

Advertising, Sales Promotion, and Public Relations

Chapter 16

Objectives

- Understand the roles of advertising, sales promotion, and public relations in the promotion mix.
- Know the major decisions involved in developing an advertising program.

16-1

Objectives

- Learn how sales promotion campaigns are developed and implemented.
- Learn how companies use public relations to communicate with their publics.

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Case Study

AFLAC

- A few years ago, only 13% of U.S. recognized AFLAC
- Old ads: "warm and fuzzy" similar to other insurance ads
- Goal: break through
- 1999: AFLAC developed the "duck" campaign to enhance brand awareness
- Incredibly successful: name recognition is now 91%; sales growth of 30% each year

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Definition

- **Advertising**
 - Any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor.

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Advertising

- Signage in ancient times offers evidence of early advertising.
- Modern ad spending tops \$231 billion in U.S. annually, \$500 billion worldwide.
- Business firms, not-for-profit, social agencies, and professionals all advertise.

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Advertising

Key Decisions

- *Setting objectives*
 - *Setting the budget*
 - *Developing the advertising strategy*
 - *Evaluating advertising campaigns*
- Advertising objectives can be classified by primary purpose:
 - Inform
 - ❖ Introducing new products
 - Persuade
 - ❖ Becomes more important as competition increases
 - ❖ Comparative advertising
 - Remind
 - ❖ Most important for mature products

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Advertising

Key Decisions

- *Setting objectives*
 - *Setting the budget*
 - *Developing the advertising strategy*
 - *Evaluating advertising campaigns*
- Methods of budget setting were listed in chapter 15
 - Several factors should be considered when setting the ad budget:
 - Stage in the PLC
 - Market share
 - Level of competition
 - Ad clutter
 - Degree of brand differentiation

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Advertising

Key Decisions

- *Setting objectives*
 - *Setting the budget*
 - *Developing the advertising strategy*
 - *Evaluating advertising campaigns*
- Creative challenges
 - Media fragmentation
 - Soaring media costs
 - Advertising clutter
 - Creating ad messages
 - Message strategy
 - ❖ Creative concept
 - ❖ Advertising appeal
 - Message execution
 - ❖ Many execution styles
 - ❖ Tone, format, illustration, headline, copy

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Advertising

Creative Execution Styles

- Slice of Life
- Lifestyle
- Fantasy
- Mood or Image
- Testimonial Evidence or Endorsement
- Musical
- Personality Symbol
- Technical Expertise
- Scientific Evidence

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Advertising

Key Decisions

- *Setting objectives*
 - *Setting the budget*
 - *Developing the advertising strategy*
 - *Evaluating advertising campaigns*
- Select advertising media
 - Decide on level of reach, frequency and impact
 - Choose among the major media types by considering:
 - ❖ Consumer media habits, nature of the product, types of messages, and costs
 - Select specific media vehicles
 - Decide on media timing

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Advertising

Major Media Types

- Newspapers
- Television
- Direct Mail
- Radio
- Magazines
- Outdoor
- Internet

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Advertising

Key Decisions

- *Setting objectives*
 - *Setting the budget*
 - *Developing the advertising strategy*
 - *Evaluating advertising campaigns*
- **Measuring communications effects**
 - Copy testing
 - Consumer recall
 - Product awareness
 - Product knowledge
 - Product preference
 - **Measuring sales effect**
 - Past vs. current sales comparison
 - Experimentation

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Advertising

- **Organizing the Advertising Function**
 - Small vs. large companies
 - Nature of advertising agencies
 - ❖ *Advantages of advertising agencies*
 - ❖ *Departments*
 - ❖ *Compensation*
 - ❖ *Changes in agency services*

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Advertising

- **Advertising to International Markets**
 - Standardizing worldwide advertising
 - ❖ *Advantages include lower advertising costs, greater global advertising coordination, and consistent global image*
 - ❖ *Drawbacks include ignoring differences in culture, demographics, and economic conditions.*
 - Most marketers think globally but act locally

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Definition

- **Sales Promotion**
 - Sales Promotions are short-term incentives to encourage the purchase or sale of a product or service.

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Sales Promotion

- **Sales Promotions**
 - Can be targeted at final buyers, retailers and wholesalers, business customers, and members of the sales force.
 - The use of sales promotions has been growing rapidly.

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Sales Promotion

- **Objectives -- Consumer Promotions:**
 - Increase short-term sales
 - Generate product trial
- **Objectives -- Trade Promotions:**
 - Obtaining distribution and shelf space
 - Encouraging retailers to advertise the brand
- **Objectives -- Sales Force Promotions:**
 - Signing up new accounts

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Sales Promotion

Consumer Promotion Tools

- Samples
- Cash Refunds (Rebates)
- Price packs (cents-off deals)
- Advertising Specialties
- Premiums
- Patronage Rewards
- Point-of-Purchase Communications
- Contests, Games, and Sweepstakes

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Sales Promotion

Trade Promotion Tools

- Discounts (also called price-off, off-list, and off-invoice)
- Allowances
 - ❖ Advertising allowances
 - ❖ Display allowances
- Free goods
- Push money
- Specialty advertising items

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Sales Promotion

Business Promotion Tools

- Includes many of the same tools used in consumer and trade promotions
- Two additional tools:
 - ❖ Conventions and trade shows
 - ❖ Sales contests

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Sales Promotion

Key Decisions When Developing the Sales Promotion Program:

- Size of the incentive
- Conditions for participation
- Promotion and distribution of the actual sales promotion program
- Length of the promotional program
- Evaluation
 - ❖ Surveys and experiments can be used

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Definition

Public Relations:

- Building good relations with the company's various publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories, and events.

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Public Relations

Public Relations Functions

- Press Relations
- Product Publicity
- Public Affairs
- Lobbying Relations
- Investor Relations
- Development

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Public Relations

- **Role and Impact of Public Relations**
 - Advantages:
 - ❖ *Strong impact on public awareness at lower cost than advertising*
 - ❖ *Greater credibility than advertising*
 - Publicity is often underused
 - Good public relations can be a powerful brand-building tool

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Public Relations

Public Relations Tools

- News
- Speeches
- Corporate Identity Materials
- Mobile Marketing
- Special Events
- Written Materials
- Audiovisual Materials
- Public Service Activities

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