

Advertising,
Public Relations,
and Sales
Promotion

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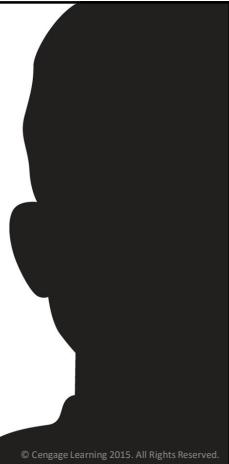
Chapter 16

Lamb, Hair, McDaniel

2014-2015

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1



Learning Outcomes

-  LO¹ Discuss the effects of advertising on market share and consumers
-  LO² Identify the major types of advertising
-  LO³ Discuss the creative decisions in developing an advertising campaign

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2

Learning Outcomes

-  LO⁴ Describe media evaluation and selection techniques
-  LO⁵ Discuss the role of public relations in the promotional mix
-  LO⁶ Define and state the objectives of sales promotion and the tools used to achieve them

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3

The Effects of Advertising

Discuss the effects of advertising on market share and consumers



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The Effects of Advertising

Advertising and marketing services, agencies, and other firms that provide marketing and communications services employ millions of people across America.

One particular area that has continued to see rapid growth is the data side of marketing.

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Advertising and Market Share

New brands with a small market share spend proportionally more for advertising and sales promotion than those with a large market share.

- ◆ Beyond a certain level of spending, diminishing returns set in.
- ◆ New brands require higher spending to reach a minimum level of exposure needed to affect purchase habits.

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The Effects of Advertising on Consumers

- ◆ Advertising may change a consumer's negative attitude toward a product, or reinforce a positive attitude.
- ◆ Advertising can affect consumer ranking of a brand's attributes.

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Major Types of Advertising

Identify the major types of advertising

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Major Types of Advertising

Institutional Advertising

Enhances a company's image rather than promote a particular product.

Product Advertising

Touts the benefits of a specific good or service.

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Major Types of Advertising

Institutional Advertising

Corporate identity

Advocacy advertising

Product Advertising

Pioneering

Competitive

Comparative

10

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Product Advertising

Pioneering

Stimulates primary demand for new product or category. Used in the PLC introductory stage.

Competitive

Influences demand for brand in the growth phase of the PLC. Often uses emotional appeal.

Comparative

Compares two or more competing brands' product attributes. Used if growth is sluggish, or if competition is strong.

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Creative Decisions in Advertising

Discuss the creative decisions in developing an advertising campaign

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Creative Decisions in Advertising

Advertising Campaign

A series of related advertisements focusing on a common theme, slogan, and set of advertising appeals.

Advertising Objective

Identifies the specific communication task that a campaign should accomplish for a specified target audience during a specified period.

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Creative Decisions in Advertising

Determine the advertising objectives

Make creative decisions

Make media decisions

Evaluate the campaign

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Setting Objectives: The DAGMAR Approach

Define target audience

Define desired percentage change

Define the time frame for change

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Creative Decisions

Identify product benefits

Develop and evaluate advertising appeals

Execute the message

Evaluate the campaign's effectiveness

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Identify Product Benefits

- ◆ “Sell the sizzle, not the steak.”
- ◆ Sell a product’s benefits, not its attributes.
- ◆ A benefit should answer “What’s in it for me?”
- ◆ Ask “So?” to determine if advertising offers attributes or benefits.

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Identify Product Benefits

Attribute

“DogsBestFriend is an all-natural skin care lotion for dogs that combines traditional medicines and *Nigella sativa* seed oils with the newest extraction technology.”

“So?”

Benefit

“So . . . DogsBestFriend acts as a natural replacement for hydrocortisone, antihistamines, and topical antibiotics that is powerful enough to combat inflammation, itching, and pain, yet safe enough to use on dogs of all ages.”

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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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Unique Selling Proposition

A desirable, exclusive, and believable advertising appeal selected as the theme for a campaign.

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Exhibit 16.2

Eleven Common Executional Styles for Advertising

Executional Style	Description
Slice-of-Life	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 on french fries from Happy Meals on family outings.
Lifestyle	Shows the product in a lifestyle setting, such as the couple in the car with the radio playing. As the Volkswagen Jetta moves through the streets of the French Riviera, a Gen X driver inserts a techno music CD and marvels at how the rhythms of the world mimic the ambient vibe inside his vehicle.
Spokesperson/ Testimonial	Can feature a celebrity, company official, or typical consumer making a testimonial or endorsing a product. Sheryl Crow represented Revlon's Colorist hair coloring, while Beyoncé Knowles was named the new face of American Express. Dell, Inc. founder Michael Dell touts his vision of the customer as the most important to be known.
Fantasy	Creates a fantasy for the viewer built around use of the product. Marketers 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.
Humorous	Advertisers often use humor in their ads, such as Skittles' "Not Going Anywhere for a While" campaign featuring hundreds of souls waiting, sometimes impatiently, to go into heaven.
Real/Animated Product	Creates a character that represents the product in advertisements, such as the Energizer Bunny or Mr. Potato Head.
Symbols	Creates 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 when extolling that "a diamond is forever."
Mood or Image	Shows consumers the expected benefit. Many consumer products use this technique to convey a desired image. For example, the detergent Tide is shown washing laundry in a clothes washer while a mother, daughter, and son are shown playing together. The detergent Dreft is shown washing laundry in a clothes washer while a mother, daughter, and son are shown playing together. Procter & Gamble Corporation demonstrated in television commercials how its Dreft detergent & fabric柔顺剂 product line can stand up to the heat of a blizzard and survive a cycle in a clothes washer.
Demonstration	Conveys the message of the advertisement through song. For example, Nike's ads depicted a man's tortured feet and a surfer that's scared by a shark attack while strains of Joe Cocker's "You Are So Beautiful" could be heard in the background.
Musical	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.
Scientific	

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Media Decisions in Advertising

Describe media evaluation

and selection techniques

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Media Decisions in Advertising

Monitored Media	Unmonitored Media
Newspapers	Direct Mail
Magazines	Trade Exhibits
Radio	Cooperative Advertising
Television	Brochures
Internet	Coupons
Outdoor Media	Catalogs
	Special Events

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Major Advertising Media

Newspapers
Magazines
Radio
Television
Internet
Outdoor Media

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Newspapers

Advantages

- Geographic selectivity
- 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

Disadvantages

- Limited demographic selectivity
- Limited color
- Low pass-along rate
- May be expensive

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Cooperative Advertising

An arrangement in which the manufacturer and the retailer split the costs of advertising the manufacturer's brand.

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Magazines

Advantages

- Good reproduction
- Demographic selectivity
- Regional/local selectivity
- Long advertising life
- High pass-along rate

Disadvantages

- Long-term advertiser commitments
- Slow audience build-up
- Limited demonstration capabilities
- Lack of urgency
- Long lead time

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Radio

Advantages

- Low cost
- Immediacy of message
- Short notice scheduling
- No seasonal audience change
- Highly portable
- Short-term advertiser commitments
- Entertainment carryover

Disadvantages

- No visual treatment
- Short advertising life
- High frequency to generate comprehension and retention
- Background distractions
- Commercial clutter

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Media Decisions: The Radio

- For small companies that cannot afford television or endorsements, radio advertising can help raise brand exposure and drive sales.
- Carbonite, which provides data-storage services, discovered that web traffic driven by radio ads was 40 percent more likely to end in a sale.
- A local market test run on a radio ad can cost as little as \$10,000-\$30,000 per month.

Source: Natasha Taku, "On-Air Endorsements," Inc., June 1, 2010. Available at <http://www.inc.com/magazine/20100601/on-air-endorsements.html> (accessed November 8, 2012).

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Television

Advantages

- Wide, diverse audience
- Low cost per thousand
- Creative opportunities for demonstration
- Immediacy of messages
- Entertainment carryover
- Demographic selectivity with cable

Disadvantages

- Short life of message
- Consumer skepticism
- High campaign cost
- Little demographic selectivity with stations
- Long-term advertiser commitments
- Long lead times for production
- Commercial clutter

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History Will Be Made (In Marketing?)

- The NHL sparked a massive viral movement when it released its 2010 Stanley Cup television ads—a series of iconic clips from past Stanley Cups played in reverse, asking the question “What if this had never happened?”
- Fans jumped on board by creating their own versions, which quickly spread across the Internet, drawing more attention to the playoffs in progress.
- The NHL built on this success, creating more videos using events from games only hours after they'd been played.

Source: Mike Barber, "NHL ads are history in the making," Vancouver Sun, June 5, 2010. Available at <http://www.vancouversun.com/sports/hockey/vancouver-canucks/history-making/1179900> (accessed November 8, 2012).

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Internet

Advantages

- Fast growing
- Ability to reach narrow target audience
- Short lead time
- Moderate cost

Disadvantages

- Difficult to measure ad effectiveness and ROI
- Ad exposure relies on “click through” from banner ads
- Not all consumers have access to Internet

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Outdoor Media

Advantages

- Repetition
- Moderate cost
- Flexibility
- Geographic selectivity

Disadvantages

- Short message
- Lack of demographic selectivity
- High "noise" level

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Google's AdWords (Ads Work!)

Google's total revenue in 2008 was \$21.8 billion and of this, \$21.1 billion was derived from advertising. At the end of its third quarter in 2009, the company's total revenue was \$16.9 billion, \$16.4 billion from advertising.

To appreciate just how much Google has grown, consider this—in 2003 the company's total revenue was \$1.46 billion with advertising revenue representing \$1.42 billion.

Source: http://investor.google.com/fin_data.html last visited November 12, 2009

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Alternative Media

Shopping Carts

Bathroom Posters

Computer Screen Savers

Advertisements

DVDs and CDs

Subway Tunnel Ads

Interactive Kiosks

Hold Music

Ads before Movies

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Media Selection Considerations

Cost Per Contact

Target Audience Considerations

Cost Per Click

Medium Flexibility

Reach

Noise Level

Frequency

Life Span

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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 flighting.
Seasonal Media Schedule	Advertising is run only when the product is likely to be used.

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Public Relations

Discuss the role of public relations in the promotional mix

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Public Relations

The element in the promotional mix that evaluates public attitudes, identifies issues that may elicit public concern, and executes programs to gain public understanding and acceptance.

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Functions of Public Relations

Press relations

Product publicity

Corporate communication

Public affairs

Lobbying

Employee and investor relations

Crisis management

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Public Relations Tools

New-product publicity

Product placement

Consumer education

Sponsorship

Company Web sites

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Managing Unfavorable Publicity

Crisis Management

A coordinated effort to handle the effects of unfavorable publicity or an unexpected unfavorable event.

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Sales Promotion

Define and state the objectives of sales promotion and the tools used to achieve them

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Objectives of Sales Promotion

Type of Buyer	Desired Results	Sales Promotion Examples
Loyal Customers	<ul style="list-style-type: none"> • Reinforce behavior • Increase consumption • Change purchase timing 	<ul style="list-style-type: none"> • Loyalty marketing • Bonus packs
Competitor's Customers	<ul style="list-style-type: none"> • Break loyalty • Persuade to switch 	<ul style="list-style-type: none"> • Sampling • Sweepstakes, contests, premiums
Brand Switchers	<ul style="list-style-type: none"> • Persuade to buy your brand more often 	<ul style="list-style-type: none"> • Price-lowering promotion • Trade deals
Price Buyers	<ul style="list-style-type: none"> • Appeal with low prices • Supply added value 	<ul style="list-style-type: none"> • Coupons, price-off packages, refunds • Trade deals

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Trade Sales Promotion

Trade Allowance

A price reduction offered by manufacturers to intermediaries, such as wholesalers and retailers.

Push Money

Money offered to channel intermediaries to encourage them to “push” products—that is, to encourage other members of the channel to sell the products.

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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

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Tools for Consumer Sales Promotion

Coupons and Rebates

Premiums

Loyalty Marketing Programs

Contests and Sweepstakes

Sampling

Point-of-Purchase Promotion

Online Sales Promotion

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Coupons and Rebates

Coupon

A certificate that entitles consumers to an immediate price reduction when they buy the product.

Rebate

A cash refund given for the purchase of a product during a specific period.

Premium

An extra item offered to the consumer, usually in exchange for some proof of purchase of the promoted product.

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Loyalty Marketing Programs

Loyalty Marketing Program

A promotional program designed to build long-term, mutually beneficial relationships between a company and key customers.

Frequent Buyer Program

A loyalty program in which loyal consumers are rewarded for making multiple purchases of a particular good or service.

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Contests and Sweepstakes

Contests

Promotions in which participants Use some skill or ability to compete For prizes.

Sweepstakes

Promotions that depend on chance, with free participation.

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Sampling

Sampling

A promotional program that allows the consumer the opportunity to try a product or service for free.

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Methods of Sampling

Direct mail

Door-to-door delivery

Packaging with another product

Retail store demonstration

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Point-of-Purchase Promotion

A point-of-purchase (P-O-P) display includes any promotional display set up at the retailer's location to build traffic, advertise the product, or induce impulse buying.

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Online Sales Promotion

Effective Types of Online Sales Promotion

- ◆ Free merchandise
- ◆ Sweepstakes
- ◆ Free shipping with purchases
- ◆ Coupons

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Chapter 16 Video

BoltBus

BoltBus is Greyhound's curbside, express bus service. BoltBus operates primarily in the Northeast between major hubs, with some other service in the Northwest. This clip covers how BoltBus reaches its target markets through advertising, promotion, and social media.

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