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Advertising, Sales Promotion, and Public Relations



Chapter Questions

- What steps are involved in developing an advertising program?
- How should sales promotion decisions be made?
- What are the guidelines for effective brand-building events and experiences?
- How can companies exploit the potential of public relations and publicity?

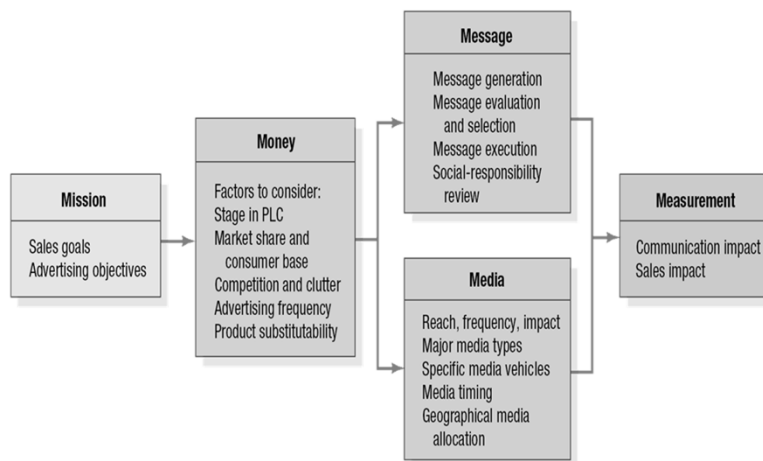


Advertising

- Any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor.
- In developing an advertising program, marketing managers must always start by identifying the target market and buyer motives. Then they can make the five major decisions, known as “the five Ms”.
- Mission: What are our advertising objectives?
- Money: How much can we spend and how do we allocate our spending across media types?
- Message: What message should we send?
- Media: What media should we use?
- Measurement: How should we evaluate the results?
- These decisions are summarized in Figure 1 and described in the following sections.



Fig 1: The Five M’s of Advertising





Developing an Advertising Program

Setting Objectives

Deciding on the Budget

Developing the Campaign

Deciding on Media

Making Measurement Plans

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Advertising Objectives

- **Informative advertising** aims to create brand awareness and knowledge of new products or new features of existing products.
- **Persuasive advertising** aims to create liking, preference, conviction, and purchase of a product or service.
- **Reminder advertising** aims to stimulate repeat purchase of products and services.
- **Reinforcement advertising** aims to convince current purchasers that they made the right choice.

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Factors to Consider in Setting an Advertising Budget

1. **Stage in the product life cycle.** New products typically merit large advertising budgets to build awareness and to gain consumer trial. Established brands usually are supported with lower advertising budgets, measured as a ratio to sales.
2. **Market share and consumer base.** High-market-share brands usually require less advertising expenditure as a percentage of sales to maintain share. To build share by increasing market size requires larger expenditures.
3. **Competition and clutter.** In a market with a large number of competitors and high advertising spending, a brand must advertise more heavily to be heard. Even simple clutter from advertisements not directly competitive to the brand creates a need for heavier advertising.
4. **Advertising frequency.** The number of repetitions needed to put the brand's message across to consumers has an obvious impact on the advertising budget.
5. **Product substitutability.** Brands in less-differentiated or commodity-like product classes (beer, soft drinks, banks, and airlines) require heavy advertising to establish a unique image.

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Developing the Advertising Campaign

- Message generation and evaluation
- Creative development and execution
- Legal and social issues

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Television

Advantages

- Reaches broad spectrum of consumers
- Low cost per exposure
- Ability to demonstrate product use
- Ability to portray image and brand personality

Disadvantages

- Brief
- Clutter
- High cost of production
- High cost of placement
- Lack of attention by viewers

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Print Ads

Advantages


- Detailed product information
- Ability to communicate user imagery
- Flexibility
- Ability to segment

Disadvantages

- Passive medium
- Clutter
- Unable to demonstrate product use

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Print Ad Components

The **picture** must be strong enough to draw attention.

The **headline** must reinforce the picture and lead the person to read the copy.

The **copy** must be engaging and the brand's name sufficiently prominent.



Picture


Headline

Signature

Copy

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Print Ad Evaluation Criteria

- Is the message clear at a glance?
- Is the benefit in the headline?
- Does the illustration support the headline?
- Does the first line of the copy support or explain the headline and illustration?
- Is the ad easy to read and follow?
- Is the product easily identified?
- Is the brand or sponsor clearly identified?

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Variables in Media Selection

MEDIA	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	IV
TELEVISION												
SKY												
MTV												
CNN												
EUROSPORT												
MAGAZINES												
COSMO												
PLAYBOY												
WIRED												
TIME												
FORBES												
INTERNET BANNERS												
TOP 30												
TOP 20												

- Reach
- Frequency
- Impact
- Exposure
(see next slide)

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Variables in Media Selection (cont'd)

- **Media selection** is finding the most cost-effective media to deliver the desired number and type of exposures to the target audience.
- What do we mean by the desired number of exposures? The advertiser seeks a specified advertising objective and response from the target audience—for example, a target level of product trial. This level depends on, among other things, level of brand awareness.
- **Reach** (R) is the number of different persons or households exposed to a particular media schedule at least once during a specified time period
- **Frequency** (F) is the number of times within the specified time period that an average person or household is exposed to the message
- **Impact** (I) is the qualitative value of an exposure through a given medium.
- **Exposure** (E) is the exposure to the ad message. Exposure depends upon Reach, Frequency, and Impact.

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Choosing Among Major Media Types

- Target audience and media habits
- Product characteristics
- Message characteristics
- Cost

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Major Media Types

- Newspapers
- Television
- Direct mail
- Radio
- Magazines
- Outdoor
- Yellow Pages
- Newsletters
- Brochures
- Telephone
- Internet

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Place Advertising

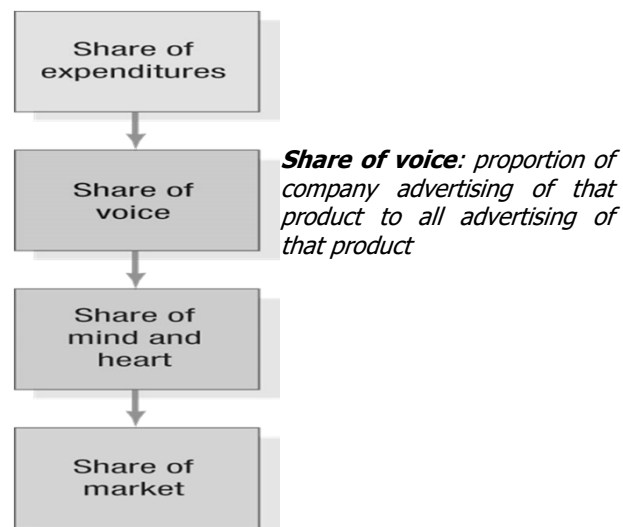
- **Billboards** have been transformed and now use colorful, digitally produced graphics, backlighting, sounds, movement, and unusual—even 3D—images.
- **Public spaces:** Advertisers have been increasingly placing ads in unconventional places such as on movie screens, on airplanes, and in fitness clubs, as well as in classrooms, sports arenas, office and hotel elevators, and other public places.
- **Product placement:** Billboard-type poster ads are showing up everywhere. Transit ads on buses, subways, and commuter trains—around for years—have become a valuable way to reach working women. “Street furniture”—bus shelters, kiosks, and public areas—is another fast-growing option. Marketers pay product placement fees of \$100,000 to as much as \$500,000 so their products will make cameo appearances in movies and on television.
- **Point-of-purchase**

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Figure 2: Formula for Measuring Sales Impact of Advertising



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Sales Promotion

Collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade.

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Consumer-Directed Sales Promotion Tactics

- **Samples** offer 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** are certificates entitling the bearer to a stated saving on the purchase of a specific product.
- **Cash Refund Offers** (rebates) provide a price reduction after purchase rather than at the retail shop.
- **Price Packs** (cents-off deals) offer to consumers of savings off the regular price of a product, flagged on the label or package.
- **Premiums** (gifts) are merchandise offered at a relatively low cost or free as an incentive to purchase a particular product. Frequency Programs are programs providing rewards related to the consumer's frequency and intensity in purchasing the company's products or services.
- **Prizes** (contests, sweepstakes, games) are offers of the chance to win cash, trips, or merchandise as a result of purchasing something.
- **Patronage Awards** offer values in cash or in other forms that are proportional to patronage of a certain vendor or group of vendors.
- **Free Trials** invite prospective purchasers to try the product without cost in the hope that they will buy.
- **Tie-in Promotions** are two or more brands or companies team up on coupons, refunds, and contests to increase pulling power.

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Trade-Directed Sales Promotion Tactics

- **Price-Off** (off-invoice or off-list) is a straight discount off the list price on each case purchased during a stated time period.
- An **allowance** is 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 includes extra cases of merchandise to intermediaries who buy a certain quantity or who feature a certain flavor or size.
- **Trade Shows and Conventions** are industry associations organize annual trade shows and conventions.
- 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** 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.

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Using Sales Promotions



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Events and Experiences

Why Sponsor Events?

- To identify with a particular target market or life style
- To increase brand awareness
- To create or reinforce consumer perceptions of key brand image associations
- To enhance corporate image
- To create experiences and evoke feelings
- To express commitment to community
- To entertain key clients or reward employees
- To permit merchandising or promotional opportunities

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Using Sponsored Events

Establish objectives

Choose events

Design programs

Measure effectiveness

- Many marketers believe the marketing program accompanying an event sponsorship ultimately determines its success.

- At least two to three 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 nonprofit organizations. Fund-raisers have developed a large repertoire of special events, including anniversary celebrations, art exhibits, auctions, benefit evenings, book sales, and walkathons.

- More firms are now using their names to sponsor arenas, stadiums, and other venues that hold events.

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Public Relations Functions

- **Press relations:** Presenting news and information about the organization in the most positive light.
- **Product publicity:** Sponsoring efforts to publicize specific products.
- **Corporate communications:** Promoting understanding of the organization through internal and external communications.
- **Lobbying:** Dealing with legislators and government officials to promote or defeat legislation and regulation.
- **Counseling:** Advising management about public issues, and company positions and image during good times and bad.

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Tasks Aided by Public Relations

- Launching new products
- Repositioning a mature product
- Building interest in a product category
- Influencing specific target groups
- Defending products that have encountered public problems
- Building the corporate image in a way that reflects favorable on products

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Major Tools in Marketing PR

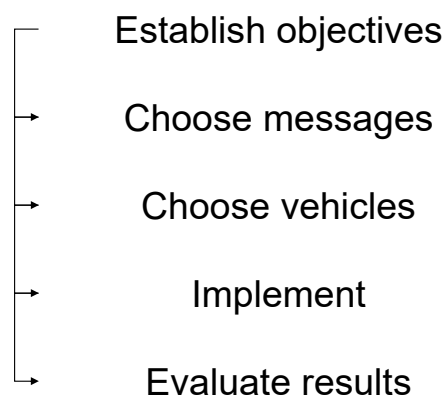
- **Publications:** Companies rely extensively on published materials to reach and influence their target markets. These include annual reports, brochures, articles, company newsletters and magazines, and audiovisual materials.
- **Events:** Companies can draw attention to new products or other company activities by arranging and publicizing special events such as 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 and publicizing 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 to 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.

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Decisions in Marketing PR



•**Review Question**

- In developing an advertising program, marketing managers can make the five major decisions known as the five Ms. List and explain each of these Ms.

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