

16

CHAPTER

Advertising, Publicity, and Sales Promotion

In the summer of 1965, 17-year-old Fred DeLuca was trying to figure out how to pay for college. A family friend suggested that Fred open a sandwich shop—and then the friend invested \$1,000 to help get it started. Within a month, they opened their first sandwich shop. From that humble start grew the Subway franchise chain with more than 33,000 outlets in 91 countries.

Targeted advertising, timely publicity, and sales promotion have been important to Subway's growth. For more than 10 years, memorable Subway ads featured Jared Fogle, a college student who was overweight but lost 245 pounds by only eating Subway's low-fat sandwiches like the "Veggie Delite." Jared says it was a fluke that he ended up in Subway's ads. After all, he was recruited to do the ads because of good publicity that Subway got after national media picked up a story that Jared's friend wrote about him in a college newspaper. Subway's strategy at that time focused on its line of seven different sandwiches with under 6 grams of fat. The objective was to set Subway fare apart from other fast food, position it to appeal to health-conscious eaters, and spark new sales growth. Jared already knew he liked Subway sandwiches, but the "7 under 6" promotion inspired him to incorporate them into his diet.

As soon as Jared's ads began to run, word of his inspiring story spread and consumer awareness of Subway and its healthy fare increased. It's always hard to isolate the exact impact of ads on sales, but sales grew more than 18 percent that year. The ads also attracted attention from potential franchisees. Many of them followed up by requesting the franchise brochure, which explains how Subway's strategy works and why Subway is a profitable small business opportunity. For instance, it describes how franchisees elect a group to help advertising managers at Subway headquarters with advertising and media buying decisions—so that Subway outlets get the most return from their advertising dollars.

Franchisees can develop their own promotions, too. A south Florida franchisee wanted to boost weekend sales at his two stores, so he offered footlong subs for \$5 on Saturdays and Sundays. Business boomed—there were lines out the door. The down economy had made customers particularly price sensitive, so the bargain had wide appeal. And the promotion was profitable because the increased volume of sandwiches made up for the lower margin on each footlong. Word got out and soon other franchisees were selling \$5 footlongs. Then the franchisees advertising group voted to take it nationwide for four weeks, later extending it indefinitely. Soon it was hard to find someone that didn't recognize the five finger signs and catchy (and annoying) jingle from the campaign developed by MMB ad agency. It even got mentions on "The Tonight Show."

Subway tries to balance its menu and promotion to appeal to three segments: customers interested in low fat, those most



concerned about taste, as well as those seeking a good value. The “Eat fresh” theme and copy thrust of some of Subway’s ads appeal to the first two target markets, while in-store signage promotes its “value meals” and \$5 footlongs. Subway reinforces its healthy positioning with health-conscious spokespeople. For example, on Twitter @SubwayFreshBuzz customers can find Olympic swimmer Michael Phelps, Olympic gymnast Nastia Liukin, and others promoting Subway’s fresh, healthy fare and the value of the \$5 footlong subs. For those most concerned about taste, Subway counters high-end fare from Panera Bread and Quiznos Subs with its “Subway Selects” line of sandwiches.

Subway recognizes that it needs to vary its creative approaches to get its message out to different target markets. For example, young men age 18 to 34 are heavy purchasers of fast food and they appreciate bargains. Many guys in this group are also big on video games. So Subway placed ads promoting its \$2.49 daily specials on a virtual billboard in a popular online action game. It includes many other elements in its promotion blend as well. For example, Subway’s Facebook page promotes new products and short-term price specials while building relationships with customers. The SubwayFreshBuzz Web site provides

tips on dieting and exercise as well as nutritional details about its sandwiches; these details help consumers who want all the health-related facts. The available information makes sense in light of the scrutiny the Federal Trade Commission gives to firms that make promotional claims related to weight loss and health.

To leverage its healthy fast-food positioning, Subway stepped up efforts to combat childhood obesity and increase sales to kids and teens. Its F.R.E.S.H. Steps promotion encourages kids and their parents to “Feel Responsible, Energized, Satisfied, and Happy.” A television advertising campaign informs parents and kids how to make healthy eating choices and live a more active lifestyle. As a national sponsor of Little League Baseball and Softball, Subway advertises in *Little League* magazine and targets little leaguers and their parents via direct mail and with point-of-sale materials. It also teamed up with Discovery Kids cable TV to tell kids 6 to 12 years old to “play hard and fresh.” This promotion included tie-ins with the network’s *Endurance* show, where kids compete in outdoor activities.

Subway is in a very competitive, dynamic market. More change is sure to come. But, so far, Subway has achieved profitable growth with a targeted strategy that includes effective use of promotion.¹

LEARNING OBJECTIVES

The Subway case shows that advertising, publicity, and sales promotion are often critical elements in the success or failure of a strategy. But many firms do a poor job with all three—so just copying how other firms handle these important strategy decisions is not “good enough.” There is no sense in imitating bad practices. This chapter helps you understand important decisions that help to make effective use of advertising, publicity, and sales promotion.

When you finish this chapter you should be able to:

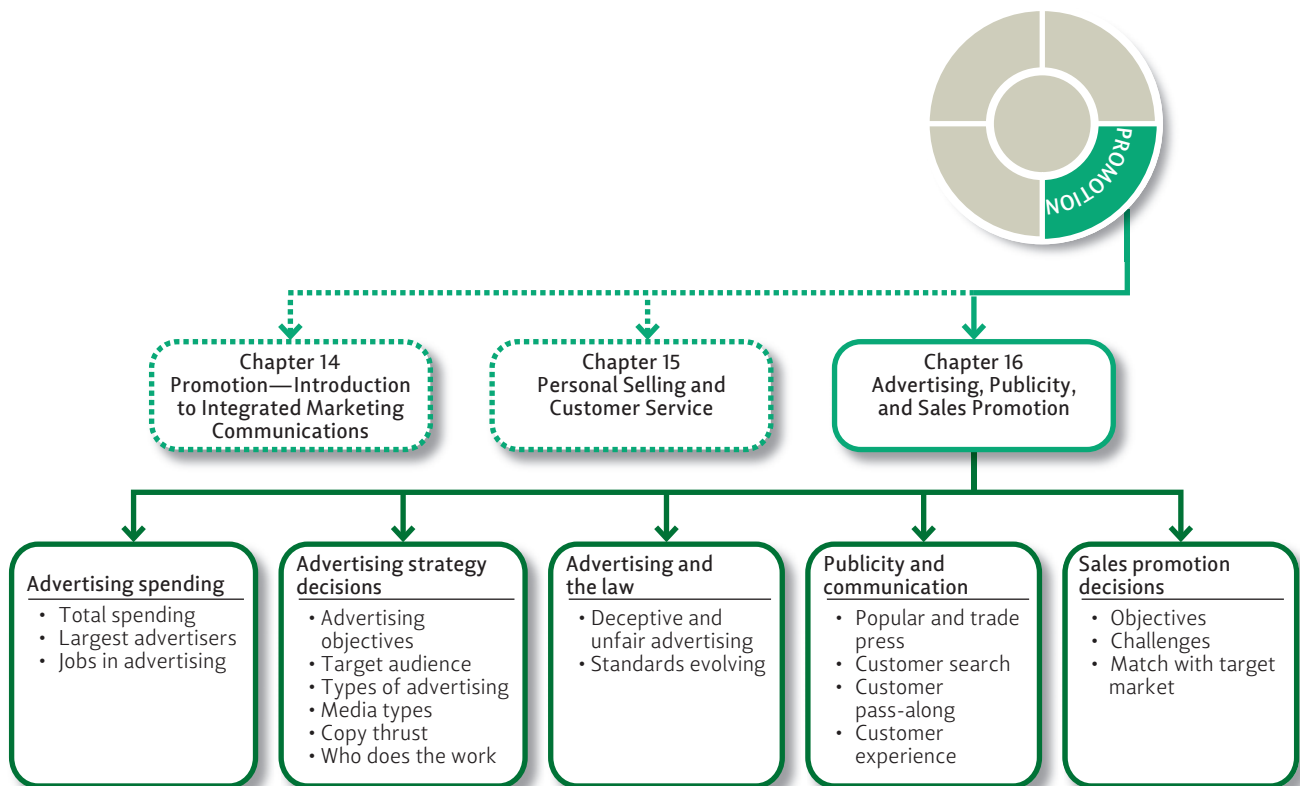
- 1 understand why a marketing manager sets specific objectives to guide the advertising effort.
- 2 understand when the various kinds of advertising are needed.
- 3 understand how to choose the “best” medium.
- 4 understand the main ways that advertising on the Internet differs from advertising in other media.
- 5 understand how to plan the “best” message—that is, the copy thrust.
- 6 understand what advertising agencies do and how they are paid.
- 7 understand how to advertise legally.
- 8 understand the importance of and different types of publicity.
- 9 understand the importance and nature of sales promotion.
- 10 know the advantages and limitations of different types of sales promotion.
- 11 understand important new terms (shown in red).

ADVERTISING, PUBLICITY, SALES PROMOTION, AND MARKETING STRATEGY PLANNING

Advertising, publicity, and sales promotion can play a central role in the promotion blend. On a per-contact basis, these promotion methods provide a relatively low-cost way to inform, persuade, and activate customers. Advertising, publicity, and sales promotion can position a firm’s marketing mix as the one that meets customer needs. They can help motivate channel members or a firm’s own employees, as well as final customers.

Unfortunately the results that marketers *actually achieve* with advertising, publicity, and sales promotion are very uneven. It’s often said that half of the money spent on these activities is wasted—but that most managers don’t know which half. Mass selling can be exciting and involving, or it can be downright obnoxious. Sometimes it’s based on careful research, yet much of it is based on someone’s pet idea. A creative idea may produce great results or be a colossal waste of money. Ads may stir emotions or go unnoticed.

This chapter explains approaches to help you understand how successful advertising, publicity, and sales promotion works. See Exhibit 16-1. After a brief overview of the cost of advertising, we look at the different decisions marketing managers—and the advertising agencies they may work with—have to make: (1) advertising objectives and what they want to achieve, (2) who the target audience is, (3) what kind of advertising to use, (4) which media to use to reach target customers, (5) what to say



(the copy thrust), and (6) who will do the work—the firm’s own marketing or advertising people or outside agencies. We also discuss legal issues in advertising.

Publicity involves unpaid media. The growth of the Internet and changes in consumer behavior have created many different types of publicity. For some promotion objectives, publicity offers a lower cost and more effective approach than advertising or sales promotion.

There are challenges in managing sales promotion, but it offers advantages over advertising for some objectives. So, this chapter also presents decisions that must be made with respect to different types of sales promotion for different targets.

International dimensions are important

The basic strategy planning decisions for advertising, publicity, and sales promotion are the same regardless of where in the world the target market is located. However, the look and feel can vary a lot in different countries. The choices available to a marketing manager within each of the decision areas may also vary dramatically from one country to another.

Commercial television may not be available. If it is, government rules may limit the type of advertising permitted or when ads can be shown. Radio broadcasts in a market area may not be in the target market’s language. The target audience may not be able to read. Access to interactive media like the Internet may be nonexistent. Cultural influences may limit ad messages. Ad agencies that already know a nation’s unique advertising environment may not be available.

The trust that consumers place in publicity and online sources of information differs across countries. For example, many shoppers use online product reviews before making a purchase decision. A study by the Nielsen Company found that about 80 percent of Vietnamese and Italian Internet customers trusted online consumer opinions at review sites. On the other hand, only 46 percent of Internet users in Argentina and 50 percent in Finland trusted such information. As firms rely more on the

Because media choices can be more limited in some international markets, marketers sometimes stick with “tried-and-true” billboards like this one for Formula toothpaste in Indonesia. It’s creative and effective in communicating Formula’s message.



Internet to get their messages out to wider audiences, they need to consider cultural differences.²

International dimensions also impact sales promotion. Trade promotion may be difficult, or even impossible, to manage. A typical Japanese grocery retailer with only 250 square feet of space, for example, doesn't have room for *any* special end-of-aisle displays. Consumer promotions may be affected, too. In some developing nations, samples can't be distributed through the mail, because they're routinely stolen before they get to target customers. And some countries ban consumer sweepstakes because they see them as a form of gambling.

In this chapter we'll consider a number of these international issues, but we'll focus on the array of choices available in the United States and other advanced economies.

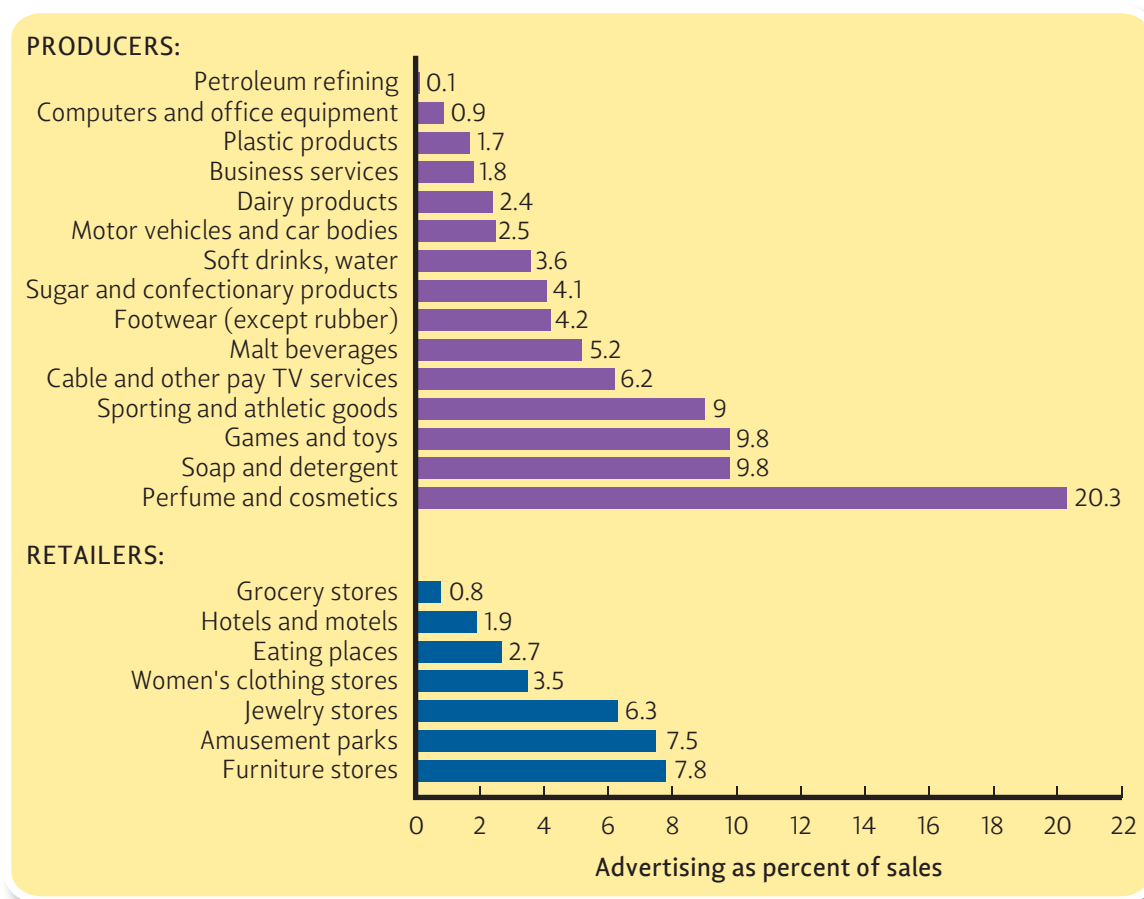
ADVERTISING IS BIG BUSINESS

Total spending is big—and growing internationally

As an economy grows, advertising becomes more important—because more consumers have income and advertising can get results. But good advertising results cost money. And spending on advertising is significant. In 1946, U.S. advertising spending was slightly more than \$3 billion. By 2010, it was more than \$200 billion. Ad spending dropped significantly with the recent downturn in the economy, but as the economy recovers ad spending will grow.³

Over the last decade, the rate of advertising spending has increased even more rapidly in other countries. However, advertising in the United States accounts for about 35 percent of worldwide ad spending. Europe accounts for about 30 percent, and Asia about 24 percent though spending in Asia is growing fast, especially in China. For most countries in other regions, advertising spending has traditionally been quite low.

The biggest marketers are investing ad dollars wherever they can find revenue or potential for growth—and increasingly, that's China, not the United States. Five of the Global 100 already invest more than 10 percent of their budgets in China—Yum Brands, Pernod Ricard, Avon, Colgate-Palmolive, and P&G. In particular, Yum Brands spent over 20 percent of its worldwide ad spending in China. Yum generated

Exhibit 16-2 Advertising Spending as Percent of Sales for Illustrative Product Categories

31 percent of its 2008 revenues from China, where its sales surged 36 percent. Coca-Cola now spends less than 17 percent of its ad budget in the United States, spending three times that much in Europe.⁴

Most advertisers aren't really spending that much

While total spending on advertising seems high, U.S. corporations spend an average of only about 2.5 percent of their sales dollars on advertising. Worldwide, the percentage is even smaller. Exhibit 16-2 shows, however, that advertising spending as a percent of sales dollars varies significantly across product categories. Producers of consumer products generally spend a larger percent than firms that produce business products. For example, U.S. companies that make perfume and cosmetics spend about 20.3 percent. However, companies that sell plastics to manufacturers spend only about 1.7 percent on advertising. Some business products companies—those that depend on e-commerce or personal selling—may spend less than 1/10 of 1 percent.

In general, the percent is smaller for retailers and wholesalers than for producers. While some large chains like Kohl's, Macy's, and JCPenney spend over 5 percent, other retailers and wholesalers spend 2 percent or less. Individual firms may spend more or less than others in the industry, depending on the role of advertising in their promotion blend.⁵

Advertising doesn't employ that many people

While total advertising expenditures are large, the advertising industry itself employs relatively few people. The major expense is for media time and space. Many students hope for a glamorous job in advertising, but there are fewer jobs in advertising than you might think. In the United States, only about 462,000 people work directly in the advertising industry. Advertising agencies employ only about half of all these people.⁶

ADVERTISING OBJECTIVES ARE A STRATEGY DECISION

Advertising objectives must be specific

Every ad and every advertising campaign should have clearly defined objectives. These should grow out of the firm's overall marketing strategy and the promotion jobs assigned to advertising. It isn't enough for the marketing manager to say, "Promote the product." The marketing manager must decide exactly what advertising should do.

Advertising objectives should be more specific than personal selling objectives. One of the advantages of personal selling is that a salesperson can shift the presentation for a specific customer. Each ad, however, must be effective not just for one customer but for thousands, or millions, of them.

The marketing manager sets the overall direction

The marketing manager might give the advertising manager one or more of the following specific objectives, along with the budget to accomplish them:

1. Help position the firm's brand or marketing mix by informing and persuading target customers or intermediaries about its benefits.
2. Help introduce new products to specific target markets.
3. Help obtain desirable outlets and tell customers where they can buy a product.
4. Provide ongoing contact with target customers, even when a salesperson isn't available.
5. Prepare the way for salespeople by presenting the company's name and the merits of its products.
6. Get immediate buying action.
7. Help to maintain relationships with satisfied customers and encourage more purchases.
8. Help build more trusting relationships with customers.

If you want half the market, say so!

If a marketing manager really wants specific results, they should be clearly stated. A general objective is "To help expand market share." This could be rephrased more specifically: "To increase shelf space in our cooperating retail outlets by 25 percent during the next three months."

Objectives guide implementation too

The specific objectives obviously affect what type of advertising is best. Exhibit 16-3 shows that the type of advertising that achieves objectives for one stage of the adoption process may be off target for another. For example, Taco Bell used informative television ads and in-store point-of-purchase materials to encourage consumers to buy its Bacon Club Chalupa. On the other hand, Dassault Aviation ran ads in *BusinessWeek* magazine targeting business leaders with its Falcon line of jets. The manufacturer of corporate jets hoped to raise awareness and drive customers to its Web site for more information.

Exhibit 16-3 Examples of Different Types of Advertising over Adoption Process Stages

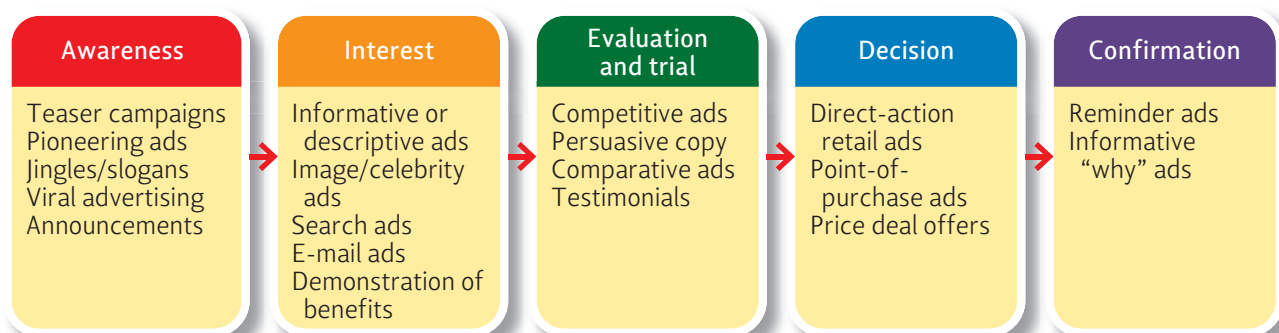
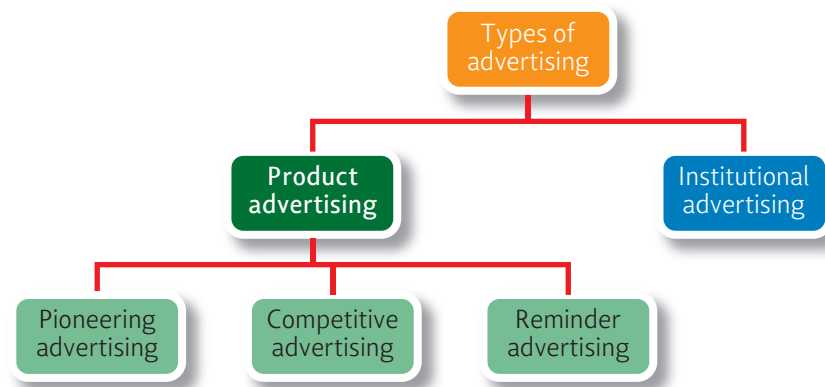


Exhibit 16-4

Types of Advertising



OBJECTIVES DETERMINE THE KINDS OF ADVERTISING NEEDED

The advertising objectives largely determine which of two basic types of advertising to use—product or institutional. See Exhibit 16-4. **Product advertising** tries to sell a product. We will discuss three categories of product advertising—pioneering, competitive, and reminder—which focus on getting consumers to know, like, and remember something. Then we will discuss **institutional advertising**, which promotes an organization's image, reputation, or ideas rather than a specific product.

Pioneering advertising builds primary demand

Pioneering advertising tries to develop primary demand for a product category rather than demand for a specific brand. Pioneering advertising is usually done in the early stages of the product life cycle; it informs potential customers about the new product and helps turn them into adopters. When digital cameras first came out, consumers didn't know their benefits or why they might want one—and at the same time they worried about how they could get printed pictures. So advertising for the early products in the market had to explain these basics and build primary demand.

Competitive advertising emphasizes selective demand

Competitive advertising tries to develop selective demand for a specific brand. A firm is forced into competitive advertising as the product life cycle moves along—to hold its own against competitors. For example, as digital cameras moved to the growth

Mini Cooper's Dutch advertising agency had multiple objectives when it left large empty boxes with torn ribbons and wrapping paper around Amsterdam shortly after Christmas. The boxes created awareness for the Mini Cooper and reinforced its positioning as small, different, and “fun”—like a toy.



Pepsi used a fun image in this comparative ad with Coke.



stage of the product life cycle, advertising emphasized features and benefits to persuade customers why they needed more megapixels, lower prices, or face recognition.

Competitive advertising may be either direct or indirect. The **direct type** aims for immediate buying action. The **indirect type** points out product advantages to affect future buying decisions.

Most of Delta Airlines' advertising is of the competitive variety. Much of it tries for immediate sales—so the ads are the direct type with prices, timetables, and phone numbers to call for reservations. Some of its ads are the indirect type. They focus on the quality of service and suggest you check Delta's Web site the next time you travel.

Comparative advertising is even rougher. **Comparative advertising** means making specific brand comparisons—using actual product names. Verizon touted its superior 3G coverage with ads showing maps that highlighted its service as compared to AT&T. Apple and Microsoft have battled back and forth with ads comparing Apple's Macs and Microsoft's Windows-based PCs.

Many countries forbid comparative advertising. But, in the United States, the Federal Trade Commission decided to encourage comparative ads because it thought they would increase competition and provide consumers with more useful information. Superiority claims are supposed to be supported by research evidence—but the guidelines aren't clear. When P&G's Dryel did not fare well in independent test comparisons with stain removal by professional dry cleaners, P&G changed its ad claims. However, some firms just keep running tests until they get the results they want. Others talk about minor differences that don't reflect a product's overall benefits. Comparative ads can also backfire by calling attention to competing products that consumers had not previously considered.⁷

Reminder advertising reinforces a favorable relationship

Reminder advertising tries to keep the product's name before the public. It may be useful when the product has achieved brand preference or insistence, perhaps in the market maturity or sales decline stages. It is used primarily to reinforce previous promotion. Here the advertiser may use soft-sell ads that just mention or show the name—as a reminder. Hallmark, for example, often relies on reminder ads because most consumers already know the brand name and, after years of promotion, associate it with high-quality cards and gifts.

Institutional advertising—remember our name

Institutional advertising usually focuses on the name and prestige of an organization or industry. It may seek to inform, persuade, or remind. Its basic objective is to develop goodwill or improve an organization's relations with various groups—not only customers but also current and prospective channel members, suppliers, shareholders, employees, and the general public. The British government, for instance, uses institutional advertising to promote England as a place to do business. Many Japanese firms, like Hitachi, emphasize institutional advertising, in part because they often use the company name as a brand name.

Celebrity Cruises offers many different cruises on a variety of ships at different times and locations. But, rather than promote a particular cruise, this eye-catching institutional ad promotes Celebrity's image for pampering travelers and says, "When you're a guest aboard one of our ships, you're the one who is treated like a celebrity."



Companies sometimes rely on institutional advertising to present the company in a favorable light, perhaps to overcome image problems. Other organizations use institutional advertising to advocate a specific cause or idea. Insurance companies and organizations like Mothers Against Drunk Driving, for example, use these advocacy ads to encourage people not to drink and drive.⁸

COORDINATING ADVERTISING EFFORTS WITH COOPERATIVE RELATIONSHIPS

**Vertical cooperation—
advertising allowances,
cooperative advertising**

Sometimes a producer knows that an advertising job can be done more effectively or more economically by someone further along in the channel. Alternatively, a retail chain like Office Depot may approach a manufacturer like Epson with an ad program and tell them how much it will cost to participate. In either case, the producer may offer **advertising allowances**—price reductions to firms further along in the channel to encourage them to advertise or otherwise promote the firm's products locally.

Cooperative advertising involves producers sharing in the cost of ads with wholesalers or retailers. This helps the intermediaries compete in their local markets. It also helps the producer get more promotion for the advertising dollar because media usually give local advertisers lower rates than national or international firms. In addition, a retailer or wholesaler who is paying a share of the cost is more likely to follow through.

**Integrated
communications
from cooperative
relationships**

Coordination and integration of ad messages in the channel is another reason for cooperative advertising. One big well-planned, integrated advertising effort is often better than many different, perhaps inconsistent, local efforts.

To get this coordination, producers often provide a master of an ad on a DVD, CD, Web site, or printed sheets. The intermediaries add their identification before turning the ad over to local media.

However, allowances and support materials alone don't ensure cooperation. When channel members don't agree with the advertising strategy, it can be a serious source of conflict. For example, Wendy's strategy includes an objective to be the late-night, quick-serve restaurant of choice for its target market. This requires staying open late at night and advertising the longer hours. However, some Wendy's restaurants are

franchise operations rather than company-owned. A franchise operator who does not think that late-night hours will be profitable in his or her local market may not want to stay open for the longer hours or pay franchise fees to support the national ad campaign.⁹

CHOOSING THE “BEST” MEDIUM—HOW TO DELIVER THE MESSAGE

What is the best advertising medium? There is no simple answer to this question. Effectiveness depends on how well the medium fits with the rest of a marketing strategy—that is, it depends on (1) your promotion objectives, (2) what target markets you want to reach, (3) the funds available for advertising, and (4) the nature of the media, including whom they *reach*, with what *frequency*, with what *impact*, and at what *cost*.

Exhibit 16-5 shows estimated ad spending, percent, and some pros and cons of major kinds of media. However, some of the advantages noted in this table may not apply in all markets. For example, direct mail may not be a flexible choice in a country with a weak postal system. Internet ads might be worthless if few target customers have access to the Internet. Similarly, TV audiences are often less selective and targeted, but a special-interest cable TV show may reach a very specific audience.¹⁰

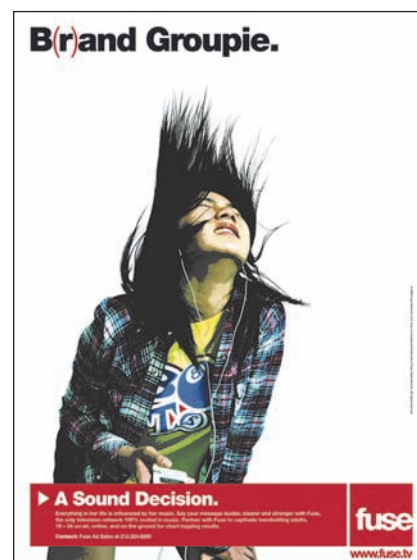
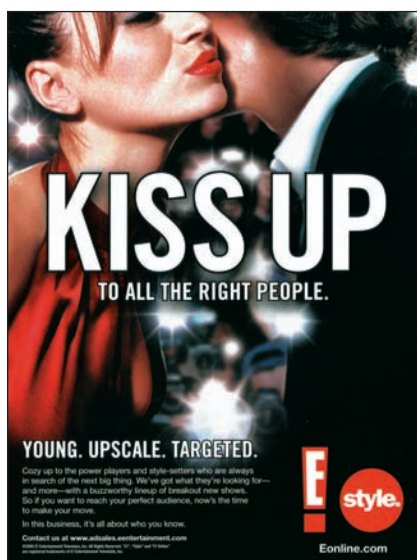
Medium should fit promotion objectives

The medium should support the promotion objectives. If the objective requires demonstrating product benefits, TV or Internet with video may be the best alternative. If the objective is to inform, telling a detailed story and using precise pictures,

Exhibit 16-5 Estimated Ad Spending, Percent, Advantages, and Disadvantages of Major Media

Kinds of Media	2010 Ad Spending (\$ in billions)	2010 Percent (%) of Total Spending	Advantages	Disadvantages
TV and cable	51.47	25.2	Demonstrations, image building, good attention, wide reach, cable can be selective	“Clutter”—ads compete for attention, expensive
Direct mail	48.01	23.6	Highly targeted, flexible—message can be longer, can personalize	Relatively expensive per contact, “junk mail,” hard to retain attention
Newspaper	29.34	14.4	Flexible, timely, local market	“Clutter”—ads compete for attention, poor photo reproduction
Internet	23.42	11.5	Ads link to more detailed Web site, some “pay for results,” easier to track results	Hard to compare costs with other media
Magazines	17.23	8.5	High reader involvement, very targeted, good detail, good “pass-along”	Inflexible, long lead times, cost can be high
Radio	15.57	7.6	Wide reach, segmented audience, inexpensive	Weak attention, many different rates, short exposure
Yellow pages & other directories	11.45	5.6	Reaches local customers ready to buy, relatively inexpensive, local	Many competitors listed in same place, hard to differentiate
Outdoor and cinema	7.37	3.6	Captive audience	Outdoor—“glance” medium Cinema—primarily a younger audience

Source: Table developed by the authors based on ZenithOptimedia data provided in “Annual 2010,” *Advertising Age* (Special Issue), December 28, 2009, p. 11.



Highly targeted digital advertising media are proving especially effective at targeting messages to specific demographic, social, and cultural groups.

then Internet advertising might be right. Newspapers work well for businesses operating in local markets. Alternatively, with a broad target market or when there is a need to show color, magazines may be better. For example, Jockey switched its advertising from television to magazines when it decided to show the variety of styles of its men's briefs.¹¹

Match your market with the media

To guarantee good media selection, the advertiser first must *clearly* specify its target market. Then the advertiser can choose media that reach those target customers. Most media firms use marketing research to develop profiles of their audiences. Generally, this research focuses on demographic characteristics rather than the segmenting dimensions specific to the planning needs of *each* different advertiser.

Advertisers pay for the whole audience

The audience for media that *do* reach your target market may also include people who are *not* in the target group. But *advertisers pay for the whole audience the media delivers*, including those who aren't potential customers. For example, Delta Faucet, a faucet manufacturer that wanted its ads to reach plumbers, placed ads on ESPN's Saturday college football telecasts. Research showed that many plumbers watched the ESPN games. Yet plumbers are only a very small portion of the total college football audience—and the size of the total audience determined the cost of the advertising time.¹²

Because it's hard to pick the best media, media analysts often focus on cost per thousand of audience size. This may seem an objective approach, but advertisers preoccupied with keeping these costs down may ignore the relevant segmenting dimensions and slip into mass marketing.

Some media help zero in on specific target markets

Today, advertisers direct more attention to reaching smaller, more defined target markets. The most obvious evidence of this is in the growth of spending on direct-mail advertising to consumers in databases. For example, Germany's Otto Versand, the world's largest mail-order company, maintains CRM databases that track each customer's past purchases and responses to previous mailings. These data help the firm to accurately predict whether a customer will respond to a particular mailing. Such data also help mail-order firms segment customers, develop better messages, and increase the efficiency of their direct-mail campaigns.¹³

To communicate the freshness of its products, Legal Sea Foods used quirky little billboard ads that were attached to the tops of taxi cabs. Advertising specialists are always looking for cost-effective new media.



However, even traditional media are becoming more targeted. TV is a good example. Cable TV channels—like CNN, Nickelodeon, ESPN, and MTV—are taking advertisers away from the networks because they target specific audiences. ESPN, for example, has an audience heavily weighted toward affluent male viewers. Moreover, being specialized doesn't necessarily mean that the target market is small. MTV appeals most strongly to young viewers, but its programming is seen in about 400 million homes worldwide—more than any other programmer.

Radio has also become a more specialized medium. Some stations cater to particular ethnic and racial groups, such as Hispanics, African Americans, or French Canadians. Others aim at specific target markets with rock, country, or classical music. Satellite and Internet radio stations reach a larger number of consumers, so expect even more targeting.

Many magazines serve only special-interest groups, such as cooks, new parents, and personal computer users. In fact, the most profitable magazines seem to be the ones aimed at clearly defined markets. Many specialty magazines also have international editions that help marketers reach consumers with similar interests in different parts of the world.

There are also trade magazines in many fields, such as chemical engineering, furniture retailing, electrical wholesaling, farming, and the aerospace market. *Standard Rate and Data* provides a guide to the thousands of magazines now available in the United States. Similar guides exist in most other countries.

Specialized media are small, but gaining

The advertising media listed in Exhibit 16-5 are attracting the vast majority of advertising media budgets. But advertising specialists always look for cost-effective new media that will help advertisers reach their target markets. For example, one company successfully sells space for signs on bike racks that it places in front of 7-Eleven stores. A new generation of ATMs shows video ads while customers wait to get their money.¹⁴ Purina has created podcasts—downloadable files that can be listened to on an MP3 player or computer—that offer pet owners advice on issues ranging from helping pets lose weight to pet health insurance.¹⁵

There's a call from your ad

In many countries there are about as many cell phones as adults, and people carry them everywhere. This has a lot of advertisers wishing their ads could give their customers a call. Now they're getting help with this wish. In the United Kingdom, for instance, the leading cellular service provider signs up subscribers to receive once-a-week text-message offers, such as half-price movie tickets. Some firms are even experimenting with ads that target customers based on the customer's location at a particular moment. Imagine walking down a city street on a hot day and suddenly getting a text-message offer for a discount on a cold Frappuccino at the Starbucks across the street. There are still some technical hurdles before this scene becomes common, but it illustrates the pinpoint targeting that will be possible.¹⁶

Budget and “must buys” affect media blend

Selecting which media to use is still pretty much an art. The media buyer starts with a budgeted amount and tries to buy the best blend to reach the target audience. Often “must buys,” like the Yellow Pages for a retailer in a small town, will use up much of an advertising budget.

For many firms, even national advertisers, the high cost of television may eliminate it from the media blend. The average cost just to produce a national TV ad is now about \$400,000—and an ad with special effects can easily cost twice that. In the United States, it costs an average of about \$200,000 to run a 30-second commercial during the prime evening time, but on hit shows the cost can be more. Prices can soar even higher for “big event” shows that attract the largest audiences. For example, 30 seconds of advertising on the 2010 Super Bowl cost sponsors about \$3 million.¹⁷

ADVERTISING ON THE INTERNET

Screen time moves toward the Internet

People continue to increase time spent surfing the Internet, while spending less time watching TV and reading magazines and newspapers. The Web lets people socialize with friends, consume news and other information, enjoy entertainment like videos, and shop. This change in consumer behavior creates new challenges and opportunities for marketing managers as they try to target specific customers or segments through Internet advertising. Here we'll explore the Web as an advertising medium and later in the chapter examine how it works to support publicity efforts.¹⁸

Most Internet ads seek a direct response

Advertising on the Internet takes a variety of forms, but the purpose is usually to attract the interest of people in the advertiser's target market so they'll click through to the firm's Web site. This is not as easy as it sounds since many people try to ignore any advertising. To get the attention of Web surfers, Internet advertisers have created many different types of ads.

Banner ads are small rectangular boxes that usually include text, graphics, and sometimes video to get attention and hold interest. Because banner ads can be easy to ignore, advertisers turned to *pop-up ads* that open in a new browser window (and block what the Web user is trying to view—until they're closed). A variation is the *pop-under ad*, which opens under the Web page being viewed, so it usually isn't noticed until after closing a browser. Most people find these ads very annoying and many use software to block them. Yet some advertisers still use them because they get responses. Firms that sell Internet advertising will probably continue to look for ways around ad blocking software in an effort to try to force consumers to view an ad. But that approach probably doesn't make much sense for a marketing-oriented firm. Rather, it is better to try to reach target customers who are actually interested in what the firm has to communicate.

Sites target specific customers

Target marketers try to place ads on Web sites that attract the firm's target market. For example, many investors looking for current financial information visit Morningstar's Web site, so Ameritrade posts its online brokerage ads there. And Sun Chips knows that green-conscious readers of the TreeHugger blog will be interested in its new “100% compostable chip bag.” Because companies like Google can automatically place ads on Web sites that match user interests, it may be Google—not Sun Chips—that places the Sun Chips ad on the TreeHugger blog. Google is in a unique position to see the connection between the parties involved—saving both time and money.

Search ads know what customers want

Many consumers conduct searches to get information for buying decisions. As a result, Google, Yahoo, and other search engines know customers' interests based on the keywords they enter into the search engine. Retailers, like REI, capitalize on this knowledge by paying a search engine firm for a sponsored search ad that appears above the results of a search on “hiking boots.”

Some advertisers pay only if ads deliver

Many Web sites charge advertisers a fee based on how frequently or how long an ad is shown. However, competition for advertisers has prompted *pay-per-click* advertising, where advertisers pay only when a customer clicks on the ad and links to the advertiser's Web site. Pay-per-click advertising is a big shift from traditional media where firms pay for ads based on an estimate of how many people will see the ad.

Many firms like this ability to directly track the cost of advertising and resulting sales. Consider Omaha Steaks, which sells frozen meat by mail order and uses Google search ads. Its ads appear when any of about 1,600 keywords, including *Omaha steaks* or *filet mignon*, are entered at Google. Omaha Steaks pays about 70 cents for each click-through. The pay-per-click model is also used when customers click on a banner ad at a Web site. For example, 8th Continent Soymilk pays each time a customer clicks on its ads at the Parent Hacks blog—with the fee shared by Google which placed the ad and the Parent Hacks blog, which hosts the ad.¹⁹

Click fraud raises ethical concerns

Advertisers don't mind paying when interested customers click on their ads. However, *click fraud* occurs when a person or software program automatically clicks on an ad without having any interest in the ad's subject. The intent is to defraud the advertiser and make money for an unscrupulous Web site. Consider Martin Fleischmann, for example. As owner of the insurance quote site MostChoice.com, he found that many of the click-throughs on his ads came from "customers" in Botswana, Mongolia, and Syria—where MostChoice did not do business. After investigating, Fleischmann discovered he was paying for clicks on sites with names like insurance1472.com—where uninterested people were being paid by the owners of these sites to simply click on the ads placed there by Google. It has been estimated that as many as 1 in every 5 clicks on online ads may be fraudulent. Google, Yahoo, and many advertisers have been working to remedy this threat.²⁰

Some ads know where customers have been on the Web

Behavioral targeting delivers ads to consumers based on previous Web sites the customer has visited. Some Web sites place a small file called a cookie on the computer of people who visit their sites. These cookies give an advertiser some information about the consumer. For example, cookies show whether a Web surfer has been to the company's Web site before, made a purchase on the last visit, or perhaps abandoned a partially full online "shopping cart." Or, based on what other sites a customer has visited, it is sometimes possible to determine likely interest in an offering. For example, a California theme park wanted to increase vacation package sales at its Web site. Special ads were delivered to Web surfers whose computers had cookies to indicate that they lived in specific western states and had also visited a travel site in the previous two weeks. This proved to be a cost-effective way to target ads and boost online sales.²¹

Business Ethics QUESTION

A software company offers its useful program as a free download. Few downloaders ever read the license agreement, but it states that the program is paid for by advertising; specifically, it explains that when the program is installed, another "adware" program is also installed that helps advertisers serve up targeted ads. Assume that you own a small online flower business that is struggling to get started. A firm with an adware system like the one described above contacts you about buying Internet ads. You pay only when someone clicks-through to your site from an ad. You try the ads for a month and your online sales triple. But you also get complaints from many people who don't understand why your pop-up ads constantly appear in their browsers.²² Would you continue to use this "contextual advertising"? Why or why not?

Does Advertising That's Everywhere Get Us Anywhere?

There's no holiday from advertising. You get to the beach, look down, and huge versions of the Skippy peanut butter logo are embossed in the sand. You roll your eyes in dismay and catch a view of a plane pulling a 100-foot-long banner ad with Catherine Zeta-Jones urging you to "Sign up for T-Mobile's free Friday minutes." You walk down the street and try to ignore the billboards and bus stop shelter ads. But it's hard not to notice trucks whose trailers are billboards—and there are even ads on the trucks' mud flaps. And is that a picture of Colonel Sanders on a fire hydrant—making your mouth water for KFC's "fiery" chicken wings? A bus drives by wrapped in an ad for McDonald's—and you see a cab with hubcaps advertising Taco Bell. You are getting hungry, but you packed a lunch and seek refuge in a nearby park. Not quite an escape from ads—the bench you sit on is an ad for a check-cashing service—and just for good measure the banana you pull out of your lunch bag has a sticker advertising Florida oranges. A couple of girls walk by wearing T-shirts emblazoned with "Abercrombie and Fitch" and "Old Navy." Then you hear a deep voice—but it's just a cell phone—the ring tone of the guy sitting next to you is promoting Stephen King's new movie with the author's voice. Then your cell phone displays a text message that offers you a discounted admission at a nearby club—how do they know where you are?

You need to get away from this commercial overload, so you head back to your condo to kick back, watch a movie, play computer games, and maybe read e-mail. But this is no escape! An ad and discount for the local Hard Rock Café are printed on the key to your rented condo. The "ad-free" pay-per-view movie—*National Treasure: Book of Secrets*—has product placements from Red Bull, Blackberry, MSN, and Mercedes. You pull out your laptop and load up Tony Hawk's American Wasteland video game—but you can't miss all the Jeep Wranglers, Cherokees, and Liberties driving around in the game—not a coincidence. So you close the game and check your e-mail. Getting onto a wireless Internet connection, your pop-up blocker stops many ads, but some still worm through. You sort through your e-mails—half of which are uninvited spam messages. Ugh. Is there no place to hide?

There are certainly many cases where promotion benefits both the consumer and the firm, and after all it is revenues from advertising that cover the cost of lots of great stuff consumers get for free. Yet sometimes you can't help but wish that you—and your wallet—were not the targets that so many companies are aiming at!²³

PLANNING THE "BEST" MESSAGE—WHAT TO COMMUNICATE

Specifying the copy thrust

Once you decide *how* the messages will reach the target audience, you have to decide on the **copy thrust**—what the words and illustrations should communicate.

Carrying out the copy thrust is the job of advertising specialists. But the advertising manager and the marketing manager need to understand the process to be sure that the job is done well.

Let AIDA help guide message planning

Basically, the overall marketing strategy should determine *what* the message should say. Then management judgment, perhaps aided by marketing research, can help decide how to encode this content so it will be decoded as intended.

As a guide to message planning, we can use the AIDA concept: getting Attention, holding Interest, arousing Desire, and obtaining Action.

Getting attention

Getting attention is an ad's first job. Many readers leaf through magazines without paying attention to any of the ads, and viewers get snacks during TV commercials. When watching a program on TiVo, they may zip past the commercial with a flick of a button. On the Internet, they may use a pop-up blocker or click on the next Web site before the ad message finishes loading onto the screen.

Many attention-getting devices are available. A large headline, computer animations, shocking statements, attractive models, animals, online games, special effects—anything different or eye-catching—may do the trick. However, the attention-getting device can't detract from, and hopefully should lead to, the next step, holding interest.

Holding interest

Holding interest is more difficult. A humorous ad, an unusual video effect, or a clever photo may get your attention—but once you've seen it, then what? If there is no relation between what got your attention and the marketing mix or the ad does not address your needs, you'll move on. To hold interest, the tone and language of the ad must fit with the experiences and attitudes of the target customers and their reference groups. As a result, many advertisers develop ads that relate to specific emotions. They hope that the good feeling about the ad will stick, even if its details are forgotten.

To hold interest, informative ads need to speak the target customer's language. Persuasive ads must provide evidence that convinces the customer. For example, TV ads often demonstrate a product's benefits.²⁴

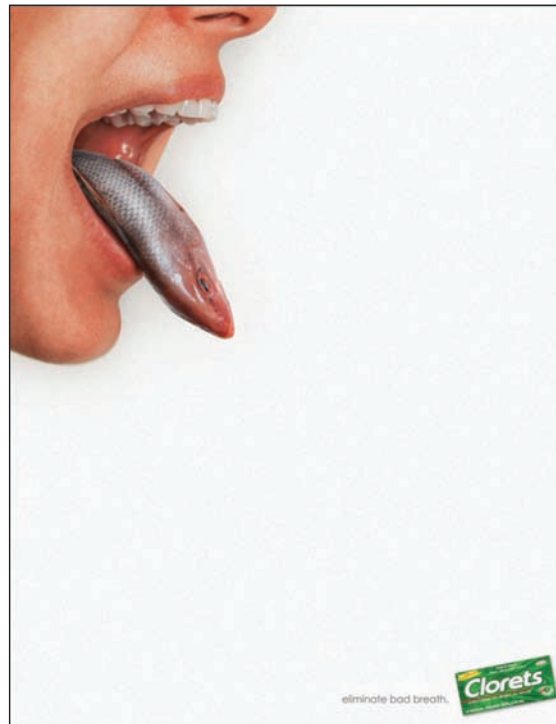
Arousing desire

Arousing desire to buy a particular product is one of an ad's most difficult jobs. The ad must convince customers that the product can meet their needs. Testimonials

may persuade a consumer that other people with similar needs like the product. Product comparisons may highlight the advantages of a particular brand.

Although products may satisfy certain emotional needs, many consumers find it necessary to justify their purchases on some logical basis. Snickers candy bar ads helped ease the guilt of calorie-conscious snackers by assuring them that "Snickers satisfies you when you need an afternoon energy break."

An ad should usually focus on a *unique selling proposition* that aims at an important unsatisfied need. This can help differentiate the firm's marketing mix and position its brand as offering superior value to the target market. For example, Clorets has used graphic images in its ads to highlight the effective-



ness of its mints. Too many advertisers ignore the idea of a unique selling proposition. Rather than using an integrated blend of communications to tell the whole story, they cram too much into each ad—and then none of it has any impact.

Obtaining action

Getting action is the final requirement—and not an easy one. From communication research, we now know that prospective customers must be led beyond considering how the product *might* fit into their lives to actually trying it.

Direct-response ads can sometimes help promote action by encouraging interested consumers to do *something* even if they are not ready to make a purchase. For example, Fidelity Investments has run TV ads featuring colorful graphs, a sign with "Wow!" and the company's phone number and Web site address. And just in case viewers don't "get it," Blondie's song "Call Me" plays in the background. Fidelity wants to encourage interested consumers to make the first step in building a relationship.

Levi's capitalized on the tagline "Live unbuttoned" when it created this 3-D billboard wearing 501 jeans.



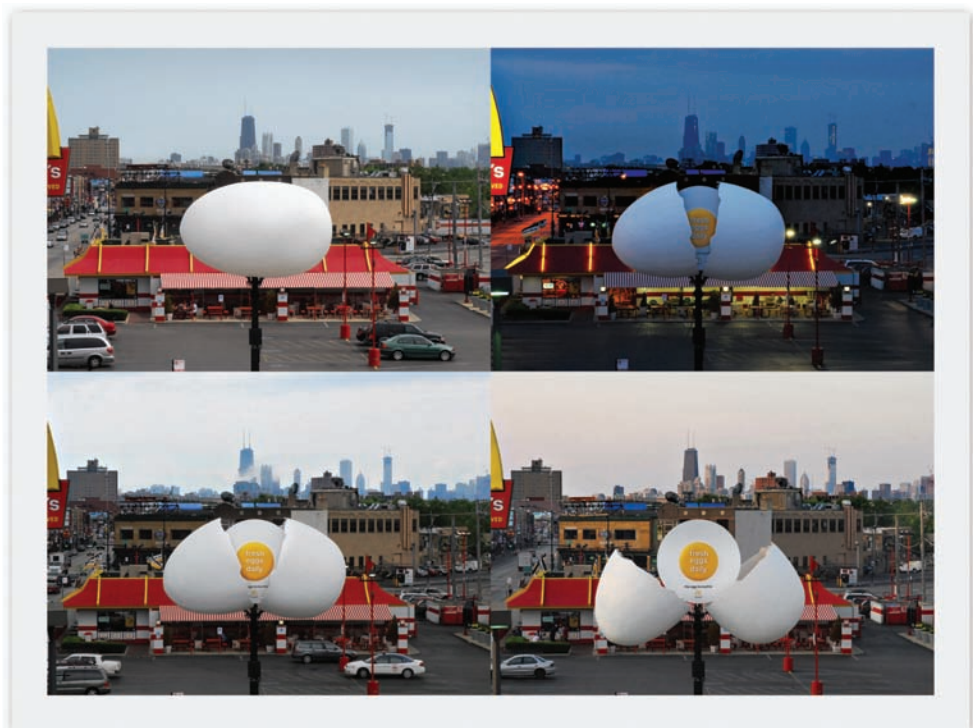
Careful research on attitudes in the target market may help uncover strongly felt *unsatisfied* needs. Appealing to important needs can get more action and also provide the kind of information buyers need to confirm the correctness of their decisions. Some customers seem to read more advertising *after* a purchase than before.

Can global messages work?

Many international consumer products firms try to use one global advertising message all around the world. Of course, they translate the message or make other minor adjustments—but the focus is one global copy thrust. Some do it to cut the cost of developing different ads for each country. Others feel their customers' basic needs are the same, even in different countries. Some just do it because it's fashionable to "go global."

This approach works for some firms. Coca-Cola and IBM, for example, believe that the needs their products serve are very similar for customers around the world. They focus on the similarities among customers who make up their target market rather than the differences. However, most firms who use this approach experience terrible results. They may save money by developing fewer ads, but they lose sales because they don't develop advertising messages, and whole marketing mixes, aimed at specific target markets. They just try to appeal to a global "mass market."²⁵

McDonald's created this 3-D billboard in Chicago, outside Wrigley Field, that showed an egg cracking (open and close) to showcase to customers that it uses fresh cracked eggs at breakfast to make the famous McMuffin breakfast sandwich. The egg cracked at dawn and stayed open until 10:30 a.m. (which is when McDonald's stops serving breakfast in its U.S. restaurants.) The ad not only gets attention, but also prompts passersby to think about its distinctive selling proposition.



ADVERTISING AGENCIES OFTEN DO THE WORK

An advertising manager manages a company’s advertising effort. Many advertising managers, especially those working for large retailers, have their own advertising departments that plan specific advertising campaigns and carry out the details. Others turn over much of the advertising work to specialists—the advertising agencies.

Ad agencies are specialists

Advertising agencies are specialists in planning and handling mass-selling details for advertisers. Agencies play a useful role. They are independent of the advertiser and have an outside viewpoint. They bring experience to an individual client’s problems because they work for many other clients. They can often do the job more economically than a company’s own department. And if an agency isn’t doing a good job, the client can select another. However, ending a relationship with an agency is a serious decision. Too many marketing managers just use their advertising agency as a scapegoat. Whenever anything goes wrong, they blame the agency.

Some full-service agencies handle any activities related to advertising, publicity, or sales promotion. They may even handle overall marketing strategy planning as well as marketing research, product and package development, and sales promotion. Other agencies are more specialized. For example, in recent years there has been rapid growth of firms that specialize in developing Web sites and Internet ads.

The biggest agencies handle much of the advertising

The vast majority of advertising agencies are small, with 10 or fewer employees. But the largest agencies account for most of the billings. Over the past two decades many of the big agencies merged, creating mega-agencies with worldwide networks. Exhibit 16-6 shows a list of four of the largest agency networks and examples of some of their clients. Although their headquarters are located in different nations, they have offices worldwide. The move toward international marketing is a key reason behind the mergers and advertisers have responded as expected. For example, the “Big Four” gets about 54 percent of all advertising/media agency revenue.

The mega-agency can offer varied services, wherever in the world a marketing manager needs them. This may be especially important for managers in large corporations—like Toyota, Renault, Unilever, NEC, and PepsiCo—that advertise worldwide.²⁶

The really big agencies are less interested in smaller accounts. Smaller agencies will continue to appeal to customers who want more personal attention and a close relationship that is more attuned to their marketing needs.

Are they paid too much?

Traditionally, U.S. advertising agencies have been paid a commission of about 15 percent on media and production costs. This arrangement evolved because media usually have two prices: one for national advertisers and a lower rate for local advertisers,

Exhibit 16–6 “Big Four” Advertising Agency Supergroups

Organization	Largest Agency Networks	Headquarters Location	2009 Revenue (\$ in billions)	Select Clients
WPP Group	Grey Group, JWT, Ogilvy & Mather, United Group, Wunderman, Young & Rubicam Brands	Dublin	13.60	Altria, American Express, Ford, GlaxoSmithKline, IBM, P&G
Omnicom Group	BBDO Worldwide, DDB Worldwide, TBWA Worldwide	New York	11.72	Apple, Bud, ExxonMobil, FedEx, GE, Pepsi, Visa
Publicis Groupe	Leo Burnett Worldwide, Publicis, Saatchi & Saatchi, Vivaki	Paris	6.29	British Airways, Coca-Cola, Disney, Kellogg, L'Oreal, McDonald's
Interpublic	DraftFCB, Lowe, McCann Worldgroup	New York	6.03	Freecreditreport.com, Geico, Microsoft, Yum Brands, Unilever, Verizon

such as local retailers. The advertising agency gets a 15 percent commission on national rates but not on local rates. This makes it worthwhile for producers and national intermediaries to use agencies. National advertisers have to pay the full media rate anyway, so it makes sense to let the agency experts do the work and earn their commission. Local retailers—allowed the lower media rate—seldom use agencies.

Some firms pay the agency based on results

A number of advertisers now grade the work done by their agencies—and the agencies' pay depends on the grade. General Foods was the first to do this. It lowered its basic commission to about 13 percent. However, it paid the agency a bonus of about 3 percent on campaigns that earned an A rating. If the agency only earned a B, it lost the bonus. If it earned a C, it had to improve fast or GF removed the account. Variations on this approach are becoming common. For example, Carnation directly links its agency's compensation with how well its ads score in market research tests. This approach forces the advertiser and agency to agree on very specific objectives for their ads and what they expect to achieve. It also reduces the likelihood of the creative people in an agency focusing on ads that will win artistic approval in their industry rather than ads that do what the firm needs done.²⁷

Ethical conflicts may arise

Ad agencies usually work closely with their clients, and they often have access to confidential information. This can create ethical conflicts if an agency is working with two or more competing clients. Most agencies are sensitive to the potential problems and keep people and information from competing accounts separated. Even so, that doesn't always happen. For example, PepsiCo got a restraining order to stop an ad agency from assigning four people who had worked on advertising for its Aquafina bottled water to the account for Coca-Cola's competing brand, Dasani. Coca-Cola, in turn, yanked the account away from the agency. Because of situations like this, many advertisers refuse to work with any agency that handles any competing accounts, even if they are handled in different offices.²⁸

MEASURING ADVERTISING EFFECTIVENESS IS NOT EASY

Success depends on the total marketing mix

It would be convenient if we could measure the results of advertising by looking at sales. Some breakthrough ads do have a very direct effect on a company's sales—and the advertising literature is filled with success stories that “prove” advertising increases sales. Similarly, market research firms like Information Resources can sometimes compare sales levels before and after the period of an ad campaign. Yet we usually can't measure advertising success just by looking at sales. The total marketing mix—not just advertising—is responsible for the sales result. Sales results are also affected by what competitors do and by other changes in the external market environment.

Research and testing can improve the odds

Ideally, advertisers should pretest advertising before it runs rather than relying solely on their own guesses about how good an ad will be. The judgment of creative people or advertising experts



The idea for Coke Zero came from research that showed that younger men wanted the taste of Coke without the calories, but didn't like the word “diet.” After the initial launch of Coke Zero fizzled, Coke switched to aggressive spending on a creative new ad campaign. Coke Zero sales took hold. Was it the new ads that saved the product or the increased budget, black packaging, and sampling program that accompanied the ads?

may not help much. They often judge only on the basis of originality or cleverness of the copy and illustrations.

Many progressive advertisers now demand laboratory or market tests to evaluate an ad's effectiveness. For example, split runs on cable TV systems in test markets are an important approach for testing ads in a normal viewing environment. Scanner sales data from retailers in those test markets can provide an estimate of how an ad is likely to affect sales. This approach will become even more powerful in the future as more cable systems allow viewers to provide immediate feedback to an ad as it appears on TV or on the Internet.

Hindsight may lead to foresight

After ads run, researchers may try to measure how much consumers recall about specific products or ads. The response to radio or television commercials or magazine readership can be estimated using various survey methods to check the size and composition of audiences (the Nielsen and Starch reports are examples). Similarly, most Internet advertisers keep track of how many "hits" on the firm's Web site come from ads placed at other Web sites.²⁹

HOW TO AVOID UNFAIR ADVERTISING

Government agencies may say what is fair

In most countries, the government takes an active role in deciding what kinds of advertising are allowable, fair, and appropriate. For example, France and Japan limit the use of cartoon characters in advertising to children, and Canada bans *any* advertising targeted directly at children. In Switzerland, an advertiser cannot use an actor to represent a consumer. New Zealand limits political ads on TV. In the United States, print ads must be identified so they aren't confused with editorial matter; in other countries ads and editorial copy can be intermixed. Most countries limit the number and length of commercials on broadcast media.

What is seen as positioning in one country may be viewed as unfair or deceptive in another. For example, when Pepsi was advertising its cola as "the choice of the new generation" in most countries, Japan's Fair Trade Committee didn't allow it—because in Japan Pepsi was not "the choice."³⁰

Differences in rules mean that a marketing manager may face very specific limits in different countries, and local experts may be required to ensure that a firm doesn't waste money developing ads that will never be shown or which consumers will think are deceptive.

FTC controls unfair practices in the United States

In the United States, the Federal Trade Commission (FTC) has the power to control unfair or deceptive business practices, including deceptive advertising. The FTC has been policing deceptive advertising for many years. And it may be getting results now that advertising agencies as well as advertisers must share equal responsibility for false, misleading, or unfair ads.

This is a serious matter. If the FTC decides that a particular practice is unfair or deceptive, it has the power to require affirmative disclosures—such as the health warnings on cigarettes—or **corrective advertising**—ads to correct deceptive advertising. Years ago the FTC forced Listerine to spend millions of dollars on advertising to "correct" earlier ads that claimed the mouthwash helped prevent colds. Advertisers still remember that lesson. The possibility of large financial penalties or the need to pay for corrective ads has caused more agencies and advertisers to stay well within the law.

However, sometimes ad claims seem to get out of hand anyway. The FTC has started to crack down on claims related to weight loss and health. For example, KFC quickly stopped running several of its TV ads after the FTC objected to the ads and opened an investigation. KFC's ads positioned fried chicken as a healthy choice in fast food, but there was also lots of small print at the bottom of the screen to qualify the claims.³¹

"Green" claims must be backed by evidence

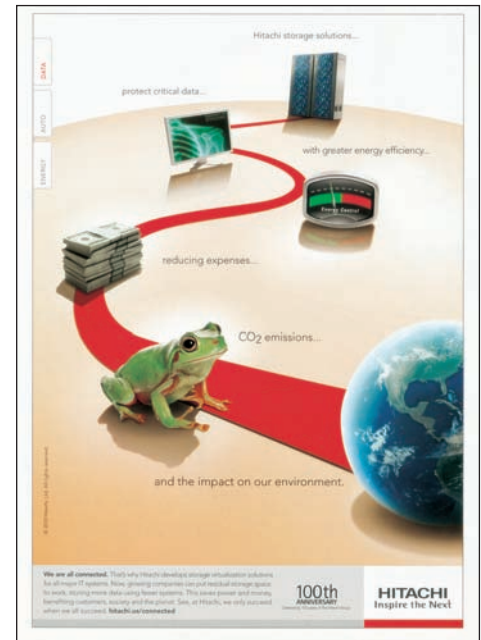
To appeal to consumers who want environmentally friendly products and packaging, firms often advertise their green benefits. Because these green claims are difficult for consumers to verify, the FTC wants to make certain that they are not deceptive. As a result, the FTC developed guidelines for environmental claims used in brand names and logos as well as in labels, ads, and other promotional materials. At the heart of the guidelines is the idea that claims should be verified in a reasonable way, and that typically means using scientific evidence as support.³²

What is unfair or deceptive is changing

What constitutes unfair and deceptive advertising is a difficult question. The law provides some guidelines, but the marketing manager must make personal judgments as well. The social and political environment is changing worldwide. Practices considered acceptable some years ago are now questioned or considered deceptive. Saying or even implying that your product is best may be viewed as deceptive. And a 1988 revision of the Lanham Act protects firms whose brand names are unfairly tarnished in comparative ads.

Supporting ad claims is a fuzzy area

It's really not hard to figure out how to avoid criticisms of being unfair and deceptive. A little puffing is acceptable, and probably always will be. But marketing managers need to put a stop to the typical production-oriented approach of trying to use advertising to differentiate me-too products that are not different and don't offer customers better value.³³



Because it's hard for consumers to verify environmental claims, like those made in this ad, the FTC has developed guidelines for Hitachi and other companies to use in preparing labels, ads, and other types of promotion. Hitachi follows these guidelines in communicating its energy efficiency, cost reduction, and lower emissions benefits to both consumer and business customers.

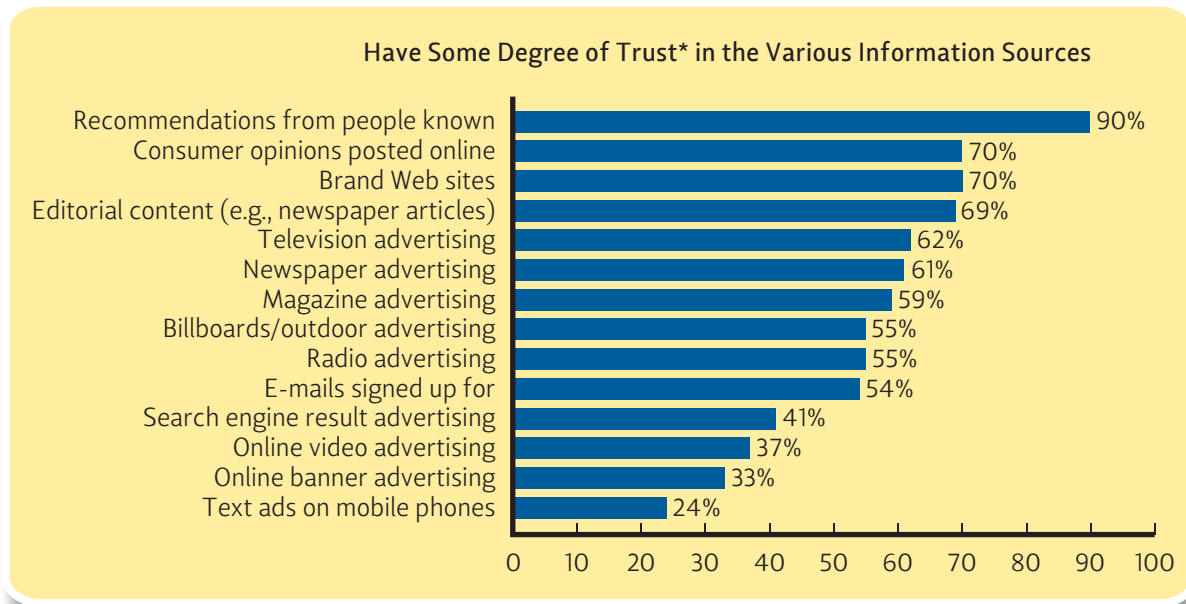
CUSTOMER COMMUNICATION AND TYPES OF PUBLICITY

Publicity is any unpaid form of nonpersonal presentation of ideas, goods, or services. In recent years as consumers try harder and harder to avoid advertising, publicity has emerged as a more prominent promotion tool. Many consumers view advertising as an interruption to what they would rather be doing—watching their favorite TV program and not a commercial, seeing a pleasant vista when driving cross-country and not a billboard, listening to a popular song and not an ad jingle on the radio. Also, many consumers don't trust advertising as a source of product information. So they've gotten better at avoiding advertising. Digital video recorders enable them to skip television commercials and satellite radio and MP3 players have no commercials at all. As advertising becomes more costly and less effective, publicity is gaining.

What Promotion do customers trust?

As we discussed in Chapter 14, Promotion can influence buying decisions when customers trust the source and find the information credible. Exhibit 16-7 shows the results of a study of 25,000 Internet consumers from 50 countries. Importantly, the most trusted sources are forms of publicity, not advertising. In fact, advertising is generally the least trusted source, while cell phones and the Internet are the least trusted communication

Exhibit 16-7 Customer Trust of Information Sources



Source: The Nielsen Company, Online consumer survey of over 25,000 Internet consumers from 50 countries, April 2009.

*E.g., 90% of respondents "completely trusted," or "somewhat trusted" recommendations from people they know.

channels. Advertising on television or in newspapers and magazines fares better, but the most trusted sources of information for customers are recommendations from others, especially people they know. Brand Web sites and editorial content (like newspaper articles or television news stories) are also near the top of the list.

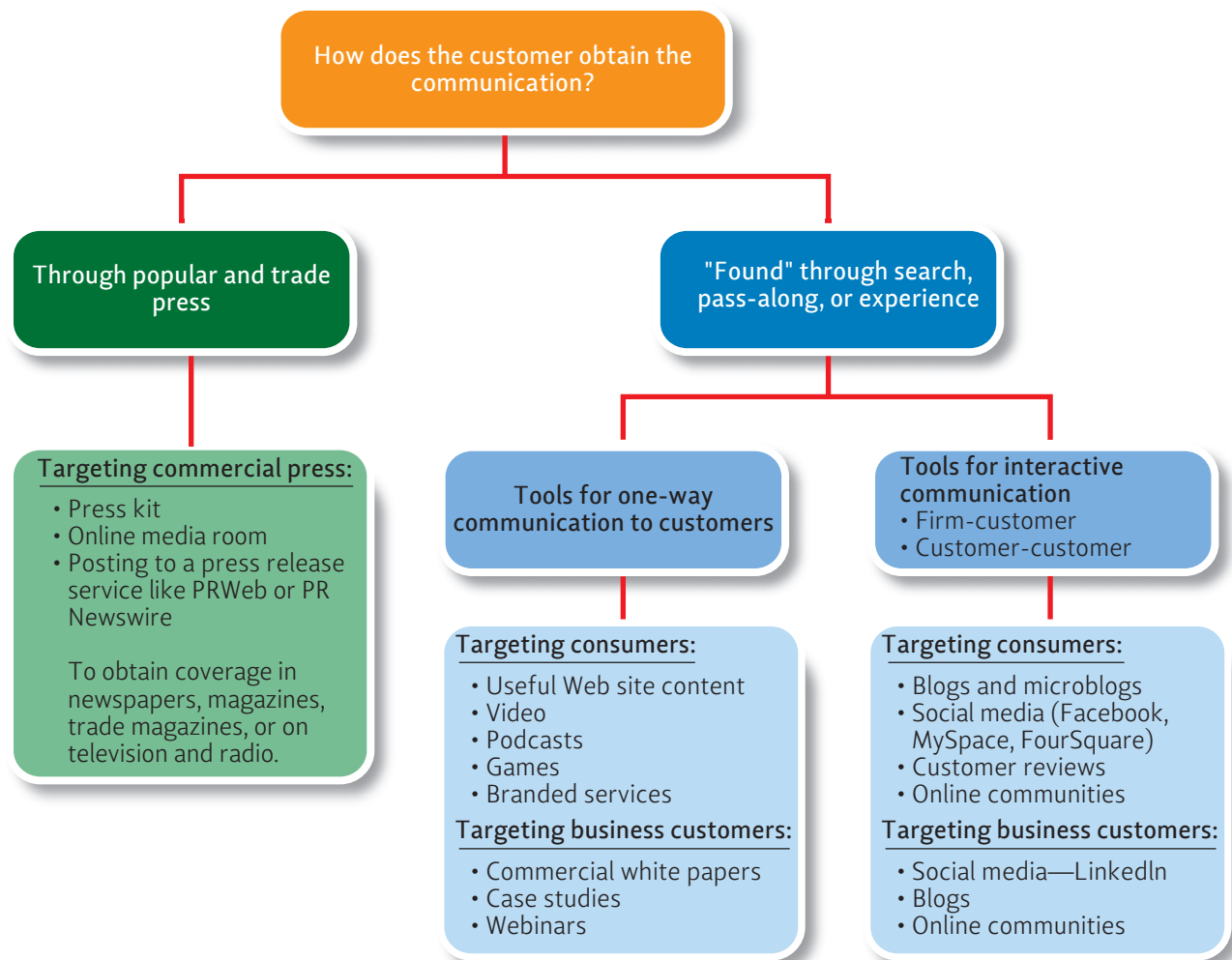
There are a wide variety of publicity tools. Given their potential as a trusted communication source, let's take a closer look at how they are being used today. Many of these tools are the result of advances in technology and changes in consumer behavior. Marketing managers must be on the lookout for new tools and try to understand how they can be used to support promotion objectives.

Getting coverage in the press

Exhibit 16-8 organizes our discussion of publicity. One message channel is the press—both popular (newspapers, magazines, and television) and trade (trade magazines). Let's start our coverage on the left side of Exhibit 16-8. For example, if a firm has a really new message, a published article may get more attention than advertising. Trade magazines carry articles featuring the newsworthy products of interest to people in a particular job or industry. Sometimes a firm's media relations people write the basic copy of an article and then try to convince magazine editors to print it. Both consumers and businesspeople tend to pay more attention to—and give more credibility to—articles rather than advertising.

Many companies use a public relations (PR) staff—or sometimes an outside PR agency—to provide information that makes it easy for the press to write stories about the company. PR develops press kits that include promotional materials designed for the media. To make it even easier, most major companies also have a "Press" section, or media room, on the corporate Web site that includes press releases and possibly photos or videos. For example, the acrobatic troupe Cirque du Soleil has a traveling show that visits different cities for several weeks at a time. Before it gets to a new city, Cirque du Soleil counts on advance press coverage to build excitement and sell tickets. The unique nature of Cirque's shows makes for a good story. So Cirque du Soleil stocks its Web site with videos and photos that make it easy for newspaper or television reporters to create a story highlighting an upcoming run of shows.

Southwest Airlines also uses press releases to generate publicity in the popular press. When it wanted to promote its special fares and new routes, its PR staff used a targeted approach to get attention from news reporters. Since many reporters research



story ideas on specialized search engines like PRWeb and Yahoo! News, the PR staff at Southwest wrote its press releases so they would appear at the top of the reporters' search lists. Southwest's PR staff researched what keywords reporters used most frequently on these search engines—and then put those words in press releases. For example, PR used the phrase “cheap airfare” because it was in four times as many search requests as “cheap airline tickets.” Southwest also put a hot link to its special promotion fare Web page at the very start of each press release. The link allowed Southwest PR staff to track which press release worked best; then it used that information to fine-tune other messages. These extra efforts paid off. Southwest generated \$1.5 million in online ticket sales with just four press releases.³⁴

Marketers want to be “found” when customers “search”

Not all publicity relies on mass media message channels. Customers can also find publicity through search, pass-along, or experience. See the right side of Exhibit 16-8. Before we examine those tools in further detail, let's look at the consumer behavior behind search, pass-along, and experience.

In Chapter 14 we introduced the customer-initiated model of communication (see Exhibit 14-6). This model recognizes that customers are not passive receivers of communication; in fact, they often search and select information that meets their needs. We also noted that the Internet makes it easy for customers to conduct searches and find information. Because customers often search during the shopping process, marketing managers need to work hard to make sure that when customers search, their firm's Web site or other online material is “found.”

Pass-along comes from trusted sources

While there are technical approaches that help a firm's Web site move closer to the top of the search results, another method is publicity with a customer pass-along element. *Pass-along* occurs when one person suggests that others read or watch something. People are more likely to pay attention to content recommended by a person they know; as shown in Exhibit 16-7 this is the most trusted source of information.

Pass-along can go viral

While people have always been able to tell friends about an interesting ad, story, or product, the Internet enables a message to spread quickly—like a virus. As a result, some firms try to spark this sort of “viral” publicity. When Evian created its “Roller Skating Babies” video and posted it on YouTube, friends passed along the link in e-mails, with “You have to watch this!” in the subject line. Before long, the video—essentially an ad for Evian—had been viewed more than 22 million times.

Sometimes consumers create their own funny or clever videos and upload them to the Web. This type of consumer-generated viral publicity can be helpful or harmful to a brand. So it's important for marketing managers to be prepared to manage it—as best they can. Consider the case of Mentos candy and Diet Coke. A combination of the two products is explosive—literally. When a Mentos candy is dropped in a bottle of Diet Coke, a geyser erupts. So two consumers, Fritz Grove and Stephen Voltz, created an elaborate fountain show combining 200 liters of Diet Coke with 500 Mentos mints. They taped the performance and posted it online at their eepybird Web site (www.eepybird.com). It was an instant viral hit—eventually topping 10 million views.

What's interesting is how marketing managers at Diet Coke and Mentos responded to the video. At Diet Coke, marketing managers didn't think the video was a good fit with their brand and decided to distance the diet cola from the video. In contrast, Mentos' marketing managers saw the video as a perfect fit for their quirky, tongue-in-cheek brand. They worked with the video's producers to create a contest and added a link from the Mentos Web site to the eepybird site. The geyser video contest offered a prize of a year's supply of Mentos and 1,000 iTunes downloads and drew more than 100 entries and a million views. By riding the viral wave, Mentos achieved—at very little cost—greater awareness and stronger brand positioning among its target market of young people.³⁵

Rita's Italian Ice, a chain of more than 500 stores in 18 states turned to the Internet to increase brand awareness, develop a presence on social media sites, and build its e-mailing list. Rita's fans were encouraged to submit names for a new flavor, vote in polls, and forward to friends through Facebook and MySpace. The activity added more than 23,000 names to Rita's mailing list and more than 5,000 visitors per day to the Web site with 58 percent of the traffic coming from Facebook and various blogs.

The screenshot shows the Rita's Italian Ice website during a contest. At the top, there's a navigation bar with links: HOME, NAME IT!, VOTE!, OFFICIAL RULES, FIND A RITA'S, and BIRTHDAY CLUB. A banner for "25 Rita's YEARS" is also present. The main heading reads "HELP US NAME OUR MYSTERY FLAVOR ICE!" followed by the tagline "It's sweet. It's pink. It's icy." Below this, a large image of a Rita's cup with pink ice is shown. To the right of the cup, text encourages visitors to "Drop by your friendly, neighborhood Rita's for a free sample of our Mystery Flavor Ice. Hey, how can you name it if you don't taste it? Then come on back here and enter the name you think fits best." A link "(What's in it for you?) Click here to find out." is provided. Two large buttons, "NAME IT!" and "VOTE!", are prominently displayed. Below "NAME IT!", it says "Got a great name for our Mystery Flavor Ice? Click Here and Enter It." Below "VOTE!", it says "Check out all the cool names submitted so far. Vote for Your Faves!" The footer contains the address: "Rita's Franchise Company | 1210 Northbrook Drive, Suite 310, Treviso, PA 19053".

Creating viral messages is not easy

Many marketing managers would be thrilled to get the low-cost exposure that Mentos and Evian received with their viral videos. Yet for every successful effort at creating the next viral hit, there are dozens of failures. Good viral messages need to be both entertaining and surprising. As with the Evian babies and the Diet Coke/Mentos videos, viewers must think they're doing their friends a favor by passing along the link. And of course the viral message should achieve a real promotion objective for the marketer.³⁶

Customers want to experience useful branded services

Getting found doesn't always have to occur online. Sometimes it's a customer's physical experience with a brand that grabs attention—such as when brands offer everyday services that improve customers' lives. Consider consumer electronics maker Samsung, for example. When Samsung put charging stations in more than 100 major airports, it positioned itself as a “lifesaver” and built favorable attitudes with lucrative business travelers—who tend to buy a lot of consumer electronics. Now, Samsung is targeting another gadget-loving group—students—by putting its charging stations on college campuses.³⁷ Similarly, gadget-maker Apple has created beautiful must-see stores staffed with knowledgeable sales staff and experts at the Genius Bar. In doing so, it's able to “wow” its customers, showcase what's different about its products, and also provide immediate information and repair services.

Communicating to customers—or with customers

To capture customer search, pass-along, or experience, firms may choose two different types of publicity tools: one-way communication tools or interactive communication tools. See the right side of Exhibit 16-8. No matter which approach and tools are used, they should be driven by the company's promotion objectives and should complement the rest of a promotion blend.

Customers want useful content

Let's start with a look at some one-way communication tools. Providing useful content on a company's Web site is one such tool. Valued content fills a customer need—often without requiring a customer to make a purchase. General Mills addressed a need for entertainment by creating a branded online game site for kids. The free Millsberry.com site has games featuring characters from the General Mills cereal lineup.

Online jeweler Blue Nile used a different tactic to provide useful content on its site. Before shelling out thousands of dollars for a new product, most people want to learn more about it. So Blue Nile created an extensive education section on its Web site to help customers learn the ins and outs of buying diamonds and other jewelry. Young men are a primary target for Blue Nile because, for most young men, a diamond engagement ring is a big purchase and not one they know much about. The “teacher” gets credit for its efforts. Many “students” trust Blue Nile and buy their rings from the jeweler.

Lowe's home improvement centers used yet another way to provide useful content. Lowe's knows that its customers enjoy do-it-yourself projects and that many of them would do more if they just knew how. So Lowe's created online videos and a YouTube channel to help customers learn, among other things, “How to Build an Outdoor Fire Pit” and “How to Hang Wallpaper.” Firms that give away useful information become trusted sources and find themselves on a customer's short list when the customer is ready to buy.

Business customers want solutions

The tools for providing one-way communication with business customers are different than those for final consumers. Because business customers often search the Internet for solutions to real business problems, they often turn to “thought leaders” in their industry first. But what publicity tools does a firm use to establish itself as a thought leader?

Consulting and technology companies often use *webinars*, online seminars that may include PowerPoint presentations and video, usually with limited audience interaction. Another tool is the *white paper*, an authoritative report or guide that addresses important issues in an industry and offers solutions. Webinars and white papers are most successful when, in addition to describing a problem, they help the customer decide what to do about it without promoting a particular company's products. The more objective tone helps the provider build trust and credibility with potential customers.

Business customers also like to read *case studies*—success stories about how a company helped another customer. Consider Enquiro, a Canadian consulting firm that



Target customers who are interested in gluten-free products are a niche market—comprised of the 2 percent of the population with Celiac disease (an intolerance for the glutens common in most baked products) and another 10 percent who are interested in avoiding glutens. This small target market wouldn't usually attract interest from a big firm like General Mills. However, when rumors of Betty Crocker (one of its brands) developing a line of gluten-free products spread rapidly across Twitter, General Mills realized that almost no advertising would be needed to attract this group and make the new line a success. When it did further research, it learned that the first thing recently-diagnosed Celiac patients do is conduct an online search to figure out what they can eat. So General Mills marketing managers went ahead with product development and Web site optimization for the gluten-free line. When a firm has a product that meets the needs of a closely knit target market, promotion through publicity can be very cost effective.

helps company Web sites rank higher in search results. The quality and objectivity of Enquiro's BuyerSphere reports lead many prominent B2B bloggers and reporters to link to the Enquiro Web site. These links serve as recommendations. In addition, on its Web site, Enquiro includes several case studies describing its work with previous customers—and the results. These efforts have helped position Enquiro in buyers' minds as a thought leader and a prime source for information in its industry.

Customers connect with companies and other customers

Another set of publicity tools may be used for interactive communication (connecting customers to a company or to other customers). In Chapter 14 we discussed blogs, which are one such tool. Blogs allow companies to communicate with customers in an informal manner—and allow customers to provide feedback via comments. Customers can also communicate with each other via comments. The informal nature helps customers see a human side to a big business and helps build trust.

Facebook fans show their support

Social network Web sites are another publicity tool for interactive communication. They allow people with shared interests to interact. Facebook is a popular example; in the United States, it has more than 100 million visitors each day. Originally the site attracted mostly teens and young adults—but now the demographics are changing and the fastest-growing groups are over age 50. Different sites are popular in other countries. For example, Orkut has about 100 million users, but most live in Brazil or India. FourSquare is another social media site; it uses location information to show users where their friends are. FourSquare has the potential to target customers

with promotions based on their location. For example, a customer might receive a message about a dinner special from a nearby restaurant.

Because the most trusted source of information for customers is recommendations from people they know, Facebook provides an interesting opportunity for firms. When a Facebook user's news feeds shows a friend "likes Coca-Cola" or "likes a new movie," this information registers. And when it happens over and over, brand equity increases—through referrals from friends. Because of social media's popularity, many companies are now trying to use these sites to promote their products. While social media users, in general, have resisted advertising efforts, they have supported company-sponsored pages. More than 5 million Facebook users have said they "like" Skittles candy, Coca-Cola, and the television show "House."³⁸

Ratings and reviews let customers do the selling

Internet EXERCISE

Go to eBags.com (www.ebags.com). Click on "Backpacks" and then "School Backpacks." Choose one of the "Best Sellers." Read a few of the reviews—both positive and negative. Look at pictures of your best seller choice and other information about it. Would you buy this bag? How was each source of information helpful in making a decision?

Review sites also allow customers to sell to one another. Reviews can have a strong influence on customers because they're written by other people who have firsthand knowledge of the product. As a result, many marketing managers are adding rating and review capabilities to their companies' Web sites. At electronics maker Samsung's Web site, the product page for each HDTV includes customer ratings and reviews as well as a question-and-answer tab—where customers can post questions to and get answers from Samsung personnel. TripAdvisor, a travel services Web site, knows that recommendations carry more weight when the recommender is similar to the customer. So a traveler checking out The Mosser Hotel in San Francisco, for example, can go to the TripAdvisor Web site and screen reviews by "business travelers," "couples," or "family." Reviews can also be used offline; when Rubbermaid added star ratings and snippets

from its online reviews to its print ads, coupon redemption jumped 10 percent.³⁹

A smart phone app could be another interactive message channel. Charmin's SitOrSquat app for the iPhone and Blackberry uses a phone's GPS to help travelers find the nearest clean toilet. The app also allows customers to rate toilets and view or upload photos of a rest room. Customers who find a toilet when in need are likely to remember that it was brought to them by Charmin and have a positive attitude toward the brand.⁴⁰

Online communities connect customers with a common interest

An *online community* is a Web site where customers with a common interest can interact with one another and company representatives. Online communities usually include an *online forum*, a discussion area with threaded messages. Typically anyone can read messages, but in many online communities it's necessary to register as a member to post messages.

Online communities enable customers with a strong interest in a particular product type or brand to find each other. Communities often develop without direct support from a company. For example, early adopters of the TiVo digital video recorder started www.tivocommunity.com; now it has more than 225,000 members and more than 5 million posts. TiVo has a good relationship with TiVo Community, and offers modest financial support to help defray the cost of computer servers. It also monitors the site and helps members with technical problems when it can. It should; these are some of TiVo's most passionate and loyal customers.⁴¹

Business customers get social, too

Many of these social media tools can work for business customers as well. Some salespeople use the business social networking site LinkedIn to maintain relationships with customers and identify potential leads. Similarly, online communities allow business customers to interact and share ideas. For example, tax and financial planning software company Intuit hosts a community site where its QuickBooks customers can interact about problems facing their small businesses. Blogs are another way for a company to reach its customers. Consider Emerson Process Management, which makes automation systems for manufacturers. Jim Cahill's Emerson Process Experts blog and podcast communicate with a narrow but very interested audience of plant

managers and process engineers. The daily posts discuss technical subjects and clearly position Emerson as an expert with this influential target market.⁴²

Publicity emerges from effective marketing strategy planning

The marketing strategy planning process model (see Exhibit 2-9) should not be forgotten when creating a promotion blend that includes publicity. For example, marketing managers must understand their customers' comfort level with the Internet. How often do they surf the Internet? Are customers members of social media sites? If so, what sites? Do they regularly visit a blog? Are they "joiners" who will share their passion in an online community? Developing a community site, blog, or Facebook page will be futile if customers don't use the technology. Of course, even if customers understand the technology, marketing managers must develop content that's meaningful or customers will have no reason to return.

Other advertising principles work for publicity, too

While publicity doesn't involve the use of paid media, many of the principles outlined earlier in the chapter with respect to advertising apply to publicity as well. A firm's promotion objectives should guide the choice of tools. Publicity can be used to help a firm sell more products, generate leads for the sales force, get contributions to a charitable cause, or encourage people to join an organization. Exhibit 16-9 suggests which types of publicity might work best with some common promotion objectives. Measuring the effectiveness of publicity efforts can be elusive. In part this is because each type of publicity has different measures. As with advertising, the best measures should be tied to objectives.

Often publicity works in combination with other promotion tools—as part of an integrated marketing communications program with specific objectives. For example, Milwaukee Electric Tool Corp. wants its customers—which include retailers, contractors, and building professionals—to know about new models of its Sawzall electric saw, rotary hammer, and other tools. When the marketing manager looked at which pages of the Web site got the most attention, she found some customers especially liked to watch videos of the tools in action. So Milwaukee Electric Tool used its monthly e-mail newsletter "Heavy Duty News" to promote that feature of its Web site. Soon more than twice as many customers were watching videos at the company's Web site.⁴³

When developing publicity, marketing managers should also look at copy thrust; Web sites, videos, online communities, and other publicity tools all utilize words and images that communicate with a target market. In addition, most laws covering advertising apply to most of the publicity approaches outlined here. Common sense, honesty, and fairness are important.

Exhibit 16-9 Examples of Different Types of Publicity and Different Promotion Objectives

Getting attention & holding interest

- Viral videos
- Direct-to-consumer press releases
- Articles in the press

Developing a desired positioning

- Viral videos
- Games
- Branded services
- Commercial white papers

Arousing desire & obtaining action

- Customer reviews
- Case studies
- Webinars

Managing ongoing customer relationships

- Social media—Facebook, LinkedIn
- Blogs
- Online communities
- Podcasts, webcasts, and webinars

Ethics must guide publicity decisions

Companies need to be careful when treading in the new publicity space. For one thing, firms are often easily exposed when they engage in unethical practices. For example, a Honda manager went on the Facebook page for the Honda Crosstour and raved about the new car's design—when most other comments were negative. Some readers recognized the manager's name from articles in the automobile press and cried foul. Honda ended up embarrassed when the deception was reported on *Autoblog* and other sites. Travel service TripAdvisor's Web site includes customer reviews of hotels. It suspects some of the reviews on its site are fake—like when a hotel's employees post reviews that build up their facility and tear down a competitor. To prevent fake reviews from harming the credibility of its own site, TripAdvisor marks suspicious reviews with a red disclaimer.⁴⁴

There are also ethical standards on other Web sites. For example, once a firm decides to encourage interaction between its customers on Facebook or a blog, it cannot then censor these exchanges—even when customers write negative comments about the firm and its products. While it is appropriate to respond to criticism, it is not appropriate to delete such comments—unless comments are offensive or vulgar. This can be a challenge. For example, after the environmental organization Greenpeace released a report and YouTube video criticizing Nestlé, activists overran the food maker's Facebook page with negative comments. Nestlé was slow to respond and even deleted comments from people who used altered Kit Kat bars as Facebook pictures—earning it even more derision. Nestlé eventually responded—but critics suggested it was too little and too late to help the company's reputation.⁴⁵

Publicity tools are evolving quickly

Publicity tools are evolving quickly. Just a few years ago customer ratings and reviews were rare, few people read blogs, and Facebook was only open to people with e-mail addresses ending in *edu* to limit access to college students. Now these are prime message channels for publicity. By the time you read this there will be even newer tools—and newer ways to use current tools.

So how does a marketer keep up? Reading widely about these topics is essential. As a student, you can turn to this textbook's blog (www.learnthe4ps.com), Twitter feed (@Learn the 4 Ps), and Facebook page—see the back cover of the book for more information. We will post comments and link to articles and videos on this topic and other marketing issues to help keep you up-to-date.

SALES PROMOTION—DO SOMETHING DIFFERENT TO STIMULATE CHANGE

The nature of sales promotion

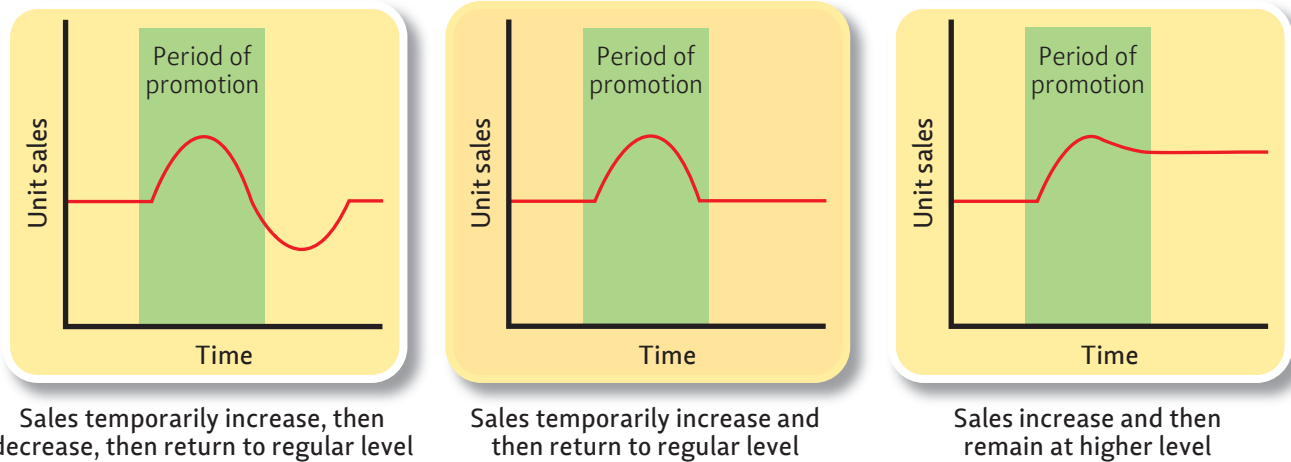
Sales promotion refers to those promotion activities—other than advertising, publicity, and personal selling—that stimulate interest, trial, or purchase by final customers or others in the channel. Exhibit 14-2 shows examples of typical sales promotions targeted at final customers, channel members, or a firm's own employees.

Sales promotion is generally used to complement the other promotion methods. While advertising campaigns and sales force strategy decisions tend to have longer-term effects, a particular sales promotion activity usually lasts for only a limited time

Olay, a leader in women's cosmetics and skin care, is offering in-store touch screens to help shoppers pick products right at the point of purchase.



Exhibit 16-10 Some Possible Effects of a Sales Promotion on Sales



period. But sales promotion can often be implemented quickly and get sales results sooner than advertising. Further, sales promotion objectives usually focus on prompting some short-term action. For an intermediary, such an action might be a decision to stock a product, provide a special display space, or give the product extra sales emphasis. For a consumer, the desired action might be to try a new product, switch from another brand, or buy more of a product. The desired action by an employee might be a special effort to satisfy customers.

Sales promotion objectives and situation should influence decision

There are many different types of sales promotion, but what type is appropriate depends on the situation and objectives. For example, Exhibit 16-10 shows some possible ways that a short-term promotion might affect sales. The sales pattern in the graph on the left might occur if Hellmann's issues coupons to help clear its excess mayonnaise inventory. Some consumers might buy earlier to take advantage of the coupon, but unless they use extra mayonnaise their next purchase will be delayed. In the center graph, kids might convince parents to eat more Big Macs while McDonald's has a *Lord of the Rings* promotion, but when it ends things go back to normal. The graph on the right shows a Burger King marketer's dream come true: Free samples of a new style of french fries quickly pull in new customers who like what they try and keep coming back after the promotion ends. From these examples, you can see that the situation and the objective of the promotion should determine what specific type is best.

Sales promotion spending has grown in mature markets

Sales promotion involves so many different types of activities that it is difficult to estimate accurately how much is spent in total. There is general consensus, however, that the total spending on sales promotion exceeds spending on advertising.⁴⁶

One reason for increased use of sales promotion by many consumer products firms is that they are generally competing in mature markets. There's only so much soap that consumers want to buy, regardless of how many brands there are vying for their dollars. There's also only so much shelf space that retailers will allocate to a particular product category.

The competitive situation is intensified by the growth of large, powerful retail chains. They have put more emphasis on their own dealer brands and also demanded more sales promotion support for the manufacturer brands they do carry.

Perhaps in part because of this competition, many consumers have become more price sensitive. Many sales promotions, like coupons, have the effect of lowering the prices consumers pay. So sales promotion has been used as a tool to overcome consumer price resistance.



Kleenex wanted to remind customers that its tissues help people with stuffy noses, so it placed “Gripou?” stickers on soap dispensers in public restrooms throughout Brazil. “Gripou?” translates to “flu?”

The growth of sales promotion has also been fostered by the availability of more ad agencies and specialists who plan and implement sales promotion programs. Of course, the most basic reason for the growth of spending on sales promotion is that it can be very effective if it is done properly. But there are problems in the sales promotion area.

PROBLEMS IN MANAGING SALES PROMOTION

Does sales promotion erode brand loyalty?

Some experts think that marketing managers—especially those who deal with consumer packaged goods—put too much emphasis on sales promotion. They argue that the effect of most sales promotion is temporary and that money spent on advertising and personal selling helps the firm more over the long term. When the market is not growing, sales promotion may just encourage “deal-prone” customers (and intermediaries) to switch back and forth among brands. Here, all the expense of the sales promotion simply contributes to lower profits. It also increases the prices that consumers pay because it increases selling costs.

However, once a marketing manager is in this situation there may be little choice other than to continue. In mature markets, frequent sales promotions may be needed just to offset the effects of competitors’ promotions. One escape from this competitive rat race is for the marketing manager to seek new opportunities—with a strategy that doesn’t rely solely on short-term sales promotions for competitive advantage.

There are alternatives

Procter & Gamble is a company that changed its strategy, and promotion blend, to decrease its reliance on sales promotion targeted at intermediaries. It is offering intermediaries lower prices on many of its products and supporting those products with more advertising and promotion to final consumers. P&G believes that this approach builds its brand equity, serves consumers better, and leads to smoother-running relationships in its channels. Not all retailers are happy with P&G’s changes. However, many other producers are following P&G’s lead.⁴⁷

Sales promotion is hard to manage

Another problem in the sales promotion area is that it is easy to make big, costly mistakes. Because sales promotion includes such a wide variety of activities, it's difficult for the typical company to develop skill in managing all of them. Even large firms and agencies that specialize in sales promotion run into difficulties because each promotion is typically custom-designed and then used only once. Yet mistakes caused by lack of experience can be costly or hurt relationships with customers.

In a promotion for Pampers diapers that was designed to reward loyal buyers and steal customers away from competing Huggies, marketing managers offered parents Fisher-Price toys if they collected points printed on Pampers' packages. At first the promotion seemed to be a big success because so many parents were collecting points. But that turned into a problem when Fisher-Price couldn't produce enough toys to redeem all the points. Pampers had to add 50 toll-free phone lines to handle all the complaints, and a lot of angry parents stopped buying Pampers for good. Problems like this are common.⁴⁸



Most M&M's are sold as consumer products, but M&M's printed with special messages or brand logos are a sweet way to remind business customers about a firm.

Not a sideline for amateurs

Sales promotion mistakes are likely to be worse when a company has no sales promotion manager. If the personal selling or advertising managers are responsible for sales promotion, they often treat it as a "stepchild." They allocate money to sales promotion if there is any "left over" or if a crisis develops.

Making sales promotion work is a learned skill, not a sideline for amateurs. That's why specialists in sales promotion have developed, both inside larger firms and as outside consultants. Some of these people are real experts. But it's the marketing manager's responsibility to set sales promotion objectives and policies that will fit in with the rest of each marketing strategy.⁴⁹

DIFFERENT TYPES OF SALES PROMOTION FOR DIFFERENT TARGETS

Tie consumer sales promotions to objectives

Much of the sales promotion aimed at final consumers or users tries to increase demand, perhaps temporarily, or to speed up the time of purchase. Such promotion might involve developing materials to be displayed in retailers' stores, including banners, sample packages, calendars, and various point-of-purchase materials. It might include sweepstakes contests as well as coupons designed to get customers to buy a product by a certain date.

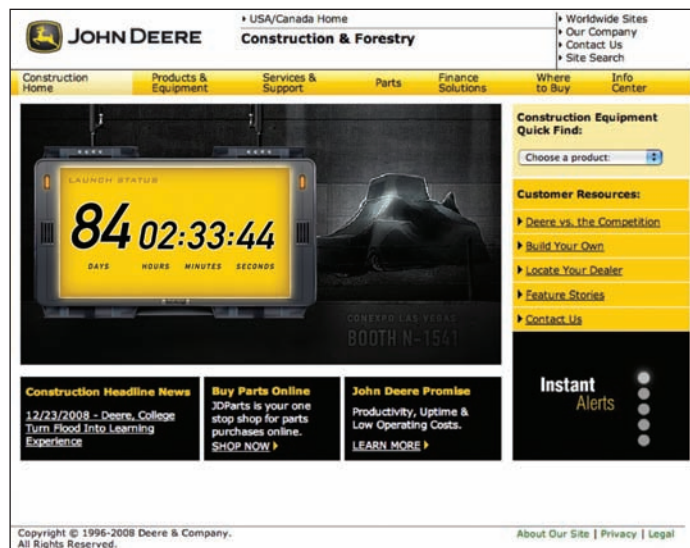
All of these sales promotion efforts are aimed at specific objectives. When customers already have a favorite brand, free samples can be used to get them to try something new. For example, Amazon.com's "Search Inside" feature allows a customer to view part of a book before buying. When Starbucks launched its new coffee-flavored ice creams, it offered coupons for a free pint to fans on its Facebook page. In this type of situation, sales of the product might start to pick up as soon as customers try the product and

Internet EXERCISE

ePrize.com is an agency that specializes in sales promotion. Go to www.eprize.com and click on "Portfolio" to see samples of its work. Evaluate two promotions the agency has put together for different clients. For each, name the intended target market and indicate the objectives you think the client wanted to achieve with the promotion.

find out that they like it. And sales will continue at the higher level after the promotion is over if satisfied customers make repeat purchases. Thus, the cost of the sales promotion in this situation might be viewed as a long-term investment.

Once a product is established, consumer sales promotion usually focuses on short-term sales increases. For example, after a price-off coupon for a soft drink is distributed,



John Deere created buzz about its new 764 high-speed dozer (described as a cross between a tractor and a bulldozer) by launching it at the biggest trade show event of the year—the ConExpo show at the Las Vegas Convention Center. Promotion included e-mail, Internet, live CNBC broadcast, press conferences, electronic press kits, magazine articles, and various sales promotion items. All of this was intended to “whet the appetite of the marketplace so when the 764 hit the ground, people would line up to buy it.” And it worked. Customers raised their hands and said, “I want one.”

B2B promotions move products or generate leads

sales might temporarily pick up as customers take advantage of buying at a lower price. When the objective of the promotion is focused primarily on producing a short-term increase in sales, it's sensible for the marketing manager to evaluate the cost of the promotion relative to the extra sales expected. If the increase in sales won't at least cover the cost of the promotion, it probably doesn't make sense to do it. Otherwise, the firm is "buying sales" at the cost of reduced profit.

Sales promotion directed at industrial customers might use the same kinds of ideas. In addition, the sales promotion people might set up and staff trade show exhibits that generate attention and interest for a firm and its products. Trade shows usually occur in one city over a period of three to seven days. Customers attend to learn from industry experts. For example, the Consumer Electronics Show in Las Vegas each January lasts four days and attracts more than 2,500 electronics exhibitors and 140,000 attendees. After the show these customers become leads for the company's salespeople who try to convert customer interest to actual sales. Trade shows are big events that require significant planning.

Many customers would like to attend trade shows, but the cost in time or money make it difficult. So now many trade shows occur online. These virtual trade show "attendees" sit at their desks and choose which speakers to watch and which exhibits to visit. Virtual trade shows may be kept up year-round, making it convenient for customers to gather information when they are most interested in making a purchase.

Some sellers give promotion items—pen sets, watches, or clothing (perhaps with the firm's brand name on them)—to remind business customers of their products. This is common, but it can be a problem. Some companies do not allow buyers to accept any gifts.⁵⁰

Sales promotion for intermediaries

Sales promotion aimed at intermediaries—sometimes called *trade promotion*—emphasizes price-related matters. The objective may be to encourage intermediaries to stock new items, buy in larger quantity, buy early, or stress a product in their own promotion efforts.

The tools used here include merchandise allowances, promotion allowances, and perhaps sales contests to encourage retailers or wholesalers to sell specific items or the company's whole line. Offering to send contest winners to Hawaii, for example, may increase sales.

About half of the sales promotion spending targeted at intermediaries has the effect of reducing the price that they pay for merchandise. So we'll go into more detail on different types of trade discounts and allowances in Chapter 17.

Sales promotion for own employees

Sales promotion aimed at the company's own sales force might try to encourage providing better service, getting new customers, selling a new product, or selling the company's whole line. Depending on the objectives, the tools might be contests, bonuses on sales or number of new accounts, and holding sales meetings at fancy resorts to raise everyone's spirits.

Ongoing sales promotion work might also be aimed at the sales force—to help sales management. Sales promotion might be responsible for preparing sales portfolios, digital videos, PowerPoint presentations, displays, and other sales aids, as well as sales training materials.

Service-oriented firms such as hotels and restaurants use sales promotions targeted at their employees. Some, for example, give a monthly cash prize for the employee who provides the "best service." And the employee's picture is displayed to give recognition.⁵¹

CONCLUSION

It may seem simple to develop an advertising campaign. Just pick the medium and develop a message. But it's not that easy.

This chapter discussed why marketing managers should set specific objectives to guide the entire advertising effort. Knowing what they want to

achieve, marketing managers can determine what kind of advertising—product or institutional—to use. We also discussed three basic types of product advertising: pioneering, competitive (direct and indirect), and reminder.

Marketing managers must also choose from various media—so we discussed their advantages and disadvantages. Because the Internet offers new advertising opportunities and challenges, we discussed how it is similar to and different from other media. And, of course, marketing managers must determine the message—or copy thrust—that will appear in ads.

Many technical details are involved in mass selling. Advertising agencies often handle these jobs. But specific objectives must be set for agencies, or their advertising may have little direction and be almost impossible to evaluate. This chapter also discussed how to make sure that advertising is done legally.

Many of the lessons from advertising can also be applied to publicity. Yet publicity offers many new options for the marketing manager. Marketing managers can decide to target the press, hoping to get favorable articles or stories in newspapers, magazines,

or on television. As customers engage in search activities to satisfy their needs, the key for marketers is to make sure they are “found.” Publicity allows firms to engage directly with customers by placing valued content on the Web or in public places. It also involves interacting with customers in online communities, with blogs, and on social media. This new space continues to evolve rapidly and offers many challenges and opportunities for marketers.

Sales promotion spending is big and growing. This approach is especially important in prompting action—by customers, intermediaries, or salespeople. There are many different types of sales promotion, and it is a problem area in many firms because it is difficult for a firm to develop expertise with all of the possibilities.

Advertising, publicity, and sales promotion are often important parts of a promotion blend, but in most blends personal selling also plays an important role. Further, promotion is only a part of the total marketing mix a marketing manager must develop to satisfy target customers. So to broaden your understanding of the four Ps and how they fit together, in Chapters 17 and 18 we'll go into more detail on the role of Price in strategy decisions.

KEY TERMS

product advertising, 419

institutional advertising, 419

pioneering advertising, 419

competitive advertising, 419

direct type advertising, 420

indirect type advertising, 420

comparative advertising, 420

reminder advertising, 420

advertising allowances, 421

cooperative advertising, 421

copy thrust, 427

advertising agencies, 430

corrective advertising, 432

QUESTIONS AND PROBLEMS

1. Identify the strategy decisions a marketing manager must make in the advertising area.
2. Discuss the relation of advertising objectives to marketing strategy planning and the kinds of advertising actually needed. Illustrate.
3. List several media that might be effective for reaching consumers in a developing nation with low per capita income and a high level of illiteracy. Briefly discuss the limitations and advantages of each medium you suggest.
4. Give three examples where advertising to intermediaries might be necessary. What are the objective(s) of such advertising?
5. What does it mean to say that “money is invested in advertising”? Is all advertising an investment? Illustrate.
6. Find advertisements to final consumers that illustrate the following types of advertising: (a) institutional, (b) pioneering, (c) competitive, and (d) reminder. What objective(s) does each of these ads have? List the needs each ad appeals to.
7. Describe the type of media that might be most suitable for promoting: (a) tomato soup, (b) greeting cards, (c) a business component material, and (d) playground equipment. Specify any assumptions necessary to obtain a definite answer.
8. Briefly discuss some of the pros and cons an advertising manager for a producer of sports equipment might want to think about in deciding whether to advertise on the Internet.

9. Discuss the use of testimonials in advertising. Which of the four AIDA steps might testimonials accomplish? Are they suitable for all types of products? If not, for which types are they most suitable?
10. Find a magazine ad that you think does a particularly good job of communicating to the target audience. Would the ad communicate well to an audience in another country? Explain your thinking.
11. Johnson & Johnson sells its baby shampoo in many different countries. Do you think baby shampoo would be a good product for Johnson & Johnson to advertise with a single global message? Explain your thinking.
12. Discuss the future of smaller advertising agencies now that many of the largest are merging to form mega-agencies.
13. Does advertising cost too much? How can this be measured?
14. Is it unfair to criticize a competitor's product in an ad? Explain your thinking.
15. Name two companies that you think would have success building a Facebook page. Why do you think they should choose to build a page? What type of content should each company place on its page?
16. What kinds of publicity would work best at a company that markets tractors, combines, and other farm equipment to farmers? Why would the publicity you suggest be effective?
17. How would your local newspaper be affected if local supermarkets switched their weekly advertising and instead used a service that delivered weekly freestanding ads directly to each home?
18. Explain why P&G and other consumer packaged goods firms are trying to cut back on some types of sales promotion like coupons for consumers and short-term trade promotions such as "buy a case and get a case free."
19. Discuss some ways that a firm can link its sales promotion activities to its advertising and personal selling efforts—so that all of its promotion efforts result in an integrated effort.
20. Indicate the type of sales promotion that a producer might use in each of the following situations and briefly explain your reasons:
 - a. A firm has developed an improved razor blade and obtained distribution, but customers are not motivated to buy it.
 - b. A competitor is about to do a test market for a new brand and wants to track sales in test market areas to fine-tune its marketing mix.
 - c. A big grocery chain won't stock a firm's new popcorn-based snack product because it doesn't think there will be much consumer demand.
21. Why wouldn't a producer of toothpaste just lower the price of its product rather than offer consumers a price-off coupon?
22. If sales promotion spending continues to grow—often at the expense of media advertising—how do you think this might affect the rates charged by mass media for advertising time or space? How do you think it might affect advertising agencies?

CREATING MARKETING PLANS

The Marketing Plan Coach software on the text Web site includes a sample marketing plan for Hillside Veterinary Clinic. Look through the "Marketing Strategy" section.

- a. What are Hillside's advertising objectives?
- b. What types of advertising and media are being proposed? Why are these types used and not others?
- c. What type of copy thrust is recommended? Why?
- d. What sales promotion activities are being planned? What are the goals of sales promotion?

SUGGESTED CASES

18. Ralston Valley Volunteer Fire Department
20. Spare Time Equipment
36. Mountain View Builders

COMPUTER-AIDED PROBLEM

16. SALES PROMOTION

As a community service, disc jockeys from radio station WMKT formed a basketball team to help raise money for local nonprofit organizations. The host organization finds or fields a competing team and charges \$5 admission to the game. Money from ticket sales goes to the nonprofit organization.

Ticket sales were disappointing at recent games, averaging only about 300 people per game. When WMKT's marketing manager, Bruce Miller, heard about the problem, he suggested using sales promotion to improve ticket sales. The PTA for the local high school—the sponsor for the next game—is interested in the idea but is concerned that its budget doesn't include any

promotion money. Miller tries to help them by reviewing his idea in more detail.

Specifically, he proposes that the PTA give a free T-shirt (printed with the school name and date of the game) to the first 500 ticket buyers. He thinks the T-shirt giveaway will create a lot of interest. In fact, he says he is almost certain the promotion would help the PTA sell 600 tickets, double the usual number. He speculates that the PTA might even have a sellout of all 900 seats in the school gym. Further, he notes that the T-shirts will more than pay for themselves if the PTA sells 600 tickets.

A local firm that specializes in sales promotion items agrees to supply the shirts and do the printing for \$2.40 a shirt if the PTA places an order for at least 400 shirts. The PTA thinks the idea is interesting but wants to look at it more closely to see what will happen if the promotion doesn't increase ticket sales. To help the PTA evaluate the alternatives, Miller sets up a spreadsheet with the relevant information.

- a. Based on the data from the initial spreadsheet, does the T-shirt promotion look like a good idea? Explain your thinking.
- b. The PTA treasurer worries about the up-front cost of printing the T-shirts and wants to know where they would stand if they ordered the T-shirts and still sold only 300 tickets. He suggests it might be safer to order the minimum number of T-shirts (400). Evaluate his suggestion.
- c. The president of the PTA thinks the T-shirt promotion will increase sales but wonders if it wouldn't be better just to lower the price. She suggests \$2.60 a ticket, which she arrives at by subtracting the \$2.40 T-shirt cost from the usual \$5.00 ticket price. How many tickets would the PTA have to sell at the lower price to match the money it would make if it used the T-shirt promotion and actually sold 600 tickets? (Hint: Change the selling price in the spreadsheet and then vary the quantity using the analysis feature.)