CHAPTER 13

Designing an Integrated Marketing Campaign in the Digital Age



Product placement in music videos, celebrity endorsements from top artists, and partnering with companies like Chrysler, HP, and HTC to incorporate its sound technology in their products were key components in the success of Beats by Dre.
Source: Akio Kon/Bloomberg/Getty Images

Learning Objectives After studying this chapter you should be able to:

13.1 Describe the key principles in managing an integrated marketing campaign.
13.2 Define the key aspects of managing an effective advertising campaign.
13.3 Explain how to design and manage online communications.
13.4 Describe the key aspects of managing social media.
13.5 Explain how to manage mobile communications.
13.6 Explain how to design meaningful events and experiences.
13.7 Describe the role of word of mouth in marketing communications.
13.8 Summarize how to manage publicity and public relations.
13.9 Discuss the role of product packaging as a communication tool.

Born Andre Young, famed rap producer Dr. Dre was a founding member of hip-hop group N.W.A. and had made an indelible mark on the music scene before becoming an entrepreneur. His Beats by Dre headphones, launched in 2006 with music mogul Jimmy Iovine, have become a must for many music lovers despite costing $300, nearly 10 times what ordinary earbuds sell for. Their appeal is in the thumping, bass-heavy sound and sleek look, even if the reviews among audiophiles are somewhat mixed. With strong adoption among celebrity musicians and athletes, Beats became as fashionable as they were practical and an essential modern lifestyle item. Product placement, celebrity endorsements, and joint (co-op) advertising were key components of Beats's marketing strategy. Dre and Iovine, who at the time was the chairman of Interscope Records, had relationships with most of the top musicians and were able to arrange for Beats headphones to appear in music videos of some of the best-selling music artists, such as Lady Gaga, Miley Cyrus, Snoop Dogg, and Nicki Minaj. The endorsement by

Dr. Dre brought Beats credibility among artists who might otherwise have been unwilling to endorse a commercial product. The exclusivity and the high cost associated with creating music videos also helped make Beats a status symbol and moved them closer to becoming a cultural phenomenon. Dre and Iovine's expertise and connections in the industry enabled them to identify hit songs and ensure placement for Beats headphones in the music video. In addition to celebrity endorsements, Beats developed celebrity special editions: purple JustBeats with Justin Bieber, jewelry-like HeartBeats with Lady Gaga, and DiddyBeats with P. Diddy. Beats also partnered with firms like Chrysler, HP, and HTC to build its sound technology into their cars, computers, and smartphones, and it has introduced its own version of earbuds and other products. "We sold half a billion worth of product before we paid for one ad," commented Iovine. Beats's success did not remain unnoticed by the large industry players. In 2011, Korean smartphone manufacturer HTC bought a majority stake in the company (financial pressures later forced HTC to sell its stake back to Dre and Iovine), and in 2014 Beats was acquired by Apple for $3.2 billion.[1]

As the communication landscape becomes ever more complex, companies are faced with the growing challenge of coordinating communication activities to ensure that they deliver a consistent message across different channels—and do so in a way that enables them to achieve their strategic goals. As a result, companies are adopting integrated marketing communications as an approach to designing, communicating, and delivering a message through multiple strategies that work together and reinforce one another. One company that has successfully used diverse means of disseminating its message is Beats by Dr. Dre.

To facilitate one-stop shopping for marketers, media companies and ad agencies have acquired promotion agencies, public relations firms, package-design consultancies, website developers, social media experts, and direct-mail houses. They are redefining themselves as *communication companies*

that help clients improve their overall communication effectiveness by offering strategic and practical advice on many forms of communication. These expanded capabilities make it easier for marketers to assemble various media properties—as well as related marketing services—in an integrated communication program.

MANAGING INTEGRATED MARKETING COMMUNICATIONS

Integrated marketing communications (IMC) is an approach to managing a communication campaign through a coordinated use of different communication tools that work in concert and reinforce one another to enable the company to achieve its strategic goals. IMC ensures that a company's communication activities are consistent with one another and can achieve the company's communication goals in an effective and cost-efficient manner. IMC can occur on four distinct levels: horizontal, vertical, internal, and external.

- *Horizontal integration* involves coordinating all relevant marketing actions—including packaging, pricing, sales promotions, and distribution—with the communication campaign to achieve maximum customer impact.
- *Vertical integration* involves aligning the communication objectives with the higher-level goals that guide the company's overarching marketing strategy.
- *Internal integration* involves sharing the relevant information from different departments—including product development, market research, sales, and customer service—with the communication team to create an effective and cost-efficient campaign.
- *External integration* coordinates a company's communication activities with those of the external collaborators—including advertising, social media, and public relations agencies; event organizers; and campaign co-sponsors.

Having a well-integrated communication campaign is crucial to the company's market success.[2] Indeed, without an explicit focus on consistency, a company's communication can easily become a random compilation of unrelated (and sometimes even conflicting) messages, designed by different creative teams working in isolation from one another,

and distributed though disparate media channels in a way that fails to emphasize their joint impact and might ultimately confuse rather than inform and persuade target customers.

The wide range of communication tools, messages, and audiences available to marketers makes it imperative that companies move toward integrated marketing communications. They must adopt a 360-degree view of consumers to fully understand all the different ways that communications can affect behavior. When done well, integrated marketing communications evaluate the strategic roles of a variety of communication disciplines and combine them seamlessly to provide clarity, consistency, and maximum impact of messages.

In developing an integrated marketing communications program, the marketer's overriding goal is to create the most effective and efficient communication program possible. The following criteria can help ensure that communications are truly integrated.[3]

- *Coverage.* Coverage is the proportion of the audience reached by each communication option employed, as well as the amount of overlap among those options. In other words, to what extent do different communication options reach the designated target market and the same or different consumers making up that market?
- *Contribution.* Contribution is the inherent ability of a marketing communication to elicit the desired response from consumers, and to exert communication effects on them, in the absence of exposure to any other communication option. How much does a communication affect consumer processing and build awareness, enhance image, elicit responses, and induce sales?
- *Commonality.* Commonality is the extent to which *common* associations are reinforced across communication options—that is, the extent to which different communication options share the same meaning. The consistency and cohesiveness of the brand image are important because they determine how easily existing associations and responses can be recalled and how easily additional associations and responses can become linked to the brand in memory.
- *Complementarity.* Communication options are often more effective when used in tandem. Complementarity involves emphasizing *different* associations and linkages across communication options. For effective positioning, brands typically need to establish multiple brand associations. Different marketing communication options may be better suited to establishing a particular brand association. For example, sponsorship of a cause may improve perceptions of a brand's trust and credibility, but TV and print advertising may be needed to communicate its performance advantages.
- *Conformability.* In any integrated communication program, the message will be new to some consumers and familiar to others. Conformability reflects the extent to which a marketing

communication option works for both groups of consumers. The ability to work at two levels—effectively communicating to consumers who have seen other communications and to those who have not—is critically important.

- *Cost.* Marketers must evaluate marketing communications on all these criteria against their cost to arrive at the most effective *and* most efficient communications program.

An integrated marketing communication effort can produce greater message consistency, help build strong brands, and create more sales impact. It forces management to think about all the ways the customer comes in contact with the company, how the company communicates its positioning, the relative importance of each vehicle, and timing issues. It gives someone the responsibility—where none existed before—to unify the company's brand image and messages as they are sent through thousands of company activities. Integrated marketing communications should improve the company's ability to reach the right customers with the right messages at the right time and in the right place.[4]

The development of an integrated communication campaign requires a clear understanding of the specifics of alternative media formats in order to create a consistent experience for target customers. We briefly outline some of the key aspects of the most popular communication formats: advertising; online, social media and mobile communication; events and experiences; word of mouth; publicity and public relations; and packaging. Then, in the next chapter, we discuss personal selling and direct marketing.

ADVERTISING

Advertising consists of any presentation and promotion of ideas, goods, services, and brands by an identified sponsor using paid media. Typically, the advertiser purchases media time (in the case of television and radio advertising) or space (in the case of print advertising) in order to convey the company's message to its target audience. The most popular forms of advertising—television, print, radio, online, and place advertising—are discussed in more detail in the following sections.

TELEVISION ADVERTISING

Television is generally acknowledged as the most powerful advertising medium and reaches a broad spectrum of consumers. TV advertising has three particularly important strengths. First, it can vividly demonstrate product attributes and persuasively explain their corresponding consumer benefits. Second, it can dramatically portray user and usage imagery, brand personality, and other intangibles. Third, television has the opportunity to tap a captive audience during live programming at important events (e.g., the Super Bowl, Oscars, and unfolding news stories).

> **Aflac** Aflac (which stands for American Family Life Assurance Company), the largest supplier of supplemental insurance, was relatively unknown until a highly creative ad campaign made it one of the most widely recognized brands in recent history. Created by the Kaplan Thaler ad agency, the lighthearted campaign features an irascible duck incessantly squawking the company's acronymous name, "Aflac!" while consumers or celebrities discuss its products. The duck's frustrated bid for attention appealed to consumers. Sales were up 28 percent in the first year the duck aired, and name recognition went from 13 percent to 91 percent. Aflac has stuck with the duck in its advertising, even incorporating it into its corporate logo in 2005. Social media have enabled marketers to further develop the duck's personality: It has 515,000 Facebook fans and counting. The Aflac duck is not just a U.S. phenomenon. It also stars in Japanese TV ads—with a somewhat brighter disposition—where it has been credited with helping drive sales in Aflac's biggest market.[5]

Because of the fleeting nature of commercials, however, and the distracting creative elements often found in them, product-related messages and the brand itself can be overlooked.[6] Furthermore, the high volume of competitive advertisements and other nonprogramming material on television creates clutter that makes it easy for consumers to ignore or forget ads.



Name recognition for American Family Life Assurance Company shot up, along with sales, after a creative TV ad campaign featured a cantankerous duck interminably quacking the company's Aflac acronym.
Source: Brendan McDermid/Reuters/Alamy Stock Photo

Another consideration is the relatively high cost of television advertising. A commercial during a popular show on a national network might cost $200,000 to $500,000 per 30-second spot and deliver 2 to 7 million viewers. That equates to 8 to 10 cents or more per viewer. In contrast, online ads with video can cost around $25 per 1000 impressions, which is equal to 2.5 cents per viewer, although their impact may be diminished because they are often viewed on a much smaller computer or mobile device screen.[7]

With the advancement of online streaming, television programming has expanded beyond the actual television screen to include streaming to computers, laptops, tablets, and mobile phones. This shift has given

consumers greater control over when and how to view a company's communications. In addition, the growing popularity of alternative commercial-free entertainment programming, such as Netflix, Amazon, and Hulu, is changing the communication landscape traditionally dominated by 30-second television ads. In response, marketers are seeking novel ways to engage viewers across the various types of programming and across different devices on which customers view television advertising.

Despite its drawbacks, television advertising can be a powerful way to inform customers about the company and its offerings, strengthen customer preferences and brand loyalty, and generate sales and profits. Savvy marketers take advantages of the benefits of television advertising and use it in combination with other forms of advertising and marketing communication to maximize its customer impact.

PRINT ADVERTISING

Print media offer a stark contrast to broadcast media. Because readers consume them at their own pace, magazines and newspapers can provide detailed product information and effectively communicate user and usage imagery. At the same time, the static nature of the visual images in print media makes dynamic presentations or demonstrations difficult, and print media can be fairly passive.

The two main print media—magazines and newspapers—share many advantages and disadvantages. Although newspapers are timely and pervasive, magazines are typically more effective at building user and usage imagery. Newspapers are popular for local—especially retailer—advertising. On an average day, roughly one-half to three-quarters of U.S. adults read a newspaper, although they are increasingly doing so online. Print advertising has steadily declined in recent years.[8] Advertisers have some flexibility in designing and placing newspaper ads, but relatively poor reproduction quality and short "shelf life" can diminish the impact.

Researchers report that the *picture, headline,* and *copy* in print ads matter, in that order of importance. The picture must draw attention. The headline must reinforce the picture and lead the person to read the copy. The copy

must be engaging and the brand's name prominent. Even then, less than 50 percent of the exposed audience will notice even a really outstanding ad. About 30 percent might recall the headline's main point, some 25 percent register the advertiser's name, and fewer than 10 percent read most of the body copy. Ordinary ads don't achieve even these modest results.

A print ad should be clear, consistent, and well branded. In an award-winning campaign, ads for the iPad Mini on the back covers of *Time* and *The New Yorker* compared the actual sizes of the device and the magazine. To celebrate its 75th anniversary, Ray-Ban's award-winning "Never Hide" print ad campaign featured seven ads showing how Ray-Ban wearers flouted convention and stood out from the crowd through seven different decades.



Magazine advertising can be an effective way to build or reinforce user imagery for a brand, as with Ray-Ban's "Never Hide" campaign.
Source: Luxottica

RADIO ADVERTISING

Radio is a pervasive medium: About 93 percent of all U.S. citizens age 12 and older listen daily and for about 20 hours a week on average—numbers that have held steady in recent years. Much radio listening occurs in the car and out of the home. To be successful, radio networks are going multiplatform with a strong digital presence to allow listeners to tune in anytime, anywhere.

Perhaps radio's main advantage is flexibility: Stations are very targeted, ads are relatively inexpensive to produce and place, and short closings for scheduling them allow for quick response. Radio can engage listeners through a combination of popular brands, local presence, and strong personalities. It is a particularly effective medium in the morning; it can also let companies achieve a balance between broad and localized market coverage. In addition, radio advertising is benefiting from the growing popularity of podcasts, which provide listeners with a wide array of options to choose from and the ability to choose when to listen to the desired content.

Radio's obvious disadvantages are its lack of visual images and the relatively passive nature of the consumer processing that results. Nevertheless, radio ads can be extremely creative. Clever use of music, sound, and other creative devices can tap into the listener's imagination to create powerfully relevant images.

ONLINE ADVERTISING

Given that internet users spend only a small portion of their time online actually searching for information, display ads still hold great promise compared to popular search ads. But ads need to be more attention-getting and influential, better targeted, and more closely tracked.[9]

Online ads offer several advantages. Marketers can easily trace their effects by noting how many unique visitors click on a page or ad, how long they spend with it, what they do on it, and where they go afterward.[10] This enables companies to test different messages and creative solutions, which in turn allows them to optimize the advertising campaign in a way that is most

likely to elicit the desired consumer response. Online advertising also has the advantage of **contextual placement**, which means marketers can buy ads on sites related to their own offerings. They can also place advertising based on keywords that customers type into search engines to reach people when they've actually started the buying process.[11] Furthermore, online advertising allows for a plethora of content types—from text-only ads to print-style advertisements, video commercials, and fully interactive experiences.

Going online has disadvantages too. Consumers can effectively screen out most messages. Marketers may think their ads are more effective than they really are if bogus clicks are generated by software-powered websites. Advertisers also lose some control over their online messages, which can be hacked or vandalized. But the pros clearly can outweigh the cons, and the share of online advertising has shown continuous growth in the past decade.

An increasingly popular form of online advertising is **native advertising**, which involves materials resembling the publication's editorial content but is intended to promote the advertiser's product. In other words, native ads are paid commercial messages that match the look and feel of the publication in which they appear. Unlike traditional advertising, native advertising is designed to be non-disruptive and to look like part of the editorial flow of the publication.

Native ads come in three common formats: (1) content recommendations, such as suggested articles that appear below an article featuring editorial content, (2) "in-feed" advertisements that appear in the news feed on social networks, and (3) search listings and promoted listings that appear above the results of an organic Google search.

With its non-disruptive approach, native advertising has grown in popularity worldwide. Although it is utilized primarily in online communications, native advertising is also used in traditional media formats including print, television, and radio. For example, a magazine might feature an article that is developed jointly with the editorial staff and the advertiser in an informative, engaging, and highly readable way that promotes a particular product, service, or brand.

PLACE ADVERTISING

Place advertising is a broad category that includes many creative and unexpected forms to grab consumers' attention where they work, play, and, of course, shop. Popular options include billboards, public spaces, product placement, and point of purchase.

Billboards. Billboards use colorful, digitally produced images, graphics, backlighting, sounds, and movement. Outdoor advertising is often called the "15-second sell" because consumers have a fleeting exposure to the ad and must grasp its message almost instantly. In New York, manhole covers have been reimagined as steaming cups of Folgers coffee; in Belgium, eBay posted "Moved to eBay" stickers on empty storefronts; and in Germany, imaginary workers toiling inside vending machines, ATMs, and photo booths were justification for a German job-hunting website to proclaim, "Life Is Too Short for the Wrong Job."[12]

A strong creative message can make all the difference. Chang Soda Water in Bangkok had enough money in its budget for only one digital billboard. To maximize impact, it built a giant bubbling bottle onto the billboard to illustrate the product's carbonation. Word-of-mouth buzz quintupled bottle sales from 200,000 to 1 million.[13]

Public Spaces. Ads are appearing in such unconventional places as movie screens, airplane bodies, and fitness equipment, as well as in classrooms, sports arenas, office and hotel elevators, and other public places. Transit ads on buses, subways, and commuter trains have become a valuable way to reach working men and women. "Street furniture"—bus shelters, kiosks, and public areas—is another fast-growing option.

As the effectiveness of many traditional means of communication is declining, advertisers turn to using public spaces to create a memorable impression of the company and its offerings in customers' minds. As a result, a growing number of advertisers buy space in stadiums and arenas and on garbage cans, bicycle racks, parking meters, airport luggage carousels, elevators, gasoline pumps, the bottom of golf cups and swimming pools,

airline snack packages, and supermarket produce in the form of tiny labels on apples and bananas. And more firms than ever are using their names to sponsor arenas, stadiums, and other venues that hold events, spending billions of dollars for naming rights to major North American sports facilities.



In addition to Heineken doling out a hefty sum so James Bond would choose its beer instead of a shaken-not-stirred martini, other brands opted to feature their products in the film *Skyfall*.
Source: PictureLux/The Hollywood Archive/Alamy Stock Photo

Product Placement. Marketers pay hundreds of thousands of dollars for their products to make cameo appearances in movies and on television.[14] Sometimes such product placements are the result of a larger network advertising deal, but small product-placement shops also maintain ties with prop masters, set designers, and production executives.

Some firms get product placement at no cost. Nike does not pay to be in movies but often supplies shoes, jackets, bags, and so on. Increasingly, products and brands are being woven directly into the story, as when a new iPad for the gadget-loving dad of *Modern Family* became the story arc of a

whole episode. In some cases, however, brands pay for the rights to appear in a movie. Consider the case of *Skyfall:*

> **Skyfall** With *Skyfall*, the 23rd film in the franchise, Heineken reportedly paid almost $40 million for James Bond to drink its beer instead of his traditional vodka martini—a sum that covered one-third of the film's estimated production budget. Marketers with the most on-screen presence after Heineken's in the film included Adidas, Aston Martin, Audi, Omega, Sony, and Tom Ford. One research firm estimated that brands recognized in the film received more than $7.6 million worth of exposure during its opening weekend. Some brands featured their product placement in the movie off screen, too. Heineken shot an extravagant 90-second ad featuring an inventive chase on a train that ended with a cameo appearance by Daniel Craig, the British actor playing Bond at that time. More than 22 million people viewed the campaign online, and Heineken's "Crack the Case" promotion invited consumers in major cities to demonstrate their Bond-like skills in a game.[15]

Point of Purchase. The appeal of point-of-purchase advertising is that consumers make many brand decisions in the store. There are many ways to communicate at the point of purchase (P-O-P), including ads on shopping carts, cart straps, aisles, and shelves and with in-store demonstrations, live sampling, and instant coupon machines.[16] Some supermarkets are selling floor space for company logos and experimenting with talking shelves. Mobile marketing reaches consumers via smartphones when in store. P-O-P radio provides programming and commercial messages to thousands of food stores and drugstores nationwide.

ONLINE COMMUNICATION

Marketers must go where the customers are, and increasingly that's online. Of the total time U.S. consumers spend with all media, more than half is spent online. Customers define the rules of engagement, however, and insulate themselves with the help of agents and intermediaries if they so

choose. They define what information they need, what offerings they're interested in, and what they're willing to pay.

COMPANY WEBSITE

Companies must design websites that embody or express their purpose, history, products, and vision—and that are attractive on first viewing and interesting enough to encourage repeat visits.[17] Beauty pioneer Estée Lauder, in a reflection of times gone by, famously said she relied on three means of communication to build her multimillion-dollar cosmetics business —"telephone, telegraph, and tell a woman." She would now have to add the internet, where the company's official site describes new and old products, announces special offers and promotions, and helps customers locate stores where they can buy Estée Lauder products.

Visitors will judge a site's performance on ease of use and physical attractiveness. *Ease of use* typically means that the content is easy to understand and navigate. *Physical attractiveness* reflects the aesthetic appeal of the website, including factors such as layout, fonts, and color coordination. These features of a website can help facilitate sales. For example, J. D. Power found that consumers who were "delighted" with an automotive manufacturer's website were more likely to test drive one of its vehicles as a result.[18]

As we describe in more detail later, firms such as comscore and Nielsen track where consumers go online through measures like number of page views, number of unique visitors, length of visit, and so on. Companies must also be sensitive to online security and privacy-protection issues. One set of researchers recommends transforming various "touch points" related to website privacy into a positive customer experience by developing user-centric privacy controls that avoid multiple intrusions and prevent human intrusion by using automation whenever possible.[19]

Besides their websites, companies may employ microsites: individual pages or clusters of pages that function as supplements to a primary site. People rarely visit an insurance company's website, for example, but the

company can create a microsite on used-car sites that offers advice for buyers of used cars—and a good insurance deal at the same time.

DRIVING ONLINE TRAFFIC

An important component of online marketing is driving traffic to the company's own media. There are two common approaches to drive traffic: search engine optimization and search engine marketing.

Search engine optimization (SEO) describes activities designed to improve the likelihood that a link for a brand ranks as high as possible in the order of all nonpaid links when consumers search for relevant terms. Because SEO involves optimizing the company's own website without paying a third party to generate traffic, it is significantly less costly to implement than search engine marketing.

Search engine marketing (SEM) describes activities whereby the company pays search engine companies to be featured in the results of particular keyword searches that serve as a proxy for the consumer's product or consumption interests. When consumers search for any of these words with Google, the marketer's ad may appear above or next to the results, depending on the amount the company bids and an algorithm the search engines use to determine an ad's relevance to a particular search. For example, McDonald's might pay Google for its information to appear among the results generated when consumers search for a particular word or phrase, such as "burger," "French fries," or "fast food."

Advertisers typically pay only if people click on the links, but marketers believe consumers who have already expressed interest by engaging in search are prime prospects. The cost per click depends on how high the link is ranked on the page and the popularity of the keyword. The ever-increasing popularity of paid search has increased competition among keyword bidders, significantly raising search ad prices and putting a premium on choosing the best possible keywords, bidding on them strategically, and monitoring the results for effectiveness and efficiency.

A number of guidelines have been suggested as part of SEO and SEM.[20] For example, broader search terms ("iPhone" or "burger") are useful for

general brand building; more specific ones identifying a particular product model or service (“Apple iPhone XS Max”) are useful for generating and converting sales leads. Search terms need to be spotlighted on the appropriate pages of the marketer’s website so search engines can easily identify them. Any one product can usually be identified by means of multiple keywords, but marketers must bid on each keyword according to its probable return on revenue.

SOCIAL MEDIA

An important component of digital marketing is social media. Social media are a means for consumers to share text, images, audio, and video information with one another and with companies, and vice versa.

Social media enable marketers to establish a public voice and presence online. They can also cost-efficiently reinforce other communication activities. In addition, because of their day-to-day immediacy, they can encourage companies to stay innovative and relevant. Marketers can build or tap into online communities, inviting participation from consumers and creating a long-term marketing asset in the process.

THE GROWTH OF SOCIAL MEDIA

Social media allow consumers to become engaged with a brand at perhaps a deeper and broader level than ever before. Marketers should do everything they can to encourage willing consumers to engage productively. But as useful as they may be, social media are rarely the sole source of marketing communications for a brand.

Research suggests that brands and products vary widely in how social they are online. Consumers are most likely to engage with media, charities, and fashion and least likely to engage with consumer goods.[21] Although consumers may use social media to get useful information, deals, and promotions or to enjoy interesting or entertaining brand-created content, a much smaller percentage use social media to engage in two-way “conversations” with brands. In short, marketers must recognize that when it

comes to social media, only *some* consumers want to engage with *some* brands—and even then, only *some* of the time.

One challenge faced by social media marketers is the speed with which they are expected to react to relevant news and events. The "always-on" connectivity has conditioned consumers to expect an almost instant company response. This, in turn, forces companies to develop new communication capabilities enabling them to react to problems and opportunities in real time by shaping the social media conversation and taking actions to rectify problems and take advantage of opportunities.

Embracing social media, harnessing word of mouth, and creating buzz also require companies to take the good with the bad.[22] When Frito-Lay's "Do Us a Flavor" contest invited U.S. fans to suggest new potato chip flavors for a chance to win a huge cash prize, the Facebook app for submissions crashed the first day due to high traffic. The promotion got back on track, though, with the winner, Cheesy Garlic Bread–flavored chips, joining earlier winners from other countries, such as Caesar salad–flavored chips in Australia and shrimp chips in Egypt.[23]

The Frito-Lay example illustrates the power and speed of social media, but also the challenges they pose to companies. The reality, however, is that whether a company chooses to engage in social media or not, the internet will always permit scrutiny and criticism from consumers and organizations. By using social media and the internet in a constructive, thoughtful way, firms at least have a means to create a strong online presence and to offer credible alternative points of view if negative feedback occurs. And if the firm has built a strong online community, members of that community will often rush to defend the brand and play a policing role regarding inaccurate or unfair characterizations.

SOCIAL MEDIA PLATFORMS

There are four main platforms for social media: online communities and forums, blogs, social networks, and customer reviews.

Online Communities and Forums. Online communities and forums come in all shapes and sizes. Many are created by consumers or groups of consumers with no commercial interests or company affiliations. Others are sponsored by companies whose members communicate with the company and with one another through postings, text messaging, and chat discussions about special interests related to the company's products and brands. These online communities and forums can be a valuable resource for companies and perform multiple functions by both collecting and conveying key information.

A key for success in online communities is to create individual and group activities that help form bonds among community members. Apple hosts a large number of discussion groups organized by product line and type of user (consumer or professional). These groups are customers' primary source of product information after warranties expire.

The two-way information flow in online communities and forums can provide companies with useful, hard-to-get customer information and insights. When GlaxoSmithKline prepared to launch its first weight-loss drug, Alli, it sponsored a weight-loss community. The firm felt the feedback it gained was more valuable than what it could have received from traditional focus groups. Likewise, LEGO begun crowdsourcing product ideas from consumers by enabling fans to create and vote on designs that LEGO then took to market as formal products. LEGO's global crowdsourcing platform produced a number of successful products, including a series of sets based on the hugely popular Minecraft game.[24]

Blogs. Blogs, regularly updated online journals or diaries, have become an important outlet for word of mouth. There are millions in existence, and they vary widely; some are personal for close friends and families, and others are designed to reach and influence a vast audience. One obvious appeal of blogs is that they bring together people with common interests.

Corporations are creating their own blogs and carefully monitoring those of others.[25] Because many consumers examine product information and reviews contained in blogs, the Federal Trade Commission has also taken

steps to require bloggers to disclose their relationship with marketers whose products they endorse. At the other extreme, some consumers use blogs and videos as a means of getting retribution for a company's bad service or faulty products.

Social Networks. Social networks such as Facebook, LinkedIn, Instagram, YouTube, Twitter, and WeChat have become an important force in both business-to-consumer and business-to-business marketing.[26]

Marketers are still learning how best to tap into social networks and their huge, well-defined audiences.[27] Given networks' noncommercial nature—users are generally there looking to connect with others—attracting attention and persuading are challenging. Also, given that users generate their own content, ads may appear beside inappropriate or even offensive material.

Much online content is not necessarily shared and does not go viral. Only a small fraction of content ends up "cascading" to more than one person beyond the initial recipient. In deciding whether to contribute to social media, consumers can be motivated by intrinsic factors such as whether they are having fun or learning, but more often they are swayed by extrinsic factors such as social and self-image considerations.[28]

Harvard Business School viral video expert Thales Teixeira offers the following advice for getting a viral ad shared. Utilize brand pulsing: Display the brand for short periods of time in a way that doesn't make the brand too intrusive within the story, open with joy or surprise to hook those fickle viewers who are easily bored, build an emotional roller coaster within the ad to keep viewers engaged throughout, and surprise but don't shock; if an ad makes viewers too uncomfortable, they are unlikely to share it.[29]

Viral marketing tries to create a splash in the marketplace to showcase a brand and its noteworthy features. Some believe viral marketing efforts are driven more by the rules of entertainment than by the rules of selling. Consider these examples: Quicksilver puts out surfing videos and surf-culture books for teens, Johnson & Johnson and Pampers both have popular websites with parenting advice, Walmart places videos with money-saving tips on YouTube, Grey Goose vodka has an entire entertainment division,

Mountain Dew has a record label, and Hasbro is joining forces with Discovery to create a TV channel.[30] Ultimately, however, the success of any viral or word-of-mouth buzz campaign depends on the willingness of consumers to talk to other consumers.

An increasingly important component of a company's online communication is the use of social media influencers. The term **influencer marketing** refers to the use of a popular online figure to promote a product, service, or brand within his or her social media feed. Strictly speaking, influencer marketing can be viewed as a mix of publicity and paid endorsement that takes place in the context of social media. Here, the company pays the endorser to promote its offerings, but rather than using this endorsement in its own communications, the company relies on the influencer's own social media networks to disseminate the message.

Influencer marketing has grown rapidly in recent years to become a multibillion-dollar industry. This rapid growth has presented marketers with several challenges. As an increasing number of companies realize the value of using influencers to promote their offerings, the demand for influencers has gone up, and the price of securing an endorsement has increased manyfold to reach over $100,000 for some of the top influencers.[31]

The high fees collected by influencers and the lack of accurate measures of their market impact have also created a global marketplace for social media fraud. A growing number of companies specialize in selling Twitter followers and retweets, views on YouTube, and endorsements on LinkedIn to users who want to appear more popular and influential in the social media space. In one case a single company was found to be using over 3.5 million automated accounts, each sold to multiple customers, to provide influencers with more than 200 million Twitter followers.[32] Many of these influencers then used their inflated follower numbers to negotiate higher fees from advertisers for their endorsements. As advertisers become aware of the importance of authenticating the influencers' real impact, they employ companies that serve as social media detectives. These companies evaluate influencers' social media activity, looking for signs of bot activity to determine the percentage of "real" followers, views, and visitors.

Customer Reviews. Customer reviews can be especially influential in shaping customer preferences and buying decisions.[33] One Nielsen survey found that online customer reviews were the second most trusted source of brand information (after recommendations from friends and family).[34] Research has shown that social influence can lead to disproportionately positive online ratings, and subsequent raters are more likely to be influenced by previous positive ratings than by negative ones. Consumers posting reviews are susceptible to conformity pressures and to adopting the norms of others.[35] On the other hand, positive online reviews or ratings are often not as influential or valued as negative ones.[36]

Consumers are also influenced by the online opinions and recommendations of other consumers. The informal social networks that arise among consumers complement the product networks set up by the company.[37] Online "influentials" who are one of a few people—or maybe even the only person—to influence certain consumers are particularly important and valuable to companies.[38]

MOBILE COMMUNICATION

U.S. consumers spend a considerable amount of time on mobile—more than on radio, magazines, and newspapers combined.[39] Given the omnipresence of smartphones and tablets, and marketers' ability to personalize messages based on demographics and other consumer behavior characteristics, the appeal of mobile marketing as a communication tool is obvious.

Wharton's David Bell notes four distinctive characteristics of a mobile device: (1) It is uniquely tied to one user. (2) It is virtually always "on" since it is typically carried everywhere. (3) It allows for immediate consumption because it is in effect a channel of distribution with a payment system. (4) It is highly interactive, given that it allows for geotracking and picture and video taking.[40]

Mobile ad spending has grown dramatically worldwide. With the increased capabilities of smartphones, however, mobile ads can be more than just a display medium using static "mini-billboards." Much recent interest

has been generated in mobile apps adding convenience, social value, incentives, and entertainment and making consumers' lives a little or a lot better.[41]

Smart mobile devices are also conducive to boosting loyalty programs in which customers can track their visits to and purchases from a merchant and receive rewards. By tracking the whereabouts of receptive customers who opt to receive communications, retailers can send them location-specific promotions when they are near shops or outlets. Sonic Corp. used GPS data and proximity to cell towers in Atlanta to identify when those customers who had signed up for company communications were near one of roughly 50 Sonic restaurants in the area. When that was the case, the company sent customers a text message with a discount offer or an ad to entice them to visit the restaurant.[42]

Because traditional coupon redemption rates have been declining for years, the ability of mobile to make more relevant and timely offers to consumers at or near the point of purchase has piqued the interest of many marketers. These new coupons can take many forms, and digital in-store signs can dispense them to smartphones. With user privacy safeguards in place, marketers' greater knowledge of cross-screen identities (online and mobile) can permit more relevant, targeted ads.

Understanding how consumers want to use their smart phones is critical to understanding the role of advertising. Given the small screen and fleeting attention paid, fulfilling advertising's traditional role of informing and persuading is more challenging on mobile devices. On the plus side, consumers are more engaged and attentive when using their smartphones than when they are online. Nevertheless, a number of m-commerce companies are eliminating ads to allow consumers to make purchases with as few clicks as possible.[43]

EVENTS AND EXPERIENCES

Becoming part of a personally relevant moment in consumers' lives through sponsored events and experiences can broaden and deepen a company's or

brand's relationship with the target market. Daily encounters with brands may also affect consumers' brand attitudes and beliefs.

MANAGING EVENTS

Marketers report a number of reasons to sponsor events:

- *To identify with a particular target market or lifestyle.* Old Spice sponsors college sports—including its college basketball Old Spice Classic in late November—to highlight product relevance and sample among its target audience of 16- to 24-year-old males.
- *To increase the salience of a company or product name.* Events offer sustained exposure to a brand, a necessary condition for reinforcing brand salience. Top-of-mind awareness for soccer World Cup sponsors Emirates Airlines, Hyundai, Kia, and Sony benefited from the repeated brand and ad exposure over the month-long tournament.
- *To create or reinforce perceptions of key brand image associations.* Events themselves have associations that help to create or reinforce brand associations.[44] To toughen its image and appeal to the heartland, Toyota Tundra sponsors B.A.S.S. fishing tournaments and has sponsored Brooks & Dunn country music tours.
- *To enhance corporate image.* Sponsoring and organizing events can improve perceptions that the company is likable and prestigious. Although Visa views its long-standing Olympic sponsorship as a means of enhancing international brand awareness and increasing usage and volume, it also engenders patriotic goodwill and taps into the emotional Olympic spirit. McDonald's sponsors community-based programs to build goodwill, including Black & Positively Golden, which celebrates Black culture.
- *To create experiences and evoke feelings.* The feelings engendered by an exciting or rewarding event may indirectly link to the brand. Audi models featured prominently in the blockbuster film franchise *Iron Man*, including main character Tony Stark's personal R8 Spyder, the A8 and A3, as well as the Q5 and Q7 SUVs.
- *To express commitment to the community or on social issues.* Cause-related events sponsor nonprofit organizations and charities. Firms such as Timberland, Stonyfield Farms, Home Depot, Starbucks, American Express, and Tom's of Maine have made their support of causes an important cornerstone of their marketing programs.
- *To entertain key clients or reward key employees.* Many events include lavish hospitality tents and other special services or activities for sponsors and their guests only. These perks engender goodwill and establish valuable business contacts. From an employee perspective, events can also build participation and morale or serve as an incentive. BB&T Corp., a major banking and financial services player in the U.S. South and Southeast, used its NASCAR Busch Series sponsorship to entertain business customers and its minor league baseball sponsorship to generate excitement among employees.
- *To permit merchandising or promotional opportunities.* Many marketers tie contests or sweepstakes, in-store merchandising, direct response, or other marketing activities to an event.

Ford and Coca-Cola have used their sponsorship of the popular TV show *American Idol* in this way.

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

CREATING EXPERIENCES

Experiential marketing not only communicates features and benefits but also connects a product or service with unique and interesting experiences. Rather than focusing on selling, experiential marketing aims to let customers experience how the company's offering fits in their life. Many firms are creating their own events and experiences to stimulate consumer and media interest and involvement.

A popular form of experiential marketing involves event sponsorship. Making sponsorships successful requires choosing the appropriate events, designing the optimal sponsorship program, and measuring the effects of sponsorship. Because of the number of sponsorship opportunities and their huge cost, marketers must be selective. The event must meet the marketing objectives and communication strategy defined for the brand. It must have sufficient awareness, possess the desired image, and be able to create the desired effects. The audience must match the target market and must have a favorable attitude toward the sponsor's engagement. An ideal event also is unique but not encumbered by many sponsors, lends itself to ancillary marketing activities, and reflects or enhances the sponsor's brand or corporate image.[45]

Companies can even create a strong image by inviting prospects and customers to visit their headquarters and factories.[46] Ben & Jerry's, Boeing, Crayola, and Hershey's all sponsor excellent company tours that draw millions of visitors a year. Hallmark, Kohler, and Beiersdorf (maker of NIVEA) have built, at or near their headquarters, corporate museums that display their history and the drama of producing and marketing their products. Many firms are also creating off-site product and brand

experiences. These include the World of Coca-Cola in Atlanta and Las Vegas and M&M's World in Times Square in New York City.

To promote customer loyalty, some European car manufacturers offer customers the option to fly to the factory to pick up the car they ordered from the local dealer, tour the factory, and take their new ride on a road trip around Europe. At the end of the trip, customers can drop off their car for transatlantic shipment. For example, Mercedes-Benz offers up to 7 percent off the purchase price for European delivery and waives the usual destination charge. It also offers an airfare voucher, one night's hotel accommodations, and a tour of the factory and museum.[47]

WORD OF MOUTH

Consumers use *word of mouth* to talk about dozens of brands each day, from media and entertainment products such as movies, TV shows, and publications to food products, travel services, and retail stores. Companies are acutely aware of word-of-mouth power. Hush Puppies shoes, Krispy Kreme doughnuts, and (more recently) Crocs shoes were built through strong word of mouth, as were companies such as Red Bull, Starbucks, and Amazon.com.

Viral marketing relies on word of mouth that encourages consumers to pass along audio, video, or written information about company-developed products and services to others online.[48] With user-generated content sites such as YouTube, Facebook, and Instagram, consumers and advertisers can upload ads and videos to be shared by millions of people.[49] Online videos can be cost-effective, and marketers can take more freedom with them, as Blendtec has done.

> **Blendtec** Utah-based Blendtec used to be known primarily for its commercial blenders and food mills. The company wasn't really familiar to the general public until it launched a series of hilarious "Will It Blend?" online videos to promote some of its commercial products for home use. The videos feature founder and CEO Tom Dickson wearing a white lab coat to pulverize objects ranging from golf balls and pens to beer bottles,

all in a genial but deadpan manner. The genius of the videos (www.willitblend.com) is that they tie into current events. As soon as the iPhone was launched with huge media fanfare, Blendtec aired a video in which Dickson smiled and said, "I love my iPhone. It does everything. But will it blend?" After the blender crushed the iPhone to bits, Dickson lifted the lid on the small pile of black dust and said simply, "iSmoke." The clip drew more than 3.5 million views on YouTube. Dickson has appeared on *Today* and other network television shows and has had a cameo in a Weezer video. One of the few items *not* to blend: a crowbar![50]

Outrageousness is a two-edged sword. The Blendtec website clearly puts its comic videos in the "*Don't* try this at home" category and developed another set showing how to grind up vegetables for soup, for instance, in the "*Do* try this at home" category. Another product that has greatly benefited from word of mouth is iD's Vada.

iD Vada iD Vada was a relatively lesser-known brand until its parent company, iD Freshfoods, turned a viral video into a highly creative ad campaign, making it one of the most widely recognized food brands. iD Freshfoods is a frontrunner in the category of ready-to-cook batters of traditional south Indian snacks and breakfast items like *idli* and *dosa*. iD's readymade batters, with their authentic taste and unique packaging, make the cooking process convenient. The product team also wanted to develop batter for *vada*, a round crispy fried snack with a hole in the centre. A major challenge associated with making a *vada* is perfecting the art of its shape with the hole in it. Hence, the team realized that providing *vada* batter alone would not be as appealing unless the consumer gets to make the snack as desired in terms of taste and shape. After around three and half years of trial and errors, the iD team was able to resolve the issue with an innovative *vada* batter packaging. Each iD Vada Batter pack is designed with a spout mechanism at the nozzle that helps make crispy, golden-brown *vada* in three easy steps—squeeze, cut and fry. iD Vada Batter's ergonomic packaging retains the ingredients' freshness while shaping the batter into a *vada* with a hole in the centre. The nozzle on the

pack creates a hole in the centre of the batter making it easy to use without creating any mess. Fortuitously, iD Vada became the talk of the country overnight even without the company spending a penny on promotions. The product video, leaked through a family WhatsApp group, went viral within a few hours. PC Mustafa, the CEO and co-founder, had created the video for a talk on his entrepreneurial journey. The video showcased iD Vada's innovative packaging designed to help everyone cook the perfect round shaped *vada* with a hole in the centre. The distinctive squeeze-and-fry pack that forms the perfect *vada* shape as the batter is squeezed through the spout, along with its tagline – "Everybody can Vada" – turned into a sensation overnight, forcing the company to advance the product launch and capitalize on the market demand, driven by the overwhelming response for the video.[51]



Recognition for iD's Vada batter shot up, along with sales, after a creative YouTube video made by the company for a talk on innovation by its CEO, PC Mustafa, went viral.
Source: iD Vada Batter©iD FRESH FOOD (INDIA) PVT. LTD., used with permission

A classic example of the use of word of mouth is the way Dollar Shave Club used social media to create a viral communication campaign that helped build its brand.

> **Dollar Shave Club** E-commerce start-up Dollar Shave Club sells a low-priced monthly supply of razors and blades online based on three different plans. The key to the company's launch was an online video. Dubbed by some the "best startup video ever," and the winner of multiple awards, the 90-second Dollar Shave Club video garnered millions of views on YouTube and gained thousands of social media followers in the process. In the quirky, irreverent video, CEO Michael Dubin rides a forklift, plays tennis, and dances with a fuzzy bear while touting the quality, convenience, and price of the company's razors and blades. Dubin has observed, "We are presenting a new business, a good idea, a funny video and tapped the pain point for a lot of consumers." While it was securing several hundred thousand customers, the company was also able to raise more than $20 million in venture capital and was ultimately sold to Unilever for $1 billion.[52]

Positive word of mouth sometimes happens organically with little advertising, but it can also be managed and facilitated.[53] Without question, more advertisers now seek greater earned media—unsolicited professional commentary, personal blog entries, social network discussion—as a result of their paid media and owned media efforts.

Products don't have to be outrageous or edgy to generate word-of-mouth buzz. More interesting brands are more likely to be talked about online, but whether a brand is seen as novel, exciting, or surprising has little effect on whether it is discussed in face-to-face, oral communications.[54] The brands discussed offline are often those that are salient and visible and come easily to mind. Research has shown that consumers tend to generate positive word of mouth themselves and to share information about their *own* positive consumption experiences. They tend to transmit negative word of mouth

only by passing on information they have heard about *others'* negative consumption experiences.[55]

PUBLICITY AND PUBLIC RELATIONS

Publicity aims to promote a company and its offerings. Unlike advertising, where the company pays for the media, *publicity* uses editorial space and does not incur media costs. Common forms of publicity include news stories, articles, and editorials. The primary goal of publicity is to attract attention to the company or its offerings. In contrast, public relations (PR) focuses on more than just public attention. The ultimate goal of public relations is to manage the overall reputation of the company and its offering, while building relationships with the community.

PUBLICITY

Many companies are turning to publicity to support corporate or product promotion and image making. **Publicity** involves securing editorial space—as opposed to paid space—in the media to promote a product, service, idea, place, person, or organization.

As the power of mass advertising weakens, marketing managers are turning to publicity to build awareness and brand knowledge for both new and established products. Publicity is also effective in blanketing local communities and reaching specific groups, and it can be more cost-effective than advertising. Increasingly, publicity takes place online, but it must be planned jointly with advertising and other marketing communications.

Publicity has important advantages over traditional advertising. First, publicity is free—even though the advertiser might have to pay an agency to secure media coverage, the advertiser does not pay for cost of the media itself (e.g., television and radio time or newspaper and magazine space). In addition, because the source of the message is a third party rather than the company, publicity is more credible and is more likely to influence the target audience. The main downside of publicity is that it cannot be directly controlled by the company and, as a result, it might end up being irrelevant

or can even hurt the company and its offerings. Thus, the lack of a predictable outcome is the price associated with the low cost and credibility of publicity.

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

Publicity plays an important role in a variety of tasks:

- *Launching new products.* The amazing one-time commercial success of toys such as LeapFrog, Beanie Babies, and Silly Bandz owes a great deal to strong publicity.
- *Repositioning mature products.* In a classic case, New York City had extremely bad press in the 1970s until the "I Love New York" campaign.
- *Building interest in a product category.* Companies and trade associations have used publicity to rebuild interest in declining commodities such as eggs, milk, beef, and potatoes and to expand consumption of such products as tea, pork, and orange juice.
- *Defending products that have encountered public problems.* Publicity professionals must be adept at managing crises, such as those weathered by such well-established brands as Tylenol, Toyota, and BP in recent years.
- *Building the corporate image in a way that reflects favorably on its products.* The late Steve Jobs's heavily anticipated Macworld keynote speeches helped to create an innovative, iconoclastic image for Apple Corporation.

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

> **Meow Mix** A heritage brand, Meow Mix Cat Food decided to tap into its roots and bring back one of its most identifiable brand elements—a jingle

with a repetitive meow refrain that had been off the air for over 20 years. Marketers chose singer and TV reality coach CeeLo Green and his Persian cat Purrfect to do the honors. The video with Green singing a remixed version of the jingle in a duet with Purrfect garnered attention from all kinds of outlets. The story received 1,200 media placements and 535 million media impressions, including exclusives with AP and *Access Hollywood*. Web traffic for the brand rose 150 percent, and more than 10,000 fans downloaded the song or ringtone. For each download, a pound of Meow Mix was donated to a local pet charity in Los Angeles.[56]

PUBLIC RELATIONS

Not only must the company relate constructively to customers, suppliers, and dealers; it must also relate to relevant publics. **Public relations (PR)** includes a variety of programs to promote or protect a company's image among the relevant stakeholders.

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

Many companies have PR departments that perform three main functions. They provide press coverage by presenting news and information about the organization in the most positive light. They also manage corporate communications by promoting understanding of the organization through internal and external communications. Finally, PR departments can engage in lobbying by dealing with legislators and government officials to promote or defeat legislation and regulation.

Public relations can involve different media formats. Some of the most popular PR media formats are publications, events, news, speeches, public service activities, and identity media.

- **Publications.** Companies rely extensively on published materials to reach and influence their target markets. These include annual reports,

brochures, articles, company newsletters and magazines, and audiovisual materials.

- **Events.** Companies can draw attention to new products or other company activities by arranging and publicizing special events such as news conferences, seminars, outings, trade shows, exhibits, contests and competitions, and anniversaries that will reach the target publics.
- **News.** One of the major tasks of PR professionals is to find or create favorable news about the company, its products, and its people and to get the media to accept press releases and attend press conferences.
- **Speeches.** Increasingly, company executives must field questions from the media or give talks at trade associations or sales meetings, appearances that can build the company's image.
- **Public service activities.** Companies can build goodwill by contributing money and time to good causes.
- **Identity media.** Companies need a visual identity that the public immediately recognizes. The visual identity is carried by company logos, stationery, brochures, signs, business forms, business cards, buildings, uniforms, and dress codes.

Public relations helps companies shape their public image and manage their relationships with the community. Furthermore, public relations are particularly relevant in minimizing the damage to the corporate image during a marketing crisis, as well as in helping rebuild this image after the crisis has been resolved.

PACKAGING

Because packaging is usually perceived during a buyer's first encounter with the product, it can be a determining factor in piquing the buyer's interest. It will also shape the buyer's subsequent evaluation of the product and the final purchase decision. Because of its ability to influence consumer perceptions and choice, many companies use packaging to create distinct customer value and differentiate their products from those of the competition.[57]

The *label* is a highly visible and important element of packaging. Labels include written, electronic, or graphical communication placed directly on the packaging, as well as anything associated with and attached to the product, such as an information tag. The label's primary functions are to communicate, to consumers, channel members, and the company, information that facilitates identification of the offering; describes the offering's key attributes; highlights the offering's benefits; instructs buyers

on the proper use, storage, and disposal of the product; increases the offering's aesthetic appeal; and leverages and enhances the brand associated with the offering.

Following a set of three core packaging principles can help develop effective packaging that contributes to the product's ultimate success in the market. These core principles are *visibility*, *differentiation*, and *transparency*.

- **Visibility.** Companies endeavoring to promote their offerings often overwhelm consumers with a constant barrage of information. This information overload can be counterproductive, causing customers to tune out and ignore the information they don't think will be immediately relevant to the decision at hand. This surfeit of information can also cause shoppers to overlook data that might be useful to them. Effective packaging can cut through the information clutter, arrest the attention of shoppers, and induce them to consider the offering favorably and ultimately to purchase it. Creative packaging and in-store displays helped Araku Coffee, marketed by Naandi Foundation, attract discerning coffee lovers in the retail outlets in Europe.
- **Differentiation.** Another facet of effective packaging is that it can help differentiate the company's offering from the competition. When confronted with multiple options, customers who are under time constraints frequently look to packaging as a key source of information about the offerings they are evaluating. Many companies use distinctive packaging to promote their brands, which can make it easier for loyal consumers to pinpoint at a glance the brand they're seeking.
- **Transparency.** In addition to attracting consumers' attention and differentiating the company's offerings from the competition, effective packaging clearly communicates the value of the offering to its target customers. Shoppers typically interact with the packaging at the time of purchase, which means that packaging must transparently communicate the offering's value proposition by touting the offering's virtues and giving shoppers a reason to purchase it. For example, many sustainable products feature the color green on their packaging to visually communicate their environmentally friendly nature.



Attractive colors, unusual shape and the creative packaging allowed Araku Coffee to effectively differentiate its high-end, premium 'specialty coffee' and make them instantly recognizable to discerning coffee lovers in France. The product, exported to the European markets, is retailed in over 50 outlets in France in addition to an Araku Café and store in the heart of Paris on rue de Bretagne in the fashionable Marais district.
Source: ©Naandi Foundation, used with permission

Many of the functions of packaging are akin to those of advertising. Both act as a means of communication that informs buyers about the salient aspects of a company's offering. However, packaging and advertising communicate different types of information and impart this information in different ways. Advertising typically aims to create a memorable impression of an offering in the minds of future purchasers. On the other hand, the impact of packaging on the purchase decision is much more immediate—in fact, nearly instantaneous—because buyers usually react to a product's packaging at the point of purchase. Thus, packaging often is designed to have a more direct visual impact on the buyer. What's more, customers typically don't spend much time or energy evaluating familiar low-cost products and tend to rely on the visual properties of packaging, and of the products themselves, when making their purchase decision.

marketing INSIGHT

Measuring Social Media ROI

Companies are spending more time, effort, and money on social media than ever. According to a survey of CMOs by MDG Advertising, social media now account for 12 percent of marketing budgets, a figure that is expected to increase to more than 20 percent in five years. When you're spending lots of time and money on social media, it's important to know just how much it's helping your brand. But that is easier said than done. Of the CMOs surveyed, 44 percent say they have been unable to measure social media's overall impact on their business. And although 36 percent feel they have a good sense of the qualitative impact of their social media activities, only 20 percent have actually quantified the impact of social media on their business.

Digital tools are available to help monitor a company's social media presence, starting with the free Google Alerts, which will e-mail you automated search results for up to 1,000 terms you choose. The catch is that Alerts monitors only Google sites. At less than $100 a month, BuzzSumo lets you set up alerts for mentions of things like your company or brand name, as well as those of competitors; it also allows unlimited content and social-influencer searches to make it easier for marketers to develop their own content and reach those who influence others. A more sophisticated option is Nuvi, whose expert data visualization enables companies to easily see how their business is perceived online and the effectiveness of their social media efforts, and gives companies the ability to capture negative comments.

The dilemma is measuring the actual sales that come from social media. MDG Advertising says that even though 58 percent of brands state that they measure social engagement, only 21 percent measure goal or revenue conversions. When Audi ran the first Super Bowl ad featuring a Twitter hashtag in 2011, it had no idea how much the high engagement

of its Facebook fan base translated into sales of more cars. One report showed that 50 percent of Fortune 1000 companies did not benchmark or measure the payback of their social CRM projects. Initially, the focus of measuring social media effects was on easily observed quantities such as the number of Facebook "likes" and Twitter tweets per week. These did not always correlate with marketing or business success, so researchers began digging deeper.

Assessing the value of social media is no easy task. Some marketing pundits compare social media to a phone: How would you assess the ROI of all the different calls you make? Josh Bernoff, Forrester Research's acclaimed digital marketing guru, sees short-term and long-term benefits of social media as falling into four categories:

- *Short-term financial benefits*, such as increased revenue or decreased costs. On the revenue side, when NetShops.com added ratings and reviews to its site, sales increased 26 percent within six months. On the cost side, National Instruments, makers of sophisticated technical engineering products, found that members of its user community answered 46 percent of other users' questions, saving NI its typical $10 service cost per call. Similarly, AT&T's revamped online community saved the firm 16 percent in telephone customer support in one month.
- *Short-term overall digital benefits*. When Swanson Health Products improved the visibility of its product reviews, it became more accessible to search engines, and traffic to its product pages rose 163 percent. Online videos, communities, blogs, and Twitter can similarly boost search performance.
- *Long-term brand lift*. Social media can improve long-term brand performance measures. When P&G created a Facebook page to support ski jumper Lindsey Vonn, it solicited 40,000 signatures on a petition to make ski jumping an Olympic sport. Surveys of participating Facebook users found an 8 percent to 11 percent increase in brand preference and purchase intent.
- *Long-term risk avoidance*. Dealing with a crisis can cost a firm millions of dollars over time. It is better to avoid or avert a crisis before it creates brand damage. Firms such as McDonald's and

AT&T have teams who monitor tweets about their products or services to nip any alleged problems in the bud.

The easiest way to create and measure social media's payoff is to include a contest, sweepstake, or promotion. Silicon Valley ad agency Wildfire created a promotion for Jamba Juice where the value of a "lucky coupon" was revealed only in the store. Tens of thousands of customers entered. The promotion was successful, but social media results can still be unpredictable.[58]

SUMMARY

1. Managing and coordinating the entire communications process calls for *integrated marketing communications*. Effective marketing communications recognizes the added value of a comprehensive plan to evaluate the strategic roles of a variety of communication disciplines and combines these disciplines to provide clarity, consistency, and maximum impact through the seamless integration of discrete messages.
2. The development of an *integrated communication campaign* requires a clear understanding of the specifics of the alternative media formats in order to create a consistent consumer experience. The most popular communication formats are advertising; online, social media, and mobile communication; events and experiences; word of mouth; publicity and public relations; and packaging.
3. *Advertising* is any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor. Advertisers include not only business firms but also charitable, nonprofit, and government agencies. The advertiser typically purchases media time or space to convey the company's message to its target audience. The most popular forms of advertising are television, print, radio, online, and place advertising.
4. An important form of online communication is a company's *owned media*. There are two common approaches to drive traffic: (1) search engine optimization (SEO), which aims to boost the likelihood that a link to a company's content will appear at the top of the organic

(nonpaid) search results and (2) search engine marketing (SEM), which involves paying search engine companies to feature one's content in the results of a particular keyword search.

5. *Social media* have become an influential form of marketing communication. They come in many forms: online communities and forums, blogs, social networks, and customer reviews. Social media reinforce other communications and offer marketers the opportunity to have a public voice and presence online for their brands. Marketers can build or tap into online communities, inviting participation from consumers and creating a long-term marketing asset in the process.
6. *Mobile communications* are an increasingly important form of interactive marketing by which marketers can use text messages, apps, and ads to connect with consumers via their smartphones, tablets, and wearable devices. A key appeal of this form of interactive marketing is that it enables marketers to personalize messages on the basis of demographics, geolocation, and behavior.
7. *Events and experiences* are a means to become part of special and more personally relevant moments in consumers' lives. Events can broaden and deepen the sponsor's relationship with its customers by connecting a company's product or service with unique and engaging experiences.
8. *Word-of-mouth marketing* aims to engage customers to share with others their views and experiences about products, services, and brands. Positive word of mouth sometimes happens organically with little advertising, but it can also be managed and facilitated. Viral marketing relies on word of mouth that encourages consumers to pass along audio, video, or written information about company-developed products and services to others online.
9. *Publicity* aims to promote a company and its offerings. Unlike advertising, where the company pays for the media, publicity uses editorial space and does not incur media costs. Common forms of publicity include news stories, articles, and editorials. The primary goal of publicity is to attract attention to the company or its offerings.
10. *Public relations* (PR) aims to manage the overall reputation of the company and its offerings, while building relationships with the community. The main tools of PR are publications, events, sponsorships, news, speeches, public service activities, and identity media. PR departments perform several functions: fostering positive

press coverage about the organization, managing internal and external corporate communications, and lobbying legislators and government officials to gain favorable legislation and regulation.

11. *Packaging* is similar to advertising in that it aims to inform buyers about the benefits of the company's offering. Unlike advertising, which typically aims to create a memorable impression of an offering in the minds of future purchasers, packaging often is designed to have a more direct visual impact on the buyer. Because of its ability to influence consumer perceptions at the point of purchase, many companies use packaging strategically to create distinct customer value and differentiate their products from those of the competition.

marketing INSIGHT

Burger King

Burger King was founded in 1954 in Miami, Florida, when James McLamore and David Edgerton invented a flame broiler and introduced the original Whopper hamburger. Burger King and its Whopper sandwich began to spread across the United States, and by the late 1970s Burger King had become the second largest fast-food chain, behind McDonald's. However, in the next three decades, Burger King saw 13 CEOs come in and out of the company, each one taking the company in a different direction. With constant changes to management, Burger King faced different challenges, which were followed by a decline in revenues. Some of these issues included a series of ineffective advertising campaigns, an overly complicated menu, and changes in customer preferences.

Burger King's communications evolved significantly throughout its history. In the early 1960s, Burger King's slogan was "Where kids are king," a theme that introduced the famous paper crown seen in restaurants. The company's advertising changed years later to focus on the larger size and superior freshness of its burgers. The famous slogan "Have it your way" was launched in 1974. In the 1980s and 1990s,

Burger King released a series of campaigns that failed to resonate with customers. The "Where's Herb?" campaign, launched in 1986, focused on a man who had never tasted a Whopper before. Burger King offered $5,000 to any guest who could find Herb as he toured across the country. The campaign was meant to rival Wendy's famous "Where's the Beef" campaign but failed to garner the same amount of national attention. *Advertising Age* declared the campaign the biggest promotional flop of the decade.

Following a change of management in the early 2000s, Burger King revamped its advertising style to be riskier and incorporate more tongue-in-cheek humor. In 2004, Burger King launched its "Subservient Chicken" website, where people could watch a human-sized chicken act out their commands, reviving the "Have it your way" tagline. The website received over 20 million hits in the week it debuted. In 2007, Burger King released the "Whopper Freakout" campaign, where angry customers were secretly filmed after being told by employees that the Whopper had been discontinued. The campaign went viral and was followed by a 4.5 percent increase in store sales.



source: Cum Okolo/Alamy stock photo

Whereas some of Burger King's campaigns were successful and helped build the company's brand, others backfired and reflected poorly on the company's image. The advertisement for the "Texican Whopper" sandwich in 2009 outraged the Mexican government because of its stereotypical caricature of a tall white cowboy living with a small Mexican wrestler. The "SpongeBob Square Butt" advertisement was also controversial because the highly sexualized ad primarily targeted young consumers. Mental health organizations also took offense at advertisements such as "The King's Gone Crazy" because of its crude depiction of mental illness. In 2011, *Time* magazine called The King mascot one of the 10 creepiest product mascots. In short, although some advertisements succeeded in increasing sales, Burger King was becoming less and less successful at leaving a good impression on fans.

In 2010, Burger King was sold to 3G Capital, which looked to optimize operations and overhaul the company's advertising strategy in order to increase profitability. After its acquisition by 3G Capital, Burger King began streamlining its operations. The company employed a strategy of cost cutting and zero-base budgeting, which involved heavily scrutinizing its expenses and resetting its budget to zero every planning period. These new initiatives included redesigning restaurants to improve the guest experience, reducing the menu to focus on the burgers and fries, and selling some of the company-owned restaurants back to franchisees.

Alongside 3G Capital's acquisition came a new partnership with marketing agency McGarryBowen, which revamped Burger King's advertising strategy, taking it back to its tongue-in-cheek roots. The media team launched a series of creative campaigns that offered topical political or cultural commentary. One of the most successful campaigns revolved around the "Whopper Neutrality" video, which was released shortly after the repeal of net neutrality in the United States. The video explains the effects of a net neutrality ban, using Whopper pricing as an analog. The controversial advertisement became Burger King's most shared ad of all time, garnering over 4 billion hits and a reference during

a congressional hearing. Burger King mocked artificial intelligence's capacity for creativity by releasing a bizarre set of advertisements completely generated by machine-learning algorithms.

Other communications released by Burger King offered social commentary on topics such as the "pink tax" (the fact that women's products cost more than men's), bullying, and inclusion of deaf customers. Many advertisements were also more lighthearted and humorous: Burger King offered Whoppers with holes cut out of the center to celebrate National Donut Day, hid Whoppers in popcorn bags to bypass theater rules in Romania, and even traded boarding passes for burgers in Romania. These campaigns generated global clout on social media networks.

Burger King began to grow once more after rediscovering its roots and streamlining its marketing communications. The chain has focused heavily on maintaining relevance in the minds of customers, constantly releasing topical and impressionistic advertising campaigns. Burger King's approach to managing integrated marketing communications was also recognized by industry professionals, and in 2017 Burger King was named the Cannes Lions Creative Marketer of the Year.[59]

Questions

1. What were the key factors that undermined the effectiveness of Burger King's communications over the years?
2. How should Burger King balance cost-cutting initiatives with investing in an integrated marketing campaign to create and sustain top-of-mind awareness and gain market share?
3. How should Burger King use traditional, online, and mobile communications to build a loyal customer base?

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marketing INSIGHT

AccorHotels

AccorHotels was established in 1967 when the founders, Paul Dubrule and Gerard Pelisson, opened their first hotel, Novotel, in Lille Lesquin, France. They soon formed the Société d'investissement et d'exploitation hôteliers (SIEH) group and grew the company by opening and acquiring new hotels across the globe. In 1983, SIEH owned 400 hotels and 1,500 restaurants and renamed the company Accor Group.



source: kristoffer Tripplaar/Alamy stock photo

Starting in 2010, Accor began shifting its operating strategy from owning to franchising and managing hotel properties. This strategy, called "asset-light," allowed the company to focus on investing and expanding its numerous brands instead of spending capital on purchasing real estate. Accor was made up of two businesses: HotelInvest, a real estate business that focused on owning and leasing hotels, and HotelServices, which focused on running Accor hotel operations. Becoming asset-light helped Accor open 2,018 new hotels in 2014, many of which were in new markets. By 2019, Accor managed 26 in-house brands targeting different segments of the hotel market. Its luxury brands include Raffles, Fairmont, and Sofitel. Its midrange brands include

Swissotel and Mercure, while ibis and Formula 1 are its two main budget brands.

The digital revolution presented Accor with new challenges. Customers were now able to share their travel experiences on a much larger scale, book travel plans at a moment's notice, and interact with hotel social media accounts. In addition, there was an increase in the number of ways to book travel arrangements. Prior to the digital revolution, brick-and-mortar travel agents typically handled flight, hotel, and tour booking. New players entered the travel market, including online travel agencies (e.g., Booking, Expedia), review sites (e.g., TripAdvisor), travel blogs (e.g., Lonely Planet), social media websites (e.g., Facebook, Twitter), and alternative hospitality services (e.g., Airbnb). Competitors such as Airbnb, which offered affordable lodging in private residences, became serious threats to Accor. Online travel agencies, which enabled customers to easily book Accor hotels for a commission, also posed a threat to Accor's profits.

To increase direct bookings, Accor invested heavily in its website, mobile application, social media accounts, and advertisements to personally connect with customers. In 2014, Accor purchased over 12 million keywords and paid search ads. That year, Accor also sent more than 570 million targeted e-mails to prospective customers. This resulted in online sales that amounted to 5 percent of total sales in 2014, shy of Accor's ultimate goal of increasing that number to 50 percent. To drive growth, Accor set out to improve the customer experience, starting with booking the trip and ending after the hotel stay. Accor's attempts to improve its digital hospitality contained both consumer-focused and employee-focused elements.

To grow mobile bookings, Accor acquired the French mobile traveling companion application Wipolo. Accor's purchase of Wipolo in 2014 provided the company with a dynamic mobile application that could function as the primary customer-booking channel and increase the share of mobile bookings, which at the time accounted for only 12 percent of Accor's online sales. The Wipolo application allowed customers to

browse different properties, easily book a room, use hotel digital services, give feedback, and utilize Accor's loyalty program. Accor also centralized its customer relationship management databases into one single platform, called "Voice of the Guests." The new database aided employees in providing personalized service for guests and featured a recommendation engine that automatically generated custom offers to customers based on their profile and traveling behavior. In addition, Accor streamlined its customer experience to include one-click booking, online check-in and check-out, targeted offers, and personalized welcomes. Accor reported that over 93 percent of customers who tried the welcome service wanted to use it again.

Accor has experienced new competitors, such as online travel agencies and new hospitality companies, but the company has stayed competitive by investing heavily in modernizing its digital experience. By streamlining its website and mobile application, customers can easily book, check into, and review a hotel room with a click of a button. Accor's upgraded CRM database also allows employees to deliver a personalized experience to every guest. In 2019, AccorHotels operated 4,200 hotels in over 100 countries worldwide and was the largest hotel group in the world outside of the United States.[60]

Questions

1. What was the key to Accor's market success?
2. What role did Accor's online strategy play in its ability to gain and retain loyal customers?
3. How should Accor balance its resources across traditional, online, and mobile communications?