

MKTG
Principles Of Marketing
Twelfth Edition



Chapter 16
Advertising, Public
Relations, and Sales
Promotion

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Learning Outcomes

- 16-1 Discuss the effects of advertising on market share and consumers
- 16-2 Identify the major types of advertising
- 16-3 Discuss the creative decisions in developing an advertising campaign
- 16-4 Describe media evaluation and selection techniques
- 16-5 Discuss the role of public relations in the promotional mix
- 16-6 Define and state the objectives of sales promotion and the tools used to achieve them

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Learning Objective 1: The Effects of Advertising

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Effects of Advertising

- Popular form of promotion
- Consumer packaged goods and services
- Advertising is seen as an international endeavor
- Promotional spending is divided into:
 - Measured media—network and cable TV, newspapers, magazines, radio, outdoor, and the Internet
 - Unmeasured media—direct marketing, promotions, co-op, coupons, catalogs, product placement, and event marketing

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Advertising and Market Share

- Advertising is utilized for maintaining brand awareness and market share.
- New brands with small market shares spend more on advertising and sales promotion because of the following two reasons:
 - Advertising response function**—spending increases sales or market share to certain level
 - Requirement of a minimum level of exposure to measurably affect purchase habits



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Effects of Advertising on Consumers

- Affects peoples' daily lives, informing them about products and services and influencing their attitudes, beliefs, and, ultimately, their purchases
- Helps change a consumer's negative attitude toward a product into a positive one
- Reinforces positive attitudes toward brands
- Can affect the way a consumer ranks a brand's attributes



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Learning Objective 2: Major Types of Advertising



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Institutional Advertising

- Designed to enhance a company's image rather than promote a particular product
- Advocacy advertising**
 - Advertising in which an organization expresses its views on controversial issues or responds to media attacks



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Product Advertising (1 of 2)

- Promotes the benefits of a specific good or service
- **Pioneering advertising:** Designed to stimulate primary demand for a new product or product category
 - Used in the introductory stage of the product life cycle
 - Offers consumers' in-depth information about the benefits of the product class



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Product Advertising (2 of 2)

- **Competitive advertising:** Designed to influence demand for a specific brand
 - Used when product enters its growth phase
 - Goal—Influence demand for a specific brand
- **Comparative advertising:** Compares two or more specifically named or shown competing brands on one or more specific attributes
 - Used when products experience slow growth or when competition in the market is strong



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Learning Objective 3: Creative Decisions in Advertising



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Advertising Campaign

- Series of related advertisements focusing on a common theme, slogan, and set of advertising appeals
- **Advertising objective:** Specific communication task that a campaign should accomplish for a specified target audience during a specified period
 - DAGMAR approach helps set objectives that defines:
 - Target audience
 - Desired percentage change in some specified measure of effectiveness
 - Time frame for the change



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AIDA Model

- Used for advertising campaigns
- Depending on where the consumers are in the model, creative development might focus on:
 - Creating attention
 - Arousing interest
 - Stimulating desire
 - Leading to the action of buying the product



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Identifying Products Benefits

- Identifying product benefits—reflects on the goal of advertising to sell the benefits of a product, not its attributes.
 - An attribute is simply a feature of the product.
 - A benefit is what consumers will receive or achieve by using the product, such as convenience or ease of use.



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Developing and Evaluating Advertising Appeals

- Advertising appeal:** Reason for a person to buy a product
 - play off consumers' emotions or address
 - Criteria for evaluation of an appeal
- Unique selling proposition:** Desirable, exclusive, and believable advertising appeal selected as the theme for a campaign



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Exhibit 16.1: Common Advertising Appeals

Appeal	Goal
Profit	Lets consumers know whether the product will save them money, make them money, or keep them from losing money.
Health	Appeals to those who are body conscious or who want to be healthy; love or romance is used often in selling cosmetics and perfumes.
Fear	Can center around social embarrassment, growing old, or losing one's health; because of its power, requires advertiser to exercise care in execution.
Admiration	Frequently highlights celebrity spokespeople.
Convenience	Is often used for fast-food restaurants and microwave foods.
Fun and Pleasure	Are the keys to advertising vacations, beer, amusement parks, and more.
Vanity and Egotism	Are used most often for expensive or conspicuous items such as cars and clothing.
Environmental Consciousness	Centers around protecting the environment and being considerate of others in the community.



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Executing the Message

- The style in which information is portrayed.
- One of the most creative elements of an advertisement.
- The AIDA plan is a good blueprint for executing an advertising message.
- Injecting humor into an advertisement is a popular and effective executional style.



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Post-Campaign Evaluation

- Several monitoring techniques determine whether the campaign has met its original goals.
- Advertisers do a post-campaign analysis
 - To identify how the campaign might have been more efficient and what factors contributed to its success



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Learning Objective 4: Media Decisions in Advertising



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Media Decisions in Advertising

- Choice of medium—Channel used to convey a message to a target market
 - Affected by the appeal and executional style of advertising
- **Media planning:** Series of decisions advertisers make regarding the selection and use of media
 - Allows the marketer to optimally and cost-effectively communicate the message to the target audience



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Media Types (1 of 3)

- Newspapers
 - **cooperative advertising**—the manufacturer and the retailer split the costs of advertising the manufacturer's brand
- Magazines
- Radio
 - selectivity and audience segmentation
 - a large out-of-home audience
 - low unit
 - production costs, timeliness, and geographic flexibility



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Media Types (2 of 3)

- Television—network television, independent stations, cable television, and direct broadcast satellite television
 - **infomercial**, a 30-minute or longer advertisement
- The Internet
 - **Advergaming**, placing advertising messages in web-based mobile, console, or handheld video games to advertise or promote a product, service, organization, or issue
- Outdoor media—flexible, low-cost taking various forms



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Media Types (3 of 3)

- Alternative media
 - Shopping carts
 - Computer screen savers
 - Interactive kiosks
 - Advertisements before movies
 - Posters
 - Advertainments



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Exhibit 16.3 :Advantages And Disadvantages Of Major Advertising Media

Medium	Advantages	Disadvantages
Newspapers	Geographic selectivity and flexibility; good-term advertiser commitments; news value and immediacy; good reader readership; high individual market coverage; co-op and local tie-in availability; short lead time	Little demographic selectivity; limited color capabilities; low pass-along rate; may be expensive
Magazines	Good reproduction, especially for color; demographic selectivity; regional selectivity; local market selectivity; relatively low cost; good reader readership	Long-term advertiser commitments; slow audience buildup; limited demonstration capabilities; lack of unique selling proposition
Radio	Low cost immediacy of message; can be checked on short notice; relatively no seasonal change in audience; highly portable; short-term advertiser commitments; entertainment; campus	Short message; short advertising life of message; high frequency required to generate comprehension and retention; distractions from background sound; commercial clutter
Television	Ability to reach a wide, diverse audience; low cost per thousand; opportunities for demonstration; immediacy of messages; entertainment; campus; demographic selectivity with cable stations	Short message; some consumer skepticism about claims; high production cost; little demographic selectivity; long lead times required for production; commercial clutter
Internet	Fastest-growing medium; ability to reach a narrow target audience; relatively short lead time required; creating web-based advertising; ability to engage consumers; ad effectiveness; ability to engage consumers through search engine marketing, social media, display advertising, and mobile marketing	Most ad exposure relies on "click-through" from display ads; measurement of social media needs more improvement; not all consumers have access to the internet, and many consumers are not using social media
Outdoor Media	Relatively moderate cost; flexibility; geographic selectivity	Short message; lack of demographic selectivity; high "noise" level distracting audience



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Factors Affecting Media Mix Selection (1 of 2)

- **Cost per contact**—cost of reaching one member of the target market
- **Cost per click**—cost associated with a consumer clicking on a display or banner ad
- **Reach**—number of target customers who are exposed to commercial at least once during a specific period
- **Frequency**—number of times an individual is exposed to a given message



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Factors Affecting Media Mix Selection (2 of 2)

- **Audience selectivity**—a medium's ability to reach a precisely defined market
- **Flexibility**—important to an advertiser
- **Noise level**—level of distraction experienced by the target audience in a medium
- **Life span**—messages can either quickly fade or persist as tangible copy to be carefully studied
- **Media fragmentation**—resulting from proliferation of media



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Qualitative Factors in Media Selection

- Attention to the commercial and the program
- Involvement
- Program liking
- Lack of distractions
- Other audience behaviors



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Media Scheduling

- Continuous media schedule
 - Advertising is run steadily throughout the period
- Flighted media schedule
 - Advertising is run heavily every other month or every two weeks
- Pulsing media schedule
 - Advertising combines continuous scheduling with flighted scheduling
- Seasonal media schedule
 - Advertising is run only when the product is likely to be used



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Learning Objective 5: Public Relations



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Public Relations

- Element in the promotional mix that:
 - Evaluates public attitudes
 - Identifies issues that may elicit public concern
 - Executes programs to gain public understanding and acceptance
- **Publicity**
 - Effort to capture media attention, often initiated through press releases that further a corporation's public relations plans



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Major Public Relations Tools (1 of 2)

- New-product publicity—helps advertisers about their new product by prompting free news or positive words
- **Product placement**—Gets one product's name or service to other product
- Consumer education—firms believe that educated consumers are loyal customers
- **Sponsorship**—company spends money to support an issue, cause, or event that is consistent



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Major Public Relations Tools (2 of 2)

- Experiential marketing—involves engaging with consumers in a way that enables them to feel the brand
- Company websites—used to:
 - introduce new products
 - provide information to the media
 - include social media news releases
 - promote existing products
 - obtain consumer feedback
 - communicate legislative and regulatory information



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The Many Duties of Public Relations Departments

- Press relations
- Product publicity
- Corporate communication
- Public affairs
- Lobbying
- Employee and investor relations
- **Crisis management**



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Managing Unfavorable Publicity

- **Crisis management:** Coordinated effort to handle all the effects of unfavorable publicity or another unexpected unfavorable event

Trade sales promotion

- Activities directed to members of the marketing channel

Consumer sales promotion

- Activities targeted to the ultimate consumer market



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Learning Objective 6: Sales Promotion



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Sales Promotion

- Marketing communication activities other than advertising, personal selling, and public relations
 - Short-term incentive motivates consumers or members of the distribution channel to purchase a good or service immediately by:
 - Lowering the price
 - Adding value
- Goal is to give the consumer an incentive to make an immediate purchase



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Exhibit 16.4: Types Of Consumers And Sales Promotion Goals

Type of Buyer	Desired Results	Sales Promotion Examples
Loyal customers People who buy your product most or all of the time	Reinforce behavior, increase consumption, change purchase timing	<ul style="list-style-type: none"> Loyalty marketing programs, such as frequent buyer cards or frequent shopper clubs Bonus packs that give loyal consumers an incentive to stock up or premiums offered in return for proofs of purchase
Competitor's customers People who buy a competitor's product most or all of the time	Break loyalty, persuade to switch to your brand	<ul style="list-style-type: none"> Sampling to introduce your product's superior qualities compared to their brand Sweepstakes, contests, or premiums that create interest in the product
Brand switchers People who buy a variety of products in the category	Persuade to buy your brand more often	<ul style="list-style-type: none"> Any promotion that lowers the price of the product, such as coupons, price-off packages, and bonus packs Trade deals that help make the product more readily available than competing products
Price buyers People who consistently buy the least expensive brand	Appeal with low prices or supply added value that makes price less important	<ul style="list-style-type: none"> Coupons, price-off packages, refunds, or trade deals that reduce the price of the brand to match that of the brand that would have been purchased



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Tools for Trade Sales Promotion (1 of 2)

- Trade allowances—price reduction offered by manufacturers to intermediaries
- Push money—money offered to channel intermediaries to encourage them
- Training—train personnel for complex products
- Free merchandise—used as payment for trade allowances



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Tools for Trade Sales Promotion (2 of 2)

- Store demonstrations—Manufacturers can also arrange with retailers to perform an in-store demonstration.
- Business meetings, conventions, and trade shows trade association meetings, conferences, and conventions are an important aspect of sales promotion.



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Benefits of Trade Promotions

- Help manufacturers gain new distributors
- Obtain wholesaler and retailer support for consumer sales promotions
- Build or reduce dealer inventories
- Improve trade relations
- Car manufacturers annually sponsor dozens of auto shows for consumers
- The shows attract millions of consumers, providing dealers with increased store traffic as well as good leads



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Tools for Consumer Sales Promotion

- Coupons and rebates
- Premiums
- Loyalty marketing programs
- Contests and sweepstakes
- Sampling
- Point-of-purchase promotion



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Coupons, Rebates, and Premiums

- **Coupon:** Certificate that entitles consumers to an immediate price reduction when the product is purchased.
- **Rebate:** Cash refund given for the purchase of a product during a specific period.
- **Premium:** Extra item offered to the consumer in exchange for some proof of purchase of the promoted product.
 - Reinforces consumer's purchase decision
 - Increases consumption and persuades nonusers to switch brands



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Loyalty Marketing Programs

- Build long-term, mutually beneficial relationships between a company and its key customers
 - **Frequent buyer program** is one of the most popular types
- Benefits of the programs are:
 - Shoppers receive discounts, alerts on new products, and other types of enticing offers
 - Retailers build customer databases and understand customer preferences



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Contests and Sweepstakes

- Contests—Promotions in which participants use some skill or ability to compete for prizes
- Sweepstakes—Promotions in which participants are able to win depending on chance. It usually draw about entries than contests do



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Sampling

- Promotional program that allows the consumer the opportunity to try a product or service for free
- Methods of sampling:
 - Mail to the customer directly
 - Door-to-door delivery
 - Package with another product
 - Demonstrations at a retail store or service outlet
 - Online sampling



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Point-of-Purchase (P-O-P) Display

- Any promotional display set up at the retailer's location to build traffic, advertise the product, or induce impulse buying
- Advantage—Offers manufacturers a captive audience in retail stores
- Other strategies to increase sales include:
 - Adding cards to the top of displays
 - Changing messages on signs of displays
 - Adding inflatable or mobile displays
 - Using signs that advertise the brand's sports, movie, or charity tie-in



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Trends in Sales Promotion

- Increased use of the Internet
- Sales promotions online have proved both effective and cost-efficient
 - Marketers have discovered that online coupon distribution is another way to promote products
- Major goal of retailers is to add potential customers to databases and expand marketing touch points
- Utilization of sales promotions on social media and at the point of purchase



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Key Terms (1 of 6)

- Advertising response function
- Institutional advertising
- Product advertising
- Advocacy advertising
- Pioneering advertising
- Competitive advertising
- Comparative advertising
- Advertising campaign
- Advertising objective



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Key Terms (2 of 6)

- Advertising appeal
- Unique selling proposition
- Medium
- Media planning
- Cooperative advertising
- Infomercial
- Advergaming
- Media mix



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Key Terms (3 of 6)

- Cost per contact (cost per thousand or CPM)
- Cost per click
- Reach
- Frequency
- Audience selectivity
- Media schedule
- Continuous media schedule
- Flighted media schedule



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Key Terms (4 of 6)

- Pulsing media schedule
- Seasonal media schedule
- Public relations
- Publicity
- Product placement
- Sponsorship
- Crisis management
- Sales promotion



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Key Terms (5 of 6)

- Trade sales promotion
- Consumer sales promotion
- Trade allowance
- Push money
- Coupon
- Rebate
- Premium
- Loyalty marketing program



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Key Terms (6 of 6)

- Frequent buyer program
- Sampling
- Point of purchase (P-O-P) display