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Managing Mass Communications: Advertising, Sales Promotions, Events and Experiences and Public Relations

Marketing Management:

An Asian Perspective
(5th edition)

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Managing Mass Communications: Advertising, Sales Promotions, Events, and Public Relations

18

Although there has been an enormous increase in the use of personal communications by marketers in recent years due to the rapid penetration of the Internet and other factors, the fact remains that mass media, if used correctly, can still dramatically improve the fortunes of a brand or a company. Consider how MasterCard uses mass media advertising and event sponsorship to reach its target audience and make its *Priceless* campaign a success.



Learning Objectives:

- Understand what steps are involved in developing an advertising program
- Understand how sales promotion decisions are made
- Understand what are the guidelines for effective brand-building events and experiences
- Understand how companies can exploit the potential of public relations and publicity

The **essence** of Chapter Eighteen:

Although there has been an enormous increase in the use of personal communications by marketers in recent years, the fact remains that mass media, if used correctly, can still dramatically improve the fortunes of a brand or company.

Marketers are trying to come to grips with how to best use mass media in the new communication environment.

DEVELOPING AND MANAGING AN ADVERTISING PROGRAM

Advertising is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor.

Ads can be a cost-effective way to disseminate message, whether to build a brand preference or to educate people.

When developing an advertising campaign, there are five major decisions known as “the 5Ms”:

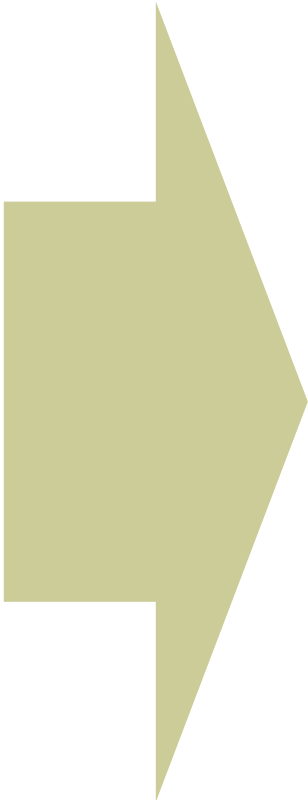
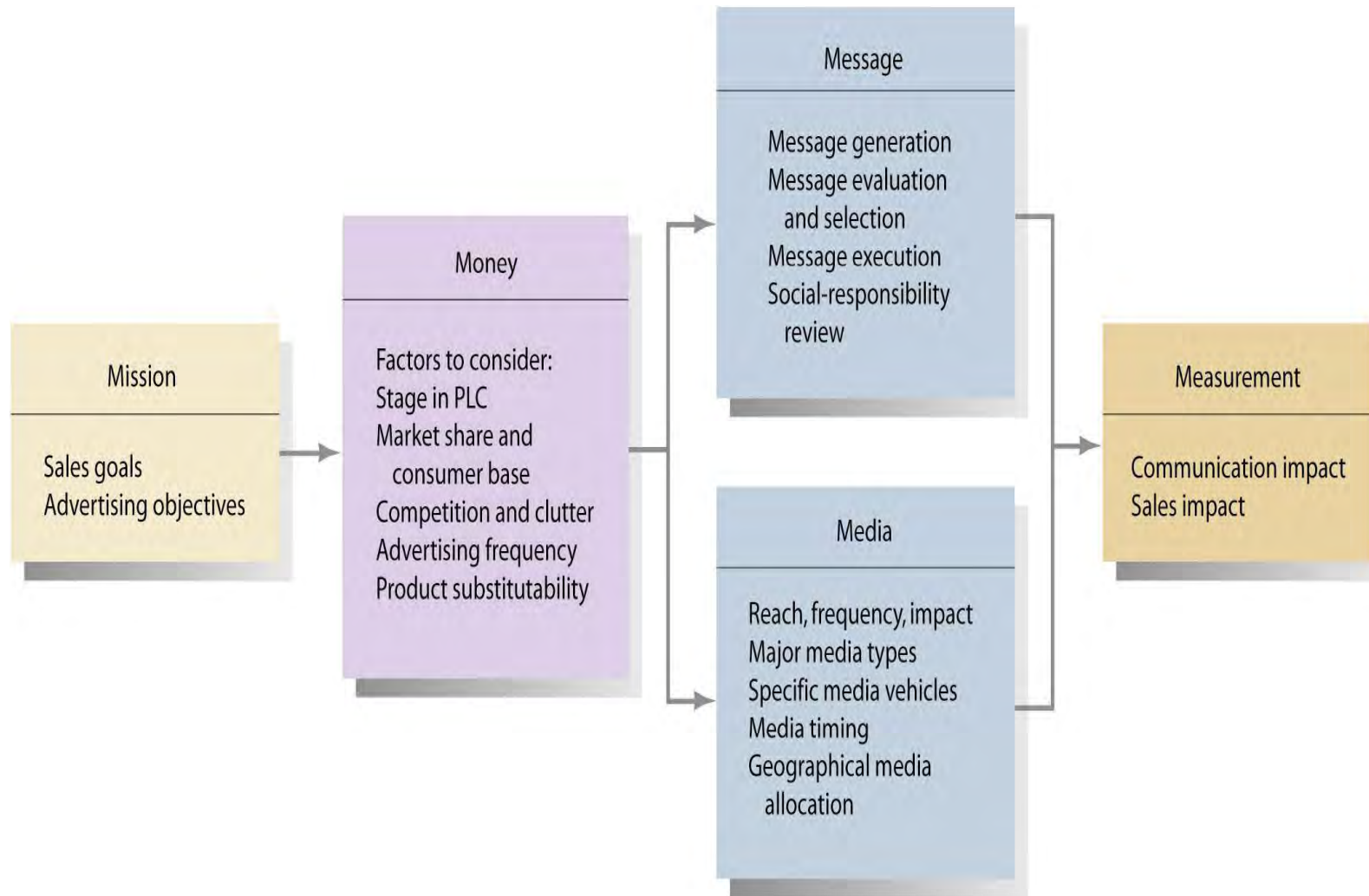
- 
- **Mission:** What are the advertising objectives?
 - **Money:** How much to spend?
 - **Message:** What message should be sent?
 - **Media:** What media should be used?
 - **Measurement:** How should the results be evaluated?

Figure 18.1 The Five Ms of Advertising



Developing & Managing an Advertising Program - *Setting the Objectives*

■ Advertising goal

- Specific communications task & achievement level
- With specific audience & time period
- The advertising objective should emerge from a thorough analysis of the current marketing situation.

Classifying Advertising Objectives

- **Informative advertising**
 - Brand awareness & knowledge of
 - New products or
 - New features of existing products
- **Persuasive advertising** - create liking, preference, conviction & purchase of product/service
- **Reminder advertising** - stimulate repeat purchase
- **Reinforcement advertising** - convince current purchasers they made right choice

Key Clinic uses a persuasive campaign to encourage people who need treatment for sexually transmitted diseases to seek medical assistance at their clinics.

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की-क्लीनिक का मान।**



चलो की क्लीनिक चलें

Deciding On the Advertising Budget

- How does a company know if it is spending the right amount?
- Although advertising is treated as a current expense, part of it really is an **investment** in **building brand equity**.

Developing & Managing an Advertising Program - *Setting the Objectives*

■ **5 factors** - setting the advertising budget:

1. *Stage in product life cycle*
2. *Market share & consumer base*
3. *Competition & clutter*
4. *Advertising frequency*
5. *Product substitutability*

Developing the Advertising Campaign

- In designing and evaluating an ad campaign, marketers employ ***both art and science*** to develop the message strategy or positioning of an ad - what the ad attempts to convey about the brand- and its creative strategy - how the ad expresses the brand claim.

Developing the Advertising Campaign

Singapore Ministry of Health—An award-winning Chinese-language print ad by the Singapore Ministry of Health for its dental hygiene campaign treated readers to a rather incongruous message. At first glance, the ad did not appear to have anything to do with dental health. It was a tongue twister. The tagline in small print read, “Try saying that without your real teeth.” Chinese-speaking readers loved the ad.¹³

Chinese Characters	Meaning	Pronunciation
十四是十四	14 is 14	<i>Shi si shi shi si</i>
四十是四十	40 is 40	<i>Si shi shi si shi</i>
十四不是四十	14 is not 40	<i>Shi si bu shi si shi</i>
四十不是十四	40 is not 14	<i>Si shi bu shi shi si</i>

Message Generation and Evaluation

- A good ad normally focuses on one or two core selling propositions.

1. **Creative brief**
2. **Positioning statement**

- ***No such thing as “typical” Asian campaign***
- ***No such thing as “typical” Asian consumer***
- ***Best work adheres to universal truths of advertising***
- ***Best work - true to own culture***
- ***Humor***
- ***Importance of crafting***

Creative Development and Execution

- The ad's impact depends not only on what is said, but often more importantly, on *how it says it*.
- Message execution can be decisive.

Copy Strategy:

- In preparing an ad campaign, the advertiser can prepare a copy strategy statement describing the:
 - **Objective**
 - **Content**
 - **Support**
 - **Tone of the desired ad**

Developing the Advertising Campaign- **Media**

Television Ads:

- Most powerful advertising medium & reaches broad spectrum of consumers

Strengths:

1. Vividly show attributes & benefits
2. Dramatically portrays user & usage imagery, brand personality

Developing the Advertising Campaign- **Media**

Television Ads:

Drawbacks:

1. Fleeting nature & creative elements in TV ad - intended message & brand can be overlooked
2. Ads & material on TV - clutter - easy to ignore or forget ads
3. High cost of production & placement

Developing the Advertising Campaign- **Media**

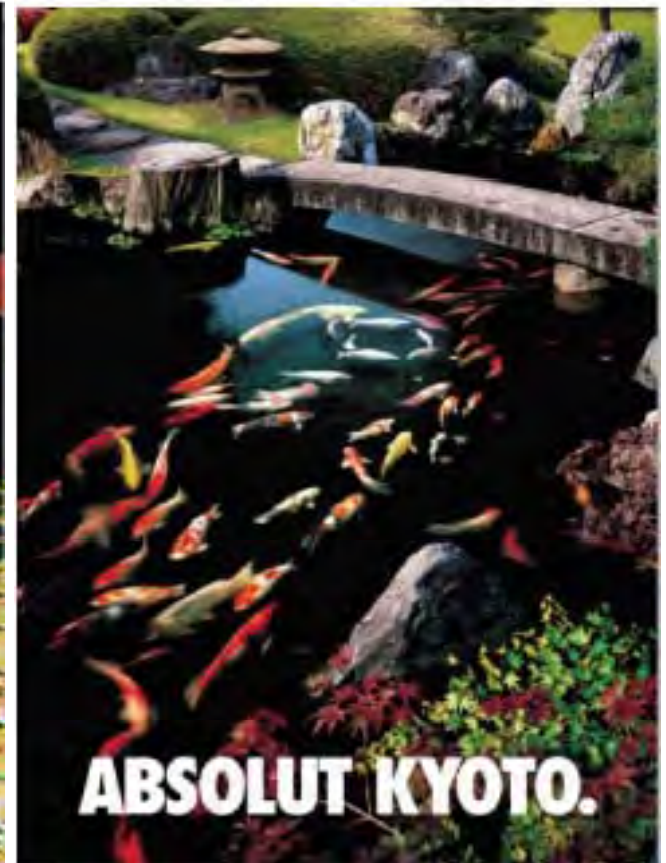
Print Ads:

- Detailed & effectively communicate user & usage imagery
- Static nature of images - difficult to provide dynamic presentations
- Fairly passive medium



Print Ad Evaluation Criteria

- i.** Is message clear at glance? Quickly tell what ad is?
- ii.** Is benefit in headline?
- iii.** Does illustration support headline?
- iv.** Does first line of copy support/explain headline & illustration?
- v.** Is ad easy to read & follow?
- vi.** Is product easily identified?
- vii.** Is brand or sponsor clearly identified?



Absolut vodka ads emphasize the distinctive shape of the bottle and the personality of the magazine or city in which the ad appears. Here are ads that were developed to capture the spirit of three Asian cities: Bangkok, Beijing, and Kyoto

Developing the Advertising Campaign- **Media**

- **Newspapers** are timely & pervasive BUT magazines more effective as they can build user & usage imagery
- *Format* elements - ad size, color & illustration - affect print ad's impact
- Print advertisements: *picture, headline, & copy* important, in that order

Developing the Advertising Campaign- **Media**

- **Radio** is a pervasive medium.
- Radio's main advantage is flexibility.
- Stations are very targeted.
- Ads are relatively inexpensive to produce and place.
- Short closing allow for quick response.
- Radio is particularly effective in the morning.
- It allows a company to achieve a balance between broad and localized market coverage.

Developing the Advertising Campaign- **Media**

- Disadvantages of Radio:
- The lack of visual images
- Relatively passive nature of the consumer processing that results.

Legal and Social Issues

- Advertisers & agencies should ensure that ad does not overstep social & legal norms
- Should not make false claims
- Careful to not offend general public & any ethnic groups, racial minorities or special-interest groups
- Sex appeals - under scrutiny

In most Asian countries, sex sells, especially for beer.

This picture - a convenience store in Malaysia selling beer.



DECIDING ON MEDIA AND MEASURING EFFECTIVENESS

After choosing the message, the advertiser's next task is to choose media to carry it. The steps here are deciding on desired reach, frequency, and impact; choosing among major media types; selecting specific media vehicles; deciding on media timing; and deciding on geographical media allocation. Then the results of these decisions need to be evaluated.

Deciding On Reach, Frequency, and Impact

- Media selection is finding the most cost-effective media to deliver the desired number and type of exposures to the target audience.
- The media planner has to figure out the most cost-effective combination of reach, frequency, and impact.

Determining Reach and Frequency

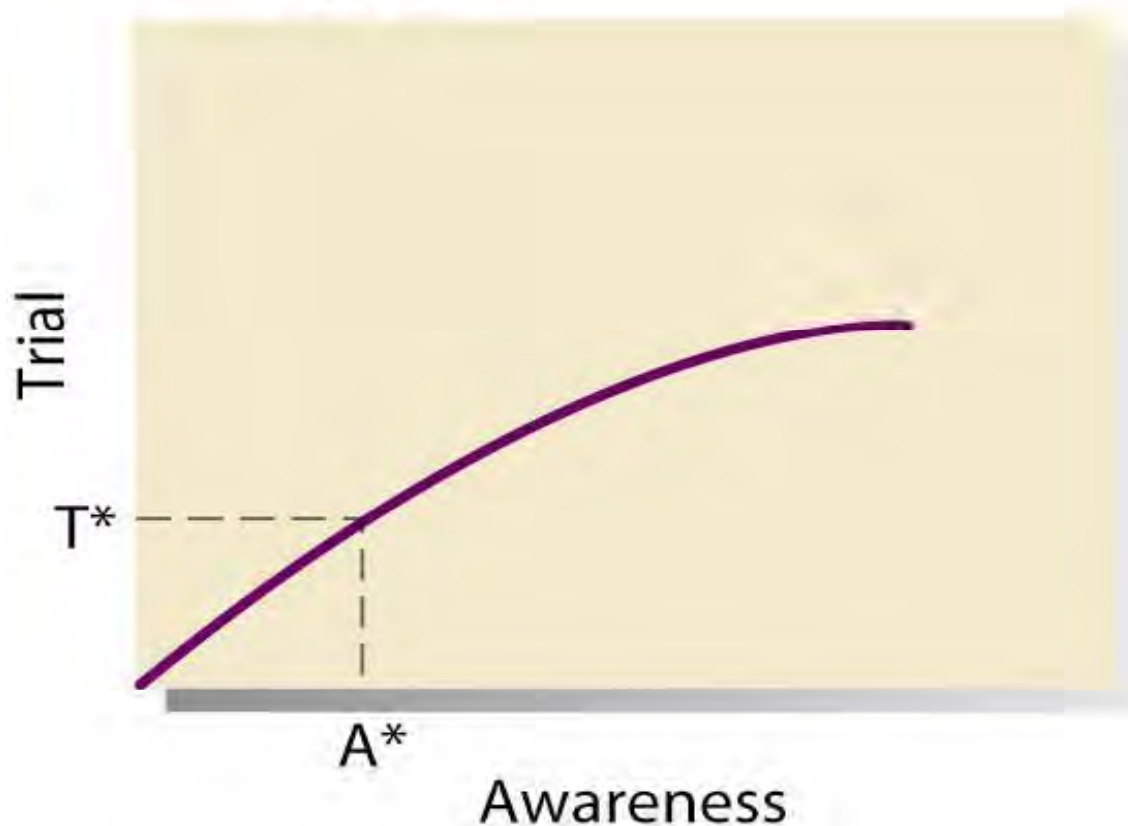
- What do we mean by the **desired number of exposures**?
- The advertiser is seeking a **specified advertising objective** and **response** from the target audience.
- The next task is to find out **how many exposures** will produce a level of audience awareness.

Reach, Frequency and Impact

- The relationship between reach, frequency, and impact is captured in the following concepts:
- Total number of exposures (E) is reach times the average frequency: $E = R \times F$
- Weighted number of exposures (WE) is the reach times average frequency times average impact: $WE = R \times F \times I$

Figure 18.2 Relationship Among Trial, Awareness & Exposure Function

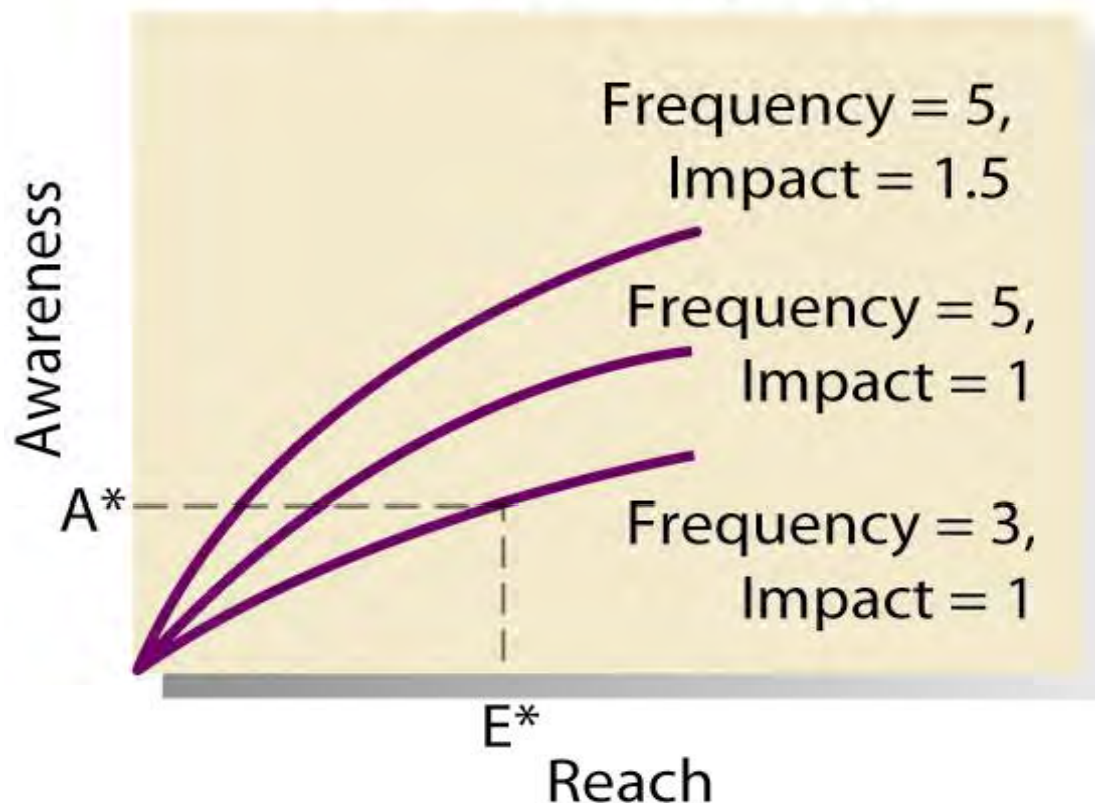
(a) Relationship between Product Trial Rate and Audience Awareness Level



- Seeks product trial rate of T^*
- Need brand awareness level of A^*

Figure 18.2 Relationship Among Trial, Awareness & Exposure Function

(b) Relationship between Audience Awareness Level and Exposure Reach and Frequency



- How many exposures, E^* , produce awareness of A^*
- Audience awareness is greater - higher exposures' reach, frequency & impact

Reach is more important when:

- Launching new products
- Flanker brands
- Extensions of well-known brands
- Infrequently purchased goods
- Going after an undefined target market

Frequency is more important when:

- There are strong competitors.
- A complex store to tell
- High consumer resistance
- A frequent-purchase cycle

Outcomes of increased frequency:

- Many advertisers believe a target audience needs a large number of exposures for the advertising to work.
- Others doubt the value of high frequency.
- Another factor arguing for repetition is that of **forgetting**.
- The higher the forgetting rate associated with a brand, the higher the warranted level of repetition.
- Ads **wear out** and viewers tune them out so repetition is not enough.
- Advertisers should insist on **fresh ads**.

Choosing Among Major Media Types

- The media planner has to know the capacity of the major advertising media types to deliver reach, frequency, and impact.
- Media planners make their choices by considering the following variables:
 - **Target audiences' media habits**
 - **Product characteristics**
 - **Message characteristics**
 - **Cost**

Choosing Among Major Media Types

- Given the abundance of media, the planner must first decide how to allocate the budget to the major media types.
- The distribution must be planned with the awareness that people are increasingly time-starved.
- Attention is becoming a scarce currency, and advertisers need strong devices to capture people's attention.

Consumer Response

- Marketers must also recognize that consumer response can be S-shaped
- An ad threshold effect exists where some positive amount of advertising is necessary before any sales impact can be detected, but sales increase eventually flatten out

Table 18.1 Profiles of Major Media Types

Medium	Advantages	Limitations
Newspapers	Flexibility; timeliness; good local market coverage; broad acceptance; high believability	Short life; poor reproduction quality; small “pass-along” audience
Television	Combines sight, sound, and motion; appealing to the senses; high attention; high reach	High absolute cost; high clutter; fleeting exposure; less audience selectivity
Direct mail	Audience selectivity; flexibility; no ad competition within the same medium; personalization	Relatively high cost; “junk mail” image
Radio	Mass use; high geographic and demographic selectivity; low cost	Audio presentation only; lower attention than television; non-standardized rate structures; fleeting exposure
Magazines	High geographic and demographic selectivity; credibility and prestige; high-quality reproduction; long life; good pass-along readership	Long ad purchase lead time; some waste circulation; no guarantee of position



Table 18.1 Profiles of Major Media Types

Medium	Advantages	Limitations
Outdoor	Flexibility; high repeat exposure; low cost; low competition	Limited audience selectivity; creative limitations
Yellow Pages	Excellent local coverage; high believability; wide reach; low cost	High competition; long ad purchase lead time; creative limitations
Newsletters	Very high selectivity; full control; interactive opportunities; relative low costs	Costs could run away
Brochures	Flexibility; full control; can dramatize messages	Overproduction could lead to runaway costs
Telephone	Many users; opportunity to give a personal touch	Relative high cost unless volunteers are used
Internet	High selectivity; interactive possibilities; relatively low cost	Relatively new media with a low number of users in some countries

Alternative Advertising Options

- **PLACE ADVERTISING:**
- Out-of-home advertising - different alternative advertising forms
- **Billboards:**
- Colorful, digitally produced graphics, backlighting, sounds, movement & unusual even 3D images



Within the poster the words "Your Skin is Amazing" are printed lightly below the Braille version of the phrase.

Vaseline uses outdoor media to demonstrate how sensitive skin is. The bus shelter poster has the words “Your Skin is Amazing” printed lightly below the Braille version of the phrase. Similarly, Braille stickers that read “Your Skin is Amazing” were placed where people typically put their fingers—bus handles, trolley bars, lift buttons, arm chair handles—alerting them to the printed message.



3-D bus stop ad announcing ticket sales for the world's first Formula1 night race in Singapore.



HSBC advertises on Kuala Lumpur's monorail to show that the world's local bank can bring people places—a tie-in to the monorail that goes through the heart of the city.

Alternative Advertising Options

- **Outdoor advertising popular in Asia WHY?**
- Traffic jams - cities like Bangkok - massive captive audience
- Rural areas- TV & newspaper ad less available - billboards - mass audience
- TV ad rates went up - outdoor ad more cost effective

Alternative Advertising Options

Public Spaces:

- Put TV & print ads in public places - movies, airlines, restrooms, road etc
- Transit ads: reach working women
- Another innovative advertising - automated teller machine (ATM)

Alternative Advertising Options

PRODUCT PLACEMENT:

- From movies to all types of TV shows
- Combined with special promotions to publicize entertainment tie-ins
- Placement - no cost – supply their products to movie company
- In China, some programs are produced & branded by advertisers

Product Placement:

- Marketers are finding other inventive ways to advertise during actual television broadcasts.
 - Virtual logos networks add digitally to the playing field.
 - Ads also appear in best-selling paperback books and movie videotapes.
- Advertorials are print ads that offer editorial content that reflects favorably on the brand and is difficult to distinguish from newspaper or magazine content.
- Other firms are exploring branded entertainment such as online mini-films.

Point-of-Purchase

- There are many ways to communicate with consumers at the point-of-purchase (POP)
 - **In-store advertising includes ads:**
 - **On shopping carts**
 - **Cart straps**
 - **Aisles and shelves**
 - **In-store demonstrations**
 - **Live sampling**
 - **Instant coupon machines**

Point-of-Purchase

- The appeal of point-of-purchasing advertising lies in the fact that numerous studies show that in many product categories consumers make the bulk of their final brand decisions in the store
- One study suggested that 70 percent of all buying decisions are made in the store
- In-store advertising is designed to increase the number of spontaneous buying decisions

Evaluating Alternative Media

- The main advantage of non-traditional media is that a very precise and captive audience often can be reached in a cost-effective manner.
- The challenge with non-traditional media is demonstrating its reach and effectiveness through credible, independent research.
- These new marketing strategies must be judged on how they contribute, directly or indirectly, to brand equity.

Evaluating Alternative Media

- There has been some consumer backlash when people see ads in traditionally ad-free spaces.
- Perhaps because of the sheer pervasiveness of advertising, consumers seem to be less bothered by non-traditional media now than in the past.
- Consumers must be favorably affected in some way to justify the marketing expenditures for non-traditional media.

Selecting Specific Vehicles

- The media planner must search for the most cost-effective vehicles within each chosen media type.
- The planner has to rely on measurement services that provide estimates of audience size, composition, and media cost.
- Audience size has several possible measures:
 - **Circulation**
 - **Audience**
 - **Effective audience**
 - **Effective ad-exposed audience**

Selecting Specific Vehicles

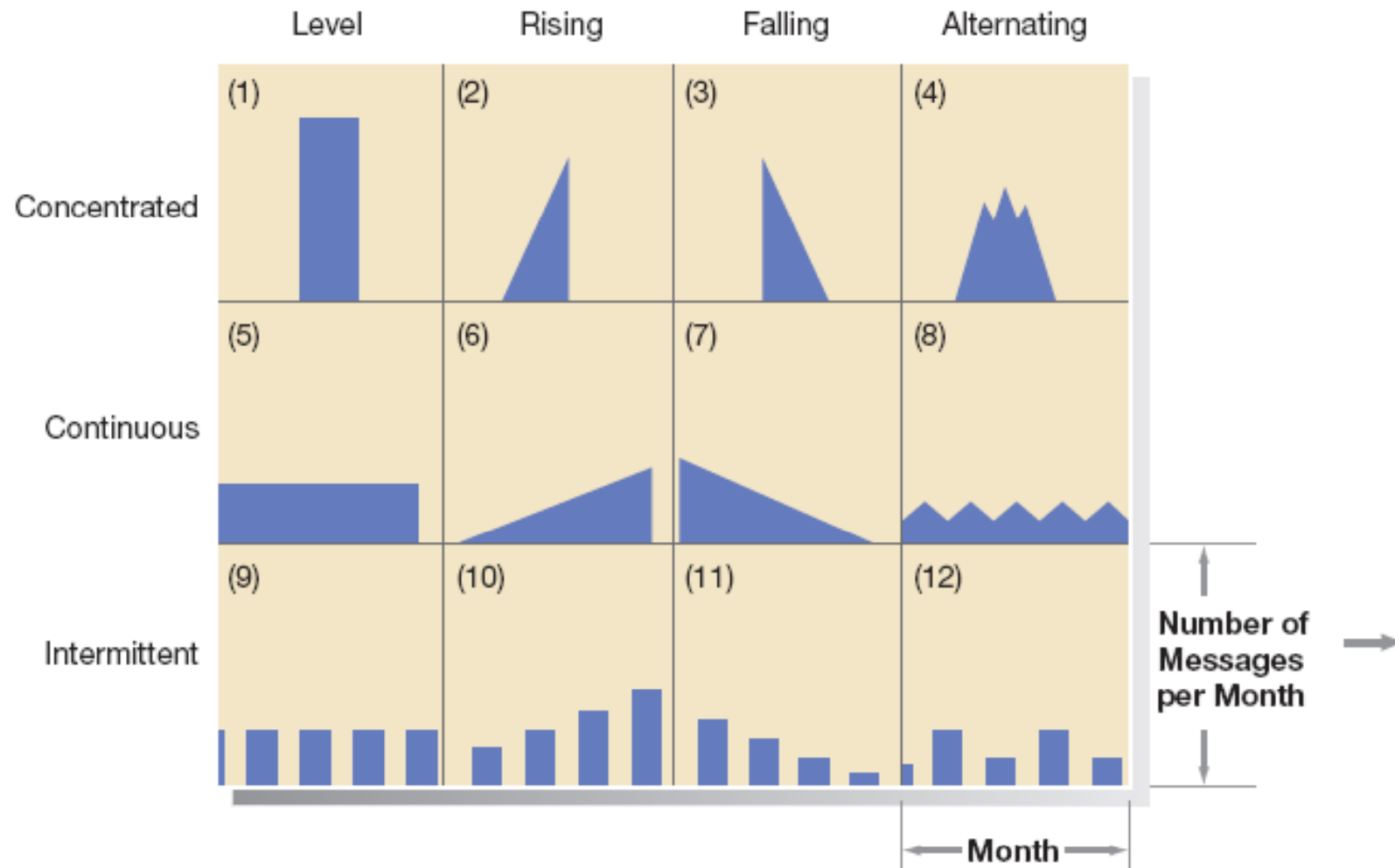
Media planner calculates the cost per thousand persons reached by a vehicle

- **Several adjustments** have to be applied to the cost-per-thousand measure:
 - audience quality.
 - audience-attention probability.
 - magazine's editorial quality (prestige and believability).
 - the magazine's ad placement policies and extra services.

Deciding On **Media Timing** and **Allocation**

- In choosing media, the advertiser faces both a macro scheduling and a micro-scheduling problem.
 1. The **macro-scheduling** problem involves scheduling the advertising in relation to seasons and the business cycle.
 2. **The micro-scheduling** problem calls for allocating advertising expenditures within a short period to obtain maximum impact

Figure 18.3 Classification of Advertising Timing Patterns



Deciding On **Media Timing** and **Allocation**

- The most effective pattern depends on the communication objectives in relation to the:
 - **Product**
 - **Target customers**
 - **Distribution channels**
 - **Other marketing factors**

Deciding On **Media Timing** and **Allocation**

- The **timing pattern** should also consider three factors:
 - Buyer turnover: the higher this rate, the more continuous the advertising should be.
 - Purchase frequency: the higher the purchase frequency, the more continuous the advertising should be.
 - Forgetting rate: the higher the forgetting rate, the more continuous the advertising should be.

Deciding On **Media Timing** and **Allocation**

In launching a new product, the advertiser has to choose among:

1. **Continuity** schedule exposures evenly
2. **Concentration** spend all ad dollars
3. **Flighting** alternate advertising & none
4. **Pulsing** alternate continuous light ads with periodic heavier activity

Deciding On **Media Timing** and **Allocation**

- Allocate budget over space & time
- “National buys”: ads on national TV
- “Spot buys”: TV time in few markets or regional editions of magazines
- *Areas of dominant influence (ADIs) or designated marketing areas (DMAs)*
- “Local buys” would include local papers, radio or outdoor sites

Evaluating Advertising Effectiveness

- Most advertisers try to measure the communication effect of an ad—that is, the potential effect on awareness, knowledge, or preference.
- They would also like to measure the ad's sales effect.

Communication-Effect Research

- Communication-effect research seeks to determine whether an ad is communicating effectively.
- Called **copy testing**, it can be done before an ad is put into media and after it is printed or broadcast.

Communication-Effect Research

- There are three major methods of pre-testing:
 1. The consumer feedback method asks consumers for their reactions to a proposed ad
 2. Portfolio tests ask consumers to view or listen to a portfolio of advertisements, then consumers are asked to recall all the ads and their contents.
 3. Laboratory tests uses equipment to measure physiological reactions to an ad.
- Many advertisers use **posttests** to assess the overall impact of a completed campaign.

Table 18.2 Advertising Research Techniques

For Print Ads:

Starch and Gallup & Robinson, Inc., are two widely used print pretesting services. Test ads are placed in magazines, which are then circulated to consumers. These consumers are contacted later and interviewed. Recall and recognition tests are used to determine advertising effectiveness.

For Broadcast Ads:

In-home tests: A video tape is taken or downloaded into the homes of target consumers, who then view the commercials.

Trailer tests: In a trailer in a shopping center, shoppers are shown the products and given an opportunity to select a series of brands. They then view commercials and are given coupons to be used in the shopping center. Redemption rates indicate commercials' influence on purchase behavior.

Theater tests: Consumers are invited to a theater to view a potential new television series along with some commercials. Before the show begins, consumers indicate preferred brands in different categories; after the viewing, consumers again choose preferred brands. Preference changes measure the commercials' persuasive power.

On-air tests: Respondents are recruited to watch a program on a regular TV channel during the test commercial or are selected based on their having viewed the program. They are asked questions about commercial recall.



Nike ad - American basketball sensation, LeBron James,

Defeating animated figures from Chinese culture was

Banned for offending national dignity

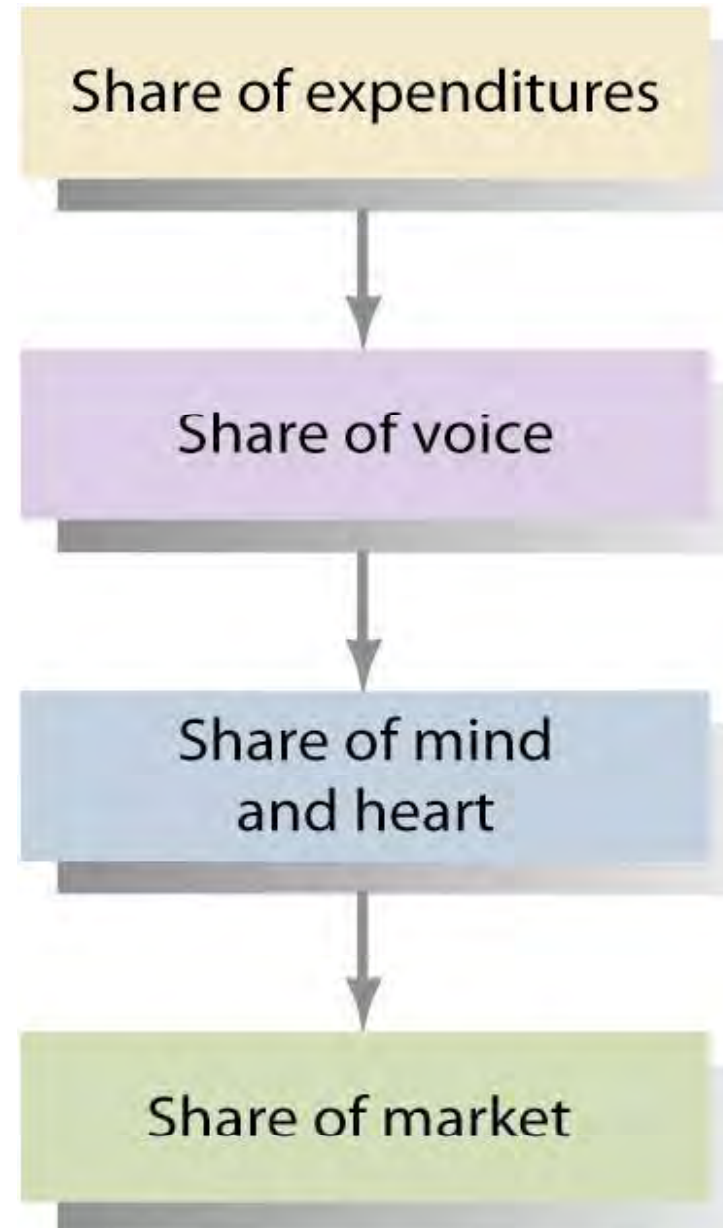
Sales-Effect Research

- Advertising's sales effect is generally harder to measure than its communication effect.
- Sales are influenced by many factors:
- **Features**
- **Price**
- **Availability**
- **Competitors' actions**
- The sales impact is easiest to measure in direct-marketing situations.

Sales-Effect Research

- Harder to measure in brand or corporate image-building campaigns
- Companies are generally interested in finding out whether they are overspending or under-spending on advertising.
- A company's share of advertising expenditures produces:
 - A **share of voice**
 - Earns a **share of consumers' minds and hearts**
 - Ultimately a **share of market**

**Figure 18.4 Formula for
Measuring Sales Impact of
Advertising**



Sales-Effect Research

- Researchers try to measure the sales impact through analyzing historical or experimental data.
- The historical approach involves correlating past sales to past advertising expenditures.
- Other researchers use an experimental design to measure advertising's sales impact.

SALES PROMOTION

Sales promotion, a key ingredient in marketing campaigns, consists of a collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade.

Sales Promotion

- Where advertising offers a reason to buy, sales promotion offers an incentive to buy.
- Sales promotions includes tools for:
 1. **Consumer promotion**
 2. **Trade promotion**
 3. **Business and sales-force promotion**

Sales Promotion Objectives

- Sales promotions tools vary in their specific objectives:
- Sellers use incentive-type promotions to:
 - **Attract new users.**
 - **Reward loyal customers.**
 - **Increase the repurchase rates of occasional users.**
 - **Sales promotions are often used to attract brand switchers.**

Sales Promotion Objectives

- Sales promotions used in markets of high brand similarity can produce a high sales response in the short run.
- In markets of high brand dissimilarity, sales promotions may be able to alter market shares permanently.
- In addition to brand switching, consumers may engage in stockpiling during sales promotions.

Sales-promotion benefits flow to **manufacturers and consumers.**

1. Sales promotions enable manufacturers to adjust short-term variations in supply and demand.
2. Enable manufacturers to test how high a list price they can charge.
3. Induce consumers to try new products.
4. Lead to more varied retail formats, such as the EDLP store.

[For **retailers** promotions may:]

1. Increase sales of complementary categories.
2. Induce some store switching by consumers.
3. Promote greater consumer awareness of prices.
4. Permit manufacturers to sell more than they would normally sell at the list price.
5. Help the manufacturer adapt programs to different consumer segment.

Advertising **versus** Promotion

- A decade ago, the advertising-to-sales promotion ratio was about 60:40.
- Today, in many consumer packaged-goods companies, sales promotions accounts for 75 percent of the combined budget – 50% trade and 25% consumer.

Factors leading to increase in sales promotion expenditures:

1. Promotion is now more accepted by top management as an effective sales tool.
2. More product managers are qualified to use sales-promotion tools.
3. Product managers are under greater pressure to increase current sales.
4. The number of brands has increased.
5. Competitors use promotions frequently.

Factors leading to increase in sales promotion expenditures:

6. Many brands are seen as similar.
7. Consumers are more price-orientated.
8. The trade has demanded more deals from manufacturers.
9. Advertising efficiency has declined because of rising costs, media clutter, and legal restraints.

Advertising **versus** Promotion

- The question of whether or not sales promotion weakens brand loyalty is subject to interpretation.
- Sales promotions *may devalue* the product offering in buyer's mind.
- Certain types of sales promotions can actually *enhance* brand image (added-value promotions).
- There is a risk in putting a well-known brand on promotion over 30 percent of the time.

Advertising **versus** Promotion

- Dominant brands offer deals less frequently, because most deals subsidize only current users.
- Sales promotions yield faster and more measurable responses in sales than advertising, but do not tend to yield new, long-term buyers in mature markets.
- Loyal brand buyers tend not to change their buying patterns as a result of competitive promotion.
- Advertising appears to be more effective at deepening brand loyalty.

Small share competitors will find it **advantageous** to use promotions:

1. They cannot match the market leaders large advertising budgets.
2. They cannot obtain shelf space without offering trade allowance,
3. They cannot stimulate consumer trial without offering incentives.

Major **Decisions** in Sales Promotions

- In using sales promotions, a company must
- **establish its objectives,**
- **select the tools,**
- **develop the program,**
- **pretest the program,**
- **implement and control it, and**
- **evaluate the results.**

Sales Promotions Objectives- **Consumer Promotions**

1. Encouraging purchase of larger-sized units
2. Building trial among nonusers
3. Attracting switchers away from competitors' brands
4. Ideally, promotions with consumers would have short-run sales impact as well as long-run brand equity effects.

Sales Promotions Objectives- **Retailers**

1. Carry new items.
2. Higher levels of inventory
3. Encouraging off-season buying
4. Encouraging stocking of related items
5. Offsetting competitive promotions
6. Building brand loyalty
7. Gaining entry into new retail outlets

Sales Promotions Objectives-

Sales Force

1. Encouraging support of a new product or model
2. Encouraging more prospecting
3. Stimulating off-season sales

Selecting **Consumer** Promotions Tools

- The promotion planner should take into account the
 - **type of market,**
 - **sales-promotion objectives,**
 - **competitive conditions, and**
 - **each tool's cost-effectiveness.**

Table 18.3 Major Consumer Promotion Tools

Samples: Offers of a free amount of a product or service delivered door-to-door, sent in the mail, picked up in a store, attached to another product, or featured in an advertising offer.

Coupons: Certificates entitling the bearer to a stated saving on the purchase of a specific product: mailed, enclosed in other products or attached to them, or inserted in magazine and newspaper ads.

Cash Refund Offers (rebates): Provide a price reduction after purchase rather than at the retail shop: consumer sends a specified “proof of purchase” to the manufacturer who “refunds” part of the purchase price by mail.

Price Packs (cents-off deals): Offers to consumers of savings off the regular price of a product, flagged on the label or package. A *reduced-price pack* is a single package sold at a reduced price (such as two for the price of one). A *banded pack* is two related products banded together (such as a toothbrush and toothpaste).

Premiums (gifts): Merchandise offered at a relatively low cost or free as an incentive to purchase a particular product. A *with-pack premium* accompanies the product inside or on the package. A *free in-the-mail premium* is mailed to consumers who send in a proof of purchase, such as a box top or UPC code. A *self-liquidating premium* is sold below its normal retail price to consumers who request it.

Frequency Programs: Programs providing rewards related to the consumer’s frequency and intensity in purchasing the company’s products or services.



Table 18.3 Major Consumer Promotion Tools

Prizes (contests, sweepstakes, games): *Prizes* are offers of the chance to win cash, trips, or merchandise as a result of purchasing something. A *contest* calls for consumers to submit an entry to be examined by a panel of judges who will select the best entries. A *sweepstakes* asks consumers to submit their names in a drawing. A *game* presents consumers with something every time they buy—bingo numbers, missing letters—which might help them win a prize.

Patronage Awards: Values in cash or in other forms that are proportional to patronage of a certain vendor or group of vendors.

Free Trials: Inviting prospective purchasers to try the product without cost in the hope that they will buy.

Product Warranties: Explicit or implicit promises by sellers that the product will perform as specified or that the seller will fix it or refund the customer's money during a specified period.

Tie-in Promotions: Two or more brands or companies team up on coupons, refunds, and contests to increase pulling power.

Cross-Promotions: Using one brand to advertise another noncompeting brand.

Point-of-Purchase (POP) Displays and Demonstrations: POP displays and demonstrations take place at the point-of-purchase or sale.

Manufacturer's versus Retailer Promotions

- Manufactures promotions are illustrated by uses of rebates and gifts.
- Retailer promotions include price cuts, feature advertising, coupons, contests, or premiums.

[Franchise-Building Promotions]

- We can also distinguish between sales-promotion tools that are consumer-franchise building and reinforce the consumer's brand preference and those that do not.
- Consumer franchise-building promotions offer the best of both worlds—they build brand equity while moving product.

Selecting **Trade** Promotions Tools

- Manufacturers use a number of trade-promotion tools, a higher proportion of the promotion pie is devoted to trade-promotion tools than to consumer promotion.
- The growing power of large retailers has increased their ability to demand trade promotions at the expense of consumer promotion and advertising.

Table 18.4 Major Trade Promotion Tools

Price-Off (off-invoice or off-list): A straight discount off the list price on each case purchased during a stated time period.

Allowance: An amount offered in return for the retailer's agreeing to feature the manufacturer's products in some way. An *advertising allowance* compensates retailers for advertising the manufacturer's product. A *display allowance* compensates them for carrying a special product display.

Free Goods: Offers of extra cases of merchandise to intermediaries who buy a certain quantity or who feature a certain flavor or size.

Manufacturers award money to the trade:

1. To persuade the retailer or wholesaler to carry the brand
2. To persuade the retailer or wholesaler to carry more units than the normal amount
3. To induce retailers to promote the brand by featuring, displaying, and reducing prices.
4. To stimulate retailers and their sales clerks to **push** the product

Manufacturers face several challenges in managing trade promotions:

- They often find it difficult to police retailers.
 - Manufacturers are increasingly insisting on proof of performance before paying allowance.
- More retailers are doing forward buying—that is buying a greater quantity during the deal period than they can sell during the deal period.
- Retailers are doing more diverting.
 - Manufacturers are trying to handle forward buying and diverting by limiting the amount that they will sell at a discount.

Selecting **Business-and Sales-Force-Promotion** Tools

- Companies spend billions of dollars on business-and-sales force promotion tools.
- These tools are used to gather business leads, impress, and reward customers, and motivate the sales force to greater effort.

Table 18.5 Major Business and Sales Force Promotion Tools

Trade Shows and Conventions: Industry associations organize annual trade shows and conventions. Participating vendors expect benefits including generating new sales leads, maintaining customer contacts, introducing new products, meeting new customers, selling more to present customers, and educating customers with publications, videos, and other audiovisual materials.

Sales Contests: A sales contest aims at inducing the sales force or dealers to increase their sales results over a stated period, with prizes (money, trips, gifts, or points) going to those who succeed.

Specialty Advertising: Specialty advertising consists of useful, low-cost items bearing the company's name and address, and sometimes an advertising message that salespeople give to prospects and customers. Common items are ballpoint pens, calendars, key chains, flashlights, tote bags, and memo pads.

Developing the Program

- Which incentive to use? Several factors
 1. *Size of incentive*
 2. *Conditions for participation*
 3. *Duration of promotion*
 4. *Distribution vehicle*
 5. *Timing of promotion*
 6. *Total sales promotion budget*

Pre-testing, Implementing, Controlling, and Evaluating the Program

- Pretests can determine if the tools are appropriate, the incentive size optimal, and the presentation method efficient.
- Most sales-promotion programs are designed on the basis of experience.

Pre-testing, Implementing, Controlling, and Evaluating the Program

- Marketing managers must prepare implementation and control plans for each individual promotion that cover lead-time and sell-in time.
- Lead-time is the time necessary to prepare the program prior to launching it.
- Sell-in time begins with the promotional launch and ends when the merchandise is in the hands of consumers.

Pre-testing, Implementing, Controlling, and Evaluating the Program

- Manufacturers can evaluate the program using three methods:
 1. **Sales data**
 2. **Consumer survey**
 3. **Experiments**

Pre-testing, Implementing, Controlling, and Evaluating the Program

- Consumer surveys can be conducted to learn:
 1. *How many recall the promotion*
 2. *What they thought of it*
 3. *How many took advantage of it*
 4. *How the promotion affected subsequent brand-choice behavior*

Pre-testing, Implementing, Controlling, and Evaluating the Program

- Sales promotions can also be evaluated through experiments that vary such attributes as:
 1. *Incentive value*
 2. *Duration*
 3. *Distribution media*

There are *additional costs* beyond the cost of specific promotions:

1. Promotions might decrease long-run brand loyalty.
2. Promotions can be more expensive than they appear.
3. There are the costs of special production runs, extra sales-force efforts, and handling requirements.
4. Certain promotions irritate retailers who may demand extra trade allowances or refuse to cooperate.

Events & Experiences

–*Events Objectives*

Events Objectives:

Why marketers sponsor events:

1. *Identify with certain market or lifestyle*
2. *Increase awareness- firm/product name*
3. *Create/reinforce perceptions of key brand image associations*
4. *Enhance corporate image dimensions*

Events & Experiences

–*Events Objectives*

Events Objectives:

Why marketers sponsor events:

5. *Create experiences & evoke feelings*
6. *Express commitment to community/social issues*
7. *Entertain clients or reward key employees*
8. *Permit merchandising or promotional opportunities*

Some drawbacks of Sponsorships

- Despite these potential advantages, there are a number of potential disadvantages to sponsorships:
 1. The success of the event can be unpredictable and out of the control of the sponsor.
 2. Some consumers may still resent the commercialization of events.

Major Sponsorship **Decisions**

- Developing successful sponsored events involves
 1. choosing the appropriate events,
 2. designing the optimal sponsorship program for the event,
 3. and measuring the effects of sponsorship.

Events & Experiences

– *Major Decisions*

CHOOSING EVENT OPPORTUNITIES: ideal event

1. Audience match - desired target market
2. Generates - favorable attention
3. Unique but not many sponsors
4. Lends to ancillary marketing activities
5. Reflects/enhances brand/corporate image of sponsor

Designing Sponsorship Programs

- Many marketers believe that it is the marketing program accompanying an event sponsorship that ultimately determines its success
- At least 2 to 3 times the amount of the sponsorship expenditure should be spent on related marketing activities.
- Event creation is a particularly important skill in publicizing fund-raising drives for non-profit organizations.

[Measuring Sponsorship Activities]

- 2 approaches to measure effects of sponsorship activities:
 1. **Supply-side** method - potential exposure to brand - assess extent of media coverage
 2. **Demand-side** method - reported exposure from consumers

[Measuring Sponsorship Activities]

1. **Supply-side methods** - estimate time or space - media coverage of event
 - Ignores content of communications consumers receive
 - Need not embellish meaning in direct way
2. **Demand side method** - effects sponsorship has on consumers' brand knowledge



Toyota City in Odaiba, Tokyo showcases a collection of Toyota and Lexus cars. It draws millions of visitors who are interested in knowing what Toyota offers.

PUBLIC RELATIONS

- Not only must the company relate constructively to customers, suppliers, and dealers, it must also relate to a large number of interested publics.
- A public is any group that has an actual or potential interest in or impact on a company's ability to achieve its objectives.

PUBLIC RELATIONS

- Public relations (PR) involves a variety of programs designed ***to promote or protect a company's image to its individual products***
- Most companies have a public-relations department that monitors the attitudes of the organizations' publics and distributes information and communications to build goodwill.

PR department functions:

1. Press relations
2. Product publicity
3. Corporate communications
4. Lobbying
5. Counseling

Marketing Insight: Managing a brand crisis

- Marketing managers must assume that at some point, some kind of crisis will arise.
- The more strongly the brand's equity and corporate image that have been established, the more likely the firm can weather the storm.
- The longer it takes a firm to respond, the more likely that consumers can form negative impressions.
- Swift and sincere are two effective responses.

Marketing Public Relations (MPR)

- Many companies are turning to marketing public relations (MPR) to support corporate or product promotion and image making.
- As the power of mass advertising weakens, marketing managers are turning to MPR to build awareness and brand knowledge for both new and established products.

Functions of MPR

1. *Launching new products*
2. *Repositioning a mature product*
3. *Building interest in a product category*
4. *Influencing specific target groups*
5. *Defending products that have encountered public problems*
6. *Building the corporate image in a way that reflects favorably on its products*

MPR

- MPR is also effective in blanketing local communities and reaching specific groups.
- MPR must be planned jointly with advertising.
- Creative public relations can affect public awareness at a fraction of the cost of advertising.
- Some experts say that consumers are five times more likely to be influenced by editorial copy than by advertising.

Major **Decisions** in Marketing PR

- In considering when and how to use MPR, management must:
- **establish the marketing objectives,**
- **choose the PR messages and vehicles,**
- **implement the plan carefully, and**
- **evaluate the results.**

Table 18.6 Major Tools in Marketing PR

Publications: Companies rely extensively on published materials to reach and influence their target markets. These include annual reports, brochures, articles, company newsletters and magazines, and audiovisual materials.

Events: Companies can draw attention to new products or other company activities by arranging special events like news conferences, seminars, outings, trade shows, exhibits, contests and competitions, and anniversaries that will reach the target publics.

Sponsorships: Companies can promote their brands and corporate name by sponsoring sports and cultural events and highly regarded causes.

News: One of the major tasks of PR professionals is to find or create favorable news about the company, its products, and its people, and get the media to accept press releases and attend press conferences.

Speeches: Increasingly, company executives must field questions from the media or give talks at trade associations or sales meetings, and these appearances can build the company's image.

Public Service Activities: Companies can build goodwill by contributing money and time to good causes.

Identity Media: Companies need a visual identity that the public immediately recognizes. The visual identity is carried by company logos, stationery, brochures, signs, business forms, business cards, buildings, uniforms, and dress codes.

Establishing MPR Objectives

1. Build awareness by placing stories in the media to bring attention to a product, service, person, organization, or idea.
2. It can build credibility by communicating the message in an editorial context.
3. It can help boost sales-force and dealer enthusiasm with stores about a new product before it is launched.
4. It can hold down promotion costs because MPR costs less than direct mail and media advertising.

Choosing Message and Vehicles

- The MPR manager must identify or develop interesting stories about the product.
 - Each event is an opportunity to develop a multitude of stories directed at different audiences.
 - The best MPR practitioners are able to find or create stories even for mundane or out-of-fashion product.

Implementing the MPR Plan and Evaluating Results

- MPRs contribution to the bottom line is **difficult to measure**, because it is used along with other promotional tools.
- The three most commonly used measures of MPR effectiveness are:
 - ***Number of exposures***
 - ***Awareness, comprehension, or attitude change***
 - ***Contribution to sales and profits***

Implementing the MPR Plan and Evaluating Results

- The easiest measure of MPR effectiveness is the number of exposures carried by the media.
- This measure is **not** very satisfying because it contains no indication of:
 - How many people actually read, heard, or recalled the message.
 - What they thought afterward
 - Nor does it contain information on the net audience reached.
 - It would be better to know the number of unduplicated exposures.

Evaluation of MPR Campaigns:

- A better measure is the change in:
 - **Product awareness**
 - **Comprehension**
 - **Attitude**
- resulting from the MPR campaign

Marketing Debate – Has TV Advertising Lost Power?

Long deemed the most successful advertising medium, television advertising has received increased criticism as being too expensive and, even worse, no longer as effective as it once was. Critics maintain that consumers tune out too many ads by zipping & zapping & that is difficult to make a strong impression. The future, claim some, is with online advertising. Supporters of TV advertising disagree, contending that the multi-sensory impact of TV is unsurpassed & that no other media option offers the same potential impact.

Take a position:

TV advertising has faded in importance versus TV advertising is still the most powerful advertising medium.

Marketing Discussion

What are some of your favorite TV ads? Why? How effective are the message & creative strategies? How are they building brand equity?