
Chapter 9

Advertising and Promotion

Every day we are bombarded with different advertising messages, whether it is on the radio while we're driving to work, on television during our favorite programs, or in magazines and newspapers. We're handed flyers while walking down the streets and given tastes of products while walking the aisles of the grocery store. Advertising has entered every area of our lives, and many of us choose to ignore it on many occasions. This might cause you to ask, can advertising and promotional efforts still be effective if we are so saturated with information?

The answer is yes, advertising and promotions can be effective if used properly for targeting the right consumer. One of the main rules in advertising has always been to keep your message simple and consistent, and repeat it often. It has been shown that people remember advertising if they see it with great frequency, which explains why while watching two hours of television you may see the same advertisement two or even three times. That way the message will stand out in your mind.

BRANDING

On the shelves of every grocery store are brand-name products from Oreo cookies to Tide detergent. Strong brands are a great asset to a company and can generate streams of incremental revenue due to the fact that people are willing to pay a premium for brand-name products and over time they reduce marketing costs because a brand's customers present lower or no purchase barriers.

A brand is a name, symbol, term, sign, design, or combination of each of these things, the purpose of which is to identify goods and services of one seller or of a group of sellers and differentiate them from competitors. A brand is also the sum of all characteristics that make a product offering unique. A company can copy a product, but it cannot replicate the brand. In a sense, the brand is the “personality” of the product, what the product means to the customer and the set of emotions evoked when the brand is encountered or used by the customer.

Brand Identity

A brand's identity is the company's vision of the brand and the brand's promise to consumers. It is also the outward visible identity of the corporate brand or family of brands. McDonald's, for example, has the golden arches as part of its brand identity, but it also represents convenient and reliable products. When you order a McDonald's cheeseburger, it should taste the same whether you are ordering it in Los Angeles, Hartford, Shanghai, or Moscow and it should be prepared quickly, because it is “fast food.”

Brand Image

The brand image is the consumer's actual view of the brand. Companies will try to bridge the gap between brand identity and brand image. Consistency is the key element when promoting a brand or product, and a clear and consistent promotional campaign will help ensure that the brand's image and the brand identity are very similar.

Brand Loyalty

People who buy only a particular brand of product or service are considered by marketers to be “brand loyal.” There are various levels of brand loyalty, from extremely loyal to brand terrorist and everything in between. Think about the products you buy; are you willing to purchase just any brand of detergent or coffee creamer? Some people will use only Clorox bleach or Coffee-mate coffee creamer, while others will be satisfied using private-label bleach or a generic creamer and may not notice a difference beyond price. Others may be loyal some of the time; however, they will take advantage of a sale or promotion for another competitive product. For example, you may buy Coke regularly, but would you buy Pepsi instead if there were a sale? If so, you are not brand loyal to either Coke or Pepsi; you are capable of switching.

People who have had experiences with brand-name products or services may tell others about their dissatisfaction; these people are deemed “brand terrorists” and may act as an adverse multiplier of reputation. A rule of thumb is that a positive experience will have a one- or two-time positive effect, but a customer with a negative experience will tell 8 to 10 people. If you have a terrible meal at a local restaurant, chances are not only will you not eat at the restaurant again, but also you will tell friends or family about your negative experience. The same can be true with your experience with any kind of product. People who have a bad experience with a brand, product, or service are much more likely to express their reaction to their experience than those who have good experiences.

While there is no way of ensuring that every person is completely satisfied, companies can take measures to try to please their customers through high levels of customer service. They can also take steps to win over customers, or market share, from other products or services in order to equalize the balance between lost customers and new customers.

INTEGRATED MARKETING COMMUNICATIONS

One of the most important aspects of advertising and promoting a product or service is consistency. Companies ensure the consistency

of their message by coordinating all of their promotional activities. This coordination of activities into a system or strategic plan is referred to as integrated marketing communications (IMC). IMC creates a unified message and enhances the effectiveness of reaching the target consumer. Firms will create one message that will be used consistently throughout a marketing campaign. It is important that the promotional strategy also be in alignment with the organizational goals.

There are three major aspects of an IMC plan: research, creative aspects, and the implementation. Research and analysis are used to find the best way to design the product or service, the most effective message and media to use, and the best means to distribute the product or service at the optimal price. The creative aspect is the actual advertising, copywriting, and designing of promotional materials. Implementation is the act of putting the plan together, creating a strategy, and seeing it through.

Planning an integrated marketing communications plan also means finding your target market; determining what is unique about the product offering or service you are providing; constructing a positioning strategy for your product or service (building a mental niche in relation to competitor products or services); deciding what the best message would be for your product; and choosing the optimal marketing mix in relation to your allowed marketing budget.

As an example of IMC, suppose Nike comes up with a promotional “Just do it” campaign targeting female athletes for its new line of women’s athletic shoes. Marketers will do their research to find what media female athletes use, what time they watch television, what programs they watch, and what types of advertising messages they respond to. Then Nike will create the promotional materials and ads. They learn what’s important about the athletic shoes women wear. Nike may have TV and magazine ads featuring women athletes doing extraordinary things. They may also sponsor a women’s sporting event such as women’s NCAA basketball or hold a contest for a fan to spend a day training with the U.S. women’s soccer team. The message would be clear and consistent: Nike cares about female athletes and supports women’s athletics.

Ideally, an effective IMC campaign will differentiate the product or service from a competitor’s; generate a flow of leads (which are the

predecessors to sales); be consistent with and support the overall branding strategy; cause the company to have a more prominent place in the market; communicate the company's experience and knowledge; and help to retain existing customers.

THE PROMOTIONAL MIX

The promotional mix is the use of different advertising and communication channels in a coordinated way to run an effective marketing campaign. These coordinated campaigns are part of an effective integrated marketing communications plan. The four main methods of promotion within the mix are advertising, sales promotion, personal selling, and public relations.

The most important factor in determining the optimal mix is identifying the target market. This can be determined through extensive market research. Once a company knows its target market, it can then research its use of various media outlets in order to come up with the best combination of marketing materials to reach the defined target. For example, if the target market is stay-at-home moms, an organization might find that television advertisements during certain daytime television shows are most effective for reaching them. If the target market is a young professional, the marketer might find that using billboards in a downtown commercial district and morning drive-time radio advertisements are effective for getting the message to this target market.

The size of the promotional budget will greatly influence the chosen mix as well. Television advertising can be very costly and, therefore, may not be a feasible option for a company with a smaller marketing budget, at least not during prime viewing hours on major networks. Often the amount of money a firm spends on promotional activities will be affected by the product life cycle, general economic conditions, and the competition.

The promotional mix may involve a company coordinating its loyalty program with advertising campaigns and a promotional deal. For example, an airline may send out a mailer to its frequent fliers advertising 5,000 free bonus miles for booking a ticket in the next

month. In this instance, the airline is coordinating a direct mailing with loyalty program membership and a promotional campaign.

ADVERTISING

Advertising is paid communication brought to audiences through different forms of media such as television, radio, newspapers, magazines, and billboards. A company uses advertising to inform, persuade, or remind its target market of its products or services.

Comparative advertising is used to differentiate a company's products in the marketplace from other similar products. For example, McDonald's and Burger King used to run comparative advertising, comparing their cooking methods for hamburgers. The "Pepsi Challenge" campaign was another form of comparative advertising in which consumers were asked to take blind taste tests to see if they could tell the difference between the products.

Reminder advertising is used once a product has matured in the marketplace—that is, once a product has been around for a while. Credit card companies use a lot of reminder advertising, such as American Express "Don't leave home without it" or Visa "It's everywhere you want to be" campaigns. Coca-Cola uses reminder ads to show us how refreshing the beverage can be on a hot day, and Budweiser wants to remind the consumer to "Make it a Bud night." Some ads use nostalgia to remind us of how much as children we enjoyed a product such as Oreo cookies; and although our taste buds may have matured, we can still enjoy them.

Institutional advertising promotes the company, organization, government agency, or a concept or philosophy, but not a specific product. For example, ads for BASF, one of the world's largest manufacturers of chemicals and chemical-related products, states, "We don't make a lot of the products you buy. We make a lot of the products you buy better." Another example is the U.S. Army recruitment commercials, "Be all you can be."

Industry advertising promotes a whole industry and not just one company or product. The most popular example of this is the "Got milk?" ad campaigns sponsored by the California Milk Processing

Board. Another example is the “Hanker for a hunk of cheese” campaign that was sponsored by the Wisconsin Dairy Board.

Advertising Mediums

There are advantages and disadvantages to each media type, and when selecting the advertising mediums to use, companies must understand who their target audience is and which is the most effective method for reaching them. Marketers must be able to divide their budgets among the various media resources in order to stretch them the farthest to reach the most customers.

Television. Television advertising is the leading medium for reaching U.S. audiences. Although a very expensive form of advertising, television ads reach the largest percentage of the U.S. population at once and can be very appealing due to their visual nature as well as their sound.

TV ads can be classified into national, local, and cable advertisements. The type of network chosen will depend on which audience the marketer is trying to reach. If the advertisement is for a local restaurant, the company may choose to advertise only on local stations or in local ad space on cable channels or national networks. Companies targeting Hispanics may choose to advertise on a Spanish-language cable station such as Telemundo, or advertise during a television show whose viewing audience is predominately Hispanic.

The time an advertisement is shown is also an important decision that companies must make in order to reach the target audience. Budgetary constraints will also be a factor in choosing time slots for advertisements. Super Bowl ads are extremely expensive, but can be cost-effective for reaching an audience of sports fans.

Print Ads. Advertising in newspapers and magazines is another way of reaching customers with a company’s message. Print ads are effective because of their visual quality and can be run in many different types of publications. Marketers selling products or services to consumers may choose national publications such as *Time* magazine or local newspapers such as the *Chicago Tribune*. Businesses trying to sell products or services to other businesses will often advertise in

trade publications of the industries they are trying to reach. Companies may also target specialized publications; for example, a new computer product may be advertised in *PC World* or another specialty technology publication. Print ads have a longer life than electronic media ads and are good for telling a story about the value of a product or service.

Radio. Although lacking the visual appeal, radio can be an effective medium for reaching target consumers. The average radio listener tunes in for three hours a day, and often on a regular basis. When using radio advertisements in your marketing mix, it is necessary to make sure that the company and product or service is clearly identified. As with television, it is also necessary to find the right station for advertising to the target consumer. If your service is a bar for college students, you may choose to advertise in the evenings on a college station or an alternative rock station; if your target audience is senior citizens, you may advertise on news stations or a talk show.

Internet. The Internet has become an important electronic medium, and its interactive quality is unique. It permits immediacy of purchase and a high level of convenience. It can be personalized and individualized. The Internet and the World Wide Web are becoming essential tools in an integrated marketing plan and effective tools in sustaining customer loyalty and satisfaction.

Direct Mail. Mailing advertisements or promotions directly to people's homes is another commonly used method of reaching consumers. Direct mail campaigns can be expensive, due to printing and postage costs, but these campaigns can be effective if the mailings reach the right consumers. Often companies will purchase lists of consumers or collect data themselves to build a mailing list. The people on these lists will then be sent targeted mailings.

Telemarketing. The utilization of telemarketing has been greatly affected in the United States by the recent implementation of the national "Do Not Call" registry, where millions of Americans signed up to have their telephone numbers removed from telemarketer lists. Internationally, however, regulations regarding telemarketing vary, and it

may still be a very effective method of reaching consumers. The downside of telemarketing is that most people do not like the invasiveness of being called at home, though unfortunately many mass marketers find the risk of offending nonreceptive households is offset by the effective results and benefits from these marketing methods.

Outdoor and “Out of Home.” The majority of outdoor advertising dollars is spent on billboards. Billboards are a popular way of reaching commuters and consumers in a single geographic location. Other forms of outdoor advertising (known as “out of home”) include sports stadium ads, bus shelter posters, or signage on buses and taxis.

Advertising Trends

A very popular way of getting a message across is using celebrity endorsements. Advertising companies are willing to pay top dollar in order to hire celebrities to represent their brands. From *Star Trek* actors advertising cheap travel for Priceline.com to Michael Jordan drinking Gatorade while sweating neon colors, celebrities are part of an advertising message and campaign. Of course, using a celebrity spokesperson can be a risk, for example, using O. J. Simpson as the Hertz Rental Car spokesperson.

When choosing a celebrity to endorse products, it is important to find an appropriate match with the product or service. The relationship should be believable. It is also important that the celebrities endorsing the product be credible; they should either have expertise in the field or be trustworthy characters.

Sponsorships. This is a well-used form of promotion and advertising that allows the company to buy into a sporting event or activity. The amount of investment in a sponsorship can range from an athletic company supporting a college sports team by providing them with brand-name uniforms in order to promote the brand to a company sponsoring a college football bowl game such as the Tostito’s Fiesta Bowl.

Infomercials. Another trend in advertising is the infomercial. This is an extended television advertisement and usually runs at off-

peak hours or on lower-budget television or cable networks. Infomercials are usually at least a half hour long. Some of the most popular items that are sold through infomercials are fitness videos, skin care products, and kitchenware. Often they will feature celebrity endorsements and offer products that cannot be purchased in stores. Their low-budget appearance and late-night showing often characterize infomercials. If you turn on the television late at night, a former star is using the Thigh Master or hundreds of uses for a rotisserie oven may draw you in. Once the consumer is convinced to purchase the product, he or she will then be able to call and order the product over the telephone, generating a direct response to the infomercial.

SALES PROMOTION

Sales promotion consists of many activities used to sell products. They are activities that give consumers a short-term incentive to make a purchase. Sales promotions are also activities that change the price and value relationship of a product as perceived by the target audience with the possible effect of generating immediate sales. It is possible that a sales promotion can also alter the long-term value of the brand by making what might be a premium product more affordable.

Sales promotions are generally time-bound programs that require participation on the part of the consumer through either immediate purchase or some other action. The fundamental goals of sales promotion are tactical, strategic, and ultimate. The tactical goals are to combat a competitor's increase in market share, to combat other competitors' promotional efforts, and to move brands that are either declining, overstocked, damaged, or not selling fast enough. The strategic goals are to motivate consumers to switch from a rival brand, to increase product consumption, to reinforce the marketing communications efforts for the brand, and to motivate brand loyalty. The ultimate goal of a sales promotion is to increase sales, profits, and market share.

There are different channels for sales promotions, which include consumer promotions and trade promotions.

Consumer Promotions

Consumer promotions are geared toward getting consumers to try a company's products. Some examples of consumer promotion activities include coupons, rebates, sampling, sweepstakes, point-of-purchase displays, and special packs.

Coupons. Whether we're cutting them from newspapers and magazines or getting them in the mail, coupons are a very popular form of sales promotion. They are very effective, especially in economic downturns, for luring people into restaurants or causing them to make repeat purchases of products. E-coupons are another popular form of sales promotion; they are extremely effective for luring in customers and are redeemed by 57 percent of the people who click on them. The most popular uses of e-coupons are for sales of groceries, books, and health and music products. The disadvantage of coupons is that they do not encourage brand loyalty; most consumers who use coupons regularly are willing to switch brands if there is a better discount available.

Rebates. Rebates are partial refunds that are offered by the manufacturers. Often manufacturers will use mail-in rebates as incentives for purchasing. The consumer must purchase the product at full price and then fill out paperwork and mail in the receipt in order to receive some money back. Rebate programs allow marketers to promote a company's product at a reduced postrebate price, offering a substantial savings to its customers, but also requiring that a set of conditions be met to qualify.

Sampling. Companies will often send or hand out samples of products in order to attract customers who may not have purchased their products otherwise. Beverage companies may target college students and hand out soft drinks on campuses, or a food company may set up a stand in a grocery store so that consumers can sample their new chips. You may even receive a trial bottle of shampoo in the mail. Or you may remember receiving the America Online (AOL) CD in the mail, offering you 100 free hours of Internet access. These are all examples of sampling, and the intention of these promotions is to introduce a new

product or service to a consumer in order to generate brand loyalty. Sampling can be a costly method of attracting customers, and it often results in wasted distribution; however, it can be a very effective method for getting consumers to switch brands.

Sweepstakes and Contests. Sweepstakes and contests are another strategy of sales promotion. Data will be collected from consumers, and they will be entered to win a prize. Companies can use the information that they collect from entrants in order to develop a mailing list for future promotional campaigns. Organizations must be sure to print all the guidelines for their sweepstakes or contests in order to avoid legal entanglements.

Some of the guidelines companies should follow in order to put on a successful sweepstakes promotion include the following: clarify who is eligible; indicate states where the promotion is not valid; declare the termination date of the promotion; and clarify random drawing procedures. Companies should also detail the prizes, disclose the odds of winning, declare a deadline for entry, and reserve the right to use winners' names and photographs for publicity.

Point-of-Purchase Displays. Point-of-purchase (POP) promotional materials are displays that are set up in stores in order to prominently display products. At a grocery store a POP is usually placed in the front of the store, at the end of an aisle, in the aisle, or on the shelf. POP displays are very successful due to the fact that many people make last-minute purchasing decisions.

Bundling. Sometimes companies bundle products together in order to promote a new product or to encourage consumers to try a complementary product, such as a free small conditioner bundled with a shampoo purchase, or a free disposable razor with a shaving cream purchase. A company may also offer a bonus pack or a special pack with 20 percent more in order to encourage a customer to purchase a product.

Giveaways. Another strategy used by companies is that of special promotional items to be given away. These may be hats or T-shirts advertising the company or brand. For example, many times credit card

companies will offer T-shirts if you sign up for a new credit card, or a beer company may be giving away pint glasses to customers who purchase that brand of beer on certain nights. Alcoholic beverage companies often hire young men and women who will go to concerts, bars, and clubs and promote their products by giving away promotional items.

Trade Promotions

Trade promotions are geared toward marketing intermediaries as opposed to consumers. A snack food manufacturer, for example, may offer a discounted price to a retailer who buys a large quantity of a product. These types of promotions are most successful when they offer financial incentives and serve to effectively reduce the cost of the product.

Another form of trade promotion is paying for shelf space. On the shelf at the grocery store, product placement is very important. Items placed at eye level on higher shelves have proven to sell much better than products placed on lower shelves. Knowing this, manufacturers often pay a “slotting fee” in order to have their products prominently displayed on the desired shelf or in a preferred position within a retail store.

PERSONAL SELLING

Personal selling uses a personal sales presentation to influence customers to buy a product. Personal selling tactics are most often used when there are a few geographically concentrated customers; the product is highly technical in nature; the product is very expensive; or when the product moves through direct distribution channels. It is a tactic often used by businesses looking to sell to other businesses, as opposed to businesses selling to consumers.

The sales process involves a personal seller identifying the target customer by determining who is likely to buy his or her product. Once the target customers have been identified, the salesperson will contact them. Upon meeting with a potential customer, the salesperson will make a sales presentation, explaining how the customer needs the product or service that is being sold. The salesperson should be prepared to answer the customer’s questions. After the presentation, the goal of the

salesperson is to close the sale while the presentation is still fresh in the mind of the customer. Following up with the purchaser after the sale is made is a very effective strategy for developing long-term relationships.

Relationship Strategies

Developing an effective relationship strategy can be the key to forming long-term relationships with customers and in turn creating loyalty. Good customer service and treating customers fairly become the critical first step for ensuring a healthy relationship. Fair treatment includes responding to customer complaints and finding workable solutions to resolving mistakes that have been made. Although the customer may not always be right, the customer should always be treated graciously. Providing customers with truthful information and creating personable contact with them are critical.

A company's internal structure is also very important to its ability to build relationships with customers. The company should be running a cost-effective business, possess interpersonal skills, and have the technical know-how regarding its product offerings. For many professional service providers, their staff may have more interaction with the client than the professional service provider, making it critical that the staff have the same level of concern for customer service and satisfaction as the provider.

Additionally, it's very important that companies recognize who their most valuable customers are. Those are the customers who benefit the company most through their purchases. Companies will want to focus their long-term relationship-building efforts on these types of customers, because it will be more profitable. In a competitive environment complicated by high marketing costs, most marketers are moving toward a relationship-building strategy of "greater share of customers" instead of "greater market share."

Many companies use forms of customer relationship management in order to keep track of their customers' purchases, determine who their most profitable customers are, and target special promotions and product or service offers to their customers using the information they collect. Many banks are starting to offer these services, and you may notice that when you call to get account information the customer service representative will offer you other products. Phone companies

have also taken up this practice. It can be a very successful way of introducing new products and services to existing customers, up-selling customers, or influencing them to purchase more products.

Loyalty Programs

Many companies develop loyalty or frequency-marketing programs in order to further engage the consumers with their products and increase customer loyalty. These programs are very effective for targeting the company's most valuable customers. Most airlines develop frequent-flier programs, which allow customers to earn points toward their next flight. Other businesses, such as coffee shops, also offer frequency cards, that entitle the customer to a free beverage, for example, after purchasing a certain number of beverages.

Loyalty programs have been very effective in generating repeat business. They offer an added value to the consumer, whereby the purchaser is not simply enjoying the value of the current purchase, but is being rewarded. It is important, however, that the loyalty program be relative to the product and service offering of the organization and that the award be attainable. Customers may experience frustration if, with an airline ticket as an example, they are unable to redeem their ticket when they want to travel, or if the restrictions on the reward are so high that it is not worth the hassle of redemption.

PUBLIC RELATIONS AND PUBLICITY

An organization's public relations and publicity activities are the means to foster its relationships with its various audiences and to communicate with them. Public relations efforts are undertaken in order to form a favorable view in the public eye. Favorable publicity can enhance an organization's image and increase demand for its products. A positive article or review about a product or service adds credibility, believability, and legitimacy in a much more effective manner than paid-for advertising. Negative publicity, on the other hand, can tarnish an organization's reputation. Most public relations strategies include press releases, special events, and press conferences.

Press releases are articles or brief news releases that are submitted

to publications by the firm. They often provide information about company happenings: new hires, new products or services, or changes in management. They can be an effective way of gaining attention and creating or maintaining awareness.

Many organizations sponsor special events such as product launches. A fashion company may sponsor a fashion show to display its new line of clothing. A musician may hold a record release party for his or her new album. The firm will often invite top clientele, industry insiders, and media to these events.

A news conference is an in-person announcement of recent organizational events to the media. It is an effective method of informing the public of recent happenings without causing rumors to be spread, because the information will come straight from the source.

ETHICS AND REGULATORY ISSUES

As in other areas of business addressed in Chapter 4, ethics in promotional activities is very important. Some common ethical violations with promotional campaigns include puffery and deception. Puffery is an exaggerated claim about the superiority of a product. Although puffery is legal, it may cause a company to lose its reputation with the public. As discussed earlier, a brand terrorist can do great amounts of harm to a company's reputation if a product is overhyped and falls short of its inflated expectations.

Deception involves a company deliberately making promises that are not true. A consumer may have legal recourse for deception. An example of a deceptive practice that is illegal is "bait and switch" advertising: A company advertises a low-priced product that is on sale, and when the consumer arrives that product is not available; the company then tries to sell the customer another more expensive product as a substitute.

Another area of ethical debate is marketing to children and teenagers. This is particularly a concern when it comes to tobacco or alcoholic beverages. It is illegal for companies to target those who are legally unable to consume their products.

Other situations of ethical concern when it comes to marketing to children arise when a company such as a beverage company signs a contract with a school to supply solely its brand of beverages on the

school campus. This is not an illegal practice, but it is controversial, as some feel that such schools are being controlled by corporations that want to get children to become brand loyal to their products.

SUMMARY

There are many methods used by marketers to attract customers to their brands and products. A successful integrated marketing campaign will deliver a consistent message that is brought to the target audience through different mediums of the marketing mix. Advertising and promotional messages should be consistent and repeated often in order to create a clear image in the mind of consumers. Ideally, these promotional efforts will result in influencing consumers to either try new products, switch from their preferred products, or purchase more products from a company or brand. The end goal of all promotional efforts is to increase the company's product sales and profits through gaining or stealing market share.

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