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MARKETING: The Core 5/e

CHAPTER

15

ADVERTISING,
SALES
PROMOTION,
AND PUBLIC
RELATIONS



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LEARNING OBJECTIVES (LO)

AFTER READING CHAPTER 16, YOU SHOULD BE ABLE TO:

- L01** Explain the differences between product advertising and institutional advertising and the variations within each type.
- L02** Describe the steps used to develop, execute, and evaluate an advertising program.
- L03** Explain the advantages and disadvantages of alternative advertising media.

16-2

L01

TYPES OF ADVERTISEMENTS PRODUCT ADVERTISEMENTS

➤ Advertising

➤ Product Advertisements

- Pioneering (or Informational)
- Competitive (or Persuasive)
 - Comparative
- Reminder
 - Reinforcement

16-6

L01

Campbell's, 1&1, and Red Bull What is the type and purpose of each advertisement?



WHY PAY MORE FOR .COM?

BEST VALUE!

	1&1	GoDaddy	Network Solutions*
.com	\$9.99	\$11.99	\$14.99
ICANN Fee	Included	\$4.99	Included
Private Whois Registration	FREE!	\$4.99	\$4.99
Annual Cost	\$0.99	\$22.16	\$44.98
	(First Year, Plus \$3.99)	(Next 3-5 Years)	(Next 3-5 Years)

YOUR PRIVACY IS IMPORTANT. WE AGREE.

1-877-80-1AND1 | www.1and1.com
1-855-CA-1AND1 | www.1and1.ca



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L01

TYPES OF ADVERTISEMENTS INSTITUTIONAL ADVERTISEMENTS

➤ Institutional Advertisements

- **Advocacy**
- **Pioneering Institutional**
- **Competitive Institutional:** promote product class
- **Reminder Institutional**

16-11

L01

Chevron and Bridgestone What is the type and purpose of each advertisement?



15-12

L02

DEVELOPING THE ADVERTISING PROGRAM

➤ Identifying the Target Audience

- Claims Based on Market Research



➤ Specifying the Advertising Objectives

➤ Setting the Advertising Budget



16-16

L02

DEVELOPING THE ADVERTISING PROGRAM DESIGNING THE ADVERTISEMENT

➤ Message Content ➤ Types of Appeals

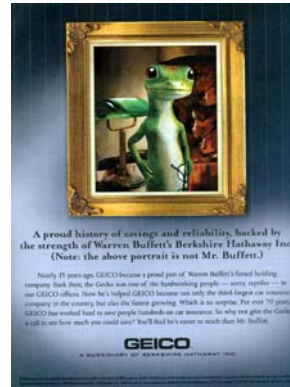
- Informational Element
- Persuasive Element
- Fear Appeals
- Sex Appeals
- Humorous Appeals

16-17

L02

World Wide Fund, Candie's, and Geico

What is the appeal and purpose of each advertisement?



15-19

L02

DEVELOPING THE ADVERTISING PROGRAM

DESIGNING THE ADVERTISEMENT

► Creating the Actual Message

- Ideas and Artwork



- Cost



- Crispin Porter & Bogusky Agency of the Year

16-21

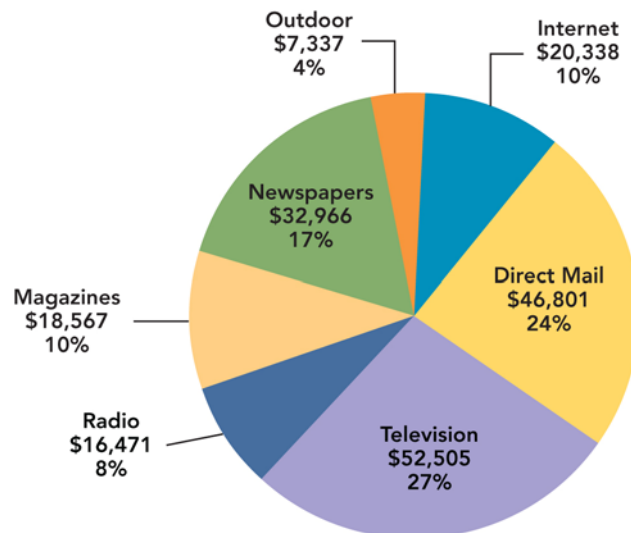
L02

DEVELOPING THE ADVERTISING PROGRAM SELECTING THE RIGHT MEDIA

- **Advertising Media**
 - a. Target audience.
 - b. Type of product.
 - c. Nature of the message.
 - d. Campaign objectives.
 - e. Available budget.
 - f. Costs of the alternative media
- **Media Planning Goals**
 - **Maximize Exposure**
 - **Minimize Costs**

16-22

FIGURE 16-1 Television, direct mail, and newspapers account for over 60% of the \$195 billion in U.S. advertising expenditures



16-23

L02

DEVELOPING THE ADVERTISING PROGRAM SELECTING THE RIGHT MEDIA

➤ Basic Terms

- Reach
- Rating
- Frequency
- **Gross Rating Points (GRPs)** = Reach × Frequency
- **Cost per Thousand (CPM)**

RANK	PROGRAM	NETWORK	RATING
1	American Idol—Wednesday	FOX	16.1
2	American Idol—Tuesday	FOX	13.5
3	Dancing with the Stars—Results	ABC	12.6
4	Dancing with the Stars	ABC	12.2
5	The Mentalist	CBS	10.4

16-24

L02

USING MARKETING DASHBOARDS

What is the Best Way to Reach 1,000 Customers?

Cost per Thousand (CPM) Impressions

$$\text{CPM (\$)} = \frac{\text{Advertising Cost (\$)}}{\left(\frac{\text{Impressions Generated (\#)}}{1,000} \right)}$$

Media Alternative	Cost of Ad	Audience Size	Cost per Thousand Impressions
<i>USA Today</i> (newspaper)	\$336,000	3,150,000	\$107
<i>Sports Illustrated</i> (magazine)	\$197,720	2,109,628	\$94
Super Bowl (television)	\$3,000,000	100,000,000	\$30



16-25

FIGURE 16-2 Advertisers must consider the advantages and disadvantages of the many media alternatives

MEDIUM	ADVANTAGES	DISADVANTAGES
Television		
Radio		
Magazines		
Newspapers		
Yellow Pages		
Internet		
Outdoor		
Direct mail		

16-26

L03

DEVELOPING THE ADVERTISING PROGRAM OTHER MEDIA ALTERNATIVES

➤ Other Media

- Placed-Based Media



16-36

L03

DEVELOPING THE ADVERTISING PROGRAM SCHEDULING THE ADVERTISING

➤ Factors to Consider

- Buyer Turnover
- Purchase Frequency
- Forgetting Rate

16-37

L03

DEVELOPING THE ADVERTISING PROGRAM SCHEDULING THE ADVERTISING

➤ Approaches

- Continuous (Steady) Schedule
- Flighting (Intermittent) Schedule
- Pulse (Burst) Schedule

16-38

L03

EXECUTING THE ADVERTISING PROGRAM PRETESTING THE ADVERTISING

➤ Pretests

- Portfolio Tests
- Jury Tests
- Theater Tests



16-39

FIGURE 16-A Alternative structures of advertising agencies used to carry out the advertising program

TYPE OF AGENCY	SERVICES PROVIDED
Full-service agency	Does research, selects media, develops copy, and produces artwork; also coordinates integrated campaigns with all marketing efforts
Limited-service (specialty) agency	Specializes in one aspect of creative process; usually provides creative production work; buys previously unpurchased media space
In-house agency	Provides range of services, depending on company needs

16-41

L03

ASSESSING THE ADVERTISING PROGRAM POSTTESTING THE ADVERTISING

> Posttests



> Aided Recall

- Noted (remember)
- Seen-Associated
- Read Most

> Unaided Recall

- > Attitude Tests
- > Inquiry Tests
- > Sales Tests

16-42

L04

SALES PROMOTION CONSUMER-ORIENTED SALES PROMOTION

> Consumer-Oriented Sales Promotion

> Coupons



KIND OF SALES PROMOTION

Coupons

OBJECTIVES

- Stimulate demand

ADVANTAGES

- Encourage retailer support

DISADVANTAGES

- Consumers delay purchases

16-43

L04

SALES PROMOTION CONSUMER-ORIENTED SALES PROMOTION

➤ Deals

**BUY THREE,
GET ONE FREE**



KIND OF SALES PROMOTION

Deals

OBJECTIVES

- Increase trial
- Retaliate against competitor's actions

ADVANTAGES

- Reduce consumer risk

DISADVANTAGES

- Consumers delay purchases
- Reduce perceived product value

16-44

L04

SALES PROMOTION CONSUMER-ORIENTED SALES PROMOTION

➤ Premiums

- Self-Liquidating



KIND OF SALES PROMOTION

Premiums

OBJECTIVES

- Build goodwill

ADVANTAGES

- Consumers like free or reduced-price merchandise

DISADVANTAGES

- Consumers buy for premium, not product

16-45

L04

SALES PROMOTION CONSUMER-ORIENTED SALES PROMOTION

➤ Contests



Crash the Super Bowl™ contest

KIND OF SALES PROMOTION

Contests

OBJECTIVES

- Increase consumer purchases
- Build business inventory

ADVANTAGES

- Encourage consumer involvement with product

DISADVANTAGES

- Require creative or analytical thinking

16-46

L04

SALES PROMOTION CONSUMER-ORIENTED SALES PROMOTION

➤ Sweepstakes

- Value-Based Prizes
- Experience-Based Prizes



KIND OF SALES PROMOTION

Sweepstakes

OBJECTIVES

- Encourage present customers to buy more
- Minimize brand switching

ADVANTAGES

- Get customer to use product and store more often

DISADVANTAGES

- Sales drop after sweepstakes

16-47

L04

SALES PROMOTION CONSUMER-ORIENTED SALES PROMOTION

➤ Samples



KIND OF SALES PROMOTION

Samples

OBJECTIVES

• Encourage new product trial

ADVANTAGES

• Low risk for consumer

DISADVANTAGES

• High cost for company

16-48

L04

SALES PROMOTION CONSUMER-ORIENTED SALES PROMOTION

➤ Loyalty Programs



KIND OF SALES PROMOTION

Loyalty programs

OBJECTIVES

• Encourage repeat purchases

ADVANTAGES

• Help create loyalty

DISADVANTAGES

• High cost for company

16-49

L04

SALES PROMOTION CONSUMER-ORIENTED SALES PROMOTION

➤ Point-of-Purchase Displays



KIND OF SALES PROMOTION

Point-of-purchase displays

OBJECTIVES

- Increase product trial
- Provide in-store support for other promotions

ADVANTAGES

- Provide good product visibility

DISADVANTAGES

- Hard to get retailer to allocate high-traffic space

16-50

L04

SALES PROMOTION CONSUMER-ORIENTED SALES PROMOTION

➤ Rebates

- Slippage

KIND OF SALES PROMOTION

Rebates

OBJECTIVES

- Encourage customers to purchase
- Stop sales decline

ADVANTAGES

- Effective at stimulating demand

DISADVANTAGES

- Easily copied
- Steal sales from future
- Reduce perceived product value

16-51

L04

SALES PROMOTION CONSUMER-ORIENTED SALES PROMOTION

➤ Product Placements



KIND OF SALES PROMOTION

Product placement

OBJECTIVES

- Introduce new products
- Demonstrate product use

ADVANTAGES

- Positive message in a noncommercial setting

DISADVANTAGES

- Little control over presentation of product

16-52

L04

SALES PROMOTION TRADE-ORIENTED SALES PROMOTION

➤ Trade-Oriented Sales Promotion

➤ Allowances and Discounts

- Merchandise Allowance
- Case Allowance
 - Free Goods
- Finance Allowance
 - Floor Stock Protection
 - Freight Allowance

16-53

L04

SALES PROMOTION TRADE-ORIENTED SALES PROMOTION

➤ Cooperative Advertising



➤ Training of Distributors' Salesforces

16-54

L05

PUBLIC RELATIONS

➤ Public Relations



➤ Publicity Tools

• News Release



• News Conference

• Public Service Announcement (PSA)



16-55

VIDEO CASE 15
GOOGLE, INC.: THE RIGHT ADS
AT THE RIGHT TIME

Google™



15-57

VIDEO CASE 15
GOOGLE

1. Describe several unique characteristics about Google and its business practices.

15-58

VIDEO CASE 15
GOOGLE

2. What is Google's philosophy about advertising? How can less advertising be preferred to more advertising?

15-59

VIDEO CASE 15
GOOGLE

3. Describe the types of online advertising available today. Which type of advertising does Google currently dominate? Why?

15-60

VIDEO CASE 15
GOOGLE

4. How can Google be successful in the display advertising business? What other areas of growth are likely to be pursued by Google in the future?

15-61