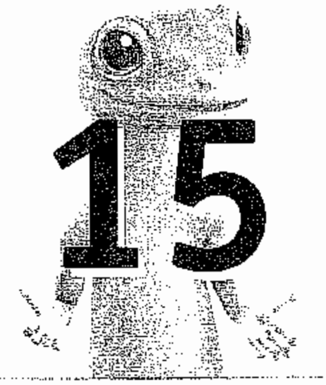
chapter 15



Advertising and Public Relations

Previewing the Concepts

Now that we've looked at overall integrated marketing communications planning, let's dig more deeply into the specific marketing communications tools. In this chapter, we'll explore advertising and public relations. Advertising involves communicating the company's or brand's value proposition by using paid media to inform, persuade, and remind consumers. Public relations involves building good relations with various company publics—from consumers and the general public to the media, investor, donor, and government publics. As with all of the promotion mix tools, advertising and public relations must be blended into the overall integrated marketing communications program. In the next two chapters, we'll discuss the remaining promotion mix tools: personal selling, sales promotion, and direct marketing.

Let's start by examining some outstanding advertising. Until about ten years ago, GEICO was a little-known nicher in the auto insurance industry. But now, thanks in large part to an industry-changing advertising campaign featuring a likable spokes-lizard and an enduring tagline, GEICO has grown to become a major industry player. Here's the story.

Founded in 1936, GEICO initially targeted a select customer group of government employees and noncommissioned military officers with exceptional driving records. Unlike its much larger competitors, GEICO has no agents. Instead, the auto insurer markets directly to customers. For nearly 60 years, little GEICO relied almost entirely on direct-mail advertising and the telephone to market its services to its select clientele.

In 1994, however, when the company decided to expand its customer base, it knew that it must also expand its marketing. So it hired The Martin Agency, an advertising firm located in Richmond, Virginia. GEICO's advertising adventure began modestly. In 1995, the company spent a paltry $10 million to launch its first national TV, radio, and print ads to support its direct-mail marketing. Then, in 1996, billionaire investor Warren Buffet bought the company and told the marketing group to "speed things up." Did it ever! Over the next 10 years, GEICO's ad spending jumped 30-fold, to more than $300 million.

By now, you probably know a lot about GEICO and its smooth-talking gecko. But at the start, The Martin Agency faced a tough task—introducing a little-known company with a funny name to a national audience. Like all good advertising, the GEICO campaign began with a simple but enduring theme, one that highlights the convenience and savings advantages of GEICO's direct-to-customers system. Every single one of the more than 130 commercials produced in the campaign so far drives home the now-familiar tagline: "15 minutes could save you 15 percent or more on car insurance."

But what really set GEICO's advertising apart was the inspired way the company chose to bring its value proposition to life. At the time, competitors were using serious and sentimental pitches—"You're in good hands with Allstate" or "Like a good neighbor, State Farm is there." To help make its advertising stand out, GEICO decided to deliver its punch line with humor. The creative approach worked and sales began to climb.

As the brand grew, it became apparent that customers had difficulty pronouncing the GEICO name (which once stood for Government Employees Insurance Company). Too often, GEICO became "gecko." Enter the charismatic green lizard. In 1999, GEICO ran a 15-second spot in which the now-famous, British-accented gecko calls a press conference and pleads: "I am a gecko, not to be confused with a GEICO, which could save you hundreds on car insurance. So stop calling me." The ad was supposed to be a "throwaway." "It was an odd spot that didn't fit," says Ted Ward, GEICO vice president of marketing, "but we thought it was funny." Consumers agreed. They quickly flooded the company with calls and letters begging to see more of the gecko. The rest, as they say, is history.

Not only has the gecko helped people to pronounce and remember GEICO's name, it's become a pop culture icon. The unlikely lizard has become so well known that it was voted one of America's top two favorite icons by attendees of last year's Advertising Week in New York, one of the ad industry's largest and most important gatherings.

Although the gecko ads remain a fixture, over the past seven years, to keep its advertising fresh and entertaining, GEICO has added several new minicampaigns. Each new campaign emphasizes a different dimension of the brand's positioning. For example, "Good News" spots address the difficulties of getting drivers to switch insurance companies. The humorous spots appear to be about other products or TV programming, say a soap opera or a home improvement program, until one of the characters unexpectedly announces, "I have good news. I just saved a bunch of money on my car insurance by switching to GEICO."

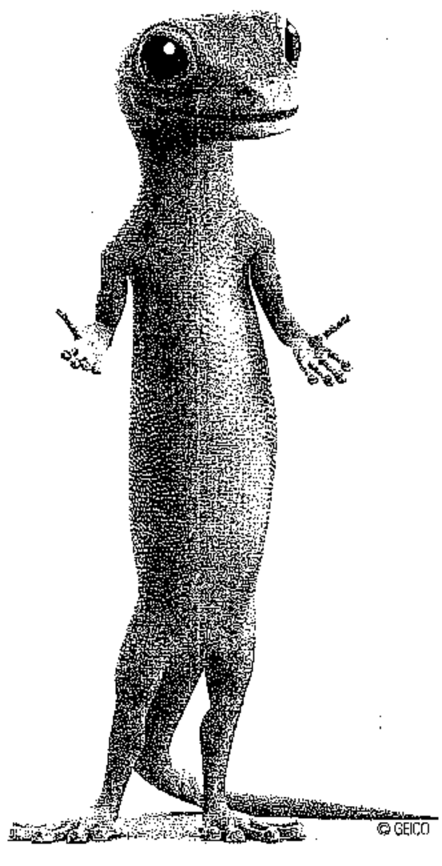
Another minicampaign, called "Caveman," is designed to bring younger buyers to the GEICO Web site by showing them how easy it is to purchase insurance online. In the first spot, a caveman is livid when a pitchman making a GEICO ad announces, "It's so easy to use GEICO.com, a caveman could do it." In the second spot, two cavemen see the ad and are outraged. In the final spot, the spokesman takes the cavemen to dinner to apologize for insulting them. "Seriously, we apologize. We had no idea you guys were still around," he says. "Next time, maybe do a little research," responds one of the cavemen.

In yet another subcampaign, designed to appeal to young drivers, GEICO launched an Internet site, www.goldengecko.com, at which it invites people to post their own 15-second ads. The only restrictions: The ads must use the gecko and they must be funny. So far, the site has produced some remarkably clever ads.

Although different, all of these minicampaigns have a distinctly GEICO flavor. And each closes strongly with the crucial "15 minutes could save you 15 percent" tagline. Also, as we've come to expect, "the ads are fun," says a branding expert. "What makes GEICO so good is that the ads entertain, deliver a message, *and* satisfy a need."

Just how good *is* GEICO's advertising? In each of the past five years, GEICO has experienced double-digit market share gains. Rising from relative obscurity only a dozen years ago, the upstart direct marketer now serves more than seven million customers, making it the fourth largest insurance company, behind State Farm, Allstate, and Progressive, all of which do most of their business through agents.

Not only has the gecko helped GEICO grow, it's changed the face of the auto insurance industry. Many analysts credit GEICO with changing the way insurance companies market their products in this traditionally boring category. "GEICO is spicing it up, and other companies are having to respond," says a communications consultant. "GEICO is exponentially ahead of its competitors in this category." Says another industry observer, "When your advertising has become part of the [pop culture], you have hit a home run."[1]



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Objectives

After studying this chapter, you should be able to

1. define the roles of advertising in the promotion mix
2. describe the major decisions involved in developing an advertising program
3. define the role of public relations in the promotion mix
4. explain how companies use public relations to communicate with and influence important publics

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

Advertising

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

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

Modern advertising, however, is a far cry from these early efforts. U.S. advertisers now run up an estimated annual advertising bill of more than $271 billion; worldwide ad spending exceeds an estimated $604 billion. Procter & Gamble, the world's largest advertiser, last year spent almost $4.6 billion on U.S. advertising and more than $7.9 billion worldwide.[2]

Although advertising is used mostly by business firms, a wide range of not-for-profit organizations, professionals, and social agencies also use advertising to promote their causes to various target publics. In fact, the 27th largest advertising spender is a not-for-profit organization—the U.S. government. Advertising is a good way to inform and persuade, whether the purpose is to sell Coca-Cola worldwide or to get consumers in a developing nation to use birth control.

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

Setting Advertising Objectives

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

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

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

FIGURE 15.1 Major advertising decisions

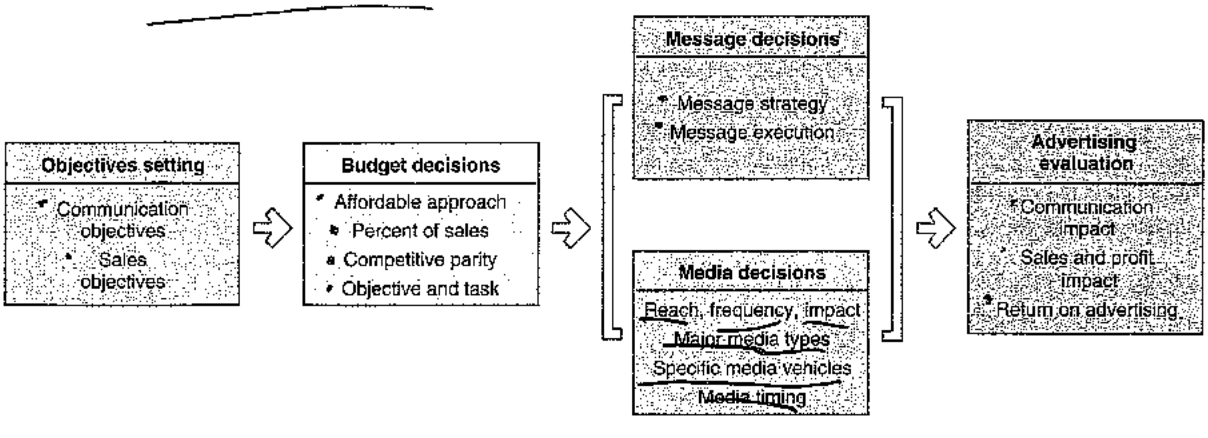


TABLE 15.1
Possible Advertising Objectives

Informative Advertising	
Communicating customer value	Informing the market of a price change
Telling the market about a new product	Describing available services
Explaining how the product works	Correcting false impressions
Suggesting new uses for a product	Building a brand and company image
Persuasive Advertising	
Building brand preference	Persuading customers to purchase now
Encouraging switching to your brand	Persuading customers to receive a sales call
Changing customer's perception of product attributes	Convincing customers to tell others about the brand
Reminder Advertising	
Maintaining customer relationships	Reminding consumers where to buy the product
Reminding consumers that the product may be needed in the near future	Keeping the brand in customer's minds during off-seasons

Comparative advertising: Progresso makes side-by-side comparisons of its soup versus Campbell's, inviting consumers to "Enjoy a better soup . . . with a more adult taste."

Informative advertising is used heavily when introducing a new product category. In this case, the objective is to build primary demand. Thus, early producers of DVD players first had to inform consumers of the image quality and convenience benefits of the new product. *Persuasive advertising* becomes more important as competition increases. Here, the company's objective is to build selective demand. For example, once DVD players became established, Sony began trying to persuade consumers that *its* brand offered the best quality for their money.

Some persuasive advertising has become *comparative advertising*, in which a company directly or indirectly compares its brand with one or more other brands. Comparative advertising has been used for products ranging from soft drinks, beer, and pain relievers to computers, batteries, car rentals, and credit cards. For example, in its classic comparative campaign, Avis positioned itself against market-leading Hertz by claiming, "We try harder."

More recently, Suave ran ads featuring a woman with beautiful hair questioning, "Suave or Matrix? Can You Tell?" The ad then explains that you can't tell because Suave hair products perform just as well as Matrix products, "even though Matrix costs five times as much." Similarly, Procter & Gamble ran an ad comparing its Tide with Bleach to Oxy10. In the ad, consumers spread iodine, tomato sauce, mud, and grass on a white T-shirt that was then cut in half and treated with the two detergents. All the while, "Anything You Can Do I Can Do Better" played in the background. Of course, Tide did a better job of removing the stains. Advertisers should use comparative advertising with caution. All too often, such ads invite competitor responses, resulting in an advertising war that neither competitor can win.

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

Advertising's goal is to move consumers through the buyer-readiness stages discussed in the previous chapter. Some advertising is designed to move people to immediate action. For example, a direct-response television ad by Sharper Image for its Bionic Breeze air purifier urges consumers to pick up the phone and order right away, and a Sears newspaper ad for a weekend sale encourages store visits. However, many of the other ads focus on building or strengthening long-term customer relationships. For example, a Nike television ad in which well-known athletes "just do it" never directly asks for a sale. Instead, the goal is to somehow change the way the customers think or feel about the brand.

Setting the Advertising Budget

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

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

A brand's advertising budget often depends on its *stage in the product life cycle*. For example, new products typically need large advertising budgets to build awareness and to gain consumer trial. In contrast, mature brands usually require lower budgets as a ratio to sales. *Market share* also impacts the amount of advertising needed: Because building the market or taking market share from competitors requires larger advertising spending than does simply maintaining current share, low-share brands usually need more advertising spending as a percentage of sales. Also, brands in a market with many competitors and high advertising clutter must be advertised more heavily to be noticed above the noise in the market. Undifferentiated brands—those that closely resemble other brands in their product class (soft drinks, laundry detergents)—may require heavy advertising to set them apart. When the product differs greatly from competitors, advertising can be used to point out the differences to consumers.

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

Companies such as Coca-Cola and Kraft have built sophisticated statistical models to determine the relationship between promotional spending and brand sales and to help determine the "optimal investment" across various media. Still, because so many factors, some controllable and others not, affect advertising effectiveness, measuring the results of advertising spending remains an inexact science. In most cases, managers must rely on large doses of judgment along with more quantitative analysis when setting advertising budgets.[3]

Developing Advertising Strategy

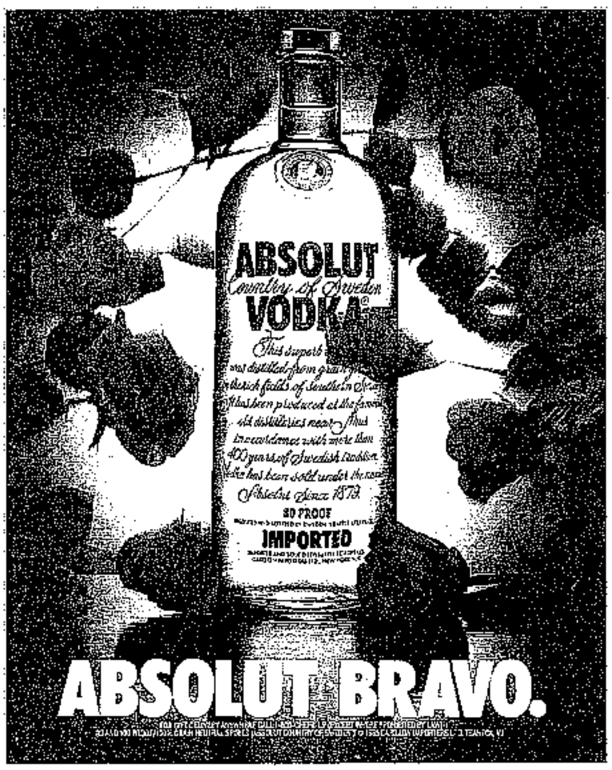
Advertising strategy
The strategy by which the company accomplishes its advertising objectives. It consists of two major elements: creating advertising messages and selecting advertising media.

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

Today, however, media fragmentation, soaring media costs, and more-focused target marketing strategies have promoted the importance of the media-planning function. More and more, advertisers are orchestrating a closer harmony between their messages and the media that deliver them.

> A long-simmering Madison Avenue debate is boiling anew: Should the people who create clever commercials work more closely with the people who decide where those same commercials appear? It used to be that creative executives who crafted commercials were the top dogs of Madison Avenue. Media buyers and planners played a much less glamorous role, figuring out which TV network or magazine an advertiser should use and then buying the time or space needed. Many large agency holding companies have widened the creative-media gap by splitting off their media planning and buying functions into separate divisions. More recently, however, what was a humdrum media job has become vastly more important. The fragmentation of audiences among a growing array of new-media technologies is forcing marketers to put less emphasis on traditional outlets, such as television, and more on narrowly targeted media. As a result, the decision about which medium to use for an ad campaign—iPod, Web site, video on demand, broadcast or cable television, or e-mail—is now sometimes more critical than the creative elements of the campaign.
>
> Now, marketers are asking ad agencies for strategies that integrate creative ideas with media placement. An example is satellite-TV operator DirecTV, which targets some of its marketing so narrowly that it aims at individual zip codes. The geographic area helps determine the types of ads used. People in a city dependent on cars are more likely to see a DirecTV billboard than are target customers in a mass-transit hotspot such as New York. In such cases, the creative content of the commercials is sometimes determined only after deciding on the types of media. DirecTV recently moved its advertising and media accounts, previously handled separately, to a single agency. "It's just easier and more coordinated and better executed" when creative and media planning are "all under one roof," says DirecTV's chief marketing officer. An executive of a large ad agency agrees: "The stupidest thing that ever happened in our industry is when media planners left the building."[4]

Some companies have long recognized the importance of tight media-creative partnerships. For example, for more than 25 years, Absolut created a wonderful assortment of



Media-creative partnerships: In its now classic campaign, Absolut vodka developed a wonderful assortment of creative ads that were tightly targeted to the audiences of the media in which they appeared.

creative ads that were tightly targeted to the audiences of the media in which they appeared. In New York-area magazines, "Absolut Manhattan" ads featured a satellite photo of Manhattan, with Central Park assuming the distinctive outline of an Absolut bottle. In London, ads showed the famous entry to the Prime Minister's residence at No. 10 Downing Street with the door in the shape of an Absolut bottle. An "Absolut Bravo" ad in playbills had roses adorning a clear bottle, and an "Absolute Primary" ad run during the political season featured the well-known bottle spattered with mud. And in "Absolut Love," run in February to celebrate Valentine's Day, two Absolut bottles embrace, silhouetted by a shining heart in the background. This pioneering campaign helped make Absolut the nation's number-one imported vodka and the number-three liquor brand overall.[5]

Creating the Advertising Message

No matter how big the budget, advertising can succeed only if advertisements gain attention ~~and communicate well~~. Good advertising messages are especially important in today's costly and cluttered advertising environment. In 1950, the average U.S. household received just three network television channels and a handful of major national magazines. Today, there are seven networks and 263 subscription channels, and consumers have more than 22,000 magazines from which to choose.[6] Add the countless radio stations and a continuous barrage of catalogs, direct mail, Internet e-mail and online ads, and out-of-home media, and consumers are being bombarded with ads at home, at work, and at all points in between. One expert estimates that the average person is exposed to some 3,000 ad messages a day. Another puts the number at an eye-popping 5,000 ads a day.[7]

karışıklık, dağınıklık

If all this advertising clutter bothers some consumers, it also causes big problems for advertisers. Take the situation facing network television advertisers. They pay an average of $338,000 to make a single thirty-second commercial. Then, each time they show it, they regularly pay $300,000 or more for thirty seconds of advertising time during a popular prime-time program. They pay even more if it's an especially popular program such as *American Idol* (as much as $705,000), *Desperate Housewives* ($560,000), *CSI* ($478,000), or a megaevent such as the *American Idol* season finale ($1.3 million) or the Super Bowl ($2.5 million per 30 seconds!).[8]

Advertising clutter: If advertising clutter bothers some consumers, it also causes big problems for advertisers. They might pay $1 million or more for 30 seconds of advertising time a popular prime-time TV program like the final episode of American Idol, then have their ads sandwiched in with a glut of other commercials, announcements, and network promotions.

Then, their ads are sandwiched in with a clutter of other commercials, announcements, and network promotions, totaling more than 15 minutes of nonprogram material per prime-time hour, more than 21 minutes per daytime hour. Such clutter in television and other ad media has created an increasingly hostile advertising environment. According to one recent study, 65 percent of Americans say they are "constantly bombarded with too much" advertising and about two-thirds say that their view of advertising is "much more negative than just a few years ago."[9]

Until recently, television viewers were pretty much a captive audience for advertisers. But today's digital wizardry has given consumers a rich new set of information and entertainment choices. With the growth in cable and satellite TV, the Internet, video on demand (VOD), and DVD rentals, today's viewers have many more options. Digital technology has also armed consumers with an arsenal of weapons for choosing what they watch or don't watch. Increasingly, consumers are choosing *not* to watch ads. They "zap" commercials by fast-forwarding through recorded programs. With the remote control, they mute the sound during a commercial or "zip" around the channels to see what else is on. A recent study found that 40 percent of all television viewers now switch channels when the commercial break starts.[10]

Adding to the problem is the rapid growth of TiVo-style DVR (digital video recorder) systems. Almost 20 percent of American homes now have DVR technology, and it is expected that 39 percent of households will have it by 2010. And TiVo reports that when its customers watch recorded programs, they skip 70 percent of the commercials. One ad agency executive calls DVR systems "electronic weed whackers." "In time, the number of people using them to obliterate commercials will totally erode faith in the 30-second commercial," he declares. Similarly, the number of VOD viewers is expected to quadruple during the next five years. These viewers will be able to watch programming on their own time terms, with or without commercials.[11]

Thus, advertisers can no longer force-feed the same old cookie-cutter ad messages to captive consumers through traditional media. Just to gain and hold attention, today's advertising messages must be better planned, more imaginative, more entertaining, and more rewarding to consumers. "Interruption or disruption as the fundamental premise of marketing" no longer works, says one advertising executive. "You have to create content that is interesting, useful, or entertaining enough to invite [consumers]." According to another, advertisers must now "draw people in. Tell a story. Encourage them to engage in it, and reward them when they do. If you do it right, they'll want to see your ads again and again."[12]

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

In fact, many marketers are now subscribing to a new merging of advertising and entertainment, dubbed **"Madison & Vine."** You've probably heard of Madison Avenue. It's the New York City street that houses the headquarters of many of the nation's largest advertising agencies. You may also have heard of Hollywood & Vine, the intersection of Hollywood Avenue and Vine Street in Hollywood, California, long the symbolic heart of the U.S. entertainment industry. Now, Madison Avenue and Hollywood & Vine are coming together to form a new intersection—*Madison & Vine*—that represents the merging of advertising and entertainment in an effort to break through the clutter and create new avenues for reaching consumers with more engaging messages (see Real Marketing 15.1).

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

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

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

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

However, the most meaningful and believable benefits may not be the best ones to feature. Appeals should also be *distinctive*—they should tell how the product is better than the competing brands. For example, the most meaningful benefit of owning a wristwatch is that it keeps accurate time, yet few watch ads feature this benefit. Instead, based on the distinctive benefits they offer, watch advertisers might select any of a number of advertising themes. For years, Timex has been the affordable watch that "Takes a lickin' and keeps on tickin'." In contrast, Fossil has featured style and fashion, whereas Rolex stresses luxury and status.

Real Marketing

Welcome to the ever-busier intersection of Madison & Vine, where the advertising industry meets the entertainment industry. In today's cluttered advertising environment, Madison Avenue knows that it must find new ways to engage ad-weary consumers with more compelling messages. The answer? Entertainment! And who knows more about entertainment than the folks at Hollywood & Vine? The term "Madison & Vine" has come to represent the merging of advertising and entertainment. It takes one of two primary forms: *advertainment* or *branded entertainment*.

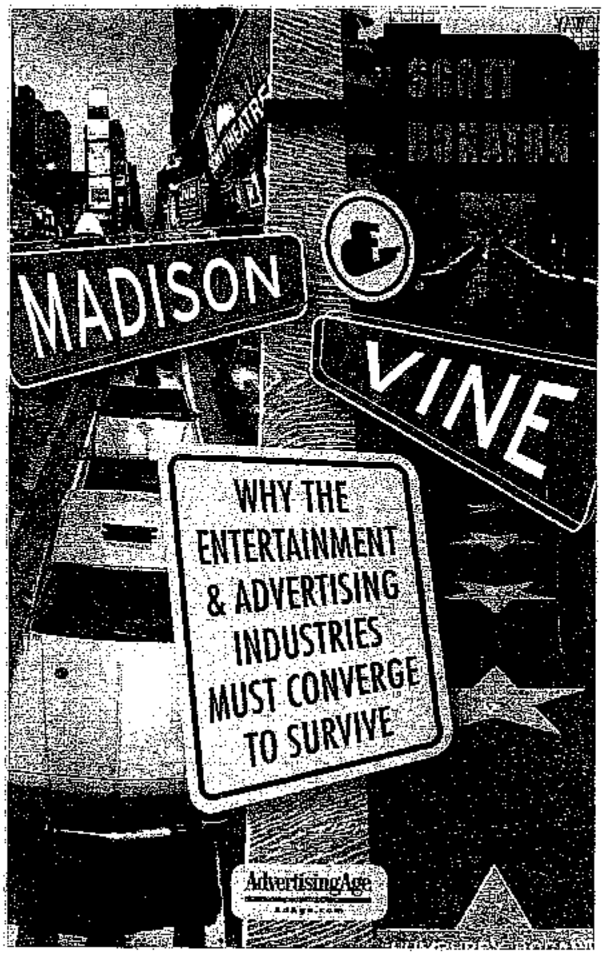
The aim of *advertainment* is to make ads themselves so entertaining, or so useful, that people *want* to watch them. It's advertising by invitation rather than by intrusion. There's no chance that you'd watch ads on purpose, you say? Think again. For example, the Super Bowl has become an annual advertainment showcase. Tens of millions of people tune in to the Super Bowl each year, as much to watch the entertaining ads as to see the game.

And rather than bemoaning TiVo and other DVR systems, many advertisers are now using them as a new medium for showing useful or entertaining ads that consumers actually volunteer to watch. For example, TiVo recently launched Product Watch, a service offering special on-demand ads to subscribers from companies such as Kraft Foods, Ford, Lending Tree, and Pioneer Electronics. Longer than traditional 30-second spots, these ads allow consumers to research products before buying them or simply to learn something new. Kraft, for instance, offered 20 different cooking videos creating meals using its products. And Pioneer sponsored a four-minute video ad on the ins and outs of buying a plasma-screen high-definition television.

Interestingly, a recent study found that DVR users aren't necessarily skipping all the ads. According to the study, 55 percent of DVR users take their finger off the fast-forward button to watch a commercial that is entertaining or relevant, sometimes even watching it more than once. "If advertising is really entertaining, you don't zap it," notes an industry observer. "You might even go out of your way to see it."

Beyond making their regular ads more entertaining, advertisers are also creating new advertising forms that look less like ads and more like short films or shows. For example, as part of a $100 million campaign to introduce its Sunsilk line of hair care products in the United States, Unilever is producing a series of two-minute short programs that resemble sitcom episodes more than ads.

> The series, titled "Sunsilk Presents Max and Katie," will run on the TBS cable network. The miniepisodes present a humorous look at the hectic life of a 20-something woman—not coincidentally, the Sunsilk target audience. In all, Unilever will produce 85 miniepisodes of "Max and Katie," with 65 intended for TBS and the rest to be available online, on cell phones, through e-mail, and at displays in stores. The woman at whom Sunsilk will be aimed "has grown up being marketed to her whole life," says a Unilever marketing manager. "She's open to advertising, if it's entertaining to her."



Welcome to Madison & Vine. As this book cover suggests, in today's cluttered advertising environment, Madison Avenue must find new ways to engage ad-weary consumers with more compelling messages. The answer? Entertainment!

Similarly, Procter & Gamble produced a series of 90-second advertising sitcoms called "At the Poocherellas," shown on Nick at Night, featuring a family of dogs and promoting its Febreze brand. Each miniepisode includes the expected commercial break, which lasts

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

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

- *Slice of life:* This style shows one or more "typical" people using the product in a normal setting. For example, two mothers at a picnic discuss the nutritional benefits of Jif peanut butter.

just long enough to say, "Febreze, it's fresh." "We don't really think of this as advertising," says a media executive. "We create an environment where a brand's character and equity live in a show."

Branded entertainment (or *brand integrations*) involves making the brand an inseparable part of some other form of entertainment. The most common form of branded entertainment is product placements—imbedding brands as props within other programming. In all, advertisers paid an estimated $1.2 billion on product placements last year, up 30 percent from the previous year. The nature of the placement can vary widely. It might be a brief glimpse of a Starbucks coffee cup sitting on a table on HBO's *Entourage* or the judges on *American Idol* drinking out of Coca-Cola cups. Or it might involve scripting products into the theme of the program. For example, the boss of *The Office* frequents Chili's restaurant and orders his "awesome blossom, extra awesome"—in one episode, he even broke into the restaurant's catchy "baby back ribs" jingle while entertaining a client there.

Costs of product placements range widely. "A car manufacturer might be willing to pay $100,000 to $150,000 to show the mirror turns upside down," says one expert. "Going in and completely crafting a whole segment from scratch where the brand is a key player could be a million bucks." For example, blue-chip companies such as Procter & Gamble, General Motors, Staples, Unilever, and Burger King paid $1 to $4 million per episode to integrate their brands into the reality show, *The Apprentice*.

Perhaps no company has gotten more mileage out of such brand integrations than GM's Pontiac division. It all started with an extraordinary giveaway on a popular talk show:

> When *The Oprah Winfrey Show* opened its 19th season with a "Wildest Dreams" theme, Oprah electrified the studio audience by giving every one of the 276 people in attendance a new, fully loaded Pontiac G6 sedan worth $28,400. The Oprah giveaway set a new benchmark in the field of branded entertainment. It cost Pontiac about $8 million but generated an estimated $20 million in unpaid media coverage and favorable PR.
>
> Pontiac followed quickly with another stunningly successful placement, this time on *The Apprentice*. Generally viewed as the most successful *Apprentice* brand integration ever, Pontiac used the show to announce a national early-order program for its then-new Solstice two-seat roadster. In a show that included photo shoots of the sleek new car and discussions of Solstice benefits, *Apprentice* teams pulled all-nighters to create Solstice promotion brochures. The result: Pontiac's Web site traffic skyrocketed 1,400 percent the night the episode aired, and some 41,000 people registered online for a chance to place an early order. Expecting to sell 1,000 cars within 10 days, Pontiac blew by that goal in just 41 minutes after the cars went on sale the next day. In all, Pontiac chalked up 7,116 orders during the promotion, more Solstices than it planned to build for the entire year.

Originally created with TV in mind, branded entertainment has spread quickly into other sectors of the entertainment industry. It's widely used in movies—think about Ray Ban sunglasses in *Men in Black*, or the Land Rover LR3 in *Mission: Impossible III*. And when DreamWorks built the terminal for its movie *The Terminal*, along with United Airlines, more than 35 companies chipped in millions to build real stores—Brookstone, Discovery Store, Borders Books, Paul Mitchell—as well as a working food court with a Starbucks, Baskin-Robbins, Burger King, and Baja Fresh. If you look carefully, you'll also see subtle and not-so-subtle product placements in online video games, magazines, Internet sites, and just about anything else—from comic books to Broadway musicals. For example, the script for *Sweet Charity* was revised to fit Jose Cuervo's Gran Centenario tequila into a scene.

So, Madison & Vine is *the* new meeting place for the advertising and entertainment industries. When done right, advertainment and branded entertainment can pay big dividends. However, experts caution that Madison & Vine can also be a dangerous crossing. They worry that making ads too entertaining might detract from the seller's brand message—consumers will remember the clever ad but forget the brand or advertiser. And they note that the intersection is getting pretty congested. With all these new ad formats and product placements, Madison & Vine threatens to create even more of the very clutter that it's designed to break through.

They also worry about potential customer resentment and backlash. Some TV shows outright bristle with product placements. A heavily branded show like *American Idol* contains, on average, more than 36 product placement shots per hour. During the fall season last year, the 10 prime-time TV shows with the most placements included 9,019 "brand shout-outs," up from 5,821 the year before. At what point will consumers decide that the intersection of Madison & Vine is just too congested and take yet a different route?

Sources: Quotes and information from Michael Applebaum, "Early Bird Apprentice Draws Solstice Buyers," *Brandweek*, March 13, 2006, pp. R4–R5; Gail Schiller, "Win, Draw for Burnett Branding," *The Hollywood Reporter*, June 1, 2005, accessed at www.hollywoodreporter.com; "Study Spots Ad-Skipping Trends," August 19, 2005, accessed at www.hollywoodreporter.com; Jim Edwards, "There's Less Than Meets the Eye in TV Placement Economy," *Brandweek*, December 19–26, 2005, p. 15; Lynn Smith, "Television: When the Plot Pushes Product," *Los Angeles Times*, February 12, 2006, p. E5; Stuart Elliot, "Pay Attention to the Story, but Please Also Notice the Goods," *New York Times*, March 13, 2006, p. C8; Stuart Elliot, "A Sponsor and Its Show, Intertwined," *New York Times*, April 17, 2006, p. C8; and Brian Steinberg, "TiVo Latest Viewing Option: Commercials," *Wall Street Journal*, May 8, 2006, p. B3.

Or a Silk soymilk "Rise and Shine" ad shows a young professional starting the day with a healthier breakfast and high hopes.

- *Lifestyle:* This style shows how a product fits in with a particular lifestyle. For example, an ad for Liquidlogic Kayaks shows kayakers challenging some serious white water and states, "2/3 of the earth is covered in playground—live wet."

Lifestyle execution style: This LiquidLogic Kayaks ad shows kayakers challenging some serious white water and states, "2/3 of the earth is covered in playground—live wet."

- *Fantasy:* This style creates a fantasy around the product or its use. For instance, many ads are built around dream themes. One commercial for the Adidas1 shoes features a guy dreaming he can outrun everything wearing his Adidas. It closes with the statement "Impossible is nothing."
- *Mood or image:* This style builds a mood or image around the product or service, such as beauty, love, or serenity. Few claims are made about the product except through suggestion. For example, ads for Singapore Airlines feature soft lighting and refined flight attendants pampering relaxed and happy customers.
- *Musical:* This style shows people or cartoon characters singing about the product. For example, one of the most famous ads in history was a Coca-Cola ad built around the song "I'd Like to Teach the World to Sing." Similarly, Oscar Mayer has long run ads showing children singing its now-classic "I wish I were an Oscar Mayer wiener . . ." jingle. And is there anyone who doesn't know the Chili's advertising song, "I love my baby-back, baby-back, baby-back, . . . baby-back ribs"?
- *Personality symbol:* This style creates a character that represents the product. The character might be *animated* (Mr. Clean, Tony the Tiger, the GEICO gecko) or *real* (the Marlboro man, Ol' Lonely the Maytag repairman, or the AFLAC duck).
- *Technical expertise:* This style shows the company's expertise in making the product. Thus, Maxwell House shows one of its buyers carefully selecting coffee beans, and Jim Koch of the Boston Beer Company tells about his many years of experience in brewing Samuel Adams beer.
- *Scientific evidence:* This style presents survey or scientific evidence that the brand is better or better liked than one or more other brands. For years, Crest toothpaste has used scientific evidence to convince buyers that Crest is better than other brands at fighting cavities.
- *Testimonial evidence or endorsement:* This style features a highly believable or likable source endorsing the product. It could be ordinary people saying how much they like a given product—as in the JetBlue ads discussed in the previous chapter. Or it might be a celebrity presenting the product. For example, Gatorade ran an ad showing how Gatorade helped triathlete Chris Legh win an Ironman triathlon victory following a near-fatal collapse a few years earlier due to dehydration.

The advertiser also must choose a *tone* for the ad. Procter & Gamble always uses a positive tone: Its ads say something very positive about its products. P&G usually avoids humor that might take attention away from the message. In contrast, many advertisers now use edgy humor to break through the commercial clutter.

The advertiser must use memorable and attention-getting *words* in the ad. For example, rather than claiming simply that "a BMW is a well-engineered automobile," BMW uses more creative and higher-impact phrasing: "The ultimate driving machine." Instead of stating that "K9 Advantix is a topical serum that keeps ticks, fleas, and mosquitoes off your dog," Bayer states it more colorfully—with K9 Advantix, "There ain't no bugs on me!" The World Wildlife Fund doesn't say, "We need your money to help save nature." Instead, it says, "We share the sky. We share the future. Together, we can be a force of nature."

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

Selecting Advertising Media

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

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

[illegible] To select media, the advertiser must decide on the reach and frequency needed to achieve advertising objectives. *Reach* is a measure of the *percentage* of people in the target market who are exposed to the ad campaign during a given period of time. For example, the advertiser might try to reach 70 percent of the target market during the first three months of the campaign. *Frequency* is a measure of how many *times* the average person in the target market is exposed to the message. For example, the advertiser might want an average exposure frequency of three.

But advertisers want to do more than just reach a given number of consumers a specific number of times. The advertiser also must decide on the desired *media impact*—the *qualitative value* of a message exposure through a given medium. For example, the same message in one magazine (say, *Newsweek*) may be more believable than in another (say, the *National Enquirer*). For products that need to be demonstrated, messages on television may have more impact than messages on radio because television uses sight *and* sound. Products for which consumers provide input on design or features might be better promoted at a Web site than in a direct mailing.

More generally, the advertiser wants to choose media that will *engage* consumers rather than simply *reach* them. For example, for television advertising, "how relevant a program is for its audience and where the ads are inserted are likely to be much more important than whether the program was a Nielsen winner" numbers-wise, says one expert. "This is about 'lean to' TV rather than 'lean back.'" Although Nielsen is beginning to measure levels of television *media engagement*, such measures are hard to come by for most media. "All the measurements we have now are media metrics: ratings, readership, listenership, click-through rates," says an executive of the Advertising Research Foundation, but engagement "happens inside the consumer, not inside the medium. What we need is a way to determine how the targeted prospect connected with, got engaged with, the brand idea. With engagement, you're on your way to a relationship. . . ."[13]

[illegible] The media planner must know the reach, frequency, and impact of each of the major media types. As summarized in Table 15.2, the major media types are television, newspapers, direct mail, magazines, radio, outdoor, and the Internet. Each medium has advantages and limitations. Media planners consider many factors when making their media choices. They want to choose media that will effectively and efficiently present the advertising message to target customers. Thus, they must consider each medium's impact, message effectiveness, and cost.

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

For example, cable television and satellite television systems are booming. Such systems allow narrow programming formats such as all sports, all news, nutrition, arts, home improvement and gardening, cooking, travel, history, finance, and others that target select groups. Time Warner, Comcast, and other cable operators are even testing systems that will let them target specific types of ads to specific neighborhoods or to specific types of customers. For example, ads for a Spanish-language newspaper would run only in Hispanic neighborhoods, or only pet owners would see ads from pet food companies.[14]

Advertisers can take advantage of such "narrowcasting" to "rifle in" on special market segments rather than use the "shotgun" approach offered by network broadcasting. Cable and

TABLE 15.2
Profiles of Major Media Types

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

satellite television media seem to make good sense. But, increasingly, ads are popping up in far less likely places. In their efforts to find less costly and more highly targeted ways to reach consumers, advertisers have discovered a dazzling collection of "alternative media" (see Real Marketing 15.2).

Another important trend affecting media selection is the rapid growth in the number of "media multitaskers," people who absorb more than one medium at a time:

> It looks like people who aren't satisfied with "just watching TV" are in good company. According to a recent survey, three-fourths of U.S. TV viewers read the newspaper while they watch TV, and two-thirds of them go online during their TV time. According to the study, 70 percent of media users say they at one time or another try to absorb two or more forms of media at once. What's more, if today's kids are any indication, media multitasking is on the rise. Americans aged 8 to 18 are managing to cram an average 8.5 hours of media consumption into 6.5 hours. It's not uncommon to find a teenage boy chasing down photos of Keira Knightly on Google, IMing several friends at once, listening to a mix of music on iTunes, and talking on the cell phone to a friend all the while, in the midst of the multimedia chaos, trying to complete an essay he's got open in a Word file a few layers down on his desktop.[15]

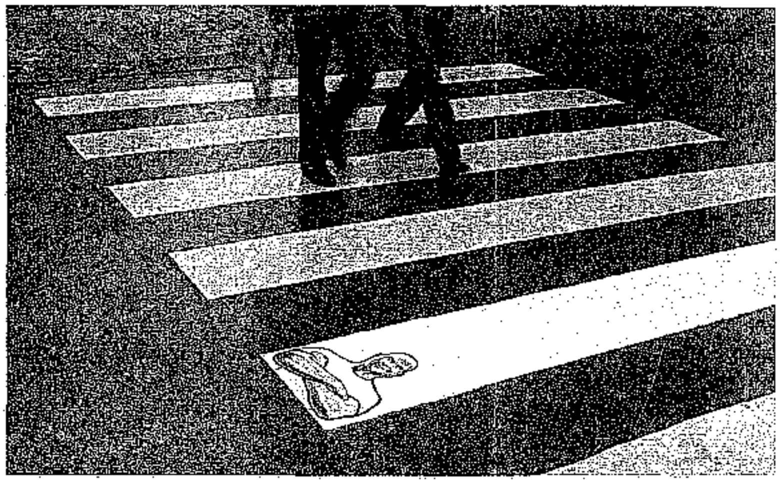
Media planners need to take such media interactions into account when selecting the types of media they will use.

The media planner now must choose *the best media vehicles*—specific media within each general media type. For example, television vehicles include *Scrubs* and *ABC World News Tonight*. Magazine vehicles include *Newsweek*, *People*, and *ESPN The Magazine*.

Media planners must compute the cost per thousand persons reached by a vehicle. For example, if a full-page, four-color advertisement in the U.S. national edition of *Newsweek* costs $220,500 and *Newsweek's* readership is 3.1 million people, the cost of reaching each group of 1,000 persons is about $71. The same advertisement in *Business Week* may cost only $99,500 but reach only 971,000 persons—at a cost per thousand of about $102. The media planner ranks each

Real Marketing

15.2 As consumers, we're used to ads on television, in magazines and newspapers, at Web sites, on the radio, and along the roadways. But these days, no matter where you go or what you do, you will probably run into some new form of advertising.



Marketers have discovered a dazzling array of "alternative media."

Tiny billboards attached to shopping carts, ads on shopping bags, and even advertising decals on supermarket floors urge you to buy Jell-O Pudding Pops or Pampers. Signs atop parking meters hawk everything from Jeeps to Minolta cameras to Recipe dog food. A city bus rolls by, fully wrapped for Trix cereal, or a school bus displays ads for a local toy store or realtor. You escape to the ballpark, only to find billboard-size video screens running Budweiser ads while a blimp with an electronic message board circles lazily overhead. How about a quiet trip to the country? Sorry—you find an enterprising farmer using his milk cows as four-legged billboards mounted with ads for Ben & Jerry's ice cream.

You pay to see a movie at your local theater, only to learn that the movie is full of not-so-subtle promotional plugs for Pepsi, Domino's Pizza, MasterCard, Mercedes, Ray Ban sunglasses, or any of a dozen other products. You head home for a little TV to find your favorite sitcom full of "virtual placements" of Coca-Cola, Sony, or Miller Lite products digitally inserted into the program. You pop in the latest video game and find your action character jumping into a Jeep on the way to the skateboarding park.

At the local rail station, it's the Commuter Channel; at the airport, you're treated to the CNN Airport Network. Shortly after your plane lifts off the runway, you look out the window and spot a 500-foot-diameter crop circle carved into a farmer's field depicting Monster.com's mascot and corporate logo. As you wait to pick up your luggage, ads for Kenneth Cole luggage roll by on the baggage carousel conveyor belt.

These days, you're likely to find ads—well, anywhere. Boats cruise along public beaches flashing advertising messages for Sundown Sunscreen as sunbathers spread their towels over ads for Snapple pressed into the sand. Taxi cabs sport electronic messaging signs tied to GPS location sensors that can pitch local stores and restaurants wherever they roam. Ad space is being sold on DVD cases, parking-lot tickets, golf scorecards, delivery trucks, pizza boxes, gas pumps, ATMs, municipal garbage cans, police cars, and church bulletins. One agency even leases space on the foreheads of college students for temporary advertising tattoos. And the group meeting at the office water cooler has a new member—a "coolertising" ad sitting on top of the water cooler jug trying to start up a conversation about the latest episode of *American Idol*.

The following account takes a humorous look ahead at what might be in store for the future:

> Tomorrow your alarm clock will buzz at 6 a.m., as usual. Then the digital readout will morph into an ad for Burger King's breakfast special. Hungry for an Enormous Omelet Sandwich, you settle for a bagel that you plop into the toaster. The coils burn a Toastmaster brand onto the sides. Biting into your embossed bread, you pour a cup of coffee as the familiar green-and-white Starbucks logo forms on the side. Sipping the brew, you slide on your Nikes to go grab the newspaper. The pressure sensitive shoes leave a temporary trail of swooshes behind them wherever you step. Walking outside, you pick up the *Times* and gaze at your lawn, where the fertilizer you put down last month time-releases ads for Scotts Turf Builder, Toro lawn mowers, Weber grills. . . .

Even some of the current alternative media seem a bit far-fetched, and they sometimes irritate consumers who resent it all as "ad nauseam." But for many marketers, these media can save money and provide a way to hit selected consumers where they live, shop, work, and play. "We like to call it the captive pause," says an executive of an alternative-media firm, where consumers "really have nothing else to do but either look at the person in front of them or look at some engaging content as well as 15-second commercials"—the average person waits in line about 30 minutes a day. Many spend even more time on mass transit. So, companies such as Target, Snapple, Calvin Klein, and American Express are testing new technologies to reach captive consumers. Riders on Manhattan's subway system now see a series of light boxes speed by that create a moving commercial in the subway car's windows.

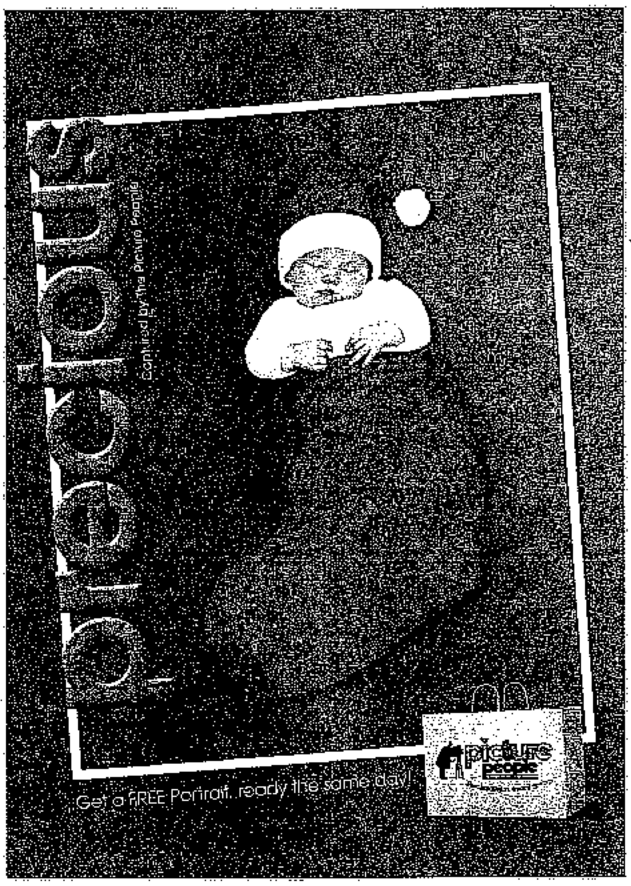
Of course, this may leave you wondering if there are any commercial-free havens remaining for ad-weary consumers. Public elevators, perhaps, or stalls in a public restroom? Forget it! Each has already been invaded by innovative marketers.

Sources: See Cara Beardi, "From Elevators to Gas Stations, Ads Multiplying," *Advertising Age*, November 13, 2000, pp. 40–42; Charles Pappas, "Ad Nauseam," *Advertising Age*, July 10, 2000, pp. 16–18; Sam Jaffe, "Easy Riders," *American Demographics*, March 2004, pp. 20-23; David H. Freedman, "The Future of Advertising Is Here," *Inc.*, August 2005, pp. 70–78; Emily Bazar, "Advertisers Catch the School Bus," *USA Today*, December 26, 2005, p. 3A; David Kiley, "Rated M for Mad Ave," *BusinessWeek*, February 26, 2006, pp. 76–77; and "Global Trends Watch—Innovative Advertising," *Brand Strategy*, April 10, 2006, p. 14.

magazine by cost per thousand and favors those magazines with the lower cost per thousand for reaching target consumers.[16]

The media planner must also consider the costs of producing ads for different media. Whereas newspaper ads may cost very little to produce, flashy television ads can be very costly. For example, the set of extravagant Burger King Whopperettes commercials discussed in the chapter-opening story of Chapter 14 cost millions of dollars to produce. And a few years ago, a two-minute Chanel No. 5 commercial featuring Nicole Kidman and filmed by the director of *Moulin Rouge*, Baz Luhrmann, cost an almost unimaginable $14 million to create.[17]

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



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

The advertiser must also decide how to schedule the advertising over the course of a year. Suppose sales of a product peak in December and drop in March. The firm can vary its advertising to follow the seasonal pattern, to oppose the seasonal pattern, or to be the same all year. Most firms do some seasonal advertising. For example, The Picture People, the national chain of portraits studios, advertises more heavily before major holidays such as Christmas, Easter, and Valentines Day. Some marketers do *only* seasonal advertising: For instance, Hallmark advertises its greeting cards only before major holidays.

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

Evaluating Advertising Effectiveness and Return on Advertising Investment

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

Advertising accountability and **return on advertising investment** have become hot issues for most companies. Increasingly, top management is asking: "How do we know that we're spending the right amount on advertising?" and "What return are we getting on our advertising investment?" According to a recent survey by the Association of National Advertisers (ANA), measuring advertising's efficiency and effectiveness is the number-one issue in the minds of today's advertisers. In the survey, 61.5 percent of respondents said that it is important that they define, measure, and take action in the area of advertising accountability.[18]

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

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

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

However, because so many factors, some controllable and others not, affect advertising effectiveness, measuring the results of advertising spending remains an inexact science. For example, despite the growing importance of advertising accountability, only 19 percent of ANA study respondents were satisfied with their ability to measure return on advertising investments. When asked if they would be able to "forecast the impact on sales" of a 10 percent cut in advertising spending, 63 percent said no.

"Marketers are tracking all kinds of data and they still can't answer basic questions" about advertising accountability, says a marketing analyst, "because they don't have real models and metrics by which to make sense of it."[19] Thus, although the situation is improving as marketers seek more answers, managers often must rely on large doses of judgment along with quantitative analysis when assessing advertising performance.

Other Advertising Considerations

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

Organizing for Advertising

Different companies organize in different ways to handle advertising. In small companies, advertising might be handled by someone in the sales department. Large companies set up advertising departments whose job it is to set the advertising budget, work with the ad agency, and handle other advertising not done by the agency. Most large companies use outside advertising agencies because they offer several advantages.

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

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

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

Some ad agencies are huge—the largest U.S. agency, McCann Erickson Worldwide, has worldwide annual gross revenue of more than $1.4 billion. In recent years, many agencies have grown by gobbling up other agencies, thus creating huge agency holding companies. The largest of these agency "megagroups," Omnicom Group, includes several large advertising, public relations, and promotion agencies with combined worldwide revenues of almost $10.5 billion.[20] Most large advertising agencies have the staff and resources to handle all phases of an advertising campaign for their clients, from creating a marketing plan to developing ad campaigns and preparing, placing, and evaluating ads.

International Advertising Decisions

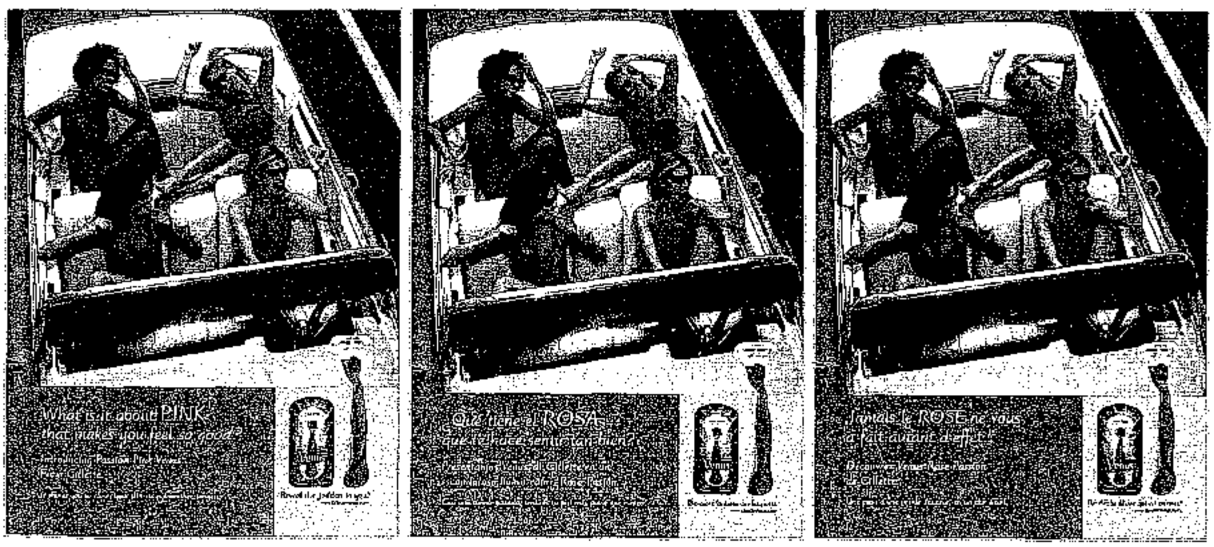
International advertisers face many complexities not encountered by domestic advertisers. The most basic issue concerns the degree to which global advertising should be adapted to the unique characteristics of various country markets. Some large advertisers have attempted to support their global brands with highly standardized worldwide advertising, with campaigns that work as well in Bangkok as they do in Baltimore. For example, Jeep has created a worldwide brand image of ruggedness and reliability; Coca-Cola's Sprite brand uses standardized appeals to target the world's youth. Ads for Gillette's Venus razors are almost identical worldwide, with only minor adjustments to suit the local culture.

Standardization produces many benefits—lower advertising costs, greater global advertising coordination, and a more consistent worldwide image. But it also has drawbacks. Most importantly, it ignores the fact that country markets differ greatly in their cultures, demographics, and economic conditions. Thus, most international advertisers "think globally but act locally." They develop global advertising *strategies* that make their worldwide advertising efforts more efficient and consistent. Then they adapt their advertising *programs* to make them more responsive to consumer needs and expectations within local markets. For example, Coca-Cola has a pool of different commercials that can be used in or adapted to several different international markets. Some can be used with only minor changes—such as language—in several different countries. Local and regional managers decide which commercials work best for which markets.

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

For example, alcoholic products cannot be advertised in India or in Muslim countries. In many countries, Sweden and Norway, for example, food ads are banned from kids' TV. To play it safe, McDonald's advertises itself as a family restaurant in Sweden. Comparative ads, while acceptable and even common in the United States and Canada, are less commonly used in the United Kingdom, unacceptable in Japan, and illegal in India and Brazil. China bans sending e-mail for advertising purposes to people without their permission, and all advertising e-mail that is sent must be titled "advertisement."

China also has restrictive censorship rules for TV and radio advertising; for example, the words *the best* are banned, as are ads that "violate social customs" or present women in "improper ways." McDonald's once avoided government sanctions there by publicly apologizing for an ad that crossed cultural norms by showing a customer begging for a discount. Similarly, Coca-Cola's Indian subsidiary was forced to end a promotion that offered prizes,



Standardized worldwide advertising: Gillette's ads for its Gillette for Women Venus razors are almost identical worldwide, with only minor adjustments to suit the local culture.

such as a trip to Hollywood, because it violated India's established trade practices by encouraging customers to buy in order to "gamble."[21]

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

Public Relations

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

Another major mass-promotion tool is **public relations (PR)**—building good relationships with the company's various publics by obtaining favorable publicity, building a good corporate image, and handling or heading off unfavorable rumors, stories, and events. Public relations departments may perform any or all of the following functions:[22]

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

Public relations is used to promote products, people, places, ideas, activities, organizations, and even nations. Companies use public relations to build good relationships with consumers, investors, the media, and their communities. Trade associations have used public relations to rebuild interest in declining commodities such as eggs, apples, milk, and potatoes. The state of New York turned its image around when its "I ♥ New York!" publicity and advertising campaign took root, bringing in millions more tourists. Johnson & Johnson's masterly use of public relations played a major role in saving Tylenol from extinction after its product-tampering scare. Nations have used public relations to attract more tourists, foreign investment, and international support.

The Role and Impact of Public Relations

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

Public relations results can sometimes be spectacular. Here's how publisher Scholastic, Inc., used public relations to turn a simple new book introduction into a major international event, all on a very small budget:

> Secret codes. A fiercely guarded text. Huddled masses lined up in funny hats at the witching hour. Welcome to one of the biggest literary events in history. As the clock creeps past midnight, kids worldwide rush to buy the next installment of Harry Potter. It's the fastest-shrinking book pile in history. *Harry Potter and the Half-Blood Prince,* the sixth book in the series, sold an astonishing 8.9 million copies in just the first 24 hours in the United States and Britain alone—some 370,000 per hour. How do you whip up a consumer frenzy with a miserly $1.8 million promotion budget and only a few well-placed ads? The spellbinding plots, written by Scottish welfare-mom-turned-millionaire J. K. Rowling, captivate kids everywhere. But the hidden hand of public relations plays a large role, too. Publisher Scholastic works behind the scenes with retailers to prepare contests, theme parties, and giveaways leading up to each new release. It communicates through amateur fan sites such as The Leaky Cauldron and MuggleNet.com to keep fans informed about print runs and store events. It works with the mainstream media to create a sense of celebration and excitement. NBC's *Today Show* ran an entire week of "Countdown to Harry" events leading up to the publication

Public relations results can sometimes be spectacular. Scholastic sponsored low-cost sleepovers, games, and costume contests to whip up consumer frenzy for the last installment of its Harry Potter series.

of the *Half-Blood Prince*. Scholastic's Web site reaches out to obsessed fans with essay contests and video clips. Scholastic heightens the tension by keeping each new book's title and book jacket under wraps almost until the last minute, even forcing booksellers to sign secrecy agreements. With all this PR hype, by the time the book hits the shelves, conditions are hot for Harry. And the hype made a lasting impact—the book went on to become the nation's best selling book of the year.[23]

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

This situation is changing, however. Although public relations still captures only a small portion of the overall marketing budgets of most firms, PR is playing an increasingly important brand-building role. Public relations can be a powerful brand-building tool. Two well-known marketing consultants even go so far as to conclude that advertising doesn't build brands, PR does. In their book *The Fall of Advertising & the Rise of PR*, the consultants proclaim that the dominance of advertising is over and that public relations is quietly becoming the most powerful marketing communications tool.

> The birth of a brand is usually accomplished with [public relations], not advertising. Our general rule is [PR] first, advertising second. [Public relations] is the nail, advertising the hammer. [PR] creates the credentials that provide the credibility for advertising. . . . Anita Roddick built the Body Shop into a major brand with no advertising at all. Instead, she traveled the world on a relentless quest for publicity. . . . Until recently Starbucks Coffee didn't spend a hill of beans on advertising, either. In 10 years, the company spent less than $10 million on advertising, a trivial amount for a brand that delivers annual sales of [in the billions]. Wal-Mart Stores became the world's largest retailer . . . with very little advertising. . . . On the Internet, Amazon.com became a powerhouse brand with virtually no advertising.[24]

Although the book created much controversy, and most advertisers wouldn't agree about the "fall of advertising" part of the title, the point is a good one. Advertising and public relations should work hand in hand to build and maintain brands.

Major Public Relations Tools

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

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

As we discussed in Chapter 5, many marketers are now also designing *buzz marketing* campaigns to generate excitement and favorable word-of-mouth for their brands. Buzz marketing takes advantage of *social networking processes* by getting consumers themselves to spread information about a product or service to others in their communities. For example, UPN used buzz marketing to reach often tuned-out and cynical teen girls:

> High schools are always abuzz with talk of one kind or another: sports, music, clothes, and whatever else teens consider indispensable at any given time. But last year, one piece of chatter weaving its way through select high schools across America was very specific. It was about the TV series *America's Next Top Model*, then entering its fourth season. While teens did the talking, UPN, the network that airs the series, was listening very closely. It had to. UPN was essentially sponsoring the whole conversation.
>
> The plan worked like this. With the help of Alloy.com, a shopping and lifestyle site aimed at teen girls, UPN created a list of 500 "insiders" who could generate buzz about Top Model, which needed a ratings boost. Alloy monitored chat within the site and compiled a list of 7,000 girls who, in the course of their banter, had expressed interest in the show. It cut that list to the 500 girls who seemed the best-connected—those who had frequently shown up on instant-messaging buddy lists. Alloy then provided these gossipy, in-crowd teens with party kits and encouraged them to invite an average of four friends over to their homes for gatherings themed around—you guessed it—*America's Next Top Model*. The girls knew that UPN's cash was behind the kits, and "it wasn't a tough sell," says an Alloy marketing executive. Tough sell or not, it seems to have worked. "The ratings have been very good," says the executive, "especially among that age group." Whereas most reality shows don't stick around that long, *America's Next Top Model* is now in its sixth season.[25]

Another recent public relations development is *mobile tour marketing*—traveling promotional tours that bring the brand to consumers. Mobile tour marketing has emerged as an effective way to build one-to-one relationships with targeted consumers. These days, it seems that almost every company is putting its show on the road. For example, Home Depot recently brought do-it-yourself home project workshops and demonstrations to 26 NASCAR racetracks. Microsoft teams with local partners to field Across America Mobile Solutions Centers, 27-foot techie dream vans that visit information technology workers in offices around the country to demonstrate Microsoft's latest software products. And Charmin's "Potty Palooza" serves as a rolling showcase for—you guessed it—toilet paper (see Real Marketing 15.3).[26]

A company's Web site can be a good public relations vehicle. Consumers and members of other publics can visit the site for information and entertainment. Such sites can be extremely popular. For example, Butterball's site (www.butterball.com), which features cooking and carving tips, once received 550,000 visitors in one day during Thanksgiving week. The Web site supplements the Butterball Turkey Talk-Line (1-800-BUTTERBALL)—called by some the "granddaddy of all help lines"—staffed by 50 home economists and nutritionists who respond to more than 100,000 questions each November and December.[27]

Web sites can also be ideal for handling crisis situations. For example, when several bottles of Odwalla apple juice sold on the West Coast were found to contain E. coli bacteria, Odwalla initiated a massive product recall. Within only three hours, it set up a Web site laden with information about the crisis and Odwalla's response. Company staffers also combed the Internet looking for newsgroups discussing Odwalla and posted links to the site. In all, in this age where "it's easier to disseminate information through e-mail marketing, blogs, and online chat," notes an analyst, "public relations is becoming a valuable part of doing business in a digital world."[28]

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

Real Marketing

The real highlight of the annual Covered Bridge Festival in Mansfield, Indiana, isn't a bridge at all. It's Potty Palooza. "People walk from half a mile away," says John Baker, a festival organizer. No wonder: Charmin's 27-room traveling bathroom facility, painted sky blue with white clouds and latched to the bed of an 18-wheeler, inspires awe wherever it goes. "It's like a ride at the state fair," Baker marvels. "They wait in line 10 to 15 minutes sometimes!"

Depending on your point of view, Potty Palooza represents either the epitome or the pits of experiential, mobile marketing—a marketing approach that touches consumers in places no advertising campaign would go. It's a showroom on wheels, a rolling free trial for . . . toilet paper.

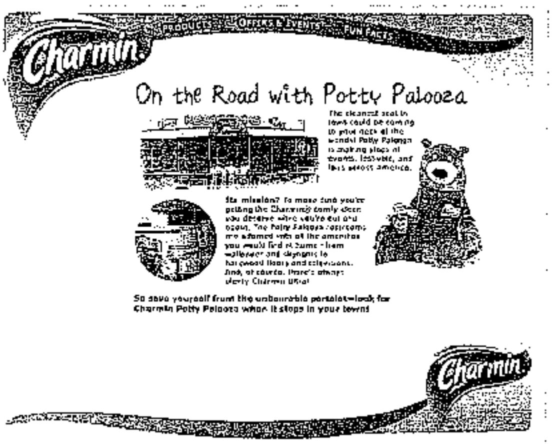
"The media is fracturing, costs are rising," says Charmin's brand manager at Procter & Gamble. "It's difficult to reach consumers these days." Unless, that is, you've got a big semi and a trailer fitted with flushing porcelain toilets, hardwood floors, and air conditioning—plus aromatherapy, skylights, changing stations, a "Little Squirts" stall for kids, and an LCD video screen in every room.

Since its debut in 2002, the Potty Palooza truck has been on the road 11 months a year, visiting 25 to 30 events annually—from the Super Bowl to the Arizona Balloon Festival. All told, Charmin's 5 million annual guests go through some 10,000 cushioned rolls. (A supply truck joins in the Potty Palooza caravan.)

As guests wait, they take part in the full branding experience. The Charmin Bear teaches the Charmin dance while smiling brand reps guide visitors to and from stalls and spruce up rooms after every use. At the Covered Bridge Festival, that can mean cleaning up after 5,000 guests a day. Says the director of the Palooza road team: "We can't budge when that thing is full. We have to empty the black water 5 to 10 times a day."

Yuck. Is it worth it? P&G claims the truck is part of one of the biggest consumer sampling programs anywhere. And, you must admit, it's one of the most unique. By creating a comfortable, if not heavenly, public restroom experience at events where the experience is usually the opposite, Charmin has turned a commodity into a trusted brand with a dedicated following. After Potty Palooza made its first appearance at the Covered Bridge Festival, 30,000 people signed a petition to keep it coming back. By engaging families at the point of use, the tour has help lift sales of Charmin by 14 percent.

Source: Adapted from Lucas Conley, "On a Roll," *Fast Company*, February 2005, p. 28. Additional information from "How Does Charmin Engage Consumers at the Point of Use and Take Commodity Out of the Bath Tissue Equation?" Gigunda Group, Inc., accessed at www.gigundagroup.com, May 15, 2006.



Mobile marketing: Charmin's Potty Palooza serves as a rolling showcase for—you guessed it—toilet paper.

Reviewing the Concepts

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

1. **Define the role of advertising in the promotion mix.**
Advertising—the use of paid media by a seller to inform, persuade, and remind buyers about its products or organization—is an important promotion tool for communicating the value that marketers create for their customers. American marketers spend more than $264 billion each year on advertising, and worldwide ad spending exceeds $600 billion. Advertising takes many forms and has many uses. Although advertising is used mostly by business firms, a wide range of not-for-profit organizations, professionals, and social agencies also use advertising to promote their causes to various target publics. *Public relations*—gaining favorable publicity and creating a favorable company image—is the least used of the major promotion tools, although it has great potential for building consumer awareness and preference.

2. **Describe the major decisions involved in developing an advertising program.**
Advertising decision making involves decisions about the advertising objectives, the budget, the message, the media, and, finally, the evaluation of results. Advertisers should set clear target, task, and timing *objectives*, whether the aim is to inform, persuade, or remind buyers. Advertising's goal is to move consumers through the buyer-readiness stages discussed in the previous chapter. Some advertising is designed to move people to immediate action. However, many of the ads you see today focus on building or strengthening long-term customer relationships. The advertising *budget* can be based on sales, on competitors' spending, or on the objectives and tasks of the advertising program. The size and allocation of the budget depends on many factors.
Advertising strategy consists of two major elements: creating advertising *messages* and selecting advertising *media*. The *message decision* calls for planning a message strategy and executing it effectively. Good advertising messages are especially important in today's costly and cluttered advertising environment. Just to gain and hold attention, today's advertising messages must be better planned, more imaginative, more entertaining, and more rewarding to consumers. In fact, many marketers are now subscribing to a new merging of advertising and entertainment, dubbed "Madison & Vine." The *media decision* involves defining reach, frequency, and impact goals; choosing major media types; selecting media vehicles; and deciding on media timing. Message and media decisions must be closely coordinated for maximum campaign effectiveness.
Finally, *evaluation* calls for evaluating the communication and sales effects of advertising before, during, and after the advertising is placed. Advertising accountability has become a hot issue for most companies. Increasingly, top management is asking: "What return are we getting on our advertising investment?" and "How do we know that we're spending the right amount?" Other important advertising issues involve *organizing* for advertising and dealing with the complexities of international advertising.

3. **Define the role of public relations in the promotion mix.**
Public relations—gaining favorable publicity and creating a favorable company image—is the least used of the major promotion tools, although it has great potential for building consumer awareness and preference. Public relations is used to promote products, people, places, ideas, activities, organizations, and even nations. Companies use public relations to build good relationships with consumers, investors, the media, and their communities. Public relations can have a strong impact on public awareness at a much lower cost than advertising can, and public relations results can sometimes be spectacular. Although public relations still captures only a small portion of the overall marketing budgets of most firms, PR is playing an increasingly important brand-building role.

4. **Explain how companies use public relations to communicate with their publics.**
Companies use public relations to communicate with their publics by setting PR objectives, choosing PR messages and vehicles, implementing the PR plan, and evaluating PR results. To accomplish these goals, public relations professionals use several tools such as *news*, *speeches*, and *special events*. They also prepare *written*, *audiovisual*, and *corporate identity materials* and contribute money and time to *public service activities*. *Buzz marketing* is a form of public relations that gets consumers themselves to spread word-of-mouth information about the company and its brands. The Internet has also become a major public relations tool.

Reviewing the Key Terms

Advertising 426	Advertising media 435	Creative concept 431	Public relations (PR) 441
Advertising agency 439	Advertising objective 426	Execution style 432	Return on advertising investment 438
Advertising budget 428	Advertising strategy 428	Madison & Vine 431	

Discussing the Concepts

1. What factors make management's task of setting advertising budgets difficult?
2. Why is it important that the advertising media and creative departments work closely together?
3. How do an advertisement's appeals differ from its execution style?
4. Evaluate why Maybelline New York might decide to remove all its advertising from MTV and instead place more advertising in *Seventeen* magazine.
5. Discuss three potential problems facing a pharmaceutical manufacturer who decides to advertise in Europe. Are these problems different from those the manufacturer would encounter when advertising in Asia?
6. Why is public relations sometimes referred to as a *marketing stepchild*? What can be done to correct this problem?

Applying the Concepts

1. Form a small group and choose three advertising media for a campaign to introduce a new line of men's personal care products under a LeBron James label.
2. Locate a magazine advertisement for a household cleaning product. Describe how the appeals in this ad display the three characteristics of a good advertising appeal.
3. How might Campbell Soup Company go about evaluating the effectiveness of an advertising campaign for a new "heat-and-drink" soup product?

Focus on Technology

ALLERCA creates truly unique products—the world's first scientifically proven hypoallergenic cats (see them at www.allerca.com). Genetically engineered, the medium-sized ALLERCA GD cat weighs 10–15 pounds and is fully mature at age 3. According to ALLERCA, the cats have long life expectancies and possess sweet and affectionate dispositions. For a price of about $3,000, you receive a 12-week-old kitten, complete with all shots and vaccinations, an embedded microchip identifier implant, and a one-year guarantee. Customers purchase kittens over the Internet and must pay approximately $1,000 for processing and transportation. The high shipping cost occurs because commercial air shipping is stressful to the animal; therefore, the kitten travels in a specialized private jet courier. According to ALLERCA, the current waiting time for the ALLERCA GD kitten is approximately two years. Potential buyers may reduce their wait times to just a few months by paying $2,000 for one of the few kittens in the Premium Placement Program.

1. This product is sold over the Internet. How can ALLERCA use Internet advertising technologies to reach its target market? (Visit the Internet Advertising Bureau at www.iab.net to learn about recent technologies.)
2. What might be the main objectives of advertising and pubic relations for ALLERCA, and what factors will affect ALLERCA's decision about its advertising and PR budgets?
3. In addition to Internet marketing, what other advertising media and PR tools would you choose for promoting ALLERCA and its unique products?

Focus on Ethics

Splenda (sucralose) was introduced to the consumer market in 1999. It is now a common sweetener found in more than 3,500 food products. Splenda's advertising slogan is "made from sugar, so it tastes like sugar." Manufactured and marketed by packaged-goods giant Johnson & Johnson, Splenda now captures a substantial percentage of the artificial sweetener market and is beginning to cut into sugar's market share. But Splenda's campaign has attracted much attention from competitors, social advocacy groups, and nutritional experts. According to these groups, Splenda has clearly violated "truth in advertising" codes with its "made from sugar" slogan. Although currently produced from a sugar molecule, they claim, Splenda is an artificial sweetener that can be produced without sugar. In addition, the chemical name assigned to Splenda—sucralose—is misleading because it closely resembles the chemical name of sugar—sucrose.

The strongest opponent to the Splenda "made from sugar" campaign is The Sugar Association, which has launched a large and expensive campaign of its own to educate the public and to expose Splenda's unethical behavior. The association's Web site (http://www.truthaboutsplenda.com) urges consumers to take action by contacting friends, sending letters to the FTC and the FDA, and sending letters of complaint directly to Johnson & Johnson. Another area of the Web site, labeled Fact vs. Fiction, highlights serious consumer misunderstandings that might result from Splenda's advertising. It describes in detail how Splenda is not natural sugar and notes that there exist no conclusive tests regarding the long-term safety of consuming Splenda.

1. What is the objective of Splenda's "made from sugar, so it tastes like sugar" message and campaign? Is this slogan an effective appeal?
2. What is the objective of The Sugar Association's communications campaign? Is that campaign effective?
3. Check the "truth in advertising" guidelines at the FTC Web site (www.ftc.gov/bcp/conline/pubs/buspubs/ad-faqs.htm). Has Splenda followed these rules?

Video Case DDB Worldwide

DDB Worldwide, a global communications firm, has crafted imaginative commercials and staged successful marketing events for megamarketers such as Ameriquest, Volkswagen, Budweiser, Pepsi, and Nike. Recently, DDB staged a live round of Monopoly on the streets of London to promote Milton Bradley's updated version of the classic game. Online players "bought" properties throughout the city and selected one of eighteen London cabs to use as a playing piece. The cabs, tracked by GPS, tallied rent payments and receipts for each player as they moved about the streets. More than one million people played and the campaign garnered $3 million in free publicity. As a result, *Monopoly: Here and Now* was one of the best-selling games of the year.

With creativity and results like these, it's easy to understand why DDB is one of the world's most decorated agencies. DDB brought the same creativity to the challenge of reinventing another classic, JC Penney. Relying on extensive consumer research, DDB crafted an ad campaign that built the JC Penney brand, connected with the retailer's core consumers, and brought customers back in droves.

After viewing the video featuring DDB Worldwide, answer the following questions about advertising and public relations.

1. What were DDB's advertising objectives for the JC Penney campaign?
2. How did DDB's consumer research affect the message strategy for the campaign? Does the major advertising appeal have the three characteristics discussed in the text? How did identifying JC Penney's core consumers affect DDB's message execution style?
3. Could JC Penney employ the "Madison & Vine" concept discussed in the chapter? How?

Company Case Pepsi: Promoting Nothing

WATER WARS

Everyone's familiar with the cola wars—the epic battles between Pepsi Cola and Coca-Cola in the soft-drink market. The war has featured numerous taste tests and mostly friendly, but sometimes not-so-friendly, television ads featuring Pepsi and Coke delivery-truck drivers, each trying to out-do the other. But one of the major problems that Pepsi and Coke face is to not just out-do each other, but to maintain growth, especially when the soda market goes flat. For this reason, both PepsiCo and Coca-Cola each have hundreds if not thousands of brands in soft-drink and snack-food categories. Each is also constantly looking for new ideas to increase sales.

One of those ideas is water. In the early 1990s, the bottled-water market was just a drop in the huge U.S. beverage market bucket. The Evian and Perrier brands dominated the tiny niche and helped establish bottled spring water's clean, healthy image. Pepsi took an early interest in the water market. It tried several different ways to attack this market, with both spring water and sparkling water, but each failed. Then it hit on the idea of taking advantage of a built-in resource—its existing bottlers.

Pepsi's bottlers already had their own water treatment facilities to purify municipal tap water used in making soft drinks. Municipal tap water was already pure and had to pass constant monitoring and rigorous quarterly EPA-prescribed tests. Still, cola bottlers filtered it again before using it in the production process.

Pepsi decided that it would *really* filter the tap water. It experimented with a reverse osmosis process, pushing already-filtered tap water at high pressure through fiberglass membranes to remove even the tiniest particles. Then, carbon filters removed chlorine and any other particles that might give the water any taste or smell. However, all this filtering removed even good particles that killed bacteria, so Pepsi had to add ozone to the water to keep bacteria from growing. The result? Aquafina—a water with no taste or odor—that Pepsi believed could compete with the spring waters already on the market. Further, Pepsi could license its bottlers to use the Aquafina name and sell them the filtration equipment. Because the process used tap water that was relatively inexpensive, Pepsi's Aquafina would also compete well on price with the spring waters.

The marketing strategy was relatively simple. Whereas Evian and the other early entrants targeted women and high-end consumers, Pepsi wanted consumers to see Aquafina as a "unisex, mainstream" water with an everyday price. When the company launched the product in 1994, it was content just to build distribution using its established system and spent very little money on promotion. Pepsi believed that soft-drink advertising should be for soft drinks, not water.

COME ON IN—THE WATER'S FINE

By 1999, what had been a minor trickle in the beverage market had turned into a geyser—bottled water had become the fastest-growing beverage category, and Pepsi had a big head start. Coca-Cola decided it was time to take the plunge. Like Pepsi, Coca-Cola realized its bottlers were already set up to handle a filtered-water process. Unlike Pepsi, however, rather than taking everything out of the tap water, it wanted to put something in.

Coca-Cola's researchers analyzed tap waters and bottled waters and concocted a combination of minerals they believed would give filtered tap water a fresh, clean taste. The formula included magnesium sulfate, potassium chloride, and salt. Coca-Cola guarded the new water formula just as it had the original Coke recipe. Thus, it could sell the formula to its bottlers, as it does Coke concentrate, and let them make the water. Like Pepsi, Coca-Cola was content initially just to get its water, which it called Dasani, into distribution.

HOW TO PROMOTE WATER

By 2001, however, the bottled-water category had over 800 competitors and had grown to $3.53 billion in U.S. sales. Bottled water's market share of the beverage industry had grown from 7.4 percent in 1997 to 11 percent in 2002. At that time, analysts were predicting that bottled water would become the second-largest beverage category by 2004 (surpassing beer, coffee, and even milk!). There were also predictions that bottled water would account for 15 percent of all U.S. beverage sales by 2007. And while bottled-water sales were erupting, the market share of carbonated soft drinks had lost its fizz, remaining steady at around 28 percent.

(case continues)

Given the rapid market growth rate and all the competition, Pepsi and Coca-Cola decided they had better promote their products, just as they did their soft drinks. In 2001, Pepsi launched a $14 million campaign showing how water was a part of real people's lives. Coca-Cola countered with a $20 million campaign that targeted women and used the tagline: "Treat yourself well. Everyday."

Not to be outdone, Pepsi responded by more than doubling its promotion budget to $40 million in 2002. Included in the advertising was a spot featuring *Friends* star Lisa Kudrow. Lisa described how refreshing and mouthwatering Aquafina was—emphasizing that it made no promises it couldn't keep. She described Aquafina as "Pure nothing." The ads featured the tagline: "We promise nothing."

By 2003, the U.S. wholesale bottled-water market had surged to $8.3 billion, up 6.7 percent from 2002. During that same period, wholesale sales of carbonated beverages inched up only 1.5 percent to $45.7 billion. During 2003, Pepsi spent $24 million on Aquafina's advertising, while Coke spent $19 million on Dasani's. Although these two brands were number one and number two, respectively, with 17.7 and 13 percent market shares, all private-label brands combined took third place with a 10.4 percent market share.

One Aquafina 2003 ad featured black-and-white images of an artist, skier, and guitar player drinking the water and carried the tagline "Aquafina. Purity Guaranteed." In mid-2004, Pepsi altered its purity campaign with a new tagline, "Drink more water." One ad showed people partying at an English pub and a German beer garden. Instead of drinking beer, however, they were chugging Aquafina. Coke also had an ad showing young people sipping Dasani at a nightclub.

HAVE ANOTHER ROUND

By 2006, the beverage market trends had intensified. Soda sales were fizzling and bottled-water sales were gushing. In 2005, U.S. carbonated-soda volume declined for the first time ever by .2 percent, and the drop was expected to triple in 2006. The carbonated-soda category still reigned as the king of all beverages, boasting the top-selling brands and a two-to-one margin over bottled water. But analysts predicted that if trends continued, bottled water could overtake sodas as early as 2013.

According to a beverage industry analyst, "The fastest-growing products are the ones people view as healthier or better for you." Indeed, in addition to bottled water, the categories of energy drinks, sports drinks, juices, and teas were also experiencing rapid growth.

With market conditions so favorable, and Aquafina now the ninth-best-selling beverage brand in the United States (Dasani was number-ten, but Coke still ruled at number one), Pepsi knew that it could not rest on its laurels. But how does a company expand on water? Well, with more water of course. Brands and varieties of bottled water were popping up at a mind-boggling rate. Spring water, mineral water, purified water, sparkling water, flavored water, vitamin-enhanced water, lightly carbonated water—the bottled-water market was fragmenting fast.

In 2003, Pepsi and Coca-Cola both introduced vitamin-enhanced waters with Aquafina Essentials and Dasani NutriWater. Both were quickly discontinued, but Pepsi was not about to give up. It knew that it had to stay ahead of the market. So in 2005, Pepsi created two brand extensions, Aquafina Sparkling and Aquafina FlavorSplash. Both brands stayed true to the healthy traits that were propelling water sales (no calories, carbs, or sugar). But Pepsi designed each to satisfy different needs within the market. Aquafina Sparkling was carbonated, unsweetened, and came in unflavored and lightly flavored varieties. By contrast, FlavorSplash was noncarbonated, sweetened with Splenda, and had heavier doses of flavor, with Raspberry, Citrus Blend, and Wild Berry varieties.

With Coke hot on its tail with the carbonated Dasani Sensations as well as various flavored Dasanis, Pepsi continued to promote its brands heavily. It fielded a variety of promotional tactics. Aquafina hit the Internet, with ads showing up on the MySpace main page and on commercial and personal destination pages. Pepsi also invested in event sponsorship. Aquafina became a major sponsor of the Olympus Fashion Week in New York and the Mercedes-Benz Fashion Week in Los Angeles. It even ran a sweepstakes-style promotion offering an all-expense-paid trip to these fashion events. Pepsi also had Aquafina doing double duty at indie film festivals, with significant sponsorship presence at both Sundance and South By Southwest.

But Pepsi was not about to give up on television. Two years after the successful launch of its "Drink More Water" campaign, Pepsi continued the water-induced jollity of the original ads. In a remake of a scene from the cult classic *Animal House*, a spot entitled "The Toga" had a John Belushi look-alike convulsing to the song "Shout," performed by the real Otis Day and the Knights. But the big difference between the original movie and this frat-house orgy of excess was that the partiers slammed shots of Aquafina.

ARE THE COLA WARS OVER?

For decades, Pepsi fought to sell more cola than Coke. It now appears that Pepsi may have willingly conceded the number one cola honor to Coke. Although it hasn't given up on keeping the Pepsi brand at a strong number two, it has been quietly taking another route to kicking Coke's can. In fact, in December of 2005, PepsiCo surpassed Coca-Cola in market capitalization for the first time in the 108-year rivalry. In the five previous years, PepsiCo's stock had risen by more than a third while Coke's had dropped by the same amount.

What drove this changing of the guard? Without question, one of the most significant factors is Pepsi's lead in growth categories, such as bottled water. "They were the first to recognize that the consumer was moving to noncarbonated products, and they innovated aggressively," observed the analyst. That noncarbonated beverages are growing so rapidly bodes very well for Pepsi. Some 35 to 40 percent of its beverage sales are in noncarbonated categories, as opposed to only 15 percent for Coca-Cola.

But while Coca-Cola seems to be putting plenty of effort into bottled water, it also may be overly confident in the number one brand. When asked about the trend of sales for carbonated and noncarbonated beverages, a Coca-Cola spokesman insisted that the beverage giant is bucking the trend. "We believe we continue to grow carbonated soft drinks," he said, noting that Coke's soda volume was up 1 percent in the fourth quarter of 2005. But whereas a small increase in a huge, flat market might be one thing, a large increase in expanding markets is quite another. Losing the cola wars may be the best thing that ever happened to Pepsi.

Questions for Discussion

1. What markets should Pepsi target for Aquafina?
2. What recommendations would you make for advertising objectives, message strategy, and message execution for Aquafina?
3. What advertising media recommendations would you make for Aquafina, and how would you evaluate the effectiveness of those media and your advertising?
4. What sales promotion and public relations recommendations would you make for Aquafina?
5. What recommendations would you make for promoting Aquafina Sparkling and FlavorSplash?
6. To what extent is Aquafina's sales growth attributable to advertising and promotion versus the growing dynamics of the market?

Sources: Kate MacArthur, "Bleak Future Predicted for Fizz Biz," *Advertising Age*, June 26, 2006; Karen Herzog, "DRINK! New Beverages Join the Coke-Pepsi Wars," *Milwaukee Journal Sentinel*, June 7, 2006, p. 1; Lewis Lazare, "Aqua-Boogie Spots Hit All the Right Notes," *Chicago Sun Times*, May 10, 2006, p. 71; Katrina Brooker, "How Pepsi Outgunned Coke," *Fortune*, February 1, 2006, accessed online at www.fortune.com; "Aquafina Brings Flavor and Fizz to the Water Aisle," *PR Newswire*, January 24, 2005; "Beverage Industry Fact Sheet," accessed at www.bevexpo.com/bevindfactsheet.asp; "No Slowdown in Sight for Bottled Water," *Beverage Industry*, September 2003, p. 22; Betsy McKay, "In a Water Fight, Coke and Pepsi Try Opposite Tacks," *Wall Street Journal*, April 18, 2002, p. A1; Betsy McKay, "Coke and Pepsi Escalate Their Water Fight," *Wall Street Journal*, May 18, 2001, p. B8.