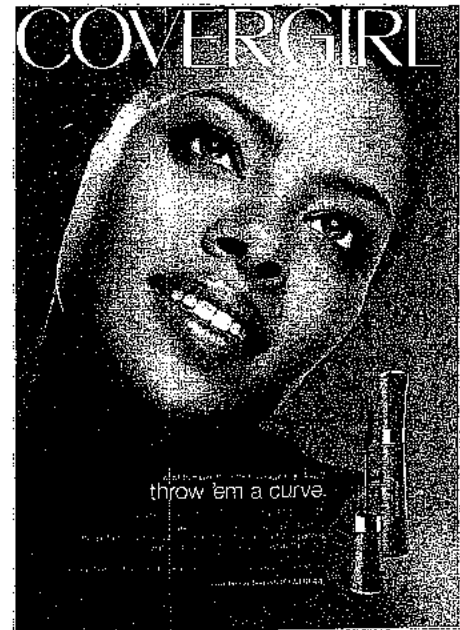
The most logical budget-setting method is the objective-and-task method, whereby the company sets its promotion budget based on what it wants to accomplish with promotion. This budgeting method entails (1) defining specific promotion objectives, (2) determining the tasks needed to achieve these objectives, and (3) estimating the costs of performing these tasks. The sum of these costs is the proposed promotion budget.

The advantage of the objective-and-task method is that it forces management to spell out its assumptions about the relationship between dollars spent and promotion results. But it is also the most difficult method to use. Often, it is hard to figure out which specific tasks will achieve stated objectives. For example, suppose Sony wants 95 percent awareness for its latest camcorder model during the six-month introductory period. What specific advertising messages and media schedules should Sony use to attain this objective? How much would these messages and media schedules cost? Sony management must consider such questions, even though they are hard to answer.

Shaping the Overall Promotion Mix

The concept of integrated marketing communications suggests that the company must blend the promotion tools carefully into a coordinated promotion mix. But how does the company determine what mix of promotion tools it will use? Companies within the same industry differ greatly in the design of their promotion mixes. For example, Mary Kay spends most of its promotion funds on personal selling and direct marketing, whereas CoverGirl spends heavily on consumer advertising. HP relies on advertising and promotion to retailers, whereas Dell uses more direct marketing. We now look at factors that influence the marketer's choice of promotion tools.

 Promotion Mix: Companies within the same industry may use different mixes. Mary Kay relies heavily on personal selling and direct marketing; CoverGirl devotes significant resources to advertising.



The Nature of Each Promotion Tool

Each promotion tool has unique characteristics and costs. Marketers must understand these characteristics in shaping the promotion mix.

Advertising Advertising can reach masses of geographically dispersed buyers at a low cost per exposure, and it enables the seller to repeat a message many times. For example, television advertising can reach huge audiences. An estimated 141 million Americans tuned in to at least part of the most recent Super Bowl; about 38 million people watched at least part of the last Academy Awards broadcast; and 33.6 million fans tuned in to watch the debut episode of the fourth season of *American Idol*. For companies that want to reach a mass audience, TV is the place to be.²¹

Beyond its reach, large-scale advertising says something positive about the seller's size, popularity, and success. Because of advertising's public nature, consumers tend to view advertised products as more legitimate. Advertising is also very expressive—it allows the company to dramatize its products through the artful use of visuals, print, sound, and color. On the one hand, advertising can be used to build up a long-term image for a product (such as Coca-Cola ads). On the other hand, advertising can trigger quick sales (as when Kohl's advertises weekend specials).

Advertising also has some shortcomings. Although it reaches many people quickly, advertising is impersonal and cannot be as directly persuasive as can company salespeople. For the most part, advertising can carry on only a one-way communication with the audience, and the audience does not feel that it has to pay attention or respond. In addition, advertising can be very costly. Although some advertising forms, such as newspaper and radio advertising, can be done on smaller budgets, other forms, such as network TV advertising, require very large budgets.

Personal selling Personal selling is the most effective tool at certain stages of the buying process, particularly in building up buyers' preferences, convictions, and actions. It



■ With personal selling, the customer feels a greater need to listen and respond, even if the response is a polite “No thank you.”

involves personal interaction between two or more people, so each person can observe the other's needs and characteristics and make quick adjustments. Personal selling also allows all kinds of customer relationships to spring up, ranging from matter-of-fact selling relationships to personal friendships. An effective salesperson keeps the customer's interests at heart in order to build a long-term relationship by solving customer problems. Finally, with personal selling, the buyer usually feels a greater need to listen and respond, even if the response is a polite “No thank you.”

These unique qualities come at a cost, however. A sales force requires a longer-term commitment than does advertising—advertising can be turned on and off, but sales force size is harder to change. Personal selling is also the company's most expensive promotion tool, costing companies \$329 on average per sales call. In some industries, the average cost of a sales call reaches \$452.²² U.S. firms spend up to three times as much on personal selling as they do on advertising.

Sales promotion Sales promotion includes a wide assortment of tools—coupons, contests, cents-off deals, premiums, and others—all of which have many unique qualities. They attract consumer attention, offer strong incentives to purchase, and can be used to dramatize product offers and to boost sagging sales.

Sales promotions invite and reward quick response—whereas advertising says, “Buy our product,” sales promotion says “Buy it now.” Sales promotion effects are often short-lived, however, and often are not as effective as advertising or personal selling in building long-run brand preference and customer relationships.

Public relations. Public relations is very believable—news stories, features, sponsorships, and events seem more real and believable to readers than ads do. Public relations can also reach many prospects who avoid salespeople and advertisements—the message gets to the buyers as “news” rather than as a sales-directed communication. And, as with advertising, public relations can dramatize a company or product. Marketers tend to underuse public relations or to use it as an afterthought. Yet a well-thought-out public relations campaign used with other promotion mix elements can be very effective and economical.

Direct marketing. Although there are many forms of direct marketing—direct mail and catalogs, telephone marketing, online marketing, and others—they all share four distinctive characteristics. Direct marketing is nonpublic: The message is normally directed to a specific person. Direct marketing is immediate and customized: Messages can be prepared very quickly and can be tailored to appeal to specific consumers. Finally, direct marketing is interactive: It allows a dialogue between the marketing team and the consumer, and messages can be altered depending on the consumer’s response. Thus, direct marketing is well suited to highly targeted marketing efforts and to building one-to-one customer relationships.

Push strategy

A promotion strategy that calls for using the sales force and trade promotion to push the product through channels. The producer promotes the product to channel members to induce them to carry the product and to promote it to final consumers.

Pull strategy

A promotion strategy that calls for spending a lot on advertising and consumer promotion to induce final consumers to buy the product. If the pull strategy is effective, consumers will then demand the product from channel members, who will in turn demand it from producers.

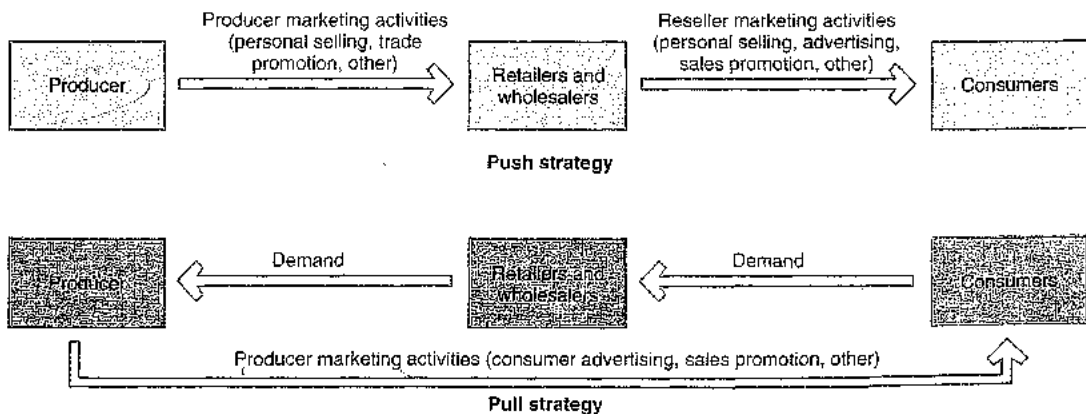
Promotion Mix Strategies

Marketers can choose from two basic promotion mix strategies—push promotion or pull promotion. Figure 14.4 contrasts the two strategies. The relative emphasis on the specific promotion tools differs for push and pull strategies. A push strategy involves “pushing” the product through marketing channels to final consumers. The producer directs its marketing activities (primarily personal selling and trade promotion) toward channel members to induce them to carry the product and to promote it to final consumers.

Using a pull strategy, the producer directs its marketing activities (primarily advertising and consumer promotion) toward final consumers to induce them to buy the product. If the pull strategy is effective, consumers will then demand the product from channel members, who will in turn demand it from producers. Thus, under a pull strategy, consumer demand “pulls” the product through the channels.

Some industrial goods companies use only push strategies; some direct-marketing companies use only pull strategies. However, most large companies use some combination of both. For example, Kraft uses mass-media advertising and consumer promotions to pull its products and a large sales force and trade promotions to push its products through the channels. In recent years, consumer goods companies have been decreasing the pull portions of their mixes in favor of more push. This has caused concern that they may be driving short-run sales at the expense of long-term brand equity (see Real Marketing 14.2).

FIGURE 14.4 Push versus pull promotion strategy

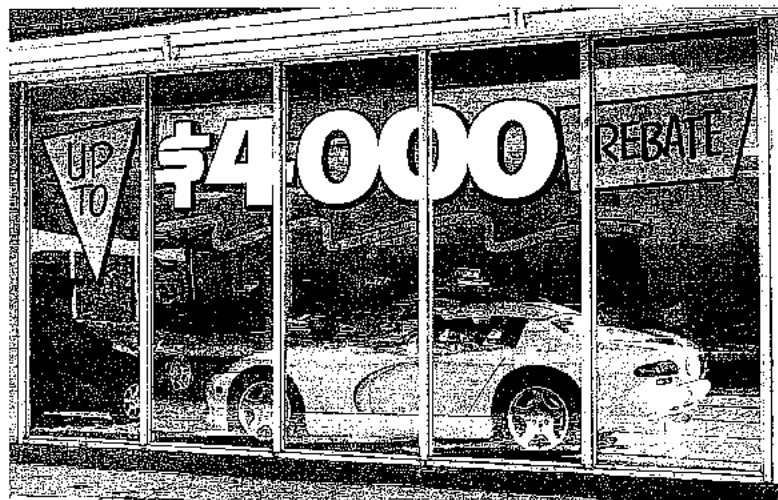


Real Marketing

Consumer packaged-goods companies such as Procter & Gamble, Kraft Foods, Kellogg, and General Mills grew into giants by using mostly pull promotion strategies. They used massive doses of national advertising to differentiate their products, gain market share, and build brand equity and customer loyalty. But during the past few decades, such companies have gotten more “pushy,” deemphasizing national advertising and putting more of their marketing budgets into trade and consumer sales promotions.

General trade promotions (trade allowances, displays, cooperative advertising, and slotting fees aimed at retailers) now account for 58 percent of total marketing spending by consumer product companies. That represents a six-percentage-point increase in trade spending in just the past eight years. Consumer promotions (coupons, discounts, premiums) account for another 16 percent of the typical marketing budget. That leaves less than 26 percent of total marketing spending for mass-media advertising, down from 42 percent twenty years ago.

Why have these companies shifted so heavily toward push strategies? One reason is that mass-media campaigns have become more expensive and less effective in recent years. Network television costs have risen sharply, while audiences have fallen off, making national advertising less cost effective. Companies are also tailoring their marketing programs more narrowly, making national advertising less suitable than localized retailer promotions. And in these days of brand extensions and me-too products, companies sometimes have trouble



Too pushy? Some categories tend to self-destruct by always being on sale. For example, when automakers get promotion happy, the market just sits back and waits for a deal while the car companies lose money on profit-eating incentives.

finding meaningful product differences to feature in advertising. So they have differentiated their products through price reductions, premium offers, coupons, and other push techniques.

Another factor speeding the shift from pull to push has been the growing strength of retailers. Retail giants such as Wal-Mart, Target, Kroger, and Safeway now have the power to demand and get what they want—and what they want is more push. Whereas national advertising bypasses them on its way to the masses, push promotion benefits them directly. Thus, producers must often use push just to obtain good shelf space and other support from important retailers.

Companies consider many factors when designing their promotion mix strategies, including type of product/market and the product life-cycle stage. For example, the importance of different promotion tools varies between consumer and business markets. Business-to-consumer (B2C) companies usually “pull” more, putting more of their funds into advertising, followed by sales promotion, personal selling, and then public relations. In contrast, business-to-business (B2B) marketers tend to “push” more, putting more of their funds into personal selling, followed by sales promotion, advertising, and public relations. In general, personal selling is used more heavily with expensive and risky goods and in markets with fewer and larger sellers.

The effects of different promotion tools also vary with stages of the product life cycle. In the introduction stage, advertising and public relations are good for producing high awareness, and sales promotion is useful in promoting early trial. Personal selling must be used to get the trade to carry the product. In the growth stage, advertising and public relations continue to be powerful influences, whereas sales promotion can be reduced because fewer incentives are needed. In the mature stage, sales promotion again becomes important relative to advertising. Buyers know the brands, and advertising is needed only to remind them of the product. In the decline stage, advertising is kept at a reminder level, public relations is dropped, and salespeople give the product only a little attention. Sales promotion, however, might continue to be strong.

However, many marketers are concerned that the reckless use of push will lead to fierce price competition and a never-ending spiral of price slashing and deal making. If used improperly, push promotion can mortgage a brand's future for short-term gains. Sales promotion buys short-run reseller support and consumer sales, but advertising builds long-run brand equity and consumer preference. By robbing the media advertising budget to pay for more sales promotion, companies might win the battle for short-run earnings but lose the war for long-run brand equity, consumer loyalty, and market share. In fact, some analysts blame the shift away from advertising dollars for a recent two-decade-long drop in the percentage of consumers who buy only well-known brands.

Of special concern is the overuse of price promotions. The regular use of price as a selling tool can destroy brand equity by encouraging consumers to seek value through price rather than through the benefits of the brand. For example, one recent study showed that decreased TV spending and increased trade promotions for Diet Coke and Coca-Cola Classic over a five-year period eroded equity for both brands, while at the same time increasing consumer price and promotion sensitivity.

In cases where price is a key part of the brand's positioning, featuring price makes sense. But for brands where price does not underlie value, "price promotions are really desperate acts by brands that have their backs against the wall," says one marketing executive. "Generally speaking, it is better to stick to your guns with price and invest in advertising to drive sales."

Jack Trout, a well-known marketing consultant, cautions that some categories tend to self-destruct by always being on sale. Furniture, automobile tires, airline tickets, and many other categories of goods are rarely sold at anything near list price. And when automakers get rebate happy, the market just sits back and waits for a deal while the car companies lose money on profit-eating incentives. For example, in 2004, General Motors doled out billions of dollars in sales incentives—discounted prices, rebates, and low-cost

financing—to move cars out of its showrooms. "While pinching pennies on its \$3.5 billion media-buying budget," says an industry expert, "it's giving away \$17 billion in incentives—undermining its brand-building efforts." Such promotion tactics have done little to win profits or customer loyalty over the years. Last year, GM lost a staggering \$10.5 billion, and its domestic market share has dwindled to less than 25 percent, down from 44.5 percent in 1980.

Trout offers several "Commandments of Discounting," such as "Thou shalt not offer discounts because everyone else does," "Thou shalt be creative with your discounting," "Thou shalt put time limits on the deal," and "Thou shalt stop discounting as soon as you can."

Thus, many consumer companies are now rethinking their promotion strategies and reversing the trend by shifting their promotion budgets back toward advertising. They realize that it's not a question of sales promotion versus advertising, or of push versus pull. Success lies in finding the best mix of the two: consistent advertising to build long-run brand value and consumer preference, and sales promotion to create short-run trade support and consumer excitement. The company needs to blend both push and pull elements into an integrated marketing communications program that meets immediate consumer and retailer needs as well as long-run strategic needs.

Sources: Promotion spending statistics from *2005 Trade Promotion Spending & Merchandising Industry Study* (Cannondale Associates, Wilton, CT, May 2006), p. 13. Other information from Jack Trout, "Prices: Simple Guidelines to Get Them Right," *Journal of Business Strategy*, November-December 1998, pp. 13–16; Alan Mitchell, "When Push Comes to Shove, It's All About Pull," *Marketing Week*, January 9, 2003, pp. 26–27; E. Craig Stacey, "Abandon TV at Your Own Risk," *Advertising Age*, June 7, 2004, p. 32; Jean Haliday, "GM's Bleeds as Incentives Undermine Brand Value," *Advertising Age*, March 21, 2005, pp. 1, 37; and "General Motors Corporation," *Hoover's Company Records*, May 15, 2006, p. 10640.

Integrating the Promotion Mix

Having set the promotion budget and mix, the company must now take steps to see that all of the promotion mix elements are smoothly integrated. Here is a checklist for integrating the firm's marketing communications.²³

1. Analyze trends—internal and external—that can affect the company's ability to do business. Look for areas where communications can help the most. Determine the strengths and weaknesses of each communications function. Develop a combination of promotional tactics based on these strengths and weaknesses.
2. Audit the pockets of communications spending throughout the organization. Itemize the communications budgets and tasks and consolidate these into a single budgeting process. Reassess all communications expenditures by product, promotional tool, stage of the life cycle, and observed effect.
3. Identify all customer touch points for the company and its brands. Work to ensure that communications at each touch point are consistent with the overall communications strategy and that communications efforts are occurring when, where, and how customers want them.

- Team up in communications planning. Engage all communications functions in joint planning. Include customers, suppliers, and other stakeholders at every stage of communications planning.
- Create compatible themes, tones, and quality across all communications media. Make sure each element carries the company's unique primary messages and selling points. This consistency achieves greater impact and prevents the unnecessary duplication of work across functions.
- Create performance measures that are shared by all communications elements. Develop systems to evaluate the combined impact of all communications activities.
- Appoint a director responsible for the company's persuasive communications efforts. This move encourages efficiency by centralizing planning and creating shared performance measures.

Socially Responsible Marketing Communication

In shaping its promotion mix, a company must be aware of the large body of legal and ethical issues surrounding marketing communications. Most marketers work hard to communicate openly and honestly with consumers and resellers. Still, abuses may occur, and public policy makers have developed a substantial body of laws and regulations to govern advertising, sales promotion, personal selling, and direct-marketing activities. In this section, we discuss issues regarding advertising, sales promotion, and personal selling. We discuss issues regarding direct marketing in Chapter 17.

Advertising and Sales Promotion

By law, companies must avoid false or deceptive advertising. Advertisers must not make false claims, such as suggesting that a product cures something when it does not. They must avoid ads that have the capacity to deceive, even though no one actually may be deceived. An automobile cannot be advertised as getting 32 miles per gallon unless it does so under typical conditions, and a diet bread cannot be advertised as having fewer calories simply because its slices are thinner.

Sellers must avoid bait-and-switch advertising that attracts buyers under false pretenses. For example, a large retailer advertised a sewing machine at \$179. However, when consumers tried to buy the advertised machine, the seller downplayed its features, placed faulty machines on showroom floors, understated the machine's performance, and took other actions in an attempt to switch buyers to a more expensive machine. Such actions are both unethical and illegal.

A company's trade promotion activities also are closely regulated. For example, under the Robinson-Patman Act, sellers cannot favor certain customers through their use of trade promotions. They must make promotional allowances and services available to all resellers on proportionately equal terms.

Beyond simply avoiding legal pitfalls, such as deceptive or bait-and-switch advertising, companies can use advertising and other forms of promotion to encourage and promote socially responsible programs and actions. For example, Caterpillar is one of several companies and environmental groups forming the Tropical Forest Foundation, which is working to save the great Amazon rain forest. Caterpillar promotes the cause through advertising and pages on its Web site. Similarly, Mont Blanc supports the National Arts Education Initiative in its efforts to raise awareness about the need for arts education in schools. Its ads state: "Time is precious. Use it wisely. To invest in our future, we must nurture our children's fantasies and inspire their creativity." And for more than a decade, Avon has sponsored the Avon Breast Cancer Crusade, dedicated to funding access to care and finding a cure for breast cancer. Through advertising and a variety of promotions—such as the Avon Walk for Breast Cancer, charity cruises, and the sale of pink ribbon products—Avon's crusade has raised more than \$400 million for this worthwhile cause.²⁴

Personal Selling

A company's salespeople must follow the rules of "fair competition." Most states have enacted deceptive sales acts that spell out what is not allowed. For example, salespeople may not lie to consumers or mislead them about the advantages of buying a product. To avoid bait-and-switch practices, salespeople's statements must match advertising claims.

Different rules apply to consumers who are called on at home versus those who go to a store in search of a product. Because people called on at home may be taken by surprise and may be especially vulnerable to high-pressure selling techniques, the Federal Trade Commission (FTC) has adopted a *three-day cooling-off rule* to give special protection to customers who are not seeking products. Under this rule, customers who agree in their own homes to buy something costing more than \$25 have 72 hours in which to cancel a contract or return merchandise and get their money back, no questions asked.

Much personal selling involves business-to-business trade. In selling to businesses, salespeople may not offer bribes to purchasing agents or to others who can influence a sale. They may not obtain or use technical or trade secrets of competitors through bribery or industrial espionage. Finally, salespeople must not disparage competitors or competing products by suggesting things that are not true.²⁵

Reviewing the Concepts

In this chapter, you've learned how companies use integrated marketing communications (IMC) to communicate customer value. Modern marketing calls for more than just creating customer value by developing a good product, pricing it attractively, and making it available to target customers. Companies also must clearly and persuasively *communicate* that value to current and prospective customers. To do this, they must blend five promotion mix tools, guided by a well-designed and implemented integrated marketing communications strategy.

1. Discuss the process and advantages of integrated marketing communications in communicating customer value.

Recent shifts toward targeted or one-to-one marketing, coupled with advances in information and communication technology, have had a dramatic impact on marketing communications. As marketing communicators adopt richer but more fragmented media and promotion mixes to reach their diverse markets, they risk creating a communications hodgepodge for consumers. To prevent this, more companies are adopting the concept of *integrated marketing communications (IMC)*. Guided by an overall IMC strategy, the company works out the roles that the various promotional tools will play and the extent to which each will be used. It carefully coordinates the promotional activities and the timing of when major campaigns take place. Finally, to help implement its integrated marketing strategy, the company appoints a marketing communications director who has overall responsibility for the company's communications efforts.

2. Define the five promotion tools and discuss factors that must be considered in shaping the overall promotion mix.

A company's total *promotion mix*—also called its *marketing communications mix*—consists of the specific blend of *advertising*, *personal selling*, *sales promotion*, *public relations*, and *direct-marketing* tools that the company uses to persuasively communicate customer value and build customer relationships. Advertising includes any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor. In contrast, public relations focuses on building good relations with the company's various publics by obtaining favorable unpaid publicity. Personal selling is any form of personal

presentation by the firm's sales force for the purpose of making sales and building customer relationships. Firms use sales promotion to provide short-term incentives to encourage the purchase or sale of a product or service. Finally, firms seeking immediate response from targeted individual customers use nonpersonal direct-marketing tools to communicate with customers.

3. Outline the steps in developing effective marketing communications.

In preparing marketing communications, the communicator's first task is to *identify the target audience* and its characteristics. Next, the communicator must determine the *communication objectives* and define the response sought, whether it be *awareness*, *knowledge*, *liking*, *preference*, *conviction*, or *purchase*. Then a *message* should be constructed with an effective content and structure. *Media* must be selected, both for personal and nonpersonal communication. The communicator must find highly credible sources to deliver messages. Finally, the communicator must collect *feedback* by watching how much of the market becomes aware, tries the product, and is satisfied in the process.

4. Explain the methods for setting the promotion budget and factors that affect the design of the promotion mix.

The company must decide how much to spend for promotion. The most popular approaches are to spend what the company can afford, to use a percentage of sales, to base promotion on competitors' spending, or to base it on an analysis and costing of the communication objectives and tasks.

The company divides the *promotion budget* among the major tools to create the *promotion mix*. Companies can pursue a *push* or a *pull* promotional strategy, or a combination of the two. The best specific blend of promotion tools depends on the type of product/market, the buyer's readiness stage, and the product life-cycle stage.

People at all levels of the organization must be aware of the many legal and ethical issues surrounding marketing communications. Companies must communicate openly, honestly, and agreeably with their customers and resellers.

Reviewing the Key Terms

Advertising 399	Integrated marketing communications (IMC) 401	Personal communication channels 407	Public relations 399
Affordable method 412	Nonpersonal communication channels 409	Personal selling 399	Pull strategy 415
Buyer-readiness stages 404	Objective-and-task method 413	Promotion mix (marketing communications mix) 398	Push strategy 415
Buzz marketing 408	Percentage-of-sales method 412		Sales promotion 399
Competitive-parity method 412			Word-of-mouth influence 408
Direct marketing 399			

Discussing the Concepts

1. Many companies are adopting the Integrated Marketing Communication concept. Discuss two major problems that this marketing communications philosophy is designed to remedy.
2. Outline the nine elements of the communications process. Why do marketers need to understand these elements?
3. Why does the marketing communicator need to know the target market's readiness stage? Give an example of an ad targeting each stage.
4. Why might the Northwestern Mutual Life Insurance Company choose a rational appeal for its life insurance products targeted to 28- to 38-year-old males? Why might it choose a humor appeal?
5. Explain how a brand manager for Colgate toothpaste might use each of the common methods for setting total advertising budgets.
6. Name at least five types of sales that are exempt from the FTC's three-day cooling-off rule.

Applying the Concepts

1. Find and describe examples of advertisements or promotions that are examples of narrowcasting, nontraditional advertising, and innovative media technologies.
2. In your judgment who would be the best and the worst celebrity endorsers for each of these products/services: MADD, Dell, Lamborghini.
3. Assume that Energizer is introducing a new line of batteries that provide a longer life than its existing Titanium models. The brand man-

ager for the new line believes most of the promotion budget should be spent on consumer and trade promotions, but the assistant brand manager thinks that the promotion mix should emphasize television advertising. Partner with another student. Play the roles of the brand manager and assistant brand manager and debate their opposing views on advertising versus promotion.

Focus on Technology

As network television viewership declines and fragments, many large advertisers are looking for alternative media. In fact, the 18- to 34-year-old male target market has reduced its hours watching television in favor of video gaming. According to Nielsen Entertainment, consumers in this segment watch 9.8 hours of television a week versus 12.5 hours a week playing video games. Until recently, video game advertising posed many challenges for advertisers, including long lead times, technological issues, and the inability to change the advertising message packaged in the game.

Today, with more video games played on the internet, in-game advertising has exploded. Companies such as Double Fusion (www.doublefusion.com) now offer dynamic, real-time advertising for online gamers. They state that this ultimate "lean-forward" environment offers unique opportunities for marketers. Advertisers can now rotate their advertising during

the gaming experience, and they can use online metrics to track the advertising impressions they generate. Software giant Microsoft recently purchased Massive Inc., a pioneer of in-game advertising and is expected to take a lead in this field. The question remains as to how receptive gamers will be to such advertising. Massive hopes to enhance game realism by integrating brands into game items such as soda cans, pizza boxes, billboards, and televisions.

1. How can marketers use in-game advertising to practice IMC?
2. What might Double Fusion mean by a "lean-forward" environment? How might such an environment appeal to marketers when considering buyer-readiness stages?
3. What social responsibility concerns might in-game advertising raise?

Focus on Ethics

Interference Inc. (www.interferenceinc.com) offers guerrilla marketing approaches that enable brands to communicate with target consumers through guerrilla intercept, street teams, stunt and publicity events, and other high-impact creative executions. The company's case studies include many promotions for the Discovery Channel, including a promo-

tion for Discovery's Nefertiti special. The Nefertiti promotion, which included 27 actors in three major cities dressed in historically accurate twelfth-century BC Egyptian costume, was credited with helping the show exceed its national ratings goal. But a recent promotion by Sony Ericsson caught the attention of marketing critics. In the promotion, Sony Ericsson

used actor couples pretending to be tourists visiting popular locations to promote a new cell phone. The couples asked passersby to take their pictures with the new cell phone's camera. Sony Ericsson also used actors posing as patrons to visit popular bars and strike up conversations that introduced the new phone to unsuspecting other patrons.

1. Why do you think guerrilla marketing is so effective?
2. What do you think of the Nefertiti guerrilla marketing tactics?
3. Do you consider the Sony Ericsson campaign to be ethical? Explain your opinion.

Video Case Motorola

When you think of Motorola, what comes to mind? A sleek RAZR phone? Or maybe it's the impossibly thin SLVR, a cell phone, camera, and MP3 player all in one. Not so long ago, the Motorola brand wasn't quite so cutting edge. Competitors, such as Nextel, offered products that were more advanced and better designed. So Motorola redesigned its products and hired Ogilvy & Mather, a global communications firm, to redefine and reposition the Motorola brand. Centered on a core, universal idea—"intelligence everywhere"—the "Moto" campaign hopes to enliven Motorola's image. Rather than convincing consumers by making direct appeals to sign contracts and buy phones, the campaign relies on a simple tagline—Moto—that Motorola hopes consumers will associate with edgy innovation.

More than just ads, the campaign reaches out to consumers through a variety of media. Ogilvy calls it "360-degree brand stewardship." In addition to print, radio, and television ads, the agency crafted interactive

e-mails and helped design Motorola's Web site to convey the same lifestyle and value messages that consumers found in print and television ads. The result? Motorola, once seen as stodgy and out of date, is now a hip company with high-tech, sexy phones and annual U.S. sales of more than \$31.3 billion.

After watching the video featuring Motorola, answer the following questions about integrated marketing communications.

1. How did Ogilvy & Mather apply the concepts of integrated marketing communications to build Motorola's communications strategy? What was the goal of the campaign that resulted?
2. What were Motorola's communication objectives?
3. How did Motorola's budget for the Moto campaign influence its development and success?

Company Case

Burger King: Promoting a Food Fight

PASS THE MUSTARD

In early 2004, as Burger King's CEO Brad Blum reviewed the company's 2003 performance, he decided once again that he must do something to spice up BK's bland performance. Industry leader McDonald's had just reported a 9 percent sales jump in 2003 to a total of \$22.1 billion, while number-two BK's U.S. sales had slipped about 5 percent to \$7.9 billion. Further, number-three Wendy's sales had spiked 11 percent to \$7.4 billion, putting it in position to overtake BK.

Blum surprised the fast-food industry by abruptly firing the firm's advertising agency, Young & Rubicam (Y&R), and awarding its global creative account to a small, Miami-based, upstart firm Crispin Porter + Bogusky (Crispin). The switch marked the fifth time in four years that BK had moved its account! Ad agency Y&R had gotten the \$350 million BK account only ten months earlier. To help revive BK's sales, it had developed a campaign with the theme "The Fire's Ready," which focused on BK's flame-broiled versus frying cooking method. However, observers found the message to be flat and uninspiring, and the sales decline sealed Y&R's fate.

With the move to Crispin, there was no shortage of speculation that the fickle Burger King would soon move again. Many saw BK as a bad client, impossible to work for. Others noted that the "win" of this account would ruin Crispin's culture.

CHALLENGING CONVENTIONAL WISDOM

In announcing the Crispin selection, Blum indicated he had challenged the firm to develop "groundbreaking, next-level, results-oriented, and innovative advertising that strongly connects with our core customers." BK automatically became the small firm's largest customer, but Crispin was not without an impressive track record.

Chuck Porter joined Crispin Advertising in 1988. A middle-aged windsurfer, he wanted to be near the water. Alex Bogusky joined the firm later as a 24-year-old art director who raced motorbikes. The Porter-Bogusky combination clicked, and Crispin Porter + Bogusky racked up local awards for its ad campaigns. A Sunglass Hut billboard featured a huge pair of sunglasses with the headline "What to Wear to a Nude Beach." Because its clients often had little money for advertising, Crispin found inexpensive ways to gain attention. For a local homeless shelter, it placed ads on shopping carts, trash dumpsters, and park benches.

In 1997, with Bogusky serving as creative director, Crispin finally got national attention with its unconventional "Truth" campaign aimed at convincing Florida teens to stop smoking. The campaign was so successful, the American Legacy Foundation picked it up and turned it

(case continues)

(case continued)

into a national promotion, leading to a big-budget ad at the Super Bowl—the “Shards O’Glass Freeze Pop.” Crispin followed with award-winning, low-budget campaigns for BMW’s MINI Cooper, IKEA furniture, and Virgin Atlantic Airways, forging Crispin’s reputation as an out-of-the-box, results-oriented agency. Along the way, Crispin developed some loose “rules.” Among them were:

- Zero in on the product.
- Kick the TV commercial habit.
- Find the sweet spot (the overlap between product characteristics and customer needs).
- Surprise = buzz = exposure.
- Don’t be timid.
- Think of advertising as a product rather than a service.

BACK TO THE FUTURE

Within a month of getting BK’s account, rather than recommending some outrageous new idea, Crispin recommended going back to the firm’s “Have It Your Way” tagline, developed by BK’s second advertising agency, BBDO, in 1974. Crispin argued that it could take that old phrase and make it relevant to today’s customers.

Although Crispin’s pitch may have initially seemed “same-old,” it was anything but. Uncharacteristically, Crispin kicked off the new campaign with TV commercials. In a series of off-beat ads that were a takeoff on a British comedy series, *The Office*, office workers competed and compared their “made my way” BK burgers, reinforcing the message that each customer could have a custom-made burger—no matter how unusual it might be. Crispin planned an entire package of promotions around the new-old theme, including everything from in-store signage to messages on cups.

Although *The Office* ads were unusual and catchy, they were also mainstream media. The TV campaign created an environment for the real Crispin approach to emerge. To promote BK’s TenderCrisp chicken, Crispin launched a Web site, www.subservientchicken.com. When people visited the site, they saw what appeared to be a Web camera focused on a somewhat seedy living room. In the room was a man dressed like a chicken (except for one subtle accessory, a lady’s garter belt). The site invited the visitor to “Get chicken just the way you like it. Type in your command here.” The visitor could type in a command, such as “stand on your head” or “do jumping jacks” and the chicken would respond. If someone typed in a risqué request, the chicken would wave a wing at the camera, as if to say “no-no.”

Below the chicken video area were five other icons. “Subservient TV” featured three video clips with various people “having their way” with the chicken. “Photos” presented five “glamour” shots of the chicken. The “Chicken Mask” icon produced a printable chicken mask that one could print, cut out, and wear. The mask’s instructions were to “cut along dotted line, put on chicken face, be subservient.” A fourth icon, “Tell a Friend,” pulled up an Outlook Express e-mail document that invited you to send an e-mail to a friend with the text: “Finally, somebody in a

chicken costume who will do whatever you want. Check it out. www.subservientchicken.com.” The last icon was marked “BK TenderCrisp” and was linked to the Burger King home page. This was the only indication of BK’s sponsorship on the site, reflecting Crispin’s desire to avoid seeming too commercial and “uncool.” Unless a visitor clicked on that last icon, he or she would have no indication that the site had anything to do with Burger King.

When Crispin launched the site, it told only 20 people—all of whom were friends of people who worked at the agency. Within the first ten days, 20 million people visited the site, with the average visitor spending more than seven minutes. Many visitors apparently selected the “tell a friend” icon, sending e-mails flying like feathers.

SUBSERVIENT CHICKEN—CHAPTER 2

In 2005, as a follow-up to the Subservient Chicken promotion, Crispin created a campaign to launch a new BK product, Chicken Fries. The promotion was based on a heavy metal band called Coq Roq with lead singer, Fowl Mouth. Crispin set up a Web site, www.coqroq.com, in world-class rock band fashion. It showcased the band’s songs, including “Bob Your Head,” “One-Armed Bandit,” and “Nice Box.” There was even a video for the “hit song” “Cross the Road,” directed by music video biggie Paul Hunter. Fans could purchase T-shirts, CDs, cell-phone ring tones, and other fowl merchandise. There was even talk of a tour and a DVD! Was this a real band or just a promotion? Crispin’s Coq Roq campaign was so well done, it was difficult to tell. Soon after the Web site launch, Hunter-directed music-video-style ads began airing on MTV and VH-1.

Crispin targeted this campaign squarely at what it perceived to be the main BK target market—young men. Although the campaign was well received by this target segment, many others groups were not so entertained. The campaign ruffled the feathers of real metal band Slipknot. It filed suit, claiming violation of publicity and trademark rights. Other critics saw the campaign for what it was—a crude attempt to generate buzz among teenagers through childish genital humor. In fact, with relations already rocky between Burger King and its franchisees, the campaign only threw more fuel on the fire. The franchisees hated it, as they did the eerie 2004 campaign that featured a bobblehead-looking ceramic King with a gargantuan head. But none of this bothered Burger King’s sales. The fast feeder sold more than 100 million orders of Chicken Fries in the first four weeks of the new product launch.

A VIRAL TURNAROUND

Crispin clearly demonstrated with both the Subservient Chicken and the Coq Roq campaigns that it was a master at viral marketing—using unusual methods to get attention and to generate buzz and word of mouth. Despite the success of these campaigns in producing lots of Web site hits, many analysts wondered if they would lead to increased sales and turn around BK’s sliding market share. There was also speculation as to whether or not Crispin could continue to produce ideas that would keep BK strong in the fast-food fights.

But at Burger King's 2006 annual franchisee convention, the feeling in the air was "long live the king." CEO Blum debuted a new Crispin ad entitled "Manthem." A parody of the Helen Reddy song "I Am Woman," the spot was yet another example of BK's strategy to unapologetically embrace the young, male, fast-food "super fan." "Manthem's" lyrics spurned "chick food" and gleefully exalted the meat, cheese, and more meat and cheese combos that can turn "innies into outies," all the while showing guys burning their briefs and pushing a minivan off a bridge.

After openly revolting at the convention the year before, BK's restaurant operators rose to their feet in a thunderous ovation, demanding an encore. They now embraced the kind of uncomfortably edgy advertising that they had rejected not so long before. Why this sudden change of heart?

Perhaps it was because Burger King was on the verge of a public offering. Or maybe it was because sales and profits go a long way in healing wounds. "I feel much better this year than I have in the last three, four, or five years," said Mahendra Nath, owner-operator of 90 stores in the upper Midwest and Florida. "I've been up 7.8 percent in 2004, 4.8 percent for 2005, and up 2.8 percent for this quarter so far. Now I think we are believers, and hopefully the trend is going to keep going." Alex Salguero, another franchisee who was seeing results similar to Nath's, said, "I think our competitors are scared of the King . . . they should be. They say, 'What's with the King?' and my answer is, 'It's better than clowns.'"

With BK's fortunes apparently changing, franchisees are much less likely to question the irreverent Crispin promotional tactics, whether they like them or not.

And why would they? With the young male demographic providing nearly half of all Burger King visits, Mr. Salguero said it best: "All opinions boil down to traffic and sales. Once that happens, everybody has to shut up with their

opinion. We have a very old franchisee base at this point, and some of us don't understand our customers. We have a lot of gray hair."

Questions for Discussion

1. What are Burger King's communication objectives for its target audience?
2. With its focus on the "super fan," does BK risk alienating other customers? What are the implications of this?
3. Why is viral or buzz marketing effective? Analyze the design of the subservient chicken Web site's message, including content, structure, and format. What can you conclude from this analysis?
4. Do the TV and viral elements of BK's campaigns work well together? What additional elements and media might Crispin add to the integrated marketing communications campaign?
5. What other recommendations would you make to BK and Crispin to help them improve the integration of BK's promotion mix?

Sources: Kate MacArthur, "BK Rebels Fall in Love with King," *Advertising Age*, May 1, 2006, p. 1; Elaine Walker, "Franchisees, Burger King Works to Mend Rift," *Miami Herald*, March 27, 2006; Michael Paoletta and Susan Butler, "For BK and Slipknot, a Game of Chicken," *Billboard*, September 3, 2005; Bob Garfield, "Garfield's Ad Review," *Advertising Age*, August 1, 2005, p. 29; Bob Garfield, "Garfield's Ad Review," *Advertising Age*, April 28, 2004, p. 103; Catharine P. Taylor, "Playing Chicken," *Adweek*, April 19, 2004, p. 19; Brian Steinberg and Suzanne Vranica, "Burger King Seeks Some Web Heat," *Wall Street Journal*, April 15, 2004, p. B3; Warren Berger, "Dare-Devils: The Ad World's Most Buzzed-About Agency Is Miami's Crispin Porter & Bogusky," *Business 2.0*, April 2004, p. 110; Kate MacArthur, "Burger King's Big Idea: Have It Your Way, Again," *Advertising Age*, February 16, 2004, p. 1.