Learning Outcomes

LO1 Discuss the elements of the promotional mix and their role in the marketing mix

LO2 Describe the communication process

LO3 Explain promotional goals, tasks, and the AIDA concept

LO4 Describe the factors that affect the promotional mix

LO5 Discuss the effects of advertising on market share and consumers

LO6 Identify the major types of advertising

LO7 Discuss the creative decisions in developing an advertising campaign

LO8 Describe media evaluation and selection techniques
Hungry for a great sandwich? Go to your nearby Subway—it’s probably closer than you think! Subway is the world’s largest submarine sandwich restaurant chain in the world. In fact, it operates more units in the United States, Canada, and Australia than McDonald’s does. One reason for Subway’s success is high-quality food delivered consistently. Whenever and wherever you visit one of its 25,000+ restaurants in 83 countries, you will get the same choice of high-quality meats, vegetables, and condiments served on bread baked right in the restaurant.

Subway has achieved awareness and brand loyalty to a large degree by communicating very effectively with its target audience.

Becoming larger than McDonald’s requires more than having an excellent product in a convenient location, however. Potential customers must be aware of you and believe in your brand. Subway has achieved awareness and brand loyalty to a large degree by communicating very effectively with its target audience. To create awareness, its promotional campaigns use traditional tools, such as TV advertising, radio, and billboards, and then supplement them with emerging media tools to create a preference for the Subway brand. For example, the company’s Web site, http://www.subway.com/, features streaming video of the ads from the “Great Taste/Good for You” and “SUBWAY Eat Fresh!” campaigns. For several years, Subway has sponsored Little League Baseball and Softball, NASCAR auto races, the American Heart Association’s annual Heart Walk, and similar activities. Each event attracts many participants matching Subway’s target demographic.

Subway has also tailored its promotional message to capitalize on the emerging social trends of nutrition, health, and wellness. The story of voluntary spokesman Jared Fogle, who lost 245 pounds in a year by eating only at Subway, became a centerpiece of Subway’s marketing messages. Subway sent Jared on a world tour to talk about the importance of proper diet and exercise. The tour included the “Jared & Friends School Tour” designed to teach children the benefits of healthy living. The theme was so successful that Jared was invited to appear on Oprah, Larry King Live, and 48 Hours, and his story was featured in national newspapers. Publicity from these events and Jared’s appearances at other wellness venues such as California Governor Arnold Schwarzenegger’s “Summit on Health, Nutrition, and Obesity” have done much to extend the impact of Subway’s paid media programs. They also helped Subway to be named the number one franchise opportunity by Entrepreneur magazine in 2005—the thirteenth time in 17 years!

As you can see, Subway places considerable emphasis on promotion in its marketing mix. What types of promotional tools are available to companies, and what factors influence the choice of a particular promotion tool? Why is consistent integrated marketing important to the promotional plan? These questions and others will be answered as you read this chapter.
Promotional Elements and the Marketing Mix

Few goods or services, no matter how well developed, priced, or distributed, can survive in the marketplace without effective promotion—communication by marketers that informs, persuades, and reminds potential buyers of a product in order to influence their opinion or elicit a response.

Promotional strategy is a plan for the optimal use of the elements of promotion: advertising, public relations, personal selling, and sales promotion. As Exhibit 13.1 shows, the marketing manager determines the goals of the company’s promotional strategy in light of the firm’s overall goals for the marketing mix—product, place (distribution), promotion, and price. Using these overall goals, marketers combine the elements of the promotional strategy (the promotional mix) into a coordinated plan. The promotion plan then becomes an integral part of the marketing strategy for reaching the target market.

The main function of a marketer’s promotional strategy is to convince target customers that the goods and services offered provide a competitive advantage over the competition. A competitive advantage is the set of unique features of a company and its products that are perceived by the target market as significant and superior to the competition. Such features can include high product quality, rapid delivery, low prices, excellent service, or a feature not offered by the competition. For example, as you read in the opening example, fast-food restaurant Subway promises fresh sandwiches that are better for you than a hamburger or pizza. Subway effectively communicates its competitive advantage through advertising featuring longtime “spokes-eater” Jared Fogle, who lost weight by eating at Subway every day.2 Thus, promotion is a vital part of the marketing mix, informing consumers of a product’s benefits and thereby positioning the product in the marketplace.

Most promotional strategies use several ingredients—which may include advertising, public relations, sales promotion, and personal selling—to reach a target market. That combination is called the promotional mix. The proper promotional mix is the one that management believes will meet the needs of the target market and fulfill the organization’s overall goals. The more funds allocated to each promotional ingredient and the more managerial emphasis placed on each technique, the more important that element is thought to be in the overall mix.

ADVERTISING

Almost all companies selling a good or a service use some advertising, whether in the form of a multimillion-dollar campaign or a simple classified ad in a newspaper. Advertising is any form of impersonal paid communication in which the sponsor or company is identified. Traditional media—such as television, radio, newspapers, magazines, books, direct mail, billboards, and transit cards (advertisements on buses and taxis and at bus stops)—are most commonly used to transmit advertisements to consumers. With the increasing fragmentation of traditional media choices, marketers are using new methods to send their advertisements to consumers, such as Internet Web sites, e-mail, and interactive video technology located in department stores and supermarkets.

One of the primary benefits of advertising is its ability to communicate to a large number of people at one time. Cost per contact, therefore, is typically very low. Advertising has the advantage of being able to reach the masses (for instance, through
national television networks), but it can also be microtargeted to small groups of potential customers, such as television ads on a targeted cable network or through print advertising in a trade magazine.

Although the cost per contact in advertising is very low, the total cost to advertise is typically very high. This hurdle tends to restrict advertising on a national basis to only those companies that are financially able to do so. For instance, Unilever spends between $20 million and $25 million annually advertising its Degree line of antiperspirants targeted at men. Moreover, in recent years Unilever has been spending about $2.5 million per ad to advertise Degree during the Super Bowl. Smaller companies cannot match this level of spending for a national campaign.

Companies increasingly are using Internet advertising as a vital component in their marketing mix. Banner ads, viral marketing, and interactive promotions are all ways that marketers utilize the Internet to try and reach their target audience. But some consumers and lawmakers feel that consumers’ privacy is being violated. Read about this issue in the “Ethics in Marketing” box.

PUBLIC RELATIONS

Concerned about how they are perceived by their target markets, organizations often spend large sums to build a positive public image. Public relations is the marketing function that evaluates public attitudes, identifies areas within the organization the public may be interested in, and executes a program of action to earn public understanding and acceptance. Public relations helps an organization communicate with its customers, marketers to send unsolicited commercial e-mails using a false return address or subject line that conceals their identity and to harvest addresses from Web sites. In addition, e-mails are required to have a functioning opt-out mechanism that recipients can use to prevent future e-mails. Marketers who fail to comply can be sentenced to prison for up to five years.

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ETHICS in Marketing

Can E-mail Marketing Survive Anti-Spam Legislation?

Any American who logs onto the Internet is familiar with the ever-present spam filling our in-boxes in the form of e-mails offering herbal supplements, prescription drugs, low-interest loans, investment opportunities, free money, and other products. The term spam as the name for unwanted e-mails comes from a Monty Python skit in which a customer is urged to order Spam (the canned meat product) repeatedly until she screams “I don’t want any Spam!”—which is how most of us feel today about the useless products and “phishing” scams we get in our e-mail. Spam raises serious moral issues, especially when it exposes children to pornography and vulnerable people to scams.

In an effort to curtail the flood of unsolicited commercial e-mails, Congress passed legislation that made it illegal for marketers to send unsolicited commercial e-mails using a false return address or subject line that conceals their identity and to harvest addresses from Web sites. In addition, e-mails are required to have a functioning opt-out mechanism that recipients can use to prevent future e-mails. Marketers who fail to comply can be sentenced to prison for up to five years.

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suppliers, stockholders, government officials, employees, and the community in which it operates. Marketers use public relations not only to maintain a positive image but also to educate the public about the company’s goals and objectives, introduce new products, and help support the sales effort.

In recent years, fast-food companies like McDonald’s and soft drink companies like Coca-Cola have been criticized for contributing to childhood obesity, particularly in the United States. In response, the companies have undertaken public relations campaigns to try to minimize the impact on their reputations and ultimately sales. For example, Coca-Cola created the Beverage Institute for Health and Wellness to support nutrition research, education, and outreach. The company also spent $4 million to develop the “Live It” children’s fitness campaign in schools across the country. Coke’s nutrition communication manager says the campaign will not address childhood obesity or encourage students to drink Coke and that the company’s logo will not appear on “Live It” materials. In addition to promoting the campaign, Coke is paying for campaign posters, pedometers, and nutrition education materials and offering prizes to children who meet the program’s exercise goal of walking 10,000 steps in a week. Such efforts are designed to offset a push by the Center for Science in the Public Interest to persuade the Food and Drug Administration to require labels on sodas warning about obesity, tooth decay, and diabetes.5

A public relations program can generate favorable publicity—public information about a company, product, service, or issue appearing in the mass media as a news item. Organizations generally do not pay for the publicity and are not identified as the source of the information, but they can benefit tremendously from it. For example, the rapid growth of the satellite radio industry is partly due to publicity. Subscribers topped 12 million in 2005 and were expected to reach 15 million in 2006. Satellite radio’s profile received a huge boost from the storm of publicity surrounding the decision by the country’s most notorious and popular radio host, “shock jock” Howard Stern, to quit CBS radio and join censor-free Sirius satellite radio. Stern’s first satellite broadcast was a major event, with the national media breathlessly reporting on the number of times he swore and looking for acceptable ways to report the more graphic—usually sexual—content of the show. After signing Stern, Sirius’s subscriber base mushroomed from 600,000 to over 3.5 million in one year—the majority of new listeners were Stern fans who signed up to follow their hero. Although Sirius added Stern, XM Satellite Radio still has more subscribers at around 9 million. XM also benefited from the publicity Stern generated for the whole satellite broadcast medium and generated publicity of its own by signing up both Oprah Winfrey and reclusive music legend Bob Dylan to host their own shows.6

Although organizations do not directly pay for publicity, it should not be viewed as free. Preparing news releases, staging special events, and persuading media personnel to broadcast or print publicity messages cost money. Public relations and publicity are examined further in Chapter 14.

SALES PROMOTION

Sales promotion consists of all marketing activities—other than personal selling, advertising, and public relations—that stimulate consumer purchasing and dealer effectiveness. Sales promotion is generally a short-run tool used to stimulate immediate
increases in demand. Sales promotion can be aimed at end consumers, trade customers, or a company’s employees. Sales promotions include free samples, contests, premiums, trade shows, vacation giveaways, and coupons. A major promotional campaign might use several of these sales promotion tools. For example, Motorola, a sponsor of a mountain bike event called “24 Hours of Adrenalin,” teamed up with Canadian Future Shop to debut the Motorola Gear Grab. This promotion gave ten people 24 seconds to grab as much Motorola gear as they could in a Future Shop store. Contestants worked in pairs and used Motorola two-way radios so that one partner could provide the other with the name, description, and location of a Motorola product—including cell phones and messaging devices—within the store. Contestants were also eligible for a grand prize of various Motorola and mountain biking gear.

Often marketers use sales promotion to improve the effectiveness of other ingredients in the promotional mix, especially advertising and personal selling. Research shows that sales promotion complements advertising by yielding faster sales responses. Jose Cuervo International, a Mexican tequila manufacturer, launched the online marketing campaign “Endless Summer.” The campaign asked tequila drinkers to register online to sign a petition asking Congress to change Labor Day from the first Monday in September to the last day of summer. As incentives for registration, Jose Cuervo offered a party pack, including margarita mix, a blender, a portable grill, a portable stereo, and a $250 party supplies gift certificate. Registered users were asked to forward e-mails and information about the petition to their friends. Sales promotion is discussed in more detail in Chapter 14.

PERSONAL SELLING

Personal selling is a purchase situation involving a personal, paid-for communication between two people in an attempt to influence each other. In this dyad, both the buyer and the seller have specific objectives they wish to accomplish. The buyer may need to minimize cost or assure a quality product, for instance, while the salesperson may need to maximize revenue and profits.

Traditional methods of personal selling include a planned presentation to one or more prospective buyers for the purpose of making a sale. Whether it takes place face-to-face or over the phone, personal selling attempts to persuade the buyer to accept a point of view or take some action. For example, a car salesperson may try to persuade a car buyer that a particular model is superior to a competing model in certain features, such as gas mileage, roominess, and interior styling. Once the buyer is somewhat convinced, then the salesperson may attempt to elicit some action from the buyer, such as a test-drive or a purchase. Frequently, in this traditional view of personal selling, the objectives of the salesperson are at the expense of the buyer, creating a win-lose outcome.
More current notions on personal selling emphasize the relationship that develops between a salesperson and a buyer. Initially, this concept was more typical in business-to-business selling situations, involving the sale of products like heavy machinery or computer systems. More recently, both business-to-business and business-to-consumer selling focus on building long-term relationships rather than on making a one-time sale. Relationship selling emphasizes a win-win outcome and the accomplishment of mutual objectives that benefit both buyer and salesperson in the long term. Personal selling is discussed further in Chapter 14.

**LO2**

**Marketing Communication**

Promotional strategy is closely related to the process of communication. As humans, we assign meaning to feelings, ideas, facts, attitudes, and emotions. *Communication* is the process by which we exchange or share meanings.
through a common set of symbols. When a company develops a new product, changes an old one, or simply tries to increase sales of an existing good or service, it must communicate its selling message to potential customers. Marketers communicate information about the firm and its products to the target market and various publics through its promotion programs.

Communication can be divided into two major categories: interpersonal communication and mass communication. **Interpersonal communication** is direct, face-to-face communication between two or more people. When communicating face-to-face, people see the other person’s reaction and can respond almost immediately. A salesperson speaking directly with a client is an example of an interpersonal marketing communication.

**Mass communication** involves communicating a concept or message to large audiences. A great deal of marketing communication is directed to consumers as a whole, usually through a mass medium such as television or newspapers. When a company advertises, it generally does not personally know the people with whom it is trying to communicate. Furthermore, the company is unable to respond immediately to consumers’ reactions to its message. Instead, the marketing manager must wait to see whether people are reacting positively or negatively to the mass-communicated promotion. Any clutter from competitors’ messages or other distractions in the environment can reduce the effectiveness of the mass-communication effort.

### The Communication Process

Marketers are both senders and receivers of messages. As senders, marketers attempt to inform, persuade, and remind the target market to adopt courses of action compatible with the need to promote the purchase of goods and services. As receivers, marketers attune themselves to the target market in order to develop the appropriate messages, adapt existing messages, and spot new communication opportunities. In this way, marketing communication is a two-way, rather than one-way, process. The two-way nature of the communication process is shown in Exhibit 13.2.

#### The Sender and Encoding

The **sender** is the originator of the message in the communication process. In an interpersonal conversation, the sender may be a parent, a friend, or a salesperson. For an advertisement or press release, the sender is the company or organization itself. For example, McDonald’s fast-food restaurants launched a marketing campaign using the theme “I’m lovin’ it.” At the outset the objective of the campaign was to increase purchases of traditional menu items by children, teenagers, and young adults. To appeal to this market, McDonald’s signed Justin Timberlake to sing a "hip-pop" jingle and do a voice-over in the commercial.

**Encoding** is the conversion of the sender’s ideas and thoughts into a message, usually in the form of words or signs. Thus, to promote the message that a meal at McDonald’s “is one of the simplest pleasures of daily life,” the ad featured a mohawked dad with his mohawked child singing the jingle “I’m lovin’ it.” Marketers encoded the message by using the dad and child “lovin’ it” at McDonald’s.

A basic principle of encoding is that what matters is not what the source says but what the receiver hears. One way of conveying a message that the receiver will hear properly is to use concrete words and pictures. For example, in addition to visual images, the McDonald’s “I’m lovin’ it” jingle sung by Justin Timberlake explicitly conveyed the message:
I’m lovin’ it. Is this the place to eat? Since I don’t cook, I’ll just rock to the beat.

I’m lovin’ it. At the end of the day, to relieve the stress, we add a little play. I’m lovin’ it. Sometimes we have mishaps. You just overcome it, adapt to setback. I’m lovin’ it. I’m lovin’ it.9

Message Transmission

Transmission of a message requires a channel—a voice, radio, newspaper, or other communication medium. A facial expression or gesture can also serve as a channel.

Reception occurs when the message is detected by the receiver and enters his or her frame of reference. In a two-way conversation such as a sales pitch given by a sales representative to a potential client, reception is normally high. In contrast, the desired receivers may or may not detect the message when it is mass communicated because most media are cluttered by noise—anything that interferes with, distorts, or slows down the transmission of information. In some media overcrowded with advertisers, such as newspapers and television, the noise level is high and the reception level is low. For example, competing network advertisements, other entertainment option advertisements, or other programming on the network itself might hamper reception of the McDonald’s “I’m lovin’ it” advertising campaign message. Transmission can also be hindered by situational factors such as physical surroundings like light, sound, location, and weather; the presence of other people; or the temporary moods consumers might bring to the situation. Mass communication may not even reach all the right consumers. Some members of the target audience were likely watching television when McDonald’s advertisements were shown, but others probably were not.

The Receiver and Decoding

Marketers communicate their message through a channel to customers, or receivers, who will decode the message. Decoding is the interpretation of the language and symbols sent by the source through a channel. Common understanding between two communicators, or a common frame of reference, is required for effective communication. Therefore, marketing managers must ensure a proper match between the message to be conveyed and the target market’s attitudes and ideas.

Even though a message has been received, it will not necessarily be properly decoded—or even seen, viewed, or heard—because of selective exposure, distortion, and retention (refer to Chapter 5). Even when people receive a message, they tend to manipulate, alter, and modify it to reflect their own biases, needs, knowledge, and culture. Differences in age, social class, education, culture, and ethnicity can lead to miscommunication, for example. Further, because people don’t always listen or read carefully, they can easily misinterpret what is said or written. In fact, researchers have found that consumers misunderstand a large proportion of both printed and televised communications. Bright colors and bold graphics have been shown to increase consumers’ comprehension of marketing communication. Even these techniques are not foolproof, however.

A classic example of miscommunication occurred when Lever Brothers mailed out samples of its then new dishwashing liquid, Sunlight, which contains real lemon juice. The package clearly stated that Sunlight was a household cleaning product. Nevertheless, many people saw the word sunlight, the large picture of lemons, and the phrase “with real lemon juice” and thought the product was lemon juice.

Marketers targeting consumers in foreign countries must also worry about the translation and possible miscommunication of their promotional messages by other cultures. An important issue for global marketers is
whether to standardize or customize the message for each global market in which they sell. For instance, McDonald’s used the same “I’m lovin’ it” advertising theme in other countries as part of its Worldwide Balance, Active Lifestyles Public Awareness Campaign. To do so, it extended the initial message to “It’s what I eat and what I do . . . I’m lovin’ it” and incorporated the message in TV commercials, print, outdoor, packaging, and Internet communications rolled out around the world.\textsuperscript{10}

Feedback

In interpersonal communication, the receiver’s response to a message is direct feedback to the source. Feedback may be verbal, as in saying “I agree,” or nonverbal, as in nodding, smiling, frowning, or gesturing.

Because mass communicators like McDonald’s are often cut off from direct feedback, they must rely on market research or analysis of viewer responses for indirect feedback. McDonald’s might use such measurements as the percentage of television viewers who recognized, recalled, or stated that they were exposed to McDonald’s messages. Indirect feedback enables mass communicators to decide whether to continue, modify, or drop a message.

\textbf{THE COMMUNICATION PROCESS AND THE PROMOTIONAL MIX}

The four elements of the promotional mix differ in their ability to affect the target audience. For instance, promotional mix elements may communicate with the consumer directly or indirectly. The message may flow one way or two ways. Feedback may be fast or slow, a little or a lot. Likewise, the communicator may have varying degrees of control over message delivery, content, and flexibility. Exhibit 13.3 outlines differences among the promotional mix elements with respect to mode of communication, marketer’s control over the communication process, amount and speed of feedback, direction of message flow, marketer’s control over the message, identification of the sender, speed in reaching large audiences, and message flexibility.

From Exhibit 13.3, you can see that most elements of the promotional mix are indirect and impersonal when used to communicate with a target market, providing only one direction of message flow. For example, advertising, public relations, and sales promotion are generally impersonal, one-way means of mass communication. Because they provide no opportunity for direct feedback, it is more difficult to adapt these promotional elements to changing consumer preferences, individual differences, and personal goals.

Personal selling, on the other hand, is personal, two-way communication. The salesperson receives immediate feedback from the consumer and can adjust the message in...
response. Personal selling, however, is very slow in dispersing the marketer’s message to large audiences. Because a salesperson can only communicate to one person or a small group of persons at one time, it is a poor choice if the marketer wants to send a message to many potential buyers.

**THE IMPACT OF BLOGGING ON MARKETING COMMUNICATION**

The Internet and related technologies are having a profound impact on marketing communication including the promotional mix. The rise of blogging, for example, has created a completely new way for marketers to manage their image, connect with consumers, and generate interest in and desire for their companies’ products.

Despite what could be considered a national obsession with blogs, measuring blogging activity remains challenging. According to Technorati, the first blog search engine, there were 28.4 million blogs online in 2006, and that number was doubling every 5.5 months. In spite of the widespread popularity of blogging, a blog’s life expectancy is short. Fewer than half of all blogs are receiving posts three months after their creation, and less than 10 percent are updated as often as weekly. Moreover, a Gallup poll found that only 9 percent of Internet users read blogs frequently, 24 percent read them occasionally or less, and nearly 66 percent are not involved in blogging at all.

The question then is whether blogging is a passing fad, representing at best an unreliable means of communicating, or an emerging trend. If it is a fad, why are marketers so interested in blogging as a promotional tool? The answer in part is that blogging alters the marketing communication process for the promotional elements that rely on mass communication—advertising, public relations, and sales promotion—by moving them away from impersonal, indirect communication toward a personalized, direct communication model.

Blogs can be divided into two broad categories: corporate blogs and noncorporate blogs. **Corporate blogs** are sponsored by a company or one of its brands and maintained by one or more of the company’s employees. Corporate blogs disseminate marketing-controlled information. (Recall from Chapter 5 that marketing-controlled information is a source of product information that originates with marketers promoting the product.) Because blogs are designed to change daily, corporate blogs are dynamic and highly flexible, giving marketers the opportunity to adapt their messages more frequently than with any other communication channel. Initially, blogs were maintained by only the most technology-savvy companies. But today companies as diverse as Coca-Cola, Starwood Hotels, Honda, Nokia, Benetton, Ducati, Guinness, and HSBC have all launched corporate blogs. Undoubtedly, many more will appear in the near future.

In contrast, **noncorporate blogs** are independent and not associated with the marketing efforts of any particular company or brand. As such, noncorporate blogs function much like nonmarketing-controlled information: they provide a source of information and opinion perceived to be independent and more authentic than a corporate blog. Michael Marx loves Barq’s root beer. He wears Barq’s T-shirts, brings the beverage to parties, and calls it his “beer.” He maintains a blog dedicated to Barq’s, [http://www.thebarqsman.com](http://www.thebarqsman.com), where he collects news about the brand, Barq’s commercials he likes, and musings on why Barq’s is superior to other root beers. Thebarqsman.com is not affiliated with Coca-Cola, the owner of the Barq’s brand, which had no idea of the blog’s existence until a *New York Times* reporter writing a story on brand blogs mentioned it. Even though thebarqsman.com is dedicated to a single brand, Marx’s blog is an example of a noncorporate blog.

Both corporate and noncorporate blogs have had an impact on the communication model depicted in Exhibit 13.2. That model shows the feedback channel as primarily impersonal and numbers-driven. In the traditional communication process, marketers can see the results of consumer behavior (e.g., a drop in sales), but are only able to explain them using their judgment. Even the information generated by market research is not as natural as that gleaned from bloggers. Corporate blogs allow marketers to personalize the feedback channel by opening the door for direct conversation with consumers.
When marketers launch a corporate blog, they create an unfiltered feedback channel. In 2006 Enrico Minoli, CEO of Ducati, the Italian motorcycle brand, launched a blog at http://blog.ducati.com. He vowed to write "openly about what's going on at Ducati." Within three days, his postings had generated 99 responses from motorcycle enthusiasts from Greece to Daytona Beach, who all seemed most pleased that the CEO himself was a motorbike enthusiast. They began peppering him with questions about when new models would hit production and chatted with each other about their own bikes and biking experiences. Minoli's blog put a face on the impersonal nature of a large corporation.14

Noncorporate blogs have also personalized the feedback channel. But while corporate blogs create a direct, personalized feedback channel for masses of consumers, noncorporate blogs represent an indirect, personalized feedback channel. Because noncorporate blogs are independent, they are often perceived as more authentic. Blogging experts offer marketers some solid advice for giving their blogs the honest quality many bloggers associate with noncorporate blogs: open the feedback channel. Todd Copilevitz, a consultant specializing in digital marketing, says, "Blogs are not an environment where you just hold forth opinion and don't accept feedback. You have to have your wits about you to understand it's not the same old PR machine."15

**LO3**

Promotional Goals, Tasks, and the AIDA Concept

People communicate with one another for many reasons. They seek amusement, ask for help, give assistance or instructions, provide information, and express ideas and thoughts. Promotion, on the other hand, seeks to modify behavior and thoughts in some way. For example, promoters may try to persuade consumers to drink Pepsi rather than Coke, or to eat at Burger King instead of McDonald's. Promotion also strives to reinforce existing behavior—for instance, getting consumers to continue dining at Burger King once they have switched. The source (the seller) hopes to project a favorable image or to motivate purchase of the company's goods and services.

Promotion can perform one or more of three tasks: inform the target audience, persuade the target audience, or remind the target audience. Often a marketer will try to accomplish two or more of these tasks at the same time.

**INFORMING**

Informative promotion seeks to convert an existing need into a want or to stimulate interest in a new product. It is generally more prevalent during the early stages of the product life cycle. People typically will not buy a product or service or support a
nonprofit organization until they know its purpose and its benefits to them. Informative messages are important for promoting complex and technical products such as automobiles, computers, and investment services. For example, Philips's original advertisement for the Magnavox flat-screen television showed young, urban consumers trying the flat-screen TV all over the house, including the ceiling. The ad focused on "how to" use the flat-screen TV rather than the Philips Magnavox brand or the technological capabilities. Informative promotion is also important for a "new" brand being introduced into an "old" product class—for example, a new brand of frozen pizza entering the frozen pizza industry, which is dominated by well-known brands like Kraft's DiGiorno and Schwan's Grocery Products' Red Baron. The new product cannot establish itself against more mature products unless potential buyers are aware of it, value its benefits, and understand its positioning in the marketplace.

**PERSUADING**

Persuasive promotion is designed to stimulate a purchase or an action—for example, to eat more Doritos or use Verizon wireless mobile phone service. Persuasion normally becomes the main promotion goal when the product enters the growth stage of its life cycle. By this time, the target market should have general product awareness and some knowledge of how the product can fulfill their wants. Therefore, the promotional task switches from informing consumers about the product category to persuading them to buy the company's brand rather than the competitor's. At this time, the promotional message emphasizes the product's real and perceived competitive advantages, often appealing to emotional needs such as love, belonging, self-esteem, and ego satisfaction. For example, the latest advertisement for the Philips Magnavox flat-screen television still features young, urban consumers. But the ad focuses on the product's benefits such as lifestyle enhancements, technological features like HDTV and Dolby digital surround sound, and the superiority of the brand.

Persuasion can also be an important goal for very competitive mature product categories such as many household items, soft drinks, beer, and banking services. In a marketplace characterized by many competitors, the promotional message often encourages brand switching and aims to convert some buyers into loyal users. For example, to persuade new customers to switch their checking accounts, a bank's marketing manager may offer a year's worth of free checks with no fees.

Critics believe that some promotional messages and techniques can be too persuasive, causing consumers to buy products and services they really don't need.

**REMINDING**

Reminder promotion is used to keep the product and brand name in the public's mind. This type of promotion prevails during the maturity stage of the life cycle. It assumes that the target market has already been persuaded of the good's or service's merits. Its purpose is simply to trigger a memory. Crest toothpaste, Tide laundry detergent, Miller beer, and many other consumer products often use reminder promotion. Similarly, Philips Magnavox could advertise just the brand rather than the benefits of the product. See Exhibit 13.4 for a summary of the goals and tasks of promotion.
THE AIDA CONCEPT

The ultimate goal of any promotion is to get someone to buy a good or service or, in the case of nonprofit organizations, to take some action (for instance, donate blood). A classic model for reaching promotional goals is called the AIDA concept. The acronym stands for attention, interest, desire, and action—the stages of consumer involvement with a promotional message.

This model proposes that consumers respond to marketing messages in a cognitive (thinking), affective (feeling), and conative (doing) sequence. First, a promotion manager may focus on attracting a person’s attention by training a salesperson to use a friendly greeting and approach, or by using loud volume, unusual color contrasts, bold headlines, movement, bright colors, and the like in an advertisement. Next, a good sales presentation, demonstration, or advertisement creates interest in the product and then, by illustrating how the product’s features will satisfy the consumer’s needs, arouses desire. Finally, a special offer or a strong closing sales pitch may be used to obtain purchase action.

The AIDA concept assumes that promotion propels consumers along the following four steps in the purchase-decision process:

1. **Attention:** The advertiser must first gain the attention of the target market. A firm cannot sell something if the market does not know that the good or service exists. When Apple introduced the iPod, it was a new product for the company. To create awareness and gain attention for the new product, Apple had to advertise and promote it extensively through ads on TV, in magazines, and on the Internet. Because the iPod was a brand extension of the Apple computer, it required less effort than if it had been an entirely new brand. At the same time, because the iPod was an innovative new product line, the promotion had to get customers’ attention and create awareness of a new idea from an established company.

2. **Interest:** Simple awareness of a brand seldom leads to a sale. The next step is to create interest in the product. A print ad or TV commercial cannot tell potential customers all the features and benefits of the iPod. Thus, Apple had to arrange iPod demonstrations and target messages to innovators and early adopters to create interest in the new portable music players.

3. **Desire:** Potential customers for the Apple iPod may like the concept of a portable music player, but they may not feel it is necessarily better than a Sony Walkman portable radio or a portable music player with fewer features. Therefore, Apple had to create brand preference with its iTunes Music Store, extended-life battery, clock and alarm, calendar and to-do list, photo storage, and other features. Specifically, Apple had to convince potential customers that the iPod was the best solution to meet their desire for a portable digital music player.

4. **Action:** Some potential target market customers may have been convinced to buy an iPod but had not yet made the actual purchase. To motivate them to take action, Apple continued advertising to more effectively communicate the features and benefits and also used promotions and price discounts.

Following the initial success of the iPod, to continue its market dominance of the portable digital music player market, Apple introduced new models such as the Nano and Shuffle that were smaller and lighter and yet had longer battery life and more
storage. Then podcasting and video were added with access to thousands of network and cable shows and interfaces with auto, boat and home equipment—and the iPod became a "portable media player."

With each product innovation, the cycle of attention, interest, desire, and action began again. But with the familiarity and success of earlier models, the time frame became shorter. In fact, during the Christmas season in 2005, Apple was selling more than 100 iPods per minute, and by early 2006 it had sold over 42 million iPods. Moreover, according to Nielsen NetRatings, almost 21 million people, or about 14 percent of the Internet's active population, regularly visit the iTunes store. 19

Most buyers involved in high-involvement purchase situations pass through the four stages of the AIDA model on the way to making a purchase. The promoter's task is to determine where on the purchase ladder most of the target consumers are located and design a promotion plan to meet their needs. For instance, if Apple learned from its market research that many potential customers were in the desire stage but had not bought an iPod for some reason, then Apple could place advertising on Yahoo or Google, and perhaps in video games as well, to target younger individuals who are the primary target market with specific messages to motivate them to take immediate action and buy an iPod.

The AIDA concept does not explain how all promotions influence purchase decisions. The model suggests that promotional effectiveness can be measured in terms of consumers progressing from one stage to the next. However, the order of stages in the model, as well as whether consumers go through all steps, has been much debated. For example, a purchase can occur without interest or desire, perhaps when a low-involvement product is bought on impulse. Regardless of the order of the stages or consumers' progression through these stages, the AIDA concept helps marketers by suggesting which promotional strategy will be most effective. 20

**AIDA AND THE PROMOTIONAL MIX**

Exhibit 13.5 depicts the relationship between the promotional mix and the AIDA model. It shows that, although advertising does have an impact in the later stages, it is most useful in gaining attention for goods or services. In contrast, personal selling reaches fewer people at first, but salespeople are more effective at creating customer interest for merchandise or a service and at creating desire. For example, advertising may help a potential computer purchaser gain knowledge and information about competing brands, but the salesperson in an electronics store may be the one who actually encourages the buyer to decide that a particular brand is the best choice. The salesperson also has the advantage of having the computer physically there to demonstrate its capabilities to the buyer.

Public relations has its greatest impact in gaining attention for a company, good, or service. Many companies can attract attention and build goodwill by sponsoring community events that benefit a worthy cause such as antidrug and antigang programs. Such
sponsorships project a positive image of the firm and its products into the minds of consumers and potential consumers. Good publicity can also help develop consumer desire for a product. Washington Mutual Financial Services invited 50,000 people to “Teacherpalooza: The World’s Biggest Barbeque for the World’s Greatest Teachers” in Chicago. The goal was to honor teachers and set a Guinness world record for the “World’s Largest Barbeque.” The barbeque featured performances by local teachers who competed for $15,000 prizes for the school they represented and live entertainment by Tim McGraw and Michelle Branch. A “Teacher Pavilion” described teacher-oriented financial services provided by Washington Mutual. Local news media cosponsored the event and were on hand to provide media coverage. The event exceeded all expectations, with broadcast television news stories and print coverage generating more than 4.7 million impressions and a total reach of more than 1.5 million households.21

Book publishers and movie studios often use public relations. For example, book publishers use public relations to get reviews of their new titles in major publications, such as Publishers Weekly, the New York Times, or the Wall Street Journal. Book authors also make appearances on talk shows and at bookstores to personally sign books and speak to fans. Similarly, movie marketers use prerelease publicity to raise the profile of their movies and to increase initial box-office sales. For example, most major motion picture studios have their own Web sites with multimedia clips and publicity photos of their current movies to attract viewers. Movie promoters include publicity gained from reviewers’ quotes and Academy Award nominations in their advertising.

Sales promotion’s greatest strength is in creating strong desire and purchase intent. Coupons and other price-off promotions are techniques used to persuade customers to buy new products. Frequent buyer sales promotion programs, popular among retailers, allow consumers to accumulate points or dollars that can later be redeemed for goods. Frequent buyer programs tend to increase purchase intent and loyalty and encourage repeat purchases. Many supermarket chains have developed loyalty programs patterned after the airlines’ frequent flyer programs. Kroger’s Plus Card members can go online and choose the coupons they want. The coupons are then downloaded to the member’s Plus Card, and the savings can be redeemed when the member goes shopping with the card.

**REVIEW LEARNING OUTCOME**

**LO 3**

Explain promotional goals, tasks, and the AIDA concept

<table>
<thead>
<tr>
<th>Goals</th>
<th>Attention</th>
<th>Interest</th>
<th>Desire</th>
<th>Action</th>
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<tbody>
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- Sales Promotion: ![Image] ![Image] ![Image] ![Image]
- Personal Selling: ![Image] ![Image] ![Image] ![Image]
Factors Affecting the Promotional Mix

Promotional mixes vary a great deal from one product and one industry to the next. Normally, advertising and personal selling are used to promote goods and services, and are supported and supplemented by sales promotion. Public relations helps develop a positive image for the organization and the product line. However, a firm may choose not to use all four promotional elements in its promotional mix, or it may choose to use them in varying degrees. The particular promotional mix chosen by a firm for a product or service depends on several factors: the nature of the product, the stage in the product life cycle, target market characteristics, the type of buying decision, funds available for promotion, and whether a push or a pull strategy will be used.

NATURE OF THE PRODUCT

Characteristics of the product itself can influence the promotional mix. For instance, a product can be classified as either a business product or a consumer product (refer to Chapters 6 and 9). As business products are often custom-tailored to the buyer’s exact specifications, they are often not well suited to mass promotion. Therefore, producers of most business goods, such as computer systems or industrial machinery, rely more heavily on personal selling than on advertising. Informative personal selling is common for industrial installations, accessories, and component parts and materials. Advertising, however, still serves a purpose in promoting business goods. Advertisements in trade media may be used to create general buyer awareness and interest. Moreover, advertising can help locate potential customers for the sales force. For example, print media advertising often includes coupons soliciting the potential customer to “fill this out for more detailed information.”

In contrast, because consumer products generally are not custom-made, they do not require the selling efforts of a company representative who can tailor them to the user’s needs. Thus, consumer goods are promoted mainly through advertising to create brand familiarity. Television and radio advertising, consumer-oriented magazines, and increasingly the Internet and other highly targeted media are used extensively to promote consumer goods, especially nondurables. Sales promotion, the brand name, and the product’s packaging are about twice as important for consumer goods as for business products. Persuasive personal selling is important at the retail level for shopping goods such as automobiles and appliances.

The costs and risks associated with a product also influence the promotional mix. As a general rule, when the costs or risks of using a product increase, personal selling becomes more important. Items that are a small part of a firm’s budget (supply items) or of a consumer’s budget (convenience products) do not require a salesperson to close the sale. In fact, inexpensive items cannot support the cost of a salesperson’s time and effort unless the potential volume is high. On the other hand, expensive and complex machinery, new buildings, cars, and new homes represent a considerable investment.
A salesperson must assure buyers that they are spending their money wisely and not taking an undue financial risk.

Social risk is an issue as well. Many consumer goods are not products of great social importance because they do not reflect social position. People do not experience much social risk in buying a loaf of bread or a candy bar. However, buying some shopping products and many specialty products such as jewelry and clothing does involve a social risk. Many consumers depend on sales personnel for guidance and advice in making the “proper” choice.

STAGE IN THE PRODUCT LIFE CYCLE

The product’s stage in its life cycle is a big factor in designing a promotional mix (see Exhibit 13.6). During the introduction stage, the basic goal of promotion is to inform the target audience that the product is available. Initially, the emphasis is on the general product class—for example, mobile phones. The emphasis gradually changes to gaining attention for a particular brand, such as Nokia, Samsung, Sony Ericsson, or Motorola. Typically, both extensive advertising and public relations inform the target audience of the product class or brand and heighten awareness levels. Sales promotion encourages early trial of the product, and personal selling gets retailers to carry the product.

When the product reaches the growth stage of the life cycle, the promotion blend may shift. Often a change is necessary because different types of potential buyers are targeted. Although advertising and public relations continue to be major elements of the promotional mix, sales promotion can be reduced because consumers need fewer incentives to purchase. The promotional strategy is to emphasize the product’s differential advantage over the competition. Persuasive promotion is used to build and maintain brand loyalty to support the product during the growth stage. By this stage, personal selling has usually succeeded in getting adequate distribution for the product.

As the product reaches the maturity stage of its life cycle, competition becomes fiercer, and thus persuasive and reminder advertising are more strongly emphasized. Sales promotion comes back into focus as product sellers try to increase their market share.

All promotion, especially advertising, is reduced as the product enters the decline stage. Nevertheless, personal selling and sales promotion efforts may be maintained, particularly at the retail level.

TARGET MARKET CHARACTERISTICS

A target market characterized by widely scattered potential customers, highly informed buyers, and brand-loyal repeat purchasers generally requires a promotional mix with more advertising and sales promotion and less personal selling. Sometimes, however, personal selling is required even when buyers are well informed and geographically dispersed. Although industrial installations and component parts may be sold to extremely competent people with extensive education and work experience, salespeople must still be present to explain the product and work out the details of the purchase agreement.

Often firms sell goods and services in markets where potential customers are hard to locate. Print advertising can be used to find them. The reader is invited to call for
more information or to mail in a reply card for a detailed brochure. As the calls or cards are received, salespeople are sent to visit the potential customers.

**TYPE OF BUYING DECISION**

The promotional mix also depends on the type of buying decision (routine or complex). For example, the most effective promotion for routine consumer decisions, like buying toothpaste or soft drinks, calls attention to the brand or reminds the consumer about the brand. Advertising and, especially, sales promotion are the most productive promotion tools to use for routine decisions.

If the decision is neither routine nor complex, advertising and public relations help establish awareness for the good or service. Suppose a man is looking for a bottle of wine to serve to his dinner guests. As a beer drinker, he is not familiar with wines, yet he has seen advertising for Robert Mondavi wine and has also read an article in a popular magazine about the Robert Mondavi winery. He may be more likely to buy this brand because he is already aware of it.

In contrast, consumers making complex buying decisions are more extensively involved. They rely on large amounts of information to help them reach a purchase decision. Personal selling is most effective in helping these consumers decide. For example, consumers thinking about buying a car usually depend on a salesperson to provide the information they need to reach a decision. Print advertising may also be used for high-involvement purchase decisions because it can often provide a large amount of information to the consumer.

**AVAILABLE FUNDS**

Money, or the lack of it, may easily be the most important factor in determining the promotional mix. A small, undercapitalized manufacturer may rely heavily on free publicity if its product is unique. If the situation warrants a sales force, a financially strained firm may turn to manufacturers’ agents, who work on a commission basis with no advances or expense accounts. Even well-capitalized organizations may not be able to afford the advertising rates of publications like *Better Homes and Gardens*, *Reader’s Digest*, and the *Wall Street Journal*, or the cost of running television commercials on *CSI* or the Super Bowl. The price of a high-profile advertisement in these media could support several salespeople for an entire year.

When funds are available to permit a mix of promotional elements, a firm will generally try to optimize its return on promotion dollars while minimizing the cost per contact, or the cost of reaching one member of the target market. In general, the cost per contact is very high for personal selling, public relations, and sales promotions like sampling and demonstrations. On the other hand, given the number of people national advertising reaches, it has a very low cost per contact.

Usually, there is a trade-off among the funds available, the number of people in the target market, the quality of communication needed, and the relative costs of the promotional elements. A company may have to forgo a full-page, color advertisement in *People* magazine in order

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**Exhibit 13.7**

**Push Strategy versus Pull Strategy**

**Push strategy**
- Manufacturer promotes to wholesaler
- Wholesaler promotes to retailer
- Retailer promotes to consumer
- Consumer buys from retailer
- Orders to manufacturer

**Pull strategy**
- Manufacturer promotes to consumer
- Consumer demands product from retailer
- Retailer demands product from wholesaler
- Wholesaler demands product from manufacturer
- Orders to manufacturer
to pay for a personal selling effort. Although the magazine ad will reach more people than personal selling, the high cost of the magazine space is a problem.

**PUSH AND PULL STRATEGIES**

The last factor that affects the promotional mix is whether to use a push or a pull promotional strategy. Manufacturers may use aggressive personal selling and trade advertising to convince a wholesaler or a retailer to carry and sell their merchandise. This approach is known as a push strategy (see Exhibit 13.7 on page 412). The wholesaler, in turn, must often push the merchandise forward by persuading the retailer to handle the goods. The retailer then uses advertising, displays, and other forms of promotion to convince the consumer to buy the “pushed” products. This concept also applies to services. For example, the Jamaican Tourism Board targets promotions to travel agencies, which, in turn, tell their customers about the benefits of vacationing in Jamaica.

At the other extreme is a pull strategy, which stimulates consumer demand to obtain product distribution. Rather than trying to sell to the wholesaler, the manufacturer using a pull strategy focuses its promotional efforts on end consumers or opinion leaders. For example, BriteSmile Professional Teeth Whitening Centers sent office merchandising displays to dentists across the country to create a buzz and generate demand for its after-care whitening maintenance products, such as the Sonicare sonic toothbrush, toothpaste, mouthwash, and mint gum. As consumers begin demanding the product, the retailer orders the merchandise from the wholesaler. The wholesaler, confronted with rising demand, then places an order for the “pulled” merchandise from the manufacturer. Consumer demand pulls the product through the channel of distribution (see Exhibit 13.7). Heavy sampling, introductory consumer advertising, cents-off campaigns, and couponing are part of a pull strategy.

Rarely does a company use a pull or a push strategy exclusively. Instead, the mix will emphasize one of these strategies. For example, pharmaceutical companies generally use a push strategy, through personal selling and trade advertising, to promote their drugs and therapies to physicians. Sales presentations and advertisements in medical journals give physicians the detailed information they need to prescribe medication to their patients. Most pharmaceutical companies supplement their push promotional strategy with a pull strategy targeted directly to potential patients through advertisements in consumer magazines and on television.

**INTEGRATED MARKETING COMMUNICATIONS**

Ideally, marketing communications from each promotional mix element (personal selling, advertising, sales promotion, and public relations) should be integrated—that is, the message reaching the consumer should be the same regardless of whether it is from an advertisement, a salesperson in the field, a magazine article, or a coupon in a newspaper insert.

From the consumer’s standpoint, a company’s communications are already integrated. Consumers do not think in terms of the four elements of promotion: advertising, sales promotion, public relations, and personal selling. Instead, everything is an “ad.” In general, the only people who recognize the distinctions among these communications elements are the marketers themselves. Unfortunately, many marketers neglect this fact when planning promotional messages and fail to integrate their communication efforts from one element to the next. The most common rift typically occurs between personal selling and the other elements of the promotional mix.

This unintegrated, disjointed approach to promotion has propelled many companies to adopt the concept of integrated marketing communications (IMC). IMC is the careful coordination of all promotional messages—traditional advertising, direct marketing, interactive, public relations, sales promotion, personal selling, event marketing, and other communications—for a product or service to assure the consistency of messages at every contact point where a company meets the consumer. Following the concept of
IMC, marketing managers carefully work out the roles that various promotional elements will play in the marketing mix. Timing of promotional activities is coordinated, and the results of each campaign are carefully monitored to improve future use of the promotional mix tools. Typically, a marketing communications director is appointed who has overall responsibility for integrating the company’s marketing communications.

Movie marketing campaigns benefit greatly from an IMC approach. Those campaigns that are most integrated generally have more impact and make a deeper impression on potential moviegoers, leading to higher box-office sales. An integrated marketing approach was used to introduce The Da Vinci Code. Excitement about the release of the film gathered momentum months in advance as the trailer was shown on the Internet and television. Along with the release of the trailer, the movie was supported by numerous merchandising efforts. Bookstores and gift shops stocked hardback, paperback, and special illustrated editions, as well as Da Vinci Code walking tours of key cities in the story, playing cards, calligraphy sets, music CDs, video games, podcasts, and more. Google and Sony launched a game called “The Sony Ericsson Da Vinci Code Trail” in 22 languages. Players competed against each other online and then in a real-life challenge in Paris. The winner was awarded a two-week trip to Rome, Paris, London, and New York. The game did more than promote the movie, however. “Da Vinci Code Trail” familiarized people with Google’s services beyond search and drove traffic to Sony’s Web site, which rose 30 percent as a result of the promotion. Finally, before the movie’s release, there were over 500,000 English-language posts on blogs like Technorati, Google, IceRocket, and BlogPulse. The integrated marketing campaign (plus the religious controversy surrounding the story) helped the film generate over $77 million at the box office on opening weekend.23

The IMC concept has been growing in popularity for several reasons. First, the proliferation of thousands of media choices beyond traditional television has made promotion a more complicated task. Instead of promoting a product just through mass-media options, like television and magazines, promotional messages today can appear in many varied sources. Furthermore, the mass market has also fragmented—more selectively segmented markets and an increase in niche marketing have replaced the traditional broad market groups that marketers promoted to in years past. For instance, many popular magazines now have Spanish-language editions targeted toward America’s growing Hispanic population. Finally, marketers have slashed their advertising spending in favor of promotional techniques that generate immediate sales responses and those whose effects are more easily measured, such as direct marketing. Thus, the interest in IMC is largely a reaction to the scrutiny that marketing communications has come under and, particularly, to suggestions that uncoordinated promotional activity leads to a strategy that is wasteful and inefficient.

Describe the factors that affect the promotional mix

<table>
<thead>
<tr>
<th>Nature of the product</th>
<th>Promotional Mix</th>
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<tbody>
<tr>
<td>% Advertising</td>
<td>% Public Relations</td>
</tr>
<tr>
<td>% Sales Promotion</td>
<td>% Personal Selling</td>
</tr>
<tr>
<td>Product life cycle</td>
<td>Target market characteristics</td>
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<tr>
<td>Push or pull strategy</td>
<td>Funds available</td>
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<tr>
<td>Type of buying decision</td>
<td>Nature of the product</td>
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</table>

Review Learning Outcome

LO 4 Describe the factors that affect the promotional mix

Part 4 Promotion and Pricing Decisions
Advertising was defined earlier in the chapter as any form of impersonal, paid communication in which the sponsor or company is identified. It is a popular form of promotion, especially for consumer packaged goods and services. Advertising expenditures increase annually and were almost $300 billion in 2006. In 2005, 32 companies spent over $1 billion each; together, they accounted for about 22 percent of total ad spending. Among the top brands advertised by these companies were Verizon Communications, Olay, Crest, and Tylenol.24

Although total advertising expenditures seem large, the industry itself is fairly small. Only about 155,000 individuals are employed by the 12,000 or so advertising agencies. Another 240,000 people work in related services such as media buying, display advertising, and direct-mail advertising.25

The amount of money budgeted for advertising by some firms is staggering (see Exhibit 13.8). Of the top three leaders in U.S. advertising spending, Procter & Gamble spends more than $4 billion annually in the United States on national advertising alone. That's about $10 million a day on national advertising. If local advertising, sales promotion, and public relations are included, this figure rises much higher. Over 100 companies spend more than $300 million each on advertising every year.26

Spending on advertising varies by industry. For example, the game and toy industry has one of the highest ratios of advertising dollars to sales. For every dollar of merchandise sold in the toy industry, about 12 to 15 cents is spent on advertising the toy to consumers.

**ADVERTISING AND MARKET SHARE**

Today’s most successful brands of consumer goods, like Ivory soap and Coca-Cola, were built by heavy advertising and marketing investments long ago. Today’s advertising dollars are spent on maintaining brand awareness and market share.

New brands with a small market share tend to spend proportionately more for advertising and sales promotion than those with a large market share, typically for two reasons. First, beyond a certain level of spending for advertising and sales promotion, diminishing returns set in. That is, sales or market share begins to decrease no matter how much is spent on advertising and sales promotion. This phenomenon is called the **advertising response function**. Understanding the advertising response function helps marketers use budgets wisely. A market leader like Johnson & Johnson’s Neutrogena typically spends proportionately less on advertising than a newcomer like Jergens’ Natural Glow Daily Moisturizer brand. Jergens spends more on its brand to gain attention and increase market share. Neutrogena, on the other hand, spends only as much as is needed to maintain market share; anything more would produce diminishing benefits. Neutrogena has already captured the attention of the majority of its target market. It only needs to remind customers of its product.

The second reason that new brands tend to require higher spending for advertising and sales promotion is that a certain
minimum level of exposure is needed to measurably affect purchase habits. If Jergens advertised Natural Glow Daily Moisturizer in only one or two publications and bought only one or two television spots, it certainly would not achieve the exposure needed to penetrate consumers’ perceptual defenses, gain attention, and ultimately affect purchase intentions. Instead, Natural Glow Daily Moisturizer was advertised in many different media for a sustained time.

THE EFFECTS OF ADVERTISING ON CONSUMERS

Advertising affects consumers’ daily lives, informing them about products and services and influencing their attitudes, beliefs, and ultimately their purchases. The average U.S. citizen is exposed to hundreds of advertisements a day from all types of advertising media. In the television medium alone, researchers estimate that the average viewer watches at least six hours of commercial television messages a week. In addition, that person is exposed to countless print ads and promotional messages seen in other places. Advertising affects the TV programs people watch, the content of the newspapers they read, the politicians they elect, the medicines they take, and the toys their children play with. Consequently, the influence of advertising on the U.S. socioeconomic system has been the subject of extensive debate among economists, marketers, sociologists, psychologists, politicians, consumerists, and many others.

Though advertising cannot change consumers’ deeply rooted values and attitudes, it may succeed in transforming a person’s negative attitude toward a product into a positive one. For instance, serious or dramatic advertisements are more effective at changing consumers’ negative attitudes. Humorous ads, on the other hand, have been shown to be more effective at shaping attitudes when consumers already have a positive image of the advertised brand.27

Advertising also reinforces positive attitudes toward brands. When consumers have a neutral or favorable frame of reference toward a product or brand, advertising often positively influences them. When consumers are already highly loyal to a brand, they may buy more of it when advertising and promotion for that brand increase.28 This is why market leaders like General Motors and Procter & Gamble spend billions of dollars annually to reinforce and remind their loyal customers about the benefits of their cars and household products.

Advertising can also affect the way consumers rank a brand’s attributes, such as color, taste, smell, and texture. For example, in years past car ads emphasized such brand attributes as roominess, speed, and low maintenance. Today, however, car marketers have added safety, versatility, and customization to the list.

REVIEW LEARNING OUTCOME

LO5 Discuss the effects of advertising on market share and consumers

<table>
<thead>
<tr>
<th>Advertisement response function</th>
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<tbody>
<tr>
<td>Money spent</td>
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<tr>
<td>Return on advertising expense (in sales or market share)</td>
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Advertising can:
- change negative attitude to positive
- reinforce positive attitude
- affect how consumers rank brand attributes

LO6 Major Types of Advertising

The firm’s promotional objectives determine the type of advertising it uses. If the goal of the promotion plan is to build up the image of the company or the industry, institutional advertising may be used. In contrast, if the advertiser
wants to enhance the sales of a specific good or service, product advertising is used.

INSTITUTIONAL ADVERTISING

Historically, advertising in the United States has been product oriented. Today, however, companies market multiple products and need a different type of advertising. Institutional advertising, or corporate advertising, promotes the corporation as a whole and is designed to establish, change, or maintain the corporation’s identity. It usually does not ask the audience to do anything but maintain a favorable attitude toward the advertiser and its goods and services. For example, when Time Warner dropped AOL from the company’s corporate brand name, it hired a branding agency to develop institutional advertising to reposition the brand without the Internet unit and refocus the image on Time Warner as a media giant.29

A form of institutional advertising called advocacy advertising is typically used to safeguard against negative consumer attitudes and to enhance the company’s credibility among consumers who already favor its position. Often corporations use advocacy advertising to express their views on controversial issues. At other times, firms’ advocacy campaigns react to criticism or blame, some in direct response to criticism by the media. Other advocacy campaigns may try to ward off increased regulation, damaging legislation, or an unfavorable outcome in a lawsuit. The tobacco companies have utilized “good citizen campaigns” in the United States and around the world in an effort to create a positive public image for themselves after losing several class-action suits and being accused of targeting children with their marketing campaigns. In an effort to improve its corporate image, Philip Morris has been spending more than $120 million a year promoting its environmental and community development programs, such as building homes for Habitat for Humanity, making donations to food banks, and supporting meal programs for seniors and shelters for battered women.30

PRODUCT ADVERTISING

Unlike institutional advertising, product advertising promotes the benefits of a specific good or service. The product’s stage in its life cycle often determines which type of product advertising is used: pioneering advertising, competitive advertising, or comparative advertising.

Pioneering Advertising

Pioneering advertising is intended to stimulate primary demand for a new product or product category. Heavily used during the introductory stage of the product life cycle, pioneering advertising offers consumers in-depth information about the benefits of the product class. Pioneering advertising also seeks to create interest. Microsoft used pioneering advertising to introduce its new Windows and Office software products. To reposition its flagship products as more “user-friendly,” the software giant added “XP”—short for “Experience”—to the Windows and Office upgrades.31 Microsoft’s $200 million four-month launch phase kicked off with two 15-second TV teaser spots, plus one 60-second and two 30-second TV spots that featured the Madonna song “Ray of Light.” The print, outdoor, TV, and online campaign carried the tagline “Yes, you can” and featured XP’s signature look—blue skies with white clouds over a green field. The goal of Microsoft’s pioneering campaign was to convince PC users to buy the upgrade because of the more intuitive interfaces and the ability to work seamlessly and easily with digital photographs, music files, and video.32

Competitive Advertising

Firms use competitive or brand advertising when a product enters the growth phase of the product life cycle and other companies begin to enter the marketplace. Instead of building demand for the product category, the goal of
Competitive advertising is to influence demand for a specific brand. Often promotion becomes less informative and appeals more to emotions during this phase. Advertisements may begin to stress subtle differences between brands, with heavy emphasis on building recall of a brand name and creating a favorable attitude toward the brand. Automobile advertising has long used very competitive messages, drawing distinctions based on such factors as quality, performance, and image.

**Comparative Advertising**

Comparative advertising directly or indirectly compares two or more competing brands on one or more specific attributes. Some advertisers even use comparative advertising against their own brands. Products experiencing sluggish growth or those entering the marketplace against strong competitors are more likely to employ comparative claims in their advertising. For instance, Miller Lite implemented a comparative advertising campaign in an attempt to regain market share from Bud Light. The focus of the campaign was that Miller Lite has the fewest simple carbohydrates of the leading light beers. The ads ended by stating that “Miller Lite has half the carbs of Bud Light.”

Before the 1970s, comparative advertising was allowed only if the competing brand was veiled and unidentified. In 1971, however, the Federal Trade Commission (FTC) fostered the growth of comparative advertising by saying that it provided information to the customer and that advertisers were more skillful than the government in communicating this information. Federal rulings prohibit advertisers from falsely describing competitors’ products and allow competitors to sue if ads show their products or mention their brand names in an incorrect or false manner. FTC rules also apply to advertisers making false claims about their own products. For example, a physicians’ group filed false advertising complaints against the popular and long-lasting “milk mustache” ad campaign. The physicians said the ads, featuring sports figures, falsely claimed to enhance sports performances. In response to the physicians’ petition, a federal panel was formed to determine whether there was a scientific consensus regarding the range of benefits attributed to milk. The panel’s report supported most of the physicians’ complaints and was turned over to the FTC for investigation. In another case, the FTC required computer maker Gateway to reimburse customers after it charged them for an Internet access plan that was supposed to be free. Gateway offered one year of free Internet access as an incentive to buy Gateway Essential PCs, but customers found themselves paying $3.95 per hour for Net access.

Companies must be careful with comparative advertising approaches in other countries as well. Germany, Italy, Belgium, and France, for example, do not permit advertisers to claim that their products are the best or better than competitors’ products, both of which are common claims in the United States. In the Netherlands, car...
manufacturers cannot make claims in their advertising about the fuel consumption or environmental aspects of the car.

In other countries, hard-hitting comparative advertising will not be effective because it offends cultural values. For example, Arabic culture generally encourages people not to compete with one another, and the sharing of wealth is common practice. Therefore, comparative advertising is not consistent with social values in Arabic countries. Japanese advertisers have also been reluctant to use comparative advertising because it is considered confrontational and doesn’t promote the respectful treatment of consumers or portray a company in a respectful light. Nevertheless, although the Japanese have traditionally favored soft-sell advertising approaches, consumers are witnessing a trend toward comparative ads.

LO7
Creative Decisions in Advertising

Advertising strategies typically are organized around an advertising campaign. An **advertising campaign** is a series of related advertisements focusing on a common theme, slogan, and set of advertising appeals. It is a specific advertising effort for a particular product that extends for a defined period of time. For example, XM Satellite Radio, the first subscription-based, digital-quality, satellite-transmitted radio service, developed an introductory advertising campaign around the theme “Radio to the Power of X.” The company was attempting to persuade consumers to pay a monthly fee for what had always been free. Launched in movie theaters and then on TV, the $100 million ad campaign featured musicians and objects crashing to earth, each highlighting a different genre of satellite programming. B. B. King, Snoop Dogg, and David Bowie made appearances as they tumbled toward the ground. Other spots showed records raining on kids in a parking lot and a truck driver caught in a storm of cellos, trombones, and pianos. At the end of each spot, an XM tuner cycled through the channels until it rested on the appropriate genre. The idea was to convey the endless variety of programming offered on XM Satellite Radio and to set XM apart from its competitor, Sirius.36

Before any creative work can begin on an advertising campaign, it is important to determine what goals or objectives the advertising should achieve. An **advertising objective** identifies the specific communication task that a campaign should accomplish for a specified target audience during a specified period. The objectives of a specific advertising campaign often depend on the overall corporate objectives and the product being advertised. For example, McIlhenny Company’s Tabasco Hot Sauce launched a print advertising campaign with the objective of educating consumers about how to use the product and the variety of flavors offered. The ads featured product information embedded in the label, which was blown up to cover the entire page. The ad copy for the Garlic Pepper Sauce read: “The only one potent enough to ward off both hypothermia and vampires at once.” The original Tabasco Pepper Sauce ad copy read: “It’s like love, you always want more no matter how badly you got burned last time.” The ad campaign increased sales by over 11 percent in the first four weeks. The print medium was also supported by participation in special events, such as the National Collegiate Tailgate Tour.37

The DAGMAR approach (Defining Advertising Goals for Measured Advertising Results) is one method of setting objectives. According to this method, all advertising objectives should precisely define the target audience, the desired percentage change in some specified measure of effectiveness, and the time frame in which that change is to occur. For example, the objectives for an advertising campaign for Coca-Cola’s revamped POWERade brand might be to achieve a 15 percent increase in its share of the sports-drink market within eight months.

Once objectives are defined, creative work can begin on the advertising campaign. Advertising campaigns often follow the AIDA model, which was discussed earlier in the
chapter. Depending on where consumers are in the AIDA process, the creative development of an advertising campaign might focus on creating attention, arousing interest, stimulating desire, or ultimately leading to the action of buying the product. Specifically, creative decisions include identifying product benefits, developing and evaluating advertising appeals, executing the message, and evaluating the effectiveness of the campaign.

IDENTIFYING PRODUCT BENEFITS

A well-known rule of thumb in the advertising industry is “Sell the sizzle, not the steak”—that is, in advertising the goal is to sell the benefits of the product, not its attributes. An attribute is simply a feature of the product such as its easy-open package or special formulation. A benefit is what consumers will receive or achieve by using the product. A benefit should answer the consumer’s question “What’s in it for me?” Benefits might be such things as convenience, pleasure, savings, or relief. A quick test to determine whether you are offering attributes or benefits in your advertising is to ask “So?” Consider this example:

- **Attribute:** “POWERade’s new line has been reformulated to combine the scientific benefits of sports drinks with B vitamins and to speed up energy metabolism.”
  “So . . . ?”

- **Benefit:** “So, you’ll satisfy your thirst with a great-tasting drink that will power you throughout the day.”

Marketing research and intuition are usually used to unearth the perceived benefits of a product and to rank consumers’ preferences for these benefits. Coke’s rival, PepsiCo, has its own sports drink, Gatorade. Already positioned as the thirst-quencher, Gatorade’s advertising touts its refueling benefits to serious athletes of mainstream sports. When Hollywood chewing gum lost its market leader status in France, the company conducted extensive research and identified several functional benefits for the “flavor” positioned gum such as fresh breath, white teeth, an energy boost, and decongestant. After repositioning the gum’s functional benefits, sales increased by 28 percent.38

DEVELOPING AND EVALUATING ADVERTISING APPEALS

An **advertising appeal** identifies a reason for a person to buy a product. Developing advertising appeals, a challenging task, is typically the responsibility of the creative people in the advertising agency. Advertising appeals typically play off of consumers’ emotions, such as fear or love, or address some need or want the consumer has, such as a need for convenience or the desire to save money.

Advertising campaigns can focus on one or more advertising appeals. Often the appeals are quite general, thus allowing the firm to develop a number of subthemes or minicampaigns using both advertising and sales promotion. Several possible advertising appeals are listed in Exhibit 13.9.

Choosing the best appeal from those developed normally requires market research. Criteria for evaluation include desirability, exclusiveness, and believability. The appeal first must make a positive impression on and be desirable to the target market. It must also be exclusive or unique; consumers must be able to distinguish the advertiser’s message...
from competitors’ messages. Most important, the appeal should be believable. An appeal that makes extravagant claims not only wastes promotional dollars but also creates ill will for the advertiser.

The advertising appeal selected for the campaign becomes what advertisers call its unique selling proposition. The unique selling proposition usually becomes the campaign’s slogan. For example, Unilever’s Degree antiperspirant, targeted at males aged 18 to 25, attempted to convey the brand’s “never say die” personality by partnering with Ironman and NBC to create a TV special “Degree Road to the Ironman.” The TV special was to correspond with the ad campaign carrying the slogan “Kicks in the Clutch,” which was also Degree’s unique selling proposition. Similarly, POWERade’s advertising campaign aimed at the sports enthusiast carries the slogan “Sport Is What You Make It.” This is POWERade’s unique selling proposition, implying that your can push yourself to the limit if you are motivated and use POWERade.

Effective slogans often become so ingrained that consumers hearing the slogan immediately conjure up images of the product. For example, many consumers can easily name the companies and products behind these memorable slogans or even hum the jingle that goes along with them: “Have it your way,” “Tastes great, less filling,” “Ring around the collar,” and “Tum te Tum Tum.” Advertisers often revive old slogans or jingles in the hope that the nostalgia will create good feelings with consumers. Maytag refreshed its campaign featuring its appliance pitchman by changing the actor who plays him and giving him a helper—the third change since the ads originated in 1967. And Hershey’s Kit Kat bar’s jingle “Gimme a Break” is so etched in consumers’ minds that recently the agency hired a film crew to ask people on the street to sing the jingle for use on the Internet, in future ad campaigns, and in its Kit Kat “Gimme a Break” Café.

**EXECUTING THE MESSAGE**

Message execution is the way an advertisement portrays its information. In general, the AIDA plan is a good blueprint for executing an advertising message. Any ad should immediately draw the reader’s, viewer’s, or listener's attention. The advertiser must then use the message to hold interest, create desire for the good or service, and ultimately motivate action—a purchase.

The style in which the message is executed is one of the most creative elements of an advertisement. Exhibit 13.10 on page 422 lists some examples of executional styles used by advertisers. Executional styles often dictate what type of media is to be employed to convey the message. Scientific executional styles lend themselves well to print advertising where more information can be conveyed. On the other hand, demonstration and musical styles are more likely found in broadcast advertising.

Testimonials by athletes are one of the more popular executional styles. Tiger Woods and Shaquille O’Neal are two of the most successful athlete spokespersons. Read Shaq’s own words about the power of marketing and advertising in Exhibit 13.11 on page 423.
Injecting humor into an advertisement is a popular and effective executional style. Selection of a humorous approach is based on the communications goal. Humorous executional styles are more often used in radio and television advertising than in print or magazine advertising where humor is less easily communicated. Humorous ads are typically used for lower-risk, low-involvement, routine purchases such as candy, cigarettes, soft drinks, and casual jeans, than for higher-risk purchases or those that are expensive, durable, or flamboyant.42 Well-targeted humor can be effective in attracting and holding audience attention, particularly for women. For example, Altoids used humor to create and reinforce its quirky yet strong persona. With a significantly lower budget than key competitors, the Altoids campaign helped the product grow from a sleepy brand to the number one mint in America based on flavor.43 But humorous advertising may not be effective in some situations, as for example, after the September 11 terrorist attacks on the Pentagon and the World Trade Center.

Executional styles for foreign advertising are often quite different from those we are accustomed to in the United States. Sometimes they are sexually oriented or aesthetically imaginative. European advertising avoids the direct-sell approaches common in U.S. ads and instead is more indirect, more symbolic, and, above all, more visual. Nike, known in the United States for “in-your-face” advertising and irreverent slogans such as “Just Do It,” discovered that its brash advertising did not appeal to Europeans.

<table>
<thead>
<tr>
<th>Exhibit 13.10</th>
<th>Ten Common Executional Styles for Advertising</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Slice-of-Life</strong></td>
<td>Depicts people in normal settings, such as at the dinner table or in their car. McDonald’s often uses slice-of-life styles showing youngsters munching french fries and Happy Meals on family outings.</td>
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<tr>
<td><strong>Lifestyle</strong></td>
<td>Shows how well the product will fit in with the consumer’s lifestyle. As their Volkswagen Jetta moves through the streets of the French Quarter, the Gen X drivers plug in a techno music CD and marvel at how the rhythms of the world mimic the ambient vibe inside their vehicle.</td>
</tr>
<tr>
<td><strong>Spokesperson/Testimonial</strong></td>
<td>Can feature a celebrity, company official, or typical consumer making a testimonial or endorsing a product. Sarah Michelle Gellar, star of Buffy the Vampire Slayer, endorses Maybelline cosmetics while country singer Shania Twain introduced Revlon’s ColorStay Liquid Lip. Dell, Inc. founder Michael Dell touts his vision of the customer experience via Dell in television ads.</td>
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<tr>
<td><strong>Fantasy</strong></td>
<td>Creates a fantasy for the viewer built around use of the product. Carmakers often use this style to let viewers fantasize about how they would feel speeding around tight corners or down long country roads in their cars.</td>
</tr>
<tr>
<td><strong>Humorous</strong></td>
<td>Advertisers often use humor in their ads, such as Snickers’ “Not Going Anywhere for a While” campaign featuring hundreds of souls waiting, sometimes impatiently, to get into heaven.</td>
</tr>
<tr>
<td><strong>Real/Animated Product Symbols</strong></td>
<td>Creates a character that represents the product in advertisements, such as the Energizer bunny, Starkist’s Charlie the Tuna, or General Mills’ longtime icon, Betty Crocker, redesigned for the new millennium.</td>
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<tr>
<td><strong>Mood or Image</strong></td>
<td>Builds a mood or image around the product, such as peace, love, or beauty. De Beers ads depicting shadowy silhouettes wearing diamond engagement rings and diamond necklaces portrayed passion and intimacy while extolling that a “diamond is forever.”</td>
</tr>
<tr>
<td><strong>Demonstration</strong></td>
<td>Shows consumers the expected benefit. Many consumer products use this technique. Laundry-detergent spots are famous for demonstrating how their product will clean clothes whiter and brighter. Fort James Corporation demonstrated in television commercials how its Dixie Rinse &amp; ReUse disposable stoneware product line can stand up to the heat of a blowtorch and survive a cycle in a clothes washer.</td>
</tr>
<tr>
<td><strong>Musical</strong></td>
<td>Conveys the message of the advertisement through song. For example, Nike’s ads depicting a marathoner’s tortured feet, skier Picabo Street’s surgery-scarred knee, and a surfer’s thigh scarred by a shark attack while strains of Joe Cocker’s “You Are So Beautiful” are heard in the background.</td>
</tr>
<tr>
<td><strong>Scientific</strong></td>
<td>Uses research or scientific evidence to give a brand superiority over competitors. Pain relievers like Advil, Bayer, and Excedrin use scientific evidence in their ads.</td>
</tr>
</tbody>
</table>
Dreamful Attraction: Shaquille O’Neal’s Thoughts on Marketing and Advertising

Exhibit 13.11

While on the outside looking in, I did not realize that marketing was so complicated. I never knew that a person, such as an athlete, could have such a powerful effect on people’s thought processes and purchasing behavior. The use of a well-known athlete in marketing a product or service can have a great impact on the sales of that product or service. Look at Michael Jordan. Almost overnight most every kid either was wearing or wanted to wear Air Jordan shoes.

Why does this happen? Is it the appeal of a great athlete or is it great marketing? The answer is “none of the above.” It’s both. In my years as a professional basketball player, I have seen firsthand the dramatic appeal that athletes have for the fans and public in general. Top-name athletes are like E. F. Hutton—when they talk, people listen. But why do they listen? I believe they listen to us, the athletes, because we have credibility. The effectiveness of celebrity endorsements depends largely on how credible and attractive the spokesperson is and how familiar people are with him or her. Companies sometimes use sports figures and other celebrities to promote products hoping they are appropriate opinion leaders.

Because of an athlete’s fame and fortune, or attraction, the athlete can often have the right credibility to be a successful spokesperson. The best definition of credibility that I could find was by James Gordon in his book, Rhetoric of Western Thought. He said that attraction “can come from a person’s observable talents, achievements, occupational position or status, personality and appearance, and style.” * That may be why a famous athlete’s personality and position can help him or her communicate more effectively than a not-so-famous athlete.

Credibility is a positive force in the persuasive promotion used predominantly by cola marketers like Pepsi because of what I like to call “dreamful attraction.” For example, when I was young, I dreamed that I was like Dr. J., the famous basketball player for the Philadelphia 76ers. I would take his head off a poster and put my head on it. I wanted to be Dr. J. That is dreamful attraction. The youth of today are no different. Just the other day a kid stopped me and told me that he wanted to be like me. He had a dreamful attraction. This dreamful attraction can help sell products. In my case, Pepsi, Spalding, Kenner, and Reebok are hoping that they are able to package properly and market whatever dreamful attraction I might have for their target audience—kids.

There are many ways to communicate to my target audience. I find that the most effective way for me is through television commercials. This avenue gives me a chance to express myself and show my real feelings about a message we are trying to communicate—either visually or vocally. I feel that I have what Clint Eastwood has—“Sudden Impact.” My impact is revealed through my sense of humor and my nonverbal communication.

Why does Shaq sell? Communication. Although the verbal communication in many of my commercials is slim, the impact is still there. This makes me believe even more in the quote that who you are can almost be as important as what you say. But if you can blend the two together—who you are and what you have to say—then imagine how much more successful the communication message can be in the marketing process. Andre Agassi’s favorite quote from his Canon commercial is “Image is everything.” If it is not everything, it is almost everything. If you have the right image, match it with the right product, and market it properly, then success should follow.

I have been involved in commercials and the marketing of products for only a short time, but I have learned a great deal. If there is one formula for success in selling products, it would be this: Marketing plus credibility and image plus effective communications equals increase in sales—hopefully. Now, you can call me Dr. Shaq, M.E. (Marketing Expert).


Sometimes a company will modify its executional styles to make its advertising more effective. For decades, Procter & Gamble has advertised shampoo in China using a demonstrational executional style. Television ads demonstrated how the science of shampoo worked and then showed a woman with nice, shiny hair. Because today’s urban Chinese customers are more financially secure, they no longer make solely utilitarian purchases. To reflect that shift, Procter & Gamble has begun incorporating more of an emotional appeal into its advertisements. A new set of TV ads shows a woman emerging from an animated cocoon as a sophisticated butterfly. A voice over says, “Head & Shoulders metamorphosis—new life for hair.” See the “Global Perspectives” box in this chapter for some other examples of advertising around the world.

POSTCAMPAIGN EVALUATION

Evaluating an advertising campaign can be the most demanding task facing advertisers. How do advertisers know whether the campaign led to an increase in sales or market share or elevated awareness of the product? Most advertising campaigns aim to create an image for the good or service instead of asking for action, so their real
effect is unknown. So many variables shape the effectiveness of an ad that, in many cases, advertisers must guess whether their money has been well spent. Despite this gray area, marketers spend a considerable amount of time studying advertising effectiveness and its probable impact on sales, market share, or awareness.

Testing ad effectiveness can be done either before or after the campaign. Before a campaign is released, marketing managers use pretests to determine the best advertising appeal, layout, and media vehicle. After advertisers implement a campaign, they often conduct tests to measure its effectiveness. Several monitoring techniques can be used to determine whether the campaign has met its original goals. The intent was that consumers viewing these ads would identify with the emotions that support their beliefs about the company.45

These examples illustrate how companies are using advertising to reach consumers in markets outside the United States. How do the domestic advertising campaigns by the same companies differ? Compare the advertisements and consider the similarities and differences.

Global advertising positioning strategies use different tactics depending on the country. For example, China’s ParkNshop, a discount retailer and supermarket, used animated shopping bags in a commercial. The commercial turns a typical shopping bag into an interactive shopping tool. To reinforce ParkNshop’s image as a low-priced retailer, the bags in the commercial check the prices of the products before allowing them in the bag.

A Nokia advertising campaign for Australia, the Philippines, Vietnam, India, and China was designed to show consumers how a mobile phone can improve their lifestyles. The campaign, titled “We Never Stop Challenging the Future,” was supported through TV, print, outdoor, and online advertising. One print ad showed a person stranded on a dirt road with the possibility of going in four different directions. The caption read “You could call for directions. Or use your phone to download maps. What if it could actually guide you home?” Another ad emphasized the phone’s technological capabilities by showing a phone embedded in a man’s hand.

The copy read “First we took away the antenna. Then we made it smaller. What if we made it disappear?” Both ads focused on how mobility could enhance a consumer’s lifestyle.

To build its image internationally, Volkswagen launched an emotion-based campaign. Aware that consumers already associate the brand with quality and reliability, Volkswagen wanted to capitalize on the feelings underlying those product attributes. In Germany, Volkswagen launched a multifaceted campaign using a 20-page magazine and newspaper insert and a TV commercial. Subsequent 2-page print ads featured a picture of a VW car and a poem about the feelings associated with a VW automobile.

These examples illustrate how companies are using advertising to reach consumers in markets outside the United States. How do the domestic advertising campaigns by the same companies differ? Compare the advertisements and consider the similarities and differences.
LO8
Media Decisions in Advertising

A major decision for advertisers is the choice of medium—the channel used to convey a message to a target market. Media planning, therefore, is the series of decisions advertisers make regarding the selection and use of media, allowing the marketer to optimally and cost-effectively communicate the message to the target audience. Specifically, advertisers must determine which types of media will best communicate the benefits of their product or service to the target audience and when and for how long the advertisement will run.

Promotional objectives and the appeal and executional style of the advertising strongly affect the selection of media. It is important to understand that both creative and media decisions are made at the same time. Creative work cannot be completed without knowing which medium will be used to convey the message to the target market. For instance, creative planning will likely differ for an ad to be displayed on an outdoor billboard versus one placed in a print medium, such as a newspaper or magazine. In many cases, the advertising objectives dictate the medium and the creative approach to be used. For example, if the objective is to demonstrate how fast a product operates, a TV commercial that shows this action may be the best choice.

U.S. advertisers spend about $300 billion on media advertising annually. Almost one-half of that is spent on media monitored by national reporting services—newspapers, magazines, Yellow Pages, Internet, radio, television, and outdoor media. The remainder is spent on unmonitored media, such as direct mail, trade exhibits, cooperative advertising, brochures, coupons, catalogs, and special events. Exhibit 13.12 shows advertising spending by media type. As you can see, about 25 percent of every media dollar goes toward TV ads, 20 percent toward direct mail, and about 18 percent for newspaper ads. But these traditional mass-market media are declining in usage and more targeted media are growing.47

MEDIA TYPES

Advertising media are channels that advertisers use in mass communication. The seven major advertising media are newspapers, magazines, radio, television, outdoor media, Yellow Pages, and the Internet. Exhibit 13.13 on page 426 summarizes the advantages and disadvantages of these major channels. In recent years, however, alternative media vehicles have emerged that give advertisers innovative ways to reach their target audience and avoid advertising clutter.

Newspapers

The advantages of newspaper advertising include geographic flexibility and timeliness. Because copywriters can usually prepare newspaper ads quickly and at a reasonable cost, local merchants can reach their target market almost daily. Because newspapers are generally a mass-market medium, however, they may not be the best vehicle for marketers trying to reach a very narrow market. For example, local newspapers are not the
best media vehicles for reaching purchasers of specialty steel products or even tropical fish. These target consumers make up very small, specialized markets. Newspaper advertising also encounters a lot of distractions from competing ads and news stories; thus, one company’s ad may not be particularly visible.

The main sources of newspaper ad revenue are local retailers, classified ads, and cooperative advertising. In cooperative advertising, the manufacturer and the retailer split the costs of advertising the manufacturer’s brand. One reason manufacturers use cooperative advertising is the impracticality of listing all their dealers in national advertising. Also, co-op advertising encourages retailers to devote more effort to the manufacturer’s lines.

**Magazines**

Compared to the cost of other media, the cost per contact in magazine advertising is usually high. The cost per potential customer may be much lower, however, because magazines are often targeted to specialized audiences and thus reach more potential customers. The types of products most frequently advertised in magazines include automobiles, apparel, computers, and cigarettes.

One of the main advantages of magazine advertising is its market selectivity. Magazines are published for virtually every market segment. For instance, Lucky “The Magazine About Shopping” is a leading fashion magazine; ESPN the Magazine is a successful sports magazine; Essence is targeted toward African American women; Marketing News is a trade magazine for the marketing professional; and The Source is a niche publication geared to young urbanites with a passion for hip-hop music.

In 2006, Philips Electronics began an innovative advertising campaign in select magazines by sponsoring the magazines’ contents page. Issues of four Time Warner magazines (Time, Fortune, People, and Business 2.0) featured the table of contents on the first page rather than several pages later. The inside front cover features a Philips ad with the following copy: “Philips Electronics is bringing the table of contents to the front of selected Time, Inc. magazines to make things easier for readers.” In general, the placement of the contents page varies from magazine to magazine, but it is not uncommon for the contents to appear after numerous advertisements; as many as 24 pages of ads

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**Exhibit 13.13**

**Advantages and Disadvantages of Major Advertising Media**

<table>
<thead>
<tr>
<th>Medium</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newspapers</td>
<td>Geographic selectivity and flexibility; short-term advertiser commitments; news value and immediacy; year-round readership; high individual market coverage; co-op and local tie-in availability; short lead time</td>
<td>Little demographic selectivity; limited color capabilities; low pass-along rate; may be expensive</td>
</tr>
<tr>
<td>Magazines</td>
<td>Good reproduction, especially for color; demographic selectivity; regional selectivity; local market selectivity; relatively long advertising life; high pass-along rate</td>
<td>Long-term advertiser commitments; slow audience buildup; limited demonstration capabilities; lack of urgency; long lead time</td>
</tr>
<tr>
<td>Radio</td>
<td>Low cost; immediacy of message; can be scheduled on short notice; relatively no seasonal change in audience; highly portable; short-term advertiser commitments; entertainment carryover</td>
<td>No visual treatment; short advertising life of message; high frequency required to generate comprehension and retention; distractions from background sound; commercial clutter</td>
</tr>
<tr>
<td>Television</td>
<td>Ability to reach a wide, diverse audience; low cost per thousand; creative opportunities for demonstration; immediacy of messages; entertainment carryover; demographic selectivity with cable stations</td>
<td>Short life of message; some consumer skepticism about claims; high campaign cost; little demographic selectivity with network stations; long-term advertiser commitments; long lead times required for production; commercial clutter</td>
</tr>
<tr>
<td>Outdoor Media</td>
<td>Repetition; moderate cost; flexibility; geographic selectivity</td>
<td>Short message; lack of demographic selectivity; high “noise” level distracting audience</td>
</tr>
<tr>
<td>Internet</td>
<td>Fastest-growing medium; ability to reach a narrow target audience; relatively short lead time required for creating Web-based advertising; moderate cost</td>
<td>Difficult to measure ad effectiveness and return on investment; ad exposure relies on “click-through” from banner ads; not all consumers have access to the Internet</td>
</tr>
</tbody>
</table>
can appear before a magazine’s contents page! Philips paid Time, Inc., $5 million to sponsor the contents pages in the four magazines for only one issue each.48

Radio
Radio has several strengths as an advertising medium: selectivity and audience segmentation, a large out-of-home audience, low unit and production costs, timeliness, and geographic flexibility. Local advertisers are the most frequent users of radio advertising, contributing over three-quarters of all radio ad revenues. Like newspapers, radio also lends itself well to cooperative advertising.

Radio advertising is enjoying a resurgence in popularity. As Americans become more mobile and pressed for time, media such as network television and newspapers have lost viewers and readers, particularly in the youth market. Radio listening, however, has grown in step with population increases mainly because its immediate, portable nature meshes so well with a fast-paced lifestyle. The ability to target specific demographic groups is a major selling point for radio stations, attracting advertisers pursuing narrowly defined audiences that are more likely to respond to certain kinds of ads and products. Radio listeners also tend to listen habitually and at predictable times, especially during “drive time,” when commuters form a vast captive audience. Finally, satellite radio has attracted new audiences that are exposed to ads when allowed on that format.

Television
Because television is an audiovisual medium, it provides advertisers with many creative opportunities. Television broadcasters include network television, independent stations, cable television, and a relative newcomer, direct broadcast satellite television. ABC, CBS, NBC, and the Fox Network dominate network television, which reaches a wide and diverse market. Conversely, cable television and direct broadcast satellite systems, such as DirecTV and Dish Network, offer consumers a multitude of channels devoted exclusively to particular audiences—for example, women, children, African Americans, nature lovers, senior citizens, Christians, Hispanics, sports fans, and fitness enthusiasts. Recent niche market entries include CSTV Network (college sports) and the NFL Network—focused exclusively on the sports enthusiast—and the casino and gambling channel. Because of its targeted channels, cable television is often characterized as “narrowcasting” by media buyers.

Advertising time on television can be very expensive, especially for network and popular cable channels. The top-ranked TV programs in recent years for “twenty-somethings” are aired on networks ABC, CBS, and Fox and on cable stations TNT and USA. The biggest draws are ABC’s Desperate Housewives, Lost, and Grey’s Anatomy; CBS’s CSI and similar crime series; and Fox’s American Idol and 24. First-run prime-time shows and special events command the highest rates for a typical 30-second spot, with the least expensive ads costing about $300,000 and the more expensive ones $500,000. Super Bowl spots are the most expensive—a 30-second spot during the 2006 Super Bowl telecast cost advertisers an average of $2.5 million.49

One of the more successful recent television formats to emerge is the infomercial, a 30-minute or longer advertisement. Infomercials are an attractive advertising vehicle for many marketers because of the relatively inexpensive airtime and the lower production costs. Advertisers say the infomercial is an ideal way to present complicated information to potential customers, which other advertising vehicles typically don’t allow time to do. Infomercials are being used by some mainstream marketers. In the last few years, companies such as Philips Electronics, Apple, Nissan, Mercedes, Nikon, and Microsoft have
bought infomercial airtime. And a growing number of businesses are adding to the legitimacy of the medium by producing infomercials with a more polished look. Even Hollywood is cashing in on infomercials. Universal Pictures and other movie studios are using infomercials to introduce their latest movies.50

Probably the most significant trend to affect television advertising is the rise in popularity of digital video recorders (DVRs) like TiVo. For every hour of television programming, an average of 15 minutes is dedicated to nonprogram material (ads, public service announcements, and network promotions), so it’s hardly surprising that viewers weary of ad breaks have embraced ad-skipping DVR technology as the solution to interruptions during their favorite shows. Marketers of the products featured in those advertisements are not the only ones trying to figure out ways to keep consumers from avoiding them; networks are also concerned about ad skipping. If consumers are not watching advertisements, then marketers will spend a greater proportion of their advertising budgets on alternative media, and a critical revenue stream for networks will disappear. While NBC ran a test in 2006 to measure the effectiveness of running shorter blocks of advertising, the company also said that it has no intention of changing its business model relative to advertising sales. The full impact of DVR technology on television as an advertising medium has yet to be determined.51

Outdoor Media

Outdoor or out-of-home advertising is a flexible, low-cost medium that may take a variety of forms. Examples include billboards, skywriting, giant inflatables, mini-billboards in malls and on bus stop shelters, signs in sports arenas, lighted moving signs in bus terminals and airports, and ads painted on cars, trucks, buses, water towers, manhole covers, drinking glass coasters, and even people, called “living advertising.” Students in London “rented” their foreheads for temporary tattoos of brands and then walked around specified areas of the city.52 The plywood scaffolding that rings downtown construction sites can also carry ads. Manhattan’s Times Square, with an estimated 1.5 million daily pedestrians, has been a popular area for outdoor advertising using scaffolding.

Outdoor advertising reaches a broad and diverse market and is, therefore, ideal for promoting convenience products and services as well as directing consumers to local businesses. One of outdoor’s main advantages over other media is that its exposure frequency is very high, yet the amount of clutter from competing ads is very low. Outdoor advertising also has the ability to be customized to local marketing needs. For these reasons, local business establishments, such as local services and amusements, retailers, public transportation, and hotels and restaurants, are the leading outdoor advertisers. Outdoor advertising categories on the rise include telecommunications with a heavy emphasis on wireless services, financial services, and packaged goods.

Outdoor advertising is becoming more innovative. For instance, Absolut Vodka teamed up with IKEA furniture to produce a 19-by-49-foot billboard in Manhattan’s SoHo district. The billboard shows a life-size studio apartment in the shape of an Absolut bottle that is filled with furniture from IKEA. The billboard is basically a fully furnished apartment with everything glued to the board and then turned on its side. New technology is enabling outdoor ads to become interactive and to be more like online ads. For example, Nike commissioned a 23-story interactive, digital billboard on New York’s Times Square. People passing the display on the sidewalk could use their cell phones to temporarily control the billboard and design their own shoes.53

Unusual outdoor advertising campaigns are not limited to the United States. Snapple’s launch in Mexico featured a giant street ad campaign with people going about their regular routines dressed as giant pieces of fruit, such as bananas and strawberries.54 Adidas Japan created a “living billboard” in the form of a vertical soccer field on the side of a skyscraper. The billboard featured live players and a ball attached by ropes to the side of the building.55 Virgin Atlantic Airlines painted an ad on the grass next to the runway at South Africa’s Johannesburg International Airport to greet arriving and departing passengers. A world’s first, the ad required 1,000 liters of paint and nine separate permits from different regulatory authorities due to the sensitive nature of the site.56
The Internet
The Internet has definitely changed the advertising industry. With ad revenues up dramatically in 2005 to almost $12 billion, the Internet has become a solid advertising medium. Online advertising is expected to double by 2010 and will represent about 10 percent of total U.S. ad dollars. Internet advertising provides an interactive and versatile platform that offers rich data on consumer usage, enabling advertisers to improve their ad targetability and achieve measurable results.

Popular Internet sites and search engines, such as Google and Yahoo!, as well as online service providers like America Online, generally sell advertising space to marketers to promote their goods and services. Internet surfers click on these ads to be linked to more information about the advertised product or service. Established brands such as General Motors, Anheuser-Busch, Procter & Gamble, and Verizon have been adjusting their budgets to include Internet advertising. And other firms are not far behind. For example, Vonage, Circuit City, Ameritrade Brokerage, Amazon.com, Overstock.com, Netflix.com, and Monster.com have been among the top 50 advertisers on the Internet in recent years.

The effectiveness of Internet advertising has been hotly debated, however. Early research on banner ads found response rates as high as 30 percent, but more recent studies indicate much lower response rates. With high-speed broadband spreading rapidly in the United States, advertisers increasingly are switching to other approaches. For example, marketers are using ads that float, sing, or dance; video commercials similar to traditional TV spots; and ads that pop up in another window, use larger, hard-to-miss shapes, and include both online and offline cross-promotions. The new formats include the skyscraper, a tall, skinny oblong at the side of a Web page, and the rectangle, a box much larger than a banner. These new formats are large enough for marketers to include their entire message so that users don’t have to click through to another site.

One of the most popular approaches for Internet advertising is search engine ads. More than half of all U.S. Internet advertising in 2006 was on search engine portals, with Google getting the lion’s share. In second place was Yahoo! followed by Microsoft’s MSN. By 2010 search engine advertising is expected to exceed $11 billion in the United States and to be $33 billion worldwide. Marketers’ primary objective in using search engine ads is to enhance brand awareness. They do this through paid placement of ads tied to key words used in search engine searches—when someone clicks on the ad, the advertiser pays the search engine a fee.

Another popular Internet advertising format is advergaming. In advergaming, companies put ad messages in Web-based or video games to advertise or promote a product, service, organization, or issue. Sometimes the entire game amounts to a virtual commercial; other times advertisers sponsor games or buy ad space for product placement in them. Organizations using advergaming include Disney, Viacom’s Nickelodeon, and even the U.S. Army. The format encourages users to register for sweepstakes and other promotions and play the game. For example, discount designer retailer Bluefly.com has run contests where shoppers register to win Jimmy Choo or Manolo Blahnik shoes (value approximately $600).

An increasingly popular Internet medium for advertising is the blog. Initially, blogs had no advertising. But the popularity of some blogs has made them an attractive medium for marketing messages. Budget Rent-A-Car recently bought ads on 177 blogs, Audi of America paid for advertising on 286 blogs, and MSNBC bought ads on more than 800 blogs. Seed Media, which produces science publications in print and online, sells advertising on its network of more than 15 blogs just as it does in its magazine Seed. Seed Media contends that by advertising on its blog network, marketers will gain access to a group of bright, curious consumers who buy all kinds of products.
Alternative Media

To cut through the clutter of traditional advertising media, advertisers are creating new media vehicles to advertise their products, some ordinary and others quite innovative. Alternative media vehicles can include shopping carts in grocery stores, computer screen savers, DVDs, interactive kiosks in department stores, advertisements run before movies at the cinema, and “advertainments”—“mini movies” that promote a product and are shown via the Internet. For example, BMW shows films by recognized directors that run six to eight minutes and feature the cars in extreme situations. Likewise, Coca-Cola sponsored a 25-minute advertainment program called “Sound Check” that was available only on TiVo. The program featured exclusive interviews, music videos, live shows, behind-the-scenes filming, and recordings by artists such as Ashanti, Sting, and Mary J. Blige.

Indeed, almost anything can become a vehicle for displaying advertising. For instance, supermarkets have begun using “Flooranimation”—ads that are animated with graphics and sounds and installed on supermarket floors. Unanimated floor ads have been in use for some time, and research shows they increase sales 15 to 30 percent. Marketers are hoping that with animation and sound, sales will increase even more. A company called Guerilla Video Projection Billboards places outdoor advertising and/or 30-second television commercials on buildings and walls in busy restaurant and nightlife districts. The billboards, which can include motion graphics, sound, and additional advertising media, are an excellent way to communicate with consumers in the evenings in metro markets such as New York City, Chicago, Los Angeles, and San Francisco. Marketers are also looking for more innovative ways to reach captive and often bored commuters. For instance, subway systems now show ads via lighted boxes installed along tunnel walls. As a train passes through the tunnel, the passengers view the illuminated boxes, which create the same kind of illusion as a child’s flip book, in which the images appear to move as the pages are flipped rapidly.

When trying to reach males aged 18 to 34, video game advertising is emerging as an excellent medium, second only to prime-time Monday Night Football. The medium first attracted attention when Massive, Inc., (http://www.massiveincorporated.com) started a videogame advertising network and later established a partnership with Nielsen Entertainment, Inc., to provide ad ratings. Massive provides the capability to have ads with full motion and sound inserted into games played on Internet-connected computers. This is a big improvement over previous ads, which had to be inserted when the games were made and therefore quickly became obsolete. In 2006, Microsoft acquired Massive, a move that the company says will help it “deliver dynamic, relevant ads” across its online services including Xbox Live and MSN Games.

Cell phones are among the newest advertising media and are particularly useful for reaching the youth market. Today’s data- and video-oriented phones can deliver advertisements and also have GPS capability, so they can receive “location-based” advertising; for example, a nearby restaurant can alert potential customers who agree to receive the ads in exchange for premium services or who sign up on opt-in lists to learn about items that interest them, such as a particular band’s next album or concert.
MEDIA SELECTION CONSIDERATIONS

An important element in any advertising campaign is the media mix, the combination of media to be used. Media mix decisions are typically based on several factors: cost per contact, reach, frequency, target audience considerations, flexibility of the medium, noise level, and the life span of the medium.

Cost per contact is the cost of reaching one member of the target market. Naturally, as the size of the audience increases, so does the total cost. Cost per contact enables an advertiser to compare media vehicles, such as television versus radio or magazine versus newspaper, or more specifically Newsweek versus Time. An advertiser debating whether to spend local advertising dollars for TV spots or radio spots could consider the cost per contact of each. The advertiser might then pick the vehicle with the lowest cost per contact to maximize advertising punch for the money spent.

Reach is the number of different target consumers who are exposed to a commercial at least once during a specific period, usually four weeks. Media plans for product introductions and attempts at increasing brand awareness usually emphasize reach. For example, an advertiser might try to reach 70 percent of the target audience during the first three months of the campaign. Reach is related to a medium's ratings, generally referred to in the industry as gross ratings points, or GRP. A television program with a higher GRP means that more people are tuning in to the show and the reach is higher. Accordingly, as GRP increases for a particular medium, so does cost per contact.

Because the typical ad is short-lived and because often only a small portion of an ad may be perceived at one time, advertisers repeat their ads so that consumers will remember the message. Frequency is the number of times an individual is exposed to a message during a specific period. Advertisers use average frequency to measure the intensity of a specific medium's coverage. For example, Coca-Cola might want an average exposure frequency of five for its POWERade television ads. That means that each of the television viewers who saw the ad saw it an average of five times.

Media selection is also a matter of matching the advertising medium with the product’s target market. If marketers are trying to reach teenage females, they might select Seventeen magazine. If they are trying to reach consumers over 50 years old, they may choose Modern Maturity magazine. A medium’s ability to reach a precisely defined market is its audience selectivity. Some media vehicles, like general newspapers and network television, appeal to a wide cross section of the population. Others—such as Brides, Popular Mechanics, Architectural Digest, Lucky, MTV, ESPN, and Christian radio stations—appeal to very specific groups.

The flexibility of a medium can be extremely important to an advertiser. In the past, because of printing timetables, pasteup requirements, and so on, some magazines required final ad copy several months before publication. Therefore, magazine advertising traditionally could not adapt as rapidly to changing market conditions. While this is fast changing due to computer technology that creates electronic ad images and layouts, the lead time for magazine advertising is still considerably longer. Radio and Internet advertising, on the other hand, provide maximum flexibility.

Noise level is the level of distraction associated with a medium. For example, to understand a televised promotional message, viewers must watch and listen carefully. But they often watch television with others, who may well provide distractions. Noise can also be created by competing ads, as when a street is lined with billboards or when a television program is cluttered with competing ads. About two-thirds of a newspaper’s pages are now filled with advertising. A recent Sunday issue of the Los Angeles Times contained over one thousand ads, not counting the small classifieds. Even more space is dedicated to ads in magazines. For example, 85 percent of the space in the February/March issue of Brides magazine is typically devoted to advertisements. In contrast, direct mail is a private medium with a low noise level. Typically, no other advertising media or news stories compete for direct-mail readers’ attention.

Media have either a short or a long life span. Life span means that messages can either quickly fade or persist as tangible copy to be carefully studied. For example, a radio commercial may last less than a minute. Listeners can’t replay the commercial unless they have recorded the program. One way advertisers overcome this problem is
by repeating radio ads often. In contrast, a magazine has a relatively long life span. A person may read several articles, put the magazine down, and pick it up a week later to continue reading. In addition, magazines often have a high pass-along rate. That is, one person will read the publication and then give it to someone else to read.

Media planners have traditionally relied on the above factors for selecting an effective media mix, with reach, frequency, and cost often the overriding criteria. Some experts, however, question the reliance media planners have traditionally placed on reach and frequency. For instance, well-established brands with familiar messages probably need fewer exposures to be effective, while newer brands or brands with unfamiliar messages likely need more exposures to become familiar.

Additionally, media planners have hundreds more media options today than they had 40 years ago when network television reigned. For instance, there are over 1,600 television stations across the country. In the Los Angeles market alone, there are now 79 radio stations, with 7 offering an “adult contemporary” format. The number of unique magazine titles has more than doubled over the last decade, with publications now targeting every possible market segment. Satellite television can now bring hundreds of channels into viewers’ homes. The Internet provides media planners with even more targeted choices in which to send their messages. And alternative media choices are popping up in some very unlikely places. Media fragmentation is forcing media planners to pay as much attention to where they place their advertising, as to how often the advertisement is repeated. Indeed, experts recommend evaluating reach along with frequency in assessing the effectiveness of advertising. That is, in certain situations it may be important to reach potential consumers through as many media vehicles as possible. When this approach is considered, however, the budget must be large enough to achieve sufficient levels of frequency to have an impact. In evaluating reach versus frequency, therefore, the media planner ultimately must select an approach that is most likely to result in the ad being understood and remembered when a purchase decision is being made.

Advertisers also evaluate the qualitative factors involved in media selection. These qualitative factors include such things as attention to the commercial and the program, involvement, lack of distractions, how well the viewer likes the program, and other audience behaviors that affect the likelihood that a commercial message is being seen and, hopefully, absorbed. While advertisers can advertise their product in as many media as possible and repeat the ad as many times as they like, the ad still may not be effective if the audience is not paying attention. Research on audience attentiveness for television, for example, shows that the longer viewers stay tuned to a particular program, the more memorable they find the commercials. Holding power, therefore, can be more important than ratings (the number of people tuning in to any part of the program) when selecting media vehicles, challenging the long-held assumption that the higher the rating of a program, the more effective the advertising run during the program, even though it is more costly. For instance, ER, one of the top-rated shows among 25- to 54-year-olds, costs about $400,000 for a 30-second spot but ranks relatively low for holding power. In contrast, the low-rated Candid Camera, which ranks high in holding power, costs only about $55,000 for a 30-second spot.

MEDIA SCHEDULING

After choosing the media for the advertising campaign, advertisers must schedule the ads. A media schedule designates the medium or media to be used (such as magazines, television, or radio), the specific vehicles (such as People magazine, the show Lost on TV, or the American Top 40 national radio program), and the insertion dates of the advertising.

There are three basic types of media schedules:

- Products in the latter stages of the product life cycle, which are advertised on a reminder basis, use a continuous media schedule. A continuous schedule allows the advertising to run steadily throughout the advertising period. Examples include Ivory soap, Tide detergent, Bounty paper towels, and Charmin toilet tissue,
Review and Applications

Discuss the elements of the promotional mix and their role in the marketing mix. The elements of the promotional mix include advertising, public relations, sales promotion, and personal selling. Advertising is a form of

which may have an ad in the newspaper every Sunday and a TV commercial on NBC every Wednesday at 7:30 P.M. over a three-month time period.

- With a flighted media schedule, the advertiser may schedule the ads heavily every other month or every two weeks to achieve a greater impact with an increased frequency and reach at those times. Movie studios might schedule television advertising on Wednesday and Thursday nights, when moviegoers are deciding which films to see that weekend. A variation is the pulsing media schedule, which combines continuous scheduling with flighting. Continuous advertising is simply heavier during the best sale periods. A retail department store may advertise on a year-round basis but place more advertising during certain sale periods such as Thanksgiving, Christmas, and back-to-school.

- Certain times of the year call for a seasonal media schedule. Products like Contac cold tablets and Coppertone suntan lotion, which are used more during certain times of the year, tend to follow a seasonal strategy. Advertising for champagne is concentrated during the weeks of Christmas and New Year’s, whereas health clubs concentrate their advertising in January to take advantage of New Year’s resolutions.

New research comparing continuous media schedules and flighted ones finds that continuous schedules for television advertisements are more effective than flighting in driving sales. The research suggests that it may be more important to get exposure as close as possible to the time when someone is going to make a purchase. For example, if a consumer shops on a weekly basis, the best time to reach that person is right before he or she shops. Therefore, the advertiser should maintain a continuous schedule over as long a period of time as possible. Often called recency planning, this theory of scheduling is now commonly used for scheduling television advertising for frequently purchased products, such as Coca-Cola or Tide detergent. Recency planning’s main premise is that advertising works by influencing the brand choice of people who are ready to buy.
impersonal, one-way mass communication paid for by the source. Public relations is the function of promotion concerned with a firm’s public image. Firms can’t buy good publicity, but they can take steps to create a positive company image. Sales promotion is typically used to back up other components of the promotional mix by stimulating immediate demand. Finally, personal selling typically involves direct communication, in person or by telephone; the seller tries to initiate a purchase by informing and persuading one or more potential buyers. Promotional strategy is the plan for using the elements of promotion—advertising, public relations, sales promotion, and personal selling—to meet the firm’s overall objectives and marketing goals. Based on these objectives, the elements of the promotional strategy become a coordinated promotion plan. The promotion plan then becomes an integral part of the total marketing strategy for reaching the target market along with product, distribution, and price.

1.1 What is a promotional strategy? Explain the concept of a competitive advantage in relation to promotional strategy.

1.2 As the promotional manager for a new line of cosmetics targeted to preteen girls, you have been assigned the task of deciding which promotional mix elements—advertising, public relations, sales promotion, and personal selling—should be used in promoting it. Your budget for promoting the preteen cosmetics line is limited. Write a promotional plan explaining your choice of promotional mix elements given the nature of the product, the stage in the product life cycle, the target market characteristics, the type of buying decision, available funds, and the use of a pull or push strategy.

LO2 Describe the communication process. The communication process has several steps. When an individual or organization has a message it wishes to convey to a target audience, it encodes that message using language and symbols familiar to the intended receiver and sends the message through a channel of communication. Noise in the transmission channel distorts the source’s intended message. Reception occurs if the message falls within the receiver’s frame of reference. The receiver decodes the message and usually provides feedback to the source. Normally, feedback is direct for interpersonal communication and indirect for mass communication.

2.1 Why is understanding the target market a crucial aspect of the communication process?

LO3 Explain promotional goals, tasks, and the AIDA concept. The fundamental goals of promotion are to induce, modify, or reinforce behavior by informing, persuading, and reminding. Informative promotion explains a good’s or service’s purpose and benefits. Promotion that informs the consumer is typically used to increase demand for a general product category or to introduce a new good or service. Persuasive promotion is designed to stimulate a purchase or an action. Promotion that persuades the consumer to buy is essential during the growth stage of the product life cycle, when competition becomes fierce. Reminder promotion is used to keep the product and brand name in the public’s mind. Promotions that remind are generally used during the maturity stage of the product life cycle. The AIDA model outlines the four basic stages in the purchase decision-making process, which are initiated and propelled by promotional activities: (1) attention, (2) interest, (3) desire, and (4) action. The components of the promotional mix have varying levels of influence at each stage of the AIDA model. Advertising is a good tool for increasing awareness and knowledge of a good or service. Sales promotion is effective when consumers are at the purchase stage of the decision-making process. Personal selling is most effective in developing customer interest and desire.

3.1 Why might a marketing manager choose to promote his or her product using persuasion? Give some current examples of persuasive promotion.
3.2 Discuss the AIDA concept. How do these different stages of consumer involvement affect the promotional mix?

**LO4 Describe the factors that affect the promotional mix.** Promotion managers consider many factors when creating promotional mixes. These factors include the nature of the product, product life-cycle stage, target market characteristics, the type of buying decision involved, availability of funds, and feasibility of push or pull strategies. Because most business products tend to be custom-tailored to the buyer’s exact specifications, the marketing manager may choose a promotional mix that relies more heavily on personal selling. On the other hand, consumer products are generally mass produced and lend themselves more to mass promotional efforts such as advertising and sales promotion. As products move through different stages of the product life cycle, marketers will choose to use different promotional elements. For example, advertising is emphasized more in the introductory stage of the product life cycle than in the decline stage. Characteristics of the target market, such as geographic location of potential buyers and brand loyalty, influence the promotional mix as does whether the buying decision is complex or routine. The amount of funds a firm has to allocate to promotion may also help determine the promotional mix. Small firms with limited funds may rely more heavily on public relations, whereas larger firms may be able to afford broadcast or print advertising. Last, if a firm uses a push strategy to promote the product or service, the marketing manager may choose to use aggressive advertising and personal selling to wholesalers and retailers. If a pull strategy is chosen, then the manager often relies on aggressive mass promotion, such as advertising and sales promotion, to stimulate consumer demand.

Regardless of the composition of the promotional mix, companies should aim for integrated marketing communications (IMC). Integrated marketing communications is the careful coordination of all promotional messages for a product or service to assure the consistency of messages at every contact point where a company meets the consumer.

4.1 Visit [http://www.teenresearch.com](http://www.teenresearch.com). What research can this company offer about the size and growth of the teen market, the buying power of teenagers, and their buying habits? Why might these statistics be important to a company targeting teenagers in terms of marketing communications and promotion strategy?

4.2 Discuss the importance of integrated marketing communications. Give some current examples of companies that are and are not practicing IMC.

**LO5 Discuss the effects of advertising on market share and consumers.** Advertising helps marketers increase or maintain brand awareness and, subsequently, market share. Typically, more is spent to advertise new brands with a small market share than to advertise older brands. Brands with a large market share use advertising mainly to maintain their share of the market. Advertising affects consumers’ daily lives as well as their purchases. Although advertising can seldom change strongly held consumer attitudes and values, it may transform a consumer’s negative attitude toward a product into a positive one. Additionally, when consumers are highly loyal to a brand, they may buy more of that brand when advertising is increased. Last, advertising can also change the importance of a brand’s attributes to consumers. By emphasizing different brand attributes, advertisers can change their appeal in response to consumers’ changing needs or try to achieve an advantage over competing brands.

5.1 Discuss the reasons why new brands with a smaller market share spend proportionately more on advertising than brands with a larger market share.

5.2 Form a three-person team. Divide the responsibility for getting newspaper advertisements and menus for several local restaurants. While you are at the restaurants to obtain copies of their menus, observe the atmosphere and interview the manager to determine what he or she believes are the primary reasons people choose to dine.
there. Pool your information and develop a table comparing the restaurants in terms of convenience of location, value for the money, food variety and quality, atmosphere, and so on. Rank the restaurants in terms of their appeal to college students. Explain the basis of your rankings. What other market segment would be attracted to the restaurants and why? Do the newspaper advertisements emphasize the most effective appeal for a particular restaurant? Explain.

LO 6 Identify the major types of advertising. Advertising is any form of impersonal, paid communication in which the sponsor or company is identified. The two major types of advertising are institutional advertising and product advertising. Institutional advertising is not product oriented; rather, its purpose is to foster a positive company image among the general public, investment community, customers, and employees. Product advertising is designed mainly to promote goods and services, and it is classified into three main categories: pioneering, competitive, and comparative. A product’s place in the product life cycle is a major determinant of the type of advertising used to promote it.

6.1 At what stage in a product’s life cycle are pioneering, competitive, and comparative advertising most likely to occur? Give a current example of each type of advertising.

LO 7 Discuss the creative decisions in developing an advertising campaign. Before any creative work can begin on an advertising campaign, it is important to determine what goals or objectives the advertising should achieve. The objectives of a specific advertising campaign often depend on the overall corporate objectives and the product being advertised. Once objectives have been defined, creative work can begin on the advertising campaign. Creative decisions include identifying the product’s benefits, developing possible advertising appeals, evaluating and selecting the advertising appeals, executing the advertising message, and evaluating the effectiveness of the campaign.

7.1 What is an advertising appeal? Give some examples of advertising appeals you have observed recently in the media.

7.2 Design a full-page magazine advertisement for a new brand of soft drink. The name of the new drink and its package design are at your discretion. On a separate sheet, specify the benefits stressed or appeals made in the advertisement.

LO 8 Describe media evaluation and selection techniques. Media evaluation and selection make up a crucial step in the advertising campaign process. Major types of advertising media include newspapers, magazines, radio, television, outdoor advertising such as billboards and bus panels, and the Internet. Recent trends in advertising media include video shopping carts, computer screen savers, cinema and DVD advertising, cell phones, and video games. Promotion managers choose the advertising campaign’s media mix on the basis of the following variables: cost per contact, reach, frequency, characteristics of the target audience, flexibility of the medium, noise level, and the life span of the medium. After choosing the media mix, a media schedule designates when the advertisement will appear and the specific vehicles it will appear in.

8.1 You are the advertising manager of a sailing magazine, and one of your biggest potential advertisers has questioned your rates. Write the firm a letter explaining why you believe your audience selectivity is worth the extra expense for advertisers.

8.2 Identify an appropriate media mix for the following products:
   a. Chewing tobacco
   b. People magazine
   c. Weed-Eaters
   d. Foot odor killers
   e. “Drink responsibly” campaigns by beer brewers
Application Exercise

You may think that creating advertising is easy. After all, you have a lot of experience with advertising, having been bombarded with advertisements since you were a child. But creating advertising presents real challenges. In this exercise, you will be challenged to create an ad for a new product for animal use that is based on a product used by humans. Some examples include bras for cows, claw polish for tigers, and “Minute Mice” for cats. You can pick any product and any animal, but the combination must make sense.70

Activities

1. You have been hired by the purveyor of your chosen product to create a print advertisement. Lay out your ad on a piece of paper that is no smaller than 8.5 by 11 inches and no larger than 11 by 14 inches. Include a headline, illustration, logo, and body copy. Your illustration may be either hand-drawn or clipped from a magazine.

2. Include the copy for your ad directly on the front of the ad unless your copy blocks are too large for you to be legible or neat. If that is the case, then label your copy blocks with letters, put them on the back of your ad, and write the corresponding letter in the appropriate place on the front of the ad.

3. Don’t forget to pick your own brand name for the product or service (like “Minute Mice”).

Entrepreneurship Case

WICKED AWESOME! MUSICAL ENCHANTS RECORD CROWDS AFTER ROCKY START

When the curtains first lifted on the Broadway musical Wicked, it appeared that audiences had been scared away from the box office. The Gershwin Theater was rarely full, and a production that had cost over $14 million posted advance ticket sales of only $9 million. Crippled by cost overruns, cast changes, song rewrites, and a 2003 start date that was much later than projected, excitement and enthusiasm waned for what was once a much-anticipated show.

Based on Gregory Maguire’s best-selling 1995 novel of the same name, the story is a prequel to Frank Baum’s 1939 classic, The Wizard of Oz. The musical examines the lives of two teenage witches, Glinda and Elphaba, and wonders which one is truly evil. Glinda, a
beautiful, ambitious, and popular blond, grows up to become the Good Witch; Elphaba, a
green-skinned, intelligent, free-spirited rebel, develops into the nefarious Wicked Witch of
the West. Elaborate sets, lighting, and costumes and a score by Academy Award–winning
songwriter Stephen Schwartz did not impress the New York Times, however. Its scathing
review claimed, “There’s trouble in Emerald City . . . [it’s] a sermon of a musical.”

Unfazed, Wicked producer Marc Platt, a former Universal Pictures executive, never
lost faith in his production. He remained convinced that if he could just get people in the
door, they would leave completely captivated by what he considered a truly exceptional
experience. So he cut ticket prices by 30 percent and watched as patrons began to make
repeat ticket purchases during intermission. After the shows, swarms of enthralled
teenage girls began to gather outside the stage door in hopes of meeting the cast.

As the target market emerged before his eyes, Platt leveraged his Hollywood expe-
rience to turn Wicked into a musical marketing machine. The hot ticket sales during show
intermissions indicated that the show’s success would hinge on word-of-mouth referrals
from the show’s core audience—teenage girls. To get more of them talking, Platt and the
marketing team published feature articles on the show’s Web site and seeded Internet
chat rooms with Wicked-related topics. An all-out promotions blitz ensued.

Wicked lined up character endorsement deals with makeup manufacturer, Stila,
and sent hot new stars Kristin Chenoweth and Idina Menzel to Sephora stores to give
makeovers to teen fans with Glinda facial glitter and Elphaba lipstick. In an interesting
twist on American Idol, Wicked karaoke contests at malls served as fake auditions that
awarded real tickets to the most passionate fans. Radio promos in New York and
Chicago were supported by advertising at Macy’s and in Elle Girl magazine for a
Halloween campaign that lasted a month.

As the show became profitable, two U.S. tours were launched. The shows routinely
sell out, and yearly revenues are now close to $200 million. Tickets to the show on
Broadway now command a record-tying $110, and the show’s take is about $1.3 million a
week in New York alone. Mike Isaacson, vice president of the Fox Theatre in St. Louis, sold
an amazing $1.5 million worth of tickets a mere 48 hours after they went on sale. “This
show is a rocket because it’s attracting people from teenagers to grandparents,” he mused.

Day-of-show raffles for tickets at sold-out venues give a few lucky patrons a chance
to buy $25 tickets. Those raffles generally appeal to younger theatregoers, but those witch-
wannabes bring mom and dad out for the night of mischief too. And their dollars help fund
purchases of merchandise at the traveling OzDust Boutiques. Items like Wicked-branded
golf balls, T-shirts, necklaces, and CDs of the show’s musical numbers sell at the stands
and at http://www.wickedthemusical.com. Sales generate weekly merchandise receipts
of more than $300,000. But that doesn’t surprise Marc Platt. Reflecting on the show’s uni-
versal premise, he quips, “There’s a little green girl inside all of us.”

Questions
1. Identify and describe the elements of Wicked’s promotional mix.
2. Describe how the AIDA process worked for various Wicked promotions. Which one do
you think was most effective?
3. Did Wicked use a push or a pull promotional strategy? Explain.
4. As Wicked progresses through its life cycle, what changes would you recommend mak-
ing to the current promotional mix? Why?

COMPANY CLIPS
Vans—Off the Wall and On Target
You have undoubtedly heard of Vans. The company has sold footwear, apparel, and
extreme sports equipment for over 40 years using the distinct tagline, “Off the Wall.”
The company’s founder wanted to control his own retail channel, so he transformed his
manufacturing company into a marketing company. Always carefully protecting its
unique brand image, Vans has crafted successful marketing messages and promotions
that resonate with the youth culture that represents the company’s target market. This video examines the carefully planned strategy that Vans developed to create loyalty in a fickle niche market.

Questions
1. Does Vans use a push or pull strategy to market its apparel? How does Steve feel about the two strategies?
2. What does Steve mean when he refers to tours and events as “planting seeds”?
3. Describe Vans’ pyramid strategy. How does it protect the brand?
4. How does Steve’s hands-on approach to events and promotion benefit the company?

BIZ FLIX

About a Boy

Now that you have a better grasp of marketing communications, you understand how messages can be designed to produce desired results. As an encore to your study, watch the film clip from About a Boy, starring Hugh Grant as happy, self-absorbed bachelor Will Lightman, who joins a support group for single parents as a way to meet women. Although Will has no children of his own, he finds himself inventing a son named Ned at his first Single Parents Alone Together (SPAT) meeting. Watching the clip, think about the communication process. How is Will’s monologue like a promotional message? How is the AIDA concept at work in this scene? Explain. What other chapter concepts can you see in the clip if you think of it as a metaphor for marketing promotion?