

Promotion I: Advertising and Sales Promotion

Objective Outline

13.1 Understand the communication process and the traditional promotion mix. pp. 412–418

COMMUNICATION MODELS IN A DIGITAL WORLD THAT IS “ALWAYS ON” p. 412

13.2 Describe the steps in traditional and multichannel promotion planning. pp. 418–424

OVERVIEW OF PROMOTION PLANNING p. 418

13.3 Tell what advertising is, describe the major types of advertising, discuss some of the major criticisms of advertising, and describe the process of developing an advertising campaign and how marketers evaluate advertising. pp. 424–444

ADVERTISING p. 424

13.4 Explain what sales promotion is and describe the different types of consumer and B2B sales promotion activities. pp. 445–450

SALES PROMOTION p. 445

Check out the Chapter 13 **Study Map** on page 450.



Courtesy of Sara Bamossy, Pitch

Sara Bamossy

▼ A Decision Maker at the Pitch Agency

Sara Bamossy is Chief Strategy Officer of Pitch, a full-service advertising agency in Los Angeles. She brings a broad range of brand and retail experience on global clients including Toyota, P&G, Burger King, Netflix, Waldorf Astoria, and Nestlé. Sara’s specialty is a deep understanding of a wide range of consumer groups and she has been consulted by publications such as *Advertising Age* and *Forbes* for her expertise on Millennials and Boomers. Sara’s strategic thinking has inspired campaigns that have earned numerous industry awards including the Effies and Cannes Lions. She graduated summa cum laude from UCLA with a BA in Marketing and Communications. She also completed the distinguished EPWL program at Stanford’s Graduate School of Business. Sara’s personal metric for a well-lived life is a passport full of stamps. She loves travel, as well as coming home again to approach everything with fresh eyes and new ideas.

Sara’s Info

What I do when I’m not working:
Yoga, Netflix, reading on the beach

First job out of school:
In high school I worked at the Gallup Poll doing market research surveys ... and the rest is history.

Career high:
As someone who loves my job it’s hard to pick! I still remember the first time I was sent to Japan to test drive prototype cars as a young strategist leading a vehicle launch.... it was a pinch-myself-to-make-sure-this-is-real career moment.

A job-related mistake I wish I hadn’t made:

Leaving a specific role that wasn’t right for me sooner; I knew in my heart and in my mind it wasn’t right after three months and I muscled on for too long.

Business book I’m reading now:
Yes Please by Amy Poehler.

My hero:
It would be amazing to be reincarnated as a superhuman combination of JK Rowling, Gwen Stefani, and Tina Fey.

My motto to live by:
If you don’t have a clear goal in life, you are destined to work for someone who does.

What drives me:
The thrill of solving a complicated problem.

My management style:
Chameleon Coach. I prefer strengths-based management style that best fits each individual’s needs.

Don’t do this when interviewing with me:
Tell me that you view the role as just a short-term stop on your career path.

My pet peeve:
Wasting time (see also: being unprepared, making excuses, finger pointing)



Here's my **problem...**

Real People, Real Choices

After a series of enormously successful business decisions across promotions, operations, and menu innovation, Burger King was posting U.S. sales gains when competitors were failing or stagnant. By mid-2015 Burger King was outperforming McDonald's and Wendy's by significant margins in sales. However, the brand was lagging its main competitors in imagery. In the third quarter we turned our attention to refining our advertising strategy and optimizing communications.

Mass communications for quick-serve restaurants (QSRs) must drive traffic quickly, often to promote specific menu items with immediate and ambitious sales gains. We needed to find a way to develop and implement long-range brand planning within the business reality of this fast-moving industry. My role was to create a strategy that would enable Burger King to tell a consistent brand story with the flexibility to support a wide range of new and core menu items across all day parts. BK has always been known and loved for "Have it Your Way," flame-grilling, and the Whopper. As the brand evolved, The King was introduced to bring a younger audience and later he was retired in favor of a broader reaching "Taste is King" campaign. The question became, what's next for BK marketing?

As CSO (Chief Strategy Officer) of Pitch, I partnered with Burger King North America on an action plan to get us to the ultimate strategy, with inputs from data mining, consumer research, and competitive analysis. Along the way we reached a key decision point for the Burger King brand: Should we bring back The King or find a new road? Should Burger King's new long-range strategy take advantage of latent equity in a past icon?

Sara considered her **Options** 1-2

1 **Leave The King in the past where he belongs.** The QSR landscape, the economy, and consumer attitudes toward fast food had all evolved since Burger King stopped using The King in 2011. The rise of fast casual dining options (like Chipotle), health macro trends (clean eating, organic), and fast meal behavior changes (i.e., Starbucks and meal replacement bars) all impacted the fast-food industry. Also, even at the height of his popularity, The King was a bit tricky as a company spokesman. When depictions were not carefully crafted, he became "creepy" and relevant to a narrow audience of Millennial men. His edgy persona differentiated him among this group, because as a brand icon he was a part of pop culture and a departure from the typical overly wholesome

Option

"mascots" many companies use. Clearly, during the time of his reign The King was a well-recognized advertising icon, but he was not an automatic traffic driver. Some people thought he had nothing to do with where they're going to eat lunch today.

On the other hand, it is difficult to create a brand new icon from scratch. If a QSR brand doesn't have highly identifiable brand markers (think Ronald McDonald or Wendy), customers can easily misattribute its mass communications to similar products—so you wind up advertising for the competition. The King was like a giant sponge that sucked up *earned media coverage* (exposure as a result of natural publicity rather than paid advertising) and kept Burger King in the pop-culture spotlight. That kind of exposure is hard to replicate.

2 **Bring back The King as an instantly recognizable icon.** The King still had high awareness even after several years away from the spotlight. Using The King boosts brand attribution, especially for promotions. As an icon, he has the potential to drive PR and buzz when he authentically and organically fits into pop-culture moments. Using a brand icon is one of the fastest ways to optimize media impact because he brings an instant branding kick.

On the other hand, brand spokespeople (even imagined ones) need to be very carefully crafted and follow strictly adhered-to guidelines or they can become gimmicks. By the end of his reign in 2011, the use of The King in messaging was no longer directly tied to business and brand needs. A perception existed that The King had become overexposed by the time he retired. To take full advantage of The King's earned media potential, the brand must be willing to make and act on decisions *very quickly* to take full advantage of a constantly churning Internet news cycle. That would mean resuscitating a new and improved King who would be able to rule over a kingdom that's shaped by unpredictable social media trends rather than the predictable television campaigns of days past.

Now put yourself in Sara's shoes.

You Choose

Which **Option** would you choose, and **why**?

Option 1 **Option 2**

See what **option** Sara chose in **MyMarketingLab™**

MyMarketingLab™

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Over 10 million students improved their results using the Pearson MyLabs. Visit mymkmlab.com for simulations, tutorials, and end-of-chapter problems.

Chapter 13

13.1 Communication Models in a Digital World That Is “Always On”

OBJECTIVE

Understand the communication process and the traditional promotion mix.

(pp. 412–418)

Test your advertising memory:*

1. Which fast-food chain encourages you to “Live Más”?
2. What product advertises that you can “Go Commando”?
3. What hair product brand says “Because you’re worth it”?
4. What pet food “Tastes so good, cats ask for it by name”?
5. Which credit card says, “There are some things money can’t buy. For everything else, there’s ...”

Did you get them all right? You owe your knowledge about these and a thousand other trivia questions to the efforts of people who specialize in marketing communication. Of course today, these slogans are “old school” as marketers have followed consumers onto Facebook and Twitter and into virtual worlds to talk with their customers.

So far, we’ve talked about creating, managing, pricing, and delivering products. But it’s not enough just to produce great products—successful marketing plans must also provide effective marketing communication strategies. As we said in Chapter 1, *promotion* is the coordination of marketing communication efforts to influence attitudes or behavior. This function is the last of the famous *four Ps* of the marketing mix, and it plays a vital role—whether the goal is to sell hamburgers, insurance, ringtones, or healthy diets. Of course, virtually *everything* an organization says and does is a form of marketing communication. The ads it creates, the packages it designs, the uniforms its employees wear, and what other consumers say about their experiences with the brand contribute to the thoughts and feelings people have of the company and its products. Today, what both the company and others say in the digital world plays an increasingly important role in the marketing communication process. Just what do we mean by communication? Today, messages assume many forms: quirky TV commercials, innovative websites, viral videos, blogs, Internet advertising, mobile apps, social media sites, sophisticated magazine ads, funky T-shirts, blimps blinking messages over football stadiums—even do-it-yourself, customer-made advertising on the Super Bowl broadcast. Some marketing communications push specific products (like the Apple iPad) or actions (like donating blood), whereas others try to create or reinforce an image that represents the entire organization (like General Electric or the Catholic Church).

Marketing communication in general performs one or more of four roles:

1. It *informs* consumers about new goods and services.
2. It *reminds* consumers to continue using certain brands.
3. It *persuades* consumers to choose one brand over others.
4. It *builds* relationships with customers.

Today, marketing experts believe a successful promotion strategy should coordinate diverse forms of marketing communication to deliver a consistent message.

Integrated marketing communication (IMC) is the process that marketers use “to plan, develop, execute, and evaluate coordinated, measurable, persuasive brand communication programs over time to targeted audiences.”¹ The IMC approach argues that consumers come in contact with a company or a brand in many different ways before,

integrated marketing communication (IMC)

A strategic business process that marketers use to plan, develop, execute, and evaluate coordinated, measurable, persuasive brand communication programs over time to targeted audiences.

* Answers: (1) Taco Bell, (2) Cottonelle toilet paper, (3) L’Oréal hair products, (4) Meow Mix cat food, (5) MasterCard.

after, and during a purchase. Consumers see these points of contact—a TV commercial, a company website, a coupon, an opportunity to win a sweepstakes, or a display in a store—as a whole, as a single company that speaks to them in different places and different ways.

To achieve their marketing communication goals, marketers must selectively use some or all of these to deliver a consistent message to their customers in a **multichannel promotion strategy** where they combine traditional marketing communication activities (advertising, sales promotion, public relations, and direct marketing) with social media and other online buzz-building activities. That’s a lot different from most traditional marketing communication programs of the past that made little effort to coordinate the varying messages consumers received. When a TV advertising campaign runs independently of a sweepstakes, which in turn has no relation to a NASCAR racing sponsorship, consumers often get conflicting messages that leave them confused and unsure of the brand’s identity. We’ll talk more about multichannel strategies later in this chapter.

To better understand marketing communications today, let’s look at the three different models of marketing communication, as shown in Figure 13.1. The first, the traditional communication model, is a “one-to-many” view in which a single marketer develops and sends messages to many, perhaps even millions of, consumers at once. The one-to-many approach involves traditional forms of marketing communication, such as *advertising*, including traditional mass media (TV, radio, magazines, and newspapers); *out-of-home*, such as billboards; and Internet advertising, such as banners and pop-ups. This model also

multichannel promotion strategy
A marketing communication strategy where they combine traditional advertising, sales promotion, and public relations activities with online buzz-building activities.

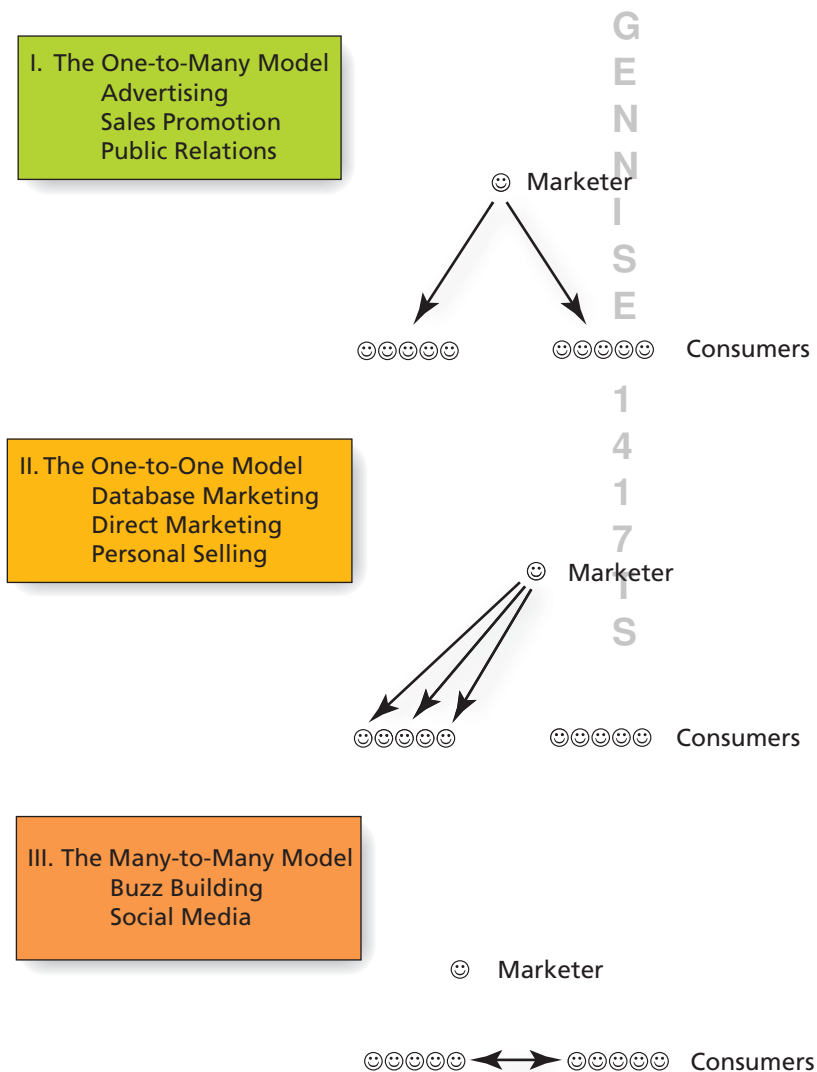


Figure 13.1 Snapshot | Three Models of Marketing Communication

Marketers today make use of the traditional one-to-many communication model and the updated many-to-many communication model as well as talking one to one with consumers and business customers.

benefits from *consumer sales promotions*, such as coupons, samples, rebates, or contests, and press releases and special events that *public relations* professionals organize.

We also need to expand our traditional communication model to include the *one-to-one model*, where marketers speak to consumers and business customers individually. The one-to-one forms of marketing communication include *personal selling*, *trade sales promotion activities* used to support personal selling, and a variety of *database marketing* activities that include direct marketing.

In today's "always on" world that we discussed in Chapter 1, the importance of the updated "many-to-many" model of marketing communication increases exponentially. This newer perspective recognizes the huge impact of social media and its use in **word-of-mouth communication**, where consumers look to each other for information and recommendations. Many of us are more likely to choose a new restaurant based on users' reviews we read on Yelp than because we saw a cool commercial for the place on TV.

In the updated model, marketers add new tools to their communications toolbox, including *buzz-building* activities that use *viral* and *evangelical marketing techniques* as well as new social media platforms, such as *brand communities*, *product review sites*, and *social networking sites* where consumers talk to lots of other consumers. The odds are you're using many of these platforms already. In this chapter and the following one, we'll examine each of these three different ways to communicate with our customers.

word-of-mouth communication
When consumers provide information about products to other consumers.

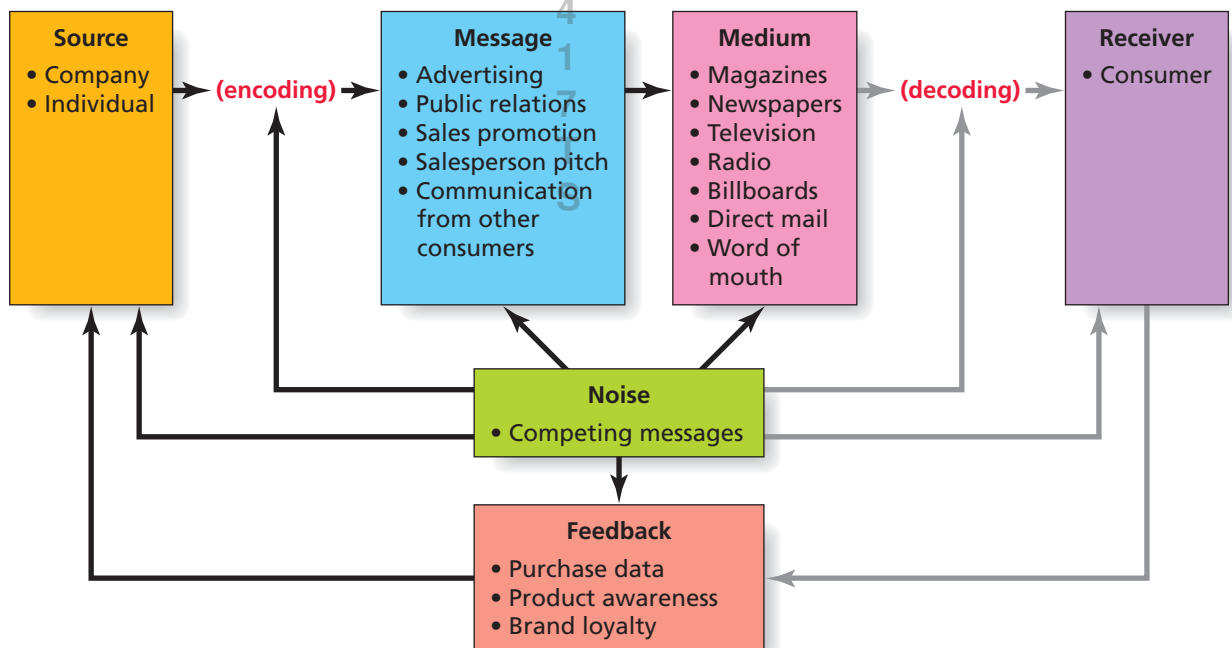
communication model
The process whereby meaning is transferred from a source to a receiver.

The Communication Model

Of course, promotion strategies can succeed only if we are able to get customers to understand what we're trying to say. The **communication model** in Figure 13.2 is a good way to understand the basics of how any kind of message works—from you telling your friends about your great spring break in Key West to that little green gecko telling millions of consumers to buy GEICO insurance. In this perspective, a *source* transmits a *message* through some *medium* to a *receiver* who (we hope) listens and understands the message. Marketers need to understand the function and importance of each of the elements of the model.

Figure 13.2  Process | Communication Model

The communication model explains how organizations create and transmit messages from the marketer (the source) to the consumer (the receiver) who (we hope) understands what the marketer intends to say.



The Source Encodes

Let’s start to explore this basic model from a good place: the beginning. First, there is a person or organization—the **source**—that has an idea it wants to communicate to a receiver, such as potential customers. To do this, the source must translate the idea into a physically perceivable form (like a TV commercial) that conveys the desired meaning. This **encoding** process means the source may translate the idea into different forms to convey the desired meaning. We may just use words, music, a celebrity (Ashton Kutcher for Nikon cameras or Sofia Vergara for Cover Girl Cosmetics²), an unknown actor, an actual customer or even that animated gecko to speak to consumers.

The Message

The **message** is the actual content of that physically perceivable form of communication that goes from the source to a receiver. The message may be in the form of advertising, public relations, sales promotion, a salesperson’s pitch, a direct marketing infomercial, a Facebook post, a video on YouTube, or a customer’s comment on a blog. It includes (hopefully) the information necessary to persuade, inform, remind, or build a relationship. The marketer must select the ad elements carefully so that the message connects with end consumers or business customers in its target market.

The Medium

No matter how the source encodes the message, it must then transmit that message via a **medium**, a communication vehicle that reaches members of a target audience. For marketers, this vehicle can be TV, radio, social media sites such as Facebook or Twitter, a magazine, a company website, an Internet blog, a billboard, or even a coffee mug that displays a product logo. Marketers face two major challenges when they select a medium: first, that the target market will be exposed to the medium, and second, that the characteristics of the product are not in conflict with the medium.

The Receiver Decodes

If a tree falls in the forest and no one hears it, did it make a sound? Zen mysteries aside, communication cannot occur unless a **receiver** is there to get the message. The receiver is any individual or organization that intercepts and interprets the message. **Decoding** is the process whereby a receiver assigns meaning to a message; that is, he or she translates the message he or she sees or hears back into an idea that makes sense to him or her.

Marketers hope that the target consumer will decode the message the way they intended, but effective communication occurs only when the source and the receiver have had similar experiences and thus share a mutual frame of reference. Too often, sources and receivers aren’t on the same page, a mismatch that is especially likely to happen when the source and the receiver don’t share the same cultural background, experiences, values, or language.

Noise

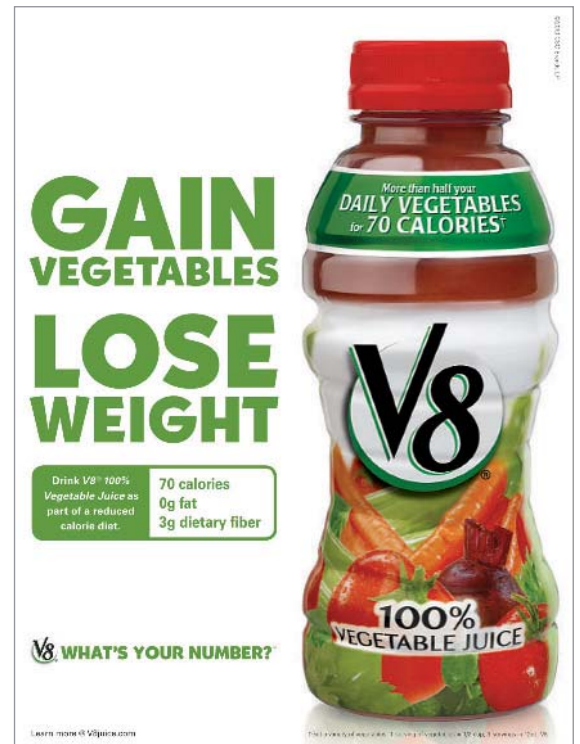
The communication model also acknowledges that **noise**—anything that interferes with effective communication—can block messages. As the many



Campbell's uses the familiar symbolism of a gold star to encode a desired meaning.

source

An organization or individual that sends a message.



A simple and straightforward message.

ISBN 1-323-75008-8

encoding

The process of translating an idea into a form of communication that will convey meaning.

message

The communication in physical form that goes from a sender to a receiver.

medium

A communication vehicle through which a message is transmitted to a target audience.

receiver

The organization or individual that intercepts and interprets the message.

decoding

The process by which a receiver assigns meaning to the message.

noise

Anything that interferes with effective communication.

feedback

Receivers' reactions to the message.

promotion mix

The communication elements that the marketer controls.

mass communication

Relates to TV, radio, magazines, and newspapers.

arrows between noise and the other elements of the communication model in Figure 13.2 indicate, this interference can occur at any stage of communication.

Feedback

To complete the communication loop, the source gets **feedback** from receivers. Of course, the best feedback for marketing communication is for consumers to purchase the product. Other types of feedback occur with a phone call or an e-mail to the manufacturer. More often, though, marketers must actively seek their customers' feedback through marketing research.


The Traditional Promotion Mix

As we said previously, promotion, or marketing communication, is one of the famous four Ps. Marketers use the term **promotion mix** to refer to the communication elements that the marketer controls. The elements of the traditional promotion mix include the following:

- Advertising
- Sales promotion
- Public relations
- Personal selling
- Direct marketing

Promotion works best when the marketer skillfully combines all of the elements of the promotion mix to deliver a single consistent message about a brand. Table 13.1 presents some of the pros and cons of each element of the traditional promotion mix.

In addition, the promotion mix must work in harmony with the overall *marketing mix* to combine elements of promotion with place, price, and product to position the firm's offering in people's minds. For example, marketers must design ads for luxury products such as Rolex watches or Jaguar automobiles to communicate that same luxury character of the product, and the ads should appear in places that reinforce that upscale image. A chic commercial that appears during the commercial breaks of an episode of *Swamp People* or *Duck Dynasty* just won't cut it.

Marketers have a lot more control over some kinds of marketing communication messages than they do over others. As  Figure 13.3 shows, *mass-media advertising* and *sales promotion* are at one end of the continuum, where the marketer has total control over the message he or she delivers. At the other end is *word-of-mouth (WOM) communication*, where everyday people rather than the company run the show. WOM includes the social media that consumers use today to keep in touch with friends and potentially millions of other consumers. Sandwiched between the ends we find *personal selling* and *direct marketing*, where marketers have some but not total control over the message they deliver, and *public relations*, where marketers have even less control.

Mass Communication: The One-to-Many Model

Some elements of the promotion mix include messages intended to reach many prospective customers at the same time. Whether a company offers customers a coupon for 50 cents off or airs a TV commercial to millions, it promotes itself to a mass audience. These are the elements of the promotion mix that use traditional **mass communication**, that is, TV radio, magazines, and newspapers:



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For effective decoding to occur, the source and the receiver must share a mutual frame of reference. In this ad the receiver needs to understand the meaning of a "white flag" in order for the message to make sense.

Table 13.1 | A Comparison of Elements of the Traditional Promotion Mix

Promotion Element	Pros	Cons
Advertising	<ul style="list-style-type: none"> The marketer has control over what the message will say, when it will appear, and who is likely to see it. 	<ul style="list-style-type: none"> Because of the high cost to produce and distribute, it may not be an efficient means of communicating with some target audiences. Some ads may have low credibility or be ignored by the audience.
Sales promotion	<ul style="list-style-type: none"> Provides incentives to retailers to support one's products. Builds excitement for retailers and consumers. Encourages immediate purchase and trial of new products. Price-oriented promotions cater to price-sensitive consumers. 	<ul style="list-style-type: none"> Short-term emphasis on immediate sales rather than a focus on building brand loyalty. The number of competing promotions may make it hard to break through the promotion clutter. If marketers use too many price-related sales promotion activities, consumers' perception of a fair price for the brand may be lowered.
Public relations	<ul style="list-style-type: none"> Relatively low cost. High credibility. 	<ul style="list-style-type: none"> Lack of control over the message that is eventually transmitted and no guarantee that the message will ever reach the target. It is difficult to measure the effectiveness of public relations efforts.
Personal selling	<ul style="list-style-type: none"> Direct contact with the customer gives the salesperson the opportunity to be flexible and modify the sales message to coincide with the customer's needs. The salesperson can get immediate feedback from the customer. 	<ul style="list-style-type: none"> High cost per contact with customer. Difficult to ensure consistency of message when it is delivered by many different company representatives. The credibility of salespeople often depends on the quality of their company's image, which has been created by other promotion strategies.
Direct marketing	<ul style="list-style-type: none"> Targets specific groups of potential customers with different offers. Marketers can easily measure the results. Provides extensive product information and multiple offers within a single appeal. Provides a way for a company to collect feedback about the effectiveness of its messages in an internal database. 	<ul style="list-style-type: none"> Consumers may have a negative opinion of some types of direct marketing. Costs more per contact than mass appeals.

Figure 13.3  **Snapshot** | Control Continuum

The messages that consumers receive about companies and products differ in terms of how much the marketer can control the content.



- Advertising:** Advertising is, for many, the most familiar and visible element of the promotion mix. Advertising reaches large numbers of consumers at one time and can convey rich and dynamic images that establish and reinforce a distinctive brand identity. Advertising also is useful to communicate factual information about the product or to remind consumers to buy their favorite brand. In recent years, Internet advertising has grown exponentially and it has become an important part of the one-to-many model as our small screens fill with promotional messages. We'll talk more about Internet advertising and social media in Chapter 14.

- *Sales promotion: Consumer sales promotion* includes programs such as contests, coupons, or other incentives that marketers design to build interest in or encourage purchase of a product during a specified period. Unlike other forms of promotion, sales promotion intends to stimulate immediate action (often in the form of a purchase) rather than to build long-term loyalty.
- *Public relations: Public relations* describes a variety of communication activities that seek to create and maintain a positive image of an organization and its products among various *publics*, including customers, government officials, and shareholders. Public relations programs also include efforts to present negative company news in the most positive way so that this information will have less damaging consequences.

Personal Communication: The One-to-One Model

Sometimes, marketers want to communicate with consumers on a personal, one-to-one level. The most immediate way for a marketer to make contact with customers is simply to tell them how wonderful the product is. This is part of the *personal selling* element of the promotion mix we mentioned previously. It is the direct interaction between a company representative and a customer that can occur in person, by phone, or even over an interactive computer link.

Marketers also use direct mail, telemarketing, and other *direct marketing* activities to create personal appeals. Like personal selling, direct marketing provides direct communication with a consumer or business customer.


13.2 Overview of Promotion Planning

OBJECTIVE

Describe the steps in traditional and multichannel promotion planning.

(pp. 418–424)

Now that we've talked about communication and some of the tools marketers can use to deliver messages to their customers, we need to see how to make it all happen. How do we go about the complex task of developing a promotion plan—one that delivers just the right message to a number of different target audiences when and where they want it in the most effective and cost-efficient way?


Just as with any other strategic decision-making process, the development of this plan includes several steps, as  Figure 13.4 shows. First, we'll go over the steps in promotion planning, and then we'll take a look at how marketers today develop multichannel promotion strategies.

Step 1: Identify the Target Audience(s)

An important part of overall promotion planning is to identify the target audience(s) you want to reach. IMC marketers recognize that we must communicate both with members of our target market and with a variety of stakeholders who influence that target market. After all, we learn about a new product not just from the company that produces it, but also from the news media, from our friends and family, and even from the producers of competitive products. Of course, the intended customer is the most important target audience and the one that marketers focus on the most.

Step 2: Establish the Communication Objectives


As we said, marketers develop communication programs for different target audiences. The whole point of communicating with customers and prospective customers, the most important target audiences, is to let them know in a timely and affordable way that the

Figure 13.4  **Process** | Steps to Develop the Promotion Plan

Development of successful promotion plans involves organizing the complex process into a series of several orderly steps.



organization has a product to meet their needs. It's bad enough when a product comes along that people don't want or need. An even bigger marketing sin is to have a product that they *do* want, but you fail to let them know about it. Of course, seldom can we deliver a single message to a consumer that magically transforms him or her into a loyal customer. In most cases, it takes a series of messages that moves the consumer through several stages.

We view this process as an uphill climb, such as the one  Figure 13.5 depicts. The marketer "pushes" the consumer through a series of steps, or a **hierarchy of effects**, from initial awareness of a product to brand loyalty. At almost any point in time, different members of the target market may have reached each of the stages in the hierarchy. Marketers develop different communication objectives to "push" people to the next level.

To understand how this process works, imagine how a firm would have to adjust its communication objectives as it tries to establish a presence in the market for Hunk, a new men's cologne. Let's say that the primary target market for the cologne is single men ages 18 to 24 who care about their appearance and who are into health, fitness, working out, and looking ripped. The company would want to focus more on some promotion methods (such as advertising) and less on others (such as personal selling). Next, we'll discuss some communication objectives the company might develop for its Hunk promotion.

Create Awareness

The first step in the hierarchy of effects is to make members of the target market aware that there's a new brand of cologne on the market. The promotion objective might be to create an 80 percent awareness of Hunk cologne among 18- to 24-year-old men in the first two months.

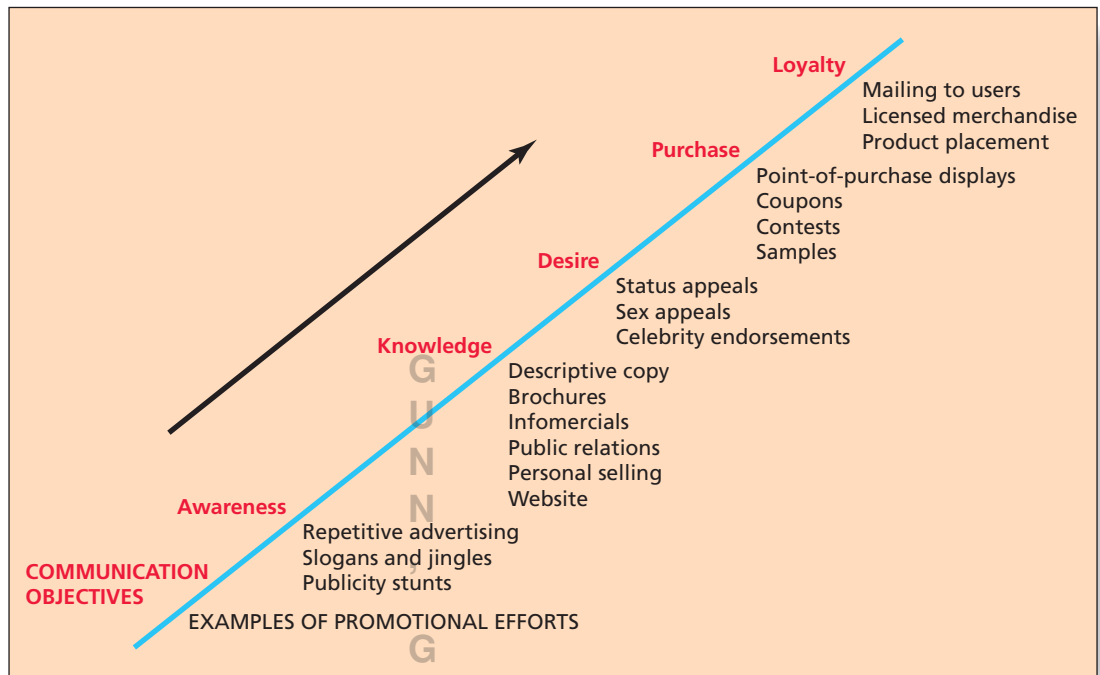
Note how this objective is worded: Objectives are best when they are quantitative (80 percent), when they specify the target consumer or business group (18- to 24-year-old men), and when they specify the time frame during which the plan is expected to reach the objective (in the first two months). To accomplish this, the fragrance's marketers might place simple, repetitive advertisements that push the brand name in magazines, on TV, and on the radio.

hierarchy of effects

A series of steps prospective customers move through, from initial awareness of a product to brand loyalty.

Figure 13.5  **Snapshot** | The Hierarchy of Effects

Communication objectives move consumers through the hierarchy of effects.



Inform the Market

For those consumers who have heard the name “Hunk” but don’t really know anything about it, the challenge is to provide knowledge about the benefits the new product has to offer—to *position* it relative to other colognes (see Chapter 7). The objective at this point might be to communicate the connection between Hunk and muscle building so that 60 percent of the target market develops some interest in the product in the first six months of the communication program. To accomplish this, promotion would focus on advertising and other communications that emphasize the muscle-building connection.

Create Desire

The next step in the hierarchy is *desire*. The task of marketing communications is to create favorable feelings toward the product and to convince at least some members of this group that they would rather splash on some Hunk instead of other colognes. The specific objective might be to create positive attitudes toward Hunk cologne among 50 percent of the target market and brand preference among 30 percent of the target market. Communication at this stage might consist of splashy advertising spreads in magazines, perhaps with an endorsement by a well-known celebrity.

Encourage Purchase and Trial


As the expression goes, “How do ya know ‘til ya try it?” The company needs to get some of the men who have become interested in the cologne to try it. The specific objective now might be to encourage trial of Hunk among 25 percent of 18- to 24-year-old men. A promotion plan might encourage trial by mailing samples of Hunk to members of the target market, inserting “scratch-and-sniff” samples in bodybuilding magazines, placing elaborate displays in stores that dispense money-saving coupons, or even sponsoring a contest in which the winner gets to have WWE wrestler Roman Reigns as his personal trainer for a day.

Build Loyalty

Loyalty, the final step in the hierarchy of effects, means customers decide to stay with Hunk after they’ve gone through the first bottle. The objective might be to develop and maintain regular usage of Hunk cologne among 10 percent of men from 18 to 24 years old. Promotion efforts must maintain ongoing communication with current users to reinforce the bond they feel with the product.

Step 3: Determine and Allocate the Marketing Communication Budget

Although setting a budget for marketing communication might seem easy—you just calculate how much you need to accomplish your objectives—in reality it’s not that simple.

 Figure 13.6, we shows the three distinct decisions required to develop the budget.

Budget Decision 1: Determine the Total Marketing Communication Budget

To determine the total amount to spend on marketing communication, most firms rely on one of two types of budgeting techniques: top down and bottom up. With **top-down budgeting techniques**, managers establish the overall amount that the organization will allocate to promotion activities.

The most common top-down technique is the **percentage-of-sales method**, in which the marketing communication budget is based on last year’s sales or on estimates for the present year’s sales. The advantage of this method is that it ties spending on promotion to sales and profits. Unfortunately, this method can imply that sales cause promotion spending rather than viewing sales as the *outcome* of marketing communication efforts.

The **competitive-parity method** is a fancy way of saying “keep up with the Joneses.” In other words, match whatever competitors spend. Another approach is to begin at the beginning: identify promotion objectives and allocate enough money to accomplish them. That is what **bottom-up budgeting techniques** attempt. This bottom-up logic is at the heart

top-down budgeting techniques

Allocation of the promotion budget based on management’s determination of the total amount to be devoted to marketing communication.

percentage-of-sales method


A method for promotion budgeting that is based on a certain percentage of either last year’s sales or estimates of the present year’s sales.

competitive-parity method

A promotion budgeting method in which an organization matches whatever competitors are spending.

bottom-up budgeting techniques

Allocation of the promotion budget based on identifying promotion goals and allocating enough money to accomplish them.

Figure 13.6  **Process** | Steps in Developing the Marketing Communication Budget

Budgeting decisions allow marketers to systematically plan IMC spending.



ISBN 1-323-75008-8

objective-task method

A promotion budgeting method in which an organization first defines the specific communication goals it hopes to achieve and then tries to calculate what kind of promotion efforts it will take to meet these goals.

push strategy

The company tries to move its products through the channel by convincing channel members to offer them.

pull strategy

The company tries to move its products through the channel by building desire for the products among consumers, thus convincing retailers to respond to this demand by stocking these items.

of the **objective-task method**. When it uses this approach, the firm first defines the specific communication goals it hopes to achieve, such as increasing by 20 percent the number of consumers who are aware of the brand. It then tries to figure out how much advertising, sales promotion, buzz marketing, and so on, it will take to meet that goal. Although this is the most rational approach, it is hard to implement because it obliges managers to specify their objectives and attach dollar amounts to them. This method requires careful analysis—and a bit of lucky “guesstimating.”

Budget Decision 2: Decide on a Push or a Pull Strategy

The second important decision in marketing communication budgeting is whether the company will use a push or a pull strategy. A **push strategy** means that the company wants to move its products by convincing channel members to offer them and entice their customers to select these items; it pushes them through the channel. This approach assumes that if consumers see the product on store shelves, they will be motivated to make a trial purchase. In this case, marketers spend the promotion budget on personal selling, trade advertising, and trade sales promotion activities that will “push” the product from producer through the channel of distribution to consumers.

In contrast, a company that relies on a **pull strategy** is counting on consumers to demand its products. This popularity will then convince retailers to respond by stocking these items. In this case, communication budgets are used primarily for media advertising and consumer sales promotion to stimulate interest among end consumers who will “pull” the product onto store shelves and then into their shopping carts.

Budget Decision 3: Allocate the Budget to a Specific Promotion Mix

The final step in planning the communication budget is to allocate the total budget among the elements in the promotion mix. In today’s dynamic media environment, there are few clear guidelines to divide up the promotion pie—though we are witnessing a steady shift away from traditional advertising media and toward so-called “new media” like Facebook and Google. In some cases, managers may simply have a preference for advertising versus sales promotion or other elements of the promotion mix. Also, consumers vary widely in the likelihood that they will respond to various communication elements. College students for example are especially likely to spend most of their time on the Internet (but you knew that).

Although traditional media advertising (TV, newspaper, radio, magazine, and outdoor) used to get the lion’s share of the promotion budget, today spending on Internet advertising is almost a third of total advertising spending. Overall U.S. advertising spending in 2015, for example, was \$182.7 billion, an increase over 2014 spending of 3.6 percent. Of that, Internet advertising was \$59.7 billion or almost as much as total broadcast and cable TV at \$66.6 billion. Spending on other marketing services (sales promotion, telemarketing, direct mail, event sponsorship, directories, and public relations) was even greater than advertising at \$224.4 billion, 30 percent of which went for sales promotion.³

Step 4: Design the Promotion Mix

Designing the promotion mix is the most complicated step in marketing communication planning. It includes determining the specific communication tools to use, what message to communicate, and the communication channel(s) that will be used to send the message.

In the “old days” before the Internet, this was a simple process of primarily deciding on advertising and sales promotion programs. Today the decisions are much more complicated. Do we continue to use traditional mass media advertising? How will we include digital communications? Buzz marketing? Sales promotion? And even more important, how will we make sure these are all integrated to provide our customers with a seamless, consistent experience? Not only are the questions complicated, but also they are different for each product and for each target audience,

Step 5: Evaluate the Effectiveness of the Communication Program

As marketers are faced with the need for greater accountability and they often have to document the ROMI (discussed in Chapter 3) of their marketing communications and other marketing activities, evaluating the effectiveness of the communication program is more important than ever. It would be nice if a marketing manager could simply report, “The \$3 million campaign for our revolutionary glow-in-the-dark surfboards brought in \$15 million in new sales!” It’s not so easy. There are many random factors in the marketing environment that are out of the control of the marketer and that can impact sales: a rival’s manufacturing problem, a coincidental photograph of a movie star toting one of the boards, or perhaps a surge of renewed interest in surfing sparked by a cult movie hit like *Blue Crush*.

As we discussed in Chapter 4, marketers use a variety of different methods to monitor and evaluate the company’s communication efforts. The catch is that it’s easier to determine the effectiveness of some forms of communication than others. As a rule, various types of sales promotion are the easiest to evaluate because they occur over a fixed, usually short period, making it easier to link to sales volume. Traditional advertising, on the other hand, has lagged or delayed effects so that an ad people see this month might influence a car purchase next month or even a year from now. Typically, researchers measure brand awareness, recall of product benefits communicated through advertising, and even the image of the brand before and after an advertising campaign. They use similar measures to assess the effectiveness of salespeople and of public relations activities.

Multichannel Promotion Strategies

As we said previously in this chapter, marketers today recognize that the traditional one-to-many communication model in which they spent millions of dollars broadcasting ads to a mass audience is less and less effective. At the same time, it isn’t yet clear how effective the new many-to-many model is—or what marketing metrics we should use to measure how well these new media work.

Thus, many marketers opt for multichannel promotion strategies where they combine traditional advertising, sales promotion, public relations, and direct marketing activities with social media activities. The choice to employ multichannel marketing yields important benefits. First, these strategies boost the effectiveness of either online or offline strategies used alone. And multichannel strategies allow marketers to repeat their messages across various channels, strengthening brand awareness and providing more opportunities to convert customers.

Perhaps the best way to really understand how marketers develop multichannel strategies is to look at how some actually do it. When Jaguar launched its all-new F-type sports car, the luxury carmaker left nothing to chance when it came to its multichannel strategy. The global “Your Turn” campaign spanned TV, cinema (a short film), print, digital, mobile, experiential, and social activations. For example, in addition to TV, print, and digital ads, Jaguar partnered with USA Network’s series *Covert Affairs* to feature the car, teamed up with *Playboy* to announce the Playmate of the Year, and sponsored an episode of ESPN SportsCenter. Jaguar also created a #MyTurnToJag social media contest where consumers could enter for a chance to win a drive in a Jaguar in New York, Los Angeles, Miami, or Chicago that was then shown across various social media venues.⁴

In the remainder of this chapter and the next, we will look at the various marketing communication activities that marketers may include in the multichannel promotion strategy we discussed already in this chapter. In this chapter, we look at media that support the one-to-many communication model. We begin with traditional advertising that consumers access through traditional media. Then we discuss some of the fine details of one-to-many digital media activities followed by consumer and business-to-business sales promotion—all in this chapter. In Chapter 14 we continue, as we turn to new many-to-many marketing

communication techniques that include social media marketing; direct marketing; personal selling; and public relations.

You know from your own daily experience that you interact with brands in many different ways. Maybe you see a TV commercial, check out a T-shirt with a brand logo, look at a billboard on the highway, read a Facebook post where someone in your network rants or raves about a product ... and that's all before lunch! Today successful marketers know they must use multichannel marketing communication campaigns that provide information and also enhance the customer experience. The multichannel campaign may include traditional media, social media, mobile applications, e-mail, websites, direct mail, call centers, and the salesforce, maximizing the strengths of each. And it's not just about the information. Multichannel campaigns need to provide a customer experience that will engage the customer and add something of value (in addition to the product) to the customer's life.

13.3 Advertising

OBJECTIVE

Tell what advertising is, describe the major types of advertising, discuss some of the major criticisms of advertising, and describe the process of developing an advertising campaign and how marketers evaluate advertising.

(pp. 424–444)

advertising

Nonpersonal communication from an identified sponsor using the mass media.

A long-running Virginia Slims cigarettes advertising campaign proclaimed, “You’ve come a long way, baby!” We can say the same about advertising itself. Advertising has been with us a long time. In ancient Greece and Rome, ad messages appeared on walls, were etched on stone tablets, or were shouted by criers, interspersed among announcements of successful military battles, lost slaves, or government proclamations. As the technology that’s available to connect us with companies and other consumers continues to evolve, we see that advertising evolves as well. And the differences between advertising and other types of marketing communications have blurred as advertising agencies find new ways to take advantage of all the exciting communications options that are available to them today.

We traditionally define **advertising** as nonpersonal communication from an identified sponsor using the mass media.

Advertising is so much a part of marketing that many people think that advertising *is* marketing (but remember that product, price, and distribution strategies are crucial as well). And, as we saw previously, there are many ways to get a message out to a target audience in addition to advertising. But make no mistake; traditional advertising is still important, especially because the Internet gives marketers yet another important medium to use when they want to talk to large numbers of customers at once. In 2015, total U.S. ad spending for *Advertising Age’s* top 200 advertisers was a record \$142.5 billion. Of all product categories, automotive advertising tops the list with spending on measured advertising (magazines, newspapers, radio, TV, and Internet), of \$13.8 billion.⁵


One thing is sure: as the media landscape continues to change, so will advertising. Sales of Internet-ready smart TVs are booming, as is the number of households with digital video recorders (DVRs) that let viewers skip through the commercials. Watching TV through your mobile devices also is on the rise because many cable and satellite providers now let you use apps to stream your favorite TV episodes. It’s so popular that there’s even a name for it: **TV Everywhere**. TV Everywhere, which is also known as **authenticated streaming**, is a term that describes using your Internet-enabled device, like a tablet or smartphone, to stream content from your cable or satellite provider.⁶ This new way to consume media is growing rapidly; digital video viewing increased from 7 percent in the third quarter of 2013 to 39 percent in the same quarter of 2015.⁷

TV everywhere (also known as authenticated streaming)

The use of an Internet-enabled device, like a tablet or smartphone, to stream content from a cable or satellite provider.

So, with almost everyone spending so much time looking at small screens instead of TVs, billboards, and newspapers, is traditional advertising dead? Don't write any obituaries yet. Mass media communication remains the best way to reach a large audience. For that reason, producers of FMCGs (fast-moving consumer goods that we discussed in Chapter 8) such as P&G and Unilever will continue to rely on these traditional channels of communication to reach their customers even as they add newer digital communications.

Types of Advertising

Because they spend so much on advertising, marketers must decide which type of ad will work best to get their money's worth given their organizational and marketing goals. As  Figure 13.7 shows, the advertisements an organization runs can take many forms, so let's review the most common kinds.

Product Advertising

When people think about advertising, they are likely to recall the heartwarming stories from Hallmark's ads, Nike's encouragement to "Just do it," or the funny squawks from the AFLAC duck. These are examples of **product advertising**, where the message focuses on a specific good or service.

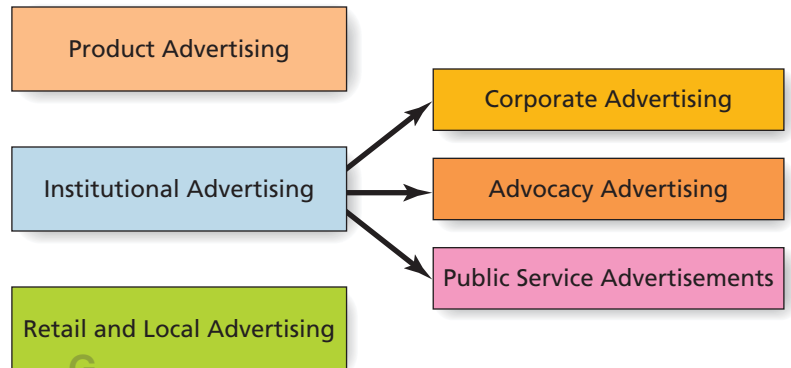
Institutional Advertising

Rather than a focus on a specific brand, **institutional advertising** promotes the activities, personality, or point of view of an organization or company. The three forms of institutional advertising include the following:

- **Corporate advertising** promotes the company as a whole instead of the firm's individual products. Privately held, family-owned SC Johnson, for example, maker of familiar household brands including Windex, Ziploc, and Pledge, launched a corporate branding campaign that included digital, PR, social media, shopper marketing, and TV advertising. In addition, the company offered 3,000 free plane tickets to help reunite families for Thanksgiving. The aim of the campaign was to be the most trusted company in the industry, for consumers to know the products are SC Johnson products and that it's a family company. The tagline was "Making life better for the next generation in ways only a family company can."⁸
- **Advocacy advertising** seeks to influence public opinion on a specific issue in the interest of the public or a specific group. AT&T's "Close to Home," ad is part of the multiyear "It Can Wait" campaign meant to show consumers that they too can cause fatalities when they use their phones for e-mail, social media, and other activities while they drive. "Close to Home" shows a mother driving with her child in the back seat who quickly checks a social-media post on her phone leading to devastating consequences; it is difficult to watch. Data from the Departments of Transportation in Texas, Kentucky, and other states have suggested there is a relationship between the "It Can Wait" campaign and a reduction in crashes.⁹

 **Snapshot** | Types of Advertising

Advertisements that an organization runs can take many different forms.



product advertising

Advertising messages that focus on a specific good or service.

institutional advertising

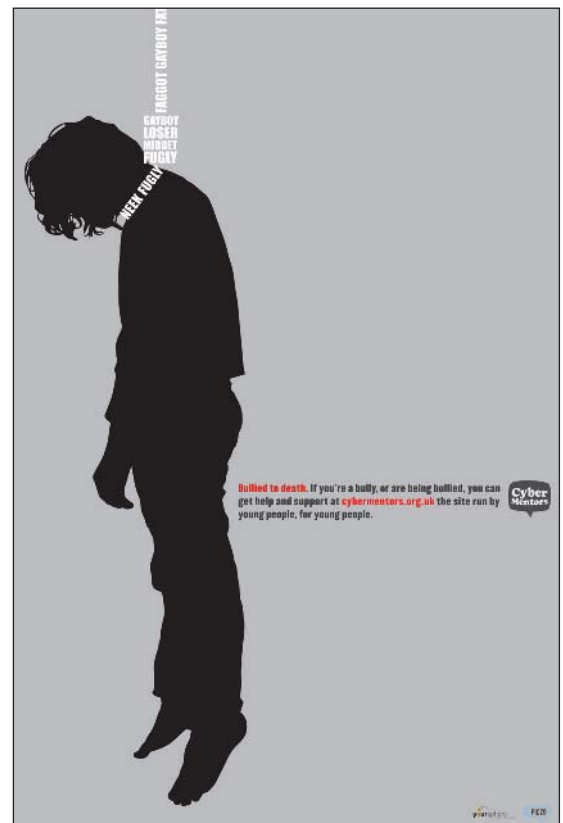
Advertising messages that promote the activities, personality, or point of view of an organization or company.

corporate advertising

Advertising that promotes the company as a whole instead of a firm's individual products.

advocacy advertising

A type of public service advertising where an organization seeks to influence public opinion on an issue because it has some stake in the outcome.



Non-profit organizations often use vivid imagery to communicate the seriousness of their causes.



The GEICO Gecko is the popular star of one of the company's several advertising campaigns.

- **Public service advertisements (PSAs)** are messages in the public interest, run by the media at no charge, that seek to change attitudes and behavior toward a social issue. Advertising agencies often offer their services on a pro bono (for free, not the U2 singer) basis. The most frequent topics for PSAs are health and safety issues.

Retail and Local Advertising

Both major retailers and small, local businesses advertise to encourage customers to shop at a specific store or use a local service. Local advertising informs us about store hours, location, and products that are available or on sale. While historically, newspapers have been the medium of choice for retail and local advertising, today, these ads may take the form of pop-up ads online or text messages on your mobile device.

public service advertisements (PSAs)

Advertising run by the media for not-for-profit organizations or to champion a particular cause without charge.

retail and local advertising

Advertising that informs consumers about store hours, location, and products that are available or on sale.

advertising campaign

A coordinated, comprehensive plan that carries out promotion objectives and results in a series of advertisements placed in media over a period of time.

limited-service agency

An agency that provides one or more specialized services, such as media buying or creative development.

full-service agency

An agency that provides most or all of the services needed to mount a campaign, including research, creation of ad copy and art, media selection, and production of the final messages.

account executive

A member of the account management department who supervises the day-to-day activities of the account and is the primary liaison between the agency and the client.

account planner

A member of the account management department who combines research and account strategy to act as the voice of the consumer in creating effective advertising.

Who Creates Advertising?

An **advertising campaign** is a coordinated, comprehensive plan that carries out promotion objectives and results in a series of creatively similar advertisements placed in various media over a period of time. GEICO, for example, has sponsored multiple advertising campaigns over the past few years, often with several running simultaneously. Five of its more recognized campaigns are (1) the GEICO gecko campaign; (2) the caveman campaign that even spawned a short-lived TV sitcom ("so easy a caveman can do it"); (3) the "money you could be saving" campaigns with the googly-eyed dollar bills; (4) the "Rhetorical Questions" campaign that included ads featuring Charlie Daniels (Does Charlie Daniels play a mean fiddle?), Elmer Fudd, and the Waltons; and (5) the Maxwell the pig campaign. Although all of these campaigns promote the same company and its products and all use the same tagline, "Fifteen minutes could save you 15 percent or more on car insurance," each is creatively distinct. Each includes multiple ads (there have been at least 22 caveman TV commercials), but each obviously is part of its own unique, coordinated advertising campaign.

Although some firms create their own advertising in-house, in most cases firms hire *outside advertising agencies* to develop an advertising campaign:

- A **limited-service agency** provides one or more specialized services, such as media buying or creative development.
- A **full-service agency** supplies most or all of the services a campaign requires, including research, creation of ad copy and art, media selection, and production of the final messages.

An advertising campaign has many elements; agencies provide the services of many different people to pull it all together:

- **Account management:** The **account executive**, or account manager, is the "soul" of the operation. This person supervises the day-to-day activities on the account and is the primary liaison between the agency and the client. The account executive has to ensure that the client is happy while verifying that people within the agency execute the desired strategy. The **account planner** combines research and account strategy to act as the voice of the consumer in creating effective advertising. It is the job of the account planner to use market data, qualitative research, and product knowledge to become intimately familiar with the consumer and to translate what customers are looking for to the creative teams who create the ads.

- **Creative services:** Creatives are the “heart” of the communication effort. The **creative services** department includes the people who actually dream up and produce the ads. They include the agency’s creative director, art director, copywriters, and photographers. Creatives are the artists who breathe life into marketing objectives and craft messages that, it is hoped, will interest consumers.
- **Research and marketing services:** In **research and marketing services**, *researchers* are the “brains” of the campaign. They collect and analyze information that will help executives develop a sensible strategy. They assist creatives in getting consumer reactions to different versions of ads or by providing copywriters with details on the target group.
- **Media planning:** The **media planner** is the “legs” of the campaign. He or she helps to determine which communication vehicles are the most effective and recommends the most efficient means to deliver the ad by deciding where, when, and how often it will appear.

Today, more and more agencies practice IMC, in which advertising is only one element of a total communication plan. Client teams composed of people from account services, creative services, media planning, digital and social media marketing, research, public relations, sales promotion, and direct marketing may work together to develop a plan that best meets the communication needs of each client.

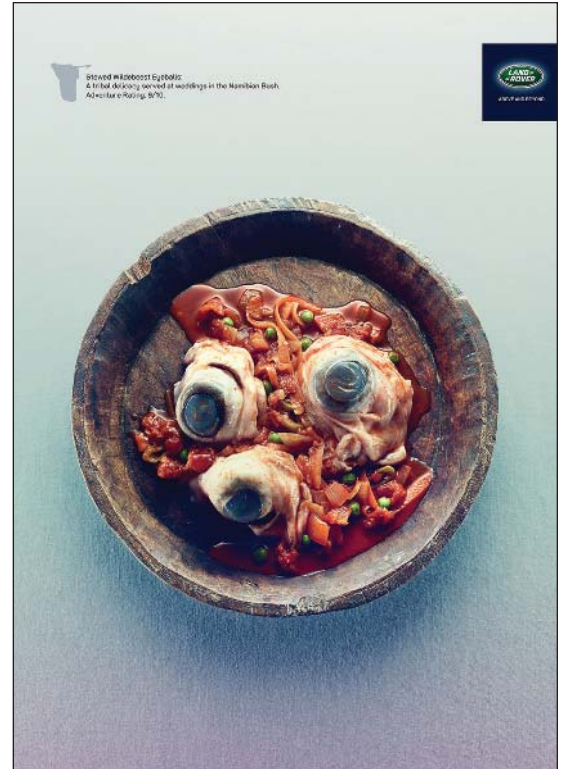
User-Generated Advertising Content

One of the most recent and important promotional innovations is to let your customers create your advertising for you. User-generated content (UGC) or consumer-generated media that we discussed in Chapter 1, includes the millions of online consumer comments, opinions, advice, consumer-to-consumer discussions, reviews, photos, images, videos, podcasts and webcasts, and product-related stories available to other consumers through digital technology.

Some marketers encourage consumers to contribute their own **do-it-yourself (DIY) ads**. For advertisers, DIY advertising offers several benefits. First, consumer-generated spots cost only one-quarter to one-third as much as professional TV and Internet ads—about \$60,000 compared to the \$350,000 or more to produce a traditional 30-second spot. This can be especially important for smaller businesses and emerging brands. Equally important, even to large companies with deep pockets, is the feedback on how consumers see the brand and the chance to gather more creative ideas to tell the brand’s story.¹⁰

Marketers need to monitor (and sometimes encourage) UGC for two reasons. First, consumers are more likely to trust messages from fellow consumers than from companies. Second, social media is proliferating everywhere; a person who searches online for a company or product name is certain to access any number of blogs, forums, homegrown commercials, or online complaint sites that the product manufacturer had nothing to do with.

As introduced in Chapter 1, consumers also generate content for firms through a process called *crowdsourcing*. Put simply, this is a way to harness “crowds” to “source” solutions to business problems. Marketers use this technique to come up with new product ideas, brand names, and product redesigns, but in many cases they look to their customers to create advertising messages for them. One of the most successful applications of crowdsourcing is the Doritos “Crash the Super Bowl” contest, which has run for more than a decade. When the idea was first suggested, the company’s managers thought it was too risky to invest \$2 million in a consumer-generated ad. Ten years later, the Doritos ads have earned top-five rankings on the *USA Today* Ad Meter every



Land Rover uses attention-getting imagery to promote the adventurous side of the car.

creative services

The agency people (creative director, copywriters, and art director) who dream up and produce the ads.

research and marketing services

The advertising agency department that collects and analyzes information that will help executives develop a sensible strategy and assist creatives in getting consumer reactions to different versions of ads.

media planners

Agency personnel who determine which communication vehicles are the most effective and efficient to deliver the ad.

do-it-yourself (DIY) ads

Product ads that are created by consumers.

year in which they have aired, including four No. 1 rankings—and that’s in competition with Coke and Pepsi and Budweiser. As one ad executive said, “It just shows that great creative can come from anywhere.”¹¹

Ethical Issues in Advertising

Advertising, more than any other aspect of marketing, has been sharply criticized as unethical for decades. Much of this criticism may be based less on actual unethical advertising and more on the high visibility of advertising and the negative attitudes of consumers who find ads an intrusion into their lives. The objections to advertising are similar to those some people have to marketing in general, as we discussed in Chapter 2. Here are the main ones:

- *Advertising is manipulative.* Advertising causes people to behave like robots and do things against their will—to make purchases they would not otherwise make were it not for the ads. However, consumers are not robots. Because they are consciously aware of appeals made in advertising, they are free to choose whether to respond to an ad or not. Of course, consumers can and often do make bad decisions that advertising may influence, but that is not the same as manipulation.
- *Advertising is deceptive and untruthful.* According to the Federal Trade Commission, (FTC), deceptive advertising means that an ad falsely represents the product and that consumers believe the false information and act on it. Indeed, there is a small amount of false or deceptive advertising, but as a whole advertisers try to present their brands in the best possible light while being truthful.

To protect consumers from being misled, the FTC has specific rules regarding unfair or deceptive advertising. If the FTC finds that an ad is deceptive, it can fine the offending company and the ad agency. In addition, the FTC has the power to require firms to run **corrective advertising**—messages that clarify or qualify previous claims.¹² In 2016, the FTC announced a \$2 million settlement with Lumos Labs, whose commercials for Lumosity “brain training” games were deemed deceptive. The FTC said Lumosity “preyed on consumers’ fears about age-related cognitive decline suggesting their game would stave off memory loss, dementia, and even Alzheimer’s disease.”¹³

Other ads, although not illegal, may create a biased impression of products when they use **puffery**—claims of superiority that neither sponsors nor critics of the ads can prove are true or untrue. For example, Tropicana claims it has the “world’s best fruit and vegetable juice,” Pizza Hut claims that it has “America’s best pizza,” and Simply Lemonade says it’s okay for other people to say it’s “the best lemonade ever.”

Many consumers today are concerned about **greenwashing**, a practice in which companies promote their products as environmentally friendly when in truth the brand provides little ecological benefit. The carmaker Mazda received a significant amount of backlash after it released its commercial for the Mazda CX-5 compact SUV with fuel-efficient SkyActiv technology. The problem? The SUV is only slightly more environmentally friendly than similar vehicles, but because the commercial starred the popular tree-hugging Dr. Seuss character The Lorax, the ad made it seem as though the SUV was much more environmentally friendly than it really was.¹⁴

- *Advertising is offensive and in bad taste.* To respond to this criticism, we need to recognize that what is offensive or in bad taste to one person may not be to another. Whereas advertisers seek to go the distance using humor, sex appeals, or fear appeals to get audiences’ attention, most shy away from presenting messages that offend the very audience they want to buy their products.
- *Advertising causes people to buy things they don’t really need.* The truth of this criticism depends on how you define a “need.” If we believe that all consumers need is the

corrective advertising

Advertising that clarifies or qualifies previous deceptive advertising claims.

puffery

Claims made in advertising of product superiority that cannot be proven true or untrue.

greenwashing

A practice in which companies promote their products as environmentally friendly when in truth the brand provides little ecological benefit.

basic functional benefits of products—the transportation a car provides, the nutrition we get from food, and the clean hair we get from shampoo—then advertising may be guilty as charged. If, on the other hand, you think you need a car that projects a cool image, food that tastes fantastic, and a shampoo that makes your hair shine and smell ever so nice, then advertising is just a vehicle that communicates those more intangible benefits.

Develop the Advertising Campaign

The advertising campaign is about much more than creating a cool ad and hoping people notice it. The campaign should be intimately related to the organization’s overall communication goals. That means that the firm (and its outside agency if it uses one) must have a good idea of whom it wants to reach, what it will take to appeal to this market, and where and when it should place its messages. Let’s examine the steps required to do this, as Figure 13.8 shows.

Step 1: Understand the Target Audience


The best way to communicate with an audience is to understand as much as possible about them and what turns them on and off. An ad that uses the latest teen text slang (e.g., OMG, BFF, and GR8) may relate to teenagers but not to their parents, and this strategy may backfire if the ad copy reads like an “ancient” 40-year-old trying to sound like a 20-year-old.

Step 2: Establish Message and Budget Objectives

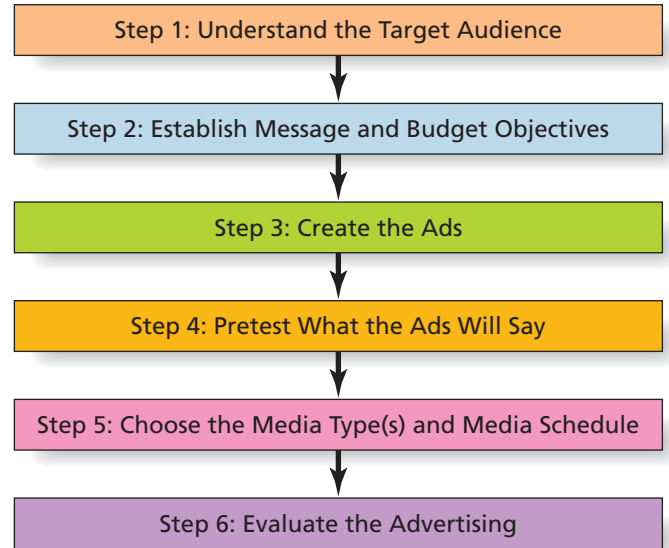
Advertising objectives should be consistent with the overall communication plan. That means that both the underlying message and the expenditures for delivering that message need to be consistent with what the marketer is trying to say about the product and the overall marketing communication budget. Thus, advertising objectives generally will include objectives for both the message and the budget.

1. **Set Message Objectives:** As we noted previously, because advertising is the most visible part of marketing, many people assume that marketing *is* advertising. In truth, advertising alone is quite limited in what it can achieve. What advertising *can* do is inform, persuade, and remind. Accordingly, some advertisements aim to make the customer knowledgeable about features of the product or how to use it. At other times, advertising seeks to persuade consumers to like a brand or to prefer one brand over the competition. But many ads simply aim to keep the name of the brand in front of the consumer; reminding consumers that this brand is the one to choose when they look for a soft drink or a laundry detergent.
2. **Set Budget Objectives:** Advertising is expensive. P&G, which leads all U.S. companies in advertising expenditures, spent \$4.3 billion in 2015, whereas second-, third-, and fourth-place ad spenders AT&T, General Motors, and Comcast spent more than \$3 billion each.¹⁵

An objective of many firms is to allocate a percentage of the overall communication budget to advertising, depending on how much and what type of advertising the company can afford. The major approaches and techniques to setting overall promotion budgets discussed previously in this chapter, such as the percentage-of-sales and objective-task methods, also set advertising budgets.

Figure 13.8  **Process** | Steps to Develop an Advertising Campaign

Developing an advertising campaign includes a series of steps that will ensure that the advertising meets communication objectives.



creative strategy

The process that turns a concept into an advertisement.

creative brief

A guideline or blueprint for the marketing communication program that guides the creative process.

advertising appeal

The central idea or theme of an advertising message.

unique selling proposition (USP)

An advertising appeal that focuses on one clear reason why a particular product is superior.

reminder advertising

Advertising aimed at keeping the name of a brand in people's minds to be sure consumers purchase the product as necessary.

teaser ad or mystery ad

Ads that generate curiosity and interest in a to-be-introduced product by drawing attention to an upcoming ad campaign without mentioning the product.

execution format


The basic structure of the message, such as comparison, demonstration, testimonial, slice of life, and lifestyle.

comparative advertising

Advertising that compares one brand with a second named brand.

Step 3: Create the Ads

Using the terminology of the Communication Model, this is where the sender of a message encodes the idea into a physically perceivable form, the message. The creation of the advertising begins when an agency formulates a **creative strategy**, which gives the advertising creatives the direction and inspiration they need to begin the creative process. The strategy is summarized in a written document known as a **creative brief**, a rough blueprint that guides the creative process. A creative brief provides relevant information and insights about the marketing situation, the advertising objective, the competition, the advertising target, and most important, the message that the advertising must deliver.

It's one thing to know *what* a company wants to say about itself or its products and another to figure out *how* to say it. The role of the creative brief is to provide the spark that helps the ad agency come up with "the big idea," the visual or verbal concept that delivers the message in an attention-getting, memorable, and relevant manner. From this, the creatives develop the ads by combining already-known facts, words, pictures, and ideas in new and unexpected ways. Specifically, to come up with finished ads, they must consider four elements of the ads shown in  Figure 13.9: the appeal, the format, the tonality, and the creative tactics and techniques.¹⁶

Advertising Appeals

An **advertising appeal** is the central idea of the ad and the basis of the advertising messages. It is the approach used to influence the consumer. Generally, we think of appeals as informational versus emotional. Often, informational appeals are based on a **unique selling proposition (USP)** that gives consumers a clear, single-minded reason why the advertiser's product is better than other products at solving a problem. Because consumers often buy products based on social or psychological needs, advertisers also use emotional appeals that focus on an emotional or social benefit the consumer may receive from the product, such as safety, love, excitement, pleasure, respect, or approval. Of course, not all ads fit into these two appeal categories. Well-established brands like Coca-Cola and Pepsi often use **reminder advertising** just to keep their name in people's minds. Sometimes advertisers use **teaser ads or mystery ads** to generate curiosity and interest in a to-be-introduced product.

Execution Format

Execution format describes the basic structure of the message. Some of the more common formats include the following:

- **Comparison.** A **comparative advertisement** explicitly names one or more competitors. Comparative ads can be very effective, but there is a risk of turning off consumers who don't like the negative tone. This format is best for brands that have a smaller share of the market and for firms that can focus on a specific feature that makes them superior to a major brand.
- **Demonstration.** A demonstration ad format shows a product "in action" to prove that it performs as claimed: "It slices, it dices!" Demonstration advertising is most useful when consumers are unable to identify important benefits except when they see the product in use.
- **Brand storytelling.** In Chapter 9 we introduced the concept of *brand storytelling*. From an advertising execution perspective, brand storytelling commercials are like 30-second movies with plots that involve the product in a more peripheral way. An example is the Subaru commercial that depicts a loving dad handing his six-year-old daughter the car keys and telling her to be careful. We eventually learn that she is a teenager but he still sees her as a little girl. The Subaru brand is not even revealed until we see the logo and slogan at the end.
- **Testimonial.** A celebrity, an expert, or a "man in the street" states the product's effectiveness. The use of a *celebrity endorser* is a common but expensive strategy.

Figure 13.9  **Snapshot** | Creative Elements of Advertising

Creating good ads includes making decisions about the four different ad elements.

Creative Element	Element Options	Description	Example
Appeals: the central idea of the ad	Informational/Rational	Satisfies customers' practical need for information; emphasize the features or benefits of the product. Example Unique Selling Proposition (USP)	Weathertec floor liners' ads show their factory and workers and advertise that they are made in the U.S.
	Emotional	Try to influence our emotions, "pull our heartstrings"	Ads that make us cry can be provided by non-profits who wish us to give for abused animals, sick and starving children, or helping wounded veterans. Even ads for greeting cards can touch our hearts.
	Reminder Advertising	Just to keep the name of the brand in people's minds so they will repurchase	Coke and Pepsi make sure their names are seen in ads on TV programs, in movies, in college and professional sports venues, inside retail stores—just about everywhere.
	Teaser/Mystery Ads	Generate curiosity and interest in a yet-to-be-introduced product.	Most used to attract consumers to be eager to see upcoming movies and TV shows.
Execution Formats: the basic structure of the message	Comparison	Explicitly names one or more competitors	Peanut butter ads frequently say one brand is better than another. "Jif tastes more like real peanuts."
	Demonstration	Shows the product in action or the results of using the results of using the product	A device used frequently for floor cleaning, car polishing, exercise equipment, and diet aids.
	Storytelling	A 30-second movie that involves the product in a more peripheral way	The 90-second Toyota Prius Hybrid ad for Superbowl 50 told the story of two bank robbers who outran police and got away in a Prius.
	Testimonial	A celebrity, expert, or "man on the street" states the products benefits	In a recent TV commercial, sports celebrities Kevin Nealon, Brian Vickers and Arnold Palmer talked about their experience with prescription drug Zyrleto for reducing the risk of blood clots.
	Slice of Life	A dramatized scene from everyday life showing that "real people" buy and use the product	Coca-Cola has aired slice-of-life commercials including one in which a father teaches his daughter to dance for her wedding.

	Lifestyle	Shows people who are attractive to the target market in a scene that demonstrates a certain lifestyle	As automobiles have become more like commodities with the same features, Subaru has found success through focusing on its cars meeting the desires of people who have or want a certain lifestyle.
Tonality: the mood or attitude the ad conveys	Straightforward	Simply present the information to the audience in a clear manner	
	Humor	People enjoy humorous ads so they break through the “clutter” however, humor is different for different people so others may find humorous ads offensive or stupid; humor may overpower other elements of the ad so consumers remember the ad in detail but can’t remember what brand it was for	Mountain Dew’s 50th Super Bowl ad received rave reviews for its puppymonkeybaby.
	Dramatic	A dramatization that presents a problem and a solution, often in a manner that is exciting and suspenseful	Pantene in Thailand aired a commercial showing a deaf and mute girl who learns to play the violin against all odds and wins top prize in a music competition.
	Romantic	Presenting a romantic situation, effective at getting attention and selling products people associate with dating and mating	Ads for luxury resorts, cruises, and Internet dating sites often use romance and may seem to promise romance if you purchase the product.
	Sex appeals	Appear like selling sex; effective at getting attention and at selling when there is a connection between sex and the product	Victoria’s Secret advertises its lingerie worn by voluptuous models.
	Apprehension/Fear	Highlight the negative consequences of not using a product; can be social disapproval or physical harm	Used by marketers of deodorant, dandruff shampoo, auto insurance, and home security systems.
Creative Tactics and Technology	Animation and Art	Use art, illustration, or animation to attract attention and a unique “look” to the ad	Geico’s Gekko is an animated character.
	Celebrities	When celebrities appear in ads, they attract attention and may influence people’s favorable attitude toward a product	Movie actor, former champion body builder, and former California Governor Arnold Schwarzenegger stars in ads for game, Mobile Strike, “Command Center.”
	Music, Jingles, and Slogans	Original words and/or music can make an ad memorable. Slogans link the brand to a memorable linguistic device	“Fifteen minutes can save you 15 percent or more on car insurance”

ISBN-10: 0-263-75008-8

- *Slice of life.* A **slice of life** format presents a (dramatized) scene from everyday life. Slice-of-life advertising can be effective for everyday products such as peanut butter and headache remedies that consumers may feel good about if they see that “real” people buy and use them.
- *Lifestyle.* A **lifestyle** format shows a person or persons attractive to the target market in an appealing setting. The advertised product is “part of the scene,” implying that the person who buys it will attain the lifestyle. For example, a commercial on MTV might depict a group of “cool” California skateboarders who take a break for a gulp of milk and say, “It does a body good.”
- *Rich media.* Rich media advertising, which we discussed in Chapter 6, provides digital ads that have advanced features such as video, audio, games, or other elements that offer more ways for a consumer to interact and engage with the content and thus generate greater user response. For example, a simple website button ad for an international hotel chain includes the following interaction opportunities: links for different languages, “Roll over and learn more link,” View exclusive offers link, 10 city/country locations links, each with multiple links for different properties in each city; links in each property site to access special discounts and links to book online, and links to sign up for special e-mail offers. There are also many large interior and exterior photos of each property. You can easily spend (or waste) an hour or more with this rich media ad.

Tonality

Tonality refers to the mood or attitude the message conveys. Some common tonalities include the following:

- *Straightforward.* Straightforward ads simply present the information to the audience in a clear manner.
- *Humor.* Consumers, in general, like humorous, witty, or outrageous ads, so these often provide an effective way to break through advertising clutter. But humor can be tricky because what is funny to one person may be offensive or stupid to another. In addition, humor can overpower the message. It’s not unusual for a person to remember a hilarious ad but have no idea what product it advertised.
- *Dramatic.* A dramatization, like a play, presents a problem and a solution in a manner that is often exciting and suspenseful—a fairly difficult challenge in 30 or 60 seconds.
- *Romantic.* Ads that present a romantic situation can be especially effective at getting consumers’ attention and at selling products that people associate with dating and mating. That’s why fragrance ads often use a romantic format.
- *Sexy.* Some ads appear to sell sex rather than products. In an ad for the Fiat 500 Abarth, an Italian-speaking woman first angrily slaps a man for looking at her but then turns the tables and begins to seduce him. As the man leans in to kiss her, the camera pans in on the Fiat and “reality” sets in. Although sex appeal ads are known to get an audience’s attention, they may or may not be effective in other ways. *Sex appeal* ads are more likely to be effective when there is a connection between the product and sex (or at least romance). For example, sex appeals will work well with a perfume but are less likely to be effective when you’re trying to sell a lawn mower.
- *Apprehension/fear.* **Fear appeal ads** highlight the negative consequences of *not* using a product. Some fear appeal ads focus on physical harm,

slice of life advertising

A slice of life ad presents a (dramatized) scene from everyday life.

lifestyle advertising

Lifestyle ads show a person(s), attractive to the target market, in an appealing setting with the advertised product as “part of the scene,” implying that the person who buys it will attain the lifestyle.

tonality

The mood or attitude the message conveys (straightforward, humor, dramatic, romantic, sexy, and apprehension/fear).

fear appeals

Advertisements that highlight the negative consequences of *not* using a product by either focusing on physical harm or social disapproval.



Humorous, witty or outrageous ads can be an effective way to break through advertising clutter.

whereas others try to create concern for social harm or disapproval. Mouthwash, deodorant, and dandruff shampoo makers and life insurance companies successfully use fear appeals. So do ads aimed at changing behaviors, such as messages discouraging drug use or smoking. In general, fear appeals can be successful if the audience perceives that the level of intensity in the fear appeal is appropriate for the product being advertised. For example, graphic photos of teens lying on the highway following an auto accident can be quite effective in public service advertisements designed to persuade teens not to text and drive, but they are likely to backfire if an insurance company tries to “scare” people into buying life insurance.

Creative Tactics and Techniques

In addition to ad formats and tonality, the creative process may also include a number of different creative tactics and techniques. Some of these are the following:

- *Animation and art.* Not all ads are executed with film or photography. Sometimes, a creative decision is made to use art, illustration, or animation to attract attention or to achieve the desired look for a print ad or TV commercial.
- *Celebrities.* Sometimes, celebrities appear in testimonials or for endorsements, such as Jessica Simpson’s pitches for Weight Watchers.
- *Jingles.* **Jingles** are original words and music written specifically for advertising executions. Many of us remember classic ad jingles such as “I wish I were an Oscar Mayer Wiener” and “I am stuck on Bandaid and Bandaid’s stuck on me.” Today, jingles are used less frequently than in the past.
- *Slogans.* **Slogans** link the brand to a simple linguistic device that is memorable but without music. We usually have no trouble reciting successful slogans (sometimes years after the campaign has ended); think of such die-hards as “Finger lickin’ good” (KFC), “Got milk?” (the California Milk Processor Board), “Just do it” (Nike), and “Even a caveman can do it” (Geiko insurance).

jingles

Original words and music written specifically for advertising executions.

slogans

Simple, memorable linguistic devices linked to a brand.

pretesting

A research method that seeks to minimize mistakes by getting consumer reactions to ad messages before they appear in the media.

media planning

The process of developing media objectives, strategies, and tactics for use in an advertising campaign.

Step 4: Pretest What the Ads Will Say

Now that the creatives have performed their magic, how does the agency know if the campaign will work? Advertisers try to minimize mistakes by pretesting the ads, that is, getting reactions to ad messages before they actually place them. Much of this **pretesting** goes on in the early stages of campaign development. It centers on gathering basic information that will help planners to be sure they’ve accurately defined the product’s market, consumers, and competitors. As we saw in Chapter 4, this information often comes from quantitative sources, such as surveys, and qualitative sources, such as focus groups.

Step 5: Choose the Media Type(s) and Media Schedule

Media planning is a problem-solving process that gets a message to a target audience in the most effective way. In terms of the communication model, it’s selecting the medium to deliver the message. Planning decisions include audience selection and where, when, and how frequent the exposure should be. Thus, the first task for a media planner is to find out when and where people in the target market are most likely to be exposed to the communication. Many college students read the campus newspaper in the morning (believe it or not, sometimes even during class!), so advertisers may choose to place ad messages aimed at college students there.

For the advertising campaign to be effective, the media planner must match the profile of the target market with specific media vehicles. For example, many Hispanic American consumers, even those who speak English, are avid users of Spanish-language media. To reach this segment, marketers might allocate a relatively large share of their advertising

budget to buying Spanish-language newspapers, magazines, TV, and Spanish web casts available on the Internet.

The choice of the right media mix is no simple matter, especially because new options, including videos and DVDs, video games, personal computers, streaming TV and movies via the Internet, social media, hundreds of new TV channels, and even satellite radio, now vie for our attention. In 1965, TV signals came into most consumers' living rooms through wires from the TV to a tall antenna on top of the house or via "rabbit ears" on top of the TV. Consider, however, that advertisers could reach 80 percent of 18- to 49-year-olds in the U.S. with only three 60-second TV spots placed on the three networks available: ABC, CBS, and NBC. That kind of efficiency is just a pipe dream in today's highly fragmented media marketplace. Later, we'll discuss the many choices marketers have in where to say it.

Step 6: Evaluate the Advertising

John Wanamaker, a famous Philadelphia retailer, once complained, "I am certain that half the money I spend on advertising is completely wasted. The trouble is, I don't know which half."¹⁷ Now that we've seen how advertising is created and executed, let's step back and see how we decide if it's working.

There's no doubt that a lot of advertising is ineffective. With so many messages competing for the attention of frazzled customers, it's especially important for firms to evaluate their efforts to increase the impact of their messages. How can they do that?

Posttesting means conducting research on consumers' responses to advertising messages they have seen or heard (as opposed to *pretesting*, which, as we've seen, collects reactions to messages *before* they're actually placed in "the real world"). Ironically, many creative ads that are quirky or even bizarre make an advertising agency look good within the industry (and on the résumé of the creative director) but are ultimately unsuccessful because they don't communicate what the company needs to say about the product itself. Three ways to measure the impact of an advertisement are *unaided recall*, *aided recall*, and *attitudinal measures*:

1. **Unaided recall** tests by telephone survey or personal interview whether a person remembers seeing an ad during a specified period without giving the person the name of the brand.
2. An **aided recall** test uses the name of the brand and sometimes other clues to prompt answers. For example, a researcher might show a group of consumers a list of brands and ask them to choose which items they have seen advertised within the past week.

posttesting

Research conducted on consumers' responses to actual advertising messages they have seen or heard.

unaided recall

A research technique conducted by telephone survey or personal interview that asks whether a person remembers seeing an ad during a specified period without giving the person the name of the brand.

aided recall

A research technique that uses clues to prompt answers from people about advertisements they might have seen.



A communication objective may focus on educating consumers about a product like potatoes. The sponsor can measure the effectiveness of a campaign by assessing people's knowledge before and after the messages have run to determine if they had any impact.

attitudinal measures

A research technique that probes a consumer's beliefs or feelings about a product before and after being exposed to messages about it.

- Attitudinal measures** probe a bit more deeply by testing consumers' beliefs or feelings about a product before and after they are exposed to messages about it. If, for example, Pepsi's messages about "freshness-dating" make enough consumers believe that the freshness of soft drinks is important, marketers can consider the advertising campaign successful.

Where to Say It: Traditional Mass Media

What does a 50-inch plasma TV with Dolby Surround Sound have in common with an ink pen? Each is a media vehicle that permits an advertiser to communicate with a potential customer. In this section, we'll take a look at the major categories of traditional mass media, Internet advertising, and some less traditional indirect forms of advertising. Table 13.2 summarizes some of the pros and cons of each type.

Television

Because of TV's ability to reach so many people at once, it's often the medium of choice for regional and national companies. However, advertising on a TV network can be very expensive. The cost to air a 30-second ad on a popular prime-time network TV show one time normally ranges between \$75,000 and \$200,000, with higher costs for top-rated shows such as *The Big Bang Theory* (\$348,300), *Modern Family* (\$239,994), and *Sunday Night Football* (\$603,000)¹⁸ For the 50th Super Bowl in 2016, the cost of a single 30-second ad was between \$4.6 and \$5 million.¹⁹

Radio

Radio as an advertising medium dates back to 1922, when a New York City apartment manager went on the air to advertise properties for rent. One advantage of radio advertising is flexibility. Marketers can change commercials quickly, often on the spot by an announcer and a recording engineer.²⁰ Traditional radio advertising has declined in recent years as satellite radio, mostly by subscription only and without ads, has gained in popularity.

Newspapers

The newspaper is one of the oldest communication platforms. Retailers in particular relied on newspaper ads since before the turn of the twentieth century to inform readers about sales and deliveries of new merchandise. Although most newspapers are local, *USA Today*, the *Wall Street Journal*, and the *New York Times* have national circulations and provide readerships in the millions. Newspapers are an excellent medium for local advertising and for events (such as store sales) that require a quick response. Today, most newspapers also offer online versions of their papers to expand their exposure, but most of these do not include the ads we see in the paper versions. Some, such as the *New York Times*, offer online subscribers downloads of the actual newspaper, including all the ads, at a much lower cost than the paper version. The future of the newspaper industry is not clear because more people choose to get their news online.

Magazines

Today, in addition to general audience magazines such as *Reader's Digest*, there are literally thousands of special-interest magazines from *Decanter* to *Garden Railways*. New technology, such as *selective binding*, allows publishers to localize their editions so that they can include advertisements for local businesses in issues they mail to specific locations. For advertisers, magazines also offer the opportunity for multipage spreads as well as the ability to include special inserts so they can deliver samples of products such as perfumes and other "scratch-and-sniff" treats.



Print media like magazines can provide vivid messages and images to readers.

Table 13.2 | Pros and Cons of Media Vehicles

Vehicle	Pros	Cons
TV	<ul style="list-style-type: none"> • TV is extremely creative and flexible. • Network TV is the most cost-effective way to reach a mass audience. • Cable and satellite TV allow the advertiser to reach a selected group at relatively low cost. • A prestigious way to advertise. • Can demonstrate the product in use. • Can provide entertainment and generate excitement. • Messages have high impact because of the use of sight and sound. 	<ul style="list-style-type: none"> • The message is quickly forgotten unless it is repeated often. • The audience is increasingly fragmented. • Although the relative cost of reaching the audience is low, prices are still high on an absolute basis—often too high for smaller companies. A 30-second spot on a prime-time TV sitcom costs well over \$250,000. • Fewer people view network TV. • People switch from station to station and zap commercials. • Rising costs have led to more and shorter ads, causing more clutter.
Radio	<ul style="list-style-type: none"> • Good for selectively targeting an audience. • Is heard outside the home. • Can reach customers on a personal and intimate level. • Can use local personalities. • Relatively low cost, both for producing a spot and for running it repeatedly. • Because of short lead time, radio ads can be modified quickly to reflect changes in the marketplace. • Use of sound effects and music allows listeners to use their imagination to create a vivid scene. 	<ul style="list-style-type: none"> • Listeners often don't pay full attention to what they hear. • Difficulty in buying radio time, especially for national advertisers. • Not appropriate for products that must be seen or demonstrated to be appreciated. • The small audiences of individual stations means ads must be placed with many different stations and must be repeated frequently.
Newspapers	<ul style="list-style-type: none"> • Wide exposure provides extensive market coverage. • Flexible format permits the use of color, different sizes, and targeted editions. • Provides the ability to use detailed copy. • Allows local retailers to tie in with national advertisers. • Readers are in the right mental frame to process advertisements about new products, sales, etc. • Timeliness, that is, short lead time between placing ad and running it. 	<ul style="list-style-type: none"> • Most people don't spend much time reading the newspaper. • Readership is especially low among teens and young adults. • Short life span—people rarely look at a newspaper more than once. • Offers a cluttered ad environment. • The reproduction quality of images is relatively poor. • Not effective to reach specific audiences.
Magazines	<ul style="list-style-type: none"> • Audiences can be narrowly targeted by specialized magazines. • High credibility and interest level provide a good environment for ads. • Advertising has a long life and is often passed along to other readers. • Visual quality is excellent. • Can provide detailed product information with a sense of authority. 	<ul style="list-style-type: none"> • With the exception of direct mail, it is the most expensive form of advertising. The cost of a full-page, four-color ad in a general-audience magazine typically exceeds \$100,000. • Long deadlines reduce flexibility. • The advertiser must generally use several magazines to reach the majority of a target market. • Clutter.
Directories	<ul style="list-style-type: none"> • Customers actively seek exposure to advertisements. • Advertisers determine the quality of the ad placement because larger ads get preferential placement. 	<ul style="list-style-type: none"> • Limited creative options. • May be a lack of color. • Ads are generally purchased for a full year and cannot be changed.

(continues)

Table 13.2 | Pros and Cons of Media Vehicles (continued)

Vehicle	Pros	Cons
Out-of-home media	<ul style="list-style-type: none"> • Most of the population can be reached at low cost. • Good for supplementing other media. • High frequency when signs are located in heavy traffic areas. • Effective for reaching virtually all segments of the population. • Geographic flexibility. 	<ul style="list-style-type: none"> • Hard to communicate complex messages because of short exposure time. • Difficult to measure advertisement's audience. • Controversial and disliked in many communities. • Cannot pinpoint specific market segments.
Internet websites	<ul style="list-style-type: none"> • Can target specific audiences and individualize messages. • Web user registration and cookies allow marketers to track user preferences and website activity. • Is interactive—consumers can participate in the ad campaign; can create do-it-yourself ads. • An entertainment medium allowing consumers to play games, download music, etc. • Consumers are active participants in the communication process, controlling what information and the amount and rate of information they receive. • Websites can facilitate both marketing communication and transactions. • Consumers visit websites with the mind-set to obtain information. • Banners can achieve top-of-mind awareness, even without click-throughs. 	<ul style="list-style-type: none"> • Limited to Internet users only. • Banners, pop-ups, unsolicited e-mail, etc., can be unwanted and annoying. • Declining click-through rates for banners—currently less than 0.03 percent. • If web pages take too long to load, consumers will abandon the site. • <i>Phishing</i> is e-mail sent by criminals to get consumers to go to phony websites that will seek to gain personal information, such as credit card numbers. • Because advertisers' costs are normally based on the number of click-throughs, competitors may engage in click fraud by clicking on a sponsored link. • Difficult to measure effectiveness.
Place-based media	<ul style="list-style-type: none"> • Effective for certain markets such a pharmaceutical companies to reach their target audience. • In retail locations, it can reach customers immediately before purchase; this provides a last opportunity to influence the purchase decision. • In locations such as airports, it receives a high level of attention because of lack of viewer options. 	<ul style="list-style-type: none"> • Limited audience. • Difficult to measure effectiveness.
Branded entertainment	<ul style="list-style-type: none"> • Brand presented in a positive context. • Brand message presented in a covert fashion. • Less intrusive and thus less likely to be avoided. • Connection with a popular movie plot or TV program and with entertaining characters can help a brand's image. • Can build emotional connection with the audience. • Can create a memorable association that serves to enhance brand recall. 	<ul style="list-style-type: none"> • Little control of how the brand is positioned—is in the hands of the director. • Difficult to measure effectiveness. • Costs of placement can be very high.
Advergaming	<ul style="list-style-type: none"> • Companies can customize their own games or incorporate brands into existing popular games. • Some game producers now actively pursue tie-ins with brands. • Millions of gamers play an average of 40 hours per game before they tire of it. • Millions of consumers have mobile phones "in their hands." 	<ul style="list-style-type: none"> • Audience limited to gamers.
Mobile phones	<ul style="list-style-type: none"> • A large variety of different formats using different mobile phone apps. 	<ul style="list-style-type: none"> • Consumers may be unwilling to receive messages through their phones.

Sources: Adapted from J. Thomas Russell and Ron Lane, *Kleppner's Advertising Procedure*, 15th ed. (Upper Saddle River, NJ: Prentice Hall, 2002); Terence A. Shimp, *Advertising, Promotion and Supplemental Aspects of Integrated Marketing Communications*, 8th ed. (Sydney: Thomson Southwestern, 2010); and William Wells, John Burnett, and Sandra Moriarty, *Advertising: Principles and Practice*, 6th ed. (Upper Saddle River, NJ: Prentice Hall, 2003).

Where to Say It: Branded Entertainment

Today more and more marketers rely on **branded entertainment**, also known as **product placement**, and **embedded marketing** to grab the attention of consumers who tune out traditional ad messages as fast as they see them. All of these terms refer to paid placement of brands within entertainment venues including movies, TV shows, videogames, novels, and even retail settings.

Is branded entertainment a solid strategy? The idea is that when consumers see a popular celebrity who uses a specific brand in their favorite movie or TV program, they might develop a more positive attitude toward that brand. Successful brand placements include the Harley-Davidson motorcycles characters rode in FX's popular *Sons of Anarchy* show and the opening of a Subway restaurant in NBC's *Community*. And from 2001 to 2013, AT&T's name came up every time viewers were asked to vote on their favorite *American Idol* contestants.²¹

Beyond movies and TV shows, what better way to promote to the video generation than through brand placements in video games? The industry calls this technique **advergaming**. If you are a video gamer, watch for placements of real-life brands such as the Audi R7S Sportback in *Forza Motorsport 5* or the Nissan Leaf electric car in *Gran Turismo*. Auto marketers aren't the only ones that place their products in video games, however. All told, the in-game advertising industry is worth about \$2.8 billion annually. Nissan alone spent \$500,000 on advergaming in 2013, about 25 percent of its overall advertising budget.²²

We mentioned previously that increasingly the once-solid line between traditional advertising and other forms of promotion is rapidly blurring. Nowhere is this trend more evident than in the growth of a technique marketers call **native advertising**. This term refers to sponsored messages that mimic or resemble the normal content of the media vehicle where they appear. Basically, the ad looks like part of the program, as when an article about the Tesla electric car gets inserted in the middle of a magazine feature on new advances in green products.

Native advertising most commonly appears on the Internet, but it also pops up in other types of media such as print magazines or TV—in some cases the actors in a sitcom may also appear in a commercial so that you're not really sure if you're still watching the show or not.

Even though the label "sponsored content" usually appears somewhere in the message, consumers may not notice. Nationwide, for example, a regular sponsor of AMC's *Mad Men* series, aired a special commercial designed to resemble programming in which the chief marketing officer (CMO) of Nationwide discusses the company's advertising history. In the commercial, the CMO refers to a 1964 memo that resulted in the Nationwide slogan changing from "In service with the People" to "The man from Nationwide is on your side," later shortened to "Nationwide is on your side."²³

Content marketing, which we mentioned in Chapter 7, also referred to as branded content, is another form of branded entertainment in which a marketer provides useful information through blogs, websites, and videos. This kind of promotion provides customers with information about the use of a product or a related subject that is valuable to them. For example, companies that sell avocados or pomegranates often create helpful videos to demonstrate the best way to use these items in a great guacamole or dessert.

Where to Say It: Support Media

Although marketers (and consumers) typically think of advertising as messages that pop up on television, magazines, and radio, in reality many of the ads we see today show up in other places as well such as public venues like restrooms, on coasters we get in restaurants and bars, or on signs that trail behind airplanes. These **support media** reach people who

branded entertainment (also known as product placements or embedded marketing)

A form of advertising in which marketers integrate products into entertainment venues.

advergaming

Brand placements in video games.

native advertising

An execution strategy that mimics the content of the website where the message appears.

support media

Media such as directories or out-of-home media that may be used to reach people who are not reached by mass-media advertising.

may not have been exposed to mass-media advertising, and these platforms also reinforce the messages traditional media delivers. Here we'll look at some of the more important support media advertisers use.

Directory Advertising

Directory advertising is the most “down-to-earth,” information-focused advertising medium. In 1883, a printer in Wyoming ran out of white paper while printing part of a telephone book, so he substituted yellow paper instead. Today, the *Yellow Pages*, including the online *Yellow Pages*, posts revenues of more than \$16 billion in the U.S. and more than \$45 billion globally.²⁴ Often consumers look through directories just before they are ready to buy.

Out-of-Home Media

Out-of-home media include outdoor advertising (billboards and signs), transit advertising (signs placed inside or outside buses, taxis, trains, train stations, and airports), and other types of messages that reach people in public places. In recent years, outdoor advertising has pushed the technology envelope with **digital signage** that enables the source to change the message at will. Swedish carmaker Volvo placed interactive digital signs for its new V40 model at train and bus stops throughout the United Kingdom. The signs teased, “Do you want to know more about yourself?” and let passersby use the touch screen to customize their own V40.²⁵ Of course, many consumers dislike out-of-home media, especially outdoor advertising, because they feel it is unattractive.

Place-based Media

Place-based media, like CNN's *Airport Channel*, transmit messages to “captive audiences” in public places, such as airport waiting areas. The channel, which appears at more than 2,000 gates and other viewing areas in 50 major U.S. airports, offers on-the-go news and entertainment.²⁶ Similar place-based video screens are now in thousands of shops, offices, and health clubs across the country, including stores like Best Buy, Foot Locker, and Target. The *Walmart Smart Network* reaches more than 7.9 million consumers each week, with monitors in high-traffic marketing zones, such as checkout aisles or electronics.²⁷

Where to Say It: Digital Media

Here's where things get really confusing. We've talked about traditional advertising and about traditional media. But as we said previously, marketers are relying less and less on these traditional forms of marketing communication and moving more of their communications to digital media. Although we can name the traditional media pretty much on one hand, there are many different forms of communication on digital media.

The term **digital media** refers to any media that are digital rather than old-school analog, the technology used for land-line telephones and non-digital watches. The more popular types of digital media advertisers use today include e-mail, their own websites, ads placed on other websites and blogs, social media sites such as Facebook, search engines such as Google, and digital video such as YouTube, available via a variety of devices. Marketers also send advertising text messages to consumers via mobile phones.

Digital media can be classified as owned, paid, and earned.²⁸

- Companies can control their **owned media**, including their own websites, blogs, Facebook pages, YouTube channels and Twitter accounts. The advantage of these owned media is that they are effective means for companies to build relationships with their customers while they maintain control of content.

out-of-home media

Communication media that reach people in public places.

digital signage

Out-of-home media that use digital technology to change the message at will.

place-based media

Advertising media that transmit messages in public places, such as doctors' offices and airports, where certain types of people congregate.

digital media

Media that are digital rather than analog, including websites, mobile or cellular phones, and digital video, such as YouTube.

owned media

Internet sites, such as websites, blogs, Facebook, and Twitter accounts, that are owned by an advertiser.

- **Paid media**, the most similar model to traditional media, includes display ads, sponsorships, and paid key word searches. Consumers generally dislike paid ads, reducing their effectiveness.
- **Earned media** refers to word of mouth or buzz on social media. The positive of earned media is that it is the most credible to consumers, just like their friends and families have been most credible pretty much forever. The challenge is that marketers have little control over earned media; they can only listen and respond.

Website Advertising

Online advertising no longer is a novelty; companies now spend more than \$121 billion a year to communicate via digital media.²⁹ That's because today Americans over the age of 18 spend more time on their mobile devices (just over five hours daily) than they do watching TV (about four and a half hours daily).³⁰

Online advertising offers several advantages over other media platforms. First, the Internet provides new ways to finely target customers. Web user registrations and *cookies* allow sites to track user preferences and deliver ads based on previous Internet behavior. In addition, because the website can track how many times an ad is "clicked," advertisers can measure in real time how people respond to specific online messages.

Specific forms of Internet advertising include banners, buttons, pop-up ads, search engines and directories, and e-mail:

Banners, rectangular graphics at the top or bottom of web pages, were the first form of web advertising.

Buttons are small banner-type advertisements that a company can place anywhere on a page.

A **pop-up ad** is an advertisement that appears on the screen while a web page loads or after it has loaded. Many surfers find pop-ups a nuisance, so most Internet access software provides an option that blocks all pop-ups.

E-Mail Advertising

E-mail advertising that transmits messages to very large numbers of in-boxes simultaneously is one of the easiest ways to communicate with consumers;—it's basically the same price whether you send 10 messages or 10,000. One downside to this platform is the explosion of **spam**, defined as the practice of sending unsolicited e-mail to five or more people not personally known to the sender. Many websites that offer e-mail give surfers the opportunity to allow or refuse e-mail. This **permission marketing** strategy gives the consumer the power to *opt in* or out. Marketers in the U.S. send about 258 billion e-mails to consumers every year, so they hope that a good portion of these will be opened and read rather than being sent straight to the recycle bin.³¹

Search Engines

Search engines are Internet programs that search for documents with specified key words. Increasingly, consumers use the Internet to search for information about products. Search engines, sites such as Google (www.google.com) and Bing (www.bing.com), help us locate useful information as they search millions of web pages for key words and return a list of sites that contain those key words.

Of course, the problem for marketers is that consumers seldom follow up on more than a page or two of results they get from these searches; we're all bombarded by way too much information these days to ever look at all of it. This has led marketers to develop sophisticated **search marketing** techniques. With search engine optimization (SEO), which we discussed in Chapter 5, marketers first find what key words consumers use most in

paid media

Internet media, such as display ads, sponsorships, and paid key word searches, that are paid for by an advertiser.

earned media

Word-of-mouth or buzz using social media where the advertiser has no control.

banners

Internet advertising in the form of rectangular graphics at the top or bottom of web pages.

buttons

Small banner-type advertisements that can be placed anywhere on a web page.

pop-up ad

An advertisement that appears on the screen while a web page loads or after it has loaded.

spam

The use of electronic media to send unsolicited messages in bulk.

permission marketing

E-mail advertising in which online consumers have the opportunity to accept or refuse the unsolicited e-mail.

search engines

Internet programs that search for documents with specified key words.

search marketing

Marketing strategies that involve the use of Internet search engines.

Ripped from the Headlines

Ethical/Sustainable Decisions in the Real World

The Internet is an open source revolution, where everyone can join in creating and sharing unlimited entertainment, news, information and commerce in ways we've never before imagined. It's almost like a fairy tale—too good to be real. And like any good fairy tales, there's a villain threatening the future of unfettered web usage. The villain's name is **ad fraud** and his sidekick is **ad blocking**.

Advertisers create digital ads to deliver to potential customers who are online reading articles in from publications such as the *New York Times*, searching websites for a new pair of shoes, visiting their Facebook page, or using a search engine. Here is where ad fraud comes in. Advertising online networks, the intermediaries between the advertiser and your phone or tablet, seek to make as much money as they can. Because they are paid per view or click-through, the more of these connections they can generate, the richer they become. Cybercriminals use *fraud bots*, automated browsers programmed to cause ads to load and then click on them in the background of the device where they will not make contact with real consumers and thus falsify the number of views or click-throughs the advertisers must pay for. One study that looked at this **mobile hijacking** found consumers had unknowingly downloaded “zombie apps” onto 12 million devices over a 10-day period, each of which can run up to 16,000 ads in the background of a phone without the owner ever

knowing it. Although it may only cost consumers some battery life, ad fraud is estimated to cost advertisers more than \$8 billion a year. Some estimates are much higher—as much as \$18 billion.

One solution is to use powerful ad-blocking software created to stop ad fraud by stripping ads from the website at the network level. But is this the way to go? Just like TV commercials are essential to pay for TV programming, online ads power the open Internet so that consumers can enjoy unlimited content for free. Certainly, individuals can block ads from their own devices, but that is their choice. Network ad blocking takes away consumers' ability to control what they see and don't see, the foundation of the World Wide Web. An argument against network ad blocking is that it creates censorship and destroys freedom of the press and will eventually mean that consumers pay more and more for less and less information. In other words, it would be the end of the open and free web as we know it.

Some experts argue that ad and content blocking is inevitable. As the amount on web content grows exponentially every year, consumers will eventually want to block ads and other content.

Finally, some feel that much of the ad fraud would be cut out if advertisers simply follow good basic business practices. Some basics include vetting channel partners, especially new ones, using address information, tax IDs and background checks.

ETHICS CHECK:

Is it ethical for ad networks to block ads intended for consumers' devices?

YES NO

ad fraud

The use of automated browsers to falsify the number of views or click-throughs the advertisers must pay for.

ad blocking

The use of powerful ad-blocking software created to stop ad fraud by stripping ads from the website at the network level.

mobile hijacking

The use of automated browsers to falsify the number of views or click-throughs the advertisers must pay for.

search engine marketing (SEM)

Search marketing strategy in which marketers pay for ads or better positioning.

sponsored search ads

Paid ads that appear at the top or beside the Internet search engine results.

mobile advertising

A form of advertising that is communicated to the consumer via a handset.

text message advertising

Delivering ads to consumers as mobile phone text messages.

their searches. Then they edit their site's content or HTML to increase its relevance to those key words so that they can try to place their site high up in the millions of sites the search might generate. With **search engine marketing (SEM)**, the search engine company charges marketers to display **sponsored search ads** that appear at the top or beside the search results. Google, which has 67 percent of all U.S. web searches,³² has total global revenues of more than \$50 billion.³³ Who have you Googled today?

Mobile Advertising

The Mobile Marketing Association defines **mobile advertising** as “a form of advertising that is communicated to the consumer via a handset.”³⁴ Mobile marketing offers advertisers a variety of ways to speak to customers (ideally with the customer's permission), including mobile websites, mobile applications or apps, **text message ads**, and mobile video and TV.

Newer phones with GPS features that pinpoint your location allow additional mobile advertising opportunities. This technology enables smartphone geo-targeting, discussed in Chapter 7, which is the ability to identify where customers are and deliver ads that are relevant to that location, increasing the relevancy of the message. Geo-targeting is also used with social media apps with location check-in features such as FourSquare, Gowalla, and Facebook Places that enable marketers to deliver promotional offers at the right time and place and can also be used to deliver coupons within a store at the point of sale. Restaurants and other retailers can use geo-targeting to contact consumers to let them know where the closest outlet is. Within stores, advertisers can send ads to your smartphone as soon as you stand in front of a product.³⁵ When a buyer or human resources manager searches for these

services, AFLAC’s name will surely be at the top of the list. Now there’s a duck that’s not out of water!³⁶

Most smartphone users prefer free apps; many refuse to pay for any. Therefore, developers of mobile apps must find some way to **monetize** their product. **In-app advertising** is often the best way to do this. The best strategy for in-app advertising is often to use advertising that not only creates revenue but also entertains and engages the user to the maximum possible extent.³⁷


QR code advertising offers another way to engage consumers via their mobile phones. Marketers print QR codes in magazines and other forms of advertising, in stores, and even on “House for Sale” signs in yards. Smartphones are used as QR code scanners and convert the code to a usable form such as a URL for a website. For the consumer it is an easier and faster way to access a brand’s website. For marketers, because consumers choose to access the website, the conversion rate (the chance that a sale will result from the contact) is much higher.

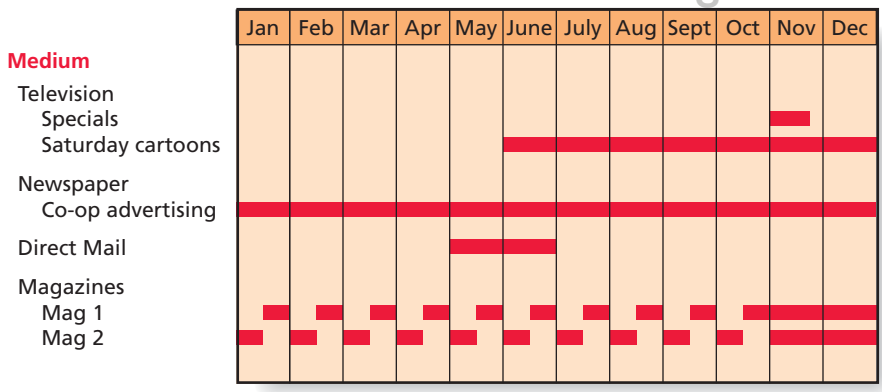
Video Sharing: Check It Out on YouTube

Video sharing describes the strategy of uploading video recordings or **vlogs** (pronounced “vee-logs”) to Internet sites. Although YouTube is certainly the most popular video-sharing site, it is not the only one. After YouTube, the top seven video sharing sites include Vimeo, Vevo, Dailymotion, Veoh, Metacafe, Flickr, and Break.³⁸

For marketers, YouTube and other video platforms provide vast opportunities to build relationships with consumers. Cuisinart and other appliance makers post videos to show consumers how to use their new products. Nike, in preparation for the World Cup kickoff, released a five-minute World Cup–themed short film featuring animated versions of some of the world’s best football (or soccer, for you U.S. fans) players. Titled “Risk Everything,” the video was watched by more than 18.6 million viewers in the first three months.³⁹ Universities and their students also have gotten into video sharing. Have students in your university created a “Happy” video and placed it on YouTube or Facebook?

When and How Often to Say It: Media Scheduling

After he or she chooses the advertising media, the planner then creates a **media schedule** that specifies the specific outlets the campaign will use as well as when and how often the message will appear.  Figure 13.10 shows a hypothetical media schedule for the promotion of a new video game. Note that much of the advertising reaches its target audience in the months just before Christmas and that much of the expensive TV budget focuses on advertising during specials just prior to the holiday season.



monetize

The act of turning an asset into money. Websites and mobile apps monetize their content through advertisers.

in-app advertising

To monetize free mobile phone apps, developers use advertising to create revenue and to engage the consumer.

QR code advertising

QR (quick response) code advertising uses smartphone GPS technology to deliver ads and other information to consumers in stores and in other locations.

video sharing

Uploading video recordings on to Internet sites such as YouTube so that thousands or even millions of other Internet users can see them.

vlogs

Video recordings shared on the Internet.

media schedule

The plan that specifies the exact media to use and when to use it.

Figure 13.10  **Snapshot** | Media Schedule for a Video Game

Media planning includes decisions on where, when, and how much advertising to do. A media schedule, such as this one for a video game, shows the plan visually.

reach

The percentage of the target market that will be exposed to the media vehicle.

frequency

The average number of times a person in the target group will be exposed to the message.

gross rating points (GRPs)

A measure used for comparing the effectiveness of different media vehicles: average reach \times frequency.

cost per thousand (CPM)

A measure used to compare the relative cost-effectiveness of different media vehicles that have different exposure rates; the cost to deliver a message to 1,000 people or homes.

The media schedule outlines the planner's best estimate of which media (TV or magazines for example) will be most effective to attain the advertising objective(s) and which specific media vehicles (TV shows such as *Game of Thrones* or *The Big Bang Theory*) will be the most effective. The media planner considers qualitative factors, such as the match between the demographic and psychographic profile of a target audience and the types of people a media vehicle reaches, the advertising patterns of competitors, and the capability of a medium to adequately convey the desired information. The planner must also consider factors such as the compatibility of the product with editorial content. For example, viewers might not respond well to a serious commercial about preventing animal cruelty that tugs at one's heartstrings while they watch a "fun" show like *Keeping Up with the Kardashians*.

After deciding where and when to advertise, the planner must decide how often he or she wants to send the message. What time of day? And what overall pattern will the advertising follow?

A *continuous schedule* maintains a steady stream of advertising throughout the year. This is most appropriate for products that we buy on a regular basis, such as shampoo or bread. A *pulsing schedule* varies the amount of advertising throughout the year based on when the product is likely to be in demand. A suntan lotion might advertise year-round but more heavily during the summer months. *Flighting* is an extreme form of pulsing, in which advertising appears in short, intense bursts alternating with periods of little to no activity.

Metrics Moment

Media planners use a number of quantitative factors to develop the media schedule. **Reach** is the percentage of the target market that will be exposed to the media vehicle at least once during a given period of time, usually four weeks, expressed as a whole number. For example, if the target market includes 100 million adults age 18 and older and a specific TV program has an audience that includes 5 million adults in this age group, the program has a reach of 5. Developing a media plan with high reach is particularly important for widely used products when the message needs to get to as many consumers as possible. **Frequency** is simply the average number of times that an individual or a household will be exposed to the message. High levels of frequency are important for products that are complex or those that are targeted to relatively small markets for which multiple exposures to the message are necessary to make an impact.

Gross rating points (GRPs) are a measure of the quantity of media included in the media plan. Just as we talk about buying 15 gallons of gas or a pound of coffee, media planners talk about a media schedule that includes the purchase of 250 GRPs of radio and 700 GRPs of TV.

Marketers calculate GRPs by multiplying a media vehicle's rating by the number of planned ad insertions. If 30 percent of a target audience watches *The Big Bang Theory* and you place 12 ads on the show during a four-week period, you buy 360 GRPs of that show (30×12).

Although some media vehicles deliver more of your target audience, they may not be cost efficient. More people will see a commercial aired during the Super Bowl than during a 3:00 A.M. rerun of a Tarzan movie. But the advertiser could probably run late-night commercials every night

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for a year for less than the cost of one 30-second Super Bowl spot. To compare the relative cost-effectiveness of different media and of spots run on different vehicles in the same medium, media planners use a measure they call **cost per thousand (CPM)**. This figure reflects the cost to deliver a message to 1,000 people.

Assume that the cost of each 30-second commercial on *The Big Bang Theory* is \$400,000, but the number of target audience members the show reaches is 20 million, or 20,000 units of 1,000 (in CPM, everything is broken down into units of 1,000). Hence, the CPM of *The Big Bang Theory* is $\$400,000/20,000 = \20 CPM.

Compare this to the cost of advertising in *Fortune* magazine: A full-page four-color ad costs approximately \$115,000, and the readership includes approximately 2 million members of our target audience, or 2,000 units of 1,000. Thus, the cost per thousand for *Fortune* is $\$115,000/2,000 = \57.50 CPM. As a result of this standardization to units of 1,000, you end up comparing "apples to apples," and the comparison reveals that *The Big Bang Theory*, which has a higher total cost, actually is a much better buy!

Apply the Metrics

You have a choice of commercials during *NCIS* or ads in *The Wall Street Journal (WSJ)*. *NCIS* reaches 30 million members of the target audience, while *WSJ* reaches 15 million members. CBS is quoting you \$500,000 per 30-second spot on *NCIS*; *WSJ* charges \$200,000 for a full-page four-color ad.

1. Calculate the CPM for each option.
2. Which media buy is the better financial deal?

13.4 Sales Promotion

OBJECTIVE

Explain what sales promotion is and describe the different types of consumer and B2B sales promotion activities.

(pp. 445–450)

Sometimes when you walk through your student union on campus, you might get assaulted by a parade of people eager for you to enter a contest, taste a new candy bar, or take home a free T-shirt with a local bank's name on it. These are examples of **sales promotion**; programs that marketers design to build interest in or encourage purchase of a good or service during a specified period.⁴⁰

How does sales promotion differ from advertising? Great question! Both are paid promotion activities from identifiable sponsors to change consumer behavior or attitudes. Often, a traditional advertising medium actually publicizes the sales promotion,


as when Applebee's restaurant used TV advertising to tell military personnel and veterans about its free entrée offer for Veterans Day.⁴¹

But while marketers carefully craft advertising campaigns to create long-term positive feelings about a brand, company, or store, sales promotions are more useful if the firm has an *immediate* objective, such as bolstering sales for a brand quickly or encouraging consumers to try a new product. Indeed, the purpose of many types of sales promotion is to induce action by the consumer or business buyer.

Marketers today place an increasing amount of their total marketing communication budget into sales promotion. Several reasons account for this increase. First, due to the growth of very large grocery store chains and mass merchandisers such as Walmart, there has been a shift in power in the channels. These large chains can pressure manufacturers to provide deals and discounts. A second reason for the growth in sales promotion is declining consumer brand loyalty. This means that consumers are more likely to purchase products based on cost, value, or convenience. A special sales promotion offer is more likely to cause price-conscious customers to switch brands.

Marketers target sales promotion activities either to ultimate consumers or to members of the channel, such as retailers that sell their products. Thus, we divide sales promotion into two major categories: *consumer-oriented sales promotion* and *trade-oriented sales promotion*. We'll talk about the consumer type first, after which we'll discuss trade promotion. You'll see some examples of common consumer-oriented sales promotions in Table 13.3.

Sales Promotion Directed toward Consumers

One of the reasons for an increase in sales promotion is because it works. For consumer sales promotion, the major reason for this is that most promotions temporarily change price/value relationships. A coupon for 50 cents off the price of a bottle of ketchup reduces the price, whereas a special "25 percent more" jar of peanuts increases the value. And if you get a free hairbrush when you buy a bottle of shampoo, this also increases the value. As shown in  Figure 13.11, we generally classify consumer sales promotions as either price-based or attention-getting promotions.

Price-Based Consumer Sales Promotion

Many sales promotions target consumers where they live—their wallets. They emphasize *short-term price reductions* or *rebates* that encourage people to choose a brand—at least during the deal period. Price-based consumer promotions, however, have a downside similar to trade promotions that involve a price break. If a company uses them too frequently, this "trains" its customers to purchase the product at only the lower promotion price. Price-based consumer sales promotion includes the following:

- *Coupons*. Try to pick up any Sunday newspaper without spilling some coupons. These certificates, redeemable for money off a purchase, are the most common price

sales promotion

Programs designed to build interest in or encourage purchase of a product during a specified period.

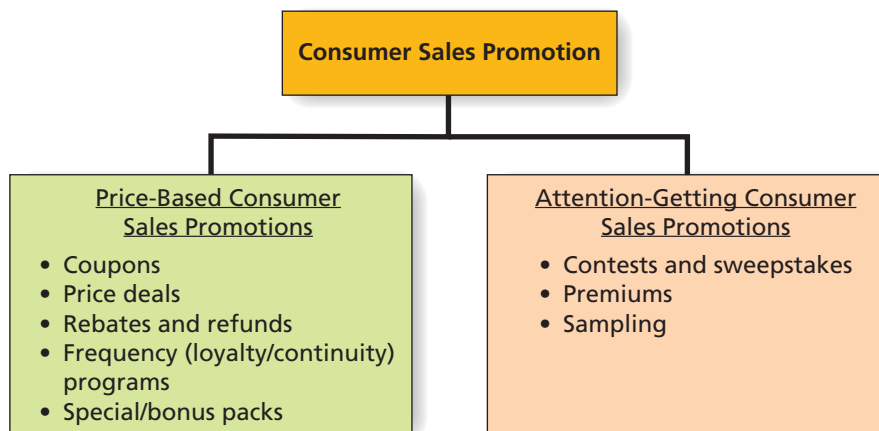
Table 13.3 | Consumer Sales Promotion Techniques: A Sampler

Technique	Description	Example
Coupons (newspaper, magazine, in the mail, on product packages, in-store, and on the Internet)	Certificates for money off on selected products, often with an expiration date, are used to encourage product trial.	Crest offers \$5 off its WhiteStrips.
Price-off packs	Specially marked packages offer a product at a discounted price.	Tide laundry detergent is offered in a specially marked box for 50 cents off.
Rebates/refunds	Purchasers receive a cash reimbursement when they submit proofs of purchase.	Uniroyal offers a \$40 mail-in rebate for purchasers of four new Tiger Paw tires.
Continuity/loyalty programs	Consumers are rewarded for repeat purchases through points that lead to reduced price or free merchandise.	Airlines offer frequent fliers free flights for accumulated points; a carwash offers consumers a half-price wash after purchasing 10 washes.
Special/bonus packs	Additional amount of the product is given away with purchase; it rewards users.	Maxell provides 10 free blank CDs with the purchase of a pack of 50.
Contests/sweepstakes	Offers consumers the chance to win cash or merchandise. Sweepstakes winners are determined strictly by chance. Contests require some competitive activity, such as a game of skill.	Publisher's Clearing House announces its zillionth sweepstakes.
Premiums: Free premiums include in-pack, on-pack, near pack, or in-the-mail premiums; consumers pay for self-liquidating premiums	A consumer gets a free gift or low-cost item when a product is bought; reinforces product image and rewards users.	A free makeup kit comes with the purchase of \$20 worth of Clinique products.
Samples (delivered by direct mail, in newspapers and magazines door-to-door, on or in product packages, and in-store)	Delivering an actual or trial-size product to consumers to generate trial usage of a new product.	A free small bottle of Clairol Herbal Essences shampoo arrives in the mail.

promotion. Indeed, they are the most popular form of sales promotion overall. Companies distribute billions of them annually in newspapers and magazines, in the mail, in stores, by e-mail, and through the Internet. Even industries such as pharmaceuticals that never tried this approach before now use it in a big way. This industry offers coupons that customers can redeem for free initial supplies of drugs in hopes that patients will ask their physician for the specific brand instead of a competing brand or a more economical generic version.⁴²

Figure 13.11 | Snapshot | Types of Consumer Sales Promotions

Consumer sales promotions are generally classified as price-based or attention-getting promotions.



- *Price deals, refunds, and rebates.* In addition to coupons, manufacturers often offer a temporary price reduction to stimulate sales. This price deal may be printed on the package itself, or it may be a price-off flag or banner on the store shelf. Alternatively, companies may offer refunds or **rebates** that allow the consumer to recover part of the purchase price via mail-ins to the manufacturer.
- *Frequency (loyalty/continuity) programs.* **Frequency programs**, also called *loyalty* or *continuity programs*, offer a consumer a discount or a free product for multiple purchases over time. Mike Gunn, former vice president of marketing at American Airlines, is widely credited with developing this concept in the early 1980s when he coined the phrase “frequent flyer” miles. Of course, all the other airlines were quick to follow suit, as were a host of other firms, including retailers, auto rental companies, hotels, restaurants—you name it, and they have a customer loyalty program.
- *Special/bonus packs.* Another form of price promotion involves giving the shopper more products instead of lowering the price.⁴³ How nice to go to Walgreens and find the normal 16-ounce jar of Planters peanuts made larger to contain four ounces or 25 percent more free! A special pack also can be in the form of a unique package, such as a reusable decorator dispenser for hand soap.

rebates

Sales promotions that allow the customer to recover part of the product’s cost from the manufacturer.

frequency programs

Consumer sales promotion programs that offer a discount or free product for multiple purchases over time; also referred to as *loyalty* or *continuity programs*.

Attention-Getting Consumer Sales Promotions

Attention-getting consumer promotions stimulate interest in a company’s products. Some typical types of attention-getting promotions include the following:

- *Contests and sweepstakes.* According to their legal definitions, a contest is a test of skill, whereas a sweepstakes is based on chance.
- To tap into a “younger, hotter” audience, Perrier, the number-one sparkling water in the world, hosted an immersive Secret Place sweepstakes, where contestants had to find clues to locate a secret bottle of Perrier that unlocked their ticket into the sweepstakes. The prize? An invite to one of five global megaparty destinations.⁴⁴
- In an effort to launch the new Axe Apollo brand of men’s grooming products and do something that’s epic, the Axe Apollo Big Game Sweepstakes was designed to send 22 everyday people up to 64 miles into space where they would be weightless for up to six minutes. All contestants had to do was plead their case about why they wanted to become astronauts. Popular vote would determine the top 100 finalists, and both the brand and the transport company would determine the winners.⁴⁵
- *Premiums.* **Premiums** are items you get free when you buy a product. General Mills Cheerios brand cereal gave away millions of bilingual children’s books inside Cheerios boxes during a 12-year period. In 2015, the company switched to offering free e-books that can be downloaded using a code provided in Cheerios boxes.⁴⁶
- *Sampling.* How many starving college students at one time or another have managed to scrape together an entire meal by scooping up free food samples at their local grocery store? Some stores, like Publix and Sam’s Club, actually promote Saturdays as sampling day in their advertising. **Product sampling** encourages people to try a product by distributing trial-size and sometimes regular-size versions in stores in public places such as student unions or through the mail. Companies like P&G, Unilever, S.C. Johnson, and GlaxoSmithKline are readily taking advantage of websites such as Freesamples.com and Startsampling.com that distribute the firms’ samples and then follow up with consumer-satisfaction surveys.

premiums

Items offered free to people who have purchased a product.

product sampling

Distributing free trial-size versions of a product to consumers.

Trade Sales Promotion: Targeting the B2B Customer

trade sales promotions

Promotions that focus on members of the “trade,” which include distribution channel members, such as retail salespeople or wholesale distributors, that a firm must work with in order to sell its products.

merchandising allowance

Reimburses the retailer for in-store support of the product.


case allowance

A discount to the retailer or wholesaler based on the volume of product ordered.

co-op advertising

A sales promotion where the manufacturer and the retailer share the cost.

As we said, sales promotions also target the B2B customer—located somewhere within the supply chain. Such entities are traditionally referred to as “the trade.” Hence, **trade sales promotions** focus on members of the supply chain, which include distribution channel members that we discussed in Chapter 11.

Trade promotions take one of two forms: (1) those designed as discounts and deals and (2) those designed to increase company visibility. Let’s take a look at both types of trade promotions in more detail. To help you follow along,  Figure 13.12 portrays several of the most important types of trade sales promotion approaches, and Table 13.4 provides more details about each approach. You will note that some of the techniques, although targeted primarily to the trade, also appeal to consumers.

Discount Promotions

Discount promotions (deals) reduce the cost of the product to the distributor or retailer or help defray its advertising expenses. Firms design these promotions to encourage stores to stock the item and be sure it gets a lot of attention. Marketers offer these discounts for a limited period of time and should not be confused with discounts that are part of the pricing strategy and are offered long term.

One form of trade promotion is a short-term *price break*. A manufacturer can reduce a channel partner’s costs with a sales promotion that discounts its products. For example, a manufacturer can offer a **merchandising allowance** to reimburse the retailer for in-store support of a product, such as when a store features an off-shelf display for a brand. Another way in which a manufacturer can reduce a channel partner’s cost is with a **case allowance** that provides a discount to the retailer or wholesaler during a set period based on the sales volume of a product the retailer or wholesaler orders from the manufacturer.

However, allowances and deals have a downside. As with all sales promotion activities, the manufacturer expects these to be of limited duration, after which the distribution channel partner will again pay full price for the items. Unfortunately, some channel members engage in a practice the industry calls *forward buying*: They purchase large quantities of the product during a discount period, warehouse them, and don’t buy them again until the manufacturer offers another discount. Some large retailers and wholesalers take this to an extreme when they engage in *diverting*. This describes an ethically questionable practice where the retailer buys the product at the discounted promotional price and warehouses it. Then, after the promotion has expired, the retailer sells the hoarded inventory to other retailers at a price that is lower than the manufacturer’s nondiscounted price but high enough to turn a profit. Obviously, both forward buying and diverting go against the manufacturer’s intent in offering the sales promotion.

Figure 13.12  **Snapshot** | Trade Sales Promotions

Trade sales promotions come in a variety of forms. Some are designed as discounts and deals for channel members, and some are designed to increase industry visibility.



Co-Op Advertising

Another type of trade allowance is **co-op advertising**. These programs offer to pay a portion, usually 50 percent, of the cost of any retailer advertising that features the manufacturer’s product. Co-op advertising is a win-win situation for manufacturers because most local media vehicles offer lower rates to local businesses than to national advertisers. Both the retailer and the manufacturer pay for only part of the advertising, plus the manufacturer gets the lower rate. Normally, the amount available to a retailer for co-op advertising is limited to a percentage of the purchases the retailer makes during a year from the manufacturer.

Table 13.4 | Characteristics of Trade Sales Promotion Approaches

Technique	Primary Target	Description	Example
Allowances, discounts, and deals	Trade	Retailers or other organizational customers receive discounts for quantity purchases or for providing special merchandising assistance.	Retailers get a discount for using a special Thanksgiving display unit for Pepperidge Farm Stuffing Mix.
Co-op advertising	Trade and consumers	Manufacturers pay part of the cost of advertising by retailers who feature the manufacturer's product in their ads.	Toro pays half of the cost of Brad's Hardware Store newspaper advertising that features Toro lawn mowers.
Trade shows	Trade	Many manufacturers showcase their products to attendees.	The National Kitchen and Bath Association trade shows allow manufacturers to display their latest wares to owners of kitchen and bath remodeling stores.
Promotional products	Trade and consumers	A company builds awareness and reinforces its image by giving out "premiums" with its name on them.	Coors distributors provide bar owners with highly sought-after "Coors Light" neon signs. Caterpillar gives customers caps with the Caterpillar logo.
Point-of-purchase displays	Trade and consumers	In-store exhibits attract consumers' attention. Many point-of-purchase displays also serve a merchandising function.	The Behr's paint display in Home Depot stores allow consumers to select from more than 1,600 colors, including 160 Disney colors.
Incentive programs	Trade	A prize is offered to employees who meet a pre-specified sales goal or who are top performers during a given period.	Mary Kay cosmetics awards distinctive pink cars to its top-selling representatives.
Push money	Trade	A particular type of incentive program in which salespeople are given a bonus for selling a specific manufacturer's product.	A retail salesperson at a cosmetics counter gets \$5 every time she sells a bottle of Glow perfume by JLo.

Sales Promotion to Increase Industry Visibility

Other types of trade sales promotions increase the visibility of a manufacturer's products to channel partners within the industry. Whether it is an elaborate exhibit at a trade show or a coffee mug with the firm's logo it gives away to channel partners, these aim to keep the company's name topmost when distributors and retailers decide which products to stock and push. These forms of sales promotion include the following:

- *Trade shows.* The thousands of industry **trade shows** in the U.S. and around the world each year are major vehicles for manufacturers and service providers to show off their product lines to wholesalers and retailers. Usually, large trade shows are held in big convention centers where many companies set up elaborate exhibits to show their products, give away samples, distribute product literature, and troll for new business contacts. Today, we also see more and more online trade shows that allow potential customers to preview a manufacturer's products remotely.
- *Promotional products.* We have all seen them: coffee mugs, visors, T-shirts, ball caps, key chains, and even more expensive items, such as golf bags, beach chairs, and luggage emblazoned with a company's logo. They are examples of **promotional products**. Unlike licensed merchandise we buy in stores, sponsors give away these goodies to build awareness for their organization or specific brands.
- *Point of purchase displays.* **Point of purchase (POP) materials** include signs, mobiles, banners, shelf ads, floor ads, lights, plastic reproductions of products, permanent

trade shows

Events at which many companies set up elaborate exhibits to show their products, give away samples, distribute product literature, and troll for new business contacts.

promotional products

Goodies such as coffee mugs, T-shirts, and magnets given away to build awareness for a sponsor. Some freebies are distributed directly to consumers and business customers; others are intended for channel partners, such as retailers and vendors.

point of purchase (POP) displays


In-store displays and signs.

and temporary merchandising displays, in-store TV, and shopping card advertisements. Marketers use POP displays because it keeps the name of the brand in front of the consumer, reinforces mass-media advertising, calls attention to other sales promotion offers, and stimulates impulse purchasing. Generally, manufacturers must give retailers a promotion allowance for use of POP materials. For retailers, the POP displays are useful if they encourage sales and increase revenues for the brand. Many are invaluable aids for shoppers. How would you like to buy paint for your bedroom without those wonderful paint displays with hundreds of color cards to take home and compare with the color of your favorite purple hippopotamus?

- *Incentive programs.* In addition to motivating distributors and customers, some promotions light a fire under the firm’s own sales force. These incentives, or **push money**, may come in the form of cash bonuses, trips, or other prizes. Mary Kay Corporation—the in-home party plan cosmetics seller—is famous for giving its more productive distributors pink cars to reward their efforts. Another cosmetics marketer that uses a retail store-selling model, Clinique, provides push money to department store cosmeticians to demonstrate and sell the full line of Clinique products. This type of incentive has the nickname *SPIF* for “sales promotion incentive funds.”

push money

A bonus paid by a manufacturer to a salesperson, customer, or distributor for selling its product.

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Objective Summary → Key Terms → Apply

CHAPTER 13
Study Map

13.1 Objective Summary (pp. 412–418)

Understand the communication process and the traditional promotion mix.

Firms use promotion and other forms of marketing communication to inform consumers about new products, remind them of familiar products, persuade them to choose one alternative over another, and build strong customer relationships. Recognizing that consumers come in contact with a brand in many different ways, firms today often practice integrated marketing communications (IMC) to reach consumers through a multichannel promotion strategy. Because marketers understand the impact of word-of-mouth communication, they are

likely to supplement the traditional one-to-many communication model with a newer many-to-many model and also talk one to one with consumers.

The traditional communication model includes a message source that creates an idea, encodes the idea into a message, and transmits the message through some medium. The message is delivered to the receiver, who decodes the message and may provide feedback to the source. Anything that interferes with the communication is called “noise.”

The promotion mix refers to the marketing communication elements that the marketer controls. Advertising, sales promotion, and public relations use the mass media to reach many consumers at a single time, whereas personal selling

and direct marketing allow marketers to communicate with consumers one-on-one.

Key Terms

integrated marketing communication (IMC), p. 412

multichannel promotion strategy, p. 413

word-of-mouth communication, p. 414

communication model, p. 414

source, p. 415

encoding, p. 415

message, p. 415

medium, p. 415

receiver, p. 415

decoding, p. 415

noise, p. 415

feedback, p. 416

promotion mix, p. 416

mass communication, p. 416

13.2 Objective Summary (pp. 418–424)

Describe the steps in traditional and multichannel promotion planning.

Recognizing the importance of communicating with a variety of stakeholders who influence the target market, marketers begin the promotion planning process by identifying the target audience(s). Next, they establish communication objectives. Objectives often are to create awareness, inform the market, create desire, encourage purchase and trial, or build loyalty.

Marketers develop promotion budgets from rules of thumb such as the percentage-of-sales method, the competitive-parity method, and the objective-task method. They then decide on a push or a pull strategy and allocate monies from the total budget to various elements of the promotion mix.

Next, marketers design the promotion mix by deciding how they can use advertising, sales promotion, personal selling, and public relations most effectively to communicate with different target audiences. The final step in any advertising campaign is to evaluate its effectiveness. Marketers evaluate advertising through posttesting. Posttesting research may include aided or unaided recall tests that examine whether the message had an influence on the target market.

Marketers today often opt for multichannel promotion strategies where they combine traditional advertising, sales promotion, and public relations activities with social media and online buzz-building activities. Multichannel strategies boost the effectiveness of either online or offline strategies used alone and allow marketers to repeat their messages across various channels, thus strengthening brand awareness and providing more opportunities to convert customers.

Key Terms

hierarchy of effects, p. 419

top-down budgeting techniques, p. 421

percentage-of-sales method, p. 421

competitive-parity method, p. 421

bottom-up budgeting techniques, p. 421

objective-task method, p. 422

push strategy, p. 422

pull strategy, p. 422

13.3 Objective Summary (pp. 424–444)

Tell what advertising is, describe the major types of advertising, discuss some of the major criticisms of advertising, and describe the process of developing an advertising campaign and how marketers evaluate advertising.

Advertising is nonpersonal communication from an identified sponsor using mass media to persuade or influence an audience. Advertising informs and reminds consumers and creates consumer desire. Product advertising seeks to persuade consumers to choose a specific product or brand. Institutional advertising is used to develop an image for an organization or company (corporate advertising), to express opinions (advocacy advertising), or to support a cause (public service advertising). Retail and local advertising informs customers about where to shop. Most firms rely on the services of advertising agencies to create successful advertising campaigns. Full-service agencies include account management, creative services, research and marketing services, and media planning, whereas limited-service agencies provide only one or a few services.

User-generated content (UGC), also known as consumer-generated media (CGM), includes online consumer comments, opinions, advice, consumer-to-consumer discussions, reviews, photos, images, videos, podcasts and web casts, and product-related stories available to other consumers through digital technology. To take advantage of this phenomenon, some marketers encourage consumers to contribute their own do-it-yourself (DIY) ads. Crowdsourcing is a practice in which firms outsource marketing activities (such as selecting an ad) to a community of users, that is, a crowd.

Advertising has been criticized for being manipulative, for being deceitful and untruthful, for being offensive and in bad taste, for creating and perpetuating stereotypes, and for causing people to buy things they don't really need. Although some advertising may justify some of these criticisms, most advertisers seek to provide honest ads that don't offend the markets they seek to attract.

Development of an advertising campaign begins with understanding the target audiences and developing objectives for the message and the ad budget. To create the ads, the agency develops a creative strategy that is summarized in a

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creative brief. To come up with finished ads, they must decide on the appeal, the format, the tonality, and the creative tactics and techniques. Pretesting advertising before placing it in the media prevents costly mistakes.

Media planning gets a message to a target audience in the most effective way. The media planner must decide whether to place ads in traditional mass media or in digital media. Digital media are classified as owned media, paid or bought media, and earned media. Website advertising includes banners, buttons, and pop-up ads. Other types of digital media include e-mail advertising and search engine strategies. Mobile advertising includes text message advertising, in-app advertising, geotargeting, and QR code advertising. Video sharing allows marketers to upload videos to websites such as YouTube. Product placements, a type of branded entertainment, integrate products into movies, TV shows, video games, novels, and even retail settings. Advergaming, native advertising, and content marketing are additional types of branded content. Support media include directories, out-of-home media, and place-based media. A media schedule specifies the exact media the campaign will use and when and how often the message should appear.

The final step in any advertising campaign is to evaluate its effectiveness. Marketers evaluate advertising through posttesting. Posttesting research may include aided or unaided recall tests that examine whether the message had an influence on the target market.

Key Terms

advertising, p. 424

TV Everywhere (also known as **authenticated streaming**), p. 424

product advertising, p. 425

institutional advertising, p. 425

corporate advertising, p. 425

advocacy advertising, p. 425

public service advertisements (PSAs), p. 426

retail and local advertising, p. 426

advertising campaign, p. 426

limited-service agency, p. 426

full-service agency, p. 426

account executive, p. 426

account planner, p. 426

creative services, p. 427

research and marketing services, p. 427

media planner, p. 427

do-it-yourself (DIY) ads, p. 427

corrective advertising, p. 428

puffery, p. 428

greenwashing, p. 428

creative strategy, p. 430

creative brief, p. 430

advertising appeal, p. 430

unique selling proposition (USP), p. 430

reminder advertising, p. 430

teaser ads or mystery ads, p. 430

execution format, p. 430

comparative advertising, p. 430

slice of life advertising, p. 433

lifestyle advertising, p. 433

tonality, p. 433

fear appeals, p. 433

jingles, p. 434

slogans, p. 434

pretesting, p. 434

media planning, p. 434

posttesting, p. 435

unaided recall, p. 435

aided recall, p. 435

attitudinal measures, p. 436

branded entertainment (also known as **product placement** or **embedded marketing**), p. 439

advergaming, p. 439

native advertising, p. 439

support media, p. 439

out-of-home media, p. 440

digital signage, p. 440

place-based media, p. 440

digital media, p. 440

owned media, p. 440

paid media, p. 441

earned media, p. 441

banners, p. 441

buttons, p. 441

pop-up ad, p. 441

spam, p. 441

permission marketing, p. 441

search engines, p. 441

ad fraud, p. 442

ad blocking, p. 442

mobile hijacking, p. 442

search marketing, p. 441

search engine marketing (SEM), p. 442

sponsored search ads, p. 442

mobile advertising, p. 442

text message advertising, p. 442

monetize, p. 443

in-app advertising, p. 443

QR code advertising, p. 443

- video sharing, p. 443
- vlogs, p. 443
- media schedule, p. 443
- reach, p. 444
- frequency, p. 444
- gross rating points (GRPs), p. 444
- cost per thousand (CPM), p. 444

13.4 Objective Summary (pp. 445–450)

Explain what sales promotion is and describe the different types of consumer and B2B sales promotion activities.

Sales promotions are programs that marketers design to build interest in or encourage purchase of a good or service during a specified period. Marketers target sales promotion activities either to ultimate consumers or to members of the channel such as retailers that sell their products. Price-based consumer sales promotions include coupons, price deals, refunds, and rebates, frequency (loyalty/continuity) programs, and special/bonus packs. Attention-getting consumer sales promotions include contests and sweepstakes, premiums, and sampling.

Trade sales promotions come in a variety of forms. Some are designed as discounts and deals, including co-op advertising, for channel members, and some are designed to increase industry visibility. Approaches aimed at increasing industry visibility include trade shows, promotional products, point-of-purchase (POP) displays, incentive programs, and push money.

Key Terms

- sales promotion, p. 445
- rebates, p. 447
- frequency programs, p. 447
- premiums, p. 447
- product sampling, p. 447
- trade sales promotions, p. 448
- merchandising allowance, p. 448
- case allowance, p. 448
- co-op advertising, p. 448
- trade shows, p. 449
- promotional products, p. 449
- point of purchase (POP) displays, p. 449
- push money, p. 450

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Chapter Questions and Activities

Concepts: Test Your Knowledge

- 13-1. What is promotion? What is integrated marketing communication? What are multichannel promotion strategies?
- 13-2. Describe the traditional communication model.
- 13-3. List the elements of the promotion mix and describe how they are used to deliver personal and mass appeals.
- 13-4. List and explain the steps in promotion planning.
- 13-5. Explain the hierarchy of effects and how it is used in communication objectives.
- 13-6. Describe the major ways in which firms develop marketing communication budgets.
- 13-7. Describe push versus pull strategies. What is advertising, and what types of advertising do marketers use most often? What is an advertising campaign?
- 13-8. Firms may seek the help of full-service or limited-service advertising agencies for their advertising. Describe each.
- 13-9. What is consumer-generated advertising, and what are its advantages? What is crowdsourcing, and how is it used in advertising?

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- 13-10. What are some of the major criticisms of advertising? What is corrective advertising? What is puffery?
- 13-11. Describe the steps in developing an advertising campaign. What is a creative brief? What is meant by the appeal, execution format, tonality, and creative tactics used in an ad campaign?
- 13-12. What is media planning? What are the strengths and weaknesses of traditional media, that is, TV, radio, newspapers, and magazines?
- 13-13. What is digital media? What are owned, paid, and earned media? What are the different advertising activities or techniques included in website advertising, mobile advertising, and video sharing?
- 13-14. What are different types of branded content? How do marketers use branded entertainment and support media, such as directories, out-of-home media, and place-based media, to communicate with consumers?
- 13-15. How do marketers pretest their ads? How do they posttest ads?
- 13-16. What is media planning? How do media planners use reach, frequency, gross rating points, and cost per thousand in developing effective media schedules?

- 13-17.** What is sales promotion? Explain some of the different types of consumer sales promotions marketers frequently use.
- 13-18.** Explain some of the different types of trade sales promotions marketers frequently use.

Activities: Apply What You've Learned

- ★ **13-19.** *Creative Homework/Short Project* You work in the marketing department at your local Red Cross blood center. Because donations are down, it's important that you reach out to the community for blood donor volunteers. Using the communication model, explain how you will create and transmit this message to the consumer. Then describe how you will determine whether consumers successfully received this message.
- ★ **13-20.** *Creative Homework/Short Project* Assume you are the director of marketing for a firm that markets snack foods (i.e., chips, cookies, etc.). You are developing a promotion plan. Develop suggestions for each of the following items.
- Marketing communication objectives
 - The method you will use for determining the communication budget
 - The use of a push strategy or a pull strategy
 - Elements of the traditional promotion mix you will use
- 13-21.** *Creative Homework/Short Project* Your company has developed a new high-end hand cream, designed to noticeably soften hands and reduce the appearance of age spots and scars when used daily. Using the hierarchy of effects, develop communications objectives for your product for consumers who may be at each stage in the hierarchy. Make sure your objectives are specific.
- 13-22.** *For Further Research (Individual)* More and more firms are engaged in multichannel promotion programs. You can learn about many of these by searching library or Internet sources. Some Internet sources that may be useful are the following:
- Brandchannel.com
 Adweek.com (*Adweek* magazine)
 NYTimes.com (*New York Times*)
 Adage.com (*Advertising Age* magazine)
- Gather information on one or more multichannel promotion programs. Develop a report that describes the program(s) and makes suggestions for how it or they might be improved.
- 13-23.** *Creative Homework/Short Project* As we discussed in this chapter, many consumers are highly critical of advertising. To better understand this, conduct a short survey of (1) your college classmates and (2) a different group of consumers, such as your parents and their friends. In the survey, ask the respondents about the

criticisms of advertising discussed in this chapter, that is, that advertising (1) is manipulative, (2) is deceptive and untruthful, (3) is offensive and in bad taste, (4) creates and perpetuates stereotypes, and (5) causes people to buy things they don't really need. Be sure to ask respondents to give you examples of ads that they feel fall in these categories. Develop a report that summarizes your results and compares the attitudes of the two consumer groups.

- 13-24.** *In Class, 10–25 Minutes for Teams* Assume that you are a member of the marketing department for a firm that produces several brands of snack foods. Your assignment is to develop recommendations for consumer and trade sales promotion activities for a new low-fat, low-calorie, high-protein snack food. Develop an outline of your recommendations for these sales promotions. In a role-playing situation, present and defend your recommendations to your boss.
- 13-25.** *In Class, 10–25 Minutes for Teams* Timing is an important part of a sales promotion plan. Trade sales promotions must be properly timed to ensure channel members fully maximize the opportunity to sell your product. Assume that the introduction of the new snack food in question 13.24 is planned for April 1. Place the activities you recommended in question 13.25 onto a 12-month calendar of events. (Hint: The calendar needs to start *before* the product introduction.) In a role-playing situation, present your plan to your boss. Be sure to explain the reasons for your timing of each trade sales promotion element.

Concepts: Apply Marketing Metrics

- 13-26.** You learned that media planners use a variety of metrics to help in making decisions on what TV show or which magazines to include in their media plans. Two of these are gross rating points (GRPs) and cost per thousand (CPM).
- Assume you are developing a media plan for a new brand of gourmet frozen meals. Your target market includes females ages 25 to 64. The table that follows lists six possible media buys you are considering for the media plan, along with some relevant information about each (Note that the numbers are fictitious, created for example purposes only). The plan is based on a four-week period:
- Calculate the GRPs for each media buy based on the information given.
 - Calculate the CPM for each media buy.
 - Based on the cost of each buy, the reach or rating of each buy, and any qualitative factors (e.g., decision criteria beyond the numbers) that you believe are important, select the top three media buys that you would recommend.
 - Explain why you would select these three.

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Media Vehicle	Rating	Cost per Ad or Insertion	Number of Insertions	CPM	GRPs for This Number of Insertions
<i>Dancing with the Stars</i>	30	\$500,000	4 (one per weekly episode)		
<i>Big Bang Theory</i>	20	\$400,000	4 (one per weekly episode)		
<i>CBS Evening News</i>	12	\$150,000	20 (one per weeknight news program)		
<i>Time</i> magazine	5	\$40,000	4 (one per weekly publication)		
<i>Better Homes and Gardens</i> magazine	12	\$30,000	1 (one per monthly publication)		
<i>USA Today</i>	4	\$10,000	12 (three ads per week)		

Choices: What Do You Think?

- 13-27. *Critical Thinking* Marketers are spending less on mass-media advertising today than in previous times. Nevertheless, TV, radio, magazine, and newspaper advertising remains an important means of communicating with customers for many products and is preferred over spending on digital and mobile advertising. What products do you think most benefit from digital and mobile advertising? Why is this so? Do you feel traditional advertising will continue to decline in importance as a means for marketing communication, or will it rebound in the future?
- 13-28. *Ethics* The use of branded content is on the rise, especially in digital marketing. This includes content marketing, native advertising, product placements, branded entertainment, and advergaming. How do you think consumers respond to these tactics? Are you aware that these are forms of advertising? Is this deceptive? How do you suggest this approach could be improved to address potential ethical issues?
- ★ 13-29. *Critical Thinking* Advertising and other forms of marketing communications have changed radically during the last decade or so as a result of digital technology. List some of these changes. What about each of these changes has benefitted consumers? Harmed consumers? Benefitted marketers? Harmed marketers? What changes would you recommend?
- ★ 13-30. *Critical Thinking* Greenwashing is a practice in which companies promote their products as environmentally friendly when in truth the brand provides little ecological benefit. What are your thoughts on greenwashing? How much of a product should be environmentally friendly for it to be considered a truly green brand? Fifty percent? Eighty percent? Should the practice of greenwashing be regulated?
- 13-31. *Ethics* Firms are increasing their use of search engine marketing in which they pay search engines such as Google and Bing for priority position listings. Social media sites such as Twitter generate revenue by

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- 13-32. *Critical Thinking* Companies sometimes teach consumers a “bad lesson” with the overuse of sales promotions. As a result, consumers expect the product always to be “on deal” or have a rebate available. What are some examples of products for which this has occurred? How do you think companies can prevent this?

Miniproject: Learn by Doing

- 13.33. This miniproject is designed to help you develop your skills in marketing communication planning. Working with one or more of your classmates, complete the following suggested activities.
 - Assume you are developing a multichannel marketing communication program for a firm that produces and sells disposable diapers and other products to care for babies.
 - 1. What are the objectives of your communication plan?
 - 2. What are two types of traditional marketing communications you would use? Provide details and be specific. Why are these the best for this product?
 - 3. You will be using website advertising, mobile advertising, video sharing, and branded entertainment. Design these specific activities providing details.
 - 4. Look over your recommendations and check to see if your plans
 - a. Work together to be one integrated program of communication
 - b. Provide a program that will engage the consumer in interactive activities
 - c. Provide some benefit to improve the life of the consumer.
 - 5. If they do not, revise your program.
 - 6. Make a presentation of the plan to your class.

Marketing in Action Case Real Choices at Domino's

Pizza is big business. Americans spend over \$40 billion on pizza every year. With more than 59,000 U.S. stores that sell and deliver pizza, customers have lots of options from which to choose. Domino's wants more and more of them to make Domino's their only pizza delivery store.

In 1960, with a \$500 down payment and \$900 borrowed, Michigan-based brothers Tom and James Monaghan, purchased a small pizza store called DomiNick's. Soon after that, James sold his half of the business to Tom, who in 1965 renamed the company Domino's Pizza, Inc. For the next two decades, the company continued to grow and in 1983 opened its 1,000th Domino's store and its first international store in Winnipeg, Manitoba, Canada. In 2010 Domino's Pizza's celebrated its 50th anniversary and opened its 9,000th store worldwide. Today it has almost 12,000 stores including those in 80 international markets with global sales in 2014 of \$89 billion. This success has led to the company to consistently being ranked in the Top 10 in *Entrepreneur* magazine's annual listing of great franchise opportunities.

Recently, growth of the retail pizza industry has slowed because of intensified competition from other types of restaurants and an increased level of consumer demand for healthier food choices. In this market, where there is little room for growth, Domino's must give current customer reasons to stay loyal and persuade potential customers to give them a try.

Domino's spends the majority of its \$100 million-plus advertising budget on traditional television ads. The message of the recent "AnyWare" campaign is that you can use any device to place your Domino's order whether via text, tweet, TV, or smartwatch. The individual commercials highlight different celebrities showing how easy it is to order food using their favorite devices. Eva Longoria orders a pizza using her TV remote, Sarah Hyland, an actress on *Modern Family*, texts her order with a pizza emoji, and *The Avengers* actor Clark Gregg orders by tapping on his smartwatch.

Following the AnyWare campaign, Domino's latest advertising campaign is not even about pizza—it's about the

specialty "delivery expert" car, the DXP. The DXPs are refashioned Chevrolet Sparks that come equipped with a working "warming oven" in the rear of the car. The cars can hold 80 pizzas per trip as well as a large number of drinks, side items, and other delivery products. According to Dominos, "the DXP comes equipped with a puddle light projecting the Domino's logo on the ground. The front fascia displays the Domino's logo, and the side panel displays the reflective graphic of the Domino's brand. Other details include hubcaps with the Domino's logo and the recognizable illuminated Domino's car topper."

The humorous DXP ads mimic auto advertising. In one, the little delivery car races across the desert, in another, a guy in a white lab coat talks about the features of the car and another promotes a \$5.99 pizza deal with 0 percent APR for an unlimited time. The message that Dominos hopes consumers get is that everything Dominos offers—from emoji orders to a delivery vehicle—improves the pizza ordering process. Of course, there's no guarantee that the DXP ads can have a positive impact on sales, that they can convince consumers to make Domino's their first and maybe only option.

You Make the Call

- 13-34. What is the decision facing Domino's?
- 13-35. What factors are important in understanding this decision situation?
- 13-36. What are the alternatives?
- 13-37. What decision(s) do you recommend?
- 13-38. What are some ways to implement your recommendation?

Based on: Evan Schuman, "Domino's Again Uses Technology Illusion Brilliantly," *Computerworld* (February 29, 2016), <http://www.computerworld.com/article/3038872/retail-it/dominos-again-uses-technology-illusion-brilliantly.html> (accessed May 5, 2016); "About Us—Our History," *Domino's Pizza*, <http://dominospizza.com/ng/index.php/about/our-history/> (accessed May 5, 2016); Jessica Wohl, "Celebs Click, Text, Tweet, and Tap to Order Domino's," *Advertising Age* (August 14, 2015), <http://adage.com/article/cmo-strategy/celebs-click-text-tweet-tap-order-domino-s/299965/> (accessed May 5, 2016); Jessica Wohl, "This New Car Ad Isn't for a Car—It's for Pizza," *Advertising Age*, (February 22, 2016), <http://adage.com/article/cmo-strategy/car-advertising-a-car-company-pizza/302752/> (accessed June 2, 2016).

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Go to mymktlab.com for Auto-graded writing questions as well as the following assisted-graded writing questions:

13-39. As an account executive for an advertising agency, you have been assigned to a new client, a company that has developed a new energy drink. As you begin development of the creative strategy, you are considering different types of ad execution formats and tonality:

- a. Comparative advertising
- b. A fear appeal
- c. A celebrity endorsement
- d. A slice-of-life ad
- e. Sex appeal
- f. Humor

Outline the strengths and weaknesses of each of these appeals for advertising the new energy drink.

13-40. *Creative Homework/Short Project.* As a marketing consultant, you are frequently asked by clients to develop recommendations for marketing communication strategies. The traditional elements used include advertising, sales promotion, public relations, and personal selling. Which of these do you feel would be most effective for each of the following clients?

- a. A bookstore
- b. An all-inclusive resort hotel
- c. A university
- d. A company that produces organic snacks
- e. A sports equipment company

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Promotion II: Social Media Marketing, Direct/Database Marketing, Personal Selling, and Public Relations

Objective Outline

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Courtesy of Rohan Deuskar, Stylitics

Rohan Deuskar

▼ **A Decision Maker at Stylitics, Inc.**

Rohan Deuskar was born and raised in India and came to the U.S. at the age of 18 to attend Northwestern University. After college, Rohan joined Vibes Media, a mobile marketing start-up that was pioneering the use of text messaging in interactive marketing campaigns.

At Vibes, Rohan worked in a variety of sales and account roles before starting the company's Innovation Team and helping to grow the company from six people to 80 and 15-fold revenues. He helped create some of the first marketing campaigns in the U.S. to use mobile. His work has won the Chicago Innovation Award, the Mobile Marketing Award, and many other awards as well as a U.S. patent.

Rohan left Vibes after five years to get an MBA in entrepreneurship from the Wharton School, where he became president of the entrepreneurship and rowing clubs. While at Wharton, he started Stylitics, a company designed to unlock the data in people's closets to power personalization and analytics through a "digital closet" platform. Since 2011, under Rohan's leadership, Stylitics has grown to a team of 16 people, raised more than \$4 million in funding, and counts a number of the world's leading fashion brands and retailers as clients. The company has been featured extensively in the *New York Times*, the *Wall Street Journal*, *Vogue*, *Women's Wear Daily*, and others. Rohan is a frequent speaker on the intersection of fashion, tech, and data at events like New York Fashion Week and DataBeat.

Rohan's Info

What I do when I'm not working?

Play guitar, read a lot, explore New York City.

First job out of school?

A tiny mobile marketing start-up called Vibes Media. I got the job after I overheard the founder discussing the idea at a coffee shop and went up to him as he was leaving!

Career high?

Picking up the *Wall Street Journal* in a New York deli and seeing a three-page profile of my year-old company, just 10 months after moving to New York City. A bit surreal.

A job-related mistake I wish I hadn't made?

Most of my mistakes have been about being too optimistic and hiring the wrong people despite warning signs.

Business book I'm reading now?

Ben Franklin's autobiography. Not a business book but the profile of an inspiring and unique man in his own words. Lots to learn.

My hero?

One of them is Ben Franklin. He not only was a creative genius but also was able

to bring people together to achieve great things toward the common good.

My motto to live by?

Put in more than you take out. That applies to a job, a relationship, or the world in general.

What drives me?

The opportunity to create something that is good and useful in the world.

My management style?

(1) Listen. (2) Be kind.

My pet peeve?

Apathy. I can't stand the phrase "Whatever."



Here's my **problem...**

Real People, Real Choices

Stylitics was born from the confluence of my personal need as a consumer and a major need in the fashion industry. The spark was my frustration that, although like most people I was spending a decent amount of money and time on buying clothes and deciding what to wear, my closet was still one of the most inefficient parts of my life. I'd wear only 20 percent of my stuff, I'd forget what I owned, and I'd buy duplicates of clothes I already owned. It struck me that the closet was one of those central experiences in people's lives that is still completely analog and tied to one or two physical locations. I realized that if you had a digital version of your closet—essentially all your clothing data in one place online—then you could unlock an amazing set of new capabilities. Imagine putting together packing lists on the go, tracking stats like cost per wear of each item, or getting online outfit advice from your friend or a digital stylist. And not only would consumers be better off, but, with the user's permission, brands and retailers could see what people are wearing and buying in real time for the first time. That means better and more personal recommendations, more targeted offers, and better insights.

That's exactly what we've built. Today, we're the largest digital closet platform in the world and, for a while, the number one free fashion app in the App Store. Our apps are on iOS, Android, and the web and used by a large number of people around the world. Our trend reports are used by some of the world's top brands and retailers to help them serve their customers better. And we're just getting started! Anyone interested in finding out more (and being more organized!) should visit Stylitics.com.

In the fall of 2012, the team at Stylitics was discussing how to grow our social media presence. We'd had a year of strong user growth on our digital closet platform, driven by word of mouth and some good press. But my cofounder Zach Davis and I felt that it was time to do more to grow our brand using social media, primarily Twitter, Facebook, Instagram, and Pinterest. We had accounts on all these platforms, but they weren't really contributing very much to our goals of new user sign-ups and brand engagement. We'd seen the success that larger companies had via these channels through sophisticated campaigns. If we wanted to continue to drive user growth, we needed to step up our social media game.

As we began to discuss our options, we observed a few things. First, although we all used social media as individuals, we didn't have any experience in using social media to grow a brand. Second, while we were active on the @Stylitics Twitter and Facebook accounts, we were posting without a clear purpose or strategy. And third, and most important, we were missing a unique voice. A lot of our posts were reposts or retweets of fashion-related articles; something any company could do. Zach and I felt strongly that unless we had something to offer that was unique to our products or our vision, we should not simply add to the social media noise.

Another issue was reach. As a small company, we didn't have the budget for expensive paid social media campaigns. Even if we created an engaging and unique campaign, we still had to figure out how to make sure it would spread far enough to make an impact. Large companies hire social media agencies and invest in search engine optimization (SEO) and ads to spread the word. Our total budget was \$5,000 at most—less than most large companies spend in a week. It was all very well to talk about content "going viral," but

that is extremely rare, and even when it happens, it typically requires hitting a critical mass of people through paid promotion before achieving virality.

As leaders, my cofounder Zach Davis and I had to decide what our social media strategy would be. Our marketing team needed direction. Also, we knew that potential users, customers, reporters, and investors often judge young companies based on their follower counts and social media sophistication. It was not something we could ignore for much longer.

Rohan considered his Options 1·2·3

1

Spend more money. We could increase our budget to pay a social media agency to create a campaign or pay for advertising on social platforms. We could also hire writers to create original content. This would be a safe choice, and it would require much less time and effort on our part. We could focus on other things and leave it to the experts. Of course, the funds to achieve this goal would have to come at the cost of something else. There was also no guarantee of good results, and we didn't know if consumer engagement would disappear after we exhausted our budget.

2

Create our own campaign. We could try to come up internally with a concept for a social media campaign that would be unique and compelling. This would involve identifying external partners who would promote our content to their own followers in exchange for some kind of benefit to them. A "homegrown" strategy would be cheaper, and Stylitics would retain more control over the initiative. Engaging partners would mean extending our reach without spending money. However, an internal approach would take a lot of creativity as well as substantial effort to convince others to participate. It could easily take up a lot of time, use up our whole budget, and still flop badly.

3

Continue as before. We could also choose to continue as we had been. We could accept that until we had the resources to upgrade our social media efforts, we weren't going to be able to do much. Hopefully, as we continued to build a community of avid Stylitics users, they would spread the word organically to their social networks. We could repurpose our social media budget elsewhere and focus on other priorities. A "stay-the-course" approach would allow us to focus on the areas where we have more control. Start-ups are always strapped for time and cash; this would save us both. On the other hand, Stylitics would continue to have a generic social media presence like so many other companies.

Now put yourself in Rohan's shoes. Which option would you choose, and why?

You Choose

Which **Option** would you choose, and **why**?

Option 1 Option 2 Option 3

See what **option** Rohan chose in **MyMarketing Lab™**

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Over 10 million students improved their results using the Pearson MyLabs. Visit mymktlab.com for simulations, tutorials, and end-of-chapter problems.

Chapter 14

14.1 Social Media Marketing

OBJECTIVE

Understand how marketers communicate using an updated communication model that incorporates new social media and buzz marketing activities.

(pp. 460–465)

groundswell

A social trend in which people use technology to get the things they need from each other rather than from traditional institutions like corporations.

In Chapter 13, we saw how advertising and sales promotion follow the one-to-many marketing communication model. In this chapter, we first look at social media marketing that provides many-to-many marketing communication and then at two types of one-to-one communication: direct marketing and personal selling. Finally, we will learn about public relations. Public relations is the final element of the promotion mix and it includes a variety of communication activities,

It seems as if most of us are “on” 24/7 these days, whether we’re checking our e-mail while on vacation, walking all over campus playing Pokémon Go on our smartphone, tweeting

about the fabulous new restaurant we discovered, or just checking Facebook on our iPad while in class. Authors Charlene Li and Josh Bernoff refer to the changing communication landscape as the **groundswell**: “a social trend in which people use technology to get the things they need from each other, rather than from traditional institutions like corporations.”¹ In other words, today’s consumers increasingly get their information and news via their social interaction with friends and family and even their entertainment from one another.

Millions of people around the globe surf the web, talk with their friends, watch TV, and purchase products from traditional marketers, from Internet-only marketers, and from each other on their computers, smartphones, or tablets. For example, at last report, Facebook had 1.55 billion monthly active users; Facebook founder and CEO Mark Zuckerberg had more than 73 million followers.² All these users have the potential to connect with each other and to share feedback—whether it’s about how hard that statistics test was this morning or where they bought a great new swimsuit for summer and how much they paid for it.

The new many-to-many communication model is altering the face of marketing. Marketers no longer are the only ones who talk about their products; millions of consumers also have the ability and the desire to spread the good (or bad) news about the goods and services they buy.

At the same time, traditional advertising has diminished as a way to talk to customers as consumers, especially younger ones, spend more and more time online and less time watching TV (and forget about reading newspapers!).³ Magazine readership in 2015

reached 1.7 billion for a 7.1 percent increase over the previous year.⁴ Mobile readership, in contrast, increased 429 million or a 53 percent increase.⁵ U.S. advertiser spending on digital has now overtaken TV ad spending. Forrester Research projects that by 2019, U.S. advertisers will spend \$85.8 billion on TV, or 30 percent of overall ad spending, while digital advertising will be \$103 billion or 36 percent. Although some of the spending on digital will come from funds previously spent on TV, most will come from new money.⁶ And, for those who still watch TV on a TV set rather than on their phones or other streaming devices, the average home now has 189 channels to choose from.⁷ The abundance of choices makes the job of reaching a mass market even more complex and costly.

Retailers also find that their online business is growing, but that the Internet customer is harder to please and less loyal. This is not surprising because people have



Creative ads continue to draw our attention, but today the competition for “eyeballs” is even fiercer as traditional advertising competes with online messages and video content.

easy access to competing prices and to the reviews of products and sellers from other online shoppers. The growth of Internet consumer-to-consumer (C2C) shopping sites such as eBay, Etsy, and Craigslist means more and more consumers buy from each other rather than (gulp) pay retail prices. To better understand this new communication model and its consequences, we need to first look at how marketers encourage and enable consumers to talk about their products in “buzz-building” activities. Then we’ll look at some of the specific new media trending in the marketing communication landscape.

Social Media

Social media is an important part of the *updated communication model*. This term refers to Internet-based platforms that allow users to create their own content and share it with others who access these sites. It’s hard to grasp just how much these new formats will transform the way we interact with marketers; they “democratize” messages because they give individual consumers a seat at the table where organizations shape brand meanings and promote themselves in the marketplace. This makes it much easier for companies to tap into their brand evangelists to help them spread the word. The flip side is that the bad stuff also gets out much quicker and reaches people a lot faster: In one survey, 20 percent of respondents said they had used social media to share a negative experience with a brand or service.⁸

There’s no doubt that social media is the place to be in marketing communications now. In 2016, social media advertising spending was \$10.9 billion, an increase of \$7 billion from the previous year.⁹ American Express leverages social media to connect with its card members. For example, American Express used Twitter hashtags that let members load special merchant offers onto their cards, and they tweeted special hashtags so that members could make purchases from companies like Sony and Amazon.¹⁰ American Express also boosted their social media engagement by posting historical brand images to Facebook, Twitter, and Google. The result on Facebook alone was an astounding 127 percent increase in Facebook likes and a 100 percent increase in shares of Facebook posts.¹¹

Social media include social networking sites such as Facebook, blogs, and microblogs such as Twitter, picture- and video-sharing sites such as Pinterest and YouTube, product review sites such as Yelp, wikis, and other collaborative projects such as Wikipedia, and virtual worlds such as Second Life. Let’s take a brief tour of some of the most important social media platforms for marketers.

Social Networks

Social networks are sites that connect people with other people. Successful networking sites ask users to develop profiles of themselves so that those with similar backgrounds, interests, hobbies, religious beliefs, racial identities, or political views can “meet” online. Social networks such as Facebook and LinkedIn are some of the most popular sites on the Internet with millions of users from around the globe. Once a user has created a profile, it’s easy to connect with old and new friends.

So what’s in all this social networking for marketers? First, by monitoring social networks, marketers learn what consumers are thinking and what they are saying to each other about their brand and about the competition. Such information can be invaluable to improve advertising messages or even to correct defects in products.

By participating in the conversations, marketers can reach influential people such as journalists and consumers who are opinion leaders. But even more important is the opportunity social networks provide to create a **brand community**, a group of social network



Game sites like Candystand are “sticky” (this one is built around candy, after all) so many advertisers find these media outlets an attractive place to advertise.

social media

Internet-based platforms that allow users to create their own content and share it with others who access these sites.

social networks

Online platforms that allow a user to represent himself or herself via a profile on a website and provide and receive links to other members of the network to share input about common interests.

brand community

A group of social network users who share an attachment to a product or brand, interact with each other and share information about the brand.

users who share an attachment to a product or brand. Members of the brand community interact with each other, sharing information about the brand or just expressing their affection for it. As a result, the relationships between the consumers and the brand grow even stronger.

Sometimes, brand communities develop spontaneously among consumers, while at other times, the brand's marketers purposely create them—or at least nurture them along. Harley-Davidson, for example, set about to create a “brotherhood” of riders and met them on their own terms. To do this, the company's marketers set up outreach events and staffed them with employees. This tactic allowed the employees to get up close and personal with Harley riders so they could better understand how their customers actually relate to the bikes. In the process, some employees got interested in the bikes and became riders, and some riders wound up working for Harley.¹² Today, this extremely active community of enthusiasts, known as Harley Owners Group (HOGs), displays fierce loyalty to the brand; they wouldn't imagine riding anything but a Harley.

Now that we've discussed brand communities, let's examine a couple of the most popular social media sites.

Facebook

Facebook is the most popular of all social networking sites with, as we said previously, more than 1.55 billion monthly active users as we write this book—and no doubt tons of new ones even as you're reading it.¹³ Users of Facebook first develop a profile that remains private unless they choose to connect with a “friend.” Although this social media site was originally created to allow college students to keep in touch with their friends (in those days, you had to have “.edu” in your e-mail address to join), it is no longer just for students. Today, there are many significant user segments, including baby-boomer women and even grandparents who use the platform to locate long-lost friends (and keep tabs on their grandchildren).¹⁴

Although Facebook remains the most popular social media site for college students today, many 18- to 24-year-olds are moving away from it (maybe because of the “creep factor” as their parents increasingly sign on). Instead, they spend more time on other sites, including Instagram, Twitter, Tumblr, Snapchat, and Vine.¹⁵ Another change is how college students access social media sites. Many prefer to use their mobile phones to access social media sites, receive and send e-mail, and otherwise interact on social media.

Twitter

Twitter is a free microblogging service that lets users post short text messages with a maximum of 140 characters. People who subscribe to an individual's Twitter feed are called “followers.” Users can follow anyone they like, unlike Facebook, where you have to be recognized and accepted as a “friend.” Attesting to its popularity, Twitter now has 320 million registered users who “tweet” 500 million posts a day.¹⁶ Recently Twitter has altered its 140-character limit so followers now have a greater opportunity for expression by adding photos, videos, hashtags, Vines, and more. In 2016, Twitter announced plans for even more changes to the 140-character limit.¹⁷

Because of this ongoing activity, it is especially important for marketers to monitor Twitter to understand what consumers say about their products. Unlike some other social media that work only on closed networks, Twitter is a *broadcast medium*. This means that marketers can send messages to hundreds of thousands of people at a time, and they can encourage users to rally around a cause (or brand) when they include the now familiar # (hashtag). Today, it seems that everyone from political figures to music and movie celebrities uses Twitter. In fact, Twitter seems to be creating news, as newscasters request feedback from TV viewers or ask them to vote on what they like and dislike. As part of its show *Morning Express with Robin Meade*, HLN (part of CNN), has featured a salute to troops every hour where viewers can tweet a video to @ireport.com for their chosen serviceman.

Twitter

A free microblogging service that lets users post short text messages with a maximum of 140 characters.

Virtual Worlds

Virtual worlds are online, highly engaging digital environments where **avatars**—graphic representations of users—live and interact with other avatars in real time. The blockbuster movie *Avatar* exposed many people to this basic idea as it told the story of a wounded soldier who takes on a new (10 feet tall and blue) identity in the world of Pandora.

In virtual worlds, residents can hang out at virtual clubs, shop for clothing and bling for their avatars, buy furniture to deck out virtual homes, and yes, even go to college in virtual universities. Some people find it hard to believe, but it's common for people to spend real money to buy digital products that don't exist in the real world. Indeed, the **virtual goods** market is booming; consumers across the globe spend more than \$11 billion per year to buy items they use only in virtual worlds!¹⁸

The Sims is one of the largest and best-known virtual worlds, although in reality there are several hundred of these environments up and running. These platforms are a booming marketplace for budding fashion designers, musicians, and businesspeople who sell their goods and services. A few have even become real-world millionaires by selling virtual goods to users who want to buy bling for their avatars. A sampling of virtual worlds includes the following:

- Disney's *Club Penguin*, geared toward a younger audience, offers more than 20 games for visitors to play and earn coins, which they can then use to deck out their penguins. Players can also adopt and care for Pet Puffles in this virtual world.
- *Smeet*, a virtual world for adults, lets visitors play, flirt, and chat in a three-dimensional (3D) interface. Users start by building their own 3D home, but they can meet new people in public hangouts or attend live events.
- *Habbo Hotel* is a virtual world where kids inhabit a room (a "habbo") and decorate it with furniture they purchase with Habbo credits.
- *FooPets*, especially popular with 12- to 14-year-old girls, allows users to "adopt" digitally animated pets, then care for them, and feed them. If the pets are not properly cared for, they will be taken to a virtual shelter.¹⁹

Most virtual goods, whether sold in virtual worlds or through other social media sites, have microprices—from less than \$1 to \$3. So what's in it for real-world marketers? Some firms enter the market for virtual goods to keep in touch with consumers, improve the brand's image, and develop loyal customers. And even micropriced items, such as digital clothing for avatars, start to add up when you sell many thousands of them.

Product Review Sites

Product review sites are social media sites that enable people to post stories about their experiences with goods and services. Marketers hope that product review sites create a connection between the consumer and the brand. Product review sites give users both positive and negative information about companies:

- *TripAdvisor* provides unbiased hotel reviews complete with photos and advice. The site gives consumers an opportunity to rate and comment on a hotel that they recently stayed in or to use other consumers' comments to select a hotel for an upcoming trip. Consumers can also rate local attractions.
- *Yelp* is a product review site that provides reviews of local businesses, such as places to eat, shop, drink, or play. Consumers can access *Yelp* through either the Internet or a mobile phone. Businesses can create pages to post photos and send messages to their customers.

virtual worlds

Online, highly engaging digital environments where avatars live and interact with other avatars in real time.

avatars

Graphic representations of users of virtual worlds.

virtual goods

Digital products consumers buy for use in online contexts.

product review sites

Social media sites that enable people to post stories about their experiences with goods and services.



Virtual worlds are a new and exciting frontier for marketers to communicate with millions of users around the world.



The Images/Alamy Stock Photo

The Pokémon Go craze revived a popular videogame from many years ago—but, more importantly, it was a breakthrough for augmented reality applications as people around the world scrambled to find cartoon characters in all kinds of real-world settings.

location-based social networks

Networks that integrate sophisticated GPS technology that enables users to alert friends of their exact whereabouts via their mobile phones.

augmented reality (AR)

A view of a physical, real world that is enhanced or altered by computer-generated sounds, videos, graphics, or GPS data.

more than 10 million daily users in less than a week.²¹ Augmented reality is a view of a physical, real world that is enhanced or altered by computer-generated sounds, videos, graphics, or GPS data. In the case of Pokémon Go, players chase cartoon Pokémon characters at “pokestops” and “gyms” plotted on a customized version of Google Maps. Players’ smartphone GPS alerts them when a Pokémon creature appears on their phone. Players are thus encouraged to “level-up” (move to a higher level) by Pokémon. The popularity of Pokémon Go creates an opportunity for advertisers to reach consumers highly engaged with the.²² Any organization, company, or store can pay to put a pokestop or gym in their location.

Foursquare, a social network that uses GPS, was one of the most popular location-based networks with more than 50 million users, but in May 2014, the *Foursquare* folks announced they were splitting the app in two: *Foursquare* for discovering new places and *Swarm* for checking in at places you visit. Like *Foursquare*, the new *Swarm* app has the popular “Mayor” feature, but instead of competing against everyone who uses *Swarm* for the most check-ins, you compete only against your friends. The new app also offers stickers so you can let others know how you’re feeling; to unlock more stickers, just check in at more places.

Businesses can ride this wave by offering discounts or free services to people who check in to their locations. For example, Boloco, a burrito chain in Boston, used a feature from the *LevelUp* app, which offered customers \$5 off of a food and drink purchase of \$10. To “level up,” customers returned to the restaurant for \$10 off a \$25 purchase and then \$14 off a \$45 purchase. Boloco saw 26 percent of its customers return for the Level 3 reward.²³

It’s obvious to almost anyone who has a pulse today that the future of marketing communication lies in that magic little device you practically sleep with—your smartphone. Combine web-browsing capability with built-in cameras, and the race is on to bring the world to your belt or purse. Apple lit up this market when it introduced the iPhone, and now everyone is scrambling to “monetize” the mobile market through sales of ringtones, on-demand video, online coupons, and “apps” that entertain or educate. A few to watch include the following:²⁴

- *ShopSavvy* finds the lowest prices online and at nearby brick-and-mortar retailers. Users can like products to get price alerts or follow their favorites stores to get alerts about when items go on sale.
- *Hot5 Fitness* is a fitness app that offers hundreds of five-minute video workouts that you can add on to the end of your current fitness routine or mix together to create a

- *Angie’s List* and *Home Advisor* are sites for consumers who are “tired of lousy service.” *Angie’s List* members, who cannot remain anonymous, rate service companies in more than 700 categories, and a certified data collection process ensures that companies don’t report on themselves or their competitors.²⁰

Mobile Apps and Location-Based Social Networks

Location-based social networks, as we mentioned in Chapter 13, integrate sophisticated GPS technology (like the navigation system you may have in your car) that enables users to alert friends of their exact whereabouts via their mobile phones.

In July 2016, the **augmented reality (AR)** mobile app game “Pokémon Go” (which also relies on GPS technology in smart phones) took the world by storm, attracting

longer workout. The high-quality videos feature custom music synced to the workout for maximum intensity.

- *Fastmall* provides interactive maps of malls, highlights the quickest route to stores, and even helps shoppers remember where they parked their cars. Even better: Shake your phone, and it shows you the nearest restroom location.
- *Flipboard* lets you pull content from social networks like *Facebook* and *Twitter*, as well as news content from the *New York Times* or *People* magazine, and organize it into a visual, magazine-like format.

The Internet of Things

We would be remiss if we ended our discussion of social media without mentioning the Internet of Things that we introduced in Chapter 5. This term refers to the network of physical things, vehicles, devices, buildings in which designers have embedded sensors, electronics, and network connectivity. With this technology, “things” can collect data and communicate it to each other—the many to many of things.

Many analysts believe the Internet of Things will dominate marketing’s future as more and more devices get “smart.” Already providers of Internet services are offering to “connect” your home with your phone to turn off your TV, lock your doors, adjust your heat and on and on. Leave your keys to your new Tesla at the resort hotel where you stayed on your holiday? No problem! Tesla will text message you to ask if you want your car unlocked and started remotely.²⁵ Just as the Internet has created a revolution in marketing communication, the Internet of Things will change our lives again.

14.2 Direct Marketing

OBJECTIVE


Understand the elements of direct marketing.

(pp. 465–468)

Are you one of those people who loves to get lots of catalogs in the mail or pore over online catalogs for hours and then order just exactly what you want without leaving home? Maybe you’re the one who ordered the Donatella Arpaia Multifunctional Pizza Oven from the Home Shopping Network for two easy payments of only \$29.98 or responded to an infomercial on TV for the DashCam Pro or the Pedi Paws pet nail trimmer. All these are examples of direct marketing, the fastest-growing type of marketing communication.

Direct marketing, a form of one-to-one marketing communication, refers to “any direct communication to a consumer or business recipient that is designed to generate a response in the form of an order, a request for further information, or a visit to a store or other place of business for purchase of a product.”²⁶ Spending on direct marketing continues to increase. Direct and digital ad spending in 2015 was \$153.2 billion, up 8 percent from the previous year. Direct mail spending alone increased 2.9 percent to \$46.8 billion.²⁷

Why do so many marketers love direct marketing? One reason is simple but powerful: You know almost immediately whether your pitch worked. Unlike traditional advertising, every message can link directly to a response (hence the term *direct marketing*). For this reason, organizations that want to see evidence of a promotion’s ROI (“show me the money!”) can get very specific feedback about what worked and what didn’t.

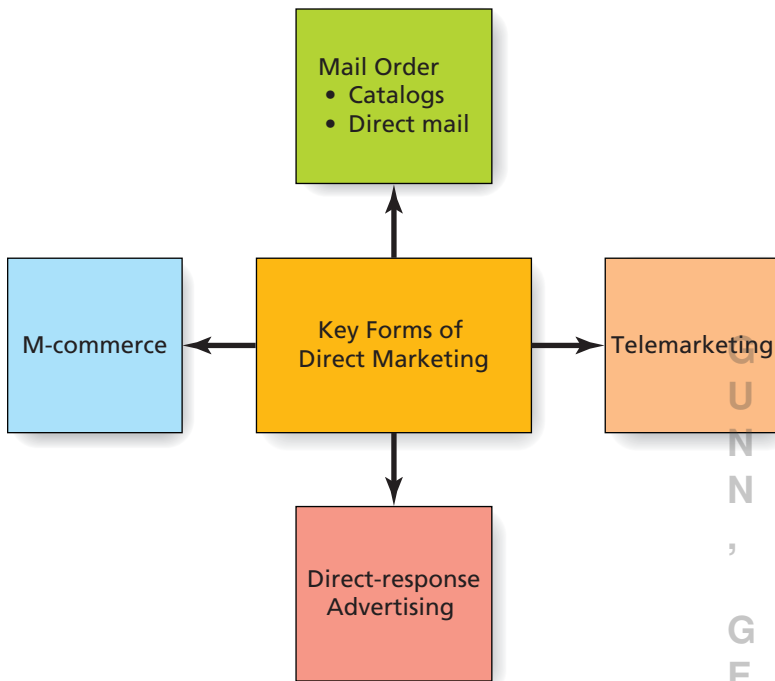
Let’s look at the four most popular types of direct marketing as portrayed in  Figure 14.1: mail order (including catalogs and direct mail), telemarketing, direct-response advertising, and m-commerce. We’ll start with the oldest—buying through the mail—which is still incredibly popular!

direct marketing

Any direct communication to a consumer or business recipient designed to generate a response in the form of an order, a request for further information, or a visit to a store or other place of business for purchase of a product.

Figure 14.1  **Snapshot** | Key Forms of Direct Marketing

Key forms of direct marketing are mail order (including catalogs and direct mail), telemarketing, direct-response advertising, and m-commerce.



catalog

A collection of products offered for sale in book form, usually consisting of product descriptions accompanied by photos of the items.

direct mail

A brochure or pamphlet that offers a specific good or service at one point in time.

telemarketing

The use of the telephone to sell directly to consumers and business customers.

Mail Order

In 1872, Aaron Montgomery Ward and two partners put up \$1,600 to mail a one-page flyer that listed their merchandise with prices, hoping to sell to farmers through the mail.²⁸ The mail-order industry was born, and today consumers can buy just about anything through the mail. Mail order comes in two forms: catalogs and direct mail.

A **catalog** is a collection of products offered for sale in book form, usually consisting of product descriptions accompanied by photos of the items. The early catalogs Montgomery Ward and other innovators such as Sears and JC Penney pioneered targeting people in remote areas who lacked access to stores.

Today, despite the growth in online shopping, the catalog is still alive and appears to be making a comeback. After years of decline, U.S. retailers mailed 11.9 billion catalogs in 2013, an increase of 1 percent. For many brands the catalog drives both online and in-store sales. According to the Direct Marketing Association, approximately 90 million Americans, 60 percent of whom are women, make purchases from catalogs. Customers who receive catalogs spend an average of \$850 annually on catalog purchases. Of course, many catalogs are available and viewed online, often on mobile devices.

Why do retailers think catalogs are still so important? The answer is because they drive sales. In 2000, Lands' End reduced the number of catalogs it distributed. The result was a \$100 million decrease in sales.

Retailer Neiman Marcus is famous for its *Christmas Book*, which always includes a number of one-of-a-kind "Fantasy Gifts." In the 2015 catalog, the gifts included Guitars designed by ZZ Top's guitarist Billy Gibbons for \$30,000 and a Neiman Marcus Mustang for \$95,000. The top gift for 2015 was a 12-day dream trip to India for two people including travel by private planes and vintage autos, dinners hosted by real royals and a dance lesson on a private Bollywood movie set, all for a mere \$400,000.²⁹

Direct Mail

Unlike a catalog retailer that offers a variety of merchandise through the mail, **direct mail** is a brochure or pamphlet that offers a specific good or service at one point in time. A direct mail offer has an advantage over a catalog because the sender can personalize it. Charities, political groups, and other not-for-profit organizations also use a lot of direct mail.

Just as with e-mail spamming, Americans are overwhelmed with direct-mail offers—"junk mail"—that may end up in the trash. Of course, many consumers not only open but also respond with cold cash to their direct mail. Research from the Direct Marketing Association found that four-fifths (79 percent) of consumers act on direct mail immediately compared to only 45 percent who say they deal with e-mail right away.³⁰ The direct-mail industry constantly works on ways to monitor what companies send through the mail and it allows consumers to "opt out" of at least some mailing lists.

Telemarketing

Telemarketing is direct marketing an organization conducts over the telephone (but why do they always have to call during dinner?). It might surprise you to learn that telemarketing actually is more profitable for business markets than for consumer markets.

When business-to-business (B2B) marketers use the telephone to keep in contact with smaller customers, it costs far less than a face-to-face sales call yet still lets these clients know they are important to the company.

The Federal Trade Commission (FTC) established the National Do Not Call Registry to allow consumers to limit the number of telemarketing calls they receive. The idea is that telemarketing firms check the registry at least every 31 days and clean their phone lists accordingly. Consumers responded very positively to the regulation, and more than 220 million have posted their home numbers and mobile numbers on the registry.³¹ Some direct marketers initially challenged this action; they argued that it would put legitimate companies out of business while unethical companies would not abide by the regulation and continue to harass consumers. However, the National Do Not Call Registry, along with similar operations at the state level, now is an accepted part of doing business through direct marketing. The FTC maintains a list of violators on its website.³²

Direct-Response Advertising

Direct-response advertising allows the consumer to respond to a message by immediately contacting the provider to ask questions or order the product. Although for many companies the Internet has become the medium of choice for direct marketing, this technique is still alive and well in magazines, in newspapers, and on TV.

As early as 1950, the Television Department Stores channel brought the retailing environment into the TV viewer’s living room when it offered a limited number of products the viewer could buy when he or she called the advertised company. TV sales picked up in the 1970s when two companies, Ronco Incorporated and K-Tel International, began to peddle products such as the Kitchen Magician, Pocket Fisherman, Mince-O-Matic, and Miracle Broom on TV sets around the world.³³ And who can forget the late Billy Mays’s enthusiastic hawking of Oxy Clean, Jupiter Jack, and nearly 20 other products on TV? Make a simple phone call, and one of these wonders could be yours (“but wait, there’s more ...”).

Direct-response TV (DRTV) includes short commercials of less than two minutes, 30-minute or longer infomercials, and the shows that home shopping networks such as QVC and HSN broadcast. Top-selling DRTV product categories include exercise equipment, self-improvement products, diet and health products, kitchen appliances, and music. Of course, even home shopping networks have gone online, so you if you miss the show, you can still order the product.

The primitive sales pitches of the old days have largely given way to the slick **infomercials** we all know and love (?) today. These half-hour or hour-long commercials resemble a talk show, often with heavy product demonstration and spirited audience participation, but of course they really are sales pitches. Although some infomercials still carry a low-class, sleazy stereotype, in fact over the years, numerous heavyweights from Apple Computer to Volkswagen have used this format.

M-Commerce

One final type of direct marketing is m-commerce. The “m” stands for “mobile,” but it could also stand for “massive”—because that’s how big the market will be for this platform. **M-commerce** refers to the promotional and other e-commerce activities transmitted over mobile phones and other mobile devices, such as smartphones and tablets with phone capabilities. With more than 7 billion mobile phones in use worldwide—more and more of them Internet enabled—it makes sense that

direct-response advertising

A direct marketing approach that allows the consumer to respond to a message by immediately contacting the provider to ask questions or order the product.

direct-response TV (DRTV)

Advertising on TV that seeks a direct response, including short commercials of less than two minutes, 30-minute or longer infomercials, and home shopping networks.

infomercials

Half-hour or hour-long commercials that resemble a talk show but actually are sales pitches.

m-commerce

Promotional and other e-commerce activities transmitted over mobile phones and other mobile devices, such as smartphones and personal digital assistants.



Infomercials are a commonly used form of direct-response TV.

marketers would want to reach out and touch this large audience, which is just over 85 percent of the world's population. That means there are more mobile phones throughout the world than working toilets!³⁴

M-commerce through text messages (such as an ad for a concert or a new restaurant) is known as *short-messaging system* (SMS) marketing. In terms of unwanted “junk mail,” m-commerce has the same potential dark side as other forms of direct marketing, such as snail mail and e-mail. And the rise of the all-in-one smartphone on which the user engages in 24/7 social networking has created an up-and-coming industry of social networking activity tracking and analytics, such as Google Analytics and similar programs that we discussed in Chapter 5.

14.3 Personal Selling: Adding the Personal Touch to the Promotion Mix

OBJECTIVE

Understand the important role of personal selling, the different types of sales jobs and the steps in the creative selling process.

(pp. 468–477)

personal selling

Marketing communication by which a company representative interacts directly with a customer or prospective customer to communicate about a good or service.

Now we turn our attention to one of the most visible—and most expensive—forms of marketing communication: personal selling. Like direct marketing, personal selling is an example of one-to-one marketing communications.

Personal selling occurs when a company representative interacts directly with a customer or prospective customer to communicate about a good or service. This form of promotion is a far more intimate way to talk to customers. Another advantage of personal selling is that salespeople are the firm's eyes and ears in the marketplace. They learn which competitors talk to customers, what they offer, and what new rival goods and services are on the way—all valuable competitive intelligence.

Many organizations rely heavily on personal selling because at times the “personal touch” carries more weight than mass-media material. For a B2B market situation, the personal touch translates into developing crucial relationships with clients. Also, many industrial goods and services are too complex or expensive to market effectively in impersonal ways (such as through mass advertising). An axiom in marketing is: The more complex, technical, and intangible the product, the more heavily firms tend to rely on personal selling to promote it.

Personal selling has special importance for students (that's *you*) because many graduates with a marketing background will enter professional sales jobs. The U.S. Bureau of Labor Statistics estimates job growth of about 7 percent for sales representatives in manufacturing and wholesaling between 2014 and 2024. For technical and scientific products, the growth projection is also 7 percent. Overall, sales job growth ranks high among all occupations surveyed.³⁵ Jobs in selling and sales management often provide high upward mobility if you are successful because firms value employees who understand customers and who can communicate well with them. The old business adage “nothing happens until something is sold” translates into many firms placing quite a bit of emphasis on personal selling in their promotion mixes. And the sales role is even more crucial during tricky economic times, when companies look to their salespeople to drum up new business and to maintain the business they already have.

Sold on selling? All right, then let's take a close look at how personal selling works and how professional salespeople develop long-term relationships with customers.

The Role of Personal Selling in the Marketing Mix


When a woman calls the 800 number for the MGM Grand Hotel in Las Vegas to book a room for a little vacation trip and comes away with not only a room but also show tickets,



Figure 14.2  **Snapshot** | Factors That Influence a Firm's Emphasis on Personal Selling

A variety of factors influence whether personal selling is a more or less important element in an organization's overall promotion mix.

a massage booking at the hotel spa, and a reservation for dinner at Emeril's, she deals with a salesperson. When she sits in on a presentation at work by a website consultant who proposes a new content management system for her firm's website, she deals with a salesperson. When she tries on five pairs of stiletto heels in a shoe store, she deals with a salesperson. And when that same woman agrees over lunch at a swanky restaurant to invest some of her savings with a financial manager's recommended mutual fund, she also deals with a salesperson.

For many firms, some element of personal selling is essential to land a commitment to purchase or a contract, so this type of marketing communication is a key to the success of their overall marketing plan. To put the use of personal selling into perspective,  Figure 14.2 illustrates some of the factors that make it a more or less important element in an organization's promotion.

In general, a personal selling emphasis is more important when a firm engages in a *push strategy*, in which the goal is to "push" the product through the channel of distribution so that it is available to consumers. As a vice president at Hallmark Cards once observed, "We're not selling *to* the retailer, we're selling *through* the retailer. We look at the retailer as a pipeline to the hands of consumers."³⁶

Personal selling also is likely to be crucial in B2B contexts where the firm must interact directly with a client's management to clinch a big deal—and often when intense negotiations about price and other factors will occur before the customer signs on the dotted line. In consumer contexts, inexperienced customers may need the hands-on assistance that a professional salesperson provides. Firms that sell goods and services that consumers buy infrequently—houses, cars, computers, lawn mowers, and even college educations—often rely heavily on personal selling. (*Hint*: Your school didn't pick just any student at random to conduct campus tours and help those clueless freshmen.) Likewise, firms whose goods or services are complex or very expensive often need a salesperson to explain, justify, and sell them—in both business and consumer markets.

If personal selling is so useful, why don't firms just scrap their advertising and sales promotion budgets and hire more salespeople? There are some drawbacks that limit the role personal selling plays in the marketing communication mix. First, when the dollar amount of individual purchases is low, it doesn't make sense to use personal selling—the average cost per contact with each customer is more than \$300, much higher than other forms of promotion. The per-contact cost of a national TV commercial is minuscule by comparison. A 30-second prime-time commercial may run \$300,000 to \$500,000 (or as we said in Chapter 13, more than \$4 million for a 30-second commercial aired during the Super Bowl), but with millions of viewers, the cost per contact may be only \$25 or \$35 per 1,000 viewers. For low-priced consumer packaged goods such as Doritos or beer, personal selling to end users simply doesn't make good financial sense.

Technology and Personal Selling

Personal selling is supposed to be, well, “personal.” By definition, a company uses personal selling for marketing communications in situations when one person (the salesperson) interacts directly with another person (the customer or prospective customer) to communicate about a good or service. All sorts of technologies can enhance the personal selling process, and clearly today the smartphone is the communication hub of the relationship between salesperson and client. However, as anyone making sales calls knows, technology itself cannot and should not *replace* personal selling. Today, a key role of personal selling is to manage customer *relationships*—and remember that relationships occur between people, not between computers (as much as you love your *Facebook* friends or checking in on *Swarm*).

However, there's no doubt that a bevy of technological advancements makes it easier for salespeople to do their jobs more effectively. One such technological advance is *customer relationship management (CRM) software*. For years now, *account management software* such as ACT and GoldMine has helped salespeople manage their client and prospect base. These programs are inexpensive, easy to navigate, and allow salespeople to track all aspects of customer interaction. As we saw with our discussion of Oracle in Chapter 3, currently many firms turn to *cloud computing* CRM applications, which are more customizable and integrative than ACT or OnContact yet are less expensive than major companywide CRM installations. A market leader in such products

is Salesforce.com, which is particularly user friendly for salespeople. A key benefit of cloud computing versions of CRM systems is that firms “rent” them for a flat fee per month (at Salesforce.com, monthly prices are as low as \$20 per user), so they avoid major capital outlays.³⁷

Recently, some sales organizations have turned to a new-generation system called **partner relationship management (PRM)**, which links information between selling and buying firms. PRM differs from CRM in that both supplier and buyer firms share at least some of their databases and systems to maximize the usefulness of the data for decision-making purposes. Firms that share information are more likely to work together toward win-win solutions.

Beyond CRM and PRM, numerous other technology applications enhance personal selling, including teleconferencing, videoconferencing, and improved corporate

partner relationship management (PRM)

Similar to a CRM, the PRM system allows both selling and buying firms to share some of their information.



Telemarketing, sometimes called teleselling, involves person-to-person communication that takes place on the phone.

websites that offer frequently asked questions (FAQs) pages to answer customers' queries. Many firms also use intranets and blogs to facilitate access to internal and external communication.

Voice-over Internet protocol (VoIP)—systems that rely on a data network to carry voice calls—get a lot of use in day-to-day correspondence between salespeople and customers. With VoIP, the salesperson on the road can just plug into a fast Internet connection and then start to make and receive calls just as if in the office. Unlike mobile phones, there are no bad reception areas, and unlike hotel phones, there are no hidden charges.

One popular VoIP product is Skype. Thanks to Skype, built-in laptop and tablet web cams, instant messaging, and the like, customers of all types are becoming more comfortable with the concept of doing business with a salesperson who is not actually in the same room. As such, a good portion of the future of face-to-face sales calls may occur on your own computer screen. Since its purchase by Microsoft in 2011, Skype has introduced Skype for Business, which offers the Skype technology for meetings of up to 250 people for a monthly fee.

New technology such as VoIP has made a major change in the attractiveness of sales jobs. In the past, salespeople were expected to travel and be away from home as much as four nights a week, entertaining customers with a big expense account. This type of job was hard on families because it left little time for the employee to hang out at home. Today, firms and their salespeople use computer networks, e-mail, and video conferencing. These technological advances and changing cultural values that require a balance in life mean that an increasing number of salespeople **telecommute** from a **virtual office**. Telecommuting is a win-win opportunity. Companies spend less on office space and travel and salespeople are able to balance their time between work and home and can respond to family responsibilities.³⁸

Consider the following hypothetical transaction related to buying a set of solar panels for your roof—a complex and expensive purchase. The sales consultant calls at an appointed time. You open her e-mail message, click a link to start the presentation, and a picture of your roof appears, courtesy of satellite imaging. Colorful charts show past electricity bills and the savings from a solar-panel system. A series of spreadsheets examine the financing options available—and these are dynamic documents, not static images, so the salesperson can tinker with the figures right before your eyes. Would more panels be justified? A few keystrokes later, new charts displayed the costs and savings. Could they be shifted to another part of the roof? With a mouse, she moves some black panels from the east side to the west side. How about more cash up front? She scrolls to the spreadsheets, highlights three payment options, and computes the numbers over the next 15 years. In less than an hour, the exchange is over.

Perhaps for a few days or a week, you mull over the choices and study the fine print in the contract, but the sale was essentially closed by the time you hung up the phone. You decided to make a major, complex purchase, worth thousands of dollars, without ever meeting anyone in the flesh and without holding any product in your hands. And unlike many purchases, you had no *buyer's remorse* despite the fact it was done online—or maybe *because* it was online.³⁹

For years now, all of us have been shopping online, taking in the bargains and wide selection, usually for relatively straightforward goods and services and without any human contact unless a problem arises with the ordering technology itself. The brave new world of virtual selling adds another dimension and is yet another example of how the Internet transforms business and remakes job descriptions. These more sophisticated virtual selling capabilities won't replace all face-to-face salesperson-client encounters any more than e-commerce replaced brick-and-mortar retailers. But smart sales organizations can find the right blend of technology and personal touch, tailored to their particular clientele and product offerings, which make the most of building strong customer relationships.

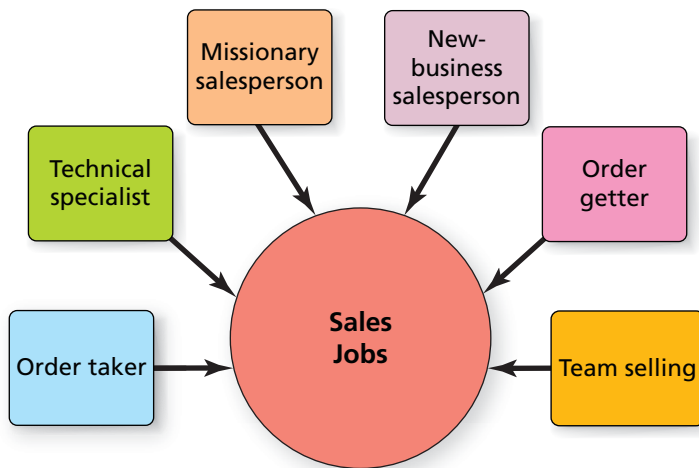
voice-over Internet protocol (VoIP)
Communication systems that use data networks to carry voice calls.

telecommute
Working with fellow employees from a distant location using Internet communication technology such as VoIP.

virtual office
The use of Internet technology to work and participate from a distant physical office.

Figure 14.3  **Snapshot** | Types of Sales Jobs

A wide range of different types of sales jobs are available, each of which has different job requirements and responsibilities.



order taker

A salesperson whose primary function is to facilitate transactions that the customer initiates.

technical specialist

A sales support person with a high level of technical expertise who assists in product demonstrations.

missionary salesperson

A salesperson who promotes the firm and tries to stimulate demand for a product but does not actually complete a sale.

new-business salesperson

The person responsible for finding new customers and calling on them to present the company's products.

order getter

A salesperson who works to develop long-term relationships with particular customers or to generate new sales.

team selling

The sales function when handled by a team that may consist of a salesperson, a technical specialist, and others.

key account

Very large customer organizations with the potential for providing significant sales revenue.


cross-functional team

A form on selling team where the team includes individuals from various areas of the firm.

multilevel selling

A form of team selling in which the team consists of company personnel from various managerial levels, each calling on their counterpart in the customer organization.

Types of Sales Jobs

Maybe you aspire to work in sales someday, or perhaps you've already held a sales job at some point. If you see sales in your future, there are several different types of sales jobs from which you can choose, each with its own unique characteristics. Let's look more closely at some of the different types of sales positions.  Figure 14.3 summarizes the most important types.

As you might imagine, sales jobs vary considerably. The person who answers the phone at Zappos to take your order for a new pair of UGG boots (if anybody orders them by phone anymore instead of online) is primarily an **order taker**—a salesperson who processes transactions the customer initiates. Many retail salespeople are order takers, but often wholesalers, dealers, and distributors also employ salespeople to assist their business customers. Because little creative selling is involved taking, this type of sales job typically is the lowest-paid sales position.

In contrast, a **technical specialist** contributes considerable expertise in the form of product demonstrations, recommendations for complex equipment, and setup of machinery. The technical specialist provides *sales support* rather than actually closing the sale. He or she promotes the firm and tries to stimulate demand for a product to make it easier for colleagues to actually seal the deal.

Then there is the **missionary salesperson**, whose job is to stimulate clients to buy. Like technical specialists, missionary salespeople promote the firm and encourage demand for its goods and services but don't actually take orders.⁴⁰ Pfizer (one of the world's largest pharmaceutical companies) salespeople do missionary sales work when they call on physicians to influence them to prescribe the latest-and-greatest Pfizer medications instead of competing drugs. However, no sale actually gets made until doctors or their patients get the prescriptions to pharmacies, which then place orders for the drug through their wholesalers or directly from the maker of the drug.

The **new-business salesperson** is responsible for finding new customers and calls on them to present the company's products. As you might imagine, gaining the business of a new customer usually means that the customer stops doing business with one of the firm's competitors (and they won't give up without a fight). New-business selling requires a high degree of creativity and professionalism, so this type of salesperson is usually very well paid.

Once a new-business salesperson establishes a relationship with a client, he or she often continues to service that client as the primary contact as long as the client continues to buy from the company. In that long-term-relationship-building role, this type of salesperson is an **order getter**. Order getters are usually the people most directly responsible for a particular client's business; they may also hold the title of "account manager."⁴¹

More and more, firms find that the selling function works best via **team selling**. A selling team may consist of a salesperson, a technical specialist, someone from engineering and design, and other players who work together to develop products and programs that satisfy the customer's needs. With multiple individuals participating in a selling team, all working with a single account, team selling becomes very expensive. Thus, team selling is usually limited to large customers or **key accounts** where potential business justifies the extra human resource commitment.

When the company includes people from a range of areas, it often calls this group a **cross-functional team**. **Multilevel selling** is a form of team selling in which the selling team consists of company personnel from various managerial levels, each calling on their counterpart in the customer organization.⁴²

Another popular sales model is *direct selling*. Direct sellers bypass channel intermediaries and sell directly from manufacturer to consumer through personal, one-to-one contact. Typically, independent sales representatives sell in person in a customer's home or place of business. Tupperware, Thirty-One, Scentsy, Avon, Mary Kay, and the Pampered Chef are some well-known examples. Many direct-selling firms use a *party plan* approach where salespeople demonstrate products in front of groups of friends and neighbors. Direct selling is on a big upswing. In 2015, more than 20 million people were involved in direct selling, more than two-thirds of whom were aged 35 and over. Direct retail sales in 2015 were more than \$35 billion, up 4.8 percent from the previous year.⁴³

Two Approaches to Personal Selling

Personal selling is one of the oldest forms of marketing communication. Unfortunately, over the years, smooth-talking pitchmen who will say anything to make a sale have tarnished its image. Pulitzer Prize-winning playwright Arthur Miller's famous character Willie Loman in *Death of a Salesman*—a must-read for generations of middle and high school students—didn't help. Loman (as in “low man” on the totem pole—get it?) is a pathetic, burned-out peddler who leaves home for the road on Monday morning and returns late Friday evening selling “on a smile and a shoeshine.” His personal life is in shambles with two dysfunctional sons and a disaffected wife who hardly knows him. Great public relations for selling as a career, right?

Fortunately, personal selling today is nothing like Miller's harsh portrayal. Selling has moved from a transactional, hard-sell approach to an approach based on relationships with customers. Let's see how.

Transactional Selling: Putting on the Hard Sell

Loman practiced a high-pressure, hard-sell approach. We've all been exposed to the pushy electronics salesperson who puts down the competition when telling shoppers that if they buy elsewhere, they will be stuck with an inferior home theater system that will fall apart in six months. Or how about the crafty used car salesman who plays the good-cop/bad-cop game, gives you an awesome price, but then sadly informs you that the boss, the sales manager, won't go for such a sweet deal. These hard-sell tactics reflect **transactional selling**, an approach that focuses on making an immediate sale with little concern for developing a long-term relationship with the customer.

As customers, the hard sell makes us feel manipulated and resentful, and it diminishes our satisfaction and loyalty. It's a shortsighted approach to selling. As we said previously in the book, constantly finding new customers is much more expensive than getting repeat business from the customers you already have. And the behaviors transactional selling promotes (i.e., doing anything to get the order) contribute to the negative image many of us have of salespeople as obnoxious and untrustworthy. Such salespeople engage in these behaviors because they don't care if they ever have the chance to sell to you again. This is really bad business!

Relationship Selling: Building Long-Term Customers

Relationship selling is the process by which a salesperson secures, develops, and maintains long-term relationships with profitable customers.⁴⁴ Today's professional salesperson is more likely to practice relationship selling than transactional selling. This means that the salesperson tries to develop a mutually satisfying, win-win relationship with the customer. Securing a customer relationship means converting an interested prospect into someone who is convinced that the good or service holds value for him or her. Developing a customer relationship means ensuring that you and the customer work together to find more ways to add value to the transaction. Maintaining a customer relationship means building

transactional selling

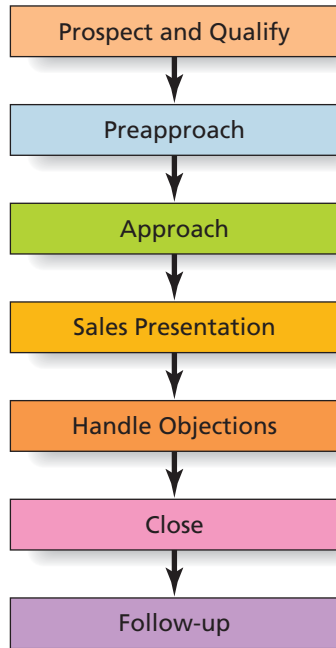
A form of personal selling that focuses on making an immediate sale with little or no attempt to develop a relationship with the customer.

relationship selling

A form of personal selling that involves securing, developing, and maintaining long-term relationships with profitable customers.

Figure 14.4  **Process** | Steps in the Creative Selling Process

In the creative selling process, salespeople follow a series of steps to build relationships with customers.



creative selling process

The process of seeking out potential customers, analyzing needs, determining how product attributes might provide benefits for the customer, and then communicating that information.

prospecting

A part of the selling process that includes identifying and developing a list of potential or prospective customers.


preapproach

A part of the selling process that includes developing information about prospective customers and planning the sales interview.

customer satisfaction and loyalty—thus, you can count on the customer to provide future business and stick with you for the long haul. And if doing business with the customer isn't profitable to you, unless you're a charitable organization, you would probably like to see that customer go somewhere else.

The Creative Selling Process

Many people find selling to be a great profession, partly because something different is always going on. Every customer, every sales call, and every salesperson is unique. Some salespeople are successful primarily because they know so much about what they sell. Others are successful because they've built strong relationships with customers so that they're able to add value to both the customer and their own firm—a win-win approach to selling. Successful salespeople understand and engage in a series of activities to make the sales encounter mutually beneficial.

A salesperson's chances of success increase when following a systematic series of steps we call the **creative selling process**. These steps require the salesperson to seek out potential customers, analyze their needs, determine how product attributes provide benefits, and then decide how best to communicate this to prospects. As  Figure 14.4 shows, there are seven steps in the process. Let's take a look at each.

Step 1: Prospect and Qualify

Prospecting is the process by which a salesperson identifies and develops a list of *prospects* or *sales leads* (potential customers). Leads come from existing customer lists, telephone directories, commercially available databases, and of course, the diligent use of web search engines like Google. The local library may own directories of businesses (including those state and federal agencies publish) and directories of association memberships. Of course, many of these directories are now online, which makes the search easier than ever. Sometimes companies generate sales leads through their advertising or sales promotion when they encourage customers to request more information. As we discussed in Chapter 13, trade shows also are an important source of sales leads.

Another way to generate leads is through *cold calling*, in which the salesperson simply contacts prospects "cold," without prior introduction or arrangement. It always helps to know the prospect, so salespeople might rely instead on *referrals*. Current clients who are satisfied with their purchase often recommend a salesperson to others—yet another reason to maintain good customer relationships.

However, the mere fact that someone is willing to talk to a salesperson doesn't guarantee a sale. After they identify potential customers, salespeople need to *qualify* these prospects to determine how likely they are to become customers. To do this, they ask questions such as the following:

- Are the prospects likely to be interested in what I'm selling?
- Are they likely to switch their allegiance from another supplier or product?
- Is the potential sales volume large enough to make a relationship profitable?
- Can they afford the purchase?
- If they must borrow money to buy the product, what is their credit history?

Step 2: Preapproach

In the **preapproach** stage, you compile background information about prospective customers and plan the sales interview. Firms don't make important purchases lightly, and it's often difficult even to get an appointment to see a prospect. It's foolish for a salesperson to blindly call on a qualified prospect and risk losing the sale because of a lack of preparation. Salespeople try to learn as much as possible about qualified prospects early on. They may probe a prospect's prior purchase history or current needs or, in some cases, may even try

to learn about their personal interests. Does the customer like for a salesperson to spend time informally talking about golf or football, or does he or she prefer a salesperson who gets to the point quickly and leaves? And, of course, it's always good to know which football team the customer roots for.

Salespeople can draw information about a prospect from a variety of sources. In the case of larger companies, they can find financial data, names of top executives, and other information about a business from outlets such as *Standard & Poor's 500 Directory* or Dun & Bradstreet's *Million Dollar Directory*. They can also find a great deal of information for the preapproach on customers' websites. And the inside scoop on a prospect often comes from informal sources, such as noncompeting salespeople who have dealt with the prospect before.

Of course, if the salesperson's firm has a CRM system, he or she can use it to see whether the database includes information about the prospect. Say, for example, a salesperson at Mike's Bikes plans to call on a buyer at Greg's Vacation Rentals to see about selling some new bikes for guests to use at Greg's various resort properties. If Mike's has had a CRM system in place for some time, any contacts with customers and potential customers (prospects) are recorded in the database. The salesperson can simply run an inquiry about Greg's Vacation Rentals, and with luck, the CRM database will deliver information on the company, prior purchases from Mike's, when and why customers stopped buying from the company, and perhaps even the preferences of the particular buyer.

Step 3: Approach

After the salesperson lays the groundwork with the preapproach, it's time to **approach**, or contact, the prospect. During these important first minutes, several key events occur. The salesperson tries to learn even more about the prospect's needs, create a good impression, and build rapport. If the salesperson found prospect Emily Groves through a referral, he or she will probably say so to Emily up front: "Stephanie Wall with Prentice Industries suggested I call on you."

During the approach, the customer decides whether the salesperson has something to offer that is of potential value. The old saying "You never get a second chance to make a good first impression" rings true here. A professional appearance tells the prospect that the salesperson means business and is competent to handle the sale. Of course, what is appropriate depends on industry norms. Today, you may be out of place calling on some customers in a suit and tie. Even so, "casual Friday" rarely cuts it in the sales world.

Step 4: Sales Presentation

Many sales calls involve a formal **sales presentation**, which lays out the benefits of the product and its advantages over the competition. When possible and appropriate, salespeople should incorporate a great multimedia presentation shown on their tablet or laptop integrated into their sales presentations to jazz things up. A picture is worth a thousand words and a video showing how each weld in the grocery carts is triple welded—well, you know.

The focus of the sales presentation should always be on ways the salesperson, the goods and services, and the company can add value to the customer (and in a B2B setting, to the customer's company). It is important for the salesperson to present this value proposition clearly and to invite the customer's involvement in the conversation. Let the customer ask questions, give feedback,

approach

The first step of the actual sales presentation in which the salesperson tries to learn more about the customer's needs, create a good impression, and build rapport.

sales presentation

The part of the selling process in which the salesperson directly communicates the value proposition to the customer and invites two-way communication.



A good salesperson is well groomed and wears appropriate business dress. She doesn't chew gum, use poor grammar or inappropriate language, mispronounce the customer's name, or seem uninterested in the call. Visible tattoos, body piercings, and the like are controversial in professional selling.

and discuss his or her needs. Canned approaches to sales presentations are a poor choice for salespeople who want to build long-term relationships. In fact, sales managers rate *listening* skills, not talking skills, as the single most important attribute they look for when they hire relationship salespeople.⁴⁵ In a sales call, it's a good idea to put the *80/20 rule* to work—that is, spend 80 percent of your time listening to the client and assessing his or her needs and only 20 percent talking (Note: This rule of thumb is a spin-off of the 80/20 rule for market segmentation we discussed in Chapter 7).

Step 5: Handle Objections

It's rare when a prospect accepts everything the salesperson offers without question. The effective salesperson anticipates *objections*—reasons why the prospect is reluctant to make a commitment—and prepared to respond with additional information or persuasive arguments. Actually, the salesperson should welcome objections because they show that the prospect is at least interested enough to consider the offer and seriously weigh its pros and cons. Handling the objection successfully can move a prospect to the decision stage. For example, the salesperson might say, “Ms. Wall, you’ve said before that you don’t have room to carry our new line of trail bikes, although you mentioned that you may be losing some sales by carrying only one brand with very few different models. If we could come up with an estimate of how much business you’re losing, I’ll bet you’d consider making room for our line, wouldn’t you?”

Step 6: Close the Sale

The win-win nature of relationship selling should take some of the pressure off salespeople to make “the dreaded close.” But there still comes a point in the sales call at which one or the other party has to move toward gaining commitment to the objectives of the call—presumably a purchase. This is the decision stage, or **close**. Directly asking the customer for his or her business doesn't need to be painful or awkward: If the salesperson has done a great job in the previous five steps of the creative selling process, closing the sale should be a natural progression of the dialogue between the buyer and seller.

There are a variety of approaches salespeople use to close the sale:

- A *last objection close* asks customers if they are ready to purchase, providing the salesperson can address any concerns they have about the product: “Are you ready to order if we can prove our delivery time frames meet your expectations?”
- An *assumptive* or *minor points close* mean the salesperson acts as if the purchase is inevitable with only a small detail or two to be settled: “What quantity would you like to order?”
- A *standing-room-only* or *buy-now close* injects some urgency when the salesperson suggests the customer might miss an opportunity if he or she hesitates: “This price is good through Saturday only, so to save 20 percent we should book the order now.” When making such closes, salespeople must be sure the basis they state for buying now is truthful, or they'll lose a valuable relationship for the price of a one-time sale!

Step 7: Follow-Up

Understanding that the process doesn't end after the salesperson earns the client's business is basic to a relationship selling perspective that emphasizes the importance of long-term satisfaction. The **follow-up** after the sale includes arranging for delivery, payment, and purchase terms. It also means the salesperson makes sure the customer received delivery and is satisfied. Follow-up also allows the salesperson to *bridge* to the next purchase. Once a relationship develops, the selling process is only beginning. Even as one cycle of purchasing draws to a close, a good salesperson already lays the foundation for the next one.

close

The stage of the selling process in which the salesperson actually asks the customer to buy the product.

follow-up

Activities after the sale that provide important services to customers.

Metrics Moment

Now you know quite a bit about selling, but how does a firm know whether a salesperson is effective? Obviously, the short answer is that he or she produces high sales volume and meets or exceeds sales goals. But just increasing total dollar or unit sales volume is not always an adequate indicator of salesperson success. The problem is that, everything else being equal, salespeople who are compensated strictly on sales volume may simply sell whatever products are easiest to sell to pile up total sales. And what's wrong with this, you might ask? It is that the easiest products to sell may not be the products with the highest *profit* margins, and they also may not be the products the firm believes are important to build to ensure future success in the market.

Because of these problems with using raw sales volume as the sole indicator of salesperson success, some firms turn to a variety of other metrics, including input and output measures. **Input measures** are “effort” measures—things that go into selling, such as the number and type of sales calls, expense account management, and a variety of nonselling activities, such as customer follow-up work and client service. **Output measures**, or the results of the salesperson's efforts, include sales volume but also include things like the number of orders, size of orders, number of

new accounts, level of repeat business, customer satisfaction, and quantity of particular key products sold. Profitability of the sale to the company is also an output measure, although many salespeople resist being judged on their profit contribution because they claim (not entirely incorrectly) that they cannot control many of the costs that impact product profits.

Ultimately, the best approach to measure salesperson success is to use a variety of metrics that are consistent with the goals of the particular firm, to ensure the salesperson thoroughly understands the goals and related metrics being used, and then to link salesperson rewards to the achievement of those goals.

Apply the Metrics

1. Assume that you are a professional salesperson and consider the various input and output metrics of salesperson effectiveness described.
2. Which of the metrics would you prefer to be evaluated against? Why do you prefer these?
3. Which of the metrics would you least like being evaluated against? Why?

14.4 Public Relations

OBJECTIVE

Explain the role of public relations and the steps in developing a public relations campaign.

(pp. 477–486)

Public relations (PR) is the communication function that seeks to build good relationships with an organization's *publics*; these include consumers, stockholders, legislators, and other stakeholders in the organization. Today marketers use PR activities to influence the attitudes and perceptions of various groups not only toward companies and brands but also toward politicians, celebrities, and not-for-profit organizations.

One basic rule of good PR is, *Do something good, and then talk about it*. A company's efforts to get in the limelight—and stay there—can range from humanitarian acts to sponsoring band tours. For example, after Baylor University's star center Isaiah Austin, expected to be a first-round National Basketball Association (NBA) draft pick, announced that he had been diagnosed with Marfan syndrome and would never play professional basketball, Commissioner Silver invited Austin to the draft and surprised everyone by announcing that the NBA was picking Isaiah Austin for “Team NBA.”⁴⁶ The next day, Austin and his family were interviewed on CNN, and the story was covered on sports Internet sites and in newspapers around the world.

The big advantage of this kind of communication is that when PR messages are placed successfully, they are more credible than if the same information appeared in a paid advertisement. As one marketing executive observed, “There's a big difference between hearing about a product from a pitchman and from your trusted local anchorman.”⁴⁷

PR strategies are crucial to an organization's ability to establish and maintain a favorable image. *Proactive*

input measures

Efforts that go into selling, such as the number and type of sales calls, expense account management, and a variety of nonselling activities, such as customer follow-up work and client service.

output measures

The results of the salesperson's efforts.

public relations (PR)

Communication function that seeks to build good relationships with an organization's publics, including consumers, stockholders, and legislators.



The Isaiah Austin story was a PR success for the NBA.

publicity

Unpaid communication about an organization that appears in the mass media.

crisis management

The process of managing a company's reputation when some negative event threatens the organization's image.


PR activities stem from the company's marketing objectives. For example, marketers create and manage **publicity**, unpaid communication about an organization that gets media exposure. It's interesting to note that this aspect of PR is blending into other promotional strategies as social media continue to mushroom. Essentially, buzz marketing is also one form of PR because it tries to motivate consumers to talk up a brand or service to one another (ideally for free).

As many of the other functions of PR blend into buzz-marketing activities, perhaps the most important function it still "owns" is **crisis management**. This refers to the process of managing a company's reputation when some negative and often unplanned event threatens the organization's image. Think about the newly hired CEO at GM, for example, who had to apologize to the public about GM's faulty ignition switches that resulted in 31 crashes and the deaths of 13 people while still trying to instill confidence in the GM brand.⁴⁸ Or what about the team at Malaysia Airlines who had to respond to the mysterious disappearance of Flight MH370, which had more than 200 passengers and crew on board?

The goal in such situations is to manage the flow of information to address concerns so that consumers don't panic and distributors don't abandon the product. Although some organizations don't seem to learn this lesson, typically the best strategy is to be honest about the problem and to quickly take responsibility for correcting it. Carnival Cruise Lines learned this lesson all too well when a fire in the engine room on its ship *Triumph* caused 3,100 passengers and crew to be stranded at sea for five days without air conditioning or working toilets. Thanks to social media, word of the conditions on the "Poop Cruise" quickly spread. Then Carnival's crisis team jumped into action, launching a Facebook page and using Twitter to send out updates and mobilizing more than 200 Carnival employees to assist disembarking passengers when the ship finally docked. Carnival also gave a full refund to passengers, reimbursement for most of their onboard expenses, a flight home, \$500 cash, and a credit toward a future cruise in an effort to make up for the unplanned disaster.⁴⁹

PR professionals know that when a firm handles a crisis well, it can minimize damage and help the company make things right. Thus, a vitally important role of PR is to prepare a *crisis management plan*. This is a document that details what an organization will do if a crisis occurs—who will be the spokesperson for the organization, how the organization will deal with the press, and what sort of messages it will deliver to the press and the public.

Plan a PR Campaign


A **public relations campaign** is a coordinated effort to communicate with one or more of the firm's publics. This is a three-step process that develops, executes, and evaluates PR objectives. Let's review each step, and then we'll examine some of the more frequently used objectives and tactics shown in  Figure 14.5.

Like an advertising campaign, the organization must first *develop* clear objectives for the PR program that define the message it wants people to hear. For example, the International Apple Institute, a trade group devoted to increasing the consumption of apples, had to decide if a campaign should focus on getting consumers to cook more with apples, drink more apple juice, or simply buy more fresh fruit. Because fresh apples brought a substantially higher price per pound to growers than apples used for apple-sauce or apple juice, the group decided to push the fresh fruit angle. It used the theme "An apple a day ..." (sound familiar?) as it mounted a focused campaign to encourage people to eat more apples by placing articles in consumer media extolling the fruit's health benefits.

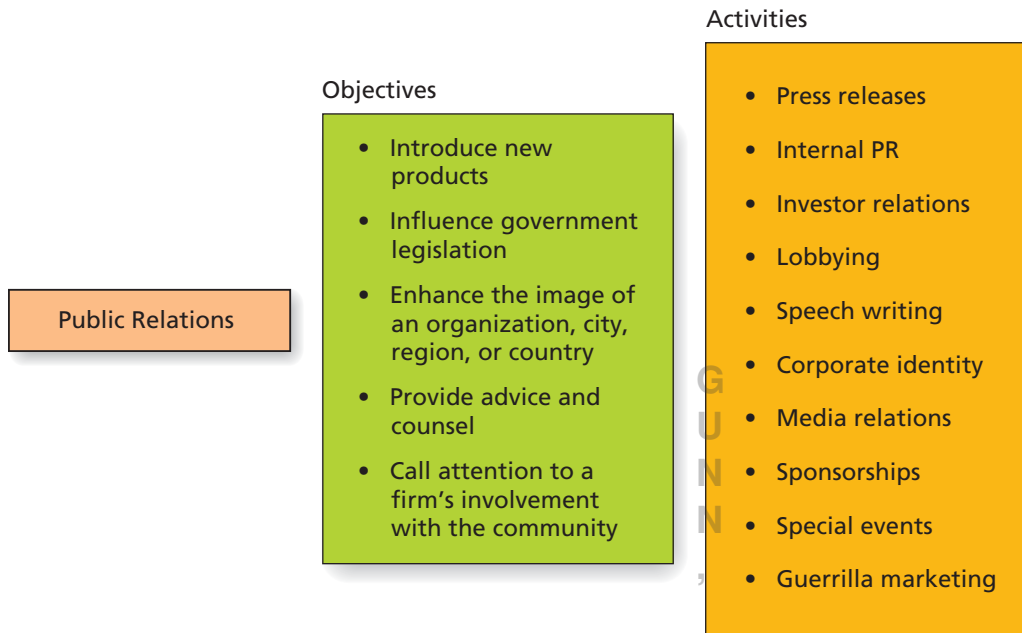
Marketing communication experts know that PR strategies are best used in concert with advertising, sales promotion, and personal selling to send a consistent message to

public relations campaign

A coordinated effort to communicate with one or more of the firm's publics.

Figure 14.5  **Snapshot** | Objectives and Tactics of Public Relations

Successful PR campaigns include clearly defined objectives and the use of the right PR activities.



customers and other stakeholders. As part of the total marketing communication plan, they often rely on PR to accomplish the following objectives:

- *Introduce new products to retailers and consumers.* As we discussed in Chapter 2, Amazon CEO Jeff Bezos created great excitement when he announced the company's work on Prime Air, a new delivery system that would deliver packages to customers in 30 minutes or less using drones. Of course, the excitement calmed down when a few months later the Federal Aviation Administration ruled that Amazon and other firms could not use drones to deliver packages.⁵⁰ Fortunately for Amazon, that ruling has since been reversed.
- *Influence government legislation.* Airplane maker Boeing spent more than a decade in public relations activities to persuade regulators that jetliners with two engines are as safe as those with three or four engines even for nonstop international flights, some as long as 16 hours.⁵¹
- *Enhance the image of an organization.* The Ladies Professional Golf Association used a variety of public relations and other promotion activities—from product endorsements to player blogs to sexy calendars—in its "These Girls Rock" campaign. The program to change the image of ladies' golf to a hip sport seems to be working, as both tournament attendance and TV audiences have increased.⁵²
- *Provide advice and counsel.* Because of their expertise and understanding of the effects of communication on public opinion, PR professionals also provide *advice and counsel* for top management. When a firm needs to shut down a plant or to build a new one, to discontinue a product or add to the product line, to fire a vice president, or to give an award to an employee who spends hundreds of hours a year doing volunteer work in his community, it needs the advice of its PR staff. What is the best way to handle the situation? How should the announcement be made? Who should be told first? What is to be said, and how?
- *Enhance the image of a city, region, or country.* The city of Brooklyn Park, a suburb of Minneapolis, Minnesota, hired a PR firm to revamp its image. Once known as high-crime area, the city also suffered from "suburban blah." Brooklyn Park hopes its

Ripped from the Headlines

Ethical/Sustainable Decisions in the Real World

Begun on borrowed money in 1993 as a burrito stand, Chipotle is a true success story. At its peak, Chipotle had more than 2000 locations and a market value of \$23 billion. Chipotle promotes its emphasis on fresh, locally sourced ingredients and has rejected genetically modified food. It follows the notion of doing well by doing good.

In November 2015, 19 people in Washington and 3 in Oregon became sick from eating at local Chipotle restaurants. Eight were admitted to the hospital. No one died, but there were links to six different Chipotle restaurants in the Seattle and Portland areas. Chipotle chose to be cautious and closed 43 restaurants in those markets.

The cause was *Escherichia coli*, a bacteria that lives naturally in people's intestines, but some strains can also cause illness accompanied by vomiting and diarrhea, and even death. This usually occurs when a person ingests tiny amounts of feces from swimming in a lake, petting an animal, or eating food prepared by someone who hasn't washed their hands.

In December, things got worse when 80 students, at least 8 of whom were on the school's basketball team, became ill after eating at a Chipotle restaurant near Boston College. By this time, the *E. coli* had infected customers in nine states including 234 people in Simi Valley, California.

Later in the year, 64 people were treated for salmonella after eating at a Chipotle in Minnesota. Customers fled and investors began dumping Chipotle stock causing stock prices to fall nearly 50 percent.

Although many restaurant chains have suffered from cases of food-borne illnesses, Chipotle had a large number of outbreaks in six months. Most felt the problem was a lack of focus on the basic principles of food safety, like making employees wash their hands. And there was criticism for the way Chipotle handled the crisis. It did not disclose the first outbreaks in Seattle and the company's managers were slow to apologize and take responsibility.

Chipotle has made a number of costly changes including a new marketing and promotional campaign estimated to cost \$50 million, the most expensive in Chipotle's history. The chain has also hired three different experts to overhaul food safety regime. Chipotle has also implemented a program to give away 20 million burritos via coupons and mobile offers. The giveaway is hoped to get customers back into the store and to persuade people that its food is safe.

Even so, Chipotle has little to no leeway left with consumers. For Chipotle to regain consumer trust, free burritos, plentiful advertising, and food safety experts may not be enough to regain the trust of consumers.

ETHICS CHECK:

Is Chipotle doing enough to regain customer trust and their business?

YES NO

new PR investment can turn around the city's image, making it a place people want to call home.⁵³

- *Manage a crisis.* PR specialists handle the crucial but often difficult task of communicating with stakeholders when something goes wrong, such as when BP is involved in a massive oil spill, GM issues a massive recall of cars with faulty ignition switches, or Volkswagen is found to be cheating on vehicle emissions tests.

Organizations respond in many ways, ranging from (unfortunately) complete denial or silence to full disclosure. For example, when Toyota started to receive reports of unsafe cars in the United Kingdom, the director of the carmaker's operations there posted a five-minute video apologizing to consumers.⁵⁴

- *Call attention to a firm's involvement with the community.* Marketers in the U.S. spend about \$20 billion a year to sponsor sporting events, rock concerts, museum exhibits, and the ballet.⁵⁵ PR specialists work behind the scenes to ensure that sponsored events receive ample press coverage and exposure. We'll talk more about sponsorships later in this section.

PR Tactics

Execution of the campaign means deciding precisely how to communicate the message to the targeted public(s). An organization can get out its positive messages in many ways: news conferences, sponsorship of charity events, and other attention-getting promotions.

To accomplish their objectives, PR professionals choose from a variety of tactics, as shown in Figure 14.5. These activities include press releases, activities aimed at specific internal and external stakeholder groups, speech writing and corporate communications, sponsorships and special events, and guerrilla marketing activities.

Press Release

The most common way for PR specialists to communicate is with a **press release**. This is a report of some event or activity that an organization writes and sends to the media in the hope that it will be published for free. Because fewer consumers are reading newspapers and magazines, the importance of the print press release has diminished. A newer version of this idea is the **video news release (VNR)** that tells the story in a film format instead. Some of the most common types of press releases include the following:

- *Timely topics* deal with topics in the news, such as Levi Strauss's efforts to promote "Casual Fridays" to boost sales of its Dockers and Slates casual dress pants by highlighting how different corporations around the country are adopting a relaxed dress code.
- Universities publish *research project stories* to highlight breakthroughs by faculty researchers.
- *Consumer information releases* provide information to help consumers make product decisions, such as helpful tips from Butterball about how to prepare dishes for Thanksgiving dinner.

Internal PR and External Stakeholders

Internal PR activities target employees; they often include company newsletters (often delivered digitally) and closed-circuit TV to keep people informed about company objectives, successes, or even plans to "downsize" the workforce. Often, company newsletters also are distributed outside the firm to suppliers or other important publics.

Investor relations activities focus on communications to those whose financial support is critical; this is especially vital for publicly held companies. It is the responsibility of the PR department to develop and distribute annual and quarterly reports and to provide other essential communications with individual and corporate stockholders, with investment firms, and with capital market organizations.

Lobbying means talking with and providing information to government officials to persuade them to vote a certain way on pending legislation or even to initiate legislation or regulations that would benefit the organization.

Speech Writing and Corporate Communications

An important job of a firm's PR department is **speech writing**; specialists provide speeches for company executives to deliver. Although some executives do actually write their own speeches, it is more common for a speechwriter on the PR staff to develop an initial draft of a speech to which the executive might add her own input. PR specialists also provide input on **corporate identity** materials, such as logos, brochures, building design, and even stationery that communicates a positive image for the firm.

One of the tasks of the PR professional is to develop close **media relations** to ensure that the organization will receive the best media exposure possible for positive news, such as publicizing the achievements of an employee who has done some notable charity work or for a product the company developed that saved someone's life. And as we've seen, good media relations can be even more important when things go wrong. News editors are less inclined to present a story of a crisis in its most negative way if they have a good relationship with PR people in the organization.

Sponsorships and Special Events

Sponsorships are PR activities through which companies provide financial support to help fund an event in return for publicized recognition of the company's contribution.

press release

Information that an organization distributes to the media intended to win publicity.

video news release (VNR)

Similar to a press release, an organization sends a report to the media in a film format.

internal PR

PR activities aimed at employees of an organization.

investor relations

PR activities such as annual and quarterly reports aimed at a firm's investors.

lobbying

Talking with and providing information to government officials to influence their activities relating to an organization.

speech writing

Writing a speech on a topic for a company executive to deliver.

corporate identity

Materials such as logos, brochures, building design, and stationery that communicate an image of the organization.

media relations

A PR activity aimed at developing close relationships with the media.

sponsorships

PR activities through which companies provide financial support to help fund an event in return for publicized recognition of the company's contribution.

Many companies today find that their promotion dollars are well spent to sponsor a golf tournament, a NASCAR driver, a symphony concert, or global events such as the Olympics or World Cup soccer competition. These sponsorships are particularly effective because they allow marketers to reach customers during their leisure time; people often appreciate these efforts because the financial support makes the events possible in the first place.

AT&T, for example, served as an exclusive “super sponsor” for South by Southwest (SXSW), the insanely popular music, film, and interactive festival held annually in Austin, Texas. For the event, AT&T installed network resources so that fans could stay connected no matter where they went. That meant 215 WiFi spots throughout the Austin area, including a WiFi Hot Zone and charging stations. But that was just the beginning. AT&T also held a competition for the MOFILM community, hosted an AT&T Hackathon for mobile apps developers, and showed attendees the coolest places around Austin via the AT&T Teleporter.⁵⁶

A related task is to plan and implement **special events**. Companies find special events useful for a variety of purposes. For example, a firm might hold a press conference to increase interest and excitement in a new product or other company activity. A city or state may hold an annual event such as the strawberry festivals in Florida and California or the National Cherry Blossom Festival in Washington, D.C., to promote tourism. As we noted previously in the chapter, a company outing, such as the huge road rallies that Harley-Davidson’s Harley Owners’ Group (HOGs) sponsors, reinforces loyalty toward an existing product. Other special events aim simply to create buzz and generate publicity. For New York City shoppers, Unilever created its “All Small & Mighty Clothes Bus,” a 40-foot bus it covered in all the shirts, shorts, and socks that one bottle of super-concentrated All laundry detergent can wash. Consumers who spotted the bus during its 12-day campaign could “clean up” if they entered a sweepstakes to win a \$5,000 shopping spree or \$200 gift cards.⁵⁷

Brand Ambassadors and Evangelists

Many marketers recruit loyal customers as **brand ambassadors** or **brand evangelists** to help them spread the word about their products. These zealous consumers can be the best salespeople a company can ever find—and they often work for free. They are heavy users, take a product seriously, care a great deal about it, and want it to succeed.⁵⁸ In addition, they know the target audience better than anyone because they are a part of it.

So how do marketers identify and motivate these loyal customers to be brand ambassadors? Sometimes, they seek out customers who already blog about the product and share what they love about the brand. One way to motivate brand ambassadors is to give them special access or privileges to the company and its marketing strategies. Some might be recruited and featured through a brand contest.

Guerrilla Marketing

Organizations with tiny advertising budgets need to develop innovative—and cheap—ways to capture consumers’ attention. **Guerrilla marketing** activities are an increasingly popular way to accomplish this objective. No, this term doesn’t refer to marketers making monkeys out of themselves (that’s “gorilla marketing”). A guerrilla marketing strategy involves “ambushing” consumers with promotional content in places where they don’t expect to encounter these messages.

Ambient advertising is a popular type of guerrilla marketing. This term describes the placement of messages in nontraditional media. Some examples include the backs of garage and theater receipts, screens attached to the back of supermarket carts, signs on elevator doors, or the ever popular signs on urinals in bars and restaurants—the possibilities are endless.

special events

Activities—from a visit by foreign investors to a company picnic—that are planned and implemented by a PR department.

brand ambassadors or brand evangelists

Loyal customers of a brand recruited to communicate and be salespeople with other consumers for a brand they care a great deal about.

guerrilla marketing

Marketing activity in which a firm “ambushes” consumers with promotional content in places they are not expecting to encounter this kind of activity.

ambient advertising

Advertising placed where advertising isn’t normally or hasn’t ever been seen.

Another type of guerilla marketing is to stage an elaborate *flash mob*, where tens if not hundreds of people suddenly launch into a well-rehearsed dance routine in an unexpected place such as a train station or an airport. T-Mobile pulled this off at the Liverpool station in the United Kingdom as 350 pedestrians suddenly congregated in the center and launched into an elaborate group routine as the song *Shout!* played on huge speakers (check out the video at www.youtube.com/watch?v=uVFNM8f9WnI).

Today, big companies buy into guerrilla marketing strategies big time. Consider the “Wallet Drop” campaign in Singapore to help launch BK affordables; food so affordable it was like BK was putting money back in your wallet. To attract customers, BK dropped wallets loaded with BK coupons on park benches, under clothes racks, and in other locations through Singapore.⁵⁹ Now there’s something you don’t see every day.

Companies use guerrilla marketing to promote new drinks, cars, clothing styles, or even computer systems. Much to the annoyance of city officials in San Francisco and Chicago, IBM painted hundreds of “Peace Love Linux” logos on sidewalks to publicize the company’s adoption of the Linux operating system. Even though the company got hit with a hefty bill to pay for cleaning up the “corporate graffiti,” one marketing journalist noted that they “got the publicity they were looking for.”⁶⁰ Given the success of many of these campaigns that operate on a shoestring budget, expect to see even more of these tactics as other companies climb on the guerrilla bandwagon.

Buzz Marketing

Why do the heavy lifting when you can put your customers to work for you? The many-to-many communication model relies on consumers like you to talk to one another about goods, services, and organizations. Marketers think of **buzz** as everyday people helping their marketing efforts when they share their opinions with their friends and neighbors.⁶¹ The idea is nothing new. It’s basically the so-called “office water-cooler effect” where coworkers dish about the latest TV sitcom on Monday morning—but on steroids.

In reality, a lot of the online marketing you’re exposed to everyday in social media posts, TV shows like *Access Hollywood* that breathlessly report about the outrageous gown Jennifer Aniston wore to The Golden Globe Awards, or even gossip websites like Perez Hilton that dish about the glam nightclub where Lauren Conrad was supposedly spotted twerking with heartthrob Chris Pine (OK, we made that one up) falls under the heading of public relations rather than advertising. The reason: News about a cool new brand is likely to reach you informally from other members of your network, rather than as a message some company paid to send to you. And you’re a lot more likely to take that message seriously because it comes from someone you know (at least online) and who is not being paid to try to convince you to buy the item (but a warning: see the section on buzz marketing ethics that follows for a wake-up call about that!). That’s why the buzz marketing element of PR actually makes public relations a much *more important* part of the promotional mix than it ever used to be.

The trick is to create buzz that works for you, not against you. Specifically, **buzz marketing** refers to specific marketing activities designed to create conversation, excitement, and enthusiasm, that is, buzz, about a brand. How does this happen, or, more specifically, how do marketers make sure it happens? Let’s take a look at Samsung. As a publicity stunt to create buzz, Range Rover parked its new £90,000 luxury SUV outside Harrods, the popular London department store. On the vehicle were the words “Cheater” and “Hope she was worth it” spray painted in huge red letters. The result was not only thousands of mentions online but the stunt also hit the news—even the BBC fell for the stunt and reported the “incident.”⁶²

buzz

Word-of-mouth communication that customers view as authentic.

buzz marketing

Marketing activities designed to create conversation, excitement, and enthusiasm, that is, buzz, about a brand.



Courtesy of The Kraft Heinz Company

Heinz introduced its new vinegar ketchup with the help of a tryvertising strategy to create buzz for the new flavor.

tryvertising

Advertising by sampling that is designed to create buzz about a product.

f-commerce

E-commerce that takes place on Facebook.

brand polarization

The gap between good buzz and bad buzz.

viral marketing

Marketing activities that aim to increase brand awareness or sales by consumers passing a message along to other consumers.

Companies today spend millions to create consumer positive buzz. Firms like Apple specifically hire word of mouth (WOM) marketing managers, and the Word of Mouth Marketing Association (WOMMA) membership roster includes most of the top consumer brand companies.⁶³ Techniques to encourage consumers to spread information about companies and their products come under a variety of names, such as *word of mouth marketing*, *viral marketing*, *buzz marketing*, and *evangelist marketing*.

Heinz opened a pop-up (temporary) **tryvertising** (advertising by sampling that is designed to create buzz about a product) page using **f-commerce** (Facebook e-commerce) to launch its newest ketchup.⁶⁴ The new limited-edition ketchup, one flavored with balsamic vinegar, was made available online to 3,000 of Heinz's biggest fans before the company placed more than a million bottles of the product in traditional stores. The result? Fans were definitely buzzing, and each positive product comment gets syndicated to approximately 130 other Facebook walls, generating even more buzz.

As we've noted, buzz isn't *really* new. In fact, we can point to the fame of none other than the *Mona Lisa* portrait as one of the first examples of buzz marketing. In 1911, the painting was stolen from the Louvre museum in Paris. The theft created buzz around the globe while it catapulted da Vinci's masterpiece into the limelight (note that we're not advocating that you arrange to get your product stolen to build buzz).

What *is* new is the magnifying effect that technology exerts on the spread of buzz: When you think of the effect of consumers talking one-on-one about the *Mona Lisa* theft a century ago, imagine the exponential increase in influence of the individual consumer "connectors" or "e-fluentials" who use Facebook, blogs, and other social media to increase their reach.⁶⁵ How many online "friends" do you have? Compared to traditional advertising and public relations activities, these endorsements are far more credible and thus more valuable to the brand.

People like to share their experiences, good or bad, with others. Truly happy customers will share their excitement about a brand. Unfortunately, the unhappy ones will be even more eager to tell their friends about their unpleasant experiences. For some brands, the difference between "good" buzz and "bad" buzz is very large; for others, it is almost the same. For example, when asked about their feelings toward the Amazon brand, 56 percent of consumers were "brand lovers," whereas only 3 percent were "brand haters." In contrast, 33 percent of consumers were "brand lovers" of McDonald's, while 29 percent were "brand haters." **Brand polarization**, the gap between good buzz and bad buzz, isn't always a bad thing, however. Bad buzz spreads faster than good buzz; in addition, it stimulates controversy, causing product lovers to vehemently defend the brand they love so much.⁶⁶ Of course, marketers don't necessarily create the buzz around their product anyway; sometimes they just catch a wave that's building and simply ride it home.

Viral Marketing

One popular form of buzz building is **viral marketing**. This term refers to marketing activities that aim to increase brand awareness or sales because consumers pass a cool or quirky message along to others in their networks, and (hopefully) these recipients do the same until many thousands (or even millions in some cases) of people are exposed to the content. Thus, if the tactic works the message "goes viral," much like your roommate passes a cold on to you and you pass it along to all your other friends.

Some of the earliest examples of viral marketing were messages at the bottom of e-mails by Yahoo! and Hotmail that advertised their free e-mail services. Apple implements viral marketing when it simply inserts the message "Sent from my iPad/iPhone" in a text

message. Today, most viral marketing tactics consist of marketers' use of video clips, interactive games, or other activities that consumers will find so interesting or unique that they want to share them with their friends using digital technology. The top viral video of all time is the Chewbacca Mom. The video of a stay-at-home mom laughing at herself in a Chewbacca mask she purchased as a birthday gift for herself received more than 50 million hits in 24 hours.⁶⁷

Ethical Problems with Buzz Marketing

Just as firms are discovering there are a myriad of opportunities for buzz marketing, there are equally large opportunities for unethical or at least questionable marketing behavior. Some of these include the following:

- *Activities designed to deceive consumers:* Buzz works best when companies put unpaid consumers in charge of creating their own messages. The WOMMA Standards of Conduct include the need of its members to require their representatives to disclose their relationships or identities to consumers and to disclose aspects of their commercial relationship with a marketer, including the specific type of any remuneration or consideration received.
- *Directing buzz marketing at children or teens:* Some critics say buzz marketing should never do this because these younger consumers are more impressionable and easier to deceive than adults.⁶⁸
- *Buzz marketing activities that damage property:* Puma encouraged consumers to stencil its cat logo all over Paris. Such activities lead to damage or vandalism, which the company will ultimately have to pay for. In addition, individual consumers could find themselves in trouble with the law, a problem that could ultimately backfire and damage the company image.
- *Sock puppeting:* In recent years we've witnessed a new attempt to manipulate attitudes that some call **sock puppeting**. This term describes a company executive or other biased source that poses as someone else to plug a product in social media. For example, it came to light that the CEO of Whole Foods had posted derogatory comments about rival Wild Oats without revealing his true identity.⁶⁹ Another form of sock puppeting is so-called **paid influencer programs** that attempt to start online conversations about brands when they encourage bloggers to write about them. As a typical example, Mercedes gave a blogger use of an SUV for a week in exchange for posts about it. These "sponsored conversations" can be effective, but they are unethical if the blogger doesn't reveal that he or she has actually received payment in the form of cash or free products to promote a sponsor's product.

sock puppeting

An practice where a company executive or other biased source poses as someone else to plug a product in social media.

paid influencer programs

Another form of sock puppeting in which bloggers are paid or rewarded in some way for attempting to start online conversations about a brand.


Evaluation of a PR Campaign

One of the barriers to greater reliance on PR campaigns is *evaluation*; compared to many other forms of marketing communications, it's difficult to devise metrics to gauge their effectiveness. Who can say precisely what impact an appearance by Seth Rogen on *The Tonight Show* to plug his new movie exerts on ticket sales or whether Virgin's sponsorship of the London Marathon boosted purchases of airline tickets? It is possible to tell if a PR campaign gets media exposure, though compared to advertising it's much more difficult to assess bottom-line impact. Table 14.1 describes some of the most common PR measurement techniques.

Table 14.1 | Measuring the Effectiveness of Public Relations (PR) Tactics

Method	Description	Example	Pros	Cons
Personal (subjective) evaluation of PR activities	Evaluation of PR activities by superiors may occur at all levels of the organization.	Items in employee annual reviews relate to the successful fulfillment of PR role.	Simple and inexpensive to complete; ensures that an annual assessment will be completed.	Subjective nature of the evaluation may result in biased appraisal. Employees may focus on the annual review to the exclusion of some important PR goals.
Matching of PR activity accomplishments with activity objectives	Simple counts of actual PR activities accomplished compares with activity goals set for the period.	Goal: to obtain publication of three feature articles in major newspapers in the first quarter of the year. Result: four articles published.	Focuses attention on the need for quantitative goals for PR activities and achievements. Easy and inexpensive to measure.	Focuses on activity goals rather than image or communication goals. Ignores image perception or attitudes of the firm's publics.
Evaluation of communication objectives through opinion surveys among the firm's publics	Surveys are used to determine if image/communication goals are met within key groups.	Goal: to achieve an improved image of the organization among at least 30 percent of financial community stakeholders.	Causes PR professionals to focus on actual communication results of activities.	May be difficult to measure changes in perceptions among the firm's publics. Factors not under the control of PR practitioners may influence public perceptions. It is relatively expensive. Results may take many months, thus preventing corrective actions in PR activities.
Measurement of coverage in print and broadcast media, especially those generated by PR activities	Systematic measurement of coverage achieved in print media (column inches/pages) and broadcast media (minutes of airtime).	Total number of column inches of newspaper articles resulting from PR releases. Total number of articles including those not from PR releases. Total amount of positive print and broadcast coverage. Total amount of negative print and broadcast coverage. Ratio of negative to positive print and broadcast coverage.	Very objective measurements with little opportunity for bias. Relatively inexpensive.	Does not address perceptions, attitudes, or image issues of the organization.
Impression measurement	Measure the size of the audience for all print and broadcast coverage. Often, assessment includes comparisons in terms of advertising costs for same number of impressions.	Network news coverage during the time period equaled over 15 million gross impressions. This number of impressions through advertising would have cost \$4,500,000.	Objective, without any potential bias in measurement; provides a monetary measure to justify the expenditures of the PR office or consultant. Relatively inexpensive.	Does not differentiate between negative and positive news coverage. Does not consider responses of publics to the coverage. Assumes that advertising and PR communication activities are equal.

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Objective Summary → Key Terms → Apply

CHAPTER 14

Study Map

14.1 Objective Summary (pp. 460–465)

Understand how marketers communicate using an updated communication model that incorporates new social media and buzz marketing activities.

Because consumers spend more time online and less time watching TV or reaching magazines, traditional advertising has diminished as a way to talk to consumers. Consumers today are increasingly getting their information on products from one another rather than from firms as technology magnifies the spread of consumer buzz.

Social media are Internet-based platforms that allow users to create their own content and share it with others. Social networking sites or social networks such as brand communities, Facebook, Twitter, virtual worlds, product review sites, mobile apps, and location-based social networks connect people with other, similar people. Social networks provide opportunities for the development of brand communities formed by social network users on the basis of attachment to a product or brand.

Key Terms

groundswell, p. 460

social media, p. 461

social networks, p. 461

brand communities, p. 461

Twitter, p. 462

virtual worlds, p. 463

avatars, p. 463

virtual goods, p. 463

product review sites, p. 463

location-based social networks, p. 464

augmented reality (AR), p. 464

14.2 Objective Summary (pp. 465–468)

Understand the elements of direct marketing.

Direct marketing refers to any direct communication designed to generate a response from a consumer or business customer. Some of the types of direct marketing activities are mail order (catalogs and direct mail), telemarketing, and direct-response advertising, including infomercials and m-commerce.

Key Terms

direct marketing, p. 465

catalog, p. 466

direct mail, p. 466

telemarketing, p. 466

direct-response advertising, p. 467

direct-response TV (DRTV), p. 467

infomercials, p. 467

m-commerce, p. 467

14.3 Objective Summary (pp. 468–477)

Understand the important role of personal selling, the different types of sales jobs and the steps in the creative selling process.

Personal selling occurs when a company representative interacts directly with a prospect or customer to communicate about a good or service. Many organizations rely heavily on this approach because at times the “personal touch” can carry more weight than mass-media material. Generally, a personal selling effort is more important when a firm uses a push strategy in B2B contexts and for firms whose goods or services are complex or very expensive. Personal selling has been enhanced by the use of new technology, including customer relationship management (CRM) and partner relationship management (PRM), software systems, and voice-over Internet protocol (VoIP) systems, such as Skype, that allow customers and salespeople to interact over the Internet.

Professional sales jobs are varied and include order takers, technical specialists, missionary salespersons, new-business salespeople and order getters, as well as team selling opportunities. Transactional selling focuses on making an immediate sale with little concern for developing a long-term relationship with the customer. In contrast, relationship selling involves securing, developing, and maintaining long-term relationships with profitable customers.

The steps in the personal selling process include prospecting and qualifying, preapproach, approach, sales presentation, handling objections, closing the sale, and follow-up.

Key Term

personal selling, p. 468

partner relationship management (PRM), p. 470

voice-over Internet protocol (VoIP), p. 471

telecommute, p. 471

virtual office, p. 471

order taker, p. 472

technical specialist, p. 472

missionary salesperson, p. 472

new-business salesperson, p. 472

order getter, p. 472

team selling, p. 472

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key account, p. 472
 cross-functional team, p. 472
 multilevel selling, p. 472
 transactional selling, p. 473
 relationship selling, p. 473
 creative selling process, p. 474
 prospecting, p. 474
 preapproach, p. 474
 approach, p. 475
 sales presentation, p. 475
 close, p. 476
 follow-up, p. 476
 input measures, p. 477
 output measures, p. 477

14.4 Objective Summary (pp. 477–486)

Explain the role of public relations and the steps in developing a public relations campaign.

The purpose of PR is to build good relationships between an organization and its various publics and to establish and maintain a favorable image. Crisis management is the process of managing a company's reputation when some negative and often unplanned event threatens the organization's image.

The steps in a PR are setting objectives, creating and executing a campaign strategy, and planning how the PR program will be evaluated. PR is useful to introduce new products; influence legislation; enhance the image of a city, region, or country; polish the image of an organization; provide advice and counsel; and call attention to a firm's community involvement.

PR specialists often use print or video news releases to communicate timely topics, research stories, and consumer information. Internal communications with employees include company newsletters and internal TV programs. Other PR activities include investor relations, lobbying, speech writing, developing corporate identity materials, media relations, arranging sponsorships and special events, and guerrilla marketing activities including ambient advertising.

Marketers use buzz-building activities to encourage consumers to share their opinions about products with friends and

neighbors. Buzz marketing can be unethical when marketers use activities designed to deceive consumers, when they direct buzz marketing to children or teens, and when buzz marketing activities encourage people to damage property.

Viral marketing refers to activities that aim to increase brand awareness or sales by consumers passing a message along to other consumers. Marketers may recruit loyal customers who care a great deal about a product and want it to succeed as brand ambassadors or brand evangelists to help create buzz.

Key Terms

public relations (PR), p. 477
 publicity, p. 478
 crisis management, p. 478
 public relations campaign, p. 478
 press release, p. 481
 video news release (VNR), p. 481
 internal PR, p. 481
 investor relations, p. 481
 lobbying, p. 481
 speech writing, p. 481
 corporate identity, p. 481
 media relations, p. 481
 sponsorships, p. 481
 special events, p. 482
 brand ambassadors or brand evangelists, p. 482
 guerrilla marketing, p. 482
 ambient advertising, p. 482
 buzz, p. 483
 buzz marketing, p. 483
 tryvertising, p. 484
 f-commerce, p. 484
 brand polarization, p. 484
 viral marketing, p. 484
 sock puppeting, p. 485
 paid influencer programs, p. 485

Chapter Questions and Activities

Concepts: Test Your Knowledge

- 14-1. What is buzz? How do marketers practice buzz building?
- 14-2. What are some ethical problems in buzz marketing?
- 14-3. What is viral marketing? How do marketers use brand ambassadors or brand evangelists?
- 14-4. What is social media? What are social networks? Describe Facebook, Twitter, virtual worlds, product review sites, mobile apps, and location-based social networks.

Marketing: Real People, Real Choices, Ninth Edition, by Michael R. Solomon, Greg W. Marshall, and Elnora W. Stuart. Published by Pearson. Copyright © 2018 by Pearson Education, Inc.

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- 14-5. What is direct marketing? Describe the more popular types of direct marketing.
- 14-6. What is m-commerce?
- 14-7. What role does personal selling play within the marketing function?
- 14-8. Describe the various types of sales jobs.
- 14-9. What is relationship selling? How does it differ from transactional selling?
- 14-10. What is prospecting? What does it mean to qualify the prospect? What is the preapproach? Why are these

steps in the creative selling process that occur before you ever contact the buyer so important to the sale?

- 14-11. What are some ways you might approach a customer? Explain how some types of approaches work better in one situation than another.
- 14-12. What is the objective of the sales presentation? How might you overcome buyer objections?
- 14-13. Why is follow-up after the sale so important in relationship selling?
- 14-14. What is the purpose of public relations? What is a crisis management plan? Describe some of the activities that are part of PR.
- 14-15. What is guerrilla marketing? What is ambient advertising?

Activities: Apply What You’ve Learned

14-16. *Creative Homework/Short Project* Many firms today are using a variety of buzz-building activities to encourage word-of-mouth communication about their products. Think about a business or place that you and your classmates might visit. You might, for example, think about (1) a specialty coffee shop, (2) a night spot where you and your friends might hang out on the weekends, or (3) a local theme or amusement park. For your selected product, develop ideas for at least three different buzz-building activities. Outline the details as to exactly how these activities would be carried out and integrated with more traditional marketing communications. Next, rank order the activities as to which you feel would be the best and tell why you feel that way. Develop a report for your class on your ideas.

14-17. *Creative Homework/Short Project* Assume that you are a marketing consultant for one of the clients in item 14.16. You believe that the business would benefit from nontraditional marketing. Develop several ideas for social-media tactics that you feel would be successful for the client.

14-18. *In Class, 10–25 Minutes for Teams* In this chapter, we learned that marketers are increasing their use of social media in their marketing communication strategies. Why is this happening? What are some ways a university can use social media in their marketing communication programs? How does your university use social media? What additions to the current social media activities would you recommend for your university?

★ 14-19. *Creative Homework/Short Project* You work for a direct marketing firm, and your client, who owns a lawn mowing and landscaping service, has enlisted your help in using various direct marketing approaches to reach out to potential customers. Consider carefully which forms of direct marketing would be most effective for your client and why. Devise a short presentation for your customer so that he can weigh the various options you recommend.

14-20. *Creative Homework/Short Project* Think of the last time you interacted with a salesperson, whether it was for a new tablet computer or a trendy pair of jeans. Identify the type of salesperson you were interacting with and describe what this person did to fulfill that particular role. Also identify whether this salesperson used a transactional selling approach or a relationship selling approach. Was this approach appropriate for the purchase you were considering? Why or why not?

★ 14-21. *Creative Homework/Short Project* Assume a firm that publishes university textbooks (including this marketing textbook) has just hired you as a field salesperson. Your job requires that you call on university faculty members to persuade them to adopt one of your textbooks for their classes. As part of your training, your sales manager has asked you to develop an outline of what you will say in a typical sales presentation. Write that outline, including how you might handle a specific objective like “But this [a competitor’s book] is the textbook we’ve always used, and it’s always worked well for us.”

14-22. *Creative Homework/Short Project* Your assignment for this project is to develop recommendations for your university’s marketing communication program. First, schedule an appointment with your university’s marketing communication or university relations department to discuss their communication program. You will probably want to ask them about the following:

- a. The target audiences for their communication program
- b. The objectives of their communication program
- c. The different types of traditional and nontraditional communication methods they use
- d. How they evaluate the effectiveness of their communication program(s)

Based on your discussions, develop a report that (1) provides a critique of the university’s communication program and (2) makes recommendations for improvement.

14-23. *In Class, 10–25 Minutes for Teams* Assume that you are the head of PR for a regional fast-food chain that specializes in fried chicken and fish. A customer has claimed that he became sick when he ate a fried roach that was in his chicken dinner at one of your restaurants. As the director of PR, what specific and detailed recommendations do you have for how the firm might handle this crisis?

Concepts: Apply Marketing Metrics

One of the important benefits of social media such as Facebook and Twitter is that they allow marketers to easily learn what consumers are saying about their brand—and about the competition. To better understand that process, you can go out to Twitter and conduct a little detective work to see what consumers are saying about a brand:

14-24. Select a product type and particular brand of that product to study; it can be in any product category you choose. If you are doing a marketing plan project for your marketing course, you may use that product for this exercise. If not, choose a product type and brand that you use and like, one that you might use and are curious about, or one that you dislike.

14-25. Go to Twitter.com. Search for you selected brand and see what is revealed. After you have reviewed the results, provide a summary of the following information:

- a. The number of tweets that are positive
- b. The major aspects of your brand that people think are positive
- c. The number of tweets that are negative
- d. The major aspects of your brand that people think are negative
- e. The number of tweets that ask questions

G U N N , G E N N I S E 1 4 1 7 T S

Choices: What Do You Think?

14-26. Critical Thinking A woman sued Taco Bell for deceptive advertising, claiming its tacos had far less beef than advertised. Taco Bell, understanding the potential damage to its brand, immediately went on the defense and filed a countersuit. In addition, Taco Bell's CEO posted a video statement and essentially released its recipe for seasoned beef, which contains 88 percent beef that is 100 percent USDA inspected.⁶⁸

Was this enough for Taco Bell to do to avert a PR crisis? What else could they have done?

★ **14-27. Critical Thinking** There is increasing concern about consumer privacy on social networking sites such as Facebook. How do you feel about privacy on social networks? Is allowing personal information to be available to others without a user's specific permission unethical? Should the network owners do more to protect users' privacy? Should there be greater government regulation or should the sites be free to develop as they want to meet the needs of users? How much responsibility should users accept in protecting their own private information?

14-28. Critical Thinking Have you ever "liked" a company or product page on Facebook? Why did you do so? How often do you follow this company or product? Have you ever posted comments? If so, what was the purpose of your comments? Do you feel the brand's management communicates effectively with the brand community through this medium? Why or why not? What could the brand management do better?

14-29. Ethics Many salespeople, especially those that sell financial products such as life insurance or annuities, earn their salary or a portion of their salary based on the product(s) they convince you to purchase. In addition, buyers are often uneducated about how the sellers make their money and about the product(s) themselves. What are the ethical obligations the seller has toward the buyer? Should the salesperson disclose how he or she earns his or her money? Is it ethical for a salesperson to try to sell the buyer a product that provides a higher commission for the salesperson? What responsibility does the buyer have in such situations?

14-30. Critical Thinking Recently, Twitter has joined other Internet sites in selling preferred positions on the site to generate revenue. Do you feel that such revenue-generating activities make sites such as Twitter less attractive? If you know that the top comments on a site have their positions because firms paid for them, are you likely to change your use of the sites? Are there other ways that an Internet site such as Twitter can generate revenue?

14-31. Critical Thinking M-commerce allows marketers to engage in *location commerce* when they can identify where consumers are and send them messages about a close-by retailer. Do you think consumers will respond positively to this? What do you think are the benefits for consumers of location commerce? Do you see any drawbacks (such as invasion of privacy)?

★ **14-32. Critical Thinking** In general, professional selling has evolved from hard selling to relationship selling. Do some organizations still use the hard-sell style? If so, explain. What do you think the future holds for these organizations? Will the hard sell continue to succeed;

that is, are there instances in which transactional selling is still appropriate? If so, when?

14-33. Critical Thinking Some critics denounce PR specialists, calling them "flacks" or "spin doctors" whose job is to hide the truth about a company's problems. What is the proper role of PR within an organization? Should PR specialists try to put a good face on bad news?

Miniproject: Learn by Doing**Miniproject 1**

The purpose of this miniproject is to help you understand the advantages of following the creative selling process:

14-34. With several of your classmates, create a new product in a category that most college students buy regularly (e.g., toothpaste, shampoo, pens, pencils, soft drinks—anything that interests you that might be sold through a drugstore like Walgreens). Make up a new brand name and some creative features and benefits of the new product you come up with.

14-35. Assume you are a salesperson trying to sell your product to an organizational buyer like Walgreens for adding to their product lines. Develop a plan for executing each of the steps in the creative selling process. Make sure that you cover all the bases of how you would go about selling your product.

14-36. Report on your plan to your class and ask the other students for feedback on whether your approach will convince the Walgreens buyer to make a purchase. Alternatively, with a classmate demonstrate your plan in a role-playing exercise.

Miniproject 2

One of the more difficult parts of developing a marketing communication plan that includes a variety of traditional and new media activities is coordination. This project will provide you with an opportunity to explore the difficulties of this.

1 Assume you are the CMO for the Down Home Sausage Company. You are responsible for developing a marketing communication plan for your firm's new "Grilling Sausage" product. You have decided that your program could best be developed if it includes the following:

1. Traditional TV advertising
2. Outdoor billboard advertising
3. A buzz-building activity
4. An interactive brand website with a game, information about your product, and one or more other interactive devices.
5. Digital advertising on various platforms.
6. Consumer sales promotion
7. Brand ambassadors

14-37. Design each of these communication program elements with detailed descriptions including timing, and venues.

14-38. Each of these activities must be tied to the other activities. Now describe all of these connections.

14-39. To be successful today, a firm must do more than just provide consumers with information. Their marketing communication activities must engage the consumer, must provide something of value (in addition to information about the product) and must make the customer's life better. Describe how your communication activities will do these things.

Marketing in Action Case Real Choices at Burger King

Just because you're the biggest contender, doesn't mean you'll win every fight. Burger King as the "little guy" compared to market leader McDonald's has established an appealing reputation through social media marketing.

In 1954, James McLamore and David Edgerton founded the Burger King Corporation in Miami, Florida. From its beginnings, the burger chain followed a simple concept of providing "reasonably-priced, broiled burgers served quickly." After early challenges, the entrepreneurs were able to expand their five-store chain into a national success story of more than 250 locations making it the third-largest fast-food company in the U.S. This achievement brought the company to the attention of Pillsbury, who in 1967 purchased the company. In all, the company has changed ownership five times. In 2014, in a \$12.5 billion deal, Burger King merged with Tim Hortons, a Canadian-based donut coffee chain, to form Restaurant Brands International.

Burger King has an advertising budget only one-fourth the size of McDonald's. As a result, BK has followed the advice of Allen Adamso, of branding firm Landor Associates, who believes that social media can minimize the advantages of size. Adamso says, "Good content travels so powerfully that every year the playing field gets more level." And that's exactly what Burger King has done.

As you read in the vignette of Sara Bamossy at The Pitch Agency at the beginning Chapter 13, there was a surprise for the record 4.4 million pay-per-view audience for the Floyd Mayweather–Manny Pacquiao fight in 2015.⁷⁰ Entering with the Mayweather entourage was the King, the Burger King chain's robed mascot. The millions of people worldwide who viewed the fight (and the King) turned to social media and created a huge buzz on Twitter and Facebook. The \$1 million that Burger King paid for the stunt was minuscule compared to what the company would have had to spend for a 30-second Super Bowl ad and much more effective in terms of publicity. The King's busy schedule was not complete. He was seen at the Belmont Stakes horse race with the famous racing

trainer Bob Baffert. Bob's horse, American Pharoah, became the first Triple Crown winner in almost 40 years. The appearance fee was \$200,000 and once again put Burger King in the spotlight of pop culture.

Recently, Burger King gained the attention of the media by asking its rival McDonald's to join together to make a McWhopper in support of World Peace Day. The new hamburger would consist of six ingredients from each burger and be sold exclusively for one day at a pop-up shop in Atlanta. Proceeds would go to charity, and the theme of the event would have been: "What does peace taste like?" Television outlets focused on the proposal, and the story went viral on social media. However, the offer was not warmly received by McDonald's, and the event never took place. Nevertheless, the McWhopper buzz generated \$182 million in earned media exposure and 8.9 billion media impressions for Burger King.

Although gaining customers' attention is vital to brand success, that success can be fleeting. Burger King will continue to be limited by its smaller promotion budget. Competition for customers' thoughts in the world of social media is fierce. And there's no guarantee of buzz turning into revenue growth.

You Make the Call

- 14-40.** What is the decision facing Burger King?
- 14-41.** What factors are important in understanding this decision situation?
- 14-42.** What are the alternatives?
- 14-43.** What decision(s) do you recommend?
- 14-44.** What are some ways to implement your recommendation?

Based on: Alex Hayes, "How to Make a McWhopper and Put Your Competition on Notice," *Mumbrella* (April 16, 2016), http://mumbrella.com.au/commscon-yandr-how-to-make-a-mcwhopper-355047?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+mumbrella+%28mUmBRELLA%29 (accessed May 13, 2016); "Burger King Corporation," *Encyclopedia.com*, http://www.encyclopedia.com/topic/Burger_King_Corp.aspx#1 (accessed May 13, 2016); Craig Giammona and SitkaWriter, "In Social Media Marketing, the Burger King Has It His Way," *Bloomberg Businessweek* (October 1, 2015) <http://www.bloomberg.com/news/articles/2015-10-01/burger-king-s-social-media-marketing-is-a-cost-effective-champ> (accessed May 13, 2016).

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- 14-45.** The manager of the training department at your marketing firm has asked you to help with writing a training manual that describes the selling process. To begin, include some information that describes why the creative selling process is so important. Then identify the steps and include a summary of each. Finally, include a paragraph that describes the importance of follow-up to the selling process.
- 14-46.** What are the major differences between transactional selling and relationship selling?